

## RESIDENTIAL PROPERTY INDICES

Published Date : 30 November 2011

Deeds Data : Until end July 2011

### 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.



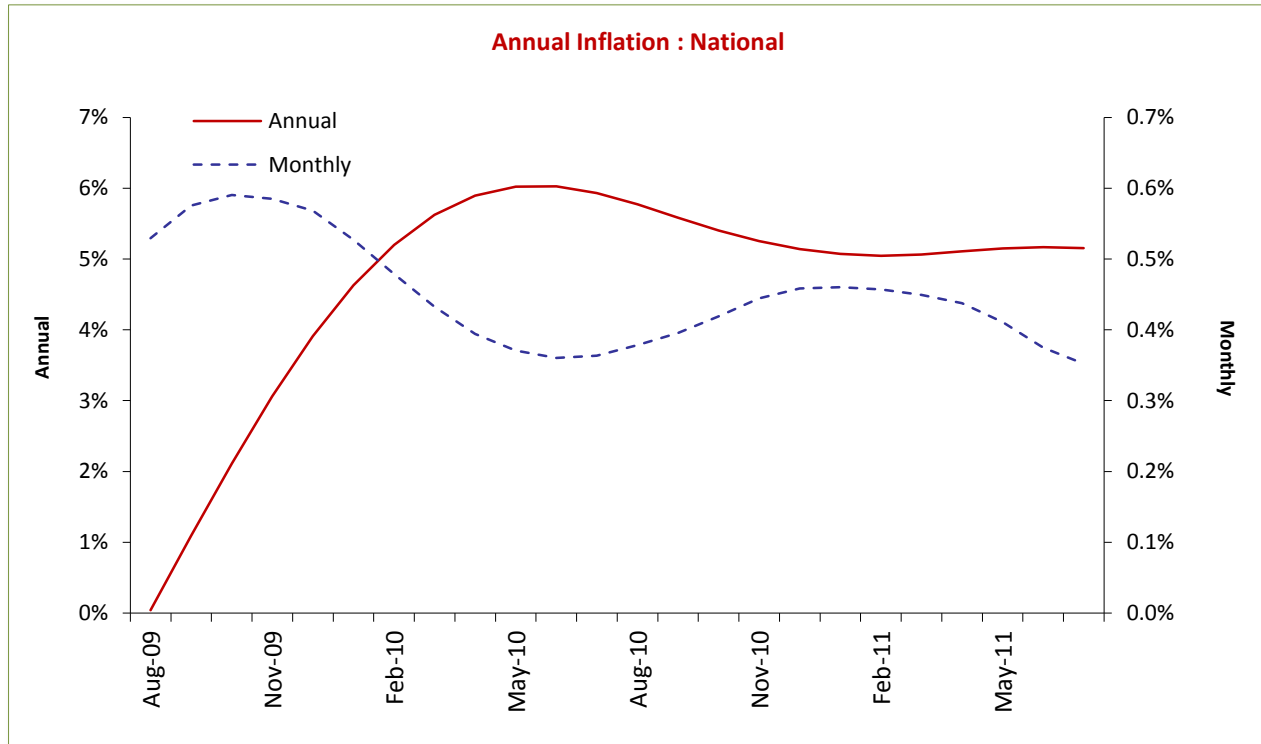
## INFLATION TABLE

The **Annual Inflation Table** (below) provides a long term view of annual rates of inflation for various geographical areas and property types. Key performers this month include the **Eastern Cape**, properties in the **Ethekwini** as well as **Non-Coastal, Freehold** and **Affordable** properties.

