



Compiled by
Jacques du Toit
Property Analyst
Absa Home Loans

45 Mooi 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.

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Residential building statistics

20 November 2014

Growth in the planning phase of residential building activity continues, but the construction phase contracts unabatedly

The first nine months of 2014 saw continued year-on-year growth in the planning phase of residential building activity in the South African market for new housing, as reflected by the number of building plans approved by local government authorities. However, the contraction in the construction phase of residential building activity, i.e. the volume of housing units reported as completed, continued unabatedly up to the end of the third quarter of the year. These trends in residential building activity are from data published by Statistics South Africa in respect of private sector-financed housing (see explanatory notes).

The number of new housing units for which building plans were approved, increased further in September this year, by 12,8% year-on-year (y/y) to a cumulative total of 43 350 units in the first nine months of the year. This resulted in growth of 13,4% y/y in the period January to September. The segments of smaller-sized houses (<80m²) housing and higher-density flats and townhouses, with a combined share of 70,3% of the total, remained the major contributors to the improved level of plans approved up to September.

The construction phase of new housing has contracted on a year-on-year basis for the sixth consecutive month in September, by 6,2% in volume terms. However, the third quarter of the year saw construction volumes increasing by 18,8% from the second quarter to a total of 9 569 units, with the continuous growth in the planning phase that could have played a significant role in the strong quarter-on-quarter growth.

The real value of plans approved for new residential buildings increased by 10,3% y/y, or R2,54 billion to R27,09 billion in January to September from R24,55 billion in the corresponding period last year. The real value of residential buildings reported as completed was down by 4,7% y/y, or R793,2 million, to R16,17 billion in January to September from R16,97 billion in the same period last year. These real values are calculated at constant 2010 prices.

The average building cost of new housing constructed averaged R5 778 per square metre in the period January to September this year, resulting in an increase of 13,2% y/y from R5 106 per square metre in the same period last year. Building costs are affected by factors such as building material costs, labour costs, transport costs, equipment costs, land values, rezoning costs, and developer and contractor holding costs and profit margins.

Building activity with regard to additions and alterations to existing houses showed a marginal improvement in terms of building area in the first nine months of the year compared with the corresponding period last year, whereas the total building area completed was down by almost 39% y/y over the same period. This might be an indication of financial strain experienced by consumers, eventually leading to the maintenance of existing houses being neglected.

Trends in residential building activity will continue to be driven by economic factors, household finances, the affordability of new housing and changing lifestyles, which will impacted the demand for and supply of new housing.

Residential building activity¹

1994 - 2014

| | Building plans approved | | Buildings completed | |
|-----------------------------|-------------------------|--------------|---------------------|--------------|
| | Units | % of total | Units | % of total |
| Houses of <80m ² | 676 254 | 43.6 | 538 188 | 46.7 |
| Houses of ≥80m ² | 466 229 | 30.0 | 308 223 | 26.7 |
| Flats and townhouses | 409 206 | 26.4 | 306 218 | 26.6 |
| Total | 1 551 689 | 100.0 | 1 152 629 | 100.0 |

¹Private-sector financed

Source: Stats SA

Residential building activity (January - September)¹

| Category of housing | Plans approved | | | | | | Buildings completed | | | | | |
|-----------------------------|----------------|---------------|-------------|---------------------|--------------------|-------------|---------------------|---------------|--------------|---------------------|--------------------|-------------|
| | Units 2013 | Units 2014 | | m ² 2013 | Building area 2014 | | Units 2013 | Units 2014 | | m ² 2013 | Building area 2014 | |
| | | Number | %Δ | | m ² | %Δ | | Number | %Δ | | m ² | %Δ |
| Houses of <80m ² | 13 626 | 16 308 | 19.7 | 666 592 | 789 165 | 18.4 | 12 755 | 10 336 | -19.0 | 588 929 | 501 674 | -14.8 |
| Houses of ≥80m ² | 12 339 | 12 872 | 4.3 | 3 224 592 | 3 424 086 | 6.2 | 8 507 | 7 581 | -10.9 | 2 127 718 | 1 938 654 | -8.9 |
| Flats and townhouses | 12 255 | 14 170 | 15.6 | 1 162 557 | 1 380 257 | 18.7 | 9 681 | 8 899 | -8.1 | 933 672 | 864 841 | -7.4 |
| Total | 38 220 | 43 350 | 13.4 | 5 053 741 | 5 593 508 | 10.7 | 30 943 | 26 816 | -13.3 | 3 650 319 | 3 305 169 | -9.5 |

