



Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

15 Troye Street
Johannesburg, 2001
South Africa

PO Box 7735
Johannesburg, 2000
South Africa

T +27 (0)11 350 7246
jacques.dutoit3@absa.africa
www.absa.co.za

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.

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 and property stock

21 November 2019

Residential building activity in the first three quarters of 2019

Levels of building activity in the South African market for new housing (see explanatory note) showed diverging trends in the first three quarters of 2019. The planning phase of new housing, as reflected by the number of building plans approved by local government institutions, contracted across all three segments on a year-on-year basis over this period. However, the construction phase of new housing, i.e. the volume of housing units reported as being completed, showed a marked improvement up to September compared with the corresponding period last year.

The number of new housing units for which building plans were approved was down by 16,1% year-on-year (y/y), or 7 533 plans, to 39 402 plans in the 9-month period up to September. The drop in building plans approved was evident across all three segments of housing.

New housing units reported as being completed increased by 29,1% y/y, or 8 048 units, to a total of 35 703 units in the period January to September this year. The segment of flats and townhouses was the main driver of the growth in the construction phase, showing growth of 73,1% y/y in the nine months up to September. Whereas the planning phase of the flat and townhouse segment contracted in the 9-month period, the strong growth in the construction phase of housing in this segment could have been the result of lags in the reporting of completed units to local government institutions. The flat and townhouse segment has become a strong driver of new housing over time, reflecting changes in lifestyles in especially the country's major metropolitan areas. This came against the background of urbanisation that increased to a total of 66,4%, or more than 38 million people, in 2018 from a level of 57% of the population (about 26 million people) urbanised in 2000.

New housing constructed add to the country's residential property stock. In the third quarter of 2019 there were reportedly about 6,8 million residential properties in South Africa with a total value of R5,7 trillion. Gauteng, the Western Cape and KwaZulu-Natal are the most prominent regional residential property markets, with these provinces having a combined share of 65,4% of the total number of residential properties nationally and 79,2% of the total value of residential properties in the country in the third quarter.

The average building cost per square meter in the three categories of new housing was as follows in January to September 2019:

-) Houses <80m²: R5 762, down by 0,3% y/y.
-) Houses ≥80m²: R7 587, up by 2,9% y/y.
-) Flats and townhouses: R8 256, up by 4,1% y/y.

Building activity with regard to alterations and additions to existing houses continued its downward trend in the first three quarters of the year, with both the building area approved and the building area reported as completed contracting on a year-on-year basis over this period. The building cost of alterations and additions to existing houses was down by a marginal 0,6% y/y to R7 343 per square meter up to end-September.

In view of recent trends in and the outlook for the economy, household finances, general consumer and building sector confidence, as well as property market confidence amongst homeowners, residential building activity is not expected to show a significant improvement over the short to medium term and to remain largely in line with that of the past few years.

Residential building activity¹

1994 - 2019 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses <80m ²	768 275	41.7	607 991	44.7
Houses ≥80m ²	543 590	29.5	364 726	26.8
Flats and townhouses	529 003	28.7	387 251	28.5
Total	1 840 868	100.0	1 359 968	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - September¹

Segment	Building plans approved						Buildings completed					
	Units 2018	Units 2019		m ² 2018	Building area 2019		Units 2018	Units 2019		m ² 2018	Building area 2019	
		Number	y/y % Δ		m ²	y/y % Δ		Number	y/y % Δ		m ²	y/y % Δ
Houses <80m ²	14 103	10 552	-25.2	670 686	552 499	-17.6	8 045	7 295	-9.3	406 802	374 458	-8.0
Houses ≥80m ²	11 231	9 871	-12.1	3 001 774	2 723 453	-9.3	7 486	7 422	-0.9	1 910 454	1 934 103	1.2
Flats and townhouses	21 634	18 979	-12.3	2 387 628	2 214 051	-7.3	12 124	20 986	73.1	1 775 314	2 936 987	65.4
Total	46 968	39 402	-16.1	6 060 088	5 490 003	-9.4	27 655	35 703	29.1	4 092 570	5 245 548	28.2

