

Residential Property Indices

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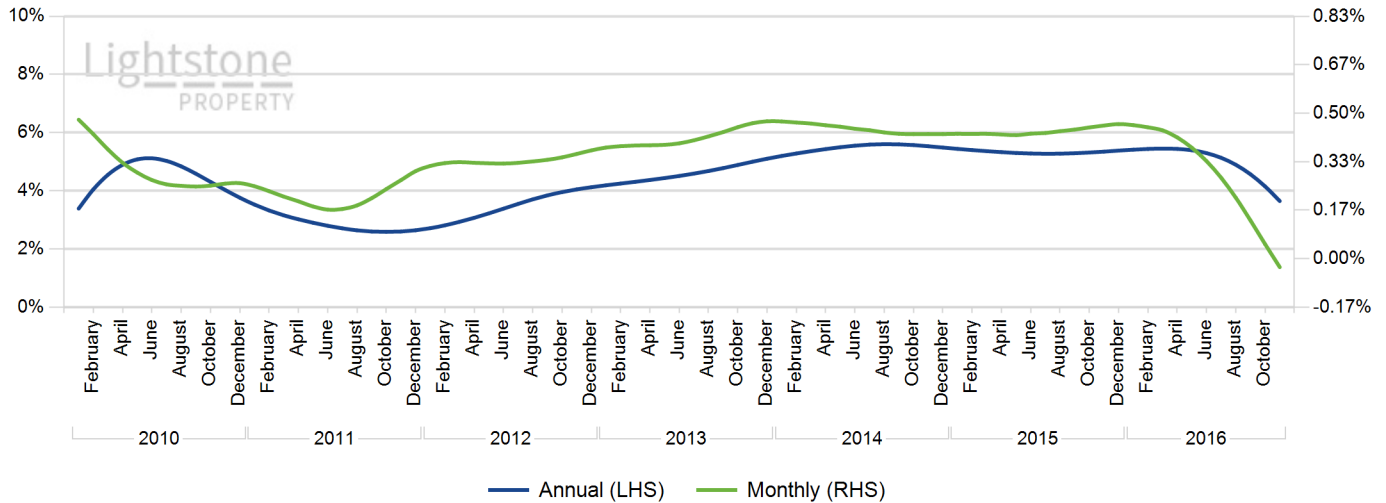
Information. Decisions. Results.



National Inflation

Current annual inflation rate is 3.65% and monthly is -0.03%

Annual vs. Monthly



Market Review

As at the end of November 2016 the national house price inflation was at 3.6%.

Looking at the overall picture at provincial level it is evident the market has been slowing down over recent months and this is more pronounced in the Western Cape, Limpopo, North West, Free State and Mpumalanga provinces. KwaZulu-Natal maintains a steady growth of about 6% and the Eastern Cape is slowly picking up. Despite the slowdown in the Western Cape it still comes out second with a rate of 7.9% after the staggering 25.6% seen in the Northern Cape.

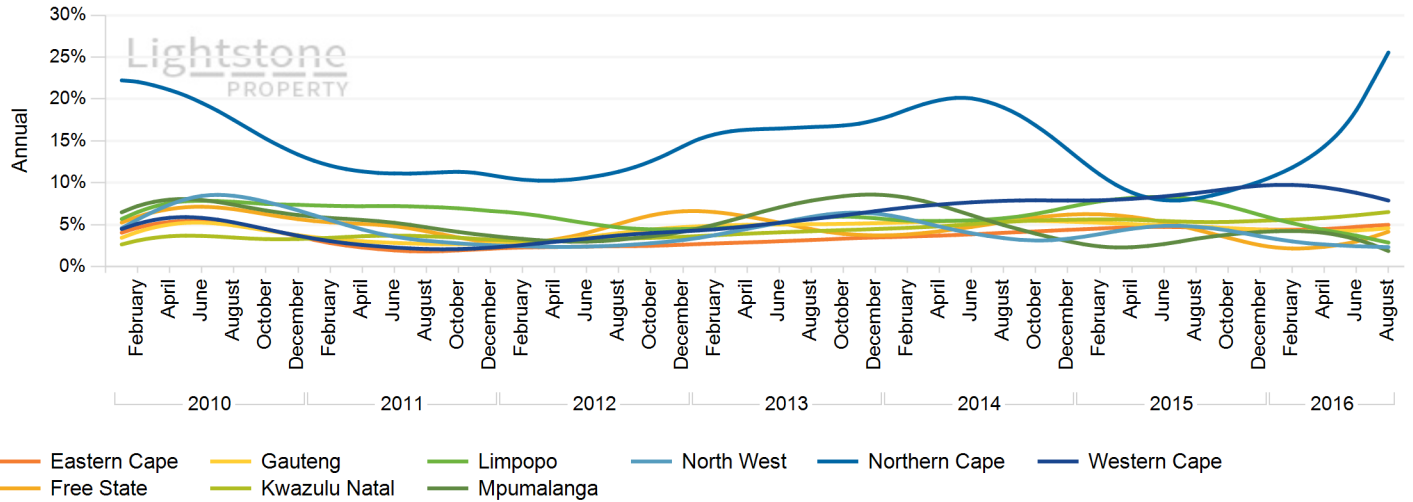
Buoyant growth is still observed in Gauteng metros with Ekurhuleni, City of Tshwane and City of Johannesburg growing at rates between 3% and 6%. Ethekeeni and City of Cape Town continue to grow exuberantly with City of Cape Town showing an unrivalled growth well above 10% per annum.

The Low and Mid value wealth segments continue to buck the trend by growing at more than 7% annually while the High and Luxury wealth segments are inflating at lower rates below 3% per annum.

