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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

17 November 2016

### Subdued residential building activity in the first three quarters of 2016

Building activity in the South African market for new housing remained largely subdued in the first three quarters of 2016. The planning phase of new housing, reflected by the volume of building plans approved, contracted on a year-on-year basis up to September, whereas the number of new housing units completed showed very low single-digit growth over the 9-month period. 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 volume of new housing units for which building plans were approved, contracted by 10,7% year-on-year (y/y), or 4 905 units, to 41 139 units in the period January to September from a year ago. This decline in building plans approved was largely the result of a sharp drop of 26,5% in the planning of new houses of less than 80m<sup>2</sup>. The substantially smaller number of plans approved for housing at the lower end of the market in the nine months up to September is concerning in view of the housing need and consequent demand in this segment of the market. The number of plans approved in the segment for houses larger than 80m<sup>2</sup> contracted by just more than 6% y/y in January to September, with the flat and townhouse segment showing low growth of 3,7% y/y over the same period. These trends in new-housing planning are indicative of prevailing economic conditions, the state household finances and levels of confidence.

Year-on-year growth in the number of new housing units built was relatively low at only 2,8% y/y in the 9-month period up September this year, with only the segment for flats and townhouses showing substantial growth of around 17% y/y over this period. The relatively strong year-on-year growth in flat and townhouse construction is related to the levels of activity in the planning phase over the past 2½ years, with a normally long lag between the planning phase and the eventual completion date as a result of the extent of these housing projects.

The real value of plans approved for new residential buildings declined by R983,6 million, or 2,6% y/y, to R36,98 billion in the first nine months of 2016, with the real value of new residential buildings reported as completed declining by R272,7 million, or 1,2% y/y, to R23,05 billion over the same period. These real values are calculated at constant 2015 prices.

The building area approved for alterations and editions to existing houses declined by almost 5% y/y in the period January to September this year, with the building area completed rising by a negligible 1,2% y/y over this period. These trends in the upgrading and extension of existing houses came against the background of financial pressure experienced by homeowners as well as continuous upward pressure on building costs.

The average cost of new housing built increased by 6,9% y/y to an average of R6 517 per square meter in the first nine months of the year compared with R6 094 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 September 2016:

- Houses of <80m<sup>2</sup>: R4 343, up by 13,0% y/y
- Houses of ≥80m<sup>2</sup>: R6 581, up by 4,3% y/y
- Flats and townhouses: R7 574, up by 7,4% y/y

Against the background of trends in and the outlook for the economy, household finances and consumer and building confidence, residential building activity is set to remain largely subdued over the short to medium term.

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

1994 - 2016 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m <sup>2</sup>	716 504	43.0	570 071	46.2
Houses of ≥80m <sup>2</sup>	499 516	30.0	332 728	27.0
Flats and townhouses	449 987	27.0	330 378	26.8
<b>Total</b>	<b>1 666 007</b>	<b>100.0</b>	<b>1 233 177</b>	<b>100.0</b>

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

Source: Stats SA

## Residential building activity: January-September<sup>1</sup>

Segment	Building plans approved						Buildings completed					
	Units 2015	Units 2016		m <sup>2</sup> 2015	Building area 2016		Units 2015	Units 2016		m <sup>2</sup> 2015	Building area 2016	
		Number	%Δ		m <sup>2</sup>	%Δ		Number	%Δ		m <sup>2</sup>	%Δ
Houses of <80m <sup>2</sup>	17 754	13 058	-26.5	840 071	631 740	-24.8	11 621	10 763	-7.4	580 255	527 046	-9.2
Houses of ≥80m <sup>2</sup>	12 842	12 057	-6.1	3 516 182	3 270 799	-7.0	8 939	9 175	2.6	2 342 902	2 237 414	-4.5
Flats and townhouses	15 448	16 024	3.7	1 548 933	1 611 040	4.0	8 298	9 717	17.1	817 932	946 704	15.7
<b>Total</b>	<b>46 044</b>	<b>41 139</b>	<b>-10.7</b>	<b>5 905 186</b>	<b>5 513 579</b>	<b>-6.6</b>	<b>28 858</b>	<b>29 655</b>	<b>2.8</b>	<b>3 741 089</b>	<b>3 711 164</b>	<b>-0.8</b>

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

Source: Stats SA

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

Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Sep 15	Number	11 709	2 477	147	2 350	3 279	2 809	19 563	2 449	1 261	46 044
	January -	Number	12 376	2 182	236	1 653	4 292	1 562	15 949	2 172	717	41 139
	September	% change	5.7	-11.9	60.5	-29.7	30.9	-44.4	-18.5	-11.3	-43.1	-10.7
	2016	% of SA	30.1	5.3	0.6	4.0	10.4	3.8	38.8	5.3	1.7	100.0
Alterations and additions to existing houses	Jan-Sep 15	m <sup>2</sup>	679 918	239 937	40 089	116 020	259 465	108 732	730 941	141 264	42 491	2 358 857
	January -	m <sup>2</sup>	654 014	190 936	40 979	108 305	270 564	111 600	700 413	122 183	49 169	2 248 163
	September	% change	-3.8	-20.4	2.2	-6.6	4.3	2.6	-4.2	-13.5	15.7	-4.7
	2016	% of SA	29.1	8.5	1.8	4.8	12.0	5.0	31.2	5.4	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-Sep 15	Number	8 442	1 328	239	1 901	1 483	1 320	11 941	1 697	507	28 858
	January -	Number	8 233	1 553	85	1 774	1 396	1 869	12 616	1 596	533	29 655
	September	% change	-2.5	16.9	-64.4	-6.7	-5.9	41.6	5.7	-6.0	5.1	2.8
	2016	% of SA	27.8	5.2	0.3	6.0	4.7	6.3	42.5	5.4	1.8	100.0
Alterations and additions to existing houses	Jan-Sep 15	m <sup>2</sup>	361 874	64 107	20 381	25 738	111 424	82 676	141 206	84 273	3 060	894 739
	January -	m <sup>2</sup>	388 456	39 571	33 836	24 562	107 902	67 329	180 223	58 342	5 353	905 574
	September	% change	7.3	-38.3	66.0	-4.6	-3.2	-18.6	27.6	-30.8	74.9	1.2
	2016	% of SA	42.9	4.4	3.7	2.7	11.9	7.4	19.9	6.4	0.6	100.0

