Lightstone

We simplify the complex

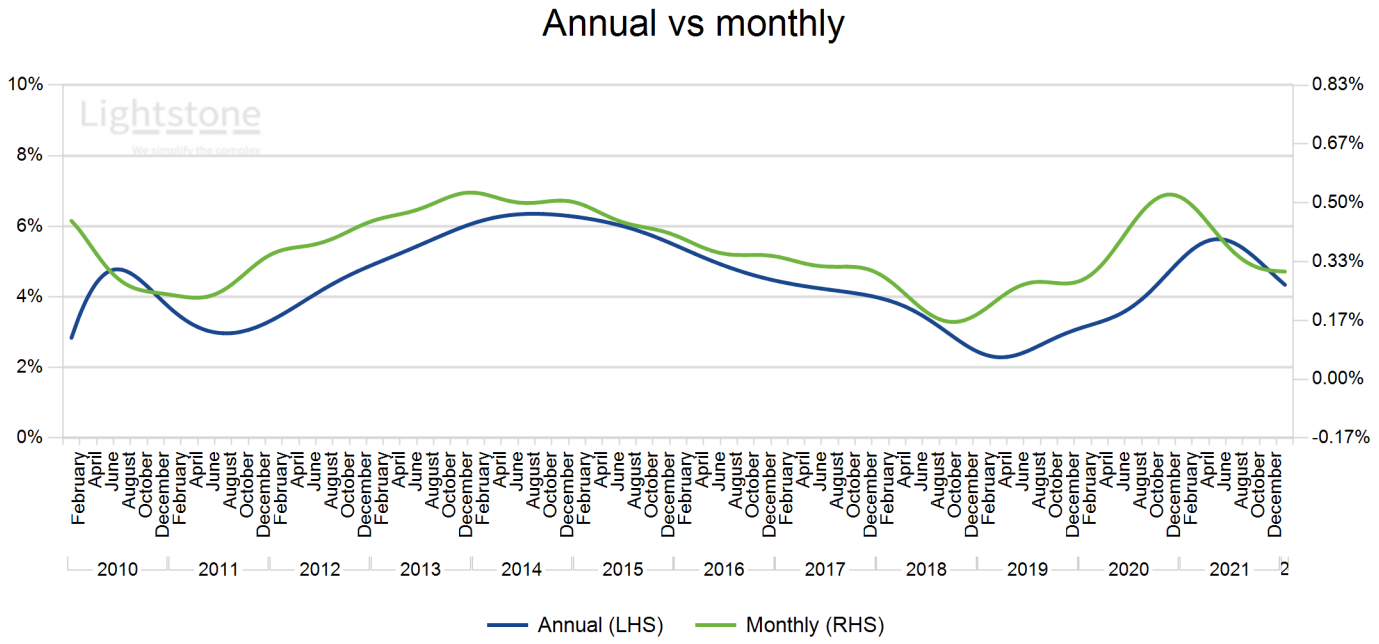
# Residential Property Index

## Inside the data

House price inflation as at end February 2022

# National property inflation

Current annual property inflation rate is 4.34% and monthly is 0.31%.




# Market review

National year-on-year house price inflation is at 4.34%, having decreased consistently since early 2021.

Annual property inflation remained steady in Gauteng and the Western Cape, increased in Limpopo, North West and the Northern Cape, and decreased in the Eastern Cape, Free State, KwaZulu-Natal and Mpumalanga.

Annual property inflation in the Low Value segment remains higher than that in other segments. The annual property inflation rate for this segment is currently at 8%, almost double that of the Mid Value segment (4.7%).

