



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 note:

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 May 2018

### Divergence in residential building activity in the first quarter of 2018

Divergent trends were evident in levels of building activity in the South African market for new housing in the first quarter of 2018. In the planning phase of new housing, as reflected by the number of building plans approved by local government institutions, double-digit year-on-year growth was recorded in the first quarter. The construction phase of new housing, i.e. the volume of housing units reported as completed, contracted relative sharply in the first quarter compared with the corresponding period last year. These trends are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing (see explanatory note).

The number of new housing units for which building plans were approved, increased by 17,1% year-on-year (y/y), or 2 245 plans, to 15 233 plans in the period January to March this year. This growth was largely the result of trends in plans approved for houses smaller than 80m<sup>2</sup>, which showed growth of 33% y/y, and plans approved for flats and townhouses, which increased by 14,7% y/y in the first quarter of the year.

The number of new housing units reported as being completed was lower in each of the three categories of housing in the first three months of the year, which resulted in a combined decline of 25% y/y, or 2 547 units, to a total of 7 652 units over this period. The segments of houses smaller than 80m<sup>2</sup> and flats and townhouses showed a contraction of 37% y/y and 27,4% y/y respectively in the first quarter of the year.

The average building cost of new housing completed increased by 3,1% y/y to R7 360 per square meter in the first quarter of 2018, compared with R7 135 per square meter in the same quarter last year. In real terms, i.e. after adjustment for inflation, residential building costs were down by 1% y/y in the first quarter, based on an average headline consumer price inflation rate of 4,1% y/y over this period. The average building cost per square meter in the three categories of new housing was as follows in January to March 2018:

- Houses of <80m<sup>2</sup>: R5 482, up by 9,9% y/y.
- Houses of ≥80m<sup>2</sup>: R7 344, up by 3,1% y/y.
- Flats and townhouses: R7 48, down by 0,8% y/y.

Building activity with regard to alterations and additions to existing houses was relatively flat in the first quarter of 2018, with the building area approved rising by 0,9% y/y and the building area reported as completed contracting marginally by 0,1% y/y. The building cost of completed alterations and additions to existing houses increased by 13,7% to R7 026 per square meter in the first quarter from R6 182 per square meter a year ago. In real terms, the building cost in this segment of the property market was up by 9,2% y/y in the first quarter of the year.

Confidence levels in the building industry, i.e. with regard to building material manufacturers, architects, quantity surveyors, building contractors and sub-contractors as well as hardware retailers, improved in the first quarter of the year from the preceding quarter, but were still below the confidence-neutral level of 50 index points.

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

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m <sup>2</sup>	746 385	42.6	591 177	45.8
Houses of ≥80m <sup>2</sup>	522 130	29.8	348 789	27.0
Flats and townhouses	485 538	27.7	351 749	27.2
<b>Total</b>	<b>1 754 053</b>	<b>100.0</b>	<b>1 291 715</b>	<b>100.0</b>

