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Residential building activity still under pressure

The residential building and construction sector continued to experience some tough conditions up to mid-2010, based on data released by Statistics South Africa for plans approved for new housing as well as new housing construction.

The real value of plans approved for new residential buildings dropped by 5% year-on-year (y/y) to a level of R8,61 billion in the first half of 2010 from R9,07 billion in the same period last year. The real value in respect of new residential buildings constructed was down by 21,8% y/y to R7,15 billion in the first six months of the year from a level of R9,14 billion in the corresponding period of 2009. These real values are calculated at constant 2005 prices.

In the planning phase of new housing, reflected by building plans approved, levels of activity were very much under pressure in the first half of 2010, especially in the segments of housing less than 80m² and higher-density housing (flats and townhouses). In the month of June, a further year-on-year decline was recorded in plans approved by local authorities for new housing, although this contraction was relatively small.

The construction phase of new housing contracted significantly on a year-on-year basis all three segments of the market in the period January to June 2010 (see tables below). With the construction of new housing lagging the planning phase, any improvement in conditions regarding the volume of plans approved will be reflected on the construction front at a later stage.

Conditions in the residential building and construction sector are forecast to remain tough in the short term, with expectations of improved levels of activity towards the end of the year and into 2011.

Residential building statistics: Units (January-June)						
Category of housing	Plans passed			Buildings completed		
	Units 2009	Units 2010		Units 2009	Units 2010	
		Number	% change		Number	% change
Houses of <80m ²	12 303	10 303	-16.3	11 626	8 108	-30.3
Houses of ≥80m ²	7 023	7 169	2.1	7 051	5 056	-28.3
Flats & townhouses	8 206	5 512	-32.8	10 037	4 906	-51.1
Total	27 532	22 984	-16.5	28 714	18 070	-37.1

Source: Stats SA

Residential building statistics: Building area (January-June)						
Category of housing	Plans passed			Buildings completed		
	m ² 2009	Building area 2010		m ² 2009	Building area 2010	
		m ²	% change		m ²	% change
Houses of <80m ²	535 974	453 088	-15.5	508 983	356 114	-30.0
Houses of ≥80m ²	1 861 810	1 840 826	-1.1	1 825 822	1 297 742	-28.9
Flats & townhouses	792 207	500 305	-36.8	1 087 960	590 467	-45.7
Total	3 189 991	2 794 219	-12.4	3 422 765	2 244 323	-34.4

Source: Stats SA

Residential building statistics by province												
Building plans passed												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jun 09	Number	5 568	2 979	98	2 088	2 247	3 038	9 880	1 209	425	27 532
	January- June 2010	Number	4 892	3 377	83	805	1 585	1 499	8 854	1 185	704	22 984
		% change	-12.1	13.4	-15.3	-61.4	-29.5	-50.7	-10.4	-2.0	65.6	-16.5
		% of SA	21.3	14.7	0.4	3.5	6.9	6.5	38.5	5.2	3.1	100.0
Alterations and additions to existing houses	Jan-Jun 09	m ²	416 218	137 249	18 654	68 546	206 880	75 892	497 181	83 851	35 505	1 539 976
	January- June 2010	m ²	451 326	157 886	19 145	77 188	212 896	80 942	536 538	76 667	42 389	1 654 977
		% change	8.4	15.0	2.6	12.6	2.9	6.7	7.9	-8.6	19.4	7.5
		% of SA	27.3	9.5	1.2	4.7	12.9	4.9	32.4	4.6	2.6	100.0
Buildings completed												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jun 09	Number	7 253	1 763	208	1 246	3 735	1 308	10 589	1 120	1 492	28 714
	January- June 2010	Number	5 504	2 542	75	540	1 700	1 116	5 705	689	199	18 070
		% change	-24.1	44.2	-63.9	-56.7	-54.5	-14.7	-46.1	-38.5	-86.7	-37.1
		% of SA	30.5	14.1	0.4	3.0	9.4	6.2	31.6	3.8	1.1	100.0
Alterations and additions to existing houses	Jan-Jun 09	m ²	490 146	84 470	15 547	56 447	158 945	22 087	327 490	57 211	3 645	1 215 988
	January- June 2010	m ²	333 074	98 871	16 607	38 919	100 585	27 228	255 103	35 017	1 744	907 148
		% change	-32.0	17.0	6.8	-31.1	-36.7	23.3	-22.1	-38.8	-52.2	-25.4
		% of SA	36.7	10.9	1.8	4.3	11.1	3.0	28.1	3.9	0.2	100.0

Source: Stats SA



