

RESIDENTIAL PROPERTY INDICES

Published Date : 30 August 2011

Deed's Data : Until end April 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 or give us a call on 0860 106 389.



INFLATION TABLE

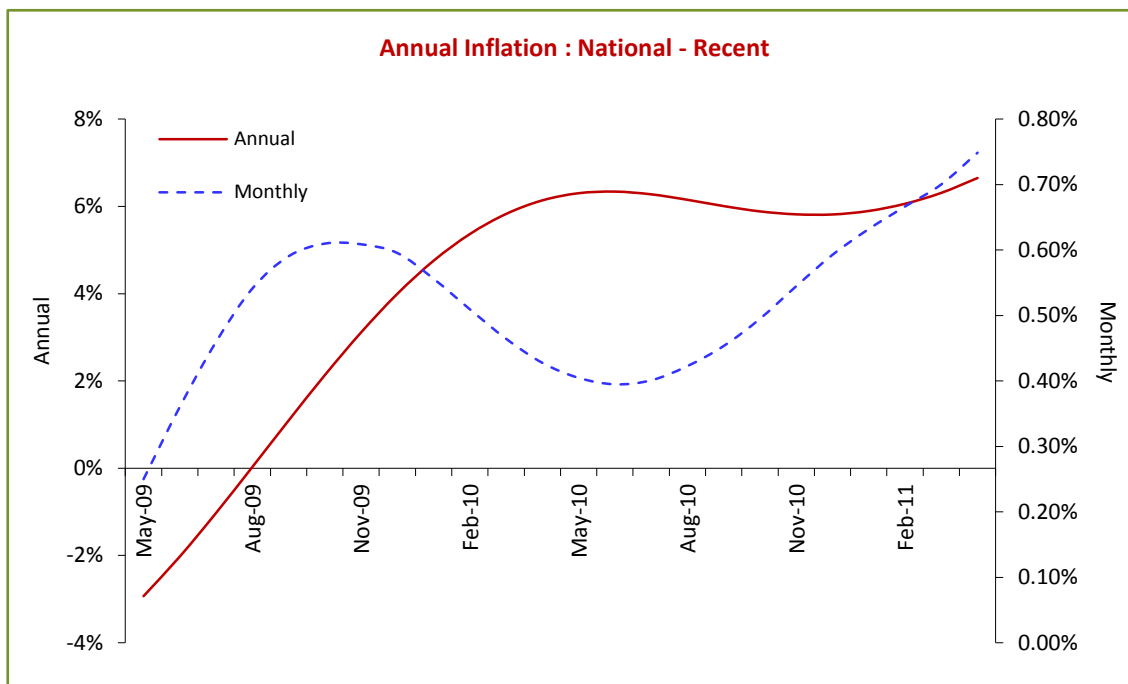
The **Annual Inflation Table** (below) provides a long term view of annual rates of inflation for various geographical areas and property types. Key performers this month include the Eastern Cape, properties in the City of Cape Town as well as Non-Coastal, Freehold and Affordable properties.

