Home Loans

## Contents




Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

45 Mooi Street
Johannesburg | 2001

PO Box 7735
Johannesburg | 2000
South Africa
Tel +27 (0) 11 350 7246
jacques@absa.co.za
www.absa.co.za





Completion date:
7 February 2014


# Housing review — First quarter 2014

- The South African economy is estimated to have grown by less than 2% in 2013, with third quarter growth recorded at a seasonally adjusted annual rate of only 0,7%. This low level of economic growth was largely the result of prolonged strike action in the automotive sector, which adversely affected manufacturing output. Real GDP growth of 2,7% is forecast for 2014 in view of a growing world economy, which will, together with a weaker rand exchange rate, contribute to faster export growth compared with 2013.
- Headline consumer price inflation averaged 5,7% in 2013, with inflationary pressures coming from rising transport and property running costs, a depreciating rand exchange rate and above-inflation wage hikes. Headline inflation is expected to average 6,2% in 2014. Domestic interest rates remained unchanged throughout 2013, but were hiked in early 2014 on the back of a depreciating exchange rate. The forecast is for interest rates to rise further this year.
- The consumer sector continued to experience financial strain during the course of 2013, with growth in real income and consumption expenditure remaining low on the back of subdued employment growth, the savings ratio not showing any improvement, the number of credit-active consumers with impaired credit records rising somewhat further up to the third quarter of the year and consumer confidence remaining at an extremely low level up to the end of the year.
- After being on an upward trend in the first half of 2013, nominal and real year-on-year house price growth in the middle segment of the market was lower in the second half of the year. However, middle-segment nominal and real price growth was higher for the full year compared with 2012. In both the categories of affordable and luxury housing nominal price growth occurred in 2013, although prices deflated in real terms in these two segments of the market from 2012.
- Although levelling out during the year, housing affordability remained favourable in 2013, as reflected by the ratios of house prices and mortgage repayments to household disposable income. Despite the low mortgage interest rate, many households' ability to take advantage of the relative affordability of housing continued to be affected by economic and household finance-related factors.
- Recent trends in and prospects for the economy, interest rates, household finances, consumer confidence, house price growth and property market-related factors in general, point to a continuation of single-digit nominal price growth in 2014-15. Real house price growth will be the result of the combined effect of nominal price trends and inflation, with real price deflation expected this year and next year.

Member of BARCLAYS

## Economic overview

### The global economy

The global economy showed some steady growth in 2013, with real output growing by 3% (3,1% in 2012), based on the International Monetary Fund's *World Economic Outlook Update* of January 2014. Momentum in economic activity picked up in the second half of last year due to an improvement in demand conditions in advanced economies. In emerging market and developing economies export growth was the main driver of higher levels of activity on the back of strengthening advanced-economy demand. Domestic demand in emerging market and developing economies remained largely subdued throughout 2013.

Real economic growth of 1,3% was recorded in advanced economies in 2013 (1,4% in 2012), with emerging market and developing economies expanding by a real 4,7% last year, from 4,9% in 2012. Growth in the US was lower at 1,9% in 2013 from 2,8% in 2012, whereas the Euro area experienced a further contraction of 0,4% in real output last year after contracting by 0,7% in 2012. Growth in real output in Sub-Saharan Africa improved somewhat to 5,1% in 2013 from 4,8% in the preceding year.

Inflationary pressures continued to remain subdued in advanced economies, with consumer price inflation down to 1,4% in 2013 from 2% in 2012, while inflation in emerging market and developing economies was virtually unchanged at 6,1% last year from 6% in 2012.

Monetary policy remained accommodative globally against the background of abovementioned economic conditions as well as the outlook for growth and inflation.

### The South African economy

The domestic economy is estimated to have grown by just below 2% in 2013, as measured by growth in the real gross domestic product (GDP). Third quarter growth was recorded at a seasonally adjusted annual rate of only 0,7%, which was largely the result of prolonged labour strikes in the automotive sector, which negatively affected output in the manufacturing sector.

Headline consumer price inflation averaged 5,7% in 2013, with inflationary pressures resulting from rising transport and property running costs, a depreciating rand exchange rate and above-inflation wage hikes. Underlying core inflation, i.e. headline inflation excluding the more volatile components of food, non-alcoholic beverages, petrol and energy, continued its gradual upward trend during the course of 2013, rising to an average of 5,2% last year, from 4,6% in 2012 and 3,5% in 2011.

Domestic interest rates remained unchanged throughout 2013 on the back of economic trends and expectations regarding headline consumer price inflation. The low prime lending and variable mortgage interest rates benefitted the repayment of debt and the affordability of credit in general. However, the rand exchange rate depreciated markedly during the course of the second half of 2013 and into the early stages of 2014, which *inter alia* prompted the South African Reserve Bank to lift the key monetary policy interest rate – the repo rate – by 50 basis points to 9% per annum in late January. This caused commercial banks to increase their prime lending and variable mortgage interest rates to 9% from 8,5% per annum.

## Household sector overview

The consumer sector continued to experience financial strain during the course of 2013, with growth in real income and consumption expenditure remaining low on the back of subdued employment growth, the savings ratio not showing any improvement, the number of credit-active consumers with impaired credit records rising somewhat further up to the third quarter of the year and consumer confidence remaining low up to the end of the year.

Growth in real household disposable income, i.e. after-tax, inflation-adjusted income, was recorded at an annualised rate of 2,1% in the third quarter of 2013, down from 2,8% in the second quarter. The decline in already relatively low real income growth was the result of the combined effect of tight labour market conditions and upward pressure on inflation. According to Andrew Levy Employment, the nominal wage settlement rate averaged 7,9% in the first three quarters of 2013 compared with 7,4% in the corresponding period a year ago.

Growth in real household consumption expenditure dropped to 2,3% in the third quarter of 2013 from 2,8% in the second quarter, which was the result of inflationary pressures eroding consumers' spending power, lower real disposable income growth and low consumer confidence. The close correlation between growth in real household disposable income and consumption continued unabatedly in 2013 and is related to the severe lack of household savings (see relevant graphs at the back of the publication) and many consumers' financial inability to access credit for spending purposes.

After remaining stable at 1,7% in the first half of 2013, the ratio of gross household saving to GDP declined somewhat to 1,6% in the third quarter of the year. The lower saving ratio was the result of slower growth in disposable income compared with growth in consumption expenditure. The ratio of net household saving to disposable income remained at a zero-level up to the third quarter of the year. Net household saving is based on the level of gross saving, adjusted for depreciation write-offs on the value of physical assets held by households, such as residential buildings and vehicles.

The value of outstanding household credit balances, comprising instalment sales credit, leasing finance, mortgage loans, credit card debt, overdrafts and general loans and advances (mainly personal and micro loans), showed growth of 5,5% year-on-year (y/y) up to December last year. Growth in the value of outstanding household secured credit balances (instalment sales credit, leasing finance and mortgage loans) came to 4,5% y/y in 2013, largely impacted by low growth in mortgage balances (77,8% of total household secured credit balances) of only 2,4% last year. Year-on-year growth in the value of outstanding household unsecured credit balances (credit card debt, overdrafts and general loans and advances) slowed down to 8,9% at the end of December from a high of 31,6% y/y in November 2012. This slowdown in growth in unsecured credit balances was driven by sharply lower growth in the component of general loans and advances (mainly personal loans and micro finance) to 6,1% y/y by December 2013 from 35,4% y/y in November 2012. Factors such as the National Credit Act (NCA), banks' risk appetite and lending criteria, consumers' credit-risk profiles and consumer confidence affect the availability and accessibility of and demand for credit.

The household debt ratio was marginally lower at 75,6% in the third quarter of 2013 from 75,8% in the second quarter. The debt ratio is calculated as the total amount of outstanding household debt expressed as a percentage of the total annual disposable income of households, i.e. after deductions for tax, social contributions and transfers. Based on the debt ratio and a stable prime lending rate throughout the year, the cost of servicing household debt as a percentage of disposable income was unchanged at 7,7% in the first three quarters of last year. The household debt-servicing ratio is calculated as the interest component of debt repayments expressed as a percentage of disposable income.

