

## Residential Property Indices

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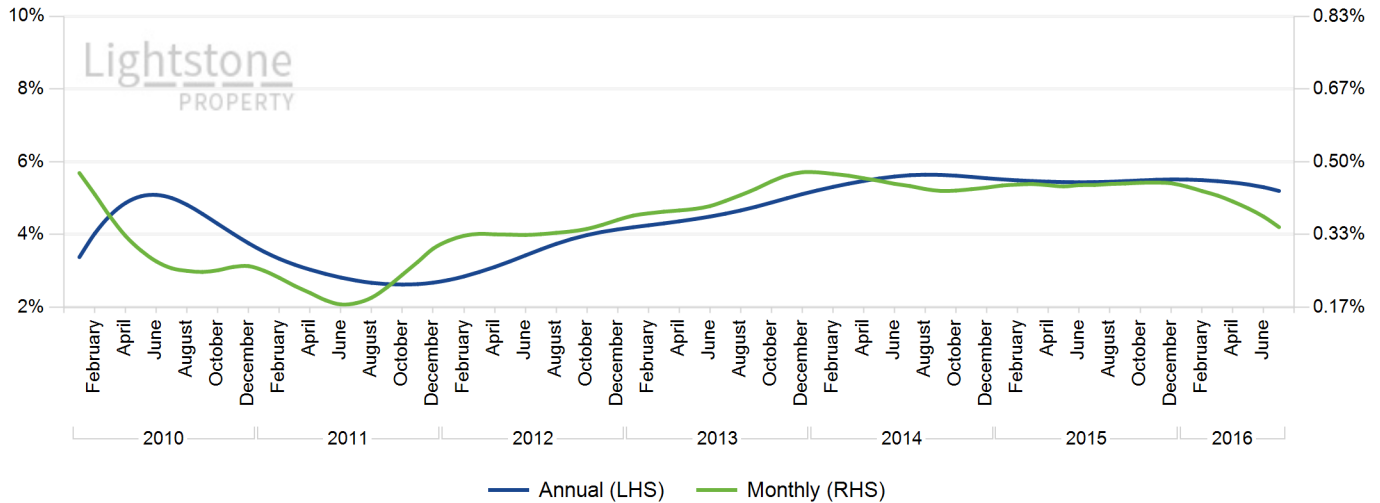
*Information. Decisions. Results.*



## National Inflation

Current annual inflation rate is 5.20% and monthly is 0.35%

### Annual vs. Monthly



## Market Review

As at the end of July 2016 the national house price inflation was at 5.2%.

Looking at the 4 major provinces it is evident the market has been slowing down over the most recent months and this is more pronounced in the cape provinces with Gauteng joining the trend. Despite the acute slow down in the Western Cape it still comes out on top with a rate of 7.1%.

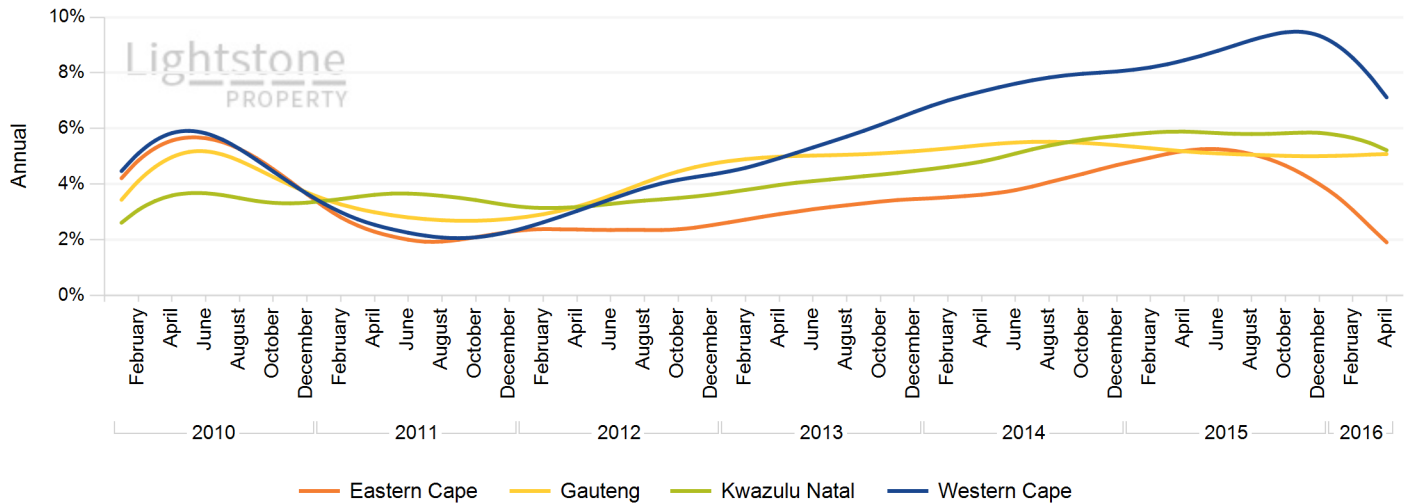
Buoyant growth is still observed in Gauteng metros with Ekurhuleni, City of Tshwane and City of Johannesburg growing at rates between 4% and 6%. While property inflation in Nelson Mandela Metro and Ethekwini continues to grow at roughly 4%, City of Cape Town continues to show an unrivaled growth of over 10% per annum.

