

A photograph of a modern, multi-story building at night. The building's facade is illuminated, and the logos for FNB, RMB, and WesBank are visible on a prominent corner. The sky is a deep blue, and streetlights create starburst effects in the foreground.

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Namibian Housing Market

By Namene Kalili



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Structure

- Basic housing facts/projections
 - Household composition
 - New housing demand
 - Modern housing delivery
 - NHE housing delivery
 - Improvised housing
 - Housing distribution
 - Consumers under pressure
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 - Summary
- House Price Index
 - Methodology
 - Trends (Causes)
- Housing Bubbles
 - Jean-Paul Rodrique Model
 - Where we are on the bubble curve
 - Easily misleading conclusions



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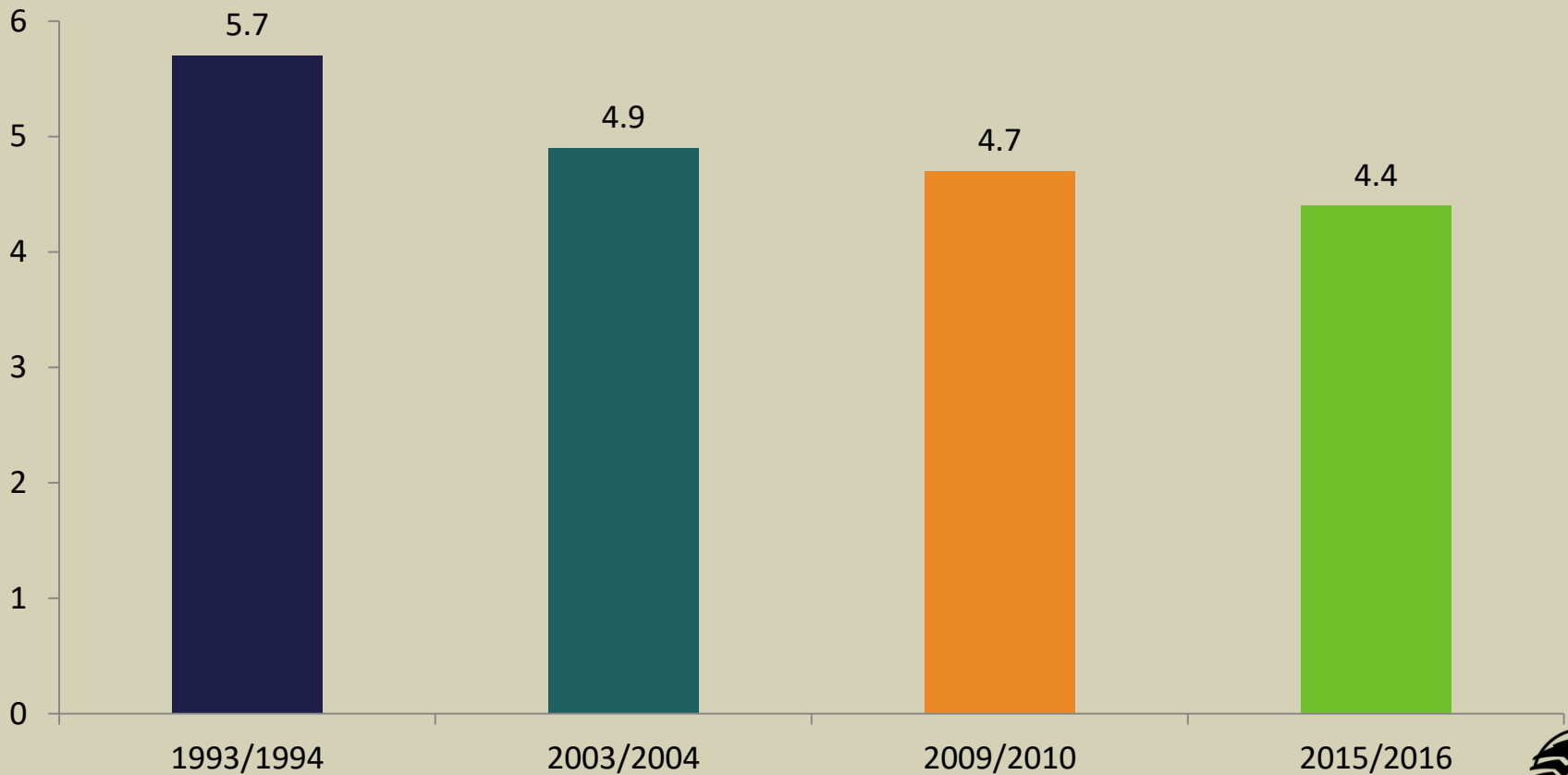
Basic Housing Facts



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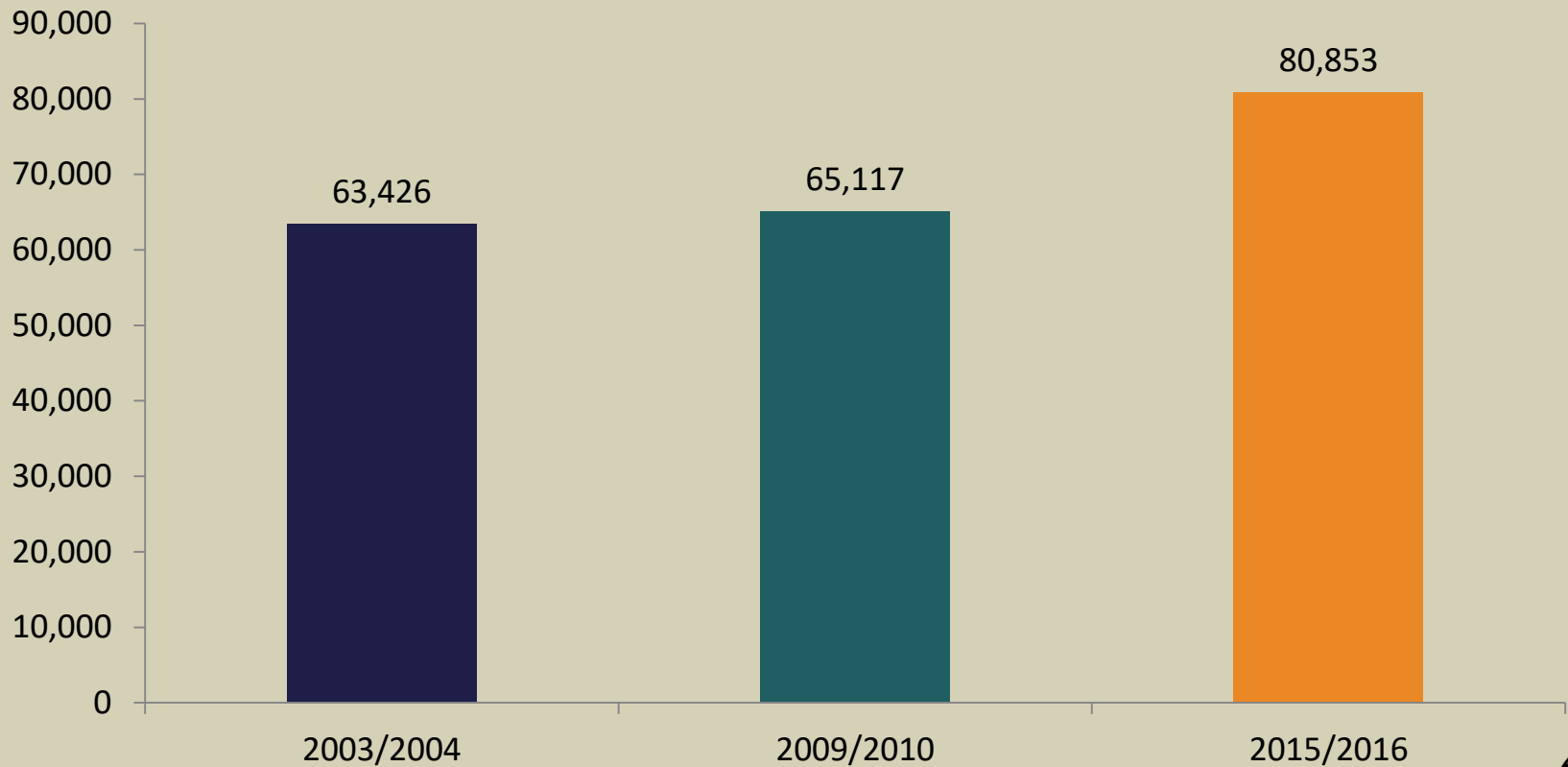
Changes in Household Composition