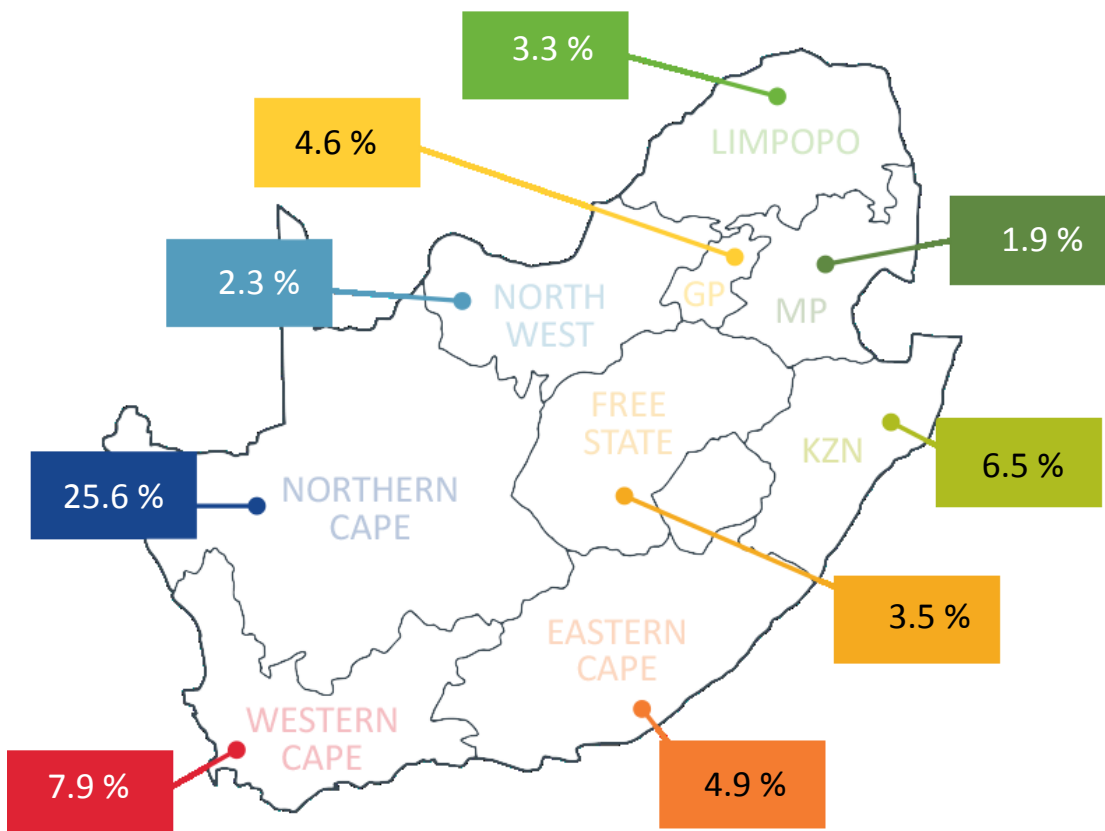
Provincial Inflation

The **Lightstone Provincial Index** tracks annual inflation of all provinces in South Africa.

Annual Inflation: Provinces



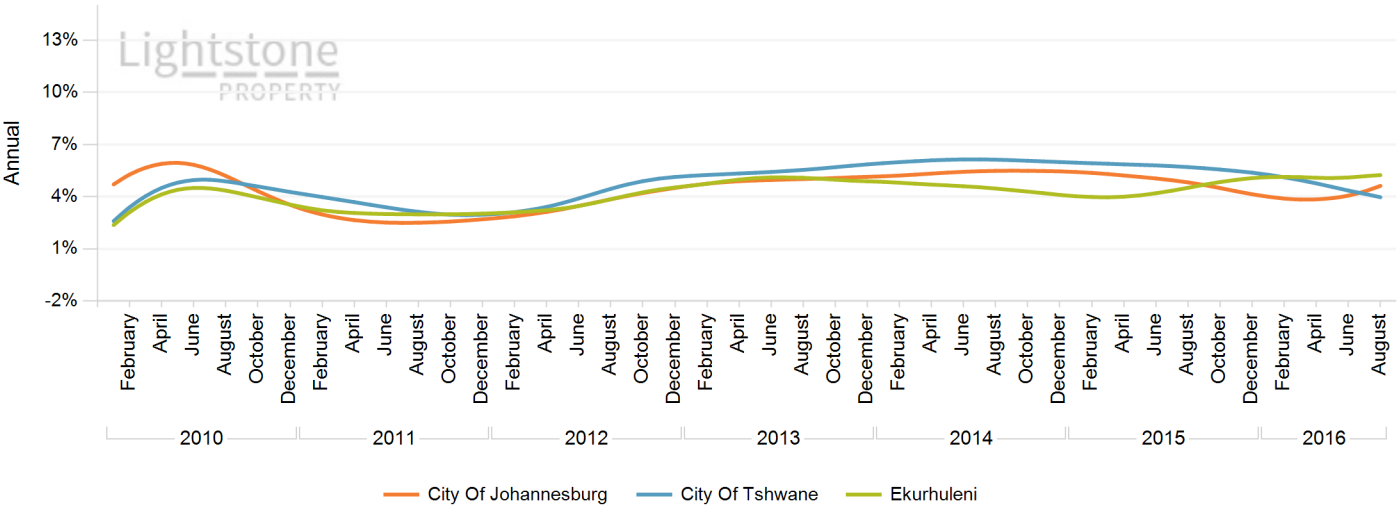
Latest/Current Provincial Inflation Status



