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## Credit and mortgage advances

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### Stable single-digit growth in household credit and mortgage balances

The value of outstanding credit balances in the South African household sector increased by 4,6% year-on-year (y/y) to R1 485,1 billion at the end of January 2016. Growth in secured and unsecured credit balances was largely stable in the first month of the year from end-2015.

Growth in the value of household secured credit balances (R1 118,7 billion and 75,3% of total household credit balances) was virtually unchanged at 3,9% y/y at the end of January compared with the last three months of 2015. Growth in the two major components of secured balances, i.e. mortgage and instalment sales balances was relatively stable in January from December last year. Instalment sales balances growth (22,2% of secured balances and mainly related to vehicle finance), showed growth of 2,4% y/y at end-January. The continued low growth in instalment sales balances is in line with declining new vehicle sales volumes up to January.

Household unsecured credit balances (R366,4 billion and 24,7% of total household credit balances) recorded growth of 6,6% y/y at end-January compared with 6,7% y/y at end-December last year. 2015 compared with growth of 5,6% y/y at end-2014.

The value of total outstanding mortgage balances, comprising household and corporate mortgages, increased by 6% y/y to a level of R1 232 billion (39,7% of total private sector credit balances of R3 104,6 billion) at end-January 2016. Corporate mortgage balances showed growth of 9,6% y/y to R364,2 billion at the end of January. Outstanding household mortgage balances increased by 4,5% y/y to R867,8 billion (70,4% of total mortgage balances and 28% of total private sector credit balances) at end-January. The further slight uptick in household mortgage balances growth was to some extent related to the base effect of low year-on-year growth twelve months ago and increased financial pressure on homeowners who are paying extra funds into their mortgage accounts in the past. The value of outstanding mortgage balances is the net result of all property transactions related to mortgage loans, including additional capital amounts paid into mortgage accounts and extra monthly payments above normal mortgage repayments.

In view of factors such as expected low economic and employment growth, rising inflation and higher interest rates during the course of 2016, growth in household credit balances and the various secured and unsecured components of household credit is forecast to remain in single digits this year.

### Credit and mortgage balances<sup>1</sup>

Period	Private sector credit balances <sup>2</sup>		Household credit balances			Total mortgage balances <sup>3</sup>		Household mortgage balances			
	R billion	y/y % change	R billion	y/y % change	% of private sector credit balances	R billion	y/y % change	R billion	y/y % change	% of total mortgage balances	% of total household credit balances
February 2015	2 884.3	8.6	1 427.4	3.3	49.5	1 169.9	4.4	836.4	2.2	71.5	58.6
March 2015	2 918.1	8.7	1 430.0	3.6	49.0	1 174.9	4.7	837.8	2.7	71.3	58.6
April 2015	2 932.3	9.3	1 429.7	3.3	48.8	1 179.7	4.9	839.7	2.8	71.2	58.7
May 2015	2 947.8	9.3	1 433.5	3.2	48.6	1 183.6	4.8	842.1	2.7	71.1	58.7
June 2015	2 941.5	8.0	1 438.7	3.5	48.9	1 188.5	4.8	845.0	2.8	71.1	58.7
July 2015	2 970.9	8.4	1 445.5	3.6	48.7	1 194.6	5.0	848.1	2.8	71.0	58.7
August 2015	2 992.0	8.6	1 449.7	4.2	48.5	1 202.7	5.3	852.5	3.5	70.9	58.8
September 2015	3 007.2	8.4	1 455.9	4.3	48.4	1 213.6	6.0	855.8	3.8	70.5	58.8
October 2015	3 028.6	8.9	1 463.8	4.5	48.3	1 219.1	6.0	860.5	4.3	70.6	58.8
November 2015	3 081.7	9.5	1 471.5	4.6	47.8	1 228.9	6.3	864.2	4.4	70.3	58.7
December 2015	3 094.7	10.2	1 475.1	4.5	47.7	1 229.0	6.2	864.4	4.4	70.3	58.6
January 2016	3 104.6	8.5	1 485.1	4.6	47.8	1 232.0	6.0	867.8	4.5	70.4	58.4

<sup>1</sup>End of period

<sup>2</sup>Comprising corporate and household credit

<sup>3</sup>Comprising commercial and residential mortgages

Source: SARB