												2010				2011			
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Q1	Q2	Q3	Q4	JAN	FEB	MAR	APR
PROVINCE	NATIONAL	9.1%	10.9%	14.9%	19.4%	30.0%	26.6%	17.4%	12.4%	1.0%	-0.3%	6.6%	7.1%	6.8%	5.8%	7.3%	7.1%	6.3%	6.7%
	EASTERN CAPE	6.9%	7.2%	12.1%	21.4%	38.1%	33.6%	21.1%	12.2%	1.5%	1.1%	4.5%	7.1%	10.7%	6.7%	15.2%	14.8%	15.5%	19.9%
	GAUTENG	11.3%	13.7%	18.2%	20.4%	26.0%	23.1%	16.2%	11.7%	0.5%	-0.3%	6.6%	6.7%	6.1%	5.6%	5.3%	5.7%	5.0%	5.5%
	KWAZULU NATAL	7.5%	8.7%	12.6%	21.4%	36.7%	33.4%	21.0%	12.6%	-0.9%	0.3%	5.5%	6.4%	5.9%	6.1%	8.1%	6.7%	5.5%	6.0%
MUNICIPALITIES	WESTERN CAPE	9.1%	8.8%	11.3%	17.8%	33.6%	29.3%	15.4%	11.9%	1.0%	-0.4%	7.4%	8.6%	7.3%	5.8%	5.2%	5.5%	6.7%	5.0%
	CITY OF CAPE TOWN	9.7%	8.7%	11.1%	17.5%	33.2%	29.4%	14.9%	11.9%	0.2%	-0.5%	7.7%	8.9%	6.3%	6.1%	10.2%	9.2%	12.1%	9.3%
	CITY OF JOHANNESBURG	12.7%	13.8%	18.9%	21.1%	26.2%	21.2%	14.5%	11.9%	0.9%	0.6%	7.0%	6.7%	5.7%	5.0%	3.5%	4.6%	2.9%	4.2%
	CITY OF TSHWANE	11.2%	15.1%	19.1%	18.1%	21.4%	22.8%	16.6%	11.5%	-0.5%	-1.8%	6.8%	7.0%	7.5%	6.3%	6.5%	6.1%	4.9%	6.0%
	EKHURULENI METRO	10.0%	11.8%	17.3%	22.9%	32.4%	26.9%	17.0%	11.0%	0.6%	0.0%	5.1%	6.2%	4.9%	6.3%	8.3%	8.6%	8.4%	8.0%
	ETHEKWINI	9.0%	9.0%	12.3%	20.8%	36.9%	34.0%	20.5%	12.5%	-0.4%	-0.5%	4.7%	6.1%	5.6%	5.7%	8.2%	7.3%	6.3%	8.1%
COAST	NELSON MANDELA	8.2%	8.0%	11.3%	23.7%	40.9%	34.0%	19.3%	9.8%	-0.8%	-0.4%	2.9%	6.6%	6.4%	6.1%	8.8%	5.3%	5.1%	3.3%
	NON-COAST	9.3%	11.1%	15.0%	18.8%	29.0%	26.6%	17.6%	12.6%	1.1%	-0.3%	6.8%	7.2%	7.0%	5.9%	7.3%	6.9%	6.1%	6.9%
ST / FH	COAST	6.6%	7.5%	15.8%	27.9%	43.1%	29.2%	13.8%	9.4%	-0.4%	-0.2%	5.8%	5.6%	4.4%	4.5%	6.5%	8.8%	7.7%	2.4%
	SECTIONAL TITLE	8.0%	9.9%	14.8%	20.4%	30.4%	26.0%	15.3%	10.4%	0.1%	-0.4%	5.5%	5.5%	6.0%	4.8%	6.6%	6.5%	5.7%	5.2%
AREA VALUE BANDS	FREE HOLD	10.3%	12.1%	15.2%	18.5%	29.2%	27.1%	19.9%	14.9%	1.8%	-0.1%	7.9%	8.5%	8.2%	7.0%	8.2%	8.8%	8.4%	9.6%
	LUXURY	12.5%	14.0%	20.1%	27.4%	29.7%	19.1%	11.8%	10.9%	0.3%	0.6%	6.8%	7.3%	5.6%	4.8%	5.2%	4.7%	4.3%	1.8%
	HIGH VALUE	10.2%	12.2%	16.9%	21.3%	31.8%	24.1%	13.2%	9.7%	-0.6%	-0.3%	6.0%	6.0%	5.9%	4.5%	5.5%	5.2%	5.2%	6.3%
	MID VALUE	6.4%	8.1%	11.0%	15.5%	30.7%	34.5%	23.6%	16.1%	2.1%	-1.7%	6.3%	7.5%	8.1%	7.2%	8.3%	8.3%	6.7%	8.7%
	AFFORDABLE	16.2%	12.0%	11.1%	13.5%	22.3%	30.4%	38.0%	28.6%	17.5%	10.8%	15.1%	18.3%	22.7%	19.0%	25.8%	22.5%	18.8%	21.6%

NATIONAL INFLATION

The **Lightstone National Inflation Index** reports the current **annual inflation rate of 6.7%**, up marginally from 6.3% for March data. National **monthly inflation index is reported at 0.075**, continuing its cautiously positive trend since June 2010.

