

CAHF analysis of residential property markets using deeds data

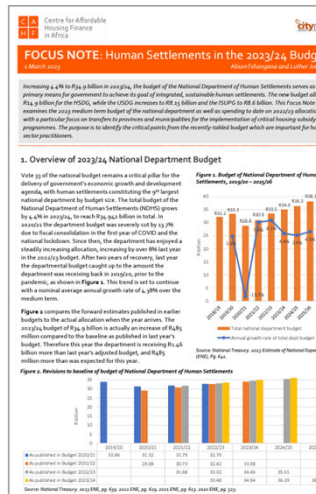
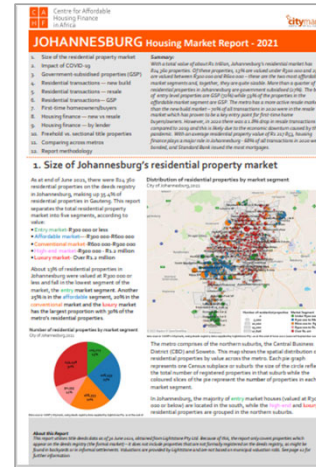
- CAHF does not purchase deeds data directly from the deeds office because its prohibitively expensive:
 - Deeds data from the Deeds Office is priced per record.
 - Sold in bulk i.e., we would have to purchase ALL the deeds records (about 7-8 million records; 350 000 rows of records including both stock and transactions).
 - Deeds office does not provide a data 'cleaning' service, just raw data.
- As a work-around, we purchase indicators from Lightstone Ltd.
 - Lightstone purchases all the deeds data records and are specialists in deeds data, and clean the data.
 - Ongoing relationship with Lightstone dating as far back 2008 – they therefore have an understanding of the kind of analysis we undertake.
 - Purchase indicators at sub place level, which makes the purchase affordable.
 - Developed a proxy to identify government subsidised properties which Lightstone are familiar with.

• Although not in the form of records-level data, the Lightstone data indicators enable analysis of:

- Housing stock by market segment and property type;
- New and resale transactions; bonded and non-bonded transactions;
- Housing typologies (freehold and sectional title, inside and outside private estates);
- First-time home buyers; and government-subsidised properties.

• The indicators obtained from Lightstone are organized into market segments:

- **Entry market— R300 000 or less**
- **Affordable market—R300 000 - R600 000**
- **Conventional market —R600 000 - R900 000**
- **High-end market—R900 000 - R1.2 m**
- **Lower luxury market—R1.2 m – R1.5 m**
- **Mid luxury market—R1.5 m – R3m**
- **Top luxury market—R3m and above**

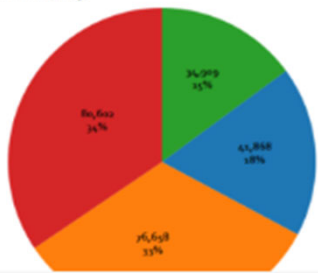


CAHF online dashboards on residential property markets

Our Citymark market intelligence **dashboards** allow users to engage with the data interactively – spatially, graphs, tables

- At national level, provincial, metro, and sub place
- By year 2018 - 2021
- By housing typology (free hold, estate, sectional title)
- By market segment
- By GSP, first time home buyers

NUMBER OF RESIDENTIAL TRANSACTIONS BY MARKET SEGMENT South Africa(2017)



Citymark South Africa: National view of number of residential properties and transactions (2012-2021)

This dashboard presents national level data from South Africa's Deeds Registry on the total stock of residential properties, and number of resale and new transactions, from January 2012 to end December 2021.

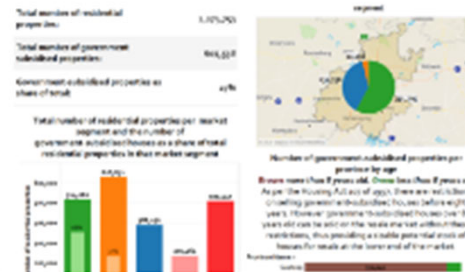
19th November 2019



Citymark South Africa: Overview of housing stock and transactions by metro (2012-2021)

This dashboard offers an overview of the stock and transactions for the South Africa's eight metro municipalities from January 2012, up to the end of December 2021.

