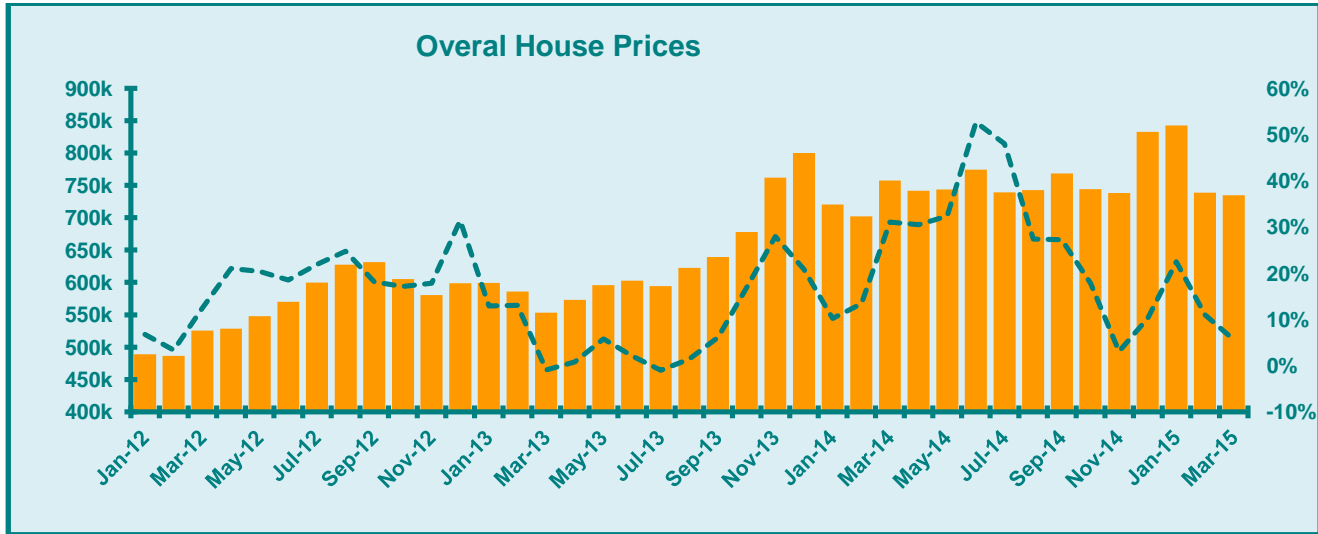


# HOUSING INDEX

March 2015



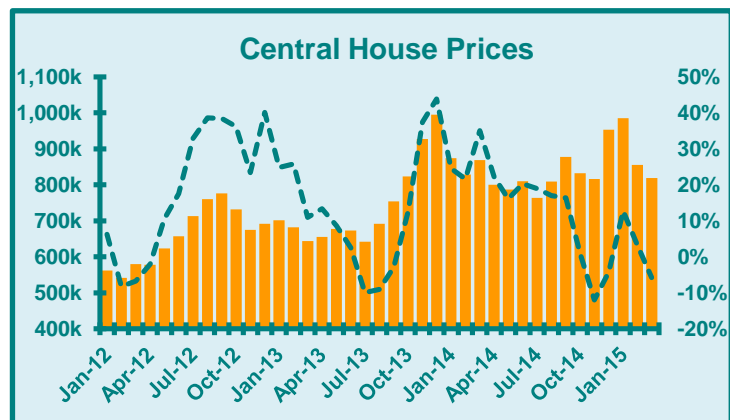
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The growth in property prices in Namibia has reigned in after the sharp increases during the final quarter of 2014. Quarter of quarter, property prices remain robust growing at a rate of 5% which is in line with current economic conditions within the market. According to the monthly data, the median house prices has stabilised at 734K since its peak in December of 842K. The overall slower growth in the property prices is seasonal with an expectation that prices will pick up during the latter part of the year. Volume growth within the market showed an increase of 12.8% at the end of March (year on year) with a overall quarterly growth of 16.4%.

