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Explanatory notes:

The Absa house price indices, available back to 1966, are based on the total purchase price of houses in the 80m²-400m² size category, priced at R3,6 million or less in 2012 (including improvements), in respect of which mortgage loan applications were received and approved by Absa. Prices are smoothed in an attempt to exclude the distorting effect of seasonal factors and outliers in the data. As a result, the most recent index and price growth data may differ materially from previously published figures.

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House price indices

14 January 2013

House price growth accelerates up to end-2012

December 2012 saw year-on-year growth in the average value of homes in the middle segment of the South African housing market rising further. This came on the back of slowing house price growth twelve months earlier in late 2011. However, month-on-month price growth has been on a steady declining trend during the past few months, which is set to eventually impact year-on-year price growth. These trends are according to the Absa house price indices, which are based on applications for mortgage finance received and approved by the bank in respect of middle-segment small, medium-sized and large homes (see explanatory notes).

Prices of middle-segment homes increased by a nominal 0,6% in 2012, after rising by 1,7% in 2011. In real terms prices dropped by 5,4% in the first eleven months of last year, with real price deflation of 2,9% evident in the corresponding period in 2011. Nominal year-on-year price growth of 7,1% was recorded in December 2012, up from a revised 5,3% in November. Real annual house price deflation still occurred in the large-home segment up to November, with prices of small and medium-sized homes showing some real growth in the past two months.

The average nominal value of homes in each of the three middle-segment categories was as follows in December 2012:

- Small homes (80m²-140m²): R791 100
- Medium-sized homes (141m²-220 m²): R1 076 700
- Large homes (221m²-400m²): R1 559 000

The forecast is for the South African economy to grow by a real 2,8% in 2013, after expanding by an estimated 2,5% in 2012. The country's economic performance will this year still be affected by global economic trends and domestic developments and conditions.

Headline consumer price inflation remained below the 6% level up to late 2012, but some upward pressure was evident as a result of rising food prices, transport costs and property running costs. However, the forecast is for inflation to remain below 6% in 2013, with the result that interest rates are expected to stay at current levels in the next twelve months.

In view of current conditions in and prospects for the economy, the household sector and the residential property market, house price growth is forecast to remain relatively low in 2013 compared with growth of a few years ago.

Absa house price indices Houses of 80m²-400m², up to R3,6 million

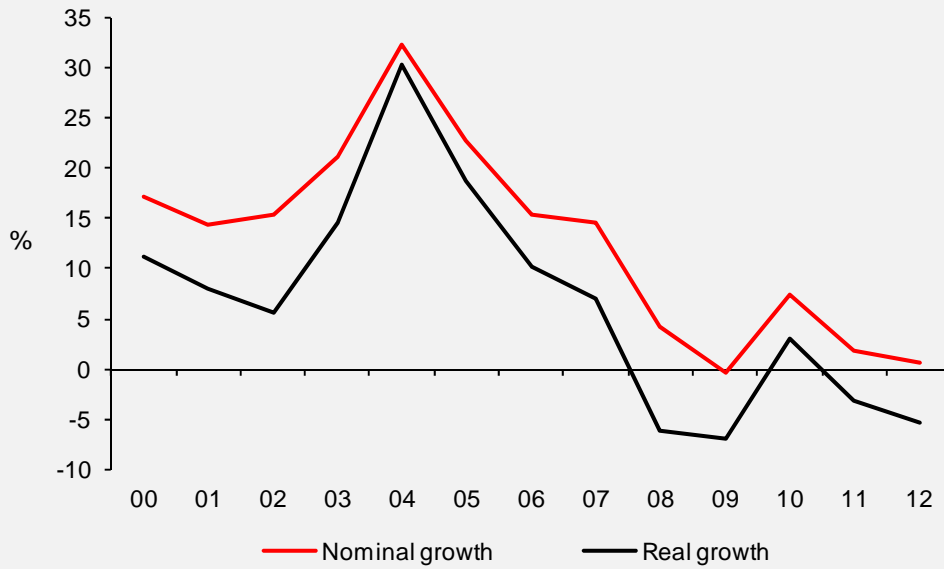
Category of housing	Nominal year-on-year % change			Real year-on-year % change		
	November	December	Year-to-date	October	November	Year-to-date
	2012	2012	2012	2012	2012	2012
Small (80m ² -140m ²)	12.3	17.1	-4.3	1.3	6.3	-11.2
Medium (141m ² -220m ²)	8.1	10.0	3.6	0.4	2.3	-2.9
Large (221m ² -400m ²)	3.2	3.9	1.8	-2.7	-2.3	-3.9

Absa house price indices (nominal, 2000=100)

