



REAL ESTATE INVESTOR

MAGAZINE

JULY 2024



INVESTING IN YOUR NEXT PROPERTY

PERSONAL 5 KEY FACTORS
TO CONSIDER

DECODING THE SA PROPERTY MARKET

UNDERSTANDING
THE ECONOMICS

ARTIFICIAL INTELLIGENCE IS HERE!

EMBRACE IT OR FALL

ANDREW THOMPSON

DISCUSSES EXP REALTY: THE FASTEST GROWING
REAL ESTATE COMPANY GLOBALLY

MEET THE TEAM



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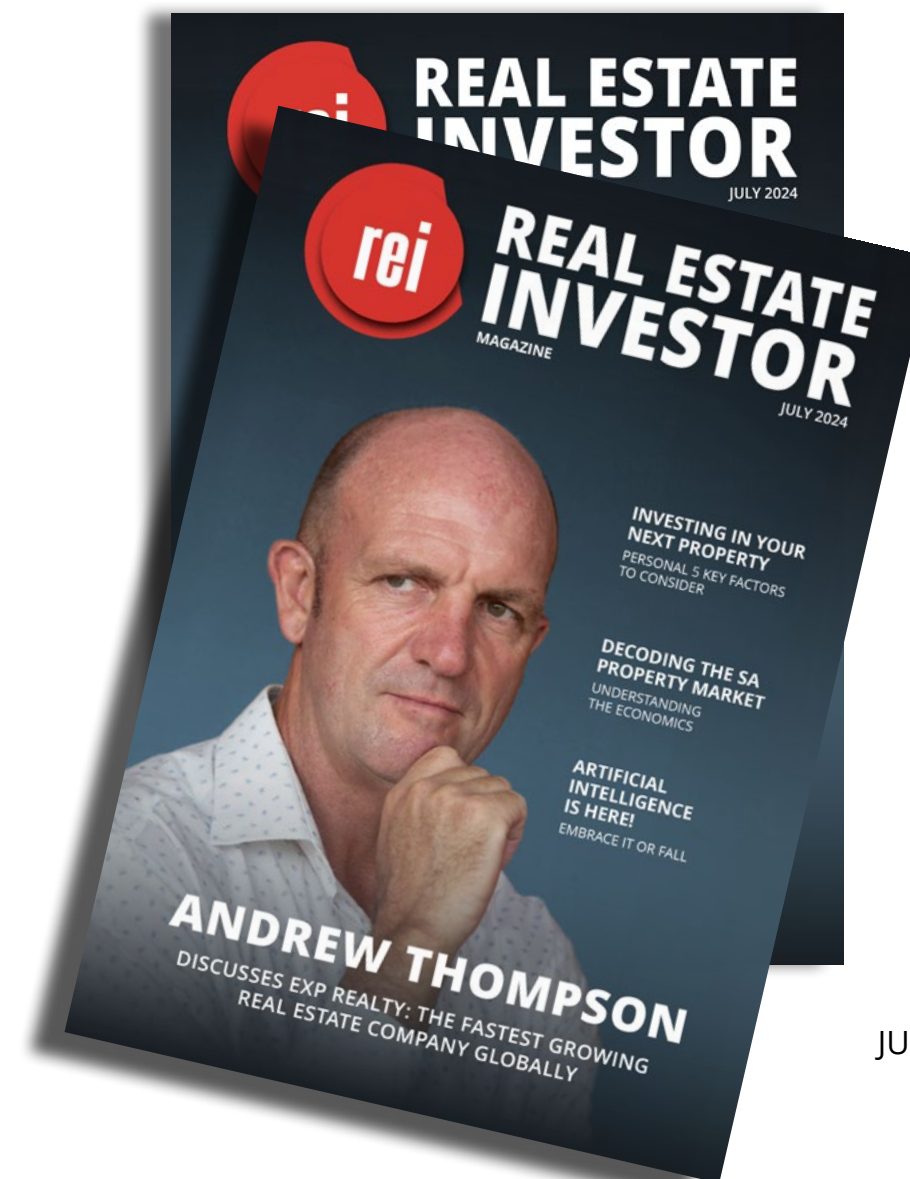
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FEATURING



Investing with Confidence and the Right Knowledge for Building Viable Property Businesses

The latest Absa Homeowner Sentiment Index for Q1 2024 reveals a cautiously optimistic consumer outlook in South Africa's property market, with notable improvements in sentiments toward buying, investing, and renovating properties. However, concerns about the economy and affordability still persist.

Buying Property: Sentiment improved by 8% to 72% in Q1 2024. Key drivers include property as a good investment (63%), value appreciation (51%), and profit potential (41%). Negative influences are high interest rates (55%) and economic instability (55%).

Selling Property: Sentiment increased by 1% to 49%. Positive aspects include good property prices (59%), financial constraints (39%), and upgrading (49%). Negative aspects are economic instability (46%) and a preference to retain property as an investment (42%).

Investing in Property: Sentiment improved by 6% to 82%, the highest since Q1 2021. Positive factors include value accumulation (54%), good return potential (52%), and rental demand (53%). Negative factors are poor economic performance (56%) and a weak Rand (44%).

Choosing Ownership over Renting: Sentiment increased by 6% to 73%. Positive influences are ownership preference (51%), affordability (48%), and higher rent costs (45%). Negative influences include the flexibility of renting (47%) and high maintenance costs (39%).

Property Renovation Timing: Sentiment increased by 4% to 79%. Positive influences include property value increase (62%), better returns when selling (57%), and having cash on hand (49%). Negative influences are poor economic performance (40%) and expensive materials (44%).

Choosing Ownership over Renting: Sentiment increased by 6% to 73%. Positive influences are ownership preference (51%), affordability (48%), and higher rent costs (45%). Negative influences include the flexibility of renting (47%) and high maintenance costs (39%).

Property Renovation Timing: Sentiment increased by 4% to 79%. Positive influences include property value increase (62%), better returns when selling (57%), and having cash on hand (49%). Negative influences are poor economic performance (40%) and expensive materials (44%).

EDITOR'S VIEWPOINT

The right Knowledge is a powerful tool. Multi-millionaire businessman Meir Ezra suggests that the more knowledge you have, the more income you can generate. Improving the individual leads to better teams, businesses, families, and ultimately, a better planet.

Identifying moments of failure and addressing false assumptions can lead to true understanding. By doing so, one can reclaim innate abilities and overcome recurring problems like business failures and financial losses.

Embrace truth-seeking as a path to personal and collective improvement. Redefine success as a continuous journey rooted in understanding and truth.

“ MASTER QUOTE

The way to develop self-confidence is to do the thing you fear and get a record of successful experiences behind you

WILLIAM JENNINGS BRYAN

”

Neale Petersen
Founder & Editor-In-Chief



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Meet our guest expert

Operations Director:
High Street Auctions



Question

Specialist real estate auction companies abound, but their service offerings aren't necessarily geared the same and I need to understand the differences a bit better. What are the essential questions corporate clients should ask when they're choosing an auction partner?



Answer from Greg Dart:

Auctions are arguably the fastest and most transparent transactional platform for the liquidation of high value fixed assets, which is why financial institutions, REITs, listed companies and property managers all utilise this channel to reshape their portfolios.

For corporates venturing into the market, though, choosing the right auction partner can be the difference between a costly mistake and a healthy profit for shareholders.

South Africa has plenty of "specialist" auctioneers across every sector. If your first foray into auctions is in the kitchen appliance value band a mistake is affordable, but in a high value industry such as real estate, getting the partnership right first time, is a must.

Checking off these points will go a long way towards sorting the pretenders from the professionals for corporates choosing a specialist real estate auction company partner:

1. Is the auction company registered and in good standing with the South African Institute of Auctioneers (SAIA), which is the professional statutory body that represents the auction industry in SA. SAIA has a website <https://www.auctioneering.co.za/> and queries about the status of any company can be emailed as well.

2. Does the auction company have a track record? Has it been in business for more than a minute, and does it hold any records or industry awards? Longevity in business and industry records over several years indicate continuous top-tier performance. High Street Auction has been in the industry for 15+ years, has hosted 200+ auctions, taken 5000+ properties to market, and has created billions of ZAR in value for clients.

3. Specialist real estate auction companies should be able to deliver results across all nine provinces. Ask about sales results nationwide, and choose the company that delivers not only in one province, but across the country. High Street Auction has a record of success across all provinces, and

has even done cross-border transactions. The record-setting portfolio disposal of 15 Shoprite Holdings centres was done across five provinces.

4. Make sure they have a strong online presence and that they leverage the digital world in favour of their clients. If they're not online, they're nowhere, and that means your property won't be either.

5. Specialist real estate auction companies have to be digitally savvy and educated. This means a strong social media presence across all channels with tailored content according to platform, streamed auctions and app-based bidding capabilities, to name a few examples.

6. Ask about marketing campaign accolades. Have they received any industry recognition or awards for campaigns, can they produce previous marketing campaigns to demonstrate how they'd showcase your property? Also find out exactly how much would be spent on marketing your asset, because without the right marketing, there'd be little chance of the sale succeeding.

7. Compare the various companies' commission rates, rebates and costs, and don't go for the company that offers the biggest discount on fees. If you think it's a good idea to go cheap rather than spend a bit more on commissioning a professional, you'll have a heart attack at how much it'll cost to get a professional company to sort out your financial and legal mess after the budget route bombs.

8. On that subject, professionals will always be statutorily compliant with all the requisite bodies – both the companies and their auctioneers. They'll have FFCs and comply with all regulatory requirements to conduct the business of auctions. Ask to see their terms and conditions of sale.

9. Watch recordings of companies' previous auctions online, and compare their stock, performance and buyer response before making your final decision.

High Street Auctions holds numerous South African auction records including the highest commercial real estate auction price ever achieved – R205 million for the Kyalami Race Track – and the highest residential real estate auction price of R96m for a villa in Clifton. The company was also awarded the NAA/USA Today Global Marketing Campaign of the Year Award in 2021.

Legal question in respect of a fair Offer to Purchase (OTP) on a property

Meet our guest expert

BRUNO SIMAO

Founder & Managing Partner:
BSA Law



Question

from Property Owner:

An Offer to Purchase (OTP) was made on my property in the name of a Company, with only one individual's personal ID and contact information provided facilitated by an estate agent. There was no mention of a second director, and it was signed by a witness. The agent also presented a pre-approval in their personal capacity indicating the buyer could qualify for a bond.

Assuming proper internal management formalities, we accepted the offer by May 10, 2024, with bond approval as the only suspensive condition 6 days later, the estate agent revealed his wife, now introduced as a second director, is refusing to sign. Without her signature, he cannot apply for the bond. She did not even view the house. With significant doubts about this transaction's validity, what are our rights to demand performance and legal documentation of the company's authority to ensure our rights as sellers are protected? Shouldn't estate agents have verified these formalities before presenting the OTP for signature?



Answer

from Bruno Simao:

Thank you for your question. Let's address the key issues and clarify your rights and potential actions by playing out different scenarios and facts.

FICA: Firstly, the estate agent should have verified the existence of the two directors registered with the CIPC, as required by the Financial Intelligence Centre Act (FICA). If the agent did not request this information, they are in violation of the Act and their duties to you. If, on the other hand, the wife was not a director at the time, then FICA compliance is not in question and the issue of authority becomes less significant.

Authority to Sign: It's important to note that both directors do not necessarily need to sign the OTP. For example, a CEO often has the authority to conduct business on behalf of the company without requiring the co-signature of another director. However, this is something the agent might not know. The signatory who claimed to have the necessary authority could be held liable for damages if it turns out they did not, in fact, have such authority.

OTP Validity vs Bank Requirements: There is a distinction between the company's authority to enter into agreements and the bank's credit risk policies. If the bank requires both directors to sign the loan documents and act as sureties, this does not affect the validity of the OTP or the husband's authority to act on behalf of the company in purchasing the property. It may however mean that the loan will not be granted.

Look for a Realistic Outcome: Your approach should be practical. Forcing a bank to grant a loan if it is unwilling is not feasible. Similarly, forcing a dissenting shareholder/director to sign a loan agreement or suretyship is challenging. If the refusal is related to the loan agreement, there might be some hope in seeking relief from the court. However, if the refusal is related to the suretyship, it is unlikely that a court would compel her to sign.

Possible Solutions: If you have evidence that all parties, including the wife, led you to believe there was appropriate authority, you might be able to enforce performance. However, this does not seem to be the case here. Depending on the OTP, you might have a claim for specific performance against the signatory. Additionally, a claim for damages might be appropriate if the signatory and agent did not act innocently. I really hope this helps.

Bruno Simao is an experienced property lawyer and the founder of BSA Law. He specializes in property law and evictions, providing expert legal guidance to protect clients' rights



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Andrew Thompson

Largest independent real estate company in South Africa and globally

“

Real Estate Investor Magazine recently interviewed Andrew Thompson, principal leader of eXp South Africa. Andrew emphasizes the importance of staying updated on industry trends and keeping his business innovative by regularly reading Real Estate Investor Magazine and the rei.co.za property platform.

In just under four years at the helm, Andrew has made significant inroads into the South African real estate market. A key milestone was in 2023 when eXp Realty South Africa was voted as the Country Leader of the Year for eXp Global 2023, out of 22 countries. He attributes this success to the incredible support from his agents and leadership team.

”





ANDREW THOMPSON PROFILE

Position: Country Leader and Principal - eXp Realty South Africa

Qualifications: Diploma in Hotel Management and Master Practitioner in Real Estate

Family: Life partner Melissa, Liam and daughter Sarah where he draws great family values and inspiration.

Uniqueness of Company: The most Agent Centric Real Estate Company on the planet and the best compensation model the world has ever seen.

Favourite Books read: Wilbur Smith 'When The Lion Feeds'. Wilbur Smith and Macbeth were the only two books he ever read

Hobbies: SUPping, paddling, fishing, running, golf, outdoors wildlife, sports fanatic and huge supporter of our national sports teams.

Personal Motto: 'It's not whether you win or lose but how you play the game – Live and Love Life.'

Andrew credits his career success to his parents and the educational opportunities they provided him during his formative years. Born and raised in Grahamstown (now Makhanda), he enjoyed a wonderful family life, living on the school premises with his parents, who were both teachers at Kingswood College. This afforded him access to privileged educational and sporting facilities. Weekends and holidays were often spent in Port Alfred, creating lasting family memories.

Growing up, Andrew's family thrived on sports. His grandfather, Jack Slater, was a Springbok Rugby player in 1928, and his parents were active in various sports. This sporting environment provided Andrew with a well-rounded and positive upbringing, fostering strong relationships globally.

After completing his education at Kingswood College, Andrew served in the army in Bloemfontein, where he became a Lieutenant at the School of Armour and played cricket for the Orange Free State Defence Team. Following his national service, he pursued a Diploma in Hotel Management at Witwatersrand Technikon in Johannesburg.

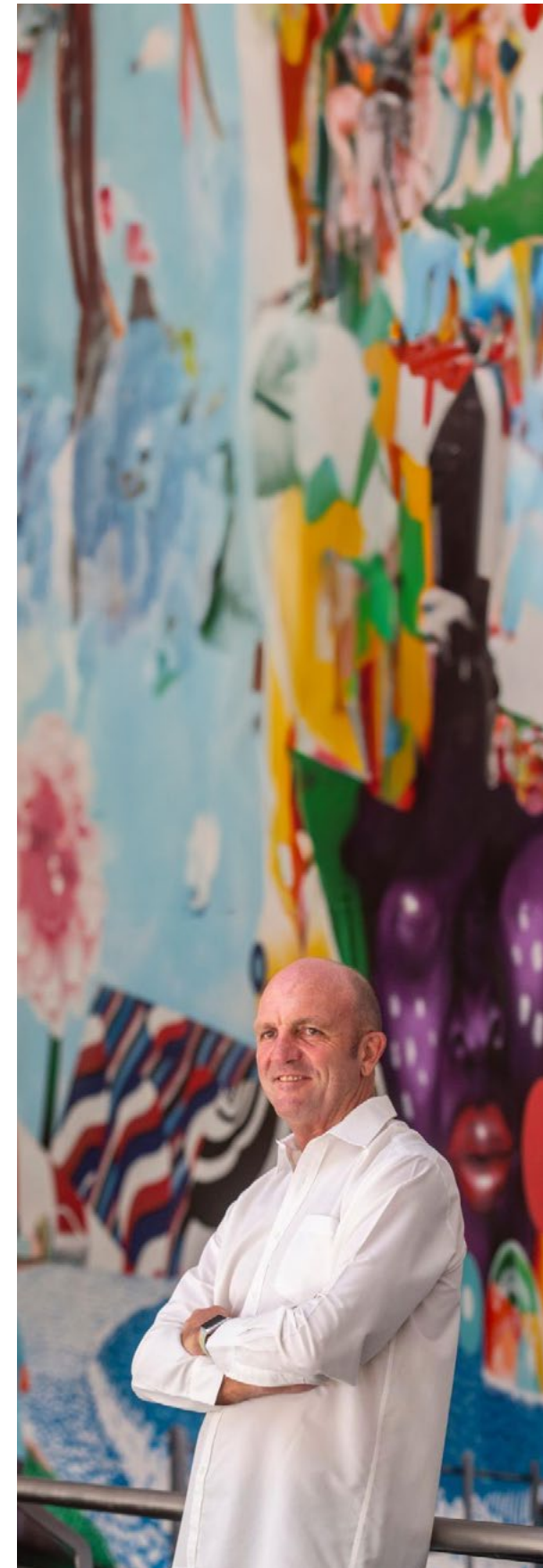
Andrew's dedication to innovation and adaptability, combined with his strong educational background and supportive family, have positioned him as a leading figure in South Africa's real estate industry.



Andrew Thompson's journey into the real estate industry began humbly at The Knysna Protea Hotel, earning R280 per month. He spent his earnings on essentials, socialising, and saving for an African Safari before turning thirty.