## Central Property prices moderate

Central property prices have moderated between N\$690K for the lower end of the market to N\$3mn in the upper end for the month of March. Median prices for the quarter however indicate N\$818k as the average house price factoring towns outside Windhoek’s periphery. Windhoek median prices have “officially” breached the million mark, 5.0% higher than the median for 2014. In Okahandja, prices have increased by 9.2% as compared to last year prices while Gobabis prices increased by 11.1%. This could possible point to higher overall prices for year as growth in prices in 2014 was boosted by third and fourth quarter growth. The movements of the data suggest that House Prices in March were 6.0% lower but this should be viewed sluggish month and not necessarily reflective of the whole quarter. Volumes within these areas are up 6.9% wit increased developments within the Okahandja area specifically.



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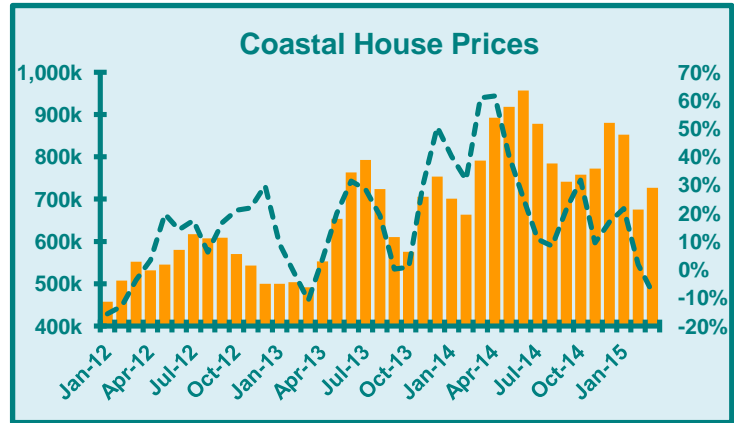
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**Methodology:** The FNB House Price Index is based on the median house price from Deeds Office data. **Disclaimer:** The information in this publication is derived from sources which are regarded as accurate and reliable, is of general nature only,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

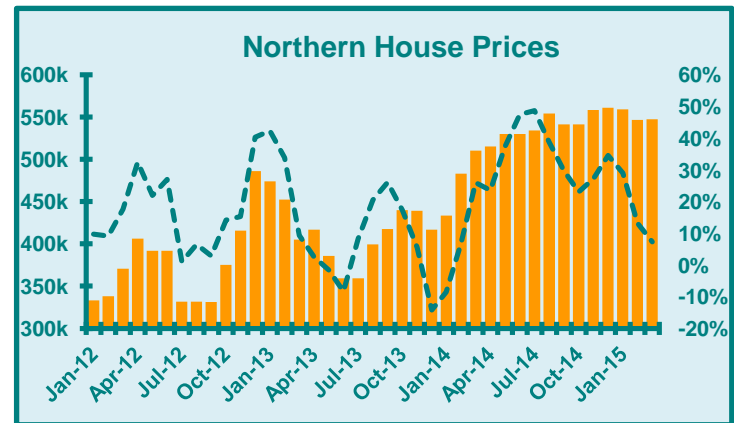
### Coastal prices drop as demand eases

Coastal property index showed a decline by 8.1% year on year at the end of March as prices in Walvis Bay dropped with increased supply during the given month. Volumes were up 41.3%, the fastest growth across all the regions. Henties Bay median prices have edged up quite considerably with property prices falling within the N\$960K mark. In Swakopmund median prices lower at N\$735K showing that the large disparities in proportion between the higher end and lower end prices. This can clearly be seen with annual growth rate of low end house prices growing by 31.4% to a median of N\$642K pushing the overall distribution of houses lower than the recorded amounts.



