

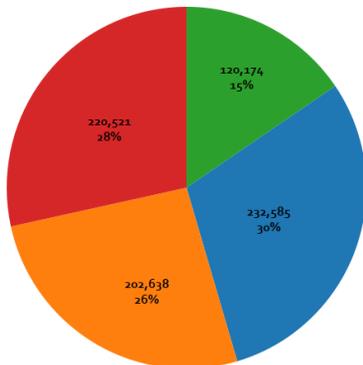
# JOHANNESBURG Housing Market Report - 2018

1. Size of the residential property market
2. Government-subsidised properties
3. Residential transactions – new and resale
4. First time home owners/buyers
5. Housing finance
6. Freehold vs. sectional title properties
7. Comparing across metros
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*Johannesburg’s residential property market is primarily affordable with 45% of properties worth less than R600 000. Approximately one quarter (26%) of properties in the metro have been financed by the state as part of the national housing subsidy programme. In 2017, 70% of all residential transactions (24 928) were on the resale market, compared to only 10 842 new registrations on the deeds registry in that year. 2 704 new residential properties valued below R300 000 were registered in 2017, of which, 84% were government-subsidised properties.*

## 1. Size of Johannesburg’s residential property market

Number of residential properties by market segment  
City of Johannesburg, 2017



There are 775 918 residential properties on the deeds registry in Johannesburg, making up 35% of the total residential properties in the Gauteng.

This report separates the total residential property market into four segments, according to value:

- The **entry market**—properties worth R300 000 or less
- The **affordable market**—properties worth R300 000 - R600 000
- The **conventional market**—properties worth R600 000 - R1.2 million
- The **high-end market**—properties worth over R1.2 million

Over a sixth of residential properties in Johannesburg (15%) are valued at R300 000 or less and fall in the lowest segment of the market. Only 28% of residential properties are in the highest segment, valued at over R1.2m.

Data Source: CAHF’s Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

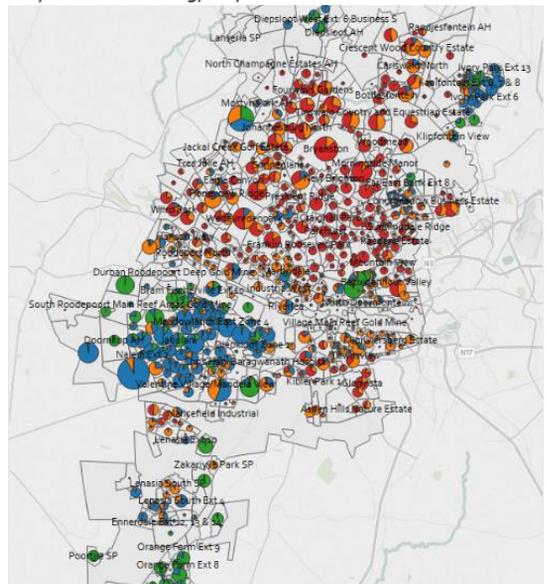


The City of Johannesburg comprises of the northern suburbs, the Central Business District (CBD) and Soweto. This map shows the spatial distribution of residential properties by value across the metro. Each pie graph represents one Census subplace or suburb: the size of the circle reflects the total number of registered properties in that suburb while the coloured slices of the pie represent the number of properties in each market segment.

In Johannesburg, the majority of entry market houses (valued at R300 000 or below) are located in the south western parts of the metro, while the high-end residential properties are grouped in the northern suburbs.

*This report utilises 2017 title deeds data obtained from Lightstone Pty Ltd.. Because of this, the report only covers properties which appear on the deeds registry (the formal market) – it does not include properties that are not formally registered on the deeds registry, as might be found in backyards or in informal settlements. Valuations are provided by Lightstone and are not based on municipal valuation rolls. See page 11 for further information.*

Distribution of residential properties by market segment  
City of Johannesburg, 2017



Data source: CAHF’s Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)



## 2. Number of government-subsidised properties

As share of each market segment

The total value of Johannesburg's residential property market in 2017 is **R892.6 billion**, and constitutes 45% of the total provincial residential property market (in value).

37% of Gauteng households reside in the metro. The average monthly household income in the metro (R19 855– 2016 estimate)<sup>1</sup> is higher than for the province as a whole (R16 099).

29% of households in Johannesburg rent, slightly more than the provincial figure of 27%.<sup>2</sup>

Approximately one quarter (26%) of all properties on the deeds registry in Johannesburg (202 774) appear to have been subsidised by the state.

In this analysis, government-subsidised property (GSP) refers to houses built through various government programmes, including RDP, BNG and the discount benefit scheme. Since government-subsidised houses are not marked as such on the title deed, we utilise a proxy to identify these properties on the deeds registry—see page 11 for a full explanation.

