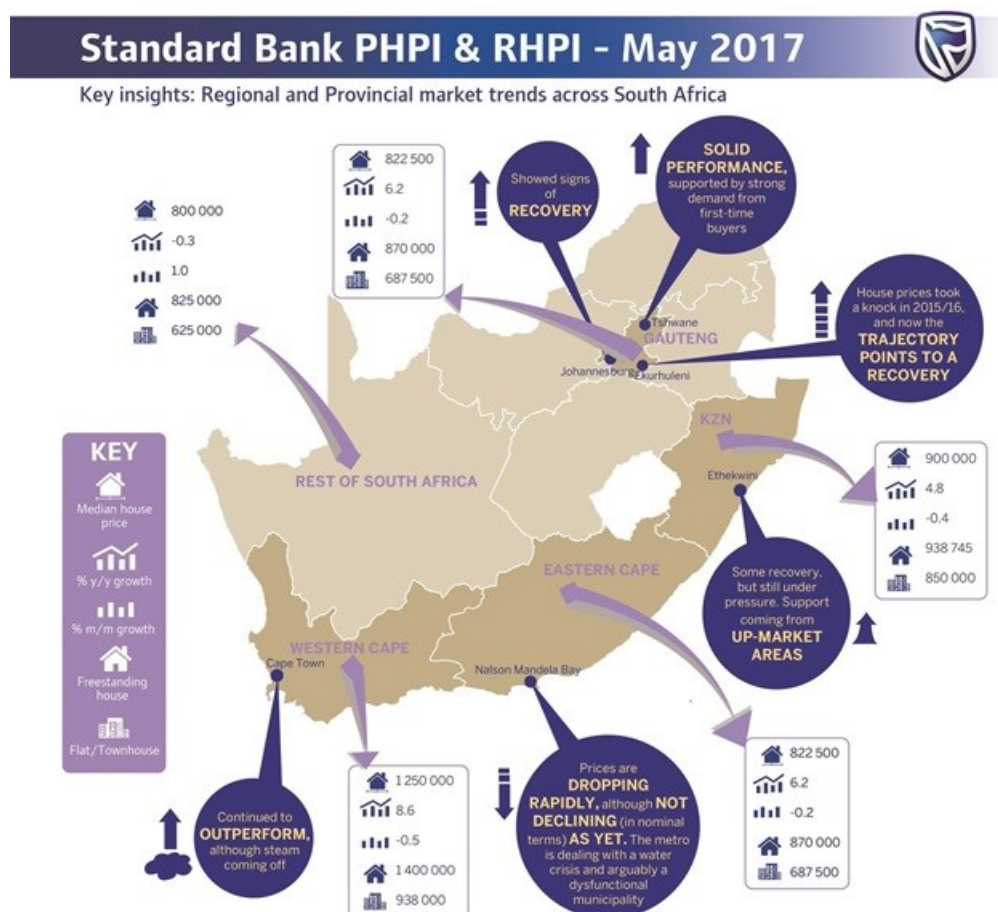


# Standard Bank launches provincial, regional house price indices

Standard Bank recently launched two house price indices in order to provide key insights into regional and provincial market trends across South Africa.



The Provincial House Price Index (PHPI) and Regional House Price Index (RHPI) will supplement the existing monthly National House Price Index, but provide rich data into the trends underlying residential property movements in the different regions, measuring the median prices of properties sold. The advantage of a median is that it is not unduly influenced by extreme values and outliers.

“Our Provincial House Price Index (PHPI) and Regional House Price Index (RHPI) aim to provide a more comprehensive analysis of residential property in South Africa through regional price differentiation,” explains Andrew van der Hoven, head of home loans at Standard Bank.

The PHPI Index will be released monthly, while the RHPI will be released on a quarterly basis, with the National House Price Index still available every month.

## Granular insights

“We need to analyse lots of data to develop the granular insights needed for the regional index, while there aren’t very many noticeable changes month-to-month, so we anticipate the regional index being available once per quarter,” says Van der Hoven.

The PHPI measures price developments for residential properties sold in each province and financed by Standard Bank. This entails market prices for residential properties being captured, the price of land being included in the price (gross acquisition concept), with prices also covering the acquisition cost of a property, but not transaction costs.

The PHPI differs slightly in scope from the national HPI in that while the former relies strictly on actual market prices, the latter uses the assessment value of properties.

## **Diverse performance**

“The new index will show a diverse performance of property prices. For instance, our research for May 2017 shows that a price recovery in Gauteng in the first few months of the year was largely driven by a robust performance in Tshwane, with first-time buyer demand particularly strong,” says Siphamandla Mkhwanazi, Standard Bank consumer economist.

According to the PHPI the Western Cape is currently attracting “affluent” buyers, as evidenced by a higher proportion of cash transactions. However, growth momentum has come off in recent months, as middle income buyers are being priced out.

The PHPI reflects the subdued performance in KwaZulu-Natal, where growth has struggled to outpace inflation for some time now. While growth is still subdued in the Eastern Cape, it is showing signs of recovery, partly driven by favourable base effects.

The Regional HPI for the first quarter of this year, meanwhile, shows median prices in Johannesburg rose 6% year on year whereas prices in Cape Town increased by 13.9%. Delving deeper into the statistics, you find Tshwane grew faster than Gauteng at 8.8%.

The regional HPI shows a diverse performance of property prices with the following key trends:

- Johannesburg: Showed signs of recovery.
- Cape Town: Continued to outperform, although steam coming off.
- Tshwane: Solid performance, supported by strong demand from first-time buyers.
- EThekweni: Some recovery, but still under pressure. Support coming from up-market areas.
- Ekurhuleni: House prices took a knock in 2015/16, and now the trajectory points to a recovery.
- Nelson Mandela Bay: Prices are dropping rapidly, although not declining (in nominal terms) as yet. The metro is dealing with a water crisis and arguably a dysfunctional municipality.

View the [Standard Bank Provincial House Price Index for May 2017](#).

For more, visit: <https://www.bizcommunity.com>