Home Loans

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Residential building statistics — 19 October 2012

Some strain still evident in residential building activity

Residential building activity in respect of the planning phase of new housing contacted further in August 2012, whereas the construction phase improved compared with a year ago. These trends contributed to year-to-date activity levels, with plans approved showing a noticeable decline compared with the first eight months of last year. The construction phase, however, recorded some year-on-year growth over the same period, although still in single digits and most likely impacted by a strong uptick in growth in plans approved towards the end of 2011 and early this year.

Year-on-year (y/y) growth in the volume of new housing units for which building plans were approved was down by 5 607 units, or 32,1%, to a total of 11 841 units in the three month period from June to August this year, contributing to a contraction of 16,4% y/y in the first eight months of the year. A sharp slowdown in planning activity was evident in the segments for smaller-sized houses and flats and townhouses. Although these categories of housing are popular from an affordability perspective, the latest trends might be a reflection of recent and expected developments regarding household finances and investor demand for buy-to-let properties.

The year-on-year improvement in the construction of new housing up to August this year was largely driven by the flats and townhouse segment, which recorded growth of almost 29% y/y in the eight month period. The relatively strong improvement in plans approved for flats and townhouses in 2011, after sharply contracting in 2008-2010 (see graphs below), are still having a noticeably positive effect on the construction phase, based on the time it takes to complete such property developments. However, planning activity in this category of housing is on a declining trend since early this year, which may cause a lower level of activity in the construction phase during 2013.

Levels of activity in respect of alterations and renovations to existing houses remained subdued in the first eight months of 2012, reflecting the state of homeowners' financial position, which is most likely to impact trends in home improvement activity.

Factors such as economic trends, household finances and consumer confidence are set to continue to impact the demand for and supply of new housing, as well as activity with regard to alterations and renovations to exiting housing. Against this background, residential building activity is expected to remain relatively subdued over the next 12 to 18 months if compared with trends evident in 2004-2007 (see graph below on residential building activity from 2000 to 2011).

Residential building activity (January-August)

Category of housing	Building plans approved			Buildings completed		
	Units 2011	Units 2012 Number	Units 2012 % change	Units 2011	Units 2012 Number	Units 2012 % change
Houses of <80m^2	15 982	11 352	-29.0	13 235	12 885	-2.6
Houses of ≥80m^2	10 146	11 031	8.7	7 291	7 522	3.2
Flats & townhouses	11 241	8 851	-21.3	5 657	7 280	28.7
Total	37 369	31 234	-16.4	26 183	27 687	5.7

Source: Stats SA

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Residential building activity by province