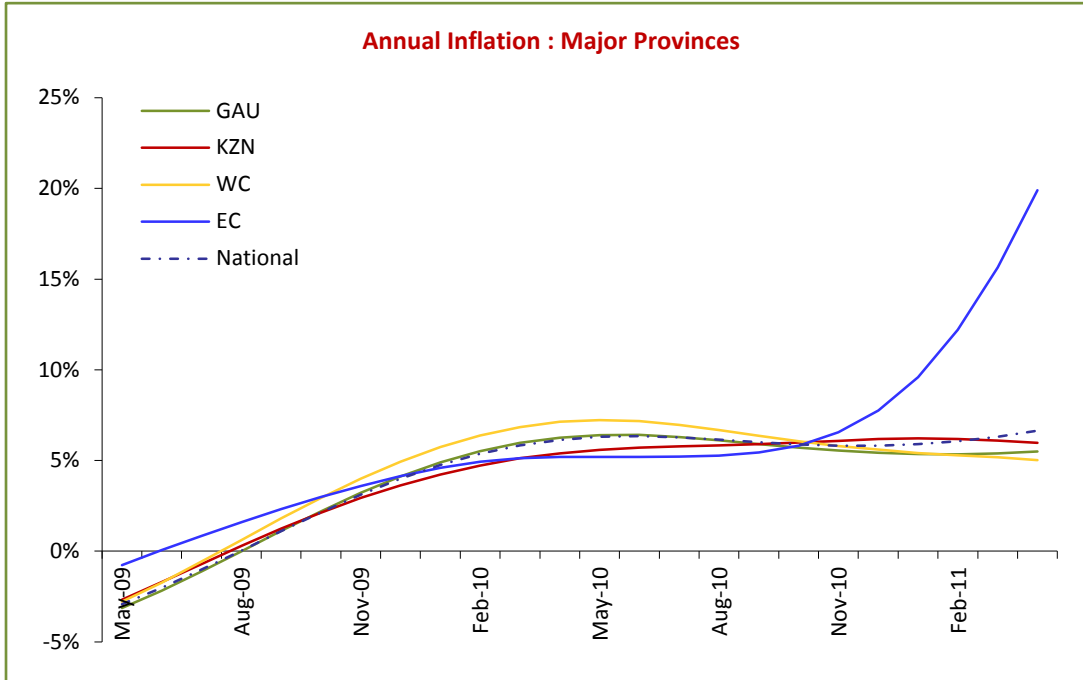
Annual Inflation : National - Recent



PROVINCIAL INFLATION

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

The **Eastern Cape** is up a substantial 4.4% from last month, currently 19.9% whilst **Western Cape** values have slipped by 1.7% to 5.0%. Both **Gauteng** and **Kwazulu Natal** gained 0.5% on last month's rate, up to 5.5% and 6.0% respectively. This presents a relatively 'flat' trend line for most provinces from around March 2010, except the **Eastern Cape** which began its dramatic appreciation in October 2010.

