Building Plans
January 2024

Overview

Plans Approved	31 January 2024 Number	Value (N$ m)	N$ Value YTD 2022	2023	N$ Change YTD	% Change YTD
Additions	50	8.6	7.6	8.6	1.1	14.0%
Commercial & Industrial	3	3.0	0.2	3.0	2.8	1486.8%
Flats & Houses	19	41.8	14.3	41.8	27.5	192.0%
Total	72	53.5	22.1	53.5	31.4	142.2%
Plans Completed						
Additions	14	7.0	7.3	7.0	(0.2)	-3.4%
Commercial & Industrial	1	22.0	2.7	22.0	19.4	730.2%
Flats & Houses	16	18.4	24.8	18.4	(6.5)	-26.1%
Total	31	47.4	34.7	47.4	12.6	36.4%

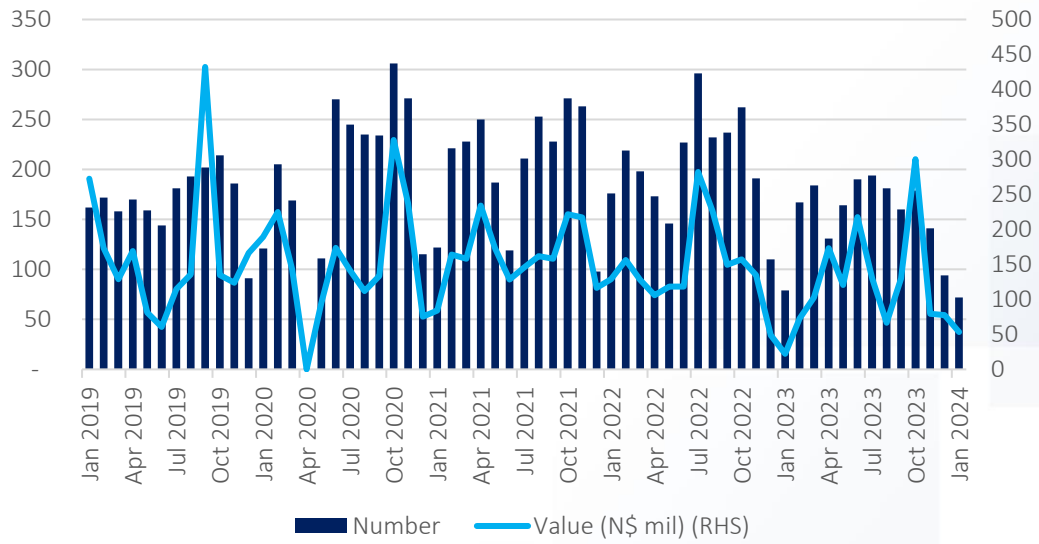
Source: City of Windhoek, IJG Securities

The pipeline for construction activity in Windhoek commenced the year on a weak note, posting the lowest monthly plans approved since the Covid-19 pandemic lockdown in April 2020. A total of 72 buildings plans were approved in January, a 23.4% m/m decline compared to December's figure, translating to an 8.9% y/y decrease. The value of approvals fell by 31.2% m/m to N$53.3 million, equating to an increase of 142.2% y/y from January 2023's low base. The pipeline for construction projects in Windhoek therefore does not indicate that the city's construction endeavours will be a driver of GDP.

Windhoek saw a 50.0% y/y drop in completed buildings, falling from 62 in January 2023 to 31 in January 2024. The completion of a single commercial building, valued at N$22.0 million and witnessing a 730% y/y increase, drove the overall value of completed buildings up by 36.4% y/y. However, this growth was offset by a decrease in the completion value of additions, flats, and houses on an annual basis.

Indeed, planned construction activity in Windhoek is continues to decrease, as the chart below indicates. The number of applications submitted to the City of Windhoek decreased by 7.6% m/m However, on an annual basis it made a turnaround by recording the first annual increase in January by 8.9% y/y since March 2023.

