



# TPN Vacancy Survey

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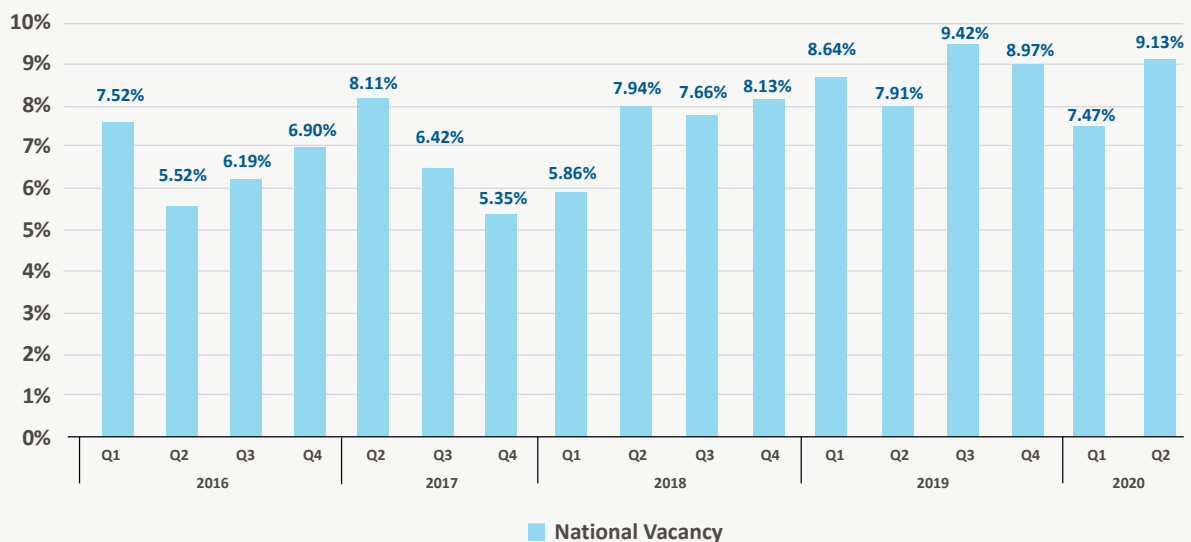
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## Lockdown Lowdown

A quick summation of the second quarter of 2020 – “varying degrees of lockdown!” For the month of April it was a hard lockdown, no one moving in and no one moving out. The month of May saw two relaxations for relocation, tenants, landlords and agents jumped at the chance to get people moving again.

The TPN Vacancy Survey is polled in the 3rd week of the middle month each quarter; for Q2 2020 that was 21 – 27 May. This is important to note because South Africa was out of hard lockdown and the relocation rules were sufficiently relaxed to allow tenants to move, although property viewings were still not in place, the market was opening up.

### TPN VACANCY RATE NATIONAL



**By Michelle Dickens**  
 Managing Director  
 TPN Credit Bureau

Many landlords experienced forced vacancies as property viewings were prohibited and movement restricted, vacancies shot back up over nine percent to 9.13% from 7.47% the previous quarter.

The Reserve Bank expects “job losses to be widespread”, further impacting the property market as many tenants look at downscaling or co-sharing options potentially pushing vacancies up in the future.

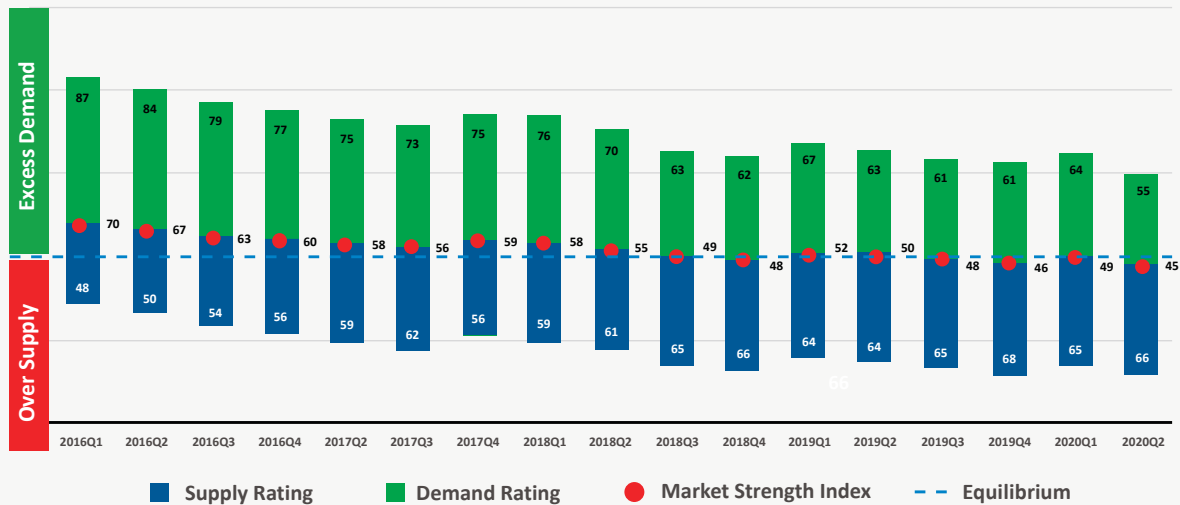


### Market Strength Index

To gauge the strength of the residential rental market, the TPN estate agent and landlord survey asks respondents to rate supply and demand in their area.