¹Private-sector financed

Source: Stats SA

Residential building activity¹

Period	Houses <80m ²		Houses ≥80m ²		Flats and townhouses		Total	
	Units	y/y % change	Units	y/y % change	Units	y/y % change	Units	y/y % change
Building plans approved								
Q1 2016	4 652	16.0	3 934	-2.8	5 020	11.8	13 606	8.4
Q2 2016	4 477	-26.8	4 057	-4.4	6 415	1.7	14 949	-10.3
Q3 2016	3 927	-48.5	4 078	-10.4	4 683	0.7	12 688	-24.6
Q4 2016	4 262	-15.3	3 830	-7.5	6 927	45.3	15 019	7.8
Q1 2017	4 011	-13.8	3 379	-14.1	5 945	18.4	13 335	-2.0
Q2 2017	6 017	34.4	3 893	-4.0	5 187	-19.1	15 097	1.0
Q3 2017	4 103	4.5	4 264	4.6	6 502	38.8	14 869	17.2
Q4 2017	6 155	44.4	3 776	-1.4	6 592	-4.8	16 523	10.0
Q1 2018	5 335	33.0	3 460	2.4	6 647	11.8	15 442	15.8
Q2 2018	4 505	-25.1	3 795	-2.5	7 464	43.9	15 764	4.4
Q3 2018	4 263	3.9	3 976	-6.8	7 523	15.7	15 762	6.0
Q4 2018	2 570	-58.2	3 818	1.1	6 887	4.5	13 275	-19.7
Q1 2019	2 202	-58.7	2 915	-15.8	8 666	30.4	13 783	-10.7
Q2 2019	2 919	-35.2	3 423	-9.8	5 533	-25.9	11 875	-24.7
Q3 2019	5 431	27.4	3 533	-11.1	4 780	-36.5	13 744	-12.8
Buildings completed								
Q1 2016	3 094	-12.3	2 668	-1.5	3 505	56.0	9 267	9.3
Q2 2016	4 165	-5.1	3 440	8.8	3 405	12.0	11 010	3.9
Q3 2016	3 504	-5.4	3 068	-0.1	2 807	-6.8	9 379	-4.1
Q4 2016	4 799	9.3	3 058	-5.1	4 014	25.6	11 871	9.8
Q1 2017	3 401	9.9	2 241	-16.0	4 557	30.0	10 199	10.1
Q2 2017	4 732	13.6	2 581	-25.0	2 697	-20.8	10 010	-9.1
Q3 2017	3 046	-13.1	2 587	-15.7	3 088	10.0	8 721	-7.0
Q4 2017	2 985	-37.8	3 393	11.0	3 706	-7.7	10 084	-15.1
Q1 2018	2 143	-37.0	2 200	-1.8	3 694	-18.9	8 037	-21.2
Q2 2018	2 609	-44.9	2 510	-2.8	3 440	27.5	8 559	-14.5
Q3 2018	3 293	8.1	2 776	7.3	4 990	61.6	11 059	26.8
Q4 2018	3 617	21.2	3 229	-4.8	5 701	53.8	12 547	24.4
Q1 2019	2 247	4.9	2 604	18.4	7 064	91.2	11 915	48.3
Q2 2019	2 443	-6.4	2 387	-4.9	7 856	128.4	12 686	48.2
Q3 2019	2 605	-20.9	2 431	-12.4	6 066	21.6	11 102	0.4

