

RESIDENTIAL PROPERTY INDICES

Published Date : 28 September 2011

Deed's Data : Until end May 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.



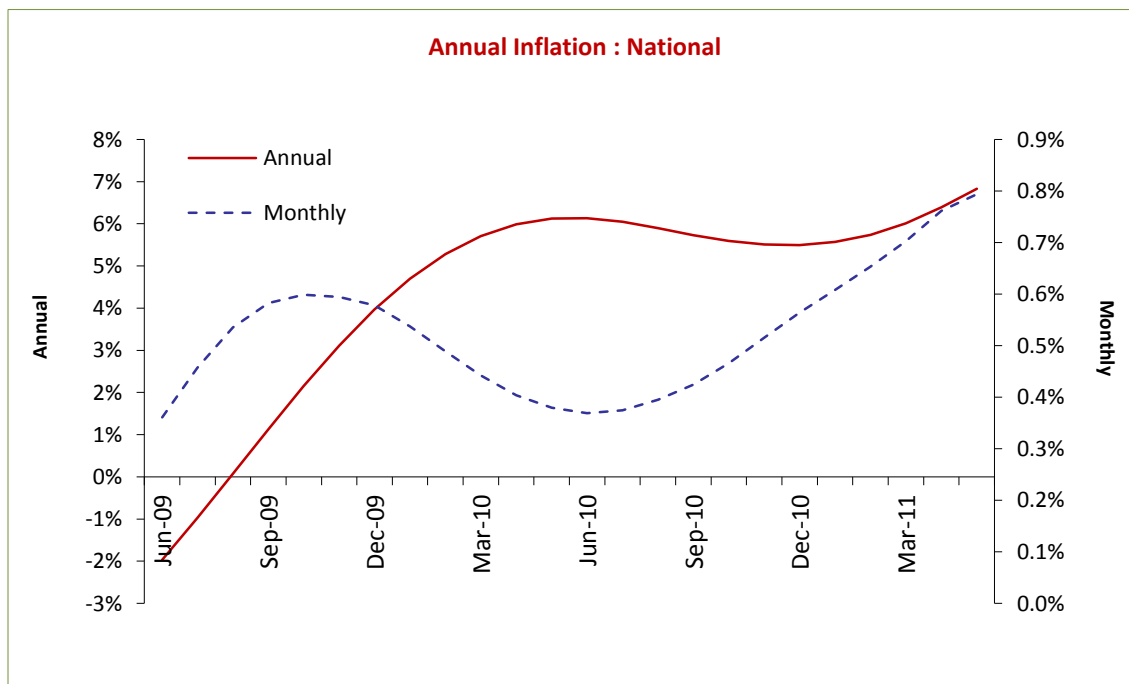
INFLATION TABLE

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 **Ethekwini** as well as **Non-Coastal, Freehold** and **Affordable** properties.

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010				2011				
												Q1	Q2	Q3	Q4	JAN	FEB	MAR	APR	MAY
	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%	6.8%
PROVINCE	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%	7.7%	9.1%	10.6%	12.2%	13.8%
	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%	5.1%
	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%	5.3%
	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%	3.7%
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%	7.7%	8.9%	6.3%	6.1%	10.2%	9.2%	12.1%	9.3%	8.6%
	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%	4.5%
	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%	6.6%
	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%	4.8%
	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%	8.2%
	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%	7.3%
COAST	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%	7.2%
	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%	0.7%
ST / FH	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%	5.9%
	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%	8.4%
AREA VALUE BANDS	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%	1.1%
	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%	6.1%
	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%	8.4%
	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%	17.5%