30th June 2020



Citymark South Africa: Government-subsidised housing at national and provincial level (2012-2021)

This dashboard focuses exclusively on government-subsidised housing in South Africa at national and provincial level, for the period January 2012 to end of December 2021.

30th June 2020



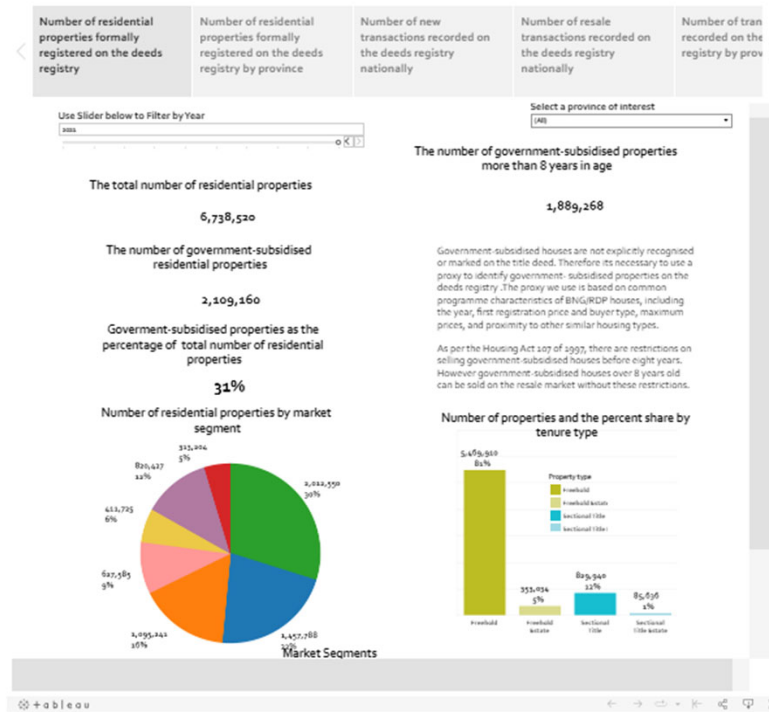
Citymark South Africa: Mortgage lending at national, provincial, metro and sub-place level (2012-2021)

In this dashboard on mortgage lending, we look at the supply of mortgage loans by lending institutions in each of the eight metros.

30th June 2020

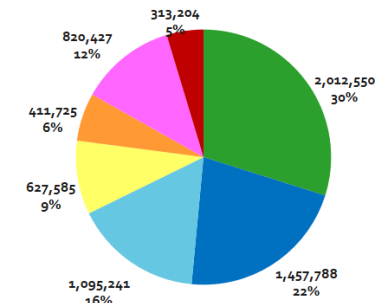
1. Citymark South Africa: National view of number of residential properties and transactions

- Provides data on then number of residential properties and number of transactions (new and resale) country-wide and at provincial level
- Data from 2018 - Most recently updated in July 2022 to include data to the end of December 2021.
- Focuses on stock and transactions
- By year, by province, GSP/non GSP, first time buyer, property typology, by market segment
- Five tabs:
 - National stock
 - Provincial stock
 - Natl – new transactions
 - Natl – resale transactions
 - Provincial – new & resale transactions



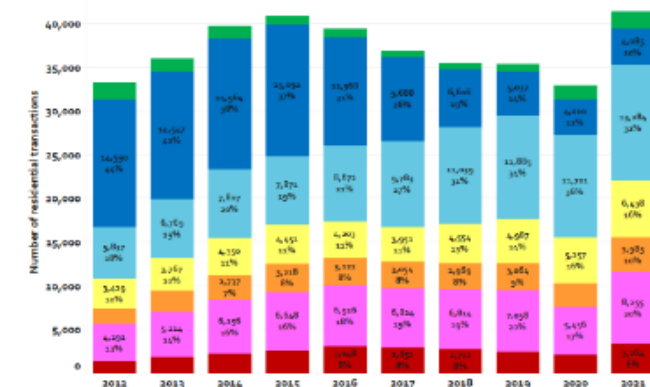
Number of residential properties by market segment

