

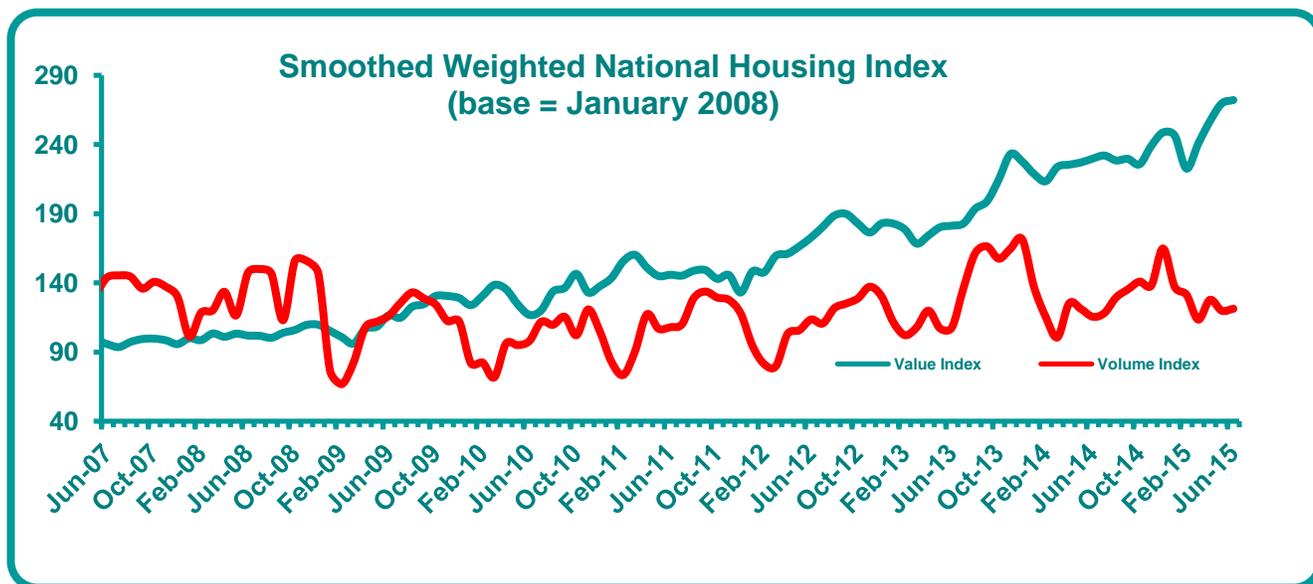
Housing Index

Second quarter 2015



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First National Bank

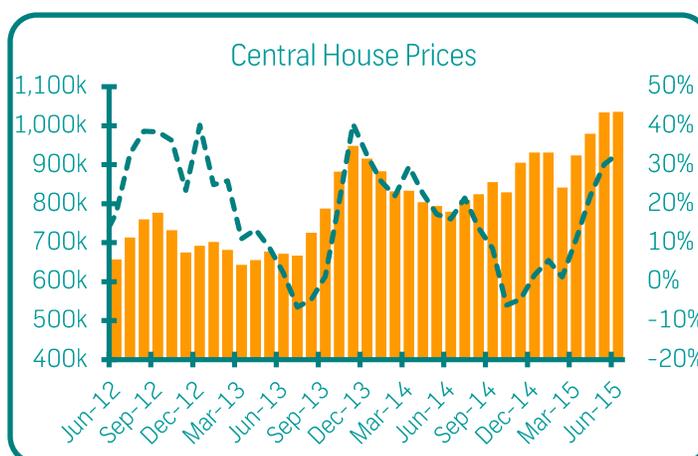
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The second quarter of the year saw house prices edging higher as restricted supply continues to contribute to property price growth. On a quarterly basis, the price index advanced 17%, supported mainly by price growth during the month of May and June. The volume index has eased with current quarterly growth of 2%, lower than 8% that was recorded in the same period last year. Compared to the first quarter of the year, the index showed that volumes have dwindled by 3% mainly on the back of poor volumes across all regions during May. Seasonal analysis however indicated that volumes generally dip during June to October before recovering towards the final quarter of the year.

