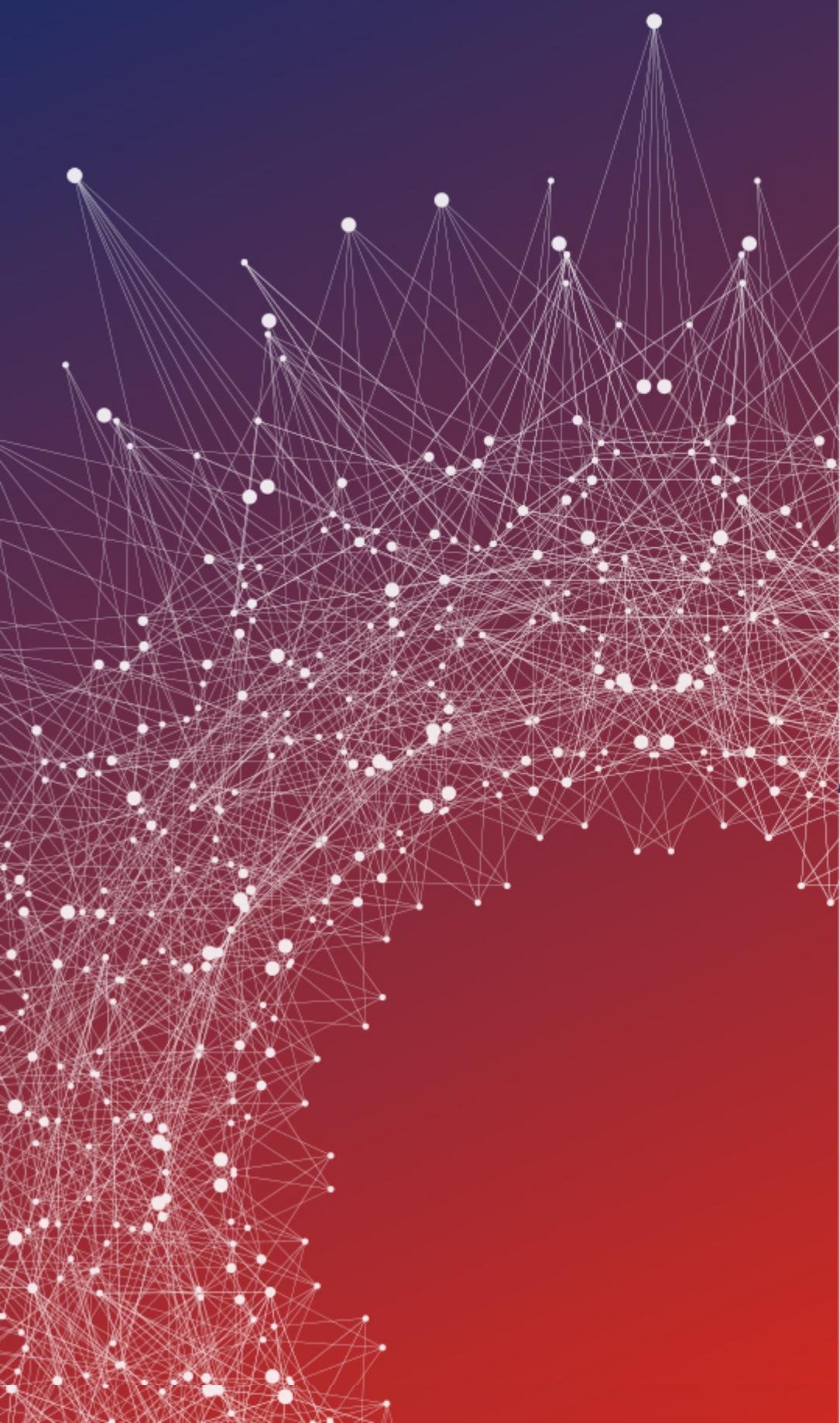


# Residential Property Indices

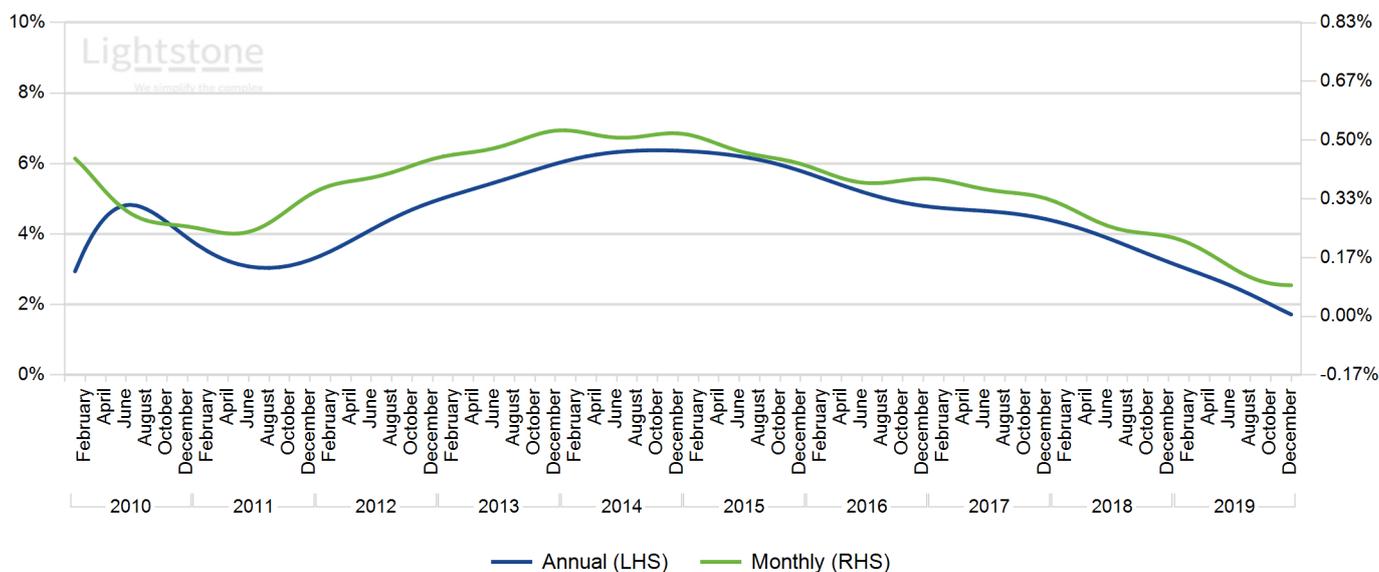
Date Published: January 2020



## National Inflation

Current annual inflation rate is 1.72% and monthly is 0.09%.

