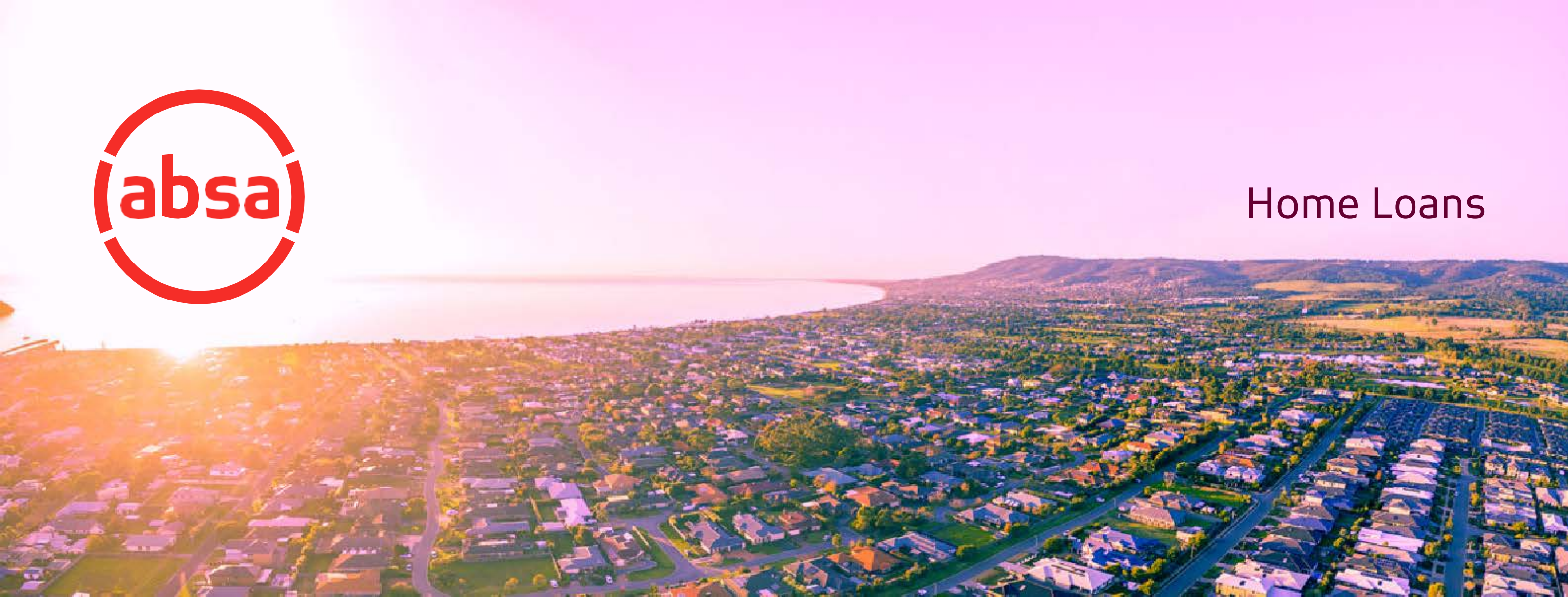

Residential building statistics

18 October 2018

Continued diverging trends in residential building activity at segment level

Private sector-financed building activity (see explanatory note) in the South African market for new housing showed continued diverging trends on specifically a segment level in the first eight months of 2018, which caused the planning phase of new housing to have improved whereas the construction phase has contracted over this period.

The number of building plans approved for new housing increased by 11% year-on-year (y/y), or a total of 4 095 plans, to 41 480 plans in January to August this year. This growth in plans approved was the result of strong growth of 29,5% y/y, or 4 243 plans, in the segment of flats and townhouses, with a cumulative total of 18 649 plans approved in this category of the market in the 8-month period. Plans approved with regard to the two categories of new houses showed marginal declines. At a regional level the growth in the planning phase was largely driven by Gauteng and the Western Cape, with these two provinces having a cumulative share of 75,1% and showing combined growth of 25,3% y/y in plans approved up to August.

The number of new housing units reported as being completed was down by 8% y/y, or 2 063 units, to a total of 23 859 units in the first eight months of the year from 25 922 units built in the corresponding period last year. The segment of houses smaller than 80m² was the main driver of this decline, recording a drop of 31,2% y/y in the 8-month period. Although this trend in the construction of new houses at the lower end of the market is concerning based on the need for housing in this segment of the market, the contraction in the overall construction phase was to some extent countered by growth of 12% y/y in the segment of new flats and townhouses built. Regionally the contraction in the construction phase was largely driven by Gauteng (44,1% of the national total) with a drop of 13,7% y/y, together with declines in six other provinces.

