

# Housing Index

Report for Quarter 4, 2006

## Introduction

This quarterly report marks the first anniversary of the FNB Housing Index since its official launch on 03 March 2006. With the celebration of the FNB Housing Index Anniversary, this special edition of the report is expanded to include all other major towns of Namibia as opposed to the Windhoek areas only.

Although this report provides data on all the major towns of Namibia, in-depth researches took place only in the coastal region (Henties Bay, Walvis Bay and Swakopmund), the far northern regions (Ongwediva, Ondangwa, Oshakati and Outapi) as well as Windhoek.

## Methodology

There are various methods of calculating an Index and the method used to calculate the FNB Housing Index is the Laspeyres method. The index is calculated out of 100, a number that represents the reference period to which the prices are compared to. This reference period is also known as the base period. For the sake of this report, the reference period is Quarter 1 of 2006, that is, all the prices of the subsequent quarters of 2006 are compared to first quarter of this year. Furthermore, a weighted average was used to calculate the indexes of each suburb (in Windhoek) as well as the indexes of the various towns and both these set of indexes were used to calculate the overall house price value index for Namibia. Since different suburbs and towns are of different price values, the weighted average approach takes into account the proportional relevance of each suburb or town as opposed to treating each suburb or town equally in terms of the house price values.

A suburb index (or a sub-index), where applicable, is used to construct an index of a town while the indexes of towns are used to construct the National FNB Housing Index. In constructing the index for the entire Namibia, the weighted average method is still being applied at all the stages (sub-index stages) for the reason provided above.

Opinions and views of various market players were used to verify the Index data, e.g. to confirm the valuation of properties in the different regions. Market players that were consulted as part of the research were municipalities, town councils, developers and a structured estate agents survey.

Another methodology of data normalisation in the form of eliminating outliers (high- or low extremes) was applied with the assistance of the valuers and of the various municipalities and town councils as well as the using of common knowledge information. For example, a residential property in Olympia of N\$ 100 000 will not be included in the FNB Housing Index due to the fact that it is not common to have houses of such low values in Olympia.

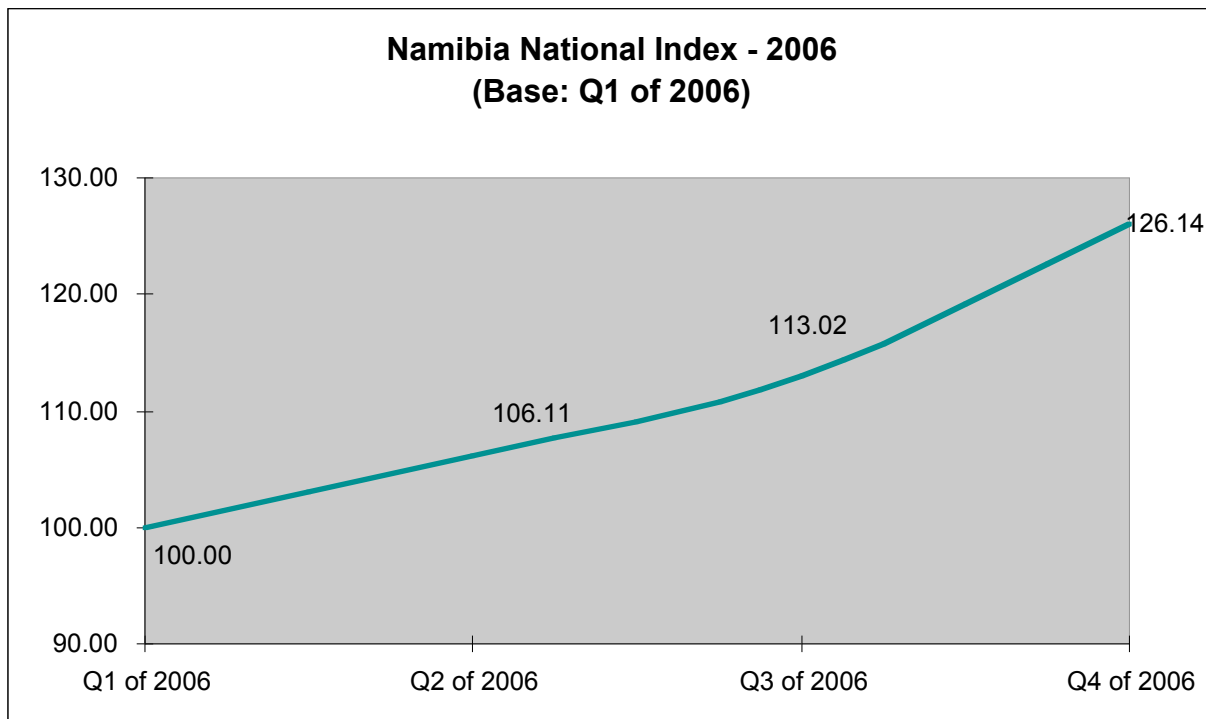
Certain towns could not be included due to a lack of data in those towns, due to houses not being traded (sold or bought) during some periods of the year under review. However, this Index is a reflection of all the towns and suburbs of which the data were available.

The following towns were included in this Index calculation: Windhoek, Eenhana, Gobabis, Henties Bay, Okahandja, Ondangwa, Ongwediva, Oshakati, Otjiwarongo, Outapi, Rehoboth, Swakopmund, Tsumeb and Walvis Bay. Some towns such as Katima Mulilo, Keetmanshoop, Mariental and Rundu all showed incomplete data sets for the four quarters of 2006, meaning that less market activities took place in those towns in terms of houses sold there. As a result, these towns with incomplete data were excluded and due to their relatively less weights, their omissions will virtually not influence the index.

## The National Index

Figure 1 below shows the graph of the Namibia National Housing Index and shows an annual increase from Quarter 1 to Quarter 4 of 26.14% which is mainly attributable to the similar increases in some of the larger towns as indicated in Table 1. These annual increases in the larger towns are: Henties Bay (15.78%), Ongwediva (28.90%), Oshakati (37.58%), Swakopmund (15.47%), Walvis Bay (21.38%) and Windhoek (18.72%).

**Figure 1: Namibia National Index**



*Source: FNB Namibia Valuation data*

The increase from Quarter 2 to Quarter 3 was relatively less when compared to the increase from Quarter 3 to Quarter 4. The main reason for the lower increase in the price valuations is the increase in interest rates at the end of the second quarter of 2006, a situation that squeezed the affordability of the buyers. The second interest rate hikes in 2006 only occurred at the end of Quarter 4 of 2006 and the negative effect on affordability could only be realised as from Quarter 1 of 2007 but then the law of demand was applicable in the relatively higher quarterly increase of Quarter 4.

## The Towns' Indexes

The following table, Table 1, shows the fourteen towns that were used to construct the Namibia National Index. One notable exclusion could be seen to be Mariental, a town that was excluded due to no substantial data collected during the period under review as a result of virtually non-active market during January to December 2006. The latest flooding catastrophe in Mariental could have contributed to the low sales.

**Table 1: House Valuations index per Town (Namibia)**

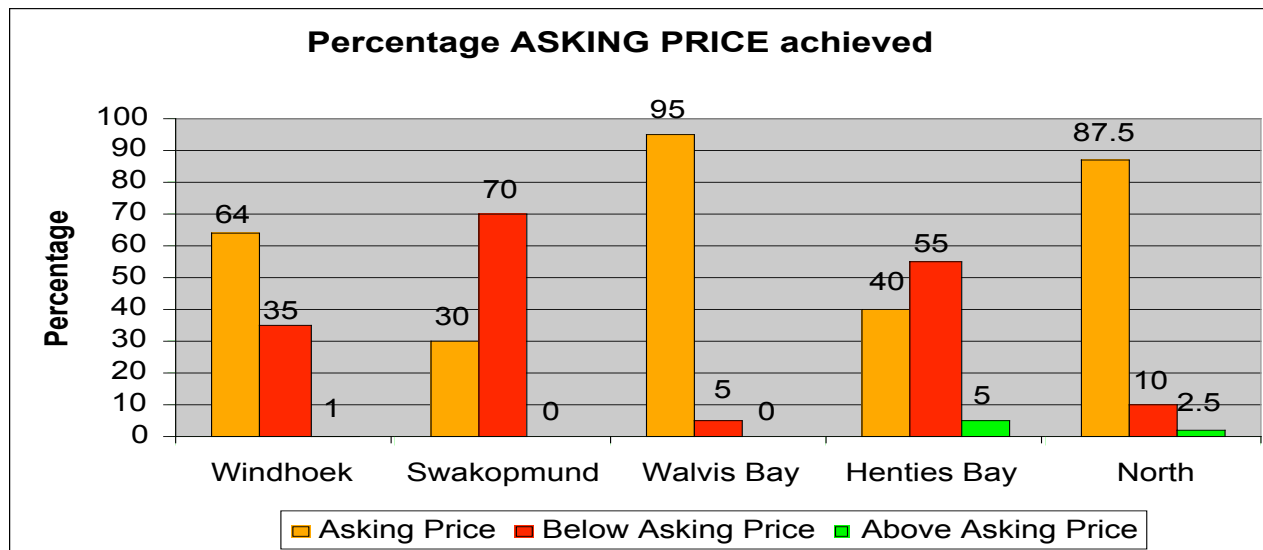
Towns Indexes							
	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Percentage change: Q3 to Q4	Previous change: Q2 to Q3	ANNUAL change: Q1 to Q4
<b>NAMIBIA</b>	<b>100.00</b>	<b>106.11</b>	<b>113.02</b>	<b>126.14</b>	<b>11.61%</b>	<b>6.51%</b>	<b>26.14%</b>
Eenhana	100.00	108.13	71.34	109.63	53.7%	-34.0%	9.63%
Gobabis	100.00	79.48	86.71	109.96	26.8%	9.1%	9.96%
Henties Bay	100.00	118.99	112.06	115.78	3.3%	-5.8%	15.78%
Okahandja	100.00	112.52	121.71	129.54	6.4%	8.2%	29.54%
Ondangwa	100.00	109.79	123.27	111.45	-9.6%	12.3%	11.45%
Ongwediva	100.00	112.48	120.76	128.90	6.7%	7.4%	28.90%
Oshakati	100.00	127.61	129.22	137.58	6.5%	1.3%	37.58%
Otjiwarongo	100.00	113.07	119.60	113.42	-5.2%	5.8%	13.42%
Outapi	100.00	100.50	97.07	117.41	21.0%	-3.4%	17.41%
Rehoboth	100.00	104.18	117.00	121.94	4.2%	12.3%	21.94%
Swakopmund	100.00	101.97	107.83	115.47	7.1%	5.7%	15.47%
Tsumeb	100.00	142.88	96.97	181.82	87.5%	-32.1%	81.82%
Walvis Bay	100.00	104.48	113.76	121.38	6.7%	8.9%	21.38%
Windhoek	100.00	101.47	117.61	118.72	0.9%	15.9%	18.72%

Source: FNB Namibia Valuation data

## Asking Price for Houses Sold

According to the Estate Agents Survey, not all properties are sold at the asking price of the sellers since some of the houses are sold at prices below and others at above the asking price. Figure 2 shows the percentage of the asking price achieved as well as the percentage of residential properties sold at below or above the original asking price.

Figure 2: Percentage Asking Price achieved

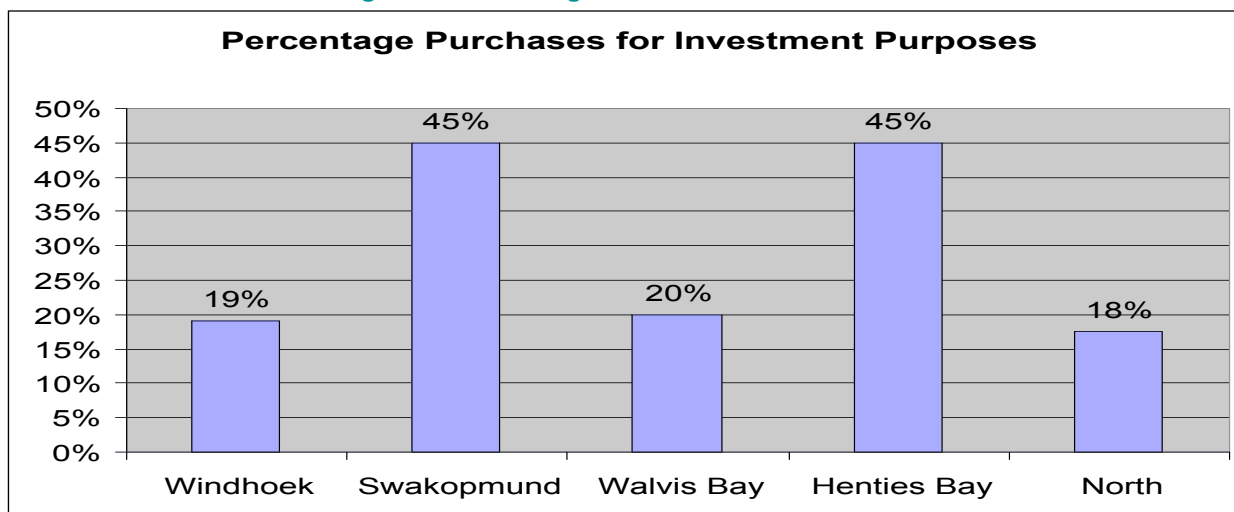


Source: FNB Namibia Survey on Estate Agents

## Purchases for Investment Purposes

The figure below indicates that many houses in Swakopmund and Henties Bay are purchased for the sake of investment. However, daily rentals are more lucrative and common than monthly rentals in Swakopmund and Henties Bay as opposed to other major towns in Namibia.

