



FNB Residential Property Monthly January, 2017

Highlights for the month

The FNB House Price Index for January 2017 increased by 11.18%, down from 16.6% same period last year.

The Coastal region leads the rest of the country with a growth of 19.1%, the highest in almost two years. **Central region remains the only region to trade at above N\$1 mil median value.**

In the Upper segments, prices have increased by 26.1% for the past 12 months to N\$3.7 mil.



Analyst

Josephat Nambashu

jnambashu@fnbnamibia.com.na

+264 61 299 8496

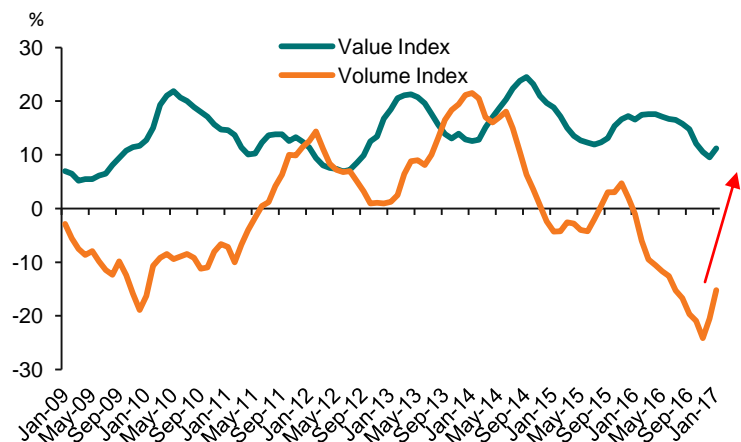
Regional house price movements remain divergent, driven by different supply and demand fundamentals

The FNB National House Price Inflation accelerated to 11.18% over the past 12 months, but the overall trend continues to point downwards, with the longer trend being more pronounced in the Central and Northern regions.

Consequently, house price inflation has fallen from 22.2% to 12.1% for central properties and from 29.5% to 2.7% for the northern properties over the past two years.

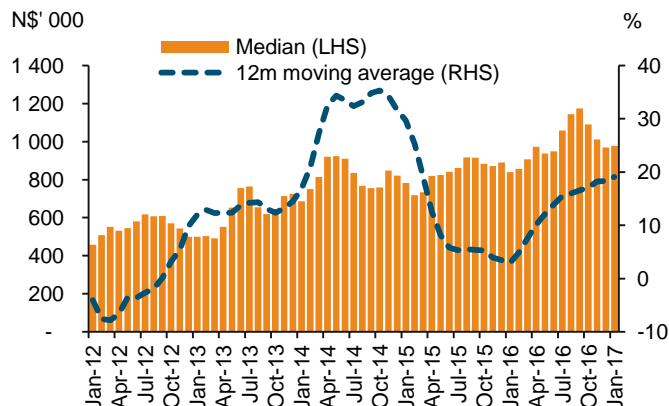
Southern property prices also decelerated from 17.4% to 6.5%, but the volumes are way too small to draw any meaningful conclusions from the south.

Coastal property prices continue accelerating in contrast to the rest of the country, ascending from 2.9% growth to 19.1% growth over the past 12 months.



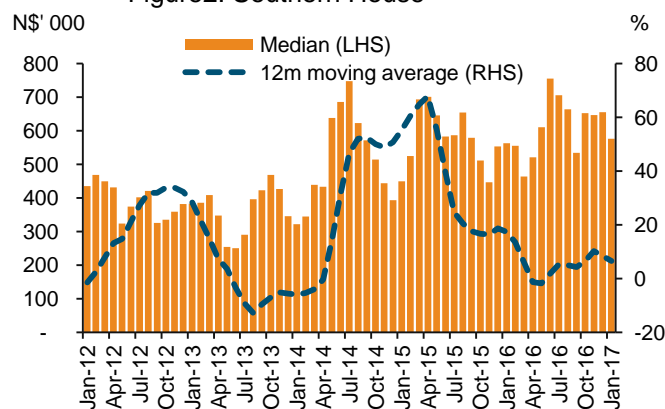
Solid growth produced in the coastal property

