

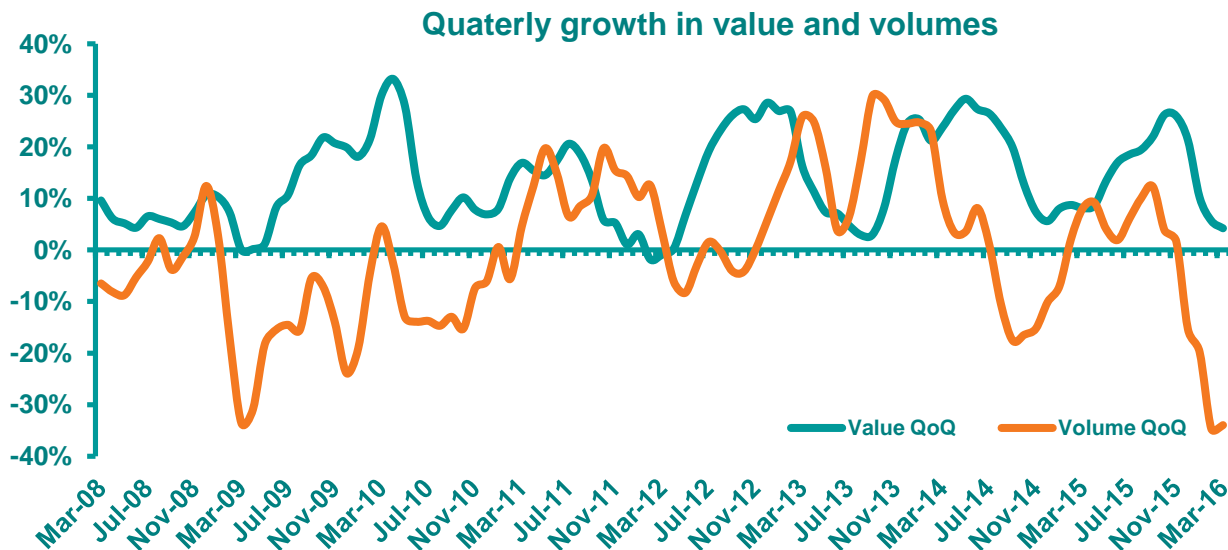
# Housing Index

First quarter 2016



**FNB**  
First National Bank

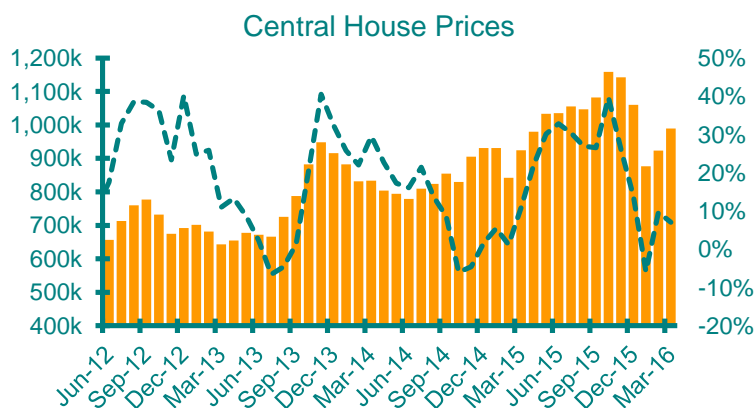
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The first quarter of 2016 saw price growth tapering considerably while transaction growth bottomed out. Growing at 4% on a quarterly basis, price growth seemed to have eased due to seasonal factors as most transactions recorded were those carried over from 2015. Volumes declined by 30% on a quarterly basis due to slower than usual activity recorded across the whole country. Median price across the country was recorded at N\$800K while the average number of transactions during the first three months of the year was 188 transactions per month.

