

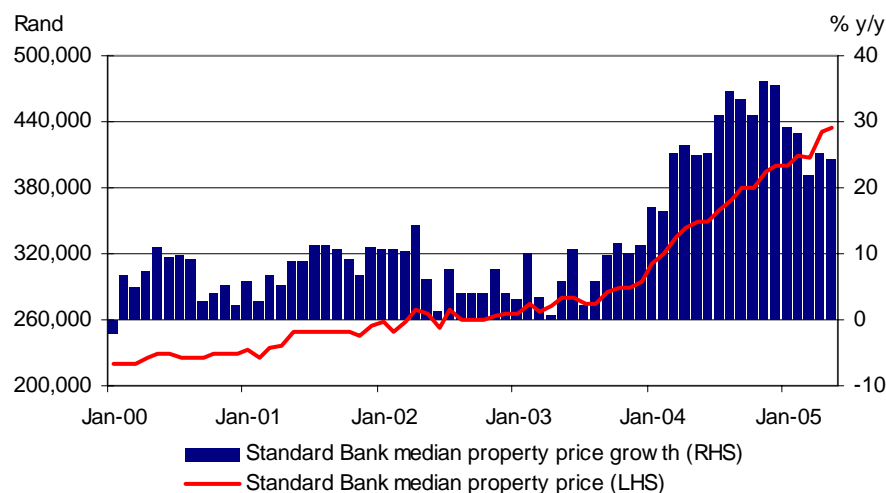
## House price growth: strong but slowing

Standard Bank's new residential property price index recorded 24.3% growth in house<sup>1</sup> prices in May 2005 from the year before. This aggregate number, however, masks material differences across price categories and regions. Notably, prices of properties in the middle price ranges, which are boosted by, among other factors, booming sectional title developments, which tend to fall in this price band, are outpacing the growth in other price bands.

*House prices grew by 24.3% in May 2005*

Generally, the residential property market continues to be lively, underpinned by healthy consumer fundamentals, low interest rates and generous gains in disposable income on the back of accelerating economic growth and consecutive cuts in income taxes. However, while expected to remain robust, house price growth, in line with general consumer expenditure and purchases of durable goods in particular, is slowing down.

FIGURE 1: MONTHLY NATIONAL HOUSE PRICES: STANDARD BANK



Source: Standard Bank Group

This deceleration is the result of a combination of factors, including recent above-trend growth; the reduction in pent-up demand after several years of brisk buying; and the fading impact of previous interest rate cuts. While the banks' 50 basis point interest rate cut in April will provide modest impetus to the property market, a cooling off in house price growth seems to be inevitable and is already underway.

*The residential property market continues to be buoyant, supported by healthy consumer fundamentals and relatively low interest rates*

The state and direction of the residential property market has significant consequences not only for home owners, who often have a substantial proportion of their financial wealth invested in their houses, but also to the broader macroeconomy through the wealth effects on consumer spending. This report provides an in-depth analysis of the South African residential property market. House prices are analysed not only on an aggregate level, but also for different price bands and different regions. The factors supporting the boom in domestic house prices are unpacked, focusing specifically on the role of investors and the macroeconomic determinants of property prices. This forms the basis of the outlook for house prices.

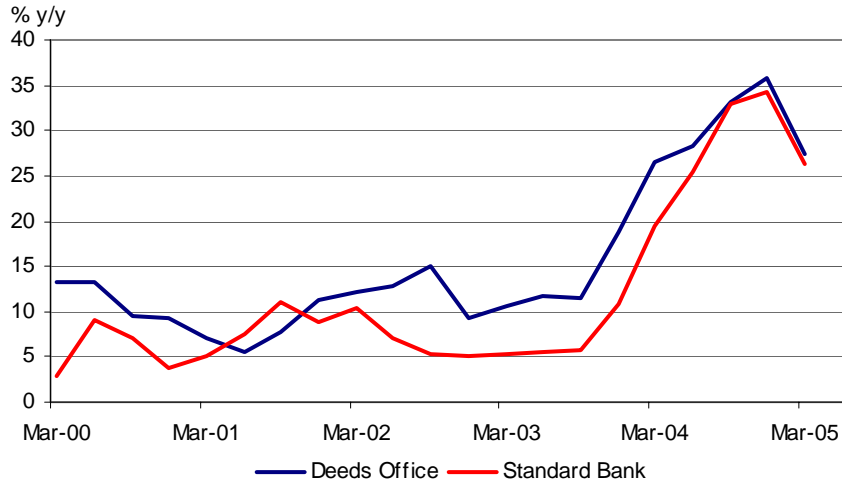
<sup>1</sup> Throughout the report "houses" refer to the full spectrum of residential properties, including for example flats and townhouses.



## 1. Unpacking house prices

It is crucial that an analysis of the residential property market be based on reliable and consistent data, which is representative of the spectrum of property in South Africa. Ideally, the analysis should be based on data from the Deeds Office, which include all transfers of properties. However, the usual delay of about six months with which this data is available necessitates the use of alternative sources. Prices of houses financed by Standard Bank, which has about 29% share of new business in the mortgage market, show the same trends as the Deeds Office's data but are more recent and therefore suitable for use in this type of analysis (see figure 2).

**FIGURE 2: STANDARD BANK AND DEEDS OFFICE'S HOUSE PRICE GROWTH**



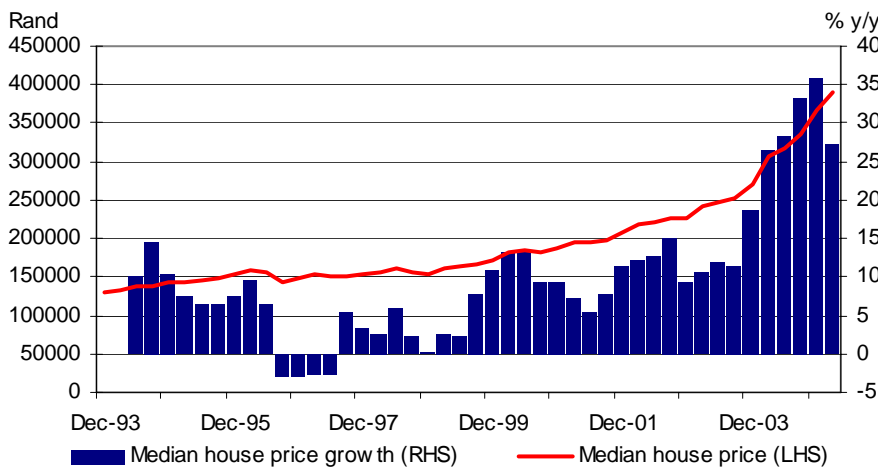
*House prices captured by Standard Bank and the Deeds Office move largely in tandem*

Source: Standard Bank Group, Deeds Office

Despite similar trends there are some differences in absolute prices and growth rates. This inconsistency may occur when cheaper houses are bought with cash, for example, by investors, and are therefore not included in banks' samples.

Throughout this analysis the Deeds Office's data is used unless specified otherwise.

**FIGURE 3: QUARTERLY NATIONAL HOUSE PRICES: DEEDS OFFICE**



*Throughout this analysis the Deeds Office's data is used unless specified otherwise*

Source: Standard Bank Group, Deeds Office

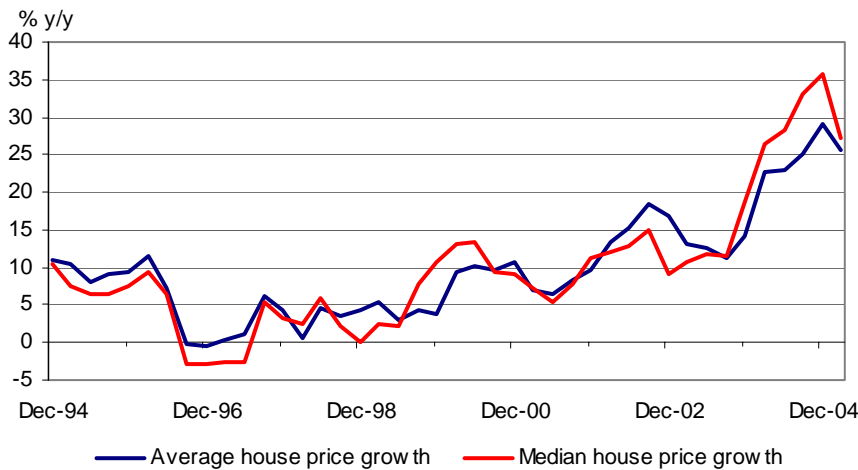
Only a couple of exceptionally expensive houses need to be sold to have a material influence on the average value of house prices transacted in a particular period, so that it no longer accurately represents the general trend. It is therefore more appropriate to analyse the median house price, which is the price



such that half of the houses are more expensive and half of them cheaper. If relatively expensive houses don't have an exceptional influence on the aggregate data, the mean and median should be similar. This analysis is therefore based on median house prices unless noted otherwise.

