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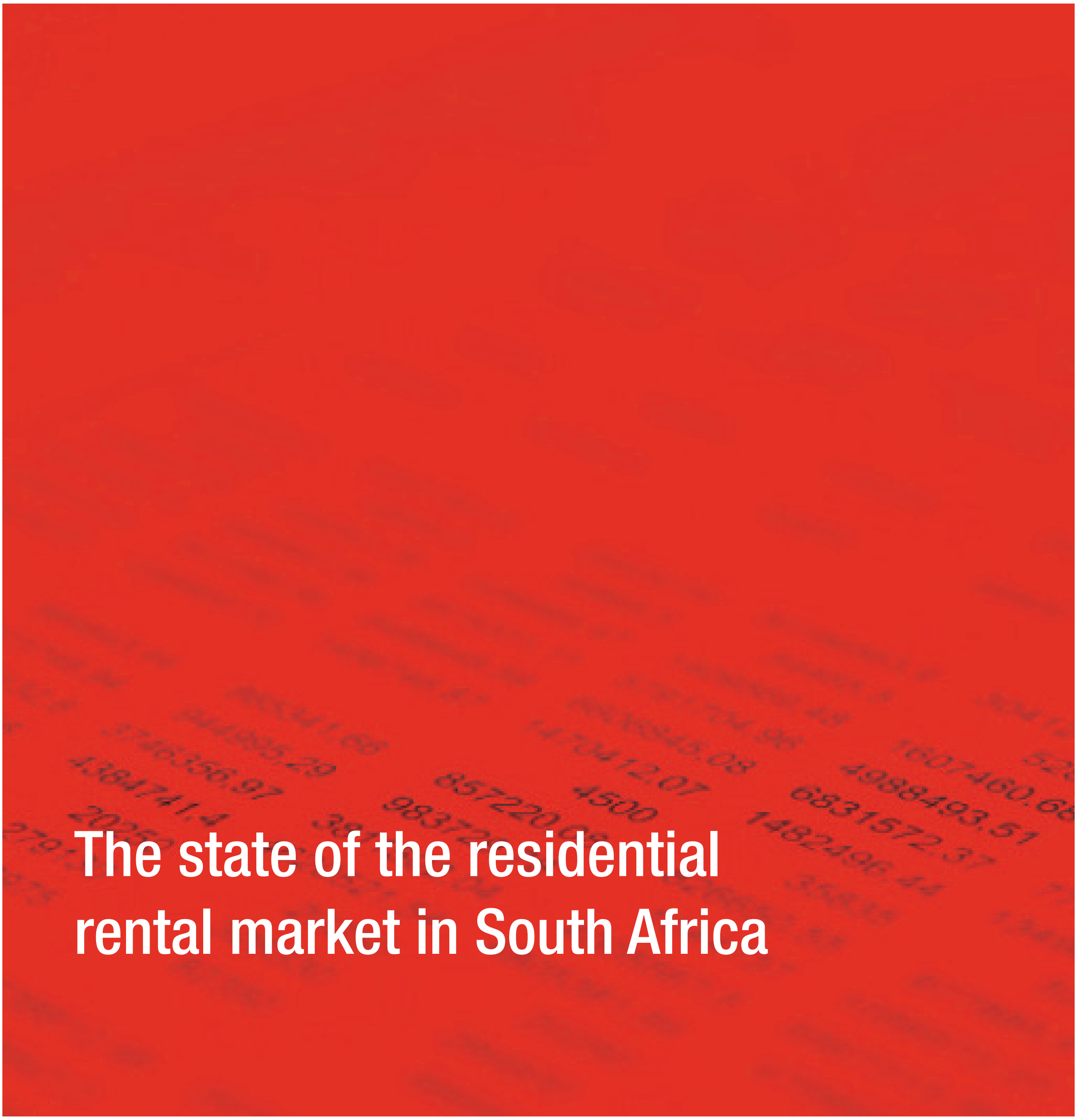


The state of the residential rental market in South Africa

Contents

Introduction

It’s been four years since we conceptualised and launched the first PayProp Rental Index with the help of prominent economist Mike Schüssler. It was the first and still is the only index that tracks actual transactions between tenants, landlords and estate agents as the basis of its analysis – which is why it remains one of the most accurate, up-to-date and important indices for the South African property industry.

So what's new? The 2015 Index builds on tenant-specific data introduced in previous indices. Among others, a provincial breakdown gives letting agents a vital market-first look into local affordability. This has been mapped back to overall and provincial rental performance to provide a unique market view and strategic planning tool.

The PayProp Rental Index 2015 is a retrospective of the performance of the South African residential letting market in 2015, following on three quarterly reports for the year. But its aim is prospective as much as it is retrospective – to help you in your business we’re also using the data we’ve gleaned from our transactional platform to highlight key trends that will drive the market in 2016.

So without further ado, here is our analysis of the residential rental market in 2015 and the implications for 2016!

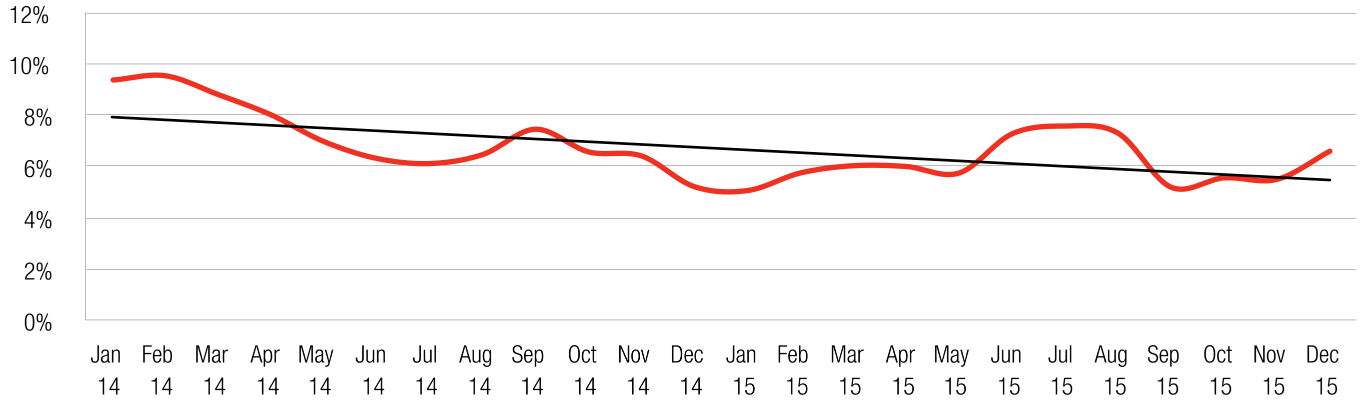
NO SHORT-TERM RECOVERY IN SIGHT

2015 began ominously with further evidence of slowing growth in rentals.

At the end of 2014 we'd flagged a dip in average year-on-year growth – from close to 10% at the beginning of the year to just 6.05% in Q4. Mindful of the fact that rent (like most economic trends) goes through cycles, we saw it as a temporary decline before a probable upturn. As things turned out, however, average growth for 2015 was just 6.12% – not much higher than where the market ended in 2014.

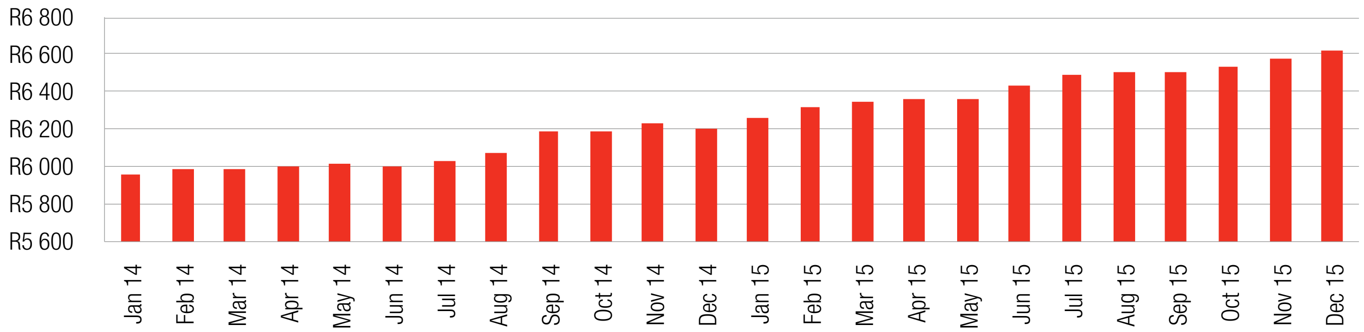
In July, landlords enjoyed a break from January's meagre 5.04% growth, with the rate reaching a year-high of 7.56%. However, soon afterwards the market fell below 6%, ending the fourth quarter with average year-on-year growth of 5.85%. When compared to the 7.25% annualised average of 2014, it is clear that 2015 has not been a great year for residential landlords!