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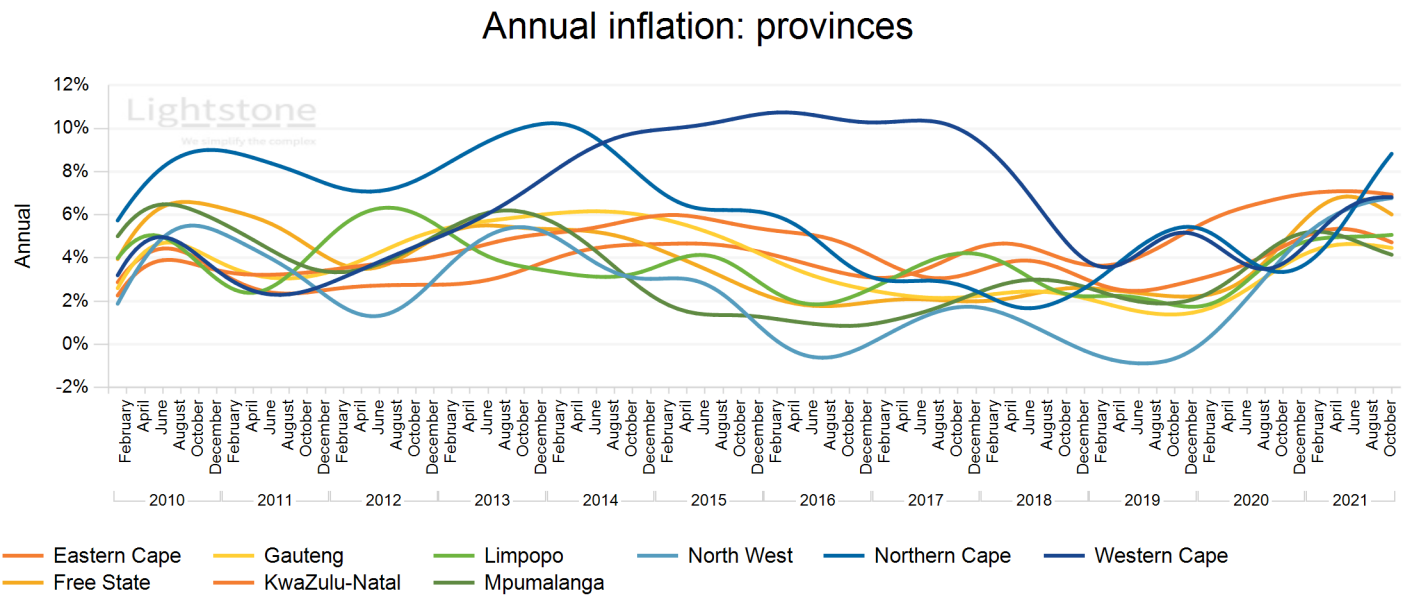
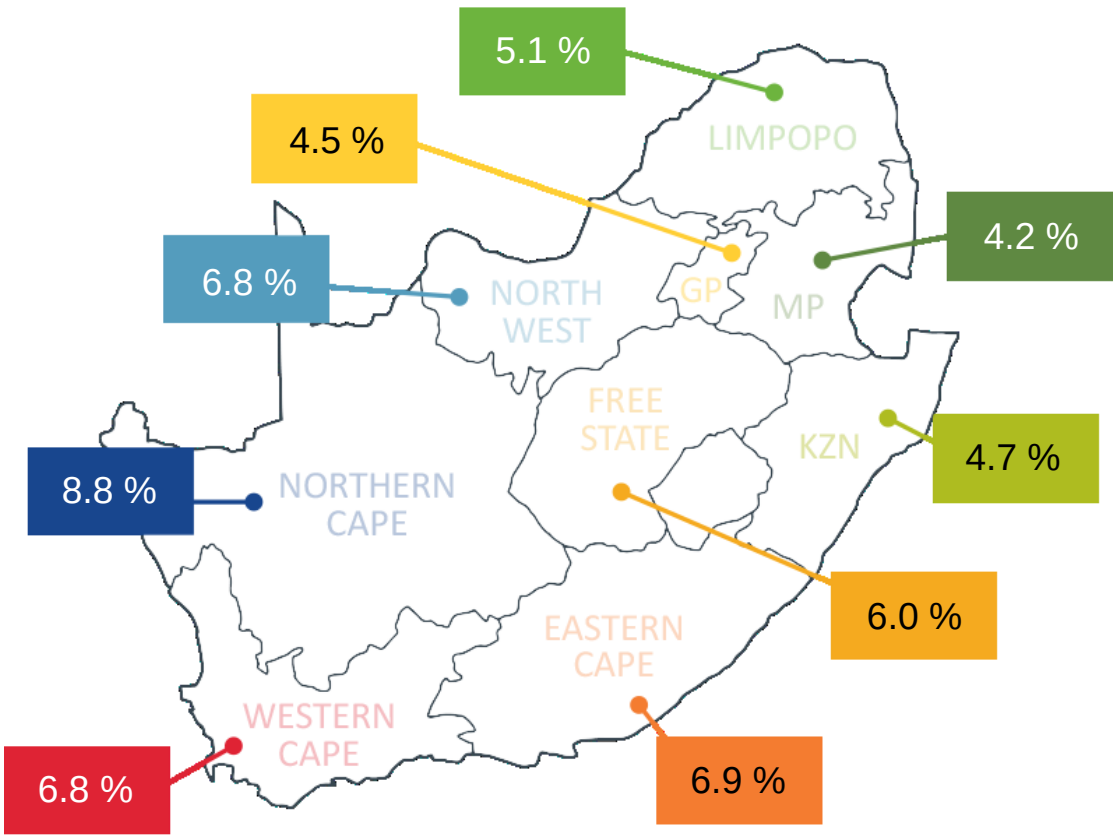
# Provincial property inflation

The Lightstone Provincial Index tracks annual house price inflation of all provinces in South Africa.




