



**FNB**  
First National Bank

how can we help you?

# FNB Residential Property Monthly

## March, 2017

### Highlights for the month

- National annual house price growth increased to **13.3%** in March
- Volumes still in **negative growth**, despite improvements
- Regional prices maintained same trend in 2017
- Coastal leads the country for the seventh time at **21.2% to reach new record**
- Swakopmund beats Windhoek in house prices, now more than **N\$1.4 million** per property
- Bottom and Top end of market hit new heights, with middle price sector holding up



**Josephat Nambashu - Analyst**  
jnambashu@fnbnamibia.com.na  
+264 61 299 8496

### Coastal and Northern hit new record as house prices continued to accelerate steadily in March

Median property prices rose by 13.3% through March to bring the average price of property to N\$1,085k. The increase was mainly driven by the Coastal region, where prices accelerated 21.2% to a new record of N\$1,214k. Central property prices increased 15.2% through the month to N\$1,217k while the Southern property prices saw prices going up by 11.4%, their highest in a year. Though the Northern region hit record high of N\$725k, the annual pace of increase continues to slow down, now at 1.4% - the lowest in over seven years.

Using the housing inflation figures within the consumer price index to deflate the FNB House Price Index into real terms, we saw March real house price inflation measuring 3.7% over the past 12 months, up from 2.5% in February. Housing inflation remains upwardly sticky due to the high cost of home ownership derived from the higher interest rates, rising utility and maintenance costs.

**Figure 1: FNB Median House Price Inflation**

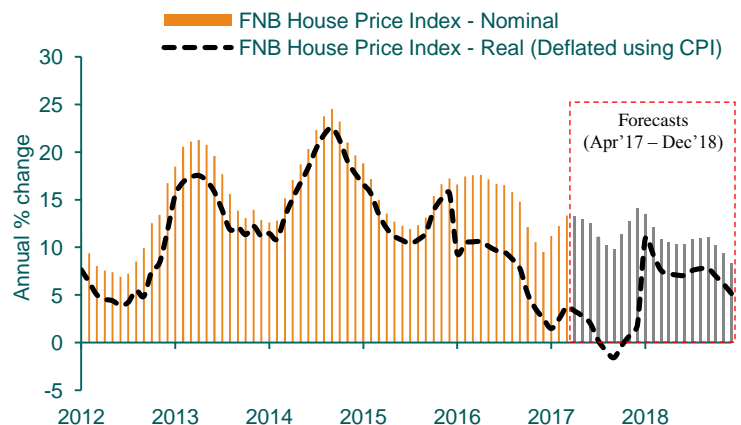


Table 1: Selected Towns

Town	Median price	Annual % Change
Luderitz	N\$612 000	48.3
Mariental	N\$581 945	46.6
Katima Mulilo	N\$820 000	45.9
Swakopmund	N\$1 421 500	34.2
Okahao	N\$670 300	29.0
Oshikuku	N\$691 750	28.5
Outapi	N\$712 333	28.3
Gobabis	N\$635 000	21.0
Omuthiya	N\$635 903	20.9
Walvis Bay	N\$1 183 833	19.4
Windhoek	N\$1 318 000	17.0
Otjiwarongo	N\$1 285 000	12.4
Eenhana	N\$736 900	11.4
Ondangwa	N\$774 417	10.8
Okahandja	N\$1 067 500	8.8
Outjo	N\$751 000	7.4
Tsumeb	N\$920 000	5.1
Ongwediva	N\$908 211	2.8
Otavi	N\$484 000	-3.5
Grootfontein	N\$617 667	-6.9
Henties Bay	N\$1 093 667	-9.7
Rundu	N\$760 000	-21.1
Oshakati	N\$664 900	-31.6
<b>Namibia</b>	<b>N\$1 084 845</b>	<b>13.3</b>

## House prices driven by strong buyer demand

The annual rate of house price growth changed from 12.2% in February to 13.3% in March. This has been driven by a combination of resilient buyer demand in most parts of the country which helped to propel the prices higher and dismal new housing supply. With housing demand continuously growing and new-build supply struggling to keep pace, excess demand continues to fuel house price inflation to dizzying heights.