Figure1: Coastal House



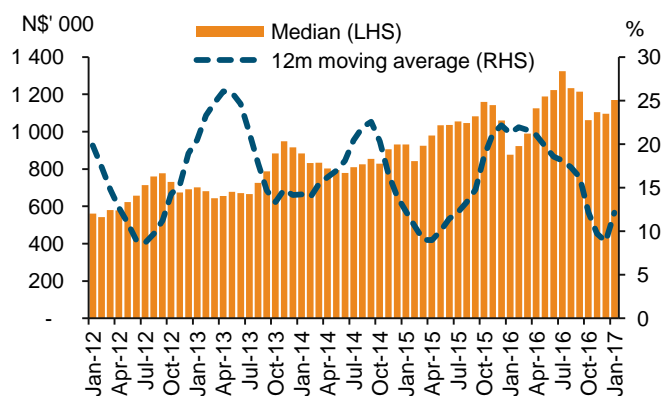
The coastal region strong price increases is revealed in Swakopmund and Walvis Bay, with property prices increasing 28.6% and 23.4% respectively, taking the growth for the region to 19.1% for the past 12 months. This saw Swakopmund property prices increasing to N\$1,200k, while Walvis Bay property prices have increased to N\$940k. The price growth has largely been driven by mid-sized homes in Walvis Bay (35.7%). The solid growth in the coastal area prices has been driven by its three main towns (Henties Bay, Swakopmund and Walvis Bay), with median prices ranging within the N\$1,000k – N\$1,300k range for the respective towns. It is however worth noting that the growth was on the back of declining volumes, which contracted by 9.6%.

Figure2: Southern House



In the southern region, Keetmanshoop prices contracted by over a quarter compared to last year's medium value to N\$557k for the past three months while Luderitz, in comparison to same period last year increased by 4.1% y-o-y to N\$470k. Volume for the region, however, remain very poor, with only one transaction recorded for the analysis, therefore results should be interpreted with utmost caution.

Figure3: Central House Prices



The central region continues to lead the market in property prices, trading consistently above N\$1 mil since early 2015. On average, significant price growth has been recorded. Gobabis properties averaged N\$800k, Windhoek properties averaged N\$1,231k, while Okahandja averages N\$1,004k.

The Northern region, second in volumes (32% of total) and second last highest in value (at just below N\$700k since May 2015) produced the least in growth, 2.7% over the past 12 months down from 19% growth recorded last year same period. Eenhana, Katima Mulilo and Ongwediva produced growths above 30% over the period while Grootfontein, Oshakati and Rundu contracted by 8.8%, 7.3% and 1.3% respectively.

Table 1: House Price by segments

Size	Median (N\$)	% Change			
		1-m	3-m	6-m	1Yr
Lower	735 864	4.3	-2.6	2.4	19.5
Medium	1 705 667	1.9	-0.2	-8.1	-0.2
Upper	3 689 161	7.5	2.5	3.3	17.9

Global House Price Index

“Despite the landscape of political and economic uncertainty in 2016, average house prices around the world rose at their fastest rate in almost three years”, claimed the latest Global Knight Frank Price index report. Accordingly, house prices around the world increased by 6% on average in 2016, up from 4.1% in 2015, the highest annual rate recorded in two years. More importantly, only 7 of 55 economies experienced negative house price movements. The table below summarises the results.

Using the same methodology would place Namibia just after Lithuania in 7th position. The high house price increases are symptomatic of persistent structural supply challenges that are often addressed with ineffective demand side interventions.