In absolute terms, provincially weighted average rentals showed only a modest increase, from R6 264 in January to R6 616 in December. ■



Year-on-year growth

Source: PayProp



Average rental

Source: PayProp

NORTHERN CAPE – STILL HEADING NORTH

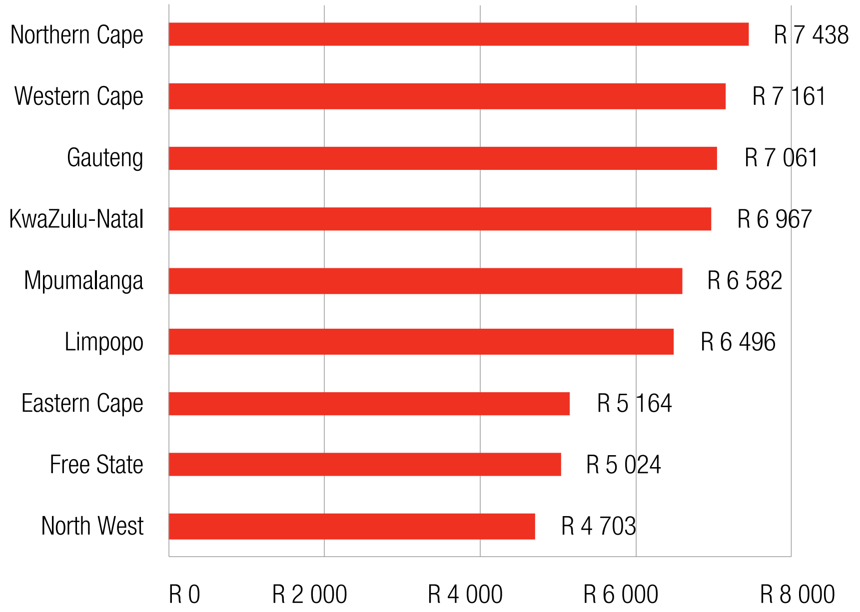
For the second quarter in a row, the Northern Cape was the most expensive province in which to rent a residential home in Q4, averaging R7 438 per month.

Only R111 separated Gauteng and Western Cape rentals in Q3, allowing the latter to edge past the former in Q4 as the second most expensive province to rent in. This comes on the back of continued strong growth in the Western Cape, compared to a slight last-quarter dip for Gauteng.

Viewed over time, the change in provincial rankings has been fascinating to witness. Clearly a lot of water has flown under the bridge since Q1 2012!

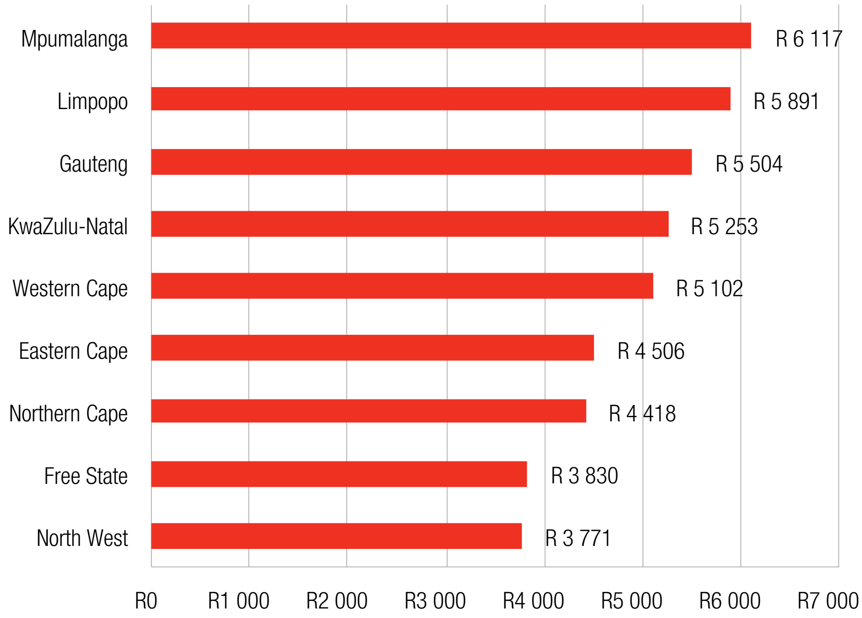
Over the course of those three years, Mpumalanga and Limpopo dropped back from the top two spots to fifth and sixth place respectively. The Northern Cape, in turn, went from sixth place to first, while the key three provinces of Gauteng, the Western Cape and KZN have held their own.

Sadly, immobility in the rankings has not served the Free State and North West well – both continue to languish at the bottom as they struggle with sluggish growth. ■



Provincial average rentals Q4 2015

Source: PayProp



Provincial average rentals Q1 2012

Source: PayProp

GROWTH RATES TELL THE STORY

At the end of Q4 2014 we raised the alarm when the sustainability of growth in the Northern Cape seemed in question. The signs included stalling growth, of course, but also tell-tale movement in the key indicators of damage deposit-to-rent ratios and the high-rent categories (over R15 000).

Despite an uptick in rental growth, from 10.8% in the last quarter to 11.4% this quarter, our view on this has not changed. While “the other Cape” is still the fastest-growing province and the most expensive to rent in, we remain concerned about the longevity of the recent growth blip.

Growth (or the lack thereof) in Mpumalanga speaks just as loudly. Once the most expensive province to rent in, it is the only one to suffer four consecutive quarters of negative growth throughout the period under review. That’s right, rents are actually falling! While this has been great for tenants, it has had an adverse impact on landlord income (and agent commissions).

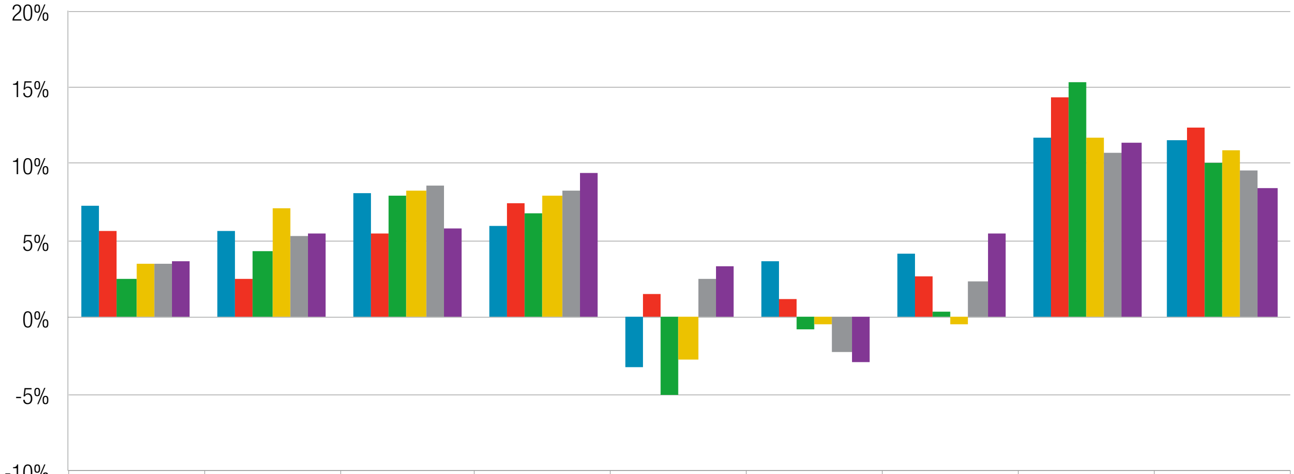
Both the Western Cape and Gauteng experienced lower rent increases over the last quarter, but they still offer growth well above the norm and have done so over a sustained period and from a position of strength, at or near the top of the rankings.

We may have a wild card in KZN – it hasn’t quite matched the momentum of the top performers, but it certainly gave as good as it got in the latter three quarters of the period. One to watch!

In the lower half of the rental and rental growth rankings, the Eastern Cape continues to struggle. Although it has emerged from negative growth in recent months, it failed to breach the 4% barrier over the four quarters and seems to lack the impetus to substantially recover in the short term.

The same picture seems to be unfolding in the North West; while going in the right direction, it may have too little in the tank to sustain it beyond the short term.