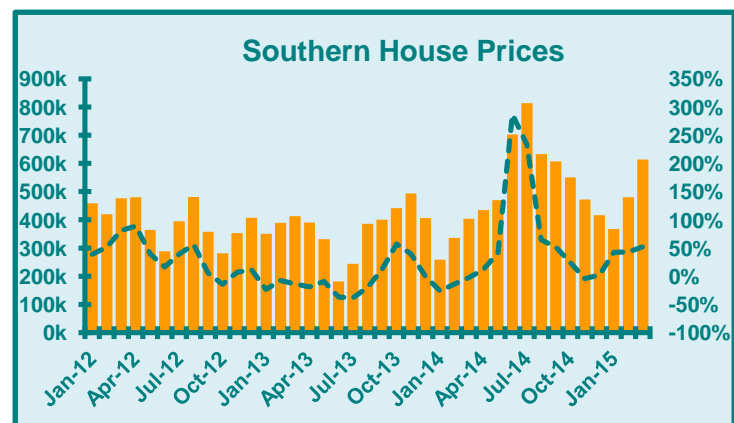
### Eenhana records highest price increase

Prices in Northern Namibia are currently growing at the fastest specifically coming from a very low statistical base. the overall index recorded a growth in prices of 7.3% across the 33 towns that are monitored. On a quarterly basis, prices in the region are up 10.8% which confirms the overall market sentiment that Northern towns are amongst the fastest growing within Windhoek. Eenhana has recorded the fastest growth rate over the past 5 years and remains a constituent of interest in line with government development interests. Prices in Oshakati and dropped sharply (32%) to N\$660k after it rallied sharply during the fourth quarter of last year. Median prices in the region still remain affordable at N\$547K and can therefore offer good value for first time home buyers.



### House prices shoot up

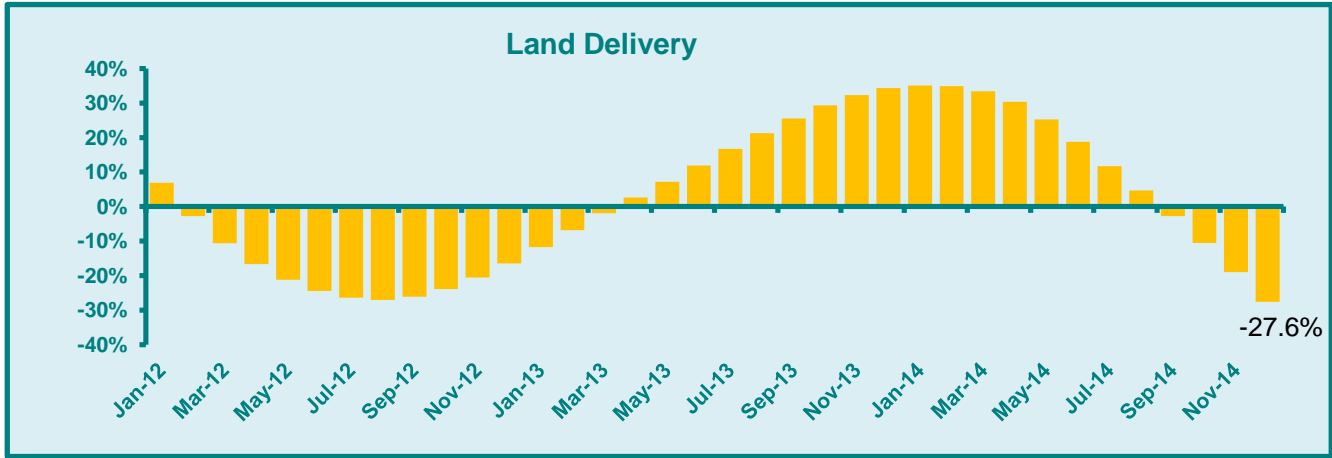
Prices in the South are increasing considerably specifically areas like Rehoboth where the prices in the first quarter have shot up by 29%. The overall Index for the region has remained favourable with prices shooting up by 51.9% at the end of March. Pricing in region has historically been muted with prices sitting within the N\$400K to N\$600K bound. The prices are also mainly reflective of two constituents Keetmanshoop and Mariental which generally carry the highest median prices. Volumes of transactions within the sector were however down by 27.6% year on year which could mean slower property dealings during the period.



