



# Housing Review

Fourth Quarter 2010

## Contents

Overview ...2
House price trends ...3
Building costs and new and existing house price trends ...5
Land values ...5
Mortgage finance ...5
Affordability of housing ...5
Outlook ...6
Statistics ...7

Compiled by:  
Jacques du Toit  
Senior Property Analyst  
Absa Home Loans  
Absa Group Limited  
(Reg No 1986/003934/06)

45 Mooi Street  
Johannesburg  
2001

PO Box 7735  
Johannesburg  
2000  
South Africa

Tel: +27 (11) 350 7246  
E-mail: [jacques@absa.co.za](mailto:jacques@absa.co.za)  
Website: <http://www.absa.co.za>

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Group Limited and/or the authors of the material.

Date of completion: 14 October 2010

## Summary

- Real growth in the South African economy slowed down to a seasonally adjusted annualised rate of 3,2% in the second quarter of 2010, from 4,6% in the first quarter. Real economic growth is forecast at 3% this year.
- Household finances continued to improve further in the second quarter. Debt levels, however, remain high, while real income and consumption growth slowed down up to mid-2010. Household mortgage advances growth picked up further in the third quarter after bottoming in late 2009.
- After rising markedly in the first half of the year, nominal and real house price growth slowed down in the third quarter of the year, driven by base effects as well as recent economic developments.
- The average price of a house in the affordable category increased by a nominal 3,2% year-on-year (y/y) to a level of R301 500 in the third quarter of 2010, with prices declining by 0,3% y/y in real terms.
- In the middle segment, house price growth averaged a nominal 5,4% y/y in the third quarter of 2010, bringing the average price to a level of R1 021 500 in the quarter. Real price growth of 1,8% y/y was recorded in the third quarter. On a quarter-on-quarter basis, price deflation occurred in the third quarter.
- The average price of homes in the luxury segment was up by a nominal 3,1% y/y in the third quarter to a reach level of about R4,5 million. After adjustment for inflation, the average real value of luxury houses was down by 0,5% y/y in the third quarter of the year.
- At geographical level house prices increased further on a year-on-year basis in the third quarter of 2010, but were down on a quarter-on-quarter basis in both nominal and real terms in most regions.
- The affordability of housing improved in the first half of 2010 as a result of developments with regard to interest rates, household income and house prices during this period. This is according to the latest trends in the ratios of house prices and mortgage repayments to household disposable income.
- After middle-segment house price growth of a nominal 11% y/y was recorded in the first half of 2010, it started to slow down from the middle of the year and was significantly lower at 5,4% y/y in the third quarter. The slowdown house price growth in the middle segment was related to the base effect of a recovery in price growth from mid-2009 as well as recent developments on the economic front.
- Nominal house price growth of about 7% is expected for the full year, with 2011 price growth to remain low. Real house price growth in the rest of 2010 and in 2011 will depend on nominal price trends as well as consumer price inflation.

## Overview

### The economy

The South African economy expanded further in the second quarter of 2010, but growth moderated somewhat compared with the first quarter of the year. Real gross domestic product (GDP) increased at a seasonally adjusted annualised rate of 3,2% quarter-on-quarter (q/q) in the second quarter, down from 4,6% q/q in the preceding quarter.

The lower rate of economic growth in the second quarter can be attributed to a significant decline in real production in the primary sector, especially mining (-20,8% q/q), while growth in the real value added by the secondary sector slowed down across all of its subsectors. The manufacturing sector recorded lower real growth of 6,9% q/q in the second quarter compared with a robust 8,4% q/q in the first quarter of the year.

Growth in the services sector of the economy accelerated to a real 4% q/q in the second quarter from 2,7% q/q in the first quarter. Higher growth in production was noticeable in all subsectors of the secondary sector in the second quarter, mainly as a result of increased levels of activity related to the Soccer World Cup in mid-2010.

### The household sector

Household finances showed some further gradual improvement in the second quarter of 2010 on the back of lower inflation and stable interest rates. Employment conditions, however, remained tight in the first half of the year.

Household disposable income increased by a real annualised rate of 4,8% q/q in the second quarter of the year, which was somewhat lower than the 5,1% q/q registered in the first quarter. This development contributed to real consumption expenditure by

households recording slower growth of 4,8% q/q in the second quarter from 5,7% q/q in the first quarter.

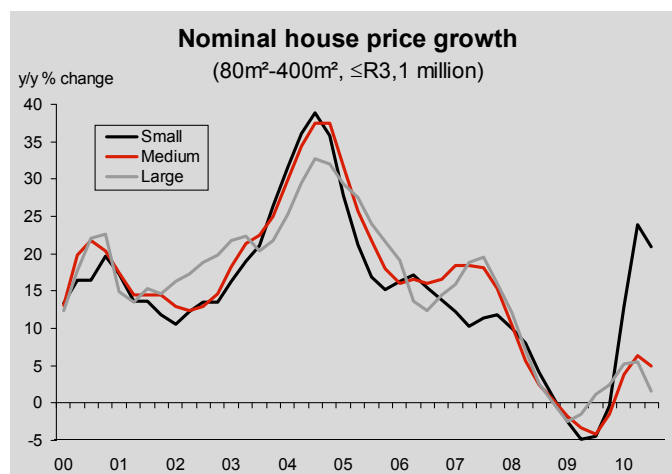
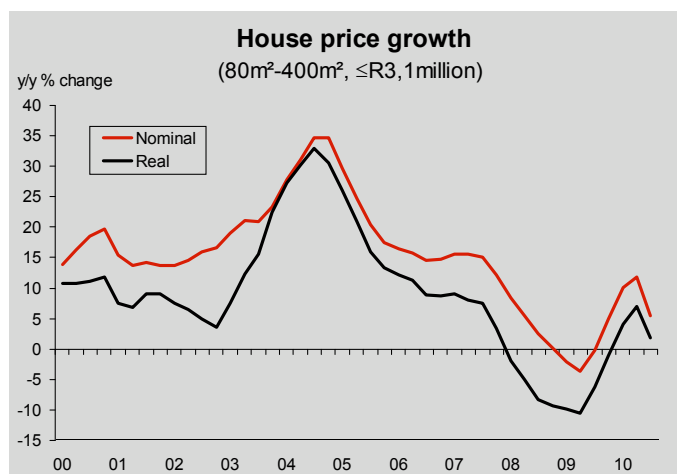
Household credit extension, comprising instalment sales credit, leasing finance, mortgage advances, credit card debt and other loans and advances, showed growth of 5,6% year-on-year (y/y) in the first eight months of 2010, after reaching a lower turning point of 2,6% y/y in late 2009. This is a reflection of the gradual improvement in households' financial position on the back of the economic recovery and banks' lending rates declining to their lowest level in three decades.