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

Source: Stats SA

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

Segment	Building plans approved						Buildings completed					
	Units 2017	Units 2018		m <sup>2</sup> 2017	Building area 2018		Units 2017	Units 2018		m <sup>2</sup> 2017	Building area 2018	
		Number	%Δ		m <sup>2</sup>	%Δ		Number	%Δ		m <sup>2</sup>	%Δ
Houses of <80m <sup>2</sup>	4 011	5 335	33.0	190 455	241 993	27.1	3 401	2 143	-37.0	162 812	103 678	-36.3
Houses of ≥80m <sup>2</sup>	3 379	3 460	2.4	907 441	913 036	0.6	2 241	2 200	-1.8	627 806	568 225	-9.5
Flats and townhouses	5 708	6 548	14.7	617 400	591 406	-4.2	4 557	3 309	-27.4	410 065	346 138	-15.6
<b>Total</b>	<b>13 098</b>	<b>15 343</b>	<b>17.1</b>	<b>1 715 296</b>	<b>1 746 435</b>	<b>1.8</b>	<b>10 199</b>	<b>7 652</b>	<b>-25.0</b>	<b>1 200 683</b>	<b>1 018 041</b>	<b>-15.2</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-Mar 17	Number	5 407	1 174	49	511	1 022	1 088	3 080	525	242	13 098
	January -	Number	5 896	1 877	62	414	703	1 401	4 435	337	218	15 343
	March	% change	9.0	59.9	26.5	-19.0	-31.2	28.8	44.0	-35.8	-9.9	17.1
	2018	% of SA	38.4	12.2	0.4	2.7	4.6	9.1	28.9	2.2	1.4	100.0
Alterations and additions to existing houses	Jan-Mar 17	m <sup>2</sup>	185 069	67 723	4 880	33 341	87 054	28 843	194 072	28 413	15 619	645 014
	January -	m <sup>2</sup>	192 529	61 715	5 263	34 753	71 491	28 728	204 942	40 002	11 223	650 646
	March	% change	4.0	-8.9	7.8	4.2	-17.9	-0.4	5.6	40.8	-28.1	0.9
	2018	% of SA	29.6	9.5	0.8	5.3	11.0	4.4	31.5	6.1	1.7	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Mar 17	Number	3 448	220	18	460	789	373	4 349	455	87	10 199
	January -	Number	3 288	119	9	245	361	546	2 695	279	110	7 652
	March	% change	-4.6	-45.9	-50.0	-46.7	-54.2	46.4	-38.0	-38.7	26.4	-25.0
	2018	% of SA	43.0	1.6	0.1	3.2	4.7	7.1	35.2	3.6	1.4	100.0
Alterations and additions to existing houses	Jan-Mar 17	m <sup>2</sup>	144 639	19 812	2 063	2 287	32 471	12 170	57 507	10 082	1 055	282 086
	January -	m <sup>2</sup>	97 754	17 429	6 290	9 192	47 643	36 173	57 366	8 735	1 238	281 820
	March	% change	-32.4	-12.0	204.9	301.9	46.7	197.2	-0.2	-13.4	17.3	-0.1
	2018	% of SA	34.7	6.2	2.2	3.3	16.9	12.8	20.4	3.1	0.4	100.0