Total number of residential properties: 6 738 520 South Africa, 2021



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

Number of new residential transactions: non-subsidy South Africa, 2012 to 2021



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

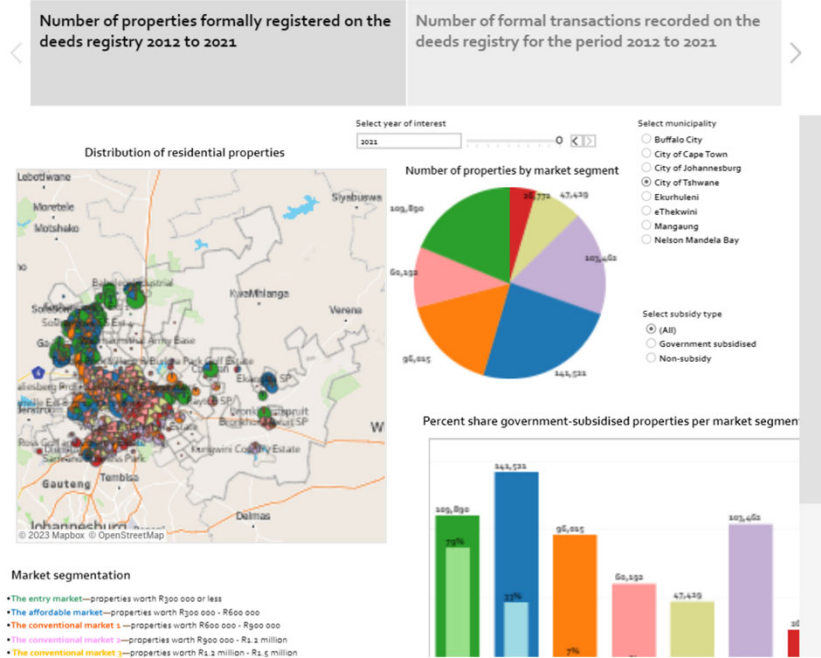
Market Segment:

- Under R200 000
- R200 000 to R500 000
- R500 000 to R1 000 000
- R1 000 000 to R1.2m
- R1.2m to R1.5m
- R1.5m to R2m
- Over R2m

<https://housingfinanceafrica.org/documents/deeds-data-dashboard-south-africas-national-deeds-registry-data-number-of-residential-properties-and-transactions-2007-to-2017/>

2. Citymark South Africa: Overview of housing stock and transactions by metro

- Our second dashboard then gives an overview of housing stock and transactions by metro, for the same period 2008-2021
- Provides view of the number and location of residential properties by market segment by metro
- Two tabs – stock and transactions
- Disaggregates by government subsidised residential properties (RDP and BNG houses) vs. non government-subsidised residential properties.
- Most recently updated in July 2022 to include data to the end of December 2021.

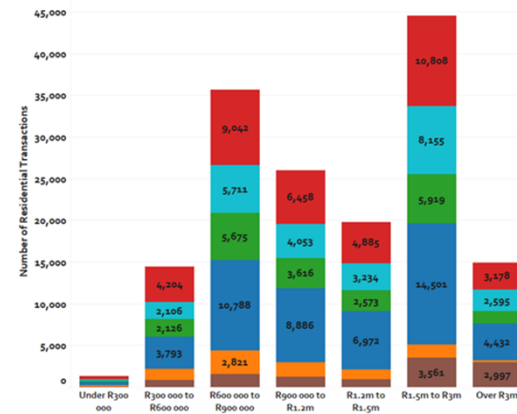


<https://housingfinanceafrica.org/documents/citymark-south-africa-eight-metro-municipalities-deeds-data-dashboard/>