For its part, the Free State may be closer to a recovery. While average growth for the year was still below the national norm, it started to edge towards the magic 6% figure – a very good sign indeed. ■



	Eastern Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape
🟦 Q3 2014	7,2%	5,7%	8,1%	6,0%	-3,3%	3,6%	4,1%	11,6%	11,5%
🟥 Q4 2014	5,6%	2,5%	5,5%	7,4%	1,6%	1,2%	2,7%	14,4%	12,4%
🟩 Q1 2015	2,5%	4,3%	7,9%	6,8%	-5,1%	-0,8%	0,4%	15,3%	10,0%
🟨 Q2 2015	3,4%	7,1%	8,2%	8,0%	-2,7%	-0,4%	-0,4%	11,7%	10,9%
■ Q3 2015	3,6%	5,3%	8,6%	8,2%	2,6%	-2,2%	2,4%	10,8%	9,5%
🟪 Q4 2015	3,7%	5,5%	5,8%	9,4%	3,3%	-2,9%	5,4%	11,4%	8,4%

Provincial growth rates

Source: PayProp

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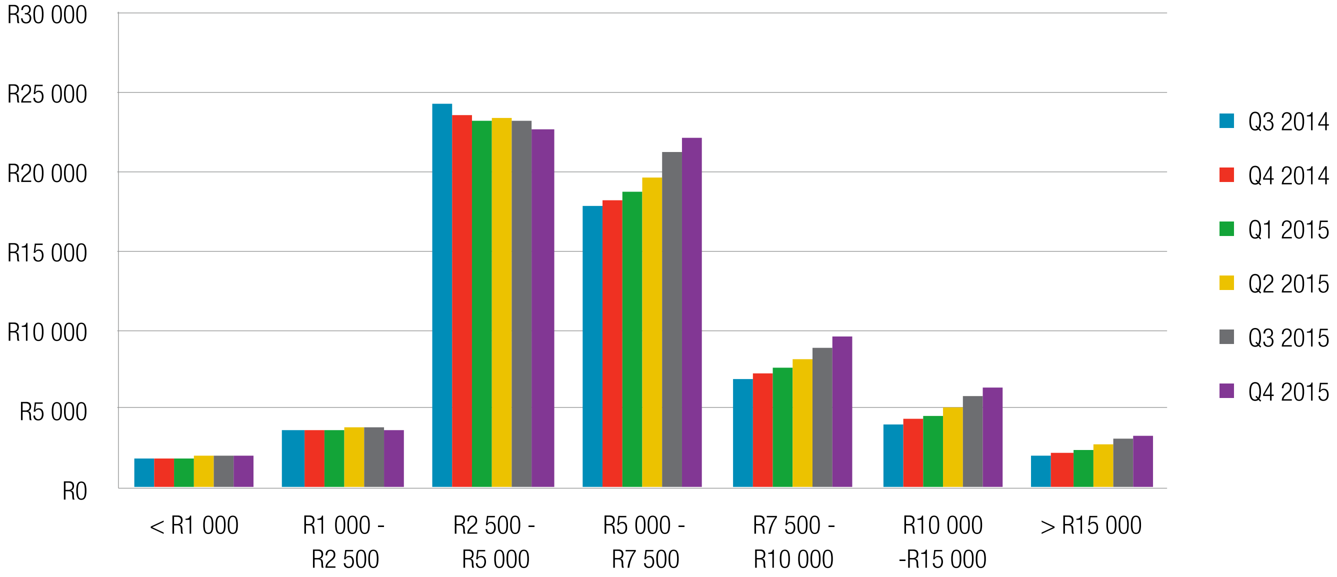
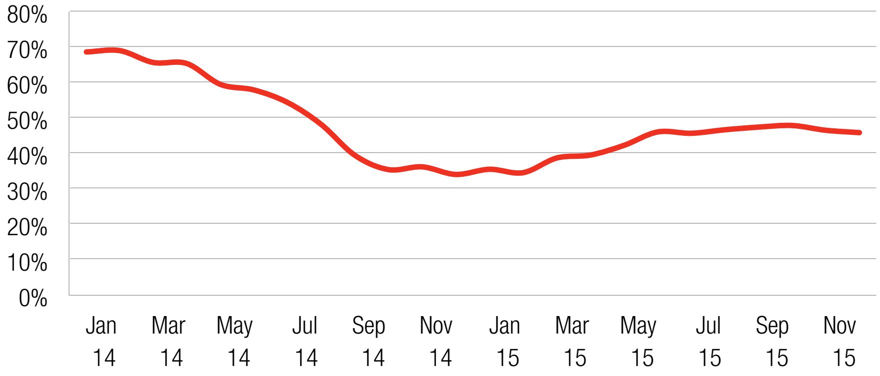
PRICE CATEGORY SHIFTS

It follows that, when average rental values grow, there is migration by renters from one price band to another. This much is evident in the graph below, where the number of rentals in the R2 500 – R5 000 price bracket has taken a dip in favour of the adjacent higher categories.

When we track movement across the price brackets over the four quarters, the upward flow is vividly obvious with the exception of the lower bands. While the biggest gain was in the R10 000 to R15 000 category (moving from 7.4% of total rentals to 9.1% over the term), the third-highest range (R7 500 – R10 000) also showed promising growth with a gain of 1.3%.



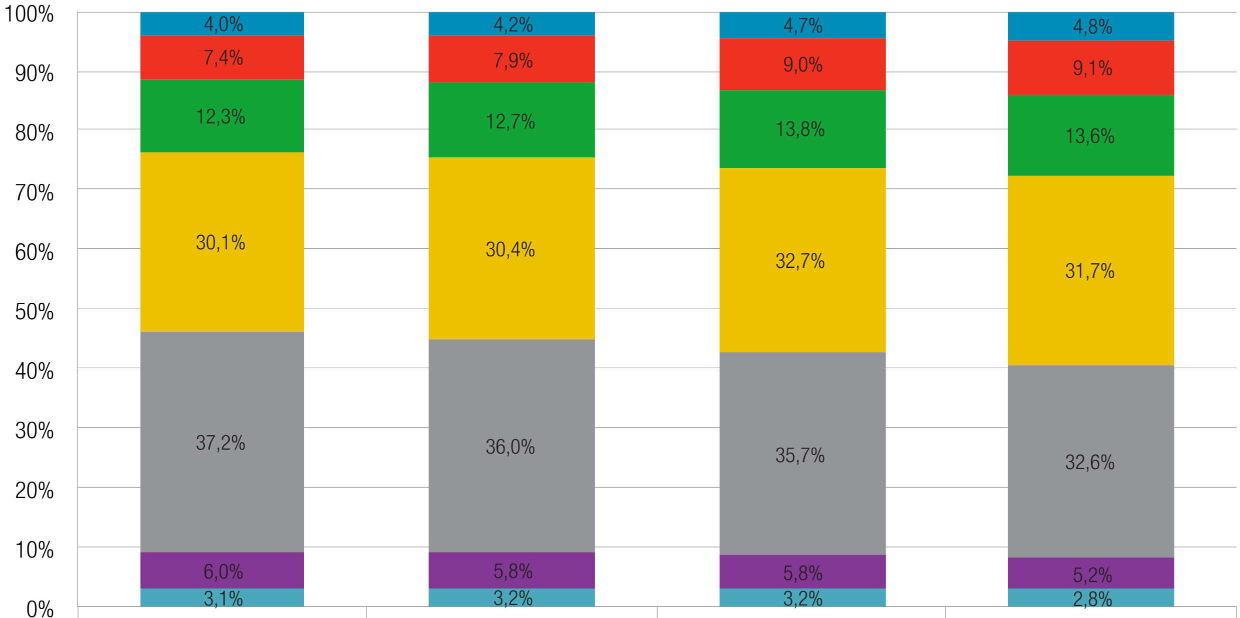
Rentals by price category
Source: PayProp



Growth in number of rentals >R15 000
Source: PayProp

Because luxury rentals over R15 000 make up such a small portion of the overall number of rentals, high proportional growth was needed in this category for its share of total rentals to increase by 0.8% during 2015. In the event, growth of 40% was achieved.

However, the influx of tenants into the above-R15 000 category levelled off in Q4, perhaps pointing to some financial strain being felt by higher-end consumers. ■



	Q1 2015	Q2 2015	Q3 2015	Q4 2015
🟦 >15 000	4,0%	4,2%	4,7%	4,8%
🟥 10 000 -15 000	7,4%	7,9%	9,0%	9,1%
🟩 7 500 - 10 000	12,3%	12,7%	13,8%	13,6%
🟨 5 000 - 7 500	30,1%	30,4%	32,7%	31,7%
⬛ 2 500 - 5 000	37,2%	36,0%	35,7%	32,6%
🟪 1 000 - 2 500	6,0%	5,8%	5,8%	5,2%
🟦 < 1000	3,1%	3,2%	3,2%	2,8%

Distribution of price bands

Source: PayProp

WHAT DOES THIS MEAN FOR INVESTORS?

Ultimately the driving force behind any rental market is its ability to generate returns for landlords, and it is in this context that yields enter the picture. Yields show the extent to which an asset generates a return on the owner's investment (ROI), allowing a comparison of its performance with other investment opportunities.

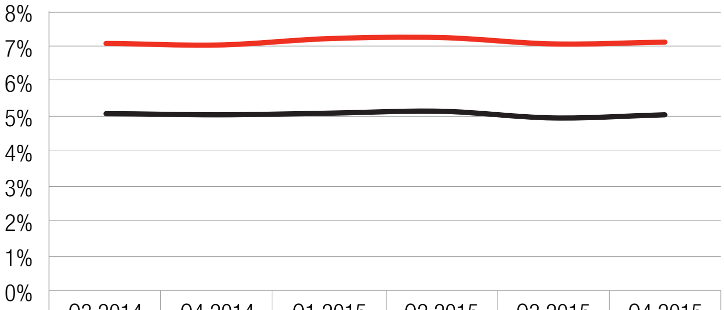
The PayProp Rental Index uses a custom yield calculation to come to a rental-specific ROI figure. Firstly, we compare average rental values to average property values, giving us a gross yield. The average resultant figure for SA rental properties in Q4 2015 was 7.11% – a slight recovery from the 7.06% of the previous quarter.

But what drove the increase does not make for relaxing reading. As we've seen in previous sections, the growth in rental values (i.e. landlord income) has been rather muted at around 6%, so that's not it. Rather, what drove up gross yields was sluggish growth in property values – even lower than rental income! One look at the ABSA house price index corroborates this – house price growth has dropped back from 8% - 9% in 2014 to a mere 5% - 6% in 2015.

This brings us to the second part of our yield calculation – net yield – which measures profit (rather than income) in relation to asset value. This is the truest reflection of ROI, since owners have to pay expenses out of their income. As PayProp processes actual outgoing payments, we know exactly what tenants pay and what owners receive.

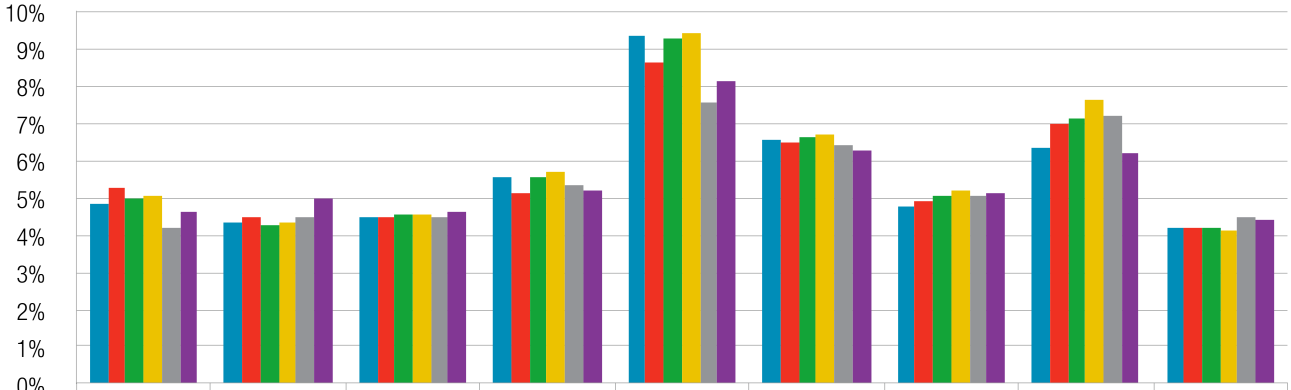
Thankfully, in this figure too there is an element of recovery over Q4. After dropping below 5% for the first time since we've been tracking the index, it bounced back up to 5.03% at year-end – which is marginally more than the level at which it started off last year. That said, net yield performed stronger than gross yield over the period, which indicates a flattening of expense growth and some relief for owners. ⏩

- The highest yielding province remains Limpopo – though definitively not because rentals are higher there, but because property values are only about 85% of the national weighted property value. The same applies to Mpumalanga, where property values are 84% of the national norm.



	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
━ Gross yield	7,09%	7,03%	7,21%	7,24%	7,06%	7,11%
━ Net yield	5,08%	5,03%	5,08%	5,13%	4,94%	5,03%

National gross & net yields
Source: PayProp



	Eastern Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape
🟦 Q3 2014	4,83%	4,29%	4,47%	5,52%	9,33%	6,51%	4,77%	6,35%	4,18%
🟥 Q4 2014	5,28%	4,43%	4,47%	5,14%	8,58%	6,47%	4,90%	6,97%	4,21%
🟩 Q1 2015	4,95%	4,24%	4,51%	5,51%	9,24%	6,59%	5,02%	7,13%	4,16%
🟨 Q2 2015	5,01%	4,31%	4,55%	5,67%	9,43%	6,65%	5,21%	7,64%	4,11%
◼ Q3 2015	4,19%	4,50%	4,44%	5,29%	7,52%	6,38%	5,02%	7,16%	4,46%
🟪 Q4 2015	4,64%	4,95%	4,58%	5,22%	8,12%	6,25%	5,13%	6,22%	4,37%

Provincial net yields
Source: PayProp

The Northern Cape merits a closer look here – why, with such massive rentals and fast growth, are yields not higher in this province? Again, property prices are to blame, having grown by 23% vs. the national 6%, and ending the year on 96% of the value of the average South African home (after starting out on 82.5%). Rental growth in this province has simply not kept up with property value increases, which is why we're seeing steadily declining net returns. Ironically, high rentals and yields may be what sparked investor interest in the first place, driving up high property values and eroding landlord returns.

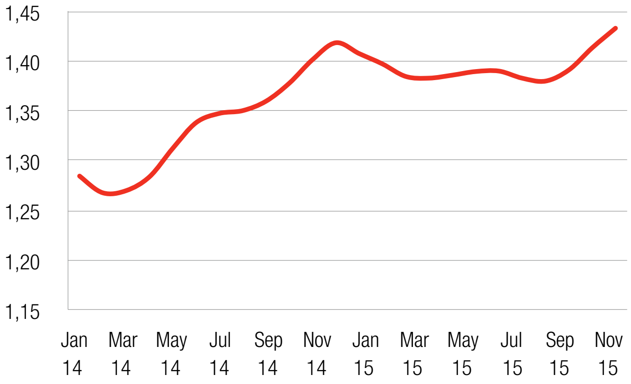
What is of concern, though, is the proximity of the threat for landlords. Should rentals decline rapidly for some reason, already slim yields will offer scant protection. ■

DAMAGE DEPOSIT RATIO IMPROVES

After 12 months of little upward movement, the damage deposit-to-rent ratio (the value of the average damage deposit relative to the average rental) is on the up again. In short, it means landlords are able to extract larger deposits relative to rental values than previously in the year. Of course, landlords will always want as much as possible, to afford them maximum protection, while tenants will always want to pay as little as possible, to free up future cash flow. Inevitably, matters settle somewhere in the middle, often guided by affordability.

As corroborated by this index, we usually see an increase in the deposit-to-rent ratio towards the last quarter of any given year, when many leases come up for renewal (for example, university rental deposits are paid in October to November). The first quarter of 2016 will be interesting to watch – can the upward trend continue as tenants come under increasing financial pressure?

Interestingly, this time last year we commented on a strong upward trend in this ratio. Soon afterwards it slowed, of course – what goes up must come down again, but it also matched the broad slowing in rental growth. ■



Damage deposit ratio

Source: PayProp

SECTION 2 - TENANT DATA

JUST HOW CASH-STRAPPED ARE TENANTS?

Currently news feeds are chock-a-block with stories about a worsening economy and the impact this could have on consumers. So how bad is it?

One way of looking at the problem is to identify a sizeable financial obligation in most people's lives and track their performance in discharging that obligation. Rent is an obvious candidate – since rent forms a large proportion of personal expenses, payment performance in this debt category is highly indicative of the average tenant's financial profile and prospects.

PayProp Capital, a tenant risk management specialist and PayProp's sister company, offers unique insights in this regard, based on its ongoing analysis of Tenant Assessment Report data. (The TAR uniquely combines credit scoring with future affordability indicators and assesses consumer behaviour against rental-specific metrics. The result is custom-built reports that help estate agents and landlords make better tenant placement decisions.)