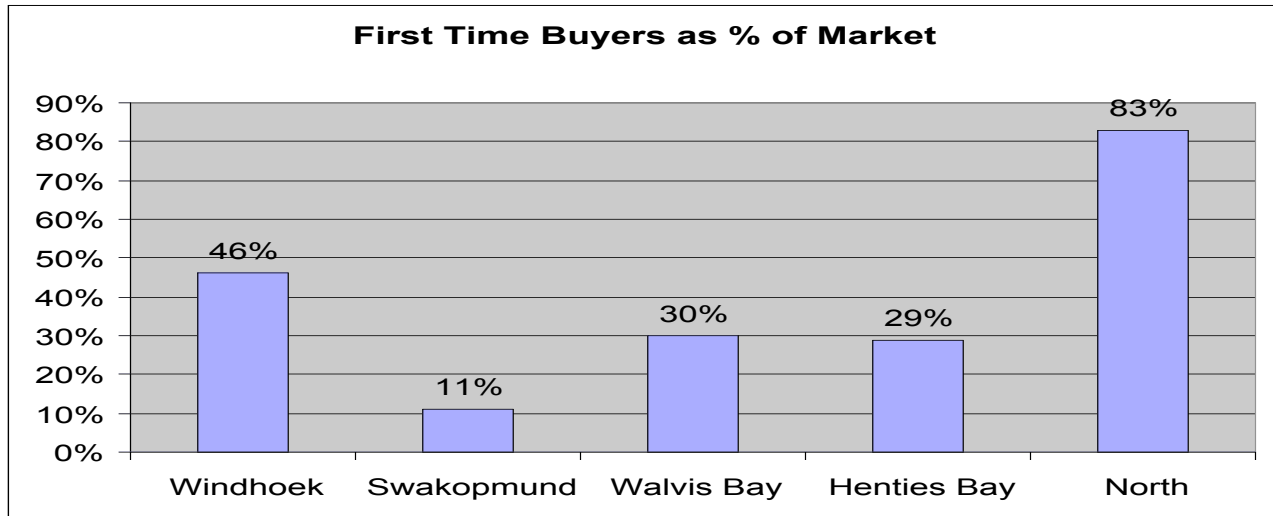
Figure 3: Percentage Purchases for Investment



Source: FNB Namibia Survey on Estate Agents

The percentage of first time buyers is the highest in the Far North due to the fact that urbanisation is taking place. As a result, the residents are now purchasing properties in the town centres as opposed to developing properties in the villages. The people in the Far North have now also started to purchase residential properties in town centres for investment purposes. Previously, people in the Far North were developing residential properties in their home villages as part of their investments. However, since these houses in the villages could not be offered as security to financial institutions as they were in un-proclaimed areas, commercial banks and home loan financiers did not finance these village houses. As a result, people who wanted to sell their properties in the villages found it difficult to sell to potential buyers who wanted to buy through a financed deal.

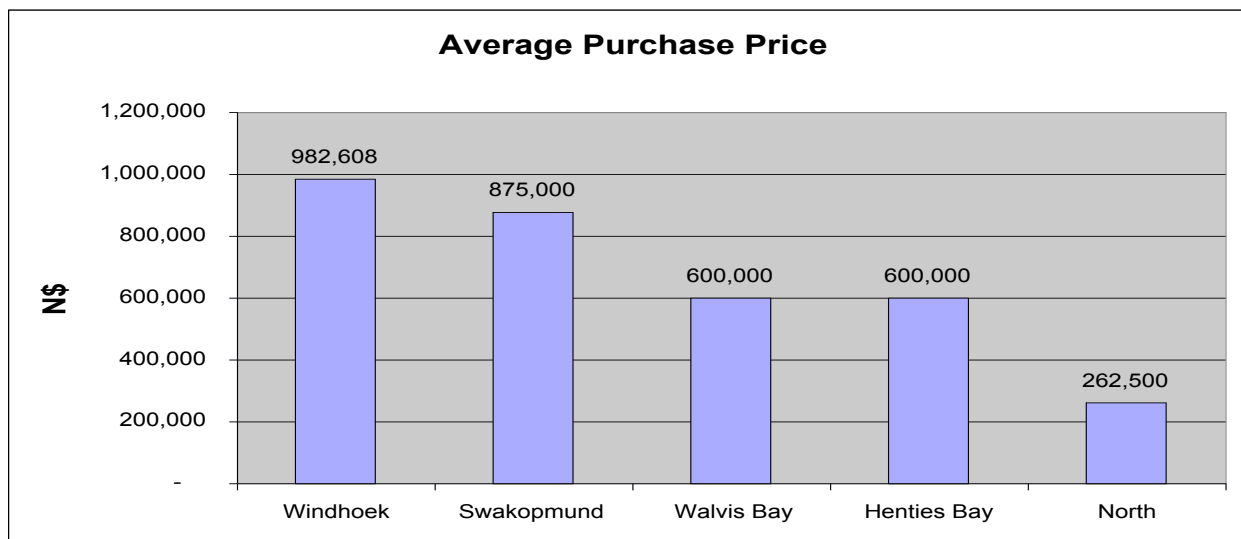
**Figure 4: First Time Buyers**



Source: FNB Namibia Survey on Estate Agents

The number of First Time Buyers as a percentage of the market in Swakopmund and Henties Bay is the lowest amongst the five major centres, that is: Windhoek, Swakopmund, Walvis Bay, Henties Bay and the Far North. This view is reflected by the fact that Swakopmund and Henties are mainly bought for investment purposes and hence the reason for the relatively low number of First Time Buyers in these two towns.

**Figure 5: Average Purchase Prices**



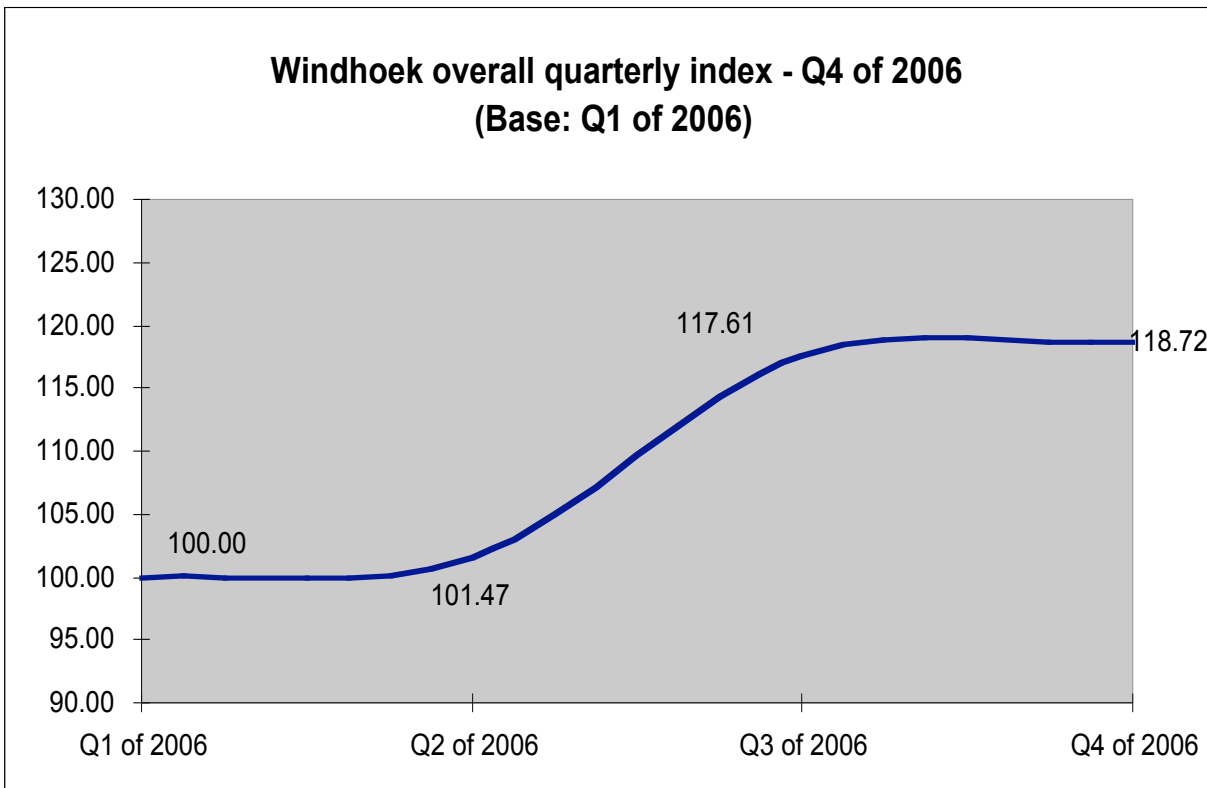
Source: FNB Namibia Survey on Estate Agents

House prices between the various suburbs in Windhoek differ immensely when comparing to other towns of Namibia. According to estate agents, average prices in Windhoek range from N\$ 275 000 in Katutura to about N\$ 1.4 million in Klein Windhoek.

## The Windhoek Index

The Windhoek Index shows an annual increase of 18.7%, from Quarter 1 of 2006 to Quarter 4 of 2006 while the quarterly highest increase was recorded from Quarter 2 of 2006 to Quarter 3 of 2006. This quarterly increase of 15.9% in Quarter 3 is contradictory to the increase in interest rates that was raised in June 2006 since higher interest rates had a negative effect on affordability of expensive properties. Therefore, the only other explanation of the quarterly high increase in price valuation in Quarter 3 is left to be explained by the demand rule.

**Figure 6: Windhoek Index**



Source: FNB Namibia Valuation data

## The Windhoek Suburbs Indexes

Table 2: House Valuations index per suburb (Windhoek)

Suburbs Indexes	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Percentage change: Q3 to Q4	Percentage change: Q2 to Q3	ANNUAL change: Q1 to Q4
<b>WINDHOEK</b>	<b>100.00</b>	<b>101.47</b>	<b>117.61</b>	<b>118.72</b>	<b>0.9%</b>	<b>15.9%</b>	<b>18.72%</b>
Academia	100.00	110.67	130.29	138.19	6.1%	17.7%	38.19%
Auasblick	100.00	99.53	109.91	134.19	22.1%	10.4%	34.19%
Brakwater	100.00	69.38	148.67	98.05	-34.0%	114.3%	-1.95%
Cimbembasia	100.00	106.09	111.87	115.86	3.6%	5.5%	15.86%
Dorado Park	100.00	90.98	95.14	109.91	15.5%	4.6%	9.91%
Eros	100.00	99.45	119.87	132.76	10.8%	20.5%	32.76%
Goreangab	100.00	97.51	102.26	117.27	14.7%	4.9%	17.27%
Hochland	100.00	104.16	114.48	115.73	1.1%	9.9%	15.73%
Katutura	100.00	100.26	103.90	104.06	0.1%	3.6%	4.06%
Khomasdal	100.00	99.89	105.08	108.34	3.1%	5.2%	8.34%
Klein Windhoek & Ludgwigsdorf	100.00	107.89	117.36	118.29	0.8%	8.8%	18.29%
Kleine Kuppe	100.00	105.30	106.36	107.25	0.8%	1.0%	7.25%
Okuryangava	100.00	94.55	107.97	104.80	-2.9%	14.2%	4.80%
Olympia	100.00	110.42	115.94	114.75	-1.0%	5.0%	14.75%
Otjomuise	100.00	105.02	106.48	130.73	22.8%	1.4%	30.73%
Pioneers Park	100.00	101.61	112.87	111.05	-1.6%	11.1%	11.05%
Rocky Crest	100.00	101.80	110.97	112.42	1.3%	9.0%	12.42%
Suiderhof	100.00	112.70	102.87	123.09	19.7%	-8.7%	23.09%
Wanaheda	100.00	99.59	105.51	104.59	-0.9%	5.9%	4.59%
Windhoek West	100.00	94.93	110.27	114.00	3.4%	16.2%	14.00%

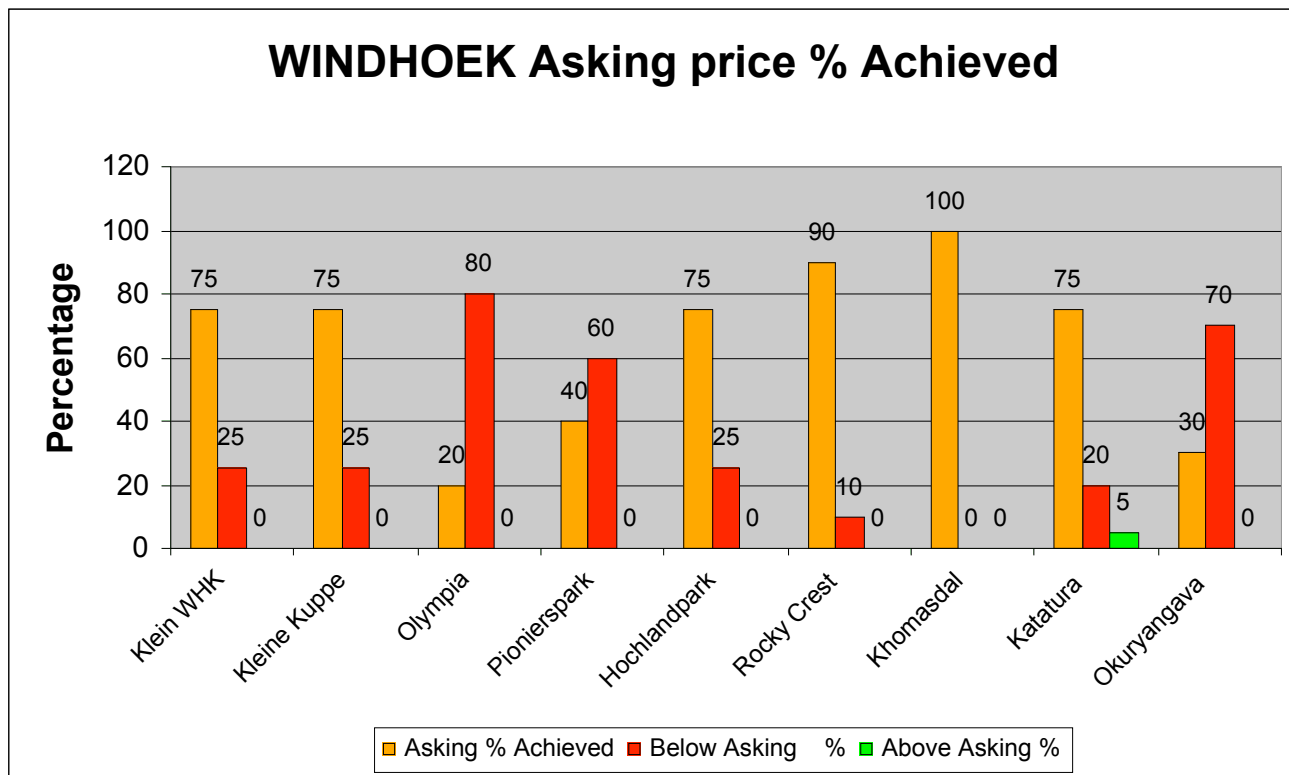
Source: FNB Namibia Valuation data

One important comment that needs to be mentioned is the 'reduction' in the price values of properties in the Brakwater area from Quarter 3 to Quarter 4. This theoretical decline of 34%, which is fictitious, is a result of the inconsistency of Brakwater in terms of land occupancy. That is, some land there is used for small scale farming while some plots are used for housing purposes only and other plots are still empty and developments on them are yet to take place. However, with the recent allocation of small holdings plots of five hectares each at Brakwater, consistency in terms of size and price movements will be easily tracked going forward.