The Low and Mid value segments continue to buck the market trend by growing at more than 8% annually while the High and Luxury segments are inflating at a lower rate closer to 3% per annum.

## Provincial Inflation

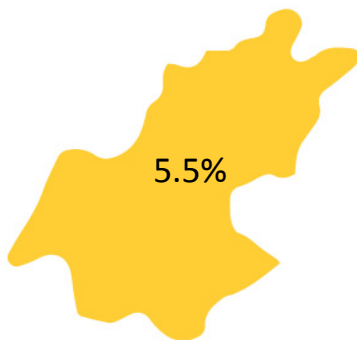
The **Lightstone Provincial Index** tracks annual inflation of the 4 major provinces in South Africa.

### Annual Inflation: Major Provinces

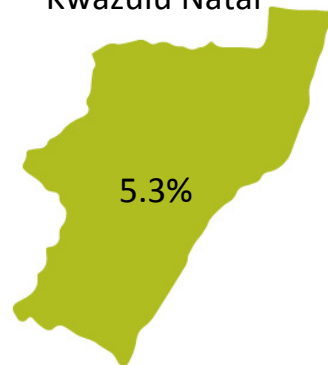


## Latest/Current Provincial Inflation Status

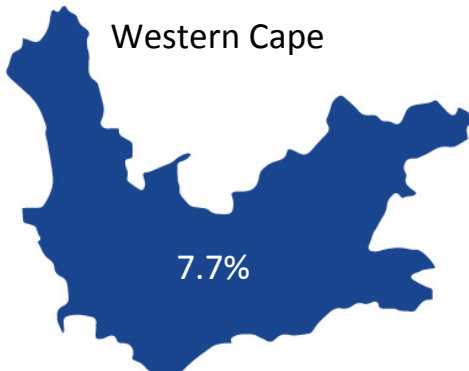
### Gauteng



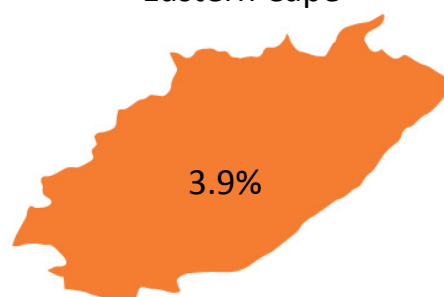
### Kwazulu Natal



### Western Cape



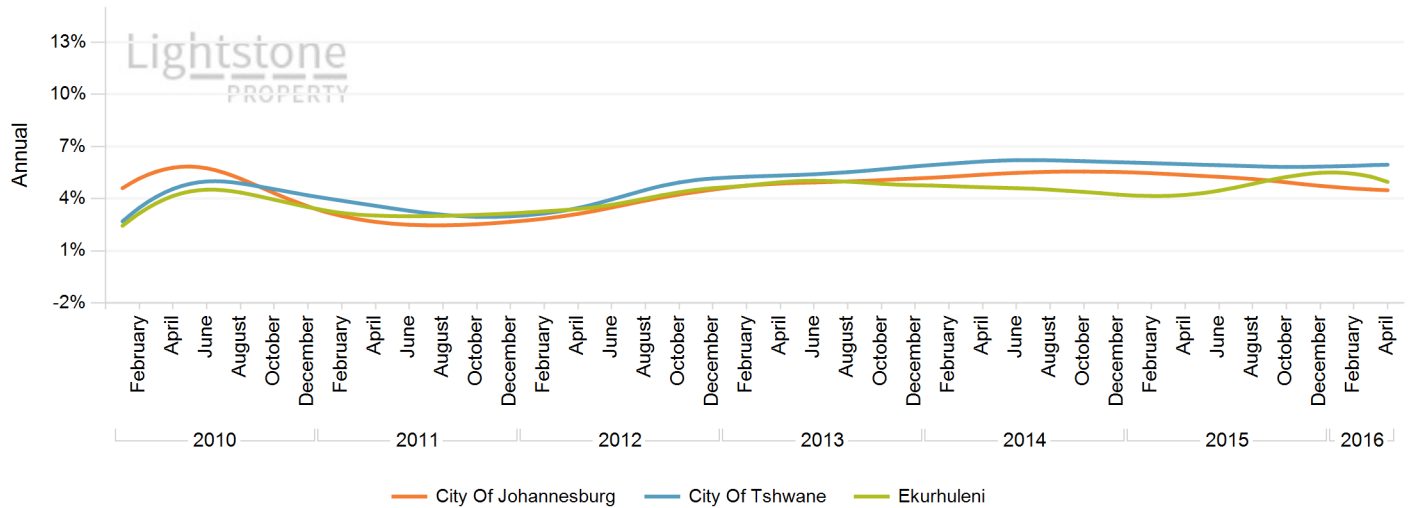
### Eastern Cape



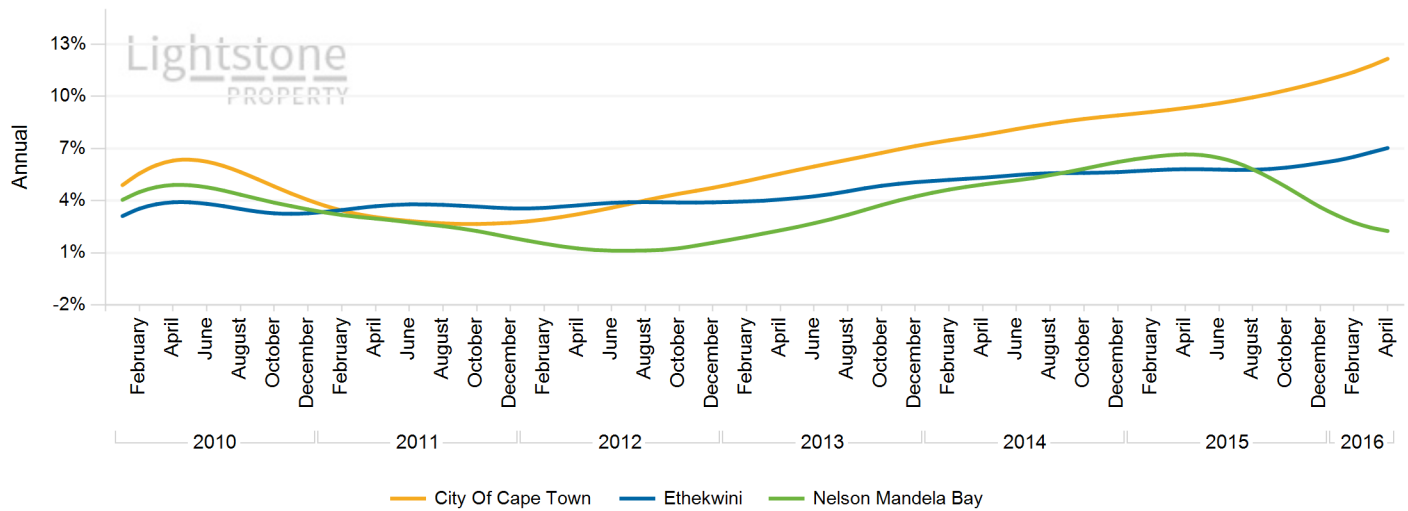
## Municipal Inflation

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

### Annual Inflation: Inland Municipalities



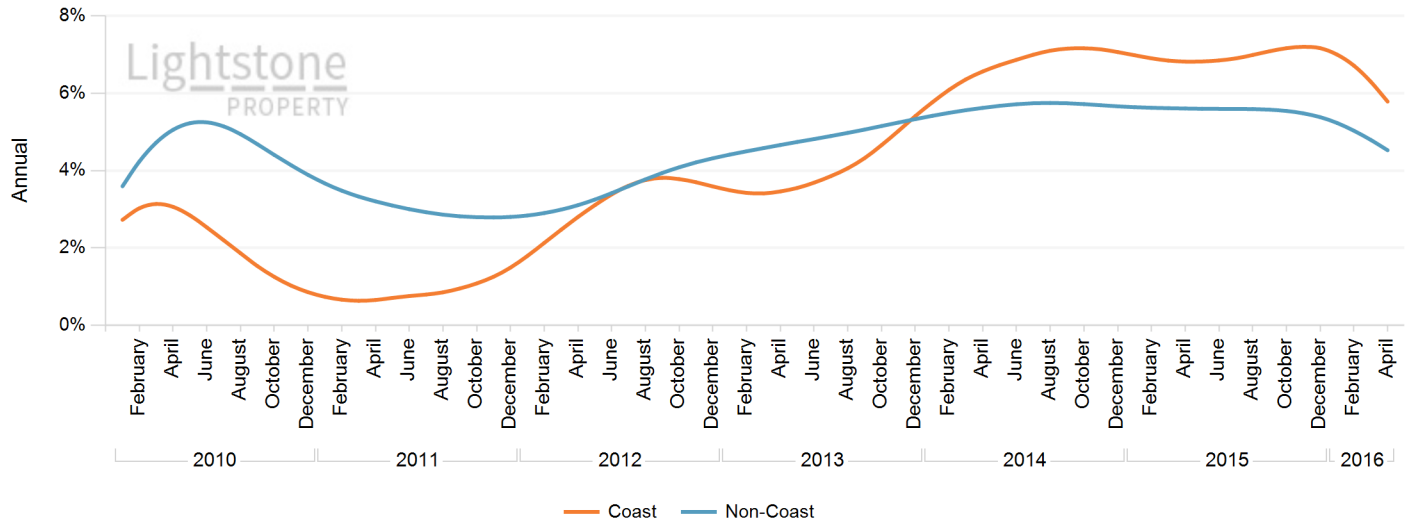
### Annual Inflation: Coastal Municipalities