### Residential property market - Comparing Johannesburg to the province

Total number of households (2016) - City of Johannesburg <sup>1</sup>	1 853 371
<i>As share of all provincial households</i>	37.4%
Total number of residential properties - City of Johannesburg	775 918
<i>As share of total provincial residential properties</i>	35.0%
Total value of residential properties - City of Johannesburg	R892.6 billion
<i>As share of total provincial residential properties</i>	44.8%
Average property value - City of Johannesburg	R1 150 410
<i>Average property value for the province</i>	R899 482
Percent of households renting (2016) - City of Johannesburg <sup>1</sup>	29.2%
<i>Percent of households renting in the province</i>	27.1%
Average monthly household income (2016 estimate) - City of Johannesburg <sup>2</sup>	R19 855
<i>Provincial average household income (2016 estimate) <sup>2</sup></i>	R16 099
<i>Percent of provincial average income</i>	123%
Government-subsidised properties as share of total residential properties - City of Johannesburg	26%
<i>Percent of GP government-subsidised properties which are located in City of Johannesburg</i>	35%

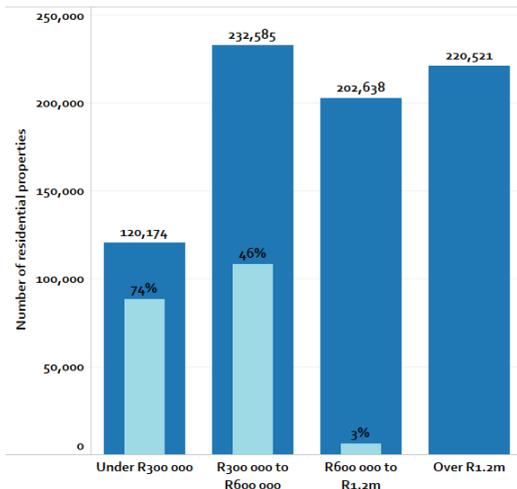
### Total residential properties by market segment City of Johannesburg, 2017

Market segment	Total number of residential properties	Percent share of total	Total number of govt-subsidised houses	Govt-subsidised properties percent share of market segment
Under R300 000	120,174	15%	88,397	74%
R300 000 to R600 000	232,585	30%	108,143	46%
R600 000 to R1.2m	202,638	26%	6,230	3%
Over R1.2m	220,521	28%	4	0%
Grand Total	775,918	100%	202,774	26%

Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

- Government-provided housing accounts for a significant portion of affordable housing stock in Johannesburg: 74% of houses valued under R300 000, and 46% of all houses valued under R600 000, are government-subsidised.
- Of the total 202 774 GSP houses in Johannesburg, 44% are valued at R300 000 or below, while 53% are valued between R300 000 and R600 000.
- The average value of GSP properties 0-8 years old is R197 558, while the average value of GSP properties over 8 years old is :R320 923.
- Notably, **95% (191 975 properties) of total GSP in Johannesburg are over 8 years old** and thus eligible to be sold. This creates an entry market that is more affordable than the cheapest newly-built housing available – a first step onto the housing ladder for low income earners.

### Total residential properties by market segment City of Johannesburg, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

#### Measure Names

- Total number of govt-subsidised houses
- Total number of residential properties

<sup>1</sup> StatsSA 2016 Community Survey.

<sup>2</sup> StatsSA CPI adjustment.

# 3. Residential transactions in Johannesburg

## New build market

In South Africa, the residential property market is very thin and widely spread. Due to a number of factors, including the significant impact of government housing programmes, the new and resale markets behave quite differently, and therefore are considered separately in this report.

New residential transactions on the deeds registry serve as a proxy for new construction, and include houses that were built by a private developer as well as units that were built through government programmes and transferred to beneficiaries. **Only houses where the beneficiary has received their title deed will be included in this data.**

There was a peak in new build transactions in 2015. However, between 2016 and 2017, the annual number of new residential transactions in Johannesburg dropped by 8.1%. **In 2017, there were only 10 842 new transactions, or 30% of the total transactions in that year.**

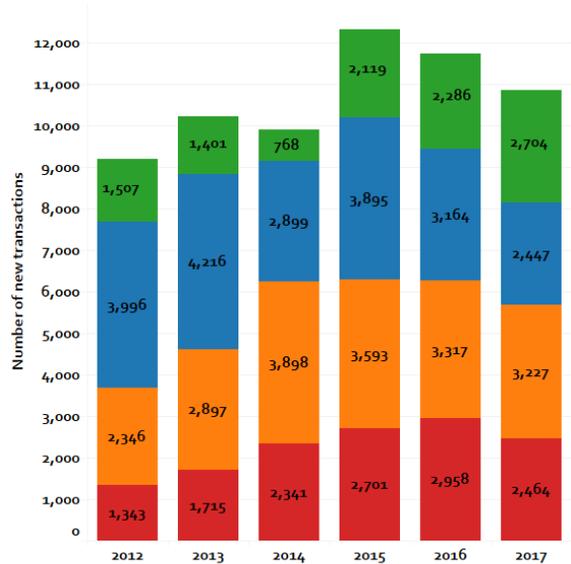
- The largest number of these transactions (3 227) was in the conventional market—30%.
- 22.5% of new transactions were in the affordable market. This number has dropped significantly in the last year—from 3 164 in 2016, to 2 447 in 2017—and largely accounts for the overall drop in new transactions in 2017.
- **2 704 new residential properties valued below R300 000 were registered in 2017**, of which, 84% were government-subsidised properties.
- And of the 2 447 new transactions in the R300 000 – R600 000 affordable segment, 3% were government-subsidised properties.

