

THIRD QUARTER – TSHWANE

FNB Residential Property Barometer

Tshwane Metro activity rises sharply in 3rd quarter after mediocre start to the recovery

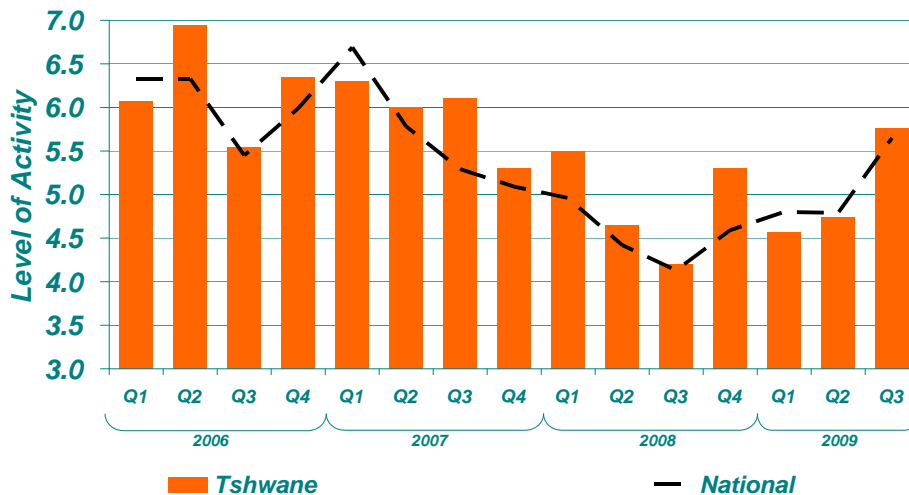
The 3rd Quarter Tshwane Metro FNB Residential Property Barometer pointed to a sizeable jump in activity levels in the region during the 3rd quarter, after a very mild recovery since the 3rd quarter of last year. This suggests that the region is beginning to feel the positive impact of the series of interest rate cuts that took place in the 1st half of 2009.

The Property Barometer is a survey of a sample of estate agents in the major cities of the country regarding their personal experience of market conditions.

The main Barometer question relates to the level of demand activity, and agents are asked to rate the level of demand that they experience on a scale of 1 to 10.

From a level of 4.74 in the 2nd quarter, the Tshwane activity level reading has risen significantly to 5.76 in the 3rd quarter. This is now significantly higher than the low point of 4.2 reached in the 3rd quarter of 2008. The 3rd quarter survey was undertaken in mid-August, after the bulk of the SARB's 2009 interest rate cuts to date.

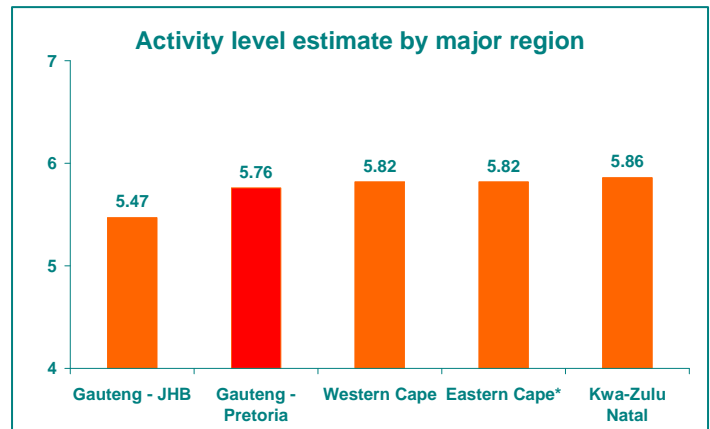
Tshwane Residential Property Confidence Indicator



Tshwane survey respondents are more upbeat than their Joburg counterparts

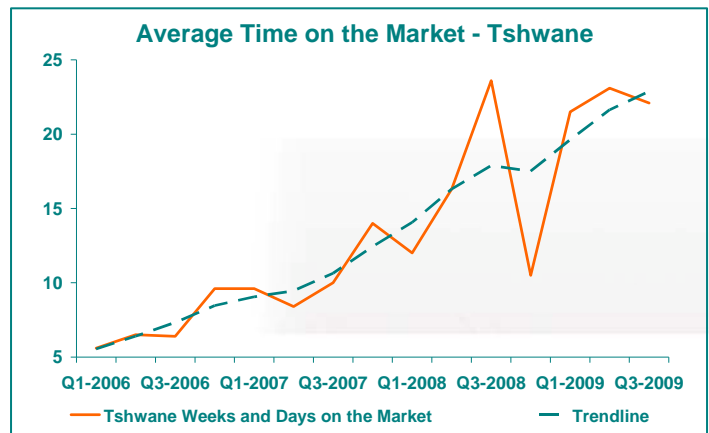
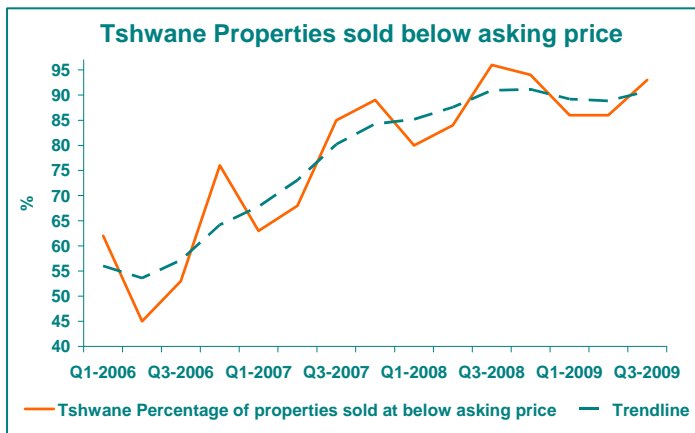
The steady rise in the Tshwane Metro activity rating means that the agents surveyed from that region are more upbeat about activity than their counterparts in Joburg. However, they remain slightly behind the survey respondents in the coastal regions.

