



Housing Review

Second Quarter 2011

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Summary

- Growth in South Africa's real gross domestic product rebounded to a seasonally adjusted annualised rate of 4,4% in the fourth quarter of 2010 after growth slowed down to below 3% in the preceding two quarters on the back of industrial action in some sectors of the economy. After growing by 2,8% in 2010, the economy is forecast to expand by a real 3,8% in 2011, supported by global growth and increased domestic demand.
- Household finances improved gradually during the course of 2010. Some growth occurred in employment in the final quarter of the year compared with the third quarter. Real household consumption expenditure rose by more than 5% in the second half of the year on the back of real disposable income also increasing by above 5% in the same period. The ratio of household debt to disposable income dropped to just below 78% in the fourth quarter of last year, while the cost of servicing debt declined to around 7% of disposable income as a result of the lower debt ratio and a further decline in interest rates in the quarter. However, many consumers are still battling with impaired credit records as a result of repayment defaults on debt in the aftermath of the economic recession of 2009, hampering their ability to take up credit. Against this background growth in household credit extension remained in single digits in the first quarter of 2011.
- House price growth in the various segments of the market, as measured by Absa, slowed down further in nominal terms in the first quarter of 2011, while in real terms, i.e. after adjustment for consumer price inflation, prices declined on a year-on-year basis in some categories. The slower pace in year-on-year house price growth in the first three months of the year is related to the base effect of price movements in the corresponding period in 2010, while factors related to household finances are also believed to have contributed to the declining trend in price growth in the first quarter.
- At geographical level house price trends varied in the provinces, metropolitan areas and the major coastal regions on a nominal as well as on a real basis, with price growth occurring on an annual as well as a quarterly basis in some regions in the first quarter of 2011. However, price declines were recorded in a number of regions in the past quarter.
- The affordability of housing continued to improve up to the end of 2010, driven by slowing house price growth, lower interest rates and rising household income. In the fourth quarter of last year the ratio of house prices to disposable income was at its lowest level since mid-2004, while the ratio of mortgage repayments to disposable income was at a record low in the quarter.
- On the back of recent house price trends and expectations with regard to inflation, interest rates and consumer finances, nominal house price growth of between 1% and 1,5% is projected for 2011. Taking cognisance of this forecast and a projected average consumer price inflation rate of 5% this year, house prices are set to decline by between 3,5% and 4% in real terms in 2011.

Overview

The economy

The pace of real growth in the South African economy accelerated to an annualised rate of 4,4% in the fourth quarter of last year compared with the third quarter. This after growth in the country's real gross domestic product (GDP) slowed down to a seasonally adjusted annualised rate of below 3% in both the second and third quarter of 2010 on the back of strike action in the transport sector, affecting mining production and industrial action in the motor vehicle industry and public sector. The improvement in economic growth in the final quarter of 2010 was mainly the result of a rebound in the real value added by the secondary and tertiary sectors, whereas growth in the primary sector slowed down from the third quarter.

After the economy contracted by 1,7% in 2009, real GDP growth of 2,8% was recorded in 2010. Real value added by the primary sector increased by 4,3% last year (-3,9% in 2009), while growth in the secondary and tertiary sectors came to a real 4,1% (-7,1% in 2009) and 2,2% (0,7% in 2009) respectively.

The household sector

According to Statistics South Africa's latest *Quarterly Labour Force Survey*, employment in the domestic economy increased by 157 000, or 1,2%, in the fourth quarter of 2010 from the third quarter. Employment was down by 0,9% to 13,132 million last year, after declining by 4,3% to 13,25 million in 2009 from 13,844 million in 2008. Total employment in the South African economy was thus 712 000 less at the end of 2010 compared with end-2008, impacting household income and consumers' ability to spend and take up credit.

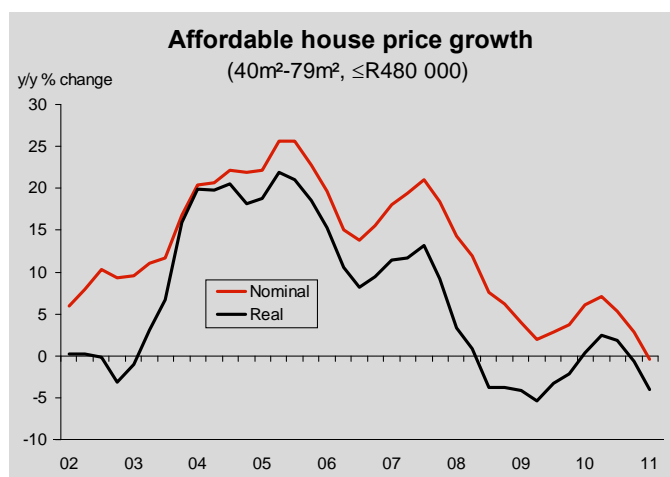
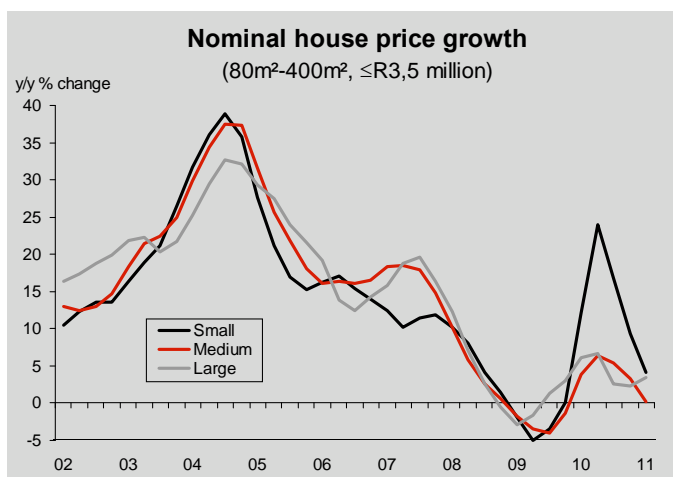
Growth in households' real disposable income came in at an annualised rate of 5,3% in the fourth quarter of

2010 (5,5% in the third quarter). Real household disposable income increased by 4,5% in 2010, after declining by 1,4% in 2009, which was the first drop since 1991.