### Annual vs. Monthly



## Market Review

The residential property market has been in consolidation for a while now through the presently slow economy. In 2019 the market closed with an annual inflation rate of only 1.7% at national level. This is due to the observed low market activity as buyers find it expensive to buy property in this economy.

In January 2020 the Monetary Policy Committee (MPC) announced a reduction in the benchmark interest rate by 25 basis points to 6.25%, and that is positive news for the consumers' budget. However, this is not enough to offset the rise in fuel costs, electricity and other basic utility rates, and further stimulate market activity. We therefore expect the market to remain in consolidation with a good chance of lesser growth and activity.

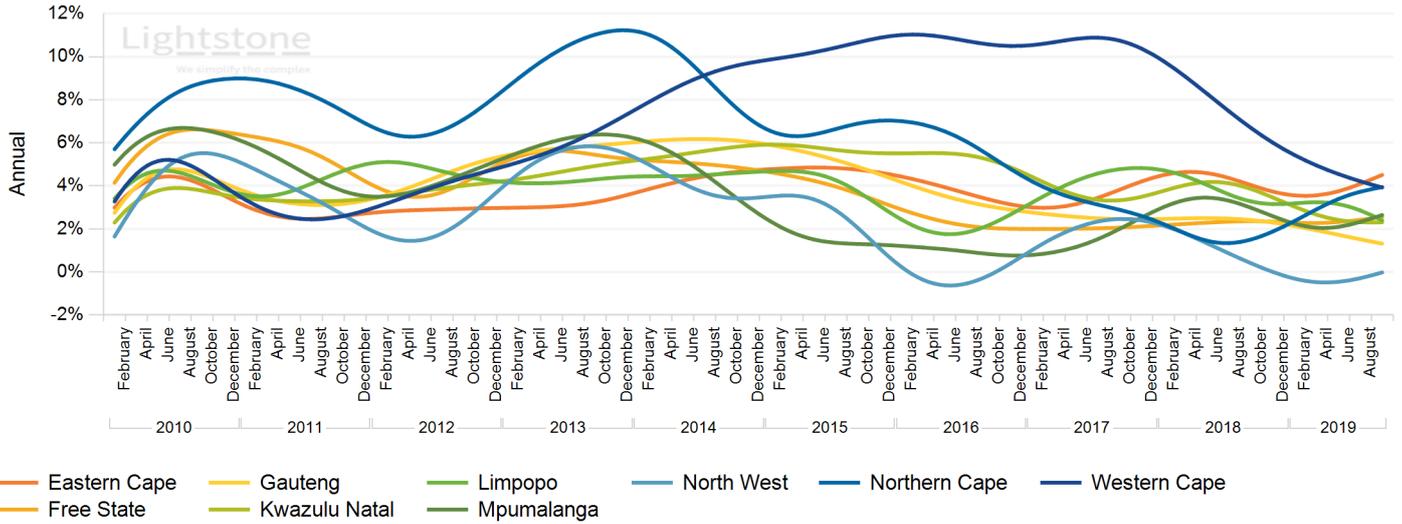
As the market currently stands, we see the slowdown across all segments. The western Cape, whose property market is hugely dominated by the City of Cape Town municipality, has had a long streak of unrivalled performance but the recent slowdown has seen it join the rest in consolidation. It has been and still is the best destination for semigrants but the sentiments are slowly changing due to rising crime stats, the recent water crisis, local government uncertainties and looming competition along the east coast.

Our inland municipalities Ekurhuleni, City of Tshwane and City of Johannesburg metros are growing stably at rates between 0% and 3% whereas the coastal municipalities are generally performing above this range. This relationship extends to all coastal and inland properties as shown by their respective indices. The Low and Mid value wealth segments continue to buck the trend by growing at more than 4% annually whilst the rest are inflating at rates below that.

