

# IMPACT OF COVID-19 ON THE HOUSING RENTAL MARKET, RECOMMEND INTERVENTIONS, POTENTIAL MARKETS FOR AFFORDABLE RENTAL HOUSING MARKET WITHIN GAUTENG AND BENCHMARK THE GPF PORTFOLIO

REPORT  
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## 1 INTRODUCTION

On the 15th of March 2020, President Cyril Ramaphosa declared the COVID-19 pandemic as a national disaster in South Africa. Ever since all economic sectors and sub-sectors suffered significant loss of income due to lockdown restrictions prohibiting business operations and later minimising economic activities. The project at hand begs the question, how has the housing market in Gauteng been impacted by the pandemic and associated lockdowns. As a substantive role player within this market, the GPF invest funds into the affordable rental market, student accommodation and social housing. As of 31 January 2021, the GPF had a loan book with a total amount of R 1,210,965,119 made up of about 84 clients. The loan book comprises a combination of rental housing projects currently under construction and projects that have been completed and are now occupied.

### 1.1 Study Objective

The objective of this project is to conduct a study to establish inter alia:

- The impact of Covid19 on the construction, manufacturing, real estate and low-cost housing rental and student accommodation markets. Possible 'new trends'/ for the sector and stimulation packages for consideration.
- Economic drivers and trends, trade area-based demographic profiles and development and growth potential of the:
  - Randburg CBD and Surroundings (Linden, Windsor, Ferndale etc),
  - Pretoria CBD,
  - Pretoria North (including Soshanguve, Mabopane, Pretoria North),
  - Bronkhorstspuit,
  - Johannesburg CBD (including the Turffontein area),
  - Benoni; and
  - the greater Kempton Park area
- To analyse and benchmark GPF's portfolio against the rest of the market.
- Potential new emerging areas for investment and appropriate product.
- The study should include an assessment of the economic drivers and trends, trade area-based demographic profiles and development and growth potential of these areas.
- A comprehensive market study is required to estimate the residential potential of these areas (in terms of affordable market rentals, price and rental bands, project composition – an optimum ratio of various unit typologies, unit sizes etc.) to inform relevant parties regarding the full and optimum development potential of the development site, to inform strategic planning, investment, and marketing decisions.
- Provide feedback as to the relevance of the GPF's products in the market based on the findings and include any new product suggestions.

### 1.2 Research Approach

The research methodology undertaken in the study is primarily a technical methodology with brief elements of a participatory approach with rental housing property stakeholders to support the study. The research process included both qualitative and quantitative data analysis techniques. Both primary and secondary research was undertaken during this study.

#### 1.2.1 Primary Data Collection

Primary data and information were collected through consultations with the following housing participants:

- Rental housing stakeholders
- Real estate practitioners

#### 1.2.2 Secondary Research

The secondary research component of this study took the form of a desktop review of housing sector reports, spatial development frameworks (SDFs) and literature provided by the GPF. Residential trend reports and other key research reports from property management

companies such as Lighthouse, Trafalgar, Tenant Profile Network (TPN), PayProp, etc. were also assessed. In addition, statistical databases from Quantec and Statistics South Africa (Stats SA) were utilised.

The primary and secondary information was analysed and applied to the demand models for each respective region.

## 2 LITERATURE AND POLICY REVIEW

This section investigates relevant literature and policies that play a role in the impact that has been evident on the housing market due to COVID-19 and the origination of rental housing within the government and private sector.

### 2.1 Secondary Data and Information Review

#### 2.1.1 Overview of the Affordable Housing

The purpose of this sub-section is to provide a greater understanding of the gap/affordable housing market trends in South Africa, existing housing policies and subsidies, and relevant stakeholders.

To understand the impact that COVID-19 has had on South Africans and the housing market within South Africa, it is important to understand the impact that was felt on housing rights within South Africa.

For us to understand the need and profile of affordable housing, it is important to understand what the term affordable housing entails. According to SA Property Insider "the four affordable housing types found in government policy, local government developments and some of the national government frameworks around human settlements are: gap, transitional, social and inclusionary"<sup>1</sup> and the average household income for a household to qualify for affordable housing is between R3 500.00 – R22 000.00 per month.

If a simple calculation is done and the average household income mentioned above is utilised to calculate the possible repayment amount qualified for, affordable housing will range between R3 000.00 and R7 000.00 (oobahomeloans, n.d.). Thus, in research to follow this section the rental ranges utilised for affordable housing will fall within the abovementioned category.

The general consensus for the size of affordable housing units differs based on the unit typology but should not be smaller than 30m<sup>2</sup> (SHRA, 2021). The following table illustrates the general unit size for various housing typologies:

Table 1: Unit Size Range

UNIT TYPOLOGY	SPECIFICATIONS	SIZE
Bachelors/ Studio units	One room with a separate bathroom	30m <sup>2</sup> - 35m <sup>2</sup>
One-bedroom unit	One room with bedroom and bathroom separate	33m <sup>2</sup> - 38m <sup>2</sup>
Two-bedroom unit	Living, dining and kitchen (together or separate) with 2 bedrooms and bathroom separate	38m <sup>2</sup> - 48m <sup>2</sup>
Three-bedroom unit	Living, dining and kitchen (together or separate) with 3 bedrooms and bathroom separate	48m <sup>2</sup> - 55m <sup>2</sup>

(SHRA, 2021)

##### 2.1.1.1 Gap Housing Programmes

The following section discusses some of the South African housing programmes that are relevant to this study.

<sup>1</sup> SA Property Insider, 2018. Unpacking South African affordable housing. [Online] Available at: <http://sapropertyinsider.co.za/2018/01/12/unpacking-south-african-affordable-housing/> [Accessed 4 May 2022]

### **Comprehensive Housing Plan (CHP<sup>2</sup>)**

The CHP for the Development of Integrated Sustainable Human Settlements (Breaking New Ground) is aimed at eradicating informal settlements in South Africa in the shortest possible time. It incorporates principles such as:

- Integrating subsidised, rental and bonded housing.
- Providing municipal engineering services at a higher level and applying them consistently throughout townships.
- Providing ancillary facilities such as schools, clinics, and commercial opportunities.
- Combining different housing densities and types, ranging from single-stand to double-storey units and row houses.

The CHP is being implemented through pilot projects to upgrade informal settlements in each province. It focuses on:

- Accelerating housing delivery as a key strategy for poverty alleviation.
- Using housing provision as a major job-creation strategy.
- Ensuring that property can be accessed by all as an asset for wealth creation and empowerment.
- Leveraging growth in the economy, combating crime, and promoting social cohesion.
- Using housing development to break down barriers between the first-economy residential property boom and the second-economy slump.
- Using housing as an instrument for the development of sustainable human settlements in support of spatial restructuring.
- Diversifying housing products by emphasising rental stock.

### **Breaking New Ground<sup>3</sup>**

Breaking New Ground (BNG) is a policy initiated by the Department of Human Settlements to accelerate the delivery of quality housing to the people. The policy shifts focus from simply providing low-cost housing to a comprehensive strategy that considers low-cost and middle-income rental stock, the provision of serviced sites, and the improvement of informal settlements.

The housing mandate before the introduction of the BNG programme restricted subsidies to households earning less than R3 500 per month. This restriction was based on the assumption that private finance would be accessed for the construction of houses by income groups earning more than R3 500 per month. However, this did not occur as commercial banks were unable effectively to extend finance to the R3 500+ segment of the market. As a result, there has been a growing disjuncture between subsidised and non-subsidised residential units. This impacted negatively on the residential property market.

The BNG programme expands the mandate of the government to encompass the broader residential housing market, meaning that lower-middle-income groups will now also be supported by the government subsidy programme. As an example, the Finance Linked Individual Subsidy Programme (FLISP) facilitates access to affordable housing finance for medium-income households (earning R3 501 to R 22 000 per month) by providing a mechanism for these households to overcome the down payment barrier.

The BNG programme also seeks to strengthen the partnerships between the government and the private sector in the development of sustainable human settlements. The support of the private sector is sought through:

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2 Human Settlement. South Africa Yearbook 2015/16. [http://www.southafrica-newyork.net/consulate/Yearbook\\_2016/HumanSettlement-SAYB1516n.pdf](http://www.southafrica-newyork.net/consulate/Yearbook_2016/HumanSettlement-SAYB1516n.pdf)

3 Breaking New Ground: A Comprehensive Plan for the Development of Integrated Sustainable Human Settlement. <http://bngtv.co.za/>

- Construction capacity and the collapse of the subsidy bands.
- The provision of housing finance.
- Project management and other support.
- Employer-assisted housing.

The Department of Human Settlements launched the Mortgage Default Insurance Scheme and the revised FLISP on 1 April 2012. The government has also made provisions for other housing subsidies or grants, which are made available to qualifying beneficiaries. While there are many different housing subsidies available, only the subsidies relevant to the gap housing market (i.e. households earning between R3 500 and R22 000 per month) are discussed below.

#### **The Finance Linked Individual Subsidy Programme (FLISP)<sup>4</sup>**

FLISP is a housing subsidy with the purpose of assisting qualifying first-time home buyers with purchasing a home. The subsidy is paid directly to the conveyancing attorney or financial institution and the recipient can use it as a deposit to buy a home or to reduce the monthly instalments on an existing home loan. FLISP assists qualifying beneficiaries to:

- Acquire ownership of an existing residential property.
- Obtain vacant serviced residential stands which are linked to housing building contracts with home builders registered with the National Home Builders Registration Council (NHBC).
- Build a new house with the assistance of a home builder registered with the NHBC on a serviced residential stand that is already owned by the beneficiary.

FLISP is intended to support households with a gross income range of R3 501 to R22 000 (i.e. who do not have a gross combined household income of more than R 22 000). Beneficiaries must be South African citizens or holders of permanent residence permits. The once-off FLISP subsidy ranges from R27 960 to R121 626, depending on the monthly income of the recipient.<sup>5</sup>

Previously, FLISP qualification requirements specified that one must be in the market for a house and be able to secure a home loan/bond.<sup>6</sup> This requirement has recently been expanded to enable first-time buyers to qualify for a FLISP subsidy if they have financial assistance to buy a property in the form of:

- The beneficiary's pension/provident fund loan
- A co-operative or community-based savings scheme, i.e. a stokvel
- The Government Employees Housing Scheme
- Any other employer-assisted housing scheme
- An unsecured loan

Government offers a subsidy for first-time home buyers. Few home buyers or estate agents assisting home buyers are aware that the purchaser can access a subsidy to assist them to buy a property. Many new homeowners are unaware that they can make use of FLISP to assist them in buying any type of property and that they are not restricted to a specific FLISP-approved property development. Instead, they can:

- buy a property from a private seller;
- utilise the FLISP subsidy as a deposit to cover a shortfall in an approved home loan;

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<sup>4</sup> Gauteng Department of Human Settlements.

<https://www.gauteng.gov.za/Services/GetServices?serviceId=CPM-001402&taxonomyItemId=CPM-001007&isFromDepartment=true>

<sup>5</sup>NHFC. <https://www.nhfc.co.za/finance-solutions/finance-linked-individual-subsidy-finance-flisp/>

<sup>6</sup> Property Professional. <https://propertyprofessional.co.za/2022/03/24/flisp-subsidy-policy-revised-no-need-for-home-loan-to-obtain-government-subsidy/>

- use the FLISP subsidy to reduce their home loan repayments and debt due to a lending institution and/or reduce their home loan term and save thousands of rands; and
- apply retrospectively for a FLISP subsidy, even after they have become homeowners (each province has its own terms and conditions for such retrospective applications).

As home buyers, estate agents, and mortgage originators are not properly informed about FLISP, many opportunities to convert unsuccessful home loan applications go unrealised, property sales are lost, and opportunities for would-be buyers to own their own homes are lost.

### ***Integrated Residential Development Programme<sup>7</sup>***

Low-income settlements continue to be located on the urban periphery without the provision of social and economic amenities, as in the apartheid era. The Integrated Residential Development Programme (IRDP) was introduced to facilitate the development of integrated human settlements in well-located areas that provide convenient access to urban amenities, including places of employment. This programme also aims at creating social cohesion.

The IRDP provides for the acquisition of land and the servicing of stands for a variety of land uses, including commercial and recreational developments, schools, and clinics. The programme also facilitates the acquisition of residential stands for low-, middle- and high-income groups alike. The land use and income group mix are based on local planning and needs assessments.

The IRDP can be undertaken in multiple phases or a single phase. The first phase could provide serviced stands while the second phase provides for housing construction for qualifying low-income beneficiaries. The second phase could also provide for the sale of stands to persons who, for various reasons, do not qualify for subsidies or commercial uses.

### ***Rental Programme***

The Rental Housing Strategy draws on policy and legislation from all three spheres of government to direct government resources towards facilitating the development of the housing sector to maximise the benefit for low-income households in South Africa.

The government's aim in facilitating access to housing in the country emphasises:

- The need to ensure that residential areas give people access to socio-economic opportunities and amenities.
- That the quality of the housing provided makes for sustainable human settlements.
- That to achieve this, greater densification and economic and racial integration of towns and cities are required.
- Low- and medium-income households should have a greater choice of tenure types, including access to decent rental housing opportunities.

The government's rental market intervention programmes are targeted at low-income households and have also considered medium-income buyers. Currently, a national review of human settlement policies is underway. This is likely to have an effect on all three programmes, which are explored below.

### ***Community Residential Units (CRU)***

The CRU Programme was established to regularise public housing stock, including hostels, which is performing poorly and is unsustainable. It was also intended to create new public housing stock that caters for low-income households earning between R800 and R3 500 per month. Despite a capital grant allocation made to finance approximately 30 000 units, a recent evaluation has indicated that the programme has not achieved its intended outcome.

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<sup>7</sup> Integrated Residential Development Programme (IRDP).

[http://www.kzndhs.gov.za/Uploads/documents/Services/Subsidy\\_Administration/Subsidy%20Instruments%20\(English\).pdf](http://www.kzndhs.gov.za/Uploads/documents/Services/Subsidy_Administration/Subsidy%20Instruments%20(English).pdf)

The subsidy is targeted at households in the following situations:

- Residents in existing housing stock – both qualifying and non-qualifying.
- Displaced persons from informal settlements, upgrades, emergency housing, evictions, etc.
- New applicants on waiting lists (both families and individuals) earning R3 500 per month or less.
- Indigents and aged people that can pay a certain amount towards rentals and services.

### *Social Housing*

Social housing stock is developed, owned and managed by SHIs or ODAs. It consists of medium- to high-density rental stock, with unit types ranging from bachelor to three-bedroom units in well-located urban areas. Unit sizes vary from approximately 30 m<sup>2</sup> to 50 m<sup>2</sup>. The stock is built using a government grant designed specifically for social housing. The Social Housing Programme has three primary objectives:

- To address the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctions. This will contribute to the government's vision of an economically empowered, non-racial and integrated society living in sustainable human settlements.
- To improve and contribute to the overall functioning of the housing sector, and in so doing contribute to widening the range of housing options available to low- and medium-income households.
- Provide tenant households with access to resources that will permit them to take greater control of their household development and independence.

The Social Housing Programme supplies government subsidies and support for the development of medium- to high-density rental housing in demarcated RZs within better-located parts of certain urban areas. It seeks the provision of affordable and well-managed rental stock to qualifying households.

This programme is targeted at households with monthly incomes ranging from R1 850 to R22 000 per month. Within this range, there are two categories of beneficiaries:

- Primary: Household incomes of R1 850 – R6 700
- Secondary: Household incomes of R6 701 – R22 000

Social housing regulations stipulate that a minimum of 30% of the units in each project must be leased to the primary income group up to a maximum of 70%, where the secondary income group can occupy the remainder. The financing framework provides for higher subsidies when the 30% primary market quota is exceeded.

Since a major objective of the Social Housing Programme is to ensure greater economic and racial integration of urban areas, the grant is specifically provided to social housing-compliant projects that are in designated RZs. These zones are areas within Restructuring Municipalities that meet the requirements of the Social Housing Programme to restructure urban areas and give groups previously denied access by apartheid laws access to areas with developed social and economic infrastructure.

Delivery agents are responsible for the development and management of stock and linked tenancies. There are two categories of companies that can undertake the development of stock and its long-term management:

- Non-profit SHIs – non-profit companies that have as their primary objectives the development, ownership, and long-term management of social housing stock.

- Other Delivery Agents – These are for-profit companies that can undertake the development, ownership, and management of social housing using the Consolidated Capital Grant (CCG) quantum, provided by the Social Housing Regulatory Authority.

### 2.1.2 Summary of Low-Income Housing

The table below provides an overview of the objectives and target markets for both bonded and rental categories of low-income housing programmes and subsidies.

Table 2: Bonded Tenure Low-Income Housing Programmes and Subsidies, 2018

Programme	Objectives
<b>Breaking New Ground (BNG) Housing</b>	<p>In 2004 the Cabinet approved the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements, also known as Breaking New Ground (BNG). The policy sought to replace the conventional delivery of subsidised housing units (RDP).</p> <ul style="list-style-type: none"> <li>• Alter the housing patterns in the country by integrating communities and placing them closer to areas of economic opportunity.</li> <li>• <b>Aimed at the low-income market, i.e. households earning below R3 500 per month (gross).</b></li> <li>• Units should be developed close to public transport routes, work opportunities, and social amenities such as schools, creches, churches, etc.</li> </ul>
<b>Finance Linked Individual Subsidy Programme (FLISP) or Gap Housing</b>	<ul style="list-style-type: none"> <li>• Financial assistance to qualifying households by providing a once-off down payment.</li> <li>• Specifically aimed at first-time property owners.</li> <li>• <b>Aimed at the gap market: R3 501 – R22 000 (gross).</b></li> <li>• Unit types are generally multi-storey, detached or semi-detached units; maximum product price of R300 000 recently removed.</li> <li>• Development of these units is along major roadways and close to social amenities such as churches, creches, schools, etc.</li> </ul>
<b>Affordable Bonded Housing</b>	<ul style="list-style-type: none"> <li>• Affordable bonded units cater to lower-income earners unable to qualify for a mortgage.</li> <li>• <b>Aimed at persons earning R9 000+ per month (gross).</b></li> <li>• Units generally detached, semi-detached or freestanding units; stand sizes range from 120 m<sup>2</sup> to 250 m<sup>2</sup>.</li> <li>• Affordable housing units could also be obtained through the FLISP subsidy programme.</li> </ul>

Source: NHFC, SHRA, and Centre for Affordable Housing in Africa as seen in Ferridge Consulting

Table 3: Rental Tenure Low-Income Housing Programmes and Subsidies

Programme	Objectives
<b>Community Rental Units (CRU)</b>	<ul style="list-style-type: none"> <li>• <b>CRU housing is a fully subsidised rental option for individuals earning up to R3 500 per month (gross).</b></li> <li>• Aims to provide temporary housing to persons currently residing in informal settlements.</li> <li>• Integration of public housing in the housing market.</li> <li>• Sustainable public housing assets.</li> <li>• Units are developed along major roadways and close to social amenities such as schools, creches, etc.</li> </ul>



Programme	Objectives
Social Housing	<ul style="list-style-type: none"> <li>• <b>Social housing is a partially subsidised rental option for persons earning between R1 850 and R22 000 per month.</b></li> <li>• Provided by private SHIs, Municipal Owned Entities, ODAs, and co-ops.</li> <li>• Excludes individual ownership.</li> <li>• Offers a first step for people entering the housing market.</li> <li>• Administered and regulated by the Social Housing Regulatory Authority.</li> <li>• Categorised into primary and secondary markets:             <ul style="list-style-type: none"> <li>○ Primary: income qualification of R1 850 to R6 700 per month; receives 30% to 70% of development</li> <li>○ Secondary: income qualification of R6 701 to R22 000 per month comprising the remainder of primary market allocation</li> </ul> </li> </ul>

Source: NHFC, SHRA and Centre for Affordable Housing in Africa as seen in Ferridge Consulting

### 2.1.3 Student Housing

The success and graduation of tertiary education students are highly supported by student housing. The household conditions of many students are not favourable for a successful academic life, especially for students from lower-income households. South African students prefer dedicated student housing due to a lack of infrastructure such as electricity and internet connections, coupled with safety concerns<sup>8</sup>.

South Africa's student housing market is varied and comprises many typologies, from high-rise, state-of-the-art purpose-built student accommodation (PBSA) complexes, and backyard dwellings to shacks. There is also an important difference between public student accommodation, which is provided by higher education institutions; and private student accommodation, which is provided by private sector developers and operators.

Public university accommodations or residences are usually large blocks of flats accommodating hundreds of students. They entail individually furnished bedrooms organized around corridors or apartments with a shared kitchen, dining hall, bathroom, and TV area, among other amenities. They are typically under the management of a university or in partnership with a private company. They must conform to health and safety regulations and thus, the quality is generally good. Many universities reserve a place in residences for full-time first-year students and international postgraduates.<sup>9</sup>

On the other hand, private student accommodation generally accommodates about four to five people or even more. Most benefits of public residences are also offered by private accommodation. Some private accommodations are affiliated with institutions, while others are privately owned.

Students also independently opt to live on their own or in a shared house or flat with other students or non-student tenants. These form part of other types of residential categories that are not purpose-built, however, they are a significant option for students.

<sup>8</sup> JLL, 2021. *Impact of Covid-19 on the demand for student housing in South Africa*. [Online] Available at: <https://www.jll.co.za/en/trends-and-insights/cities/impact-of-covid-19-on-the-demand-for-student-housing-in-south-africa> [Accessed October 2021].

<sup>9</sup> International Finance Corporation, 2021. *Market Assessment The Student Housing Landscape in South Africa*, Pennsylvania: International Finance Corporation.

Further to the various categories of student accommodation, income brackets are also used as a category. The table below indicates three main income brackets.

Table 4: Student Accommodation Affordability Brackets

Market	Typical Facility Description	Rental Range
<b>Affordable and NSFAS Student</b>	Basic facilities and units with a standard of minimum level as set out by the Department of Higher Education and Training (DHET).	Less than R3 000
<b>Mid-student</b>	Larger-sized bedrooms compared to the affordable and NSFAS market with auxiliary amenities and services such as student support services, and entertainment areas.	R3 000 – R4 500
<b>Upper-end Student</b>	a premium package which consists of larger rooms, private kitchen and bathroom amenities and higher quality finishes than standard rooms.	More R5 000

Source: International Finance Corporation, 2021

The student accommodation sector is mainly regulated by the Department of Higher Education and Training (DHET). The main regulating publication from the DHET is a draft policy stipulating the minimum norms and standards for student accommodation at public universities in 2011, to gazette it in September 2015. The minimum norms and standard guidelines ensure that students have adequate, good quality accommodation considered as fit for purpose.

A crucial aspect of the functioning of student accommodation as a housing sector is the role played by the National Student Financial Aid Scheme (NSFAS). NSFAS is a government entity under the Department of Higher Education, Science and Technology established according to the NSFAS Act (Act no. 56 of 1999) to provide financial support to disadvantaged students who wish to further their studies at public universities or TVET colleges. Stability is provided to student accommodation landlords as it guarantees rental payments, while also ensuring the provision of decent student accommodation.

#### 2.1.4 Impact of COVID-19

The rapid global spread of the corona virus disease in 2019 has led to significant impacts on the national economy, including the real estate or property market. The coronavirus spread evolved into a global pandemic, formally referred to as COVID-19. This pandemic has resulted in extreme setbacks and disruptions.

The main result of COVID-19 was high death tolls and overall human suffering. Furthermore, almost every part of life was disrupted by the COVID-19 pandemic, including millions of jobs being lost, and deprived people of their means for decent livelihoods as national and international systems applied unprecedented measures to curb the crisis.

The South African government declared a national state of disaster under the 2002 Disaster Management Act on March 15, 2020<sup>10</sup>. The declaration enabled the government to apply a wide range of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic. These regulations included those that restricted the movement of persons and goods "to, from or within the country. This applied through a lockdown where every person had to remain confined in his or her place of residence and was not allowed to leave except for performing a limited list of essential activities. Businesses were instructed to remain closed

<sup>10</sup> Parliamentary Monitoring Group, 2020. COVID-19 State of Disaster & Lockdown Regulations: A summary. [Online] Available at: <https://pmg.org.za/blog/COVID-19%20State%20of%20Disaster%20&%20Lockdown%20Regulations:%20A%20summary> [Accessed November 2022].

during the first stages of the lockdown, except those engaged in “manufacturing, supply, or provision of an essential good or service.

South Africa's economy contracted by 6.4% in 2020, following minuscule growth of 0.1% in 2019<sup>11</sup>. It was the steepest decline in over a century. The coronavirus outbreak has deepened the country's debt crisis, aggravated food insecurity, and weakened already fragile health systems. The economy bounced back in 2021, registering a growth of 4.9% - but still not enough to offset the huge contraction in the prior year.

#### **2.1.4.1 Impact on the Property Sector**

The South African property market experienced significant difficulties through the COVID-19 pandemic, with all sectors essentially facing a decline in performance. Real estate base fundamentals were strong before the COVID-19 pandemic including leasing activity, amount of available capital and strong leverage ratios. Despite this, the property sector faced substantial pressures.

In general, the lockdown response to the COVID-19 pandemic led to the closure of businesses and overall loss of income for many South Africans. Therefore, lessees in both the commercial and residential landlord-tenant sectors experienced a detrimental impact. For instance, around 32% of all residential lessees were unable to pay their full rent in April 2020 whereas some lessees in the commercial sector simply ceased to pay their rents or opted to pay a remitted rent<sup>12</sup>. Preliminary deeds office data indicated a 40% year-on-year decline in registration volumes, which partially demonstrated reduced activity among COVID-19 pressures. This was further to a decline in sold and registered properties in the first quarter of 2020, which includes the time before the lockdown<sup>13</sup>. Initially, property executives were concerned with preserving value and liquidity, the safety of tenants and visitors, and complying with governmental regulations. Moreover, tenants were at risk of difficulties that resulted in deferring or discontinuing contractual lease payments.

#### **Office**

A continued decline was observed in the investment in office property from 2018, as the local economy deteriorated, and the sector faced oversupply<sup>14</sup>. The office property sector was especially limited by weakened rentals, high vacancy rates, and a fall in demand during the pandemic, with limited possibility for improvement.

#### **Retail**

The retail property sector struggled through the initial lockdown restrictions but displayed resilience in 2021. This sector suffered the exacerbated levels of the staggered nature of lease expiry profiles at shopping centres, along with negative rental reversions, lower escalation rates, and shorter lease terms continue to hamper the performance of the sector, which is seen to be underperforming.

#### **Industrial**

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<sup>11</sup> Global Property Guide, 2022. *South Africa Real Estate Market Analysis 2022*. [Online] Available at: <https://www.globalpropertyguide.com/Africa/South-Africa/Price-History> [Accessed November 2022].

<sup>12</sup> Viljoen, S.-M., 2020. The impact of the COVID-19 regulations on rent obligations. *De Jure Law Journal*, 53(1).

<sup>13</sup> Loewald, C., 2020. *South African Reserve Bank Occasional Bulletin of Economic Notes*, Pretoria: South African Reserve Bank.

<sup>14</sup> Purnel, M. et al., 2022. *South African Real Estate Investment Review and Outlook*, s.l.: JLL.

Transaction volume that remained through 2020 in the industrial property sector sustained it. Furthermore, the demand basics remain for this sector remained strong, when comparing investment in 2021 to before the pandemic.

Overall, the loss of income to landlords in the commercial office and industrial sectors was not as severe as that displayed in the retail sector. An attributing factor could have been the dependence retail on physical property as opposed to the commercial office quickly adapting to a remote work environment. Another possible factor was that many companies were able to adapt and could remain in business and still pay rent, even if they were not physically in the office. Altogether, the retail, office and industrial property sectors had values decline as a result of rentals being renegotiated, with some returning to levels recorded long before the pandemic.

## Residential

The COVID-19 pandemic in 2020 has severely disrupted construction, made it difficult for many households to pay for shelter, and seriously hurt the housing sector. Governments have responded with a wide array of measures to protect tenants and mortgage-holders, as well as support builders and lenders<sup>15</sup>. As lockdown restrictions were relaxed, recovery began to show in the residential sector with improved performances in 2021.

The supply of residential properties was highly affected by the implementation of the COVID-19 lockdown. In terms of construction, a decline in the total number of residential completions was recorded in 2020 at 46.7%, which has shown recovery with a year-on-year increase of almost 35% to 32 597 units<sup>16</sup>. Similarly, approvals also improved by 35.1% to 52 126 units in 2021, a counteraction to the 24.6% drop in 2020.

Market sales also displayed a negative impact of the COVID-19 pandemic and the related lockdown, which contributed to a decline in residential sales. In quarters three and four of 2020, the reopening of the Deeds Office, low-interest rates and easing of hard lockdown restrictions prompted the recovery of the residential property market sales volumes and house price appreciation. The growth in residential market activity continued in 2021 as indicated by the Deeds Office data for quarter three of 2021 shows that the number of bonded and unbonded transfers increased by 25% year-on-year leading to 60 025 units<sup>17</sup>. At the higher end of the mortgage market, limited growth has been observed. From before 2020, the trend of declining numbers of bonded transactions continued and was sustained this year. The number of bonded transactions dropped in 2020, by 4% to 117 822 – 4 734 fewer bonds issued in 2020 compared to pre-COVID-19.

The record low-interest rates in 2020 propelled an increased demand by first-time homebuyers in the mid to high-end market segments. The number of first-time homebuyers slightly increased as a percentage of all transactions to 44% in 2020 from 42% in 2019. However, the absolute number of first-time homebuyers fell from 94 179 in 2019 to 88 853 in 2020. The decline in first-time buyers in 2021 was influenced by economic stagnation and the waning of the advantages of the rate cuts. Conversely, the residential property market progressed as one of South Africa's more robust sectors as influenced by repeat buyers.<sup>18</sup>

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<sup>15</sup> OECD, 2020. *Housing amid Covid-19: Policy responses and challenges*. [Online] Available at: <https://www.oecd.org/coronavirus/policy-responses/housing-amid-covid-19-policy-responses-and-challenges-cfdc08a8/> [Accessed November 2022].

<sup>16</sup> Global Property Guide, 2022. *South Africa Real Estate Market Analysis 2022*. [Online] Available at: <https://www.globalpropertyguide.com/Africa/South-Africa/Price-History> [Accessed November 2022].

<sup>17</sup> Tshangana, A., 2022. *South Africa Housing Market Report*, s.l.: Centre for Affordable Housing Finance in Africa.

<sup>18</sup> Research and Markets, 2022. *South Africa Residential Real Estate Market - Growth, Trends, COVID-19 Impact, and Forecast (2022 - 2027)*. [Online]

Focussing on affordable housing, a limited supply of entry-level properties financed by the private sector has been reported, which excludes government-subsidised housing programmes. Furthermore, there was a drop in the percentage of government-subsidised properties as a proportion of all new transactions, which was the bulk of new registrations. The availability of affordable housing, whether in the new-build or resale market, has been declining steadily since 2015<sup>19</sup>. The challenge of availability of affordable housing was exacerbated by COVID-19 and economic lockdowns which dampened activity in the housing construction and real estate markets. The number of new transactions fell and only a limited delivery of entry-level properties financed by the private sector entered the market thereafter.

People have also reconsidered their property needs during lockdown such as a change in the size of their properties and downscaling. Others are working remotely on a semi-permanent basis and are expected to contemplate outlying areas for their main residence, away from crowded urban areas. Despite the 'work-from-home' model being already being adopted, the COVID-19 pandemic accelerated this adoption and further demonstrated a successful case study for people not having to travel to and physically be at the office.

The increased number of employees working remotely from home has had a direct effect on housing needs and preferences. In addition, there has been an emergence of what has been referred to as 'Zoom towns', which allow people to live and work from wherever they decide. The result is in the material changes to the perceived value of many towns, particularly on the coast. The opportunity in these areas has increased, especially for homes that offer flexibility and space for working from home. Furthermore, Lightstone data reports the increased semigration of middle-class homeowners from Gauteng to mostly the Western Cape and small coastal towns. While the residential property market segment is considered a resilient investment over the longer term, the anticipated upward interest rate cycle in 2022 and rising unemployment levels are likely to reduce demand by home buyers.

The way forward in the property sector entails executives understanding how quickly recovery can occur and how to utilize available capital and potential opportunities. Owners and occupiers face varying impacts where owners with longer-term leases may feel the less near-term impact, depending on tenant liquidity capacity while occupiers, will be focused on liquidity needs and operating effectively with a remote and/or reduced workforce. Near-term impacts may be offset by tax relief or other governmental incentives.

#### **2.1.4.2 Impact on the Rental Housing**

Literature has also been published detailing the impacts of COVID-19 on the rental housing sector, considering the affordable rental housing sector. Some of the more widespread impacts of the COVID-19 pandemic on rental housing entailed rental payments, tenant preferences and needs, and tenant behaviour changes. These translate into impacts on the demand and rental income for landlords.

From a tenant perspective, lockdown levels have created significant financial and personal challenges, including:

- Pay cuts and budget cuts across the board have taken their toll, resulting in many tenants being unable to uphold their rental payment obligations.
- Tenants may have felt compelled to sell their properties and convert from being property owners from property owners to tenants.
- A substantial increase in the price of food items and groceries has been noticed, thus restricting many South Africans' disposable incomes.

Furthermore, residential tenants doubted their ability to pay rent and were concerned about the impact of reduced working hours and wages for some, and the loss of income and/or employment for others. Furthermore, homeowners who relied heavily on frequent income from

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Available at: <https://www.researchandmarkets.com/reports/5529324/south-africa-residential-real-estate-market>  
[Accessed November 2022]

<sup>19</sup> Tshangana, A., 2022. *South Africa Housing Market Report*, s.l.: Centre for Affordable Housing Finance in Africa.

the rent of their property, which enabled annual liquidity plans, financing or mortgage refinancing, were exposed to uncertainty and pondering how best to manage a large-scale loss of rental income in the event of economic difficulties experienced by their tenants. Governments have responded with a wide array of measures to protect tenants and mortgage-holders, as well as support builders and lenders.

Also, as lockdown restrictions eased, low-interest rates spurred the recovery of the residential property market through sales volumes and house price appreciation, stifling the rental market. There were high vacancies and low escalations across South Africa, sustained in 2021 as the demand remained lower than normal. Historically, the rental demand increased during tough economic times, which is not the case in the present scenario. Few people have been observed entering the rental market at low rentals, most of them rent for less than R7 000 per month<sup>20</sup>.

Low rental growth and a decline in the average tenant's financial situation were reported in most provinces from quarter two in 2020 to quarter three in 2021. In Gauteng, the average rent reached R 8 292 for the first time in quarter two of 2021, 4.84% more than the 2020 average rent and the third-highest growth rate in the country for the quarter<sup>21</sup>. This was the province's first increase in quarterly growth in two years, although, this rate was lower than the previous year, indicating the beginning of a recovering rental market in the province.

Rental prices increased slightly in 2021. Average rentals grew by only R32, from R7 746 to R7 778 in the second quarter of 2020 and the second quarter of 2021<sup>22</sup>. This slight change coincides with the COVID-19 pandemic. Even though the market first reacted to low-interest rates by driving demand for new homes, the rental market experienced growth in the lower end of the market, due to this market's affordability challenges with regards to accessing mortgage loans for own ownership.

Lockdown regulations also made provisions for the protection of tenants along with some owners who took steps to meet them halfway. Rental market restrictions that have been applied ranged from eviction moratoria to rent deferrals and freezes, which have helped to keep vulnerable households in their homes and provided a degree of income protection for many renters. In contrast to retail and offices, rent relief was less likely expected from residential landlords, as that rental income is also an important source of income for individual landlords. Moreover, a Rental Relief Programme of R600 million was announced by the Department of Human Settlements, at the onset of the pandemic to provide relief to tenants occupying affordable housing, and to further cushion the impacts on landlords. In 2021, the allocated funds have been transferred to SHRA and the Human Settlements Development Bank for disbursement to qualifying beneficiaries.

### **Current Impact of Interest Rates on Housing Tenure**

During the height of the COVID-19 pandemic in 2020, a decrease in interest rates was implemented, which led to an increase in housing sales as home loans became more attractive to consumers. However, the pattern has changed, and interest rates have continuously increased since the latter part of 2022, bringing attention to the reaction of residential tenure patterns.

<sup>20</sup> Research and Markets, 2022. *South Africa Residential Real Estate Market - Growth, Trends, COVID-19 Impact, and Forecast (2022 - 2027)*. [Online]

Available at: <https://www.researchandmarkets.com/reports/5529324/south-africa-residential-real-estate-market> [Accessed November 2022]

<sup>21</sup> Research and Markets, 2022. *South Africa Residential Real Estate Market - Growth, Trends, COVID-19 Impact, and Forecast (2022 - 2027)*. [Online]

Available at: <https://www.researchandmarkets.com/reports/5529324/south-africa-residential-real-estate-market> [Accessed November 2022]

<sup>22</sup> Simbanegavi, P., 2021. *Africa Housing Finance Yearbook 2021*, s.l.: Centre for Affordable Housing Finance.

While the impact of interest rate hikes on the distribution between rental and bonded tenure may not yet be readily available, anticipations exist and current market patterns can provide indications. Considering the impact on home loans, increase in repayments are expected to bring about disposable income contraction. New entrants into the home ownership market have decreased and it is expected that preferences for rental tenure will increase. Despite the anticipated rise in demand for rental homes, the interest rate hike still poses contractions in income and debt financing challenges, limiting the qualification of tenants for homes. Affordability is also an issue that limits the ability to afford rental housing, while landlords may be pressured to increase rental rates to meet their own loan obligations.

Literature on the impact of interest rates on housing tenure demonstrates an unclear pattern. The interest rate hikes appear to have slowed down the growth of home ownerships, without an indication of a decline as sales continue. On the other hand, rental tenure is expected to be more attractive, however, the interest rate increases have led to decreased affordability levels and less qualifying tenants.

#### **2.1.4.3 Impact of COVID-19 on Student Housing**

The inception of the lockdown in South Africa resulted in all university campuses closing and the transfer of lessons to online platforms. Student accommodation buildings, both on-campus and off-campus, were to remain closed during the initial stages of the lockdown. The return of students to campus and residence was only allowed during subsequent lower levels of lockdown. According to the reports by the Minister of Higher Education, Science and Innovation, most of the students took the opportunity to return to student residences; although, they continued to follow online lessons. Students preferred to return to residences based on their needs for a private place to study, more reliable internet connections in residences, and adverse life at home among other reasons.

Upon the return of students to their residences, the impact of COVID-19 and the lockdown was evident. The figure below is a summary of the short- medium-and long-term impacts and predicted trends brought on by the COVID-19 pandemic on the South African PBSA sector.

Figure 1: COVID-19 Impacts and predicted trends

Short-Term
<ul style="list-style-type: none"> <li>•Occupancy risk and lower rent collection</li> <li>•Operator responses and health/ wellbeing programs</li> <li>•Increased operational cost (additional cleaning) mitigated by operational cost savings(utilities)</li> <li>•Emergency online tuition interventions</li> <li>•Half in construction</li> </ul>
Medium-Term
<ul style="list-style-type: none"> <li>•Return to campus and return to residence (&gt;80 percent)</li> <li>•Construction completion delays</li> <li>•Potential to enhance online teaching programs</li> <li>•Possible moratorium on shared rooms</li> <li>•Increased operational costs</li> <li>•Staggered approach to 2021 academic year (first- year students starting later than senior students) impacting on occupancies and available space for first-year students</li> </ul>
Long-Term
<ul style="list-style-type: none"> <li>•Impact on household income and affordability levels of student accommodation</li> <li>•Hybrid online tuition intervention – some classes provided in-person some online. This could generate additional PBSA demand due to increased enrolments and headcounts.</li> <li>•Internal fit-out, design and room size to address social distancing and other COVID-19 requirements</li> <li>•Increased operational (and potentially capital expenditure) costs for both public and private sector accommodation</li> <li>•Impact on financial resilience of universities</li> </ul>

Source: International Finance Corporation

The key impacts of COVID-19 on student accommodation are highlighted and discussed further as an extension to the summary in the table above.

- **Additional costs**

In October 2020, the 2020 academic year was declared to be extended and expected to be concluded in the early months of 2021. Accommodation and tuition costs were impacted by this extension of the academic year for universities. This implied that the cost owned by accommodation universities remained at the same level for the academic year, irrespective of its length, completed at the end of March 2021<sup>23</sup>. Despite this, student accommodation facilities still accumulated costs while students were restricted to stay at home.

