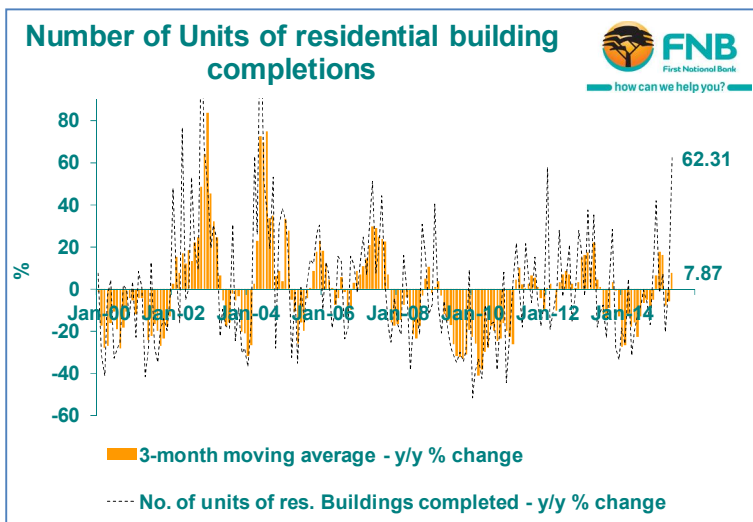


PROPERTY BAROMETER – MAY RESIDENTIAL BUILDING STATS?

Building stats point to a rebound in building completions growth in May, and a possible positive growth 2nd quarter, after the prior 2 months appeared bleak

16 July 2015

The growth rate in the number of residential buildings completed in May 2015 shot back into strongly positive growth territory after a sharp dip in March and insignificant growth in April.



From a March year-on-year decline of -20.5%, and a slight rise of +2.7% in April, May's number of residential units completed rose by a massive 62.3%.

We don't get too excited about this though, as monthly figures are volatile. Nevertheless, using a 3-month moving average for smoothing purposes, the year-on-year growth rate returned to a mildly positive 7.87% for the 3 months up to and including May. And the strong May growth suggests that residential building completions may have grown positively in the 2nd quarter after all, as we wait for June data.

The strongest May growth in building completions came in the area of "Dwelling Houses smaller than

80 square metres" to the tune of 86.3% year-on-year. However, the houses larger than 80 square metres showed a solid growth of 34%, while a big turnaround came in the "Flats and Townhouses" category to the tune of +61.6%, after prior months of big decline.

The return to positive growth in the completions is more in line with our prior expectations. Residential building completions lag the overall residential cycle, and with existing market stock constraints in many areas of the country in recent years, we would expect 2015 to be a year of positive growth in the number of units completed despite signs of slowing demand growth in the existing home market. In addition, 2014 saw 12.6% growth in residential plans passed, so one would expect this to lead to some growth in units completed with a lag.

We therefore project a +8.5% growth rate in the number of residential units completed for 2015 as a whole, after 2014's -8.3% decline.

Slowing growth once again in 2016 is anticipated, though, in lagged response to expected further rise in interest rates resuming in the 2nd half of this year, along with slowing demand growth in the existing home market.

Residential building completions for the 3 months to May, however, remained at a mere 46.4% of the level recorded at the end of 2006, a far cry from those boom time highs.

JOHN LOOS:
HOUSEHOLD AND PROPERTY SECTOR STRATEGIST
 087-328 0151
John.loos@fnb.co.za

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 Firstrand Group Limited and / or the authors of the material.

