

Namibia

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Overview

With a small population, a plural political system and a stable if unequal economy, Namibia has set a target to build 10 800 houses a year,¹ via the Ministry of Urban and Rural Development (MURD) that is mandated to oversee urban and rural housing.² This target is yet to be realised in the face of fluctuating global fuel prices. To promote rural electrification, the Ministry of Mines and Energy (MME) announced its intention to construct 400 off-grid houses.³

Namibia's population, which grew at a rate of 1.6%⁴ in 2022, increased to an estimated 2.6 million by mid-2023.⁵ Fifty-four percent of the population resides in urban areas,⁶ and 43.3% are multi-dimensionally poor.⁷ The most-used measure of inequality, the Gini Coefficient, is 0.58.⁸ An estimated 80% of the Namibian urban population lives in informal settlements.⁹ The country has an unemployment rate of 23%¹⁰ and 58% of the labour force are informally employed.¹¹

Economic growth expanded to 4.6% in 2022, from 3.5% in 2021, driven mainly by the primary and secondary industries. Growth is projected to moderate to 3.0% in 2023 on the back of anticipated weaker global demand and reduced spending power, as inflationary pressures persist. Household debt to disposable income fell from 79.4% in 2021 to 77.9% at the end of 2022, following the approval of civil servant salary increments and increased economic activity.¹² The annual inflation rate of 4.7% in August 2023, drifted up from the 4.5% recorded in July, the lowest in almost one and half years.¹³ Nonetheless, the central bank, the Bank of Namibia, maintained its key interest rate, the repo rate, at 7.75% to protect the currency peg with the Rand and to "support the domestic economy".¹⁴

In 2022, the banking sector's performance improved beyond the levels attained pre-Covid-19 due to higher interest income (i.e., increasing prime and other lending rates).¹⁵ Non-banking finance shrank 1.2% because of higher inflation and tightening global monetary policy.¹⁶

Access to finance

A study by the Namibia Statistics Agency (NSA) reported that 57% of the respondents would not borrow money at all.¹⁷ The remaining minority would borrow money from friends or family (18%); the bank (12%); informal, unregistered microlenders (7%); or registered microlenders (5%). Additionally, the study reported that 78% of the population have a banking product, other financial products, and informal financial products e.g., stokvel. Moreover, the study indicated that rurally based men were financially excluded, in that they would seek employment and send remittances home to women.¹⁸

The Married Persons Equality Act section 15(1) and (2) considers women and men as equals, ensuring women's capacity to own or register property.¹⁹ However, the type of marriage contract entered into dictates whether or not joint activities such as access to credit, buying a vehicle, or property, are enforced or not.

KEY FIGURES

Main urban centres	Windhoek
Exchange rate (1 July 2023): 1 USD = [a] 1 PPP\$ = (2022) [b]	18.84 Namibian Dollar (NAD) 7.17 Namibian Dollar (NAD)
Total population [b] Urban population [b] Population growth rate [b] Urbanisation rate [b] Percentage of urban population living in slums (2018) [c] Percentage of female-headed households (2018) [e] Unemployment rate (% of total labour force, national estimate) (2021) [b] Percentage of women participating in the labour market formally (2022) [b] Gini coefficient (2017) [b] HDI country ranking (2021) [d] HDI country score (2021) [d]	2 567 012 1 385 057 1.45% 3.22% 42.3% 43.9% 21.7% 56.0% 57.2 139 0.61
GDP per capita (Current US\$) [b] GDP (Current US\$) [b] GDP growth rate [b] Inflation rate [b] Lending interest rate [b] Proportion of adult population that borrowed formally (2021) [b]	US\$4 911 US\$12 607 million 4.56% 6.08% 8.61% 68%
Number of residential mortgages outstanding (2021) [e] Value of residential mortgages outstanding (USD) (2021) [f] Prevailing residential mortgage rate Term [f] Maximum LTV on a residential mortgage [f] Ratio of mortgages to GDP (2021) Number of residential mortgage providers [e] Percentage of women who own a house alone and/or jointly (2018) [c] Number of microfinance loans outstanding [h] Value of microfinance loans (USD) (2021) [h] Number of microfinance providers [h]	49 077 US\$2 997.8 million 9-13% 30 years 100% 23.8% 8 30.8% 144 080 US\$470.91 million 433
Total number of residential properties with a title deed (2019) [i] Number of formal dwellings completed annually (2019) [j] Number of residential projects certified by EDGE Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [k] Size of cheapest, newly built house by a formal developer or contractor in an urban area [l] Typical monthly rental for the cheapest, newly built house [m] Cost of standard 50kg bag of cement in local currency units [n] Type of deeds registry: digital, scanned or paper (2020) [o] World Bank Ease of Doing Business index rank (2020) [o] Time to register property (days) Cost to register property (2020) [o] World Bank DBI Quality of Land Administration index score (0-30) (2020) [o]	274 897 216 452 n/a NAD 654 000 55m ² NAD 4 000 NAD 82.52 (US\$4.38) Paper 104 44 days 13.8% 10.5

