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Contraction in residential building activity continues

Building activity in South Africa's residential property sector continued to contract on an annual basis up to April 2010, with the segment of houses larger than 80m² recording a slowing pace of contraction in levels of activity since the second half of 2009. The other two segments, i.e. houses smaller than 80m² and flats and townhouses, continued to show major contractions in activity up to April.

The real value of plans approved for new residential buildings was 6,6% year-on-year (y/y) lower in the first four months of 2010, at R5,25 billion (R5,62 billion in the same period last year). The real value in respect of new residential buildings completed was down by 34,6% y/y to R4,18 billion in January to April this year from with R6,39 billion in the first four months of 2009. These real values are calculated at constant 2005 prices.

The volume of building plans approved for new housing was significantly lower in all three segments (houses, flats and townhouses) in January-April 2010 compared with the same period last year. In April the number of plans approved was 7,2% y/y lower at 3 528 units compared with a decline of 37,6% y/y recorded in March. This significantly slower pace of contraction was driven by year-on-year increases in the number of plans approved in respect of houses smaller as well as larger than 80 m². The higher-density segment of flats and townhouses showed substantially lower volumes of plans approved in April from a year ago.

The construction phase of new housing, reflecting past trends in the planning phase, registered a massive decline of more than 40% y/y in the number of units completed in the three segments of the market in the period January to April this year. In April the volume of new housing units constructed was 45,9% y/y lower at 2 910 units from a total of 5 376 units completed in April 2009.

Against the background of the trends in residential building activity in the first four months of 2010, the sector is forecast to continue to experience tough conditions in the short to medium term. The current tough conditions and the depressed outlook in respect of activity is reflected by a further decline in the FNB/BER composite building confidence index to 24 index points in the second quarter of the year from a level of 30 in the first quarter. The second quarter index value was the lowest on record since the first quarter of 2001, and well below the peak of 88,5 in the second quarter of 2007.

Residential building statistics (January-April)						
Category of housing	Plans passed			Buildings completed		
	Units 2009	Units 2010		Units 2009	Units 2010	
		Number	% change		Number	% change
Houses of <80m ²	8 821	5 377	-39.0	8 522	5 415	-36.5
Houses of ≥80m ²	4 558	4 421	-3.0	4 775	3 214	-32.7
Flats & townhouses	5 306	2 852	-46.2	7 528	3 222	-57.2
Total	18 685	12 650	-32.3	20 825	11 851	-43.1
Source: Stats SA						

Residential building statistics by province												
Building plans passed												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Apr 09	Number	3 379	2 632	61	1 447	1 375	2 607	6 188	696	300	18 685
	January- April 2010	Number	3 128	1 576	60	454	1 043	809	4 391	696	493	12 650
		% change	-7.4	-40.1	-1.6	-68.6	-24.1	-69.0	-29.0	0.0	64.3	-32.3
		% of SA	24.7	12.5	0.5	3.6	8.2	6.4	34.7	5.5	3.9	100.0
Alterations and additions to existing houses	Jan-Apr 09	m ²	280 777	84 341	12 620	44 007	135 352	48 932	316 007	56 622	22 262	1 000 920
	January- April 2010	m ²	296 943	94 908	14 150	46 667	141 872	50 487	334 598	49 881	29 407	1 058 913
		% change	5.8	12.5	12.1	6.0	4.8	3.2	5.9	-11.9	32.1	5.8
		% of SA	28.0	9.0	1.3	4.4	13.4	4.8	31.6	4.7	2.8	100.0

Source: Stats SA

Buildings completed												
	Period	Variable	WC	EC	NC	FS	KZN	NW	GAU	MPU	LIM	SA
Total new houses, flats and townhouses	Jan-Apr 09	Number	5 719	1 120	181	974	2 301	911	7 455	736	1 428	20 825
	January- April 2010	Number	3 862	1 665	45	254	1 107	829	3 502	461	126	11 851
		% change	-32.5	48.7	-75.1	-73.9	-51.9	-9.0	-53.0	-37.4	-91.2	-43.1
		% of SA	32.6	14.0	0.4	2.1	9.3	7.0	29.6	3.9	1.1	100.0
Alterations and additions to existing houses	Jan-Apr 09	m ²	281 420	37 932	7 107	32 209	86 922	11 133	173 863	36 846	1 402	668 834
	January- April 2010	m ²	152 359	48 065	7 714	19 578	41 601	17 951	124 435	18 207	1 161	431 071
		% change	-45.9	26.7	8.5	-39.2	-52.1	61.2	-28.4	-50.6	-17.2	-35.5
		% of SA	35.3	11.2	1.8	4.5	9.7	4.2	28.9	4.2	0.3	100.0

Source: Stats SA



