



Housing Review

First Quarter 2012

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

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Date of completion: 23 January 2012

Summary

- After having expanded by an estimated real 3% in 2011, the South African economy is forecast to grow by 2,8% in 2012. The lower growth expected this year will largely be the result of a slower pace of expansion projected for the world economy, which will affect South Africa's export performance. A weaker rand exchange rate in 2012 compared with last year will, however, support the country's export earnings. Trends in domestic inflation and interest rates will also impact the economy during the course of the year.
- Growth in real household disposable income and final consumption expenditure continued in the third quarter of 2011. The ratio of household debt to disposable income declined somewhat further in the quarter, with the cost of servicing debt remaining under control against the background of continued low interest rates and a slightly lower debt ratio. A fair percentage of consumers are still battling with impaired credit records, adversely affecting their access to credit, with this situation being reflected in continued low growth in household credit extension.
- In 2011 nominal house price growth was noticeably lower compared with the previous year, while in real terms, i.e. after adjustment for the effect of consumer price inflation, house prices were on average lower than in 2010. Although nominal year-on-year price growth was slightly higher in the final quarter of 2011 compared with the third quarter, early signs of a slowdown in price growth were evident towards the end of the year. Real year-on-year house price deflation accelerated marginally in the fourth quarter of last year on the back of rising inflation during this period.
- The affordability of housing, as represented by the ratios of house prices and mortgage repayments to household disposable income, improved only marginally in the third quarter of 2011 from the second quarter. This was the net result of trends in house price and income growth in the quarter, while interest rates remained unchanged during this period. However, many households' ability to take advantage of the improved housing affordability continued to be hampered by a still relatively high debt-to-income ratio, a sizeable number of credit-active consumers having impaired credit records, the impact of the NCA, and banks' lending criteria.
- Nominal price growth in the middle segment of the housing market is forecast to remain relatively low in 2012 after coming in at 2,2% in 2011. In real terms, i.e. after adjustment for the effect of inflation, house prices are set to deflate further in 2012, based on expected low nominal price growth and headline consumer price inflation to remain above the 6% level. The continued subdued performance expected from property prices will be the result of developments and forecasts with regard to the macro economy and the household sector.

Overview

The economy

In the third quarter of 2011 the South African economy expanded at a seasonally adjusted annualised rate of 1,4%, as measured by growth in real gross domestic product (GDP). This was only marginally higher than growth of 1,3% registered in the second quarter. The continued slow pace of economic growth in the third quarter was related to:

- lower agricultural output;
- production in the mining sector having been negatively impacted by industrial action and work stoppages as a result of accidents, maintenance of mining plant equipment and logistical problems; and
- labour action in several subsectors of manufacturing as well as less stable global demand, which affected output in this sector of the economy.

The rand exchange rate is weaker against the major international currencies since September last year as investors became increasingly risk averse towards emerging markets on the back of the European sovereign debt crisis. The weaker rand contributed to further price pressures in the economy, alongside rising food, energy and transport costs, driving inflation to higher levels. Labour costs were under upward pressure in 2011, with above-inflation wage settlement rates recorded in the first three quarters of the year. In view of these developments, headline consumer price inflation breached the 6% level late last year, being outside the inflation target range of 3% to 6% in both November and December.

Despite the upward trend in inflation during the course of 2011, lending rates were kept unchanged throughout the year against the background of global economic uncertainties and the possible impact of related developments on the domestic economy, as well as many consumers still experiencing some

financial pressure, as reflected by the relatively high household debt-to-income ratio, a low level of savings in relation to income, impaired consumer credit records and sluggish household credit growth.

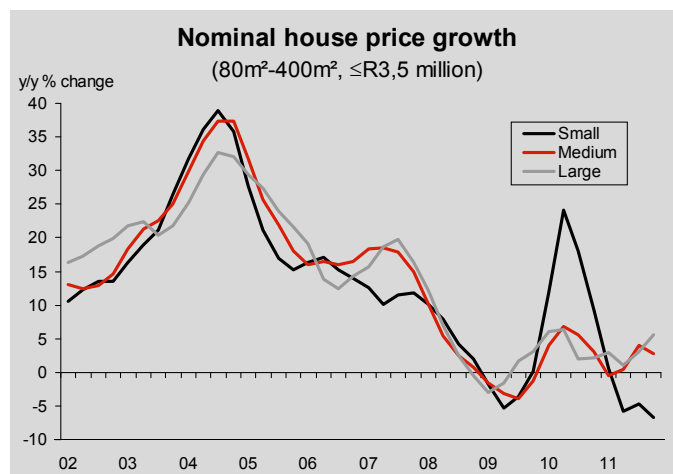
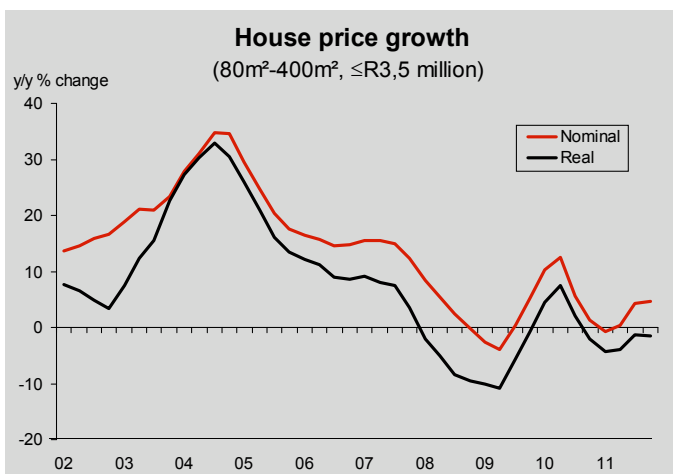
The household sector

Growth in real household disposable income and final consumption expenditure continued in the penultimate quarter of 2011. The ratio of household debt to disposable income declined somewhat further in the quarter, with the cost of servicing debt remaining under control against the background of continued low interest rates and a slightly lower debt ratio. A fair percentage of consumers are still battling with impaired credit records, adversely affecting their access to credit, with this situation being reflected in continued low growth in household credit extension.

