ABSA

Home Loans

Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

45 Mooi Street
Johannesburg | 2001

PO Box 7735
Johannesburg | 2000
South Africa

Tel +27 (0)11 350 7246
jacques@absa.co.za
www.absa.co.za

Explanatory notes:
The residential building statistics refer to private sector-financed housing, largely excluding government-subsidised low-cost housing, for which information was reported by local government institutions.

Residential building statistics

21 November 2013

Residential building activity remains subdued

The first nine months of 2013 saw levels of residential building activity in the South African market for new housing remaining subdued, while activity levels in both the planning and construction phases contracted in the third quarter of the year compared with the corresponding period in 2012. The category for flats and townhouses remained the major contributor to growth in residential building activity up to September this year.

From 1994 up to September 2013, a total number of 1 115 272 private sector-financed new housing units were built county-wide, of which 817 660 units, or 73,3% of the total, were constructed in the segments for smaller-sized houses of below 80m² and higher-density flats and townhouses.

The number of new housing units for which building plans were approved dropped by 5,7% year-on-year (y/y), or 763 units, to a level of 12 611 units in the third quarter of the year, while declining by 1 161 units, or 8,4% quarter-on-quarter (q/q). These year-on-year and quarter-on-quarter declines in the number of plans approved occurred in the segments for houses larger than 80m² and flats and townhouses.

The construction phase of new housing experienced a drop of 8,9% y/y to 10 062 units in the third quarter, while a decline of 355 units, or 3,4% q/q, was evident from the second quarter. Both categories of houses contributed to these contractions, whereas the number of flats and townhouses completed showed growth of around 6% y/y in the third quarter.

In the first nine months of 2013 the real value of plans approved for new residential buildings increased by 15,8% y/y, or R3,35 billion, to R24,55 billion from R21,2 billion in the corresponding period last year. The real value of residential buildings reported as completed increased by 10,2% y/y, or R1,57 billion, to R16,96 billion in the period January to September from R15,38 billion in the same period last year. These real values of residential building activity are calculated at constant 2010 prices.

Residential building activity continues to be influenced by conditions and trends in the economy, household finances, consumer and building confidence, as well as factors related to the demand for and supply of new housing. These will remain the main driving factors of residential building activity. The relatively strong focus on the supply of new housing in the segments of smaller-sized houses and higher-density flats and townhouses is expected to continue against the background of the affordability of housing and mortgage finance as well as changing lifestyles in general.

Residential building activity[1]

1994 - 2013

	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m²	655 674	43.8	523 171	46.9
Houses of ≥80m²	449 490	30.0	297 612	26.7
Flats and tow nhouses	390 941	26.1	294 489	26.4
Total	1 496 105	100.0	1 115 272	100.0

[1]Private-sector financed

Source: Stats SA

Residential building activity (January - September)

Category	Plans approved						Buildings completed					
of	Units	Units 2013		m²	Building area 2013		Units	Units 2013		m²	Building area 2013	
housing	2012	Number	%Δ	2012	m²	%Δ	2012	Number	%Δ	2012	m²	%Δ
Houses of <80m²	13 594	13 622	0.2	661 744	666 440	0.7	14 043	12 755	-9.2	634 830	588 929	-7.2
Houses of ≥80m²	12 401	12 338	-0.5	2 909 109	3 223 852	10.8	8 421	8 505	1.0	2 058 557	2 127 478	3.3
Flats and tow nhouses	10 487	12 255	16.9	1 009 391	1 162 557	15.2	8 415	9 681	15.0	794 675	933 672	17.5
Total	36 482	38 215	4.8	4 580 244	5 052 849	10.3	30 879	30 941	0.2	3 488 062	3 650 079	4.6