Monthly Building Plan Approvals and Value

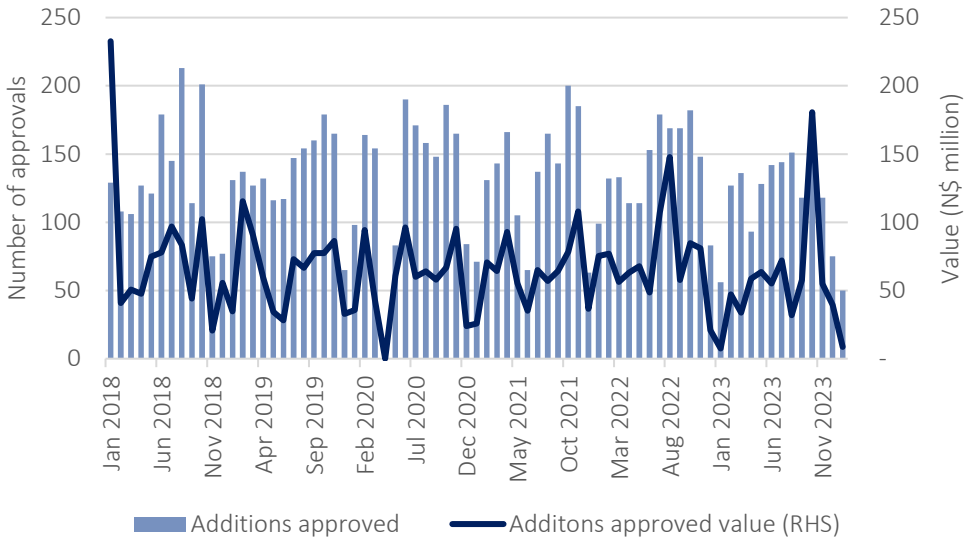


Source: City of Windhoek, IJG Securities

Additions to Properties

50 additions to properties were approved in January – the lowest since April 2020 – worth N$8.63 million in value. This represents a 10.7% y/y decrease in the number of additions in the pipeline compared to last January, but a 14.0% y/y increase in the value of additions.

Number and Value of Additions to Properties Approved

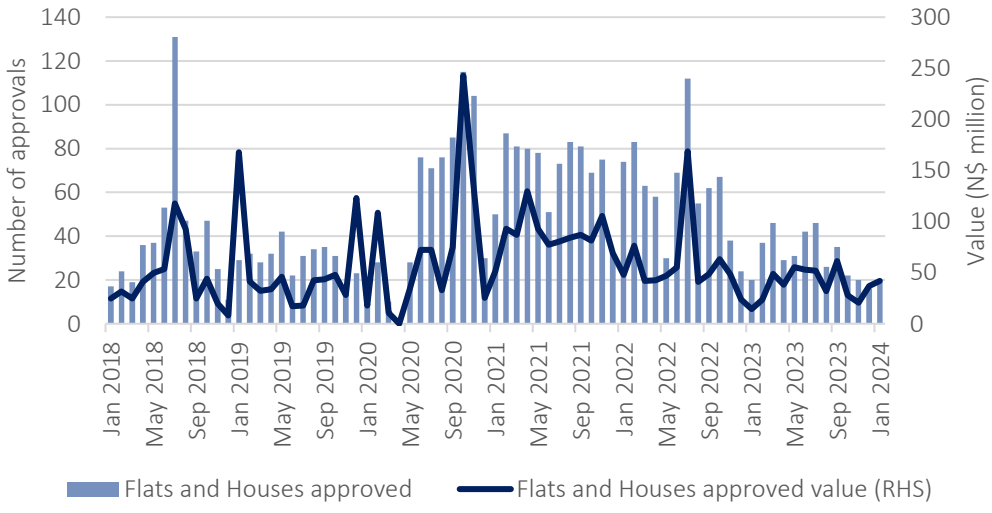


Source: City of Windhoek, IJG Securities

Residential Units

January saw the approval of 19 residential units, valued at N$41.9 million, three more than in December and a 13.2% m/m increase in value terms. 16 residential units were completed in January, a 33.3% m/m increase.

