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# PROTECTING YOUR LANDLORDS IN TIMES OF MARKET FLUCTUATION

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# AGENDA


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- ◆ Market Trends & Risks for Landlords
- ◆ The Importance of Tenant Vetting & Re-Vetting
- ◆ Application Vetting
- ◆ Renewals & Re-vetting
- ◆ How to Educate Landlords on Risk
- ◆ The Role of Xpello in Risk Mitigation
- ◆ Q&A Session



# RENT GROWTH



**5.2%**   
rental growth year  
on year



■ National rental growth

■ Inflation

■ Prime interest rate



Weighted average national rental growth rate (YoY) vs. inflation, Jan 2022 - Dec 2024

Source: PayProp



highest y-o-y since December 2017



2.4% above inflation




Need thorough affordability assessments to ensure tenants can keep up with escalating rents & living costs



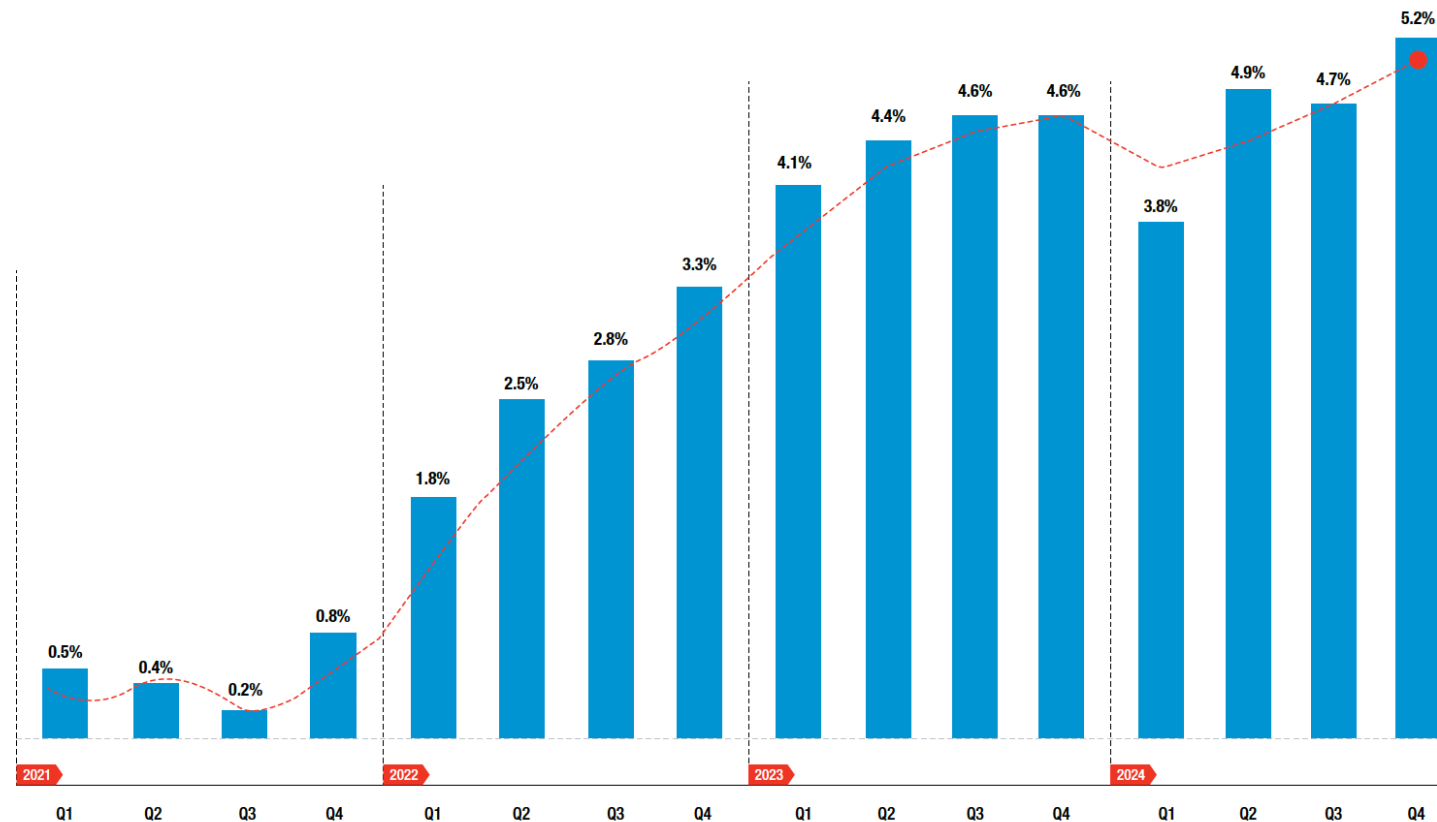
## RENT GROWTH






**5.2%**   
rental growth year  
on year

### NATIONAL RENTAL GROWTH

## Quarterly trends



 Quarterly rental growth rate (YoY) with a moving average trendline: Q1 2021 - Q4 2024  
Source: PayProp

 Quarterly rental growth  Moving average




# CURRENT MARKET TRENDS & RISKS FOR LANDLORDS

 Increasing tenant affordability concerns

