



# RENTAL INDEX

QUARTERLY SOUTH  
AFRICAN RESIDENTIAL  
RENTAL MARKET DATA  
**Q1 2025**

A nighttime photograph of a cityscape, likely Cape Town, South Africa. In the foreground, a winding road is illuminated by long, vibrant red and orange light trails from moving vehicles. The middle ground shows a city with numerous lights, and in the background, a large, flat-topped mountain (Table Mountain) is silhouetted against a dark blue sky with a hint of sunset or sunrise colors.

## FIRING ON ALL CYLINDERS IN 2025

How the prime rate  
affects affordability

Tenant risk –  
a deep dive

How PlusGroup Rentals  
manages a distributed portfolio



## PUBLISHING TEAM

---

Data: Reenen Swart

Analysis: Michelle Dickens

Editorial: Adam Clement

Design: Riandi Venter

Logistics: Zané Herselman

Marketing: Deneesha Pillay-Kops

# Table of *contents*

**04**

INTRODUCTION

**Accounting for  
affordability**

**14**

PROVINCIAL STATISTICS

**Stronger performances  
almost throughout**

**05**

NATIONAL STATISTICS

**Q1 2025 in numbers**

**24**

NATIONAL STATISTICS

**Tenant risk deep dive**

**06**

NATIONAL RENTAL GROWTH

**Rent and inflation**

**30**

CASE STUDY

**How PlusGroup Rentals  
uses PayProp to  
manage its distributed  
rental portfolio more  
efficiently**

**08**

NATIONAL RENTAL GROWTH

**Quarterly trends**

**34**

IN CLOSING

**Resurgent real-terms  
rental performance**

**10**

NATIONAL TENANT ARREARS

**Back to record lows**

## INTRODUCTION

# Accounting for *affordability*



## André van Rooyen

Head of Sales  
PayProp South Africa

✉ [andre.vanrooyen@payprop.co.za](mailto:andre.vanrooyen@payprop.co.za)  
in [linkedin.com/in/andre-van-rooyen](https://www.linkedin.com/in/andre-van-rooyen)

The PayProp Rental Index is the property of PayProp South Africa and should not be republished as is – in whole or in part – without permission. When sharing the Index, please provide a [link](#) to our download page, rather than a copy of the report.

Building a budget is no small task. Whether it's for you, a business, or as big as the national budget, the income dictates what expenses can be taken on.

In residential rentals, the starting point is securing the right tenant, because that determines how likely they are to pay rent – and therefore, how bankable the income from the property is.

From the landlord's perspective, rental income is a key metric for measuring the success and profitability of their property portfolio. From the property practitioner's perspective, achieving the landlord's financial goals as determined by the best rental price and zero bad debt and vacancies will ensure their commission is as high as possible.

Coming back to where it all begins, the tenant – their income and affordability affect how comfortably they can pay the rent and their other expenses. In addition, other key considerations will shape the tenant's willingness to pay the rent, such as the quality and maintenance of the property.

Therefore, the tenant's affordability, AKA their willingness and ability to pay the monthly rent, is a shared goal of everyone in the rental transaction. Carefully assessing applicants for rental properties is a win all round.

In this issue of the PayProp Rental Index we take a deep dive into tenant risk and explain how agents can mitigate it using the PayProp Tenant Assessment Report – the residential rental sector's premier tenant vetting solution. It combines transaction data from the R1.4 billion in rent that PayProp processes every month with credit scoring from our credit bureau partner, Experian.

And, as always, we reveal the rental market trends shaping SA's residential rental sector. ■

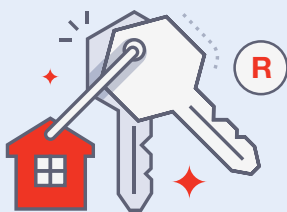
## Q1 2025 in *numbers*


Starting with our regular rental market roundup, the Q1 2025 PayProp Rental Index comes bearing **good news**. Here are this quarter's highlights – keep reading for more!

### National highlights




**17.0%**   
of tenants in arrears



**R9 132**   
Average rent



**5.6%**   
year-on-year rental growth

## NATIONAL RENTAL GROWTH

# Rent and *inflation*

The residential rental market is off to a flying start in 2025.

Average rents rose by 5.2%, 6.0% and 5.5% year on year in January, February and March respectively. February's growth is a new post-pandemic record, and the highest recorded since August 2017.

Moreover, low inflation during the quarter meant that the healthy real-terms rental growth seen in Q4 already has continued into 2025. Consumer Price Index inflation was 3.2% in both January and February before falling to 2.7% in March. The gap of 2.8% between rental growth and inflation recorded in February and March is the biggest recorded so far in this cycle of rental growth.

With March inflation below the Reserve Bank's target range of 3-6%, this makes a convincing case for interest rate cuts this year. However, the Bank started the year cautiously, making only one 25 basis point cut in Q1.

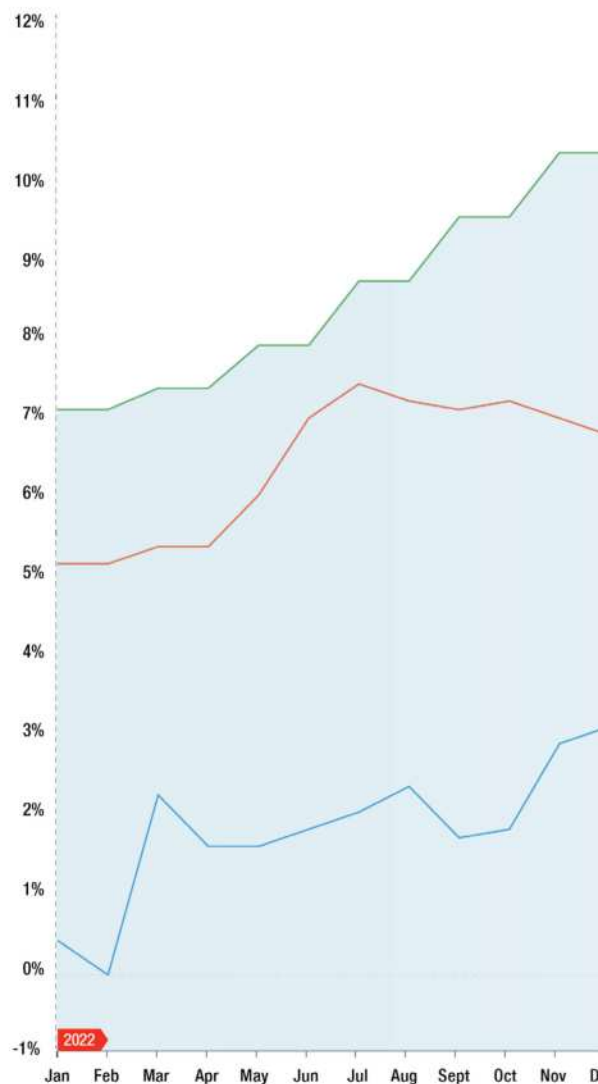
The uncertainty caused by an ongoing global trade war and a likely economic slowdown (banks and economists have lowered their GDP growth forecasts) mean that rental growth could become more constrained later this year.

However, SARB's subsequent decision to cut the prime rate by another 25 basis points at its May meeting will likely boost tenant affordability while also increasing activity in the property sales market.

## REPORTING METHODOLOGY



To prevent the unique geographical distribution of PayProp clients from skewing our national figures, we use Stats SA's published provincial weightings as applied to CPI.