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011				
													Q1	APR	MAY	JUN	JUL
	<b>NATIONAL</b>	9.1%	10.9%	14.9%	19.4%	30.0%	26.6%	17.4%	12.4%	1.0%	-0.3%	5.6%	5.4%	6.7%	6.8%	5.9%	5.2%
PROVINCE	EASTERN CAPE	6.9%	7.2%	12.1%	21.4%	38.1%	33.6%	21.1%	12.2%	1.5%	1.1%	5.5%	7.7%	12.2%	13.8%	12.7%	9.5%
	GAUTENG	11.3%	13.7%	18.2%	20.4%	26.0%	23.1%	16.2%	11.7%	0.5%	-0.3%	5.7%	5.1%	5.5%	5.1%	4.6%	4.4%
	KWAZULU NATAL	7.5%	8.7%	12.6%	21.4%	36.7%	33.4%	21.0%	12.6%	-0.9%	0.3%	5.2%	5.8%	6.0%	5.3%	4.9%	4.6%
	WESTERN CAPE	9.1%	8.8%	11.3%	17.8%	33.6%	29.3%	15.4%	11.9%	1.0%	-0.4%	6.4%	4.6%	5.0%	3.7%	2.3%	1.4%
MUNICIPALITIES	CITY OF CAPE TOWN	9.7%	8.7%	11.1%	17.5%	33.2%	29.4%	14.9%	11.9%	0.2%	-0.5%	6.5%	5.3%	9.3%	8.6%	4.2%	2.3%
	CITY OF JOHANNESBURG	12.7%	13.8%	18.9%	21.1%	26.2%	21.2%	14.5%	11.9%	0.9%	0.6%	5.8%	4.6%	4.2%	4.5%	4.1%	3.8%
	CITY OF TSHWANE	11.2%	15.1%	19.1%	18.1%	21.4%	22.8%	16.6%	11.5%	-0.5%	-1.8%	6.0%	6.0%	6.0%	6.6%	4.9%	4.2%
	EKHURULENI METRO	10.0%	11.8%	17.3%	22.9%	32.4%	26.9%	17.0%	11.0%	0.6%	0.0%	5.5%	5.7%	8.0%	4.8%	4.2%	5.3%
	ETHEKWINI	9.0%	9.0%	12.3%	20.8%	36.9%	34.0%	20.5%	12.5%	-0.4%	-0.5%	4.9%	6.0%	8.1%	8.2%	7.0%	7.0%
	NELSON MANDELA	8.2%	8.0%	11.3%	23.7%	40.9%	34.0%	19.3%	9.8%	-0.8%	-0.4%	5.3%	5.2%	6.7%	7.3%	3.4%	2.6%
	NON-COAST	9.3%	11.1%	15.0%	18.8%	29.0%	26.6%	17.6%	12.6%	1.1%	-0.3%	5.7%	5.5%	6.9%	7.2%	6.3%	5.5%
	COAST	6.6%	7.5%	15.8%	27.9%	43.1%	29.2%	13.8%	9.4%	-0.4%	-0.2%	3.9%	3.2%	2.4%	0.7%	2.3%	2.0%
ST / FH	SECTIONAL TITLE	8.0%	9.9%	14.8%	20.4%	30.4%	26.0%	15.3%	10.4%	0.1%	-0.4%	4.5%	4.8%	5.2%	5.9%	5.4%	4.9%
	FREE HOLD	10.3%	12.1%	15.2%	18.5%	29.2%	27.1%	19.9%	14.9%	1.8%	-0.1%	6.8%	6.3%	9.6%	8.4%	6.7%	5.8%
AREA VALUE BANDS	LUXURY	12.5%	14.0%	20.1%	27.4%	29.7%	19.1%	11.8%	10.9%	0.3%	0.6%	5.8%	3.5%	1.8%	1.1%	1.1%	1.7%
	HIGH VALUE	10.2%	12.2%	16.9%	21.3%	31.8%	24.1%	13.2%	9.7%	-0.6%	-0.3%	4.7%	4.5%	6.3%	6.1%	5.6%	4.5%
	MID VALUE	6.4%	8.1%	11.0%	15.5%	30.7%	34.5%	23.6%	16.1%	2.1%	-1.7%	5.6%	6.2%	8.7%	8.4%	6.9%	7.2%
	AFFORDABLE	16.2%	12.0%	11.1%	13.5%	22.3%	30.4%	38.0%	28.6%	17.5%	10.8%	15.4%	16.9%	21.6%	17.5%	14.2%	14.2%