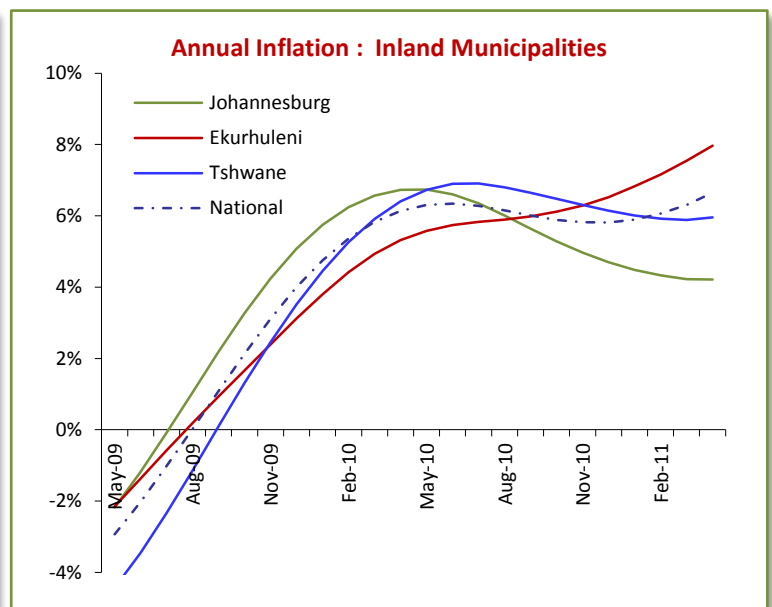
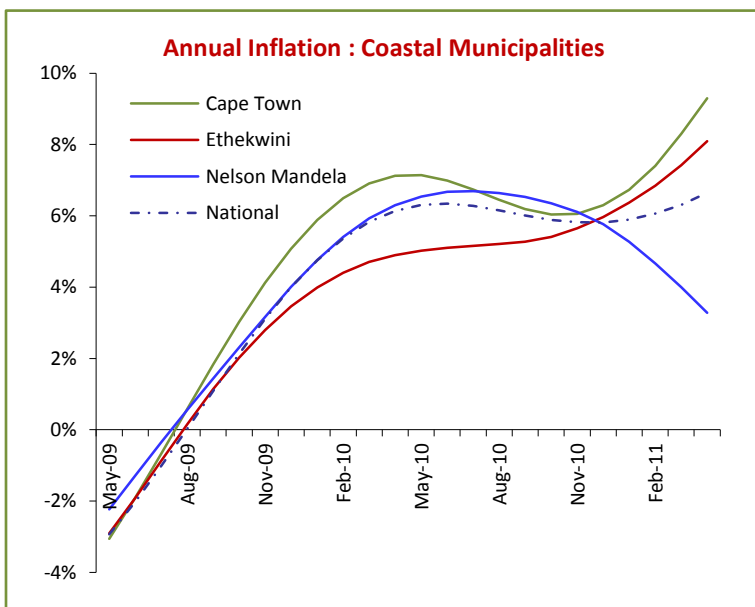


MUNICIPAL INFLATION

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

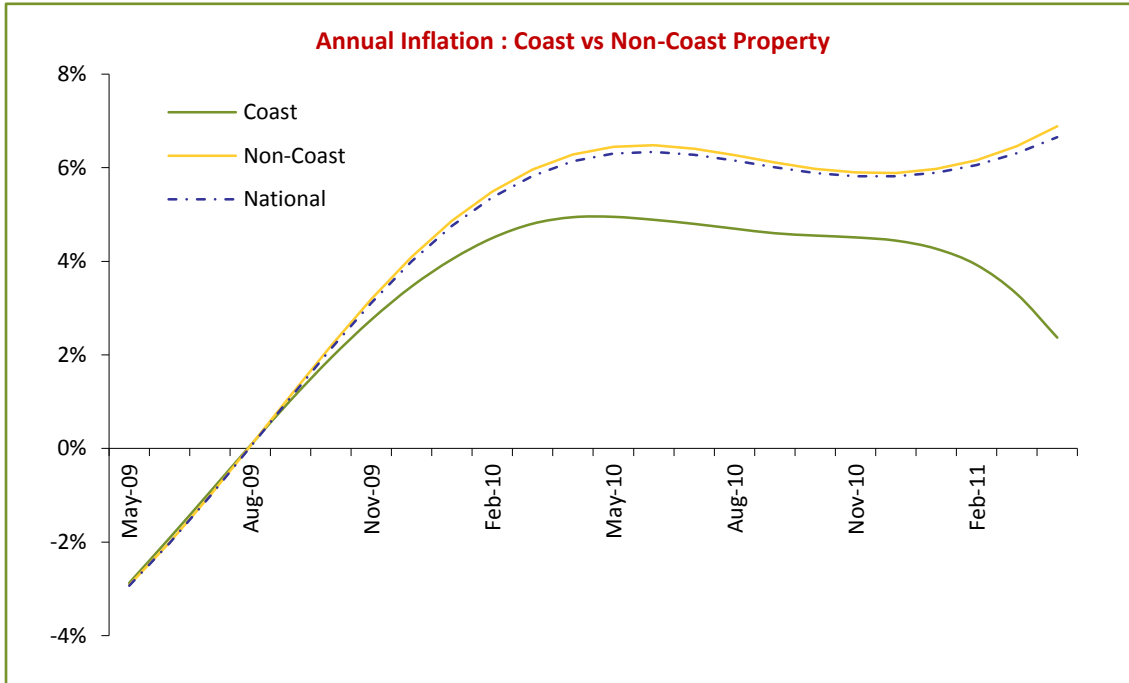
Coastal Municipalities: With the exception of **Nelson Mandela Bay** on a downward trend at a current rate of 3.28%, the other coastal municipalities of **Cape Town** and **Ethekwini** both present positive trends at 9.3% and 8.1% respectively.

