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**MARKET ANALYTICS AND
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UNIT**

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PROPERTY BAROMETER

FNB Property Monthly

The FNB House Price Index's year-on-year inflation rate slowed slightly in July, and the FNB valuers point to gradual market slowing

In July 2016, the FNB House Price Index showed slightly slower year-on-year growth compared with June, after having shown some mild acceleration in price inflation in prior months.

FNB's Valuers, too, with their Market Strength Ratings, point to a softening market. Nevertheless, for the time being, positive price growth in real terms (when adjusting for consumer inflation) still reflects a well-balanced market.

KEY POINTS

- The FNB House Price Index for July 2016 rose by 7.1% year-on-year. This is slightly slower than the revised 7.2% rate recorded for June, which may be signaling a turning point in house price inflation after some mild acceleration in prior months.
- Examining house price growth on a month-on-month basis suggests that a period of slightly better, or slightly "less weak", economic performance during recent months may still be driving relatively solid house price growth compared with a dip in late-2015/early-2016.
- In real terms, when adjusting for CPI (Consumer Price Index) inflation, the rate of house price growth remains mildly positive, having recorded 0.9% in June, the result of a combination of 7.2% average house price inflation and 6.3% CPI inflation (July CPI data not yet available).
- Mildly positive real house price inflation continues to suggest a market still well balanced between supply and demand. However, many of our other non-price housing market indicators have pointed to a broad slowdown, raising the risk that the market can move slowly away "equilibrium" in the near future.
- The average price of homes transacted in June was R1,082,605.
- The FNB Valuers' Market Strength Index (MSI) remains above 50, which still points to a good market balance with the Valuers Demand rating still slightly higher than their Supply Rating. But looking forward, the ability of the market to maintain its balance depends on the direction of the economy, and ongoing year-on-year decline in the SARB Leading Business Cycle Indicator suggests that, short fluctuations aside, general economic weakness looks likely in the immediate future.

JULY FNB HOUSE PRICE INDEX FINDINGS

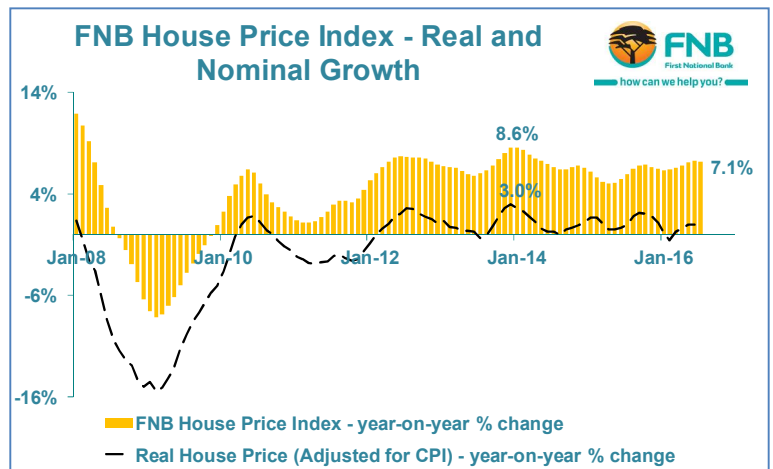
JULY AVERAGE HOUSE PRICE GROWTH

The FNB House Price Index for July 2016 rose by 7.1% year-on-year. This is slightly slower than the revised 7.2% rate recorded for June, which may be the start of a turning point in house price inflation after some mild acceleration in prior months.

In real terms, when adjusting for CPI (Consumer Price Index) inflation, the rate of house price growth remains mildly positive, having recorded 0.9% in June, the result of a combination of 7.2% average house price inflation and 6.3% CPI inflation (July CPI data not yet available).

Mildly positive real house price inflation continues to suggest a market still very well balanced between supply and demand. However, many of our other non-price housing market indicators have pointed to a broad slowdown, raising the risk that the market can move slowly away “equilibrium” in the near term.

The average price of homes transacted in June was R1,082,605.