Generally, the growth in *mean* house prices exceeds that of *median* house prices (see figure 4). As indicated earlier, this is consistent with a scenario where the selling prices of the most expensive houses has grown significantly faster than most other houses, or an unusually large number of expensive houses have been sold, and hence skews the picture portrayed by the mean. For this reason it is more appropriate to evaluate median rather than mean house prices as representative of trends in the housing market.

**FIGURE 4: AVERAGE AND MEDIAN HOUSE PRICE GROWTH: DEEDS OFFICE**



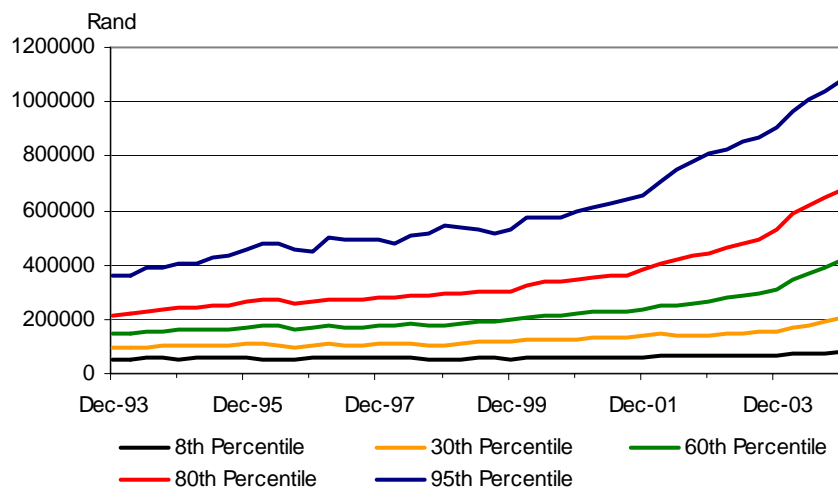
**Median house prices give a more accurate reflection of trends than average house prices**

Source: Standard Bank Group, Deeds Office

The brisk growth rates in aggregate house prices mask differences between locations and price categories. Notably, over the long-term (before the current property boom) luxury houses' prices generally outpaced those of less expensive houses, while the least expensive houses generally grew the slowest (see figures 5 and 6). This is important from an affordability point of view, especially for the less affluent whose cost of housing has increased less than proportionately most of the time.

**Over the long-term the price growth of luxury houses generally outpaced those of less expensive houses**

**FIGURE 5: HOUSE PRICES IN DIFFERENT PRICE CATEGORIES**



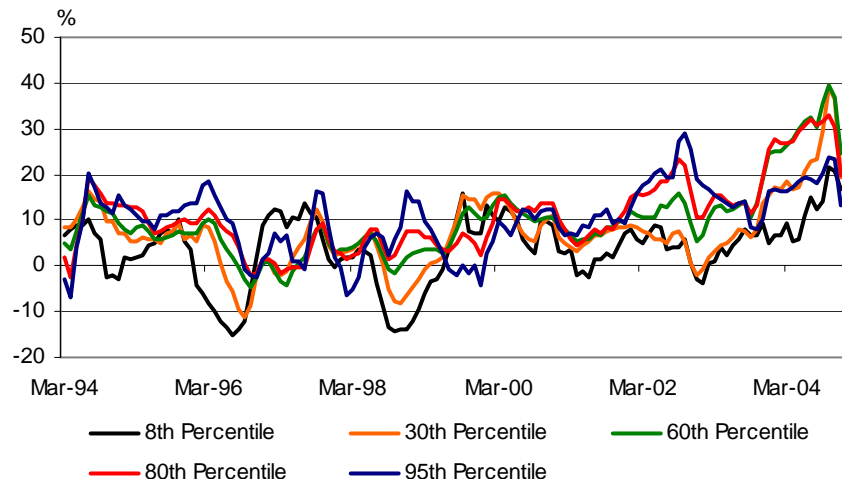
Source: Standard Bank Group, Deeds Office



During the recent property boom, faster growth was recorded in the middle price ranges than in the most expensive houses (see figure 6). This is at least partly attributable to the boom in sectional title developments, which usually fall in the middle, rather than top, price bands. Relatively slower growth in luxury houses, in turn, explains why average house prices, which are more sensitive than the median to changes in the extreme house prices, grew at a slower rate than the median during the recent property boom (see figure 4). A similar situation prevailed in 1999.

The least expensive houses continue to grow at a slower rate than other price categories, which is at least partly attributable to the almost non-existent secondary market for these properties.

FIGURE 6: HOUSE PRICE GROWTH IN DIFFERENT PRICE CATEGORIES

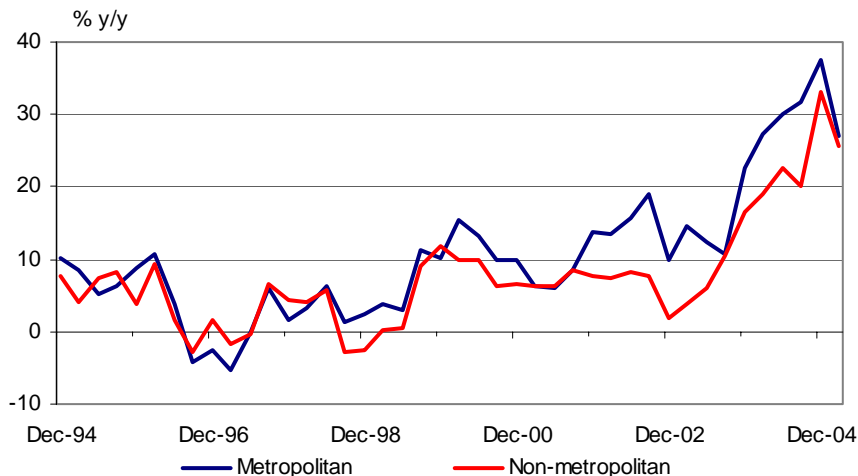


Source: Standard Bank Group, Deeds Office

*Recently, faster growth was recorded in the middle price ranges than in the most expensive houses*

The growth rates in house prices not only differ across price categories but also across areas. Generally, the acceleration in house prices in metropolitan areas took off earlier and exceeds that in non-metropolitan areas (see figure 7). Houses in non-metropolitan areas are also generally cheaper than those in metropolitan areas, with median prices of R271 500 and R445 000 respectively in December 2004<sup>2</sup>. (House prices for selected areas are shown in Appendix A.)

FIGURE 7: HOUSE PRICES IN METROPOLITAN AND NON-METROPOLITAN AREAS



Source: Standard Bank Group, Deeds Office

*Houses in non-metropolitan areas are generally cheaper than those in metropolitan areas, with median house prices of R271 500 and R445 000 respectively in December 2004*

<sup>2</sup> The latest data available from the Deeds Office.



## 2. Analysis of the drivers of house prices

An evaluation of the drivers of house prices is vital not only to understand historical trends, but it should also form the basis of the outlook for house prices. Domestic house prices are largely driven by three factors, namely the role of investors in the property market, the macroeconomic setting and the affordability of houses to households. These factors are discussed below.

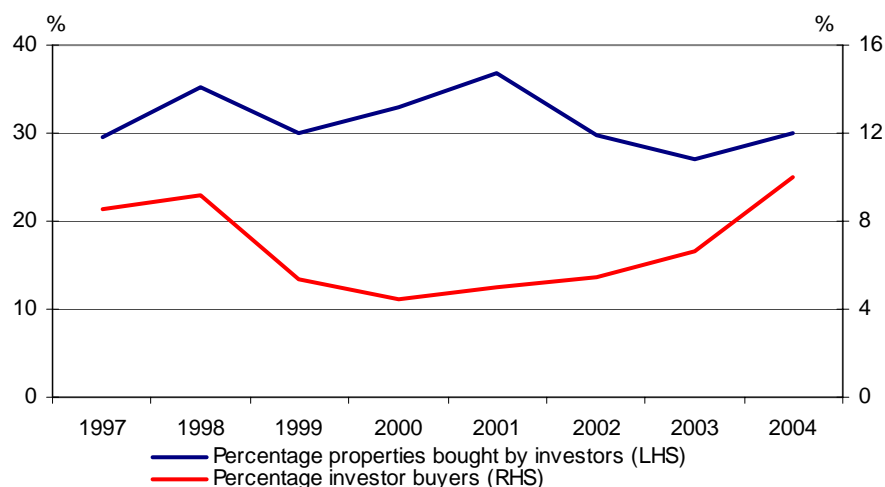
### 2.1 Investor activity

Investor activity plays an important role in the property market, especially once price increases start to decelerate and even more so when prices start to fall. Generally, investors are more likely than homeowners to sell their property when they expect (or see) a fall in house prices. The simultaneous sell-off by investors to escape or limit capital losses aggravates the decline in property prices. A larger presence of investors therefore gives the property market more momentum and fuels the trend in house prices in either direction.

