OCTOBER FNB HOUSE PRICE INDEX AND ECONOMIC DATA OVERVIEW

- House price inflation decline continues. Interest rate prospects look increasingly promising, but economic performance still mediocre.

FNB Property Barometer

FNB PROPERTY MARKET ANALYTICS

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SUMMARY – FNB HOUSE PRICE INDEX RATE OF INCREASE DECLINES MILDLY FURTHER IN OCTOBER

The average house price growth slowdown continues, with the October FNB House Price Index recording a year-on-year inflation rate of 4.4%, lower than the previous month's revised 4.9%. This is the 5th successive month of decline since the May "mini-peak", but the pace of decline in the price growth trend was slower than preceding months. The average house price for October was R783,621.

Using deeds data of transactions by individuals (therefore not entirely comparable with the FNB House Price Index for which FNB data is utilised), we estimate the relative price performance by area value bands in the country's 6 major metros. In the 3rd quarter of 2010, we saw a superior average price increase for the so-called affordable areas (average price = R409,760) to the tune of 19.7% year-on-year. The 2nd best inflation rate of 12.5% was witnessed in the Middle Income Areas (average price = R713,768), followed by the High Income Areas (average price = R1.131m) with 11.3%, and lastly the "Top End" areas (average price = R1.915m) on 10.7%.

3 possible reasons for a better performance at the more affordable end of the market can be advanced. Firstly, this segment is arguably more credit-driven and thus interest rate sensitive, possibly benefiting more from the 2008-10 interest rate cuts. Secondly, the affordable segment specifically appears to have been less oversupplied in the boom years and, thirdly, financial pressure across the household sector has encouraged a certain group to seek more affordable homes.

Nevertheless, when the price increases are calculated on a quarter-on-quarter basis, a better indicator of short term momentum than the year-on-year calculation, we see a broad trend change across the value bands towards weakening in the 3rd quarter data points.

While the declining trend in the rate of increase of the FNB House Price Index continues, the October decline took place at a slower pace than prior months. It would, however, be incorrect to draw any conclusions based on one data point. However, there are some mildly encouraging short term signs in the form of good September inflation data, which increase the likelihood of a second successive interest rate cut at the November Monetary Policy Committee Meeting. In addition, although the 3-month moving average of the SARB Leading Indicator continued to decline in August, the pace of decline diminished. That could point to a lower limit to the recent slowing in economic growth being reached in the near term.

Some encouragement from economic data released during October was therefore forthcoming. However, for the time being, the FNB Valuers' Market Strength Index continues to point towards weak demand relative to supply, and we therefore don't anticipate an end to the declining house price inflation rate just yet, give a still-weak economic environment.

Finally, the September consumer price index (CPI) release pointed towards strengthening residential rental inflation. This is good for longer term residential performance, as it may ultimately translate into higher income yields on property should it be sustained. However, in the near term it may mean that we have seen the end of the declining trend in the inflation rate for the CPI for Housing and Utilities. Being the largest sub-index in the overall CPI, this may begin to constrain any future decline in overall CPI inflation going forward.

THE OCTOBER FNB HOUSE PRICE INDEX SEES IT'S YEAR-ON-YEAR RATE OF INCREASE DECLINING MARGINALLY FURTHER

The FNB House Price inflation rate slows further, although the pace of decline was slower than in the previous months

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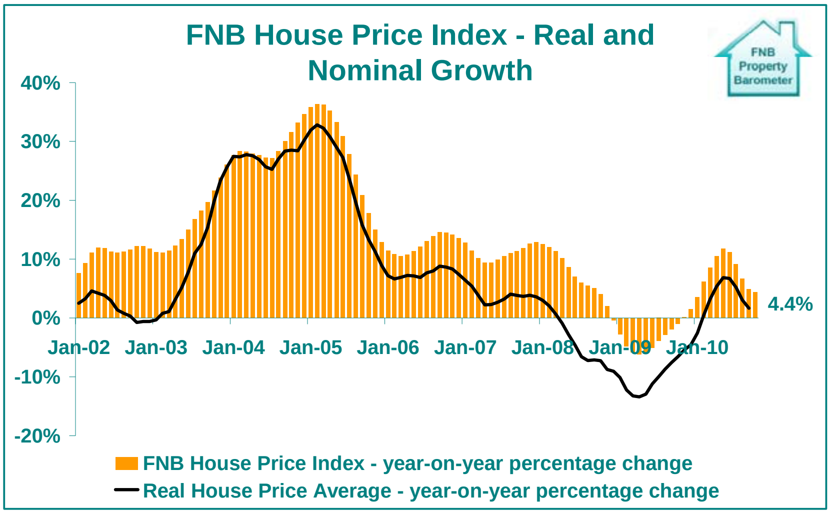
On a month-on-month basis the index rose by 1%, following a +0.2% revised increase in September. One does get seasonal factors playing a role in the month-on-month rate, though, so as always we warn against drawing conclusions regarding month-on-month change. The average house price for October was R783,621.

In real terms (adjusted using consumer price inflation), the latest house price estimate translates into further decline in the rate of year-on-year increase to 1.7% for September, from a 3% revised rate in August. The fact that the real house price rate of increase is still positive is due to a very low consumer price inflation rate of only 3.2% year-on-year as at September.