The average building cost of new housing completed increased by 5,4% y/y to R7 435 per square meter in the first eight months of the year from R7 052 per square meter in the same period last year. In the period of January to August residential building costs increased by a real 0,8% y/y, based on an average headline consumer price inflation rate of 4,5% y/y over this period. The average building cost per square meter in the categories of new housing was as follows in January to August:

- Houses of <80m²: R5 791, up by 22,1% y/y.
- Houses of ≥80m²: R7 357, up by 3,2% y/y.
- Flats and townhouses: R7 921, down by 2,9% y/y.

Building activity with regard to alterations and additions to existing houses continued its downward trend in the first eight months of the year, with both the building area approved and the building area reported as completed showing a contraction on a year-on-year basis. The building cost of completed alterations and additions to existing houses increased by 12,7% y/y to R7 215 per square meter in the 8-month period from R6 404 per square meter a year ago. In real terms, the average building cost of completed alterations and additions to existing houses increased by 7,8% y/y over this period, with this type of building activity remaining relatively expensive and which most likely contributed to the year-on-year contraction up to August against the background of consumers under financial pressure.

Residential building activity is expected to remain relatively subdued in the rest of 2018 in view of a poorly performing economy, continued financial strain experienced by the household sector and a low level of building confidence in the first three quarters of the year.

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Explanatory note:
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 activity[1]

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m²	753 876	42.3	596 143	45.6
Houses of ≥80m²	528 675	29.7	353 251	27.0
Flats and townhouses	498 535	28.0	358 528	27.4
Total	1 781 086	100.0	1 307 922	100.0

[1]Private-sector financed

Source: Stats SA

Residential building activity: January - August[1]

Segment	Building plans approved						Buildings completed					
	Units	Units 2018		m²	Building area 2018		Units	Units 2018		m²	Building area 2018	
	2017	Number	y/y % Δ	2017	m²	y/y % Δ	2017	Number	y/y % Δ	2017	m²	y/y % Δ
Houses of <80m²	12 879	12 826	-0.4	613 628	603 833	-1.6	10 331	7 109	-31.2	497 895	359 414	-27.8
Houses of ≥80m²	10 100	10 005	-0.9	2 738 124	2 661 794	-2.8	6 582	6 662	1.2	1 765 850	1 691 333	-4.2
Flats and townhouses	14 406	18 649	29.5	1 817 208	1 930 207	6.2	9 009	10 088	12.0	923 310	1 420 582	53.9
Total	37 385	41 480	11.0	5 168 960	5 195 834	0.5	25 922	23 859	-8.0	3 187 055	3 471 329	8.9

[1]Private-sector financed

Source: Stats SA

Residential building activity by province[1]