## NATIONAL INFLATION

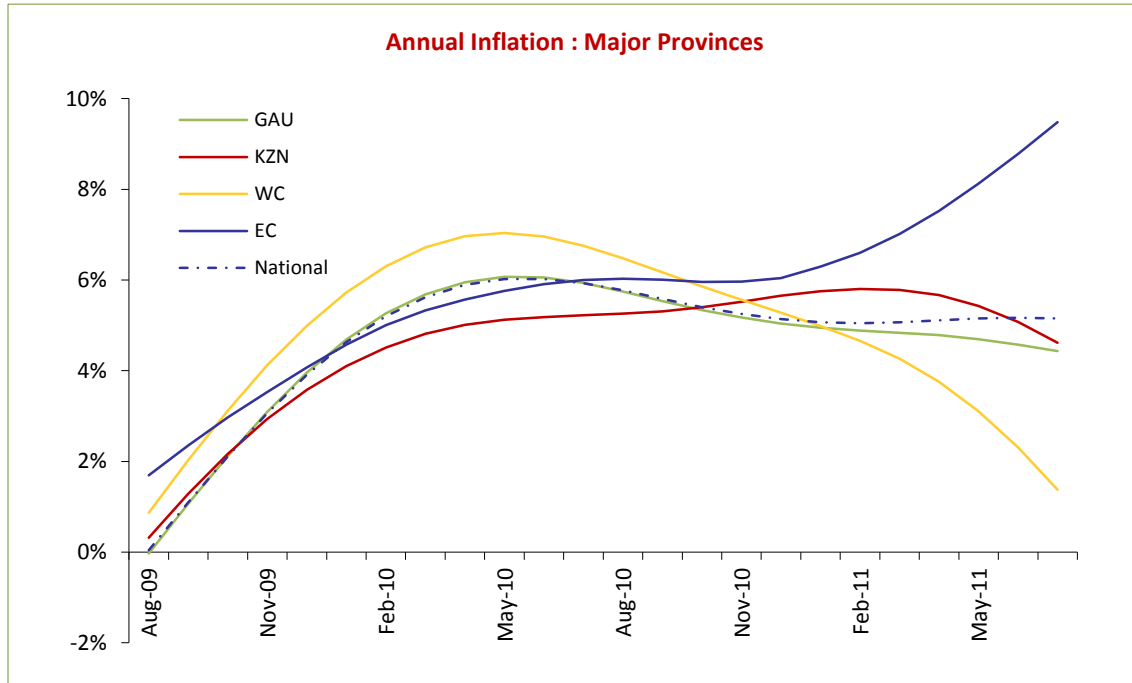
The **Lightstone National Inflation Index** reports the current **annual inflation rate of 5.15%** and the **monthly inflation index at 0.35%**.



## PROVINCIAL INFLATION

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

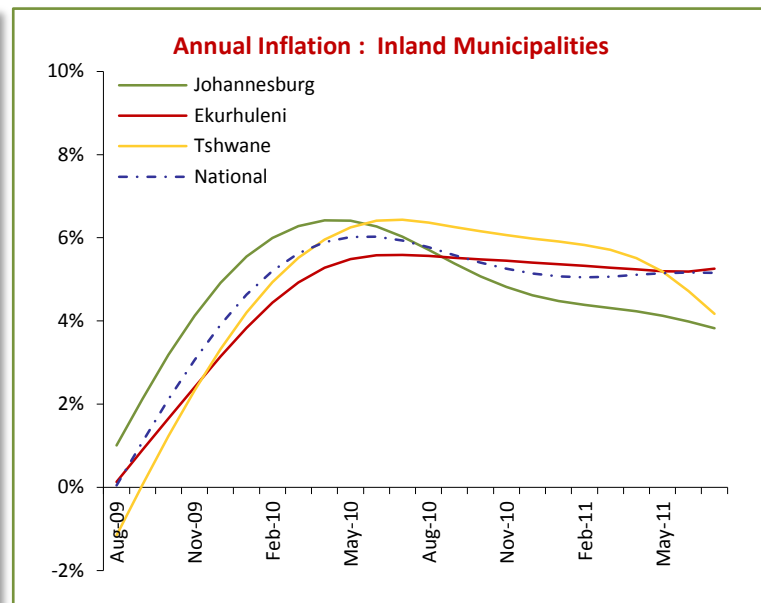
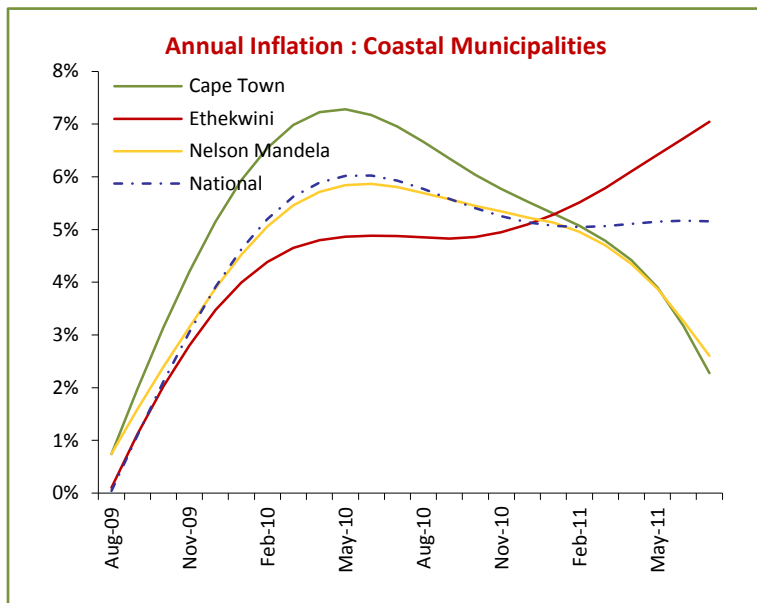
The annual rate of inflation for **Eastern Cape** property remains above the national average at a rate of 9.48% and the only province to continue to show positive growth while **Western Cape** values indicate the lowest rate of inflation at 1.38%. **Gauteng** and **Kwazulu Natal** both marginally down on last month's figures, currently 4.44% and 4.61% respectively.