NATIONAL INFLATION

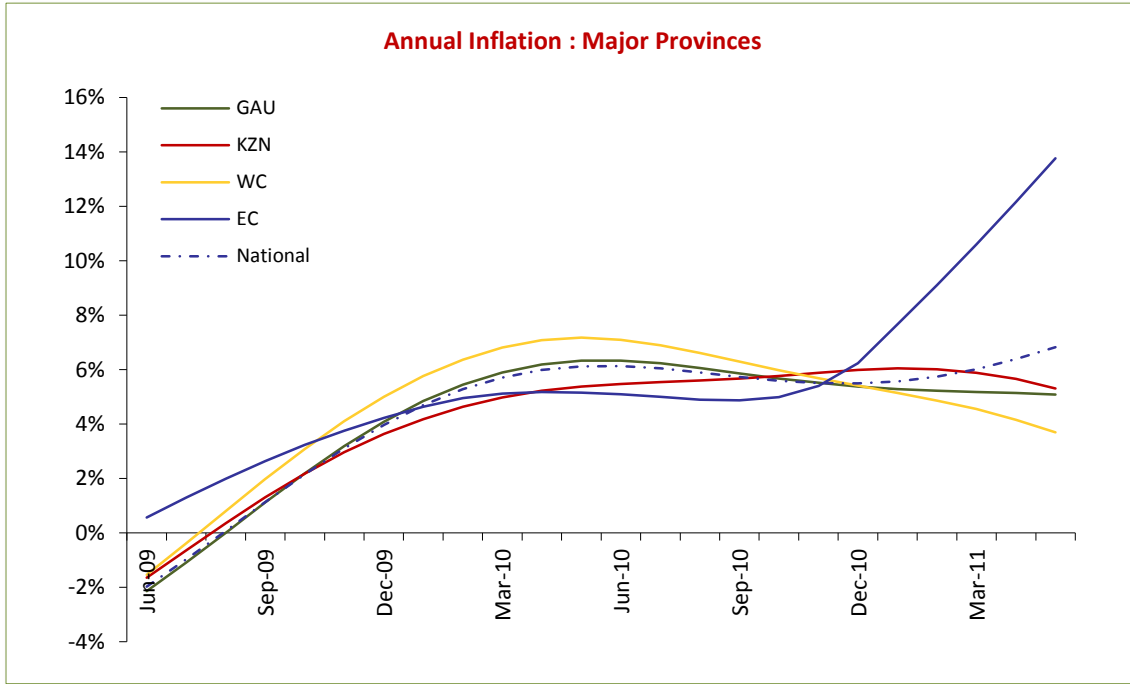
The **Lightstone National Inflation Index** reports the current **annual inflation rate of 6.83%**, up 0.5% from the 2011 low of 6.3% of March. The national **monthly inflation index is reported at 0.79%**, continuing its cautiously positive trend since June 2010.