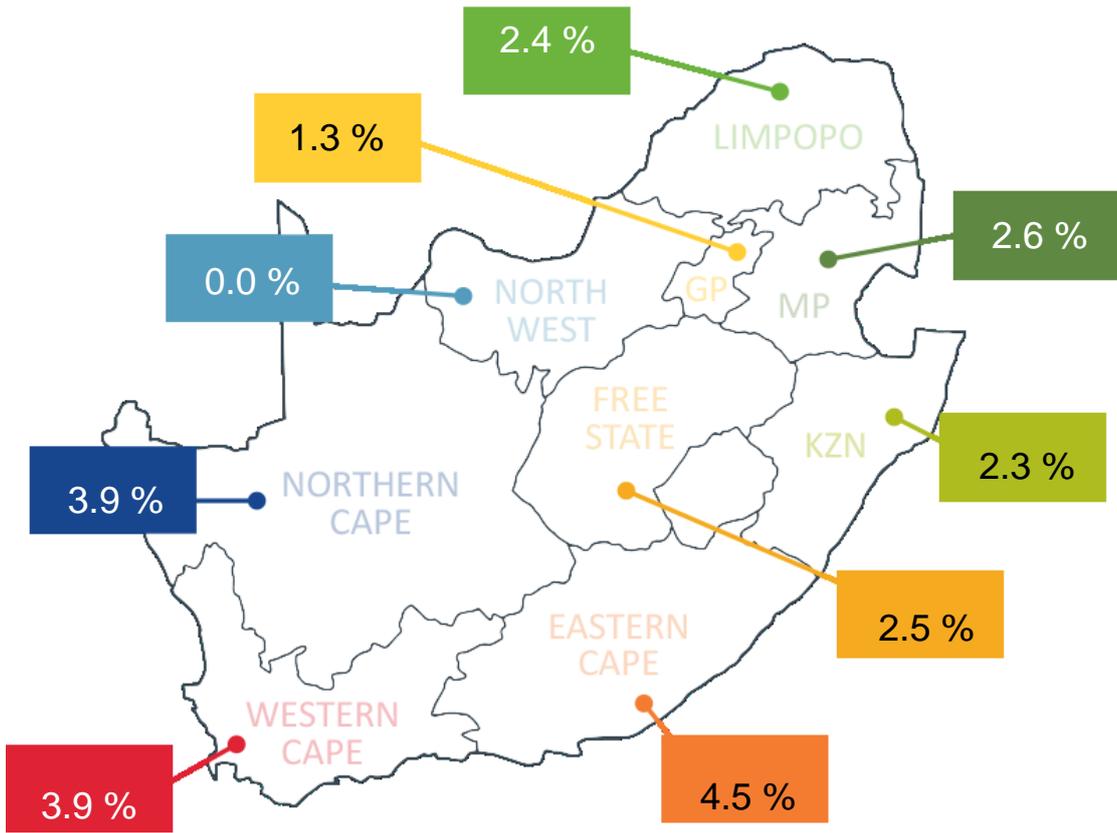
# Provincial Inflation

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

## Annual Inflation: Provinces



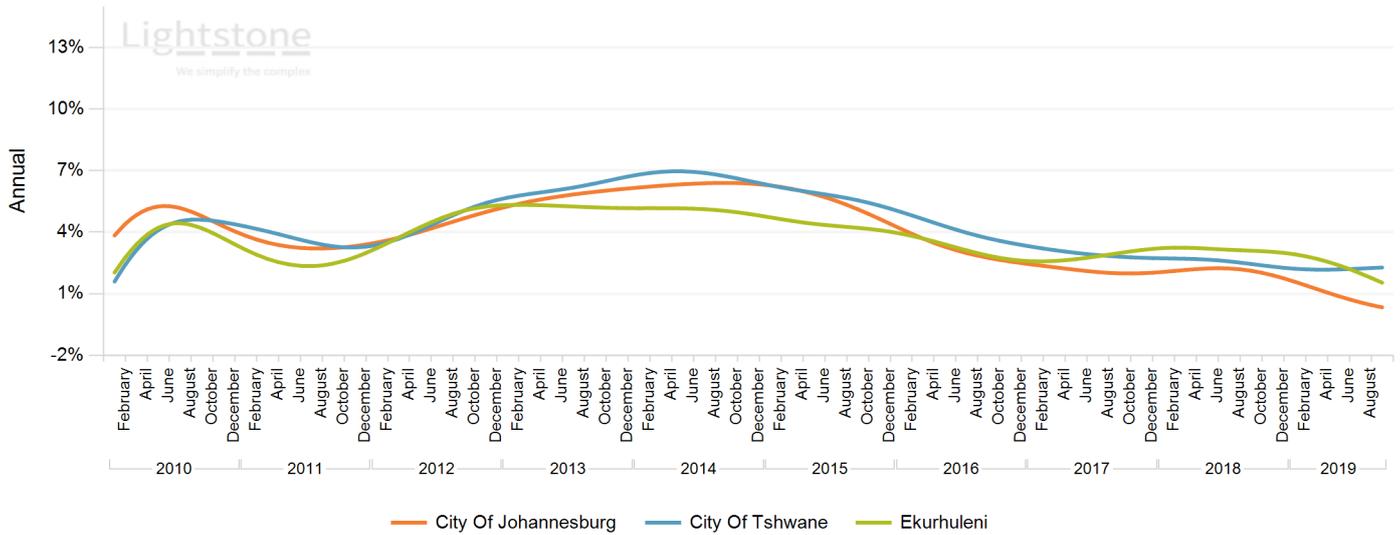
# Latest/Current Provincial Inflation Status