## MUNICIPAL INFLATION

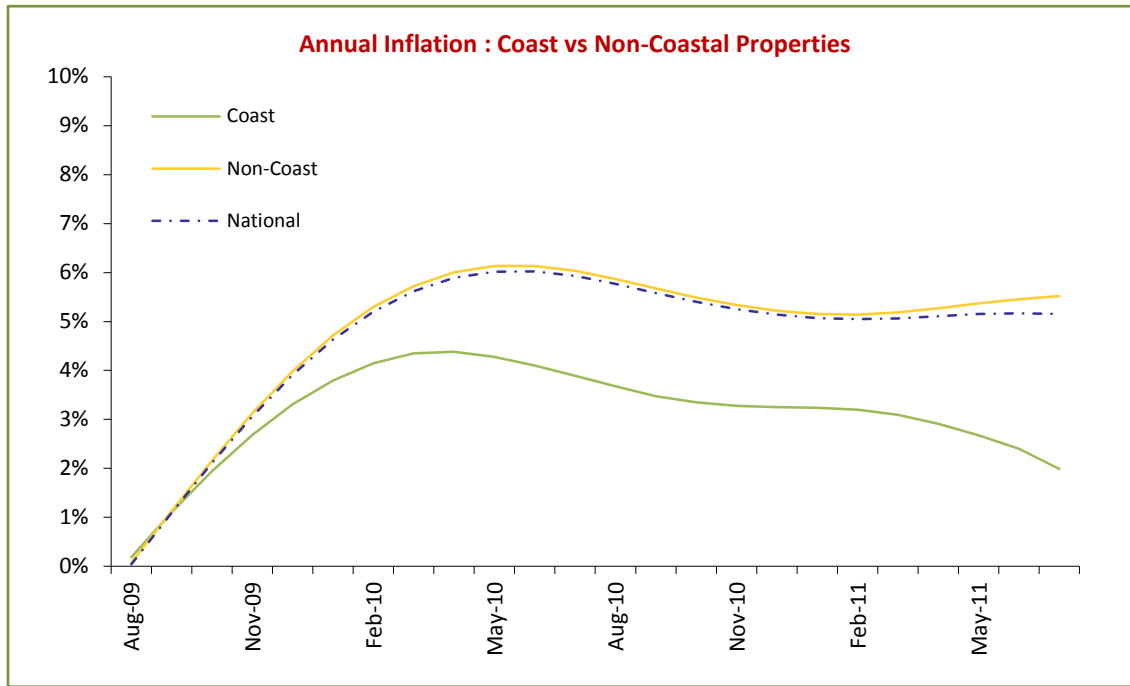
The **Lightstone Municipal Index** offers a view of the annual inflation at a municipal level, with coastal and inland based municipalities reviewed independently.

