

How can we help you?

Introduction

This Quarter 1 of 2007 FNB Housing Index report which is Windhoek based follows the National Index report that covered the major towns and cities countrywide for the entire period of 2006. The next FNB National Housing Index for 2007 is expected early in 2008 while the Windhoek Index will continue to be released on a quarterly basis as usual.

Quarter 1 of 2006 remains the base period for the FNB Namibia Index and the only major change in this index is the fact that Suiderhof has now become part of Windhoek Central whereas it used to be an area on its own.

The Index

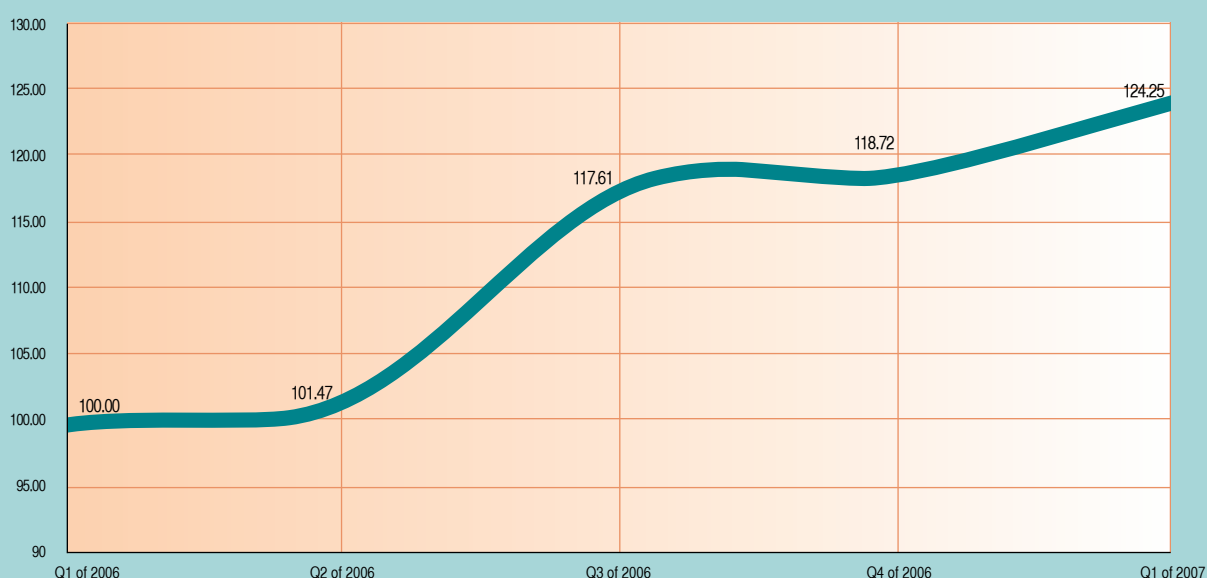
The Windhoek overall index recorded a 4.7% quarterly increase from Quarter 4 of 2006 to Quarter 1 of 2007, that is, an increase from 118.72 to 124.25. The areas that mainly contributed to this increase with their individual suburb quarterly increases are: Goreangab (13.9%), Khomasdal (8.8%), Okuryangava (12.1%), Olympia (15.8%), Pioneers Park (15.2%) and Windhoek Central (14.7%).

The Windhoek Central quarterly increase of 14.7% was also fuelled by the inclusion of Suiderhof which have lately seen the house prices increasing substantially in that area as recorded in the last edition of the FNB National Housing Index. The proximity to town for people residing in Windhoek Central (that is, Windhoek North, Windhoek West, Rhino Park, Ausspannplatz and Suiderhof) also makes the area a prime/ideal location for office space for business. This business rights granted to most of the suburbs in this area is also one of the reasons that the prices there have been surging.

The sub-index movement of Brakwater still shows irregular movement trends due to the fact that the area has not yet stabilised in terms of plots being fully developed. There are still plots in Brakwater that are either not developed or half developed. However, with the recent allocations of small holdings in Brakwater by the Windhoek Municipality, the area will most likely stabilise in terms of fully developed even of equal sizes. The other infrastructural developments such as electricity and road network are not yet fully in place and thus the instability.

