



3 May 2016

**MARKET ANALYTICS AND
SCENARIO FORECASTING
UNIT**

**JOHN LOOS:
HOUSEHOLD AND PROPERTY
SECTOR STRATEGIST
087-328 0151
john.loos@fnb.co.za**

**THEO SWANEPOEL:
PROPERTY MARKET
ANALYST
087-328 0157
tswanepoel@fnb.co.za**

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 FirstRand Group Limited and / or the authors of the material.

First National Bank – a division of FirstRand Bank Limited. An Authorised Financial Services provider. Reg No. 1929/001225/06

PROPERTY BAROMETER

FNB Property Monthly

The FNB House Price Index's year-on-year inflation rate "clings stickily" to levels slightly above the 6% mark, reflecting zero "real" inflation

In April 2016, the FNB House Price Index recorded a 6.4% year-on-year rate of increase, which is slightly faster than the 6.3% revised rate of the prior month.

Given CPI (Consumer Price Index) inflation of above 6%, in real terms average house price inflation hovers near zero.

Zero percent real house price inflation at the current time should not be too surprising, given that FNB's Valuers still point to a supply constrained market with a good balance between supply and demand. However, they continue to point to deteriorating residential demand, which would ultimately lead to a less well balanced market should it continue.

KEY POINTS

- *The FNB House Price Index showed a year-on-year increase of 6.4% in April 2016, slightly higher than the revised 6.3% of the previous month. The most recent months' house price growth rates remain mildly down off the 6.9% 2015 high point of October, but "stickily clinging" to levels just above 6%, which represents near zero inflation in real terms (when adjusted for CPI).*
- *Despite a stalling in the slowing house price inflation trend in April, FNB's Valuers, as a group still perceive a market weakening, with the FNB Valuers' Market Strength Index (MSI) having declined further in April. However, the MSI is still above the 50 level, implying that they still rate demand stronger than supply for the time being. Therefore, to see recent house price inflation at near to the zero real mark should not be too surprising.*
- *The scope for speculative activity or "over-exuberant" home buying is limited in the current environment, with Prime rate at 10.5% remaining well above average house price inflation. In most cases, therefore, it would make little sense to borrow money in order to speculate for short term capital gain.*
- *While the Price-Rent Ratio, as well as the Bond Instalment-Rent Ratio declined slightly in March, we believe this to be more "noise" than indicative of a trend change. In recent years, both these ratios have been rising, and with the CPI for rentals showing a year-on year inflation rate of 5.18%, still noticeably lower than the 6.4% average house price inflation rate, it appears likely that we have a few more months of increase in these ratios before perhaps reaching a turning point.*

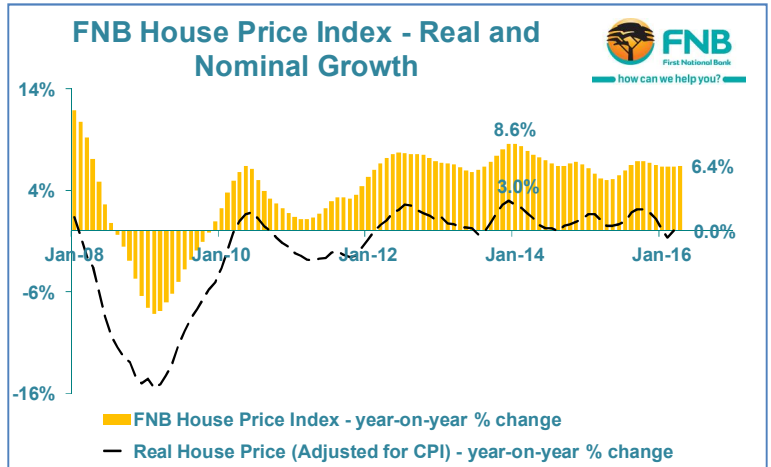
APRIL FNB HOUSE PRICE INDEX FINDINGS

APRIL AVERAGE HOUSE PRICE GROWTH

The FNB House Price Index for April 2016 rose by 6.4% year-on-year. This is slightly faster than the revised 6.3% rate recorded for March, “stalling” a prior gradual slowing trend since the 6.9% “high” reached in October 2015.

The mild acceleration in April is not significant, but does “stall” the trend of slowing to lower single-digit price growth which we would expect on the back of rising interest rates.

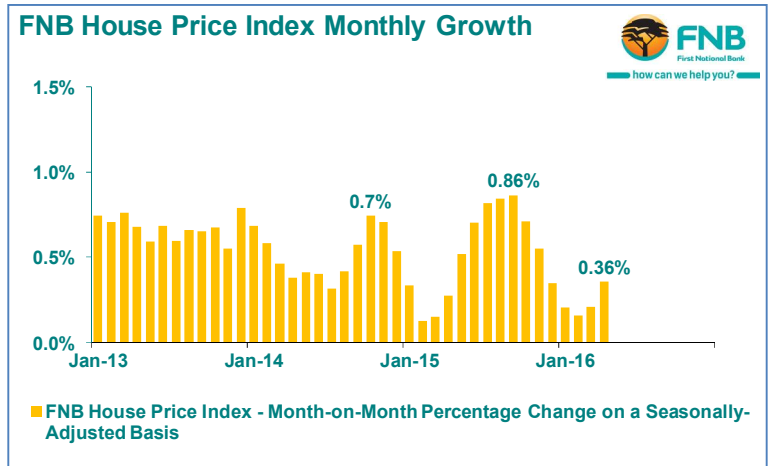
In real terms, when adjusting for CPI (Consumer Price Index) inflation, the rate of house price growth “hugs” the zero level, having recorded zero in March, the result of a combination of 6.3% average house price inflation and 6.3% Consumer Price Index (CPI) inflation (April CPI data not yet available). Zero percent real house price inflation would suggest a market still very well balanced between supply and demand.



The average price of homes transacted in April was R1,061,075.

MONTH-ON-MONTH HOUSE PRICE RATE OF INFLATION REGAINS SOME MILD MOMENTUM

On a month-on-month seasonally adjusted basis (a better way to look at recent growth momentum), the rate of increase has also accelerated very slightly to 0.36% in April, after dipping to a revised 0.2% low in February. However, 0.36% remains a slow rate.

