



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@absa.co.za
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

17 January 2019

Overall residential building activity remaining subdued up to late 2018

Private sector-financed building activity (see explanatory note) in the South African market for new housing remained subdued in the first eleven months of 2018, based on data released by Statistics South Africa. However, significant divergences remain evident at a segment level, with the category of higher-density housing, i.e. flats and townhouses, being a major focus of residential building activity. This trend is most probably related to the factors of changing trends over time regarding lifestyles, housing affordability and building costs.

The number of building plans approved for new housing increased by 4,8% year-on-year (y/y), or a total of 2 497 plans, to 54 976 plans in January to November last year. Growth in plans approved was driven by the segment for flats and townhouses, which recorded relatively strong growth of 20,5% y/y, or 4 217 plans, to a total of 24 822 plans approved in this category of housing over the 11-month period. Plans approved with regard to the two categories of new houses contracted on a year-on-year basis over this period.

The volume of new housing units reported as being completed increased by 2,3% y/y, or 3 553 units, to a total of 36 367 units in the first eleven months of last year. The segment of houses smaller than 80m² was a major factor in this subdued growth with a contraction of 20,9% y/y in the 11-month period last year, while the segment for flats and townhouses recorded growth of 27,7% y/y in the same period.

The average building cost of new housing completed increased by 4,4% y/y to R7 472 per square meter in the first eleven months of 2018 from R7 155 per square meter in the same period in 2017. In the period of January to November last year residential building costs dropped by a real 0,2% y/y, based on an average headline consumer price inflation rate of 4,6% y/y over this period. The average building cost per square meter in the categories of new housing was as follows in January to November last year:

- Houses of <80m²: R5 774, up by 18,3% y/y.
- Houses of ≥80m²: R7 346, up by 2,6% y/y.
- Flats and townhouses: R7 977, down by 3,4% y/y.

Building activity with regard to alterations and additions to existing houses continued its downward trend up to November last year, with both the building area approved and the building area reported as completed showing a contraction on a year-on-year basis over the 11-month period. The building cost of completed alterations and additions to existing houses increased by 11,3% y/y to R7 245 per square meter in the 11-month period from R6 509 per square meter a year ago. In real terms, the average building cost of completed alterations and additions to existing houses increased by 6,4% y/y over this period.

In view of recent trends in and the outlook for the economy, household finances and consumer and building confidence, residential building activity is expected to remain relatively subdued in 2019.

Residential building activity¹

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	757 199	42.2	599 445	45.4
Houses of ≥80m ²	532 675	29.7	356 169	27.0
Flats and townhouses	504 828	28.1	364 816	27.6
Total	1 794 702	100.0	1 320 430	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - November¹

Segment	Building plans approved						Buildings completed					
	Units 2017	Units 2018		m ² 2017	Building area 2018		Units 2017	Units 2018		m ² 2017	Building area 2018	
		Number	y/y % Δ		m ²	y/y % Δ		Number	y/y % Δ		m ²	y/y % Δ
Houses of <80m ²	17 657	16 149	-8.5	849 864	774 254	-8.9	13 157	10 411	-20.9	642 520	528 268	-17.8
Houses of ≥80m ²	14 217	14 005	-1.5	3 839 445	3 747 580	-2.4	9 568	9 580	0.1	2 530 973	2 433 471	-3.9
Flats and townhouses	20 605	24 822	20.5	2 479 063	2 545 511	2.7	12 823	16 376	27.7	1 363 606	2 391 327	75.4
Total	52 479	54 976	4.8	7 168 372	7 067 345	-1.4	35 548	36 367	2.3	4 537 099	5 353 066	18.0

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-Nov 17	Number	17 296	3 347	184	1 415	5 651	3 904	17 919	1 754	1 009	52 479
	January - November 2018	Number	20 840	3 553	235	1 266	4 156	2 597	20 199	1 281	849	54 976
		y/y % Δ	20.5	6.2	27.7	-10.5	-26.5	-33.5	12.7	-27.0	-15.9	4.8
		% of SA	37.9	6.5	0.4	2.3	7.6	4.7	36.7	2.3	1.5	100.0
Alterations and additions to existing houses	Jan-Nov 17	m ²	824 330	269 976	35 319	128 169	360 684	122 017	869 971	119 405	51 715	2 781 586
	January - November 2018	m ²	794 871	273 337	36 988	127 990	343 135	107 468	829 697	130 323	45 631	2 689 440
		y/y % Δ	-3.6	1.2	4.7	-0.1	-4.9	-11.9	-4.6	9.1	-11.8	-3.3
		% of SA	29.6	10.2	1.4	4.8	12.8	4.0	30.9	4.8	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-Nov 17	Number	11 464	1 030	70	831	2 147	1 409	16 195	1 388	1 014	35 548
	January - November 2018	Number	12 193	1 197	64	652	1 745	2 052	16 618	1 282	564	36 367
		y/y % Δ	6.4	16.2	-8.6	-21.5	-18.7	45.6	2.6	-7.6	-44.4	2.3
		% of SA	33.5	3.3	0.2	1.8	4.8	5.6	45.7	3.5	1.6	100.0
Alterations and additions to existing houses	Jan-Nov 17	m ²	536 006	88 053	18 088	35 945	119 801	31 857	234 160	27 414	3 611	1 094 935
	January - November 2018	m ²	410 028	86 218	28 692	19 062	159 013	58 677	226 055	46 104	4 541	1 038 390
		y/y % Δ	-23.5	-2.1	58.6	-47.0	32.7	84.2	-3.5	68.2	25.8	-5.2
		% of SA	39.5	8.3	2.8	1.8	15.3	5.7	21.8	4.4	0.4	100.0

¹Private-sector financed

Source: Stats SA