This map illustrates where new residential transactions are taking place in the metro. There is a circle for each Census subplace: the size of the pie graph reflects the number of transactions in 2017, and the coloured slices of the pie indicate the market segments where those transactions took place.

The vast majority of new transactions in 2017 occurred in the south of the City of Johannesburg, and involved properties valued under R300 000 and properties valued between R300 000 and R600 000. Large numbers of entry level transactions (green circle) and affordable market transactions (blue circle) are located in Soweto—Doornkop and Stesa.

The high-end transactions largely took place in the northern parts of the city.

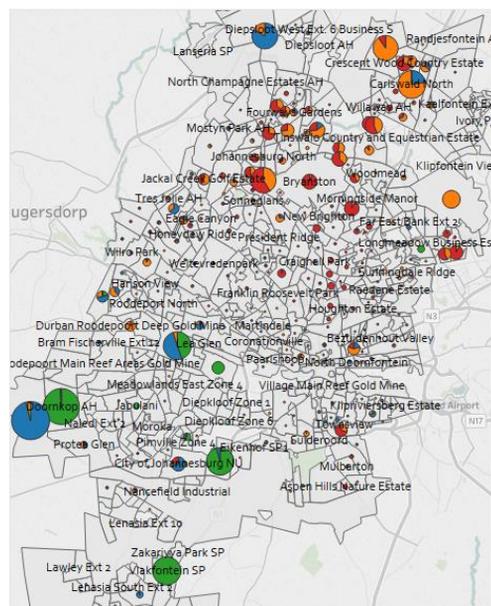
### New residential transactions by market segment City of Johannesburg, 2017



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)



### Distribution of new residential transactions by market segment City of Johannesburg, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)



# 3. Residential transactions in Johannesburg

## Resale market

The resale market in Johannesburg is significantly more active than the market for new build properties. In 2017, **70% of all residential transactions were resale.**

While the new build market saw peak in 2015, followed by a decline (primarily in the affordable market), the resale market has been more stable over the period 2012-2017, but also with a peak in 2015. Notably, the affordable market showed a pattern of declining transactions (new and resale) from 2012-2017.

Consistently over this time period, the bulk of resale activity took place in the conventional and high-end market where houses are valued over R600 000.

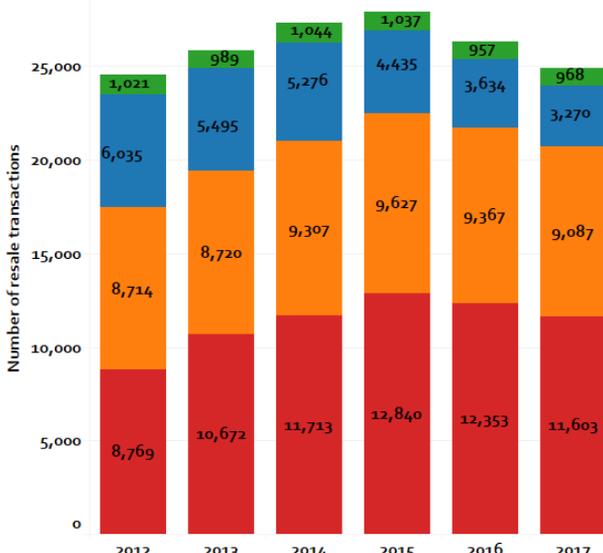
In the entry market of properties valued less than R300 000, the number of resale transactions has remained fairly stable, while the number of new transactions has increased. In 2017, there were over twice as many new transactions in this market segment (2 704) compared to resale transactions (968).

**In 2017, there were a total of 24 928 resale transactions in Johannesburg.** The bulk of resale transactions were at the high end (47%) and the conventional market (36%), compared to only 4% in the entry market below R300 000.

In contrast to the new build market, the majority of resale transactions are concentrated in the northern suburbs.