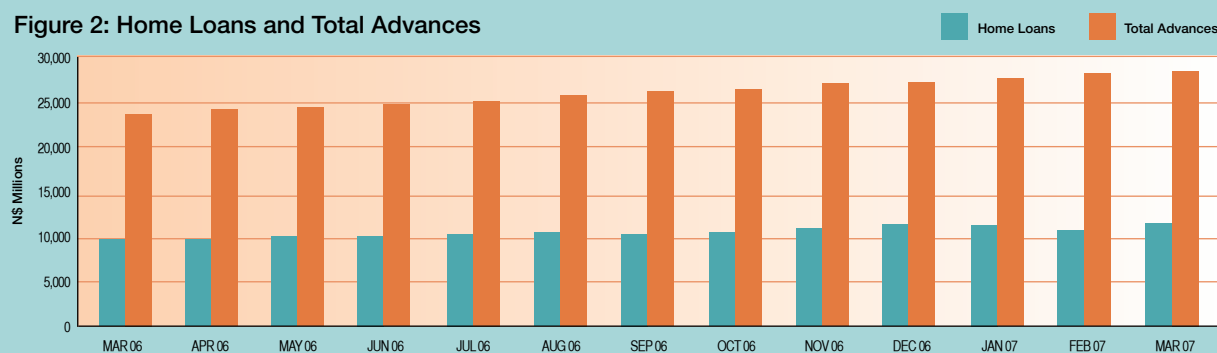
Figure 1: Windhoek Overall Quarterly Index - Q1 of 2007

(Base: Q1 of 2006)



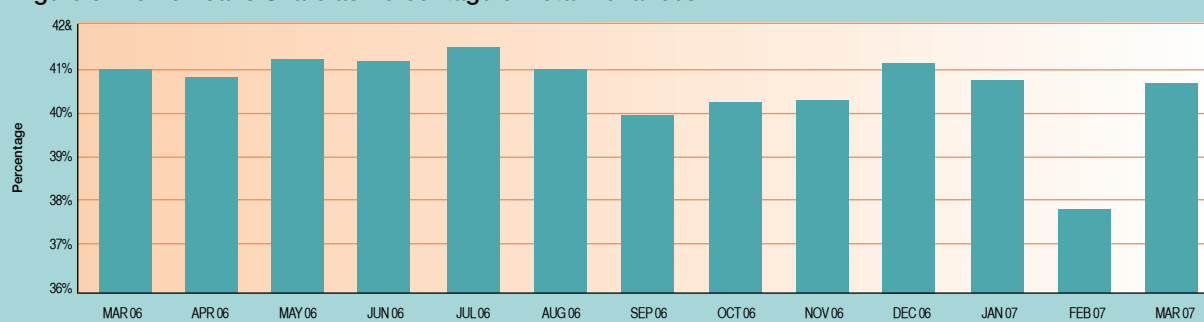
Source: FNB Namibia Valuation Data

Figure 2: Home Loans and Total Advances



Source: FNB Namibia Valuation Data

Figure 3: Home Loans Share as Percentage of Total Advances



Source: FNB Namibia Valuation Data

Credit Growth to Residential Property Market (National)

The home loan credit extended to Namibians increased year-on-year from N\$ 9.714 billion (March 2006) to N\$ 11.624 billion (March 2007). This increase, representing 16.4%, was realised despite the various interest rate increases during this period under review.

During the month of February, although the total credit extended to the consumers of Namibia, the portion that was used for Home Loans was only 37.9% comparing to the average of 42% that is normally recorded. This implies that the total amount

of credit extended for Home Loans purposes has dropped during February 2007 while the amount for the Total Advances has increased. This month is an example of consumers taking up loans for other purposes than for housing needs.

Building Plans Approved and Completed (Residential & Commercial: Windhoek)

The following two tables show the number of Windhoek building plans approved, as well as the number of buildings completed and their values in N\$ respectively.

Table 2: Windhoek Building Plans Approved

WINDHOEK BUILDING PLANS PASSED	JANUARY		FEBRUARY		MARCH	
	Number	N\$	Number	N\$	Number	N\$
Residential	15	51,981,560	20	21,360,000	20	25,908,860
Flats	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Additions and Alterations	190	23,568,786	166	110,469,432	212	30,780,154
Industrial Buildings	-	-	-	-	-	-
Commercial Buildings	5	9,600,000	1	1,500,000	4	23,679,000
TOTAL	210	85,150,346	187	133,329,432	236	80,368,014

Source: National Planning Commission

Houses in Olympia and Pioneers Park are well maintained and therefore attract higher prices when compared to houses in other suburbs. The high level of maintenance also played a role in the relatively high increase the suburb indexes of these two suburbs.

The relatively low quarterly growth of 0.2% in Auasblick could be attributed to the stand-off between residents and the government regarding the new state house which is nearing completion. As a result, potential buyers of properties are sceptical about the compensation that will be paid by government and might want to play it safe.

The relatively low quarterly increase of 5.3% in Rocky Crest could be attributed to the stabilisation of the house and erven prices that saw a recent increase up to the beginning of 2006. This suburb could still see higher increases in the house prices in future, once developments such as service stations, shopping centres and similar developments have been established there.

The increases in the indexes of Goreangab and Okuryangava were mainly attributed to the increasing demand in these areas for the low income home buyers.