Central Property prices continue to climb

At the end of the second quarter we found that central property grew substantially with data from Windhoek indicating a 23.0% growth in median prices while prices in the Okahandja area grew by 12.6%. In Gobabis, property prices grew by 16.8% with volumes increasing by 38%. Focussing more on the Windhoek area, prices in Omeya have doubled with average median price in the area valued at N\$1.8mn for the quarter but with median stand size of 1091m². Median prices at Finkenstein came in at N\$1mn similar to prices of Dorado Park, and Eliseinheim. On the higher end of the market, Prices in Eros have increased by 77% q-o-q with current median prices valued at N\$2.4mn. In areas such as Klein Windhoek and Olympia, growth in prices has declined by 21% and 23% quarter on quarter. Across the central area volumes are generally up by 27%, a good sign that property market is still quite active despite the high prices.



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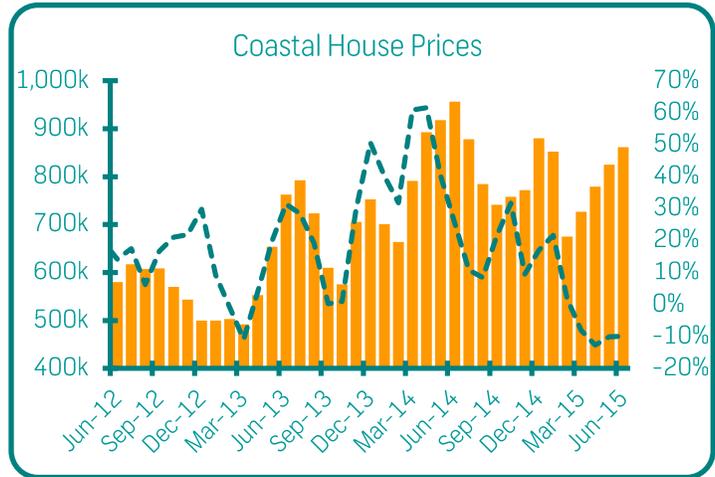
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Methodology: The FNB House Price Index is based on the median house price from Deeds Office data. **Disclaimer:** The information in this publication is derived from sources which are regarded as accurate and reliable, is of general nature only, does not constitute advice and may not be applicable to all circumstances.

Growth in the median segment at the coast

Coastal towns have shown growth in the median house segment with volumes of transactions increasing by 17.0%. Transactions for the top end of the market are down 36.4% quarter on quarter as median prices in that segment grew by 29%, thus averaging median price of N\$2.9mn. The sharp rise in prices in this upper segment is supported mainly by increasing prices in Swakopmund with median bond sizes valued at N\$4.5mn. High value transactions were recorded in extension 18 valued at N\$5mn.

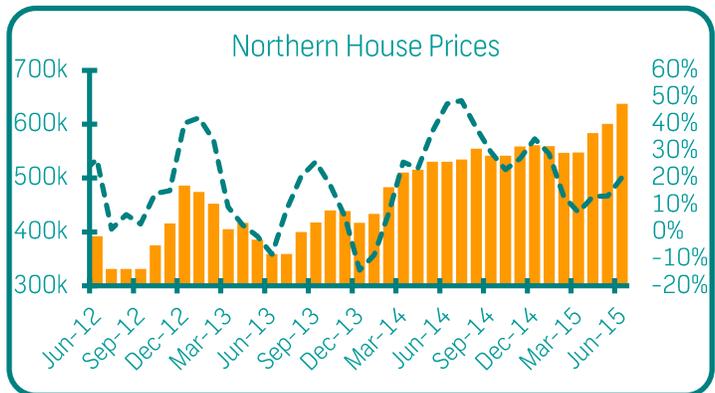
Walvis Bay recorded the highest quarterly growth volumes 30% followed by Swakopmund at 16%. With increasing volumes of transactions within Walvis Bay and Swakopmund due to increased economic activity. Median prices within the median segment are poised to increase with the latest prices recorded at N\$1.5mn. The overall median price at the coast stands at N\$861k with growth in volumes at a sober 12.6%.