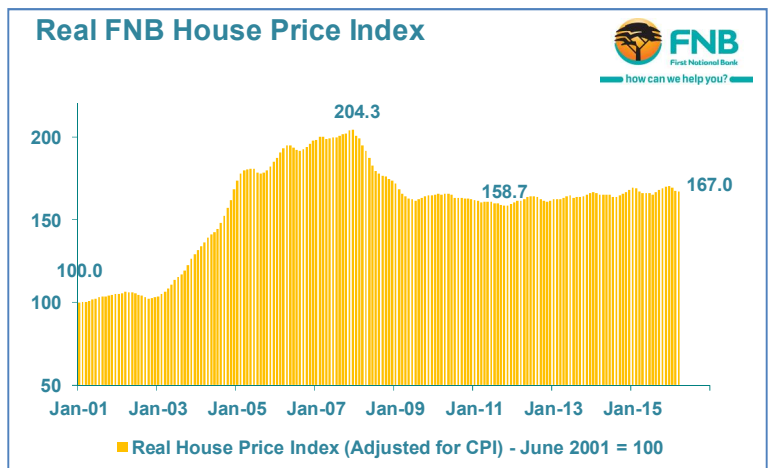


REAL HOUSE PRICE LEVELS

Examining the longer term real house price trends (house prices adjusted for CPI inflation), we see that the level as at March 2016 was +5.3% up on the October 2011 post-recession low.

However, the average real house price level remains -18.3% below the all time high reached in December 2007 at the back end of the residential boom period.

Looking back further though, the average real price currently remains 67% above the January 2001 level, around 15 years ago, and a time



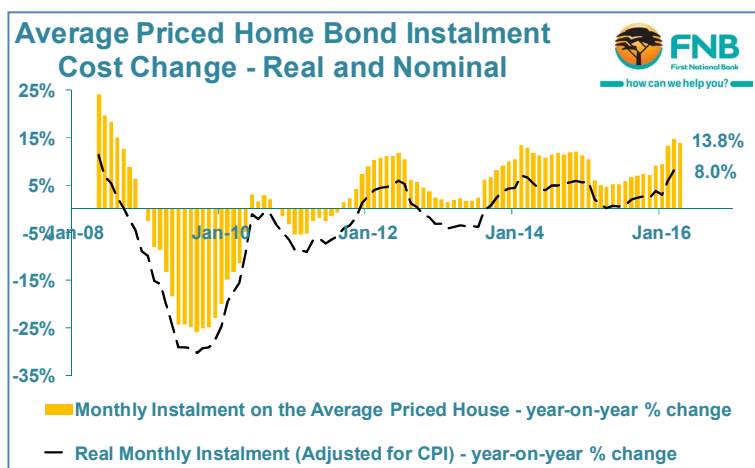
back just before boom-time price inflation started to accelerate rapidly. We therefore still regard current real price levels as very high.

In nominal terms, when not adjusting for CPI inflation, the average house price in March 2016 was 293.7% above the January 2001 level.

AVERAGE HOUSE PRICE BOND INSTALMENT TREND

In such a credit dependent market, it is important to understand what the rate of change in monthly bond instalment is, given changes in both house prices and mortgage lending rates.

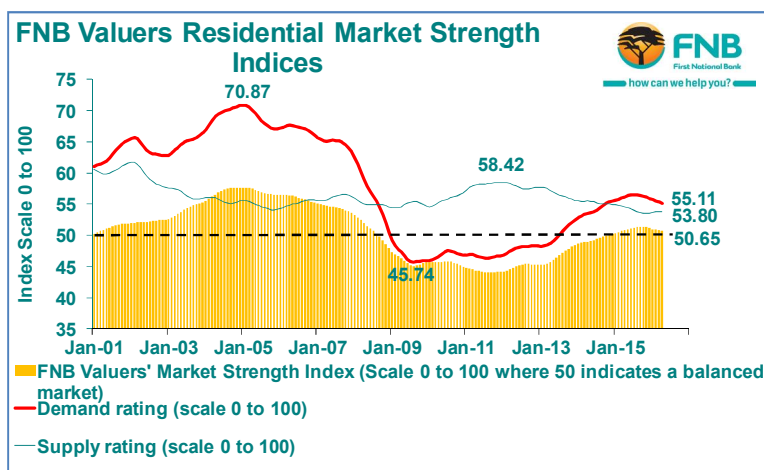
Using a Prime Rate series, along with Mortgage Originator Ooba's time series for Mortgage Loans' Average Differential from Prime, we calculate an "average mortgage lending rate and apply it to our average house price series to obtain an average monthly bond instalment estimate.



A further 50 basis point interest rate hike by the SARB (Reserve Bank) in January, and another 25 basis point hike in February, contributed along with a move into double-digit bond instalment inflation on the average priced home, as from February 2016 .

In April 2016, the year-on-year inflation rate in the bond instalment on the average-priced home measured 13.8%, slightly slower than the 14.8% rate for March. In real terms, adjusting for CPI inflation, that March bond instalment inflation rate was a very significant 8% (April CPI data not yet available)

FNB'S VALUERS PERCEIVE WELL BALANCED BUT WEAKENING MARKET

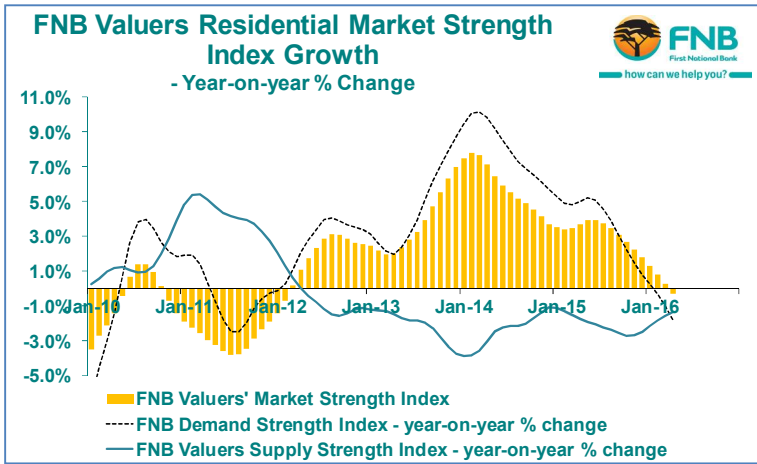


FNB's valuers, in their FNB Valuers Market Strength Index (MSI) (Explanatory notes on Page 10) have in recent times been perceiving a still well-balanced but weakening market.

