

NOVEMBER FNB HOUSE PRICE INDEX

- House price inflation decline slows, possibly starting to indicate some additional support from renewed recent interest rate cutting



FNB PROPERTY MARKET ANALYTICS

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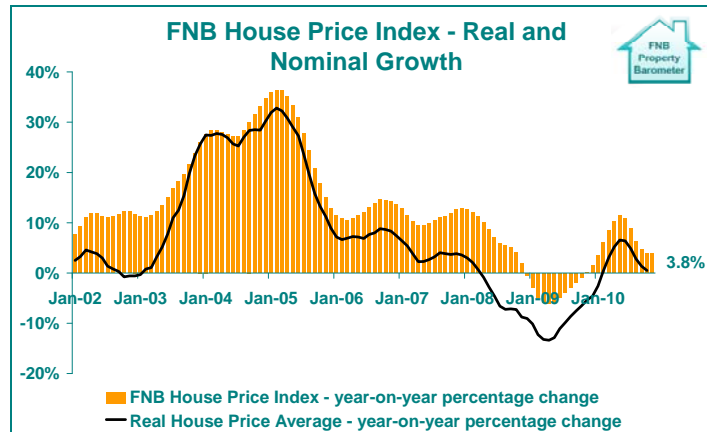
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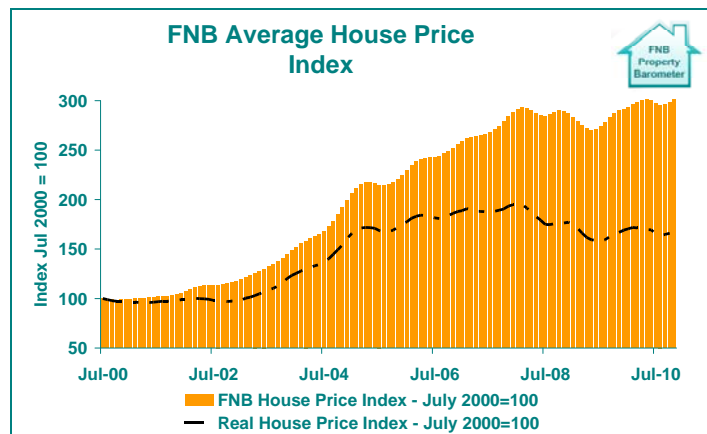
FNB HOUSE PRICE INDEX RATE OF INCREASE DECLINES MILDLY FURTHER IN NOVEMBER

The average house price growth slowdown continues, with the November FNB House Price Index recording a year-on-year rate of increase of 3.8%. This is only slightly lower than the previous month's revised rate of 3.9%, reflecting a recent slowdown in the pace of decline in price growth in recent months. It is possible that the slowing pace of decline is reflective of some additional stimulus that the Reserve Bank (SARB) has given to the market through its interest rate cut in September, while the November rate cut would only be reflected in the numbers in coming months. The average price for November was R787,530.

In real terms, the decline in the rate of year-on-year increase continued in October, from 1.4% in the previous month to 0.5%, which was the combination of lower nominal house price growth as well as a slight rise in consumer price inflation from 3.2% in September to 3.4% in October.

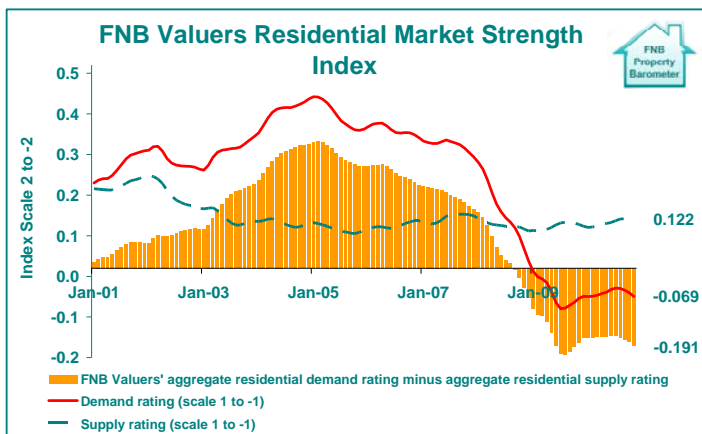


Since the start of the FNB House Price Index data in July 2000, the cumulative growth up until November 2010 now stands at 201%, while in real terms (adjusted for consumer price inflation) this cumulative increase was 66% up until October 2010.



