

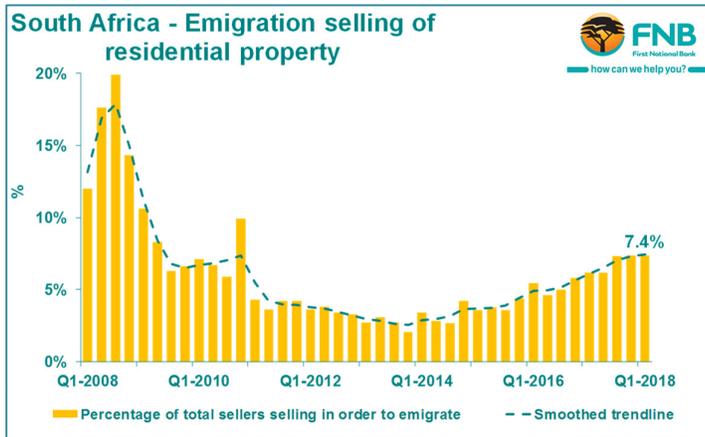
## PROPERTY BAROMETER – Emigration-related Home selling

*FNB Estate Agent Survey for the 1<sup>st</sup> quarter of 2018 showed a virtually unchanged rate of emigration-related home selling from the prior quarter, following a prior multi-year rising trend that started back in 2014*

11 April 2018

The 1<sup>st</sup> Quarter 2018 FNB Estate Agent Survey pointed to a virtually unchanged estimated rate of emigration-related home selling, following a prior a multi-year rising trend which started back in 2014. This leaves the rate of emigration selling somewhat “elevated”.

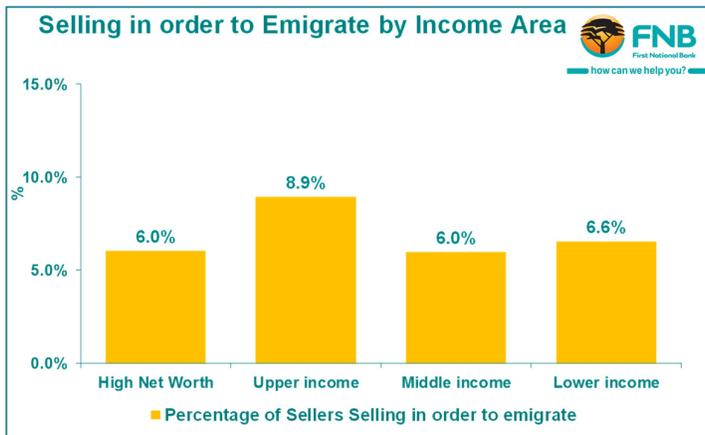
In the survey, we ask agents to provide estimates as to the extent of the main motives for selling primary residences.



One of the 8 key motives for selling homes is the “Selling in order to emigrate” motive.

Expressed as a percentage of total home selling, selling in order to emigrate reached its lowest level in the history of the survey (this survey question began in early-2008) back in the final quarter of 2013, at an estimated 2.0% of total home selling.

Subsequently, however, this selling motive underwent a gradual rising trend, reaching 7.4% of total selling by the 4<sup>th</sup> quarter 2017 survey. The 1<sup>st</sup> quarter of 2018 then returned an unchanged estimate of 7.4%.



Breaking it down by the 4 “Income Areas”, which are self-defined by agents taking part in the survey, we see that the emigration rate was fairly well spread across all 4 income areas early in 2018, although it was at its highest in what agents term the “Upper Income” Area segment.

The 4 income areas are High Net Worth Areas (average house price = R3.53m), Upper Income Areas (average house price = R2.81m), Middle Income Areas (average house price = R1.79m), and Lower Income Areas (average house price = R1.18mm).

The High Net Worth Areas returned an emigration-related selling estimate of 6% of total selling, but it was in the slightly lower priced segment, i.e the Upper Income Area segment, where the highest estimate, i.e. 8.9%, was to be found. Middle Income Areas recorded a 6% estimate and Lower Income Areas 6.6%.

### OUTLOOK FOR EMIGRATION – RELATED SELLING

There has been an improvement in general sentiment in South Africa in the 1<sup>st</sup> quarter of 2018, as witnessed in a relatively solid Rand performance compared to much of last year, and a jump in the 1<sup>st</sup> quarter RMB-BER Business Confidence Index. In the FNB Estate Agent Survey, agents also perceived a major jump in “Positive Consumer Sentiment” in the 1<sup>st</sup> quarter of this year, and many report it to be as a result of the recent political leadership change in the country.

So why have we not seen decline in the highly sentiment-driven emigration-related home selling rate yet? Part of the answer is probably that there is something of a lag time before we begin to see the impact of improved sentiment on emigration-related selling, because emigration has a long planning phase for households. Therefore, the relocation decisions of those 1<sup>st</sup> quarter 2018 emigration-related sellers have probably been made a considerable time ago.

We therefore still expect to see some decline in the emigration-related selling percentage in the quarters to come. However, we would not anticipate the percentage receding all the way back to the 2% low of late-2013 just yet. Although sentiment appears to be greatly improved in SA early in 2018, economic performance of the country plays a key role in emigration levels, with many highly-skilled labour force participants assessing local economic opportunities relative to those abroad when making their decisions. And while we anticipate a mildly improved real economic growth rate of 1.8% in 2018 (compared to 1.3% in 2017), such a growth rate remains weak.

**JOHN LOOS: HOUSEHOLD AND PROPERTY SECTOR STRATEGIST**

**087-328 0151**

**[John.loos@fnb.co.za](mailto:John.loos@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