Source: Stats SA

Residential building activity by province

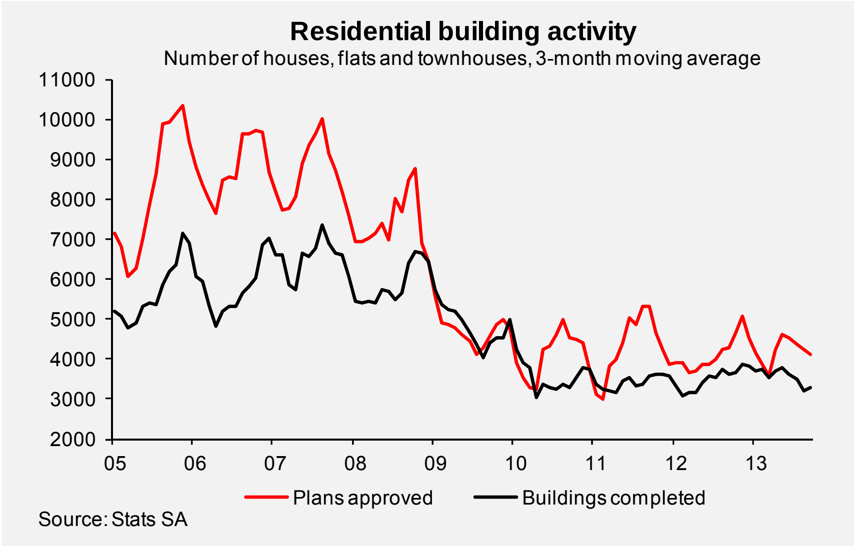
Building plans approved

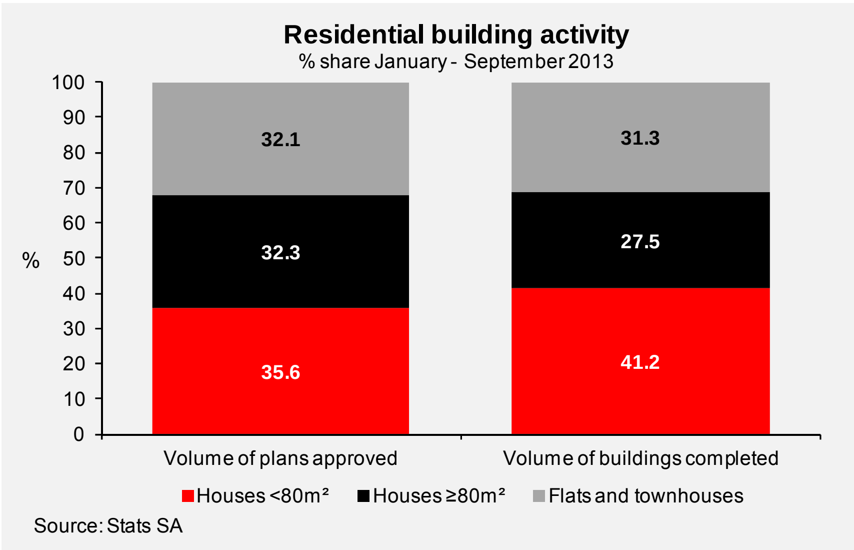
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new	Jan-Sep 12	Number	8 645	1 875	706	1 813	2 554	1 635	16 145	2 052	1 057	36 482
houses,	January -	Number	9 671	1 408	256	1 802	3 274	3 354	14 654	2 500	1 296	38 215
flats and	September	% change	11.9	-24.9	-63.7	-0.6	28.2	105.1	-9.2	21.8	22.6	4.8
townhouses	2013	% of SA	25.3	3.7	0.7	4.7	8.6	8.8	38.3	6.5	3.4	100.0
Alterations	Jan-Sep 12	m²	623 379	218 055	39 690	114 828	239 603	124 683	811 105	105 574	57 568	2 334 485
and additions	January -	m²	653 709	219 991	34 709	112 434	236 416	121 618	786 149	124 288	52 168	2 341 482
to existing	September	% change	4.9	0.9	-12.5	-2.1	-1.3	-2.5	-3.1	17.7	-9.4	0.3
houses	2013	% of SA	27.9	9.4	1.5	4.8	10.1	5.2	33.6	5.3	2.2	100.0

