

Demand for rental accommodation in Western Cape continues to outstrip the rest of the country

Previous generations might have grown up yearning for a home in the suburbs, but today's 30-somethings are in no hurry to invest in property. When it comes to choosing where and how to live, they seem less motivated by the need for financial stability and permanency, and more by the need for freedom and flexibility.



Source: Supplied.

Changing lifestyles and aspirations has seen a sharp decline in homeownership the world over. Where Baby Boomers were starting families and purchasing property in their twenties, today's fast-paced, career-focussed nomadic millennials are deferring both in favour of lock-up-and-go rental accommodation in city centres across the globe.

Renting has many benefits, says Celeste van Graan, sales and leasing manager at Harbour Arch in Cape Town. "Given the state of our economy and current high interest rates, getting onto the property ladder isn't easy for youngsters who haven't yet built-up financial capital. 100% bonds are rare, banks often require substantial deposits, and conveyancing and transfer costs can be crippling for a first-time buyer. By contrast, renting generally just requires a month's security deposit equal to one month's rent."

The impact of this is clear: the FNB Property Barometer from May this year showed that there has been "declining house buying activity, in line with higher borrowing costs [and] stretched affordability....".

“Rental tenants also benefit from not having to pay property taxes or cover the costs of levies, insurance, security, maintenance, and repairs, and they get access to facilities that they would otherwise not be able to afford - like a heated swimming pool and sundeck, gym facilities, communal gardens and co-working spaces, off-street parking, around-the-clock security, and high-speed WiFi,” van Graan says.

Growing environmental awareness has further driven the trend towards inner-city apartment living. Millennials are opting for compact apartments because they are more cost- and energy efficient than suburban homes. Removing the need to commute – either because they can walk to work or work from home – helps to further reduce their carbon footprints.

“Today’s younger tenants are generally very well informed, and hold the property developer accountable for ethical and sustainable building practices. That’s why energy-efficient lighting and appliances, double-glazing, centralised air-cooling, water harvesting, recycling, and solar power have become standard in many new developments,” van Graan explains.

Urban living trends in Cape Town

Research into the property market indicates that, in a city like Cape Town, inner-city living is becoming increasingly attractive, especially among a younger demographic. In fact, according to a TNP Investor Report issued in November 2022, the age group 26 to 30 makes up the biggest group of CBD dwellers. These are well-educated residents, whose earnings reflect relatively high income levels. The research also shows that renting dominates significantly over ownership.



Source: Supplied.

There are many reasons to rent in city centres, but the most compelling might just be the allure of the city itself. Millennials are drawn to the infectious energy and diversity of the inner city, and the quality of life that it offers - like being able to walk to work and exercise outdoors; like having their daily needs met within walking distance of their homes; and having a vast array of culinary, cultural, and entertainment options on their doorsteps.

Van Graan comments that, “Since launching the Harbour Arch rental offering in May this year, we’ve seen huge demand from young professionals, digital nomads, and people relocating to Cape Town from elsewhere in the country. Cape Town – recently voted ‘Greatest City on Earth’ by the 2023 Telegraph Travel Awards - has become a desirable playground for young, dynamic, trend-setting individuals looking for sociable, connected, and physically active urban lifestyles.”

While there can be no doubt that investing in property is a good idea over the long term, it is clearly no longer the holy grail

of adulthood that it once was. Living in a global village, with the means to travel, to work remotely, to change careers, and experience living in different cities around the world has created a generation that doesn't necessarily want to put down roots. For the young, upwardly mobile and adventurous at heart, renting an apartment in or close to a city may well be the better option.

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