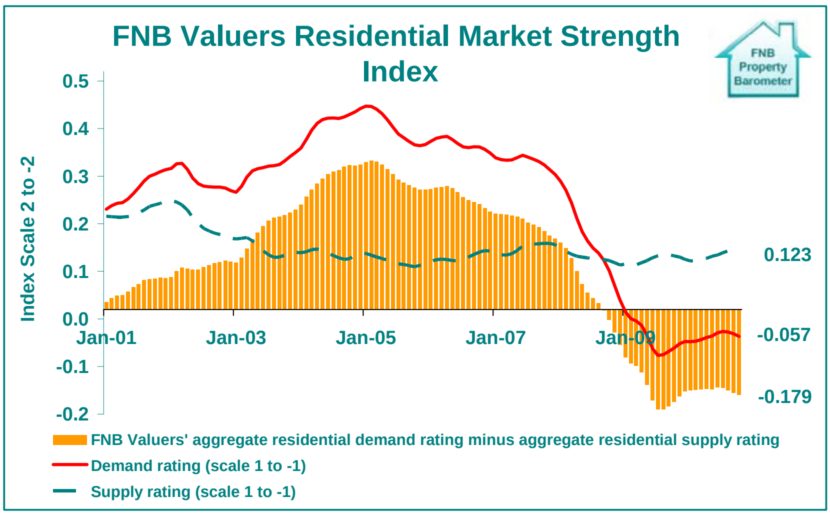


It would be premature to draw conclusions regarding the slower rate of decline in the rate of increase of the house price index based on 1 month's data. It is possible that the September interest rate cut provided some impetus by improving affordability, and some of this may be partly reflected in the October figures. However, we would need a few more month's worth of data to ascertain whether this is indeed the case. The fact is, though, that the rate of increase is still in its declining trend, and with the high levels of financial pressure in a post-recession household sector, we believe that it would probably take more interest rate cutting, or alternatively an improvement in economic growth, to turn the declining growth trend around at any time soon.

FNB Valuers continue to perceive a deteriorating market balance

The FNB Valuers' Market Strength Index weakened further in October, which perhaps explains further weakening in price growth.

When an FNB valuer values a property, he/she is required to provide a rating of demand as well as supply for property in the specific area. The demand and supply rating categories are a simple "good (+1)", "average (0)", and "weak (-1)".



The aggregate supply rating was almost unchanged at +0.123, from a previous of +0.124, while the aggregate demand rating weakened more noticeably from -0.047 previous to -0.057.

We aggregate all of these individual demand and supply ratings, and subtract the aggregate supply rating from the demand rating.

The collective opinion of the valuers is that demand relative to supply has weakened further from -0.175 in September to -0.179 in October, the 3rd consecutive month of weakening in the Market Strength Index.

FNB's valuers therefore continue to see ongoing weakness in demand relative to supply, which they believe has never recovered materially since the great slump in demand from 2008, apart from a very small strengthening in the index in the 2nd half of 2009.

THE AFFORDABLE END APPEARS TO HAVE PERFORMED BETTER IN 2010 IN TERMS OF PRICE INCREASE

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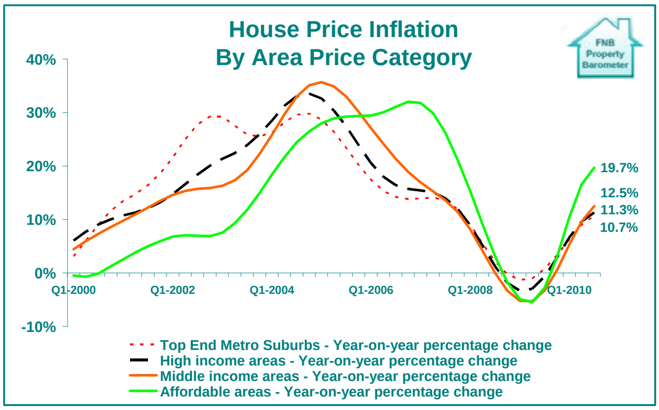
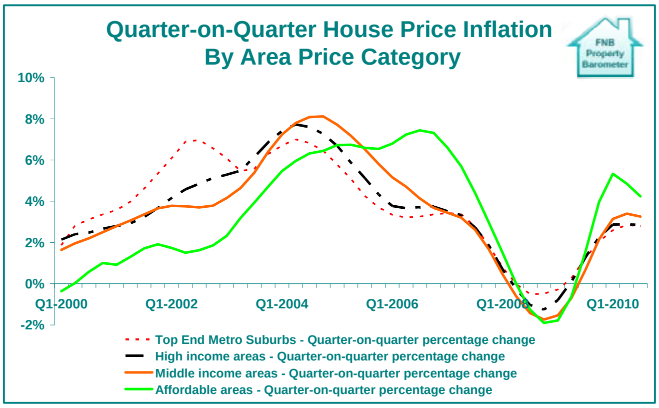
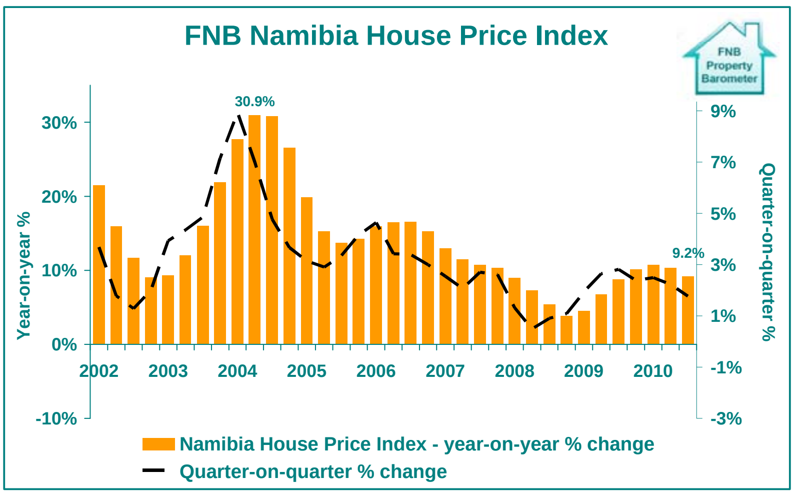
Nevertheless, examining the below right hand graph, which expresses the house price inflation on a quarter-on-quarter basis, a better indicator of short term momentum than the year-on-year calculation, we see a broad trend change towards weakening in the 3rd quarter data points. The Affordable segment's decline in quarter-on-quarter inflation is the most pronounced off the highest base, but the higher value bands looked to be turning the corner towards weakening too.





OUR FNB NAMIBIA HOUSE PRICE INDEX FOLLOWS A SIMILAR TREND, THOUGH TENDS TO BE SLIGHTLY MORE STABLE THROUGH THE CYCLE

In this report, we release our FNB Namibia House Price Index, compiled on a quarterly basis. The Namibian index follows similar trends to the South African one, as one would expect given that Namibia is part of the Common Monetary Area, and thus has a very similar interest rate, inflation and economic cycle.



