

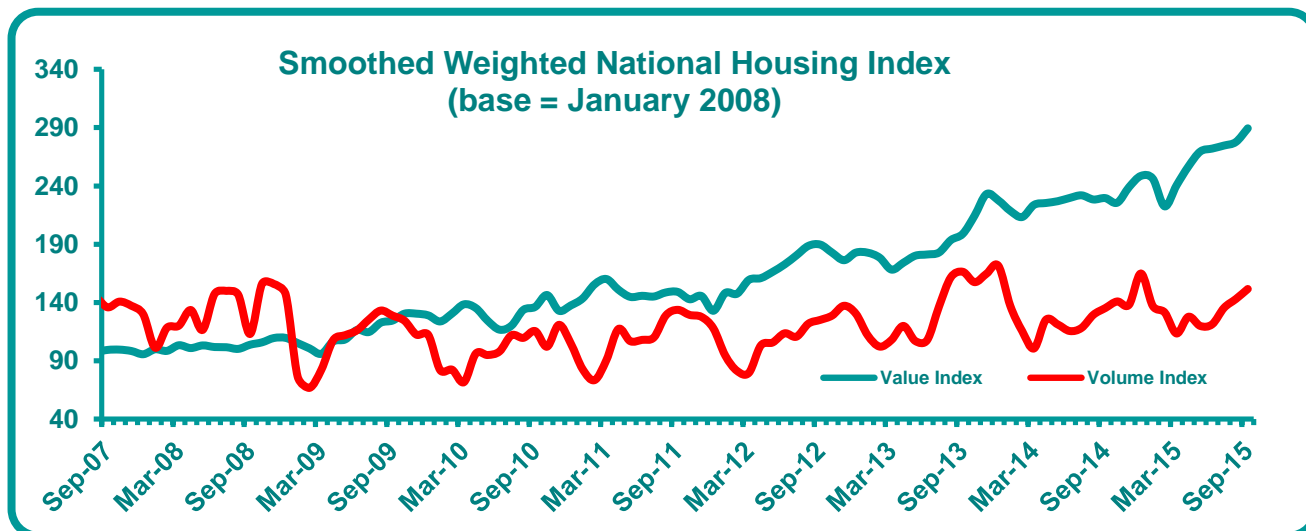
# Housing Index

Third quarter 2015



**FNB**  
First National Bank

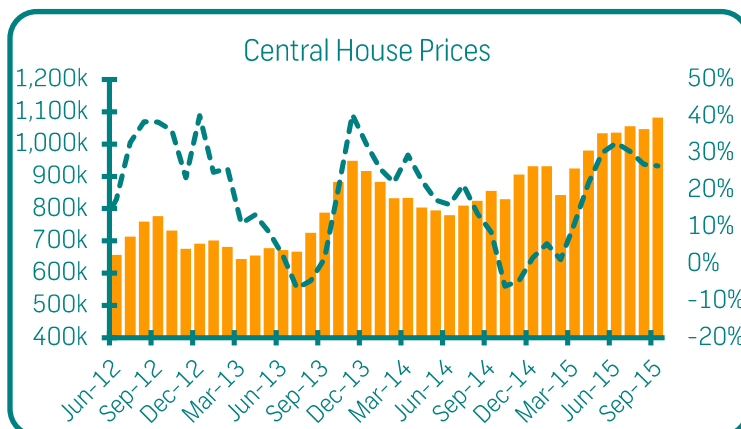
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The third quarter of the year saw favourable volumes seeping into the market as new residential property reach completion. On a quarterly basis, the price index advanced 22%, supported mainly by price growth during September. The volume index growth edged higher than 12% which is the fastest quarterly growth since 2013. Current growth in prices stems from the Windhoek area albeit growth in volumes seems to be a result of transactions within the towns of Swakopmund and Walvis Bay. Northern towns have further drawn attraction with prices in the region edging 21.5% higher and volumes increasing by 10.1%.

### Central Property prices continue to climb

At the end of the third quarter we found that central property prices grew substantially with data from Windhoek indicating a 27.0% growth in median prices while prices in the Okahandja area grew by 13.8%. In Gobabis, property prices grew by 16.3% while number of transactions tripled in that area. In Windhoek, prices in Academia increased by 76% pushing median prices to N\$1.9mn. In Cimbebasia median prices have increased to N\$1.6mn but offer better value for money based on the average stand size of 341sqm compared to central Windhoek. Overall Volumes in the central region have increased by 15% for the quarter with most transactions emanating from Katutura, Otjomuise and Khomasdal. Dorado Park prices and volumes have improved drastically from the first two quarters of 2015.