The quarterly increase in Wanaheda was mainly due to the saturation in that area as all the available land is now taken up. Most of the inhabitants of Wanaheda are reluctant to move and this is manifested by the fact that there are many extension and renovation activities happening in that area which will eventually also cause house prices to increase. As an alternative, the low cost house buyers are looking for houses in Goreangab and Okuryangava, a situation that led to the currently high demand in those suburbs.

Katutura shows a relatively low increase in house prices since houses in Katutura mostly move from generation to generation. Often those starting to work take over from their parents/grandparents (buying for less or getting the houses for free) and hence the minimal percentage change from Quarter 4 of 2006 to Quarter 1 of 2007 of 3.2%.

The relatively low quarterly increases in Klein Windhoek from Quarter 4 of 2006 to Quarter 1 of 2007 of 2.3% and a similar low increase the previous period of 0.8% is a sign of stability in the house prices there. This stability could also be seen as the relatively very high price levels in those properties.

Table 1: House Valuations Index Per Suburb (Windhoek)

Suburbs Indexes	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Quarter 1 of 2007	Percentage change from Q4-06 to Q1-07
WINDHOEK	100.00	101.47	117.61	118.72	124.25	4.7%
Academia	100.00	110.67	130.29	138.19	145.73	5.5%
Auasblick	100.00	99.53	109.91	134.19	134.47	0.2%
Brakwater	101.00	69.38	148.67	98.05	90.09	-8.1%
Cimbembasia	100.00	106.09	111.87	115.86	115.96	0.1%
Dorado Park	100.00	90.98	95.14	109.91	110.48	0.5%
Eros	100.00	99.45	119.87	132.76	134.50	1.3%
Goreangab	100.00	97.51	102.26	117.27	133.60	13.9%
Hochland	100.00	104.16	114.48	115.73	116.77	0.9%
Katutura	100.00	100.26	103.90	104.06	107.37	3.2%
Khomasdal	100.00	99.89	105.08	108.34	117.92	8.8%
Klein Windhoek and Ludwigsdorf	100.00	107.89	117.36	118.29	121.06	2.3%
Kleine Kuppe	100.00	105.30	106.36	107.25	108.27	1.0%
Okuryangava	100.00	94.55	107.97	104.80	117.49	12.1%
Olympia	100.00	110.42	115.94	114.75	132.93	15.8%
Otjomuise	100.00	105.02	106.48	130.73	136.64	4.5%
Pioneers Park	100.00	101.61	112.87	111.05	127.95	15.2%
Rocky Crest	100.00	101.80	110.97	112.42	118.35	5.3%
Wanaheda	100.00	99.59	105.51	104.59	113.01	8.0%
Windhoek Central *	100.00	104.68	106.21	118.99	136.53	14.7%

Source: FNB Namibia Valuation Data

* Windhoek Central includes Windhoek North, Windhoek West, Suiderhof, Rhino Park and Ausspannplatz.

Approvals

Additions and alterations continue to dominate the housing market, a situation that could be explained to the surging house values and the affordability that seems to be more difficult to attain.

Completions

The relatively high amount of buildings completed during February 2007 of N\$ 102 116 816 is a reflection of buildings completed during this period for credit extended on earlier periods.

Table 3: Windhoek Building Plans Completed

WINDHOEK BUILDING PLANS COMPLETED	JANUARY		FEBRUARY		MARCH	
	Number	N\$	Number	N\$	Number	N\$
Residential	18	11,672,500	52	61,069,897	99	12,217,000
Flats	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Additions and Alterations	118	16,953,166	161	13,026,919	61	6,374,000
Industrial Buildings	-	-	-	-	-	-
Commercial Buildings	2	2,180,000	4	28,020,000	1	2,500,000
TOTAL	138	30,805,666	217	102,116,816	161	21,091,000

Source: National Planning Commission

Conclusion

Although the prices or valuations are on the increase, it does not mean that the properties are selling for these values. That is, the asking prices by sellers are not necessarily the prices that buyers are buying the properties for.

This price issue, together with the lengthy period that properties nowadays stay on the market, is an indication that the affordability of properties is now challenged by various factors including the rising interest rates.

Due to the fact that houses are becoming more expensive and as a result becoming less affordable, many residents opt to do additions and alterations to their existing properties, rather than to move to better areas or bigger houses.



FNB Housing Index - Report for Quarter 1, 2007

Authored by: Alex Shimuafeni & Erwin Karipata

Enquiries: Erwin Karipata, Tel: +264 61 299 2296, Fax: +264 61 225 994, E-mail: ekaripata@fnbnamibia.com.na
5th Floor, First City Centre, Levinson Arcade, Windhoek

www.fnbnamibia.com.na