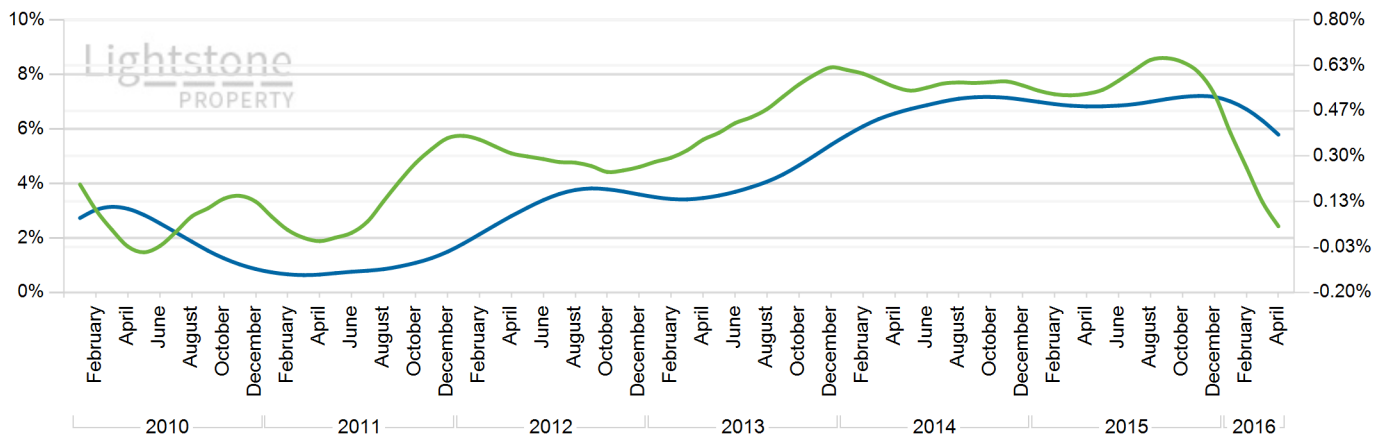
## Property Inflation: Coast vs Non-Coast

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

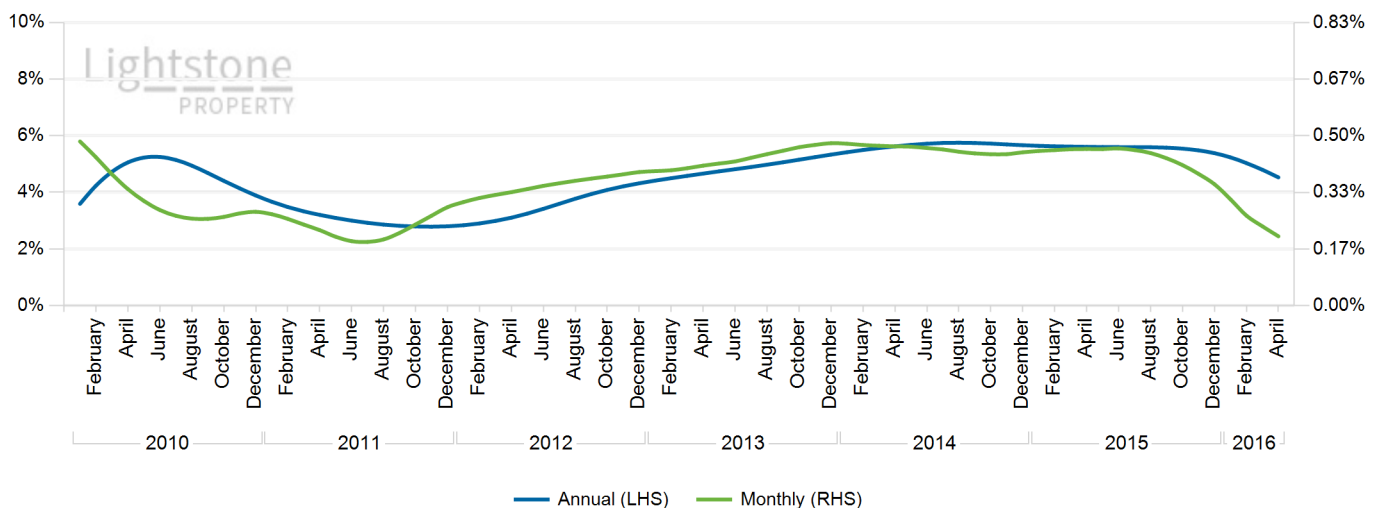
### Annual Inflation: Coast vs Non-Coast



