

The winners and losers in SA's housing sector

Large houses lost value while small houses appreciated by 3.8% over the year to end-May after taking inflation into account, Absa's monthly house price index released on Friday, 8 July, showed.



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According to Absa's mortgage data, the average price for a small house — defined as between 80m² and 140m² — was R933,000 in May. This was 8.9% higher than in May 2015 without taking inflation into account and 3.8% higher after inflation.

Medium houses — between 141m² and 220m² — sold for an average price of R1.289m which was 6.2% higher without inflation and flat after inflation over the year.

Large houses — between 221m² and 400m² — sold for an average R1.988m, which was 4.3% higher without inflation, indicating they suffered a 0.4% deflation in real terms over the year.

Accounting for inflation, an overall average real house price deflation of between 2% and 2.5% was expected in 2016, Absa Home Loans property analyst Jacques du Toit wrote in the report.

Without considering inflation, nominal house price growth of between 4% and 4.5% was forecast for 2016 Du Toit said.

“In May this year the average price of a middle-segment home was in real terms 11.3% lower compared with the peak in August 2007,” Du Toit said.

Source: *BDpro*