¹Private-sector financed

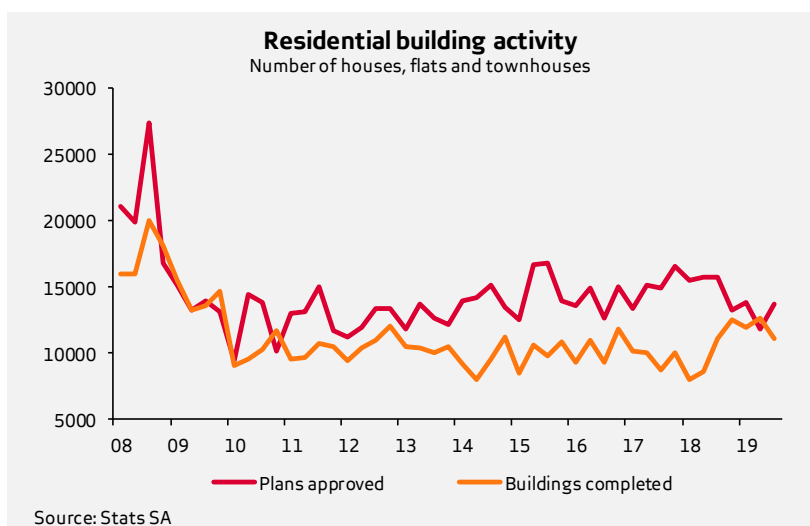
Source: Stats SA

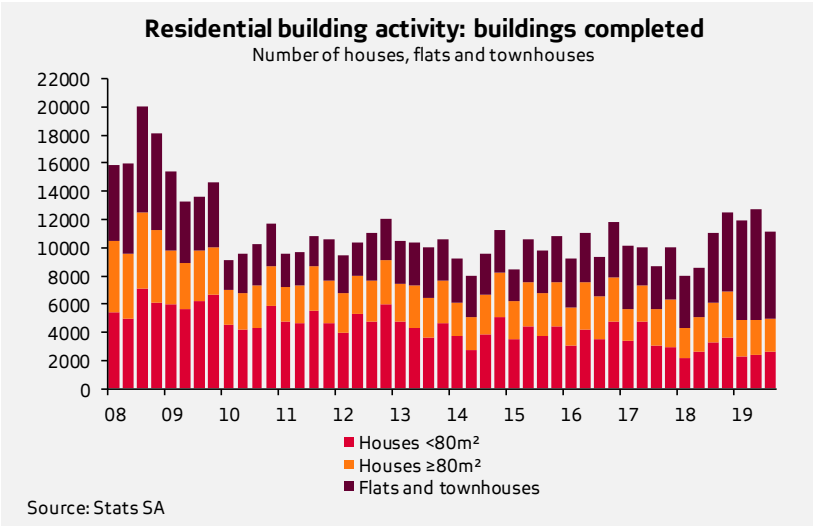
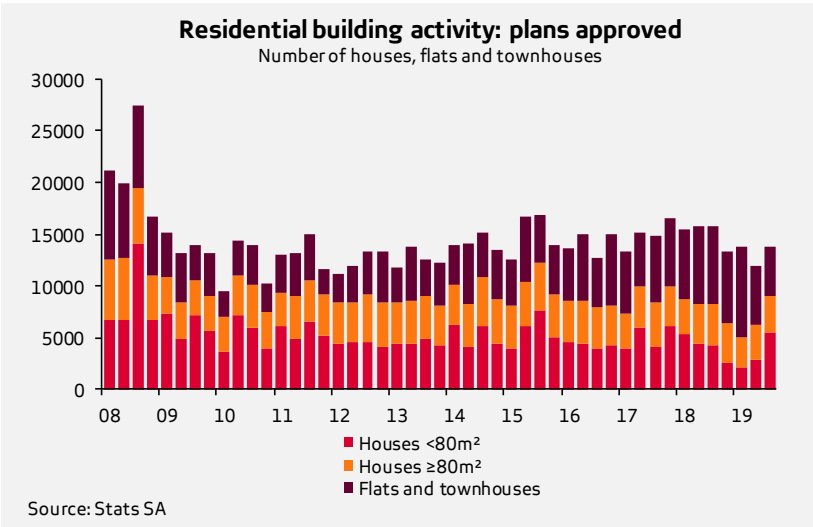
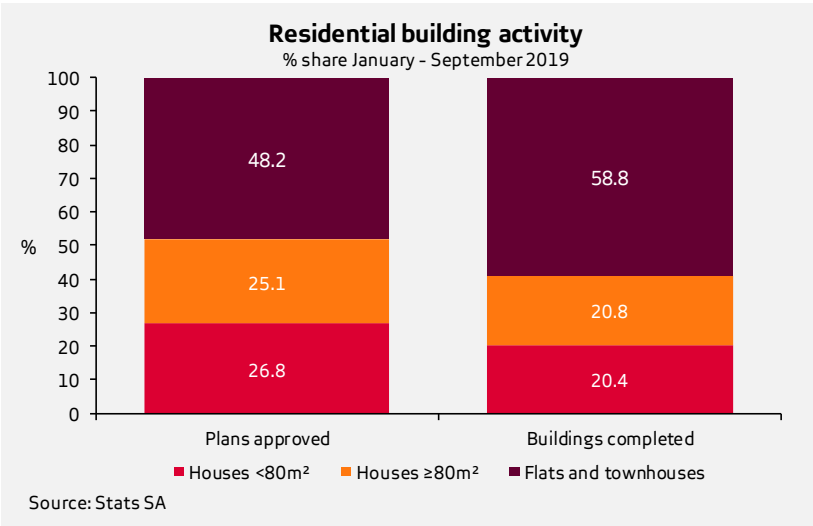
Residential building activity by province¹