For now, the residential rental sector looks healthy on all metrics. Landlords continue to make up for the low or negative real-terms rental growth they experienced during the pandemic, helped by high tenant demand for properties. While risks remain, this is the best SA's rental market has performed in a long time. ■

**This is the best SA's rental market has performed in a long time.**

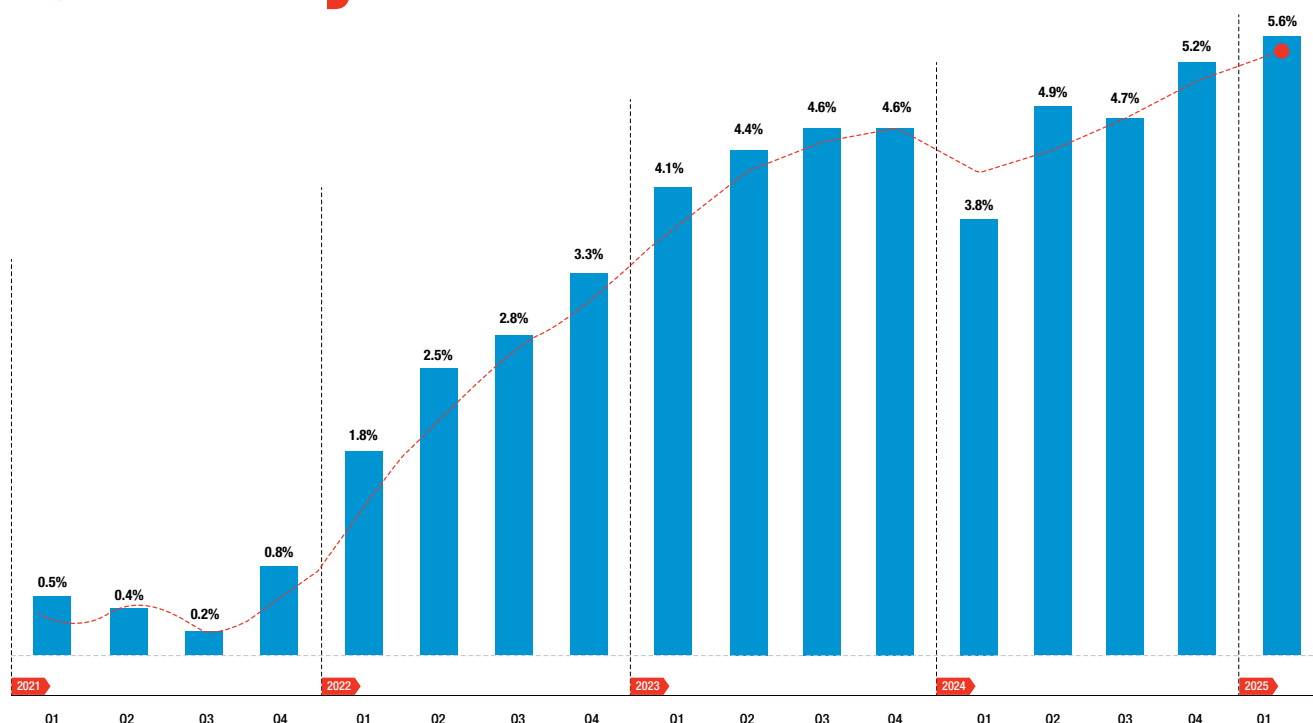


Weighted average national rental growth rate (YoY) vs. inflation and prime interest rate, Jan 2022 - Mar 2025

Source: PayProp

## NATIONAL RENTAL GROWTH

# Quarterly trends



Quarterly rental growth rate (YoY) with a moving average trendline: Q1 2021 - Q1 2025  
Source: PayProp

## Rental growth reached

↗ **5.6%**

– 0.4% above last quarter and the highest level since the 5.9% we recorded in Q3 2017.



The average rent in South Africa was **R9 132** in Q1, a year-on-year increase of R478 and R81 more than the previous quarter.

Rental growth for the quarter reached 5.6% – 0.4% above last quarter and the highest level since the 5.9% we recorded in Q3 2017.

Agents will be glad that last year's Q1 slump wasn't repeated. Then, rental growth fell from 4.6% in Q4 2023 to 3.8% in Q1 2024, and it took until Q4 to significantly build on the previous year. In contrast, the start to 2025 has been very strong. All provinces experienced positive

rental growth in Q1. Last quarter, Mpumalanga's market looked as though it could turn negative – rental growth fell to just 0.2% after two quarters of decline. But that seems to have been avoided for now. In fact, only three provinces experienced lower rental growth than in Q4 of last year, and two of those had growth rates that were well above average. ■

All provinces experienced positive rental growth in Q1.

## NATIONAL TENANT ARREARS

# National *arrears*

Last year, the share of tenants in **arrears spiked to 18.3%** in Q1 before declining through the year, reaching 17.1% in Q4 2024.

This year, though, there was no Q1 spike, mirroring the good rental growth news. The percentage of tenants in arrears fell to 17.0%, equalling the lowest level ever recorded in the PayProp Rental Index, set in Q4 2023.

However, the average arrears percentage owed by tenants in arrears remained unchanged from last quarter at 77.1%. This is still adrift of the record low of 74.0%, but around average for the past three years.

The question now is what will happen for the rest of the year. Accelerating rental growth could put extra pressure on tenants, particularly in high-growth regions such as Limpopo and the Western Cape.

And while inflation remained low throughout Q1, recent increases in some items affecting the cost of living could start to affect official figures next quarter. In February, the government raised fuel prices by 82 cents per litre and diesel by over R1. Electricity prices also increased on 1 April (12.74%), while changes in electricity billing structures will hit everyone who uses the grid – even if they use alternative energy sources.

However, the increases to electricity and fuel prices are lower than had previously been projected.

## ARREARS METRICS



We consider two arrears metrics:

1. The percentage of tenants in arrears records the number of tenants in arrears as a percentage of the total number of tenants managed by PayProp-powered agencies.
2. The average arrears percentage expresses the average amount of arrears owed by tenants in arrears as a percentage of the average rent in question. An average arrears percentage of 80% therefore means that, on average, a tenant in arrears owes 80% of one month's rent.

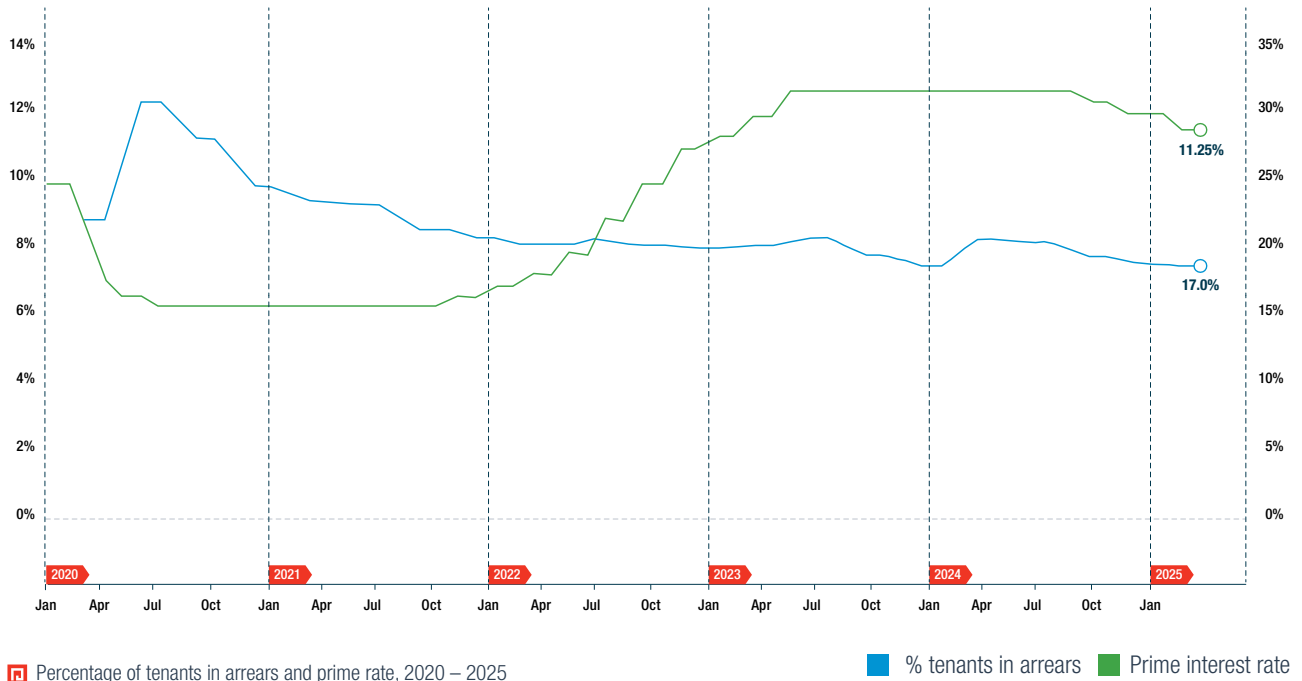
Moreover, the government's 11th-hour decision not to increase VAT means that one big increase to tenants' cost of living has been avoided.