Real household disposable income increased at an annualised 3,9% in the third quarter of 2011 (3,5% in the second quarter), supported by an average wage settlement rate of 7,7% in the first nine months of the year, with headline consumer price inflation averaging 4,7% during this period.

Annualised growth in real household consumption expenditure of 3,7% was registered in the third quarter of last year, marginally up from 3,3% in the second quarter. The growth in household spending was affected by rising inflationary pressures, impacting consumers' spending power.

The ratio of gross household saving to disposable income improved marginally to 1,7% in the third quarter of 2011 from 1,6% in the preceding quarter, driven by continued income growth. The ratio of net saving to income was at a zero-level in the third quarter of last year. Net household saving is based on the level of gross saving, adjusted for depreciation write-offs on the value of fixed assets held by households, such as residential buildings.



Year-on-year growth in household credit extension, comprising instalment sales credit, leasing finance, mortgage advances, credit card debt, overdrafts and general loans and advances (mainly personal and micro loans), slowed down further towards the end of 2011. This is seen as indicative of many households still experiencing financial pressure, with the number of credit-active consumers having impaired credit records still high and consumer confidence being at a relatively low level (see below). These factors, against the background of the National Credit Act (NCA) and banks' lending criteria, which take account of consumers' risk profiles, affect the demand for and access to credit.

Based on data released by the National Credit Regulator, a total of 8,83 million credit-active consumers, or 46,2% of a total of 19,1 million, had impaired credit records in the third quarter of 2011. This was about 2,7 million, or 44%, more than the 6,11 million credit-active consumers having impaired credit records in the second quarter of 2007.

The ratio of household debt to disposable income was lower at 75% in the third quarter of 2011 compared with 75,8% in the preceding quarter. This was the net result of debt increasing by 0,9% and income rising by a nominal 2% in the third quarter of the year compared with the second quarter. Based on these developments and a stable prime interest rate in the third quarter, the cost of servicing household debt as a percentage of disposable income was marginally lower at around 6,8% from 6,9% in the second quarter.

The household sector's net wealth as a percentage of disposable income was lower at a level of 311,8% in the third quarter last year (319,2% in the second quarter), largely as a result of a subdued performance by financial assets during the period. The net wealth of households is the total value of tangible assets (mainly residential buildings) and financial assets (mainly assets with monetary institutions, interest in pension

funds and long-term insurers, equities and bonds), less liabilities (mortgage loans and other debt).

According to Statistics South Africa's latest *Quarterly Labour Force Survey*, labour market conditions improved somewhat in the third quarter of 2011. A total of 13,318 million people were employed by the end of the third quarter, which was 193 000 more than in the second quarter, but still 709 000 less than the 14,027 million people having been employed at the end of 2008.

Against the background of the trends in the above-mentioned factors affecting household finances, the level of consumer confidence, as published by the Bureau of Economic Research at the University of Stellenbosch, remained relatively low at 5 index points in the fourth quarter of 2011, compared with 4 index points in the third quarter and 11 and 9 index points in the second and first quarters respectively.

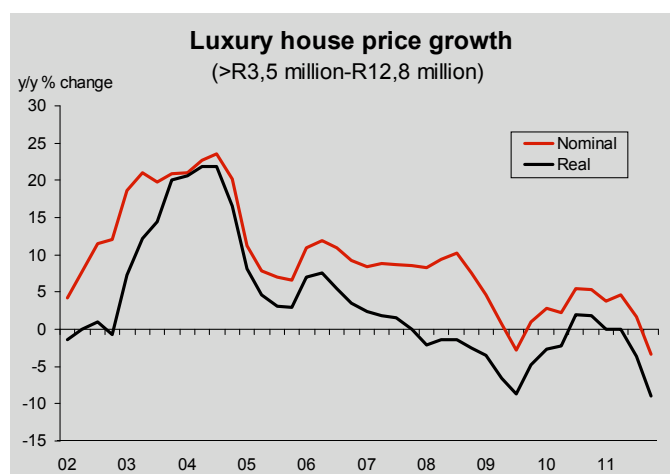
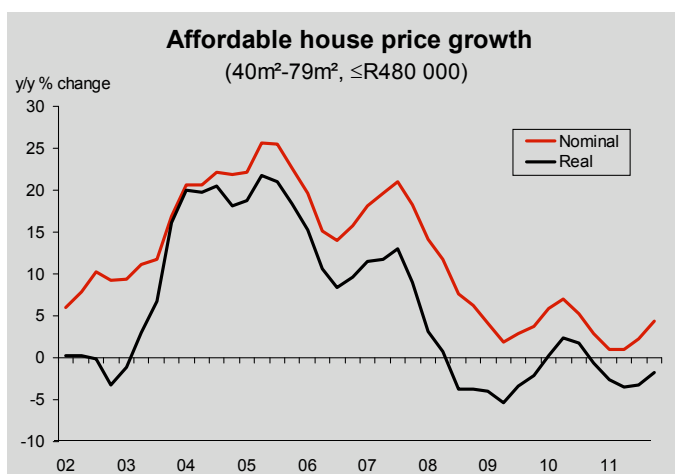
Residential fixed capital formation and building activity

The real value of residential fixed capital formation contracted further in the third quarter of 2011, but at a much slower pace of -3,8% year-on-year (y/y) compared with -7,8% y/y in the second quarter and -15,4% y/y in the third quarter of 2010.

Residential building activity showed some improvement in the first eleven months of 2011 compared with a year ago, and is set to be reflected in a higher level of residential investment in 2012.