The recent acceleration in house prices is at least partly attributable to increased activity in the residential property market by investors<sup>3</sup>. This was spurred to a large extent by interest rates falling by more than a third since mid-2003. There is a close inverse relationship between investor participation in the property market and interest rates. Interestingly, the proportion of property owners that are investors (rather than owner-occupants) has been rising steadily over the past four years, while a smaller proportion of properties are owned by investors. In other words, there are more investors participating in the property market but on average each of them is buying fewer properties (see figure 8). This could be attributable to a rise in the number of new entrants in this market who are buying their first investment properties.

*The recent acceleration in house prices is at least partly attributable to increased activity in the residential property market by investors*

FIGURE 8: INVESTOR PARTICIPATION IN THE RESIDENTIAL PROPERTY MARKET



*The proportion of property owners that are investors (rather than owner-occupants) has been rising steadily over the past four years*

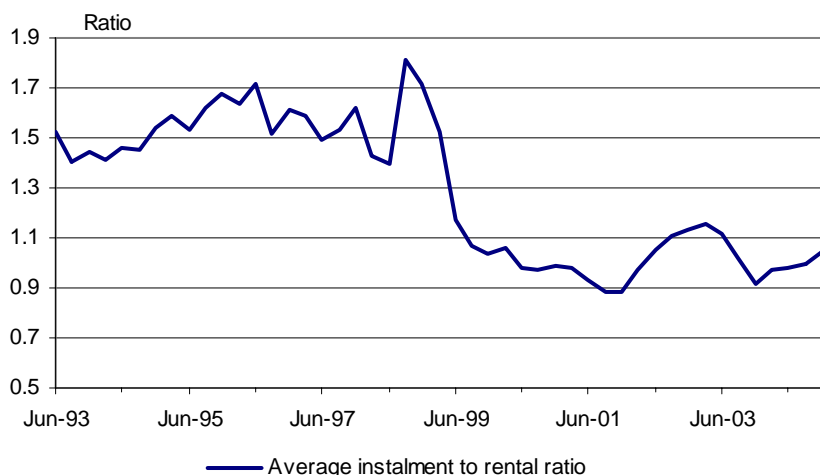
Source: Standard Bank Group, Deeds Office

Apart from the prospects of healthy capital gains offered by continuous acceleration in house prices over the last year or so, investors were also lured into the market by attractive rental yields, which have generally improved since 1998. However, the sharp rises in house prices, combined with a slowdown (albeit still expansion) in rental income as net demand for rental properties declines, is eroding the rental yield. Figure 9 illustrates the ratio of mortgage instalments to rental income, which gives a cursory indication of the yield earned on rental properties.

<sup>3</sup> A person owning more than one property is regarded as an investor.



FIGURE 9: MORTGAGE INSTALMENT TO RENTAL INCOME RATIO

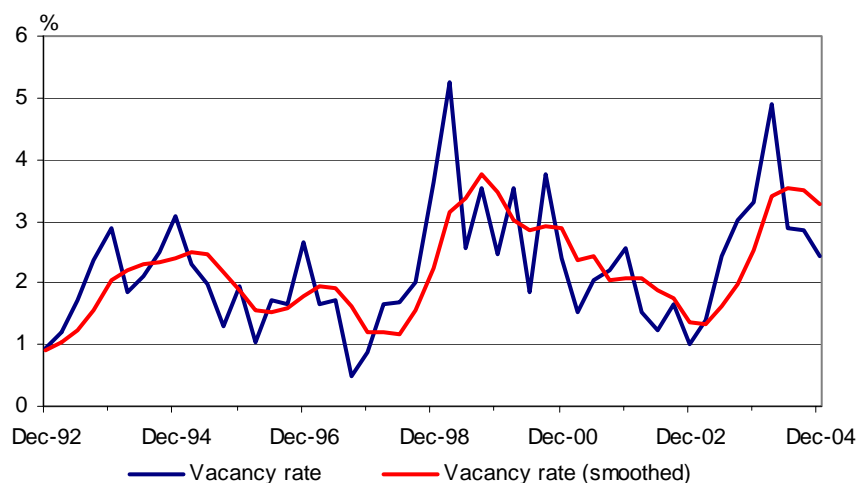


Source: Standard Bank Group, Rode, Deeds Office

*The sharp rises in house prices, combined with a slowdown (albeit still expansion) in rental income is eroding the yield earned by property investors*

Furthermore (if the spike in 2004 is ignored), vacancies in residential properties have generally been rising since the beginning of 2003 (see figure 10), which has undermined the investment returns on properties even further. This data is quite volatile, so the recent (marginal) decline is not necessarily indicative of a sustained downward trend. However, following the surge in vacancies in 2003, rental growth slowed down as investors settled for lower increases rather than have unoccupied properties, which explains the moderation in vacancies since then.

FIGURE 10: VACANCIES IN RESIDENTIAL PROPERTIES



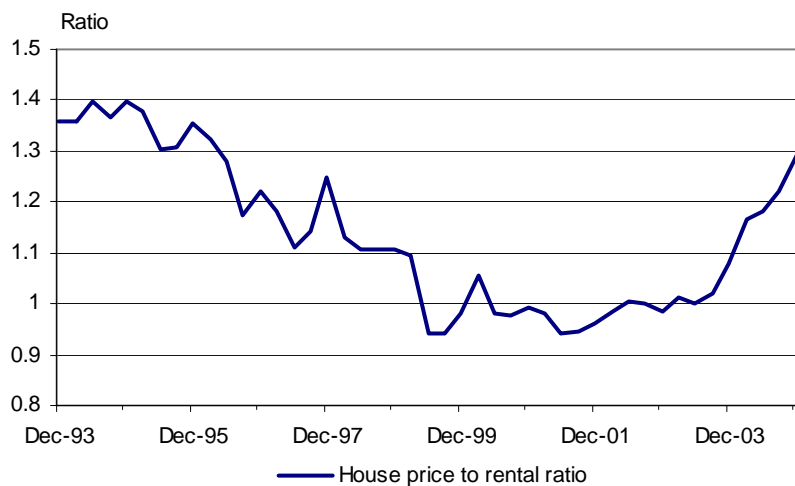
Source: Standard Bank Group, Rode

*Following the rise in vacancies in 2003, rental growth slowed down as investors settled for lower increases rather than have unoccupied properties, which explains the moderation in vacancies since then*

Another indicator often used by property investors is the ratio of house prices to rents, which is seen as an approximation of the price-earnings ratio for the property market. In the same way that a share price should equal the discounted present value of future income (dividends), the price of a house should reflect the income that it will generate (either in terms of rental income received by an investor or the rental saved by an owner-occupier). The ratio of house prices to rents in South Africa has been rising since 2001, but is still below the levels recorded a decade ago (see figure 11). This suggests declining attractiveness of residential property as an investment.



FIGURE 11: HOUSE PRICE TO RENTAL RATIO



Source: Standard Bank Group, Rode, Deeds Office

*The ratio of house prices to rents has been rising since 2002, but is still below levels recorded a decade ago*

## 2.2 The macroeconomic outlook

The macroeconomic climate, characterised by persistent low inflation and interest rates as well as firm economic growth, remains supportive of the residential property market. In addition, healthy consumer fundamentals and structural economic changes also provide support.