People per household



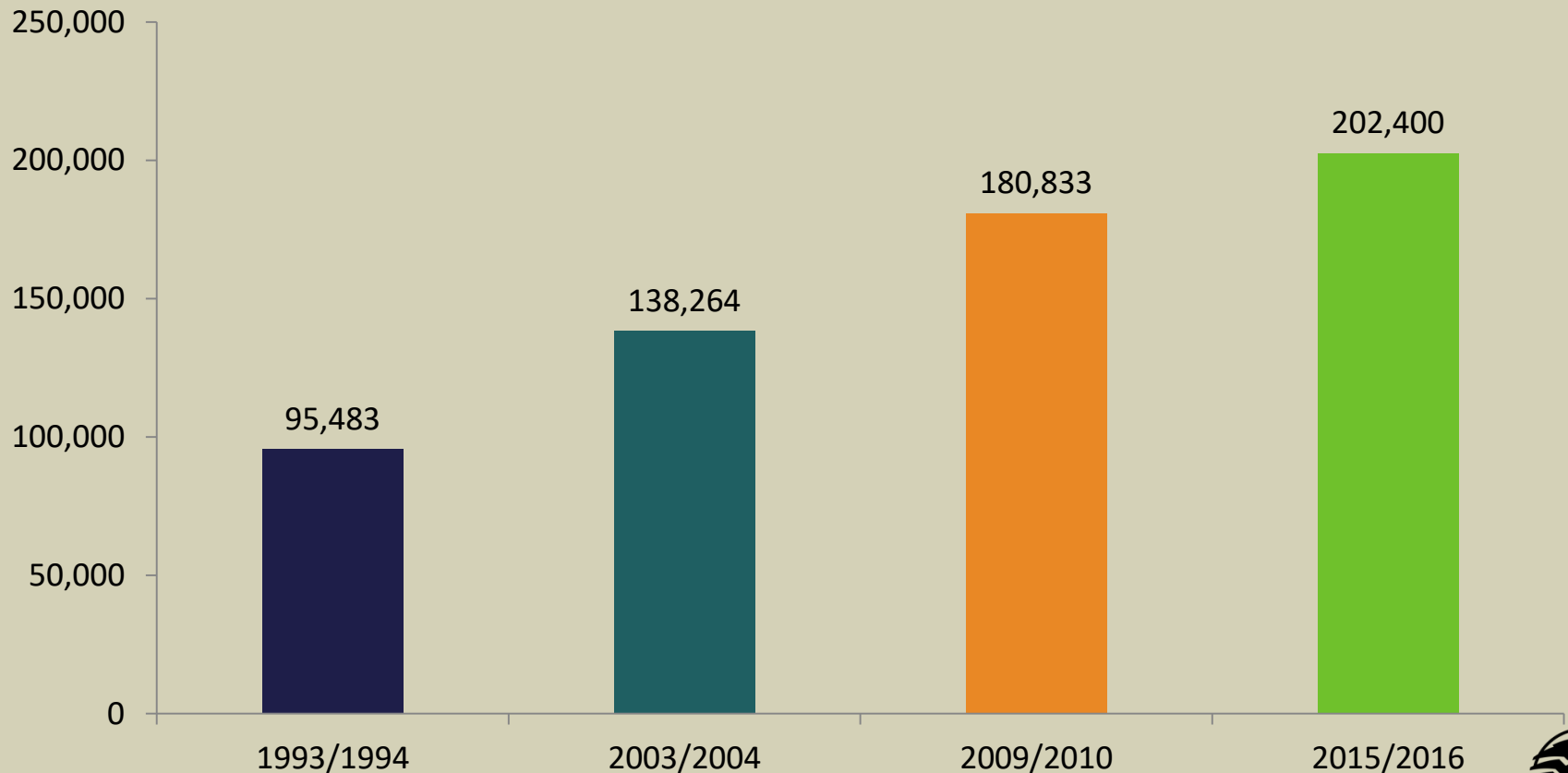
New Housing Demand

New households

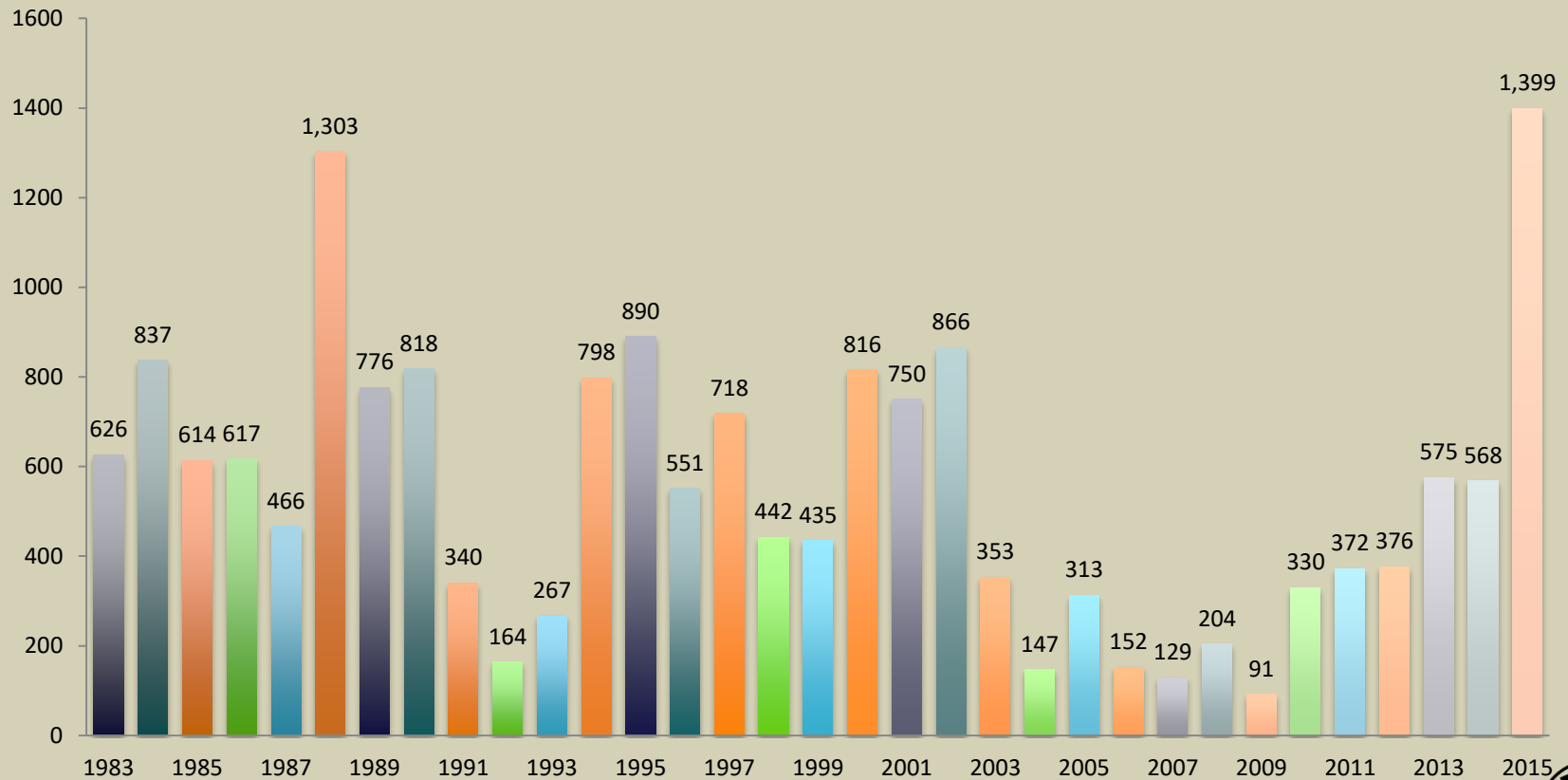


Modern Housing Growing at 4.9%pa

Modern houses

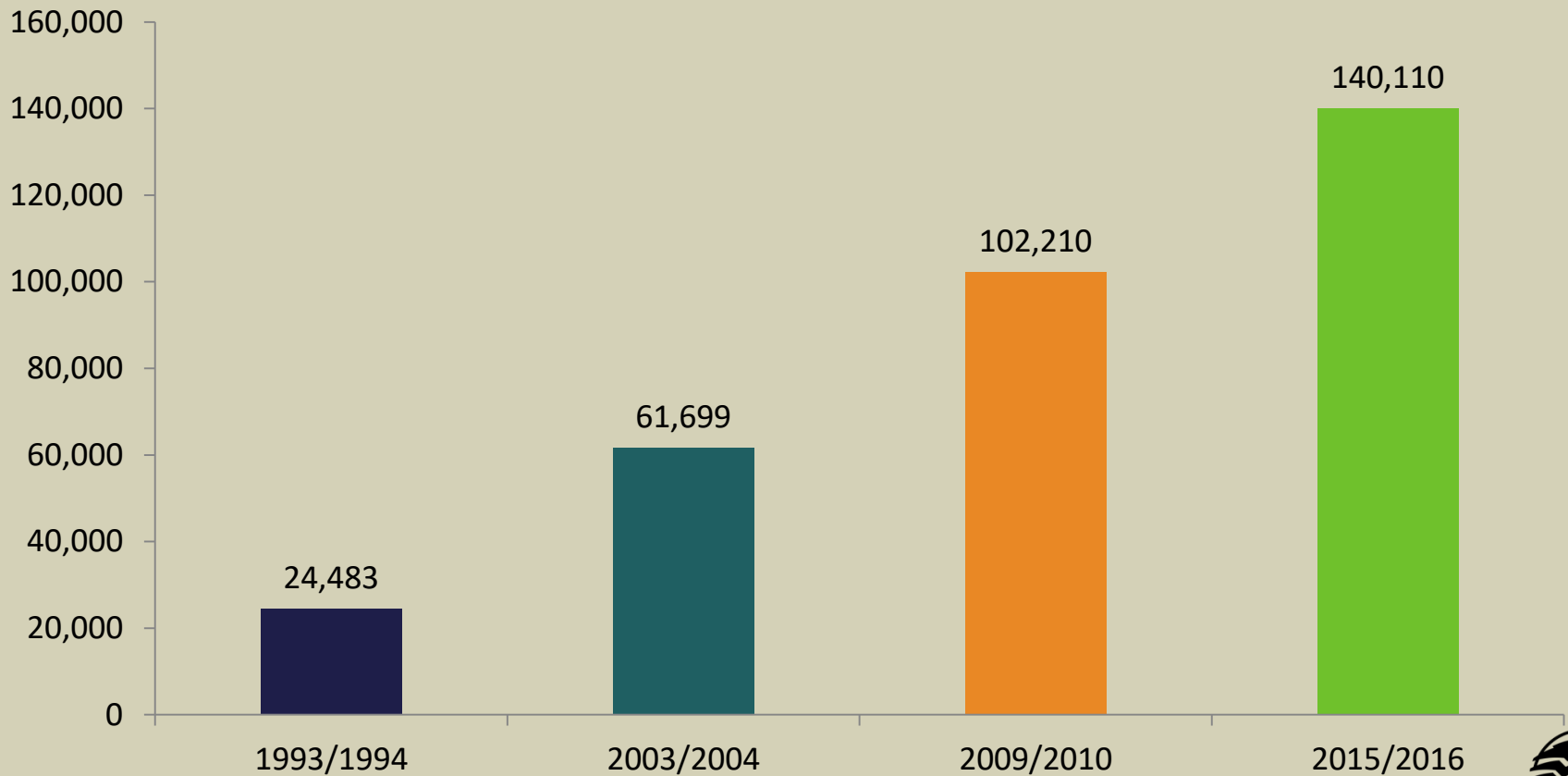


NHE Housing Delivery

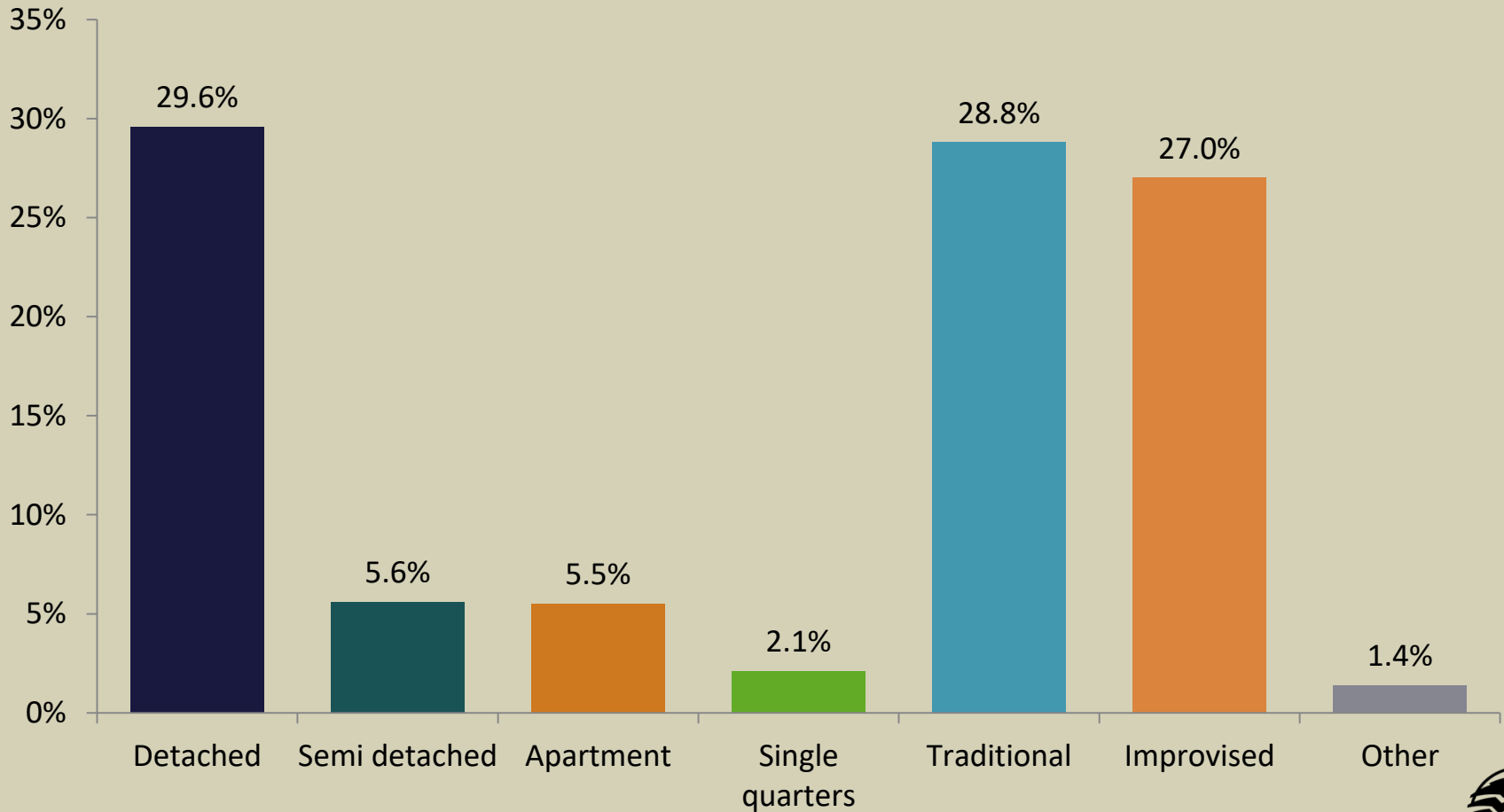


Improvised Housing Growing by 14.2%

