

Housing Investment Landscapes **Namibia**

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1 Background

This country report forms part of The Centre for Affordable Housing Finance's Investor Programme which aims to reduce key information asymmetries on who, why and how investments are made in the African housing sector. With the intention of identifying and championing increased investment in affordable housing, the report includes insights into and analysis of the depth and breadth of investment in Namibia's housing and housing finance sector. The overall goal of this project is to quantify investment activity in housing and housing finance across Africa, and to establish a mechanism to track this on an ongoing basis. This project has collected data and highlights gaps and opportunities in the investment landscape. To stimulate greater investment in affordable housing and connect investors with potential investments, the report profiles investors and investment instruments with the greatest impact on the housing finance market within the Southern Africa Development Community (SADC).

Growing financial sector experience and increasingly sophisticated financial instruments are driving Investor interest in African real estate. This includes new market opportunities related to a rising urban middle class, an increasingly localised construction material industry and innovations in housing finance such the emergence of Real Estate Investment Trusts (REITs) and mortgage liquidity facilities across Africa.

However, a chronic lack of rigorous data on financial infrastructure investment presents a key barrier to this growth. This is particularly true for the housing sector, as stimulating targeted investments relies on highly differentiated data that illustrates market segmentation. In compiling market intelligence that makes the case for investment in under-served markets (segmenting and quantifying the demand side, and scoping, understanding and tracking the supply side) we can support a better policy environment and increased private sector activity in affordable housing markets. In this way, we catalyse scale interventions.

Without this data, targeted interventions become challenging and result in unresponsive housing finance packages, the high occurrence of non-performing loans (NPLs) and poor uptake of new residential developments.

2 Executive Summary

Namibia is one of the more stable economies in sub-Saharan Africa thanks to a strong institutional framework, good fiscal oversight, and consistent monetary policy. Relative to its regional neighbours, the housing finance sector in Namibia is well developed. However, with the country having one of the most unequal income distributions in the world, the mortgage market typically serves the affluent. Less than 10 percent of the population has an outstanding home loan¹ and most households are reliant on savings or non-mortgage credit to finance their housing.

Government schemes provide low-cost affordable housing, but progress has been slow. Little of the large foreign investment flows from China goes to the housing sector. In terms of the housing value chain, large foreign investors have tended to focus their money on financing banks and microlenders rather than directly investing in housing construction or property developers.

¹ Global Findex Database 2017

3 Profiles of investors

The investment landscape in Namibia constitutes both local and foreign institutional investors. Below is a description of the two categories of investors, including their institutional type, sources of capital, and other parameters that define their investment model.

3.1 Local institutional investors

Capital markets

The Namibian Stock Exchange (NSX) lists 40 companies and four exchange traded funds. These companies are predominantly in the mining or banking sectors, with many of the listings being secondary listings, often for South African firms. The listed banks are FirstRand, Nedbank, Investec, and Standard Bank. Except for Investec, these are the leading players in the Namibian mortgage market, alongside Bank Windhoek (whose largest shareholder, Capricorn Investment Group, is listed). More detail on the mortgage market is given in later sections.

Vukile Property Fund is also listed on the exchange, but its portfolio is entirely commercial property and heavily weighted towards South Africa. Meanwhile, the Namibian subsidiary of Letshego Holdings, a microfinance company, successfully completed its initial public offering (IPO) in September 2017.

Capital Markets Case Study: Details of the Letshego IPO

On 26 September 2017, Letshego Namibia closed its IPO and listed on the NSX with a market capitalisation of N\$1.9 billion (US\$161 million). N\$182 million (US\$15 million) was raised in the offering, of which retail investors contributed N\$40 million (US\$3 million) and institutional investors the remaining N\$142 million (US\$12 million).

Letshego Namibia announced in its 2017 IPO prospectus that it would be piloting affordable housing lending projects. Across the Letshego group, the affordable housing portfolio grew 36 percent in 2017 to \$34 million. Most of this is in East Africa, but its commitment to grow this portfolio combined with the launch of the pilot in Namibia is an encouraging sign for the majority of households who do not have access to traditional credit from the large commercial banks.

The asset management industry in Namibia consists of investment managers and collective investment schemes (CIS). The bulk of the assets under management come from pension funds and long-term insurers. The size of the asset management industry in Namibia is N\$150.8 billion (USD12.8 billion), as of 2016,² of which 51 percent is invested domestically. Less than 2 percent is invested in unlisted property – property that is not traded on a formal exchange – with most funds invested in equities, money market instruments and listed debt.

