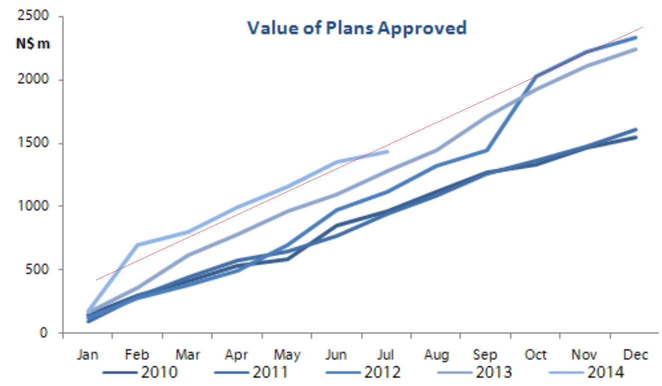
Economic Flash Note

Building Plans – July 2014

11 August 2014

Commercial property boom

	July 2014		Value YTD(mill)		N$ Change	% Change
	Number	Value (mill)	2013	2014	YTD	YTD
Plans Approved						
Additions	245	86.2	671.1	555.0	-116.02	-17.3%
Commercial	13	29.6	150.4	666.8	516.4	343.4%
Residential	60	54.2	472.3	293.9	-178.42	-37.8%
Total	**318**	**83.7**	**1277.4**	**1429.6**	**152.3**	**11.9%**
Plans Completed						
Additions	74	19.9	215.0	76.2	-138.86	-64.6%
Commercial	2	18.7	59.9	151.2	91.3	152.5%
Residential	42	175.2	196.2	253.6	57.4	29.3%
Total	**118**	**213.8**	**471.1**	**480.9**	**9.9**	**2.1%**



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

A total of 318 building plans to the value of N$83.7m were approved by the City of Windhoek in June 2014. On a year-to-date basis (January to June), 1679 plans were approved compared to 1,905 plans over the same period last year. In value terms, however, plans approved year-to-date are worth N$1,429.6bn compared to N$1,277.4bn for the same period in 2013, up 11.9%. This increase is mostly due to three large commercial projects that were approved by the municipality in February 2014. On a monthly basis, 61 more plans were approved in July when compared to June and the value of plans approved is down 55.6% m/m. The difference in value is mainly because more expensive commercial and industrial projects were approved in June.

Should the year-to-date trend of the value of plans approved be 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 there is an average of N$167m worth of building plans per month, which will match 2012.

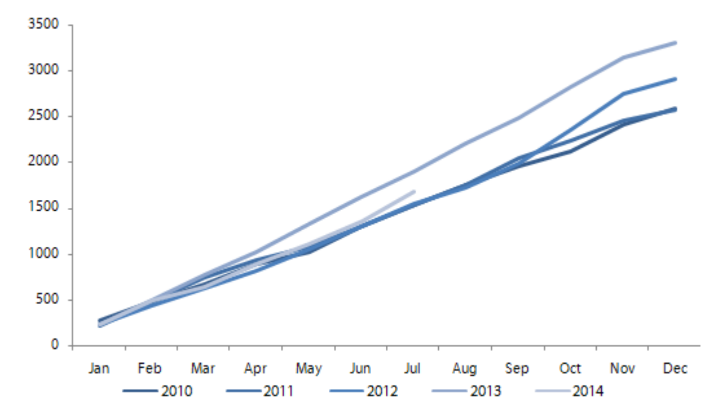
A total of 288 residential units have been approved year-to-date, up 3.6% from the comparable period of 2013, which is the first month showing positive growth after four consecutive months of negative growth. Plans for flats and houses approved year-to-date are valued at N$293.9m in contrast to the 278 plans worth N$472.3m in the same period last year. On the additions front, 1,316 additions to the value of N$555.0m were approvedyear-to-date, down 260 plans when compared to the same period last year and down N$116.1m in value.