Inland Municipalities: Both **Johannesburg** and **Tshwane** have continued a marginal decline, with current rates of inflation at 4.21% and 5.25% respectively. **Ekurhuleni** progresses steadily on a positive path, gaining 0.42% on last month's rate, currently at 7.97%.

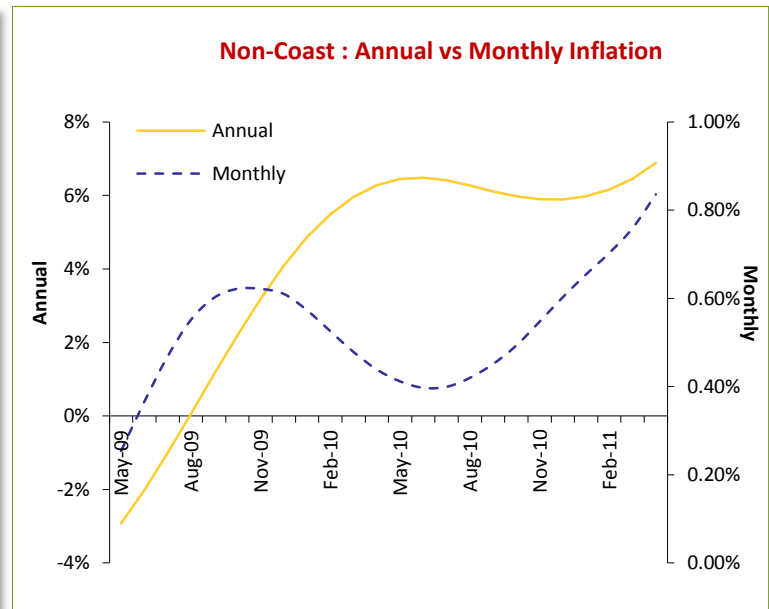
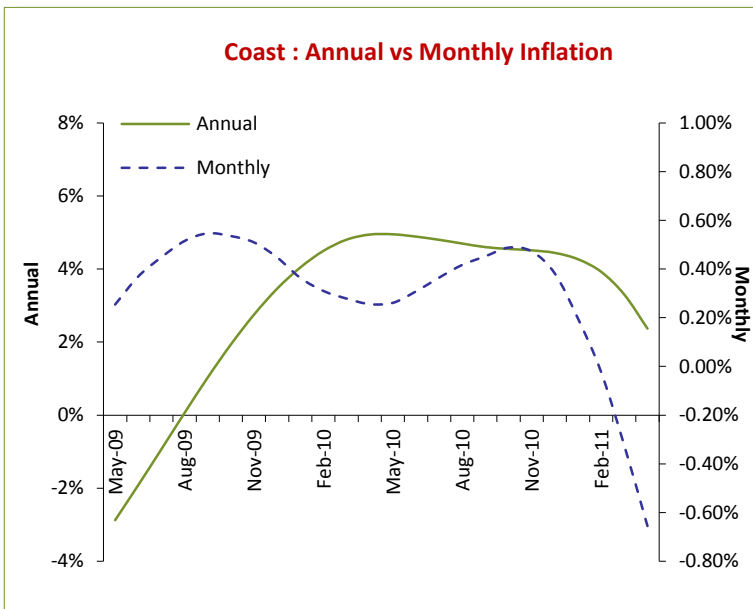


PROPERTY INFLATION : COAST VS NON-COAST

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 annual inflation rate of **coastal property** at 2.37%, continuing a steady decline from a peak of 4.95% in May 2010. **Non-coastal property** indicates a marginal appreciation to 6.88%, following a positive course in recent months.

