

# First Capital Building Cost Index

March 2024



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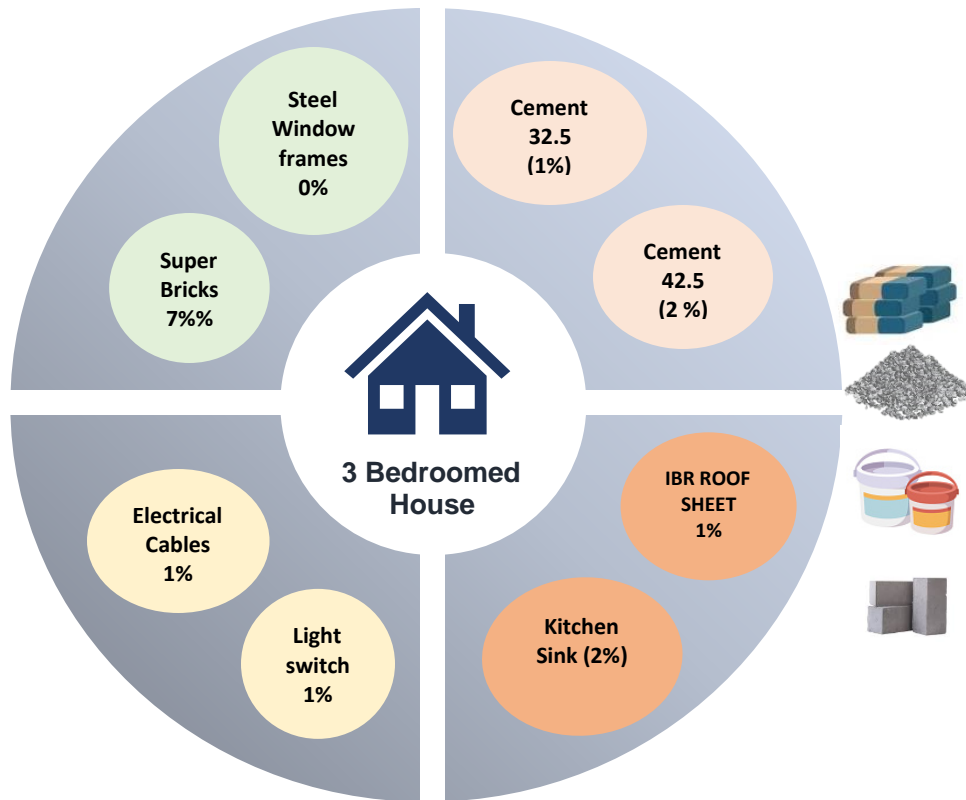
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## KEY FINDINGS

### Building Cost Report (Year-Over-Year)



#### Materials & Quantities

CEMENT (42.5) = 134 bags Required

CONCRETE STONES = 10 CUBIC METERS (X2 required)

PAINT (PRIMER) = 20 liters x 3

SUPER BRICKS = 14,239 Bricks

#### SUMMARY AND OUTLOOK FOR BUILDING MATERIALS

- The FC building cost index, which tracks expenditure on building materials, was 2.4% higher in March 2024 compared to the same period in 2023, rising to N\$312,170.28 during the first quarter of 2024 from N\$304,767.43 in the corresponding quarter of 2023.
- This increase was predominantly influenced by the escalation in the prices of super bricks, which surged by 7%, as well as cement types 32.5 and 42.5, witnessing respective year-on-year price hikes of 1% and 2%.
- The inflationary pressures on building materials are expected to continue throughout 2024 owing to increased demand for housing boosted by the recent increased government subsidies for public sector employees.
- Higher fuel prices present a significant challenge to the short to medium-term forecast of prices for building materials. As fuel costs impact transportation and production expenses, they tend to exert upward pressure on the overall cost of construction materials. Consequently, this escalation in fuel prices may lead to increased operational costs for manufacturers and distributors alike, potentially resulting in higher prices for building materials.

#### AVERAGE PRICE OF MATERIALS 4<sup>th</sup> QUARTER OF 2023

CEMENT N\$117.80

SAND N\$3,100.99

GRAVEL N\$ 3,900.50

BRICK N\$ 4.25

TILES N\$ 309.50

PAINT N\$ 1,403.21

## **Disclaimer**

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## About Us

First Capital Namibia is a premier financial services company specializing in treasury and asset (investment) management services. Founded in August 2009, we are deeply rooted in the Namibian capital market and offer an extensive understanding of its landscape. This in-depth knowledge allows us to expertly manage Namibian assets across various spectrums including cash management, equity, fixed income, specialist mortgage, and property mandates. Our wide range of clientele includes private investors, pension funds, public (government) sector entities, and charities. We pride ourselves on offering personalized financial solutions designed to meet the diverse needs of our clients.

As a financial institution, our operations are stringently regulated by the Namibia Financial Institutions Supervisory Authority (NAMFISA), ensuring our credibility as competent asset managers. Our team, based entirely in Namibia, exclusively focuses on the Namibian market, enabling us to add significant value to portfolios through our specialized Namibian mandates. At First Capital Namibia, we strive to provide exceptional financial services that drive sustainable growth and prosperity for our clients.

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## **Note to the Reader**

This biannual report offers an in-depth analysis of the trends in building materials prices and the impact of these changes on the cost of constructing a house in Namibia. This special publication meticulously captures the Building Cost Index, offering a comprehensive analysis spanning the periods before, during, and after the unprecedented influence of the Covid-19 pandemic on construction costs. By leveraging current information and leading indicators, we provide our perspective on the likely cost of building materials in the short to medium term. We believe that this publication will offer valuable insights to policymakers, contractors, mortgage lenders, investors, and citizens.



## Methodology

The analysis in this report covers building cost estimations over time, including the cost of building materials, labor, and urban land price movements. We have used a standard 3-bedroom residential house structure as a basis for comparison. The Building Cost Index is derived from the weighted prices of building materials and labor, factoring in the contractors' profit margin.

The house structure used in our report measures 76 square meters and features specific architectural and design elements for consistency in our comparisons. Prices are collected from six geographically diverse towns in Namibia to provide a fair representation of the country's construction cost landscape.

Our report covers the costs of various construction materials, from bricks, sand, cement, and crushed stones to other raw materials such as iron, steel sheets, and plumbing materials.

Labour costs, traditionally charged based on the time taken to complete a task, are factored into our cost calculations. In line with industry standards, labour costs should not exceed 35% of the total cost of building materials. However, given our domestic experience where labour costs often exceed this benchmark, we have adjusted the labour cost to 40% of the total material costs, inclusive of the building contractor's profit margin.

Lastly, the Land Cost Index is derived from the average unweighted prices of urban land. For the purpose of comparison, we have used a standard land area of 375 square meters across all towns. To derive the land cost for comparison, we have multiplied the town-specific average price of land per square meter by this standard land area.

Through this comprehensive and detailed methodology, we aim to provide the most accurate and informative insights into the building cost landscape in Namibia.

