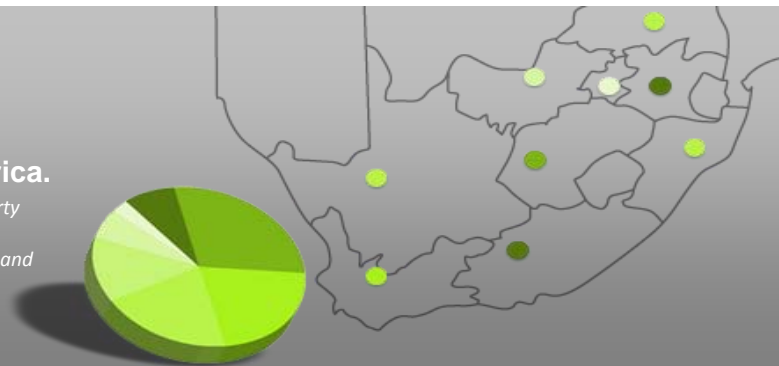


# Newsletter No. 1 June 2011

## Understanding the dynamics that shape the affordable land and housing market in South Africa.

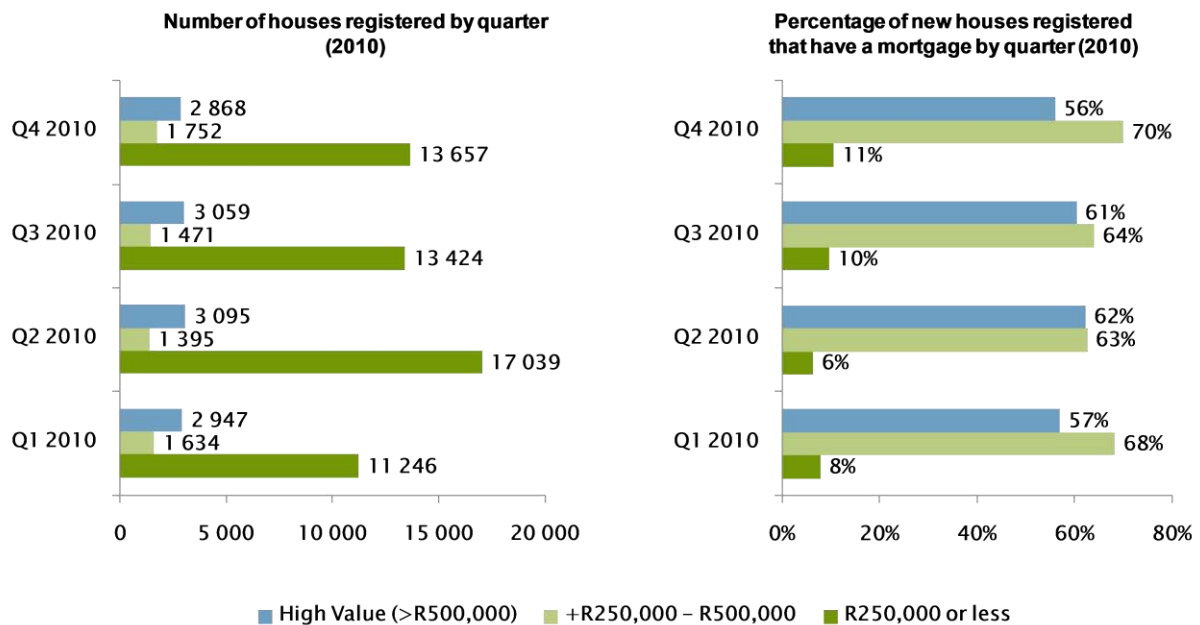
This newsletter provides quarterly data on the performance of the affordable property market. The newsletter is based on information contained in the Affordable Land + Housing Data Centre which draws deeds data from the South African deeds registry and survey data from StatsSA and other sources. (Check out the suburbs highlighted in this newsletter on [www.alhdc.org.za](http://www.alhdc.org.za))



The South African deeds registry includes a total of 6 million, privately held residential properties. Of these, about 3.5 million properties (58%) fall within affordable areas – areas where the average property value is less than R500,000. In terms of affordability, this market services 88% of SA households. The affordable housing market includes government subsidised and private sector housing stock. Just over a quarter of affordable market properties are in Gauteng. The Free State has the highest ratio of affordable market housing, with 83% of properties in that province located in affordable areas. Properties in the affordable market transact much less frequently than the high value markets (R500,000+). People in the affordable market stay in their houses for longer. This may be a function of the insufficient supply of affordable new housing and is one reason that the size of this market is not noticed. Even so, given the delivery of subsidised housing in South Africa, the size of the affordable market is growing relative to the higher value markets every month. It is definitely a market worth watching and understanding.

### New House Registrations

In the last quarter of 2010\* the number of new houses registered in the Affordable market far exceeded the number registered in the High Value market. The majority of new registrations within the Affordable market are properties valued at less than R250K. Many of these are likely to be subsidy housing. The percentage of properties that received a mortgage bond in this segment of the Affordable market (R0 – R250K) is extremely low, but increased over the year. The segment of the Affordable market with properties valued between R250K and R500K received mortgage bonds at a level slightly higher than the High Value market.