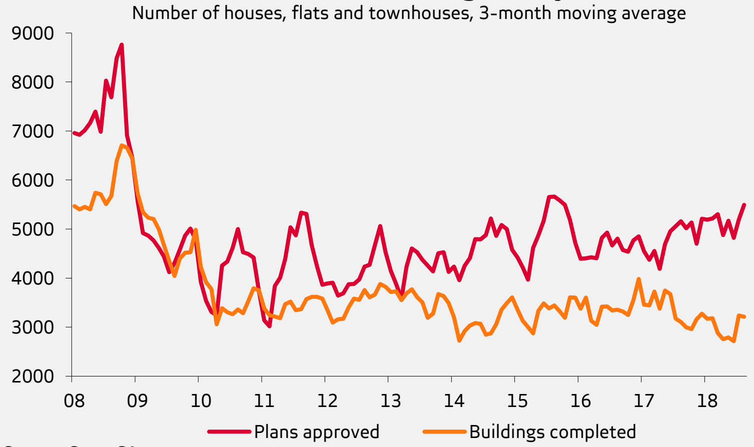
Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Aug 17	Number	12 694	2 604	137	1 113	3 587	2 970	12 168	1 356	756	37 385
	January - August 2018	Number	15 981	2 987	156	910	2 605	2 143	15 177	900	621	41 480
		y/y % Δ	25.9	14.7	13.9	-18.2	-27.4	-27.8	24.7	-33.6	-17.9	11.0
		% of SA	38.5	7.2	0.4	2.2	6.3	5.2	36.6	2.2	1.5	100.0
Alterations and additions to existing houses	Jan-Aug 17	m²	566 477	194 022	23 930	89 519	266 434	87 791	601 774	84 167	38 334	1 952 448
	January - August 2018	m²	552 477	198 002	27 135	86 400	239 029	81 262	576 449	97 960	31 635	1 890 349
		y/y % Δ	-2.5	2.1	13.4	-3.5	-10.3	-7.4	-4.2	16.4	-17.5	-3.2
		% of SA	29.2	10.5	1.4	4.6	12.6	4.3	30.5	5.2	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	Jan-Aug 17	Number	7 974	772	54	622	1 571	912	12 185	968	864	25 922
	January - August 2018	Number	8 569	727	39	567	1 112	1 211	10 520	749	365	23 859
		y/y % Δ	7.5	-5.8	-27.8	-8.8	-29.2	32.8	-13.7	-22.6	-57.8	-8.0
		% of SA	35.9	3.0	0.2	2.4	4.7	5.1	44.1	3.1	1.5	100.0
Alterations and additions to existing houses	Jan-Aug 17	m²	372 336	64 076	12 826	27 259	89 516	27 289	164 281	22 245	2 360	782 188
	January - August 2018	m²	295 210	66 778	19 188	14 050	121 952	47 607	159 334	29 109	3 153	756 381
		y/y % Δ	-20.7	4.2	49.6	-48.5	36.2	74.5	-3.0	30.9	33.6	-3.3
		% of SA	39.0	8.8	2.5	1.9	16.1	6.3	21.1	3.8	0.4	100.0

[1]Private-sector financed

Source: Stats SA

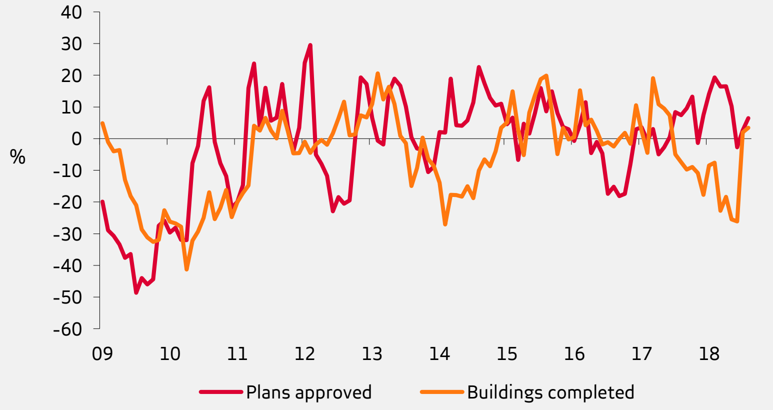
Residential building activity

Number of houses, flats and townhouses, 3-month moving average



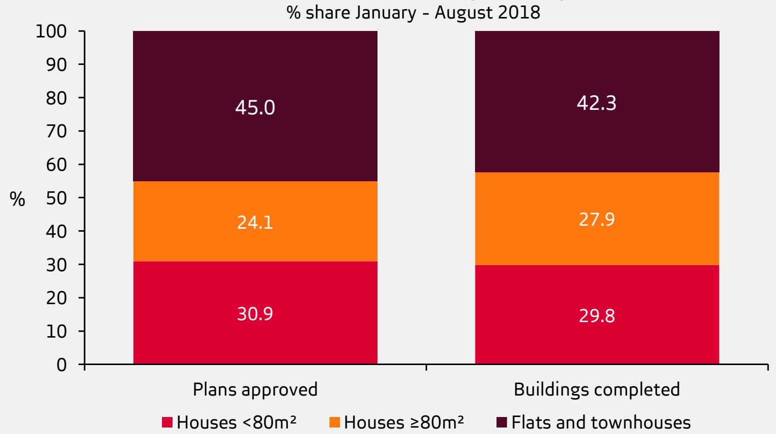
Source: Stats SA

Growth in residential building activity
Houses, flats and townhouses, 3-month moving average



