



Compiled by  
Jacques du Toit  
Property Analyst  
Absa Home Loans

15 Troye Street  
Johannesburg | 2001

PO Box 7735  
Johannesburg | 2000  
South Africa

Tel +27 (0)11 350 7246  
jacques@absa.co.za  
www.absa.co.za

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.

The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by Absa Bank Limited and/or the authors of the material.

## Residential building statistics

20 October 2016

### Continued slowdown in residential building activity

Levels of building activity in the South African market for new housing continued to slow down up to August 2016 in both the planning and construction phases compared with a year ago. The months of July and August in particular saw significant contractions in activity levels on a year-on-year basis, which contributed to the trends of the 8-month period. These developments are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing (see explanatory notes).

In January to August this year the number of new housing units for which building plans were approved contracted by 10,6% year-on-year (y/y), or 4 366 units, to 36 733 units. August saw a contraction of 23,8% y/y after a drop of 37,2% y/y in July. The bulk of these contractions occurred mainly in the two segments of houses, which showed a combined decline of 17,8% y/y, or 4 868 units, to a total of 22 542 units in the 8-month period up to August. The segment of flats and townhouses, however, recorded relatively low positive growth of 3,7% y/y over this period.

The volume of new housing units completed increased by only 1,3% y/y in the period January to August this year. The segment for houses smaller than 80m<sup>2</sup> showed a contraction of almost 9% y/y, whereas the segment for flats and townhouses recorded growth of 15,6% y/y over this period. With the planning phase of new housing contracting at an accelerating pace as the year progresses, the construction phase has also showed diminishing year-on-year growth in the 8-month period up to August. As a result, the slowing growth with regard to housing construction activity will most likely continue over the short to medium term.

The real value of plans approved for new residential buildings came to R32,46 billion (-2,3% y/y) in the period January to August this year, with the real value of new residential buildings reported as completed at R19,64 billion (-3,4% y/y) in this period. These real values are calculated at constant 2015 prices.

Building activity with regard to alterations and additions to existing houses showed much subdued growth in the first eight months of the year and can be regarded as a reflection of the extent of housing maintenance in view of financial strain experienced by homeowners.

The average cost of new housing built increased by 6,8% y/y to an average of R6 469 per square meter in January to August this year compared with R6 055 per square meter in the corresponding period last year. The average building cost and the year-on-year percentage change per square meter in the three categories of housing were as follows in January to August:

- Houses of <80m<sup>2</sup>: R4 294, up by 11,7% y/y
- Houses of ≥80m<sup>2</sup>: R6 559, up by 3,5% y/y
- Flats and townhouses: R7 499, up by 8,4% y/y

Levels of residential building activity are expected to remain largely subdued and may deteriorate even further from current levels up to year-end and into 2017 against the background of recent trends in and prospects for the economy, household finances and confidence in the building and consumer sectors.

## Residential building activity<sup>1</sup>

1994 - 2016 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m <sup>2</sup>	715 450	43.1	568 620	46.3
Houses of ≥80m <sup>2</sup>	497 997	30.0	331 477	27.0
Flats and townhouses	448 114	27.0	329 020	26.8
<b>Total</b>	<b>1 661 561</b>	<b>100.0</b>	<b>1 229 117</b>	<b>100.0</b>

<sup>1</sup>Private-sector financed

Source: Stats SA

## Residential building activity: January-August<sup>1</sup>

Segment	Building plans approved						Buildings completed					
	Units 2015	Units 2016		m <sup>2</sup> 2015	Building area 2016		Units 2015	Units 2016		m <sup>2</sup> 2015	Building area 2016	
		Number	%Δ		m <sup>2</sup>	%Δ		Number	%Δ		m <sup>2</sup>	%Δ
Houses of <80m <sup>2</sup>	16 165	12 004	-25.7	763 813	576 261	-24.6	10 225	9 312	-8.9	510 721	457 220	-10.5
Houses of ≥80m <sup>2</sup>	11 245	10 538	-6.3	3 082 010	2 855 662	-7.3	7 806	7 924	1.5	2 052 980	1 937 785	-5.6
Flats and townhouses	13 689	14 191	3.7	1 366 438	1 409 908	3.2	7 231	8 359	15.6	709 121	788 196	11.2
<b>Total</b>	<b>41 099</b>	<b>36 733</b>	<b>-10.6</b>	<b>5 212 261</b>	<b>4 841 831</b>	<b>-7.1</b>	<b>25 262</b>	<b>25 595</b>	<b>1.3</b>	<b>3 272 822</b>	<b>3 183 201</b>	<b>-2.7</b>

<sup>1</sup>Private-sector financed

Source: Stats SA

## Residential building activity by province<sup>1</sup>

Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 15	Number	10 382	2 169	127	2 209	2 916	2 622	17 364	2 171	1 139	41 099
	January -	Number	10 931	1 928	212	1 544	3 550	1 352	14 615	1 993	608	36 733
	August	% change	5.3	-11.1	66.9	-30.1	21.7	-48.4	-15.8	-8.2	-46.6	-10.6
	2016	% of SA	29.8	5.2	0.6	4.2	9.7	3.7	39.8	5.4	1.7	100.0
Alterations and additions to existing houses	Jan-Aug 15	m <sup>2</sup>	610 832	213 034	34 790	104 921	225 372	96 962	624 581	126 690	38 339	2 075 521
	January -	m <sup>2</sup>	561 337	158 219	35 943	96 513	235 323	95 752	622 661	107 834	42 653	1 956 235
	August	% change	-8.1	-25.7	3.3	-8.0	4.4	-1.2	-0.3	-14.9	11.3	-5.7
	2016	% of SA	28.7	8.1	1.8	4.9	12.0	4.9	31.8	5.5	2.2	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 15	Number	7 635	1 232	234	1 625	1 341	1 184	10 008	1 547	456	25 262
	January -	Number	6 848	996	63	1 721	1 128	1 784	11 133	1 446	476	25 595
	August	% change	-10.3	-19.2	-73.1	5.9	-15.9	50.7	11.2	-6.5	4.4	1.3
	2016	% of SA	26.8	3.9	0.2	6.7	4.4	7.0	43.5	5.6	1.9	100.0
Alterations and additions to existing houses	Jan-Aug 15	m <sup>2</sup>	312 473	59 527	17 768	23 477	94 562	68 301	118 958	75 084	2 368	772 518
	January -	m <sup>2</sup>	319 969	35 097	30 317	20 954	96 010	65 687	155 384	50 905	4 536	778 859
	August	% change	2.4	-41.0	70.6	-10.7	1.5	-3.8	30.6	-32.2	91.6	0.8
	2016	% of SA	41.1	4.5	3.9	2.7	12.3	8.4	20.0	6.5	0.6	100.0

<sup>1</sup>Private-sector financed

Source: Stats SA



