

Residential Property Indices



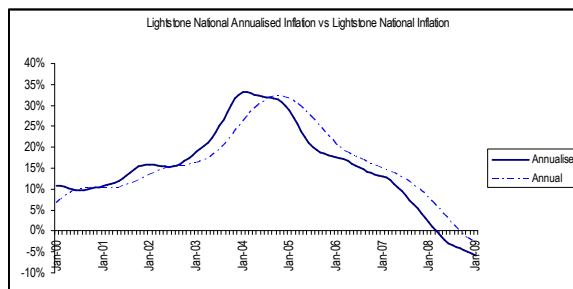
LIGHTSTONE JANUARY REPEAT SALES INDICES

NATIONAL HOUSE PRICE INFLATION DROPS TO -3.1% IN JANUARY

Lightstone annual national house price inflation dropped to -3.1% in January based on Deeds Office transactions. Extrapolating this forward to April based on mortgage applications during the interim period shows that house price inflation dropped further to -4.5% in April.

Annualised national inflation (which looks at the most recent month's inflation rate and converts it to an annual rate) shows that January inflation was -5.8%. This confirms the view that the annual inflation rate will continue to fall in the months ahead.

The biggest area of concern now appears to be in the Affordable segment for properties below R250k. Annual inflation has dropped from 18.6% in October 2008 to 4.4% in January. In fact annualised monthly inflation in January in this segment was -28% which suggests prices are likely to come under immense pressure in the months ahead.



The detailed performance of the different segments tracked is shown in more detail in the pages that follow.

Annual Inflation Table

											2008					
		2000	2001	2002	2003	2004	2005	2006	2007	Q1	Q2	Q3	Oct	Nov	Dec	Jan
	NATIONAL	9.1%	10.9%	14.9%	19.4%	30.0%	26.6%	17.4%	12.4%	7.5%	4.1%	0.8%	-0.1%	-1.0%	-2.4%	-3.1%
PROVINCE	EASTERN CAPE	6.9%	7.2%	12.1%	21.4%	38.1%	33.6%	21.1%	12.2%	8.3%	5.2%	1.5%	0.5%	-1.9%	-3.9%	-4.6%
	GAUTENG	11.3%	13.7%	18.2%	20.4%	26.0%	23.1%	16.2%	11.7%	7.0%	3.4%	0.3%	-0.7%	-1.2%	-2.5%	-3.4%
	KWAZULU NATAL	7.5%	8.7%	12.6%	21.4%	36.7%	33.4%	21.0%	12.6%	6.6%	1.9%	-1.4%	-1.6%	-2.1%	-2.2%	-1.1%
	WESTERN CAPE	9.1%	8.8%	11.3%	17.8%	33.6%	29.3%	15.4%	11.9%	7.5%	4.3%	1.0%	0.0%	-1.1%	-2.3%	-3.2%
MUNICIPALITIES	CITY OF CAPE TOWN	9.7%	8.7%	11.1%	17.5%	33.2%	29.4%	14.9%	11.9%	8.6%	4.0%	0.2%	-0.9%	-1.8%	-3.5%	-4.2%
	CITY OF JOHANNESBURG	12.7%	13.8%	18.9%	21.1%	26.2%	21.2%	14.5%	11.9%	7.1%	3.3%	0.1%	-1.5%	-1.6%	-2.4%	-3.9%
	CITY OF TSHWANE	11.2%	15.1%	19.1%	18.1%	21.4%	22.8%	16.6%	11.5%	6.0%	3.1%	-0.9%	-2.3%	-4.1%	-5.5%	-5.1%
	EKHURULENI METROPOLITAN	10.0%	11.8%	17.3%	22.9%	32.4%	26.9%	17.0%	11.0%	7.0%	2.7%	0.8%	2.1%	3.0%	2.0%	1.2%
	ETHEKWINI	9.0%	9.0%	12.3%	20.8%	36.9%	34.0%	20.5%	12.5%	7.3%	3.2%	-0.6%	-2.6%	-1.5%	-1.0%	-0.3%
	NELSON MANDELA	8.2%	8.0%	11.3%	23.7%	40.9%	34.0%	19.3%	9.8%	5.7%	2.4%	-0.6%	-1.4%	-1.8%	-5.7%	-6.0%
COAST	NON-COAST	9.3%	11.1%	15.0%	18.8%	29.0%	26.6%	17.6%	12.6%	7.6%	4.2%	0.9%	0.0%	-1.0%	-2.4%	-3.1%
	COAST	6.6%	7.5%	15.8%	27.9%	43.1%	29.2%	13.8%	9.4%	5.7%	2.1%	-0.3%	0.2%	-0.1%	-1.4%	-2.6%
ST / FH	SECTIONAL TITLE	8.0%	9.9%	14.8%	20.4%	30.4%	26.0%	15.3%	10.4%	6.2%	2.9%	-0.1%	-0.9%	-1.3%	-2.3%	-2.4%
	FREE HOLD	10.3%	12.1%	15.2%	18.5%	29.2%	27.1%	19.9%	14.9%	8.9%	5.1%	1.6%	0.3%	-1.1%	-2.6%	-3.6%
AREA VALUE BANDS	LUXURY	12.5%	14.0%	20.1%	27.4%	29.7%	19.1%	11.8%	10.9%	6.0%	2.2%	-1.2%	-2.9%	-2.6%	-3.0%	-3.4%
	HIGH VALUE	10.2%	12.2%	16.9%	21.3%	31.8%	24.1%	13.2%	9.7%	4.8%	1.6%	-1.1%	-2.1%	-2.0%	-2.9%	-3.4%
	MID VALUE	6.4%	8.1%	11.0%	15.5%	30.7%	34.5%	23.6%	16.1%	9.4%	5.9%	2.2%	2.1%	0.6%	-0.8%	-0.8%
	AFFORDABLE	16.2%	12.0%	11.1%	13.5%	22.3%	30.4%	38.0%	28.6%	25.0%	20.8%	18.1%	18.6%	14.1%	8.8%	4.4%

