



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.

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Residential building statistics

17 August 2017

Contraction in residential building activity in the first half of 2017

Levels of building activity in the South African market for new private sector-financed housing (see explanatory notes) contracted on a year-on-year basis in both the planning and construction phases in the first half of 2017, based on data released by Statistics South Africa.

The number of building plans approved for new housing declined by 4,6% year-on-year (y/y), or 1 298, to 27 224 in January to June this year. Although plans approved for new houses smaller than 80m² increased by 9,2% y/y in the 6-month period, plans approved for houses equal to or larger than 80m² and flats and townhouses dropped by 9,4% y/y and 12,2% y/y respectively over this period. The total number of plans approved in respect of new housing since the start of 1994 came to 1 708 590, of which 42,8% were for houses less than 80m², 29,9% for houses equal to or larger than 80m² and 27,3% for flats and townhouses.

The volume of new housing units reported as being completed was down by 0,5% y/y in January to June this year, with the segment for houses of 80m² and larger showing a relatively sharp drop of 21,4% y/y, or 1 308 units, to 4 800 units over this period. The total number of new housing units built since the start of 1994 came to 1 265 225, of which 46,1% were houses less than 80m², 26,9% were houses equal to or larger than 80m² and 27,0% were flats and townhouses.

In view of financial strain experienced by many homeowners, alterations and additions to existing houses were also constrained in the first six months of 2017, with the total building area for which plans were approved rising by a benign 1,1% y/y and the total building area completed contracting by 10% y/y in January to June.

The average building cost of new housing increased by 8,6% y/y to an average of R6 967 per square meter in the first six months of the year compared with R6 417 per square meter in the corresponding period last year. Consumer price inflation averaged 5,8% y/y in January to June this year. The average building cost per square meter in the three categories of new housing was as follows in the 6-month period up to June:

- Houses of <80m²: R4 626, up by 11,3% y/y
- Houses of ≥80m²: R7 104, up by 9,4% y/y
- Flats and townhouses: R7 997, up by 7,2% y/y

Residential building activity is projected to remain under pressure in the rest of 2017. This will be the result of trends in and the outlook for the economy (real gross domestic product dropped by 0,7% quarter-on-quarter (q/q) in the first quarter of the year, with full-year growth forecast at 0,3%), household finances (real disposable income and consumption expenditure contracted by 1,6% q/q and 2,3% q/q respectively in the first quarter), consumer confidence (-7 index points in the first half of the year) and building confidence (in the second quarter of the year at its lowest level since the fourth quarter of 2012).

Residential building activity: January - June¹

Segment	Building plans approved						Buildings completed					
	Units 2016	Units 2017		m ² 2016	Building area 2017		Units 2016	Units 2017		m ² 2016	Building area 2017	
		Number	%Δ		m ²	%Δ		Number	%Δ		m ²	%Δ
Houses of <80m ²	9 129	9 973	9.2	435 839	470 860	8.0	7 259	8 127	12.0	352 091	386 447	9.8
Houses of ≥80m ²	7 991	7 243	-9.4	2 152 781	1 959 660	-9.0	6 108	4 800	-21.4	1 465 371	1 312 603	-10.4
Flats and townhouses	11 402	10 008	-12.2	1 108 972	1 162 589	4.8	6 910	7 249	4.9	646 846	703 051	8.7
Total	28 522	27 224	-4.6	3 697 592	3 593 109	-2.8	20 277	20 176	-0.5	2 464 308	2 402 101	-2.5

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
Total new houses, flats and townhouses	Jan-Jun 16	Number	8 579	1 585	164	1 229	2 935	1 085	10 912	1 560	473	28 522
	January -	Number	9 513	1 785	95	935	2 666	2 626	7 917	1 120	567	27 224
	June	% change	10.9	12.6	-42.1	-23.9	-9.2	142.0	-27.4	-28.2	19.9	-4.6
	2017	% of SA	34.9	6.6	0.3	3.4	9.8	9.6	29.1	4.1	2.1	100.0
Alterations and additions to existing houses	Jan-Jun 16	m ²	413 602	121 735	24 343	70 726	170 884	70 457	463 847	79 125	31 198	1 445 917
	January -	m ²	403 489	140 988	17 165	67 015	194 831	62 055	443 417	59 643	28 190	1 416 793
	June	% change	-2.4	15.8	-29.5	-5.2	14.0	-11.9	-4.4	-24.6	-9.6	-2.0
	2017	% of SA	28.5	10.0	1.2	4.7	13.8	4.4	31.3	4.2	2.0	100.0