COVID-19 lead to a review of the design of norms and standards applicable to student accommodation. This entailed that student accommodation had to facilitate reduced student density and communal amenities that limited contact, such as adjusting to biometric access control from fingerprints to facial recognition. Such changes required additional finances to implement. Private sector stakeholders have indicated that one of the largest potential additional capital expenditure costs that could be incurred from COVID-19 is the cost of building accommodation that houses one student per room.

<sup>23</sup> International Finance Corporation, 2021. *Market Assessment The Student Housing Landscape in South Africa*, Pennsylvania: International Finance Corporation.



- **Technology Advancement**

As previously stated, the restriction of students to their homes during the initial lockdown phase led to the transition of classes to online platforms, which remained even as students returned to residences. To this extent, it was expected that a hybrid teaching approach would be followed with both traditional in-class and online teaching and this is expected to influence student accommodation to facilitate students studying online. In response, PBSAs could offer access to fibre and Wi-Fi, as well as have charging stations for cell phones and laptops. Free and uncapped internet access is considered a crucial part of the facilitation of online learning since data costs are high and the related unaffordability to the largest portion of the student community.

In addition, the technology advancement of student accommodation was further expected to take place as a result of changes required to limit contact among students and to efforts to minimise operational costs. The following features were expected to be implemented by PBSAs as part of their technology advancement:

- High-speed, uncapped Wi-Fi
- Uninterrupted electricity supply with possible off-grid (green) solutions
- Entrance security using facial recognition technology
- Smaller units to minimize social interaction and possible infections.

- **Demand**

A general resilience in demand was and is still anticipated for student accommodation. One of the key factors has been the application of a hybrid approach, which has been predicted to contribute to an increase in student numbers at tertiary institutions to grow, as opposed to the decline that was initially expected. Student enrolment figures at universities are a major basic factor in the demand for student accommodation. Growth in student enrolments is generally expected to result in the demand for student housing as students require accommodation. With the above being said, COVID-19 may have essentially had a stimulating effect on the South African student housing market rather than a reduction as initially anticipated.<sup>24</sup>

The total economic damage incurred from the COVID-19 pandemic and the lockdowns are uncertain. A clearer view of where the damage has occurred and how severe it is expected to expand over years. It is acknowledged that lockdown-related job losses and salary cuts affected students' families and the affordability of tuition fees and accommodation. The provision of affordable, well-designed student accommodation remains crucial in addressing the high demand for student accommodation, especially as affordability becomes an increasing need and consideration. By extension, the provision of suitable student accommodation is essential for the future of higher learning in South Africa

## **2.2 National and Provincial Legislation, Policies, Strategies, and Programme Review**

Several policy and strategy frameworks are intended to yield economic benefits and improve the quality of life for all South Africans. These national, provincial and district policies and strategies are relevant to the housing development of all municipalities in South Africa. Thus, the purpose of this section is to present the policy and strategy framework that has been developed to enable housing development in the identified regions.

### **2.2.1 Background**

South Africa's housing policy was entrenched in the Housing White Paper, which was published in 1994. The White Paper focused on stabilising the housing environment to transform the fragmented, complex and racially based financial and institutional framework inherited from

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<sup>24</sup><https://www.jill.co.za/en/trends-and-insights/cities/impact-of-covid-19-on-the-demand-for-student-housing-in-south-africa>

the previous government. At the same time, it sought to establish new systems to address the housing backlog.

Since 1994, the White Paper has been supplemented by several new policies and programmes. These seek to enhance the existing delivery mechanisms to promote a more proactive and effective delivery of houses to the citizens of South Africa. The policies and programmes include:

- Integrated Residential Development Programme
- Upgrading of informal settlements
- Social Housing Programme
- Institutional Subsidies
- Community Residential Unit Programme
- Individual Subsidy Programme
- Consolidation Subsidy Programme
- Enhanced Extended Discount Benefit Scheme
- Enhanced People's Housing Process
- Comprehensive Housing Plan
- Inclusionary Housing Policy
- Rental Housing for the Poor
- Breaking New Ground (BNG) Programme
- Rental Housing Act (Act 50 of 1999)
- Home Loan and Mortgage Disclosure Act (Act 63 of 2000)
- Housing Consumer Protection Measures Act (Act 95 of 1998)
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act (Act 19 of 1998).

The provision of housing has been a priority of the South African government since 1994. The Reconstruction and Development Programme (RDP) set a goal of building 300 000 houses per annum, with a minimum of one million low-cost houses to be built by 1999. Although the government was not able to achieve this goal and is still addressing a large housing backlog, the targets indicate the level of commitment by the government to provide adequate housing for its citizens.

## 2.2.2 Provincial Policy and Strategic Framework

### 2.2.2.1 Gauteng City Region

The main driver behind the policies and strategies of Gauteng is the recognition of the Gauteng City-Region (GCR). The GCR refers to a collection of towns, cities, and urban nodes in both local municipalities and metropolitan municipalities in and around Gauteng that make up the economic heartland of South Africa. From the city centre of Johannesburg, the GCR has a radius of 175 km that extends to areas including Rustenburg, Secunda, Sasolburg, and Middelburg. Johannesburg is the financial capital and Pretoria is the administrative capital. Despite it being the smallest of the provinces, Gauteng is the most densely populated.

The delineation of the GCR shapes the development plans of the province and its municipalities. Plans for human settlements are drafted with reference to the GCR and are also supported by the GCR. The GCR's vision is to "Build a globally competitive, socially inclusive and sustainable Gauteng city-region". A set of measures to achieve the vision has been depicted in a 10-pillar programme of radical transformation, modernisation, and reindustrialisation. The 10 pillars are indicated in the table below.

Table 5: GCR 10 Pillars

Component	Pillar
Transformation	1. Radical economic transformation
	2. Decisive spatial transformation
	3. Accelerated social transformation
	4. Transformation of the state and governance

<b>Modernisation</b>	5. Modernisation of the economy
	6. Modernisation of the public service and the state
	7. Modernisation of human settlements and urban development
	8. Modernisation of public transport and other infrastructure
<b>Reindustrialisation</b>	9. Reindustrialising Gauteng as our country's economic hub
	10. Taking a lead in Africa's new industrial revolution

Source: Adopted New Five-Year 2021/22 – 2025/26 Integrated Development Plan

As shown in the table above, the programme includes a pillar that focuses on the modernisation of human settlements and urban development. Furthermore, specific corridor developments are planned for the GCR that is to include the provision of housing through Mega Human Settlements Projects.

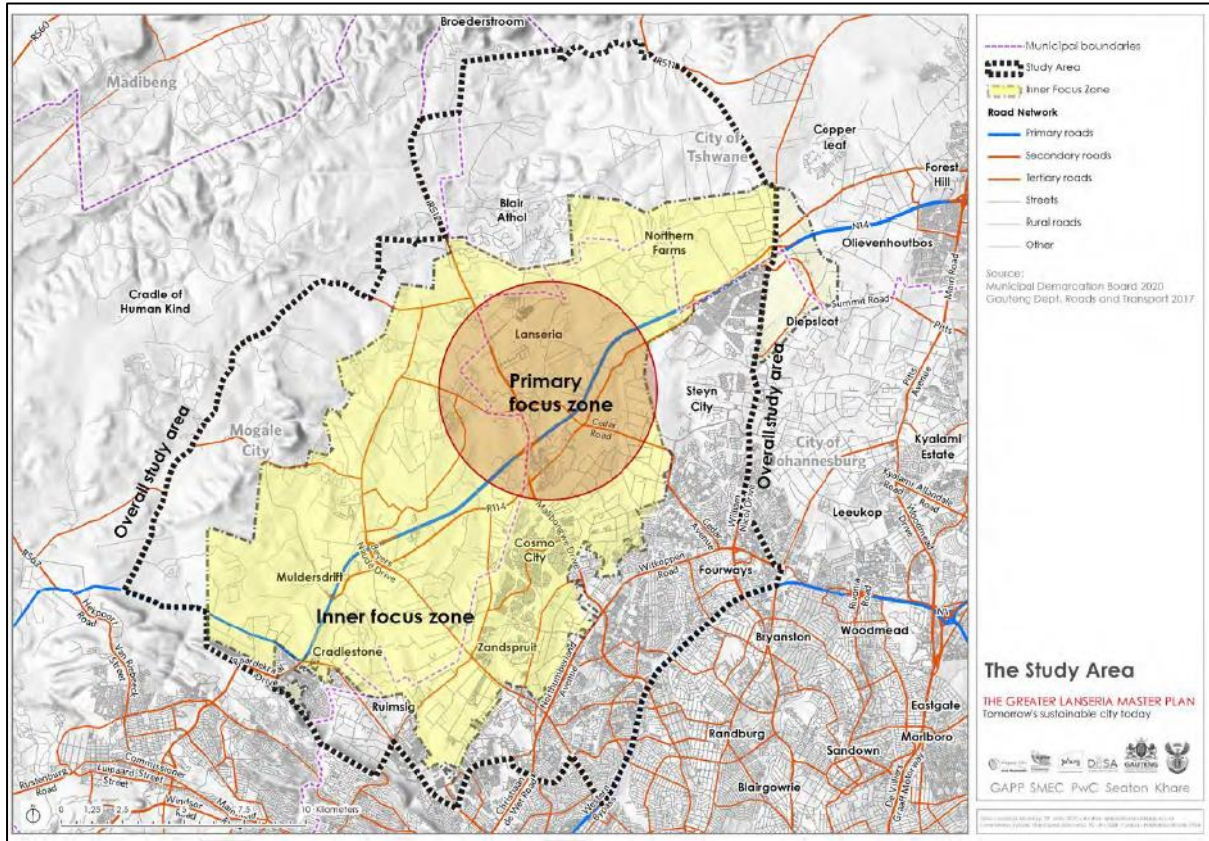
#### 2.2.2.2 Greater Lanseria Master Plan (Draft, 2020)

The Greater Lanseria Master Plan (GLMP) entails the creation of a new "smart city" in the Greater Lanseria Growth Node, which stems from a joint initiative of the Presidency, the Office of the Gauteng Premier, the City of Tshwane, the City of Johannesburg, and Mogale City. The GLMP is founded on the existing Lanseria Regional Spatial Development Policy (LRSDP), which serves to guide local planning with an emphasis on the cross-border context of development linkages.

The vision for the GLMP is for Lanseria "to be a truly post-apartheid city based on best practice in terms of urban sustainability and the principles underpinning the 'Smart City'" (Gauteng Office of the Premier, 2020). The vision entails the establishment of a smart city through a publicly led planning initiative that will encompass a wide range of stakeholders, including local communities, community interest groups, non-governmental organisations, the business community, and developers. Also entailed in the vision is the inclusion of the broadly defined South African socio-economic spectrum and the stimulation of a vibrant, mixed urban economy.

The study area of the GLMP is based on the LRSDP study area, which encompasses all areas that are within a 25-minute drive time from the Lanseria International Airport. A map of the study area, extracted from the GLMP, is shown below.

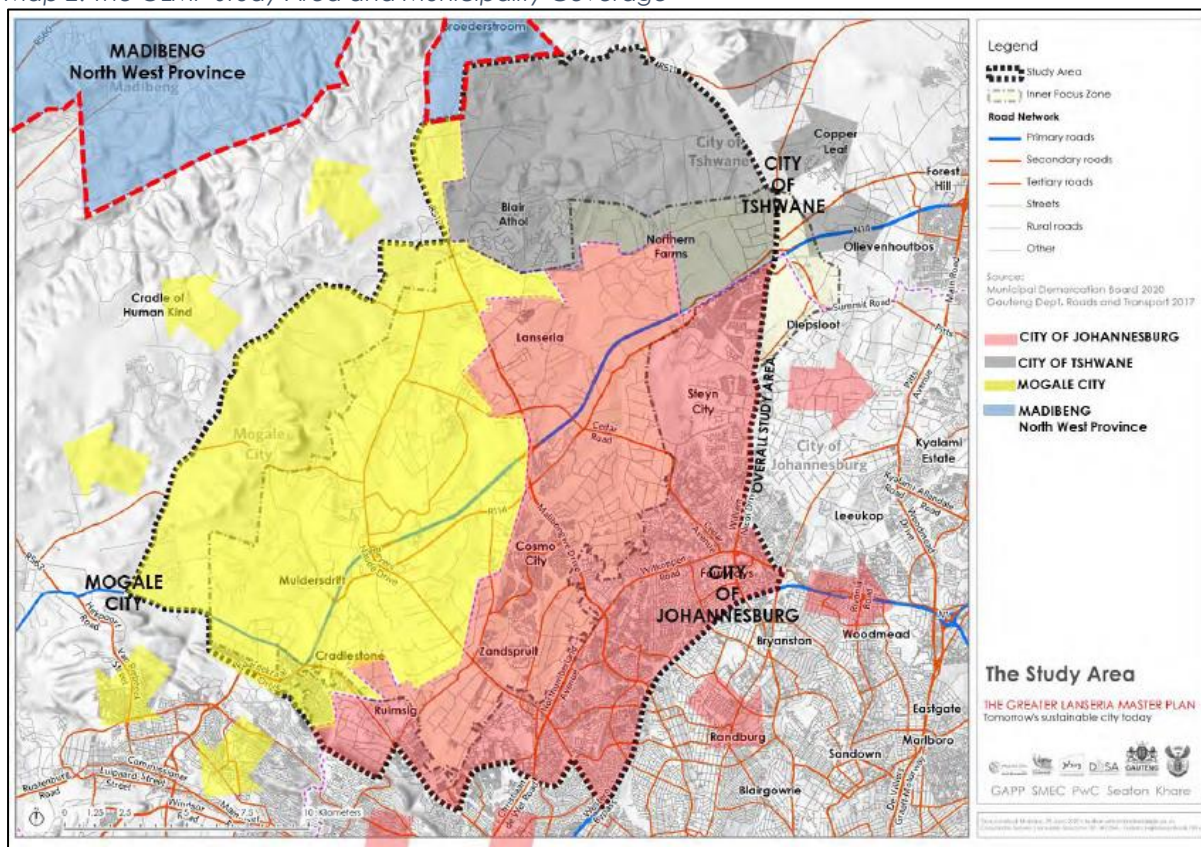
Map 1: The GLMP Study Area



Source: GLMP, 2020

The GLMP study area comprises 53.3 ha, incorporating 42% of the City of Johannesburg, 38% of Mogale City LM, and 20% of the City of Tshwane. The study area includes an Inner Focus Zone (28.7 ha) and a Primary Focus Zone. The Inner Focus Zone is largely undeveloped and is at the centre of the proposed urban structure and development framework concept. The Primary Focus Zone is near the N14 Malibongwe interchange, focused around the Lanseria International Airport as a catalyst. The parts of the study area that are covered by the City of Johannesburg, Mogale City LM and the City of Tshwane are indicated on the map below.

Map 2: The GLMP Study Area and Municipality Coverage



The concept of a Greater Lanseria is founded on urban sustainability as the basis for transformation, re-industrialisation, and modernisation. The initiative is described in the GLMP as a representation, in all respects, of a truly post-apartheid spatial intervention in the GCR:

- It is to be an exemplar, showcasing the transformation, re-industrialisation, and modernisation of this portion of the GCR
- It will be a publicly led initiative that will embrace and direct the market and be defined through the public dimensions of the inclusive, democratic city
- It will embrace change and move beyond the limits of "business as usual" in all respects
  - through inclusivity across a broad socio-economic profile;
  - through active stimulation of a dual logic economy;
  - through the direction of market-related development responses to greater societal objectives;
  - through exploration of new paradigms of urban thinking, sustainability, and innovation embodied in all dimensions of the smart city;
  - through its re-thinking of utility provision and innovative funding models;
  - through its re-thinking of institutional models of urban development and management.

With regard to housing, the GLMP emphasises residential integration with the complex urban profile. Housing policies aimed at the provision of lower-income housing are understood as an integral part of urban development, as opposed to a distinctly separate activity delivered in the absence of urban prospects. The GLMP notes that the context of urban complexity enables easier approaches to de-stigmatising socio-economic profiles in housing delivery and to generating a culture of inclusion as opposed to exclusivity.

The GLMP highlights the fact that the provision of housing has taken a segregated approach to gated communities and enclaves of affordable housing. The result of this approach has been mono-use neighbourhoods, limited complexity, and housing densities that do not promote public transport and walking within the Greater Lanseria Study Area. The integration of gated and marginalised communities into a transformed city-region structure requires the application of four crucial urban development principles to future housing developments within the Lanseria region:

1. Stitching gated and marginalised communities into the city-region via an adequate street grid road network.
2. Creating higher density and higher intensity housing that responds to the street edge, and which is premised on walkability as the driver for safe and inclusive neighbourhoods.
3. Providing housing as an integral part of the vertically mixed land use, located in the urban core and also urban structuring elements (nodes, activity spines, corridors), with the appropriate housing typologies that address this.
4. Delivery of housing to include a variegated market that encompasses a broad socio-economic profile.

### 2.2.3 Housing Legislation, Policies, Strategies, and Programme

The South African Constitution enshrines the right of everyone to have access to adequate housing and makes it incumbent upon the State to take reasonable legislative and other measures that are within its means to achieve the progressive realisation of this right.

In response to this Constitutional imperative, Government has, in terms of the Housing Act, introduced a variety of programmes intended to provide poor households with access to adequate housing. The policy principles set out in the White Paper on Housing aim to provide poor households with houses as well as basic services.

The housing vision is the establishment of viable, socially and economically integrated communities situated in areas allowing convenient access to economic opportunities and health, educational and social amenities. Through such development, all South Africans will, on a progressive basis, have access to permanent residential structures with secure tenure ensuring internal and external privacy and providing adequate protection against the elements as well as potable water, adequate sanitary facilities, and a domestic energy supply.

The following table summarises legislation that has the greatest bearing on human settlements in the country.

Table 6: Legislative Framework

Statute	Description
<b>Constitution of the Republic of South Africa (Act 108 of 1996)</b>	The Right to have access to adequate housing; the Right to have access to land for all South Africans.
<b>Housing Act (Act 107 of 1997)</b>	The establishment and maintenance of habitable, stable and sustainable public and private residential developments to ensure viable households and communities, in areas allowing convenient access to economic opportunities and health, educational and social amenities, in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements; and potable water, adequate sanitary facilities and domestic energy supply.
<b>Rental Housing Act (Act 50 of 1999)</b>	The Rental Housing Act identifies objectives to be promoted to achieve a rental housing market that is stable and growing. Future housing projects should include rental housing in areas where there is a need for this type of housing. The management and administration capacity of the public and private sectors concerning rental housing should be improved.

Statute	Description
<b>Social Housing Act (Act 16 of 2008)</b>	The aim of the Social Housing Act is, amongst other things, to outline the functions of the three levels of government regarding social housing; to codify in legislation the recognition of social housing institutions; to help establish a regulatory board called the Social Housing Regulatory Authority and to address related matters of public funds for social housing institutions.
<b>Social Housing Regulations</b>	According to Section 19 of the Social Housing Act, in addition to this Act, the Minister must draw up a set of regulations, i.e. a framework that prescribes a code of conduct, the investment criteria, and the qualifying criteria for social housing institutions. The Minister may create regulations concerning the agreements between the Social Housing Regulatory Authority and other delivery agents. This includes agreements between the Regulatory Authority and the provincial government as well as between the Regulatory Authority and National Housing Finance Corporation. The section also gives the Minister the power to prescribe any further administrative or additional matter as well as penalties for contravening or not complying. Penalties may include imprisonment of up to six months and/or a fine.
<b>Human Settlements Vision 2030</b>	This strategy has one of its priorities as housing for the poor. The policy that needs to be looked at is referred to as "gap housing", which is described as the space present in the market between state-supplied houses and houses that the private sector delivers. The gap housing policy is aimed at assisting teachers, nurses, and firefighters whose income ranges from R3 500 to R22 000 pm, which is too small of an amount to afford private housing or qualify for home loans and too large to qualify for state-supplied housing, i.e. RDP housing. The National Housing Finance Corporation (NHFC) provides monetary assistance via an initiative called Finance Linked Individual Subsidy Programme (FLISP), which gives all qualifying individuals the ability to be granted loans and bonds from banks or financial institutions.
<b>Social Contract for Rapid Housing Delivery</b>	In Cape Town, delegates gathered for this initiative with the aim of removing slums as quickly as possible (by no later than 2014) in an effort to provide formal housing to the "poorest of the poor" and to cut access, by 50%, to the built areas. The rental stock was to be created for the mobile migrant Durban populace who want to reside closer to their job areas. The initiative also sought to educate housing consumers and accelerate the provision of housing to the poor as rapidly as possible.
<b>Housing Consumer Protection Measures Act (Act 95 of 1998)</b>	The Act aims to protect homeowners from inferior workmanship. Builders are responsible for design and material defects for three months, roof leaks for a year, and any structural failures of houses for five years. Inspectors from the National Home Builders Registration Council (NHBRC) may assess workmanship during and after the building process.
<b>Division of Revenue Act (Act 7 of 2003)</b>	The Act ensures the equitable division of revenue between national, provincial and local spheres of government. It prescribes conditions to be met to receive the grant funding. The Act sets out the duties of the transferring officer and the receiving officer of the Human Settlements Development Grant.
<b>Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements (Breaking New Ground)</b>	Accelerating the delivery of housing as a key strategy of poverty alleviation; utilising the provision of housing as a major job creation strategy; leveraging growth in the economy; etc. The Breaking New Ground Principles should form the basis for housing project prioritisation.
<b>Spatial Planning and Land Use Management Act (Act 16 of 2013)</b>	All development applications need to be made in terms of the provisions of this Act. This includes developments on Tribal Land. Spatial patterns of human settlement development should adhere to the principles outlined in the Act.

Statute	Description
<b>Integrated Housing and Human Settlement Development Grant</b>	Schedule 5 in the Division of Revenue Act provides for the facilitation of a sustainable housing development process by laying down general principles applicable to housing development in all spheres of government.
<b>Integrated Urban Development Framework (2014)</b>	The Integrated Urban Development Framework is designed to unlock the development synergy that comes from coordinated investments in people and places. It builds on various chapters in the National Development Plan and extends Chapter 8 ('Transforming human settlements and the national space economy') and its vision for urban South Africa.
<b>Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (Act 19 of 1998)</b>	The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act (Act 52 of 1951) and makes provision for a fair and equitable process to be followed when evicting people from homes they have established on illegally occupied land. The Act also makes it an offence to evict legally without due process of law.
<b>Home Loan and Mortgage Disclosure Act (Act 63 of 2000)</b>	The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information and identities discriminatory lending patterns. The Act came into operation in 2003.
<b>Communal Land Rights Act (Act 11 of 2004)</b>	The Act deals with Communal Land Rights and is relevant to the housing instruments that promote housing under this form of ownership.

Source: Department of Human Settlements – National Housing Policy and Subsidy Programmes

### 2.2.3.1 National State of Disaster on the Impact of Severe Electricity Supply Constraints

At the time of the compilation of this report, a State of Disaster on the Impact of Severe Electricity Supply Constraints was declared by the Minister of Cooperative Governance and Traditional Affairs in February 2022. The State of Disaster was first announced by President Cyril Ramaphosa while delivering the State of the Nation Address at the Cape Town City Hall. The State of Disaster was anticipated to enable the government to “provide practical measures” to support businesses that have been overwhelmed by the effects of load shedding. A compilation of regulations is stipulated to promulgate the electricity State of Disaster, consisting of a collection of measures to protect and provide relief to the public. The regulations also provide for addressing the destructive nature, and other impacts of the disaster.

The issues addressed by the regulations include:

- Loadshedding exemptions
- Cutting red tape, especially for infrastructure developments
- Facilitation of increased power generation
- Access to funds

Load shedding refers to an intervention that has been implemented by the government to undertake planned supply interruptions if the electricity demand exceeds the available supply from Eskom. This has been taking place in South Africa since 2008 and was recently recorded to have been applied for a total of more than 200 days in 2022<sup>25</sup>.

The implementation of load-shedding has had significant and unfortunate impacts on various parts of South Africa's society. A crucial aspect that has been impacted is the economy, which has spill over to other aspects. The advanced Stage 6 load shedding has already resulted in significant damage to the country's economy, with the GDP being contracted by R4 billion for

<sup>25</sup> IOL, 2023. *The catastrophic impact of load shedding: Will the economy recover?*. [Online] Available at: <https://www.iol.co.za/news/politics/opinion/the-catastrophic-impact-of-load-shedding-will-the-economy-recover-0d086bb3-148b-45aa-b525-c92f2f214f95> [Accessed 9 March 2023]



each day it continues. Other crucial impacts are identified in food security and mobile networks, but business sectors and industries are the most disrupted<sup>26</sup>.

When it comes to the property sector, load-shedding has also posed various difficulties. Commercial property landlords are under pressure to invest in alternative energy solutions to attract and retain tenants. As business productivity is affected, landlords are faced with defaulting tenants and short-term leases. An overall decrease in demand for commercial property is experienced and ultimately spills out to both residential and industrial spaces.

The residential market also has its specific challenges from load-shedding. The disruption of economic production impacts employment, which in turn impacts household disposable income growth and affects housing affordability and rental payments. While alternative energy solutions have become a solution for landlords and households, it is not always suitable for our market of affordable inner-city housing. Some of the concerns brought on by load-shedding amount the residential housing sector include neighbourhood security, rent payment defaults, and a decrease in demand.

The State of Disaster for electricity supply is anticipated to support the improvement of the electricity supply challenges in the country and eventually lead to reduced impacts on society. While the regulations do not directly impact the property sector, it presents an opportunity for an improvement in the unfortunate impact of load-shedding, which has significantly affected the sector negatively.

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<sup>26</sup> BusinessTech, 2022. *How load shedding is tearing through South Africa's economy.* [Online] Available at: <https://businesstech.co.za/news/business/627280/how-load-shedding-is-tearing-through-south-africas-economy/> [Accessed 8 March 2023].

### 3 TRADE AREAS

Specific trade areas are spatially defined to indicate the regions from which affordable rental housing developments may draw potential consumers. The trade areas were specified by the GPF and finalised with inputs from the research team. To this extent, most of the study research is focussed on these areas where information that influences the market within these areas is applicable.

For the purposes of the research, it has been noted that the trade areas need to be split into two categories:

1. Trade areas for general rental housing
2. Trade areas for student accommodation

The reasoning behind this is to ensure that student accommodation is provided with the necessary attention as is given to the general housing component of the research. The trade areas identified for general rental housing provisions are not the same as that for student accommodation, as more specific requirements are necessary for student accommodation.

Table 7: Current GPF Trade Areas

AREA	MUNICIPALITY
Pretoria CBD	City of Tshwane
Pretoria North	
Bronkhorstspuit	
Randburg CBD	City of Johannesburg
Johannesburg CBD	
Benoni	City of Ekurhuleni
Kempton Park	

In addition to the trade areas specified by GPF, critical areas earmarked by the national government for the development of housing also need to be considered. The Priority Housing and Human Settlements Development Areas (PHSHDAs) and Restructuring Zones (RZs) are considered in light of the trade areas. By exploring the trade market areas while acknowledging the PHSHDAs and RZs, the study enables some alignment of the trade areas to the government's housing policies.

#### 3.1 Priority Housing and Human Settlements Development Areas

In the Gazette published on 15 May 2020, 136 designated PHSHDAs were identified in the country. Of the 136 areas identified 26 PHSHDAs are situated within the Gauteng Province. The intent of the PHSHDAs is "to advance Human Settlement Spatial Transformation by ensuring the delivery of housing, restructuring, and revitalising of towns and cities, strengthening of livelihoods to overcome the legacy created by apartheid spatial planning and the fostering of more integrated and integral urban settlements"<sup>27</sup>.

It is in the interest of the GPF to incorporate the PHSHDAs into their trade areas as this will align the GPF with the governmental-identified areas for development. The table below illustrates the PHSHDAs within the Gauteng Province.

Table 8: PHSHDAs in Gauteng

PHSHDA NAME	LOCAL MUNICIPALITY
Greater Alexandra Development Area	City of Johannesburg Metropolitan Municipality
Johannesburg South/Orange Farm	City of Johannesburg Metropolitan Municipality
Johannesburg Urban Core	City of Johannesburg Metropolitan Municipality
Lanseria/ Diepsloot/ Cosmo City Development Area	City of Johannesburg Metropolitan Municipality

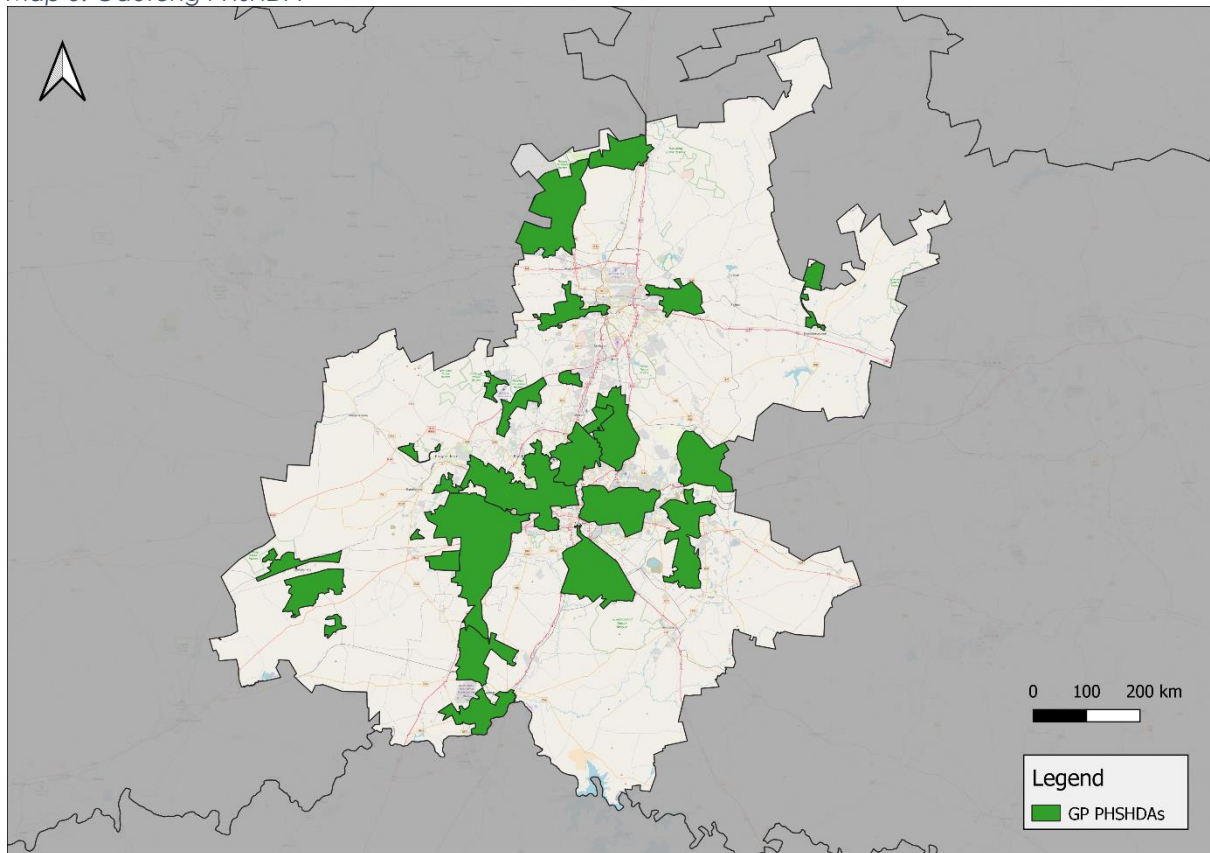
<sup>27</sup> Kimberley PHSHDA, n.d. *Priority Human Settlements and Housing Development Areas*. [Online] Available at: <https://kimberleyphshda.co.za/> [Accessed 02 May 2022].

IMPACT OF COVID-19 ON THE HOUSING RENTAL MARKET, RECOMMEND INTERVENTIONS, POTENTIAL MARKETS FOR AFFORDABLE RENTAL HOUSING MARKET WITHIN GAUTENG AND BENCHMARK THE GPF PORTFOLIO

Ebony Park, Ivory Park and Austinview	City of Johannesburg Metropolitan Municipality
Ekgangala	City of Tshwane Metropolitan Municipality
Greater Hammanskraal Node	City of Tshwane Metropolitan Municipality
Greater Mamelodi- Nellmapius Integration Node	City of Tshwane Metropolitan Municipality
Olievenhoutbosch	City of Tshwane Metropolitan Municipality
Pretoria West-Central Link	City of Tshwane Metropolitan Municipality
Soshanguve	City of Tshwane Metropolitan Municipality
Brakpan and Tsakane	Ekurhuleni Metropolitan Municipality
Daveyton	Ekurhuleni Metropolitan Municipality
Ekurhuleni Northern PSHDA	Ekurhuleni Metropolitan Municipality
Ekurhuleni Southern PSHDA	Ekurhuleni Metropolitan Municipality
Germiston/ Boksburg/ Benoni Central Mining Belt	Ekurhuleni Metropolitan Municipality
Evaton-Sebokeng Development Area	Emfuleni Local Municipality
Vereeniging- Vanderbijlpark Development Area	Emfuleni Local Municipality
Fochville/ Kokosi/ Greenspark/ Losberg	Merafong City Local Municipality
Wedela and Surrounds	Merafong City Local Municipality
Wilverdiend/ Khutsong/ Carletonville	Merafong City Local Municipality
Kagiso/ Azaadville	Mogale City Local Municipality
Muldersdrift	Mogale City Local Municipality
Munsieville/Brickvale	Mogale City Local Municipality
Bekkersdal	Rand West City Local Municipality
Syferfontein	Rand West City Local Municipality

A number of trade areas already utilised by the GPF are overlapping with the PSHDA identified in the Gauteng Province. Map 3 below illustrates the PSHDA's spatially in the context of the Gauteng Province.

Map 3: Gauteng PSHDA



(QGis, 2022)

### 3.2 RZs

The RZs are established by SHRA and are areas within Restructuring Municipalities that meet the requirements of the Social Housing Programme to restructure urban areas and give groups previously denied access by apartheid laws access to areas with developed social and economic infrastructure. The RZs are part of the qualifying criteria when social housing grants are considered for compliant projects. A list of RZs that are within the municipalities in which the trade areas are located is placed under Annexure 1.

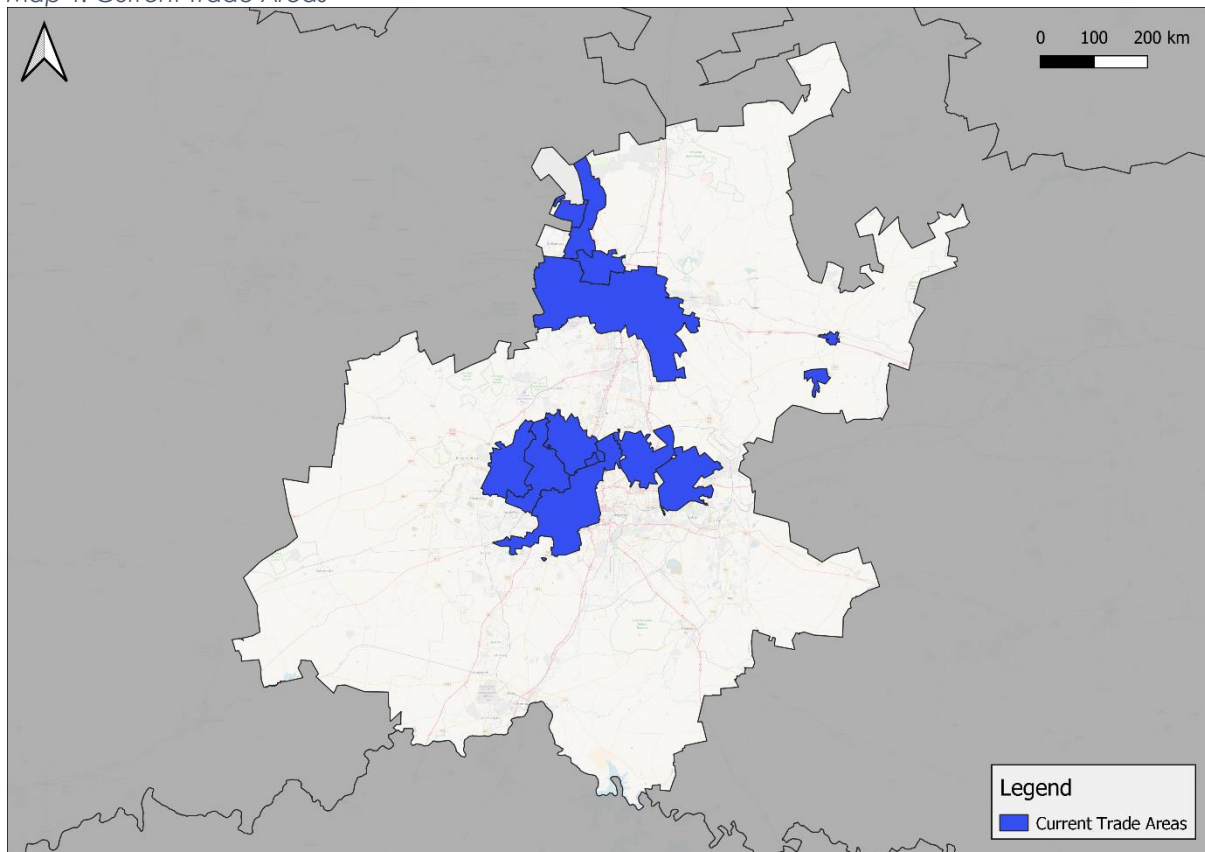
### 3.3 Housing

The GPF has properties and developments across the province and specifically within the following trade areas:

- Randburg CBD and Surroundings (Linden, Windsor, Ferndale etc),
- Pretoria CBD,
- Pretoria North (including Soshanguve, Mabopane, Pretoria North),
- Bronkhorstspuit,
- Johannesburg CBD (including the Turffontein area),
- Benoni; and
- the greater Kempton Park area

The trade areas listed above are illustrated spatially in Map 4 below.

Map 4: Current Trade Areas



(QGis, 2022)

### 3.4 Student Accommodation

The GPF is looking to move into more student accommodation projects and as a result, the need for identification of areas in which student accommodation will be suited exists.

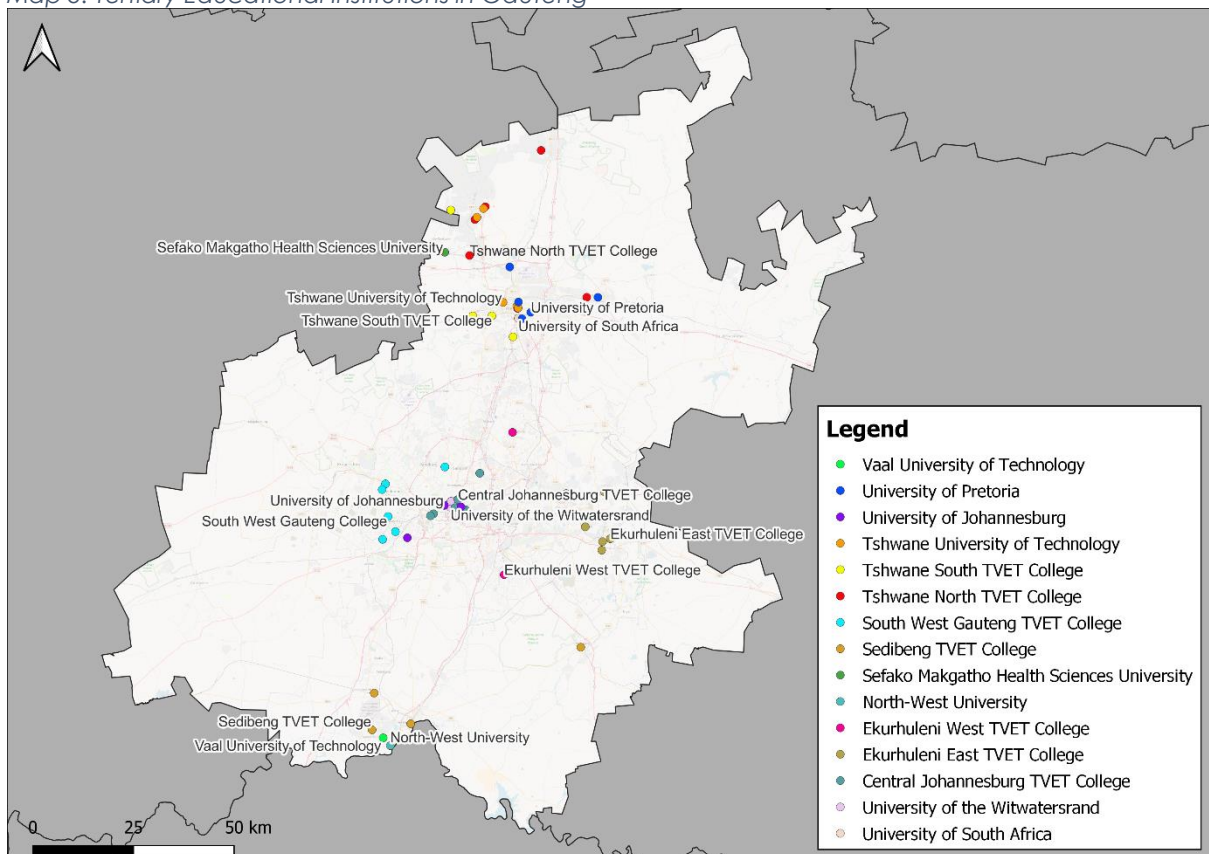
Table 9 below illustrates the various tertiary educational institutions present in Gauteng, as well as more detail surrounding the areas in which they are located.

