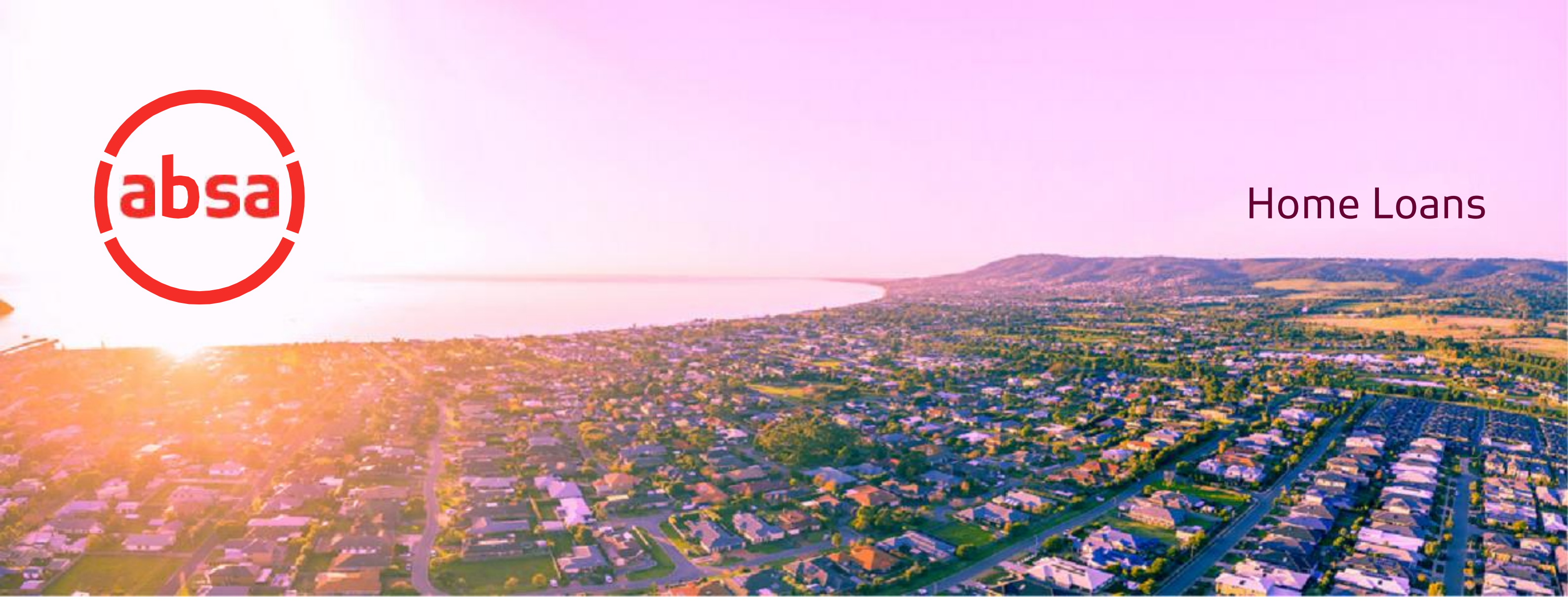

Residential building statistics

19 September 2019

Reversal evident in the diverging trends in residential building activity at segment level in the planning and construction phases

The diverging trends in building activity with regard to new private sector-financed housing in South Africa (see explanatory note) since mid-2018 showed a marked reversal at a segment level in both the planning and construction phases recently. As mentioned previously, these diverging trends could have been the result of significant lags in the reporting of completed housing to and/or approvals of plans for new housing by local government institutions.

Building plans approved for new housing was down by 15,4% year-on-year (y/y), or 5 711 plans, to 31 427 plans in January to July this year. Declines in plans approved were evident across all three segment of new housing over this period.

New housing units reported as being completed showed growth of 36,4% y/y, or 7 647 units, to a total of 28 634 units in the first seven months of the year. The flat and townhouse segment were the main driver of this growth in new housing built, showing strong growth of 90,1% y/y, or 8 056 units, over the 7-month period.

