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Housing review

Second quarter 2016

- The South African economy posted real growth of 1,3% in 2015, with last year being another year of slowing economic growth. The fourth quarter of 2015 saw the economy growing by a seasonally adjusted, annualised rate of only 0,6%, which was the result of severe drought conditions, subdued global and domestic demand and continued local supply-side constraints. The forecast is for economic growth to subside to 0,6% in 2016.

- Inflationary pressures are mounting on the back of rising food and fuel prices, exchange rate trends and above-inflation electricity price hikes. Headline consumer price inflation is projected to average near the 7% level this year after being below 5% in 2015.

- Interest rates have been hiked by a cumulative 75 basis points since the start of the year, with further rate hikes expected towards the end of the year to curb inflation.

- The household sector is experiencing increased financial pressure on the back of rising inflation, higher interest rates and continued low economic and employment growth. Consumers' credit-risk profiles and financial vulnerability are a concern and continue to be a constraint to the accessibility of credit. The already low level of consumer confidence is expected to continue, which is an important factor regarding credit demand, consumption expenditure, and eventually economic growth.

- Nominal year-on-year house price growth remained relatively low in the first quarter of 2016, after a sustained declining trend throughout 2015. Some real price deflation occurred in all segments of the market as a result of rising consumer price inflation. These trends in house price growth came on the back of a range of macroeconomic developments and factors affecting consumers financially and eventually the various categories of housing.

- Against the background of trends in and the outlook for the economy, household finances and consumer confidence, nominal house price growth is forecast to slow down from 6,2% in 2015 to 4,7% this year and 4,3% next year, with the risk for price growth to the downside. Based on the forecasts for nominal house price growth and the headline consumer price inflation rate, real price deflation of 1,9% and 1,7% is projected for 2016 and 2017 respectively.

Economic overview

The global economy

Based on the International Monetary Fund's (IMF) latest assessment of the performance of the world economy, published in the *World Economic Outlook* of April 2016, global growth of around 2,8% was recorded in the second half of 2015. However, a noticeable slowdown in growth occurred during the fourth quarter of last year, driven by lower economic activity in advanced economies, whereas growth in emerging market and developing economies were somewhat divergent. Factors that impacted world output towards the end of 2015 and in early 2016 include the slowdown of and structural adjustment in China, a continued decline in commodity prices, lower levels of capital flows to the developing world, and lower growth in fixed investment and foreign trade.

Consumer price inflation was still very much subdued in advanced economies, causing monetary policy to remain accommodative. In many emerging and developing economies inflation dropped as a result of lower commodity prices, with some countries in this group, especially commodity-exporting countries, having experienced serious revenue constraints and relatively large currency depreciations. Such developments have resulted in elevated levels of inflation and higher interest rates in these countries.

The South African economy

The South African economy posted real growth of 1,3% in 2015, with last year being another year of slowing economic growth. The fourth quarter of 2015 saw the economy growing by a seasonally adjusted, annualised rate of only 0,6%, which was the result of the agricultural and manufacturing sectors contracting, with some other sectors showing relatively low growth. Factors that contributed to this poor growth performance are severe drought conditions, subdued global and domestic demand and continued local supply-side constraints.

The South African Reserve Bank's leading business cycle indicator remained on a declining trend into the early stages of 2016, after the indicator index subsided through 2014 and 2015, which was clear evidence of the economy slowing down. The leading indicator is forward looking and represents the direction of expected economic activity 6 — 9 months into the future. Various sectoral economic and financial variables are taken into account in compiling the leading indicator, with these variables relating to the labour market, manufacturing, vehicle sales, building activity, commodity prices, interest rates, confidence, money supply, business financial performance and business conditions in trading-partner countries.

Although the headline consumer price inflation rate averaged 4,6% in 2015, which was well within the inflation target range of 3% — 6%, inflationary pressures mounted during the course of the year. This trend continued in early 2016 and headline inflation accelerated further to an average of 6,5 year on year (y/y) in the first quarter of the year. One of the main drivers of inflation in late 2015 and the early months of 2016 was significantly higher food price inflation, which came to 8,5% y/y in the first quarter of the year, after measuring 9,8% y/y in March. The sharply rising food prices, with a weight of 14,2% in the headline index, was the result of the severe drought that gripped the country during last year, and which is still having a protracted and widespread negative effect on agricultural production. Although the rand exchange rate has depreciated sharply since late last year, the pass-through to inflation has been relatively subdued, but this may become more pronounced during the course of this year and contribute to rising inflation.

As a result of rising inflationary pressures, interest rates were hiked by a cumulative 75 basis points since the start of the year, with the repurchase rate, or repo rate (the key monetary policy interest rate and the rate at which commercial banks borrow money from the Reserve Bank) currently at 7% per annum and commercial banks' prime lending and variable mortgage interest base rates for extending credit to the household and business sectors at 10,5% per annum. Lending rates have been raised by a cumulative 200 basis points since early 2014, which caused debt repayments to rise and credit becoming less affordable.

Household sector overview

The household sector is experiencing increased financial pressure on the back of rising inflation and higher interest rates, while economic and employment growth remained at a much subdued level. As a result, growth in household real disposable income was low towards the end of last year, which continued to have a negative effect on spending power and growth in consumption expenditure. Household savings remained at a critically low level, with the debt-to-income ratio that averaged around the 78% level. Consumers' credit risk profiles and financial vulnerability are a concern and continue to be a constraint to the accessibility of credit, with growth in household credit balances staying in single-digit territory into the early stages of 2016. Against this background, consumer confidence was still weak in the first quarter of the year, which contributes to downward pressure on growth in household consumption expenditure and credit extension.

According to Statistics South Africa's *Quarterly Labour Force Survey*, 16,018 million people were employed in the formal and informal sectors of the economy at the end of 2015. A total of 190 000, or 1,2%, more people were employed by the fourth quarter of the year compared with the third quarter. However, the unemployment rate remained high at a level of 24,5% in the fourth quarter, with a total of 5,193 million people being unemployed. The unemployment number increased by 284 000 in the final quarter of 2015 from the same quarter in 2014.

Growth in real household disposable income, i.e. after-tax, inflation-adjusted income, remained low at an annualised rate of 1,1% in the fourth quarter of 2015 and an annual average of 1,7% last year (1,5% in 2014). The continued low growth in real disposable income occurred against the background of rising inflation and subdued employment growth.

Real household consumption expenditure showed annualised growth of 1,6% in the fourth quarter of last year, with full-year growth at a similar level. Growth in real household disposable income and consumption remained closely correlated against the background of a severe lack of household savings as well as consumers' limited financial ability to access credit in view of prevailing debt levels, credit risk profiles and overall financial vulnerability.

The ratio of net household savings to disposable income, in negative territory for the past ten years, was -2,4% in the fourth quarter of 2015, with an annual average of -2,3% last year. Net household savings are calculated from gross savings, adjusted for depreciation write-offs on the value of physical assets held by households, such as residential buildings and vehicles.

Growth in the value of outstanding household credit balances [R1 495,4 billion at end-February and comprising instalment sales credit, leasing finance, mortgage loans, credit card debt, overdrafts and general loans and advances (mainly personal loans and microfinance)], measured 4,8% y/y at the end of February.

The value of outstanding household secured credit balances, which amounted to R1 126,6 billion at end-March and consisting of instalment sales credit, leasing finance and mortgage loans, showed growth of 3,8% y/y over the 12-month period. This was largely the result of continued relatively low growth in household mortgage balances and ongoing slowing growth in instalment sales balances, mainly related to vehicle finance.

Growth in the value of outstanding household unsecured credit balances (R369,1 billion at end-March and consisting of credit card debt, overdrafts and general loans and advances) was recorded at 7,1% y/y at the end of March this year.

The ratio of household debt to disposable income came to 77,8% in the fourth quarter of 2015, and with the annual average at 78%, little has changed from the 78,1% in 2014. Challenging economic conditions and the state of household finances are currently not conducive to further deleveraging, i.e. a lower level of debt in relation to disposable income. 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.