Much property investment is likely to be in the commercial property sector, which has more liquidity and offers greater investment opportunities. Housing is an inherently riskier asset class and a low level of market information makes it difficult for investors to project returns, thus deterring targeted investments.

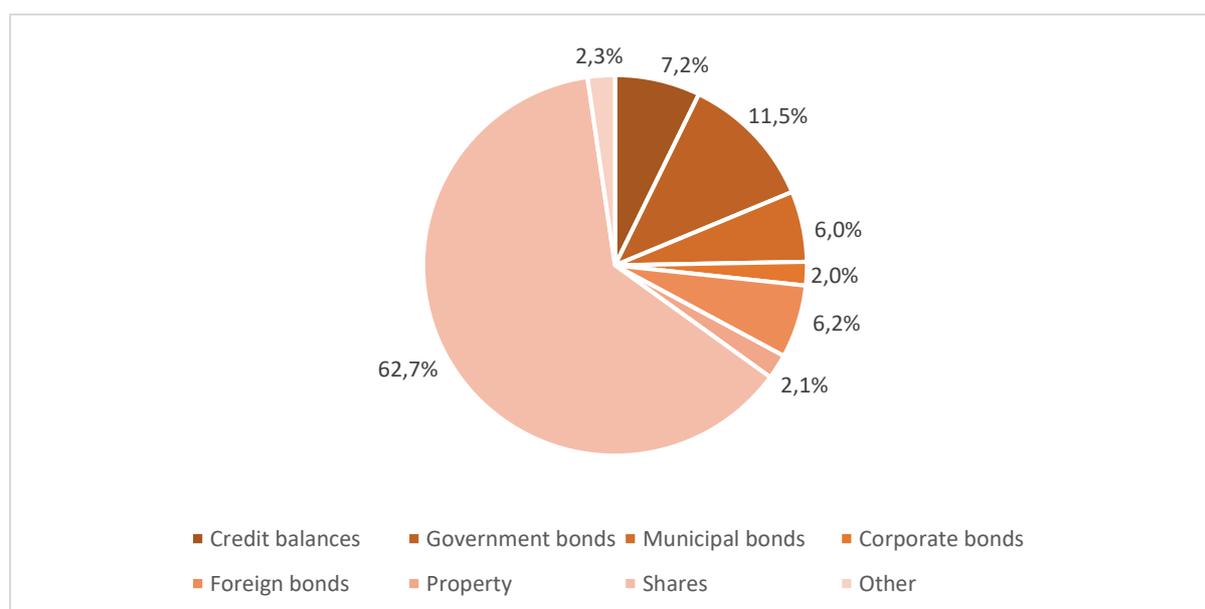
² Namibia Financial Institutions Supervisory Authority, Annual Report 2017

Pension Funds

Pension funds play a significant role in the Namibian financial sector, providing crucial long-term financing to the economy through direct and indirect investments in domestic businesses. The sector consists of 91 pension funds, with a combined N\$137.5 billion (USD11.7 billion) of assets, representing 86 percent of GDP.³ More than 50 percent of pension fund assets is invested in equities. The Government Institutions Pension Fund (GIPF) is the country’s largest pension fund and largest single consolidated investment entity. Its total assets exceeded N\$106 billion (USD9 billion) in 2017, and in 2014 it represented 71 percent of all assets under management in Namibia.⁴

Despite housing and infrastructure being a good fit for the longer-term liability profile of pension funds, only 2.1 percent of assets are invested in property, equivalent to USD246 million.⁵ The maximum that can be invested in any one asset class is 25 percent.⁶ This allocation to property is also low when compared to neighbouring Zambia, whose main pension scheme has 22 percent of its assets invested in property.⁷ In addition to the direct investments in property, the Government Institutions Pension Fund also has a 26 percent stake worth N\$3 billion (USD256 million) in Bank Windhoek.

Figure 1 Pension Fund Asset Allocation, 2016



CAHF Research

Local Savings Schemes

The Shack Dwellers Federation of Namibia (SDFN) is a network of 605 small-scale saving schemes with 20 400 members throughout the country. The organisation mobilised N\$13.3 million (USD974 000) of savings in 2013. Community savings have been used to secure land, and to leverage

³ OECD (2017). [Pension Funds in Figures](#).

⁴ Making Finance Work for Africa, 2016.