### *Inflation and interest rates*

Interest rates, one of the key factors that influence households' spending in general and on durable goods and investments in particular, have been one of the main drivers of the current boom in house prices. Inflation conditions, the key determinant of interest rates in an inflation-targeting regime, suggest that low interest rates should remain intact and hence supportive of the housing market. Inflationary pressures are relatively subdued, which means that interest rates are unlikely to rise substantially during the current cycle. The target-friendly inflation outlook is largely attributable to a strong rand, which mitigates the effect of soaring oil prices on domestic fuel prices; the suppression of domestic businesses' ability to increase prices due to excess production capacity locally; low global inflation; and competition from low-cost production in countries such as China and India. The outlook for other inflation drivers also remains benign over the next two years. The credible inflation-targeting framework is paying off, as it seems to have entrenched low inflation into subdued inflation expectations, which weighs down on general price setting in the economy.

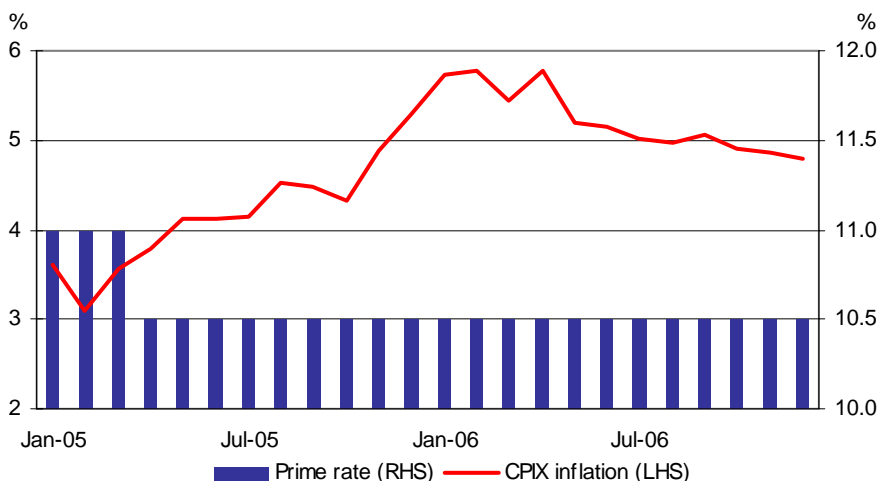
The risks to this outlook largely stem from global forces, notably food and oil prices, which are characteristically volatile. The rand exchange rate, arguably, remains the single biggest risk in the inflation forecast. Although relative rand strength is generally expected to continue, as the very liquid currency of a small and open economy, it is exposed to capricious global forces and will therefore remain one of the key risks to inflation prospects.

Based on this benign inflation outlook, monetary policy is unlikely to be tightened substantially, if at all, over the short- to medium-term. Figure 12 illustrates Standard Bank's current inflation and interest rate forecasts, according to which the SARB is expected to keep the repo rate unchanged for the remainder of this year and next year. The combination of low inflation and interest rates is therefore expected to remain intact in the medium-term and continue to underpin the property market.

*The outlook for house prices continues to be supported by persistent low inflation and interest rates, accelerated economic growth and healthy consumer fundamentals*



FIGURE 12: INFLATION AND INTEREST RATE FORECASTS



Source: Standard Bank Group

*Given a target-friendly inflation outlook, monetary policy is unlikely to be tightened substantially, if at all, over the short- to medium-term*

The 50 basis points cut in interest rates in April is unlikely to boost consumer spending dramatically. It is likely that, since interest rates were thought to have bottomed out before this cut, consumers had already made their intended big-ticket purchases to take advantage of the low interest rates before the anticipated future interest rate hikes. Also, given the 600 basis points reduction in interest rates since mid-2003, the impetus provided by an additional 50 basis points cut is likely to be marginal (see table 1).

TABLE 1: INSTALMENT SAVING AS A RESULT OF APRIL'S INTEREST RATE CUT

Bond amount	Monthly instalment (Prime at 11%)	Monthly instalment (Prime at 10.5%)	Saving
R200 000	R2 064	R1 996	R68
R500 000	R5 160	R4 991	R169
R800 000	R8 257	R7 987	R270
R1 000 000	R10 321	R9 983	R338

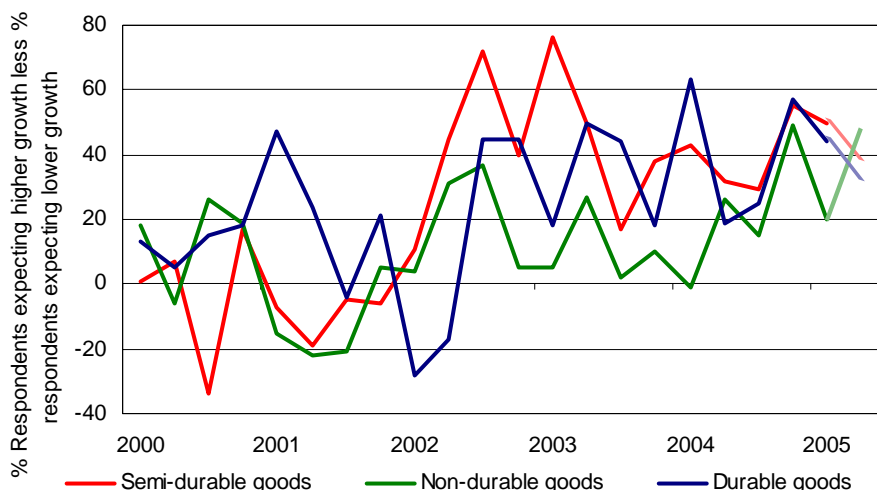
Source: Standard Bank Group

*The 50 basis points cut in interest rates in April is unlikely to boost consumer spending dramatically*

Therefore, while spending should remain buoyant, there could be divergent trends in different types of consumer spending. The expected absence of further monetary policy relaxation is softening the outlook for the relatively interest rate-sensitive types of consumption that have benefited the most from previous interest rate cuts. This trend is already reflected in survey results, which suggest that, while sales in all categories of goods are expected to continue to grow, the outlook for relatively durable goods is softening (see figure 13). In contrast to most of 2004, the best prospects are for relatively less durable goods' sales.



FIGURE 13: DISAGGREGATED RETAIL SALES GROWTH



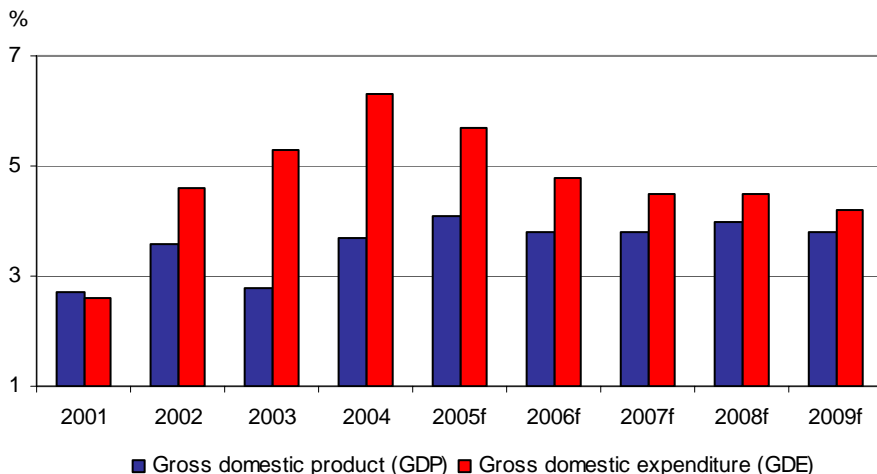
Source: BER

Households' income dynamics

Low inflation and interest rates are two of the primary factors supporting a robust domestic economy, which is expected to accelerate this year with economic growth forecast to increase to 4.1% from 3.7% in 2004. Households' income benefits not only from higher economic growth, but also from about R6.8bn in income tax relief announced in the 2005/06 National Budget.

*While remaining robust, the growth in consumer spending is expected to slow in 2005 as the impact of previous stimuli wanes*

FIGURE 14: REAL ECONOMIC GROWTH FORECAST



Source: SARB, Standard Bank Group

In addition to the favourable cyclical factors, consumer spending, and hence the property market, also receive support from the structural changes in the domestic economy. Domestic demand has been boosted by the growing black middle class, which, in conjunction with the black high-income class, constitutes about 15% of total consumer spending. Unless this is accompanied by an expansion in GDP and/or employment, this in itself is simply re-dividing the same cake. However, cursory estimates indicate that black consumers' average propensity to consume may be up to a third higher than the national average, which means that for every one rand earned by a black household, more will be spent than if it was earned by other population groups, so that even a mere shift in earnings towards black consumers increases the multiplier effect. However, while boosting consumer spending, the flip side is less desirable for savings.