The average building cost of new housing completed was as follows in the three segments in January to July this year:

- Houses of <80m²: R5 746, down by 0,3% y/y.
- Houses of ≥80m²: R7 553, up by 2,8% y/y.
- Flats and townhouses: R8 280, up by 4,6% 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 on a year-on-year basis in January to July. The building cost of completed alterations and additions to existing houses increased by 3,3% y/y to R7 407 per square meter in the 7-month period up to July compared with R7 172 per square meter in the corresponding period last year.

Against the background of continuing tough economic conditions and financial strain experienced by consumers and businesses operating in the building sector, building confidence dropped in the third quarter of 2019 to its lowest level since the third quarter of 1999.

Trends in and prospects for the economy, household finances, business conditions in the building sector, levels of confidence and property market sentiment are some of the main factors that will continue to drive residential building activity.

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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.

Residential building activity[1]

1994 – 2019 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m²	766 192	41.8	606 433	44.8
Houses of ≥80m²	541 354	29.6	363 201	26.8
Flats and townhouses	524 385	28.6	383 265	28.3
Total	1 831 931	100.0	1 352 899	100.0

[1]Private-sector financed

Source: Stats SA

Residential building activity: January – July[1]

Segment	Building plans approved						Buildings completed					
	Units	Units 2019		m²	Building area 2019		Units	Units 2019		m²	Building area 2019	
	2018	Number	y/y % Δ	2018	m²	y/y % Δ	2018	Number	y/y % Δ	2018	m²	y/y % Δ
Houses of <80m²	11 539	8 469	-26.6	543 833	452 206	-16.8	6 259	5 737	-8.3	317 545	293 301	-7.6
Houses of ≥80m²	8 635	7 635	-11.6	2 295 435	2 091 942	-8.9	5 784	5 897	2.0	1 478 391	1 525 746	3.2
Flats and townhouses	16 964	15 323	-9.7	1 770 281	1 776 410	0.3	8 944	17 000	90.1	1 290 096	2 363 327	83.2
Total	37 138	31 427	-15.4	4 609 549	4 320 558	-6.3	20 987	28 634	36.4	3 086 032	4 182 374	35.5

[1]Private-sector financed

Source: Stats SA

Residential building activity by province[1]

Building plans approved

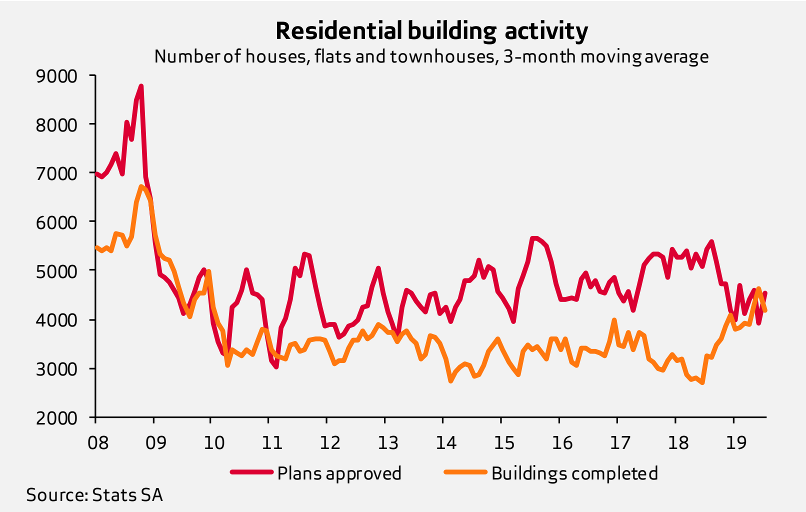
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jul 18	Number	14 674	2 846	138	839	2 017	1 981	13 296	791	556	37 138
	January - July 2019	Number	8 554	1 080	224	830	3 033	795	15 179	732	1 000	31 427
		y/y % Δ	-41.7	-62.1	62.3	-1.1	50.4	-59.9	14.2	-7.5	79.9	-15.4
		% of SA	27.2	3.4	0.7	2.6	9.7	2.5	48.3	2.3	3.2	100.0
Alterations and additions to existing houses	Jan-Jul 18	m²	481 545	176 041	24 031	78 253	205 410	72 133	509 918	86 241	27 308	1 660 880
	January - July 2019	m²	471 514	140 086	22 431	65 785	226 053	62 349	540 397	75 885	38 446	1 642 946
		y/y % Δ	-2.1	-20.4	-6.7	-15.9	10.0	-13.6	6.0	-12.0	40.8	-1.1
		% of SA	28.7	8.5	1.4	4.0	13.8	3.8	32.9	4.6	2.3	100.0

