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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

21 September 2017

### Marginal improvement in residential building activity up to July

Building activity in the South African market for new private sector-financed housing (see explanatory notes) showed some marginal improvement on a year-on-year basis in both the planning and construction phases in the first seven months of 2017, based on data released by Statistics South Africa.

The number of building plans approved for new housing increased by 1,8% year-on-year (y/y), or 594 plans, to a total of 32 857 plans over the 7-month period up to July this year. Plans approved for new houses smaller than 80m<sup>2</sup> increased by 11,2% y/y since January, but the number of plans approved for houses equal to or larger than 80m<sup>2</sup> dropped by 7,3% y/y, whereas the flat and townhouse segment showed negligible growth of only 0,8% y/y since the start of the year.

In the construction phase the number of new housing units reported as being completed showed little growth of only 1,2% y/y, or just 261 units, in January to July this year. The segment for houses of 80m<sup>2</sup> and larger showed a contraction of almost 19% y/y, or 1 305 units, to 5 667 units over this period. Both the segments for houses less than 80m<sup>2</sup> and flats and townhouses recorded growth of around 10% y/y in the seven months up to July.

With many homeowners experiencing a fair amount of financial strain, the building area in respect of alterations and additions to existing houses declined in both the planning and construction phases.

The average building cost of new housing increased by 9,2% y/y to an average of R7 040 per square meter in the first seven months of the year compared with R6 449 per square meter in the corresponding period last year. In real terms, i.e. after adjustment for inflation, building costs increased by 3,5% y/y, based on consumer price inflation that averaged 5,5% y/y over the 7-month period. The average building cost per square meter in the three categories of new housing was as follows in January to July:

- Houses of <80m<sup>2</sup>: R4 714, up by 11,2% y/y
- Houses of ≥80m<sup>2</sup>: R7 113, up by 8,9% y/y
- Flats and townhouses: R8 161, up by 9,3% y/y

The forecast is for growth in residential building activity to remain largely subdued up to year-end due to trends in and the outlook for the economy, household finances, consumer confidence and building confidence.

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

1994 - 2017 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m <sup>2</sup>	732 438	42.7	583 868	46.0
Houses of ≥80m <sup>2</sup>	512 012	29.9	341 454	26.9
Flats and townhouses	469 773	27.4	342 623	27.0
<b>Total</b>	<b>1 714 223</b>	<b>100.0</b>	<b>1 267 945</b>	<b>100.0</b>

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

Source: Stats SA

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

Segment	Building plans approved						Buildings completed					
	Units 2016	Units 2017		m <sup>2</sup> 2016	Building area 2017		Units 2016	Units 2017		m <sup>2</sup> 2016	Building area 2017	
		Number	%Δ		m <sup>2</sup>	%Δ		Number	%Δ		m <sup>2</sup>	%Δ
Houses of <80m <sup>2</sup>	10 498	11 674	11.2	504 883	554 259	9.8	8 169	8 998	10.1	397 833	434 285	9.2
Houses of ≥80m <sup>2</sup>	9 333	8 654	-7.3	2 515 706	2 346 019	-6.7	6 972	5 667	-18.7	1 698 462	1 533 733	-9.7
Flats and townhouses	12 432	12 529	0.8	1 228 398	1 424 737	16.0	7 494	8 231	9.8	712 788	814 694	14.3
<b>Total</b>	<b>32 263</b>	<b>32 857</b>	<b>1.8</b>	<b>4 248 987</b>	<b>4 325 015</b>	<b>1.8</b>	<b>22 635</b>	<b>22 896</b>	<b>1.2</b>	<b>2 809 083</b>	<b>2 782 712</b>	<b>-0.9</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-Jul 16	Number	9 843	1 775	182	1 394	3 161	1 329	12 157	1 885	537	32 263
	January -	Number	11 712	2 209	119	1 044	3 297	2 775	9 821	1 230	650	32 857
	July	% change	19.0	24.5	-34.6	-25.1	4.3	108.8	-19.2	-34.7	21.0	1.8
	2017	% of SA	35.6	6.7	0.4	3.2	10.0	8.4	29.9	3.7	2.0	100.0
Alterations and additions to existing houses	Jan-Jul 16	m <sup>2</sup>	491 865	137 825	30 763	84 734	202 813	81 423	539 608	96 529	37 188	1 702 748
	January -	m <sup>2</sup>	486 126	166 170	20 745	78 495	230 355	73 797	519 853	72 306	32 357	1 680 204
	July	% change	-1.2	20.6	-32.6	-7.4	13.6	-9.4	-3.7	-25.1	-13.0	-1.3
	2017	% of SA	28.9	9.9	1.2	4.7	13.7	4.4	30.9	4.3	1.9	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 16	Number	6 060	925	51	1 549	998	1 608	9 717	1 295	432	22 635
	January -	Number	7 049	613	52	600	1 402	803	10 700	848	829	22 896
	July	% change	16.3	-33.7	2.0	-61.3	40.5	-50.1	10.1	-34.5	91.9	1.2
	2017	% of SA	30.8	2.7	0.2	2.6	6.1	3.5	46.7	3.7	3.6	100.0
Alterations and additions to existing houses	Jan-Jul 16	m <sup>2</sup>	276 823	30 206	26 296	19 333	85 084	62 803	136 392	45 618	4 079	686 634
	January -	m <sup>2</sup>	322 557	55 947	10 844	23 089	71 654	26 945	137 298	20 236	1 919	670 489
	July	% change	16.5	85.2	-58.8	19.4	-15.8	-57.1	0.7	-55.6	-53.0	-2.4
	2017	% of SA	48.1	8.3	1.6	3.4	10.7	4.0	20.5	3.0	0.3	100.0

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

Source: Stats SA