**Coastal Municipalities:** Both **Nelson Mandela Bay** and **Cape Town** have dipped below the **national average inflation rate** at **2.61%** and **2.28%** respectively, whilst properties in **Ethekewini** indicate a **7.04%** growth rate. **Inland Municipalities:** Properties located in the inland municipalities of **Johannesburg** and **Tshwane** continue to appreciate at rates below the national average, with current rates at **3.82%** and **4.17%** respectively. **Ekurhuleni** properties nipped above the national average this month, with an annual rate of **5.26%**.

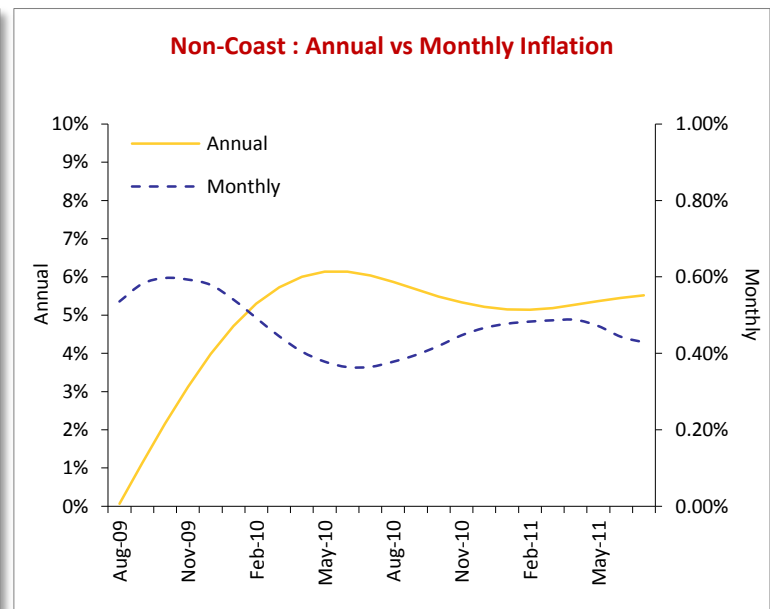
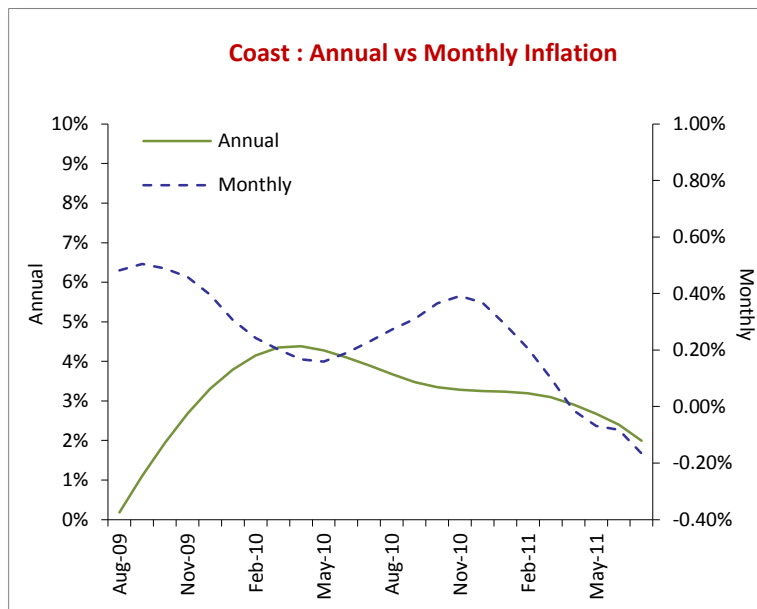


# PROPERTY INFLATION : COAST VS NON-COAST

The **Lightstone Coast vs Non-Coast Index** compares property located within enumerator areas 500m of the coastline to those located further inland. The Annual Inflation graph (below) reports the current annual inflation rate of **coastal property** at 1.99% continuing a steady decline over recent months. **Non-coastal property** continues its positive trend, currently 5.22%, just above the national average rate of inflation at 5.15%.