### Coast: Annual vs Monthly Inflation

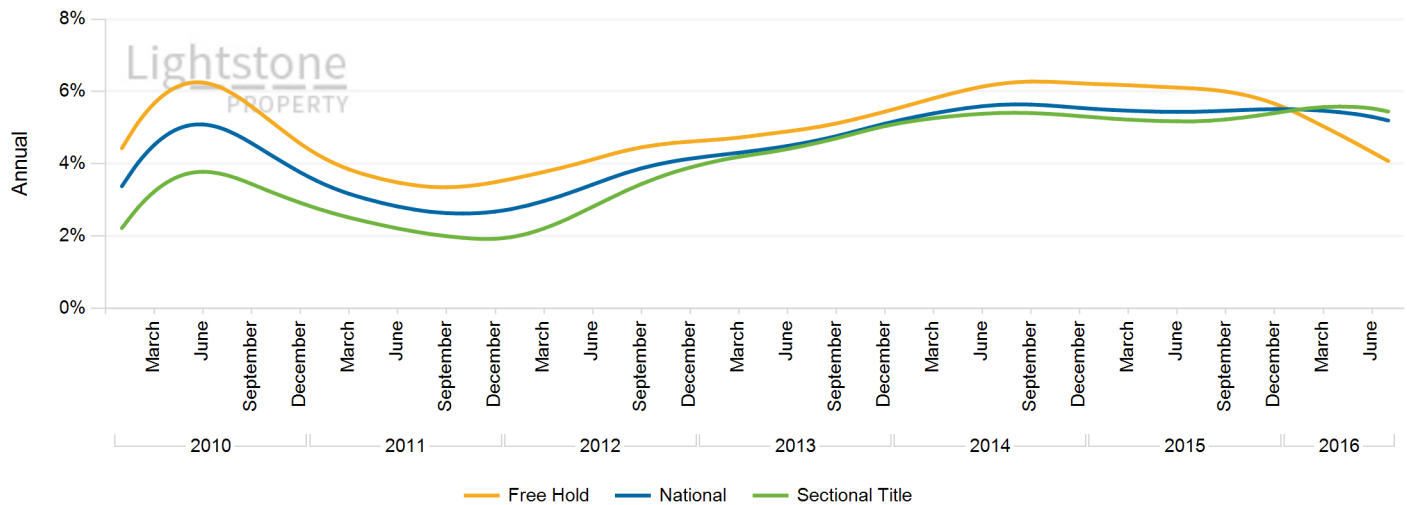


### Non-Coast: Annual vs Monthly Inflation

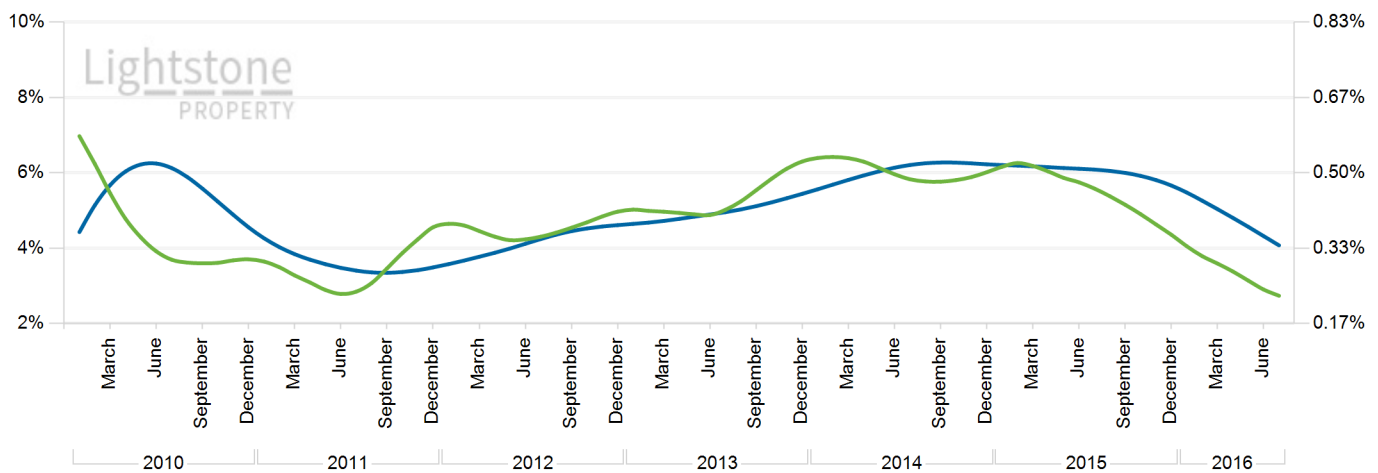


## Property Inflation: Free Hold vs Sectional

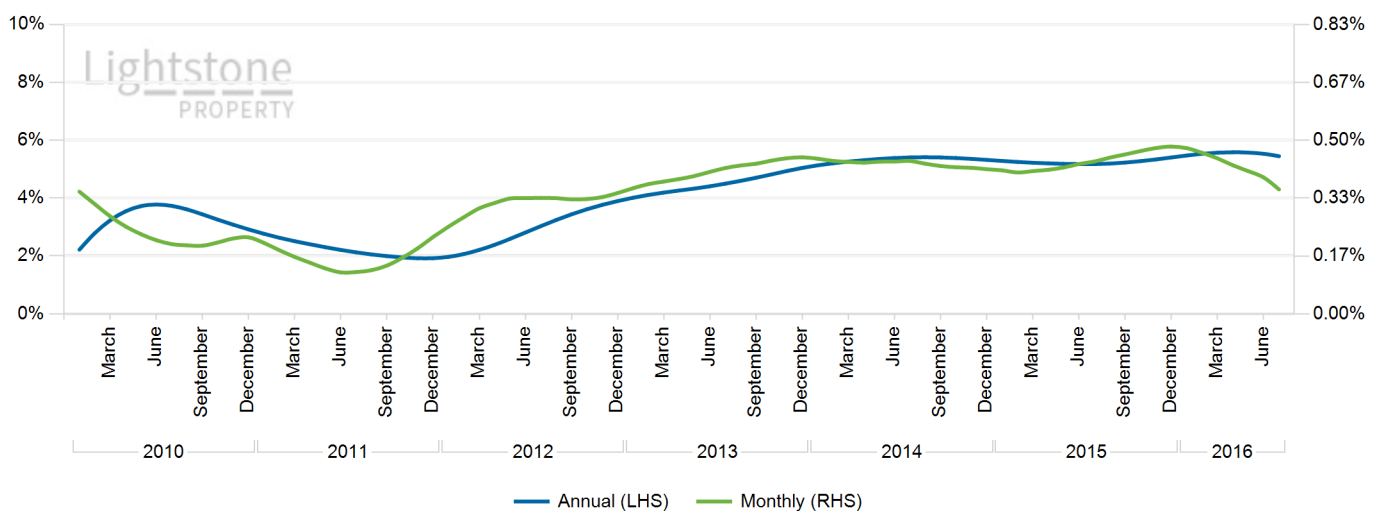
Annual Inflation: Free Hold vs Sectional Title Properties



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.