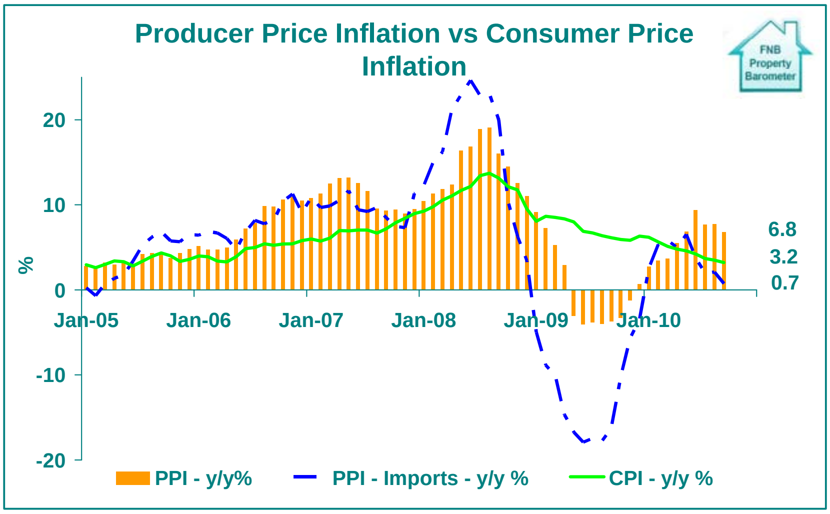
Compared to the FNB South African House Price Index, the Namibian Index inflation rate peaked at a lower 30.9% at the peak of the boom, compared to a year-on-year growth peak of 36.1% in the South African case. However, when it came to the downturn, the Namibian Index didn't record average price decline in 2008/9 despite also having an economic recession and an interest rate hiking cycle.

The most recent datapoint for the 3rd quarter of 2010, while showing the 2nd quarter of slowing year-on-year house price inflation, measured 9.2%, higher than the 6.9% year-on-year rate recorded for the 3rd quarter in South Africa.

A seemingly more solid performance through troubled economic times by the Namibian Index compared to the South Africa Index is possibly explained less aggressive mortgage borrowing/lending during the boom years in Namibia. However, it is also said that land is scarce around Windhoek, Namibia's largest market, and this may have kept the pace of development slower in that market than was the case around many of SA's major cities during the boom years, which in turn may have translated into a less oversupplied market.

OCTOBER INFLATION DATA RELEASES PROVIDE INCREASED LIKELIHOOD OF FURTHER INTEREST RATE CUTS,

September inflation data was better than expected, promoting the rate cut cause



We probably won't hear too many people in the residential property sector complaining about the "problems" that a "strong" rand causes. Certainly, from a consumer price inflation and therefore interest rate point of view, the strength of the rand is like "manna from heaven", and after another set of better than expected consumer and producer price inflation numbers for September, the scene looks increasingly set for further SARB interest rate cutting at its Monetary Policy Committee meeting in mid-November.

We continue to caution that a move to "abnormally" low interest rate levels (admittedly debatable as to where such a level is) in an "abnormal" global economic environment, could raise the risk of an "abnormal" magnitude of rate hiking at the next hiking cycle, which could cause significant pressure on the housing market should it take place while indebtedness levels remain as high as they are currently..

However, for now, in a weak economic environment, further interest rate cutting can provide short term support for residential property demand. The Consumer Price Index (CPI) inflation rate declined further from 3.5% year-on-year in August to 3.2% in September, now approaching the 3% lower target limit of the SARB's inflation target range of 3% to 6%.

This not only raises the probability of further interest rate cutting, but also means that inflation eats less into nominal disposable incomes of households, translating into stronger real disposable income growth than would be the case in a higher inflation scenario.

In addition to the great CPI figure, September's producer price index (PPI) inflation rate also declined significantly from 7.8% year-on-year in August to 6.8% in September. The rand is arguably a key factor here, as we have seen the PPI for imports' inflation rate declining to only 0.7%, after reaching a mini-peak of 6.5% in May 2010. Besides the strength of the rand, a weakening in global commodity price inflation since 2009 has also been a key factor.

A lack of imported inflationary pressures have played a role in reducing the inflation rate in the "goods component" of the CPI to as low as 1.5% year-on-year by September.

CPI NUMBERS BEGIN TO SHOW RISING RESIDENTIAL RENTAL INFLATION – GOOD FOR LONGER TERM PROPERTY PERFORMANCE BUT NOT SO GOOD FOR FURTHER CPI INTEREST RATE DECLINE

The 2-sided coin – a stronger residential rental market is good for residential yields and thus future performance, but it could restrict the further decline of CPI inflation and thus interest rates.

As mentioned already, there are certainly no alarm bells ringing on the inflation front in the short term. To the contrary, further interest rate reduction appears imminent if one views the September CPI inflation rate of 3.2%, with producer price inflation also moving downwards, driven partly by rand strength.

However, all good things do come to an end, and if we look a little further down the road perhaps well into 2011, and speculate on what may bring about the bottom of the inflation and interest rate cycle, the chances appear good that it may be the CPI for housing and utilities. This is somewhat ironic, because it is the housing market that is probably crying out for more interest rate reduction the loudest. But this area of the CPI has long been something of a "constraint" on the declining trend in the overall CPI.