Table 9: Tertiary Educational Institutions in Gauteng

TERTIARY INSTITUTION NAME	LOCAL MUNICIPALITY	AREA
Sefako Makgatho Health Sciences University (formerly Medunsa)	City of Tshwane Metropolitan Municipality	Ga-Rankuwa
University of Johannesburg	City of Johannesburg Metropolitan Municipality	Johannesburg
University of Pretoria	City of Tshwane Metropolitan Municipality	Pretoria
University of South Africa (Unisa)	City of Tshwane Metropolitan Municipality	Pretoria
University of the Witwatersrand (Wits University)	City of Johannesburg Metropolitan Municipality	Johannesburg
Tshwane University of Technology (TUT)	City of Tshwane Metropolitan Municipality	Pretoria
Vaal University of Technology	Ekurhuleni Metropolitan Municipality	Vereeniging
Central JHB	City of Johannesburg Metropolitan Municipality	Johannesburg
Ekurhuleni East FET College	Ekurhuleni Metropolitan Municipality	Springs
Ekurhuleni West College	Ekurhuleni Metropolitan Municipality	Kempton Park
Sedibeng FET College	Sedibeng District Municipality	Vereeniging
South-West FET College	City of Johannesburg Metropolitan Municipality	Soweto
Tshwane North FET College	City of Tshwane Metropolitan Municipality	Pretoria
Tshwane South FET College	City of Tshwane Metropolitan Municipality	Pretoria
North-West University	Sedibeng District Municipality	Vanderbijlpark

Map 5 below illustrates the tertiary institutions listed above in a spatial manner to illustrate the location in relation to the Gauteng Province.

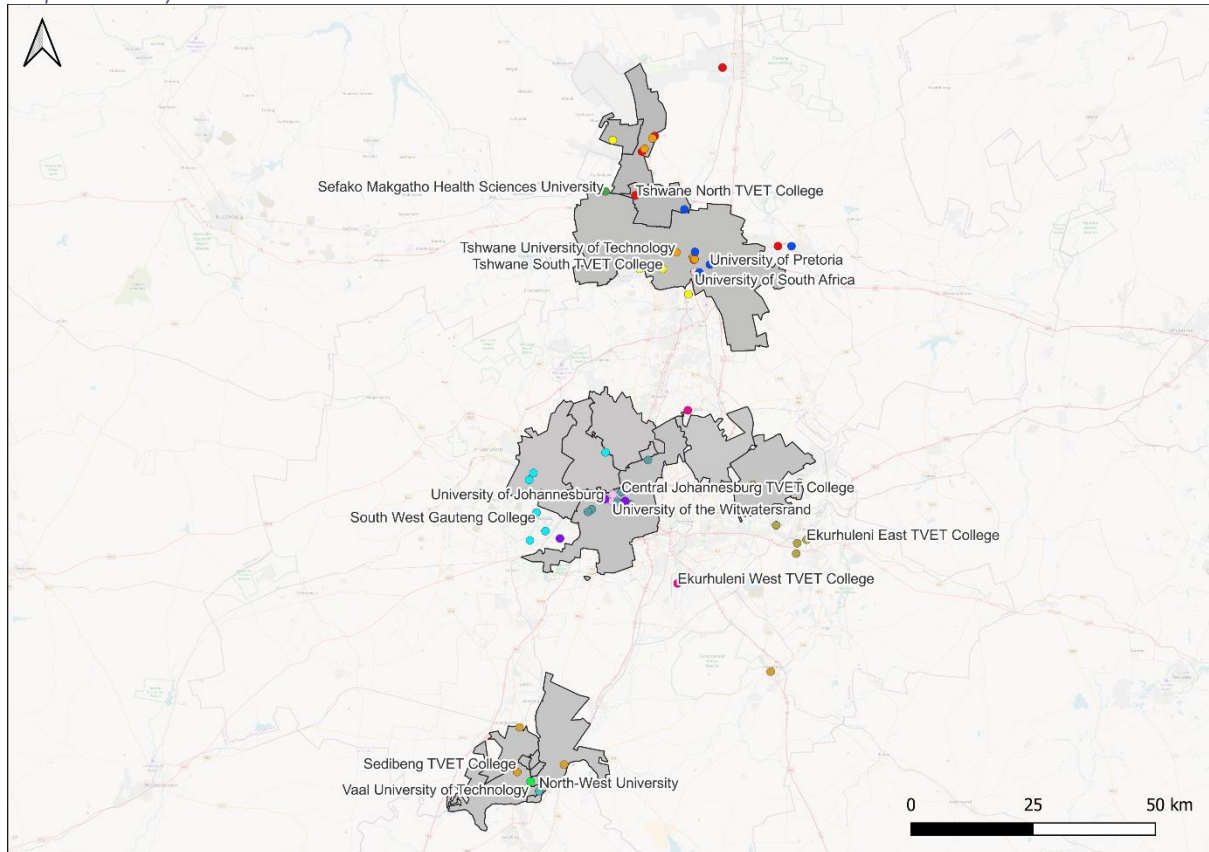
Map 5: Tertiary Educational Institutions in Gauteng



(QGis, 2022)

Map 6 below illustrates the areas that are to be considered for the development of student accommodation. The areas illustrated below are spatially illustrated to ensure proximity to the tertiary institutions within the trade areas is understood.

Map 6: Tertiary Facilities and Trade Areas



(QGis, 2022)

The collection of trade areas considered in relation to the student accommodation market is slightly different from those used in the housing market. The Bronkhorstspuit trade area is not regarded for student housing since there are no tertiary institutions within the area. Alternatively, the Vaal trade area (including Vereeniging, Vanderbijlpark and Sebokeng) is considered in addition, due to the existence of several tertiary institutions in the area.

It has been noted in contact sessions with the GPF that a radius of 0 – 5 km and 5 – 10km is to be utilised as the area in which the GPF would like to concentrate their investments. This radius will be utilised during the market demand analysis of the student accommodation component of the research. This will entail the identification of various areas within the designated radiuses, for investment and will be utilised as the primary and secondary market areas for the demand calculations.

## 4 MARKET DRIVERS AND TREND ANALYSIS

This section investigates the market dynamics and trends of areas within the Gauteng Province. These include the following:

- Economic Overview
- Socio-Demographic Profile
- Property Market Trends

### 4.1 Economic Overview

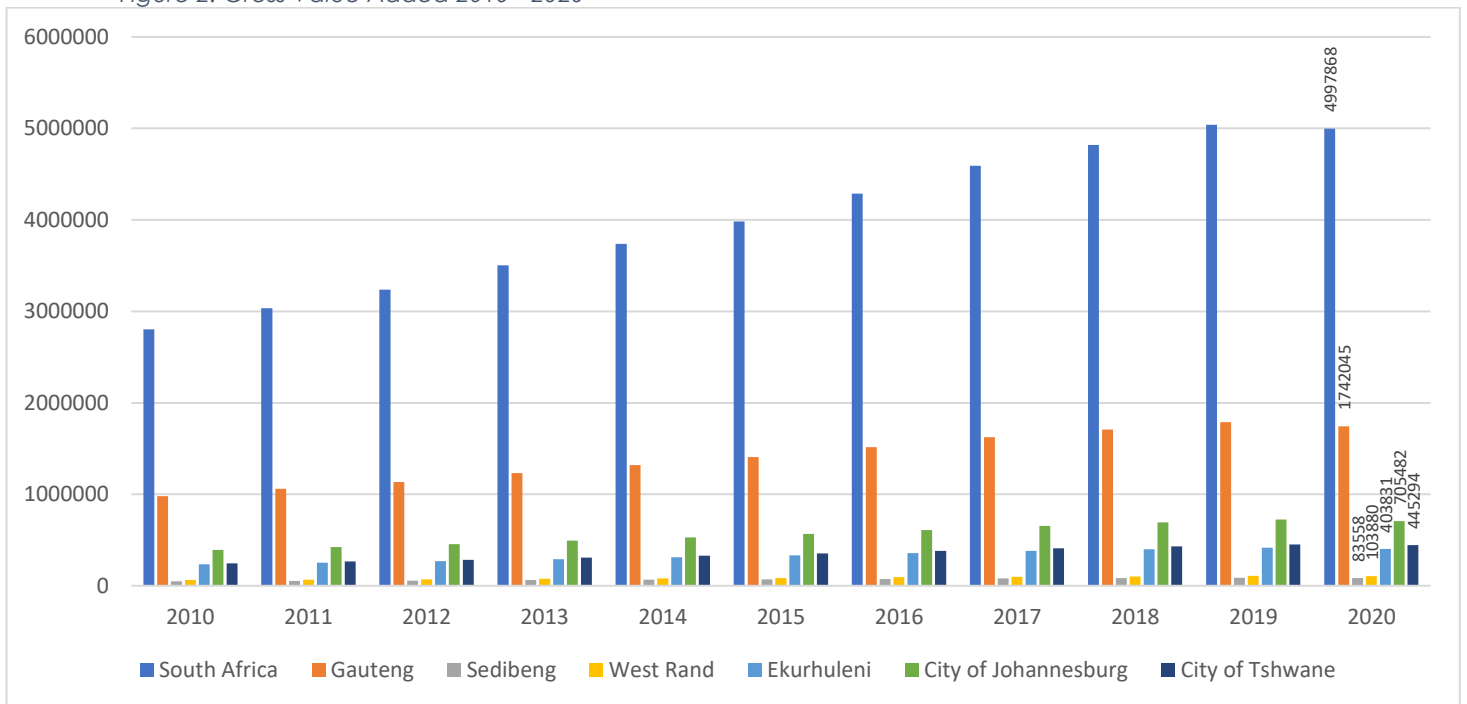
The economic overview provides a detailed assessment of the composition and stability of the national economy. The objective of the economic analysis is to highlight significant economic trends that are likely to influence development potential. The economic indicators determine specific economic trends that are used to assess the future potential growth of the market. In brief, the economic profile covers the following components:

- National and provincial economic production
- Economic sector contribution
- Inflation and Interest rate trends

#### 4.1.1 Economic Performance

A country's performance is measured by the growth of the gross domestic product (GDP) for each of its economic sectors. Gross domestic product may be broadly defined as the total value of goods and services that were produced within a specific geographical area during a specific period.

Figure 2: Gross Value Added 2010 - 2020



(Quantec, 2020)

#### 4.1.2 Interest and Inflation Rates

Inflation has a contributory effect on the level of income within a country, which in turn influences the ability of households to gain access to home loans and credit facilities. An inflation rate can be broadly defined as the increase in prices of goods and services within the country as presented in the national consumer price index (CPI).

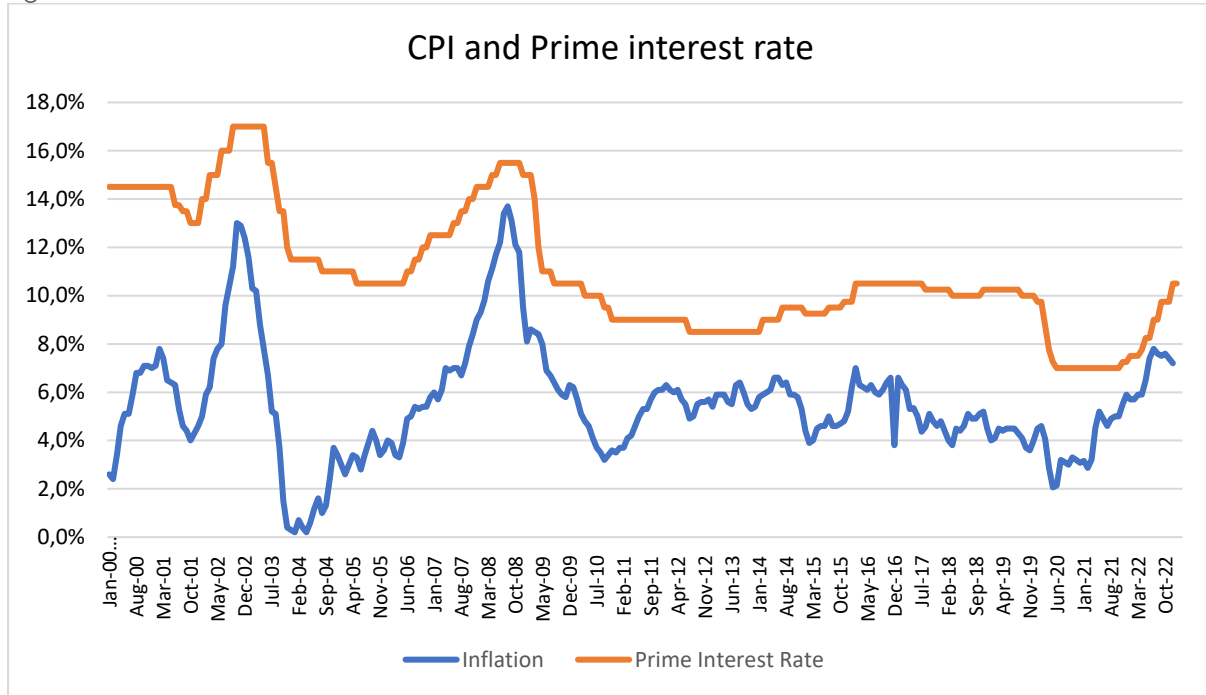
The interest rate is an additional market indicator that influences household expenditure and home affordability. Interest rates are directly linked to the level of consumer credit, thus; lower interest rates may result in higher disposable income for consumers with more credit facilities

available. Additionally, interest rates have a direct impact on the housing market since a higher interest rate will have a negative impact on a homeowner's ability to secure a home loan and their ability to repay a home loan.

The real interest rate can be defined as the interest an investor expects to receive after allowing for inflation. It can be described more formally by the Fisher equation, which states that the real interest rate is approximately the nominal interest rate minus the inflation rate.

Figure 3 below depicts the inflation and real interest rate trend from June 2000 to April 2021.

Figure 3: Inflation and Interest Rate



Source: Trading Economics, 2022

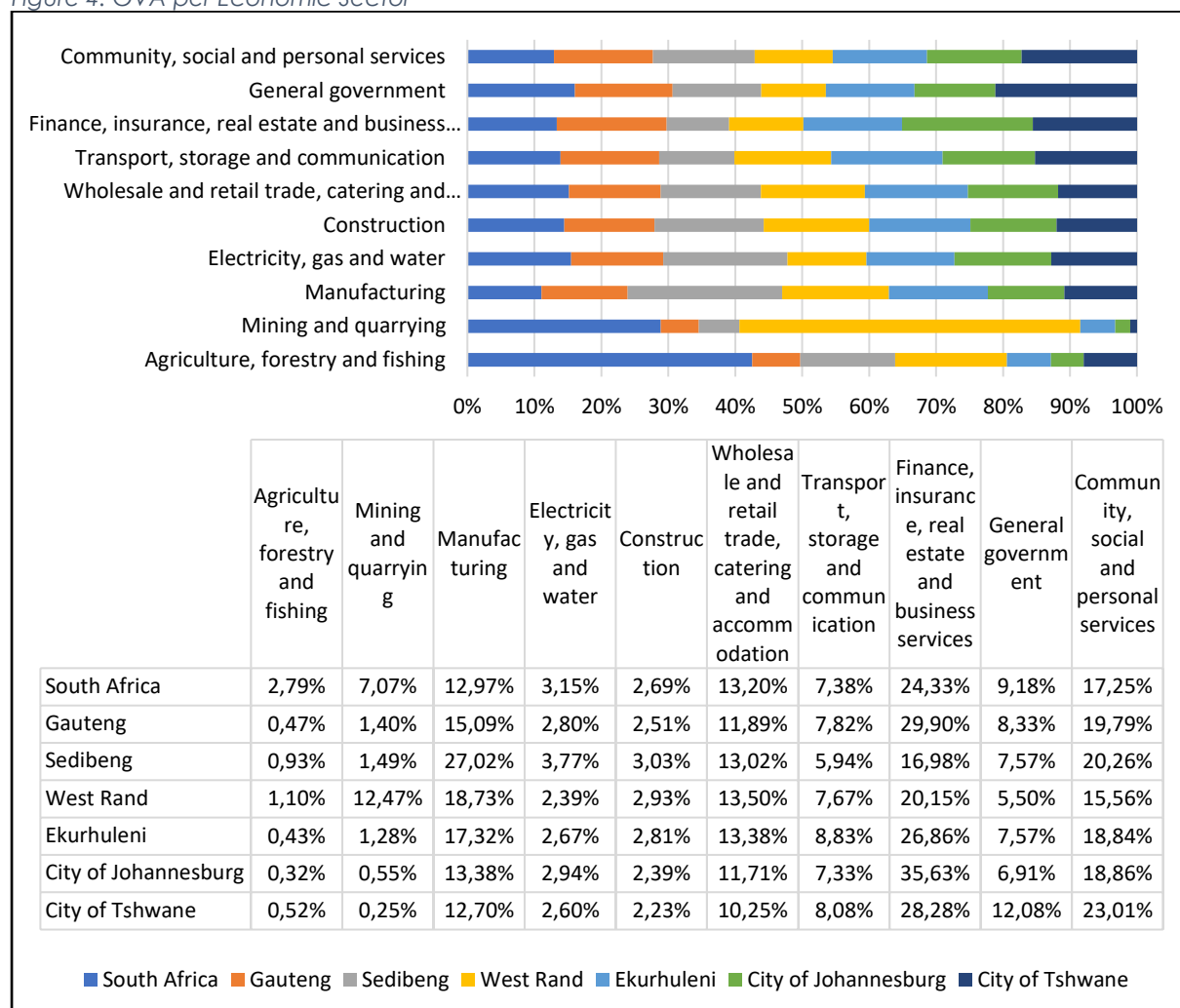
As indicated in the figure above the prime interest rate and inflation have decreased since 2008, with the interest rate illustrating a rather stable growth when compared to the fluctuating inflation rate trend. The latest interest rate (December 2022) stands at 10.5%, which has steadily increased since the end of 2021. The latest inflation rate stands at 7.2% (December 2020), which has increased by 3.0% from the beginning of 2022.

### 4.1.3 Sectoral Performance

Analysing each economic sector allows us to determine the overall economic contribution of each economic sector and how they relate to one another. The figure below illustrates the contribution of each economic sector towards the local economy.



Figure 4: GVA per Economic Sector



(Quantec, 2020)

## 4.2 Socio-Demographic Profile

The socio-economic profile aims to provide an overview of the population characteristics of the market area. The profile elaborates on information that will be utilised to calculate the demand for housing in the delineated market area. This will establish whether the proposed development will be able to be sustained by the demand in the market area. The following aspects were investigated by the socio-economic profile:

- Population and household profile
- Age profile
- Education profile
- Economic activity profile
- Employment profile
- Employment per Industry
- Household Income Profile
- Expenditure Profile
- Skills Level

The data used in this section is primarily based on secondary data sources that inform Urban Econ's calculations and model. The socio-economic profile plays an essential role in establishing the viability of any development as it provides an understanding of the local socio-economic trends, issues, and dynamics.

#### 4.2.1 Population and Household Profile

The population of the market forms the cornerstone of any residential development since it directly influences the demand for housing. A historic five-year average growth rate is utilised to project the future population size, which in turn is incorporated into the demand calculation model to calculate the future demand for residential development.

The population and household profiles are based on data from the National Census of 2011. The population growth projections are based on a five-year historic growth rate of 2.55% per annum and a household growth rate of 2.62% for the trade areas. The growth rates were applied to the population and household figures to project future population growth utilising 2011 as the base year.

Table 10: Population Profile

Population	2023	2025	2030	2035
Emfuleni	986 091	1 037 109	1 176 503	1 334 632
Ekurhuleni	4 334 550	4 558 809	5 171 540	5 866 626
Joburg	6 047 872	6 360 774	7 215 700	8 185 532
Lesedi	135 718	142 740	161 925	183 689
Merafong	269 362	283 298	321 375	364 570
Midvaal	129 963	136 687	155 059	175 900
Mogale	494 243	519 813	589 679	668 936
Randfontein	203 584	214 117	242 896	275 543
Tshwane	3 984 097	4 190 225	4 753 416	5 392 303
Westonaria	152 419	160 305	181 851	206 293
<b>Total</b>	<b>16 737 901</b>	<b>17 603 880</b>	<b>19 969 945</b>	<b>22 654 022</b>

Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

From Table 10 above it is evident that the population within the trade areas are the largest within the metropolitan Municipalities such as Johannesburg, Tshwane and Ekurhuleni. Based on the findings of the population projections, approximately 16 737 901 people currently reside within trade areas and is expected to increase to 19 969 945 in 2030 and 22 654 022 in 2035. The largest population is evident in Johannesburg with a current population of 6 047 872, which is expected to increase to 7 215 700 in 2030. Table 11 below illustrates the household profile within the trade areas.

Table 11: Household Profile

Household	2023	2025	2030	2035
Emfuleni	305 105	321 309	365 684	416 188
Ekurhuleni	1 440 740	1 517 256	1 726 801	1 965 286
Joburg	2 058 324	2 167 640	2 467 008	2 807 722
Lesedi	42 038	44 271	50 385	57 344
Merafong	93 708	98 684	112 313	127 825
Midvaal	43 021	45 306	51 563	58 684
Mogale	165 140	173 910	197 928	225 264
Randfontein	65 858	69 356	78 934	89 836
Tshwane	1 285 100	1 353 351	1 540 259	1 752 981
Westonaria	61 338	64 595	73 516	83 669
<b>Total</b>	<b>5 560 371</b>	<b>5 855 678</b>	<b>6 664 393</b>	<b>7 584 798</b>

Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

Similarly, to the population projections, the largest number of households are located within the metros including Tshwane, Johannesburg and Ekurhuleni. The total number of households within the trade areas combined is currently 5 560 371 and is expected to increase to 6 664 393 in 2030 and 7 584 798 in 2035. Table 12 below illustrates the average household size for each trade area.

Table 12: Average Household Size

TRADE AREA	AVERAGE HOUSEHOLD SIZE
Emfuleni	3
Ekurhuleni	3
Joburg	3
Lesedi	3
Merafong	3
Midvaal	3
Mogale	3
Randfontein	3
Tshwane	3
Westonaria	2

Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

From Table 12 above, it is evident that most of the trade areas consist of three (3) member households, apart from Westonaria which mainly consists of two (2) member households.

#### 4.2.2 Age Profiles

An age group classification was conducted to determine the percentage of the potentially economically active (PEA) population in relation to the not economically active (youth and retired) population. This will illustrate the percentage of the population that will make most of the potential tenant base. Table 13 presents an explanation of the age group classifications.

Table 13: Age Group Classification

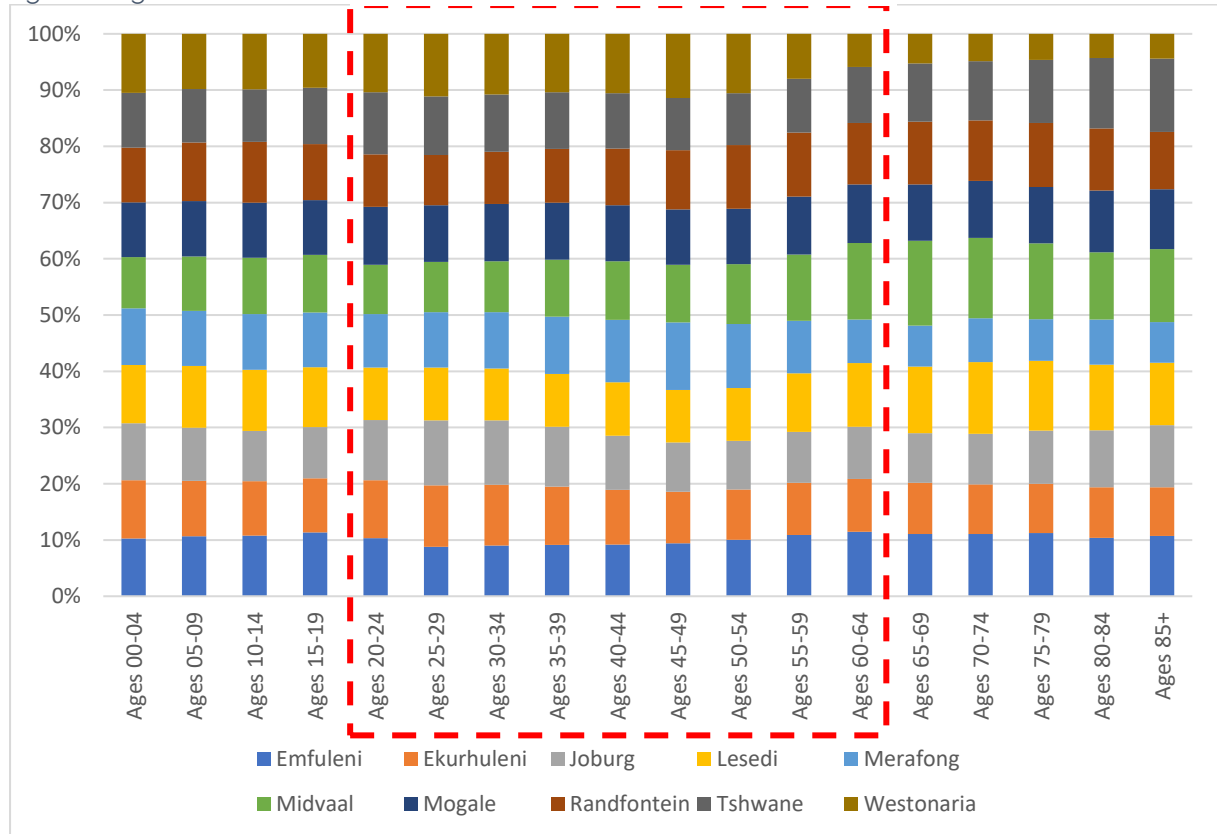
AGE	CATEGORY	SOCIO-ECONOMIC CONTRIBUTION	DEPENDENCE
<b>Younger than 14 years</b>	Junior population	The non-working population who do not generate any form of income	Dependent on an adult to provide for their needs
<b>Between 15 to 64 years</b>	Potentially economically active (PEA) population	The working population and main generators of income	Independent/usually provides for the other groups
<b>65 years and older</b>	Senior population	The retired population who are no longer productive within the working environment	Dependent on the government or relatives to provide for their needs

Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

Figure 5 represents the age profile of the trade areas, as well as the portion of the population that is considered potentially economically active.

POTENTIALLY ECONOMICALLY ACTIVE POPULATION

Figure 5: Age Profile



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

Figure 5 illustrates the age profile of the trade areas in which the GPF is currently trading. The age profile of the trade areas shows the largest portion of the trade areas are between the ages of 20 to 24 and 25 to 29. On average 10.61% of the population is between the ages of 20 and 25 and 11.17% between the ages of 25 and 29. The smallest portion of the population falls within the higher aged categories, with an average of only 0.74% between 75 and 79, 0.43% between 80 and 84 and 0.33% above 85 years. A younger population indicates that student and affordable housing should be more evident within the trade areas as the population falls within the age of being students or newly employed. The table below illustrates the age profile for each trade area.

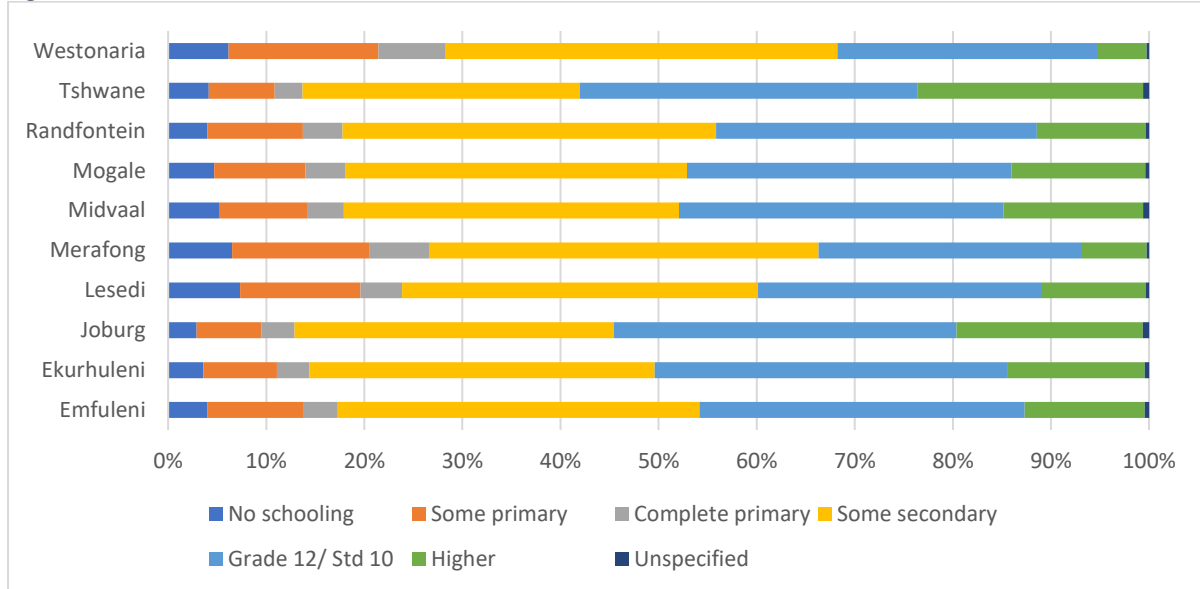
Table 14: Age Profile

	<b>Emfuleni</b>	<b>Ekurhuleni</b>	<b>Joburg</b>	<b>Lesedi</b>	<b>Merafong</b>	<b>Midvaal</b>	<b>Mogale</b>	<b>Randfontein</b>	<b>Tshwane</b>
Ages 00-04	9,87%	9,97%	9,76%	10,01%	9,68%	8,79%	9,36%	9,36%	9,37%
Ages 05-09	8,10%	7,53%	7,18%	8,33%	7,47%	7,37%	7,50%	7,90%	7,25%
Ages 10-14	7,59%	6,80%	6,26%	7,66%	6,96%	7,03%	6,87%	7,60%	6,55%
Ages 15-19	8,85%	7,51%	7,11%	8,32%	7,59%	7,99%	7,58%	7,77%	7,82%
Ages 20-24	10,98%	10,91%	11,33%	9,90%	10,11%	9,33%	10,93%	9,89%	11,67%
Ages 25-29	9,81%	12,18%	12,92%	10,48%	11,03%	9,96%	11,25%	10,02%	11,60%
Ages 30-34	8,39%	10,11%	10,64%	8,60%	9,35%	8,45%	9,47%	8,68%	9,49%
Ages 35-39	7,29%	8,32%	8,52%	7,49%	8,20%	8,08%	8,10%	7,68%	8,07%
Ages 40-44	6,30%	6,67%	6,62%	6,50%	7,64%	7,13%	6,83%	6,92%	6,75%
Ages 45-49	5,72%	5,54%	5,33%	5,66%	7,32%	6,21%	5,96%	6,42%	5,62%
Ages 50-54	5,06%	4,51%	4,35%	4,73%	5,75%	5,35%	4,98%	5,69%	4,67%
Ages 55-59	4,12%	3,52%	3,42%	3,94%	3,54%	4,45%	3,90%	4,29%	3,64%
Ages 60-64	3,00%	2,45%	2,43%	2,96%	2,02%	3,55%	2,71%	2,86%	2,61%
Ages 65-69	1,92%	1,58%	1,53%	2,06%	1,26%	2,62%	1,74%	1,94%	1,80%
Ages 70-74	1,35%	1,08%	1,10%	1,56%	0,96%	1,75%	1,24%	1,31%	1,29%
Ages 75-79	0,83%	0,65%	0,70%	0,92%	0,55%	1,00%	0,74%	0,84%	0,83%
Ages 80-84	0,45%	0,39%	0,44%	0,51%	0,35%	0,52%	0,48%	0,48%	0,54%
Ages 85+	0,35%	0,28%	0,36%	0,36%	0,24%	0,43%	0,35%	0,33%	0,43%

### 4.2.3 Education Profile

The education profile provides an overview of the local population's level of education, which provides insights into the quality and size of the population's skills pool. The level of income is generally directly proportional to the level of education. Figure 6 represents the educational profile of the trade areas in which the GPF have projects.

Figure 6: Education Profile



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

From the figure above illustrates the education profile of each of the trade areas. From the figure, it is evident that most of the population in the trade areas have some secondary education or Grade 12. On average approximately 35.59% of the population have some secondary education, whereas an average of 31.97% of the population have Grade 12. The table below illustrates the educational profile in percentage for each trade area.

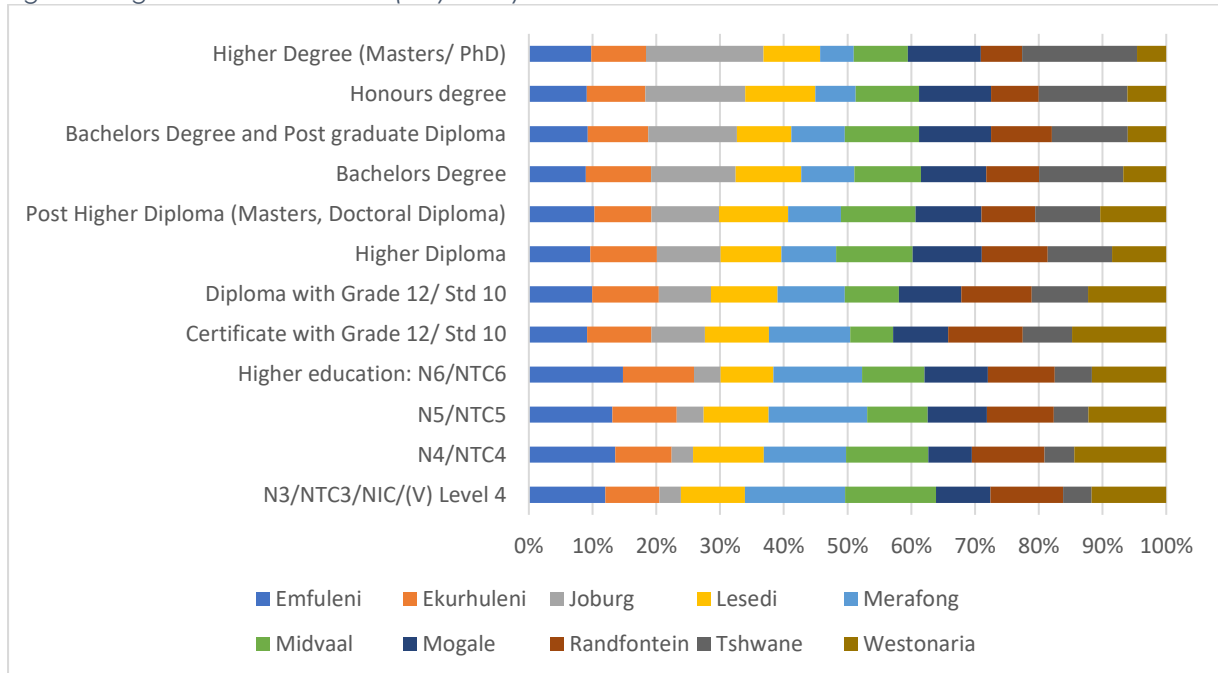
Table 15: Education Profile

	No schooling	Some primary	Complete primary	Some secondary	Grade 12/ Std 10	Higher
Emfuleni	3,98%	9,86%	3,45%	36,89%	33,16%	12,23%
Ekurhuleni	3,59%	7,49%	3,32%	35,18%	35,93%	14,03%
Joburg	2,90%	6,58%	3,39%	32,53%	34,98%	18,96%
Lesedi	7,35%	12,25%	4,24%	36,30%	28,85%	10,67%
Merafong	6,52%	13,98%	6,10%	39,69%	26,88%	6,59%
Midvaal	5,19%	8,98%	3,75%	34,15%	33,10%	14,24%
Mogale	4,70%	9,30%	4,03%	34,88%	33,07%	13,64%
Randfontein	4,01%	9,72%	4,06%	38,05%	32,71%	11,10%
Tshwane	4,15%	6,72%	2,84%	28,23%	34,46%	23,00%
Westonaria	6,17%	15,26%	6,78%	40,03%	26,55%	4,95%

#### 4.2.3.1 Higher Education Level

Since the GPF profile includes a number of student accommodation developments and projects, it is important to include the level of higher education within the trade areas to establish the need for student accommodation. Figure 7 below illustrates the higher education level of the population 20 years and older within the trade areas.

Figure 7: Higher Education Levels (20 years+)



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

It is evident from the figure above, that the majority of the trade areas fall within two categories relating to the highest education levels, these include:

- Diploma with Grade 12/ Std 10
- Higher Diploma

The table below illustrates the percentage per trade area for the applicable levels of higher education illustrated in the figure above.

Table 16: Higher Education Levels

	Emfuleni	Ekurhuleni	Joburg	Lesedi	Merafong	Midvaal	Mogale	Randfontein	Tshwane	Westonaria
N3/NTC3/NIC/(V) Level 4	5,1%	3,6%	1,4%	4,3%	6,7%	6,1%	3,7%	4,9%	1,9%	5,0%
N4/NTC4	4,5%	2,9%	1,1%	3,7%	4,3%	4,3%	2,3%	3,8%	1,5%	4,7%
N5/NTC5	2,8%	2,2%	0,9%	2,2%	3,3%	2,0%	2,0%	2,3%	1,2%	2,6%
N6/NTC6	5,6%	4,2%	1,6%	3,1%	5,2%	3,7%	3,8%	4,0%	2,2%	4,4%
Certificate with Grade 12/ Std 10	12,6%	14,0%	11,6%	13,8%	17,6%	9,2%	12,0%	16,1%	10,7%	20,4%
Diploma with Grade 12	20,2%	21,3%	16,7%	21,2%	21,5%	17,3%	19,9%	22,5%	18,0%	24,9%
Higher Diploma	18,3%	19,8%	18,9%	18,2%	16,2%	22,8%	20,5%	19,6%	19,2%	16,1%
Post Higher Diploma	3,1%	2,7%	3,2%	3,2%	2,5%	3,5%	3,1%	2,5%	3,0%	3,1%
Bachelor's degree	12,7%	14,5%	18,7%	14,5%	11,8%	14,7%	14,4%	11,7%	18,6%	9,5%
Bachelor's Degree & Post graduate Diploma	4,5%	4,6%	6,8%	4,2%	4,1%	5,7%	5,5%	4,7%	5,8%	2,9%

#### 4.2.4 Economic Activity Profile

The economic activity profile presents a level of employment in the primary market area, which forms the basis for disposable income and the ability of households to afford accommodation. This section distinguishes between two employment categories, namely the economically active population and the economically inactive population. These two categories are defined as follows:

- **Economically active population:**

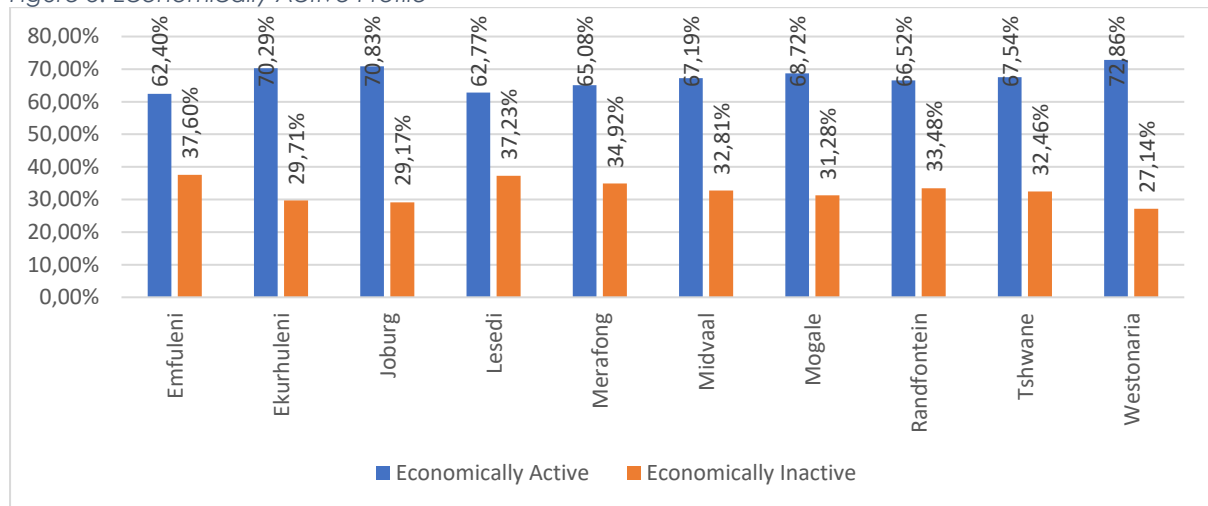
The economically active population refers to the total number of people available for the production of goods and services. This includes paid employees and employers, unpaid family workers, own-account workers, and the unemployed.

