

Houses Prices Rebound

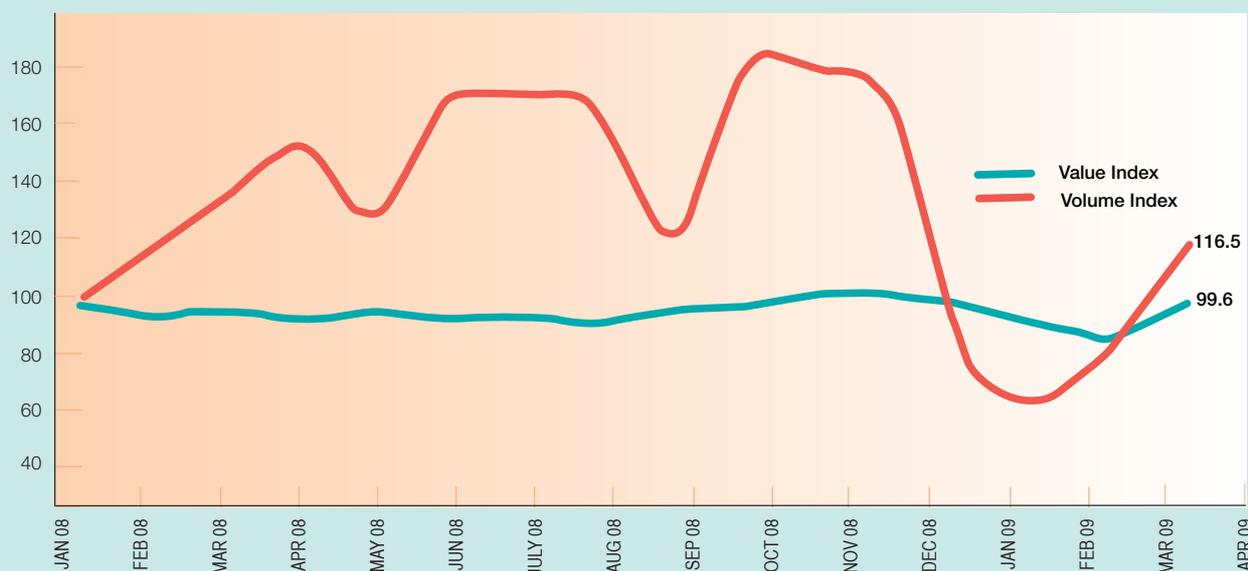
This report covers the developments in the national housing index for April 2009. The data is based on bonds registered at the Deeds Office. Data has been smoothed using a 3-month moving average¹ and weighted. Bonds smaller than N\$100,000 and further mortgage bonds are excluded because they may not reflect the true cost of housing and as such may distort the index. Of course, it must be remembered that this index reflects the median price of properties that were traded over this period. This limitation of not being able to get to average prices about the stock of housing is a perennial challenge for housing indices.

The average from the past three month's data is used to reduce the volatility in the data. Therefore the April figure is the un-weighted average of February, March and April.

FNB National Housing Index

The FNB house price index surprised on the upside, rebounding from the 17% decline in March with a 10% increase in April. The house price index climbed to 99.6 basis points as median house prices rebounded to N\$375k. Data suggests that small house prices remain under pressure, while medium house prices held firm and large house prices grew. The demand for housing in terms of deeds registered fell by 54 basis point year on year to 240 bonds. This is far from the 320 level experienced in 2008, but there is a sense of recovery on a month on month basis with volumes growing 24 and 30 percent for March and April, bringing the volume index to 116.5 basis points.

Table 1: Smoothed Weighted National Housing Index (base = January 2008)



Housing price index – Central region prices overshoots

House prices increased due to the dramatic increase in central property prices as the relative number of low priced properties traded decreased. Median house prices increased from N\$362k to N\$408k. Small, medium and large homes sold for N\$253k, N\$545k and N\$1,064k respectively. Median property prices at the coast increased 4% from N\$318k to N\$330k. Small medium and large coastal homes sold for N\$200k, N\$545k and N\$970k respectively. Median house prices in the north fell 10% from N\$270k to N\$245k. Low cost housing continues to put downwards pressure in the north and none more so than in the small house segment. Small, medium and large house in the north sold for N\$207k, N\$507k and N\$1,657k respectively. Median house prices in the south fell 11% from N\$288k to N\$256k. Here, small medium and large house sold for N\$202k, N\$521k and N\$1,315k respectively.