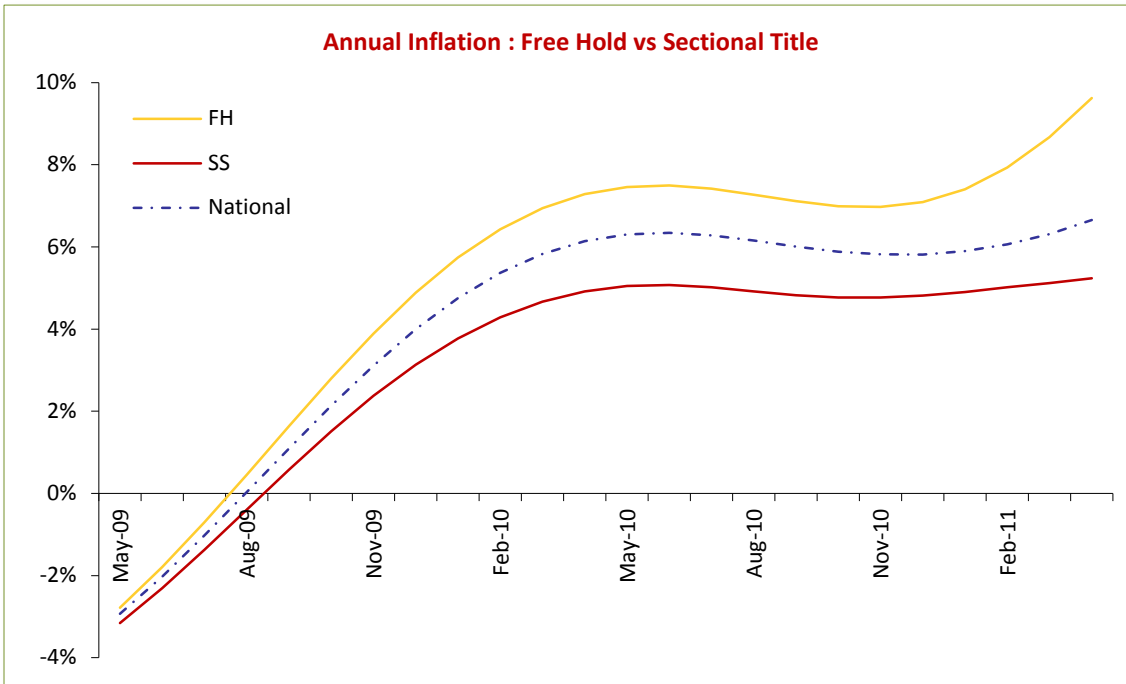


The graphs below indicate the annual and monthly inflation for each property type, being **coastal** and **non-coastal**, separately.