As a young man, he had two main goals:

1. To become the youngest Hotel GM in Southern Africa. To self-fund a year-long African adventure before turning 30.
2. While he didn't achieve the first, he did become the General Manager of Cresta Thapama Lodge in Botswana at 26 and embarked on his African Safari 12 days before his 30th birthday, marking an unforgettable growth experience.



Andrew's career flourished as he climbed the ranks in various hotel groups, including Protea Hotels, Southern Sun Hotel Group, Cresta Hotels, Tsogo Sun Casinos, Supervision Food Services, and The Three Cities Hotel Group. Eventually, he became a Director of Operations, overseeing 31 hotels across Zimbabwe, Botswana, and South Africa. His nineteen years in hospitality offered him a wealth of experiences, from managing game lodges and leisure hotels to interacting with sports stars, comedians, celebrities, and dignitaries, including his personal hero the late Nelson Mandela.

Andrew's transition to real estate began with a brief stint at Sotheby's International Realty Group, which he described as a game-changer. He then joined the eLan Property Group as Sales Manager, later becoming Sales Director. At eLan, he honed his skills in real estate sales, marketing, funding, legalities, and development strategy. His work on the Simbithi Eco Estate in Ballito, KZN, a rapid-selling family gated community development with sales of over 2000 stands, was a milestone in his career.

To expand eLan's international reach, Andrew helped launch a Keller Williams Realty franchise in Umhlanga Rocks, Durban, growing the business from zero to 51 agents in 15 months. However, the pivotal moment in his career came with the arrival of eXp Realty in South Africa. As CEO, sole Director, and Principal of eXp Realty South Africa Pty Ltd, Andrew found a model that perfectly matched his vision.

Under Andrew's leadership, eXp Realty South Africa aims to become the largest real estate company on the African continent. He emphasizes a friendly, family-oriented, and agent-centric approach, supported by a dynamic leadership team. His leadership philosophy focuses on visibility, solution-oriented thinking, positivity, and leveraging excellent technology and communication tools to support his team.

Andrew Thompson's journey from hospitality to real estate exemplifies his dedication to innovation, growth, and creating wealth for his agents and their families.



1. What role do you see technology playing in the future of your industry, and how are you preparing for it?

The slogan "The Future of Real Estate" underscores the vital role of technology in our industry.

Key advancements include:

ChatGPT and similar tools enhancing efficiency.

AI playing a significant role.

New lead generation methods threatening traditional syndications.

CRMs becoming obsolete as AI improves efficiency.

Virtual worlds evolving into 5D and 5G environments for realistic experiences.

Transition to paperless societies.

Governments adopting electronic signatures for deeds registrations.

Companies with advanced communication tools dominating.

Innovative agent remuneration systems like CAP Management, Rev Share My eXp, and Shareworx.

We are preparing by integrating cutting-edge technology, ensuring tech-savvy agents excel while maintaining the importance of human relationships in real estate.

2. Career highlights, achievements you are proud of, and/or upcoming projects or ventures you are particularly excited about?

We are thrilled to announce our "52 Weeks, 52 Roadshows" initiative! In 2025, we eagerly anticipate the agent-led event hosted by Steve Johnstone, expecting an audience of over 1,000 real estate professionals. Additionally, we are excited about our eXp Annual Awards Gala Dinner, scheduled for December 6, 2024.



3. How and where do you find your inspiration?

I am inspired by achievement and I love people with a great presence, 3 to mention President Nelson Mandela had an incredible presence and auror. The late Derek Watts was an immense person and character. Glenn Sanford of eXp World Holdings has an amazing presence, a real gentleman, trustworthy, and oozes integrity.

The above are standouts for me, but I must say the best feeling in the world around inspiration really comes from friends and family, and I cannot stress enough how important it is to reach out to people, congratulate them, pat them on the back, because when its your turn it comes back in abundance.

That is why in business and home it is so vitally important to create that family environment where we care for each other, collaborate and very often through our technology the love

4. If you were the President of South Africa what would you change or do tomorrow?

- Drop the politics and run it like a business
- Create an open skies policy for flights in South Africa
- Resolve the expropriation of land issues so as to attract foreign investment
- Improve policing safety and security
- Guarantee a minimum standard of infrastructure and maintain as such

5. What advice would you give aspiring entrepreneurs or professionals looking to make a mark in the industry?

Haha... Join eXp Realty in South Africa

eXp SOUTH AFRICA

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eXp Realty:

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eXp South Africa, part of the global eXp Realty network, is a fast-growing real estate company known for its innovative and agent-centric model. With a strong focus on technology, collaboration, and professional development, eXp South Africa aims to revolutionize the real estate landscape in the country and beyond.





eXp SA's strategic vision for 2024 revolves around leveraging technology, fostering professional development, and expanding its market presence. By maintaining a strong agent-centric approach and embracing innovation, eXp SA is poised to continue its rapid growth and solidify its position as a leader in the real estate industry. With ambitious initiatives like the "52 Weeks, 52 Roadshows" and the Annual Awards Gala, the company aims to build a vibrant, connected, and successful community of real estate professionals.

Key Highlights

•**Agent-Centric Approach:** eXp Realty's model places agents at the centre, offering them unparalleled support, resources, and financial incentives. This approach has attracted many real estate professionals to the platform, contributing to its rapid growth.

•**Global Reach:** As part of eXp Realty, eXp South Africa benefits from a vast global network, providing agents with opportunities to connect with colleagues and clients worldwide. This global connectivity enhances the ability to serve clients with diverse needs and preferences.

•**Innovative Technology:** eXp Realty leverages cutting-edge technology to provide a virtual office environment, enabling agents to work efficiently from anywhere. Tools like eXp World, a cloud-based platform, facilitate training, collaboration, and business operations in a virtual setting.



•**Education and Training:** Continuous professional development is a cornerstone of eXp South Africa's strategy. The company offers extensive training programs, workshops, and resources to ensure agents remain at the forefront of industry trends and best practices.

•**Revenue Sharing and Equity Opportunities:** eXp Realty's unique revenue-sharing model allows agents to earn additional income by attracting new agents to the platform. Additionally, agents can acquire equity in the company, aligning their interests with the overall success of eXp Realty.

•**Market Expansion:** eXp South Africa is committed to expanding its footprint across the country, targeting key metropolitan areas and emerging markets. This expansion strategy aims to provide more opportunities for agents and better serve clients in various regions.

Strategic Initiatives for 2024

•**52 Weeks, 52 Roadshows:** A major initiative for 2024 is the "52 Weeks, 52 Roadshows" campaign. This initiative aims to increase brand awareness, attract new agents and strengthen relationships with existing agents through a series of roadshows held across South Africa throughout the year.

•**Annual Awards Gala:** The eXp Annual Awards Gala, scheduled for December 6, 2024, will celebrate the achievements of eXp South Africa's agents. This prestigious event aims to recognize outstanding performance, foster a sense of community, and motivate agents to strive for excellence.

•**Agent-Led Events:** In 2025, eXp South Africa plans to host an agent-led event featuring industry expert Steve Johnstone. This event is expected to draw over 1,000 real estate professionals, providing a platform for networking, learning, and sharing best practices.

•**Technology Integration:** Continuing to invest in technology, eXp South Africa will enhance its virtual office environment, improve CRM systems, and explore new tools to streamline business operations and enhance the agent experience.

•**Sustainability and Innovation:** eXp South Africa is committed to sustainable practices and innovation in the real estate industry. The company will focus on initiatives that promote environmentally friendly practices and leverage emerging technologies to drive efficiency and growth.





Entrepreneurial Freedom

Powered by our virtual environment, agents can work from anywhere globally with just a computer and Wi-Fi connection. This flexibility empowers agents to build their own brands while benefiting from eXp Realty's extensive support and resources. Our virtual offices provide unparalleled freedom, facilitating a lifestyle where work and life blend seamlessly. Our focus remains steadfastly on our agents, who drive the heart of our business. We provide unparalleled tools and technology that streamline the listing and sales process, enabling agents to achieve exceptional production levels. Each agent benefits from: estate professionals.

- 1. Admirable Commissions:** Generous commissions that cover business and residential costs.
- 2. Revenue Share Organisation:** Agents can build their own revenue share network, earning monthly bonuses by attracting high-performing agents and influential individuals.
- 3. Ownership Opportunities:** Agents earn shares in eXp Realty, listed on NASDAQ, building valuable assets alongside their careers.
- 4. Additional Income Streams:** Through partnerships with banks, bond originators, and concierge services, agents earn additional income streams, retaining 100% of these earnings.

Community and Growth

Starting from zero agents, eXp South Africa has grown rapidly to 1,250 agents in three years, with projections to reach 2,000 agents by 2024 and 4,000+ agents by 2025. We've climbed the ranks to become one of South Africa's top real estate companies by agent count, fostering a family-like community of passionate professionals. Our leadership team provides unwavering support, ensuring every agent can achieve their personal and professional goals.

Innovative Initiatives and Achievements

Recognised as Country Leader of the Year at eXp Global 2023 among 22 international countries, eXp South Africa continues to innovate with upcoming projects such as eXp iBid, eXp Offers, and a proprietary Real Estate ChatBot. Our upcoming initiatives, including Revenue Share 2.0 and the Boost Program for Teams Attraction, promise to revolutionize growth opportunities within the industry.

Exciting Partnerships and Events

We're proud to collaborate with leading partners like MultiNet Home Loans, Snappit, The Virtual Agent, and Currencies Direct, showcasing our commitment to industry leadership through nationwide roadshows and strategic sponsorships. Additionally, our partnership with KGCI Radio highlights our innovative approach to marketing and community engagement. Looking ahead, eXp South Africa is thrilled to launch HomeHunter exclusively to eXp agents in mid-September, further enhancing our service offerings and market presence.

Vision and Mission Advancement

At eXp Realty, our vision is to redefine the future of real estate through innovation and inclusivity. We empower our agents to express themselves fully, fostering collaboration and leveraging transformative technology. By cultivating a diverse community of agents across 24 countries and counting, we are pioneering the evolution of real estate globally. Our mission is to expand into 100 countries within the next decade, supporting over 1,000,000 agents worldwide in achieving their professional goals.

CONTACT eXp SOUTH AFRICA

eXp SOUTH AFRICA

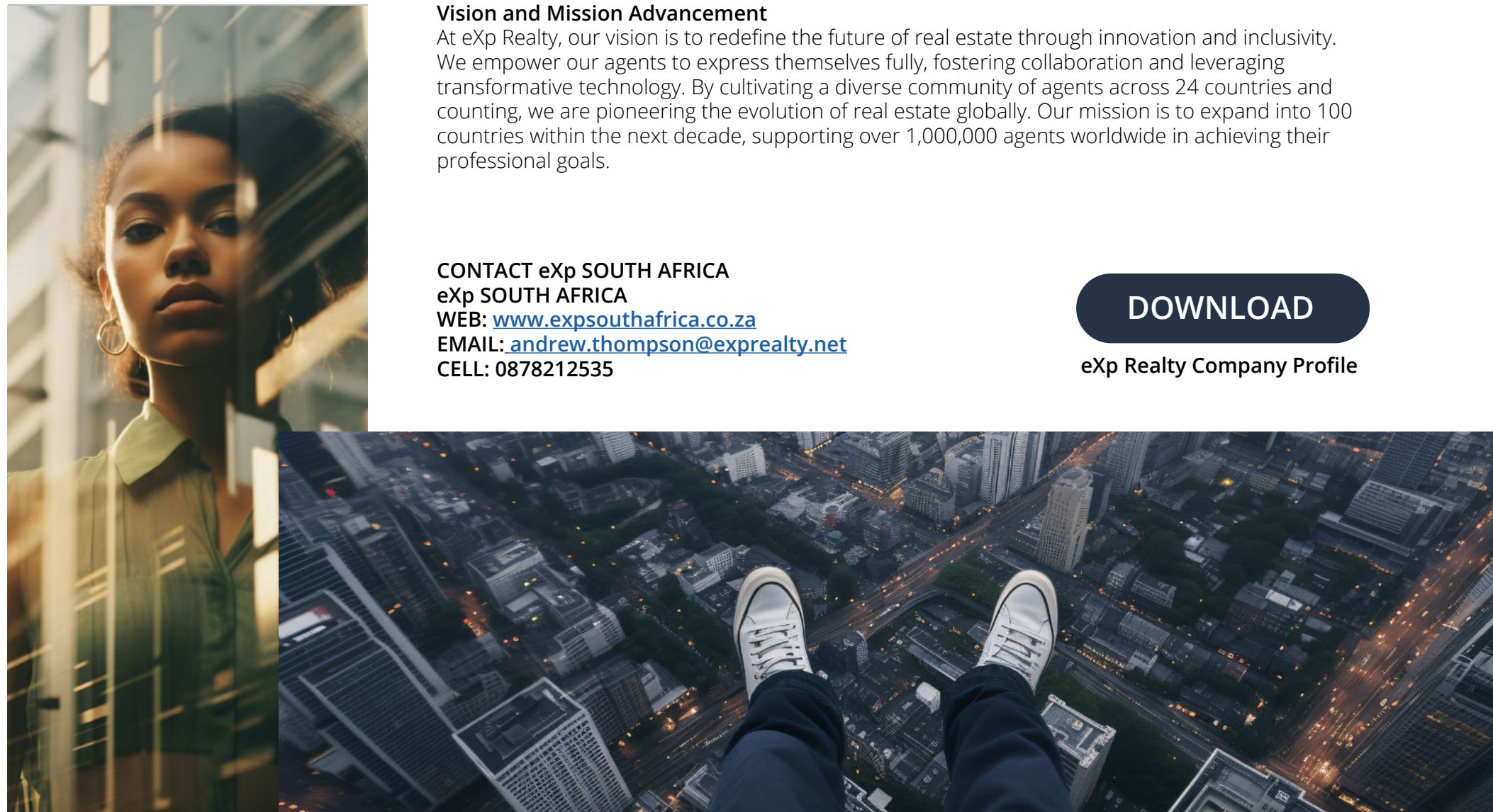
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eXp Realty Company Profile



Decoding the South African Property Market:

Key Indicator's every investor must track



“

To make the best possible property investments, you need to have a basic understanding of the economy and what makes it turn. The American economist, Tyler Cowen, made the following powerful statement: 'Economics is everywhere, and understanding economics can help you make better decisions and lead a happier life.' ”

We've summarised some economic factors that impact the property sector below to help you make the best decisions for your property portfolio.



Gross Domestic Product (GDP)

[The International Monetary Fund's \(IMF\) World Economic Outlook](#) predicts a 3.2% growth in 2024 and 2025.

In South Africa, the [International Monetary Fund's \(IMF\)](#) predicts a GDP growth of 0.9% for 2024 and 1.21% in 2025.

Inflation

The IMF defines inflation as "the rate of increase in prices over a given period of time". According to [Trading Economics](#), the annual inflation rate in the US is 3.3% in May 2024 compared to 3.4% in April 2024. The target inflation rate for the US is 2%.

[Trading Economics](#) shows that

the annual consumer price inflation in South Africa was 5.2% in April 2024 compared to 5.3% in March 2024.

Interest Rates

In the US, the Fed left the target for the funds rate unchanged at 5.25%-5.5% (highest in 22 years!) (6th consecutive time).

The current prime interest rate in South Africa remains unchanged at 11.75% since May 2023.

Many economists expect interest rates to remain high worldwide and in South Africa, possibly resulting in a decline in property price growth. But there could also be more people who need rentals as

fewer people can afford to purchase property at higher interest rates.

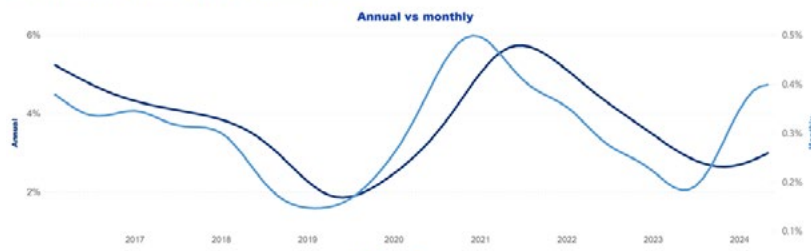
But it's not all doom and gloom. So, where do we go from here?



Property Price Growth

According to [Lightstone's Residential Property Index](#) (end of April 2024), property price's current annual capital growth is 2.98%, with the Western Cape performing the best and Mpumulanga in second place.

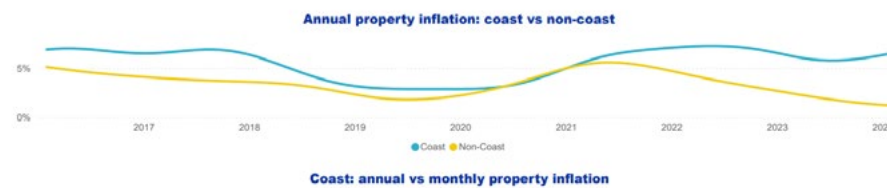
Current annual property inflation rate is 2.98% and monthly is 0.4%



Interestingly, Lightstone also says that coastal properties have performed better than non-coastal properties since 2014, and freehold properties have performed better than sectional

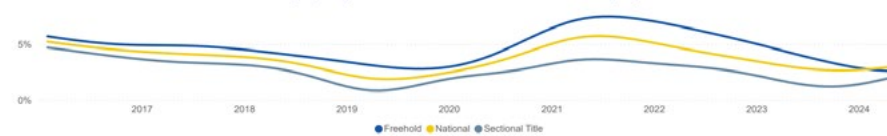
Property inflation: coast vs non-coast

The Lightstone Coast vs Non-Coast Index compares property located within enumerator areas 500m from the coastline to those located further inland.



