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## Mortgage advances

28 February 2013

### Mortgage advances growth remains subdued in early 2013

Year-on-year (y/y) growth in the value of outstanding credit balances in the South African household sector remained unchanged at 9,9% in January 2013 from December last year. This growth in household credit balances was the result of continued strong growth in the components of instalment sales and unsecured credit, with growth in mortgage balances marginally lower in January from December. Growth in instalment sales balances (15,4% share in total household credit balances) was 19,5% y/y in January, with growth in unsecured credit balances (23,1% share) at 28,4% y/y.

Total private sector mortgage balances, which include both commercial and residential mortgage loans, saw growth slowing down somewhat further to 1,8% y/y in January. Commercial mortgage balances continued to contract, by 0,8% y/y in the first month of the year. Growth in the value of outstanding household mortgage balances was marginally lower at 2,9% y/y in January. Based on the continued strong growth in instalment sales and unsecured credit balances, the share of these components in total household credit increased to levels not seen in the past ten years. With growth in outstanding household mortgage balances remaining subdued, its share in household credit dropped further to 60,9% in January 2013, from around 70% in 2009/2010.

Growth in mortgage balances is forecast to remain relatively low in 2013 on the back of trends in and the outlook for the economy, household finances, consumer confidence and property market conditions. Inflationary pressures are set to continue for most of 2013, but interest rates are forecast to remain unchanged throughout the year, also taking account of macroeconomic trends and the possible impact of these on the household sector.

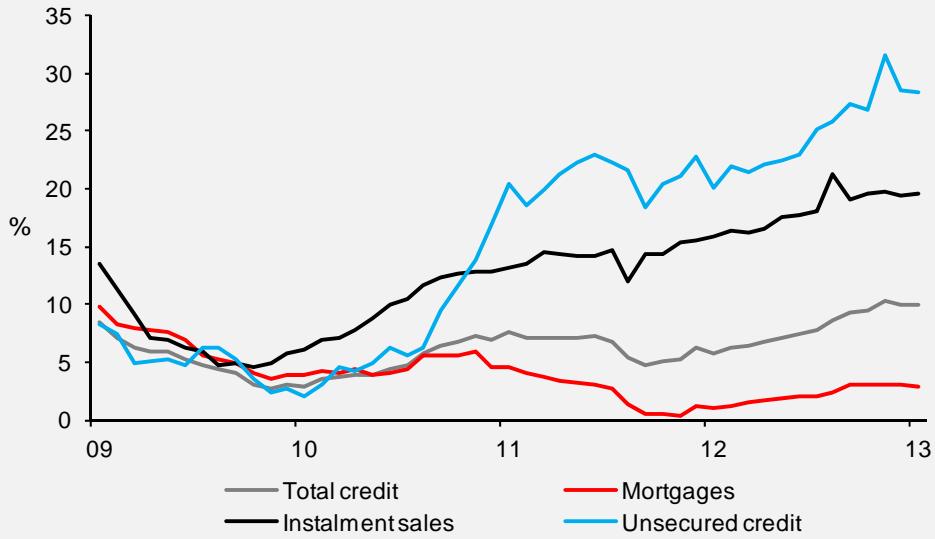
#### Mortgage balances, inflation and interest rates

Month	Total mortgage balances <sup>1</sup> end of period		Household mortgage balances, end of period		CPI headline inflation rate %	Mortgage rate % per annum end of period
	R billion	y/y % change	R billion	y/y % change		
February 2012	1 072.2	2.3	773.3	1.2	6.1	9.0
March 2012	1 073.2	2.6	777.2	1.6	6.0	9.0
April 2012	1 073.2	2.4	776.9	1.7	6.1	9.0
May 2012	1 076.5	2.2	779.5	1.8	5.7	9.0
June 2012	1 080.3	2.2	781.9	2.0	5.5	9.0
July 2012	1 078.4	1.9	782.5	2.0	4.9	8.5
August 2012	1 081.9	2.1	785.6	2.4	4.9	8.5
September 2012	1 082.5	1.7	786.7	3.0	5.4	8.5
October 2012	1 085.8	1.9	788.5	3.1	5.6	8.5
November 2012	1 088.6	2.0	790.1	3.0	5.6	8.5
December 2012	1 089.0	1.9	790.9	3.0	5.7	8.5
January 2013	1 088.1	1.8	791.2	2.9	5.4	8.5

<sup>1</sup>Comprising commercial and residential mortgages

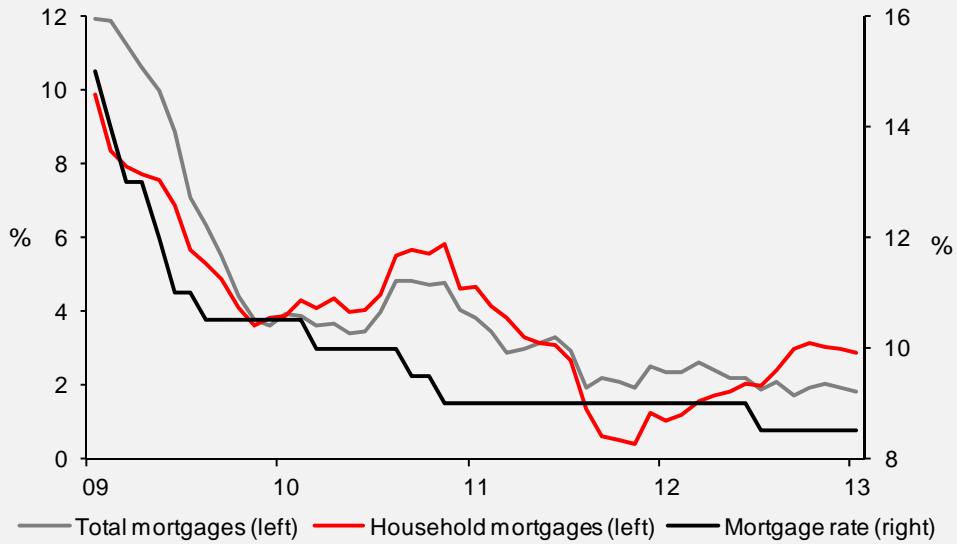
Sources: SARB, Stats SA

### Growth in household credit balances



Source: SARB

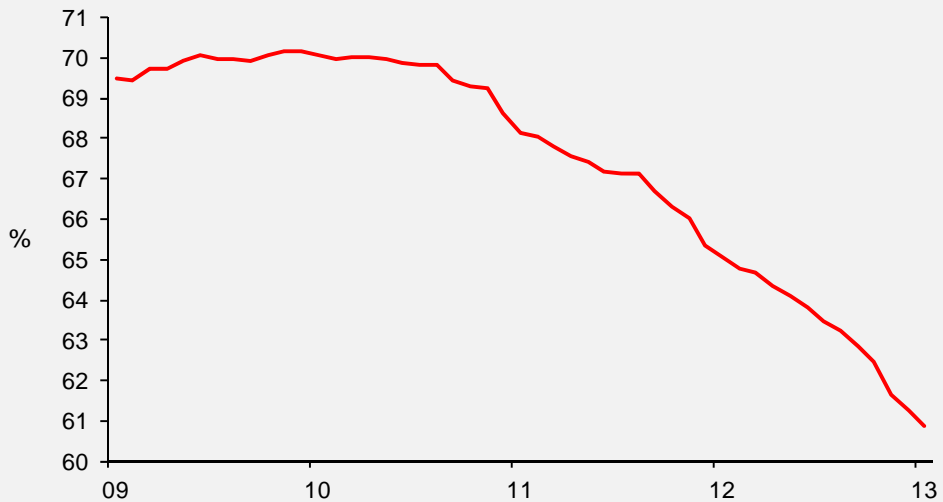
### Mortgage balances growth and interest rates



Source: SARB

### Household mortgage balances

% of total household credit balances



Source: SARB