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

	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	505,000	68%	68%	0%
Aranos	510,000	577,500	450,000	475,000	500,000	615,000	615,000	6%	29%	0%
Eenhana	208,323	202,162	322,190	388,500	462,000	526,000	565,000	179%	45%	7%
Gobabis	320,988	383,000	481,500	608,500	620,000	630,200	700,000	83%	15%	11%
Grootfontein	315,000	280,000	308,900	500,000	455,000	530,000	530,000	89%	6%	0%
Henties Bay	500,000	563,500	687,500	780,000	837,000	895,000	960,000	70%	23%	7%
Katima Mulilo	240,000	286,000	275,000	326,350	430,000	528,750	589,500	106%	81%	11%
Keetmanshoop	271,500	334,650	407,000	450,000	421,000	500,000	747,500	123%	66%	50%
Luderitz	231,000	432,000	280,000	398,500	413,800	397,300	448,152	4%	12%	13%
Mariental	302,500	350,000	400,000	461,200	418,500	550,000	707,000	102%	53%	29%
Okahandja	290,000	355,000	366,900	471,500	543,000	687,000	750,000	111%	59%	9%
Okahao	302,000	262,250	373,200	295,000	412,000	484,000	502,500	92%	70%	4%
Omaruru	555,000	775,000	650,000	650,800	480,000	800,000	900,000	16%	38%	13%
Omuthiya		349,600	331,500	343,000	402,000	533,000	575,000	64%	68%	8%
Ondangwa	234,000	258,300	373,500	512,350	482,500	565,900	625,000	142%	22%	10%
Ongwediva	341,500	442,500	431,000	505,240	412,000	513,000	640,000	45%	27%	25%
Oshakati	310,000	486,300	475,000	416,000	420,000	964,100	660,000	36%	59%	-32%
Oshikango	340,000	450,000	268,300	421,500	578,000	600,000	600,000	33%	42%	0%
Oshikuku	294,000	375,000	311,500	363,000	380,000	458,000	537,400	43%	48%	17%
Otavi		350,000	477,000	475,000	473,700	760,000	409,000	17%	-14%	-46%
Otjiwarongo	322,170	377,500	447,000	592,500	678,928	720,000	686,500	82%	16%	-5%
Outapi	235,600	223,350	296,000	371,000	422,400	530,000	532,000	138%	43%	0%
Outjo	410,000	378,000	400,000	470,000	527,000	613,388	435,000	15%	-7%	-29%
Ruacana			294,095	265,000	351,000	294,000	496,500		87%	69%
Rundu	210,000	280,000	320,700	331,000	401,000	553,230	597,850	114%	81%	8%
Swakopmund	469,500	612,000	580,500	700,000	787,500	731,000	735,000	20%	5%	1%
Tsumeb	341,000	360,000	470,000	505,550	661,500	722,500	545,000	51%	8%	-25%
Usakos	160,000	180,000	206,000	206,000	430,000	436,000	436,000	142%	112%	0%
Walvis Bay	380,000	489,350	415,000	450,000	617,500	801,000	739,363	51%	64%	-8%
Windhoek	472,000	544,000	682,500	800,000	980,000	900,000	1,024,000	88%	28%	14%
<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>735,000</b>	<b>63%</b>	<b>21%</b>	<b>5%</b>

## Weak land delivery



Land delivery weakened during the first few months of the year with 137 stands mortgaged. This represents a 34.3% drop in mortgaged “ervens” since first quarter of last year.