⁵ Namibia Financial Institutions Supervisory Authority (201). Annual Report

⁶ Regulation 28 Asset Class Exposure Limit

⁷ Zambia Pensions and Insurance Authority (2015) Annual Report

additional government contributions, enabling the groups to build 4 960 housing units across the country during the 2017/2018 financial year.⁸

3.2 Government Investment

The Namibian government continues to prioritise the lack of decent housing, with the Central Bank of Namibia estimating the backlog at 110 000, growing at an annual rate of 3 700.

Development Bank of Namibia

A key local institutional investor in the housing sector has been the Development Bank of Namibia, a government-owned bank. DBN was established in 2002 to provide financing in support of key development activities.

In 2016, DBN approved N\$35 million (USD3 million) of lending to the housing sector out of a total N\$2 billion (USD170 million) of lending to all sectors. However, this increased significantly in 2017, as DBN approved N\$436 million (US\$37 million) in loans to housing developments in six regions, 10 percent of total lending as the bank sought to meet the need for affordable housing. The approved N\$436 million has been earmarked for building 736 housing units. In addition, N\$114 million (USD9.7 million) has been approved for servicing 498 erven.⁹ DBN also offers an employee housing scheme with preferential terms for bank employees. As of the 2017 financial year, 33 employees were participating in the program with total exposure of N\$71 million (USD6 million).¹⁰

3.3 Foreign Institutional Investors

DFI Investment

Most DFI investment has been aimed at supporting the financial sector and lending to SMEs, but not specifically aimed at the housing sector.

The main foreign investments in the housing sector have been a N\$1 billion (USD85 million) loan from the African Development Bank to DBN, USD 120 million from the IFC to support the financial sector through Bank Windhoek and Trustco Group Holdings, as well as DFI investments of USD 20 million each from the UK and Germany.

Shelter Afrique funds various housing projects in the country, working with local companies – for example, Jatties Property Developers and National Housing Enterprise – but these are small, with current projects totalling USD 8 million, the cost of approximately 200 housing units.¹¹

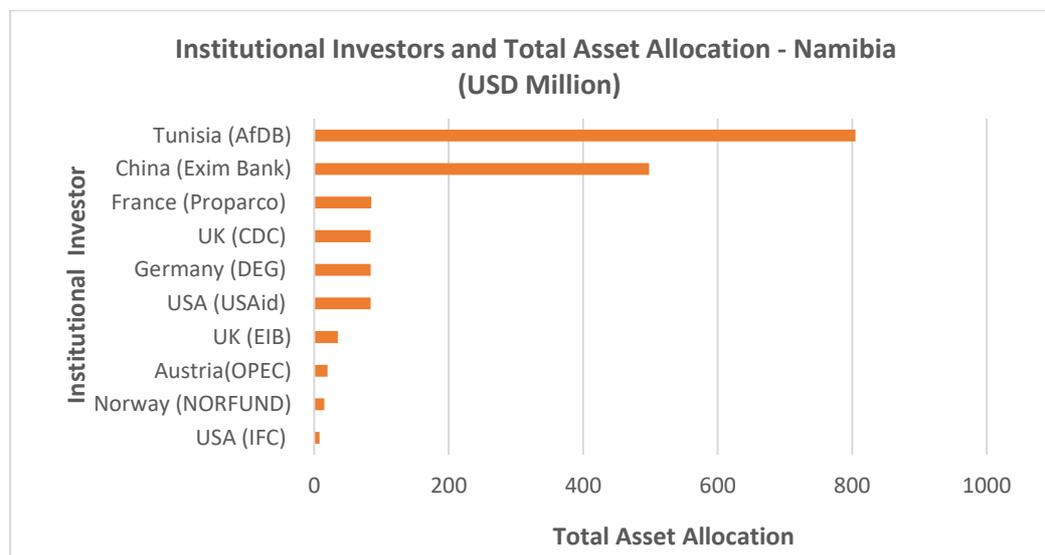
⁸ Tjitemisa, K (2018). [Namibia: Shack Dwellers Build 4,960 Houses in 2017/18](#). AllAfrica.com

⁹ Erven are plots of land marked off for building purposes

¹⁰ Development Bank of Namibia (2017). [Annual Report 2017](#).

¹¹ Using CAHF estimate for the cheapest newly built house recorded by a developer in Namibia of \$40,788

Figure 2: Asset allocation of institutional investors



CAHF Research

Namibia has recently received higher financial assistance per capita from foreign Development Finance Institutions than neighbouring countries. Using World Bank data, Namibia received US\$170 million of ‘net official development assistance’ (ODA)¹² in 2016. This is approximately US\$68 per capita, which compares to US\$58 in Zambia, US\$41 in Zimbabwe, US\$40 in Botswana, US\$21 in South Africa and just US\$7 in Angola. Most of this assistance has come from US and German institutions.

