

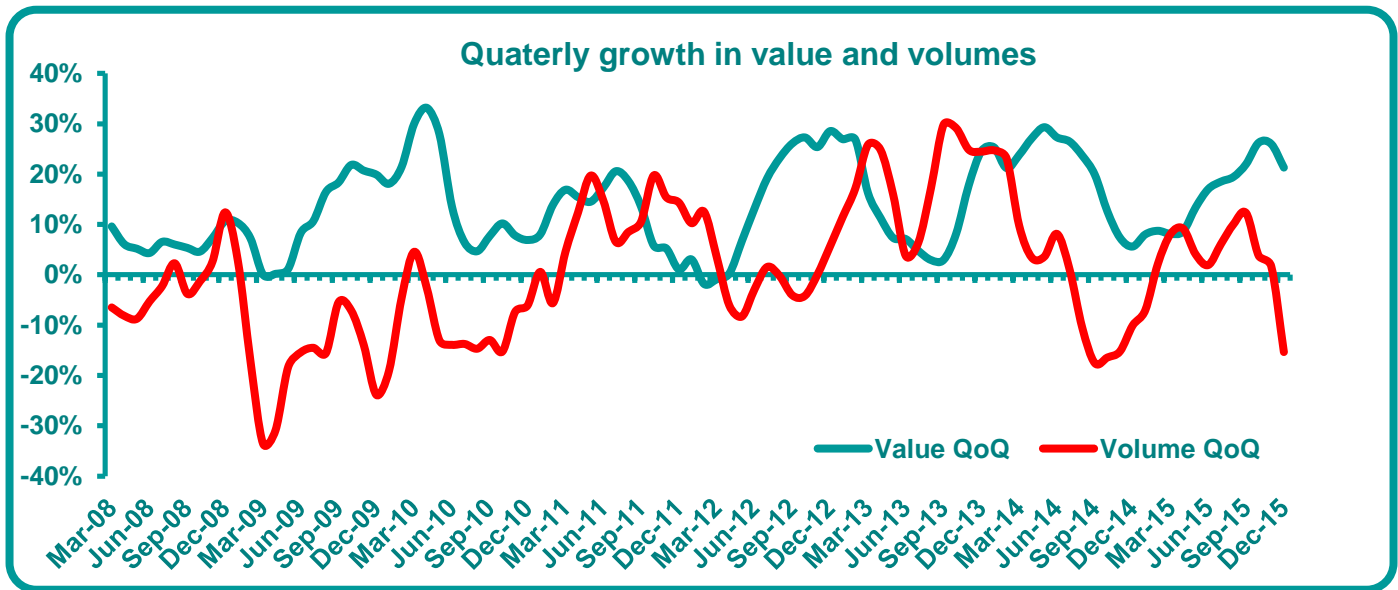
Housing Index

Fourth quarter 2015



FNB
First National Bank

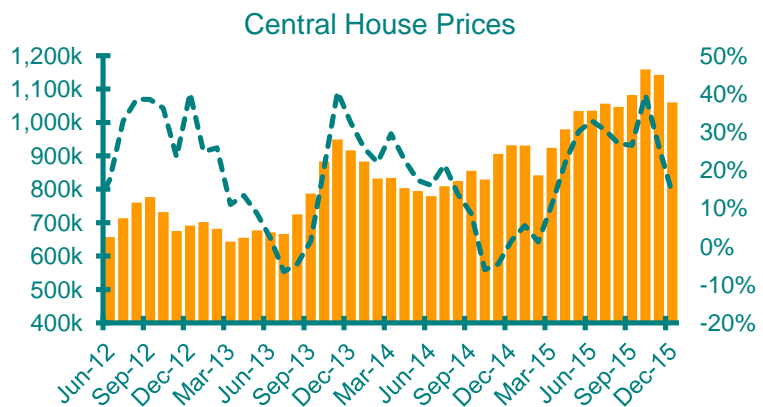
how can we help you? 



The fourth quarter numbers of 2015 reveal that the volume index declined by 15%, while the value index increased by 21% quarter on quarter. These movements have meant that the median price for 2015 has been recorded as N\$800k. The growth in value continues to be a factor of declining volumes across the country.