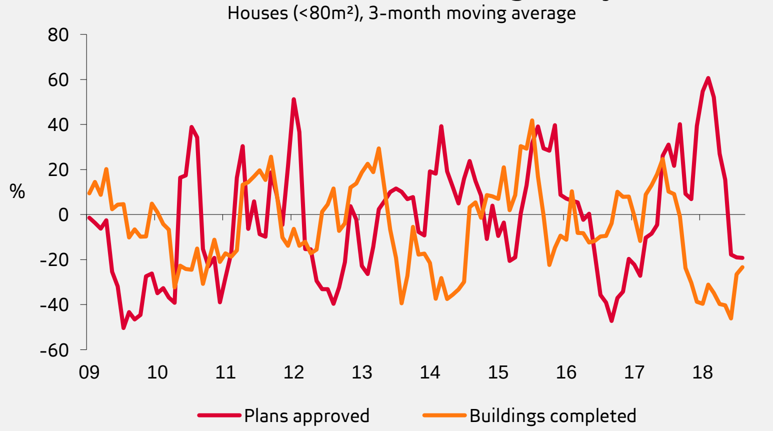
Source: Stats SA

Residential building activity
% share January - August 2018

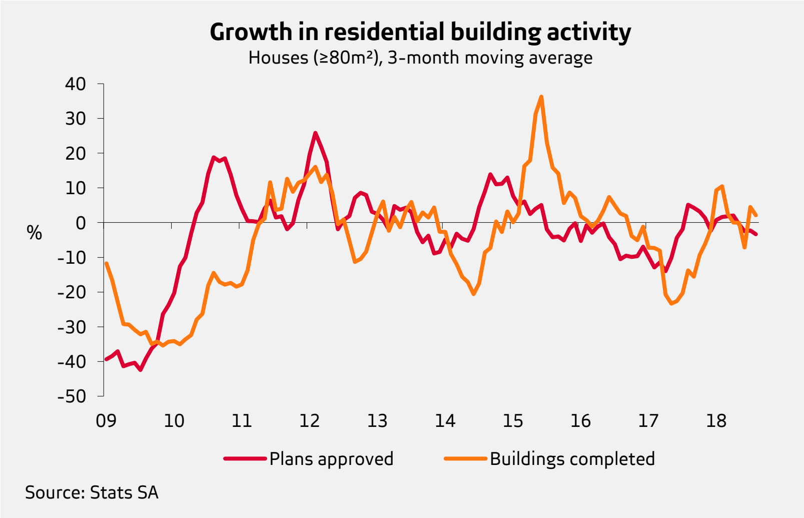


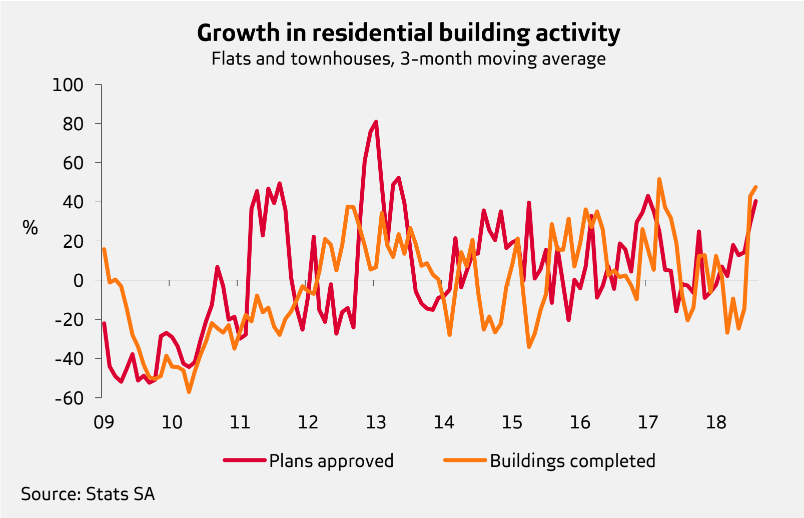
Source: Stats SA

Growth in residential building activity
Houses (<80m²), 3-month moving average



Source: Stats SA


Growth in residential building activity
Houses (≥80m²), 3-month moving average
40
30
20
10
0
%
-10
-20
-30
-40
-50
09
10
11
12
13
14
15
16
17
18
Plans approved
Buildings completed
Source: Stats SA


Growth in residential building activity
Flats and townhouses, 3-month moving average
100
80
60
40
%
20
0
-20
-40
-60
09
10
11
12
13
14
15
16
17
18
Plans approved
Buildings completed
Source: Stats SA