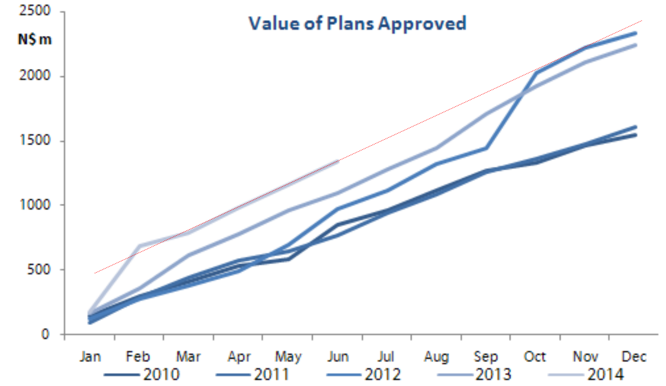
Economic Flash Note

Building Plans – June 2014

8 July 2014 - **Jan-Hendrik Conradie**

Commercial property boom

	June 2014		Value YTD(mill)		N$ Change	% Change
	Number	Value (mill)	2013	2014	YTD	YTD
Plans Approved						
Additions	202	79.8	559.1	468.9	-90.22	-16.1%
Commercial	12	65.5	116.6	637.2	520.6	446.6%
Residential	43	43.1	438.7	239.7	-198.92	-45.3%
Total	**257**	**188.4**	**1097.9**	**1345.9**	**248.0**	**22.6%**
Plans Completed						
Additions	41	13.9	203.3	56.3	-146.99	-72.3%
Commercial	2	10.8	43.3	132.5	89.2	206.2%
Residential	10	5.3	177.2	78.3	-98.9	-55.8%
Total	**53**	**30.0**	**423.7**	**267.1**	**-156.6**	**-37.0%**



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

A total of 257 building plans to the value of N$188.4m were approved by the City of Windhoek in June 2014. On a year-to-date basis(January toJune), 1,361plans were approved compared to 1,619plansover the same period last year. In value terms, however, plans approved year-to-date isworth N$1,345.9bn compared to N$1,097.9bn for the same period in 2013, up 22.6%. This increase ismostly due to three large commercial projects that were approved by the municipality in February 2014. On a monthly basis, 43 moreplans were approved in June whencompared to May and the value of plans approved is up 13.8% m/m.

Should the year to date trend of value of plans approvedbe maintained for the remainder of the year (illustrated by the red dashed line in the graph above), 2014 will most likely be equivalent to the record 2012 year. Ignoring monthly volatility, the trend implies that an average of N$167m worth of building plans per month,which will match 2012.

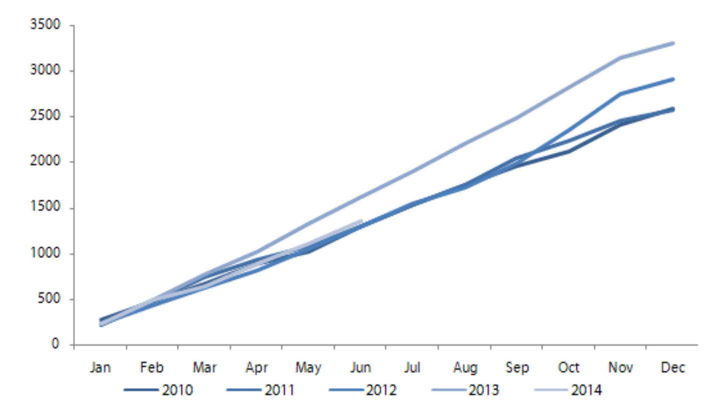
A total of 228residential units have been approved year-to-date, down 5.4% on the comparable period of 2013, the fourthconsecutive month recording negative growth. Plans for flats and houses approved year-to-dateare valued at N$239.7m in contrast to the 241 plans worth N$438.7m in the same period last year. On the additions front, 1,071additions to the value of N$468.9m were approvedyear-to-date, down 267 plans whencompared to the same period last year anddown N$90.2min value terms.