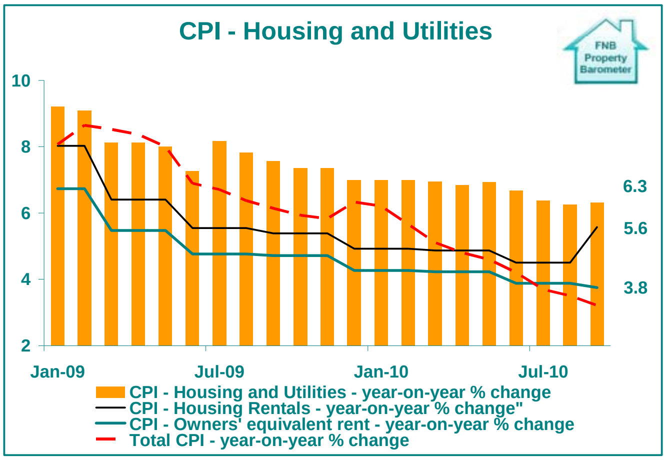
Whereas the overall CPI inflation rate was 3.2% in September, the CPI for Housing and Utilities inflated at a higher 6.3%. This sub-index is the largest in the overall CPI, accounting for 22.6% of the total CPI. In September, the fact that it is the largest sub-index, as well as inflating at a higher rate than the total CPI, implies that the Housing Index was also by far the main contributor to the overall CPI inflation rate of 3.2%, accounting for 1.5 of a percentage point of the total inflation rate.

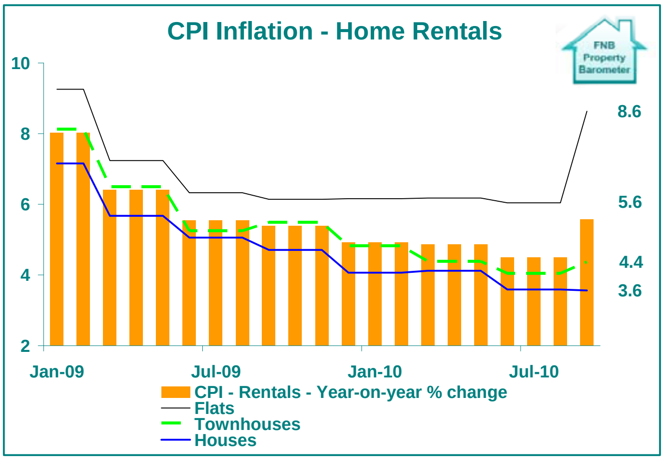
The main cause of the housing CPI inflation rate remaining stubbornly high has been its electricity component, which is still showing huge inflation to the tune of 18.3% year-on-year, while the "Water and other services" component (including municipal assessment rates) also remains high at 9.3%.But while these 2 components have kept the CPI for housing at inflation rates on the wrong (high) side of total CPI inflation, they have not stopped the declining trend in its rate of inflation. This is because the 2 rental categories, i.e. actual rentals and owner occupied rentals, are the lion's share of the housing CPI.

The September inflation figures, however, suggested that the end could be in sight for the declining housing CPI inflation trend, with actual rental inflation starting to rise for the 1st time since the new CPI series started in 2009. This comes as little surprise, because after a rental weak rental market back in 2009, on the back of aggressive interest rate cuts up until August 2009. A far slower pace of interest rate cutting since, coupled to tight bank credit criteria still in place and a financially pressured household sector, makes us believe that there should have been some strengthening in the rental market in 2010. It is perhaps such a strengthening that is starting to filter into the CPI survey's actual rental inflation statistics for the 1st time.

It is conceivable that household sector financial pressure is driving the search for affordability and thus for smaller-sized residential units, and therefore perhaps not surprising that the CPI for flat rentals rose most sharply by 8.6% year-on-year in September, up from 6% in August, while the CPI for townhouse rentals also turned upward, but more moderately, rising year-on-year by 4.4% in September, up from 4% previous. The CPI for housing rentals continued to see its inflation taper, from 3.59% in August to 3.56% in September.

The key owner occupied rental component has not yet seen its inflation rate start to rise yet, and given that it is the largest component of the Housing CPI, its near term trend may be key for not only the Housing CPI but indeed for the entire CPI inflation rate. With the flats and townhouses components of the owner occupied rental index also starting to show accelerating year-on-year inflation, it would seem only a matter of time before the Housing CPI inflation rate starts to rise.