Central Property prices continue to climb

At the end of the fourth quarter we found that central property prices grew by 26%. The median prices for the three main towns are: Windhoek-N\$1.2mn; Okahandja-790k; and Gobabis- N\$780k. Volumes in the region dropped during the fourth quarter by 22% as a result of few registered transactions in December. Academia prices have doubled since last year with relatively high growth in Eisenheim and Kleine Kuppe. Prices in Okahandja are growing much slower than prices in Windhoek due to availability of serviced land and with lower demand in the town than in Windhoek. Prices in Gobabis grew by 24% as more farmers opt to buy houses in the town, thereby being closer to the surrounding farms and villages.



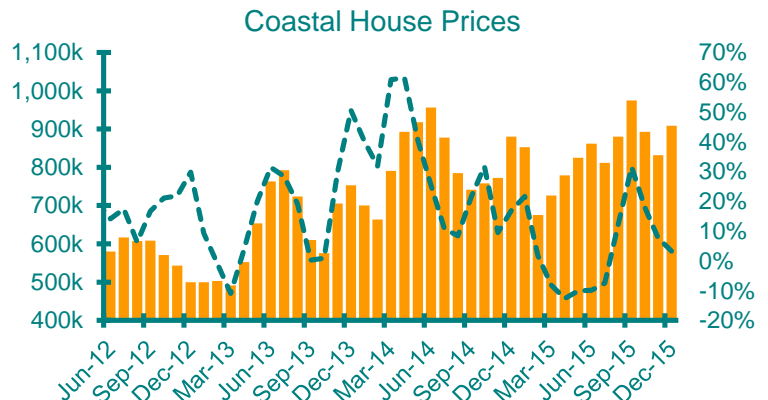
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Methodology: The FNB House Price Index is based on the median house price from Deeds Office data. **Disclaimer:** The information in this publication is derived from sources which are regarded as accurate and reliable, is of general nature only, does not constitute advice and may not be applicable to all circumstances.

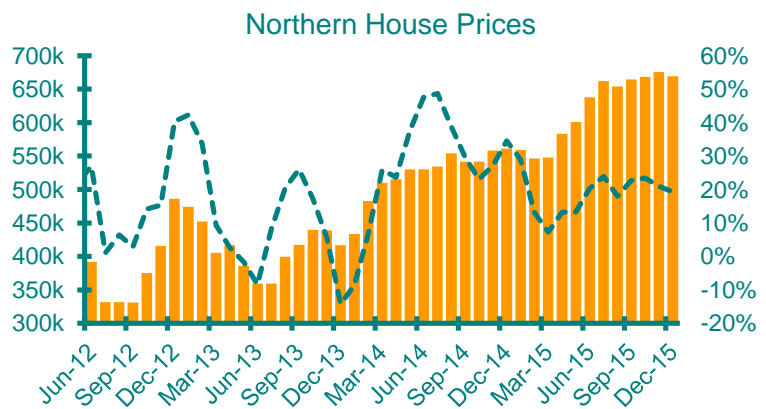
Coastal property - a mixed bag

Coastal volumes decreased in the fourth quarter by 10%. The movements showed a slowdown in transactions across all the three main towns as a result of seasonal changes. The median price in Swakopmund remained at N\$875k, Henties Bay N\$1mn and in Walvis Bay the median price was N\$795k. We project declines in the median prices at the coast as most of the new lower-end properties are registered at the deeds office. A softening of prices is therefore imminent.