The ratio of household debt to disposable income was only marginally lower at 78,2% in the second quarter of 2010 from 78,7% in the first quarter. The slightly lower second-quarter debt ratio was the net result of household debt increasing by 1,4% q/q, whereas nominal household disposable income increased by 2% q/q in the quarter.

In view of the lower debt ratio and a somewhat lower average prime interest rate in the second quarter of the year compared with the first quarter after rates were cut by 50 basis points in March, the cost of servicing household debt as a percentage of disposable income was down to 7,8% in the second quarter from 8,1% in the first quarter.

The ratio of net household saving to disposable income was at a level of -0,2% in the second quarter of 2010. As a result of this situation with regard to saving, the household sector has technically no surplus funds available to access in times of financial difficulty. Net household saving is based on the level of gross saving, adjusted for depreciation write-offs on the value of fixed assets held by households, such as residential buildings.

Against the background of the abovementioned developments in respect of household finances, the sector's net wealth (the total value of tangible and financial assets less liabilities such as mortgage and



other debt) was at a level of 366,5% of disposable income in the second quarter of 2010. This percentage was on a rising trend between early 2003 and mid-2007 on the back of rising house prices and share prices during this period. The global financial crisis, spilling over to South Africa, caused share prices to decline sharply, with the growth in the value of residential property slowing down significantly and moving into negative territory in the first half of 2009. These developments had an adverse impact on the net wealth of households, which dropped to around 319% of disposable income in the first half of last year.

### **The residential property market and mortgage finance**

Real residential fixed capital formation contracted by 4,9% y/y in the second quarter of 2010, slowing down further from a year-on-year rate of -5,8% in the first quarter and a low of -9,8% y/y in the first quarter of 2009. The continued contraction in residential capital formation, albeit at a slower pace, is evident of trends in residential building activity, as measured by plans approved for new housing and the construction of new housing in the first half 2010 compared with a year ago.

After rising markedly in the first half of the year, both nominal and real year-on-year house price growth slowed down in the third quarter of 2010, largely as a result of the base effect of a recovery in price growth from mid-2009 and recent developments on the economic front (a slowing economy, also affected by strike action in various sectors in the third quarter; continued tight employment conditions; lower second-quarter real household income growth; a still high household debt ratio; a much slower pace of interest rate cuts compared with 2009; and consumer confidence remaining flat in the first three quarters of the year).

The value of outstanding mortgage balances in the

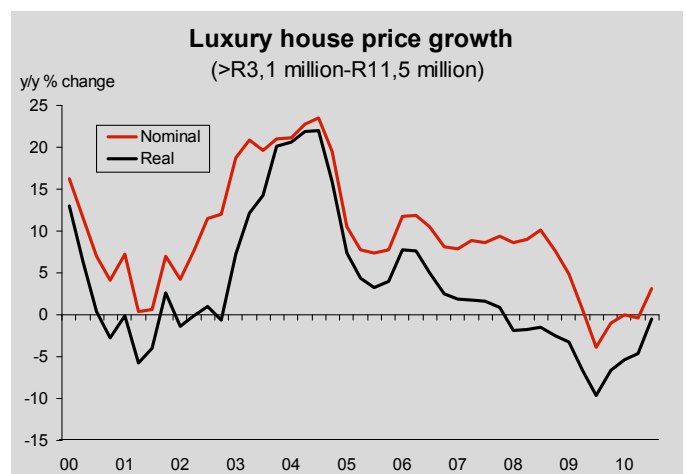
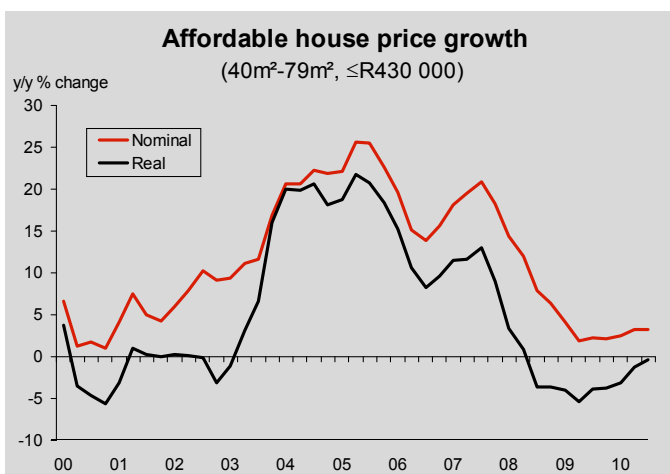
household sector, largely related to residential property, improved to 5,5% y/y in the first eight months of 2010 after bottoming at 3,6% y/y in late 2009. This steady increase in the rate of household mortgage advances growth is a reflection of the gradual improvement in households' financial position, as discussed above. The lagged effect of lower interest rates has positively affected household mortgage advances growth in recent times, with the September rate cut expected to provide some further support to the residential property market and the demand for mortgage finance over the short term.