Mortgage finance

Growth in the value of outstanding household mortgage balances was around 1% y/y towards the end of last year. The slowing pace of growth in these mortgage balances in 2011 is a reflection of the state of household finances, affected by factors such as debt levels, impaired credit records and rising consumer price inflation. Against this background, the value of new mortgage loans granted by banks in respect of



residential property was down by 33% y/y in the third quarter of 2011.

The ratio of outstanding household mortgage debt to disposable income was around 44% in the third quarter of 2011 (44,8% in the second quarter). This was the net result of third-quarter growth of 0,3% in household mortgage debt and nominal disposable income growth of 2% compared with the preceding quarter. Households' mortgage debt was just below 59% of their total debt in the third quarter last year.

The cost of servicing household mortgage debt as a percentage of disposable income was unchanged at around 4% in the third quarter of last year compared with the second quarter. This was the net result of the above-mentioned growth in household mortgage debt and nominal disposable income, as well as a stable mortgage interest rate in the third quarter.

House price trends in 2011

In 2011 nominal house price growth was noticeably lower compared with the previous year, while in real terms, i.e. after adjustment for the effect of consumer price inflation, house prices were on average lower than in 2010.

The slower pace of house price growth in 2011 compared with the previous year can be attributed to the combined effect of the following factors (also see sections above on the economy and the household sector), eventually having an impact on housing demand and house price trends:

- After interest rates were cut by 50 basis points in late 2008 and another 450 basis points in 2009, rates were lowered by only 150 basis points in 2010, while remaining stable in 2011. These interest rate movements affected debt repayments, including mortgage repayments.
- Many consumers still experienced some financial pressure towards the end of 2011 against the

background of a low level of savings; rising inflation, impacting spending power as well as the performance of house prices in real terms; relatively high levels of debt in relation to income; and damaged credit records, affecting the accessibility of credit.

- Employment remained under pressure in the first half of 2011, improving only slightly in the third quarter of the year.
- Consumer confidence was relatively low in 2011 compared with 2010, especially in the second half of last year.

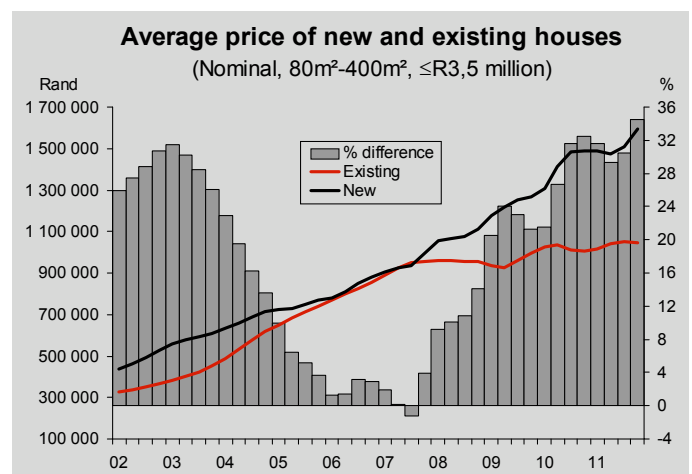
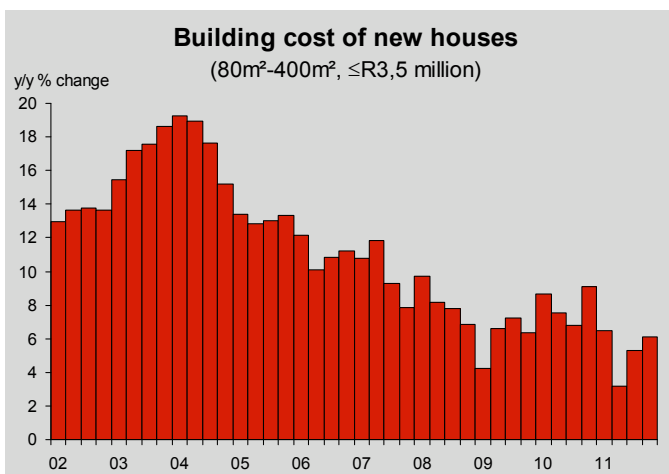
Although nominal year-on-year house price growth was slightly higher in the final quarter of 2011 compared with the third quarter, early signs of a slowdown in price growth were evident towards the end of the year in view of the above-mentioned factors affecting the market. Real year-on-year house price deflation accelerated marginally in the fourth quarter on the back of rising inflation during this period.

The house price trends referred to in this report are based on the value of homes for which Absa received applications and approved mortgage finance.

Affordable housing

Last year saw the average price of affordable housing (houses of 40m² - 79m² and priced at up to R480 000 in 2011) rising by a nominal 2,4% (5,2% in 2010). This translated into a real price decline of 2,5% in 2011 after an increase of 0,9% in 2010.

In the fourth quarter of 2011, the average nominal price of affordable houses increased by 4,4% y/y to about R321 600, with price growth of 2,2% y/y recorded in the third quarter. In real terms, house prices in the affordable segment declined by 1,6% y/y in the final quarter of last year, compared with a real price decline of 3,1% y/y recorded in the preceding quarter.



Middle-segment housing

The average value of houses in the middle segment of the market (houses of 80m² - 400m² and priced at R3,5 million or less in 2011) was up by 2,2% in 2011, after rising by 7,3% in 2010. Real price deflation of 2,7% was registered in 2011, after prices increased by a real 2,9% in 2010.

In the fourth quarter of 2011 middle-segment home values were up by 4,8% y/y in nominal terms (4,3% y/y in the third quarter), which brought the average house price to a level of about R1 071 400 in the quarter. In real terms, house prices in the middle segment dropped by 1,3% y/y in the final quarter of last year (-1,1% y/y in the third quarter).