Private Equity

Compared to other sub-Saharan countries, Namibia is a frequent recipient of private equity funds as it has the requisite macroeconomic policy and regulatory framework, as well as functioning capital markets.

New regulations introduced in 2015 mandated that pension funds must invest a minimum of 1.75 percent of their market values domestically into unlisted investments, with a maximum investment of 3.5 per cent, thereby encouraging private equity activity.¹³

One of the largest investments in the financial sector has come from UK private equity firm Helios Credit Partners, who have an outstanding US\$40 million investment in Trustco Group Holdings. Trustco Group has been able to raise significant amounts of foreign capital since its listing in 2006. In 2013 it bought Elisenheim Property Development Company, and in 2017 financed Elisenheim property sales amounting to N\$618 million (US\$52 million). It sees the shortfall in affordable housing in Namibia

¹² “Net official development assistance (ODA) consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent).” <https://idea.usaid.gov/cd/namibia?comparisonGroup=region>

¹³ Jackson, T (2015). [New investment regulations boost Namibian private equity](#). Disrupt Africa.

as a key opportunity and the Eisenheim development is priced to offer affordable homes. Management also see the mortgage sector as an important avenue for growth and look to provide mortgage loans to their property buyers, as well as contractors and developers. Further, the market for government employees is significant as the government provides subsidies to its employees and guarantees 20 percent of the principal, thus decreasing the risk profile of the borrower.

Attracting Foreign Capital Case Study: Trustco Group Holdings, a key player in Microfinance

Trustco Group Holdings is the leading microfinance company in Namibia, growing its advances to N\$1.8 billion (\$153 million) in 2017, as well as holding N\$1.01 billion (\$86 million) in investment property. This is part funded by shareholder equity and wholesale funding. Beyond the founder's 51 percent shareholding, the largest shareholders are Austrian investment management company Ithuba Capital AG (16.9 percent, \$99 million¹⁴), American-based investors Riskowitz Capital Management (8.5 percent, \$50 million) and Buckley Capital Management (5.4 percent, \$32 million).

To grow its advances, Trustco has increased its borrowings to N\$1.7 billion (\$144 million), of which N\$1.2 billion (\$102 million) is term loans. Much of this borrowing has come from foreign investors, including US\$42 million from the IFC, US\$40 million from UK investor Helios Credit Partners, US\$9 million from the European Investment Bank, and US\$7 million from NORFUND. Trustco has also raised money from DEG in Germany, Proparco in France, and Blue Orchard Microfinance Fund in Luxembourg, as well as using local credit partners.

Chinese Investments

The largest private investments in the country have come from various Chinese entities,¹⁴ investing a combined \$2.9 billion in Namibia since 2011, though none of this money has gone directly into the housing sector. Instead these investments have been in the metals, logistics and transport sectors.¹⁵

In April 2018, however, news of a potential concessional housing-related loan from China to Namibia surfaced. The US\$120 million interest-free loan would reportedly be used to build 400 units of low income housing. The homes are expected to be built in Gobabis and Grootfontein with a ticket price of N\$300 000 each.¹⁶ The Shack Dwellers Federation of Namibia considers a house as low cost if it is priced at N\$30 000 for a one-bedroom unit or N\$50 000 for a two-bedroom structure. The housing project is part of a larger transaction that includes the Chinese building schools and upgrading the country's international airport.

4 Investment in Housing

This section analyses investment levels and different investment tools targeting the housing and housing finance sector in Namibia.

Despite increased political willingness to diminish the housing shortage, there has not been a substantial degree of wholesale funding to the housebuilding sector. In 2013, the State-owned National Housing Enterprise (NHE) estimated the cost of closing the 100 000 housing-unit backlog by

¹⁴ AEI China Global Investment Tracker – data compiled by The American Enterprise Institute and The Heritage Foundation.

¹⁵ The investors are China General Nuclear (\$2 billion), China Communications Construction (\$660 million), China National Nuclear (\$190 million).