How can we help you?

FNB Valuers still continue to perceive a deteriorating market balance, despite recent interest rate cutting



Despite our suspicion that we may start seeing some positive impact from renewed rate cutting, The FNB Valuers' Market Strength Index weakened further in November, suggesting that they, as a group, may not have perceived any positive impact from the September and November interest rate cuts. 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)".

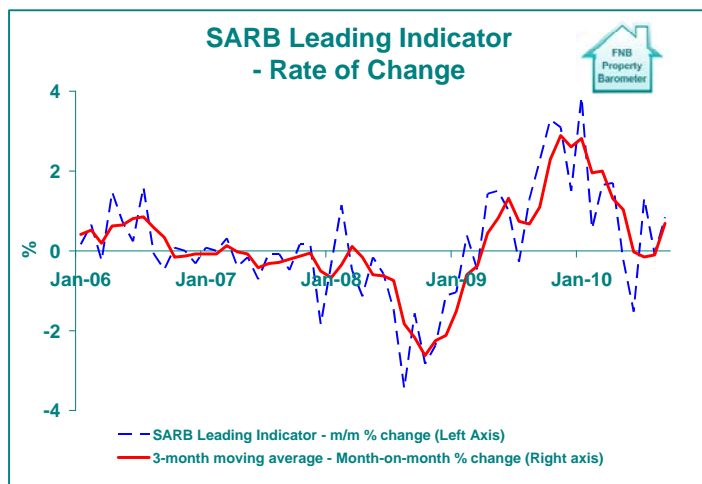
The aggregate supply rating was unchanged at +0.122, while the aggregate demand rating weakened noticeably from -0.06 previous to -0.069 in November.

We aggregate 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 -0.18 in October to -0.191 in November, the 4th consecutive month of weakening in the Market Strength Index.

Outlook – some short term promise, but in the medium term we still don't see any obvious major boosts for the residential market

It is far too early to say whether the slowing pace of decline in the FNB House Price Index rate of increase is an indication that the residential property market is starting to turn for the better. Certainly our FNB Valuers' Market Strength Index suggests that our group of valuers doesn't perceive an improvement yet.



However, certain key economic indicators suggest that we may be in for a few months of improved performance. Firstly, after a lengthy pause since March, the SARB resumed interest rate cutting in September, and we have had two consecutive half a percentage point rate cuts in September and November, which we would expect to have a mildly positive impact on residential demand in the short term.

Furthermore, the SARB Leading Business Cycle Indicator has started to rise month-on-month recently, suggesting that after a few recent quarters of economic growth slowdown, SA may be in for a near term growth improvement. This obviously has the potential to support slightly stronger household sector income growth.

The mild turnaround for the better in the SARB Leading Indicator is probably the result of a combination of key global leading indicators pointing towards short term improvement in

global economic performance, while locally the September interest rate cut would have made a difference. The Leading Indicator is normally closely correlated to trends in the value of new residential mortgage loans granted.

Therefore, we believe that, at present and in early-2011, we should be experiencing a short term mild improvement in residential demand even when the usual seasonal factors are excluded.

However, we continue to be cautious in our expectations of the medium term, i.e. 6 months to a year from now. The reason is that there are signs that the domestic consumer price inflation rate may be at or near to the bottom of its cycle. Residential rental inflation is beginning to tick up (a major component of the CPI), while improvements (declines) in the rate of global commodity price inflation and the trade-weighted rand have slowed. While inflation is far from being a problem at this stage, the possibility of a flattening out and a gradual upward turn in 2011 may mean a lack (if any) of further interest rate cutting from here onward, and thus the resumption of a somewhat "flat" market.