Median House Prices April 2009

	Small	Medium	Large
Central	252,600	545,000	1,064,433
Coastal	199,933	545,000	970,000
Northern	206,528	506,567	1,656,583
Southern	201,795	520,800	1,315,000

Housing volume index

240 bonds were registered at the Deeds Office during April as the housing market recovered for the second consecutive month from its February 2009 low of 149 bonds. Therefore, month on month volume growth has been exceptional coming off a very small base. For the central region, volumes were down 20% from April last year. This was evident in the small and large house segments, where volumes fell 28 and 14 percent respectively. This was particularly evident in Windhoek. Although volumes are down 34% year on year at the coast, they are growing robustly from month to month particularly in Henties Bay and Walvis Bay, where volumes increased 58 and 100 percent respectively. Overall, volumes at the coast fell 37 and 35 percent respectively for small and medium coastal homes, along with 8% volume growth for large coastal homes. Volumes were up 5% in the north, with Outapi and Ongwediva leading the growth. Small and large house volumes grew 4 and 14 percent respectively in the north. Volumes in the south fell 22% on an annualized basis as small, medium and large house volumes fell 12, 40 and 71 percent respectively and trading activity limited to the southern towns of Mariental, Keetmanshoop and Lüderitz.

Residential mortgage advances

Annualized mortgage advances decelerated from 10.3% to 9.9%. Mortgage advance growth was constrained by

Table 2: Smoothed Housing Volume Index

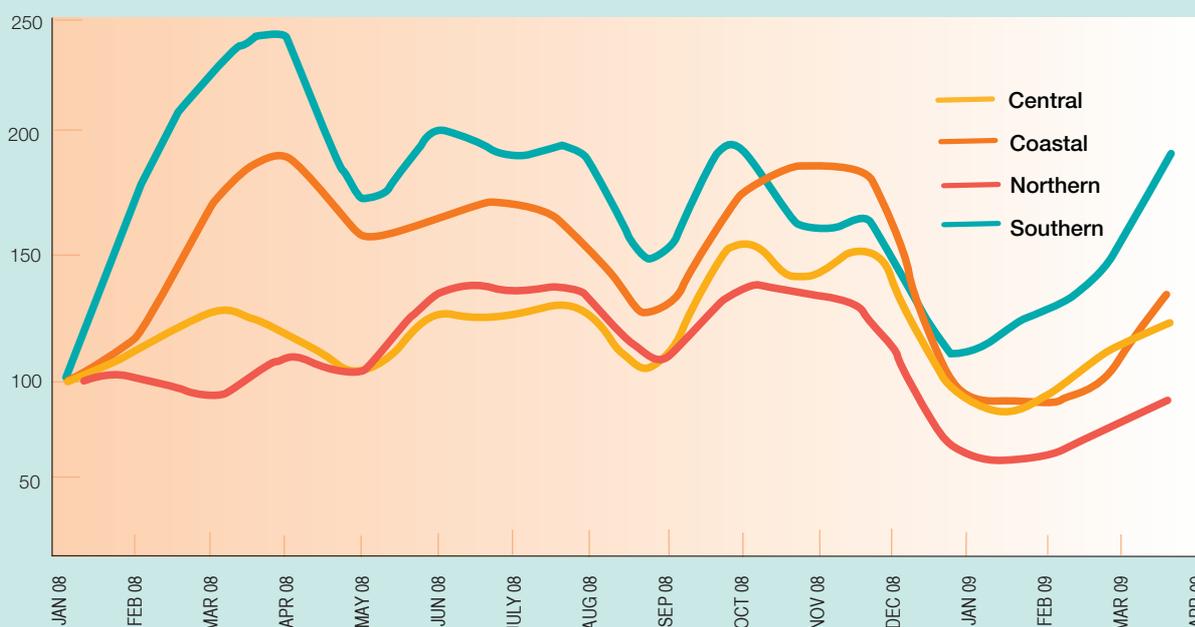
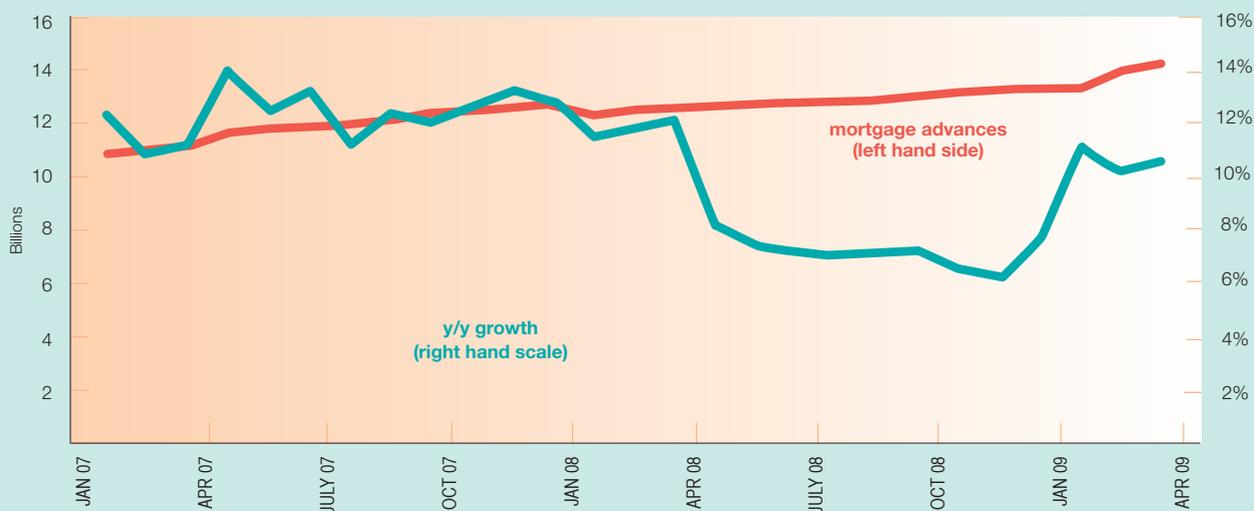