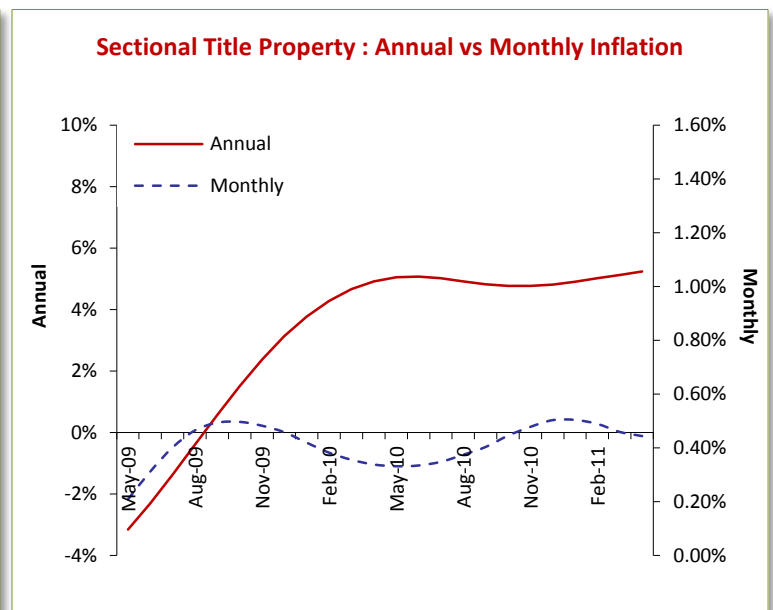
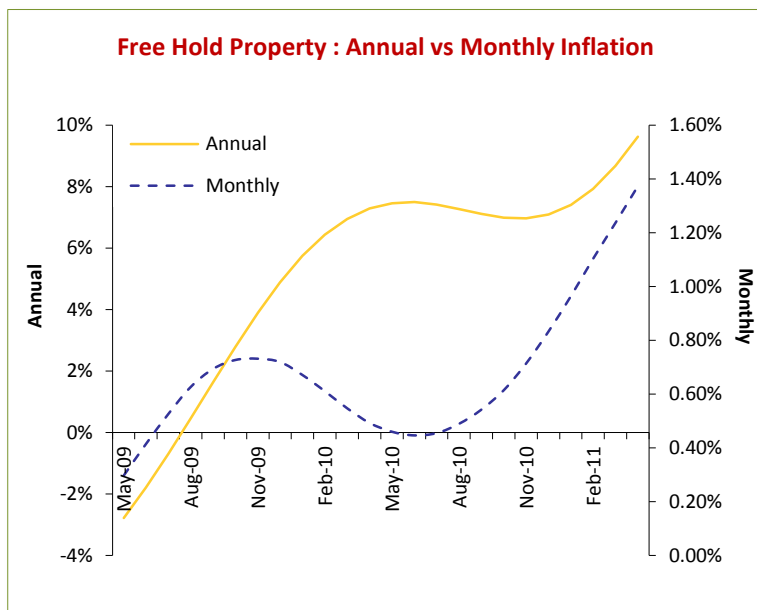


PROPERTY INFLATION : FREE HOLD VS SECTIONAL

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 9.63%, continuing its steepening growth curve since late 2010, compared to sectional title at 5.23%, in line with its relatively stagnant path over the last year.

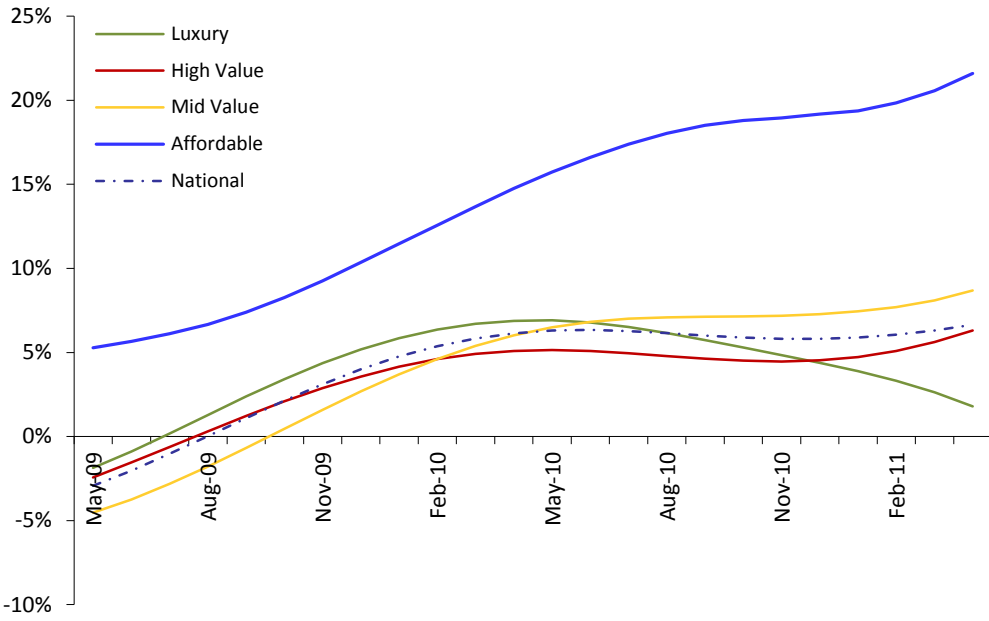


The graphs below indicate the annual and monthly inflation for each property type, being **free hold** and **sectional title**, separately.