Consumers' credit-risk profiles deteriorated somewhat further up to the third quarter of 2013, based on statistics published by the National Credit Regulator. A total of 9,76 million credit-active consumers, or 48,1% of a total of 20,29 million, had impaired credit records in the third quarter of the year, marginally up from 9,69 million, or 48%, in the second quarter. The number of consumers in good standing came to 10,53 million (51,9%) in the third quarter. A total of 71,17 million consumer credit accounts were active in the third quarter of 2013, with 51,92 million (73%) in good standing and 19,25 million (27%) impaired. Consumers' credit-risk profiles impact their access to credit and affect household consumption expenditure against the background of an extremely low level of saving.

Employment remained under pressure during the course of 2013, with a total of 8,453 million people employed in the formal non-agricultural sectors of the economy by the third quarter of the year. Against the background of severe labour market instability, only 0,2% more people were employed in the third quarter of last year compared with the preceding quarter as well as compared with the third quarter of 2012. The unemployment rate came to 24,7% in the third quarter of 2013, which implies that a total of 4,609 million people were unemployed in the quarter.

The Bureau for Economic Research's (BER) consumer confidence index remained low at -7 index points in the fourth quarter of 2013, marginally better than the -8 index points of the third quarter. Consumers remain particularly pessimistic about the domestic economy, with the economic outlook sub-index of the overall confidence index down to a low of -15 index points in the fourth quarter from -14 in the preceding quarter, indicating that the majority of consumers continue to expect weak local economic conditions over the next 12 months. Consumer confidence is measured by expectations regarding the outlook for the economy, household finances and durable consumption expenditure, with the overall index on a sharp downward trend from an average level of 14,5 in 2010 to -5,3 index points in 2013.

## Property market overview

According to Absa's calculations, nominal year-on-year house price growth in the middle segment of the market slowed down further in the fourth quarter of 2013 from the third quarter, after having been on an upward trend in the first two quarters of the year (see section on house prices below).

Levels of residential building activity remained under pressure up to late 2013, with the number of building plans for new housing approved by local government institutions virtually unchanged at 47 369 units in the first eleven months of the year. The construction phase of new housing saw a contraction of 0,9% y/y to a total of 38 911 units in the period January to November. Although the construction of new flats and townhouses showed growth of 12,4% y/y in the eleven-month period, it was the segment of houses less than 80m², at -10% y/y, that was responsible for the overall contraction in the total number of new housing units built. These residential building statistics refer to private-sector financed housing, excluding government-subsidised low-cost housing.

Building confidence remained flat in the fourth quarter of 2013 after having been on a rising trend in the first three quarters of the year, according to the BER's building confidence index. The building confidence index measures prevailing business conditions in the building industry sub-sectors of architects, quantity surveyors, main building contractors, sub-contractors, manufacturers of building materials and retailers of building materials and hardware.

The performance of the mortgage market remained subdued up to late 2013 against the background of economic trends, the state of household finances, consumer credit-risk profiles, banks' risk appetite and lending criteria, consumer confidence and residential property market conditions in general. Growth in the value of outstanding household mortgage balances remained low at 2,5% y/y up to November last year, to reach a level of around R810 billion. Outstanding mortgage balances are the net result of property transactions, mortgage finance paid out, capital repayments on mortgage loans as well as loans fully paid up.

Based on the variable mortgage interest rate, currently at a level of 8,5% per annum, monthly repayments on mortgage loans are in general 35,9% lower compared to early December 2008, when the mortgage rate was at a level of 15,5% per annum. The continued low mortgage interest rate is beneficial to the affordability of mortgage finance, supporting the demand for housing and consumers' ability to take up credit to buy property. 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.

## House prices

After being on an upward trend in the first half of 2013, nominal and real year-on-year house price growth in the middle segment of the market (homes of 80m² – 400m² and priced up to R3,8 million in 2013) was lower in the second half of the year. However, middle-segment nominal and real price growth was higher for the full year compared with 2012. In both the categories of affordable and luxury housing nominal price growth occurred in 2013, although prices deflated in real terms in these two segments of the market compared with 2012. House price trends continued to be driven by property market conditions and related factors, which were affected by a combination of macroeconomic developments, the state of household finances and the level of consumer confidence.

The nominal price of a property refers to the price at which it was valued or transacted on the open market, i.e. the market price, selling or purchase price. The nominal price is reflected in a valuation, an offer to purchase, an application for mortgage finance and in the transfer documentation at registration.

The real price of a property is the nominal price adjusted for the effect of inflation, and is calculated to determine if the value of a property has increased at a rate above or below the inflation rate. In addition to the nominal price, real price trends and growth are important from a property investment point of view.

The residential property price trends presented in this report are based on the value of properties for which Absa received and approved applications for mortgage finance.

As a result, price movements may reflect changed market strategies and lending criteria implemented by the bank, impacting differently on the various segments of housing analysed. Real price calculations are based on nominal prices deflated by the headline consumer price index. All price data series are seasonally adjusted and smoothed in an attempt to exclude the distorting effect of seasonal factors and outliers, which may have the effect of recent price data and growth rates differing from previously published figures.

**Affordable housing**

In the fourth quarter of 2013, the average price of affordable housing (homes of 40m² — 79m² and priced up to R515 000 in 2013) increased by a nominal 4,4% y/y to about R359 000, after rising by 3% y/y in the third quarter. Real price deflation was recorded at 1% y/y in the fourth quarter, compared with deflation of 3% y/y in the third quarter.

The average price of affordable homes increased by a nominal 4,1% in 2013 compared with growth of 6,7% in 2012. In real terms prices dropped 1,6% last year after rising by 1% in 2012.

**Middle-segment housing**

The average nominal price of a home in the middle segment of the market (homes of 80m² — 400m² and priced at R3,8 million or less in 2013) increased by 8,7% y/y to around R1 200 700 in the final quarter of 2013. Nominal price growth was recorded at 9,3% y/y in the third quarter of last year. Real price inflation in this category of housing was 3,1% y/y in the fourth quarter of 2013, after prices increased by a real 2,9% y/y in the preceding quarter.

Middle-segment housing experienced nominal price growth of just below 10% in 2013, up from a meagre 0,6% in 2012. In real terms the average price of homes in this category improved by 3,9% in 2013 after price deflation for two consecutive years of 4,8% in 2012 and 3,1% in 2011.

The following price changes occurred in the three middle-segment categories in 2013:

- Small houses (80m² — 140m²): 8% y/y nominal and 2,2% y/y real
- Medium-sized houses (141m² — 220m²): 5,8% y/y nominal and no growth in real terms
- Large houses (221m² — 400m²): 9,5% y/y nominal and 3,5% y/y real

**Luxury housing**

The fourth quarter of 2013 saw the average price of luxury housing (homes priced at between R3,8 million and R13,8 million in 2013) rise by a nominal 6,6% y/y to a level of about R5 021 700, after prices had risen by 6,7% y/y in the third quarter. In real terms, the average price in this category of housing was up by 1,1% y/y in the fourth quarter of last year (0,4% y/y in the third quarter).

In 2013 nominal price growth of 4,8% (0,6% in 2012) was recorded in the segment for luxury housing. This translated into real price deflation of 0,9% in 2013 after adjustment for the effect of inflation (-4,8% in 2012), causing prices in this category of housing to have declined for the sixth consecutive year in real terms.

**Regional house prices**

At a provincial, metropolitan and coastal level, house prices increased in virtually all regions on a nominal and real basis in 2013 from 2012.

The performance of the residential property market at geographical level are affected by economic trends in general, but these regional markets may react differently to these developments as a result of various area-specific factors, such as location, physical infrastructure and the level and extent of economic development and growth. These factors may affect property demand and supply conditions, market activity, buying patterns, transaction volumes and price levels and growth.