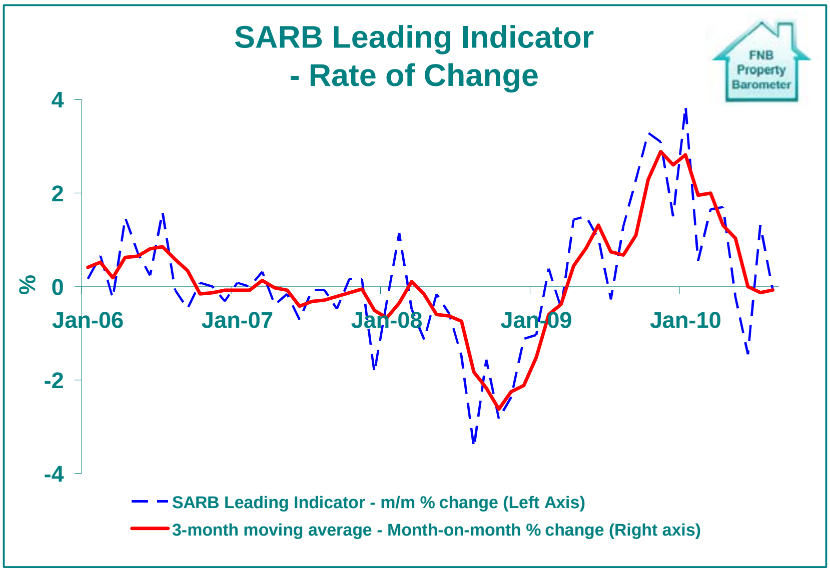


Consumer Inflation - Housing and Related

	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Key CPI Inflation Measures						
CPI - All Urban Areas	**111.3**	**111.5**	**111.5**	**112.2**	**112.3**	**112.4**
Y-o-Y % Change	***4.8***	***4.6***	***4.2***	***3.7***	***3.5***	***3.2***
CPI Housing						
CPI - Housing and Utilities	112.4	112.5	113.4	116.8	117.1	117.9
Y-o-Y % Change	*6.8*	*6.9*	*6.7*	*6.4*	*6.3*	*6.3*
CPI - Actual housing rentals	109.8	109.8	111.4	111.4	111.4	113.6
Y-o-Y % Change	*4.9*	*4.9*	*4.5*	*4.5*	*4.5*	*5.6*
- Houses	108.6	108.6	109.7	109.7	109.7	110.5
Y-o-Y % Change	*4.1*	*4.1*	*3.6*	*3.6*	*3.6*	*3.6*
- Townhouses	109.5	109.5	110.6	110.6	110.6	112.3
Y-o-Y % Change	*4.4*	*4.4*	*4.0*	*4.0*	*4.0*	*4.4*
- Flats	111.7	111.7	114.1	114.1	114.1	118.3
Y-o-Y % Change	*6.2*	*6.2*	*6.0*	*6.0*	*6.0*	*8.6*
CPI - Owner occupied housing rentals	108.5	108.5	109.7	109.7	109.7	110.6
Y-o-Y % Change	*4.2*	*4.2*	*3.9*	*3.9*	*3.9*	*3.8*
- Houses	108.4	108.4	109.5	109.5	109.5	110.3
Y-o-Y % Change	*4.1*	*4.1*	*3.7*	*3.7*	*3.7*	*3.7*
- Townhouses	109.5	109.5	110.7	110.7	110.7	112.4
Y-o-Y % Change	*4.6*	*4.6*	*4.2*	*4.2*	*4.2*	*4.5*
- Flats	112.1	112.1	114.4	114.4	114.4	118.3
Y-o-Y % Change	*6.5*	*6.5*	*6.2*	*6.2*	*6.2*	*8.4*
CPI - Home Maitenance and Repairs	115.4	115.9	115.9	116.2	116.5	117.1
Y-o-Y % Change	*4.5*	*4.6*	*4.2*	*3.7*	*3.2*	*3.5*
CPI - Housing - Water and other services	111.9	111.9	111.9	121.7	122.3	122.3
Y-o-Y % Change	*9.4*	*9.4*	*9.4*	*9.3*	*9.3*	*9.3*
CPI - Housing - Electricity and other fuels	141.2	141.2	141.3	164.4	166.9	166.9
Y-o-Y % Change	*24.3*	*24.4*	*24.7*	*19.4*	*18.3*	*18.3*

ECONOMIC DATA RELEASES CONTINUE TO POINT TO A WEAK ECONOMY IN THE NEAR TERM

Indicators of economic growth remain weak, with the SARB Leading Indicator still in month-on-month decline, but rate of decline may be tapering off.



On a month-on-month basis, the August SARB Leading Indicator reading moved back into negative month-on-month territory to the tune of -0.08%, down from a positive growth rate of +1.3%. The monthly reading is volatile, however, and a 3-month moving average is a more reliable trend indicator. The 3-month moving average also declined by -0.08%, which was a slight improvement on the -0.13% month-on-month decline in July.

The Leading Business Cycle Indicator can be a good indicator of real economic growth trends in the near term, and the flattening out in the broader month-on-month trend may suggest the bottoming out of real economic growth perhaps early in 2011, after a decline that started in the 2nd quarter of 2010.

Several other indicators released in October pointed to a slow recent economic performance:

- *The Kagiso Manufacturing Purchasing Managers' Index (PMI), on a seasonally-adjusted basis, declined back to below the crucial 50 level in September, which is supposed to be the dividing line between expansion and contraction of manufacturing output.*
- *Manufacturing output for August grew year-on-year by a still-healthy 5.3%, but this was the 2nd month of decline in growth from 9.3% in June.*
- *Electricity consumption grew year-on-year by mediocre rates of 0.6% and 0.7% for July and August respectively, which is significantly lower than rates in excess of 4% in prior months.*
- *New vehicle sales growth declined sharply from +35.6% year-on-year in August to +10.6% in September, although strike action was cited as a disrupting factor.*
- *Square metres of new residential buildings completed declined year-on-year by -15.9% in August, retail building space by -82.7%, office space by -63.2% and industrial space by -17.7%, reflecting a very weak picture for the entire building construction sector.*
- *Real retail sales growth declined from 8% year-on-year in July to 4.6% in August.*
- *Mining production was an exception to the rule, jumping from 0.5% year-on-year growth in July to 10.4% in August.*

CONCLUSION

While the declining trend in the rate of increase of the FNB House Price Index continues, the October decline took place at a slower pace than prior months. It would, however, be incorrect to draw any conclusions based on one data point. However, there are some mildly encouraging short term signs in the form of good September inflation data, which increase the likelihood of a second successive interest rate cut at the November Monetary Policy Committee Meeting. In addition, although the 3-month moving average of the SARB Leading Indicator continued to decline in August, the pace of decline diminished. That could point to a lower limit to the recent slowing in economic growth being reached in the near term.

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Finally, strengthening rental inflation, according to the CPI data, is good for longer term residential performance, as it may ultimately translate into higher income yields on property should it be sustained. However, in the near term it may mean that we have seen the end of the declining trend in the inflation rate for the CPI for Housing and Utilities. Being the largest sub-index in the overall CPI, this may begin to constrain any future decline in overall CPI inflation going forward.

Monthly FNB House Price Index (July 2000 = 100)

