rei
REAL ESTATE INVESTOR
MAGAZINE
DECEMBER / JANUARY 2025 #174



BLUEPRINT FOR REAL ESTATE SUCCESS
Focus, Action, Boundaries

REVOLUTIONISING PROPERTY BROKERAGE
The Future of Proptech

AIRBNB OR NOT?
How New Rules Reshape Rentals

BUYING VS RENTING
Expert Insights on the Debate

REIMAG LAUNCHED 2007 — 17 YEAR — ANNIVERSARY

VELICIAE:
Sarah Davies accelerates Luxury Real Estate to South Africa's Atlantic Seaboard

Empower families. Secure futures.

Transform lives for just R3 250!

Turn council tenants into proud homeowners by providing them with legal title deeds to the homes they live in.

For an investment of just R3 250, a property worth an average of R100 000 is transferred from a municipality to its tenant, transforming lives and uplifiting communities.

Section 18A tax-deductible



KHAYA LAM

khayalam.org.za

Khaya Lam is an initiative by the Free Market Foundation

FMF

Meet the Team



NEALE PETERSEN
FOUNDER & EDITOR-AT-LARGE
neale@rei.co.za



MARISA GEORGE
ACCOUNTS MANAGER
marisa@rei.co.za



GRAHAM MILLER
WEBSITE SPECIALIST
graham@rei.co.za



JADE NICHOLSON
SENIOR DESIGNER
design@rei.co.za



CHRISTIAN SCHUTTE
DIGITAL MARKETER
christian@rei.co.za

CONTRIBUTORS

Bruno Simao
Robin Booth
Jason Lee
Paul Jackson
Jaco Grobbelaar
Francois Conradie
Eric Nienaber
Lionel van Tonder
Inge Swanepoel
Martin Versfeld
Tyron Theessen
Joon Chong
Sarah Davies
Rube' Bradfield
Johann van der Merwe
Jean Joubert
JP Pretorius
Belinda Clur
Grant Smee



OUR 220 MILLION SHOPPER VISITS A YEAR CREATE SUSTAINABLE GROWTH AND SUPERIOR VALUE.

This is Lebo J, aged 19. He shops twice a month, usually at weekends. He arrives at our mall in the mid-afternoon when it's really buzzing. Many of his friends are there too.

On average, after 2.3 hours of shopping and browsing, Lebo leaves from the east wing and takes a taxi home to his family, a drive of around 40 minutes.

Lebo's mother will ask him about the discounts and special offers he spotted as he ambled around both floors of the centre. This helps her to plan her weekly grocery shop, which she does before lunch on Mondays.

We know all this and more about Lebo J and our other visitors too. Our multi-faceted consumer behaviour research, combined with our deep understanding of the needs and desires of the communities we serve, leads us every step of the way.

Our unique focus on a superior customer experience ultimately benefits all our key stakeholders: customers, tenants and investors.

As a Vukile stakeholder, you too will benefit from our extensive analysis of shopper behaviour and the factors that drive continuously evolving retail trends.

There has never been a better time to invest in people like Lebo J.

BUILDING COMMUNITIES,
GROWING VALUE.

vukile
Centres of Growth



Sarah Davies

PUBLISHERS
REALE ACTIVATION

WEBSITE
www.rei.co.za

SUBSCRIBE
Subscribe now

READERSHIP
1,210,054 Views

CIRCULATION
16, 158 (ABC Jul - Sept 24)

ADVERTISING
+27 21 761 3848
info@rei.co.za



Download Media Kit

DISCLAIMER: All rights are reserved. No portion of this publication may be reproduced without prior written approval. The opinions in this publication are those of the contributors and authors. The publisher makes no guarantees or assurances regarding any goods or services advertised or published. Prospective investors should always consult their own advisors, accountants, or attorneys before investing.

PROSPERITY ENTERPRISES

EARLY BIRD
20% OFF

Book early and save big on tickets to our **Johannesburg Property Investment Seminar** held on **1 February 2025**

JOHANNESBURG

BOOK NOW

Link: https://shorturl.at/ARfWR

Includes Colour Workbook

Includes Consultation Discount Voucher

Lunch, snacks and drinks to be served

SINGLE TICKET ONLY R2796 NORMAL PRICE R3945

DOUBLE TICKET ONLY R4796 NORMAL PRICE R5995

DISCOUNT VALID UNTIL 31 DECEMBER 2024 ONLY
Use Promo Code EARLYBIRD at checkout

10 Year ANNIVERSARY
CELEBRATING 10 YEARS

Editor's Viewpoint

Rising Strong: Lessons from the Springboks for Business Success in 2025

As we close out 2024, it's hard to ignore that this year has posed its share of challenges. Yet, despite the economic headwinds, we're ending on a positive note. With interest rate cuts in both September and November, we are entering 2025 in a better financial position, and this is cause for optimism.

Reflecting on this, a quote from Enzo Ferrari resonates with me: "What's behind you doesn't matter." While he was likely speaking in the context of motor racing, this phrase has profound relevance for business, too.

In times of difficulty, it's easy to become mired in past setbacks, but true growth happens when we focus on what we can control today and moving forward. In the world of real estate investment, setbacks are inevitable. What matters most is how we respond: do we get stuck in the past, or do we adapt and press ahead? As iconic musician David Bowie said, "Tomorrow belongs to those who can hear it coming."

2024 has been a year of resilience, and much like our national heroes—the Springboks—we can draw inspiration from their incredible performances. Ranked No. 1 in the world, the Springboks not only excelled on the rugby field but demonstrated the power of teamwork, strategy, and relentless determination. Their successes are a reminder of how we should approach our businesses—consistently striving for excellence, adapting to challenges, and always pushing to be the best.

Looking ahead to 2025, I'm filled with excitement. The resilience we've cultivated over the past year will propel us toward even greater achievements. We've seen outstanding performances from many of our Marketing Partners, and I'm confident the year ahead will bring even more success. The foundation of resilience we've built is our strength as we enter a new year brimming with potential.

As always, the REI team is here to support you in your property investment journey. We have big plans for 2025, including new events and opportunities to connect, learn, and grow together.

Thank you for your continued support. Here's to a prosperous and successful 2025!

Founder & Editor-In-Chief

Neale Petersen



MASTER QUOTE

Who controls the past controls the future. Who controls the present controls the past

GEORGE ORWELL

Contents

MEET THE TEAM 4

MAGAZINE INFO 6

EDITOR'S VIEWPOINT 8 - 9

ASK THE EXPERTS 12 - 13

MAGAZINE ARCHIVES 14 - 15

COVER STORY 16 - 23

COMPANY FEATURE 24 - 29

RETAIL 30 - 35
- 30 - Shopping Centre Rental Growth

INVESTING 36 - 47
- 36 - Gen Z's Airbnb revolution
- 42 - Blueprint for Real Estate

RESIDENTIAL 48 - 61
- 48 - Tackling urban sprawl
- 54 - Buying or Renting Better

FINANCE 62 - 71
- 62 - Interest Rate Cut
- 68 - Smart Renovation on a Budget

PROPERTY MANAGEMENT 72 -89
- 72 - Unlocking the Future
- 78 - To Airbnb or not to Airb-

TECHNOLOGY 90 - 100
- 90 - AI and 3D Tech
- 94 - The Future of PropTech

COMMERCIAL 102 - 106
- 102 - Tackling the 'Construction Mafia

OFFSHORE 108 - 115
- 108 - UK Buy-to-Let Investors

WEALTH 118 - 122
- 118 - Clarifying taxation

EDUCATION 128 - 133
- 128 - Lorick Barlow

NEXT ISSUE 134 - 135



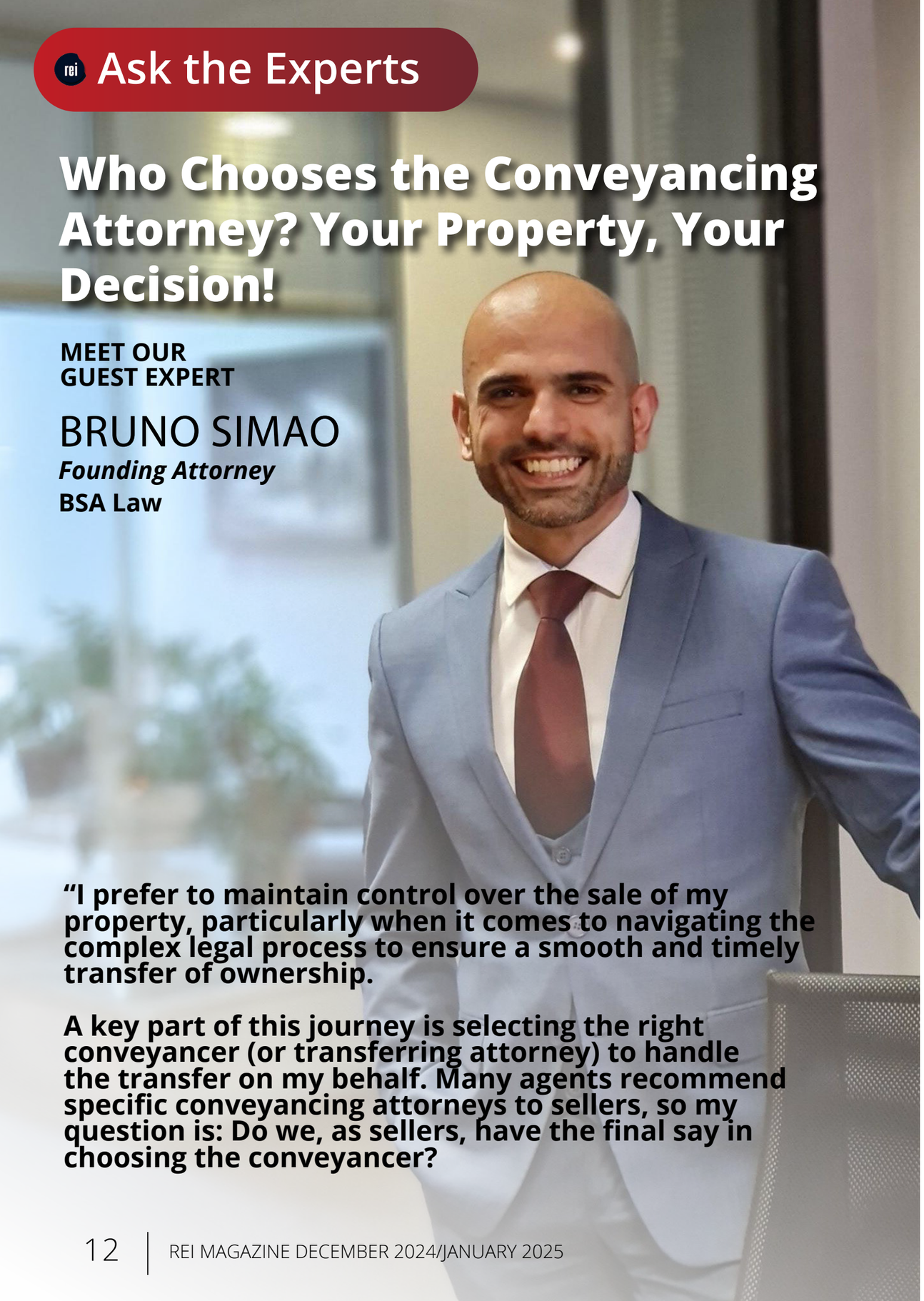






Ask the Experts

Who Chooses the Conveyancing Attorney? Your Property, Your Decision!



MEET OUR GUEST EXPERT

BRUNO SIMAO
Founding Attorney
BSA Law

“I prefer to maintain control over the sale of my property, particularly when it comes to navigating the complex legal process to ensure a smooth and timely transfer of ownership.

A key part of this journey is selecting the right conveyancer (or transferring attorney) to handle the transfer on my behalf. Many agents recommend specific conveyancing attorneys to sellers, so my question is: Do we, as sellers, have the final say in choosing the conveyancer?

Conveyancers are specialised attorneys responsible for managing the legal, administrative, and financial steps required to transfer property ownership from the seller to the buyer. They ensure compliance with the sale agreement, handle the necessary paperwork, and most importantly, ensure that you, as the seller, are paid.

Why does the seller have the right to choose the conveyancer?
While it is possible to agree otherwise, there are several reasons why you should retain the right to appoint your own conveyancer:

Your Property, Your Risk: As the seller, you hold the ultimate responsibility for the accurate and timely transfer of ownership. Although the buyer typically covers the conveyancer’s fees, it’s you who needs to safeguard your financial interests throughout the process.

Control of the Process: Having your own conveyancer means you can monitor the progress and ensure the sale moves forward efficiently. If the buyer delays payment or faces issues with bond approval, your attorney can take swift action to protect your interests.

Protection of Your Financial Interests: A buyer-appointed conveyancer, while impartial, may not prioritize your financial security as much as your own attorney would. This can leave you vulnerable to complications or delays.
How to choose a conveyancer:

Experience & Proactivity: Choose a conveyancer with experience and a proactive approach to avoid potential delays. An experienced attorney will identify issues early and resolve them quickly.

Clear Communication: Regular updates and clear communication ensure you’re informed and reduce confusion during the transfer process.
Attention to Detail: Legal property transfers are complex. A meticulous conveyancer ensures accuracy and compliance to avoid delays and costly mistakes.

Cybersecurity: Given the rise in email fraud and cybercrime targeting property transactions, ensure that your conveyancer has robust security measures in place to protect your information and funds.
When to involve your conveyancer?
It’s best to involve your conveyancer as early as possible. Ideally, consult with them before you even list your property. This allows them to guide you through the sale, review offers, and ensure that the sale agreement is fair and legally sound before you sign.

Got Questions? We’ve got Answers!
Send your queries to info@rei.co.za

Enquire here

Newsstand Archives



DEC/JAN 25



NOV 24



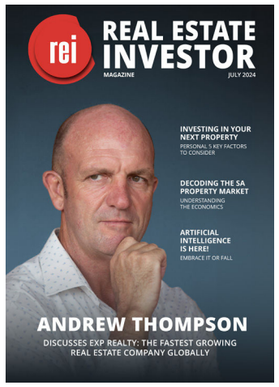
OCT 24



SEPT 24



AUG 24



JULY 24



JUNE 24



MAY 24

Subscribe for Free

to receive future editions of
Real Estate Investor
Magazine in your inbox

Subscribe for Free

www.rei.co.za

Cover Story

Transforming the Cape Town Property Market: The bespoke approach of Sarah Davies

By Neale Petersen



Sarah Davies is not just another real estate agent - she is a force redefining what it means to be a true professional in Cape Town's notoriously cutthroat Atlantic Seaboard property market.

Over the past 13 years, Sarah has risen from an ambitious novice with an entrepreneurial spirit to one of the most respected and sought-after names in luxury real estate, both locally and nationally.

Her story is far from typical in an industry where sales often dominate the narrative. Rather than simply being known for closing deals, Sarah has crafted a bespoke approach that blends speed, precision, and an unwavering commitment to excellence.

Her focus isn't just on selling properties; it's about creating a personalised experience for each client, guiding them through every step of the journey, and ultimately becoming a trusted advisor in their real estate decisions.



SARAH DAVIES PROFILE

Company: Veliciae Luxury Real Estate

Current Position: Director

Uniqueness of company: Speed of service

Family: Married two kids' son 3, daughter 4

Hobbies: Paragliding, kiting, yoga, surfing and running

Follows: US Property mogul Grant Cardone & Ryan Serhant American real estate broker and author

Personal Motto: "Everything starts with a decision—believe in it, act on it, and see it through. There isn't anything that is out of reach."

A Journey of Passion, Perseverance, and Purpose

Sarah Davies' path into real estate was not one she initially set out to follow. Born in South Africa in the early '80s to Belgian émigrés, Sarah's early years were spent at Woodridge College just outside Port Elizabeth, where she excelled in academics and athletics. A natural talent for sports saw her winning the Victrix Ludorum three times for athletics, as well as representing her province in hockey, swimming, and water polo. It was clear from an early age that Sarah possessed not only physical talent but also an innate drive for excellence.

However, Sarah's passion for real estate wasn't ignited until 2012 when a property opportunity arose in her hometown of Port Elizabeth. It was here that she met Rubé Bradfield, a seasoned real estate professional who would go on to mentor her and introduce her to the intricacies of property sales. It didn't take long for Sarah to realize that real estate wasn't just a job - it was her calling.



Building a Reputation, One Property at a Time
Sarah's early days as a real estate agent were far from glamorous. Armed with the guidance of Rubé and her natural work ethic, she dove headfirst into the world of property, knocking on doors, meeting clients, and learning the ropes of the industry. Her relentless dedication paid off quickly, and soon she began carving out a name for herself in the competitive world of real estate.

Her move to Johannesburg in 2018 marked a turning point. In the city's highly competitive property market, Sarah became a force to be reckoned with. Specializing in the upmarket Kyalami region with Home and Hectare, Sarah has a proven track record of exceptional sales, demonstrating her expertise across diverse markets.

But it wasn't just about high-end sales. Sarah began to build a portfolio of her own, investing in properties across the country. She developed, renovated, and flipped homes in Port Elizabeth, Cape Town, and beyond. Her experience as an investor gave her a unique perspective, allowing her to offer her clients a deeper level of insight into the market, beyond just finding a place to live.

