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**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.

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## Residential building statistics

16 October 2014

### Planning phase of residential building activity showing further growth, with contraction in construction phase slowing down

Year-on-year growth in the planning phase of residential building activity in the South African market for new housing continued along seasonal trends in August 2014, as reflected by the number of building plans approved by local government authorities. The construction phase of residential building activity, i.e. the volume of housing units reported as completed, continued to contract in August on a year-on-year basis, but the pace of contraction was significantly lower and on a sharply improving trend since May this year. These trends in private sector-financed residential building activity are from data published by Statistics South Africa.

The number of new housing units for which building plans were approved by local government institutions increased further in August this year, by 8,4% year-on-year (y/y) to a cumulative total of 38 516 units in the first eight months of the year. This resulted in growth of 13,5% y/y in the period January to August. The segments of smaller-sized houses (<80m<sup>2</sup>) housing and higher-density flats and townhouses were the main contributors to the improved level of plans approved up to August.

The continued improvement in levels of activity in the planning phase appears to be gradually working through to the construction phase. The construction phase of new housing contracted by 0,5% y/y in August, with a continued slowdown in the pace of contraction from a decline of 31,6% y/y in April. All three categories of housing showed lower levels of completion up to August compared with a year ago.

The first eight months of 2014 saw the real value of plans approved for new residential buildings rising by 8,5% y/y, or R1,86 billion to R23,81 billion from R21,95 billion in the corresponding period last year. The real value of residential buildings reported as completed was down by 4,9% y/y, or R721,5 million, to R14,12 billion in January to August from R14,84 billion twelve months ago. These real values are calculated at constant 2010 prices.

The average building cost of new housing constructed averaged R5 751 per square metre in the period January to August this year, resulting in an increase of 14,2% y/y from R5 036 per square metre in the same period last year. Building costs are affected by factors such as building material costs, labour costs, transport costs, equipment costs, land values, rezoning costs, and developer and contractor holding costs and profit margins.

Residential building activity is set to remain relatively subdued into 2015 around the levels of the past 4½ years. However, against the background of a growing population and an ever-increasing number of households, residential building activity will eventually have to rebound from current levels. Due to the all-important aspects of the affordability of housing and changing lifestyles in especially the major metropolitan areas in the country, the demand for and supply of new housing will most likely remain focused on the segments of smaller-sized houses (<80m<sup>2</sup>) and higher-density flats and townhouses, which comprised more than 73% of around 1,15 million new private sector-financed housing units built since 1994.

## Residential building activity<sup>1</sup>

1994 - 2014

	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m <sup>2</sup>	674 582	43.6	536 910	46.7
Houses of ≥80m <sup>2</sup>	464 732	30.0	307 324	26.7
Flats and townhouses	407 541	26.3	305 184	26.6
<b>Total</b>	<b>1 546 855</b>	<b>100.0</b>	<b>1 149 418</b>	<b>100.0</b>

<sup>1</sup>Private-sector financed

Source: Stats SA

## Residential building activity (January - August)<sup>1</sup>

Category of housing	Plans approved						Buildings completed					
	Units 2013	Units 2014		m <sup>2</sup> 2013	Building area 2014		Units 2013	Units 2014		m <sup>2</sup> 2013	Building area 2014	
		Number	%Δ		m <sup>2</sup>	%Δ		Number	%Δ		m <sup>2</sup>	%Δ
Houses of <80m <sup>2</sup>	12 046	14 636	21.5	591 113	713 077	20.6	11 532	9 058	-21.5	532 119	440 651	-17.2
Houses of ≥80m <sup>2</sup>	11 118	11 375	2.3	2 895 783	3 002 254	3.7	7 596	6 682	-12.0	1 908 383	1 690 901	-11.4
Flats and townhouses	10 772	12 505	16.1	1 021 117	1 193 199	16.9	8 392	7 865	-6.3	794 362	764 456	-3.8
<b>Total</b>	<b>33 936</b>	<b>38 516</b>	<b>13.5</b>	<b>4 508 013</b>	<b>4 908 530</b>	<b>8.9</b>	<b>27 520</b>	<b>23 605</b>	<b>-14.2</b>	<b>3 234 864</b>	<b>2 896 008</b>	<b>-10.5</b>

<sup>1</sup>Private-sector financed

Source: Stats SA

## Residential building activity by province<sup>1</sup>

### Building plans approved

	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 13	Number	8 589	1 315	243	1 576	2 998	3 234	12 769	2 139	1 073	33 936
	January -	Number	8 055	1 852	508	1 691	4 777	1 537	16 617	2 646	833	38 516
	August	% change	-6.2	40.8	109.1	7.3	59.3	-52.5	30.1	23.7	-22.4	13.5
	2014	% of SA	20.9	4.8	1.3	4.4	12.4	4.0	43.1	6.9	2.2	100.0
Alterations and additions to existing houses	Jan-Aug 13	m <sup>2</sup>	573 570	200 263	31 758	99 231	209 050	111 092	702 324	108 941	47 510	2 083 739
	January -	m <sup>2</sup>	514 510	214 148	38 868	103 479	247 277	106 735	666 635	135 644	43 552	2 070 848
	August	% change	-10.3	6.9	22.4	4.3	18.3	-3.9	-5.1	24.5	-8.3	-0.6
	2014	% of SA	24.8	10.3	1.9	5.0	11.9	5.2	32.2	6.6	2.1	100.0

### Buildings completed

	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 13	Number	9 456	2 090	137	677	1 621	965	10 802	1 323	449	27 520
	January -	Number	6 332	1 045	118	655	1 628	1 535	9 234	2 461	597	23 605
	August	% change	-33.0	-50.0	-13.9	-3.2	0.4	59.1	-14.5	86.0	33.0	-14.2
	2014	% of SA	26.8	4.4	0.5	2.8	6.9	6.5	39.1	10.4	2.5	100.0
Alterations and additions to existing houses	Jan-Aug 13	m <sup>2</sup>	621 555	92 147	15 813	38 949	118 905	17 358	276 208	47 900	5 158	1 233 993
	January -	m <sup>2</sup>	252 573	62 441	17 418	13 096	96 511	15 165	216 999	69 141	5 042	748 386
	August	% change	-59.4	-32.2	10.1	-66.4	-18.8	-12.6	-21.4	44.3	-2.2	-39.4
	2014	% of SA	33.7	8.3	2.3	1.7	12.9	2.0	29.0	9.2	0.7	100.0

<sup>1</sup>Private-sector financed

Source: Stats SA