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

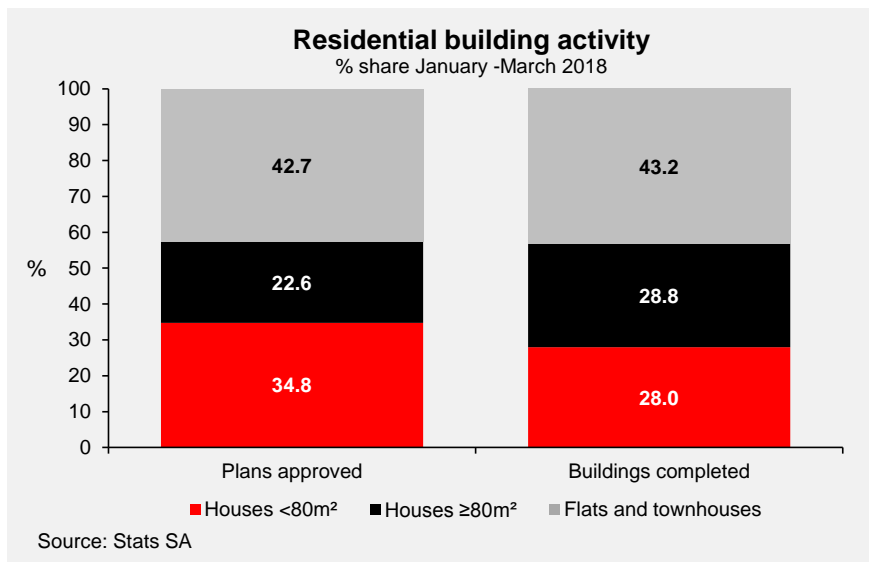
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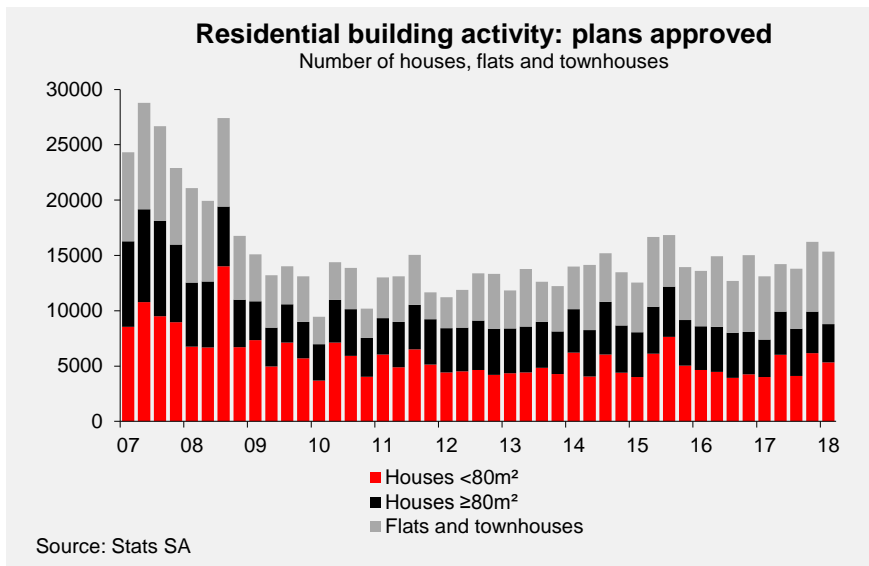
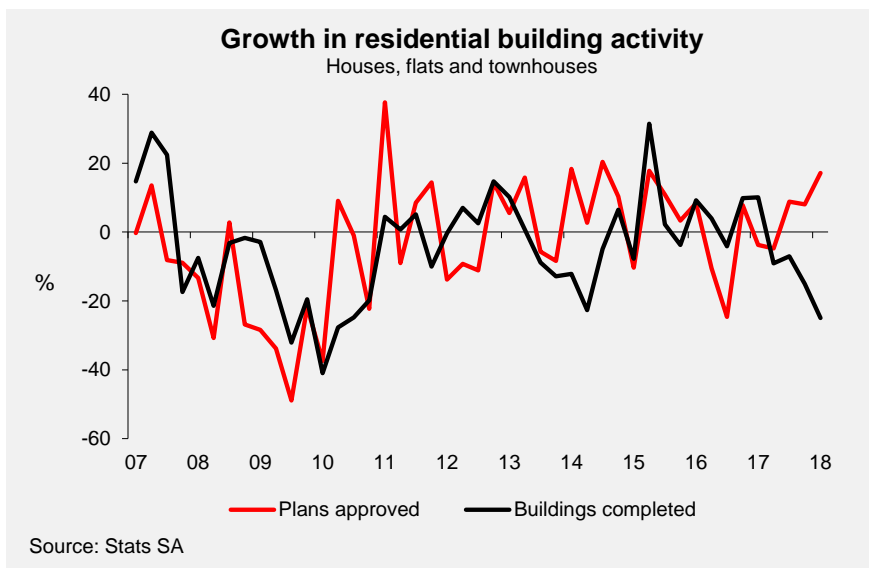
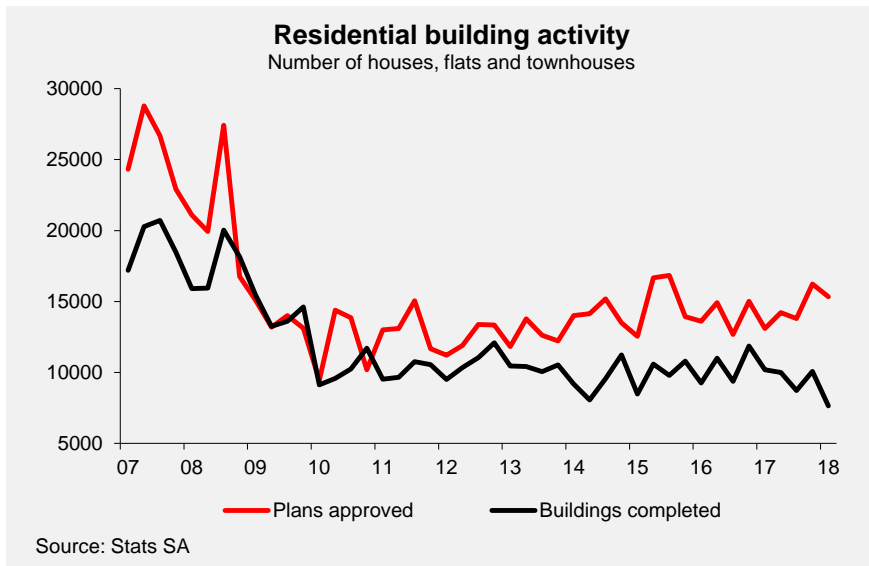
## Residential building activity<sup>1</sup>