Building plans approved												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Houses <80m ²	Jan-Sep 18	Number	5 002	1 040	18	160	135	908	6 438	218	184	14 103
	January - September 2019	Number	2 352	293	129	182	660	50	6 594	238	54	10 552
		y/y % Δ	-53.0	-71.8	616.7	13.8	388.9	-94.5	2.4	9.2	-70.7	-25.2
		% of SA	22.3	2.8	1.2	1.7	6.3	0.5	62.5	2.3	0.5	100.0
Houses ≥80m ²	Jan-Sep 18	Number	3 958	970	120	501	831	560	3 234	682	375	11 231
	January - September 2019	Number	3 087	812	148	513	915	462	2 931	639	364	9 871
		y/y % Δ	-22.0	-16.3	23.3	2.4	10.1	-17.5	-9.4	-6.3	-2.9	-12.1
		% of SA	31.3	8.2	1.5	5.2	9.3	4.7	29.7	6.5	3.7	100.0
Flats and townhouses	Jan-Sep 18	Number	8 124	1 132	52	320	2 376	883	8 475	124	148	21 634
	January - September 2019	Number	4 693	419	41	310	2 510	421	9 812	77	696	18 979
		y/y % Δ	-42.2	-63.0	-21.2	-3.1	5.6	-52.3	15.8	-37.9	2.0	-12.3
		% of SA	24.7	2.2	0.2	1.6	13.2	2.2	51.7	0.4	3.7	100.0
Total houses, flats and townhouses	Jan-Sep 18	Number	17 084	3 142	190	981	3 342	2 351	18 147	1 024	707	46 968
	January - September 2019	Number	10 132	1 524	318	1 005	4 085	933	19 337	954	1 114	39 402
		y/y % Δ	-40.7	-51.5	67.4	2.4	22.2	-60.3	6.6	-6.8	57.6	-16.1
		% of SA	25.7	3.9	0.8	2.6	10.4	2.4	49.1	2.4	2.8	100.0
Alterations and additions to existing houses	Jan-Sep 18	m ²	627 128	223 280	30 390	94 836	267 193	89 882	665 910	106 325	36 924	2 141 868
	January - September 2019	m ²	604 606	186 395	31 838	82 962	285 021	79 267	696 913	98 482	48 648	2 114 132
		y/y % Δ	-3.6	-16.5	4.8	-12.5	6.7	-11.8	4.7	-7.4	31.8	-1.3
		% of SA	28.6	8.8	1.5	3.9	13.5	3.7	33.0	4.7	2.3	100.0
Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Houses <80m ²	Jan-Sep 18	Number	3 098	214	10	140	166	273	3 711	327	106	8 045
	January - September 2019	Number	1 910	225	40	16	109	38	4 536	365	56	7 295
		y/y % Δ	-38.3	5.1	300.0	-88.6	-34.3	-86.1	22.2	11.6	-47.2	-9.3
		% of SA	26.2	3.1	0.5	0.2	1.5	0.5	62.2	5.0	0.8	100.0
Houses ≥80m ²	Jan-Sep 18	Number	2 495	431	39	126	643	531	2 483	511	227	7 486
	January - September 2019	Number	2 279	487	74	132	549	662	2 529	441	269	7 422
		y/y % Δ	-8.7	13.0	89.7	4.8	-14.6	24.7	1.9	-13.7	18.5	-0.9
		% of SA	30.7	6.6	1.0	1.8	7.4	8.9	34.1	5.9	3.6	100.0
Flats and townhouses	Jan-Sep 18	Number	3 904	170	2	330	476	477	6 614	49	102	12 124
	January - September 2019	Number	4 892	191	31	26	1 506	401	13 644	151	144	20 986
		y/y % Δ	25.3	12.4	1450.0	-92.1	216.4	-15.9	106.3	208.2	41.2	73.1
		% of SA	23.3	0.9	0.1	0.1	7.2	1.9	65.0	0.7	0.7	100.0
Total houses, flats and townhouses	Jan-Sep 18	Number	9 497	815	51	596	1 285	1 281	12 808	887	435	27 655
	January - September 2019	Number	9 081	903	145	174	2 164	1 101	20 709	957	469	35 703
		y/y % Δ	-4.4	10.8	184.3	-70.8	68.4	-14.1	61.7	7.9	7.8	29.1
		% of SA	25.4	2.5	0.4	0.5	6.1	3.1	58.0	2.7	1.3	100.0
Alterations and additions to existing houses	Jan-Sep 18	m ²	330 599	72 299	22 287	15 549	134 295	47 319	184 912	31 136	3 340	841 736
	January - September 2019	m ²	278 873	106 873	20 620	23 670	94 775	33 572	185 710	37 120	4 517	785 730
		y/y % Δ	-15.6	47.8	-7.5	52.2	-29.4	-29.1	0.4	19.2	35.2	-6.7
		% of SA	35.5	13.6	2.6	3.0	12.1	4.3	23.6	4.7	0.6	100.0

