



Absa House Price Indices

7 July 2011

Compiled by:
Jacques du Toit
Senior Property Analyst
Absa Home Loans
Absa Group Limited
(Reg No 1986/003934/06)

45 Mooi Street
Johannesburg
2001

PO Box 7735
Johannesburg
2000
South Africa

Tel: +27 (0) 11 350 7246
E-mail: jacques@absa.co.za
Website: <http://www.absa.co.za>

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 R3,5 million or less in 2011 (including improvements), in respect of which mortgage loan applications were 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.

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Group Limited and/or the authors of the material.

Moderate growth in home values

June 2011 saw moderate nominal year-on-year growth in home values in the middle segment of the South African housing market, after some price deflation occurred in recent months. This is according to the latest trends in the Absa house price indices, which are based on the average value of homes in the small, medium-sized and large categories of housing for which the bank approved mortgage finance (see explanatory notes).

Nominal price growth of just more than 1% was recorded on a year-on-year (y/y) basis in middle-segment housing in June this year, after prices were declining in the first five months of the year compared with the corresponding period in 2010. Base effects are believed to have played a role in the moderate June 2011 year-on-year growth, as price growth was tapering off twelve months ago. In real terms prices dropped by 4,4% y/y in May 2011, based on a consumer price inflation rate of 4,6% y/y in the month.

The value of **small houses** (80m²-141m²) was down by a nominal 6% y/y in June 2011. May saw a decline of 6,1% y/y after revision. The average price of a house in this category of the market was about R753 100 in June this year. In real terms the value of small houses dropped by 10,2% y/y in May.

In the category of **medium-sized homes** (141m²-220m²), the average price was up by a marginal 0,2% y/y in June 2011 after declining by a revised 0,3% y/y in May. In June the average price of a medium-sized house came to about R973 400. A real price decline of 4,7% y/y was recorded in the medium-sized category in May this year, unchanged from April.

The segment for **large houses** (221m²-400m²) saw nominal price growth of around 1% y/y in both May and June this year, with the average price of a house in this category of the market coming to R1 489 900 in June. In real terms prices in respect of large houses were down by 3,4% y/y in May.

In view of the trend in house prices in the first half of 2011, and the impact of base effects influencing year-on-year price calculations, nominal price growth of between 1% and 2% is forecast for the full year. Taking cognisance of rising consumer price inflation in first few months of the year, and expectations of inflation rising further towards the end of 2011, house prices are set to decline by between 2,5% and 3,5% in real terms this year.

Absa House Price Indices (nominal, 2000=100)

Month	Small houses 80-140 m ²			Medium-sized houses 141-220 m ²			Large houses 221-400 m ²		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Jan	342.0	364.3	382.5	374.9	382.7	386.7	373.4	392.8	406.0
Feb	337.1	376.9	383.4	372.4	386.5	386.4	371.9	395.6	407.6
Mar	331.5	389.6	382.6	370.1	389.2	386.8	371.7	398.3	407.6
Apr	326.7	399.5	381.0	367.9	390.3	387.6	372.9	400.4	406.5
May	324.1	404.0	379.4	366.1	390.1	388.7	375.4	401.0	405.2
Jun	324.7	402.2	378.1	365.1	388.7	389.6	378.7	400.0	403.6
Jul	327.9	395.9		365.2	387.1		382.3	397.8	
Aug	332.2	388.0		366.1	386.1		385.4	395.8	
Sep	336.4	381.7		368.0	386.1		387.4	395.3	
Oct	340.6	378.7		370.9	386.5		388.4	396.6	
Nov	345.8	378.7		374.4	387.0		389.3	399.4	
Dec	353.6	380.5		378.4	387.0		390.7	402.9	
Average	335.2	386.7	381.2	370.0	387.3	387.6	380.6	398.0	406.1

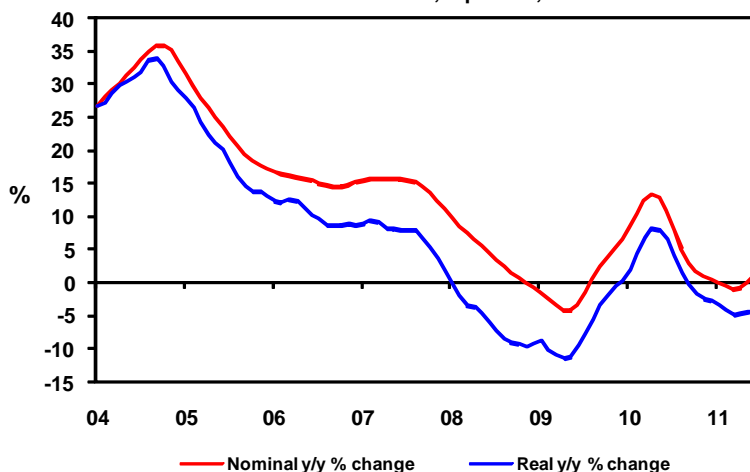
Absa House Price Indices

Houses of 80m²-400m², up to R3,5 million

Category of housing	Nominal y/y % change			Real y/y % change		
	May 2011	June 2011	Year-to-date 2011	April 2011	May 2011	Year-to-date 2011
Small houses (80m ² -140m ²)	-6.1	-6.0	-2.1	-8.5	-10.2	-5.1
Medium-sized houses (141m ² -220m ²)	-0.3	0.2	-0.1	-4.7	-4.7	-4.0
Large houses (221m ² -400m ²)	1.0	0.9	2.0	-2.6	-3.4	-1.7

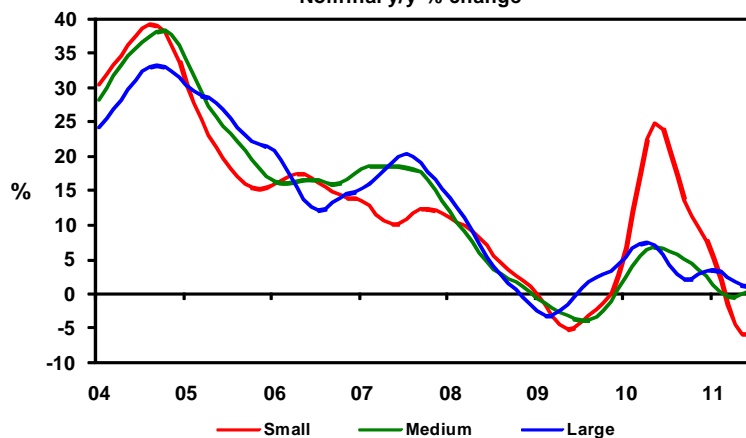
Absa House Price Index

Houses of 80-400m², up to R3,5 million



Absa House Price Indices

Nominal y/y % change



Absa House Price Indices

Real y/y % change