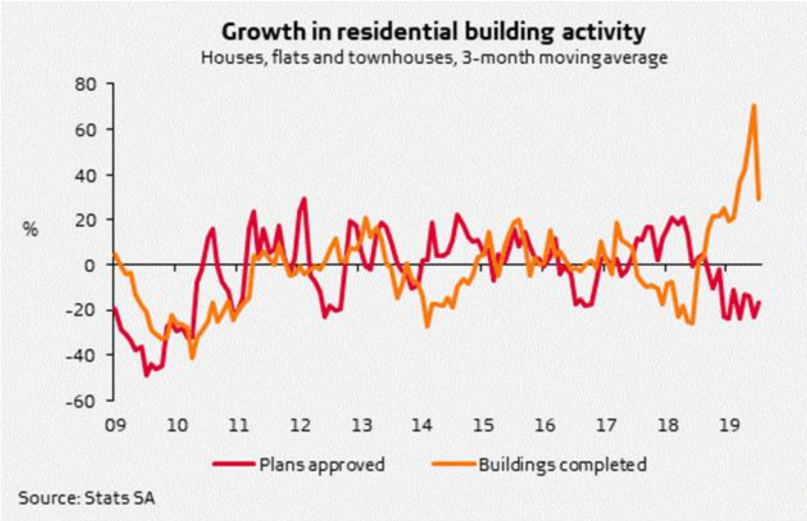
Buildings completed

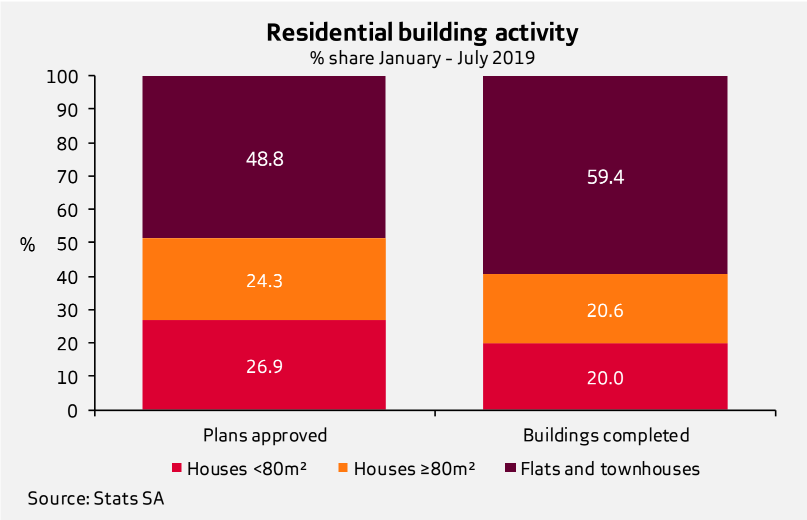
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jul 18	Number	7 491	613	34	491	972	1 156	9 260	665	305	20 987
	January - July 2019	Number	6 787	748	119	147	1 898	966	16 814	791	364	28 634
		y/y % Δ	-9.4	22.0	250.0	-70.1	95.3	-16.4	81.6	18.9	19.3	36.4
		% of SA	23.7	2.6	0.4	0.5	6.6	3.4	58.7	2.8	1.3	100.0
Alterations and additions to existing houses	Jan-Jul 18	m²	254 097	61 150	17 169	12 127	108 532	45 524	144 225	25 977	2 782	671 583
	January - July 2019	m²	210 259	73 700	15 222	20 171	74 320	26 905	137 745	31 181	3 158	592 661
		y/y % Δ	-17.3	20.5	-11.3	66.3	-31.5	-40.9	-4.5	20.0	13.5	-11.8
		% of SA	35.5	12.4	2.6	3.4	12.5	4.5	23.2	5.3	0.5	100.0

