

## **House prices not just expensive, but unaffordable**

The issue in Namibia that most consumers are facing is that house prices are simply not affordable. Your salary needs to have increased by at least 52% in order for you to have comfortably bought the same type of property that was sold in the market in 2007. This is according to the FNB's latest affordability tracker which looks at real wages versus increasing prices of housing utilities and other consumer expenses.

The affordability report was prompted as a result of the fast pace growth in property prices and looked at more than just housing. In Namibia, an average consumers' income would have to increase by 30% in order to afford water comfortably and by 40% in order to afford electricity.

The data further suggests that for the housing market to remain profitable for those who are leasing property, rental figures would have had to quadrupled since 2007 in order for most investors to get decent returns of their investment.

On annual basis this suggest that consumers salaries would have had to have been adjusted by inflation plus an additional 8% in order for them to adjust to the rising prices of houses. This adjustment would also have allowed consumers to comfortably afford water and electricity and other basic goods and services.

If you couple all of the above with a rising debt servicing ratio as reported by Bank of Namibia, an average consumer in the housing market is simply not a happy camper.