NB: Figures are for 2023 unless stated otherwise.

Members of African Union for Housing Finance (AUHF):

Atenu Developments
Development Workshop Namibia

[a] Xe.com	[h] NAMFISA
[b] World Bank World Development Indicators (as at end 2022)	[i] Title Deed Office of Namibia
[c] Demographic and Health Surveys, USAID	[j] Namibia Statistics Agency (NSA)
[d] United Nations Human Settlements Programme (UN-HABITAT)	[k] Ongos Development
[e] Bank of Namibia	[l] Okamita Properties
[f] Standard Bank	[m] Property 24
[g] Bank Windhoek	[n] Build it
	[o] World Bank Ease of Doing Business Indicators

The current prime rate is 11.50% and the mortgage lending rate is 12.50%.²⁰ Mortgage refinancing is offered by seven commercial banks²¹ and one mortgage financier.²² These report on residential data for internal use and share macro data with the central bank.²³ In 2022, the value of residential mortgage loans increased by N\$1.2 billion (US\$63.7 million) to a total of N\$44.2 billion (US\$2.4 billion),²⁴ amounting to 40% of the total loan book.

The loan-to-value ratio is 100% for the primary residential property and remains at a maximum of 80% for all subsequent non-primary residential properties.²⁵ Residential mortgages are 20 years long on average and can be extended to 30 years.²⁶

The Bank of Namibia (BON) reported an improved non-performing loan (NPL) ratio of 5.6% in 2022, resulting in a final amount of N\$821 million (US\$43.6 million) owed.²⁷ BON reported the improvement was due to repayment, write-offs and debt restructuring.

In Namibia, the Shack Dweller Federation of Namibia (SDFN), First Capital Namibia and the Development Workshop in Namibia (DWN) are investment vehicles for non-mortgage finance²⁸ and construction.²⁹ DWN also offers land development and surveying, and acts as an intermediary with local authorities.³⁰ In 2022, the SDFN's Twahangana Fund disbursed 451 loans to its members, of which 359 were home loans (N\$15.8 million or US\$838 507); 78 were small business loans (N\$390 200 or US\$20 708); and 14 were service installation loans (N\$64 940 or US\$3 446).³¹ DWN developed plots ranging in price from N\$15 000 (US\$796) to N\$36 000 (US\$1 911) depending on the extent of services provided and the payment route taken. This allowed clients to pay off their debt within a 12-to-60-month period.³²

Namibia only has two registered credit bureaus used by financial institutions.³³ Underwriting is contingent on income confirmation and affordability.³⁴ Life insurance providers may request proof of income and this excludes the lower income mass market.³⁵ With mortgage underwriting, the bank considers whether the mortgage instalment amounts to a third of the client's income,³⁶ the client credit and insurance history, the sale offer provided, and the location and security features of the property to determine the premium.³⁷ Non-mortgage finance considers the life insurance or short-term insurance or credit life insurance history of a client, while short-term insurers consider the client needs and affordability to determine the insurance premium.

Construction finance and refinancing is offered and structured for commercial banks to facilitate the acquisition and development of a vacant property.^{38,39} Although new to asset securitisation, Namibia has a well-functioning bond market, where the capital market for bonds has grown significantly over the past two decades.⁴⁰ The credit lines available are mortgage and non-banking finance assets.⁴¹ Commercial banks offer green finance to promote sustainability, the construction of green buildings, and or infrastructure.⁴² Green bonds are critical to the finance market and have grown in market share compared to sustainability-linked bonds.⁴³ Despite the consensus on its benefits, data on green finance affordability is scarce. The state has facilitated and set up renewable energy plants through public private partnerships,⁴⁴ and lobbied for rural-electrification⁴⁵ through on and off-grid investments.⁴⁶ The government only offers civil servants housing subsidies of up to 66% of the residential mortgage value, where civil servants pay 44% of the mortgage value to commercial banks.⁴⁷