#	Country	% Change		
		12-month	6-month	3-month
1.	Iceland	14.7	10.3	4.1
2.	New Zealand	12.7	9.7	3.2
3.	Malta	12.4	3.7	4.9
4.	Canada	12.3	5.2	0.8
5.	Turkey	12.2	5.6	2.0
6.	Lithuania	11.6	1.7	2.9
7.	China	10.8	6.2	1.9
8.	Estonia	10.7	8.2	5.5
9.	Germany	10.2	4.1	2.9
10.	Norway	10.1	1.9	0.0
11.	Israel	8.9	3.9	2.7
12.	Bulgaria	8.8	4.4	1.6
13.	Colombia	8.5	4.4	2.2
14.	India	8.1	7.6	2.0
15.	Romania	7.8	2.6	-0.5
16.	Latvia	7.6	2.9	1.3
17.	Luxembourg	7.5	2.0	2.9
18.	Mexico	7.4	2.4	0.3
19.	Austria	7.2	0.7	-0.9
20.	Czech Republic	6.9	4.5	2.4
21.	Netherlands	6.7	3.5	0.6
22.	Sweden	6.1	3.6	0.1
23.	Ireland	6.0	5.6	1.3
24.	Slovakia	5.9	2.0	0.7
25.	United States	5.8	1.9	0.6
26.	South Africa	5.6	2.2	2.2
27.	Malaysia	5.3	3.3	1.1
28.	Slovenia	5.3	3.1	0.9
29.	Hungary	5.2	-3.9	-0.7
30.	Portugal	4.8	3.3	2.2
31.	United Kingdom	4.5	2.0	0.7
32.	Hong Kong	4.2	11.2	6.1
33.	Denmark	3.9	2.1	0.5
34.	Jersey	3.7	0.4	2.2
35.	Chile	3.7	-1.2	-0.7
36.	Australia	3.5	3.5	1.5
37.	Russia	3.4	-0.5	-0.4
38.	Finland	3.0	1.9	0.6
39.	Belgium	2.9	4.2	2.9
40.	Indonesia	2.4	0.7	0.4
41.	Poland	1.9	-1.6	0.6
42.	France	1.8	1.8	-0.4
43.	Spain	1.5	0.4	0.8
44.	Switzerland	1.5	1.1	0.8
45.	Croatia	1.4	0.1	1.0
46.	South Korea	1.4	1.0	0.6
47.	Brazil	0.1	0.4	0.3
48.	Japan	-0.2	0.0	0.0
49.	Greece	-0.3	-0.2	0.7
50.	Italy	-0.9	0.4	0.1
51.	Morocco	-1.2	-1.8	-1.2
52.	Cyprus	-1.3	-0.4	0.1
53.	Singapore	-2.6	-2.0	-0.8
54.	Taiwan	-6.5	-2.1	-1.7
55.	Ukraine	-10.2	-5.4	-3.1

Source: Global Knight Frank Index

Published by: FNB Namibia **Address:** @Parkside, 130 Independence Avenue, Windhoek

Authored by: Josephat Nambashu Tel: +264 61 299 8496

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APPENDIX: Yearly median values for main towns



