

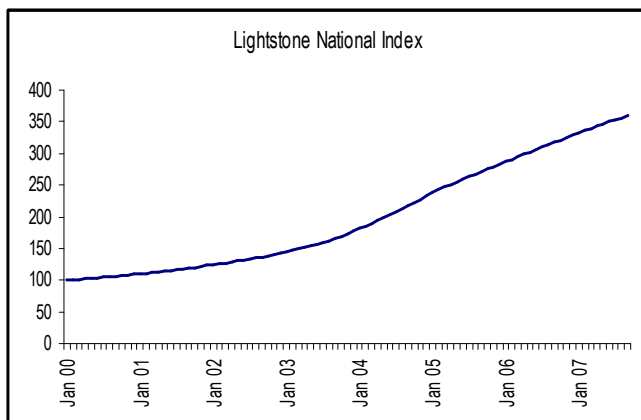
Residential Property Indices



National Index

DOWNWARD INFLATION TREND CONTINUES

The Lightstone National House Price Index has continued its declining inflation path, reaching 13.2% in September 2007, down from a year-on-year inflation rate of 17.0% in September 2006.

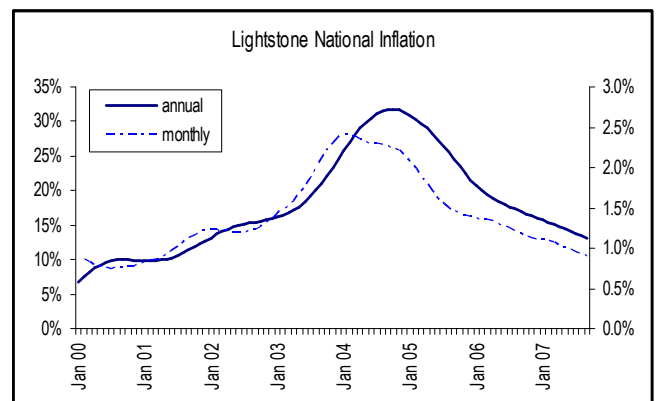


On a month-to-month basis the inflation rate has remained relatively constant from the previous month at 1.0%.

The September inflation numbers are starting to show the effects of the August interest rate hikes, along with the impact of the National Credit Act implementation in June. It is expected that the two further interest rate hikes in October and December will have a further negative impact on the inflation numbers in the following months and well into 2008.

NATIONAL INDEX CONTINUES ITS DOWNWARD TREND AS INTEREST RATE HIKES MAKE THEIR MARK

It is the mid to lower end of the market that is continuing its strong run, albeit also on a weakening trend, and its superior price inflation is having a positive effect on the national index. Coastal provinces continue to be a mild drag on the index compared to the smaller inland provinces which have continued with their positive run.

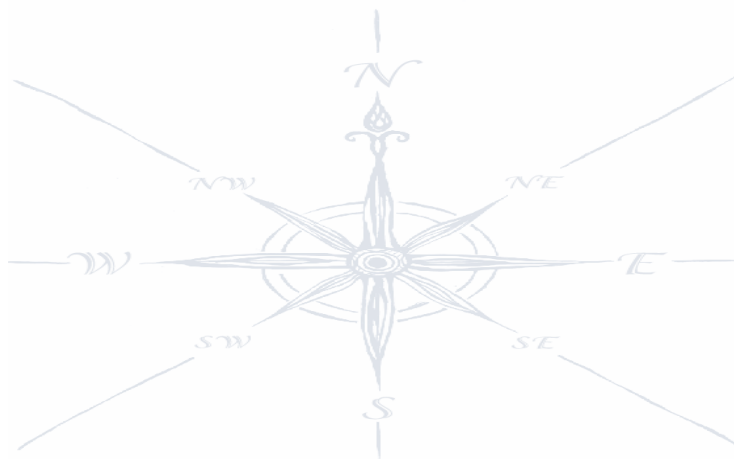


The declining inflation trend which started back in July 2004 is expected to continue well-into next year. However, recovery is expected in latter part of 2008, with interest rates expected to reach their peak before mid-2008, and the negative effects of some of the policy issues, including NCA, and the lack of transfer duty and personal tax relief in 2007 following a major tax stimulus in 2006, are expected to wear off.

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.