*Domestic demand has been boosted by the growing black middle class...*



Other factors that should continue to support the spending spree include:

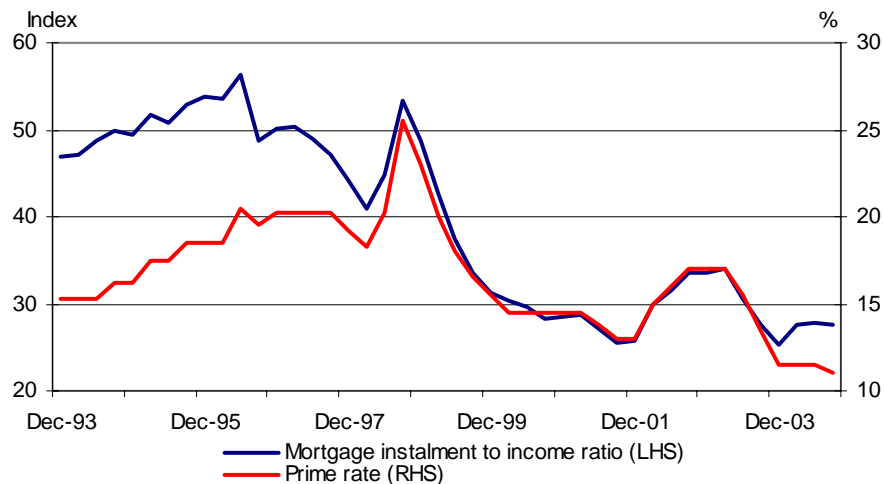
- since mid-2003, jobs were created in most sectors;
- the positive wealth-effect of spiralling equity and house prices, which both rose by more than 20% in 2004;
- upbeat consumer confidence, especially among black consumers – whose confidence is currently outranking that of all other population groups - who comprised 46% of total household expenditure in 2003<sup>4</sup>;
- above-inflation increases in wages; and
- increases in social transfers.

*...as well as employment expansion, the positive wealth effect, upbeat consumer confidence, rising real wages and increases in social transfers*

### 2.3 The affordability of houses

The national housing affordability index (see figure 15), which is calculated as the mortgage instalment to household income ratio, combines the impact of income, interest rates and house prices. It should therefore give a better indication of the affordability of residential property than measures such as the ratio of house prices to income. The instalments are calculated based on the median national house price and the prime rate, while disposable income per employee<sup>5</sup> is used to measure income. An increase (decrease) in the affordability index signals that the instalment to income ratio is rising (declining) and hence people spend a larger (smaller) proportion of their income on their property so that the affordability of houses is seen to be deteriorating (improving).

FIGURE 15: HOUSING AFFORDABILITY AND INTEREST RATES



Source: Standard Bank Group, Deeds Office

*An increase in the affordability index signals that the instalment to income ratio is rising so that the affordability of houses is seen to be deteriorating*

Despite the slight deterioration since late last year, the national affordability index for housing is still relatively low compared with that for most of the 1990s. The deterioration since late 2003 can mainly be ascribed to soaring house prices. However, the interest rate cuts since mid-2003 have clearly mitigated the impact of rising house prices on affordability, which explains the improvement in affordability since early 2004. The relationship between the affordability of houses and interest rates is illustrated in figure 15. A fall in interest rates impacts favourably on affordability by lowering the monthly instalments. For instance, due to the cumulative 650 basis points of interest rate cuts since June 2003, a household can now obtain an almost 47% higher loan for the same monthly instalment: a household that could afford the instalment on a R400 000 loan when the prime rate was 17% can now afford a R588 000 loan at a prime rate of 10.5% with the same instalment.

<sup>4</sup> Bureau for Market Research, 2003, Total household expenditure in South Africa by province, population group and product, Research Report 322.

<sup>5</sup> Disposable income and employment numbers were obtained from the Reserve Bank's Quarterly Bulletin.



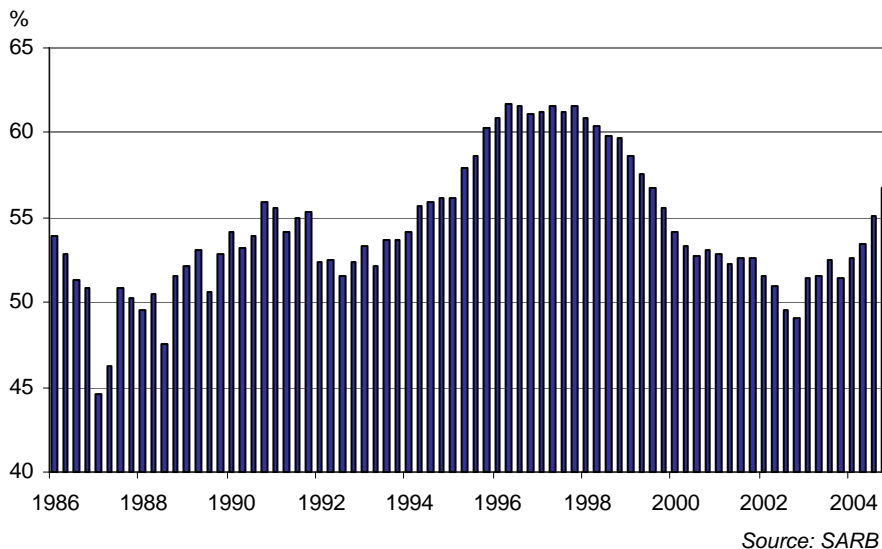
TABLE 2: INSTALMENT SAVING AS A RESULT OF INTEREST RATE CUTS SINCE MID-2003

Bond Size	Mortgage instalment (Prime at 17%)	Mortgage instalment (Prime at 10.5%)	Saving
R 200 000	R 2 934	R 1 996	R 938
R 500 000	R 7 334	R 4 992	R 2 342
R 800 000	R 11 734	R 7 987	R 3 747
R 1 000 000	R 14 668	R 9 984	R 4 684

Source: Standard Bank Group

However, the sustainability of the buoyant conditions in the residential property market depends not only on the affordability of houses, but also (almost more crucially) on households' total indebtedness and the affordability of their total debt burden. Despite a rise since the end of 2002, South Africa's household debt to income ratio is still not very high historically or internationally (see figures 16 and 17), although it does exceed the 36-year average<sup>6</sup> of 50.6%.

FIGURE 16: HOUSEHOLD DEBT TO DISPOSABLE INCOME RATIO



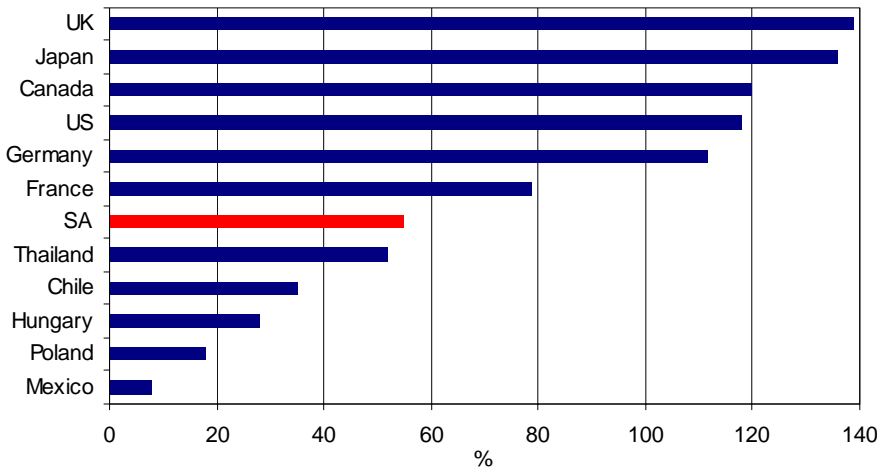
*South Africans' household debt to income ratio is still not very high historically or internationally*

The reduction in interest rates over the past two years also means that, despite the rise in households' indebtedness, the proportion of their income spent on debt financing has increased only marginally. This is reflected by the affordability of households' debt (see figure 18), which is measured by the instalment on total household debt to income ratio. An increase (decrease) in the affordability index signals that the instalment to income ratio is rising (declining) and hence people spend a larger (smaller) proportion of their income on their debt so that the affordability of debt is seen to be deteriorating (improving).

<sup>6</sup> This ratio, which is published by the Reserve Bank, is available only from 1969.