That being said, some tenants are struggling to afford rent, as shown by the latest [State of the Rental Industry survey](#). When asked why tenants are moving, 78.7% of respondents attributed it to a quest for more affordable properties. Demand remains strong, but investors with more expensive properties will need to make sure they don't price themselves out of the market.

For now, that doesn't appear to be happening. Tenant Assessment Report data shows that the average tenant had a rent-to-income ratio of 28.8% in Q1 – towards the low end of the historical range.

With rents rising quickly, it is crucial for agents to ensure that tenants can afford them not only at the start of the tenancy, but at lease renewal as well. Enhanced tenant vetting tools like the PayProp Tenant Assessment Report will help them verify tenants' incomes as well as their propensity to pay.

## How the prime rate affects tenant arrears



As noted earlier in this PayProp Rental Index, the SARB uses the interest rate to keep inflation low and steady.

But another consequence of interest rate movements is their effect on consumers' spending, access to credit, and ability to service monthly debt repayments – plus of course rent.

The debt servicing effects of interest rate changes aren't immediate, but the relationship between this double-edged economic lever and arrears is clear when tracked over the longer term.

A higher interest rate correlates closely with a higher percentage of tenants in arrears.

Conversely, a cycle of interest rate decreases helps to reduce the impact of the percentage of tenants in arrears.

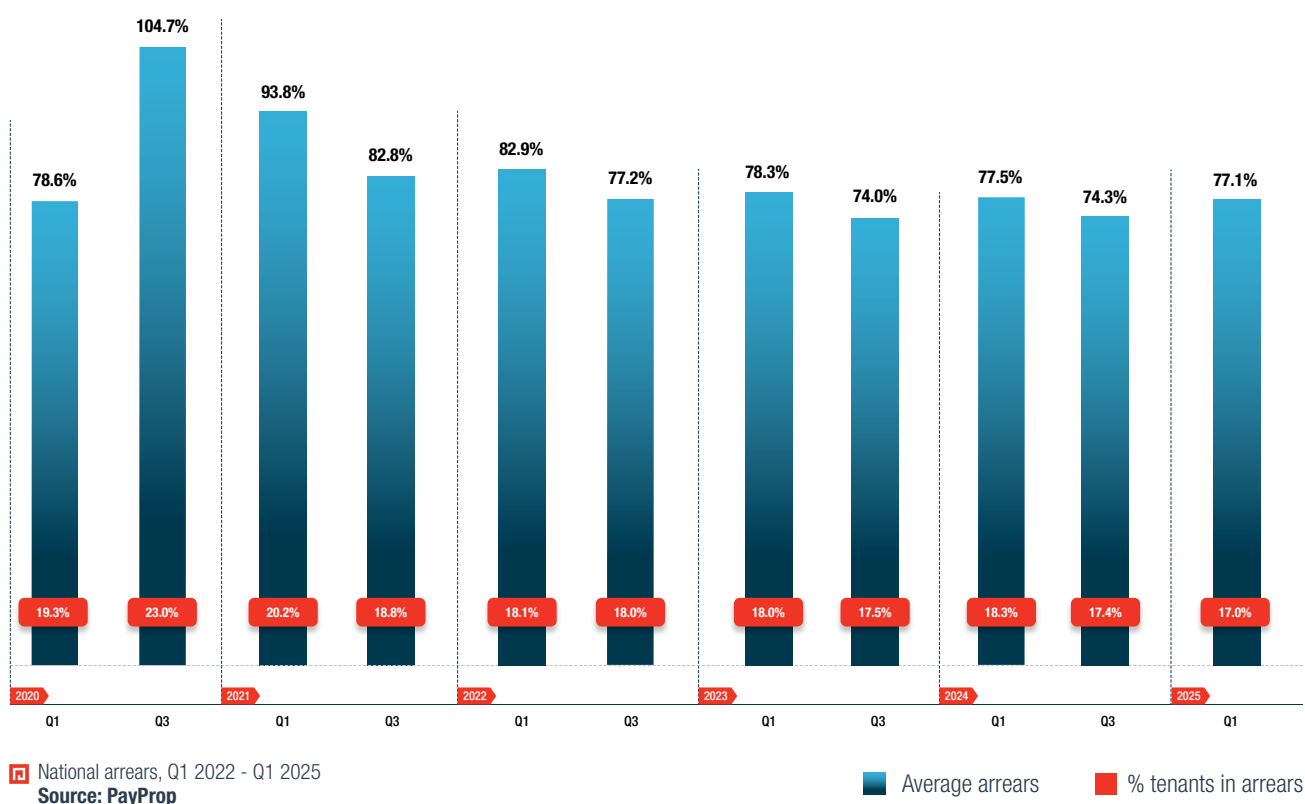
But as the long-term context of this relationship suggests, there's a lag effect. Even the sharp 2.75 basis point cut over 6 months in 2020 did little to stop the share of tenants in arrears from spiking to an unprecedented 24.9% in Q2.

The recent 16-month prime rate plateau at 11.75%, followed by an easing off to 11% by the end of Q1, has reduced the number of tenants in arrears to a joint record low 17.0%.

**A higher interest rate correlates closely with a higher percentage of tenants in arrears.**

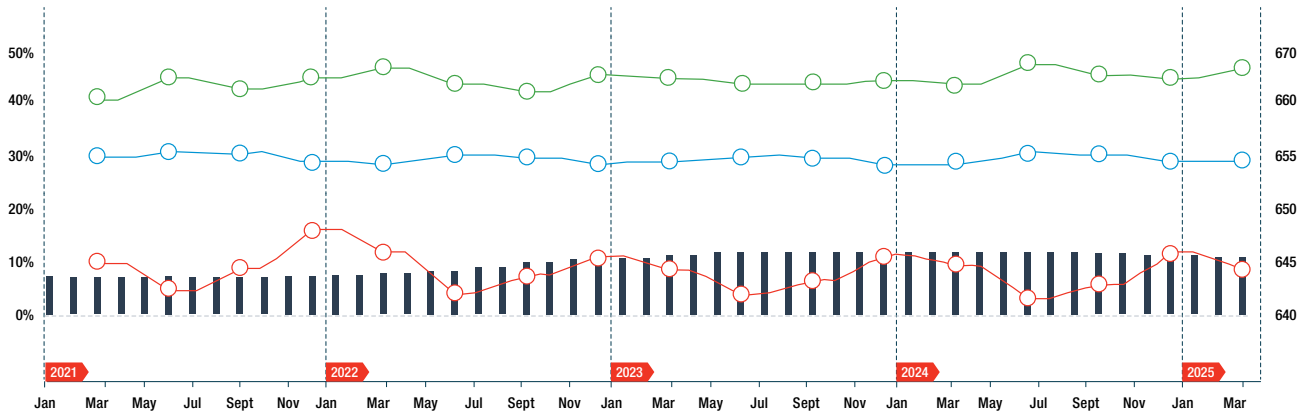


The average value of rent in arrears has fallen from over a month's rent in Q3 2020 to 77.1% currently.