The household debt service cost ratio increased somewhat further to 9,7% in the fourth quarter of 2015, which was the result of higher interest rates. This ratio is the interest component of debt repayments expressed as a percentage of disposable income and takes into account the debt-to-income ratio and the average effective lending rate in respect of the servicing of household debt during a specific period. Based on the abovementioned debt-to-income and debt service cost ratios, the average effective interest rate charged to service household debt is calculated to have been 12,47% per annum in the final quarter last year, which was 2,8 percentage points above the ruling average prime interest rate of 9,67% per annum over this period.

The abovementioned interest rate premium paid by consumers on total outstanding debt, i.e. secured and unsecured debt, of above the ruling prime lending rate, is the result of factors such as the state of household finances, credit risk profiles, banks' risk appetites and lending criteria, expectations of future interest rate movements, as well as the composition of household debt, with unsecured credit normally extended at a higher interest rate than secured credit. The share of unsecured credit in total household credit balances came to 24,6% at the end of February this year, markedly higher than the low of 15,4% back in 2009 when the economy was in recession, households were experiencing significant financial strain and consumer confidence was low. The steadily rising share of unsecured credit over the past six years to the abovementioned level came against the background of declining and relatively stable and low interest rates between late 2008 and early 2014.

Consumer financial vulnerability, as measured by the Bureau of Market Research (BMR), deteriorated somewhat in 2015 compared with 2014. At an overall Consumer Financial Vulnerability Index (CFVI) reading of 50,1 last year (50,74 in 2014), consumers remained financially mildly exposed. An overall and/or sub-index reading of 40 — 49,9 in consumer financial vulnerability indicates that consumers are financially very exposed, with an index reading of 50 — 59,9 indicating that consumers are financially mildly exposed, whereas an index reading of 60 — 79,9 indicates that consumers are financially very secure.

The sub-components of the CFVI were measured as follows in 2015:

- Income vulnerability: At 50,41 index points, consumers were mildly exposed (50,28 in 2014).
- Expenditure vulnerability: At 54,33 index points, consumers were mildly exposed (53,82 in 2014).
- Savings vulnerability: At 51,08 index points, consumers were mildly exposed (51,12 in 2014).
- Debt service vulnerability: At 48,35 index points, consumers were very exposed (48,39 in 2014).

Based on statistics published by the National Credit Regulator (NCR), consumers' credit risk profiles showed an apparent improvement towards the end of 2015. This was largely due to the fact that credit bureaus may hold adverse credit record information for a limited period only, after which this information is removed.

The state of consumer credit risk profiles was as follows in the fourth quarter of 2015:

- 23,74 million consumers were credit-active (23,45 million in the third quarter).
- 13,87 million (58,4%) credit-active consumers were in good standing (13,53 million, or 57,7%, in the third quarter).
- 9,87 million credit-active consumers (41,6%) had impaired credit records (9,91 million, or 42,3%, in the third quarter).
- 83,55 million consumer credit accounts were active (80,60 million in the third quarter), of which 63,56 million (76,1%) were in good standing (60,37 million, 74,9%, in the third quarter) and 19,99 million (23,9%)

were impaired (20,24 million, or 25,1%, in the third quarter).

The TransUnion Consumer Credit Index for the fourth quarter of last year indicated that the general credit health of consumers remained under pressure, with distressed borrowing increasing further, households' cash flow remaining tight and debt service costs rising as a result of higher interest rates.

The Bureau for Economic Research's (BER) consumer confidence index measured -9 index points in the first quarter of 2016. Although confidence improved from -14 index points in the preceding quarter, it remained well below the long-term average of +5 and was still below its lowest level of -6 during the 2008/09 economic recession. An index value of zero indicates neutrality in confidence. Consumer confidence is measured by expectations regarding the outlook for the domestic economy, household finances and durable consumption expenditure. Consumers' assessment of whether it was the right time to buy durable goods, dropped further to a level of -22 index points in the first quarter of the year. Consumer confidence is an important factor with regard to the demand for and growth in household credit, which is closely related to especially durable consumption expenditure, such as vehicles, furniture, household appliances, audio-visual equipment, photographic equipment, communication devices, computers and related equipment, as well as the acquisition of property for primary, investment and leisure purposes.

Property sector overview

According to statistics supplied by Lightstone, there were just more than 6,21 million residential properties in South Africa with a total value of R4,29 trillion in the fourth quarter of 2015. Of the abovementioned total number of properties, about 2,18 million (35,1%) with a total value of R2,35 trillion were bonded and more than 4 million (64,9%) with a total value of R1,94 trillion were non-bonded. Refer to the relevant table at the back of the report for more detailed information on the residential property stock in the country.

Residential building activity with regard to the planning phase started 2016 on a relatively low note, as the number of plans approved for new houses, flats and townhouses increased by a low 3,2% y/y to 8 806 units in the first two months of the year. However, the number of new housing units constructed increased by 28,1% y/y to 6 575 units over the same period, which was the result of extremely strong growth of 122,3% y/y in the number of flats and townhouses completed to a level of 2 739 units over the two-month period. This may be attributed to a low base of calculation a year ago, while there might also have been some issues relating to the reporting of statistics in this segment of the market.

Building confidence, based on the BER's building confidence index, was on a declining trend since the first quarter of 2015, with an index reading of 39 in the first quarter of this year, which was the lowest since March 2013. The low level of building confidence in the first three months of the year came against the background of lacklustre building activity in both the residential and non-residential sectors over this period. An index reading of 50 represents neutrality in building confidence among survey respondents. The building confidence index measures prevailing business conditions in the building industry's subsectors of architects, quantity surveyors, main building contractors, subcontractors, manufacturers of building materials and retailers of building materials and hardware.

Currently the variable mortgage base interest rate for extending mortgage finance is 10,5% per annum, after being raised by a cumulative 75 basis points so far this year. The mortgage rate has been raised by a cumulative 200 basis points since the start of the upward cycle in interest rates in late January 2014. 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.

Year-on-year growth in household mortgage balances was on an upward trend in the last few months of 2015 and in early 2016, mainly as a result of the base effect of slowing growth a year ago and indications that fewer homeowners with mortgages have the financial ability to pay extra funds into their mortgage accounts due to increased financial strain. The performance of the mortgage market is driven by trends in factors such as employment, inflation, interest rates, household finances, consumer credit risk profiles, banks' risk appetites and lending criteria and consumer confidence. Growth in the value of outstanding household mortgage balances (R875,3 billion at end-March, with a share of 77,7% in household secured credit balances and 58,5% in total household credit balances) came to 4,5% y/y at the end of March this year. Outstanding mortgage balances are the net result of property transactions, mortgage finance paid out, capital and monthly repayments on mortgage loans, as well as loans fully paid up.

Housing rental indices, as published by Statistics South Africa, showed that national residential rental inflation averaged 5,2% y/y in the first quarter of 2016. Rental inflation measured 4,9% y/y for houses, 5,5% y/y for townhouses and 5,3% y/y for flats in the first quarter of 2016, which were all below the average headline consumer price inflation rate of 6,5% y/y over this period.

With consumers coming under increased financial pressure, rental demand may find some support from tenants electing to rent for a longer period and new entrants to the labour market opting to first rent before buying straightaway until there is more certainty regarding the macro environment. Under these conditions tenants will be reluctant to absorb significant rental increases, with no strong growth in rental inflation expected this year. According to the TPN-FNB Residential Yields Review of March 2016, nominal yields in the residential market continued to taper off gradually to 8,48% in the first quarter of the year after peaking at 8,78% in late 2013.

Impact of the 2016 national Budget on the property market

The rate structure for transfer duty on property was adjusted in the Budget in February, with these changes becoming effective on 1 March 2016. The rates and brackets for transfer duty were kept unchanged on property up to a value of R2,25 million, with the exemption threshold also unchanged at R750 000. New transfer duty brackets were introduced on property of between R2,25 million and R10 million, and above R10 million. There was thus no transfer duty relief at the lower end of the residential property market, with an increase in this tax only applicable to the upper end of the market (see relevant tables at the back of the report).

