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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

19 March 2015

Levels of residential building activity down in early 2015 from a year ago

Building activity in the South African market for new housing, as reflected by the number of building plans approved and the number of buildings completed, started 2015 on a relatively low note, with both the planning and the construction phases recording a decline in volumes in January from a year ago. These trends are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing (see explanatory notes).

The number of new housing units for which building plans were approved dropped by almost 12% year-on-year (y/y), or 562 units, to 4 145 units in January from a year ago. This was the net effect of a significant drop in plans approved in respect of houses less than 80m², whereas plans approved in the segment of flats and townhouses jumped by just more than 30% y/y in January. The category of houses larger than 80m² showed negligible growth of just 1% y/y in the first month of the year.

The number of new housing units reported as constructed declined marginally by 1,6% y/y on the back of a contraction in both the segments of houses, whereas the number of flats and townhouses posted growth of almost 30% y/y in January.

The real value of plans approved for new residential buildings increased by 1,3% y/y, or R35,73 million to R2,69 billion in January from R2,65 billion a year ago. The real value of residential buildings reported as completed was down by 8,7% y/y, or R136,52 million, to R1,44 billion in January from R1,58 billion in the corresponding month last year. These real values are calculated at constant 2010 prices.

The average building cost of new housing constructed came to R6 025 per square metre in January 2015, which was 7,7% up on the building cost of R5 205 per square metre a year ago. Building costs continue to increase by a higher rate than the average consumer price inflation rate, impacting the prices of newly built housing as well as renovations and alterations to existing housing. The building area planned and completed with regard to alterations and additions to existing houses contracted further in the first month of the year. Building costs are affected by a number of factors such as building material costs, labour costs, transport costs, equipment costs, land prices, rezoning costs, and developer and contractor holding costs and profit margins.

Building confidence, based on the Bureau for Economic Research's building confidence index, was somewhat lower in the first quarter of 2015 from the fourth quarter of last year, but is still above the neutral level of 50 and remains in line with the rising trend in the confidence index since bottoming in 2011. The building confidence index measures prevailing business conditions in the building industry sub-sectors of architects, quantity surveyors, main building contractors, sub-contractors, manufacturers of building materials and retailers of building materials and hardware.

Residential building activity will continue to be driven by economic developments, the state of household finances, consumer and building confidence and consumer lifestyles, which will be reflected in the demand for and supply of new housing. Based on the outlook for the economy and the household sector, residential building activity is in 2015 set to continue around the levels of the past few years. However, a continuation of these trends will increase the pressure on available housing stock and eventually house prices, driven by a growing population and an increasing number of households.

Residential building activity¹

1994 - 2015

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	682 096	43.5	544 240	46.7
Houses of ≥80m ²	471 742	30.1	312 090	26.8
Flats and townhouses	415 426	26.5	309 747	26.6
Total	1 569 264	100.0	1 166 077	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity (January)¹

Segment	Plans approved						Buildings completed					
	Units 2014	Units 2015		m ² 2014	Building area 2015		Units 2014	Units 2015		m ² 2014	Building area 2015	
		Number	%Δ		m ²	%Δ		Number	%Δ		m ²	%Δ
Houses of <80m ²	2 342	1 433	-38.8	123 502	69 564	-43.7	974	944	-3.1	48 760	46 764	-4.1
Houses of ≥80m ²	1 254	1 266	1.0	328 376	349 634	6.5	836	698	-16.5	219 782	202 260	-8.0
Flats and townhouses	1 111	1 446	30.2	117 475	130 995	11.5	446	579	29.8	45 803	51 807	13.1
Total	4 707	4 145	-11.9	569 353	550 193	-3.4	2 256	2 221	-1.6	314 345	300 831	-4.3

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	January 14	Number	989	75	17	294	211	304	2 399	299	119	4 707
	January 2015	Number	1 134	96	10	305	250	674	1 361	228	87	4 145
		% change	14.7	28.0	-41.2	3.7	18.5	121.7	-43.3	-23.7	-26.9	-11.9
		% of SA	27.4	2.3	0.2	7.4	6.0	16.3	32.8	5.5	2.1	100.0
Alterations and additions to existing houses	January 14	m ²	51 738	18 089	4 830	12 300	24 389	12 953	68 574	12 171	5 749	210 793
	January 2015	m ²	59 894	19 998	2 296	13 464	21 663	10 314	53 278	16 065	3 444	200 416
		% change	15.8	10.6	-52.5	9.5	-11.2	-20.4	-22.3	32.0	-40.1	-4.9
		% of SA	29.9	10.0	1.1	6.7	10.8	5.1	26.6	8.0	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	January 14	Number	757	62	8	82	130	184	848	146	39	2 256
	January 2015	Number	491	151	2	21	95	286	1 046	97	32	2 221
		% change	-35.1	143.5	-75.0	-74.4	-26.9	55.4	23.3	-33.6	-17.9	-1.6
		% of SA	22.1	6.8	0.1	0.9	4.3	12.9	47.1	4.4	1.4	100.0
Alterations and additions to existing houses	January 14	m ²	44 861	9 294	2 358	567	12 145	3 546	27 511	8 092	1 119	109 493
	January 2015	m ²	28 218	7 735	337	805	6 216	7 317	16 055	6 643	0	73 326
		% change	-37.1	-16.8	-85.7	42.0	-48.8	106.3	-41.6	-17.9	-100.0	-33.0
		% of SA	38.5	10.5	0.5	1.1	8.5	10.0	21.9	9.1	0.0	100.0

¹Private-sector financed

Source: Stats SA