75 commercial property plans were approved for the period of January to the end of July this year, an increase compared to the 51 plans that were approved at the same time in 2013. The value of commercial building plans approved is up 343.4% on last year this time. The value of commercial and industrial buildings approved thus far in 2014 is N$666.8m compared to N$150.4m in the same period last year. The higher year-to-date figure for commercial properties is due to a few large projects approved, which make up more than half of the total value of plans approved for the year thus far.

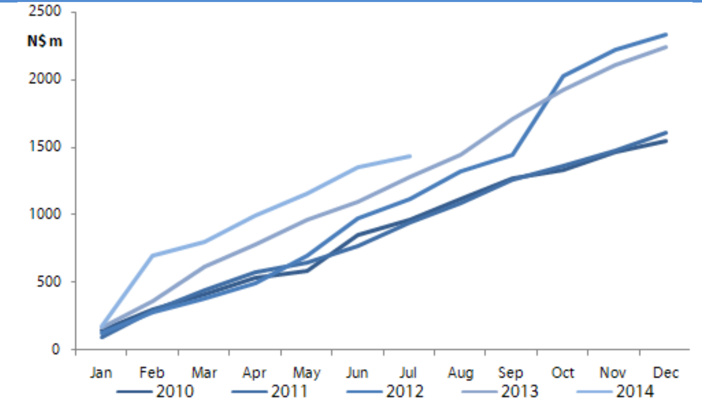
The 12 month cumulative number of plans approved rose to 3,074 in July compared to 3,042 in June, with the year-on-year growth rate contracting by 5.8%, turning negative for the first time in May after 18 months of positive growth, as shown in the graph on the next page. The 12-month cumulative value of plans approved totalled N$2,390.8bn, down 3.9% y/y.

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.

YTD Number of Plans Approved



YTD Value of Plans Approved N$ million



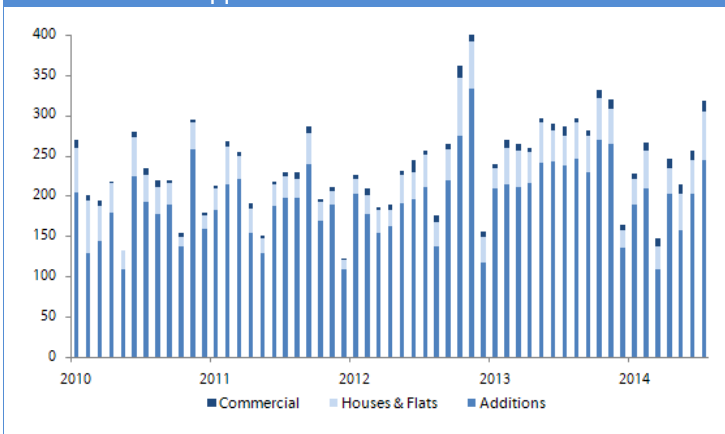
Source: City of Windhoek

12-month cumulative for Number of Plans Approved

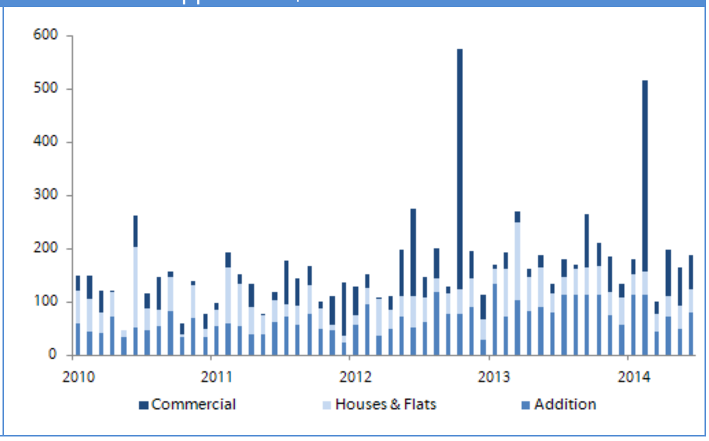
12-month cumulative for Value of Plans Approved

Source: City of Windhoek

Number of Plans Approved



Value of Plans Approved N$ million



Source: City of Windhoek

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