# Latest / current provincial property inflation status

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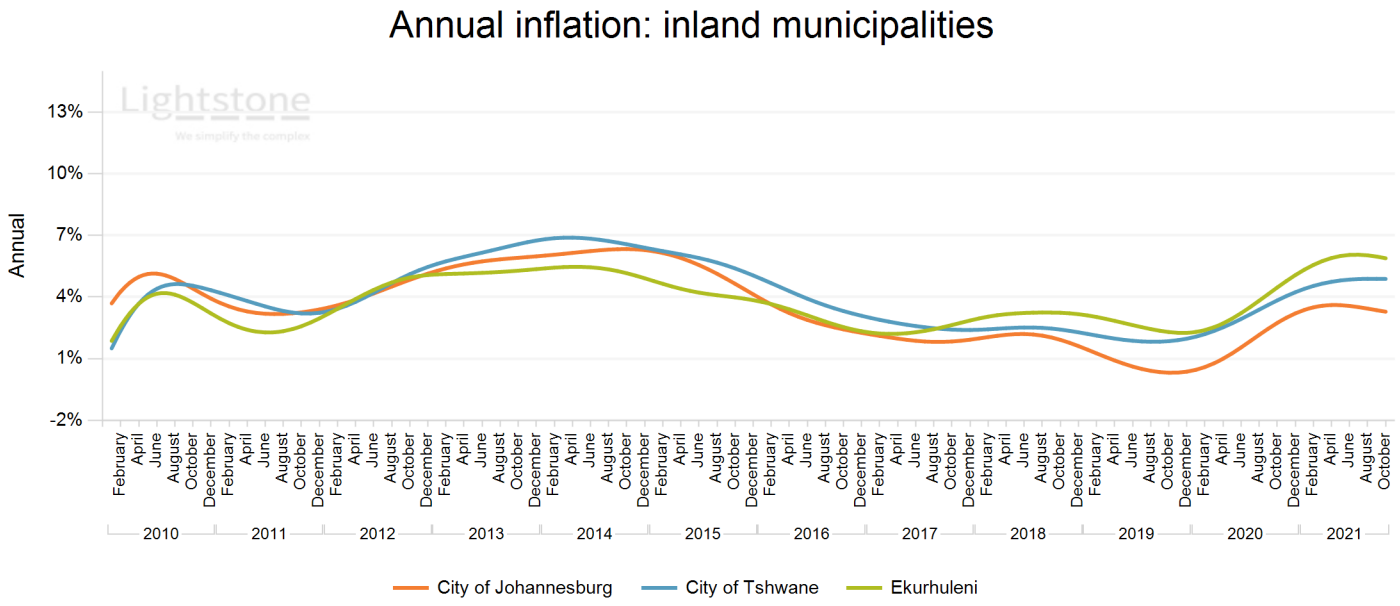
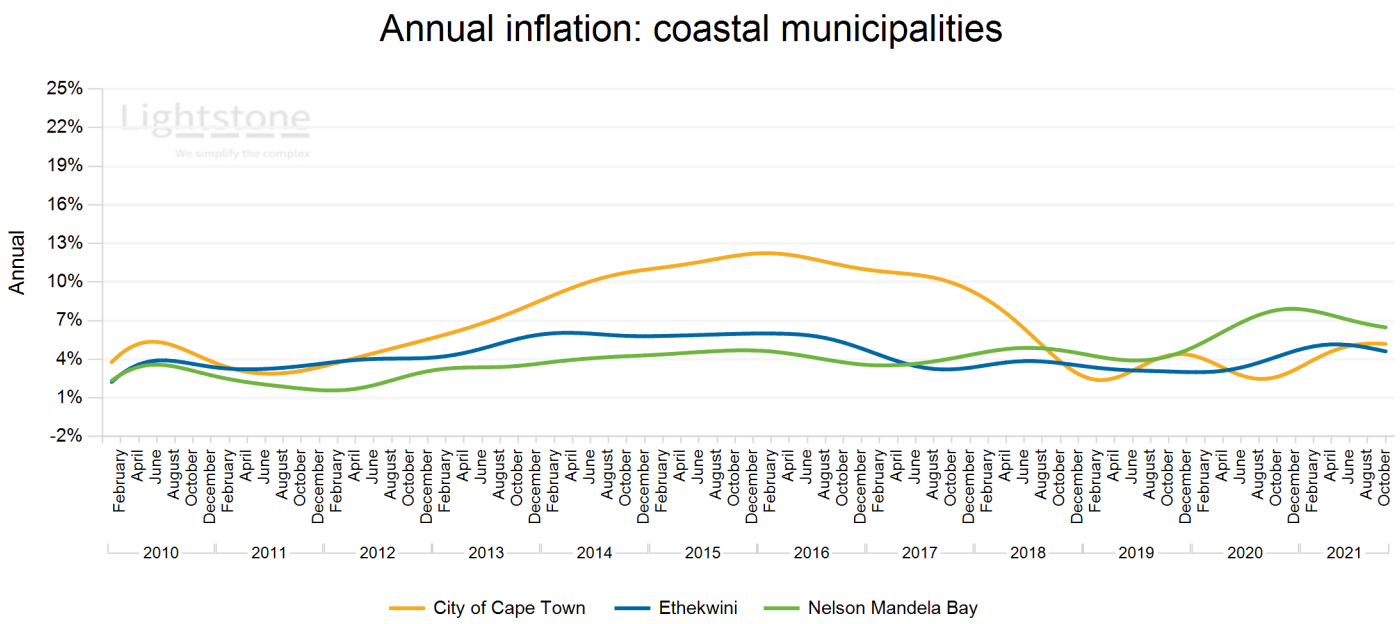
# Municipal property inflation

The Lightstone Municipal Index tracks annual property