The following price growth occurred in the three middle-segment categories of the housing market in 2011:

- Small houses (80m² - 140m²): -4,2% y/y nominal and -8,7% y/y real.
- Medium houses (141m² - 220m²): 1,7% y/y nominal and -3,2% y/y real.
- Large houses (221m² - 400m²): 3,2% y/y nominal and -1,8% y/y real.

Luxury housing

Nominal house price growth of 1,9% occurred last year in the luxury segment (houses valued at between R3,5 million and R12,8 million in 2011) compared with price growth of 3,8% in 2010. After adjustment for the effect of inflation, house prices in this category were on average down by a real 3% in 2011, after declining by 0,4% in 2010.

The average nominal price of luxury housing dropped by 3,3% y/y in the final quarter of 2011 (+1,7% y/y in the preceding quarter), while in real terms, prices in this segment on the market were down by an average 8,9% y/y in the fourth quarter (-3,5% y/y in the third quarter).

Regional house prices

On a regional basis nominal house price growth was recorded in some provinces, major metropolitan areas and along the coast, while in a few regions some real price declines occurred in 2011 compared with 2010.

While affected by general economic trends, the residential property market at regional level is in many respects also influenced by area-specific factors and developments.

House prices in the middle segment of the market performed as follows at provincial level in 2011:

- Free State: Up by a nominal 6,4% (1,3% in real terms).
- Mpumalanga: A nominal 5,8% higher (0,7% in real terms).

- Gauteng: 3,7% higher in nominal terms (-1,3% in real terms).
- KwaZulu-Natal: Up by 3,5% in nominal terms (-1,4% in real terms).
- Northern Cape: 1,9% higher in nominal terms (-2,9% in real terms).
- North-West: A nominal 1,1% higher (-3,7% in real terms).
- Limpopo: Down by a nominal 0,6% (-5,3% in real terms).
- Western Cape: Down by 1,4% in nominal terms (-6,1% in real terms).
- Eastern Cape: Down by a nominal 1,5% (-6,2% in real terms).

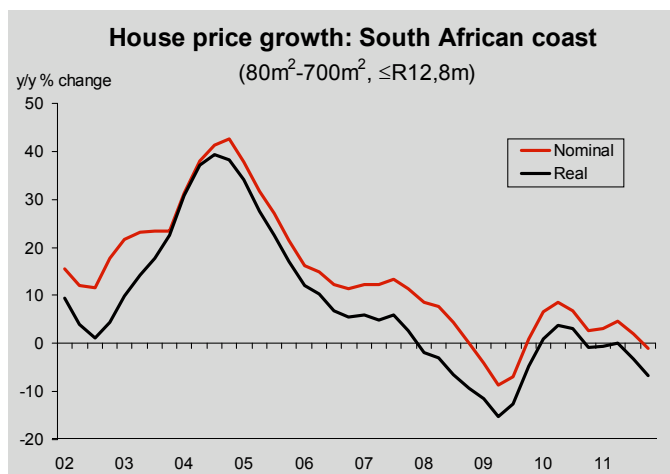
The performance of middle-segment house prices in the major metropolitan areas was as follows in 2011:

- Greater Johannesburg: 5,5% higher in nominal terms (-0,5% in real terms).
- Bloemfontein: 2,5% higher in nominal terms (-2,4% in real terms).
- Pretoria: Up by 2,1% in nominal terms (-2,8% in real terms).
- Durban: Up by a nominal 1,2% (-3,6% in real terms).
- Cape Town: Down by 1,1% in nominal terms (-5,8% in real terms).
- Port Elizabeth/Uitenhage: Down by a nominal 3,2% (-7,8% in real terms).
- East London: Down by 4,8% in nominal terms (-9,4% in real terms).

Along the country's coast the average price of houses of between 80m² and 700m² and priced up to R12,8 million in 2011, increased in nominal terms in the past year compared with 2010, but was lower in real terms.

Last year's house price growth was as follows in the coastal regions:

- All coastal regions: Up by 2,2% in nominal terms (-2,7% in real terms).



- KwaZulu-Natal: Up by a nominal 7,7% (2,6% in real terms).
- Western Cape: 3,4% higher in nominal terms (-1,5% in real terms).
- Eastern Cape: Marginally higher by a nominal 0,1% (-4,7% in real terms).

Building costs and new and existing house price trends

In 2011 the cost of having a new middle-segment house built was up by a nominal 5,3% (8% in 2010). In view of this increase in building costs, the average nominal price of a new house was a nominal 6,6% higher at a level of about R1 516 400 last year. This translated into real price growth of 1,5% in the past year. The average nominal price of an existing house came to about R1 037 800 in 2011 (up by 1,8% in nominal terms, but down by 3,1% in real terms compared with 2010). This made it R478 600, or 31,6%, cheaper to have bought an existing house than to have built a new house in 2011.

In the fourth quarter of 2011 the cost of building a new house was up by a nominal 6,1% y/y (5,3% y/y in the third quarter), which was in line with the average headline consumer price inflation rate in the quarter. The average nominal price of a new house increased by 7,3% y/y to about R1 596 600 in the fourth quarter, which translated into a real increase of 1,1% y/y. The average price of an existing house was up by a nominal 4% y/y to about R1 045 600 in the fourth quarter, which came to a real decline of 2% y/y in the quarter. As a result, it was R551 000, or 34,5%, cheaper to have bought an existing house than to have a new one built in the fourth quarter of last year.

Factors impacting building costs, and eventually the price of new housing, include material costs; equipment costs; transport costs; labour costs; developer and contractor profit margins; and the cost of developing land for residential purposes, which is impacted by

aspects such as scarcity, the availability of services, the cost of rezoning, and the demolition of old and unwanted structures where applicable.

Land values

The average land value for new housing in the middle and luxury segments of the market for which Absa received applications and approved mortgage finance, dropped by a nominal 1,1% to about R493 500 in 2011, after rising by 10,4% in 2010. In real terms land values were down by 5,9% in 2011 (+5,8% in 2010).

