

Prepaid meters take the sting out of managing student accommodation

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As the tertiary academic year kicks off, students and their parents are struggling to find accommodation. Savvy property investors, developers and owners are moving quickly to either buy or renovate existing properties to fulfil the need. However, while student accommodation may be lucrative, racking up unpaid utility bills can be a serious threat - especially for smaller operators.

In 2017, the [Heher Commission of Inquiry](#) found that there was a severe shortage of student accommodation in South Africa, with space to cater for only 20% of our students at the official academic residences.

A sizeable portion of the R35bn in government tertiary education funding earmarked for the 2020 academic year will be assigned to subsidising students' accommodation, and investors have been rushing to supply the growing demand over the last few years. Apartment blocks have been built and some homeowners close to universities have even opted to convert their houses into shared spaces and university digs.

Student accommodation can be trickier than most

While student accommodation is clearly a good business prospect, managing this property class is not as easy as it seems.

"Unfortunately, when it comes to managing any rental, having a monthly variable in the mix, like utilities, can make payment collection a real headache. Even in the best circumstances, there is often a debate around actual usage versus municipal meter readings. For landlords, this is not only tiresome but can lead to disputes and even non-payment. This is exacerbated when you consider students living in communal environments," explains Raymond Rorich, Citiq Prepaid business development manager.

Citiq Prepaid has experience with student needs and working with the university residences to find the best possible solution.

While this solution has been derived in conjunction with the residences, Rorich says the small business property owner who has converted their house to a commune can just as easily apply the same type of solutions.

When securing contracts for accommodation with the universities and colleges, many of the institutions will require landlords to provide certain amenities as part of their contract. This will include quantities of water, electricity and bandwidth. According to Rorich, implementing a pay-as-you-go system is the best way to remain profitable.

"Working with the owners of the student accommodation, we are able to generate prepaid tokens – which can be given to the students each month and redeemed on our installed prepaid sub-meters in each room as part of the residences' monthly bundled accommodation offering," explains Rorich.

"By installing a prepaid system and using smart software in conjunction with our prepaid sub-metering system some of our



Michael Franze, Citiq Prepaid MD

clients have set up tag solutions that allow them to measure students' communal water and electricity consumption. Once they have used the allocated amount, the students can buy top-up tokens in the usual pay-as-you-go method. While it sounds like a very regimented system, it massively cuts down on disputes between landlord and tenants – and even between flatmates.”

Unfortunately, many of the utility management systems on the market produce data that is almost impossible to use in regular reporting. Rorich explains that the Citiq Prepaid's online system gives landlords remote access to usage and transaction data and reports in easy to understand formats. Reports are also automatically emailed every month, easing the administration burden.

“Prepaid sub-meters provide transparency and reduces the risk for everyone involved. For students, prepaid makes their own electricity consumption more visible and ultimately more manageable. Moreover, when you can track your consumption from day to day it's much easier to budget, and students can avoid the panicked call to parents asking for additional money,” Rorich concludes.

About Citiq Prepaid

Started in 2010, Citiq Prepaid has become the biggest and fastest-growing prepaid meter and utility vending system provider to landlords, body corporates and property managers, property developers, municipalities and electrical contractors. To date, it has sold 850GWh of electricity (equivalent to 25 years of the output of one 4MWh power station) through hundreds of thousands of active meters across SA. An ongoing pioneer in the prepaid sub-metering vending industry, Citiq Prepaid's proprietary vending system enables property owners and landlords, as well as their tenants, to access detailed reports to efficiently track and manage electricity and water consumption. This helps eliminate unexpected costs, quickly resolve disputes, and take the hassle out of payments, so utilities can stay on.

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