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 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	4 767	-1.3	13 935	3.3
1Q 2016	4 652	16.0	3 934	-2.8	5 020	11.8	13 606	8.4
2Q 2016	4 477	-26.8	4 057	-4.4	6 382	1.2	14 916	-10.5
3Q 2016	3 927	-48.5	4 078	-10.4	4 683	0.7	12 688	-24.6
4Q 2016	4 262	-15.3	3 830	-7.5	6 927	45.3	15 019	7.8
1Q 2017	4 011	-13.8	3 379	-14.1	5 708	13.7	13 098	-3.7
2Q 2017	6 017	34.4	3 893	-4.0	4 300	-32.6	14 210	-4.7
3Q 2017	4 103	4.5	4 264	4.6	5 438	16.1	13 805	8.8
4Q 2017	6 155	44.4	3 776	-1.4	6 300	-9.1	16 231	8.1
1Q 2018	5 335	33.0	3 460	2.4	6 548	14.7	15 343	17.1
<b>Buildings completed</b>								
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	3 068	-0.1	2 807	-6.8	9 379	-4.1
4Q 2016	4 799	9.3	3 058	-5.1	4 014	25.6	11 871	9.8
1Q 2017	3 401	9.9	2 241	-16.0	4 557	30.0	10 199	10.1
2Q 2017	4 732	13.6	2 581	-25.0	2 697	-20.8	10 010	-9.1
3Q 2017	3 046	-13.1	2 587	-15.7	3 088	10.0	8 721	-7.0
4Q 2017	2 985	-37.8	3 393	11.0	3 706	-7.7	10 084	-15.1
1Q 2018	2 143	-37.0	2 200	-1.8	3 309	-27.4	7 652	-25.0