A five-year view of the average arrears percentage shows a similar picture – the average value of rent in arrears has fallen from over a month's rent in Q3 2020 to 77.1% in Q1 2025.

## How the prime rate affects tenant spending



Impact of prime interest rate on spending and credit score, 2021 – 2025  
Source: PayProp

■ Prime interest rate ■ Debt to income  
■ Credit score ■ Rent to income

Given the punitive effects of **higher rates on tenants' ability to pay their debts and rent**, which of the two takes precedence in tenants' relative spending patterns?

A breakdown shows that the average debt-to-income ratio for tenants ranged between 40.4% and 46.1% over the last 4 years, while rent-to-income ratios have remained in a tighter range of 28.3% to 30.5%. In Q1 2025, the rent-to-income ratio stayed at the lower end of that range at 28.8%.

A four-year view shows that higher debt-to-income tends to result in a lower rent-to-income ratio over the same period, highlighting the strong direct impact debt has on tenant affordability – and ultimately the size, type and location of home they can afford to rent. ■



## PROVINCIAL STATISTICS

# Eastern Cape – *a return to faster growth*

## Rent and rental growth

Year-on-year rental growth in the Eastern Cape exceeded the previous quarter's figure for the first time since 2023, reaching 4.4% in Q1. However, faster acceleration in other provinces made the Eastern Cape only the sixth fastest growing province in Q1, down from fifth fastest the last quarter.

That took the average rent in the province to R7 330, up by R309 compared to a year earlier. In rand terms, however, it was overtaken by the Free State, meaning the Eastern Cape now has the second lowest rents in the country.

Year-on-year rental growth

**4.4%**

| 5.6% in Q1 2024



Q1 2025 average rent

**R7 330**

| R7 021 in Q1 2024



% of tenants in arrears

**19.3%**

| 20.3% in Q1 2024



## Arrears

The share of tenants in arrears in the Eastern Cape rose to 19.3% from 18.7% the previous quarter for the second highest quarter to quarter increase in SA. The silver lining is that it is still 1% lower than in Q1 2024.

Meanwhile, the average arrears percentage for tenants in arrears also rose – to 71.6%. This was an increase both quarter to quarter and year on year.



## PROVINCIAL STATISTICS

# Free State – *rental rollercoaster*

## Rent and rental growth

Year-on-year rental growth in the Free State got off to a fast start in 2024 before falling to a below-average 3.5% in Q4. This year, the acceleration over the previous quarter was even faster. In Q1 2025, growth more than doubled compared to Q4 2024, hitting 7.6% – the fourth highest in SA.

That took the average rent in the province to R7 453, an increase of R526 year on year. This was enough to overtake the Eastern Cape, meaning the Free State is now the third cheapest province for tenants.

## Arrears

Despite the surge in rents in the province, the share of tenants in arrears fell to its lowest level in over five years. 20.8% of tenants were behind on their rent in Q1, falling from 24.2% last quarter. It is still the highest in the country, but by a lot less than before.

However, tenants in arrears owed more than they did in Q4. The average arrears percentage climbed to 96.5%, up from 90.4% last quarter – and once again, it's the highest in SA.

Year-on-year rental growth

**7.6%**

| 9.1% in Q1 2024



Q1 2025 average rent

**R7 453**

| R6 927 in Q1 2024



% of tenants in arrears

**20.8%**

| 22.0% in Q1 2024



## PROVINCIAL STATISTICS

# Gauteng – *another slow start*

## Rent and rental growth

Rental growth in Gauteng was below average in every quarter of 2024, finishing the year at 3.4%. In Q1 2025, it fell further still to 2.9% – the second lowest in the country.

The average rent in Gauteng was R9 201 in Q1 – still the third highest in SA, but just R258 more than a year ago and only R31 ahead of fourth-placed (and faster-growing) KwaZulu-Natal. Unless rental growth turns around in Gauteng, it could easily lose its place on the podium this year.

## Arrears

The good news for rental agents and landlords in this region is that arrears are still well below the national average. 15.6% of tenants owed rent, down from 16.3% in Q4 and the second lowest share in SA.

However, tenants in arrears owe an above-average 86.0% of rent. This is down compared to last quarter's 89.2%, but still the second highest in SA.

Year-on-year rental growth

**2.9%**

| 3.5% in Q1 2024



Q1 2025 average rent

**R9 201**

| R8 943 in Q1 2024



% of tenants in arrears

**15.6%**

| 16.8% in Q1 2024



## PROVINCIAL STATISTICS

# KwaZulu-Natal – *stalling out?*

## Rent and rental growth

2024 was a year of rental market recovery in KZN. After putting up negative rental growth in Q1, growth increased in every quarter before ending the year at 4.5%. In Q1 of this year, growth was once again 4.5% – still much better than last year's lows, but further below average than last quarter.

The average rent in KZN was R9 170, the fourth highest in the country and R400 more than a year ago. But despite below-average growth, it is just R31 behind slower-growing Gauteng, and could be on track to overtake it later this year.

## Arrears

The percentage of tenants in arrears in KZN is also unchanged since last quarter, at 19.4%. This is the third highest percentage in SA, but still the lowest it has been in the province in over five years.

On the other hand, tenants in arrears owe a below-average 73.5% of rent that has nevertheless risen from last quarter's 71.7%.

Year-on-year rental growth

**4.5%**

| -0.4% in Q1 2024



Q1 2025 average rent

**R9 170**

| R8 770 in Q1 2024



% of tenants in arrears

**19.4%**

| 21.4% in Q1 2024





## PROVINCIAL STATISTICS

# Limpopo – *a roaring start*

## Rent and rental growth

Limpopo was South Africa's fastest growing province in residential rents in Q4 2024, posting an increase of 11.1% over Q4 2023. The province was knocked into second place in the growth stakes in Q1, but nevertheless achieved an impressive 10.9% year-on-year growth.

The average rent in Limpopo reached R8 899, R872 more than a year previously. And after claiming fifth place from Mpumalanga in Q4 2024, it has pulled further ahead this quarter.

## Arrears

Limpopo's staggering rental growth doesn't seem to have pushed more tenants into arrears. 17.1% of tenants owed rent in Q1, 0.1% more than the previous quarter and still the third lowest in SA.

However, things have got worse for those already in financial difficulties. The average arrears percentage climbed from 71.8% in Q4 2024 to 80.4% in Q1 2025, meaning its tenants now owe the third highest percentage of rent of any province.

Year-on-year rental growth

**10.9%**

| 4.8% in Q1 2024



Q1 2025 average rent

**R8 899**

| R8 027 in Q1 2024



% of tenants in arrears

**17.1%**

| 17.5% in Q1 2024



## PROVINCIAL STATISTICS

# Mpumalanga – *crisis averted?*

## Rent and rental growth

Last year was a disappointing one for landlords and agents in Mpumalanga. Rental growth started the year well below average, and in Q4 the province barely stayed out of negative territory with growth of just 0.2%.

At the time, we warned that rents could fall in Q1 2025. That has been avoided, but the province's rental growth of just 1.1% is still by far the lowest in SA. Local property professionals will hope that this is the start of a turnaround, and not simply the province continuing to bump along the bottom as it did in 2024.

In cash terms, the average rent reached R8 460, just R91 more than a year earlier.

## Arrears

The news isn't much better on arrears. 20.1% of tenants in the province now owe their landlords rent, the second highest percentage in SA and up from 19.6% last quarter.