- **Economically inactive population**

The economically inactive population refers to persons who are homemakers, students, and people who are too sick or choose not to work.

Figure 8 illustrates the level of economic activity within the population within the trade areas.

Figure 8: Economically Active Profile



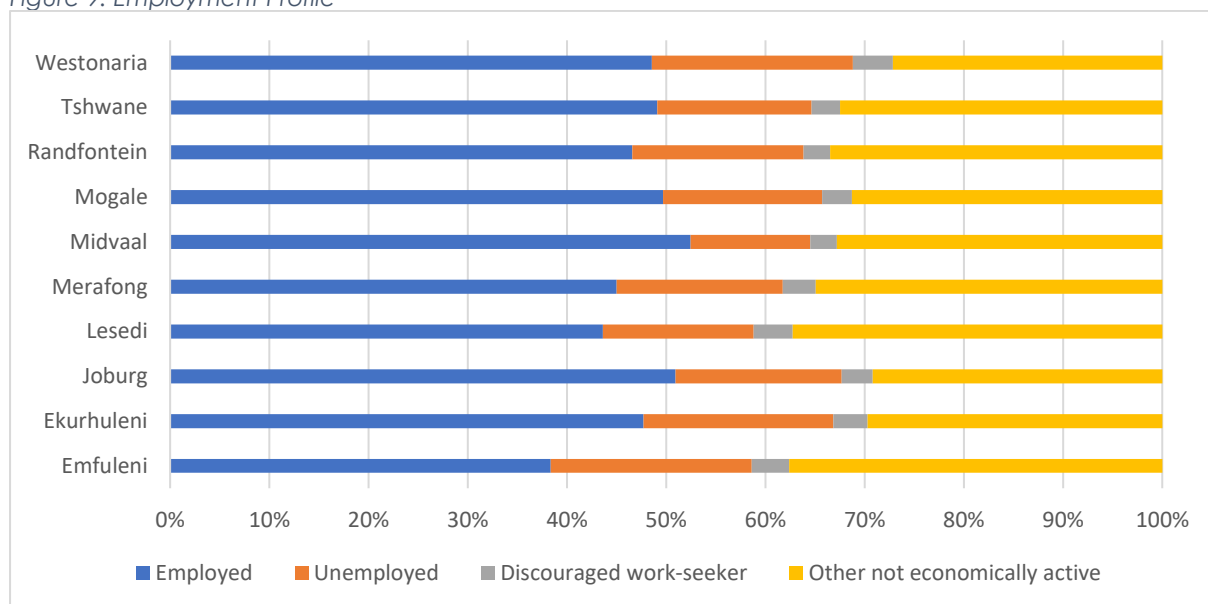
Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

It is evident from Figure 8 that the largest portion of the population in each trade is economically active. Westonaria shows the largest percentage (72.86%) of the economically active population of all the trade areas followed by Johannesburg (70.83%) and Ekurhuleni (70.29%).

#### 4.2.5 Employment Profile

The employment profile aims to provide a more detailed breakdown of the activity status of the local population. Figure 9 represents the employment profile of the market area.

Figure 9: Employment Profile



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

From Figure 9 above it is evident that the majority of the population within the trade areas are employed, with only a small portion of the population considered as discouraged work seekers. Midvaal and Johannesburg are the two trade areas where more than 50% of the population are employed, followed closely by Mogale City, Tshwane and Westonaria with an employment rate of just under 50%. The table below illustrates the employment profile of the trade areas.

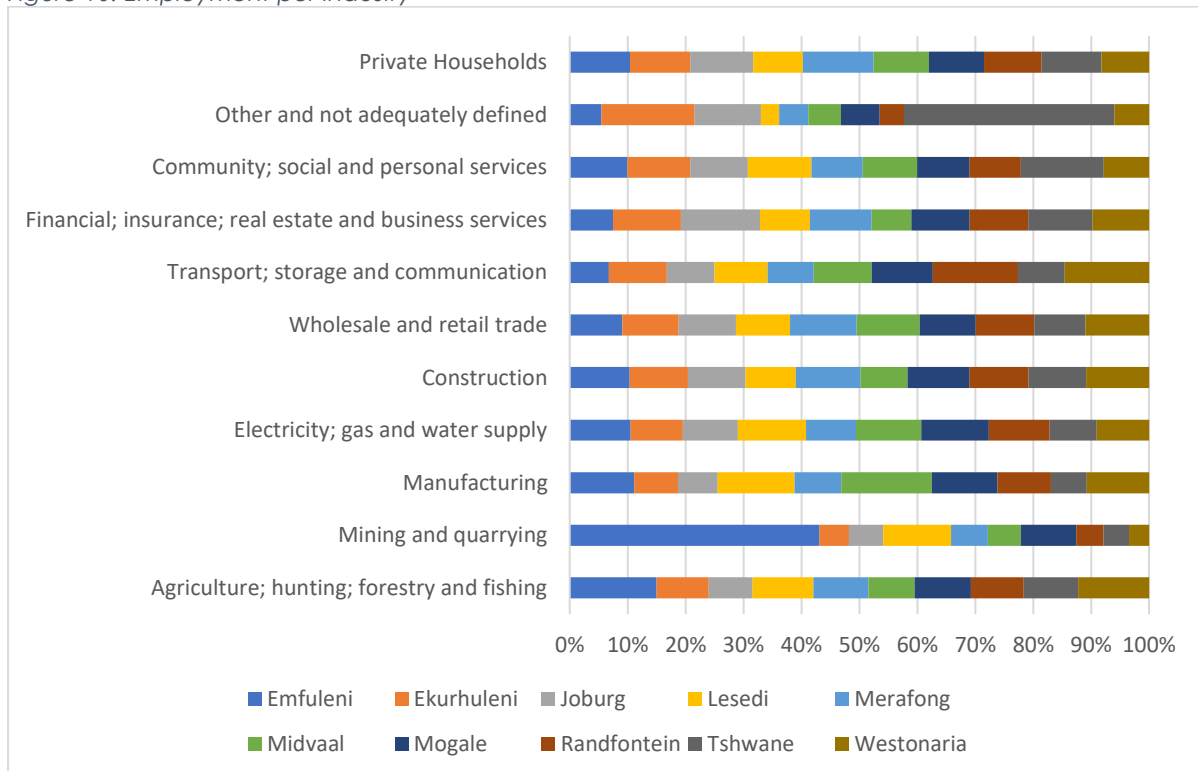
Table 17: Employment Profile

	Employed	Unemployed	Discouraged work-seeker	Other not economically active
Emfuleni	38,36%	20,25%	3,78%	37,60%
Ekurhuleni	47,73%	19,12%	3,43%	29,71%
Joburg	50,94%	16,76%	3,13%	29,17%
Lesedi	43,63%	15,18%	3,96%	37,23%
Merafong	44,99%	16,75%	3,33%	34,92%
Midvaal	52,47%	12,05%	2,67%	32,81%
Mogale	49,70%	16,04%	2,98%	31,28%
Randfontein	46,60%	17,24%	2,68%	33,48%
Tshwane	49,09%	15,57%	2,88%	32,46%
Westonaria	48,54%	20,28%	4,04%	27,14%

#### 4.2.6 Employment per Industry

To have an even clearer understanding of the industries in which individuals are employed, it is necessary to assess the employment per industry.

Figure 10: Employment per Industry



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

Each trade area is unique when looking at the employment per industry for the population. Five industries are most notable across the trade areas, including the following:

- Manufacturing
- Wholesale and retail trade
- Financial, insurance, real estate and business services, community, social and personal services



- Private households

The table below illustrates the employment per industry for each trade area.

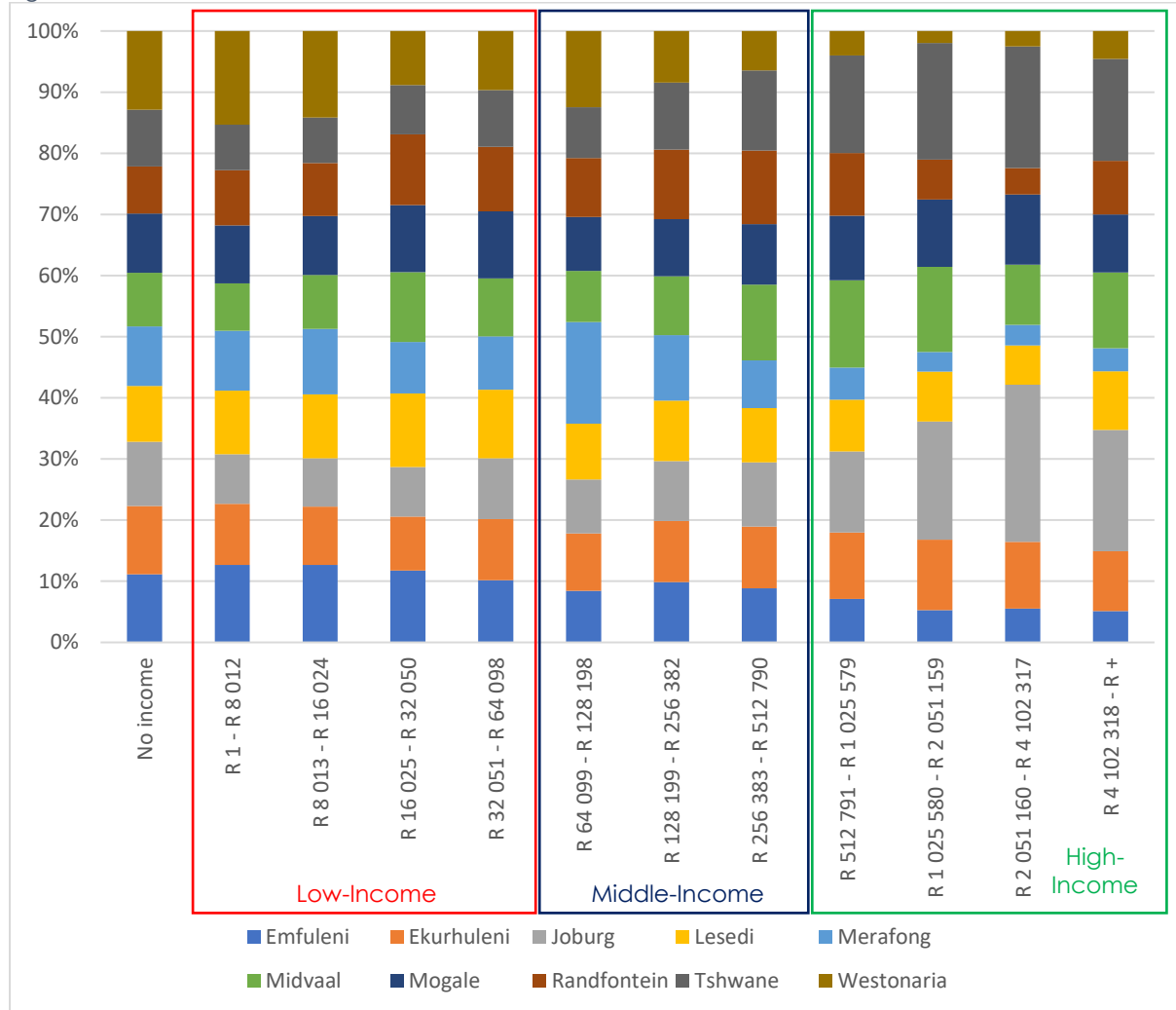
Table 18: Employment per Industry for each trade area

	<b>Emfuleni</b>	<b>Ekurhuleni</b>	<b>Joburg</b>	<b>Lesedi</b>	<b>Merafong</b>	<b>Midvaal</b>	<b>Mogale</b>	<b>Randfontein</b>	<b>Tshwane</b>	<b>Westonaria</b>
Agriculture	2,5%	1,5%	1,3%	1,7%	1,6%	1,3%	1,6%	1,5%	1,6%	2,0%
Mining and quarrying	7,4%	0,9%	1,0%	2,0%	1,1%	1,0%	1,6%	0,8%	0,7%	0,6%
Manufacturing	15,7%	10,6%	9,6%	18,6%	11,3%	21,9%	16,0%	12,9%	8,8%	15,1%
Electricity; gas and water	0,9%	0,8%	0,9%	1,1%	0,8%	1,0%	1,1%	0,9%	0,7%	0,8%
Construction	8,1%	7,9%	7,8%	6,8%	8,7%	6,4%	8,4%	8,0%	7,8%	8,5%
Wholesale and retail trade	17,0%	18,3%	18,5%	17,5%	21,5%	20,4%	18,1%	19,0%	16,5%	20,6%
Transport; storage and communication	5,5%	8,1%	6,7%	7,4%	6,5%	8,1%	8,6%	11,9%	6,6%	11,8%
Financial; insurance	13,0%	20,5%	23,8%	15,0%	18,5%	12,0%	17,5%	17,6%	19,3%	17,0%
Community and social	18,4%	19,9%	18,4%	20,3%	16,4%	17,4%	16,7%	16,3%	26,4%	14,5%
Private Households	11,5%	11,5%	12,0%	9,5%	13,5%	10,5%	10,5%	11,0%	11,4%	9,1%

#### 4.2.7 Household Income Profile

The household income profile assesses key deciding factors in the viability of residential development. Household income illustrates the overall prosperity of the local population and is a measuring tool to calculate the demand for housing across all income brackets. The household income profile reflects the total amount of income available in the primary market area. Higher disposable household income is a good indication of any prospective development. Figure 11 represents the percentage distribution of household income in the primary market area.

Figure 11: Household Income Profile



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

The largest portion of the population falls within the following income ranges:

- R16 025 – R32050
- R32 051 – R64 098
- R64 099 – R128 198

The table below illustrates the average household incomes for each trade area.

Table 19: Average Household Income

	Emfuleni	Ekurhuleni	Joburg	Lesedi	Merafong	Midvaal	Mogale	Randfontein	Tshwane	Westonaria
<b>No income</b>	17,6%	17,7%	16,64%	14,5%	15,4%	13,91%	15,35%	12,28%	14,68%	20,43%
<b>R1 - R8 012</b>	4,9%	3,9%	3,12%	4,0%	3,8%	2,99%	3,65%	3,50%	2,86%	5,92%
<b>R8 013 - R16 024</b>	7,1%	5,4%	4,43%	5,9%	6,0%	4,95%	5,43%	4,89%	4,19%	7,97%
<b>R16 025 - R32 050</b>	15,5%	11,6%	10,69%	15,9%	11,0%	15,07%	14,49%	15,23%	10,59%	11,66%
<b>R32 051 - R64 098</b>	17,1%	16,8%	16,72%	18,9%	14,6%	15,93%	18,47%	17,81%	15,57%	16,27%
<b>R64 099 - R128 198</b>	13,5%	15,0%	14,12%	14,7%	26,6%	13,43%	14,14%	15,44%	13,26%	19,98%
<b>R128 199 - R256 382</b>	10,6%	10,8%	10,54%	10,7%	11,6%	10,36%	10,07%	12,32%	11,83%	9,09%
<b>R256 383 - R512 790</b>	7,6%	8,7%	9,07%	7,7%	6,8%	10,70%	8,56%	10,41%	11,32%	5,57%
<b>R512 791 - R1 025 579</b>	4,1%	6,3%	7,70%	4,9%	3,1%	8,28%	6,15%	5,96%	9,30%	2,32%

R1 025 580 - R2 051 159	1,2%	2,7%	4,55%	1,9%	0,8%	3,27%	2,59%	1,55%	4,48%	0,46%
R2 051 160 - R4 102 317	0,4%	0,7%	1,63%	0,4%	0,2%	0,62%	0,73%	0,27%	1,27%	0,16%
R4 102 318 +	0,2%	0,4%	0,78%	0,4%	0,1%	0,49%	0,37%	0,35%	0,65%	0,18%

The table below illustrates the average household income proportions for all the trade areas.

Table 20: Average Household Income Proportions

ANNUAL HH INCOME	AVERAGE INCOME PROPORTIONS	
No income	15,9%	<b>No Income</b>
R 1 – R8 012	3,9%	<b>Low-income</b>
R 8 013 - R 16 024	5,6%	
R 16 025 - R 32 050	13,2%	
R 32 051 - R 64 098	16,8%	
R 64 099 - R 128 198	16,0%	<b>Middle-income</b>
R 128 199 - R 256 382	10,8%	
R 256 383 - R 512 790	8,6%	
R 512 791 - R 1 025 579	5,8%	<b>High-income</b>
R 1 1 025 580 - R 2 051 159	2,4%	
R 2 2 051 160 - R 4 102 317	0,6%	
R 4 102 318 - R +	0,4%	

Source: Stats SA Census 2011 Data Via Quantec Easy Data, 2023

#### 4.2.7.1 Weighted Average Income

The weighted average income indicates the annual and monthly income per household within the primary and secondary market areas. By calculating the average household income, the affordability of housing options is made apparent. Table 21 represents the weighted average income of households within the primary and secondary market areas.

Table 21: Trade Area Weighted Average Income

TRADE AREAS	ANNUAL WEIGHTED INCOME	MONTHLY WEIGHTED INCOME
Emfuleni	R146 475,13	R12 206,26
Ekurhuleni	R208 569,54	R17 380,79
Joburg	R292 229,35	R24 352,45
Lesedi	R174 173,62	R14 514,47
Merafong	R132 785,33	R11 065,44
Midvaal	R239 266,31	R19 938,86
Mogale	R204 563,57	R17 046,96
Randfontein	R184 320,02	R15 360,00
Tshwane	R296 573,73	R24 714,48
Westonaria	R107 896,73	R8 991,39

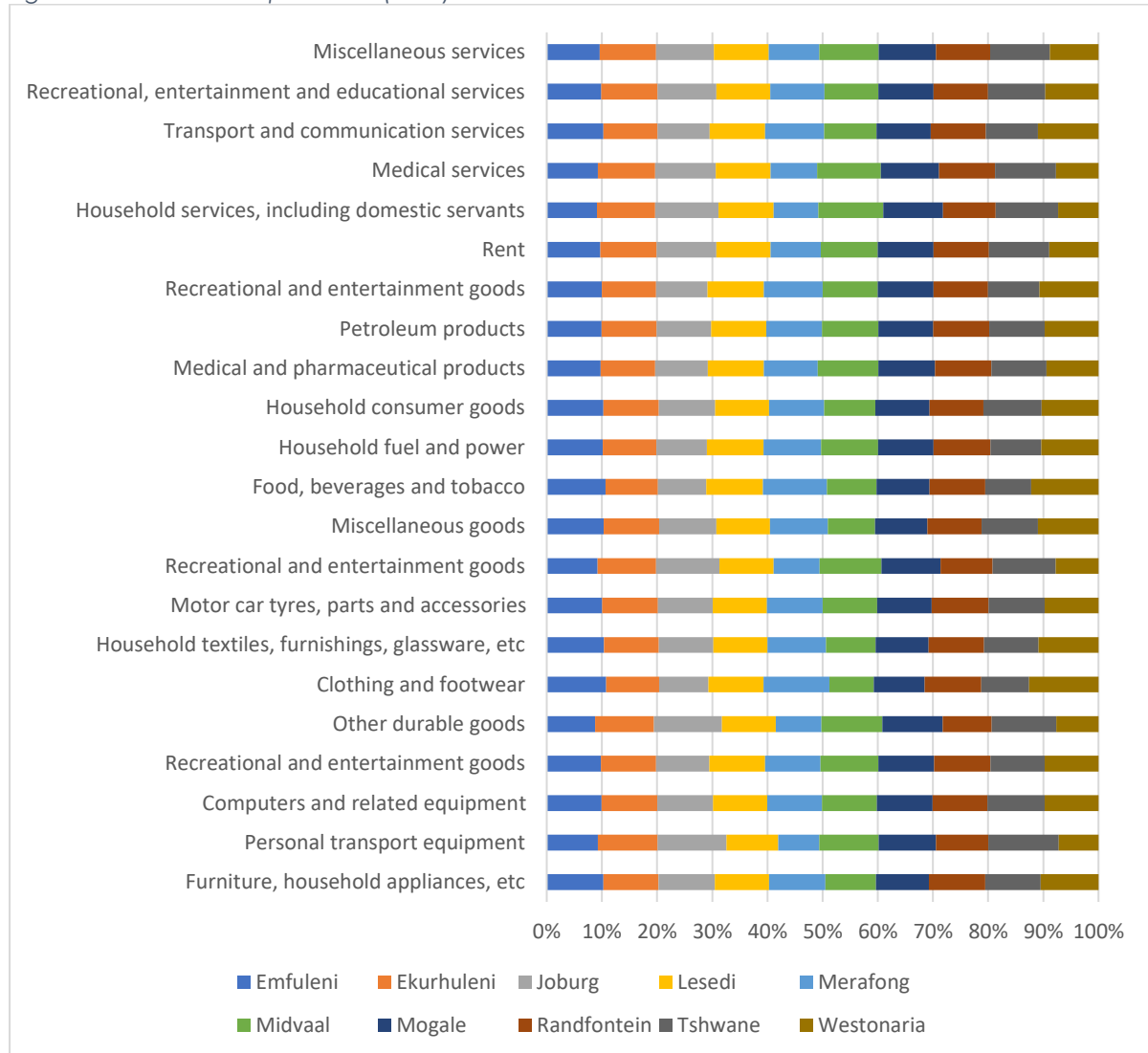
Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

The annual weighted average household income of the trade areas, as illustrated in Table 21 above ranges between R107 896.73 in Westonaria and R296 573.73 in Tshwane. This translates to an average monthly household income of R8 991.39 in Westonaria and R24 714.48 in Tshwane.

#### 4.2.8 Household Expenditure

In order to understand what portion of the household income is being spent on housing, it is important to investigate household expenditure. The figure below illustrates the household expenditure of the trade areas for the year 2021.

Figure 12: Household Expenditure (2021)



Source: Stats SA Census 2011 Data Via Quantec Easy Data & Urban-Econ Projections, 2023

From the figure above, it is evident that the largest household expenditure within the trade areas can be attributed to food, beverages and tobacco followed by:

- Rent
- Transport and communication services

The table below illustrates the household expenditure for each trade area.

Table 22: Household Expenditure (2021)

	Emfuleni	Ekurhuleni	Joburg	Lesedi	Merafong	Midvaal	Mogale	Randfontein	Tshwane	Westonaria
Furniture, household appliances	1,54%	1,50%	1,54%	1,48%	1,54%	1,38%	1,45%	1,54%	1,52%	1,57%
Personal transport equipment	3,03%	3,54%	4,10%	3,09%	2,42%	3,54%	3,39%	3,12%	4,18%	2,36%
Computers equipment	0,36%	0,36%	0,36%	0,36%	0,36%	0,36%	0,36%	0,36%	0,38%	0,35%
Recreational & entertainment	1,68%	1,71%	1,65%	1,72%	1,72%	1,80%	1,73%	1,74%	1,67%	1,67%
Other durable goods	0,60%	0,72%	0,84%	0,66%	0,56%	0,75%	0,74%	0,60%	0,80%	0,52%
Clothing & footwear	4,03%	3,58%	3,35%	3,73%	4,45%	3,01%	3,45%	3,82%	3,24%	4,71%

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Household textiles, furnishings, glassware	1,02%	0,98%	0,97%	0,97%	1,04%	0,88%	0,95%	0,99%	0,97%	1,07%
Motor car tyres, parts & accessories	1,51%	1,51%	1,49%	1,48%	1,51%	1,48%	1,49%	1,55%	1,53%	1,46%
Recreational & entertainment goods	0,52%	0,60%	0,65%	0,55%	0,47%	0,64%	0,61%	0,53%	0,65%	0,44%
Miscellaneous goods	0,42%	0,41%	0,42%	0,40%	0,43%	0,35%	0,39%	0,40%	0,42%	0,45%
Food, beverages & tobacco	19,31%	17,24%	15,81%	18,68%	20,94%	16,34%	17,35%	18,32%	15,07%	22,14%
Household fuel & power	6,25%	6,00%	5,64%	6,36%	6,41%	6,40%	6,20%	6,35%	5,69%	6,39%
Household consumer goods	2,26%	2,22%	2,24%	2,15%	2,19%	2,04%	2,16%	2,15%	2,32%	2,27%
Medical & pharmaceutical products	2,10%	2,12%	2,04%	2,19%	2,10%	2,36%	2,20%	2,20%	2,15%	2,02%
Petroleum products	2,76%	2,78%	2,74%	2,77%	2,81%	2,83%	2,77%	2,81%	2,80%	2,71%
Recreational & entertainment goods	0,77%	0,76%	0,72%	0,78%	0,82%	0,77%	0,78%	0,76%	0,72%	0,83%
Rent	11,90%	12,50%	13,18%	12,02%	11,12%	12,68%	12,32%	12,28%	13,37%	10,92%
Household services	2,62%	3,04%	3,32%	2,88%	2,34%	3,40%	3,11%	2,77%	3,26%	2,11%
Medical services	4,61%	5,17%	5,49%	4,93%	4,22%	5,74%	5,26%	5,06%	5,48%	3,85%
Transport & communication services	11,79%	11,24%	10,77%	11,53%	12,27%	10,84%	11,26%	11,44%	10,81%	12,55%
Recreational, entertainment & educational services	7,64%	7,90%	8,23%	7,56%	7,60%	7,55%	7,69%	7,65%	8,02%	7,46%

### 4.3 Property Market Trend Analysis

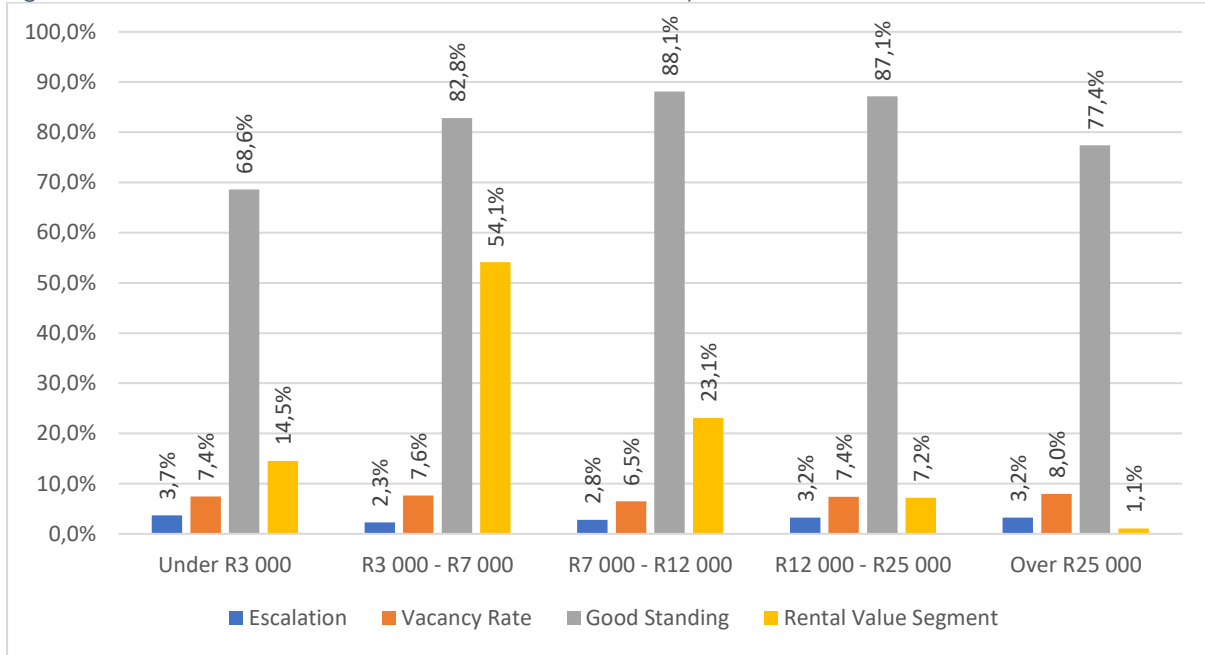
The market trend analysis investigates local market trends for the intended use to identify key trends that could impact the potential success of the proposed development.

#### 4.3.1 Rental Housing Market Overview

According to TPN (2022), "Rental payments are considered the second most important household budget credit priority, second only to mortgages or bond repayments which have a good standing of 90.57%". It is evident that Gauteng has struggled to reach higher escalation rates and showing a year-on-year rental growth of only 1.69%. With this being said, Gauteng's vacancy rate in the rental market is the second lowest, but this is expected to increase as more rental developments enter the market adding to the supply. Gauteng shows that approximately 80.96% of tenants are in good standing which is below the national average of 82.22%.

Figure 13 below shows the rental market at a glance, looking specifically at the escalations, vacancy rates, good standing and rental value segment of the rental residential market on a national level.

Figure 13: Residential Rental Market Performance Nationally



Source: (TPN, 2022)

Figure 13 indicates that the escalation was highest for the market with the stock under R3 000 showing approximately 3.7% escalation in Q2 of 2022. The rental segment that shows the highest good standing rate of 88.1% is the rental range between R7 000 – R12 000. It is also evident that the largest vacancy rate (8.0%) is found in the market segment over R25 000. From the figure above, it is evident that tenants who are paying between R3 000 – R7 000 per month for rentals make up approximately 54.1% of the rental market segment. The table below illustrates the rental market performance in more detail.

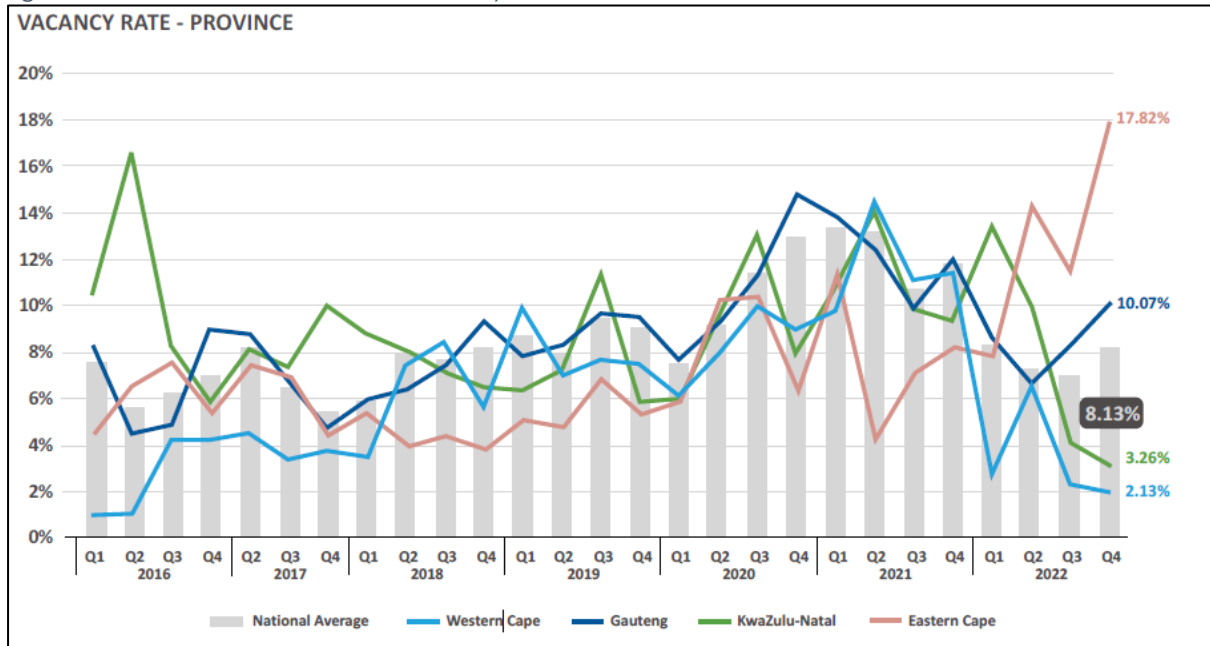
Table 23: National Rental Residential Market Performance

	ESCALATION	VACANCY RATE	GOOD STANDING	RENTAL VALUE SEGMENT
Under R3 000	3.7%	7.4%	68.6%	14.5%
R3 000 – R7 000	2.3%	7.6%	82.8%	54.1%
R7 000 – R12 000	2.8%	6.5%	88.1%	23.1%
R12 000 – R25 000	3.2%	7.4%	87.1%	7.2%
Rover R25 000	3.2%	8.0%	77.4%	1.1%

According to professionals at TPN, it is evident that COVID-19 has impacted the rental market. Further information provided is discussed in more detail in the interview section but also provides all-around information on the good standing, escalations, vacancies and interest rates of the affordable rental market. More information can be derived from the stakeholder engagement analysis and report back.

Further attention is paid to the vacancy rate, as a highly referred indicator of rental housing performance. The quarterly vacancy rate trends at a national and provincial level from 2019 to 2022 are demonstrated in the figure below.

Figure 14: National and Provincial Vacancy Rates, 2016 to 2022

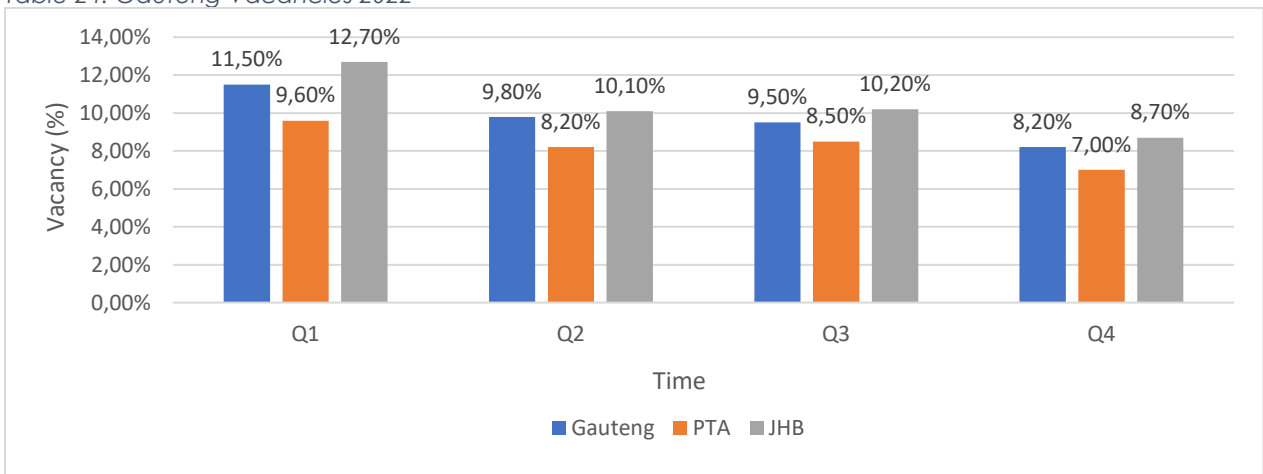


Source: TPN, 2022

Nationally, the vacancy rate has generally decreased in 2022 from 2019, however, the significant impact of COVID-19 is evident in the increases recorded from the second quarter of 2020 over a year into 2021. More recently, a decline of up to 6.92% in the third quarter of 2022, increasing to 8.13% in the fourth quarter. The reason behind the growth in vacancies was the result of delayed stock entering the market.

At the provincial level, vacancy rates were demonstrated for provinces with significant performance trends. Paying attention to Gauteng, a general decrease could be identified when comparing pre-COVID-19 to post-COVID-19 patterns, until the latest vacancy was recorded at 10.07% in the fourth quarter of 2022. During COVID-19, the vacancy rates significantly increased, peaking in the fourth quarter of 2020, when people were able to move around more as lockdown restrictions eased. During the last six months of 2022 vacancy rates in the province increased to above the national average. The recent rise in vacancy rates can be pointed to a noted net outflow of consumers from the province. Further details on the flat vacancy rate are provided in the figure below for Gauteng and its main biggest metropolitan hubs, Pretoria and Johannesburg.

Table 24: Gauteng Vacancies 2022



Source: Rode, 2022

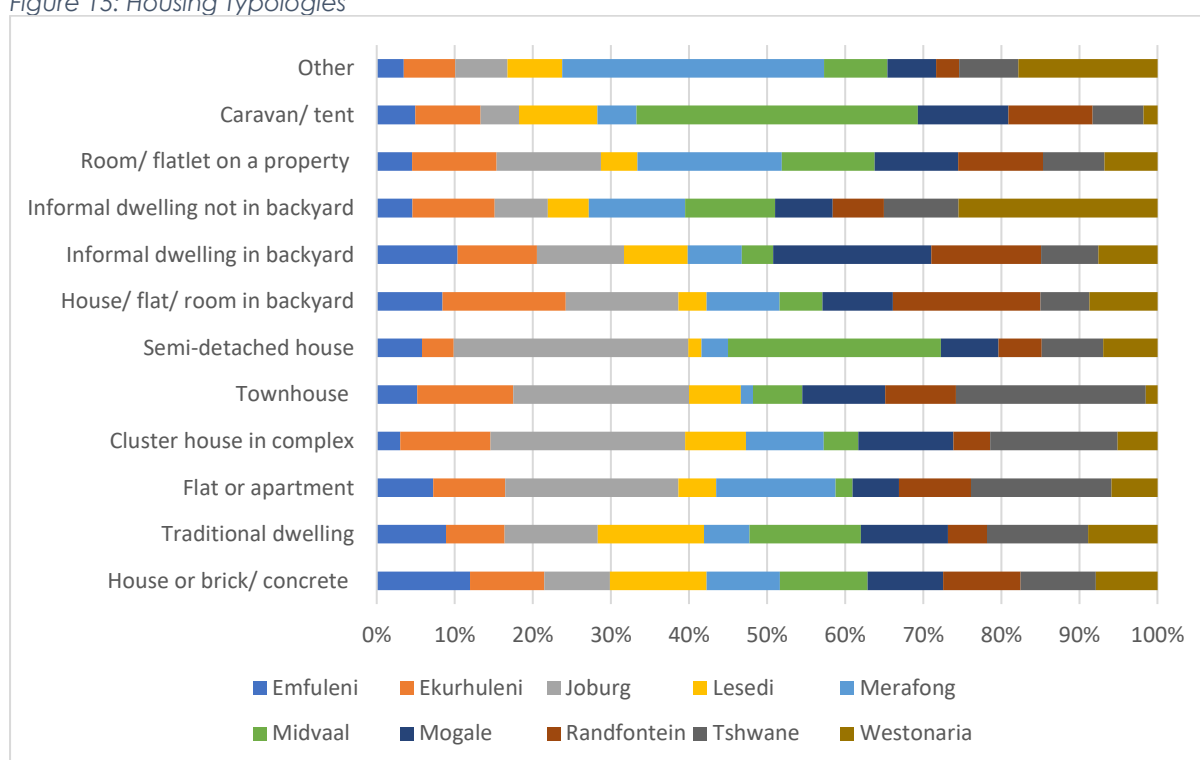
Flat vacancy rates in Gauteng, Johannesburg and Pretoria have decreased over the year 2022, with the highest figures recorded for Johannesburg. Despite the improvement from 11.50% in the first quarter to 8.20% in the fourth quarter, Gauteng is still above the national average flat vacancy rates averaging 6,8% in the fourth quarter of 2022. Johannesburg decreased from 12.7% in the first quarter to 8.70% in the fourth quarter and Pretoria followed suit from 9.60% to 7%, respectively.