House prices in the middle segment of the market performed as follows at provincial level in 2013:

- KwaZulu-Natal: Up by 16,1% in nominal terms (9,7% in real terms)
- Northern Cape: 14,8% higher in nominal terms (8,6% in real terms)
- Mpumalanga: A nominal 10,4% higher (4,4% in real terms)
- Limpopo: Up by a nominal 10,2% (4,2% in real terms)
- Gauteng: Up by 9,2% in nominal terms (3,3% in real terms)
- Free State: 8,3% higher in nominal terms (2,4% in real terms)

- Western Cape: A nominal 8% higher (2,1% in real terms)
- Eastern Cape: Up by a nominal 6,7% (0,9% in real terms)
- North-West: 5,9% higher in nominal terms (0,1% in real terms)

The performance of middle-segment house prices in the major metropolitan areas was as follows in 2013:

- Pretoria: Up by a nominal 11,3% (5,2% in real terms)
- Durban/Pinetown: A nominal 11% higher (4,9% in real terms)
- East London: Up by 9,7% in nominal terms (3,7% in real terms)
- Bloemfontein: 9,2% higher in nominal terms (3,2% in real terms)
- Cape Town: A nominal 7,8% higher (1,9% in real terms)
- Greater Johannesburg: Up by 6,8% in nominal terms (1% in real terms)
- Port Elizabeth/Uitenhage: Up by a nominal 5,3% (-0,5% in real terms)

The coastal regions saw the following changes in the average price level of houses of between 80m² and 700m² and priced up to R13,8 million in 2013:

- All coastal regions: Up by 12,5% in nominal terms (6,4% in real terms)
- KwaZulu-Natal: 24,1% higher in nominal terms (17,3% in real terms), largely driven by strong nominal growth of 26,9% y/y and 20% in real terms on the North Coast
- Western Cape: 11,2% higher in nominal terms (5,1% in real terms)
- Eastern Cape: Marginally down by 0,2% in nominal terms (-5,6% in real terms)

**New and existing housing**

The average nominal price of a new house increased by 11,3% y/y to about R1 805 400 in the fourth quarter of 2013, which translated into a real price growth of 5,6% y/y. Above-inflation building-cost escalations during last year contributed to this relatively strong growth in the price of a new home. The average price of an existing house was up by a nominal 8,1% y/y to about R1 169 400 in the fourth quarter of 2013, which came to a real year-on-year price growth of 3,6% in the quarter. As a result, it was R639 000, or 35,2%, cheaper to have bought an existing house than to have a new one built in the fourth quarter of last year.

In 2013 the average nominal price of a new house increased by 10,2% to a level of about R1 752 600, which came to a real price growth of 4,2%. The average nominal price of an existing house was about R1 137 300 in 2013 (up by 9,6% in nominal terms and 3,6% in real terms compared to 2012). This made it R615 300, or 35,1%, cheaper to have bought an existing house than to have built a new house in 2013.

## Building costs

The cost of having a new house built increased by 8,5% y/y in the fourth quarter of 2013, contributing to an average rise in building costs of 8,1% last year compared with an increase of 4,3% in 2012. The increase in building costs was also affected by inflationary pressures, with the headline consumer price inflation rate averaging 5,7% in 2013.

Factors impacting building costs, and eventually the price of new housing, include building 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 finance costs, land values, the cost of rezoning, the cost of preparing land for construction and holding costs in general.

## Land values

The value of land for new housing in the middle and luxury segments of the market for which Absa received applications and approved mortgage finance, increased by a nominal 4,2% y/y to an average of about R536 000 in the final quarter of 2013, after having risen by 9,1% y/y in the preceding quarter. In real terms residential land values were down by 1,1% y/y in the fourth quarter of last year, after having risen by a real 2,7% y/y in the third quarter.

The average price of land for new middle-segment and luxury housing, which amounted to 26,5% of the total value of a new residential property in this category in 2013, will continue to reflect the all-important factor of location, as well as the availability of suitable land for development, the availability of municipal services such as electricity, water, sewerage and refuse removal, the availability and condition of transport infrastructure and the proximity to places of work, schools, shopping centres, medical facilities, etc.

## Affordability of housing

Although levelling out during the year, housing affordability remained favourable in 2013, as reflected by the ratios of house prices and mortgage repayments to household disposable income (see graph on the affordability of housing). This was the net result of trends in house price and income growth, while the mortgage interest rate was unchanged at 8,5% per annum in 2013.

Despite the low mortgage interest rate, many households' ability to take advantage of the relative affordability of housing continued to be adversely affected by factors such as employment, income, savings, living costs, debt levels, as well as credit-risk profiles (as reflected by the state of consumer credit records), the NCA and banks' lending criteria in the case of mortgage loan applications for buying property.

A downward/upward trend in the abovementioned 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 is in effect becoming more/less affordable.

## Outlook

### The global economy

The IMF forecast is for world output to grow by a real 3,7% in 2014, rising to 3,9% in 2015, which will be largely as a result of a continued recovery in advanced economies. Emerging market and developing countries are also expected to post some higher growth in the next two years. However, the IMF warns about the downside risks to the growth forecasts. Output gaps remain relatively large in advanced economies, with monetary policy that is expected to stay accommodative in the short to medium term. Improved external demand from advanced economies will lift growth in emerging market and developing economies, but relatively weak domestic demand will curb growth prospects.

Real growth of 2,2% is expected in the advanced economies this year, up from 1,3% in 2013, with growth forecast only marginally improve to 2,3% in 2015. US economic growth is projected to rise to 2,8% in 2014 and 3% in 2015, from 1,9% in 2013. The improvement in US economic growth will be driven largely by domestic demand, with fiscal consolidation to also have an impact. The tapering of quantitative easing in the US is expected to continue, which will be challenging for especially the emerging market and developing economies. After contracting in 2012 and 2013, the Euro area economy is forecast to be out of recession, growing by 1% in 2014 and 1,4% in 2015, largely supported by an improved economic performance by the German economy.

Real output in emerging market and developing world economies is forecast by the IMF to grow by 5,1% in 2014 and 5,4% in 2015 from 4,7% in 2013. After rebounding strongly in the second half of 2013 due to higher levels of investment, economic growth in China is projected at 7,5% in 2014 and 7,3% in 2015, from 7,7% in 2013. Growth in the Indian economy is forecast to accelerate from 4,4% in 2013 to 5,4% in 2014 and 6,4% in 2015 on the back of policies to drive investment.

Economic growth in sub-Saharan Africa is projected by the IMF to rise from 5,1% in 2013 to around 6% in 2014, before subsiding somewhat to 5,8% in 2015. The main risks to growth in the region are the performance of the global economy, including China, and trends in commodity prices, which will be reflected in the performance of exports. The region also remains vulnerable to severe changes in weather conditions, which may have a major impact on harvests, the supply of food and food price inflation.

A slight uptick in inflation in the advanced economies is forecast by the IMF as a result of faster economic growth expected in 2014-15, with consumer price inflation to rise from 1,4% in 2013 to 1,7% in 2014 and 1,8% in 2015. Inflation in the emerging market and developing world is projected to trend marginally lower to 5,6% in 2014 and 5,3% in 2015, from 6,1% in 2013, supported by the expectation of growth in domestic demand to remain relatively weak over the forecast period.

A continuation of accommodative monetary policy in most countries is expected to further support the recovery in global economic growth against the background of the outlook for inflation.

### The South African economy

After growing by an estimated 1,9% in 2013, the Absa forecast is for the domestic economy to grow by a real 2,7 in 2014 and 3,2 in 2015. Growth is expected to be driven by higher export growth on the back of faster global economic growth and a weaker rand exchange rate, while growth in domestic demand is projected to be marginally up from 2013. However, if disruptions to production and economic activity in general as a result of labour strikes are to continue, economic growth prospects may remain subdued this year, which will keep employment and income growth under pressure, adversely affecting the household sector. Households remain an important driver of economic activity, with this sector's consumption expenditure that had a share of 61,1% in the country's total gross domestic product in the third quarter of 2013.

Headline consumer price inflation is forecast to average 6,2% in 2014, with the main risks to the inflation outlook remaining the depreciating exchange rate, as well as transport costs on the back of exchange rate and international oil price movements and above-inflation wage hikes.

