Are students being priced out of Cape Town?

By Lethukukhanya Zulu (ZLXLET004)

UCT student, Tumelo Magwane, standing next to the sold sign of his Rosebank flat.

The mountain, the views, the ocean, and the city. The perfect backdrop for the 'best university in Africa'. And yet, these are the very aspects of UCT that are bringing struggle to one of its bright eyed students. Tumelo Magwane, a third year property studies student, who finds himself in a cruel irony. He doesn't know where he will stay next year, as his landlord has sold his flat. Which means Tumelo needs to scrabble to get a roof over his head.

Magwane told me that there is "no hopeful response to give" because of the mountain he would have to climb in the Southern Suburbs rental market. "It's scary to think that [I] don't know what's happening next year, especially in Cape Town. And knowing the fact that I'm signing myself up to come back with no solid plan for next year" he told me, with a traumatised gaze. This is not Tumelo's first time in this position. In fact, he was in this same predicament at the beginning of the academic year.

"I was basically homeless for six months, living off a friend's couch." Tumelo reluctantly recounts. Tumelo is a student who is partially funded by UCT Gap cover, a loan that supports students whose household income places them in the "missing middle". "We're too rich to be poor and too poor to be rich", according to Magwane. In his case, the university covers 70% of fees, excluding accommodation. That remainder is what is payable from Magwane in order to register at the beginning of the next academic year, which amounted to about R50’000 in February 2025. While substantial, Tumelo’s mother was able to pay the fee in a matter of days. Despite this speed, it was not fast enough to stop him from losing his housing offer. “I spent the first week sleeping in Kramer Law Library," he said. It was in that moment that Tumelo, who was joining other students at the fee block and housing protests, began to lose faith in UCT’s ability to provide him with a basic human right. “They had a spreadsheet with multiple people who were in a similar situation. I was not the only one.”

On top of all of this, Tumelo couldn’t simply take a leave of absence and try again next year. He told us that within the terms of reference for his Gap Cover, was a clause that would see him lose funding should he take a break from his academics. Thus, Tumelo Magwane had to find a home in one of the most competitive rental markets in South Africa.

For Tumelo, education means having a chance at improving his life. A lack of housing threatened that.

Tumelo got a student loan that would be able to cover a year’s worth of rent, at the rate of up to R10’000 per month. And would be able to cover that up front. However, while some might see that guaranteed income for a landlord, Tumelo thinks otherwise. “A lot of landlords look at that and they don’t want to deal with that. It’s conditional on so many factors.” He explained to me. “They look at your application and think ‘does this person have 2 times income? Nope. Okay, next application.’ And they can afford to do this because everyone wants to live in Cape Town. They can ask you ‘Do you have 3 times the rental for your deposit? Are you able to cover 3 months of the rent?” Tumelo suggests that the sheer size of the demand for housing in Cape Town, landlords are the ones spoilt for choice.

“It’s at the sole discretion of the landlord. They can choose who they want [to let out to]. Perhaps, if they don’t like my face they won’t approve my application.” He begins to recount the months of house hunting he had to endure, while studying. “I have an entire email list of multiple landlords who say they have a space available. Out of about 50, I’ve gotten a response from about half and most of them were rejections.” Tumelo tells me, with his voice beginning to crack under the weight of his own emotions. “There was one lady that called me, saying ‘I have a cottage for about R10’500. But I don’t think it’s within your price range.’ And the hurtful truth is that she was right.” He said. And it seems that there is not only financial discrimination that Tumelo had to endure, but racial discrimination.

