

PROPERTY BAROMETER – JUNE RESIDENTIAL BUILDING STATS

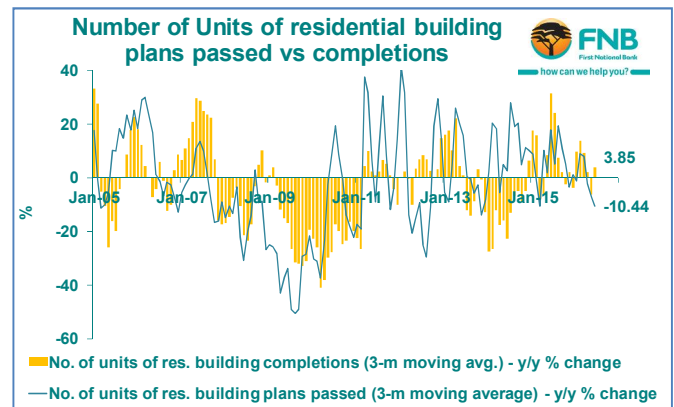
Residential unit completions growth is weak, with negative growth in plans passed pointing to more near term growth weakness.

18 August 2016

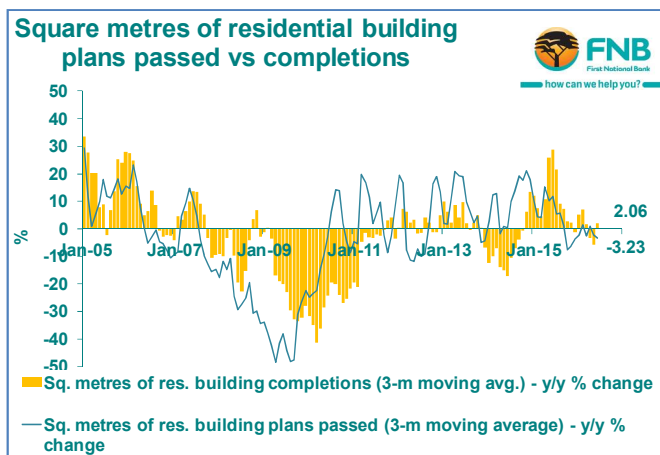
For the month of June, square metres' worth of residential buildings completed rose by 12.4% year-on-year. This represents a strengthening from the prior months' slower growth of +2.7%.

However, as monthly data is traditionally volatile, we prefer to analyse trends through smoothing the data with a 3-month moving average. Here we see a more moderate growth rate of 2.06% year-on-year for the 3 months to June, up from a previous negative rate of -5.68% for the 3 months to May.

The 3 month moving average for Square Metres of Residential Plans Passed has been recording decline to the tune of -3.23% for the 3 months to June.



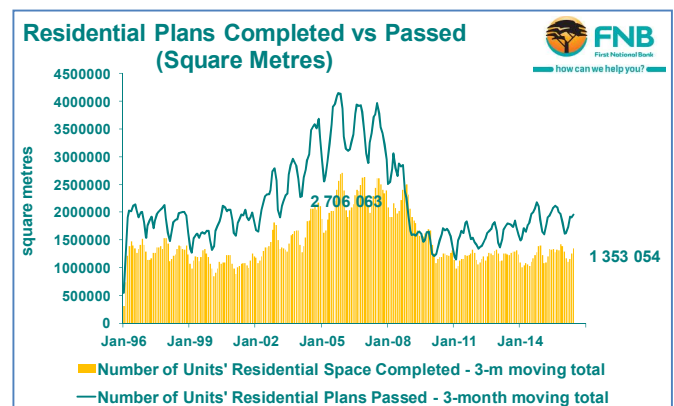
And so, residential building completions chug along at a level around half of what they were back at the height of the building boom. 1.353 million square metres of residential space were completed for the 3 months to June, compared to 2.706 million completed for the 3 months to December 2005.



A similar picture is witnessed when examining the number of residential units completed. Here, too, we saw an acceleration in the year-on-year growth rate from 3% year-on-year in the previous month to 10.9% in June.

But smoothing using the 3 month moving average, we see a smaller growth rate of 3.85% for the 3 months to June.

In short, since late-2015 the Residential Building Market remains weak and lacking in clear direction.



While the currently moderate level of building activity is not great news for the Development Sector, it remains crucial to maintaining a reasonable balance between demand and supply in the Residential Market at a time when the economy teeters on the brink of recession.

CONCLUSION

We have had 4-and-a-half years of broad economic growth stagnation and 2-and-a-half-years of mild interest rate hiking. Building activity growth has more or less responded to the economic deterioration, hovering not far from zero in response to these economic forces when one smoothes out the monthly data volatility.

Given that economic growth teeters on the brink of recession, and Consumer Confidence remains very

weak, we would expect the stagnant growth in residential completions to continue through the 2nd half of 2016.

