rei
EST. 2007

REAL ESTATE INVESTOR®

MAGAZINE
OCTOBER 2026 #195



EXP REALTY

Elevating the vision
2026 and beyond

THE PROPERTY YIELD TRAP EXPOSED
Why impressive rental yields can mislead investorsdevelopments

SOUTH AFRICA'S RISING DEVELOPMENT OPPORTUNITY
How to become an affordable housing developer

STUDENT HOUSING: FOLLOW THE NUMBERS
What investors really earn from student beds

UNLOCKING THE SHORT-LET INVESTMENT ADVANTAGE
How smarter management can protect rental performance

INSIDE REI

REAL ESTATE INVESTOR

Independent Property Intelligence Since 2007

19 YEARS 2007 - 2026 ANNIVERSARY ISSUE

ABOUT REI

Real Estate Investor is an independent South African property investment media platform delivering intelligence, education and opportunity across residential, commercial and alternative real estate. Through our magazine, website, newsletters, video, webinars and events, we connect investors and property professionals with the people, markets, strategies and opportunities shaping real estate.

OUR PURPOSE

To give property investors the intelligence, education, connections and opportunities they need to make better investment decisions.
This should be a strong but understated brand statement.

PEOPLE. MARKETS. STRATEGY.

OPPORTUNITY.

THE REI TEAM



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



MARISA GEORGE
ACCOUNTS MANAGER
marisa@rei.co.za



PIETER BOTHMA
DIGITAL & AI ENGINEER
info@rei.co.za



JADE NICHOLSON
SENIOR DESIGNER
info@rei.co.za



CHRISTIAN SCHUTTE
DIGITAL MARKETER
christian@rei.co.za

Better intelligence. Better property decisions.

THIS ISSUE'S CONTRIBUTORS

Johlene Wasserman
Andrew Thompson
Khanya Gundwana
Charlene Van Zyl
Danie van der Merwe
Jaco Grobbelaar
Jacques Grove
Jason Lee
Ross Fitzcharles
Juanita de Beer
Gerhard van der Westhuizen
Daniel Lombard
Retha van Rooyen
Cor van Denventer
Renier Kriek

We thank all our contributors for sharing their expertise, experience and insights with the REI community.

WANT TO CONTRIBUTE?

Have property expertise, research or an investment perspective worth sharing?

REI welcomes expert commentary, market intelligence, educational articles and thought leadership from across the property industry.

Email: info@rei.co.za

PUBLISHED BY

REALE ACTIVATION

Reale Activation (Pty) Ltd
t/a Real Estate Investor

CONTACT

10 Howard Studios, Sheldon Way,
Pinelands, Cape Town, 7405

+27 21 761 3848

Office Whatsapp 0768147639

info@rei.co.za

www.rei.co.za

Disclaimer: *The views and opinions expressed in this publication are those of the respective authors and contributors and do not necessarily reflect the views, policies or positions of Reale Activation (Pty) Ltd.*

LET WITH US

Less vacancy, just property.

Empty properties don't earn revenue.
Serious investors use property professionals.



17080-14283

www.just.property

JUST PROPERTY

BUY | RENT | SELL | LET



19 years of REI

2007
Launched in print

2026
Magazine | Online | Video
Webinars | Events

FROM THE EDITORS

Celebrating Excellence.
Investing in what comes next

October is a month of celebration, fresh perspectives and renewed opportunity for Real Estate Investors.

We are delighted that REI was honoured at the 2026 SAPOA Journalism Awards, with our website recognised as runner-up for the second consecutive year. This recognition is particularly meaningful because it reflects our ongoing commitment to delivering credible, independent and relevant property journalism to South Africa's investment community.

My congratulations go to all the winners and finalists recognised at this year's SAPOA Convention and Awards. The occasion was a powerful reminder of the extraordinary talent, innovation and resilience shaping our property industry.

Our October cover story features eXp Realty: Elevating the Vision in 2026 and Beyond, exploring the ambition, technology and evolving business model behind a real estate brand looking to redefine how agents operate and grow.

Inside this edition, we turn our attention to opportunities that demand both vision and financial discipline.
We examine South Africa's substantial affordable housing gap and how aspiring developers can explore ALSA's franchise model. We unpack the real numbers behind student accommodation investments, challenge misleading headline rental yields and investigate how professional short-let management can strengthen property performance.

We also revisit a fundamental question: why does investing in South African property still make sense? The common thread is clear. Opportunity exists, but success depends on understanding the market, interrogating the numbers and surrounding yourself with the right expertise.

As we approach the final quarter of 2026, my advice is simple: don't chase the biggest promise or the highest advertised return. Look for genuine demand, sustainable cash flow, capable partners and opportunities you can understand and measure. Thank you for being part of the REI community and for supporting the independent property journalism that continues to drive us forward.

Here's to informed decisions, stronger partnerships and building lasting property wealth.

Neale Petersen
Founder & Editor-In-Chief

INSIDE THIS OCTOBER 2026 EDITION

Six essential reads on real estate innovation, property yields, development opportunities, student housing, short-term rentals and long-term wealth.



COVER FEATURE
ELEVATING THE VISION: 2026 AND BEYOND
Explore eXp Realty's vision for the future and how its technology-driven, agent-focused model is reshaping opportunities in South
10



INVESTOR INTELLIGENCE
THE PROPERTY YIELD TRAP EXPOSED
High rental yields don't always mean strong returns. Discover the hidden costs and financial realities that can turn a promising deal into a poor investment.
34



AFFORDABLE HOUSING
6 SOUTH AFRICA'S RISING DEVELOPMENT OPPORTUNITY
Could you become a property developer? Explore how affordable housing is opening opportunities for investors ready to move from buying to building.
64



STUDENT ACCOMMODATION
STUDENT HOUSING: FOLLOW THE NUMBERS
Student beds promise attractive income, but what do investors actually earn? We unpack the costs, cash flow and returns
110

SECTORS TO WATCH



WEALTH BUILDING - 96



INVESTOR INTELLIGENCE - 140



TECHNOLOGY & AI - 154



EVENTS - 176

ASK THE EXPERTS

Can your body corporate ban Airbnb?



MEET THE EXPERT

JOHLENE WASSERMAN

Director Community Schemes and Compliance at Van Deventer Dowlath & Marx Incorporated.
Building schemes | Resolving disputes | Protecting your investment.

INVESTOR QUESTION

I own an apartment in a sectional title scheme and would like to rent it out through Airbnb or another short-term letting platform to generate additional income.

However, the trustees have indicated that short-term rentals are not permitted, even though other owners have previously rented out their units to holidaymakers.

Can a body corporate or homeowners' association legally ban or restrict Airbnb and other short-term rentals?

What rights do owners have, what authority do trustees possess, and when can such restrictions be challenged?

EXPERT ANSWER
from Johlene Wasserman



The short answer is yes; a community scheme can restrict or even prohibit short-term letting but it cannot simply do so by decree.

Airbnb disputes are really governance disputes. The decisive question is not whether trustees or residents like short-term letting, but where the power to restrict it comes from, whether the correct legal instrument has been used, and whether the restriction was lawfully adopted.

1. Start with the legal hierarchy, not the Airbnb listing

Before asking whether Airbnb is permitted, establish what legally governs the property.

For a sectional title unit this includes the title deed, sectional plan, the Sectional Titles Schemes Management Act, and the scheme's valid management and conduct rules. Municipal zoning and land-use restrictions must also be checked.

For an HOA, the analysis is different: the source of power may lie in title deed conditions, the HOA's MOI or constitution, rules and the contractual arrangements binding owners.

A trustee or director cannot create a power that the governing instruments do not confer.

2. A body corporate can regulate short-term letting but trustees cannot invent a ban

In sectional title schemes, conduct rules may regulate the use and enjoyment of sections and common property.

If the body corporate wishes to introduce a new conduct rule restricting Airbnb for example a minimum six-month lease period, the statutory procedure must be followed.

That ordinarily requires a special resolution of the body corporate and approval by the Chief Ombud.

Section 10 of the STSMA also requires rules to be reasonable and to apply equally to owners.

That procedural distinction is crucial. A trustees' circular saying "Airbnb is now prohibited" is not the same thing as a validly adopted conduct rule.

3. HOAs are different

An HOA does not acquire the same rule-making powers merely because it performs a similar community-management function.

Its authority must be found in its own legal architecture usually its MOI or constitution, title conditions and associated rules.

This means the first questions are always: Who has the power to make the restriction? What voting threshold applies? Was the correct procedure followed?

Courts will enforce properly created community-scheme obligations, but an association must be able to identify the legal source of the restriction it seeks to enforce.

4. "I have been doing Airbnb for years" is not necessarily a defence

An existing owner does not automatically acquire a permanent right to continue short-term letting simply because it was permitted when the property was purchased. A community scheme may lawfully change its governance arrangements. But the amendment itself must be valid.

This is where many schemes get into trouble. If members approved one version of a rule but trustees subsequently altered it, or if the required resolution was never properly obtained, the resulting restriction may be vulnerable even if CSOS subsequently became involved.

Existing owners should therefore examine how and when the restriction was introduced, rather than simply if past use either guarantees future use or becomes unlawful overnight.

5. Short-term letting is not automatically unlawful merely because it generates income

The Paddock case demonstrated that a valid scheme rule imposing a minimum rental period can be enforced and, on its particular facts, the court treated the Airbnb operation as commercial in nature.

But owners and schemes should be careful about turning that factual finding into a universal proposition that every short-term lease automatically converts residential property into commercial property.

The enquiry remains document- and fact-specific and must also take account of applicable municipal land-use rights.

6. Buying for Airbnb? Do the legal due diligence before signing

An investor should obtain and examine the current certified scheme rules, title deed, sectional plan, HOA MOI or constitution where applicable, zoning and land-use position, and any existing short-term letting policy before purchasing.

Also investigate whether amendments are pending. Do not rely on an estate agent saying, "There are already ten Airbnbs in the building." Existing practice does not establish legal entitlement.

The takeaway

Buying into a community scheme means buying both property and a governance framework. Owners are entitled to use and enjoy their property, but those rights may be lawfully regulated. Conversely, trustees and HOA directors do not have an unlimited discretion to impose restrictions simply because a particular use has become unpopular.

When it comes to Airbnb, the real question is therefore not simply "Can they ban it?"

It is: "Show me the legal power, the governing document and the resolution that says they can."

Have a property investment or property management question?
Email your question to info@rei.co.za and our panel of South Africa's leading property experts could answer it in a future edition of REImag.

COVER STORY

eXp Realty South Africa & Laureus: A Partnership Changing Futures Through Sport

By Khanya Gundwana



The intersection of real estate and social development may not seem obvious at first glance, but for eXp Realty South Africa, community investment is as vital as business growth. Throughout 2026, eXp Realty has proudly deepened its strategic partnership with the Laureus Sport for Good Foundation South Africa. By leveraging the vast national network of eXp agents and the proven, sport-centric community development programmes of Laureus, the two organizations have created a dynamic blueprint for corporate social responsibility in the modern era.

From community drives in Nelson Mandela Bay to support for vital sport for good initiatives that address some of the biggest social challenges in our communities. The collaboration is built on the shared belief that real change requires both vision and immediate, on-the-ground action.

Executive Perspectives on a Purpose-Driven Alliance

At the helm of this partnership are leaders who understand that true impact requires sustainable commitment.

Andrew Thompson, CEO & Country Leader of eXp Realty South Africa:

“At eXp Realty, our business model is inherently agent-centric and community-driven. Partnering with the Laureus Sport for Good Foundation South Africa allows us to extend that ethos beyond the property market and into the neighbourhoods we serve. We are not just building successful real estate businesses through annual events such as The North Coast Corporate Classic in partnership with the Ilembe Business Chamber; we are committed to building resilient, empowered communities. The work Laureus Sport for Good Foundation South Africa does is nothing short of transformative, and we are honoured to stand shoulder-to-shoulder with them.”



Marlene Coetzee-George, CEO, Laureus Sport for Good Foundation South Africa:

“Partnerships with forward-thinking organizations like eXp Realty South Africa are at the heart of our work . Beyond providing vital funding, these partnerships bring expertise, networks and a shared commitment to making a lasting impact. Together, we can do more, reach more people and create opportunities for young people to develop, thrive and shape a better future.

Bryan Habana, Chairperson, Laureus Sport for Good South Africa:

Laureus Patron, Nelson Mandela understood something incredibly powerful about sport famously saying that “sport has the power to change the world. It has the power to inspire and unite people in a way that little else does.” Through our collaboration with eXp Realty, we are bringing those words to life every single day. Whether we are unlocking hope for young people or celebrating the brilliance of elite sport while highlighting grassroots development, this partnership proves that when the corporate sector and the sporting world align, the potential for social change is limitless.”



On the Ground: Making a Tangible Impact

The true measure of this partnership is found in its local activations. Over the past quarter, eXp agents have actively participated in multiple initiatives to support Laureus-funded programmes. A standout achievement was the Women's Month Sanitary Wear Drive hosted in Gqeberha (Port Elizabeth). Driven by the eXp Women's Impact Network (WIN) ZA, agents collected tampons and sanitary pads from 1 to 25 August to support young girls.

All donated items were handed over to United Through Sport to support their Aspiring Adolescents programme, helping ensure that young women have access to essential menstrual hygiene products. The lack of such simple products can often be the deciding factor between a young girl staying in school or staying home.

Khanya Gundwana, Marketing Coordinator, eXp Realty South Africa:

"Our agents are deeply embedded in their local markets, and when the call to action went out for our Women's Month Drive, the response was overwhelming. It was incredible to visit Astra Primary School in Bethelsdorp alongside the United Through Sport and Laureus Sport for Good Foundation South Africa team, engage directly with the learners on the sports field, and witness the lasting impact of our collective efforts.

Myself and the eXp Realty team have also had the pleasure of visiting The Little Optimist Trust, 9Miles Project, Zip Zap Circus, Corinthians Africa, and Fight With Insight. Our network is proving that being a great real estate agent also means being an active, compassionate community leader."

The partnership's impact was also celebrated at the recent Laureus Sport for Good Foundation South Africa and Cape Grace Gala Dinner on 26 August 2026, held at the Norval Foundation.

Several members of the eXp Realty team, including Andrew Thompson, SAAAC Chairperson Ferdi Abrahams, eXp agents Lolita Johnson, Lydia and Andre Vorster, Shené Vorster, and Nyarai Mubaiwa (Transactions Lead) were in attendance to help unlock hope and brighter futures for young people across South Africa.



Elevating the Vision for 2026 and Beyond

As the partnership continues to evolve, the focus remains on long-term sustainability and expanding the reach of sports-based development.

Natalie du Toit, Head of Brand, Laureus Sport for Good Foundation South Africa:

“Our brand is built on the stories of resilience, triumph, and community upliftment. Having eXp Realty on board helps us amplify these narratives to a broader audience. Recently, during our project visit to Corinthians Africa to experience blind soccer, we saw firsthand how stepping onto a field can completely change a young person’s trajectory. Furthermore, we’re still buzzing from the success of the first eXp Realty Fund Run in support of Laureus Sport For Good at this year’s

eXpcon Cape Town back in February. By working with the eXp network, we are not just raising funds; we are raising awareness, inspiring corporate action, and ensuring that every move shapes a story with the power to change a future.”

The relationship between eXp Realty South Africa and the Laureus Sport for Good Foundation South Africa serves as a powerful reminder that when industry leaders and community champions unite, the results are deeply impactful. As 2026 progresses, both organizations remain fiercely dedicated to their shared mission: empowering the next generation, one community, and one donation at a time.





Driving Growth with Future-Forward Technology

As a forward-thinking, agent-centric real estate agency, eXp Realty leverages cutting-edge technology and AI to empower agents, boost productivity and spark creativity in the metaverse. This is just one of the reasons why eXp Realty South Africa has grown from zero to more than 1,400 agents in less than four and a half years. Making us the Largest Independent Real Estate Agency in Africa. At eXp, we’re not just building careers - we’re creating a community where the best in the business can thrive.

eXp REALTY

Truly, it’s #WhereThePrsGoToGrow!

expsouthafrica.co.za

HOSPITALITY

Four-Star Standards: How Design & Fit-Out Impacts Occupancy and Rate

By In The City Hospitality Group



Short-let accommodation is judged within seconds. Before a guest checks in, they have already formed an opinion from the photographs, finishes, and standard a property appears to promise.

That first impression can separate a property that books consistently at a strong rate from one that sits vacant or relies on discounting.

While location and pricing matter, design and fit-out also influence how a property is perceived and how well it performs. At ITC Hospitality Group, we see this consistently across Cape Town's short-let market.

Properties fitted out to a genuine four-star standard are better positioned to attract bookings, achieve stronger rates, and earn positive reviews.

Your Property's Performance Starts With How It Is Designed

Design is how a space is planned, from layout and lighting to furniture placement and colour. Fit-out is how that plan is executed through furniture, finishes, textiles, appliances, and technology.
Both need to work together. Good design creates a functional, considered space, while the right fit-out delivers the quality and comfort guests expect.

Four-Star Is More Than a Rating

A four-star standard is not about luxury for its own sake. It is a consistent benchmark for layout, furniture quality, lighting, textiles, finishes, and the details guests experience throughout their stay.

The aim is not simply to make a property photograph well. It is to ensure the standard presented online carries through from arrival to departure.

First Impressions Are Formed Before Check-In

Guests choose a property from a screen, not a viewing. Lighting, furniture proportion, colour palette, styling, and photography all influence whether a listing earns attention and converts into a booking. ITC Hospitality Group assesses how a property's presentation supports its market positioning, then makes targeted improvements to styling, staging, and photography where needed.

Design Is a Revenue Lever

Furniture and fit-out are often treated as one-time expenses. For a short-let property, they should also be considered in terms of their potential return.

A well-designed property can support stronger nightly rates, improve booking conversion, and reduce vacancy. We therefore evaluate fit-out decisions not only by upfront cost, but by how they contribute to the property's overall performance.



The Guest Experience Shapes the Review

The listing creates an expectation. The stay needs to deliver on it. When the quality, comfort, and presentation guests experience match what they were promised, the property is better positioned to earn strong reviews. Those reviews, in turn, build trust with future guests and strengthen the listing's competitive position.

Our role is to ensure the standard marketed online is consistently delivered throughout the guest journey.

Fit-Out Standards Reduce Operational Risk

The right fit-out must also withstand frequent guest turnover. Furniture quality, fabric durability, and finish selection affect maintenance requirements, replacement costs, and how well a property presents over time.

We specify fit-out elements with both guest experience and durability in mind, helping owners protect their investment without compromising the standard of the property.

From Assessment to Return

Every property we manage begins with an assessment of what is working and what may be limiting its potential.

From there, we recommend targeted improvements to layout, furniture, lighting, textiles, and styling. The focus is not trend-driven decoration, but creating a property that is functional, durable, marketable, and commercially competitive.

One Standard, Every Property

Design, presentation, and property management should not operate separately. Together, they create a consistent guest experience and help protect the property's
positioning over time.

For owners, treating design as part of the management strategy means every fit-out decision has a purpose: to support the guest experience, protect the asset, and strengthen the property's performance.





Partner With ITC Hospitality Group

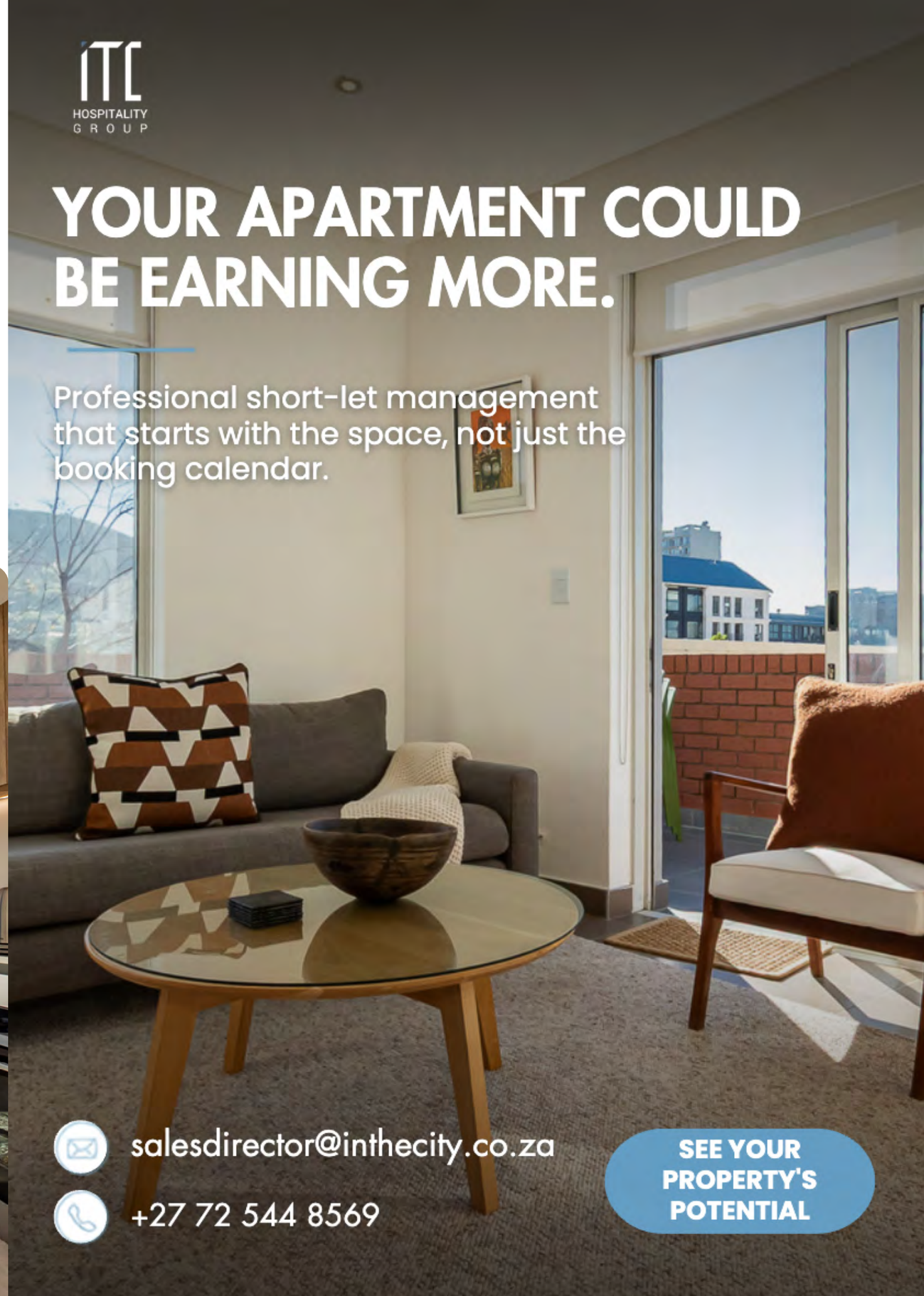
Is your property's current design and fit-out supporting its earning potential?