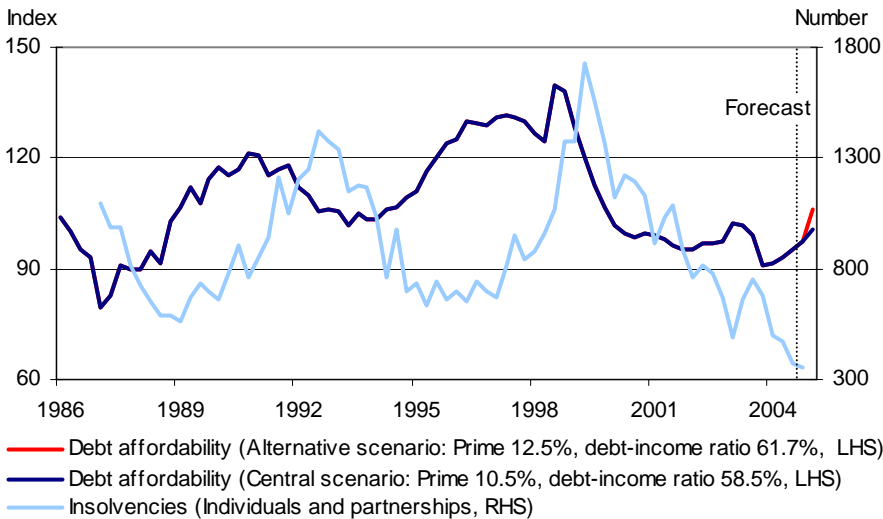
FIGURE 17: INTERNATIONAL HOUSEHOLD DEBT TO DISPOSABLE INCOME RATIOS<sup>7</sup>



Source: SARB, OECD, BIS

Clearly, households' debt should remain quite affordable, not only under the expectation of no monetary tightening (the central scenario in figure 18), but even if the ratio of household debt to income rises to its historical maximum (62%) while interest rates are hiked by, say, 200 basis points (the alternative scenario in figure 18). In both cases, the affordability of debt is also better than it was when the number of insolvencies peaked (for example, in 1992 and 1999). This means that households are able to take on even more debt and are able to afford even more expensive houses, which bodes well for the outlook of the residential property market.

FIGURE 18: THE AFFORDABILITY OF HOUSEHOLDS' TOTAL DEBT



*The affordability of households' debt is better than it was when the number of insolvencies peaked historically (for example, in 1992 and 1999)*

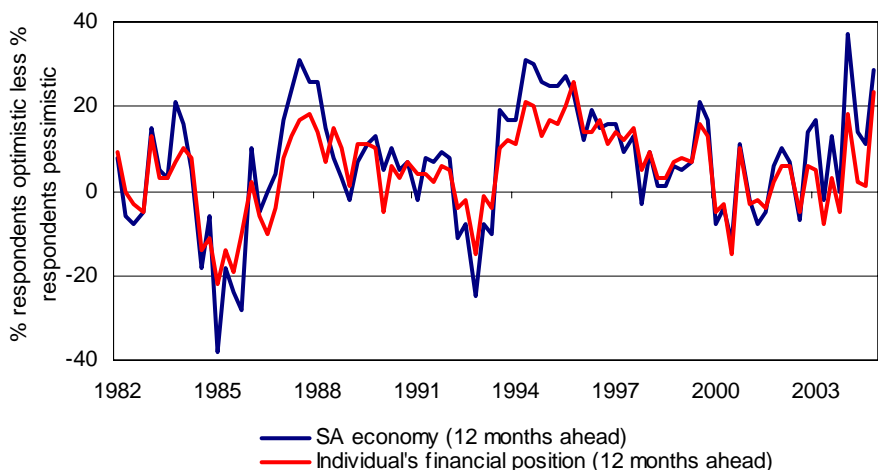
Source: SARB, Standard Bank Group, Stats SA

The outlook for the property market is also supported by consumers' increasing optimism regarding economic prospects. Consumer confidence is well above its long-term and 10-year averages and, despite some volatility, continues its secular rise. Consumers are positive about their financial positions as well as the economy in general for the year ahead (see figure 19), and their expectations for their finances have increased across all income groups, although higher income groups are still relatively more optimistic than lower income groups (see figure 20).

<sup>7</sup> All data for 2003, except South Africa's data which is for 2004Q4.



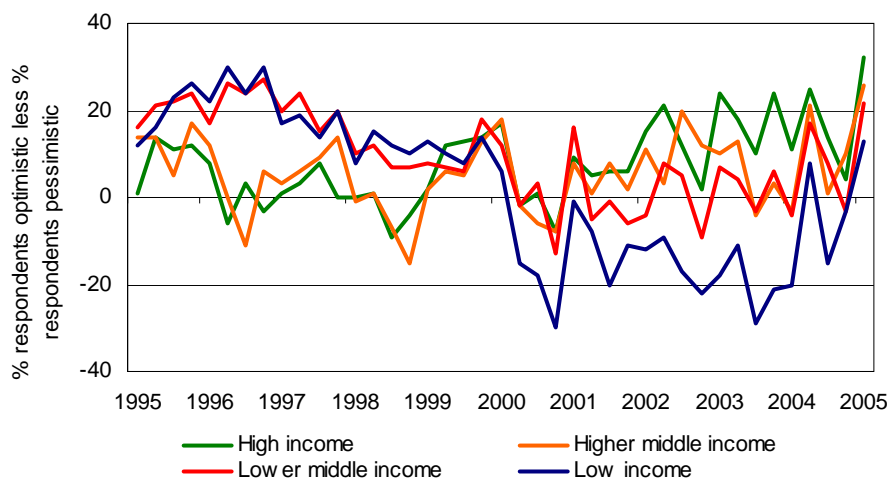
FIGURE 19: CONSUMERS' OUTLOOK



**Consumers are positive about their financial positions as well as the economy in general for the year ahead**

Source: BER

FIGURE 20: EXPECTED FINANCIAL POSITIONS OF HOUSEHOLDS 12 MONTHS AHEAD



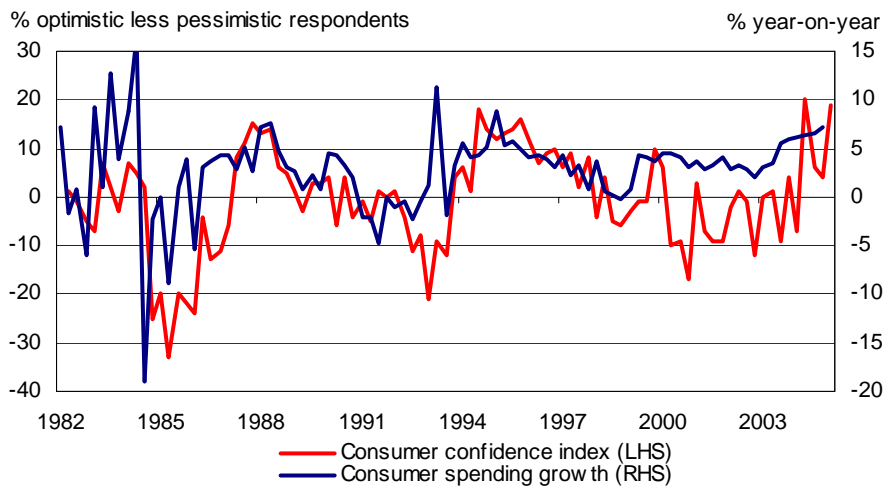
**Consumers' expectations for their finances in the next 12 months have increased across all income groups**

Source: BER

Consumers' confidence in the economy and their finances weigh significantly on their decisions to spend (see figure 21), particularly on more durable goods and investments. Consumers are more likely to buy houses, for example, when they are more confident about the economic outlook. The broad-based rise in consumer confidence should therefore provide support for houses in most price categories.



FIGURE 21: CONSUMER CONFIDENCE AND SPENDING



*Rising consumer confidence usually coincides with higher household spending*

Source: BER, SARB

### 3. The outlook

The sharp growth in aggregate house prices over the last year or so has raised concern about the potential development of a “bubble”, especially since house prices in South Africa have outpaced those in other countries (see table 2). However, in addition to inconsistent measurements and definitions, meaningful international comparisons are complicated by economic and demographic differences across countries. An international comparison of house price growth (such as table 3), for example, does not reflect differences in interest rates, income growth and inflation, which materially influence the affordability and rises in house prices.

