Building Plans
February 2024

Overview

Plans Approved	29 February 2024 Number	Value (N$ m)	N$ Value YTD 2022	2023	N$ Change YTD	% Change YTD
Additions	123	140.7	54.8	149.4	94.6	172.8%
Commercial & Industrial	5	10.3	2.1	13.3	11.2	522.7%
Flats & Houses	36	37.1	37.9	79.0	41.1	108.6%
Total	165	188.2	94.8	241.7	146.9	155.0%
Plans Completed						
Additions	11	5.0	19.9	12.0	(7.8)	-39.5%
Commercial & Industrial	2	3.6	3.4	25.6	22.3	664.2%
Flats & Houses	16	13.7	52.6	32.1	(20.5)	-39.0%
Total	29	22.3	75.8	69.7	(6.1)	-8.0%

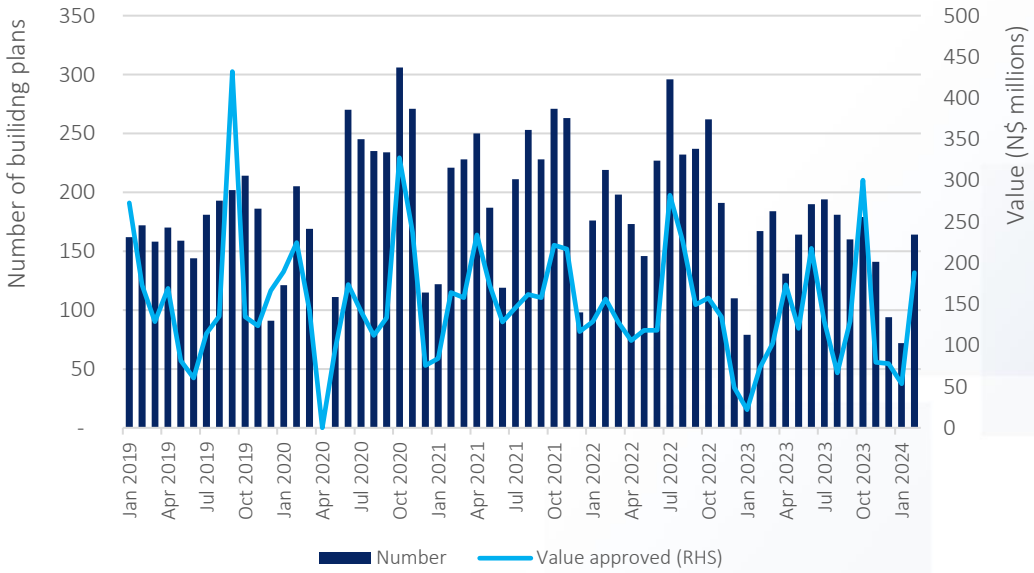
Source: City of Windhoek, IJG Securities

The pipeline for construction activity in Windhoek remains subdued. A total of 165 buildings plans were approved in February, a 129.2% m/m increase compared to January's figure, translating to an 1.2% y/y decrease. The value of approvals has surged by 251.7% m/m and 158.9% y/y to N$188.2 million, compared to N$53.5 in January and N$72.7 million in February 2023. On average, the applications that were approved had a time lapse of 103 days.

Windhoek saw a 42.0% y/y drop in completed buildings, falling from 50 in February 2023 to 29 in February 2024. The completion of two commercial buildings, valued at N$3.6 million, 11 additions at N$5.0 million, and 16 residential buildings valued at N$13.7 million, equated to the total value of completions of N$22.3 million.

The number of building plan approvals in February exceeded that of to the prior three months, as the chart below indicates. Indeed, the number of applications submitted to the City of Windhoek increased by 52.5% m/m, translating to a 7.9% y/y decline in submissions, due to the month-on-month increase being from a low base. Engagements with stakeholders in the banking space have indicated that demand for loans are high, but affordability is low hindering individuals from obtaining loans.

