



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

19 April 2018

Planning phase of residential building activity showing strong growth

Based on data released by Statistics South Africa, levels of building activity in the South African market for new private sector-financed housing (see explanatory notes) showed strong growth with regard to the planning phase in the first two months of 2018, with growth in the construction phase almost negligible over this period. However, growth in levels of activity differed significantly across the segments of housing in the two months up to February, which was to a large extent related to the base of calculation in each category a year ago.

The number of building plans approved for new housing increased by 38,2% year-on-year (y/y), or 3 024 plans, to 10 946 plans in January and February. This strong growth was driven by plans approved in the segment for houses smaller than 80m² increasing by 52,8% y/y to a total 3 439 over the two-month period, with the segment for flats and townhouses showing growth of 47,5% y/y to 5 337 plans in the first two months of the year.

The number of new housing units reported as being completed recorded marginal growth of only 1,3% y/y, or 71 units, to a total of 5 584 units in January and February this year. The volume of flats and townhouses built increased by 19,1% y/y to 2 746 units up to February, whereas the segment for houses smaller than 80m² contracted by 24,8% y/y to 1 416 units over the period.

In line with the abovementioned trends in especially the planning phase of new housing, confidence levels in the building industry, i.e. with regard to building material manufacturers, architects, quantity surveyors, building sub-contractors and hardware retailers, improved in the first quarter of 2018.

The average building cost of new housing completed was up by 4,6% to an average of R7 510 per square meter in the first two months of 2018, compared with R7 183 per square meter a year ago. In real terms, i.e. after adjustment for inflation, residential building costs increased by an average of only 0,4% up to February, based on an average headline consumer price inflation rate of 4,2% over the two-month period. The average building cost per square meter in the three categories of new housing was as follows in January and February this year:

- Houses of <80m²: R5 443, up by 12,4% y/y.
- Houses of ≥80m²: R7 507, up by 3,38% y/y.
- Flats and townhouses: R7 952, marginally down by 0,4% y/y.

The building area approved with regard to alterations and additions to existing houses was virtually unchanged in the first two months of the year, with the building area in this category of building activity reported as completed rising by 16,6% y/y up to February, which was mainly the result of a low base of calculation a year ago. The building cost of alterations and additions completed in respect of existing houses increased by 11,6% y/y to R6 962 per square meter in the two-month period up to February this year, with building costs in real terms, i.e. after adjustment for inflation, rising by 7,1% y/y over this period.

Levels of residential building activity in the rest of 2018 will continue to be driven by trends in the economy and confidence amongst consumers and in the building sector.

Residential building activity¹

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	744 489	42.6	590 450	45.8
Houses of ≥80m ²	520 840	29.8	348 011	27.0
Flats and townhouses	484 327	27.7	351 186	27.2
Total	1 749 656	100.0	1 289 647	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - February¹

Segment	Building plans approved						Buildings completed					
	Units 2017	Units 2018		m ² 2017	Building area 2018		Units 2017	Units 2018		m ² 2017	Building area 2018	
		Number	%Δ		m ²	%Δ		Number	%Δ		m ²	%Δ
Houses of <80m ²	2 250	3 439	52.8	108 987	158 027	45.0	1 883	1 416	-24.8	89 330	66 746	-25.3
Houses of ≥80m ²	2 054	2 170	5.6	553 082	587 758	6.3	1 324	1 422	7.4	385 346	365 656	-5.1
Flats and townhouses	3 618	5 337	47.5	421 011	442 229	5.0	2 306	2 746	19.1	225 103	269 602	19.8
Total	7 922	10 946	38.2	1 083 080	1 188 014	9.7	5 513	5 584	1.3	699 779	702 004	0.3

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-Feb 17	Number	3 125	543	38	267	699	949	1 848	286	167	7 922
	January -	Number	4 298	1 561	50	288	529	626	3 244	253	97	10 946
	February	% change	37.5	187.5	31.6	7.9	-24.3	-34.0	75.5	-11.5	-41.9	38.2
	2018	% of SA	39.3	14.3	0.5	2.6	4.8	5.7	29.6	2.3	0.9	100.0
Alterations and additions to existing houses	Jan-Feb 17	m ²	110 511	42 973	3 917	22 602	54 725	16 629	125 352	19 607	10 591	406 907
	January -	m ²	125 616	34 938	3 625	21 088	43 885	18 455	127 920	24 995	6 318	406 840
	February	% change	13.7	-18.7	-7.5	-6.7	-19.8	11.0	2.0	27.5	-40.3	0.0
	2018	% of SA	30.9	8.6	0.9	5.2	10.8	4.5	31.4	6.1	1.6	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	2018	% of SA	55.2	0.1	0.0	4.1	3.1	7.6	29.0	0.0	0.8	100.0
	Jan-Feb 17	Number	2 145	115	16	58	278	172	2 348	324	57	5 513
	January -	Number	2 534	93	5	203	280	424	1 831	142	72	5 584
	February	% change	18.1	-19.1	-68.8	250.0	0.7	146.5	-22.0	-56.2	26.3	1.3
Alterations and additions to existing houses	2018	% of SA	45.4	1.7	0.1	3.6	5.0	7.6	32.8	2.5	1.3	100.0
	Jan-Feb 17	m ²	84 341	12 449	1 931	1 312	20 040	5 350	31 640	8 939	938	166 940
	January -	m ²	63 436	13 887	4 405	6 727	32 857	28 238	38 104	6 084	862	194 600
	February	% change	-24.8	11.6	128.1	412.7	64.0	427.8	20.4	-31.9	-8.1	16.6
2018	% of SA	32.6	7.1	2.3	3.5	16.9	14.5	19.6	3.1	0.4	100.0	

¹Private-sector financed

Source: Stats SA