The inclusion rates for capital gains tax were adjusted with effect from 1 March 2016, which may also impact property transactions. For individuals the inclusion rate was increased from 33,3% to 40% and for companies it was raised to 80% from 66,6%. This implies that the maximum effective capital gains tax rate for individuals increased from 13,7% to 16,4% and for companies from 18,6% to 22,4%, with the effective rate applicable to trusts rising from 27,3% to 32,8%. The annual amount above which capital gains become taxable in the case of individuals, was raised from R30 000 to R40 000. A capital gain of up to R2 million on a primary residence will still be exempted from capital gains tax.

House prices

Nominal year-on-year growth in home values, based on Absa's house price data, remained relatively low in the first quarter of 2016, after a sustained declining trend throughout 2015. Some real price deflation occurred in all segments as a result of rising consumer price inflation. These trends in house price growth came on the back of a range of macroeconomic developments and factors affecting consumers financially (see the sections above on the economy and the household sector) and eventually the various segments of housing.

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 and is reflected in a valuation, an offer to purchase, an application for mortgage finance and the transfer documents 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 average inflation rate. In addition to the nominal price, real property price trends are thus 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 housing segments 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

Nominal year-on-year growth in the average price of affordable housing (homes of 40 m² — 79 m² and priced up to R600 000 in 2016) slowed down to 5,5% y/y in the first quarter of the year, from 8,8% y/y and 10% y/y in the fourth and third quarters of 2015 respectively. The average nominal price of a home in this segment of the market came to about R416 000 in the first quarter of 2016. Some real price inflation of 0,9% y/y was recorded in the first quarter.

Middle-segment housing

The average nominal price growth of housing in the middle segment of the market (homes of 80 m² — 400 m² and priced at R4,4 million or less in 2016) came to 5,7% y/y and priced at R1 404 700 in the first quarter of the year. Based on this nominal price growth and trends in inflation, some marginal real price deflation of 0,8% y/y was registered in the first quarter, which was the first year-on-year price decline since the fourth quarter of 2012. Real price growth in this category of housing has been on a gradual downward trend since the first quarter of last year.

The following price changes occurred in the three middle-segment categories in the first quarter of 2016:

- Small houses (80 m² — 140 m²): 8,2% nominal and 1,5% real.
- Medium-sized houses (141 m² — 220 m²): 5,0% nominal and -1,5% real.
- Large houses (221 m² — 400 m²): 7,3% nominal and 0,7% y/y real.

Luxury housing

The segment for luxury housing (homes priced at between R4,4 million and R16,3 million in 2016) saw the average nominal price increasing by only 1,0% y/y to a level of R5,9 million in the first quarter of 2016. Nominal year-on-year price growth slowed down significantly after peaking at 14,6% in the fourth quarter of 2014. In real terms, the average price of luxury housing dropped by 5,2% y/y in the first quarter this year.

Regional house prices

In terms of price growth, the residential property market at geographical level performed in general relatively well in the first quarter of 2016, although nominal year-on-year price growth was in some areas below the average inflation rate, which caused some price deflation (see relevant tables at the back of the report).

The regional property markets may react quite differently to developments and trends at a macro level, which may be due to additional and specific area-related factors that can have a significant impact on the performance of these regional markets. These factors may include location, physical infrastructure, sectoral economic composition, the level and extent of economic growth and development, the size of a regional market and the focus of property ownership, such as primary or investment and leisure residences. In the end these factors may be reflected in property demand and supply conditions, market activity, buying patterns, transaction volumes and price levels and growth.

New and existing housing

The average nominal price of a new house dropped for the fourth consecutive quarter on an annual basis and was down by 2,6% y/y to R1 776 900 in the first quarter of 2016, after declining by 1,5% y/y in the fourth quarter of last year. Real price deflation measured a substantial 8,5% y/y in the first quarter (-6,1% y/y in the final quarter of 2015).

The average price of an existing house increased by a nominal 6,5% y/y to a level of around R1 384 900 in the first quarter of the year, with no real year-on-year price growth recorded.

The abovementioned price trends regarding new and existing housing imply that in the first quarter of 2016 it was around R392 000, or 22,1%, cheaper to have bought an existing house than to have had a new one built.

Building costs

The cost of having a new house built was up by 4,4% y/y in the first quarter of 2016, after increasing by 7,7% y/y in the preceding quarter. Factors impacting building costs 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 affected 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 average value of vacant residential stands in the middle and luxury segments of the housing market for which Absa received applications and approved mortgage finance, increased by 4,4% y/y to about R632 600 in the first quarter of the year. In real terms residential land values were down by 2% y/y in the quarter. The ratio of the average price of land for new middle-segment and luxury housing to the total value of a new residential property in these segments of the market came to 25,6% in the first quarter of the year.

Residential land values reflect the factors of demand for new housing, location, the availability of suitable and serviced land for development, the availability, condition and accessibility of transport infrastructure and the proximity to places of work, schools, shopping centres, medical facilities, etc.

Affordability of housing

The affordability of housing is measured by the ratios of house prices and mortgage repayments to household disposable income (see relevant graph at the back of the report). Due to rising interest rates, housing affordability from a mortgage repayment point of view continued to deteriorate up to the end of 2015. The ratio of house prices to disposable income was largely unchanged between the second and fourth quarters of last year, mainly as a result of relatively stable growth in both these variables over this period.

Apart from trends in house prices, disposable income and the mortgage interest rate, households' ability to afford housing is also influenced by a number of other important factors such as employment, savings, living costs, debt levels, credit risk profiles (as reflected by the state of consumer credit records), National Credit Act stipulations and banks' risk appetites and lending criteria in the case of applications for mortgage finance to buy property.

A downward/upward trend in the abovementioned 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 is forecasting the global economy to grow by a real 3,2% in 2016 and 3,5% in 2017, with these projections downscaled from the previous forecasts published in January this year. The outlook for world growth is still on the downside on the back of expected relatively stable growth in advanced economies and only a moderate increase in growth in emerging market and developing countries. Some of the factors that pose a risk to world growth over the next two years include steadily declining growth and managed structural adjustments in the Chinese economy; continued low commodity prices, which will have a further adverse effect on commodity-exporting countries; the potential of Britain exiting the European Union, which may have ramifications for both the UK and Europe; volatility in and potential losses on financial markets; and geopolitical tensions.

Growth in advanced economies is forecast by the IMF at 1,9% in 2016, unchanged from last year, and rising to 2,0% in 2017. Emerging market and developing countries are forecast to post growth of 4,1% this year (4% in 2015), improving to 4,6% in 2017.

Consumer price inflation in advanced economies is expected to remain low at 0,7% in 2016 and 1,5% in 2017, with monetary policies in these countries to stay at a much accommodating level. Inflation in the developing world is forecast to vary in a tight range of between 4,2% and 4,5% in 2016 and 2017. However, currency depreciation in a number of these countries, especially commodity-exporting countries, may cause upward pressure on inflation and interest rates, which will constrain economic growth.

The South African economy

South Africa's real economic growth is forecast to slow down further to a level of just 0,6% in 2016, after already low growth of 1,3% was recorded in 2015. Factors that will again hamper the country's economic performance this year include continued low commodity prices and exports in view of still subdued world economic conditions; a weak currency and the protracted after-effect of a devastating drought, which are causing significant upward pressure on inflation and interest rates; low levels of confidence; and strained government finances.

Inflationary pressures have mounted markedly, with headline consumer price inflation forecast to average just below the 7% level this year, after coming in at 4,6% in 2015. The major drivers of inflation during the course of the year will be food prices, the rand exchange rate, electricity price hikes and fuel prices. The rand is forecast to remain on a depreciating trend against the major international currencies this year and next year, which will be a contributing factor to inflation.

In view of the abovementioned expectations regarding inflation in the rest of the year, domestic interest rates are forecast to rise further in the rest of the year, with prime lending and variable mortgage interest rates at a level of 11% per annum by year-end.