Buildings completed												
Segment	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Jun 16	Number	5 265	793	39	1 455	890	1 511	8 774	1 167	383	20 277
	January -	Number	6 087	548	47	552	1 178	737	9 514	741	772	20 176
	June	% change	15.6	-30.9	20.5	-62.1	32.4	-51.2	8.4	-36.5	101.6	-0.5
	2017	% of SA	30.2	2.7	0.2	2.7	5.8	3.7	47.2	3.7	3.8	100.0
Alterations and additions to existing houses	Jan-Jun 16	m ²	234 307	27 158	22 697	16 554	77 599	62 378	122 236	37 892	3 636	604 457
	January -	m ²	274 944	49 424	8 143	13 501	57 271	26 447	120 361	19 024	1 847	570 962
	June	% change	17.3	82.0	-64.1	-18.4	-26.2	-57.6	-1.5	-49.8	-49.2	-5.5
	2017	% of SA	48.2	8.7	1.4	2.4	10.0	4.6	21.1	3.3	0.3	100.0

¹Private-sector financed

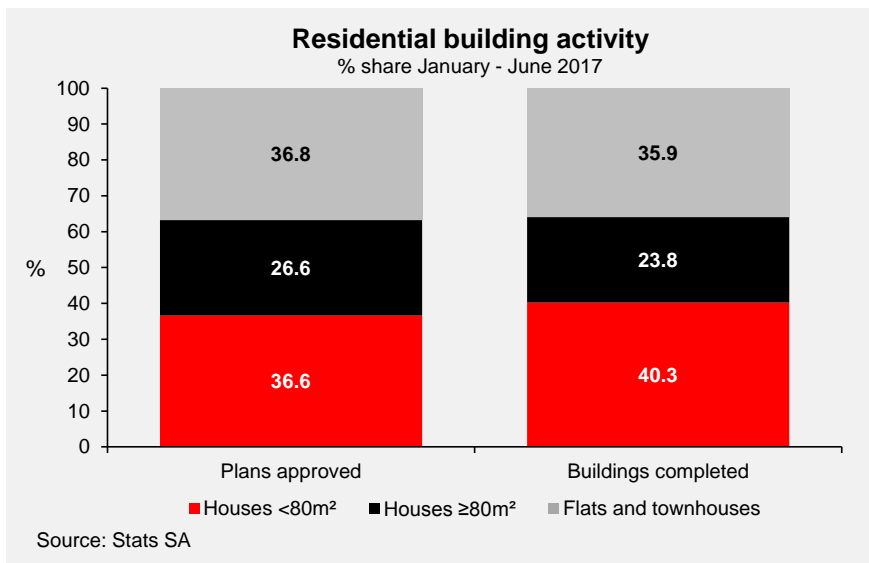
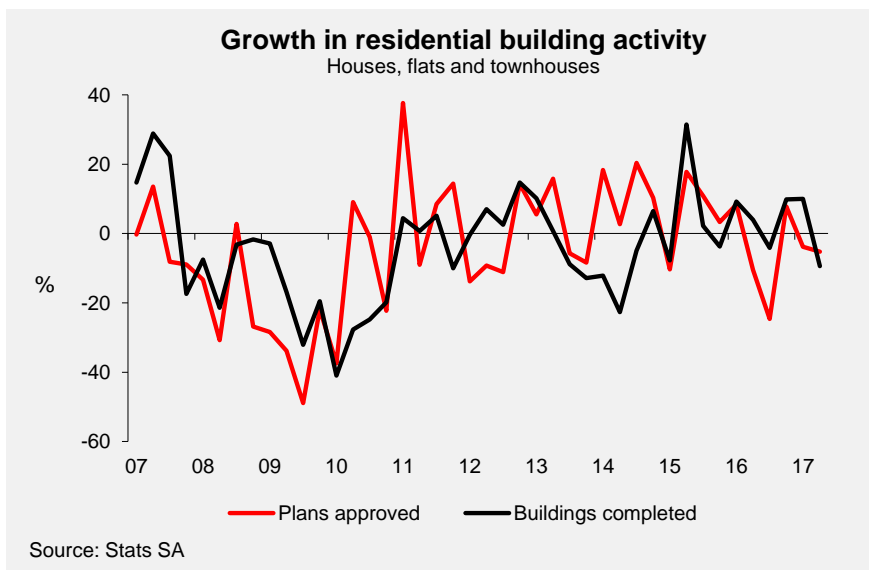
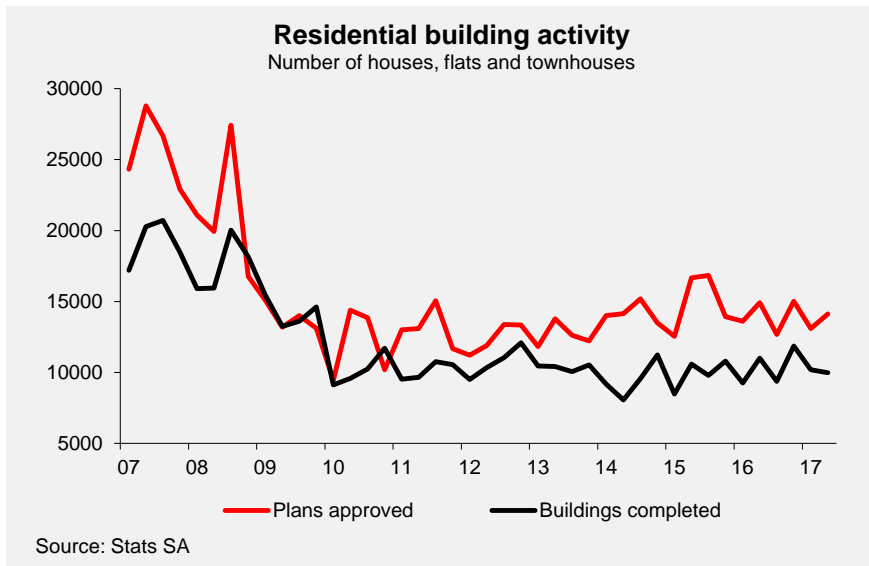
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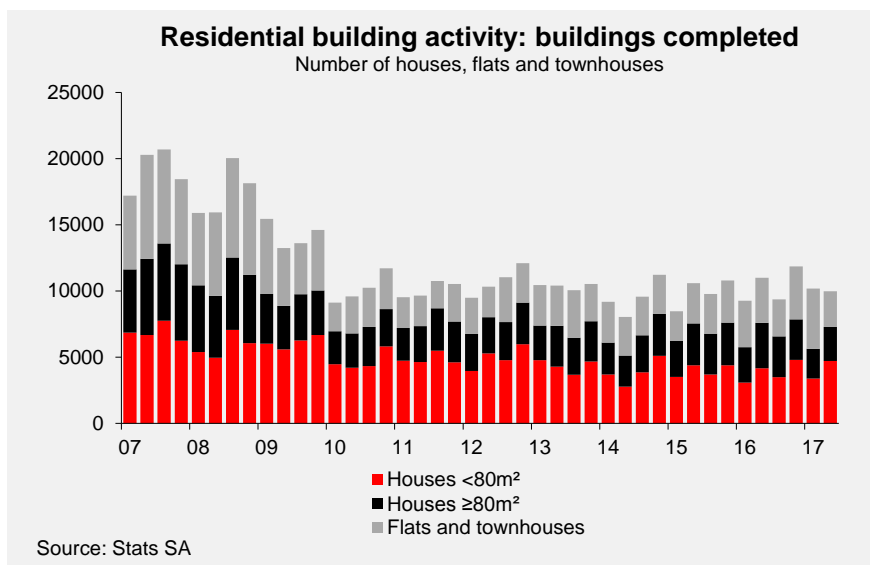
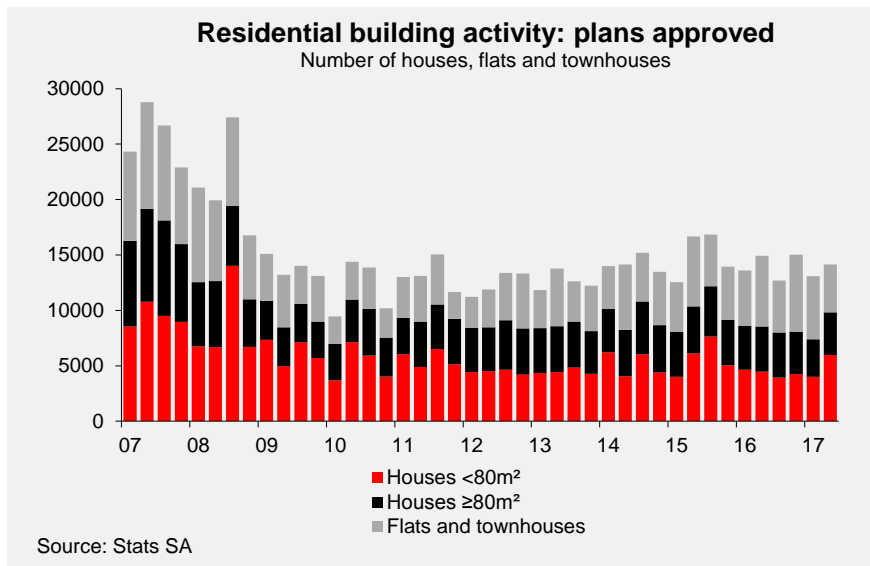
Residential building activity¹