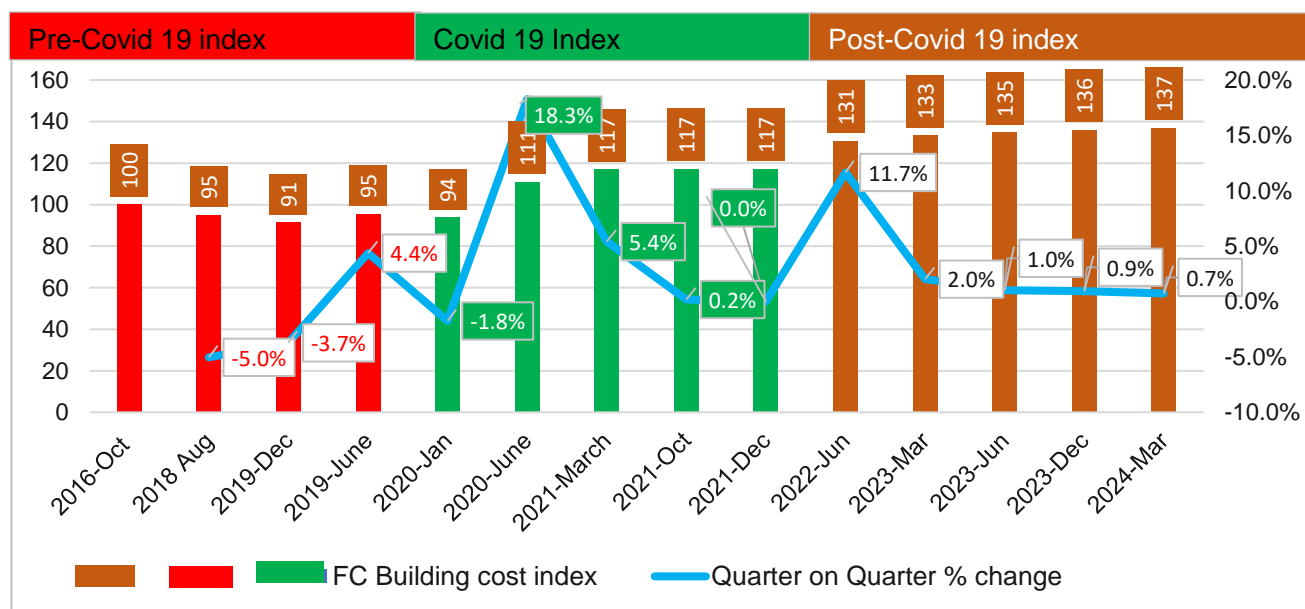
## 1. DOMESTIC BUILDING MATERIALS PRICE TRENDS

### 1.1. House Building Cost Index

The First Capital Building Cost Index (Figure 1), provides insights into the price fluctuations of building materials in the towns of Katima Mulilo, Rundu, Ondangwa, Keetmanshoop, Swakopmund and Windhoek. In this report the period from October 2016 to June 2019 is referred to as the pre-COVID-19 phase, while the period from January 2020 to December 2021 is designated as the COVID-19 pandemic phase, and the period from June 2022 to March 2024 is categorized as the post-COVID-19 phase.

The FC building cost index showed a year-on-year increase of 2.4% in March 2024 compared to the same period in 2023. Specifically, the index reached its peak during the post Covid-19 phase, with an index of 137 in March 2024. It was followed by the Covid-19 phase where the index recorded 117 in March 2021, and the lowest level was observed during the pre-COVID-19 phase, with an index of 95 in August 2018, and June 2019, respectively.

Figure 1: First Capital Building Cost Index



Source: First Capital Research



## 2. SUB-COMPONENTS PRICE ANALYSIS

### 2.1. Building Materials Price Analysis

The primary determinant of a residential property's construction expense in Namibia is the cost of building materials, which constitutes 60% of the overall expenditure. The following analysis offers a comprehensive examination of these costs.

#### 2.1.1. Building Materials for a Standard 3-Bedroom Residential House in Namibia

The below table presents a comprehensive inventory of materials that are essential for the construction of a standard three-bedroom house in Namibia. The average prices per unit for these materials were sourced from various towns, including Windhoek, Keetmanshoop, Swakopmund, Ondangwa, Rundu, and Katima Mulilo, ensuring a representative reflection of costs nationwide. The table systematically arranges the materials, beginning with those used for brickwork, followed by roofing and ceiling materials. Subsequent sections present materials required for doors and windows, plumbing, electrical work, tiling, and fencing. The last section encompasses contingency materials.

Table 1: Building Material Bill on a Standard 3-Bedroom Residential House.