Contact our Director of Sales and Property Acquisition to discuss a four-star design assessment and how ITC Hospitality Group's property and short-let management solutions can help improve your property's performance.

Your Corporate Accommodation Specialist

www.inthecity.co.za



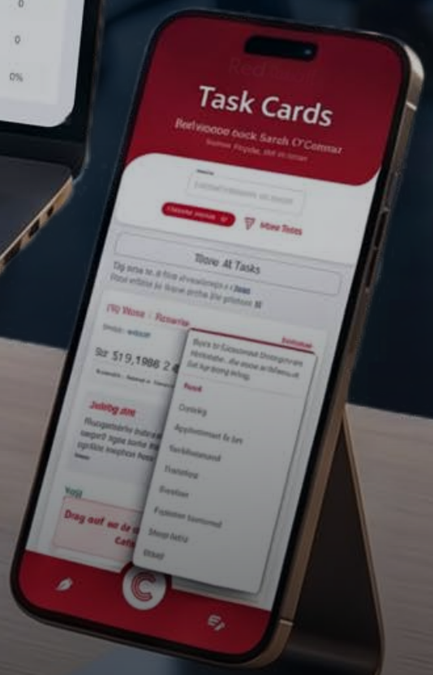


Community Schemes | Rental Portfolios | RedRabbit

The Five Pillars of Healthy Property Asset Management







www.weconnectu.co.za

WeconnectU®



What does it actually mean to manage a property asset well?

We talk about properties being "well managed" all the time, but if you ask ten property professionals what that actually means, you'll likely get ten completely different answers.

Is a rental property well managed because the rent is collected every month? Is a community scheme well managed because its finances are in order? Because it's compliant? Because maintenance happens on time? Because its trustees and owners are happy?

The fact is, all of those things matter, but none tells the whole story.

If we're serious about quantifying how well property assets are being managed – and we should be, if we're going to demonstrate the industry's true value – we need a more complete way to define what "well managed" actually looks like.

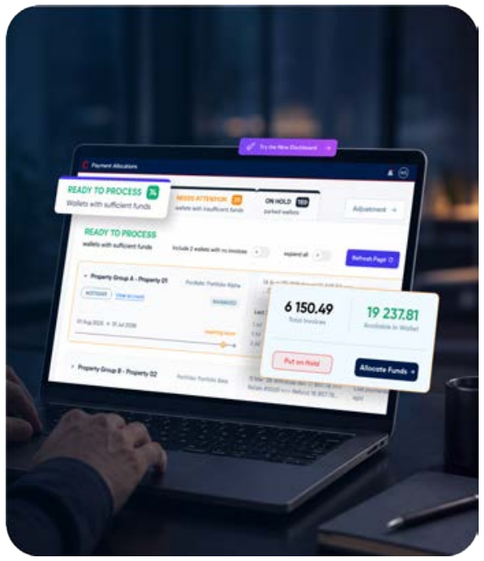
What does "well managed" look like?

That's the thinking behind the Property Asset Management Health Framework we are developing.

Rather than relying on any single indicator, the framework identifies five areas of property asset management that can be observed, measured and tracked over time.

Each offers a different perspective on how well an asset is being managed. Together, they give us a far more reliable view of its overall management health.

Here's what we're talking about.



1 Financial Health

Financial health is about more than tracking whether money is coming in. It considers the quality and sustainability of that income, and the risks surrounding it. For rental assets, that means analysing indicators such as rent, arrears, deposits and revenue per asset.

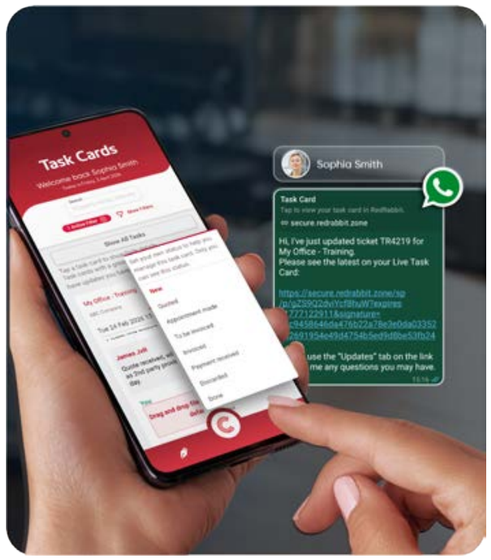
For community assets, it includes levies, debt, collection activity and cost pressures affecting long-term financial sustainability.

Together, these indicators reveal whether the asset is on a sound financial footing – or where pressure may be starting to build.

2 Operational Health

Even the best asset management strategy means very little if the day-to-day work behind it isn't being executed consistently.

Inspection activity, maintenance workflows, payments, debt actions, communications and recurring tasks all provide useful signals of whether the operation has the structure and capacity to deliver reliably. Delays, bottlenecks and growing task loads can reveal pressure points long before they become obvious to clients.





3 Governance & Compliance Health

Good governance and compliance create the guardrails for responsible property asset management, ensuring decisions are properly made and recorded, obligations are met, and stakeholders are protected.

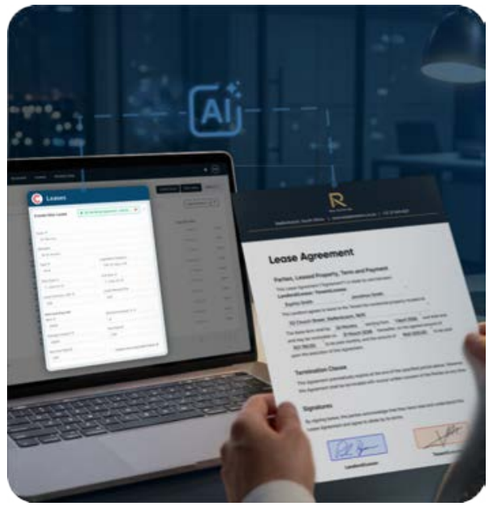
In rental management, mandates, leases, FICA processes, deposit handling, inspection records, arrears processes and audit trails all contribute to the picture. In community management, key indicators include trustee decisions, approvals, meetings, financial controls, insurance, statutory obligations and audit readiness.

Together, these signals can expose gaps in accountability, documentation or process before they become legal, financial or reputational risks.

4 Physical Asset Health

A property's condition is one of the most visible expressions of how well it is being managed over time.

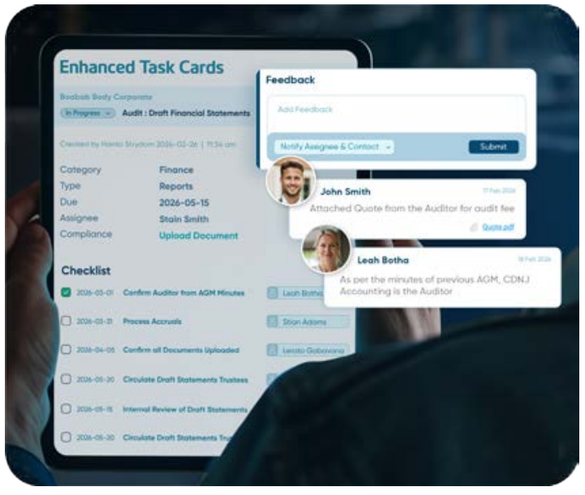
For rental assets, inspections, recommendations, maintenance activity, recurring defects and repair trends provide a growing record of that condition. For community assets, maintenance planning, infrastructure pressures, repairs, insurance and reserve planning broaden the picture.



Tracking these signals helps identify patterns early enough to plan, prioritise and prevent avoidable deterioration and cost.

5 Stakeholder Experience

Not every indicator of healthy asset management sits neatly on a balance sheet or maintenance schedule. Stakeholder experience matters too – and can be measured with



reasonable confidence. Communication, reporting, responsiveness, transparency and meeting discipline all indicate whether investors, trustees and owners have the visibility and confidence needed for good decision-making.

This is also where much of professional property management becomes visible to the client.

Strong stakeholder experience builds trust in the management process; poor visibility and communication can undermine that confidence even when much of the work behind the scenes is being done well.

Becoming more valuable – and more valued

The real power of the framework works in two directions. Tracking effectiveness across the five pillars shows property professionals where strong outcomes are being achieved and where there is room to improve – creating opportunities to continually raise the quality of asset management services.

At the same time, connecting actions to outcomes makes professional value far more visible to clients.

An inspection becomes evidence of proactive asset protection. Arrears management demonstrates income protection. Strong governance shows risk being actively managed.

The result is an opportunity to become both more valuable in the service delivered and more valued for the outcomes achieved.

From measurement to meaningful insight

The five pillars give property professionals a structured way to track management health within their own portfolios. But those measurements become far more meaningful when viewed within industry context.

This is where WeconnectU has an important contribution to make. With more than 1.4 million professionally managed assets connected across our rental and community management, inspections and maintenance solutions, we have a unique opportunity to responsibly aggregate anonymised operational data to begin building that broader context.

The Property Asset Intelligence Report we are currently developing is intended to become an important next step in this journey, bringing together signals across the five pillars to help property professionals benchmark their own results, identify emerging trends and better understand what healthy property asset management looks like across the industry.

For us, this is about more than publishing data. It's about using our position as a software partner to help move the industry forward, giving property professionals the insight to keep raising the standard of the service they deliver, demonstrate their impact more confidently and ultimately become both more valuable and more valued.

There is still work to be done as we bring the framework, data and industry context together, but we believe the opportunity is significant.

As this initiative develops, we look forward to sharing more about how Property Asset Intelligence can help create a clearer, richer understanding of healthy property asset management in South Africa and further equip property professionals to deliver greater value to the clients and assets they serve.

ENGAGE 2027

is coming...

South Africa's Biggest Property Management Event

A future-facing event experience for WeconnectU clients - built around **smarter systems, stronger teams, real industry intelligence** and the ideas shaping what comes next.

Keep an eye out – registrations open soon.

WeconnectU wins **Top Tech Award** for the 4th year running

CorporateVision
The future of better business

For WeconnectU, this recognition is about more than technology. It affirms the purpose behind what we continue to build: ***Creating more valued and valuable Property Managers through intelligent property management technology.***

Community Schemes | Rental Portfolios | RedRabbit

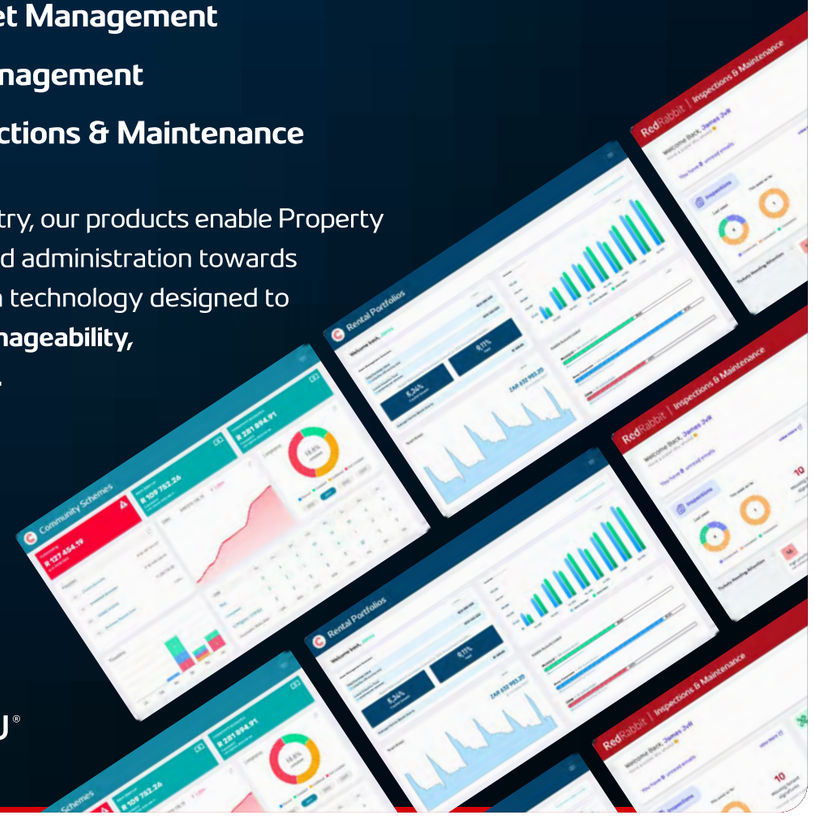
Our Ecosystem & Reach

Today, more than **1950 clients across South Africa** use WeconnectU to manage over **1.1 million assets** through the **most advanced end-to-end ecosystem of products for Property Management:**

- **Community Asset Management**
- **Rental Asset Management**
- **RedRabbit Inspections & Maintenance**

Built by industry for industry, our products enable Property Managers to move beyond administration towards **Asset Management,** with technology designed to improve **Compliance, Manageability, Scalability & Profitability.**

Book a Demo



WeconnectU®

ASSET MANAGEMENT

Your biggest investment risk isn't the property. It's the tenant.

By Jaco Grobbelaar



One bad tenant can wipe out years of rental profits. Jaco Grobbelaar explains why tenant selection is as important as buying the right property, and how investors can protect their income through better screening, technology and risk management.



The investment risk most landlords underestimate

When property investors evaluate a potential acquisition, they spend considerable time analysing the numbers. They examine the purchase price, interest rates, expected rental income, levies, municipal charges, maintenance costs and potential capital appreciation.

They calculate rental yields, cash flow and whether the property represents good value. These are all essential considerations. In fact, I spend much of my time teaching investors how to get these fundamentals right.

But there is another factor that can determine whether an investment succeeds or fails: the tenant who occupies the property. You can buy an excellent property, negotiate favourable financing and structure the investment perfectly. Yet placing the wrong tenant can quickly turn a profitable investment into a financial burden.

I recently had an insightful conversation with Ross Fitcharles, Founder and CEO of Preferental, an AI-powered rental management software platform. We explored how artificial intelligence is transforming tenant screening, detecting potentially fraudulent financial documents and helping landlords and property managers protect their rental income. Our conversation reinforced something I have learned from building my own property portfolio: buying the right property is only half the investment equation. The other half is ensuring that the rent actually gets paid.

How one bad tenant can destroy years of profits
Consider a straightforward example. You own a rental property generating R2,000 in positive monthly cash flow after expenses. Over three years, that investment produces R72,000 in accumulated surplus cash flow.

Now imagine a tenant stops paying rent. Several months pass without income, legal proceedings become necessary, and the property requires repairs before it can be rented again. The financial consequences can be severe.

Your expenses do not stop simply because the tenant stops paying. The bank still expects its bond instalments, the body corporate still requires levies, and the municipality still expects rates and taxes. Add legal costs, maintenance, potential damage and lost rental income, and years of accumulated profits can disappear.

A vacant property might cost you one month's rent. The wrong tenant could cost you years of profits.

This is why I believe tenant selection should be treated with the same seriousness as the original investment decision.



The two questions every landlord must answer

During our discussion, Ross highlighted two essential considerations when assessing a prospective tenant.

- **Can the tenant afford to pay?**
- **Will the tenant actually pay?**

These are two very different questions.

1. Ability to pay: Look beyond the salary

The first step is determining whether an applicant has sufficient income to afford the monthly rental. A commonly used screening guideline is that net monthly income should be approximately three times the rental amount.

For example:
- Monthly rental: R6,000
- Suggested minimum net income: R18,000
- Rental-to-income ratio: approximately 33%

But what if that person also has substantial vehicle repayments, personal loans, credit card commitments and other monthly expenses? Their actual disposable income could be far lower than their salary suggests.

This is why landlords and managing agents must examine the applicant's wider financial position, not simply the figure appearing on a payslip.



Ross shared an example of an applicant earning a substantial salary who appeared to qualify comfortably for a property. A closer examination of the bank statements, however, revealed repeated short-term borrowing, with new loans being taken out shortly after previous ones were repaid. That pattern may indicate underlying cash-flow pressure.

INVESTOR LESSON

A high salary does not necessarily mean strong financial health. Assess income, existing commitments and the consistency of available cash flow.

2. Willingness to pay: Financial behaviour matters

The second question is equally important, and sometimes more revealing. A tenant may have sufficient income but a poor record of meeting financial commitments. I often remind investors that financial behaviour does not change overnight.

If somebody repeatedly ignores credit card payments, clothing accounts or other obligations, landlords should carefully assess the risk that rental payments could follow a similar pattern. This is where credit checks, payment histories and previous landlord references become valuable.

However, it is important to distinguish between someone who has experienced temporary financial difficulty and someone who consistently avoids responsibility. People lose jobs, businesses experience setbacks and unexpected expenses arise.

What matters is how an applicant responded. Did they communicate with creditors? Make payment arrangements? Honour revised commitments?

INVESTOR LESSON

Look for evidence of financial responsibility, not merely a clean-looking application.

The new threat: AI-generated financial documents

One of the most concerning developments in rental management is the increasing sophistication of fraudulent documentation. Artificial intelligence and modern editing software can make it easier to manipulate bank statements, payslips and employment letters.

An applicant might submit a document reflecting a monthly salary of R35,000 when their actual earnings are R20,000. The altered document could appear authentic, complete with convincing logos, formatting and transaction details.



For an individual landlord reviewing documents manually, detecting manipulation can be extremely difficult. This changes the screening process fundamentally. Collecting documents is no longer enough. Landlords need to verify them.

A professional screening process should include:

- Confirming employment and income through appropriate independent verification.
- Authenticating financial documents where reliable verification services are available.
- Checking that declared income is consistent with supporting records.
- Reviewing credit history and existing financial commitments.
- Contacting previous landlords, with appropriate permission.
- Investigating discrepancies before approving an application.

Landlords must also ensure that personal information is processed lawfully, securely and in accordance with POPIA and applicable credit-information requirements. And one more important point: never approve an applicant simply because they make a good impression at a viewing.

A friendly personality, professional appearance and persuasive conversation cannot replace proper financial verification.

Why technology is changing tenant screening

As my property portfolio expanded, I realised that managing tenants successfully required systems that could scale with the business. When we reached approximately 100 rental units, we decided to bring rental management in-house rather than continue relying entirely on external agencies.

Initially, we used Google Forms to collect applications and several separate software platforms to conduct credit checks and verify information. The process worked, but it was time-consuming and created opportunities for important details to be overlooked.

We subsequently started using Preferental, which brings tenant applications, document submissions and screening information together in one platform. The system helps assess applicants' financial circumstances, identify potential risks and flag documents requiring additional verification.

For a property investor managing multiple units, this can improve efficiency and consistency. Technology should not replace sound judgement. It should support it.

INVESTOR LESSON

The final decision still belongs to the landlord or managing agent, but that decision should be based on verified information rather than assumptions.

Managing deposits and protecting rental income

Tenant screening is the first line of defence, but landlords should also consider how they manage deposits and protect against potential defaults.

In the entry-level rental market, where much of my own portfolio is concentrated, we frequently encounter applicants who can afford the monthly rental but struggle to pay the deposit and first month's rent simultaneously.

This can create a barrier for otherwise suitable tenants. Preferental has introduced a product called Deposit Plus, which allows qualifying tenants to spread deposit payments over several months while providing deposit backing to landlords.

Products like these may help address affordability challenges without simply abandoning deposit requirements. However, landlords should understand the contractual terms, costs, eligibility requirements and protection offered before using any alternative deposit arrangement. Rental guarantee products are another option. Depending on the provider and policy, they may offer protection against qualifying rental defaults, certain legal expenses associated with eviction proceedings and specified property damage.

These products come at a cost and should never be treated as substitutes for screening. Investors must assess exclusions, limits, waiting periods, claim requirements and whether the protection justifies the premium. The objective is to create several layers of risk management rather than depend on a single solution.

Seven steps to protect your rental investment

Whether you own one investment property or manage a portfolio of 100 units, I recommend establishing a consistent tenant-placement process.

Step 1: Set clear affordability criteria

Determine a reasonable rental-to-income guideline, then assess the applicant's actual disposable income and financial commitments.

Step 2: Verify all supporting documents

Check payslips, bank statements, employment information and other relevant documents through appropriate verification channels.

Step 3: Review credit and payment behaviour

Look beyond the credit score. Consider repayment patterns, existing debt and how previous financial difficulties were managed.

Step 4: Check rental references

Where possible, establish whether the applicant paid rent on time, complied with lease conditions and maintained the property responsibly.

Step 5: Use a consistent, documented process

Apply objective screening criteria fairly and lawfully to all applicants. Maintain appropriate records of the assessment and decision.

Step 6: Put proper agreements and safeguards in place

Ensure the lease clearly addresses payment dates, deposits, inspections, maintenance responsibilities, escalation clauses and procedures for dealing with arrears.

Step 7: Monitor the tenancy after occupation

Good property management does not end when the lease is signed. Track rental payments, respond quickly to arrears, communicate professionally and maintain accurate records.

These steps cannot eliminate every risk, but they can significantly improve the quality and consistency of rental management decisions.