### Suburbs with the highest number of new registrations in the Affordable Market (Q4 2010)

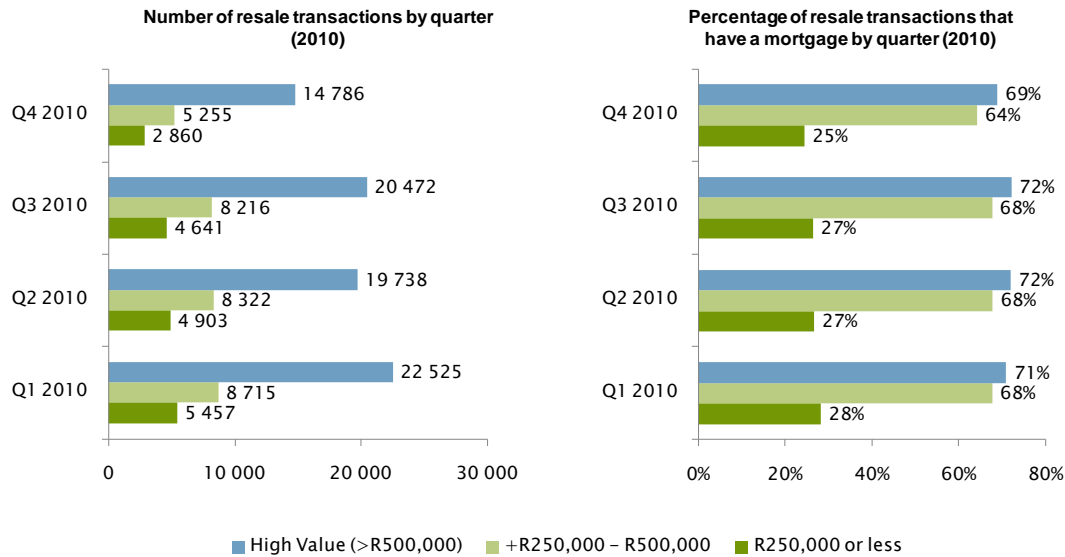
New registrations suggest new construction, as these properties are visible on the deeds registry for the first time. The suburbs with the highest number of new registrations in the R500,000 or less price range are listed below for the last quarter of 2010. Median prices are impacted upon by low prices registered for subsidy transactions.

#### Top three suburbs with the highest number of new registrations priced at or below R500,000

	Suburb	New registrations	Median price
Oct 2010	MAHUBE VALLEY EXT 14	89	R240 000
	SOSHANGUVE EAST	18	R96 900
	OLIEVENHOUBSBOS	16	R133 047
Nov 2010	ST HELENA BAY	106	R563 100
	MAHUBE VALLEY EXT 14	49	R240 000
	DIE BULT	26	R425 000
Dec 2010	VANDERBIJL PARK CW 3	71	R232 000
	PHILIPPI	50	R339 900
	KRUGERSRUS EXT 1	38	R308 500

## Resales registered

The number of resales in the Affordable market is significantly lower than the High Value market. The number of resales appears to have decreased somewhat in the last quarter of 2010 across the market, although this may reflect technical rather than real factors given delays in registration at the deeds office. Resales are more significant at the higher end of the Affordable market i.e. R250K – R500K. The percentage of resales that have a mortgage registered on the property is significantly greater at the higher end of the Affordable market (R250K – R500K). This proportion appears to be relatively stable over time.



## Suburbs with the highest number of resales in the Affordable Market by quarter (2010)

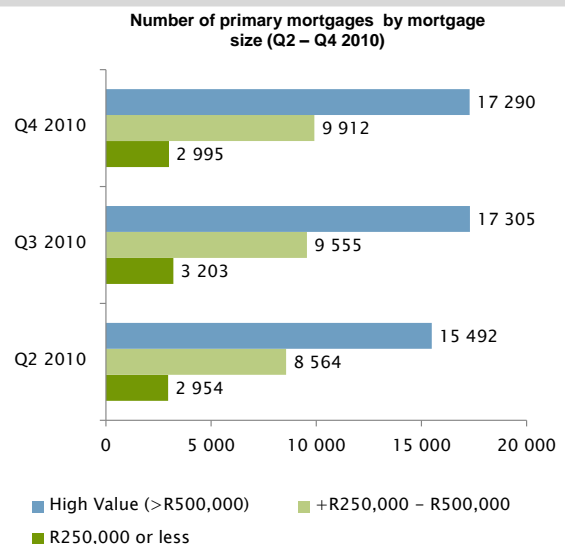
Resales are dependent on a growing supply side, as sellers need to find affordable housing to buy. The suburbs with the highest number of new registrations in the R500,000 or less price range are listed below for the last quarter of 2010.

### Top three suburbs with the highest number of resale transactions priced at or below R500,000

	Suburb	Resale registrations	Median price
Oct 2010	PROTEA GLEN	31	R535 202
	PRETORIA CENTRAL	27	R530 694
	SUNNYSIDE	21	R590 778
Nov 2010	PROTEA GLEN	26	R356 154
	SUNNYSIDE	12	R359 417
	SYDENHAM	11	R416 273
Dec 2010	SUNNYSIDE	16	R542 254
	PROTEA GLEN	9	R360 000
	NORTHDAL	8	R381 125

## Mortgages

The number of mortgages being granted in the Affordable market is lower than for the High Value market and increased over the period under review. There are more mortgages being granted at the higher end of the Affordable market i.e. R250K – R500K. The suburb in the Affordable market where the most mortgages were granted during the period was Cosmo City. For more information on the mortgage market in this sector, see the new Housing Finance Temperature Gauge, available from [www.finmark.org.za](http://www.finmark.org.za)



Explore these suburbs further on [www.alhdc.org.za](http://www.alhdc.org.za). The al+hdc is a joint initiative by: