



Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

15 Troye 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.

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Residential building statistics

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Planning phase of residential building activity continued to contract while construction phase showed double-digit growth up to April 2017

Building activity in the South African market for new housing showed some diverging trends in the first four months of 2017. The total number of plans approved for new housing declined from January up to April from a year ago, whereas the number of housing units reported as completed showed some double-digit growth over this 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 number of new residential building plans approved declined by 7,5% year-on-year (y/y), or 1 315 plans, to 16 300 plans in the period January to April this year from 17 615 plans approved in the corresponding period last year. The drop in plans approved occurred across all three segments of housing, although the segment for flats and townhouses showed a relatively small contraction of only 1% y/y, or 68 plans, to 6 567 plans approved in the 4-month period.

Growth in the number of new housing units built was recorded at 11% y/y, rising by 1 342 units to a total of 13 524 units in the first four months of the year. The segment for flats and townhouses showed relatively strong growth of 37,1% y/y, or 1 523 units, to a total of 5 623 units built over this period, with the volume of smaller-sized houses constructed, i.e. those with a building area of less than 80m², increasing by 13,3% y/y, or 580 units, to 4 940 units in the 4-month period. The segment for houses equal to or larger than 80m² contracted by 20,4% y/y, or 761 units, to a total of 2 961 units built since the start of the year up to April.

The abovementioned better performance by the segment for flats and townhouses with regard to both the planning and construction phases compared to the two segments of housing is not really surprising in view of important driving factors such as affordability, security and changing lifestyles in especially the major metropolitan areas of the country.

The real value of plans approved for new residential buildings was down by 16,9% y/y, or R2,85 billion, to R14,06 billion in the four months up to April 2017, with the real value of new residential buildings reported as completed rising by 25,2% y/y, or R2,3 billion, to R11,43 billion over this period. These real values are calculated at constant 2015 prices.

Building activity with regard to additions and alterations to existing houses contracted in both the planning and construction phases in January to April this year. The building area for which plans were approved dropped by 6,1% y/y, whereas the building area reported as completed declined by 3,8% y/y.

The average cost of new housing built increased by 10% y/y to an average of R7 048 per square meter in the first four months of the year compared with R6 405 per square meter a year ago. This was well above the average headline consumer price inflation rate of 6,1% y/y over the same period. The average level of and the increase in building cost per square meter with regard to the three categories of housing was as follows in January to April 2017:

- Houses of <80m²: R4 739, up by 13,4% y/y
- Houses of ≥80m²: R7 073, up by 8,7% y/y
- Flats and townhouses: R8 107, up by 9,8% y/y

Residential building activity is forecast to remain largely subdued towards year-end in view of the economy forecast to grow by a still much subdued 0,6% this year and continued financial pressure experienced by many households, which will impact levels of confidence in the consumer and building sectors.

Residential building activity¹

1994 - 2017 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	725 969	42.8	579 810	46.1
Houses of ≥80m ²	507 886	29.9	338 748	26.9
Flats and townhouses	463 811	27.3	340 015	27.0
Total	1 697 666	100.0	1 258 573	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - April¹

Segment	Building plans approved						Buildings completed					
	Units 2016	Units 2017		m ² 2016	Building area 2017		Units 2016	Units 2017		m ² 2016	Building area 2017	
		Number	%Δ		m ²	%Δ		Number	%Δ		m ²	%Δ
Houses of <80m ²	5 722	5 205	-9.0	275 074	250 226	-9.0	4 360	4 940	13.3	208 669	235 480	12.8
Houses of ≥80m ²	5 258	4 528	-13.9	1 406 758	1 231 712	-12.4	3 722	2 961	-20.4	901 274	817 952	-9.2
Flats and townhouses	6 635	6 567	-1.0	689 258	750 611	8.9	4 100	5 623	37.1	369 650	517 840	40.1
Total	17 615	16 300	-7.5	2 371 090	2 232 549	-5.8	12 182	13 524	11.0	1 479 593	1 571 272	6.2

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-Apr 16	Number	5 212	646	122	614	1 639	724	7 312	1 051	295	17 615
	January -	Number	6 553	1 439	58	618	1 285	1 297	4 021	694	335	16 300
	April	% change	25.7	122.8	-52.5	0.7	-21.6	79.1	-45.0	-34.0	13.6	-7.5
	2017	% of SA	40.2	8.8	0.4	3.8	7.9	8.0	24.7	4.3	2.1	100.0
Alterations and additions to existing houses	Jan-Apr 16	m ²	247 814	71 886	16 312	50 675	111 486	45 010	315 802	52 582	18 928	930 495
	January -	m ²	247 374	83 442	6 539	48 962	112 908	36 717	281 090	38 811	18 285	874 128
	April	% change	-0.2	16.1	-59.9	-3.4	1.3	-18.4	-11.0	-26.2	-3.4	-6.1
	2017	% of SA	28.3	9.5	0.7	5.6	12.9	4.2	32.2	4.4	2.1	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Apr 16	Number	2 843	481	20	1 033	506	848	5 466	738	247	12 182
	January -	Number	4 188	294	34	477	899	478	6 177	542	434	13 524
	April	% change	47.3	-38.9	70.0	-53.8	77.7	-43.6	13.0	-26.6	75.7	11.0
	2017	% of SA	31.0	2.2	0.3	3.5	6.6	3.5	45.7	4.0	3.2	100.0
Alterations and additions to existing houses	Jan-Apr 16	m ²	149 270	16 880	13 865	10 681	51 357	43 606	75 112	22 378	2 486	385 635
	January -	m ²	179 684	27 953	3 400	6 699	38 603	23 088	72 769	17 601	1 174	370 971
	April	% change	20.4	65.6	-75.5	-37.3	-24.8	-47.1	-3.1	-21.3	-52.8	-3.8
	2017	% of SA	48.4	7.5	0.9	1.8	10.4	6.2	19.6	4.7	0.3	100.0

¹Private-sector financed

Source: Stats SA