¹Private-sector financed

Source: Stats SA



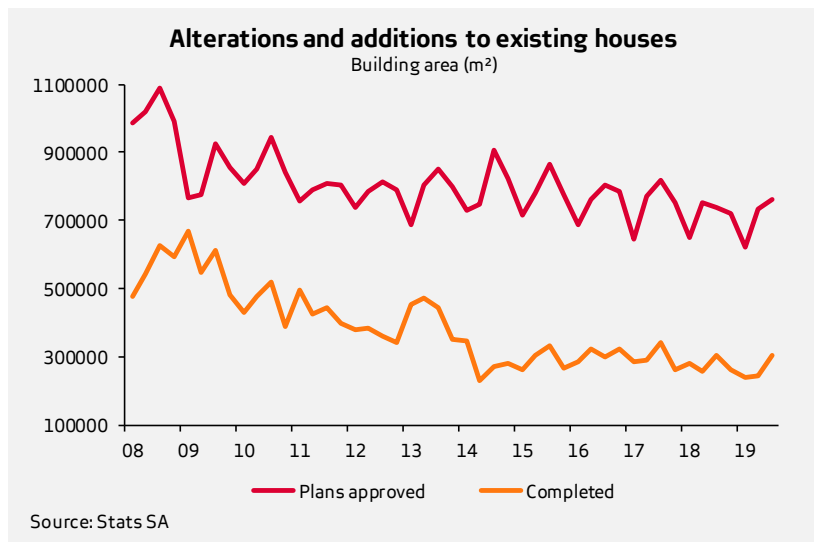


Alterations and additions to existing houses¹

Period	Building area		Value		Building cost per m ²	
	m ²	y/y % change	Rand million	y/y % change	Rand	y/y % change
Building plans approved						
Q1 2016	685 341	-4.0	4 442	6.1	6 482	10.6
Q2 2016	760 576	-2.8	4 873	5.9	6 407	9.0
Q3 2016	803 182	-6.9	5 377	-0.6	6 694	6.8
Q4 2016	782 721	0.8	5 401	8.9	6 900	8.1
Q1 2017	645 014	-5.9	4 413	-0.6	6 842	5.6
Q2 2017	769 576	1.2	5 340	9.6	6 939	8.3
Q3 2017	815 999	1.6	5 930	10.3	7 267	8.6
Q4 2017	753 993	-3.7	5 489	1.6	7 280	5.5
Q1 2018	650 646	0.9	4 675	5.9	7 185	5.0
Q2 2018	751 770	-2.3	5 425	1.6	7 216	4.0
Q3 2018	739 452	-9.4	5 498	-7.3	7 435	2.3
Q4 2018	719 702	-4.5	5 298	-3.5	7 361	1.1
Q1 2019	621 949	-4.4	4 732	1.2	7 608	5.9
Q2 2019	732 819	-2.5	5 409	-0.3	7 381	2.3
Q3 2019	759 364	2.7	5 797	5.4	7 635	2.7
Buildings completed						
Q1 2016	284 139	9.1	1 621	17.1	5 703	7.4
Q2 2016	320 318	5.4	1 925	18.2	6 010	12.2
Q3 2016	300 845	-9.0	1 761	-4.2	5 854	5.2
Q4 2016	320 015	20.3	1 946	21.5	6 081	1.0
Q1 2017	282 617	-0.5	1 744	7.6	6 171	8.2
Q2 2017	288 499	-9.9	1 802	-6.4	6 245	3.9
Q3 2017	342 293	13.8	2 336	32.6	6 823	16.6
Q4 2017	260 267	-18.7	1 820	-6.5	6 991	15.0
Q1 2018	281 820	-0.3	1 980	13.5	7 026	13.9
Q2 2018	258 298	-10.5	1 891	4.9	7 319	17.2
Q3 2018	301 618	-11.9	2 229	-4.6	7 389	8.3
Q4 2018	260 962	0.3	1 896	4.2	7 264	3.9
Q1 2019	238 143	-15.5	1 803	-9.0	7 570	7.7
Q2 2019	242 105	-6.3	1 773	-6.2	7 324	0.1
Q3 2019	305 482	1.3	2 243	0.7	7 343	-0.6

