

## Cape rentals still rising

It was no surprise to see that the Western Cape's year-on-year rental growth rate for Q2 and Q3 is still at the top of the Payprop's final national rental growth index for 2017 (even though it was down from 11% to 10.2%), says Michael Bauer, managing director of property company SAProperty.com.



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The report goes on to say that rental figures in the “Western Cape have risen by a third in three years, far outperforming the weighted average cumulative growth” from Q3 2016 to Q3 2017 (20.8%), which has also seen some tenants pushing the “boundaries” of what they would pay for units in ratio to what they earn.

In most cases, tenants pay approximately 30% of their income per month in rent, but it has been found that tenants (nationwide) who rent in the higher brackets are paying more than what is seen as an acceptable ratio. It seems that tenants who rent more expensive properties have a tendency to want the best and will pay more of the acceptable budgetary amount than they should. Figures indicate that those in the R15,000 and above monthly rental are paying 35.5% of their monthly incomes on rent alone, and those spending between R10,000 and R15,000 are not far behind, at 34% of their monthly incomes going to their rent.

Granted, those in the rental brackets above might have more disposable income, as they have lower debt to income ratios or earn higher salaries, but tenants must beware of falling into the trap of spending too much of their salaries each month on something that is disproportionately high, said Bauer.

Instead they could insist on spending only 30% of their salaries on rent (while they need to rent) and put a small percentage away for a deposit on a home of their own in the future. As demand increases in many areas, so will rental amounts and tenants should be little cautious by constraining the need to “keep up” with peers by taking on expensive leases, said Bauer.

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