A Philosophy centered around Speed, Service, and Client Satisfaction
Sarah's approach to real estate is rooted in speed, precision, and exceptional service. In an industry where timing is everything, Sarah has cultivated a reputation for delivering results quickly and efficiently. But it's not just about moving fast - it's about making the process as seamless and enjoyable as possible for her clients.

"Real estate is more than just a transaction," she says. "It's about providing a bespoke service that truly meets the needs of the client.

Whether it's finding them their dream home or securing the best investment opportunity, I make it my mission to ensure that every client receives personalised, attentive care every step of the way."

This philosophy has earned Sarah multiple industry awards, and her growing list of loyal clients is a testament to the exceptional service she offers. Her clients know that when they work with Sarah, they are not just getting a real estate agent—they are getting an advisor, a confidante, and someone who will advocate for their best interests in every aspect of the property process.

Her ability to balance the demands of family life with her high-powered career is another testament to her commitment. As a mother of two young children and the wife of a supportive husband, Sarah knows how to juggle multiple priorities. She uses this same skill set in her real estate career, ensuring that every client receives the attention they deserve, no matter how busy things get.

"The Birth of Veliciae Luxury Real Estate....

In 2023, Sarah took a bold step in her career by co-founding Veliciae Luxury Real Estate with Rubé Bradfield. The vision was clear: to offer an entirely new approach to luxury real estate - one that blended local expertise with global reach.

The goal was not only to meet the expectations of high-net-worth clients but to exceed them, creating an experience that was both personalized and seamless."

Veliciae's unique value proposition lies in its speed of service, a quality Sarah has honed throughout her career. The agency offers its clients a bespoke real estate experience, combining the efficiency and agility of a modern business with the personal touch that comes from years of local expertise. Each transaction is handled with the utmost care, ensuring that the process feels effortless, no matter how complex the deal may be.

A New Era for South African Luxury Real Estate
Today, Sarah is one of the most influential figures in South Africa's luxury real estate sector. Through Veliciae, she is setting new standards for service, professionalism, and client care. Her reputation for excellence, combined with her deep understanding of the market, has made her a trusted advisor to a growing list of elite clients, both local and international.





But for Sarah, this is just the beginning. Her journey - from a young sportswoman in Port Elizabeth to a leading real estate professional and entrepreneur - has been driven by a single principle: to create something extraordinary, one property at a time.

As she continues to shape the future of luxury real estate in Cape Town and beyond, Sarah Davies stands out as more than just a real estate agent. She is a visionary who is transforming the industry and creating lasting, meaningful experiences for her clients.

Welcome to Sarah's world, where real estate dreams come to life.

SARAH DAVIES - VELICIAE LUXURY REAL ESTATE
Telephone: +27 81 024 3446
Email: sarah@veliciae.com
Website: www.veliciae.com

Company Feature

VELICIAE LUXURY REAL ESTATE
Local Expertise, Global Reach after-sales support

By Neale Petersen



“At Veliciae Luxury Real Estate, we understand that every client is unique. That’s why we offer a bespoke, tailored service, designed to meet the individual needs and aspirations of each client.

Our approach is centred around a seamless experience, where every detail is meticulously managed from the first consultation to the final transaction, ensuring an exceptional journey from start to finish.”

About Veliciae
Our commitment to delivering unparalleled quality is complemented by a vibrant, joyful touch that transforms every interaction into a memorable moment. Whether it's celebrating a milestone with an impromptu champagne toast or surprising you with a personalised gift, we bring an element of delight to everything we do.

With a deep understanding of the local market, we provide expert insights and guidance, ensuring that each step in the real estate process feels like an exciting adventure.

Dynamic Fluidity: Effortless Service, Tailored to You
Just as the waves of the Atlantic caress the shores of the Cape, we bring a natural fluidity to our services. We adapt swiftly to the unique needs of our clients, offering a service that is not only swift and efficient but also attuned to the rhythms of your life.

By embracing the essence of Cape Town's natural beauty, we create a refined, serene journey through the luxury real estate market.

Curated Exclusivity: The Pinnacle of Luxury Living
At Veliciae, we are dedicated to presenting only the most exclusive and desirable properties.

Our portfolio is meticulously curated to feature homes that represent the pinnacle of luxury, elegance, and sophistication. These unique residences are not just beautiful—they are rare and exceptional, offering a lifestyle that is as refined as it is distinctive.

Our properties seamlessly integrate with their natural surroundings, providing a tranquil and inspiring environment that enhances the living experience. These are not merely homes—they are sanctuaries, designed to elevate your lifestyle.

Meet the Founders: Sarah Davies & Rubé Bradfield

Sarah Davies & Rubé Bradfield are the dynamic force behind Veliciae Luxury Real Estate, bringing over 30 years of combined experience to the South African luxury real estate market. Their vision is clear: to offer the finest curated estates to meet the sophisticated demands of an elite global clientele.

Sarah and Rubé's expertise spans Southern Africa, and their deep understanding of the region's market complexities ensures clients receive exceptional guidance and support. Their refined taste, dedication to excellence, and commitment to unparalleled service make them the trusted custodians of South Africa's premier real estate.

For them, real estate is not just about selling properties; it's about being a trusted advisor, helping clients navigate significant life choices. Their knowledge and personal approach ensure that each client's goals become their own, with every transaction handled with the utmost care and attention.





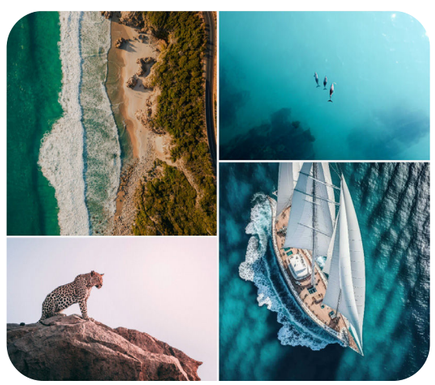
“After years of success and a deepening passion for the industry, Rubé, alongside her trusted partner Sarah Davies, embarked on a new venture—Veliciae Luxury Real Estate. Together, they aim to capture the growing demand for luxury real estate in South Africa, offering a platform where speed and sophistication meet.

With Sarah’s exceptional service and dedication, Rubé is excited to set a new standard for excellence in the luxury real estate market.”

About Rubé: A Journey of Excellence
Rubé’s journey in real estate began in 2005 with Remax Bay Properties in Port Elizabeth. She quickly rose through the ranks, taking on the role of Owner and Principal at KG Property Solutions.

In 2018, she strategically merged her company with The BKB Group’s property division, launching Home & Hectare Real Estate, which specializes in residential and farm properties across South Africa. She will continue to oversee the management of this brand with a dedicated focus on farm sales & auctions, effectively catering to another distinct and specialized segment of the real estate market.





Veliciae Luxury Real Estate: A Legacy of Excellence
At Veliciae, we don’t just sell properties—we curate experiences. Each of our agents is handpicked for their passion, knowledge, and commitment to turning dreams into reality. With a team of experts dedicated to delivering extraordinary results, we ensure that every client receives personalized attention and a service experience that exceeds expectations.

Whether it’s an impromptu celebration or a thoughtful gesture that aligns with your taste, we infuse every interaction with a sense of delight. Our intimate knowledge of the local market allows us to anticipate and fulfil your unique needs, ensuring that your journey with us is as smooth, rewarding, and memorable as possible.

VELICIAE LUXURY REAL ESTATE
Property Concierge Services

Cape Town Office
Telephone: +27 81 024 3446
Email: sarah@veliciae.com
Website: www.veliciae.com



RETAIL

Shopping Centre rental growth narrows gap with CPI – Clur Index Q3 2024

By Neale Petersen



“The gap over the last five years between base rental growth rates at South African shopping centres and CPI is closing, according to the Clur Shopping Centre Index for the third quarter of 2024.”

Clur Index Q3 2024

The Clur Shopping Centre Index, part of the broader Clur Collective asset management platform, provides key insights into asset health and retail performance, covering more than 4.1 million square meters of prime retail space across South Africa and Namibia. This coverage is set to increase to over 5.4 million square meters soon.

- **Gap Between Rental Growth and CPI Narrowing:**
  The gap between South African shopping centre base rental growth and CPI is closing, with rental growth reaching 3.7% in Q3 2024.
- **Shift in Centre Dynamics:**
  Smaller regional centres outperformed larger super regional centres in rental growth and trading density in Q3 2024, reversing previous trends.
- **Western Cape Leads Performance:**
  Western Cape showed the highest trading density and rental growth in Q3 2024, outperforming Gauteng and KwaZulu-Natal.

Rental Growth Closes Gap with CPI

As of September 2024, base rental growth across South African shopping centres has closed the gap with the Consumer Price Index (CPI), reaching 3.7%, just 0.1% below CPI at 3.8%.
Belinda Clur, managing director of Clur International, comments:
“Rental growth rates have been trailing CPI since July 2020, particularly impacted by the Covid-19 pandemic. However, Q3 2024 has shown a shift, with rental growth outperforming trading density growth across the board.”

The shift reflects a retreat in domestic inflation and a solidifying rental growth rate consistently above 3% throughout 2024. Trading density, however, contracted further by 0.5% compared to Q2 2024, and by -1.7% year-on-year relative to Q4 2023.

Sector-Specific Performance: Super Regionals vs Small Centres

> **“A key trend in Q3 2024 is the reversal in the performance dynamic between larger and smaller centres. Historically, larger centres such as super regionals outperformed smaller centres, but this has shifted. Smaller regional centres now lead in trading density growth.”**

Super Regionals

Super regional centres achieved the highest market rental rate of R307.97 per square meter in September 2024, despite experiencing a contraction in trading density growth. The growth rate for super regionals was 2.9% year-on-year, the second-highest of all categories.

Clur notes:
“Super regionals have held the top growth performer position since 2021, but since July 2024, smaller centres have begun to outperform. However, super regionals still command the highest rental rates, showcasing the enduring value of large-scale centres in premium locations.”

Small Regional Centres

Small regional centres, in contrast, showed the highest trading density growth of 3.7% year-on-year, surpassing even super regionals. They also posted a strong rental growth rate of 6%, making them the top performers in terms of year-on-year rental growth.

Clur comments:
“Small regionals have increasingly become the go-to spaces for consumers seeking local, accessible retail. The shift towards these centres underscores a broader trend towards social impact retail, where retailers focus on serving the community and local economic needs.”
Small regionals also experienced a slight increase in trading density growth compared to Q2 and Q4 2023, suggesting resilience despite broader market challenges.



Regional Performance: Western Cape Leads

The Western Cape continues to lead in performance, with a trading density of R46,248 per square meter and a 5% year-on-year growth. This region also saw the highest rental growth, at 4.8%, reaching R252.22 per square meter.

Clur remarks:
"The Western Cape remains a key outperformer, benefiting from a mix of strong local demand, high-end tourism, and a robust retail market. Its dominance reinforces the region's importance as a bellwether for South Africa's retail sector."
In contrast, Gauteng and KwaZulu-Natal trailed behind in terms of both trading density and rental growth, highlighting regional disparities.

Emerging Trends: The Role of Smaller Centres and Social Impact Retail

The shift from larger super regionals to smaller centres points to a growing focus on social impact retail—retail spaces that meet the needs of local communities rather than simply catering to broad national or international demand.

Clur notes:
"There's a growing consumer shift toward necessity shopping and localised retail experiences. This is part of a larger global trend focused on wellness—moving from personal wellness to community and financial wellness. Social impact retail is gaining traction as it supports local communities and addresses specific regional economic needs."

With the festive season approaching, there are questions around consumer spending trends. Last year, December sales significantly outperformed Black Friday, suggesting consumers are becoming more selective in their spending, favouring extended seasonal shopping over single-day sales events.

Looking Ahead: Shifting Retail Dynamics

As the retail landscape continues to evolve, the trend of smaller centres outpacing larger ones signals the importance of adapting to changing consumer behaviours. The focus is shifting toward community-focused, socially responsible retail that not only meets economic needs but also fosters long-term engagement with local populations.

Clur concludes:
"The retail market is undergoing significant transformation. While large centres still command high rental rates, smaller centres are demonstrating greater resilience in terms of growth. This trend is likely to continue as consumers prioritise convenience and value in their shopping experiences."

DOWNLOAD CLUR SHOPPING INDEX Q3





Belinda Clur
Founder & Managing Director
Clur International (Pty) Ltd

The Clur Index for Q3'24 shows the gap between base rental growth rates and CPI is closing. Rental growth rates at Sept '24 were at 3.7%, only 0.1% below relative CPI of 3.8%. Rental growth rates have consistently under-performed CPI since July 2020. They have also consistently under-performed annualised trading density growth rates from April '21. However, Q3 '24 confirmed a change in this trend with rental growth outperforming annualised trading density growth throughout. Annualised trading density growth closed the quarter at 2.9%. The expected inverse relationship between trading density and the rent to sales ratio is also apparent. This overall position has been driven by a continued retreat in domestic inflation, a solidification in rental growth at above 3% over 2024 and a further contraction in annualised trading density growth in Q3 '24.

* Please note that inconsistencies are evident in rental definitions across the market. Therefore this serves to paint a broad overall picture.

*Clur International is a gold standard retail asset management support house, which produces the Clur Shopping Centre Index, spanning over **4.1 million square metres** of prime space. This coverage will soon increase to over **5.4 million sqm**.*

clurinternational.com

Clur International (Pty) Ltd - All Rights Reserved

Investing

Gen Z's Airbnb revolution: How Social Media is transforming real estate investing

By Robin Booth



If you still considering if Airbnb is a legitimate investing strategy, you may already be too far behind.

You no longer have to be the most sophisticated and savvy investor to make money in real estate. Maybe... just maybe... you could still get in there.



Airbnb arbitrage has become an increasingly popular side hustle for Gen Z, but what sets this generation apart is their innovative use of social media platforms like TikTok and Instagram to fuel their success.

Rather than simply renting properties and turning them into short-term rentals, Gen Z entrepreneurs are leveraging their online presence to build brands, share their stories, and establish themselves as thought leaders in the Airbnb and real estate space.

- **Social Media as a Business Tool:** Gen Z entrepreneurs leverage TikTok and Instagram to build personal brands, share Airbnb tips, and drive business growth.
- **Influencer-Entrepreneurship in Real Estate:** Young investors combine Airbnb arbitrage with content creation, monetizing their success through courses, eBooks, and mentorship programs.
- **Impact on Housing Markets:** Critics warn Airbnb arbitrage drives up rental prices and contributes to housing shortages, prompting calls for stricter regulations in some cities.

At the heart of this phenomenon is the rise of '**influencer-entrepreneurship**.' For these young investors, the line between running a business and being a social media personality is becoming increasingly blurred. They not only generate income from their Airbnb listings but also from the content they create about their experiences.

Through TikTok videos and Instagram reels, they share tips on how to start Airbnb arbitrage, handle tenant communications, and maximize profits—all while showcasing a lifestyle that appeals to followers looking for financial freedom and flexibility. This builds a community around their brand, helping them grow both their business and social media influence simultaneously

A key factor driving this trend is the visual and narrative appeal of Airbnb arbitrage. The behind-the-scenes content that these young entrepreneurs share—ranging from setting up stylish rental properties to showcasing the passive income they generate—resonates with a broad audience. Many viewers, inspired by the success stories and the "get rich with Airbnb" messaging, become eager to follow the same path. For Gen Z, it's not just about making money through real estate; it's about '**branding themselves as successful entrepreneurs**'.

These influencers also monetise their growing audience by offering online courses, eBooks, and mentorship programs on how to replicate their

DIVE INTO THE SECRETS OF

STUDENT ACCOMMODATION SUCCESS





RETHA VAN ROOYEN

MY STUDENT HOUSE

DISCOVER THE ULTIMATE GUIDE 'CREATING WEALTH WITH STUDENT ACCOMMODATION IN SOUTH AFRICA' ON STARTING AND RUNNING YOUR OWN STUDENT ACCOMMODATION BUSINESS PENNED BY BUSINESSWOMEN, INVESTOR, AND AUTHOR RETHA VAN ROOYEN.

This tell-all masterpiece unveils the blueprint for building passive income through student accommodation. Learn the art of property selection, effective student marketing, and successful house management.

Get your hands on this riveting read and master the game of wealth creation today!

BUY PRINTED BOOK

BUY E-BOOK

www.mystudenthouse.co.za 084 575 1000 getinfo@mystudenthouse.co.za

“This has turned Airbnb arbitrage into more than just a lucrative investment strategy—it has become part of a larger “hustle culture” that dominates much of social media. By turning themselves into content creators, these Airbnb hosts are able to open additional streams of revenue beyond rental income.”

However, while social media has become an effective tool for marketing Airbnb arbitrage, it’s also worth noting that there are potential drawbacks. Critics of this model argue that Airbnb arbitrage can drive up rental prices and contribute to housing shortages, as properties that could otherwise be long-term rentals are being used for short-term stays. This is an issue that has sparked heated debates in cities across the world, where the impact of Airbnb on local housing markets has led to calls for stricter regulations

Yet, Gen Z entrepreneurs have found a way to thrive in this space by mastering the art of social media influence. Their ability to create engaging content, inspire followers, and build online communities sets them apart from traditional real estate investors. As Airbnb arbitrage continues to grow, so too does the role of social media in reshaping how young people approach real estate investing.