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

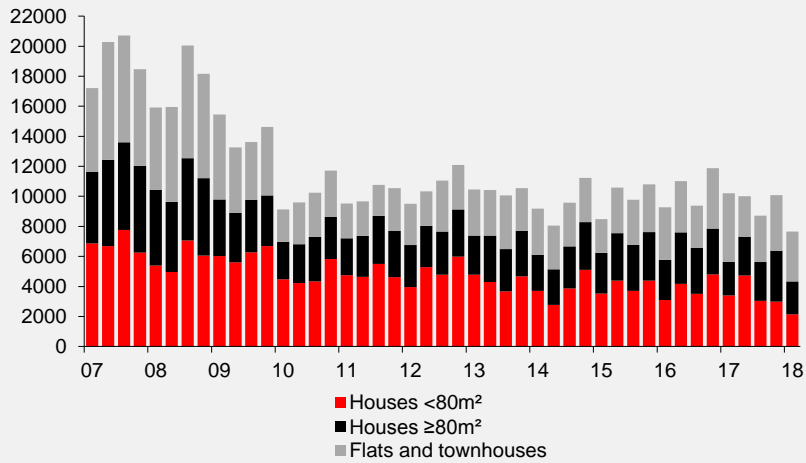
Source: Stats SA





### Residential building activity: buildings completed

Number of houses, flats and townhouses



Source: Stats SA

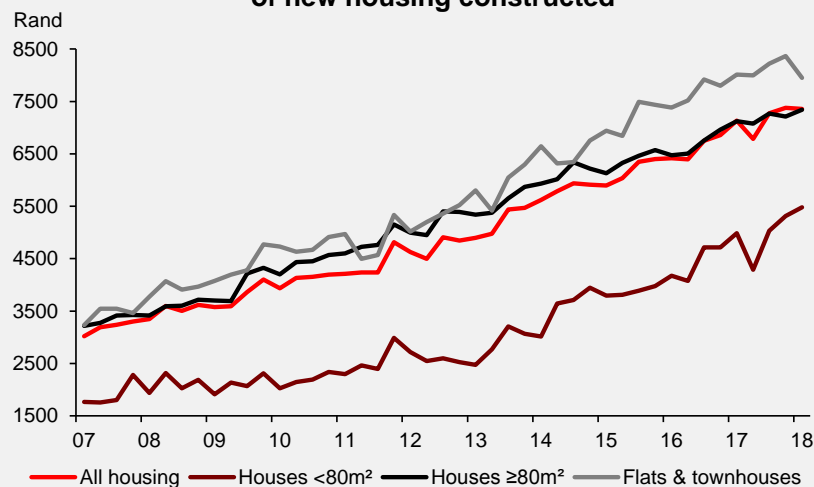
### Building cost of new housing constructed<sup>1</sup>

Period	Houses of <80m <sup>2</sup>		Houses of ≥80m <sup>2</sup>		Flats and townhouses		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 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	6 753	4.5	7 920	5.7	6 747	6.3
4Q 2016	4 715	18.6	6 962	5.9	7 799	4.9	6 859	7.2
1Q 2017	4 986	19.4	7 121	10.0	8 010	8.5	7 135	11.2
2Q 2017	4 290	5.2	7 078	8.9	7 995	6.4	6 785	6.1
3Q 2017	5 030	6.7	7 269	7.6	8 222	3.8	7 274	7.8
4Q 2017	5 311	12.7	7 213	3.6	8 364	7.2	7 378	7.6
1Q 2018	5 482	9.9	7 344	3.1	7 948	-0.8	7 360	3.1