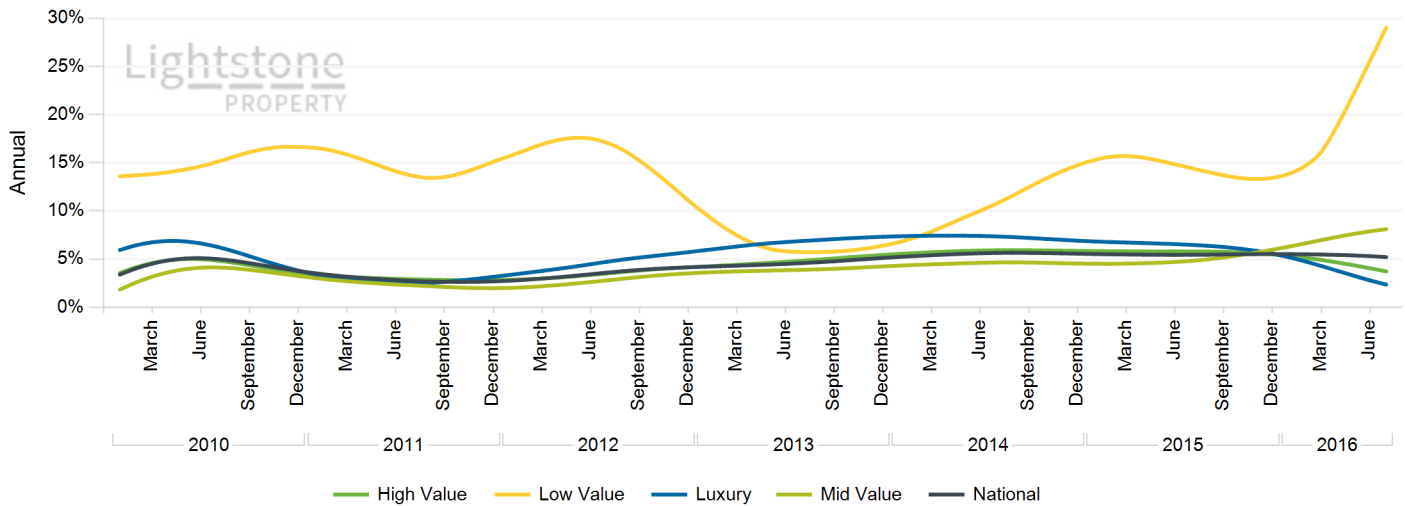
Luxury: > R1.5mil

High Value: R700k to R1.5mil

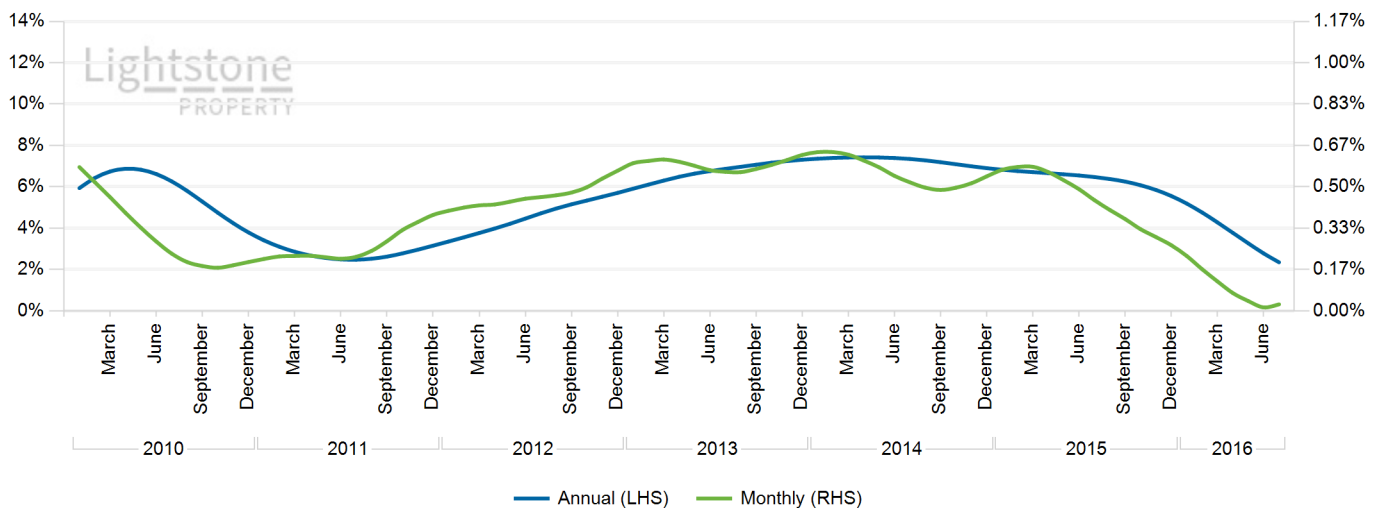
Mid Value: R250k to R700k

Low Value: <R250k