The household sector

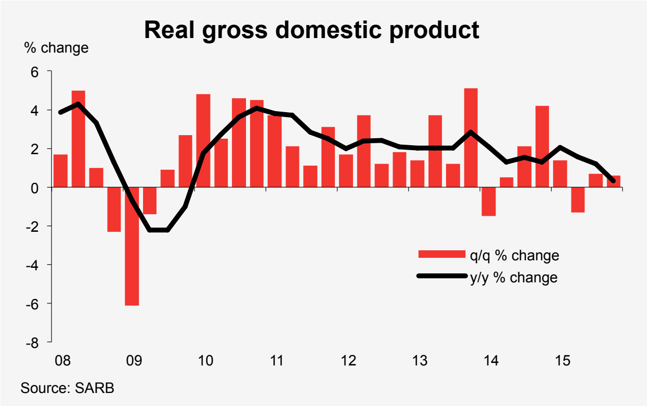
Factors such as continued low economic and employment growth, rising inflation and higher interest rates, will cause the household sector to experience increased financial strain over the short to medium term. As a result, consumers' spending power will be further eroded, which will curtail households' ability to service debt and take up further credit. Against this background consumers' credit risk profiles and financial vulnerability will remain crucial regarding the accessibility of and the demand for and growth in credit. The already low level of consumer confidence is expected to continue, which is an important driver of credit demand, consumption expenditure, and eventually economic growth.

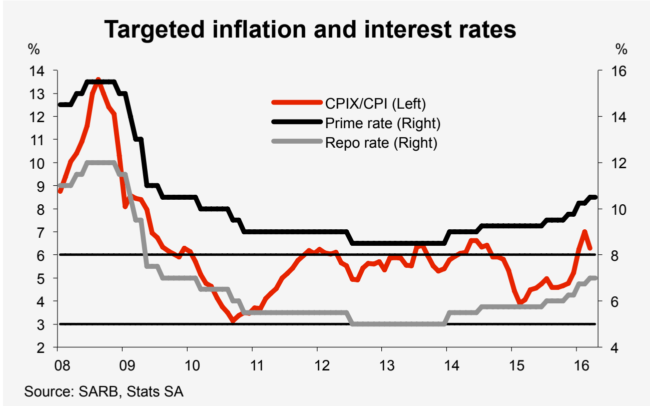
The property market

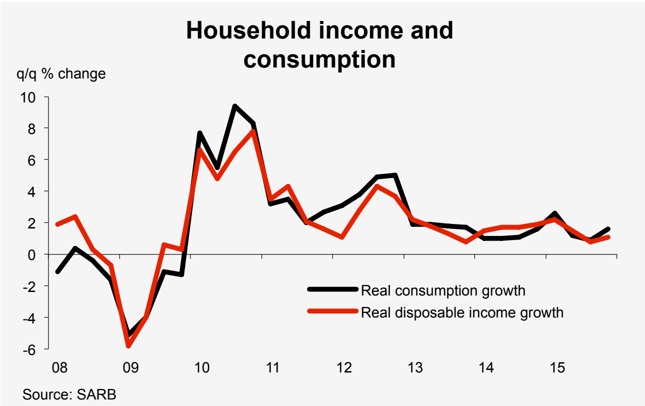
Current trends in and the outlook for the economy, household finances and consumer confidence are set to impact the property market in various ways, such as diverging demand and supply conditions, changing buying patterns, pressure on market activity and transaction volumes, as well as mortgage providers reconsidering and adjusting risk appetites, lending criteria and market strategies accordingly, which may be evident in continued low growth in mortgage balances and subdued levels of residential building activity.

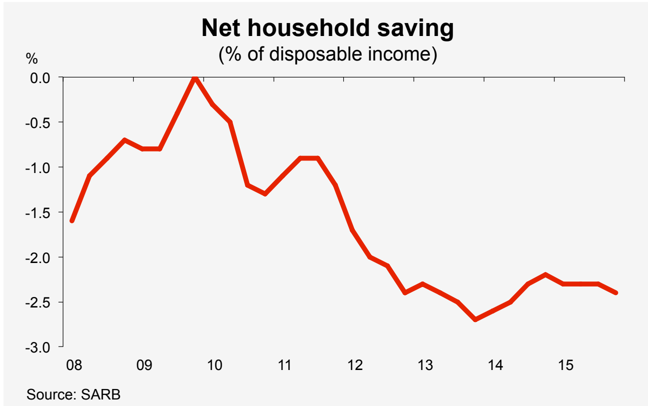
Against the background of these trends and expectations, nominal house price growth is forecast to slow down from 6,2% in 2015 to 4,7% this year and 4,3% next year, with the risk for price growth to the downside. Based on the forecasts for nominal house price growth and the headline consumer price inflation rate, real price deflation of 1,9% and 1,7% is projected for 2016 and 2017 respectively.

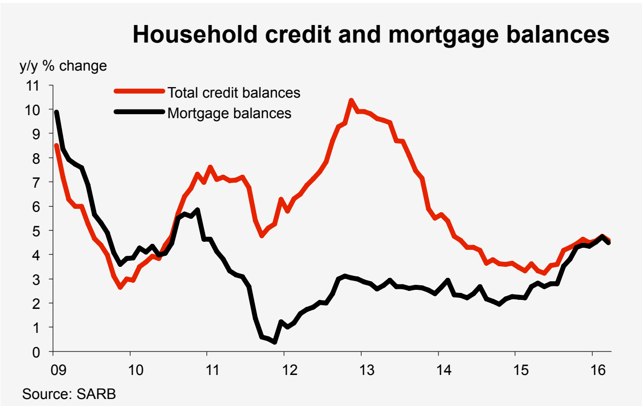
Graphs

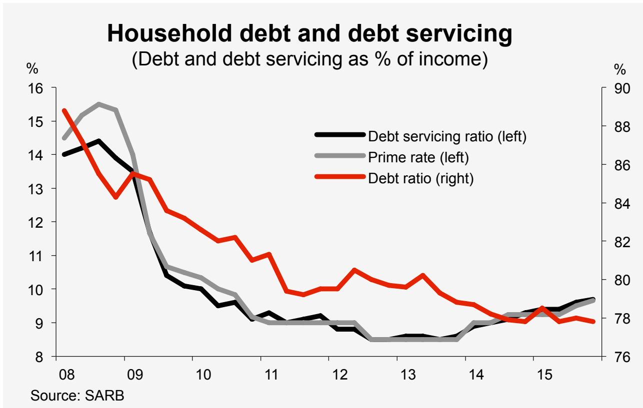

Real gross domestic product
% change
6
4
2
0
-2
-4
-6
-8
08 09 10 11 12 13 14 15
q/q % change
y/y % change
Source: SARB

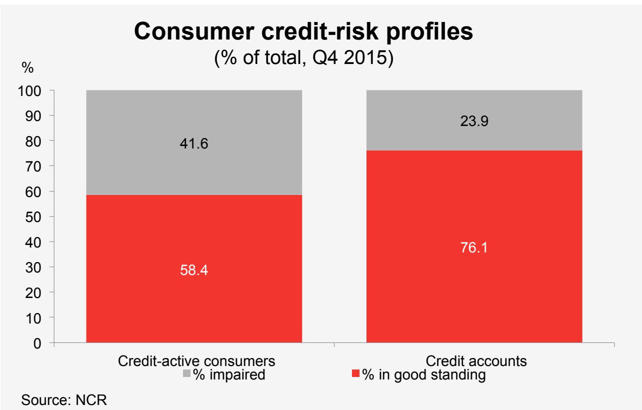

Targeted inflation and interest rates
%
14 13 12 11 10 9 8 7 6 5 4 3 2
%
16 14 12 10 8 6 4
CPIX/CPI (Left)
Prime rate (Right)
Repo rate (Right)
08 09 10 11 12 13 14 15 16
Source: SARB, Stats SA

