



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

15 November 2018

Higher-density housing driving residential building activity

The first three quarters of 2018 saw significant diverging trends at a segment level in private sector-financed residential building activity in South Africa (see explanatory note). On a year-on-year basis the number of building plans approved by local government institutions improved in January to September, whereas the number of housing units reported as completed showed a contraction over this period.

The number of building plans approved for new housing increased by 8,3% year-on-year (y/y), or a total of 3 492 plans, to 45 612 plans in the nine months up to September. This growth in plans approved came on the back of growth of 23,3% y/y in the segment for flats and townhouse, while the two segments of houses saw a contraction in plans approved in the 9-month period compared with a year ago.

The volume of new housing units reported as being completed dropped by 4,4% y/y, or 1 275 units, to a total of 27 655 units in the first nine months of the year. The category of houses smaller than 80m² contracted by a massive 28% y/y, with the segment of flats and townhouse showed growth of 17,2% y/y.

The average building cost of new housing completed increased by 5,4% y/y to R7 457 per square meter in the first nine months of 2018, compared with R7 078 per square meter in the corresponding period last year. Residential building costs were up by 0,8% y/y in real terms, i.e. after adjustment for the effect of inflation, in the 9-month period up to September, based on an average headline consumer price inflation rate of 4,5% y/y over this period. The average building cost per square meter in the three categories of new housing was as follows in January to September:

- Houses of <80m²: R5 779, up by 21,3% y/y.
- Houses of ≥80m²: R7 370, up by 3% y/y.
- Flats and townhouses: R7 930, down by 2,4% y/y.

Building activity regarding alterations and additions to existing houses contracted in respect of both building area approved and the building area reported as completed on a year-on-year basis in January to September. The building cost of completed alterations and additions to existing houses increased by 13,2% y/y to R7 274 per square meter in the 9-month period compared with R6 424 per square meter a year ago. In real terms, i.e. after adjusting for inflation, building costs of completed alterations and additions with regard to existing houses increased by 8,3% y/y. up to September this year.

Trends in and the outlook for the economy, household finances, confidence levels and property market sentiment in general will over the short to medium term contribute to residential building activity remaining in line that of recent times.

Residential building activity¹

1994 - 2018 year-to-date

Segment	Building plans approved		Buildings completed	
	Units	% of total	Units	% of total
Houses of <80m ²	755 152	42.3	597 079	45.5
Houses of ≥80m ²	529 899	29.7	354 075	27.0
Flats and townhouses	500 287	28.0	360 564	27.5
Total	1 785 338	100.0	1 311 718	100.0

¹Private-sector financed

Source: Stats SA

Residential building activity: January - September¹

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	14 131	14 102	-0.2	675 955	670 608	-0.8	11 179	8 045	-28.0	540 578	406 802	-24.7
Houses of ≥80m ²	11 536	11 229	-2.7	3 115 433	3 001 090	-3.7	7 409	7 486	1.0	1 988 569	1 910 454	-3.9
Flats and townhouses	16 453	20 281	23.3	2 054 908	2 107 049	2.5	10 342	12 124	17.2	1 071 122	1 775 314	65.7
Total	42 120	45 612	8.3	5 846 296	5 778 747	-1.2	28 930	27 655	-4.4	3 600 269	4 092 570	13.7

