

Residential rental increases reach three-year high

Nick Wilson

Property Correspondent

RESIDENTIAL rentals have shown their biggest rise in three years, according to property manager Trafalgar's rental index for last month.

One of the main reasons for the surge in rental

increases was the relatively expensive property market which was encouraging people to rent instead of buying.

Trafalgar said yesterday the index increased six points from 119,4 last June to 125,4 last month. Rentals were also 25% higher on average than

when the index was launched in December 2003.

The group said Johannesburg had the biggest increase, 11 points up from 119 to 130.

Trafalgar chairman Neville Schaefer said high house prices and rising interest rates had pushed

average bond repayments to about 9% of households' income, so more people at lower-income levels were renting rather than "stretching their budgets with home purchases".

He said the oversupply of new rental development units was also being mopped up and that supply was reducing to equilibrium with demand.

Incomes were also

rising fast, and tenants could afford higher rents.

Property economist Francois Viruly of Viruly Consulting said: "By the middle of last year, affordability was beginning to become an issue for households and the rental market was oversupplied, therefore offering an opportunity for families to rent in relatively attractive areas.

"The point, neverthe-

less, remains that for many investors, the rental that could be achieved on properties, certainly those over R1m, offered poorer yields at 4% or lower," said Viruly.

"We will see a tightening of the rental market, with rentals rising by well above the inflation rate and probably touching the 15%-20% level," said Viruly.

Property economist Erwin Rode, of Rode & Associates, said it was gratifying to see more players in the residential property market taking an interest in the rental segment.

"SA has historically been an owner-occupier market rather than being renters. It's not impossible that in future years the rental market might grow as residential prices become prohibitive, especially for new entrants," said Rode.

ENGEN PETROLEUM LIMITED has submitted an application to the National Energy Regulator of South Africa (NERSA) as required under the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003), to construct additional tankage at existing petroleum storage facilities as follows:

Uppington: for a further 462 m³ of tankage (5 tanks), of which 216 m³ will be installed during the upgrade in 2007.

Montague Gardens, Cape Town: for a further 60,000 m³ of tankage (6 tanks) phased in over the next 5 years.

The Energy Regulator will decide on the proposed license application.

The license application document will be accessible to the public for 30 days from the 17th of January 2007 during normal office hours on working days at:

Engen Petroleum Ltd, Engen Court, Thibault Square, Cape Town.

Any objections to this application must be lodged within 30 days from

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