Property inflation: Freehold vs Sectional Title

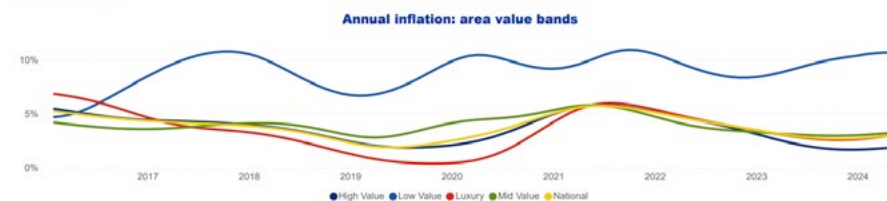
Annual property inflation: Freehold vs Sectional Title properties



And as I've mentioned before, high-value properties aren't always the best investments as Lightstone shows that properties valued at less than R250 000 have outperformed all other value bands for most of the last 10 years with over 10% annual capital growth per year for most of the time since 2016! Properties valued between R250 000 and R700 000 have come in second for most of the time since 2017.

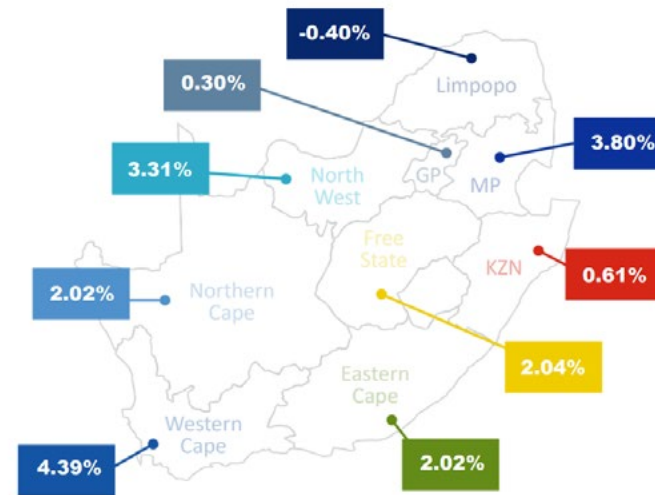
Property inflation: value bands

The Lightstone Area Value Bands Index reviews inflationary rates for property based on the following values:
Luxury: > R1.5mil
High Value: R700k to R1.5mil
Mid Value: R250k to R700k
Low Value: <R250k



The map below shows the latest provincial house price inflation status from Lightstone.

Latest / current provincial property inflation status



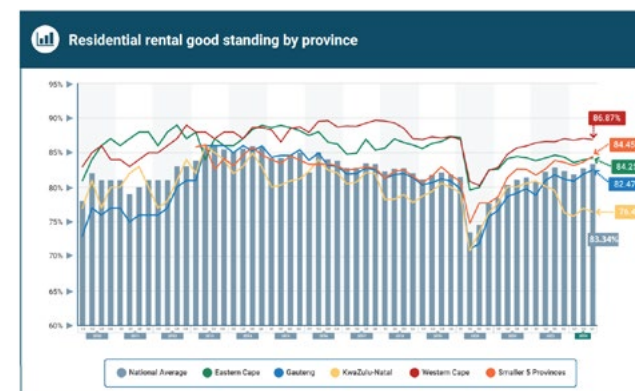
Collections and Good Standing

Being a landlord or property owner is a delight when tenants are in good standing and paying rent! TPN defines tenants who are in good standing as those who "have paid in full and on time, paid in the grace period or paid late".

They also say that an account is only in good standing when

fully settled with no arrears.

According to the [TPN Rental Monitor Residential Sector Q3 2023](#) report, residential tenants in good standing have recovered from the 73.50% at the beginning of the pandemic to 83.34%.



The province with the highest rental good standing is the Western Cape with 86.87%, followed by the 5 smaller

provinces at 84.45%, the Eastern Cape with 84.25%, Gauteng with 82.47%, and KwaZulu-Natal with 76.45%.

Rental Escalations

Inflation has escalated from the beginning of 2021. Rental escalations followed suit from the end of 2021, according to the [PayProp Rental Index Q1 2024 Report](#).



The above graph shows the weighted average national rental growth rate (year-on-year) versus inflation.

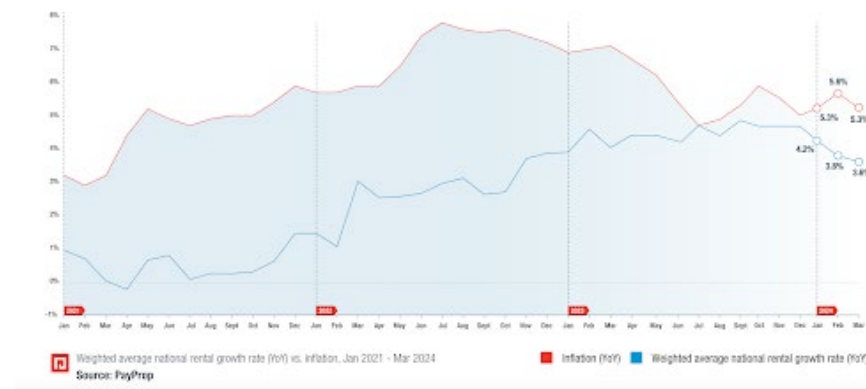
Overall, our national rental growth rate seems stable.

Way forward

So, where does all of this leave you and your property investments? This is my take on our current property forecast and economic outlook.

Firstly, it's still a buyer's market out there with high supply and lower demand. And people are desperate, so you might just snag a great deal!

Secondly, the rental market is recovering with fewer tenants in arrears and increasing rental growth. And when you buy the right types of properties, property prices are still going up.



Thirdly, property is still one of the best investments. Your ungeared return on property (capital growth plus net rental yield) remains much higher than returns on other investments, including the JSE.

Therefore, I am still a champion of property investment and wholeheartedly believe that although the sector appears cloudy now, there is always an opportunity to make it rain.

View the recording of our webinar, [Property Investment Trends and Analyses](#).



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South African real estate gurus lead the global investment wave

By Miguel Martins



“

The South African property market is an ever-evolving landscape that offers ongoing opportunities for investors. Despite the economic fluctuations and socio-political challenges that the country faces, the real estate sector remains a promising space for those willing to navigate its complexities. The current state of property investment in South Africa is characterised by diverse strategies, innovative approaches, and a resilient community of investors.

”

South Africa is witnessing the emergence of skilled residential property investors adept in diverse investment strategies, including long-term rentals, property flipping, short-term rentals, and student accommodation. While historically drawing inspiration from international figures like Robert Kiyosaki, Dolf de Roos and diverse expertise from US and British authors, local investors are increasingly tailoring their approaches to address the country's unique socio-

South Africa poses unique challenges for investors such as:

1. Legal System Favouring Tenants:

The South African legal framework weighted to protecting tenants over landlords, making landlords cautious when entering into rental agreements. This necessitates a thorough vetting process and robust contractual agreements to safeguard investments.

2. Service Delivery Issues:

The inconsistent supply of essential services such as electricity, water, and waste management often require landlords to invest in alternative solutions and/or provide these services themselves, adding to capital and operational costs.

3. Interest Rates:

Fluctuating interest rates and higher than average rates compared to first world countries keep investors on edge in South Africa. The potential for interest rate increases necessitates careful financial planning and risk management.

4. Regulatory - National Credit Act:

Designed to prevent reckless lending, this act has also inadvertently limited the commercial application of mortgage financing in residential properties, thus slowing down market growth.

These challenges, though daunting, have fostered a breed of investors who exhibit unparalleled determination and risk management skills, uniquely tailoring their strategies to thrive in the South African context.

Diverse Investment Strategies

The South African property market, despite its limitations, offers a wide array of investment opportunities.

Currently some of the more popular strategies include:

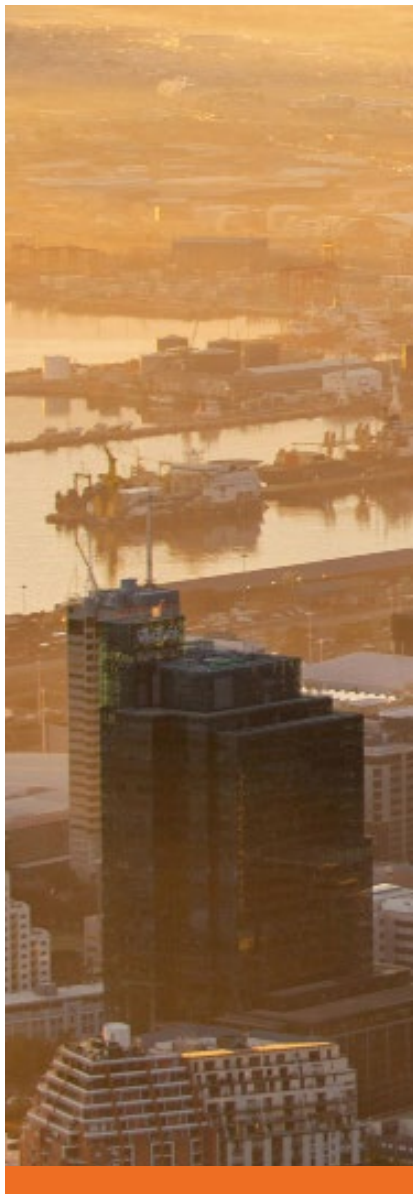
Buy-to-Let

Buy-to-let investments account for over 10% of bond applications in South Africa and have proven resilient through various interest

rate cycles. This strategy, while seemingly straightforward, demands a long-term perspective and a deep understanding of legal and tenant management issues.

Net yields can typically range from 6% to 7% per annum, with potential to reach 10% with expert management.

The TPN Rental Report highlights a 'good standing ratio' of 81%, indicating that most tenants remain current with their rent, though a small percentage poses risks such as squatting.





If you don't use
property to
make money
while you sleep,

you'll work
till you die"

Carlo ThePropertyCoach
adapted from Warren Buffett



Short-Term Rentals (Airbnb)

Short-term rentals, particularly through platforms like Airbnb, present an exciting and high yielding income stream. Most hosts manage just one property, often starting with a garden cottage or a previous long-term rental property to enhance their returns.

Airbnb reports that South Africa has around 65,000 short-term rental listings, with an average occupancy of 55% and an annual income of R131,000. These rentals are predominantly leisure-oriented, located in the Western Cape and KZN coastal regions, though a significant number also exists cater to business travelers in South Africa's CBDs.

Student Accommodation

The demand for student accommodation is substantial, with a shortfall of over 500,000 beds annually. Rates for student housing range from

R2,000 per month for shared rooms to R7,000 for private rooms.

Investors in this sector focus on providing reliable WiFi, good security, communal spaces, and convenient transport access, meeting the needs of tertiary education students.

Flipping properties

'Flipping properties' involves buying, renovating, and selling homes for profit. Success in this strategy hinges on a thorough understanding of renovation costs, efficient project management, and timely market re-entry.

While flipping can yield significant returns, it carries risks such as unexpected expenses and delays that can erode profits. This strategy is not for the faint-hearted but offers substantial rewards for those who master it.

The South African property market, with its unique challenges and diverse opportunities, is a fertile ground for astute investors.

Five Key Factors to consider when buying your next residential investment property

By Jason Lee



“

Real estate books and social media experts are always telling everyday investors that they should be buying residential investment properties. For some these purchases make excellent investments, for others they can become a nightmare.

”

I have heard countless stories about these investments turning into unsuccessful and very stressful money pits. To avoid this happening to you I have penned my personal checklist of 5 key considerations I go through before committing to these deals.

1. Exit strategy

Starting with the exit strategy might sound strange to most but to me I am not prepared to commit to any deal until I know my exit strategy. The first consideration is will the capital gain on this property over the next 5 to 10 years be worth the equity injection on purchase and the ongoing admin and logistics of maintaining the property and dealing with tenants.

If I am going to inject

equity into the project, I need to make sure that the return on that equity is better than simply putting the money into an index fund without the headaches of property ownership. I also want to make sure that if the property is not performing well or if my personal financial situation changes that the property will be attractive to another investor or end user that will take it off my hands.



2. Financing

There is no point beginning the search and wasting realtors time until you know your financing capability. The first port of call should be a mortgage originator that can give you a very clear indication of your purchasing power. If your purchasing power is low, then you need to think about partnering on the deal with friends and family to make it work. Unlike buy, renovate, sell deals where the less equity you inject the greater the returns, for medium to long term deals it is crucial that you inject enough equity to make the property cash flow positive.

Owning a property that is severely cashflow negative every month is a recipe for disaster, particularly when interest rates suddenly rise. It goes without saying that your numbers should also look at the impact of interest rate fluctuations on your cashflow. One bit of advice I always give is to negotiate your interest rates as hard as possible with the bank. After I suggested this in my first book, I was surprised at how many readers responded that they did not know the rates were negotiable and that this advice had saved them thousands in interest payments over the years.

3. Location

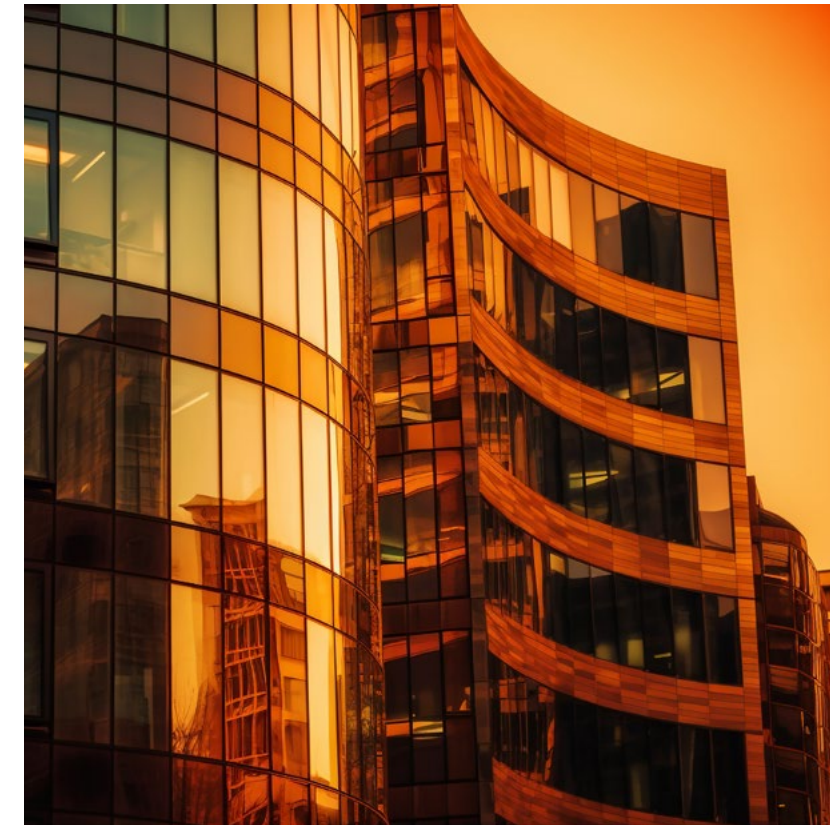
If I have learnt one thing in my 25 years in the property game, it is that properties in prime locations always weather downturns and storms better than properties in not so prime locations. And trust me I learnt this lesson the hard way! When I was once looking to invest in a noncore area one of my very seasoned property mentors said to me: “when Cape Town gets a cold, that place will get pneumonia.” I did not listen, and I got burnt.

A property's location more than anything else significantly impacts its value, rental potential, and long-term appreciation.

For residential investment deals the following aspects are crucial in considering the location you will invest in:

- Proximity to amenities such as good schools, hospitals, shopping centers, recreation and public transportation
- Safety and security of the area
- Upcoming infrastructure developments or urban renewal projects
- Growth potential of the neighborhood

Areas with good transport infrastructure and essential amenities will attract higher rental yields and appreciate better over time. They are also easier to exit if you need to.



4. Market Analysis and Rental Demand

When I bought my first investment property there was very little in the way of market research. These days everything is available at the click of a button, particularly with the advent of artificial intelligence. Bottom line is that there is absolutely no excuse for not doing a thorough market analysis before making your investment.

Key research criteria are the following:

- Current and projected rental demand in the area
- Average rental rates for similar properties
- Vacancy rates in the neighborhood
- Potential for capital appreciation based on

5. Property condition and type

It goes without saying that the lower the cost of the property and the higher the rent then the better the return. For this reason, investors should be looking at apartments and or townhouses for rental returns as opposed to single family homes.

When I look at a property I walk away if there are negatives that are immediately noticeable. Bottom line is that these will be the same negatives that will impact your potential tenant and more importantly the future buyer of the property when you are looking to sell it for a huge profit.

This comes down to common sense, the property does not necessarily have to have sea and mountain views, but no one wants to look out at a graveyard or a garbage dump. The age and overall condition of the property will also impact your returns. If your aim is to buy, renovate, rent and sell then a fixer upper can be very profitable. If you don't have the time or know how then you should focus on newer builds that will not require future renovation or ongoing maintenance costs. Whether it is new



South Africa is currently facing a severe housing shortage so if you do your homework and invest wisely your rental property will always be in demand.

Jason Lee is a property investor, developer, and author. He invests in multi-million rand deals in South Africa and abroad. He has authored 4 Best-selling books in South Africa.

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Economic Snapshot

Local Economic Indicators (30 June 2024)	News
All-Share Index 30 June 2024: +- 79,707 All-Share Index 30 June 2023: +- 76,028 Market PE ratio: 13.8 USD/ZAR R18.05/\$ South Africa 10Y Government Bond yield: Current 10.21% (Data: Bloomberg; SimplyWallSt; Tradingeconomics.; Google Finance.)	- The ANC losing their majority in the recent elections has paved the way for a Government of National Unity (GNU). After protracted negotiations the Cabinet posts have finally been decided, leading to a more bloated Cabinet than before, made up of a range of parties within the GNU. The party breakdown in terms of positions as follows: ANC(20), DA(6), IFP(2), PA(1), PAC(1), Good(1), FF+(1). Whether this leads to a more efficient government only time will tell, despite a very low bar. - According to the UN, the world economy is set to grow by 2.7% in 2024. - The Proteas cricket team lost narrowly to India at the T20WC- their first ever showing in a cricket World Cup final. They had it within their grasp. Cooler heads may have resulted in South African men's teams holding World Cups in two disciplines simultaneously.

