ABSA

Home Loans

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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.

Residential building statistics

15 October 2015

Continued single-digit growth in residential building activity

Building activity with regard to new private sector-financed housing in South Africa (see explanatory notes) continued to grow at single digits in the first eight months of 2015 compared with the corresponding period in 2014, based on data published by Statistics South Africa. However, growth in activity levels in both the planning and construction phases of new housing remained largely segment driven up to August.

Year-on-year (y/y) growth in the number of new housing units for which building plans were approved came to 6,8%, with a total of just more than 41 000 units planned since January. This growth was largely driven by the segments for houses less than 80m² and flats and townhouses, with these two segments showing combined growth of 10,1% y/y to a total level of 29 855 units in the eight-month period.

The volume of newly constructed housing units increased by 7% y/y to a total of more than 25 000 units in the period January to August this year. This growth was largely the result of a relatively strong improvement of 14,5% y/y in new houses built to an overall total of 18 028 units. The number of new flats and townhouses built dropped by 8,1% y/y in the eight-month period. However, flat and townhouse developments normally take quite some time to complete as a result of the extent of construction activity, with the growth of almost 10% y/y in the planning phase of these types of housing so far this year expected to be reflected in the construction phase at a later stage.

The average cost per square metre of new housing built came to an average of R6 055 in the eight months to August, which was 5,3% higher than in the corresponding period last year. Building costs per square metre were as follows in the various segments of housing in January to August this year:

- Houses of <80m²: R3 844, up by 11,2% y/y.
- Houses of ≥80m²: R6 301, up by 4,1% y/y.
- Flats and townhouses: R6 921, up by 8,3% y/y.

Residential building activity will continue to be driven by trends in and prospects for the macro economy (economic and employment growth, inflation, interest rates, etc), household finances (income, savings, debt, credit-risk profiles, etc) and confidence levels (consumer and building confidence). These factors, together with aspects such as building costs, the process of property rezoning where applicable, the availability of municipal services and the extent of the planning and construction phases eventually affect new housing demand and supply trends, as well as the timing and timespan of building activity.

Residential building activity[1]

1994 - 2015

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m²	696 829	43.4	553 521	46.5
Houses of ≥80m²	481 724	30.0	319 195	26.8
Flats and tow nhouses	427 696	26.6	316 399	26.6
Total	1 606 249	100.0	1 189 115	100.0

[1]Private-sector financed

Source: Stats SA

Residential building activity (January-August)[1]

Segment	Plans approved						Buildings completed					
	Units	Units 2015		m²	Building area 2015		Units	Units 2015		m²	Building area 2015	
	2014	Number	%Δ	2014	m²	%Δ	2014	Number	%Δ	2014	m²	%Δ
Houses of <80m²	14 636	16 166	10.5	713 077	763 889	7.1	9 058	10 225	12.9	440 651	510 721	15.9
Houses of ≥80m²	11 375	11 246	-1.1	3 002 254	3 082 055	2.7	6 682	7 803	16.8	1 690 901	2 052 321	21.4
Flats and tow nhouses	12 474	13 689	9.7	1 190 409	1 366 438	14.8	7 865	7 231	-8.1	764 456	709 121	-7.2
Total	38 485	41 101	6.8	4 905 740	5 212 382	6.3	23 605	25 259	7.0	2 896 008	3 272 163	13.0