Date	Index	y/y % change	Date	Index	y/y % change	Date	Index	y/y % change	Date	Index	y/y % change
Jul-00	100.0		Feb-03	121.0	11.1%	Sep-05	215.1	20.8%	Apr-08	290.1	10.1%
Aug-00	99.2		Mar-03	123.4	11.4%	Oct-05	217.5	17.8%	May-08	287.3	8.6%
Sep-00	98.6		Apr-03	125.7	12.3%	Nov-05	220.7	15.0%	Jun-08	284.9	7.0%
Oct-00	98.4		May-03	127.7	13.4%	Dec-05	224.9	12.8%	Jul-08	284.2	6.0%
Nov-00	98.6		Jun-03	129.8	15.0%	Jan-06	229.6	11.5%	Aug-08	285.8	5.5%
Dec-00	98.9		Jul-03	132.2	16.8%	Feb-06	234.4	10.8%	Sep-08	288.1	5.1%
Jan-01	99.3		Aug-03	134.4	18.3%	Mar-06	238.3	10.5%	Oct-08	289.8	4.0%
Feb-01	99.6		Sep-03	136.9	19.7%	Apr-06	240.8	10.8%	Nov-08	289.4	2.0%
Mar-01	99.7		Oct-03	140.3	21.6%	May-06	241.9	11.3%	Dec-08	287.3	-0.4%
Apr-01	100.0		Nov-03	144.1	23.9%	Jun-06	242.2	12.1%	Jan-09	283.3	-2.8%
May-01	100.6		Dec-03	148.0	26.1%	Jul-06	242.8	13.0%	Feb-09	278.6	-4.8%
Jun-01	101.4		Jan-04	151.7	27.7%	Aug-06	244.1	13.8%	Mar-09	275.1	-5.8%
Jul-01	101.8	1.8%	Feb-04	155.3	28.3%	Sep-06	246.4	14.5%	Apr-09	272.2	-6.2%
Aug-01	102.2	3.0%	Mar-04	158.3	28.3%	Oct-06	249.0	14.5%	May-09	270.0	-6.0%
Sep-01	102.5	4.0%	Apr-04	160.8	27.9%	Nov-06	252.0	14.2%	Jun-09	270.4	-5.1%
Oct-01	102.9	4.5%	May-04	163.0	27.6%	Dec-06	255.5	13.6%	Jul-09	273.1	-3.9%
Nov-01	103.7	5.1%	Jun-04	165.1	27.2%	Jan-07	258.9	12.8%	Aug-09	277.6	-2.9%
Dec-01	105.1	6.2%	Jul-04	168.1	27.2%	Feb-07	261.3	11.5%	Sep-09	282.6	-1.9%
Jan-02	106.9	7.6%	Aug-04	172.4	28.3%	Mar-07	262.6	10.2%	Oct-09	286.8	-1.0%
Feb-02	108.9	9.3%	Sep-04	178.0	30.0%	Apr-07	263.5	9.4%	Nov-09	289.8	0.1%
Mar-02	110.7	11.1%	Oct-04	184.6	31.6%	May-07	264.6	9.4%	Dec-09	291.5	1.5%
Apr-02	112.0	11.9%	Nov-04	191.9	33.2%	Jun-07	266.2	9.9%	Jan-10	293.2	3.5%
May-02	112.6	11.9%	Dec-04	199.3	34.6%	Jul-07	268.2	10.5%	Feb-10	295.9	6.2%
Jun-02	112.8	11.2%	Jan-05	206.0	35.8%	Aug-07	270.9	11.0%	Mar-10	298.6	8.5%
Jul-02	113.1	11.1%	Feb-05	211.6	36.3%	Sep-07	274.2	11.3%	Apr-10	300.7	10.5%
Aug-02	113.7	11.2%	Mar-05	215.6	36.2%	Oct-07	278.6	11.9%	May-10	301.7	11.8%
Sep-02	114.4	11.6%	Apr-05	217.4	35.2%	Nov-07	283.8	12.6%	Jun-10	300.7	11.2%
Oct-02	115.4	12.1%	May-05	217.2	33.3%	Dec-07	288.4	12.9%	Jul-10	298.0	9.1%
Nov-02	116.3	12.2%	Jun-05	216.1	30.9%	Jan-08	291.4	12.5%	Aug-10	296.0	6.7%
Dec-02	117.4	11.8%	Jul-05	214.8	27.8%	Feb-08	292.8	12.0%	Sep-10	296.5	4.9%
Jan-03	118.8	11.2%	Aug-05	214.4	24.3%	Mar-08	292.2	11.3%	Oct-10	299.5	4.4%

Cumulative Percentage Change in the FNB House Price Index

From Date	Cumulative % change to October 2010	From Date	Cumulative % change to October 2010	From Date	Cumulative % change to October 2010	From Date	Cumulative % change to October 2010
Jul-00	199.5%	Feb-03	147.5%	Sep-05	39.2%	Apr-08	3.2%
Aug-00	201.9%	Mar-03	142.7%	Oct-05	37.7%	May-08	4.2%
Sep-00	203.7%	Apr-03	138.1%	Nov-05	35.7%	Jun-08	5.1%
Oct-00	204.2%	May-03	134.5%	Dec-05	33.2%	Jul-08	5.4%
Nov-00	203.6%	Jun-03	130.7%	Jan-06	30.4%	Aug-08	4.8%
Dec-00	202.7%	Jul-03	126.6%	Feb-06	27.7%	Sep-08	3.9%
Jan-01	201.6%	Aug-03	122.8%	Mar-06	25.7%	Oct-08	3.4%
Feb-01	200.7%	Sep-03	118.7%	Apr-06	24.3%	Nov-08	3.5%
Mar-01	200.5%	Oct-03	113.5%	May-06	23.8%	Dec-08	4.2%
Apr-01	199.4%	Nov-03	107.9%	Jun-06	23.6%	Jan-09	5.7%
May-01	197.5%	Dec-03	102.3%	Jul-06	23.3%	Feb-09	7.5%
Jun-01	195.2%	Jan-04	97.4%	Aug-06	22.7%	Mar-09	8.8%
Jul-01	194.1%	Feb-04	92.9%	Sep-06	21.6%	Apr-09	10.0%
Aug-01	193.1%	Mar-04	89.2%	Oct-06	20.3%	May-09	10.9%
Sep-01	192.1%	Apr-04	86.2%	Nov-06	18.8%	Jun-09	10.7%
Oct-01	191.1%	May-04	83.7%	Dec-06	17.2%	Jul-09	9.7%
Nov-01	188.9%	Jun-04	81.3%	Jan-07	15.6%	Aug-09	7.9%
Dec-01	185.0%	Jul-04	78.1%	Feb-07	14.6%	Sep-09	6.0%
Jan-02	180.2%	Aug-04	73.7%	Mar-07	14.1%	Oct-09	4.4%
Feb-02	175.0%	Sep-04	68.2%	Apr-07	13.7%	Nov-09	3.3%
Mar-02	170.5%	Oct-04	62.2%	May-07	13.2%	Dec-09	2.7%
Apr-02	167.5%	Nov-04	56.0%	Jun-07	12.5%	Jan-10	2.1%
May-02	165.9%	Dec-04	50.2%	Jul-07	11.6%	Feb-10	1.2%
Jun-02	165.4%	Jan-05	45.4%	Aug-07	10.5%	Mar-10	0.3%
Jul-02	164.7%	Feb-05	41.5%	Sep-07	9.2%	Apr-10	-0.4%
Aug-02	163.5%	Mar-05	38.9%	Oct-07	7.5%	May-10	-0.8%
Sep-02	161.8%	Apr-05	37.7%	Nov-07	5.5%	Jun-10	-0.4%
Oct-02	159.6%	May-05	37.8%	Dec-07	3.8%	Jul-10	0.5%
Nov-02	157.5%	Jun-05	38.6%	Jan-08	2.8%	Aug-10	1.2%
Dec-02	155.0%	Jul-05	39.4%	Feb-08	2.3%	Sep-10	1.0%
Jan-03	152.0%	Aug-05	39.7%	Mar-08	2.5%		