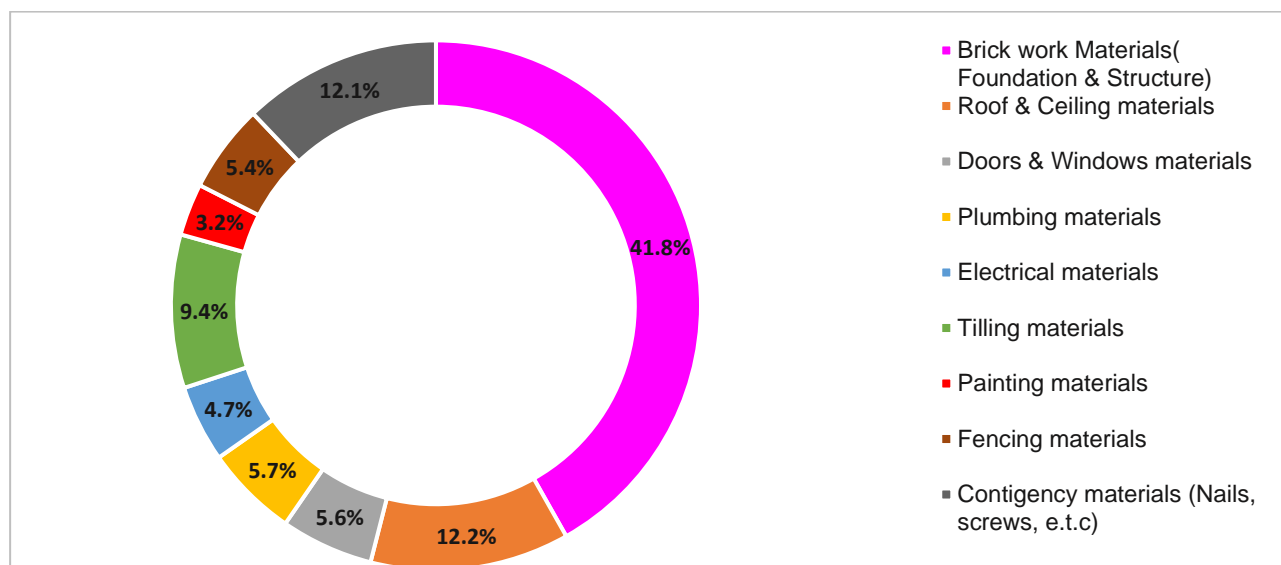
Brick work Materials( Foundation & Structure)	Quantity	March average price 2023	March 2023 Bill	March average price 2024	March 2024 Bill
<b>Brick work Materials( Foundation &amp; Structure)</b>			<b>124,868.96</b>		<b>130,297.83</b>
Super Bricks 7mpa	14,239.00	3.98	56,671.22	4.25	60,515.75
Cement 42.5 (50KG)	134.00	116.80	15,651.20	117.80	15,785.20
Cement 32.5 (50KG)	130.00	110.00	14,300.00	112.00	14,560.00
Building Sand (10 Cubic meters)	4.00	3,099.10	12,396.40	3,100.99	12,403.96
Plastering Sand (10 Cubic meters)	2.00	3,099.10	6,198.20	3,100.99	6,201.98
Concrete stones 19mm (10 Cubic meters)	2.00	3,900.50	7,801.00	3,905.50	7,811.00
Brick force (150*15*9") Rolls	30.00	23.00	690.00	42.00	1,800.00
Brick force (75*15*4.5") Rolls	10.00	35.00	350.00	40.00	400.00
Damp Proof Course,DPC (225mm*40m*250µm) Rolls	2.00	150.00	300.00	150.00	300.00
Damp Proof Course,DPC (110mm*40m*250µm) Rolls	2.00	75.18	150.36	75.18	150.36
Ant Poisoning, Astor Termite Control (5 L)	1.00	2,260.58	2,260.58	2,260.58	2,260.58
Others		8,100.00	8,100.00	8,100.00	8,109.00
<b>Roof &amp; Ceiling materials</b>			<b>37,703.89</b>		<b>37,870.40</b>
IBR Galvanised Roofing Sheet Z275 (0.47mm*4.5m)	28.00	490.99	13,747.72	497.90	13,913.20
Galvanised Fascia	1.00	259.99	259.99	260.99	260.99
Rafters, Timbers(38mm*114mm*6.6m)	28.00	190.20	5,325.60	190.20	5,325.60
Purlin, Timber(50mm*76mm*6.6m)	20.00	199.95	3,999.00	199.95	3,999.00
Rhinoboard Ceiling (6.4*2,700*1,200mm)	20.00	146.06	2,921.20	146.06	2,921.23
Branding (38mm*50mm*6.6m)	60.00	91.97	5,518.20	91.97	5,518.20
Cornice (75mm*3m)	20.00	80.80	1,616.00	80.80	1,616.00
Rain water Goods: Galvanized Gutters	4.00	260.00	1,040.00	260.00	1,040.00
Down Pipes	4.00	178.82	715.28	178.82	715.28
Others (roofing screws, bidders etc.)	1.00	2,560.90	2,560.90	2,560.90	2,560.90
<b>Doors &amp; Windows materials</b>			<b>17,582.56</b>		<b>17,591.51</b>
Outside Doors (Wooden Pinedouble Weather board)	2.00	1,415.39	2,830.78	1,415.39	2,830.77
Inside Doors (Wooden medium Consult)	4.00	515.13	2,060.52	515.13	2,060.51
Outside Door Frames (813mm*2,032mm*230mm*1mm)	2.00	862.03	1,724.06	862.03	1,724.06
Inside Door Frames (813mm*2,032mm*115mm*0.6mm)	4.00	380.49	1,521.96	380.49	1,521.94
Outside Steel Buglar Doors	2.00	817.94	1,635.88	817.94	1,635.88
Steel Window Frames ND11w1800xh1500 (Sitting room)	1.00	770.95	770.95	776.95	776.95
Steel Window Frames ND4w1500xh1200 (Bedrooms)	3.00	340.64	1,021.92	340.64	1,021.91
Steel Window Frames NE2w1200xh600 (Bathroom)	1.00	390.50	390.50	390.50	390.50
Steel Window Frames NC1 w900xh900 (Kitchen)	1.00	325.80	325.80	325.80	325.80
Windows	1.00	2,660.10	2,660.10	2,663.10	2,663.10
Others (Concrete Lintels, Curtain Rails, Window buglars,	1.00	2,640.09	2,640.09	2,640.09	2,640.09
<b>Plumbing materials</b>			<b>17,582.15</b>		<b>17,638.63</b>
Kitchen Sink (1200mm*480mm drop in)	1.00	1,040.99	1,040.99	1,060.99	1,050.99
Basin waste Union (1.25*32mm)	2.00	279.99	559.98	289.99	579.98
Kitchen Tap set	1.00	610.90	610.90	614.90	614.90
Basin white flair (470mm)	1.00	264.50	264.50	264.99	264.99
Basin taps	2.00	351.90	703.80	353.90	707.80
Shower components( Shower head, Arm, Trap & 2 Taps)	1.00	665.99	665.99	670.99	670.99
Toilet set (765mm)	1.00	1,209.99	1,209.99	1,209.99	1,209.99
Sewer pipes set (underground pipe) (6mm)	6.00	1,269.00	7,614.00	1,270.00	7,620.00
Copper pipe set	1.00	559.00	559.00	565.99	565.99
Others	2.00	2,176.50	4,353.00	2,176.50	4,353.00
<b>Electrical materials</b>			<b>14,532.25</b>		<b>14,618.72</b>
Electrical Cables	1.00	11,910.00	11,910.00	12,000.99	11,998.99
Light Switch(X2 Double & X4 Single Light Switch)	1.00	154.30	154.30	156.30	156.30
Electrical Plug Sockets(X2 Double & X3 Single sockets)	1.00	688.56	688.56	688.56	696.56
Light Bulbs & Lamps(X6 Bulbs & X6 Lamps)	1.00	390.04	390.04	369.99	369.99
Distribution Board (DB), 12 Mode Flush	1.00	530.25	530.25	530.99	530.99
PVC Pipes	1.00	459.58	459.58	472.99	462.99
Others	1.00	399.52	399.52	402.90	402.90
<b>Tiling materials</b>			<b>28,265.56</b>		<b>29,650.17</b>
Floor tiles, Ivory Nano 2nd Grade (600*600mm)	50.00	290.50	14,525.00	309.50	15,475.00
Wall tiles, Mosaic Matt (48*48mm)	60.00	120.60	7,236.00	124.99	7,499.40
Tile Adhesive [glue],(20kg)	30.00	55.65	1,669.50	58.99	1,769.70
Tile Grout (20Kg)	3.00	270.02	810.06	272.02	816.07
Others	1.00	4,025.00	4,025.00	4,090.00	4,090.00
<b>Painting materials</b>			<b>9,881.56</b>		<b>9,957.17</b>
Primer Paint (20L)	3.00	909.99	2,729.97	932.99	2,798.97
Colour Coat Paint (20L) [Creame colour for Interior]	3.00	1,403.21	4,209.63	1,403.21	4,209.62
Colour Coat Paint (20L) [Desert tan colour for Exterior]	2.00	240.68	481.36	240.99	481.98
Other	1.00	2,460.60	2,460.60	2,466.60	2,466.60
<b>Fencing materials</b>			<b>16,599.60</b>		<b>16,784.95</b>
Diamond Mash Wire Fence rolls (1.8m high & 25m Long)	15.00	799.99	11,999.85	810.99	12,164.85
Econo Gate, 1 Piece (1.8m high & 1m wide)	1.00	770.10	770.10	787.05	787.05
Econo Gate, 2 Piece (1.8m high & 3m wide)	1.00	2,099.55	2,099.55	2,250.99	2,102.95
Others	1.00	1,730.10	1,730.10	1,740.10	1,730.10
<b>Contingency materials (Nails, screws, e.t.c)</b>			<b>37,759.90</b>	<b>37,759.90</b>	<b>37,760.90</b>
<b>Total</b>			<b>304,767.43</b>		<b>312,170.28</b>

Source: First Capital Research

### 2.1.2. Material Prices by Category for 3-Bedroom House

The breakdown of expenditures on various materials for different aspects of construction provides valuable insights into the allocation of resources in building projects. It is worth noting that the highest proportion of expenses is allocated to brickwork materials for foundation and structure, comprising 41.7% of the total material budget. This emphasizes the foundational importance of sturdy construction materials in ensuring the integrity and durability of the building. Roof and ceiling materials follow, accounting for 12.1%, reflecting the significance of safeguarding the structure from external elements and providing overhead protection. Additionally, significant allocations are made for contingency materials (12.1%) and tiling materials (9.5%), indicating the recognition of the need for flexibility in unforeseen circumstances and the attention to detail in finishing aspects of the construction process. Meanwhile, relatively smaller proportions are allotted to doors and windows materials (5.6%), plumbing materials (5.7%), electrical materials (4.7%), painting materials (3.2%), and fencing materials (5.4%), reflecting their respective but crucial roles in completing the construction project. This distribution underscores the strategic allocation of resources across different components of construction to ensure both structural integrity and aesthetic appeal while allowing for adaptability to unforeseen requirements.