In the second quarter of 2010 the ratio of outstanding household mortgage debt to disposable income was slightly lower at 47,4% (47,8% in the first quarter). This was the net result of growth in household mortgage debt (1,2% q/q) and nominal disposable income (2% q/q) in the second quarter. Households' mortgage debt remained relatively stable at a level of just below 61% of total debt over the past few quarters up to mid-2010.

The cost of servicing household mortgage debt as a percentage of disposable income declined to 4,7% in the second quarter of 2010 from 4,9% in the preceding quarter, and is at its lowest level since mid-2006. This was due to the abovementioned trends in growth of household mortgage debt and disposable income, while the mortgage rate was on average somewhat lower in the second quarter compared with the first quarter.

### **House price trends**

Nominal year-on-year house price growth, especially in the middle-segment of the market, was lower in the third quarter of 2010 compared with the first and second quarters. In real terms price growth also tapered off, despite a further slowdown in consumer price inflation. The trends in house price growth are based on the value of houses for which mortgage finance was approved by Absa.



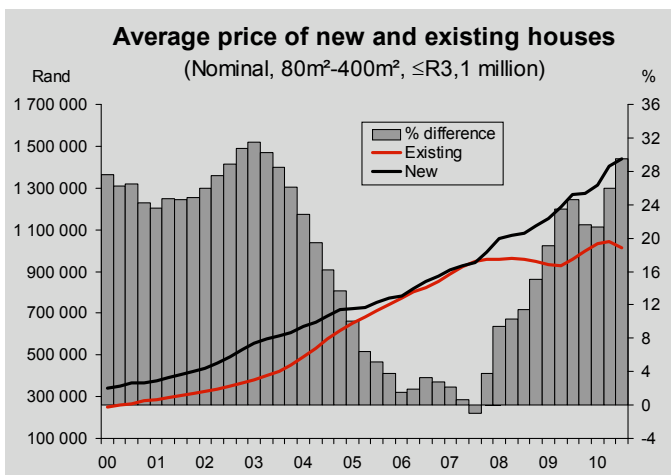
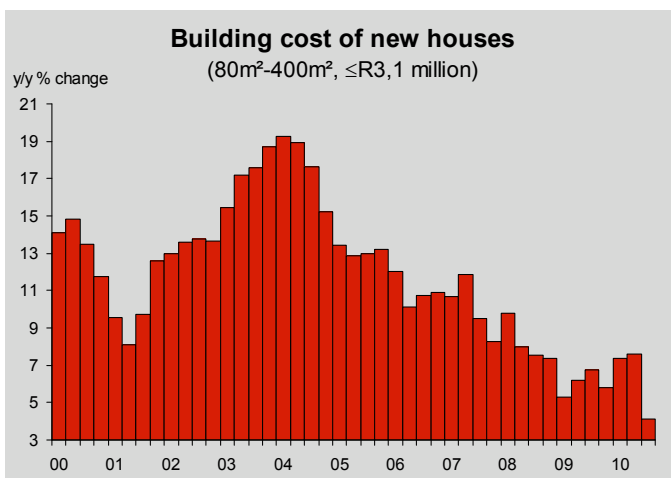
### Affordable housing

The average nominal value of affordable houses (houses of 40m<sup>2</sup>-79m<sup>2</sup>, priced at up to R430 000) increased by 3,2% y/y to about R301 500 in the third quarter of 2010, after rising by the same percentage in the second quarter. In real terms the average value of affordable houses dropped by 0,3% y/y in the third quarter of the year after declining by 1,3% y/y in the second quarter.

### Middle-segment housing

In the category of middle-segment housing (houses of 80m<sup>2</sup>-400m<sup>2</sup>, priced at up to R3,1 million) year-on-year price growth slowed down to 5,4% in the third quarter of 2010 from 11,7% in the second quarter. This brought the average nominal value of a house in this segment of the market to around R1 021 500 in the third quarter. The real value of middle-segment housing increased by 1,8% y/y in the third quarter of the year, down from 6,9% y/y in the second quarter.

Both nominal and real price growth was lower in the three middle-segment categories in the third quarter of 2010 compared with the second quarter:



### Small houses (80m<sup>2</sup>-140m<sup>2</sup>):

- Second quarter: nominal 23,8% y/y and real 18,5% y/y.
- Third quarter: nominal 20,9% y/y and real 16,7% y/y.

### Medium-sized houses (141m<sup>2</sup>-220m<sup>2</sup>):

- Second quarter: nominal 6,3% y/y and real 1,7% y/y.
- Third quarter: nominal 4,9% y/y and real 1,3% y/y.

### Large houses (221m<sup>2</sup>-400m<sup>2</sup>):

- Second quarter: nominal 5,5% y/y and real 1% y/y.
- Third quarter: nominal 1,6% y/y and real -1,9% y/y.

