



Media Release

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The Namibian Economy: piecing the puzzle together

For Immediate Release

Economic Solutions for Namibia's Housing Crisis

On the 20th of October, 2015, the Economic Association of Namibia (EAN) co-hosted a Business Breakfast with the Hanns Seidel Foundation (HSF), on the current Housing issue in Namibia.

According to the First National Bank (FNB) house price index, housing prices in Namibia have almost doubled between 2009 and 2014. This increase has been caused by several factors, but is primarily due to growth in housing demand increasing faster than the supply of new houses to the market. As such, despite various Government initiatives, much of the Namibian populous remains with limited access to formal housing, be it from an ownership or rental perspective. The reason for this limited access to formal housing stems from the very simple fact that Namibia has an estimated 100,000 more households than it has houses. However, addressing this issue presents the country with a major challenge, both from a logistical and financial perspective.

As such, the aim of the business breakfast was to provide information on the economic challenges and solutions surrounding the Namibian residential property market, but also to assess some of the economic benefits of providing access to formal housing through property ownership.

Mr Namene Kalili, the Senior Manager of Research & Development from First National Bank (FNB) addressed the continued widening of the supply-demand gap for housing and quantified the backlog in social as well as private housing to approximately account for N\$35 billion. Focussing on the supply-side problems, Mr. Kalili found the most pressing challenges to be shortages in governmental funding, high land-servicing costs as well as a recent surge in building costs. The speaker alluded to insufficiently available bulk services such as access to water, sanitation and electricity. In order to tackle these issues Mr Kalili provided insights into methods such as incentivizing the recapitalization of properties for local authorities and increasing competition among them to lower property prices. The speaker further mentioned the potential of streamlining land delivery processes and ridding the latter of inefficiencies, issuing housing bonds to enable affordable property development as well as making use of alternative and cheaper building techniques. According to Mr. Kalili these methods can potentially decrease the costs of property in Namibia and hence make houses available for more people.

Subsequently, Mr. John Mendelsohn, the Director of Research and Information Services of Namibia (RAISON) addressed the housing issue from a socio-economic perspective. He stated that the lack of land ownership prevents poorer people from obtaining a 'better or decent life'. Throughout his presentation he stressed the financial value and potential of trading land. According to him properties can be used as a security, whose value is likely to increase in real terms over time. As such the wealth can be reinvested in capital assets or transmitted over generations. Mr. Mendelsohn further stated that properties can be used as a collateral and trigger investments. The speaker also alluded to the benefits for the entire Namibian economy through for instance more lending, increased investments and the creation of jobs (builders, estate agents etc.). According to Mr. Mendelsohn property ownership therefore depicts the possibility to decrease people's vulnerability and contribute to economic growth in Namibia.

In her closing remark, Ms. Susanne Scholz of the Hanns Seidel Foundation indicated the drastic need for the public to address the current crisis and noted that the situation required the combined effort of the public to avoid a major crisis in the short term.

The "*Housing*" Business Breakfast is the second in a series of three current issues on the Namibian economic scene. The "*Water*" discussion, which was well attended on the 10th of September 2015 was the first discussion held, whilst the "*Energy*" dialogue will be a conference scheduled for the 4th November 2015 at Safari Hotel in Windhoek.

End.

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