

WRITTEN BY: Bartlett Communications

Hi there,

After two very challenging years of Covid restrictions, high vacancies and economic woes, although rental growth is still slow, the market in South Africa's financial and economic hub is showing encouraging signs of revival, especially at the top end of the market.

There have also been a number of significant market shifts which have boosted the area's rental sector, including young professionals moving into the area (reverse semigration) and others who are considering emigration and prefer to rent rather than tie up their money by buying property.

Below, two property professionals take a closer look at the rental market in Jozi/Randburg/Midrand and also offer landlords advice for successfully navigating a market still under pressure.

Caption: GROWING DEMAND : Properties like this double storey freestanding cluster home situated in an exclusive secure estate on top of Northcliff Hill ticks the boxes for many prospective Jozi tenants. Priced at R22 000 pm, it boasts excellent security, top-of-the-range finishes, ample space, a manageable wrap around garden and spectacular views

Revival at the top end and a new crop of young professionals boost the Jozi rental market

Although the picture certainly isn't all sunshine and roses, it's no longer one of doom and gloom and there is more than a sliver of light at the end of the tunnel for Johannesburg landlords.

"After two very challenging years of Covid restrictions, high vacancies and economic woes, although rental growth is still slow, the market in South Africa's financial and economic hub is showing encouraging signs of revival, especially at the top end of the market," says Grahame Diedericks, Manager Principal of Lew Geffen Sotheby's International Realty in Midrand.

"Prior to the pandemic, the rental market was buoyant throughout all sectors, with secure estates being the most active.

"There was also a strong international corporate market, which then dropped off drastically in March 2020, adding to the growing flood of properties entering the market.

"Also contributing to the market's woes was a record low interest rate which encouraged many prospective tenants at the lower end of the market to seize the window of opportunity to get a foot on the property ladder."

Diedericks says that after a year of stagnation, the market started to show signs of revival around the middle of last year with more encouraging movement towards the end of 2021.

“Although much has been written about the wave of emigration to the coast, there has also been increased migration to Gauteng during the past few months, especially among local corporates.

“The rental market has also been boosted by a younger crop of young professionals who are choosing to rent instead of buying property as they have future plans to emigrate as well as an increase in clients opting to be liquid to allow themselves options until such time as the situation in South Africa becomes clearer.”

Diedericks adds that they are now beginning to see stock shortages in certain sectors in some areas, but particularly at the top end of the market in nodes like Waterfall where there is limited stock to meet the growing demand.

Debbie Minnie, the group's Rental Specialist in Randburg's Inner Circle, says that for the first time in almost two years, all the homes in her portfolio are currently rented and that, compared to 2020 and early 2021, the market has notably improved.

“During the past six months, especially, there's been a marked increase in tenants looking for rental properties which is now starting to balance out the oversupply of available properties that there's been since the onset of the pandemic.

“Many landlords have become more realistic with their pricing expectations, so new listings that are well-priced are moving quickly again, with three-bedroomed townhouses especially being in short supply.”

Minnie notes that security is still top-of-the-wish list for most tenants, and their expectations in this regard have become even more stringent with remote control access no longer being sufficient in complexes and estates.

“One of the first questions I'm asked is if there is 24-hour manned security and access control and, even if they are renting a freestanding home, security has to be exceptional and tenants are happy to pay top Dollar for such homes.

“Another common request is that the property be fibre ready and has a space or room that can be used as a home office.”

She adds that for those who don't work remotely, location and proximity to work and schools is now more important than ever due to rising food, fuel and general living costs.

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