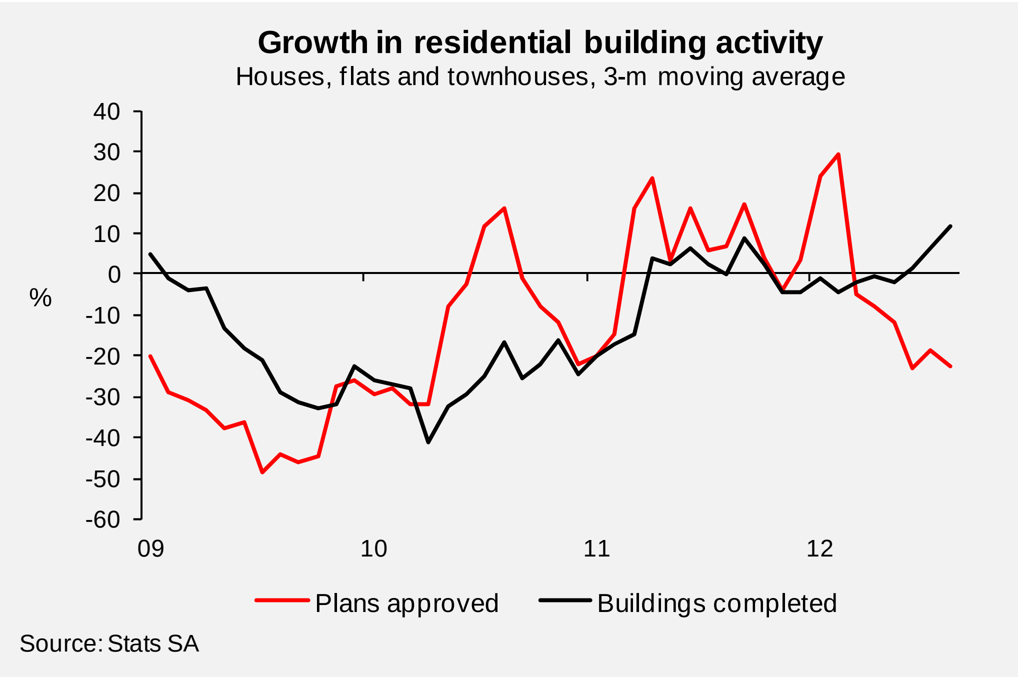
Building plans approved

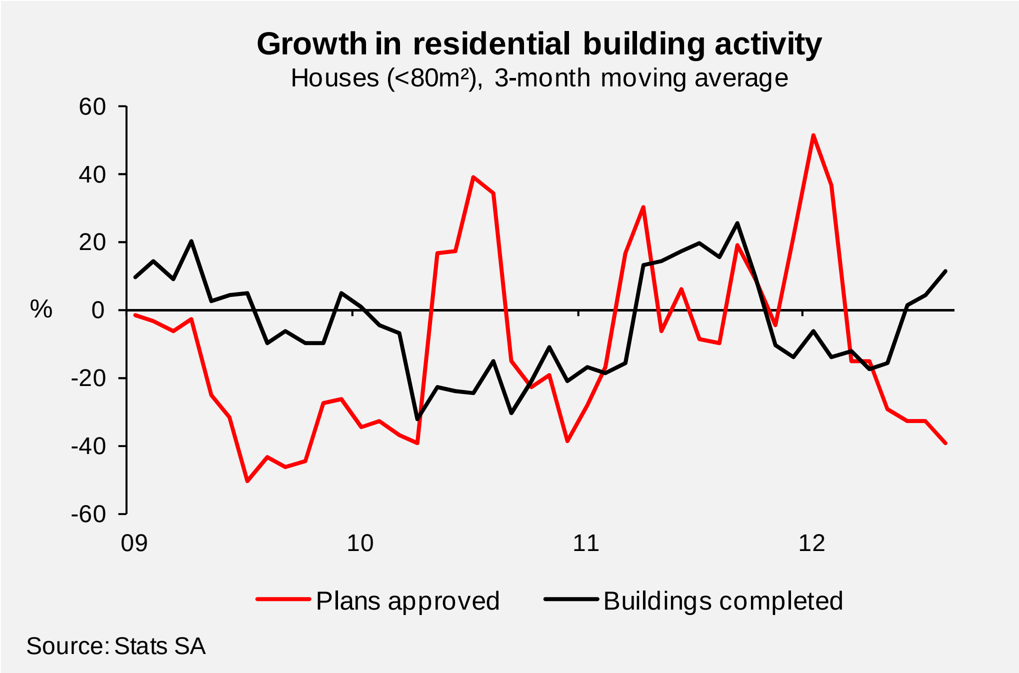
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new	Jan-Aug 11	Number	8 824	1 512	840	2 511	2 795	2 585	13 974	2 211	2 117	37 369
houses,	January-	Number	6 886	1 551	690	1 424	1 860	1 557	14 469	1 838	959	31 234
flats and	August	% change	-22.0	2.6	-17.9	-43.3	-33.5	-39.8	3.5	-16.9	-54.7	-16.4
townhouses	2012	% of SA	22.0	5.0	2.2	4.6	6.0	5.0	46.3	5.9	3.1	100.0
Alterations	Jan-Aug 11	m²	567 991	177 830	34 917	92 736	249 917	103 644	720 472	90 375	45 406	2 083 288
and additions	January-	m²	562 848	200 350	35 469	102 384	212 630	113 105	722 165	90 827	49 225	2 089 003
to existing	August	% change	-0.9	12.7	1.6	10.4	-14.9	9.1	0.2	0.5	8.4	0.3
houses	2012	% of SA	26.9	9.6	1.7	4.9	10.2	5.4	34.6	4.3	2.4	100.0