Northern towns housing index 15% up

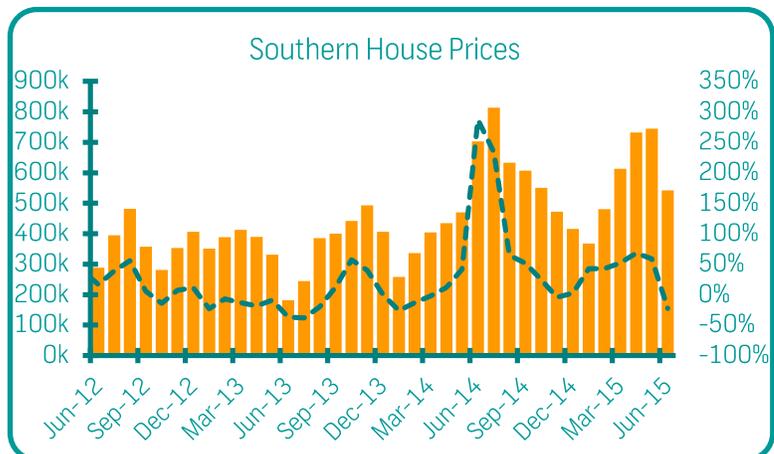
Prices of houses in the Northern regions recorded an overall growth of 15% quarter on quarter as areas like Ongwediva, Arandis and Tsumeb record significant transactions during the quarter. Ongwediva recorded a growth of 56% pushing the median price in the area to N\$784k while in Arandis, prices edged up by 43%. Median prices within North East Namibia (specifically town areas) are N\$550K at the end of second quarter but with stand sizes that equate to 564m² giving more value pm² of land. Transaction wise, volumes were up 6% for the quarter based on transactions in the following towns: Ondagwa; Outapi; Rundu; Eenhana.

Ondangwa recorded 26 transactions at the end of June and total of 39 transactions for the quarter making it the fastest growing Northern town followed by Eenhana and Ongwediva.