inflation at a municipal level, with coastal and inland based municipalities reviewed independently.

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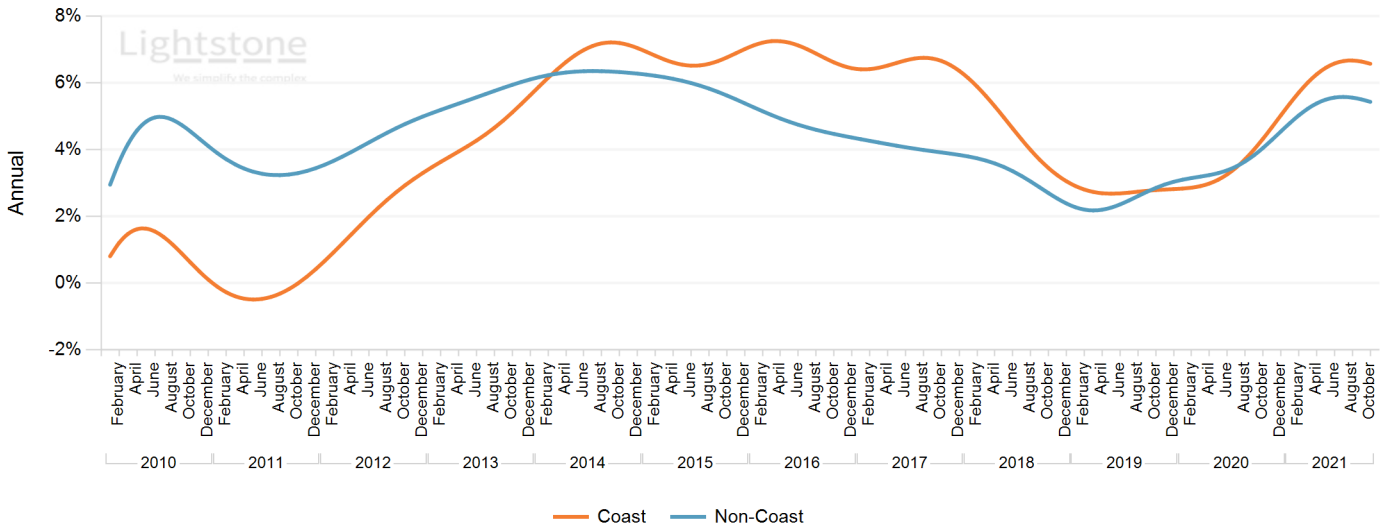
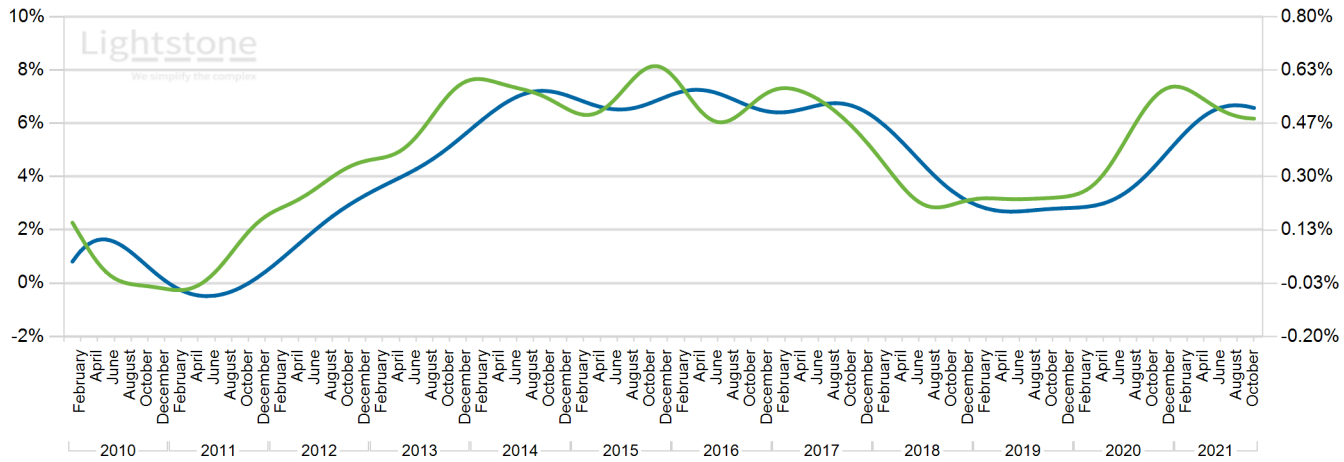
# Property inflation: coast vs non-coast