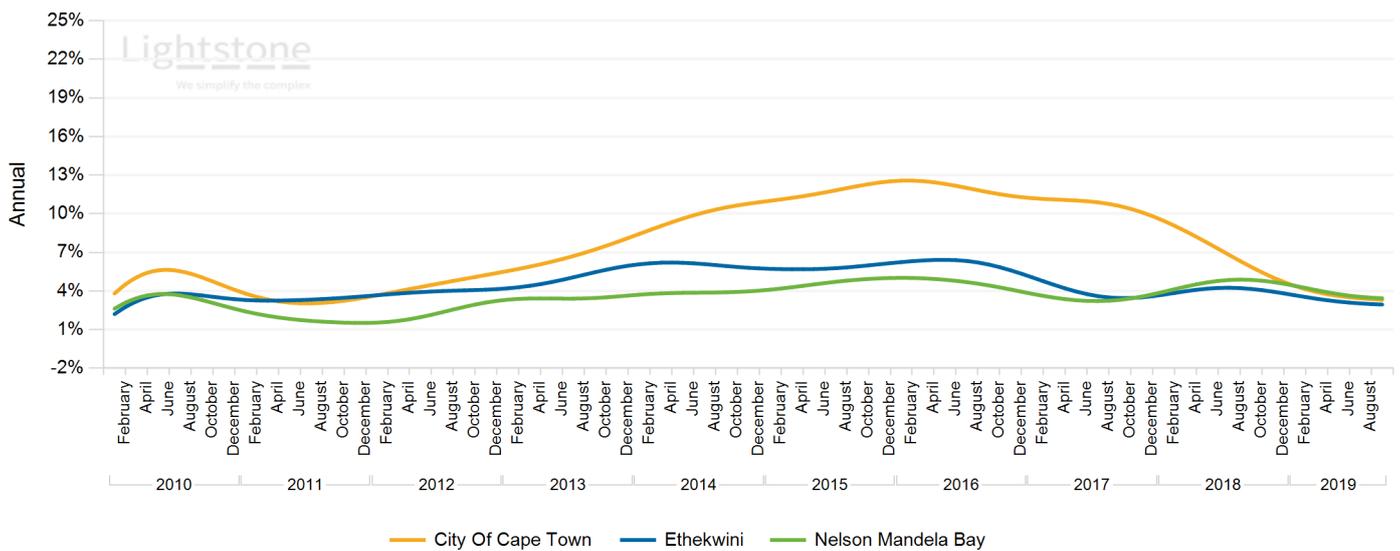
# Municipal Inflation

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

## Annual Inflation: Inland Municipalities



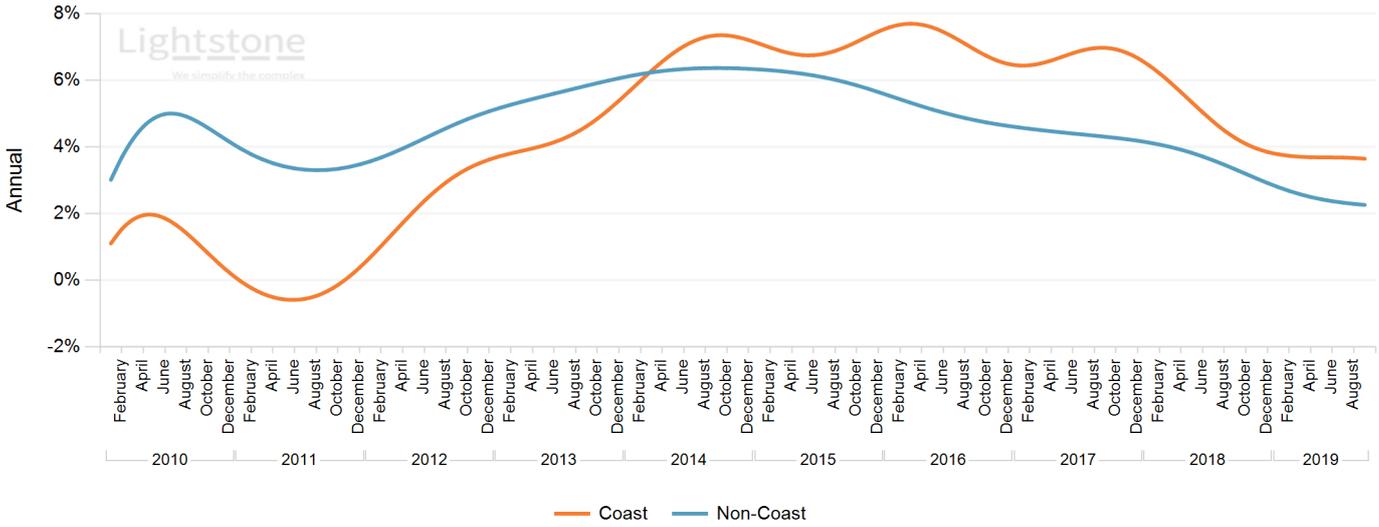
## Annual Inflation: Coastal Municipalities



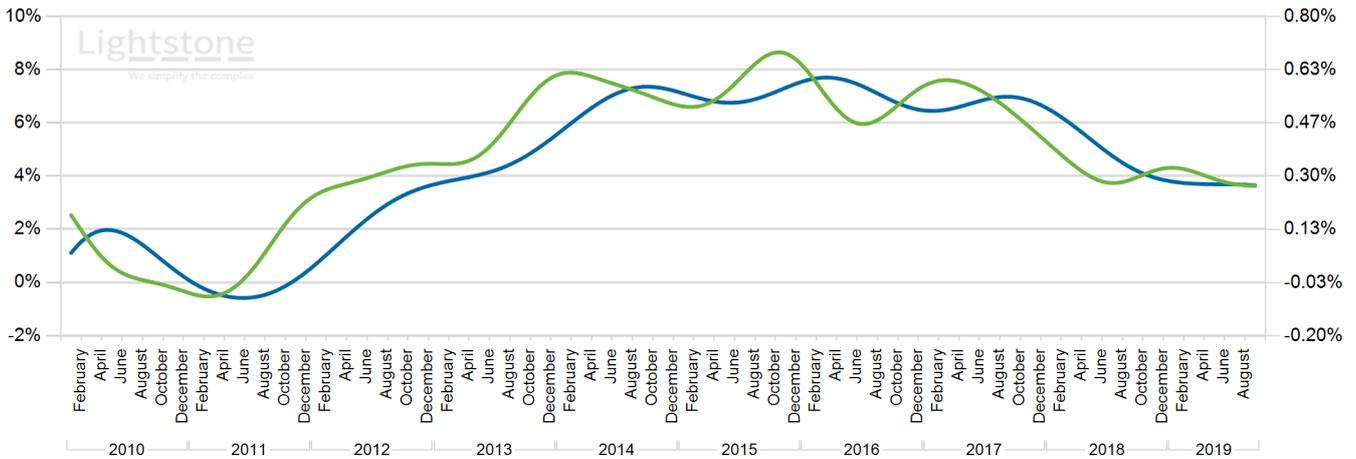
# Property Inflation: Coast vs Non-Coast

