



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

Explanatory notes:

The Absa house price indices, available back to 1966, are based on the total purchase price of houses in the 80m²-400m² size category, priced at R4,2 million or less in 2015 (including improvements), in respect of which mortgage loan applications were received and approved by Absa. Prices are seasonally adjusted and smoothed in an attempt to exclude the distorting effect of seasonal factors and outliers in the data. As a result, the most recent index values and price data may differ from previously published figures.

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Bank Limited and/or the authors of the material.

House price indices

6 November 2015

Slowing house price growth up to October

Year-on-year growth in the average nominal value of homes in the middle segment of the South African housing market continued its slowing trend to a level of around 5% in October 2015. Month-on-month price growth dropped to 0,2% in October, which contributed to declining year-on-year price growth in the first ten months of the year.

Real house price growth, i.e. after adjustment for the effect of consumer price inflation, remained under downward pressure in September, driven by continued declining nominal price growth and trends in consumer price inflation. Real year-on-year price deflation was evident in the small and medium categories of middle-segment housing in September, with real price growth recorded in large-sized housing.

The average nominal value of homes in each of the middle-segment categories was as follows in October 2015:

- Small homes (80m²-140m²): R876 000
- Medium-sized homes (141m²-220 m²): R1 236 000
- Large homes (221m²-400m²): R1 976 000

The abovementioned trends in home values are according to the Absa house price indices, which are based on applications for mortgage finance received and approved by the bank in respect of middle-segment small, medium-sized and large homes (see explanatory notes).

The residential property market will continue to be driven by factors related to the economy, household finances and consumer confidence. These factors will affect the affordability of housing and the accessibility of and demand for mortgage finance. Property market conditions will be reflected in levels of property demand and supply, residential building activity, property prices, buying patterns, transaction volumes and growth in mortgage advances.

House price growth has been on a steady downward trend since late 2014 and is forecast to remain in the single digits for the rest of the year and in 2016. Lower price growth is forecast for 2015 and 2016 compared with 2013 and 2014, mainly as a result of trends in and the outlook for key macroeconomic and household sector-related factors. Nominal house price growth of around 6% is forecast for this year and next year, with the risk to the downside. Based on the outlook for nominal price growth and consumer price inflation, real house price growth is expected to remain relatively low over the next 12 months.

Absa house price indices (nominal, 2000=100)

Houses of 80m²-400m², up to R4,2 million

Month	Small houses 80m²-140 m²			Medium-sized houses 141m²-220 m²			Large houses 221m²-400 m²		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
January	375.5	389.0	434.8	427.1	448.2	478.6	441.1	479.8	504.6
February	372.6	395.5	431.2	427.3	452.6	479.2	445.3	483.4	506.5
March	370.4	403.0	426.9	427.1	455.8	479.8	449.5	487.3	509.0
April	370.0	409.5	424.4	427.9	458.0	480.6	453.0	491.7	512.5
May	371.5	413.6	425.1	429.4	459.6	482.1	455.8	495.8	517.4
June	374.9	415.2	428.4	430.9	462.1	484.2	458.6	498.7	523.2
July	379.1	415.7	432.7	431.6	465.7	486.7	461.2	500.4	529.2
August	382.8	417.6	436.2	431.8	470.1	489.5	464.1	501.5	534.2
September	384.8	421.7	438.6	432.5	474.1	492.4	466.9	502.8	538.9
October	384.5	427.5	440.0	434.4	476.9	494.8	469.4	503.8	542.4
November	383.7	432.9		438.0	478.3		472.0	503.9	
December	384.7	435.7		443.0	478.5		475.8	503.8	
Average	377.9	414.7	431.8	431.7	465.0	484.8	459.4	496.1	521.8

Absa house price indices

Houses of 80m²-400m², up to R4,2 million

Category of housing	Nominal year-on-year % change			Real year-on-year % change		
	September	October	Year-to-date	August	September	Year-to-date
	2015	2015	2015	2015	2015	2015
Small (80m²-140m²)	4.0	2.9	5.1	-0.1	-0.5	0.9
Medium (141m²-220m²)	3.9	3.7	4.9	-0.5	-0.7	0.5
Large (221m²-400m²)	7.2	7.7	5.5	1.8	2.5	0.7



