Q2 2026

RATES WATCH INSIGHTS

QUARTERLY BRIEFING ON MUNICIPAL PROPERTY VALUATIONS AND RATES

Q2 2026

Geopolitical tremors, natural disasters, and rising costs - a turbulent season for South Africans

Global and local pressures are converging in ways that will be felt squarely in South African pockets. Tensions between the United States and Iran remain high, rattling oil markets and injecting fresh uncertainty into an already fragile global economy, with ripple effects that extend all the way to the petrol pump.

Closer to home, the Eastern Cape and the Garden Route have been battered by severe floods and destructive winds, leaving communities reeling. Eskom continues to face challenges in restoring electricity supply to some of the affected and remote areas. We commend the emergency workers and organisations that have stepped in to assist those in need.

As if the timing could not be worse, municipalities across South Africa are preparing to implement a fresh round of tariff increases from 1 July, with households facing higher bills for electricity, water, rates and refuse removal at a time when budgets are already under pressure.
National Treasury issues Municipal Budget Circulars to guide municipalities in the compilation of their Medium Term Revenue and Expenditure Framework (MTREF). The circulars can be accessed at the National Treasury website (https://mfma.treasury.gov.za/Circulars/). The process is linked to Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA), and supports the municipal budget process by ensuring that minimum requirements are met.

Circulars 132 and 134 focus on the 2026/27 budget cycle. Municipalities are required to focus on a number of key "game changers", including ensuring funded budgets, adherence to supply chain management processes, and addressing audit findings.

National Treasury has also developed a Cost Reflective Tariff Tool to assess whether municipal tariffs are cost-reflective. Significant tariff shortfalls must be phased in over a period of two to three years.

The projected CPI for 2026/27 is 3,4%, and municipalities are required to justify all tariff increases that exceed the projected inflation target. Property rates increases for the metros and selected larger local municipalities are set out below:

The increases for electricity, water, sanitation and refuse can be viewed here.

APPEAL BOARD WATCH

APPEAL BACKLOGS CONTINUE ACROSS SEVERAL MUNICIPALITIES

Appeal backlogs continue across several municipalities, with a number of matters still awaiting hearings, objection decisions and board appointments.

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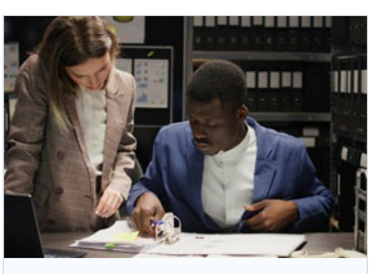

MUNICIPAL ROLL WATCH

NEW VALUATION ROLLS SCHEDULED FOR IMPLEMENTATION IN JULY 2026

New valuation rolls and supplementary valuation activity continue across the country, making it important for property owners to review valuations and categorisations carefully when rolls are published.

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VALUATION INSIGHTS / INDUSTRY PERSPECTIVE

SHORT-TERM RENTALS UNDER THE SPOTLIGHT: WHAT NEW REGULATIONS MEAN FOR PROPERTY RATES

The rapid growth of short-term rental accommodation continues to raise questions about how these properties should be categorised and rated. As municipalities seek greater clarity and consistency, the distinction between residential use and commercial accommodation is receiving increasing attention.

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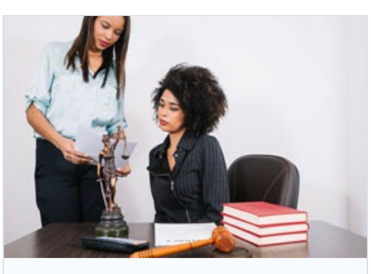

LEGAL UPDATE

CAPE TOWN'S PROPERTY-FIXED CHARGES DECLARED INVALID AND UNLAWFUL BY HIGH COURT

Recent court decisions continue to shape the way municipalities fund services and implement property-related charges. A significant Western Cape High Court judgment has important implications for both municipalities and ratepayers.

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CITY OF JOHANNESBURG – PROPERTIES USED FOR MULTIPLE PURPOSES

Property rates levies on properties used for multiple purposes should be reviewed carefully, as we have encountered instances where the rates were not calculated correctly.

In the example below, the rates levy for the residential portion and the business and commercial portion of the property is duplicated.

City of Johannesburg Property Rates VAT 4760117194	Sub - Total	Total Amount
Category of Property Property Rates Residential The property rates of the property and are calculated as follows: R 3,618,000.00 X R 0.0095447 / 12 (Billing Period 2026/05)	2,877.74	
Category of Property: Property Rates Residential The property rates are based on the market values of the property and are calculated as follows: Less rates on first R	- 238.62	
Category of Property Property Rates Business The property rates of the property and are calculated as follows: R 1,782,000.00 X R 2026/05)	3,543.51	
Category of Property Property Rates Business The property rates of the property and are calculated as follows: R 1,584,000.00 X R 0.0238620 / 12 (Billing Period 2026/05)	3,149.78	
Category of Property: Property Rates Residential The property rates are based on the market values of the property and are calculated as follows: R 3,216,000.00 X R 2026/05)	2,557.99	
Category of Property Property Rates Residential The property rates of the property and are calculated as follows: Less rates on first R300 000.00 of market value	- 238.62	
VAT: 0 %	0.00	11,651.78

NEWSLETTER FEEDBACK

We welcome feedback from readers. If there are particular topics that you would like us to address in future editions of the newsletter, please feel free to let us know here.

QUOTE OF THE QUARTER

"Believe you can and you're halfway there." Theodore Roosevelt

GOOGLE REVIEWS

We'd love to hear about your experience working with Rates Watch! If you've enjoyed our service, would you mind taking a moment to share your thoughts? Your feedback helps us grow and lets others know what to expect when they choose to work with us. It only takes a minute — just click here to leave us a Google review. We truly appreciate your support!

CONTACT US ON 011 918 0544 OR WWW.RATESWATCH.CO.ZA