The Lightstone Coast vs Non-Coast Index compares property located within enumerator areas  500m of the coastline to those located further inland.

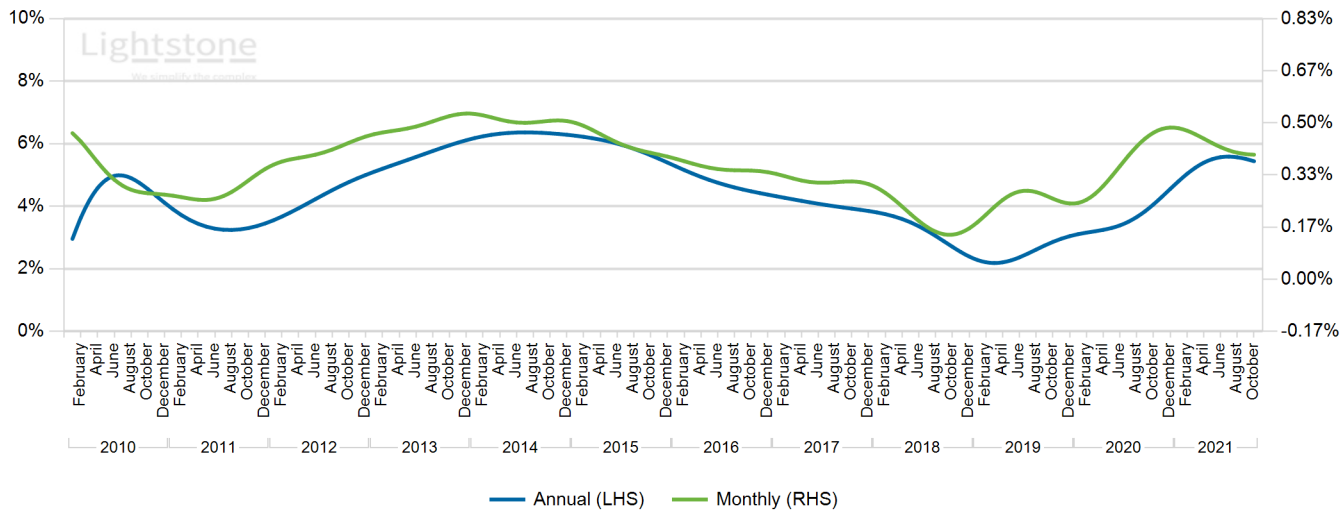
## Annual inflation: coast vs non-coast




## Coast: annual vs monthly inflation




## Non-coast: annual vs monthly inflation

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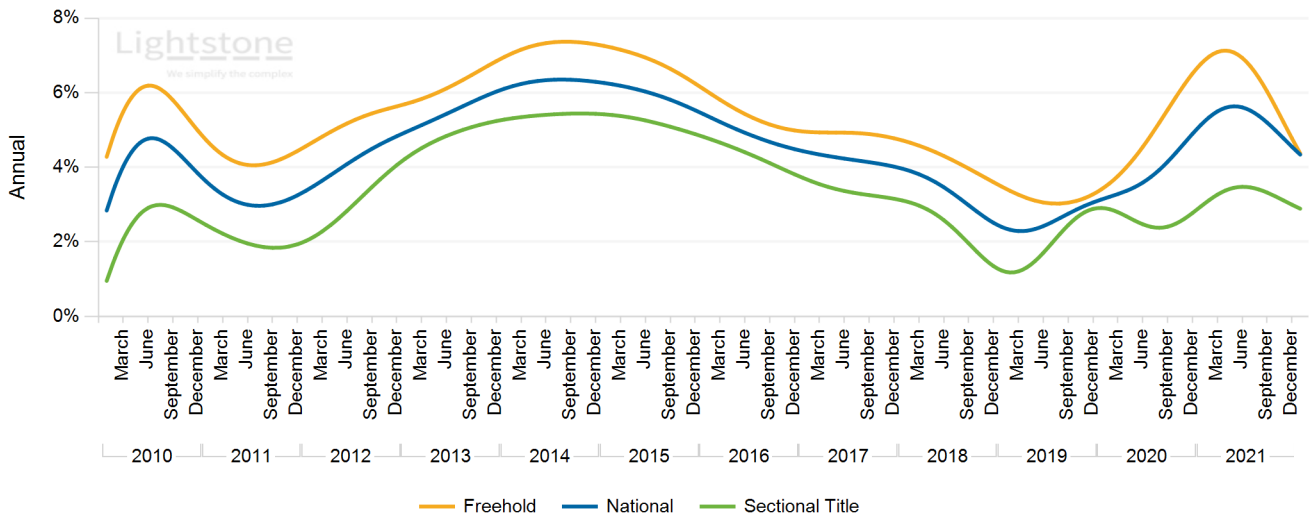
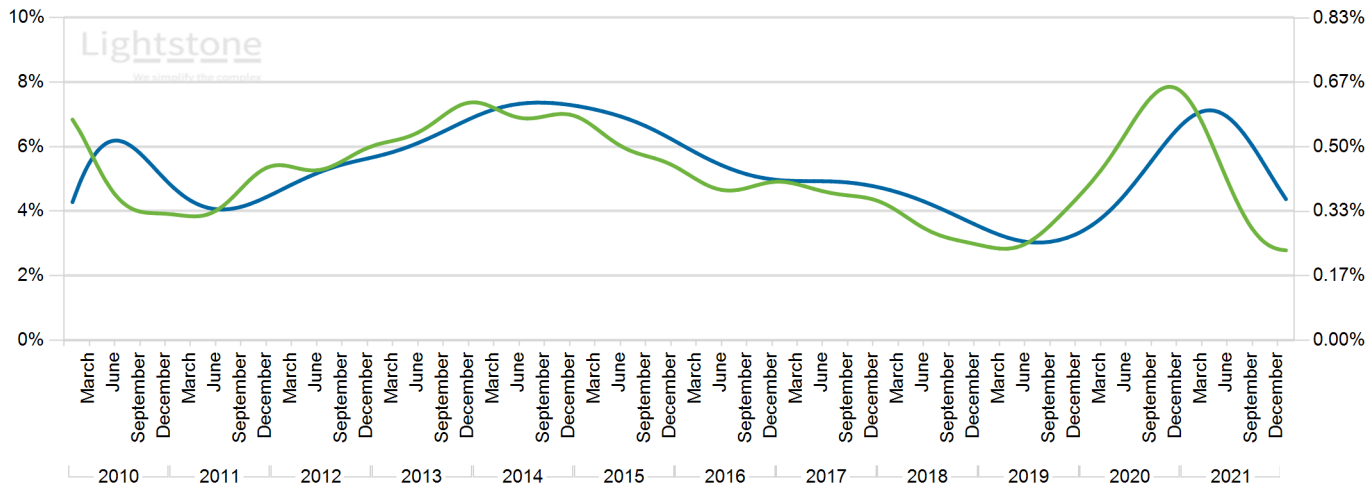
# Property inflation: Freehold vs Sectional Title

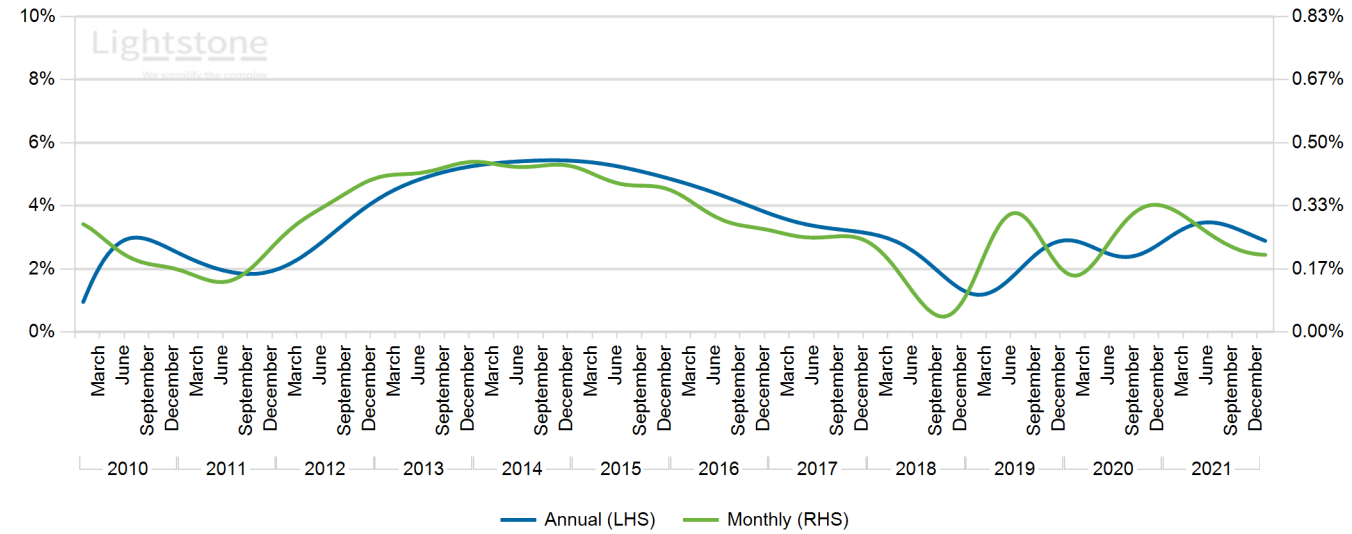
## Annual inflation: Freehold vs Sectional Title properties