### Achieving of Asking Selling Prices in Windhoek

According to estate agents interviewed, houses sold in Olympia, Pioneers Park and Okuryangava are sold below their asked prices. Olympia has a high percentage of people buying for the purpose of investment and the high percentage of below asking price achieved on sold properties is a true reflection of investors trying to bargain on good prices.

Figure 7: Windhoek Index



Source: FNB Namibia Survey on Estate Agents

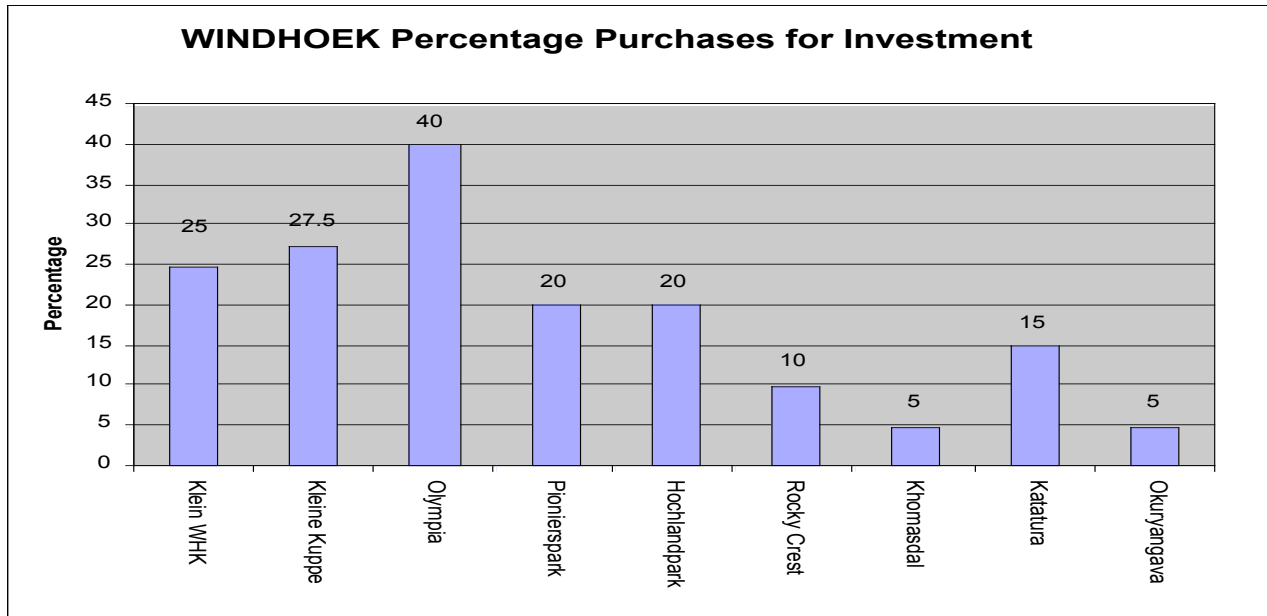
One of the views reflected by the market players is that the relatively high rental expected from investors in areas such as Olympia is not always acceptable by the tenants. As a result, investors are also trying to negotiate the purchasing price downward in order to get a good return on their investment. In addition to the views of high rentals in Olympia, investors previously targeted institutions such as embassies and employees of multinational companies based in Namibia who could afford these relatively high rentals but since the trend has changed now because most embassies now prefer to rather own their own properties instead of renting. This new approach of the embassies also has put pressure on the investors' returns on their investments.

Rocky Crest and Khomasdal are showing a good re-sale behaviour, achieving 90% and 100% of asking prices respectively. Rocky crest is a middle income suburb of which 60% of all the purchases are from first time buyers while Khomasdal is a low to middle income area of which 90% of purchases are from first time buyers. It is therefore clear that the demand factor is playing a role in the percentage of asking price achieved in these two suburbs.

Only some houses in Katutura, constituting 5% of the total sales, are sold above the asking price. The situation of sales above asking price could reflect the high demand in that area.

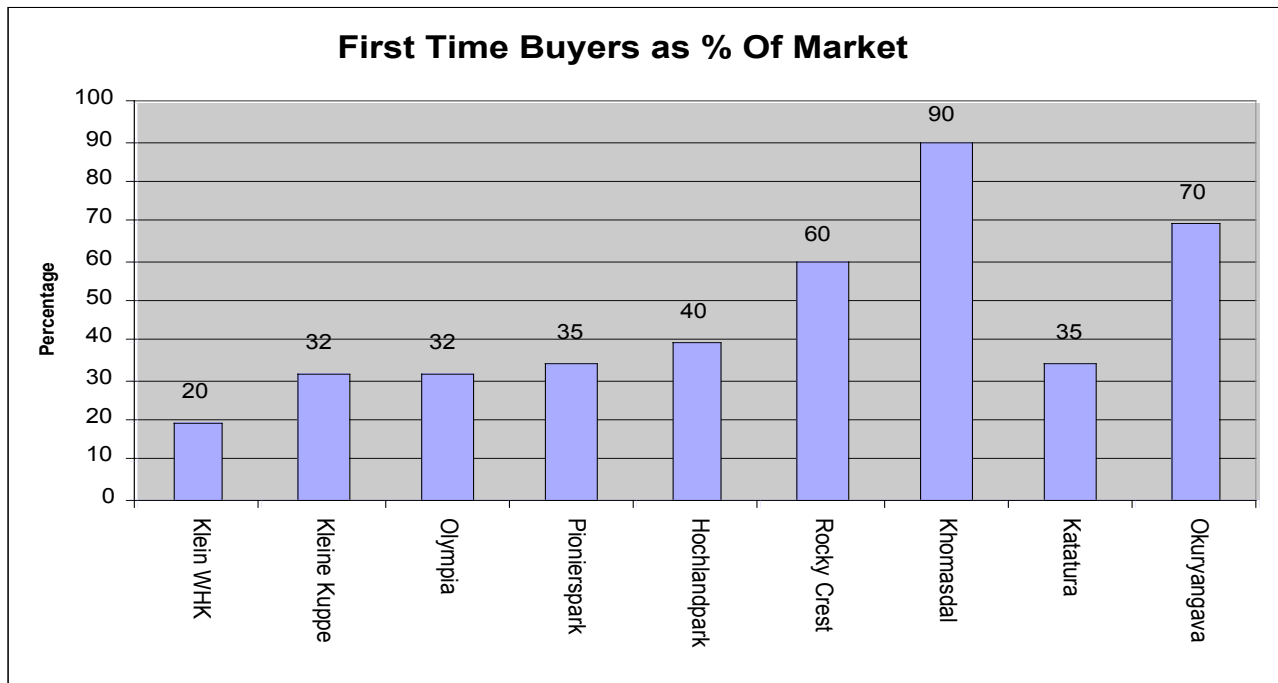


**Figure 8: WINDHOEK Purchases for Investment**



Source: FNB Namibia Survey on Estate Agents

**Figure 9: WINDHOEK First Time Buyers**



Source: FNB Namibia Survey on Estate Agents

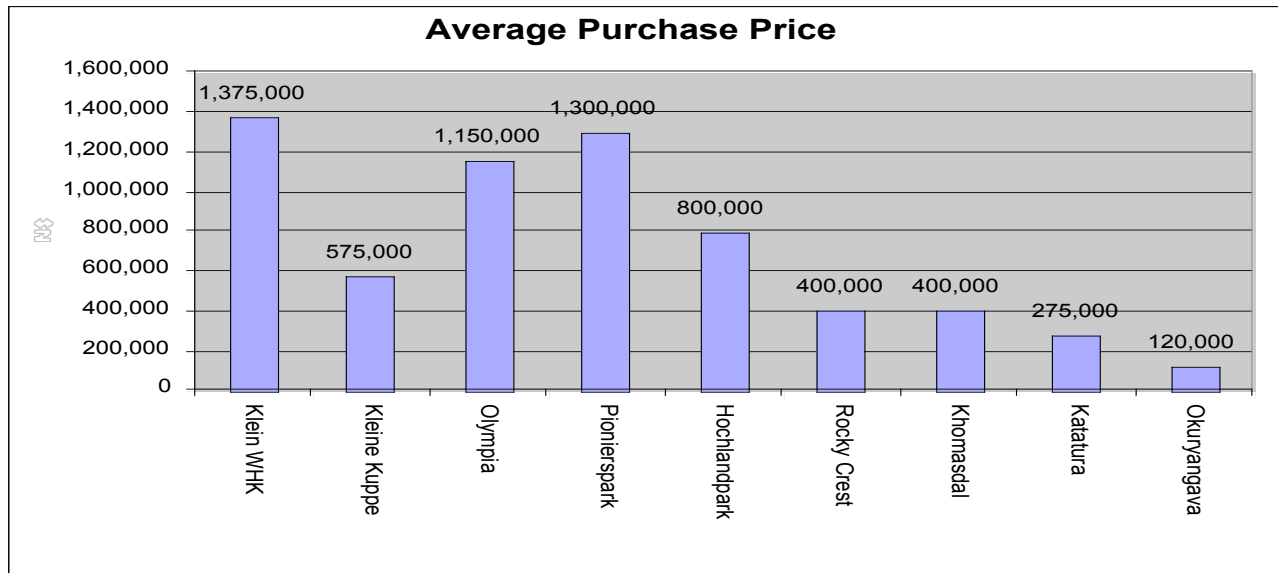
### Affordability of Houses in Windhoek

Two factors that are affecting the price of land in Windhoek, and eventually the prices of houses is the scarcity of land, together with a high demand for land. The high demand of land was demonstrated by the last auction of 300 Kleine Kuppe erven that was held by the City of Windhoek for first time buyers. There were a total of more than 1 500 first time buyers who had registered for that auction.

The current demand for residential even in Windhoek is across the board (all income groups) but there is a dire need for the low cost housing for those people who can not access the NHE houses but have a need for self help schemes. One of the reasons for this high demand is the immigration into Windhoek for the pursuit of jobs is prominent especially amongst the ultra low income segment. The national development goals (such as employment creation, entrepreneurial development and housing provision) are putting pressure on the City of Windhoek since many businesses are coming into Windhoek and the people who will be employed by those businesses will then demand land and services from the municipality. Ramatex and the envisaged assembly plant of busses initiated by China are examples.

According to the FNB Namibia Home Loans data, the effect of the increase in the interest rates had a negative effect on affordability. In our experience, the number of declines on average was more during the 12 months of 2006 as opposed to the previous year when the interest rates were relatively lower.

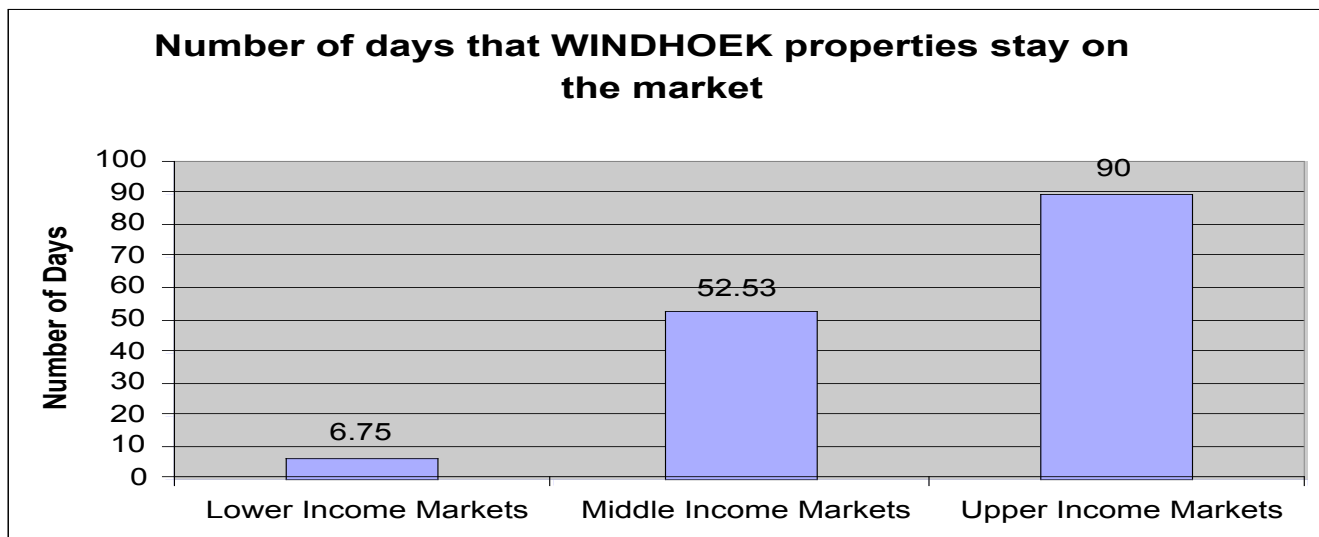
**Figure 10: WINDHOEK Average Purchase Prices**



Source: FNB Namibia Survey on Estate Agents

**How long the properties stay on the market**

**Figure 11: WINDHOEK Average Purchase Prices**



## Availability of Land in Windhoek

There is a new area planned, west of Brakwater, that will be targeting low to middle income groups with erf sizes of 300 m<sup>2</sup> to 900 m<sup>2</sup> of which 2 700 erven are earmarked for residential purposes. In terms of future expansion, the Windhoek Municipality will make 900 erven available in Cimbembasia in the not too distant future. Kleine Kuppe will also see a further 300 erven developed towards its southern side. The last extension of Khomasdal to be established, extension 16, will cater for 176 erven. Academia is now also set to get an extension, extension 1, which will cover the area between UNAM and Academia. This process will start in about 2 years' time.