¹Private-sector financed

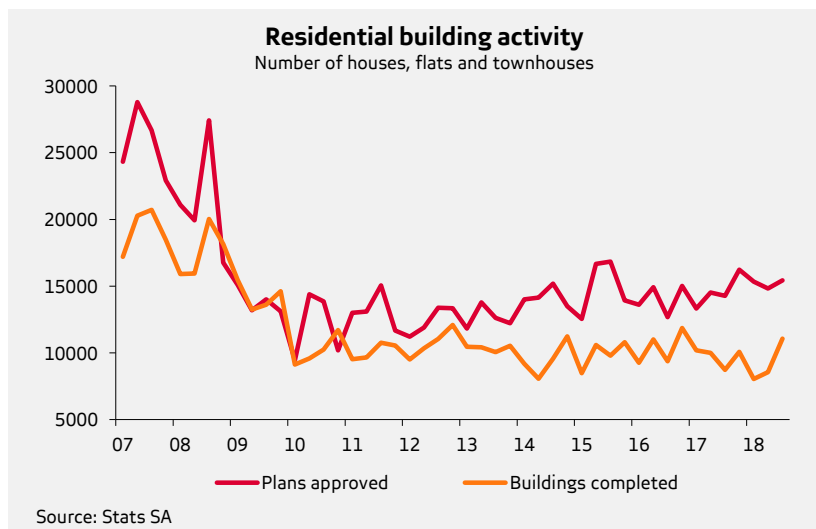
Source: Stats SA

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-Sep 17	Number	14 510	2 787	159	1 172	3 920	3 451	13 781	1 516	824	42 120
	January - September 2018	Number	17 085	3 142	190	981	3 328	2 351	16 807	1 021	707	45 612
		y/y % Δ	17.7	12.7	19.5	-16.3	-15.1	-31.9	22.0	-32.7	-14.2	8.3
		% of SA	37.5	6.9	0.4	2.2	7.3	5.2	36.8	2.2	1.6	100.0
Alterations and additions to existing houses	Jan-Sep 17	m ²	655 961	219 105	29 013	99 613	291 921	96 833	697 815	97 440	42 888	2 230 589
	January - September 2018	m ²	627 128	223 280	30 390	94 836	267 193	89 882	665 910	106 765	36 924	2 142 308
		y/y % Δ	-4.4	1.9	4.7	-4.8	-8.5	-7.2	-4.6	9.6	-13.9	-4.0
		% of SA	29.3	10.4	1.4	4.4	12.5	4.2	31.1	5.0	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-Sep 17	Number	9 125	889	62	697	1 738	1 097	13 387	1 032	903	28 930
	January - September 2018	Number	9 497	815	51	596	1 285	1 281	12 808	887	435	27 655
		y/y % Δ	4.1	-8.3	-17.7	-14.5	-26.1	16.8	-4.3	-14.1	-51.8	-4.4
		% of SA	34.3	2.9	0.2	2.2	4.6	4.6	46.3	3.2	1.6	100.0
Alterations and additions to existing houses	Jan-Sep 17	m ²	447 147	74 453	14 396	31 753	102 543	28 022	189 230	22 781	2 553	912 878
	January - September 2018	m ²	330 599	72 299	22 287	15 549	134 295	47 319	184 912	31 136	3 340	841 736
		y/y % Δ	-26.1	-2.9	54.8	-51.0	31.0	68.9	-2.3	36.7	30.8	-7.8
		% of SA	39.3	8.6	2.6	1.8	16.0	5.6	22.0	3.7	0.4	100.0