In view of current trends in and prospects for the global and local economy, as well as the outlook for consumer price inflation against the background of mounting inflationary pressures, interest rates are forecast to rise further during the course of 2014. Prime lending and mortgage interest rates, currently at 9%, are forecast to end the year at a level of 10% per annum. The performance of and the outlook for the economy and the factors driving inflation will be continuously and closely watched and considered by the South African Reserve Bank in decisions regarding its monetary policy stance.

**The household sector**

The factors of economic growth, employment, income, debt, inflation and interest rates will remain important to the state of and trends in household finances, with the following prospects for the major household sector-related variables in 2014-15:

- Employment growth is forecast to remain low over the forecast period.
- Growth in real household disposable income is projected at 2,6% in 2014, rising to 3,1% in 2015, which will be impacted by economic growth, employment and inflation.
- Growth in real household consumption expenditure is expected to remain closely correlated with disposable income growth on the back of ongoing low savings and inflationary pressures. Household consumption is forecast to remain around 61% of GDP in 2014 and 2015, emphasising the household sector's major contribution to economic activity.
- With lending rates forecast to rise further, while saving is not expected to improve, the affordability of credit will adversely affect household consumption expenditure, especially with regard to durable goods such as personal transport equipment, furniture, household appliances and electronic equipment. The result is that the debt-to-income ratio is projected at 76,2% in 2014 and almost 78% by late 2015.
- Outstanding household credit balances is forecast to show growth of between 6,5% and 8% by the end of this year and next year, with the cost of servicing household credit as a percentage of disposable income expected to increase on the back of a rising prime lending rate and a higher debt-to-income ratio.
- The risk profiles of credit-active consumers, which continued to deteriorate during 2013, are not expected to significantly improve over the short term from current levels, with the effect of hampering the accessibility of credit and growth in household consumption expenditure.

**The property market**

The performance of and prospects for the residential property market will continue to be closely related to economic growth, employment and household income growth, property running costs and living costs in general, interest rates, consumers' credit-risk profiles, banks' risk appetite and lending criteria and consumer confidence. These factors will affect the affordability of housing and mortgage finance and will be reflected in property demand and supply conditions, price trends, market activity, buying patterns, transaction volumes and the demand for mortgage finance.

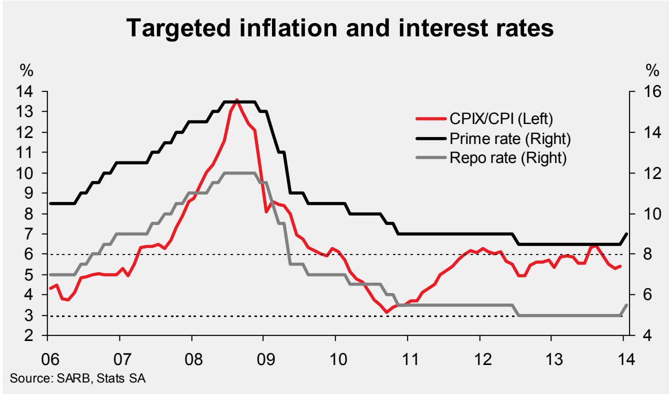
In view of current trends in and prospects for the major economic and household finance-related factors, as well as recent trends in house price growth, continued single-digit nominal price growth is forecast for 2014 and 2015. Real house price growth will be the result of the combined effect of nominal price trends and inflation, with real price deflation expected this year and next year.

Against the background of current conditions in and the outlook for the economy, household finances and consumer confidence, growth in outstanding household mortgage balances, which remained very subdued at 2,4% y/y up to the end of last year, is forecast to continue to record low single-digit growth in 2014.

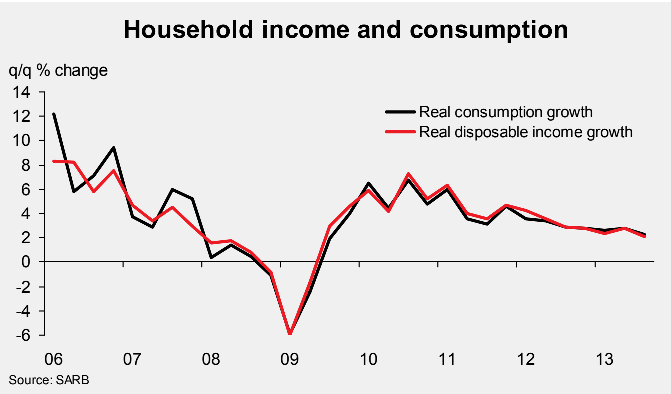
Economic, consumer and property market-related factors will drive future residential building activity, which showed very little change in 2013 from 2012. The demand for housing as well as the supply of existing properties in the secondary market, together with the cost implications of supplying new housing, will also be important factors affecting residential building activity. In view of a growing population and household sector, changing lifestyles and pressures on the affordability of housing, the focus of the past number of years on the supply of especially smaller-sized houses and the construction of higher-density flats and townhouses, is expected to continue. Of a total of more than 1,1 million private sector-financed new housing units built between the beginning of 1994 and late 2013, more than 800 000, or around 73%, were constructed in the segments of houses less than 80m² and flats and townhouses.

# Graphs

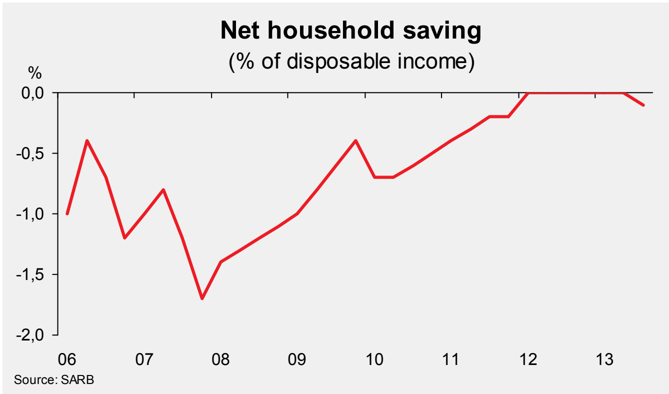
Real GDP and employment growth
%
5
4
3
2
1
0
-1
-2
-3
-4
-5
08
09
10
11
12
13
Employment y/y % change
GDP y/y % change
Source: SARB, Stats SA

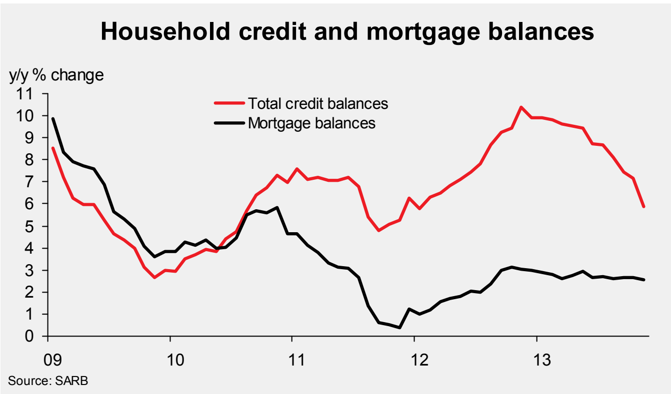
Targeted inflation and interest rates
%
14
13
12
11
10
9
8
7
6
5
4
3
2
%
16
14
12
10
8
6
4
06
07
08
09
10
11
12
13
14
CPIX/CPI (Left)
Prime rate (Right)
Repo rate (Right)
Source: SARB, Stats SA

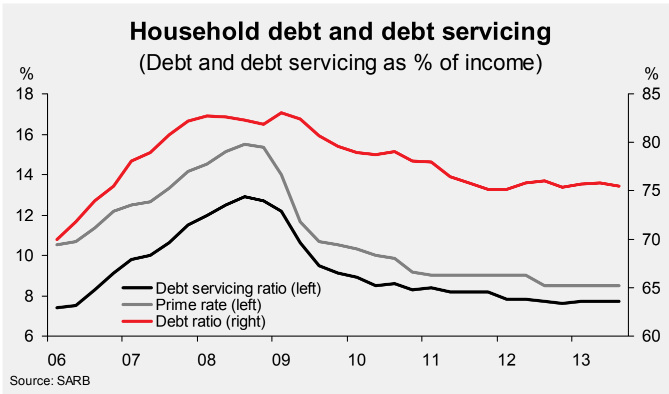
Household income and consumption
q/q % change
14
12
10
8
6
4
2
0
-2
-4
-6
06
07
08
09
10
11
12
13
Real consumption growth
Real disposable income growth
Source: SARB