### Resale residential transactions by market segment

City of Johannesburg, 2017

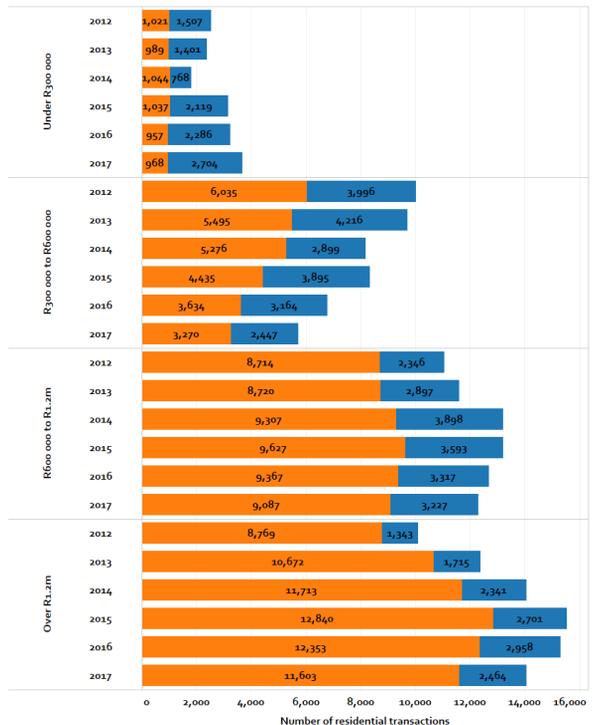


Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

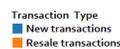


### New and resale transactions by market segment

City of Johannesburg

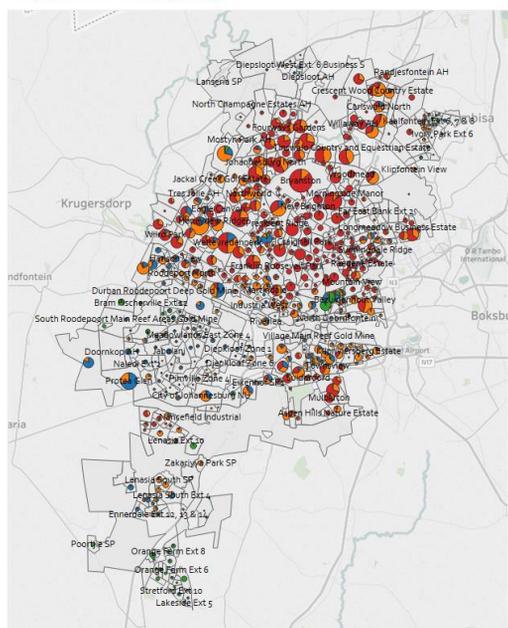


Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)



### Distribution of resale residential transactions by market segment

City of Johannesburg, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)



## 4. First-time home buyers/owners

### Accessing the property market via new and resale markets

The majority of first-time home buyers/owners<sup>1</sup> in Johannesburg are purchasing their homes on the **resale market** instead of buying newly-constructed homes or receiving houses from government.

In 2017, there were 15 476 households who became homeowners for the first time. Only 14% (2 240) of these households became home owners by receiving a new government-subsidised property (GSP). Another 4% purchased a GSP on the resale market, 30% bought a new (non-GSP) property, and 52% bought a non-GSP property on the resale market.

Overall the majority of transactions by first-time home buyers/owners are on the resale market (56%)—indicating that the resale market is the main means for first-time home owners to step onto the property ladder.

However at the lower end of the market, first-time homeowners are primarily moving into new homes instead of purchasing on the resale market. In the entry market, 86% of first-time homeowners acquired their house through new registrations. Government-subsidised housing was largely responsible for this:

- 2 176 of the 2 577 new transactions by first-time homeowners in the entry market were GSP.
- Of the 417 resale transactions by first-time buyers of houses valued R300 000 or less, 301 (72%) are GSP.

#### First time home buyers as percent of all transactions

City of Johannesburg

	2013	2014	2015	2016	2017
Under R300 000	71%	58%	76%	79%	82%
R300 000 to R600 000	59%	57%	62%	62%	60%
R600 000 to R1.2m	40%	42%	44%	45%	46%
Over R1.2m	21%	22%	23%	24%	25%

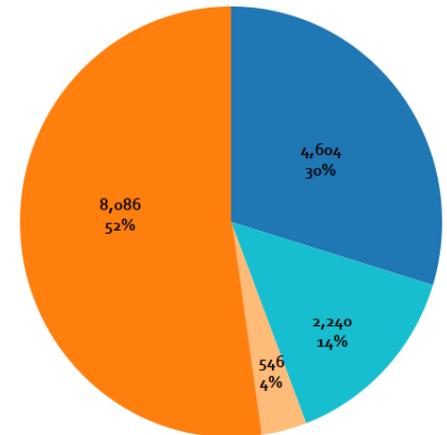
Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

First-time homeowners drive the market at the lower end. 82% of transactions of properties under R300 000 are first time-owners/buyers, and 60% of transactions of properties R300 000 – R600 000 (including GSP).

However, notably, most first-time home buyers/owners are entering the property market at the high end, despite the contribution of government's housing programme. 58% of first-time home owners are buying properties valued R600 000 or more. Only 19% of first-time buyer/owners are acquiring properties valued below R300 000 (including GSP beneficiaries).

#### First time home buyers

City of Johannesburg, 2017

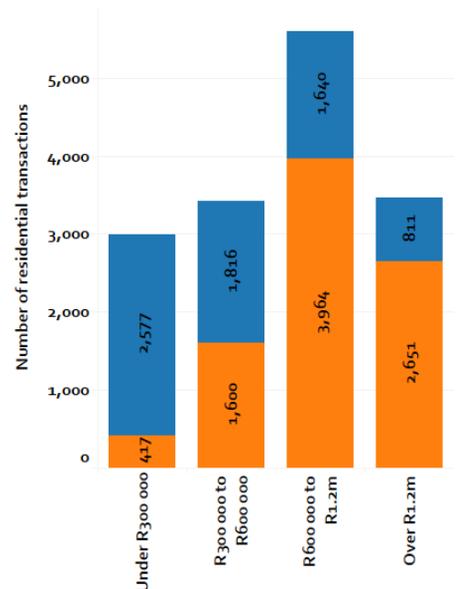


Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018).

