



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 January 2017

### Continued subdued residential building activity up to late 2016

Building activity with regard to new private sector-financed housing in South Africa (see explanatory notes) remained much subdued in the first eleven months of 2016 compared with the corresponding period in 2015, based on data published by Statistics South Africa.

The number of new housing units for which building plans were approved, was down by 8,5% year-on-year (y/y), or 4 756 units, to 51 137 units in the period January to November last year from the same period a year ago. The drop in building plans approved in the 11-month period was mainly the result of a decline of 25,5%, or 5 514 units, in the planning of new houses of less than 80m<sup>2</sup>. Plans approved for houses larger than 80m<sup>2</sup> contracted by 6,7% y/y, or 1 062 units, in January to November, whereas the flat and townhouse segment recorded growth of 9,9% y/y, or 1 820 units, over the same period.

The volume of new housing units built showed relatively low growth of only 1,1% y/y in the 11-month period up November last year, with only the segment for flats and townhouses registering some noticeable growth of 9,5% y/y, or about 1 000 units, over this period. The two segments of houses, however, both contracted on a year-on-year basis in terms of the number of units built up to November.

The real value of plans approved for new residential buildings declined by R286,7 million, or 0,6% y/y, to R46,43 billion in the first eleven months of 2016, with the real value of new residential buildings reported as completed declining by R695,3 million, or 2,4% y/y, to R28,70 billion over the same period. These real values are calculated at constant 2015 prices.

The average building cost of new housing constructed in January to November 2016 increased by 6,4% y/y to an average of R6 539 per square meter compared with R6 148 per square meter in the corresponding period of 2015. 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 November last year:

- Houses of <80m<sup>2</sup>: R4 438, up by 13,6% y/y
- Houses of ≥80m<sup>2</sup>: R6 614, up by 4,1% y/y
- Flats and townhouses: R7 581, up by 6,7% y/y

The economy is estimated to have grown by only 0,4% in 2016, with real growth of 1% forecast for 2017. Headline consumer price inflation is expected to subside to around 5% y/y by the end of the year from 6,8% y/y in December last year, with interest rates projected to remain stable at currently levels throughout the year. With both consumer and building confidence levels that were depressed in 2016, as well as trends in and the outlook for the economy and the household sector, residential building activity is to remain relatively subdued in the foreseeable future.

## 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>	719 537	42.9	573 442	46.2
Houses of ≥80m <sup>2</sup>	502 258	30.0	334 681	27.0
Flats and townhouses	454 479	27.1	332 231	26.8
<b>Total</b>	<b>1 676 274</b>	<b>100.0</b>	<b>1 240 354</b>	<b>100.0</b>

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

Source: Stats SA

## Residential building activity: January-November<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>	21 605	16 091	-25.5	1 030 888	779 786	-24.4	14 673	14 134	-3.7	724 232	683 544	-5.6
Houses of ≥80m <sup>2</sup>	15 861	14 799	-6.7	4 300 743	4 043 619	-6.0	11 184	11 128	-0.5	2 913 270	2 729 304	-6.3
Flats and townhouses	18 427	20 247	9.9	1 907 696	2 103 781	10.3	10 566	11 570	9.5	1 055 652	1 164 220	10.3
<b>Total</b>	<b>55 893</b>	<b>51 137</b>	<b>-8.5</b>	<b>7 239 327</b>	<b>6 927 186</b>	<b>-4.3</b>	<b>36 423</b>	<b>36 832</b>	<b>1.1</b>	<b>4 693 154</b>	<b>4 577 068</b>	<b>-2.5</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-Nov 15	Number	14 525	2 866	199	3 136	3 974	3 133	23 523	3 112	1 425	55 893
	January - November 2016	Number	15 943	3 152	262	1 943	4 901	1 788	19 625	2 590	933	51 137
		% change	9.8	10.0	31.7	-38.0	23.3	-42.9	-16.6	-16.8	-34.5	-8.5
		% of SA	31.2	6.2	0.5	3.8	9.6	3.5	38.4	5.1	1.8	100.0
Alterations and additions to existing houses	Jan-Nov 15	m <sup>2</sup>	827 770	298 760	50 052	141 104	324 239	135 036	909 305	165 627	51 580	2 903 473
	January - November 2016	m <sup>2</sup>	822 135	251 805	49 578	140 942	335 230	131 658	885 330	143 467	61 257	2 821 402
		% change	-0.7	-15.7	-0.9	-0.1	3.4	-2.5	-2.6	-13.4	18.8	-2.8
		% of SA	29.1	8.9	1.8	5.0	11.9	4.7	31.4	5.1	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-Nov 15	Number	10 497	1 506	257	2 289	1 793	1 890	15 355	2 178	658	36 423
	January - November 2016	Number	10 780	2 220	102	1 934	1 663	2 004	15 582	1 907	640	36 832
		% change	2.7	47.4	-60.3	-15.5	-7.3	6.0	1.5	-12.4	-2.7	1.1
		% of SA	29.3	6.0	0.3	5.3	4.5	5.4	42.3	5.2	1.7	100.0
Alterations and additions to existing houses	Jan-Nov 15	m <sup>2</sup>	436 737	73 451	24 445	30 512	138 681	86 444	187 287	101 547	3 593	1 082 697
	January - November 2016	m <sup>2</sup>	505 588	57 220	38 016	32 833	128 704	68 736	232 789	70 832	5 683	1 140 401
		% change	15.8	-22.1	55.5	7.6	-7.2	-20.5	24.3	-30.2	58.2	5.3
		% of SA	44.3	5.0	3.3	2.9	11.3	6.0	20.4	6.2	0.5	100.0

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

Source: Stats SA





