

TPN Tenant Survey: 75% of tenants reported loss of income during lockdown

According to specialised credit bureau TPN, residential rentals were -0.75% cheaper on average for the last quarter of 2020. However, the Gauteng High Court's recent ruling that Eskom be allowed to recover another R10bn from customers in the 2021/22 year means that any savings in rentals will be sucked into the electricity tariff increase.



Image source: www.pexels.com

A recent TPN Tenant Survey conducted at the beginning of 2021 found that 53% of tenants rent because they cannot afford to buy. This figure was 46% in the same period in 2020. A further 5% of tenants say they are renting because it is cheaper than owning property.



Electricity prices to increase by 15%

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Tenants financially vulnerable

“Tenants are feeling financially vulnerable,” reports Michelle Dickens, CEO of TPN Credit Bureau, adding that 75% of tenants surveyed reported a loss of income during the lockdown. Nearly one in ten tenants confirmed a permanent loss of income, while 12% of tenants received no income for a limited period but are now back to earning their full salary, and 50% of tenants received only partial pay for a temporary period. Only 25% of tenants confirmed their income was unaffected during lockdown.

At the same time, reveals Dickens, the TPN Vacancy Survey shows that vacancy rates are trending upwards to 12.9% as tenants retreat to family and friends to recover financially.

“Although debt became cheaper as the prime interest rate plummeted to 7%, with millions of jobs lost and the reality of temporary or permanent loss of income for millions, consumers are poorer overall,” she points out.

Property sales down 20%

Property sales registered at the Deeds Office were down 20% for 2020. The 'date of sale', explains Dickens, is the date the buyer signs the offer to purchase. The property is registered in the buyer's name on the 'date of registration' which is typically around four months later. In 2020, 40% less properties were recorded with a date of sale during the course of the year. However, the four-month lag between date of sale and date of registration means that in the final analysis, the number of registered property sales could ultimately increase.

"Surprisingly, the Deeds Office maintained the four-month average period between the date of sale and the date of registration in 2020, despite it being a year dogged with lockdown and the temporary closure of the Deeds Office," says Dickens.

Given the close correlation between the housing market, consumer spending and the state of the economy, the state of the property market is indicative of the current malaise in the economy.

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