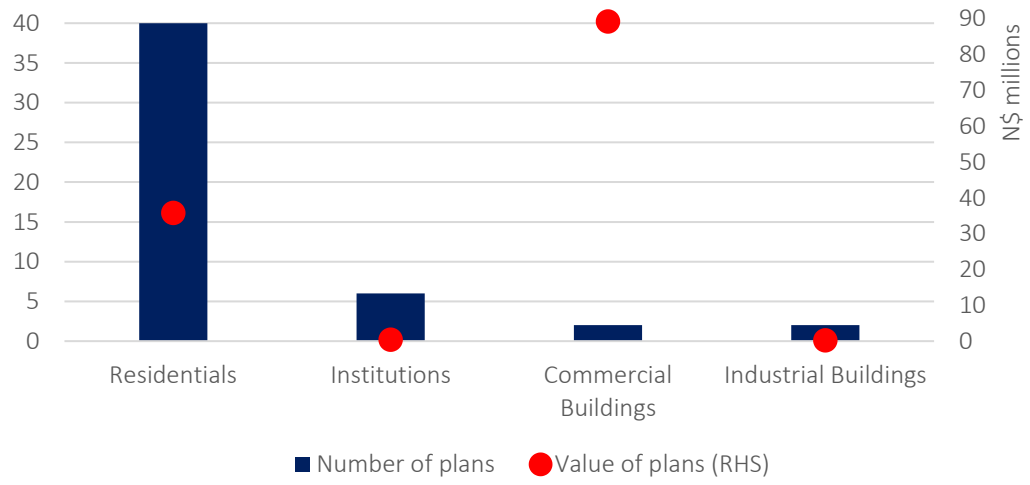
Monthly Building Plan Approvals and Value (Windhoek)



Source: City of Windhoek, IJG Securities

A similar trend exists in Swakopmund. The Swakopmund Municipality approved 50 building plans in February, which is 20.6% lower than February 2023. 40 residential plans were approved, at a value of N$35.7 million, 6 institutional plans worth N$288,414, and 4 commercial and industrial building plans worth a total N$89.3 million.

February Building Plan Approvals and Value (Swakopmund)

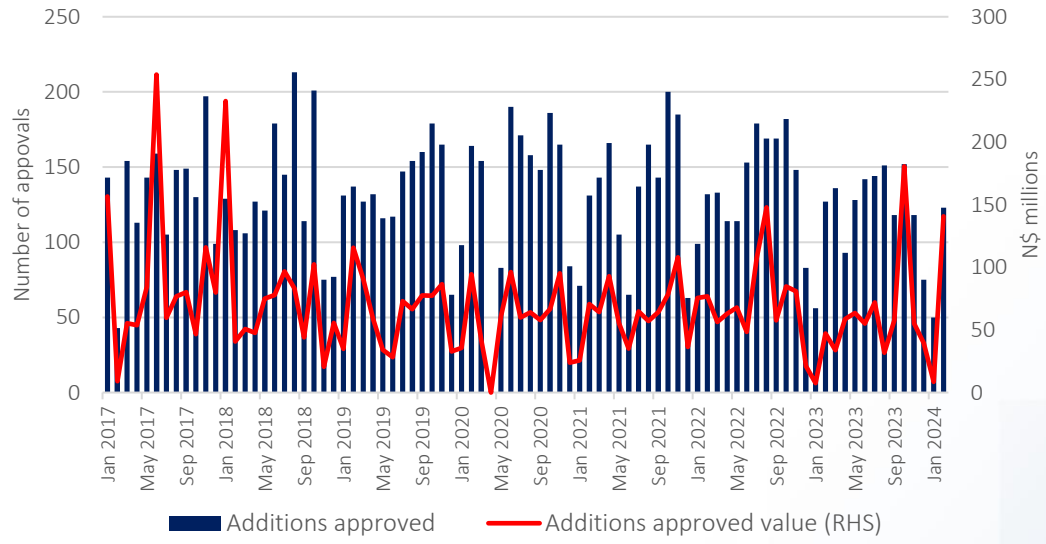


Source: Swakopmund Municipality, IJG Securities

Additions to Properties

123 additions to properties were approved in February worth N$140.7 million. This represents a 3.1% y/y decrease in the number of additions in the pipeline compared to last February, but a 198.3% y/y increase in the value of additions.