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

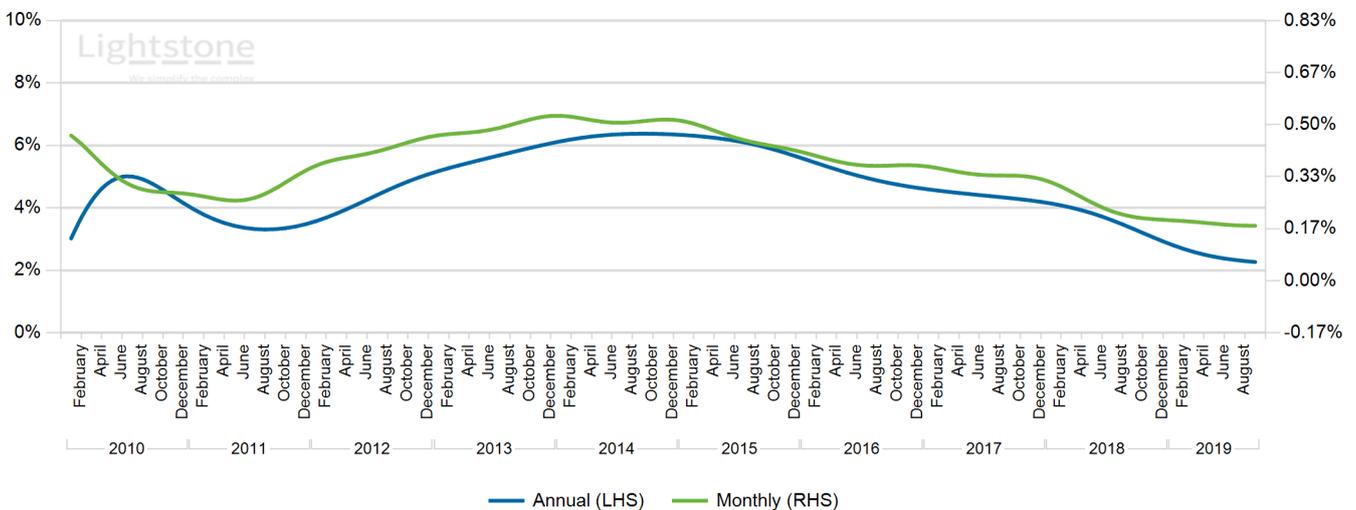
## Annual Inflation: Coast vs Non-Coast



## Coast: Annual vs Monthly Inflation

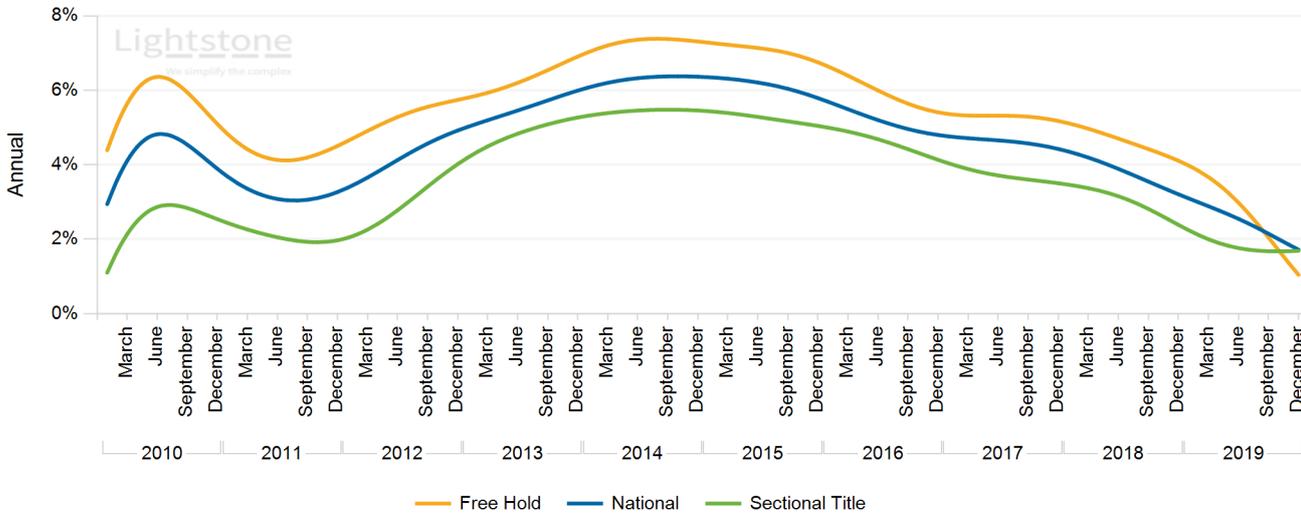


## Non-Coast: Annual vs Monthly Inflation



# Property Inflation: Free Hold vs Sectional

## Annual Inflation: Free Hold vs Sectional Title Properties

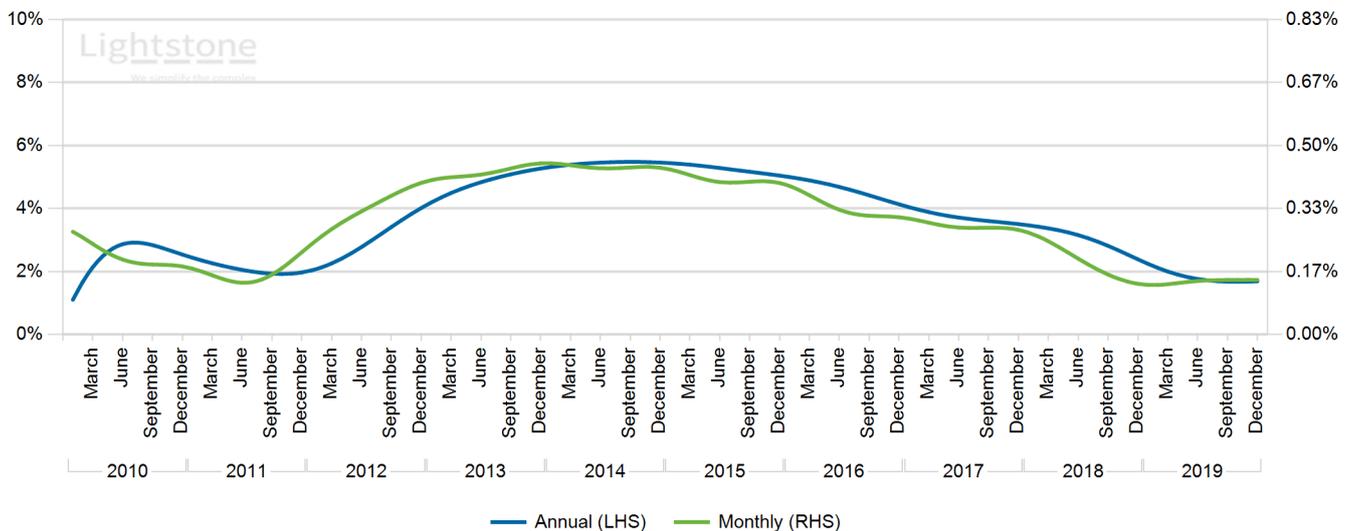


## Freehold Property: Annual vs Monthly Inflation

No Data Available



## 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.

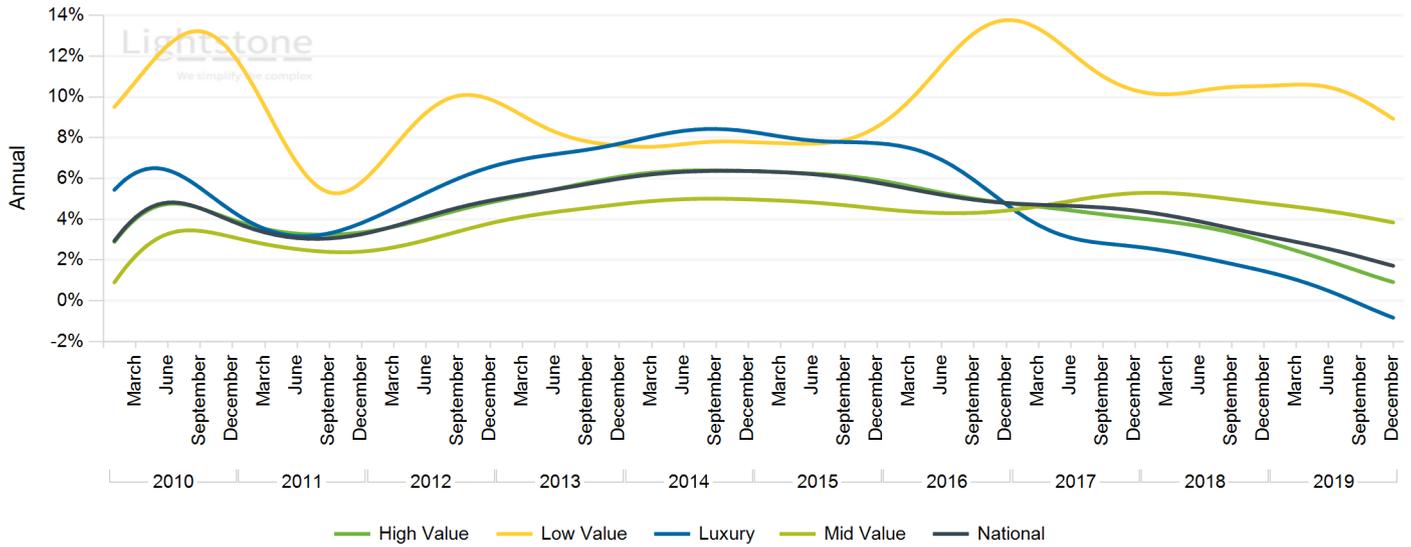
Luxury: > R1.5mil

High Value: R700k to R1.5mil

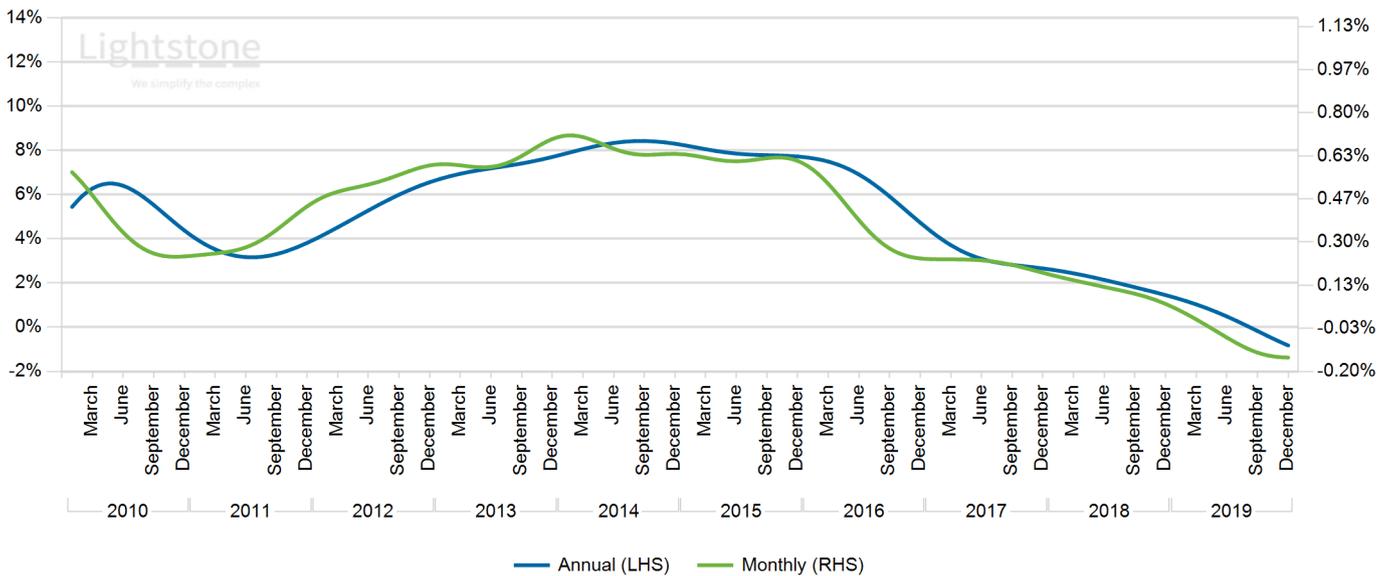
Mid Value: R250k to R700k

Low Value: <R250k

## Annual Inflation: Area Value Bands

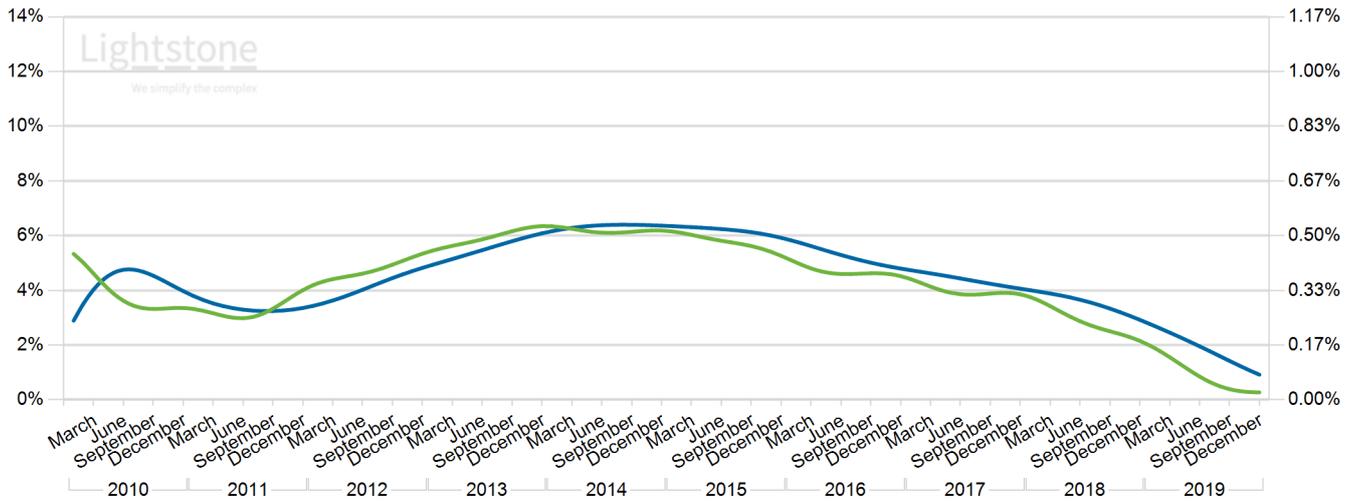