The Rise of Alternative Investments

Well, well, well, the high inflationary environment over the last few years has seriously eroded the purchasing power of consumers around the globe. The muted returns achieved by investors in the traditional sector has not shown a clean pair of heels to the ever-present shadow of rising prices in recent years. So, where to now? For many, the answer lies with alternative investments, which according to (Pickel, 2023) "are usually a way to get a direct stake in parts of the economy using more practical analysis. They also offer some distance from the markets' mood." Importantly, they offer the potential for better returns.

Investing in alternatives offers investors a range beyond what is available on public markets. The scope is broad and encompasses, among others, Private Equity (venture capital/growth equity etc.), Debt Investing (private/distressed debt), Hedge Funds (managed funds), Commodities (oil, precious metals etc.), Collectibles (whiskey/art etc.) and Real Estate (properties/development projects). In short, much to choose from. The increase in demand globally over the last couple of decades has been meteoric – prior to the 2008 Global Financial Crisis the alternatives industry managed around \$2.2 trillion AUM (Assets Under Management) with this demand expected to rise to \$17.2 trillion AUM by 2025. (Sawhney, 2022).

Interestingly, the average retail investor has viewed alternative assets with scepticism, preferring the exposure to traditional investment offerings. In contrast, 'alternatives' have been staples in the portfolios of high-net-worth investors for an exceptionally long time. So, why has it taken so long for others to catch on? One of the answers may lie in accessibility, with the barriers to entry to such investments decreasing constantly. Now, the average investor really has some choices should they be intent on winning the battle against inflation. And with the growth in demand being witnessed in the alternatives space it seems this message is getting across. It certainly looks as though Alternative Investments are fast becoming the 'go-to' option to supplement a cohesive investment strategy.

GRAPHIC OF THE MONTH: Growth in Alternative Asset Investments Globally



Compiled by Nick Morgan: Opportunity Private Capital Co-Founder

Location, Location, Location:

A Guide for New Investors and First-Time Home Buyers

By Paul Stevens



“

Understanding the critical importance of location in real estate is fundamental for both new investors and first-time home buyers. The adage “Location, Location, Location” underscores the fact that where you buy a property can significantly impact its value, rental income potential, and your overall investment success. This comprehensive guide aims to empower you with the knowledge needed to navigate the South African property market confidently.

”

Why Location Matters

1. Value Appreciation

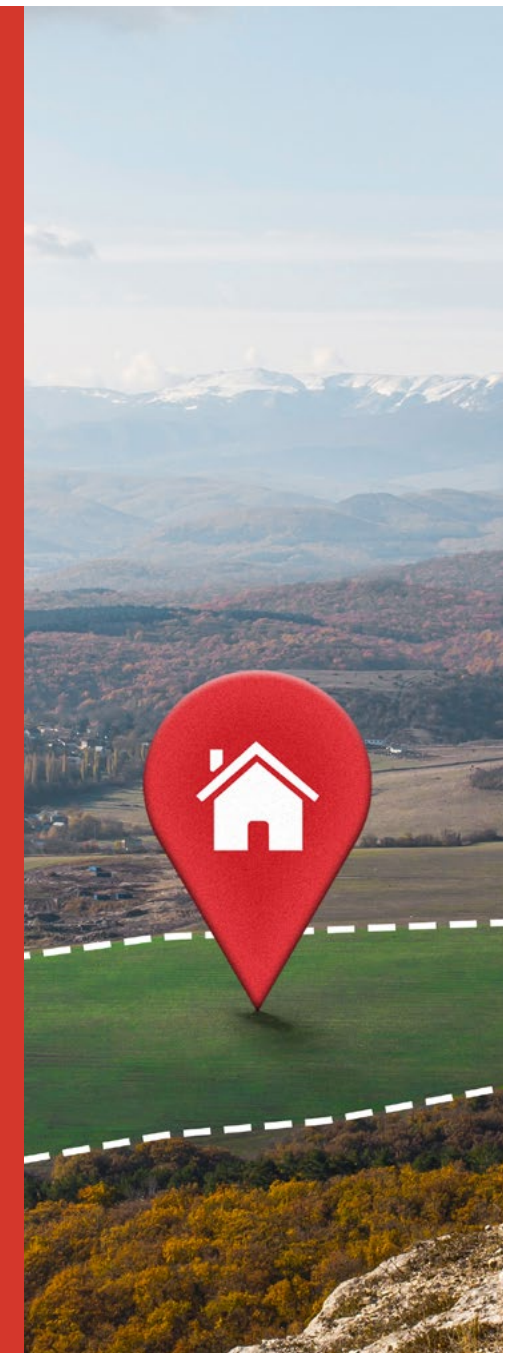
Location directly influences property value appreciation. Properties in desirable areas with good infrastructure, reputable schools, and thriving economies tend to appreciate faster and offer better returns on investment. Consider the strategy of buying the “worst house in the best area,” as you can always renovate a property but cannot change its location.

3. Rental Yield

For investors, location impacts rental income potential. Properties near schools, universities, business districts, and transportation hubs attract a diverse pool of tenants, ensuring steady rental returns. Understanding the rental market dynamics in different locations helps maximize your property's income potential.

2. Lifestyle and Convenience

Location directly influences property value appreciation. Properties in desirable areas with good infrastructure, reputable schools, and thriving economies tend to appreciate faster and offer better returns on investment. Consider the strategy of buying the “worst house in the best area,” as you can always renovate a property but cannot change its location.



What Makes a Good Location in South Africa?

1. Infrastructure and Development

Look for areas with well-developed infrastructure and ongoing improvement projects. Reliable road networks, public transport options, and utilities (like water and electricity) are crucial. Research planned infrastructure upgrades and commercial developments as indicators of future growth and property value appreciation.

2. Safety and Security

Safety is paramount. Choose suburbs with low crime rates, gated communities, or active community policing initiatives. Investigate crime statistics and local safety measures to ensure peace of mind for residents and tenants.

3. Proximity to Employment Hubs

Properties near major business districts and industrial areas are desirable due to shorter commute times and higher rental demand. Cities like Johannesburg, Pretoria, Cape Town, and Durban have key employment nodes that drive residential demand.

4. Educational Institutions

Access to quality schools, colleges, and universities attracts families and supports long-term property value. Properties near popular educational institutions are particularly sought after.

5. Amenities and Lifestyle

Consider proximity to shopping centres, restaurants, parks, and recreational facilities. Areas offering a range of amenities enhance lifestyle appeal and attract a diverse demographic.

Investing Wisely

For new investors and first-time home buyers, understanding these factors is crucial. Create a checklist that includes infrastructure quality, safety, proximity to employment and education, amenities, and future development plans. Once you've identified a promising location, partner with a knowledgeable property professional to navigate the market effectively.

Investing in property is a significant decision with long-term implications. By prioritizing location and conducting thorough research, you can make informed decisions aligned with your financial goals and lifestyle preferences. Remember, the right location today can pave the way for substantial returns and enduring value in the future.



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ADVANCED 'BAD DEBT' GUIDE – Part 2

Three more Lessons on how to get out of Bad Debt and increase your wealth

By Robert Kiyosaki

“

In this Advanced Guide to Getting Out of Bad Debt, brought to you by renowned finance and investment education specialist and author of over 20 finance help books, Robert Kiyosaki, we delve into critical strategies for overcoming debt.

Recently in South Africa, Kiyosaki emphasized that 'bad debt is the primary factor stifling economic growth in countries like the United States and South Africa.' Here, we explore the final three crucial lessons to help you navigate and eliminate bad debt effectively. ”



Lesson 4 - Create, build and find your asset

In this Advanced Guide to Getting Out of First you need to find extra work to increase your ability to pay off your bad debt. With the advanced method, you're building your asset column to increase your ability to pay off your bad debt. You get a two-for-one deal—more assets and less bad debt. I always hammer people to stop buying 'luxury indulgences' and liabilities and start buying assets. finance and investment education specialist and author of over 20 finance help books, Robert Kiyosaki, we delve into critical strategies for overcoming debt.



What is an asset or a liability?

To put it simply, assets put money in your pocket and liabilities take money out.

Example One - Your home

- Liability - Your home doesn't generate income, it costs you money through costs of the mortgage bond, levies, property rates and taxes, maintenance, utilities and other expenses so it's a liability.
- Asset - What happens if you rent it out? Only if the rental income is more than the total expenses, then it is an asset.

Example Two - Your car

- Liability - Your car is a liability, even if it's paid off as it costs you monthly instalments, diesel/fuel, insurance and maintenance to run it.
- Asset - If you start renting it out as a service such as Uber® or some other taxi service, then it's making you money than your expenses then it becomes an asset.

EXAMPLE THREE - REAL ESTATE EDUCATION SEMINAR

- Liability - The R3000 Real Estate Seminar took money out of my pocket. When you use the money from your 'Pay Yourself First' savings, you need to first buy the education that is going to teach you how to buy or create an asset.
- Asset - When I put what it taught me into action, it put money into my pocket. Education is an asset, but only if you use the education to make money. Check your local area or search online for courses on investments or businesses you're interested in and passionate about.

Once you get some courses and training done, continue to save until your 'Pay Yourself First' savings can be used to put your education into action. When I bought my course on real estate, I immediately went out and found deals.

They were not the deals I invest in today; they were very small, and they were what I could handle at the time. My mindset was not large enough to believe I could invest in huge multi-unit apartments successfully. I had to start small and learn the lessons from experience, as well as grow my own confidence.





Example Four - Entrepreneur Business Training

Ryan wanted to get out of debt completely. He began to pay himself first and quickly he built-up a nest egg of over twenty thousand rands. He found an entrepreneur class that taught him how to start his own online business. He spent his entire 'Pay Yourself First' savings on the course.



Three reasons to do the course:

1. The course was laid out well and, if he did his part, he'd have an online business up and running at the end of it.
2. After doing some research, he was able to determine the company offering the course had a good reputation.
3. It was an area of interest for him, and he was passionate about it. Plus, he already had knowledge all things web and marketing..

Today, with a little more money from his 'Pay Yourself First' savings, Ryan has created his business that he has made an asset from little more than

Lesson 5 - Pay down your debt with your cash flow

It's time to reap the rewards of your efforts: tackling your bad debt. In our Freedom from Bad Debt guide, we advised prioritizing the smallest balance regardless of interest rates. That strategy remains key. By focusing on the smallest debt first, you'll achieve quicker victories, swiftly erasing each bad debt with greater success.

Now, with this Advanced Guide, you're equipped to confront your debts head-on, leveraging an asset that bolsters your monthly payments. Moreover, you've acquired an asset. Utilize Your Cash Flow to Eliminate Bad Debt

Lesson 6 - Celebrate and Repeat.

If you've diligently gone through the steps, you will have deserved it. You'll have accomplished what most of the world only dreams about. Celebrate! If you've gotten this far, I'd wager I don't need to tell you to do it again. Success is addictive. Live your dreams. You're capable.

The statement, 'Pay yourself first,' comes from George S. Clason's book, 'The Richest Man in Babylon'. Millions of copies have been sold. But while millions of people freely repeat that powerful statement, few follow his advice.



Transfer Fees & Bond Costs

Based on recommended fees for 2024. Values quoted based on Rand Value.

Purchase Price	BOND COSTS						TRANSFER FEES						Total Costs
	Bond Fees	Bond Other	Bank Initiation Fee	15% VAT	D/O Levy	Bond Cost Total	Trf Fees	Trf Other	15% VAT	Trf Duty	D/O Levy	Trf Cost Total	
100 000	6 435	2 000	6 037	1 265	527	16 264	6 435	2 000	1 265		47	9 747	26 012
150 000	7 460	2 000	6 037	1 419	527	17 443	7 460	2 000	1 419		107	10 986	28 429
200 000	8 485	2 000	6 037	1 573	682	18 777	8 485	2 000	1 573		107	12 165	30 942
250 000	9 510	2 000	6 037	1 727	682	19 956	9 510	2 000	1 727		682	13 919	33 874
300 000	10 535	2 000	6 037	1 880	682	21 134	10 535	2 000	1 880		682	15 097	36 232
350 000	11 560	2 000	6 037	2 034	850	22 481	11 560	2 000	2 034		850	16 444	38 925
400 000	12 585	2 000	6 037	2 188	850	23 660	12 585	2 000	2 188		850	17 623	41 283
450 000	13 610	2 000	6 037	2 342	850	24 839	13 610	2 000	2 342		850	18 802	43 640
500 000	14 635	2 000	6 037	2 495	850	26 017	14 635	2 000	2 495		850	19 980	45 998
550 000	16 620	2 000	6 037	2 793	850	28 300	16 620	2 000	2 793		850	22 263	50 563
600 000	16 620	2 000	6 037	2 793	850	28 300	16 620	2 000	2 793		850	22 263	50 563
650 000	18 605	2 000	6 037	3 091	1 196	30 929	18 605	2 000	3 091	1 196	24 892	55 821	55 821
700 000	18 605	2 000	6 037	3 091	1 196	30 929	18 605	2 000	3 091	1 196	24 892	55 821	55 821
750 000	20 590	2 000	6 037	3 389	1 196	33 212	20 590	2 000	3 389	1 196	27 175	60 386	60 386
800 000	20 590	2 000	6 037	3 389	1 196	33 212	20 590	2 000	3 389	1 196	27 175	60 386	60 386
850 000	22 575	2 000	6 037	3 686	1 374	35 672	22 575	2 000	3 686	1 374	29 635	65 308	65 308
900 000	22 575	2 000	6 037	3 686	1 374	35 672	22 575	2 000	3 686	1 374	29 635	65 308	65 308
1 000 000	24 560	2 000	6 037	3 984	1 374	37 955	24 560	2 000	3 984	1 374	31 918	69 873	69 873
1 100 000	26 545	2 000	6 037	4 282	1 544	40 408	26 545	2 000	4 282	1 544	34 371	74 779	74 779
1 200 000	26 545	2 000	6 037	4 282	1 544	40 408	26 545	2 000	4 282	3 000	1 544	37 371	77 779
1 300 000	28 530	2 000	6 037	4 580	1 544	42 691	28 530	2 000	4 580	6 000	1 544	42 654	85 344
1 400 000	28 530	2 000	6 037	4 580	1 544	42 691	28 530	2 000	4 580	9 000	1 544	45 654	88 344
1 500 000	30 515	2 000	6 037	4 877	1 544	44 973	30 515	2 000	4 877	12 000	1 544	50 936	95 910
1 600 000	30 515	2 000	6 037	4 877	1 544	44 973	30 515	2 000	4 877	17 625	1 544	56 561	101 535
1 700 000	32 500	2 000	6 037	5 175	1 544	47 256	32 500	2 000	5 175	23 625	1 544	64 844	112 100
1 800 000	32 500	2 000	6 037	5 175	1 544	47 256	32 500	2 000	5 175	29 625	1 544	70 844	118 100
1 900 000	34 485	2 000	6 037	5 473	1 544	49 539	34 485	2 000	5 473	35 625	1 544	79 127	128 666
2 000 000	34 485	2 000	6 037	5 473	1 544	49 539	34 485	2 000	5 473	41 625	1 544	85 127	134 666
2 100 000	36 470	2 000	6 037	5 771	2 140	52 418	36 470	2 000	5 771	47 625	2 140	94 006	146 423
2 200 000	36 470	2 000	6 037	5 771	2 140	52 418	36 470	2 000	5 771	55 275	2 140	101 656	154 073
2 300 000	38 455	2 000	6 037	6 068	2 140	54 700	38 455	2 000	6 068	63 275	2 140	111 938	166 639
2 400 000	38 455	2 000	6 037	6 068	2 140	54 700	38 455	2 000	6 068	71 275	2 140	119 938	174 639
2 500 000	40 440	2 000	6 037	6 366	2 140	56 983	38 415	2 000	6 062	79 275	2 140	127 892	184 875
2 600 000	40 440	2 000	6 037	6 366	2 140	56 983	40 440	2 000	6 366	87 275	2 140	138 221	195 204
2 700 000	42 425	2 000	6 037	6 664	2 140	59 266	42 425	2 000	6 664	95 275	2 140	148 504	207 770
2 800 000	42 425	2 000	6 037	6 664	2 140	59 266	42 425	2 000	6 664	105 600	2 140	158 829	218 095
2 900 000	44 410	2 000	6 037	6 962	2 140	61 549	44 410	2 000	6 962	116 600	2 140	172 112	233 660
3 000 000	44 410	2 000	6 037	6 962	2 140	61 549	44 410	2 000	6 962	127 600	2 140	183 112	244 660
3 100 000	46 395	2 000	6 037	7 259	2 140	63 831	46 395	2 000	7 259	138 600	2 140	196 394	260 226
3 200 000	46 395	2 000	6 037	7 259	2 140	63 831	46 395	2 000	7 259	149 600	2 140	207 394	271 226
3 300 000	48 380	2 000	6 037	7 557	2 140	66 114	48 380	2 000	7 557	160 600	2 140	220 677	286 791
3 400 000	48 380	2 000	6 037	7 557	2 140	66 114	48 380	2 000	7 557	171 600	2 140	231 677	297 791
3 500 000	50 365	2 000	6 037	7 855	2 140	68 397	50 365	2 000	7 855	182 600	2 140	244 960	313 357
3 600 000	50 365	2 000	6 037	7 855	2 140	68 397	50 365	2 000	7 855	193 600	2 140	255 960	324 357
3 700 000	52 350	2 000	6 037	8 153	2 140	70 680	52 350	2 000	8 153	204 600	2 140	269 243	339 922
3 800 000	52 350	2 000	6 037	8 153	2 140	70 680	52 350	2 000	8 153	215 600	2 140	280 243	350 922

Disclaimer: Although every effort has been made to ensure the accuracy of the contents, BetterHome Group Limited, and its subsidiaries accept no liability in respect of any errors contained herein. Under no circumstances will BetterHome Group Limited and its subsidiaries be liable for any loss or damages whatsoever arising from the use of this table.