Therefore, the performance of the rental residential property sector has demonstrated significant improvement from COVID-19 impacts. From a more long-term perspective, slight improvements are evident when compared to previous years, however, the recent increases in Gauteng require close attention.

### 4.3.2 Housing Typologies

This subsection aims to provide an overview of the various dwelling typologies within the study area and their prominence within the market. Figure 15 represents the dwelling typology within the primary market area.

Figure 15: Housing Typologies



Source: Stats SA Census 2011 Data Via Quantec Easy Data, 2023

The most prominent dwelling typology across all trade areas is a house on a separate stand. The least prominent typology is a caravan or tent within the trade areas. The table below illustrates the housing typologies for the various trade areas.

Table 25: Housing Typologies

	Emfuleni	Ekurhuleni	Joburg	Lesedi	Merafong	Midvaal	Mogale	Randfontein	Tshwane	Westonaria
House on a separate stand	75,84%	60,56%	53,26%	78,73%	59,71%	71,51%	61,33%	63,18%	61,25%	50,06%
Traditional dwelling	0,29%	0,25%	0,40%	0,45%	0,19%	0,47%	0,37%	0,17%	0,43%	0,29%
Flat or apartment	3,28%	4,20%	10,07%	2,21%	6,94%	0,99%	2,70%	4,19%	8,18%	2,67%
Cluster house in complex	0,39%	1,49%	3,22%	1,00%	1,29%	0,57%	1,57%	0,61%	2,11%	0,66%
Townhouse	1,02%	2,41%	4,41%	1,30%	0,31%	1,24%	2,08%	1,78%	4,77%	0,29%



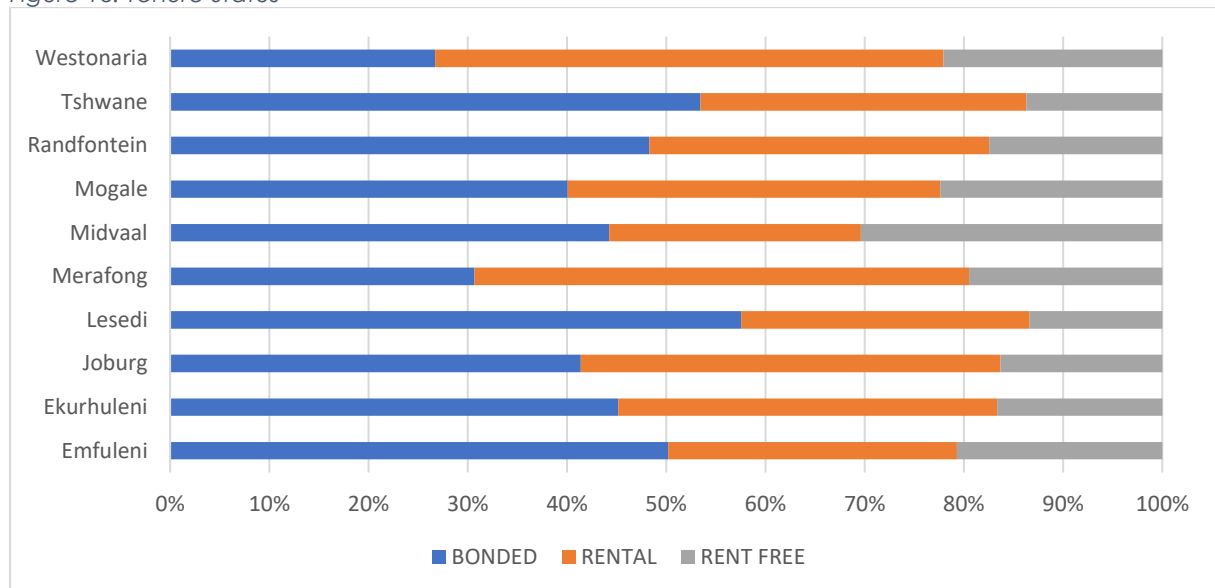
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Semi-detached house	0,46%	0,32%	2,36%	0,13%	0,27%	2,14%	0,58%	0,44%	0,62%	0,55%
House in backyard	3,89%	7,30%	6,66%	1,68%	4,31%	2,54%	4,17%	8,72%	2,91%	4,02%
Informal dwelling in backyard	8,02%	7,89%	8,64%	6,32%	5,36%	3,13%	15,70%	10,88%	5,68%	5,88%
Informal dwelling not in backyard	5,89%	13,60%	8,77%	6,77%	15,89%	14,83%	9,54%	8,43%	12,31%	32,87%
Room/flatlet on a property	0,48%	1,16%	1,42%	0,50%	1,97%	1,27%	1,14%	1,16%	0,84%	0,73%
Caravan/tent	0,05%	0,09%	0,05%	0,11%	0,06%	0,40%	0,13%	0,12%	0,07%	0,02%
Other	0,38%	0,73%	0,74%	0,78%	3,70%	0,90%	0,69%	0,32%	0,84%	1,97%

### 4.3.3 Tenure Status

Tenure status refers to homeownership within the study area. The tenure profile aims to present the distribution of tenure within the primary market area. Figure 16 illustrates the tenure profile and status of the primary market area.

Figure 16: Tenure Status



Source: Stats SA Census 2011 Data Via Quantec Easy Data, 2023

From the figure above, it is evident that most of the trade areas prefer bonded housing, except for Johannesburg, Merafong and Westonaria where rental housing is the most evident tenure type.

Table 26: Tenure Status

	<b>BONDED</b>	<b>RENTAL</b>	<b>RENT FREE</b>
Emfuleni	50,18%	29,10%	20,71%
Ekurhuleni	45,18%	38,19%	16,63%
Joburg	41,38%	42,31%	16,31%
Lesedi	57,57%	29,07%	13,37%
Merafong	30,68%	49,86%	19,46%
Midvaal	44,26%	25,38%	30,36%
Mogale	40,07%	37,56%	22,37%
Randfontein	48,29%	34,28%	17,43%
Tshwane	53,46%	32,85%	13,68%
Westonaria	26,71%	51,24%	22,05%

#### 4.3.4 Average Rental Rates

The average rental rates have been derived by making use of websites and platforms such as Property24 and Private Property. The average rental rates are not an indication of competitors but are utilised to determine an overview of the price classes currently available in the trade areas. A more detailed competitor analysis will be performed during the market demand calculation phase of the research.

Table 27: Average Rental Rates

AREA	SIZE (m <sup>2</sup> )	RENTAL RATE	BEDROOMS	BATHROOMS	AMENITIES	LEVIES
Akasia						
Heatherview	60	R6 450	2	1	Access control, parking	Included
Theresapark	60	R7 000	2	1	Access control, parking	Included
Karenpark	109	R7 300	3	2	Access control, parking	Included
Karenpark	-	R3 750	0.5	1	Access control, parking, kiddies play area, pool, hall, kiosk	Included
Wonderpark Estate	-	R3 700	1	1	Access control, parking	Included
Karenpark	-	R3 800	1	1	Access control, parking	Included
Theresapark	-	R4 550	1	1	Access control, parking	Included
Heatherview	60	R6 450	2	1	Access control, parking	Included
Theresapark	60	R7 000	2	1	Access control, parking	Included
The Orchards	61	R5 200	2	2	Access control, parking	Included
The Orchards	65	R5 800	2	2	Access control, parking	Included
Theresapark	53	R6 250	2	2	Access control, parking	Included
Heatherdale	103	R7 850	2	2	Access control, parking	Included
Pretoria CBD						
Pretoria CBD	-	R3 730	0.5	1	Access control	Included
Pretoria CBD	-	R3 900	0.5	1	Access control, security, DSTV Connection	Included
Pretoria CBD	-	R4 050	0.5	1	Access control, security, DSTV Connection	Included
Pretoria CBD	-	R4 300	1	1	Access control, security, DSTV Connection	Included
Pretoria CBD	39	R4 700	1	1	Access control, parking, security, DSTV Connection	Included
Pretoria CBD	38	R4 953	1	1	Access control, parking, security, DSTV Connection	Included
Pretoria CBD	-	R5 000	2	1	Access control, parking, security	Included
Pretoria CBD	60	R6 500	2.5	1	Access control, parking, security	Included
Pretoria CBD	85	R6 500	2.5	1.5	Access control, parking, security	Included
Pretoria CBD	-	-	2	2	-	-
Pretoria North						
Pretoria North		R2 990	1	1	Security, access control, parking	Included
Pretoria North		R3 180	1	1	Security, access control, parking	Included
Pretoria North		R3 850	1.5	1	Security, access control, parking	Included

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AREA	SIZE (m <sup>2</sup> )	RENTAL RATE	BEDROOMS	BATHROOMS	AMENITIES	LEVIES
Pretoria North		R4 900	1.5	1	Security, access control, parking	Included
Pretoria North		R5 500	1.5	1	Security, access control, parking	Included
Pretoria North		R4 100	2	1	Security, access control, parking, laundromat, braai area	Included
Pretoria North	77	R5 500	2	1	Security, access control, parking, swimming pool, parking, braai area	Included
Pretoria North		R6 459	2	1	Security, access control, parking	Included
Pretoria North	106	R6 500	2	2	Security, access control, parking	Included
Pretoria North	69	R6 500	2	2	Security, access control, parking	Included
<b>Bronkhorstspuit</b>						
Bronkhorstspuit	-	R4 000	1	1	Parking	Included
Bronkhorstspuit	40	R4 600	1	1	Parking	Included
Bronkhorstspuit	45	R5 280	2	1	Parking	Included
Bronkhorstspuit	85	R6 050	2	1	Parking	Included
Bronkhorstspuit	45	R6 600	2	1	2 Parking	Included
Bronkhorstspuit	66	R5 500	2	2	Parking	Included
Bronkhorstspuit	-	R6 000	2	2	Parking	Included
Bronkhorstspuit	65	R6 050	2	2	Parking	Included
<b>Johannesburg CBD</b>						
Joburg CBD	-	R3 450	0.5	1	Security, Access control	Included
Joburg CBD	50	R3 200	1	1	Access control	Included
Joburg CBD	27	R4 169	1	1	Security, Access control, parking, DSTV Connectivity	Included
Joburg CBD	31	R6 500	1	1	Security, Access control	Included
Joburg CBD	-	R4 000	2	1	Security, Access control	Included
Joburg CBD	35	R5 500	2	1	Security, Access control, optional parking	Included
Joburg CBD	35	R6 000	2	1	Security, Access control, optional parking	Included
<b>Benoni</b>						
Crystal Park	38	R6 500	1	1	Access Control, 2 Parking	Included
Crystal Park	50	R5 500	2	1	Access Control, Parking	Included
Crystal Park	78	R6 000	2	2	Access Control, Parking	Included
Crystal Park	59	R6 200	2	2	Access Control, Parking	Included
Crystal Park	78	R7 300	2	2	Access Control, Parking	Included
Fairleads	85	R6 350	2	1	Access Control, Parking, Fibre connectivity	Included
Fairleads	85	R6 350	2	1	Access Control, Parking, fibre connectivity	Included
Fairleads	-	R6 500	2	2	Access Control, Parking	Included
Rynfield	-	R4 900	2	1	Access Control, Parking, Fibre connectivity	Included
Rynfield	-	R5 500	2	1	Access Control, Parking, Fibre connectivity, pool	Included
Rynfield	-	R5 700	2	1	Access Control, Parking	Included

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AREA	SIZE (m <sup>2</sup> )	RENTAL RATE	BEDROOMS	BATHROOMS	AMENITIES	LEVIES
Rynfield	-	R6 000	2	2	Access Control, Parking	Included
Rynfield	75	R6 500	2	2	Access Control, Parking	Included
Northmead	-	R6 000	1	2	Parking	Included
Northmead	-	R5 000	1	1	Parking	Included
Northmead	-	R6 500	2	2	-	-
Actonville	62	R5 100	2	1	Parking	Included
Famaremere	-	R5 500	1	1	Parking, Fibre Connectivity	Included
Famaremere	65	R5 700	2	1	Parking	Included
Famaremere	-	R7 000	2	1	Parking, pool, tennis court, clubhouse	Included
Famaremere	-	R7 250	2	1	Parking, pool, tennis court	Included
<b>Kempton Park</b>						
Norkem Park	-	R5 030	2	1	Parking	Included
Norkem Park	46	R6 500	2	1	Parking	Included
Norkem Park	98	R6 650	2	1	Parking	Included
Esther Park	24	R5 200	1	1	Parking	Included
Esther Park	51	R6 000	2	1	Parking	Included
Esther Park	84	R7 900	2	1	Parking	Included
Bircleigh	103	R5 500	2	1	Parking	Included
Bircleigh	68	R5 500	2	1	Parking	Included
Bircleigh	100	R5 500	2	1	Parking	Included
Bircleigh	89	R6 500	2	1	Parking	Included
Bircleigh	70	R6 000	2	2	Parking	Included
Bircleigh	80	R6 000	2	2	Parking	Included
Glen Marais	32	R5 000	1	1	Parking	Included
Glen Marais	32	R5 000	1	1	Parking	Included
Glen Marais	57	R6 990	1	1	Parking	Included
Bonaero Park	-	R6 250	2	1	Parking	Included
Bonaero Park	-	R6 500	2	1	Parking	Included
Bonaero Park	-	R6 800	2	2	Parking	Included
Rhodesfiled	-	R3 600	0.5	1	Parking	Included
Rhodesfiled	-	R3 800	1.5	1	Parking	Included
Rhodesfiled	-	R4 200	1	1	Parking	Included
Rhodesfiled	66	R5 000	2	1	Parking	Included
Rhodesfiled	-	R3 600	1	1	Parking	Included
<b>Randburg</b>						
Randburg	28	R4 650	1	1	Secure Parking, access control	Included
Randburg	45	R4 950	1	1	Secure Parking, access control	Included

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AREA	SIZE (m <sup>2</sup> )	RENTAL RATE	BEDROOMS	BATHROOMS	AMENITIES	LEVIES
Randburg	48	R5 600	1	1	Secure Parking, access control	Included
Randburg	59	R6 700	2	1	Secure Parking, access control, pool	Included
Randburg	54	R7 300	2	1	Secure Parking, access control, pool, tennis court, and kids play area	Included
Randburg	68	R7 500	2	1	Secure Parking, access control. Elevators, boardroom space, Fibre connection, DSTV connection	Included
Randburg	63	R7 600	2	2	Secure Parking, access control, pool	Included
Randburg	80	R7 700	2	2	Secure Parking, access control, pool, tennis court, clubhouse	Included
Randburg	82	R8 000	2	2	Secure Parking, access control, pool, clubhouse	Included
Turffontein						
Turffontein	-	R2 900	1	1	Access Control	Included
Turffontein	-	R5 000	1	1	Access Control, Parking	Included
Turffontein	-	R3 500	2	1	Access Control	Included
Turffontein	-	R4 700	2	1	Access Control, DSTV Connection, Free Uncapped Fibre, Alarm system, Outdoor gym, kiddies play area, mini soccer field, basketball court, running and walking track	Included
Turffontein	-	R5 000	2	1	Access Control	Included
Montana						
Montana	-	R4 500	0.5	1	Access Control, Parking, Kiddies area, braai	Included
Montana	-	R4 550	0.5	1	Access Control, Parking	Included
Montana	-	R5 000	1	1	Access Control, Parking	Included
Montana	-	R5 350	1	1	Access Control, Parking	Included
Montana	-	R3 600	2	1	Access Control, Parking, solar geyser, DSTV Connectivity	Included
Montana	67	R6 800	2	1	Access Control, Parking	Included
Montana	66	R8 000	2	1	Access Control, Parking	Included
Montana	-	R6 500	1	2	Access Control, Parking	Included
Montana	-	R7 500	2	2	Access Control, Parking, solar geyser, DSTV Connectivity	Included
Montana	-	R7 900	2	2	Access Control, Parking	Included
Annlin						
Annlin	-	R4 350	0.5	1	Access Control, Parking	Included
Annlin	-	R4 400	0.5	1	Access Control, Parking	Included
Annlin	-	R5 000	1	1	Access Control, Parking	Included
Annlin	-	R5 350	1	1	Access Control, Parking	Included
Annlin	-	R5 950	2	1	Access Control, Parking	Included
Annlin	-	R6 000	2	1	Access Control, Parking	Included
Annlin	-	R6 580	2	1	Access Control, Parking	Included
Annlin	-	R6 580	2	2	Access Control, Parking, pool	Included
Annlin	-	R6 600	2	2	Access Control, Parking, pool	Included

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AREA	SIZE (m <sup>2</sup> )	RENTAL RATE	BEDROOMS	BATHROOMS	AMENITIES	LEVIES
Annlin	-	R7 500	3	2	Access Control, 2 Parking	Included
Wolmer						
Wolmer	-	R4 150	0.5	1	Access Control, Parking	Included
Wolmer	-	R3 500	1	1	Access Control, Parking	Included
Wolmer	-	R3 590	1	1	Access Control, Parking	Included
Wolmer	-	R4 000	1	1	Access Control, Parking	Included
Wolmer	-	R3 500	2	1	Access Control, Parking	Included
Wolmer	-	R3 500	2	1	Access Control, Parking	Included
Soshanguve						
Soshanguve	25	R2 700	2	1	Access Control, Parking	Included
Soshanguve	60	R4 900	2	1	Access Control, Parking	Included
Soshanguve	60	R5 000	2	1	Access Control, Parking	Included

(Property24, n.d.) & (Private Property, n.d.)

It is important to note the average size of the units currently in the trade area, will also keeping the average prices in mind. Table 28 below illustrates the average size and rental rate for each trade area. It also illustrated the minimum and maximum of each area and figure.

Table 28: Average Rental Rates & Unit Sizes

TRADE AREA	AVERAGE SIZE (m <sup>2</sup> )	MINIMUM SIZE (m <sup>2</sup> )	MAXIMUM SIZE (m <sup>2</sup> )	AVERAGE PRICE	MINIMUM PRICE	MAXIMUM PRICE
Randburg	74.52 m <sup>2</sup>	28 m <sup>2</sup>	116 m <sup>2</sup>	R6 663.95	R3 990	R8 000
Akasia	70.11 m <sup>2</sup>	53 m <sup>2</sup>	109 m <sup>2</sup>	R5 772.97	R3 700	R7 850
Pretoria North	84 m <sup>2</sup>	69 m <sup>2</sup>	106 m <sup>2</sup>	R5 029.48	R2 990	R6 500
Pretoria CBD	55.50 m <sup>2</sup>	38 m <sup>2</sup>	85 m <sup>2</sup>	R4 828.65	R2 580	R6 740
Benoni	67.50 m <sup>2</sup>	38 m <sup>2</sup>	85 m <sup>2</sup>	R5 869.74	R3 800	R7 600
Kempton Park	66.67 m <sup>2</sup>	24 m <sup>2</sup>	103 m <sup>2</sup>	R5 735.49	R3 500	R8 000
Turffontein	-	-	-	R4 248.75	R2 900	R5 000
Montana	66.5 m <sup>2</sup>	66 m <sup>2</sup>	67 m <sup>2</sup>	R6 331.50	R4 500	R8 000
Bronkhorstspuit	57.67 m <sup>2</sup>	40 m <sup>2</sup>	85 m <sup>2</sup>	R5 406.67	R4 000	R6 600
Annlin	-	-	-	R5 810.00	R4 350	R7 500
Wolmer	-	-	-	R3 677.14	R3 500	R4 150
Soshanguve	48.33 m <sup>2</sup>	25 m <sup>2</sup>	60 m <sup>2</sup>	R4 200.00	R2 700	R5 000
Johannesburg CBD	35.6 m <sup>2</sup>	27 m <sup>2</sup>	50 m <sup>2</sup>	R4 521.53	R3 200	R6 500

It is evident from the table above that the largest rentals are evident within the Randburg and Montana areas. When looking at the size of the units, the largest units on average can be found in Pretoria North.

### 4.3.5 Amenities Provided

It is important to see the importance of amenities being provided within the various trade areas. Table 27 above illustrates the rental rates for each of the trade areas and also highlights the amenities being provided in each area. It is important to note that all the existing supply investigated for the purposes of the rental rates are inclusive of levies, which could in some cases increase the rental rates. The table below illustrates the general amenities provided in each trade area.

Table 29: Amenities Provided

TRADE AREA	AMENITIES
Randburg	Secure Parking, access control, Elevators, boardroom space, Fibre connection, DSTV connection, tennis court, clubhouse, pool, kids play area
Akasia	Access control, parking, kiddies play area, pool, hall, kiosk
Pretoria North	Security, access control, parking, swimming pool, parking, braai area, laundromat
Pretoria CBD	Access control, parking, security, DSTV Connection
Benoni	Access Control, Parking, Fibre connectivity, pool, tennis court, club house
Kempton Park	Parking
Turffontein	Access control, DSTV Connectivity, Free Uncapped Fibre, Alarm system
Montana	Access control, parking, solar geyser, DSTV Connectivity
Bronkhorstspuit	Parking
Annlin	Access control, parking, pool
Wolmer	Access control, parking
Soshanguve	Access control, parking
Johannesburg CBD	Security, Access control, parking, DSTV Connectivity

It is evident from Table 29 that the most common amenities provided in the trade areas are security, access control and parking facilities. A few of the trade areas offer fibre connectivity, which is on the increase. It is also evident that only a hand full of trade areas have the inclusion of DSTV connectivity and more high-end amenities such as tennis courts, clubhouse, etc.

### 4.3.6 Housing Qualifications

The housing qualification profile illustrates the income bands to qualify for rental and bonded housing, with or without funding assistance; according to the various housing, typologies to be offered by the proposed development. The general income bands for rental qualification are sourced from the Social Housing Regulatory Authority (SHRA).

Table 30: Rental Affordability Ranges

HOUSING TYPOLOGY	MONTHLY INCOME	ANNUAL INCOME
CRU	R800 – R3 500	R9 600 – R42 000
Social Housing Primary Market	R1 500 – R5 500	R18 000 – R66 000
Social Housing Secondary Market	R5 500 – R 15 000	R66 000 – R180 000
Affordable Housing	R12 000 – R22 000	R144 000 – R264 000
Middle Income	R22 000 – R50 000	R264 000 – R600 000
High Income	R50 000+	R600 000+

Table 30 illustrates the average rental ranges for each of the rental housing qualification categories as well as the average rental rates for middle- and high-income rental housing.

### 4.3.7 Building Costs

In order to understand the rental rates being charged for student accommodation, it is important to know what the building costs are for affordable housing, as well as student accommodation. This sub-section looks at the building costs associated with residential developments per square meter. The annual Property & Construction Africa Cost Guide released by AECOM (2023) is released to illustrate and guide construction costs and building rates. The table below illustrates the building rates for residential developments.

Table 31: Construction costs and building rates

<b>Residential</b>	<b>Rate per site (excl VAT)</b>
Site services to low-cost housing stand (250–350m <sup>2</sup> )	R58 000 – R93 000
<b>Rate per m<sup>2</sup> (excl VAT)</b>	
RDP Housing	R2 800 – R3 000
Low-cost housing	R3 500 – R6 000
Simple low-rise apartment block	R8 500 – R11 800
Duplex townhouse – economic	R8 500 – R12 100
Prestige apartment block	R16 600 – R24 300
<b>Private dwelling houses</b>	<b>Rate per m<sup>2</sup> (excl VAT)</b>
Economic	R6 500
Standard	R8 100
Middle-class	R9 800
Luxury	R13 600
Exclusive	R21 500
Exceptional ('super luxury')	R30 000 – R65 000
Outbuildings – standard	R6 000
Outbuildings – luxury	R8 600
Carport (Shaded) - single	R5200
Carport (Shaded) - double	R10 500
Carport (covered) - single	R8 200
Carport (covered) - double	R16 000
Swimming pool not exceeding 50kl	R103 000
Swimming pool exceeding 50kl and not exceeding 100kl	R182 000
Tennis court – standard	R607 000
Tennis court - Floodlit	R750 000

Source: (AECOM, 2023)

Together with construction costs and building rates, it is important to have an idea of the additional installation costs that could be present with the construction and investment of residential developments. The table below illustrates the costs of the services that could be present.

Table 32: Building Services Costs

<b>Residential Building Services Costs</b>	<b>Rate per m<sup>2</sup> (excl VAT)</b>
Electrical Installation	R800 – R825
Electronic Installation	R370 – R580
Air-conditioning installation (split units)	R1 100 – R1 750

Source: (AECOM, 2023)

### 4.3.8 Local Property Trend Analysis

This section provides an analysis of the inputs provided by Real Estate Agents in various trade areas on the rental market. This is to catch a grasp of what the rental market dynamics are in these areas.

#### 4.3.8.1 Randburg

The information from the Real Estate agent suggests that Randburg has seen an increase in housing demand from young professionals, couples, and families, even resulting in the conversion of office spaces to residential developments. The rental price range for apartments, from single-room accommodation, and other configurations range from R4,000 to R8,000 per month, with sizes ranging between 40 m<sup>2</sup> and 70 m<sup>2</sup>.

The amenities provided vary depending on the development and can include parking bays, fibre, and maintenance services. Although the area had already seen a high vacancy rate before the onset of COVID-19, the pandemic has led to even greater problems such as delays in tenant payments and even higher vacancies. There are no specific student housing developments in the area, which means students often need to rely on private landlords for affordable and modern accommodation.



#### **4.3.8.2 Benoni**

Fairleads in Benoni is an area with a variety of real estate offerings. According to Remax Randgro, the typical rental prices range from R4,500 to R6,000 per month and the average size of the units is 55 m<sup>2</sup> – 65 m<sup>2</sup>, with 2-bedrooms and 2 bathrooms, a closed garage or two parking bays and prepaid electricity and Wi-Fi. Families with two adults and two children are often found in Fairleads. Due to the Covid-19 pandemic, the market in Fairleads has seen an increase in rental income, as people move from bonded houses to rentals, however, there has also been an increase in defaults, leading to more vacant units. Despite these challenges, rental prices in Fairleads have generally remained the same. Although a slight decrease in rental prices has been observed lately, the overall trend is stable, and Fairleads remains a vibrant and attractive area to live in in Benoni.

#### **4.3.8.3 Kempton Park**

##### **Aston Manor, Birchleigh and Norkem Park**

Kempton Park has a variety of real estate options available. In Aston Manor, rental prices usually range from R2,600 - R3,900 for bachelor rooms and the average size of the units is 30 m<sup>2</sup> – 40 m<sup>2</sup>. In Birchleigh most people require 2-3 bedrooms and most of the time these units have partly finished modern cupboards. In Norkem Park, rental prices are typically in the range of R5,000 – R5,500, with units usually measuring 80 m<sup>2</sup> or more. These larger units typically feature two garages, and one parking bay with shade and carports, and are usually sought out by married couples or families. Prepaid electricity and sometimes water is usually included in the rental price. The Covid-19 pandemic left a dent in the rental incomes for many landlords due to some tenants defaulting on their rental payments as a result of the economic shutdown. The outcome has been some increase in vacancies.

##### **Rhodesfield**

The rental market in Kempton Park, Rhodesfield is quite strong with an average asking price of R8,400 per month. This is slightly above the Gauteng average of R8,300 per month. Demand for rental properties in this area is relatively high due to its proximity to Johannesburg, Pretoria, and other major cities in the Gauteng province. The area is well-equipped with amenities such as shopping centres, schools, parks, and public transport. As far as the property itself is concerned, Kempton Park, Rhodesfield is mainly comprised of stand-alone homes and small apartment complexes. Homes in the area typically range from 1 to 3 bedrooms and are generally priced between R3,500 to R10,000 per month. These prices can vary depending on the location and condition of the property. The monthly rental price range for various property types in Kempton Park, Rhodesfield in Gauteng may vary due to factors such as availability and condition. However, on average tenants tend to ask for:

- Houses: R5,500 - R7,000
- Town homes: R4,500 - R6,000
- Apartments: R3,500 - R5,500
- Duplexes: R4,000 - R6,000

Most potential tenants in Kempton Park, Rhodesfield in Gauteng require rental properties that are near public transportation and amenities, have good security features, are suitable for pets, and are within the appropriate price range. Additionally, tenants tend to prioritize an updated interior, attractive landscaping and exterior, and utilities included in the rent. Common features of rental properties in Kempton Park, Rhodesfield in Gauteng include good security, a finished interior, and nearby public amenities. Additionally, many properties include utilities such as water, electricity, and gas included in the rent, with some properties offering additional features such as air conditioning, private balconies/patios, and spacious living areas.

The rental prices for student housing in Kempton Park, Rhodesfield vary depending on the condition of the accommodation and its proximity to universities and colleges in the area. On

average, a studio apartment can cost around R3,500 - R4,000 per month, while a shared apartment can cost between R2,000 - R3,000 per month. Common features of student housing include Wi-Fi, laundry facilities, security, and kitchen appliances. Utilities such as electricity, water, and gas may also be included in the rental price. Not sure if there are any future planned residential developments.

#### **4.3.8.4 Pretoria North**

##### **Soshanguve**

Based on recent data from property24.com, rental prices for properties in Soshanguve, Gauteng ranges from R2500 to R8000 per month, with the most popular units being two- and three-bedroom apartments. The most demanded rooms and features are a balcony or patio, a secure parking area, and a spacious living area. In terms of the general impact of Covid-19 on rental income and vacancies, there has been an overall decrease in rental prices, with some properties experiencing up to 20% drops in rental income. Vacancies have seen an increase due to the pandemic, though rental demand is still strong in certain areas. Many of the apartments in Soshanguve offer features such as Wi-Fi, parking, security, and water and electricity (which are usually billed). You can also expect to find amenities such as a balcony or patio, a shared garden or courtyard, and other common facilities like a gym, pool, and clubhouse. Most apartments in Soshanguve offer secure parking, with residents typically able to choose between an open-air spot or a security parking area. The security areas are usually monitored by CCTV cameras and offer 24-hour access to the property.

There are several residential developments in the pipeline for Soshanguve. These include a mix of apartment complexes, townhouses, and single-family homes, all of which are expected to be completed within the next few years.

##### **Wolmer**

Rental prices for properties in Wolmer range from R3000 to R7000 per month, with the most popular units being two- and three-bedroom apartments. The most demanded rooms and features are a balcony or patio, a secure parking area, and a spacious living area. In terms of the general impact of Covid-19 on rental income and vacancies, there has been an overall decrease in rental prices, with some properties experiencing up to 15% drops in rental income. Vacancies have seen a slight increase. Amenities that come with properties in Wolmer, Pretoria, Gauteng, include Wi-Fi, secure parking, security, and water and electricity (usually billed). You can also expect to find amenities such as a balcony or patio, a shared garden or courtyard, and other common facilities like a gym, pool, and clubhouse. The type of people that are interested in these properties vary and include students, young professionals, and families. The apartments for rent in Wolmer, Pretoria, Gauteng come in a variety of different configurations. You can find one-, two-, three-, and four-bedroom units, as well as studios and flats.

All units generally have an open-plan kitchen with basic appliances, a bathroom, and a living area. Some units may also have additional features such as a private balcony, garden, or terrace.

The average square meter size of apartments for rent in Wolmer, Pretoria, Gauteng is 55-60 square meters. However, there are some options that may be smaller or larger, depending on the unit type. Most utilities, such as water and electricity, are billed to tenants in Wolmer, Pretoria, Gauteng. However, there may be some options that allow for prepaid utility payments. The impact of Covid-19 has caused rental prices to decrease in Wolmer, Pretoria, Gauteng. This has led to some tenants defaulting on rent payments, which has caused an increase in vacancies. In terms of maintenance, many landlords have had to offer discounts or lesser costs for repairs and general upkeep of their properties due to reduced rental income.

##### **Annlin**

Annlin is a residential area located in north-western Pretoria. The apartments in Annlin are generally in a mid-range price bracket, with monthly rental prices ranging from R3,500 to R8,000, depending on the size and configuration of the apartment. Apartments with two bedrooms and one bathroom tend to be the most in-demand and popular among tenants. People from different age groups and backgrounds seem to prefer these apartments, from singles to young couples and students. Additional features available to tenants include access to amenities such as parks, shops, restaurants, and public transport. Additional costs may include utilities, Internet, and security costs, which can range from R200 to R600 per month, depending on the level of service. The Covid-19 pandemic has had a huge impact on the rental market in Annlin. Many tenants have struggled to pay their rent due to job losses or salary decreases, resulting in an increase in vacant units. This has resulted in fewer rental collections and defaults, well as an increase in maintenance and repairs. Like most other properties, some utilities are billed, and others are prepaid, so depending on the owner of the property, the tenant may be on either billed or prepaid water. Most electricity is prepaid, however, and that is the current general trend.

There are no known planned future residential developments but assuming that there have been efforts to rebuild the economy after the Covid-19 lockdown, there should be some down in the pipeline in the next come years.

#### **4.3.8.5 Johannesburg CBD**

The information obtained from a Real Estate agent working in Johannesburg suggests that Johannesburg CBD has seen an increase in demand for modern, affordable housing options. Rental prices range from R6,800 per month and unit sizes for 2-bedroom apartments range from 38 m<sup>2</sup>. The modern finishes, Wi-Fi, and underground parking are provided at varying costs and are popular among students.

During COVID-19, there has been an increase in rental demand as more people move out of their bonded houses or have rented them out. Anyhow, tenants have been able to pay their bills on time. This demonstrates that despite the financial uncertainties stemming from the pandemic, tenants are still able to manage their housing costs.

#### **Turffontein**

Rental prices for properties in Turffontein, Johannesburg range from R3,000 to R6,800 per month for one-to-two-bedroom apartments. The type of people that are interested in these properties vary and include students, young professionals, and families. The apartments for rent in Turffontein, Johannesburg typically come in one-, two-, three-, or four-bedroom configurations, with studios and flats also available. The average square meter size of these apartments is 55-60 square meters, but some may be larger or smaller depending on the unit type. In terms of amenities, you can expect to find Wi-Fi, secure parking, security, water, and electricity (usually billed), as well as a balcony or patio, a shared garden or courtyard, and other common facilities like a gym, pool, and clubhouse. The impact of Covid-19 has caused a decrease in rental prices in Turffontein, Johannesburg, which has led to some tenants defaulting on rent payments and an increase in vacancies. In terms of maintenance, many landlords have had to offer discounts or lesser costs for repairs and general upkeep of their properties due to reduced rental income. In terms of the general impact of Covid-19 on rental income and vacancies in Turffontein, Johannesburg, there has been an overall decrease in rental prices, with some properties experiencing up to 15% drops in rental income. Vacancies have seen a slight increase due to some tenants defaulting on rent payments. Maintenance costs have also been affected due to decreased rental income, with many landlords having to offer discounts or lesser costs for repairs and general upkeep of their properties.

There are student accommodation options in the Turffontein, Johannesburg area. These typically include flats or apartments with multiple bedrooms and shared living spaces. Rental rates for student accommodation in the Turffontein, Johannesburg area range from R2000 to R6000 per month, depending on the size and amenities of the property. Student accommodation sizes in the Turffontein, Johannesburg area vary depending on the property. The most common configurations are one-bedroom flats or shared apartments with two to four

bedrooms. The average square meter size of these apartments is 55-60 square meters, but some may be smaller or larger depending on the unit type.

#### **4.3.8.6 Bronkhorstspuit**

The monthly rental prices of apartments in the area range from R2,500 to R7,000, depending on the size and configuration of the apartment. One and two-bedroom units are the most in-demand among tenants. The average size of one-bedroom apartments in Bronkhorstspuit is around 48 m<sup>2</sup> while two-bedroom apartments can go up to around 67 m<sup>2</sup>. On the other hand, family-size units can typically range from 75 m<sup>2</sup> to 90 m<sup>2</sup> depending on the rental price. People of different ages, backgrounds, and lifestyles will be interested in these units. Additional features available to tenants in Bronkhorstspuit include access to amenities such as parks, shops, restaurants, and public transport. Additional costs such as utilities, internet, and security may also be included, with an average additional cost of around R300 - R400 per month. Due to the Covid-19 pandemic, rental prices have decreased. Features available in rental properties in Bronkhorstspuit may include air conditioning, parking spaces, access to communal amenities, Wi-Fi, and utilities. Additional features such as balconies, courtyards, and security may also be available at an additional cost.

#### **4.3.8.7 Pretoria CBD**

The monthly rental price ranges for apartments in the Pretoria Central area vary considerably depending on the size and type of the apartment. There is a growing demand for studios and one-one bedroom apartments. Studio apartments can cost anything between R3,500 to R6,500 per month. 1-bedroom apartments can range from R4,500 to R8,000 per month, while 2-bedroom apartments typically cost between R6,500 and R10,500 per month. 3-bedroom apartments can range from R9,500 to R14,000 per month, and 4-bedroom apartments typically cost between R13,000 and R18,000 per month. Rental prices in Pretoria Central are also affected by the type of building and the location within the area. Luxury apartments in high-end buildings tend to cost more than standard apartments in lower-end buildings. The location also affects the cost of rent, with apartments in more exclusive parts of the city being more expensive than those in less desirable areas. The average sizes for these configurations are as follows: studio – 33 m<sup>2</sup>; 1 bedroom – 48 m<sup>2</sup>; 2 bedrooms – 72 m<sup>2</sup>; 3 bedrooms – 97 m<sup>2</sup>; and 4 bedrooms – 127 m<sup>2</sup>.

Features available to tenants of these properties may include a variety of amenities such as air-conditioning, swimming pools, secure parking, laundry facilities, and access to communal gardens. The Covid-19 pandemic has led to a drastic decrease in rental income in the Pretoria CBD area. Many businesses were forced to close, reducing the demand for rentals, and tenants have been unable to pay rent due to job loss or reduced wages. As a result, landlords have been forced to lower their prices to compete for renters, leading to a reduction in rental income. The Covid-19 pandemic has also had an impact on rental collections and defaults in the Pretoria CBD area. Due to job loss or reduced wages, many tenants have been unable to make rental payments, leading to an increase in rental defaults. Landlords have been forced to be flexible with payment plans, such as offering deferred rent, in order to keep tenants in their properties. There might have been some impact on vacancies as well due to the inability of some tenants to pay rent.

### 4.3.9 Student Accommodation Profile

The student accommodation profile explores the current trends in the student accommodation market and studies the drivers within this market.

#### 4.3.9.1 Student Accommodation Market

The demand for student accommodation is directly linked to trends in higher education student enrolments which, in turn, is driven by factors such as population growth, affordability and government funding. To date, the student accommodation market in South Africa has been considered fairly opaque with little consolidated information publicly available. The South African student housing market is considered the most mature when compared to other African markets, followed by Kenya and Nigeria. The student accommodation market is further explored by discussing some of the key indicators of the market.

- **Rental Levels**

Average market rental levels of PBSA in South Africa are largely dependent on NSFAS accommodation allowances at the university being serviced. Other factors include the age of the facilities, the quality of amenities and room finishes, and proximity to campus and the precinct in general. The national average rental rates for different types of student accommodation are shown in the table below.

Table 33: Student Accommodation National Average Rental Rates

Type of accommodation	Average rental rate per person per month
Standard studio apartments	R5 500
shared rooms	R 5 000
Dormitory	R 3500

Source: International Finance Corporation, 2021

- **Occupancy Rates**

Due to the relative scarcity of PBSA in South Africa, it is rare for a strategically located PBSA building to have an occupancy rate of lower than 95% (over the lease term which ranges between 10 and 12 months). Strategically located, newly constructed or newly refurbished, and accredited buildings (qualifying for NSFAS accommodation allowance payments) can see occupancy levels as high as 98%. The highest occupancy rates are in new PBSA developments located close to campus or in nodes close to universities or campuses with strong or high contact enrolment levels.

- **Escalation rates**

Rental escalation rates have historically ranged on average between 7% and 10% per annum. This was set to change over the short to medium term as the negative impact of the COVID-19-related lockdowns started to take effect on the South African economy. Evidencing this were the remarks of representatives from WITS University who have indicated that they will incur escalations of 5.4% for the 2020/2021 term as prescribed to them by the DHET. A press release by the Minister for Higher Education, Science and Innovation (DHET, 2020) stated that university-owned accommodation could escalate rentals for the 2021 academic year at inflation-related rates. This is lower than pre-COVID-19 escalation rates.

- **Development Costs**

Development costs per bed for PBSA depend, in large part, on the size of the development. Typically, the larger and more densified the development, the lower the cost per bed. The Table below indicates the actual cost of a completed project in 2016 from MidCity (2020) and the aggregated estimated average cost of three new facilities in Gauteng and KwaZulu-Natal in 2019.