### Luxury housing

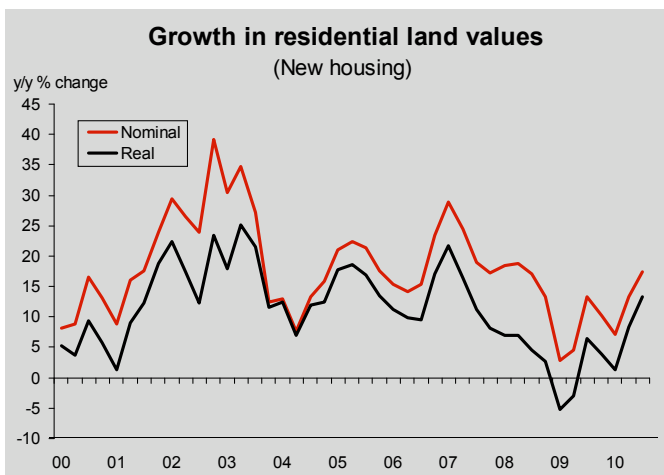
In the luxury segment (houses valued at above R3,1 million up to R11,5 million) the average nominal value of homes was up by 3,1% y/y to about R4,5 million in the third quarter of 2010 after declining by 0,4% y/y in the second quarter. After adjustment for the effect of inflation, the average real value of luxury houses was 0,5% y/y down in the third quarter after dropping by 4,7% y/y in the second quarter of the year.

### Regional house prices

In nominal and real terms house prices in the middle segment of the market increased in most regions on a year-on-year basis in the third quarter of 2010. However, on a quarterly basis prices were down in most areas in nominal and real terms, indicating that the market slowed down over a wide front in terms of price growth in recent months on the back of the economic developments discussed above.

At a provincial level nominal house price growth varied between 3,3% y/y in Gauteng and 12,3% y/y in the Free State in the third quarter.

In the major metropolitan areas trends in nominal house prices ranged from a decline of 2,3% y/y on the East Rand in Gauteng to still strong growth of 20% y/y in Bloemfontein in the Free State in the third quarter of the year.



Along the coast house prices increased by a nominal 5,4% y/y in the third quarter of 2010, after rising by 7,7% y/y in the preceding quarter. This is an indication that recent economic developments also had an impact on the coastal market, which is to a large extent influenced by trends in property investment. The average real value houses in the country's coastal regions increased by 1,8% y/y in the third quarter, down from an increase of 2,9% y/y recorded in the second quarter.

Although affected by national economic trends and developments, the performance of the residential property market at geographical level, i.e. the provinces, metropolitan areas, the coast and rural regions, is also much dependent on regional and area-specific factors and developments. These may include infrastructure-related aspects; growth in economic activity and the sophistication of economic development; socio-economic conditions; investor focus; location; and the relative size of the property market in the region.

#### Building costs and new and existing house price trends

The cost of building a new house in the middle segment of the market increased by a nominal 4,6% y/y in the third quarter of 2010 (7,6% y/y in the second quarter). Against this background the average value of a new house increased by a nominal 13,4% y/y to R1 438 300 in the third quarter of the year (16% y/y in the second quarter), which translated into a real increase of 9,5% y/y (11% y/y in the preceding quarter).

The average value of an existing house increased by a nominal 5,9% y/y to a level of about R1 013 600 in the third quarter of 2010 (12,3% y/y in the second quarter). In real terms this came to an increase of 2,3% y/y in the third quarter (7,5% y/y in the second quarter).

As a result of the abovementioned price trends, it was around R424 700, or 29,5%, cheaper to buy an existing

house than to have a new one built in the third quarter of 2010.

#### Land values

The average nominal value of land for new housing increased by 17,4% y/y to an average of about R545 400 in the third quarter of 2010 after rising by 13,3% y/y in the second quarter. In real terms land values increased by 13,3% y/y in the third quarter (up by 8,4% y/y in the preceding quarter).

In the coastal regions, however, land values for new housing declined further in the third quarter of the year, recording a nominal drop of 16,5% y/y and a real decline of 19,4% y/y in the quarter. This brought the average nominal value of a coastal stand to a level of about R379 600 in the third quarter.

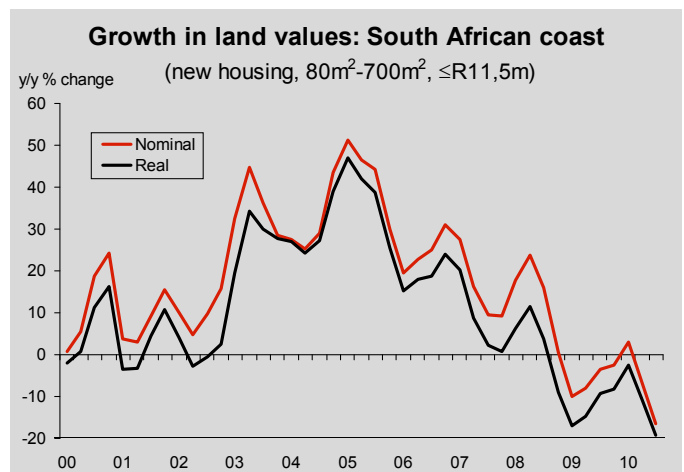
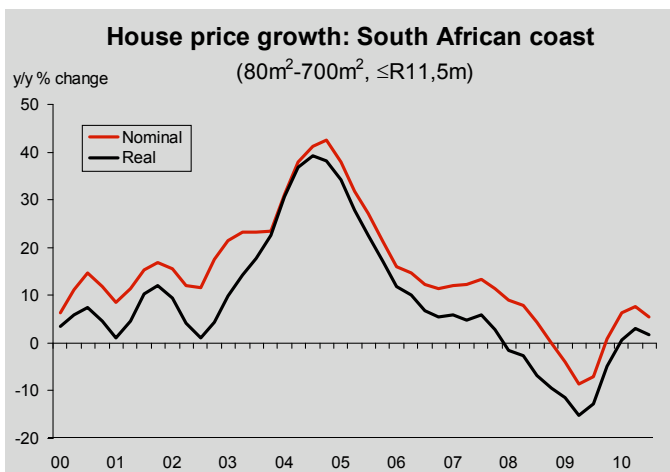
#### Mortgage finance

After being cut by a further 50 basis points in September this year, commercial banks' variable mortgage interest rate is currently 9,5%, which is at its lowest level since mid-1974. In view of the cumulative 600 basis points worth of rate cuts since late 2008, monthly mortgage repayments are in general around 31% lower compared with December 2008, when the mortgage rate was at a level of 15,5%.

The impact of changes in the mortgage interest rate is reflected in the tables at the back of the report, presenting monthly mortgage repayments for various loan amounts at various interest rates, as well as mortgage loan amounts based on various fixed monthly repayments at various interest rates. These calculations are based on a 20-year repayment term.

#### Affordability of housing

The affordability of housing improved in the first half of 2010 as a result of developments with regard to





interest rates, household income and house prices during this period. This is according to the latest trends in the ratios of house prices and mortgage repayments to household disposable income (see graph on the affordability of housing).

The ratio of house prices to disposable income was slightly down in the second quarter of the year compared with the first quarter, which was the net result of growth in house prices (0,6% q/q) and nominal disposable income (2% q/q) in the second quarter.

The ratio of mortgage repayments to household disposable income was lower in the second quarter of 2010 compared with the preceding quarter. This was the net result of the abovementioned trends in nominal house prices and household disposable income in the second quarter, while the mortgage interest rate was on average slightly lower in the quarter compared with the first quarter.

A downward/upward trend in the abovementioned two affordability ratios implies that house prices and mortgage repayments are rising at a slower/faster pace than household disposable income. The result is that housing has in effect become more/less affordable.

## Outlook

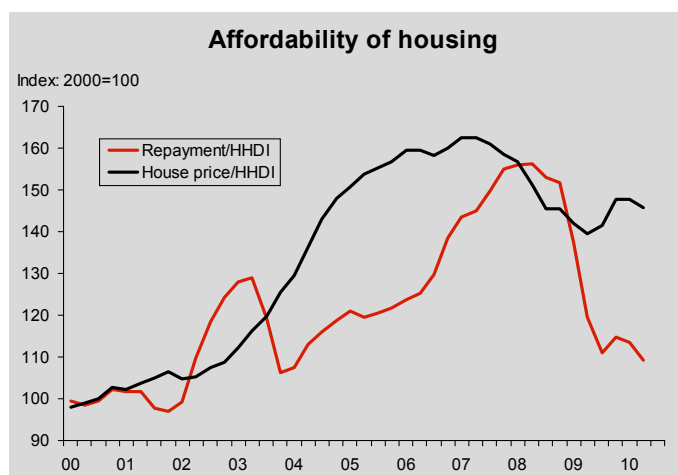
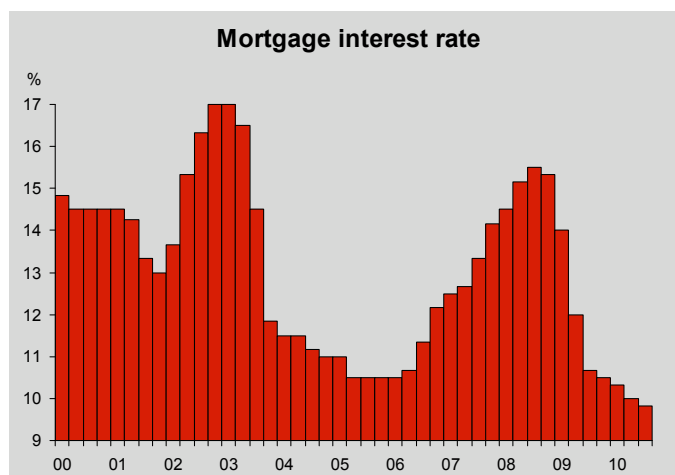
Real economic growth of around 3% is forecast for 2010, expected to rise to just below 4% in 2011. South Africa's economic performance in the rest of the year

and in 2011 will to a large extent depend on global economic developments.

Inflation is forecast to reach a lower turning point in the near future and to increase gradually during the course of 2011. It is expected that interest rates will be cut once more over the short term, based on rand exchange rate movements and prospects for the economic cycle and inflation, but rates are forecast to remain unchanged for most of next year.

After middle-segment house price growth of a nominal 11% y/y was recorded in the first half of 2010, it started to slow down from the middle of the year and was significantly lower at 5,4% y/y in the third quarter. The slowdown in house price growth in the middle segment was related to the base effect of a recovery in price growth from mid-2009. However, prices declined by 2,6% q/q in the third quarter as a result of developments on the economic front.

Based on the abovementioned trends in house prices up to the third quarter of the year, average nominal price growth of around 7% y/y is forecast for 2010, reflecting the view that the declining trend is set to continue towards the end of the year. Against this background nominal house price growth for 2011 is expected to remain low. Real price growth for 2010 and 2011 will depend on nominal price trends as well as the average consumer price inflation rate for this year and next year.