Building a portfolio is one thing. Protecting it is another.

After many years of investing in property, I have learned that acquiring properties is only one part of building sustainable wealth.

Managing those properties effectively is what determines whether the investment continues to perform.

It is easy to become excited about the next acquisition, particularly when the numbers suggest an attractive yield or strong positive cash flow.

But those projections depend on something very simple: somebody paying the rent every month.

My advice to investors is to resist the temptation to rush tenant placement simply because a property has been vacant for several weeks. Do not ignore warning signs because an applicant offers to pay a deposit immediately. And never assume that a good salary automatically makes someone a reliable tenant.

Professional screening, appropriate technology, sensible financial safeguards and consistent management processes should be viewed as essential components of the investment strategy.

Buying the right property creates the opportunity to build wealth.

Selecting the right tenant and protecting your rental income is what helps turn that opportunity into lasting financial success.



OPPORTUNITY
PRIVATE CAPITAL

Built on Disciplined Execution. Trusted by Private Investors.



Opportunity Private Capital is an investment company based in Cape Town. The firm provides access to structured capital investment opportunities, enabling investors to gain exposure to property development projects that are typically not accessible through traditional investment channels. The investment approach is designed to target attractive, risk-adjusted returns, supported by downside mitigation through development assets.

Real Assets. Structured Capital. Disciplined Approach.

www.opportunity.co.za

Opportunity Private Capitals' aim is to provide private investors with alternative portfolio diversification by granting access to targeted residential property development returns, supported by tangible property assets and disciplined capital structures.

Investor Profile

These investment opportunities may be suited to investors seeking:

- Exposure to returns associated with residential property development.
- An alternative to direct property ownership.
- Investment structures supported by underlying property assets.
- Opportunities with an established track record.
- Exposure to developments located in high-demand areas of the Western Cape.

Key Investment Highlights

- Over R600 million in private capital invested.
- Over R1 billion in completed residential project value.
- 28 completed investment cycles across multiple developments.
- Investment activity spanning more than a decade.
- Outcomes achieved across varying market conditions.

R 662 750 264
Total Private Investments

R 1.23 Billion
Total Project Value

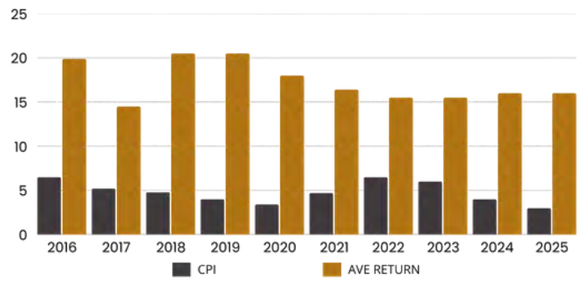
16.3 Months
Ave Investment Timeframe

Key Investment Characteristics

- Targeted returns from 14% to 17% p/a tiered per capital committed.
- Asset-backed downside mitigation.
- Minimum investment from R100,000.
- Targeted investment horizon: 18 - 24 months.

10 YEAR PERFORMANCE

AVERAGE INVESTOR RETURNS vs CPI



The average return for the period represents the capital-weighted average simple interest rate of investments exited during the year, across the applicable investment tiers.

***Source**: Opportunity Private Capital and Macrotrends.net*

Independent Capital Oversight

- Independent Security Trust governance structures.
- Trust oversight of invested capital and safeguarding of investor interests.
- Trust governing the authorisation of capital use and investor repayment.

Current Available Investment: Capital investment in the Somerset Hills Development

This investment opportunity in the Somerset Hills development offers targeted returns of 14%–17% per annum, subject to the level of investment, with a minimum investment of R100,000. The indicative investment horizon is 18–24 months.

Interested in this opportunity? Contact us at invest@opportunity.co.za to find out more.



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

COMMERCIAL

One Property Partner. More Ways to Build Wealth.

By Neale Petersen

From commercial property investment and asset management to residential development and furnished rentals, Grove Properties is bringing specialist expertise together to help investors unlock the full potential of their portfolios.



Owning property is one thing. Maximising its long-term value is another. For many South African investors, the challenge is no longer simply finding the next property to buy.

It is understanding how to improve the performance of existing assets, identify opportunities across different sectors, manage risk and build a portfolio that creates sustainable wealth.

That is the thinking behind Grove Properties' evolving business model. Following its 15-year milestone earlier in 2026, the company has strengthened its specialist divisions under a strategy it calls "Consolidate to Dominate" ; bringing commercial property, investment services, residential development, furnished rentals and asset management into a more coordinated offering.

For founder and principal Jacques Grové, the objective is to help clients make better property decisions throughout the investment lifecycle, rather than simply facilitating individual transactions.

FROM PROPERTY TRANSACTIONS TO PORTFOLIO PERFORMANCE

A property investor might begin with a residential buy-to-let apartment, progress into commercial offices or retail space, and eventually consider development opportunities or furnished accommodation. Each stage introduces different decisions.

Should an underperforming property be sold, refurbished or repositioned? Is a commercial tenant offering the right balance between income security and rental growth?

Could a residential property deliver stronger returns through a different letting strategy? Where should the next investment be made?

Grove Properties' integrated approach is designed to bring the relevant expertise into these conversations.

The company has organised its operations around four core divisions, supported by portfolio asset management across the business.

FOUR DIVISIONS. ONE INVESTMENT STRATEGY

1. Commercial Broking & Property Asset Management

Led by Chere Redelinghuys in the Western Cape and Hendrik Jansen in Gauteng

Commercial property requires more than a good location and an attractive advertised yield.

Lease terms, tenant quality, operating expenses, vacancy exposure, maintenance obligations and future capital requirements can all influence an asset's actual performance.

Grove's commercial division focuses on broking and asset management, helping clients navigate commercial property opportunities and the ongoing management decisions that follow acquisition.

With more than 20 years of experience, Chere Redelinghuys leads the Western Cape commercial operation and oversees portfolio asset management for commercial clients.

Hendrik Jansen, with more than a decade of experience, leads the company's growing Gauteng commercial team.
For investors with assets in more than one province, this structure creates opportunities for coordinated regional expertise.

2. Investor Services & Property Sourcing

Led by André Esterhuizen

A successful property investment begins with selecting the right asset for the right financial objective.

That requires careful consideration of acquisition price, achievable income, financing, capital expenditure, market demand and the potential for long-term value creation.

Grove's Investor Services division, led by André Esterhuizen, brings more than 30 years of development, investment and property experience to sourcing opportunities and helping clients assess their return potential. The value lies in looking beyond the asking price.

A property that appears attractive on gross yield may deliver a disappointing net return after expenses, vacancies and refurbishment costs. Conversely, an overlooked asset may offer opportunities to create value through better management, repositioning or development.
For investors, disciplined analysis can be just as important as finding the deal.

3. Grove Prestige Furnished Rentals & Hospitality Management

Led by Tania Hanslo

The growth of furnished accommodation and short-term letting has created additional income opportunities for residential property owners. However, higher potential rental income does not automatically translate into higher profitability.

Owners must account for furnishing, marketing, guest turnover, cleaning, utilities, maintenance, occupancy fluctuations and regulatory requirements.

Tania Hanslo leads Grove Prestige's furnished rentals and hospitality marketing and management offering, bringing experience in positioning properties and managing client and guest expectations.

This division offers owners a specialist approach to evaluating and operating furnished accommodation.

Importantly, it also reflects a changing regulatory environment.
Cape Town's proposed short-term letting framework, which was open for public comment in September and early October, highlights why investors need to consider municipal requirements and potential rates implications when assessing holiday-let strategies.

Because the proposals were still in draft form at the time of Grove's September communication, owners should verify the final rules and implementation dates before making investment decisions.

4. Residential Sales & Development

Led by Jacques Grové

Residential property remains a foundation of many investment portfolios, but buying, selling and developing homes require different skills and market knowledge.

Jacques Grové continues to lead the company's Residential Sales and Development division, overseeing its established residential business and development opportunities.

The company's wider structure allows residential clients to draw on additional expertise when their property objectives extend beyond a conventional sale.

An owner considering a disposal may first need to understand whether refurbishment, a different rental strategy or longer-term holding could create greater value.

Likewise, an investor moving from residential buy-to-let into development may require input on sourcing, feasibility, financing and asset positioning.The advantage of an integrated property business is the ability to examine these options together.

THE MISSING LINK: ASSET MANAGEMENT

Perhaps the most important aspect of Grove's strategy is its emphasis on portfolio asset management across all four divisions.

A portfolio is not simply a collection of properties. It is a group of income-producing and capital assets that should work towards defined financial objectives.

Consider an investor who owns a commercial office, two residential apartments and a furnished holiday property. Each asset may perform differently, but all compete for the same capital.

A coordinated portfolio review should ask:

- Which assets are generating the strongest net income?
- Where are vacancies, operating costs or maintenance eroding returns?
- Is capital tied up in properties with limited growth potential?
- Could refurbishment or repositioning improve performance?
- Would selling one asset create a better opportunity elsewhere?
- Is the portfolio sufficiently diversified across locations, property types and tenants?



The answers can help determine whether the next step should be buying, holding, improving or selling.

This is where property management becomes investment strategy.

A PRACTICAL EXAMPLE: ONE PROPERTY, SEVERAL POSSIBILITIES

Imagine an investor owns a residential property valued at R3 million. The property currently generates R15,000 a month in rental income, equivalent to R180,000 annually.

That represents a 6% gross rental yield, before operating expenses, vacancies, financing and tax. Rather than immediately selling, the owner could investigate three possibilities.

- **Option A: Retain the long-term tenant**
  Assess the existing net yield, lease security, maintenance costs and prospects for rental growth.

- **Option B: Explore furnished letting**
  Test realistic occupancy, nightly rates and the additional operating costs involved, while checking municipal and scheme rules.

- **Option C: Sell and redeploy the capital**
  Compare the likely net proceeds against the return available from another residential or commercial opportunity, after transaction costs and taxes.

None of these options is automatically superior. The right answer depends on the investor's objectives, financial circumstances, risk tolerance and the property's actual performance.

This is the kind of cross-disciplinary decision that Grove's consolidated service model seeks to support.

A portfolio is not simply a collection of properties. It is a group of income-producing and capital assets that should work towards defined financial objectives.

Consider an investor who owns a commercial office, two residential apartments and a furnished holiday property. Each asset may perform differently, but all compete for the same capital.

A coordinated portfolio review should ask:

- Which assets are generating the strongest net income?
- Where are vacancies, operating costs or maintenance eroding returns?
- Is capital tied up in properties with limited growth potential?
- Could refurbishment or repositioning improve performance?
- Would selling one asset create a better opportunity elsewhere?
- Is the portfolio sufficiently diversified across locations, property types and tenants?



The answers can help determine whether the next step should be buying, holding, improving or selling.

This is where property management becomes investment strategy.

A PRACTICAL EXAMPLE: ONE PROPERTY, SEVERAL POSSIBILITIES

Imagine an investor owns a residential property valued at R3 million. The property currently generates R15,000 a month in rental income, equivalent to R180,000 annually.

That represents a 6% gross rental yield, before operating expenses, vacancies, financing and tax. Rather than immediately selling, the owner could investigate three possibilities.

- **Option A: Retain the long-term tenant**
  Assess the existing net yield, lease security, maintenance costs and prospects for rental growth.

- **Option B: Explore furnished letting**
  Test realistic occupancy, nightly rates and the additional operating costs involved, while checking municipal and scheme rules.

- **Option C: Sell and redeploy the capital**
  Compare the likely net proceeds against the return available from another residential or commercial opportunity, after transaction costs and taxes.

None of these options is automatically superior. The right answer depends on the investor's objectives, financial circumstances, risk tolerance and the property's actual performance.

This is the kind of cross-disciplinary decision that Grove's consolidated service model seeks to support.

INVESTOR EDUCATION AND INDUSTRY COLLABORATION

Grove Properties has also been expanding its engagement with the investment community.

In May 2026, the company hosted its first property investment event at Clara Anna Fontein under the theme "Maximising Your Property Portfolio's Potential: Your Wealth Blueprint."

These initiatives reflect a broader emphasis on education, professional collaboration and helping investors understand the decisions that influence long-term property wealth.

THE NEXT CHAPTER: CONSOLIDATE TO CREATE VALUE

After 15 years in business, Grove Properties is positioning itself as more than a traditional residential estate agency.

Its expanded structure brings together commercial expertise, property sourcing, asset management, development and hospitality services to serve investors whose needs often cross conventional property-sector boundaries.

For South African property owners, the lesson is clear: the value of an investment is not determined by what you own alone, but by how effectively you finance, position, manage and improve it.

COMMERCIAL

In a changing property market, the ability to connect specialist advice with a coherent portfolio strategy could make a meaningful difference between simply holding property and building lasting wealth.

Grove Properties' message is straightforward: consolidate the expertise, understand the numbers and unlock the potential of every property.

GROVE PROPERTIES

Residential Sales & Development | Commercial Broking & Asset Management | Investor Services & Property Sourcing | Grove Prestige Furnished Rentals & Hospitality Management
Website: www.groveproperties.co.za
Principal: Jacques Grové



PERSONALISED PROPERTY PORTFOLIO MANAGEMENT STARTS HERE

ALL YOUR NEEDS UNDER ONE UMBRELLA

BUY, SELL
RENT & LET

RESIDENTIAL
SALES, EVALUATIONS & BUYER REPRESENTATION

COMMERCIAL
CORPORATE STRATEGY & LEASE ADVISORY

INVESTMENT
SOURCING, DUE DILIGENCE, DEVELOPMENTS & PROJECTS

FURNISHED
SHORT, MEDIUM & LONG-TERM RENTALS

GET IN TOUCH TODAY

GROVE

E-mail: growth@groveproperties.co.za
WWW.GROVEPROPERTIES.CO.ZA

GROVE PROPERTIES
putting people first

PROPERTY DEVELOPMENT

SA's 2 Million-Home Gap: Could you build the solution?

By Neale Petersen

Part 2

FROM HOUSING SHORTAGE TO DEVELOPMENT OPPORTUNITY

South Africa's affordable housing backlog presents a significant opportunity for a new generation of property developers. Discover how ALSA's franchise model could help you turn local housing demand into a viable development business.

An REI Property Development Series in partnership with ALSA

South Africa is facing one of its greatest property development challenges and potentially one of its most significant investment opportunities.

The country has an estimated housing backlog of approximately two million homes, reflecting a longstanding mismatch between the need for affordable housing and the rate at which suitable homes are delivered. Behind that number are millions of South Africans seeking something fundamental: a secure, affordable place to call home.

For property investors, entrepreneurs, landowners and built-environment professionals, the question is no longer simply whether South Africa needs more housing.

The real question is: who will develop it?

In Part 1 of our series, Could You Become South Africa's Next Property Developer?, we explored the transition from buying existing properties to creating new ones.

We established that property development requires more than capital. It demands land, feasibility, finance, approvals, construction expertise, sales and disciplined project management.

Now, in Part 2, we turn to the opportunity itself: South Africa's affordable housing market and the practical steps involved in becoming a developer through ALSA's franchise-led model.

ALSA is seeking to expand development capacity by combining local entrepreneurial expertise with centralised development systems, professional support and established processes.

The proposition is compelling: instead of relying exclusively on a handful of large developers, create a network of capable local franchise owners who can identify opportunities and deliver affordable housing in their own markets.

But how does someone become part of that network? And what must an aspiring franchise owner understand before committing capital?

1. Understanding the Two-Million-Home Opportunity

South Africa's housing challenge is not simply a shortage of buildings. It is a shortage of appropriately priced, well-located and financially accessible homes.

Many households earn too much to qualify for certain fully subsidised housing programmes but struggle to afford homes supplied by conventional private-sector developments.

This is commonly referred to as the affordable housing gap market. It includes working households, first-time buyers and families seeking to move from renting into ownership.

The opportunity extends beyond major metropolitan areas. Secondary cities and growing towns also need housing close to employment, transport, schools and essential services. However, an estimated two-million-home backlog should not be confused with two million immediately qualified mortgage applicants.

A successful development must identify households that both need the product and can realistically afford to purchase it.

"The national housing backlog currently stands at an estimated 2.3 million to 2.6 million units"

Human settlements minister Thembisile Simelane

What creates a viable affordable housing market?

Real household demand: People actively seeking suitable accommodation.

- **Financial accessibility:** Purchase prices that match verified household affordability.
- **The right location:** Access to employment, transport and essential services.
- **Appropriate housing design:** Efficient homes that meet buyers' practical needs.
- **Available finance:** A realistic route to mortgage approval or other suitable funding.

For an aspiring developer, the opportunity lies in bringing these factors together.

A housing shortage creates potential demand. A financially viable project turns that demand into deliverable homes.

2. Why South Africa needs more local developers

Large development companies play an essential role in delivering housing at scale. But the country's housing needs are spread across hundreds of different communities, each with its own land availability, infrastructure constraints, buyer profiles and municipal requirements.

A development model that works in Johannesburg may need to be adapted substantially for a smaller town in the Eastern Cape or Free State. This is where local entrepreneurs can add value. They understand their communities, know the local property market and may already have relationships with landowners, professionals, contractors and municipal stakeholders.

These figures illustrate the scale of its stated ambitions, although individual project status, delivery timelines and financing remain important considerations.

For prospective franchisees, the attraction is the opportunity to participate in an established development framework rather than attempting to create every process independently.

3. What does an ALSA Property Development franchise owner do?

A property development franchise is not the same as purchasing a retail franchise. You are not simply opening a branch, employing staff and selling an existing product.

You are entering a capital-intensive business in which each project must be assessed, financed, approved, constructed and sold. The local franchise owner plays a central role in identifying viable opportunities, coordinating stakeholders and managing the development process.

ALSA's model is intended to support that work through standardised development systems and access to specialist expertise.



What the franchise model can provide

- Standardised architectural designs and development guidelines.
- Feasibility tools and Bills of Quantities.
- Operational manuals and development procedures.
- Training and practical exposure to active projects.
- Access to central technical, financial and administrative support.
- Sales and credit-origination processes.

These resources can reduce the need to develop every system from scratch. However, they do not eliminate development risk or guarantee project funding, sales or profitability.

The franchise provides a framework. The franchise owner must still demonstrate the ability to execute.

4. Step One: Establish whether you qualify

Before identifying land or preparing a development proposal, assess whether property development is the right business for you.

ALSA's franchise proposition is particularly relevant to people who already have some combination of professional expertise, property experience, entrepreneurial ability, capital or access to suitable land.

Potential candidates may include property investors, architects, engineers, quantity surveyors, contractors, project managers and business owners. You do not necessarily need to possess every skill yourself.

But you must be capable of coordinating a professional team, making commercial decisions and managing financial risk.





ALSA's selection process considers candidates' background, available resources, values and long-term commitment. The franchise is therefore not positioned as a quick route to property wealth. It is an opportunity to build a sustainable development business.

5. Step Two: Apply and complete the franchise assessment

The next step is to engage ALSA and establish whether your experience, resources and ambitions align with its franchise requirements. The onboarding process described in the series can take approximately three to six months, depending on the candidate and the requirements involved.

It begins with an initial discussion and suitability assessment. Appropriate candidates may then proceed through a formal application, franchise committee review, disclosure and contracting process. Training and practical exposure to existing developments follow as part of the preparation for taking on development responsibilities.

The proposed onboarding journey

- **Initial enquiry**: Introduce yourself, your professional background, location and development ambitions.
- **Suitability assessment:** Discuss your experience, available capital, resources and ability to operate within the model.
- **Formal application:** Submit the required information for consideration.
- **Franchise review:** ALSA evaluates whether the candidate meets its requirements.
- **Disclosure and contracting:** Review the commercial, legal and operational terms before making a commitment.

Before signing, prospective franchisees should independently review all fees, territorial rights, ongoing obligations, support commitments, termination provisions and potential project liabilities. No franchise agreement should be entered into without understanding the full financial and legal implications.

6. Step Three: Find the right market before buying land

One of the most expensive mistakes a new developer can make is purchasing land before proving that the proposed housing product has a market. A low land price does not automatically create a good development opportunity. The starting point should be the buyer.

Who will purchase the homes? What can those households afford? Where do they work? How will they travel? What competing developments are available? These questions should shape the project before a site is acquired.

Your local market checklist

- Identify employment centres and population growth patterns.
- Assess household incomes and likely mortgage affordability.
- Investigate existing housing supply and competing developments.
- Review access to public transport, schools and healthcare.
- Confirm municipal services and infrastructure capacity.
- Establish a realistic selling-price range.

True affordability extends beyond the purchase price. A home may be inexpensive to buy but costly to live in if the owner faces high transport, electricity, maintenance or municipal expenses.

For developers, that means location, infrastructure and efficient design are commercial considerations as well as social ones.

The best affordable housing development is not necessarily the cheapest to build. It is one that buyers can afford to purchase, maintain and live in.

7. Step Four: Identify and assess a viable site

Once a local market opportunity has been established, the next task is to find land capable of supporting the proposed development. This requires far more than checking the asking price.

The site must be suitable for the intended housing product, and the development must be legally, technically and financially achievable.

Key considerations include zoning, title conditions, access, bulk services, environmental constraints and the cost of obtaining approvals. A site with inadequate water, electricity or sewer capacity can become substantially more expensive than originally anticipated.

An apparently attractive land deal may also prove unviable if the achievable density is too low or the approval process is unusually complex. Before committing to a purchase, investigate whether the land can accommodate the proposed number and type of homes.

Where possible, structure acquisition arrangements to allow appropriate due diligence and the satisfaction of necessary conditions.



8. Step Five: Build a feasibility that can survive reality

Every development begins with a financial model. But a good feasibility study does more than calculate the difference between construction costs and projected selling prices. It accounts for the entire development journey.