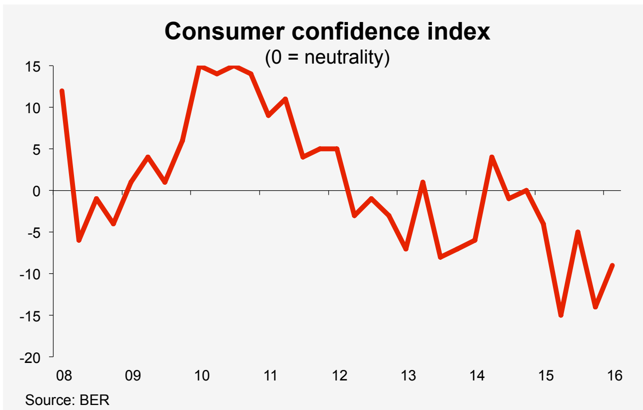

Household income and consumption
q/q % change
10 8 6 4 2 0 -2 -4 -6
Real consumption growth
Real disposable income growth
08 09 10 11 12 13 14 15
Source: SARB

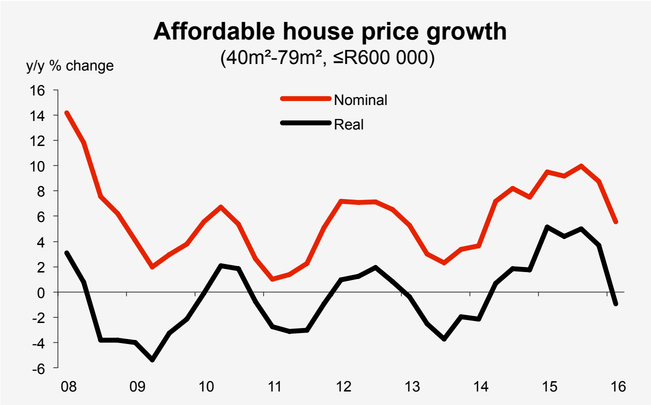

Net household saving
(% of disposable income)
%
0.0 -0.5 -1.0 -1.5 -2.0 -2.5 -3.0
08 09 10 11 12 13 14 15
Source: SARB

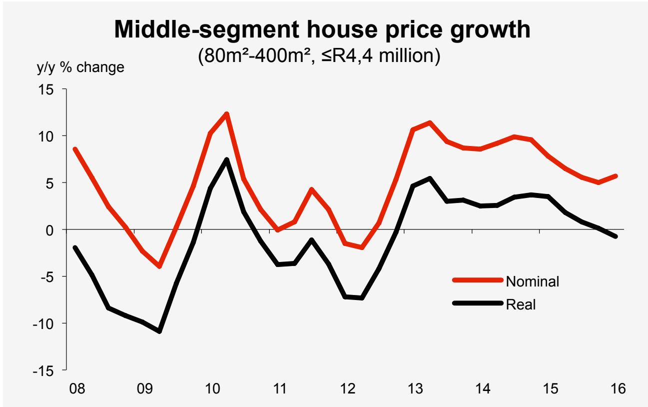

Household credit and mortgage balances
y/y % change
11 10 9 8 7 6 5 4 3 2 1 0
Total credit balances
Mortgage balances
09 10 11 12 13 14 15 16
Source: SARB

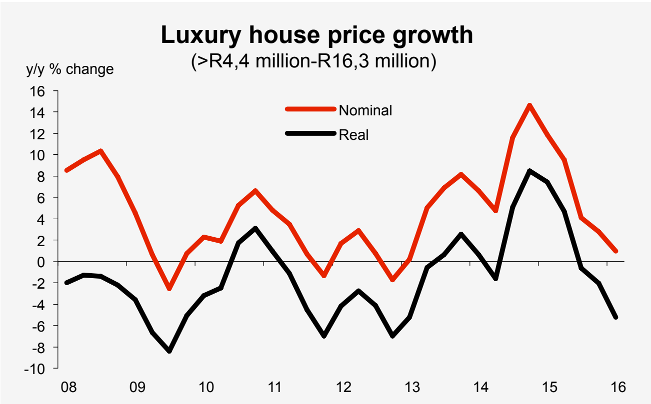

Household debt and debt servicing
(Debt and debt servicing as % of income)
%
16 15 14 13 12 11 10 9 8
%
90 88 86 84 82 80 78 76
Debt servicing ratio (left)
Prime rate (left)
Debt ratio (right)
08 09 10 11 12 13 14 15
Source: SARB

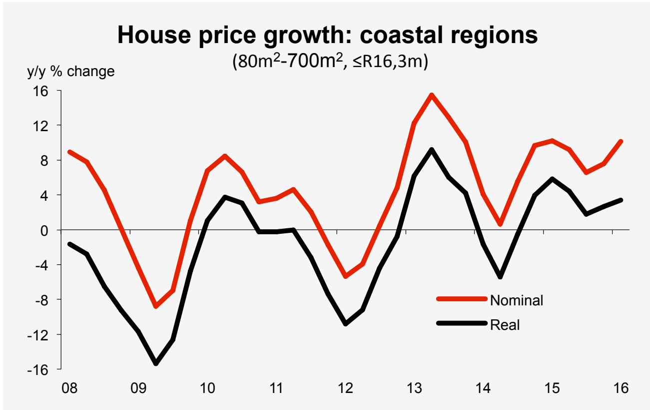

Consumer credit-risk profiles
(% of total, Q4 2015)
%
100 90 80 70 60 50 40 30 20 10 0
41.6
58.4
23.9
76.1
Credit-active consumers
Credit accounts
% impaired
% in good standing
Source: NCR

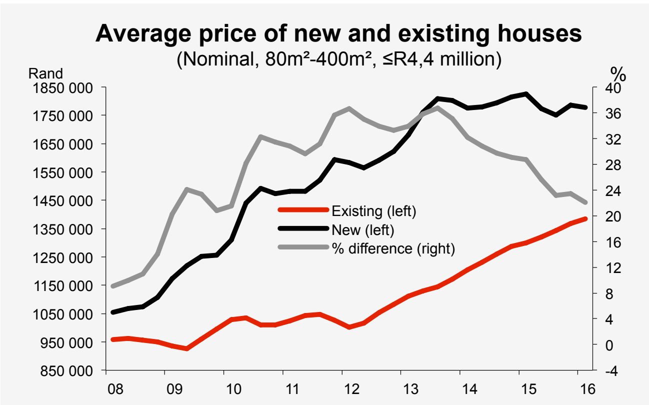

Consumer confidence index
(0 = neutrality)
15 10 5 0 -5 -10 -15 -20
08 09 10 11 12 13 14 15 16
Source: BER

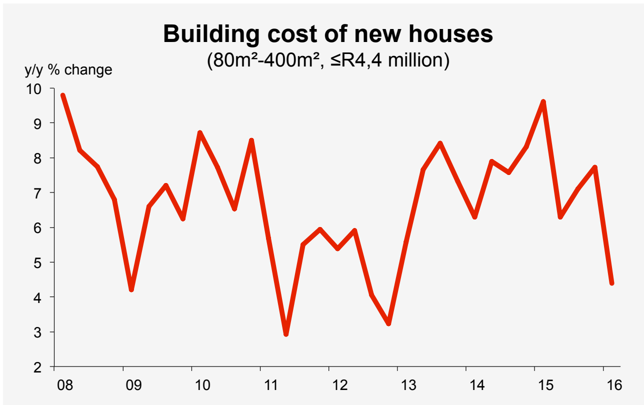

Affordable house price growth
(40m²-79m², ≤R600 000)
y/y % change
Nominal
Real
08 09 10 11 12 13 14 15 16

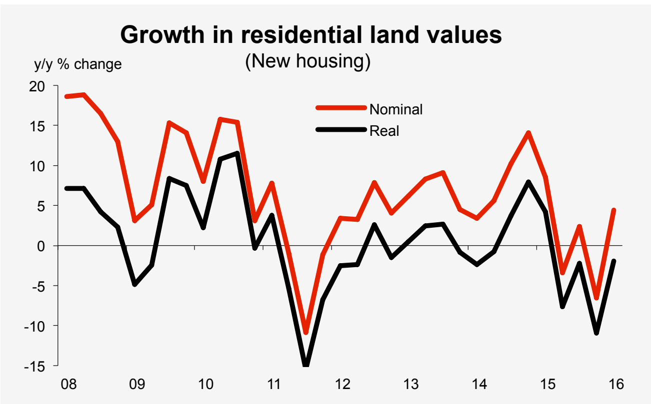

Middle-segment house price growth
(80m²-400m², ≤R4,4 million)
y/y % change
Nominal
Real
08 09 10 11 12 13 14 15 16