TABLE 3: GROWTH IN INTERNATIONAL HOUSE PRICES

%	2004 Q4 <sup>8</sup> (y/y)	1997-2004
South Africa	29.6	195
Hong Kong	28.7	-52
Spain	17.2	131
France	16.0	90
New Zealand	13.5	52
US	11.2	65
China	10.8	NA
Britain	10.2	147
Italy	9.7	65
Ireland	8.5	179
Canada	6.2	41
Australia	2.7	113
Germany	-1.3	0
Japan	-6.0	-25

Source: *The Economist*

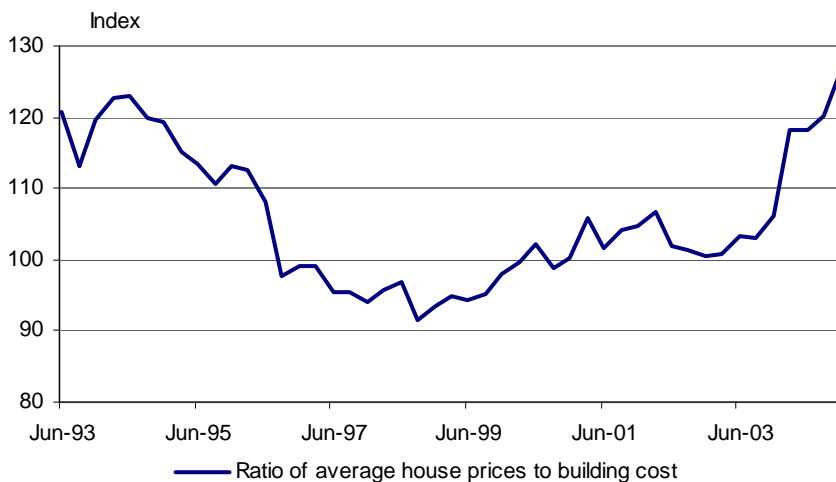
*Meaningful international comparisons of house prices are complicated by economic and demographic differences across countries*

<sup>8</sup> Or latest available.



An additional concern is that house prices increased briskly not only in nominal but also real terms. Figure 22 illustrates real house prices, with building costs used as deflator. Real house prices recently surpassed 1993 levels (from when relatively reliable data became available) and since 1998 nominal house prices have risen faster than building costs. Building cost inflation is sometimes used as a proxy for the growth in the cost of new houses and hence the (incorrect) conclusion is often made that the rise in house prices relative to building cost means that existing houses' prices are rising faster than new ones and houses are therefore overvalued and prices are destined to decline. However, building cost only partially measures the cost of new houses as it excludes the value of land, an important and fast rising cost component. A divergence of house prices and building cost is therefore merely indicative of the relative trends in the prices of building materials and houses and not the under- or overvaluation of houses. While figure 22 can be used to compare trends in house prices and building costs, it does not necessarily reflect the relative prices of new and existing houses.

FIGURE 22: THE RATIO OF HOUSE PRICES AND BUILDING COST



Sources: Standard Bank Group, Deeds Office, BER

**Since 1998 house prices have risen faster than building costs**

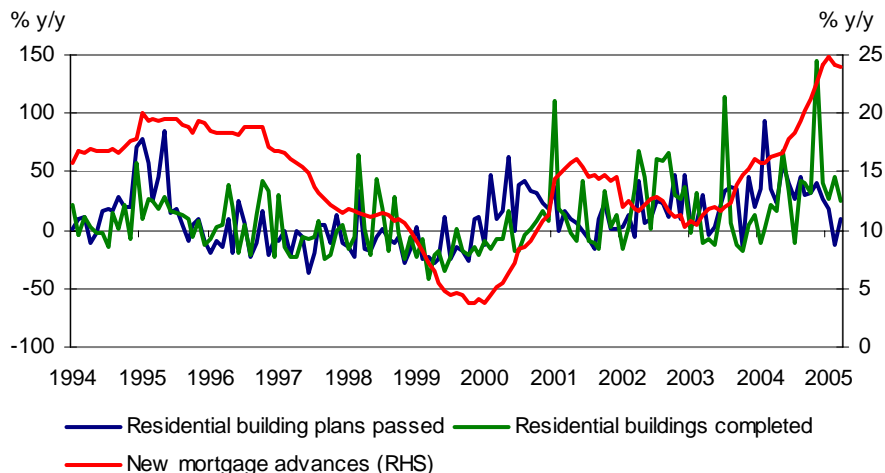
Therefore, concerns about the existence of a bubble in national property prices are probably exaggerated. The demand for, and consequently prices of, houses will continue to be supported by strong (albeit decelerating) consumer demand. This, in turn, is underpinned by firm rises in disposable income, favourable financial conditions and structural changes in the economy. An analysis of households' debt and its affordability (see section 2.3) has shown that consumers' finances are still relatively healthy and they should be able to afford even more debt.

House prices are therefore expected to continue to grow firmly, although growth is likely to soften from last year's phenomenal rates. Indicators such as the value of building plans passed and new mortgage advances (see figure 23), which are growing at positive but softer rates, concur with this outlook.

**The outlook for house prices hinges largely on the affordability of houses, the role of investors and the macroeconomic setting**



FIGURE 23: PROPERTY MARKET INDICATORS



Source: SARB, Stats SA

**Bottom line**

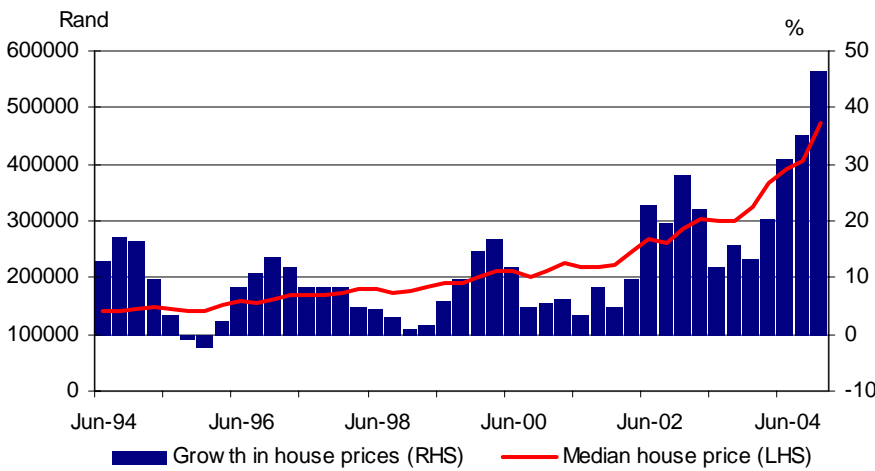
House prices continue to be supported by healthy consumer fundamentals and a benign economic outlook. Despite a rise since the end of 2002, South Africa’s household debt to income ratio is still not very high, which suggests that households have further scope to increase their exposure to the housing market. This is echoed by indices of housing affordability, which are still low relative to historical values. Affordability indices and the ratio of household debt to income are indicative of healthy consumer fundamentals, which continue to support residential property prices. Low interest rates and accelerated economic growth provide further impetus to the property market. Economic fundamentals support continued growth in the property market, albeit at a slower rate than in recent months. Standard Bank forecasts growth for 2005 to be between 18% and 25%.

**Economic fundamentals support continued growth in the property market, albeit at slower rates**



## Appendix A Residential property prices in selected areas

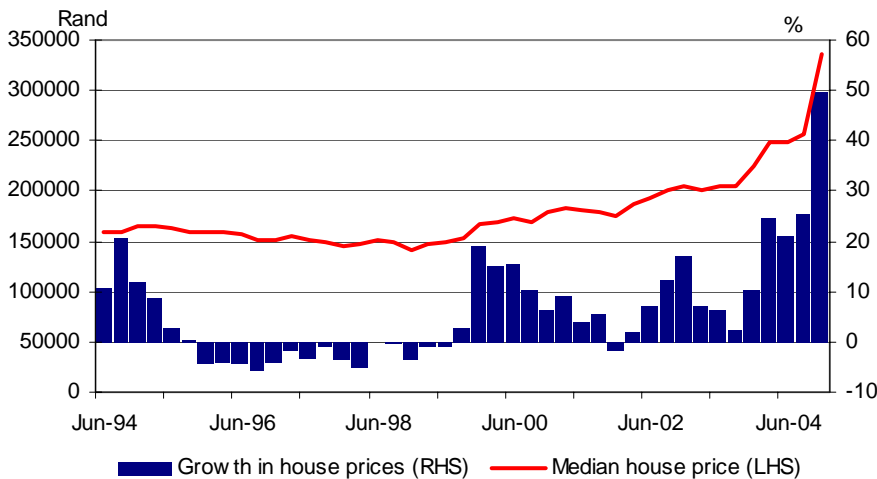
FIGURE 1: RESIDENTIAL PROPERTY PRICES: CAPE TOWN