On the back of the abovementioned trends in income, real final consumption expenditure by households increased by an annualised 5,1% in the last quarter of 2010, with annual growth of 4,4% recorded for the full year compared with a decline of 2% in the preceding year. The abovementioned growth in real household consumption in 2010 was supported by strong growth of 24,2% in the category of durable goods, especially transport equipment, which saw real growth of 29,7% last year. This performance of the transport-related sub-category of household consumption is closely correlated with and a reflection of growth of 30,7% in new passenger car sales in 2010.

The ratio of net household saving to disposable income was in negative territory for the fifth consecutive year in 2010, at a level of -0,3%, indicating that households in general do not have surplus funds available when experiencing 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.

Credit extended to the household sector, consisting of instalment sales credit, leasing finance, mortgage advances, credit card debt, overdrafts and other loans and advances, continued to record single-digit growth on a year-on-year basis into the first quarter of 2011. This is a reflection of the general state of household finances and the ability to take up credit, influenced by the National Credit Act (NCA) and banks' lending criteria that take account of consumers' risk profile. According to the National Credit Regulator, a total of 8,61 million credit-active consumers, or 46,5% of the total of 18,51 million, had impaired credit records in the fourth quarter of 2010.



The ratio of household debt to disposable income was at a level of 77,6% in the final quarter of 2010 (78,7% in the third quarter), with the annual average slightly down at 78,2% from 80,9% in 2009. The cost of servicing household debt as a percentage of disposable income came in at about 7,1% in the fourth quarter of 2010 (7,7% in the third quarter), with an average of around 7,7% for the full year compared with 9,5% in 2009.

A further improvement occurred in households' net wealth to a level of 365,3% of disposable income in the fourth quarter of 2010, from 362,5% in the third quarter. The fourth quarter figure was impacted by an increase in the market value of equity holdings, whereas house price growth moderated in the same period. The net wealth of households is the total value of tangible assets (mainly residential buildings) and financial assets (mainly assets with monetary institutions, interest in pension funds and long-term insurers, equities and bonds) less liabilities (mortgages and other debt).

Residential fixed capital formation and building activity

The contraction in the real value of residential fixed capital formation slowed down further up to the final quarter of 2010, coming in at -6% y/y, compared with -6,9% y/y in the third quarter. The continued contraction in fixed investment in residential buildings is a reflection of declining levels of building activity in the sector for new housing in 2010 against the background of the state of household finances. Last year the value of residential fixed capital formation was down by a real 6,9%, compared with a real drop of 9,2% registered in 2009.

According to statistics published by Statistics South Africa, the volume of building plans approved by local authorities for new houses, flats and townhouses was down by 14,7% to 46 508 units in 2010, after declining by 35,5% to 54 493 units in 2009. The number of new housing units constructed dropped by 30,2% to 39 731

units in 2010, compared with a decline of 18,7% to 56 947 units in the previous year.

Transfer duty on property

It was announced in the national Budget in February 2011 that transfer duty on property will be reduced, with the result that no transfer duty will be payable in the 2011/12 fiscal year on a property priced at R600 000 or less. The revised transfer duty rate structure (see table, page 8) will apply to properties sold in terms of purchase agreements concluded on or after 23 February 2011 and will also apply to legal persons, such as close corporations, companies and trusts.

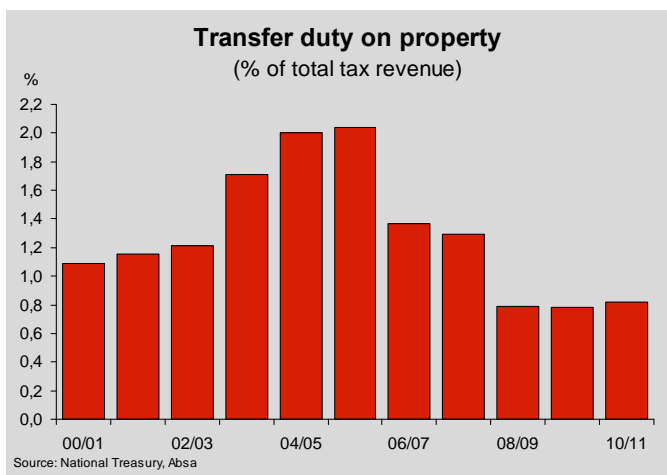
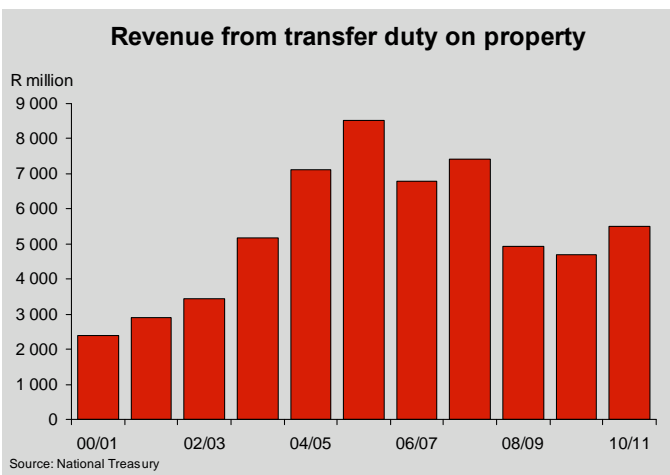
The maximum value of a property exempted from transfer duty was R100 000 in 2002/03; R140 000 in 2003/04; R150 000 in 2004/05; R190 000 in 2005/06; and R500 000 in the period 2006/07 to 2010/11.

