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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

21 June 2018

Residential building activity in the planning phase improved, with the construction phase contracting in the first four months of 2018

Based on data published by Statistics South Africa in respect of building activity related to new private sector-financed housing (see explanatory note), the first four months of 2018 showed levels of activity in the planning phase (the number of building plans approved by local government institutions) growing on a year-on-year basis, with the construction phase (the number of housing units reported as completed) contracting compared with a year ago.

The number of building plans approved for new housing increased by 18,8% year-on-year (y/y), or 3 079 plans, to 19 423 plans in the period January to April this year, with this growth mainly driven by the segments for houses smaller than 80m² and flats and townhouses, which showed combined growth of more than 25% y/y in the 4-month period.

New housing units reported as being completed dropped by 22,7% y/y, or 3 062 units, to a total of 10 440 units in the first four months of the year. As in the case of the planning phase, the segments of houses smaller than 80m² and flats and townhouses were mainly responsible for a combined contraction of 29% y/y in the period January to April.

The average building cost of new housing completed increased by 5,5% y/y to R7 437 per square meter in the first four months of 2018, compared with R7 049 per square meter a year ago. In real terms, i.e. after adjustment for inflation, residential building costs were up by 1,3% y/y in the 4-month period, based on an average headline consumer price inflation rate of 4,2% y/y. The average building cost per square meter in the three categories of new housing was as follows in January to April 2018:

- Houses of <80m²: R5 485, up by 15,5% y/y.
- Houses of ≥80m²: R7 387, up by 4,5% y/y.
- Flats and townhouses: R7 437, down by 0,8% y/y.

Building activity with regard to alterations and additions to existing houses remained under pressure, with both the building area approved and the building area reported as completed contracting marginally year-on-year in January to April. The building cost of completed alterations and additions to existing houses increased by 17,1% y/y to R7 196 per square meter in the 4-month period compared with R6 148 per square meter a year ago, with these building costs rising by 12,3% y/y in real terms, i.e. after adjustment for the effect of inflation.

Building confidence remained on a downward trend up to mid-year after declining in the second quarter of the year to its lowest level since the third quarter of 2012. This came against the background of a contraction in the economy in the first quarter of 2018, continued financial pressure experienced by the household sector and uncertainty regarding the land reform process. In view of these developments and expectations of inflation rising to above 5% y/y in the second half of the year and continued relatively low economic growth this year, levels of residential building activity are forecast to remain largely in line with those of the past few years.

Residential building activity¹

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	747 620	42.5	592 001	45.7
Houses of ≥80m ²	523 271	29.8	349 535	27.0
Flats and townhouses	487 261	27.7	352 967	27.3
Total	1 758 152	100.0	1 294 503	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - April¹

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	5 235	6 570	25.5	251 523	304 261	21.0	4 929	2 967	-39.8	235 184	144 716	-38.5
Houses of ≥80m ²	4 523	4 601	1.7	1 232 340	1 208 106	-2.0	2 950	2 946	-0.1	817 475	756 001	-7.5
Flats and townhouses	6 586	8 252	25.3	753 190	772 978	2.6	5 623	4 527	-19.5	517 840	498 341	-3.8
Total	16 344	19 423	18.8	2 237 053	2 285 345	2.2	13 502	10 440	-22.7	1 570 499	1 399 058	-10.9

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 17	Number	6 549	1 439	58	618	1 285	1 316	4 021	723	335	16 344
	January -	Number	8 107	2 111	84	486	987	1 497	5 410	421	320	19 423
	April	% change	23.8	46.7	44.8	-21.4	-23.2	13.8	34.5	-41.8	-4.5	18.8
	2018	% of SA	41.7	10.9	0.4	2.5	5.1	7.7	27.9	2.2	1.6	100.0
Alterations and additions to existing houses	Jan-Apr 17	m ²	243 998	83 442	6 539	48 962	112 908	36 717	281 090	37 466	18 285	869 407
	January -	m ²	262 321	83 439	10 267	46 898	94 275	36 774	270 486	48 007	14 547	867 014
	April	% change	7.5	0.0	57.0	-4.2	-16.5	0.2	-3.8	28.1	-20.4	-0.3
	2018	% of SA	30.3	9.6	1.2	5.4	10.9	4.2	31.2	5.5	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-Apr 17	Number	4 172	294	35	477	899	478	6 177	536	434	13 502
	January -	Number	4 378	198	17	271	488	694	3 884	359	151	10 440
	April	% change	4.9	-32.7	-51.4	-43.2	-45.7	45.2	-37.1	-33.0	-65.2	-22.7
	2018	% of SA	41.9	1.9	0.2	2.6	4.7	6.6	37.2	3.4	1.4	100.0
Alterations and additions to existing houses	Jan-Apr 17	m ²	178 781	27 953	3 400	6 699	38 603	23 088	72 769	13 204	1 174	365 671
	January -	m ²	129 960	25 778	8 578	10 201	62 965	37 357	76 580	11 652	2 093	365 164
	April	% change	-27.3	-7.8	152.3	52.3	63.1	61.8	5.2	-11.8	78.3	-0.1
	2018	% of SA	35.6	7.1	2.3	2.8	17.2	10.2	21.0	3.2	0.6	100.0

¹Private-sector financed

Source: Stats SA