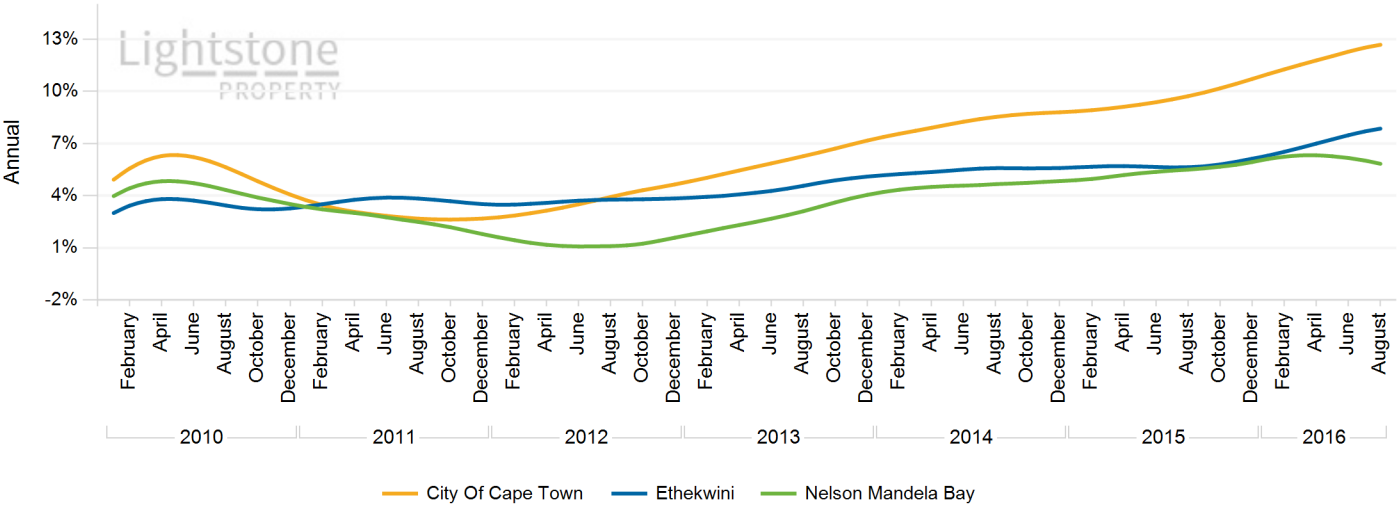
Municipal Inflation

The Lightstone Municipal Index tracks annual inflation at a municipal level, with coastal and inland based municipalities reviewed independently.

Annual Inflation: Inland Municipalities



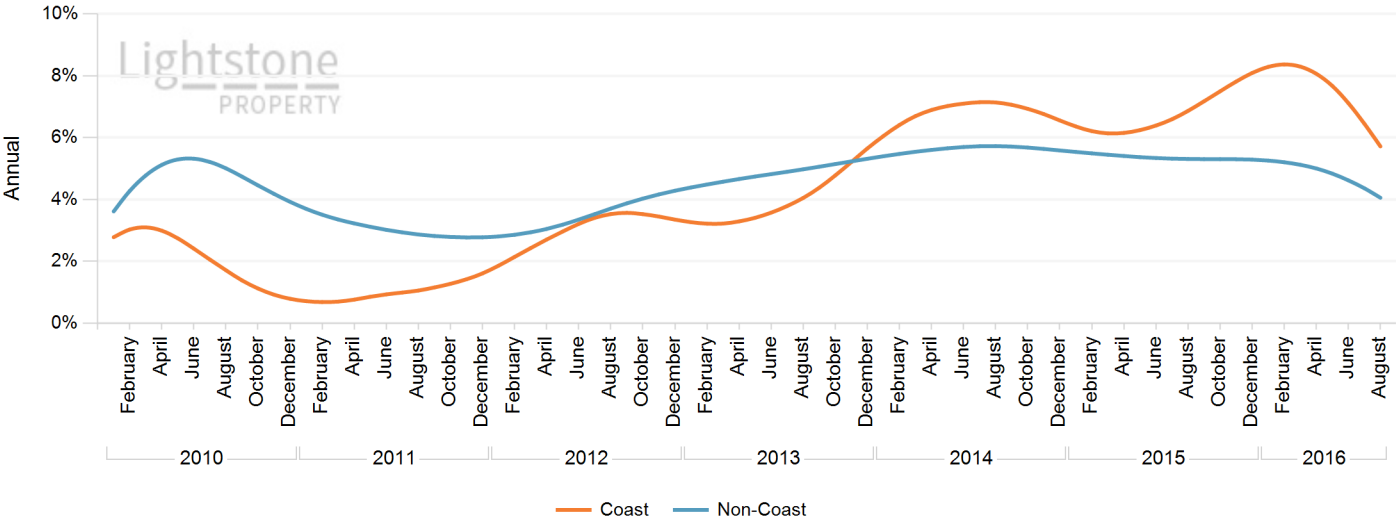
Annual Inflation: Coastal Municipalities