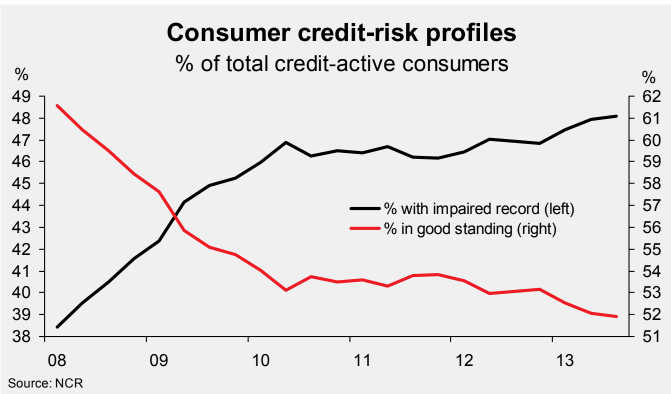
Net household saving
(% of disposable income)
%
0,0
-0,5
-1,0
-1,5
-2,0
06
07
08
09
10
11
12
13
Source: SARB

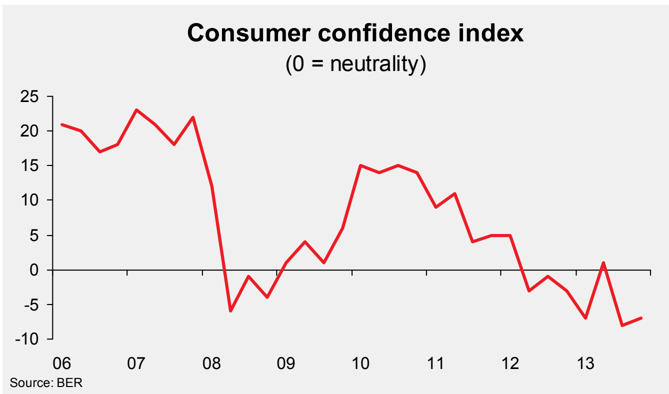
Household credit and mortgage balances
y/y % change
11
10
9
8
7
6
5
4
3
2
1
0
09
10
11
12
13
Total credit balances
Mortgage balances
Source: SARB

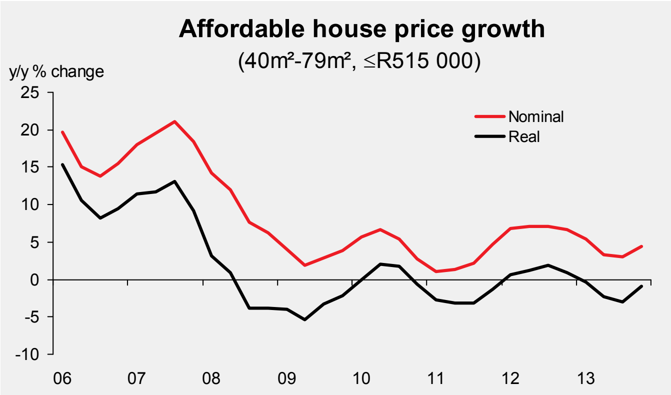
Household debt and debt servicing
(Debt and debt servicing as % of income)
%
18
16
14
12
10
8
6
%
85
80
75
70
65
60
06
07
08
09
10
11
12
13
Debt servicing ratio (left)
Prime rate (left)
Debt ratio (right)
Source: SARB

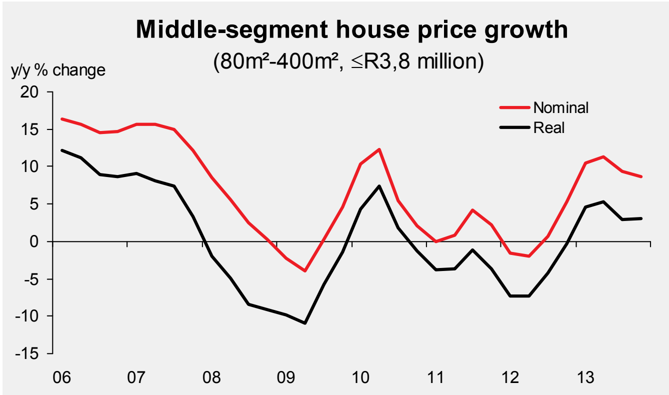



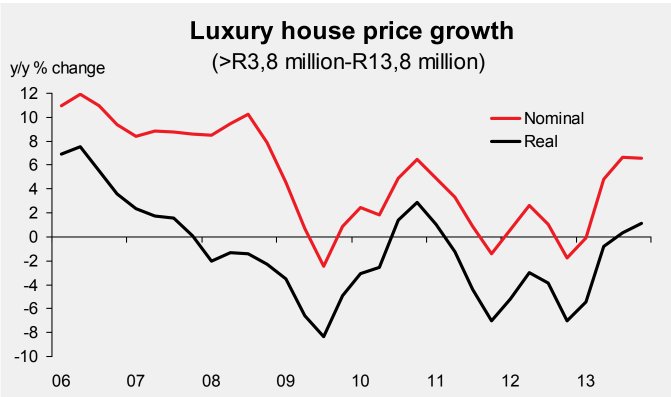
Consumer credit-risk profiles
% of total credit-active consumers
%
49
48
47
46
45
44
43
42
41
40
39
38
%
62
61
60
59
58
57
56
55
54
53
52
51
08
09
10
11
12
13
% with impaired record (left)
% in good standing (right)
Source: NCR

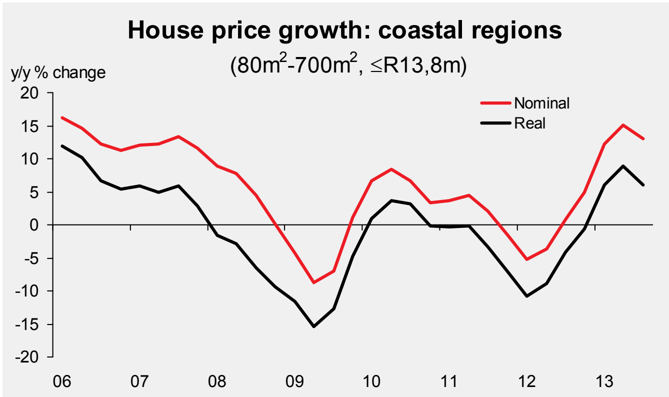



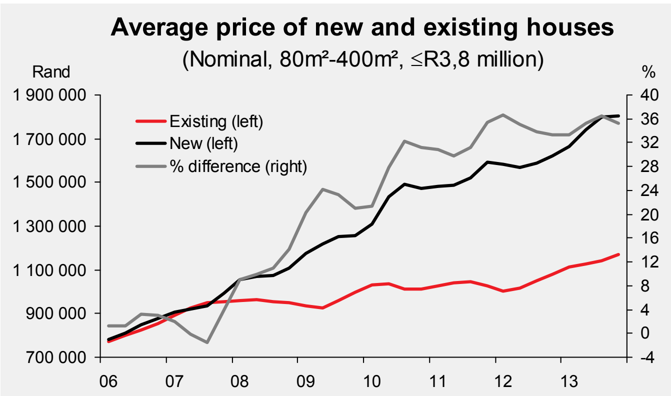
Consumer confidence index
(0 = neutrality)
25
20
15
10
5
0
-5
-10
06
07
08
09
10
11
12
13
Source: BER

