Securities (Pty) Ltd.
Member of the NSX

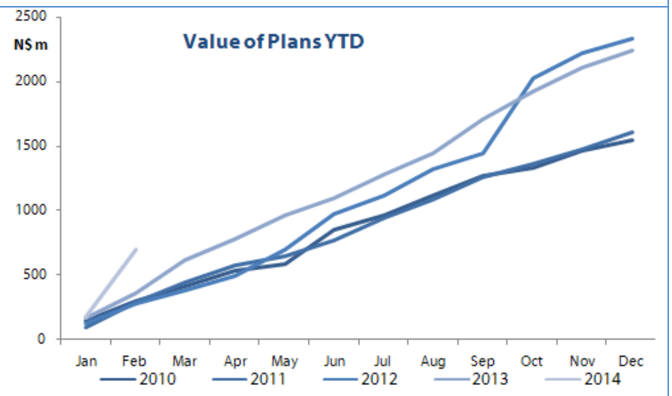
Economic Flash Note

Building Plans –February 2014

6 March 2014

Commercial property boom

	February 2014		Value YTD(mill)		N$ Change	% Change
	Number	Value (mill)	2013	2014	YTD	YTD
Plans Approved						
Additions	209	112.0	206.3	224.5	18.17	8.8%
Commercial	10	358.6	41.6	388.0	346.4	832.2%
Residential	48	44.1	115.1	82.5	-32.60	-28.3%
Total	**267**	**514.6**	**363.0**	**695.1**	**332.1**	**91.5%**
Plans Completed						
Additions	21	8.8	54.7	18.4	-36.25	-66.3%
Commercial	9	33.6	8.4	59.7	51.3	609.7%
Residential	31	45.0	22.0	50.0	28.0	127.3%
Total	**61**	**87.4**	**85.1**	**128.1**	**43.0**	**50.6%**



Source: City of Windhoek
Note: These figures are excluding walls and pools

A total of 267 building plans to the value of N$514.6m were approved by the City of Windhoek in February 2014. On a year-to-date basis (January and February), 495plans were approved compared to 508 plans at the same time last. From a value perspective, however, plans approved year-to-date are worth N$695.1m compared to N$363.0 for the same period in 2013, up 91.5%. This increase is mostly due to three large projects that were approved by the municipality in February 2014. On a monthly basis, more or less the same number of plans were approved in February compared to January, while the value of plans approved is up 185.1% m/m.

The 79 residential units approved year-to-date continued to receive impetus from the strong growth numbers posted by flats and houses with the year-to-date figure up 12.9% on the comparable period. Plans of flats and houses approved year-to-date are valued at N$82.5m in contrast to the 70 plans worth N$115.1m in the same period last year.

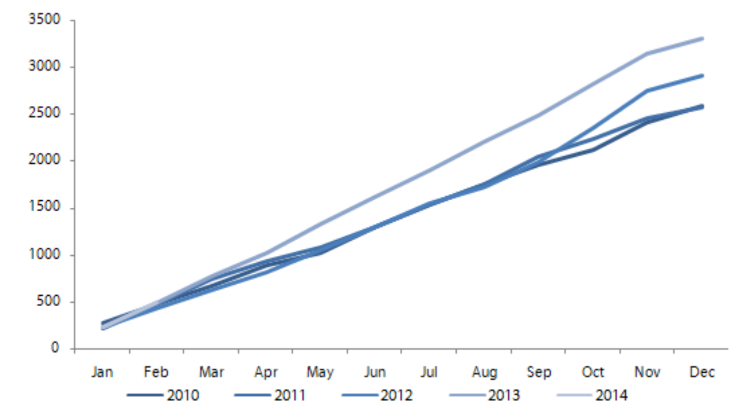
On the additions front, 399 additions to the value of N$224.5m were approved year-to-date, down 26 plans when compared to the same period last year but up N$18.2m in value terms.

17 non-residential plans were approved for the period from January to end of February this year, which is a few more than the 13 that got the go-ahead in 2013, while the value of commercial building plans approved is up 832.2% on last year this time. The value of commercial and industrial buildings approved thus far in 2014 is N$388.0m compared to N$41.6m in the same period last year. The higher year-to-date figure for commercial properties is due to three large projects approved, which make up 67% of the total value of plans approved for the month. A commercial property to be situated in Elezeinheim, valued at N$40.0m was approved during the month, another commercial property, Mega Centre, valued at N$122.8m is to be built in Kleinne Kuppe near the Grove development and a N$180.0m project by the Roads Authority was approved by the City of Windhoek.

