

Compiled by:
Jacques du Toit
Senior Property Analyst
Absa Home Loans
Absa Group Limited
(Reg No 1986/003934/06)

45 Mooi Street
Johannesburg
2001

PO Box 7735
Johannesburg
2000
South Africa

Tel: +27 (0) 11 350 7246
E-mail: jacques@absa.co.za
Website: <http://www.absa.co.za>

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Contraction in residential building activity continued in the early months of 2011

In the first two months of 2011 residential building activity continued to contract on a year-on-year basis, but at a somewhat slower pace compared with late last year.

The total number of plans approved in respect of new housing declined by 5,9% year-on-year (y/y) in the months of January and February 2011, with the volume of plans approved in the higher-density segment of flats and townhouses rising by 5,5% y/y in the same period.

Higher-density residential developments are expected to be the main focus of the future demand for and supply of housing in South Africa, especially in the major and fast-growing metropolitan areas. This will be driven by the affordability of housing, which will depend on building costs, the state of household finances, the cost of mortgage finance, and the availability and cost of vacant development land and municipal services.

In the construction phase of new housing, building activity contracted by 7% y/y in the first two months of the year, but the segment of flats and townhouses showed growth of almost 22% y/y in this period. Against the background of the abovementioned view regarding the expected future of housing in the country, the improvement in building activity in the higher-density is encouraging.

The real value of plans approved for new residential buildings was 7,1% y/y, or R180 million, lower at R2,38 billion in January and February 2011 from R2,56 billion in the corresponding two months of 2010. The real value of residential buildings constructed was down by 6,7% y/y, or R130 million, at R1,85 billion in January and February this year from R1,98 billion a year ago. These real values are calculated at constant 2005 prices.

Residential building activity is to reflect demand and supply conditions in the market for new housing, and is expected to continue to experience some strain during the course of 2011.

Residential Building Activity: Plans Approved (January-February)						
Category of housing	Units 2010	Units 2011		m ² 2010	Building area 2011	
		Number	% change		m ²	% change
Houses of <80m ²	2 790	2 443	-12.4	123 232	112 729	-8.5
Houses of ≥80m ²	2 080	1 975	-5.0	542 482	523 627	-3.5
Flats & townhouses	1 458	1 538	5.5	123 071	143 952	17.0
Total	6 328	5 956	-5.9	788 785	780 308	-1.1

Source: Stats SA

Residential Building Activity: Buildings Completed (January-February)						
Category of housing	Units 2010	Units 2011		m ² 2010	Building area 2011	
		Number	% change		m ²	% change
Houses of <80m ²	2 740	2 413	-11.9	120 974	104 562	-13.6
Houses of ≥80m ²	1 698	1 412	-16.8	435 395	354 426	-18.6
Flats & townhouses	1 058	1 288	21.7	139 103	113 707	-18.3
Total	5 496	5 113	-7.0	695 472	572 695	-17.7

Source: Stats SA

Residential Building Activity by Province												
Building plans approved												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Feb 10	Number	1 081	1 363	26	234	402	398	2 241	344	239	6 328
	January-February 2011	Number	2 028	274	23	277	472	353	1 653	691	185	5 956
		% change	87.6	-79.9	-11.5	18.4	17.4	-11.3	-26.2	100.9	-22.6	-5.9
		% of SA	34.0	4.6	0.4	4.7	7.9	5.9	27.8	11.6	3.1	100.0
Alterations and additions to existing houses	Jan-Feb 10	m ²	129 298	45 595	7 811	28 064	58 893	24 278	169 670	27 649	14 787	506 045
	January-February 2011	m ²	125 179	44 874	5 110	19 034	58 637	24 781	151 850	22 440	12 141	464 046
		% change	-3.2	-1.6	-34.6	-32.2	-0.4	2.1	-10.5	-18.8	-17.9	-8.3
		% of SA	27.0	9.7	1.1	4.1	12.6	5.3	32.7	4.8	2.6	100.0
Buildings completed												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Feb 10	Number	1 660	954	13	248	607	405	1 354	215	40	5 496
	January-February 2011	Number	871	773	108	147	467	201	2 126	243	177	5 113
		% change	-47.5	-19.0	730.8	-40.7	-23.1	-50.4	57.0	13.0	342.5	-7.0
		% of SA	17.0	15.1	2.1	2.9	9.1	3.9	41.6	4.8	3.5	100.0
Alterations and additions to existing houses	Jan-Feb 10	m ²	96 455	28 138	4 801	15 532	29 042	12 403	92 132	11 282	753	290 538
	January-February 2011	m ²	89 433	31 782	3 436	19 216	41 921	7 478	74 074	20 083	959	288 382
		% change	-7.3	13.0	-28.4	23.7	44.3	-39.7	-19.6	78.0	27.4	-0.7
		% of SA	31.0	11.0	1.2	6.7	14.5	2.6	25.7	7.0	0.3	100.0

Source: Stats SA



