

What type of home affluent tenants prefer

Although only about 7% of tenants in SA currently rent for more than R15,000 a month, this percentage is growing according to statistics. Around 2% already rent for more than R25,000 a month. Berry Everitt, CEO of the Chas Everitt International property group says that the actual number of high-end households for landlords to target is around 280,000 and rising. In addition, the latest PayProp figures show that such tenants generally have better credit scores and lower debt-to-income ratios than those who rent for less, as well as higher incomes, and are thus lower-risk tenants."

"However, they also tend to spend proportionately more of their income on rent (around 35,5%) than those who are renting in the most popular R5,000 to R7,500 a month bracket (around 30%) and are understandably considerably more exacting in their choice of property.



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"And it is, of course, more costly to acquire luxury rental properties, so landlords who wish to operate in this sector need to do careful research to establish what type of home really affluent tenants prefer, what might make them choose one over another, and what will make them stay."

Luxury facilities and amenities

Internationally as well as in SA, he says, the most affluent tenants are increasingly favouring apartments and penthouses in high-end buildings that offer the same type of facilities they might find in a luxury hotel, such as a 24-hour concierge service, a gym and spa, a business centre and places to socialise such as a pool deck and bar or an in-house coffee shop.

“In recent times, some buildings have even expanded their offerings to include in-house movie theatres, community wine cellars, child-care services, cooking classes, pet grooming services, and rock-climbing walls as well as yoga and aerobics classes for residents.”

Everitt says affluent tenants are mostly empty-nest baby boomers and dual-income millennials who also share a love of vibrant, amenity-rich locations where exclusive shops, restaurants, theatres, clubs, museums and galleries are all within walking distance.

Many also have a lifestyle that includes frequent travel for business or pleasure, so top-notch building security is non-negotiable, and easy access to a major airport is important.

Super-luxury apartments and penthouses

“All of this explains the current demand for super-luxury apartments to let in areas like Sandton, Rosebank and Melrose Arch in Johannesburg, the CBD, the V&A Waterfront and De Waterkant in Cape Town and Umhlanga Rocks in KZN, where affluent tenants will readily pay up to R65,000 a month for opulent two-bedroom apartments that offer the right location, facilities and views – and even more for penthouses with their own outdoor terraces or rooftop entertainment areas.

“Indeed, the luxury high-rise developments in these areas are the prime locations to consider if you want to be a landlord in this sector of the market, although other sought-after areas like Houghton, Hyde Park, Bantry Bay, Green Point, Mouille Point and Century City are also offering excellent returns on high-end rental apartments.”

He cautions though, that credit, income and tenant record checks are just as important for high-end tenants as others, and that landlords should not sail into this sector of the market without the help of a qualified and experienced rental management agent. “Affluent tenants can experience rising debt-to-income ratios and affordability problems just as easily as anyone else, but your risk as a landlord in this sector will generally be much higher than in the lower rental brackets, so you must ensure that you have professional help.”

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