

Confidence creeping into Housing Market

This report covers the developments in the national housing index for July 2009. The data is based on bonds registered for natural persons 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.

¹ The average from the past three month's data is used to reduce the volatility in the data. Therefore the June figure is the un-weighted average of April, May and June.

FNB National Housing Index

Early signs of confidence creeping into the local housing market are beginning to show as trading activity nears last

years average levels and prices moderate and begin to stabilize. The FNB house price index shed 1.5 basis points during July. This is largely on account of lower median prices registered in the central area, where small and medium sized house prices were subdued. There was a notable upswing in trading activity amongst older married couples, possibly looking for investment properties in the small house segments of Windhoek and Walvisbay. Overall, the volume index was up 8.9 basis points month on month.

Housing Price Index

The price index for the central region fell by 4.8 basis points during the month. This was mainly due to the increase number of smaller houses traded during the month. Median house prices in the small and medium house segment fell moderately (-1.8% to -2.1%) while large house prices were up 7.1%. Investors have returned to the property market, taking advantage of the competitive house prices at benevolent

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

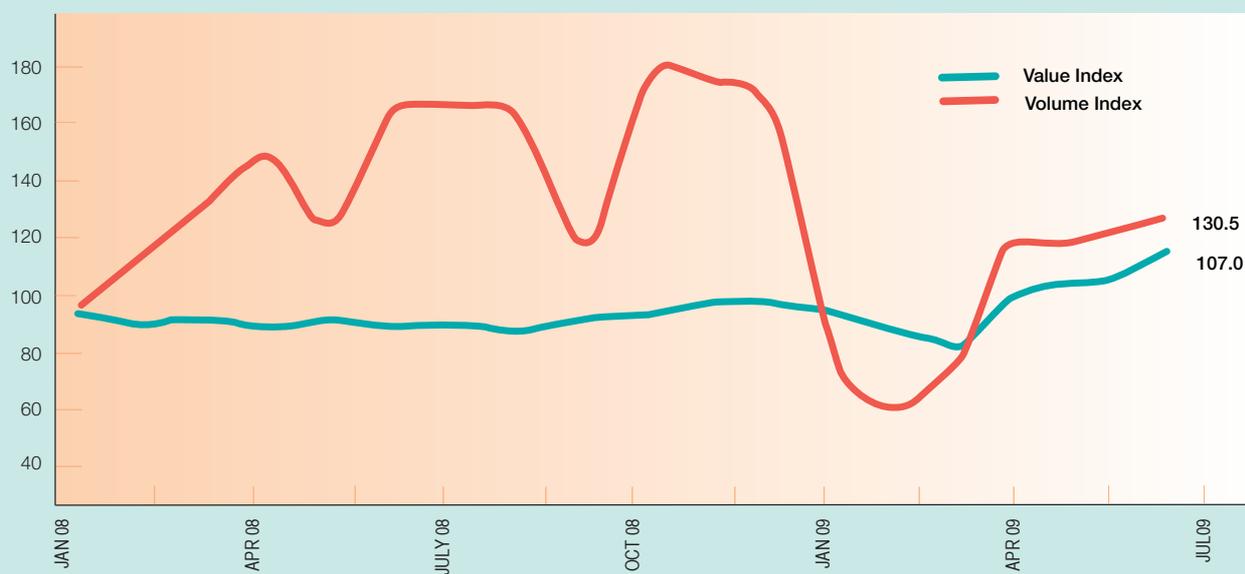


Table 2: Housing Price Index



interest rates for the lucrative rental market. Coastal properties were up 1 basis point due to investor confidence returning to the Walvisbay property market, with particular focus on the small house segment. In this regard small house prices were up 11% for the month while medium and larger properties prices moderated slightly. The slowdown in low cost housing delivery lifted the northern price index by 5.7%. As stated earlier, most of the growth came from small and medium houses, where median prices were up 8.5% and 4.7%

respectively. Median house prices for large northern homes were down 8.4%. Overall house prices moderated in the south 2.7% month on month across all house segments on the back of even lower trading figures.