 Rising arrears & vacancy risks

 The need for stronger vetting & proactive lease/arrears management

 Intervention / monitoring & breach managements processes



**R9 051** 

Average rent

# WHY TENANT VETTING & RE-VETTING IS CRITICAL

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- ✓ Affordability
- ✓ Ensuring financial stability of tenants
- ✓ Identifying risks early
- ✓ Reducing the chances of arrears & potential evictions
- ✓ Protecting landlord investments



# APPLICATION VETTING

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- ◆ Importance of getting all the information
- ◆ You can only check what you get
- ◆ Cross-checking!
- ◆ Fraudulent application documentation





# RENEWAL & REVETTING

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- ◆ Tenants in breach
- ◆ Re-check affordability
- ◆ Updated credit checks
- ◆ Top-up deposits





# ARREARS

An increase in arrears in Q4 could be a sign of worse to come.



Percentage of tenants in arrears and average arrears percentage: 2022 to present

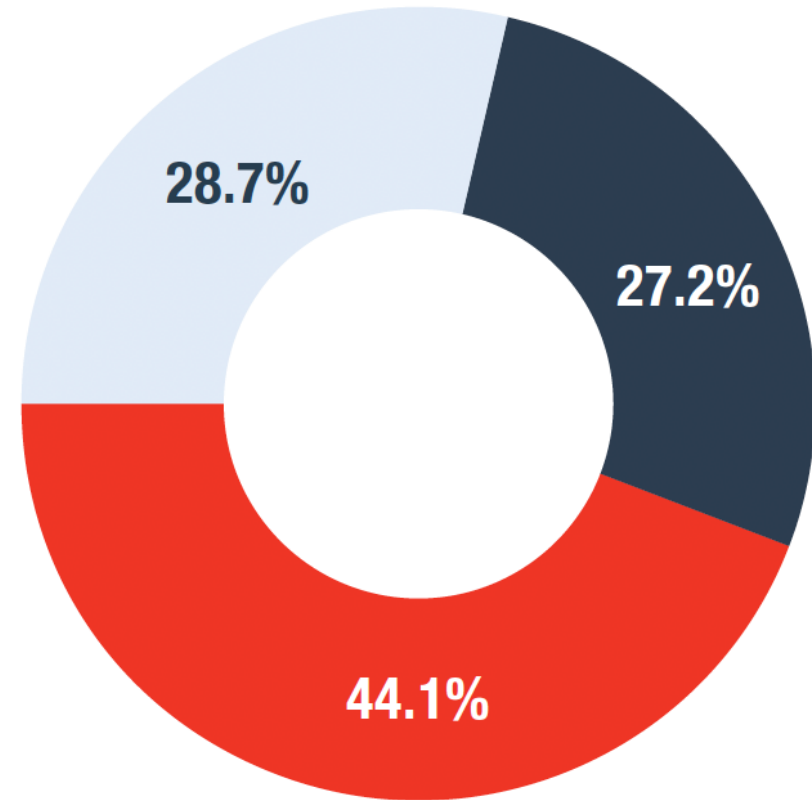
Source: PayProp

Average arrears % % tenants in arrears



## INCOME & SPENDING

The ongoing impact of **high interest rates** and **inflation** has left tenants worse off than a year ago.