The key longer challenge for the residential market remains in the area of a high household debt-to-disposable income ratio (78.2% as at the 2nd quarter), and how to get this ratio down. Household sector credit growth remained on a gradual strengthening path in October, rising further from 6.3% year-on-year in the previous month to 6.6%, driven more by the likes of instalment sales credit growth and "other loans and advances" than by mortgage loan growth. This gradual rise in household credit growth looks set to restrict the pace of decline in the debt-to-disposable income ratio. The still-high household debt ratio, unfortunately, leads us to expect another pedestrian year in 2011 for residential property, following a very mild short term uptick.

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	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%	Nov-10	301.0	3.8%
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	289.7	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	275.2	-5.8%			
Jul-01	101.8	1.8%	Feb-04	155.3	28.3%	Sep-06	246.4	14.5%	Apr-09	272.4	-6.1%			
Aug-01	102.2	3.0%	Mar-04	158.3	28.3%	Oct-06	249.0	14.5%	May-09	270.3	-5.9%			
Sep-01	102.5	4.0%	Apr-04	160.8	27.9%	Nov-06	252.0	14.2%	Jun-09	270.8	-5.0%			
Oct-01	102.9	4.5%	May-04	163.0	27.6%	Dec-06	255.5	13.6%	Jul-09	273.4	-3.8%			
Nov-01	103.7	5.1%	Jun-04	165.1	27.2%	Jan-07	258.9	12.8%	Aug-09	277.8	-2.8%			
Dec-01	105.1	6.2%	Jul-04	168.1	27.2%	Feb-07	261.3	11.5%	Sep-09	282.8	-1.8%			
Jan-02	106.9	7.6%	Aug-04	172.4	28.3%	Mar-07	262.6	10.2%	Oct-09	286.9	-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	293.1	3.5%			
May-02	112.6	11.9%	Dec-04	199.3	34.6%	Jul-07	268.2	10.5%	Feb-10	295.7	6.1%			
Jun-02	112.8	11.2%	Jan-05	206.0	35.8%	Aug-07	270.9	11.0%	Mar-10	298.3	8.4%			
Jul-02	113.1	11.1%	Feb-05	211.6	36.3%	Sep-07	274.2	11.3%	Apr-10	300.3	10.3%			
Aug-02	113.7	11.2%	Mar-05	215.6	36.2%	Oct-07	278.6	11.9%	May-10	301.2	11.5%			
Sep-02	114.4	11.6%	Apr-05	217.4	35.2%	Nov-07	283.8	12.6%	Jun-10	300.2	10.9%			
Oct-02	115.4	12.1%	May-05	217.2	33.3%	Dec-07	288.4	12.9%	Jul-10	297.5	8.8%			
Nov-02	116.3	12.2%	Jun-05	216.1	30.9%	Jan-08	291.4	12.5%	Aug-10	295.6	6.4%			
Dec-02	117.4	11.8%	Jul-05	214.8	27.8%	Feb-08	292.8	12.0%	Sep-10	295.9	4.6%			
Jan-03	118.8	11.2%	Aug-05	214.4	24.3%	Mar-08	292.2	11.3%	Oct-10	298.2	3.9%			