Windhoek will in future extend towards the north as the south has underground water problems. The western side has some land earmarked for the low income areas and the eastern side has only a few erven left for the very high income segment.

The boundaries of Windhoek are demarcated by the mountains surrounding the city, a topography that is limiting the expansion of Windhoek in terms of land. However, Rocky Crest extensions 4 to 8 will also make some erven available in a not too distant future.

## Upcoming Infrastructural Projects in Windhoek

It is a known fact that some infrastructural projects like schools and are influential in terms of attracting people to a town or suburb. It is difficult for the municipality to publicly communicate the upcoming infrastructural developments since some developers buy land for commercial purposes (with plans) but subsequently apply for rezoning into something else (e.g. into residential). Wanaheda has a certain area (extension 8) earmarked for commercial purposes but no proposals were upcoming from the business community. However, there is a possibility of a service station at the southern side of the Rocky Crest Bridge.

Due to the pressure that municipalities and town councils are facing in terms of providing serviced land to the public, some developers are busy with their private initiatives in order to meet the municipalities and town councils half way. The following are some developments in and around Windhoek that are either under development or will be started in the near future:

**Table 3: Some Developments around Windhoek**

DEVELOPMENT	QUANTITY	TYPE	SURBURB / AREA
Jan Jonker Development	12	Complex	Windhoek Central
Finkenstein	128	Loose standing houses	Airport Road
Harvey Heights	34	Complex	Windhoek West
Schoemans Heights	36	Complex	Windhoek West
Avalon	30	Complex	Windhoek West
Doradopark Development	30	Complex	Dorado PARK
Montana Development	161	Town houses	Kleine Kuppe
Shangri-la Park	39	Complex	Pionierspark
Marshell Rock Developments	36	Complex	Rocky Crest
Tuhafeni Court	55	Complex	Grysblok
City Hill Apartments	10	Complex	Klein Windhoek
Ziveli Lifestyle Village	75	Stands	Next to Harmany Centre
Herboth's Blick	114	Plots	Airport Road
Windhoek Municipality (Future)	900	Plots	Cimbembasia
Windhoek Municipality (Future)	300	Plots	Kleine Kuppe
Windhoek Municipality (Future)	176	Plots	Khomasdal Ext. 16
Elisonheim - Windhoek Municipality	2 700	Plots	West of Brakwater

\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

## The Coastal Index

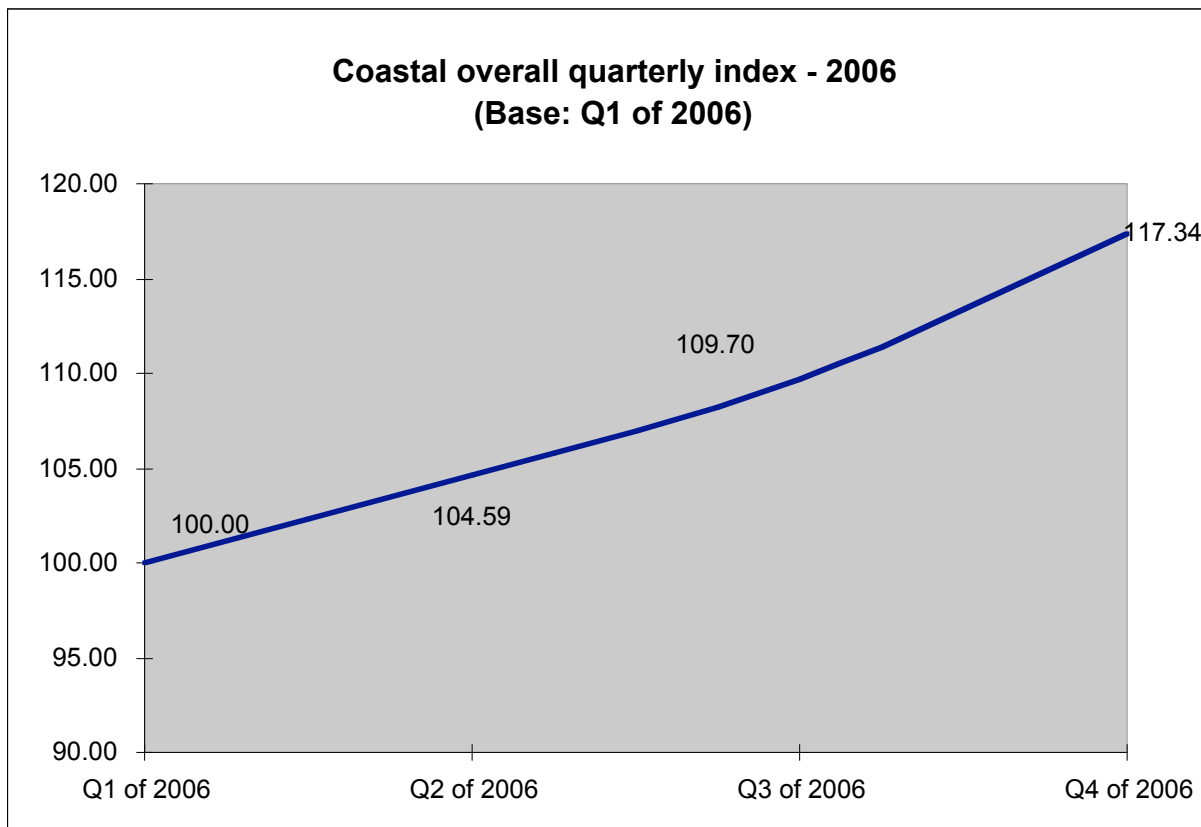
The Coastal Index is based on Indexes of Henties Bay, Swakopmund and Walvis Bay. These three towns are also later on shown as respective Indexes.

The Coastal Index shows an annual increase of 17.34% from Quarter 1 to Quarter 4 of 2006 and the entire index is steep since it contains Henties Bay and Swakopmund which have many foreign buyers buying in these towns for mainly holiday purposes.

### How long the properties stay on the market

The time that the houses at the coast remain on the market varies from between one and two months to three months and more. According to the estate agents survey, houses in Swakopmund and Henties Bay stay for at least three months on the market while houses in Walvis Bay are sold within one or two months. The two main factors that affected the length of stay on the market, according to the estate agents, were the estate agents to range from the price factor as well as location. That is, the higher the price, the lower the number of potential buyers and as a result these houses are bound to take longer before they were sold.

Figure 12: Coastal Index

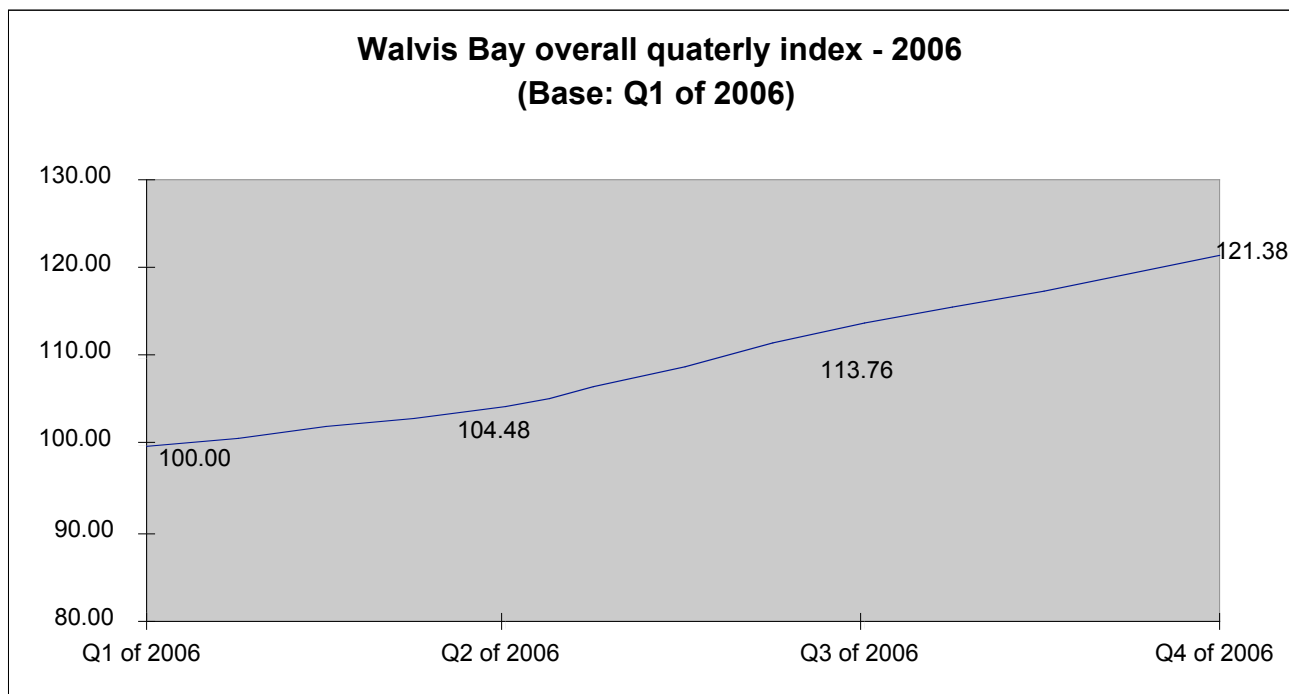


Source: FNB Namibia Valuation data

## Walvis Bay Index

The Walvis Bay Index includes all the suburbs which are: Kuisebmond, Long Beach, Meersig, Narraville and Walvis Bay Central. Walvis Bay has an overall annual increase of 21.38% from Quarter 1 of 2006 to Quarter 4 of 2006, an annual increase that is higher than Swakopmund Index annual increase of 15.47% due to the fact that the houses of Swakopmund has a higher price levels than in Walvis Bay and thus Swakopmund has a smaller scope of increase as opposed to Walvis Bay.

Figure 13: WALVIS BAY Index



Source: FNB Namibia Valuation data

Long Beach showed the highest annual growth of 30.61% followed by Kuisebmond with an annual increase of 25.75%. The explanations of these annual increases are that since Walvis Bay has virtually run out of land and the expansion area is towards Long Beach, there is currently high demand for residential properties at Long Beach.

With regard to Kuisebmond, unlike in Katutura, this low income area is also a host to some middle and high income residents who are comfortable to live there since the status of living close to the city centre in Walvis Bay was only established some few years ago.

In Narraville where there was an annual increase of 11.60% and quarterly declines of 0.7% and 9.8% in the last two quarters respectively, residents are trying to move out of that suburb while according to the estate agents there is also a minimal demand for houses there.

Walvis Bay Central has many old houses and as a result the demand for houses is also not high there while Meersig is a fast developing high income area that shows an annual growth of 21.79% with the last two quarterly growths of more than 5% each.

**Table 4: House Valuations index per suburb (Walvis Bay)**

<b>Walvis Bay Suburbs Indexes</b>							
	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Percentage change: Q3 to Q4	Previous change: Q2 to Q3	Annual change: Q1 to Q4
<b>WALVIS BAY OVERALL</b>							
Kuisebmond	100.00	102.59	111.00	125.75	13.3%	8.2%	25.7%
Langstrand	100.00	95.47	118.66	130.61	10.1%	24.3%	30.6%
Meersig	100.00	109.16	115.07	121.79	5.8%	5.4%	21.8%
Naraville	100.00	124.64	112.38	111.60	-0.7%	-9.8%	11.6%
Walvis Central	100.00	101.34	104.99	106.02	1.0%	3.6%	6.0%

Source: FNB Namibia Valuation data

### Upcoming Developments in Walvis Bay

The following developments are some of the private initiatives of the Walvis Bay developers who are mainly at Long Beach while the Walvis Bay Municipality development of erven are more around and in-land Walvis Bay:

**Table 5: Some Developments around Walvis Bay**

DEVELOPMENT	QUANTITY	TYPE	SURBURB / AREA
At Long Beach	67	Complex	Walvis Bay
At Long Beach	107	Complex	Walvis Bay
Kuisebmond Hostel	54	Family Units	Walvis Bay
Land sold to developers by the Municipality	250	Un-serviced Plots	Walvis Bay Central
Century Park	110	Houses	Walvis Bay Central
Residential Erven (Municipality)	28	Plots	Meersig
Residential Erven (Municipality)	150	Un-serviced Plots	Naraville

\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

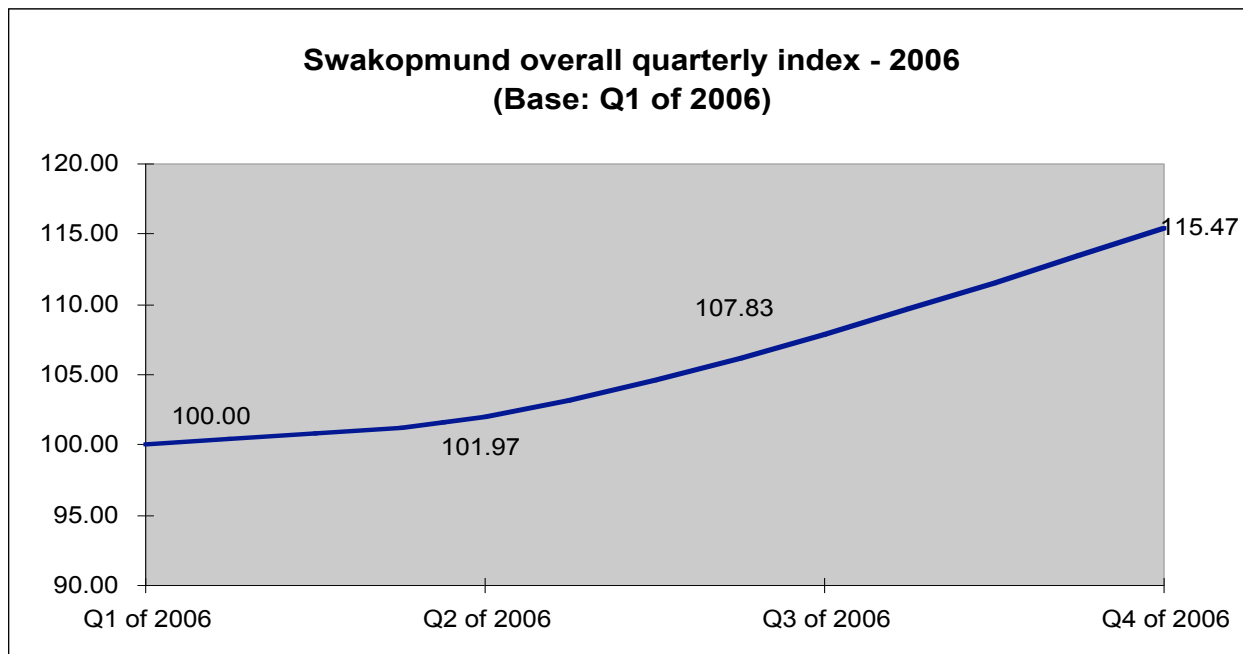
### Swakopmund Index

Mondesa, Mile 4, Swakopmund Central, Vogel Strand, Tamariskia and Vineta are the six suburbs of Swakopmund. Vogel Strand and Swakopmund Central are the high income areas, while Mile 4 and Vineta are the middle to high income areas.