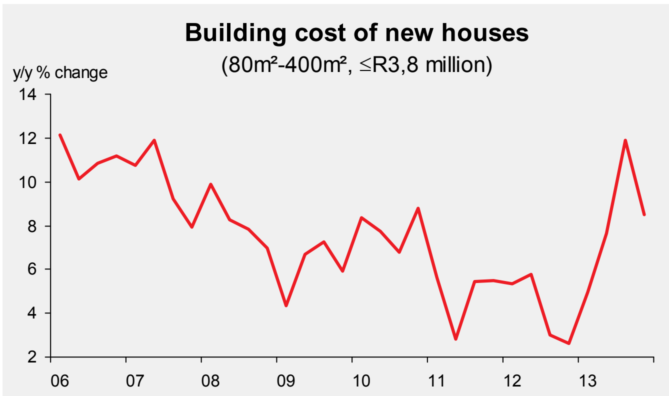

Affordable house price growth
(40m²-79m², ≤R515 000)
y/y % change
25 20 15 10 5 0 -5 -10
Nominal
Real
06 07 08 09 10 11 12 13

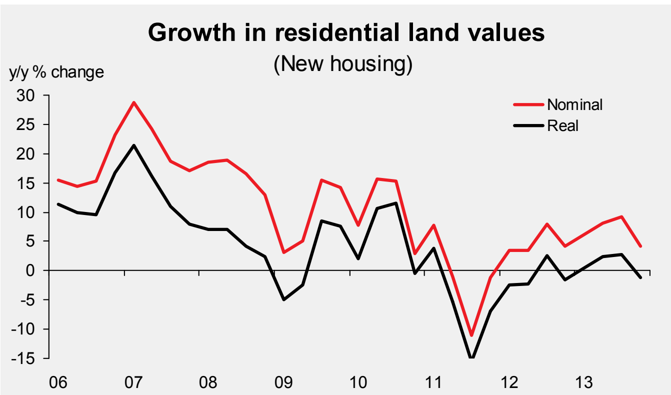

Middle-segment house price growth
(80m²-400m², ≤R3,8 million)
y/y % change
20 15 10 5 0 -5 -10 -15
Nominal
Real
06 07 08 09 10 11 12 13

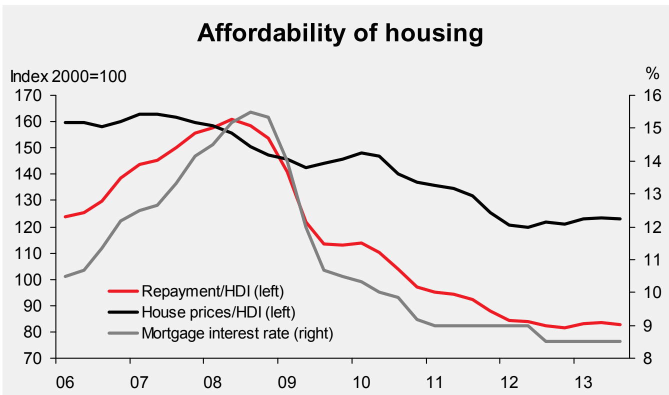

Luxury house price growth
(>R3,8 million-R13,8 million)
y/y % change
12 10 8 6 4 2 0 -2 -4 -6 -8 -10
Nominal
Real
06 07 08 09 10 11 12 13


House price growth: coastal regions
(80m²-700m², ≤R13,8m)
y/y % change
20 15 10 5 0 -5 -10 -15 -20
Nominal
Real
06 07 08 09 10 11 12 13


Average price of new and existing houses
(Nominal, 80m²-400m², ≤R3,8 million)
Rand
1 900 000 1 700 000 1 500 000 1 300 000 1 100 000 900 000 700 000
%
40 36 32 28 24 20 16 12 8 4 0 -4
Existing (left)
New (left)
% difference (right)
06 07 08 09 10 11 12 13


Building cost of new houses
(80m²-400m², ≤R3,8 million)
y/y % change
14 12 10 8 6 4 2
06 07 08 09 10 11 12 13


Growth in residential land values
(New housing)
y/y % change
30 25 20 15 10 5 0 -5 -10 -15
Nominal
Real
06 07 08 09 10 11 12 13


Affordability of housing
Index 2000=100
170 160 150 140 130 120 110 100 90 80 70
%
16 15 14 13 12 11 10 9 8
Repayment/HDI (left)
House prices/HDI (left)
Mortgage interest rate (right)
06 07 08 09 10 11 12 13