## Annual vs Monthly Inflation: Luxury Property

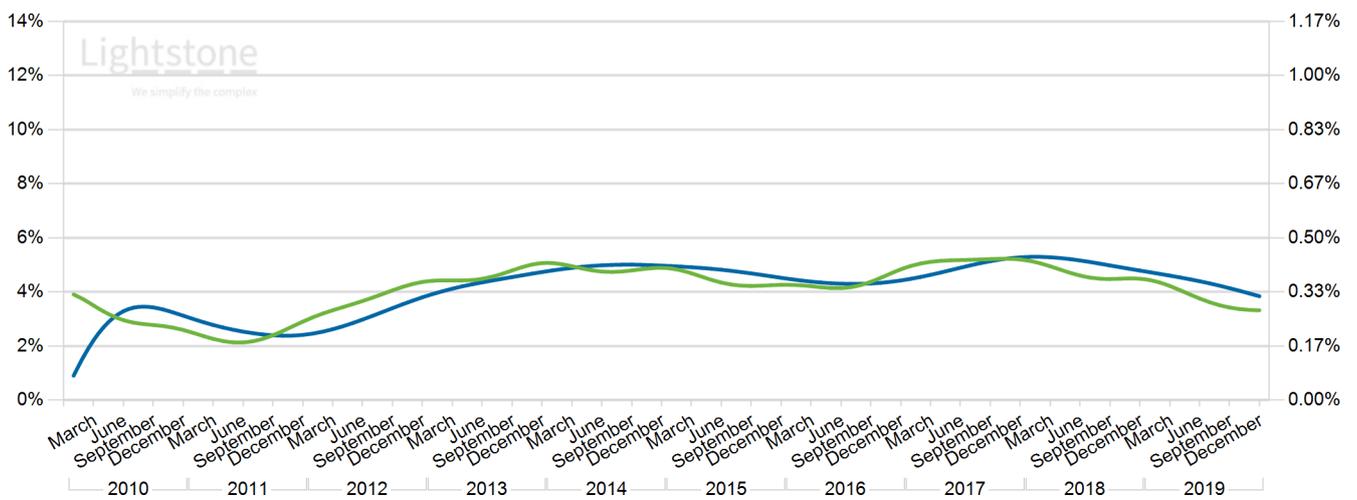


# Property Inflation: Value Bands (continued)

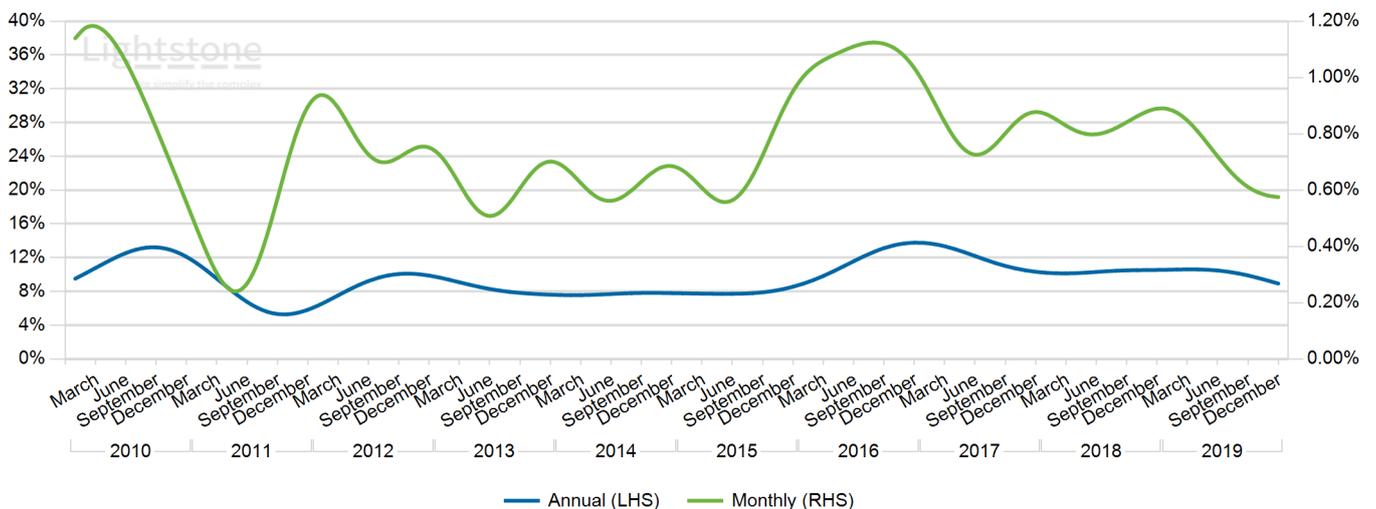
## Annual vs Monthly Inflation: High Value Property



## 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.

		2015	2016	2017	2018	2019							
						Q1	Q2	Jul	Aug	Sep	Oct	Nov	Dec
	National	5.8 %	4.8 %	4.4 %	3.2 %	2.9 %	2.5 %	2.4 %	2.3 %	2.1 %	2.0 %	1.9 %	1.7 %
Province	Eastern Cape	4.5 %	3.1 %	4.4 %	3.6 %	3.6 %	3.9 %	4.1 %	4.3 %	4.5 %			
	Free State	3.1 %	2.0 %	2.1 %	2.3 %	2.3 %	2.4 %	2.4 %	2.5 %	2.5 %			
	Gauteng	4.4 %	2.8 %	2.5 %	2.2 %	1.9 %	1.6 %	1.5 %	1.4 %	1.3 %			
	Kwazulu Natal	5.5 %	4.6 %	3.6 %	3.2 %	2.7 %	2.3 %	2.3 %	2.3 %	2.3 %			
	Limpopo	2.7 %	3.0 %	4.8 %	3.2 %	3.2 %	3.0 %	2.9 %	2.6 %	2.4 %			