Number and Value of Additions to Properties Approved (Windhoek)

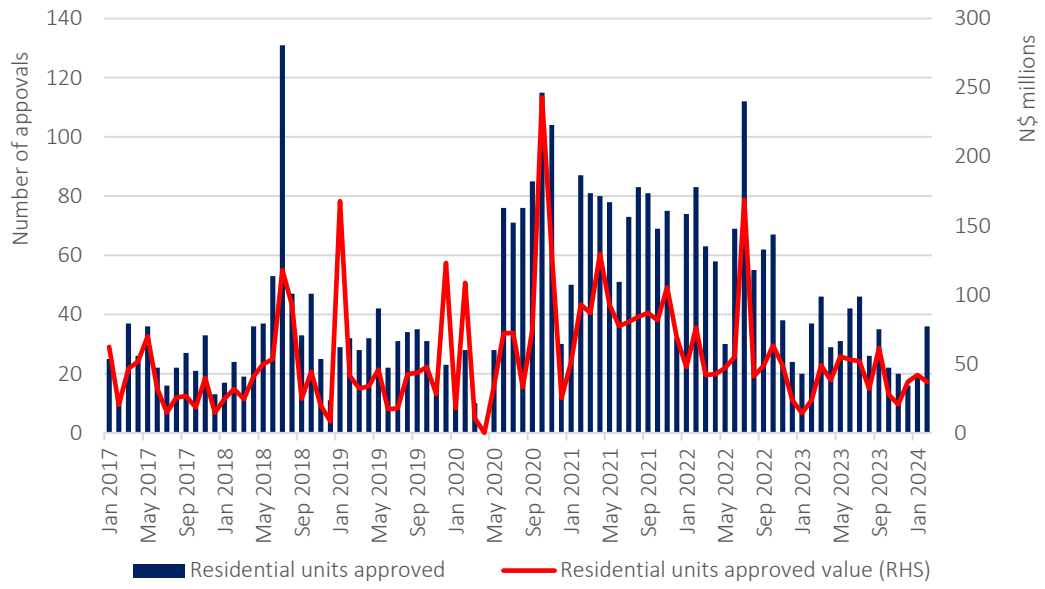


Source: City of Windhoek, IJG Securities

Residential Units

February saw the approval of 36 residential units, an increase of 89.5% m/m but 2.7% lower than February 2023. A total value of N$37.1 million of residential units has been added to the pipeline in February, which is 11.3% lower than the prior month but 57.7% higher than during the same month in the prior year.

Number and Value of Residential Plans Approved (Windhoek)