- Your feasibility must include
- Land acquisition and associated transaction costs.
- Professional fees and statutory charges.
- Site preparation and infrastructure requirements.
- Construction costs and contingencies.
- Finance costs and working capital.
- Marketing, sales and transfer costs.
- Taxes, project timing and expected profit.
- Training and practical exposure

The numbers must then be stress-tested. What happens if construction costs rise? What if approvals take six months longer? What if buyers take longer to secure bonds? A development that is profitable only when everything goes perfectly is not a robust investment.

ALSA's standardised tools and professional support are intended to help franchise owners assess projects more systematically. However, the developer remains responsible for understanding the assumptions and commercial risks.

9. Step Six: Structure the development and secure finance

Development finance differs significantly from an ordinary residential mortgage. Funders want evidence that the project is viable, the team is capable and there is a credible route to recovering the capital advanced.

They may examine the land, equity contribution, approvals, presales, contractor capability, projected cash flow and exit strategy. ALSA's model provides for the use of a ring-fenced special-purpose vehicle, or SPV, for each development.

This helps separate the project's financial activities from the franchise owner's broader business operations and provides a clearer structure for investors and lenders. The SPV arrangements must define ownership, funding, contractual authority, fees and the distribution of proceeds.

An SPV does not automatically protect participants from every liability, and it does not guarantee finance. Independent legal, tax and financial advice remains essential.

The objective is to establish a transparent, properly governed project that lenders and partners can assess with confidence.

10. Step Seven: Build the team and deliver the homes

Once the project has passed feasibility, secured appropriate funding and obtained the necessary approvals, the focus shifts to delivery. Property development is a team effort.

Architects, engineers, quantity surveyors, town planners, contractors, project managers, sales specialists and conveyancers may all be involved.

The franchise owner must ensure that these disciplines work towards the same commercial and delivery objectives. Construction programmes, procurement, quality control, payment certifications, variations and reporting require constant attention.

Small delays and uncontrolled changes can quickly erode development margins. ALSA's centralised development systems are intended to support franchise owners through these stages. But local execution remains critical.

The goal is not simply to complete buildings. It is to deliver homes that meet the required standards, within a controlled budget, to buyers who can complete their purchases.

11. Step Eight: Sell, transfer and build a repeatable business

A development is not commercially complete when the last brick is laid. The sales and transfer process is equally important.

Buyers must be able to secure the necessary finance, contracts must be properly managed and transfers must proceed in accordance with the project's requirements.

Cash flow must be monitored through the final stages, including the settlement of outstanding obligations. Once a project is completed, the franchise owner should assess what worked, what caused delays and what could be improved. This is how a single development can become the foundation of a repeatable business.

Each successfully delivered project can strengthen professional relationships, improve local market knowledge and provide practical experience for the next opportunity. The ambition should not be to build one profitable project and stop.

It should be to establish the systems, credibility and financial discipline required to deliver sustainable housing developments over time.



12. The Bigger Opportunity: Building homes and local economies

Affordable housing development can generate benefits well beyond the sale of individual homes. New developments can create construction employment, support local suppliers and stimulate demand for professional services. They can also contribute to more established neighbourhoods and improved access to property ownership.
For local entrepreneurs, the franchise model offers a potential route into a sector that has traditionally required substantial expertise and resources.

For landowners, it creates the possibility of working with capable developers to unlock suitable sites.

For communities, the greatest benefit is the delivery of appropriately priced homes in locations that support everyday life.

But these outcomes depend on sound project selection, responsible development and genuine affordability. The size of the national housing challenge does not remove the need for commercial discipline. It makes that discipline even more important.

THE BOTTOM LINE | COULD YOU BE PART OF THE SOLUTION?

South Africa's estimated two-million-home housing backlog represents more than a national development challenge.

It is a call for new thinking, stronger partnerships and more capable local developers. The opportunity is substantial, but it will not be realised through enthusiasm alone.

Successful affordable housing development requires a clear understanding of buyers, viable land, disciplined feasibility, appropriate finance, capable delivery teams and strong governance.

ALSA's franchise-led approach offers suitable entrepreneurs and property professionals a structured pathway into this market, supported by established systems, training and specialist expertise.

For someone already involved in property investment, construction, design, engineering or business, the next opportunity may be to move beyond owning property and begin creating it.

South Africa needs more affordable homes. The question is whether you have the experience, resources and commitment to help build them.

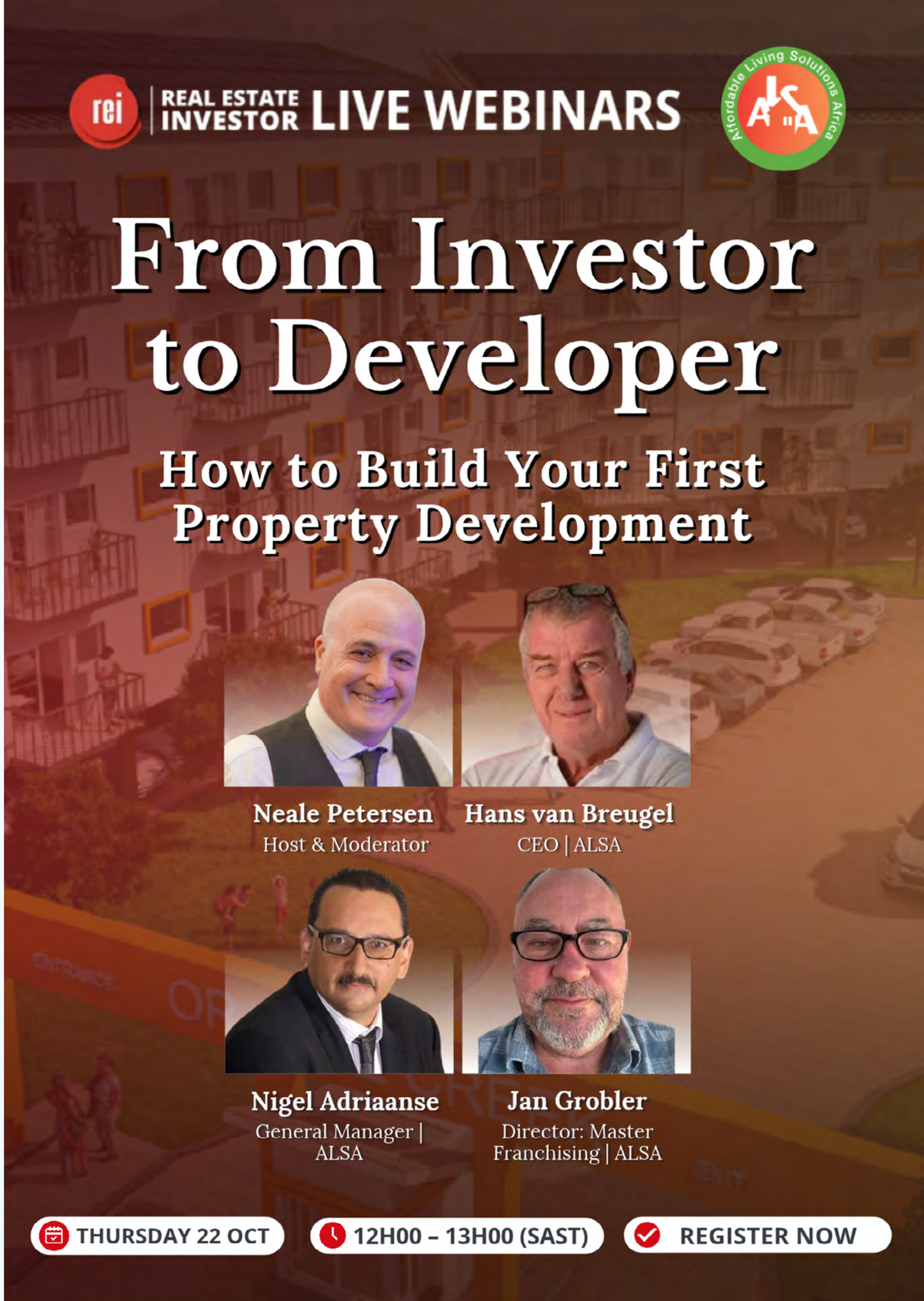
YOUR NEXT STEP | EXPLORE THE ALSA FRANCHISE OPPORTUNITY

Could you become an affordable housing developer in your region? ALSA invites suitably qualified property investors, entrepreneurs, landowners and built-environment professionals to explore its property development franchise model.

Start with an introductory discussion about your experience, resources, location and potential suitability.

REGISTER YOUR INTEREST
Website: www.alsa.co.za
Franchise enquiries: https://alsa.co.za/#contact
Contact: Juanita de Beer +27 79 499 5386
Prospective franchisees should request the current franchise disclosure documentation, fees, capital requirements, eligibility criteria and contractual terms directly from ALSA.

COMING NEXT | PART 3
Financing Your First Affordable Housing Development
We examine how development finance works, what funders look for, how much capital a developer may need and why presales, feasibility and cash-flow management can determine whether a project succeeds.



INVESTING

By Jaco Grobbelaar



Why South Africa still makes sense for property investors

Despite economic uncertainty, difficult tenants and rising ownership costs, South African property still offers opportunities. The secret is buying well, managing risk and building sustainable rental income.

Whenever I speak to property investors, I hear the same questions. What if interest rates rise? What if property prices don't increase?

What if I buy in the wrong neighbourhood? And perhaps the biggest concern of all: what happens if my tenant stops paying rent?

These are not unreasonable fears. Anyone who has owned investment property for long enough knows that things can go wrong.I've experienced the challenges of managing properties, dealing with tenants and navigating difficult economic conditions. Yet I remain convinced that South African property can be one of the most accessible ways for ordinary people to build long-term wealth; provided they approach it as an investment business rather than a gamble.

The mistake we sometimes make is confusing South Africa's challenges with the opportunities that exist within the country. Yes, we face unemployment, pressure on household finances, infrastructure problems and economic uncertainty. These are real risks, and investors should never ignore them.

But a difficult economy does not automatically mean every property is a bad investment. In fact, uncertainty can sometimes create opportunities for investors who know what to look for. The real question is not whether South Africa is a perfect place to invest. It isn't.

The question is whether you can still buy the right property, in the right location, at the right price, and generate sufficient income to justify the investment. I believe the answer is yes. Here's why.

1. Housing is a necessity, not a luxury

One of the strongest reasons I continue investing in residential property is simple: people need somewhere to live. Regardless of what happens in the economy, families need accommodation. Young professionals need to live close to work. Students need access to educational institutions. Working adults need affordable homes near transport, shops and essential services.

That underlying need creates opportunities for investors who understand their local markets. However, demand for housing does not mean every property will be profitable.

There is a significant difference between buying a property because you like it and buying one because the investment numbers make sense. My strategy has increasingly focused on affordable accommodation for young working adults.

We identify properties in carefully selected areas, renovate them, furnish them and rent the bedrooms individually. The objective is to provide decent accommodation at a price tenants can afford while generating sufficient income to cover expenses and produce positive cash flow.

I am not particularly interested in owning a beautiful investment property that costs me thousands of rand every month. I want properties that can pay for themselves.



What investors should look for

- **Location:** Access to employment, transport, shops and everyday services.
- Affordability: Rental levels that match what the target market can realistically pay.
- **Demand:** Evidence that suitable tenants are actively looking for accommodation.
- **Property suitability:** A layout and condition that support the intended rental strategy.
- **Income potential:** Rental revenue that can cover ownership and operating costs.

The opportunity lies in matching the right property with a genuine housing need.

2. You make your money when you buy

I often tell investors that you make your money when you buy a property, not when you sell it.

What I mean is that the purchase price, financing structure, renovation budget and realistic rental income largely determine whether an investment will succeed. Consider a practical example.

INVESTMENT COMPONENT	AMOUNT
Property purchase price	R680,000
Renovation budget	R100,000
Total before transaction and finance costs	R780,000
Potential value after improvements	R950,000
Potential monthly rental income	R14,850
Potential annual gross rental income	R178,200

On paper, that looks attractive. The improvements could create approximately R170,000 in additional property value before transaction costs, financing costs and other adjustments.

Annual gross rental income of R178,200 would represent approximately 22.8% of the R780,000 acquisition-and-renovation cost. But that is a gross illustrative yield, not a net investment return. The investor must still deduct the bond repayment, rates and taxes, levies, insurance, maintenance, utilities where applicable, management fees, vacancy allowances and other expenses.

The R950,000 valuation and R14,850 rental income must also be supported by independent market evidence, not assumptions.

If the property cannot support its expenses under realistic conditions, the investment may not be as attractive as it initially appears.

Five numbers every investor must calculate

Total acquisition cost
Purchase price, transfer costs, legal fees and renovations.
Realistic rental income
What tenants will actually pay, not what you hope to achieve.
Monthly operating costs
Rates, levies, insurance, maintenance and management.
Financing costs
Bond repayments and the effect of potential interest-rate changes.
Net cash flow
What remains after all expenses, debt servicing and reasonable provisions.

One of the biggest mistakes investors make is buying a property that loses money every month while hoping capital appreciation will eventually rescue the investment.

Capital growth is valuable, but it should not be the only reason a deal makes sense.

My preference is to buy properties where the rental income supports the investment from the beginning.

3. Your biggest risk may be living inside your property

Property investors often spend considerable time worrying about interest rates, valuations and maintenance. Yet one of the biggest risks may be the person living inside the property.

I recently interviewed tenant-screening specialist Ross Fitzcharles founder of Preferental, and our conversation reinforced something every landlord should understand.

You can purchase a great property, negotiate an excellent price and arrange competitive financing. But if you place the wrong tenant, that one decision can destroy months, sometimes years of positive cash flow.

When a tenant stops paying, your expenses don't stop. The bank still expects its bond repayment. The body corporate still requires its levies. The municipality still expects rates and taxes.

And if the situation leads to an eviction process, the landlord may face lost rental income, legal costs and lengthy delays.

This is one of the reasons many South Africans are afraid to invest in rental property. I don't believe the answer is to avoid investing. The answer is to become better at managing tenant risk.

4. Tenant screening: Can they pay, and will they pay?

One of the most important lessons from my conversation with Ross is that landlords need to establish two things about a prospective tenant: Their ability to pay and their willingness to pay. These are not necessarily the same.

Imagine someone earning R60,000 per month applying to rent a property for R12,000. At first glance, that appears affordable. But what if the applicant has significant debt repayments, regularly uses short-term credit and has a history of missing payments?

A good salary does not automatically make someone a reliable tenant. As a general starting point, Ross suggested looking for net monthly income of approximately three times the rental amount. However, that is only an initial affordability guide, not a guarantee of payment. Landlords must also understand the applicant's expenses, existing financial commitments and payment behaviour.

Five essential tenant-screening checks

- **Verify income:** Confirm employment or another reliable source of earnings.
- **Assess affordability:** Review disposable income after debt and living expenses.
- **Check payment behaviour:** Examine relevant credit and rental payment history.
- **Authenticate documents:** Verify payslips, bank statements and supporting information.
- **Check rental references:** Where available, establish how the applicant treated previous rental obligations.

These checks should be conducted lawfully, consistently and with appropriate consent and protection of personal information. Another emerging challenge is the ease with which documents can be manipulated using digital tools and artificial intelligence.

Bank statements, payslips and employment letters can be altered in ways that are difficult to detect simply by looking at them. That means landlords can no longer rely only on a friendly conversation, a positive first impression and a few documents.

Good tenant screening is not about making it difficult for people to rent.

It is about protecting both the property investment and the integrity of the rental relationship.

5. Technology is making property investment more manageable

When I started managing my own rental portfolio, we used Google Forms for applications and several different software platforms to complete checks. It was time-consuming and created opportunities for mistakes.

As our portfolio grew to approximately 100 rental units, we brought rental management in-house.

That required us to develop more professional systems and become much more disciplined. One of the tools that helped us was Preferental, a tenant-screening platform developed by Ross and his team.

Today, technology can help landlords assess affordability, review credit behaviour, analyse bank statements and identify potential document irregularities much more efficiently. It cannot eliminate every risk, and human judgement remains important, but it can improve the quality and consistency of decisions.

Technology is also making rental guarantees and deposit-related solutions more accessible. Certain products may provide protection against rental defaults, support with eviction-related processes or limited cover for property damage, depending on their terms and conditions. Investors must examine exclusions, waiting periods, limits and costs before relying on these products.

Where technology can make a difference

- Faster and more consistent tenant applications.
- Improved document and affordability verification.
- Better rental collection and arrears monitoring.
- More accurate maintenance and expense records.
- Easier portfolio reporting and financial oversight.

For me, the important lesson is that property investment is a business. And like any successful business, it needs systems, processes, reliable information and sound management.

6. South Africa still rewards investors who do their homework

- I believe there is a dangerous narrative that South Africa has become a country where it is impossible to build wealth. I simply don't agree.
- There are areas where I would not invest.
- There are properties I would never buy, regardless of how cheap they appear.

There are rental arrangements that do not suit my investment strategy. A property in a popular neighbourhood is not automatically a good investment.

That is precisely why research and education matter. A cheap property is not necessarily a bargain. An attractive rental yield is not necessarily a profitable return.

Before buying, ask yourself:

- Who is the target tenant, and can they afford the rent?
- Is there sufficient demand in this particular location?
- What condition is the property in, and what repairs will be required?
- Are the zoning, body corporate rules and rental arrangements suitable?
- What will the property cost to operate every month?
- How will the investment perform if interest rates rise or rental income is interrupted?
- What is the exit strategy if circumstances change?

Investors who answer these questions before buying are far better positioned to avoid expensive mistakes. You do not need to invest everywhere. You need to understand the markets in which you choose to invest.

7. Property wealth is built over time

One of the advantages of property investment is the ability to use borrowed money to acquire an income-producing asset. When structured responsibly, rental income can contribute towards servicing the debt.

As the outstanding bond reduces, the investor's equity can increase. If the property also appreciates in value, that may create further wealth. But borrowing money introduces risk as well as opportunity.

Higher interest rates, vacancies and unexpected expenses can put pressure on cash flow. That is why I believe in building a portfolio gradually, reinvesting where appropriate and maintaining adequate financial reserves.



There is a significant difference between growing a property portfolio and building a financially resilient portfolio. The second should always be the objective.

THE BOTTOM LINE | INVEST WITH KNOWLEDGE, NOT FEAR

South Africa will continue to face challenges. There will be difficult economic cycles, changing interest rates, pressure on tenants and periods when property prices disappoint. But people will continue to need accommodation.

And investors who provide the right accommodation, at the right price, in the right location will continue to find opportunities. I don't invest in South African property because I believe everything in our country is perfect.

I invest because I understand that opportunities still exist, risks can be managed and well-selected income-producing properties have the potential to build substantial wealth over time.

The most important decision is not simply whether to invest in South Africa. It is whether you have done enough homework to invest wisely. Don't allow fear to make your decisions for you. But don't allow optimism to replace your calculations either.

Buy well. Know your numbers. Choose your tenants carefully. Manage your properties professionally. And build wealth one sound investment at a time.

About the author

Jaco Grobbelaar is the founder and CEO of Prosperity Enterprises, a South African property investment education and structuring business. He is also the author of Prosperity Through Property. Through his experience as an investor and property entrepreneur, he focuses on helping South Africans understand property investment, manage risk and build sustainable wealth.



Lightstone

We simplify the complex



Unlock the Power of Seller Intelligence

Ready-to-sell leads. Verified property owners. Targeted opportunities.

The Lightstone Seller Leads Report puts you in front of the right sellers – before your competitors even know they exist.

If you have a Lightstone subscription, just sign in on your phone and go.

Go to **toolkit.lightstone.co.za**

010 822 8687 | support@lightstone.co.za | www.lightstone.co.za

WEALTH BUILDING

Infinite Capital From R1 million to R50 million: The Property Wealth Playbook



Gerhard Van Der Westhuizen

R5 MILLION

R10 MILLION

R20 MILLION

R50 MILLION

How do you turn your first investment property into a multimillion-rand portfolio?

Gerhard Van Der Westhuizen explains how capital recycling, rental income, smart financing and disciplined investment decisions can create a foundation for long-term property wealth.

REGISTER NOW
OCTOBER WEBINAR

The biggest challenge is funding your next property

Buying your first investment property is an important milestone. But for many South African investors, the real challenge begins when they want to buy their second, third or fourth property.

After paying a deposit, transfer costs and other acquisition expenses, much of their available capital is tied up in the first investment.

The conventional approach to save another deposit and increase personal finance capacity could take several years.

But what if the value already created in your existing property could help finance the next opportunity?

This is the principle behind capital recycling, a strategy that seeks to reuse available capital, accumulated equity and investment profits to expand a property portfolio.

At Wealth Assist, we believe successful portfolio building requires more than simply acquiring additional properties. It requires a coordinated approach to financing, income generation, risk management and long-term capital growth.

The objective is to create a portfolio in which each investment strengthens your financial position and improves your ability to pursue the next opportunity.

Step 1: Understand what R50 million really means

Growing from a first property worth R1 million to a portfolio valued at R50 million is an ambitious long-term objective. But it is important to distinguish between property value and actual wealth.

A portfolio with a market value of R50 million does not necessarily mean its owner has R50 million in equity.

Consider this example:

Portfolio measure	Value
Total property market value	R50 million
Outstanding property debt	R30 million
Investor's equity	R20 million

In this example, the investor controls R50 million in property assets but has approximately R20 million in equity before selling costs and applicable taxes.

This distinction matters because borrowing increases purchasing power, but also increases financial obligations.

The goal should never be to accumulate the largest possible portfolio without understanding its debt, operating expenses and actual cash flow.

INVESTOR LESSON

Measure portfolio success through equity, sustainable rental income and financial resilience, not property value alone.

Step 2: Buy your first property with the second in mind

Your first investment should establish a foundation for future growth. That means choosing a property based on its financial performance rather than emotional appeal. Before purchasing, investigate:

- **Rental demand:** Are there enough qualified tenants in the area?
- **Realistic rental income:** What are comparable properties actually achieving?
- **Operating expenses:** What will rates, levies, insurance, maintenance and management cost?
- **Vacancy risk:** How long could the property remain unoccupied between tenants?
- **Financing affordability:** Can you comfortably service the bond?
- **Future investment potential:** Will this property strengthen or restrict your ability to borrow again?