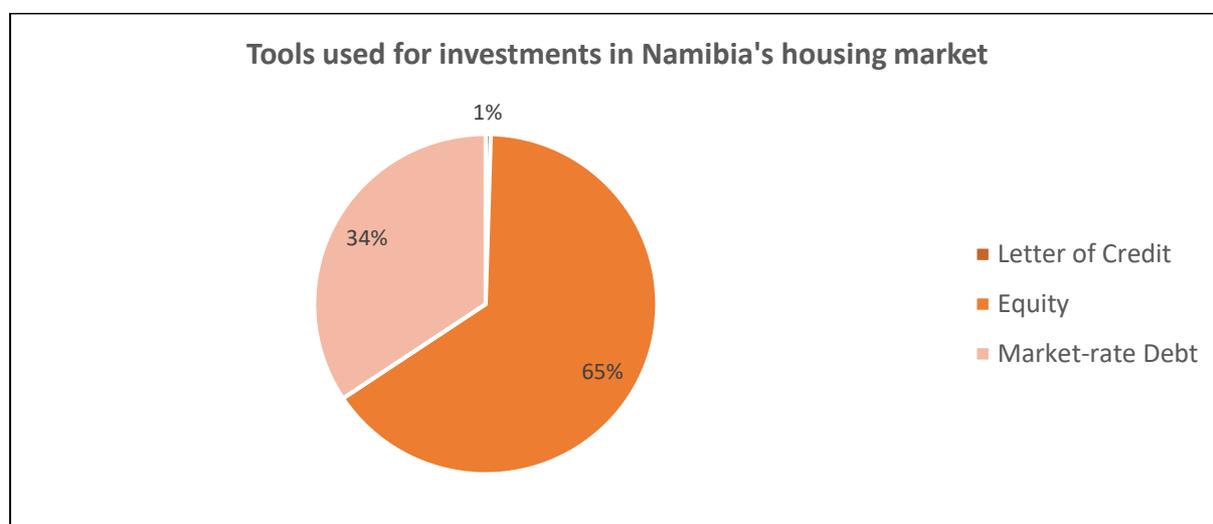
¹⁶ Immanuel, S (2018). [Inside China-Namibia deals ... but there is a catch](#). The Namibian.

2030 at N\$45 billion (US\$3.8 billion), 37 percent of 2016 GDP. This backlog has subsequently increased so this is likely a low estimate. Given the government’s self-imposed 35 percent public debt-to-GDP limit, it is clear that NHE will require significant private sector assistance, in particular as public debt totalled 46.9 percent of GDP in 2017.

4.1 Top Performing Investment Tools

As Figure 3 illustrates, the leading investment product for the prominent investors in the Namibian housing market has been equity, though this largely reflects the substantial equity investments in Bank Windhoek, which have dwarfed other investments in the sector. The largest shareholders in the bank are Capricorn Investment Group (41 percent), GIPF (26 percent) and Nam-Mic Financial Services Holding (9.9 percent).¹⁷

Figure 3: Housing investment products



CAHF Research

4.2 Investment Portfolio

The table below summarises investment portfolio, investment activity/tool, and date of investment committed by institutional investors in Namibia’s housing and housing finance sectors:

¹⁷ NFSH is a broad-based black economic empowerment company, with more than two thirds of shares owned by NUNW affiliated unions

Table 1: Institutional investment activity

Name of Investor	Allocation to Housing (millions USD)	Investment Activity	Year of investment
Government Institutions Pension Fund	255.6	Long-term equity investment in Bank Windhoek	2017
African Development Bank	84.8	Funding to DBN to achieve housing development goals	2017
IFC	78.0	Funding to strengthen the banking sector	2017
Development Bank of Namibia	46.7	Financing of affordable land and housing construction and servicing	2017
Helios Credit Partners	40.0	Funding for microfinance sector	2017
EIB	11.2	Funds for housebuilding	2017
EIB	9.2	Promoting SME lending through Trustco	2016
Shelter Afrique	6.9	Build housing through partnership with NHE	2016
Ithuba Capital	99.0	Equity funding for growth in microlending	2015
Riskowitz Capital Management	50.0	Long-term funding for microfinance sector	2015
Buckley Capital Management	32.0	Long-term funding for microfinance sector	2015
DEG	20.2	Funding for banking sector	2015
NORFUND	7.0	Funding for microfinance sector	2014
IFC	31.5	Funding to Trustco Group to expand SME loan book	2013
IFC	10.9	Equity and debt investments in Trustco to fund growth	2010
Nam-mic Financial Services Holdings	97.3	Long-term equity investment in Bank Windhoek	2002
Capricorn Investment Holdings	400.1	Long-term equity investment in Bank Windhoek	1994

