

Student accommodation market yet to recover from pandemic

According to Kevin Jacobs, broker/owner of Re/Max Premier, the once-thriving student accommodation market took a hard knock when lockdown hit over two years ago and has yet to recover to pre-pandemic levels of activity.



Source: Gallo/Getty

“Before the pandemic, we had many parents looking to purchase accommodation for their children,” says Jacobs. “Now, the majority of our buyers for sectional title homes are either investors, first-time buyers, or those who are downscaling or semigrating from Johannesburg,” he explains.

While the demand for purchasing student accommodation has lowered, Jacobs reports that there is still a demand for student rentals; but, many are now apprehensive about leasing their property to students.



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Students considered high risk

“Investors have become a lot more cautious now. Students are considered high risk – they might neglect or cause damage to the property and are more likely to default on payments. To mitigate the risk, many clients prefer to set up the lease agreement with parents rather than the student themselves,” Jacobs explains.

Buyers in this market segment have also become more conscious of price than they had been before the pandemic.

“Interestingly, freeholds are doing well in our areas of operation, but the price has to be right for sectional titles to sell. The market is doing slightly better than last year in this regard, but a home simply will not sell if it is overpriced within the current market,” he highlights.



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New developments attracting first-time buyers

Jacobs, who operates in the Southern Suburbs of Cape Town, adds that there have been many new developments that have been completed in areas such as Observatory and Wynberg, but these are attracting first-time buyers more so than the student market. “We were expecting that the student market would bounce back after the pandemic and that these new developments would attract more interest from students, but as things stand, this is simply not the case.”

In time, Jacobs predicts that demand for student accommodation is likely to return to a degree, but that this might take longer than initially expected. “Things are just not like it was before the pandemic. People’s lifestyles have changed and the student accommodation market has taken a big knock as a result. I’m sure in time things will change but for now, our biggest market for sectional titles remains first-time buyers and those seeking affordable investment opportunities,” he states.

Huge rush expected later this year

Jacques Meredith of Re/Max Premier who specialises in sectional titles echoes these sentiments. “I think we are going to see a huge rush for student accommodation (both rentals and sales) towards the latter part of this year and especially so in the first two to three months of next year as a larger degree of normality returns,” he predicts.

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