For Gen Z, the future of Airbnb arbitrage is not just about properties and profits. It’s about using the power of social media to build brands, cultivate influence, and create multiple revenue streams. This dynamic approach to real estate investment is redefining what it means to be a successful entrepreneur in the digital age.

About the Author

Robin Booth is an experienced property investor and educator specialising in Airbnb mastery. With a proven track record of success in short-term rentals, Robin offers online trainings and courses designed to help both new and seasoned investors maximize their returns through Airbnb.

His courses cover everything from optimizing listings and mastering pricing strategies to leveraging Airbnb’s algorithms and rental arbitrage techniques. Robin’s practical approach and deep industry knowledge provide invaluable insights, empowering investors to build profitable and scalable Airbnb portfolios.

CLICK HERE FOR MORE INFO

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

you‘ll work till you die”

Carlo ThePropertyCoach
adapted from Warren Buffett



INVESTING STRATEGIES

The Essential Blueprint for Real Estate Success: Focused strategies, consistent action, and the power of saying ‘No’the recovery phase of the market

By Jason Lee



I have just finished reading two books that ironically had the same message. The first book is ‘Rassie, stories of life and Rugby’ by Rassie Erasmus with David O’Sullivan.

The second book is ‘Essentialism, the disciplined pursuit of less’ by Greg McKeown (Currency Trade, 2020). The message in both books is simple: figure out the essential ingredients to find success in your chosen field and follow them relentlessly.

One of the biggest obstacles standing in the way of your real estate success is not having a clear path of how to get there. The biggest reason why so many people are feeling directionless and overwhelmed is the never-ending barrage of free information that is being thrown at you from morning to night.

- **Essentialism focuses on eliminating non-essentials:** Success in real estate comes from identifying key priorities and saying “no” to distractions.
- **Simple, clear goals drive success:** Like Rassie Erasmus and Bill Rawson, adopting a focused, consistent strategy yields long-term results in real estate.
- **Stick to your gameplan:** Defining a clear investment mantra helps filter out noise and keeps you on track to reach your objectives.



Image: The Ilex, Newinbosch, Stellenbosch

I find it alarming how anyone with an opinion, and in many cases without any empirical knowledge or experience, can put together professional grade videos that are posted all over social media telling you how to invest and live your life.

If you are on social media, it is exhausting how these videos constantly find their way into your feed and make you question tried and tested investment principles that have stood the test of time.

The problem with these videos is that an idea that gets you excited one day is shredded by another content creators’ ideas the next day and on and on it goes until you lose the ability to think for yourself.

If you think I am being overly dramatic, consider how the dissemination of information has changed over the years. It was not long ago that the only real source of information was from books. Books written by learned authors that had to go through a vigorous journey of research, only for that research to once again be scrutinized by publishing houses before it ever reached the printing press. These days anyone with a cell phone can video and post anything they want – and that can be very dangerous to the uninformed.
I think all South Africans are currently loving the amazing run of success that our Rugby side is enjoying on the global stage. It is easy to forget that when Rassie Erasmus took over the coaching roll, South Africa was ranked 6th in the world and were fresh off a record defeat of 57-0 against the All Blacks. But being at rock bottom laid the perfect platform for Rassie and instead of coming up with hundreds of ideas to fix SA Rugby.

Instead, Rassie came up with just 3 simple objectives:

1. Fix transformation
2. Develop squad depth and
3. Win the Rugby World Cup.

Time has shown that he achieved this and more in a short space of time. In his book “Essentialism”, Greg McKeown touts a similar message – that success in life and in your chosen field consists in the elimination of non-essentials. It is also learning and training yourself to say “no” more than “yes” if you want to stay on track and reach your investment goals.

“Bill Rawson, founder of the Rawson Property Group, gives everyone that asks him for help the same advice: “buy one property a year every year.” For those that know Bill personally he practices what he preaches. Besides being chairman of the Rawson Property Group and a large-scale developer, Bill has a sizeable personal portfolio that he amassed by following the simple gameplan of buying one property a year.”

Having a simple mantra or gameplan in pursuing your dreams is the most important and liberating exercise you can do. Here are some ideas for real estate investors:

“I will buy one property a year every year for the next 10 years”. A mantra like this can be broken down further to be more specific and provide more clarity:

“I will buy one, 2 bed 2 bath apartment every year off plan from a developer for the purposes of renting it out for income and capital growth”. Or

“I will buy one existing, 2 bed 2 bath apartment every year that can be renovated and rented out and sold in 5 years’ time for capital appreciation.” Or

“I will buy one multi family building each year consisting of not less than 6 units that can be rented out for income and long-term capital growth.”

The most important outcome once you have established your mantra is that it then becomes easier to focus on what is essential in pursuing your goal and saying “no” to everything else. If your mantra is to buy one, 1 bed 1 bath unit each year, and a realtor calls you with a 2 bed 2 bath unit, you can save the realtor and yourself time by immediately saying no and reminding him/her that you are only pursuing 1 bed units.

Every time a video pops up on your social feed telling you that cemeteries or go-kart tracks are the hottest new real estate investment, you can keep scrolling knowing you already have a plan in place.

This sounds like a very simplistic approach but some of the most profitable companies in the world got there by having a simplistic core vision and only focusing and responding to opportunities that fit that core vision.

The essentialist approach is best summed up by the world-famous prima ballerina, Anna Pavlova who once said: “To follow, without halt, one aim: There is the secret to success.”
Happy investing.

About the Author

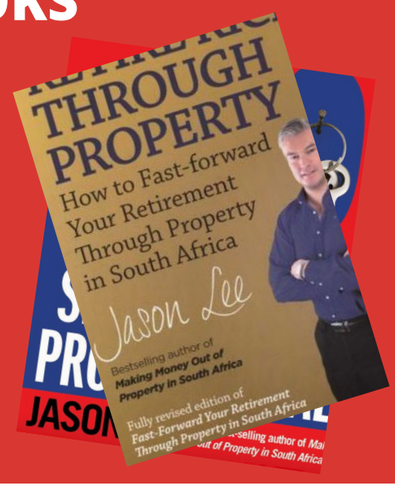
Jason Lee is a property investor, developer, and author now based in Vancouver, BC, Canada. He invests in multi-million rand property deals in South Africa and Canada. He is also a best-selling author of 4 Property Investment books in South Africa.

BUY JASON LEE’S BEST SELLING SA PROPERTY INVESTMENT BOOKS

VISIT www.jasonlee.co.za

- **Making money out of Property in South Africa**
- **Fast forward your retirement through property**
- **Retire rich through property**
- **10 Simple steps to Property Wealth**

Buy Now



Residential

Tackling urban sprawl: The case for investing in Affordable Housing to drive growth in South Africa

By Paul Jackson



Having been part of TUHF's leadership for more than two decades, I feel compelled to address the critical issue of affordable housing investment, and particularly how it relates to urban sprawl.

Our simple thesis is this: investing in affordable housing within cities is key to stimulating economic growth and producing positive fiscal outcomes.

AFFORDABLE HOUSING

Our research shows a staggering backlog of 3.7 million affordable housing units across cities and townships. This challenge is exacerbated by urban sprawl, which hinders economic growth and strains fiscal resources.

- **Investing in Affordable Housing:** Prioritising affordable housing in city centres drives economic growth, enhances infrastructure, and strengthens the fiscal foundation for long-term development.
- **Combatting Urban Sprawl:** Building on the outskirts exacerbates economic exclusion and limits job opportunities, while in-city housing boosts local business and job creation.
- **Private Investment's Role:** TUHF's inclusive development finance model proves that small-scale, in-city affordable housing projects can significantly reduce the housing backlog and stimulate local economies.

Urban densification, especially through residential investment, drives local economies, enhances access to business opportunities, and facilitates job creation by leveraging existing physical, social, and administrative infrastructure. This leads to an increase in property values and civil discipline in making service payments, which ultimately strengthens the local and national fiscus over time. With a medium-term perspective, the state benefits from a stronger fiscal foundation, which enables further investment in infrastructure and housing development.

Investing in affordable housing in cities: A strategic imperative
Some municipalities may argue that constructing new developments on the outskirts is cost-effective, but in truth this only exacerbates urban sprawl and perpetuates cycles of economic exclusion and poverty. Research consistently shows that individuals residing on the periphery are more likely to remain marginalised, unemployed, and economically disadvantaged. Low-density housing far from city centres stifles opportunities for business development and job creation. Those who do find work often face exorbitant commuting costs, which limits their ability to pay essential expenses such as rates, taxes, and utility bills.

TUHF, therefore, stands by our conviction that affordable housing investment should not be relegated to the periphery of cities. While it may require higher upfront costs, the long-term benefits - such as stimulating local economic growth and positive fiscal impact - far outweigh the initial expense.

The disconnect between policy and practice
Urban densification is a stated policy priority at all levels of government. However, the gap between policy and practice remains wide.



"Cities are built the way they are financed." Philip Bertrand aptly stated. Unfortunately, public finance practices remain a significant barrier to well-located affordable housing.

Government budget allocations often operate in isolation, resulting in affordable housing developments - especially RDP housing - being pushed to the outskirts due to lower land costs. This perpetuates economic exclusion and places a long-term burden on the fiscus."

Public sector budgets must be realigned to prioritise infill and well-located housing projects. Though these investments may require higher initial allocations, the alternative exacerbates urban sprawl which necessitates new infrastructure and services. These are often not paid for due to indigence, adding to an already considerable fiscal burden.

By contrast, in-city housing developments yield long-term benefits, including increased property values, enhanced service payments, and broader economic growth. The cost of in-city development is more than justified when considering the medium-term fiscal and economic impacts.

The role of private investment

The challenge of affordable housing is not one that government can tackle alone. Private investment, particularly from micro- and medium-scale property developers, is essential. TUHF, with its 21-year track record, has demonstrated that it is possible to achieve significant scale in affordable rental housing. We provide inclusive development finance to property entrepreneurs in cities and townships, supporting urban densification and the economic benefits that come with it.

TUHF and its subsidiaries stand out as one of the few institutions willing to provide inclusive development finance to property entrepreneurs in inner-cities, in-cities and townships, achieving significant scale in affordable rental housing. Our model - if taken seriously as a national investment strategy aiming for 10,000 small-scale (average 20-unit) projects per year - is not only achievable but also crucial for addressing the affordable housing backlog.

We recognise that addressing urban sprawl requires tailored approaches, as each region presents distinct opportunities and challenges. Our 'feet-on-the-ground' strategy allows us to leverage local insights, ensuring our developments meet the unique needs of the communities we serve. In-depth, local market knowledge is a critical factor we consider when assessing potential financing partners and enhances our specialised approach to risk. We have found that local market knowledge and lived experience are often more reliable indicators of success for the entrepreneurs we finance, compared to traditional metrics. This hands-on approach increases our ability to make sound, well-informed business decisions.

> **"Equally importantly, our focus on impact investment enables ordinary South Africans to enter the property market and stimulates inclusive, local economic growth. Job creation, small enterprise creation and access to opportunity are some of the micro-economic impacts we measure over and above our affordable housing outcomes."**

Challenges in affordable housing investment

However, accessing finance for affordable rental housing is only the first hurdle. Rising operational costs – including rising property taxes and service charges which have outpaced inflation – create additional challenges for developers.

Corruption in many areas of local government, including the national and metro police services, issues surrounding cross-border trade and bribery, and the rise of "construction mafias", complicate the investment landscape. Some municipalities are beginning to address these challenges, but the problem persists.

Additionally, non-payment in certain areas further complicates the fiscal landscape, as demonstrated by the way inner-city revenues are used to subsidise less financially stable regions. All these factors combine to have a negative impact on property investment and are leading to disinvestment.

A net positive for inclusive growth

Despite these obstacles, well-located affordable housing remains a fiscally prudent and economically inclusive investment. By refurbishing existing buildings in inner cities, developers can capitalise on existing infrastructure, reducing the costs associated with outlying developments. Quality, affordable housing boosts property values and stimulates economic activity, making urban densification a financially sound strategy.

Inclusive economic growth is fundamentally a micro-economic issue. The creation of small and medium enterprises and job opportunities happens at the neighbourhood level. When safe, decent affordable housing is available in a neighbourhood, economic activity is stimulated by virtue of the fact that tenants can pay their rent, access goods and services from local small businesses and engage in the amenities available. Access to affordable housing is crucial for unlocking wealth-generating opportunities and fostering livelihoods.

TUHF's partnership with The Jobs Fund is a testament to our commitment. Together, we have successfully delivered 125 affordable housing projects, creating nearly 3,000 units and over 1,900 jobs. This collaboration demonstrates the transformative potential of well-located affordable housing for local economic development. Local economic development, in turn, stimulates the fiscus as people pay their rates, taxes (including VAT) and utilities.

Addressing urban sprawl requires a strategic, long-term approach that prioritises in-city affordable housing. By leveraging existing infrastructure and focusing on urban densification, we can create a scalable, replicable, and sustainable environment for inclusive economic growth. And the net effect is fiscally positive. Affordable housing is not just a social need; it is an investment in the future of our cities and our country

About the Author

Paul Jackson is the CEO of TUHF a commercial property financier that provides specialised financial services and solutions to clients in urban areas of large metropolitans across South Africa, based on the Group's in-depth market knowledge and targeted business model.

.

RESIDENTIAL

Is Buying or Renting Better? A Property Expert's View on Buying vs Renting

By Jaco Grobbelaar



One of the most frequent questions I receive is: "Is it better to buy a home to live in or invest in a property and rent?" The answer to this depends on your financial goals, lifestyle preferences, and long-term vision.

While the debate around buying versus renting continues, I believe the ideal solution could involve doing both - but with a strategic twist.



The best approach, in my view, is to purchase an investment property through a company with the shares held in a Holdings Trust and rent it from that entity. This allows you to combine the benefits of renting and owning while creating long-term wealth.

- **Increased Net Rental Yield:** Renting from your investment entity boosts returns by saving on management fees and generating rental income from additional units.
- **Reduced Vacancy Risks:** Living in the main unit ensures at least one occupied space, while tenants in other units provide reliable cash flow.
- **Capital Efficiency with Renting:** Renting in expensive areas frees up funds for higher-yield investment properties, avoiding tying up capital in non-income-generating homes.

Additionally, having multiple rental units on the property — such as a house with cottages or apartments—can provide you with rental income even while you live in the main house. Let's explore how this works and why it may be a winning strategy.

The Case for Renting from Your Investment Entity
Owning a property through a company with shares held in a Holdings Trust opens up numerous benefits. Renting the property from this entity while living in it, particularly if it has multiple units, offers unique advantages:

1. **Increased Net Rental Yield**
When you manage the property yourself, you save on rental commissions and other management fees. This improves the net rental yield and enhances your overall return on investment. Additionally, having tenants in the additional units on your property creates a steady stream of income to offset your living expenses.

2. **Reduced Vacancy and Default Risks**
Living in the main house of your investment property removes the risk of vacancies and defaults for at least one unit—the one you occupy. Meanwhile, the tenants in the other units provide regular rental income. This setup allows you to plan your finances effectively while benefiting from immediate cash flow.

3. **Opportunities for Value-Adding Renovations**
As the owner-occupier of the main unit, you can renovate the property to enhance its overall appeal and value. These upgrades benefit not only your living experience but also the property's market value. The improvements can lead to increased rental income for the other units, ensuring long-term profitability.

By adopting this approach, you can live in a home you enjoy while turning the additional units into income-generating assets. It's a practical way to achieve both lifestyle and financial goals.



When Renting Is Better Than Buying
Not all properties are suitable for investment, and in some cases, renting the home you live in may be the better option. Here's why renting could make sense:

1. **Cost Efficiency**
   If you want to live in a location where property prices are exceptionally high—like an exclusive area near top schools or business districts—it may not make financial sense to buy. Renting in such areas can be far more affordable.

2. **Capital Allocation**
   Renting frees up capital that you can use to invest in high-yield properties elsewhere. Instead of tying up your funds in a home that doesn't generate income, you can focus on building a portfolio of investment properties with strong rental returns.

3. **Reduced Responsibility**
   As a tenant, you don't have to worry about maintenance, rates, or taxes. These costs are borne by the landlord, giving you greater financial predictability.

4. **Flexibility**
   Renting allows you to move easily if your needs change—whether it's a job relocation or a desire to upsize or downsize.

Avoid Overextending Yourself
A common mistake people make is justifying expensive home purchases with the belief that "my home is an investment." While it's true that property can appreciate over time, the home you live in is often more of a liability than an asset, as it doesn't generate income.

> **"Always ensure that the rent or shortfall on the property you live in is well within your means. Avoid stretching your budget for the sake of living in a prestigious area or owning a home that's too large for your current needs."**





BENEFITS OF USING A BOND ORIGINATOR

Buying a home is one of the most significant – and life-changing – investments you'll ever make, which is why you need a home loan expert to guide you through the homebuying journey.

