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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

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Declining trend evident in residential building activity

Conditions with regard to building activity in the South African market for new housing seem to be deteriorating, based on trends in the first seven months of 2016. Levels of building activity have in fact contracted markedly in all segments of housing in both the planning and construction phases in July this year compared with a year ago. These trends are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing (see explanatory notes).

The number of new housing units for which building plans were approved contracted by 8,4% year-on-year (y/y), or 2 947 units, to 32 197 units in the first seven months of the year. The contraction was largely evident in the two segments of houses, which showed a combined contraction of 13,5% y/y, or 3 083 units, to 19 826 units over the 7-month period. The segment of flats and townhouses, however, recorded subdued growth of 1,1% y/y over the same period.

The number of new housing units reported as being completed increased by 2,6% y/y in the period January to July, with the segment for houses smaller than 80m² contracting and the segment for flats and townhouses still increasing by almost 24% y/y over this period. With negligible growth in respect of the planning of flats and townhouses so far this year, the construction phase is showing diminishing year-on-year growth in the seven months up to July.

The real value of plans approved for new residential buildings came to R28,42 billion (-1,9% y/y) in the period of January to July this year, with the real value of new residential buildings reported as completed at R17,29 billion (-1,3% y/y) over this period. These real values are calculated at constant 2015 prices.

The building area with regard to alterations and additions to existing houses contracted by 6,4% y/y in the first seven months of the year, with the building area reported as completed rising by a relatively subdued 2,9% y/y over this period. These trends regarding the renovation and upgrading of existing properties can be seen as a reflection of the extent of maintenance of housing against the background increased financial pressure experienced by homeowners.

The average cost of new housing built increased by 7,4% y/y to an average of R6 451 per square meter in the first seven months of the year compared with R6 009 per square meter in the corresponding period last year. The average building cost and the year-on-year percentage change per square meter in the three categories of housing were as follows in January to July:

- Houses of <80m²: R4 240, up by 10,5% y/y
- Houses of ≥80m²: R6 532, up by 3,8% y/y
- Flats and townhouses: R7 466, up by 9,3% y/y

Against the background of trends in and the outlook for the economy, household finances and building and consumer confidence, levels of residential building activity are expected to remain largely subdued and may deteriorate further from current levels towards year-end and in 2017.

Residential building activity¹

1994 - 2016 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	713 942	43.1	567 421	46.3
Houses of ≥80m ²	496 789	30.0	330 513	27.0
Flats and townhouses	446 294	26.9	328 155	26.8
Total	1 657 025	100.0	1 226 089	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January-July¹

Segment	Building plans approved						Buildings completed					
	Units 2015	Units 2016		m ² 2015	Building area 2016		Units 2015	Units 2016		m ² 2015	Building area 2016	
		Number	%Δ		m ²	%Δ		Number	%Δ		m ²	%Δ
Houses of <80m ²	13 103	10 496	-19.9	614 060	504 761	-17.8	9 145	8 113	-11.3	456 869	394 571	-13.6
Houses of ≥80m ²	9 806	9 330	-4.9	2 700 579	2 515 001	-6.9	6 809	6 960	2.2	1 793 199	1 695 795	-5.4
Flats and townhouses	12 235	12 371	1.1	1 213 146	1 225 060	1.0	6 047	7 494	23.9	588 894	712 788	21.0
Total	35 144	32 197	-8.4	4 527 785	4 244 822	-6.2	22 001	22 567	2.6	2 838 962	2 803 154	-1.3

¹Private-sector financed

Source: Stats SA

Residential building activity by province¹

Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jul 15	Number	9 122	2 058	117	1 944	2 126	1 995	14 785	1 936	1 061	35 144
	January -	Number	9 838	1 775	182	1 394	3 161	1 268	12 157	1 885	537	32 197
	July	% change	7.8	-13.8	55.6	-28.3	48.7	-36.4	-17.8	-2.6	-49.4	-8.4
	2016	% of SA	30.6	5.5	0.6	4.3	9.8	3.9	37.8	5.9	1.7	100.0
Alterations and additions to existing houses	Jan-Jul 15	m ²	538 878	193 526	30 197	91 742	195 291	83 618	533 794	113 400	34 311	1 814 757
	January -	m ²	487 509	137 825	30 763	84 734	202 813	81 423	540 390	96 529	37 188	1 699 174
	July	% change	-9.5	-28.8	1.9	-7.6	3.9	-2.6	1.2	-14.9	8.4	-6.4
	2016	% of SA	28.7	8.1	1.8	5.0	11.9	4.8	31.8	5.7	2.2	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jul 15	Number	6 375	1 096	223	1 425	1 077	1 026	8 994	1 397	388	22 001
	January -	Number	6 056	925	51	1 549	998	1 608	9 653	1 295	432	22 567
	July	% change	-5.0	-15.6	-77.1	8.7	-7.3	56.7	7.3	-7.3	11.3	2.6
	2016	% of SA	26.8	4.1	0.2	6.9	4.4	7.1	42.8	5.7	1.9	100.0
Alterations and additions to existing houses	Jan-Jul 15	m ²	265 873	56 493	15 702	21 255	79 376	55 710	102 417	68 497	1 868	667 191
	January -	m ²	276 716	30 206	26 296	19 333	85 084	62 803	136 376	45 618	4 079	686 511
	July	% change	4.1	-46.5	67.5	-9.0	7.2	12.7	33.2	-33.4	118.4	2.9
	2016	% of SA	40.3	4.4	3.8	2.8	12.4	9.1	19.9	6.6	0.6	100.0

¹Private-sector financed

Source: Stats SA