The latest adjustment to transfer duty on property is estimated to cost the fiscus R750 million in lost revenue in 2011/12, with the revenue from this source budgeted at R6,1 billion in the current fiscal year. The contribution of transfer duty to total tax revenue was around 0,8% per annum in the past three fiscal years (see graphs below).

The further lowering of transfer duty on property will support home-ownership and the affordability of housing, especially at the lower end of the market.

Mortgage finance

The value of outstanding mortgage balances in the household sector was up by less than 5% on a year-on-year basis in the first few months of 2011, despite the mortgage interest rate being at its lowest level since late 1973. This relatively low level of mortgage advances growth is believed to be related to various factors impacting the household sector, such as a high level of debt in relation to disposable income (77,6% in the fourth quarter of 2010); a high percentage of credit-active



consumers having impaired credit records (see above); and rising fuel and food prices in recent months.

The ratio of outstanding household mortgage debt to disposable income was at a level of 46,9% in the fourth quarter of 2010, down from 47,9% in the third quarter. This was the net result of growth in household mortgage debt of 0,9% quarter on quarter (q/q) and nominal disposable income growth of 3,1% q/q in the fourth quarter. Households' mortgage debt was around 60% of total debt in the final quarter of 2010.

The cost of servicing household mortgage debt as a percentage of disposable income was about 4,3% in the fourth quarter of 2010, marginally down from 4,7% in the third quarter. This was the net result of the abovementioned growth in household mortgage debt and disposable income, as well as a slightly lower average mortgage interest rate in the fourth quarter of last year.

House price trends

House price growth in the various segments slowed down further in nominal terms in the first quarter of 2011, while in real terms, i.e. after adjustment for consumer price inflation, prices declined on a year-on-year basis in some segments of the market.

The slower pace in year-on-year house price growth in the first quarter of the year is related to the base effect of price movements in the corresponding period in 2010, while factors related to household finances are also believed to have contributed to the declining trend in price growth. These factors include high levels of household debt in relation to income; no further interest rate cuts; and the state of consumer credit records, which impact banks' lending criteria and consumers' ability to afford higher levels of debt.

The house price trends referred to below are based on the value of homes for which Absa approved mortgage finance in the specific period.

Affordable housing

In the first quarter of 2011, the average price of houses in the affordable segment (houses of 40m²-79m² and priced at R480 000 or less) declined marginally by a nominal 0,3% year-on-year (y/y) to around R305 100 (up by 2,8% y/y in the fourth quarter of 2010), while in real terms the average price in this segment of the market was down by 3,9% y/y (-0,6% y/y in the preceding quarter).

Small, medium-sized and large housing

The year-on-year growth in the average value of small and medium-sized homes was down in the first quarter of the year compared with the final quarter of 2010. However, in the category of large homes, price growth was higher in the first quarter of 2011 compared with a year ago.

The following year-on-year price growth occurred in the three categories of small, medium-sized and large houses in the first quarter of 2011 compared with the preceding quarter:

Small houses (80m²-140m², up to R3,5 million):

- Fourth quarter 2010: nominal 9,3% y/y and real 5,6% y/y.
- First quarter 2011: nominal 4,1% y/y and real 0,3% y/y.

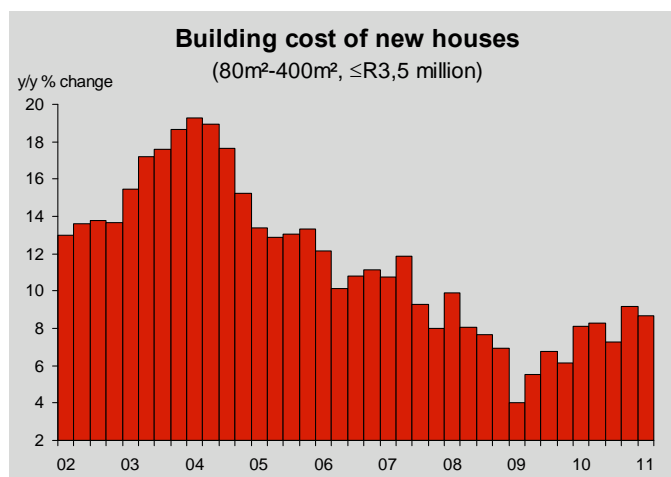
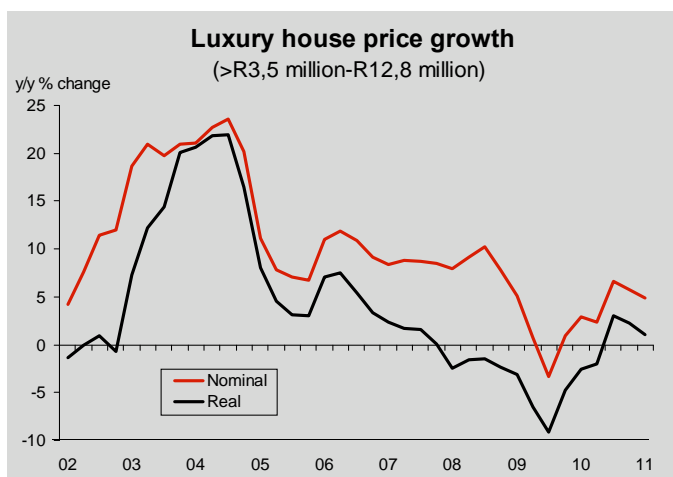
Medium-sized houses (141m²-220m², up to R3,5 million):

- Fourth quarter 2010: nominal 3,3% y/y and real -0,2% y/y.
- First quarter 2011: nominal 0,2% y/y and real -3,4% y/y.