¹Private-sector financed

Source: Stats SA

Residential building activity by province¹

Building plans approved

| | Period | Variable | WC | EC | NC | FS | KZN | NW | GAU | MPU | LIM | SA |
|----------------------------------------------|--------------------------|----------------|---------|---------|--------|---------|---------|---------|---------|---------|--------|-----------|
| Total new houses, flats and townhouses | Jan-Sep 13 | Number | 9 671 | 1 408 | 254 | 1 802 | 3 274 | 3 361 | 14 654 | 2 500 | 1 296 | 38 220 |
| | January - September 2014 | Number | 9 059 | 1 998 | 518 | 1 896 | 5 405 | 1 804 | 18 807 | 2 878 | 985 | 43 350 |
| | | % change | -6.3 | 41.9 | 103.9 | 5.2 | 65.1 | -46.3 | 28.3 | 15.1 | -24.0 | 13.4 |
| | | % of SA | 20.9 | 4.6 | 1.2 | 4.4 | 12.5 | 4.2 | 43.4 | 6.6 | 2.3 | 100.0 |
| Alterations and additions to existing houses | Jan-Sep 13 | m ² | 653 709 | 219 991 | 34 930 | 112 434 | 236 416 | 123 491 | 786 149 | 124 288 | 52 168 | 2 343 576 |
| | January - September 2014 | m ² | 592 590 | 246 987 | 42 948 | 121 199 | 280 110 | 123 734 | 763 471 | 157 315 | 49 495 | 2 377 849 |
| | | % change | -9.3 | 12.3 | 23.0 | 7.8 | 18.5 | 0.2 | -2.9 | 26.6 | -5.1 | 1.5 |
| | | % of SA | 24.9 | 10.4 | 1.8 | 5.1 | 11.8 | 5.2 | 32.1 | 6.6 | 2.1 | 100.0 |

Buildings completed

| | Period | Variable | WC | EC | NC | FS | KZN | NW | GAU | MPU | LIM | SA |
|----------------------------------------------|--------------------------|----------------|---------|--------|--------|--------|---------|--------|---------|--------|-------|-----------|
| Total new houses, flats and townhouses | Jan-Sep 13 | Number | 10 576 | 2 212 | 142 | 707 | 1 792 | 1 052 | 12 341 | 1 631 | 490 | 30 943 |
| | January - September 2014 | Number | 7 313 | 1 237 | 151 | 735 | 1 757 | 1 595 | 10 739 | 2 652 | 637 | 26 816 |
| | | % change | -30.9 | -44.1 | 6.3 | 4.0 | -2.0 | 51.6 | -13.0 | 62.6 | 30.0 | -13.3 |
| | | % of SA | 27.3 | 4.6 | 0.6 | 2.7 | 6.6 | 5.9 | 40.0 | 9.9 | 2.4 | 100.0 |
| Alterations and additions to existing houses | Jan-Sep 13 | m ² | 682 324 | 98 523 | 17 878 | 40 999 | 137 844 | 21 629 | 308 601 | 56 917 | 6 232 | 1 370 947 |
| | January - September 2014 | m ² | 285 134 | 69 551 | 19 525 | 17 182 | 107 541 | 17 984 | 241 049 | 79 220 | 5 204 | 842 390 |
| | | % change | -58.2 | -29.4 | 9.2 | -58.1 | -22.0 | -16.9 | -21.9 | 39.2 | -16.5 | -38.6 |
| | | % of SA | 33.8 | 8.3 | 2.3 | 2.0 | 12.8 | 2.1 | 28.6 | 9.4 | 0.6 | 100.0 |