The 3 major coastal metros, namely eThekweni (5.86), Mandela Bay (5.82), and Cape Town (5.82) are now slightly more upbeat in their estimates of activity compared with Joburg's 5.47 and Tshwane (5.76).



Widespread lack of seller realism still prevalent in Tshwane

The estimated percentage of properties sold at below asking price showed a slight rise from 86% in the 2nd quarter to 93% in the 3rd quarter, while the average time of a property on the market prior to being sold declined slightly from 23 weeks and 1 day in the 2nd quarter to 22 weeks and 1 day in the 3rd. These two indicators, when read together, point towards the ongoing prevalence of a widespread lack of seller realism in the market. A stronger market may assist in reducing both of these readings in the coming quarters though, through the market "catching up" to price levels to a degree, therefore making previously unrealistic price levels a little more realistic in future in a stronger market.

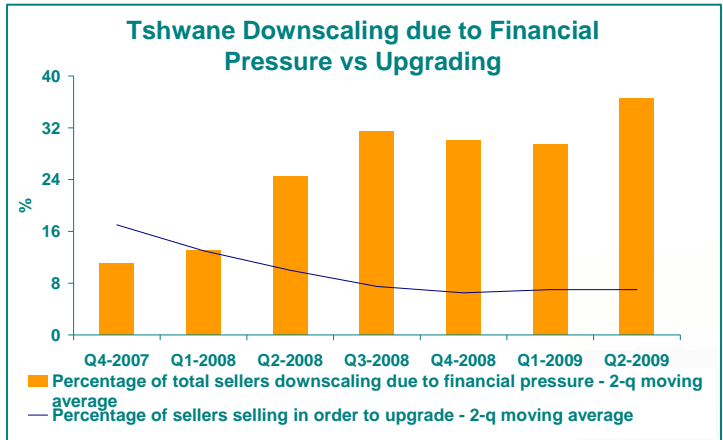
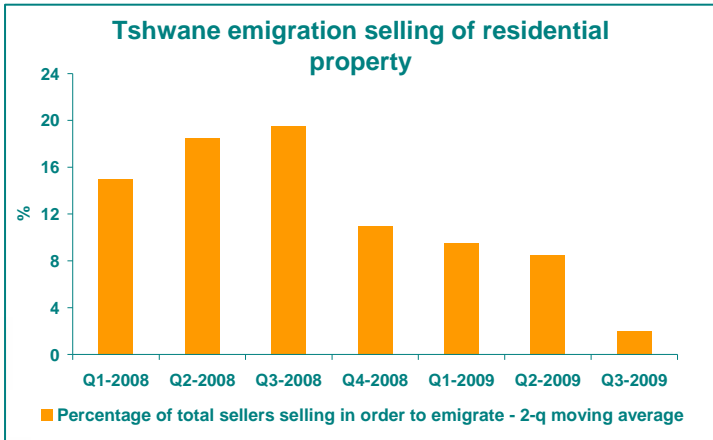


Reasons for selling property in Tshwane

TSHWANE - REASONS FOR SELLING (AS % OF TOTAL SALES)	Q4-2007	Q1-2008	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009	Q3-2009
Downscaling due to financial pressure	16	6	20	29	34	26	33	40
Upgrading	21	13	13	7	8	5	9	5
Downscaling with life stage	21	10	13	13	18	11	16	12
Moving for safety and security reasons	14	16	11	9	23	17	26	23
Emigrating	14	16	21	18	4	15	2	2
Relocating within SA	4	22	11	12	3	6	1	11
Change in family structure	6	9	8	11	4	13	11	6
Moving to be closer to work or amenities	4	8	3	1	7	6	1	1

Selling in order to downscale due to financial pressure remained extremely high in importance, at 40% of total selling, according to agents surveyed. Seen on a 2 quarter moving average basis, the percentage was still extreme at 37%. There seems little doubt that many of the Tshwane Metro's residents still experience significant financial pressure. Simultaneously, selling in order to upgrade remained very low at 5% of total selling. Therefore, despite improving demand for property, it is plausible to believe that something of an oversupply probably still exists as a result of ongoing financial pressure, relieved in part by interest rate cuts but not helped by a severe recession.

As a percentage of total selling, emigration selling in Tshwane showed a massive surge during 2008, similar to the trend in other metros. After a peak of 21% in the 2nd quarter of 2008, there has been a broad decline in emigration selling's significance to only 2% of total selling by the 3rd quarter of this year, according to the estate agents surveyed.



Main Tshwane Metro Price Trend estimates (using Deeds data) point to oversupplies and widespread price deflation

Despite some improvement in residential demand in recent times, oversupplies on the market were still significant as at the 2nd quarter (Deeds data runs a bit behind so 3rd quarter results are not yet available), resulting in widespread price decline continuing across much of the Tshwane region.

- The Tshwane average house price (R746,683) showed a -5.2% year-on-year decline in the second quarter, worse than the -4% of the previous quarter.
- The Acacia region (avg price = R727,787) showed a year-on-year price decline of -9.2% in the second quarter, down from a -7.9% deflation rate in the previous quarter.
- The Centurion area's (avg. price = R861,310) average price fell by -8.7%, worse than the -6.2% of the first quarter.
- The Pretoria area (avg price = R798,737) experienced price deflation of -3.5% year-on-year in the second quarter, worse than the -2.7% of the first quarter.