Examining the Demand Rating, Supply Rating and MSI itself, which reflects the difference between Demand and Supply, we see a still well balanced residential market.

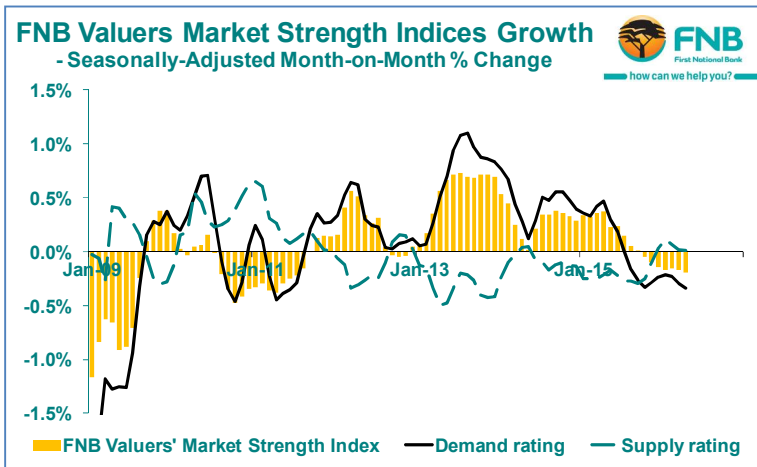
The Valuers' Residential Demand Rating was at a level of 55.11 in April (scale 0 to 100), while the Supply Rating was at a lesser 53.8. This translates into an MSI of 50.65, with the level of above 50 implying that residential demand is

still stronger than supply.



However, the rate of growth or decline in the indices is often insightful too. Examining the 3 indices on a year-on-year percentage change basis, we see that demand growth has been slowing steadily since early-2014, with the revised figures eventually turning negative in February 2016.

On a month-on-month seasonally-adjusted basis, a better way of identifying recent momentum, the Residential Demand Index has been in decline since August 2015. The Supply Index turned to slightly [positive month-on-month growth territory in December 2015, but the recent growth rates have been marginal at best.



This has perhaps been the “surprise” of the Residential Market in recent years, i.e. that supply has remain so constrained, and hardly shown any increase, with the level of residential building activity remaining low ever since the end of the boom period in 2007.

The result of very slight rise in the Supply Rating and a declining Demand Rating was a further mild decline in the MSI in April.

Therefore, the FNB Valuers continue to see a weakening balance between demand and supply. However, as yet, the MSI has not dropped below 50, indicating that they still see demand as slightly stronger than supply on a national average basis. Therefore, it should not be surprising to see FNB House Price index inflation at near to zero percent in real terms. But they continue to point to a weakening demand-supply balance, and if this trend should continue, it would probably ultimately imply a move to slower house price inflation.

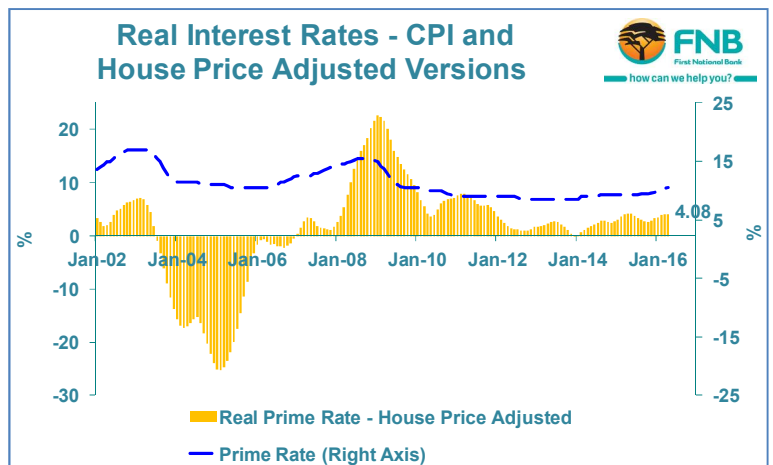
REAL ALTERNATIVE PRIME RATE AND POTENTIAL FOR A SPECULATORS' MARKET

Ongoing interest rate hikes, with the most recent one having been a 25 basis point rise in March, continue to take the market away from the speculator.

In order to create a “speculator’s paradise” in residential property, it is important to have price growth at a percentage significantly faster than the percentage of the annual interest charged on a mortgage loan.

Such an environment would give rise to widespread use of cheap credit to buy and sell properties in a relatively short space of time and make big capital gains. 2004-5 was such a speculators’ paradise.

To monitor this, we calculate our very simple “Alternative Real Prime Rate”, which adjusts Prime Rate to real terms using average house price inflation instead of the usual CPI inflation rate approach.



For a healthy market with low levels of speculation, we believe that this real rate should remain positive. Indeed, that was again the case in April, where the Real Alternative Prime Rate was 4.08%, having risen in recent times on the back of further interest rate hiking along with slowing house price inflation. We thus believe the SARB's monetary policy stance to be appropriate currently from a residential market health point of view.

