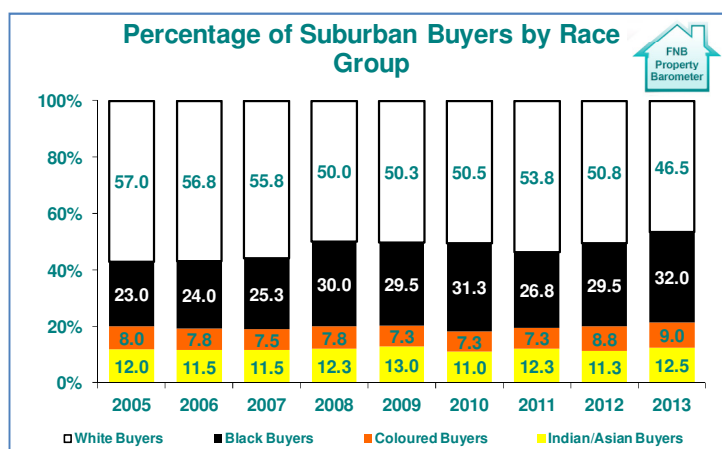


PROPERTY BAROMETER – HOME BUYING BY RACE GROUP

The FNB Estate Agent Surveys in the 1st half of 2013 point to further progress in the racial transformation of South Africa's urban suburban housing markets.

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The FNB Estate Agent Survey for the 1st 2 quarters of 2013 points to further progress in the racial transformation of South Africa's "Suburban" housing markets. This should not come as surprise, given what StatsSA and other data has long been showing in terms of the steady racial transformation of the country's labour market, and with it the narrowing of the income gap between race groups.



In the survey, dominated by agents in the highly-traded metro suburbs formerly classified as white areas, we ask agents to give an estimate of the percentage of buyers that fall into each of South Africa's 4 main official race classifications.

The average for the 1st 2 quarters of 2013 shows an estimated 46.5% of buyers being estimated to be "White", 32% "Black", 9% "Coloured" and 12.5% "Indian".

These percentages are significant, because, although the year is only half way though, they suggest that, should these levels of racial buying continue, 2013 may be the 1st year to return an estimate where white home buyers amount to less than 50% of total buyers in suburban

markets, while the percentage of so-called Black home buyers may be the highest yet.

While the percentages don't move dramatically from year to year, the change since 2005, when the survey question 1st started, has now become very significant. At that stage, white buyers amounted to a large estimated 57%, while Black buyers were only at 23%.

But also notable in the estimated percentage is that the agents perceive more rapid change in these percentages, in favour of the 3 "previously disadvantaged population groups" around times of more rapid economic growth, while transformation appears to suffer a setback in stagnant economic times. So, whereas in the economic boom years, Black group buying saw its estimated percentage of total buyers rise from 23% in 2005 to 30% in 2008, the lagged impact of the 2008/9 recession was a decline in this group's percentage back to 26.8% in 2011. Then, in 2012 and the 1st half of 2013 it appeared to gather steam once more.

The estimated pick up in buying by previously-disadvantage population groups following a considerable period of better economic and interest rate times should not be surprising. Many people in these groups have less financial backing from older generations (than in the white group for instance), who themselves often come from a low income past. This emerging middle class is thus arguably more dependent on a favourable economic and interest rate cycle to boost current income and access to credit, as opposed to many older white group repeat buyers who have already built up significant wealth, including the value of the homes that they sell prior to repeat buying.

Therefore, boosting economic growth through boosting the skills development sector and developing growth-friendly policies should be seen as essential to housing market racial transformation. Stagnant economic growth periods have estate agents seemingly pointing to a slower rate of suburban housing market transformation.

JOHN LOOS:
HOUSEHOLD AND CONSUMER SECTOR STRATEGIST
 011-649 0125
John.loos@fnb.co.za

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