The TAR service has been operating for just over a year, but during this time our clients have run more than 20 000 checks. The figures below have been drawn from an analysis of the data generated by these queries – they provide a historic first look at the average applicant who applies to an estate agency for a rental. ■

FACE TO FACE WITH THE AVERAGE TENANT

MONTHLY DEBT REPAYMENTS	**R10 620**
AVERAGE INCOME	**R30 552***
AVERAGE RENTAL	**R6 576**
NUMBER OF MONTHS SINCE LAST 90 DAYS IN ARREARS	9.93
MAXIMUM NUMBER OF MONTHS IN ARREARS	3.7
ACCOUNTS IN ARREARS 2015	1.9
AVERAGE DEPOSIT PAID	R9 286
NLR ACCOUNTS	3
CPA ACCOUNTS	8.1
AVERAGE AGE	38
% OF AVAILABLE CREDIT USED	69%
CREDIT SCORE	628

* Figures only include PayProp-administered tenants in the formal rental market (excluding shacks, hostels, back-rooms etc.), and tenants who use an estate agency – the assumption can be made that such tenants are financially better off.

CPA – Credit Providers Association
NLR – National Loan Register

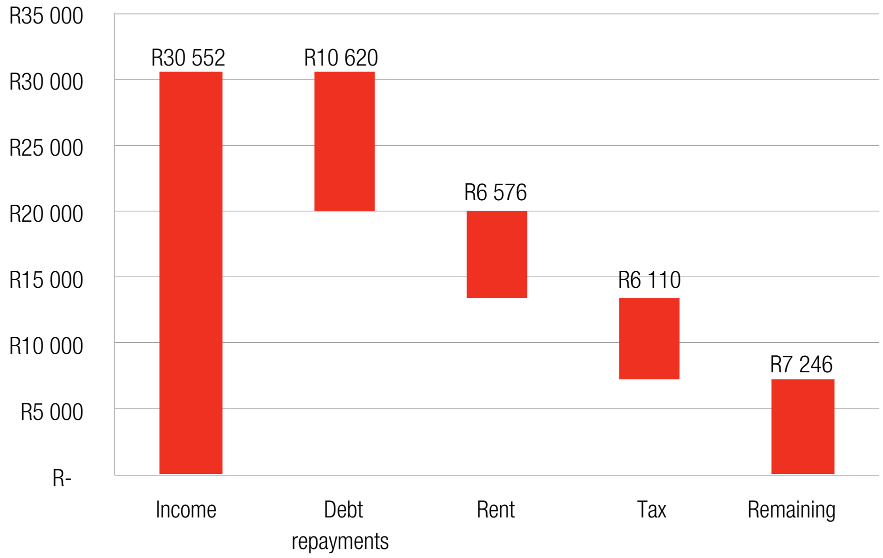
Source: Compuscan, PayProp Capital

WHAT DOES THIS MEAN?

A cursory examination of these figures reveals that Joe Average tenant spends R1.61 on debt for every R1 on rental – an extremely sobering figure.

Gone are the days when the rule of thumb in the industry was that tenants should not spend more than a third of their declared income on rent, as "this is their largest expense".

Debt has long since beaten rental into second place, with rent currently attracting a fifth of consumer spend. ■



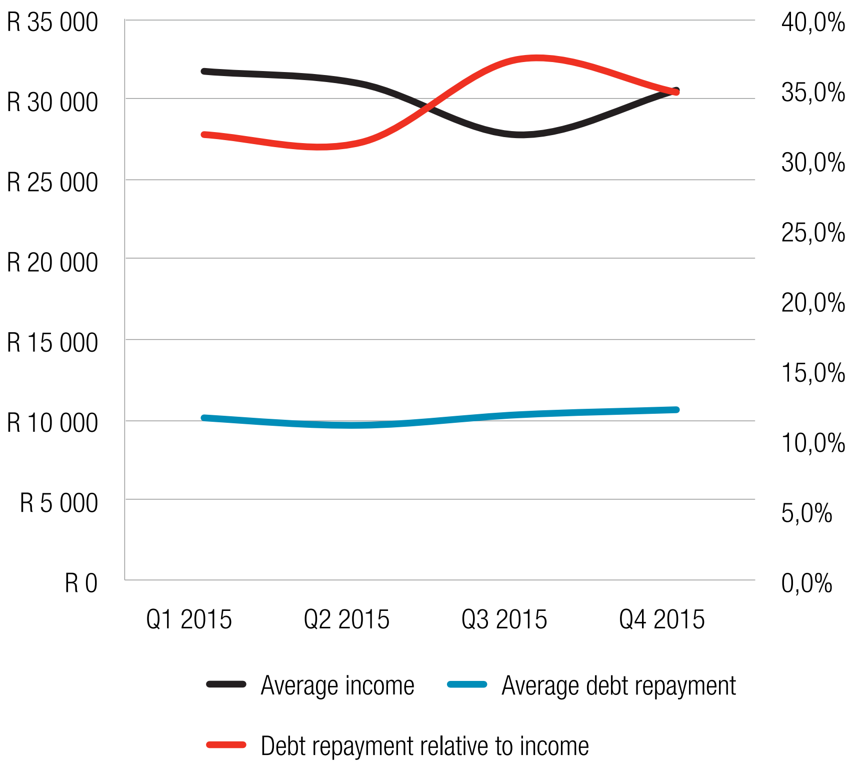
Tenant financial analysis
Source: Compuscan, PayProp Capital

WHERE IS IT GOING?

Further examination reveals the following interesting tidbits – the average tenant spends roughly a third of his pre-tax earnings on servicing debt, and manages to juggle eight store accounts (CPA accounts) and three high interest personal loan facilities (National Loan Register accounts). Most worryingly, they've used on average 69% of the credit granted to them, and have limited means to absorb any further financial shocks that may be heading their way.

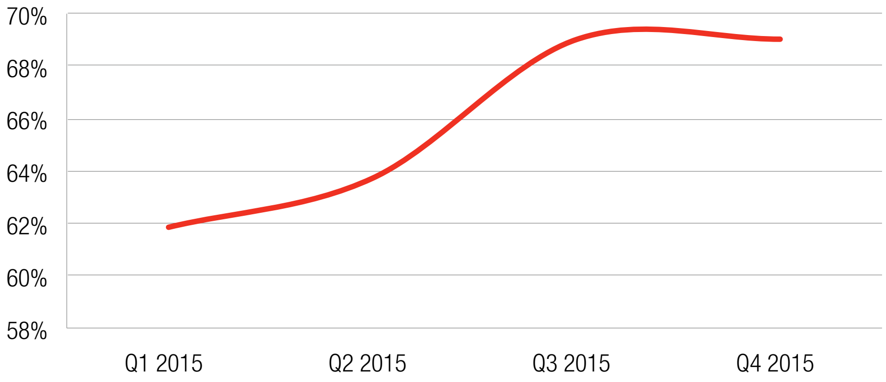
This in itself is not reassuring reading, and unfortunately our trend data (income and expenditure over time) darkens the canvas further. Let's start with the basics – what tenants earn and pay in debt each month.

Overall the picture is one of tenants spending progressively more of their income. In Q1 the average was 31.7%. It peaked in Q3 at 37.1% and ended the period under review on 34.8%. Traditionally, consumers use up a lot of credit over the festive season – watching

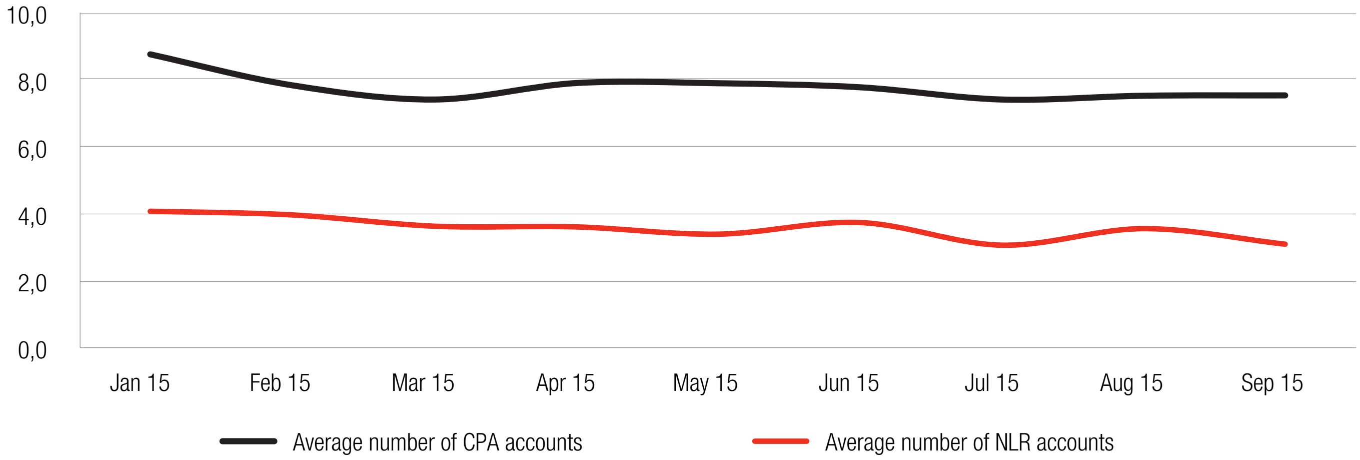


Tenant debt and income
Source: Compuscan, PayProp Capital

this figure in the first quarter of 2016 will be of interest. The more concerning trend, however, is the extent to which tenants tended to use up their available lines of credit throughout the year. At the beginning of the year, the average tenant had tucked into 61.8% of their total available credit. By the end of the year this had risen to 69%. This is an exceptionally high percentage and does not bode well in an economy that is under growth pressure. Encouragingly (to a degree), tenants have not increased their CPA and NLR accounts – but this has not stopped them from dipping deeper into those available to them. ■