Transfer Fees & Bond Costs

Based on recommended fees for 2024. Values quoted based on Rand Value.

Purchase Price	BOND COSTS						TRANSFER FEES						Total Costs
	Bond Fees	Bond Other	Bank Initiation Fee	15% VAT	D/O Levy	Bond Cost Total	Trf Fees	Trf Other	15% VAT	Trf Duty	D/O Levy	Trf Cost Total	
100 000	6 435	2 000	6 037	1 265	527	16 264	6 435	2 000	1 265		47	9 747	26 012
150 000	7 460	2 000	6 037	1 419	527	17 443	7 460	2 000	1 419		107	10 986	28 429
200 000	8 485	2 000	6 037	1 573	682	18 777	8 485	2 000	1 573		107	12 165	30 942
250 000	9 510	2 000	6 037	1 727	682	19 956	9 510	2 000	1 727		682	13 919	33 874
300 000	10 535	2 000	6 037	1 880	682	21 134	10 535	2 000	1 880		682	15 097	36 232
350 000	11 560	2 000	6 037	2 034	850	22 481	11 560	2 000	2 034		850	16 444	38 925
400 000	12 585	2 000	6 037	2 188	850	23 660	12 585	2 000	2 188		850	17 623	41 283
450 000	13 610	2 000	6 037	2 342	850	24 839	13 610	2 000	2 342		850	18 802	43 640
500 000	14 635	2 000	6 037	2 495	850	26 017	14 635	2 000	2 495		850	19 980	45 998
550 000	16 620	2 000	6 037	2 793	850	28 300	16 620	2 000	2 793		850	22 263	50 563
600 000	16 620	2 000	6 037	2 793	850	28 300	16 620	2 000	2 793		850	22 263	50 563
650 000	18 605	2 000	6 037	3 091	1 196	30 929	18 605	2 000	3 091	1 196	24 892	55 821	55 821
700 000	18 605	2 000	6 037	3 091	1 196	30 929	18 605	2 000	3 091	1 196	24 892	55 821	55 821
750 000	20 590	2 000	6 037	3 389	1 196	33 212	20 590	2 000	3 389	1 196	27 175	60 386	60 386
800 000	20 590	2 000	6 037	3 389	1 196	33 212	20 590	2 000	3 389	1 196	27 175	60 386	60 386
850 000	22 575	2 000	6 037	3 686	1 374	35 672	22 575	2 000	3 686	1 374	29 635	65 308	65 308
900 000	22 575	2 000	6 037	3 686	1 374	35 672	22 575	2 000	3 686	1 374	29 635	65 308	65 308
1 000 000	24 560	2 000	6 037	3 984	1 374	37 955	24 560	2 000	3 984	1 374	31 918	69 873	69 873
1 100 000	26 545	2 000	6 037	4 282	1 544	40 408	26 545	2 000	4 282	1 544	34 371	74 779	74 779
1 200 000	26 545	2 000	6 037	4 282	1 544	40 408	26 545	2 000	4 282	3 000	1 544	37 371	77 779
1 300 000	28 530	2 000	6 037	4 580	1 544	42 691	28 530	2 000	4 580	6 000	1 544	42 654	85 344
1 400 000	28 530	2 000	6 037	4 580	1 544	42 691	28 530	2 000	4 580	9 000	1 544	45 654	88 344
1 500 000	30 515	2 000	6 037	4 877	1 544	44 973	30 515	2 000	4 877	12 000	1 544	50 936	95 910
1 600 000	30 515	2 000	6 037	4 877	1 544	44 973	30 515	2 000	4 877	17 625	1 544	56 561	101 535
1 700 000	32 500	2 000	6 037	5 175	1 544	47 256	32 500	2 000	5 175	23 625	1 544	64 844	112 100
1 800 000	32 500	2 000	6 037	5 175	1 544	47 256	32 500	2 000	5 175	29 625	1 544	70 844	118 100
1 900 000	34 485	2 000	6 037	5 473	1 544	49 539	34 485	2 000	5 473	35 625	1 544	79 127	128 666
2 000 000	34 485	2 000	6 037	5 473	1 544	49 539	34 485	2 000	5 473	41 625	1 544	85 127	134 666
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Protecting Business Success: The crucial role of small business Staff Insurance Cover

“

In the fast-paced world of running a business, where deadlines loom and profits fluctuate, there's an essential element often overlooked: the well-being of our team members. As business owners, we're not just responsible for our company's success, but also for the welfare of those who contribute to it – our staff.

”

At the core of every successful business lies a team of dedicated individuals whose efforts are indispensable. They are the backbone of our operations, driving our achievements and successes. Yet, amid the hustle and bustle of daily business, it's easy to forget the importance of securing their futures.

This is where staff cover – including life, disability, and funeral benefits – becomes vital. It's more than fulfilling a legal obligation or ticking boxes on an expense sheet; it's about demonstrating our commitment to our team members' well-being in a tangible way.

Imagine the peace of mind knowing your team is protected, regardless of life's uncertainties. Life cover provides a financial safety net for our employees and their families, ensuring stability during challenging times. Disability cover offers reassurance that our team members will receive support in times of need. And funeral cover provides comfort to grieving families, easing the burden of financial strain during tough times.

Beyond practical benefits, staff cover reflects our values as business owners – compassion, empathy, and genuine concern for our team's welfare. It's a message to our employees that they matter, not just for their contributions to our business, but as individuals with dreams and loved ones to care for.

Let's invest in our teams, not only for business success but also for the well-being of those who make it possible. Together, let's build a brighter, more secure future for everyone involved.

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- ✓ 24/7 stress and trauma counselling for staff and their families
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- ✓ User-friendly management portal with payroll integration - takes the hassle out of collecting employee info, keeping policy details up to date

* Up to R10m life and disability cover with blood tests and standard medicals

DISCOVER BOND ORIGINATORS:

Unlocking Five Surprising Benefits on your Mortgage

“

Buying a home is a significant purchase, and one that will most likely require some form of financial assistance in the form of a bond, also known as a home loan. While this process is standard practice for most buyers who are unable to pay cash for their homes, there are some things about having a mortgage bond that may come as a surprise, says Bradd Bendall, interim CEO of BetterBond.

”



Here are five things that may surprise you about your bond

1. Pay your Bond early to minimise monthly interest costs

This can help you shave years off your bond repayment over the loan repayment period. “Another trick to save interest is to split your monthly bond installment,” says Bendall. So, if your bond repayment is R8 000, arrange with the bank to deduct R4 000 on the last day of the month and the balance on the 15th. The full amount will be paid within a 30-day period, but the interest – which is calculated on a daily basis – will be reduced.

2. Extra Bond payments shorten repayment period significantly

This can help you shave years off your bond repayment over the loan repayment period. “Another trick to save interest is to split your monthly bond installment,” says Bendall. So, if your bond repayment is R8 000, arrange with the bank to deduct R4 000 on the last day of the month and the balance on the 15th. The full amount will be paid within a 30-day period, but the interest – which is calculated on a daily basis – will be reduced.

3. Keep your bond active even after full payment

Don’t cancel your bond once you have paid the full amount.

If you keep the bond open, it will still be possible to access funds if needed. Any amount you pay over and above your instalment lies in an access facility and this can be accessed at a later stage. Many homeowners use their primary residence to access funds so that they can buy their second property. There is no real benefit in cancelling your bond, unless you are selling the property, or you are absolutely sure that you will not be needing to access funds again. The bank will keep your account open unless instructed otherwise.

4. Joint bonds make ownership more accessible and affordable

Applying for a joint bond with a partner, family member or friend can make home ownership more accessible. Up to 12 people can apply for a joint bond, says Bendall. “Irrespective of how many people share joint bond ownership on a property, make sure that there is a clear contract in place. This agreement should include information about the sharing of the bond and access to the bond, each person’s financial contribution and who is responsible for managing the property.

5. Bond Originators secure favourable interest rates - saving you money and the admin

By approaching multiple banks, Bond Originators can negotiate an interest rate concession because the banks compete to offer the best deal based on your buyer risk profile. Currently, BetterBond’s average interest rate concession when applying to four banks is 0.61%. This means that you could pay up to 0.61% less than the interest rate offered by the bank. On a R2 million bond, if the bank offers a prime lending rate of 11.75%, you would pay an interest rate of 10.91%, a saving of R1 153 a month.

It may seem daunting at first, but with expert advice and some insider knowledge, you can navigate the homebuying journey knowing that you are making an informed decision, concludes Bendall.

[CLICK HERE](#)

TO APPLY FOR A BOND

Property Due Diligence Guide: Risks, Legalities, and Key Considerations

By Simon Dippenaar



“

Purchasing property is an exciting endeavour, but it comes with significant considerations and potential challenges. When renting the property out often an overlooked issue is unlawful occupancy, where individuals reside in a property without legal right.

Here is a comprehensive guide to identifying and minimizing the risks, legalities and key considerations associated with unlawful occupancy and other matters related to property management.

”

1. Understanding unlawful Occupancy

Unlawful occupancy occurs when individuals reside in a property without legal right or permission. Examples include squatters, overstayed tenants, former owners, subtenants, and informal agreements leading to disputes.

4. Dealing with Tenants

Understanding lease agreements, engaging with current occupants, and reviewing rights and obligations are essential steps in managing tenancy issues.

7. Preventive Measures

Red flags indicating unlawful occupancy should be identified during the purchase process. Thorough background checks and cautiousness are essential preventive measures.

2. Legal implications and associated Costs

Evicting unlawful occupants involves a complex legal process governed by the PIE Act. Costs can escalate due to legal fees, court costs, lost rental income, property damage, and opportunity costs.

5. Engaging with Sellers and Neighbours

Obtaining full disclosure from sellers and insights from neighbors helps gather information about the property's history and potential challenges.

8. Mitigating Risks and Minimizing Costs

Strategies such as offering cash incentives, negotiation, and alternative dispute resolution methods can expedite resolution with minimal costs.

Real-life examples illustrate successful strategies for dealing with unlawful occupancy, emphasizing due diligence, negotiation, and community engagement.

3. Carrying out Due Diligence

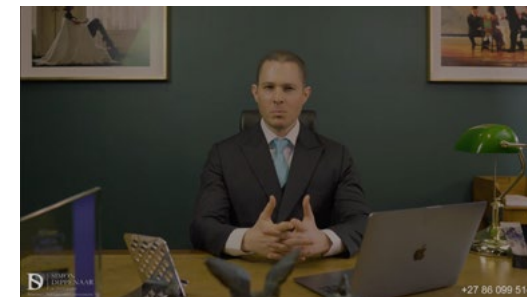
Thorough property inspections, including physical assessments and verification of occupancy status, are crucial before purchase. Professional inspectors and legal checks help identify potential issues and risks.

6. Financial implications of Findings

Decreased property value, physical condition, and resale challenges are factors to consider when assessing costs associated with unlawful occupancy.

9. Seeking Professional Advice

Real estate agents, legal advisers, and eviction specialists offer expertise in handling property purchases and addressing unlawful occupancy issues effectively. By understanding risks, conducting thorough due diligence, and seeking professional assistance, buyers can mitigate challenges and maximize returns in property investment. Being prepared and seeking expert advice ensure a smoother and more secure property ownership experience.



Rental Portfolios

Inspections & Maintenance

SHOWCASING YOUR VALUE:

5 things Property Investors actually care about

by Johann van der Merwe,
Jean Joubert & JP Pretorius



Rental Portfolios

Inspections & Maintenance

SHOWCASING YOUR VALUE:

5 things Property Investors actually care about



From left to right:
JP Pretorius, Jean Joubert
and Johann van der Merwe
WeconnectU



WeconnectU
INTELLIGENT PROPERTY MANAGEMENT SOFTWARE

Choosing the right real estate agent to manage a rental property (or properties) is a significant decision for investors. By understanding the factors that influence this decision, and aligning your service proposal accordingly, it's possible to position yourself as a top-tier contender.

Perhaps even more importantly, by taking the time to understand what investors value most, it becomes possible to ensure your business messaging consistently highlights your successes in these areas. This makes it far easier for investors to recognise and appreciate your value, and far more likely that they'll be willing to pay fair fees as a result.

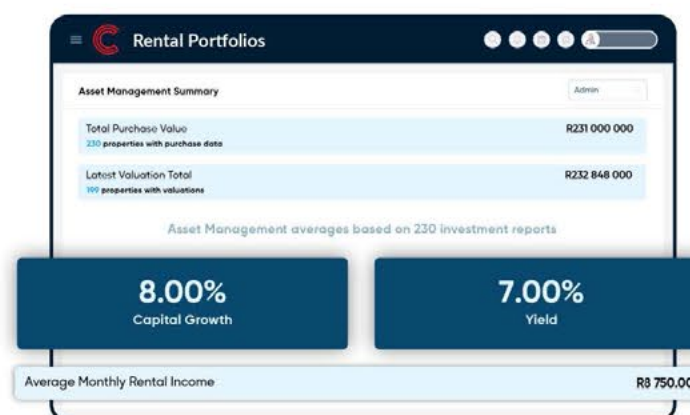
You see, the truth is that customers don't pay for products or services. They pay to have a specific problem – or set of problems – solved. The greater the problem, the greater they value the solution, and the more they are willing to spend to have it solved. What does that mean for you as a rental asset manager? Simple. Stop focussing on communicating how you deliver value (your daily tasks and workflows) and start communicating what that value is in the context of your investors' core problems.

Here's how...

1 Reporting on Yield & Capital Growth

The entire point of an investment is to turn a profit. Small wonder, then, that investors value agents with a proven track record of strong rental yields and capital growth.

Achieving this requires (amongst other things) the ability to effectively set rental rates that balance income maximisation with tenant retention and vacancy minimisation. Agents who can demonstrate their skill in this area, achieving or exceeding market-average capital growth rates, are highly valued and highly sought-after.



But how do you communicate these abilities? Calculating metrics like yield and capital growth take time – time you likely don't have to spare. Fortunately, with WeconnectU, these calculations are done for you, freeing you to engage with your clients on the most important part: the results. Imagine being able to confidently discuss asset performance during annual check-ins using yield and capital growth as conversation points.

What better way to showcase your value as an asset manager?

Better yet, over time, you can use these figures and conversations to help investors explore options like leveraging their first property to expand their portfolios. The ability to use your skill and expertise to generate wealth for your investor is a foolproof way to reinforce your value and secure long-term client relationships.

2 Tenant Vetting & Arrears Management

We'll tell you a secret: investors don't care about tenant vetting or arrears management processes. What they do care about is minimising default risks, reducing property damage, lowering turnover rates and ensuring steady cash flow.

Of course, these are all things thorough tenant screenings and effective rent collection and arrears management processes contribute towards. Showcasing this value is just a matter of communicating the information in the right way.



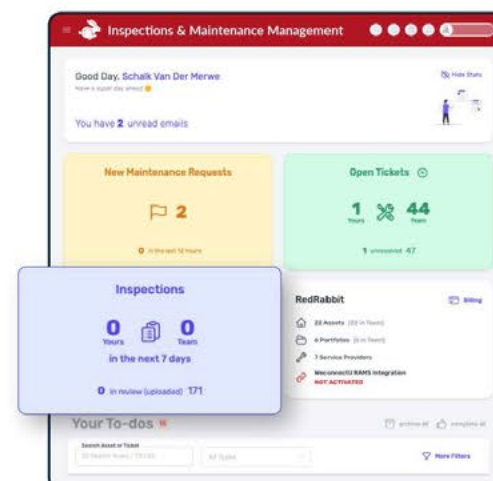
With efficient workflows and access to the right tools like WeconnectU, you can conduct thorough screenings and maintain high compliance standards, securing – and retaining – better quality tenants who create less hassle down the line. You can also leverage WeconnectU's automation features to unlock additional income streams and reduce arrears rates through proactive communication and effective follow-up procedures.

But most importantly, you can communicate the effects of all this work to your clients, proving your value with measurable improvements in the areas investors actually care about: reliability, profitability and risk mitigation.

3 Interim/Ad hoc Inspections

Investors expect incoming and outgoing inspections. You're not going to win any hearts or minds by focusing on your ability to deliver those basics. Interim inspections, on the other hand, present a great opportunity to add tangible value as an asset manager.

Interim inspections help to ensure tenants are holding up their end of the lease agreement throughout their tenancy – not just at the beginning and end. This enables rental



managers to identify issues early and take proactive steps to address them, keeping their investors fully informed through detailed reports along the way.

This not only helps to minimise maintenance costs, avoid vacancies, ensure healthy escalations and reduce tenant loss, it also draws attention to your diligence in protecting and improving the property asset's value.

Of course, without the right tools, reporting of this level could be extremely time-consuming and fiddly to get right. Fortunately, WeconnectU's integration with RedRabbit means the ultimate, value-adding, professional, online property condition reports are only a few clicks away.

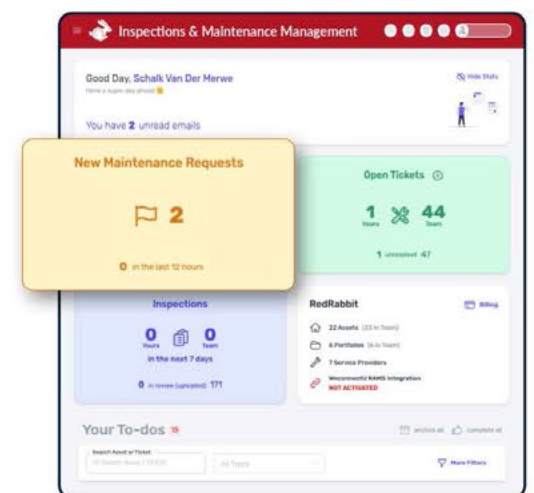
4 Maintenance Management

Convenience is a commodity. Anything you can do to make your investors' lives easier is going to add to your value in their eyes. Taking the lead on maintenance management not only makes investors' lives easier, it also enhances asset desirability and value through proactive upkeep and planned improvements. That's tangible value even the most demanding investor can't ignore.