### Central Property prices level-off

At the end of March, prices in central Namibia had increased 3.4% q-o-q while volumes declined by 13% q-o-q. The median prices for the three main towns are: Windhoek-N\$1.2mn; Okahandja-765k; and Gobabis- N\$830k. Within Windhoek most transactions were recorded between N\$700K and N\$1.5mn in areas in areas like Rocky Crest, Wanaheda, Finkenstein and Elisenhaim. The most expensive house sold during the quarter was worth N\$9.6mn in Ausblick while the cheapest house was worth N\$441K in Okuryangava. In Okahandja, volumes picked up towards the end of March despite most houses being sold under N\$1.5mn. There was an increase in the sale of land in the area with land sales currently account for 46% of sales in the area.



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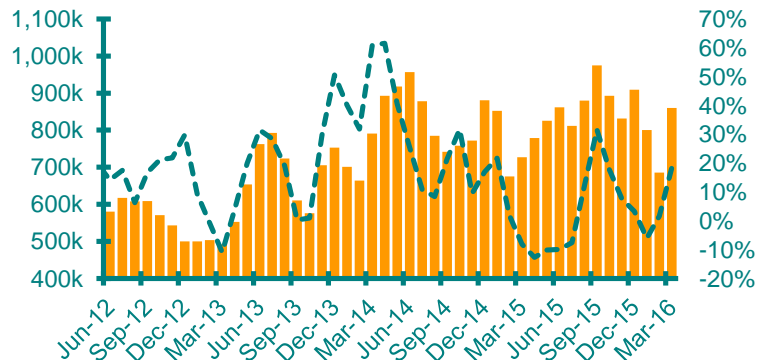
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## Coastal property – volumes plummet

Coastal volumes dived by 52% in the fourth quarter as a result of limited transactions in Henties Bay and prices edging higher in Swakopmund. Median prices across the three towns were N\$1mn in Swakopmund, N\$872k in Walvis Bay, and N\$1.1mn in Henties Bay. The growth in the region is mainly fuelled by increased economic activity in Swakopmund and Walvis Bay as businesses continue to extend their operations across the coastal area. Fortunately for most consumers the rate of growth in the region has slowed considerably since second quarter of 2015 with the quarterly current growth rate at 4%.

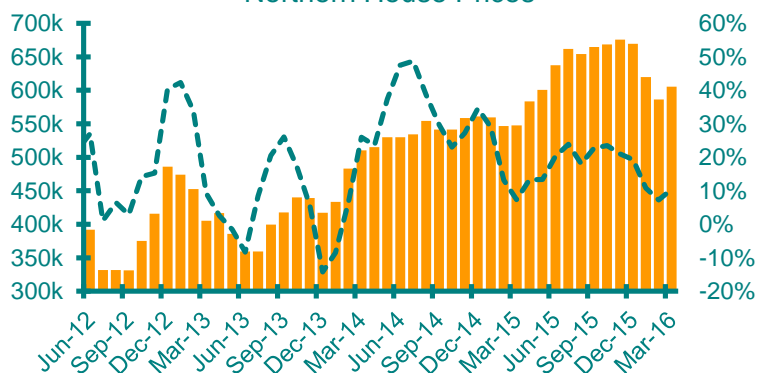
Coastal House Prices



## Northern prices grow steadily

Prices up north grew by 10%, thus recording the fastest growth rate on a quarterly basis across the whole country. Volumes however declined 41% as seasonal factors set-in. The housing market is expected to remain robust over the next few years with valuations being seemingly affordable for most of the residents. Median prices across Oshakati, Ongwediva and Rundu were recorded as N\$544k, N\$712k and N\$722k respectively. A slowdown in growth in prices as new developments come on-stream can be expected in 2016. Ondangwa and Ongwediva however will continue to have a robust housing market environment.

