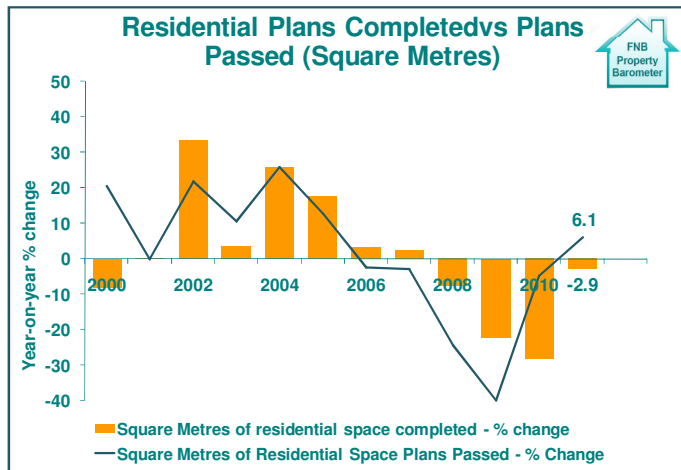


DECEMBER RESIDENTIAL BUILDING STATS

2011 saw further decline in square metres of residential buildings completed, but the pace of decline was sharply slowed compared to 2010

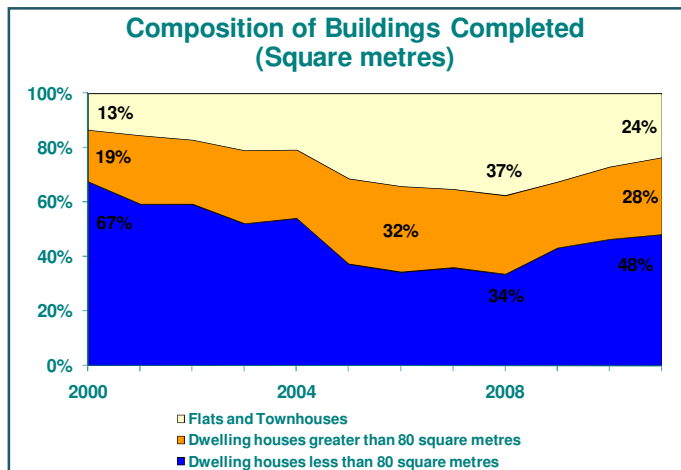
16 February 2012



2011 proved to be the year in which residential building activity moved towards some semblance of stability, albeit at a very low level, with only a minor further decline on 2010's levels.

In terms of square metres of residential property completed, 2011 saw a small -2.9% decline, which was far less significant than the -28% recorded for 2010.

And if we examine square metreage of building plans passed for 2011, growth of 6.1%, after a decline of -4.9% in 2010, suggests that 2012 may finally see positive annual growth in completions, provided the economy and interest rates continue to behave themselves.



In terms of home building composition, the affordable housing drive appears visible in the numbers.

The "Flats and Townhouses Segment" more a "suburban" than a "township" phenomena, was arguably the most oversupplied segment following the boom years, and it saw its percentage of total building completions decline further to 24% in 2011 as the correction continued.

By contrast, the "Dwelling Houses smaller than 80 square metres" category saw its share rise further from 46% to 48% of total completions. This, we believe, is reflective of the ongoing building drive in the so-called "Affordable Housing Segment", the segment that was arguably least over-supplied after

the property boom.

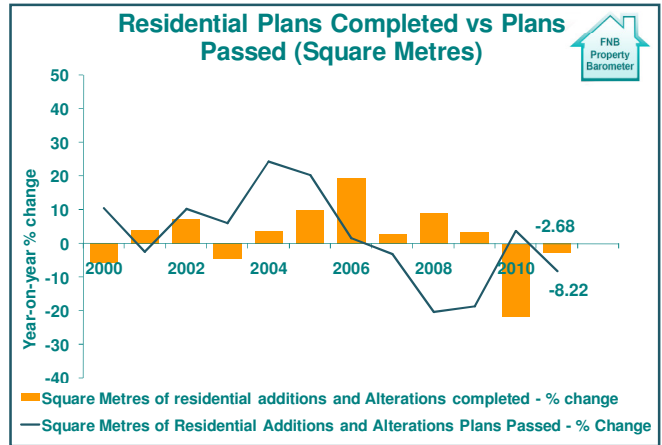
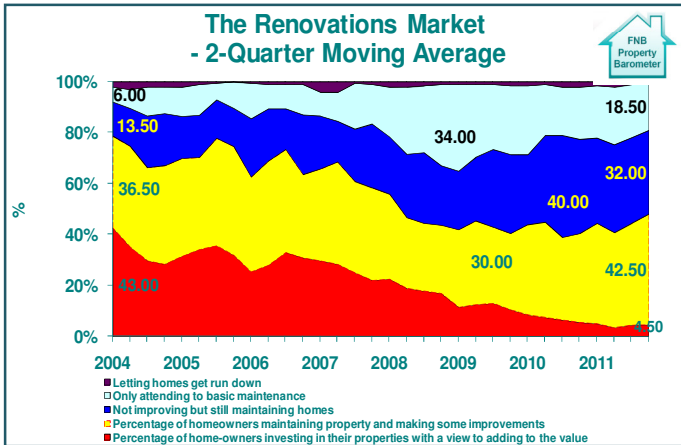
Sandwiched in the middle is the category "Dwelling Houses larger than 80 square metres", which saw its share rise marginally from 27% to 28% of total completions.