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

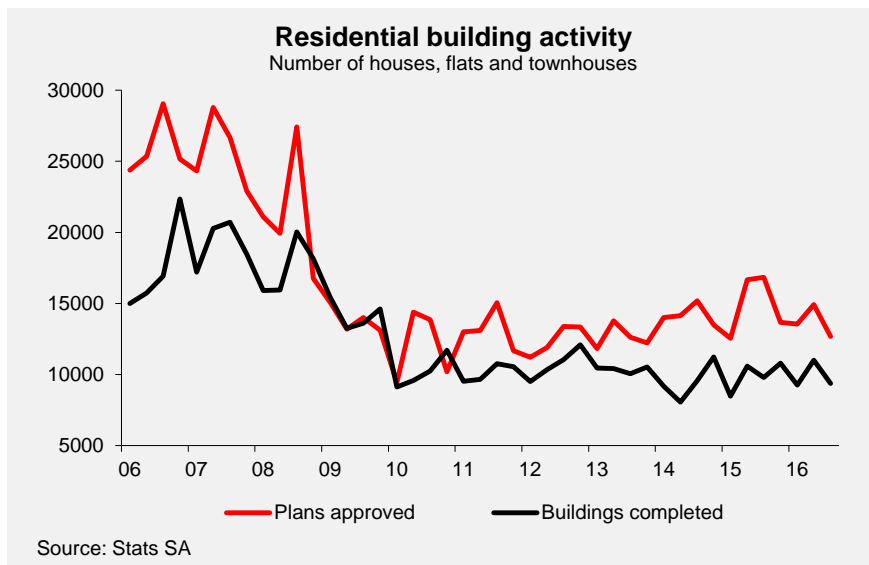
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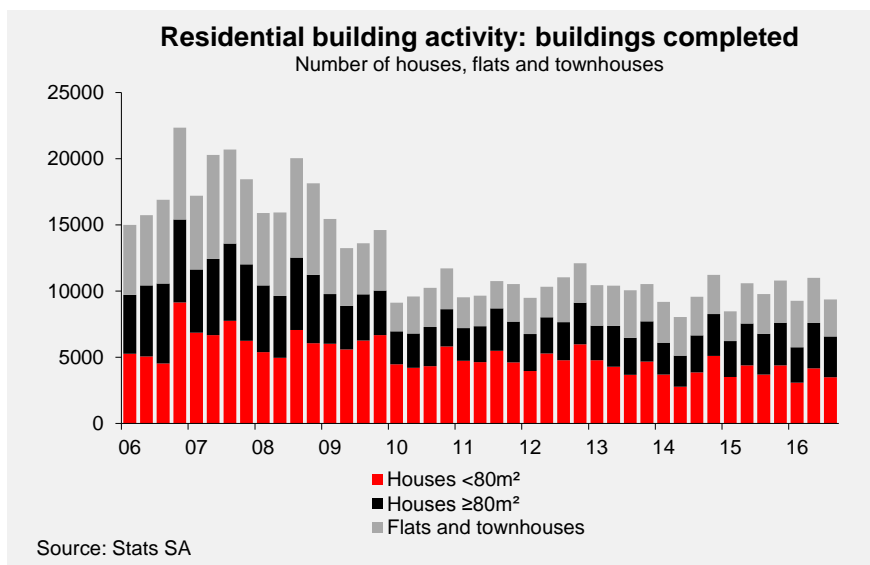
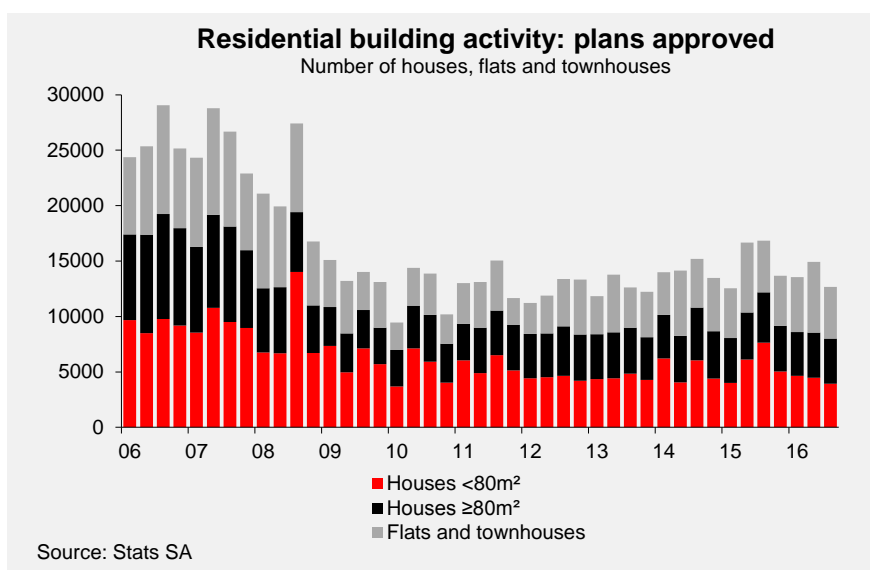
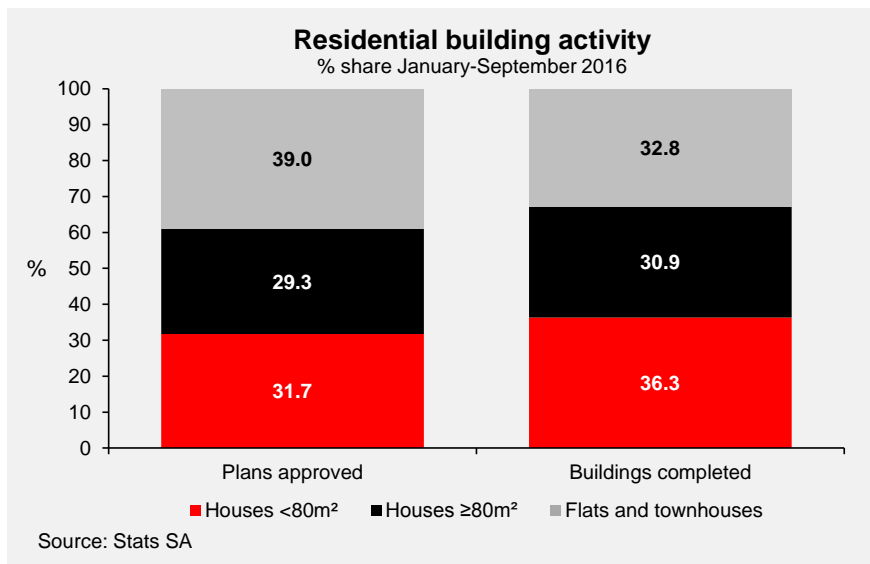
## Residential building activity<sup>1</sup>