Shacks

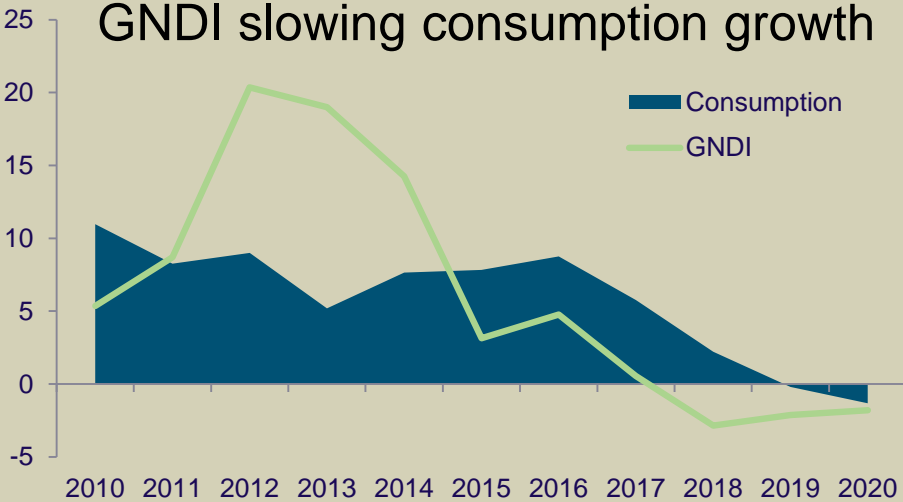


Housing Distribution

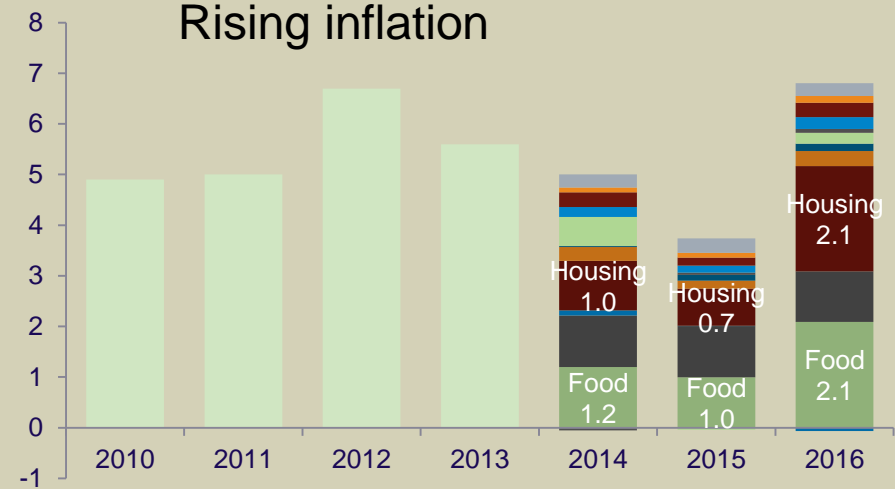


Consumers under pressure

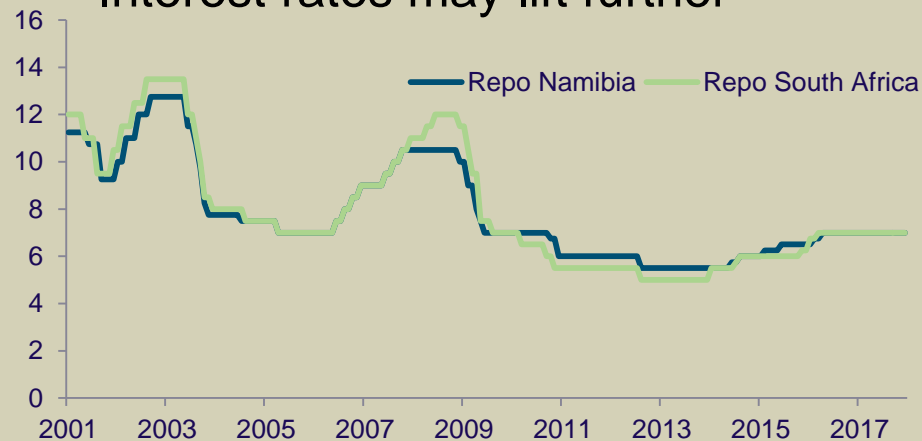
GNDI slowing consumption growth



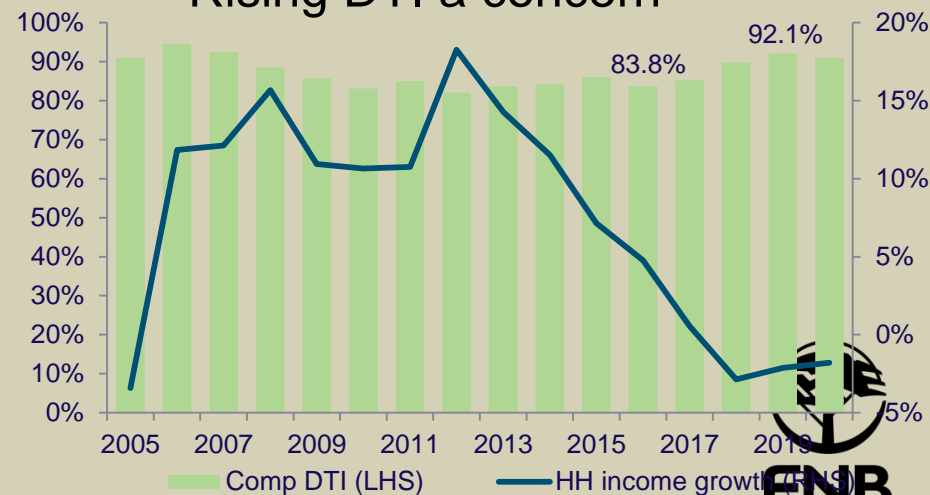
Rising inflation



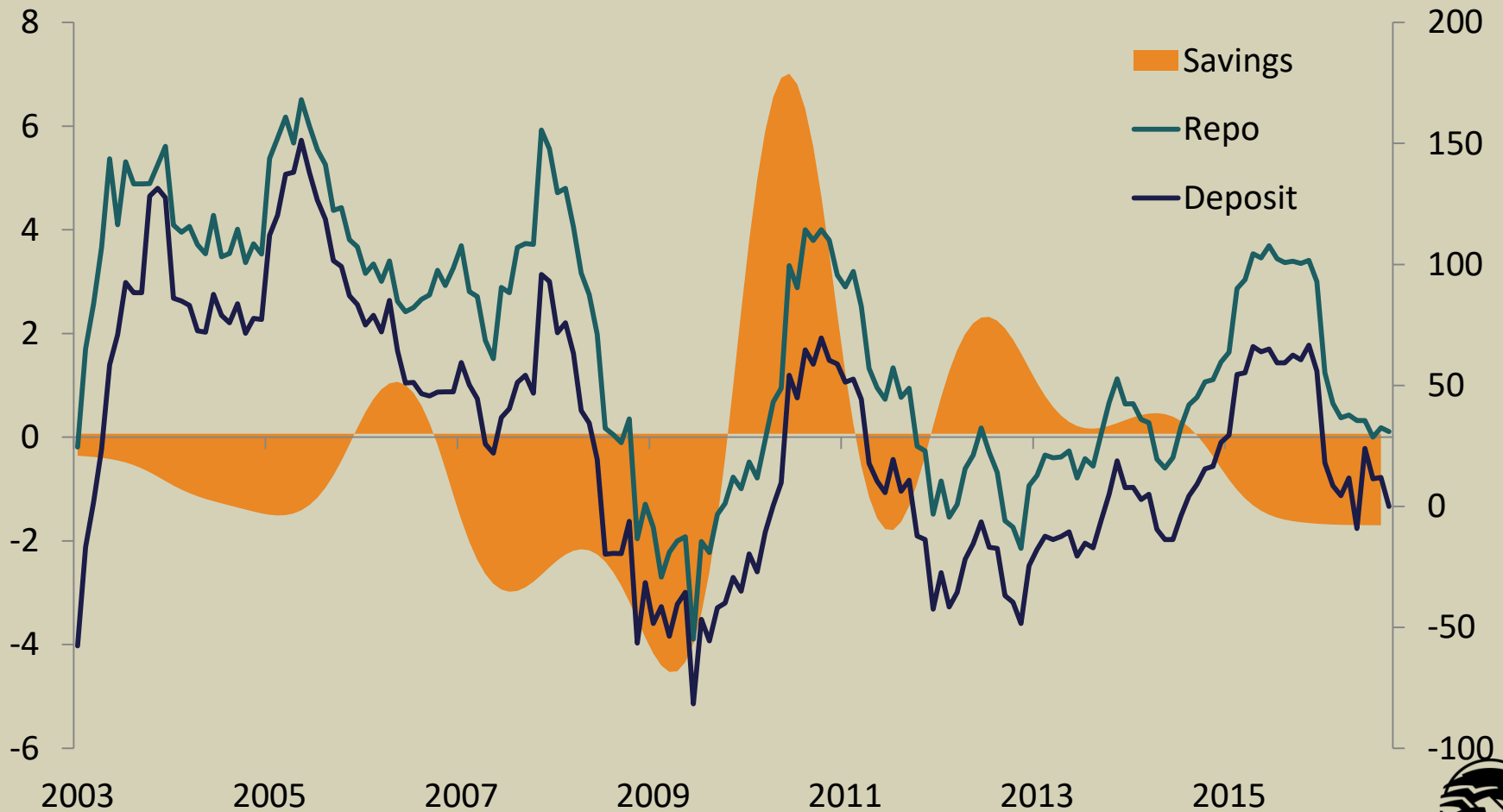