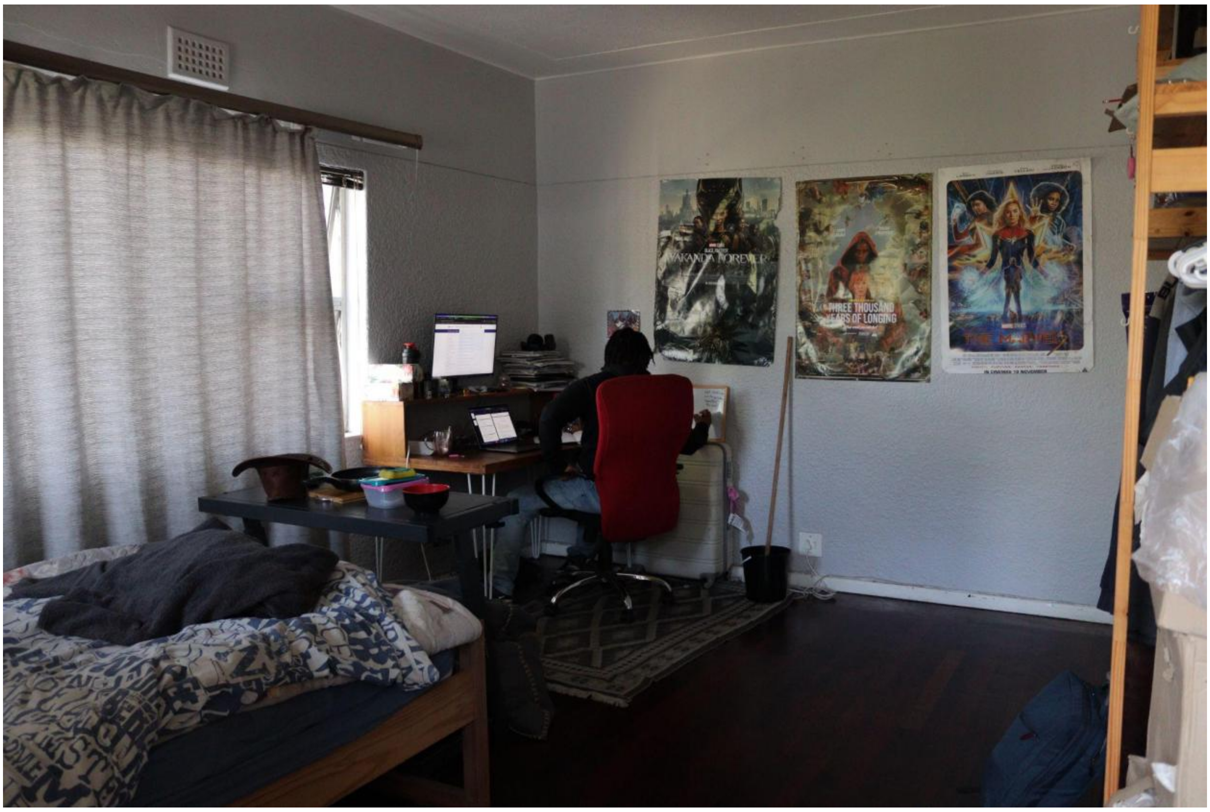
“It’s not even subtle,” says Magwane. “I would email with my name ‘Tumelo Magwane’ and they take time. But Karabo would use his middle name, ‘Anderson’, and all of a sudden you get a response immediately. That tells you enough you need to know about this housing market.” Tumelo is not the first person to speak of this. In 2023, the Property Practitioners Regulatory Authority (PPRA) fined an estate agent R25’000 for discriminating against a black tenant over a property in Foreshore. In that case, the estate agent had declined Pol Osei’s rental application due to his race.

“The landlord will go for whoever they think will cover the rent.” - Tumelo Magwane

“If there is a white couple at a viewing and myself there too. The agent would lean more towards them.” said Tumelo. He believes that this is the result of South Africans, in a broader sense, being pushed out of the housing market in Cape Town. This would be consistent with what academics in the city have theorized for years.

This is also what some have referred to as gentrification. But the gentrification in Cape Town is much more than that. John Spencer, a professor at CPUT, describes the gentrification seen in The Mother City as “Tourism Gentrification”. It is what happens when visitors to a destination return as the new inhabitants, but buy up the established stock of accommodation at inflated prices. For example, when a returning tourist pays the full year’s rent on a flat in Gardens to use for the summer months, instead of booking an Airbnb.The more often this happens the more realtors and landlords gear their practices toward it. Leading to them preferring tourists over locals.