Respondents simply indicate whether demand is strong (100), average (50) or weak (0). And whether supply is strong (100), average (50) or weak (0), the data is aggregated to provide a Demand Rating and Supply Rating. The difference is the Market Strength Index where a result of 50 would suggest a market in equilibrium.

## TPN RENTAL MARKET STRENGTH INDEX NATIONAL



The lockdown resulted in a Market Strength Index of 45, the worst on record for landlords. For perspective, a Market Strength of 50 would indicate perfect equilibrium between supply and demand. A market Strength below 50 indicates an over supplied rental market.

The Demand Rating was the lowest at 55 as tenants remained locked into existing leases with no option to move. Many frustrated landlords sitting with vacant properties pushing the Supply Rating up to 66. Too many properties, too few tenants.



**Vacancy by Province**

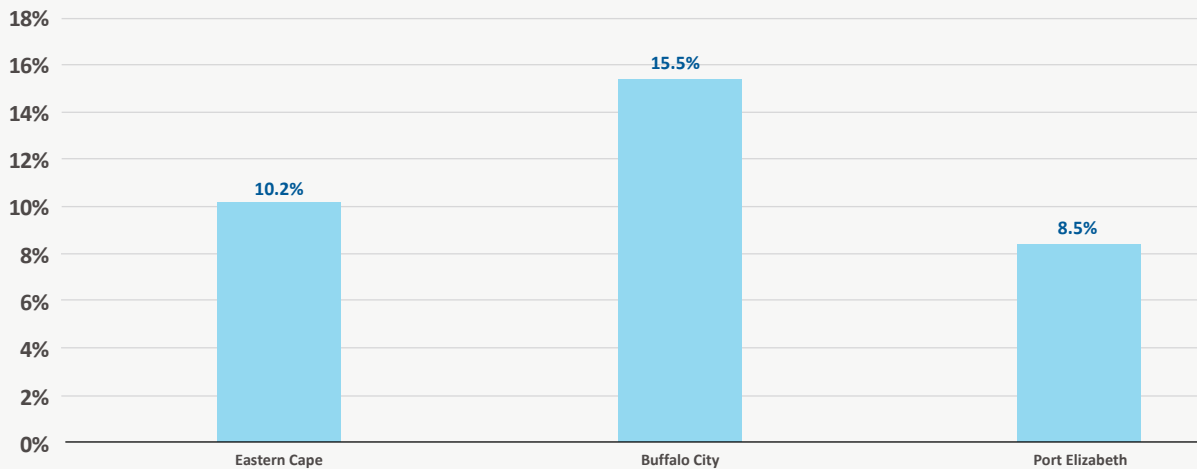
**Eastern Cape**

Eastern Cape suffered the most with a Vacancy Rate nearly doubling to 10.2% from the previous quarter's 5.9%. The Market Strength Index plummeting from a landlord's market high of 67.3 in quarter one, to 51.1 in quarter two nearing the point of market equilibrium.

Buffalo City fairs the worst as vacancies rocketed to 15.5% from 11.1% the previous quarter.

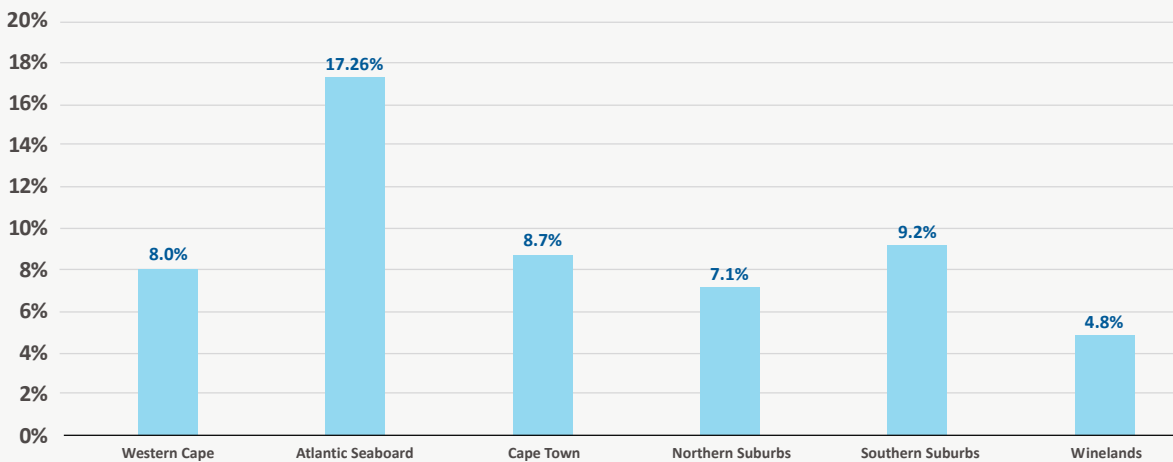
Port Elizabeth also experiencing higher vacancies at 8.5% up from 4.6% the previous quarter.