Large houses (221m²-400m², up to R3,5 million):

- Fourth quarter 2010: nominal 2,4% y/y and real -1,1% y/y.
- First quarter 2011: nominal 3,5% y/y and real -0,2% y/y.

The average nominal house price in each of the abovementioned categories was around the following levels in the first quarter of 2011:



- Small houses: R782 800.
- Medium-sized houses: R967 100.
- Large houses: R1 491 400.

Luxury housing

Nominal price growth in the luxury segment (houses valued at above R3,5 million up to R12,8 million) averaged 4,9% y/y in the first quarter of 2011, down from 5,8% y/y in the fourth quarter of last year. The average nominal price of a luxury home came to about R4 852 200 in the first quarter of the year.

After adjustment for the effect of consumer price inflation, the average price of a house in this segment of the market was up by a real 1,1% y/y in the first quarter of 2011, after rising by 2,2% y/y in the final quarter of 2010.

Regional house prices

At regional level house price trends varied in the provinces, metropolitan areas and the major coastal regions on a nominal as well as on a real basis, with price growth occurring on an annual as well as a quarterly basis in some regions in the first quarter of 2011. However, price declines were recorded in a number of regions in the past quarter (see tables at the back of the report presenting house price trends at a geographical level).

Apart from the effect of national economic developments and trends, the performance of the residential property market at regional level (provinces, metropolitan areas, coastal markets and rural regions) may also be impacted by a range of area-specific factors. These include infrastructure-related aspects (services infrastructure such as transport, water, electricity and sewage systems); the availability of serviced vacant land suitable for residential development; regional economic growth; the level and sophistication of sectoral economic development; socio-

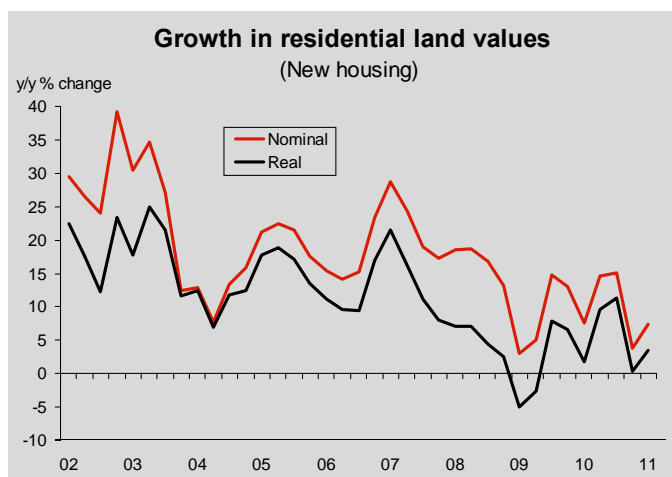
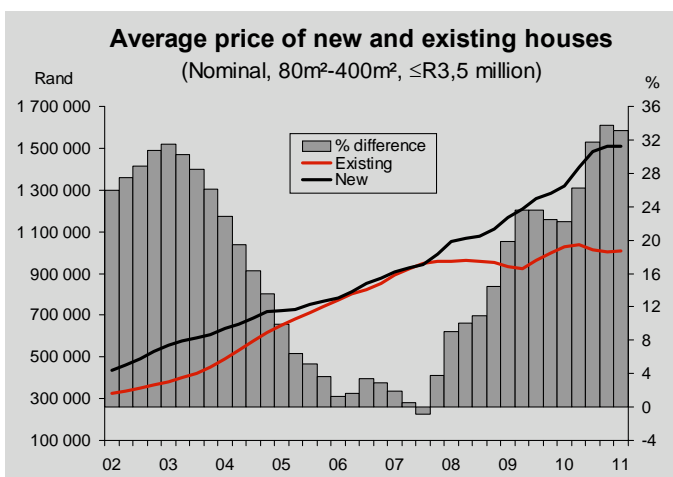
economic conditions (levels of and changes in employment, household income and poverty); investor focus (buy-to-let and leisure properties); location (proximity to amenities and views); and the relative size of the various regional property markets.

The abovementioned factors may play an important role in the supply of and demand for property, and in the divergence of property price levels, trends and growth at geographical level.

Building costs and new and existing house price trends

The growth in the cost of building a new house in the middle segment of the market (80m²-400m², up to R3,5 million) has been on an upward trend over the past two years (see graph on the building cost of new housing), largely reflecting the cost pressures experienced in the residential building and construction sector. These costs can include material costs; equipment costs; transport costs; labour costs; and the cost of suitable vacant development land, which is impacted by aspects such as scarcity, the availability of services, and the cost of rezoning. The effect of the abovementioned cost factors is evident in the significant contraction in residential building activity over the past three years, as well as in the rising price difference between new and existing housing during this period (see below the latest trends and the relevant graph). However, housing supply and demand, impacted by the economic cycle, have also influenced these trends.