The average arrears percentage is below average at 74.9%. However, this too has risen from 67.8% last quarter – although it is down year on year. Poor payment performance from tenants may limit landlords' ability to raise rents this year, keeping growth in the province low.

Year-on-year rental growth

**1.1%**

| 1.2% in Q1 2024



Q1 2025 average rent

**R8 460**

| R8 369 in Q1 2024



% of tenants in arrears

**20.1%**

| 19.3% in Q1 2024





PROVINCIAL STATISTICS

# North West – *rental market volatility*

## Rent and rental growth

North West had the fastest rental growth in SA in Q1 2025, at 13.5%. While rents in the province grew faster than average in 2024, it was well short of the fastest-growing provinces, making this leap all the more surprising.

Rents in North West are still the lowest in the country at just R7 153. However, this is a massive R852 more than a year before, and closing in on the eighth-placed Eastern Cape.

## Arrears

The share of tenants in arrears in the province remains volatile. Two quarters ago, it was the second highest in the country at 22.9%. In Q4, it was the second lowest in the country at 15.5%. And in Q1 2025, it is a mid-table 18.6%.

Meanwhile, the average arrears percentage has fallen to 67.4%, the second lowest in the country. Volatility is the name of the game here too: a year earlier, it was a nation-leading 102.5%.

Year-on-year rental growth

**13.5%**

| 9.8% in Q1 2024



Q1 2025 average rent

**R7 153**

| R6 301 in Q1 2024



% of tenants in arrears

**18.6%**

| 25.7% in Q1 2024





## PROVINCIAL STATISTICS

# Northern Cape – *building on 2024*

## Rent and rental growth

Last year wasn't a great one for the Northern Cape's rental market, with below-average growth in every quarter. However, after Q4's slight rally to 2.6%, we asked if it could be the start of a recovery – and in the first quarter of this year, that expectation seems to have come true.

Rental growth reached 3.3% in Q1 – still well below average, but now only the third lowest in SA. That took the average rent to R9 581 – R307 more than a year earlier and still the second highest in the country.

## Arrears

The share of tenants in arrears fell to 18.9% in Q1 2025, 0.1% below the previous quarter and 1.9% lower than a year earlier.

However, the amount they owe rose sharply, from 65.7% last quarter to 71.1% in the latest stats. Even so, this is still well below average.

Year-on-year rental growth

**3.3%**

| 0.3% in Q1 2024



Q1 2025 average rent

**R9 581**

| R9 274 in Q1 2024



% of tenants in arrears

**18.9%**

| 20.8% in Q1 2024



## PROVINCIAL STATISTICS

# Western Cape – *still the undisputed leader*

## Rent and rental growth

In Q1 2024, the Western Cape had the highest rents in the country, but only average rental growth – just as it had done for the past several years. But in Q2, rental growth took off. The province had the highest growth in SA in Q2 and Q3, and hit double digits in Q4.

Growth in the province then fell slightly in Q1 2025, but only to a still impressive 9.6%. Falling behind the pacemakers, North West and Limpopo, it still had enough in the tank to post an average rent figure of R11 285 – R985 more than a year earlier, and R1 704 ahead of the next most expensive province.

## Arrears

Are cracks starting to show in tenants' ability to afford these rental increases? 13.7% of Western Cape tenants were in arrears in Q1 2025, 0.5% more than the previous quarter – but this is still the lowest in SA by some distance, and also less than in Q1 2024.

Tenants in arrears owe 60.2% of the average rent, once again the lowest in SA and down by 0.7% from the previous quarter. ■

Year-on-year rental growth

**9.6%**

| 4.3% in Q1 2024



Q1 2025 average rent

**R11 285**

| R10 300 in Q1 2024



% of tenants in arrears

**13.7%**

| 14.2% in Q1 2024



	Rent – Q1 2025	Rank 2024	Rank 2025
Western Cape	11 285	1	1 
Northern Cape	9 581	2	2 
Gauteng	9 201	3	3 
KwaZulu-Natal	9 170	4	4 
Limpopo	8 899	6	5 
Mpumalanga	8 460	5	6 
Free State	7 453	8	7 
Eastern Cape	7 330	7	8 
North West	7 153	9	9 

 Provincial rental leaderboard, Q1 2025  
Source: PayProp

NATIONAL STATISTICS

# Tenant risk *deep dive*

**Managing risk** is one of a rental agent’s most important jobs.

Whether you have a procurement-only contract or fully manage the property, landlords rely on you to place a tenant who will pay the rent reliably and leave the property in good condition.

Risk can never be eliminated – you never know when a tenant will lose their job in the middle of a lease, for example – but it can be measured and mitigated against.

Credit scores and references from previous landlords have been used in the industry for a long time, and they give you some idea of

an applicant’s propensity to pay their debts. But the gold standard is to also take account of rental payment history directly instead of relying on indirect metrics. The PayProp Tenant Assessment Report enhances traditional credit scoring with applicants’ real rental payment histories from other PayProp-powered agencies, and places tenants within easy-to-understand risk categories.

In this section of the PayProp Rental Index, we use Q1 data from all Tenant Assessment Reports generated through our payment platform to give you the most complete view of tenant risk and the factors that determine it.

But first, let’s take a look at how many tenants across all locations and demographics make up each category of our Tenant Assessment Report risk matrix.



Tenant risk, Q1 2025  
Source: PayProp

Minimum risk   Low risk   Medium risk   High risk

The share of minimum risk tenants has grown slightly since Q1 2024.



[Get better tenants](#)


# Tenant Assessment Report

PayProp's Tenant Assessment Report gives agents more information to vet a tenant. Our report includes not only a traditional credit score, but a combined score based on rental payment data from previous tenancies managed by PayProp-powered agencies.

- ✓ More information than a normal credit report
- ✓ Redownload for free
- ✓ The PayProp Rental Risk Rating



**Let us show you how to  
get more out of work and  
more out of life!**

[Get PayProp](#) [www.payprop.com](http://www.payprop.com) 087 820 7368

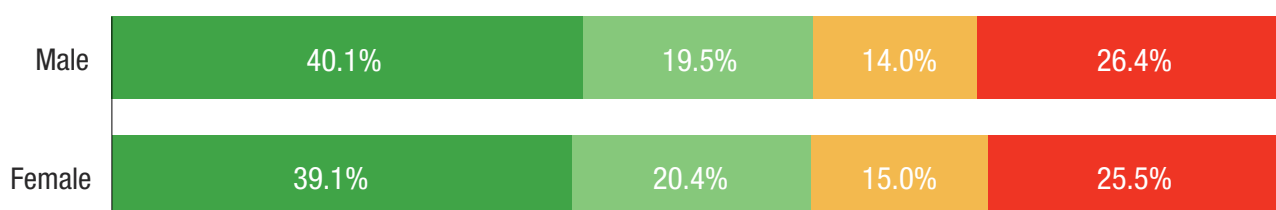
In Q1 2025, 39.6% of applicants assessed fell within the **minimum risk** category, indicating a high propensity to pay the rent.

At the other end of the scale, 26.0% of applicants were assessed as high risk. In the middle, 20.0% were low risk while 14.5% were medium risk.

Compared to a year ago, the share of minimum risk tenants has grown slightly – in Q1 2024, it was 39.2%. But the share of high-risk tenants was 25.0%, an increase of 1.0% over the past year.

The fact that more applicants are falling into the high-risk category demonstrates the importance of tenant vetting. Without carrying out proper checks, the chance of placing a high-risk tenant is worse than 1 in 4 – odds that no landlord is likely to be happy with.