Affordability

The most recent housing backlog estimate is 300 000 which translates to N\$76 billion (US\$4 billion).⁴⁸ The Economic Association of Namibia contends that if 3% of the state housing budget is set aside, the backlog could be cleared in a decade.⁴⁹ In urban areas, land prices vary from N\$271/m² (US\$14/m²) to N\$1 300/m² (US\$69/m²) or more, depending on the property typology, location, and valuation.⁵⁰ The same applies to rental prices for backyard flats at N\$2 500 (US\$133), a two-bedroom townhouse N\$6 500 (US\$345), or a three-bedroom property at N\$6 500 (US\$345).^{51,52} The price of the cheapest newly built housing unit by a private developer starts from N\$654 000 (US\$34 708).⁵³

In June 2023, the labour for middle income housing cost N\$120 000 (US\$6 368) per house.⁵⁴ The SDFN has contained construction costs between N\$7 000 (US\$371) and N\$40 000 (US\$2 123) because its members develop the properties themselves.⁵⁵ As a net importer of goods and services, Namibia still imports its building materials. Due to its shared history with South Africa, the Namibian Standards Institute has adopted the South African National Standards as Namibian Standards.⁵⁶

According to the NSA Consumer Price Report, basic needs (including housing) took up 70% of monthly household expenditure due to high inflation in July 2023.⁵⁷ Household indebtedness moderated from 79% (June 2021) to 78% (June 2022).⁵⁸

Housing supply

While the formal housing market has varying typologies, the informal sector offers vacant land where tenants either self-erect structures or the owners rent already-built rooms on a fenced property. Here, the quality of the housing stock varies depending on the approach applied, the construction materials used, and level of building code compliance.⁵⁹

The average erf size is 300m² and local authorities have released virgin land for private developers to service and construct residential properties across the country.⁶⁰ Local authorities have developed virgin land themselves, to control the cost of land and housing and partnered with the MURD,⁶¹ SDFN and DWN in informal settlements.⁶² Since its inception in 1990, the SDFN serviced 914 plots and constructed 7 224 houses.⁶³

Though the construction sector employs a labour force of 17 000 workers,⁶⁴ it has no sectoral regulator, but does have a lobbyist group called the Construction Industries Federation of Namibia.⁶⁵ Property developers and contractors comply to the building standards prescribed by the local authorities. Upon approval of building permits, developers or building contractors have 12-months to begin construction.⁶⁶ Local authorities strictly enforce building code compliance⁶⁷ for properties financed by the bank, as building contractors need to satisfy the requirements of the bank, building inspector, the surveyor, and the architect.

Property markets

The Central Deeds Office has a digitised land tenure and title system. The property buying process steps are: a) acceptance of deed of sale; b) the deeds search; c) transfer documentation drafting; d) bond cancellation (if a bond is registered over the property); e) transaction finance; f) building compliance certificate; and g) lodgement and registration at the Deed's Office.⁶⁸ This process can take an 4-6 weeks. If the residential property costs N\$5 million (US\$265 350), the transfer fee for registering in your own name is estimated at N\$396 000 (US\$21 016) while the transfer fee for registering under a close corporation is estimated at N\$59 000 (US\$3 131).⁶⁹ Namibians generally prefer private property ownership and have a residential property resale market with a high rental income opportunity.⁷⁰ Property owners and estate agents registered with the Namibia Estate Agents Board actively engage in this sector. The latest Labour Force Survey reported 195 real estate agencies were registered and 385 people are employed in the sector, representing 0.1% of the labour force.⁷¹

Policy and legislation

The state plays a limited role (i.e., as a financial or legislative enabler) in housing delivery. Public-private partnerships are funded by private and state enterprises for land development and housing.⁷² Local authorities offer a lower basic service tariff for citizens in informal settlements.⁷³ Urban land and property ownership are administered by the Urban and Regional Planning,⁷⁴ Deeds Registry,⁷⁵ and Local Authorities Acts.⁷⁶

In 2022, stakeholder engagements were held to revise and update the National Housing Policy and action plan.⁷⁷ The Financial Intelligence⁷⁸; Companies⁷⁹; Close Corporations⁸⁰ and Trust⁸¹ Amendment Acts of 2023 mandate all property owners to provide their beneficial ownership information to the Registrar of Companies and Master of the High Court effective from 7 August 2023.⁸² This information would be provided at the lodgement of property transfers, the annual duty submission, or registration of a newly-acquired property held by a trust, close corporation, or company.