Month	Small houses 80m ² -140 m ²			Medium-sized houses 141m ² -220 m ²			Large houses 221m ² -400 m ²		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
January	366.2	391.1	333.1	384.7	388.3	390.1	391.1	404.1	409.9
February	378.9	390.5	330.8	389.6	388.5	390.2	394.2	406.2	407.8
March	391.2	387.2	331.5	392.7	389.4	392.3	397.8	406.6	406.0
April	400.9	382.9	334.2	393.4	391.4	395.6	400.8	405.7	405.9
May	404.9	379.6	339.1	392.1	394.4	399.3	402.0	404.5	407.6
June	402.7	377.5	346.0	389.4	397.9	403.4	401.0	404.2	410.7
July	396.1	375.7	354.6	386.6	400.7	407.8	398.3	405.6	414.5
August	388.6	372.6	363.9	384.9	401.8	412.5	395.3	408.3	418.2
September	383.5	366.9	373.9	384.8	400.9	417.5	393.6	411.2	421.6
October	382.8	358.2	383.1	385.7	398.4	422.4	394.1	413.1	424.3
November	385.3	348.3	391.1	387.0	395.1	427.0	396.6	413.3	426.4
December	389.0	339.2	397.1	388.0	391.9	431.0	400.4	412.0	428.0
Average	389.2	372.5	356.5	388.2	394.9	407.4	397.1	407.9	415.1

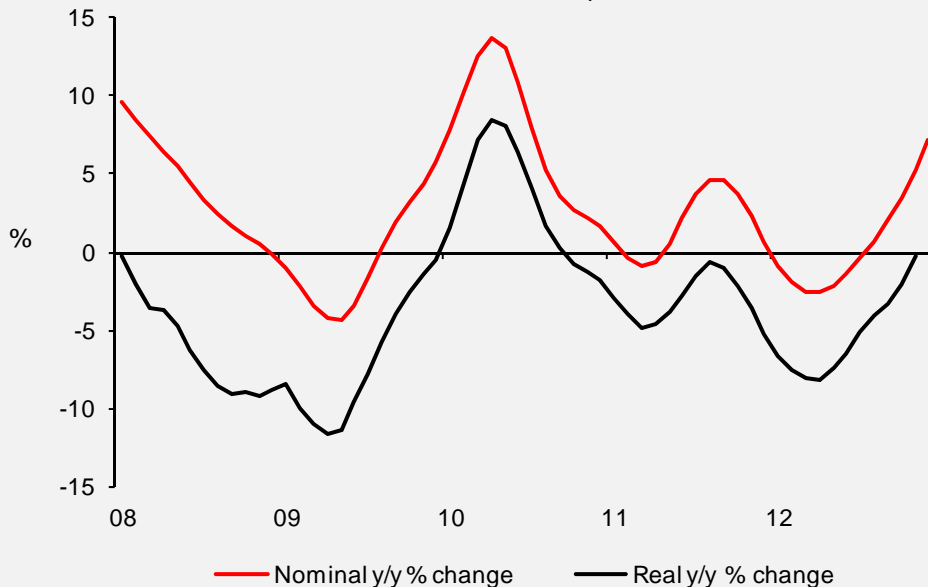
House price growth

Houses of 80m²-400m², up to R3,6 million in 2012



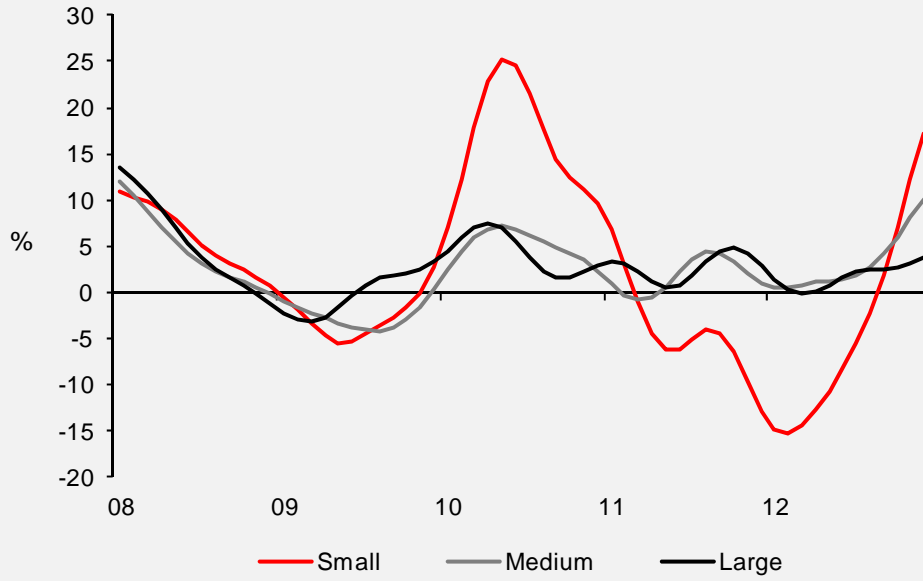
Absa house price index

Houses of 80m²-400m², up to R3,6 million



Absa house price indices

Nominal y/y % change



Absa house price indices

Real y/y % change

