

What you need to know about buy-to-let student accommodation

By [Mike Greeff](#)

11 Oct 2018

The demand for student accommodation has risen steeply and universities are unable to meet the demand via student residences. This has opened up a profitable niche in the real estate sector for buyers who purchase solely to let to the student market.



© albertus engbers – [123RF.com](#)

The Cape Town southern suburbs is extremely popular with buyers as it is in such high demand. Students, young professionals and families are all vying for property and this has consistently driven property prices upwards over the years. The opportunity presented to entrepreneurial buyers is buying-to-let and the excellent return on investment makes it a very appealing prospect.

In 2017, UCT recorded having 28,185 students (with 6,753 living in the residence system). Around 4,200 new first-years are accepted to study at UCT every year. This high demand for student accommodation in and around the southern suburbs has created a unique opportunity for student accommodation to satisfy the current undersupply that exists. Safe, convenient accommodation that is close to amenities is first prize for students and young professionals.

Year-to-year occupation

One immediate benefit to buyers is that their properties are occupied by tenants on a year-to-year basis. This is perfect for the owner who doesn't want to be tied into a longer lease term than necessary. Having a yearly lease also helps with annual maintenance of the property and allows for easier control of any potentially problematic tenants. Annual renewal also allows new clauses to be added into lease agreements yearly and for the lease agreement to evolve to best suit your situation. This type of letting is much more flexible and allows property owners to adjust rent as the market evolves, without being locked into a fixed percentage annually.

Location matters

Investing in a secure setting like a security complex or sectional title development gives any tenant a feeling of security and will justify paying a bit more for the rental property in the long run. This also keeps demand for your property high and allows your property to remain competitive year-on-year despite prevailing economic conditions.

Investing in a property that is close to major access routes along which the Jammie shuttle travels or within easy access of educational institutions is always a prudent move. This is a desirable feature that can be listed when advertising the property to let. Parents who are leasing homes for their children want the peace of mind knowing that their children will be safe and able to easily get to their institutions of learning with as little hassle as possible. Access to a bus route also means that parents don't necessarily need to spend the additional cash on a car as well.

Investing in property for the sole aim of letting to students has many benefits provided that your tenants are properly vetted prior to occupation. There is a constantly growing demand for accommodation close to institutions of higher learning and amenities related to them. This form of letting produces an excellent return on investment and can be a steady income stream should you embark on it.

ABOUT THE AUTHOR

Mike Greeff, CEO, Greeff Christie's International Real Estate

For more, visit: <https://www.bizcommunity.com>