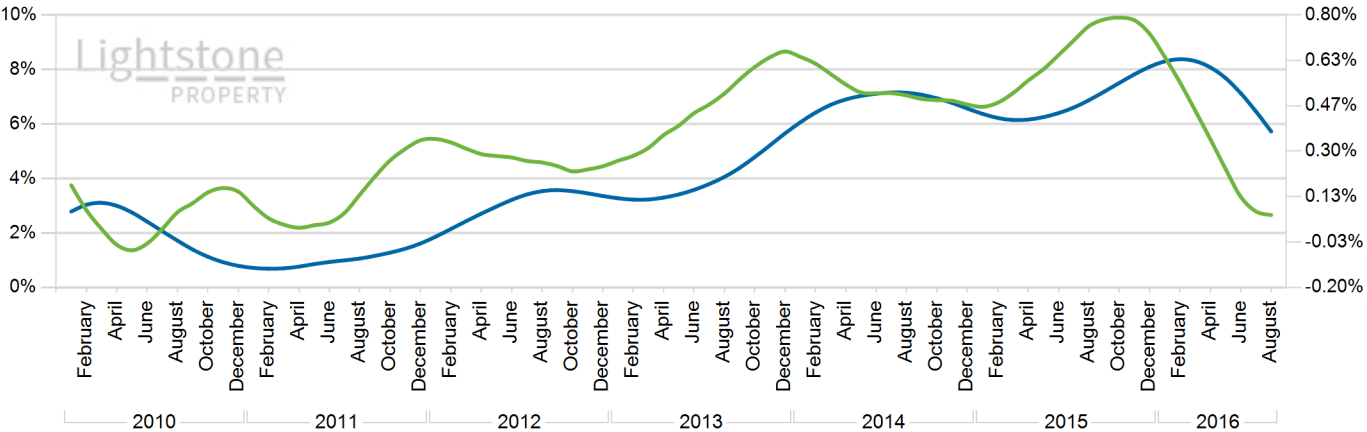
Property Inflation: Coast vs Non-Coast

The Lightstone Coast vs Non-Coast Index compares property located within enumerator areas 500m of the coastline to those located further inland.