Interest rates may lift further



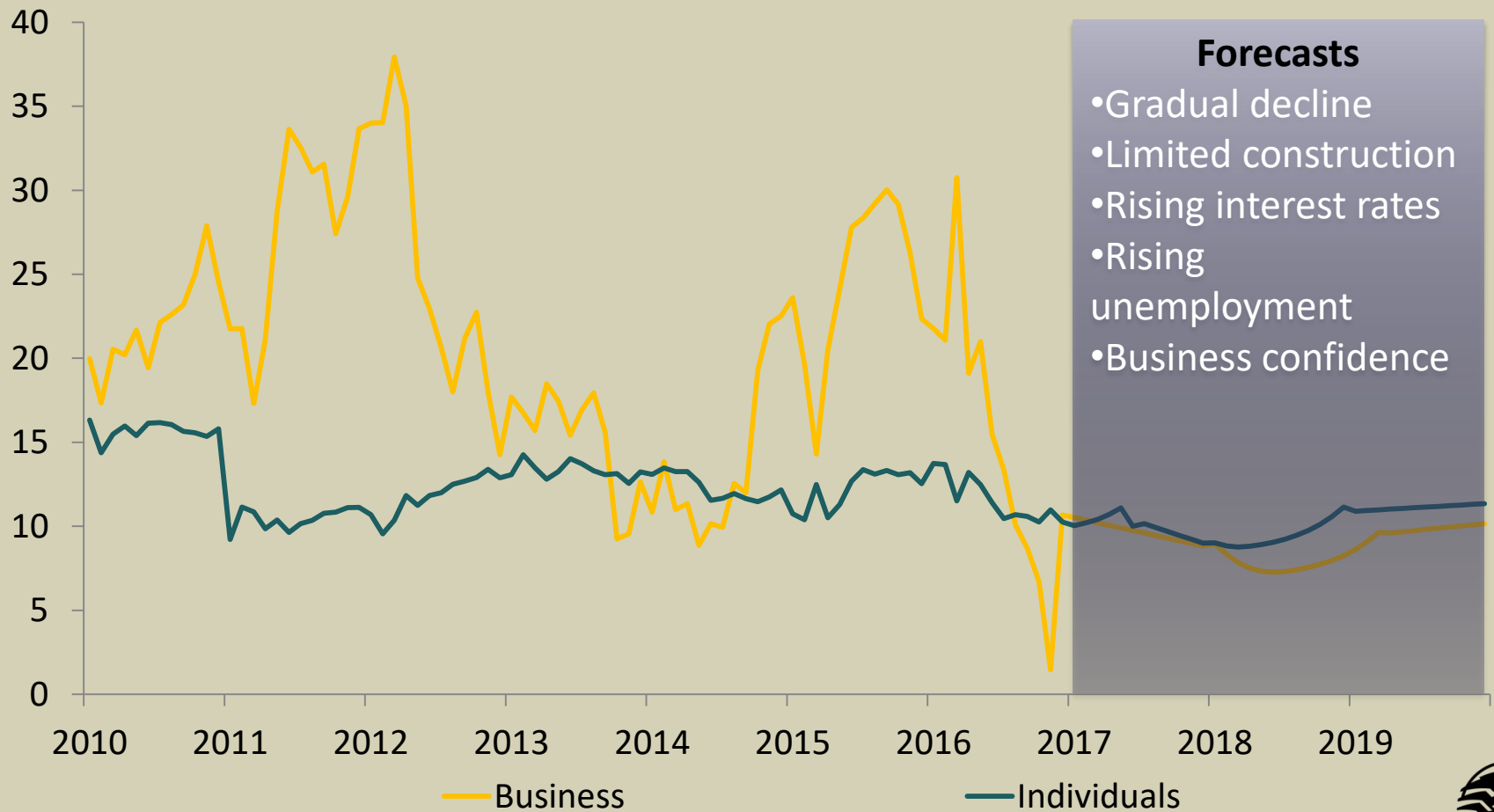
Rising DTI a concern



Consumers Tapping Into Savings



Mortgages



- Forecasts**
- Gradual decline
 - Limited construction
 - Rising interest rates
 - Rising unemployment
 - Business confidence

Summary

- Falling household size
- Rising housing demand