## Knight Frank Global House Price Index

Rank	Country	12month	6month	3month	Rank	Country	12month	6month	3month
1	Hong Kong	18.70%	10.80%	5.50%	29	Netherlands	2.70%	1.00%	0.80%
2	Turkey	18.60%	9.00%	5.20%	30	Switzerland	2.60%	1.60%	1.10%
3	Ireland	16.80%	2.90%	-0.90%	31	Austria	2.40%	-1.70%	-0.50%
4	Luxembourg	12.10%	9.00%	7.30%	32	South Korea	2.30%	1.50%	0.80%
5	Estonia	11.00%	12.30%	7.50%	33	Belgium	2.20%	3.20%	-0.10%
6	Colombia	9.50%	3.10%	1.90%	34	Lithuania	2.10%	7.70%	4.10%
7	New Zealand	9.50%	10.40%	6.40%	35	Latvia	1.90%	-0.20%	0.50%
8	Iceland	9.40%	5.00%	4.20%	36	Portugal	1.80%	-1.70%	0.60%
9	Sweden	8.80%	3.00%	1.80%	37	Croatia	1.20%	-4.00%	-2.80%
10	Norway	7.20%	3.20%	3.70%	38	Bulgaria	1.20%	0.60%	0.70%
11	Jersey	7.10%	4.50%	-0.80%	39	Mexico	0.60%	-1.70%	-2.70%
12	Malaysia	7.00%	2.50%	-0.20%	40	Slovakia	0.40%	0.90%	0.70%
13	Hungary	6.90%	0.10%	0.80%	41	Taiwan	0.40%	-1.00%	-0.30%
14	Australia	6.80%	3.40%	1.90%	42	Romania	0.20%	0.90%	1.80%
15	South Africa	6.70%	1.90%	0.20%	43	Spain	-0.30%	0.10%	0.30%
16	Germany	6.50%	2.60%	2.40%	44	Japan	-0.70%	-0.30%	-0.30%
17	India	6.30%	1.80%	0.70%	45	Finland	-1.20%	-2.00%	-1.30%
18	Indonesia	6.30%	3.00%	1.40%	46	Morocco	-1.40%	0.40%	-1.30%
19	United	5.90%	-0.10%	-0.20%	47	France	-1.90%	-2.90%	-0.70%
20	Brazil	5.40%	2.00%	0.80%	48	Italy	-2.90%	-1.20%	-0.80%
21	Russia	5.30%	2.90%	1.70%	49	Singapore	-3.30%	-2.10%	-1.10%
22	Canada	4.70%	0.20%	0.50%	50	Slovenia	-4.80%	-0.90%	0.30%
23	Malta	4.70%	2.30%	1.00%	51	Poland	-4.90%	1.20%	-1.50%
24	Israel	4.40%	1.50%	1.50%	52	Greece	-6.10%	-2.80%	-1.20%

25	United States	4.10%	0.40%	0.80%	53	Dubai	-6.10%	-4.60%	-3.70%
26	Czech Republic	3.70%	1.60%	0.80%	54	China	-6.40%	-2.80%	-1.00%
27	Denmark	3.50%	-0.20%	0.10%	55	Cyprus	-8.20%	-3.80%	-1.80%
28	Kazakhstan	3.20%	5.00%	4.60%	56	Ukraine	-15.50%	-9.50%	-4.50%

Source: Global Knight Frank Housing Index

Knight Frank's Global House Price Index grew by 0.3% during the first quarter of the year representing the weakest growth since 2012. The Index is reflective of lower economic growth rates across the globe which is in part affected by a lacklustre demand within the housing sector. According to the report, The US market has shown a semblance of recovery within this sector while European and Asian markets struggle to gain momentum. Cyprus and Ukraine are the bottom feeders with prices declining by 8.2% and 15.5% respectively quarter on quarter. In China, prices are declining by 6.4% on a quarterly basis as a result of excessive supply in the market with their current efforts of monetary stimulus boosting property based stocks but actually property demand.. Based on Namibia's quarterly performance, the country would rank 22 with a quarterly growth rate of 5%.

### Conclusion

The slower growth rate in property prices may not be reflective of city prices which have stabilised during the past few months yet remain elevated. First time house buyers may have to be selective regarding house purchases as mainstream and popular locations should be reviewed cautiously. The rising interest rate environment will undoubtedly put pressure on the middle income segment of the economy notably deterring massive growth in the segment. Despite lower than anticipated volumes, overall supply should quicken as development increases across the country.

### 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 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.