Mile 4, a suburb north of Swakopmund, has recorded the highest annual growth of 29.29%. This suburb, previously a holiday area for the army before independence, is an area targeted by holiday makers since it is a few kilometres away from the busy CBD of Swakopmund. The relatively high increase is a true reflection of the demand in that area. Mondesa recorded the second highest annual increase of 21.23%, a relatively high increase due to the low price levels of houses in that low income suburb.

Going forward, demand for houses in Swakopmund will increase due to the newly established mines (Uranium mine at Trekkopje) and Langer Heinrich mine, about 60 km from Swakopmund. The foreseeable demand increase could be across all the income groups since both management cadre and labourers will be needing accommodation especially when they are from outside Swakopmund.

**Figure 14: SWAKOPMUND Index**



Source: FNB Namibia Valuation data

According to some market players in Swakopmund, Long Beach is also eroding the Swakopmund market since many of the buyers and holiday makers have been shifting to Long Beach as opposed to Swakopmund in search for properties with ocean views or just to be close to the sea.

**Table 6: House Valuations index per suburb (Swakopmund)**

<b>Swakopmund Suburb Indexes</b>							
	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Percentage change: Q3 to Q4	Previous change: Q2 to Q3	Annual change: Q1 to Q4
SWAKOPMUND OVERALL							
Mondesa	100.00	107.11	113.52	121.23	6.8%	6.0%	21.2%
Mile 4	100.00	115.15	113.64	129.29	13.8%	-1.3%	29.3%
Swakopmund Central	100.00	103.65	105.53	106.17	0.6%	1.8%	6.2%
Vogel Strand	100.00	90.00	98.15	111.11	13.2%	9.1%	11.1%
Tamariskia	100.00	100.89	103.64	110.67	6.8%	2.7%	10.7%
Vineta	100.00	104.87	119.70	120.13	0.4%	14.1%	20.1%

Source: FNB Namibia Valuation data

In terms of expansion, the southern border of Swakopmund is blocked by the river which is running alongside the bridge (which is the boundary of the Swakopmund territory) that divides Swakopmund and Walvis Bay. The northern side of Swakopmund ends at Mile 4 and further north from Mile 4 are the Salt Pans which prohibit development in terms of residential properties. As a result, the expansion of Swakopmund will be along the southern borders of the town as well as in-land. This implies that any properties that are traded at the sea front will be costly because the supply of land and properties at this prime area is limited.

### Upcoming Developments in Swakopmund

The following developments are some of the private initiatives of the Swakopmund developers together with the Swakopmund Municipality developments that will be started in the near future:

**Table 7: Some Developments around Swakopmund**

DEVELOPMENT	QUANTITY	TYPE	SURBURB / AREA
Old Tannery	44	Flats	Swakopmund Central
Haus Luderitz	16	Flats	Swakopmund CBD
Johanniter Court	17	Flats	Swakopmund Central
Kramersdorf – Swakopmund Municipality	100	Plots	Swakopmund South

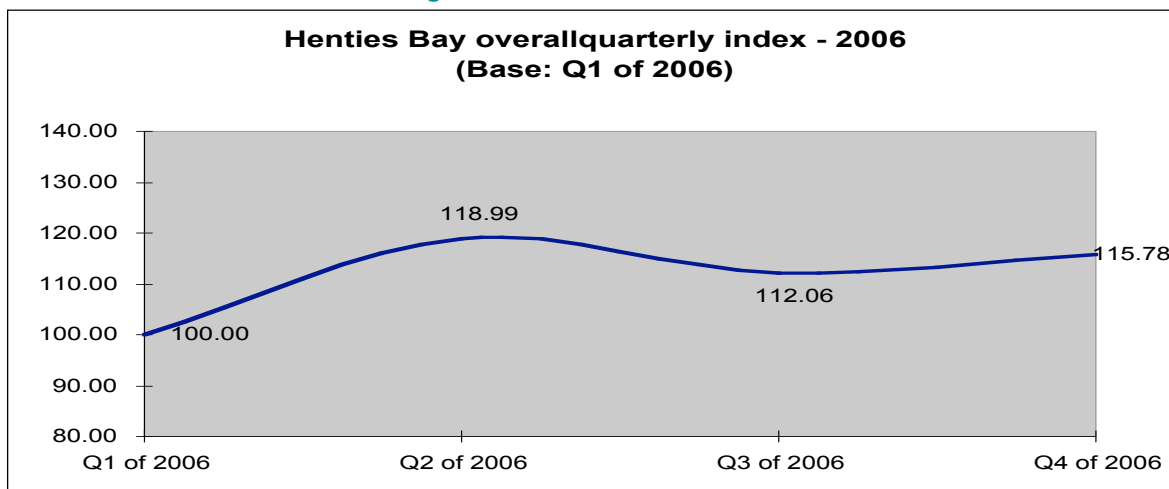
\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

All the above mentioned flats are sold from the plan and are mainly popular amongst the foreigners and aged people since they are in proximity with the Swakopmund CBD.

### Henties Bay Index

Unlike Walvis Bay and Swakopmund, the Henties Bay Index does not have Sub-Indexes of suburbs as only Henties Bay central data was collected. Omdel suburb (a low income area of Henties Bay) had insignificant amount of data available. The demand for sales of residential properties in Henties Bay is seasonally driven and hence the cyclical movement in the Index graph of 2006. That is, the higher the demand, the higher the increase in the Index. Figure 15 also indicates that there was higher demand for residential properties in Quarter 2 and 4 respectively. According to the Namibian calendar, the two above mentioned quarters can be classified as holiday quarters due to the number of holidays in April and May and according to the estate agents interviewed, people also shop around during the holiday seasons.

**Figure 15: HENTIES BAY Index**



Source: FNB Namibia Valuation data



The future expansion of the town is towards the southern side whereby a new establishment with 252 erven will be developed in the near future. However, due to the conventional sewerage system that will be installed at the new area as opposed to the septic tanks in the old areas, the prices of the erven in this new area will be more expensive than in the old areas.

Being a seasonal town, the rental market in Henties Bay is mainly active in the day-to-day rental since the month-to-month rentals are not in demand. For the home owners, rentals are also more profitable than monthly rentals since rent can go up to N\$ 500 per day for a three bedroom house while a long term rental yields a maximum of N\$ 1 500 per month. Thus, for the 45% of the home buyers who buy for investment purposes in Henties Bay would be able to benefit better from the day-to-day rentals.

### Some of the Upcoming Developments in Henties Bay

*Table 8: Some Developments around Henties Bay*

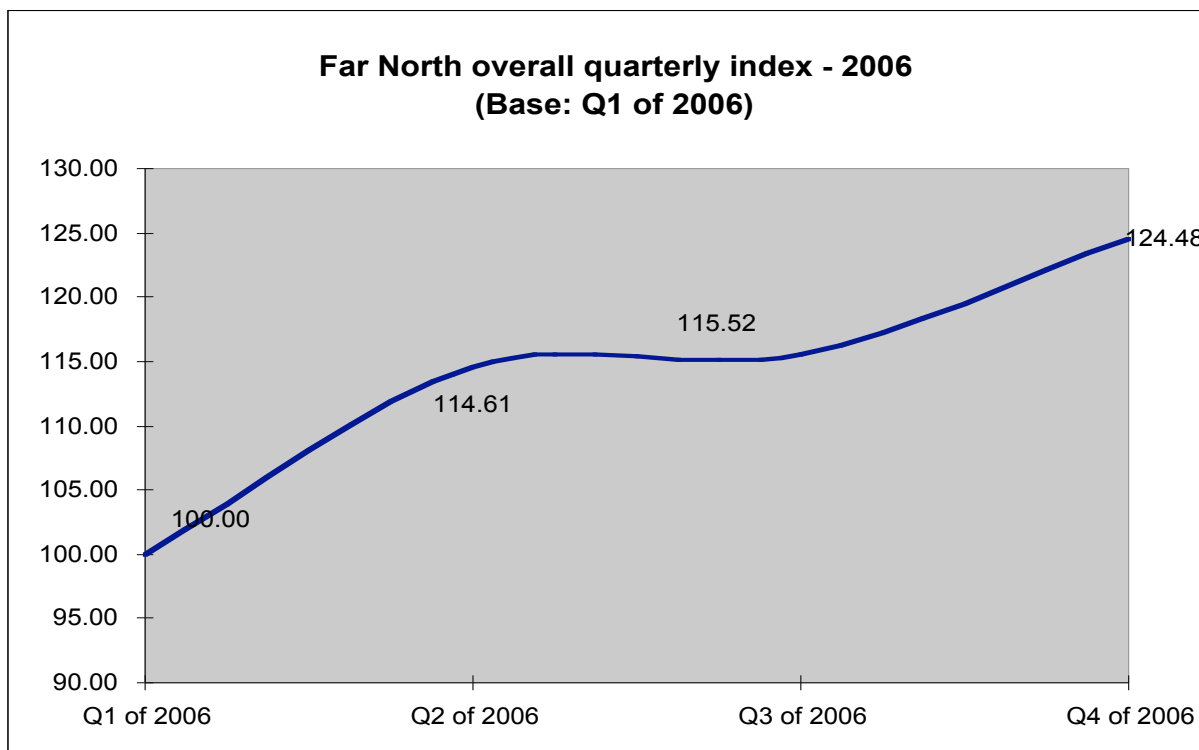
DEVELOPMENT	DEVELOPER	QUANTITY	TYPE	SURBURB / AREA
Henties Bay (Future)	Henties Bay Municipality	252	Plots	Henties Bay South
Henties Bay (Current)	Henties Bay Municipality	22	Plots	Henties Bay

\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

### The Far Northern Indexes

The Far Northern Index consists of Eenhana, Ongwediva, Ondangwa, Oshakati and Outapi. Other towns such as Helao Nafidi, Ohangwena, Okahao and Oshikuku were all identified by the stakeholders as future growth towns and will on that basis be included in the next edition of the FNB National Housing Index. The behaviour of the Far Northern Index graph (Figure 16) is in line with the behaviour of the National Index (Figure 1).

**Figure 16: FAR NORTH Index**



Source: FNB Namibia Valuation data

The estate agents in the Far North operate in all areas simultaneously. That is, although most of the estate agents are based in either Oshakati or Ongwediva, they do business in Eenhana, Helao Nafidi, Ohangwena, Okahao, Ongwediva, Ondangwa, Oshakati, Oshikuku and Outapi.

According to the estate agents surveyed the northern housing market, which is mainly dominated by first time buyers, is mainly active in the middle income market. These estate agents gave an activity score of 7.3 out of 10 for this market segment. The high rate of first time buyers, which is 83% of the buyers, is mainly a result of the urbanisation taking place in the Far North. That is, many people have decided to move out of the villages and move into the town centres. In addition, there was a change in the government's housing scheme policy in that people residing in rural areas can now also buy residential properties in the urban centres. Since there are many government employees and teachers in the Far North, there is an increase in the number of people buying residential properties there.

Towns such as Helao Nafidi was not included in this index calculations due to a relatively low market activities during the period under review. Some of the market players attribute the low level of market activities to the fact that since people are not sure what is going to happen in the Helao Nafidi town, people are not looking to build/buy houses there for now.

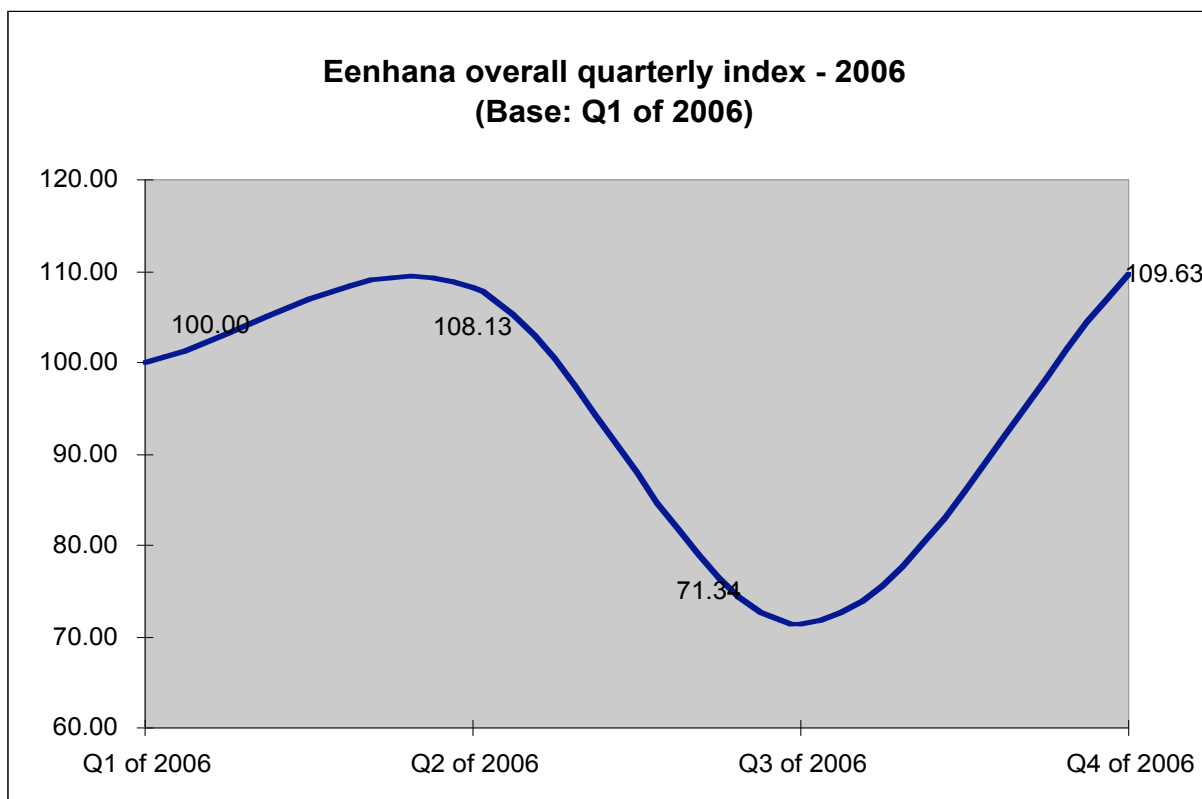
### How long the properties stay on the market

The demand for housing in the Far North was further demonstrated by the fact that houses were sold within 3 weeks of being on the market. This high demand is also fuelled by the urbanisation that is currently taking place and the public service new housing policy that now allows public servants to purchase houses in areas away from their stations of employment.