- Weak housing delivery (4.9% pa)
 - NHE
 - Tipeeg
 - Mass housing
 - Harambee prosperity plan
- Rising improvised housing (14.2% pa)

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House Price Index



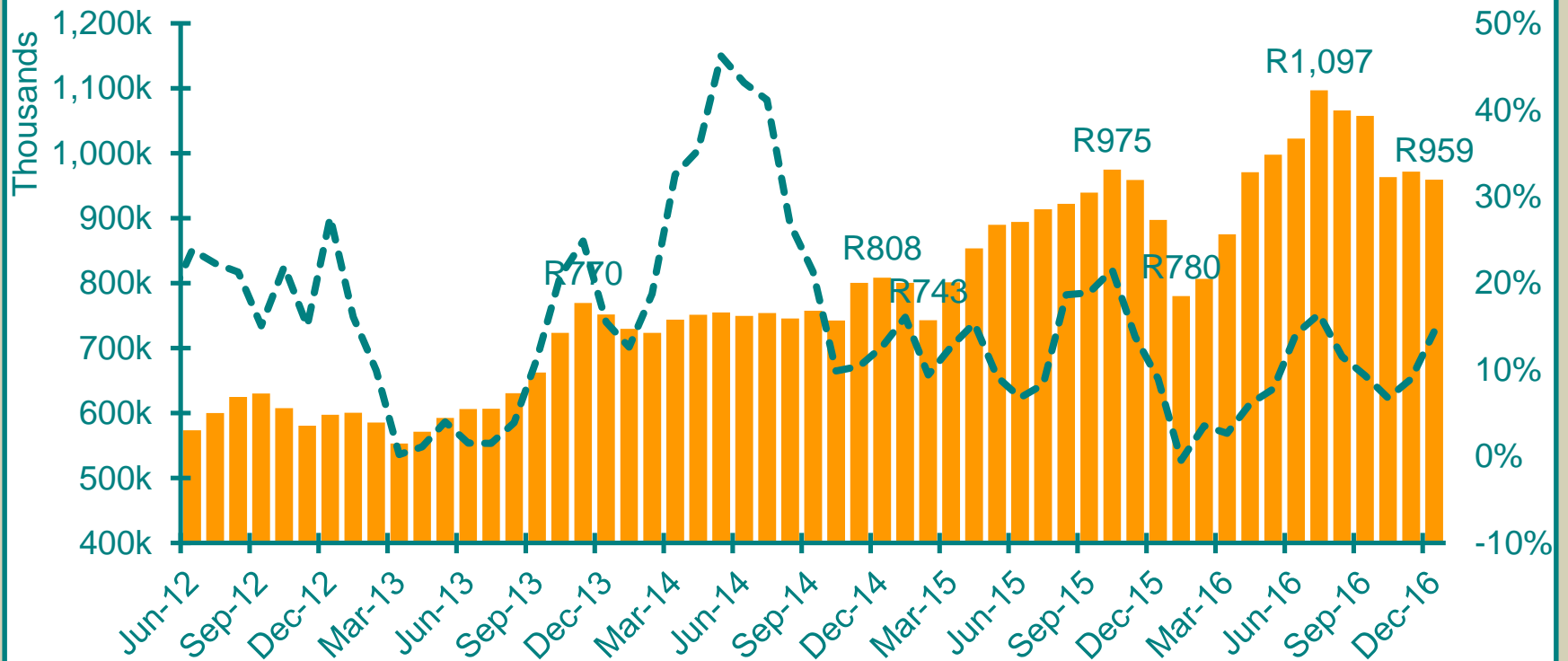
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Index Methodology

- Collect from Deeds Office
 - Hard copy
 - Bonds
 - Bonded value
 - Exclusions
 - Further bonds
 - Transactions under N\$100k (2007)
 - Cash transactions
 - Sectional bonds
 - Rehoboth transactions
- 60,672 Data points
- Use medians because of high income inequality
- Weight by area (2007)
- Supported by quarterly EAS