We would expect to see relative strength in the Flats and Townhouses category of building, which would mean a shift towards a smaller average size of home built, which would better reflect the financially constrained Household Sector.

JOHN LOOS:

HOUSEHOLD AND PROPERTY SECTOR STRATEGIST

MARKET ANALYTICS AND SCENARIO FORECASTING UNIT: FNB HOME LOANS

Tel: 087-328 0151

John.loos@fnb.co.za

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Building Plans Passed

Residential Buildings	2013	2014	2015	Q4-2015	Q1-2016	Q2-2016	Apr-16	May-16	Jun-16
Dwelling houses less than 80 m.sq (Number)	17 894	20 717	22 783	5 029	4 652	4 476	1 070	2 273	1 133
<i>Y/Y % change</i>	0.6	15.8	10.0	14.1	16.0	-26.8	-42.1	-1.6	-42.0
Dwelling houses less than 80 m.sq (m ²)	886 304	1 000 827	1 089 439	249 368	222 317	213 458	52 757	106 376	54 325
<i>Y/Y % change</i>	2.2	12.9	8.9	17.8	14.8	-24.3	-37.9	1.4	-41.1
Dwelling houses less than 80 m.sq (R'000)	2 941 897	3 665 079	3 947 637	993 965	1 033 565	939 980	236 267	451 452	252 261
<i>Y/Y % change</i>	8.8	24.6	7.7	9.4	29.7	-2.3	-13.2	15.4	-15.5
Dwelling houses larger than 80 m.sq (Number)	16 203	17 121	16 981	4 139	3 934	4 063	1 324	1 352	1 387
<i>Y/Y % change</i>	-2.3	5.7	-0.8	-2.6	-2.8	-4.2	4.3	-9.0	-6.7
Dwelling houses larger than 80 m.sq (m ²)	4 229 594	4 593 003	4 621 177	1 104 995	1 054 242	1 100 198	352 516	362 925	384 757
<i>Y/Y % change</i>	8.9	8.6	0.6	-5.5	-5.6	-4.2	2.1	-2.8	-10.5
Dwelling houses larger than 80 m.sq (R'000)	24 351 101	28 319 334	29 926 728	7 326 019	7 036 983	7 249 899	2 326 419	2 375 453	2 548 027
<i>Y/Y % change</i>	15.9	16.3	5.7	-1.3	0.7	-1.4	6.7	1.2	-9.7
Flats and Townhouses (Number)	16 350	18 971	19 906	4 475	4 959	6 382	1 615	1 678	3 089
<i>Y/Y % change</i>	5.9	16.0	4.9	-7.4	10.8	1.2	-42.1	16.8	48.7
Flats and Townhouses (m ²)	1 531 217	1 873 555	1 993 138	450 488	464 235	641 403	221 689	167 837	251 877
<i>Y/Y % change</i>	2.4	22.4	6.4	-9.2	-2.4	8.8	-6.7	5.6	30.3
Flats and Townhouses (R'000)	9 605 023	13 185 006	14 911 950	3 496 748	3 657 032	5 028 531	1 669 005	1 260 286	2 099 240
<i>Y/Y % change</i>	11.1	37.3	13.1	-4.0	8.0	20.5	-5.0	15.9	57.8
Total units plans passed (Number)	50 447	56 809	59 670	13 643	13 545	14 921	4 009	5 303	5 609
<i>Y/Y % change</i>	1.3	12.6	5.0	1.1	8.0	-10.4	-32.2	1.4	1.6
Total building plans passed (m²)	6 647 115	7 467 385	7 703 754	1 804 851	1 740 794	1 955 059	626 962	637 138	690 959
<i>Y/Y % change</i>	6.4	12.3	3.2	-3.8	-2.5	-3.2	-6.1	0.0	-3.4
Other Residential Buildings (m ²)	184 436	199 151	130 960	14 482	33 665	116 895	89 769	12 653	14 473
<i>Y/Y % change</i>	21.9	8.0	-34.2	-76.1	-12.0	94.7	2369.6	-73.5	65.3
Other Residential Buildings (R 000)	1 405 583	1 213 717	940 514	93 985	252 064	979 344	769 199	123 958	86 187
<i>Y/Y % change</i>	78.5	-13.7	-22.5	-76.4	5.9	105.1	3392.1	-68.3	33.9
Total Residential Buildings (R 000)	38 303 604	46 383 136	49 726 829	11 910 717	11 979 644	14 197 754	5 000 890	4 211 149	4 985 715
<i>Y/Y % change</i>	15.6	21.1	7.2	-3.7	5.0	9.5	18.2	-0.1	10.4
Additions and Alterations									
Dwelling houses (m ²)	3 143 857	3 199 308	3 135 463	776 606	685 341	760 705	245 154	254 498	261 053
<i>Y/Y % change</i>	0.6	1.8	-2.0	-5.5	-4.0	-2.8	-0.9	-2.0	-5.2
Dwelling houses (R'000)	16 773 444	18 274 354	19 151 475	4 958 684	4 442 270	4 874 000	1 605 149	1 614 642	1 654 209
<i>Y/Y % change</i>	5.7	8.9	4.8	3.2	6.1	6.0	11.5	5.9	1.1