Cumulative Percentage Change in the FNB House Price Index



From Date	Cumulative % change to November 2010	From Date	Cumulative % change to November 2010	From Date	Cumulative % change to November 2010	From Date	Cumulative % change to November 2010
Jul-00	201.0%	Feb-03	148.8%	Sep-05	39.9%	Apr-08	3.7%
Aug-00	203.4%	Mar-03	144.0%	Oct-05	38.4%	May-08	4.8%
Sep-00	205.2%	Apr-03	139.3%	Nov-05	36.3%	Jun-08	5.6%
Oct-00	205.7%	May-03	135.7%	Dec-05	33.8%	Jul-08	5.9%
Nov-00	205.1%	Jun-03	131.9%	Jan-06	31.1%	Aug-08	5.3%
Dec-00	204.2%	Jul-03	127.7%	Feb-06	28.4%	Sep-08	4.5%
Jan-01	203.1%	Aug-03	123.9%	Mar-06	26.3%	Oct-08	3.9%
Feb-01	202.2%	Sep-03	119.8%	Apr-06	25.0%	Nov-08	4.0%
Mar-01	202.0%	Oct-03	114.6%	May-06	24.4%	Dec-08	4.8%
Apr-01	200.9%	Nov-03	108.9%	Jun-06	24.2%	Jan-09	6.2%
May-01	199.0%	Dec-03	103.3%	Jul-06	24.0%	Feb-09	8.0%
Jun-01	196.7%	Jan-04	98.4%	Aug-06	23.3%	Mar-09	9.4%
Jul-01	195.5%	Feb-04	93.9%	Sep-06	22.2%	Apr-09	10.5%
Aug-01	194.6%	Mar-04	90.2%	Oct-06	20.9%	May-09	11.4%
Sep-01	193.5%	Apr-04	87.1%	Nov-06	19.4%	Jun-09	11.1%
Oct-01	192.6%	May-04	84.7%	Dec-06	17.8%	Jul-09	10.1%
Nov-01	190.3%	Jun-04	82.2%	Jan-07	16.2%	Aug-09	8.3%
Dec-01	186.4%	Jul-04	79.0%	Feb-07	15.2%	Sep-09	6.4%
Jan-02	181.6%	Aug-04	74.5%	Mar-07	14.6%	Oct-09	4.9%
Feb-02	176.4%	Sep-04	69.1%	Apr-07	14.2%	Nov-09	3.8%
Mar-02	171.9%	Oct-04	63.0%	May-07	13.8%	Dec-09	3.2%
Apr-02	168.8%	Nov-04	56.8%	Jun-07	13.0%	Jan-10	2.7%
May-02	167.2%	Dec-04	51.0%	Jul-07	12.2%	Feb-10	1.8%
Jun-02	166.8%	Jan-05	46.1%	Aug-07	11.1%	Mar-10	0.9%
Jul-02	166.0%	Feb-05	42.2%	Sep-07	9.7%	Apr-10	0.2%
Aug-02	164.8%	Mar-05	39.6%	Oct-07	8.0%	May-10	-0.1%
Sep-02	163.1%	Apr-05	38.4%	Nov-07	6.0%	Jun-10	0.3%
Oct-02	160.9%	May-05	38.5%	Dec-07	4.3%	Jul-10	1.2%
Nov-02	158.8%	Jun-05	39.3%	Jan-08	3.3%	Aug-10	1.8%
Dec-02	156.3%	Jul-05	40.1%	Feb-08	2.8%	Sep-10	1.7%
Jan-03	153.3%	Aug-05	40.4%	Mar-08	3.0%	Oct-10	0.9%



How can we help you?

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	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
Residential Property Prices														
FNB National Average House Price (Rand)	565,077	636,111	706,810	755,226	730,757	757,307	773,885	786,535	775,357	778,398	773,408	774,264	780,225	787,530
<i>y/y % change</i>	26.5	12.6	11.1	6.8	-3.2	0.2	6.0	10.9	6.6	8.8	6.4	4.6	3.9	3.8
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					
<i>y/y % change</i>	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					
<i>y/y % change</i>	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					
<i>y/y % change</i>	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					
<i>y/y % change</i>	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					
<i>y/y % change</i>	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					
<i>y/y % change</i>	-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	13,849	13,752	4,052	5,129	4,571		
<i>y/y % change</i>	10.3	1.6	-1.2	-17.7	-35.5	-21.8	-38.4	9.0	-0.7	22.9	12.8	-23.8		
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	1,579,711	1,691,603	547,587	586,889	557,127		
<i>y/y % change</i>	12.8	-2.3	-2.8	-24.5	-39.5	-22.5	-23.6	-1.4	14.9	24.1	25.0	-0.7		
Average size of units' plans passed (square metres)	139.0	133.5	131.4	120.5	113.1	114.3	132.8	114.1	123.0	135.1	114.4	121.9		
Number of units completed	70,624	70,005	76,661	70,058	56,947	14,618	8,863	9,231	10,060	3,379	3,394	3,287		
<i>y/y % change</i>	-0.1	-0.9	9.5	-8.6	-18.7	-19.5	-42.7	-30.4	-26.1	-18.4	-18.3	-38.2		
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	1,176,571	1,226,200	425,993	432,100	368,107		
<i>y/y % change</i>	17.7	3.5	2.6	-7.6	-22.1	-28.1	-42.0	-25.3	-24.3	-19.3	-15.8	-36.5		
Average size of units' completed (square metres)	124.5	129.9	121.7	123.0	117.9	114.3	120.9	127.5	121.9	126.1	127.3	112.		