The building cost of a new middle-segment house increased by a nominal 8,7% y/y in the first quarter of 2011 (9,2% y/y in the fourth quarter of 2010). Against the background of this increase in building costs, the average nominal price of a new house was up by 14,3% y/y to a level of about R1 508 600 in the first quarter of the year. This translated into a real increase of 10,2% y/y. The average nominal price of an existing



house was about R1 009 800 in the first quarter of 2011, which was 1,6% y/y down in nominal terms (-5,2% in real terms). As a result, it was R498 800, or 33,1%, cheaper to have bought an existing house than to have a new one built in the first three months of this year.

Land values

In the first quarter of 2011 land values for new housing in the middle and luxury segments of the market for which Absa approved finance, increased by a nominal 7,3% y/y to an average of about R486 600 nationally (3,9% y/y in the final quarter of 2010). In real terms price growth of 3,5% y/y was recorded in the first quarter of the year (0,4% y/y in the preceding quarter).

In the coastal regions, land values for new housing of 80m²-700m², and priced up to R12,8 million, averaged about R406 800 in nominal terms in the first quarter of 2011. This was 7,3% lower than in the corresponding quarter of 2010. In real terms the average price of vacant land for new housing along the coast was down by 10,6% y/y in the first quarter of the year (-10,9% y/y in the fourth quarter of 2010). These developments with regard to land values in coastal areas, where investment in leisure property is an important factor, are a reflection of market conditions influenced by the economic cycle of the past three years.

Interest rates and mortgage repayments

Interest rates remained unchanged in the first quarter of 2011, after being cut by a cumulative 650 basis points between late 2008 and late 2010. With banks' prime and variable mortgage interest rates currently at 9%, lending rates are at their lowest level in more than 35 years.

Mortgage repayments are in general 33,5% lower compared with December 2008, when the mortgage rate was 15,5%. Lower mortgage repayments, together

with banks' selective relaxation of mortgage lending criteria over the past two years, contributed to the improvement in the affordability of housing (see the section and graph on the affordability of housing), which provided support to the residential property market.

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.

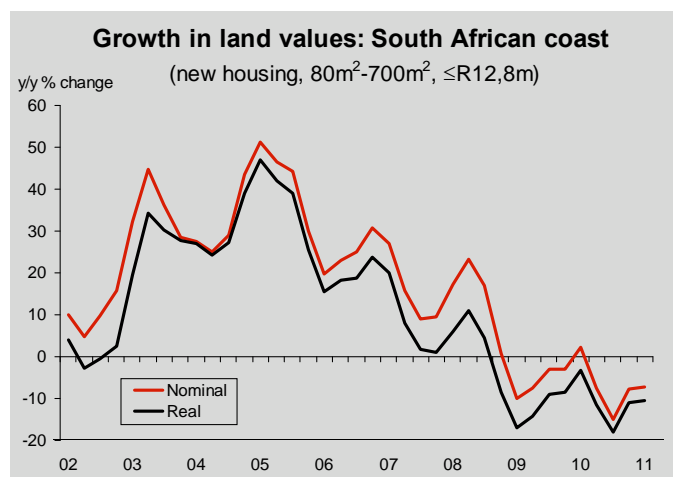
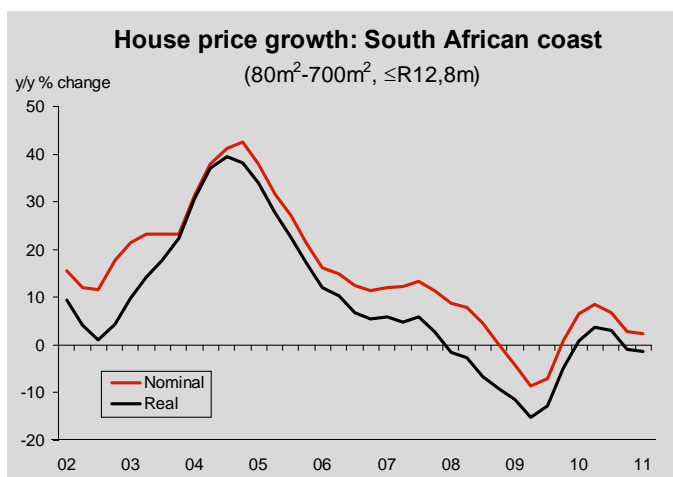
Affordability of housing

The affordability of housing continued to improve up to the end of 2010, driven by slowing house price growth, lower interest rates and rising household income. This is based on the latest trends in the ratios of house prices and mortgage repayments to household disposable income (see graph on the affordability of housing).

In the final quarter of 2010 the ratio of house prices to disposable income reached its lowest level since mid-2004, which was the net result of house price growth slowing down to a nominal 1,3% y/y, while household disposable income increased by a nominal 3,1% y/y in the quarter.

The ratio of mortgage repayments to household disposable income was at a record low in the fourth quarter of 2010. This was the net result of the abovementioned trends in nominal house price and household disposable income growth, as well as the mortgage interest rate declining somewhat further in the quarter to its lowest level in more than three decades.

A downward/upward trend in the abovementioned two housing 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.

Despite the abovementioned positive trends regarding the affordability of housing up to the end of 2010, many households' ability to take advantage of these affordability trends is still impacted by high levels of debt and impaired credit records as a result of repayment defaults on debt during and in the aftermath of the recession of 2009. These factors, against the background of the NCA and banks' lending criteria, have a limiting effect on many consumers' ability to take up credit and increase the levels of debt. Property market conditions and the continued low growth in mortgage finance extended to households are evident of these developments.

