

https://dspace.org/

The invisible hand that shapes rental markets in the townships (North of Johannesburg)

Mojapelo, Maredi

2020
https://hdl.handle.net/10539/31209

Downloaded from a DSpace repository. https://dspace.org/

Abstract

There is no doubt that the informal rental market (backyard rentals) has presented ordinary South Africans with a livelihood strategy that is not only benefiting the individual but the greater society. With so much rapid growth happening in the urban areas more especially in the peripheries the nature of how we understand rental markets is shifting. These markets seem to be producing more and more diverse rental options which cater for different people but more importantly, they cater also for the poor. Most of the time, the formal rental market is known to alienate the poor when it comes to housing. In the townships of Ebony Park and Kaalfontein in Johannesburg, landlords are shaping how we understand rental, they are creating diverse backyard typologies which seem to be catering for the middle and lower class. Interestingly this trend has been a far-fetched goal of the post-apartheid government: to create neighbours that are socially mixed, affordable and diverse. The only issue is that the informal rental sector has been given little or no attention by the government.

This research aims at investigating what are the factors that are contributing to such patterns in townships by looking at the supply side of the market (landlords) so that at least the government recognise this sector. The argument presented is that there is nothing special about the market, but instead, the market is highly influenced by the invisible hand. The argument is that when landlords pursue their selfish aims in the townships, they produce unintended consequences which are beneficial to society and government. As such if the government wants to intervene in this hand of the market it should be in a strategic way in which it does not disturb the invisible hand. Indeed, the invisible hand somehow plays a role in how we understand the backyard rental market in the township. In the research it is evident that there are several factors that influences landlords to enter the market; however, from the township context four factors seem to be key (cognitive, space awareness, risk aversion and emotion). The research acknowledges that the aforementioned factors can be group into psychological factors. There are also non-psychological factors (law enforcement, policies, town-planning tools etc.) that come into play.