DISCLAIMER

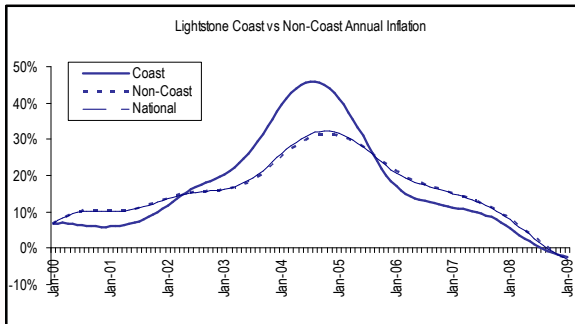
The Lightstone Repeat Sales Index system applies advanced statistical methods to a comprehensive property data base - compiled from the Deeds Office, the Surveyor General and other sources - to generate repeat sales inflation data for individual residential properties. Despite the statistical and actuarial 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.

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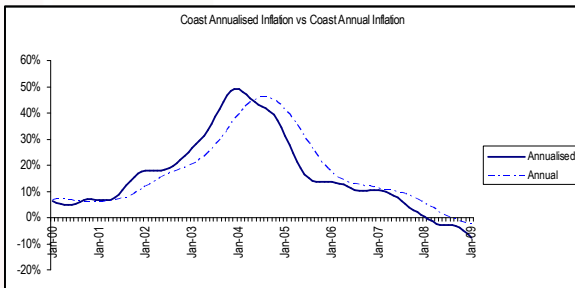