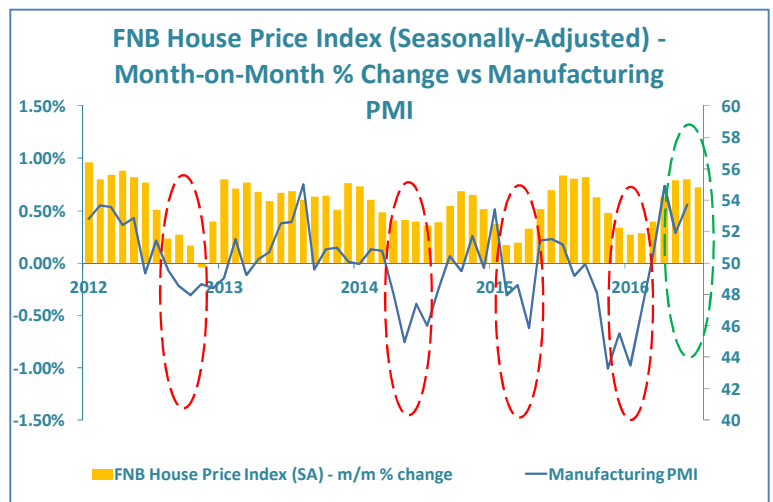


HOUSE PRICE GROWTH STILL SEEMINGLY BENEFITING FROM A RECENT PERIOD OF SLIGHTLY IMPROVED ECONOMIC PERFORMANCE

Examining house price growth on a month-on-month basis suggests that a period of slightly better, or slightly “less weak”, economic performance during recent months may still be driving slightly stronger house price growth compared with a dip in late-2015/early-2016.

While the economy’s condition remains poor, and the ongoing risk of recession remains high, certain key economic indicators pointed to a slightly better economic period during the 2nd quarter after a very weak 1st quarter.

The Barclays Manufacturing Purchasing Managers Index (PMI) shifted back up to a level above the crucial 50 mark (scale 0 to 100) in March 2016, and was still above 50 in June. Above a level of 50 suggests a probable expansion in Manufacturing output. South Africa’s large Manufacturing Sector is normally a good barometer of the direction of the broader economic direction. And on a month-on-month seasonally-adjusted basis, average house price growth fluctuations of recent years have broadly tracked the frequent dips and surges in the Manufacturing PMI.



As at July, month-on-month seasonally adjusted house price inflation remained relatively strong, but had slowed slightly to 0.73% from a previous month’s 0.8%

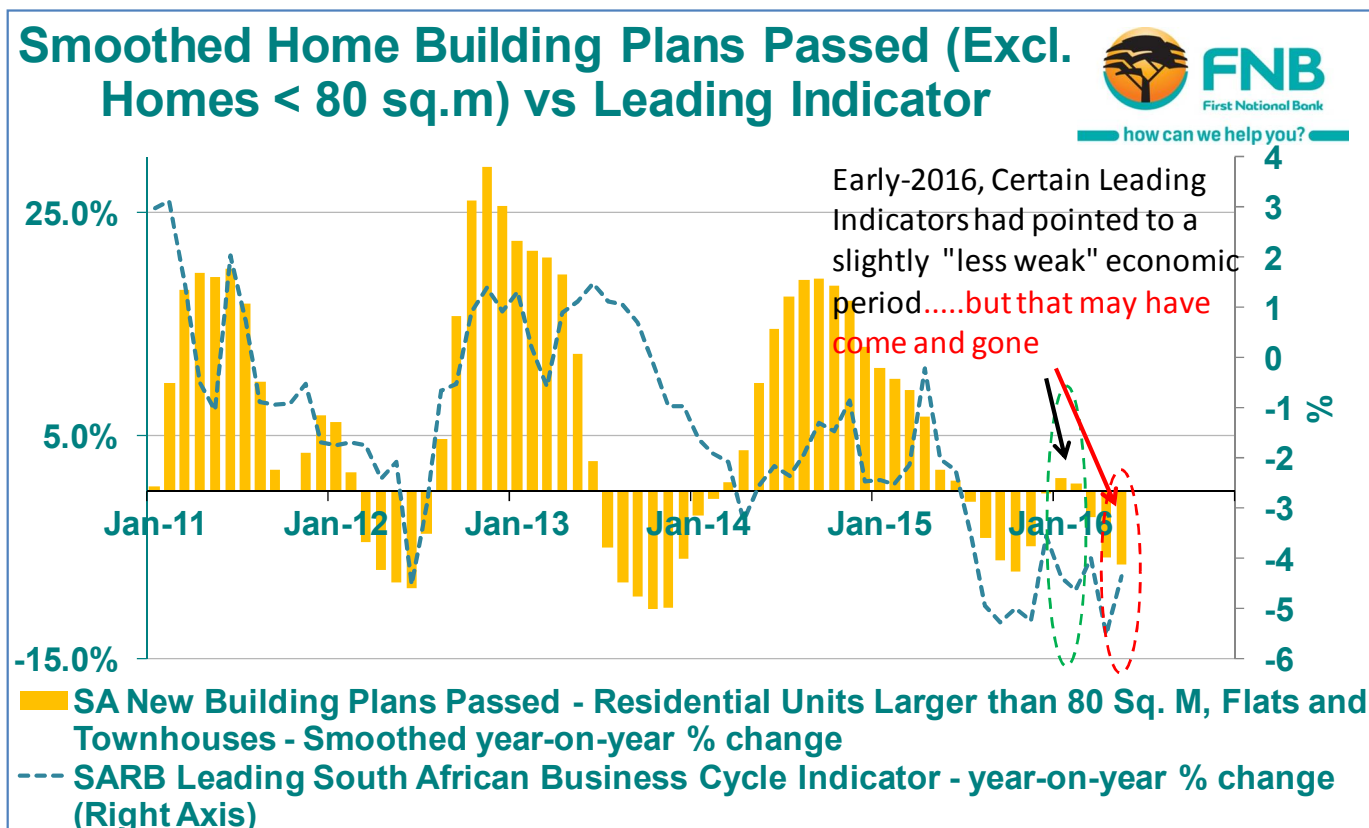
Other, perhaps more “leading” indicators, however, have not painted a compelling argument for house price inflation remaining at recently solid levels.