### Eenhana Index

Although the Far Northern Index shows a relatively smooth trend, the Eenhana index graph (Figure 17) is showing an unusual behaviour that is merely attributable to the demand and supply of houses.

Figure 17: EENHANA Index



Source: FNB Namibia Valuation data

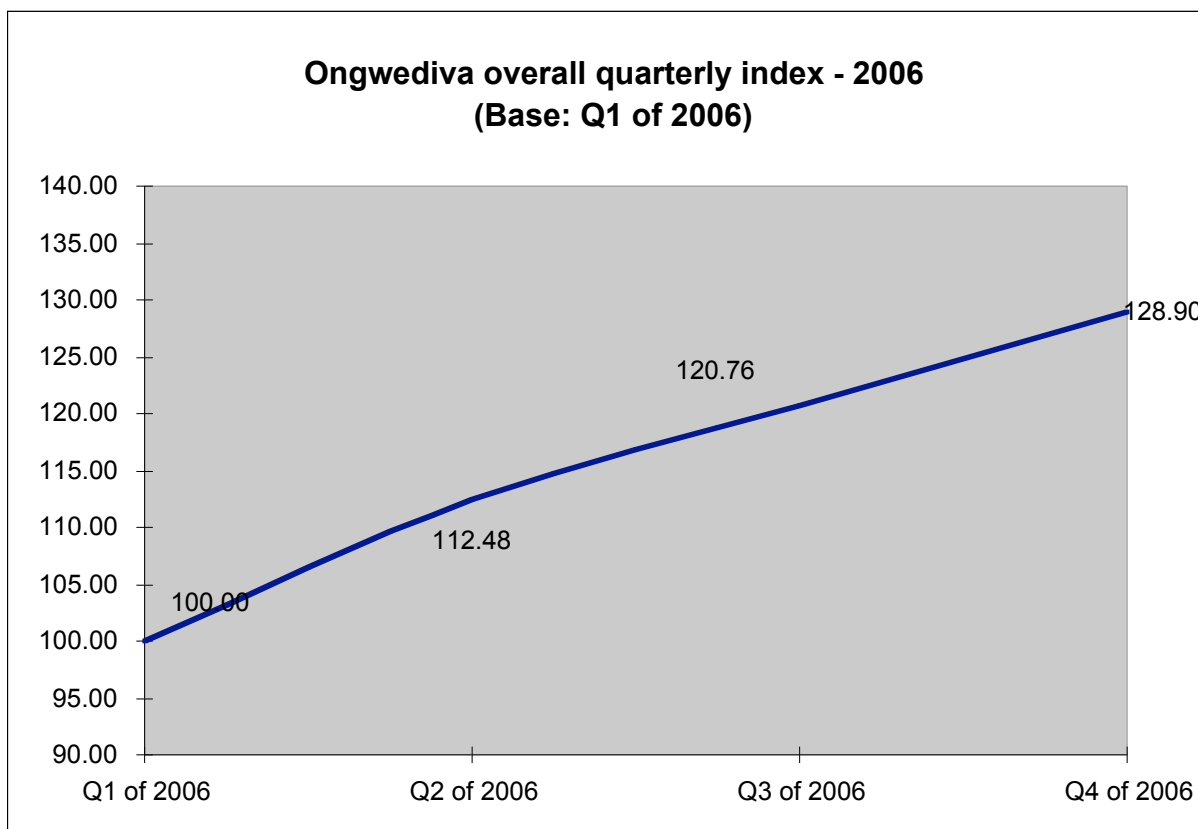
Although Eenhana is included in this report, research on the market players such as developers was not carried out. As a result, in addition to the demand/supply factors, some of the other possible explanations for the dip in Quarter 3 are not included.

### Ongwediva Index

The Ongwediva Index graph (Figure 18) follows the same trend as the Namibia National Index graph (Figure 1). Ongwediva is regarded as the fastest growing town in the Far North by the market players there.

The relatively lower annual increase in the index of Ongwediva compared to the higher annual increase of Oshakati (Figure 19) is sparked by the comparatively low supply of land in Oshakati compared to Ongwediva. That is, although both Ongwediva and Oshakati Town Councils are challenged to supply serviced land, Ongwediva has been proactive in acquiring of funding to service the land. Ongwediva Town Council had recently secured funding from the Development Bank of Namibia to service 350 residential erven located in the northern side of Ongwediva. The servicing of these erven is expected to be completed by June 2007.

**Figure 18: ONGWEDIVA Index**



Source: FNB Namibia Valuation data

### **Upcoming Developments in Ongwediva**

According to the Town Council, Ongwediva is set to expand bigger due to the following two reasons:

- (i) Unlike Windhoek that is already economically advanced, if not established, Ongwediva is still growing and hence the big corporate companies see opportunity in this town and thus establishing themselves in Ongwediva. The operations of these big corporate companies in the town will then also stimulate demand for high income houses for the senior personnel of these companies.
- (ii) The other factor that attracts residents to Ongwediva is the high service levels provided by the town council. As an example, Ongwediva does not have septic tanks like some of the other towns in the far north, and the planning of Ongwediva is relatively also advanced.

The following are some of the immediate and near future land development from the Town Council:

**Table 9: Some Developments around Ongwediva**

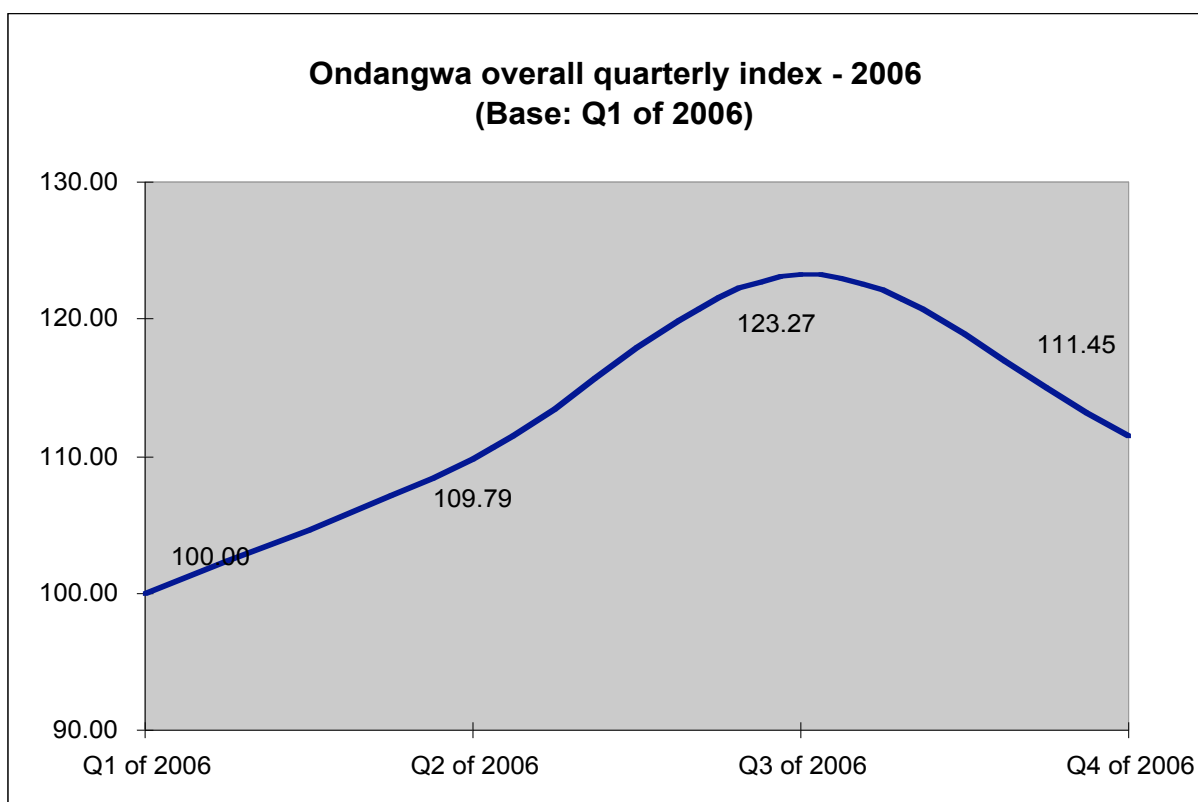
DEVELOPMENT	DEVELOPER	QUANTITY	TYPE	SURBURB / AREA
Residential Erven (Current)	Ongwediva Town Council	350	Plots	Ongwediva North
Previously Informally Developed (Future)	Ongwediva Town Council	300	Plots	Ongwediva North-East & Ongwediva South-East

- Progress of these developments in terms of number of units/erven might be different during the time of publishing.

### Ondangwa Index

Apart from the last quarter of 2006, Ondangwa has been recording increases in the first three quarters of 2006. The reason for the decline in the residential property price valuations for Quarter 4 of 2006 is mainly the decrease in the demand for properties during that period. This fact from the market players was also manifested by the relatively lower number of residential properties sold during this period of the year.

**Figure 19: ONDANGWA Index**



Source: FNB Namibia Valuation data

The completion of the railway line and railway station in Ondangwa created more opportunities for the town to prosper since many business establishments have shown interest on setting up warehouses close to the railway station in order to capitalise on the railway line. The growth potential of Ondangwa is huge since Ondangwa is centrally located as it borders the following regions: Ohangwena (on the north), Okavango (on the east), Otjozondjupa (on the south-east), Kunene (on the south-west) and Oshana (on the west). Ondangwa is also in close proximity to the Namibia-Angola border.

The airport that caters for the far northern regions is located in Ondangwa and could attract many business people to settle in Ondangwa or make it their base when they are in the Far North. Caltex and Shell would like to put up Oil depots in Ondangwa for exporting to Angola in order to cater for both the Angolan and Namibian market. In addition, M&Z, Cymot and NORED have indicated interest to establish their northern head quarters in Ondangwa.

Finally, the NDF is planning to expand its Oluno Army Base in Ondangwa to become the main base of the entire Northern Namibian area. When this project is completed, many of the NDF staff that are currently in different towns will relocate to Ondangwa with their families and this has the potential to grow the Ondangwa housing market.

### Developments in Ondangwa

Ondangwa has a challenge in terms of providing serviced land and this is evident from the relatively lower number of plots to be made available in the ear future as per Table 10 below.

**Table 10: Some Developments around Ondangwa**

DEVELOPMENT	DEVELOPER	QUANTITY	TYPE	SURBURB / AREA
Residential Erven (Near Future)	Ondangwa Town Council	384	Plots	Ondangwa North

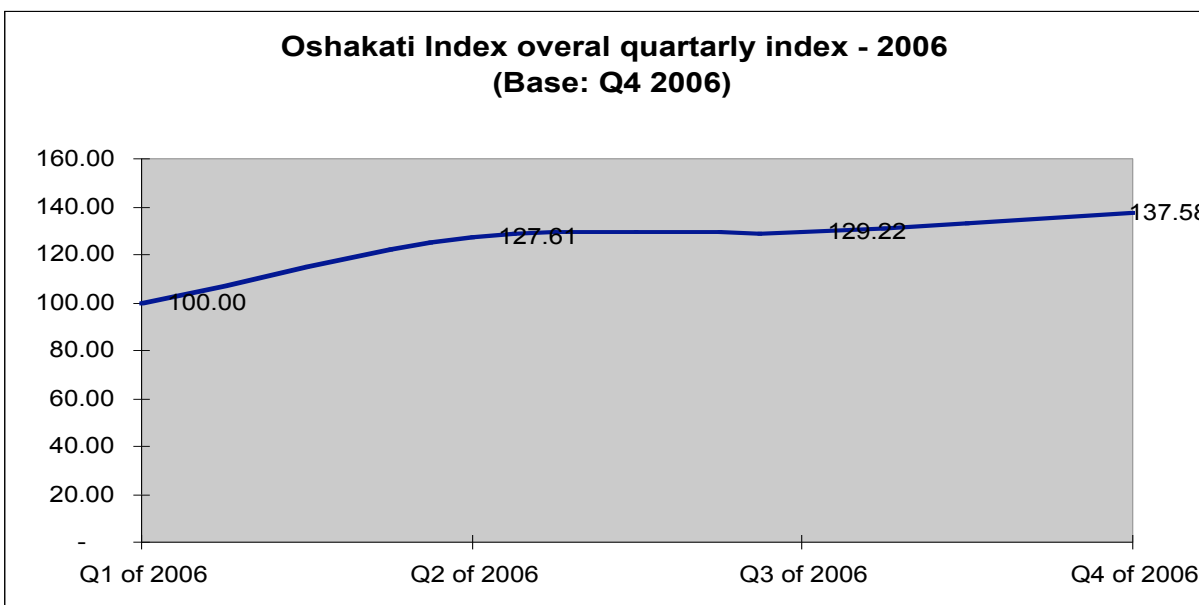
\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

### Oshakati Index

Although the Oshakati Index is relatively higher than the Namibia National Index, it is also following the similar trends of the National Index.