PROPERTY INFLATION : VALUE BANDS

Annual Inflation : Area Value Bands



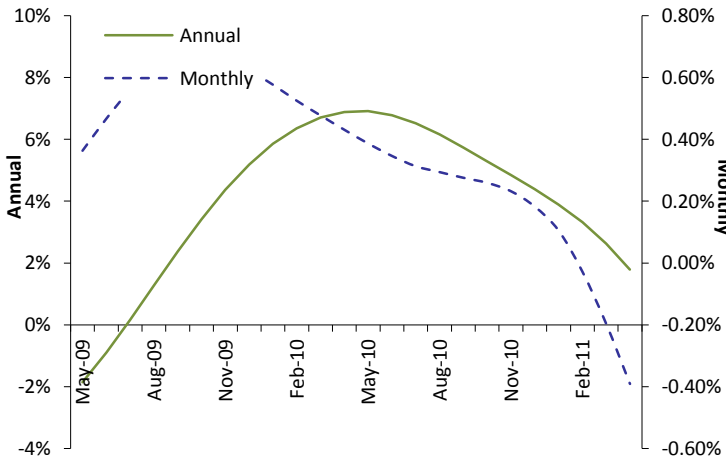
The **Lightstone Area Value Bands Index** reviews inflationary rates for property based on the following values.

- Luxury:** > R1.5mil
- High Value:** R700k to R1.5mil
- Mid Value:** R250k to R700k
- Affordable:** <R250k

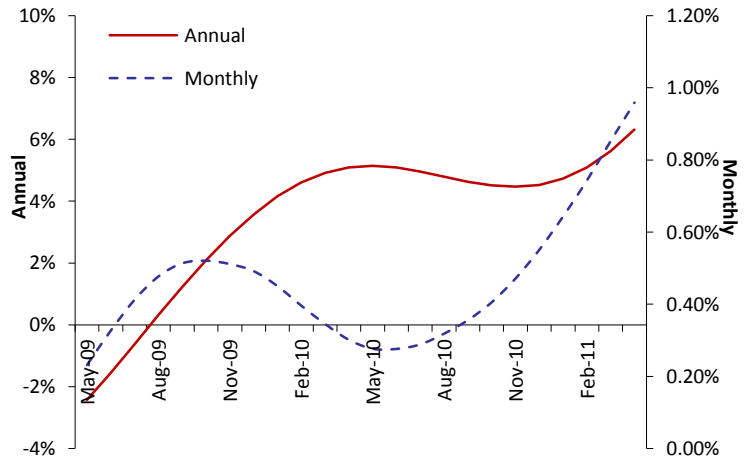
The Annual Inflation graph (left) shows **Affordable** property with the highest rate of annual inflation, with **Luxury** properties showing a slight downward trend for the last year. **High Value** and **Mid Value** properties continue modest positive growth paths.

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

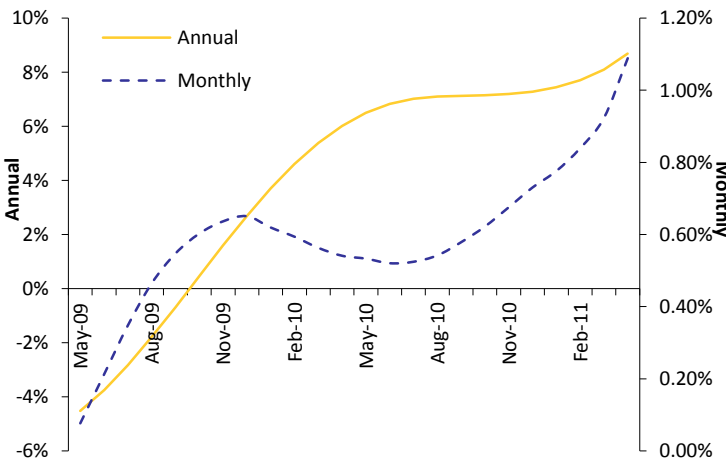
Annual vs Monthly Inflation : Luxury Property



Annual vs Monthly Inflation : High Value Property



Annual vs Monthly Inflation : Mid Value Property



Annual vs Monthly Inflation : Affordable Property