**TPN VACANCY RATE EASTERN CAPE**



**Western Cape**

**TPN VACANCY RATE WESTERN CAPE**





**Vacancy by Province**

**Western Cape**

The Vacancy Rate in the Western Cape rose to 8.0% from 6.2% the previous quarter. The market Strength Index also deteriorating from 46.3 the previous quarter to 43.5.

The Atlantic Seaboard recording the highest vacancies in the province at 17.3% driven by a severely poor Market Strength Index of 38.9.

Cape Town, Northern Suburbs and Southern Suburbs each producing Vacancy Rates of 8.7%, 7.1% and 9.2% respectively.

The winelands proving most attractive with only 4.8% vacancies. It would be important to also note that Stellenbosch recorded the best good standing in the country with 93% of tenants paid up in the lockdown period of April and May 2020.

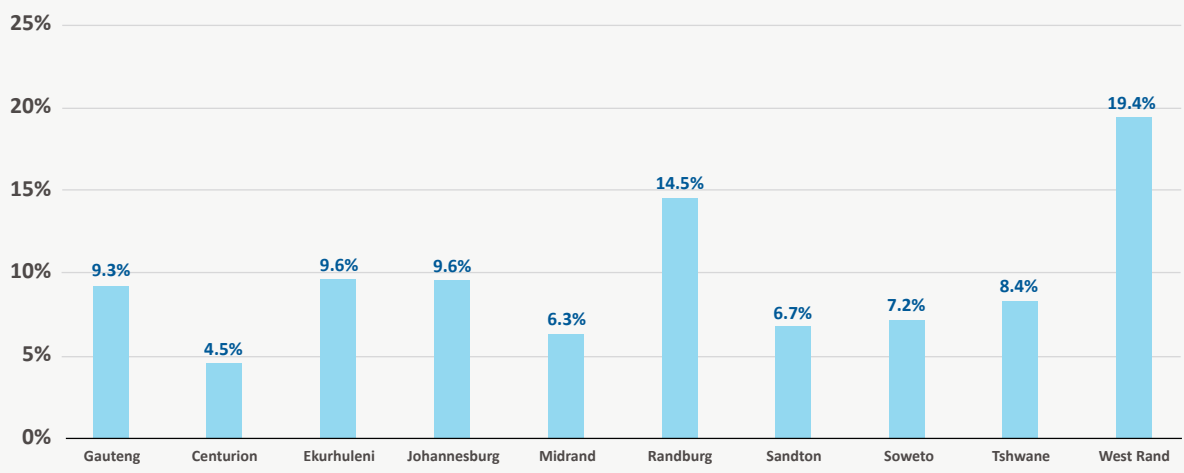
**Gauteng**

Gauteng’s Vacancy Rate has often pushed over nine percent in the recent past, for the current quarter the Vacancy Rate is 9.3% up from 7.7% the previous quarter, the province’s Demand Rating now the lowest on record at 54.4 driving down the Market Strength Index to 43.0.

The West Rand’s Vacancy Rate of 19.4% means 1 in 5 rental properties are vacant. Randburg also recording higher vacancies or 14.5% more than double the previous quarter of 6.4%.

Centurion landlords will be very pleased with their Vacancy Rate of 4.5%.