So affordability remains key, smaller is better for many, and we expect further broad decline in average size of homes completed in 2012.

THE FNB ESTATE AGENT SURVEY FINDINGS POINT TO ONGOING WEAKNESS IN ADDITIONS AND ALTERATIONS

While the findings of the FNB Estate Agent Survey point to improved levels of home maintenance, they do not point to much in the way of "value adding upgrades" to homes. In the final half of 2011, the percentage of homeowners estimated to be doing value adding upgrades to properties was a meager 4.5%, and showing little sign of improvement. This is a far cry from the 43% of homeowners believed to be doing such upgrades back in early-2004.

Not surprisingly, therefore, square metres of additions and alterations in 2011 also declined mildly further by -2.7%, while additions and alterations plans passed suggested no improvement to come any time soon, having declined by -8.2% last year.

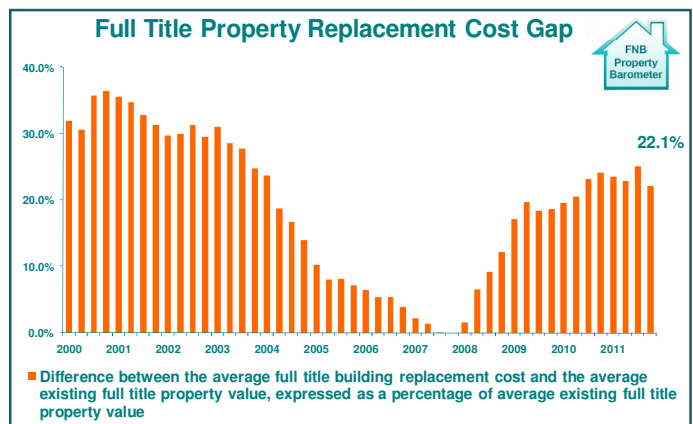
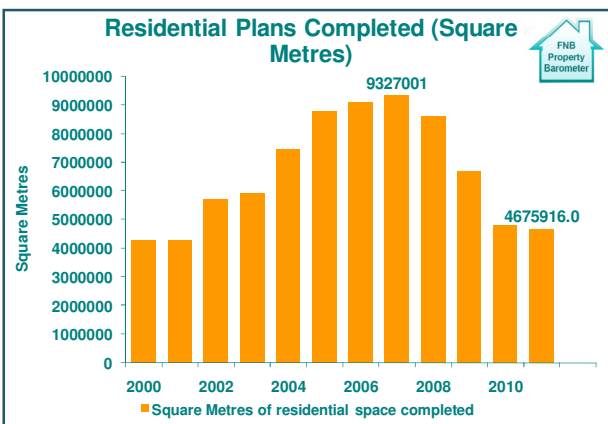


OUTLOOK FOR 2012 – VERY MILD POSITIVE GROWTH IN RESIDENTIAL BUILDING COMPLETIONS EXPECTED

At almost exactly 50% of peak completions levels reached in 2007, we believe that the level of building activity will more-or-less stabilize in 2012, and show some mild low single-digit positive growth of around 2-5%. Building plans passed for 2011 showed single-digit growth, and should interest rates stay at current levels, and the economy continue to grow albeit slower, some growth in completions can be achieved.

However, we would caution against expecting too much. It remains a challenging environment for the residential building sector. Economic growth is expected to be slower in 2012 compared to 2011, and 2011 already saw a growth slowing on 2010.

In addition, the existing home market would appear to be well supplied and experiencing mediocre demand. Until the existing home market achieves a better balance, and more significant house price growth, it is difficult to see any meaningful improvement in building activity. In such a well-supplied environment, it is difficult for the property development sector to bring competitively priced new housing stock to the market. This is especially so with a 22.1% replacement cost gap, meaning that the replacement cost of the average existing house is 22.1% higher than the values of the existing house. This gap has narrowed slightly, but remains wide given the soft existing home market.