FNB House Price Index

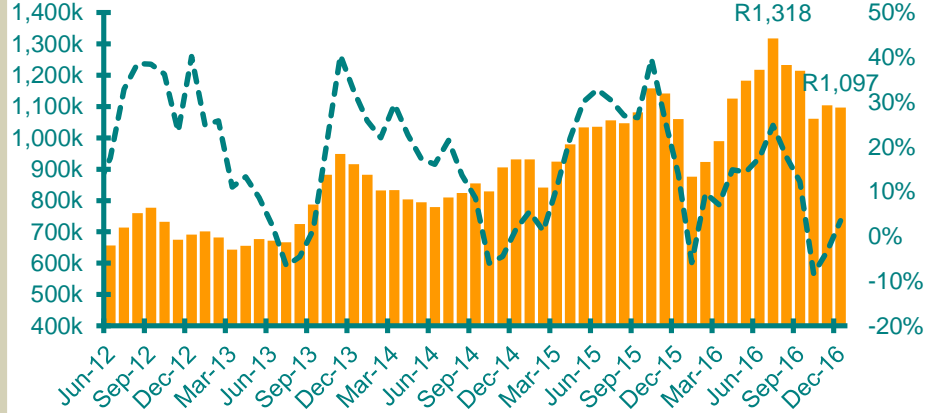
Overall House Prices



Regional Downward Trend

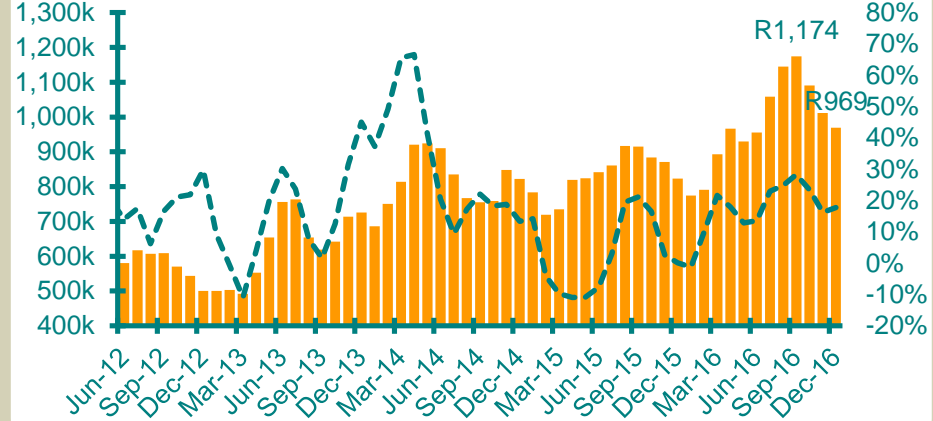
Central Property Market

Central House Prices



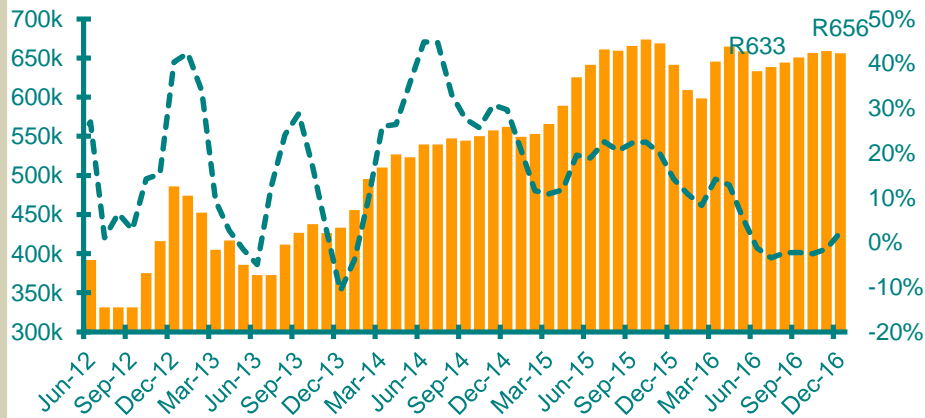
Coastal Property Market

Coastal House Prices



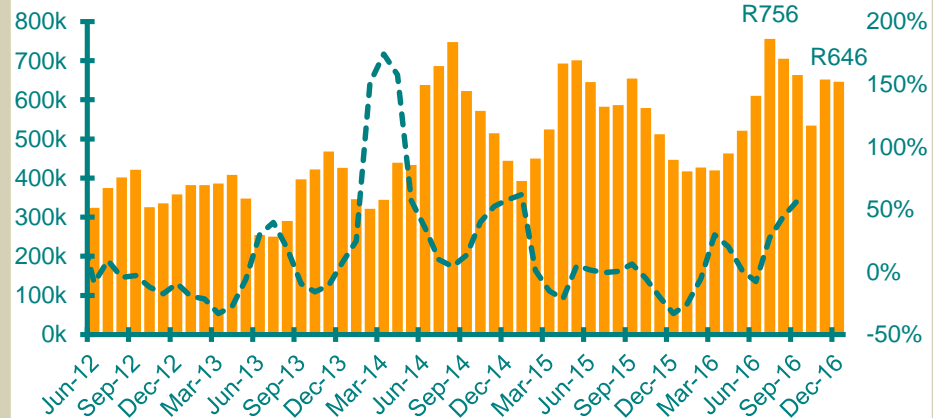
Northern Property Market

Northern House Prices



Southern Property Market

Southern House Prices



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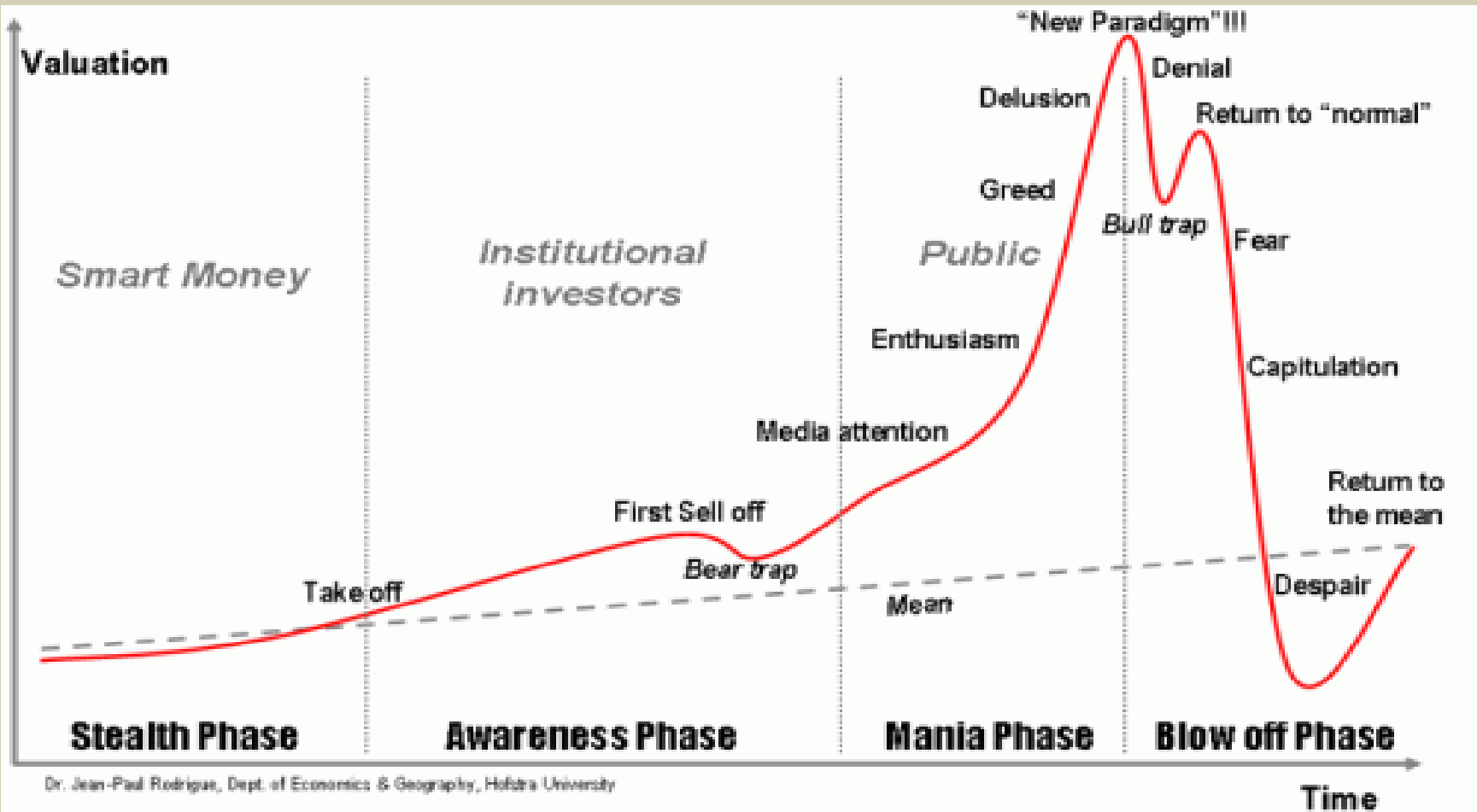
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Housing Bubbles



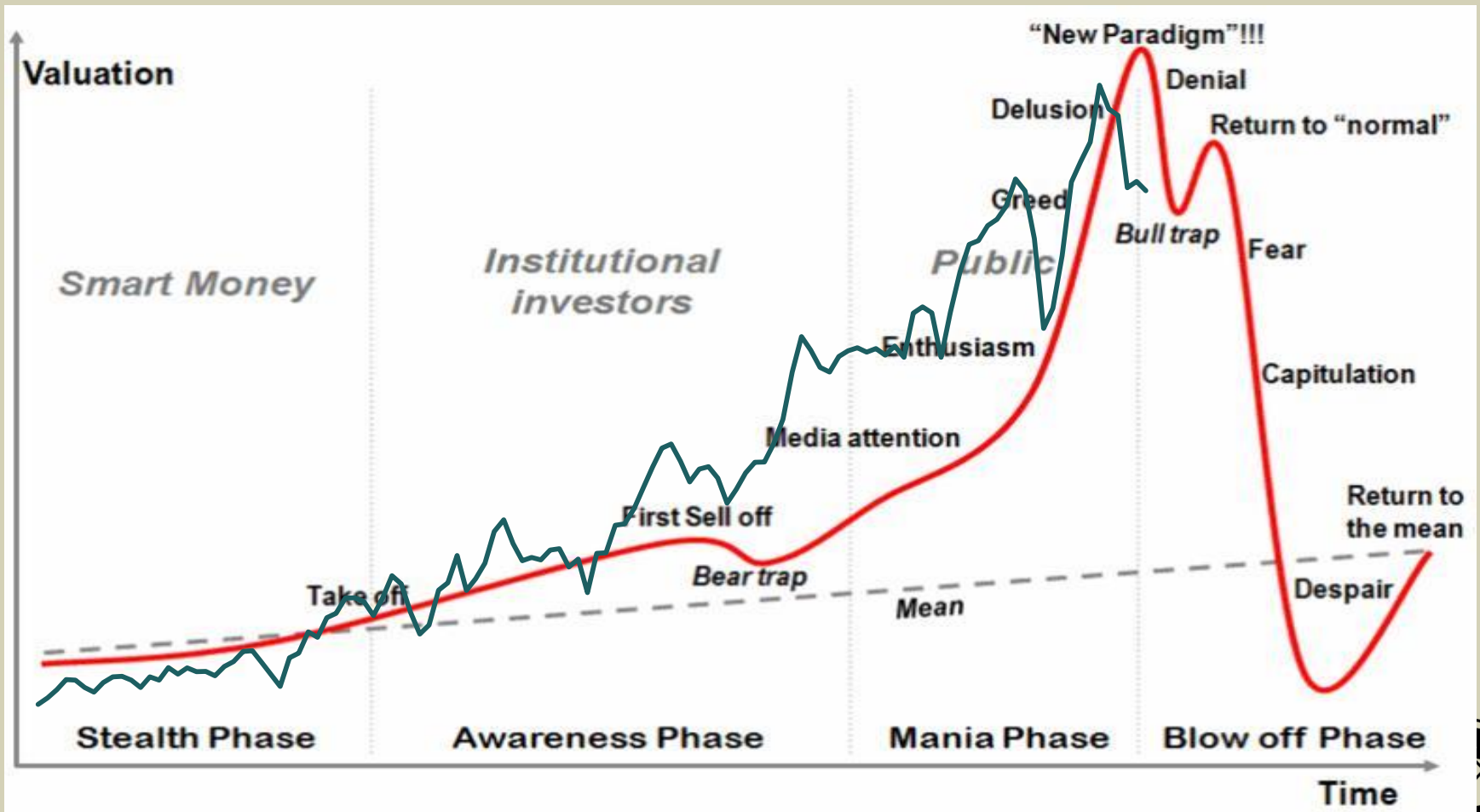
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Jean-Paul Rodrigue Bubble Model



Dr. Jean-Paul Rodrigue, Dept. of Economics & Geography, Helder University

Where Are We On The Bubble Curve



Easily misleading.....

- Household indebtedness
- Slowing economy
 - Fiscal consolidation
 - Commodity prices
- Negative employment growth
- Falling disposable income
 - Negative employment growth
 - 150bps rise in interest rates
 - High interest rates
- **Increased supply outstanding**
- Change in policy environment
 - BoN deposit requirements on secondary properties
- **Poor banking sector liquidity**
 - **Securitization creeping into the market**
 - **The last straw in the housing bubble of 2007**

The Way Forward

- **Densification**
- **Increase housing delivery**
 - **Social segment (82,000 units)**
 - Inclusionary developments
 - Government subsidies
 - Under the SDFN model
 - **Low income segment (42,000 units)**
 - Inclusionary development
 - Scaled up SDFN structure
 - 50% Government subsidy on top structure
 - **Middle income segment (9,000 units)**
 - Core housing
 - 100% commercial basis
- **Cost government N\$7.9bn to implement**



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