Current balances as a % of maximum credit
Source: Compuscan, PayProp Capital

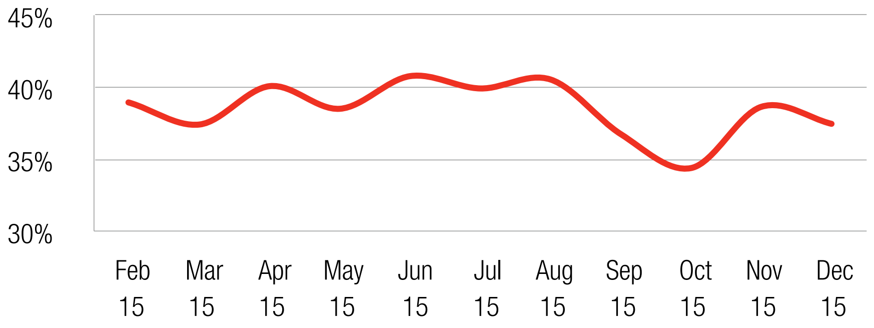


CPA and NLR accounts
Source: Compuscan, PayProp Capital

WHAT'S THE RISK?

PayProp Capital has developed a unique algorithm categorising prospective tenants' rental risk profiles. This has enabled us to monitor the risk of default on rentals – both in individual cases, for our clients, and overall for the purposes of market intelligence. The percentage of applicants deemed high- or very high-risk is particularly instructive.

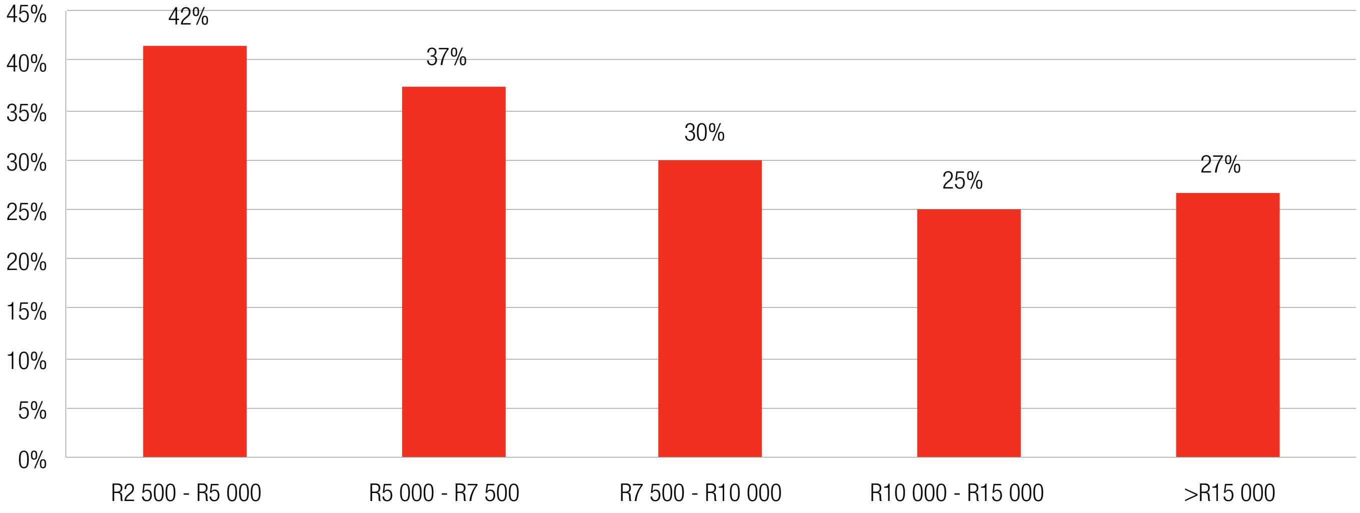
While fairly stable throughout the first two quarters, a third-quarter drop took us by surprise. However, the trend line



Percentage high- and very high-risk tenants
Source: Compuscan, PayProp Capital

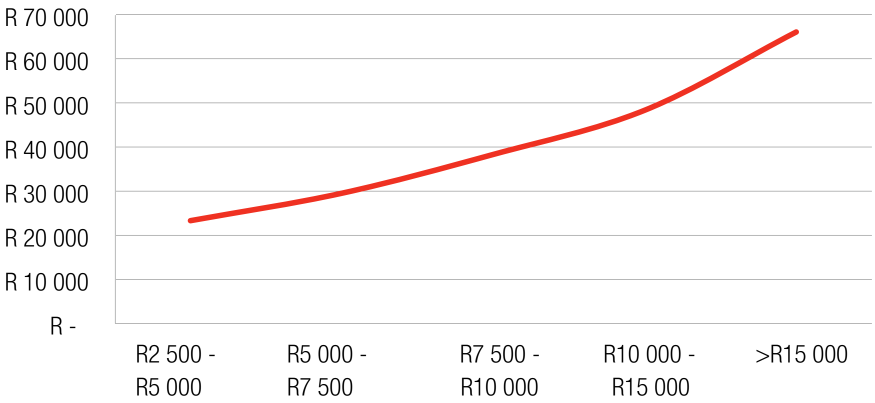
corrected itself soon afterwards, with the percentage of tenants keeping landlords awake at night again rising to 38.63% in November (compared to a high of 40.77% in June 2015).

Another way to understand the underlying dynamics of high- and very high-risk tenants is to analyse this percentage by price band.



Percentage high- and very high-risk tenants by rental price bracket

Source: Compuscan, PayProp Capital



Average income by rental price band

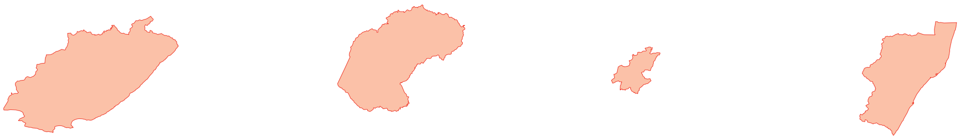
Source: Compuscan, PayProp Capital, PayProp