3. Citymark South Africa: Mortgage lending at national, provincial, metro and sub place level

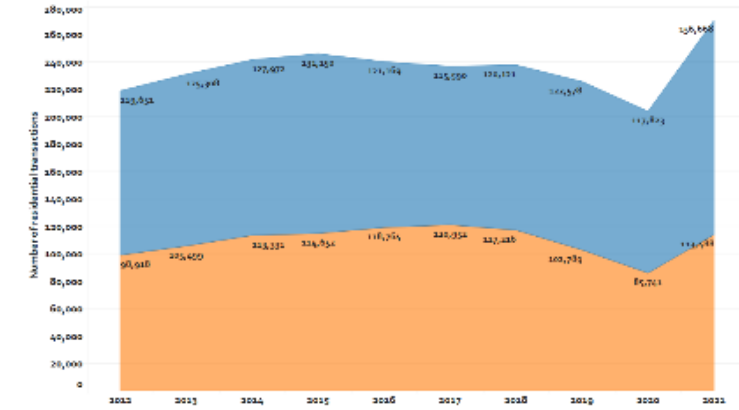
- Gives detailed analysis of mortgage lending at all levels
- Can zoom in on GSP, First time home buyers, by market segment
- Number and value of new, resale and total transactions with a bond by metro and sub place – four tabs
- Total number of transactions (new and resale) by metro and sub place by lender
- Total number and value of outstanding bonds – loan book
 - By metro and subplace
 - By lender
- 2018 – 2021 data

Number of bonded transactions by lender by market segment
South Africa, 2021



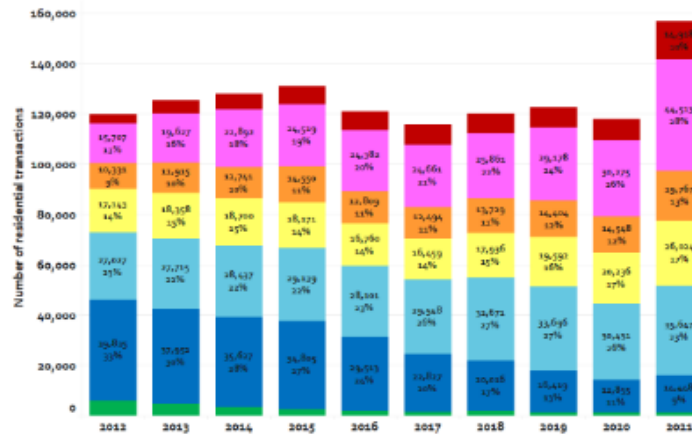
Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

National number of bonded and non-bonded transactions
South Africa, 2012 - 2021



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

Number of bonded transactions by market segment
South Africa, 2012 to 2021

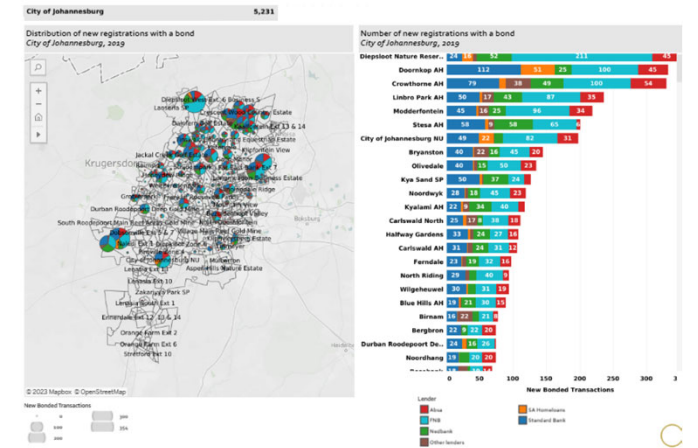


Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

Market Segment

- Over R1.5m
- R1.2m to R1.5m
- R900 000 to R1.2m
- R600 000 to R900 000
- R300 000 to R600 000
- Under R300 000