For example, a property generating R12,000 in monthly rent may initially appear attractive. But if operating expenses and reserves total R5,000, only R7,000 remains before bond repayments and tax.

If the monthly bond instalment exceeds R7,000, the property produces negative cash flow. That shortfall must be funded from the investor's salary or other income.

This is why a property that looks affordable at the purchase stage may become a financial obstacle when attempting to acquire the next investment.

At Wealth Assist, our approach is to identify opportunities where the acquisition price, income potential and financing structure create a stronger foundation for future growth.



Step 3: Understand the power of capital recycling

Capital recycling is the process of releasing or reusing capital from an existing investment to fund another opportunity. Rather than saving a completely new deposit for every purchase, investors may be able to use accumulated equity, realised profits or retained rental income. There are several ways this can work.

- **Buying below market value**
  Purchasing at a genuinely favourable price may create an initial equity advantage, provided the valuation is independently supportable.
- **Improving the property's income**
  Increasing rental income, reducing operating expenses or making financially justified improvements can strengthen the investment's performance.
- **Refinancing an existing property**
  Where sufficient equity and affordability exist, a lender may approve additional borrowing against an existing asset.

Selling and reinvesting

An investor may choose to sell a property, realise the available equity and reinvest the proceeds into an opportunity with stronger growth or income potential. The key is that capital recycling must create genuine financial value.

A higher valuation does not automatically mean a bank will advance more money. Lending decisions remain subject to credit assessment, affordability, existing commitments and the lender's requirements.

INVESTOR LESSON

Releasing equity creates additional borrowing capacity, not free capital. Any additional debt must be supported by sustainable income.



Step 4: Make rental income work harder

In the early stages of property investing, salary or business income plays a major role in supporting finance applications. As the portfolio grows, rental income and the performance of existing properties become increasingly important.

This is where net disposable income (NDI) becomes a critical consideration. NDI is the amount of income remaining after relevant expenses and financial commitments have been deducted.

Banks assess an applicant's ability to service additional debt, which may include consideration of salary, business income, rental income and existing liabilities. An investor with several properties but consistently negative cash flow may struggle to qualify for further finance.

Conversely, a portfolio with dependable rental collections, manageable debt and appropriate reserves can provide a stronger foundation for future applications. Maintain accurate records of:

- Signed lease agreements and rental escalations.
- Monthly rental collections and arrears.
- Rates, levies, insurance and operating expenses.
- Maintenance and capital expenditure.
- Outstanding bond balances and repayment histories.
- Available cash reserves and retained profits.

These records are not merely administrative. They help investors understand whether their portfolio is genuinely performing and support discussions with prospective lenders.

Step 5: Create value instead of relying on appreciation

One of the biggest mistakes investors make is assuming that property prices will continue rising at a predictable rate. Capital appreciation can contribute significantly to long-term wealth, but it should not be the only reason for buying an investment.

At Wealth Assist, we favour identifying opportunities where value can be established through the purchase structure, income generation and disciplined management. However, not every renovation increases a property's market value by the amount spent.

A R200,000 refurbishment, for example, does not automatically create R200,000 in additional equity. Investors must calculate the full cost of acquisition, renovations, finance charges, holding expenses and any additional rental income or value generated. It is equally important to assess competition.

Imagine purchasing units in a development where another 80 similar apartments are available to tenants. Can you realistically assume annual rental increases of 10% if competing landlords are offering similar accommodation?

Rental growth must be supported by genuine market demand, not optimistic projections.

INVESTOR LESSON

Build the investment case around demonstrable value and realistic income, rather than assuming future market growth will solve today's financial weaknesses.

Step 6: Know when to hold, refinance or sell

Not every investment property needs to remain in a portfolio indefinitely. Some properties are best held for long-term rental income and debt reduction.

Others may create greater value when sold, allowing the investor to redeploy capital into another opportunity. Before deciding, consider three questions.

1. **Should I hold?**
   Does the property generate reliable income, have manageable operating costs and offer reasonable long-term prospects?

2. **Should I refinance?**
   Can additional equity be released at an affordable cost without placing unnecessary pressure on cash flow?

3. **Should I sell?**
   Would the net proceeds, after settling debt, transaction costs and applicable taxes, produce a better result if reinvested elsewhere?

A growing portfolio may use all three strategies at different stages. The objective is not to hold every property forever. It is to allocate capital where it can work most effectively.

Step 7: Scale the portfolio without losing financial control

A R50 million property portfolio can take many forms. It could comprise:

- 25 properties averaging R2 million each.
- 10 properties averaging R5 million each.
- A combination of residential homes, multi-unit developments and other income-producing properties.

The number of properties is less important than their combined financial performance. Consider a highly leveraged portfolio worth R50 million with debt equal to 80% of its value. That would represent R40 million in outstanding borrowing.

At an illustrative interest rate of 10.75% over 20 years, the monthly repayment on R40 million would be approximately R406,000. This is a substantial monthly commitment before rates, levies, maintenance, insurance and other operating costs.

It demonstrates why investors must pay close attention to the relationship between debt and income. As a portfolio grows, investors should regularly stress-test:

- Higher interest rates.
- Unexpected vacancies.
- Rental arrears and defaults.
- Maintenance and refurbishment costs.
- Slower rental growth.
- Reduced property valuations.

Sometimes the best next step is to acquire another property. At other times, the smarter decision is to strengthen cash reserves, reduce debt or improve the performance of existing assets. Sustainable growth is more important than rapid growth.

Step 8: Give the strategy time

There is no universal timeline for growing a property portfolio from R1 million to R50 million. The outcome depends on starting capital, income, access to finance, acquisition prices, rental yields, investment returns and prevailing market conditions.

Some investors may progress faster through favourable acquisitions or successful development opportunities. Others may build steadily through salary savings, retained rental surpluses, debt reduction and periodic refinancing.

Wealth Assist's approach combines investment planning, financing strategies and professional support to help investors assess opportunities and structure their longer-term portfolio growth.

An important part of this process is stress-testing each acquisition before committing capital.

The question should not simply be, "How quickly can I reach R50 million?" A better question is:

"Will this next investment improve my cash flow, strengthen my equity and leave me in a better position to invest again?"

The bottom line: Build capital before chasing scale

Property wealth is rarely created through a single transaction. It is built through a series of carefully considered decisions; buying well, managing income, controlling debt, protecting capital and reinvesting where appropriate.

Capital recycling can help investors move beyond the limitations of low available cash. But it is not a shortcut to guaranteed wealth. Every transaction must stand on its own financial merits, and every new borrowing commitment must be affordable.

At Wealth Assist, our focus is on helping investors combine short-term opportunities, longer-term income generation and disciplined capital management into a sustainable portfolio strategy.

The goal is not simply to own R50 million in property. It is to build a financially resilient portfolio that creates lasting income, equity and long-term wealth.

About Wealth Assist

Wealth Assist works with property investors on investment planning, capital structuring and portfolio-building strategies, including approaches designed to recycle capital into future opportunities.

- Website: www.wealthassist.co.za
- Telephone: +27 21 2015344
- Email: invest@wealthassist.co.za

Investment examples are illustrative. Property values, refinancing terms and lending approvals depend on individual circumstances and market conditions. Returns and portfolio growth are not guaranteed.

Portfolio Timeline

YEARS · PROPERTIES · MARKET VALUE

Year	No of Properties	Market Value
1	1	R1 333 333
2	2	R2 576 379
3	3	R2 714 736
4	3	R4 181 141
5	4	R4 439 490
10	6	R11 115 402
15	9	R19 831 214
20	11	R36 588 053
25	14	R39 051 247
30	16	R59 517 121

Join us for the webinar, where we'll walk you through the detailed numbers behind this strategy and explore its potential in practice.



STUDENT ACCOMMODATION

Student Housing: The numbers every investor must know

By Retha van Rooyen



South Africa's student housing shortage presents a major investment opportunity, but new research reveals why rental caps, rising costs and local demand must be measured before buying.

South Africa's student accommodation market has long been described as one of the country's biggest property investment opportunities.

The argument sounds compelling. Hundreds of thousands of students need somewhere to live, the demand for affordable accommodation is significant, and the National Student Financial Aid Scheme (NSFAS) plays a major role in funding qualifying students' accommodation.

But how much of the reported shortage is real? What does a landlord actually earn from a student bed? And, perhaps most importantly, how much does that bed cost to operate?

For years, investors have relied on estimates, assumptions and widely repeated industry figures to answer these questions. I know this because I operate in the sector myself.

Through My Student House, we manage 1,879 NSFAS-accredited student beds across five cities. Over time, I became increasingly frustrated by how little reliable information was available to investors, property owners and lenders. So we decided to measure it.

In August 2026, we published the first MSH Student Accommodation Monitor, a 32-page research report drawing on 39 sources, approximately 1.4 million NSFAS accommodation payment records, a census of around 9,600 accredited properties across seven provinces, deeds-registry information and our own operating accounts.

Our objective was straightforward: replace speculation with evidence. The findings raise important questions about the profitability, affordability and future sustainability of student accommodation in South Africa.

1. The Student Housing Shortage: What do the

Ask ten people involved in student accommodation how many beds South Africa needs, and you will probably hear a familiar answer: somewhere between 300,000 and 500,000. But where do those figures come from?

Our research found that several widely quoted estimates originate from different documents produced at different times, measuring different things. One frequently repeated figure was actually a government delivery target, rather than a measured shortage. That distinction matters.

A national housing shortage does not automatically mean there is an investment opportunity in every university town, neighbourhood or building. A city may have strong overall student demand while a particular area has too many beds, poor transport access or accommodation that students cannot afford.



The Monitor presents a modelled national shortfall of approximately 511,600 beds, with its methodology and sources documented in the report. But investors should not interpret that national figure as proof that every proposed development will attract tenants.

What investors need to understand

- National demand is not local demand. A countrywide shortage does not guarantee occupancy in a specific suburb.
- Accreditation matters. Not every available bed qualifies for NSFAS-funded accommodation.
- Location remains critical. Proximity to campuses, transport and essential services affects demand.
- Quality and affordability influence occupancy. Students need accommodation they can access, afford and live in safely.
- Local supply must be measured. Investors need evidence of existing beds, new developments and actual vacancies.

THE LESSON

Don't invest simply because South Africa needs more student beds. Invest because a specific location needs the type of accommodation you can profitably provide.

2. What does a student bed actually earn?

One of the biggest misconceptions in the market concerns the rental income that landlords receive. Investors frequently refer to the NSFAS accommodation cap of R5,200 per bed per month. It is an attractive headline number.

But the maximum approved amount is not necessarily what reaches the property owner's bank account. Depending on the institution and applicable arrangements, deductions and accreditation-related charges can reduce the amount ultimately received.

Our research examined the payments that landlords actually receive across different institutions. The findings were revealing. Against the same R5,200 cap, the amount received by a landlord ranged from R4,388 to R5,200 per bed per month. That is a difference of R812 per bed every month.

What the difference means for a 20-bed property

Rental calculation	Monthly	10 paid months
At R5,200 per bed	R104,000	R1,040,000
At R4,388 per bed	R87,760	R877,600
Difference	**R16,240**	**R162,400**

Illustrative calculation assuming 20 funded beds, full collection and ten paid months.

For an investor assessing a 20-bed property, that difference could amount to R162,400 over a ten-month payment period. And that is before accounting for municipal services, maintenance, security, management and financing.

Three questions before calculating rental income
What is the approved accommodation rate for the institution and property?

What deductions apply before the landlord receives payment?
How many months of rental income can realistically be collected each year?

THE LESSON

Underwrite the investment using the amount you can reasonably expect to collect, not simply the advertised funding ceiling.

3. What does it really cost to operate a student bed?

Rental income is only half the investment equation. The other half is operating expenditure. Until now, the sector has had limited publicly available, comparable information on what it costs to manage and maintain an occupied student bed.

We used properties where both the owner's expenses and the operator's costs were available in the same accounting records. Measured over seven months of 2026, the average operating cost was approximately R1,622 per occupied bed per month.

Municipal services accounted for nearly one-third of that amount. These figures come from our measured operating sample, rather than a universal cost benchmark for every student property.

Nevertheless, they demonstrate why investors need to examine the full cost structure. Where the money goes.

Student accommodation expenses can include:

- Municipal services: Electricity, water, refuse removal and other service charges.
- Property ownership costs: Rates, levies and insurance.
- Management: Administration, collections, tenant support and operational oversight.
- Maintenance: Repairs, replacement of furniture and general upkeep.
- Security and compliance: Access control, safety measures and applicable standards.
- Connectivity and shared facilities: Internet access and communal amenities where provided.

The cost structure will differ between converted houses, apartment buildings and purpose-built student residences.

A property offering furnished rooms, shared facilities and comprehensive services may have a very different expense profile from a conventional residential rental.

Why investors should be concerned
Our analysis also found that the cost of serving a student bed had increased by approximately 51% since 2021, while the state-administered accommodation ceiling had changed comparatively little. This creates a growing financial squeeze.



Landlords face rising operating expenses, but they cannot necessarily increase their rental income to compensate. For new developments, the challenge can be even greater because construction costs, borrowing costs and required investor returns must also be covered.

THE LESSON

A property can be fully occupied and still deliver disappointing returns if operating costs are not properly understood.

4. The Investment Trap: High demand does not guarantee profit

Student accommodation is often promoted as an attractive investment because of its potential rental income per room or per bed. Converting a house into several student rooms may appear to produce a stronger gross yield than renting the entire property to one household. But the comparison can be misleading.

Student accommodation can involve more intensive management, greater wear and tear, additional services and different collection arrangements. An investor must also consider periods when students are away, the number of funded rental months and the potential for payment delays.

Before buying a student property, calculate:

- **Gross rental income:** The total rent the property could earn if every available bed is occupied and paid for.
- **Effective rental income:** What is realistically expected after allowing for vacancies, deductions, collection losses and unpaid periods.
- **Net operating income:** Effective income remaining after normal property operating expenses, before financing and income tax.
- **Cash flow after finance:** The money remaining after operating costs and bond repayments.
- **Return on invested capital:** The return relative to the actual cash committed to buying, renovating and financing the property.

These measures answer different questions. A high gross rental yield does not automatically mean a strong net return. A property that produces a positive operating surplus may still struggle to meet its monthly debt repayments.

The Monitor includes a worked example of a 20-bed student property purchased at current asking-price assumptions and operated using measured costs. We deliberately avoided flattering the numbers. Investors need realistic calculations, not projections designed to make every deal look attractive.

5. Accreditation and location can change the investment case

Two student properties may look similar on paper but produce very different financial outcomes. The reason may have little to do with the building itself. Accreditation status, institutional arrangements, grading, allowable charges and local occupancy can all influence profitability.

Our research examined approximately 9,600 accredited properties across seven provinces, including their grading and the rates they were eligible to charge.

We also identified differences in performance across the regions in our own portfolio, including one region with occupancy approximately ten percentage points below the others. That is an important reminder that even a market facing a national accommodation shortage can experience localised oversupply

Five due-diligence checks for investors

- **Confirm accreditation:** Establish the property's current accreditation status, conditions and renewal requirements.
- **Understand the grade:** Verify how the property's grading affects the amount it may charge.
- **Study local occupancy:** Ask for actual vacancy and collection records rather than relying on national demand estimates.
- **Investigate competing supply:** Identify existing residences and developments planned near the campus.
- **Verify institutional payment arrangements:** Understand who pays, when payment is expected and which deductions apply.

THE LESSON

The quality of an investment depends on the specific property, its institutional arrangements and its local market, not simply the size of the national student housing shortage.

6. Is the current accommodation cap sustainable?

This is becoming one of the most important questions facing South Africa's student accommodation industry. If the cost of operating a bed rises faster than the accommodation funding available, landlords face declining margins. For developers, the problem is more complicated.

A new student residence must generate enough income to cover its operating expenses while also supporting construction costs, financing and an acceptable return on capital. Our next Monitor will examine what an economically sustainable accommodation rate might look like.

The calculation considers:

- Measured operating costs per bed.
- Capital required to develop or acquire the accommodation.
- The cost of financing that capital.
- Ten months of rental income against twelve months of ownership and operating obligations.
- Reasonable allowances for collection losses.

We also compared our methodology with figures presented to Parliament by purpose-built student accommodation developers in August 2026.

Despite using independently developed calculations, the resulting estimates were within approximately 0.86% of each other. That convergence is encouraging, although the underlying assumptions and the types of beds being priced still matter. It suggests that a more evidence-based conversation about funding levels is possible.

Why the distinction matters

A rental rate that supports an existing building purchased years ago may not support a new development financed at today's construction and borrowing costs.

Similarly, a funding model suitable for a major metropolitan university may not work in a smaller university town. If the sector wants to attract new investment, it must understand the economics of different types of accommodation.

The question is no longer simply how many beds South Africa needs. It is how to fund and deliver beds that are financially sustainable.

7. Why better data could unlock better investment

Student accommodation sits at the intersection of education policy, property investment, public funding and private-sector development. That makes reliable information particularly important.

Investors need to know whether a property will generate sustainable returns. Lenders need dependable income and expense assumptions. Developers need to understand where demand justifies new construction. Universities and policymakers need credible evidence of the accommodation that already exists and where additional supply is required.

For too long, these decisions have been influenced by figures that are difficult to verify or compare. The MSH Student Accommodation Monitor is intended to help change that.

Its first edition brings together payment data, accreditation information, property-market evidence and real operating costs. Future editions will examine accommodation funding, development economics and changes affecting accredited providers.

The aim is not to suggest that every student property is a good investment. It is to help investors distinguish between opportunities supported by evidence and those supported mainly by optimistic assumptions.

THE BOTTOM LINE | INVEST IN THE NUMBERS, NOT THE SHORTAGE

South Africa's need for student accommodation remains an important property investment theme. But a large national shortage is not an investment strategy. Neither is an attractive advertised rental cap.

Successful investors must understand what their property is permitted to charge, what they will actually collect, how much it costs to operate and whether local demand can sustain occupancy.

They must also understand the risks created by administered rental rates, accreditation requirements and changing funding arrangements. My message to investors is straightforward: measure before you invest. A well-located, properly accredited and efficiently managed student property can offer an attractive opportunity. But the numbers must work at the individual property level.

The more accurately we measure this sector, the better equipped investors, lenders and developers will be to make decisions that support both sustainable returns and the accommodation students genuinely need.

GET THE FULL STUDENT ACCOMMODATION MONITOR

Free 32-page research report | 39 sources | Data-driven market intelligence

The first MSH Student Accommodation Monitor includes detailed findings on student housing demand, accreditation, landlord receipts, operating costs and the financial performance of student accommodation.

Register to receive the full report, quarterly updates and future editions, including forthcoming research on sustainable accommodation funding.

REGISTER FREE

ABOUT THE AUTHOR

Retha van Rooyen is the founder and Managing Director of My Student House, which manages 1,879 NSFAS-accredited student beds across Cape Town, Potchefstroom, Port Elizabeth, Gauteng and Bloemfontein.

She is the author of Creating Wealth With Student Accommodation in South Africa and publishes The Student Property Insider, a monthly briefing focused on the accredited student accommodation market.

Through the MSH Student Accommodation Monitor, she brings together operating experience, market data and research to help investors, landlords and industry stakeholders make better-informed decisions.

Monitor and registration

REI INVESTOR INTELLIGENCE

STUDENT ACCOMMODATION BY THE NUMBERS

Figures reported in the August 2026 MSH Student Accommodation Monitor

511,600
Modelled national bed shortfall

R4,388 - R5,200
Monthly landlord receipts per bed against one cap

R1,622
Measured monthly operating cost per occupied bed

+51%
Increase in measured operating costs since 2021

Source: My Student House Student Accommodation Monitor, August 2026. Figures are research findings and sample-based measures, not independently verified national operating benchmarks.

RETHA VAN ROOYEN
STUDENT ACCOMMODATION INTELLIGENCE

The playbook.
The proof.

MY STUDENT HOUSE



THE INVESTOR'S GUIDE

HOW TO DO IT.

A practical, step-by-step playbook for investing in student accommodation in South Africa.

- Find the right property
- Get accredited
- Fill your beds
- Manage operations
- Maximise returns

R495

PRINT BOOK INCLUDES DELIVERY IN SOUTH AFRICA.

BUY THE BOOK →

THE MONITOR 2026

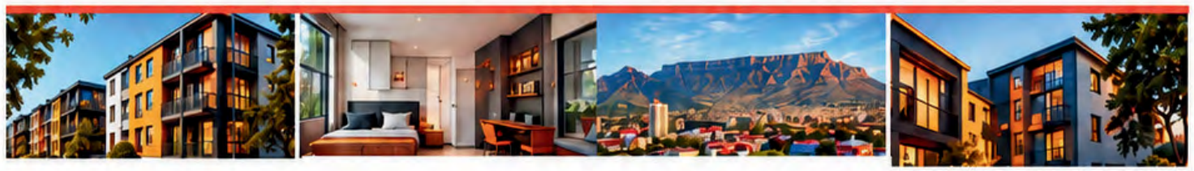
WHAT THE MARKET IS DOING.

An evidence-led annual report on demand, funding, returns and risk in South Africa's student accommodation market.

- **511,600** bed shortfall
- **R4,388–5,200** net per funded bed
- **R1,622** full cost to serve
- **1.4m NSFAS** accommodation payment records



GET THE FREE MONITOR →



LEGAL

Landmark BEE Ruling: What property investors need to know

By Cor van Deventer



A significant High Court judgment has challenged a key BEE compliance requirement under the Property Practitioners Act.

But what does it mean for property investors, estate agencies, landlords and commercial transactions? Cor van Deventer examines the ruling, its implications for regulatory certainty and why verifying Fidelity Fund Certificates remains essential.