Period	Houses <80m <sup>2</sup>		Houses ≥80m <sup>2</sup>		Flats and townhouses		Total	
	Units	y/y % Δ	Units	y/y % Δ	Units	y/y % Δ	Units	y/y % Δ
<b>Building plans approved</b>								
1Q 2013	4 361	-1.4	4 043	1.0	3 428	23.0	11 832	5.5
2Q 2013	4 430	-2.1	4 151	5.4	5 191	51.2	13 772	15.8
3Q 2013	4 835	4.0	4 145	-7.1	3 636	-14.8	12 616	-5.7
4Q 2013	4 268	1.6	3 864	-7.6	4 095	-17.4	12 227	-8.3
1Q 2014	6 205	42.3	3 924	-2.9	3 872	13.0	14 001	18.3
2Q 2014	4 051	-8.6	4 198	1.1	5 895	13.6	14 144	2.7
3Q 2014	6 052	25.2	4 750	14.6	4 382	20.5	15 184	20.4
4Q 2014	4 409	3.3	4 249	10.0	4 832	18.0	13 490	10.3
1Q 2015	4 012	-35.3	4 049	3.2	4 492	16.0	12 553	-10.3
2Q 2015	6 112	50.9	4 242	1.0	6 306	7.0	16 660	17.8
3Q 2015	7 630	26.1	4 551	-4.2	4 650	6.1	16 831	10.8
4Q 2015	5 029	14.1	4 139	-2.6	4 498	-6.9	13 666	1.3
1Q 2016	4 652	16.0	3 934	-2.8	4 959	10.4	13 545	7.9
2Q 2016	4 477	-26.8	4 057	-4.4	6 382	1.2	14 916	-10.5
3Q 2016	3 929	-48.5	4 066	-10.7	4 683	0.7	12 678	-24.7
<b>Buildings completed</b>								
1Q 2013	4 789	20.8	2 607	-6.9	3 066	12.1	10 462	10.1
2Q 2013	4 294	-18.9	3 090	12.7	3 033	31.7	10 417	0.8
3Q 2013	3 672	-23.3	2 810	-2.4	3 582	6.1	10 064	-8.9
4Q 2013	4 681	-21.7	3 031	-3.7	2 830	-4.7	10 542	-12.9
1Q 2014	3 700	-22.7	2 414	-7.4	3 076	0.3	9 190	-12.2
2Q 2014	2 773	-35.4	2 361	-23.6	2 923	-3.6	8 057	-22.7
3Q 2014	3 863	5.2	2 806	-0.1	2 900	-19.0	9 569	-4.9
4Q 2014	5 108	9.1	3 169	4.6	2 950	4.2	11 227	6.5
1Q 2015	3 527	-4.7	2 708	12.2	2 247	-27.0	8 482	-7.7
2Q 2015	4 391	58.3	3 161	33.9	3 040	4.0	10 592	31.5
3Q 2015	3 703	-4.1	3 070	9.4	3 011	3.8	9 784	2.2
4Q 2015	4 391	-14.0	3 222	1.7	3 195	8.3	10 808	-3.7
1Q 2016	3 094	-12.3	2 668	-1.5	3 505	56.0	9 267	9.3
2Q 2016	4 165	-5.1	3 440	8.8	3 405	12.0	11 010	3.9
3Q 2016	3 504	-5.4	3 067	-0.1	2 807	-6.8	9 378	-4.1

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

Source: Stats SA

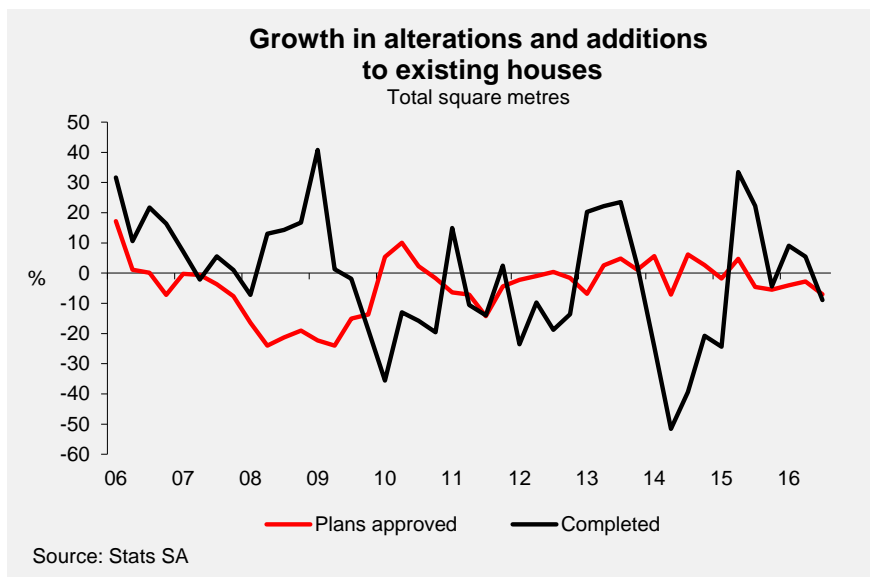
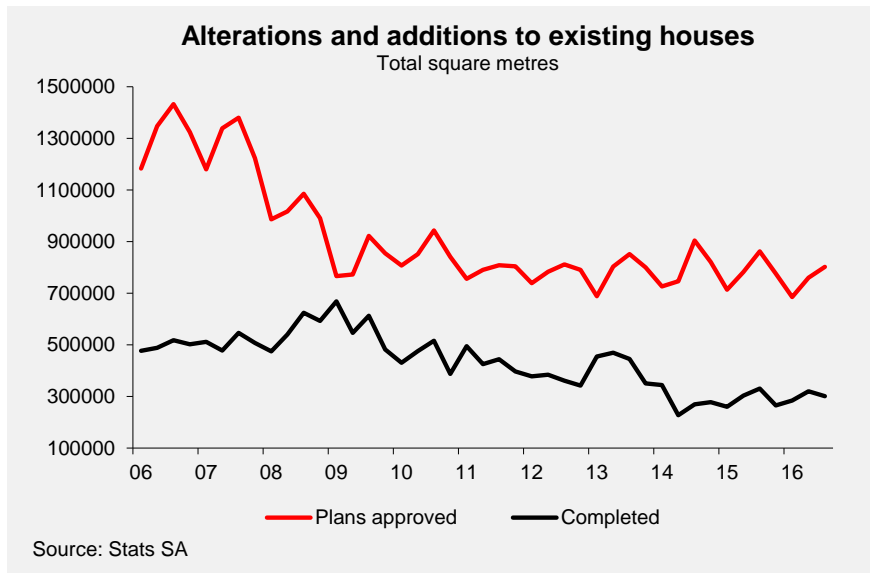