Transaction Type  
■ New transaction non-subsidy  
■ New transactions government subsidised  
■ Resale transaction government subsidised  
■ Resale transaction non-subsidy

#### Number of first-time home buyers/owners (including government-subsidised properties)

City of Johannesburg, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

Transaction Type  
■ New transactions  
■ Resale transactions

# 5. Housing finance

## Bonded transactions by market segment

### New vs. resale transactions

In 2017, 63% (or 22 689) of all transactions in Johannesburg were bonded:

- 71% of bonded transactions were for resale and 29% were new transactions.
- 60% of all new transactions were bonded, while 65% of all resale transactions were bonded.

In the resale market, banks are issuing more bonds at the upper end of the property ladder—both in percentage and absolute terms. Only 11% of resale transactions below R300 000 were bonded, compared to 68% of resale transactions of homes valued R1.2m or more.

Nearly all bonded transactions in the new build market are for properties valued over R300 000. Less than 2% of new transactions of properties under R300 000 were financed with a bond, largely because these were government-subsidised properties.

### New and resale bonded transactions by market segment

City of Johannesburg, 2017

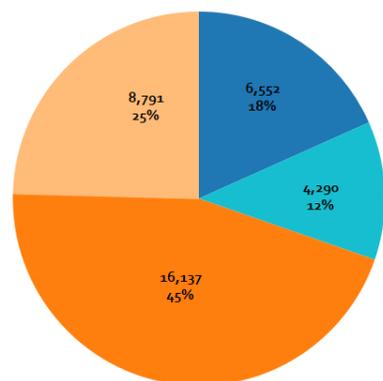
Market Segment	New transactions			Resale transactions		
	Number of residential transactions	Number of bonded transactions	Percent bonded transactions	Number of residential transactions	Number of bonded transactions	Percent bonded transactions
Under R300 000	2,704	49	2%	968	103	11%
R300 000 to R600 000	2,447	2,108	86%	3,270	1,861	57%
R600 000 to R1.2m	3,227	2,593	80%	9,087	6,240	69%
Over R1.2m	2,464	1,802	73%	11,603	7,933	68%
<b>Grand Total</b>	<b>10,842</b>	<b>6,552</b>	<b>60%</b>	<b>24,928</b>	<b>16,137</b>	<b>65%</b>

Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

Transaction Type  
■ New transactions  
■ Resale transactions

### Bonded and non-bonded transactions (new and resale)

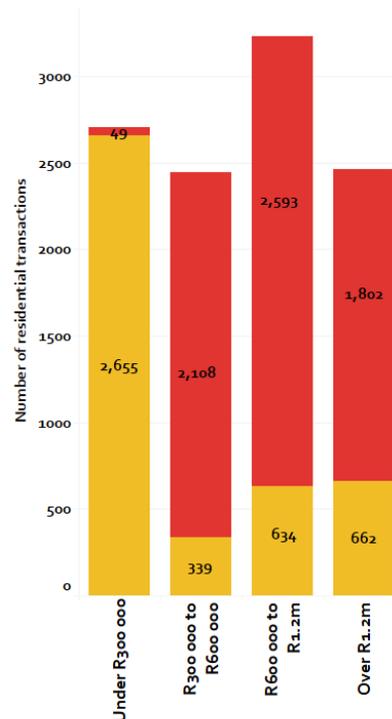
City of Johannesburg, 2017



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

Transaction type  
■ New transaction bonded  
■ New transaction not bonded  
■ Resale transaction bonded  
■ Resale transaction not bonded

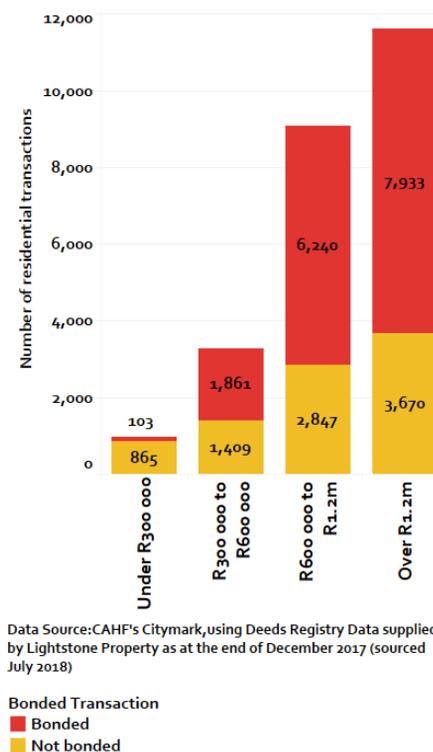
### Number of new transactions City of Johannesburg (2017): 10 842



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

Bonded Transaction  
■ Bonded  
■ Not bonded

### Number of resale transactions City of Johannesburg (2017): 24 928



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

Bonded Transaction  
■ Bonded  
■ Not bonded

# 5. Housing finance

## Bonded transactions by lender

Overall, FNB has largest market share of residential bonded transactions in Johannesburg in 2017 at 29.1%. This was followed by Standard Bank at 24.5%, Nedbank at 14.9%, Absa at 13.6%, SA Home Loans at 7.3% and the remaining 10.6% of bonded transactions being provided by other lenders. All lenders issued more bonds for resale transactions than for newly-built homes.