Maintenance management doesn't have to be a huge chore, either.

WeconnectU enables you to build and leverage a network of reliable contractors using fully transparent maintenance processes that ensure prompt responses and competitive repair rates.

The resulting experience is seamless and pain-free for you as well as your investors, reinforcing their trust in your skill and professional value and forging strong and long-lasting working relationships.



Compliance	
Company	Trust Reconciled
Leases	
FICA Documentation	550/550
Signed Lease Agreements	550/550
Signed Inspections	550/550
FIC Screening	550/550
Mandates	
FICA Documentation	587/587
Signed Mandates	587/587
Condition Disclosure	587/587
FIC Screening	587/587

5 Compliance & Reporting

For investors, trust is paramount, and compliance and accurate financial reporting are cornerstones of trustworthy property management.

Accurate reporting provides a clear picture of property (and management) performance, empowering informed decision-making and fostering an environment of transparency and trust.

Compliance, on the other hand, ensures legal and regulatory adherence, protecting your investors against the serious consequences of non-lawful rental property management.

Good compliance isn't just about avoiding the unpleasant consequences of failure, however. The fact is, tighter legislation raises the bar for entry into the industry, making it harder for unskilled and unscrupulous operators to flourish. It also reduces financial and legal risk for compliant businesses – a great way to enhance your individual business' reputation while simultaneously fast-tracking the professionalisation of the industry as a whole.

This, in turn, improves the public's perception of property management and makes it easier to recruit more qualified people, charge fair fees for professional services, and achieve greater profits overall.

The All-in-One Solution

As you likely know by now, we're big fans of all-in-one solutions. We spent enough time juggling multiple tools to perform basic workflows back in our own rental management days to know the unbearable inefficiencies of that approach.

As such, it's an ongoing wonder that WeconnectU remains the only end-to-end rental asset management ecosystem in South Africa. We're also the only ones that offer RedRabbit – the world's only solution combining inspections and maintenance management in a single, seamless workflow – as a fully integrated element of our Rental Asset Management Solution.

Our solution has been deliberately designed to share data seamlessly between workstreams (including RedRabbit and more) in real time. This enables us to create massive efficiencies for WeconnectU users, leveraging workflows that span all rental management departments and functions, with no delays, no incompatibilities and absolutely no blind spots.

As a result, our users are able to unlock every ounce of value from the effort they put in, creating extraordinary customer experiences that place their services in a completely different league to the competition.

WeconnectU's Goal

To rekindle property managers' passion for their business by solving their most critical challenges & cultivating an environment in which professionals are paid for the value they add.

We work tirelessly to achieve this goal, collaborating with clients and industry contacts to continuously improve and enhance our ecosystem of solutions. Join the conversation and be part of the solution. Together, we can create a more resilient, sustainable and professional property management industry for all.



Rental Portfolios

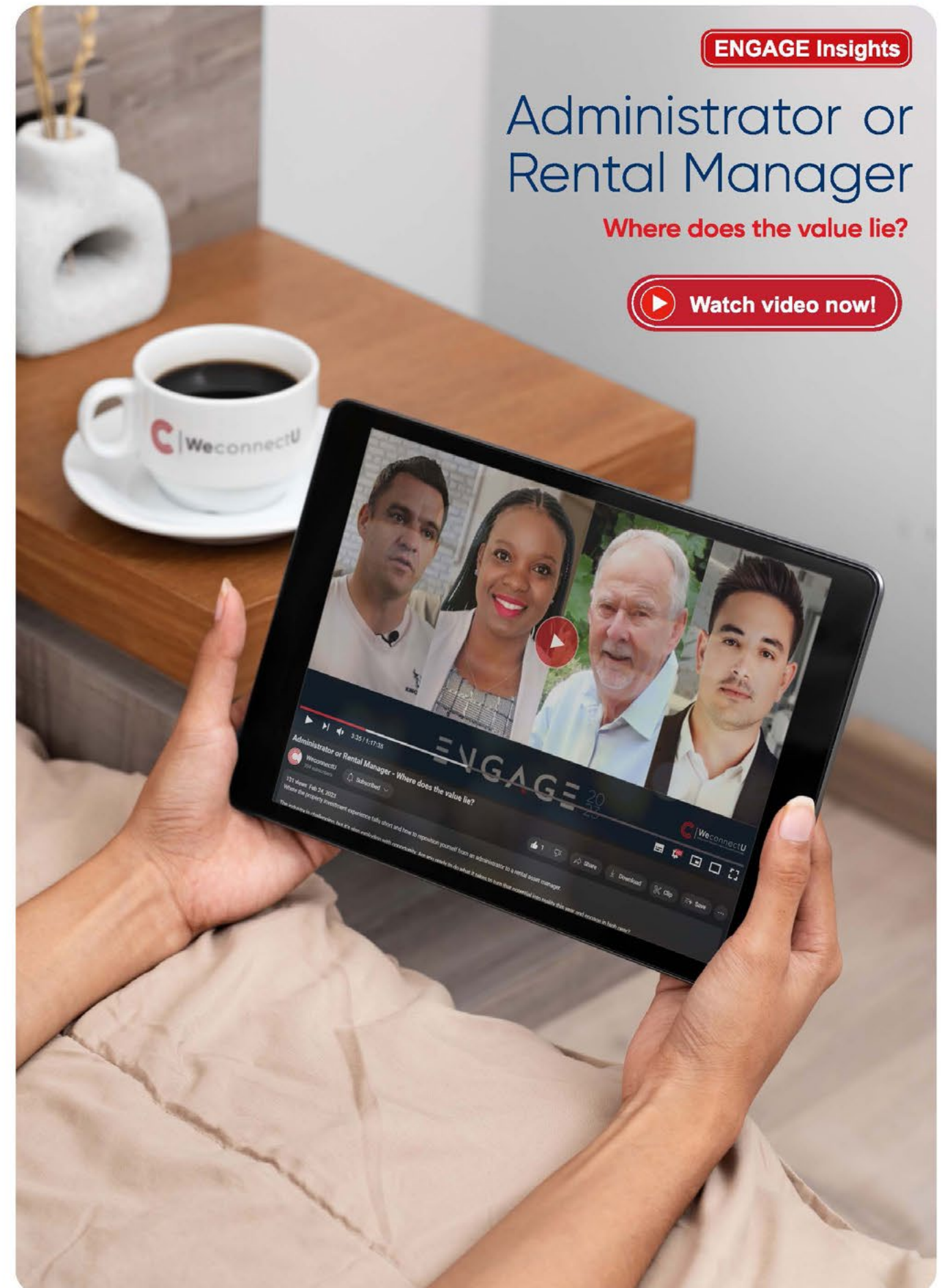
Inspections & Maintenance

ENGAGE Insights

Administrator or Rental Manager

Where does the value lie?

Watch video now!





Artificial Intelligence: Embrace it or Risk falling behind!

By Eric Nienaber



“

There was a time, not so long ago, when artificial intelligence (AI) was the stuff of sci-fi. That has rapidly changed in the past 18 months. Now, not a day passes without some publication discussing AI. The release of OpenAI's ChatGPT marked a transformative shift, bringing AI into the global spotlight. This revelation spurred the unveiling of numerous AI projects by giants like Google and Meta, and the release of several large language models (LLMs), expanding the AI landscape even further.

”

Since its release, ChatGPT has changed perceptions of what AI can achieve. As a sophisticated language model, it has demonstrated unparalleled abilities in understanding and generating human-like text, paving the way for more intuitive user interactions with digital systems. This development has not only enhanced customer service capabilities but also revolutionised how companies handle data, derive insights, and automate responses.

Ignoring AI's potential is no longer feasible for businesses aiming to stay competitive. AI technologies streamline operations, reduce costs, and unlock new avenues for innovation. By automating routine

tasks, AI allows employees to focus on more strategic activities, fostering creativity and driving business growth. Moreover, AI's predictive analytics can help businesses anticipate market trends and customer needs, providing a clear competitive edge.

Each day brings new examples of AI's capabilities, though it also leads to misconceptions about what is currently feasible, as much of what is demonstrated remains in the realm of 'demoware.'

At ydangle apps, we have developed an AI application that enables other applications to leverage AI. To demonstrate this technology, we integrated our application, WebWeaver AI, with MetaPress, an immersive web platform. This integration facilitates seamless onboarding of users through AI-driven interactions. WebWeaver AI, acting as a conversational agent within MetaPress, allows users to perform tasks like changing their avatar, modifying their name, exploring metaverse locations, and composing messages—all through simple text commands.

This eliminates the need for users to navigate complex UIs or wonder about basic functions like "How do I change my Avatar" or "How do I change my name" or any other task they need to carry out in an app.

In the property industry, AI's impact will become increasingly visible. From virtual property tours in the metaverse to automated transaction processes and predictive market analytics, AI technologies are reshaping how

properties are marketed, sold, and managed. As the industry moves into a new era, AI stands out as a vital tool in enhancing efficiency and personalising customer interactions.

As AI continues to advance, its integration into various business processes and customer interaction points is inevitable. The synergy between AI and other technologies, such as the metaverse, not only enhances operational efficiencies but also provides a richer, more engaging user experience. For the property industry, and indeed all sectors, the message is clear: embracing AI is not merely an option but a necessity for future success.





METAERSE

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<https://get.metapress.com>

INSTALL Metapress
on your non Wordpress site:

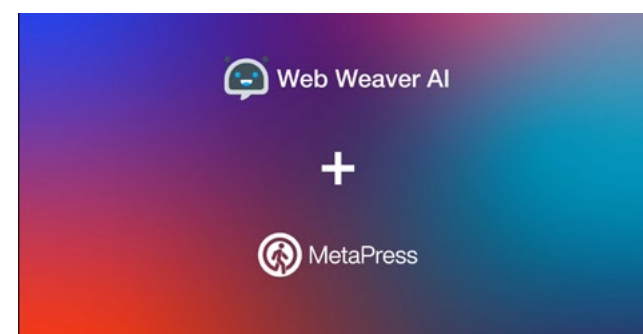
<https://get.metapress.dev/#/embedding-mp-core>

VIRTUAL MEETING
with MetaPress Standup for Slack:

<https://metapress.dev/install/slack>

Eric Nienaber is the co-founder of ydangle apps and MetaPress. He is a technology leader with extensive experience in the application development and metaverse space. If you're considering AI implementation in your applications, feel free to reach out to the author without hesitation

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FUTURE BUILDING PRACTICES:

Integrating Digital Solutions for reduced Carbon Footprints

By Mark Freeman



“

Unchecked energy consumption is linked to various environmental challenges, including air, water and thermal pollution, solid waste production and climate change. This is especially the case in regions that are heavily dependent on fossil fuels which are the main contributor to the emission of greenhouse gases.”

However, as increasing emphasis is placed on the global drive towards net zero carbon emissions, virtually every industry is being challenged to lower its carbon footprint and adopt sustainable practices.

In this sense, mitigating the high levels of energy consumption by buildings is the biggest challenge faced by the building industry. According to a United Nations [report](#), as of 2020, buildings account for 37% of global energy use and energy-related CO2 emissions.

As such, sustainable building practices are likely to see buildings of the future depending more on renewable

energy sources rather than on traditional electricity grids. Electricity grids in many regions – including South Africa – are still hugely coal-fired and thus detrimental to the environment.

Buildings of the future will rely on multiple sources of power generation, such as a mix of solar, hydrogen, geothermal and the grid, with generators providing backup power. However, renewable energy sources need to be combined with the right technology solutions to ensure that buildings are operating as efficiently as possible to effectively reduce their carbon footprint.

Integration of smart technology

While green building certifications, energy-efficient designs and the use of eco-friendly materials are gaining traction globally, sustainable building practices will essentially see the integration of smart technology into buildings of the future. This is key to providing building owners and managers with a full view of how they are distributing their power, where they are distributing it and when.

The only way to achieve this level of efficiency is through digitising a building to ensure the utilisation of the right power loads and the right power sources, at the right time. Buildings of the future will not only have visibility of the power they consume but also where they are consuming it, how they are consuming it and which source it is coming from for specific applications.

Integrated building management systems provide actionable insights to manage buildings efficiently, improve engineering efficiency and meet cybersecurity needs. These platforms integrate multiple systems for centralised, real-time control and management across one or several enterprise buildings.

Energy supply management Additionally, developers can integrate energy supply management software

solutions into their buildings that are designed to help power-critical and energy-intensive facilities maximise uptime and operational efficiency. These solutions can provide insight into electrical system health and energy efficiency, allowing informed decisions to be made that improve performance.

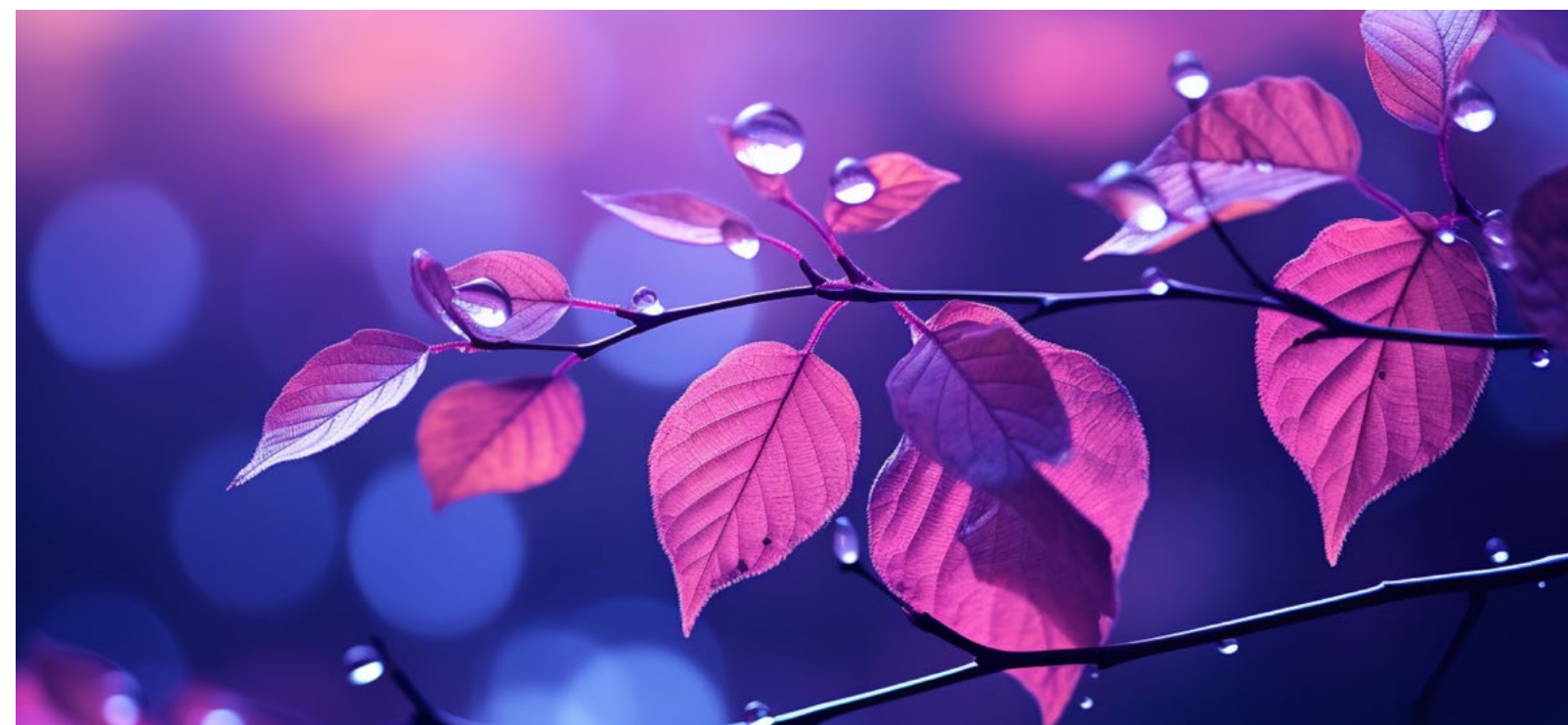
From a single pane of glass, building managers can operate and manage every system and application, such as smart electricity and water meters, pump and HVAC systems and building security, among others. Not only can the switch-on and switch-off times be set for specific periods, but smart building solutions can also manage and switch between power sources for different systems, as and when needed.

Schneider Electric's innovative solutions, such as EcoStruxure Building

Operation, EcoStruxure Power Monitoring Expert, as well as other advanced offerings, are instrumental in steering developers towards a future where technology seamlessly integrates with the built environment.

As electricity prices continue to rise and the transition to net zero carbon emissions becomes more pronounced, building owners will increasingly look to systems that will enable them to make educated and informed decisions about their energy options. Smart digital solutions can convert data into action and unlock a building's energy management system's full potential with advanced energy visualisation and analysis tools.

Mark Freeman is the Offer Manager Digital Buildings for Anglophone Africa at Schneider Electric



Flexspace:

Embracing the future as global firms shift away from Office Space

By Gidgette Osborne

“

IData released in June by commercial real estate experts Knight Frank confirms what we already know: there's a revolution underway in commercial real estate. How can property owners, landlords and investors make the most of the increasing demand for flex space?

”



A notable shift is happening in commercial real estate. Knight Frank polled **350 real estate leaders at international firms** and found that half of those with 50,000+ employees plan to reduce their office space by 10-20% in the next three years. The reason? A shift towards hybrid working patterns. Instead of spending five days a week in a central office, employees blend their time between a local workspace, their homes, and their company's central headquarters.