Figure 2: Contribution of Materials to The Total Cost of Materials by Category



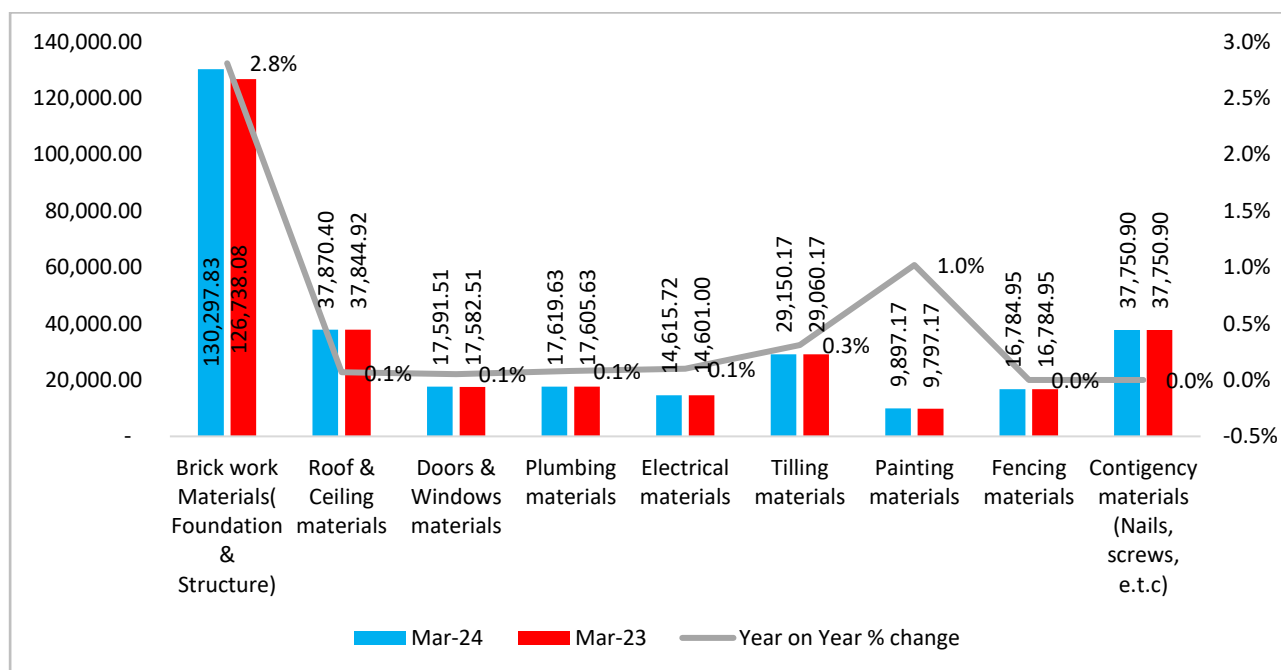
Source: First Capital Research

### 2.1.3. Year-on-Year Percentage Price Changes by Category

Figure 3 below, presents a comprehensive overview of the categorical cost for building materials between March 2023 and March 2024 as well as their annual increase. Across the board, most categories show marginal increases or stability in prices. Notable changes include a 2.8% rise in brickwork materials for foundation and structure, indicating a moderate inflationary pressure in this essential aspect of construction. Similarly, painting materials experienced a 1.0% increase, suggesting a slight uptick in costs for surface finishing.

Tiling materials also saw a modest increase of 0.3%, reflecting a marginal rise in expenses for tiling installations. Conversely, roof & ceiling materials, doors & windows materials, plumbing materials, electrical materials, fencing materials, and contingency materials remained relatively stable, with minimal changes of 0.1% or no change in their prices compared to the previous year. These subtle fluctuations indicate overall stability in the prices of these materials over the specified period.

Figure 3: Year on Year Price Percentage Price Changes by Category

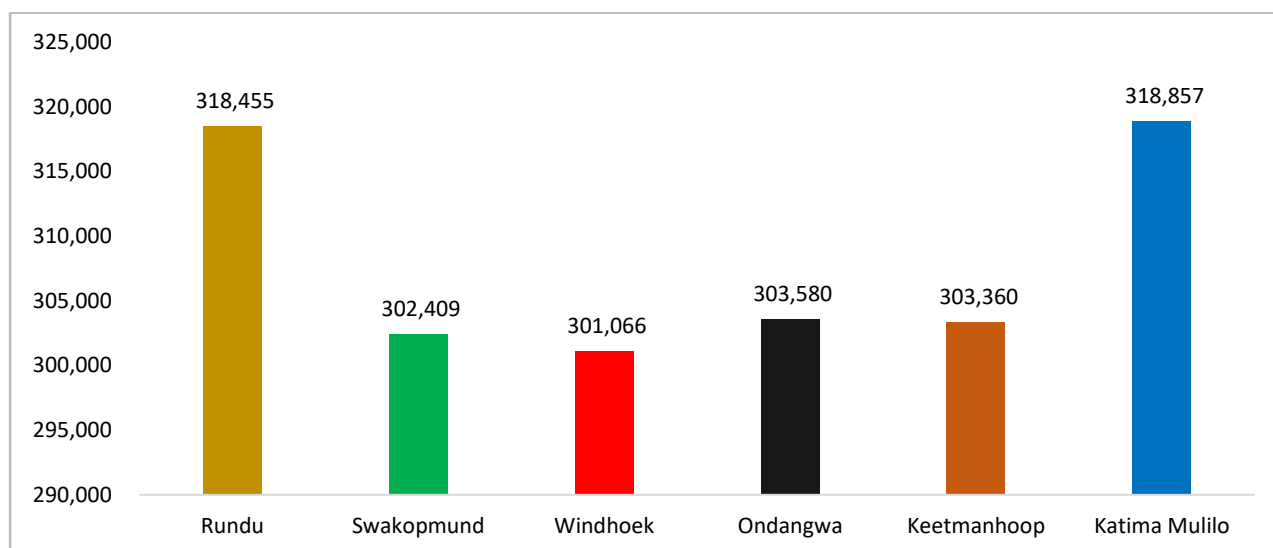


Source: FC Research

## 2.2. Building Materials Cost by Town

The pricing of building materials in different municipalities in Namibia, demonstrates marginal variations. Specifically, Rundu and Katima Mulilo exhibit higher costs at N\$318,455 and N\$318,857 respectively. These elevated prices may be influenced by factors such as transportation expenses or local demand dynamics. In contrast, Swakopmund reflects a slightly lower cost at N\$302,409 while Windhoek, Ondangwa, and Keetmanhoop closely follow at N\$301,066, N\$303,580, and N\$303,360 respectively. These discrepancies can primarily be attributed to variances in transportation costs required to facilitate the transfer of materials from primary suppliers to the respective towns.

Figure 4: Cost of Materials for a Three-Bedroom House (N\$)



Source: FC Research

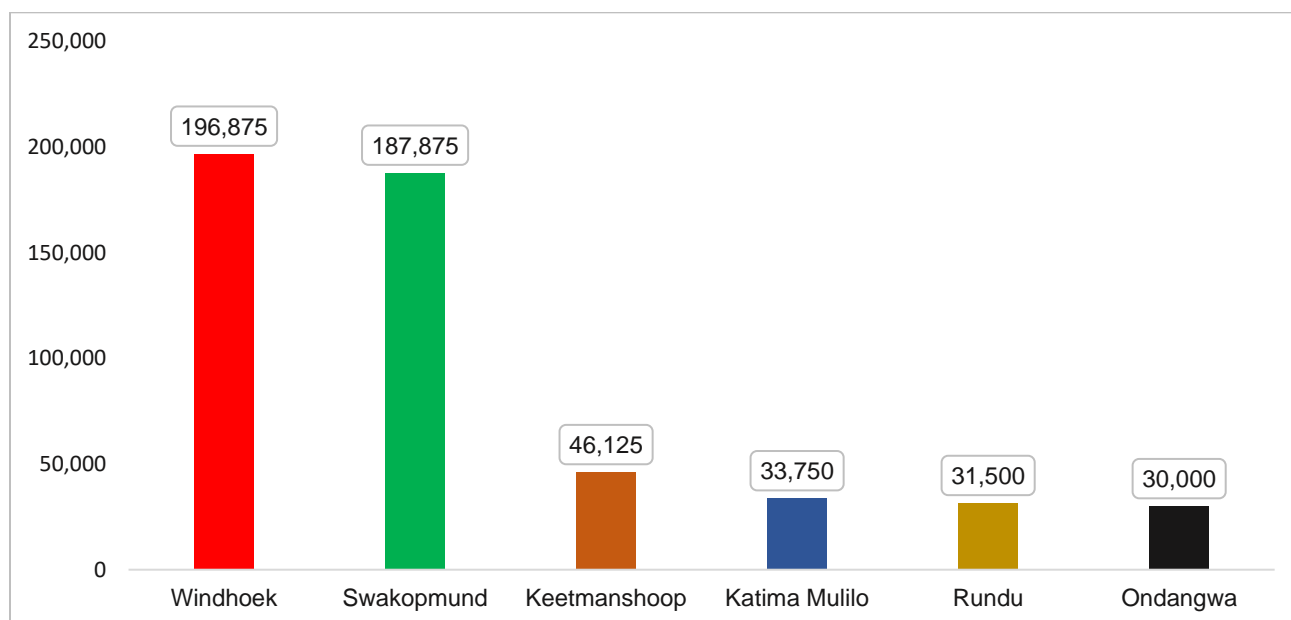
## 2.3. Cost of Land

### 2.3.1. Land Prices by Town and Price Changes Over

Figure 4, as shown below, presents the average prices of serviced land obtained from recent transactions involving local authorities and the overall annual price changes. The price for a standard plot of land (or erf) of 375 square meters intended for a three-bedroom house is calculated by multiplying the price per square meter of serviced land in each town.