Why this judgment matters to the property industry

In property investment, development and asset management, certainty is one of the most valuable commodities. Whether you are building a residential rental portfolio, acquiring commercial property, developing land or selling an investment asset, you need to understand the rules governing the transaction.

When those rules are unclear, the consequences extend beyond administrative inconvenience. They can delay transactions, disrupt businesses and expose property owners to financial and legal risks.

On 8 September 2026, the Gauteng Division of the High Court delivered an important judgment in Sakeliga NPC v Property Practitioners Regulatory Authority, examining aspects of the Property Practitioners Act 22 of 2019 (PPA).

Central to the dispute was section 50(a)(x), which required property practitioners to submit a valid BEE certificate when applying for or renewing a Fidelity Fund Certificate (FFC).

The court found this requirement constitutionally problematic because of uncertainty surrounding what constituted a valid certificate.
For estate agencies, brokers, managing agents and other affected practitioners, the judgment represents a significant development.

For property investors and landlords, however, the implications extend further. They concern regulatory certainty, the ability of practitioners to conduct business and the protection of property transactions.

Why legal certainty matters

South Africa's Constitution protects the freedom to choose a trade, occupation or profession, subject to lawful regulation. The property industry is appropriately regulated to protect consumers, maintain professional standards and support broader economic transformation. However, regulatory requirements must be sufficiently clear for businesses to understand what compliance entails.

The difficulty with section 50(a)(x) was its reference to a valid BEE certificate without adequately defining the requirements. This raised several practical questions:

- Which organisations were authorised to issue acceptable certificates?
- What Broad-Based Black Economic Empowerment (B-BBEE) contributor level was required?
- Would sworn affidavits from Exempt Micro Enterprises (EMEs) be accepted?
- Were B-BBEE certificates issued through the Companies and Intellectual Property Commission (CIPC) sufficient?

For businesses dependent on annual FFC renewals, these uncertainties could have serious consequences. An FFC is an important statutory requirement for property practitioners, and difficulties obtaining one can affect their ability to operate and earn remuneration.

The judgment therefore highlights a fundamental principle: regulatory objectives must be pursued through clear, lawful and predictable rules.

Before the ruling: A difficult compliance environment

When the Property Practitioners Act came into operation in February 2022, the Property Practitioners Regulatory Authority (PPRA) introduced compliance requirements affecting a broad range of property businesses.

The B-BBEE certificate requirement became particularly contentious. By early 2024, the PPRA was reportedly applying a minimum Level 8 B-BBEE compliance requirement as part of the FFC application process. This created difficulties for smaller businesses, including Exempt Micro Enterprises with annual turnover below R10 million.

Under the applicable B-BBEE framework, qualifying EMEs can generally demonstrate their status through prescribed sworn affidavits or relevant CIPC documentation. However, uncertainty over the documents accepted by the regulator contributed to administrative delays and disputes.

Estate agencies, managing agents and other practitioners faced the possibility of being unable to renew their certificates despite believing they had complied with the broader B-BBEE framework.

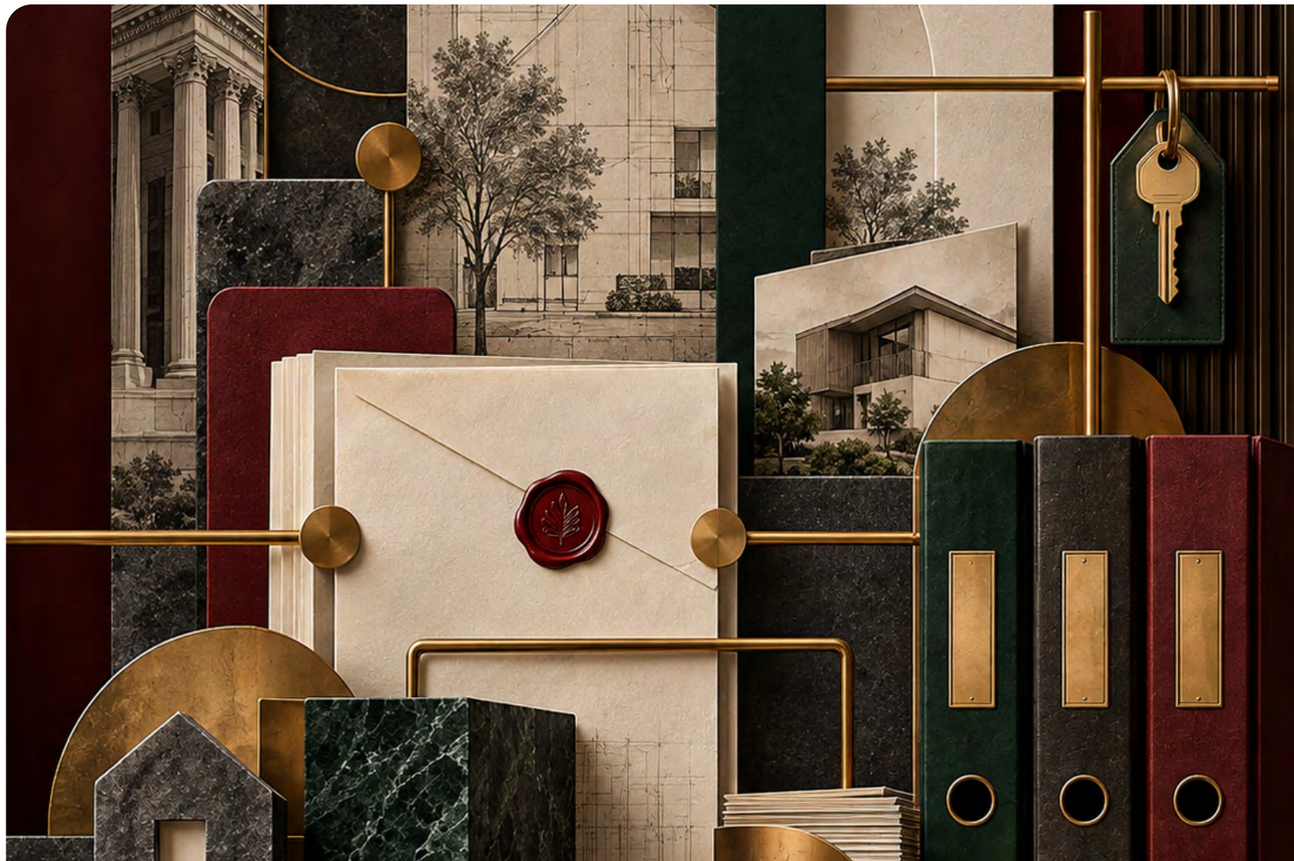
During 2024, the PPRA adjusted its approach to accepting certain EME documentation. While this provided some administrative relief, it did not resolve the underlying uncertainty in the statutory wording. That uncertainty became a central issue in the High Court proceedings.

After the ruling: What has changed?

The High Court's finding concerning section 50(a)(x) challenges the legal basis for requiring a valid BEE certificate as a condition of obtaining an FFC. This is important because practitioners need clear, consistent requirements when applying for or renewing their certificates.

However, the practical effect of a declaration of constitutional invalidity must be assessed against the precise court order, including any suspension, appeal or Constitutional Court confirmation requirements.

It would therefore be premature to assume that every administrative consequence has been finally resolved without confirming the judgment's operative status. The ruling also does not mean that the broader B-BBEE framework has been abolished or that transformation obligations elsewhere in South African law have disappeared. The distinction is important.



The issue is not whether transformation can be regulated, but whether a particular licensing requirement was constitutionally and legally valid.

The judgment also addressed challenges involving the definition of a property practitioner, including concerns about private owners and businesses that merely provide property advertising services. These issues matter because an excessively broad definition can create uncertainty over who must register with the PPRA and comply with practitioner-specific requirements.

Property owners and businesses should nevertheless obtain advice based on their actual activities rather than assume that every private sale, rental arrangement or advertising service automatically falls outside the Act.

Why investors should pay attention to Fidelity Fund Certificates (FFC's)

Beyond the B-BBEE dispute lies a practical risk that every property investor, seller and landlord should understand.

A property transaction can become considerably more expensive when the parties fail to verify the regulatory standing of the agents involved. Section 56 of the Property Practitioners Act regulates a practitioner's entitlement to remuneration in circumstances involving Fidelity Fund Certificate compliance.

NEW DIMENSIONS TRAINING
Limitless Potential...Within Your Reach!

PDE 4 PREPARATION WORKSHOP

PREPARE WITH CONFIDENCE.
PASS WITH CONFIDENCE.

WALK INTO THE PDE 4 EXAMINATION PREPARED, CONFIDENT AND READY TO SUCCEED.

Your Professional Designation Examination (PDE 4) is one step away.
Join our intensive preparation workshop designed to help Candidate Property Practitioners approach the examination with confidence.

WORKSHOP DETAILS
WORKSHOP
THURSDAY, 15 OCTOBER 2026
VENUE
ONLINE VIA ZOOM
TIME
09:00 – 12:00
PDE 4 EXAMINATION
THURSDAY, 12 NOVEMBER 2026

WORKSHOP FEE
R750
PER PERSON
RSVP BY:
FRIDAY, 06 NOVEMBER 2026

WHAT YOU'LL LEARN
UNDERSTANDING THE PDE EXAMINATION FORMAT
MASTERING THE PPRA STUDY GUIDE
PREPARATION GUIDELINES
PREVIOUS EXAMINATION CASE STUDIES
MODEL ANSWERS
TIME MANAGEMENT TECHNIQUES
PROVEN EXAMINATION STRATEGIES

REGISTER TODAY!
YOUR PDE 4 SUCCESS STARTS HERE.

082 309 4945 | muriel@newdimensionstraining.co.za | www.newdimensionstraining.co.za

IN COLLABORATION WITH
IEASA EST. 1937
Institute of Estate Agents of South Africa

This makes verification of the relevant certificates an important part of transactional due diligence. An FFC is not simply an administrative document. It forms part of the statutory framework governing property practitioners and helps establish whether a practitioner meets the requirements applicable to their activities.

Before appointing an estate agency, commercial broker or managing agent, investors should establish whether the business and relevant individual practitioners hold the required certificates. The consequences of non-compliance may extend to commission disputes, payment restrictions and potential recovery proceedings.

For sellers, these issues become particularly significant when more than one agency has been involved in introducing or negotiating with the eventual purchaser.

The R2.5 million double-commission risk

Consider a hypothetical commercial property transaction. An investor decides to sell an office building valued at R50 million, appointing several estate agencies under open mandates.

- Agency A introduces a prospective purchaser, arranges inspections and begins negotiating the transaction.
- The negotiations subsequently stall.
- Four months later, Agency B approaches the same purchaser with revised financial projections and a reduced asking price.
- The purchaser signs an offer through Agency B, and the transaction proceeds to registration.
- On transfer, Agency B receives the agreed commission of R2.5 million, representing 5% of the selling price.
- However, Agency A subsequently claims that its original introduction and negotiations were the effective cause of the sale.
- A dispute now arises over which agency is legally entitled to commission.

Understanding effective cause

In property transactions, the concept of effective cause, sometimes described as causa causans, can be central to determining commission entitlement. The question is whether an agency's actions were sufficiently connected to the eventual sale to establish its contractual entitlement to remuneration.

Simply being the first agency to introduce a purchaser does not necessarily guarantee commission. Equally, being the agency that obtains the final signature does not automatically settle the matter. The outcome depends on the mandates, the facts, the causal connection and applicable legal principles.

Now consider an additional complication.

- What if Agency B did not hold the required Fidelity Fund Certificate when it performed the relevant property practitioner activities?
- Its entitlement to commission may then be affected by section 56 of the Act.
- The seller could potentially face a claim from Agency A while also needing to pursue recovery of remuneration paid to Agency B.
- Depending on the contractual arrangements and legal findings, this could expose the seller to significant additional costs.
- In our example, the amount in dispute could reach R2.5 million, excluding legal expenses.

This does not mean that every competing agency claim results in double commission. Each dispute must be assessed on its own facts.

The lesson, however, is unmistakable: commission disputes and regulatory non-compliance can create substantial financial exposure in otherwise successful property transactions.

Three safeguards every property investor, seller or landlord should implement to reduce these risks:

1. Verify regulatory compliance before appointing an agent

Before signing a mandate, confirm whether the estate agency, broker or managing agent is appropriately registered and holds the required FFC.

Where applicable, verify both the business entity and the individual practitioners involved. Do not assume that a familiar brand, established office or longstanding relationship automatically guarantees current compliance.

2. Keep proper compliance records

Request copies of the relevant Fidelity Fund Certificates and retain them with the transaction documents. For longer transactions or ongoing property management mandates, establish a process to monitor certificate validity and renewals.

A simple compliance register can record:

- The agency and practitioner's details.
- Relevant FFC numbers and validity periods.
- The date verification was completed.
- Renewal dates requiring follow-up.
- Copies of supporting documentation.

This creates a useful audit trail should questions arise later.

3. Strengthen mandates and commission clauses

Every sole mandate, open mandate and relevant property transaction agreement should clearly address commission obligations. Depending on the circumstances, appropriate provisions may include:

- A warranty that the appointed agency and relevant practitioners hold the required FFCs.
- Clear identification of the circumstances in which commission is earned and payable.
- Disclosure of other agencies involved in marketing the property.
- Appropriate indemnities relating to regulatory non-compliance or competing commission claims.
- Procedures for resolving disputes before commission is released.
- Such clauses should be drafted for the specific transaction.

An indemnity does not automatically prevent a claim or guarantee recovery, particularly if the responsible party lacks the financial resources to meet its obligations.

Nevertheless, properly drafted agreements can help reduce uncertainty and allocate risk more effectively.

What the judgment means for future regulation

The High Court judgment raises important questions about the relationship between regulatory authority, constitutional rights and transformation objectives.

South Africa's property sector requires an effective regulatory framework that protects consumers and promotes professional accountability. It also needs clear rules that businesses can understand and apply consistently.

Future legislative amendments may address issues identified in the judgment, including transformation requirements and the definition of property practitioners. Any such changes must operate within the constitutional framework and follow the required legislative processes.

For investors, the practical message is to remain informed about regulatory developments while continuing to meet existing legal obligations. A court judgment addressing one compliance requirement does not remove the need for comprehensive due diligence.

The bottom line: Legal certainty protects investment value

Property investment is fundamentally about managing risk. Investors assess market conditions, rental yields, financing costs, tenant quality and long-term capital growth. But legal and regulatory compliance deserves equal attention.

The September 2026 High Court judgment highlights the importance of clear and constitutionally sound regulation within South Africa's property industry.

At the same time, it reminds investors that commission disputes, practitioner compliance and poorly drafted mandates can expose transactions to avoidable financial consequences.

Before appointing an agency or concluding a transaction, verify the relevant Fidelity Fund Certificates, understand commission obligations and ensure that the contractual arrangements provide appropriate protection.

The most successful property investments are not only financially sound. They are legally secure.

In an industry where transactions can involve millions of rands, legal certainty remains one of the most valuable assets an investor can have.

About the author
Cor van Deventer is an experienced South African attorney, notary and conveyancer, and Director and Head of Conveyancing at Van Deventer Dowlath Marx Attorneys Inc. (VDM Inc.). His expertise includes property transactions, conveyancing and legal matters affecting property investors, developers and the broader real estate industry.



INVESTOR INTELLIGENCE

The 14% Property Yield Trap: What investors really earn

By Renier Kriek



Part 3 of 6

Do the Maths. Build the Wealth

A property advertising a 14% rental yield may deliver far less. Discover the five financial measures every investor must understand before committing their money.

I once bought a property with a gross rental yield of about 14%. This was a pleasing number. It compared favourably with the returns I thought I could earn elsewhere, and I was sufficiently pleased not to interrogate the comparison very carefully.

Once the operating costs were accounted for, the yield was closer to 9%. The missing five percentage points had gone towards the ordinary business of owning the place. This was, of course, a markedly different number; one that I should have known before rather than after taking transfer.

Nine per cent was not necessarily poor. My mistake was comparing the 14% with other investments whose yields had already been relieved of their expenses. The dangerous number is often a perfectly correct one being used to answer the wrong question. We tend to use words like yield and return interchangeably, but they do mean different things, and that distinction has a real-world, monetary value.

Part 1 concerned the investor and the strategy. Part 2 introduced a way of screening properties before spending serious time on them. Now that something has fit into the strategy and survived the preliminary screening, we can ask what it earns. Unfortunately, property has several answers, and the easiest one is usually the most flattering.

1. Establish what the headline number measures

Gross rental yield is annual gross rent divided by purchase price. Consider a R1.5 million property renting for R17,500 a month. Annual rent is R210,000, giving a gross yield of 14%. These are illustrative figures following the experience above, rather than reconstruction of my old accounts.

The calculation is useful because it is quick. Its shortcomings are equally straightforward: it assumes the rent arrives and ignores the costs of earning it. It also leaves out the transaction costs. Conveyancing, bond registration and transfer duty, where applicable, consume real money even though none produces another square metre to let.

Gross yield can be calculated on the back of an estate agent's brochure. That is a convenient place to begin, provided the investigation does not end there. It's the way you will determine whether you should look first at a two-bedroom or a three-bedroom flat in the same complex, or two competing two-bedroomed flats in different complexes. But it is nowhere near the final word.

2. Find out what survives the expenses

Rent is revenue - think of an income statement: revenue is only the top line. Rates, levies, insurance, management and repairs all have claims against it, before you get to the bottom line. Vacancy and non-payment reduce what is collected.

Depending on the arrangement, the owner may also pay for utilities, gardening, security or other services. A short-term rental adds cleaning, linen and platform charges; student accommodation has its own vagaries, such as holdings costs while waiting for NSFAS payments to arrive.

Net operating income, or NOI, is the property's effective income after normal operating expenses, before financing costs and income tax. Excluding the mortgage from the first set of numbers, to calculate the NOI, lets us examine the asset independently of the investor's capital structure. It provides a more objective basis for objective comparison, although the assumptions still require interrogation (like always!).



The maintenance allowance is a normalised estimate of routine expenditure – not an actual direct expense. A year without repairs is welcome, but it does not establish that the building has become indestructible. Major capital works, such as replacing a roof, belong separately in the cash-flow forecast. But what is abundantly clear is that a new roof that lasts twenty years does not become free merely because it has the courtesy not to invoice you monthly.

Avoid counting costs twice. Check what levies already cover, what insurance is held by the body corporate, and which expenses the tenant pays. These figures are assumptions for this example, not universal allowances.

INVESTOR ACTION: obtain the accounts, levy statements, management terms and rental evidence. For each important number, repeat Part 2's question: how do I know this?

3. Put the income alongside the property's value

The capitalisation rate, usually shortened to cap rate, is annual NOI divided by property value. At acquisition we can use the purchase price to calculate the going-in cap rate. Our R136,200 divided by R1.5 million gives 9.08%. We have travelled from 14% to roughly 9% without borrowing anything or paying income tax.

Cap rate tells us about the property's operating productivity. It does not include capital growth, financing, acquisition and disposal costs or the timing of future receipts. It is more informative than gross yield, but still only one part of the investment.

Be clear about the denominator. A property bought for R1 million, now worth R2 million and producing R120,000 of NOI, yields 12% on its original price but 6% on current value. Both calculations are correct. The second is more relevant when deciding whether to keep owning it today, subject to the costs and tax consequences of selling. The historic purchase price is useful information; it is not a lifetime exemption from considering alternatives, and tracking the achieved cap rate year after year is one part of portfolio surveillance.

4. Then the bank arrives

Suppose we finance R1 million of the purchase and contribute R500,000 ourselves. Allow another R75,000 for acquisition costs and initial cash requirements, including a contingency reserve. This is an illustrative allowance, not a quotation for conveyancing or tax. Our total cash committed is R575,000.

For the example, assume a 20-year loan at a constant 10% annual interest rate, calculated monthly, excluding ongoing lender fees. The instalment is approximately R9,650, or R115,803 a year. Deduct that from NOI of R136,200 and R20,397 remains before income tax and any additional capital expenditure.

Cash-on-cash return is annual pre-tax cash flow after operating costs and debt service, divided by the cash invested. Here, R20,397 divided by R575,000 gives 3.55%. Using only the deposit would flatter the answer by pretending the other R75,000 remained available for something else. A good property can produce negative monthly cash flow when heavily financed. An ordinary property can produce comfortable cash flow when bought with a large deposit. Positive cash flow does not, by itself, prove that the property is good. Sometimes it proves that you supplied most of the money. Conversely, negative cash flow does not necessarily mean the property is bad.

There is another complication. Our first year's instalments include approximately R99,255 of interest and R16,547 of principal repayment. Interest is a financing cost. Principal repayment reduces the debt and increases equity in the property. An amortisation table shows the split: build one from the loan terms or obtain it from the lender.

The principal portion is not an income-tax deduction, though the interest is. A property can therefore produce taxable rental income while still requiring a monthly contribution. A maintenance reserve is not automatically deductible either. The tax bill need not wait until the cash flow becomes pleasant.

INVESTOR ACTION: record the full cash contribution, split debt service into interest and principal, and keep taxable profit separate from cash flow. Rent minus the bond instalment answers neither question properly.

5. Account for the return that does not arrive as rent

The 3.55% cash-on-cash figure excludes the equity accumulated through principal repayment. But repayment is not free wealth: it converts cash into property equity. Where rent funds it, the investment is retaining part of its earnings. Where your salary funds it, you have contributed more capital. That distinction matters when measuring your return.

Capital appreciation adds another component. If our R1.5 million property grows by 5%, it gains R75,000 in value.

That growth occurs on the whole property, including the portion financed with other people's money. This is central to property investment's attraction: long-term secured borrowing can put a larger asset base to work than the investor could buy outright.

Shares, bonds and unit trusts cannot be routinely, safely and easily financed – and this is the primary attraction to property as an asset class. Leveraged returns. Property's advantage is the practical financing available against it, though admittedly not exclusive possession of leverage.