Town	2010	2011	2012	2013	2014	2015	2016	YTD	5Yr %Δ	3Yr %Δ	YTD %Δ
Arandis*	300 000	300 000	300000	300 000	506 577	420 000	459 500	459 500	53.2%	-9.3%	0.0%
Eenhana	202 162	322190	388500	462 000	527 000	600 000	710 100	802 000	106.4%	52.2%	12.9%
Gobabis*	391 500	481500	608500	601 500	630 100	742 500	900 000	900 000	47.9%	42.8%	0.0%
Grootfontein	280 000	308900	500000	455 000	530 000	597 800	595 000	694 000	38.8%	30.9%	16.6%
Helao Nafidi*	450 000	268300	421500	578 000	600 000	900 000	425 000	425 000	0.8%	-29.2%	0.0%
Henties Bay	563 500	687500	780000	837 000	870 000	1 040 000	997 084	1 025 000	31.4%	17.8%	2.8%
Katima Mulilo*	286 000	275000	326350	430 000	528 750	536 700	645 000	645 000	97.6%	22.0%	0.0%
Keetmanshoop*	334 650	407000	470000	421 000	500 000	698 750	545 000	545 000	16.0%	9.0%	0.0%
Luderitz*	432 000	280000	398500	413 800	397 300	446 990	487 500	487 500	22.3%	22.7%	0.0%
Mariental*	350 000	400000	461200	432 000	550 000	600 000	874 000	613 890	33.1%	11.6%	-29.8%
Okahandja	349 500	366900	471500	539 500	683 800	785 000	790 834	1 414 000	199.9%	106.8%	78.8%
Okahao*	262 250	373200	295000	412 000	484 000	475 000	612 000	612 000	107.5%	26.4%	0.0%
Omaruru*	750 000	650000	650800	480 000	880 000	737 500	833 333	833 333	28.0%	-5.3%	0.0%
Omuthiya	349 600	331500	343000	402 000	531 500	558 500	630 000	614 805	79.2%	15.7%	-2.4%
Ondangwa	264 600	373500	512350	482 500	568 000	683 802	742 073	735 000	43.5%	29.4%	-1.0%
Ongwediva	442 500	431000	505240	412 000	506 500	720 040	826 800	912 000	80.5%	80.1%	10.3%
Oshakati	486 300	475000	416000	420 000	964 100	712 000	583 854	636 000	52.9%	-34.0%	8.9%
Oshikuku	375 000	311500	363000	380 000	466 000	550 000	590 000	950 000	161.7%	103.9%	61.0%
Otavi*	350 000	477000	475000	473 700	690 000	475 000	520 000	520 000	9.5%	-24.6%	0.0%
Otjiwarongo	375 000	447000	592500	678 928	735 081	750 000	755 000	720 000	21.5%	-2.1%	-4.6%
Outapi	223 350	296000	371000	422 400	530 000	542 500	627 084	731 000	97.0%	37.9%	16.6%
Outjo	378 000	400000	535000	550 000	613 388	715 000	880 000	850 000	58.9%	38.6%	-3.4%
Rundu*	280 000	320700	331000	401 000	553 230	614 800	676 292	676 292	104.3%	22.2%	0.0%
Swakopmund	612 000	580000	692500	787 500	750 000	890 000	1 164 167	1 270 000	83.4%	69.3%	9.1%
Tsumeb*	360 000	470000	505550	661 500	722 500	850 000	913 100	913 100	80.6%	26.4%	0.0%
Usakos*	180 000	180 000	206000	430 000	423 000	656 500	445 000	445 000	116.0%	5.2%	0.0%
Walvis Bay	490 000	415000	450000	615 000	797 500	791 225	900 000	1 150 000	155.6%	44.2%	27.8%
Windhoek	540 000	679000	800000	975 000	900 000	1 160 000	1 300 000	1 194 000	49.3%	32.7%	-8.2%
Namibia	450 000	480 000	609 750	640 000	700 000	800 000	850 000	955 000	56.6%	36.4%	12.4%

*Flat median value, no transactions were recorded.

Methodology

This report is based on bonds registered in the names of natural persons at the Deeds Office and as such excludes all bonds registered in the names of juristic persons such as Close Corporations, Private Companies and Trusts. Rehoboth properties (Rehoboth has its own Deeds Office), farms, properties over 100,000m² and properties in industrial areas, are excluded, as these may not always be residential properties. Outliers below N\$100,000 (2007 prices adjusted annually) are also excluded, along with further bonds (second, third, fourth, etc bonds over the same properties). Exclusions were rigorously tested where possible using existing data. Cash transactions are, too, excluded due to a lack of data. Sectional bonds will be included into the housing index in due course to provide a comparable sectional property index.

Bond values are used as a proxy for house prices, since there are no consistent records for house prices in Namibia and therefore prices shown should only be used as a general guide to property value. These values are aggregated by way of the median value as the central measure of tendency to reduce the effects of the high income inequality. Median house prices are smoothed using a three month moving average, and then weighted using the 2008 distribution. Whilst the information provided has been obtained from source believed to be reliable, the values quoted are indicative only and past performance should not be taken as a guarantee of future performance.

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