62commercial property plans were approved for the period from January to end of June this year, a notable increase over the 40 plans that got the go-ahead in 2013, while the value of commercial building plans approved is up 446.6% on last year this time. The value of commercial and industrial buildings approved thus far in 2014 is N$637.2m compared to N$116.6m in the same period last year.The higheryear-to-date figure for commercial properties is due to a few large projects approved, which make up more thanhalf of the total value of plans approved for the year thus far. A commercial property to be situated in the CBD, valued at N$10.0m was approved during the month, another commercial property, valued at N$43.0m is to be built in Kleine Kuppe.

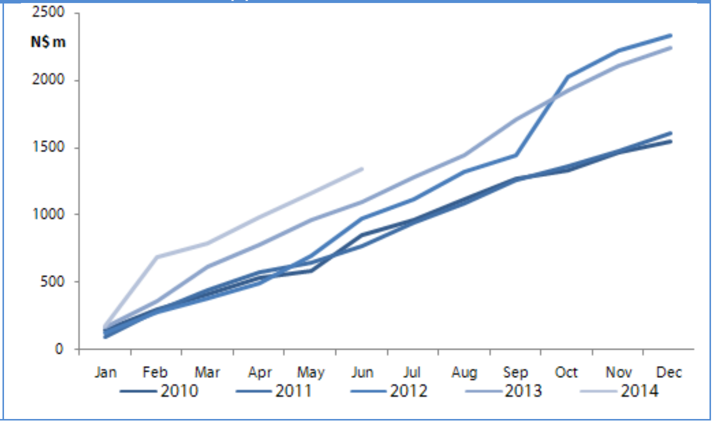
The 12 month cumulative number of plans approvedcontinued to decrease, down to 3,042 in June, with the year-on-year growth rate contracting -6.0%, turning negative for the first time in 18 months in May as one can see in the graph on the next page. The 12 month cumulative value of plans approved totalled N$2.486.5bn, up 1.3% y/y compared to a decrease of 6.4% in May. The positive uptick largely reflects base effects from the previous year.

In our view, the construction sector will remain one of the leading growth and development sectors in the Namibian economythrough 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.

YTD Number of Plans Approved



YTD Value of Plans Approved N$ million



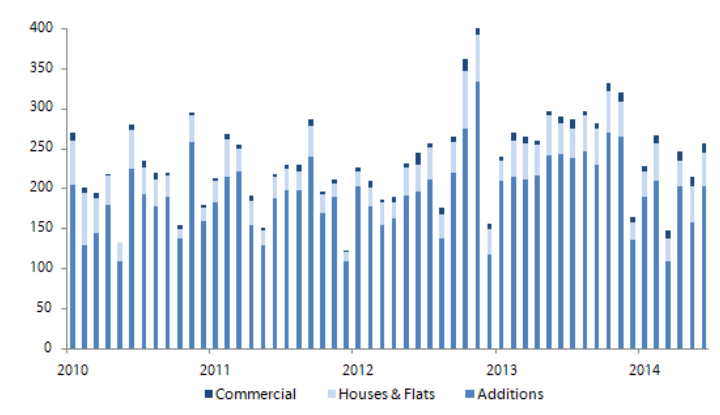
Source: City of Windhoek

12-month cumulative for Number of Plans Approved

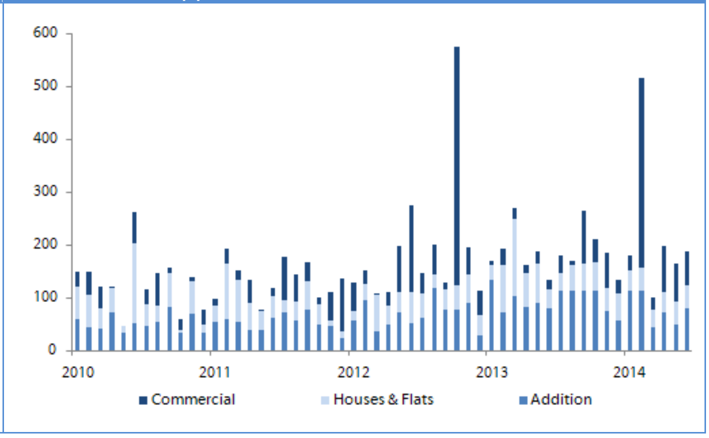
12-month cumulative for Value of Plans Approved

Source: City of Windhoek

Number of Plans Approved



Value of Plans Approved N$ million



Source: City of Windhoek

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