¹Private-sector financed

Source: Stats SA

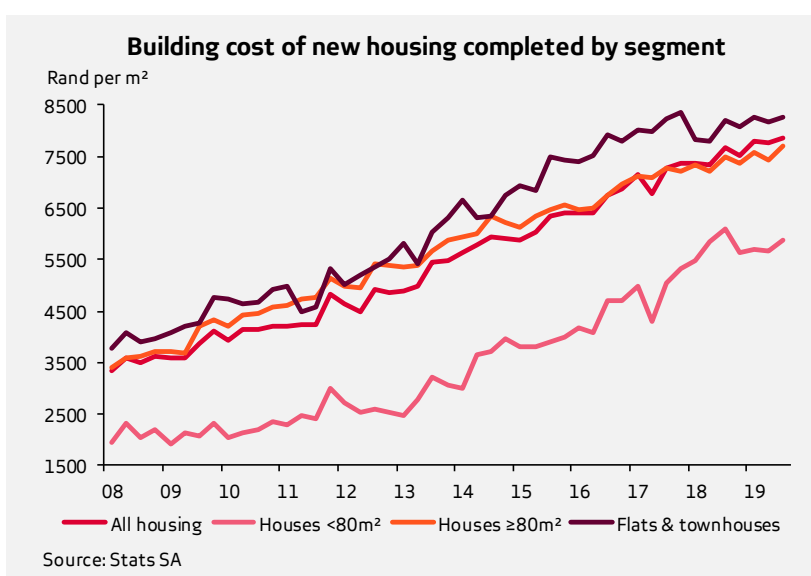


Building cost of new housing completed by segment¹

Period	Houses <80m ²		Houses ≥80m ²		Flats and townhouses		Average: All housing	
	Rand per m ²	y/y % change	Rand per m ²	y/y % change	Rand per m ²	y/y % change	Rand per m ²	y/y % change
Q1 2016	4 176	10.1	6 474	5.6	7 384	6.3	6 415	8.8
Q2 2016	4 076	7.0	6 502	2.7	7 517	9.8	6 396	5.9
Q3 2016	4 714	21.3	6 753	4.5	7 920	5.7	6 747	6.3
Q4 2016	4 715	18.6	6 962	5.9	7 799	4.9	6 859	7.2
Q1 2017	4 986	19.4	7 121	10.0	8 010	8.5	7 135	11.2
Q2 2017	4 290	5.2	7 078	8.9	7 995	6.4	6 785	6.1
Q3 2017	5 030	6.7	7 269	7.6	8 222	3.8	7 274	7.8
Q4 2017	5 311	12.7	7 213	3.6	8 364	7.2	7 378	7.6
Q1 2018	5 482	9.9	7 344	3.1	7 820	-2.4	7 365	3.2
Q2 2018	5 834	36.0	7 213	1.9	7 804	-2.4	7 320	7.9
Q3 2018	6 101	21.3	7 500	3.2	8 210	-0.1	7 688	5.7
Q4 2018	5 647	6.3	7 375	2.2	8 083	-3.4	7 511	1.8
Q1 2019	5 692	3.8	7 596	3.4	8 266	5.7	7 811	6.1
Q2 2019	5 664	-2.9	7 432	3.0	8 178	4.8	7 773	6.2
Q3 2019	5 882	-3.6	7 720	2.9	8 255	0.5	7 857	2.2

¹Private-sector financed

Source: Stats SA



Average building cost of new housing completed by province¹

Province	Variable	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Western Cape	Rand per m ²	6 819	7 034	6 971	7 001	6 956	7 120	7 391	7 266	7 229