The highest cost for a standard plot is found in Windhoek, at N\$196,875, followed by Swakopmund (N\$187,500), Keetmanshoop (N\$46,125), Katima Mulilo (N\$33,750), Rundu (N\$31,500), and finally Ondangwa, where the cost stands at N\$30,000. See Figure 4 for a detailed comparison.

Figure 5: Average Price of Land For A 375 Square Metre Plot From Local Authorities



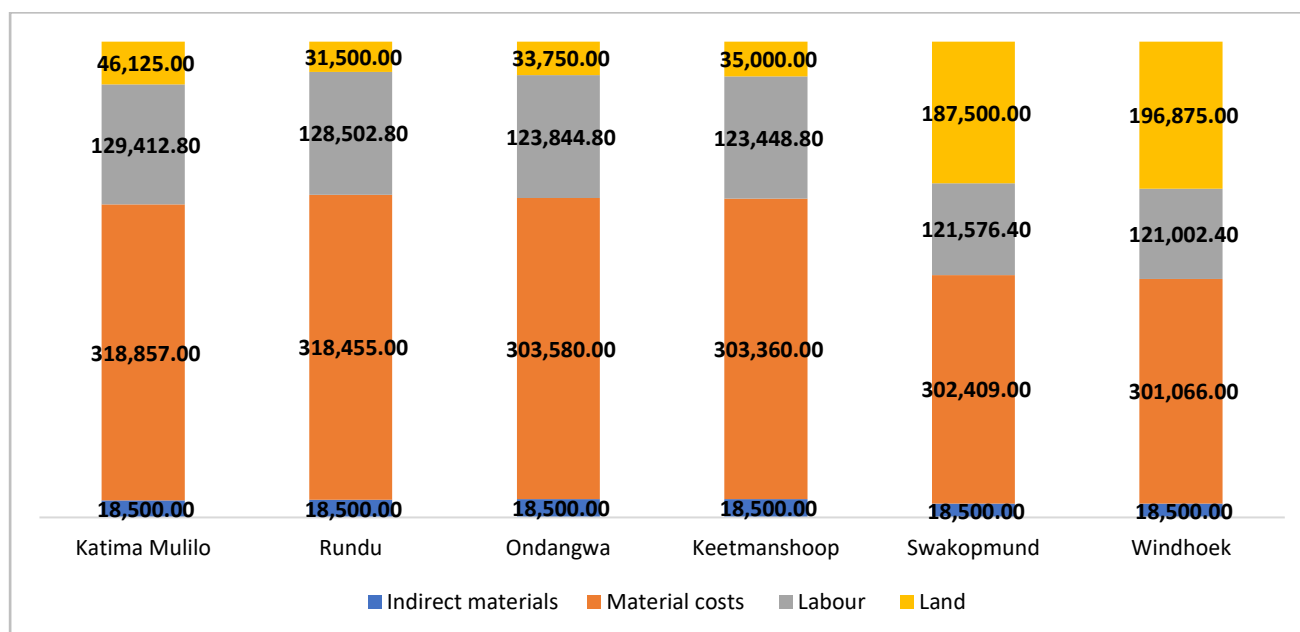
Source: First Capital Research

### 3. Cost Breakdown for Standard 3-Bedroom House Construction

Analysis of the provided data reveals varying expenditures across different towns in Namibia concerning indirect materials, material costs, labor, and land. Notably, Swakopmund and Windhoek exhibit the highest land costs, standing at N\$187,500.00 and N\$196,875.00 respectively, suggesting potentially higher property values or development costs in these areas.

Material costs are relatively consistent across most towns, with Rundu presenting the lowest at N\$318,455.00, while labor costs follow a similar pattern, indicating comparable wage structures. However, there are slight discrepancies in indirect material expenses, with Swakopmund and Windhoek reporting marginally higher figures compared to other towns. Overall, while material and labor costs are relatively uniform, variations in land expenses and indirect material costs may reflect differences in local economic conditions, land availability, or regulatory factors.

Figure 6: Breakdown of The Total Cost Of Building a Standard 3-Bedroom House



Source: First Capital Research

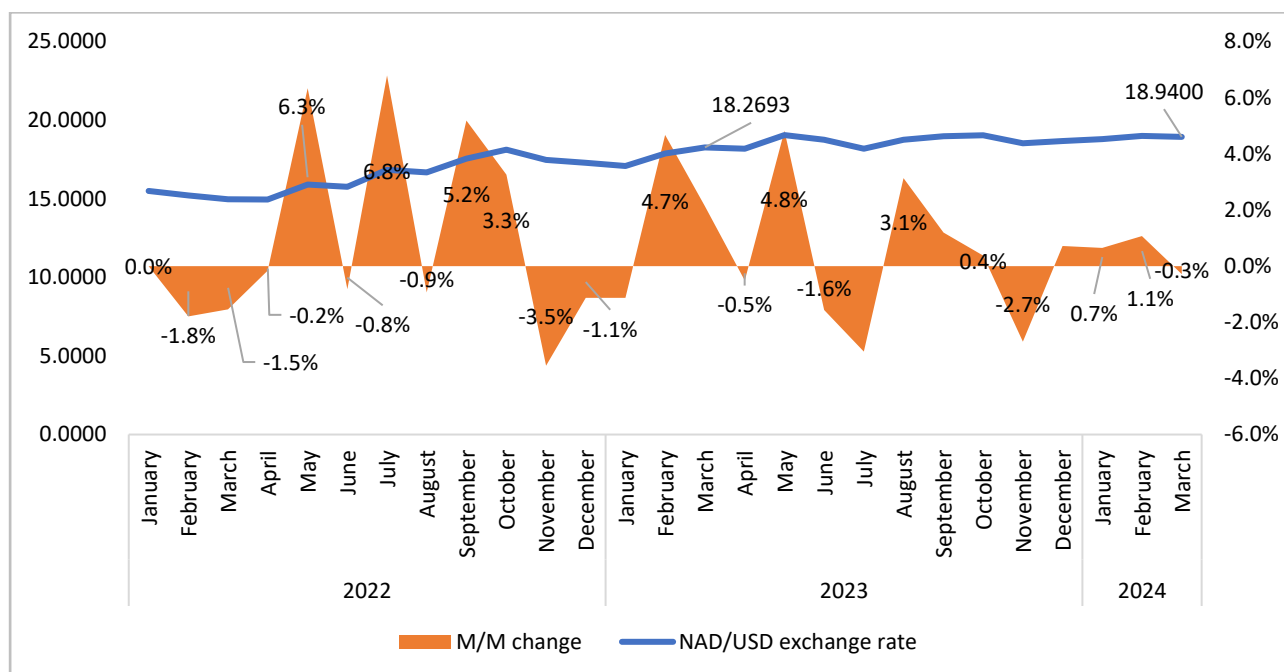
## 4. Factors Impacting The Property Market

### 4.1. Exchange Rate Developments

On an annual basis, the Namibian dollar depreciated by 4% against the USD in March 2024 when compared to the same period in 2023. For a more comprehensive examination, in 2024, the NAD/USD exchange rate experienced a slight decrease of 0.3% in March compared to the previous month, with a rate of 18.9400. This contrasts with 2023, where March saw a 2.1% increase from February. However, looking at the broader picture, 2024 started with a 0.7% increase in January and continued with a 1.1% rise in February, showcasing a positive trend in the early months. Comparatively, 2023 saw more fluctuation, with months of both notable increases and decreases. Overall, 2024 appears to have a steadier exchange rate trajectory in the first quarter compared to the same period in 2023.