## Gender and risk



 Gender and risk, Q1 2025  
Source: PayProp

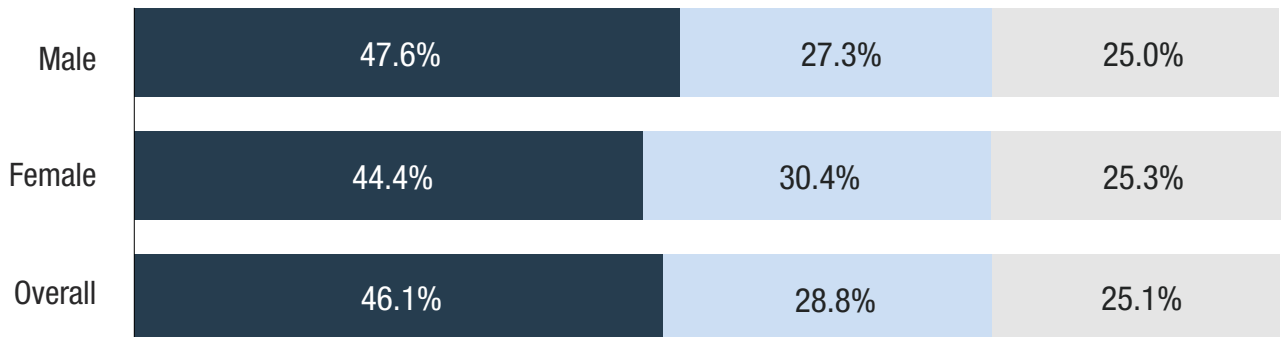
 Minimum risk  Low risk  Medium risk  High risk

Women have a slightly less polarised risk profile than men. 40.1% of men fell into the minimum risk category, compared to 39.1% of women. At the other end of the scale, 26.4% of men are high risk applicants, while 25.5% of women fall into that category. Consequently, women are better represented than men in the two middle risk categories.

Overall, though, the genders are fairly evenly matched when it comes to tenant risk – and that may be a surprise. As we will see later, the strongest determinant of tenant risk is income, and women earn considerably less than men on average. In 2022, Stats SA found that women's median income was 80% that of men.

However, analysis of Tenant Assessment Report data shows that women spent 3.2% less of their income on debt repayments than men, which may explain why their risk scores are so close despite the disparity in incomes. By staying less indebted, they can service the debt they have more easily and reduce the risk of bad debts. It is also possible that men in dual income households tend to pay more of the household debts, which would increase their debt spending compared to that of women.





Gender and spending, Q1 2025  
Source: PayProp

Debt-to-income Rent-to-income Disposable income

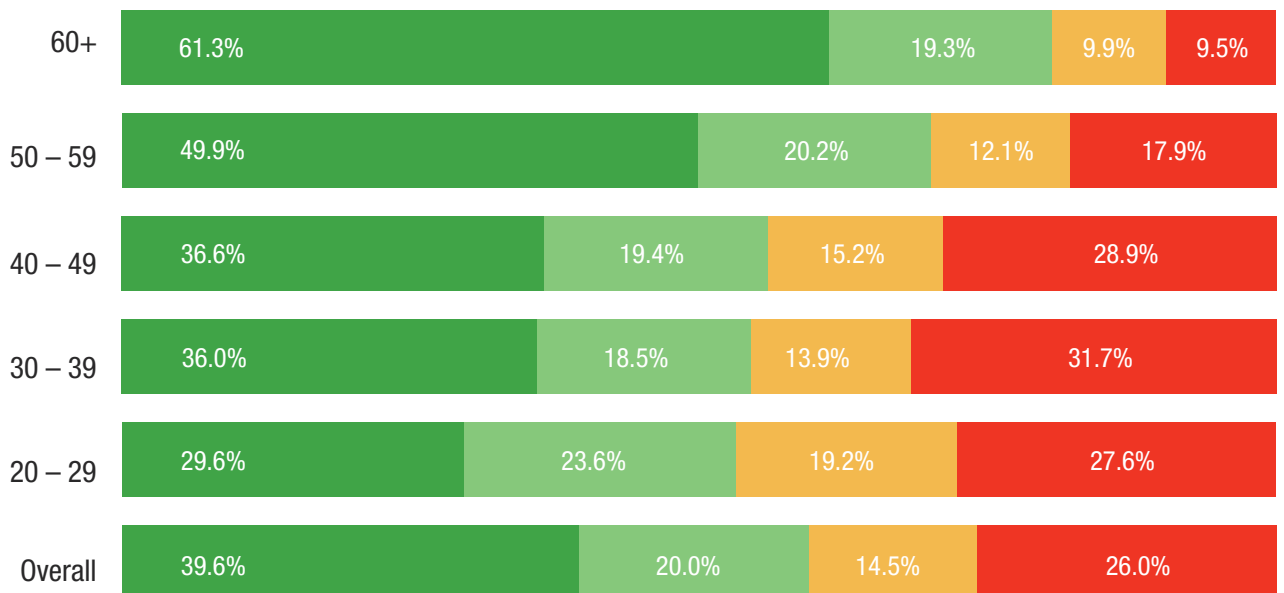
## Age and risk

The older the applicant, the more likely they are to fall into the minimum risk category. Just 29.6% of 20 - 29s were classed as minimum risk, a full 10% below the national average. Meanwhile, 61.3% of over-60s were classed as minimum risk.

But the opposite pattern didn't hold for the high-risk category. The share of applicants classed as high risk peaks among 30 - 39 year olds, and even the 40 - 49 age bracket contained more

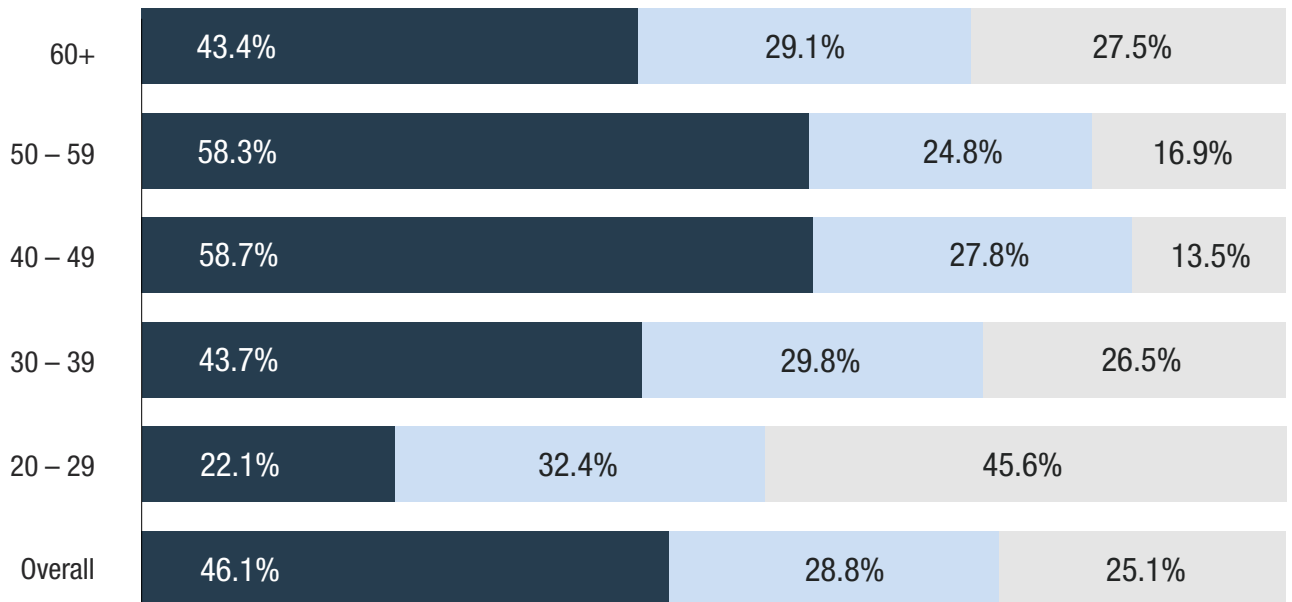
high-risk applicants than the 20 - 29s. Even so, tenant risk falls dramatically for over-50s.