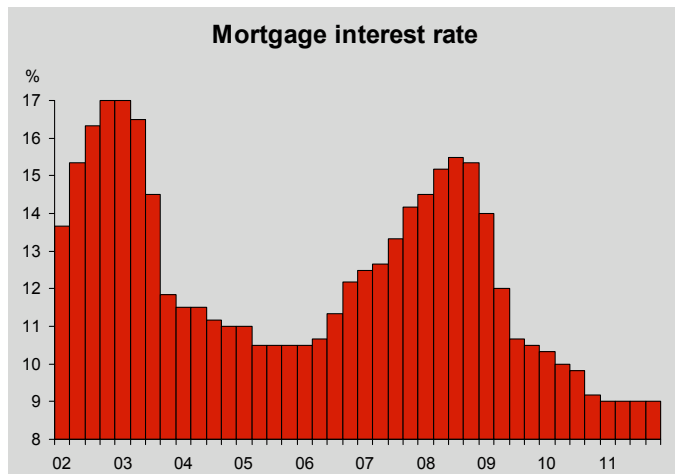
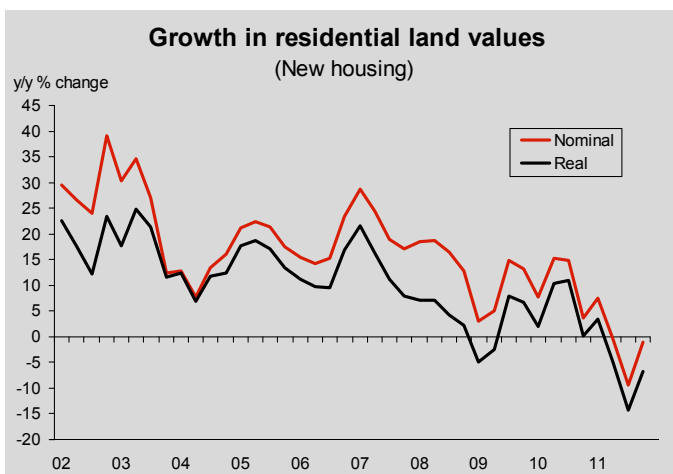
In the fourth quarter of 2011 the average value of vacant land for new housing was down by 1% y/y to R493 900, while in real terms prices dropped by 6,7% y/y in the quarter.

Interest rates and mortgage repayments

Interest rates remained unchanged throughout 2011 after last cut in November 2010. This came against the background of rising headline consumer price inflation during the course of last year, while economic growth slowed down markedly in the second and third quarters in view of global economic developments and labour action in a number of sectors in the economy.

Banks' prime and variable mortgage interest rates are currently at a level of 9%, which are the lowest lending rates since late 1973/early 1974. The current variable mortgage rate of 9% has the effect of monthly mortgage repayments being 33,5% lower compared with early December 2008, when the mortgage rate was 15,5%. The downward trend in interest rates between late 2008 and late 2010, and rates remaining stable in 2011, had a positive effect on the affordability of housing and mortgage finance over the past three years.

The impact of changes in the mortgage interest rate is reflected in the relevant tables at the back of the report, presenting monthly mortgage repayments for various loan amounts at various interest rates, as well as



mortgage loan amounts based on various fixed monthly repayments at various interest rates. These calculations are based on a 20-year repayment term.

Affordability of housing

The ratios of house prices and mortgage repayments to household disposable income, which reflect the affordability of housing, improved only marginally in the third quarter of 2011 compared with the second quarter (see graph on the affordability of housing). This was the net result of trends in house price and income growth in the quarter, while interest rates remained unchanged during this period.

Despite the affordability of housing remaining favourable up to late 2011, many households' ability to take advantage of these affordability trends continued to be hampered by a still relatively high debt-to-income ratio of 75%; a large percentage of credit-active consumers having impaired credit records; the impact of the NCA; and banks' resultant lending criteria. The slowdown in the growth rate of outstanding household mortgage balances during the course of last year is an indication of the impact of these factors on the residential property market and the demand for and accessibility of mortgage finance.

A downward/upward trend in the above-mentioned two housing affordability ratios implies that house prices and mortgage repayments are rising at a slower/faster pace than household disposable income. The result is that housing has in effect become more/less affordable.

Outlook

The economy

After having expanded by an estimated real 3% in

2011, the South African economy is forecast to grow by 2,8% in 2012. The lower growth expected this year will largely be the result of a slower pace of expansion projected for the world economy, which will impact South Africa's export performance. A weaker rand exchange rate compared with last year will, however, support the country's export earnings. Expected trends in domestic inflation and interest rates will also impact the economy during the course of the year (see below).

Headline consumer price inflation, already outside the inflation target range of 3%-6%, is forecast to remain above the 6% level throughout 2012, driven by upward pressure coming from food price inflation, fuel prices, electricity prices and property running costs such as municipal rates, taxes and levies.

Based on the abovementioned expectations regarding the performance of the economy and inflation, interest rates are projected to remain at current levels until late this year before being hiked on the back of inflationary pressures.