Table 34: Construction Costs for Completed Projects and Average Cost Estimates of Facilities

Description of Cost	Festival Edge Development (R)	Description of Cost	Green Field Average Cost (R)
<b>Improvement Costs</b>	83 671 780	<b>Building Cost – Basement</b>	2 471 193
<b>Escalation (CPAP)</b>	2 768 000	<b>Building Cost – Retail</b>	2 837 574
<b>VAT</b>	12 102 000	<b>Building Cost – Units</b>	141 348 133
<b>Professional Fees</b>	12 718 284	<b>Service Installations</b>	39 810 233
<b>Direct Costs</b>	4 597 800	<b>Tenant Fit-Out Allowance</b>	31 615 665
<b>Land</b>	17 545 000	<b>External Works</b>	28 164 406
<b>Finance Charges</b>	8 860 000	<b>Preliminaries</b>	27 256 724
<b>Total Capital Cost</b>	142 262 864	<b>Escalation Allowance</b>	13 624 187
<b>Number of Beds</b>	433	<b>Professional Fees</b>	40 616 400
		<b>Contingencies</b>	9 539 818
		<b>Total Cost</b>	334 691 015
		<b>Number of Beds</b>	1 861
<b>Capital Cost / Bed</b>	328 551	<b>Cost / Bed</b>	179 844

Source: International Finance Corporation, 2021

As seen in these examples, construction costs range from around R180 000 to R330 000 per bed. It should be noted that the example of the completed project includes the land cost. If this is stripped out the average cost per bed drops to about R 288 000. Based on DHET calculations, the average development cost per bed is estimated at around R225 000. Although a large portion of current and existing developments fall within a R250 000 to R350 000 per bed range, there are projects which have been developed at a cost as high as R630 000 per bed in Cape Town and R400 000 per bed in Durban, showing that the location of the asset is also an important cost factor. However, size is considered the most critical factor influencing the cost of development. As a rule, the larger a building or development, the lower the cost per bed.

- **Operating Costs**

Operating costs for PBSA typically include the day-to-day running of the building and include cleaning, security, Wi-Fi, rates and taxes, insurance, repairs and maintenance, and electricity that is not recovered.

As a percentage of gross revenue, operating costs can vary significantly from building to building. A number of factors contribute to this, not the least of which is the size of the building. Larger buildings or complexes benefit from economies of scale and typically have lower fixed costs relative to the income they generate. Operating cost ratios in the low 20% range have been observed in large compounds under head leases and as high as 50% and above in older, smaller direct-let buildings that have been converted from offices.

Based on benchmarks derived from the United Kingdom market, operators typically aim to keep operating costs at less than 30% of gross revenue, provided the building in question has the necessary scale (typically over 350 beds).

An important component of the operating cost of a building is the applicable management fee which can vary quite drastically from building to building. Management fees can be as high as 8% plus value-added tax (VAT) of gross income, to as low as 4.5% plus VAT of gross income (while including revenue collection, cleaning and maintenance fees). Management fees in PBSA are generally higher than in other property sectors because it is often more management intensive. Property management fee arrangements must be reviewed and negotiated on a building-by-building basis, as there are various nuances and differences in terminology and the reporting of this expense line item.

#### 4.3.9.2 Institutional Intake

The following section presents the enrolment of full-time students in universities and TVET colleges according to their respective trade areas from the year 2015 to 2020.

Table 35: Student enrolment by trade area

Johannesburg (CBD)						
Year	2015	2016	2017	2018	2019	2020
Total	82 513	100 986	87 191	90 246	85 513	78 450
Vaal						
Year	2015	2016	2017	2018	2019	2020
Total	25 607	26 472	27 441	29 624	29 796	26 057
Pretoria CBD; Pretoria North						
Year	2015	2016	2017	2018	2019	2020
Total	99 354	106 201	108 413	112 581	113 663	106 215
Benoni; Greater Kempton Park						
Year	2015	2016	2017	2018	2019	2020
Total	21 976	29 858	17 855	22 261	19 650	17 764

Source: Quantec, 2022

The most recent figures for the year 2020 as shown in the table above indicate that Pretoria CBD, Pretoria North, and Johannesburg CBD experienced the highest number of student enrolments despite a slight decrease caused by the Covid-19 pandemic which halted economic activities throughout the country. For Johannesburg CBD, a negative growth of -8% was experienced between 2019 and 2020 while for Pretoria CBD and Pretoria North, the figures reduced by -7% for the same period. The Vaal, Benoni and Greater Kempton Park have the lowest student enrolment figures compared to Johannesburg CBD and Pretoria CBD and Pretoria North. A notable point which explains this is the number and size of institutions in Johannesburg CBD and Pretoria CBD/North. They have more universities that have a higher intake of students while Benoni – Greater Kempton Park and the Vaal mainly have colleges. Benoni – Greater Kempton Park and the Vaal have also been affected by the Covid-19 pandemic which is evident in the reduction in enrolments from 2019 to 2020 by a percentage of -10% and -7% respectively. The following section observes the supply of student accommodation in the respective trade areas by the institution.

#### 4.3.9.3 Supply of On-Campus Student Accommodation

This section provides information on the supply of on-campus student accommodation across the various trade areas and institutions that have been identified. It presents this information according to the amenities/services that the student accommodation offers, and also by the number of beds.

- **University of the Witwatersrand** – There are several student accommodations offered in this institution, namely:
  - Braamfontein, East Campus, Highfield, Parktown, West Campus and Wits Junction.

Below is a profile of the student accommodations stated above:

Table 36: University of the Witwatersrand On-Campus Student Accommodation

Cluster	Name of Residences	No of students accommodated	Address	Amenities/ Services
Braamfontein	Braamfontein Centre Residence	258	23 Jorrisen Street, Braamfontein	Two TV lounges, computer lab, laundry facilities, game and study room, sports facility, Wi-Fi, bus services
	Noswal Hall	399	1 Stiemens Street, Braamfontein	Fully furnished kitchen, shower and toilet in each apartment, game room, two TV lounges with DSTV, laundry facilities, vending machine, study room, computer lab, Wi-Fi, sports facilities, bus services
	Rennie House	323	18 Hoofd, Braamfontein	Toilet and bathroom facilities in each apartment, four TV lounges with DSTV access, computer lab, laundry facilities, recreation room, Wi-Fi, 24-hour surveillance, university transport services
East Campus Cluster	International House	88	1 Jan Smuts Avenue, Braamfontein	Two TV lounges, one with DSTV, laundry room, study room with computers, tearoom, Wi-Fi, sports facilities, bus service
	Jubilee Hall	350	1 Jan Smuts Avenue, Braamfontein	On-site dining hall, two TV rooms, two computer labs, laundry room, large coffee lounge, a discussion room and study group area, Wi-Fi, sports facilities and bus service
	Men's Halls of Residence	416	1 Jan Smuts Avenue, Braamfontein	Common room, two TV lounges, with DSTV, games room, tuck shop, laundry room, computer lab, study room, Wi-Fi, sports facilities, bus services
	Sunnyside Residence	270	1 Jan Smuts Avenue, Braamfontein	Two TV lounges, laundry room, tuck shop, study hall, discussion room and computer lab, Wi-Fi, sports facilities, bus service
West Campus Cluster	Bernato Hall	370	65 Empire Road,	TV rooms, laundry facilities, tuck shop, computer centre, group



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			Parktown, Johannesburg	study and tutorial rooms, pool table, Wits bus service
	David Webster Hall	217	65 Empire Road, Parktown, Johannesburg	Large country yards for entertainment, TV rooms, large main lounge, reading room, committee room, computer centre, tuck shop, table tennis room, laundry facilities, squash courts, tennis courts, gymnasium and soccer field close to the residence, bus service
	West Campus Village	189	65 Empire Road, Parktown, Johannesburg	Communal laundry facilities, TV lounge and computer mini lab, ground floor access for persons with disabilities, sports facilities such as soccer fields, squash courts and multi-use gym within walking distance, bus services
	Yale Village	330	65 Empire Road, Parktown, Johannesburg	Three TV lounges, laundry facilities, recreation room, mini soccer field and an outdoor for netball and basketball, Wi-Fi in all common areas
Parktown Cluster	Ernest Oppenheimer Hall of Residence	392	2 St Davids Place, Parktown	Two TV rooms, tuck shop, lounge area, vending machine, games/assembly lounge, study rooms, computer centre with Wi-Fi connectivity, a gym, tennis court, large swimming pool, laundry facilities, kitchens in self- catering section, squash court, training field in close proximity to residence, bus services
	Knockando Halls of Residence	436	2 St Davids Place, Parktown	Computer centre, syndicates/seminar lounge, drawing lab, squash court, swimming pool, a games room, a gym, two TV lounges, tuck shops, a pub, an outdoor entertainment area and laundry facilities, bus service

Highfield Cluster	Girton, Medhurst and Reith Halls of Residences	301	27 St Andrews Road, Parktown	Study spaces, laundry facilities, basic gym equipment, chill room area, vending machine and kitchenettes in alternative floors, two TV rooms (one with DSTV and another with Open View channels), central heating in all rooms, sports facilities, large computer lab located nearby, medical facilities nearby, Wi-Fi available, bus services
Wits Junction	The Wits Junction	1 200	21 Junction Avenue	Full security, bus services, parking, sports facilities, study rooms, computer rooms, TV lounge room, gymnasium, games room, laundry facilities, coffee shop and retail convenience

Using the table above and the information provided by the Student Housing Landscape in South Africa report (2021), it can be estimated that the University of the Witwatersrand has approximately 5000 - 6 337 beds.

- **University of Johannesburg**

Table 37: The University of Johannesburg On-Campus Student Accommodation

CAMPUS	RESIDENCE NAME	CAPACITY	AMENITIES/SERVICES
APK Auckland Park Kingsway Campus Corner of Kingsway and University Roads Auckland Park Johannesburg	Magnolia residence		Community hall, TV room, computer room, study room, Wi-Fi access in all rooms, washing lines, kitchen, and laundry facility
	Moshate Heights residence	247 ladies	Bed, desk, chair, clothing cupboard, book racks and basin in the room
	Lebone residences	144 junior residents	Study centre, TV room, laundry room, wireless connection, fully equipped kitchen
	Karibu-Jamii residence	300 ladies	Visitors lounge, Wi-Fi, laundry room, braai area, spiritual care room, in-house storage, fully furnished kitchen, free parking, house hall, 24-hour security, garden, tuck shop, vending machine, Telkom pay phones.
	Afslaan residences	Capacity for 6 students per complex, one in each room.	TV room, Wi-Fi access, UJ gym nearby, laundry facilities, study area, fully furnished kitchen

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	Maqhawe residence	20 male students.	Laundry room, wireless connection, kitchen on each floor, braai facilities
	Cornerstone residence	-	TV room, internet connection, study area, laundry room, 24-hour security, community hall
	Oppierif residence	-	No information
	Thomas Sankara residence	35 students	-
	Gloucester residence	-	-
	Faranani residences	-	-
Bunting Road Campus	Goudstad residence	- -	-
	Kilimanjaro residence	310 junior male students	24-hour security
	Horizon residence	330 ladies	Two TV rooms, free laundry services, DSTV, communal kitchen, vending machine, wireless connection, 24-hour security
	Mayine residence	-	Entertainment room with pool table and vending machine, study centre, TV rooms with DSTV, laundry rooms, fully fitted kitchen, garden and braai area
	Ndlovukazi residence	-	
Doornfontein Campus	Gauta residence	231	Laundry room, TV rooms, cooking area, bathrooms, study centre
	Lesedi residence	105	Pool table, table tennis, study centre, TV rooms with DSTV, laundry rooms, fully furnished kitchen, showers and bathtubs, lawn area
	Habitat residence	-	Laundry services, cover car parking, free toiletries, TV room, security with electronic gate, 24 hours wall mounted heaters
	Phumlani residence	-	
	Robin Crest residence	280	Pool table and soccer tables, study centre, TV rooms with DSTV, laundry rooms, wireless connection, furnished kitchen, gardens
	Kopano House residence	244	
	Akanani residence	180	Two TV rooms with DSTV, table tennis, pool table, soccer and rugby club, laundry room, fully furnished kitchens, braai area, shower rooms

	Takalani residence	28	Table tennis, study centre, TV rooms with DSTV, laundry rooms, fully furnished kitchen
Soweto Campus, Chris Hani Road Power Park Pimville Soweto	Ulwazi residence	100 Ladies	24-hour study centre, wireless connection, kitchens fitted with stoves, free laundry services, TV areas with DSTV
	Hector Pieterse residence	314	-
	YMCA Men's residence	-	-
	YMCA Ladies residence	-	-

The table above provides a profile of student accommodations on each of the campuses for the University of Johannesburg. Due to lack of information, some information for facilities and capacity is missing. However, a study on the Student Housing Landscape in South Africa (2021) indicates that the University has an existing stock of 26 679 beds that are available and seeks to add an additional 2 048 beds in the future.

- **University of Pretoria**

Table 38: University of Pretoria On-Campus Student Accommodation

CAMPUS	RESIDENCE NAME	CAPACITY	AMENITIES/SERVICES	FEES
Hatfield & Hillcrest Campus	Asterhof	136 beds	-	R64,200.00
	Azalea	217 single beds / 9 double rooms (18 beds)	-	R65,300.00
	Erica	273 single beds / 26 double rooms (52 beds)	-	R52,600.00
	House Khutso	195 single beds / 50 double rooms (100 beds).		R64,000.00
	House Mags	252 single beds / 18 double rooms (36 beds)		R52,600.00
	House Nala	162 single beds / 54 double rooms (108 beds)		R64,000.00
	Madelif	258 single beds / 26 double rooms (52 beds)		R52,600.00
	Nerina	226 single beds / 34 double rooms (68 beds)		R52,600.00
	College	101 single beds / 37 double rooms (74 beds)		R64,000.00
	House TAU	187 single beds / 54 double rooms (108 beds)		R61,200.00
	Mopane	207 single beds / 16 double rooms (32 beds)		R65,300.00
	Morula Legae	208 single beds / 16 double rooms (32 beds)		R65,300.00
	The Tower	196 single beds / 21 double rooms (42 beds)		R64,000.00
	Tuks Ekhaya	118 single beds / 27 double rooms (54 beds)		R61,200.00

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	Tuks Village	640 single rooms / 10 blocks / 8 rooms per unit	Communal kitchen	R58,700.00
	Jakaranda	143 single rooms	Playroom, lounge, kitchen, laundry room	R75,800.00
	Protea Mbalenhle	65 single rooms / 11 double rooms (22 beds)	Playroom, lounge, kitchen, laundry room	R68,550.00
	Tuksdorp	264 single rooms		R55,900.00
Groenkloof Campus	Hayani	108 single rooms / 109 double rooms (218 beds)		R52,600.00
	Ikageng	108 single rooms / 109 double rooms (218 beds)		R52,600.00
	Zinnia	108 single rooms / 109 double rooms (218 beds)		R52,600.00
	Tirisano	108 single rooms / 109 double rooms (218 beds).		R52,600.00
Prinshof Campus	Curelitzia	353 single rooms / 5 double rooms (10 beds)		R52,600.00
	House Ukuthula	192 single rooms		R55,900.00
	Tuks Bophelong	296 single rooms	DSTV, Internet, Cafeteria	R58,700.00
	Hippokrates	159 single rooms		R66,500.00
	Hippokrates	1 Bedroom flats		R84,000.00
	OP Village	646 single beds		R52,600.00 - R64,000.00

- **Tshwane University Technology**

Table 39: The Tshwane University of Technology On-Campus Student Accommodation

CAMPUS	RESIDENCE NAME	CAPACITY	AMENITIES/SERVICES	FEES
Arcadia	Legae (Mixed residence)			R27 230 – single, R26 880 - double
	Kollegehof (Mixed residence)			R25 980 – single, R25 540 - double
Arts	Heidehof (Female residence)			R25 220 - single
	Tempo (Mixed residence)			R26 270 – single
Ga-Rankuwa	Gaetsho (Female residence)			R19 190 - shared
	Skierlik (Female residence)			R19 820 - double
	Legae (Male residence)			R19 190 - shared
	East (Mixed residence)			
	New residence (Mixed residence)			
	Ekhaya junction (Mixed residence)			
Pretoria-West	Astra (Female residence)	203		R25 980 – single, R25 540 - double

	Denise (Female residence)	227		R25 980 – single, R25 540 - double
	Minjonet (Female residences)	293		R25 980 – single, R25 540 - double
	Polonaise			R25 980 – single, R25 540 - double
	Magalies (Male residence)			R27 570 – single, R27 230 – double
	Monitor (Male residence)		Swimming pool, braai area, kitchen	R27 570 – single, R27 230 – double
	Lezard (Mixed residence)			R27 570 -single, R27 230 double
	Orion (Mixed residence)			R27 570 - single

- **Tshwane University of Technology (Soshanguve)**

Table 40: The Tshwane University of Technology Soshanguve On-Campus Student Accommodation

CAMPUS	RESIDENCE NAME	FEES
North Campus	TCE 1	R20 040 – single, R19 240 – double, R17 870 – 3 Bay, R23 080 - house
	TCE 2	R20 404 – single, R19 240 – double, R17 870 – 3 Bay, R 16 740 – 4 Bay
	CCT/Towers	R20 040 – single, R19 240 - double
	Telkom	R18 560 – double, R23 080 – house 1, R22 040 – house 2
South Campus	Sosh 1	R20 040 – single, R19 240 - double
	Sosh 2	R19 240 - double
	Sosh 3	R19 240 - double
	Sosh 4	R19 240 - double
	Sosh 5	R20 040 – single, R19 240 - double
	Student Town	R20 910 - single

- **Vaal University of Technology**

The Vaal University of Technology has approximately 3 078 beds available for student accommodation. The following are the residences that are accessible (Gallow, 2022):

Table 41: VUT Men's Student Accommodation and Fees

Men's residences	Semester	Year
Singobile & Lethabong	R7 886	R15 772
Uhuru, Ubuntu, Dikgalala	R7 758	R15 516
Dinaleding & Khayaletu	R7 886	R15 772
Inkwenkwzi	R7 758	R15 516
Meropa	R6 837	R13 674

Table 42: VUT Ladies' student accommodation and fees

Ladies' residence	Semester	Year
Boiketlong	R7 758	R15 516
Tsalanang & Leseding	R7 886	R15 772
Dinaleding & Khayaletu	R7 886	R15 772
Khomanani, Kutwanong & Meloding	R6 837	R13 674

Table 43: Other student residences in VUT

Other residences	Semester	Year
Prellex, CathCart, Greenways, Riverbed	R 8 742	R17 484
Amberfield	R8 999	R17 998

Park Village	R9 170	R18 340
Pasteur Court	R9 350	R18 700
Pioneer House	R9 350	R18 700
Mumford Court	R9 350	R18 700
Granada	R8 780	R17 560
Student Place	R9 720	R19 440

- Northwest University Vanderbijlpark Campus Student Accommodation

Table 44: Northwest University Vanderbijlpark On-Campus Student Accommodation

Name	Number of beds	Amenities/facilities/support
Acacia		Academic support, cultural activities, student life
Bohlale Village and Bohlale phase 2	660	Limited single rooms for postgraduate students only. Three double rooms fully furnished per unit. Bathrooms: two communal bathrooms. Kitchen, TV rooms, Wi-fi, Kiosk, Bus transport between university and residence
Ebukhosini	240	Fully furnished units, bathrooms, kitchen, communal laundry, tv room, wi-fi, bus transport
Faranani	654	Wi-fi, TV rooms, computer rooms, gym, communal laundry, kitchen, bathrooms, single and sharing rooms
Horizon	84	Multi-purpose housing: two single rooms fully furnished, bathrooms, kitchen, communal laundry, wi-fi, communal hall and tv room
Jasmyn		Single rooms (fully furnished), bathrooms, kitchen, communal laundry, wi-fi, tv room
Kemba	108	Wi-fi, tv room, communal laundry, kitchen, bathrooms
Longfellow Village	336	Wi-fi, tv room, communal laundry, bus transport, three double bedrooms, toilets
Moai Village	288	Wi-fi, bus transport, communal laundry, tv room, three double rooms, communal bathrooms
Thank		Wi-fi, communal tv hall, communal laundry, kitchen, bathroom, multi-purpose housing
Vergelegen		Wi-fi, communal laundry, kitchen, bathroom
Buhle		Kitchen, laundry facilities, braai area, beautiful gardens, wi-fi, study hall, secure parking, biometric access, university transport, swimming pool, DStv, sports grounds, outside entertainment, emergency water and power, 24/7 personnel on site.

Although there are no figures for the number of beds/capacity for some student residences in the North-West University campus located in Vanderbijlpark, the Market Assessment report on Student Housing Landscape in South Africa (2021) indicates that the campus has approximately 2 566 beds in its premises, which is about 196 beds over the number of beds accounted for in the table above.

#### 4.3.9.4 Supply of Private Student Accommodation

This section provides an overview of private student accommodation within a 10km radius of each of the institutions introduced in the previous sections above. The table below provides a summary of the number of private student accommodation facilities within the area, as well as provide the number of students that can be accommodated within each private facility. A more detailed list of each private residence is located in the annexure documents.

Table 45: NSFAS Accredited Private Student Accommodation

TERTIARY EDUCATION INSTITUTION	NUMBER OF NSFAS ACCREDITED ACCOMMODATION	CAPACITY
Sefako Makgatho Health Sciences University	No NSFAS-accredited accommodation was noted	
TUT Ga-Rankuwa	5	2 641
TUT Arcadia	5	1160
TUT Pretoria West	3	1425 units

TERTIARY EDUCATION INSTITUTION	NUMBER OF NSFAS ACCREDITED ACCOMMODATION	CAPACITY
TUT Arts	29	7 424 students
University of Pretoria	59	4 935* students
Tshwane North FET College		
Tshwane South FET College		
University of Johannesburg	631	35 340 students
University of the Witwatersrand (Wits University)	55	15 970 students
Central JHB TVET College		
South-West FET College		
Ekurhuleni East FET College		
Ekurhuleni West College		
Sedibeng FET College		
Vaal University of Technology	21	6 175 students
North-West University Vaal	141	3 513 students

\*It is important to note when reading the figures on the capacity for the NSFAS accredited accommodation that the figures above are subject to the availability of information. In some instances, information on the capacity was not available. It is also important to not the overlap in areas surrounding the trade areas, thus it was attempted to avoid duplications in capturing the student accommodation currently visible in the trade areas.

Additional information from the International Finance Corporation (IFC) is also presented to support and supplement identified on-campus and private student accommodation supply in the previous subsections. The table below provides the supply data from the IFC according to the tertiary institutions applicable to the study.

Table 46: Existing Stock and Future Supply of PBSA at Major Education Nodes

	Institution/Campus	Type of Institution	Existing Stock (beds)		Future Supply (beds)	
			Public	Private	Public	Private
<b>Pretoria Node (Pretoria North, Pretoria CBD)</b>						
1	Tshwane University of Technology (Arts Campus, Pretoria West Main Campus)	Public	3 170		3 500 (SHIP)	1 452 (PA)
2	The Tshwane University of Technology (Soshanguve Campus)	Public	2 719	NA		
3	University of Pretoria (Groenkloof Campus, Hatfield Campus, Hillcrest Campus (HPC), Prinshof Campus)	Public	5 580	22 234		2 078 (PA)
4	University of Pretoria Mamelodi Campus	Public	724	NA		
5	Sefako Makgatho Health Sciences University	Public	1 572	NA		
6	Tshwane University of Technology - Garankuwa	Public	1 631	2 000 (SHIP)		
<b>Johannesburg CBD Node (Johannesburg CBD)</b>						



1	<b>University of Johannesburg (Auckland Park Bunting Road, Doornfontein Campus, Auckland Park Kingsway)</b>	Public	5 279	26 679	2 048 (SHIP)	2 481 (PA)
2	<b>WITS (Parktown Campus, Main Campus)</b>	Public	6 337			
<b>Vanderbijlpark Node (Vaal)</b>						
1	<b>Vaal University of Technology</b>	Public	3 078	3 486		
2	<b>North-West University</b>	Public	2 566			

Source: International Finance Corporation, 2021

#### 4.4 Johannesburg Inner City Rental Housing Survey by TUHF

A study conducted by the Trust for Urban Housing Finance (TUHF) on affordable rental housing in Johannesburg Inner City is discussed in the subsection. TUHF is a commercial property finance company that provides access to funding for entrepreneurs who operate affordable residential developments in buildings in the inner cities of South Africa. The study conducted in 2021 provides essential information that will contribute to the GPF's understanding of the Johannesburg inner city's affordable housing market, contributing to informed decision-making and strategy formulation.

##### 4.4.1 About the Study

The study was conducted by way of a survey in 10 inner-city neighbourhoods. The surveys entailed interviews with tenants, landlords and commuters. The tenants participated through face-to-face interviews, where 834 lived in TUHF-funded buildings and 373 lived in other buildings. The online and telephone interviews were conducted with 43 landlords and 400 commuters were surveyed at the Bree and Noord taxi ranks. A literature review of demand-side factors informed survey questionnaires.

##### 4.4.2 Study Findings

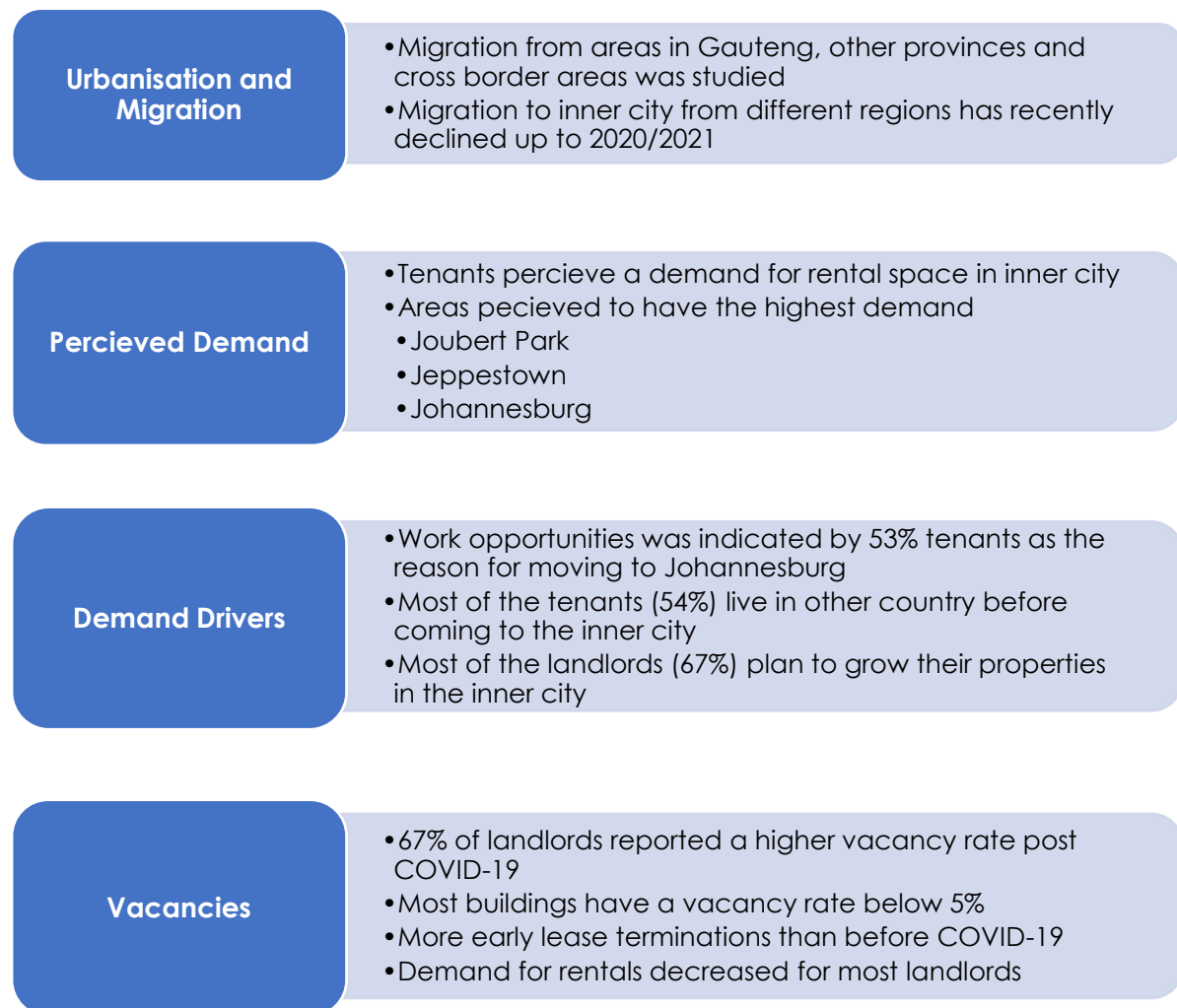
The findings of the information gathered from surveys are summarised according to different topics, namely:

- Demand Trends
- Impact of COVID-19
- Household Features
- Tenant Insights
- Commuters

##### 4.4.2.1 Demand Factors and Trends

The findings related to demand factors and trends suggest that there is a demand for rental affordable housing in the Johannesburg inner city; even though it appears to have decreased. The perceived limited demand is sustained by several factors including work opportunities, the attraction of cross-border migrants and future development expected from landlords. Furthermore, findings on vacancies in affordable rental housing demonstrate a decrease in demand. This indicates a contradiction between the demand perceptions of good demand against the decreased demand based on activity in housing developments. A summary of the demand factors and trends findings from the study is presented in the figure below.

Figure 17: Demand Factors and Trends Findings

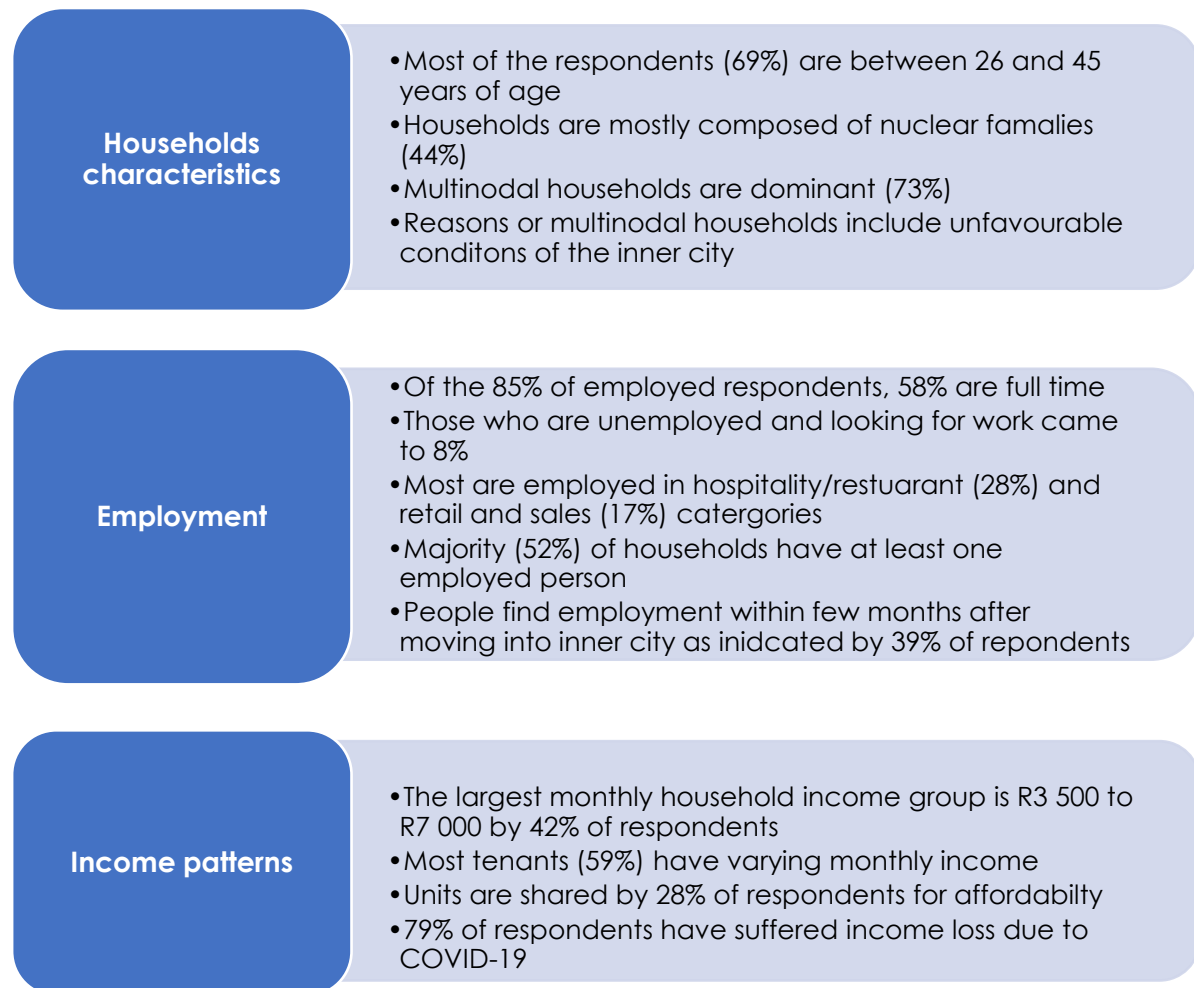


Source: TUHF, 2021

#### 4.4.2.2 Household Features

The household features of the Johannesburg inner city were highlighted by the findings of the study. The households residing in affordable rental housing within the city demonstrated a dominance of multi-nodal households as a result of the conditions of the inner city and limited income in households. A majority of the respondents were between the ages of 26 and 45, a positive indication of the labour force and opportunities for household income. This is further supported by the participating households having at least one person who is employed. In terms of income levels, the respondents mostly fall within the low and middle-income groups, which is a positive indication of affordable housing affordability. On the other hand, COVID-19 had a significant impact on many households through loss of income, which affects affordability in the area.

Figure 18: Household Features Findings

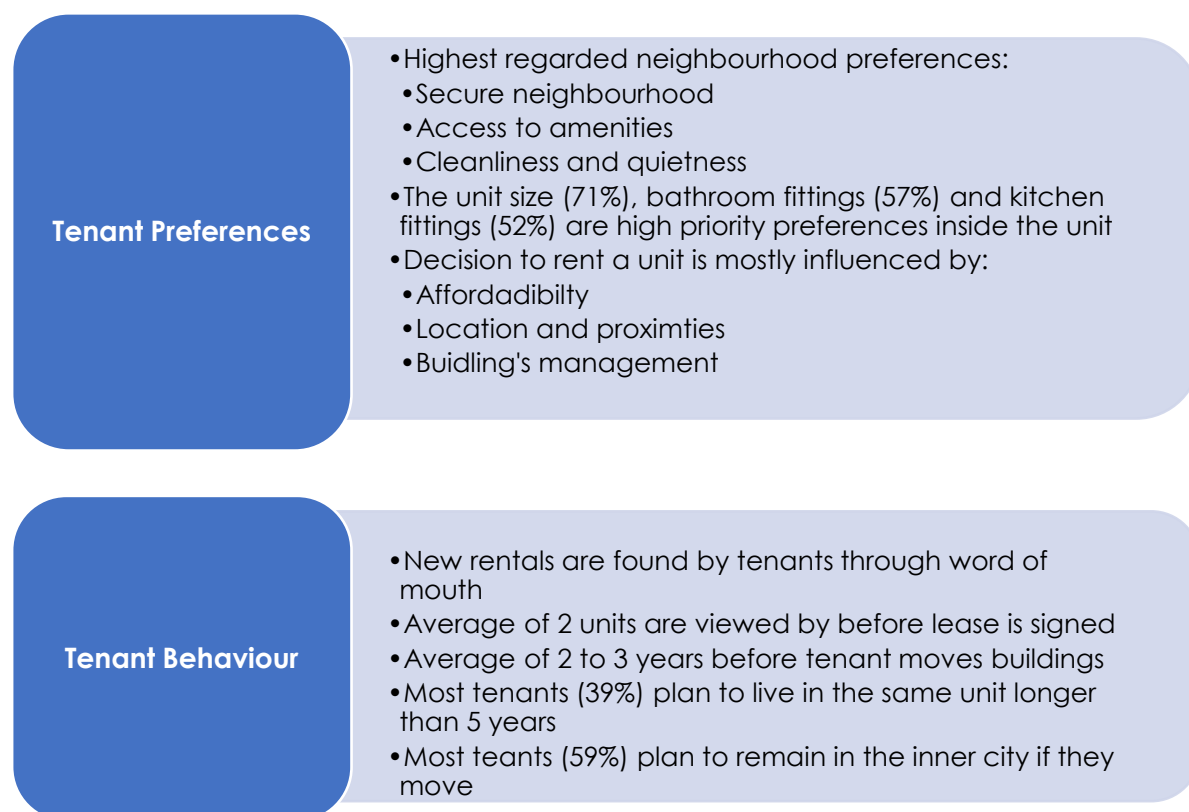


Source: TUHF, 2021

#### 4.4.2.3 Tenant Insights

Insights on the tenants' preferences and behaviour were captured as part of the study, which contribute to understanding their needs and influences when it comes to affordable rental housing. From the study findings, insights can be deduced from tenants' preferences when it comes to neighbourhood characteristics, unit features and decision-making, which is important in understanding their needs and influences. Considering the findings on behaviour, the tenants in the inner city appear to have a stable pattern of residing in the inner city. On the other hand, there is more activity among the buildings within the area with an average of two to three years that a tenant may reside in a building before moving to another. This indicates that while the inner city continues to offer reasons for accommodation, the individual buildings may not always meet tenant needs.

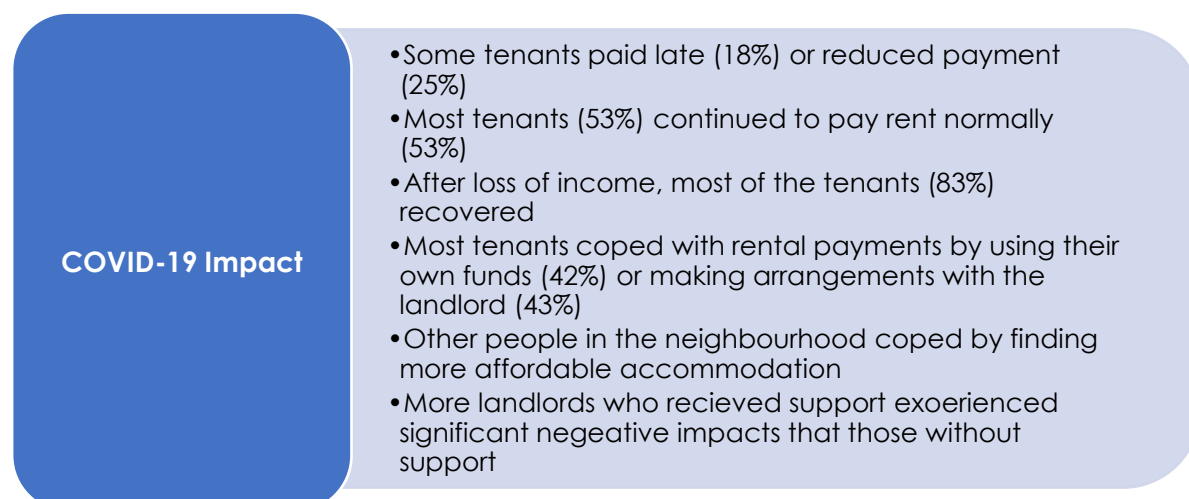
Figure 19: Tenant Insights Findings



#### 4.4.2.4 Impact of COVID-19

The study explored the impact of COVID-19 on affordable rental housing in Johannesburg's inner city. The findings revealed that the pandemic impacted the tenants' ability to pay rent as a result of loss of income. Despite the loss in income, most tenants were able to pay their rent normally, with others paying late and some making reduced payments. In addition, the inner-city tenants appear to have resilience when it comes to rental payments, due to income recovery being achieved by the majority of respondents and many finding various ways to cope with the impacts of COVID-19 on their finances. From the supply side, landlords have also been impacted by the pandemic, with those who received relief support being impacted more than those who did not have support. COVID-19 also impacted on the occupancy of affordable housing buildings in the inner city, decreasing the demand for housing and the rental income for landlords.