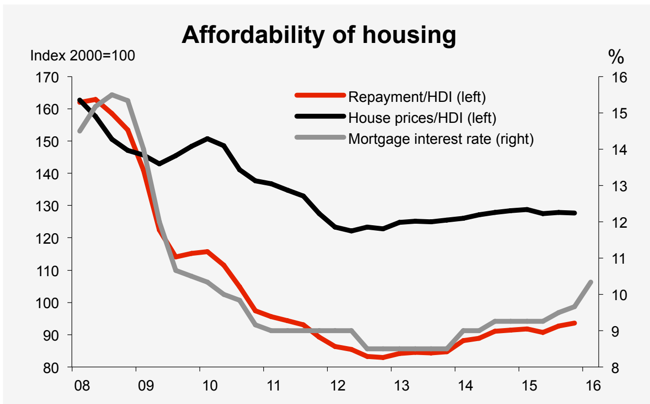

Luxury house price growth
(>R4,4 million-R16,3 million)
y/y % change
Nominal
Real
08 09 10 11 12 13 14 15 16


House price growth: coastal regions
(80m²-700m², ≤R16,3m)
y/y % change
Nominal
Real
08 09 10 11 12 13 14 15 16


Average price of new and existing houses
(Nominal, 80m²-400m², ≤R4,4 million)
Rand
%
Existing (left)
New (left)
% difference (right)
08 09 10 11 12 13 14 15 16


Building cost of new houses
(80m²-400m², ≤R4,4 million)
y/y % change
08 09 10 11 12 13 14 15 16


Growth in residential land values
(New housing)
y/y % change
Nominal
Real
08 09 10 11 12 13 14 15 16


Affordability of housing
Index 2000=100
%
Repayment/HDI (left)
House prices/HDI (left)
Mortgage interest rate (right)
08 09 10 11 12 13 14 15 16

Statistics

Residential property stock[1]

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	% share[2]
Number of properties						
Total number	6 118 358	6 128 977	6 142 219	6 181 901	6 210 698	100.0
Bonded	2 191 030	2 187 640	2 181 116	2 184 389	2 177 505	35.1
Non-bonded	3 927 328	3 941 337	3 961 103	3 997 512	4 033 193	64.9
Freehold properties (excluding estate properties)	5 114 968	5 121 649	5 131 138	5 161 387	5 184 210	83.5
Bonded	1 560 662	1 556 262	1 549 836	1 548 159	1 539 480	29.7
Non-bonded	3 554 306	3 565 387	3 581 302	3 613 228	3 644 730	70.3
Sectional title properties (excluding estate properties)	694 889	697 549	700 325	703 443	707 683	11.4
Bonded	428 983	429 557	429 935	431 111	432 691	61.1
Non-bonded	265 906	267 992	270 390	272 332	274 992	38.9
Estate properties[3]	308 501	309 779	310 756	317 071	318 805	5.1
Bonded	201 385	201 821	201 345	205 119	205 334	64.4
Non-bonded	107 116	107 958	109 411	111 952	113 471	35.6
Property value (R billion)						
Total value	4 028	4 094	4 155	4 252	4 291	100.0
Bonded	2 237	2 265	2 287	2 329	2 348	54.7
Non-bonded	1 791	1 829	1 868	1 923	1 943	45.3
Freehold properties (excluding estate properties)	2 832	2 876	2 918	2 983	3 001	69.9
Bonded	1 498	1 514	1 527	1 551	1 559	51.9
Non-bonded	1 334	1 362	1 391	1 432	1 442	48.1
Sectional title properties (excluding estate properties)	597	609	619	631	644	15.0
Bonded	356	361	367	373	379	58.9
Non-bonded	242	247	252	258	265	41.1
Estate properties[3]	599	609	618	639	646	15.1
Bonded	383	390	394	405	410	63.4
Non-bonded	215	220	224	233	236	36.6

[1]Housing and vacant land, excluding housing on agricultural smallholdings and farms

[2]Latest available quarter. Percentage share may not add up due to rounding

[3]Freehold properties, sectional title properties and vacant land

Historical data may be revised due to the inclusion of lagged and updated information, as well as the re-estimation of property values

Source: Lightstone

Monthly mortgage repayment

Rand, calculated over a period of 20 years

Mortgage	Repayment at a mortgage rate of													
amount	9.00%	9.25%	9.50%	9.75%	10.0%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%	12.00%	12.25%
100 000	900	916	932	949	965	982	998	1 015	1 032	1 049	1 066	1 084	1 101	1 119
200 000	1 799	1 832	1 864	1 897	1 930	1 963	1 997	2 030	2 064	2 099	2 133	2 167	2 202	2 237
300 000	2 699	2 748	2 796	2 846	2 895	2 945	2 995	3 046	3 097	3 148	3 199	3 251	3 303	3 356
400 000	3 599	3 663	3 729	3 794	3 860	3 927	3 994	4 061	4 129	4 197	4 266	4 335	4 404	4 474
500 000	4 499	4 579	4 661	4 743	4 825	4 908	4 992	5 076	5 161	5 246	5 332	5 419	5 505	5 593
600 000	5 398	5 495	5 593	5 691	5 790	5 890	5 990	6 091	6 193	6 296	6 399	6 502	6 607	6 711
700 000	6 298	6 411	6 525	6 640	6 755	6 872	6 989	7 107	7 225	7 345	7 465	7 586	7 708	7 830
800 000	7 198	7 327	7 457	7 588	7 720	7 853	7 987	8 122	8 258	8 394	8 531	8 670	8 809	8 949
900 000	8 098	8 243	8 389	8 537	8 685	8 835	8 985	9 137	9 290	9 443	9 598	9 753	9 910	10 067
1 000 000	8 997	9 159	9 321	9 485	9 650	9 816	9 984	10 152	10 322	10 493	10 664	10 837	11 011	11 186
1 500 000	13 496	13 738	13 982	14 228	14 475	14 725	14 976	15 228	15 483	15 739	15 996	16 256	16 516	16 778
2 000 000	17 995	18 317	18 643	18 970	19 300	19 633	19 968	20 305	20 644	20 985	21 329	21 674	22 022	22 371
2 500 000	22 493	22 897	23 303	23 713	24 126	24 541	24 959	25 381	25 805	26 231	26 661	27 093	27 527	27 964

Mortgage amount at fixed monthly repayment

Rand, calcutaled over a period of 20 years

Mortgage	Mortgage amount at a mortgage rate of													
repayment	9.00%	9.25%	9.50%	9.75%	10.0%	10.25%	10.50%	10.75%	11.00%	11.25%	11.50%	11.75%	12.00%	12.25%
1 000	111 145	109 186	107 281	105 428	103 625	101 870	100 162	98 500	96 882	95 306	93 771	92 276	90 819	89 400
2 000	222 290	218 372	214 562	210 856	207 249	203 740	200 325	197 000	193 763	190 611	187 542	184 552	181 639	178 801
3 000	333 435	327 559	321 843	316 283	310 874	305 610	300 487	295 500	290 645	285 917	281 313	276 828	272 458	268 201
4 000	444 580	436 745	429 124	421 711	414 498	407 480	400 649	394 000	387 526	381 222	375 083	369 103	363 278	357 601
5 000	555 725	545 931	536 405	527 139	518 123	509 350	500 811	492 500	484 408	476 528	468 854	461 379	454 097	447 001
6 000	666 870	655 117	643 686	632 567	621 748	611 220	600 974	591 000	581 289	571 834	562 625	553 655	544 916	536 402
7 000	778 015	764 303	750 967	737 994	725 372	713 090	701 136	689 500	678 171	667 139	656 396	645 931	635 736	625 802
8 000	889 160	873 489	858 248	843 422	828 997	814 960	801 298	788 000	775 052	762 445	750 167	738 207	726 555	715 202
9 000	1 000 305	982 676	965 529	948 850	932 622	916 830	901 460	886 500	871 934	857 751	843 938	830 483	817 375	804 603
10 000	1 111 450	1 091 862	1 072 810	1 054 278	1 036 246	1 018 700	1 001 623	984 999	968 815	953 056	937 708	922 759	908 194	894 003
15 000	1 667 174	1 637 793	1 609 216	1 581 416	1 554 369	1 528 050	1 502 434	1 477 499	1 453 223	1 429 584	1 406 563	1 384 138	1 362 291	1 341 004
20 000	2 222 899	2 183 724	2 145 621	2 108 555	2 072 492	2 037 400	2 003 245	1 969 999	1 937 631	1 906 112	1 875 417	1 845 517	1 816 388	1 788 006
25 000	2 778 624	2 729 654	2 682 026	2 635 694	2 590 615	2 546 750	2 504 057	2 462 499	2 422 038	2 382 641	2 344 271	2 306 896	2 270 485	2 235 007