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 2015	4 012	-35.3	4 049	3.2	4 492	16.0	12 553	-10.3
2Q 2015	6 112	50.9	4 242	1.0	6 306	7.0	16 660	17.8
3Q 2015	7 630	26.1	4 551	-4.2	4 650	6.1	16 831	10.8
4Q 2015	5 029	14.1	4 139	-2.6	4 767	-1.3	13 935	3.3
1Q 2016	4 652	16.0	3 934	-2.8	5 020	11.8	13 606	8.4
2Q 2016	4 477	-26.8	4 057	-4.4	6 382	1.2	14 916	-10.5
3Q 2016	3 927	-48.5	4 078	-10.4	4 683	0.7	12 688	-24.6
4Q 2016	4 262	-15.3	3 830	-7.5	6 927	45.3	15 019	7.8
1Q 2017	4 011	-13.8	3 373	-14.3	5 708	13.7	13 092	-3.8
2Q 2017	5 962	33.2	3 870	-4.6	4 300	-32.6	14 132	-5.3
Buildings completed								
1Q 2015	3 527	-4.7	2 708	12.2	2 247	-27.0	8 482	-7.7
2Q 2015	4 391	58.3	3 161	33.9	3 040	4.0	10 592	31.5
3Q 2015	3 703	-4.1	3 070	9.4	3 011	3.8	9 784	2.2
4Q 2015	4 391	-14.0	3 222	1.7	3 195	8.3	10 808	-3.7
1Q 2016	3 094	-12.3	2 668	-1.5	3 505	56.0	9 267	9.3
2Q 2016	4 165	-5.1	3 440	8.8	3 405	12.0	11 010	3.9
3Q 2016	3 504	-5.4	3 068	-0.1	2 807	-6.8	9 379	-4.1
4Q 2016	4 799	9.3	3 058	-5.1	4 014	25.6	11 871	9.8
1Q 2017	3 401	9.9	2 240	-16.0	4 557	30.0	10 198	10.0
2Q 2017	4 726	13.5	2 560	-25.6	2 692	-20.9	9 978	-9.4