PROVINCIAL INFLATION

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

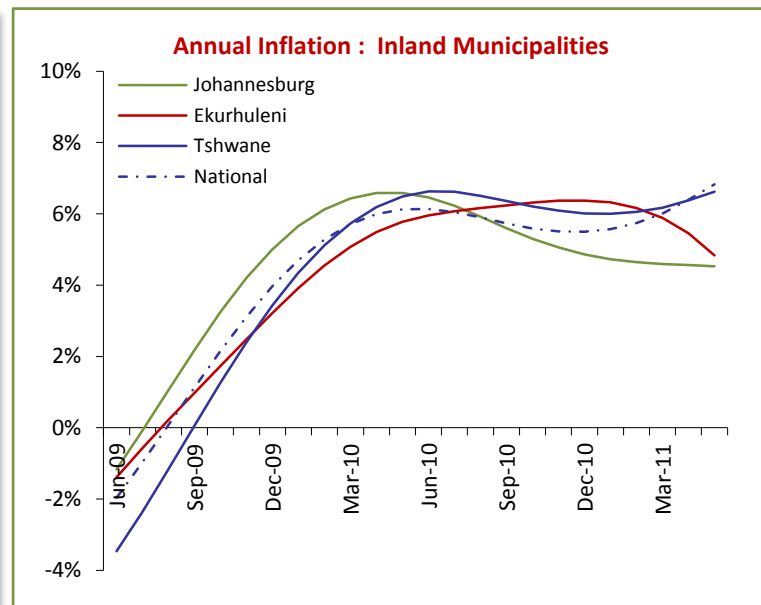
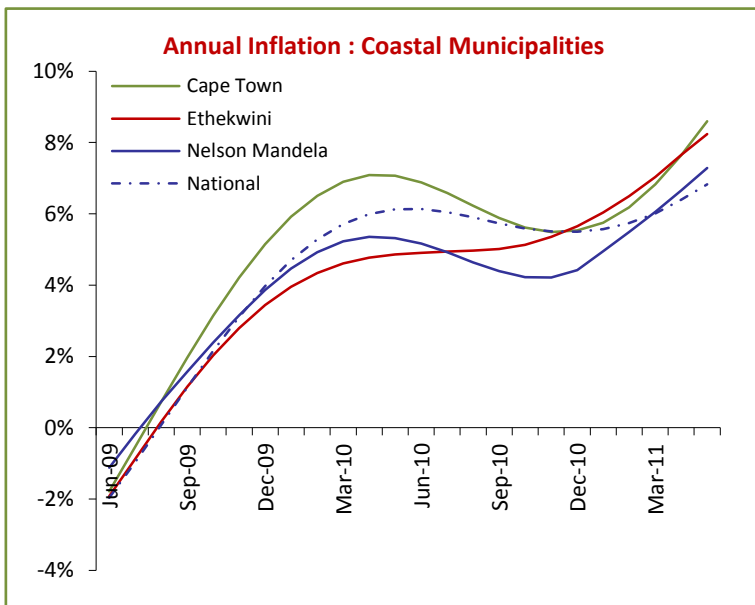
Eastern Cape boasts the most aggressive annual inflation of the major provinces at a current rate of 13.77%. **Western Cape** values are down a further 0.45% to a current rate of 3.70%. **Gauteng** and **Kwazulu Natal** both marginally down on last month's figures, currently 5.09% and 5.31% respectively.



MUNICIPAL INFLATION

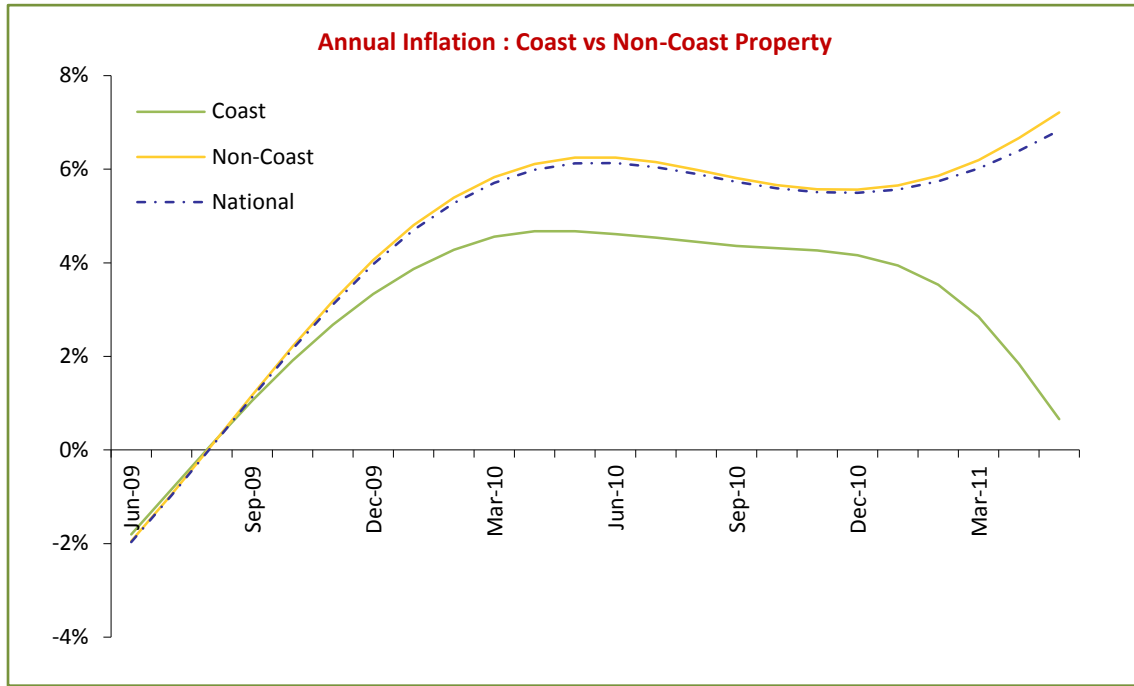
The **Lightstone Municipal Index** offers a view of the annual inflation at a municipal level, with coastal and inland based municipalities reviewed independently.