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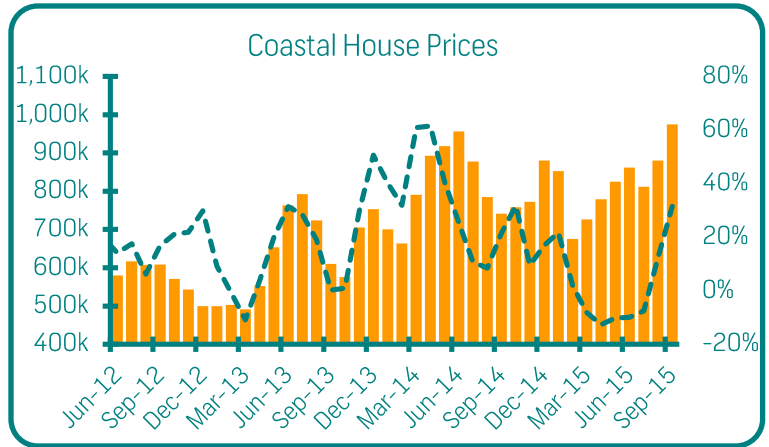
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**Methodology:** The FNB House Price Index is based on the median house price from Deeds Office data. **Disclaimer:** The information in this publication is derived from sources which are regarded as accurate and reliable, is of general nature only,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



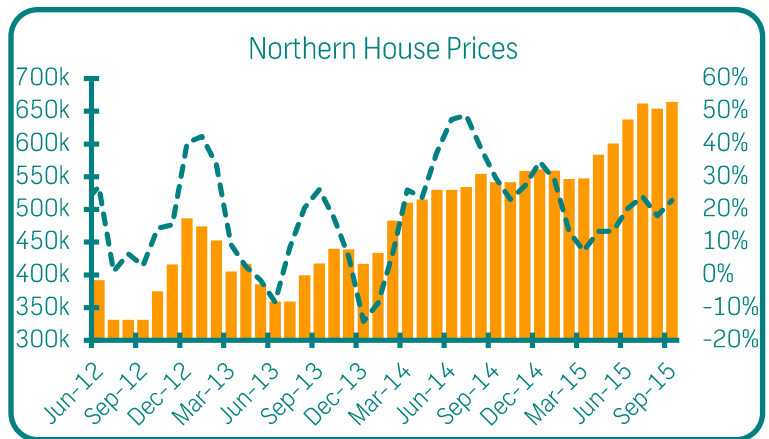
### Coastal property volumes

Coastal volumes have shown substantial increase in the third quarter with 12% increase across the major 3 towns. Median prices have increased with 11.0% for the quarter recording N\$975k at the end of September. Transactions for the top end of the market are down 38.0% quarter on quarter with median price currently at N\$2.5mn possibly linked to slowdown in tourist activity that was experienced in 2015. Swakopmund recorded the highest quarterly growth volumes 56% due to increased economic activity and new property developments. Prices in Swakopmund are up 23% while in Walvis Bay and Henties Bay the growth was recorded at 13% and 6% respectively.