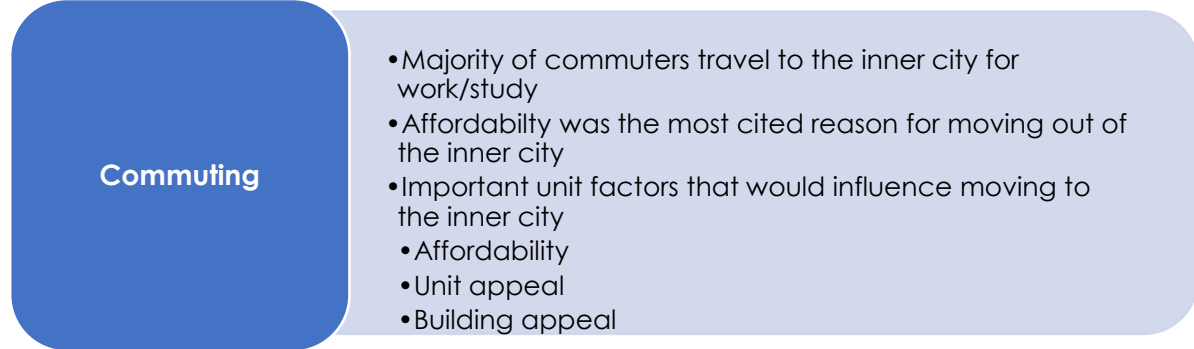
Figure 20: Findings on the Impact of COVID-19



#### 4.4.2.5 Commuters

The study findings from commuters can contribute to understanding the influences behind the movement of commuters and the decision whether or not to reside in the Johannesburg inner city. The findings indicate that the Johannesburg inner-city remains a crucial hub for work opportunities as many travels to the inner city for work opportunities. The commuters' responses also demonstrated that housing affordability is an essential influential factor for movement in and out of the inner-city for residential purposes.

Figure 21: Commuter Findings



## 5 INDUSTRY INTERVIEWS

To augment and support the information gathered in the preceding steps of the research, a mixed-method approach was applied to obtain both qualitative and quantitative data from key industry experts and stakeholders. The data were collected mainly in the form of interviews, to both confirm and further inform the secondary research to provide a more holistic view of the property markets and the prevailing trends. The perspectives of the industry experts and stakeholder interviews are discussed in this section.

### 5.1 Interviews Approach

Interviews were conducted as the data collection method to gain the input of industry experts and stakeholders. To this extent, the experts and the stakeholders were considered as the interview respondents. A two-pronged approach was entailed in undertaking the interviews: face-to-face and telephonic/e-meeting interviews. A set of questions was prepared to guide the interviews, which were led by one of the Urban-Econ team members. The questions were aimed at gaining inputs about the impact of COVID-19 and the market dynamics of the rental housing market in Gauteng according to the respondents' experience and perspective. A total of 16 respondents participated in the interviews, representing a range of different types of organisations participating in the rental housing space in Gauteng. The groups of stakeholders that were interviewed based on approval from GPF are indicated in Figure 22.

Figure 22: Types of Approved Stakeholder Organisations



### 5.2 Main Topics

Key topics were formulated to structure the interview in order to obtain information and insight into the impact of COVID-19 and market dynamics in the rental housing sector in Gauteng. The following topics were covered in the interviews:

- Confirmation of market drivers and trends, prevailing and future
- Perspectives on the market performance of various property sectors, both pre- and post-COVID-19
- Perspectives on locational and area-specific market dynamics
- Data collection in terms of property sectors and their respective market performance, both pre- and post-COVID-19
- Perspectives on the impact of COVID-19 and the related national lockdowns on the respective property sectors
- Views on future development patterns and market changes due to the Covid-19 pandemic
- Potential risks and mitigation measure applicable to property development and the respective property markets in the post Covid-19 era

## 5.3 Interview Findings

The interview findings assisted in providing insight from rental housing experts and stakeholders in relation to the market and the impact of COVID-19. The responses received from the interviews are discussed according to the guiding questions. Depending on the nature of the statements provided by the respondents and similar responses, the findings are discussed as the key points that were provided, where one point may represent various responses that relay similar points.

### 5.3.1 Prevailing and Future Market Drivers and Trends

The respondents were asked to discuss their opinions on what they view as the prevailing and future drivers and trends in the affordable housing market. The opinions provided by the respondents are discussed, where drivers and trends that are currently observed are separated from future expectations.

#### 5.3.1.1 Current Drivers and Trends

The following were identified by the respondents as current drivers and trends in the affordable rental housing sector:

- **Weak market:** the most expressed description of the market among the respondents was that the affordable housing market was weak with the following reasons and observations put forward:
  - Rental escalation remained low
  - A general decline over the years has been observed in the rental income received by landlords and in the number of tenants that were in good standing.
  - The rental income had become limited as fewer tenants were able to afford rentals and vacancies were significant
- **Market demand:** demand is still recognised in the affordable rental housing market, and significantly high demand is observed in student accommodation.
- **Competition:** high competition levels were indicated as a trend in the affordable rental housing market, especially from private developers.
- **Consumers:** there are more efforts to understand the consumer and have better knowledge of their needs to address them in the product provided as part of affordable rental housing.
- **Technology:** an application of technology is observed to have increased affordable rental housing. The application of technology is observed as follows:
  - Products provided include recent technologies such as Wi-Fi,
  - The management of development entails the use of software and systems to interact with tenants and manage developments.
  - The use of alternative building technologies (ABT) in affordable rental housing in terms of experience, reusable energy and services.
- **High utility costs:** the cost and charges for electricity, water and other services have significantly increased over recently, increasing the operational costs for developers and expenses for tenants.
- **Political instability influence:** changes in the governing parties in the municipality brings changes and instability in housing programmes at the municipal level as different political parties have different priorities and mandates.
- **Municipal support for affordable rental housing:** municipalities are perceived to play a huge role in the growth and provision of affordable and social housing whereby their policies can either contribute to the growth of affordable housing or make the development difficult.
- **Limited quality and services:** decreased levels of quality and service are observed to exist in the affordable housing currently provided, while student accommodation is perceived to have a shortage of high-quality and purpose-built products
- **The decline in housing supply:** the number of housing units delivered has declined over the years.

- **Eviction of delinquents:** with an increase in payment defaults by tenants and resulting difficulties caused, evictions have increased.

### 5.3.2 Future Drivers and Trends

The following were identified by the respondents as future drivers and trends in the affordable rental housing sector:

- **Market redefinition:** a shift in the affordability level of different income groups has been observed and is expected to influence the salary or rental price qualifications for affordable rental and social housing. It is expected that the current income groups defined to qualify for affordable rental and social housing will no longer have the affordability and support to opt for lower-income housing options.
- **Land:** expectations of the availability of land for the development of affordable rental housing are split between the current observation of lack of suitable land, while it is also expected that affordable land will be available in future.
- **Growth in student housing:** high growth levels in student housing are expected as NSFAS continues to support students and enables access to tertiary education.
- **Growth of informal settlements:** a continued increase in informal settlements is expected as cost increases limit housing affordability and housing supply for the low-income group does not meet the demand. In addition to this, it is projected that informal settlements will become more recognised and be supported through upgrading, service provision and amenities provision programmes by the government.
- **Flexibility:** as the economy changes and the affordability level in the market change, it is forecasted that affordable housing policies will also adjust to meet the market's needs
- **Changes in the market structure:** various changes are expected in the way the affordable rental housing market is structured functions, with the following responses received:
  - Increased development of affordable rental housing in townships
  - Expansion of the housing market into other income streams such as integration of commercial uses, outdoor advertising and urban farming among others
  - Increased supply of units where there is other development taking place or already existing developments, including conversion of existing buildings and areas with high affordable housing supply
  - Growth in backyard rentals as the market's affordability decreases
  - Growth in affordable housing development as those who were in higher income groups struggle with affordability
  - Increased inclusion of affordable housing in high-income residential areas or economic nodes dominated by high-income to allow tenants to be closer to their places of employment and employment opportunities.
- **Location of affordable rental developments:** better location of affordable rental housing in areas where it is needed and efficient is expected.
- **Quality for the price:** anticipation was expressed for the provision of affordable rental housing that matches the rental price required.

### 5.3.3 Trends for Property Developers

There were also specific trends that were indicated by the respondents, which specifically referred to dynamics among property businesses within the affordable rental housing sector. Property businesses are currently experiencing financial limitations, especially when it comes to financing loans while receiving limited rental income and enduring cost increases. Another difficulty that is prevalent among property businesses is the development levies that are required from developers, which are deemed to be too high and difficult to afford, making the provision of housing less viable. Also, emerging developers need support with the procurement processes entailed in housing development, especially when it comes to accessing catalytic projects.



The need for assistance with development was highlighted. While there are development finance opportunities, property stakeholders anticipate improved ways of financing affordable rental housing amid economic difficulties and the COVID-19 pandemic recovery. Specific mention was also made of better funding mechanisms for student accommodation. One of the expectations when it comes to funding was that funding for affordable rental housing should have lower interests.

### **5.3.4 Performance of Affordable Rental Housing Pre-COVID-19**

The respondents were asked what they viewed to be the performance of affordable rental housing before the COVID-19 pandemic. The different views provided by the respondents are reported in the discussion below.

A general perspective that was repeated in many responses is that the affordable rental market was performing well before the COVID-19 pandemic. This went along with observations that the economy was more stable, and the market was conducive in terms of interest rates, municipal utility charges, high levels of activity and demand. In addition, the following aspects of affordable rental housing were highlighted in the responses to a demonstrated positive perspective of the market before the COVID-19 pandemic:

- Vacancy rates were lower and occupancy levels were higher
- Escalations could be applied to rentals
- Rental collections were higher
- Profits earned by property businesses in affordable rental housing were higher
- More tenants could afford rental payments and keep up with payments

Despite the better performance of the market, some respondents expressed that the market was not doing well. It was indicated that a general decline in rental collections and escalations was recorded for affordable housing and social housing from before 2016, more especially in households that qualify for social housing. A general decrease in rental yields was also recorded before 2014 for affordable and social housing.

There were also responses on how the affordable rental market could be characterised before COVID-19. A response that was brought forward indicated that the demand was high for affordable housing. Another respondent indicated that the student housing market was resilient and sustainable because of NSFAS-guaranteed payments. The difference between affordable rental housing and social was clear, whereas now there are overlaps in the income qualifications of the two types of housing.

When it comes regulatory side, it was expressed that there were still issues with housing as there are currently, therefore, not everything changed during or after the COVID-19 pandemic. It was further stated that government policies were not achieving according to the expectations set out, especially when it came to funding.

Remarks were also made on the operation and provision of housing supply. Operations involved in the management of affordable rental housing were more efficiently performed, more specifically legal processes for rental collections. In terms of provision, it was expressed that there was pressure to provide quality accommodation to keep vacancy levels low.

### **5.3.5 Impact of COVID-19 on the Property Sector**

The respondents were asked to provide their perspectives on the impact of COVID-19 and the related national lockdowns on the respective property sectors (including, construction, manufacturing, real estate, and low-cost housing rental and student accommodation or others). The various perspective provided by the respondents is discussed below.

A dominant response on the topic of the impact of the COVID-19 pandemic on the property sector was that is detrimental to the sector. Further responses provided specific impacts on the sector as a whole and on the different sub-sectors.

A high impact on the construction sector was highly noted impact by the respondents, mostly referring to the halting of production and increase of costs, especially the cost of supplies due

to limitations in logistics. Furthermore, another impact that was repeatedly stated was the delay, halt and scaling down in production, projects and developments within the property sector due to the stand still brought on by the national lockdown. Related to this disruption of operations, were the financial limitations that were also expressed, which entailed loan repayment difficulties, limitations in profits made and struggles in financing operational activities.

Moreover, impacts were mentioned that related to the affordable rental housing sub-sector, where it was generally noted in several responses that the affordable housing sector faced struggles. One of the struggles involved in affordable housing that was mentioned indicated a noticeable decline in the ability of tenants to afford rentals as a result of job losses and salary cuts. Issue of affordability led to defaults in rent payment and ultimately lower rental income for property landlords. In relation to affordability, the COVID-19 pandemic was stated to also result in increased vacancies as people moved out to more affordable accommodation or to family and friends, which decreased rental income.

Aside from the performance of the housing market, the impact of the COVID-19 pandemic was noted in the market's behaviour. The main impact that was mentioned in various responses was linked to the high number of workers who started working from home as a result of movement restrictions of the COVID-19 lockdown. The rise of the phenomenon of working from home influenced and increase semigration to coastal areas in South Africa, which means there was movement out of Gauteng. Another impact that was expressed was an increasing preference for larger homes as people needed additional space for working from home. Further impacts on behaviour that were pointed out include living arrangements, where a rise in cohabitating was realised, along with sharing with friends and family, which also increased the preference for larger spaces.

With the COVID-19 lockdown regulations restricting movements and activities, various organisations could not continue with their operations and processes, and this was pointed out to impact the lack of businesses in the property sector to undertake developments and sustain their businesses. Property businesses and organisations were also said to have suffered the loss of professionals to COVID-19, and some of these professionals carried significant skills that were crucial to the property sector. Furthermore, it was indicated that when the businesses were able to operate, the restrictions and regulations were challenging to meet, demanding additional efforts and costs from businesses to provide personal protective equipment (PPE), sanitary equipment and monitoring movement among others.

The financial difficulties faced by property organisations and business as a result of the COVID-19 pandemic is said to have led them to become more involved in property finances to decrease or mitigate negative financial impacts. Property businesses, specifically in the rental housing could not collect rent during the lockdown period, resulting in lost rental income. Although the government offered recovery packages to businesses negatively impacted by the COVID-19 pandemic, it was expressed that they were not effective.

Despite the negative impacts, the COVID-19 pandemic highlighted certain characteristics of affordable rental housing. It was noted that student housing is resilient with the assistance of NSFAS, which had paid for rentals despite students having to vacate the accommodation. It was also expressed that the pandemic highlighted the significance of affordable housing among other housing options by providing affordable rentals as the affordability levels of the middle-class decreased. The demand and rental growth for affordable housing remained relatively strong.

Some rather indirect impacts were also highlighted due to the significant influence these impacts had on the property sector. It was stated that COVID-19 slowed down the economy in general. In addition, the negative impacts endured by the property were exacerbated by issues that were already being experienced in the country including the weak economy and lack of service delivery and increase in prices.

### 5.3.6 Impact of COVID-19 on the Housing Rental Market

The respondents were asked to provide their views on how COVID-19 has impacted the housing rental market. The responses provided are reported in the table below.

Table 47: Impact of COVID-19 on the Housing Rental Market

<b>Performance of the market</b>	<ul style="list-style-type: none"> <li>• Increased vacancy rates</li> <li>• Lower rental collections</li> <li>• Reduced rental income</li> <li>• Limited rental affordability</li> </ul>
<b>Performance of developers</b>	<ul style="list-style-type: none"> <li>• Negative on business performance</li> <li>• Recovery is still underway and is expected to take long</li> <li>• Increase in the costs involved in running a housing development</li> </ul>
<b>Financial difficulties for developers</b>	<ul style="list-style-type: none"> <li>• Application of rent reduction and holidays</li> <li>• Decrease in demand for rental properties due to interest in bonded housing – low-interest rates</li> <li>• Compromised viability of rental housing projects</li> <li>• The limited extent of rental escalations</li> <li>• No additional funding received from NSFAS from extended study periods in some areas</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Application of difficult processes to address non-payment and evictions</li> <li>• Limited ability to provide housing operational services</li> <li>• Limited interaction with tenants</li> <li>• Delayed project implementation and housing supply</li> <li>• Skills shortage</li> </ul>
<b>Interventions</b>	<ul style="list-style-type: none"> <li>• Addressing interventions by civil society organisations for rental relief</li> </ul>
<b>Tenant behaviour</b>	<ul style="list-style-type: none"> <li>• Tenants panicked due to their inability to afford rentals</li> <li>• Tenants have opted for informal settlements</li> <li>• Standstill was endured in affordable housing</li> </ul>
<b>Market changes</b>	<ul style="list-style-type: none"> <li>• Interest in the conversion of office space to residential space</li> </ul>

### 5.3.7 Impact of COVID-19 on future development patterns and market changes

The respondents were asked what their views were on future development patterns and market changes as a result of the COVID-19 pandemic. The respondent's varying views are categorised and discussed below.

- **Growth in the housing sector:** various categories of the housing sector were indicated in multiple responses to be expected to grow or expand in the future due to the impact of COVID-19. The following perspectives were highlighted:
  - The huge growth in the residential sector
  - Higher demand for student housing
  - Increased drive towards rental affordable housing
  - Growth in student accommodation
  - Improvement in rental collections
- **Changes in the housing market:** the COVID-19 pandemic is expected to influence the way the housing market is shaped and bring about some changes in the known dynamics. The following forecasted changes were expressed:
  - Conversion of buildings, mostly from office spaces that have become highly vacant, to affordable rental housing
  - Integration of different income levels in residential neighbourhoods
  - Upgrading of informal settlements
  - More compact development in the city centres
  - Developments that include amenities are expected to continue doing well
  - Increase in people working from home and related residential requirements

- Affordable and social housing will be more communal as affordability levels decline
- An upward shift in affordable housing income group affordability
- **Government housing policy and plan changes and requirements:** there were indications of expected changes in the way government policies and plans for housing development are structured as a result of the impacts of COVID-19. The following expectations and requirements were mentioned:
  - A review of housing policies and plans is needed for changes and new policies
  - Consideration of a post-COVID-19 funding model
  - Increase in budgets for housing projects
  - Attention needs to be paid to the recovery of metropolitan municipalities
  - Aggressive investment in infrastructure is needed to stimulate growth
  - Well-located land for affordable housing needs to be released
  - Small scale rental sector needs support
  - More attention and support need to be paid towards the supply side, such as the inclusion of households who build their own homes
  - Affordable housing rentals need to be capped to ensure that the sector meets tenants' needs
- **Improvements in future planning:** expectations of property organisations to improve in their future preparations should another disaster rise were noted in the following:
  - More studies are expected to be conducted to understand the market and influential factors.
  - Additional efforts are projected to take place among the organisation to prepare for the unforeseen.
- **Application of different approaches:** property organisations are applying changes in the way they approach different aspects of property development where the following approaches are expected:
  - Phased development and implementation
  - Exploration of utility cost-saving methods applied through models and designs of developments.
  - More out-of-the-box approaches
- **Student accommodation transformation:** it was expressed that certain aspects of student housing are expected to change as preferences have also changed. The following changes are expected in student housing:
  - Focus on student support
  - Smaller per-unit capacity in student accommodation as sharing space has become less of a preference.
  - Student accommodation is not too close to campus as parents prefer less involvement in student life
- **Improvement in the efficiency of housing developments:** with increases in costs, especially utility costs, it is expected that property developers will place more effort into providing efficient housing developments. The following efficiency efforts were projected:
  - Increase in the implementation of alternative energy sources and green building technologies.
  - Provision of more efficient housing developments with features that allow for efficiency.
- **Community development and participation:** additional engagements and involvement of the community were noted to be expected from the property developers as they realise the importance of understanding and meeting the needs of tenants and communities during a crisis.
- **Careful measures in housing development funding:** as economic and financial difficulties resulting from COVID-19 are still impacting the government and organisations in different sectors, they have become careful in the approaches to finance as they recover. This has led to various ways in which funding institutions are careful in their approach, noted as follows:
  - A more conservative approach to development and finance

- Less financial institutions providing assistance.
- Stricter qualification requirements by SHIs for tenants.
- **Extended recovery time:** it was expressed that, even though organisations and businesses in the affordable rental housing space are demonstrating recovery, there are still gaps that are expected to take a while to return or even improve from pre-COVID-19 standards.
- **Excuses for shortcomings:** a perception was pointed out regarding shortcomings by organisations and businesses, indicating that the COVID-19 pandemic could be used as a reason for shortcomings, even in cases where this might entirely be the case.

### 5.3.8 Additional Implications of Increasing Interest Rates and Municipal Service Charges

The respondents were asked what their viewpoints were regarding the additional implications of interest rates and municipal service charges on the property sector they participated. The table below presents the responses provided.

Table 48: Implications of Increasing Interest Rates and Municipal Service Charges

<b>Housing developers/businesses</b>	<ul style="list-style-type: none"> <li>○ Financial difficulties for property developers</li> <li>○ Housing supply limitations due to higher costs</li> <li>○ Increased funding required for housing developments</li> <li>○ Decrease business viability</li> <li>○ Reduces property value due to affordability as service delivery is not improved yet costs increase</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>○ Increases in rent and compromised housing affordability and qualification</li> <li>○ More pressure on tenants who cannot or struggle to pay municipal costs.</li> <li>○ Additional assistance to low-income earners is required</li> <li>○ Decreases the household disposable income</li> <li>○ Impacts on where people decide to live in relation to transport costs</li> </ul>
<b>Management and planning difficulties</b>	<ul style="list-style-type: none"> <li>○ Constantly changing municipal charges make managing costs difficult and results in unstable margins.</li> <li>○ Multiple consistent interest rate increases are problematic, while less frequent changes are manageable</li> </ul>
<b>Management of utility sources and consumption</b>	<ul style="list-style-type: none"> <li>○ Innovation, including renewable energy to save costs and be independent</li> <li>○ Application of edge for green building</li> </ul>
<b>Market performance</b>	<ul style="list-style-type: none"> <li>○ Increase in vacancies as tenants' disposable income decrease and they find accommodation with fewer rentals</li> <li>○ Decreased rental income due to non-payments and vacancies</li> <li>○ Limits ability to escalate rentals</li> </ul>
<b>Existing conditions</b>	<ul style="list-style-type: none"> <li>○ Worsened impacts of COVID-19</li> </ul>

### 5.3.9 Risks and Mitigation Measures

The respondents were asked what they identify to be possible risks and propose mitigation measures applicable to property development and the respective property markets in the post-COVID-19 era. The identified risks and proposed mitigation are presented in the table below.

Table 49: Risks and Mitigation Measures

1. Economic Conditions	
<b>Risks</b>	<ul style="list-style-type: none"> <li>○ Unfavourable economic conditions – shockwaves</li> <li>○ Price and cost increases</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>○ Conduct feasibility and risk studies</li> <li>○ Negotiations for economic policies that support affordable housing</li> <li>○ Lower municipal charges for public sector housing – rebates</li> </ul>

	<ul style="list-style-type: none"> <li>o Provision of affordable finance at lower rates</li> <li>o Methods to decrease operational costs</li> <li>o Integration among property stakeholders</li> <li>o Stability in economy</li> <li>o Phased development</li> </ul>
<b>2. Government Involvement</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o Politics and poor interventions of the government</li> <li>o Lack of service delivery in rural and urban areas</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Developing and investing in well-serviced areas or municipalities</li> <li>o Practical political support for low-middle-income housing</li> <li>o Laws that limit unnecessary political involvement and continued funding support</li> <li>o Integration among property stakeholders</li> <li>o Enforcement of municipal by-laws</li> </ul>
<b>3. Market Conditions</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o Decrease in demand</li> <li>o Income decreases and job losses to tenants</li> <li>o Low occupancies/high vacancies</li> <li>o Non-payment of rent</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Conduct feasibility and risk studies</li> <li>o Understanding and investing in the end user</li> <li>o Educating tenants on home maintenance</li> <li>o Development in places close to people's needs</li> <li>o Proper advertising of residential developments</li> <li>o Reviewing housing portfolio qualifications</li> <li>o Housing will always be a need</li> <li>o Expanding and diversifying the housing mandate and market</li> <li>o Sustained work in the office</li> </ul>
<b>4. Community Involvement</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o Hijacking of properties and projects</li> <li>o Lack of community participation</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Educating tenants on the purpose and structure of housing programmes</li> <li>o Adopting community participation as part of the development</li> </ul>
<b>5. Business viability</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o No guarantee of returns</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Developing properties targeting financial sponsors or providers</li> <li>o Long-term contracts with the large or formal institution</li> <li>o Student accommodation that can be easily converted</li> </ul>
<b>6. Safety and Security Concerns</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o Increase criminal activity</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Increased security and safety measures</li> </ul>
<b>7. Affordable Rental housing Sector Dynamics</b>	
<b>Risks</b>	<ul style="list-style-type: none"> <li>o Lack of skills in affordable housing</li> <li>o Unreliable contractors</li> </ul>
<b>Mitigation Measures</b>	<ul style="list-style-type: none"> <li>o Meeting and remaining within timeframes and budgets</li> <li>o Appointing credible, qualified and experienced contractors and professions</li> </ul>

## 6 MARKET DEMAND ANALYSIS

The purpose of this section is to illustrate the market potential analysis for affordable rental housing. The gap for development in the local municipalities in the trade areas is calculated and expressed as the Net Effective Demand (NED).

### 6.1 Methodology

The gap for development in the market areas is calculated using the NED, which indicates the potential of the local market to support additional development within its boundaries. Diagram 7 1 illustrates the equation used to calculate the residential demand.

Figure 23: Net Effective Demand Calculation



The demand model for the proposed development utilises projections in population, number of households, and income distribution trends to provide a quantitative indication of demand. The market demand assessment considers the following important demand drivers:

- Growth in the number of households
- Household income
- Residential affordability
- Housing backlog

An equilibrium demand modelling technique is used, which assumes that the demand for bonded and rental housing in the study area is null in the base year as the local population is fully served in terms of bonded and rental accommodation. Although it is known that the population is not fully served at the base year, the equilibrium model enables the calculation of the starting point for the demand generation due to the immeasurable supply and the large market area. For this study, 2020 is used as the base year, which enables the determination of the bonded and rental housing demand for 2023 onwards.

The student accommodation methodology differs slightly from that of affordable housing and is illustrated in the figure below.

$$\left( \left( \left( \text{Total Number of Students} \times \text{Full Time Equivalent} \right) - \text{Total Number of Beds Supply} \right) = \text{Effective Demand} \right) \times \text{Distance Factor} = \text{Net Effective Demand}$$

It is assumed that any growth in student enrolment in the market area is indicative of the growing demand for student accommodation.

### 6.2 Randburg Demand Calculation

This sub-section will focus on the Demand calculation for the Randburg Trade area. This will cover both Affordable and Student housing.

#### 6.2.1 Randburg Affordable Housing

This sub-section will look at the demand for Randburg's affordable housing.

### 6.2.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Randburg area for affordable housing is shown in the table below.

Table 50: Randburg Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	473	949	703	672
2024	961	1 927	1 428	1 364
2025	1 463	2 934	2 174	2 077
2026	1 980	3 972	2 943	2 812
2027	2 513	5 041	3 735	3 568
2028	3 062	6 142	4 551	4 348
2029	3 627	7 276	5 392	5 151
2030	4 210	8 445	6 258	5 978
2031	4 810	9 649	7 150	6 830
2032	5 428	10 889	8 068	7 708
2033	6 065	12 166	9 015	8 612
2034	6 720	13 482	9 990	9 543
2035	7 396	14 837	10 994	10 502

From the table above, it is evident that an effective demand for affordable housing exists within the Randburg area. The effective demand for affordable housing stands at 672 units in 2023, but is expected to increase to 2 077 in 2025, 5 978 in 2030 and ultimately reach 10 502 in 2035.

### 6.2.1.2 Future Supply

The table below illustrates the future supply expected to enter the affordable housing market.

Table 51: Randburg Affordable Housing Future Supply

YEAR	SUPPLY	
	SOCIAL HOUSING	AFFORDABLE HOUSING
2023	262	0

It is evident from the table above that a small addition of supply is expected to enter the market in 2023.

### 6.2.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Randburg. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Randburg.

Table 52: Randburg Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	473	871	520	672
2024	961	1 849	1 245	1 364
2025	1 463	2 856	1 991	2 077
2026	1 980	3 894	2 760	2 812
2027	2 513	4 962	3 552	3 568
2028	3 062	6 064	4 368	4 348
2029	3 627	7 198	5 208	5 151
2030	4 210	8 366	6 074	5 978
2031	4 810	9 570	6 966	6 830
2032	5 428	10 810	7 885	7 708
2033	6 065	12 087	8 831	8 612
2034	6 720	13 403	9 806	9 543



	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2035	7 396	14 758	10 811	10 502

From the table above, it is evident that even with the introduction of some social housing developments within the Randburg area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 8 71 and is expected to increase to 2 856 in 2025 and ultimately reach 8 366 in 2030. Similarly, the secondary market social housing currently stands at 520 units and is expected to reach 6 074 by 2030. The affordable housing demand is expected to reach 672 in 2023 and will increase to approximately 5 978 in 2030.

## 6.2.2 Randburg Student Housing

This sub-section will look at the demand for Randburg's student housing.

### 6.2.2.1 Total students

The total number of students for tertiary education enrolments in Randburg is indicated below.

Table 53: Randburg Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	5 788	3 919	1 479	558

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 54: Inception rate - Randburg

Interception rate	
NSFAS Students	12%
Non-NSFAS Students	2%

### 6.2.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Randburg.

Table 55: Student Housing NED - Randburg

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS South West Gauteng TVET College	31	21	12	8	4	3
Net Effective Demand for NSFAS South West Gauteng TVET College	509	345	192	130	73	49
<b>Total</b>	<b>540</b>	<b>366</b>	<b>204</b>	<b>138</b>	<b>77</b>	<b>52</b>

From the table above it is evident that one public tertiary institution is situated within the trade area. In 2023 a demand of 540 is evident and is expected to decrease to 138 in 2030 and 52 in 2035.

## 6.3 Pretoria CBD Demand Calculation

This sub-section will focus on the demand calculation for the Pretoria CBD Trade area. This will cover both Affordable and Student housing.

### 6.3.1 Pretoria CBD Affordable Housing

This sub-section will look at the demand for Pretoria CBD's affordable housing.

#### 6.3.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Pretoria CBD area for affordable housing is shown in the table below.

Table 56: Pretoria CBD Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	247	462	500	669
2024	500	937	1 014	1 356
2025	761	1 425	1 542	2 063
2026	1 029	1 926	2 085	2 789
2027	1 304	2 441	2 642	3 535
2028	1 586	2 970	3 215	4 301
2029	1 877	3 514	3 804	5 088
2030	2 175	4 073	4 409	5 898
2031	2 482	4 647	5 031	6 729
2032	2 797	5 238	5 669	7 584
2033	3 121	5 844	6 326	8 461
2034	3 454	6 467	7 000	9 364
2035	3 796	7 107	7 693	10 291

From the table above, it is evident that an effective demand for affordable housing exists within the Pretoria CBD area. The effective demand for affordable housing stands at 669 units in 2023, but is expected to increase to 2 063 in 2025, 5 898 in 2030 and ultimately reach 10 291 in 2035.

### 6.3.1.2 Future Supply

The table below illustrates the future supply expected to enter the affordable housing market.

Table 57: Pretoria CBD Affordable Housing Future Supply

YEAR	SUPPLY	
	SOCIAL HOUSING	AFFORDABLE HOUSING
2023	0	86

It is evident from the table above that a small addition of affordable housing supply is expected to enter the market in 2023.

### 6.3.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Randburg. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Randburg.

Table 58: Pretoria CBD Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	247	462	500	583
2024	500	937	1 014	1 270
2025	761	1 425	1 542	1 977
2026	1 029	1 926	2 085	2 703
2027	1 304	2 441	2 642	3 449
2028	1 586	2 970	3 215	4 215
2029	1 877	3 514	3 804	5 002
2030	2 175	4 073	4 409	5 812
2031	2 482	4 647	5 031	6 643
2032	2 797	5 238	5 669	7 498
2033	3 121	5 844	6 326	8 375
2034	3 454	6 467	7 000	9 278
2035	3 796	7 107	7 693	10 205

From the table above, it is evident that even with the introduction of some social housing developments within the Pretoria CBD area, there is still a demand for social and affordable

housing. The primary market social housing in the year 2023 is approximately 462 and is expected to increase to 1 425 in 2025 and ultimately reach 4 073 in 2030. Similarly, the secondary market social housing currently stands at 500 units and is expected to reach 4 409 by 2030. The affordable housing demand is expected to reach 583 in 2023 and will increase to approximately 5 812 in 2030.

### 6.3.2 Pretoria CBD Student Housing

This sub-section will look at the demand for Pretoria CBD's student housing.

#### 6.3.2.1 Total Students

The total number of students for tertiary education enrolments in Pretoria CBD is indicated below.

Table 59: Pretoria CBD Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	72 699	71 655	71 352	72 727

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 60: Inception rate - Pretoria CBD

Interception rate	
NSFAS Students	10%
Non-NSFAS Students	1%

#### 6.3.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Pretoria CBD.

Table 61: Student Housing NED - Pretoria CBD

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS TUT	222	228	237	243	252	259
Net Effective Demand for NSFAS TUT	797	817	848	870	903	926
<b>Total for TUT</b>	<b>1 019</b>	<b>1 045</b>	<b>1 085</b>	<b>1 113</b>	<b>1 155</b>	<b>1 185</b>
Net Effective Demand for non-NSFAS UP	240	241	242	243	244	245
Net Effective Demand for NSFAS UP	1 199	1 203	1 209	1 213	1 219	1 224
<b>Total UP</b>	<b>1 439</b>	<b>1 444</b>	<b>1 451</b>	<b>1 456</b>	<b>1 464</b>	<b>1 469</b>
Net Effective Demand for non-NSFAS TNC	4	3	2	2	1	1
Net Effective Demand for NSFAS TNC	115	92	67	54	39	31
<b>Total for TNC</b>	<b>118</b>	<b>96</b>	<b>69</b>	<b>56</b>	<b>40</b>	<b>33</b>
Net Effective Demand for non-NSFAS TSC	3 118	773	423	283	155	104
Net Effective Demand for NSFAS TSC	18	5	2	2	1	1
<b>Total for TSC</b>	<b>3 136</b>	<b>778</b>	<b>426</b>	<b>285</b>	<b>156</b>	<b>105</b>
<b>Grand Total</b>	<b>5 713</b>	<b>3 362</b>	<b>3 031</b>	<b>2 910</b>	<b>2 815</b>	<b>2 790</b>

From the table above it is evident that several tertiary institutions are situated within the trade area. It is evident that in 2023 a demand of 5 713 is evident and is expected to decrease to 2 910 in 2030 and 2 790 in 2035.

### 6.4 Pretoria North Demand Calculation

This sub-section will focus on the Demand calculation for the Pretoria North Trade area. This will cover both Affordable and Student housing.

## 6.4.1 Pretoria North Affordable Housing

This sub-section will look at the demand for Pretoria North's affordable housing.

### 6.4.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Pretoria North area for affordable housing is shown in the table below.

Table 62: Pretoria North Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	168	252	183	162
2024	341	512	372	329
2025	518	778	565	500
2026	701	1 052	764	676
2027	888	1 333	968	857
2028	1 080	1 622	1 178	1 043
2029	1 278	1 919	1 394	1 234
2030	1 481	2 224	1 616	1 430
2031	1 690	2 538	1 843	1 631
2032	1 905	2 860	2 077	1 838
2033	2 125	3 191	2 318	2 051
2034	2 352	3 531	2 565	2 270
2035	2 585	3 881	2 819	2 495

From the table above, it is evident that an effective demand for affordable housing exists within the Pretoria North area. The effective demand for affordable housing stands at 162 units in 2023, but is expected to increase to 500 in 2025, 1 430 in 2030 and ultimately reach 2 495 in 2035.

### 6.4.1.2 Future Supply

The table below illustrates the future supply expected to enter the affordable housing market.

Table 63: Pretoria North Affordable Housing Future Supply

YEAR	SUPPLY	
	SOCIAL HOUSING	AFFORDABLE HOUSING
2023	0	15

It is evident from the table above that a small addition to the affordable housing supply is expected to enter the market in 2023.

### 6.4.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Pretoria North. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Pretoria North.

Table 64: Pretoria North Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	168	252	183	147
2024	341	512	372	329
2025	518	778	565	500
2026	701	1 052	764	676
2027	888	1 333	968	857
2028	1 080	1 622	1 178	1 043
2029	1 278	1 919	1 394	1 234
2030	1 481	2 224	1 616	1 430
2031	1 690	2 538	1 843	1 631
2032	1 905	2 860	2 077	1 838

2033	2 125	3 191	2 318	2 051
2034	2 352	3 531	2 565	2 270
2035	2 585	3 881	2 819	2 495

From the table above, it is evident that even with the introduction of some social housing developments within the Pretoria North area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 252 and is expected to increase to 778 in 2025 and ultimately reach 2 224 in 2030. Similarly, the secondary market social housing currently stands at 183 units and is expected to reach 1 616 by 2030. The affordable housing demand is expected to reach 147 in 2023 and will increase to approximately 1 430 in 2030.

## 6.4.2 Pretoria North Student Housing

This sub-section will look at the demand for Pretoria North's student housing.

### 6.4.2.1 Total Students

The total number of students for tertiary education enrolments in Pretoria North is indicated below.

Table 65: Pretoria North Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	31 763	32 325	34 953	38 770

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 66: Inception rate - Pretoria North

Interception rate	
NSFAS Students	10%
Non-NSFAS Students	1%

### 6.4.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Pretoria North.

Table 67: Student Housing NED - Pretoria North

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS TUT	170	177	189	197	209	218
Net Effective Demand for NSFAS TUT	609	635	676	705	750	782
Total for TUT	779	<b>812</b>	<b>864</b>	<b>901</b>	<b>960</b>	<b>1 001</b>
Net Effective Demand for non-NSFAS Sefako Makgatho Health Science University	22	24	26	28	32	34
Net Effective Demand for NSFAS Sefako Makgatho Health Science University	330	355	396	426	476	512
Total UP	352	<b>378</b>	<b>422</b>	<b>455</b>	<b>507</b>	<b>546</b>
Net Effective Demand for non-NSFAS TNC	4	3	2	2	1	1
Net Effective Demand for NSFAS TNC	115	92	67	54	39	31
Total for TNC	118	<b>96</b>	<b>69</b>	<b>56</b>	<b>40</b>	<b>33</b>
Net Effective Demand for non-NSFAS TSC	1 039	258	141	94	52	35
Net Effective Demand for NSFAS TSC	6	2	1	1	0	0
Total for TSC	1 045	<b>259</b>	<b>142</b>	<b>95</b>	<b>52</b>	<b>35</b>
Grand Total	2 294	<b>1 545</b>	<b>1 498</b>	<b>1 507</b>	<b>1 559</b>	<b>1 614</b>

From the table above it is evident that a number of tertiary institutions are situated within the trade area. It is evident that in 2023 a demand of 2 294 is evident and is expected to decrease to 1 507 in 2030 and increase to 1 614 in 2035.

## 6.5 Bronkhorstspuit Demand Calculation

This sub-section will focus on the demand calculation for the Bronkhorstspuit trade area. This will only cover Affordable housing. There are no tertiary institutions that are expected to drive student accommodation, therefore, the demand for student accommodation was not calculated.

### 6.5.1 Bronkhorstspuit Affordable Housing

This sub-section will look at the demand for Bronkhorstspuit's affordable housing.

#### 6.5.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Bronkhorstspuit area for affordable housing is shown in the table below.

Table 68: Bronkhorstspuit Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	3	5	6	8
2024	6	10	12	16
2025	8	14	19	24
2026	11	20	26	33
2027	14	25	33	42
2028	17	30	40	51
2029	21	36	47	60
2030	24	41	54	70
2031	27	47	62	80
2032	31	53	70	90
2033	34	59	78	100
2034	38	66	86	111
2035	42	72	95	122

From the table above, it is evident that a very small effective demand for affordable housing exists within the Bronkhorstspuit area. The effective demand for affordable housing stands at 8 units in 2023, but is expected to increase to 24 in 2025, 70 in 2030 and ultimately reach 122 in 2035.

#### 6.5.1.2 Future Supply

The table below illustrates the future supply expected to enter the affordable housing market.

Table 69: Bronkhorstspuit Affordable Housing Future Supply

YEAR	SUPPLY	
	SOCIAL HOUSING	AFFORDABLE HOUSING
2023		11 000

It is evident from the table above that an exceptional addition of affordable housing supply is expected to enter the market in 2023. This is due to the development of the Park City Mega Project.

#### 6.5.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Bronkhorstspuit. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Bronkhorstspuit.

Table 70: Bronkhorstspuit Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	3	5	6	- 10 992
2024	6	10	12	- 10 984
2025	8	14	19	- 10 976
2026	11	20	26	- 10 967
2027	14	25	33	- 10 958
2028	17	30	40	- 10 949
2029	21	36	47	- 10 940
2030	24	41	54	- 10 930
2031	27	47	62	- 10 920
2032	31	53	70	- 10 910
2033	34	59	78	- 10 900
2034	38	66	86	- 10 889
2035	42	72	95	- 10 878

From the table above, it is evident that even with the introduction of some social housing developments within the Bronkhorstspuit area, there is still a very small demand for social and no demand for affordable housing. The primary market social housing in the year 2023 is approximately 5 and is expected to increase to 14 in 2025 and ultimately reach 41 in 2030. Similarly, the secondary market social housing currently stands at 6 units and is expected to reach 54 by 2030. The affordable housing demand shows that there is an oversupply and no new affordable housing developments should be considered in this trade area.