Coastal Municipalities: **Nelson Mandela Bay**, **Cape Town** and **Ethekwini** all showing positive trends, with current rates above national average at 7.28%, 8.60% and 8.24% respectively. **Inland Municipalities:** Properties located in municipalities of **Johannesburg** and **Ekurhuleni** continue to appreciate at rates below the national average, with current rates at 4.53% and 4.84 % respectively. **Tshwane** is the only inland municipality finding positive traction with a reported inflation rate of 6.62%.

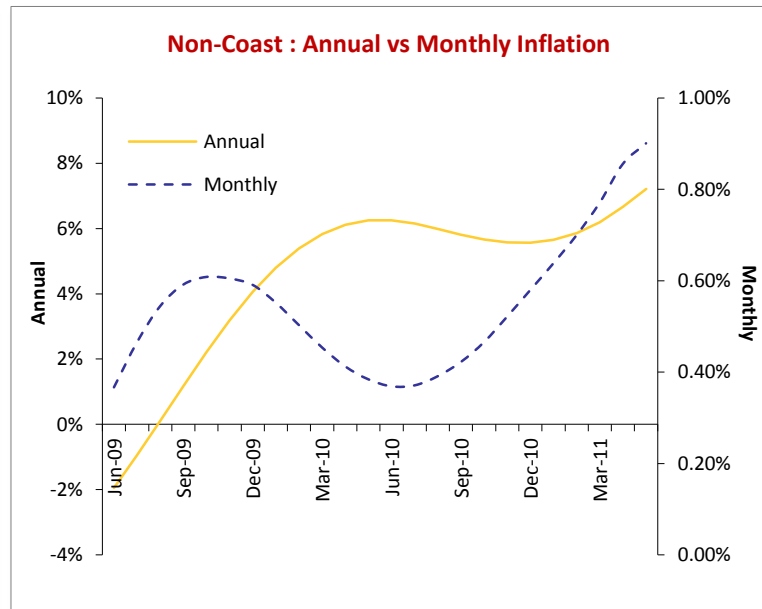
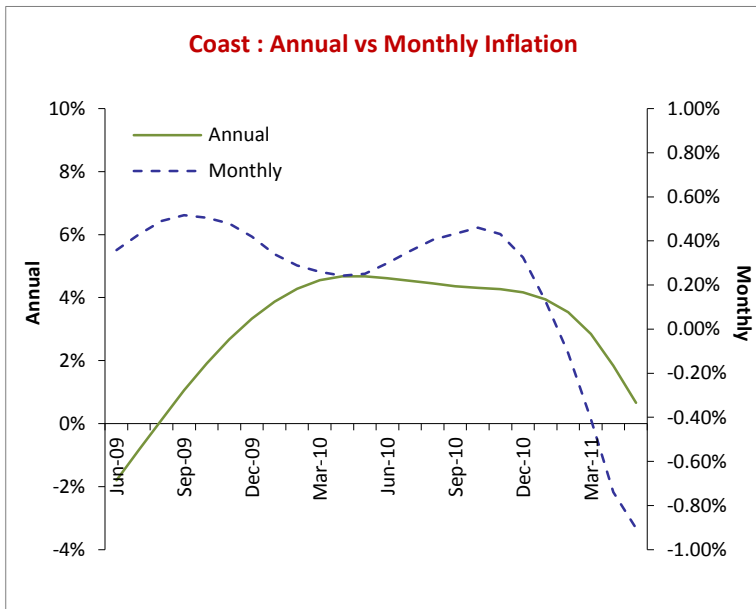


PROPERTY INFLATION : COAST VS NON-COAST

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 0.66%, continuing a steady decline over recent months. **Non-coastal property** continues to indicate a positive trend, currently reported at 7.21%, up for the 5th consecutive period.