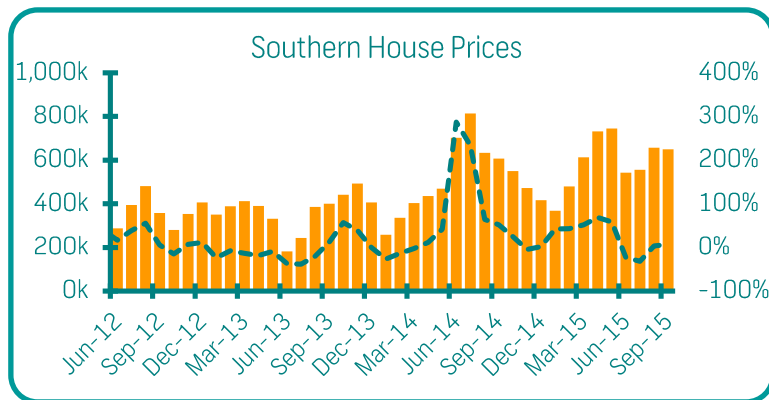
### Northern towns housing index 22% up

Prices of houses in the Northern regions recorded an overall growth of 22.0% quarter on quarter as areas like Ongwediva and Tsumeb record significant transactions during the quarter. Tsumeb recorded a growth of 30.0% pushing the median price in the area to N\$829k while in Ongwediva, prices edged up by 18%. Median prices within North East Namibia (specifically town areas) are N\$640K at the end of third quarter but with stand sizes that equate to 564m<sup>2</sup> giving more value per sqm of land. Transaction wise, volumes were up 10% for the quarter based on transactions in the following towns: Ondagwa; Otjiwarongo; Tsumeb; Eenhana. Ondangwa recorded 75 transactions for the third quarter making it the fastest growing Northern town.

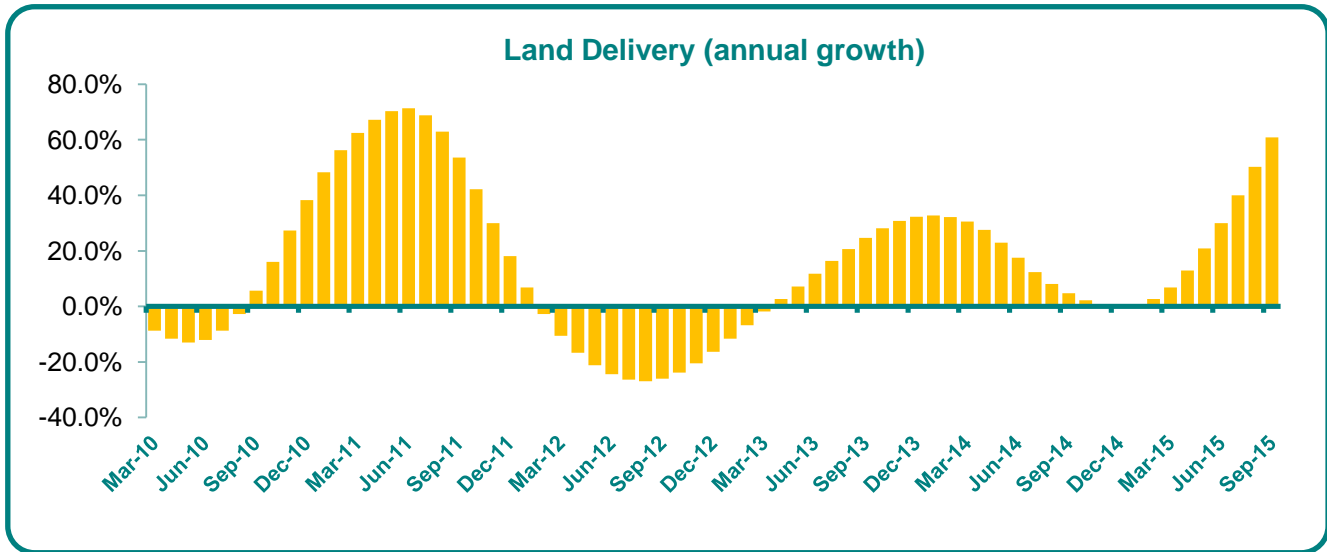


### Southern property a complete dud

Median prices in Keetmanshoop and Luderitz edged towards the 700K towards the end of the third quarter. Most transactions were recorded in Luderitz but with low median prices at N\$440k. The most expensive property was in Keetmanshoop valued at N\$900k. The South remains a region with very low transactions and hardly any movement in property prices.



## Land delivery recovers



Land delivery continues steadily across coastal and northern Namibia with a 57% increase in new stands during the third quarter. The spike in new stands was mainly a result of coastal developments which have grown sharply since August 2015.