- It is EASY as the client will have someone to guide them through the process and explain the complicated legal and financial aspects of their application.
- It is TIME SAVING as the application is submitted electronically and simultaneously to all banks. This not only saves the client time from visiting each bank but also client will complete ONE APPLICATION FORM, as opposed to completing each bank form
- An originator will assist the client with an overall assessment of their FINANCIAL SITUATION, CREDITWORTHINESS and AFFORDABILITY
- It INCREASES THE LIKELIHOOD OF OBTAINING A HOMELOAN due to the originator's knowledge of the different banks' lending criteria
- The multiple-quote model enables originators to NEGOTIATE INTEREST RATES with banks depending on what other banks have offered.
- There is CONTROL and COORDINATION around the application process which also benefits theseller as this creates certainty that everything possible is done to assist on the transaction.

Powered by MortgageMax

Practical Example: How it works in real life
Let's look at a South African example to illustrate the concept of owning a property through a company with shares held in a Holdings Trust. Imagine you purchase a property for R3 million with three units on the premises—one main house and two cottages.

- **The Purchase:** You buy the property through your investment company, with shares held in your Holdings Trust.
- **The Setup:** You live in the main house and rent out the two cottages for R8,000 each per month, generating R16,000 in rental income.
- **Monthly Costs:** Your bond repayment on a 30-year loan at 11.25% interest is approximately R29,000 per month. Rates, maintenance, and other expenses add another R5,000.
- **Your Contribution:** After accounting for the rental income, you only need to pay rent of R18,000 to cover the shortfall to live in the main house.

Now compare this to purchasing a single-unit home for R3 million in an upmarket area that generates no rental income. Your monthly bond repayment and costs remain at R34,000, but you're solely responsible for covering the entire amount. This approach ties up your capital without providing additional income.

By choosing the multi-let property, you gain a place to live while reducing your financial burden and building a sustainable income stream. Over time, the property appreciates, the rental income increases, and you can reinvest in more properties.

Key Takeaways

1. **The Best of Both Worlds**
   Owning a property through a company with shares held in a Holdings Trust and renting it from the entity allows you to benefit from homeownership while keeping your financial options open.
2. **Think Strategically**
   If you can purchase a property with multiple units, you can live in one and generate income from the others, making it a smart investment.
3. **Run the Numbers**
   Always ensure the financials make sense. Focus on properties that deliver strong rental yields and avoid overextending yourself.
4. **Flexibility Matters**
   Renting in premium locations or during transitional phases can provide flexibility and financial freedom.

To buy or to rent, that is the question!

The debate between buying and renting is not about one being better than the other—it's about understanding what works best for your situation. By adopting a strategy that includes purchasing properties through a company with shares held in a Holdings Trust and renting strategically, you can maximize your financial returns while enjoying a comfortable lifestyle.

Remember, the ultimate goal is to grow your wealth sustainably. Whether you choose to buy, rent, or do both, make informed decisions that align with your long-term vision. As property investors, the balance between emotional decisions and financial logic is the key to achieving prosperity and financial freedom.

About the Author

Jaco Grobbelaar is a successful property investor, structuring specialist, international speaker, and author. He founded Prosperity Enterprises to equip individuals to build their property portfolios through education, structuring and support.



Finance

New Interest Rate Cut: What property owners should do now

By Neale Petersen



IThe South African Reserve Bank (SARB) recently reduced the prime lending rate by 25 basis points, bringing it down to 11.25%. While the cut may seem small, it has significant implications for homeowners, buyers, and investors, offering potential savings and opportunities.

Financial experts urge property owners to take advantage of this reduction to optimise their finances and home loan repayments.

Understanding the Impact of the Rate Cut
The primary reason behind the SARB's decision to lower interest rates is to manage inflation and boost consumer confidence.

- **Rate Cut Benefits:** The 25-basis-point reduction to 11.25% offers homeowners the chance to reduce debt and save on interest over time.
- **Advice for Homeowners:** Increase monthly bond repayments or use lump sums to pay off debt faster, reducing overall loan balance and interest.
- **Property Market Impact:** Lower borrowing costs improve affordability, boosting property ownership opportunities for renters and encouraging investors to expand portfolios.

According to Leonard Kondowe, National Manager at Rawson Finance, "Inflation has been within the SARB's target range, and global market conditions are contributing to cautious optimism." However, Kondowe also advises caution, noting that the cut aligns with global trends, particularly in the US, where economic conditions have led to lower interest rates.

For homeowners, the immediate effect is a reduction in monthly bond repayments, providing some financial relief. As Kondowe explains, "While this decrease is relatively small, it has a compound effect over time, especially when used strategically to reduce debt."



Step-by-Step Advice for Homeowners

1. **Increase Your Monthly Repayments**
   Property owners with prime-linked bonds will see their monthly repayments drop slightly. Kondowe encourages homeowners to use this opportunity to increase their bond repayments. "Instead of using the savings for discretionary spending, channel the extra funds into your bond. This will reduce your overall loan balance and save you money in the long term," he says.
2. **Top Tip:**
   "Even a small increase, such as an extra R100 or R200 a month, can significantly reduce the total interest paid over the life of the loan," says Rhys Dyer, CEO of ooba Group.
3. **Use Lump Sums Wisely**
   If you receive a bonus or any lump sum payments, consider directing a portion of that money into your home loan. This strategy can reduce the principal balance, shortening the term of the loan and saving on interest. Stephen Whitcombe, MD of Firzt Realty, highlights that a R30,000 lump sum on a R1 million bond at 11.25% could save homeowners over R230,000 in interest and reduce the loan term by nearly two years.
4. **Reevaluate Your Bond Strategy**
   Homeowners with flexible or access bonds should consider drawing on their equity when necessary but also make sure they are using the funds to maximize financial benefits. By keeping these savings within your bond, they are working harder for you by reducing your loan balance and saving you money on interest
5. **Focus on Long-Term Financial Goals**
   For first-time buyers, Kondowe stresses the importance of understanding your financial position before committing to a bond. "Get pre-qualified for a loan to gain a realistic picture of your finances, including what you can afford without overstretching," he advises. Buyers should also factor in other financial obligations, ensuring they can comfortably manage monthly repayments over the long term.

“As affordability improves, more renters may be tempted to consider buying rather than renting, as monthly repayments become more manageable, “says Kondowe. For existing homeowners, refinancing options might also become more attractive, allowing them to renegotiate terms for better rates.”

For investors, the rate cut could provide an opportunity to expand their portfolios. Lower borrowing costs can improve cash flow and yield on investments, particularly in residential properties.

Advice for Sellers in the Current Market

Sellers should be mindful of market conditions. Kondowe advises that overpricing is a common mistake. “A property priced too high often lingers on the market, deterring potential buyers,” he warns. Sellers should work with experienced agents who can help set competitive, realistic prices. Accurate market valuations and a strategic approach to timing are key.

What’s Next for the Property Market?

Looking ahead, further interest rate cuts are expected in 2025, and this could continue to positively impact the property market.

“The outlook for 2025 is promising, with inflation likely to remain within the SARB’s target range, potentially leading to further rate cuts,” says Jors van Niekerk, CEO of MortgageMax.

In the meantime, Dyer advises homeowners to focus on using any additional savings from the rate cut to pay off their home loans faster. “This strategy will help you save thousands of rands in interest and potentially shorten your loan term,” he explains.

Final Thoughts

The recent interest rate cut, though modest, offers a golden opportunity for homeowners to take control of their financial future. By adjusting repayment strategies, using windfalls wisely, and focusing on long-term financial stability, property owners can benefit significantly.

As Van Niekerk concludes, “While this rate cut is a welcome relief, a cautious approach to spending during the festive season will set South Africans up for financial success as they head into 2025.”



South African Interest Rates

Date	%	Date	%	Date	%	Date	%
2024/11/21	11.25%	2007/07/01	13,00%	1993/12/01	15,25%	1981/08/01	16,00%
2024/09/19	11.50%	2007/01/01	12,50%	1993/03/01	16,25%	1981/07/01	14,00%
2023/07/20	11.75%	2006/11/01	12,00%	1992/12/01	17,25%	1981/06/01	13,00%
2023/05/25	11.75%	2006/09/01	11,50%	1992/08/01	18,25%	1981/04/01	11,50%
2023/03/30	11.25%	2006/07/01	11,00%	1992/05/01	19,25%	1981/03/01	11,00%
2023/01/26	10.75%	2005/05/01	10,50%	1991/11/01	20,25%	1981/02/01	10,00%
2022/11/24	10.50%	2004/09/01	11,00%	1991/05/01	20,00%	1979/09/01	9,50%
2022/09/22	9,75%	2004/01/01	11,50%	1989/11/01	21,00%	1979/04/01	10,00%
2022/07/21	9,00%	2003/11/01	12,00%	1989/06/01	20,00%	1979/03/01	11,00%
2022/05/19	8,25%	2003/10/01	13,50%	1989/03/01	19,00%	1978/10/01	11,50%
2022/03/24	7,75%	2003/09/01	14,50%	1988/12/01	18,00%	1978/09/01	12,00%
2022/01/27	7,50%	2003/07/01	15,50%	1988/08/01	16,00%	1976/07/01	12,50%
2021/11/18	7,25%	2002/10/01	17,00%	1988/06/01	15,00%	1975/11/01	12,00%
2021/01/21	7,00%	2002/07/01	16,00%	1988/04/01	14,00%	1975/09/01	11,50%
2020/11/19	7,00%	2002/04/01	15,00%	1988/02/01	13,00%	1975/08/01	11,00%
2020/07/23	7,00%	2002/02/01	14,00%	1987/02/01	12,50%	1974/11/01	12,00%
2020/05/21	7,25%	2001/10/01	13,00%	1987/01/01	12,00%	1974/09/01	11,00%
2020/04/14	7,75%	2001/08/01	13,50%	1986/10/01	13,50%	1974/06/01	10,00%
2020/03/19	8,75%	2001/07/01	13,75%	1986/09/01	14,00%	1974/03/01	9,00%
2020/01/16	9,75%	2000/02/01	14,50%	1986/06/01	14,50%	1973/12/01	8,00%
2019/07/18	10,00%	1999/11/01	15,50%	1986/02/01	15,50%	1973/08/01	7,50%
2018/11/22	10,25%	1999/09/01	16,50%	1985/12/01	16,50%	1973/05/01	8,00%
2018/03/28	10,00%	1999/08/01	17,50%	1985/11/01	18,50%	1972/09/01	8,50%
2017/07/20	10,25%	1999/07/01	18,00%	1985/10/01	19,50%	1971/05/01	9,00%
2016/03/17	10,50%	1999/05/01	19,00%	1985/08/01	21,00%	1971/04/01	8,50%
2016/01/28	10,25%	1999/04/01	20,00%	1985/07/01	22,00%	1970/10/01	8,50%
2015/11/19	9,75%	1999/03/01	21,00%	1985/06/01	23,00%	1968/09/10	8,00%
2015/07/23	9,50%	1999/02/01	22,00%	1985/02/01	25,00%	1967/07/01	8,50%
2014/08/01	9,25%	1999/01/01	23,00%	1985/01/01	24,00%	1966/07/15	8,00%
2014/02/01	9,00%	1998/12/01	23,50%	1984/12/01	23,00%	1965/03/08	7,00%
2012/08/01	8,50%	1998/11/01	24,50%	1984/09/01	25,00%	1964/12/12	6,50%
2010/12/01	9,00%	1998/09/01	25,50%	1984/08/01	22,00%	1964/07/24	6,00%
2010/10/01	9,50%	1998/08/01	24,00%	1984/04/01	21,00%	1962/12/01	5,50%
2010/04/01	10,00%	1998/07/01	22,25%	1984/01/01	20,00%	1962/07/01	6,00%
2009/09/01	10,50%	1998/04/01	18,25%	1983/12/01	19,00%	1962/01/01	6,50%
2009/06/01	11,00%	1997/11/01	19,25%	1983/09/01	18,00%	1961/05/15	7,00%
2009/04/01	13,00%	1996/12/01	20,25%	1983/07/01	16,00%	1960/08/19	6,50%
2009/03/01	14,00%	1996/11/01	19,25%	1983/04/01	14,00%	1959/01/22	6,00%
2009/01/01	15,00%	1996/08/01	19,50%	1983/03/01	16,00%	1958/06/01	6,50%
2008/07/01	15,50%	1996/06/01	20,50%	1983/02/01	17,00%	1955/10/01	6,00%
2008/05/01	15,00%	1996/05/01	19,50%	1982/12/01	18,00%	1952/04/01	5,50%
2008/01/01	14,50%	1995/08/01	18,50%	1982/04/01	20,00%	1949/10/17	5,00%
2007/11/01	14,00%	1995/03/01	17,50%	1982/03/01	19,00%	1948/12/31	4,50%
2007/09/01	13,50%	1994/10/01	16,25%	1982/01/01	17,00%		

Powered by MortgageMax

FINANCE

Smart Renovation on a Budget: 9 Expert Ideas to maximize value on your property without overspending

By Neale Petersen

With property prices soaring, many first-time buyers, averaging 37 years old, are turning to fixer-uppers as a more affordable entry into the market.

Renovating a home on a budget can be a smart way to increase its value, but it requires careful planning to avoid overcapitalising – spending more on renovations than the property will return upon resale.

Budget-friendly renovation strategies to add value to your property
Adrian Goslett, CEO of RE/MAX of Southern Africa, emphasizes that a strategic approach to budget renovations can yield significant returns. Here are some practical tips and steps to renovate on a budget and maximize your property's value.

- **Prioritise essential repairs -** Focus on high-impact areas like kitchens and bathrooms to maximize value within budget.
- **Set a realistic budget -** Add a contingency fund (10-15%) to cover unexpected expenses during the renovation process.
- **DIY simple tasks -** You can save on labour costs on tasks like painting or landscaping while improving the home's appearance.

1. Prioritise key renovations
Focus on areas that directly impact the home's functionality and appeal. Start with repairs that could prevent further damage, such as fixing leaks or replacing old windows. Make sure the property is weather-tight before tackling cosmetic updates. Once the essentials are done, move on to rooms that will add the most value, like kitchens and bathrooms.

2. Plan and stage your renovations
Break your project into manageable phases, spreading the costs over time. Instead of doing everything at once, prioritize and focus on one area at a time. This allows you to keep within budget while slowly improving the property. For example, begin with a simple kitchen makeover – new cabinets, countertops, or fresh paint – and save major upgrades for later.

3. Set a Realistic Budget with a Contingency Fund

Decide on a fixed budget for each phase and stick to it. To avoid unexpected costs, set aside a contingency fund (typically 10-15% of your budget) to cover unforeseen expenses. This cushion ensures you're prepared for surprises while staying within financial limits.

4. DIY where possible
Take on simple tasks yourself to save on labour costs. Painting walls, installing new light fixtures, replacing cabinet hardware, or landscaping are relatively easy DIY jobs that can significantly improve the home's look without breaking the bank. YouTube tutorials and online guides can help you tackle even the more complex tasks.

5. Invest in Skilled Contractors
When professional help is necessary, don't skimp on quality. A skilled contractor may cost more upfront but will save you money in the long run by avoiding costly mistakes. Always get multiple quotes and check references. Ensure the contractor is licensed and insured, and be clear about your budget and expectations.

6. Smart Shopping and material selection
Opt for budget-friendly, high-impact materials that look stylish but don't cost a fortune. Laminate countertops, vinyl flooring, and ceramic tiles can replicate the look of more expensive options at a fraction of the cost. Shopping during sales or buying in bulk can also lower material expenses.

7. Add Curb Appeal
A home's exterior is the first impression buyers get, so focus on improving curb appeal. Simple changes like repainting the front door, adding plants, updating the mailbox, or cleaning the driveway can enhance the home's exterior without costing a lot.

8. Use a Real Estate Agent for Advice
Before starting your renovation, consult a real estate agent to understand what buyers in your area are looking for. They can guide you on the improvements that will provide the best return on investment, helping you avoid overcapitalising. Real estate agents can also help you set a realistic asking price post-renovation.

9. Focus on energy efficiency
Renovating for energy efficiency can be a selling point, especially in today's market. Consider adding insulation, upgrading to energy-efficient appliances, or installing LED lighting. These upgrades can reduce utility bills and add long-term value.

Final thoughts
Renovating on a budget doesn't mean sacrificing style or quality. By prioritising essential repairs, breaking the project into manageable phases, and focusing on cost-effective upgrades, you can transform your property without overspending.

Careful planning, smart shopping, and DIY efforts can help you achieve a functional and attractive home that delivers a strong return on investment.



Property Management

Unlocking the Future: Smart Metering redefines utility management and sustainability

By Francois Conradie



> In 1972, Theodore Paraskevakos, a Greek-American inventor and businessman, developed the first smart meters while collaborating with Boeing in Huntsville, Alabama. He adapted technology from his patented caller ID system to monitor sensors and relay data.

Since then, smart meters have evolved significantly. They now facilitate two-way communication and record data such as electric energy consumption, voltage levels, current, and power factor between the meter and electricity suppliers. This capability provides real-time or near real-time data, improving effectiveness and accuracy in energy consumption monitoring, system management, and customer billing for residential and commercial properties.

