

Home Loans



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Mortgage advances

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Low mortgage advances growth continues

The value of outstanding credit balances in the South African household sector showed growth of 8,1% year-on-year (y/y) up to July 2012 from 7,7% y/y up to June. The outstanding amount of household credit came to R1 235,5 billion at the end of July, up by R6,3billion, or 0,5%, from a level of R1 229,2 billion at the end of June. The upward trend in growth in household credit balances was largely driven by the components of instalment sales, rising by 18% y/y and unsecured credit, which recorded growth of 24,9% y/y up to July, while mortgage advances growth remained low.

Outstanding private sector mortgage balances, comprising both commercial and residential mortgage loans, registered growth of 1,9% y/y by end-July (see table below), impacted by a slowdown in corporate and household mortgage balances growth.

Growth in the value of outstanding household mortgage balances, mainly related to residential property, was marginally lower at 2,4% y/y at the end of July 2012 from 2,6% y/y at end-June. The outstanding amount of R786 billion was unchanged in July from June. The share of outstanding household mortgage balances in total household credit balances dropped further to 63,6% at the end of July this year from 63,9% in June and from just above 70% between late 2009 and mid-2010.

In view of economic developments, as well as the state of household finances and consumer confidence, mortgage advances growth is forecast to remain relatively low towards the end of 2012 and into 2013. However, interest rates are expected to remain low over the next 12 months, which will support the property market and keep up the affordability of mortgage finance.

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		
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	1 078.3	1.9	786.0	2.4	72.9	4.9	8.5

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

Sources: SARB, Stats SA