COASTAL VS NON-COASTAL INDEX

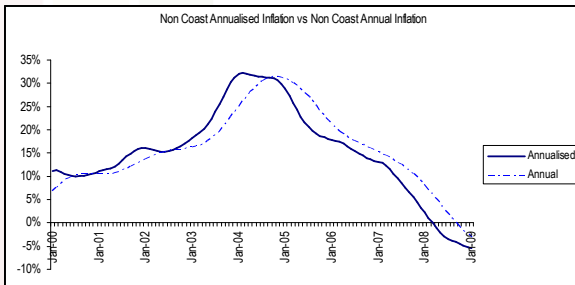
Coastal v Non-coastal Annual inflation



Coastal Annual v Annualised Inflation

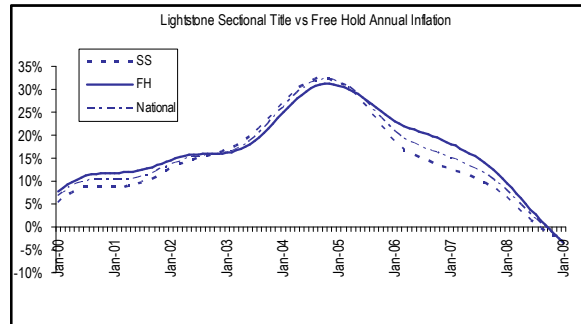


Non-coastal Annual v Annualised Inflation

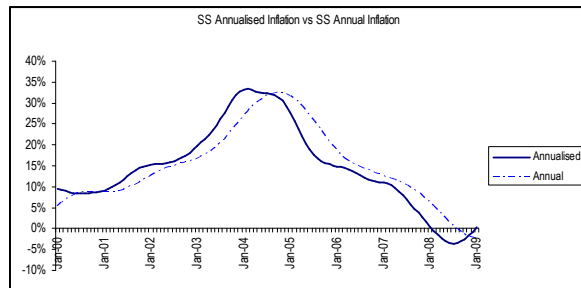


FREE HOLD VS SECTIONAL TITLE INDEX

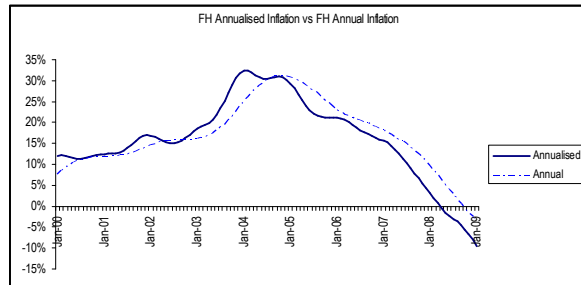
Sectional title v Free hold Annual inflation



Sectional tile Annual v Annualised Inflation



Free hold Annual v Annualised Inflation



Note: Annualised house price inflation shows the inflation rate of the most recent month on an annualised basis and emphasises recent market performance. If it is above annual inflation, one expect should expect annual inflation to rise, however if it is below the annual inflation rate, one would expect annual inflation to fall. However, annualised inflation tends to be much more volatile than annual inflation trends and so conclusions about the future trend of annual inflation must be made with caution.

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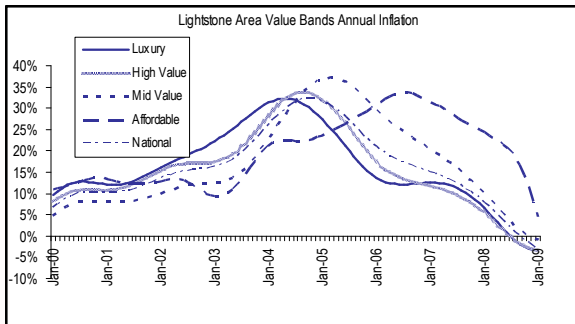
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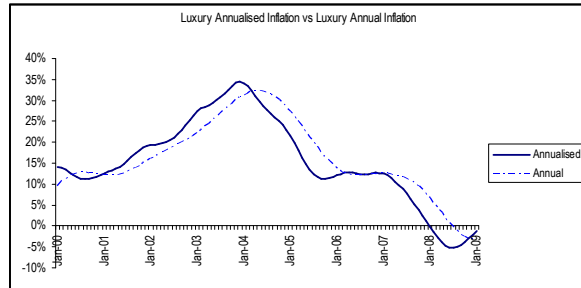


AREA VALUE BAND INDEX

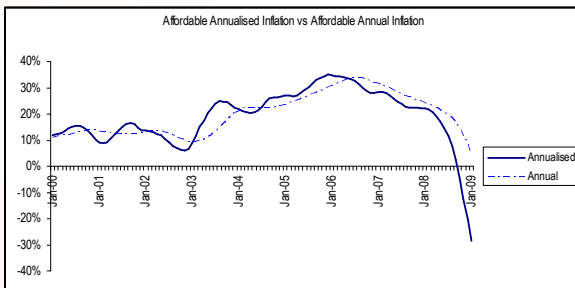
Area Value Band Annual inflation.