CAHF Research: <http://www.shelterafrique.org/index.php/successes/project-list/>
<http://www.eib.org/projects/loan/list/index.htm?from=2010®ion=6§or=&to=2018&country=ZM>
<http://www.dbn.com.na/index.php/publication-home/annual-reports/file/147-dbn-annual-report-2017>
https://www.deginvest.de/DEG-Documents-in-English/About-DEG/Responsibility/Investment-related-information/201509_Bank_Windhoek- EN.pdf
<https://www.norfund.no/investmentdetails/trustco-group-holdings-ltd-article10697-1042.html>
<https://economist.com.na/22834/markets/major-helios-funding-takes-trustco-to-the-next-level-in-property-development/>
<https://disclosures.ifc.org/#/projectDetail/SPI/28761>
<http://www.aei.org/china-global-investment-tracker/>
http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=NA
<https://www.deginvest.de/International-financing/DEG/%C3%9Cber-uns/Verantwortung/Investment-related-information/Investments-in-Africa/>
<http://www.sais-cari.org/data-chinese-loans-and-aid-to-africa>

5 The Breadth and Depth of Housing and Housing Finance Products

5.1 Access to Mortgage Finance

In 2017, 81 percent of Namibians aged over 15 held a bank account,¹⁸ one of the highest figures in the continent and well above the SADC average of 50 percent. Nine percent of the population aged above 15 have an outstanding home loan (SADC – 5.7 percent), rising to 13 percent when just looking at the male population (SADC – 7 percent). These figures, in addition to a relatively large mortgage market, suggest that the housing finance sector is much more developed than many of its SADC peers. Many Namibians also have a large reliance on remittances, with 53 percent of the population having received domestic remittances in 2017, higher than any other SADC country. Affordability remains an issue. According to FinMark Trust, 70 percent of the Namibian population cannot access collateralised home loan facilities.¹⁹

¹⁸ Global Findex Database (2017)

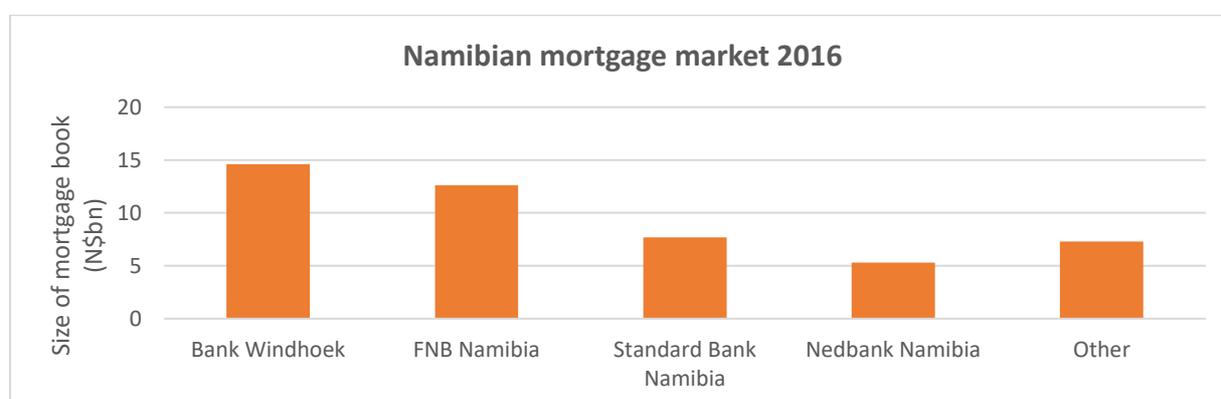
¹⁹ Housing Finance Information Network website (n.d), [Namibia Country Profile](#)

5.2 Key players and market size

Many of the largest players in the Namibian banking sector are regional banks headquartered in South Africa. Headquartered in Namibia, Bank Windhoek has a total mortgage book of N\$14.6 billion²⁰ (US\$1.24 billion), the largest in the country, followed by FNB Namibia with N\$12.6 billion²¹ (US\$1.07 billion), Standard Bank Namibia N\$7.7 billion²² (US\$654 million), and Nedbank Namibia at N\$5.3 billion²³ (US\$451 million).