[1]Private-sector financed

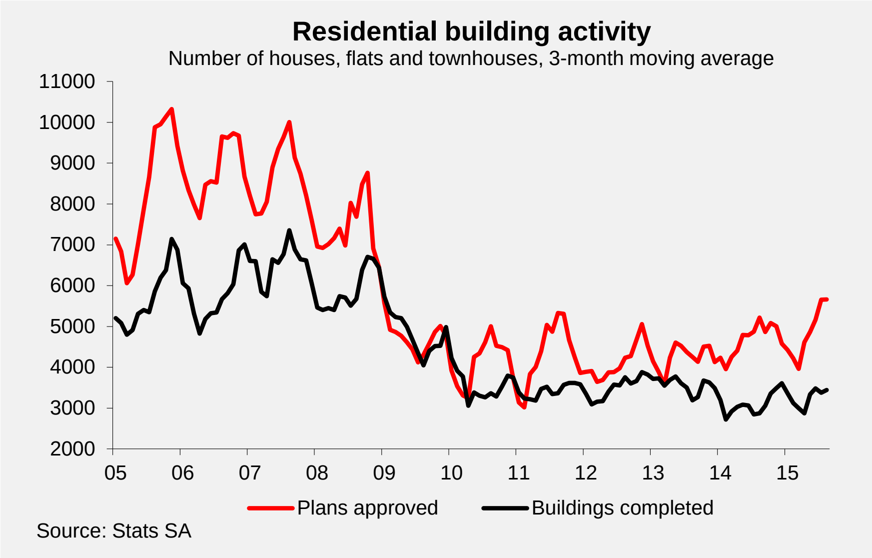
Source: Stats SA

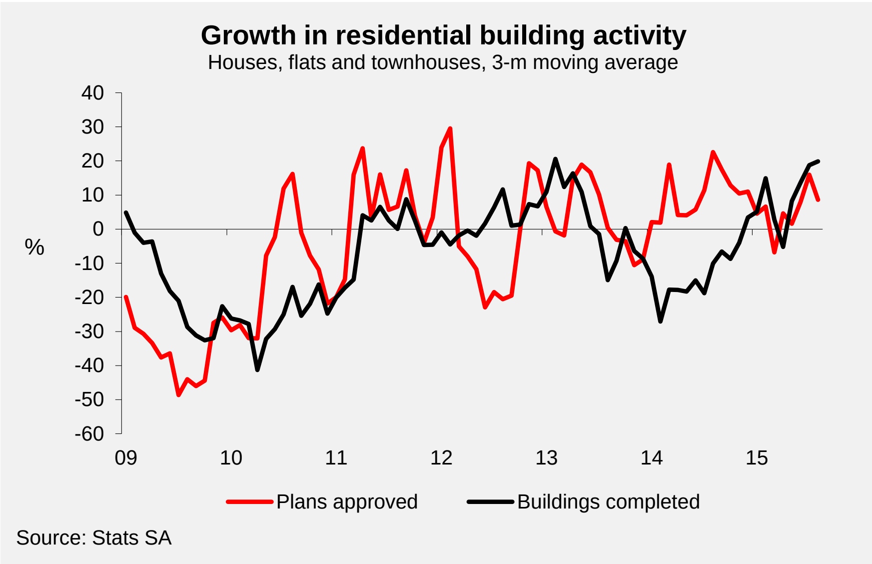
Residential building activity by province[1]