## Alterations and additions to existing houses

Period	Plans approved		Completed	
	m <sup>2</sup>	% change	m <sup>2</sup>	% change
1Q 2013	688 414	-6.9	455 328	20.2
2Q 2013	803 498	2.6	469 649	22.2
3Q 2013	851 664	4.9	445 970	23.6
4Q 2013	800 281	1.2	351 421	2.5
1Q 2014	726 982	5.6	344 566	-24.3
2Q 2014	746 691	-7.1	227 554	-51.5
3Q 2014	904 176	6.2	270 270	-39.4
4Q 2014	821 459	2.6	278 357	-20.8
1Q 2015	714 097	-1.8	260 453	-24.4
2Q 2015	782 355	4.8	303 821	33.5
3Q 2015	862 405	-4.6	330 465	22.3
4Q 2015	776 606	-5.5	266 012	-4.4
1Q 2016	685 341	-4.0	284 139	9.1
2Q 2016	760 576	-2.8	320 318	5.4
3Q 2016	802 246	-7.0	301 117	-8.9

Source: Stats SA



## Building cost of new housing constructed<sup>1</sup>

Period	Houses of <80m <sup>2</sup>		Houses of ≥80m <sup>2</sup>		Flats and tow nhouses		Total	
	Rand per m <sup>2</sup>	y/y% change	Rand per m <sup>2</sup>	y/y% change	Rand per m <sup>2</sup>	y/y% change	Rand per m <sup>2</sup>	y/y% change
1Q 2013	2 476	-9.0	5 342	6.9	5 805	15.7	4 898	5.8
2Q 2013	2 773	8.8	5 376	8.7	5 419	4.3	4 977	10.7
3Q 2013	3 205	23.3	5 651	4.6	6 044	12.7	5 438	10.9
4Q 2013	3 066	21.3	5 869	8.8	6 299	14.1	5 470	12.9
1Q 2014	3 015	21.8	5 932	11.0	6 645	14.5	5 619	14.7
2Q 2014	3 645	31.4	6 016	11.9	6 317	16.6	5 787	16.3
3Q 2014	3 711	15.8	6 336	12.1	6 343	4.9	5 937	9.2
4Q 2014	3 946	28.7	6 221	6.0	6 753	7.2	5 909	8.0
1Q 2015	3 794	25.8	6 129	3.3	6 943	4.5	5 894	4.9
2Q 2015	3 810	4.5	6 330	5.2	6 845	8.4	6 037	4.3
3Q 2015	3 887	4.7	6 465	2.0	7 493	18.1	6 350	7.0
4Q 2015	3 977	0.8	6 573	5.7	7 436	10.1	6 400	8.3
1Q 2016	4 176	10.1	6 474	5.6	7 384	6.3	6 415	8.8
2Q 2016	4 076	7.0	6 502	2.7	7 517	9.8	6 396	5.9
3Q 2016	4 714	21.3	6 754	4.5	7 920	5.7	6 748	6.3

<sup>1</sup>Private-sector financed  
Source: Stats SA

