

Press Release

For immediate release

10 April 2018



South African Institute of Race Relations
The power of ideas

Media Contacts: Kelebogile Leepile Tel: 011-482-7221 Ext 2018 Email: kelebogile@irr.org.za
Michael Morris Tel: 066-302-1968 Ext 2003 Email: michael@irr.org.za

Northern Cape records fastest-growing monthly rental rates

The Northern Cape's average residential rental prices grew the fastest compared to other provinces between 2010 and 2016. In 2010, the average monthly residential rate in the province was R3 803. That rose to R7 119 in 2017, or by 87%.

These findings are featured in the 2018 *South Africa Survey* published by the South African Institute of Race Relations (IRR).

Other notable facts are that:

- The Northern Cape had the third cheapest rental rates in 2010. By 2017, rental rates had grown to the extent that the province had become the second most expensive after the Western Cape.
- Rental rates in the province were above the national average of R6 377 in 2017.
- Gauteng, with a 40% share of renting households, had the third highest rental rates in the country.
- The Northern Cape and the Western Cape were the only two provinces with average monthly rental rates in excess of R7 000

IRR analyst Kerwin Lebone says the Northern Cape's leap in rental prices is phenomenal since the proportion of households in the province that rent accommodation is the lowest in the country, at 1.4%.

Lebone notes that the Western Cape's comparatively high residential rentals can be explained by the province's relatively successful economic performance and, as a result, its high rate of in-migration. In addition, it has earned a global reputation as a premium tourist destination that attracts wealthy clientele.

'Data on the Northern Cape – from population growth and in-migration to housing demand indicators – suggests that the pace at which rental rates are growing is unlikely to be driven by the usual factors affecting rental prices in the country,' Lebone says, adding that the most plausible explanation could be the construction of the Square Kilometre Array (SKA) in the province – a collaborative international project that began in 2014 and is due to run until 2030. Experts from 10 member countries and over 100 organisations are engaged in the project.

Lebone believes this may have enabled residents to increase rental prices to above-market rates for international tenants. Says Lebone: 'This underscores the importance of external capital injection into local, depressed economies.'

Ends.
