

# Poor hurt most by e-tolls and petrol price hikes increasing property value

By [David de Waal](#)

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The high cost of petrol does not only diminish consumer bank balances but also influences where people choose to buy a home.



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As the petrol price increases it reduces the allure of areas that are far away from employment districts or amenities like schools and shopping centres, while nearer suburbs become more popular.

The rental gradient (the concept that property prices decrease as the average commuting time/distance increases) is said to become more pronounced as transport costs increase.

Houses within the 'concrete highway' that ring Johannesburg already sell at a premium and we would expect that premium to increase further.

Poorer households will have to search further away from central business districts for affordable housing, and then will have to pay more for longer commutes. From a public policy perspective, higher transport costs hurt poorer families more.

## Home buyers influenced by prices at the pumps

A recent survey showed that 75% of the respondents believed that home buyers are influenced by prices at the pumps when deciding where to live.

Of course, the petrol price is not the only component of transport costs. In Gauteng, e-tolls are clearly an additional transport cost. Houses in suburbs where the only viable means of accessing the urban centre is via a tolled highway, have become less attractive since the commuting cost has increased.

The effect of changing petrol prices on property values is similar to the imposition of a toll: because of the high transaction costs associated with selling a property, people will initially make other changes to their lifestyles such as trying alternative routes, sharing vehicles or using public transport more. But over time the higher petrol prices and tolls will result in changes in property values as the changing demand takes effect.

## ABOUT DAVID DE WAAL

David de Waal (CA(SA)) is CEO of Steeple.

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