## Statistics

Average nominal house prices											
	2006 Rand	2007 Rand	2008 Rand	2009 Rand	2009		2010				
					Q3 Rand	Q4 Rand	Q1 Rand	Q2 Rand	Q3		
									Rand	q/q % Δ	y/y % Δ
<b>National</b>											
<b>Middle segment (80m²-400m², ≤R3,1m)</b>	812 072	930 236	968 067	965 293	968 871	1 007 608	1 042 292	1 048 816	1 021 451	-2,6	5,4
Small (80m²-140m², ≤R3,1m)	580 482	646 930	682 940	662 316	653 607	677 933	752 991	806 613	790 009	-2,1	20,9
Medium (141m²-220m², ≤R3,1m)	772 327	907 505	949 299	923 755	913 247	933 366	967 642	974 757	958 340	-1,7	4,9
Large (221m²-400m², ≤R3,1m)	1 121 828	1 319 044	1 388 275	1 386 782	1 400 020	1 410 512	1 434 926	1 449 352	1 422 378	-1,9	1,6
New (80m²-400m², ≤R3,1m)	831 344	943 048	1 082 157	1 226 467	1 268 725	1 271 728	1 313 097	1 404 812	1 438 272	2,4	13,4
Existing (80m²-400m², ≤R3,1m)	811 448	929 599	956 358	954 017	956 938	997 611	1 032 805	1 040 791	1 013 614	-2,6	5,9
<b>Affordable (40m²-79m², ≤R430 000)</b>	216 672	257 276	283 681	291 274	292 138	294 822	296 296	298 119	301 533	1,1	3,2
<b>Luxury (&gt;R3,1m-R11,5m)</b>	3 764 486	4 080 072	4 424 972	4 455 184	4 383 814	4 485 901	4 505 054	4 438 574	4 519 108	1,8	3,1
<b>Provinces</b>											
<b>Eastern Cape</b>	749 660	847 399	870 738	821 059	831 288	874 184	924 766	920 628	862 130	-6,4	3,7
<b>Free State</b>	570 897	687 521	729 051	750 773	758 423	773 801	834 765	829 644	851 357	2,6	12,3
<b>Gauteng</b>	848 402	974 021	998 345	1 022 063	1 032 769	1 058 543	1 085 872	1 081 782	1 066 343	-1,4	3,3
<b>KwaZulu-Natal</b>	817 380	883 419	854 264	847 366	857 969	890 037	945 213	973 430	920 245	-5,5	7,3
<b>Limpopo</b>	701 740	827 526	837 238	830 135	804 589	858 922	912 553	916 332	879 793	-4,0	9,3
<b>Mpumalanga</b>	664 128	755 284	799 719	811 766	820 796	848 754	838 447	846 598	881 949	3,9	7,5
<b>North West</b>	622 459	716 090	790 641	782 707	777 035	829 763	860 281	869 189	850 370	-2,2	9,4
<b>Northern Cape</b>	550 316	621 763	669 252	700 781	719 991	706 803	757 544	795 108	748 229	-5,9	3,9
<b>Western Cape</b>	942 063	1 049 897	1 102 471	1 095 010	1 095 952	1 121 453	1 162 564	1 177 524	1 151 925	-2,2	5,1
<b>Metropolitan regions</b>											
<b>PE/Uitenhage (Eastern Cape)</b>	769 653	868 235	896 949	817 336	817 520	884 484	915 580	897 097	859 152	-4,2	5,1
<b>East London (Eastern Cape)</b>	805 216	888 082	991 500	1 014 413	1 020 046	1 037 824	1 049 200	1 044 977	1 020 534	-2,3	0,0
<b>Bloemfontein (Free State)</b>	761 494	930 950	949 361	937 171	913 806	988 566	1 061 469	1 068 076	1 096 855	2,7	20,0
<b>Greater Johannesburg (Gauteng)</b>	876 698	1 010 433	1 044 788	1 075 949	1 091 786	1 117 954	1 130 134	1 099 469	1 073 243	-2,4	-1,7
Johannesburg Central & South	767 840	869 352	877 503	880 810	884 466	912 199	910 186	890 704	865 974	-2,8	-2,1
Johannesburg North & West	1 075 255	1 235 662	1 277 708	1 301 318	1 315 256	1 361 289	1 396 723	1 407 670	1 386 132	-1,5	5,4
East Rand	754 369	874 071	912 995	933 329	943 248	951 743	958 901	949 889	921 897	-2,9	-2,3
<b>Pretoria (Gauteng)</b>	926 109	1 074 510	1 064 711	1 054 920	1 052 269	1 086 266	1 132 611	1 173 676	1 172 739	-0,1	11,4
<b>Durban/Pinetown (KwaZulu-Natal)</b>	852 543	981 463	979 827	914 769	919 046	989 056	1 029 047	1 049 223	1 000 427	-4,7	8,9
<b>Cape Town (Western Cape)</b>	967 938	1 071 232	1 096 398	1 092 487	1 099 389	1 131 829	1 179 313	1 194 716	1 174 515	-1,7	6,8
<b>Coastal regions</b>											
<b>South Africa</b>	1 009 765	1 132 761	1 192 571	1 135 679	1 121 569	1 179 229	1 207 059	1 192 031	1 182 638	-0,8	5,4
<b>Western Cape</b>	1 055 374	1 186 768	1 232 956	1 191 877	1 177 930	1 238 631	1 249 763	1 249 683	1 253 742	0,3	6,4
West Coast	1 004 350	1 114 256	1 270 060	1 142 553	1 099 278	1 118 611	1 153 032	1 190 532	1 244 304	4,5	13,2
Cape Peninsula and False Bay	1 042 277	1 156 175	1 207 810	1 160 121	1 144 192	1 226 882	1 246 831	1 225 066	1 218 821	-0,5	6,5
South Coast	1 115 242	1 324 412	1 321 586	1 309 159	1 308 461	1 291 175	1 296 107	1 317 514	1 395 126	5,9	6,6
<b>Eastern Cape</b>	874 891	993 914	1 096 307	1 024 708	1 031 325	1 073 896	1 134 311	1 117 613	1 013 097	-9,4	-1,8
<b>KwaZulu-Natal</b>	1 066 649	1 153 434	1 161 824	1 107 326	1 114 777	1 131 693	1 147 314	1 202 548	1 214 504	1,0	8,9
South Coast	1 022 780	1 094 073	1 060 997	910 673	858 595	855 554	981 149	1 100 596	1 158 103	5,2	34,9
North Coast	1 118 311	1 204 433	1 239 965	1 208 310	1 215 420	1 280 383	1 275 400	1 248 890	1 258 905	0,8	3,6

