



BANK OF MAURITIUS

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PRESS COMMUNIQUE Survey of Housing Market Conditions: 2009Q1

The prevailing crisis, which originated from the US sub-prime housing sector, has shown that housing market conditions could have important implications for a central bank's policies with respect to monetary and financial stability. In this connexion, the Bank of Mauritius initiated a survey of Housing Market Conditions in April 2009 to enhance understanding of the domestic housing market and awareness of latest developments therein.

The Survey was conducted by means of a questionnaire designed to collect the views of estate agents on conditions prevailing in the residential segment of the housing market in the first quarters of 2008 and 2009. The questionnaire was sent to a sample of fifty estate agencies and a response rate of 40 per cent was obtained, including many of the major players in the market.

Survey Results

- ***Demand and Supply Conditions***

The residential housing market was characterized as being in a situation of excess supply during the first quarter of 2009 by 60 per cent of respondents. Of these, half qualified the excess supply of residential housing as significant while the other half reported that the excess supply was slight. For 35 per cent of respondents, supply in the market roughly matched demand. Only 5 per cent of respondents indicated that the market was in an excess demand situation, which was nonetheless deemed as slight.

Compared to 2008Q1, 40 per cent of respondents reported that demand for residential housing had decreased in 2009Q1 while 10 per cent noted that supply had increased. A further 20 per cent of respondents found that there had been both a fall in the demand for and a rise in the supply of residential housing. For 20 per cent of respondents, however, demand and supply conditions had remained the same while for 5 per cent, an increase in demand was observed. The remaining 5 per cent were not sure about the state of the market.

- ***Residential Property Listings and Transactions***

During 2009Q1, 75 per cent of responding estate agencies had up to 50 residential properties listed with them compared to 25 per cent which had more than 50 properties on their lists. Agents most frequently reported a range of 10-20 properties listed with them while the median volume of properties was in the range of 21-30.

A range of 1-5 residential properties was reportedly sold by 50 per cent of participating estate agents during 2009Q1. A higher volume of 6-15 properties was sold by 15 per cent of respondents while no respondent reported sales of more than 15 residential properties. Moreover, 35 per cent of respondents indicated that they had not sold any residential properties during 2009Q1.

Compared to 2008Q1, 55 per cent of respondents experienced a decline in the volume of residential property sales in 2009Q1. While a third of such respondents noted that sales were only slightly lower, the remainder indicated that sales were much lower in 2009Q1 than in 2008Q1. The volume of sales in 2009Q1 compared to 2008Q1 was about the same for 35 per cent of responding estate agents and higher for 5 per cent of respondents.

- ***Prices in the Residential Housing Market***

The price at which a residential property sold in 2009Q1 was generally lower than its initial asking price for 55 per cent of respondents. On average, such respondents noted a 14 per cent difference between the initial asking price and the final selling price of a property. Nevertheless, 40 per cent of respondents reported no difference between the initial asking price of a property and its final selling price.

Fifty per cent of respondents reported that selling prices of residential properties had remained essentially the same in 2009Q1 compared to 2008Q1 while 40 per cent indicated that selling prices had fallen on average by 10 per cent. The remaining 10 per cent of respondents noted that selling prices had risen on average by 25 per cent.

Estate agents were also asked to provide an estimate of average prices at which different types of residential properties could sell in 2009Q1 depending on their location in urban, rural or coastal areas. In urban areas, average selling prices could range between Rs2.8 – Rs6.5 million depending on the type of property. In rural areas, average selling prices could vary between Rs1.7 – 3.9 million whereas in coastal areas, average selling prices could fluctuate between Rs3.5 – Rs11.2 million.

- ***Average Time to Sell a Residential Property***

It took on average 1-3 months to sell a residential property in 2009Q1 for 40 per cent of respondents and on average 3-6 months for another 40 per cent. The average time to sell a property was 6-9 months for 10 per cent of estate agents and over 12 months for the remaining 10 per cent.

- ***Purchases by Non-Residents***

A quarter of responding estate agencies reported sales of residential properties to non-residents in 2009Q1. Such sales on average accounted for 37 per cent of their total sales. The remaining 75 per cent of agencies dealt with residents only.

The Bank of Mauritius thanks all participants to the first Survey of Housing Market Conditions and looks forward to their continued collaboration in future.

Financial Markets Analysis Division

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