Outlook

The economy

Real growth of 3,8% is forecast for the South African economy in 2011, which will be driven by global economic growth of more than 4% this year (forecast by the International Monetary Fund) and a further recovery in domestic demand. These factors will stimulate levels of production, employment and household income in the local economy. Real economic growth of 4,2% is forecast for 2012.

Consumer price inflation is under upward pressure, largely as a result of the combined effect of high international oil prices and rising food prices. The headline consumer price inflation rate is forecast to rise to almost 6% in the fourth quarter of 2011 from a current level of less than 4%. Consumer price inflation is expected to average 5% this year (4,3% in 2010), rising further to a projected 5,7% in 2012.

In view of these economic and inflation expectations, interest rates are forecast to remain unchanged in

2011, but to rise by a cumulative 250 basis points during the course of next year. This will bring prime and variable mortgage interest rates to a level of 11,5% by end-2012. Higher interest rates will affect consumers' debt repayments, impacting disposable income, spending and the demand for and affordability of credit and existing debt.

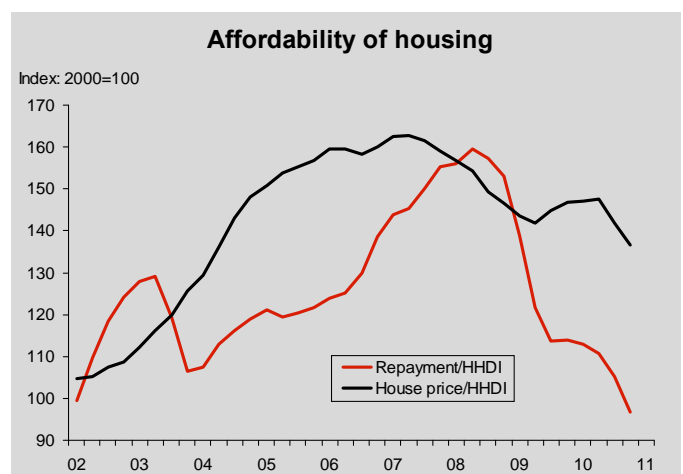
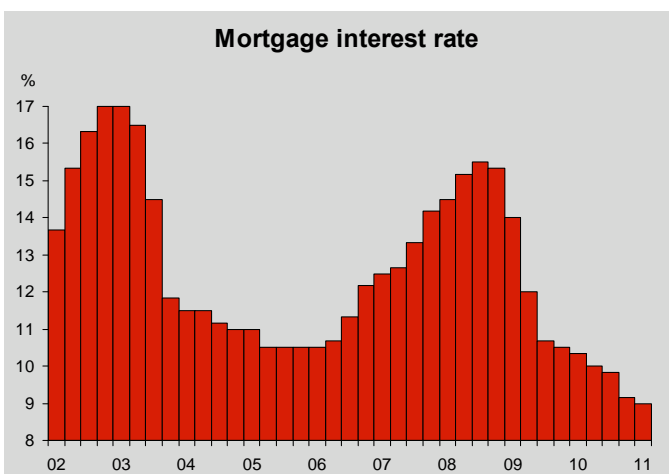
The residential property market

The residential property market is expected to continue to reflect developments on the macroeconomic, the household sector and interest rate front in 2011.

Demand and supply conditions with regard to new housing were reflected in a continued contraction in residential building activity up to the early stages of 2011. The conditions in and prospects for the housing market are expected to keep residential building activity under pressure for most of 2011.

Based on recent trends in house prices up to the first quarter of 2011, and expectations with regard to economic growth, employment, inflation and interest rates, which will impact household finances, nominal house price growth of between 1% and 1,5% in the middle segment of the market is projected for this year. Taking cognisance of this forecast for nominal house price growth and a projected average consumer price inflation rate of 5% this year, house prices are set to decline by between 3,5% and 4% in real terms in 2011.

Year-on-year growth in household mortgage advances will continue to reflect developments with regard to the economy, household finances, banks' lending criteria, interest rates and the residential property market. Against this background, growth in mortgage finance extended to the household sector is set to remain in single digits this year.



Rate structure of transfer duty on property in 2011/12

Value of property	Transfer duty payable
R0 - R600 000	0%
R600 001 - R1 000 000	3% on the value from R600 001 to R1 000 000
R1 000 001 - R1 500 000	R12 000 plus 5% on the value from R1 000 001 to R1 500 000
R1 500 001 and above	R37 000 plus 8% on the value above R1 500 000

Source: National Treasury

Transfer duty on property in 2011/12

Property value Rand	Transfer duty in 2010/11 Rand	Transfer duty in 2011/12			% of property value
		Amount payable Rand	Reduction from 2010/11		
			Rand	%	
600 000	5 000	0	5 000	100,0	0,0
700 000	10 000	3 000	7 000	70,0	0,4
800 000	15 000	6 000	9 000	60,0	0,8
900 000	20 000	9 000	11 000	55,0	1,0
1 000 000	25 000	12 000	13 000	52,0	1,2
1 100 000	33 000	17 000	16 000	48,5	1,5
1 200 000	41 000	22 000	19 000	46,3	1,8
1 300 000	49 000	27 000	22 000	44,9	2,1
1 400 000	57 000	32 000	25 000	43,9	2,3
1 500 000	65 000	37 000	28 000	43,1	2,5
1 600 000	73 000	45 000	28 000	38,4	2,8
1 700 000	81 000	53 000	28 000	34,6	3,1
1 800 000	89 000	61 000	28 000	31,5	3,4
1 900 000	97 000	69 000	28 000	28,9	3,6
2 000 000	105 000	77 000	28 000	26,7	3,9
2 500 000	145 000	117 000	28 000	19,3	4,7
3 000 000	185 000	157 000	28 000	15,1	5,2
3 500 000	225 000	197 000	28 000	12,4	5,6
4 000 000	265 000	237 000	28 000	10,6	5,9
4 500 000	305 000	277 000	28 000	9,2	6,2
5 000 000	345 000	317 000	28 000	8,1	6,3