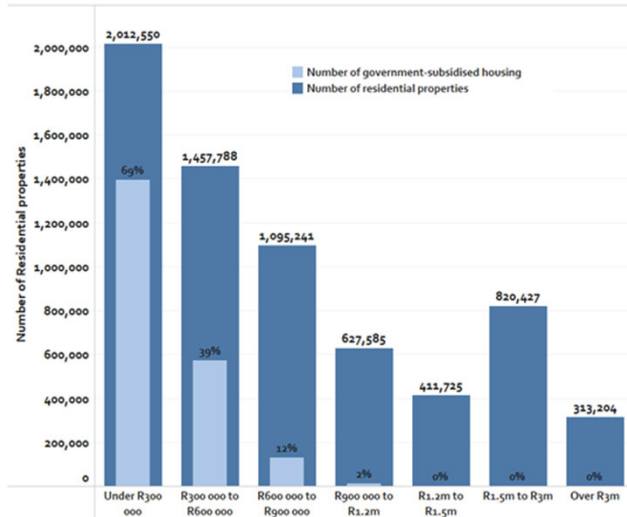
<https://housingfinanceafrica.org/documents/citymark-south-africa-mortgage-lending-at-national-level-and-eight-metro-municipalities-sub-place-level-2008-2018/>



4. Citymark South Africa: Government-subsidised housing at national and provincial level

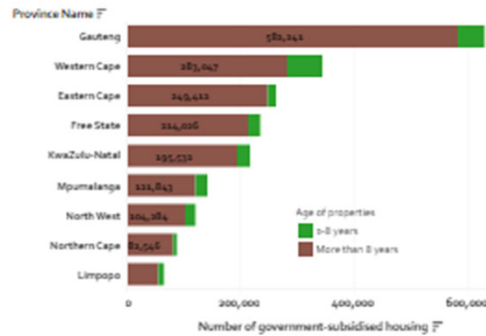
- 2012 – 2021 data
- By market segment, year, province
- Deep dive on GSP – sales and stock
 - How are GSP distributed spatially?
 - How many and where are new registrations of GSP being recorded on the deeds registry?
 - How many and where are resale transactions of GSP being recorded on the deeds registry?
 - Bank lending for the purchase of GSP

Total number of residential properties by market segment
South Africa, 2021

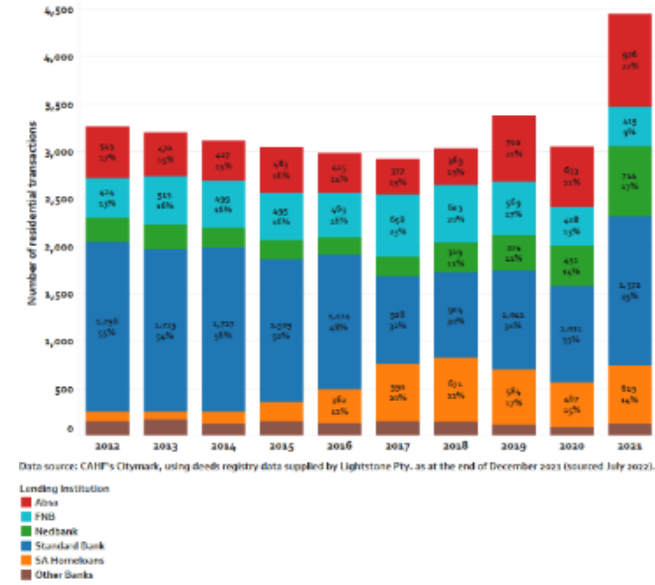


Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

Number of government-subsidised properties per province by age
Brown more than 8 years old. Green less than 8 years old
As per the Housing Act 107 of 1997, there are restrictions on selling government-subsidised houses before eight years. However government-subsidised houses over 8 years old can be sold on the resale market without these restrictions, thus providing a sizable potential stock of houses for resale at the lower end of the market.



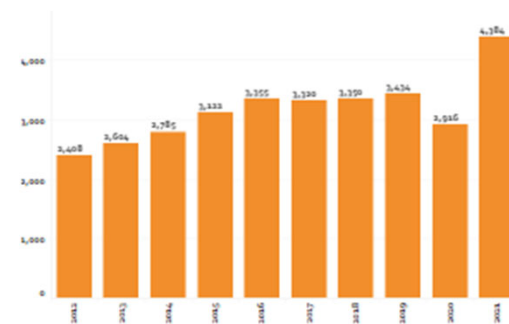
Number of bonded transactions by lender: GSP
South Africa, 2012 to 2021



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2021 (sourced July 2022).