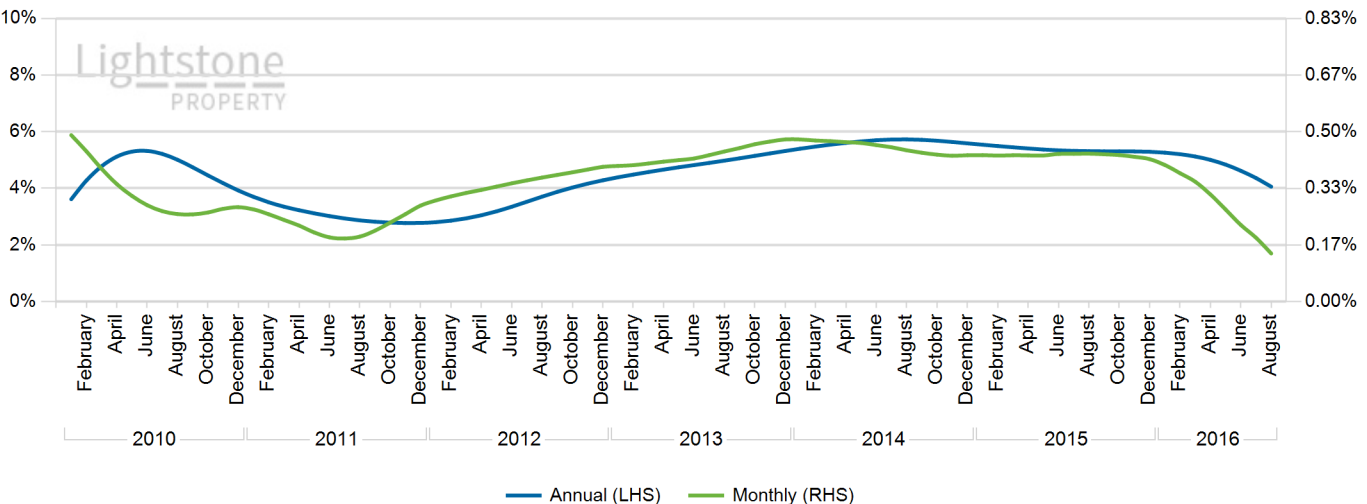
Annual Inflation: Coast vs Non-Coast



Coast: Annual vs Monthly Inflation

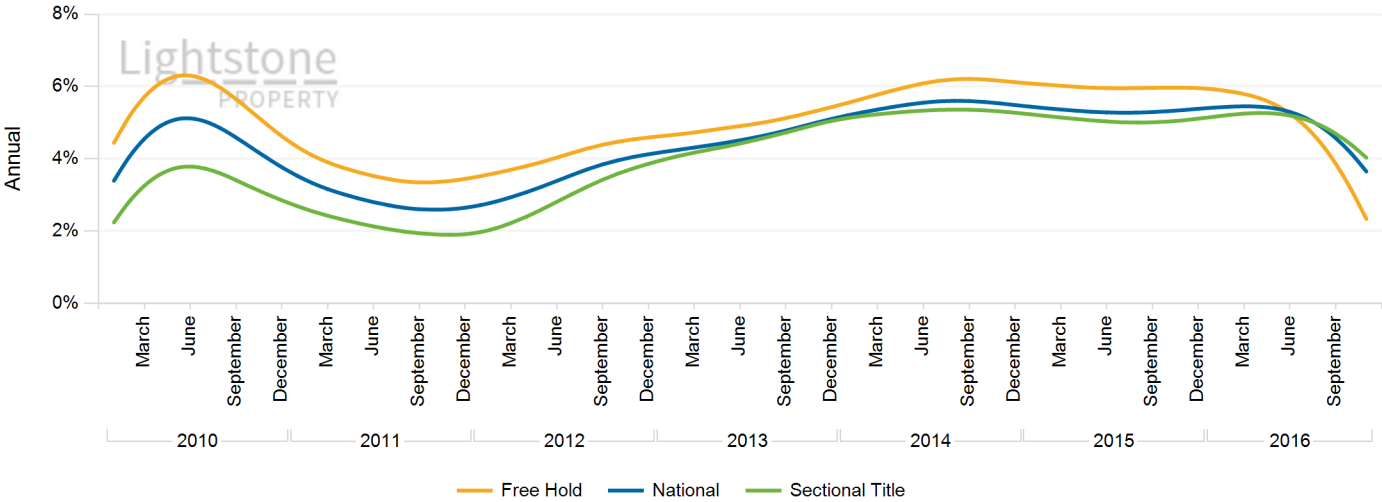


Non-Coast: Annual vs Monthly Inflation

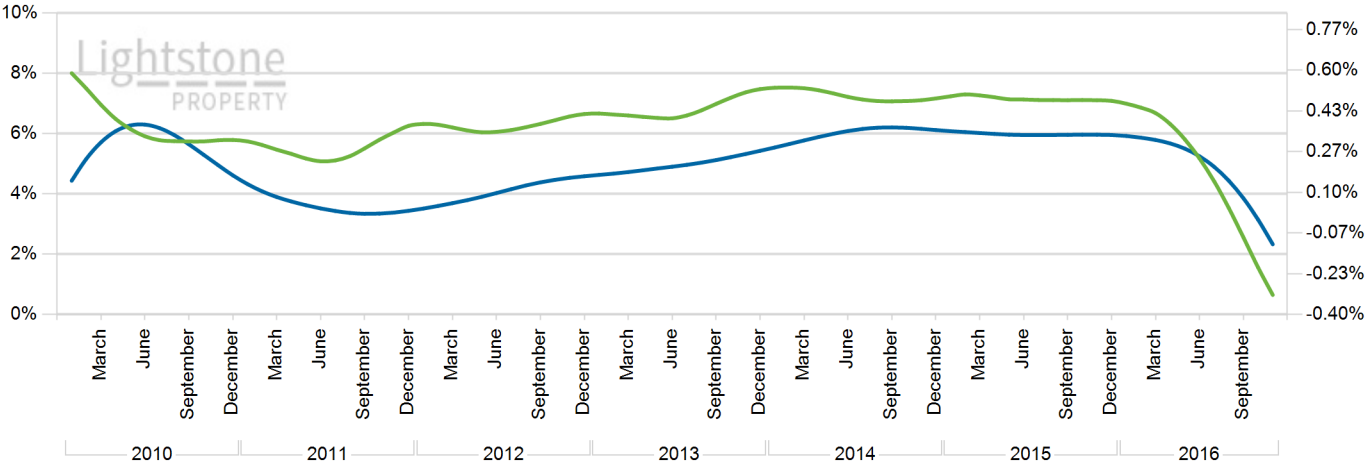


Property Inflation: Free Hold vs Sectional

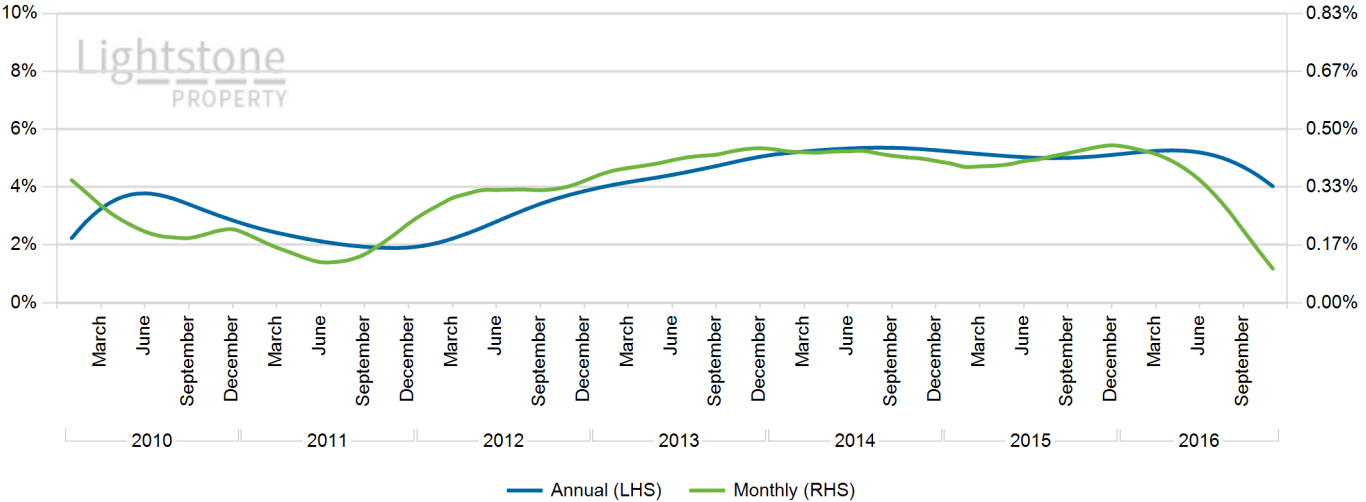
Annual Inflation: Free Hold vs Sectional Title Properties



Freehold Property: Annual vs Monthly Inflation



Sectional Title: Annual vs Monthly Inflation



Property Inflation: Value Bands

The Lightstone Area Value Bands Index reviews inflationary rates for property based on the following values.