Property and Mortgage Market Summary, and Key Economic Indicators

END OF PERIOD	2005	2006	2007	2008	2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
Residential Property Prices														
FNB National Average House Price (Rand)	565,077	636,111	706,810	755,226	730,757	757,215	774,314	787,803	776,783	786,905	779,728	774,658	775,962	783,621
y/y % change	*26.5*	*12.6*	*11.1*	*6.8*	*-3.2*	*0.2*	*6.1*	*11.1*	*6.9*	*11.2*	*9.1*	*6.7*	*4.9*	*4.4*
Major Metro Areas Average House Price (Rand)	734,666	866,254	989,045	1,022,677	1,012,752	1,035,256	1,065,188	1,097,586	1130058					
y/y % change	*27. 6*	*17. 9*	*14. 2*	*3. 4*	*1*	*2. 57*	*6. 36*	*9. 61*	*11.6*					
- Top End Area Average House Price (Rand)	1,267,402	1,459,114	1,653,787	1,719,662	1,726,943	1,765,399	1,811,179	1,862,719	1914784					
y/y % change	*24.4*	*15.1*	*13.3*	*4.0*	*0.4*	*3.3*	*6.3*	*9.0*	*10.7*					
- High Income Area Average House Price (Rand)	741,406	871,581	993,994	1,025,880	1,015,096	1,038,997	1,068,751	1,099,569	1130860					
y/y % change	*28.3*	*17.6*	*14.0*	*3.2*	*-1.1*	*2.9*	*6.6*	*9.6*	*11.3*					
- Middle Income Area Average House Price (Rand)	477,551	585,617	668,740	683,012	660,138	671,795	692,897	716,434	739768					
y/y % change	*33.2*	*22.6*	*14.2*	*2.1*	*-3.3*	*0.5*	*5.3*	*9.7*	*12.5*					
- Affordable Area Average House Price (Rand)	200,287	261,817	332,337	352,746	343,661	355,921	374,916	393,102	409760					
y/y % change	*28.9*	*30.7*	*26.9*	*6.1*	*-2.6*	*3.0*	*10.5*	*16.6*	*19.7*					
FNB Residential Property Barometer														
Level of Residential Demand Activity (Scale 1 to 10)	6.5	6.0	5.7	4.5	5.2	5.7	6.4	6.0	5.66					
y/y % change	*-10.7*	*-7.6*	*-5.2*	*-20.8*	*15.6*	*23.7*	*32.3*	*24.4*	*0.2*					
First time buyers as a percentage of total buyers (%)	28.3	21.8	17.8	15.0	15.8	19.0	17.0	19.0	15.0					
Buy-to-let as a percentage of total buyers (%)	20.0	17.5	12.8	13.0	12.0	13.0	9.0	7.0	7.0					
Average time of properties on the market (Weeks and Days)	7.0	8.0	10.0	15.4	17.0	13.2	12.4	17.1	15.4					
Percentage of properties sold at less than asking price (%)	43.5	64.0	77.3	84.3	86.0	89.0	76.0	81.0	81.0					
Percentage of properties on the market for 3 months or more (%)	21.0	26.0	42.8	74.8	74.0	62.0	61.0	79.0	78.0					
Residential Building Sector														
Number of units' plans passed	102,258	103,925	102,691	84,508	54,492	13,117	9,136	13,855	9,187	4,204	4,052	5,135		
y/y % change	*10.3*	*1.6*	*-1.2*	*-17.7*	*-35.5*	*-21.8*	*-38.4*	*9.1*	*-33.6*	*-1.1*	*22.9*	*13.0*		
Square metres' worth of plans passed	14,211,337	13,877,783	13,490,430	10,181,185	6,160,790	1,498,965	1,213,300	1,580,504	1,135,235	541,191	547,587	587,648		
y/y % change	*12.8*	*-2.3*	*-2.8*	*-24.5*	*-39.5*	*-22.5*	*-23.6*	*-1.3*	*-22.9*	*1.6*	*24.1*	*25.1*		
Average size of units' plans passed (square metres)	139.0	133.5	131.4	120.5	113.1	114.3	132.8	114.1	123.6	128.7	135.1	114.4		
Number of units completed	70,624	70,005	76,661	70,058	56,947	14,618	8,863	9,213	6,723	2,759	3,335	3,388		
y/y % change	*-0.1*	*-0.9*	*9.5*	*-8.6*	*-18.7*	*-19.5*	*-42.7*	*-30.5*	*-50.6*	*-30.6*	*-19.4*	*-18.5*		
Square metres' worth of buildings completed	8,789,257	9,094,252	9,327,001	8,615,194	6,713,973	1,670,569	1,071,128	1,175,192	852,222	378,646	421,108	431,114		
y/y % change	*17.7*	*3.5*	*2.6*	*-7.6*	*-22.1*	*-28.1*	*-42.0*	*-25.4*	*-47.4*	*-27.2*	*-20.2*	*-15.9*		
Average size of units' completed (square metres)	124.5	129.9	121.7	123.0	117.9	114.3	120.9	127.6	126.8	137.2	126.3	127. 2		