Average nominal house prices

	2012	2013	2014	2015	2015				2016		
	Rand	Rand	Rand	Rand	Q1	Q2	Q3	Q4	Q1		
					Rand	Rand	Rand	Rand	Rand	q/q %Δ	y/y %Δ
National											
Middle segment (80m^2-400m^2, ≤R4,4m)	1 061 273	1 167 354	1 276 252	1 355 401	1 328 943	1 346 147	1 364 027	1 382 486	1 404 662	1.6	5.7
Small (80m^2-140m^2, ≤R4,4m)	702 886	756 232	827 523	867 014	854 881	850 636	871 499	891 037	924 790	3.8	8.2
Medium (141m^2-220m^2, ≤R4,4m)	1 018 148	1 079 560	1 160 599	1 218 728	1 196 076	1 205 501	1 225 056	1 248 277	1 255 499	0.6	5.0
Large (221m^2-400m^2, ≤R4,4m)	1 519 813	1 673 357	1 807 320	1 910 334	1 847 246	1 884 364	1 941 851	1 967 873	1 982 411	0.7	7.3
New (80m^2-400m^2, ≤R4,4m)	1 590 012	1 762 995	1 790 773	1 783 774	1 824 847	1 774 082	1 749 515	1 786 653	1 776 867	-0.5	-2.6
Existing (80m^2-400m^2, ≤R4,4m)	1 038 790	1 139 118	1 245 748	1 333 173	1 300 313	1 320 237	1 343 922	1 368 219	1 384 852	1.2	6.5
Affordable (40m^2-79m^2, ≤R600 000)	336 924	348 841	371 830	406 067	394 036	403 234	413 230	415 843	415 905	0.0	5.5
Luxury (R4,4m-R16,3m)	4 804 644	5 060 727	5 536 020	5 908 682	5 852 268	5 863 172	5 927 083	6 015 215	5 909 408	-1.8	1.0
Provinces											
Eastern Cape	903 922	963 696	1 012 029	1 070 134	1 033 568	1 102 237	1 071 602	1 070 730	1 107 071	3.4	7.1
Free State	870 465	945 031	1 050 982	1 074 629	1 105 727	1 083 980	1 033 769	1 067 352	1 084 165	1.6	-2.0
Gauteng	1 102 721	1 203 470	1 319 091	1 408 043	1 386 620	1 409 889	1 408 929	1 431 164	1 449 014	1.2	4.5
KwaZulu-Natal	936 493	1 084 805	1 177 597	1 234 841	1 187 608	1 218 580	1 250 338	1 281 033	1 279 002	-0.2	7.7
Limpopo	927 636	1 008 056	1 070 752	1 104 939	1 078 321	1 084 607	1 106 091	1 150 737	1 214 779	5.6	12.7
Mpumalanga	929 527	1 032 323	1 092 525	1 069 612	1 059 737	1 060 508	1 071 732	1 086 472	1 102 529	1.5	4.0
North West	872 010	919 579	951 844	955 668	913 747	935 314	959 063	1 014 546	1 036 247	2.1	13.4
Northern Cape	869 778	1 000 973	1 087 405	1 124 795	1 043 091	1 086 902	1 176 993	1 192 196	1 134 050	-4.9	8.7
Western Cape	1 195 717	1 292 224	1 442 699	1 566 516	1 527 313	1 530 257	1 574 241	1 645 635	1 676 415	1.9	9.8
Metropolitan regions											
PE/Uitenhage (Eastern Cape)	860 387	903 141	912 569	962 175	945 646	963 054	967 376	972 623	986 030	1.4	4.3
East London (Eastern Cape)	1 052 513	1 157 664	1 186 768	1 319 106	1 269 688	1 337 165	1 347 768	1 321 803	1 276 712	-3.4	0.6
Bloemfontein (Free State)	1 104 864	1 205 872	1 404 953	1 424 852	1 393 649	1 406 575	1 444 555	1 454 628	1 444 517	-0.7	3.6
Greater Johannesburg (Gauteng)	1 131 704	1 211 517	1 338 335	1 428 855	1 374 042	1 427 494	1 451 076	1 474 899	1 498 093	1.6	9.0
Johannesburg Central & South	866 296	864 611	1 002 275	1 041 558	956 488	1 025 072	1 090 818	1 093 857	1 096 134	0.2	14.6
Johannesburg North & West	1 424 741	1 499 484	1 678 774	1 788 434	1 726 235	1 778 886	1 796 146	1 852 467	1 929 419	4.2	11.8
East Rand	1 015 821	1 106 461	1 163 887	1 237 950	1 211 205	1 228 394	1 251 909	1 260 290	1 251 950	-0.7	3.4
Pretoria (Gauteng)	1 184 661	1 311 409	1 457 362	1 535 051	1 548 398	1 539 009	1 513 667	1 539 130	1 581 045	2.7	2.1
Durban/Pinetown (KwaZulu-Natal)	1 000 671	1 095 812	1 160 634	1 259 162	1 187 536	1 241 641	1 285 158	1 322 314	1 374 797	4.0	15.8
Cape Town (Western Cape)	1 237 347	1 339 991	1 514 733	1 674 100	1 617 005	1 646 787	1 692 399	1 740 207	1 754 459	0.8	8.5
Coastal regions											
South Africa	1 219 177	1 373 282	1 441 992	1 562 206	1 524 006	1 526 394	1 564 170	1 634 254	1 678 324	2.7	10.1
Western Cape	1 313 030	1 461 190	1 585 588	1 693 664	1 716 705	1 670 029	1 658 870	1 728 212	1 786 797	3.4	4.1
West Coast	1 236 200	1 401 252	1 483 003	1 615 881	1 808 307	1 650 116	1 483 021	1 522 083	1 722 682	13.2	-4.7
Cape Peninsula and False Bay	1 309 209	1 482 661	1 610 252	1 698 080	1 670 981	1 687 256	1 709 123	1 724 959	1 714 785	-0.6	2.6
Southern Cape	1 355 644	1 445 219	1 578 806	1 721 357	1 757 159	1 651 435	1 661 897	1 814 935	1 908 158	5.1	8.6
Eastern Cape	1 110 807	1 096 619	1 159 567	1 264 972	1 219 964	1 289 043	1 290 569	1 260 312	1 227 677	-2.6	0.6
KwaZulu-Natal	1 188 166	1 474 590	1 434 611	1 585 601	1 414 923	1 525 910	1 667 932	1 702 427	1 877 154	10.3	32.7
South Coast	1 005 083	1 083 367	1 074 213	1 322 009	1 184 739	1 346 388	1 352 250	1 404 661	1 543 339	9.9	30.3
North Coast	1 310 927	1 665 918	1 640 553	1 725 634	1 515 979	1 603 962	1 822 103	1 960 492	1 995 605	1.8	31.6

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 80m^2 and 400m^2, up to R4,4 million in 2016.
House prices for the coastal regions are smoothed for all houses between 80m^2 and 700m^2, up to R16,3 million in 2016.