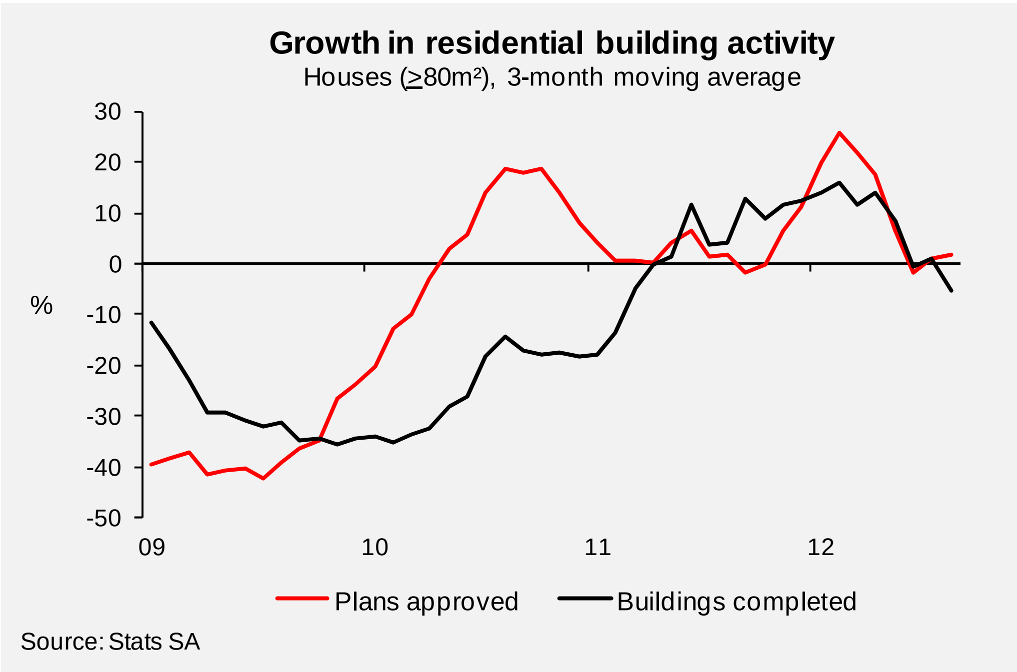
Buildings completed

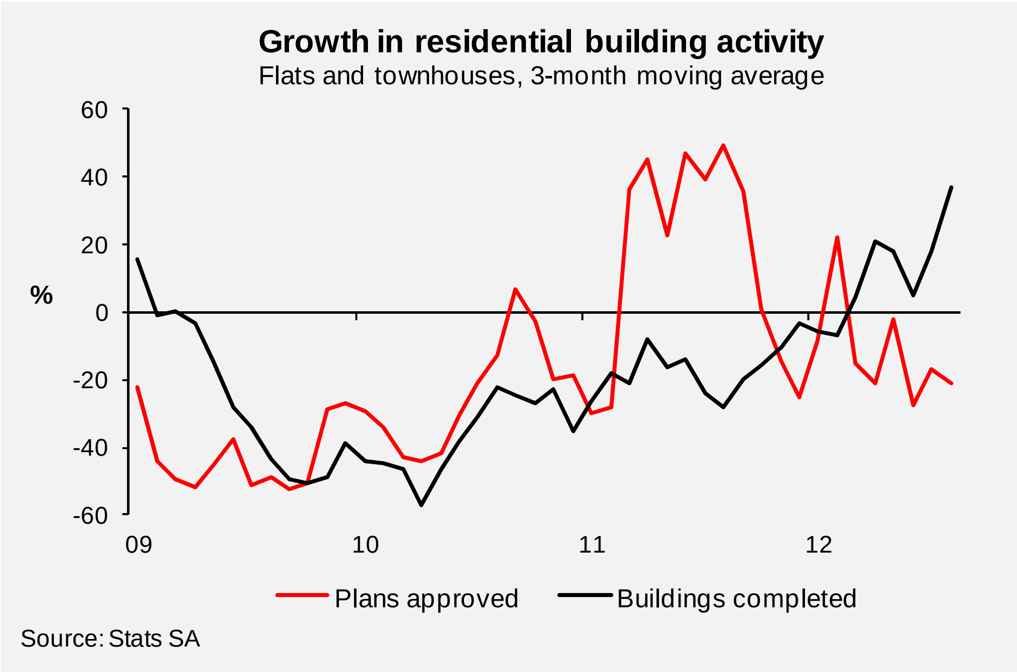
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new	Jan-Aug 11	Number	7 570	1 951	640	1 024	1 841	982	10 402	1 421	352	26 183
houses,	January-	Number	6 914	2 877	67	626	1 527	1 007	12 939	1 361	369	27 687
flats and	August	% change	-8.7	47.5	-89.5	-38.9	-17.1	2.5	24.4	-4.2	4.8	5.7
townhouses	2012	% of SA	25.0	10.4	0.2	2.3	5.5	3.6	46.7	4.9	1.3	100.0
Alterations	Jan-Aug 11	m²	443 116	96 536	22 257	39 609	143 461	25 608	370 857	72 900	3 064	1 217 408
and additions	January-	m²	399 919	71 039	33 066	27 832	118 400	25 117	269 363	51 816	5 183	1 001 735
to existing	August	% change	-9.7	-26.4	48.6	-29.7	-17.5	-1.9	-27.4	-28.9	69.2	-17.7
houses	2012	% of SA	39.9	7.1	3.3	2.8	11.8	2.5	26.9	5.2	0.5	100.0