¹Private-sector financed

Source: Stats SA

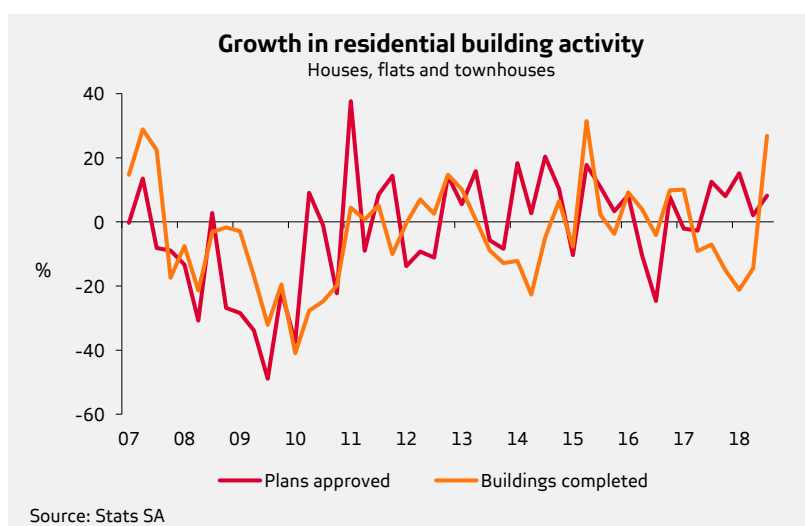


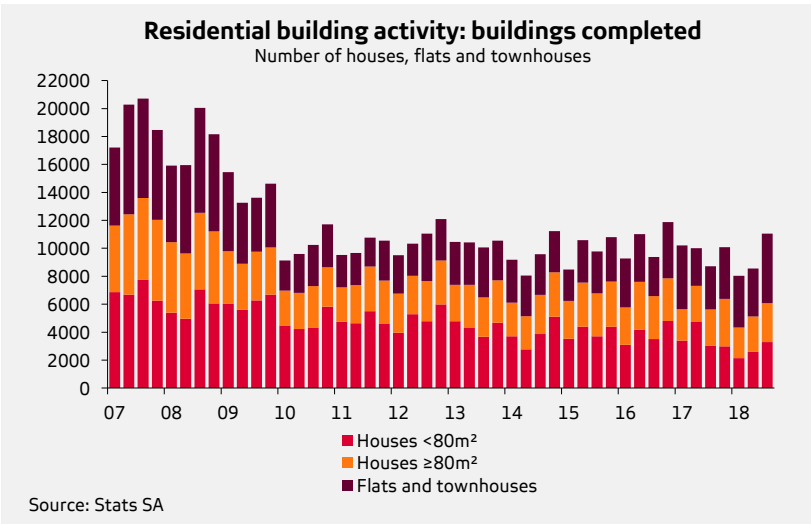
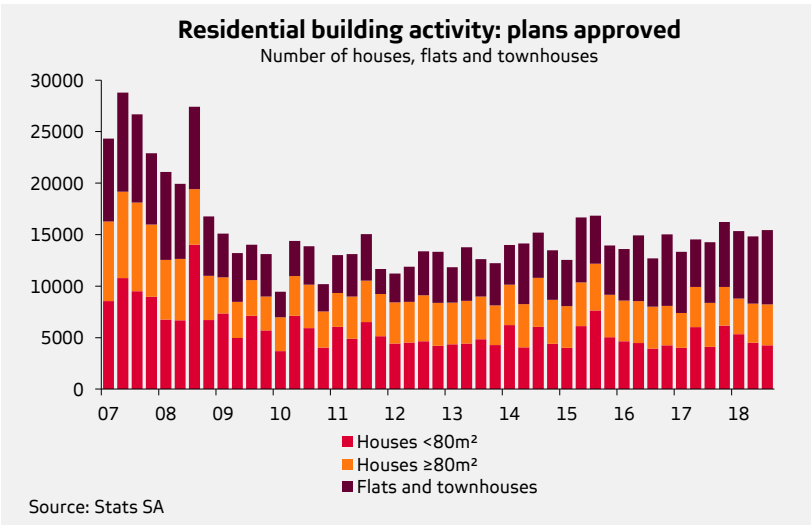
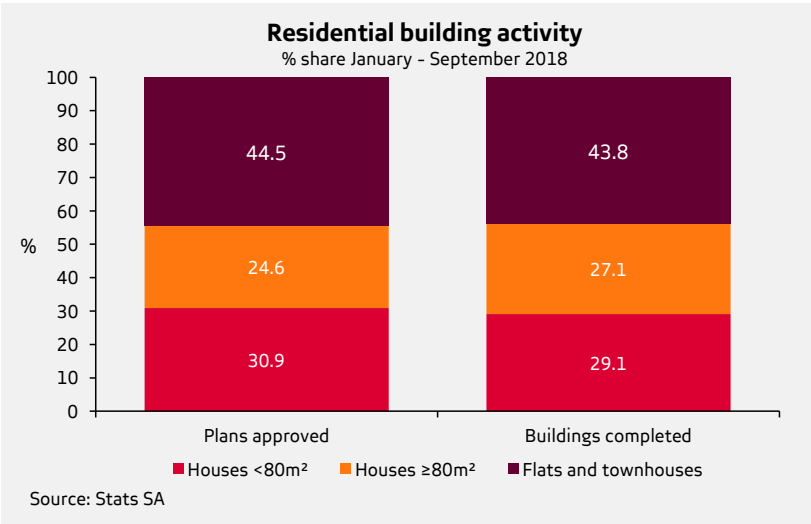
Residential building activity¹