Average nominal house prices by middle-segment category in the first quarter of 2016

	Small: 80m^2 - 140m^2			Medium: 141m^2 - 220m^2			Large: 221m^2 - 400m^2		
	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	924 790	3.8	8.2	1 255 499	0.6	5.0	1 982 411	0.7	7.3
Eastern Cape	674 803	-1.4	2.8	1 041 102	6.0	7.8	1 593 464	-2.5	-2.2
Free State	998 976	17.9	17.7	881 661	1.7	-0.3	1 356 123	1.4	-5.6
Gauteng	851 931	1.7	1.6	1 224 174	-0.6	0.3	2 007 120	-0.3	5.6
KwaZulu-Natal	702 577	-5.1	-9.1	1 218 240	6.9	13.6	1 925 363	-0.4	12.4
Mpumalanga	732 084	3.5	2.2	1 036 825	-1.3	0.8	1 483 306	2.3	4.8
North West	726 233	1.0	15.8	977 275	5.8	12.8	1 253 912	-10.7	0.5
Northern Cape	707 858	0.6	-1.1	1 147 901	-2.1	13.7	1 715 437	-5.9	6.4
Limpopo	669 110	5.5	2.8	1 272 421	7.7	23.4	1 929 178	21.1	30.1
Western Cape	1 174 277	-0.1	10.9	1 568 317	2.0	7.9	2 327 522	1.4	7.2
Metropolitan regions									
PE/Uitenhage (Eastern Cape)	658 611	2.8	5.4	862 459	1.2	-0.9	1 307 405	-10.0	-15.7
East London (Eastern Cape)	722 156	-3.0	-5.2	1 179 730	0.9	4.8	2 080 134	2.1	5.9
Bloemfontein (Free State)	1 195 140	5.4	15.5	1 295 060	2.7	5.8	1 775 330	1.3	2.2
Greater Johannesburg (Gauteng)	903 816	-0.6	3.9	1 279 822	-0.4	5.0	2 033 205	-0.6	5.1
Johannesburg Central & South	592 767	-7.3	1.2	929 379	-6.0	-2.6	1 524 187	-2.9	-2.6
Johannesburg North & West	954 702	5.5	2.3	1 583 659	-1.5	2.2	2 406 237	2.2	9.0
East Rand	968 272	-2.1	-1.1	1 141 745	4.0	9.4	1 682 125	-5.6	2.6
Pretoria (Gauteng)	851 038	5.8	7.0	1 311 802	0.6	-0.7	2 195 776	2.1	6.8
Durban/Pinetown (KwaZulu-Natal)	787 375	-3.4	-5.2	1 245 201	2.4	11.2	2 131 718	10.8	24.4
Cape Town (Western Cape)	1 304 467	0.1	14.1	1 707 973	0.2	8.5	2 392 160	1.1	2.0

House prices are based on the total smoothed purchase price of houses (including all improvements) between 80m^2 and 400m^2, up to R4,4 million, in respect of which loan applications were approved by Absa Bank.

Key variables and projections

Annual averages		2010	2011	2012	2013	2014	2015	2016	2017
World									
Gross domestic product	Real % Δ	5.4	4.2	3.4	3.3	3.4	3.1	3.4	3.6
Advanced economies	Real % Δ	3.1	1.7	1.2	1.1	1.8	1.9	2.1	2.1
Emerging market and developing economies	Real % Δ	7.5	6.3	5.2	5.0	4.6	4.0	4.3	4.7
South Africa									
Gross domestic product	Real % Δ	3.0	3.2	2.2	2.2	1.5	1.3	0.6	1.4
$/R exchange rate	Rand per US$	7.32	7.25	8.21	9.65	10.84	12.75	16.24	18.11
Headline consumer price inflation rate	%	4.3	5.0	5.7	5.8	6.1	4.6	6.7	6.1
Mortgage interest rate (end of period)	%	9.00	9.00	8.50	8.50	9.25	9.75	11.00	11.00
Household disposable income	Real % Δ	3.7	4.6	2.4	2.5	1.5	1.7	1.0	1.5
Household final consumption expenditure	Real % Δ	3.9	4.9	3.4	2.9	1.4	1.6	0.5	1.1
Household final consumption expenditure	% of GDP	59.0	59.4	60.5	60.6	60.6	60.9	61.3	61.2
Household saving to disposable income	%	-0.8	-1.1	-2.1	-2.5	-2.4	-2.3	-1.9	-1.4
Household debt to disposable income	%	81.9	79.8	79.9	79.4	78.1	78.0	77.6	77.7
House prices (80m²-400m², ≤R4.4m)	Nominal % Δ	7.4	1.8	0.6	10.0	9.3	6.1	4.7	4.3
House prices (80m²-400m², ≤R4.4m)	Real % Δ	3.0	-3.1	-4.7	4.0	3.1	1.4	-1.9	-1.7

Source: IMF, SARB, Stats SA, Absa

Rate structure of transfer duty on property

Value of property	Transfer duty payable
2015/16	
Value of property	**Transfer duty payable**
R0 - R750 000	0%
R750 001 - R1 250 000	3% on the value from R750 001 to R1 250 000
R1 250 001 - R1 750 000	R15 000 plus 6% on the value from R1 250 001 to R1 750 000
R1 750 001 - R2 250 000	R45 000 plus 8% on the value from R1 750 001 to R2 250 000
R2 250 001 and above	R85 000 plus 11% on the value above R2 250 000
2016/17	
Value of property	**Transfer duty payable**
R0 - R750 000	0%
R750 001 - R1 250 000	3% on the value from R750 001 to R1 250 000
R1 250 001 - R1 750 000	R15 000 plus 6% on the value from R1 250 001 to R1 750 000
R1 750 001 - R2 250 000	R45 000 plus 8% on the value from R1 750 001 to R2 250 000
R2 250 001 - R10 000 000	R85 000 plus 11% on the value from R2 250 001 to R10 000 000
RR10 000 001 and above	R937 500 plus 13% on the value above R10 000 000

Source: National Treasury

Transfer duty on property in 2016/17

Property value Rand	Transfer duty in 2015/16 Rand	Transfer duty in 2016/17 Rate %	Amount payable Rand	Change from 2015/16 Rand	Change from 2015/16 %	% of property value
750 000	0	0	0	0	0.0	0.0
1 250 000	15 000	3	15 000	0	0.0	1.2
1 750 000	45 000	6	45 000	0	0.0	2.6
2 250 000	85 000	8	85 000	0	0.0	3.8
10 000 000	937 500	11	937 500	0	0.0	9.4
10 500 000	992 500	13	1 002 500	10 000	1.0	9.5
11 000 000	1 047 500	13	1 067 500	20 000	1.9	9.7
11 500 000	1 102 500	13	1 132 500	30 000	2.7	9.8
12 000 000	1 157 500	13	1 197 500	40 000	3.5	10.0
12 500 000	1 212 500	13	1 262 500	50 000	4.1	10.1
13 000 000	1 267 500	13	1 327 500	60 000	4.7	10.2
13 500 000	1 322 500	13	1 392 500	70 000	5.3	10.3
14 000 000	1 377 500	13	1 457 500	80 000	5.8	10.4
14 500 000	1 432 500	13	1 522 500	90 000	6.3	10.5
15 000 000	1 487 500	13	1 587 500	100 000	6.7	10.6
15 500 000	1 542 500	13	1 652 500	110 000	7.1	10.7
16 000 000	1 597 500	13	1 717 500	120 000	7.5	10.7
16 500 000	1 652 500	13	1 782 500	130 000	7.9	10.8
17 000 000	1 707 500	13	1 847 500	140 000	8.2	10.9
17 500 000	1 762 500	13	1 912 500	150 000	8.5	10.9
18 000 000	1 817 500	13	1 977 500	160 000	8.8	11.0
18 500 000	1 872 500	13	2 042 500	170 000	9.1	11.0
19 000 000	1 927 500	13	2 107 500	180 000	9.3	11.1
19 500 000	1 982 500	13	2 172 500	190 000	9.6	11.1
20 000 000	2 037 500	13	2 237 500	200 000	9.8	11.2

Source: National Treasury, Absa