## 6.6 Joburg CBD Demand Calculation

This sub-section will focus on the Demand calculation for the Joburg CBD Trade area. This will cover both Affordable and Student housing.

### 6.6.1 Joburg CBD Affordable Housing

This sub-section will look at the demand for Joburg CBD's affordable housing.

#### 6.6.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Joburg CBD area for affordable housing is shown in the table below.

Table 71: Joburg CBD Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	1 155	2 105	1 535	1 018
2024	2 344	4 274	3 116	2 067
2025	3 569	6 508	4 744	3 148
2026	4 831	8 809	6 422	4 261
2027	6 132	11 180	8 150	5 407
2028	7 471	13 622	9 930	6 588
2029	8 851	16 137	11 764	7 805
2030	10 272	18 729	13 653	9 058
2031	11 736	21 398	15 599	10 350
2032	13 244	24 148	17 604	11 680
2033	14 798	26 980	19 669	13 050
2034	16 398	29 898	21 796	14 461
2035	18 047	32 904	23 988	15 915

From the table above, it is evident that an effective demand for affordable housing exists within the Joburg CBD area. The effective demand for affordable housing stands at 1 018 units

in 2023, but is expected to increase to 3 148 in 2025, 9 058 in 2030 and ultimately reach 15 915 in 2035.

### 6.6.1.2 Future Supply

No future supply was noted during the course of the research within the Joburg CBD.

### 6.6.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Joburg CBD. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Joburg CBD.

Table 72: Joburg CBD Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	1 155	2 105	1 535	1 018
2024	2 344	4 274	3 116	2 067
2025	3 569	6 508	4 744	3 148
2026	4 831	8 809	6 422	4 261
2027	6 132	11 180	8 150	5 407
2028	7 471	13 622	9 930	6 588
2029	8 851	16 137	11 764	7 805
2030	10 272	18 729	13 653	9 058
2031	11 736	21 398	15 599	10 350
2032	13 244	24 148	17 604	11 680
2033	14 798	26 980	19 669	13 050
2034	16 398	29 898	21 796	14 461
2035	18 047	32 904	23 988	15 915

From the table above, it is evident that even with the introduction of some social housing developments within the Joburg CBD area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 2 105 and is expected to increase to 6 508 in 2025 and ultimately reach 18 729 in 2030. Similarly, the secondary market social housing currently stands at 1 535 units and is expected to reach 13 653 by 2030. The affordable housing demand is expected to reach 1 018 in 2023 and will increase to approximately 9 058 in 2030.

## 6.6.2 Joburg CBD Student Housing

This sub-section will look at the demand for Joburg CBD's student housing.

### 6.6.2.1 Total Students

The total number of students for tertiary education enrolments in Joburg CBD is indicated below.

Table 73: Joburg CBD Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	67 134	66 853	67 121	68 553

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 74: Inception rate - Joburg CBD

Interception rate	
NSFAS Students	11%
Non-NSFAS Students	2%



### 6.6.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Joburg CBD.

Table 75: Student Housing NED - Joburg CBD

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS WITS	326	343	370	390	421	443
Net Effective Demand for NSFAS WITS	1 137	1 196	1 291	1 358	1 466	1 542
<b>Total WITS</b>	<b>1 463</b>	<b>1 539</b>	<b>1 661</b>	<b>1 748</b>	<b>1 886</b>	<b>1 985</b>
Net Effective Demand for non-NSFAS UJ	460	448	430	418	402	391
Net Effective Demand for NSFAS UJ	1 552	1 510	1 450	1 411	1 354	1 318
<b>Total for UJ</b>	<b>2 012</b>	<b>1 958</b>	<b>1 879</b>	<b>1 829</b>	<b>1 756</b>	<b>1 709</b>
Net Effective Demand for non-NSFAS CJC	445	309	221	177	127	101
Net Effective Demand for NSFAS CJC	59	41	29	23	17	13
<b>Total for CJC</b>	<b>504</b>	<b>350</b>	<b>250</b>	<b>200</b>	<b>143</b>	<b>115</b>
<b>Grand Total</b>	<b>3 979</b>	<b>3 847</b>	<b>3 791</b>	<b>3 777</b>	<b>3 786</b>	<b>3 808</b>

From the table above it is evident that a number of tertiary institutions are situated within the trade area. It is evident that in 2023 a small demand of 3 979 is evident and is expected to decrease to 3 777 in 2030 and increase to 3 808 in 2035.

## 6.7 Benoni Demand Calculation

This sub-section will focus on the Demand calculation for the Benoni Trade area. This will cover both Affordable and Student housing.

### 6.7.1 Benoni Affordable Housing

This sub-section will look at the demand for Benoni's affordable housing.

#### 6.7.1.1 Effective Demand

The potential demand for, which does not yet account for supply, within the Benoni area for affordable housing is shown in the table below.

Table 76: Benoni Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	53	84	68	69
2024	108	170	138	139
2025	164	258	210	211
2026	222	348	283	284
2027	281	441	358	360
2028	341	536	435	437
2029	402	633	513	516
2030	466	732	594	597
2031	530	834	676	680
2032	597	938	761	765
2033	665	1 044	848	852
2034	734	1 154	936	941
2035	805	1 266	1 027	1 032

From the table above, it is evident that an effective demand for affordable housing exists within the Benoni area. The effective demand for affordable housing stands at 69 units in 2023, but is expected to increase to 211 in 2025, 597 in 2030 and ultimately reach 1 032 in 2035.

### 6.7.1.2 Future Supply

The table below illustrates the future supply expected to enter the affordable housing market.

Table 77: Benoni Affordable Housing Future Supply

YEAR	SUPPLY	
	SOCIAL HOUSING	AFFORDABLE HOUSING
2023	0	12

It is evident from the table above that additional affordable housing supply is expected to enter the market in 2023.

### 6.7.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Benoni. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Benoni.

Table 78: Benoni Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	53	84	68	57
2024	108	170	138	127
2025	164	258	210	199
2026	222	348	283	272
2027	281	441	358	348
2028	341	536	435	425
2029	402	633	513	504
2030	466	732	594	585
2031	530	834	676	668
2032	597	938	761	753
2033	665	1 044	848	840
2034	734	1 154	936	929
2035	805	1 266	1 027	1 020

From the table above, it is evident that even with the introduction of some social housing developments within the Benoni area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 84 and is expected to increase to 258 in 2025 and ultimately reach 732 in 2030. Similarly, the secondary market social housing currently stands at 68 units and is expected to reach 594 by 2030. The affordable housing demand is expected to reach 57 in 2023 and will increase to approximately 585 in 2030.

## 6.7.2 Benoni Student Housing

This sub-section will look at the demand for Benoni's student housing.

### 6.7.2.1 Total Students

The total number of students for tertiary education enrolments in Benoni is indicated below.

Enrolment	2023	2025	2030	2035
Total nr of students	20 137	20 027	19 754	19 484

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Interception rate	
NSFAS Students	10%
Non-NSFAS Students	1%

### 6.7.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Benoni.

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS	153	152	151	150	149	148
Net Effective Demand for NSFAS	484	481	477	475	471	468
<b>Total</b>	<b>637</b>	<b>633</b>	<b>628</b>	<b>625</b>	<b>620</b>	<b>616</b>

From the table above it is evident that a net effective demand for 637 student accommodation units exists in 2023, this is expected to decrease to 625 in 2030 and 616 in 2035.

## 6.8 Kempton Park Demand Calculation

This sub-section will focus on the Demand calculation for the Kempton Park Trade area. This will cover both Affordable and Student housing.

### 6.8.1 Kempton Park Affordable Housing

This sub-section will look at the demand for Kempton Park's affordable housing.

#### 6.8.1.1 Effective Demand

The potential demand, which does not yet account for supply, within the Kempton Park area for affordable housing is shown in the table below.

Table 79: Kempton Park Affordable Housing ED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	31	56	74	101
2024	62	114	150	204
2025	94	172	228	309
2026	127	233	307	417
2027	160	294	389	528
2028	195	358	472	642
2029	230	422	557	758
2030	266	489	645	877
2031	303	556	735	999
2032	341	626	826	1 123
2033	380	697	920	1 251
2034	420	770	1 017	1 382
2035	460	845	1 115	1 516

From the table above, it is evident that an effective demand for affordable housing exists within the Kempton Park area. The effective demand for affordable housing stands at 101 units in 2023, but is expected to increase to 309 in 2025, 877 in 2030 and ultimately reach 1 516 in 2035.

#### 6.8.1.2 Future Supply

No future supply was noted during the course of the research within Kempton Park.

#### 6.8.1.3 Net Effective Demand

The Net Effective Demand presents the development potential (market gap) for CRU, social and affordable housing located in Kempton Park. The NED also takes into consideration both the supply and the demand of the market to calculate a realistic condition for the demand for housing in the municipality. The following table presents the NED Kempton Park.

Table 80: Kempton Park Affordable Housing NED

	CRU	SOCIAL HOUSING		AFFORDABLE HOUSING
		PRIMARY MARKET	SECONDARY MARKET	
2023	31	56	74	101
2024	62	114	150	204
2025	94	172	228	309
2026	127	233	307	417
2027	160	294	389	528
2028	195	358	472	642
2029	230	422	557	758
2030	266	489	645	877
2031	303	556	735	999
2032	341	626	826	1 123
2033	380	697	920	1 251
2034	420	770	1 017	1 382
2035	460	845	1 115	1 516

From the table above, it is evident that even with the introduction of some social housing developments within the Kempton Park area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 56 and is expected to increase to 172 in 2025 and ultimately reach 489 in 2030. Similarly, the secondary market social housing currently stands at 74 units and is expected to reach 645 by 2030. The affordable housing demand is expected to reach 101 in 2023 and will increase to approximately 877 in 2030.

## 6.8.2 Kempton Park Student Housing

This sub-section will look at the demand for Kempton Park's student housing.

### 6.8.2.1 Total Students

The total number of students for tertiary education enrolments in Kempton Park is indicated below.

Table 81: Kempton Park Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	1 857	1 430	745	388

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 82: Inception rate - Kempton Park

Interception rate	
NSFAS Students	12%
Non-NSFAS Students	8%

### 6.8.2.2 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Kempton Park.

Table 83: Student Housing NED - Kempton Park

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS TNC	2	2	1	1	1	0
Net Effective Demand for NSFAS TNC	219	192	114	88	59	46
Total for TNC	222	171	115	89	60	46

From the table above it is evident that a number of tertiary institutions are situated within the trade area. It is evident that in 2023 a small demand of 222 is evident and is expected to decrease to 195 in 2030 and decrease to 46 in 2035.

## 6.9 Vaal Demand Calculation

This sub-section will focus on the Demand calculation for the Vaal area. This will only cover student housing since the Vaal trade area was defined only for student housing in this study.

The total number of students for tertiary education enrolments in the Vaal trade area is indicated below.

Table 84: Vaal Student Enrolments

Enrolment	2023	2025	2030	2035
Total nr of students	1 857	1 430	745	388

For the purposes of this study, an interception rate has been applied to the Effective Demand to ensure the NED is as conservative as possible. The Inception rate applied is as follows:

Table 85: Inception rate - Vaal

Interception rate	
NSFAS Students	12%
Non-NSFAS Students	8%

### 6.9.1.1 Net Effective Demand

Based on the information discussed in the previous sections of this document, the NED for student accommodation is calculated based on the student enrolment projections of Kempton Park.

Table 86: Student Housing NED - Vaal

	2023	2025	2028	2030	2033	2035
Net Effective Demand for non-NSFAS NWU Vanderbijlpark	82	93	112	127	153	174
Net Effective Demand for NSFAS NWU Vanderbijlpark	204	231	279	316	382	433
Total	286	324	391	443	535	607
Net Effective Demand for non-NSFAS Sedibeng College	3	2	2	2	2	2
Net Effective Demand for NSFAS Sedibeng College	340	317	285	266	239	223
Total	342	319	287	268	241	225
Net Effective Demand for non-NSFAS VUT	231	166	197	222	264	296
Net Effective Demand for NSFAS VUT	1 182	850	1 011	1 136	1 351	1 517
Total for VUT	1 413	1 016	1 209	1 357	1 615	1 814
Grand Total	2 041	1 659	1 887	2 068	2 391	2 645

From the table above it is evident that a number of tertiary institutions are situated within the trade area. In 2023 a significant demand of 2 041 is evident and is expected to increase to 2 068 in 2030 and further to 2 645 in 2035.

## 7 GPF PORTFOLIO REVIEW AND BENCHMARKING

This section of the report looks into the buildings and developments that the GPF have funded and reviews them against the open market. The review of GPF-funded buildings and developments entailed acquiring the relevant GPF portfolio information to review the portfolio and to collate the data into a format that enables comparison.

The information used to review the GPF-funded developments was collected from existing developers, provided by the GPF. The developers were requested to provide information on the performance of their developments through an online questionnaire, which was also available in other convenient electronic formats. A total of 11 developers provided information on their developments that are funded by the GPF. Although 17 developers were approached based on the experience of the interaction during the interview task, the rest did not respond or send the provided responses in time. Due to the limited responses and information provided on the GPF portfolio, the following section will not be a true reflection of the GPF Portfolio. For the true analysis to be conducted, additional information needs to be provided on the portfolio and developments.

### 7.1 Rental Housing Developments Profile

A total of 12 rental developments were reviewed, which consisted of 1 837 units and can be broken down into the housing categories:

- 1 Affordable Housing developments
- 5 Social Housing developments
- 6 Student Housing developments

Further details of the developments are provided in the table below.

Table 87: Profile of Reviewed Developments

Development	Location	Total Units	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
<b>Affordable Rental Housing</b>						
Egon House	Johannesburg	70	40	30		
<b>Social Housing</b>						
Allanby	Joubert Park	119	119			
Fleurhof	West Rand	286	90		196	
Jabulani	Soweto	300		140	160	
125 Village Hub	Pretoria	210				
Devland Gardens Social Housing	Soweto	540				
<b>Student Housing</b>						
Bedworthpark Student Accommodation	Vanderbijlpark	20				20
Opal Students Apartments	JHB South	94			94	
Haborona	Pretoria Gardens	77			77	
Hectofield - Micah Terrace	Pretoria North	34		4	30	
Power Park Digz	Soweto	34			34	

Development	Location	Total Units	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom
The Dawn Village	Soshanguve	53				

The performance of the respondent's developments is reviewed by focussing on the operation expenses, vacancies and debt.

## 7.2 Operational Expenses

The respondents were asked to provide information on the average operational expense incurred monthly per unit. A summary of the average monthly operational expense per unit configuration for the different housing categories is indicated in the table below.

Table 88: Operational Expenses of GPF Developments

	Average Operational Expenditure (R/unit)	
	Affordable and Social Housing	Student Housing
<b>Bachelor</b>	1 537,67	N/A
<b>1 bedroom</b>	1 680,00	5 441,00
<b>2 Bedroom</b>	1 760,00	5 334,25
<b>3 Bedroom</b>	N/A	12 000,00
<b>Unspecified</b>	2 627,33	5 217,00

The operational expenses per unit were indicated according to the different unit configurations and distinguished between affordable social housing from student housing. Student housing indicates a higher operational expenditure when compared to affordable and social housing. Among the reviewed developments, there were no bachelor units in student housing and no three-bedroom units in the affordable and social housing developments.

## 7.3 Vacancies

Information on the level of unit vacancies in the developments was provided by the respondents by indicating the number of units that are vacant in each development. The number of units vacant in each development is indicated in the Table below.

Table 89: Vacancies in GPF Developments

Development	No of Units	Units Vacant	%
<b>Student Housing</b>			
<b>Bedworthpark Student Accommodation</b>	20	0	0%
<b>Opal Students Apartments</b>	94	20	21%
<b>Haborona</b>	77	77	100%
<b>Hectofield - Micah Terrace</b>	34	0	0%
<b>Power Park Digz</b>	34	14	41%
<b>The Dawn Village</b>	53	0	0%
<b>Social Housing</b>			
<b>Allanby</b>	119	26	22%
<b>Fleurhof</b>	286	11	4%
<b>Jabulani</b>	300	24	8%
<b>125 Village Hub</b>	210	210	100%
<b>Devland Gardens Social Housing</b>	540	5	1%
<b>Affordable Rental Housing</b>			
<b>Egon House</b>	70	2	3%

Most of the developments reviewed have a vacancy lower than 10%, where 2 indicated no vacancies. There are some extreme values, which include some recently introduced buildings. Those developments that have a vacancy of 100% are under construction or are newly constructed. When the average of the vacancy rates among the reviewed developments (excluding the outliers of more than 10%) is calculated, the resulting average vacancy rate is 7%.

#### **7.4 Bad Debt**

The respondents were asked to indicate the bad debt recorded for their developments. Very few of the respondents indicated the bad debt values for their developments, whereas some of the respondents indicated the following reasons for the lack of bad debt information:

- The development does not have bad debt because it is NSFAS-accredited student accommodation.
- The development is still under construction.
- No bad debt figures have been recorded as yet.

There were only two developers that were able to provide bad debt figures. They both indicated that the value of their bad debt amounts to roughly 1% of their total annual income.



## 8 PROPOSED NEW TRADE AREAS FOR GPF

New trade areas for GPF investment have been identified. The new trade areas have been based on several aspects, including the following:

- Priority Human Settlements and Housing Development Areas – The PSHDAs are an important consideration as these are the areas that SHRA will consider when approving any new social housing developments. This forms part of their approval criteria and the inclusion of these areas increase the assurance of the need for social housing within the developmental space. The development of the PSHDAs is in line with the various national housing programmes.
- Economic performance of areas – The economic performance of an area provides great insight into the affordability and ability of a population to reside within an area. It was important to gauge the economic performance of the population and subsequently the areas to ensure it has the economic capacity to sustain affordable housing and student accommodation. This once again links to the demographic of the population in the area.
- Location of tertiary institutions – the location of the tertiary educational facilities is specifically important when looking at student accommodation. The location of student accommodations needs to be within a particular distance from the tertiary institutions to ensure it is one of the first-choice accommodation options considered by students, as well as one of the suggested accommodation sites from the institutions.
- Focus on unexplored areas, while steering clear of saturated areas – this criterion is important since specific areas are generally targeted for developments within municipalities, creating a cluster of accommodation within concentrated areas. The criteria were included to look at areas, where the need for housing is high, but also that does not have a concentration of development.

The proposed new trade areas have been chosen based on the criteria listed above. It has become evident that various areas where GPF has previously invested, have become saturated and that those trade areas should no longer form part of the proposed new trade areas for GPF investment. The new trade areas identified for investment are illustrated in the table and map below.

As has been mentioned previously in this report, the trade areas have been divided into two categories, to distinguish between the needs for general rental accommodation and student accommodation. Table 90 illustrates the proposed new trade areas for rental accommodation and Table 91 illustrates the proposed new trade areas for student accommodation.

The identification of new trade areas for general rental housing has been derived from a combination of research into existing municipal plans and policies such as the SDF where priority projects and areas have been identified for development. This, with the addition of conducting demand calculations, has shown where the correct new trade areas are where GPF needs to focus their investment. The table below illustrates some of the new trade areas to investigate, as well as existing trade areas that can be expanded on in the future.

Table 90: Proposed New Trade Areas for Affordable Rental Accommodation

SUGGESTED NEW TRADE AREA	LOCAL MUNICIPALITY
Kya Sand	City of Johannesburg
Laser Park	City of Johannesburg
Joburg CBD	City of Johannesburg
Midrand	City of Johannesburg
Akasia	City of Tshwane
Daspoort	City of Tshwane
Les Marais	City of Tshwane
Rossllyn	City of Tshwane
Kempton Park	Ekurhuleni
Vosloorus	Ekurhuleni

The identification of new trade areas for student accommodation was a more straightforward process than that of general rental accommodation. Student housing, as the name suggests, is to be focused on tertiary institutions and where students will be comfortably located in close proximity to the institution.

Table 91: Proposed New Trade Areas for Student Accommodation

SUGGESTED NEW TRADE AREA	LOCAL MUNICIPALITY
Vanderbeijlpark	Emfuleni
Vereeniging	Emfuleni
Sharpeville	Emfuleni
Springs	Ekurhuleni
Kwa-Thema	Ekurhuleni
Johannesburg	City of Johannesburg
Soweto	City of Johannesburg
Soshanguve	City of Tshwane
Ga-Rankuwa	City of Tshwane
Pretoria	City of Tshwane
Akasia	City of Tshwane
Centurion	City of Tshwane

It is of extreme importance to obtain the relevant information regarding the GPF profile to ensure an accurate outcome. The importance of the Priority areas and overlap with the proposed area mentioned above is one of the main considerations utilised for the choosing of the trade areas. In areas such as Joburg CBD, it is important to take all factors into consideration.

It is evident that an overlap in existing and proposed trade areas are present, and the expansion of the trade areas does not mean completely disregarding existing areas and projects. A number of the trade areas that will be duplicated between the existing and planned areas will only highlight the importance of these areas and the possibilities and potential within the areas. Various existing trade areas can merely be expanded on and will increase the presence within the trade areas.

Identification of trade areas for student accommodation and affordable rental accommodation may differ, as student accommodation is location bound with the presence of tertiary education facilities. This is not the case for trade areas specifically identified or earmarked for affordable rental housing developments.

## 8.1 “No-Go” Areas

This sub-section specifically looks at areas that, based on the research and calculations completed, should not be targeted for future development for affordable housing and student housing. It is important to note that areas identified to avoid for student housing include all areas that do not have tertiary institutions as the first criteria for development.

The table below illustrates the areas to be avoided for the development of affordable housing.

Table 92: Affordable Housing Trade Areas to Avoid

NEW TRADE AREAS TO AVOID	LOCAL MUNICIPALITY
Bronkhorstspuit	City of Tshwane

From the table above it is evident that there are not a large number of areas to avoid when looking into developing additional affordable housing. The reason for this is due to the backlog evident in the various areas.

The table below illustrates the areas to be avoided for the development of student housing.

Table 93: Student Housing Trade Areas to Avoid

NEW TRADE AREAS TO AVOID	LOCAL MUNICIPALITY
Randburg	City of Johannesburg
Bronkhorstspuit	City of Tshwane

<b>NEW TRADE AREAS TO AVOID</b>	<b>LOCAL MUNICIPALITY</b>
Kempton Park	Ekurhuleni

From the table above, it is evident that a number of areas should be avoided when looking into the development of student accommodation. The main reason for this is due to the lack of tertiary institutions within the areas, as well as demand figures that are extremely low and will not justify large student accommodation developments.

There are a number of factors to consider when looking into areas to avoid for future development, but it is important to look at the current data and information available.

## 9 CONCLUSION

### 9.1 Summary of Findings

#### 9.1.1 Literature and Policy Review

- Housing programmes have been developed for the gap housing market. This includes those who are unable to participate in the open housing market due to their struggle to secure loans, yet who have an income that is too high for them to qualify for a state housing subsidy.
- South Africa's student housing market is varied and comprises many typologies, from high-rise, state-of-the-art purpose-built student accommodation (PBSA) complexes, and backyard dwellings to shacks. NSFAS provides stability to student accommodation landlords as it guarantees rental payments, while also ensuring the provision of decent student accommodation.
- The rapid global spread of the corona virus disease in 2019 has led to significant impacts on the national economy, including the real estate or property market. The South African property market struggled through the COVID-19 pandemic, with virtually all sectors registering a decline in performance.
- In response to a Constitutional imperative, Government has, in terms of the Housing Act (Act No. 107 of 1997), introduced a variety of programmes that provide poor households with access to adequate housing.
- There are several policy and strategy frameworks to enable housing development identified in South Africa and its provinces.
- The main driver behind the policies and strategies of Gauteng is the recognition of the Gauteng City Region.

#### 9.1.2 Trade Areas

- Two groups of trade areas have been distinguished for this study.
- Trade areas for general rental housing
  - Pretoria CBD
  - Pretoria North
  - Bronkhorstspuit
  - Randburg CBD
  - Johannesburg CBD
  - Benoni
  - Kempton Park
- Trade areas for student accommodation
  - Pretoria CBD
  - Pretoria North
  - Randburg CBD
  - Johannesburg CBD
  - Benoni
  - Kempton Park
  - The Vaal
- It is also in the interest of the GPF to incorporate the PSHDAs and RZs into their trade areas as this will align the GPF with the governmental identified areas for development.

#### 9.1.3 Market Drivers and Trends

##### 9.1.3.1 Economic Overview

- As indicated in the figure above the prime interest rate and inflation have decreased since 2008, with the interest rate illustrating a rather stable growth when compared to the fluctuating inflation rate trend.

#### **9.1.3.2 Socio-Demographic Profile**

- The population within the trade areas are the largest within the metropolitan Municipalities such as Johannesburg, Tshwane and Ekurhuleni and the largest number of households as well.
- The age profile of the trade areas shows the largest portion of the trade areas are between the ages of 20 to 24 and 25 to 29. A younger population indicates that student and affordable housing should be more evident within the trade areas as the population falls within the age of being students or newly employed.
- Most of the population in the trade areas have some secondary education or Grade 12.
- It is evident from the figure above, that the majority of the trade areas fall within two categories relating to the highest education levels, these include:
  - Diploma with Grade 12/ Std 10
  - Higher Diploma
- The largest portion of the population in each trade is economically active.
- The majority of the population within the trade areas are employed, with only a small portion of the population considered as discouraged work seekers.
- Each trade area is unique when looking at the employment per industry for the population. Five industries are most notable across the trade areas, including the following:
  - Manufacturing
  - Wholesale and retail trade
  - Financial, insurance, real estate and business services, community, social and personal services
  - Private households
- The largest portion of the population falls within the following income ranges:
  - R16 025 – R32 050
  - R32 051 – R64 098
  - R64 099 – R128 198
- The largest household expenditure within the trade areas can be attributed to food, beverages and tobacco followed by:
  - Rent
  - Transport and communication services

#### **9.1.3.3 Property Market Trend Analysis**

- According to professionals at TPN, it is evident that Covid-19 has impacted the rental market as seen in high vacancies, low rental escalations and decreasing levels of tenants in good standing.
- The most prominent dwelling typology across all trade areas is a house on a separate stand.
- Most of the trade areas prefer bonded housing, except for Johannesburg, Merafong and Westonaria where rental housing is the most evident tenure type.
- The largest rentals are evident within the Randburg and Montana areas. When looking at the size of the units, the largest units on average can be found in Pretoria North.
- The most common amenities provided in the trade areas are security, access control and parking facilities.
- Pretoria CBD, Pretoria North, and Johannesburg CBD experienced the highest number of student enrolments despite a slight decrease caused by the Covid-19 pandemic which halted economic activities throughout the country.
- A supply of student accommodation exists in proximity to tertiary institutions with higher volumes for universities from both public and private providers.

#### 9.1.4 Industry Interviews

- Stakeholder interviews revealed a range of market dynamics and provided insight into the impact of COVID-19.

#### 9.1.5 GPF Portfolio Review and Benchmarking

- A review of 12 rental developments was conducted, which consisted of 1 837 units and can be broken down into the housing categories:
  - 1 Affordable Housing developments
  - 5 Social Housing developments
  - 6 Student Housing developments
- The operational expenses of the reviewed GPD Developments range from R1 537,67 per unit for bachelors to R1 760,00 per unit for two bedrooms. For student housing, the operational expenses ranged from R5 441 per unit for 1 bedroom, R5 334,25 per unit for 2 bedrooms and R12 000 for three bedrooms.
- When the average of the vacancy rates among the reviewed developments (excluding the outliers of more than 10%) is calculated, the resulting average vacancy rate is 7%.
- Very few of the respondents indicated bad debt values for their developments.
- indicated that the value of their bad debt amounts to roughly 1% of their total annual income.

#### 9.1.6 Market Demand Analysis

- From the demand calculations conducted for each trade area the following conclusions can be made:
- In Randburg, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 8 71 and is expected to increase to 2 856 in 2025 and ultimately reach 8 366 in 2030. Similarly, the secondary market social housing currently stands at 520 units and is expected to reach 6 074 by 2030. The affordable housing demand is expected to reach 672 in 2023 and will increase to approximately 5 978 in 2030.
- Only one public tertiary institution is situated within the Randburg trade area. In 2023 a student housing demand of 540 is evident and is expected to decrease to 138 in 2030 and 52 in 2035
- The Pretoria CBD area has a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 462 and is expected to increase to 1 425 in 2025 and ultimately reach 4 073 in 2030. Similarly, the secondary market social housing currently stands at 500 units and is expected to reach 4 409 by 2030. The affordable housing demand is expected to reach 583 in 2023 and will increase to approximately 5 812 in 2030.
- Several tertiary institutions are situated within the Pretoria CBD trade area. It is evident that in 2023 a student housing demand of 5 713 is evident and is expected to decrease to 2 910 in 2030 and 2 790 in 2035.
- It is evident that even with the introduction of some social housing developments within the Pretoria North area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 252 and is expected to increase to 778 in 2025 and ultimately reach 2 224 in 2030. Similarly, the secondary market social housing currently stands at 183 units and is expected to reach 1 616 by 2030. The affordable housing demand is expected to reach 147 in 2023 and will increase to approximately 1 430 in 2030
- A number of tertiary institutions are situated within the Pretoria North trade area. It is evident that in 2023 a student housing demand of 2 294 is evident, and is expected to decrease to 1 507 in 2030 and increase to 1 614 in 2035
- In the Bronkhorstspuit area, there is still a very small demand for social and no demand for affordable housing. The primary market social housing in the year 2023 is approximately 5 and is expected to increase to 14 in 2025 and ultimately reach 41 in 2030. Similarly, the secondary market social housing currently stands at 6 units and is

expected to reach 54 by 2030. The affordable housing demand shows that there is an oversupply and no new affordable housing developments should be considered in this trade area.

- The Joburg CBD area has a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 2 105 and is expected to increase to 6 508 in 2025 and ultimately reach 18 729 in 2030. Similarly, the secondary market social housing currently stands at 1 535 units and is expected to reach 13 653 by 2030. The affordable housing demand is expected to reach 1 018 in 2023 and will increase to approximately 9 058 in 2030.
- In 2023 a student housing demand of 3 979 is estimated for the Joburg CBD and is expected to decrease to 3 777 in 2030 and increase to 3 808 in 2035
- Benoni area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 84 and is expected to increase to 258 in 2025 and ultimately reach 732 in 2030. Similarly, the secondary market social housing currently stands at 68 units and is expected to reach 594 by 2030. The affordable housing demand is expected to reach 57 in 2023 and will increase to approximately 585 in 2030.
- The net effective demand for 637 student accommodation units exists in Benoni 2023, this is expected to decrease to 625 in 2030 and 616 in 2035.
- Kempton Park area, there is still a demand for social and affordable housing. The primary market social housing in the year 2023 is approximately 56 and is expected to increase to 172 in 2025 and ultimately reach 489 in 2030. Similarly, the secondary market social housing currently stands at 74 units and is expected to reach 645 by 2030. The affordable housing demand is expected to reach 101 in 2023 and will increase to approximately 877 in 2030.
- It is evident that in 2023 a student housing demand of 222 is estimated in Kempton Park and is expected to decrease to 195 in 2030 and decrease to 46 in 2035.
- The Vaal trade area is expected a significant demand of 2 041 in 2023 and is expected to increase to 2 068 in 2030 and further to 2 645 in 2035.

### 9.1.7 Proposed New Trade Areas

Possible trade areas to consider for affordable rental housing:

SUGGESTED NEW TRADE AREA	LOCAL MUNICIPALITY
Kya Sand	City of Johannesburg
Laser Park	City of Johannesburg
Joburg CBD	City of Johannesburg
Midrand	City of Johannesburg
Akasia	City of Tshwane
Daspoort	City of Tshwane
Les Marais	City of Tshwane
Rossllyn	City of Tshwane
Kempton Park	Ekurhuleni
Vosloorus	Ekurhuleni

Possible trade areas to consider for affordable rental housing:

SUGGESTED NEW TRADE AREA	LOCAL MUNICIPALITY
Vanderbeijlpark	Emfuleni
Vereeniging	Emfuleni
Sharpeville	Emfuleni
Springs	Ekurhuleni
Kwa-Thema	Ekurhuleni
Johannesburg	City of Johannesburg
Soweto	City of Johannesburg
Soshanguve	City of Tshwane
Ga-Rankuwa	City of Tshwane
Pretoria	City of Tshwane
Akasia	City of Tshwane

<b>SUGGESTED NEW TRADE AREA</b>	<b>LOCAL MUNICIPALITY</b>
Centurion	City of Tshwane

Areas to be avoided for the development of affordable housing:

<b>NEW TRADE AREAS TO AVOID</b>	<b>LOCAL MUNICIPALITY</b>
Bronkhorstspuit	City of Tshwane

Areas to be avoided for the development of student housing.

<b>NEW TRADE AREAS TO AVOID</b>	<b>LOCAL MUNICIPALITY</b>
Randburg	City of Johannesburg
Bronkhorstspuit	City of Tshwane
Kempton Park	Ekurhuleni

### 9.1.8 Key Recommendations

Based on the findings of the study, the following recommendation is put forward for improved development of the rental affordable housing sector in Gauteng.

- High levels of support are required to assist stakeholders in the rental housing market to recover from the COVID-19 pandemic's impacts with the following focus.
  - Efficient funding structure
  - Incentives and pardons for companies that contribute to the provision of affordable housing
  - A policy that addresses the unique challenges and changes
- Integration with other development sector stakeholders in the property sector should be built to enable sustainable housing developments in holistic environments.
- A review of the defining features of the Social and Affordable rental housing market needs to be adjusted according to affordability patterns
- Localised market feasibility studies should be conducted to understand more localised dynamics of the area and should involve engagements with the market to also under their needs.
- Further feasibility studies are recommended for the proposed areas for development to investigate the demand suitability of these areas for the implementation of rental housing.
- The potential demand figures determined for social, affordable and student housing should not be exceeded to avoid oversupply.



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## 11 ANNEXURE 1: INSTITUTIONAL INTAKE

Table 94: Full-time student enrolment by university/college from 2015 to 2020

Johannesburg							
Institution	Year	2015	2016	2017	2018	2019	2020
University of the Witwatersrand	Registered students	21 865	24 303	24 621	25 540	25 238	24 696
	Percentage growth		1,3%	3,7%	-1,2%	-2,1%	11,2%
University of Johannesburg	Registered students	41 495	43 046	41 779	41 628	41 235	38 659
	Percentage growth		-2,9%	-0,4%	-0,9%	-6,2%	3,7%
Central Johannesburg TVET College	Registered students	8 575	7 735	6 525	6 776	6 624	4 709
	Percentage growth		-10%	-16%	4%	-2%	-29%
South West Gauteng TVET College	Registered students	10 578	25 902	14 266	16 302	12 416	10 386
	Percentage growth		145%	-45%	14%	-24%	-16%
Sedibeng							
Institution	Year	2015	2016	2017	2018	2019	2020
Vaal University of Technology	Registered students	17 006	18 470	18 363	20 267	21 036	19 391
	Percentage growth		8,6%	-0,6%	10,4%	3,8%	-7,8%
Sedibeng TVET College	Registered students	8 601	8 002	9 078	9 357	8 760	6 666
	Percentage growth		-7%	13%	3%	-6%	-24%
Pretoria							
Institution	Year	2015	2016	2017	2018	2019	2020
University of Pretoria	Registered students	35 551	35 698	34 536	35 542	35 746	35 820
	Percentage growth		0,4%	-3,3%	2,9%	0,6%	0,2%
Tshwane University of Technology	Registered students	54 596	56 108	59 829	62 347	63 761	59 107
	Percentage growth		2,77%	6,63%	4,21%	2,27%	-7,30%
Sefako Makgatho Health Science University	Registered students	4 126	4 254	4 556	5 016	5 175	4 927
	Percentage growth		3,1%	7,1%	10,1%	3,2%	-4,8%
Tshwane North TVET College	Registered students	5 081	10 141	9 492	9 676	8 981	6 361
	Percentage growth		100%	-6%	2%	-7%	-29%
Tshwane South TVET College							

Ekurhuleni
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IMPACT OF COVID-19 ON THE HOUSING RENTAL MARKET, RECOMMEND INTERVENTIONS, POTENTIAL MARKETS FOR AFFORDABLE RENTAL HOUSING MARKET WITHIN GAUTENG AND BENCHMARK THE GPF PORTFOLIO

<b>Institution</b>	<b>Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Ekurhuleni East TVET College</b>	<b>Registered students</b>	12 157	19 296	7 693	9 926	8 968	8 237
	<b>Percentage growth</b>		59%	-60%	29%	-10%	-8%
<b>Ekurhuleni West TVET College</b>	<b>Registered students</b>	9 819	10 562	10 162	12 335	10 682	9 527
	<b>Percentage growth</b>		8%	-4%	21%	-13%	-11%

## 12 ANNEXURE 2: RESTRUCTURING ZONES

The RZs applicable to the City of Johannesburg, City of Tshwane and Ekurhuleni Metropolitan Municipalities are indicated in the Table below

Table 95: RZs Zones applicable to the study trade areas

Gauteng Province		
Municipality	Town	Restructuring Zone
City of Johannesburg	Johannesburg	City Deep
		Eldorado Park
		Ellis Park Precinct
		Greater Alexandra
		Greater Diepsloot
		Greater Ivor Park
		Johannesburg CBD
		Lenasia District Nodes
		Midrand
		Princess Plots
		Randburg
		Roodepoort
		Sandton Metropolitan Nodes
		Soweto
Stretford		
Turffontein		
City of Tshwane		Akasia
		Arcadia
		Atteridgeville
		Bellevue
		Capital Park
		Centurion
		Danville
		Daspoort
		De Beers
		Derdepoort
		Die Hoewes
		Dorandia
		Doringkloof
		Eerste Fabrieke
		Eersterust
		Elandspoort
		Florauna
		Gezina
		Hennospark
		Highveld
		Jan Niemand Park
	Klip/Kruisfontein	
	Koedoespoort	
	Kwaggasrand	
	Lady Selborne	
	Les Marais	
	Lindo Park	
	Lotus Gardens	

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	Lynnwood Glen
	Marabastad
	Mayville
	Menlyn
	Moretele View
	Mountain View
	Nellmapius
	Newlands
	Nina Park
	Parktown Estate
	Pretoria West
	Pretoria CBD
	Pretoria Industrial
	Pretoria North
	Jan Niemand Park
	Klip/Kruisfontein
	Koedoespoort
	Kwaggasrand
	Lady Selborne
	Les Marais
	Lindo Park
	Lotus Gardens
	Lynwood Glen
	Marabastad
	Maryville
	Menlyn
	Moretele View
	Mountain View
	Nellmapius
	Newlands
	Nina Park
	Parktown Estate
	Pretoria West
	Pretoria CBD
	Pretoria Industrial
	Pretoria North
	Pretoria North CBD
	Pretoria North CBD
	Proclamation Hill
	Rietfontein
	Rietondale
	Roseville
	Rosslyn
	Salvokop
	Saulsville
	Silverton
	Silvertondale
	Soshanguve South
	Suiderberg
	Sunnyside
	Theresa Park
	Tileba
	Verwoerdburgstad
	Villieria

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		Waltloo
		Weavind Park
		Wespark
		Witfontein
		Wonderboom South
Ekurhuleni Metropolitan Municipality		Benoni
		Brakpan
		Germiston
		Kempton Park
		Springs
	Tembisa	Tembisa CBD
		Leralla Node
		Clayville
		Oakmoore
	Katorus	Mayberry Park
		Alrode
		Vosloorus CBD
		Vosloorus Hospital Node
	Boksburg	Kwesine – Palm Ridge
		Boksburg Mining Belt
		Boksburg CBD
		Boksburg North
Randfontein LM	Randfontein	Finsburg
		Toekomsrus
		Randfontein CBD
		Uncle Harry's Precinct
		Aureus
		Mohlakeng
Mogale City Municipality	Krugersorp	Middelvlei, Droogeheuwel and Ridgeview
		Leratong Mixed Development
		Magaliesburg CBD
		Nooitgedacht/Rietfontein
		Muldersdrift/Pine Heaven
		West Krugersdorp
		Krugersdorp CBD
Chief Mogale		
Merafong LM		Welverdiend and Varkenslaagte
		Khutsong South
		Fochville CBD
		Carlentonville CBD
Westonaria LM	Simunye	Simunye
		Bekkersdal
		Thusanong
		Westonaria CBD
		Westonaria Borwa