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								
Q1 2015	4 012	-35.3	4 049	3.2	4 492	16.0	12 553	-10.3
Q2 2015	6 112	50.9	4 242	1.0	6 306	7.0	16 660	17.8
Q3 2015	7 630	26.1	4 551	-4.2	4 650	6.1	16 831	10.8
Q4 2015	5 029	14.1	4 139	-2.6	4 767	-1.3	13 935	3.3
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	6 391	1.3	14 925	-10.4
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	5 933	18.2	13 323	-2.1
Q2 2017	6 017	34.4	3 893	-4.0	4 614	-27.8	14 524	-2.7
Q3 2017	4 103	4.5	4 264	4.6	5 906	26.1	14 273	12.5
Q4 2017	6 155	44.4	3 776	-1.4	6 300	-9.1	16 231	8.1
Q1 2018	5 335	33.0	3 460	2.4	6 548	10.4	15 343	15.2
Q2 2018	4 505	-25.1	3 795	-2.5	6 527	41.5	14 827	2.1
Q3 2018	4 262	3.9	3 974	-6.8	7 206	22.0	15 442	8.2
Buildings completed								
Q1 2015	3 527	-4.7	2 708	12.2	2 247	-27.0	8 482	-7.7
Q2 2015	4 391	58.3	3 161	33.9	3 040	4.0	10 592	31.5
Q3 2015	3 703	-4.1	3 070	9.4	3 011	3.8	9 784	2.2
Q4 2015	4 391	-14.0	3 222	1.7	3 195	8.3	10 808	-3.7
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