This change isn't just about adapting to new ways of working; it's also about cost-effectiveness. In fact, according to IWG's 2022 CFO survey, 82% believe hybrid is a more affordable business model than the traditional nine-to-five office grind.

As companies reduce their need for large, permanent office spaces, the demand for flexible workspaces grows. This trend opens a door of opportunity for building owners, property investors, and landlords. By partnering with IWG, they can meet this increasing need for flexspace and capitalise on the evolving landscape in commercial real estate.



Flexspace and hybrid models make business sense. Many businesses are switching to a hybrid model enabled by a network of flexspaces because a growing body of evidence shows it can benefit their profit margins, people, and the planet.

Profit

When companies downsize their offices and rely more on a network of flexspaces, it can result in significant facility cost savings – Cisco saved \$500m in the last five years due to a shift to hybrid working, much of that in its property portfolio. Moreover, an independent Global Workplace Analytics survey recently showed that hybrid working can save organisations an average of more than ZAR 200 000.00 per employee per year. IWG's global network of flexspaces allows businesses to strategically position themselves closer to their workforce, clients, or key markets, allowing them to tap into a much broader, location-independent talent pool. Businesses embracing hybrid enjoy productivity gains, too. A hybrid model in which workers balance time working at local flexspaces, company headquarters and at home has been shown to boost productivity by 3-4%, according to leading economics Professor Nicholas Bloom of Stanford University.

People

One reason for the hybrid productivity boost is that workers are healthier, happier, more engaged, and more energised when they spend less time commuting to city centre offices. Shorter trips to local flexspaces mean employees can reclaim time previously spent in traffic or public transport. This extra time can be spent with loved ones, on hobbies, or exercising regularly. This move to hybrid work is more than a trend – it's becoming an expectation. This is so much so that IWG's research indicates that half of workers would consider leaving their jobs if forced to return to the traditional office model. In a recent survey of 2,000 office workers, 88% said they would expect the hybrid model to be offered as a key benefit in any new role. Offering hybrid working options does more than boost productivity. It can also make a company far more attractive to both existing and potential employees, helping to attract and retain talent.

Planet

The environment also benefits hugely from hybrid working. When businesses downsize their property portfolios and rely more on flexspace, it helps them meet their Net Zero targets – and collectively, this adds up to significant reductions in emissions. Indeed, IWG's landmark study with ARUP shows that hybrid businesses can reduce urban carbon emissions by a staggering 70% in the UK and up to 87% in the US. That's because they can cut emissions from both commuting and energy use in workspaces. To put this into perspective in South Africa, let's consider a bustling city like Cape Town, known for its dense traffic and long commutes. The whitepaper concludes, "Overall, taking into account both transport- and building-related emissions, if a worker in Cape Town stopped traditional five-day commuting into the city centre and instead worked close to home, their combined carbon footprint would decrease by 70%."

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ESSENTIAL GUIDE:

6 Core Components of your Commercial Lease Agreement

By Craig Mott

“**Signing a commercial lease is a significant commitment for any business. Whether you’re a startup seeking your first office space or an established company looking to expand, understanding the intricacies of a commercial lease agreement is crucial.**”

Important things you need to know to make a smart decision that protects your rights and allows your business to thrive before you sign a lease is important. South African commercial leases are less standardised than their residential counterparts, so you will find a fair amount of variation between them.



Six Core Components every Commercial Lease should include.

Parties

The lessor or landlord or their representative – and the lessee or tenant.

Premises

There should be a clear definition of the location and specific space being leased, including the physical address and unit numbers, if applicable. Pay attention to things like parking, which is often leased separately at an additional cost, and the rules around any shared spaces like communal reception areas, kitchens and/or bathrooms.

Lease Term

There are two key aspects of the lease term to look out for. The first is the lease duration. The most typical range is between three and five years, but longer and shorter options are not unheard of. Long lease terms offer more stability, while short lease terms mean more flexibility. Tenants will need to weigh up the risks and benefits of each. The second thing to look out for is renewal options. The ability to renew a lease – and the conditions of that renewal – can be vital for a business that requires continuity, or has high setup costs that make frequent moves unaffordable.

Rental Terms

Commercial rent has several components. The first is the base rental – the agreed amount paid every month, or annually in some cases. The second component is the municipal charges and utilities – your rates, water, sewerage and electricity. The third is operating costs – things like security, cleaning, landscaping and general maintenance.

Some leases include operating costs in their base rental. These are known as gross leases. Other leases bill these separately, in which case they are known as net leases. Either way, it's vital that tenants fully understand their annual financial commitment – particularly in light of the fact that almost all commercial leases include an annual escalation clause.

Escalations rates usually apply to the base rental rate and parking, and are normally around 8-10%.. That can make a big difference to your bottom line over the course of a multi-year lease, although you may be able to negotiate this down if you're signing up for three years or longer.

Deposits and Guarantees

Commercial security deposits are usually equivalent to 1 to 3 months' rent, including parking, operational costs and rates. The exact figures can be negotiated based on the tenant's credit rating and history. In some cases, a personal or bank guarantee may be requested for extra security.

Commercial deposits are refundable, with interest, at the end of the lease term, subject to certain conditions. In rare cases, tenants may be permitted to hold the deposit in their own bank, subject to an irrevocable bank guarantee.

Use of Premises

Commercial properties are always leased for specific purposes, whether that's retail, office space, hospitality or industrial. Each property comes with certain restrictions that could impact your business operations. Make sure you understand exactly what you are and aren't allowed to do on the premises before committing to anything.

Landlord and Tenant Responsibilities

The specific breakdown of commercial landlord and tenant responsibilities can vary from lease to lease. There are some standards that can normally be relied on, but everything should be laid out clearly in the lease agreement.

1. Typical Tenant Responsibilities

Rent Payments: Timely payment of rent and any other charges.

Maintenance and Repairs: Generally responsible for interior maintenance and minor repairs. Check the lease for specifics.

Insurance: Tenants must typically insure their contents and may need liability coverage.

Compliance: Adherence to all applicable laws and regulations, including zoning laws and health and safety standards.

2. Typical Landlord Responsibilities

Property Maintenance: Structural repairs and maintenance of common areas.

Insurance: Coverage for the building and common areas.

Utilities and Services: Sometimes included, but often the tenant pays directly.

Ensure clarity in the lease.

Common clauses to watch out for

Commercial leases aren't designed to trip anyone up, but they can be on the more complicated end of the spectrum. These are a few of the clauses that tenants need to look out for and fully understand – to avoid nasty surprises down the line.

Escalation Clause: Understand how rent increases are calculated. Ensure the formula is clear to avoid unexpected costs.

Maintenance and Repair Clause: Clearly outline who is responsible for what aspects of property maintenance to prevent disputes.

Termination Clause: Conditions under which the lease can be terminated by either party. This includes notice periods and any penalties for early termination.

Subletting and Assignment Clause: Rules regarding the ability to sublet the space or assign the lease to another party. Some landlords restrict these options.

Default Clause: Specifies what constitutes a default (e.g., late payment) and the remedies available to the landlord, such as penalties or lease termination.

Force Majeure Clause: Addresses what happens if unforeseen events (e.g., natural disasters, pandemics) prevent either party from fulfilling their obligations.

Signing a commercial lease in South Africa involves careful consideration and understanding of numerous factors. By familiarizing yourself with the key components, responsibilities, and common clauses of a commercial lease agreement, you can secure a space that meets your business needs while safeguarding your interests.

When in doubt, always seek professional advice to navigate the complexities of commercial leases effectively. We have some exceptionally skilled commercial property professionals in this country who would be only too happy to put their knowledge to work for you.

Craig Mott, Head of Business Development at the Rawson Property Group,



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Discover Greece:

Top-Performing Economy and Investment Hotspot of 2023

By Editorial

“

Greece is now seeing a strong economic renaissance and was rated by 'The Economist' as the top-performing economy in 2023.

The Greek Golden Visa programme can grant your family access to Europe and provide a strong Euro-based investment to diversify your asset base. With the price of the Golden Visa set to increase, there's never been a better time to invest in this booming property market. This is according to Richard Haller, Managing Director: Offshore Real Estate & Investment Migration.

”





The Greek Golden Visa programme continues to be one of the best programmes to secure Greek residency as well as to gain greater access to the Schengen area.

Currently, the entry price for the Greek Golden Visa is €250,000, but Greek Prime Minister, Kyriakos Mitsotakis, recently announced that this will increase to €400,000 and to as much as €800,000 in prime areas. Now is the best time to take advantage of the Greek Golden Visa.

Investors may still apply under the current €250,000 threshold if: a 10% deposit is paid by 31 August 2024, and the

investment is finalised by 31 December 2024.

If the property purchase is not completed on time, investors are allowed to finalise their investment in another property no later than 30 April 2025. All other provisions of the current Golden Visa law remain unchanged.

About the Greek Golden Visa

Launched in 2013, the Greek Golden Visa Programme is an attractive pathway offering visa-free access to the Schengen Area, ideal for both business and leisure travel. The programme is designed with families in mind, allowing not only spouses and minor children to be included, but

also unmarried, financially dependent children up to the age of 21.

A standout feature of the Greek Golden Visa is its inclusivity towards parents, allowing them to be part of the application without the need to prove financial dependency. Furthermore, if your children are over 18, they can be the primary applicant and include you in their application, which can be fully funded by the parents. This comprehensive approach makes the Greek Golden Visa a versatile and family-friendly option for global mobility.

Benefits of investing in the Greek property market

You will be investing in a growing property market in one of the world's top-performing economies. You will own a Euro-valued property investment with a Euro-based income.

You can benefit from both short- or long-term rental options that offer fantastic returns. By investing in a property, you will be eligible to apply for a Greek Golden Visa. Properties are built and ready to rent.

The Mediterranean, a premier residence located on the seafront in the historic 'Port of Athens', Piraeus, and operated by one of the top US hospitality brands.

This luxury branded apartment residence isn't just a property investment; it's a strategic opportunity for generating income in Euros in one of the world's most vibrant and culturally rich regions, as well as qualifying you and your family for the Greek Golden Visa.

The Greek Golden Visa programme is one of the most affordable ways to achieve Greek residency and access to the EU, with strong travel rights across the Schengen area

Benefits of the Mediterranean

- Hand-off investment
- The Mediterranean branded residences offer investors the distinct benefit of strong Euro returns starting from

approximately 5% per annum, without having to actively manage a property abroad.

Unique profitability structure

As an investor, you will benefit from a distinctive compensation framework. This entails a two-tiered system where a guaranteed portion of returns provides a secure foundation, complemented by a managed component for optimal growth potential. This unique blend of certainty and dynamism is engineered to offer a sophisticated and balanced approach to wealth accumulation

Top US hospitality operator

The Mediterranean benefits from the strong brand of one of the US's top hospitality operators.

Port of Athens

Piraeus serves as the bustling gateway to Athens and holds prestigious titles such as Europe's largest passenger port and the third largest globally. With its strategic location and ongoing developments in this area, this vibrant district continues to evolve and presents an opportunity for capital growth and yields.

Hassle-free management

The management company handles all aspects of marketing, booking and communication, ensuring a seamless experience for property owners. This hassle-free approach allows you to enjoy the benefits of your investment without the usual administration on property management.


[CLICK HERE](#)

Explore Cyprus:

Your Pathway to Permanent Residency and Offshore Property investment

By Editorial

“

Isn't it time you started planning your future overseas and seriously look at what Cyprus has to offer? Many South Africans are evaluating the benefits of both investing in property offshore directly or are evaluating the various residency programmes on offer. Cypriot Realty is working with you, to realize Your Plan B in Europe!

Visit beautiful Cyprus on a Property tour with a South African property and residency specialist who will guide you every step of the way. ”



Securing Permanent Residency on Europe's best programme is unlike the other programmes on offer in many countries. Cyprus has a residency programme to benefit individuals wishing to secure permanent residency without having to invest the minimum €300,000 as prescribed on the Fast Track programme. It is the Slow Track (Category F) residency programme.

The Ministry of Cyprus allows siblings, non-related and multiple investors to buy a property together on this programme; and still each secure residency in their own right!

This is a unique benefit in Cyprus - as most other countries require that you either live in the country or have a prescribed minimum investment in property. There are 4 Residency programmes currently available (Please note these programmes will not be open indefinitely!):

1. The Fast Track permanent residency programme

minimum investment €300,000;
residency permits issued in 3 - 4 months.

2. The Slow Track (Category F) permanent residency programme

•No minimum investment prescribed

•Permits issued in 4+ years

This programme starts off as temporary residency which converts to permanent residency. Please note there is no guarantee you will get residency on this programme.

First thing - Property Purchase

A residential property must be purchased - there is no minimum value prescribed; and if buying a resale property, finance is not available - you will need to pay upfront, in full for the property; and if buying a property from the developer, finance is available; and we cannot start the residency application process until the property has been paid for in full. Or a long-term lease agreement will be accepted.

Second thing - Family members qualifying

The following family members do qualify on the same application:

- the main applicant, and
- the spouse of the main applicant and
- all dependent children up to age 18 only*.

* Once the dependent child turns 18 and is no longer dependent, he/she needs to qualify in his/her own right and purchase his/her own property, plus submit proof of his/her own annual income.

The following family members do not qualify as a dependent: all dependent children over age 18, all parents of the main applicant & spouse.

Siblings, cousins and other relatives can buy a property together; however each party needs to make application for residency in his/her own right as a main applicant. The jointly owned property will be proof to the Ministry that a residential property has been purchased.

Third thing - Proof of annual income

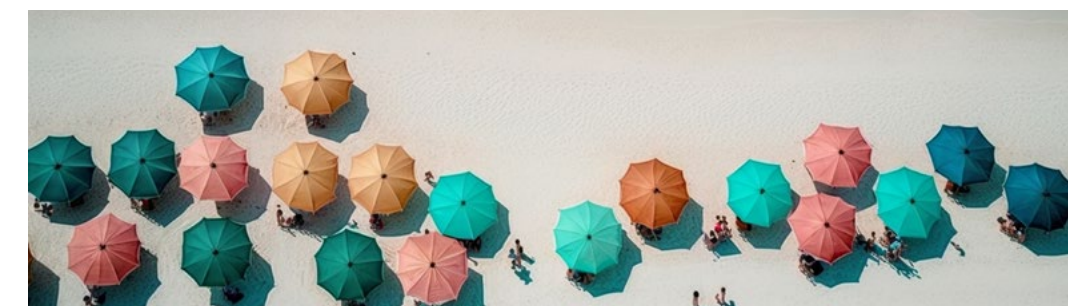
Proof of min €15,000 per year for the main applicant; plus min €5,000 for the spouse and min €5,000 for each dependent child must be submitted.

Income can be Salary, Rental income, Share/company dividends and Pension - money in the bank is not income.

Fourth thing - Funds to be transferred into Cyprus

Min €12,000 for the main applicant PLUS min €12,000 for the spouse Plus min €5,000 for each dependent child into a bank account in Cyprus - this can be into a transactional account or a fixed deposit account.

Note: the authorities may - at their discretion - call for additional funds to be deposited.



Fifth thing - Cyprus' National Health

Once the permanent residency permits have been issued (i.e after 4 years), the permit holders can register with Cyprus' National Health (GESY) to enjoy the medical benefits.

Please note that each residency application is based on its own merit and before making a final decision on granting the permanent residency status, the Cypriot authorities review various factors like:

- the value of the property purchase; and
- the annual income; and
- how much money has been deposited into the Cypriot bank account(s); and worldwide wealth.

3. The Pink Slip programme for people wanting to immigrate to Cyprus

The investor needs to live in Cyprus and the programme is a temporary residency programme which needs to be renewed every year for 5 years. After 5 years of living in Cyprus as a resident, you can apply for permanent residency. Please note that

4. The Yellow Slip programme for EU citizens only.

Find a matrix explaining the difference between the Fast Track, the Slow Track, the Pink Slip and the Yellow Slip programmes. Cyprus currently has the quickest, most affordable & most attractive permanent residency scheme in the EU - it's the Fast Track permanent Residency Programme.

Visit Cyprus with Cypriot Realty and find out more - Tour dates

20 - 27 July 2024

14 - 21 September 2024

21 - 28 September 2024

5 - 12 October 2024.

Main Features of Residency

- Permanent residency permits are issued in 3 - 4 months and are FOR LIFE!
- No need to live in Cyprus for the permits to be valid.
- Eligible to be part of Cyprus' National Health programme.
- The cheapest property-ownership costs in Europe.
- The property can be used as an investment vehicle.

Benefits

- Time saving: relatively quick time to process; and the permits automatically renew.
- Money saving. No minimum annual tax levied for the residency permits to remain valid.
- Free health care when in Cyprus, so no heavy medical insurance bills;
- Cheap transfer duty, council taxes, personal taxes etc.
- Investment generating: earn a Euro-based income to hedge against the ZAR.

Next step

Purchase a NEW residential property in Cyprus for min €300k + VAT (a new property is defined as newly built, off-plan or any property where transfer has not yet taken place).

Proof of annual income of:
€50k for the main applicant
+ €15k for the spouse
+ €10k for each dep. child;
Have clean police records.

MORE INFO

The Fine Print

- You can buy anywhere in Cyprus, there are no SDA's (Special Dedicated Areas) for foreign investors.
- Resales do not qualify on this programme.
- You can buy max TWO new properties as long as the combined purchase price is min €300k +VAT
- You only need to visit Cyprus 1 day every 2 years for the residency to remain valid.
- You currently still need to apply for a Schengen visa – Cyprus is not part of the Schengen zone yet.

Contact CYPRIOT directly FOR MORE INFO

Jenny Ellinas Tel : +27 83 448 8734 Email: jenny@cypriotrealty.com Visit: www.cypriotrealty.com



FPP

FirstPathway Partners helps foreign investors become U.S. permanent residents through the EB-5 immigrant investor visa program. We have a 100% success rate of securing permanent Green Cards for our investors. An \$800,000 investment into our project, TALUS could provide you and your dependents a path to permanent residency.