Why is this? 20 - 29 year olds don't yet have a long credit history that would demonstrate low risk, but they also have more income left over after debt repayments and rent than any other age group. Applicants in older age groups have a lot more debt on average. In particular, 30 - 39 year olds tend to be the ones starting families, which brings with it a lot of new expenses.



Age and risk, Q1 2025  
Source: PayProp

Minimum risk Low risk Medium risk High risk



Age and spending, Q1 2025  
Source: PayProp

Debt-to-income Rent-to-income Disposable income

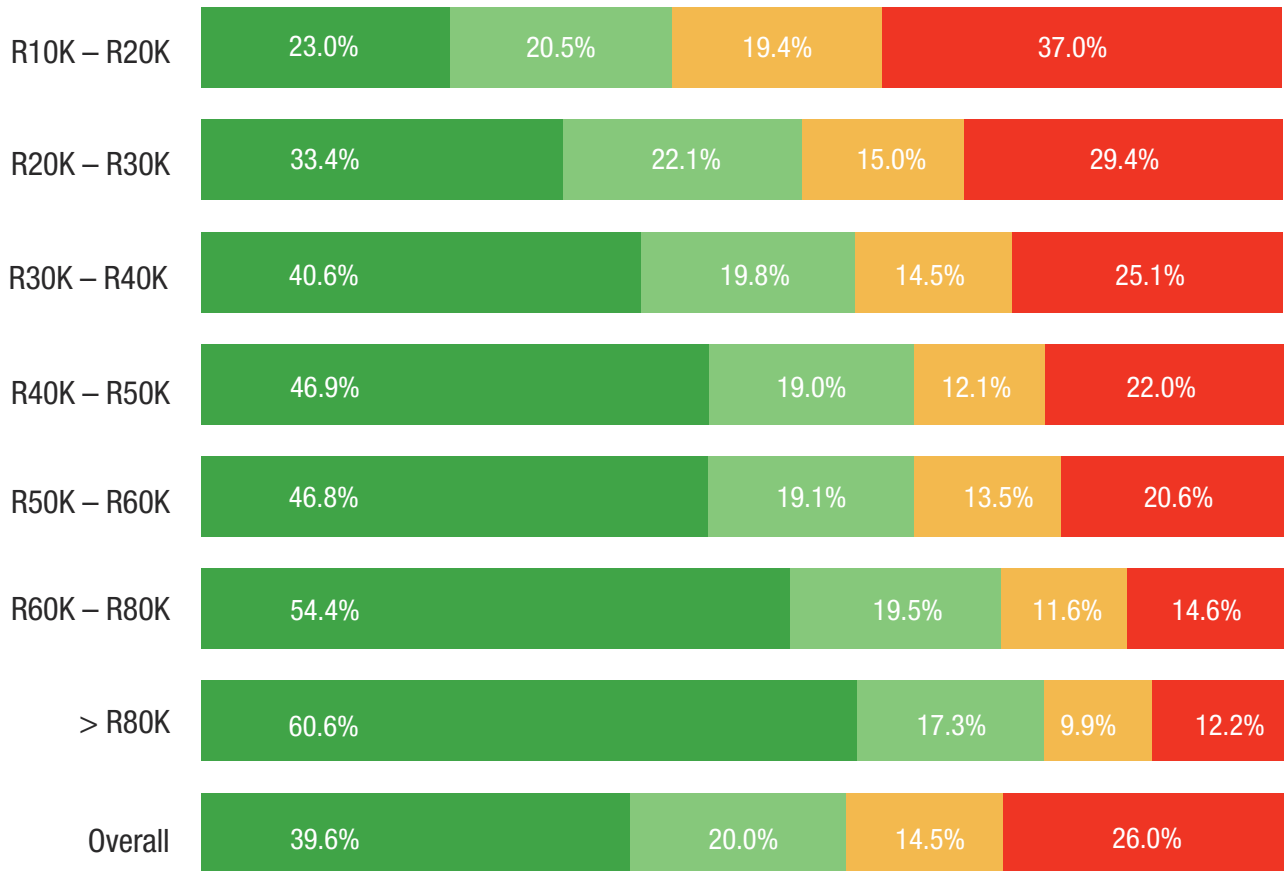
## Income and risk

Tenant income has by far the strongest correlation with tenant risk. Apart from the R40 - 50k and R50 - 60k brackets, the share of minimum-risk tenants scales linearly with income. The percentage of high-risk tenants follows the opposite pattern.

Of applicants earning R80 000 or more, a full 60.6% fall into the minimum-risk category while just 12.2% are classed as high risk. Meanwhile, in the lowest income bracket, only 23.0% have the combination of high credit score and clean payment history needed to qualify as minimum risk, while 37.0% are high risk.

**Tenant income has by far the strongest correlation with tenant risk.**





Income and risk, Q1 2025  
Source: PayProp

Minimum risk Low risk Medium risk High risk

## Managing risk

Risk varies by age, gender and income, but it's important to remember that every applicant is an individual. Every demographic contains high-risk and minimum-risk tenants, and vetting every applicant will help you determine which are which. The PayProp Tenant Assessment Report gives you the clearest view of an applicant's risk level as it combines credit scoring with rental payment history from other PayProp-powered agencies. ■

**CASE STUDY**

# How PlusGroup Rentals uses PayProp to manage its distributed rental portfolio more efficiently

**An interview with**

**Wynand Labuschagne**  
PlusGroup Director

Running a rental portfolio is never easy. Running a big rental portfolio is harder still. And running a big portfolio that's distributed all over the country would be near-impossible without the benefits of time-saving technology.

Happily, Wynand Labuschagne and PlusGroup Rentals have had PayProp as their trusted partner since 2016. Wynand says that PayProp has streamlined their processes and allowed the agency to manage a large, widely distributed portfolio efficiently. And it's clearly paid off in terms of growth: PlusGroup Rentals now manages more than 1 500 properties across South Africa.



**South Africa**  
Nationwide



**1 500+**  
Properties managed



**2016**  
Joined PayProp

## Managing a distributed portfolio

For Wynand, one of the key strengths of PayProp is that it doesn't force his agency into working a particular way. Instead, it supports his preferred business model.

"PlusGroup Rentals always challenges the status quo," says Wynand. His entire admin team works remotely with staff checking in from across the country, and with PayProp their work is just as easy and collaborative as if they were all in head office.

PayProp users can log into the platform from anywhere, on any Internet-enabled device, and access all the functionality they have permission to use. It doesn't matter whether they're at home, at the office, or out with a client – they can still reconcile rents, view reports, chase late payments and communicate with landlords and tenants in a couple of clicks.