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

Source: Stats SA

### Average building cost per m<sup>2</sup> of new housing constructed



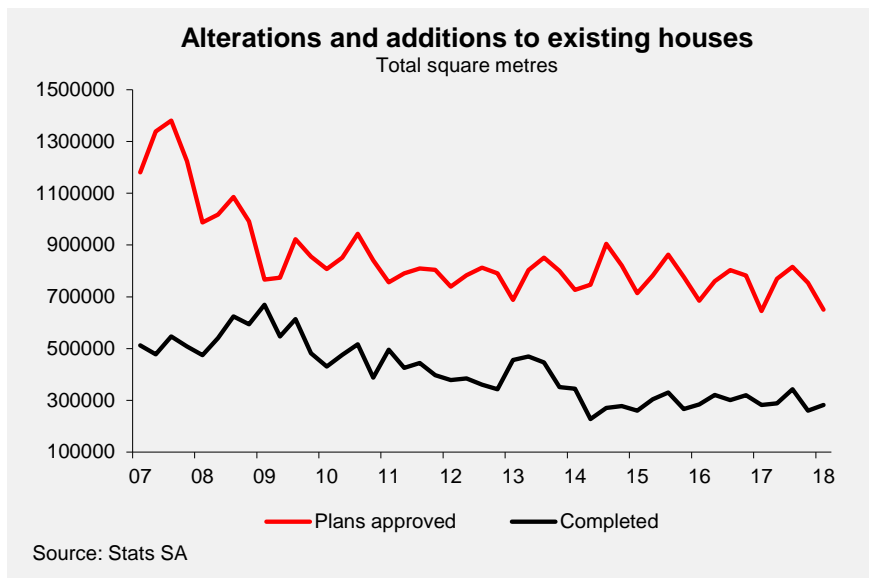
Source: Stats SA

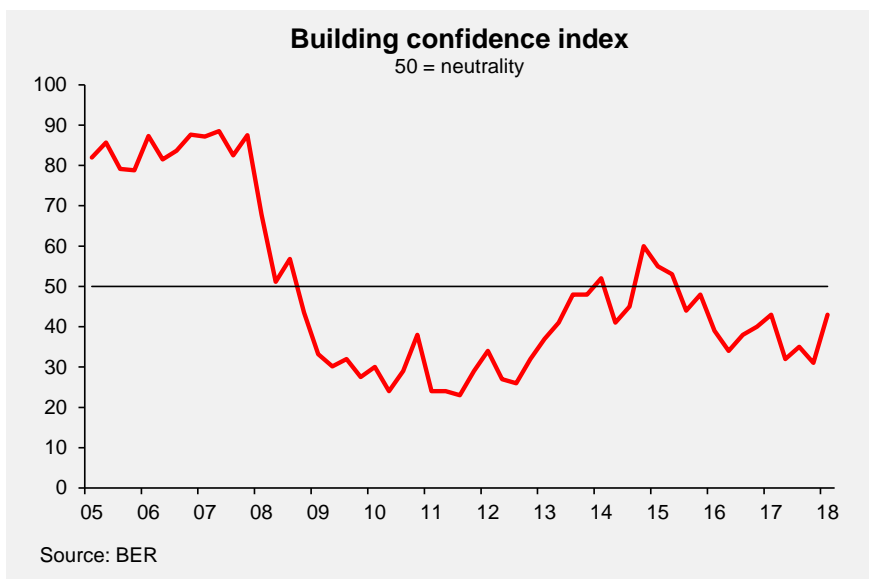
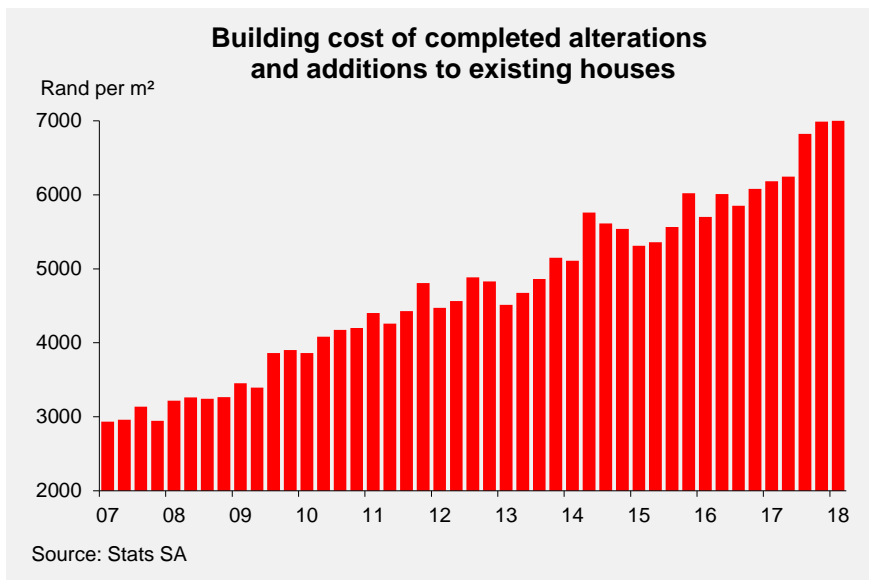
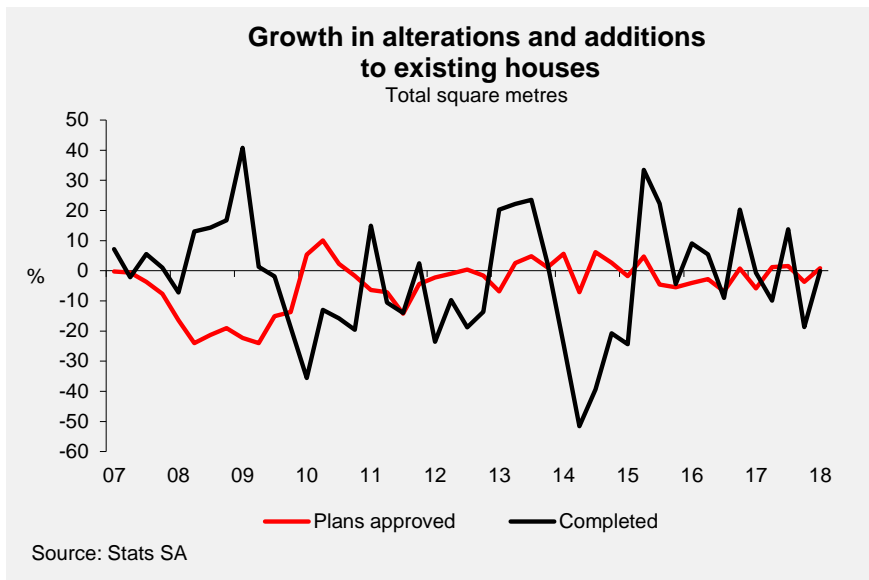
## Alterations and additions to existing houses<sup>1</sup>