## Freehold property: annual vs monthly inflation




## Sectional Title: annual vs monthly inflation

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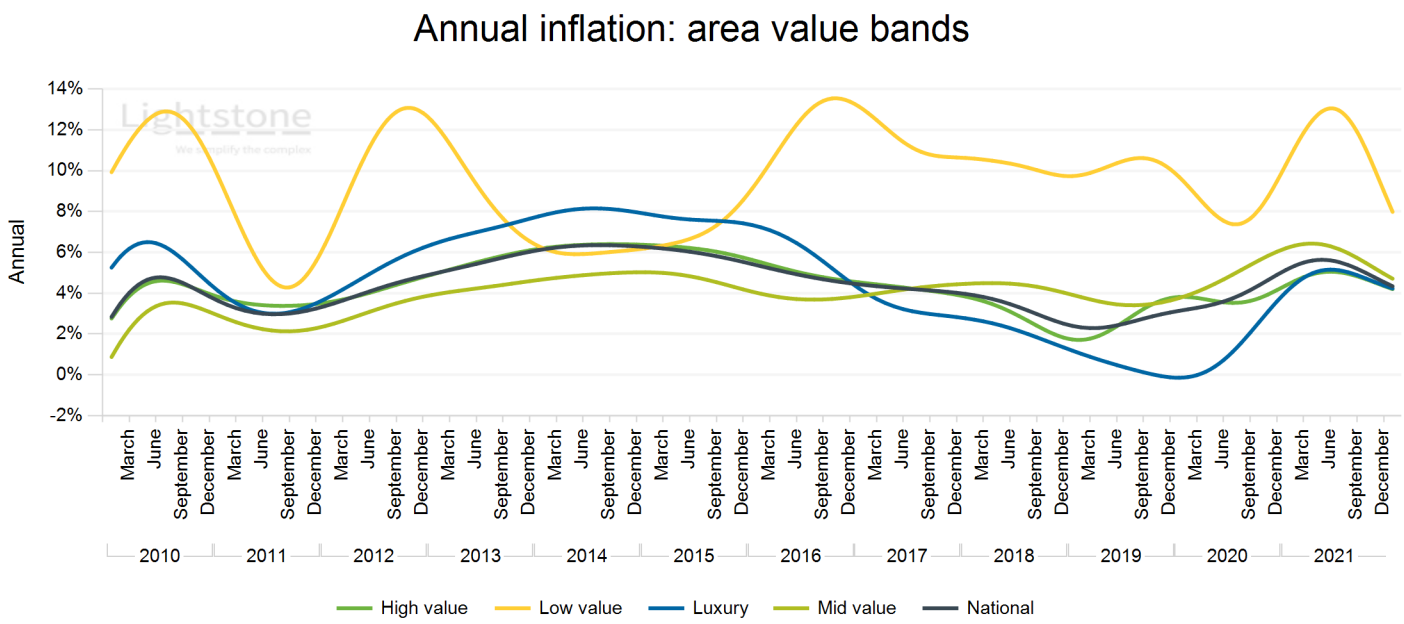
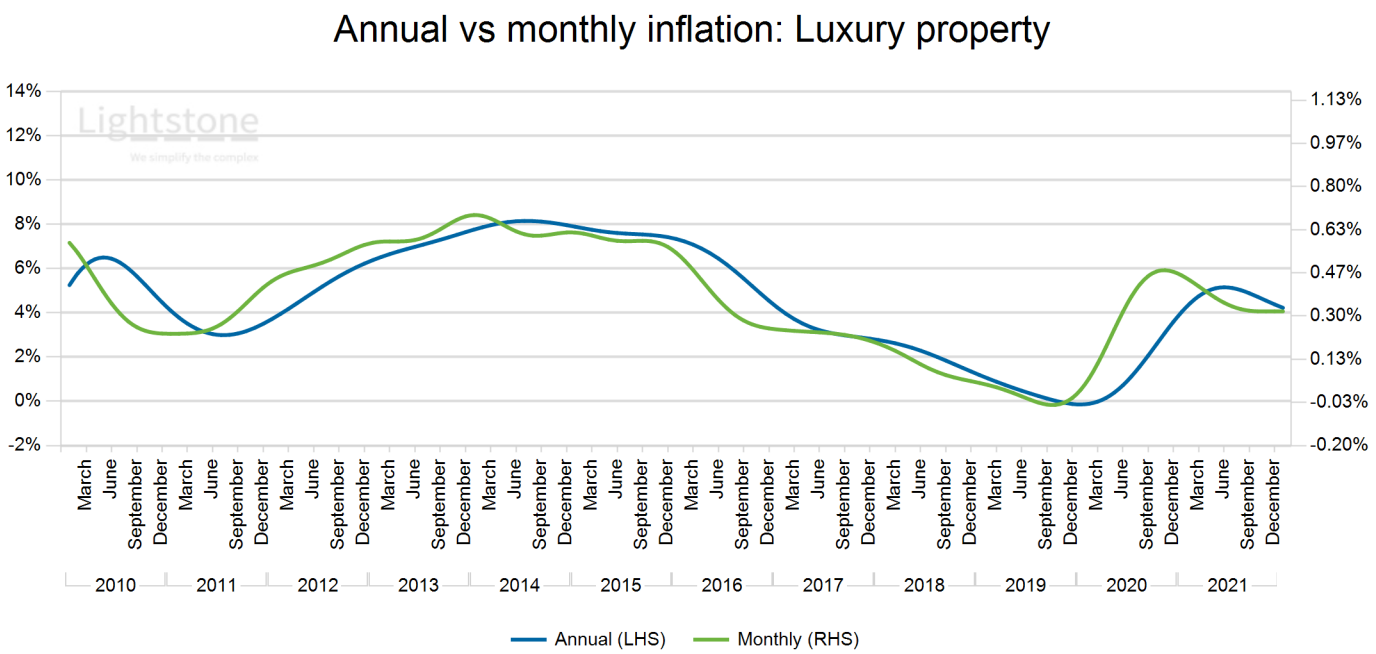
# Property inflation: value bands