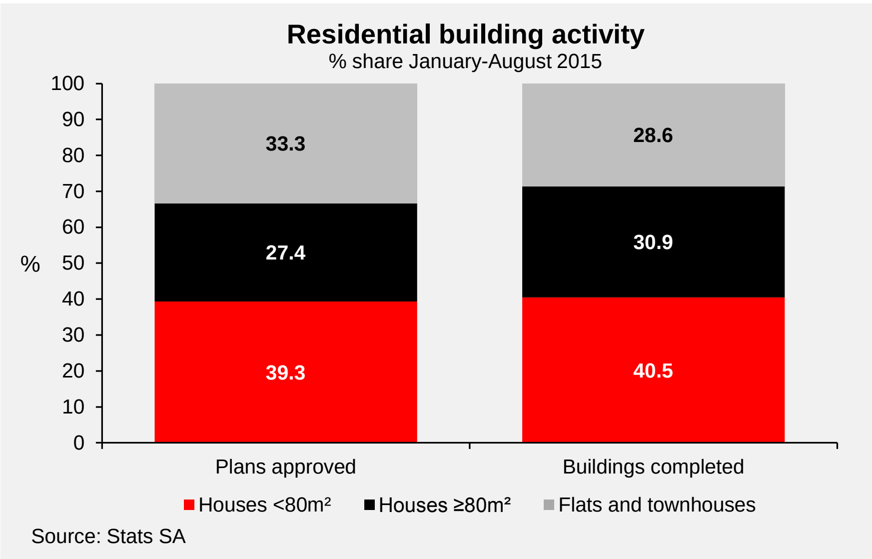
Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 14	Number	8 024	1 852	508	1 691	4 777	1 537	16 617	2 646	833	38 485
	January - August 2015	Number	10 382	2 169	127	2 211	2 916	2 622	17 364	2 171	1 139	41 101
		% change	29.4	17.1	-75.0	30.8	-39.0	70.6	4.5	-18.0	36.7	6.8
		% of SA	25.3	5.3	0.3	5.4	7.1	6.4	42.2	5.3	2.8	100.0
Alterations and additions to existing houses	Jan-Aug 14	m²	514 510	214 148	38 868	103 479	247 277	106 735	666 635	135 644	43 552	2 070 848
	January - August 2015	m²	610 832	213 034	34 790	104 524	225 372	96 962	624 581	126 690	38 339	2 075 124
		% change	18.7	-0.5	-10.5	1.0	-8.9	-9.2	-6.3	-6.6	-12.0	0.2
		% of SA	29.4	10.3	1.7	5.0	10.9	4.7	30.1	6.1	1.8	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 14	Number	6 332	1 045	118	655	1 628	1 535	9 234	2 461	597	23 605
	January - August 2015	Number	7 635	1 232	234	1 622	1 341	1 184	10 008	1 547	456	25 259
		% change	20.6	17.9	98.3	147.6	-17.6	-22.9	8.4	-37.1	-23.6	7.0
		% of SA	30.2	4.9	0.9	6.4	5.3	4.7	39.6	6.1	1.8	100.0
Alterations and additions to existing houses	Jan-Aug 14	m²	252 573	62 441	17 418	13 096	96 511	15 165	216 999	69 141	5 042	748 386
	January - August 2015	m²	312 473	59 527	17 768	23 400	94 562	68 301	118 958	75 084	2 368	772 441
		% change	23.7	-4.7	2.0	78.7	-2.0	350.4	-45.2	8.6	-53.0	3.2
		% of SA	40.5	7.7	2.3	3.0	12.2	8.8	15.4	9.7	0.3	100.0