One of the variables included in the SARB Composite Leading Business Cycle Indicator is that of Residential Building Plans Passed excluding “dwelling houses” smaller than 80 square metres, a leading economic indicator more directly related to the housing market. The time series is quite rough, so we have smoothed it very lightly with a statistical smoothing function. The smoothed plans passed data suggested slight economic improvement to come around the 2nd quarter perhaps, having moved from a noticeable year-on-year decline in the 2nd half of 2015 to slightly positive growth early in 2016.

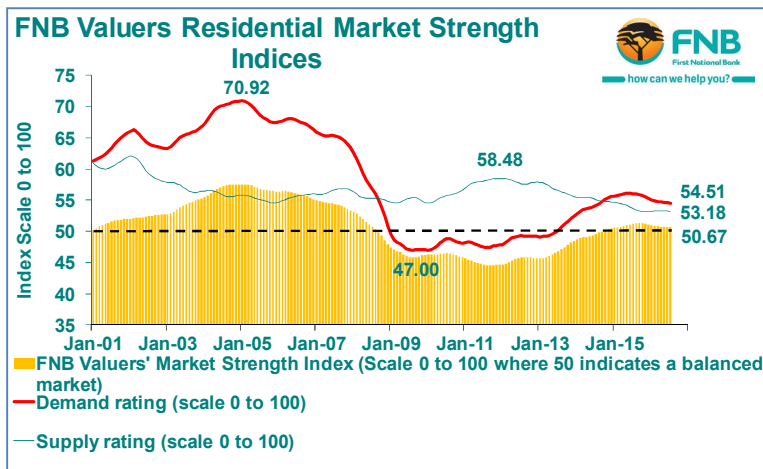
Therefore, while South Africa’s economic performance remains dismal at best, the slightly stronger average house price growth of recent months may be in part explained by a slightly “less weak” economic performance compared to the 1st quarter of 2016. The SARB Composite Leading Indicator itself had a period around January/February 2016 where its year-on-year rate of decline temporarily subsided, pointing to a better economic period to come during the 2nd quarter perhaps.

Looking forward, however, these Leading Indicators don’t point towards an improved economic situation holding up. More recently, our smoothed Residential Building Plans Passed series has moved back into year-on-year decline, while SARB Leading Indicator showed more noticeable year-on-year rates decline in April/May, suggesting that the economy remains in trouble, and recession risk remains high.

Therefore, we continue to monitor such leading indicators closely, and they continue to suggest that we should not expect the recent months’ relatively solid national house price growth to last for too long, given a currently “rational” market that continues to more-or-less track economic fluctuations.



FNB'S VALUERS MARKET STRENGTH INDEX EDGES WEAKER

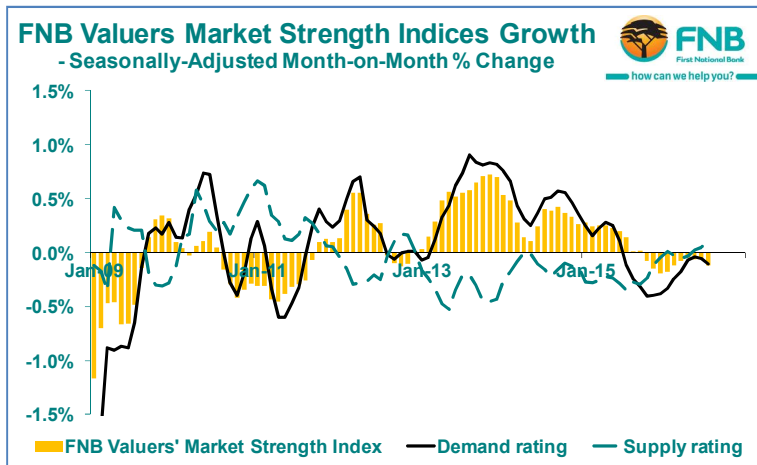


FNB's valuers, in their FNB Valuers Market Strength Index (MSI) (Explanatory notes on Page 10) edged slightly weaker in July 2016.