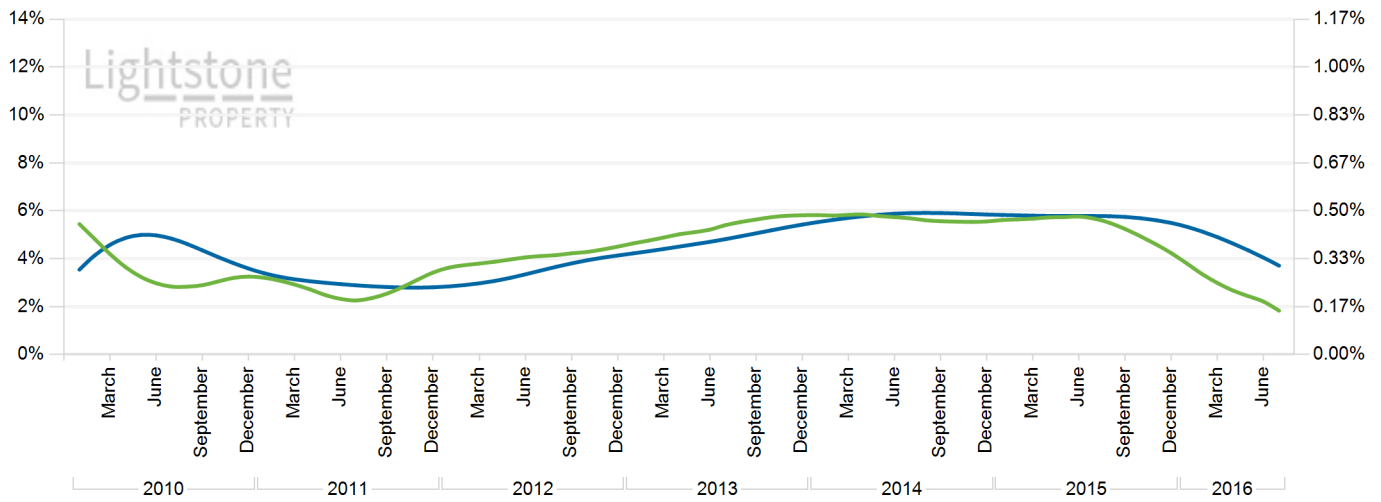
### Annual Inflation: Area Value Bands



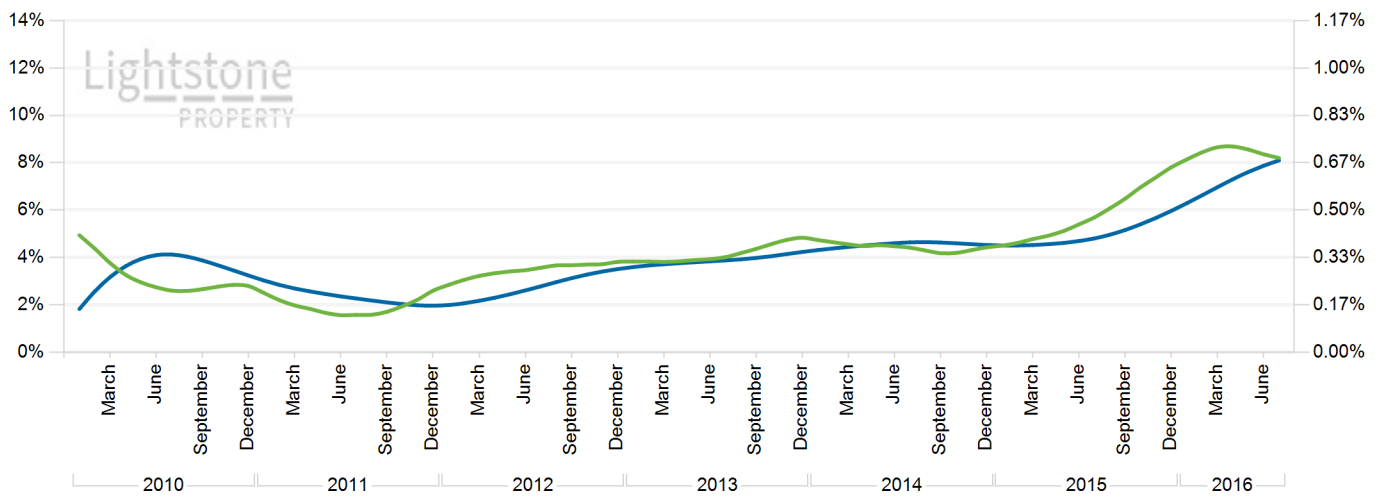
### Annual vs Monthly Inflation: Luxury Property



