



# Mortgage Advances

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## Mortgage advances growth remains low in early 2012

January 2012 saw growth of 6,1% year-on-year (y/y) in the value of outstanding credit balances in the South African household sector, to a level of R1 186,2 billion. On a monthly basis household credit was up by R8,7 billion, or 0,7%, in January from December.

The value of outstanding private sector mortgage balances at monetary institutions, which includes both commercial and residential mortgage loans, increased by 2,4% in January (2,5% in December 2011). The value of total mortgage balances outstanding was unchanged in January from December last year.

In the household sector the value of outstanding mortgage balances was up by 1,6% y/y in January to an amount of R773,5 billion, which came to a share of 65,2% of total household credit balances. Month-on-month growth of R1,1 billion, or 0,1%, was recorded in household mortgage balances in January compared with December.

Real economic growth of 2,8% is expected in 2012 (3,1 % in 2011), consumer price inflation is set to remain above 6% throughout the year, interest rates are to remain stable until late this year, real household disposable income is projected to grow at a slower pace than in 2011, the household debt-to-income ratio is forecast to remain around 75% and many consumers are still struggling with impaired credit records. In view of these expectations the residential property market is forecast to continue to show some subdued growth in 2012, with mortgage advances growth projected to remain well in single digits up the end of the year.

Mortgage Advances, Inflation and Interest Rates							
Period	Total mortgage advances <sup>1</sup>		Mortgage advances to households, end of period			CPI inflation %	Mortgage rate % eop
	R billion	y/y % ch	R billion	y/y % ch	% of total		
Jan 2011	1 043.9	3.8	761.4	4.6	72.9	3.7	9.0
Feb 2011	1 047.6	3.4	764.2	4.1	73.0	3.7	9.0
Mar 2011	1 046.0	2.9	765.3	3.8	73.2	4.1	9.0
Apr 2011	1 048.2	3.0	763.7	3.3	72.9	4.2	9.0
May 2011	1 053.5	3.1	765.5	3.2	72.7	4.6	9.0
Jun 2011	1 057.3	3.3	766.4	3.1	72.5	5.0	9.0
Jul 2011	1 058.4	2.9	767.2	2.7	72.5	5.3	9.0
Aug 2011	1 059.7	1.9	767.3	1.4	72.4	5.3	9.0
Sep 2011	1 064.5	2.2	768.6	1.2	72.2	5.7	9.0
Oct 2011	1 065.2	2.1	769.4	1.1	72.2	6.0	9.0
Nov 2011	1 067.0	1.9	771.4	1.0	72.3	6.1	9.0
Dec 2011	1 068.6	2.5	772.4	1.8	72.3	6.1	9.0
Jan 2012	1 068.6	2.4	773.5	1.6	72.4	6.3	9.0

<sup>1</sup>Comprising commercial and residential mortgages (end of period (eop))  
Sources: SARB, Stats SA