The MSI appears to be more of a "co-occurring" indicator to the residential market, unlike the more leading nature of certain key indicators gleaned from the FNB Estate Agent Survey.

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 54.51 in July (scale 0 to 100), while the Supply Rating was at a lesser 53.18. This translates into an MSI of 50.67, with the level of above 50 implying that residential demand is still perceived to be stronger than supply.



However, the rate of change in the indices is often insightful too.

On a month-on-month seasonally-adjusted basis, the revised Residential Demand Index has been in decline since July 2015. The rate of decline diminished from November 2015 to May 2016, reaching an almost insignificant rate of decline of -0.04% in May. This diminishing rate of decline in demand contributed to a diminishing rate of decline in the MSI, too, and this appears to tie in with the period prior to June in which we saw a mild acceleration in average house price growth.

However, in June and July we saw the decline in the Demand Rating as well as the MSI picking up some speed, once more, which in turn may point towards further slowing in house price inflation to come in the near term.

CONCLUSION

From both our July House Price Index performance as well our FNB Valuers Market Strength Index, we see signs in July of slowing once more, after a short period during the 2nd quarter in which we saw some brief seasonally-adjusted improvement.

This is the nature of things in the housing market at present. Many of our non-price market indicators have been pointing to a broad but gradual slowing in the market since last year. However, the market at present lacks any "over-exuberance" at present, is highly rational, and thus appears to fluctuate along with short term fluctuations in the economy.

Indications were that the 2nd quarter was a slightly better economic period than the 1st quarter, although still weak, and the housing market appears to have tracked it.

In June and July, however, we have seen the rate of decline in the Valuers' Demand Strength Index start to accelerate once more, along with the seasonally-adjusted Market Strength Index (MSI), and this appears to tie in with a slight slowing in the July House Price Index rate of increase.

The MSI remains above 50, which still points to a good market balance, and slightly positive house price growth in real terms reflects this. But looking forward, the ability of the market to maintain its balance depends on the direction of the economy, and ongoing year-on-year decline in the SARB Leading Business Cycle Indicator suggests that, short fluctuations aside, general economic weakness looks likely in the immediate future.

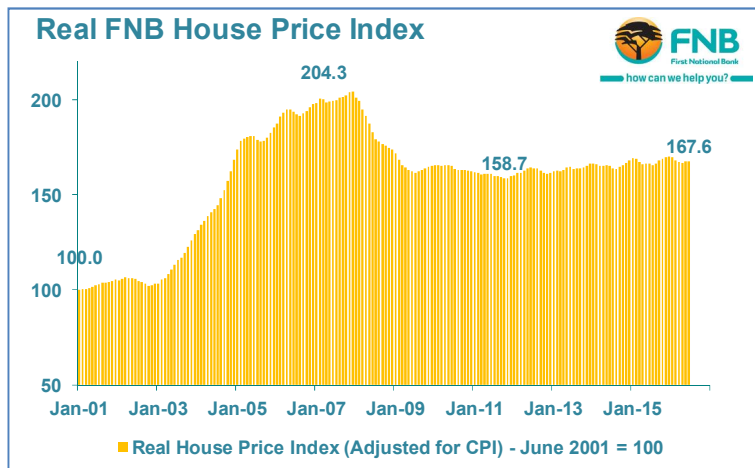
KEY MONTHLY AFFORDABILITY INDICATORS

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 June 2016 was +5.7% up on the October 2011 post-recession low.

However, the average real house price level remains -18% 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 66.9% above the End-2000 level, around 15.5 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.

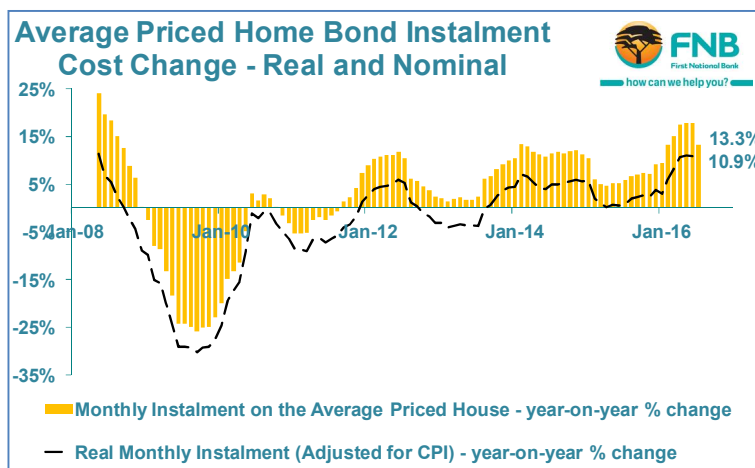


In nominal terms, when not adjusting for CPI inflation, the average house price in June 2016 was 305% above the End-2000 level.