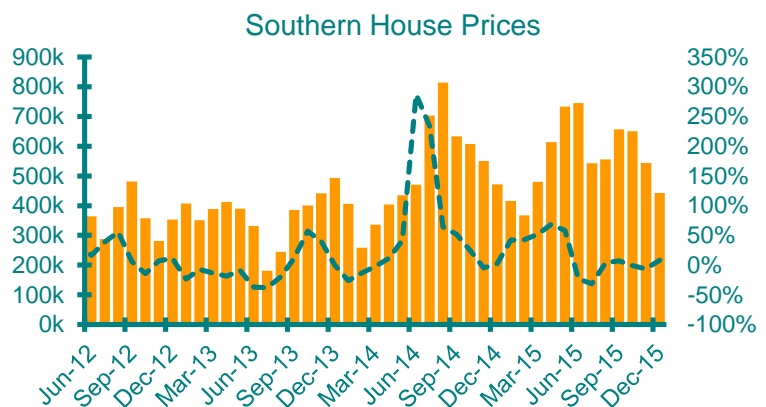
Northern prices grow steadily

Prices in Ondangwa have tripled over the past year as attention continues to grow for this northern town. The Value index indicates that median prices in the region have edged to N\$650K with growth edging slightly lower than 20%. Volumes however were down by 18% in December as a result of few transactions in Ongweidiva and Oshakati which is more of a seasonal adjustment than a change in the market behaviour. Prices in Oshakati have further declined by 28% according to the median price recorded at the end of December. A slowdown in growth in prices as new developments come on-stream can be expected in 2016. Ondangwa and Ongweidiva however will continue to have a robust housing market environment.



Southern property – buy a farm

Most towns in the South continue to have minimal transactions recorded every month. Median prices however increased to N\$698k in Keetmanshoop. Luderitz which is recorded in the southern cluster, received several houses under the mass housing banner and therefore its median price is expected to remain within the N\$400k and N\$450k mark. Volumes were up at the end of the year by 38%.

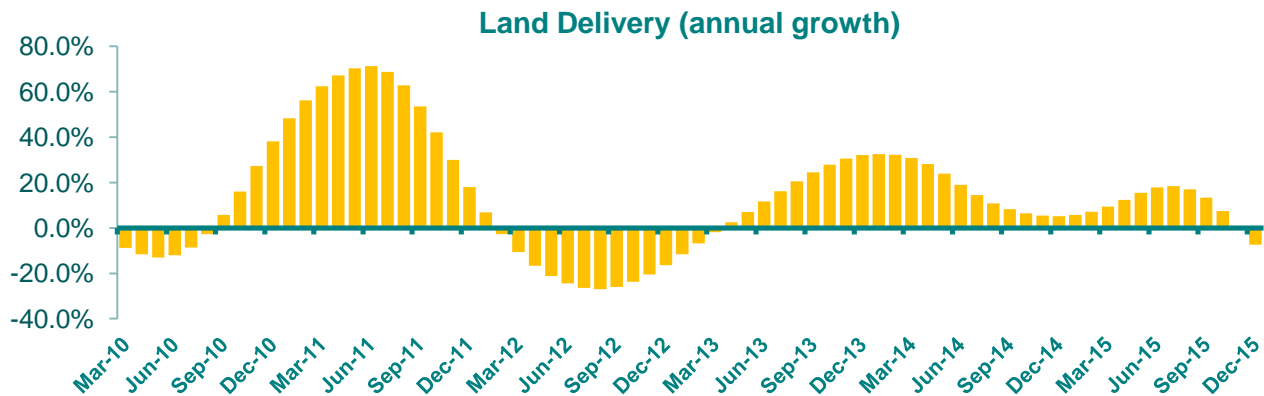


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Land delivery recovers



Land delivery declined during the final quarter of the year. The decline was mainly due to seasonality. Overall, land delivery has been low since the third quarter 2014 as the economy struggles to accelerate land delivery. Towards the end of the year average price per square meter was N\$472 for new property coming into the market which was double the price compared to 2014. Furthermore, compared to last year, land delivery is down 7.4% and will urgently need to pick up during the course of next year to cater for the current and future demand of housing sector. The higher price to pay could be a potential reason for the slowdown, but if government is going to meet its commitments in terms of mass housing the current approach will need to change.

Conclusion

Having reviewed the prices in 2015, there is little chance that the growth in prices will ease unless mass housing project really kicks off in Windhoek and at the coast. Our estimates indicate that up to 10,000 new houses need to be built in Windhoek alone before the median price can retract to N\$400K. This can be achieved in 24 to 36 months provided several developers are used to work on different parts of the project concurrently. Alternatively, prices will continue to grow by 18% every quarter with volume growth subject to availability of serviceable land and the construction of houses thereof. Other than been fuelled by poor land delivery, the price growth is also a result of increasing demand due to increase in the labour force as more students graduate. The potential introduction of new taxes, higher interest rates and higher inflation of basic goods which will erode consumers' disposable income pose further downside risks to this sector. The recent tabled budget makes mention of reformation of the housing sector through mass land servicing but also through formalising the process of social housing. 1,200 houses are to be built this year with this number eventually escalating to 5,000 houses still within the current MTEF. Government should not underestimate the urgency of this project as several households continue to mount their frustration towards sector deficits.

