

## Inner city rentals

**Aengus Property Holdings defies property market slump with its resilient inner city rentals.**

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Rental demand for properties within the Aengus stable in some cases outstrips supply ten times, underpinning long-term income and capital growth prospects.

The typical tenant in Johannesburg's inner city is young, employed at one of the blue chip organisations in the city and enjoys the benefits of high security, fashionable and furnished accommodation.

In fact, Aengus believes this is the market sector where the long-term growth lies. While economists warn that the National Credit Act and rising interest rates have disqualified many from becoming home buyers, the market for rental property is growing. The investment opportunity is especially compelling at the bottom end of the market, where the notion of urban renewal projects is only just catching on and there is plenty of scope for capital appreciation. ●

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Choking economic conditions, declining property prices and warnings that property-market returns will continue to decline, have knocked confidence in the property sector. But Richard Rubin, CEO of Aengus Property Holdings, urges investors to look beyond the negative sentiment and base their decision making on facts: inner city rentals to an emerging middle class continue to offer appealing investment returns. What's more, healthy fundamental conditions in this sector of the property market ensure excellent prospects for continued rental escalations and capital appreciation.

The inner-city urban renewal projects with which Aengus has been involved for several years have provided investors with steadily increasing annual escalations that have outstripped expectations.

These rental increases are driven by healthy demand for affordable accommodation within easy distance of some of Johannesburg's biggest employers. The escalations have ensured that overall returns to investors in Aengus' urban renewal projects have outdone those from many other property investments, some of which were overpriced to begin with.

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Rental demand for properties within the Aengus stable in some cases outstrips supply ten times, underpinning long-term income and capital growth prospects. The typical tenant in Johannesburg's inner city is young, employed at one of the blue chip organisations in the city and enjoys the benefits of high-security, fashionable and furnished accommodation. As Rubin points out, this is not someone who is considering emigration.

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For investors looking for an investment commitment of manageable proportions, as a hedge against risk, Aengus' units are a boon. "Coping with a rate hike on a R3 million property purchase is far more onerous than dealing with higher rates on a unit which cost you R250 000," Rubin explains.

"Not only is it easier to make up any shortfalls between rentals and bond repayments on a smaller capital amount, but the scope for raising rentals on our units is far greater than it is on many properties in overdeveloped suburban areas."