- **Smart Meters Enhance Efficiency:** Smart meters provide real-time data for accurate billing, improved grid management, and energy conservation, revolutionizing energy usage monitoring.
- **Global Adoption and Resistance:** While smart meter adoption accelerates globally, resistance remains in regions like South Africa due to factors like trust, cost, and usability.
- **Sustainability and Future Impact:** Smart meters drive sustainability by promoting energy efficiency, reducing carbon footprints, and integrating with IoT and AI for smarter, greener energy use.

These digital devices continue to replace traditional meters in response to growing concerns over energy consumption and efficiency. Unlike analogue meters which require manual readings by meter readers, smart meters deliver precise and up-to-date consumption information, enabling utilities and consumers to monitor and manage energy usage more efficiently.

By the end of 2023, smart device installations surpassed 1.06 billion, a significant milestone in advancing digitalised and efficient utility services around the globe. According to IoT Analytics' recently updated Global Smart Meter Market Tracker 2020–2030, North America leads with a 77% penetration rate, reflecting market maturity.

As Governments increasingly recognise the need to update ageing grid infrastructure and actively engage smart grid stakeholders, we have seen the development of regulatory policies and other manifestos driving the adoption of smart meters. Initiatives like the World Green Building Council's Africa Manifesto For Sustainable Cities & The Built Environment advocate integrating smart grid technologies to enhance energy infrastructure efficiency, among other goals.

> **"Implementing smart meters as part of the smart grid system offers many benefits to consumers and service providers (utility companies).**
>
> **Yet it's faced wide resistance in many countries, and smart meter adoption remains in its infancy in Latin America, South Asia, and several African countries, including South Africa."**



A South African study identified several consumer-centric factors relevant to local consumers' resistance. These include trust in technology, cost, and ease of use, which could influence how consumers perceive and adopt smart meter technology in our country.

Efforts are being made to improve the local grid infrastructure and enhance energy efficiency through smart metering systems. South Africa's Smart Grid Vision 2030 propels the nation towards a future where smart utility readiness is a tangible reality.

Despite the varied pace of adoption across the globe, the collective movement towards smart meters signifies a global shift towards building a modernised electrical grid system, using digital technology to enhance the reliability, efficiency, and sustainability of electricity usage distribution.

Smart metering revolutionises how utilities and consumers interact with energy resources.

Compared to traditional metering, smart meters are integral to modern utility infrastructure, offering:

- Accurate consumer billing based on actual, real-time usage data.
- The implementation of demand response programmes for understanding usage patterns, and balancing supply and demand.
- Real-time data collection and analysis for informed energy-related decisions and cost savings on actual usage.
- Remote data transmission that eliminates the need for physical meter readings, enabling remote monitoring.
- Enhanced grid management capabilities and shorter or reduced outage times.
- The promotion of sustainability through energy conservation and efficiency practices.

> **“From a commercial perspective, businesses and industries benefit from significant cost savings and reduced carbon footprints by optimising energy consumption using real-time data feedback.”**

Beyond utility providers and businesses, smart metering also has a societal impact on individual consumers. It empowers households to monitor and control their energy consumption in real time, fostering a culture of energy awareness and responsibility. This contributes to a more sustainable lifestyle and supports broader environmental conservation efforts.

As sustainability gains prominence, smart metering not only emerges as a technological advancement but also as a vital tool for efficient utility management, sustainable practices, and proactive maintenance.

With the rise of the Internet of Things (IoT), Artificial Intelligence (AI), and Big Data, we’re in a new era for residential and commercial energy management. The future of energy monitoring technology holds exciting possibilities, such as the potential to communicate with other gadgets throughout the home, via the Internet of Things (IoT), finding savings for consumers without them even noticing.

Smart metering paves the way toward considerate and responsible energy use, optimal infrastructure maintenance, and minimised environmental impact, heralding a future of smarter, greener, and more resilient communities worldwide.

About the Author
Francois Conradie is a software and services specialist and is a Technology Sales Engineer at Remote Metering Solutions (RMS)



PACE PROJECT MANAGEMENT

Pace Project Management is a specialist project planning and execution company focusing on the Southern African construction and engineering sectors.
It ensures that the planning and execution of projects is done to the highest project management standards.

Scope of Services:
- Construction project management
- Development management
- Construction management
- Transaction advisory & PPP consulting
- Tenant coordination
- EPCM

Sectors
- Power & Energy
- Water and sanitation
- Civil Engineering
- Buildings

PACE PROJECT MANAGEMENT

377 Rivonia Boulevard, Rivonia, 2128 (010) 020 2217 info@pace.co.za www.pace.co.za

Property Management

To Airbnb or not to Airbnb: How new Government restrictions could reshape property

By Grant Smee



> **Airbnb continues to drive high levels of short-term letting activity across the globe. Over the period of 10-years, the popular app has increased its active listings from 550,000 to a whopping 7.7 million. It's 2023 financial report also cited year-on-year growth of 15.9%, raking in $73.25 billion in gross booking values.**

- **Airbnb's Global Growth:** Airbnb's active listings grew from 550,000 to 7.7 million over 10 years, driving substantial economic impact, particularly in Cape Town.
- **Government Regulation Looms:** South African government plans to regulate short-term rental platforms like Airbnb, addressing housing affordability, tourism, and community needs.
- **Potential Impact on Owners:** Stricter regulations may reduce income, increase costs, create more competition, and lead to property devaluation for short-term rental owners.

And while 68% of international respondents in a 2023 Savanta-run survey would still prefer a hotel stay, Airbnb has played a pivotal role in shaping South Africa's short-term rental market.

According to app's data, Airbnb's in Cape Town alone welcomed 700,000 guests in 2023, contributing R14.4 billion to the GDP and supporting 42,000 jobs with 23,000-plus listings in the City of Cape Town alone.

Today, Cape Town has more active Airbnb listings than San Francisco, Amsterdam, Berlin and Sydney, a statistic which may indicate a slower adoption rate as some of the world's major tourist cities continue to introduce tighter short-term letting restrictions.

With a housing crisis firmly in focus, cities like Barcelona have announced plans to ban Airbnb by 2028 and popular cities like New York also implemented stricter regulations to limit activity.

Government to clamp down on Short-Term Letting
As the local short-term letting craze continues, the South African government have announced plans to regulate Airbnb and other short-term rental platforms with the aim of balancing the needs of tourism, housing and the local communities.

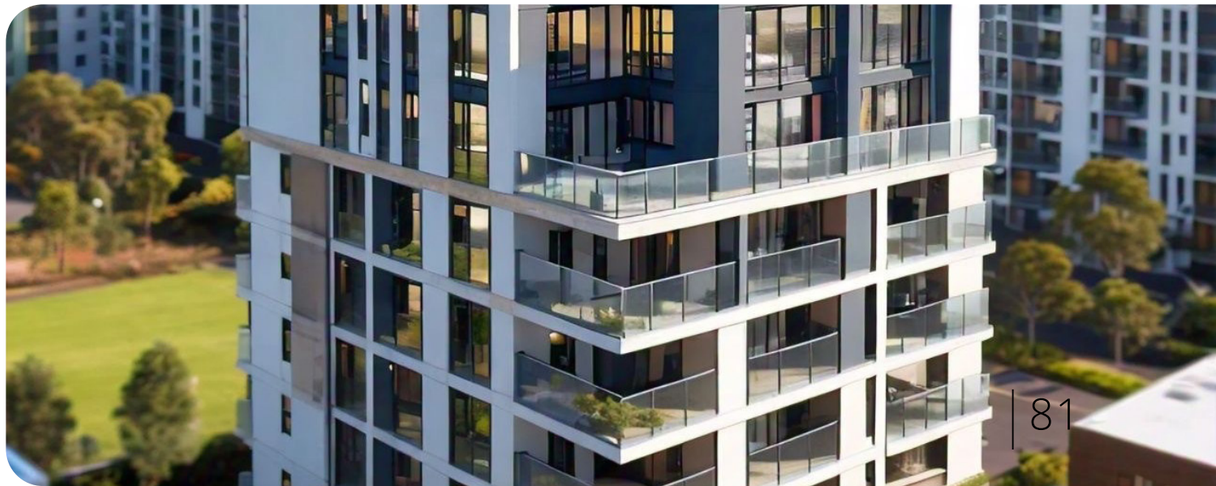
"The South African Department of Tourism is advancing plans to regulate short-term rental platforms like Airbnb.

The policy, currently in its final stages, proposes setting thresholds on Airbnb listings to better manage the market's impact on housing availability and affordability, particularly in tourist-heavy cities like Cape Town."

The proposed framework would empower the Minister of Tourism to limit the number of days a property can be rented through platforms like Airbnb. This regulatory move aligns with similar global efforts to balance tourism growth with the needs of local residents and addresses growing concerns around housing affordability and availability, the impact on traditional hospitality, regulatory and tax concerns, safety and job security.

What Government restrictions could mean for Short-Term Letting Owners
While little is known about the true impact on owners (and the short-term letting industry as a whole) he does speculate that over time may start to hamper buy-to-let property demand as restrictions tighten.

With a succession of interest rate cuts underway, now is the ideal time for investors to purchase short-term letting properties. However, uncertainty around the new legislation is bound to have an effect on the market.



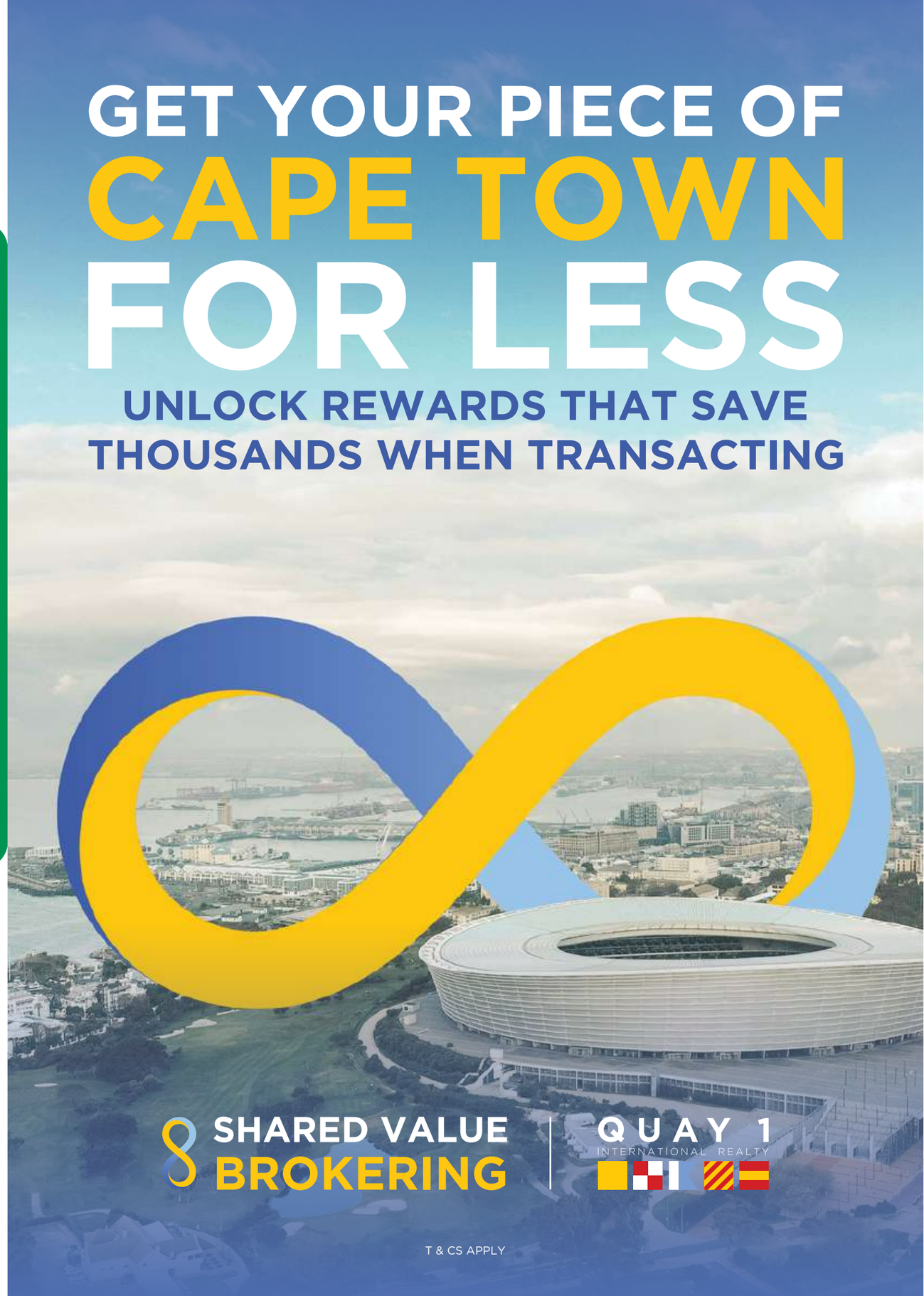
Potential road blocks are as follows:

1. **Income Impact**
   Stricter limits on the number of rental days per year or restrictions in certain areas would reduce the overall income potential for short-term rental property owners. Those who depend on this income as a primary or supplementary source could see a notable financial impact.
2. **Increased Operational Costs**
   New regulations may require owners to obtain licenses, comply with zoning laws and adhere to safety and health standards. Meeting these requirements may involve added expenses such as application fees, property upgrades, or inspections which would cut into profit margins.
3. **More Competition**
   If restrictions are implemented to limit the number of rental days, owners may face greater competition during high-demand periods. This could lead to higher vacancy rates in off-peak seasons and might affect the pricing structure as more owners compete for guests within the limited available rental periods.
4. **Shift to Long-Term Rentals**
   For some owners, stricter short-term letting restrictions may make long-term rentals more appealing or necessary. While long-term leases offer more stable income, they may generate less revenue than short-term rentals - especially in popular tourist areas.
5. **Property Devaluation**
   In regions where short-term rentals are a primary driver of property values, restrictions could lead to a decrease in demand, potentially impacting property prices.

On the plus-side, the imposed restrictions could help to reduce noise, crowding and housing shortages. In areas like Cape Town where prices are skyrocketing, some restrictions may be welcomed by locals as they look to get a foot on the property ladder – particularly with more interest rate cuts forecast.

It will certainly be interesting to see how the industry navigates the changes and if it will in fact have the impact that some may anticipate.

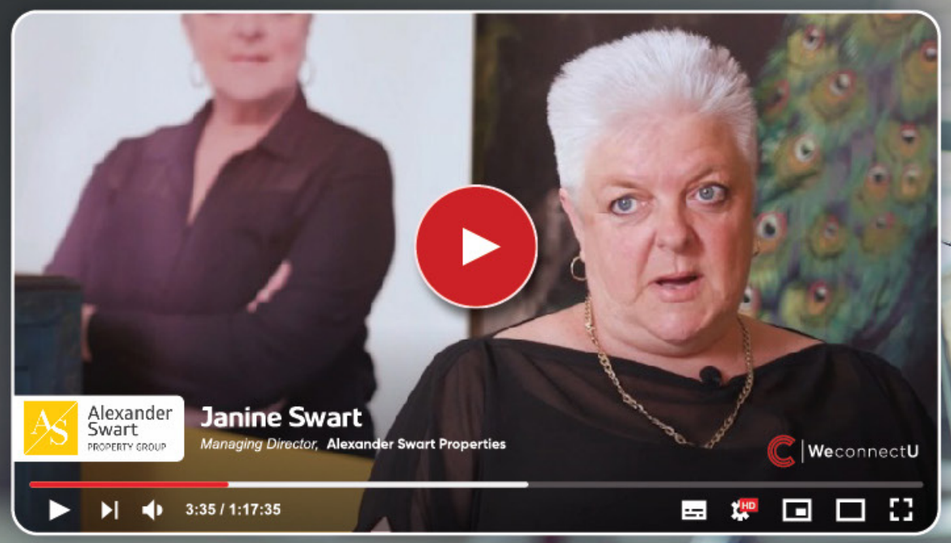
About the author
Grant Smee CEO of Only Realty Property Group



Rental Portfolios | Inspections & Maintenance

Experience the ultimate upgrade:

WeconnectU's latest enhancements to Rental Asset Management



RedRabbit
Powered by WeconnectU

WeconnectU

Experience the ultimate upgrade:

WeconnectU's latest enhancements to Rental Asset Management



From left to right:
Johann van der Merwe - *Managing Director,* ***WeconnectU***
Jean Joubert - *Product Manager Rental Asset Management,* ***WeconnectU***
JP Pretorius - *Product Manager,* ***RedRabbit***

RedRabbit Powered by WeconnectU

WeconnectU

At WeconnectU, we're driven by a powerful mission: creating more valued and valuable property managers. We understand that to thrive in the South African rental market, property managers need the best tools to streamline their operations and communicate their unique value to clients.

With that in mind, we're thrilled to announce powerful new functionalities that enhance our all-in-one Rental Asset Management Solution, enabling property professionals to increase compliance, manageability, scalability, and profitability, while elevating client satisfaction across the board.