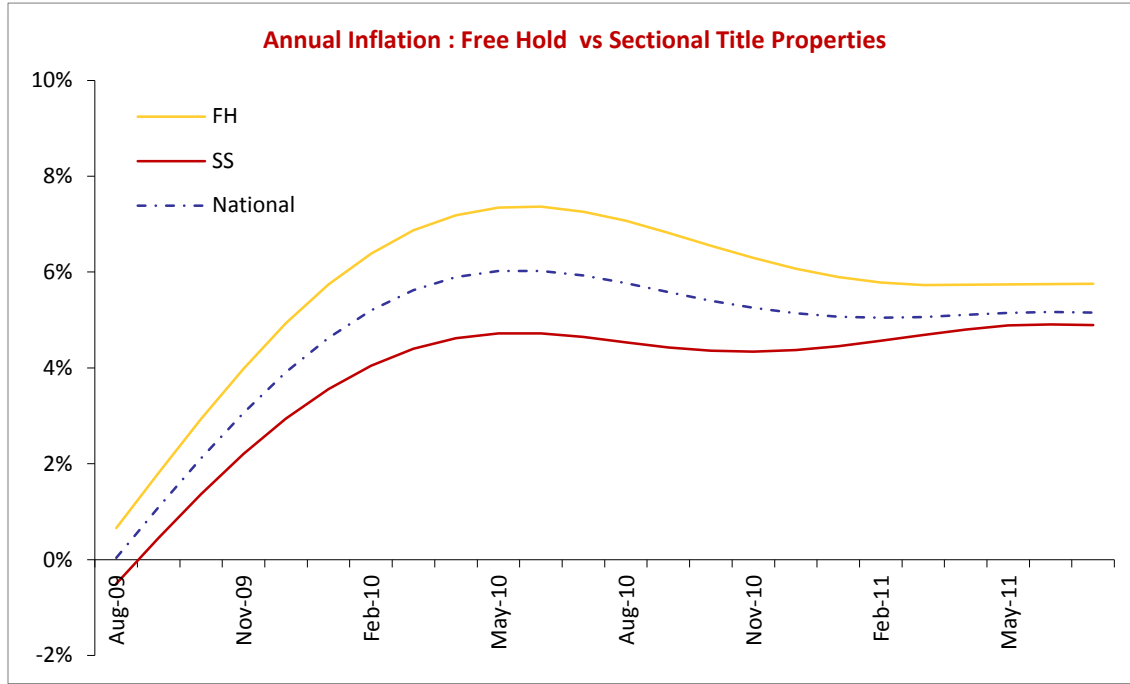


The graphs below indicate the annual and monthly inflation for each property type, being **coastal** and **non-coastal**, separately.