¹Private-sector financed

Source: Stats SA

Residential building activity¹

| Period | Houses <80m ² | | Houses ≥80m ² | | Flats and townhouses | | Total | |
|-------------------------|--------------------------|---------|--------------------------|---------|----------------------|---------|--------|---------|
| | Units | y/y % Δ | Units | y/y % Δ | Units | y/y % Δ | Units | y/y % Δ |
| Building plans approved | | | | | | | | |
| 1Q 2012 | 4 422 | -26.9 | 4 004 | 21.6 | 2 788 | -24.0 | 11 214 | -13.8 |
| 2Q 2012 | 4 524 | -7.6 | 3 937 | -3.6 | 3 433 | -16.7 | 11 894 | -9.2 |
| 3Q 2012 | 4 648 | -28.5 | 4 460 | 10.6 | 4 266 | -5.4 | 13 374 | -11.1 |
| 4Q 2012 | 4 199 | -18.1 | 4 181 | 1.6 | 4 958 | 104.4 | 13 338 | 14.3 |
| 1Q 2013 | 4 361 | -1.4 | 4 043 | 1.0 | 3 428 | 23.0 | 11 832 | 5.5 |
| 2Q 2013 | 4 430 | -2.1 | 4 151 | 5.4 | 5 191 | 51.2 | 13 772 | 15.8 |
| 3Q 2013 | 4 835 | 4.0 | 4 145 | -7.1 | 3 636 | -14.8 | 12 616 | -5.7 |
| 4Q 2013 | 4 268 | 1.6 | 3 864 | -7.6 | 4 095 | -17.4 | 12 227 | -8.3 |
| 1Q 2014 | 6 205 | 42.3 | 3 924 | -2.9 | 3 930 | 14.6 | 14 059 | 18.8 |
| 2Q 2014 | 4 051 | -8.6 | 4 198 | 1.1 | 5 858 | 12.8 | 14 107 | 2.4 |
| 3Q 2014 | 6 052 | 25.2 | 4 750 | 14.6 | 4 382 | 20.5 | 15 184 | 20.4 |
| Buildings completed | | | | | | | | |
| 1Q 2012 | 3 964 | -16.4 | 2 800 | 13.5 | 2 735 | 17.8 | 9 499 | -0.3 |
| 2Q 2012 | 5 292 | 14.1 | 2 743 | 0.8 | 2 303 | 0.1 | 10 338 | 7.0 |
| 3Q 2012 | 4 787 | -13.0 | 2 878 | -10.0 | 3 377 | 62.9 | 11 042 | 2.5 |
| 4Q 2012 | 5 980 | 29.4 | 3 148 | 2.5 | 2 971 | 4.2 | 12 099 | 14.7 |
| 1Q 2013 | 4 789 | 20.8 | 2 607 | -6.9 | 3 066 | 12.1 | 10 462 | 10.1 |
| 2Q 2013 | 4 294 | -18.9 | 3 090 | 12.7 | 3 033 | 31.7 | 10 417 | 0.8 |
| 3Q 2013 | 3 672 | -23.3 | 2 810 | -2.4 | 3 582 | 6.1 | 10 064 | -8.9 |
| 4Q 2013 | 4 681 | -21.7 | 3 031 | -3.7 | 2 830 | -4.7 | 10 542 | -12.9 |
| 1Q 2014 | 3 700 | -22.7 | 2 414 | -7.4 | 3 076 | 0.3 | 9 190 | -12.2 |
| 2Q 2014 | 2 773 | -35.4 | 2 361 | -23.6 | 2 923 | -3.6 | 8 057 | -22.7 |
| 3Q 2014 | 3 863 | 5.2 | 2 806 | -0.1 | 2 900 | -19.0 | 9 569 | -4.9 |

¹Private-sector financed

Source: Stats SA