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
Low Value: <R250k

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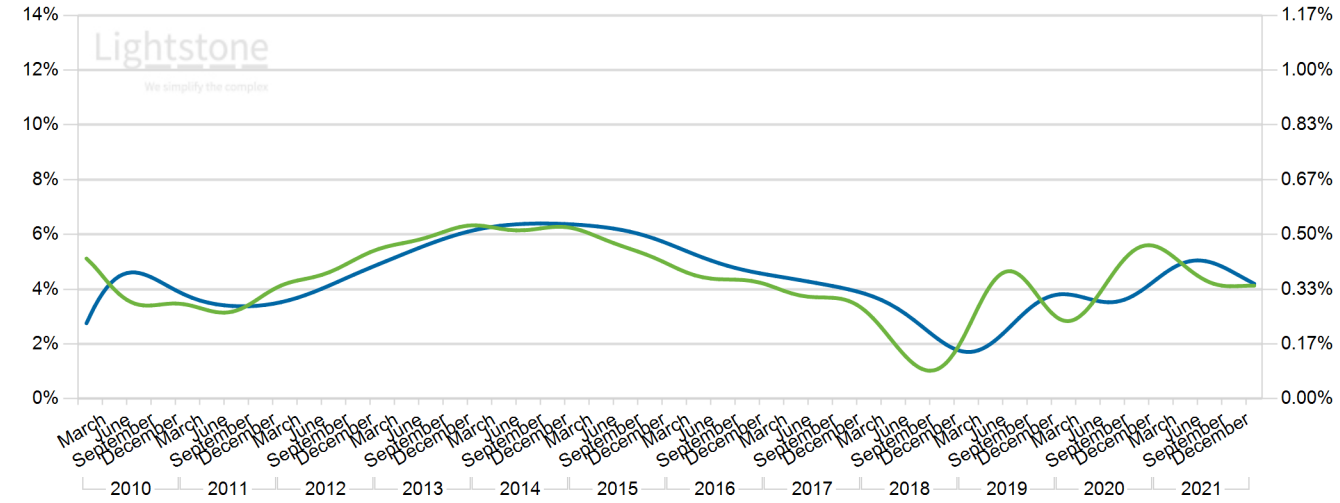
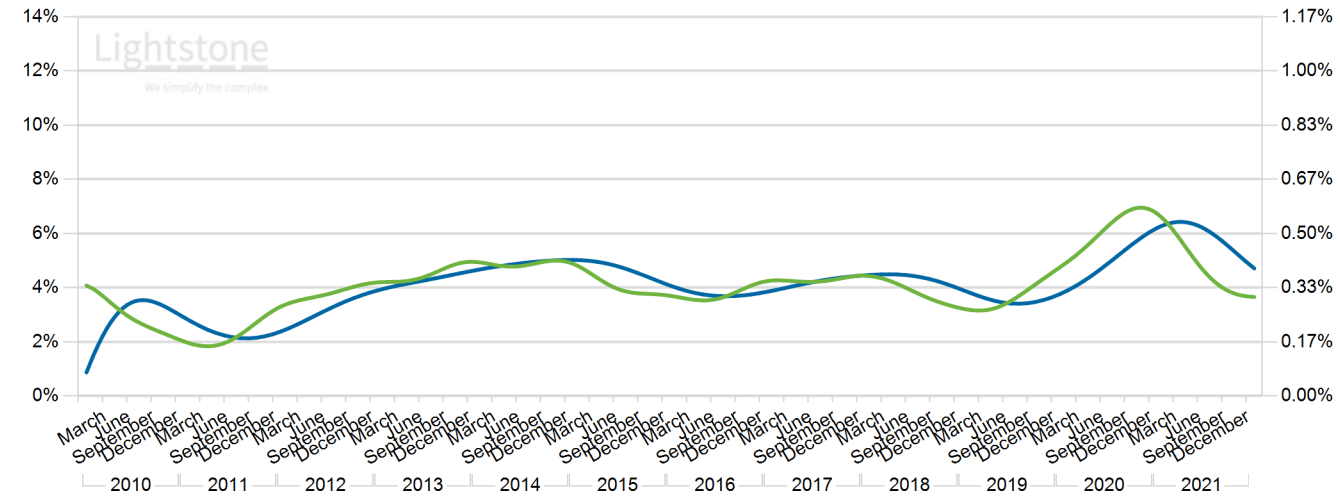
# Property inflation: value bands (continued)

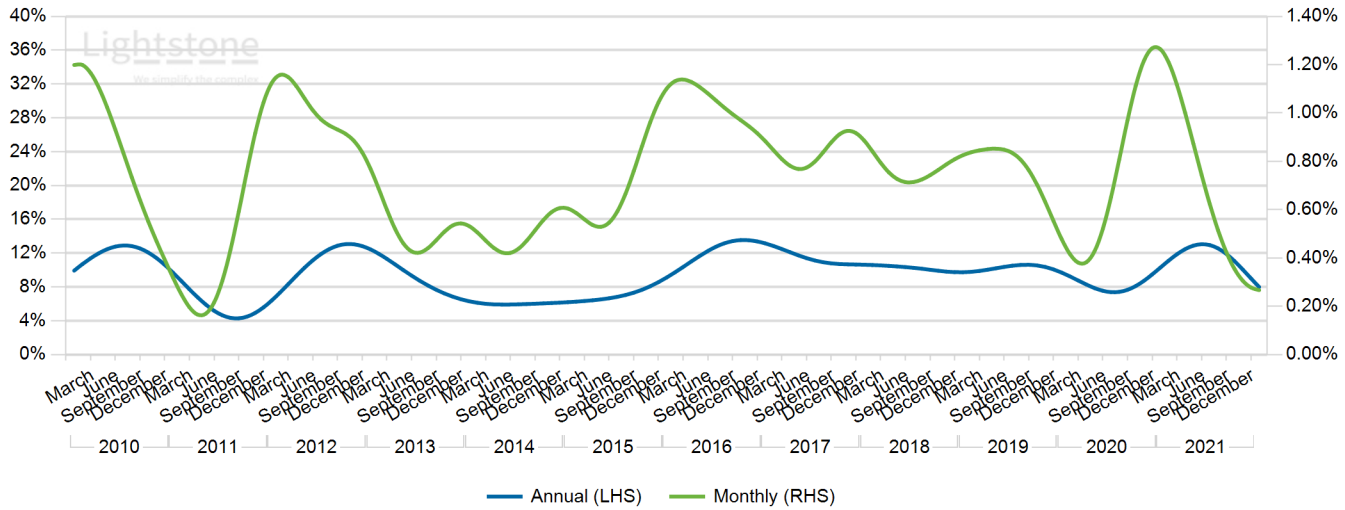
## Annual vs monthly inflation: High Value property




