

- Among the three major price bands, the lower price band (under R1 million) continues to register the strongest growth – with house price inflation averaging 7.42% at a national level.

Average house price inflation, year to date

SOURCE: PGP INDEX

	AVERAGE	< R1M	R1M - R2M	> R2M
SOUTH AFRICA*	5,59	7,42	3,97	1,69
GAUTENG	4,71	6,38	3,14	-1,06
WESTERN CAPE	10,35	14,25	9,46	4,91
KWAZULU-NATAL	6,69	11,21	5,31	5,54

THE CAPE REMAINS KING

While the Western Cape continues to register the strongest regional growth in house prices – it too is beginning to lose momentum. The slowdown in the strongest regional market highlights the fact that persistent economic weakness, elevated inflation and repeated interest rate hikes are increasingly taking a toll on household finances across the country (see storybox below).

SUBDUED ECONOMIC GROWTH WEIGHS ON HOUSEHOLD FINANCES

After a modest rebound in the 2nd quarter, local economic activity is slowing again – placing households under increasing financial strain.

Research by Old Mutual reveals a deteriorating ability of property owners to service their bonds; 67% are paying their minimum monthly bond contribution, **an increase from 54% in 2013**.

Furthermore, just 14% of home owners are contributing in an extra amount each month – **less than half the amount 3 years ago**.

With house price inflation showing signs of slowing, it appears the weak local economy is finally beginning to take its toll on the housing market.

SOURCE: OLD MUTUAL