Building a stronger ecosystem for SA's Property Managers

In a crowded market, it takes more than routine administration to stand out. Property investors are no longer just looking for basic services – they want rental asset managers who can grow, protect, and optimise their investments.

This shift is why we ensure our solutions ecosystem goes beyond administration to support true asset management. WeconnectU empowers rental asset managers to exceed investor expectations with proactive, technology-driven strategies that enhance value, reduce risk, and drive profitability.

New Rental Asset Management features

Our Rental Asset Management solution is already the most comprehensive and advanced in the country, but our quest for continuous improvement has seen a few new features released to market in recent months.

Here's a closer look at how these new capabilities are redefining what's possible and helping rental managers take their value offering to the next level.

Integrated payment solutions with Netcash

Our partnership with Netcash has brought a new level of convenience and security to rent collection. Now, tenants can choose from multiple payment options, including debit and credit cards, instant EFT, QR codes, and retail payments, offering them flexibility while making timely payments easier than ever. This functionality minimises late payments and reduces the risk of arrears, keeping clients' investments on track and maximising profitability for rental asset managers.

Our newly integrated Debit Order feature, also powered by Netcash, adds further reliability by automating payments directly into trust accounts – an ideal solution for tenants with late payment histories.

Adverse Listings for arrears management

Managing arrears is critical in property management, especially in South Africa where the arrears rate currently stands at 18% – a significant industry-wide challenge. To help managers tackle arrears more effectively, WeconnectU's new Adverse Listings feature allows rental managers to report non-paying tenants to South Africa's primary credit bureau.

This feature helps hold tenants accountable for their payment obligations, reducing chronic arrears and protecting investors from prolonged financial risk.

Enhanced inspections and maintenance through RedRabbit

Inspections and maintenance management are often major pain points in property management, yet they are both areas that can significantly impact tenant satisfaction and investor returns. WeconnectU's integration with RedRabbit – recently enhanced with the release of our new Inspections App – transforms these workflows from burdensome tasks into streamlined, value-added services that build on each other's strengths and can be conducted on the go.

Key benefits include

- Live syncing of tenant, investor, and asset data
- Real-time updates on lease terms
- Easy access to detailed inspection reports, maintenance records and compliance checks
- Streamlined billing with attached source documents
- Zero duplication and real-time efficiency

Driving value & standing out through exceptional customer experience

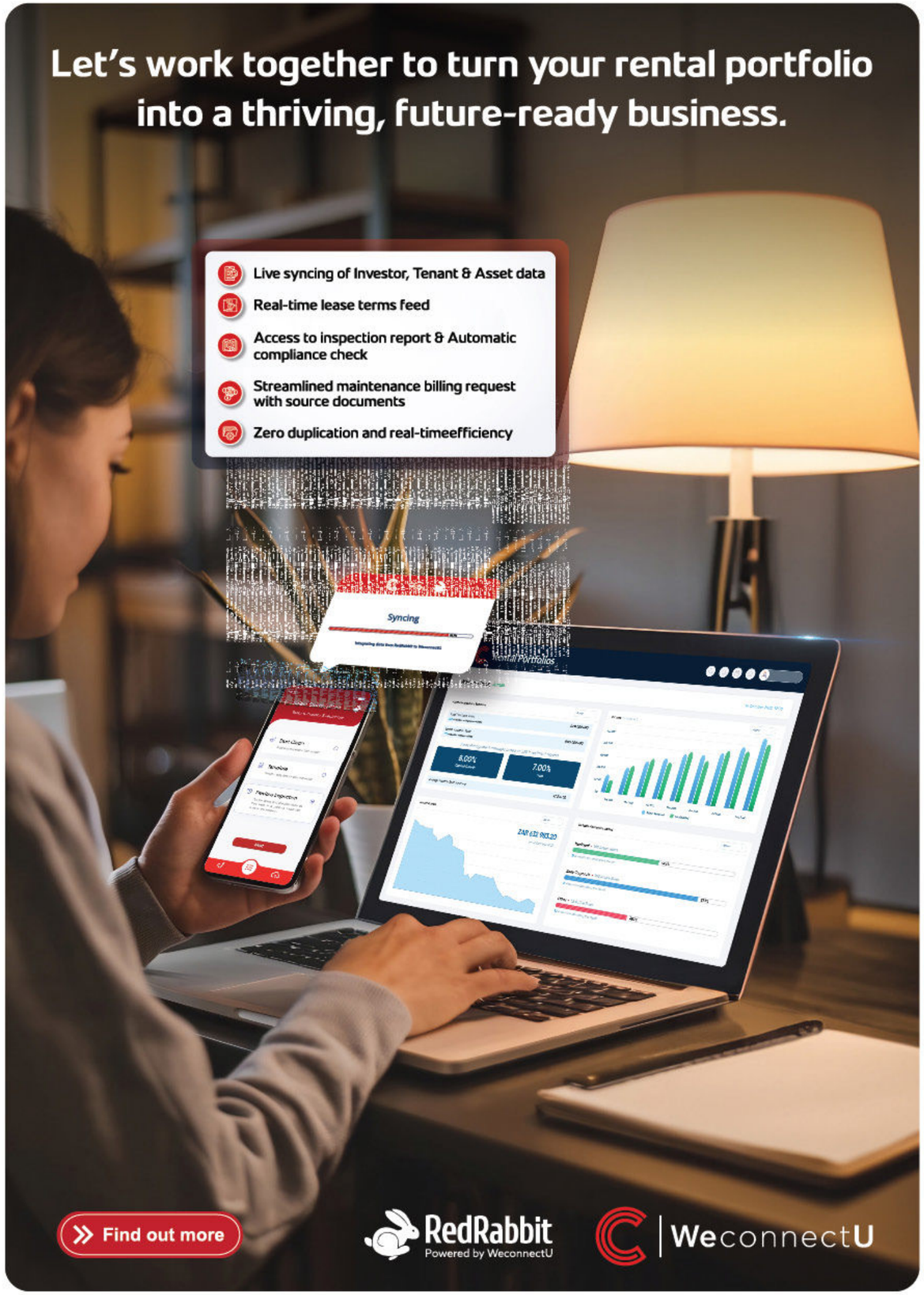
Customer experience is at the heart of our approach to rental asset management. Investors want to know their assets are in capable hands and are being actively managed for maximum returns. Tenants appreciate transparent, prompt communication, which fosters goodwill and long-term lease agreements.

Our comprehensive communication and reporting tools empower rental managers to showcase their impact with clarity and precision. Instead of merely telling clients about the value they bring, managers can use our intelligent reporting features to present key asset performance metrics, such as yield, capital growth, and ROI, in clear, compelling reports. This transparency allows clients to see exactly how their investments are being optimised, enabling informed decisions and reinforcing the property manager's role as a trusted asset manager.

Looking to the future

At WeconnectU, we are committed to innovation that keeps our clients ahead of the curve. With advanced features that simplify compliance, improve collection processes, and streamline labour-intensive workflows like inspections and maintenance management, we're not just responding to the demands of today's rental market – we're shaping the future of rental asset management in South Africa.

For those already using WeconnectU, our new capabilities will ensure you remain at the forefront of industry standards, equipped with tools to drive growth, efficiency, and profitability.
For prospective clients, there's no better time to join the WeconnectU family. Don't miss out on the powerful advantages our solutions offer – now is the time to harness the full potential of a comprehensive rental asset management ecosystem.



Technology

AI and 3D Tech: Transforming the future of real estate in the Immersive Web

By Eric Nienaber





The pace of technological change is faster than ever, and it’s fascinating to observe how diverse technologies converge to reshape our digital future.

In this article, we explore how artificial intelligence (AI) is poised to transform 3D technology and the immersive web, particularly in the property sector.

Creating 3D environments remains a time-consuming and costly aspect of developing immersive websites. Building virtual structures, texturing surfaces, lighting scenes, and designing furniture and detailed elements with realistic textures require painstaking work by 3D artists. Additionally, creators must ensure that all assets are optimised for the web to operate effectively across a wide range of devices. These activities can account for around 80% of the cost of creating an immersive site.

“AI and machine learning are beginning to alleviate these challenges. Several companies are developing technologies to generate 3D models from images, videos, or text prompts.”

For example, Common Sense Machines is working on AI solutions that can create 3D content more efficiently. Another emerging technology focuses on generating skyboxes—the backgrounds in which models are placed—using AI, simplifying the process of creating immersive environments.

Another aspect of building immersive websites is placing models, adding content, and configuring user interactions within the virtual world. This often involves a steep learning curve due to the multitude of menus, options, and settings. AI can assist with configuring these environments, making the process more intuitive.

For instance, platforms like MetaPress can be AI enabled to simplify the creation process. Users can add objects or portals to the world using text or voice prompts such as “Add a cube to the world” or “Add a portal to another world.” The requested elements appear in the environment, with the editor open at the appropriate settings. This approach reduces the complexity of building virtual worlds, potentially triggering a boom in 3D environments.

The second area where AI will significantly impact 3D immersive spaces is in enabling novice users to easily navigate and engage with the environment while accessing relevant content.

Navigation and engagement can be managed through text or voice prompts rather than traditional navigation keys or game controllers.

For example, a visitor might say:
- **“What is there to see in this world?”**
- **“Please take me there.”**
- **“Is Joe in this world?”**
- **“Please take me to him.”**
- **“Change my avatar.”**
- **“Share an emoji.”**
- **“Send this message to the group.”**

This approach lowers the barrier to entry, allowing users to enjoy the environment without a steep learning curve.

Providing relevant content to visitors can be achieved in several ways. One method is through AI enabled non-player characters (NPCs), which can guide users on tours and answer questions about the environment.

In the context of property, the AI can be equipped with all relevant information to respond appropriately to user inquiries.

Another method involves a text interface where users can ask questions about a product or property and receive immediate answers. This functionality is not limited to 3D environments but is also applicable to websites in general.

In conclusion, the benefits of integrating AI with 3D environments are evident: significant reductions in cost and time to market, and the ability to provide visitors with relevant information about properties or services quickly and easily. As AI continues to advance, it’s set to revolutionise how we create and

Click to EXPLORE AI

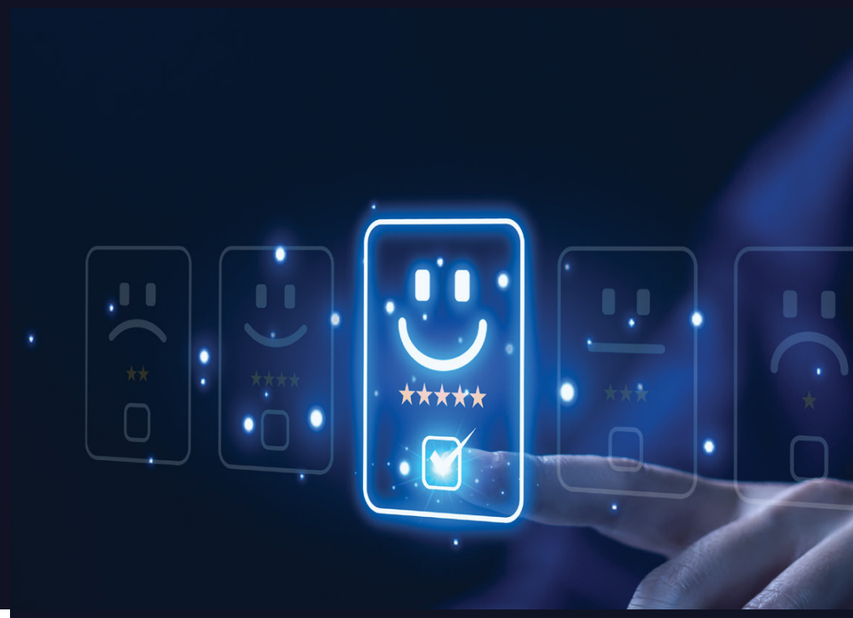
eXp REALTY | OFFERS

Boost Your Earnings with Exclusive After-Sales Services

At eXp Realty, we're constantly evolving to bring you innovative ways to enhance your real estate business and increase your income. With the launch of eXp Offers, you can now provide your clients with a wide range of essential after-sales services, adding value to their property exchange experience while earning referral fees or commissions!







What's in It for You?

- ✓ **Earn referral fees or commissions** when your clients utilise services offered through eXp Offers. You introduce the services, and we handle the rest.
- ✓ **Strengthen your relationship with clients by offering** them access to trusted partners, from insurance and banking to home services like construction and maintenance.
- ✓ **No extra work for you!** Simply introduce the services and the client takes it from there – all managed seamlessly through our customer portal.

Service Partners:

- ✓ **Discovery and CTRL:** Your clients can access more than eight live insurance quotes, while you earn a referral fee for each successful policy.
- ✓ **Discovery Bank:** Offer clients exclusive banking services and earn commissions on referrals.
- ✓ **Currency Direct:** Help clients manage international transactions with ease and earn while doing so.
- ✓ **Vitality:** Connect clients with South Africa's leading wellness and rewards programme.
- ✓ **Schmidhauser:** Provide access to 24-hour construction, electrical, and plumbing services, giving your clients peace of mind in their new homes.

Why eXp Offers?

- ✓ You provide more than just real estate; you offer a full suite of essential services, increasing client satisfaction and loyalty.
- ✓ Monetise your network effortlessly – it's another way to boost your revenue while enhancing the client experience.
- ✓ Build lasting relationships by offering post-sale support through our trusted partners.

Make the most of **eXp Offers** and elevate your business while providing unmatched value to your clients.

The future of real estate is here – and you can earn from every step!

TECHNOLOGY

The Future of PropTech in revolutionising Property Brokerage

By Neale Petersen

Quoin Technologies, a leader in PropTech innovation, is making waves in the commercial real estate sector with the launch of 'brokerzone', a seamless new platform specifically designed to meet the evolving needs of property brokers.

Known for streamlining property transactions since 2014, Quoin Technologies continues to push boundaries by offering digital solutions that simplify and transform how owners and brokers operate.

At the core of this transformation is **brokerzone**, a highly efficient and seamless platform that currently aggregates over 6 800 real-time commercial property listings directly from landlords. This tool gives brokers the ability to search, manage and close deals with unprecedented speed and efficiency, making it a powerful ally in the rapidly demanding commercial property market.

- **Brokerzone streamlines Property Brokerage:** Quoin's platform aggregates 6,800+ real-time listings, enabling brokers to manage deals quickly and efficiently with tailored search tools.
- **Comprehensive tools for Brokers:** Brokerzone Pro offers marketing, CRM, digital agreements, and transaction features, reducing deal closure time and improving workflow.
- **Adapting to market needs:** Quoin Technologies leads in PropTech innovation, continually evolving to meet the growing demands of the commercial property market.

brokerzone offers brokers a powerful search and alert engine tailored to their specific criteria, while **brokerzone** Pro provides brokerage firms with a comprehensive suite of tools for seamless integration, marketing, CRM, transacting, and market rental data.

> **"The commercial real estate market in South Africa, projected to reach US$0.37 trillion in 2024 with a compound annual growth rate (CAGR) of 1.57%, is being reshaped by technology and urbanisation.**
>
> **This growth has opened up fresh opportunities for innovation, and Quoin Technologies has seized this moment to provide brokers with tools to navigate this fast-paced environment."**

The COVID-19 pandemic further highlighted the importance of technology across industries, and Quoin's pivot towards PropTech has proven critical. By integrating advanced features such as online marketing tools, automated credit checks and digital agreements, **brokerzone** empowers brokers to close transactions faster than ever.

Streamlining transactions: how **brokerzone** surpasses traditional platforms

"Our close relationships with brokers have given us valuable insights into their challenges," says Karen Miller, co-founder of Quoin Technologies. "We have recognized the need for more than just property listings—brokers needed an all-in-one solution to streamline their entire workflow. Brokerzone does just that, enabling brokers to save time, reduce friction and close deals at a speed that was previously unimaginable."

What sets **brokerzone** apart from traditional platforms is its comprehensive set of tools that address brokers' most pressing challenges. Manually collating hundreds of vacancy schedules is just too slow, inaccurate and inefficient. From real-time listings with live updates on availability and pricing to advanced search filters that help match properties more accurately, the platform is designed to help brokers find space faster.

Key features of **brokerzone** include:

- **Live updates directly from owner sites on property availability and pricing, offering brokers a competitive edge**
- **Streamlined tools for managing the entire leasing process, from online applications to document automation**
- **Transactional features that drastically reduce deal closure time from weeks to mere days**

"Our technology goes beyond listing aggregation," Miller explains. "brokerzone is a game-changer, not only because it saves time but because it addresses the logistical pain points brokers face daily. The platform integrates everything in one place, so brokers no longer have to navigate multiple systems or sift through hundreds of vacancy schedules."

Adapting and innovating for the future

As technological change accelerates, Quoin Technologies' commitment to continual innovation stands out. Inspired by the adaptive strategies of companies like Dell and Checkers, Quoin Technologies is dedicated to ensuring its platform evolves alongside the industry's demands.

"Innovation is non-negotiable," says Miller. "The property market is in constant flux, and we're committed to providing the commercial property ecosystem of owners and brokers with solutions that not only solve today's problems but anticipate tomorrow's needs."