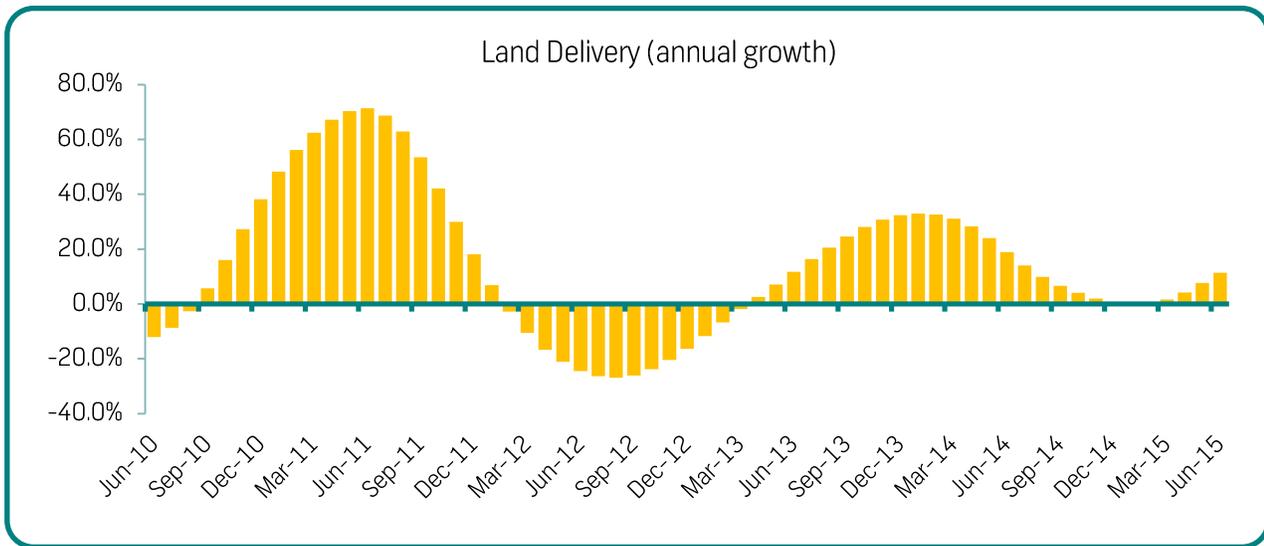


Low volumes but high values in Southern towns

Median prices in Keetmashoop and Luderitz edged towards the 700K mark at the end of June but this was a result of a few isolated large transactions. Volumes were however up 11% for the quarter mainly as a result of increased activity in Luderitz. Very few transactions were recorded in Mariental for the quarter as was the case for Bethanie and Stampriet.



Land delivery recovers



On the lower end of the market, land delivery has started to show a semblance of a recovery with growth edging up to 11% year on year. The main growth seems to stem from the Coastal and Northern towns which grew by 21.1% and 23.3% respectively at the end of June. 235 stands were mortgaged representing a 10.0% improvement for the quarter. The recovery of land delivery within the second quarter offers some relief to the market but also calls for decentralisation of business away from the capital city.

Below are the annual median house prices for the major towns in Namibia. The change in prices has been compared for the past 5 and 3 years. The year to date (YTD) value has been inserted give a possible indication for 2015 numbers.

Town	Year							Relative Change		
	2009	2010	2011	2012	2013	2014	YTD	5 Years	3 Years	1 Year
Arandis	175,000	300,000		300,000	300,000	506,577	410,000	37%	37%	-19%
Eenhana	208,323	2,021,615	322,190	388,500	462,000	527,500	570,000	-72%	47%	8%
Gobabis	3,209,875	383,000	481,500	608,500	620,000	630,200	736,500	92%	21%	17%
Grootfontein	315,000	280,000	308,900	500,000	455,000	530,000	550,900	97%	10%	4%
Helao Nafidi	340,000	450,000	268,300	421,500	578,000	600,000	1,224,000	172%	190%	104%
Henties Bay	500,000	563,500	687,500	780,000	837,000	870,000	1,037,445	84%	33%	19%
Karibib	204,200	340,000	578,300	336,000		440,000	390,000	15%	16%	-11%
Katima Mulilo	240,000	286,000	275,000	326,350	430,000	528,750	557,250	95%	71%	5%
Keetmanshoop	271,500	334,650	407,000	490,000	421,000	495,000	698,750	109%	43%	41%
Luderitz	220,500	432,000	280,000	398,500	413,800	397,300	449,658	4%	13%	13%
Mariental	302,500	350,000	400,000	461,200	418,500	550,000	614,000	75%	33%	12%
Nkurenkuru	220,000	220,000	317,628	336,500	1,880,000	572,500	160%	80%	-70%	
Okahandja	290,000	355,000	366,900	471,500	543,000	687,000	773,600	118%	64%	13%
Okahao	302,000	262,250	373,200	295,000	412,000	484,000	447,250	71%	52%	-8%
Omaruru	555,000	775,000	650,000	650,800	480,000	800,000	825,000	6%	27%	3%
Omuthiya		349,600	331,500	343,000	402,000	531,500	575,000	64%	68%	8%
Ondangwa	235,152	258,300	373,500	512,350	482,500	570,500	674,500	161%	32%	18%
Ongwediva	341,500	442,500	431,000	505,240	412,000	506,500	720,040	63%	43%	42%
Oshakati	310,000	486,300	475,000	416,000	420,000	964,100	599,000	23%	44%	-38%
Oshikuku	294,000	375,000	311,500	363,000	380,000	466,000	531,700	42%	46%	14%
Otavi		350,000	477,000	475,000	473,700	690,000	504,500	44%	6%	-27%
Otjiwarongo	322,170	377,500	447,000	592,500	678,928	735,081	825,000	119%	39%	12%
Outapi	235,600	223,350	296,000	371,000	422,400	530,000	542,000	143%	46%	2%
Outjo	410,000	378,000	400,000	470,000	527,000	6,133,875	480,000	27%	2%	-92%
Rundu	210,000	280,000	320,700	331,000	401,000	553,230	600,000	114%	81%	8%
Swakopmund	469,500	630,000	580,000	700,000	787,500	750,000	808,242	28%	15%	8%
Tsumeb	341,000	360,000	470,000	505,550	661,500	722,500	595,000	65%	18%	-18%
Walvis Bay	380,000	489,350	415,000	450,000	617,500	800,000	760,000	55%	69%	-5%
Windhoek	472,000	544,000	684,000	800,000	980,000	910,000	1,120,000	106%	40%	23%
Namibia	381,000	450,000	480,000	609,750	640,000	700,000	775,000	72%	27%	11%