¹Private-sector financed

Source: Stats SA



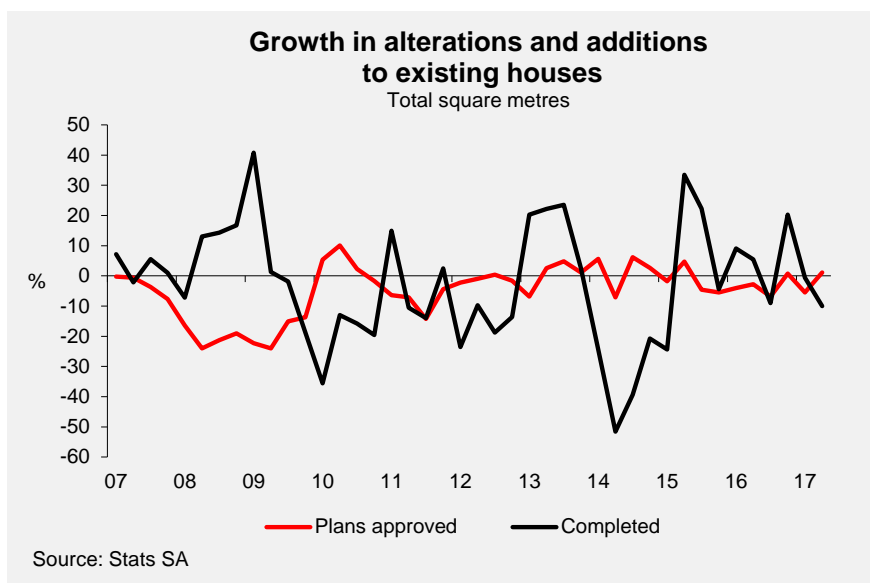
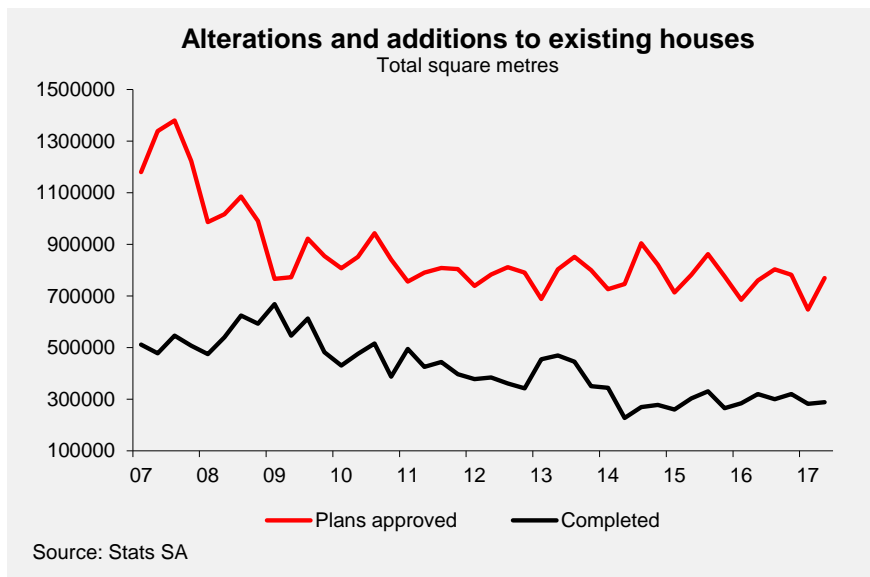


Alterations and additions to existing houses¹

Period	Plans approved		Completed	
	m ²	% change	m ²	% change
1Q 2015	714 097	-1.8	260 453	-24.4
2Q 2015	782 355	4.8	303 821	33.5
3Q 2015	862 405	-4.6	330 465	22.3
4Q 2015	776 606	-5.5	266 012	-4.4
1Q 2016	685 341	-4.0	284 139	9.1
2Q 2016	760 576	-2.8	320 318	5.4
3Q 2016	803 182	-6.9	300 845	-9.0
4Q 2016	782 721	0.8	320 015	20.3
1Q 2017	647 484	-5.5	282 559	-0.6
2Q 2017	769 309	1.1	288 403	-10.0

¹Private-sector financed

Source: Stats SA



Building cost of new housing constructed¹

Period	Houses of <80m ²		Houses of ≥80m ²		Flats and tow nhouses		Total	
	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
1Q 2015	3 794	25.8	6 129	3.3	6 943	4.5	5 894	4.9
2Q 2015	3 810	4.5	6 330	5.2	6 845	8.4	6 037	4.3
3Q 2015	3 887	4.7	6 465	2.0	7 493	18.1	6 350	7.0
4Q 2015	3 977	0.8	6 573	5.7	7 436	10.1	6 400	8.3
1Q 2016	4 176	10.1	6 474	5.6	7 384	6.3	6 415	8.8
2Q 2016	4 076	7.0	6 502	2.7	7 517	9.8	6 396	5.9
3Q 2016	4 714	21.3	6 753	4.5	7 920	5.7	6 747	6.3
4Q 2016	4 715	18.6	6 962	5.9	7 799	4.9	6 859	7.2
1Q 2017	4 986	19.4	7 123	10.0	8 010	8.5	7 136	11.2
2Q 2017	4 285	5.1	7 083	8.9	7 892	5.0	6 760	5.7

¹Private-sector financed
Source: Stats SA