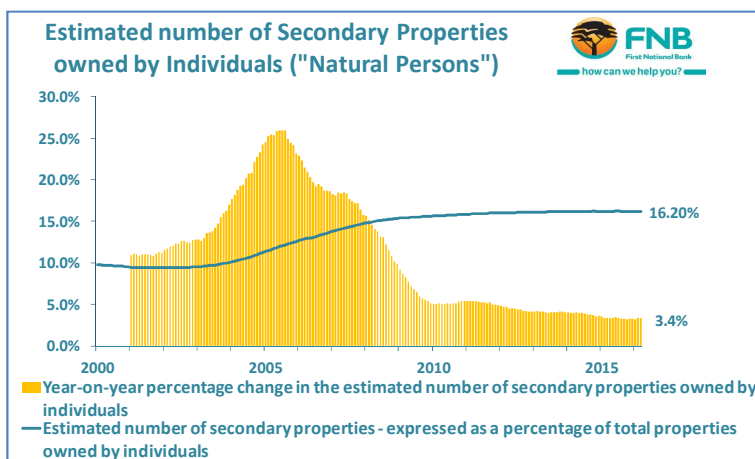
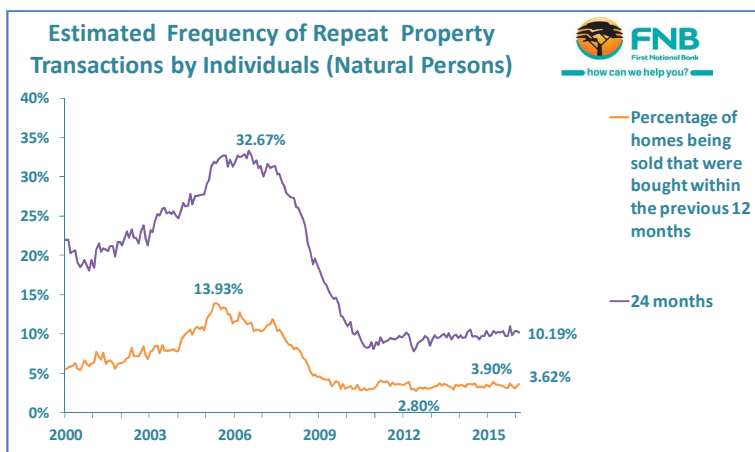
One potential indication of speculative or "over-exuberant" trading behavior is the level of high frequency buying and selling of properties. Using Deeds data transactions by "natural persons" (as opposed to juristic entities) we estimated the monthly percentage of homes sold that were previously bought within the previous 12 months, as well as an estimate of those bought within the previous 24 months.

We find that this pace of housing "turnover" remains relatively slow, suggesting that speculative activity remains muted.

Whereas the percentage of properties, being sold by individuals, which were purchased within the prior 12 months was an extreme 13.93% of all properties traded by individuals (Natural Persons) back in May 2005 at the height of the boom, in March 2016 it was a lowly 3.62%. This has risen only marginally from a post-Boom low of 2.30% at a stage of 2012.

Those properties being sold in March 2016, that had been bought within the prior 24 months, were estimated at 10.19% of total March transactions. This, too, is very low compared to the 32.67% high reached during 2006, at the height of last decade's speculative "bubble".

A 2nd monthly indicator used to keep a lookout for "exuberance" building in the market is an estimate of the level and growth in the number of individuals ("natural persons") owning multiple properties. To this end we use deeds data, and attempt to identify the number of properties where the owner owns more than 1 property. We estimate such multiple property ownership to amount to 16.2% of total properties identified as owned by natural persons as at March 2016. This percentage has remained fairly stable in recent years, after having risen sharply back around 2004-2008 during last decade's boom period. Unlike back then, therefore, we have slow growth in multiple property ownership, and little to be concerned about in the way of "over-exuberant" property buying it would appear.



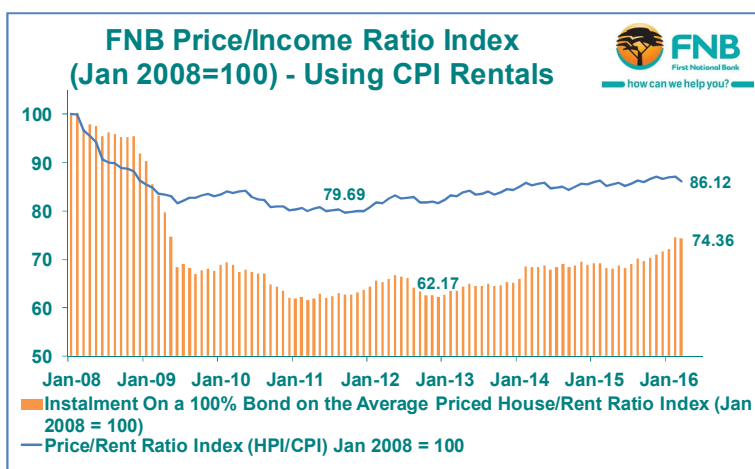
PRICE-RENT RATIO

The Price-Rent Ratio is one important ratio in determining how costly the home buying option is relative to the competing option, i.e. rental.

Analysts often become concerned when the Price-Rent Ratio is very high, as it can begin to make the rental option very appealing, contributing at some stage into a drop in home buying and a fall in house prices.

House price booms typically take this ratio higher.

To this effect, we use the FNB House Price Index and the CPI for Actual rentals. We show it in index form (because the CPI is an index), with January 2008=100.

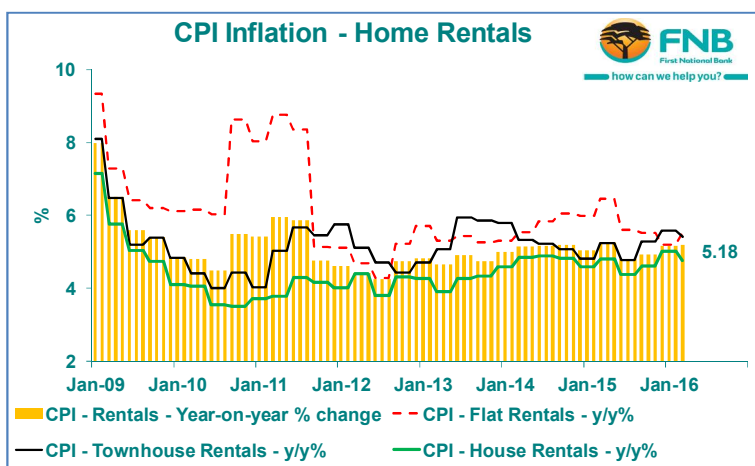


Given that January 2008 was right at the end of the real house price boom, we believe that it represented an extremely high level in the Price-Rent Ratio. After a drop through 2008/9, and again in 2011, the index began to rise noticeably as the residential market strengthened. The index was at 86.12 in March 2016, up 8.1% from September 2011.

While 86.12 is believed to still be a high number, the other important ratio, i.e. the Instalment on a 100% bond on the average-priced house/Rent Ratio Index, is far lower. It has been kept far below January 2008 levels by a sharp drop in interest rates from late-2008. It reached a low of 62.17 as at December 2012. However, the combination of house price inflation broadly out-pacing rental inflation, along with gradual interest rate hiking over the past 2 years, has taken this ratio 19.6% higher by March 2016, to a reading of 74.36.

This remains well-below the January 2008 100 level though, as interest rates are still at relatively low levels. But, of course, rates have been in the process of rising, gradually reducing the attractiveness of the home buying option relative to rental in recent years.

Both the March monthly Price-Rent and Instalment-Rent Ratio Indices declined slightly on February. However, we would regard this as mere “noise”, rather than the start of any downward trend change yet, caused by the relative month-on-month movements in house prices versus the CPI for Rentals. Should we examine the more stable year-on-year growth in the CPI for Rentals, we see the most recent March data showing 5.18% rental inflation. This remains noticeably below the 6.4% average house price inflation, which would suggest that in the coming months these ratios should still continue to rise.

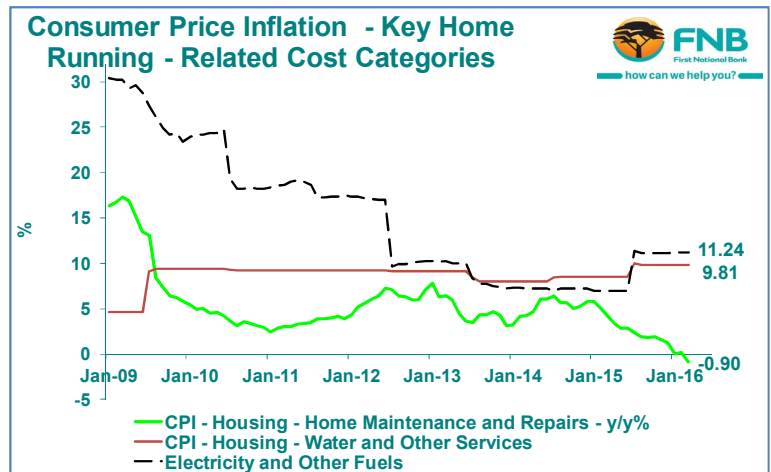


Note: The historic numbers in the Instalment-Rent ratio Index have been revised somewhat, as we have shifted away from using a simple Prime Lending Rate to using Ooba’s Average Differential from Prime in order to calculate an average effective mortgage lending rate.

HOME OPERATING COST-RELATED INFLATION

The surveys of the CPI sub-indices for “Water and Other Services” (which includes municipal assessment rates) and “Electricity and other fuels” were not done in the March CPI data. Their year-on-year inflation rates therefore remain unchanged from February at 9.81% and 11.24% respectively, remaining troublesomely above CPI inflation, and contributing significantly to housing-related affordability deterioration.

The CPI for Home Maintenance, however, shows a distinct lack of pricing power in the Home Maintenance-related sectors of the economy. In March, this index’s year-on-year rate of change turned negative to the tune of -0.9%, down from a February’s rate of +0.2%.



CONCLUSION

Average house price growth, as per the FNB House Price Index, remains “sticky” at not far from the 6% year-on-year mark in recent months. This implies a real rate of inflation (when adjusted for CPI inflation) near to the zero mark, which is where a market that has a good balance between demand and supply should arguably be.

And indeed, the FNB Valuers as a group, in their ratings of residential demand and supply, do point to a still-well balanced market. However, they continued to perceive a weakening in residential demand during April, which could ultimately lead to a deterioration in this demand-supply balance. Weakening demand has been perceived for some time by the valuers, but it is their experience of constrained supply of residential property which explains much of the good market balance to date.

However, interest rates have risen further early in 2016, and the inflation rate in the bond instalment value on the average priced home has been rising in double digits. This is likely to continue to slow residential demand further in the near term, with wage inflation unlikely to have kept up. Slower average house price inflation later in the year thus still remains a likelihood, we believe, despite the recent “stickiness” at near to 6%.

With regard to any potential for speculative or “over-exuberant” home buying behavior, we don’t believe there is much scope for this. Lending rates remain well above national average house price growth, and both the frequency at which properties are bought and later sold, as well as growth in 2nd home ownership, appear low.



how can we help you?

Monthly FNB House Price Index (Jan 2001 = 100)

Date	Index	y/y % change	Date	Index	y/y % change	Date	Index	y/y % change	Date	Index	y/y % change
Jan-01	100.0		Jan-05	209.7	36.1%	Jan-09	272.8	-7.6%	Jan-13	317.88	6.7%
Feb-01	100.7		Feb-05	215.4	36.3%	Feb-09	270.7	-8.2%	Feb-13	321.34	6.6%
Mar-01	101.4		Mar-05	219.6	35.6%	Mar-09	269.5	-7.9%	Mar-13	325.00	6.5%
Apr-01	102.4		Apr-05	221.7	34.3%	Apr-09	268.6	-7.1%	Apr-13	327.78	6.3%
May-01	103.6		May-05	222.0	32.5%	May-09	267.5	-6.2%	May-13	329.41	5.9%
Jun-01	104.7		Jun-05	221.7	30.4%	Jun-09	267.8	-5.1%	Jun-13	330.66	5.8%
Jul-01	105.3		Jul-05	221.1	27.9%	Jul-09	269.2	-3.8%	Jul-13	331.90	6.0%
Aug-01	105.6	10.0%	Aug-05	221.3	25.0%	Aug-09	271.4	-2.9%	Aug-13	333.38	6.3%
Sep-01	106.0	9.2%	Sep-05	222.3	21.9%	Sep-09	273.8	-2.0%	Sep-13	335.14	6.8%
Oct-01	106.5	8.9%	Oct-05	224.5	19.1%	Oct-09	275.5	-1.1%	Oct-13	337.06	7.4%
Nov-01	107.3	9.0%	Nov-05	227.3	16.2%	Nov-09	276.6	-0.2%	Nov-13	339.17	8.1%
Dec-01	108.6	9.5%	Dec-05	231.0	13.9%	Dec-09	277.6	0.9%	Dec-13	342.06	8.6%
Jan-02	110.2	10.2%	Jan-06	235.3	12.2%	Jan-10	278.9	2.3%	Jan-14	344.98	8.5%
Feb-02	112.2	11.4%	Feb-06	240.0	11.4%	Feb-10	281.0	3.8%	Feb-14	348.07	8.3%
Mar-02	114.1	12.6%	Mar-06	244.2	11.2%	Mar-10	282.8	4.9%	Mar-14	350.63	7.9%
Apr-02	115.6	12.9%	Apr-06	247.4	11.6%	Apr-10	284.0	5.8%	Apr-14	352.28	7.5%
May-02	116.5	12.4%	May-06	248.9	12.1%	May-10	284.5	6.4%	May-14	353.20	7.2%
Jun-02	116.8	11.6%	Jun-06	249.3	12.5%	Jun-10	284.0	6.1%	Jun-14	353.54	6.9%
Jul-02	117.0	11.2%	Jul-06	249.9	13.0%	Jul-10	282.7	5.0%	Jul-14	353.81	6.6%
Aug-02	117.2	10.9%	Aug-06	251.1	13.5%	Aug-10	282.1	3.9%	Aug-14	354.62	6.4%
Sep-02	117.4	10.7%	Sep-06	252.9	13.8%	Sep-10	282.4	3.2%	Sep-14	356.61	6.4%
Oct-02	117.9	10.7%	Oct-06	255.1	13.6%	Oct-10	282.9	2.7%	Oct-14	359.32	6.6%
Nov-02	118.7	10.6%	Nov-06	257.7	13.4%	Nov-10	282.8	2.2%	Nov-14	362.14	6.8%
Dec-02	119.8	10.3%	Dec-06	260.8	12.9%	Dec-10	282.6	1.8%	Dec-14	364.47	6.6%
Jan-03	121.1	9.9%	Jan-07	263.9	12.1%	Jan-11	282.8	1.4%	Jan-15	366.27	6.2%
Feb-03	123.2	9.8%	Feb-07	266.3	11.0%	Feb-11	284.2	1.2%	Feb-15	367.56	5.6%
Mar-03	125.7	10.2%	Mar-07	268.1	9.8%	Mar-11	286.1	1.2%	Mar-15	368.75	5.2%
Apr-03	128.5	11.1%	Apr-07	269.7	9.0%	Apr-11	287.8	1.3%	Apr-15	369.92	5.0%
May-03	131.1	12.5%	May-07	271.9	9.2%	May-11	289.3	1.7%	May-15	371.20	5.1%
Jun-03	133.6	14.4%	Jun-07	274.8	10.2%	Jun-11	290.3	2.2%	Jun-15	372.77	5.4%
Jul-03	136.3	16.5%	Jul-07	277.7	11.1%	Jul-11	291.0	3.0%	Jul-15	374.87	6.0%
Aug-03	138.6	18.3%	Aug-07	280.6	11.8%	Aug-11	291.5	3.3%	Aug-15	377.49	6.5%
Sep-03	140.9	20.0%	Sep-07	283.6	12.1%	Sep-11	291.7	3.3%	Sep-15	380.98	6.8%
Oct-03	143.6	21.8%	Oct-07	287.0	12.5%	Oct-11	291.9	3.2%	Oct-15	383.97	6.9%
Nov-03	146.8	23.6%	Nov-07	290.8	12.9%	Nov-11	292.9	3.6%	Nov-15	386.35	6.7%
Dec-03	150.4	25.5%	Dec-07	293.9	12.7%	Dec-11	294.9	4.4%	Dec-15	388.13	6.5%
Jan-04	154.1	27.2%	Jan-08	295.3	11.9%	Jan-12	297.8	5.3%	Jan-16	389.51	6.3%
Feb-04	158.1	28.3%	Feb-08	294.9	10.7%	Feb-12	301.3	6.0%	Feb-16	390.75	6.3%
Mar-04	161.9	28.8%	Mar-08	292.6	9.1%	Mar-12	305.1	6.6%	Mar-16	392.06	6.3%
Apr-04	165.1	28.5%	Apr-08	289.0	7.1%	Apr-12	308.5	7.2%	Apr-16	393.65	6.4%
May-04	167.6	27.9%	May-08	285.2	4.9%	May-12	311.0	7.5%			
Jun-04	169.9	27.2%	Jun-08	282.0	2.6%	Jun-12	312.6	7.7%			
Jul-04	172.8	26.8%	Jul-08	279.9	0.8%	Jul-12	313.2	7.6%			
Aug-04	177.0	27.7%	Aug-08	279.4	-0.4%	Aug-12	313.5	7.6%			
Sep-04	182.3	29.4%	Sep-08	279.3	-1.5%	Sep-12	313.8	7.6%			
Oct-04	188.5	31.3%	Oct-08	278.6	-2.9%	Oct-12	313.7	7.5%			
Nov-04	195.6	33.3%	Nov-08	277.1	-4.7%	Nov-12	313.9	7.2%			
Dec-04	202.9	34.9%	Dec-08	275.1	-6.4%	Dec-12	315.1	6.9%			

ADDENDUM - NOTES:

Note on The FNB Average House Price Index: Although also working on the average price principle (as opposed to median or repeat sales), the FNB House Price Index differs from a simple average house price index in that it could probably be termed a “fixed weight” average house price index.

One of the practical problems we have found with house price indices is that relative short term activity shifts up and down the price ladder can lead to an average or median price index rising or declining where there was not necessarily “genuine” capital growth on homes. For example, if “Full Title 3 Bedroom volumes remain unchanged from one month to the next, but Sectional Title 1 Bedroom and Less (the cheapest segment on average) transaction volumes hypothetically double, the overall national average price could conceivably decline due to this relative activity shift.