AVERAGE HOUSE PRICE BOND INSTALMENT TREND

In such a credit dependent market, it is important to understand what the rate of change in the 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 on a new 100% bond.



The stalling in interest rate hiking since April, after a 50 basis point interest rate hike by the SARB (Reserve Bank) in January, and another 25 basis point hike in March, has led to some slowing in the year-on-year rate of increase in the average priced home instalment value.

In July 2016, the year-on-year inflation rate in the bond instalment on the average-priced home measured 13.3%, down from the high of 17.9% rate for June. In real terms, adjusting for CPI inflation, the June bond instalment inflation rate was a very significant 10.9% (July CPI data not yet available).

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.

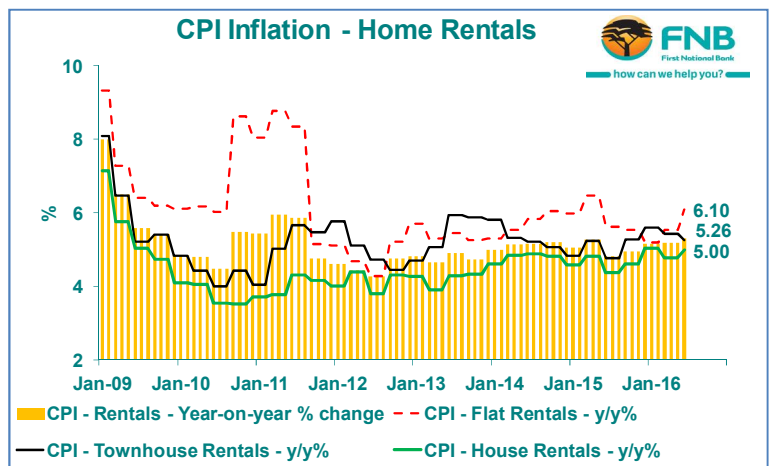
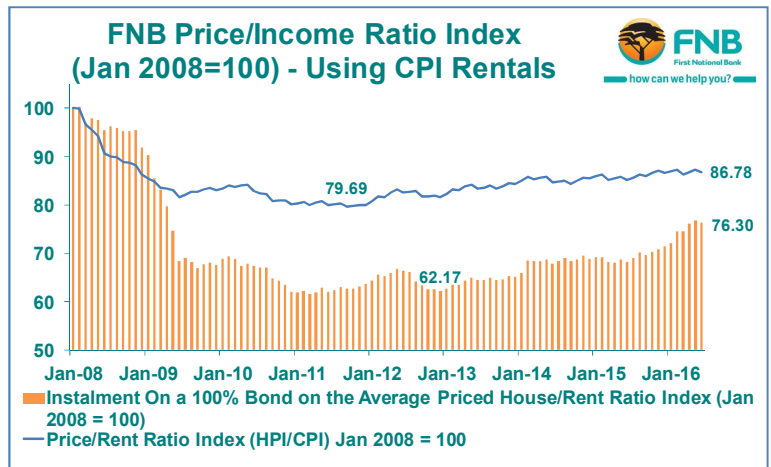
House price booms, or strong market periods at least, typically take this ratio higher.

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 gradually as the residential market strengthened. The index was at 86.78 in June 2016, up 8.9% from September 2011.

While 86.78 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, remains significantly lower despite some substantial rise since 2011. It has been kept far below January 2008 levels by relatively low interest rates which, even despite a rise of 200 basis points since early 2014, remain significantly below mid-2008 peak levels. This index 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 2.5 years, has taken this ratio 22.7% higher by June 2016, to a reading of 76.3.

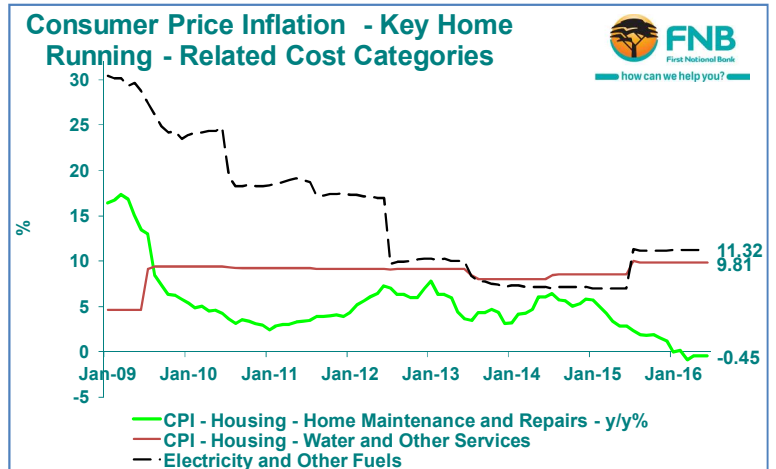
This remains well-below the January 2008 100 level though, as interest rates are still at relatively low levels, and rental inflation has battled to catch up with average house price inflation. In June, the CPI for Rentals did show some slight inflation acceleration, from a prior month's 5.2% year-on-year to 5.3%, but that's as strong as its been since 2011.