	Mpumalanga	1.2 %	0.8 %	2.8 %	2.4 %	2.1 %	2.2 %	2.3 %	2.5 %	2.6 %			
	North West	0.6 %	0.7 %	2.3 %	-0.2 %	-0.5 %	-0.4 %	-0.3 %	-0.2 %	0.0 %			
	Northern Cape	7.0 %	4.5 %	2.4 %	2.1 %	2.9 %	3.6 %	3.7 %	3.8 %	3.9 %			
	Western Cape	11.0 %	10.5 %	10.1 %	5.7 %	4.9 %	4.4 %	4.2 %	4.1 %	3.9 %			
Municipality	City Of Cape Town	12.5 %	11.3 %	9.8 %	4.7 %	3.9 %	3.5 %	3.4 %	3.4 %	3.3 %			
	City Of Johannesburg	4.4 %	2.5 %	2.0 %	1.7 %	1.2 %	0.7 %	0.6 %	0.4 %	0.3 %			
	City Of Tshwane	5.1 %	3.4 %	2.7 %	2.3 %	2.2 %	2.2 %	2.2 %	2.2 %	2.3 %			
	Ekurhuleni	4.0 %	2.6 %	3.2 %	3.0 %	2.7 %	2.2 %	2.0 %	1.8 %	1.5 %			
	Ethekwini	6.2 %	5.3 %	3.6 %	3.8 %	3.4 %	3.1 %	3.0 %	3.0 %	2.9 %			
	Nelson Mandela Bay	5.0 %	3.9 %	3.7 %	4.6 %	4.1 %	3.6 %	3.5 %	3.5 %	3.4 %			
