

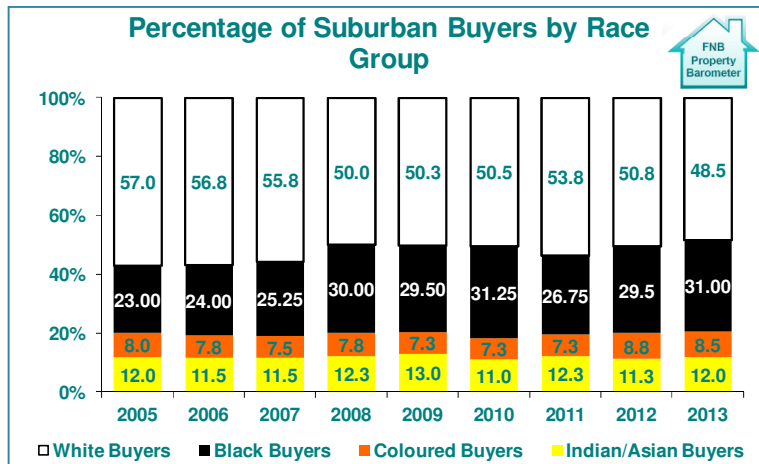
## PROPERTY BAROMETER – HOME BUYING BY RACE GROUP

*Racial Transformation of the highly-traded former “Suburban” areas continued through 2013, reflective of steady labour market racial transformation.*

20 January 2014

Racial transformation of all areas of the economy has been high on the policy agenda over the past 2 decades. In order to track how the residential property market is doing in this regard, we have included a question in the FNB Estate Agent Survey regarding the racial composition of home buying in the highly traded suburban areas that were once classified as “White” areas back in the Apartheid era.

Once again, the 4 quarterly surveys done in 2013 showed further progress in this racial transformation, it would appear. Significantly, 2013 was the 1<sup>st</sup> year in the history of this survey question, dating back to 2005, in which the so-called “White” group was estimated to have made up less than 50% of the home buyer population, to be exact an estimated 48.5% of total buyers. This now starts to represent a significant cumulative shift from the 57% estimate of 2005 when this survey question started.



In contrast, the group classified as “Black” under former Apartheid Era classifications has seen its estimated percentage of total suburban buyers rise from 23% in 2005 to 31% in 2013 according to the respondents, further up from its 29.5% recorded in 2012.

The 2 previously-disadvantaged minority groups, namely the “Asian” and “Coloured” groups, by comparison, have seen their percentages remain relatively stable over the period recorded. The Asian percentage was 8% in 2005, and rose mildly to 8.5% by 2013, while the Coloured group at 12% in 2013 saw its percentage unchanged on the 12%

of 2005.

The further rise in the 2013 percentage of buyers from “previously-disadvantaged” population groups is reflective of 2 major factors. Firstly, employment equity legislation has to be one key driver of more rapid growth in previously-disadvantaged group numbers entering the labour market, and thus it has been well documented over the years that disposable income growth in these groups has been growing at a faster rate than in the White population group.

A second key contributor is the ageing” nature of the White population group, meaning that the pace of home owners from this group exiting the market is probably accelerating over time.

The one key constraining factor on the pace of racial transformation in the residential market, however, is the slow pace of South Africa’s economic growth which translates into near to zero growth in employment numbers by late last year. Such pedestrian growth spills over into the pace of residential buying.

Nevertheless, despite slow economic and job growth, we would expect to see a further mild rise in the percentage of previously-disadvantaged group buyers in 2014, as the transformation of the economy continues.

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