Comparison between the Oshakati and Ongwediva indexes reveals that the index of Ongwediva, which is said to be the best run town council in the Far North, has a lower annual increase than the Oshakati annual increase. This high annual increase in the Oshakati Index is attributable to the lack of available land in Oshakati while the demand for land is very high in that town. This high demand for serviced land in Oshakati is also a contributing factor to the higher prices of residential properties in Oshakati as compared to Ongwediva whereby the demand is somehow met.

**Figure 20: OSHAKATI Index**



Source: FNB Namibia Valuation data

According to the town council, Oshakati have inherited a large portion of informal settlements after independence and the unavailability of planned and serviced land makes it hard for the town to efficiently deal with the matter of the high demand since the influx of people is greater than the available land at the moment. The town council has however planned certain areas to deal with this problem, but since Oshakati is surrounded by 'Oshana' it makes it difficult for the Town Council to settle everybody on high land, and consequently people decided to illegally settle anywhere.

In order to meet this high demand, the town council is has identified two areas to be planned and developed in the near future. These two areas are Oshakati North where about 2 000 erven will be serviced and developed while Oshakati East which will be a high income area will be situated behind the Oshakati air port and about 200 erven will be serviced there.

Oshakati was seen to be the central business area before independence and hence the reason that institutions such as Bank of Namibia, Social Security, GIPF and the Customs office have opened offices in the town. Other institutions to open soon there are amongst others, Agro Food Processing Plant, Small Industrial Park and the High Court. Due to the lack of land in Oshakati and given its business vibrancy, it is against this background that many people who work in the town commute on a daily basis from Ongwediva which is 10 kilometres away.

### Lined-up Developments in Oshakati

According to the Town Council, Oshakati North has been planned already and only the execution of these plans need to take place. Oshakati North is seen as the grow area of the Town due to the limitation of the 'Oshanas' surrounding the town as well as a large portion of informal settlements after the independence of the country. The following are the future developments to take place:

**Table 11: Some Developments around Oshakati**

DEVELOPMENT	DEVELOPER	QUANTITY	TYPE	SURBURB / AREA
Residential Erven (Near Future)	Oshakati Town Council	2 000	Plots	Oshakati North
Previously Informally Developed (Near Future)	Oshakati Town Council	200	Plots	Oshakati East

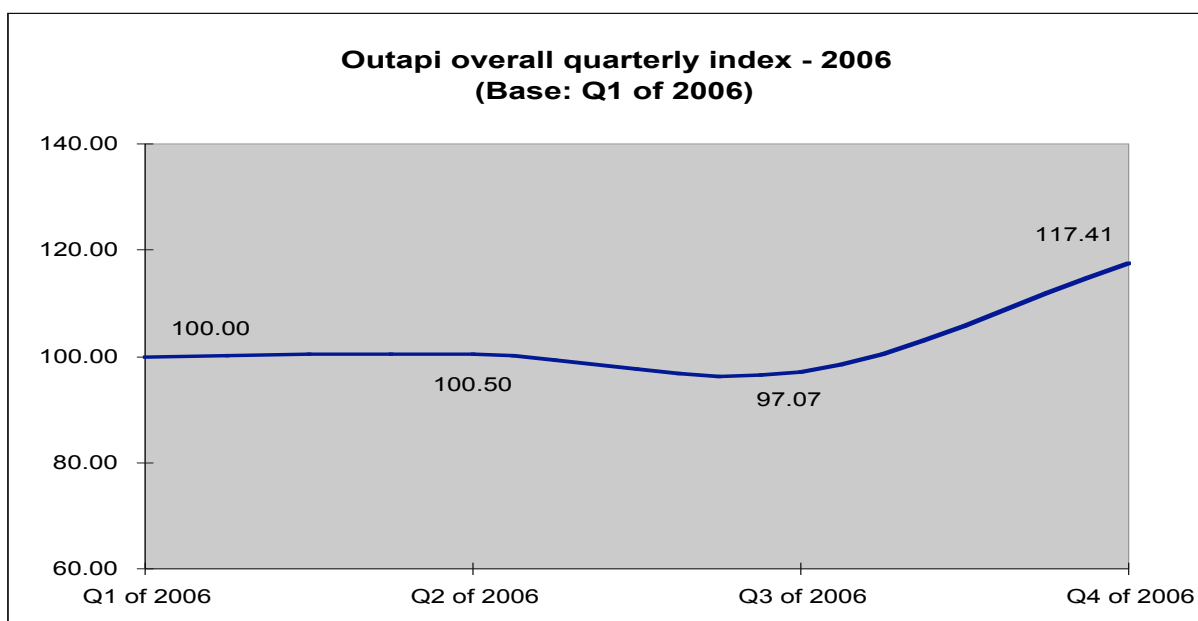
*\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.*

### Outapi Index

The area was proclaimed as a town in 1997 but only became autonomous from the Ministry of Regional, Local Government and Housing and Rural Development as from 01 July 2002. That is, until 30 June 2002, the Ministry of Regional, Local Government and Housing and Rural Development was then still running the town's administration affairs. Currently, the town is the capital of the Omusati region and as a result, there are many construction activities happening there such as the construction of the regional offices.

This town showed a slight dip in the index of Quarter 3 of 2006, a situation that was linked to the effect of the interest rate increase at the end of Quarter 2 of 2006. However, the annual increase of 17.41% can be considered as a norm for such a relatively small 'young' town.

**Figure 21: OUTAPI Index**



Source: FNB Namibia Valuation data

The town is fast growing and the provision of housing which started with some Build Together homes with a few shops and the NDC stalls saw between 8 and 10 residential houses built per month. In 2005, a total of 250 (low to middle income) erven were serviced and all were bought up while land for low to middle income groups is now a scarce commodity. For the high income group, there is still some land available.

At the moment, the demand for houses is partly fuelled by the government’s decentralisation process as for example, there will be more than 100 people moving to Outapi for the rural water supply for the region as well as the regional office that will be constructed there.

The expansion of the town occurs on both sides (east and west) whereby the eastern side mainly accommodates businesses while the western side have 100 erven earmarked for NHE’s developments. The north-western side is known as the luxury area while the north of Outapi is known to be another low income area.

The town has further growth potential because of its strategic location since it is en route to Ruacana and thus it can be used as a stop over for travellers and tourists to Ruacana. There is also a historic baobab tree which is a huge hollow tree that has been, at various times in the past years, a post office, a chapel as well as a hiding place during the time of war prior to independence. This tree, together with a campsite surrounding the tree and a craft market, is a tourist attraction site that boosts the local economy.

### Outapi Developments

Having said that Outapi is fast growing and is now the capital of Omusati region, the relatively low number of plots to be made available and only to NHE as well is not the total picture. The Outapi Town Council has a policy of granting the right to developers to build on the Town Council land and then the occupiers (end users) will then have to buy the land from the Town Council. Therefore, more opportunities for acquiring land in Outapi exist in addition to the NHE erven indicated in Table 12.

**Table 12: Some Developments around Outapi**

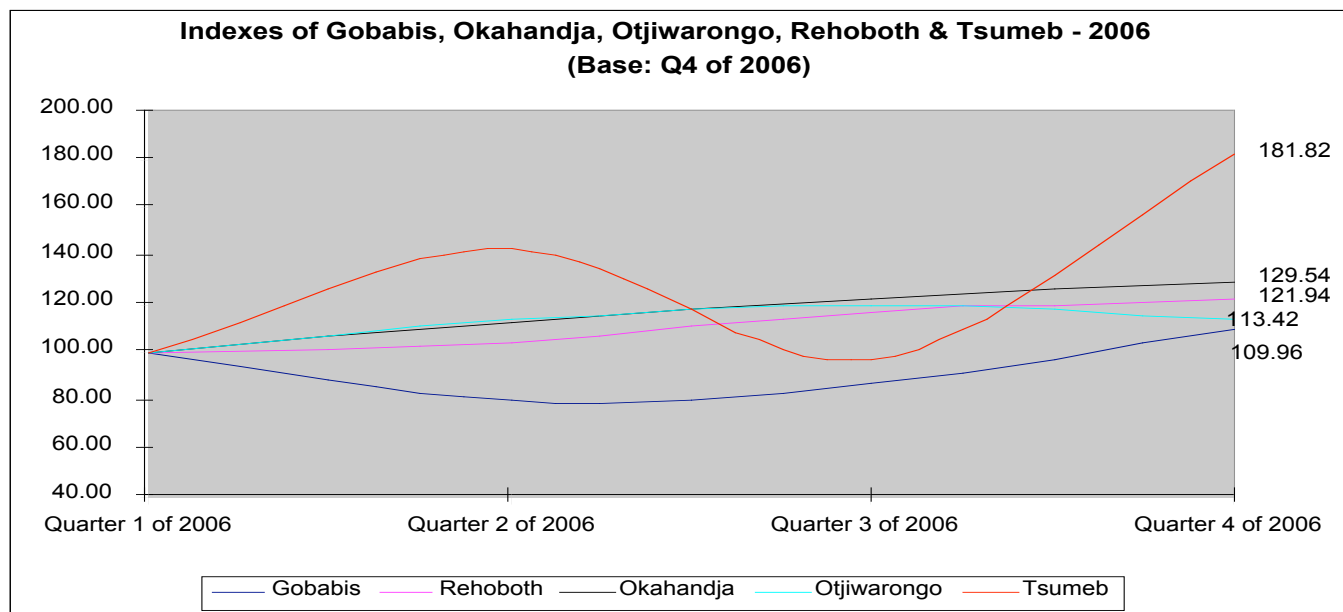
DEVELOPMENT	DEVELOPER	QUANTITY	TYPE	SURBURB / AREA
NHE Developments	Outapi Town Council	100	Plots	Outapi North

\* Progress of these developments in terms of number of units/erven might be different during the time of publishing.

## Other Towns Index

Other towns consist of Gobabis, Okahandja, Otjiwarongo, Rehoboth and Tsumeb. For the sake of this Index, these towns are considered as minor in terms of the trading activities with regard to the selling and buying of residential properties.

**Figure 22: OTHER NAMIBIAN TOWNS Index**



Source: FNB Namibia Valuation data

Apart from Tsumeb which shows a cyclical trend with a relatively very high annual increase of 81.82%, all the other three towns show normal trend behaviours for property price valuations. However, the graph of Gobabis which shows slightly a u-shaped curve which is an unusual trend in the property market could be attributable to the demand-supply factors.

**Table 13: House Valuations index per suburb (Other Namibian Towns)**

Other Namibian Towns Indexes						
	Quarter 1 of 2006	Quarter 2 of 2006	Quarter 3 of 2006	Quarter 4 of 2006	Percentage change: Q3 to Q4	Percentage change: Q2 to Q3
Gobabis	100.00	79.48	86.71	109.96	27%	9%
Rehoboth	100.00	104.18	117.00	121.94	4%	12%
Okahandja	100.00	116.41	123.59	139.89	13%	6%
Otjiwarongo	100.00	113.07	119.60	113.42	-5%	6%
Tsumeb	100.00	142.88	96.97	181.82	88%	-32%