**With PayProp, we can remotely access and monitor rental payments, track arrears, and generate detailed financial reports. This level of flexibility has been crucial in adapting to the challenges posed by remote work environments in ensuring uninterrupted business and efficient operation.**

## Security and efficiency

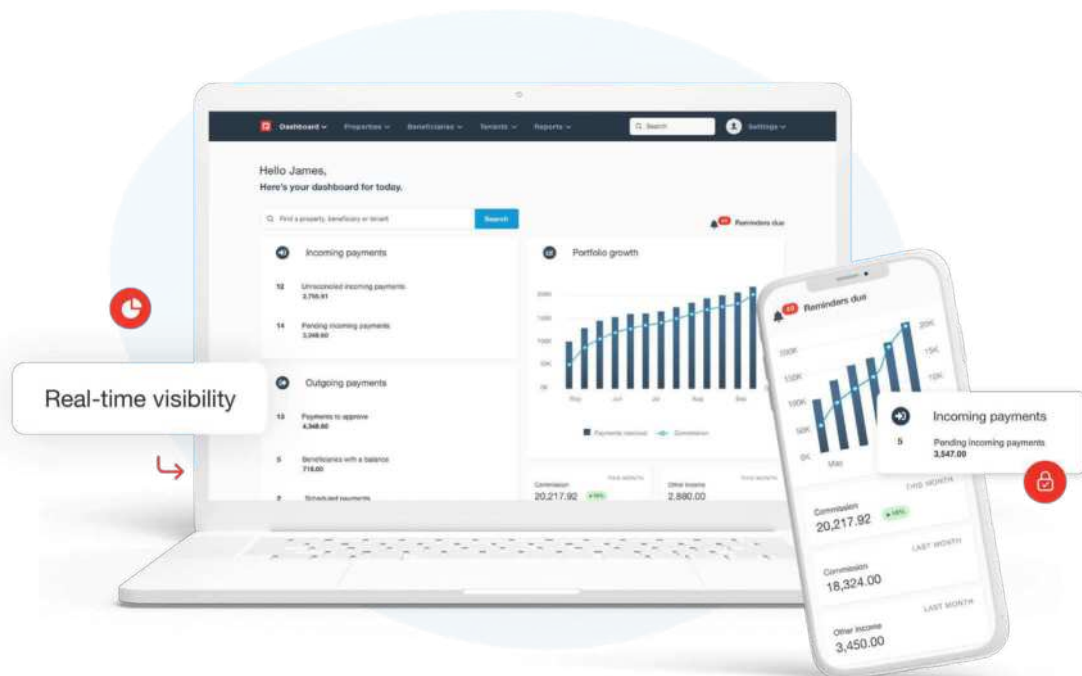
As well as streamlining remote work, PayProp also helps PlusGroup Rentals with the real non-negotiable of residential rentals: keeping client money and data safe. All transaction information entering PayProp is kept safe with bank-grade security – 256-bit encryption, multiple secure backup locations with state-of-the-art digital and physical protection, and more.



**The security measures implemented by PayProp have also given us peace of mind. This commitment to data security aligns with our goal of ensuring the utmost protection for our clients and their financial data.**

On top of that, PayProp's robust payment and reporting systems make it easy to ensure that rental payments arrive on time and are reconciled to the right tenants, properties and landlords. The PayProp platform automates the processing of incoming rental payments, allowing PlusGroup Rentals to pay out to landlords more quickly while reducing manual labour and the risk of error.

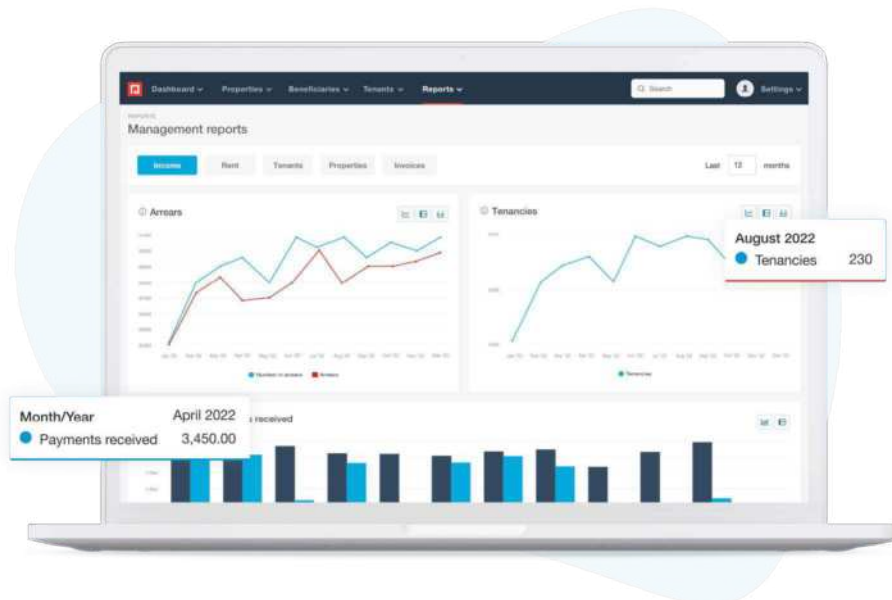
All transactions are automatically recorded in real time into a permanent audit log. Wynand and his team can view the overall financial status of the rental portfolio from the PayProp dashboard, or access in-depth and customisable reports on properties, tenants, arrears and more in a couple of clicks. The data that they have access to has helped them develop smart strategies and drive business growth.







PayProp's robust reporting functionalities and management reports have provided us with valuable insights into our financial performance. We can easily generate comprehensive reports that help us analyse rental income, expenses, and arrears. These insights enable us to make informed decisions, identify areas for improvement, and optimise our financial strategies.



## “Continued collaboration and growth”

PlusGroup Rentals has now worked with PayProp for eight years, and Wynand sees it as a key factor in his business's success – and an important part of his future plans.



We would like to express our sincere appreciation to PayProp for their exceptional system and services. Their platform has undoubtedly contributed to the success of our business, especially during these challenging times. We look forward to continued collaboration and growth with PayProp as our trusted partner in managing our rental properties efficiently and effectively.

## IN CLOSING

# Resurgent *real-terms rental performance*

In Q1 2025, residential rents underwent their **strongest growth** in almost eight years at 5.6%. The average rent in SA is now well above R9 000 and still climbing.

Apart from Gauteng, the weakest-performing provinces in Q4 2024 all experienced higher rental growth in Q1. Investors in Mpumalanga will be especially pleased that they avoided negative rental growth. Meanwhile, last quarter's top performers once again had strong rental growth.


Last quarter was also notable as it was the first time agents experienced consistent real-terms rental growth since before the pandemic. Fortunately, inflation remained low throughout

Q1, meaning investors and agents could build on Q4's progress.

While this rapid growth could put pressure on tenants' finances, affordability appears to be holding up well. The share of tenants in arrears remained at a record low of 17.0%, while tenant spending on rent remains low by historical standards. Further interest rate cuts this year could also relieve some pressure on tenants.

Nevertheless, high rental growth creates risks. Arrears worsened in two of the provinces with the fastest rental growth, Limpopo and the Western Cape. While arrears still appear to be well under control in both provinces, it is a trend worth watching.

Agents placing tenants will need to make sure that they can withstand future rental escalations, not just the current rent. It will also be critical to recheck existing tenants at lease renewal. ■



In Q1 2025, residential rents underwent their strongest growth in almost eight years.

**Q1 2025**

# PayProp *Rental Index*

The PayProp Rental Index is a quarterly guide outlining trends in the South African residential rental market and is compiled from transactional data collected by PayProp, the largest processor of residential rental transactions in South Africa.

This publication was produced by Property Payment Solutions (Pty) Ltd, trading as PayProp South Africa.

**Contact details**

For all business and media enquiries, please contact:

André van Rooyen

Head of Sales

E-mail: [andre.vanrooyen@payprop.co.za](mailto:andre.vanrooyen@payprop.co.za)

The PayProp Rental Index is available on the PayProp website at [www.payprop.com](http://www.payprop.com)

**Join PayProp**

If you would like to know more about using PayProp to manage your rental portfolio, please visit:

[www.payprop.com](http://www.payprop.com)

**Disclaimer**

This document is intended as a basis for debate and discussion and should not be relied on as legal or professional advice. While every reasonable effort has been made to ensure the accuracy of the content, no warranty is made with regard to that content. PayProp accepts no responsibility for any errors or omissions. PayProp recommends you seek professional, legal or technical advice where necessary. PayProp cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining from acting as a result of the material included.



WEBINARS

# PayProp Masterclass

Watch our expert Masterclass webinars on demand.



Visit the **PayProp Webinar Library** to watch all our previous sessions on demand.

[VIEW WEBINARS](#)