Property and Mortgage Market Summary, and Key Economic Indicators

END OF PERIOD	2005	2006	2007	2008	2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
Mortgage Market														
Total Mortgage Advances Outstanding (R'm)	526,647	684,593	853,819	966,921	1,001,946	1,001,946	1,016,617	1,023,395	1,041,774	1,023,395	1,028,514	1,039,813	1,041,774	
y/y % change	*27.6*	*30.0*	*24.7*	*13.2*	*3.6*	*3.6*	*3.6*	*3.4*	*4.8*	*3.4*	*4.0*	*4.8*	*4.8*	
New residential loans and re-advances granted (R'm)	248,800	338,327	364,575	271,276	189,629	61,250	61,843	61,896		18,972				
y/y % change	*38.7*	*36.0*	*7.8*	*-25.6*	*-30.1*	*6.7*	*65.7*	*55.0*		*24.2*				
Residential re-advances granted (R'm)				81,585	55,152	15,402	14,401	10,426		2,430				
y/y % change					*-32.4*	*-7.6*	*8.7*	*-8.5*		*-47.3*				
Total residential mortgage loans outstanding - Banks (R'm)	426,204,649	546,196,842	672,988,765	753,122,034	775,061,630	775,061,630	787,884,649	792,975,870	805,634,182	792,975,870	796,521,038	805,634,182		
y/y % change	*30.0*	*28.2*	*23.2*	*11.9*	*2.9*	*2.9*	*2.8*	*3.2*	*4.3*	*3.2*	*3.6*	*4.5*		
Key Economic Indicators														
Real Gross Domestic Product (R'm at 2000 prices)	1,571,082	1,659,122	1,750,139	1,814,521	1,782,262	1,791,575	1,811,786	1,826,151						
y/y % change	*5.3*	*5.6*	*5.5*	*3.7*	*-1.8*	*-1.4*	*1.6*	*3.0*						
Real Residential Fixed Investment (R'm)	33,455	36,198	35,874	33,156	30,060	29,339	29,045	28,784						
y/y % change	*29.3*	*8.2*	*-0.9*	*-7.6*	*-9.3*	*-8.3*	*-5.8*	*-4.9*						
Prime Rate (%)	10.6	11.2	13.2	15.1	11.8	10.5	10.3	10.0	10.0	10.0	10.0	10.	9. 7	9. 5
Yields on Government Bonds 10 years and Longer (%)	8.1	7.9	8.0	9.1	8.7	9.0	9.1	8.9	8.3	9.0	8.8	8.2	7.9	8.0
Currencies - USDZAR	6.36	6.75	7.04	8.27	8.43	7.52	7.52	7.57	7.32	7.68	7.53	7.30	7.12	
Currencies - EURZAR	7.91	8.48	9.64	12.10	11.72	11.10	10.36	9.61	9.43	9.37	9.65	9.38	9.26	
CPI - y/y % change	3.4	4.6	7.1	11.5	7.1	6.0	5.7	4.5	3.5	4.2	3.7	3.5	3.2	
Gauteng pump price y/y%						-9.8	22.5	15.6	4.0	12.4	5.0	6.6	0.5	6.3
FNBBER Consumer Confidence Index	18.3	19.0	21.0	0.3	3.0	6.0	15.0	14.0	15.0					
RMBBER Business Confidence Index	82.5	83.5	74.8	40.0	26.0	28.0	43.0	36.0	47.0					
SARB Composite Leading Business Cycle Indicator	118.5	125.4	125.5	117.0	110.7	119.4	127.7	130.7	131.0	129.3	131.0	130.9		
y/y % change	*3.2*	*5.8*	*0.1*	*-6.8*	*-5.3*	*10.8*	*21.5*	*21.2*	*18.4*	*18.5*	*20.4*	*18.8*		
Real Retail Sales (2008 Prices) - R'm	418,448	468,329	498,641	500,066	481908	135,780	116,520	121,484	81,683	41,054	41,914	39,769		
y/y % change	*8.2*	*11.9*	*6.5*	*0.3*	*-3.6*	*-3.4*	*1.3*	*5.1*	*-29.3*	*7.6*	*8.0*	*4.6*		
Manufacturing - Volume of Production (Index 2005=100)	100.0	104.8	109.6	110.4	96.2	102.7	95.2	100.0	103.9	103.7	106.0	101.8		
y/y % change	*2.9*	*4.9*	*4.6*	*0.7*	*-12.9*	*-4.7*	*4.3*	*8.7*	*5.2*	*9.3*	*7.2*	*5.3*		
Mining - Volume of Production (Index 2005=100)	100.0	98.7	97.8	92.3	86.2	89.7	84.1	85.8	95.9	93.6	92.9	98.8		
y/y % change	*1.3*	*-1.3*	*-0.9*	*-5.7*	*-6.6*	*-4.6*	*9.9*	*-2.1*	*5.7*	*0.6*	*0.5*	*10.4*		
Vehicle Sales - Total (NAAMSA)	565,182	647,021	613,043	489,340	353,970	88,599	106,720	97,590	110,887	33,946	35,555	40,235	35,097	
y/y % change	*25.6*	*14.5*	*-5.3*	*-20.2*	*-27.7*	*-14.2*	*14.4*	*22.1*	*20.4*	*12.9*	*15.7*	*35.6*	*10.6*	
Passenger Vehicle Sales - Total (NAAMSA)	377,002	427,021	384,582	294,761	224,754	56,231	69,985	61,852	75,711	21,761	24,033	28,001	23,677	
y/y % change	*25.2*	*13.3*	*-9.9*	*-23.4*	*-23.8*	*-10.4*	*16.6*	*22.2*	*30.8*	*14.3*	*27.7*	*49.0*	*16.8*	