

## SA housing market still 10th best

**Property markets in UK, Canada, New Zealand and Norway are struggling, with SA still the 10th best performing market globally.**

South Africa is not the only country experiencing a rapid slowdown in house price growth. A report released last week on global housing markets by British based property group Knight Frank confirms that a number of other countries including the likes of the UK, Canada, New Zealand and Norway have also slipped from double digit to single digit growth territory over the past year.

The report ranks SA as the tenth best performing housing market among 34 countries in first quarter 2008 with growth of 8,8%. That's down from sixth position a year ago when SA house prices were still rising at 13,6%.

Overall global house price inflation came to an average 6,1% in first quarter 2008, down from 9,8% a year earlier. And although global house price inflation continues on its downward trend, there have been a few noticeable exceptions. Five out of 34 countries worldwide are still fetching house price growth of more than 20%, including Bulgaria (31,5%), Singapore (29,9%), Hong Kong (28,8%), Jersey (28%) and Russia (21,7%).

Seven countries have seen house prices dip into negative growth territory in first quarter 2008. These are Israel (-0,2%), Denmark (-0,7%), Japan (-0,7%), Germany (-5,2%), Ireland (-8,8%), Estonia (-10,7%) and Latvia (-20%).

Liam Bailey, head of residential research at Knight Frank, says there is no doubt that the number of markets where prices have fallen has increased. ``A year ago, 35% of the markets covered by Knight Frank's global house price index saw house price inflation in double figures. In first quarter 2008, this proportion had fallen to just 20%.'

Bailey notes that a number of markets have seen a sharp reversal of fortune since mid-2007 on the back of the sub-prime fall-out and the global credit crunch. The UK housing market has been particularly hard hit. In first quarter 2007, the UK was still the tenth best performing market in the world. It has since slipped to 24th position.

Bailey says the UK housing market is experiencing its most significant slowdown since the early 1990's. ``On almost every measure across the prime and mainstream markets and the new build sector, the market has shown worsening performance over the last six months.'

According to Bailey, the weak sentiment in the UK housing market is reflected across the wider economy, with consumer confidence, as measured by the NOP Index, at its lowest level since April 1994. With some regional and local market variations, house prices across the UK have been falling since September, with overall price growth of only 1,1% in first quarter 2008 (11% first quarter 2007). - Joan Muller