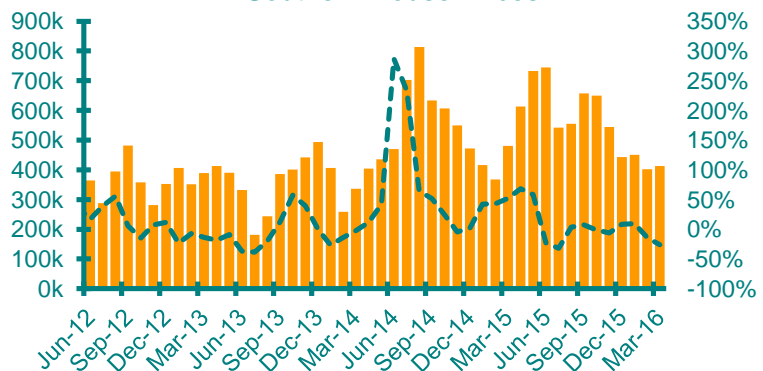
Northern House Prices



## Southern property – declining land prices

Most towns in the South continue to have minimal transactions recorded every month. Median price during the first quarter were to N\$400k across the region. Prices in that area have declined by 25% since last year. It however remains a good region for farm purchases with the price per square metre of land declining to N\$239 from N\$678 in 2014.

Southern House Prices



## Knight Frank Global House Price Index

The latest report comes from Knight Frank Global price index reveals growth rates across the world in 2015. According to the report, the world's housing markets recorded 3% growth on average in 2015. The report indicated that housing affordability is however in a decline making it a policy issue across most countries. The report estimates that Belgium and New Zealand are currently the world's least affordable markets, whilst home ownership is most accessible in South Korea and Japan. The outlook for 2016 therefore remains muted. With the house index overall rate of growth expected to decline as the global economy experiences "a potentially dangerous cocktail of low oil prices, a strong dollar and a continued slowdown in China."

Rank	Country	12-month	6-month	3-month	Rank	Country	12-month	6-month	3-month
1	Turkey	18.90%	10.50%	5.10%	29	United Kingdom	3.70%	1.90%	1.00%
2	Hong Kong	16.70%	5.50%	1.90%	30	Czech Republic	3.50%	1.90%	0.80%
3	New Zealand	12.60%	6.30%	3.60%	31	Netherlands	3.50%	2.40%	1.50%
4	Sweden*	11.10%	7.70%	3.70%	32	Croatia	3.00%	-0.40%	2.40%
5	Luxembourg	10.10%	1.00%	0.10%	33	Bulgaria	2.80%	1.40%	0.90%
6	Australia	9.80%	6.30%	4.70%	34	Slovenia	2.50%	3.40%	1.80%
7	Hungary	9.50%	4.20%	1.10%	35	Brazil	2.40%	0.40%	-0.10%
8	Estonia	9.10%	-2.80%	-3.90%	36	Belgium	2.20%	3.20%	-0.10%
9	Ireland	8.90%	5.80%	4.50%	37	Poland	2.10%	0.90%	-2.60%
10	Kazakhstan	8.70%	3.50%	4.90%	38	Switzerland	2.00%	0.50%	0.10%
11	Mexico	8.30%	5.60%	3.40%	39	Finland	2.00%	4.00%	3.30%
12	Iceland	7.30%	2.10%	1.50%	40	Austria	1.40%	3.20%	0.30%
13	Colombia	7.00%	3.80%	1.40%	41	Latvia	1.40%	1.60%	0.80%
14	Jersey	6.30%	2.80%	5.20%	42	Spain	1.20%	0.90%	1.30%
15	Norway	6.10%	2.80%	-0.40%	43	Russia	1.20%	-1.70%	-0.90%
16	Denmark	6.00%	6.30%	3.00%	44	Slovakia	1.20%	0.20%	0.60%
17	Malaysia	5.90%	2.40%	0.80%	45	Portugal	1.00%	2.80%	0.90%
18	Israel	5.80%	4.40%	2.10%	46	Morocco	-0.40%	-1.20%	-1.30%
19	Canada	5.60%	5.40%	2.80%	47	Japan	-0.70%	-0.30%	0.00%
20	Indonesia	5.50%	2.40%	1.00%	48	China	-2.00%	0.90%	0.70%
21	South Africa	5.30%	2.40%	1.00%	49	France*	-2.90%	-1.30%	-0.10%
22	Lithuania	5.00%	-2.50%	1.40%	50	Italy	-3.00%	-1.00%	-0.10%
23	United States	4.90%	4.30%	1.10%	51	Taiwan	-3.20%	-2.20%	-1.30%
24	Malta**	4.80%	2.40%	0.00%	52	Singapore***	-4.30%	-2.30%	-1.50%
25	Germany	4.70%	2.10%	1.00%	53	Greece	-4.90%	-3.20%	-2.90%
26	South Korea	4.20%	2.70%	1.30%	54	Cyprus	-5.00%	-1.50%	-0.40%
27	India	3.90%	2.10%	0.60%	55	Ukraine	-14.80%	-4.30%	-2.70%
28	Romania	3.70%	6.00%	4.10%					