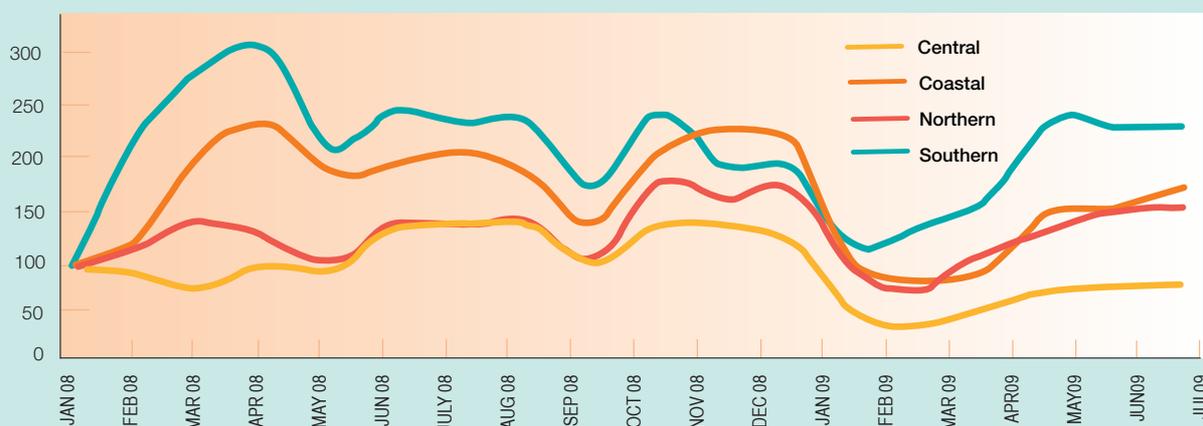
Housing Volume Index

The volume index was up 8.9 basis points with 282 bonds registered at the Deeds Office. Central led the charge; climbing 12.1 basis points as older married couples drove volumes in the small house segment. Water and electricity prices were up 5.3% and 9% respectively for July and rental rates yet to adjust. There was strong growth at the top end of the market as older married couples and young bachelors moved up the property ladder. Volumes were up 5.3 basis points at the coast. Small and medium sized houses in Walvisbay did particularly well as older married couples in both segments reacted to increased demand generated by port activity lifted demand for both rental and residential property markets. Volumes were up 8.6 basis points in the north. Small and

Median House Prices July 2009

	Small	Medium	Large
Central	245,267	548,333	1,200,000
Coastal	240,333	556,000	1,106,667
Northern	234,833	561,875	1,594,333
Southern	192,560	468,750	1,020,000

Table 3: Housing Volume Index



medium properties fared well, particularly in Ondangwa, even though low cost housing delivery appears to have slowed down. The already thin bonds from the south continue to fall, this time by 16.7 basis points in July, since peaking in April 2009.

Mortgage Advances

Namibian mortgage advance growth increased 0.3% to 9.8% y/y. Despite improved y/y figures for 2009, ytd figures continue to move sideways. Data from SA indicate a continued decline in mortgage advances, shedding 0.93% a month with July figures decelerating by 1.8%.

Conclusion

We maintain our core view that trading activity is expected to gain further momentum as the recessionary pressures

abating, with interest rates remaining favourable and prices stabilising. We foresee volume index closing off the year strongly around 145 and the price index around 107.

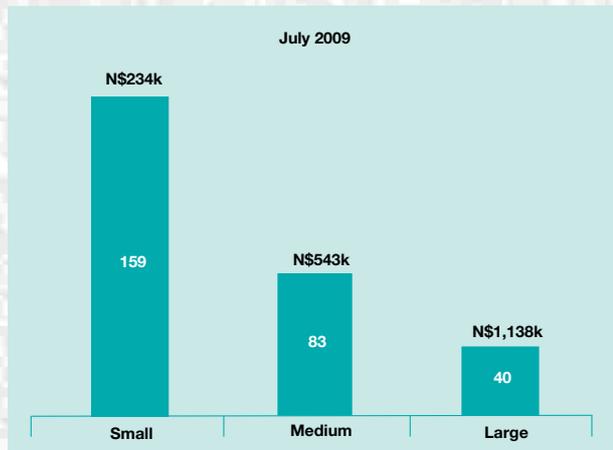
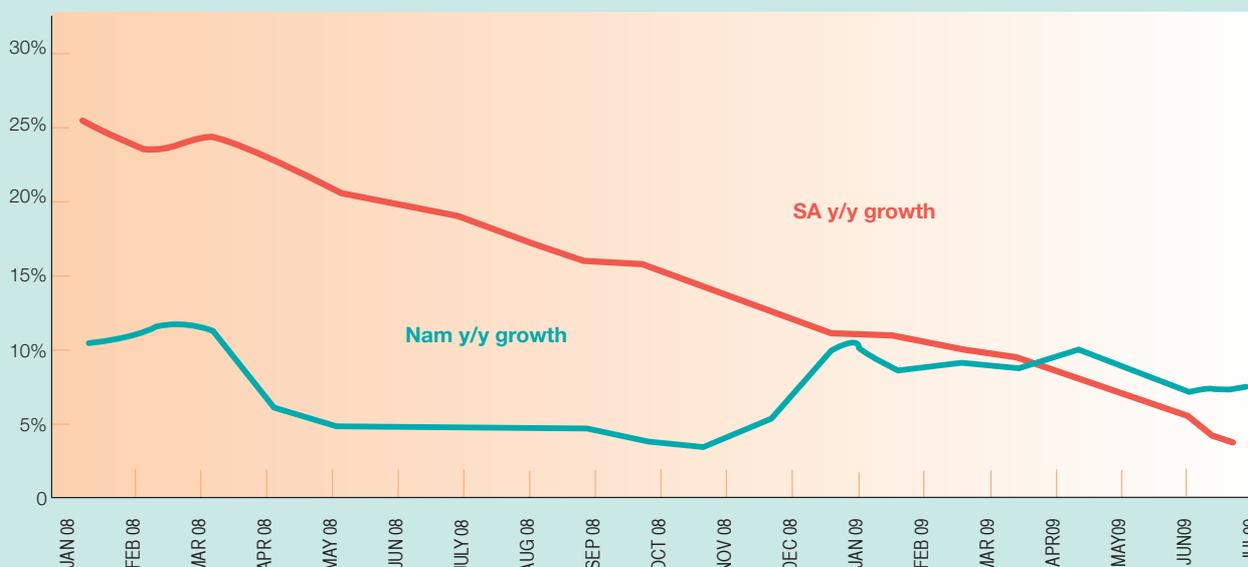


Table 4: Mortgage Advances Growth



Source: BoN & SA RB

FNB Housing Index - July 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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