House prices are based on the total smoothed purchase price of houses (including all improvements) in respect of which loan applications were approved by Absa Bank.  
House prices for the provinces and metropolitan regions are smoothed for all houses between 80m² and 400m², up to R3,1 million.  
House prices for the coastal regions are smoothed for all houses between 80m² and 700m², up to R11,5 million.

Key variables and projections									
Annual averages									
		2004	2005	2006	2007	2008	2009	2010	2011
<b>\$/R exchange rate</b>	Rand per US\$	6,45	6,36	6,77	7,05	8,25	8,44	7,39	7,05
<b>CPI headline inflation rate</b>	%	1,4	3,4	4,6	7,1	11,0	7,1	4,3	4,4
<b>Mortgage interest rate</b>	%	11,3	10,6	11,2	13,2	15,1	11,7	9,9	9,0
<b>Household disposable income</b>	Real % Δ	6,0	5,9	7,3	5,5	2,4	-2,6	2,8	3,9
<b>Final consumption by households</b>	Real % Δ	6,2	6,1	8,3	5,5	2,4	-3,1	2,7	4,0
<b>Household saving to disposable income</b>	%	0,4	0,1	-0,8	-0,8	-0,8	-0,3	-0,2	-0,3
<b>Household credit extension (end of period)</b>	Nominal % Δ	26,5	22,3	24,0	19,5	15,5	2,9	4,7	9,0
<b>Mortgage advances (end of period)</b>	Nominal % Δ	24,5	28,6	30,4	25,3	13,7	3,4	4,6	9,2
<b>Household debt to disposable income</b>	%	57,8	64,3	72,8	79,7	80,7	80,2	78,4	78,9
<b>Household debt servicing to disposable income</b>	%	6,5	6,8	8,1	10,5	12,2	9,4	7,8	7,5
<b>Gross domestic product</b>	Real % Δ	4,6	5,3	5,6	5,5	3,7	-1,8	3,0	3,7
<b>House prices (80m²-400m², ≤R3,1m)</b>	Nominal % Δ	32,2	22,7	15,3	14,6	4,1	-0,3	6,9	5,5
<b>House prices (80m²-400m², ≤R3,1m)</b>	Real % Δ	30,4	18,7	10,2	6,9	-6,2	-6,9	2,5	1,0

### Average nominal house prices by middle-segment category in the third quarter 2010

	Small: 80 m <sup>2</sup> – 140 m <sup>2</sup>			Medium: 141 m <sup>2</sup> – 220 m <sup>2</sup>			Large: 221 m <sup>2</sup> – 400 m <sup>2</sup>		
	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ
<b>National and provinces</b>									
<b>South Africa</b>	790 009	-2,1	20,9	958 340	-1,7	4,9	1 422 378	-1,9	1,6
<b>Eastern Cape</b>	594 305	-4,9	14,0	865 496	-6,4	4,8	1 418 372	0,7	11,4
<b>Free State</b>	699 925	4,4	28,3	697 827	4,4	2,6	1 137 473	1,0	9,1
<b>Gauteng</b>	839 304	0,3	27,2	941 469	-3,8	4,3	1 477 946	-0,6	2,6
<b>KwaZulu-Natal</b>	656 149	-1,3	5,2	902 537	-2,3	2,6	1 341 986	-4,8	1,5
<b>Mpumalanga</b>	699 137	2,8	24,5	826 796	-0,9	5,2	1 136 140	4,4	-3,1
<b>North West</b>	691 695	-3,3	37,1	763 579	-2,9	6,0	1 121 284	0,9	0,0
<b>Northern Cape</b>	555 037	-8,4	0,4	759 183	4,6	21,3	938 295	-6,4	-6,2
<b>Limpopo</b>	663 039	-13,8	25,4	913 696	1,9	12,1	1 274 300	-3,7	3,7
<b>Western Cape</b>	923 522	-0,7	19,8	1 153 409	1,0	6,0	1 598 252	-2,9	-0,3
<b>Metropolitan regions</b>									
<b>PE/Uitenhage (Eastern Cape)</b>	581 205	-8,1	9,8	723 549	-12,4	-9,7	1 374 275	2,4	6,2
<b>East London (Eastern Cape)</b>	819 200	5,3	39,1	1 155 299	3,1	17,3	1 462 588	-2,5	3,5
<b>Bloemfontein (Free State)</b>	840 551	2,5	29,7	919 313	0,9	6,5	1 490 690	6,7	27,2
<b>Greater Johannesburg (Gauteng)</b>	844 435	-0,6	16,8	966 785	-6,4	0,0	1 501 093	-2,0	-1,8
Johannesburg Central & South	603 933	-3,5	7,5	872 744	-2,3	-3,4	1 515 649	-11,3	7,2
Johannesburg North & West	1 185 495	0,3	38,0	1 150 237	-8,2	1,4	1 703 354	0,6	0,2
East Rand	768 189	-3,5	5,4	868 443	-1,4	3,3	1 283 399	-1,2	1,6
<b>Pretoria (Gauteng)</b>	968 652	6,5	55,4	1 010 588	0,7	13,1	1 523 870	-0,1	9,3
<b>Durban/Pinetown (KwaZulu-Natal)</b>	742 129	-3,0	4,8	915 609	-3,0	0,7	1 531 706	-0,8	5,3
<b>Cape Town (Western Cape)</b>	953 570	-1,3	19,7	1 233 013	1,5	10,2	1 649 344	-1,2	1,5

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m<sup>2</sup> and 400m<sup>2</sup>, up to R3,1 million, in respect of which loan applications were approved by Absa Bank.