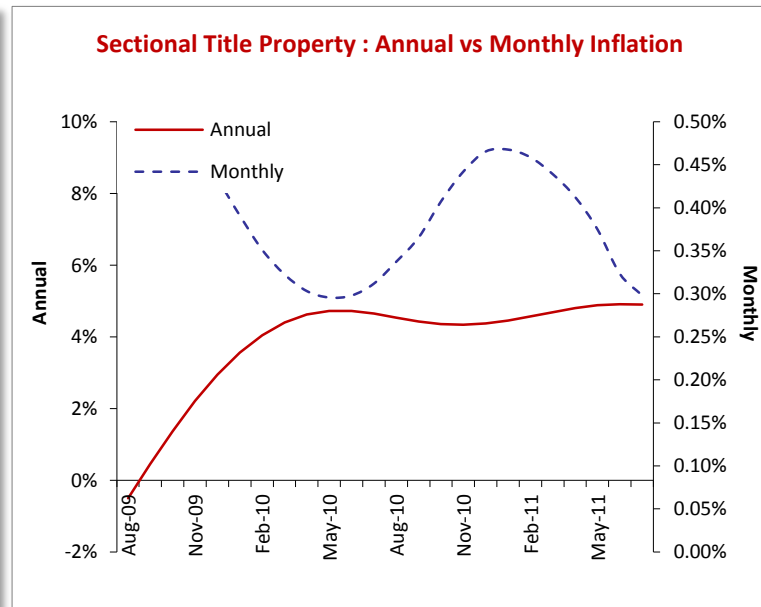
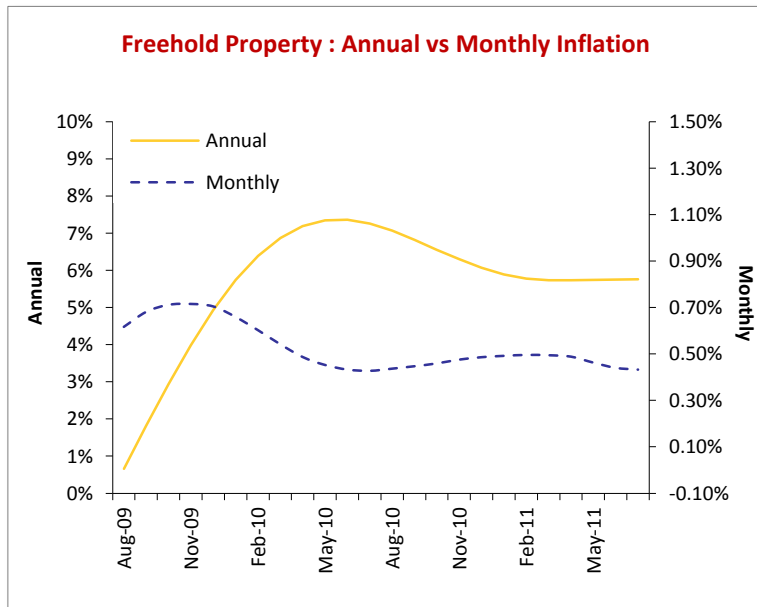


# PROPERTY INFLATION : FREE HOLD VS SECTIONAL

The **Lightstone Freehold vs Sectional Title Property Index** compares the inflationary rates of property classified as freehold with sectional title properties. **Free Hold** property currently offers an annual inflation rate of 5.76% with **sectional title** property at 4.90%.

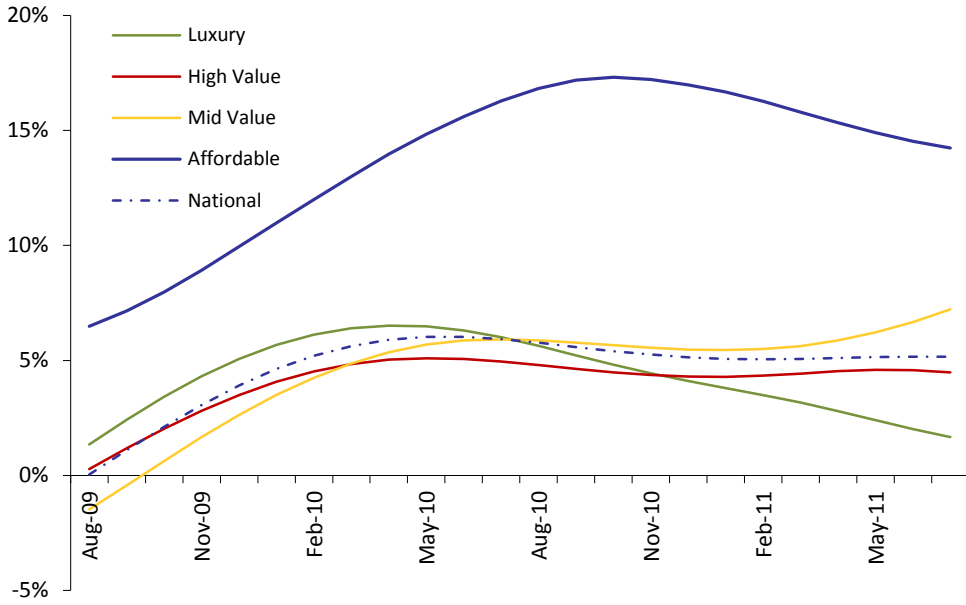


The graphs below indicate the annual and monthly inflation for each property type, being **free hold** and **sectional title**, separately.



