

Home Loans



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Mortgage advances

30 July 2012

Further uptick in household mortgage advances growth

Growth in value of outstanding credit balances in the South African household sector was somewhat higher at 7,7% year-on-year (y/y) in June 2012 from 6,8% y/y in May. The outstanding amount of household credit was R1 229,2 billion at the end of June, up by R9,1 billion, or 0,7%, from R1 220,1 billion in May.

Outstanding private sector mortgage balances, comprising commercial and residential mortgage loans, showed growth of 2,2% y/y in June, impacted by a further slowdown in corporate mortgage balances growth of 1,1% y/y from 1,7% y/y in May. The amount of outstanding mortgage balances in the private sector was up by R3,7 billion, or 0,3%, to R1 080,2 billion in June from May.

In the household sector, growth in the value of outstanding mortgage balances, largely related to residential property, improved somewhat further to 2,6% y/y in June this year from 2,4% y/y in May. The outstanding amount was R786 billion in June, which translated to an increase of R2,3 billion compared with May. Outstanding household mortgage balances had a share of 63,9% in total household credit balances in June.

Although the mortgage interest rate was cut by 50 basis points to 8,5% in July, mortgage advances growth is forecast to remain in single digits in the rest of 2012, set to be impacted by economic trends, household finances and consumer confidence which will affect the property market.

Mortgage balances, inflation and interest rates

Month	Total mortgage balances, eop ¹		Household sector mortgage balances, end of period			CPI inflation %	Mortgage rate %, eop
	R billion	y/y % ch	R billion	y/y % ch	% of total		
June 2011	1 057.3	3.3	766.4	3.1	72.5	5.0	9.0
July 2011	1 058.4	2.9	767.2	2.7	72.5	5.3	9.0
August 2011	1 059.7	1.9	767.3	1.4	72.4	5.3	9.0
September 2011	1 064.5	2.2	768.6	1.2	72.2	5.7	9.0
October 2011	1 065.2	2.1	769.4	1.1	72.2	6.0	9.0
November 2011	1 067.0	1.9	771.4	1.0	72.3	6.1	9.0
December 2011	1 068.6	2.5	772.4	1.8	72.3	6.1	9.0
January 2012	1 068.6	2.4	773.5	1.6	72.4	6.3	9.0
February 2012	1 072.2	2.3	777.5	1.7	72.5	6.1	9.0
March 2012	1 073.2	2.6	781.5	2.1	72.8	6.0	9.0
April 2012	1 073.2	2.4	781.2	2.3	72.8	6.1	9.0
May 2012	1 076.5	2.2	783.7	2.4	72.8	5.7	9.0
June 2012	1 080.2	2.2	786.0	2.6	72.8	5.5	9.0
July 2012	-	-	-	-	-	-	8.5

¹Comprising commercial and residential mortgages (end of period (eop))

Sources: SARB, Stats SA