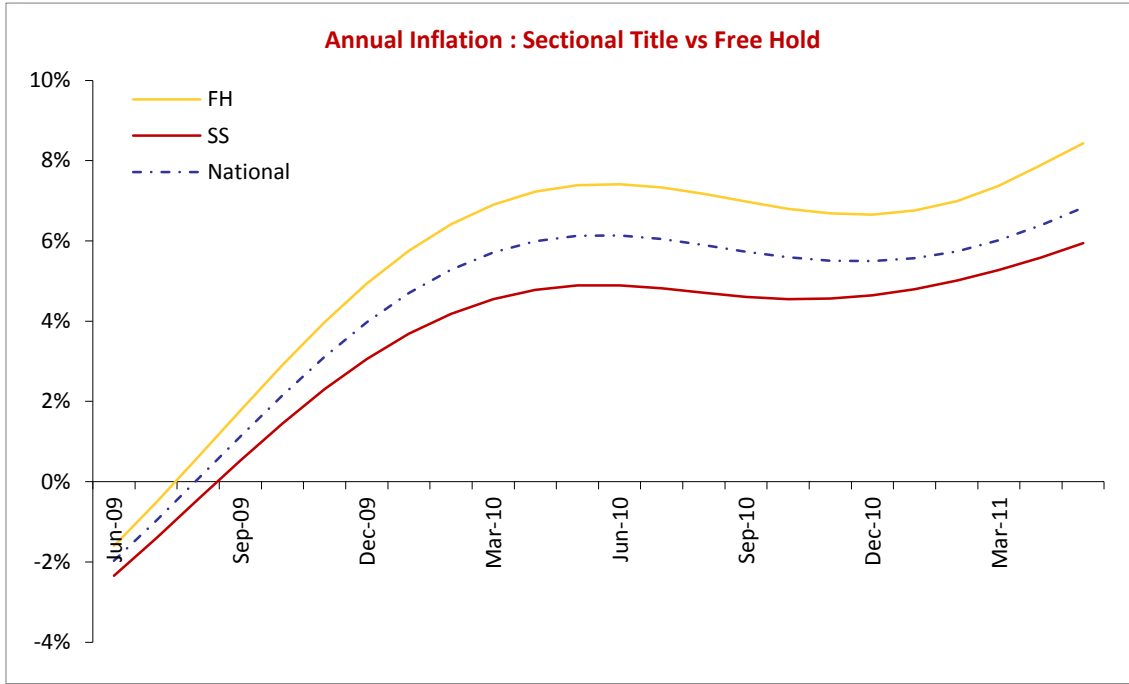


The graphs below indicate the annual and monthly inflation for each property type, being **coastal** and **non-coastal**, separately.