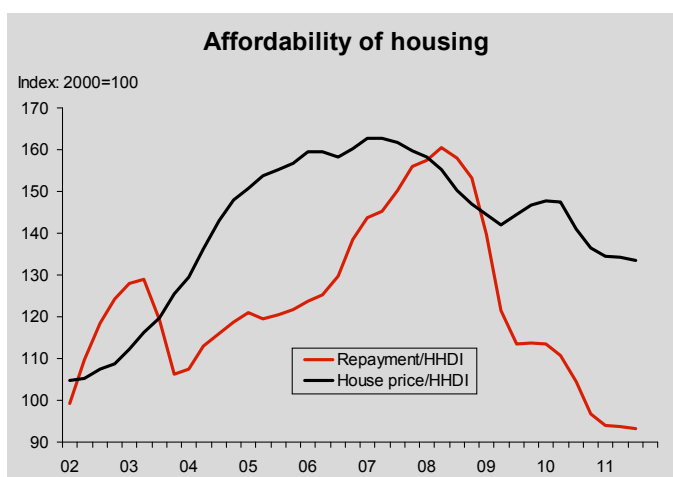
The household sector

Growth in real household disposable income is forecast to slow down to 3,7% in 2012 from an estimated 5,1% in 2011, impacted by lower economic growth, employment set to rise only marginally and inflation to remain relatively high. With the household sector's debt to remain around 75% of disposable income, the ratio of net saving to income continuing to be in negative territory and interest rates expected to remain unchanged before being hiked late this year, growth in household consumption expenditure is projected to slow down to 3,8% from an estimated 4,9% in 2011.

The residential property market

The residential property market is expected to continue to reflect conditions and developments in the macro economy and the household sector, impacting market activity, transaction volumes and price trends.

Nominal price growth in the middle segment of the housing market is forecast to remain relatively low in 2012 after coming in at 2,2% in 2011. In real terms, i.e. after adjustment for the effect of inflation, house prices are set to deflate further in 2012, based on expected low nominal price growth and headline consumer price inflation to remain above the 6% level. The continued subdued performance expected from property prices will be the result of the above-mentioned developments and forecasts with regard to the macro economy and the household sector.



Statistics

Average nominal house prices											
	2008 Rand	2009 Rand	2010 Rand	2011 Rand	2010		2011				
					Q4 Rand	Q1 Rand	Q2 Rand	Q4 Rand	Q4		
									Rand	q/q % Δ	y/y % Δ
National											
Middle segment (80m²-400m², ≤R3,5m)	967 029	964 738	1 035 142	1 057 825	1 022 791	1 033 181	1 055 615	1 071 126	1 071 377	0,0	4,8
Small (80m ² -140m ² , ≤R3,5m)	685 779	668 137	772 866	740 628	757 239	756 863	756 175	743 105	706 367	-4,9	-6,7
Medium (141m ² -220m ² , ≤R3,5m)	947 311	924 149	969 422	985 683	965 314	964 179	982 488	1 003 812	992 252	-1,2	2,8
Large (221m ² -400m ² , ≤R3,5m)	1 386 073	1 386 756	1 443 903	1 489 489	1 448 260	1 478 992	1 470 723	1 478 692	1 529 548	3,4	5,6
New (80m ² -400m ² , ≤R3,5m)	1 076 463	1 228 179	1 422 608	1 516 368	1 487 633	1 487 684	1 472 244	1 508 912	1 596 631	5,8	7,3
Existing (80m ² -400m ² , ≤R3,5m)	957 308	954 807	1 019 798	1 037 831	1 005 023	1 017 402	1 039 741	1 048 545	1 045 637	-0,3	4,0
Affordable (40m²-79m², ≤R480 000)	283 384	292 692	307 862	315 140	307 996	308 978	311 743	316 017	321 622	1,8	4,4
Luxury (R3,5m-R12,8m)	4 431 221	4 497 833	4 670 266	4 759 353	4 803 554	4 790 175	4 798 146	4 769 109	4 644 696	-2,6	-3,3
Provinces											
Eastern Cape	866 349	830 356	908 413	894 494	890 077	908 253	907 037	897 781	860 513	-4,2	-3,3
Free State	727 207	754 271	837 982	891 820	827 445	811 523	888 859	954 359	917 799	-3,8	10,9
Gauteng	997 660	1 023 730	1 081 506	1 121 376	1 081 248	1 105 349	1 116 115	1 127 857	1 139 751	1,1	5,4
KwaZulu-Natal	854 020	852 691	927 094	959 533	880 639	934 059	983 206	982 687	936 346	-4,7	6,3
Limpopo	835 376	839 521	889 654	884 648	871 577	882 584	892 856	887 522	875 628	-1,3	0,5
Mpumalanga	799 396	810 365	854 756	904 057	854 154	881 054	906 432	908 642	920 099	1,3	7,7
North West	789 584	784 723	838 678	848 178	793 611	782 359	827 337	881 651	901 363	2,2	13,6
Northern Cape	667 298	697 453	777 145	792 086	788 409	745 982	703 012	789 217	930 135	17,9	18,0
Western Cape	1 103 391	1 099 511	1 176 938	1 160 108	1 177 944	1 159 473	1 146 356	1 163 916	1 174 650	0,9	-0,3
Metropolitan regions											
PE/Uitenhage (Eastern Cape)	895 222	816 734	896 458	867 897	898 286	918 984	902 149	853 414	797 041	-6,6	-11,3
East London (Eastern Cape)	1 000 342	1 017 482	1 050 370	999 769	1 046 641	1 007 625	960 198	977 895	1 053 357	7,7	0,6
Bloemfontein (Free State)	951 833	945 429	1 081 646	1 108 186	1 079 666	1 071 546	1 093 171	1 127 265	1 140 762	1,2	5,7
Greater Johannesburg (Gauteng)	1 043 914	1 076 810	1 106 413	1 167 313	1 101 628	1 148 878	1 155 433	1 167 898	1 204 034	3,1	9,3
Johannesburg Central & South	885 216	889 250	911 295	931 288	912 007	929 800	922 369	920 058	952 923	3,6	4,5
Johannesburg North & West	1 272 994	1 300 191	1 391 296	1 410 753	1 373 903	1 402 028	1 395 829	1 399 277	1 445 875	3,3	5,2
East Rand	912 478	932 779	951 190	1 026 698	956 364	976 154	1 005 666	1 042 057	1 082 916	3,9	13,2
Pretoria (Gauteng)	1 062 339	1 057 706	1 162 454	1 186 449	1 175 879	1 177 362	1 186 077	1 191 604	1 190 754	-0,1	1,3
Durban/Pinetown (KwaZulu-Natal)	980 686	916 910	996 521	1 008 384	917 342	966 658	1 017 388	1 047 916	1 001 574	-4,4	9,2
Cape Town (Western Cape)	1 097 945	1 097 366	1 198 240	1 185 257	1 193 387	1 164 308	1 148 814	1 194 479	1 233 427	3,3	3,4
Coastal regions											
South Africa	1 193 190	1 136 384	1 205 463	1 231 874	1 213 817	1 243 102	1 254 730	1 227 636	1 202 027	-2,1	-1,0
Western Cape	1 232 992	1 190 344	1 275 646	1 319 480	1 314 588	1 363 799	1 351 177	1 310 794	1 255 563	-4,2	-4,5
West Coast	1 270 947	1 136 304	1 239 517	1 329 221	1 337 175	1 384 678	1 371 227	1 315 184	1 245 795	-5,3	-6,8
Cape Peninsula and False Bay	1 208 631	1 159 155	1 245 742	1 275 136	1 251 282	1 281 308	1 284 362	1 279 120	1 255 756	-1,8	0,4
South Coast	1 318 177	1 307 083	1 374 135	1 431 011	1 497 118	1 563 066	1 520 766	1 381 994	1 258 219	-9,0	-16,0
Eastern Cape	1 103 501	1 033 668	1 078 476	1 079 174	1 061 725	1 096 390	1 088 912	1 049 686	1 081 707	3,1	1,9
KwaZulu-Natal	1 162 579	1 105 305	1 195 686	1 287 721	1 201 360	1 241 211	1 349 960	1 313 377	1 256 532	-4,3	4,6
South Coast	1 065 909	914 347	1 072 795	1 041 383	1 093 842	1 075 358	1 028 614	993 675	1 067 884	7,5	-2,4
North Coast	1 237 499	1 203 365	1 277 161	1 411 705	1 271 247	1 345 960	1 480 029	1 473 228	1 347 604	-8,5	6,0