**Median house price:  
R473 333**

Source: Deeds Office, Standard Bank Group

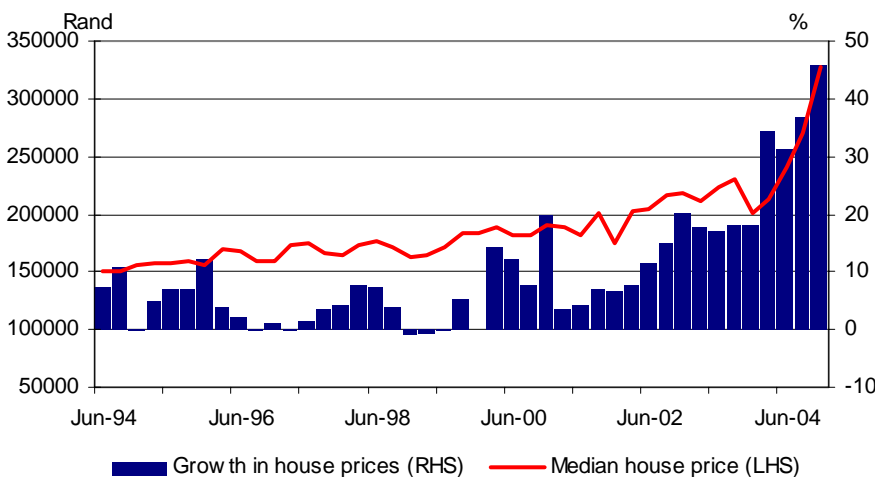
FIGURE 2: RESIDENTIAL PROPERTY PRICES: DURBAN



**Median house price:  
R336 667**

Source: Deeds Office, Standard Bank Group

FIGURE 3: RESIDENTIAL PROPERTY PRICES: EAST LONDON

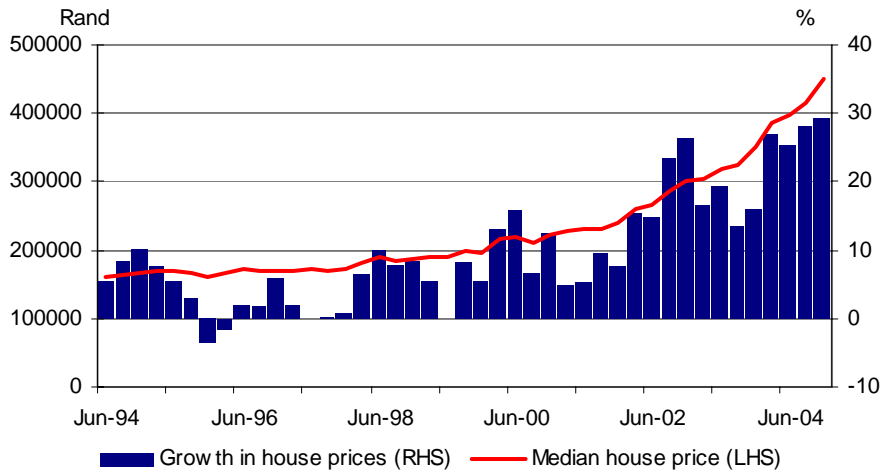


**Median house price:  
R328 000**

Source: Deeds Office, Standard Bank Group



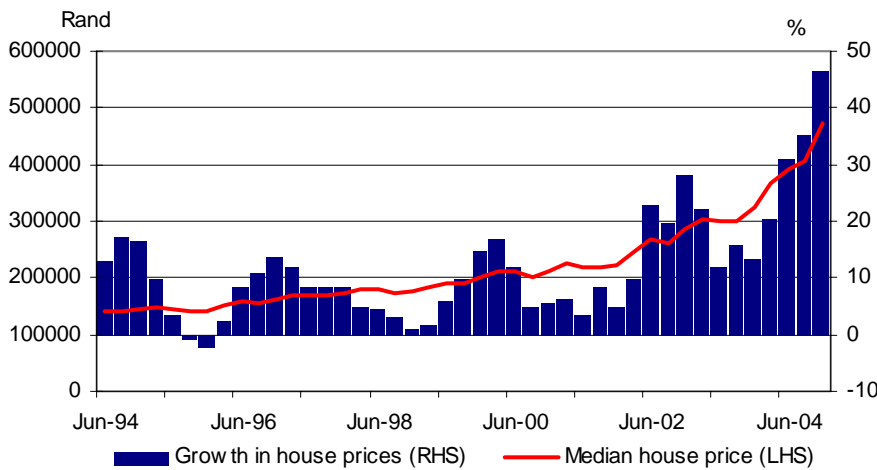
FIGURE 4: RESIDENTIAL PROPERTY PRICES: JOHANNESBURG



**Median house price:  
R451 667**

Source: Deeds Office, Standard Bank Group

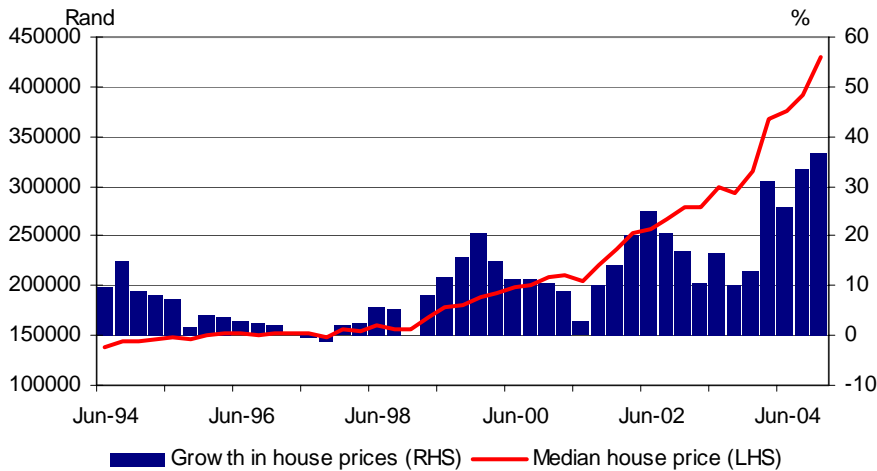
FIGURE 5: RESIDENTIAL PROPERTY PRICES: PORT ELIZABETH



**Median house price:  
R292 167**

Source: Deeds Office, Standard Bank Group

FIGURE 6: RESIDENTIAL PROPERTY PRICES: PRETORIA

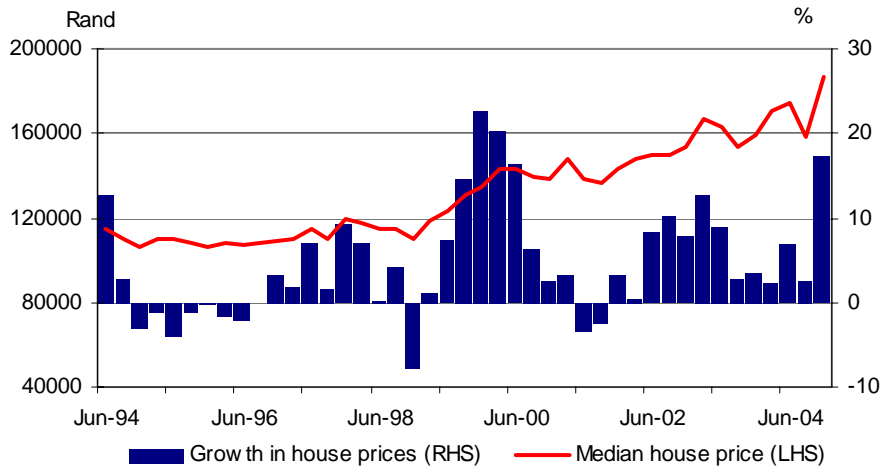


**Median house price:  
R430 000**

Source: Deeds Office, Standard Bank Group



FIGURE 7: RESIDENTIAL PROPERTY PRICES: FREE STATE



**Median house price:  
R186 833**

Source: Deeds Office, Standard Bank Group



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### Analyst certification

The authors certify that: 1) all recommendations and views detailed in this document reflect his/her personal opinion of the financial instrument or market class discussed; and 2) no part of his/her compensation was, is, nor will be, directly (nor indirectly) related to opinion(s) or recommendation(s) expressed in this document.

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