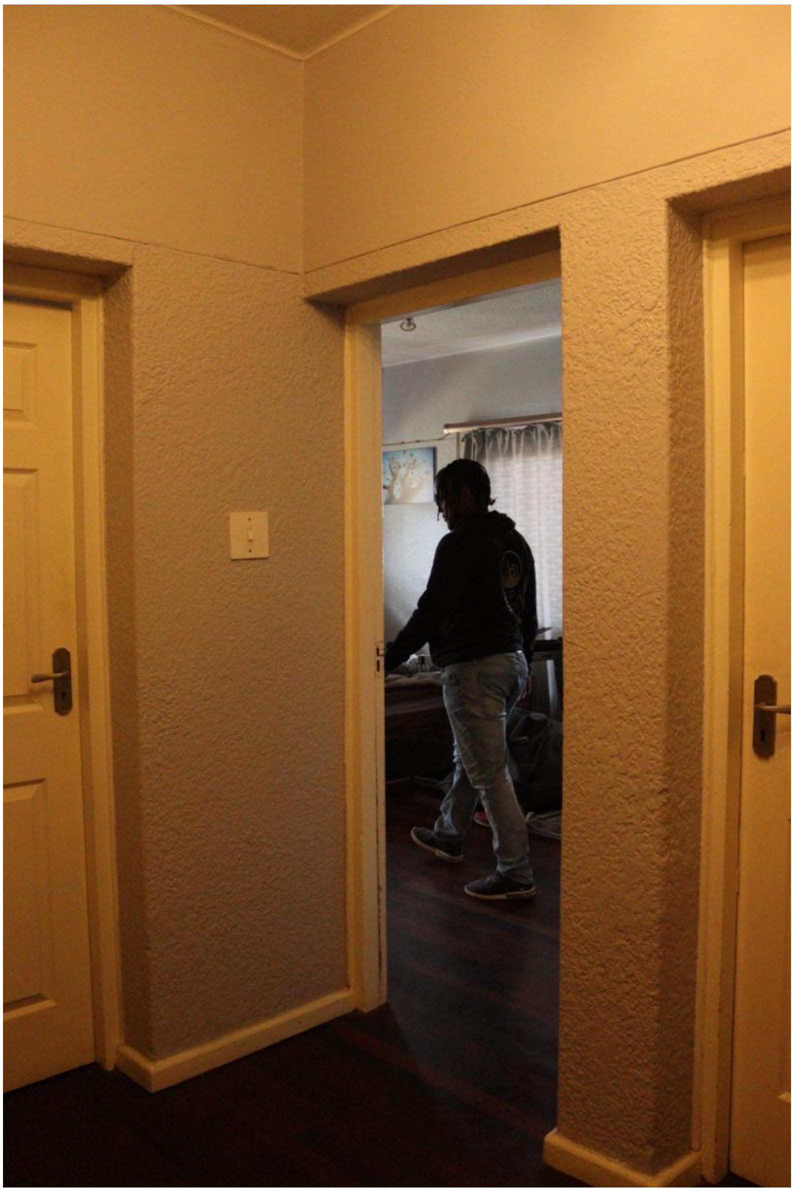
And there is data that supports this. According to a recent analysis by Lightstone, a data and analytics company, foreigners are consistently paying a premium for residential properties in South Africa. They found that foreign buyers, particularly those without permanent residency, are paying more than their South African counterparts. Those who have residency status in the country still pay a higher average price than local buyers but a lower one than non-resident foreigners.



Magwane, not knowing where he might stay in 2026, still knows much more of his future depends on his marks.

The new data, based on an analysis of residential properties purchased by individuals with a single title deed, also suggests that the overall share of the market held by foreigners has grown constantly since 2019. This nuanced view of the market highlights a distinct stratification among buyers based on their legal status within the country, with each tier paying a different price for a stake in the South African housing market.

Lightstone found that, in the Western Cape, foreign buyers spend R2.7 million on a property, while South Africans spend R1.2 million on average. Coupled with the fact that Lightstone also found that foreign buyers now make up 59% of the property market in Cape Town's CBD alone. Thus, when the average buyer in the city centre is one who earns in a currency that is likely much stronger than the rand, wealthier Capetonians then begin to look toward nearby suburbs. And this buying pattern is what leads to a student such as Tumelo Magwane living in the predicament he finds himself in. Having already been failed by UCT, he was then failed by the housing market of a city he came to in search of opportunity.



Tumelo Magwane in his current room.

Tumelo's current landlord has sold his flat. However, legislation allows him to stay in the property until the lease period ends in December. Meaning he would once again endure Cape Town's cut-throat rental market. However, at the time of writing, Magwane has informed me that he has managed to find residence within UCT's offering for 2026. Although the tide has turned in Tumelo's favour, others might not be in such luck. As the housing market in Cape Town does not seem to be getting any less competitive.