House prices are based on the total smoothed purchase price of houses (including all improvements) in respect of which loan applications were approved by Absa Bank. House prices for the provinces and metropolitan regions are smoothed for all houses between 80m² and 400m², up to R3,5 million. House prices for the coastal regions are smoothed for all houses between 80m² and 700m², up to R12,8 million.

Key variables and projections									
Annual averages									
		2006	2007	2008	2009	2010	2011	2012	2013
\$/R exchange rate	Rand per US\$	6,77	7,05	8,25	8,44	7,32	7,25	7,94	7,60
CPI headline inflation rate	%	4,6	7,1	11,0	7,1	4,3	5,0	6,5	5,7
Mortgage interest rate	%	11,2	13,2	15,1	11,7	9,8	9,0	9,1	10,4
Household disposable income	Real % Δ	7,3	5,2	2,3	-1,1	4,2	5,1	3,7	4,2
Final consumption by households	Real % Δ	8,3	5,5	2,2	-1,6	3,7	4,9	3,8	4,3
Household saving to disposable income	%	-0,8	-1,2	-1,1	-0,7	-0,3	-0,1	-0,1	-0,2
Household debt to disposable income	%	72,8	80,0	82,3	81,0	78,2	75,7	75,7	76,7
Household debt servicing to disposable income	%	8,1	10,5	12,4	9,5	7,7	6,8	6,9	8,0
Gross domestic product	Real % Δ	5,6	5,5	3,6	-1,5	2,9	3,0	2,8	3,8
House prices (80m²-400m², ≤R3,5m)	Nominal % Δ	15,3	14,6	3,9	-0,2	7,3	2,2	3,1	4,5
House prices (80m²-400m², ≤R3,5m)	Real % Δ	10,2	7,0	-6,3	-6,9	2,9	-2,7	-3,2	-1,1

Average nominal house prices by middle-segment category in the fourth quarter 2011

	Small: 80m ² – 140m ²			Medium: 141m ² – 220m ²			Large: 221m ² – 400m ²		
	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ	Price Rand	q/q % Δ	y/y % Δ
National and provinces									
South Africa	706 367	-4,9	-6,7	992 252	-1,2	2,8	1 529 548	3,4	5,6
Eastern Cape	529 505	-11,4	-18,1	819 780	-4,0	-7,0	1 329 236	3,9	-2,5
Free State	656 807	-2,1	5,1	743 910	-5,5	12,8	1 183 736	0,0	3,0
Gauteng	734 490	-2,8	-4,0	994 424	-0,6	5,0	1 570 996	2,0	5,8
KwaZulu-Natal	639 710	-1,3	2,3	891 761	-3,4	-2,7	1 450 931	-3,8	7,1
Mpumalanga	643 428	-2,7	-2,4	913 678	3,2	7,9	1 270 958	3,6	8,0
North West	673 707	12,4	20,8	866 366	1,8	16,7	1 146 171	4,3	5,6
Northern Cape	731 973	14,5	18,2	790 169	8,7	3,1	1 403 582	35,9	41,3
Limpopo	615 482	-2,0	-3,7	916 462	-2,3	-1,4	1 129 061	-0,7	-14,3
Western Cape	790 056	-6,7	-13,4	1 151 186	-0,6	-5,6	1 779 920	3,7	7,3
Metropolitan regions									
PE/Uitenhage (Eastern Cape)	514 312	0,4	-18,4	736 806	-9,0	-14,6	1 243 335	3,5	-12,9
East London (Eastern Cape)	775 534	-1,2	-8,8	922 875	-0,5	-13,2	1 418 720	2,7	-3,3
Bloemfontein (Free State)	782 942	-4,7	2,4	1 013 177	7,6	8,8	1 486 982	6,3	8,5
Greater Johannesburg (Gauteng)	755 841	-1,8	-4,6	1 101 750	4,0	11,9	1 653 525	1,9	8,1
Johannesburg Central & South	593 324	7,2	-4,9	811 450	-0,4	-6,7	1 635 980	-0,1	10,0
Johannesburg North & West	932 871	-0,6	-10,0	1 339 381	4,5	13,8	1 865 487	4,7	9,1
East Rand	716 736	-8,0	-3,4	1 003 411	6,1	14,1	1 426 784	1,9	7,1
Pretoria (Gauteng)	717 719	-7,4	-13,8	1 051 405	0,9	4,5	1 565 081	0,1	3,1
Durban/Pinetown (KwaZulu-Natal)	710 475	-3,2	4,2	982 829	1,9	7,1	1 637 605	1,7	13,7
Cape Town (Western Cape)	822 262	-6,2	-11,1	1 257 405	3,3	-0,8	1 838 500	4,9	6,6