# Statistics

| Average nominal house prices | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2012 | 2013 | | | | | |
| | | | | | Q4 | Q1 | Q2 | Q3 | Q4 | | |
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | q/q % Δ | y/y % Δ |
| **National** | | | | | | | | | | | |
| **Middle segment (80m²-400m², ≤R3,8m)** | 1 036 416 | 1 054 788 | 1 061 166 | 1 166 384 | 1 104 769 | 1 133 944 | 1 156 109 | 1 174 824 | 1 200 657 | 2,2 | 8,7 |
| Small (80m²-140m², ≤R3,8m) | 774 440 | 737 932 | 702 650 | 759 161 | 757 567 | 750 631 | 739 705 | 766 664 | 779 643 | 1,7 | 2,9 |
| Medium (141m²-220m², ≤R3,8m) | 970 063 | 985 638 | 1 016 438 | 1 075 099 | 1 059 608 | 1 071 207 | 1 068 564 | 1 076 718 | 1 083 906 | 0,7 | 2,3 |
| Large (221m²-400m², ≤R3,8m) | 1 446 987 | 1 481 694 | 1 518 946 | 1 662 506 | 1 568 624 | 1 610 873 | 1 653 462 | 1 675 829 | 1 709 859 | 2,0 | 9,0 |
| New (80m²-400m², ≤R3,8m) | 1 426 326 | 1 520 171 | 1 590 500 | 1 752 624 | 1 622 091 | 1 665 796 | 1 739 635 | 1 799 639 | 1 805 425 | 0,3 | 11,3 |
| Existing (80m²-400m², ≤R3,8m) | 1 021 442 | 1 035 465 | 1 038 121 | 1 137 320 | 1 081 535 | 1 110 516 | 1 127 838 | 1 141 561 | 1 169 366 | 2,4 | 8,1 |
| **Affordable (40m²-79m², ≤R515 000)** | 307 643 | 315 322 | 336 418 | 350 249 | 343 791 | 346 868 | 345 085 | 349 136 | 358 924 | 2,8 | 4,4 |
| **Luxury (R3,8m-R13,8m)** | 4 677 024 | 4 761 878 | 4 791 322 | 5 019 542 | 4 711 997 | 4 855 676 | 5 079 010 | 5 098 499 | 5 021 667 | -1,5 | 6,6 |
| **Provinces** | | | | | | | | | | | |
| **Eastern Cape** | 909 654 | 891 669 | 913 597 | 975 143 | 933 218 | 938 730 | 933 465 | 973 971 | 1 045 869 | 7,4 | 12,1 |
| **Free State** | 841 144 | 891 719 | 870 129 | 942 512 | 962 144 | 937 671 | 947 294 | 934 657 | 951 566 | 1,8 | -1,1 |
| **Gauteng** | 1 082 256 | 1 116 944 | 1 102 439 | 1 203 802 | 1 134 875 | 1 151 248 | 1 194 764 | 1 221 850 | 1 243 035 | 1,7 | 9,5 |
| **KwaZulu-Natal** | 924 887 | 964 009 | 934 963 | 1 085 069 | 1 028 144 | 1 079 470 | 1 074 700 | 1 081 077 | 1 107 020 | 2,4 | 7,7 |
| **Limpopo** | 890 029 | 879 380 | 924 128 | 1 018 421 | 1 000 704 | 1 019 492 | 1 013 875 | 1 015 336 | 1 024 981 | 0,9 | 2,4 |
| **Mpumalanga** | 855 514 | 902 329 | 929 307 | 1 025 941 | 997 554 | 1 024 654 | 1 018 868 | 1 023 644 | 1 036 598 | 1,3 | 3,9 |
| **North West** | 837 173 | 846 118 | 870 561 | 921 777 | 841 749 | 869 014 | 907 291 | 931 881 | 978 921 | 5,0 | 16,3 |
| **Northern Cape** | 785 053 | 775 272 | 870 067 | 999 075 | 902 608 | 990 944 | 1 063 619 | 1 005 436 | 936 303 | -6,9 | 3,7 |
| **Western Cape** | 1 174 393 | 1 157 719 | 1 190 440 | 1 285 739 | 1 214 556 | 1 254 214 | 1 291 887 | 1 293 603 | 1 306 435 | 1,0 | 7,6 |
| **Metropolitan regions** | | | | | | | | | | | |
| **PE/Uitenhage (Eastern Cape)** | 899 934 | 862 256 | 868 442 | 914 215 | 883 332 | 883 257 | 902 294 | 925 812 | 945 498 | 2,1 | 7,0 |
| **East London (Eastern Cape)** | 1 047 800 | 989 821 | 1 064 623 | 1 167 959 | 1 036 104 | 1 039 018 | 1 113 574 | 1 216 064 | 1 303 181 | 7,2 | 25,8 |
| **Bloemfontein (Free State)** | 1 095 144 | 1 106 035 | 1 104 799 | 1 206 110 | 1 199 828 | 1 203 188 | 1 214 700 | 1 175 432 | 1 231 119 | 4,7 | 2,6 |
| **Greater Johannesburg (Gauteng)** | 1 107 346 | 1 160 575 | 1 132 411 | 1 209 458 | 1 153 988 | 1 164 929 | 1 211 018 | 1 225 970 | 1 231 046 | 0,4 | 6,7 |
| Johannesburg Central & South | 907 293 | 901 667 | 867 871 | 859 530 | 896 057 | 860 169 | 866 500 | 866 445 | 845 007 | -2,5 | -5,7 |
| Johannesburg North & West | 1 391 344 | 1 409 150 | 1 422 897 | 1 491 459 | 1 444 555 | 1 461 164 | 1 475 372 | 1 500 860 | 1 528 442 | 1,8 | 5,8 |
| East Rand | 954 458 | 1 020 343 | 1 016 874 | 1 109 736 | 1 026 966 | 1 066 449 | 1 115 574 | 1 135 252 | 1 121 670 | -1,2 | 9,2 |
| **Pretoria (Gauteng)** | 1 164 880 | 1 182 999 | 1 181 338 | 1 314 623 | 1 226 815 | 1 242 449 | 1 294 248 | 1 336 781 | 1 385 015 | 3,6 | 12,9 |
| **Durban/Pinetown (KwaZulu-Natal)** | 999 099 | 1 017 777 | 998 143 | 1 107 778 | 1 080 032 | 1 099 793 | 1 048 895 | 1 096 405 | 1 186 018 | 8,2 | 9,8 |
| **Cape Town (Western Cape)** | 1 197 361 | 1 181 864 | 1 232 898 | 1 329 041 | 1 243 904 | 1 292 800 | 1 351 074 | 1 346 987 | 1 325 301 | -1,6 | 6,5 |
| **Coastal regions** | | | | | | | | | | | |
| **South Africa** | 1 206 823 | 1 232 242 | 1 220 585 | 1 373 631 | 1 264 164 | 1 327 645 | 1 380 179 | 1 389 505 | 1 397 194 | 0,6 | 10,5 |
| **Western Cape** | 1 274 576 | 1 318 413 | 1 315 109 | 1 462 025 | 1 340 398 | 1 392 164 | 1 458 968 | 1 477 868 | 1 514 571 | 2,5 | 13,0 |
| West Coast | 1 240 388 | 1 337 090 | 1 230 474 | 1 410 815 | 1 216 495 | 1 250 320 | 1 332 811 | 1 459 482 | 1 600 646 | 9,7 | 31,6 |
| Cape Peninsula and False Bay | 1 243 561 | 1 273 014 | 1 312 565 | 1 476 177 | 1 352 777 | 1 444 953 | 1 485 376 | 1 466 166 | 1 508 213 | 2,9 | 11,5 |
| South Coast | 1 375 564 | 1 429 519 | 1 358 182 | 1 455 397 | 1 374 903 | 1 380 901 | 1 437 051 | 1 503 570 | 1 500 068 | -0,2 | 9,1 |
| **Eastern Cape** | 1 084 367 | 1 076 711 | 1 108 818 | 1 106 931 | 1 078 346 | 1 060 966 | 1 080 854 | 1 117 001 | 1 168 902 | 4,6 | 8,4 |
| **KwaZulu-Natal** | 1 195 855 | 1 278 143 | 1 188 843 | 1 474 928 | 1 276 615 | 1 456 951 | 1 514 427 | 1 503 399 | 1 422 722 | -5,4 | 11,4 |
| South Coast | 1 072 448 | 1 028 444 | 1 007 381 | 1 091 137 | 1 006 101 | 992 272 | 1 067 423 | 1 146 149 | 1 158 704 | 1,1 | 15,2 |
| North Coast | 1 277 671 | 1 403 819 | 1 310 517 | 1 662 622 | 1 513 315 | 1 715 106 | 1 707 726 | 1 628 920 | 1 598 735 | -1,9 | 5,6 |

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 R3,8 million in 2013.
House prices for the coastal regions are smoothed for all houses between 80m² and 700m², up to R13,8 million in 2013.

**Key variables and projections**
Annual averages

| | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Gross domestic product** | Real % Δ | 3,6 | -1,5 | 3,1 | 3,6 | 2,5 | 1,9 | 2,7 | 3,2 |
| **$/R exchange rate** | Rand per US$ | 8,25 | 8,44 | 7,32 | 7,25 | 8,21 | 9,65 | 11,73 | 11,55 |
| **Headline consumer price inflation rate** | % | 11,0 | 7,1 | 4,3 | 5,0 | 5,7 | 5,7 | 6,2 | 5,9 |
| **Mortgage interest rate (end of period)** | % | 15,0 | 10,5 | 9,0 | 9,0 | 8,5 | 8,5 | 10,0 | 10,0 |
| **Household disposable income** | Real % Δ | 2,1 | -1,2 | 4,6 | 5,2 | 3,9 | 2,6 | 2,7 | 3,2 |
| **Household final consumption expenditure** | Real % Δ | 2,2 | -1,6 | 4,4 | 4,9 | 3,5 | 2,7 | 2,6 | 3,1 |
| **Net household saving to disposable income** | % | -1,2 | -0,7 | -0,6 | -0,3 | 0,0 | -0,1 | 0,0 | 0,1 |
| **Household debt to disposable income** | % | 82,4 | 81,4 | 78,7 | 76,3 | 75,6 | 75,6 | 75,7 | 76,2 |
| **House prices (80m²-400m², ≤R3,8m)** | Nominal % Δ | 4,1 | -0,4 | 7,4 | 1,8 | 0,6 | 9,9 | 5,0 | 4,4 |
| **House prices (80m²-400m², ≤R3,8m)** | Real % Δ | -6,2 | -7,0 | 3,0 | -3,1 | -4,8 | 3,9 | -1,1 | -1,4 |