Number and Value of Residential Plans Approved

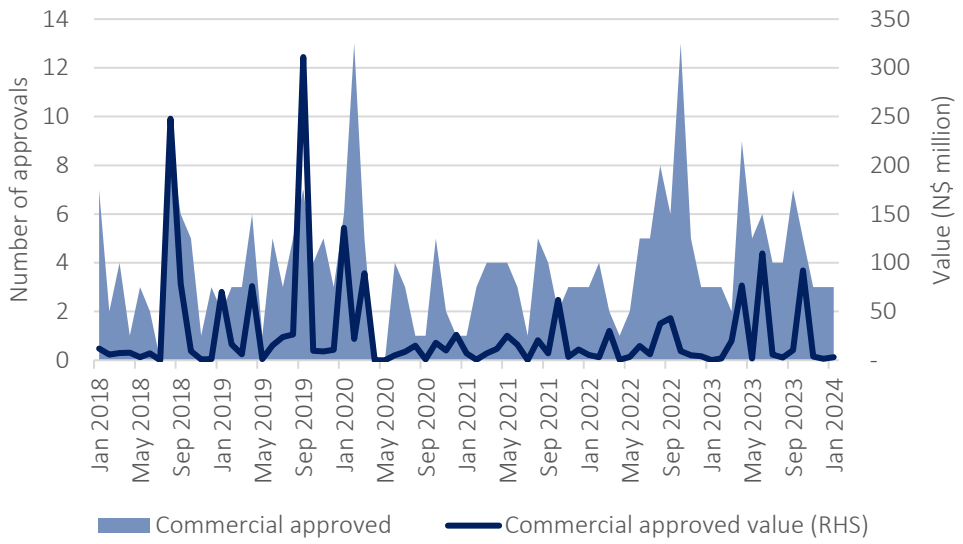


Source: City of Windhoek, IJG Securities

Commercial and Industrial Units

For the third month in a row, only 3 commercial and industrial buildings (N$3.0 million) were approved in January. Although the number of units in the pipeline are the same, the value of commercial units in the pipeline approved in January 2024 has increased by 123.3% m/m and 1,486.8% y/y to N$3.0 million.

Number and Value of Commercial and industrial Plans Approved



Source: City of Windhoek, IJG Securities

The Bottom Line

The short-term outlook for the construction sector in Windhoek remains bleak. Despite the increase in the value of approvals on an annual basis, the 12-month cumulative vale of buildings approved has witnessed a 22-month consecutive decline on a year-on-year basis. Additionally, actual construction activity has seen a substantial decline, particularly evidenced by the sharp drop in completed buildings compared to the previous year. The sluggish performance of the construction sector, as reflected in both approval and completion data, suggests underlying weaknesses in consumer demand. Consumers are currently faced with a relatively high repo rate, making it costlier to take out a loan and market participants have confirmed that the price of building materials have increased. Although there have been sporadic upticks in certain categories, such as residential units' approvals, these have not been sufficient to offset the overall downward trend. Looking ahead, the outlook for the construction sector in Windhoek appears muted over the short-term.



IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Amutenya	Group Financial Director	helena@ijg.net	Tel: +264 (81) 958 3528
Leonie de Klerk	Group Compliance Officer	leonie@ijg.net	Tel: +264 (81) 958 3533
Tashiya Josua	Financial Manager	tashiya@ijg.net	Tel: +264 (81) 958 3511
Benita Windisch	Financial Manager	benita@ijg.net	Tel: +264 (81) 958 3539
Lynnet Sasele	Financial Accountant	lynnet@ijg.net	Tel: +264 (81) 958 3536
Counney Kemp	Group PA	reception@ijg.net	Tel: +264 (81) 958 3500

IJG Securities

Eric van Zyl	Managing Director Designate	eric@ijg.net	Tel: +264 (81) 958 3530
Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Danie van Wyk	Head: Research	danie@ijg.net	Tel: +264 (81) 958 3534
Angelique Bock	Sales and Research	angelique@ijg.net	Tel: +264 (81) 958 35
Zane Feris	Sales and Research	zane@ijg.net	Tel: +264 (81) 958 3543

IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Thiart	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Katja Greeff	Wealth Manager	katja@ijg.net	Tel: +264 (81) 958 3538
Maunda Rautenbach	Head of Operations	maunda@ijg.net	Tel: +264 (81) 958 3529
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Francoise van Wyk	Wealth Administration	francoise@ijg.net	Tel: +264 (81) 958 3513
Calvin Mwinga	Wealth Administration	calvin@ijg.net	Tel: +264 (81) 958 3514

IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Business Analyst	mirko@ijg.net	Tel: +264 (81) 958 3531
Letta Nell	Business Analyst	letta@ijg.net	Tel: +264 (81) 958 3532
Lucas Martin	Business Analyst	lucas@ijg.net	Tel: +264 (81) 958 3541
Peterson Mbise	Business Analyst	peterson@ijg.net	Tel: +264 (81) 958 3532
Fares Amunkete	Value Add Analyst	fares@ijg.net	Tel: +264 (81) 958 3527

IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Assistant Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523

IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500
Hugo van den Heever	Corporate Advisor	hugo@ijg.net	Tel: +264 (81) 958 3542
Ursula Gollwitzer	Assistant Corporate Advisor	ursula@ijg.net	Tel: +264 (81) 958 3535

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