This challenge of activity shifts between segments is faced by all constructors of house price indices. In an attempt to reduce this effect, we decided to fix the weightings of the FNB House Price Index’s sub-segments in the overall national index. This, at best, can only be a partial solution, as activity shifts can still take place between smaller segments within the sub-segments. However, it does improve the situation.

With our 2013 re-weighting exercise, we have begun to segment not only according to room number, but also to segment according to building size within the normal segments by room number, in order to further reduce the impact of activity shifts on average price estimates.

The FNB House Price Index’s main segments are now as follows:

- The weightings of the sub-segments are determined by their relative transaction volumes over the past 5 years, and will now change very slowly over time by applying a 5-year moving average to each new price data point. The sub-segments are:
 - Sectional Title:
 - Less than 2 bedroom – Large
 - Less than 2 bedroom – Medium
 - Less than 2 bedroom – Small

 - 2 Bedroom – Large
 - 2 bedroom – Medium
 - 2 bedroom – Small

 - 3 Bedroom and More - Large
 - 3 Bedroom and More - Medium
 - 3 Bedroom and More - Small
 - Full Title:
 - 2 Bedrooms and Less - Large
 - 2 Bedrooms and Less - Medium
 - 2 Bedrooms and Less - Small

 - 3 Bedroom - Large
 - 3 Bedroom - Medium
 - 3 Bedroom - Small

 - 4 Bedrooms and More - Large
 - 4 Bedrooms and More - Medium
 - 4 Bedrooms and More – Small

The size cut-offs for “small”, medium” and “large” differ per room number sub-segment. “Large” would refer to the largest one-third of homes within a particular room number segment over the past 5 year period, “Medium” to the middle one-third, and “Small” to the smallest one-third of homes within that segment.

- The Index is constructed using transaction price data from homes financed by FNB.
- The minimum size cut-off for full title stands is 200 square metres, and the maximum size is 4000 square metres
- The maximum price cut-off is R10m, and the lower price cut-off is R20,000 (largely to eliminate major outliers and glaring inputting errors).
- The index is very lightly smoothed using a Hodrick-Prescott smoothing function with a Lambda of 5.

ADDENDUM - NOTES:

Note on the FNB Valuers’ Market Strength Index: *When an FNB valuer values a property, he/she is required to provide a rating of demand as well as supply for property in the specific area. The demand and supply rating categories are a simple “good (100)”, “average (50)”, and “weak (0)”. From all of these ratings we compile an aggregate demand and an aggregate supply rating, which are expressed on a scale of 0 to 100. After aggregating the individual demand and supply ratings, we subtract the aggregate supply rating from the demand rating, add 100 to the difference, and divide by 2, so that the FNB Valuers’ Residential Market Strength Index is also depicted on a scale of 0 to 100 with 50 being the point where supply and demand are equal.

Property and Mortgage Market Summary

END OF PERIOD	2013	2014	2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Jan-16	Feb-16	Mar-16	Apr-16
Residential Property Prices											
FNB National Average House Price (Rand)	891 925	955 463	1 012 654	1 000 815	1 018 290	1 040 858	1 053 317	1 049 904	1 053 262	1 056 786	1 061 075
<i>y/y % change</i>	6.8	7.1	6.0	5.2	6.4	6.7	6.3	6.3	6.3	6.3	6.4
<i>m/m seasonally-adjusted % change</i>								0.20	0.16	0.21	0.36
FNB Valuers Demand Strength Index	50.03	54.08	56.16	56.35	56.46	56.07	55.53	55.7	55.54	55.34	55.11
<i>y/y % change</i>	4.5	8.1	3.8	5.1	3.9	1.5	-0.4	0.2	-0.3	-1.1	-1.9
<i>m/m % change</i>								-0.35	-0.28	-0.36	-0.43
FNB Valuers Supply Strength Index	56.65	55.25	54.12	54.39	53.79	53.55	53.72	53.683	53.728	53.752	53.801
<i>y/y % change</i>	-2.1	-2.5	-2.1	-1.9	-2.4	-2.6	-1.9	-2.1	-1.8	-1.6	-1.3
<i>m/m % change</i>								0.16	0.08	0.05	0.09
FNB Valuers Market Strength Index	46.69	49.42	51.02	50.98	51.33	51.26	50.9	51.01	50.91	50.8	50.65
<i>y/y % change</i>	3.7	5.8	3.2	3.9	3.4	2.2	0.8	1.3	0.80	0.27	-0.31
<i>m/m % change</i>								-0.27	-0.20	-0.22	-0.28
Major Metro Areas Average House Price (Rand)											
<i>y/y % change</i>	6.6	7.8	6.4	6.7	5.9	5.6					
- Upper Income Area Average House Price (Rand)	2 278 659	2 498 681	2 670 168	2 654 625	2 684 939	2 717 055					
<i>y/y % change</i>	7.9	9.7	6.9	7.5	6.0	5.1					
- Middle Income Area Average House Price (Rand)	1 240 517	1 343 803	1 444 790	1 434 520	1 456 507	1 478 734					
<i>y/y % change</i>	6.4	8.3	7.5	7.9	7.2	6.7					
- Lower Income Area Average House Price (Rand)	787 175	835 433	881 133	874 506	885 735	900 323					
<i>y/y % change</i>	5.7	6.1	5.5	5.4	5.2	5.5					
- Affordable Area Average House Price (Rand)	410 634	441 057	464 127	461 056	465 789	472 848					
<i>y/y % change</i>	6.4	7.4	5.2	5.4	4.6	4.6					
- Major 3 Provinces' Former Black Township Average House Price (Rand)	273 706	296 268	327 519	326 617	330 319	333 984					
<i>y/y % change</i>	7.5	8.2	10.5	12.1	10.2	8.3					
- Holiday Towns Average House Price (Rand)	829 378	900 787	960 884	966 371	964 099	955 977					
<i>y/y % change</i>	1.4	8.6	6.7	8.9	5.3	1.6					
FNB Estate Agent Survey											
Level of Residential Demand Activity (Scale 1 to 10)	6.27	6.58	6.31	6.33	6.14	6.02	6.39				
<i>y/y % change</i>	4.8	4.9	-4.1	0.0	-7.4	-8.9	-5.1				
First time buyers as a percentage of total buyers (%)	22.5	26.5	24.3	21.0	25.0	26.0	21.0				
Buy-to-let as a percentage of total buyers (%)	7.8	9.3	8.8	9.0	8.0	9.0	9.0				
Average time of properties on the market (Weeks and Days)	16.0	12.2	12.0	12.1	11.1	12.1	11.1				
Percentage of properties sold at less than asking price (%)	88.0	81.5	86.0	87.0	87.0	87.0	88.0				
Percentage of properties on the market for 3 months or more (%)	74.5	56.0	49.0	46.0	47.0	55.0	47.0				
Residential Building Sector											
Number of units' plans passed	50 447	56 809	59 670	16 660	16 831	13 643		3 636	5 170		
<i>y/y % change</i>	1.3	12.6	5.0	17.9	10.8	1.1		-13.6	19.5		
Square metres' worth of plans passed	6 647 115	7 467 385	7 703 754	2 020 328	2 092 849	1 804 851		442 876	658 260		
<i>y/y % change</i>	6.4	12.3	3.2	11.9	1.2	-3.8		-19.1	10.9		
Average size of units' plans passed (square metres)	131.8	131.4	129.1	121.3	124.3	132.3		122	127		
Number of units completed	41 485	38 043	39 666	10 592	9 784	10 808		2 703	3 872		
<i>y/y % change</i>	-3.5	-8.3	4.3	31.5	2.2	-3.7		21.8	33.0		
Square metres' worth of buildings completed	4885830.0	4707294.0	5125031.0	1 325 713	1 322 928	1 383 942		321 189	408 260		
<i>y/y % change</i>	1.5	-3.7	8.9	28.8	7.3	-1.3		6.6	13.0		
Average size of units' completed (square metres)	117.8	123.7	129.2	125.2	135.2	128.0		118.83	105.44		