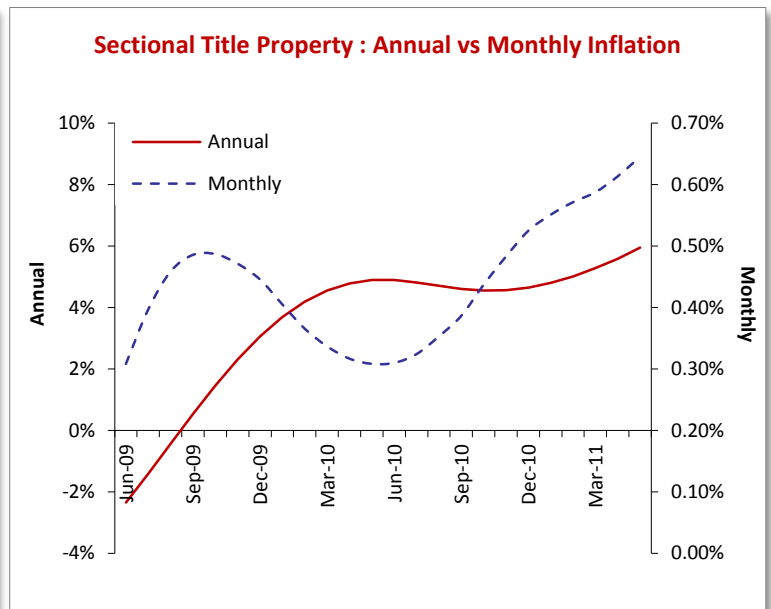
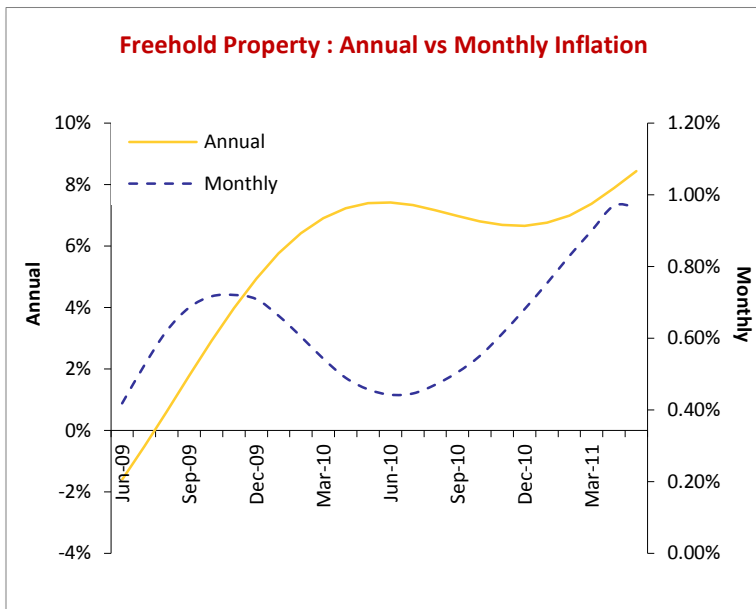


PROPERTY INFLATION : FREE HOLD VS SECTIONAL

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 8.43%, continuing its steepening growth curve since late 2010, with **sectional title** property offering annual inflation of 5.94%.

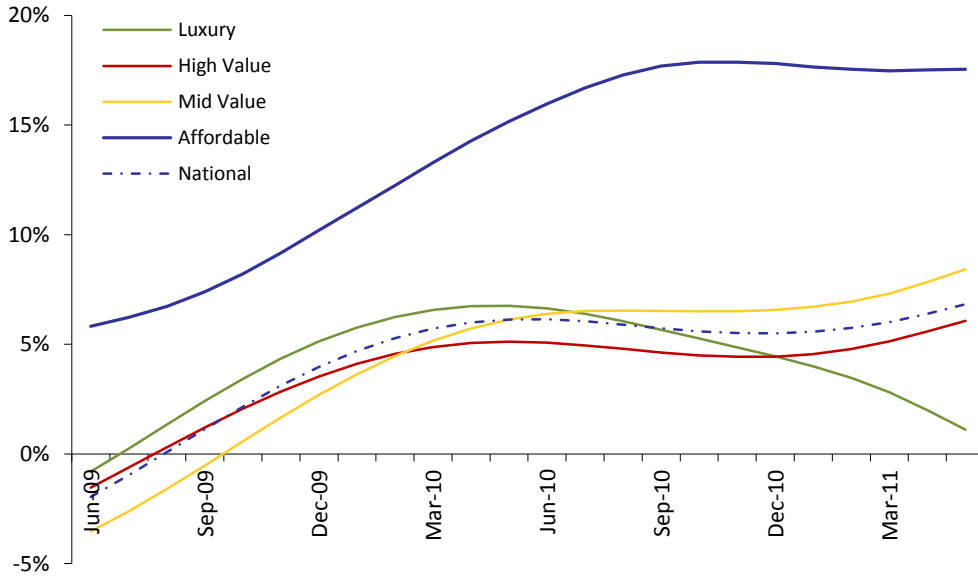


The graphs below indicate the annual and monthly inflation for each property type, being **free hold** and **sectional title**, separately.