HOME OPERATING COST-RELATED INFLATION

Of the surveys of the CPI sub-indices for “Water and Other Services” (which includes municipal assessment rates) and “Electricity and other fuels”, only the Electricity and Other Fuels survey was done in June, and this index showed a very slight inflation acceleration from 11.2% year-on-year in May to 11.3%. The Water and Other Services CPI inflation rate thus remains unchanged at 9.81%. Both remain troublesomely above CPI inflation, and contribute significantly to housing-related affordability deterioration.

The CPI for Home Maintenance, however, continues to show a lack of pricing power in the Home Maintenance-related sectors of the economy. In June, this index’s year-on-year rate of change remained negative to the tune of -0.45%.



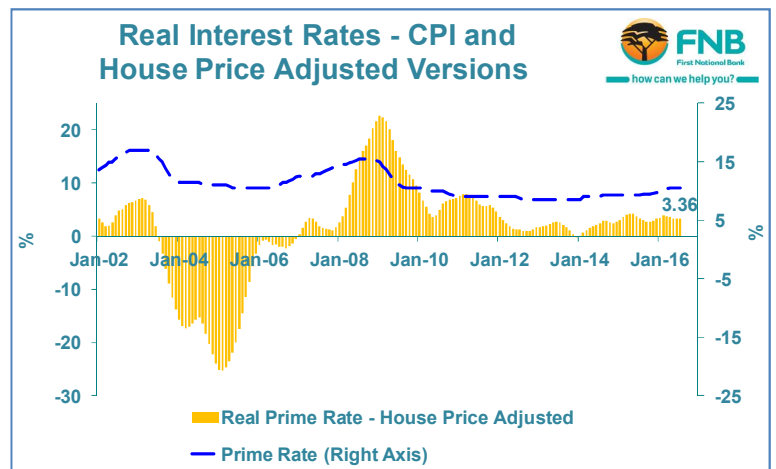
REAL ALTERNATIVE PRIME RATE AND POTENTIAL FOR A SPECULATORS’ MARKET

Ongoing gradual interest rate hikes, with the most recent one having been a 25 basis point rise in March, continue to keep the market largely 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 rate charged on a mortgage loan.

Such an environment could 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 July, where the Real Alternative Prime Rate was 3.36%, 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 from a residential market health point of view.



Monthly FNB House Price Index (Jan 2001 = 100)

how can we help you?