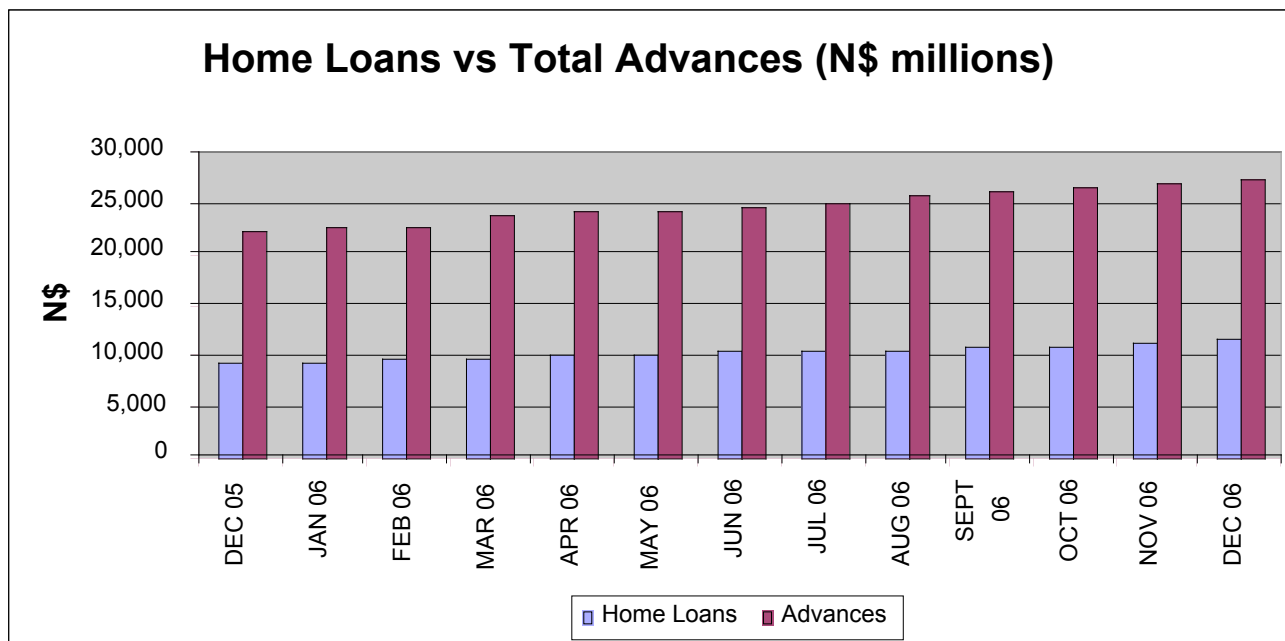
Source: FNB Namibia Valuation data



## Credit extended to Residential Property Market (National)

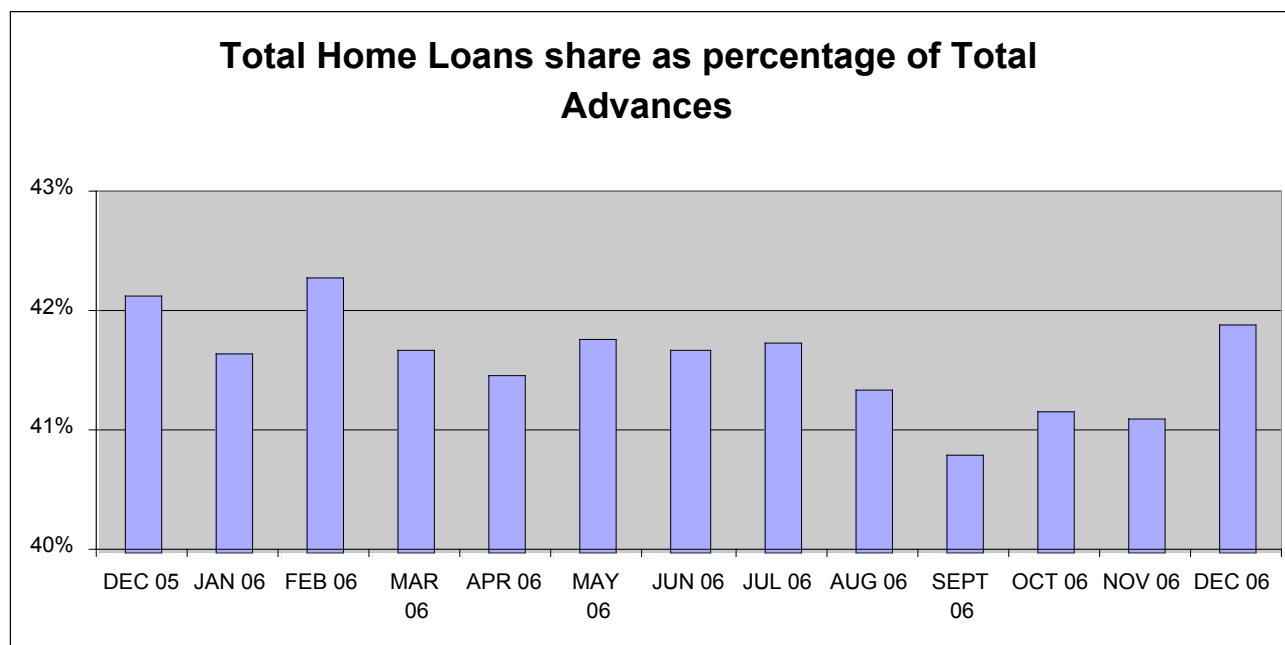
The following two graphs depicts the amount of credit extend to the Namibian market, both for consumer and business customers. The trend of these graphs remains the same for all the quarters of 2006 with the Home Loans percentage of the Total Advances remaining steady at between 41% and 42% on average.

Figure 23: Home Loans vs Total Advances



Source: Namibian Commercial banks data

Figure 24: Home Loans share of Total Advances



Source: Namibian Commercial banks data

## Building Plans Approved and Completed (Residential & Commercial: National)

The following two tables show the values of building plans submitted to Municipalities and Town Councils for approval as well as for those buildings that were completed from the plans. From the total of the Building Plans approved, only 48% of these values were realised into actual building.

**Table 14a: N\$ Value of Building Plans Approved – 2006:**

Month	RESIDENTIAL	FLATS	INSTITUTIONS	ADDITIONS & ALTERATIONS	INDUSTRIAL BUILDINGS	COMMERCIAL BUILDINGS	TOTAL
January	28,919,613	19,189,440	125,000	128,319,120	402,340	2,865,427	179,820,940
February	77,498,753	2,243,360	2,191,880	24,400,976	4,226,000	12,328,300	122,889,269
March	33,819,159	11,689,600	3,135,000	163,564,627	3,852,600	41,584,100	257,645,086
<b>1st quarter</b>	<b>140,237,525</b>	<b>33,122,400</b>	<b>5,451,880</b>	<b>316,284,723</b>	<b>8,480,940</b>	<b>56,777,827</b>	<b>560,355,295</b>
April	67,832,105	331,272	802,500	32,330,260	3,583,377	12,642,050	117,521,564
May	61,542,641	793,098	1,631,750	33,521,039	14,534,880	5,956,583	117,979,991
June	67,657,936	30,651,060	1,112,800	59,979,487	10,367,016	30,126,920	199,895,218
<b>2nd quarter</b>	<b>197,032,683</b>	<b>31,775,429</b>	<b>3,547,050</b>	<b>125,830,786</b>	<b>28,485,273</b>	<b>48,725,553</b>	<b>435,396,773</b>
July	112,208,806	4,984,000	3,013,335	62,789,892	763,500	7,873,098	191,632,631
August	76,358,294	3,362,021	746,000	50,195,989	15,836,880	8,172,300	154,671,484
September	79,688,177	1,376,708	3,400,000	58,096,743	3,534,800	6,384,550	152,480,978
<b>3rd quarter</b>	<b>268,255,277</b>	<b>9,722,729</b>	<b>7,159,335</b>	<b>171,082,624</b>	<b>20,135,180</b>	<b>22,429,948</b>	<b>498,785,093</b>
October	57,702,450	3,336,159	453,766	92,171,456	3,392,061	3,062,112	160,118,003
November	98,405,611	4,718,699	1,883,760	48,364,357	7,879,868	3,166,231	164,418,526
December	20,225,538	92,184	-	24,630,925	1,240,476	2,622,925	48,812,048
<b>4th quarter</b>	<b>176,333,599</b>	<b>8,147,042</b>	<b>2,337,526</b>	<b>165,166,737</b>	<b>12,512,405</b>	<b>8,851,268</b>	<b>373,348,577</b>
<b>YEAR TOTAL</b>	<b>781,859,084</b>	<b>82,767,600</b>	<b>18,495,791</b>	<b>778,364,870</b>	<b>69,613,797</b>	<b>136,784,596</b>	<b>1,867,885,738</b>

Source: National Planning Commission

**Table 14b: N\$ Value of Buildings Completed – 2006:**

MONTH	RESIDENTIAL	FLATS	INSTITUTIONS	ADDITIONS & ALTERATIONS	INDUSTRIAL BUILDINGS	COMMERCIAL BUILDINGS	TOTAL
January	5,773,632	732,800	125,000	7,192,839	70,000	438,875	14,333,146
February	17,333,436	3,648,600	2,704,000	29,785,306	1,278,306	-	54,749,648
March	29,770,806	839,800	1,364,450	110,886,326	-	210,200	143,071,582
<b>1st quarter</b>	<b>52,877,874</b>	<b>5,221,200</b>	<b>4,193,450</b>	<b>147,864,471</b>	<b>1,348,306</b>	<b>649,075</b>	<b>212,154,376</b>
April	39,334,822	1,160,967	832,193	9,977,272	-	18,820,961	70,126,214
May	26,827,391	369,492	-	16,772,787	7,704,000	5,429,480	57,103,150
June	42,383,996	8,741,990	1,748,888	12,210,126	1,284,000	18,372,285	84,741,285
<b>2nd quarter</b>	<b>108,546,209</b>	<b>10,272,449</b>	<b>2,581,081</b>	<b>38,960,185</b>	<b>8,988,000</b>	<b>42,622,726</b>	<b>211,970,650</b>
July	35,434,557	925,000	140,000	12,402,470	7,462,000	4,360,280	60,724,307
August	49,307,429	247,228	310,200	13,827,473	2,495,000	3,759,000	69,946,330
September	39,952,127	8,106,426	1,694,475	8,423,320	1,709,300	11,448,036	71,333,684
<b>3rd quarter</b>	<b>124,694,113</b>	<b>9,278,654</b>	<b>2,144,675</b>	<b>34,653,263</b>	<b>11,666,300</b>	<b>19,567,316</b>	<b>202,004,321</b>
October	23,024,865	12,825,987	-	16,902,093	-	37,274,400	90,027,344
November	33,775,034	7,907,463	-	42,694,231	-	22,833,528	107,210,256
December	33,246,600	22,660,300	5,010	5,686,433	1,633,160	896,018	64,127,521
<b>4th quarter</b>	<b>90,046,499</b>	<b>43,393,750</b>	<b>5,010</b>	<b>65,282,757</b>	<b>1,633,160</b>	<b>61,003,946</b>	<b>261,365,122</b>
<b>YEAR TOTAL</b>	<b>376,164,695</b>	<b>68,166,054</b>	<b>8,924,216</b>	<b>286,760,676</b>	<b>23,635,766</b>	<b>123,843,063</b>	<b>887,494,469</b>

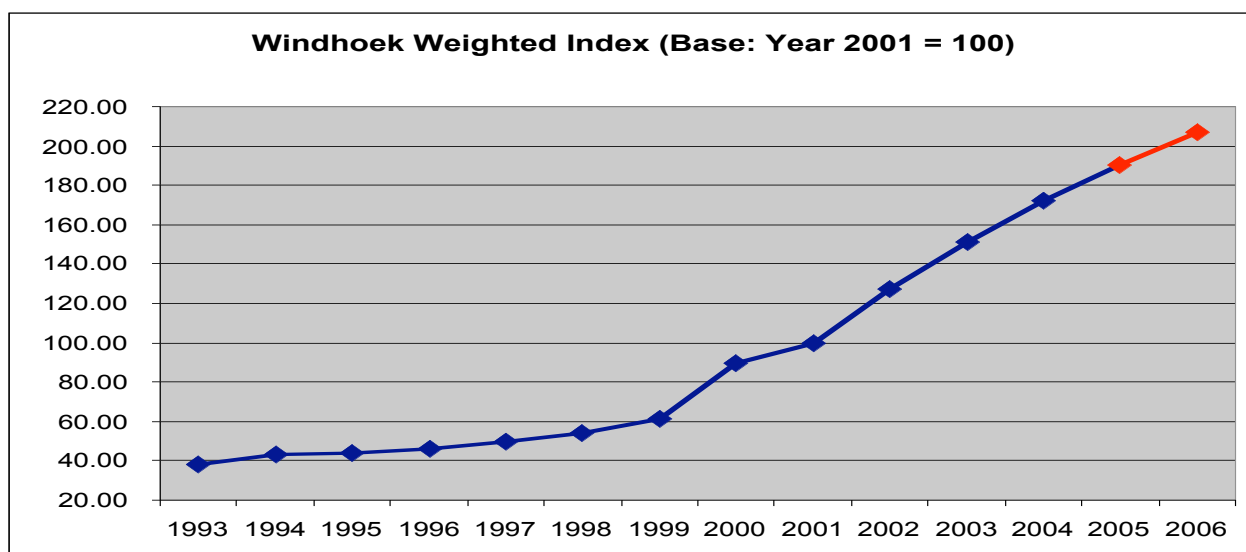
Source: National Planning Commission

The 5% decrease in the value of buildings that were completed between Quarter 2 and Quarter 3 of Table 14b is a result of the interest rates increase in June 2006. This implies that as interest rates increase, the cost of building will also increase as a result of expensive borrowing. The second increase of the year that took place in December 2006 will only have an effect in the first quarter of 2007.

## Conclusion

There were no major surprises in terms of the movements in the respective indexes. Apart from some cyclical movements in some indexes of towns such as Eenhana, all the other towns showed increases in the annual index growths.

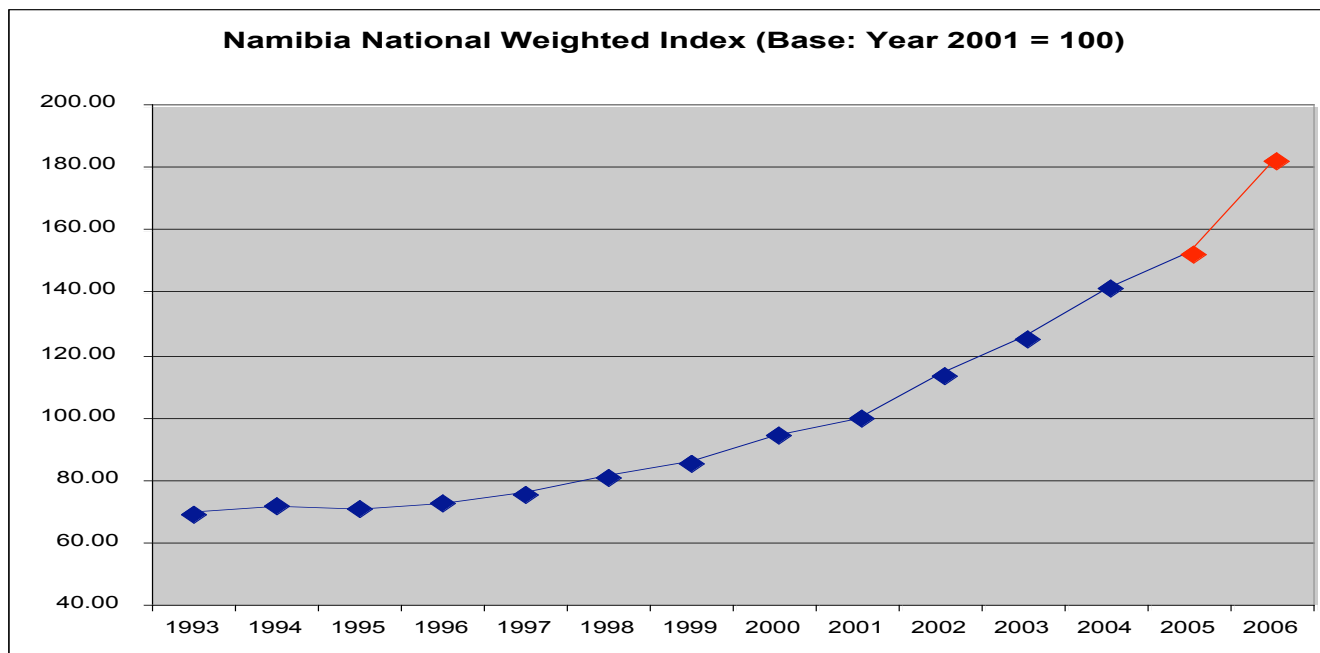
Figure 25: How the Windhoek Index evolved over time



Source: FNB Namibia Valuation data

The two graphs, Figure 25 and Figure 26, both show that the housing market in Namibia is still on the increase since 1993.

Figure 26: How the National Index evolved over time



Source: FNB Namibia Valuation data

In future, the National FNB Housing Index will be released only once a year due to the extensive research needed especially in the major towns. Nevertheless, the Windhoek quarterly index could always be used to do comparisons and estimates of the outside Windhoek towns.