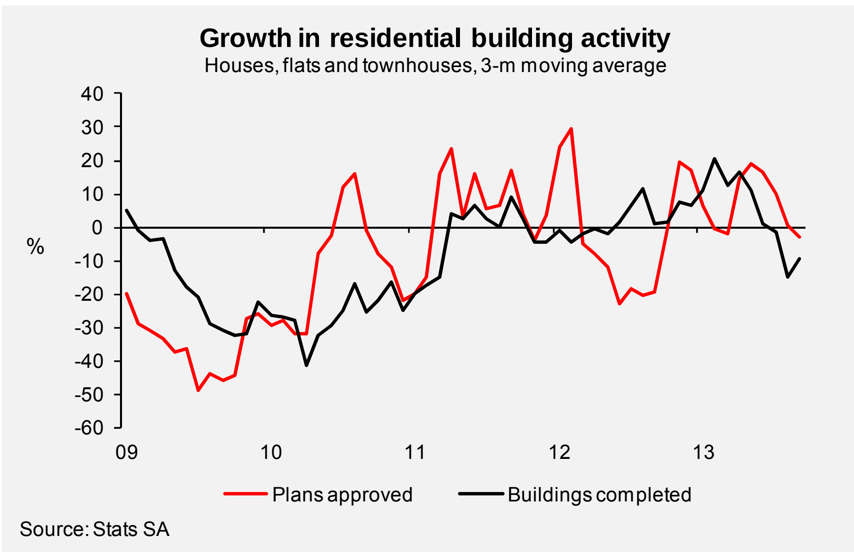
Buildings completed

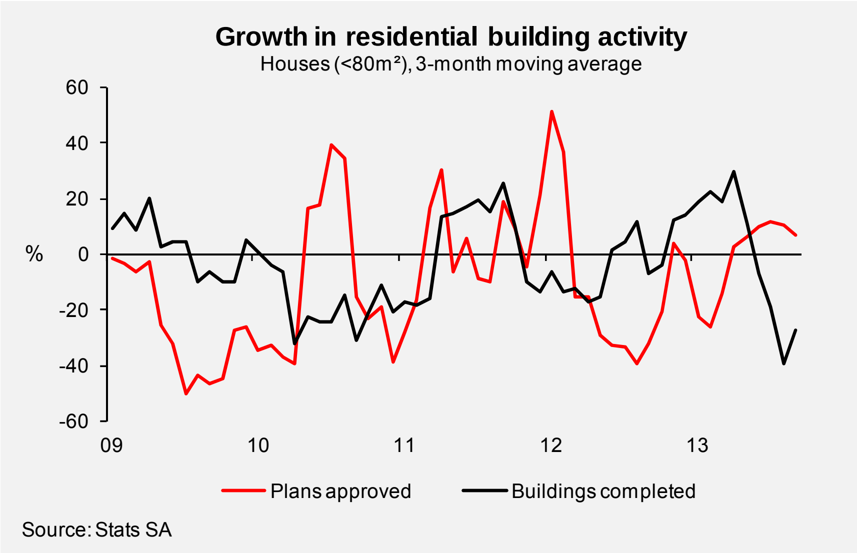
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new	Jan-Sep 12	Number	7 947	3 081	70	718	1 686	1 099	14 351	1 521	406	30 879
houses,	January -	Number	10 576	2 212	140	707	1 792	1 052	12 341	1 631	490	30 941
flats and	September	% change	33.1	-28.2	100.0	-1.5	6.3	-4.3	-14.0	7.2	20.7	0.2
townhouses	2013	% of SA	34.2	7.1	0.5	2.3	5.8	3.4	39.9	5.3	1.6	100.0
Alterations	Jan-Sep 12	m²	444 604	80 228	36 640	35 180	133 802	25 794	303 067	59 349	5 310	1 123 974
and additions	January -	m²	682 324	98 523	17 878	40 999	137 844	21 629	308 601	56 917	6 232	1 370 947
to existing	September	% change	53.5	22.8	-51.2	16.5	3.0	-16.1	1.8	-4.1	17.4	22.0
houses	2013	% of SA	49.8	7.2	1.3	3.0	10.1	1.6	22.5	4.2	0.5	100.0