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Building Plans Passed

Residential Buildings	2009	2010	2011	Q2-2011	Q3-2011	Q4-2011	Oct-11	Nov-11	Dec-11
Dwelling houses less than 80 m.sq (Number)	25,115	20,752	22,570	4,895	6,502	5,127	1,524	2,187	1,416
<i>Y/Y % change</i>	-26.5	-17.4	8.8	-31.2	9.9	27.5	5.2	26.7	67.2
Dwelling houses less than 80 m.sq (m ²)	1,100,737	928,325	1,089,732	232,372	310,315	256,910	76,662	107,749	72,499
<i>Y/Y % change</i>	-26.5	-15.7	17.4	-24.8	18.9	32.5	7.4	32.2	77.0
Dwelling houses less than 80 m.sq (R'000)	2,214,516	2,092,786	2,756,186	569,613	802,731	777,625	248,764	331,524	197,337
<i>Y/Y % change</i>	-26.6	-5.5	31.7	-6.5	43.0	47.2	21.0	52.4	87.7
Dwelling houses larger than 80 m.sq (Number)	13,785	14,885	15,526	4,085	4,033	4,114	1,459	1,484	1,171
<i>Y/Y % change</i>	-35.7	8.0	4.3	5.8	-4.3	16.9	13.4	16.5	22.2
Dwelling houses larger than 80 m.sq (m ²)	3,618,817	3,809,452	3,757,796	986,373	949,927	951,484	323,089	361,492	266,903
<i>Y/Y % change</i>	-33.8	5.3	-1.4	0.5	-11.6	5.4	2.5	9.6	3.6
Dwelling houses larger than 80 m.sq (R'000)	15,514,207	17,931,885	18,875,676	4,772,185	4,893,087	5,003,140	1,689,642	1,929,067	1,384,431
<i>Y/Y % change</i>	-25.4	15.6	5.3	4.9	-4.2	15.6	12.9	19.2	14.3
Flats and Townhouses (Number)	15,490	11,442	14,144	3,990	4,264	2,425	646	1,004	775
<i>Y/Y % change</i>	-47.7	-26.1	23.6	18.5	20.3	1.7	-45.9	33.0	77.3
Flats and Townhouses (m ²)	1,413,920	1,095,784	1,344,024	395,136	386,407	261,448	58,246	112,842	90,360
<i>Y/Y % change</i>	-56.4	-22.5	22.7	29.7	11.4	5.2	-49.0	38.6	70.4
Flats and Townhouses (R'000)	6,387,401	5,568,757	6,848,990	1,908,475	2,057,130	1,417,336	308,530	628,823	479,983
<i>Y/Y % change</i>	-51.5	-12.8	23.0	22.4	15.4	8.4	-51.6	54.2	83.8
Total units plans passed (Number)	54,390	47,079	52,240	12,970	14,799	11,666	3,629	4,675	3,362
<i>Y/Y % change</i>	-36.2	-13.4	11.0	-9.6	8.2	17.5	-7.6	24.5	50.0
Total building plans passed (m²)	6,133,474	5,833,561	6,191,552	1,613,881	1,646,649	1,469,842	457,997	582,083	429,762
<i>Y/Y % change</i>	-39.9	-4.9	6.1	1.2	-2.1	9.3	-8.6	18.1	22.3
Other Residential Buildings (m ²)	264,521	197,567	93,348	13,172	17,470	18,270	1,431	6,049	10,790
<i>Y/Y % change</i>	-31.5	-25.3	-52.8	-72.8	-52.0	-62.1	-94.8	284.6	-42.8
Other Residential Buildings (R 000)	1,343,307	1,090,834	444,940	55,514	88,298	104,531	6,135	39,154	59,242
<i>Y/Y % change</i>	-19.1	-18.8	-59.2	-80.1	-53.4	-53.7	-95.6	519.6	-26.0
Total Residential Buildings (R 000)	25,459,431	26,684,262	28,925,792	7,305,787	7,841,246	7,302,632	2,253,071	2,928,568	2,120,993
<i>Y/Y % change</i>	-34.1	4.8	8.4	4.4	2.6	14.3	-9.1	30.2	27.9
Additions and Alterations									
Dwelling houses (m ²)	3,318,140	3,443,686	3,160,461	790,849	809,292	804,543	265,584	324,571	214,388
<i>Y/Y % change</i>	-18.7	3.8	-8.2	-7.1	-14.3	-4.3	-10.4	7.4	-11.5
Dwelling houses (R'000)	13,618,736	15,388,880	15,111,708	3,702,899	3,930,891	4,006,158	1,316,329	1,624,037	1,065,792
<i>Y/Y % change</i>	-8.5	13.0	-1.8	-1.8	-6.7	4.1	-3.8	17.3	-2.9