Knight Frank Global House Price Index

The second quarter Knight Frank Global House Price Index revealed that global house prices across selected cities have shown declines augmenting the impact of slowdown in mainland China and the ripple affect across most countries. The housing market in the US and several parts of Europe however, continue to improve despite lower than anticipated growth forecasts expected for the two regions. According to the report, growth in the housing markets of China and the USA, account for around 33% of global GDP. Prices in China have fallen on average by 6.2% since 2014 while those in the USA are up 7.6%.

Compared to the Global Knight Frank Index results, Namibia's record of 12month growth of 12.8%, 6 month growth of 15.4%, and 3 month growth of 10.4% would rank it fifth compared to its global peers. Namibia's prices suggest higher residential property growth than New Zealand but lower than Estonia based on the Knight Frank report. The report suggests that in the global stage, Namibia is amongst the top countries with strong economic growth and a deep appetite for residential activity.

Rank	Country	12-month	6-month	3-month	Rank	Country	12-month	6-month	3-month
1	Hong Kong	20.70%	8.90%	3.30%	29	Czech Republic	3.10%	1.40%	0.70%
2	Turkey	18.50%	9.00%	5.20%	30	Croatia	3.00%	-0.40%	2.40%
3	Estonia	13.40%	8.70%	1.10%	31	The Netherlands	2.70%	1.70%	0.90%
4	Luxembourg	13.20%	8.30%	0.90%	32	Russia	2.50%	0.90%	-0.80%
5	New Zealand	10.90%	6.40%	0.00%	33	Portugal	2.40%	2.50%	1.90%
6	Ireland	10.70%	0.40%	1.20%	34	Switzerland	2.20%	1.50%	0.40%
7	Sweden	8.80%	3.00%	1.80%	35	Bulgaria	2.20%	1.60%	0.50%
8	Iceland	7.80%	4.90%	0.70%	36	Belgium	2.20%	3.20%	-0.10%
9	Colombia	7.20%	4.30%	2.40%	37	Lithuania	2.10%	7.70%	4.10%
10	Australia	6.90%	3.70%	1.60%	38	Latvia	1.30%	1.30%	0.80%
11	Hungary	6.90%	0.10%	0.80%	39	Slovakia	0.80%	0.30%	-0.40%
12	Norway	6.60%	7.00%	3.20%	40	Romania	0.20%	0.90%	1.80%
13	Mexico	6.40%	3.60%	2.10%	41	Morocco	0.20%	-1.10%	0.20%
14	India	6.30%	1.80%	0.70%	42	Spain	-0.10%	0.10%	-0.40%
15	Indonesia	6.00%	2.80%	1.40%	43	Slovenia	-0.20%	1.80%	1.50%
16	Germany	5.40%	3.50%	1.10%	44	Jersey	-0.30%	-4.70%	-3.00%
17	Denmark	5.40%	2.60%	2.60%	45	Japan	-0.70%	-0.30%	0.00%
18	South Africa	5.40%	1.90%	0.80%	46	Finland	-1.30%	-0.70%	0.70%
19	Malta**	5.30%	3.40%	2.40%	47	France*	-2.30%	-3.30%	-1.10%
20	Canada	5.10%	3.10%	2.50%	48	Taiwan	-2.80%	-1.10%	-0.90%
21	United States	4.50%	4.30%	3.30%	49	Singapore***	-3.20%	-1.90%	-0.80%
22	United Kingdom	4.20%	1.70%	1.00%	50	Italy	-3.40%	-2.30%	-0.70%
23	Malaysia	4.20%	-1.20%	-1.80%	51	Poland	-4.90%	1.20%	-1.50%
24	Brazil**	4.10%	1.30%	0.50%	52	China	-5.70%	-0.80%	0.20%
25	Israel	4.00%	3.70%	2.30%	53	Greece	-5.90%	-4.10%	-3.40%
26	Kazakhstan	3.70%	3.20%	-1.30%	54	Cyprus	-6.50%	-3.00%	-1.10%
27	Austria	3.50%	2.40%	3.00%	55	Ukraine	-12.00%	-8.00%	-3.70%
28	South Korea	3.40%	2.10%	1.40%	56	Dubai	-12.20%	-6.40%	-2.80%