Figure 7: Exchange Rate Developments



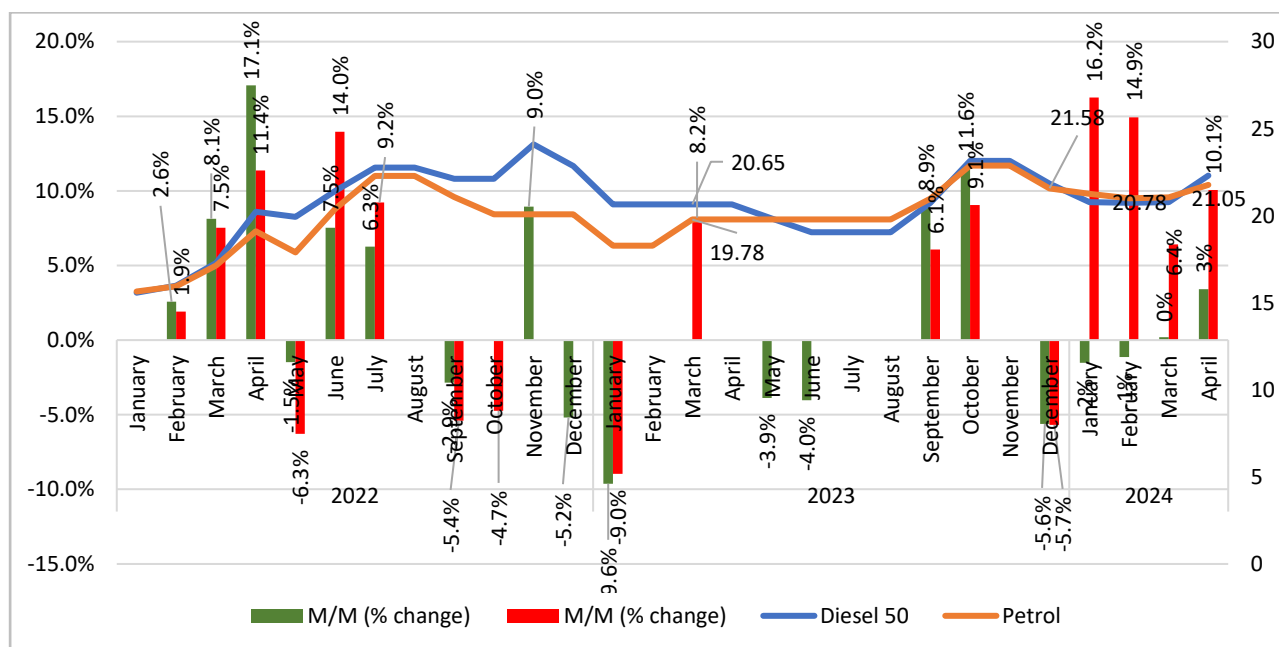
Source: Bank of Namibia

## 4.2. Prices of Petrol and Diesel

Given the long distances between population centers and the long transport routes in Namibia, the cost of fuel plays a crucial role in the overall cost of building materials. Fuel is not just used in transporting these materials, but it is also a significant input in the manufacturing of many building materials.

During the first quarter of 2024., the price for diesel was 0.6% higher year on year when compared to the same period in 2023 while that for petrol was 6.4% higher (y/y). Specifically, in January 2024, Diesel experienced a 2% decrease while Petrol saw a significant increase of 16.2% compared to the previous month, indicating a sharp contrast in the direction of price movements. February 2024 continued this pattern with Diesel declining by 1% while Petrol surged by 14.9%. Furthermore, March 2024 witnessed a stabilization in Diesel prices with no change, while Petrol prices continued to rise, albeit at a slower pace of 6.4%. In April 2024, both Diesel and Petrol experienced increases, with Diesel rising by 3% and Petrol by 10.1% month on month. These changes highlight a divergence in the pricing dynamics between Diesel and Petrol, with Petrol prices exhibiting more significant fluctuations and upward trends compared to Diesel throughout the analyzed period.

Figure 8: Prices of Petrol and Diesel



Source: Ministry of Mines and Energy

### 4.3. Mortgage Credit Extension and The Cost of Building Materials

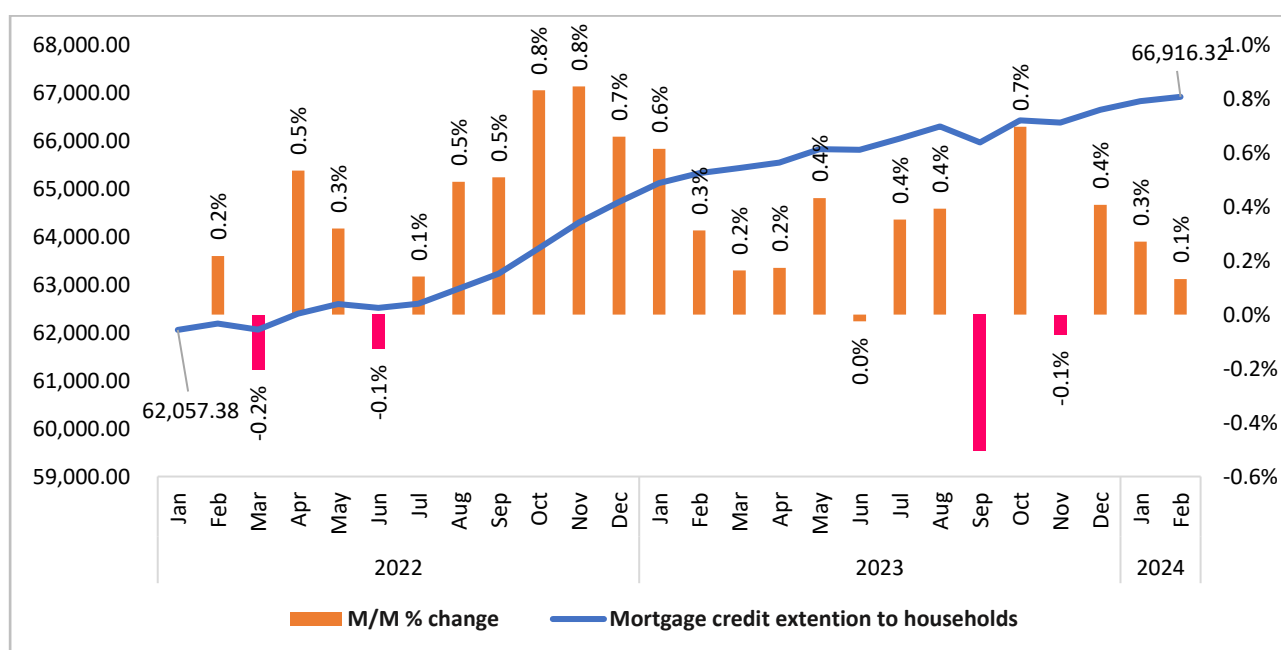
The dynamics of mortgage credit extension to both households and businesses play a crucial role in shaping the economic landscape of a country. The accessibility and affordability of mortgage credit impact the housing market, influencing individuals' ability to purchase homes and businesses' capacity to invest in real estate. Favorable mortgage conditions can stimulate economic growth, while restrictive conditions may hinder development.

Simultaneously, the cost of building materials is a pivotal factor in the construction industry, directly affecting property development and infrastructure projects. Fluctuations in the cost of materials can impact construction expenses, potentially influencing housing affordability and the overall health of the real estate sector. Government policies, global economic trends, and supply chain dynamics contribute to these interconnected elements, underscoring the need for a comprehensive understanding of the interplay between mortgage credit extension and the cost of building materials in a country.

### 4.3.1. Mortgage Credit Extended to Households and Businesses

Comparing 2024 to 2023, the extension of mortgage credit to households exhibited a relatively stable trend with marginal month-on-month percentage changes. In January 2024, there was a slight increase of 0.3% from the previous month, continuing a trend of incremental growth seen in the preceding months. Furthermore, in February 2024, there was a further marginal increase of 0.1%. This is in contrast to the fluctuations observed in 2023, where the trend was more variable, with monthly changes ranging from -0.5% to 0.7%. The comparative stability in 2024 suggests a more consistent and steady pattern of mortgage credit extension, potentially indicating a more predictable lending environment or sustained demand for housing. Such consistency in credit extension can have implications for the housing market, influencing accessibility to housing finance and ultimately impacting the pace of residential property transactions and developments.