Period	Building area		Value		Building cost per m <sup>2</sup>	
	m <sup>2</sup>	y/y % change	Rand million	y/y % change	Rand	y/y % change
<b>Building plans approved</b>						
1Q 2015	714 097	-1.8	4 186	5.8	5 862	7.7
2Q 2015	782 355	4.8	4 600	9.4	5 880	4.4
3Q 2015	862 405	-4.6	5 407	1.9	6 269	6.8
4Q 2015	776 606	-5.5	4 959	3.2	6 385	9.1
1Q 2016	685 341	-4.0	4 442	6.1	6 482	10.6
2Q 2016	760 576	-2.8	4 873	5.9	6 407	9.0
3Q 2016	803 182	-6.9	5 377	-0.6	6 694	6.8
4Q 2016	782 721	0.8	5 401	8.9	6 900	8.1
1Q 2017	645 014	-5.9	4 413	-0.6	6 842	5.6
2Q 2017	769 576	1.2	5 340	9.6	6 939	8.3
3Q 2017	815 999	1.6	5 930	10.3	7 267	8.6
4Q 2017	753 993	-3.7	5 489	1.6	7 280	5.5
1Q 2018	650 646	0.9	4 675	5.9	7 185	5.0
<b>Buildings completed</b>						
1Q 2015	260 453	-24.4	1 384	-21.4	5 312	4.0
2Q 2015	303 821	33.5	1 628	24.2	5 358	-7.0
3Q 2015	330 465	22.3	1 839	21.2	5 566	-0.9
4Q 2015	266 012	-4.4	1 602	3.9	6 022	8.7
1Q 2016	284 139	9.1	1 621	17.1	5 703	7.4
2Q 2016	320 318	5.4	1 925	18.2	6 010	12.2
3Q 2016	300 845	-9.0	1 761	-4.2	5 854	5.2
4Q 2016	320 015	20.3	1 946	21.5	6 081	1.0
1Q 2017	282 086	-0.7	1 744	7.6	6 182	8.4
2Q 2017	288 499	-9.9	1 802	-6.4	6 245	3.9
3Q 2017	342 293	13.8	2 336	32.6	6 823	16.6
4Q 2017	260 267	-18.7	1 820	-6.5	6 991	15.0
1Q 2018	281 820	-0.1	1 980	13.5	7 026	13.7

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

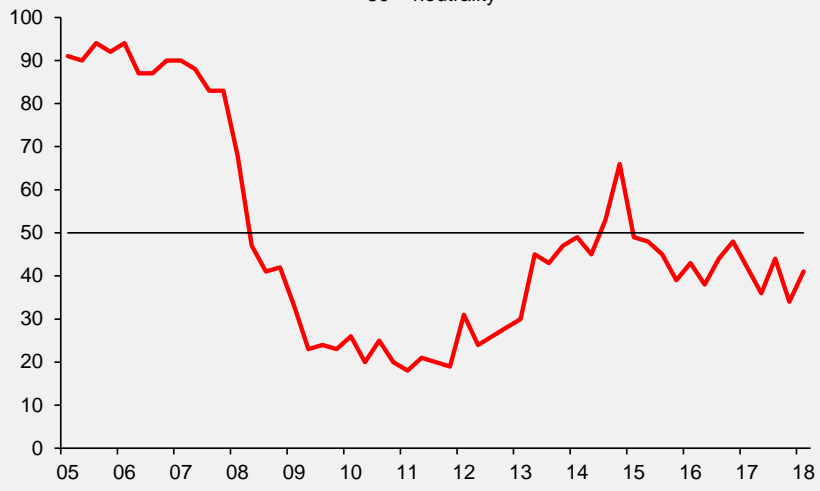
Source: Stats SA





### Building contractor confidence index

50 = neutrality



Source: BER