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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 R3,8 million or less in 2013 (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

8 February 2013

House price growth continues in early 2013

Year-on-year growth in the average value of homes in the middle segment of the South African housing market continued in January 2013. The upward trend in year-on-year price growth occurred against the background of the base effect of slowing house price growth and even price deflation in some segments twelve months ago. On a monthly basis, price growth continued to slow down, which is expected to show up in a moderation in annual price growth during the course of the year. 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).

Middle-segment house price growth came to 9,1% year-on-year (y/y) in January this year, after rising by a revised 7,4% y/y in December. Real price growth of 1,7% y/y was recorded in the last month of 2012, after real price deflation was recorded for most of last year.

The average nominal value of homes in each of the three middle-segment categories was as follows in January 2013:

- Small homes (80m²-140m²): R789 400
- Medium-sized homes (141m²-220 m²): R1 077 700
- Large homes (221m²-400m²): R1 592 800

The South African economy is in 2013 forecast to grow at rate of 2,8% in real terms, impacted by global growth of around 3,5% this year, while domestic economic and socio-economic developments and conditions will also be a major contributor to the country's growth performance. Although headline consumer price inflation is projected to rise to above 6% in 2013, interest rates are forecast to remain low, which will be a reflection of macroeconomic trends in general and the possible impact of these and inflationary pressures on consumers.

Nominal house price growth is expected to remain in single digits in 2013, based on current trends in and the outlook for key macroeconomic indicators, household finances and consumer confidence. Real price growth will remain under pressure in view of consumer price inflation forecast to average around 6% this year.

Absa house price indices
Houses of 80m²-400m², up to R3,8 million

Category of housing	Nominal year-on-year % change			Real year-on-year % change		
	November 2012	December 2012	January 2013	November 2012	December 2012	Year-to-date 2012
Small (80m ² -140m ²)	12.0	16.1	19.0	6.0	9.9	-9.5
Medium (141m ² -220m ²)	7.9	9.6	10.8	2.1	3.7	-2.5
Large (221m ² -400m ²)	4.9	5.9	6.9	-0.7	0.2	-3.2

Absa house price indices (nominal, 2000=100)

Month	Small houses 80m²-140 m²			Medium-sized houses 141m²-220 m²			Large houses 221m²-400 m²		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
January	393.2	333.1	396.3	388.8	389.3	431.4	403.6	409.2	437.3
February	391.9	331.0		389.0	389.6		405.8	407.1	
March	388.1	331.9		389.7	391.8		406.3	405.6	
April	383.4	335.0		391.4	395.2		405.4	405.6	
May	379.8	340.3		394.2	399.0		404.3	407.3	
June	377.8	347.8		397.5	403.1		404.1	410.6	
July	376.0	356.9		400.4	407.5		405.6	415.0	
August	372.5	366.4		401.4	412.1		408.2	420.1	
September	366.4	375.3		400.5	416.7		410.9	425.0	
October	357.5	383.3		397.9	421.3		412.6	429.5	
November	347.6	389.2		394.5	425.5		412.7	432.9	
December	338.8	393.4		391.2	428.9		411.3	435.6	
Average	372.7	357.0	396.3	394.7	406.7	431.4	407.6	417.0	437.3

