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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

20 March 2014

Planning phase with regard to residential building activity improves, while construction phase contracts in early 2014

The level of building activity in the South African market for new housing showed significant growth with regard to the planning phase in the first month of 2014 compared with a year ago, whereas the construction phase contracted in January from its level of activity in the same month last year.

The number of new housing units for which building plans were approved, increased markedly by 46,7% year-on-year (y/y) to 4 765 units in January 2014. This growth was largely driven by the segments of houses less than 80m² and flats and townhouses, recording strong growth of 74,3% y/y and 64,9% y/y respectively. These two segments of the market comprised 73,7% of the total number of plans approved regarding new housing in January. At a regional level the volume of plans approved in respect of new housing showed strong year-on-year growth in Gauteng, the Free State and Mpumalanga.

The level of activity in the construction phase of new housing, i.e. the number of new units reported as completed, dropped by 18,3% y/y to 2 256 units in January from 2 760 units in January last year. This poor showing with regard to new housing built was the result of significant contractions in the segments of houses less than 80m² (-20,4% y/y) and flats and townhouses (-37,2% y/y), with seven of the nine provinces that recorded a drop in the number of new housing units built in January compared with a year ago.

The average building cost of new housing constructed came to R5 586 per square metre in January 2014, which was up by 15,6% from R4 831 per square metre in the corresponding month last year, when building costs rose by 14,8% y/y. Building costs are affected by factors such as building material costs, labour costs, transport costs, equipment costs, land values, rezoning costs where applicable, and developer and contractor holding costs and profit margins.

The first month of 2014 saw the real value of plans approved for new residential buildings rising by 36,9% y/y, or R756,56 million to R2,65 billion from R1,9 billion a year ago. The real value of residential buildings reported as completed increased by 7,1% y/y, or R103,94 million, to R1,58 billion in January from R1,47 billion twelve months ago. These higher real values of residential building activity are related to above-inflation building cost increases.

Building confidence rose in the first quarter of 2014 to its highest level since the third quarter of 2008, mainly affected by continued growth in non-residential building activity.

Residential building activity will in 2014 continue to be affected by economic trends, household finances, property-investment sentiment and consumer confidence in general.

Residential building activity (January)

Category of housing	Plans approved						Buildings completed					
	Units 2013	Units 2014		m² 2013	Building area 2014		Units 2013	Units 2014		m² 2013	Building area 2014	
		Number	%Δ		m²	%Δ		Number	%Δ		m²	%Δ
Houses of <80m²	1 344	2 342	74.3	70 345	123 502	75.6	1 223	974	-20.4	55 142	48 760	-11.6
Houses of ≥80m²	1 196	1 254	4.8	273 922	328 376	19.9	827	836	1.1	203 469	219 782	8.0
Flats and tow nhouses	709	1 169	64.9	62 053	117 475	89.3	710	446	-37.2	68 767	45 803	-33.4
Total	3 249	4 765	46.7	406 320	569 353	40.1	2 760	2 256	-18.3	327 378	314 345	-4.0

Source: Stats SA

Residential building activity by province¹

Building plans approved

	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	January 13	Number	924	63	36	110	123	672	1 041	178	102	3 249
	January 2014	Number	1 047	75	17	294	211	304	2 399	299	119	4 765
		% change	13.3	19.0	-52.8	167.3	71.5	-54.8	130.5	68.0	16.7	46.7
		% of SA	22.0	1.6	0.4	6.2	4.4	6.4	50.3	6.3	2.5	100.0
Alterations and additions to existing houses	January 13	m²	54 910	13 849	1 983	9 800	20 905	11 902	70 076	13 723	5 697	202 845
	January 2014	m²	51 738	18 089	4 830	12 300	24 389	12 953	68 574	12 171	5 749	210 793
		% change	-5.8	30.6	143.6	25.5	16.7	8.8	-2.1	-11.3	0.9	3.9
		% of SA	24.5	8.6	2.3	5.8	11.6	6.1	32.5	5.8	2.7	100.0

Buildings completed

	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	January 13	Number	834	176	9	140	152	109	1 147	169	24	2 760
	January 2014	Number	757	62	8	82	130	184	848	146	39	2 256
		% change	-9.2	-64.8	-11.1	-41.4	-14.5	68.8	-26.1	-13.6	62.5	-18.3
		% of SA	33.6	2.7	0.4	3.6	5.8	8.2	37.6	6.5	1.7	100.0
Alterations and additions to existing houses	January 13	m²	48 998	8 040	1 076	2 735	10 904	2 279	28 268	6 377	297	108 974
	January 2014	m²	44 861	9 294	2 358	567	12 145	3 546	27 511	8 092	1 119	109 493
		% change	-8.4	15.6	119.1	-79.3	11.4	55.6	-2.7	26.9	276.8	0.5
		% of SA	41.0	8.5	2.2	0.5	11.1	3.2	25.1	7.4	1.0	100.0

¹Private-sector financed

Source: Stats SA