Buildings Completed

Residential Buildings	2012	2013	2014	Q3-2014	Q4-2014	Q1-2015	Mar-15	Apr-15	May-15
Dwelling houses less than 80 m.sq (Number)	20 023	17 436	15 444	3 863	5 108	3 527	1 289	1 226	1 863
<i>Y/Y % change</i>	2.7	-12.9	-11.4	5.2	9.1	-4.7	-20.4	81.9	86.3
Dwelling houses less than 80 m.sq (m ²)	902 955	808 514	764 268	188 468	262 594	181 719	69 113	60 756	93 016
<i>Y/Y % change</i>	-0.4	-10.5	-5.5	9.0	19.6	3.7	-6.9	68.6	95.5
Dwelling houses less than 80 m.sq (R'000)	2 337 344	2 315 435	2 767 020	699 455	1 036 210	689 527	271 575	233 839	345 548
<i>Y/Y % change</i>	1.8	-0.9	19.5	26.2	53.9	30.6	29.4	55.1	100.7
Dwelling houses larger than 80 m.sq (Number)	11 569	11 538	10 750	2 806	3 169	2 708	1 046	994	1 115
<i>Y/Y % change</i>	1.0	-0.3	-6.8	-0.1	4.6	12.2	44.1	36.5	34.0
Dwelling houses larger than 80 m.sq (m ²)	2 805 442	2 859 082	2 776 600	740 853	837 946	705 112	264 804	265 557	276 061
<i>Y/Y % change</i>	1.2	1.9	-2.9	1.7	14.6	15.7	47.7	43.2	44.8
Dwelling houses larger than 80 m.sq (R'000)	14 577 590	15 910 377	17 061 655	4 694 410	5 212 601	4 321 373	1 629 223	1 690 942	1 735 590
<i>Y/Y % change</i>	9.0	9.1	7.2	14.0	21.4	19.6	52.9	48.7	55.1
Flats and Townhouses (Number)	11 386	12 511	11 849	2 900	2 950	2 247	1 015	789	1 031
<i>Y/Y % change</i>	19.3	9.9	-5.3	-19.0	4.2	-27.0	-45.6	-48.4	61.6
Flats and Townhouses (m ²)	1 104 767	1 218 234	1 166 426	303 411	301 585	205 617	95 968	79 190	122 350
<i>Y/Y % change</i>	10.9	10.3	-4.3	-20.5	6.0	-20.6	-22.3	-40.6	38.7
Flats and Townhouses (R'000)	5 848 247	7 203 121	7 592 393	1 924 519	2 036 477	1 427 587	643 516	484 151	908 981
<i>Y/Y % change</i>	20.7	23.2	5.4	-16.5	13.6	-17.0	-30.6	-43.8	60.8
Total units completed (Number)	42 978	41 485	38 043	9 569	11 227	8 482	3 350	3 009	4 009
<i>Y/Y % change</i>	6.1	-3.5	-8.3	-4.9	6.5	-7.7	-20.5	2.7	62.3
Total building space completed (m²)	4 813 164	4 885 830	4 707 294	1 232 732	1 402 125	1 092 448	429 885	405 503	491 427
<i>Y/Y % change</i>	2.9	1.5	-3.7	-3.9	13.5	4.7	14.0	14.3	50.6
Other Residential Buildings (m ²)	45 645	88 659	88 528	21 560	128 050	19 837	2 746	25 735	20 273
<i>Y/Y % change</i>	-69.5	94.2	-0.1	-47.4	49.5	-64.4	-44.0	42.9	5424.0
Other Residential Buildings (R 000)	306 248	492 628	519 920	107 978	572 376	92 683	23 732	187 653	119 693
<i>Y/Y % change</i>	-64.5	60.9	5.5	-44.6	56.4	-62.5	5.1	117.9	6362.9
Total Residential Buildings (R 000)	23 069 429	25 921 561	27 940 988	6 371 127	7 427 092	4 359 904	2 568 046	2 596 585	3 109 812
<i>Y/Y % change</i>	7.9	12.4	7.8	-26.1	-15.3	-36.4	15.4	16.1	67.4
Additions and Alterations									
Dwelling houses (m ²)	1 466 959	1 722 368	1 120 747	613 366	482 203	431 164	96 962	106 762	105 728
<i>Y/Y % change</i>	-16.8	17.4	-34.9	-1.8	-18.8	-35.5	-12.5	52.7	30.0
Dwelling houses (R'000)	6 867 590	8 228 378	6 130 061	2 368 416	1 882 362	1 664 546	529 384	568 130	547 899
<i>Y/Y % change</i>	-12.7	19.8	-25.5	16.8	-2.8	-27.9	-12.4	39.4	17.5