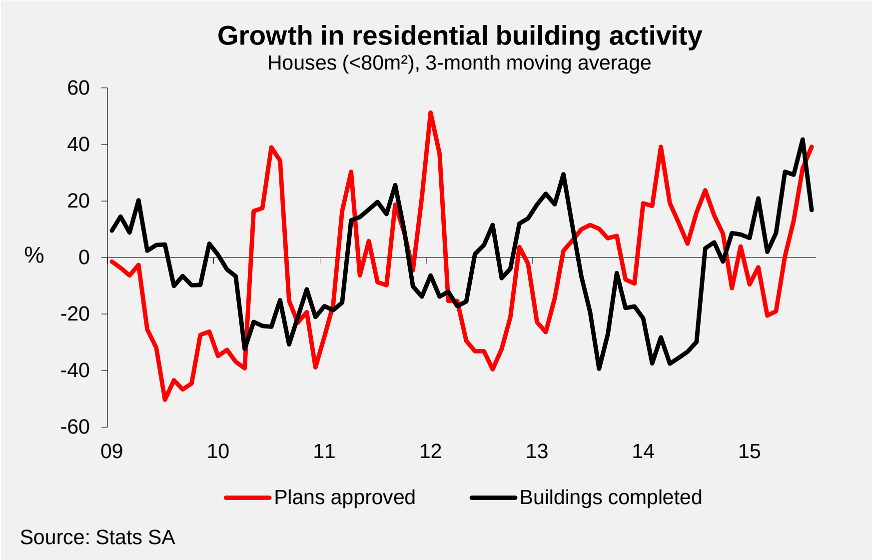
[1]Private-sector financed

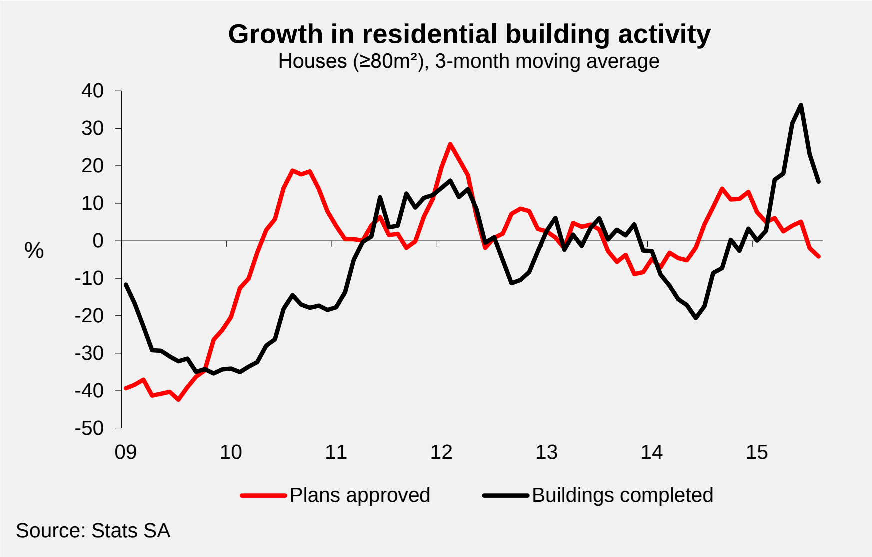
Source: Stats SA

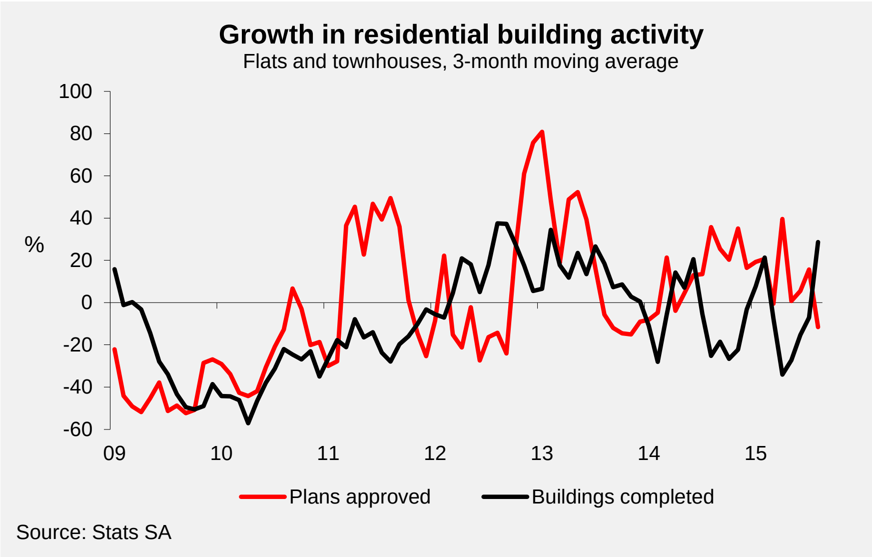

Residential building activity
Number of houses, flats and townhouses, 3-month moving average
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
05
06
07
08
09
10
11
12
13
14
15
Plans approved
Buildings completed
Source: Stats SA


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
14
15
Plans approved
Buildings completed
Source: Stats SA


Residential building activity
% share January-August 2015
100
90
80
70
60
50
40
30
20
10
0
%
33.3
27.4
39.3
28.6
30.9
40.5
Plans approved
Buildings completed
Houses <80m²
Houses ≥80m²
Flats and townhouses
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
14
15
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Houses (≥80m²), 3-month moving average
%
40
30
20
10
0
-10
-20
-30
-40
-50
09
10
11
12
13
14
15
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
14
15
Plans approved
Buildings completed
Source: Stats SA