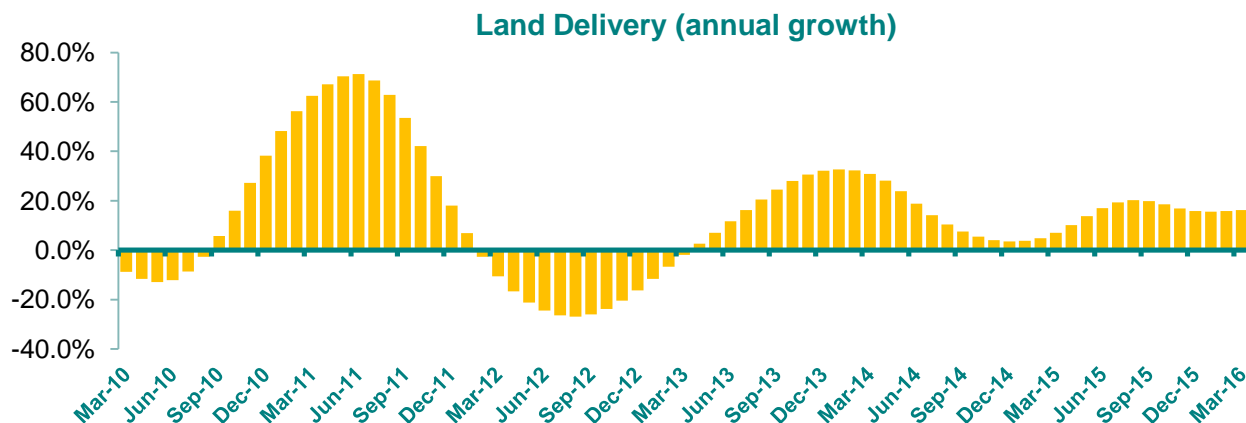
Source: Global Knight Frank Index

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## Land delivery recovers



Land delivery has shown signs of recovery since the final quarter of 2015. Currently, the price growth in this segment is 15% annually with average size of a stand - 642sqms across the whole country. These figures over the next year will become crucial in monitoring the advancements made by government in terms of servicing land.

### Conclusion

The first quarter of the year has been unsettling as the land situation exacerbates in the country. A recent report by IMF served as a confirmation of some of the inherent challenges still faced in the sector. Independent commentators have further estimated a housing market over-correction in the next few years if the situation is left unabated. The thought, albeit disconcerting, carries some elements of truth. Based on growth figures and affordability matrices, one can evidently see that there are headwinds expected in the sector. A form of government legislature will have to be introduced in the next few years if social unrest is to be avoided due to lack of housing. Ultimately this will only appease the market temporarily. The only cure to this insufferable market will definitely be to build more houses.

Based on this first quarter performance, we maintain our view that property prices will grow between 13% and 15% during the course of the year. With wage adjusting lower than normal housing inflation and with government reigning in on overall expenditure, we expect a notable slowdown in housing demand across all segments. Volumes are therefore further expected to grow at a slower rate (less than 10%) as consumers feel pressure from a slowing economy and a rising interest rate environment. This will potentially lead to the percentage of individuals opting for joint bonds increasing gradually over the year. Additionally, we expect property in the higher end to sell at or below valuation as activity in the segment deteriorates.