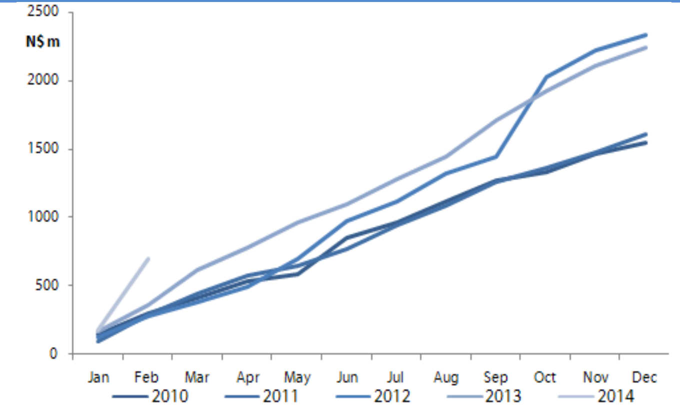
The 12 month cumulative number of plans approved continued to decrease, down to 3,287 in February, with the year-on-year growth rate slowing down to 10.5%, as one can see in the graph on the next page. The 12 month cumulative value of plans approved totalled N$2.570.6bn, up 6.6% compared to a contraction of 5.1% in January, after turning negative for the first time in 17 months in October 2013. The uptick is coming of a low base in the previous year.

In our view, the construction sector will remain one of the leading growth and development sectors in the Namibian economy through 2014, with both private sector and government having aggressive development plans. However, many such plans fall out of the Windhoek municipal area, and as such are not captured in the monthly building plan statistics. An interesting observation is that current order books of local construction firms are running at full capacity. 100% capacity utilization is also a theme when analyzing the City of Windhoek building statistics with the year to date number of plans approved straight-lining as opposed to showing normal seasonal trends.

YTD Number of Plans Approved



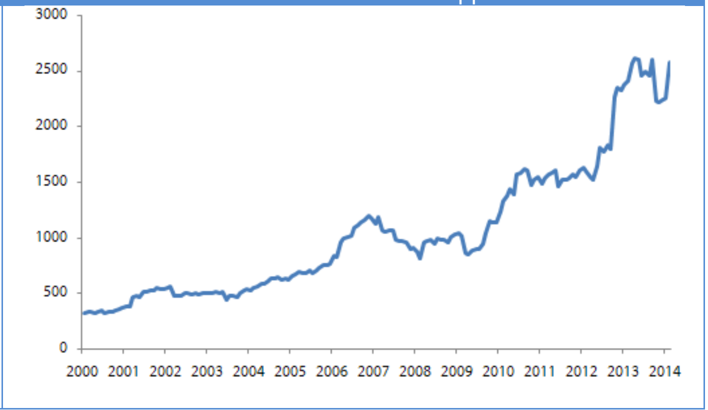
YTD Value of Plans Approved N$ million



Source: City of Windhoek

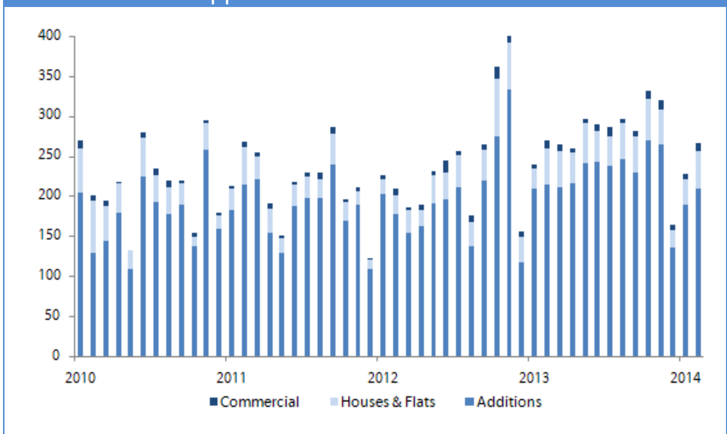
12-month cumulative for Number of Plans Approved

12-month cumulative for Value of Plans Approved

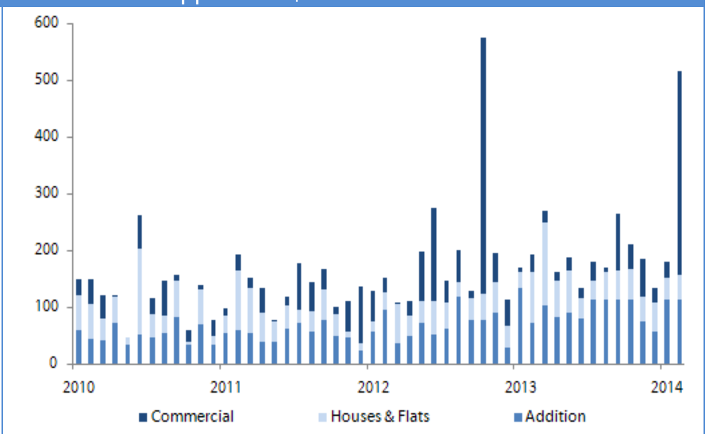


Source: City of Windhoek

Number of Plans Approved



Value of Plans Approved N$ million



Source: City of Windhoek

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