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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 R4,2 million or less in 2015 (including improvements), in respect of which mortgage loan applications were received and approved by Absa. Prices are seasonally adjusted and smoothed in an attempt to exclude the distorting effect of seasonal factors and outliers in the data. As a result, the most recent index values and price data may differ from previously published figures.

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House price indices

8 October 2015

Continued low house price growth up to September

Year-on-year growth in the average nominal value of homes in the various categories of middle-segment housing in South Africa remained relatively low in the first nine months of 2015. Marginal month-on-month price growth of less than 0,2% was recorded in September, contributing to relatively low year-on-year price growth.

Real house price growth, i.e. after adjustment for the effect of consumer price inflation, was still under pressure up to August against the background of subdued nominal price growth and trends in consumer price inflation during the course of the year. Some real year-on-year price inflation was recorded in the small and large categories of middle-segment housing in August, with the average price of medium-sized housing declining slightly in real terms from a year ago.

The average nominal value of homes in each of the middle-segment categories was as follows in September 2015:

- Small homes (80m²-140m²): R884 000
- Medium-sized homes (141m²-220 m²): R1 225 000
- Large homes (221m²-400m²): R1 955 000

The abovementioned trends in home values 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).

Consumers are set to continue to experience financial strain over the next 12-18 months on the back of low economic and employment growth, inflationary pressures and rising interest rates. Macroeconomic trends and conditions regarding household finances will be reflected in banks' risk appetite and lending criteria. These factors, together with developments in respect of consumer confidence, will remain important in the performance of the property market and be evident in the demand for and affordability of housing and mortgage finance.

Nominal house price growth is forecast to remain in single digits in 2015 and 2016, with real price growth set to be under pressure in the rest of the year and during next year in view of inflation expected to average near the 6% level during this period.

Absa house price indices (nominal, 2000=100)

Houses of 80m²-400m², up to R4,2 million

Month	Small houses 80m²-140 m²			Medium-sized houses 141m²-220 m²			Large houses 221m²-400 m²		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
January	375.3	388.8	434.5	427.2	448.4	479.2	441.1	479.7	504.7
February	372.3	395.2	430.7	427.4	452.7	480.4	445.2	483.4	506.7
March	370.2	402.6	426.3	427.3	455.9	481.5	449.5	487.4	509.3
April	369.8	409.0	423.7	428.1	458.0	482.5	452.9	491.7	512.9
May	371.3	413.3	424.4	429.6	459.6	483.9	455.8	495.8	517.9
June	374.5	415.2	428.2	431.1	461.9	485.4	458.4	498.7	523.5
July	378.6	416.0	433.4	431.8	465.4	486.8	461.0	500.5	528.5
August	382.2	418.1	438.6	431.9	469.7	488.5	463.7	501.7	533.1
September	384.1	422.3	443.8	432.5	473.7	490.4	466.4	503.1	536.7
October	383.9	428.0		434.5	476.4		468.9	504.1	
November	383.2	433.2		438.0	477.9		471.7	504.2	
December	384.4	435.7		443.1	478.5		475.5	504.0	
Average	377.5	414.8	431.5	431.9	464.8	484.3	459.2	496.2	519.3

Absa house price indices

Houses of 80m²-400m², up to R4,2 million

Category of housing	Nominal year-on-year % change			Real year-on-year % change		
	August 2015	September 2015	Year-to-date 2015	July 2015	August 2015	Year-to-date 2015
Small (80m²-140m²)	4.9	5.1	5.5	-0.8	0.3	1.1
Medium (141m²-220m²)	4.0	3.5	5.1	-0.4	-0.6	0.9
Large (221m²-400m²)	6.3	6.7	5.2	0.6	1.6	0.5