Residential Property Indices



									2007								
		2000	2001	2002	2003	2004	2005	2006	Jan	Feb	March	April	May	June	July	Aug	Sept
PROVINCE	NATIONAL	9.1%	10.7%	14.7%	19.3%	30.0%	26.7%	18.6%	15.7%	15.4%	15.1%	14.8%	14.4%	14.1%	13.8%	13.5%	13.2%
	EASTERN CAPE	6.7%	6.9%	12.1%	21.5%	38.3%	33.1%	21.9%	16.1%	15.5%	14.9%	14.5%	14.2%	14.2%	14.5%	15.0%	15.7%
	FREE STATE	6.8%	7.8%	11.6%	17.0%	32.4%	29.8%	22.3%	21.2%	21.4%	21.5%	21.4%	21.2%	20.7%	20.0%	19.2%	18.3%
	GAUTENG	11.2%	13.6%	18.1%	20.2%	26.1%	23.2%	17.0%	14.8%	14.5%	14.3%	14.0%	13.7%	13.4%	13.1%	12.8%	12.5%
	KWAZULU NATAL	7.3%	8.6%	12.5%	21.3%	36.2%	33.0%	22.4%	17.5%	17.0%	16.5%	15.9%	15.3%	14.7%	14.0%	13.3%	12.5%
	LIMPOPO	9.1%	8.5%	10.3%	16.3%	26.9%	33.0%	32.6%	26.9%	26.1%	25.2%	24.1%	22.8%	21.3%	19.6%	17.8%	15.7%
	MPUMALANGA	7.9%	9.5%	12.5%	17.2%	31.2%	32.6%	26.6%	22.4%	22.1%	21.6%	21.0%	20.3%	19.4%	18.1%	16.5%	14.7%
	NORTHERN CAPE	6.0%	8.9%	15.6%	18.8%	24.3%	27.9%	38.4%	32.6%	31.0%	29.4%	27.8%	26.2%	24.5%	22.5%	20.2%	17.9%
	NORTH WEST	10.1%	12.6%	16.4%	16.7%	24.2%	23.2%	22.8%	19.7%	19.2%	18.6%	18.0%	17.4%	16.9%	16.4%	16.1%	15.9%
WESTERN CAPE	9.4%	8.8%	11.5%	18.0%	33.6%	29.5%	16.1%	13.5%	13.2%	12.9%	12.5%	12.1%	11.7%	11.3%	10.8%	10.1%	
MUNICIPALITIES	CITY OF CAPE TOWN	10.1%	8.7%	11.3%	17.9%	33.0%	29.4%	15.0%	12.1%	11.9%	11.7%	11.5%	11.3%	11.1%	10.9%	10.6%	10.2%
	CITY OF JOHANNESBURG	12.7%	13.7%	18.9%	21.1%	26.3%	21.1%	14.6%	14.1%	14.1%	14.0%	14.0%	13.9%	13.7%	13.5%	13.3%	13.1%
	CITY OF TSHWANE	11.1%	15.0%	19.2%	18.0%	21.3%	23.0%	17.2%	14.7%	14.3%	14.0%	13.6%	13.1%	12.7%	12.2%	11.7%	11.1%
	EKHURULENI METROPOLITAN	10.0%	11.5%	17.0%	22.5%	32.4%	26.7%	18.2%	14.7%	14.3%	13.9%	13.5%	13.2%	12.9%	12.7%	12.5%	12.5%
	ETHEKWINI	8.7%	8.9%	12.4%	20.7%	36.4%	33.6%	21.7%	17.3%	16.8%	16.1%	15.4%	14.5%	13.5%	12.5%	11.4%	10.3%
	NELSON MANDELA	8.6%	7.7%	11.4%	23.6%	40.8%	33.2%	19.5%	12.6%	11.8%	11.1%	10.5%	10.0%	9.7%	9.7%	9.8%	10.2%
COAST	NON-COAST	9.3%	10.9%	14.8%	18.6%	28.9%	26.6%	18.8%	16.0%	15.7%	15.3%	15.0%	14.6%	14.2%	13.8%	13.3%	12.9%
	COAST	6.9%	7.1%	16.1%	27.8%	43.8%	30.5%	14.3%	11.6%	11.4%	11.2%	11.2%	11.4%	11.8%	12.3%	13.1%	13.9%
ST / FH	SECTIONAL TITLE	7.9%	9.9%	14.8%	20.3%	30.2%	26.0%	15.3%	12.9%	12.7%	12.4%	12.3%	12.1%	12.0%	11.8%	11.7%	11.6%
	FREE HOLD	10.2%	11.6%	14.8%	18.5%	29.4%	27.3%	22.2%	19.0%	18.6%	18.2%	17.8%	17.3%	16.9%	16.4%	15.9%	15.4%
AREA VALUE BANDS	LUXURY	12.6%	14.6%	21.0%	28.9%	28.9%	18.3%	11.9%	12.8%	13.0%	13.1%	13.1%	12.8%	12.4%	11.7%	10.8%	9.7%
	HIGH VALUE	10.3%	12.1%	17.0%	21.6%	31.9%	23.6%	13.5%	11.7%	11.5%	11.3%	11.0%	10.8%	10.4%	10.1%	9.7%	9.3%
	MID VALUE	6.4%	8.0%	10.9%	15.5%	30.7%	34.0%	24.8%	19.8%	19.2%	18.6%	18.1%	17.5%	17.0%	16.6%	16.3%	16.0%
	AFFORDABLE	18.2%	11.7%	10.3%	12.7%	24.1%	34.0%	40.7%	37.1%	36.5%	35.9%	35.4%	34.8%	34.2%	33.5%	32.7%	31.9%

AUTHOR

Andrew Watt

Business Development Director, Lightstone

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.

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