In the central region, prices continued to grow at 15.2% in March, despite volumes declining by 6.1% on average for the last 12 months. Analyzing Windhoek specifically, the median house price is currently N\$1,318k which is 17.0% higher over the same period last year. High income suburbs in the capital have begun to pick up growth, after a general downward trend in recent months. In Kleine Kuppe prices have increased by 4.6%, while Auasblick and Olympia prices were up by 6.5% and 37.8% respectively. However, growth in low income areas such as Okuryangava, Khomasdal, Katutura and Rocky Crest remain strong.

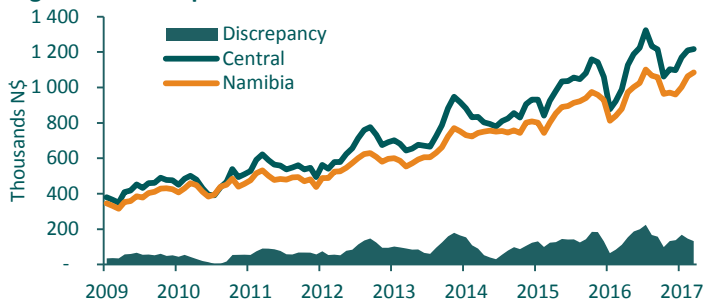
At the coast, prices grew by 21.2% to reach N\$1,214k as volumes declined by 22.7% annually. Swakopmund recorded the highest growth in prices (34.2%) setting the median price at N\$1,420k. In Walvis Bay, prices grew by 19.4% setting the

median price of a bonded house at N\$1,184k. Over the past five years, property prices in the high-end of the coastal market have nearly tripled to N\$5,143k. Growth, however, has started to pick up strongly in the middle to lower segment, now at about 21% over the year to March 2017.

Northern towns continue to grow at an increasingly slower pace due to a consistent new housing delivery combined with household income pressures from the drought and government fiscal consolidation efforts. Accordingly, prices rose marginally by 1.4% to their record high of N\$725k, while volumes increased by 17.9%. Katima Mulilo recorded the highest price growth of 45.9%, followed by Okahao 29.0% and Oshikuku 28.5%. Twelve (12) of the highest price movements are in the northern region, however, the massive price drops in Rundu and Oshakati have neutralized the overall price movement at the segment level. The decline in Rundu and Oshakati are potentially supply driven based on the volume increase in the two towns.

Southern property prices increased by 11.4% to N\$592k over the last 12 months, but this is a rather thin market and price movements should be treated with utmost caution.

**Figure 2: Central prices vs National**

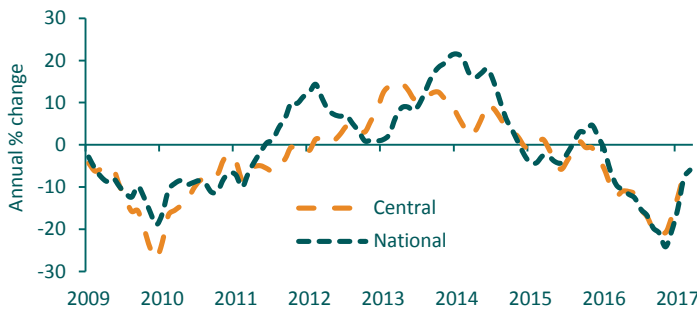


**Central prices drive the National House Price Index**

Notwithstanding the Coastal price increase of 21.2% and it being the seventh fastest rate of growth, with prices reaching a new all-time high, the central property prices have been the core determinants of the overall market. However, recent data shows a widening price gap between the National and Windhoek property markets. This

suggests that other factors are starting to play an increasingly significant role in the national property price determination. We suspect this may be due to a much weaker price growth along with stronger volume growth in northern region property prices, rather than the increase in central property prices. Low numbers of sale transactions in some parts of the country, such as the Southern region, can also lead to volatility in the series, further widening the gap.

**Figure 3: Residential Property Transactions**



**Volumes still in contraction despite improvements**

There has been a pickup in housing market activity in recent months, with the number of housing transactions improving. However the pickup has not been sufficient to lift the volume growth out of the red. The improved buyer activity this month, as compared to most parts of last year, has narrowed the decline to 6.0% lower volumes after falling by as much as 24% towards

the end of 2016. Volumes were driven mostly by the central region having recorded a not-so-much different rate of fall of -6.1% over the past 12 months.