Figure 9: Mortgage Credit Extension To Households



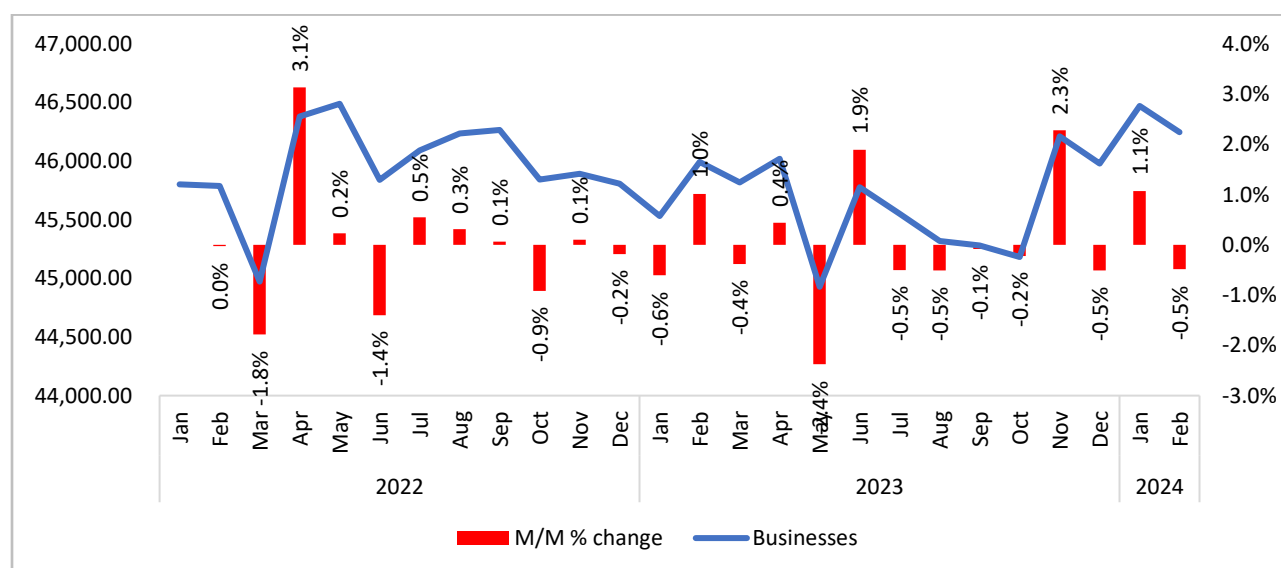
Source: Bank of Namibia

### 4.3.2. Mortgage Credit Extended to Businesses

Similarly, when comparing the first quarter of 2024 to that of 2023, a discernible pattern of fluctuation in the monthly percentage change in businesses emerges. In January 2024, there was a notable increase of 1.1% from the previous month, indicating a positive momentum in business activity. However, this growth was followed by a decline of -0.5% in February 2024, reflecting a slight contraction in business performance. In contrast, in 2023, the trend was more erratic, with monthly changes varying from -2.4% to 2.3%. For instance, June 2023 witnessed a significant uptick of 1.9%, while May 2023 experienced a considerable decrease of -2.4%.

This indicates a comparatively more stable and predictable trend in business performance in 2024, potentially suggesting a more consistent economic environment or concerted efforts in business management and planning.

Figure 10: Mortgage Credit Extension to Businesses



Source: Bank of Namibia

## 5. Monetary Policy

### 5.1. Monetary Policy Developments 2024

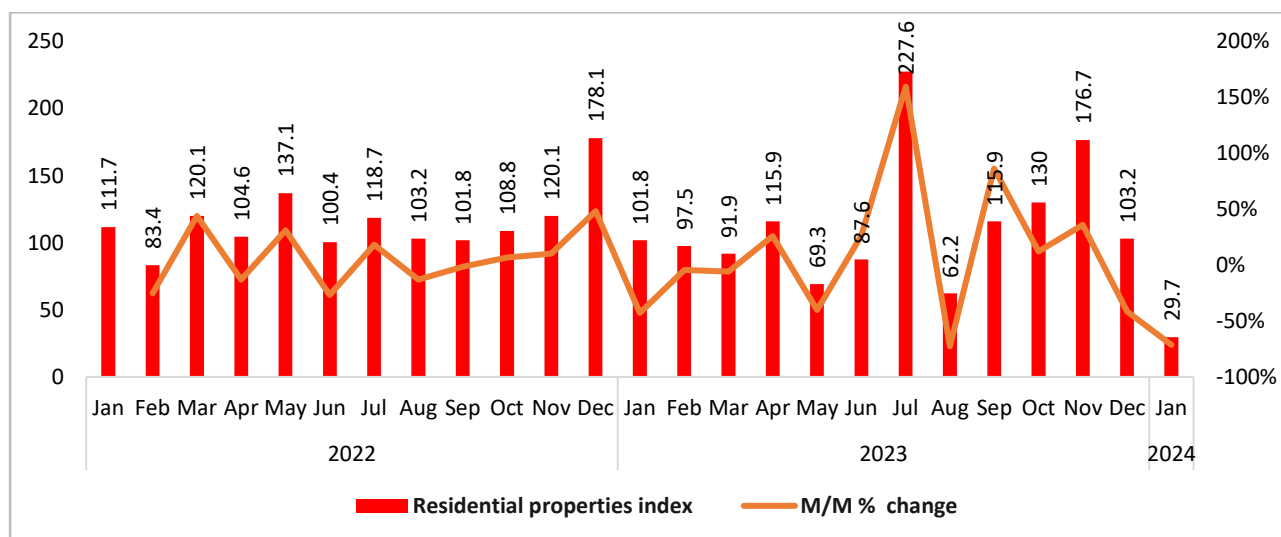
On 14 February 2024, the Monetary Policy Committee (MPC) of the Bank of Namibia convened for its bi-monthly meeting to determine the suitable monetary policy direction. In an effort to maintain the stability of the peg between the Namibia Dollar and the South African Rand and simultaneously bolster the domestic economy, the MPC opted to maintain the Repo rate at its existing level of 7.75 percent. Consequently, the prime lending rate remained unaltered at 11.50 percent. The repo rate, set by a country's central bank, plays a pivotal role in shaping the dynamics of the property market. When the repo rate changes, it has a cascading effect on various aspects of the real estate sector. A decrease in the repo rate typically leads to lower interest rates on loans, including mortgages. This, in turn, stimulates demand in the property market as borrowing becomes more affordable, encouraging prospective homebuyers to enter the market. On the other hand, an increase in the repo rate results in higher borrowing costs, leading to a potential slowdown in the property market as higher mortgage rates may deter buyers. Moreover, changes in the repo rate can influence investor sentiment, impacting property prices and overall market activity. As a result, the repo rate serves as a crucial tool for central banks to navigate economic conditions and exert influence on the property market's liquidity and vitality.

## 6. The Namibian Housing Market In 2023

### 6.1. The Residential Property Market 2024 and 2023

In 2024 exhibited a dramatic downturn from the outset, with January recording a staggering 71% decrease compared to the previous month of December 2023. This sharp decline indicates a severe contraction in residential property construction activities in the country. On the contrary, in 2023, the index demonstrated volatility, with notable declines in January (-43%) and August (-73%), followed by substantial rebounds in July (160%) and September (86%) and then another significant drop in December 2023 (-42%).