Source: Global Knight Frank Index

Conclusion

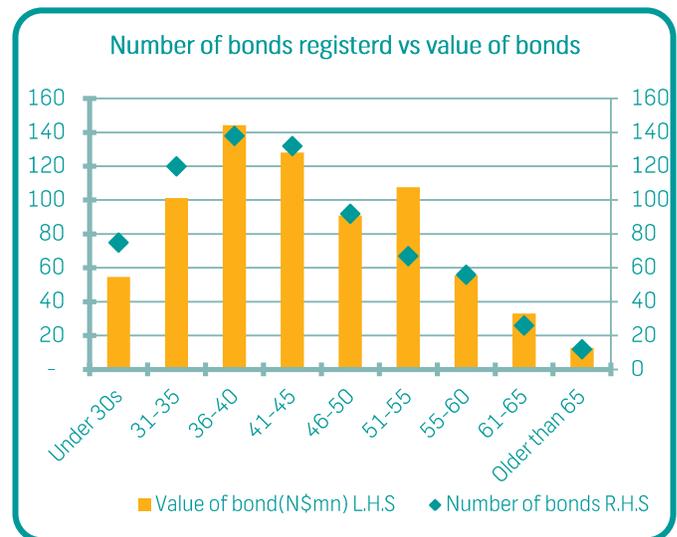
The growth in house prices will remain a permanent feature of discussion for the next few quarters. With soaring energy prices coupled with slow processes across the municipalities, delivery of serviceable land could roll out at a slower pace than anticipated.

For several Windhoek residents, it has become apparent that areas on the outskirts of town have gained popularity based on the overall lower price per sqm. Residents in the coastal area are expected to see higher growth in prices amongst the medium to higher price range as the area draws both local and international buyers for its scenic appeal and its efficient municipal services. Overall, we expect house prices to grow by 13% in 2015 in Namibia supported by supply constraints and an ever increasing demand for houses.

Market demographics for June

Deeper demographic data suggest that in June, 44% of the bonds were co-signed within the market (2 males, 2 females or male and female). The gender breakdown between males and females shows that 211 bonds were registered by males, while 184 bonds were registered by females. Males took out bonds worth an accumulative N\$222mn while N\$124mn worth of bonds was registered by females.

The market at the moment is predominantly saturated with buyers in their 30s. Those aged between 36 and 40 are spending the most on houses (For example, this group spent an accumulative N\$144mn in June) and are currently the ones taking out the most bonds (138 bonds in June). Those aged between 51 to 55 years are currently buying very little property relative to the other groups yet are spending a sizeable amount on the bonds that are registered. (N\$108mn in June). The results indicate low participation rates for buyers under the age of 30 and by extension first time buyers.



Methodology

This report covers the developments in the national housing market, based on bonds registered for natural persons at the Deeds Office. The median is used as the central measure of tendency and has been smoothed using a 3-month moving average and weighted. Bonds smaller than N\$100,000 (2007 prices) 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.

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