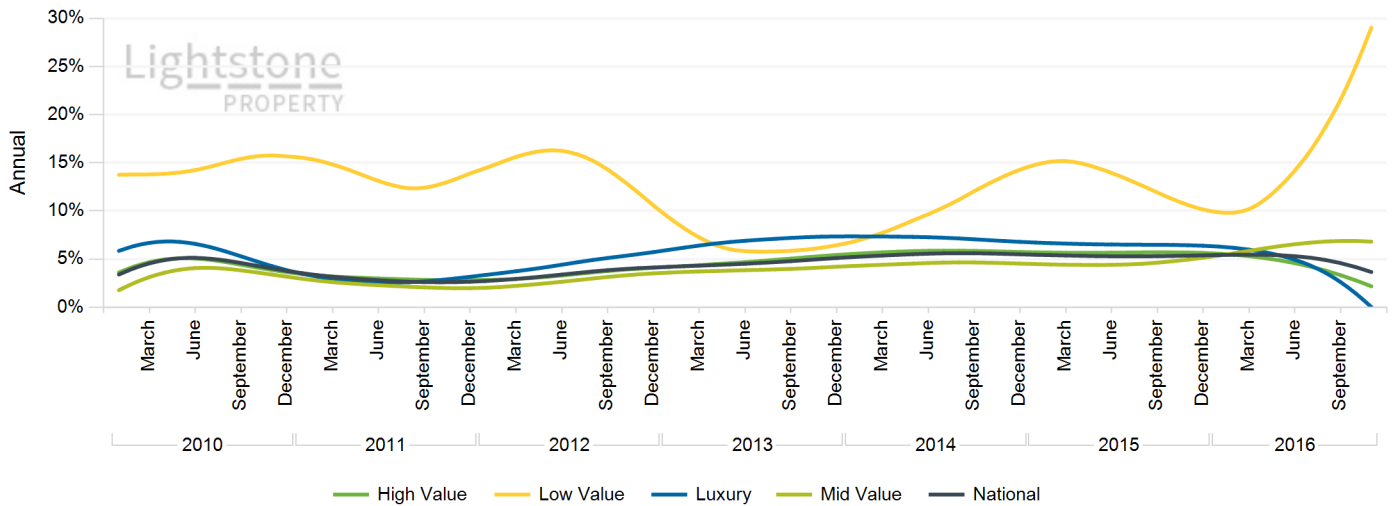
Luxury: > R1.5mil

High Value: R700k to R1.5mil

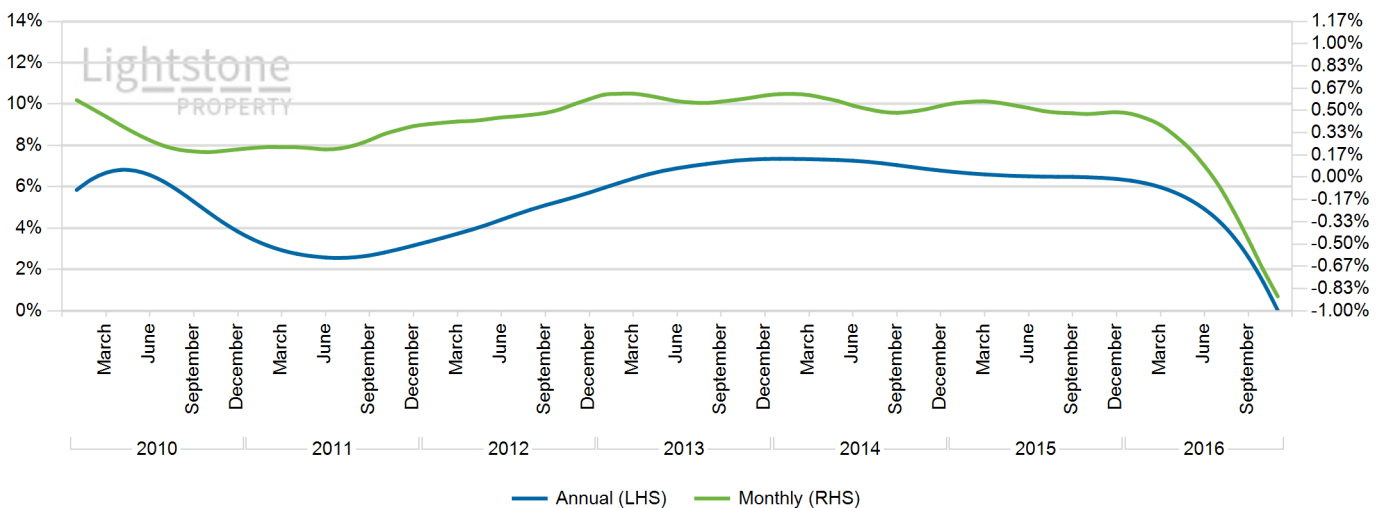
Mid Value: R250k to R700k

Low Value: <R250k

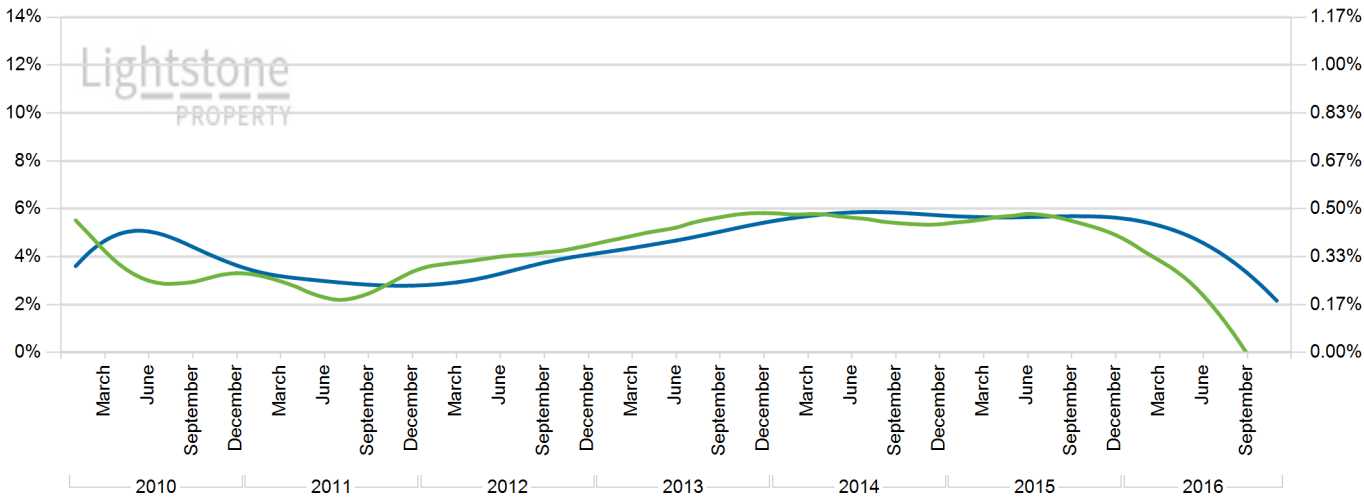
Annual Inflation: Area Value Bands



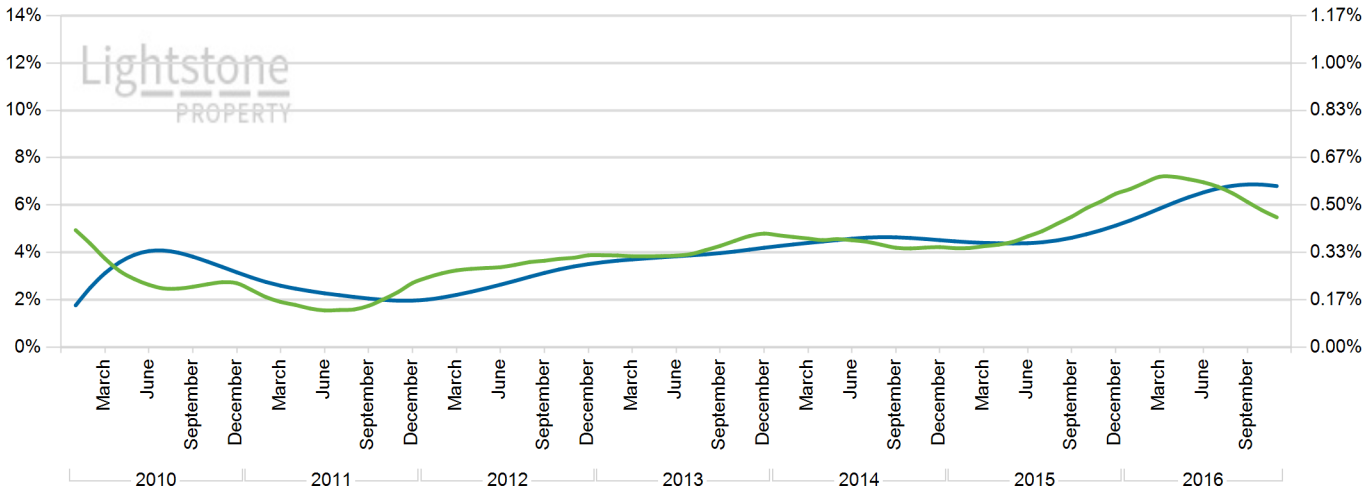
Annual vs Monthly Inflation: Luxury Property



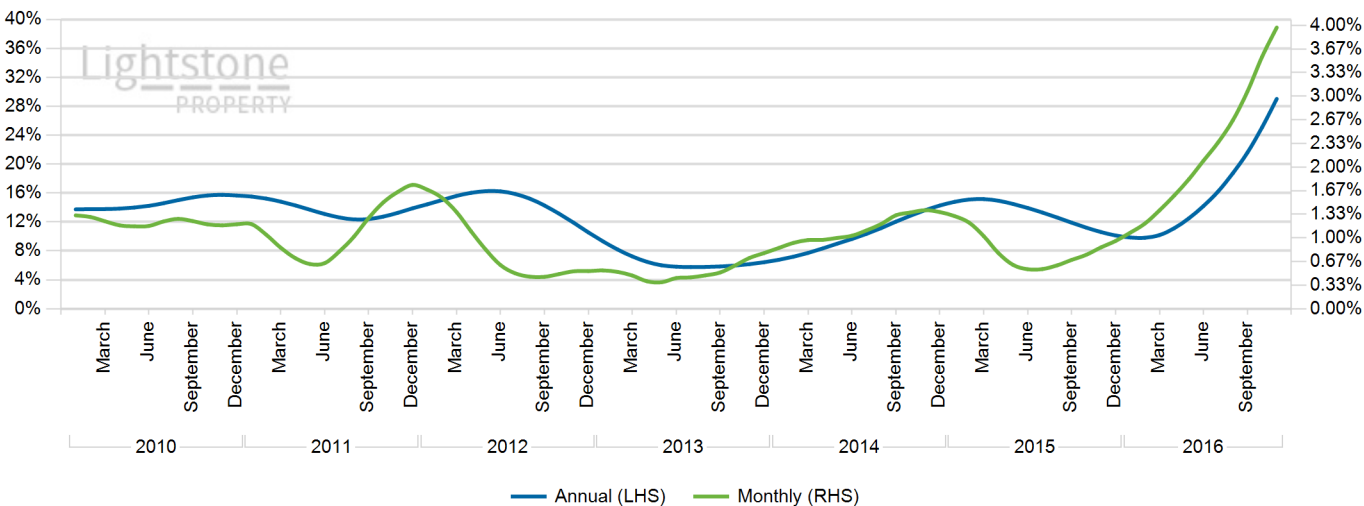
Annual vs Monthly Inflation: High Value Property



Annual vs Monthly Inflation: Mid Value Property



Annual vs Monthly Inflation: Low Value Property



— Annual (LHS) — Monthly (RHS)

Inflation Table

The **Annual Inflation Table** (below) provides a long term view of annual rates of inflation for various geographical areas and property types.