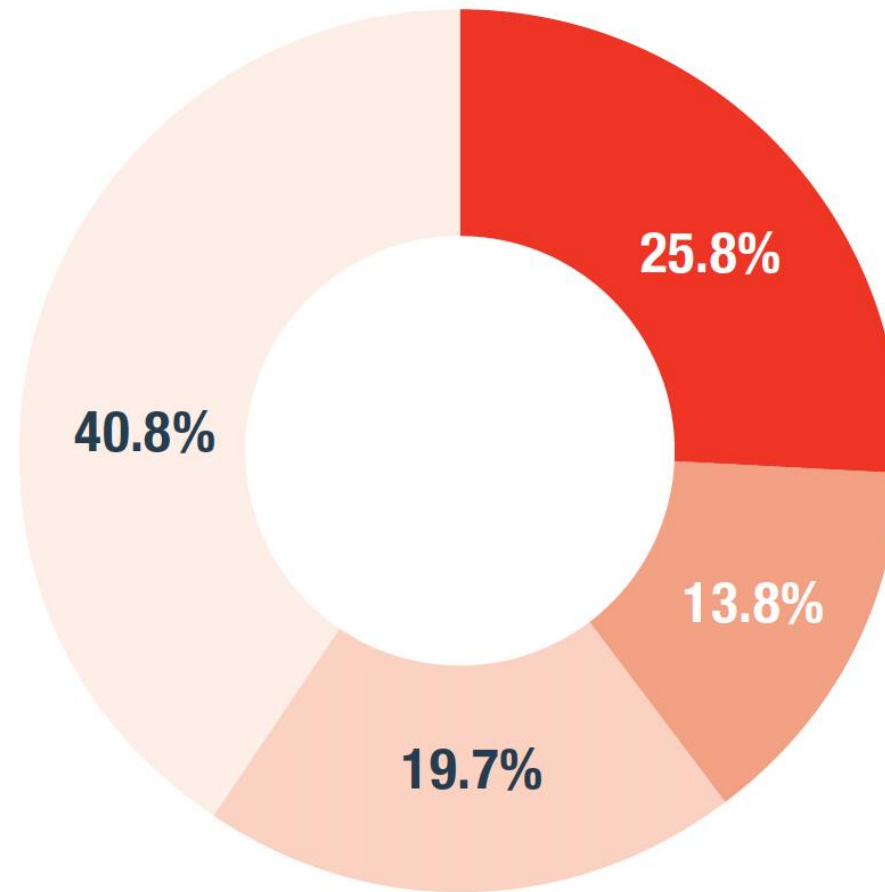


■ Rent ■ Disposable income ■ Debt

 National share of income spent on debt and rent, Q4 2024  
Source: PayProp

## INCOME & SPENDING


The ongoing impact of **high interest rates** and **inflation** has left tenants worse off than year ago.



 National credit risk distribution, Q4 2024  
Source: PayProp

# HOW TO EDUCATE LANDLORDS ON RISK

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-  Providing market insights & real data
-  Offering structured lease agreements & policies
-  Using scripts & conversation starters
  - expectations marketing / vetting / renewing / rent increases / arrears management
-  Recommending proactive solutions

# INTRODUCING XPELLO – A SAFTEY NET FOR LANDLORDS

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- ✓ 98% eviction-avoidance success rate
- ✓ Handling tenant breaches professionally
- ✓ Reducing financial losses & protecting rental income
- ✓ Taking the legal burden off agents & landlords



# KEY TAKEAWAYS

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- ◆ Landlords face more financial risks than ever
- ◆ Tenant vetting & re-vetting should be non-negotiable
- ◆ Educating landlords strengthens agent-client relationships
- ◆ Xpello provides a proactive solution that works
- ◆ Protect your landlords & strengthen your service offering
- ◆ Find out more about Xpello: <https://rentalsphere.co.za/xpello>



# COST OF XPELLO vs EVICTIONS

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- ◆ Avg rental = R9051 pm
- ◆ Avg Eviction = R50,000 (legal) = R15,000 sheriff – TOTAL R65,000
- ◆ How long will it take landlords to pay a full avg eviction cost with monthly Xpello subscription
- ◆ Number of months subscriptions =  $R65,000 / 250 = \mathbf{260 \text{ months or } 22.6 \text{ yrs}}$
- ◆ Protect your landlords & strengthen your service offering
- ◆ Find out more about Xpello: <https://rentalsphere.co.za/xpello>





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