Luxury Market Annual v Annualised inflation.

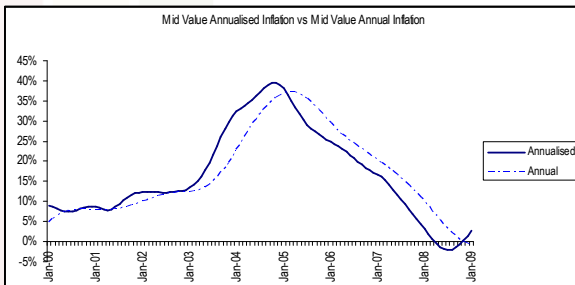


Affordable Market Annual v Annualised inflation

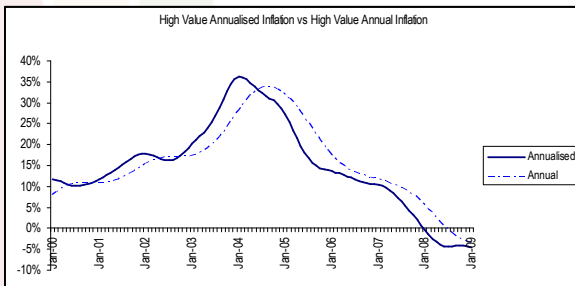


Note: Annualised house price inflation shows the inflation rate of the most recent month on an annualised basis and emphasises recent market performance. If it is above annual inflation, one would expect annual inflation to rise, however if it is below the annual inflation rate, one would expect annual inflation to fall. However, annualised inflation tends to be much more volatile than annual inflation trends and so conclusions about the future trend of annual inflation must be made with caution.

Mid-value Market Annual v Annualised inflation.



High-value Market Annual v Annualised inflation.



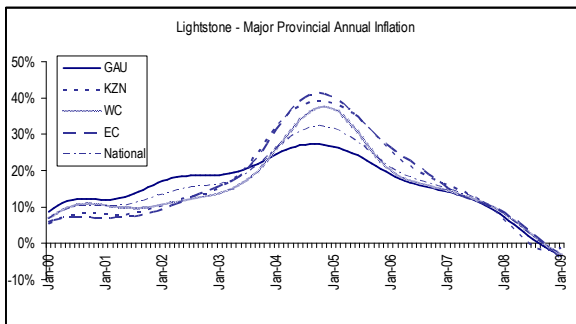
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PROVINCIAL INDEX



NOTE ON METHODOLOGY AND 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.

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

For more information please contact Lightstone Risk Management

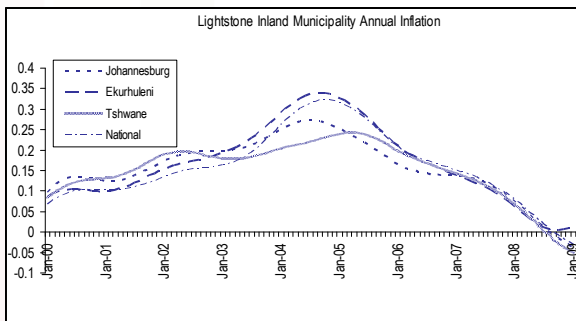
AUTHOR

Andrew Watt

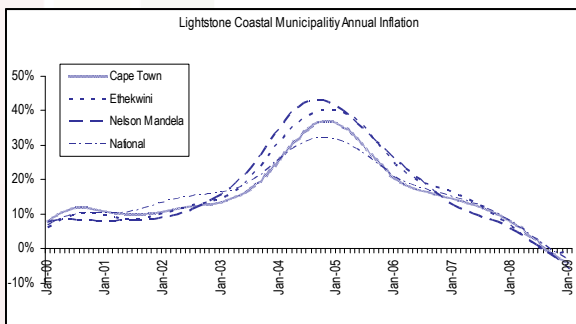
Director, Lightstone

MUNICIPAL INDEX

Inland Municipalities Annual inflation



Coastal Municipalities Annual inflation



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