## Annual vs monthly inflation: Mid Value property




## Annual vs monthly inflation: Low Value property

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# Property inflation table

The annual property inflation table (below) provides a long term view of annual rates of inflation for various geographical areas and property types. Please note that historic inflation rates can change as transactions occur that imply price inflation for those periods.

| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | | | | | | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | *Q1* | *Q2* | *Q3* | *Oct* | *Nov* | *Dec* | *Jan* |
| | National | 4.5 % | 4.0 % | 2.5 % | 3.1 % | 4.9 % | 5.5 % | 5.6 % | 5.2 % | 5.0 % | 4.8 % | 4.6 % | 4.3 % |
| Province | Eastern Cape | 3.1 % | 4.5 % | 3.7 % | 5.4 % | 7.0 % | 7.1 % | 7.1 % | 7.0 % | 6.9 % | | | |
| | Free State | 1.9 % | 2.0 % | 2.6 % | 2.2 % | 5.6 % | 6.6 % | 6.8 % | 6.3 % | 6.0 % | | | |
| | Gauteng | 2.5 % | 2.2 % | 2.1 % | 1.5 % | 4.1 % | 4.5 % | 4.7 % | 4.5 % | 4.5 % | | | |
| | KwaZulu-Natal | 4.2 % | 3.4 % | 3.0 % | 3.0 % | 4.9 % | 5.3 % | 5.3 % | 4.9 % | 4.7 % | | | |
| | Limpopo | 2.5 % | 4.2 % | 2.2 % | 1.7 % | 4.7 % | 4.9 % | 5.0 % | 5.0 % | 5.1 % | | | |
| | Mpumalanga | 0.9 % | 2.4 % | 2.7 % | 2.1 % | 5.1 % | 5.2 % | 4.8 % | 4.3 % | 4.2 % | | | |
| | North West | 0.0 % | 1.7 % | -0.3 % | -0.2 % | 4.9 % | 5.8 % | 6.4 % | 6.7 % | 6.8 % | | | |
| | Northern Cape | 3.2 % | 2.5 % | 2.6 % | 5.4 % | 3.6 % | 4.7 % | 6.4 % | 8.3 % | 8.8 % | | | |
| | Western Cape | 10.3 % | 9.5 % | 3.9 % | 5.1 % | 4.4 % | 5.6 % | 6.5 % | 6.8 % | 6.8 % | | | |
| Municipality | City of Cape Town | 11.0 % | 9.4 % | 2.9 % | 4.4 % | 3.2 % | 4.3 % | 5.0 % | 5.2 % | 5.2 % | | | |
| | City of Johannesburg | 2.3 % | 1.9 % | 1.6 % | 0.4 % | 3.2 % | 3.6 % | 3.6 % | 3.4 % | 3.3 % | | | |
| | City of Tshwane | 3.1 % | 2.4 % | 2.3 % | 2.0 % | 4.2 % | 4.7 % | 4.8 % | 4.9 % | 4.9 % | | | |
| | Ekurhuleni | 2.3 % | 2.9 % | 3.2 % | 2.3 % | 5.1 % | 5.8 % | 6.0 % | 6.0 % | 5.9 % | | | |
| | Ethekwini | 4.8 % | 3.3 % | 3.5 % | 3.0 % | 4.7 % | 5.1 % | 5.1 % | 4.8 % | 4.6 % | | | |
| | Nelson Mandela Bay | 3.6 % | 4.3 % | 4.5 % | 4.7 % | 7.9 % | 7.6 % | 7.1 % | 6.6 % | 6.5 % | | | |
| Coastal | Coast | 6.4 % | 6.4 % | 3.1 % | 2.8 % | 5.0 % | 6.0 % | 6.6 % | 6.6 % | 6.6 % | | | |
| | Non-Coast | 4.4 % | 3.8 % | 2.4 % | 3.0 % | 4.6 % | 5.2 % | 5.6 % | 5.5 % | 5.4 % | | | |
| ST / FH | Freehold | 5.0 % | 4.8 % | 3.6 % | 3.3 % | 6.5 % | 7.1 % | 6.9 % | 6.0 % | 5.6 % | 5.2 % | 4.8 % | 4.4 % |
| | Sectional Title | 3.8 % | 3.2 % | 1.3 % | 2.9 % | 2.8 % | 3.3 % | 3.5 % | 3.3 % | 3.2 % | 3.1 % | 3.0 % | 2.9 % |
| Area value bands | High value | 4.6 % | 3.9 % | 1.8 % | 3.8 % | 4.1 % | 4.8 % | 5.1 % | 4.8 % | 4.7 % | 4.5 % | 4.4 % | 4.2 % |
| | Low value | 13.4 % | 10.6 % | 9.7 % | 10.1 % | 9.5 % | 11.9 % | 13.1 % | 11.9 % | 11.1 % | 10.1 % | 9.0 % | 8.0 % |
| | Luxury | 4.5 % | 2.8 % | 1.3 % | -0.1 % | 3.6 % | 4.8 % | 5.2 % | 4.9 % | 4.7 % | 4.6 % | 4.4 % | 4.2 % |
| | Mid value | 3.8 % | 4.4 % | 4.0 % | 3.6 % | 6.0 % | 6.4 % | 6.3 % | 5.7 % | 5.5 % | 5.2 % | 5.0 % | 4.7 % |

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# Shining a light on our approach...

**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 (ie 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 at info@lightstone.co.za or give us a call on 0860 106 389.

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