A trusted partner to industry leaders

With top-tier partners such as Growthpoint, Emira, Fortress, Blend and Spear, Quoin Technologies has earned the trust of industry leaders who rely on their solutions to market and manage their extensive property portfolios. These partnerships demonstrate the effectiveness and reliability of Quoin's PropTech offerings.

In a market where adaptation is key to survival, Quoin Technologies is proving that PropTech is the future of real estate. By delivering innovative tools like brokerzone, Quoin Technologies is helping brokers stay ahead of industry shifts and ensuring they can meet the rising demands of a competitive, tech-driven market.





Commercial

Tackling the 'Construction Mafia': How businesses can combat extortion and protect South Africa's economy

By Lionel van Tonder, Inge Swanepoel, Martin Versfeld and Tyron Theessen

> **In 2023, we published an article titled *Construction Mafia* – Remedies and Prevention in which we sought to unpack what the "construction mafia" actually is and we observed that the term is a mischaracterisation of its nebulous nature.**

The issue of extortionist rackets impacting construction projects has escalated to such a degree that Police Minister Senzo Mchunu has name-checked the construction mafia several times in public since his appointment in July 2024, making it a priority for the current administration.

- **Construction Mafia Extortion:**
  The construction mafia exploits legislation like the PPPFA, demanding illegal cuts from project contracts, impacting both public and private sector projects.
- **Legal and Financial Risks:**
  Businesses face legal jeopardy under PRECCA and FICA when engaging with construction mafia groups, risking criminal charges and hefty fines.
- **Proactive Business Solutions:**
  Companies must navigate extortion through careful compliance with procurement regulations and reporting obligations, balancing legal risks with project delivery pressures.

Following the September 2023 article, clients have regularly asked us, "What can I proactively do to protect my business from the construction mafia?". We have also been engaged by businesses that felt they had little choice but to accede to the construction mafia's demands because the threat to bodily integrity and life, coupled with the cost of a work stoppage was too high. These businesses recognise the construction mafia for the blight they are and continue to seek ways to extricate themselves from their respective situations.

Ironically, it is well-intentioned legislation which has been hijacked by these bad actors.

The Preferential Procurement Policy Framework Act (PPPFA)

The Preferential Procurement Policy Framework Act (PPPFA), which applies to public procurement, was designed to promote economic transformation by seeking to ensure that 30% of public procurement contracts (see Regulation 9) were allocated to specific previously disadvantaged groups to empower these qualifying individuals, promote equity and drive socio-economic transformation.

While the objectives of the PPPFA are undeniably laudable, the construction mafia has sought to wilfully distort its objectives by demanding a 30% share of a project's contract value.

"In our experience, the construction mafia has no regard for the distinction between private and public procurement, deliberately conflating the two to extend their reach into private sector developments.

Considerations of extortion aside, the company that wins a tender also faces the added difficulty that Regulation 9 stipulates that the tenderer (to ensure that the 30% allocation criteria is met) should select a supplier from a list of suppliers provided by the state-owned entity that issued the tender. Construction mafia groups are, unsurprisingly, not usually on any supplier list."

The conundrum often faced by companies that win public tenders becomes quite apparent. They either have to withdraw their services (which in most instances they can ill afford to do and which would entail them repudiating their contracts and in so doing also exposing them to a potential damages claim), or they have to try and negotiate an outcome with these bad-actors, which hopefully enables them to deliver the project on time, without risking the lives of their employees.

The challenge is that while the companies in question are victims of unlawful behaviour, they are in turn acting unlawfully by engaging with an unlisted supplier. In addition, if the state-owned entity or branch of Government discovers that a non-listed entity has been sub-contracted, the winning bidders may run the risk of having their contract terminated and facing consequential damages claims.

The Prevention and Combatting of Corrupt Activities Act (PRECCA) complicates matters further because it provides that it is an offence for any person to accept gratification or bribe and to offer one. PRECCA also imposes a positive duty on any person in a position of authority to report corrupt acts (which is given a broad definition) where the monies involved exceed the sum of ZAR 100 000 (see section 34). Failure to do so gives rise to criminal liability, with penalties ranging from a fine to imprisonment of up to 10 years.

To aggravate matters, a company may also be exposed to an additional fine equal to five times the gratification or bribe which could prove ruinous. However, we see that coupled with the extortion, is a threat to the project and persons should the bad actors' conduct be reported.

The Financial Intelligence Centre Act (FICA) also places an obligation on "accountable institutions" or "Reporting institutions" to report suspicious transactions or activities to the Financial Intelligence Centre.

> **Typically, Section 29 of FICA requires any person who carries on a business or who is in charge of, or manages a business, to report suspicious or unusual transactions to the Financial Intelligence Centre, if there is knowledge or suspicion that the transaction involves proceeds of unlawful activities, terrorist financing, circumventing a duty under FICA, or funds linked to the financing of terrorist or related activities.**

While construction companies themselves may not always be explicitly designated as accountable institutions, they often engage in large-scale transactions and are sometimes exposed to potential misuse, such as extortion payments or "facilitation fees" that may be associated with organised crime (e.g. the construction mafia). These factors can lead to situations where they need to be vigilant for suspicious transactions, especially where there is a risk of money laundering or organised criminal activities.

In Part 2 of this article, we unpack the legal recourse available to businesses and potential practical interventions, including working with law enforcement agencies and communities.

About the Authors
Lionel van Tonder (director), Inge Swanepoel (Consultant) Martin Versfeld, (Partner,) and Tyron Theessen (Partner) are from Webber Wentzel Attorneys



THE HIGH ST AUCTION CO
APPRECIATING PROPERTY VALUE



Turnaround, Restructuring & Insolvency

SERVICE OFFERINGS

LIQUIDATION
Disposal Methods
- Private Treaty
- Closed / Invite Only Auction
- Timed Online Auction
- Multi-Property Auction

BUSINESS RESCUE
Disposal Methods
- Private Treaty
- Closed / Invite Only Auction
- Timed Online Auction
- Multi-Property Auction

Formal Valuations - Accredited Valuator

GET IN TOUCH TODAY

Emmanuel Kastis 061 155 6457 | Kelsie Barlow 081 073 2670 | Greg Branford 083 256 3179



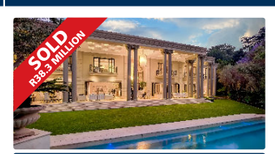
KYALAMI RACETRACK
Kyalami



CLIFTON MANSION
Clifton, Western Cape



PAARL WINE FARM
Paarl, Western Cape

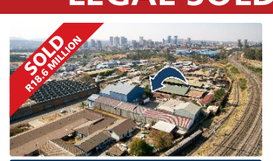


PRESIDENTIAL MANSION "VILLA ROYAL"
Sandhurst

LEGAL SOLD SHOWCASE



INDUSTRIAL DEVELOPMENT LAND
Kya Sand



COLD ROOM, WAREHOUSES & OFFICES
Pretoria West



WAREHOUSES & OFFICES
Pretoria West



STELLENBOSCH WINE FARM
Stellenbosch, Western Cape

The Premier Marketplace for **Selling** & **Buying** Property | highstreetauctions.com | info@highstreetauctions.com

Offshore

The biggest challenges facing UK Buy-to-Let Investors: Rising costs, regulations, and market pressures & alternative opportunities Nomads and Young Investors

By Neale Petersen

“Buy-to-let property investment has long been a popular choice for both individual and institutional investors in the UK. Historically, it offered steady returns through rental yields and capital appreciation.

However, recent shifts in the economic and regulatory landscape have posed significant challenges for landlords and have raised concerns about the future of traditional buy-to-let investment. From soaring mortgage rates to regulatory pressures, the landscape for property investors is changing fast.”

OFFSHORE

Concept Capital Group, specialises in alternative real asset investments, offering a way to hedge against many of the risks facing traditional buy-to-let investors. In this article, we'll explore the current challenges within the buy-to-let market and outline a step-by-step approach to securing your portfolio with alternative investment opportunities.

- **Rising Costs and Regulations:**
  Mortgage rate hikes and stricter regulations are pushing small-scale landlords out, leading to financial strain and market consolidation.
- **Impact on Renters:**
  Higher interest rates and tax changes contribute to increased evictions, fewer rental properties, and a growing affordability crisis for renters.
- **Market Uncertainty:**
  Buy-to-let lending is declining, with mortgage arrears and possessions rising, signalling a potential downturn and reduced investor confidence in the sector.

Challenges Facing Traditional Buy-to-Let Investors

1. Rising Mortgage Rates and Financial Strain

One of the most immediate challenges for buy-to-let landlords is the impact of rising mortgage rates. The 2023 mortgage crisis put significant pressure on small-scale landlords, many of whom found themselves priced out of their properties due to surging interest rates. The Bank of England's tightening monetary policy and ongoing inflationary pressures mean that remortgaging has become increasingly expensive, making it harder for landlords to manage their costs effectively.

> **A report from the Bank of England indicates that the number of landlords owning just one rental property has been shrinking, with more landlords opting to exit the market due to rising financial pressures.**
>
> **According to research by the National Residential Landlords Association, small-scale landlords are especially vulnerable to increased costs, regulatory changes, and heavier taxes, leading many to sell their properties or scale back their investments.**



2. Regulatory Changes and Legal Scrutiny

The buy-to-let sector is facing greater regulatory scrutiny, including the impending Renters Reform Bill, which aims to give renters greater rights and protection. While these changes may benefit tenants, they can make property management more challenging and costly for landlords.

For example, court fees for evictions have risen by 10%, increasing the transaction costs for landlords. Additionally, higher interest rates and legal complexity make the buy-to-let market less attractive for investors.

3. Increased Evictions and Supply Shortages

> **As landlords exit the market, renters are increasingly facing eviction due to rising costs and the need for landlords to sell or repurpose their properties.**
>
> **A report found that 1 in 10 private rented sector tenancies that ended in the last three years were due to eviction, with many landlords opting to sell rather than continue renting.**

This trend, compounded by an already undersupplied housing market, is driving up rents and leaving many renters in a vulnerable position.

Despite government plans to build 1.5 million new homes over the next five years, housing affordability remains a significant issue. The lack of affordable housing, combined with a reduction in buy-to-let stock, is creating a precarious situation for renters and exacerbating the pressure on the rental market.

4. Declining Buy-to-Let Lending
Buy-to-let lending has declined in recent years, largely due to stricter lending criteria and rising mortgage rates. According to data from the first quarter of 2024, the number of new buy-to-let loans dropped by 16.7%, and there was a 39.5% rise in mortgage possessions. With rising debt levels among landlords and investors, the buy-to-let market appears increasingly unstable, particularly as investors face higher risks in a volatile economic environment.

The Path Forward: Alternative Buy-to-Let Investment Opportunities
Given the mounting challenges within the traditional buy-to-let sector, it may be time for investors to consider alternative property investment opportunities.

At Concept Capital Group, we offer a solution that mitigates many of the risks associated with traditional buy-to-let investments. Here's a step-by-step approach to transitioning your investment strategy:

Step 1: Consider Non-Traditional Residential Property
Alternative investment opportunities, such as modular homes and other real assets, provide a way to enter the property market without facing the same regulatory, financial, and legal pressures.

These properties are subject to different regulations, making them more affordable and accessible than traditional buy-to-let homes.

> **Modular homes, for example, are an attractive option because they are not subject to stamp duty, municipal property taxes, or brokerage fees, which significantly reduces entry costs.**
>
> **With the growing demand for affordable housing, modular homes present an opportunity to invest in real assets that offer stable returns while avoiding the typical headaches of managing conventional buy-to-let properties.**

Step 2: Focus on High-Yield Opportunities
Alternative property investments like modular homes often offer higher yields compared to traditional buy-to-let properties. Without the additional costs associated with stamp duty, taxes, and high transaction fees, these alternative homes allow investors to retain more of their returns.

Additionally, because the demand for affordable housing is expected to remain strong, the rental yields for modular homes are likely to be competitive, offering a reliable income stream.

Step 3: Leverage Full Property and Tenancy Management Services
Another advantage of alternative property investments is the ability to leverage full property and tenancy management services. At Concept Capital Group, we handle everything from property maintenance to tenant management, ensuring that your investment is well cared for and that you can enjoy hassle-free returns.

This service is especially beneficial in today's complex property landscape, where regulations and compliance are becoming increasingly difficult for landlords to navigate on their own.



Step 4: Diversify Your Investment Portfolio
One of the key strategies to mitigating risk in uncertain markets is diversification. Instead of concentrating your investments in traditional buy-to-let properties, consider diversifying into alternative real assets like modular homes, commercial real estate, or even international property markets.

By spreading your investments across different asset classes, you can reduce the impact of market fluctuations and improve the stability of your portfolio.

Step 5: Stay Informed and Work with Experts
The property market is evolving rapidly, and staying informed about the latest trends and challenges is crucial. At Concept Capital Group, we have a dedicated team of real asset professionals who continually research the market to ensure that our clients are positioned to take advantage of emerging opportunities.

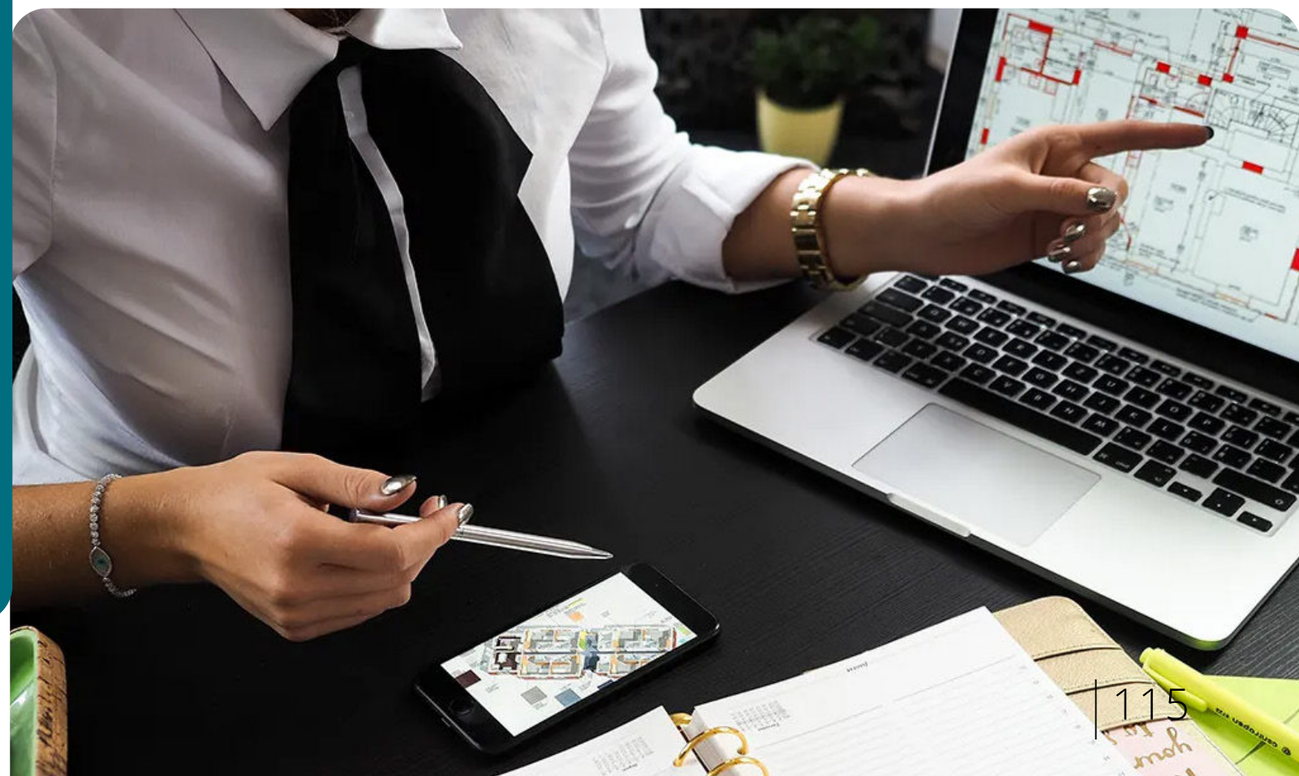
Working with experts can help you make more informed decisions and navigate the complexities of the property market with confidence.

Way forward
Traditional buy-to-let investment in the UK faces significant challenges, including rising mortgage rates, increasing regulatory burdens, and a shrinking pool of available rental properties. These pressures, combined with the growing uncertainty in the property market, make it essential for investors to explore alternative opportunities.

By investing in non-traditional residential properties such as modular homes, property investors can reduce their exposure to market risks and secure higher, more stable returns.

At Concept Capital Group, we offer alternative buy-to-let investment opportunities that provide an effective way to hedge against the pressures facing traditional landlords. If you're looking to diversify your portfolio and ensure long-term growth, book a call with our team today to learn more about how you can invest in alternative real assets.

For more information on our alternative buy-to-let property investment opportunities, book a call with our team today.