Lending institution
 ■ Royal Bank
 ■ FNB
 ■ Nedbank
 ■ Standard Bank
 ■ SA HomeLoans
 ■ Other Banks

Gauteng
Resale transactions government-subsidised houses
2008 to 2018



<https://housingfinanceafrica.org/documents/citymark-south-africa-government-subsidised-housing-stock-and-transactions-national-2008-to-2018/>

Impact and sustainability

- **Citymark reports have a much farther and deeper reach into metros and sector, improving LG understanding of functioning of residential property market and metros' potential impact**
 - Overhauled reports – Easier to read, more concise
 - Added dashboards – Added three dashboards, improved interface
 - Followed up individually with metros – Reaching beyond HS department
 - Training and use is difficult --- reports more frequently used?
 - Used Community of Practice to reach wider target audience – national, provincial, DPME, NT, NGOs
- **Advanced and improved Citymark methodology for analysis**
 - Area-based dashboard in eThekweni
 - Analysis of first-time home buyers
 - Application of deeds data analysis to rates policies, to understand links
- **How do we crack the deeds data problem?**
 - Prohibitive cost of purchasing deeds data from Deeds office at record level
 - Multiple ongoing efforts to get around this, but unsuccessful
 - We tried open bidding process for deeds purchase, but came back to Lightstone as most cost-effective
 - WC project provided opportunity to compare Lightstone to municipal valuation rolls

Impact on policy:

- LG seriously engaging with deeds data, increasing understanding of **entire residential property market**, beyond narrow scope of subsidised housing delivery
 - Better understanding of how private sector is responding to the market
 - Shifting to view GSP as public investment to be nurtured
- Shifted conversation away from new build and towards **resale market**, whose effective functioning requires interventions across spheres and sectors
- Created conversation on **role of LG in supporting HS and spatial transformation** through urban management and planning
- Across silos

Thank you!

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MARKET INTELLIGENCE

SOUTH AFRICA Housing Market Report - 2021

Executive Summary

The residential property market is the largest component of the South African property market and a crucial source of household wealth. As of the end of 2021, there were 6.74 million residential properties on South Africa's deeds registry, valued at approximately R6.26 trillion. Just under a third of all residential properties (30%) were valued under R300 000 and over half (52%) the properties were valued under R600 000. Furthermore, government-subsidised properties comprised a sizable portion (31% or 2.13 million) of all residential properties, particularly at the lower end of the market, reflecting the massive impact of public investment in the national government housing programme over the years.

Having seen activity decline in 2020, the first year of the pandemic, both the new and resale markets appear to be recovering, with notable increases in transaction volumes in 2021. South Africa's resale market was three times more active than the new-build market for houses in 2021—more than three quarters of all residential transactions were in the resale market. This is particularly important for low income households in the affordable housing sector, as the resale market often serves as a first step onto the property ladder for first time home buyers/owners. In 2021, approximately 123 800 households became homeowners for the first time. Of these, 15% were beneficiaries of new government-subsidised housing.

The mortgage market also appears to be recovering in 2021. Bonded transactions, constituting 58% of all residential transactions, increased by 33% in volume and 48% in value in 2021. Although most bonds are issued for the purchase of higher end properties, there is evidence of mortgage lending for properties valued under R900 000.

About this report

This report utilises deeds registry data as of 31 December 2021 which was obtained from Lightstone Pty Ltd. in June 2022. Because of this, the report only covers properties which appear on the deeds registry (the formal market)—it does not include backyard units and informal settlement dwellings. According to the 2021 General Household Survey, there are 17.9 million households living in South Africa, of which 11.7%, or approximately 2 million, live in informal dwellings.

Nearly 19% of South African households live in rented dwellings. Given that more than one family might live in a rental property with a single title deed—for example, a high-rise building—the data in this report also does not provide a clear picture of the 18.7% of households who stay in rented dwellings (approximately 3.6 million households).

Unlike our previous Citymark reports which only used five market segments, this report includes an additional two market segments above R1.2 million, in order to better understand this component of the market. Valuations are provided by Lightstone and are not based on municipal valuation rolls. See page 35 for further information.