In 2017, the banking industry's total mortgage loan book grew 9 percent to \$N47.5 billion²⁴ (US\$4.03 billion), of which 75 percent were residential mortgage loans. This growth in mortgages is much slower than the approximately 15 percent a year growth seen over 2013-2015. As of 2017, the figure for outstanding mortgage loans as a percentage of GDP was 39 percent in Namibia, compared to less than 10 percent for all other Sub-Saharan African countries except South Africa.²⁵

Table 2: Mortgage market's biggest players



Source: Bank Annual Reports for 2016

5.3 Mortgage Market Performance

Over the course of 2017, non-performing loans spiked for mortgages, growing 68 percent to N\$1.3 billion, equivalent to 2.7 percent of outstanding mortgages. This was attributed to consecutive years of slow economic growth – 0.2 percent in 2016 and an estimated 0.8 percent in 2017 – but this is forecast to rebound to 2.6 percent in 2018 according to AfDB estimates, driven by a recovery in the key agricultural and mining sectors.²⁶

FNB Namibia's existing Prime loan rate is 10.5 percent, while its existing loan book has an average rate of 11.5 percent.²⁷ Bank Windhoek lowered its mortgage lending rate 25 basis points to 11.5 percent

²⁰ Bank Windhoek (2016) Annual Report

²¹ FNB Namibia (2016) Annual Report

²² Standard Bank Namibia (2016). Annual Report

²³ Nedbank Namibia (2016). Annual Report

²⁴ Central Bank of Namibia (2017) Annual Report

²⁵ Nguena, CL, Tchana, F and Zeufack, AG (2015). HOUSING FINANCE and INCLUSIVE GROWTH in Africa - Benchmarking, Determinants and Effects. Available from [AfDB website](#).

²⁶ AfDB (2018). [Namibia Economic Outlook](#).

²⁷ FNB website (n.d). [Home loan interest rates](#)

in August 2017, in line with the decrease in the policy rate of the Bank of Namibia from 7 percent to 6.75 percent.²⁸

5.4 Microfinance

As of 2016, there were 277 regulated microlenders operating in Namibia, with total loans outstanding of N\$4.2 billion (US\$356 million), having grown an average 25 percent a year since 2012.²⁹

Microlending for housing purposes is increasing through organisations such as the Shack Dwellers Federation of Namibia, which has a community-driven approach to securing titles and extending building loans. The loans range from N\$30 000 (US\$2 545) to N\$45 000 (US\$3 817), repayable within 11 years at an annual rate of 6 percent, well below the prevailing rate at the commercial banks.³⁰ The DBN has played a key role in growing the subsector by providing funding to the microlenders.

5.5 Housing Output

According to the Central Bank of Namibia, the National Housing Enterprise (NHE), a parastatal organisation responsible for the construction of affordable housing, is facing a backlog of approximately 110 000 units, a backlog which is growing at an annual rate of 3 700 units. The NHE's waiting list increased from 76 800 in 2016 to a recorded 84 940 as of mid-2017.³¹

Public Sector Provision

The NHE has built approximately 450 houses a year since 2003 for its target market: households earning between N\$5 000 (US\$ 367) and N\$20 000 (US\$ 1 467) a month. Apart from constructing houses, the NHE has also been involved in servicing land in several local authority areas, resulting in a total investment in service infrastructure of approximately N\$145 million (US\$11 million) between 2006 and 2012. Small NHE houses cost approximately N\$275 000 (US\$ 20 000), on average, inclusive of land cost. NHE loans are offered at a maximum of prime (10.25) minus one percent.³²

The Otjomuise project in Windhoek is a large scale NHE project which began in 2014 and is expected to be completed in 2018. The masterplan includes 14 542 units targeted at the low income segment. Examples of smaller projects include Rundu, where NHE is set to deliver 123 houses, as well as developments in Omuthiya and Oshakati.³³ However, the Rundu waiting list current stands at 3 200 clients so the new initiative will only meet a fraction of the demand, while the NHE faces a waiting list of 90 000 names countrywide.³⁴

Specific government initiatives to increase affordable housing include the Mass Housing Initiative and the Harambee Prosperity Plan. The Mass Housing Initiative was set up in 2013, aimed at delivering 187 000 houses by the year 2030. However, from the start it has reportedly been beset by issues of housebuilders overcharging the state, poorly constructed houses, unpaid or poorly paid workers, and

²⁸ Matthys, D (2017) [Local banks decrease lending rate by 0.25%](#). Namibia Economist.

²⁹ NAMFISA (2017). Annual Report

³⁰ CAHF website (n.d.). [Namibia](#)

³¹ CAHF (2017). Yearbook.

³² Ibid.