Buildings Completed

Residential Buildings	2009	2010	2011	Q2-2011	Q3-2011	Q4-2011	Oct-11	Nov-11	Dec-11
Dwelling houses less than 80 m.sq (Number)	24,579	18,858	19,495	4,640	5,500	4,612	1,432	1,607	1,573
<i>Y/Y % change</i>	4.7	-23.3	3.4	9.9	26.9	-20.8	-27.7	-29.4	0.3
Dwelling houses less than 80 m.sq (m ²)	1,075,337	837,429	905,859	222,217	255,048	221,595	68,530	79,229	73,836
<i>Y/Y % change</i>	1.9	-22.1	8.2	20.1	33.6	-17.0	-22.7	-22.2	-3.4
Dwelling houses less than 80 m.sq (R'000)	2,271,302	1,835,428	2,255,313	541,689	602,481	661,549	197,401	249,134	215,014
<i>Y/Y % change</i>	1.8	-19.2	22.9	36.4	43.8	5.9	2.0	10.1	4.8
Dwelling houses larger than 80 m.sq (Number)	13,906	10,856	11,455	2,722	3,197	3,070	1,084	1,100	886
<i>Y/Y % change</i>	-31.7	-21.9	5.5	5.1	8.1	9.1	11.1	9.6	6.1
Dwelling houses larger than 80 m.sq (m ²)	3,667,902	2,787,173	2,773,644	653,475	753,505	738,420	240,175	255,459	242,786
<i>Y/Y % change</i>	-22.8	-24.0	-0.5	-2.9	0.4	0.4	-1.8	-1.2	4.5
Dwelling houses larger than 80 m.sq (R'000)	14,613,516	12,323,412	13,372,278	3,089,155	3,589,126	3,804,406	1,216,671	1,291,022	1,296,713
<i>Y/Y % change</i>	-14.3	-15.7	8.5	3.5	7.5	13.2	10.9	8.1	21.0
Flats and Townhouses (Number)	18,462	10,965	9,545	2,300	2,073	2,850	1,174	1,014	662
<i>Y/Y % change</i>	-29.6	-40.6	-13.0	-17.2	-29.7	-7.5	28.4	-18.0	-28.9
Flats and Townhouses (m ²)	1,970,734	1,191,976	996,413	277,205	218,956	301,644	114,095	98,241	89,308
<i>Y/Y % change</i>	-29.8	-39.5	-16.4	-16.8	-24.6	-1.8	60.7	-26.9	-12.4
Flats and Townhouses (R'000)	8,499,489	5,645,543	4,845,205	1,246,963	1,001,033	1,609,583	606,618	512,903	490,062
<i>Y/Y % change</i>	-23.1	-33.6	-14.2	-19.2	-26.2	6.6	75.9	-20.2	-6.3
Total units completed (Number)	56,947	40,679	40,495	9,662	10,770	0	3,690	3,721	3,121
<i>Y/Y % change</i>	-18.7	-28.6	-0.5	0.8	5.2	-100.0	-4.7	-17.6	-6.4
Total building space completed (m²)	6,713,973	4,816,578	4,675,916	1,152,897	1,227,509	1,296,515	422,800	432,929	405,930
<i>Y/Y % change</i>	-22.1	-28.3	-2.9	-3.2	-0.4	-1.0	4.6	-12.5	-1.2
Other Residential Buildings (m ²)	223,633	192,468	149,523	42,072	16,416	38,213	5,617	24,296	8,300
<i>Y/Y % change</i>	10.9	-13.9	-22.3	-66.0	-9.5	24.2	903.0	1009.4	-70.4
Other Residential Buildings (R 000)	1,002,579	1,208,759	863,212	265,573	72,420	208,837	27,445	121,905	59,487
<i>Y/Y % change</i>	12.3	20.6	-28.6	-66.2	-18.9	-13.5	989.1	572.4	-73.1
Total Residential Buildings (R 000)	26,386,886	21,013,142	21,336,008	5,143,380	5,265,060	6,284,375	2,048,135	2,174,964	2,061,276
<i>Y/Y % change</i>	-15.5	-20.4	1.5	-9.9	1.2	9.5	25.1	4.5	2.0
Additions and Alterations									
Dwelling houses (m ²)	2,311,557	1,811,174	1,762,629	425,627	444,470	397,068	147,254	137,318	112,496
<i>Y/Y % change</i>	3.5	-21.6	-2.7	-10.6	-13.9	2.4	8.3	-5.6	6.0
Dwelling houses (R'000)	8,417,523	7,392,211	7,870,882	1,812,761	1,968,786	1,908,793	696,256	632,554	579,983
<i>Y/Y % change</i>	16.0	-12.2	6.5	-6.7	-8.7	17.2	26.2	2.5	26.1