### 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 (2007 prices) 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.

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Below are the annual median house prices for the major towns in Namibia. The change in prices has been compared for the past 5 and 3 years. The year to date (YTD) value has been inserted give a possible indication for 2015 numbers.

Town	Year						Relative Change			
	2010	2011	2012	2013	2014	2015YTD	5 Years	3 Years	1 Year	
Arandis	300,000	300,000	300,000	300,000	505,000	602,000	746,000	148.67%	148.67%	23.92%
Eenhana	202,162	322,190	388,500	462,000	527,500	600,000	718,050	122.87%	55.42%	19.68%
Gobabis	383,000	481,500	608,500	620,000	630,200	783,500	830,000	72.38%	33.87%	5.93%
Grootfontein	280,000	308,900	500,000	455,000	530,000	597,000	621,500	101.20%	36.59%	4.10%
Henties Bay	563,500	687,500	780,000	837,000	870,000	1,037,445	1,136,000	65.24%	35.72%	9.50%
Katima Mulilo	286,000	275,000	326,350	430,000	528,750	543,000	574,248	108.82%	33.55%	5.75%
Keetmanshoop	334,650	407,000	450,000	421,000	495,000	698,750	575,500	41.40%	36.70%	-17.64%
Luderitz	432,000	280,000	398,500	413,800	397,300	446,990	430,000	53.57%	3.91%	-3.80%
Mariental	350,000	400,000	461,200	418,500	550,000	600,000	423,810	5.95%	1.27%	-29.37%
Okahandja	355,000	366,900	471,500	543,000	687,000	790,000	765,000	108.50%	40.88%	-3.16%
Okahao	262,250	373,200	295,000	412,000	484,000	447,500	545,000	46.03%	32.28%	21.79%
Omaruru	775,000	650,000	650,800	480,000	800,000	737,500	900,000	38.46%	87.50%	22.03%
Omuthiya	349,600	331,500	343,000	402,000	531,500	575,000	619,000	86.73%	53.98%	7.65%
Ondangwa	258,300	373,500	512,350	482,500	570,500	683,805	721,331	93.13%	49.50%	5.49%
Ongwediva	442,500	431,000	505,240	412,000	506,500	720,040	712,000	65.20%	72.82%	-1.12%
Oshakati	486,300	475,000	416,000	420,000	964,100	686,000	544,000	14.53%	29.52%	-20.70%
Oshikango	450,000	268,300	421,500	578,000	1,063,000	900,000	435,000	62.13%	-24.74%	-51.67%
Oshikuku	375,000	311,500	363,000	380,000	466,000	550,000	467,040	49.93%	22.91%	-15.08%
Otavi	350,000	477,000	475,000	473,700	690,000	475,000	635,000	33.12%	34.05%	33.68%
Otjiwarongo	377,500	447,000	592,500	678,928	735,081	750,000	851,750	90.55%	25.46%	13.57%
Outapi	223,350	296,000	371,000	422,400	530,000	535,000	528,000	78.38%	25.00%	-1.31%
Outjo	378,000	400,000	470,000	527,000	613,388	760,000	770,000	92.50%	46.11%	1.32%
Rundu	280,000	320,700	331,000	401,000	553,230	614,800	722,000	125.13%	80.05%	17.44%
Swakopmund	612,000	580,500	700,000	787,500	750,000	875,800	1,000,000	72.27%	26.98%	14.18%
Tsumeb	360,000	470,000	505,550	661,500	722,500	847,500	937,500	99.47%	41.72%	10.62%
Usakos	180,000	206,000	206,000	430,000	423,000	656,500	-	264.72%	218.69%	0%-1
Walvis Bay	489,350	415,000	450,000	617,500	800,000	795,500	872,000	110.12%	41.21%	9.62%
Windhoek	544,000	682,500	800,000	980,000	910,000	1,150,000	1,200,000	75.82%	22.45%	4.35%
<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>800,000</b>	<b>67%</b>	<b>25%</b>	<b>0%</b>

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