	y/y % change	7.0	8.1	7.3	5.2	2.0	1.2	6.0	3.8	3.9
Eastern Cape	Rand per m ²	6 035	6 286	6 371	6 503	6 548	6 238	6 257	6 301	7 059
	y/y % change	2.4	30.7	21.1	16.2	8.5	-0.8	-1.8	-3.1	7.8
Northern Cape	Rand per m ²	7 073	7 584	7 212	7 449	7 668	7 365	7 742	7 544	8 073
	y/y % change	0.6	3.0	3.6	11.1	8.4	-2.9	7.3	1.3	5.3
Free State	Rand per m ²	5 641	6 512	6 647	6 909	7 304	6 285	5 834	6 189	5 837
	y/y % change	-8.7	7.7	1.6	31.6	29.5	-3.5	-12.2	-10.4	-20.1
KwaZulu-Natal	Rand per m ²	9 595	10 101	10 171	9 450	10 858	10 775	10 540	11 333	10 431
	y/y % change	7.5	16.5	8.5	2.0	13.2	6.7	3.6	19.9	-3.9
North West	Rand per m ²	5 320	5 188	5 814	5 289	5 484	5 662	5 543	5 684	6 053
	y/y % change	10.7	-3.0	10.8	3.9	3.1	9.1	-4.7	7.5	10.4
Gauteng	Rand per m ²	7 711	7 587	7 701	7 801	7 977	7 887	8 034	7 842	8 071
	y/y % change	6.6	1.8	-0.1	10.5	3.5	4.0	4.3	0.5	1.2
Mpumalanga	Rand per m ²	5 317	6 212	5 896	5 463	5 866	5 409	6 145	5 506	6 714
	y/y % change	19.3	38.7	31.7	15.1	10.3	-12.9	4.2	0.8	14.5
Limpopo	Rand per m ²	5 254	5 230	5 135	5 161	5 360	5 442	5 437	5 474	5 737
	y/y % change	6.8	5.1	3.0	40.4	2.0	4.1	5.9	6.1	7.0
South Africa	Rand per m ²	7 274	7 378	7 365	7 320	7 688	7 511	7 811	7 773	7 857
	y/y % change	7.8	7.6	3.2	7.9	5.7	1.8	6.1	6.2	2.2

¹Private-sector financed

Source: Stats SA