Building Plans Passed

Residential Buildings	2012	2013	2014	Q3-2014	Q4-2014	Q1-2015	Mar-15	Apr-15	May-15
Dwelling houses less than 80 m.sq (Number)	17 793	17 894	20 717	6 052	4 409	4 012	1 312	1 848	2 272
<i>Y/Y % change</i>	-21.2	0.6	15.8	25.2	3.3	-35.3	-47.9	79.9	36.1
Dwelling houses less than 80 m.sq (m ²)	867 330	886 304	1 000 827	279 880	211 662	193 697	63 386	84 953	103 199
<i>Y/Y % change</i>	-20.4	2.2	12.9	24.1	-3.7	-36.7	-45.0	61.7	24.2
Dwelling houses less than 80 m.sq (R'000)	2 704 622	2 941 897	3 665 079	1 013 346	908 774	796 875	278 751	272 300	383 842
<i>Y/Y % change</i>	-1.9	8.8	24.6	33.4	12.1	-20.9	-24.2	37.5	34.5
Dwelling houses larger than 80 m.sq (Number)	16 582	16 203	17 121	4 750	4 249	4 049	1 453	1 267	1 527
<i>Y/Y % change</i>	6.8	-2.3	5.7	14.6	10.0	3.2	18.9	0.1	9.5
Dwelling houses larger than 80 m.sq (m ²)	3 883 451	4 229 594	4 593 003	1 298 354	1 168 917	1 116 292	401 708	343 634	377 314
<i>Y/Y % change</i>	3.3	8.9	8.6	13.2	16.3	7.7	18.3	6.9	10.9
Dwelling houses larger than 80 m.sq (R'000)	21 011 671	24 351 101	28 319 334	8 130 253	7 422 344	6 986 339	2 498 156	2 171 075	2 368 694
<i>Y/Y % change</i>	11.3	15.9	16.3	22.6	24.9	12.2	20.6	11.9	17.1
Flats and Townhouses (Number)	15 445	16 350	18 944	4 382	4 832	4 475	1 237	2 791	1 437
<i>Y/Y % change</i>	4.9	5.9	15.9	20.5	18.0	15.6	-2.4	109.2	-54.8
Flats and Townhouses (m ²)	1 495 616	1 531 217	1 876 345	489 403	496 088	475 737	179 975	237 527	158 885
<i>Y/Y % change</i>	6.7	2.4	22.5	35.1	34.6	26.8	33.0	79.5	-36.2
Flats and Townhouses (R'000)	8 642 600	9 605 023	13 207 602	3 558 316	3 640 596	3 386 706	1 241 338	1 756 503	1 086 984
<i>Y/Y % change</i>	20.9	11.1	37.5	56.4	45.1	39.7	32.2	101.8	-38.6
Total units plans passed (Number)	49 820	50 447	56 782	15 184	13 490	12 536	4 002	5 906	5 236
<i>Y/Y % change</i>	-5.7	1.3	12.6	20.4	10.3	-10.5	-20.1	62.8	-16.2
Total building plans passed (m²)	6 246 397	6 647 115	7 470 175	2 067 637	1 876 667	1 785 726	645 069	666 114	639 398
<i>Y/Y % change</i>	0.0	6.4	12.4	19.2	17.8	4.0	9.3	31.6	-4.9
Other Residential Buildings (m ²)	151 257	184 436	186 093	42 485	60 670	38 238	25 143	3 635	47 658
<i>Y/Y % change</i>	62.0	21.9	0.9	-59.0	151.2	-42.4	61.7	-22.1	730.0
Other Residential Buildings (R 000)	787 573	1 405 583	1 135 405	276 786	398 130	237 998	153 007	22 027	391 166
<i>Y/Y % change</i>	77.0	78.5	-19.2	-69.2	260.4	-23.9	69.4	-34.4	1092.7
Total Residential Buildings (R 000)	33 146 466	38 303 604	46 327 420	12 978 701	12 369 844	11 407 918	4 171 252	4 221 905	4 230 686
<i>Y/Y % change</i>	13.4	15.6	20.9	22.8	32.0	14.4	20.3	38.8	2.9
Additions and Alterations									
Dwelling houses (m ²)	3 125 614	3 143 857	3 199 308	904 176	821 459	714 097	261 001	243 820	260 114
<i>Y/Y % change</i>	-1.1	0.6	1.8	6.2	2.6	-1.8	3.8	1.5	5.5
Dwelling houses (R'000)	15 869 459	16 773 444	18 274 354	5 307 965	4 806 880	4 186 082	1 549 348	1 416 238	1 523 804
<i>Y/Y % change</i>	5.0	5.7	8.9	16.7	10.3	5.8	14.2	3.9	10.4