All five major banks are active in each market segment, although the affordable segment (R300 000 – R600 000) is dominated by FNB (comprising of 34% of all bonded transactions in this segment) and Standard Bank (23%). FNB has the largest slice of both the conventional market (29%) and the high-end market (27%).

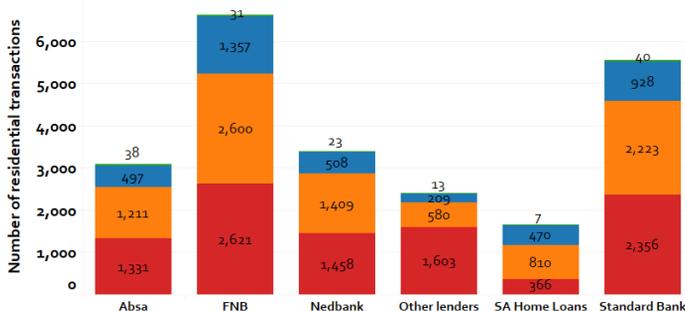
However all five banks have only 0.4% - 1.2% of their total bonded transactions in the entry market. SA Home Loans reached down market the most: in 2017, 29% of their bonded transactions were for properties valued below R600 000. Absa and Nedbank had the largest portion of their bonded transactions in the high-end market: 43%.

With respect to the entry market of properties valued under R300 000, the largest provider of bonds was SBSA who were responsible for 26% of bonded transactions in this market segment in 2017, followed closely by Absa at 25%. FNB provided 20% of bonds to this market segment in 2017; followed by Nedbank at 23% and SA Home Loans at 5%.

With respect to the overall size of the mortgage market in Johannesburg, mortgage lending declined very slightly (0.1%) in 2017 with respect to the number of outstanding mortgages. However the size of the loan book increased by 3.3% in 2017.

### Total bonded transactions by lender by market segment

City of Johannesburg, 2017

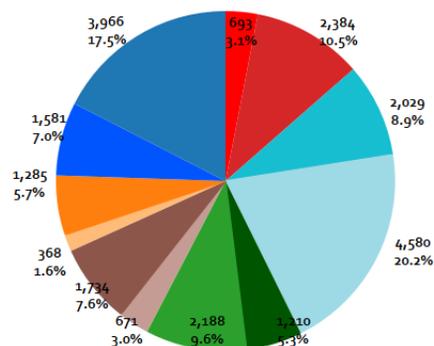


Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018).

Market Segment  
 Under R300 000  
 R300 000 to R600 000  
 R600 000 to R1.2m  
 Over R1.2m

### Residential bonded transactions by lender

City of Johannesburg, 2017



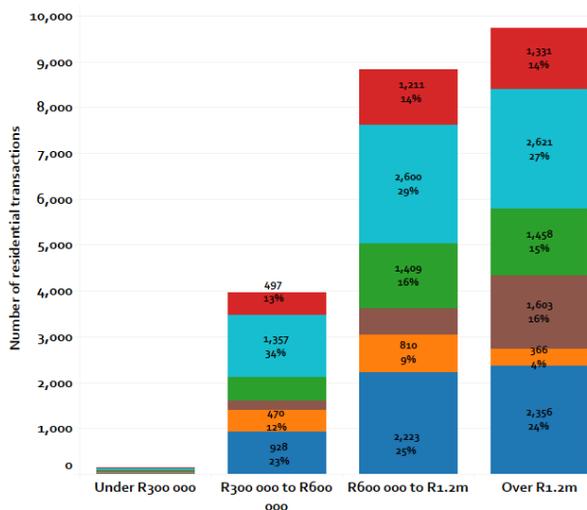
Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

Lender by type of transaction

- Absa new transactions
- Absa resale transactions
- FNB new transactions
- FNB resale transactions
- Nedbank new transactions
- Nedbank resale transactions
- Other new transactions
- Other resale transactions
- SAHL new transactions
- SAHL resale transactions
- SBSA new transactions
- SBSA resale transactions

### Total bonded transactions by market segment by lender

City of Johannesburg, 2017



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018).

- Absa
- FNB
- Nedbank
- Other lenders
- SA Home Loans
- Standard Bank

## 6. Freehold vs. sectional title properties

*Freehold* properties are owned in their entirety, most commonly a single home on a single stand. A *sectional title* property is typically a single unit in a shared context, such as a block of flats or complex of townhouses. In this analysis, properties which fall within a private estate—both freehold or sectional title—are categorised as *estate* properties. In Johannesburg, most sectional title and estate properties are located in the northern parts of the metro. The south and western parts of the City of Johannesburg are mainly freehold stand-alone properties.

Metro-wide, the average transaction price of an estate property is R2 193 594 while the average transaction price of a sectional title property is R1 041 720.

Estate properties mainly exist at the upper end of the market—81% of estate properties are valued over R1.2m. However the large majority of properties under R600 000 are freehold (85%). The conventional market (R600 000 – R1.2m) contains the largest share of the sectional title properties: 47%.

In 2017, **72% of new, conventional market transactions and 66% of new, high-end transactions were for sectional title properties.** This indicates that a significant number of the new properties being built in Johannesburg at the upper end of the property ladder are actually sectional title, while most of the registrations at the lower end of the property ladder are freehold properties.