The automatic termination of a lease agreement warrants the enforcement of a legal eviction due to the following reasons: a) late or non-payment of rental or utilities; b) serious damage to the leased property or; c) the unlawful occupation of property.⁸³ If a tenant does not rectify the breach within the agreed time, a landlord may terminate the lease and commence the eviction procedure. A lease agreement (with the prior mentioned clauses) must be in place for a landlord to approach the Court to enforce the legal eviction procedure.

PRICE OF BUILDING MATERIALS AND CONSTRUCTION COST INFLATION – NAMIBIA

The high cost of construction is often cited as a key factor undermining housing affordability. The need to import materials instead of purchasing those produced locally, the shortage of and high cost of local skills, and the absence of financial mechanisms that allow for materials to be bought in bulk – all these factors impact on construction costs and may create cost overruns.

Strikes or fuel shortages also increase the price of building supplies, by driving up transport costs. High inflation rates, as are being seen across the continent in 2023, also undermine affordability. As a result, low-income households may not be able to afford the price of construction materials in order to build their own home incrementally.

CAHF has been collecting a few basic housing cost indicators for the past decade, including the price of key building materials, the price of the cheapest, newly-built house in an urban area by a private developer and the average size of this house (see Key Figures section).

Wholesale price of a standard 50kg bag of OPC cement (strength class 32.5N)

NAD 82.52 (US\$4.38)



Price of steel profiled roof sheeting per sq metre

NAD 86.16 (US\$4.57)



Price of cheapest, newly-built house by a private developer in an urban area

NAD 645 000 (US\$34 236)



Price of ceramic floor tiling (per sq metre)

NAD 159 (US\$8.44)



Price of roof tiling (per sq metre)

NAD 144.37 (US\$7.66)



Cautionary notes

This data was collected by Yearbook authors as part of their research. Authors were asked to contact three building material supply stores and ask for the price of the product, and then, based on the responses received, estimate the typical cost of the material. The figures given are therefore not formal averages but informed estimates, based on the canvassing of a handful of suppliers in urban areas.

Opportunities

The funding of low and ultra-low housing and infrastructure⁸⁴ projects, with the application of the Shack Dweller Federation Namibia's funding and social enterprise model, offers a good opportunity for investors in Namibia. This is because of the buy-in from the locals and the ownership taken by recipients of the exercise. Investors may approach the SDFN and the DW about the model and the return on investment to be better informed.

Another opportunity is delivery of urban infrastructure, such as land development, and providing sustainable building materials such as solar street lamps and clay bricks.⁸⁵ This would expedite the development of informal settlements, leading to the improved collection of revenue by local authorities and the acquisition of title deeds by more residents.

Websites

Institute for Land & Livelihoods in Namibia: <https://illh.nust.na/>

Shack Dweller Federation Namibia: <https://www.shackdwellersnamibia.com/>

Ongos Valley: <https://www.ongosvalley.com.na/>

Development Workshop Namibia: <https://dw-namibia.org/>

First Capital Namibia: <https://firstcapitalnam.com/>

Okamita Properties (Osona Village): <https://www.okamita.com.na/home>

Namibia Planning Commission: <https://www.npc.gov.na/national-plans/>

[programmes/programmes-housing-sector/](#)

Polycare: <https://polycare.co.na/what-we-do/>

Availability of data on housing finance

The BoN receives housing finance data at a macro level.⁸⁶ Access to the Deeds Office database is not available to the public. However, the NSA data and reports are available and provide insights into the quality of the housing stock.⁸⁷ The latest census is currently in field, and the preliminary report may be available in March 2024 and the final report in August/September 2024.⁸⁸

Examples of innovation: Development Workshop

The Development Workshop (DW) is a registered charity trust in Namibia established to provide the most effective and efficient ways to make human settlements sustainable and inclusive.⁸⁹ The core focus has been housing, infrastructure, and early child development. The DW plan, survey and service low-cost residential land that they then sell to low income clients. The properties cost between N\$10 000 (US\$531) and N\$35 000 (US\$1 857) and clients can pay these amounts off within a 24-month-period. Additionally, the DW offers a loan scheme in partnership with First National Bank Namibia, allowing clients to use credit to pay off their property. Lastly the DW also provides building plan workshops to its clients to help them cost effectively build their homes, be it once off or incrementally.