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	Jul-10	Aug-10	Sep-10	Oct-10	Nov-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	1,028,514	1,039,813	1,041,774	1,043,528	
y/y % change	27.6	30.0	24.7	13.2	3.6	3.6	3.6	3.4	4.8	4.0	4.8	4.8	4.7	
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						
y/y % change	38.7	36.0	7.8	-25.6	-30.1	6.7	65.7	55.0						
Residential re-advances granted (R'm)				81,585	55,152	15,402	14,401	10,426						
y/y % change				-32.4	-7.6	8.7	-8.5							
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	807,732,649	796,521,038	805,634,182	807,732,649		
y/y % change	30.0	28.2	23.2	11.9	2.9	2.9	2.8	3.2	4.6	3.6	4.5	4.6		
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	1,792,565	1,812,650	1,825,023	1,836,746					
y/y % change	5.3	5.6	5.5	3.7	-1.8	-0.6	1.7	3.1	2.6					
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	0.0					
Prime Rate (%)	10.6	11.2	13.2	15.1	11.8	10.5	10.3	10.0	10.0	10.0	10.0	9.7	9.5	9.3
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	8.8	8.2	7.9	8.0	8.1
Currencies - USDZAR	6.36	6.75	7.04	8.27	8.43	7.52	7.52	7.57	7.32	7.53	7.30	7.12	6.90	6.97
Currencies - EURZAR	7.91	8.48	9.64	12.10	11.72	11.10	10.36	9.61	9.43	9.65	9.38	9.26	9.58	9.52
CPI - y/y % change	3.4	4.6	7.1	11.5	7.1	6.0	5.7	4.5	3.5	3.7	3.5	3.2	3.4	0.0
Gauteng pump price y/y%						-9.8	22.5	15.6	4.0	5.0	6.6	0.5	6.3	8.9
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	130.6	131.2	130.9	130.8	131.9		
y/y % change	3.2	5.8	0.1	-6.8	-5.3	10.8	21.5	21.1	18.7	20.3	18.7	17.0		
Real Retail Sales (2008 Prices) - R'm	418,448	468,329	498,641	500,066	481,908	135,780	116,520	121,484	122,684	41,914	39,751	41,019		
y/y % change	8.2	11.9	6.5	0.3	-3.6	-3.4	1.3	5.1	6.2	8.0	4.6	6.1		
Manufacturing - Volume of Production (Index 2005=100)	100.0	104.8	109.6	110.4	96.2	102.7	95.2	100.0	103.3	105.9	101.8	102.2		
y/y % change	2.9	4.9	4.6	0.7	-12.9	-4.7	4.3	8.7	4.6	7.1	5.3	1.4		
Mining - Volume of Production (Index 2005=100)	100.0	98.7	97.8	92.3	86.2	89.7	84.2	85.9	97.8	93.3	99.1	101.1		
y/y % change	1.3	-1.3	-0.9	-5.7	-6.6	-4.6	10.0	-1.9	7.9	1.0	10.7	12.1		
Vehicle Sales - Total (NAAMSA)	565,182	647,021	613,043	489,340	353,970	88,599	106,720	97,590	110,887	35,555	40,235	35,097	37,383	
y/y % change	25.6	14.5	-5.3	-20.2	-27.7	-14.2	14.4	22.1	20.4	15.7	35.6	10.6	18.2	
Passenger Vehicle Sales - Total (NAAMSA)	377,002	427,021	384,582	294,761	224,754	56,231	69,985	61,852	75,711	24,033	28,001	23,677	24,699	
y/y % change	25.2	13.3	-9.9	-23.4	-23.8	-10.4	16.6	22.2	30.8	27.7	49.0	16.8	18.5	