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

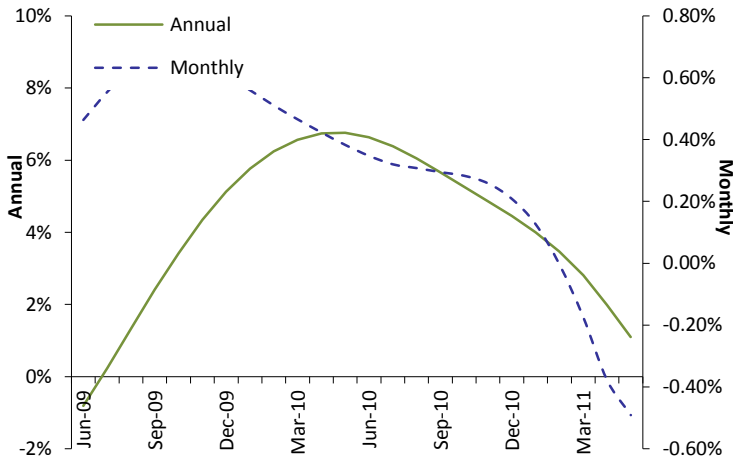
Mid Value: R250k to R700k

Affordable: <R250k

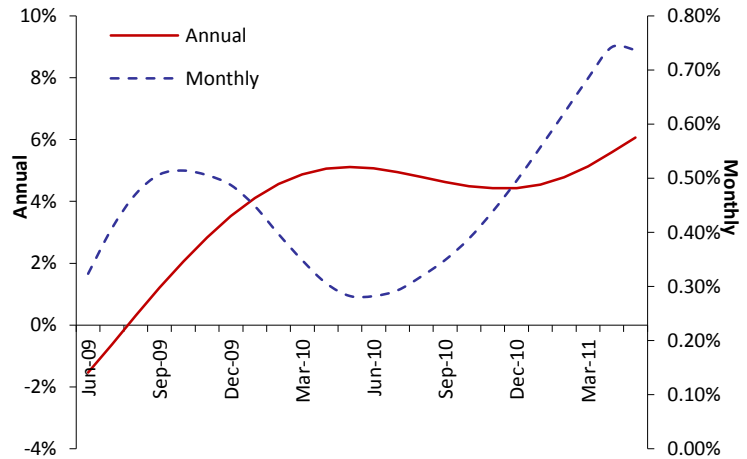
The Annual Inflation graph (left) shows **Affordable** property with the highest rate of annual inflation, with **Luxury** properties continuing a downward trend for the last year. **High Value** and **Mid Value** properties continue modest positive growth paths.

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

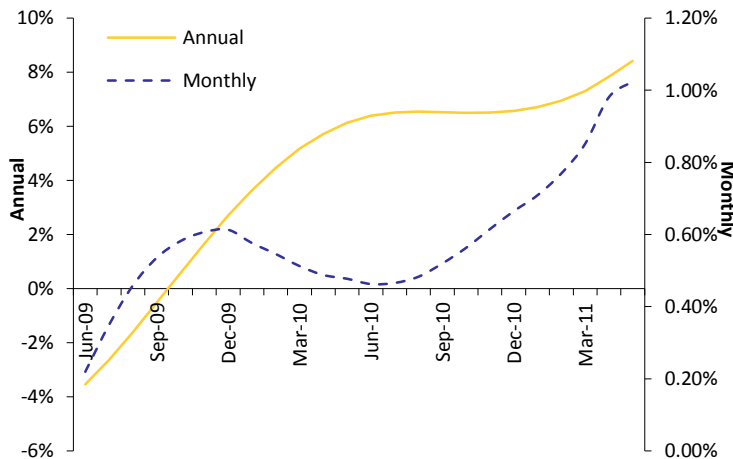
Annual vs Monthly Inflation : Luxury Property



Annual vs Monthly Inflation : High Value Property



Annual vs Monthly Inflation : Mid Value Property



Annual vs Monthly Inflation : Affordable Property