The R75,000 is an assumed gain, not spendable income or a promised outcome. And while you may not have it in cash flow in the bank, it is a very usefully feature, for the most part because it is tax exempt until you sell or some other capital gains even happens. Refinancing may release equity, but through another loan; it does not realise the gain. Capital growth is real when it happens, but forecast growth remains an assumption – don't fall in love with it or make it the reason for investing. The income statement can kill you before the balance sheet has a chance to bless you.

Our property now has a 14% gross yield, a 9.08% cap rate and a 3.55% cash-on-cash return. There is also principal repayment and possible appreciation. These percentages cannot be added or related to each other – each tells us something very different about the property concerned and the proposed investment in that property.



6. Ask when the money arrives

Receiving R100,000 today is different from receiving it ten years from now. Today's money can be invested or used to reduce debt while you wait. Present value, or PV, expresses what a future cash flow is worth today at a chosen discount rate. It is not merely an adjustment for inflation.

The discount rate represents the return required for waiting and bearing the relevant risk. A higher required return reduces the present value of the same future receipt. The rate must suit the cash flow being valued, including whether it belongs to the property before financing or to the investor after financing.

Internal rate of return, or IRR, brings the cash flows together into today's money. It is the rate at which the net present value of an investment's cash inflows and outflows equals zero. Expressed annually, it gives an annualised return across the amounts invested and received, but, crucially, accounting for their timing.

For our investor, that means the initial R575,000, later contributions and cash receipts, and eventual net sale proceeds after costs and settling the outstanding loan. Principal repayment is already reflected in the smaller debt at exit; do not add it again as a separate cash receipt. A forecast IRR requires a holding period and future assumptions that our first-year figures alone cannot supply. It is the subject of Part 4 of this series.

I would rank the various measures we have outlined as follows. These are practical ratings of usefulness in understanding the overall investment, not a scientific league table. Each remains useful for its question.



Return measure	Usefulness	Ease of calculation	What it tells you
Gross rental yield	2/5	5/5	Gross rent relative to price
Cap rate	4/5	4/5	Operating income relative to property value
Cash-on-cash return	4/5	3/5	Cash generated relative to cash invested
Internal Rate of Return (IRR)	5/5	2/5	Return across dated investment cash flows

IRR needs more information and more assumptions. An imaginative resale price can make the answer look wonderful. The sophistication of the calculation cannot rescue the quality of its inputs. A sober cap rate supported by evidence is more useful than an elaborate IRR built on hopes, fairytales, or the selling estate agent's wild promises.

REI INVESTOR INTELLIGENCE | EXPLAINER
KNOW YOUR NUMBERS

Five essential measures every property investor should understand.

1. GROSS RENTAL YIELD

The annual rental income expressed as a percentage of the property's purchase price, before deducting any expenses.

Formula: Annual gross rent ÷ Purchase price × 100
Example: R210,000 ÷ R1,500,000 = 14%

What it tells you: A quick starting point for comparing properties, not your actual investment return.

2. NET OPERATING INCOME (NOI)

The income remaining after deducting vacancies and normal operating expenses, including rates, levies, insurance, management and routine maintenance, but before bond costs and income tax.

Formula: Effective rental income – Operating expenses
Example: R199,500 effective rental income – R63,300 expenses = R136,200 annually

What it tells you: How much income the property itself generates before financing.

3. CAPITALISATION RATE (CAP RATE)

Measures the property's annual net operating income relative to its value or purchase price.

Formula: Annual NOI ÷ Property value × 100
Example: R136,200 ÷ R1,500,000 = 9.08%

What it tells you: The property's operating yield, independent of how the purchase is financed.

4. CASH-ON-CASH RETURN

Measures the annual cash flow remaining after operating expenses and bond repayments, relative to the investor's total cash invested.
Formula: Annual pre-tax cash flow ÷ Total cash invested × 100
Example: R20,397 ÷ R575,000 = 3.55%

What it tells you: The cash return on your own money, before income tax and additional capital expenditure.

5. INTERNAL RATE OF RETURN (IRR)

An annualised measure of investment performance that considers the amount and timing of cash invested and received, including eventual net sale proceeds.

Calculation: The discount rate at which the net present value of all investment cash flows equals zero.

Example: A forecast IRR requires a defined holding period, projected cash flows and an assumed exit value. It cannot be calculated reliably from the first year's figures alone.

What it tells you: The potential annualised return across the full investment period, subject to the accuracy of your assumptions.

THE BOTTOM LINE | DON'T CONFUSE YIELD WITH RETURN

A 14% gross rental yield may look impressive in a property advertisement, but it tells only part of the story. Once operating expenses, financing costs and the investor's actual cash contribution are considered, the financial picture can change dramatically.

Before investing, understand what each percentage measures, which expenses have been deducted and what assumptions are being made about future income and capital growth.

The best property investment is not necessarily the one advertising the highest yield. It's the one whose numbers stand up to scrutiny.
Next in the series: Part 4 explores present value, hurdle rates, discounted cash flow and internal rate of return in greater detail.

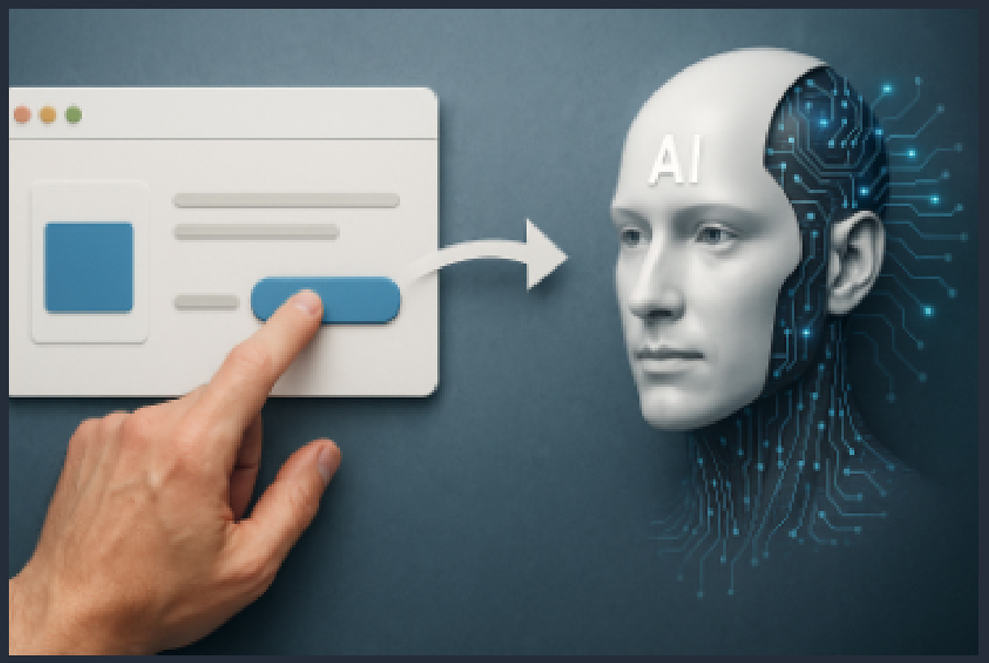
Effortless AI integration

with

IntelliWeave AI

by

ydangle apps



Embed AI into your website or app!

IntelliWeave AI makes it easy to connect any AI model, use it with your own knowledge base, and deploy it across websites, apps, and business tools in a low code way — all while keeping full control over user interactions and data. It allows you to ***easily unlock the productivity, speed and decision making benefits that AI offers***.

Contact us for a demo and find out what IW-AI can do for your business.

Visit: intelliweave.ai

Our app creation team specializes in crafting elegant and effective solutions that meet the needs of modern businesses. From design to development and deployment, we deliver high-quality results that help you stand out in a crowded marketplace.

ydangle apps services

Artificial Intelligence
- IntelliWeave AI implementation
- Custom AI developments
- Support companies with their own AI implementations

Metaverse Developments and Multi-dimensional Web Sites
- MetaPress
- Vatom Spaces

3D studio

Custom Software Development (Front and Backend)

Schedule an appointment

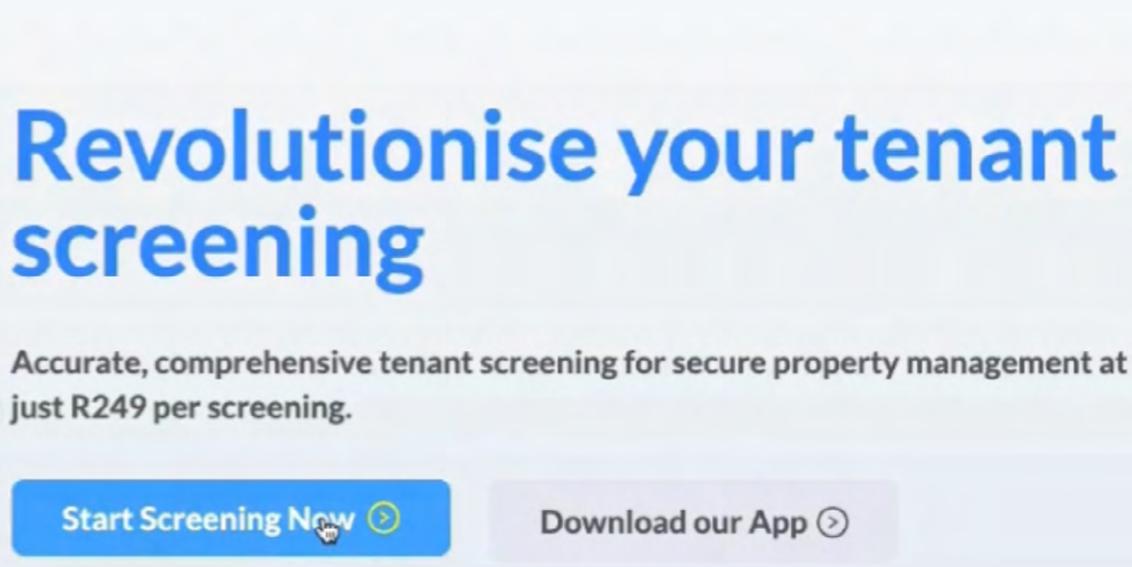
ydangleapps.com

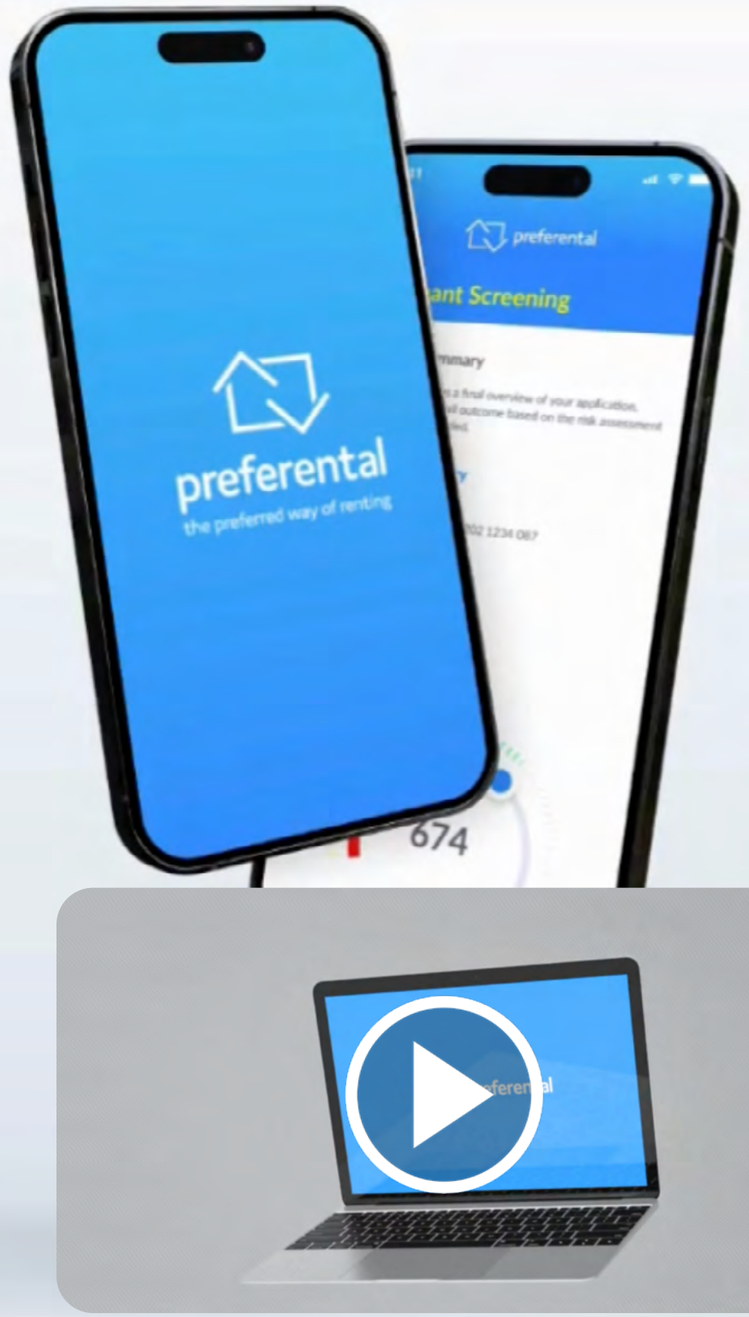
info@ydangleapps.com

TECHNOLOGY & AI

AI Tenant Screening: Catch fraud before you hand over keys

By Neale Petersen





From altered bank statements to questionable income claims, Preferental is helping South African landlords and letting agents use AI-powered screening to make faster, better-informed tenant decisions.

A rental property can be a valuable income-producing asset, but its performance depends on more than location, purchase price and advertised rental yield. One of the biggest risks comes before the tenant moves in.

A prospective tenant may present an impressive payslip, apparently healthy bank statements and a convincing application. But how does a landlord know whether the information is accurate, whether the applicant can afford the rent or whether the documents have been altered? This is where technology is changing the rental market.

South African property technology company Preferental has developed an integrated digital platform that combines tenant applications, credit information, identity checks, affordability assessments and AI-assisted document analysis.

Its objective is to help landlords and agents make more informed decisions while reducing the administrative burden of traditional tenant vetting.

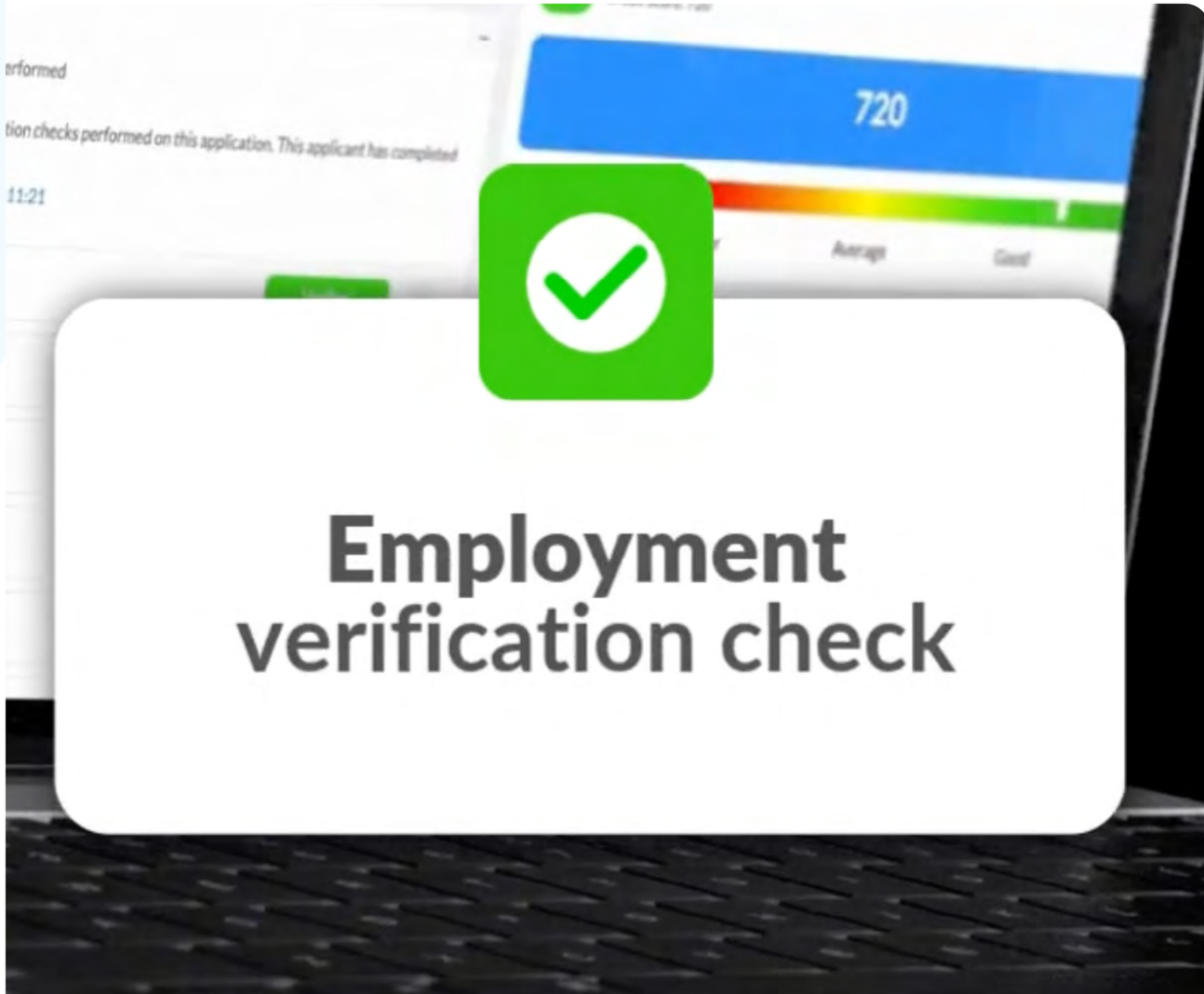
Why tenant screening matters more than ever

For residential property investors, an unsuitable tenant can quickly undermine expected returns. Rental arrears, prolonged vacancies, property damage and costly disputes can turn an otherwise attractive investment into a financial headache.

Meanwhile, advances in digital document editing and generative AI have made it easier to create convincing but potentially misleading supporting documents.

According to Preferental founder and CEO Ross Fitzcharles, rental application fraud is an increasingly serious challenge. “Tenant vetting is one of the most time-consuming and risky parts of property management,” says Fitzcharles.

Preferental’s approach is to bring several checks into one digital workflow, allowing landlords and agents to identify inconsistencies before making a letting decision.



What makes Preferental different?

Rather than relying entirely on manual document checks, Preferental combines information from multiple sources to build a more complete picture of an applicant. Its screening capabilities, as described by the company, include:

- **Identity verification**
  Checking applicant identity information against available verification sources.
- **Credit and rental history**
  Using credit bureau information from TPN and Experian to assess relevant payment behaviour and adverse records.
- **Income and employment checks**
  Comparing declared employment and income information with available verification data.
- **AI document analysis**
  Looking for potential alterations, inconsistencies or suspicious patterns in submitted bank statements.
- **Affordability assessment**
  Evaluating whether the applicant's verified financial position supports the proposed rental commitment.
- **Risk assessment**
  Presenting findings to help landlords and agents investigate concerns before approving an application.

Preferental describes its platform as integrating with services including Home Affairs, SARS, TPN and Experian, alongside AI-based document analysis.

The availability and scope of individual checks depend on the platform's current integrations, applicant consent and applicable data-access requirements.

How to screen a tenant with Preferental: Six Practical Steps

STEP 1 | Start the Digital Application

Visit www.preferental.com and access the tenant screening service. Landlords or letting agents can initiate an application and invite a prospective tenant to complete the required information digitally. Rather than exchanging numerous emails and attachments, the process is designed to centralise the application.

STEP 2 | Let the Applicant Upload Their Documents

The prospective tenant follows the application link, supplies the requested personal and financial information, and uploads supporting documentation.
This may include identity information, proof of income and bank statements, depending on the screening requirements.

The applicant should receive the appropriate privacy notices and provide any consent required for the checks being performed.

STEP 3 | Verify Identity, Credit and Income

Preferental's screening tools assess available identity, credit and financial information.

The aim is to identify potential concerns such as adverse payment histories, inconsistencies between declared income and supporting records, or information requiring further verification.

For landlords, this provides a more structured basis for assessing an applicant's financial circumstances.

STEP 4 | Use AI to Check for Document Manipulation

This is one of the platform's most interesting technology features. Preferental uses AI-assisted analysis to flag potentially altered bank statements and inconsistencies that may not be immediately visible during manual review.

For example, declared salary information can be compared with bank deposits and other available supporting data.

An AI-generated warning is not proof of fraud. It is a reason to investigate further, request clarification or obtain independent verification.

STEP 5 | Review the Risk and Affordability Assessment

Once the available checks are completed, the landlord or agent can review the screening results.

Preferental describes a risk assessment that helps users distinguish between lower-risk applications and those requiring additional investigation.

Importantly, technology should support the final decision, not replace professional judgement.

The landlord should consider verified affordability, relevant payment history, the applicant's explanations and consistent, lawful approval criteria.

STEP 6 | Make the Letting Decision and Finalise the Lease

If the application is satisfactory, the landlord can proceed with the appropriate lease documentation and deposit arrangements. Preferental also offers broader rental management functionality, including digital leases, rental collection and maintenance coordination.

This allows screening to form part of a more integrated property management process rather than remaining a standalone administrative task.

Beyond Screening: Managing the rental investment

Preferental's proposition extends beyond choosing a tenant. The company's platform includes property listings, digital lease administration, rental and deposit collection, maintenance management through Fixify, and access to rental protection and eviction-support products.

Its Deposit Plus offering is designed to help eligible tenants spread deposit payments over ten months while providing landlords with deposit certainty, subject to the product's terms and conditions.