Statistics

Average nominal house prices											
	2007 Rand	2008 Rand	2009 Rand	2010 Rand	2010				2011		
					Q1 Rand	Q2 Rand	Q3 Rand	Q4 Rand	Q1		
									Rand	q/q % Δ	y/y % Δ
National											
Small (80m ² -140m ² , ≤R3,5m)	647 115	685 140	667 496	770 503	751 899	804 812	772 541	752 761	782 786	4,0	4,1
Medium (141m ² -220m ² , ≤R3,5m)	906 255	948 926	924 076	967 827	965 256	974 422	965 141	966 490	967 080	0,1	0,2
Large (221m ² -400m ² , ≤R3,5m)	1 318 985	1 387 382	1 386 664	1 447 540	1 441 141	1 460 315	1 438 559	1 450 145	1 491 430	2,8	3,5
New (80m ² -400m ² , ≤R3,5m)	942 582	1 078 338	1 230 318	1 431 433	1 319 865	1 408 442	1 485 558	1 511 869	1 508 620	-0,2	14,3
Existing (80m ² -400m ² , ≤R3,5m)	929 613	957 987	954 451	1 020 142	1 026 233	1 039 600	1 013 188	1 001 546	1 009 806	0,8	-1,6
Affordable (40m ² -79m ² , ≤R480 000)	257 353	283 429	292 744	308 180	306 176	309 366	309 505	307 867	305 064	-0,9	-0,4
Luxury (R3,5m-R12,8m)	4 084 535	4 425 371	4 493 156	4 685 666	4 627 505	4 582 509	4 713 311	4 832 692	4 852 209	0,4	4,9
Provinces											
Eastern Cape	847 736	868 082	826 816	908 274	925 538	925 675	894 587	887 996	922 787	3,9	-0,3
Free State	689 013	727 373	752 948	843 766	837 603	838 709	859 634	840 191	795 883	-5,3	-5,0
Gauteng	974 317	998 713	1 023 153	1 081 237	1 086 068	1 083 276	1 073 823	1 081 289	1 108 217	2,5	2,0
KwaZulu-Natal	883 531	851 459	850 757	926 199	940 521	983 060	919 022	870 476	922 880	6,0	-1,9
Limpopo	828 865	837 626	830 682	890 188	912 530	916 379	869 763	862 083	895 562	3,9	-1,9
Mpumalanga	754 693	799 550	810 655	853 237	850 291	853 330	858 955	850 371	845 231	-0,6	-0,6
North West	715 846	793 302	779 546	841 627	857 967	874 513	842 351	791 679	766 217	-3,2	-10,7
Northern Cape	622 117	668 773	699 903	782 496	755 512	788 232	781 026	805 214	811 640	0,8	7,4
Western Cape	1 049 840	1 102 886	1 096 765	1 178 217	1 167 760	1 185 945	1 180 252	1 179 633	1 176 809	-0,2	0,8
Metropolitan regions											
PE/Uitenhage (Eastern Cape)	868 978	896 090	816 121	907 025	926 761	911 389	890 416	899 536	923 057	2,6	-0,4
East London (Eastern Cape)	888 347	1 001 436	1 017 270	1 038 057	1 033 887	1 037 766	1 038 491	1 042 083	1 053 090	1,1	1,9
Bloemfontein (Free State)	933 904	948 907	942 170	1 087 657	1 059 160	1 074 538	1 115 386	1 101 542	1 067 280	-3,1	0,8
Greater Johannesburg (Gauteng)	1 010 849	1 044 758	1 077 278	1 106 051	1 130 862	1 102 765	1 086 101	1 103 542	1 150 209	4,2	1,7
Johannesburg Central & South	870 151	879 602	887 693	908 982	929 830	903 912	887 524	914 663	921 696	0,8	-0,9
Johannesburg North & West	1 235 936	1 278 070	1 301 033	1 390 209	1 394 188	1 405 375	1 384 606	1 376 664	1 401 481	1,8	0,5
East Rand	874 745	912 472	933 774	952 250	953 904	955 282	942 471	957 343	982 351	2,6	3,0
Pretoria (Gauteng)	1 074 895	1 066 347	1 054 354	1 164 674	1 132 132	1 174 233	1 176 190	1 176 142	1 171 075	-0,4	3,4
Durban/Pinetown (KwaZulu-Natal)	982 528	979 825	914 542	998 694	1 032 470	1 061 088	980 090	921 129	1 010 657	9,7	-2,1
Cape Town (Western Cape)	1 071 399	1 097 963	1 095 586	1 196 878	1 184 893	1 205 090	1 199 163	1 198 366	1 196 085	-0,2	0,9
Coastal regions											
South Africa	1 133 569	1 193 615	1 135 845	1 195 787	1 206 864	1 202 118	1 200 489	1 210 556	1 234 795	2,0	2,3
Western Cape	1 187 506	1 233 466	1 189 699	1 266 717	1 252 515	1 259 099	1 267 832	1 307 217	1 380 643	5,6	10,2
West Coast	1 114 244	1 270 928	1 131 883	1 246 634	1 155 518	1 203 806	1 260 583	1 312 428	1 350 162	2,9	16,8
Cape Peninsula and False Bay	1 157 185	1 208 881	1 158 287	1 232 780	1 250 575	1 239 501	1 236 471	1 248 726	1 303 624	4,4	4,2
South Coast	1 324 473	1 319 722	1 308 214	1 370 693	1 296 262	1 315 523	1 394 449	1 482 979	1 583 352	6,8	22,1
Eastern Cape	993 699	1 104 962	1 034 066	1 084 067	1 113 574	1 104 533	1 032 948	1 056 778	1 107 228	4,8	-0,6
KwaZulu-Natal	1 156 914	1 161 621	1 105 992	1 173 798	1 151 530	1 227 746	1 220 585	1 189 215	1 194 511	0,4	3,7
South Coast	1 102 895	1 062 002	910 646	1 063 187	983 311	1 099 751	1 126 048	1 075 618	1 086 291	1,0	10,5
North Coast	1 203 325	1 238 826	1 206 304	1 247 950	1 281 199	1 285 926	1 295 008	1 263 052	1 262 861	0,0	-1,4