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		
	2009	2010	2011	2012	2013	2014	2015	5 Years	3 Years	1 Year
Arandis	175,000	300,000	300,000	300,000	300,000	505,000	602,000	100.67%	100.67%	19.21%
Eenhana	208,323	202,162	322,190	388,500	462,000	527,500	600,000	196.79%	54.44%	13.74%
Gobabis	320,988	383,000	481,500	608,500	620,000	630,200	783,500	104.57%	28.76%	24.33%
Grootfontein	315,000	280,000	308,900	500,000	455,000	530,000	597,000	113.21%	19.40%	12.64%
Henties Bay	500,000	563,500	687,500	780,000	837,000	870,000	1,037,445	84.11%	33.01%	19.25%
Katima Mulilo	240,000	286,000	275,000	326,350	430,000	528,750	543,000	89.86%	66.39%	2.70%
Keetmanshoop	271,500	334,650	407,000	450,000	421,000	495,000	698,750	108.80%	55.28%	41.16%
Luderitz	231,000	432,000	280,000	398,500	413,800	397,300	446,990	3.47%	12.17%	12.51%
Mariental	302,500	350,000	400,000	461,200	418,500	550,000	600,000	71.43%	30.10%	9.09%
Okahandja	290,000	355,000	366,900	471,500	543,000	687,000	790,000	122.54%	67.55%	14.99%
Okahao	302,000	262,250	373,200	295,000	412,000	484,000	447,500	70.64%	51.69%	-7.54%
Omaruru	555,000	775,000	650,000	650,800	480,000	800,000	737,500	-4.84%	13.32%	-7.81%
Omuthiya		349,600	331,500	343,000	402,000	531,500	575,000	64.47%	67.64%	8.18%
Ondangwa	234,000	258,300	373,500	512,350	482,500	570,500	683,805	164.73%	33.46%	19.86%
Ongwediva	341,500	442,500	431,000	505,240	412,000	506,500	720,040	62.72%	42.51%	42.16%
Oshakati	310,000	486,300	475,000	416,000	420,000	964,100	686,000	41.07%	64.90%	-28.85%
Oshikango	340,000	450,000	268,300	421,500	578,000	1,063,000	900,000	100.00%	113.52%	-15.33%
Oshikuku	294,000	375,000	311,500	363,000	380,000	466,000	550,000	46.67%	51.52%	18.03%
Otavi		350,000	477,000	475,000	473,700	690,000	475,000	35.71%	0.00%	-31.16%
Otjiwarongo	322,170	377,500	447,000	592,500	678,928	735,081	750,000	98.68%	26.58%	2.03%
Outapi	235,600	223,350	296,000	371,000	422,400	530,000	535,000	139.53%	44.20%	0.94%
Outjo	410,000	378,000	400,000	470,000	527,000	613,388	760,000	101.06%	61.70%	23.90%
Rundu	210,000	280,000	320,700	331,000	401,000	553,230	614,800	119.57%	85.74%	11.13%
Swakopmund	469,500	612,000	580,500	700,000	787,500	750,000	875,800	43.10%	25.11%	16.77%
Tsumeb	341,000	360,000	470,000	505,550	661,500	722,500	847,500	135.42%	67.64%	17.30%
Usakos	160,000	180,000	206,000	206,000	430,000	423,000	656,500	264.72%	218.69%	55.20%
Walvis Bay	380,000	489,350	415,000	450,000	617,500	800,000	795,500	62.56%	76.78%	-0.56%
Windhoek	472,000	544,000	682,500	800,000	980,000	910,000	1,150,000	111.40%	43.75%	26.37%
Namibia	381,000	450,000	480,000	609,750	640,000	700,000	800,000	77.78%	31.20%	14.29%

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