In total 258 stands were mortgaged representing a 62.9% improvement for the quarter. The continued recovery of land delivery during the third quarter harkens the need for businesses to decentralize away from Windhoek to areas where housing supply remains positive and prices, relatively affordable

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	300,000	505,000	602,000	68.7%	100.7%	19.2%
Arandis	175,000	300,000	300,000	300,000	300,000	505,000	506,577	68.7%	68.9%	0.3%
Eenhana	208,323	202,162	322,190	388,500	462,000	527,500	572,000	182.9%	47.2%	8.4%
Gobabis	320,988	383,000	481,500	608,500	620,000	630,200	700,000	82.8%	15.0%	11.1%
Grootfontein	315,000	280,000	308,900	500,000	455,000	530,000	483,500	72.7%	-3.3%	-8.8%
Henties Bay	500,000	563,500	687,500	780,000	837,000	870,000	1,037,445	84.1%	33.0%	19.2%
Katima Mulilo	240,000	286,000	275,000	326,350	430,000	528,750	550,000	92.3%	68.5%	4.0%
Keetmanshoop	271,500	334,650	407,000	450,000	421,000	495,000	698,750	108.8%	55.3%	41.2%
Luderitz	231,000	432,000	280,000	398,500	413,800	397,300	449,658	4.1%	12.8%	13.2%
Mariental	302,500	350,000	400,000	461,200	418,500	550,000	650,000	85.7%	40.9%	18.2%
Okahandja	290,000	355,000	366,900	471,500	543,000	687,000	774,300	118.1%	64.2%	12.7%
Okahao	302,000	262,250	373,200	295,000	412,000	484,000	430,000	64.0%	45.8%	-11.2%
Omaruru	555,000	775,000	650,000	650,800	480,000	800,000	675,000	-12.9%	3.7%	-15.6%
Omuthiya		349,600	331,500	343,000	402,000	531,500	575,000	64.5%	67.6%	8.2%
Ondangwa	234,000	258,300	373,500	512,350	482,500	570,500	674,500	161.1%	31.6%	18.2%
Ongwediva	341,500	442,500	431,000	505,240	412,000	506,500	710,020	60.5%	40.5%	40.2%
Oshakati	310,000	486,300	475,000	416,000	420,000	964,100	646,000	32.8%	55.3%	-33.0%
Oshikango	340,000	450,000	268,300	421,500	578,000	1,063,000	646,000	43.6%	53.3%	-39.2%
Oshikuku	294,000	375,000	311,500	363,000	380,000	466,000	537,400	43.3%	48.0%	15.3%
Otavi		350,000	477,000	475,000	473,700	690,000	504,500	44.1%	6.2%	-26.9%
Otjiwarongo	322,170	377,500	447,000	592,500	678,928	735,081	661,500	75.2%	11.6%	-10.0%
Outapi	235,600	223,350	296,000	371,000	422,400	530,000	533,000	138.6%	43.7%	0.6%
Outjo	410,000	378,000	400,000	470,000	527,000	613,388	760,000	101.1%	61.7%	23.9%
Rundu	210,000	280,000	320,700	331,000	401,000	553,230	607,400	116.9%	83.5%	9.8%
Swakopmund	469,500	612,000	580,500	700,000	787,500	750,000	745,000	21.7%	6.4%	-0.7%
Tsumeb	341,000	360,000	470,000	505,550	661,500	722,500	549,000	52.5%	8.6%	-24.0%
Usakos	160,000	180,000	206,000	206,000	430,000	423,000	656,500	264.7%	218.7%	55.2%
Walvis Bay	380,000	489,350	415,000	450,000	617,500	800,000	737,000	50.6%	63.8%	-7.9%
Windhoek	472,000	544,000	682,500	800,000	980,000	910,000	950,000	74.6%	18.8%	4.4%
<b>Namibia</b>	<b>381,000</b>	<b>450,000</b>	<b>480,000</b>	<b>609,750</b>	<b>640,000</b>	<b>700,000</b>	<b>868,000</b>	<b>92.9%</b>	<b>42.4%</b>	<b>24.0%</b>

## Knight Frank Global House Price Index

The third quarter Knight Frank Global House Price Index revealed a 2.7% growth in prices across the 55 cities surveyed. The focus in global property has shifted to the Scandinavian countries, Australia and Canada where property prices averaged 10% growth. Growth in China remains negative at -2%, while a mixed bag of data emanating from the US shows that their market remains unvaried.

Compared to the Global Knight Frank Index results, Namibia's record of 12month growth of 18.1%, 6 month growth of 13.0%, and 3 month growth of 2.3% would rank it second compared to its global peers. The high growth in Namibia prices continues to highlight the skew property frontier that envelopes Namibia.