**TPN VACANCY RATE GAUTENG**





**Vacancy by Province**

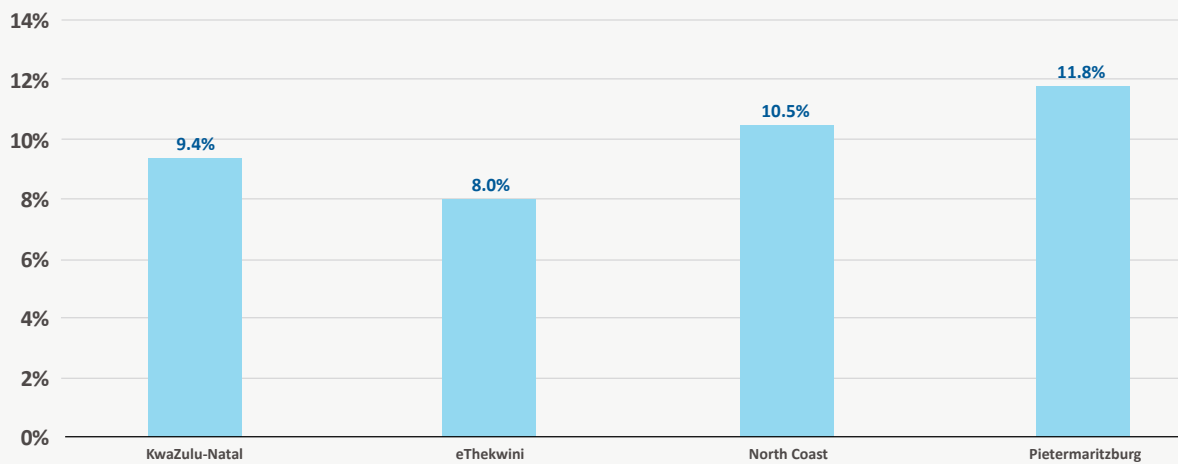
**KwaZulu-Natal**

KwaZulu-Natal has been enjoying lower vacancies of 5.9% and 6.1% the previous two quarters, now 9.4% for the current quarter and a Market Strength Index of 46.5.

eThekweni one of the only regions with less vacancies quarter-on-quarter improving from 10% to 8%.

The North Coast and Pietermaritzburg pushing into double digit vacancies with 10.5% and 11.8% respectively.

**TPN VACANCY RATE KWAZULU-NATAL**



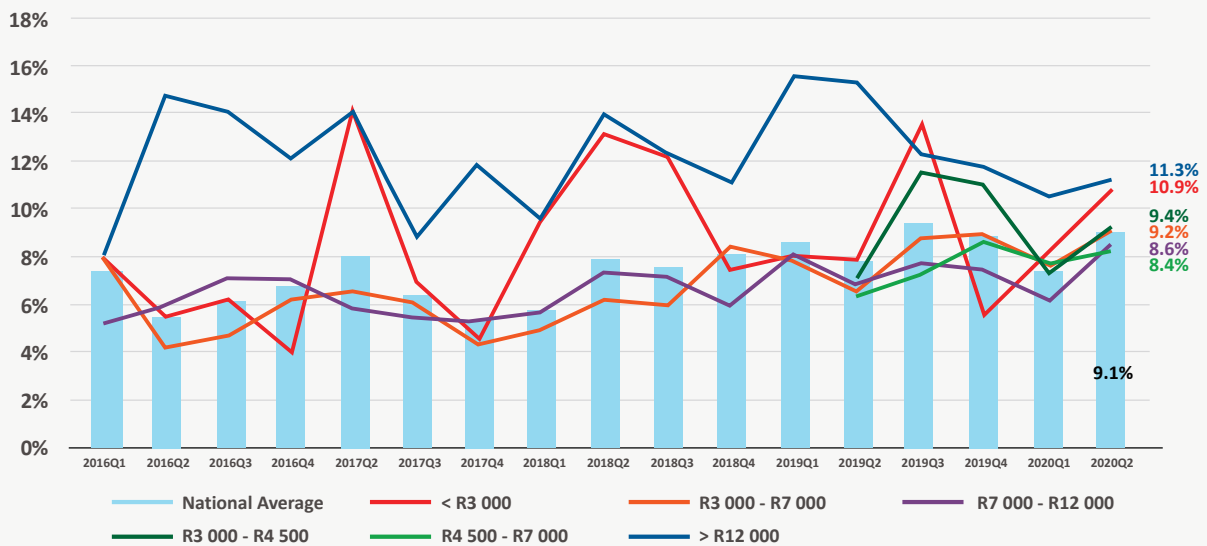


### Vacancy by Rental Value

Properties in the upper rental value above R12,000 per month continue to record the highest Vacancy Rate at 11.3%, followed closely by the lower end of the market with rentals below R3,000 per month at 10.9%.

The R4,500 to R7,000 property segment performing best with a Vacancy Rate of 8.4%, followed closely by the R7,000 to R12,000 segment at 8.6%.

## TPN VACANCY RATE BY RENTAL VALUE



### Conclusion

At the time of writing tenants still required an Affidavit to move house and estate agents and landlords have had only 2 days post lockdown to show houses to prospective new tenants. The impact of the lockdown will reveal itself in the coming months as tenants reorganise their lives, employment, finances and ultimately where they live.