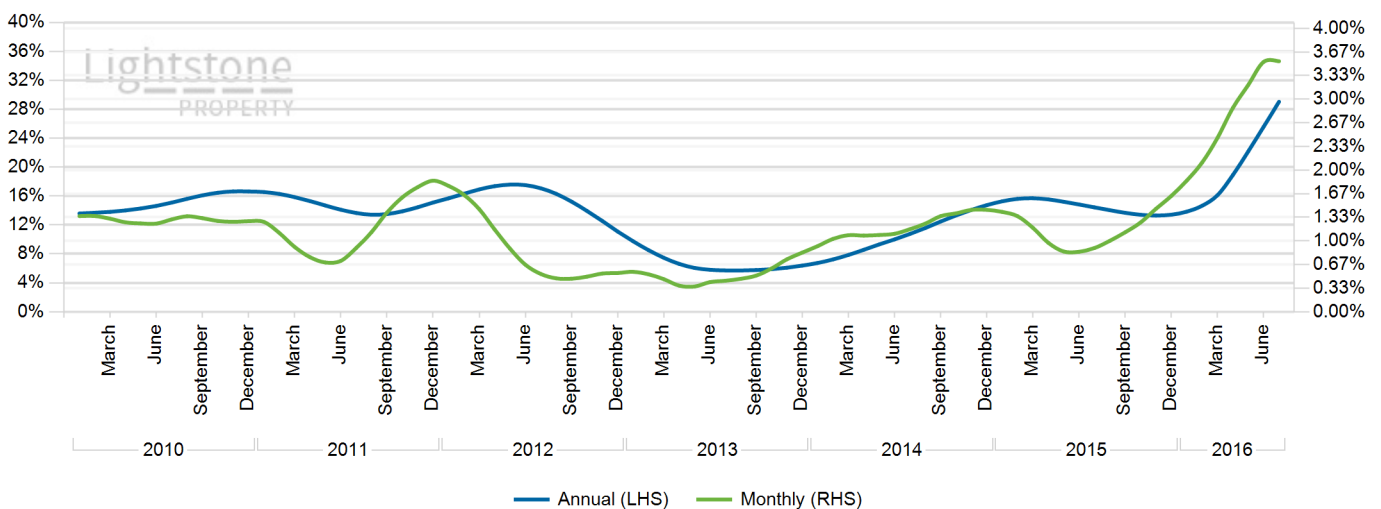
## Annual vs Monthly Inflation: High Value Property



## Annual vs Monthly Inflation: Mid Value Property



## Annual vs Monthly Inflation: Low Value Property





## 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   | 2016   |        |        |        |        |
|------------------|----------------------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
|                  |                      |        |        |       |        | Q1     | Apr    | May    | Jun    | Jul    |
|                  | National             | 2.7 %  | 4.1 %  | 5.1 % | 5.5 %  | 5.5 %  | 5.4 %  | 5.4 %  | 5.3 %  | 5.2 %  |
| Province         | Eastern Cape         | 2.3 %  | 2.5 %  | 3.5 % | 4.7 %  | 2.5 %  | 1.9 %  |        |        |        |
|                  | Gauteng              | 2.8 %  | 4.7 %  | 5.2 % | 5.4 %  | 5.1 %  | 5.1 %  |        |        |        |
|                  | Kwazulu Natal        | 3.2 %  | 3.6 %  | 4.5 % | 5.7 %  | 5.5 %  | 5.2 %  |        |        |        |
|                  | Western Cape         | 2.3 %  | 4.4 %  | 6.6 % | 8.1 %  | 7.9 %  | 7.1 %  |        |        |        |
| Municipality     | City Of Cape Town    | 2.7 %  | 4.7 %  | 7.1 % | 8.9 %  | 11.7 % | 12.2 % |        |        |        |
|                  | City Of Johannesburg | 2.7 %  | 4.5 %  | 5.2 % | 5.5 %  | 4.5 %  | 4.5 %  |        |        |        |
|                  | City Of Tshwane      | 3.0 %  | 5.2 %  | 5.9 % | 6.1 %  | 5.9 %  | 5.9 %  |        |        |        |
|                  | Ekurhuleni           | 3.2 %  | 4.6 %  | 4.8 % | 4.2 %  | 5.3 %  | 5.0 %  |        |        |        |
|                  | Ethekewini           | 3.6 %  | 3.9 %  | 5.1 % | 5.6 %  | 6.8 %  | 7.0 %  |        |        |        |
|                  | Nelson Mandela Bay   | 1.9 %  | 1.6 %  | 4.2 % | 6.2 %  | 2.4 %  | 2.3 %  |        |        |        |
| Coastal          | Coast                | 1.5 %  | 3.6 %  | 5.4 % | 7.1 %  | 6.3 %  | 5.8 %  |        |        |        |
|                  | Non-Coast            | 2.8 %  | 4.3 %  | 5.3 % | 5.7 %  | 4.8 %  | 4.5 %  |        |        |        |
| ST / FH          | Free Hold            | 3.5 %  | 4.6 %  | 5.4 % | 6.2 %  | 5.0 %  | 4.8 %  | 4.6 %  | 4.3 %  | 4.1 %  |
|                  | Sectional Title      | 1.9 %  | 3.9 %  | 5.0 % | 5.3 %  | 5.6 %  | 5.6 %  | 5.6 %  | 5.5 %  | 5.4 %  |
| Area Value Bands | High Value           | 2.8 %  | 4.1 %  | 5.4 % | 5.8 %  | 4.9 %  | 4.6 %  | 4.4 %  | 4.0 %  | 3.7 %  |
|                  | Low Value            | 15.1 % | 11.1 % | 6.4 % | 14.7 % | 16.1 % | 18.9 % | 22.2 % | 25.6 % | 29.0 % |
|                  | Luxury               | 3.2 %  | 5.7 %  | 7.3 % | 6.9 %  | 4.3 %  | 3.8 %  | 3.3 %  | 2.8 %  | 2.3 %  |
|                  | Mid Value            | 2.0 %  | 3.5 %  | 4.2 % | 4.5 %  | 7.0 %  | 7.3 %  | 7.6 %  | 7.9 %  | 8.1 %  |

## 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.