Buildings Completed

Residential Buildings	2013	2014	2015	Q4-2015	Q1-2016	Q2-2016	Apr-16	May-16	Jun-16
Dwelling houses less than 80 m.sq (Number)	17 436	15 444	16 012	4 391	3 094	4 161	1 266	1 650	1 245
<i>Y/Y % change</i>	-12.9	-11.4	3.7	-14.0	-12.3	-5.2	3.3	-14.2	0.2
Dwelling houses less than 80 m.sq (m ²)	808 514	764 268	791 335	211 080	148 766	203 075	59 903	81 601	61 571
<i>Y/Y % change</i>	-10.5	-5.5	3.5	-19.6	-18.1	-5.9	-1.4	-15.0	4.5
Dwelling houses less than 80 m.sq (R'000)	2 315 435	2 767 020	3 061 368	839 398	621 274	827 691	248 095	301 098	278 498
<i>Y/Y % change</i>	-0.9	19.5	10.6	-19.0	-9.9	0.7	6.1	-14.2	17.5
Dwelling houses larger than 80 m.sq (Number)	11 538	10 750	12 161	3 222	2 668	3 434	1 054	1 256	1 124
<i>Y/Y % change</i>	-0.3	-6.8	13.1	1.7	-1.5	8.6	5.7	12.4	7.4
Dwelling houses larger than 80 m.sq (m ²)	2 859 082	2 776 600	3 158 281	815 379	658 415	806 514	242 859	284 127	279 528
<i>Y/Y % change</i>	1.9	-2.9	13.7	-2.7	-6.6	-0.3	-9.2	2.6	5.8
Dwelling houses larger than 80 m.sq (R'000)	15 910 377	17 061 655	20 159 545	5 359 507	4 262 815	5 244 850	1 596 564	1 833 227	1 815 059
<i>Y/Y % change</i>	9.1	7.2	18.2	2.8	-1.4	2.5	-6.2	5.4	8.3
Flats and Townhouses (Number)	12 511	11 849	11 493	3 195	3 505	3 405	595	1 287	1 523
<i>Y/Y % change</i>	9.9	-5.3	-3.0	8.3	56.0	12.0	-24.6	24.8	24.8
Flats and Townhouses (m ²)	1 218 234	1 166 426	1 175 415	357 483	303 381	343 465	66 269	142 863	134 333
<i>Y/Y % change</i>	10.3	-4.3	0.8	18.5	47.5	14.0	-16.3	16.8	34.5
Flats and Townhouses (R'000)	7 203 121	7 592 393	8 478 448	2 658 198	2 240 015	2 581 980	472 187	1 133 534	976 259
<i>Y/Y % change</i>	23.2	5.4	11.7	30.5	56.9	25.2	-2.5	24.7	45.7
Total units completed (Number)	3 919 634	3 580 129	3 213 923	10 808	9 267	11 000	2 915	4 193	3 892
<i>Y/Y % change</i>	30.9	-8.7	-10.2	-3.7	9.3	3.9	-3.2	3.0	10.9
Total building space completed (m²)	4 885 830	4 707 294	5 125 031	1 383 942	1 110 562	1 353 054	369 031	508 591	475 432
<i>Y/Y % change</i>	1.5	-3.7	8.9	-1.3	1.7	2.1	-9.4	2.7	12.4
Other Residential Buildings (m ²)	88 659	88 528	73 155	7 505	11 055	5 074	-	1 001	4 073
<i>Y/Y % change</i>	94.2	-0.1	-17.4	-69.4	103.4	-89.8	-100.0	-95.1	11.7
Other Residential Buildings (R 000)	492 628	519 920	492 576	64 662	67 016	39 510	-	4 505	35 005
<i>Y/Y % change</i>	60.9	5.5	-5.3	-62.4	86.4	-87.8	-100.0	-96.2	103.8
Total Residential Buildings (R 000)	25 921 561	27 940 988	32 191 937	8 921 765	7 191 120	8 694 031	2 316 846	3 272 364	3 104 821
<i>Y/Y % change</i>	12.4	7.8	15.2	5.5	11.1	4.4	-11.2	4.9	19.4
Additions and Alterations									
Dwelling houses (m ²)	1 722 368	1 120 747	1 160 751	266 012	284 139	320 313	101 496	114 675	104 142
<i>Y/Y % change</i>	17.4	-34.9	3.6	-4.4	9.1	5.4	-4.7	8.5	13.7
Dwelling houses (R'000)	8 228 378	6 130 061	6 452 664	1 601 910	1 620 567	1 925 020	619 114	678 631	627 275
<i>Y/Y % change</i>	19.8	-25.5	5.3	3.9	17.1	18.2	9.1	23.8	22.4