EB-5 BENEFITS

The EB-5 Visa Program offers numerous benefits, including the opportunity for investors and their families (spouse and unmarried dependents under 21) to live, work, and study anywhere in the U.S. It provides a clear path to permanent residency and eventual citizenship, without requiring sponsors or specialized skills. By investing in job-creating projects, investors contribute to the U.S. economy while diversifying their investment portfolio. The program offers flexibility in residency requirements and opens doors to world-class education, healthcare, and lifestyle opportunities. Not to mention, U.S. Citizens can travel visa-free travel to over 180 countries. With its unique advantages, the EB-5 Visa Program is an appealing choice for those seeking a prosperous future in the U.S.

QUALIFICATIONS

The EB-5 Visa Program requires a capital investment of \$800,000 in a TEA-designated area. Investors must demonstrate a lawful source and path of their investment funds. Additionally, the investment must lead to the creation of at least 10 full-time jobs for U.S. workers within two years of obtaining residency.

EB-5 PROCESS





LIFESTYLE PROPERTY INVESTMENT:

Securing Sustainability & Long-term Returns in uncertain times

By Editorial

“

Discover Secure Property Investments in SA's Changing Economic Landscape. South Africa's economic environment has recently undergone significant shifts. The South African Reserve Bank's series of interest rate hikes aimed at controlling inflation have shown signs of stabilizing as inflation approaches target ranges, yet uncertainty persists. The fluctuating value of the Rand against major currencies, particularly the US Dollar, remains pivotal, potentially impacting inflation and fuel costs.

”

Amid these dynamics, opportunities arise for investors seeking stable and profitable growth avenues. The stagnant GDP growth of 0.1% in late 2023 may prompt future interest rate reductions, potentially stimulating economic activity and creating favourable conditions for investment.

Secure Havens in Uncertain Times

Shawu's Hills Wildlife Estate and Simbini Lifestyle Estate exemplify secure investment opportunities. Situated alongside the Crocodile River bordering Kruger National Park, these estates offer safety, security, and substantial capital appreciation potential. Residents enjoy unparalleled views, wildlife encounters, and convenient access to Kruger Park for unforgettable experiences.

Prime Location, Unwavering Security

Both estates provide prime locations along the Crocodile River, ensuring not only breathtaking scenery and wildlife experiences but also high demand in the tourism sector. State-of-the-art AI security systems ensure peace of mind, allowing residents to relax and appreciate the tranquillity of the bushveld.

Luxurious Amenities for Discerning Lifestyles

Simbini Lifestyle Estate offers a rural estate environment with river frontage and views of Kruger, featuring only 20 erven for exclusive living. Shawu's Hills provides a unique blend of nature and luxury with recreational facilities including a restaurant, art gallery, and amphitheatre. Nearby activities such as golfing, ziplining, and wildlife sanctuaries enhance the lifestyle appeal.

Sustainable Design for Lasting Value

Both estates prioritize eco-friendly designs, emphasizing energy efficiency, responsible water management, and habitat preservation. This commitment to sustainability not only respects local ecosystems but also aligns with global trends favouring environmentally conscious properties, enhancing long-term demand and value.



Investment Potential

The estates offer promising investment potential through:

Capital Appreciation:
Prime locations and luxury amenities support property value appreciation.

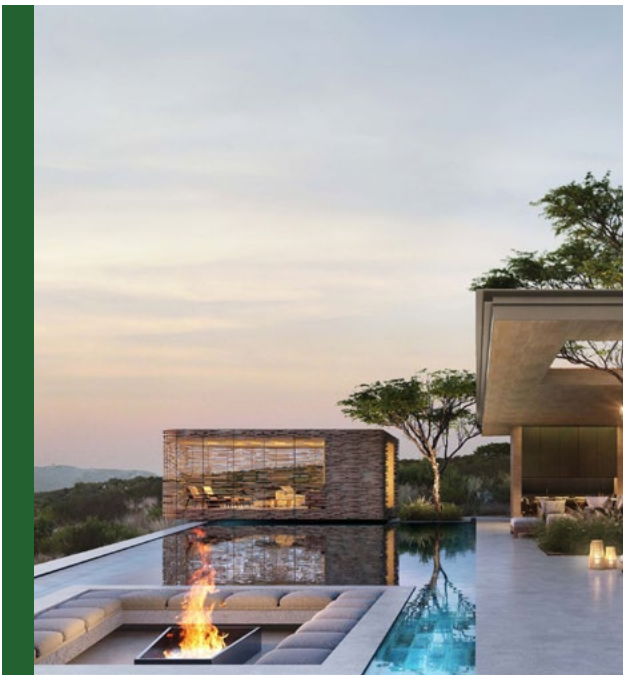
Rental Income:
Demand for secure rentals in wildlife destinations attracts international tourists, enhancing rental income prospects.

Diversified Returns:
Simbini Estate's operational macadamia farm diversifies income streams, bolstering investment resilience.

A Bushveld Retreat Beyond Investment

As the economic landscape evolves, Shawu's Hills and Simbini Lifestyle Estate offer secure investments with dual benefits: financial returns and a unique bushveld lifestyle. These properties provide a compelling choice for investors seeking stability, growth, and a personal retreat in nature.

Capital Appreciation:
Prime locations and luxury amenities support property value appreciation.



Book Your Exclusive Viewing

Experience the allure of Shawu's Hills firsthand by scheduling an exclusive viewing.:

Contact **Lindi Le Grange** at 074 444 0178 or **Nick Laubscher** at 076 581 2236 to embark on this unforgettable journey and build your legacy today.

Connect with us on Instagram **@Shawushillsestate** or Facebook **@shawushillswildlifeestate** for updates and insights into luxury living and investment opportunities.

Thinking of buying property?

We'll pre-qualify you for a home loan so that you know exactly what you can afford!

When you pre-qualify with us, we help you set a homebuying budget so that you can house-hunt with confidence. We even factor in future rate increases to ensure that your home loan repayments remain affordable. And we do it all free of charge.

What's more, when you're ready to apply for a home loan, we'll submit a single application to multiple banks on your behalf and lean on our strong, established relationships with them to negotiate the best possible interest rate for you.

BOND AMOUNT	MONTHLY INSTALMENT AT AN INTEREST RATE OF 11.75%	20-YEAR REPAYMENT
R 250 000	R 2 709	R 650 224
R 500 000	R 5 419	R 1 300 448
R 750 000	R 8 128	R 1 950 673
R 1 000 000	R 10 837	R 2 600 897
R 1 250 000	R 13 546	R 3 251 121
R 1 500 000	R 16 256	R 3 901 345
R 2 000 000	R 21 674	R 5 201 794
R 3 000 000	R 32 511	R 7 802 691
R 4 000 000	R 43 348	R 10 403 588
R 5 000 000	R 54 185	R 13 004 485
R 6 000 000	R 65 022	R 15 605 382

*Based on a 20-year loan term



CLICK HERE

TO APPLY FOR A BOND

Demystifying South Africa's new two-pot Retirement System: Basics and Beyond

By Phil Le Feuvre

“

There's already a lot of confusion about what the two-pot system is and how it will work. Fund members, remuneration practitioners, unions and other stakeholders are all seeking answers ahead of its implementation on 1 September this year.

Even fund administrators need information - albeit of a more technical nature - to ensure they and their operations are ready in time.”



COVID and the 30 years before it

South Africans, whether employees or independent earners, typically contribute part of their monthly salary to one or other retirement fund. When they change jobs or become unemployed, any accumulated savings in their fund are paid out to them after being taxed.

Unfortunately, the temptation to squander this money on luxuries or necessities is too great and it is seldom re-invested towards their inevitable retirement.

This condition was exacerbated by COVID, when many lost their jobs and used their payout to survive. Some, still employed but suddenly on lower pay, resigned just to get their hands on more cash.

Yet, this was not the first time the problem was recognised. A method for preserving retirement savings while affording members access to a reasonable portion for emergencies has been debated for the last 30 years or more.

Finally, the two-pot system was developed to offer a rational compromise, although it is not without its challenges.

Introducing the Pots

Currently, members have existing savings in their retirement fund from past contributions, called the vested component.

On 1 September 2024, two new components - or “pots” - will be introduced into each member's fund and all future contributions will be paid into these pots as follows:

The savings pot will receive one third of the contribution. Members can draw any amount from this pot once a year, provided it is not less than R2,000, and they are limited only by the amount of savings they have at that time.

The retirement pot will receive two thirds of the contribution. Members cannot withdraw from this pot at all, except as a lump sum when they opt to retire after age 55.

So, for example, for a contribution of R3,000 per month, R1,000 will go into the savings pot and R2,000 will go into the retirement pot.

The Seed Capital

On 1 September, 10% of the member's existing savings (vested component), but not more than R30,000, will be transferred to the savings pot as seed capital. This just means funds will immediately be available for members to withdraw. Call it an “introductory offer”.

Of course, the initial withdrawal can only be as much as the member has in their savings pot and can't be more than R30,000. But there is no cap on future withdrawals and members are not compelled to make a withdrawal in any given year.

Apart from this seed capital, the rest of the vested component will remain untouched and is not part of the two-pot system. If a member leaves their employer, the vested component will be paid out to them, after being taxed. Otherwise, it will form part of their lump sum payout on retirement.



Pots and taxes

Yes, members will be taxed on their withdrawals. But why?

Income that is earmarked as a retirement contribution is not taxed when it is earned but when the lump sum is paid out in the future.

So, when a member withdraws from their **savings pot**, they are taking untaxed income that will no longer be used for its intended purpose, that is, to fund their retirement. This renders the tax on it immediately due.

While the release of the vested component continues to be taxed against SARS' severance benefit tax tables, savings pot withdrawals are taxed at the member's marginal rate.

In South Africa, a taxpayer's annual salary is split in portions, with each portion being taxed at an increasing percentage. The highest percentage is their marginal rate.

That means a member who withdraws R10,000 at a marginal rate of 31% may be disappointed to find that they lose R3,100 to tax, and only get R6,900 to spend.

In addition, since their withdrawal relies on a tax directive, they must be compliant with SARS before the funds can be released.

Communication is key

It's important that fund administrators communicate such technicalities to their members and help them plan their withdrawals around tax and other considerations.

In fact, communication will be vital to ensure the two-pot system rolls out as smoothly as possible and is readily embraced by fund members.

Likewise, members are legally obligated to share their email address and contact number with their administrator to facilitate prompt communication about new requirements.

Refocusing on Retirement

While people may be excited at the prospect of readily available cash come 1 September, it's a good idea to consider the consequences.

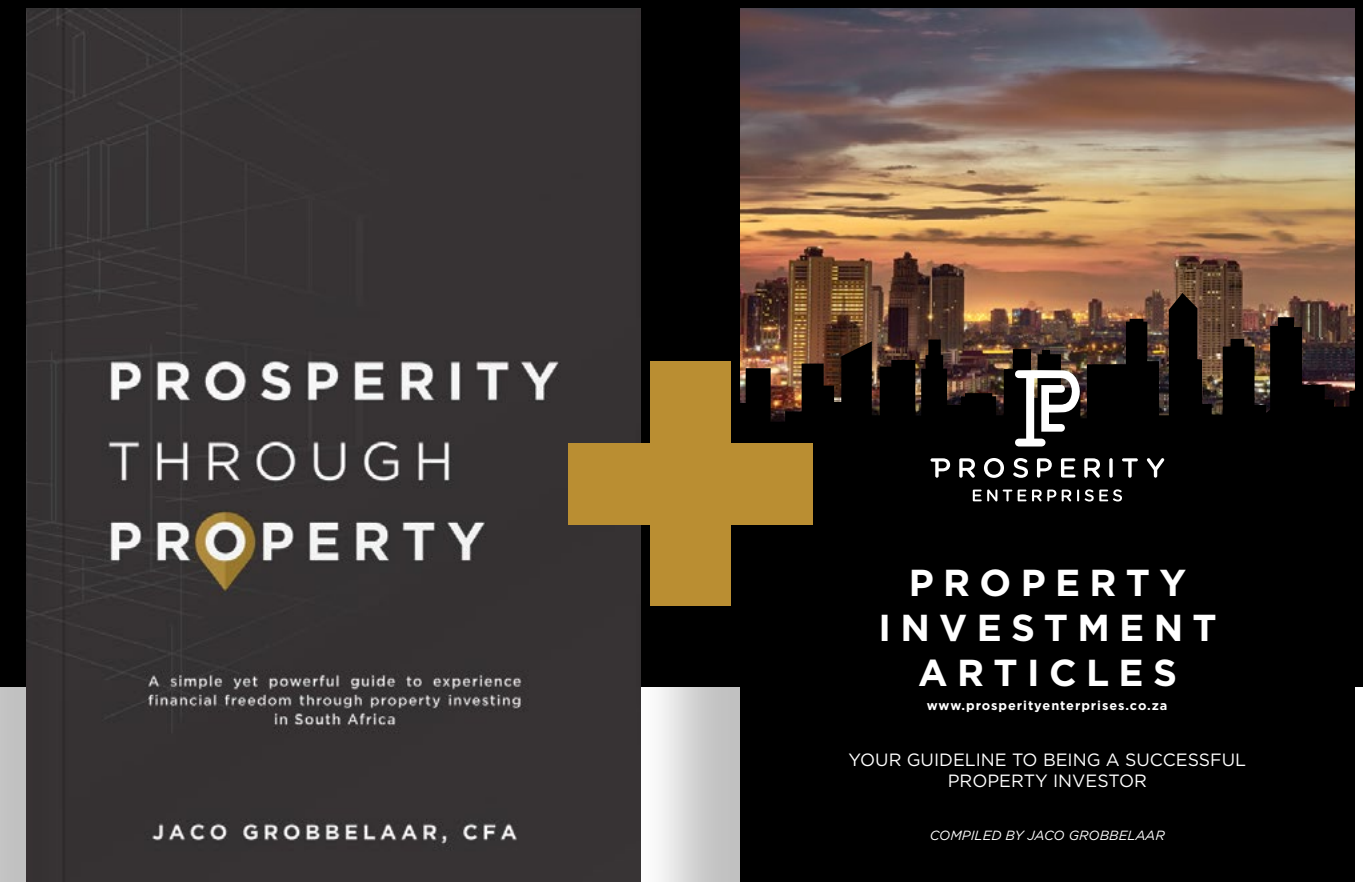
The savings pot was created for emergencies, not lifestyle enrichment. The more members dig into their savings, the less they will have for retirement in the long run.

It's also likely that fund administrators will be inundated with applications for withdrawals when the two-pot system is launched. This, along with their own security protocols to limit fraud, could see slow turnaround times that make waiting worth the while.

Phil Le Feuvre is a Financial Services Manager and a South African Reward Association (SARA) member



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‘Reside InvestorCon’ is one of the larger gatherings of residential property investment experts in South Africa. It is a first of its kind conference designed for South African investors who face unique challenges and seek to learn from industry experts.

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The event is a series of high-energy evening Masterclasses and networking sessions tailored for property investors aiming to improve and grow their businesses. Whether you are an existing investor or new to the market, Reside InvestorCon offers practical, on-the-ground lessons from experienced investors, that you will be able to implement immediately in your portfolio.

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- Eliminating the Risk of an Eviction
- Growing a Property Portfolio While Working a Full-time Job
- Building a R20m Property Portfolio with a Home Loan
- Lessons from Developing a 51 Apartment Residential Complex
- The BRRRR Strategy (Buy, Rehab, Rent, Refinance, Repeat)

2. Student Accommodation:

- Secrets to a Successful Student Accommodation Business
- Lessons from a Student Accommodation Investor
- How to Get NSFAS Accredited
- Best Cities for Student Accommodation
- Legal Considerations for Investing in Student Housing

3. Airbnb / Short-Term Lets:

- Identifying a Great Location for Your Airbnb
- Rules to Increase Your Occupancy - Maximising Your Exposure through Algorithm Influence
- Personal Pricing Strategies to Maximise Profits - Managing Short-Term Rentals Remotely

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South Africa's Office Sector shows signs of recovery amidst rising demand

“

As South Africa gradually returns to office settings, there's a noticeable uptick in demand for office space alongside decreasing vacancies and enhanced property fundamentals. Real estate investment trusts (REITs) highlight robust demand in key Cape Town areas with observed rental growth.

”

Joanne Solomon, CEO of the SA REIT Association, remains cautiously optimistic, noting declining vacancies despite some negative rental adjustments. Quality office spaces in prime locations are particularly sought after, reflecting a global trend towards upgraded amenities.

Recent data from the SAPOA Office Vacancy Report for Q1 2024 shows a national vacancy decrease from 16.7% to 14.7%, with Cape Town offices at a low 6.8%—the lowest since 2009. While rental incomes face pressures, signs of stabilization, especially in coastal regions, are encouraging.

Stakeholders anticipate further sector recovery, driven by improving economic conditions and sustainable office features. Despite near-term challenges, the long-term outlook for South Africa's office market offers promising opportunities for savvy investors.

Residential Rental Vacancies Hit Historic Lows: TPN Q1 2024 Report

Residential rental vacancies in South Africa have reached their lowest levels since 2016, driven by increasing demand amidst high interest rates that hinder home ownership.

TPN Credit Bureau's Q1 2024 Vacancy Survey shows national vacancies dropping to 4.42%, down from 6.69% the previous quarter. This trend reflects a shift towards renting over owning homes, with households renting rising to 23.9% in 2023 from 22.5% in 2022. The Rental Market Strength Index indicates robust demand exceeding supply across various rental price bands, particularly in the mid-range segments. While provinces like Gauteng and the Western Cape show significant occupancy improvements, cautious optimism is advised due to economic uncertainties impacting tenant finances.

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