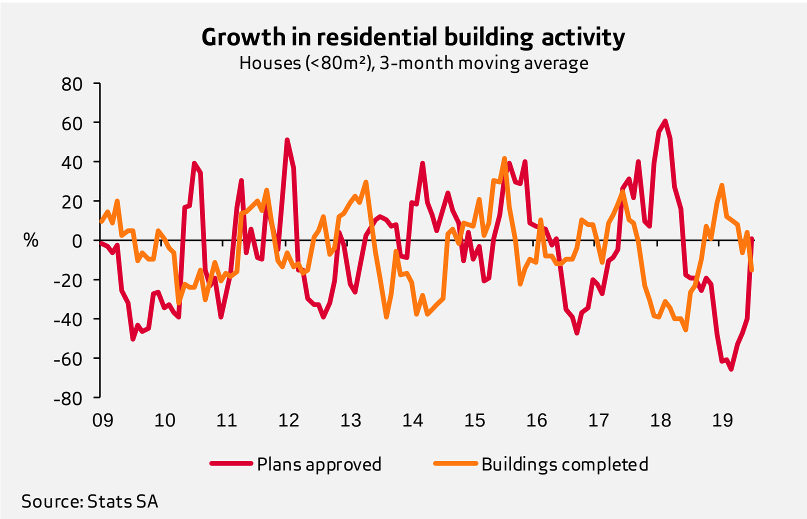
[1]Private-sector financed

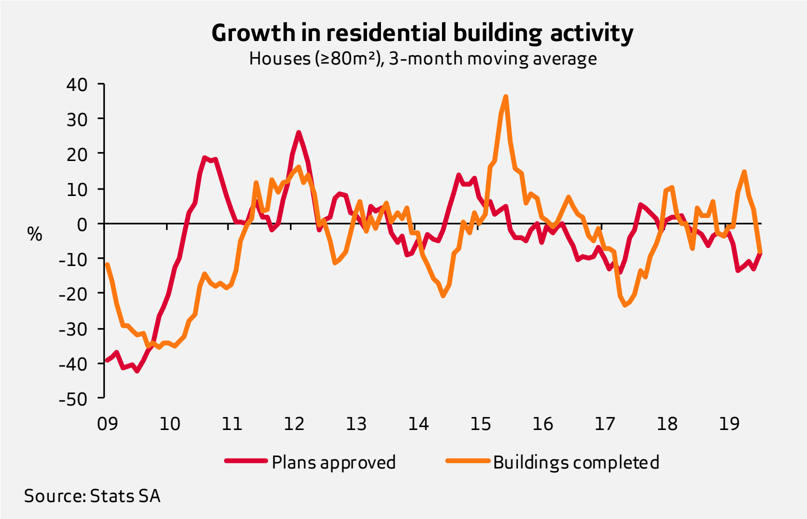
Source: Stats SA

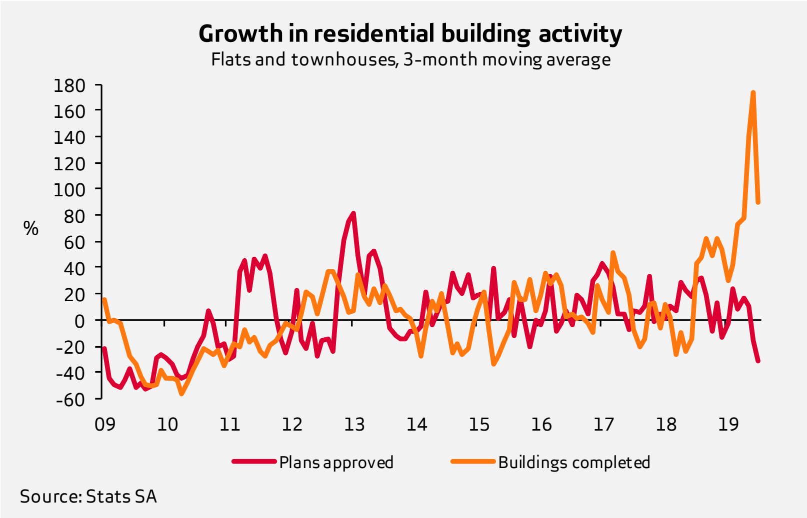


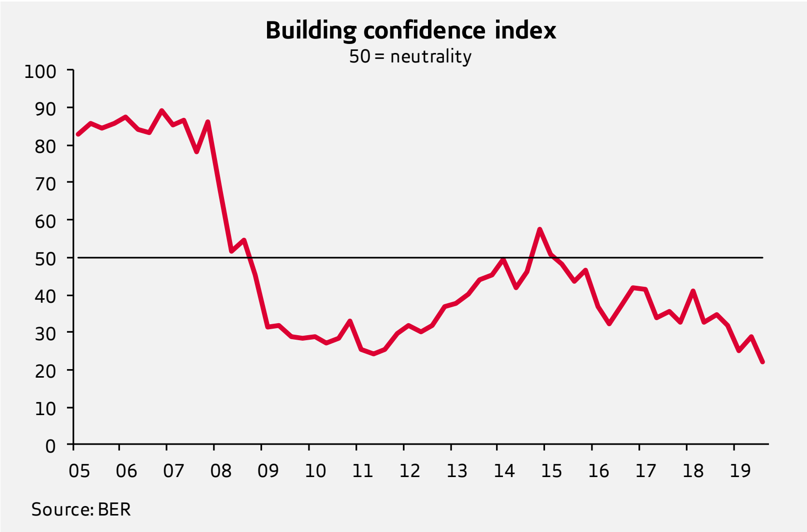

Growth in residential building activity
Houses, flats and townhouses, 3-month moving average
%
80
60
40
20
0
-20
-40
-60
09
10
11
12
13
14
15
16
17
18
19
Plans approved
Buildings completed
Source: Stats SA


Residential building activity
% share January - July 2019
%
100
90
80
70
60
50
40
30
20
10
0
48.8
24.3
26.9
59.4
20.6
20.0
Plans approved
Buildings completed
Houses <80m²
Houses ≥80m²
Flats and townhouses
Source: Stats SA


Growth in residential building activity
Houses (<80m²), 3-month moving average
%
80
60
40
20
0
-20
-40
-60
-80
09
10
11
12
13
14
15
16
17
18
19
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Houses (≥80m²), 3-month moving average
40
30
20
10
0
%
-10
-20
-30
-40
-50
09
10
11
12
13
14
15
16
17
18
19
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Flats and townhouses, 3-month moving average
180
160
140
120
100
80
%
60
40
20
0
-20
-40
-60
09
10
11
12
13
14
15
16
17
18
19
Plans approved
Buildings completed
Source: Stats SA


Building confidence index
50 = neutrality
100
90
80
70
60
50
40
30
20
10
0
05
06
07
08
09
10
11
12
13
14
15
16
17
18
19
Source: BER