### Number of properties by type by market segment City of Johannesburg, 2017

	Estate		Freehold		Sectional Title	
	Total number of residential properties	Percent share of total	Total number of residential properties	Percent share of total	Total number of residential properties	Percent share of total
Under R300 000	46	0.1%	105,559	20.1%	14,569	7.9%
R300 000 to R600 000	2,065	3.1%	193,347	36.8%	37,473	20.2%
R600 000 to R1.2m	10,733	16.1%	105,599	20.1%	86,306	46.9%
Over R1.2m	53,903	80.8%	120,516	23.0%	46,102	25.0%
Grand Total	66,747	100.0%	525,021	100.0%	184,150	100.0%

Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

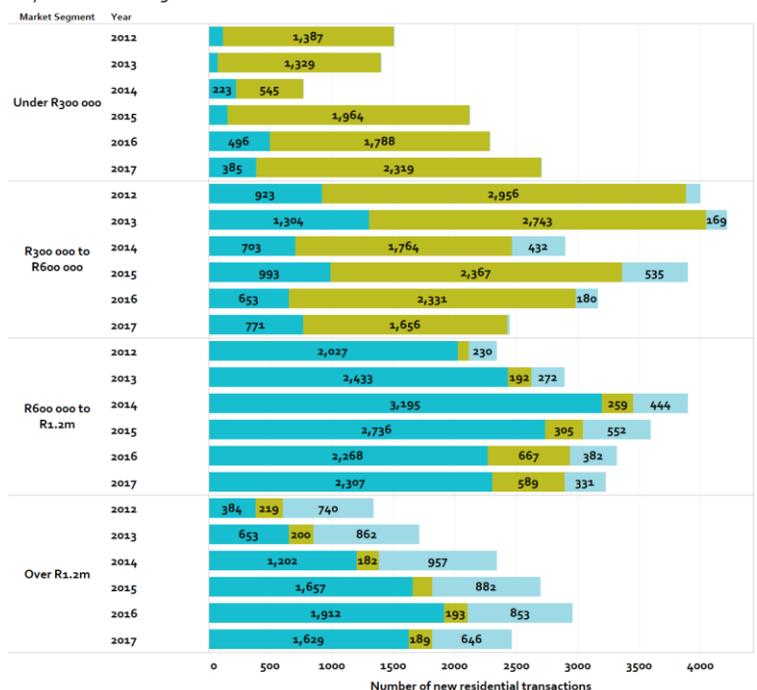
### Total number of properties by title type per market segment City of Johannesburg, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

Property Type  
■ Estate  
■ Freehold  
■ Sectional Title

### Number of new transactions by property type by market segment City of Johannesburg



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2017 (sourced July 2018)

Property type  
■ Estate  
■ Freehold  
■ Sectional title

# 7. Comparing Johannesburg to other metros

Of the eight metros, **Johannesburg has the second highest average residential property value in 2017: R1 150 410** compared to the highest (R1 350 620) in Cape Town.

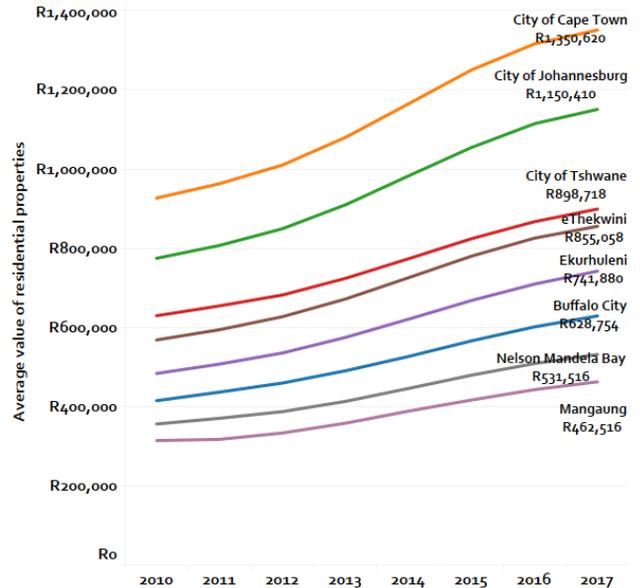
With respect to market size, Johannesburg has the largest residential property market, in terms of number of properties.

In terms of total value of the residential property market, Johannesburg is second to Cape Town. The total value of Johannesburg's property market is R 892.6 billion, compared to Buffalo City which is the lowest at R76.8 billion and Cape Town which is the highest (R1 009.6 billion).

**26% of Johannesburg's residential properties are government-subsidised**, compared to Nelson Mandela Bay at the high end (42%), and eThekweni at the low end (21%).