# PROPERTY INFLATION : VALUE BANDS

**Annual Inflation : Area 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

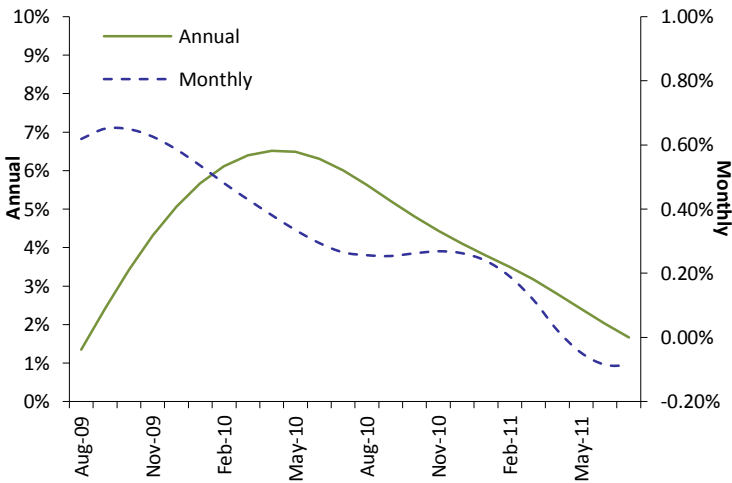
**Mid Value:** R250k to R700k

**Affordable:** <R250k

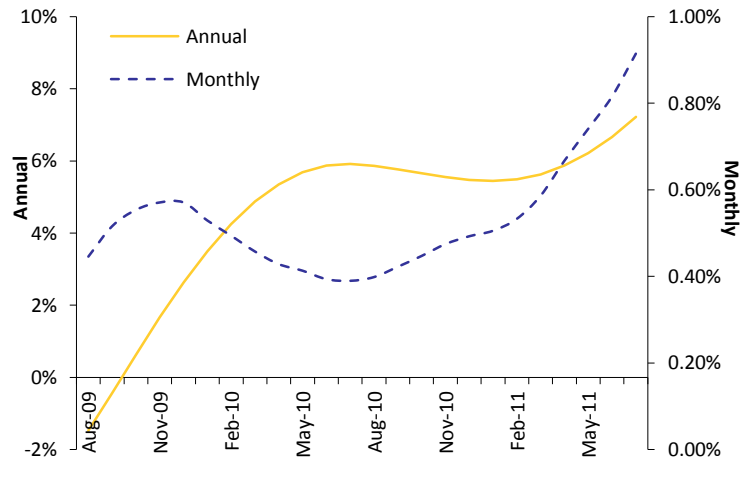
The Annual Inflation graph (left) shows **Affordable** property with the highest rate of annual inflation, with **Luxury** properties continuing a downward trend for the last year. **High Value** and **Mid Value** properties continue modest positive growth paths.

The annual and monthly inflation rates per value band are shown in the graphs below.

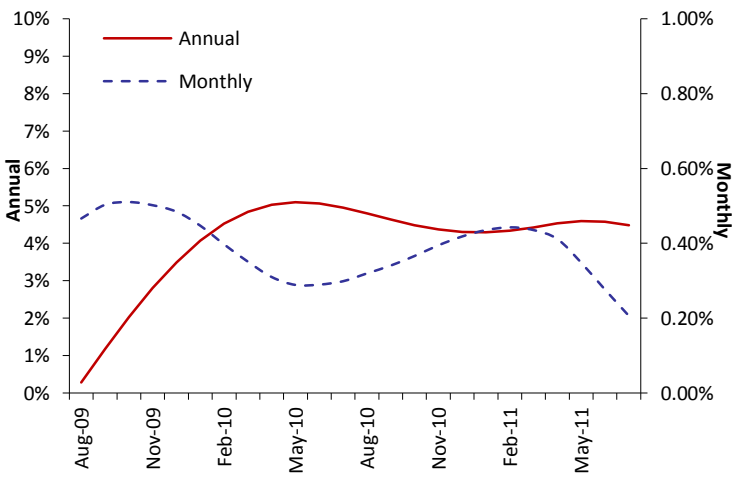
**Annual vs Monthly Inflation : Luxury Property**



**Annual vs Monthly Inflation : Mid Value Property**



**Annual vs Monthly Inflation : High Value Property**



**Annual vs Monthly Inflation : Affordable Property**