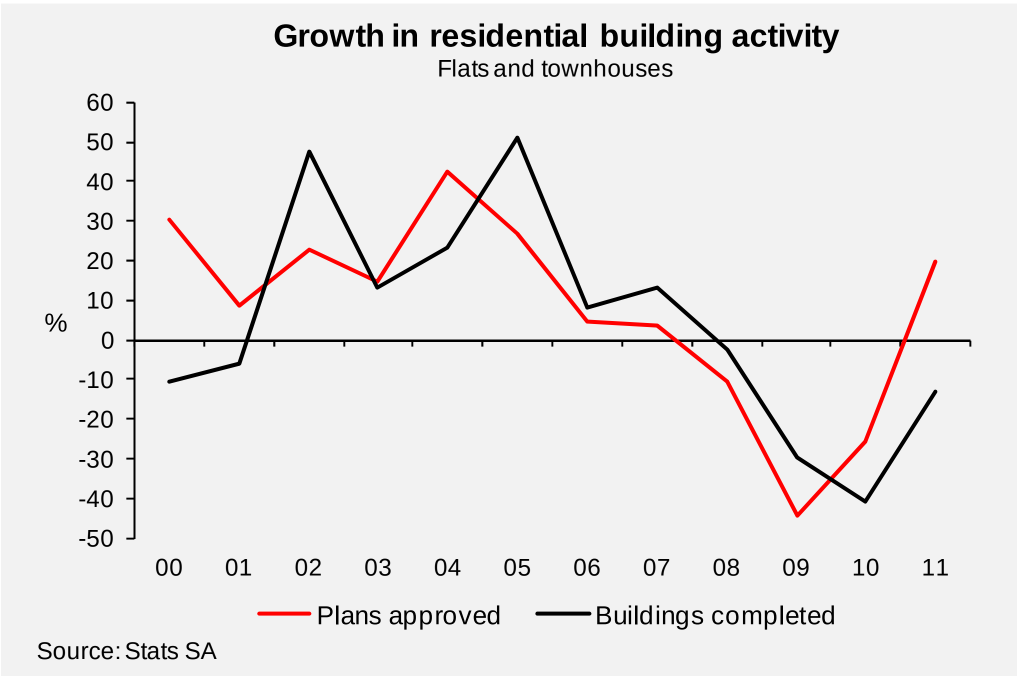
Source: Stats SA

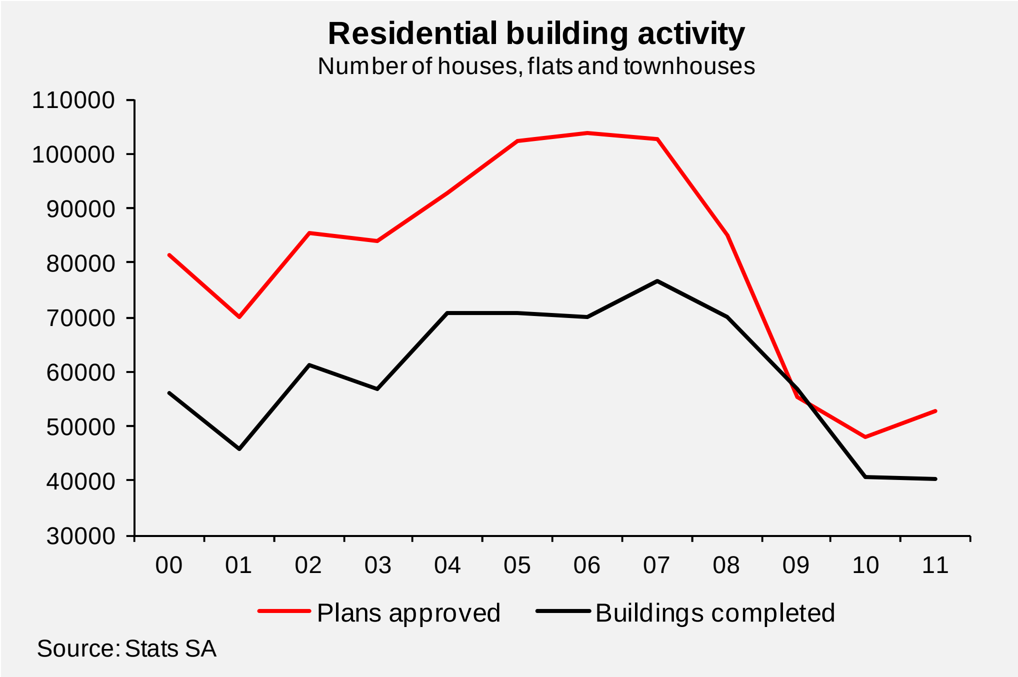



Growth in residential building activity
Houses (<80m²), 3-month moving average
60
40
20
0
-20
-40
-60
%
09
10
11
12
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Houses (≥80m²), 3-month moving average
30
20
10
0
-10
-20
-30
-40
-50
%
09
10
11
12
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Flats and townhouses, 3-month moving average
60
40
20
0
-20
-40
-60
%
09
10
11
12
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Flats and townhouses
60
50
40
30
20
10
0
-10
-20
-30
-40
-50
%
00
01
02
03
04
05
06
07
08
09
10
11
Plans approved
Buildings completed
Source: Stats SA


Residential building activity
Number of houses, flats and townhouses
110000
100000
90000
80000
70000
60000
50000
40000
30000
00
01
02
03
04
05
06
07
08
09
10
11
Plans approved
Buildings completed
Source: Stats SA