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	366.28	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	374.86	6.0%	
Aug-03	138.6	18.3%	Aug-07	280.6	11.8%	Aug-11	291.5	3.3%	Aug-15	377.47	6.4%	
Sep-03	140.9	20.0%	Sep-07	283.6	12.1%	Sep-11	291.7	3.3%	Sep-15	380.93	6.8%	
Oct-03	143.6	21.8%	Oct-07	287.0	12.5%	Oct-11	291.9	3.2%	Oct-15	383.89	6.8%	
Nov-03	146.8	23.6%	Nov-07	290.8	12.9%	Nov-11	292.9	3.6%	Nov-15	386.25	6.7%	
Dec-03	150.4	25.5%	Dec-07	293.9	12.7%	Dec-11	294.9	4.4%	Dec-15	388.04	6.5%	
Jan-04	154.1	27.2%	Jan-08	295.3	11.9%	Jan-12	297.8	5.3%	Jan-16	389.52	6.3%	
Feb-04	158.1	28.3%	Feb-08	294.9	10.7%	Feb-12	301.3	6.0%	Feb-16	391.02	6.4%	
Mar-04	161.9	28.8%	Mar-08	292.6	9.1%	Mar-12	305.1	6.6%	Mar-16	392.80	6.5%	
Apr-04	165.1	28.5%	Apr-08	289.0	7.1%	Apr-12	308.5	7.2%	Apr-16	395.13	6.8%	
May-04	167.6	27.9%	May-08	285.2	4.9%	May-12	311.0	7.5%	May-16	397.61	7.1%	
Jun-04	169.9	27.2%	Jun-08	282.0	2.6%	Jun-12	312.6	7.7%	Jun-16	399.77	7.2%	
Jul-04	172.8	26.8%	Jul-08	279.9	0.8%	Jul-12	313.2	7.6%	Jul-16	401.64	7.1%	
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	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Apr-16	May-16	Jun-16	Jul-16
Residential Property Prices											
FNB National Average House Price (Rand)	891 925	955 463	1 012 576	1 018 219	1 040 609	1 054 227	1 071 454	1 065 052	1 071 747	1 077 563	1 082 605
<i>y/y % change</i>	6.8	7.1	6.0	6.4	6.7	6.4	7.1	6.8	7.1	7.2	7.1
<i>m/m seasonally-adjusted % change</i>								0.63	0.79	0.80	0.73
FNB Valuers Demand Strength Index	50.39	54.15	55.82	55.97	55.49	54.9	54.65	54.69	54.65	54.6	54.51
<i>y/y % change</i>	3.0	7.5	3.1	2.8	0.2	-1.6	-2.5	-2.3	-2.6	-2.7	-2.7
<i>m/m % change</i>								-0.16	-0.06	-0.09	-0.17
FNB Valuers Supply Strength Index	56.71	55.1	53.8	53.43	53.15	53.22	53.25	53.263	53.27	53.22	53.179
<i>y/y % change</i>	-2.1	-2.8	-2.4	-2.7	-2.9	-2.3	-1.6	-1.9	-1.6	-1.3	-0.9
<i>m/m % change</i>								0.07	0.01	-0.09	-0.08
FNB Valuers Market Strength Index	46.84	49.53	51.01	51.27	51.17	50.84	50.7	50.71	50.69	50.69	50.67
<i>y/y % change</i>	3.0	5.7	3.0	3.0	1.7	0.4	-0.5	-0.2	-0.55	-0.80	-1.05
<i>m/m % change</i>								-0.12	-0.04	0.00	-0.05
Major Metro Areas Average House Price (Rand)	1 084 166	1 171 519	1 248 953	1 255 919	1 270 810	1 284 680	1 297 359				
<i>y/y % change</i>	6.6	8.1	6.6	6.0	5.2	4.7	4.4				
- Upper Income Area Average House Price (Rand)	2 324 817	2 563 396	2 768 163	2 782 135	2 811 822	2 838 402	2 865 523				
<i>y/y % change</i>	8.0	10.3	8.0	6.9	5.2	4.2	4.0				
- Middle Income Area Average House Price (Rand)	1 240 318	1 347 150	1 445 757	1 457 239	1 471 603	1 483 313	1 495 099				
<i>y/y % change</i>	6.5	8.6	7.3	6.9	5.7	4.8	3.9				
- Lower Income Area Average House Price (Rand)	787 951	836 402	880 255	884 493	896 580	908 506	918 336				
<i>y/y % change</i>	5.7	6.1	5.2	5.0	4.9	5.0	5.0				
- Affordable Area Average House Price (Rand)	409 761	440 866	462 884	464 109	471 882	480 851	488 976				
<i>y/y % change</i>	6.3	7.6	5.0	4.3	4.4	5.5	6.4				
- Major 3 Provinces' Former Black Township Average House Price (Rand)	270 952	295 952	331 239	334 625	343 675	353 116	359 980				
<i>y/y % change</i>	6.8	9.2	11.9	11.7	11.5	10.7	9.8				
- Holiday Towns Average House Price (Rand)	837 211	904 810	968 900	971 323	975 236	993 164	1 025 914				
<i>y/y % change</i>	2.2	8.1	7.1	5.8	3.5	3.5	5.79				
FNB Estate Agent Survey											
Level of Residential Demand Activity (Scale 1 to 10)	6.27	6.58	6.31	6.14	6.02	6.39	5.77				
<i>y/y % change</i>	4.8	4.9	-4.1	-7.4	-8.9	-5.1	-8.8				
First time buyers as a percentage of total buyers (%)	22.5	26.5	24.3	25.0	26.0	21.0	21.0				
Buy-to-let as a percentage of total buyers (%)	7.8	9.3	8.8	8.0	9.0	9.0	8.0				
Average time of properties on the market (Weeks and Days)	16.0	12.2	12.0	11.1	12.1	11.1	13.4				
Percentage of properties sold at less than asking price (%)	88.0	81.5	86.0	87.0	87.0	88.0	92.0				
Percentage of properties on the market for 3 months or more (%)	74.5	56.0	49.0	47.0	55.0	47.0	67.0				
Residential Building Sector											
Number of units' plans passed	50 447	56 809	59 670	16 831	13 643	13 545	9 314	4 015	5 299		
<i>y/y % change</i>	1.3	12.6	5.0	10.8	1.1	8.0	-44.1	-32.1	1.3		
Square metres' worth of plans passed	6 647 115	7 467 385	7 703 754	2 092 849	1 804 851	1 741 302	1 263 559	628 539	635 020		
<i>y/y % change</i>	6.4	12.3	3.2	1.2	-3.8	-2.5	-37.5	-5.9	-0.3		
Average size of units' plans passed (square metres)	131.8	131.4	129.1	124.3	132.3	128.6	135.7	157	120		
Number of units completed	41 485	38 043	39 666	9 784	10 808	9 270	7 087	2 916	4 171		
<i>y/y % change</i>	-3.5	-8.3	4.3	2.2	-3.7	9.3	-33.1	-3.2	2.5		
Square metres' worth of buildings completed	4885830.0	4707294.0	5125031.0	1 322 928	1 383 942	1 110 693	876 565	369 047	507 518		
<i>y/y % change</i>	1.5	-3.7	8.9	7.3	-1.3	1.7	-33.9	-9.4	2.5		
Average size of units' completed (square metres)	117.8	123.7	129.2	135.2	128.0	119.8	123.7	126.56	121.68		