Coastal	Coast	7.5 %	6.5 %	6.7 %	3.9 %	3.7 %	3.7 %	3.7 %	3.7 %	3.7 %			
	Non-Coast	5.7 %	4.6 %	4.2 %	2.9 %	2.6 %	2.4 %	2.3 %	2.3 %	2.3 %			
ST / FH	Free Hold	6.8 %	5.4 %	5.2 %	4.1 %	3.7 %	3.0 %	2.7 %	2.4 %	2.0 %	1.7 %	1.4 %	1.0 %
	Sectional Title	5.0 %	4.1 %	3.5 %	2.4 %	2.0 %	1.8 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %	1.7 %
Area Value Bands	High Value	5.9 %	4.8 %	4.1 %	2.9 %	2.5 %	2.0 %	1.8 %	1.6 %	1.4 %	1.2 %	1.1 %	0.9 %
	Low Value	8.5 %	13.8 %	10.3 %	10.5 %	10.6 %	10.5 %	10.3 %	10.1 %	9.9 %	9.6 %	9.3 %	8.9 %
	Luxury	7.7 %	4.7 %	2.7 %	1.5 %	1.0 %	0.5 %	0.3 %	0.1 %	-0.2 %	-0.4 %	-0.6 %	-0.8 %
	Mid Value	4.5 %	4.4 %	5.3 %	4.8 %	4.6 %	4.4 %	4.3 %	4.2 %	4.1 %	4.0 %	3.9 %	3.8 %

## 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](mailto:info@lightstone.co.za) or give us a call on 0860 106 389.