## Average nominal house prices by middle-segment category in the fourth quarter 2013

| | Small: 80 m² – 140m² | | | Medium: 141 m² – 220m² | | | Large: 221 m² – 400m² | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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** | 779 643 | 1,7 | 2,9 | 1 083 906 | 0,7 | 2,3 | 1 709 859 | 2,0 | 9,0 |
| **Eastern Cape** | 604 232 | 1,3 | -16,5 | 1 005 695 | 0,6 | 4,4 | 1 670 029 | 4,0 | 15,7 |
| **Free State** | 804 274 | -2,4 | -3,0 | 855 794 | -2,3 | 13,9 | 1 261 410 | 11,0 | -0,6 |
| **Gauteng** | 819 899 | 2,6 | 6,5 | 1 079 813 | 1,0 | 4,0 | 1 746 301 | 2,7 | 10,4 |
| **KwaZulu-Natal** | 751 140 | 9,6 | 24,1 | 1 093 728 | 3,7 | 11,1 | 1 548 499 | 0,6 | 2,0 |
| **Mpumalanga** | 770 634 | 4,2 | 12,4 | 958 463 | -1,7 | -8,3 | 1 353 073 | -0,4 | 1,8 |
| **North West** | 641 258 | 10,6 | 1,9 | 887 160 | -1,6 | 5,9 | 1 370 938 | 5,7 | 21,4 |
| **Northern Cape** | 608 477 | 2,8 | -2,9 | 1 016 593 | 0,3 | 35,5 | 1 441 044 | -7,6 | 15,6 |
| **Limpopo** | 593 786 | 1,4 | -8,3 | 874 964 | -7,4 | -18,8 | 1 366 342 | 3,8 | -14,3 |
| **Western Cape** | 836 625 | -2,1 | -0,2 | 1 276 757 | 1,8 | 4,3 | 1 950 849 | 0,7 | 9,2 |
| **Metropolitan regions** | | | | | | | | | |
| **PE/Uitenhage (Eastern Cape)** | 578 240 | -1,3 | -18,1 | 934 301 | -1,2 | 22,9 | 1 684 982 | 6,8 | 20,6 |
| **East London (Eastern Cape)** | 769 714 | 4,5 | 1,8 | 1 083 882 | -3,7 | -5,8 | 2 028 866 | 7,5 | 18,2 |
| **Bloemfontein (Free State)** | 1 027 340 | 4,3 | 4,6 | 1 170 469 | 3,4 | 10,5 | 1 514 649 | 2,2 | -3,3 |
| **Greater Johannesburg (Gauteng)** | 871 541 | 3,1 | 5,3 | 1 083 036 | -1,1 | 10,0 | 1 699 031 | 1,0 | 5,4 |
| Johannesburg Central & South | 610 211 | 13,7 | 3,2 | 822 034 | -3,8 | 7,6 | 1 254 926 | -4,4 | -19,5 |
| Johannesburg North & West | 753 293 | -7,2 | -16,0 | 1 236 327 | -5,2 | 1,5 | 1 916 299 | 1,0 | 9,5 |
| East Rand | 990 629 | 3,0 | 10,6 | 1 040 488 | 6,1 | 17,9 | 1 501 096 | -0,4 | 4,9 |
| **Pretoria (Gauteng)** | 749 582 | 3,0 | 4,2 | 1 163 838 | 2,0 | -2,5 | 1 930 746 | 5,5 | 12,1 |
| **Durban/Pinetown (KwaZulu-Natal)** | 740 428 | 5,6 | 12,5 | 1 078 664 | 4,7 | 5,2 | 1 603 775 | -1,4 | -1,1 |
| **Cape Town (Western Cape)** | 859 588 | -4,8 | -0,6 | 1 400 665 | 4,2 | 8,8 | 2 002 598 | -1,0 | 6,8 |

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m² and 400m², up to R3,8 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 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 8,0% | 8,5% | 9,0% | 9,5% | 10,0% | 10,5% | 11,0% | 11,5% | 12,0% | 12,5% | 13,0% | 13,5% | 14,0% | 14,5% |
| 100 000 | 836 | 868 | 900 | 932 | 965 | 998 | 1 032 | 1 066 | 1 101 | 1 136 | 1 172 | 1 207 | 1 244 | 1 280 |
| 200 000 | 1 673 | 1 736 | 1 799 | 1 864 | 1 930 | 1 997 | 2 064 | 2 133 | 2 202 | 2 272 | 2 343 | 2 415 | 2 487 | 2 560 |
| 300 000 | 2 509 | 2 603 | 2 699 | 2 796 | 2 895 | 2 995 | 3 097 | 3 199 | 3 303 | 3 408 | 3 515 | 3 622 | 3 731 | 3 840 |
| 400 000 | 3 346 | 3 471 | 3 599 | 3 729 | 3 860 | 3 994 | 4 129 | 4 266 | 4 404 | 4 545 | 4 686 | 4 829 | 4 974 | 5 120 |
| 500 000 | 4 182 | 4 339 | 4 499 | 4 661 | 4 825 | 4 992 | 5 161 | 5 332 | 5 505 | 5 681 | 5 858 | 6 037 | 6 218 | 6 400 |
| 600 000 | 5 019 | 5 207 | 5 398 | 5 593 | 5 790 | 5 990 | 6 193 | 6 399 | 6 607 | 6 817 | 7 029 | 7 244 | 7 461 | 7 680 |
| 700 000 | 5 855 | 6 075 | 6 298 | 6 525 | 6 755 | 6 989 | 7 225 | 7 465 | 7 708 | 7 953 | 8 201 | 8 452 | 8 705 | 8 960 |
| 800 000 | 6 692 | 6 943 | 7 198 | 7 457 | 7 720 | 7 987 | 8 258 | 8 531 | 8 809 | 9 089 | 9 373 | 9 659 | 9 948 | 10 240 |
| 900 000 | 7 528 | 7 810 | 8 098 | 8 389 | 8 685 | 8 985 | 9 290 | 9 598 | 9 910 | 10 225 | 10 544 | 10 866 | 11 192 | 11 520 |
| 1 000 000 | 8 364 | 8 678 | 8 997 | 9 321 | 9 650 | 9 984 | 10 322 | 10 664 | 11 011 | 11 361 | 11 716 | 12 074 | 12 435 | 12 800 |
| 1 500 000 | 12 547 | 13 017 | 13 496 | 13 982 | 14 475 | 14 976 | 15 483 | 15 996 | 16 516 | 17 042 | 17 574 | 18 111 | 18 653 | 19 200 |
| 2 000 000 | 16 729 | 17 356 | 17 995 | 18 643 | 19 300 | 19 968 | 20 644 | 21 329 | 22 022 | 22 723 | 23 432 | 24 147 | 24 870 | 25 600 |
| 2 500 000 | 20 911 | 21 696 | 22 493 | 23 303 | 24 126 | 24 959 | 25 805 | 26 661 | 27 527 | 28 404 | 29 289 | 30 184 | 31 088 | 32 000 |

## Mortgage amount at fixed monthly repayment

**(rand, calculated over a period of 20 years)**

| Mortgage repayment | Mortgage amount at a mortgage rate of | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 8,0% | 8,5% | 9,0% | 9,5% | 10,0% | 10,5% | 11,0% | 11,5% | 12,0% | 12,5% | 13,0% | 13,5% | 14,0% | 14,5% |
| 1 000 | 119 554 | 115 231 | 111 145 | 107 281 | 103 625 | 100 162 | 96 882 | 93 771 | 90 819 | 88 017 | 85 355 | 82 824 | 80 417 | 78 125 |
| 2 000 | 239 109 | 230 462 | 222 290 | 214 562 | 207 249 | 200 325 | 193 763 | 187 542 | 181 639 | 176 035 | 170 710 | 165 649 | 160 834 | 156 250 |
| 3 000 | 358 663 | 345 693 | 333 435 | 321 843 | 310 874 | 300 487 | 290 645 | 281 313 | 272 458 | 264 052 | 256 065 | 248 473 | 241 250 | 234 375 |
| 4 000 | 478 217 | 460 923 | 444 580 | 429 124 | 414 498 | 400 649 | 387 526 | 375 083 | 363 278 | 352 069 | 341 421 | 331 297 | 321 667 | 312 501 |
| 5 000 | 597 771 | 576 154 | 555 725 | 536 405 | 518 123 | 500 811 | 484 408 | 468 854 | 454 097 | 440 086 | 426 776 | 414 122 | 402 084 | 390 626 |
| 6 000 | 717 326 | 691 385 | 666 870 | 643 686 | 621 748 | 600 974 | 581 289 | 562 625 | 544 916 | 528 104 | 512 131 | 496 946 | 482 501 | 468 751 |
| 7 000 | 836 880 | 806 616 | 778 015 | 750 967 | 725 372 | 701 136 | 678 171 | 656 396 | 635 736 | 616 121 | 597 486 | 579 770 | 562 918 | 546 876 |
| 8 000 | 956 434 | 921 847 | 889 160 | 858 248 | 828 997 | 801 298 | 775 052 | 750 167 | 726 555 | 704 138 | 682 841 | 662 595 | 643 335 | 625 001 |
| 9 000 | 1 075 989 | 1 037 078 | 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 |
| 10 000 | 1 195 543 | 1 152 308 | 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 |
| 15 000 | 1 793 314 | 1 728 463 | 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 |
| 20 000 | 2 391 086 | 2 304 617 | 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 |
| 25 000 | 2 988 857 | 2 880 771 | 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 |