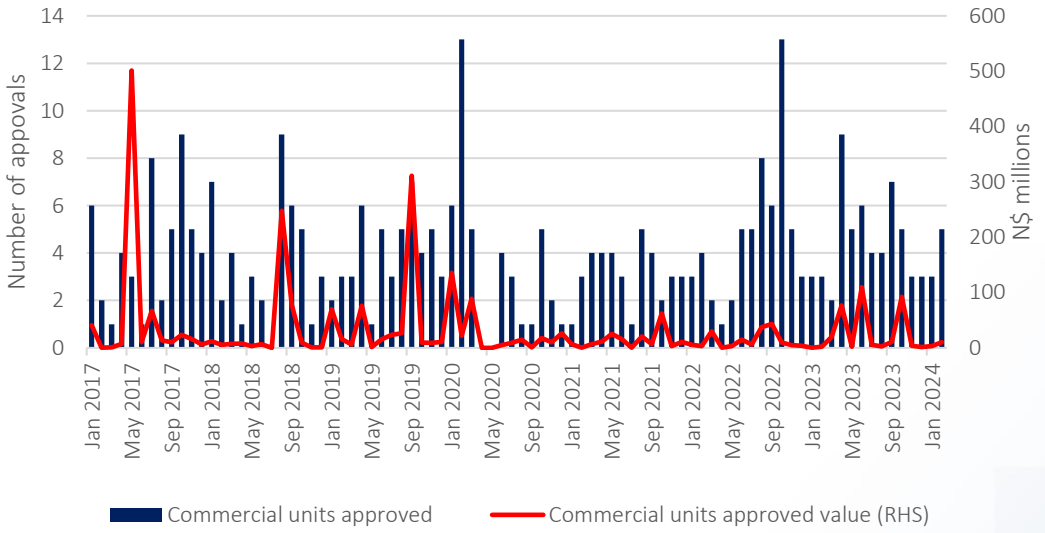


Source: City of Windhoek, IJG Securities

Commercial and Industrial Units

After three consecutive months of only 3 approvals each month, 5 commercial and industrial buildings, worth N$10.3 million, were approved in February. The value of commercial units in the pipeline approved in February 2024 increased by 242.0% m/m and 428.7% y/y from low bases.

Number and Value of Commercial and industrial Plans Approved

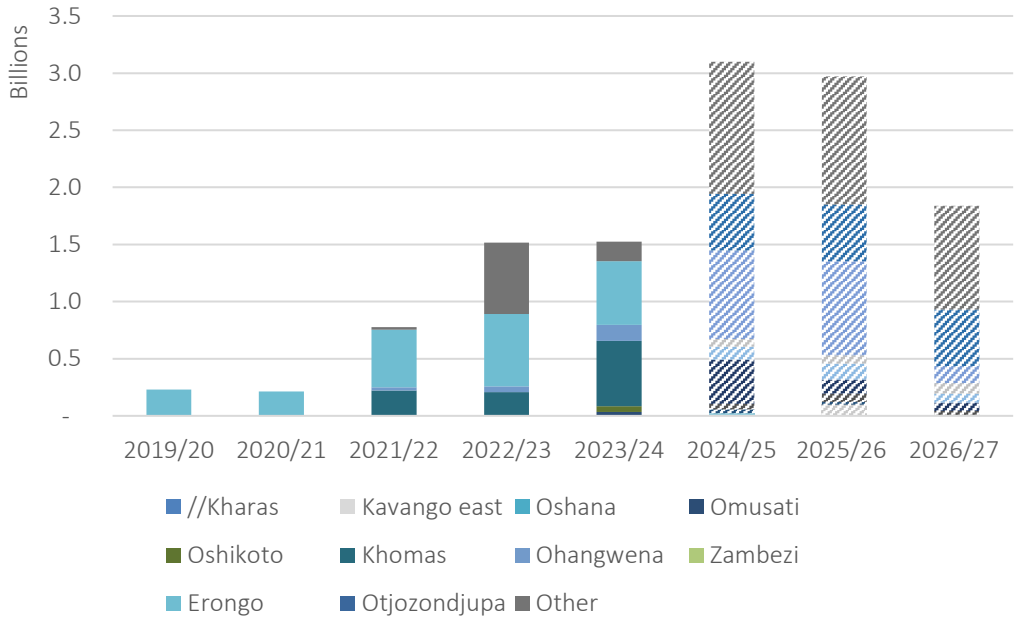


Source: City of Windhoek, IJG Securities

The Bottom Line

The outlook for construction has turned slightly positive after the government has announced the 2024/25 National Budget. The development budget for the new financial year has increased by 50.8% y/y from on the revised estimate of 2023/24 to N$12.6 billion. Of this, 23% were allocated for the construction of roads and 25% will be funded by external loans and grants. The chart below shows the injections of external funds into the development budget of each town. FY2024/25 is expected to see a total injection of N$6.2 billion, increasing the construction sector's growth by 8.9% y/y in 2024 and 5.8% y/y in 2025, from consecutive decline in growth since 2020, according to Ministry of Finance and Public Enterprises.

Grant and Loan Funded Construction Activities of the Government



Source: MoFPE, IJG Securities



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