**Conclusion**

Examining our FNB House Price Index by market segments, we see the top end of the market prices increasing by 19.0%, while the middle to low income segment increasing by 12.9% and 12.5% respectively. This indicates surprising strong housing demand against a weak economic backdrop with widespread job losses. Given the credit tightening and bleak economic backdrop, the outlook for the housing market remains uncertain as the recent price developments are exposed to economic headwinds.

For now, we expect seasonally adjusted demand to remain robust in the short term, pushing house price inflation higher to 14.4% level by year end. However, tight credit conditions along with disposable income pressures will reverse the trend through 2018 to 9.3%. Mass housing delivery could push price expectations lower than forecast.

**APPENDIX: Yearly median values for main towns**

\*Flat median value, no transactions were recorded in 2017

Town	2010	2011	2012	2013	2014	2015	2016	2017**	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	694 000	78.6%	31.7%	-2.3%
Gobabis	391 500	481500	608500	601 500	630 100	742 500	900 000	640 000	5.2%	1.6%	-28.9%
Grootfontein	280 000	308900	500000	455 000	530 000	597 800	595 000	562 000	12.4%	6.0%	-5.5%
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	1 176 000	50.8%	35.2%	17.9%
Katima Mulilo	286 000	275000	326350	430 000	528 750	536 700	645 000	820 000	151.3%	55.1%	27.1%
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	612 000	53.6%	54.0%	25.5%
Mariental	350 000	400000	461200	432 000	550 000	600 000	874 000	600 000	30.1%	9.1%	-31.4%
Okahandja	349 500	366900	471500	539 500	683 800	785 000	790 834	912 000	93.4%	33.4%	15.3%
Okahao	262 250	373200	295000	412 000	484 000	475 000	612 000	670 300	127.2%	38.5%	9.5%
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	635 903	85.4%	19.6%	0.9%
Ondangwa	264 600	373500	512350	482 500	568 000	683 802	742 073	786 000	53.4%	38.4%	5.9%
Ongwediva	442 500	431000	505240	412 000	506 500	720 040	826 800	971 000	92.2%	91.7%	17.4%
Oshakati	486 300	475000	416000	420 000	964 100	712 000	583 854	648 000	55.8%	-32.8%	11.0%
Oshikuku	375 000	311500	363000	380 000	466 000	550 000	590 000	602 000	65.8%	29.2%	2.0%
Otavi	350 000	477000	475000	473 700	690 000	475 000	520 000	484 000	1.9%	-29.9%	-6.9%
Otjiwarongo	375 000	447000	592500	678 928	735 081	750 000	755 000	867 000	46.3%	17.9%	14.8%
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	751 000	40.4%	22.4%	-14.7%
Rundu	280 000	320700	331000	401 000	553 230	614 800	676 292	760 000	129.6%	37.4%	12.4%
Swakopmund	612 000	580000	692500	787 500	750 000	890 000	1 164 167	1 362 000	96.7%	81.6%	17.0%
Tsumeb	360 000	470000	505550	661 500	722 500	850 000	913 100	912 500	80.5%	26.3%	-0.1%
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	1 162 000	158.2%	45.7%	29.1%
Windhoek	540 000	679000	800000	975 000	900 000	1 160 000	1 300 000	1 360 000	70.0%	51.1%	4.6%
<b>Namibia</b>	<b>450 000</b>	<b>480 000</b>	<b>609 750</b>	<b>640 000</b>	<b>700 000</b>	<b>800 000</b>	<b>850 000</b>	<b>920 000</b>	<b>50.9%</b>	<b>31.4%</b>	<b>8.2%</b>

\*\*YTD median value

**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 100,000m<sup>2</sup> 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.

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

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

**Disclaimer:** The information in this publication is derived from sources which are regarded as accurate and reliable, is of a general nature only, does not constitute advice and may not be applicable to all circumstances. Detailed advice should be obtained in individual cases. No responsibility for any error, omission or loss sustained by any person acting or refraining from acting as a result of this publication is accepted by FNB Namibia Holdings Limited and / or the authors of the material.