The same approach can be useful in student accommodation, where large numbers of applications may need to be processed before the academic year begins.

The Real Value of AI: Better Decisions, Not Just Faster Ones

The greatest value of AI-powered tenant screening is not simply that an application can be processed faster.

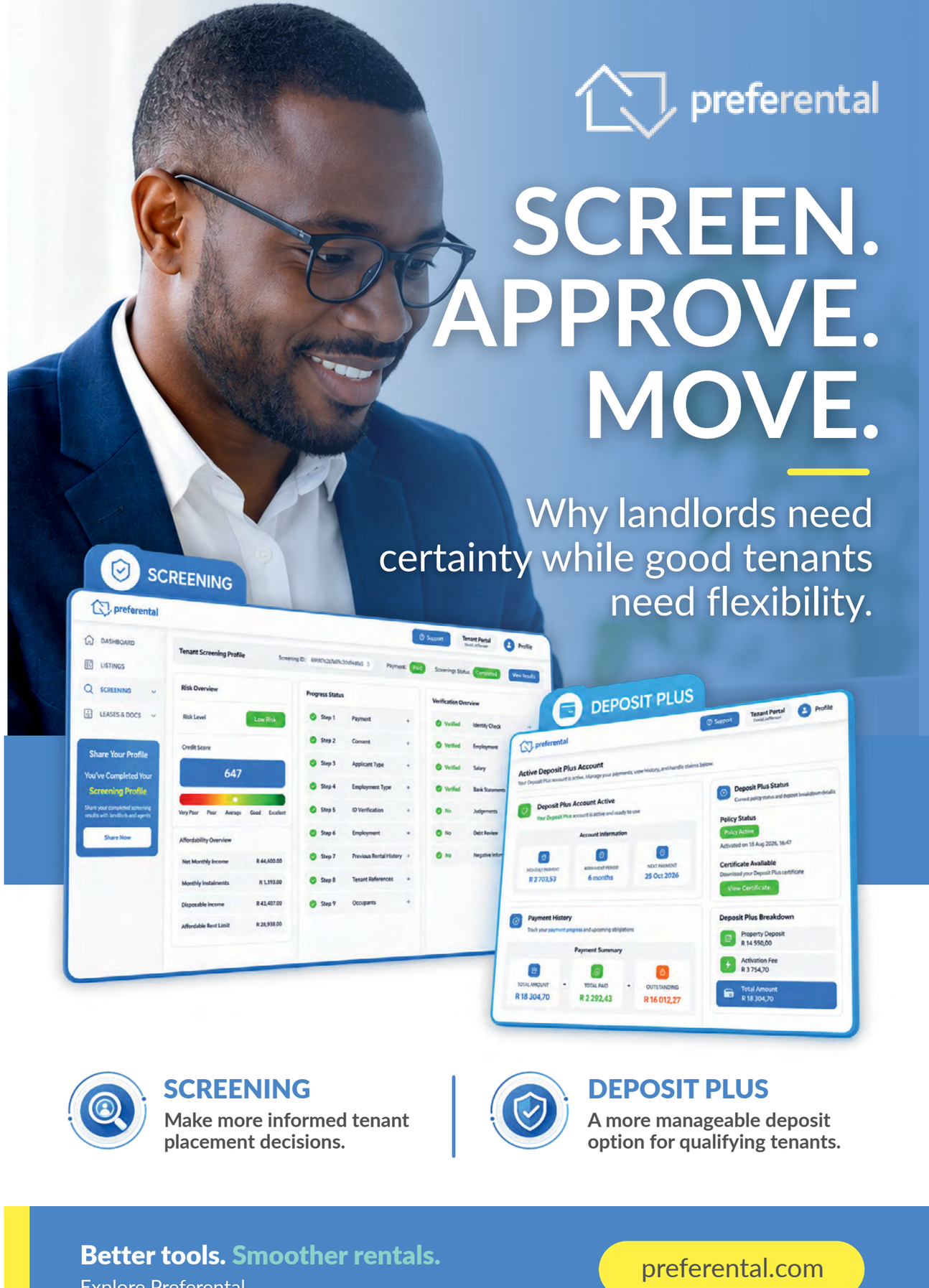
It is the opportunity to apply a more consistent verification process, identify discrepancies earlier and make decisions using better-organised information. However, landlords must remain mindful of privacy legislation, lawful credit checks, data security and fair, non-discriminatory tenant selection.

No screening system can guarantee that a tenant will never default, and no AI model can replace responsible property management. For investors, the objective should be straightforward: reduce avoidable risk, protect rental cash flow and make every tenant placement a properly informed decision.

GET STARTED WITH PREFERENTAL

Discover how Preferental can support tenant screening and digital rental management.

Website: www.preferental.com
Enquiries and demonstrations: https://preferental.com/contact-us/



FINANCE

6 Steps to negotiate a better bond rate and save

By Jason Lee



Even a small reduction in your bond rate can save thousands. Jason Lee explains how to strengthen your position, shop the banks and negotiate.

Most South African property buyers will spend weeks negotiating the purchase price of a property and then accept the first home-loan offer placed in front of them. That can be an expensive mistake.

A relatively small difference in the interest rate on a bond can translate into a significant amount of money over a 20-year loan term. For property investors carrying multiple bonds, the cumulative effect can be even greater.

The purchase price matters, of course. But the price you pay for the money used to buy the property matters too. And that means your bond rate deserves to be negotiated.

Here is how I approach it and why I rarely accept the first offer.

STEP 1: Understand who you are negotiating with

South Africa's major lenders compete for good-quality home-loan business.

They have lending targets, different risk appetites and different strategies for different customer segments. That means two banks looking at the same borrower and the same property can arrive at very different offers.

Your quoted interest rate will typically be expressed relative to the prevailing prime lending rate, with the margin influenced by factors such as your credit profile, income, affordability, deposit and the bank's assessment of the transaction.

The important point is that the first rate offered does not necessarily have to be the final rate.

What investors should know

- Different banks can price exactly the same borrower differently.
- A strong credit profile improves your negotiating position.
- Your deposit and loan-to-value ratio can influence pricing.
- A bank's appetite for new lending can change.

The first offer gives you a starting point for negotiation — not necessarily the finishing point.

ACTION: Treat the interest rate as part of the transaction to be negotiated, just like the purchase price.



STEP 2: Get financially ready before applying

Banks price risk. The stronger and cleaner your financial profile appears, the better your position when asking a lender to sharpen its rate.
Don't wait until you have signed an offer to purchase before looking at your credit profile and affordability.

Before applying for a bond:

- Obtain your credit report and check it for errors or outdated information.
- Resolve legitimate outstanding or disputed issues where possible.
- Avoid unnecessary new debt before applying.
- Keep your bank statements clean and your income predictable.
- Understand your monthly income and expenses.
- Reduce expensive short-term debt where practical.
- Build a deposit if you can.

Keep additional cash available for transfer costs and other acquisition expenses.

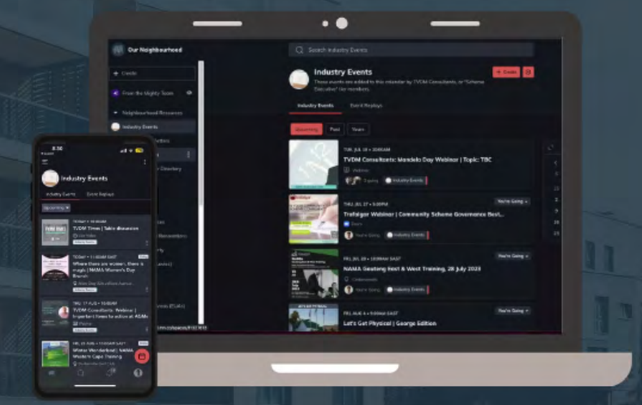
A deposit can be particularly powerful because it reduces the bank's exposure to the transaction. A 10% deposit can change the conversation. A 20% deposit can potentially change it even further.

But don't empty your emergency reserves simply to achieve a lower bond rate. Liquidity matters too.

ACTION: Start preparing your finances before you start shopping seriously for property.

KEEP UP-TO-DATE WITH THE LATEST INDUSTRY EVENTS

Sign up now to **Our Neighbourhood** and join our growing online community!



TVDM CONSULTANTS

Our Neighbourhood

JOIN NOW

STEP 3: Make the banks compete

One of the most effective things a buyer can do is obtain competing home-loan offers. A bond originator can apply to participating banks and help the borrower compare the resulting offers.

The objective is straightforward: create competition for your business. You may be surprised by the difference between lenders.

I have seen the same borrower, buying the same property in the same week, receive materially different interest-rate offers from different banks. Why? Because the borrower hasn't changed. The lenders' pricing and appetite have.

- Compare more than the headline approval, look at:
- Interest rate
- Loan amount approved
- Deposit required
- Loan term
- Monthly repayment
- Fees and conditions
- Flexibility of the facility
- Access-bond functionality, where applicable
- Total cost over the expected holding period

ACTION: Don't judge a bond offer simply by whether the bank says yes. Compare the terms attached to that yes.

STEP 4: Take the best offer back to the others

Once you have competing offers, negotiate.
If Bank A has offered you a better rate than Bank B, go back to Bank B and ask whether it is prepared to match or improve on the competing offer. Be transparent. Be professional. And ask.

The worst outcome is that the bank declines to improve its pricing, in which case you still have the stronger competing offer. Buyers are often reluctant to negotiate with a bank because a home-loan approval feels like the bank is doing them a favour. It isn't.

This is a commercial transaction. You are agreeing to pay that institution interest for potentially 20 years. That makes the cost of the money worth negotiating.

- Your negotiation checklist
- Get the competing offer in writing.
- Compare like with like.
- Ask whether your preferred bank will match or beat it.
- Don't focus exclusively on the monthly instalment.
- Understand the total borrowing cost.
- Consider service, flexibility and functionality alongside rate.

ACTION: Never assume the first rate is automatically the best rate available to you.



STEP 5: Do the arithmetic

This is where a seemingly insignificant percentage starts becoming real money. Consider a R1 million bond over 20 years.

A reduction of just 0.5 percentage points in the interest rate can reduce the monthly repayment and potentially save tens of thousands of rand over the life of the loan. Increase the size of the bond and the difference becomes substantially larger.

For an investor with several financed properties, even small rate improvements across multiple loans can have a meaningful impact on portfolio cash flow.

Think about the saving in three ways

1. **Monthly cash flow:**
   How much does the lower rate reduce your monthly repayment?
2. **Annual cash flow:**
   Multiply that saving across 12 months.
3. **Long-term financing cost:**
   What does the rate difference potentially save over your expected ownership period?
4. And there is a fourth consideration for investors: **What could that saved money do elsewhere?**

It might contribute towards:
Additional capital repayments
Maintenance reserves
Rates and levies
Vacancy buffers
A future deposit
Improvements that increase rent
Your next investment

ACTION: Don't dismiss 0.25% or 0.5% as insignificant until you have converted it into rands over the expected loan period.

STEP 6: Negotiate the bond you already have

Negotiating isn't only for new buyers. If you have owned an investment property for several years and your financial position, property value or loan-to-value ratio has improved, it may be worth reviewing your existing financing.

You can investigate what competing lenders might offer and then determine whether refinancing makes financial sense. You can also approach your existing lender and ask whether it is prepared to review your rate.

- Before switching banks, calculate:
- The interest saving
- Remaining bond term
- Outstanding balance
- Bond cancellation costs
- New bond registration costs
- Legal and administrative costs
- Any applicable penalties
- How long it takes to recover the switching costs
- A lower rate isn't automatically a better deal if the cost of moving the bond wipes out the saving.

ACTION: Review your property debt periodically rather than treating a 20-year mortgage as a 20-year decision you can never revisit.



THE INVESTOR LESSON: NEGOTIATE THE MONEY, NOT JUST THE PROPERTY

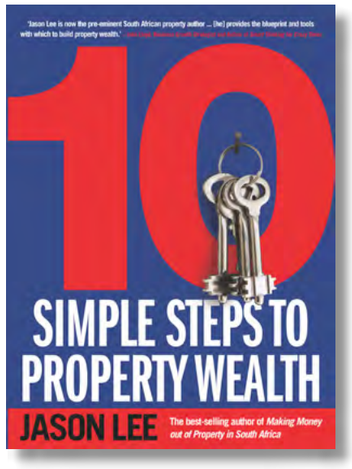
Property investors spend enormous amounts of time searching for the right suburb, negotiating the purchase price, calculating rental yields and trying to find the next opportunity. But financing is part of the investment return.

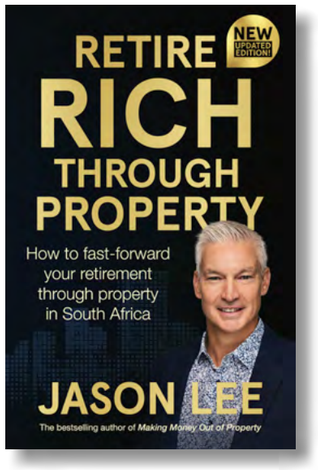
A property bought at an excellent price can still underperform if it is financed badly. Conversely, disciplined financing can improve cash flow and reduce the long-term cost of holding an asset.

So before signing your next bond offer: Strengthen your financial profile. Shop the market. Compare the offers. Negotiate the rate. Calculate the long-term saving. And periodically review the debt you already have.
Don't fight only for a better property price. Fight for a better price on the money as well.

Happy Investing!
Jason Lee
Property investor and author of multiple property investment books









EVENTS

Property's big night: Investor of the Year 2026



From ambitious first-time investors to established property developers, South Africa's brightest property investment talent took centre stage at a glittering Sandton awards celebration.

From ambitious first-time investors to established property developers, South Africa's brightest property investment talent took centre stage at a glittering Sandton awards celebration.

THE NIGHT IN NUMBERS

191 entries from 178 investors across all nine provinces.
12 award categories celebrating property investment achievement.
R100,000 grand prize awarded to the overall Investor of the Year.

A NIGHT TO REMEMBER

Hosted at The Maslow Hotel, Sandton, on 19 September 2026, the black-tie gala marked the fifth season of Investor of the Year, presented by the SA Property Investors Network (SAPIN) in partnership with Absa Home Loans.

From first-time investors to experienced developers, the evening celebrated the creativity, perseverance and ambition shaping South Africa's property investment community.





Absa Home Loans — Main sponsor of Investor of the Year 2026.

THE PEOPLE AND PARTNERS BEHIND IOTY 2026

Andrew Walker, founder of the SA Property Investors Network (SAPIN), deserves special recognition for his vision and leadership in building Investor of the Year into a national platform celebrating South Africa's property investment talent.

As the organisation behind the awards, SAPIN continues to champion property investment education, entrepreneurship and the achievements of investors at every stage of their journey.

Absa Home Loans, the main sponsor of Investor of the Year 2026, played a pivotal role in supporting the awards and recognising the next generation of South African property investors.

Special recognition also goes to Nondumiso Ncapai of Absa Home Loans, who also served as one of the three judges alongside Neale Petersen of Real Estate Investor and Mabuye Mokoena of Mokoena Africa Group.

Together, SAPIN, Absa and the judging panel helped make IOTY 2026 a memorable celebration of property investment excellence.



Andrew Walker — Founder and CEO of SAPIN and Investor of the Year.



Nondumiso Ncapai — Managing Executive, Absa Home Loans; IOTY 2026 judge.

JACQUES COETZEE TAKES THE CROWN

OVERALL INVESTOR OF THE YEAR 2026 | BIG LEAGUES WINNER

Jacques Coetzee of AXAREA claimed the night's biggest honour, winning both the Big Leagues category and the overall Investor of the Year 2026 title.

His journey from professional rugby and construction to sectional-title property development impressed the judges, earning him the coveted trophy and R100,000 cash prize.



THREE WINNERS. THREE INSPIRING PROPERTY JOURNEYS.

JACQUES COETZEE | OVERALL & BIG LEAGUES

Property development, entrepreneurial resilience and disciplined deal execution.

MICHAEL BRINK | INTERMEDIATE WINNER

Transformed a former crèche into 22 student accommodation beds, generating more than R50,000 monthly cash flow, with an estimated property value of R4.4 million.

AMANDA STONE | BEGINNER WINNER

Turned an outdated Green Point apartment into a standout two-bedroom property, creating approximately R1.6 million in value and achieving a reported 36.5% return on investment in eight months.



REI HELPS JUDGE SOUTH AFRICA'S TOP PROPERTY INVESTORS

Neale Petersen, Founder and Editor-in-Chief of Real Estate Investor, was one of three judges at the prestigious Investor of the Year 2026 Awards, alongside Nondumiso Ncapai of Absa Home Loans and Mabuye Mokoena of Mokoena Africa Group.

The judging panel evaluated investment returns, financial structuring, ownership, personal investment journeys and, importantly, risk management, recognising investors who demonstrated outstanding achievement and innovation.

The Investor of the Year 2026 Gala was a spectacular evening of celebration, inspiration and recognition, bringing together South Africa's property investors, industry leaders and rising talent.

The message of the evening was clear: with knowledge, determination and the right opportunities, ordinary South Africans can achieve extraordinary success through property investment.

REAL DEALS. REAL INVESTORS. REAL INSPIRATION.

Read the full winners' story at rei.co.za.



EVENTS

SAPOA 2026: Celebrating property's best – including REI



South Africa's property industry celebrated 60 years of excellence at Sun City, honouring outstanding developments, municipalities, journalists and industry leaders, with Real Estate Investor once again among the award recipients.

The 2026 SAPOA Annual Convention and Awards, held at Sun City from 29 September to 1 October, brought together South Africa's leading property developers, investors, architects, municipal representatives and media professionals for a landmark 60th-anniversary celebration. Under the theme "Elevating Property. Elevating South Africa. 60 Years & Beyond", the convention recognised the projects, people and organisations shaping the country's built environment.

REI HONOURED FOR THE SECOND CONSECUTIVE YEAR

A proud highlight was Real Estate Investor (REI) being named runner-up for Property News Website of the Year at the SAPOA Journalism Awards for Excellence for the second consecutive year.

Property Wheel took the top honour, while REI's recognition reinforced its standing among South Africa's leading property news and investment platforms.

Other journalism winners included Joan Muller of Financial Mail, who won both Property News Journalist and Property Feature Journalist of



PROPERTY DEVELOPERS TAKE CENTRE STAGE

The prestigious Overall Property Award for Innovative Excellence went to the South African Reserve Bank Head Office campus redevelopment, which also secured awards for Corporate Office Development and Refurbished Development of the Year.

Other standout winners included:

- **Bendehuis - Atterbury and Twin City:** Commercial Office Development of the Year.
- **Ninety One Head Office - Growthpoint Properties and Paragon:** Interiors Development and Overall Sustainability of the Year.
- **The Herringbone - Divercity Urban Property Group:** Mixed-use Development of the Year.
- **Yethu City on Sisulu - Octodec Investments:** Residential Development of the Year.
- **Goscor Lift Trucks - West Property Fund:** Industrial Development of the Year.
- **Volley Roper - BOW+ARC:** Student Accommodation Development of the Year.

The awards highlighted innovation, sustainable design, urban regeneration and the growing diversity of South Africa's development landscape.



MUNICIPALITIES RECOGNISED FOR EXCELLENCE

The SAPOA | Ratings Afrika Municipal Awards recognised local authorities creating stronger environments for property investment and development.

City of Cape Town was named Best Metro Municipality, while Drakenstein received the Most Improved Municipality award. Swartland Municipality took first place among local municipalities, followed by Saldanha Bay and Hessequa.



FRANCOIS VIRULY RECEIVES LIFETIME ACHIEVEMENT HONOUR

One of the evening's most significant recognitions went to Professor Francois Viruly, who received SAPOA's prestigious Lifetime Achievement Award.

A respected property economist, academic and industry commentator, Viruly was honoured for his enduring contribution to South Africa's commercial property industry, particularly through education, research, thought leadership and the development of future property professionals.

His recognition celebrated not only an exceptional career, but also the lasting influence of knowledge and mentorship on the property sector.



SIX DECADES OF PROPERTY EXCELLENCE

The 2026 SAPOA Convention was more than an awards celebration. It brought together the industry's achievements, challenges and ambitions, recognising that successful property investment depends on innovative development, effective municipalities, informed journalism and exceptional leadership.

For Real Estate Investor, being recognised alongside the industry's leading publications and professionals was a proud milestone and further motivation to continue delivering independent, relevant and insightful property investment journalism.

Read the full awards coverage and winners at www.rei.co.za.





NEWSTAND ARCHIVES



SEPT 26



SEPT 26



AUG 26



JULY 26



JUNE 26



MAY 26



APRIL 26



MARCH 26



FEB 26

DISCLAIMER: All rights reserved. No reproduction without permission.
Opinions are authors'. Publisher doesn't endorse/warrant adverts. Not financial advice, consult your advisor.

iPROTECT

We are the leader
in tax optimisation and legal structures

WHO WE ARE

iProtect has been serving clients for more than 20 years. Our experienced team of attorneys are ready to offer you expert advice and support. We are at the forefront of our industry and we look forward to tailoring your bespoke solution.

WHAT WE DO

We specialise in corporate, commercial and personal tax structuring. Our expert attorneys develop solutions to efficiently manage your financial affairs and minimise you and your family's tax liability. That may sound intimidating, but we take care of the complexities on your behalf.

Our Services

Asset Protection
Our iProtect solution transfers assets into the right structures, avoiding transfer duty and taxes, ensuring financial protection

Tax Structuring
Death and taxes are certain, but their impact can be minimized. We help high earners save up to 20% in taxes.

Estate Planning
iProtect structures ensure you own nothing, achieving a 0% executor's fee and avoiding significant taxes and duties upon death.

B-BBEE Structuring
iProtect's innovative BEE solutions ensure compliance without triggering taxes, empowering participants and adding value, eliminating the BEE love/hate dilemma.

Cape Town 021 671 5384
Johannesburg 087 163 2550
Durban 031 566 2046