Figure 11: The Residential Property Market 2022, 2023 &amp; 2024



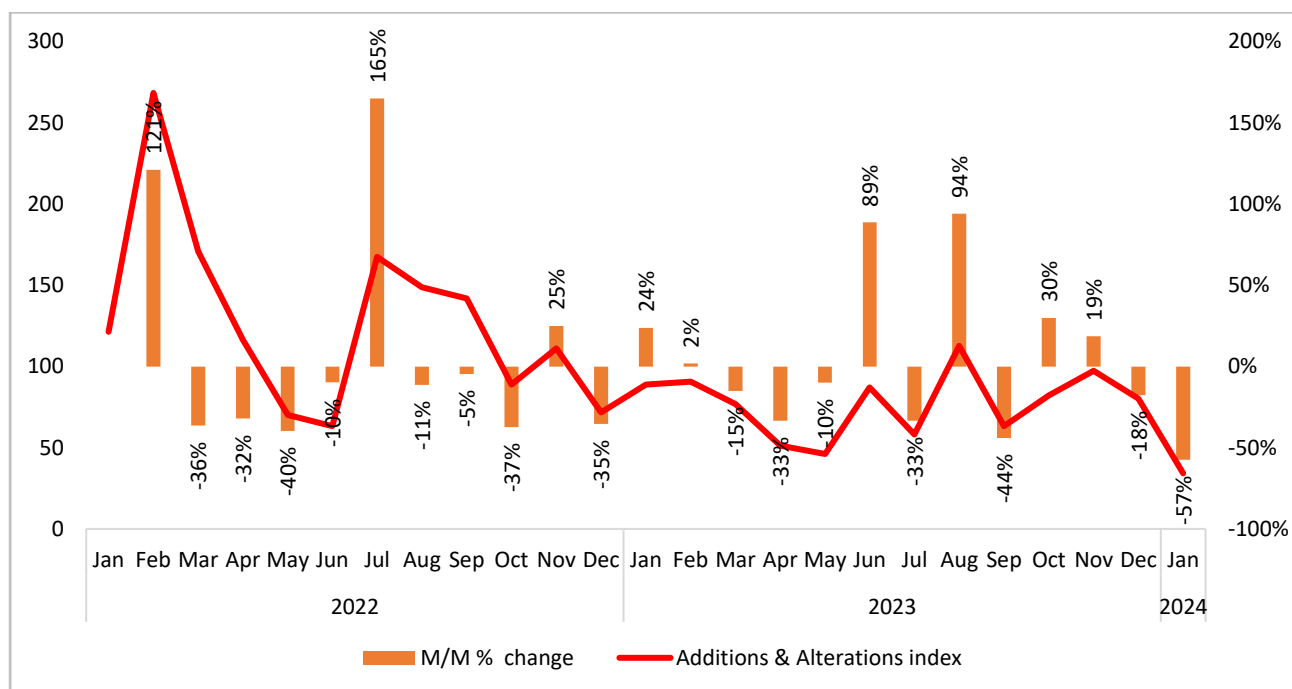
Source: NSA

## 6.2. The 2022 & 2023 Namibian Property Market (Additions & Alterations)

The Additions & Alterations index serves as a valuable metric for understanding the dynamics of construction and renovation activities over time. Comparing January 2023 to January 2024 the index reveals a notable decrease from 88.9 to 34.2 in the index value reflects a significant 57% year-over-year decline, signaling a substantial downturn in construction and renovation endeavors during this period. This decline may be attributed to various factors such as economic downturns, policy changes, or shifts in market demand. Further analysis of monthly changes in the index reveals fluctuations within the construction sector.

Notably, the considerable decrease from December 2023 (80.3) to January 2024 (34.2), indicating a 57% decrease, underscores a sudden and substantial downturn. Conversely, January 2023 saw a modest increase from December 2022 (71.8) to January 2023 (88.9), suggesting some resilience or growth in the sector during that interval.

Figure 12: The 2022 &amp; 2023 Namibian Property Market (Additions &amp; Alterations)



Source: NSA

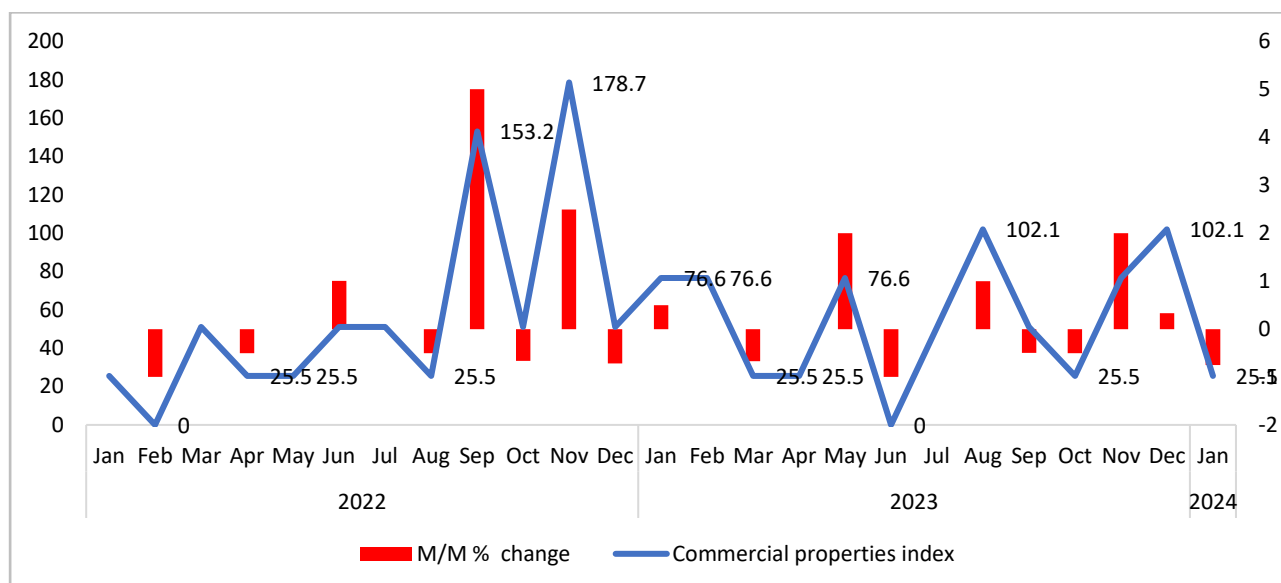
### 6.3. The Namibian Property Market 2022 & 2023 (Commercial Properties)

Equally so, the commercial properties index between 2023 and 2024 reveals significant fluctuations indicative of a volatile market environment. January 2024, the index plummeted by 75% compared to the previous month of December 2023, indicating a severe downturn. However, In 2023, the index experienced erratic movements, with notable spikes in March (200%) and November (200%), followed by substantial declines in months such as September (-50%) and October (-50%).

The pattern of erratic fluctuations in the commercial properties index underscores the unpredictability and vulnerability of the commercial real estate market during this period, necessitating careful monitoring and strategic decision-making by industry stakeholders.



Figure 13: The Namibian Property Market 2022 &amp; 2023 (Commercial Properties)



Source: NSA

## 7. The Namibia Property Market In 2024

In 2024, increased subsidies, variable fuel prices, and monetary policy stability are poised to have a significant impact on the demand for houses. Firstly, increased subsidies, particularly in the form of housing assistance are likely to stimulate demand by making homeownership more affordable for a wider segment of the population. This could lead to heightened interest in purchasing homes, especially among first-time buyers or those previously unable to afford homeownership. Secondly, variable fuel prices may influence housing demand indirectly by affecting transportation costs and commuting patterns.

Fluctuations in fuel prices could prompt individuals to seek housing options closer to their workplaces or public transportation hubs, potentially driving up demand for properties in urban or well-connected areas. Lastly, monetary policy stability, characterized by consistent interest rates and inflation control, instills confidence in consumers and investors alike, fostering a conducive environment for borrowing and investment in real estate. Overall, these factors combined are likely to bolster demand for houses in 2024, contributing to a dynamic and evolving housing market landscape.

On the supply side, construction activities may be hampered by the prevailing drought. The poor rainfall received in Khomas region increases the chances of a drought. Drought poses a significant threat to construction activities in Namibia, particularly in the capital city of Windhoek, where water scarcity has historically been a pressing issue. The adverse impacts of drought on construction projects are manifold, as the limited water supply hampers various essential aspects of the building process. In 2016, Windhoek experienced a severe water shortage, leading to the suspension of numerous construction activities. The scarcity of water not only directly affects the concrete mixing and curing processes but also hinders dust control measures and overall site management. In addition, the reduced water availability imposes constraints on construction workers, who require sufficient water for hydration and maintaining their well-being in the challenging working conditions. The 2016 scenario in Windhoek serves as a stark reminder of the vulnerability of construction activities to environmental factors, highlighting the urgent need for sustainable water management strategies to mitigate the impact of drought on the city's development and infrastructure projects.