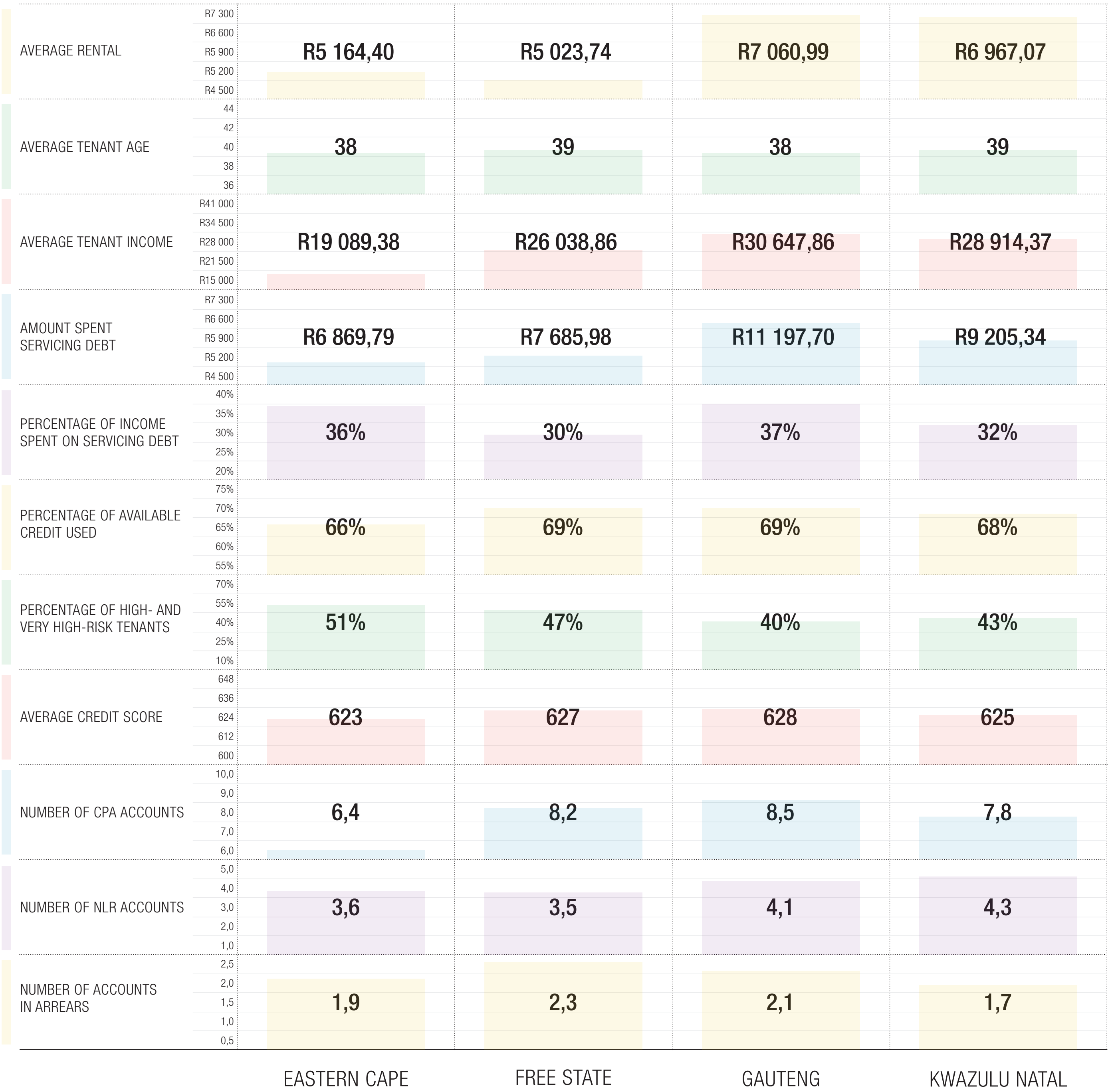
Conventional wisdom would have us assume that the higher the rental amount (and therefore the means of the tenant), the lower the at-risk percentage. And indeed this is very much the case for all price categories up to R15 000. At this point, tenants at risk as a percentage of total tenants jumps from 25% in the R10 000 - R15 000 bracket to 27% above R15 000.

One possible reason for this is that tenants in the top bracket manage their lines of credit more poorly than others. ■

ARE ALL PROVINCES IN THE SAME POSITION?

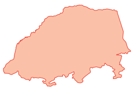
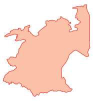
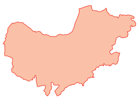
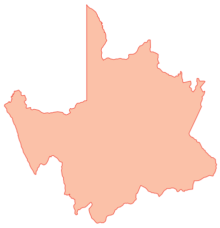
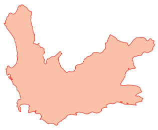
For the first time we have enough data to confidently report on the underlying tenant dynamics of each province.





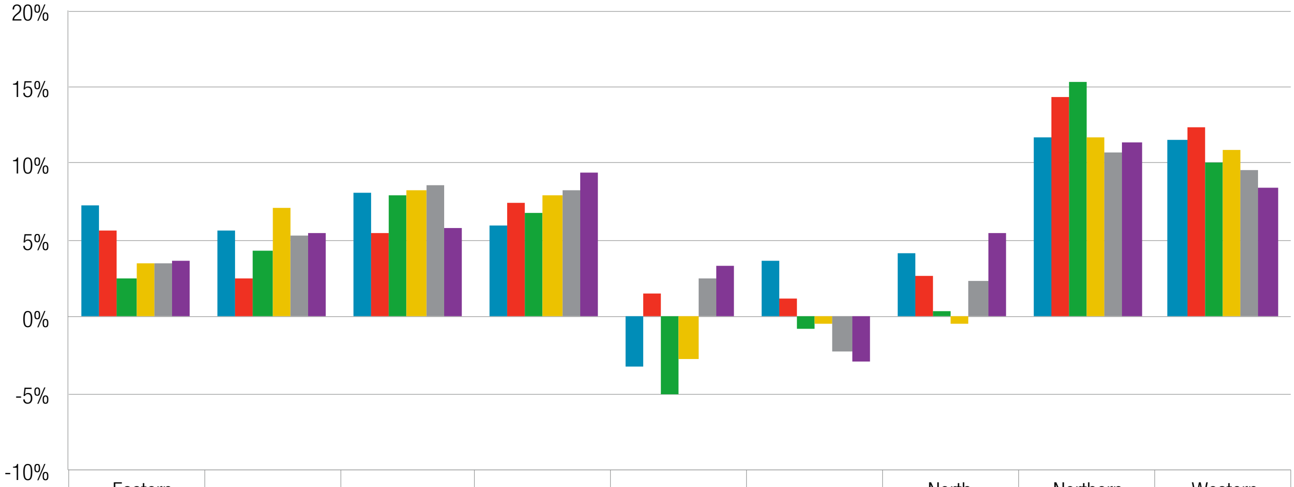
	EASTERN CAPE	FREE STATE	GAUTENG	KWAZULU-NATAL
AVERAGE RENTAL	R5 164,40	R5 023,74	R7 060,99	R6 967,07
AVERAGE TENANT AGE	38	39	38	39
AVERAGE TENANT INCOME	R19 089,38	R26 038,86	R30 647,86	R28 914,37
AMOUNT SPENT SERVICING DEBT	R6 869,79	R7 685,98	R11 197,70	R9 205,34
PERCENTAGE OF INCOME SPENT ON SERVICING DEBT	36%	30%	37%	32%
PERCENTAGE OF AVAILABLE CREDIT USED	66%	69%	69%	68%
PERCENTAGE OF HIGH- AND VERY HIGH-RISK TENANTS	51%	47%	40%	43%
AVERAGE CREDIT SCORE	623	627	628	625
NUMBER OF CPA ACCOUNTS	6,4	8,2	8,5	7,8
NUMBER OF NLR ACCOUNTS	3,6	3,5	4,1	4,3
NUMBER OF ACCOUNTS IN ARREARS	1,9	2,3	2,1	1,7

Source: Compuscan, PayProp Capital, PayProp

	LIMPOPO	MPUMALANGA	NORTH WEST	NORTHERN CAPE	WESTERN CAPE
AVERAGE RENTAL	R6 495,74	R6 581,70	R4 702,72	R7 437,98	R7 160,88
AVERAGE TENANT AGE	35	38	44	43	43
AVERAGE TENANT INCOME	R28 384,22	R35 910,49	R33 541,85	R25 267,04	R38 019,21
AMOUNT SPENT SERVICING DEBT	R9 346,12	R13 556,09	R12 829,76	R5 589,56	R12 807,68
PERCENTAGE OF INCOME SPENT ON SERVICING DEBT	33%	38%	38%	22%	34%
PERCENTAGE OF AVAILABLE CREDIT USED	71%	74%	69%	71%	63%
PERCENTAGE OF HIGH- AND VERY HIGH-RISK TENANTS	45%	39%	30%	62%	26%
AVERAGE CREDIT SCORE	624	630	641	609	642
NUMBER OF CPA ACCOUNTS	9,3	8,7	9,3	6,9	8,1
NUMBER OF NLR ACCOUNTS	2,7	4,1	3,0	4,5	2,4
NUMBER OF ACCOUNTS IN ARREARS	2,3	1,9	2,0	2,0	1,6
	LIMPOPO	MPUMALANGA	NORTH WEST	NORTHERN CAPE	WESTERN CAPE

To understand the new provincial affordability data, let's just take a step back to see how this maps back to the rental market performance in each province:



	Eastern Cape	Free State	Gauteng	KZN	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape
🟦 Q3 2014	7,2%	5,7%	8,1%	6,0%	-3,3%	3,6%	4,1%	11,6%	11,5%
🟥 Q4 2014	5,6%	2,5%	5,5%	7,4%	1,6%	1,2%	2,7%	14,4%	12,4%
🟩 Q1 2015	2,5%	4,3%	7,9%	6,8%	-5,1%	-0,8%	0,4%	15,3%	10,0%
🟨 Q2 2015	3,4%	7,1%	8,2%	8,0%	-2,7%	-0,4%	-0,4%	11,7%	10,9%
◼ Q3 2015	3,6%	5,3%	8,6%	8,2%	2,6%	-2,2%	2,4%	10,8%	9,5%
🟪 Q4 2015	3,7%	5,5%	5,8%	9,4%	3,3%	-2,9%	5,4%	11,4%	8,4%

Provincial growth rates
Source: PayProp

And let's ask ourselves anew – why are the Eastern Cape and Free State struggling to recover? What is driving growth in the Northern Cape, and wherein lies the stability of the three main provinces?