Property and Mortgage Market Summary



END OF PERIOD	2013	2014	2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Jan-16	Feb-16	Mar-16	Apr-16
Mortgage Market											
New residential loans and re-advances granted (R'm)	196 144	213 318	229 921	58 201	60 250	55 516					
<i>y/y % change</i>	15.6	8.8	7.8	11.3	7.0	3.9					
Residential re-advances granted (R'm)	10 452	11 911	13 750	4 262	3 386	2 626					
<i>y/y % change</i>	26.06	13.96	15.44	50.3	7.0	-11.8					
Total residential mortgage loans outstanding - Banks (R'm)	837 817 308	854 418 677	886 123 502	868 135 474	875 775 279	886 123 502		889 550 223	896 328 638		
<i>y/y % change</i>	1.3	2.	3.7	2.5	2.7	3.7		3.9	4.1		
Key Economic Indicators											
Real Gross Domestic Product (R'm at 2000 prices)	2 963 390	3 009 283	3 047 900	3 041 689	3 046 807	3 051 485					
<i>y/y % change</i>	2.2	1.5	1.3	1.3	1.0	0.6					
Real Residential Fixed Investment (R'm)	46 676	43 975	42 067	42 170	42 248	41 819					
<i>y/y % change</i>	-7.1	-5.8	-4.3	-0.7	-0.1	-1.2					
Prime Rate (%)	8.5	9.1	9.4	9.3	9.5	9.7	10.3	9.7738	10.25	10.3375	10.5
Yields on Government Bonds 10 years and Longer (%)	7.7	8.3	8.2	8.1	8.3	8.7	9.4	9.6	9.2	9.3	9.1
Currencies - USDZAR	9.66	10.85	12.78	12.107	12.996	14.212	15.844	16.35	15.77	15.43	14.61
Currencies - EURZAR	12.82	14.39	14.17	13.376	14.444	15.558	17.456	17.76	17.50	17.12	16.57
CPI - <i>y/y % change</i>	5.8	6.1	4.6	4.6	4.7	4.9		6.2	7.	6.28	
Gauteng pump price <i>y/y%</i>				-8.7	-6.5	-5.8	11.0	9.7	20.4	3.7	-2.3
FNBBER Consumer Confidence Index	-5.3	-0.8	-9.5	-15.0	-5.0	-14.0					
RMBBER Business Confidence Index	46	45	42	43.0	38.0	36.0	36.0				
SARB Composite Leading Business Cycle Indicator	99.4	97.8	94.4	95.8	93.	92.9		92.03	91.64		
<i>y/y % change</i>	0.1	-1.7	-3.4	-1.5	-4.7	-5.0		-4.21	-4.53		
<i>m/m % change</i>								-0.73	-0.42		
Real Retail Sales (2008 Prices) - R'm	723 291	738 224	762 633	181 640	184 556	219 224		60 709	60 856		
<i>y/y % change</i>	2.7	2.1	3.3	3.1	3.4	3.8		3.6	4.1		
Manufacturing - Volume of Production (Index 2005=100)	106.53	106.6	106.57	102.5	110.5	111.8		89.7	103.7		
<i>y/y % change</i>	1.4	0.1	0.0	-1.6	2.0	-1.1		-2.6	1.9		
Mining - Volume of Production (Index 2005=100)	99.49	98.14	101.28	102.9	102.5	102.		84.7	85.0		
<i>y/y % change</i>	3.7	-1.4	3.2	5.9	1.1	-2.4		-5.5	-8.7		
Vehicle Sales - Total (NAAMSA)	565 999	571 501	555 397	129 142	143 510	140 158	130 127	48 615	48 149	47 631	
<i>y/y % change</i>	5.0	1.0	-2.8	-1.9	-6.8	-3.1	-8.7	-7.1	-8.1	-14.1	
Passenger Vehicle Sales - Total (NAAMSA)	379 673	377 507	359 603	83 067	94 117	89 789	86 134	34 936	32 826	30 702	
<i>y/y % change</i>	4.1	-0.6	-4.7	-2.6	-9.1	-5.6	-7.0	-5.5	-6.0	-13.6	