³³ Muyamba, J (2018). [Namibia: NHE Embarks on New Housing Projects](#). New Era on allAfrica.com

³⁴ Muyamba, J (2018). [Over 3 200 on NHE's Rundu housing waiting list](#). New Era.

overly expensive housing.³⁵

The Government launched the Harambee Prosperity Plan in 2016, aiming to build 20 000 houses, service 26 000 plots and build 50 000 rural toilets by 2020. In 2017, the president announced that 5 554 houses had been completed in the first year, exceeding the annual target of 5 000. However, media reports claimed that this was untrue.³⁶

Private Sector Provision

Housing supply from the private sector is limited due to the limited availability of serviced land and the excessive cost of construction. When it does occur, it often takes the form of private-public partnerships (PPPs). Joint efforts by the central government, local authorities and the private sector resulted in the delivery of 4 424 serviced plots in the 2017-2018 fiscal year. Many of these projects have come about through government-sponsored initiatives such as the Massive Urban Land Servicing Project and other capital projects funded by the Development Budget.³⁷

An example of this is a project planned in Rundu by the Rundu Town Council and Armstrong Constructions and Properties (“Armstrong”). The project, consisting of 600 houses and townhouses on an 82ha plot, was to be the first housing project to be developed by local investors. Rundu availed virgin land and Armstrong was to service the land and build the houses, which were to be priced between N\$500 000 and N\$900 000 (US\$42,444 – US\$76,400). Unfortunately, the project did not get off the ground because the developer and the town ran into disagreements over the terms of the PPP. The town eventually withdrew from the commitment and Armstrong Construction sued Rundu for N\$337 million (US\$25 million).³⁸

6 Challenges and Opportunities

While Namibia is one of the richer countries in the Southern African Development Community – GDP per capita is \$4 400³⁹ compared to an average of \$1 760 for SADC – it is one of the worst performing countries in the world for income inequality, second only to South Africa on the World Bank Gini Index.⁴⁰ One of the manifestations of this inequality is unaffordable house prices for most of the population. The FNB Housing Index⁴¹ shows that in 2017 average house prices reached N\$1 187 000 (US\$101 000), up 46 percent from five years earlier. This rising housing market has been driven by the emerging middle class to an extent, but also by speculative investments and a supply-demand imbalance, excluding a large portion of the population living in informal settlements.⁴² The government estimates that 74 percent of Namibians cannot afford conventional housing. CAHF estimates that the average household income needed for the cheapest house newly built by a formal developer in 2017 was PPP\$51 650, compared to 2016 average household income (using expenditure) of PPP\$20 207.⁴³

³⁵ <https://www.namibian.com.na/175287/archive-read/Revamp-the-Mass-Housing-Project>

³⁶ Sasman, C (2018). [NHE fails to build houses](#). Namibian Sun.

³⁷ Tjitemisa, K (2018). [Namibia: Shack Dwellers Build 4,960 Houses in 2017/18](#). AllAfrica.com

³⁸ Muyamba, J. (2018). [Rundu sued for N\\$337 million over botched PPP deal](#). New Era

³⁹ World Bank database

⁴⁰ World Bank Gini Index, 2017

⁴¹ FNB (2017). [FNB Residential Property Monthly, December 2017](#)

⁴² Central Bank of Namibia (2017). Annual Report

⁴³ CAHF (2017). Yearbook

The Mass Housing Development Programme was launched in 2013, but it has not completed many of the projects it promised. For example, just 400 of the planned 2 300 houses at Swakopmund have been completed, of which only 200 are occupied, with the National Housing Enterprise having been criticised for its role.⁴⁴ In addition, for the houses that are built, Namibia ranks 174th out of 189 countries for ease of registering a property: on average registration takes 52 days and costs 13.8 percent of the property value.⁴⁵

The existing model for the provision of housing has so far failed to supply an adequate amount of low-cost affordable housing. Certain regulations, such as maximum density and minimum parking requirements per unit, have increased the cost per square metre of a building, and led to an exit of property developers from the low-cost market. A re-evaluation of the regulatory requirements could increase the returns to low-cost construction and encourage more private sector participants to enter the market. Also, facilitating lower income consumers' access to credit and ease of registration should stimulate the demand side, further encouraging property developers to target this end of the market. The role of NHE will also be key, as its ambitious housebuilding plans will require significant private sector funding.

⁴⁴ Hartman, A (2018). [Klazen rebukes Swakop, Henties over empty mass houses](#). The Namibian.

⁴⁵ World Bank (2017). 'Doing Business' Report