Please note that historic inflation rates can change as transactions occur that imply price inflation for those periods.

		2011	2012	2013	2014	2015	2016				
							Q1	Q2	Q3	Oct	Nov
	National	2.6 %	4.1 %	5.1 %	5.5 %	5.4 %	5.5 %	5.3 %	4.6 %	4.2 %	3.6 %
Province	Eastern Cape	2.1 %	2.6 %	3.5 %	4.4 %	4.4 %	4.4 %	4.7 %			
	Free State	2.9 %	6.6 %	3.7 %	6.2 %	2.6 %	2.2 %	3.0 %			
	Gauteng	2.7 %	4.7 %	5.2 %	5.4 %	4.4 %	4.2 %	4.3 %			
	Kwazulu Natal	3.2 %	3.6 %	4.5 %	5.6 %	5.5 %	5.7 %	6.1 %			
	Limpopo	6.6 %	4.5 %	5.8 %	7.1 %	6.2 %	4.8 %	3.7 %			
	Mpumalanga	3.7 %	4.2 %	8.6 %	3.0 %	4.1 %	4.2 %	3.2 %			
	North West	2.6 %	3.2 %	6.3 %	3.3 %	3.6 %	2.8 %	2.4 %			
	Northern Cape	10.9 %	14.3 %	17.5 %	14.0 %	10.2 %	12.9 %	18.7 %			
	Western Cape	2.3 %	4.2 %	6.6 %	7.9 %	9.7 %	9.7 %	8.8 %			
Municipality	City Of Cape Town	2.7 %	4.6 %	7.2 %	8.8 %	10.7 %	11.5 %	12.3 %			
	City Of Johannesburg	2.7 %	4.5 %	5.1 %	5.5 %	4.1 %	3.8 %	4.1 %			
	City Of Tshwane	3.0 %	5.1 %	5.9 %	6.0 %	5.4 %	4.9 %	4.3 %			
	Ekurhuleni	3.0 %	4.5 %	4.9 %	4.1 %	5.1 %	5.1 %	5.1 %			
	Ethekwini	3.5 %	3.8 %	5.1 %	5.6 %	6.1 %	6.7 %	7.5 %			
	Nelson Mandela Bay	1.8 %	1.6 %	4.0 %	4.8 %	5.9 %	6.3 %	6.2 %			
Coastal	Coast	1.6 %	3.4 %	5.7 %	6.6 %	8.1 %	8.3 %	7.1 %			
	Non-Coast	2.8 %	4.3 %	5.3 %	5.6 %	5.3 %	5.1 %	4.6 %			
ST / FH	Free Hold	3.4 %	4.6 %	5.4 %	6.1 %	6.0 %	5.8 %	5.2 %	3.9 %	3.1 %	2.3 %
	Sectional Title	1.9 %	3.9 %	5.0 %	5.3 %	5.1 %	5.2 %	5.2 %	4.7 %	4.4 %	4.0 %
Area Value Bands	High Value	2.8 %	4.1 %	5.4 %	5.7 %	5.6 %	5.3 %	4.6 %	3.3 %	2.8 %	2.2 %
	Low Value	13.9 %	10.6 %	6.4 %	14.3 %	10.1 %	10.2 %	14.2 %	21.6 %	25.1 %	29.0 %
	Luxury	3.2 %	5.7 %	7.3 %	6.8 %	6.4 %	6.0 %	4.9 %	2.6 %	1.4 %	0.0 %
	Mid Value	2.0 %	3.5 %	4.2 %	4.5 %	5.1 %	5.9 %	6.5 %	6.9 %	6.9 %	6.8 %

Shining A Light On Our Approach...

Methodology:

Lightstone applies the repeat sales methodology when reviewing and reporting on property data. In contrast to 'average house price' indices, repeat sales indices provide a measure of the actual price inflation of houses that have transacted twice within a particular period of time. The main benefit of this is that it is less influenced by the mix of transacting properties. The repeat sales methodology is recognised as the premier methodology for indexing house prices and is used by many international residential property price indexers including the Office of Federal Housing Enterprise Oversight (OFHEO) in the United States.

Data:

All property transactions in South Africa are registered in the Deeds Office and each record contains the legal details of both the property and the transaction. For the purposes of the Repeat Sales Index for residential properties, the following transactions have been excluded: farms; any transactions which may be of a development, commercial or community services nature; new developments; sales made in execution of a judgement; non-arms-length transactions; transactions where the inflation is extremely different to the norm of the statistical distribution of inflation rates; and township transactions.

Caution:

Lightstone presents both annual and monthly inflation rates. Monthly inflation emphasises recent market performance (i.e. month on month) and is more volatile than annual inflation trends. Conclusions about the future trend of annual inflation, based on monthly inflationary rates, must be made with caution.

Disclaimer:

The Lightstone Repeat Sales Index system applies advanced statistical methods to a comprehensive property database - compiled from the Deeds Office, the Surveyor General and other sources - to generate repeat sales inflation data for individual residential properties. Despite the statistical and actuarial rigour applied, Lightstone cannot guarantee the accuracy and reliability of the data. Furthermore, the index is a statistical tool and does not amount to advice and may not be applicable in some cases. Lightstone does not take responsibility for any losses incurred as a result of any person acting or omitting to act as a result of the publication of this index.

Queries:

Should you have any queries, please do not hesitate to email us info@lightstone.co.za or give us a call on 0860 106 389.