### Monthly mortgage repayment (rand, calculated over a period of 20 years)

Mortgage amount	Repayment at a mortgage rate of													
	9,0%	9,5%	10,0%	10,5%	11,0%	11,5%	12,0%	12,5%	13,0%	13,5%	14,0%	14,5%	15,0%	15,5%
100 000	900	932	965	998	1 032	1 066	1 101	1 136	1 172	1 207	1 244	1 280	1 317	1 354
200 000	1 799	1 864	1 930	1 997	2 064	2 133	2 202	2 272	2 343	2 415	2 487	2 560	2 634	2 708
300 000	2 699	2 796	2 895	2 995	3 097	3 199	3 303	3 408	3 515	3 622	3 731	3 840	3 950	4 062
400 000	3 599	3 729	3 860	3 994	4 129	4 266	4 404	4 545	4 686	4 829	4 974	5 120	5 267	5 416
500 000	4 499	4 661	4 825	4 992	5 161	5 332	5 505	5 681	5 858	6 037	6 218	6 400	6 584	6 769
600 000	5 398	5 593	5 790	5 990	6 193	6 399	6 607	6 817	7 029	7 244	7 461	7 680	7 901	8 123
700 000	6 298	6 525	6 755	6 989	7 225	7 465	7 708	7 953	8 201	8 452	8 705	8 960	9 218	9 477
800 000	7 198	7 457	7 720	7 987	8 258	8 531	8 809	9 089	9 373	9 659	9 948	10 240	10 534	10 831
900 000	8 098	8 389	8 685	8 985	9 290	9 598	9 910	10 225	10 544	10 866	11 192	11 520	11 851	12 185
1 000 000	8 997	9 321	9 650	9 984	10 322	10 664	11 011	11 361	11 716	12 074	12 435	12 800	13 168	13 539
1 500 000	13 496	13 982	14 475	14 976	15 483	15 996	16 516	17 042	17 574	18 111	18 653	19 200	19 752	20 308
2 000 000	17 995	18 643	19 300	19 968	20 644	21 329	22 022	22 723	23 432	24 147	24 870	25 600	26 336	27 078
2 500 000	22 493	23 303	24 126	24 959	25 805	26 661	27 527	28 404	29 289	30 184	31 088	32 000	32 920	33 847

### Mortgage amount at fixed monthly repayment (rand, calculated over a period of 20 years)

Mortgage repayment	Mortgage amount at a mortgage rate of													
	9,0%	9,5%	10,0%	10,5%	11,0%	11,5%	12,0%	12,5%	13,0%	13,5%	14,0%	14,5%	15,0%	15,5%
1 000	111 145	107 281	103 625	100 162	96 882	93 771	90 819	88 017	85 355	82 824	80 417	78 125	75 942	73 862
2 000	222 290	214 562	207 249	200 325	193 763	187 542	181 639	176 035	170 710	165 649	160 834	156 250	151 885	147 724
3 000	333 435	321 843	310 874	300 487	290 645	281 313	272 458	264 052	256 065	248 473	241 250	234 375	227 827	221 585
4 000	444 580	429 124	414 498	400 649	387 526	375 083	363 278	352 069	341 421	331 297	321 667	312 501	303 769	295 447
5 000	555 725	536 405	518 123	500 811	484 408	468 854	454 097	440 086	426 776	414 122	402 084	390 626	379 711	369 309
6 000	666 870	643 686	621 748	600 974	581 289	562 625	544 916	528 104	512 131	496 946	482 501	468 751	455 654	443 171
7 000	778 015	750 967	725 372	701 136	678 171	656 396	635 736	616 121	597 486	579 770	562 918	546 876	531 596	517 032
8 000	889 160	858 248	828 997	801 298	775 052	750 167	726 555	704 138	682 841	662 595	643 335	625 001	607 538	590 894
9 000	1 000 305	965 529	932 622	901 460	871 934	843 938	817 375	792 156	768 196	745 419	723 751	703 126	683 480	664 756
10 000	1 111 450	1 072 810	1 036 246	1 001 623	968 815	937 708	908 194	880 173	853 551	828 243	804 168	781 251	759 423	738 618
15 000	1 667 174	1 609 216	1 554 369	1 502 434	1 453 223	1 406 563	1 362 291	1 320 259	1 280 327	1 242 365	1 206 252	1 171 877	1 139 134	1 107 926
20 000	2 222 899	2 145 621	2 072 492	2 003 245	1 937 631	1 875 417	1 816 388	1 760 346	1 707 103	1 656 487	1 608 337	1 562 503	1 518 846	1 477 235
25 000	2 778 624	2 682 026	2 590 615	2 504 057	2 422 038	2 344 271	2 270 485	2 200 432	2 133 878	2 070 608	2 010 421	1 953 128	1 898 557	1 846 544