¹Private-sector financed

Source: Stats SA



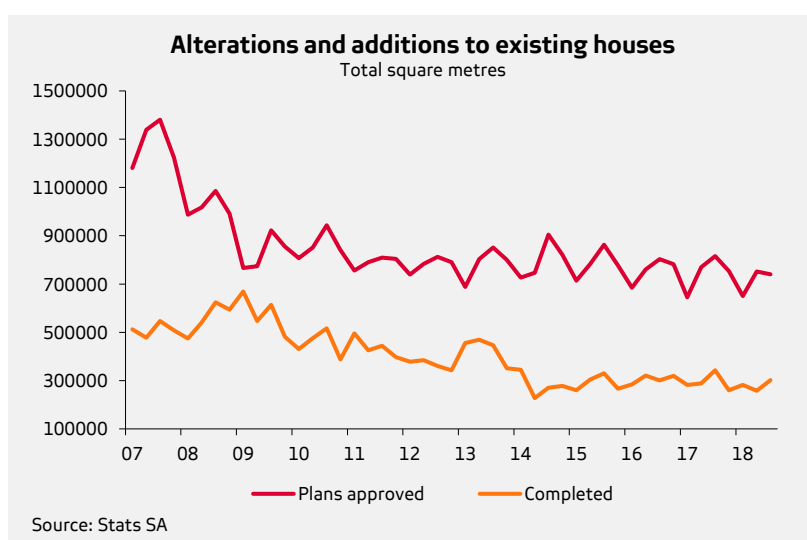


Alterations and additions to existing houses¹

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 2015	714 097	-1.8	4 186	5.8	5 862	7.7
Q2 2015	782 355	4.8	4 600	9.4	5 880	4.4
Q3 2015	862 405	-4.6	5 407	1.9	6 269	6.8
Q4 2015	776 606	-5.5	4 959	3.2	6 385	9.1
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	739 892	-9.3	5 500	-7.2	7 434	2.3
Buildings completed						
Q1 2015	260 453	-24.4	1 384	-21.4	5 312	4.0
Q2 2015	303 821	33.5	1 628	24.2	5 358	-7.0
Q3 2015	330 465	22.3	1 839	21.2	5 566	-0.9
Q4 2015	266 012	-4.4	1 602	3.9	6 022	8.7
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	282 086	-0.7	1 744	7.6	6 182	8.4
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	-0.1	1 980	13.5	7 026	13.7
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

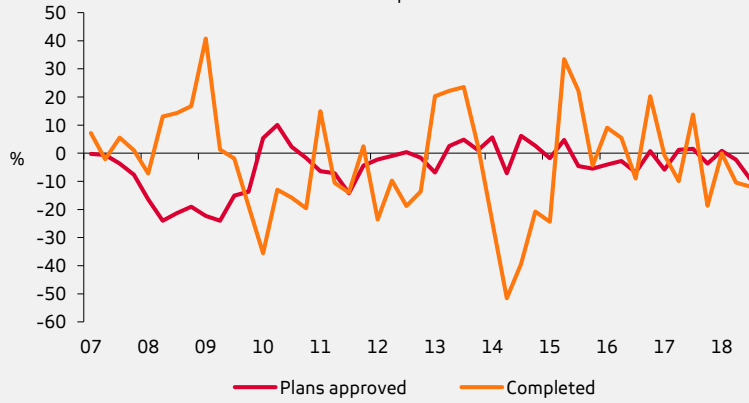
¹Private-sector financed

Source: Stats SA



Growth in alterations and additions to existing houses

Total square metres



Source: Stats SA

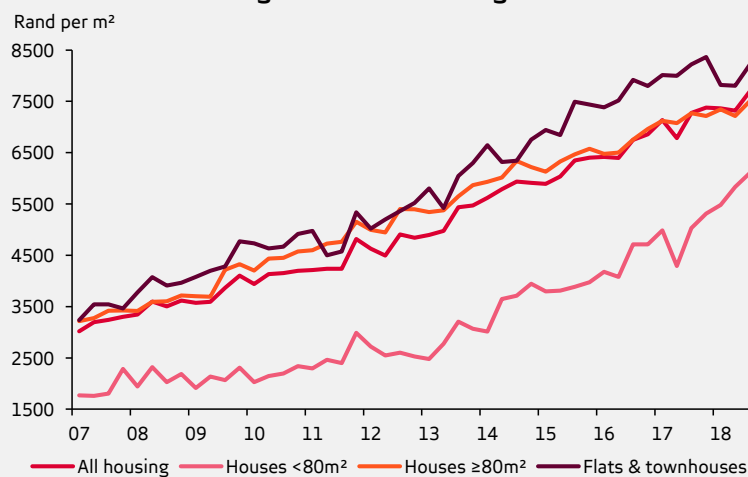
Building cost of new housing constructed¹

Period	Houses of <80m ²		Houses of ≥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 2015	3 794	25.8	6 129	3.3	6 943	4.5	5 894	4.9
Q2 2015	3 810	4.5	6 330	5.2	6 845	8.4	6 037	4.3
Q3 2015	3 887	4.7	6 465	2.0	7 493	18.1	6 350	7.0
Q4 2015	3 977	0.8	6 573	5.7	7 436	10.1	6 400	8.3
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

¹Private-sector financed

Source: Stats SA

Building cost of new housing constructed



Source: Stats SA