Let's start with the Northern Cape. Prospective tenants here earned much less than their counterparts in other provinces. Unsurprisingly, while they spent less on servicing debt, they also used up more of their available credit in 2015 than is the case in most other provinces. They also had the highest percentage of high- and very high-risk tenants as well as the lowest overall credit scores. Why, then, is the rental market still growing so strongly? Interestingly, it is not regular consumers who have been driving rental prices up, but industrial growth. In the Northern Cape mining companies have been leasing properties for their staff, paying above market rates because of high demand. The concern with that scenario is this – should industries leave the area (as they are rumoured to be doing post the decline in commodity prices) – the local population cannot sustain the growth curve.

In the Western Cape on the other hand, tenants earned more and spent less on servicing debt (with fewer accounts, on which they owed less). This translates to higher credit scores and fewer prospective tenants ranking among the country's high- and very high-risk tenants.

On the opposite end of the spectrum, tenants in the Eastern Cape earned much less and spent a larger proportion of their earnings on settling debts. They also used up more of their available credit, featured a higher percentage of high- and very high-risk candidates, and were consequently saddled with the lowest national credit score. No more is needed to explain why the rental market in the area is struggling to recover. Affordability data in Mpumalanga and Limpopo offers corroboration of our remarks concerning the Northern Cape. As industrial development scaled back in these areas, there was indeed no local capacity to prop up rental growth and the markets in these areas dropped back. Whereas in some areas consumers may have been earning well over 2015 (as was the case in Mpumalanga), they tended to be heavily indebted, servicing among the country's highest percentages of debt to income. Furthermore, they used up the highest proportion of available credit in the Republic and maintained among the highest number of accounts and accounts in arrears. In situations like these, consumers are unable to afford massive rental increases – and as the economy potentially worsens, the situation is highly unlikely to improve.

IS THERE A SILVER LINING?

We would love to be able to offer an optimistic outlook, but unfortunately there isn't much cause for optimism in the figures. Mostly, the fundamentals of the consumer's trials and tribulations concern us, as it limits tenants' ability to absorb further price increases.

So what lies ahead for 2016?

- Tenant selection will be the single biggest differentiator in the rental market. As tenants are under more pressure to service ever-increasing debt in a stagnating economy, finding and placing the right tenant in a property that they can afford will at least ensure landlords get cash flow from their properties.
- However, expect tenant payment profiles to worsen. More tenants will pay late, partially or not at all compared to last year.
- We expect rental increases to hover in the 6% - 7% band.
- Landlords can expect net yields to remain stable at 5% - 5.5% – unfortunately this is mostly because we see rental growth marginally outstripping house price growth for the year.
- Agencies will be under pressure to secure payment from tenants as landlords will also be under pressure. Possible increases in interest rates are likely to put landlord finances further under pressure – and they will not be in a position to absorb late or non-payment. Agencies that invest in solid risk management processes and products like the Tenant Assessment Report and DepositGuarantee are likely to be the ones with happy landlords.

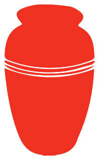
And the good news? Well, estate agents will tell you there is never a bad time to buy property – and indeed the circumstances make a good case for buy-to-let investment as house price growth stalls. We expect that investors who are under strain may be tempted to put their properties back in the market; with slowing house price growth and short-term rental market negativity, investors with cash to spare are more likely to find lower cost bargains than last year.

On that note, here's to razor-sharp rental administration and financial control in the new year, as well as low-risk tenant selection and deposit management! ■

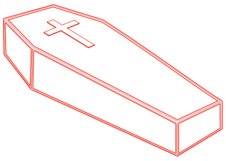
The best of the bad tenant stories told by PayProp agents

Volume control

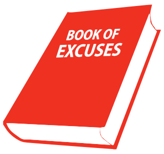
The amazing tenant relay race



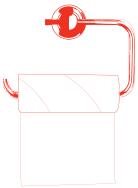
Rental agent to the rescue



The undertaker

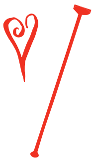


Heard them all before



Bathroom inspection

Breaking bad



From Russia with love

Pink Panther

Whether you have had to deal with drug busts, pole dancers or missing geysers, our Tenant Assessment Reports and DepositGuarantee can help manage tenant risk. Visit Payprop's Facebook page for these and other stories of errant tenants or send yours to stories@paypropcapital.com, and you could win a free lunch for your entire office!

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STRUCTURED INSURANCE

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PayProp Rental Index

The PayProp Rental Index is a quarterly guide on trends in the South African residential rental market, and is compiled from actual transactional data collected by PayProp, the largest processor of residential letting transactions in South Africa. This edition details market conditions for the four quarters of 2015 combined.

Contact details

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The PayProp Rental Index is available from the PayProp web site at www.payprop.co.za.

Sign up to PayProp

If you would like to know more about using PayProp to manage your rental portfolio, please visit www.payprop.co.za.

Accounting, banking & portfolio management rolled into one solution.

SAVE TIME

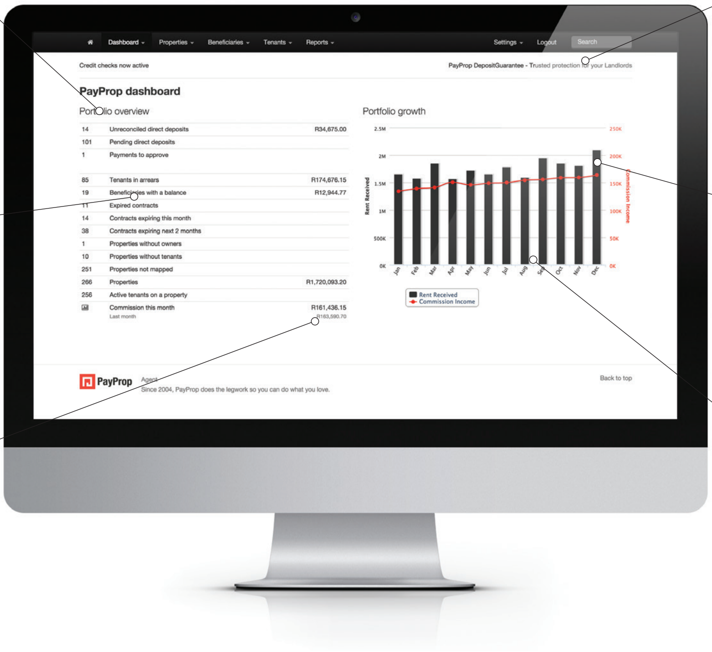
Complete overview of your rental business. See who has been paid, and who needs to be paid.

TRUSTED ACCOUNTING

Full transparency of your trust account. Auditors will love you for it.

EFFICIENT

Tenant invoices, receipts and statements issued automatically every month. Reconciling rent payments is a breeze.



Credit checks now active

PayProp DepositGuarantee - Trusted protection for your Landlords

PayProp dashboard

Portfolio overview

14	Unreconciled direct deposits	R34,675.00
101	Pending direct deposits	
1	Payments to approve	
85	Tenants in arrears	R174,676.15
19	Beneficiaries with a balance	R12,944.77
11	Expired contracts	
14	Contracts expiring this month	
38	Contracts expiring next 2 months	
1	Properties without owners	
10	Properties without tenants	
251	Properties not mapped	
266	Properties	R1,720,093.20
256	Active tenants on a property	
	Commission this month Last month	R161,436.15 R163,590.70

PayProp Agent

Since 2004, PayProp does the legwork so you can do what you love.

AUTOMATION

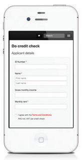
PayProp automates all your outgoing payments. And best of all, amounts are cleared daily.

SECURE

Your clients' money and tenant deposits are safe in our audited trust environment.

GROW

PayProp takes care of the admin and allows you to focus on what is important – growing your business.

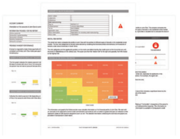


Cloud-based

PayProp works on all devices, so you can approve payments from your mobile device, wherever you are.

Regulatory compliance

Using PayProp ensures that your trust account complies with EAAB requirements.

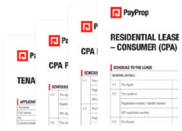


Tenant Assessment Report

PayProp Tenant Assessment Reports combine tenants' historic payment behaviour with their future propensity to pay – delivering deeper insight into tenant risk.

Unlimited users

PayProp allows you to customise user permissions for as many users as you need, at no additional cost.



Free leases

All PayProp clients have access to complimentary lease agreements, mandates and tenant application forms – for life.

Training & support

PayProp clients enjoy access to free unlimited training and webinars. We'll help you get your rental book on our system in no time, and our dedicated support team is only a phone call away.