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m² and 400m², up to R3,5 million, in respect of which loan applications were approved by Absa Bank.

Monthly mortgage repayment (rand, calculated over a period of 20 years)

Mortgage amount	Repayment at a mortgage rate of													
	9,0%	9,5%	10,0%	10,5%	11,0%	11,5%	12,0%	12,5%	13,0%	13,5%	14,0%	14,5%	15,0%	15,5%
100 000	900	932	965	998	1 032	1 066	1 101	1 136	1 172	1 207	1 244	1 280	1 317	1 354
200 000	1 799	1 864	1 930	1 997	2 064	2 133	2 202	2 272	2 343	2 415	2 487	2 560	2 634	2 708
300 000	2 699	2 796	2 895	2 995	3 097	3 199	3 303	3 408	3 515	3 622	3 731	3 840	3 950	4 062
400 000	3 599	3 729	3 860	3 994	4 129	4 266	4 404	4 545	4 686	4 829	4 974	5 120	5 267	5 416
500 000	4 499	4 661	4 825	4 992	5 161	5 332	5 505	5 681	5 858	6 037	6 218	6 400	6 584	6 769
600 000	5 398	5 593	5 790	5 990	6 193	6 399	6 607	6 817	7 029	7 244	7 461	7 680	7 901	8 123
700 000	6 298	6 525	6 755	6 989	7 225	7 465	7 708	7 953	8 201	8 452	8 705	8 960	9 218	9 477
800 000	7 198	7 457	7 720	7 987	8 258	8 531	8 809	9 089	9 373	9 659	9 948	10 240	10 534	10 831
900 000	8 098	8 389	8 685	8 985	9 290	9 598	9 910	10 225	10 544	10 866	11 192	11 520	11 851	12 185
1 000 000	8 997	9 321	9 650	9 984	10 322	10 664	11 011	11 361	11 716	12 074	12 435	12 800	13 168	13 539
1 500 000	13 496	13 982	14 475	14 976	15 483	15 996	16 516	17 042	17 574	18 111	18 653	19 200	19 752	20 308
2 000 000	17 995	18 643	19 300	19 968	20 644	21 329	22 022	22 723	23 432	24 147	24 870	25 600	26 336	27 078
2 500 000	22 493	23 303	24 126	24 959	25 805	26 661	27 527	28 404	29 289	30 184	31 088	32 000	32 920	33 847

Mortgage amount at fixed monthly repayment (rand, calculated over a period of 20 years)

Mortgage repayment	Mortgage amount at a mortgage rate of													
	9,0%	9,5%	10,0%	10,5%	11,0%	11,5%	12,0%	12,5%	13,0%	13,5%	14,0%	14,5%	15,0%	15,5%
1 000	111 145	107 281	103 625	100 162	96 882	93 771	90 819	88 017	85 355	82 824	80 417	78 125	75 942	73 862
2 000	222 290	214 562	207 249	200 325	193 763	187 542	181 639	176 035	170 710	165 649	160 834	156 250	151 885	147 724
3 000	333 435	321 843	310 874	300 487	290 645	281 313	272 458	264 052	256 065	248 473	241 250	234 375	227 827	221 585
4 000	444 580	429 124	414 498	400 649	387 526	375 083	363 278	352 069	341 421	331 297	321 667	312 501	303 769	295 447
5 000	555 725	536 405	518 123	500 811	484 408	468 854	454 097	440 086	426 776	414 122	402 084	390 626	379 711	369 309
6 000	666 870	643 686	621 748	600 974	581 289	562 625	544 916	528 104	512 131	496 946	482 501	468 751	455 654	443 171
7 000	778 015	750 967	725 372	701 136	678 171	656 396	635 736	616 121	597 486	579 770	562 918	546 876	531 596	517 032
8 000	889 160	858 248	828 997	801 298	775 052	750 167	726 555	704 138	682 841	662 595	643 335	625 001	607 538	590 894
9 000	1 000 305	965 529	932 622	901 460	871 934	843 938	817 375	792 156	768 196	745 419	723 751	703 126	683 480	664 756
10 000	1 111 450	1 072 810	1 036 246	1 001 623	968 815	937 708	908 194	880 173	853 551	828 243	804 168	781 251	759 423	738 618
15 000	1 667 174	1 609 216	1 554 369	1 502 434	1 453 223	1 406 563	1 362 291	1 320 259	1 280 327	1 242 365	1 206 252	1 171 877	1 139 134	1 107 926
20 000	2 222 899	2 145 621	2 072 492	2 003 245	1 937 631	1 875 417	1 816 388	1 760 346	1 707 103	1 656 487	1 608 337	1 562 503	1 518 846	1 477 235
25 000	2 778 624	2 682 026	2 590 615	2 504 057	2 422 038	2 344 271	2 270 485	2 200 432	2 133 878	2 070 608	2 010 421	1 953 128	1 898 557	1 846 544