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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

19 October 2017

### Residential building activity remaining under pressure

Building activity in the South African market for new private sector-financed housing (see explanatory notes) remained under pressure in both the planning and construction phases in the first eight months of 2017, based on data released by Statistics South Africa.

The volume of building plans approved for new housing contracted by 0,9% year-on-year (y/y), or 349 plans, to a total of 36 469 plans in the period of January to August this year. Whereas the number of plans approved for new houses smaller than 80m<sup>2</sup> increased by 7,3% y/y in the 8-month period, plans approved in the segments for houses equal to or larger than 80m<sup>2</sup> and flats and townhouses contracted by 4,4% y/y and 5,3% y/y respectively since the start of the year.

The construction phase saw the number of new housing units reported as being completed rising by a largely subdued 1,1% y/y, or only 285 units, to 25 889 units in January to August this year. The segment for houses of 80m<sup>2</sup> and larger showed a contraction of 17% y/y, or 1 350 units, to a total of 6 582 units over this period, which contributed to the total building area of homes completed in this category declining by 9% y/y. The other two segments of housing recorded combined positive growth of 9,3% y/y in the construction phase over the eight months up to August.

The building area in respect of alterations and additions to existing houses declined in both the planning and construction phases in the period of January to August this year, largely as a result of many homeowners continuing to experience some financial strain.

The real value of residential buildings planned was down by 6,2% y/y, or R2,06 billion, to R31,18 billion in the eight months up to August. However, the real value of residential buildings reported as completed in this period increased by 11,9% y/y, or R2,35 billion, to R22,01 billion. These real values were calculated at constant 2015 prices.

The first eight months of 2017 saw the average building cost of new housing increasing by 9,1% y/y to an average of R7 055 per square meter, compared with R6 469 per square meter in the corresponding period last year. In real terms, i.e. after adjustment for inflation, building costs increased by 3,4% y/y, based on headline consumer price inflation that averaged 5,5% y/y over the 8-month period. The average building cost per square meter in the three categories of new housing was as follows in January to August:

- Houses of <80m<sup>2</sup>: R4 754, up by 10,7% y/y
- Houses of ≥80m<sup>2</sup>: R7 132, up by 8,7% y/y
- Flats and townhouses: R8 156, up by 9,1% y/y

The outlook is for residential building activity to remain subdued in the rest of the year and in 2018 on the back of trends in and prospects 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>	733 643	42.7	585 168	46.0
Houses of ≥80m <sup>2</sup>	513 458	29.9	342 369	26.9
Flats and townhouses	470 734	27.4	343 401	27.0
<b>Total</b>	<b>1 717 835</b>	<b>100.0</b>	<b>1 270 938</b>	<b>100.0</b>

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

Source: Stats SA

## Residential building activity: January - August<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>	12 004	12 879	7.3	576 256	613 628	6.5	9 312	10 298	10.6	457 220	496 443	8.6
Houses of ≥80m <sup>2</sup>	10 562	10 100	-4.4	2 861 222	2 738 124	-4.3	7 932	6 582	-17.0	1 940 990	1 765 850	-9.0
Flats and townhouses	14 252	13 490	-5.3	1 413 242	1 545 394	9.4	8 360	9 009	7.8	788 318	923 310	17.1
<b>Total</b>	<b>36 818</b>	<b>36 469</b>	<b>-0.9</b>	<b>4 850 720</b>	<b>4 897 146</b>	<b>1.0</b>	<b>25 604</b>	<b>25 889</b>	<b>1.1</b>	<b>3 186 528</b>	<b>3 185 603</b>	<b>0.0</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-Aug 16	Number	10 953	1 928	212	1 546	3 550	1 413	14 615	1 993	608	36 818
	January -	Number	12 694	2 604	137	1 113	3 587	2 951	11 291	1 356	736	36 469
	August	% change	15.9	35.1	-35.4	-28.0	1.0	108.8	-22.7	-32.0	21.1	-0.9
	2017	% of SA	34.8	7.1	0.4	3.1	9.8	8.1	31.0	3.7	2.0	100.0
Alterations and additions to existing houses	Jan-Aug 16	m <sup>2</sup>	566 155	158 219	35 943	96 721	235 323	95 752	622 661	107 834	42 653	1 961 261
	January -	m <sup>2</sup>	566 477	194 022	23 930	89 519	266 434	87 791	601 774	84 167	38 334	1 952 448
	August	% change	0.1	22.6	-33.4	-7.4	13.2	-8.3	-3.4	-21.9	-10.1	-0.4
	2017	% of SA	29.0	9.9	1.2	4.6	13.6	4.5	30.8	4.3	2.0	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 16	Number	6 857	996	63	1 721	1 128	1 784	11 133	1 446	476	25 604
	January -	Number	7 941	772	54	622	1 571	912	12 185	968	864	25 889
	August	% change	15.8	-22.5	-14.3	-63.9	39.3	-48.9	9.4	-33.1	81.5	1.1
	2017	% of SA	30.7	3.0	0.2	2.4	6.1	3.5	47.1	3.7	3.3	100.0
Alterations and additions to existing houses	Jan-Aug 16	m <sup>2</sup>	320 478	35 097	30 317	20 954	96 010	65 687	155 384	50 905	4 536	779 368
	January -	m <sup>2</sup>	372 336	64 076	12 826	27 259	89 516	27 289	164 281	22 245	2 360	782 188
	August	% change	16.2	82.6	-57.7	30.1	-6.8	-58.5	5.7	-56.3	-48.0	0.4
	2017	% of SA	47.6	8.2	1.6	3.5	11.4	3.5	21.0	2.8	0.3	100.0

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

Source: Stats SA