This report was written by Alison Tshangana and Luther Jubane, with data analysis by Afraid Nampunya. To access individual reports on the eight metros, as well as online dashboards, visit: CAHF's Citymark page: <http://housingfinanceafrica.org/projects/citymark-analysis-of-residential-property-markets-in-south-africa-eight-metros/>

Contents

1. Size and distribution of South Africa's residential property market 2
2. Number of residential properties by market segment 3
3. Government-subsidised properties 4
4. New build market 5
5. Resale market 6
6. New and resale transactions of government-subsidised properties 7
7. First-time home buyers/owners 8
8. Housing finance — New vs resale transactions 9
9. Bonded transactions by lender 10
10. Freehold vs. sectional title properties 11
11. Comparing South Africa's eight metros 12
12. Comparing South Africa's nine provinces 13
13. Implications for affordable housing 14
14. Report methodology 15

<https://housingfinanceafrica.org/app/uploads/2023/03/National-Property-Market-Report-2021-FINAL.pdf>

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MARKET INTELLIGENCE

FOCUS NOTE: Human Settlements in the 2023/24 Budget

1 March 2023 Alison Tshangana and Luther Jubane

Increasing 4.4% to R34.9 billion in 2023/24, the budget of the National Department of Human Settlements serves as the primary means for government to achieve its goal of integrated, sustainable human settlements. The new budget allocates R24.9 billion for the HSDG, while the USDG increases to R8.15 billion and the ISUPG to R8.6 billion. This Focus Note examines the 2023 medium term budget of the national department as well as spending to date on 2022/23 allocations, with a particular focus on transfers to provinces and municipalities for the implementation of critical housing subsidy programmes. The purpose is to identify the critical points from the recently-tabled budget which are important for housing sector practitioners.

1. Overview of 2023/24 National Department Budget

Vote 33 of the national budget remains a critical pillar for the delivery of government's economic growth and development agenda, with human settlements constituting the 9th largest national department by budget size. The total budget of the National Department of Human Settlements (NDHS) grows by 4.4% in 2023/24, to reach R34.942 billion in total. In 2020/21 the department budget was severely cut by 23.7% due to fiscal consolidation in the first year of COVID and the national lockdown. Since then, the department has enjoyed a steadily increasing allocation, increasing by over 8% last year in the 2022/23 budget. After two years of recovery, last year the departmental budget caught up to the amount the department was receiving back in 2019/20, prior to the pandemic, as shown in **Figure 1**. This trend is set to continue with a nominal average annual growth rate of 4.38% over the medium term.

Figure 1 compares the forward estimates published in earlier budgets to the actual allocation when the year arrives. The 2023/24 budget of R34.9 billion is actually an increase of R485 million compared to the baseline as published in last year's budget. Therefore this year the department is receiving R4.6 billion more than last year's adjusted budget, and R485 million more than was expected for this year.

| Year | Total National Department Budget (R billion) | Annual Growth Rate (%) |
|---------|--|------------------------|
| 2019/20 | 32.2 | 0 |
| 2020/21 | 24.5 | -23.7 |
| 2021/22 | 28.8 | 17.5 |
| 2022/23 | 30.9 | 7.3 |
| 2023/24 | 34.9 | 13.0 |
| 2024/25 | 36.3 | 4.0 |
| 2025/26 | 38.3 | 5.5 |

Source: National Treasury, 2023 Estimate of National Expenditure (ENE) Pg. 64.

Figure 2. Revisions to baseline of budget of National Department of Human Settlements

| Year | As published in Budget | Actual Allocation |
|---------|------------------------|-------------------|
| 2019/20 | 31.86 | 31.86 |
| 2020/21 | 31.92 | 24.5 |
| 2021/22 | 31.79 | 28.8 |
| 2022/23 | 32.62 | 30.9 |
| 2023/24 | 33.98 | 34.9 |

Source: National Treasury, 2023 ENE, pg. 69; 2022 ENE, pg. 62; 2021 ENE, pg. 63; 2020 ENE, pg. 53.

<https://housingfinanceafrica.org/app/uploads/2023/03/Budget-Focus-Note-2023-FINAL.pdf>