SABLE
INTERNATIONAL



Greek Golden Visa

your EU access

The Greek Golden Visa is now one of the most affordable options to gain EU access. Purchase a qualifying property from EUR250,000 and gain the right to live in Greece and traverse the Schengen for three out of six months — no more Visas required.

rei@sableinternational.com | www.sableinternational.com | +27 (0) 21 657 1584

Contact Richard Haller on +27 (0) 83 776 0802 or richard.haller@sableinternational.com

Wealth

Clarifying taxation of multi-tier Trust capital gains: Key Insights from The Thistle Trust judgment

By Joon Chong



The Constitutional Court (CC) handed down judgement on The Thistle Trust v Commissioner for South African Revenue Service CCT 337/22 on 2 October 2023.

The facts of the dispute were common causes. The Thistle Trust (Trust) received distributions of capital gains from Zenprop, which is a group of trusts. The Trust then distributed the capital gains to its beneficiaries and the capital gains were taxed in the hands of the beneficiaries.

- **Conduit Principle Dispute:**
  The Constitutional Court ruled that paragraph 80, not section 25B, governs capital gains tax distributions from trusts to beneficiaries.
- **Capital Gains Tax Liabilities:**
  The Trust's distribution of capital gains from Zenprop must be taxed at the trust level, not by beneficiaries.
- **Legal Advice Defense:**
  The Court upheld the Trust's reliance on senior counsel's legal advice, confirming that SARS must prove any understatement penalties.

The judgement dealt with whether the conduit principle in section 25B of the Income Tax Act 58 of 1962 (ITA) would apply to the capital gains distributed by the Trust to its beneficiaries, or whether paragraph 80(2) of the Eighth Schedule to the ITA would apply to the distributions.

Essentially, the Trust argued that the conduit principle applied to the distributions and the distributions of capital gains were correctly taxed in the hands of the beneficiaries. SARS disagreed and argued that paragraph 80(2) codified the conduit principle only where there was a distribution of capital gains for a trust where the trust had disposed of the assets giving rise to the capital gains.

Paragraph 80 applied to the distributions
There were majority and dissenting judgements. Both were very well-written and reasoned and contributed manifold to the constitutional jurisprudence of tax disputes.

“Paragraph 80(2) as it read in the 2014 to 2018 years of assessment, provides for the conduit principle to apply to a trust where the trust vests the capital gain ‘derived from the disposal of an asset’ to the beneficiaries of the trust.”

The Trust did not derive the capital gain from a disposal of an asset it owned. The Trust received the distributions of capital gains from Zenprop where Zenprop had disposed of the assets. Zenprop was the only trust that could be “the trust” contemplated in paragraph 80(2)(a). Therefore, the conduit principle could only apply to Zenprop and not to the Trust.

The capital gains received from Zenprop which is distributed by the Trust should thus be taxed in the trust (with the tax rate of 45% * 80% = 36%) and not in the hands of its beneficiaries (with the highest effective tax rate for individuals of 18% being 45% * 40%).

Trust acted reasonably on legal advice
On the question of the meaning of “bona fide inadvertent error”, the CC held that the issue raises an arguable point of law of public importance because it will affect how SARS and the courts approach the imposition of understatement penalties in thousands of future tax cases. It will also affect the attitude that SARS takes to individual taxpayers who understate their income in even more cases that do not reach the level of disputes before the Tax Court.

However, despite the public importance, it is not in the interests of justice to grant leave to appeal as the CC would have to determine the meaning sitting as the court of first and last instance in relation to this issue. This is because the Tax Court in this case upheld the appeal on the merits, and the SCA did not reach the issue of penalties because SARS did not argue the issue and was understood to have conceded the issue.

We hoped that the CC would have taken the opportunity to pen a few paragraphs in obiter to clarify the meaning of “bona fide inadvertent errors” which prevent the imposition of understatement penalties (USP). However, we appreciate the CC’s reasoning not to do so. Nevertheless, the CC’s dismissal of the SARS cross-appeal to impose USP is most welcomed.

The Trust had adopted the tax position taken in the return based on legal advice from senior counsel. Despite the existence of legal advice, SARS was of the view that there should be USP based on no reasonable grounds for the tax position taken; or reasonable care not taken in completing return. (These are behaviours (iii) and (ii) in the USP percentage table of section 223 of the Tax Administration Act 28 of 2011.)

Importantly, the CC confirmed that 'SARS bears the onus' of proving the facts that would bring the understatement of the Trust within either of these categories.

The CC held that the Trust had reasonable grounds to adopt the tax position taken as it had relied on legal advice. Further, the tax position adopted was upheld by the Tax Court in a reasoned judgement that engaged with the conduit principle and the relevant provisions of the Income Tax Act. Therefore, the SARS argument that the Trust had no reasonable grounds for the tax position taken, must fail.

SARS further argued that if the Trust had taken reasonable care in completing its returns, it would have ignored the legal advice given to it and followed the stated SARS position which that advice expressly considered and rejected. The CC rejected the SARS position. The CC observed that the SARS argument is based on the "proposition that no taxpayer can act reasonably on advice that differs from SARS' statements of its interpretation of tax legislation. The argument would elevate SARS to the status of an authority that can decree the only reasonable interpretations of tax legislation. It is an untenable argument." (Our emphasis.)

Call a friend, your legal (or professional) adviser
There is a long list of cases where taxpayers who relied on legal advice was held to have acted reasonably. It is reassuring that the CC as the highest court of the land, has reconfirmed this position in this case.

Tax has become a complex, high-risk specialist field that taxpayers inevitably must rely on legal advice or professional advice from experts for guidance to ensure they act within the confines of the law. We submit that to impose USP on taxpayers when they have done their best to remain compliant would be unduly punitive on them.

About the Author
Joon Chong is a Partner at Webber Wentzel Attorneys



OPPORTUNITY
PRIVATE CAPITAL

Monthly Economic Snapshot



Co-founder of Opportunity Private Capital, ***Nick Morgan*** *takes a look at the concept of Loss Aversion and the psychological impact it has on investor behaviour.*

Local Economic Indicators (30 Nov 2024)	**News**
All-Share Index 30 Nov 20**24**: +- 84,510 All-Share Index 30 Nov 20**23**: +- 75,706 Market PE ratio: 17.8 USD/ZAR R18.06/$ South Africa 10Y Government Bond yield: Current 8.83% **(Data: Bloomberg; SimplyWallSt; Tradingeconomics.; Google Finance.)**	• Despite prolific attempts by the Democratic Party in the USA to derail Donald Trump, the Republican candidate won the presidential race in November to win a 2nd term in office. This could signal significant outcomes globally and it remains to be seen how the resultant ripples therefrom affect South Africa. • It seems the SA Government are looking to 'regulate the informal sector' due to the devastating spate of deaths of young kids caused by foods in spaza shops. One would have thought that not being regulated was the point of an informal sector…. • Global conflict – A ceasefire has been announced in Lebanon between Israel and Hezbollah, while nuclear escalation remains a concern in Northern Europe with Putin threatening to retaliate in extreme fashion should NATO members become directly involved in the war.

LOSS AVERSION

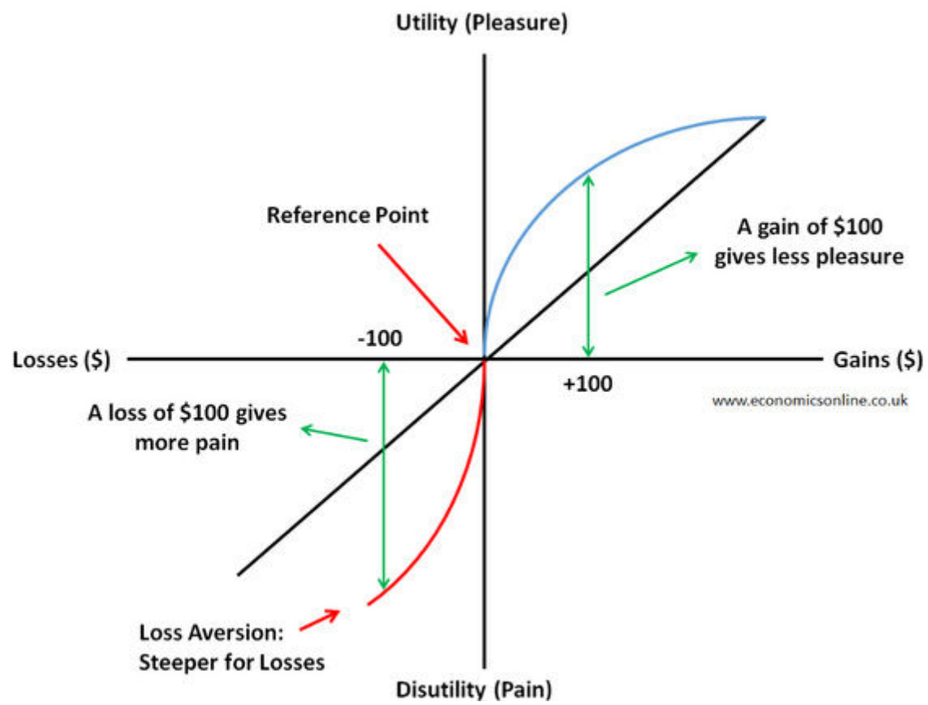
Investors are significantly more sensitive to losses than they are to gains. The theory of 'Loss Aversion' in behavioural finance describes how the negative emotive impact of a loss is felt much more acutely than the pleasure of a commensurate gain. And this explains the primary driver behind most people's investment decisions. This psychological concept is underpinned by Prospect Theory, developed by Daniel Kahneman and Amos Tversky in 1979 (Spendelow, 2024) which examines investor choices centered around risk, i.e. based around prioritising the avoidance of losses over potential gains. The study concludes that investors feel the anguish of a loss twice as much, in psychological terms, as the equivalent gain.

In practical terms, a loss of R10 000 will have to be compensated by a gain of R20 000 to restore emotional equilibrium. This theory is in contrast to economic theory which surmises that people act rationally and seek to gain the maximum outcome from any situation. Well, Prospect Theory proposes that we are indeed emotional creatures, and our decisions are shaped by various biases. Thus, humans are inherently risk averse and this cognitive bias can in many cases have a detrimental impact on investment outcomes. In other words, decisions giving precedence to short-term security over longer term financial growth can come back to hurt later.

It is against this backdrop that financial institutions are trying to find methods to include client's aversion to loss in their risk profiling. Interestingly, this psychology around losses is potentially the primary cause of the asymmetric volatility trend in the stock market (Ansari, 2024) where activity and volatility are greater in falling markets than under other market conditions. The below graph is illustrative of the theory of loss aversion where the curve for gains is not as steep as the curve depicting loss aversion. Consequently, investors who are conscious about this phenomenon should ensure that their principal capital is protected when pursuing an investment.

GRAPHIC OF THE MONTH

Loss Aversion



Opportunity Private Capital (Pty) Ltd is a licensed Financial Services Provider, number FSP53400.

OPPORTUNITY
PRIVATE CAPITAL

Capital Guaranteed Investment
Returns at 14% p/a

Simple. Secure. Significant.

Opportunity Private Capital is pleased to announce an investment opportunity with Guaranteed Capital Protection. This exclusive offering, with limited capacity, involves investing in fully completed units in new developments, with returns of 14% per year. With an investment period estimated at just two years, these shorter investment timeframes compared to traditional property investments are advantageous.

INVESTMENT SUMMARY

Capital Investors are invited to participate in a limited investment offering. The primary consideration for the offering is the protection of invested capital. Development assets (properties) are held as security for capital, until investors are repaid.

The total Investment required for this participation is R 14 250 000, with a minimum investment amount of R 100 000. The investment returns are fixed at a rate of 14% per year.

INVESTMENT OBJECTIVE

The aim is to provide private investors with alternative diversification by offering access to investing in residential property projects. The result being formidable returns based on reasonably predictable timeframes with assets employed to protect invested funds.

IMPORTANT FACTORS

- Capital Guaranteed.
- Secured investment structure.
- Limited investment offering.
- Estimated 24-month investment period.
- New property, recently constructed.

INVESTMENT SECURITY

- The investor's capital is protected by the property.
- 100% Private investment in structure - no mortgage bonds
- Independent Security Trust mandated to safeguard investor interests.
- Properties are located in high-demand areas in Cape Town.
- Proven track record.

R476 216 132
TOTAL PRIVATE INVESTMENTS

R 1.02 BILLION
TOTAL PROJECT VALUE

17 MONTHS
AVE INVESTMENT TIMEFRAME



INVESTMENT TERM
(PROJECTED)

1 YR | **2 YRS** | 3 YRS | 4 YRS | 5 YRS

RISK PROFILE

LOW | LOW MEDIUM | MEDIUM | MEDIUM HIGH | HIGH

Opportunity Private Capital (Pty) Ltd is a licensed Financial Services Provider. Number FSP53400.

Education

Lorick Barlow: From humble beginnings to Social Impact Investor of the Year 2024

By Neale Petersen



Lorick Barlow, founder of C&N Trust, is a living example of how determination, perseverance, and a commitment to positive social change can transform lives.

Barlow's journey from humble beginnings in Heidedal, Bloemfontein, to becoming a winner in the Social Change category at the Investor of the Year 2024 awards is a testament to the power of property investment to create lasting impact.

Early Life and Business Beginnings
Growing up in a close-knit community in Heidedal, Lorick witnessed firsthand the challenges faced by many South Africans, especially in terms of housing affordability. This early exposure to hardship and inequality would become a driving force behind his later ventures in property investment.

Barlow's entrepreneurial spirit surfaced early. While still in high school, he started a pest control business, and later worked with his father, learning the fundamentals of running a business. These experiences laid the foundation for his future success.

Transition into Property Investment
After spending over a decade working in the travel industry in Johannesburg, Lorick shifted his focus to property investment. He saw the opportunity to not only generate personal wealth but also make a meaningful impact in his community.

"His goal was clear: create affordable, high-quality housing for low-income families while generating sustainable returns.

His company, C&N Trust, focuses on providing well-maintained rental properties in underprivileged areas. Unlike many landlords, Lorick is committed to ensuring that his tenants experience a positive living environment—one that fosters community, safety, and long-term stability."



Challenges and Triumphs
Lorick's property journey wasn't without its setbacks. Like many entrepreneurs, he faced financial challenges, especially when starting out. However, his key lesson was clear: build a strong support team. He sought out mentorship and learned from seasoned investors, which helped him navigate the property market successfully.

One of his most significant challenges was understanding the complexities of property financing and managing risk. Lorick soon realized that relying on traditional advice wasn't enough. Instead, he surrounded himself with experts—lawyers, accountants, real estate agents, and coaches—who helped him make smarter decisions and avoid costly mistakes.

The Social Impact Strategy
What sets Lorick apart in the property industry is his commitment to creating social impact. Barlow focuses on properties that cater to the lower-income market, ensuring high-quality rentals that don't exploit the community. His properties are not just about generating revenue; they are about improving the quality of life for those who live in them.

Barlow has already created five job opportunities through his investments, providing stable employment for local families. This, he believes, is just the beginning. By improving properties in underserved areas, he's not only enhancing the living conditions of his tenants but also contributing to the economic vitality of local communities.



“Winning the Investor of the Year - Social Change category in 2024 was a recognition of this impact. “A single investment,” says Lorick, “can change lives. I don’t just want to build wealth - I want to leave a legacy of positive social change.”

Key Factors Behind Lorick’s Success

• Affordable Housing
Lorick’s properties are designed to offer affordable, quality accommodation for low-income families, helping to address the housing crisis in South Africa.

• Strategic Networking
By learning from seasoned investors and building a powerful team of experts, Lorick avoided the common pitfalls that many new investors face.
• Social Impact
Beyond financial returns, Lorick focuses on the social impact of his investments. His properties not only provide homes but also create jobs and support local businesses.

Looking Ahead: New Ventures and Future Goals
Lorick is now looking to expand his portfolio and explore new property investment opportunities. He is currently enrolling in advanced property investment courses to diversify his portfolio, focusing on both commercial and residential properties. His long-term vision is to further scale his social impact, helping to create more jobs and improve living conditions for South Africa’s underserved communities.

Barlow’s personal motto—“Challenges bring opportunities”—has been central to his success. He remains focused on leveraging his knowledge, network, and expertise to tackle the country’s pressing housing issues while building wealth and providing stability for others.

Lessons Learned and Key Insights

For aspiring investors, Lorick offers valuable advice:

1. Invest in yourself first
Knowledge is power, and by continually educating yourself, you can avoid costly mistakes.

2. Build your power team
Surround yourself with trusted experts who can help you navigate complex property deals.

3. Focus on the long-term
Property investment is a journey, not a sprint. Take your time, understand the market, and make informed decisions.

Lorick Barlow’s journey is a powerful example of how property investment can be a tool for both personal growth and social change.

By staying true to his vision of creating affordable, high-quality housing while fostering community development, Barlow is not only building his own future but also empowering those around him. As a winner of the Investor of the Year 2024 in the Social Change category, Lorick’s story is one of inspiration, perseverance, and transformation—both for himself and the communities he serves.

Until our next edition of REAL ESTATE INVESTOR Magazine

FEBRUARY 2025



WEBSITE www.rei.co.za
EMAIL info@rei.co.za
TELEPHONE +27 21 761 3848