Property and Mortgage Market Summary



END OF PERIOD	2013	2014	2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Apr-16	May-16	Jun-16	Jul-16
Mortgage Market											
New residential loans and re-advances granted (R'm)	196 144	213 318	229 921	60 250	55 516	48 205					
<i>y/y % change</i>	15.6	8.8	7.8	7.0	3.9	-13.8					
Residential re-advances granted (R'm)	10 452	11 911	13 750	3 386	2 626	2 106					
<i>y/y % change</i>	26.06	13.96	15.44	7.0	-11.8	-39.4					
Total residential mortgage loans outstanding - Banks (R'm)	837 817 308	854 418 677	886 123 502	875 775 279	886 123 502	895 956 005		897 452 956	899 646 436		
<i>y/y % change</i>	1.3	2.	3.7	2.7	3.7	3.9		3.9	4.0		
Key Economic Indicators											
Real Gross Domestic Product (R'm at 2000 prices)	2 968 682	3 017 037	3 055 192	3 051 402	3 054 756	3 045 261					
<i>y/y % change</i>	2.3	1.6	1.3	0.8	0.5	-0.2					
Real Residential Fixed Investment (R'm)	51 004	52 409	56 749	56 943	56 815	54 370					
<i>y/y % change</i>	3.9	2.8	8.3	10.1	2.6	-3.7					
Prime Rate (%)	8.5	9.1	9.4	9.5	9.7	10.3	10.5	10.5	10.5	10.5	10.5
Yields on Government Bonds 10 years and Longer (%)	7.7	8.3	8.2	8.3	8.7	9.4	9.1	9.1	9.3	9.1	8.7
Currencies - USDZAR	9.66	10.85	12.78	12.996	14.212	15.844	15.016	14.61	15.33	15.09	14.41
Currencies - EURZAR	12.82	14.39	14.17	14.444	15.558	17.456	16.954	16.57	17.34	16.94	15.94
<i>CPI - y/y % change</i>	5.8	6.1	4.6	4.7	4.9	6.5	6.2	6.2	6.1	6.27	
<i>Gauteng pump price y/y%</i>				-6.5	-5.8	11.0	-1.5	-2.3	-1.3	-0.9	-3.3
FNBBER Consumer Confidence Index	-5.3	-0.8	-9.5	-5.0	-14.0	-9.0	-11.0				
RMBBER Business Confidence Index	46	45	42	38.0	36.0	36.0	32.0				
SARB Composite Leading Business Cycle Indicator	99.5	97.5	94.3	92.9	93.1	91.8	90.8	90.86	90.76		
<i>y/y % change</i>	0.4	-2.0	-3.3	-4.6	-4.6	-4.3	-4.6	-5.53	-4.35		
<i>m/m % change</i>								-0.94	-0.11		
Real Retail Sales (2008 Prices) - R'm	723 291	738 224	762 633	184 556	219 224	183 379	125 261	60 902	64 359		
<i>y/y % change</i>	2.7	2.1	3.3	3.4	3.8	3.5	-31.0	1.6	4.5		
Manufacturing - Volume of Production (Index 2005=100)	106.46	106.55	106.51	110.3	112.	100.7	104.4	101.2	107.6		
<i>y/y % change</i>	1.3	0.1	0.0	2.1	-0.9	-0.7	2.0	3.1	4.0		
Mining - Volume of Production (Index 2005=100)	99.49	98.14	101.19	102.4	101.8	86.6	94.9	93.4	96.3		
<i>y/y % change</i>	3.7	-1.4	3.1	1.0	-2.6	-11.4	-7.8	-7.7	-4.4		
Vehicle Sales - Total (NAAMSA)	565 999	571 501	555 397	143 510	140 158	130 127	115 765	40 390	42 907	44 939	
<i>y/y % change</i>	5.0	1.0	-2.8	-6.8	-3.1	-8.7	-10.4	-9.2	-10.4	-10.6	
Passenger Vehicle Sales - Total (NAAMSA)	379 673	377 507	359 603	94 117	89 789	86 134	72 108	26 077	27 143	29 070	
<i>y/y % change</i>	4.1	-0.6	-4.7	-9.1	-5.6	-7.0	-13.2	-13.6	-13.0	-12.0	