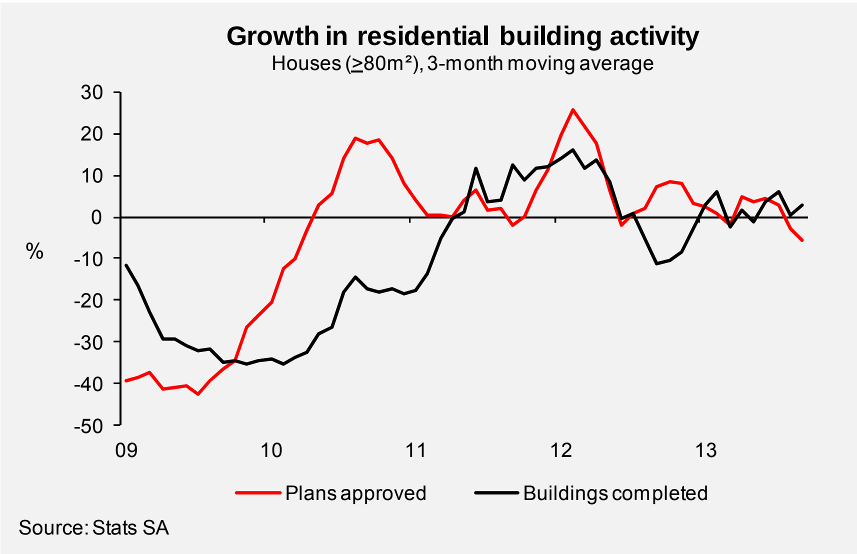
Source: Stats SA

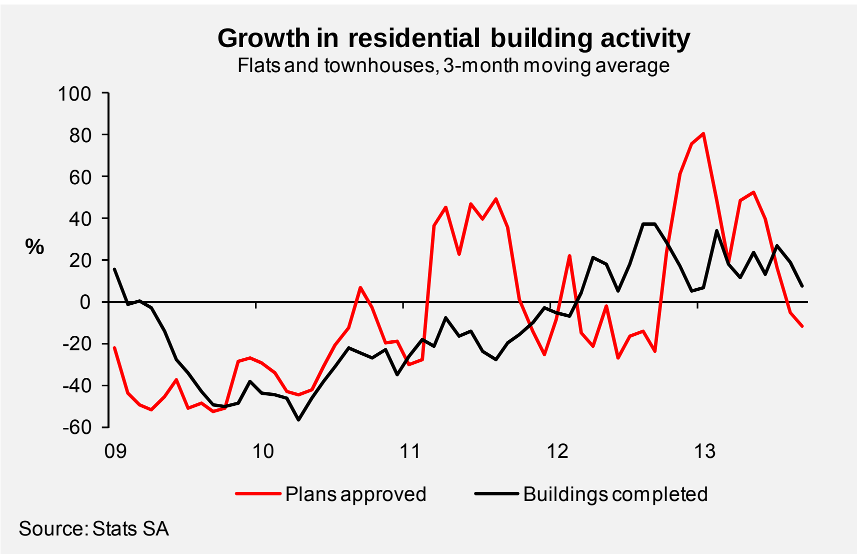

Residential building activity
Number of houses, flats and townhouses, 3-month moving average
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
05
06
07
08
09
10
11
12
13
Plans approved
Buildings completed
Source: Stats SA


Residential building activity
% share January - September 2013
100
90
80
70
60
50
40
30
20
10
0
%
32.1
32.3
35.6
31.3
27.5
41.2
Volume of plans approved
Volume of buildings completed
Houses <80m²
Houses ≥80m²
Flats and townhouses
Source: Stats SA


Growth in residential building activity
Houses, flats and townhouses, 3-m moving average
40
30
20
10
0
-10
-20
-30
-40
-50
-60
%
09
10
11
12
13
Plans approved
Buildings completed
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
13
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
13
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Flats and townhouses, 3-month moving average
100
80
60
40
20
0
-20
-40
-60
%
09
10
11
12
13
Plans approved
Buildings completed
Source: Stats SA