**Johannesburg has the highest proportion of sectional titled properties compared to other metros (24%).**

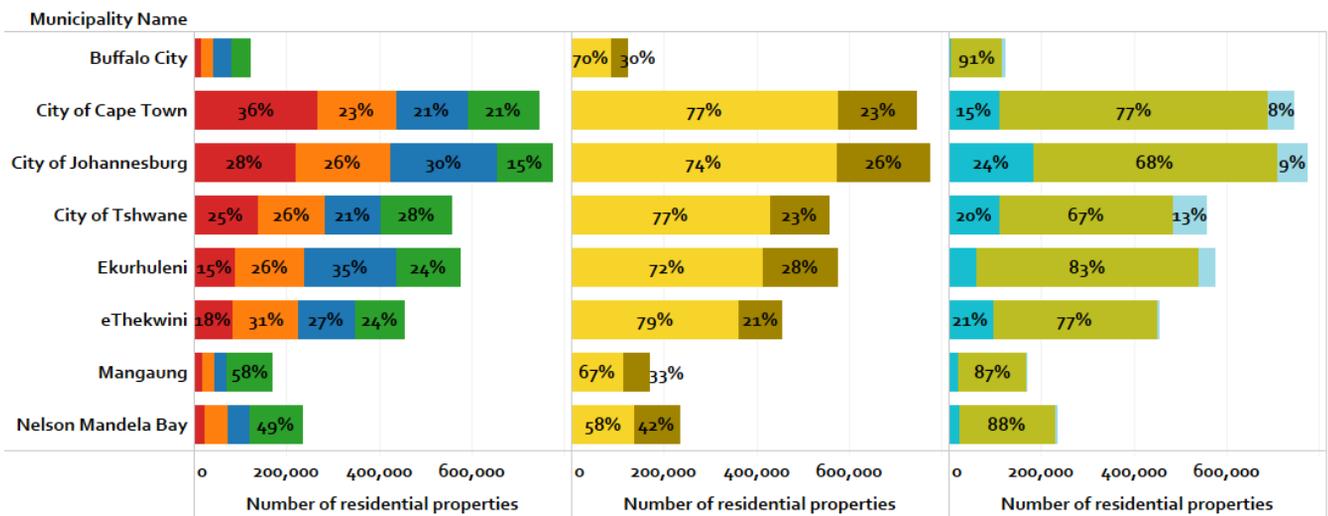
**Average value residential properties**



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

## Residential market size

Properties by market segment, government subsidised housing and property type  
Eight metro municipalities, 2017



Data Source: CAHF's Citymark, using Deeds Registry Data supplied by Lightstone Property as at the end of December 2017 (sourced July 2018)

**Market Segment**  
 Under R300 000  
 R300 000 to R600 000  
 R600 000 to R1.2m  
 Over R1.2m

**Subsidy Type**  
 Government Subsidised  
 Non subsidised

**Property Type**  
 Estate  
 Freehold  
 Sectional Title

## 8. Report methodology

### What is the source of the data?

To produce our Citymark research, CAHF uses South African deeds registry data as cleaned and prepared to our specifications by our partners at Lightstone, one of the leading property data firms in South Africa. We add to this 2011 Census data provided by StatsSA. This report only reflects the formal property market that is registered on the Deeds Registry. Informal or untitled properties, such as those in informal settlements, or which comprise part of the national titling backlog, are therefore not reflected in the analysis.

### How are the indicators derived?

About one-third of the indicators are simply counts of conditions within suburbs, such as numbers of properties, sales or average values. CAHF uses these building blocks to create the remaining indicators, based on our experience in housing finance and real estate development. All of the indicators can be shown at the suburb, municipality or metro levels, up to the national level, allowing for comparisons and benchmarking.

### How are the images and analyses created?

Record-level deeds are aggregated at the suburb level into specifically defined indicators, which are then merged at the suburb level with Census data. Citymark uses 2011 StatsSA subplace boundaries, ensuring that all data sources aggregate to the same boundaries.

### Why use market segments?

Market segmentation allows for analysis of how categories of properties have performed differently over time. Most properties under R300 000 were developed through government intervention with resale restrictions. Properties between R300 000 and R1.2 million are of current interest to investors and developers keen on providing more affordable housing within those segments. Properties over R1.2 million trade in more conventional and organic ways.

However it must be noted that the market segments used in this analysis are static, and are not adjusted for inflation across the years. Thus a house valued at R300 000 in 2012 was relatively more expensive than a R300 000 house today. Furthermore, a particular property may move into a different market segment as it depreciates or appreciates.

### How is the value determined?

The property values in this report are not taken from municipal valuation roles. Instead the value is provided by Lightstone using its own proprietary methodology which takes into consideration a range of indicators, including transaction price, the level of sales activity in an area, and the extent of mortgage lending.

### How is transaction price determined?

The prices or transaction amounts listed are those listed on the deeds registry, with no adjustment for inflation (the nominal price). In the case of government subsidised properties, the original transaction price recorded in the deeds registry when a beneficiary receives their title deed is typically based on the subsidy quantum although different methodologies are used depending on the municipality or implementing agent for the housing project.

### How are government subsidised properties identified?

Government subsidised houses are not explicitly recognised or marked on the title deed. Therefore it is necessary to use a proxy to identify government subsidised properties on the deeds registry. The proxy we use is based on common programme characteristics of BNG/RDP houses, including the year, first registration price and buyer type, maximum prices, and proximity to other similar housing types.

The **Centre for Affordable Housing Finance in Africa (CAHF)** is a research NGO whose mission is to expand Africa's housing markets for all of its residents, through disseminating research and market intelligence, and supporting cross-sector collaborations and a market-based approach.

[www.housingfinanceafrica.org](http://www.housingfinanceafrica.org)

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