Table 3: Mortgage Advances Growth



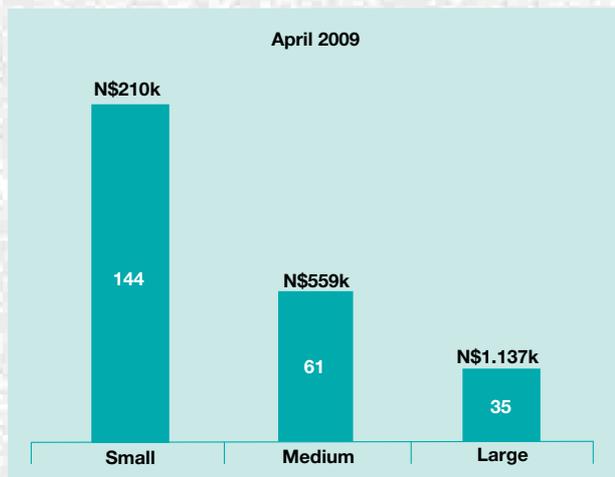
Source: Bank of Namibia

tighter lending criteria, but remains robust in the current economic climate. BoN data shows that non performing loans increased by 8.4% in the first quarter, thus deteriorating the NPL ratio to 3%. Mortgages accounted for roughly 60% of NPLs. Therefore financial distress persisted in the economy during for the first quarter, despite lower interest rates. Hence the cautiousness on the lending side with 100% property finance no longer guaranteed.

Conclusion

We foresee staggered improvement in the housing market in terms of price and volumes, as new developments come onto the market, financial distress persists and municipalities release undeveloped land. A lot will depend on the rate at which brand new houses are released onto the market and in this regard the upcoming municipal auction may be

instrumental in increasing the demand index and lowering the house price index three months down the line.



FNB Housing Index - April 2009

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Methodology: The FNB House Price Index is based on the median house price from Deeds Office data.

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