Rank	Country	12-month	6-month	3-month	Rank	Country	12-month	6-month	3-month
1	Turkey	18.90%	10.50%	5.10%	29	United Kingdom	3.70%	1.90%	1.00%
2	Hong Kong	16.70%	5.50%	1.90%	30	Czech Republic	3.50%	1.90%	0.80%
3	New Zealand	12.60%	6.30%	3.60%	31	Netherlands	3.50%	2.40%	1.50%
4	Sweden*	11.10%	7.70%	3.70%	32	Croatia	3.00%	-0.40%	2.40%
5	Luxembourg	10.10%	1.00%	0.10%	33	Bulgaria	2.80%	1.40%	0.90%
6	Australia	9.80%	6.30%	4.70%	34	Slovenia	2.50%	3.40%	1.80%
7	Hungary	9.50%	4.20%	1.10%	35	Brazil	2.40%	0.40%	-0.10%
8	Estonia	9.10%	-2.80%	-3.90%	36	Belgium	2.20%	3.20%	-0.10%
9	Ireland	8.90%	5.80%	4.50%	37	Poland	2.10%	0.90%	-2.60%
10	Kazakhstan	8.70%	3.50%	4.90%	38	Switzerland	2.00%	0.50%	0.10%
11	Mexico	8.30%	5.60%	3.40%	39	Finland	2.00%	4.00%	3.30%
12	Iceland	7.30%	2.10%	1.50%	40	Austria	1.40%	3.20%	0.30%
13	Colombia	7.00%	3.80%	1.40%	41	Latvia	1.40%	1.60%	0.80%
14	Jersey	6.30%	2.80%	5.20%	42	Spain	1.20%	0.90%	1.30%
15	Norway	6.10%	2.80%	-0.40%	43	Russia	1.20%	-1.70%	-0.90%
16	Denmark	6.00%	6.30%	3.00%	44	Slovakia	1.20%	0.20%	0.60%
17	Malaysia	5.90%	2.40%	0.80%	45	Portugal	1.00%	2.80%	0.90%
18	Israel	5.80%	4.40%	2.10%	46	Morocco	-0.40%	-1.20%	-1.30%
19	Canada	5.60%	5.40%	2.80%	47	Japan	-0.70%	-0.30%	0.00%
20	Indonesia	5.50%	2.40%	1.00%	48	China	-2.00%	0.90%	0.70%
21	South Africa	5.30%	2.40%	1.00%	49	France*	-2.90%	-1.30%	-0.10%
22	Lithuania	5.00%	-2.50%	1.40%	50	Italy	-3.00%	-1.00%	-0.10%
23	United States	4.90%	4.30%	1.10%	51	Taiwan	-3.20%	-2.20%	-1.30%
24	Malta**	4.80%	2.40%	0.00%	52	Singapore***	-4.30%	-2.30%	-1.50%
25	Germany	4.70%	2.10%	1.00%	53	Greece	-4.90%	-3.20%	-2.90%
26	South Korea	4.20%	2.70%	1.30%	54	Cyprus	-5.00%	-1.50%	-0.40%
27	India	3.90%	2.10%	0.60%	55	Ukraine	-14.80%	-4.30%	-2.70%
28	Romania	3.70%	6.00%	4.10%					

Source: Global Knight Frank Index

## Conclusion

The third quarter received the highest volume in transactions since the third quarter of 2013. This is positive sign for the market indicating that despite the quick rise in property prices the demand for housing has not eased. We therefore anticipate that fourth quarter numbers will reveal higher volumes and higher prices than initially estimated. We expect average growth in prices for 2015 to be 17% and average volume growth to be 14%. In 2016 and beyond, the main concern will be jolting the supply side in order to cater to new entrants in the market (home owners). In terms of market dynamics, there has been a 44% decline for housing in the medium to upper end in favour of property well under N\$1mn over the past year. The shift in demand is not only in the pricing but also in location with a 13% increase in property demanded at the coast and in northern towns versus property in Windhoek. The trend is likely to continue into 2016 unless further measures are taken to address the current structural bottlenecks.

The gradual rise in interest rates seems to have had a muted impact on the demand for property. Generally, consumers will react by reducing their exposure to other forms of debt e.g instalment credit and advances before changing their demand for housing. Additionally the quick rise in mortgage debt (16% yoy) and the absorption of new property that comes into the market suggest a speculative housing market. We anticipate that more houses will be bought for speculative purposes with the current growth rates experienced in the market.

## 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.