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 R3,5 million. House prices for the coastal regions are smoothed for all houses between 80m² and 700m², up to R12,8 million.

Key variables and projections									
Annual averages									
		2005	2006	2007	2008	2009	2010	2011	2012
\$/R exchange rate	Rand per US\$	6,36	6,77	7,05	8,25	8,44	7,32	7,14	7,44
CPI headline inflation rate	%	3,4	4,6	7,1	11,0	7,1	4,3	5,0	5,7
Mortgage interest rate	%	10,6	11,2	13,2	15,1	11,7	9,8	9,0	10,7
Household disposable income	Real % Δ	5,9	7,3	5,3	2,2	-1,4	4,5	4,9	4,8
Final consumption by households	Real % Δ	6,1	8,3	5,5	2,2	-2,0	4,4	5,0	4,9
Household saving to disposable income	%	0,1	-0,8	-1,0	-1,0	-0,3	-0,3	-0,4	-0,5
Household debt to disposable income	%	64,3	72,8	79,9	81,9	80,9	78,1	77,4	77,8
Household debt servicing to disposable income	%	6,8	8,1	10,5	12,4	9,5	7,7	7,0	8,3
Gross domestic product	Real % Δ	5,3	5,6	5,6	3,6	-1,7	2,8	3,8	4,2
House prices (80m ² -400m ² , ≤R3,5m)	Nominal % Δ	22,7	15,3	14,5	3,8	0,0	6,7	1,2	5,6
House prices (80m ² -400m ² , ≤R3,5m)	Real % Δ	18,7	10,2	7,0	-6,5	-6,7	2,4	-3,6	-0,1

Average nominal house prices by middle-segment category in the first quarter 2011

	Small: 80m ² – 140m ²			Medium: 141m ² – 220m ²			Large: 221m ² – 400m ²		
	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ
National and provinces									
South Africa	782 786	4,0	4,1	967 080	0,1	0,2	1 491 430	2,8	3,5
Eastern Cape	738 496	13,4	24,8	896 690	3,1	1,5	1 369 990	-0,9	-0,6
Free State	685 174	10,8	22,2	653 868	-1,2	-3,8	1 041 932	-9,6	-6,9
Gauteng	815 764	7,2	2,4	933 236	-0,9	-3,5	1 504 653	1,8	2,0
KwaZulu-Natal	680 131	7,0	4,7	930 325	2,5	-0,7	1 421 163	5,9	5,7
Mpumalanga	648 979	-2,1	1,4	831 901	-1,8	-0,2	1 178 335	0,5	5,7
North West	593 447	5,0	-3,9	712 026	-4,7	-9,7	1 080 979	-2,6	-5,5
Northern Cape	671 012	9,8	20,1	719 997	-8,2	4,9	1 129 022	14,6	11,6
Limpopo	676 202	11,1	-0,9	991 140	6,4	17,8	1 376 954	1,9	6,4
Western Cape	871 128	-4,8	-0,9	1 236 819	1,1	9,4	1 741 562	4,1	3,9
Metropolitan regions									
PE/Uitenhage (Eastern Cape)	751 690	21,0	25,1	882 227	4,4	5,0	1 383 864	-1,5	4,7
East London (Eastern Cape)	933 982	8,2	31,2	1 004 204	-5,3	-3,0	1 767 032	10,0	16,5
Bloemfontein (Free State)	841 724	12,2	26,0	892 588	-4,6	1,8	1 354 555	-1,0	4,3
Greater Johannesburg (Gauteng)	885 077	12,6	2,9	995 092	2,1	-3,6	1 517 645	-0,1	-1,1
Johannesburg Central & South	743 637	15,6	22,8	789 006	-8,7	-15,2	1 553 904	4,0	-6,6
Johannesburg North & West	1 113 674	9,8	5,5	1 179 541	1,6	-9,7	1 689 372	-0,9	-4,2
East Rand	785 087	7,3	4,5	885 832	1,7	2,0	1 286 865	-1,5	2,2
Pretoria (Gauteng)	826 566	0,0	10,6	978 079	-3,1	0,8	1 547 146	2,3	2,5
Durban/Pinetown (KwaZulu-Natal)	778 615	9,9	5,6	946 359	3,8	-4,7	1 544 346	9,2	3,4
Cape Town (Western Cape)	876 369	-5,5	-3,7	1 284 469	0,9	7,5	1 778 979	2,4	3,5

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m² and 400m², up to R3,5 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