

Home Loans



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Mortgage advances

29 November 2012

Continued slow pace of growth in mortgage balances

Year-on-year growth in the value of outstanding credit balances in the South African household sector came to 9,3% in the first ten months of 2012, up from 9,1% as at the end of September. With growth in household mortgage balances remaining subdued, the components of household instalment sales and unsecured credit continued to drive growth in total household credit balances. Growth in instalment sales balances (15,1% share in total household credit balances) was 19,5% year-on-year (y/y) at the end of October, with growth in unsecured credit balances (21,6% share) at 26,9% y/y over the same period.

Private sector mortgage balances, comprising both commercial and residential mortgage loans, showed growth of 1,9% year-on-year (y/y) up to the end of October. The value of outstanding household mortgage balances increased by 3% y/y to R792,1 billion in the first ten months of 2012. The share of outstanding household mortgage balances in total household credit balances continued to decline, reaching a level of 62,6% at the end of October. The further decline in the share of household mortgage balances is the result of continued low growth in this component of total credit balances, while strong growth is still evident in instalment sales and unsecured credit balances, causing the share of these components to be on an upward trend.

The forecast is for year-on-year growth in mortgage balances to remain in single digits up to the end of 2012 and in 2013, based on trends in and the outlook for the economy, household finances and consumer confidence. Interest rates are projected to remain low over the next 12 months against the background of economic prospects and consumer price inflation to stay within the inflation target range of 3% to 6%, despite some upward pressure in the short term. Low interest rates for longer will continue to support the property market and 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		
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	1 080.3	2.2	786.0	2.6	72.8	5.5	9.0
July 2012	1 078.4	1.9	786.0	2.5	72.9	4.9	8.5
August 2012	1 081.9	2.1	789.4	2.9	73.0	5.0	8.5
September 2012	1 082.5	1.7	790.5	2.8	73.0	5.5	8.5
October 2012	1 085.8	1.9	792.1	3.0	73.0	5.6	8.5

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

Sources: SARB, Stats SA



