

# BUILDING PLANS

## May 2024

Construction activity in Windhoek improved in May 2024, with 199 Building plans Approved valued at N\$ 164,1 million, this translated into an 8% m/m and a 13% y/y increase when compared to April 2024 and May 2023 respectively. These approvals included 153 Additions Commercial and Industrial plans, 35 House plans, 1 pool plan and 10 Wall plans. (See Table 1)

During the month under review 190 buildings were completed in Windhoek, with a total value of N\$ 83,4 million. This indicated an improvement when compared to April 2024, depicting a 45% m/m and 414% y/y increase. Completed Additions, Commercial and Industrials accounted for 125, Flats and Houses 38, 4 Pools and 23 Walls. (See Table 1)

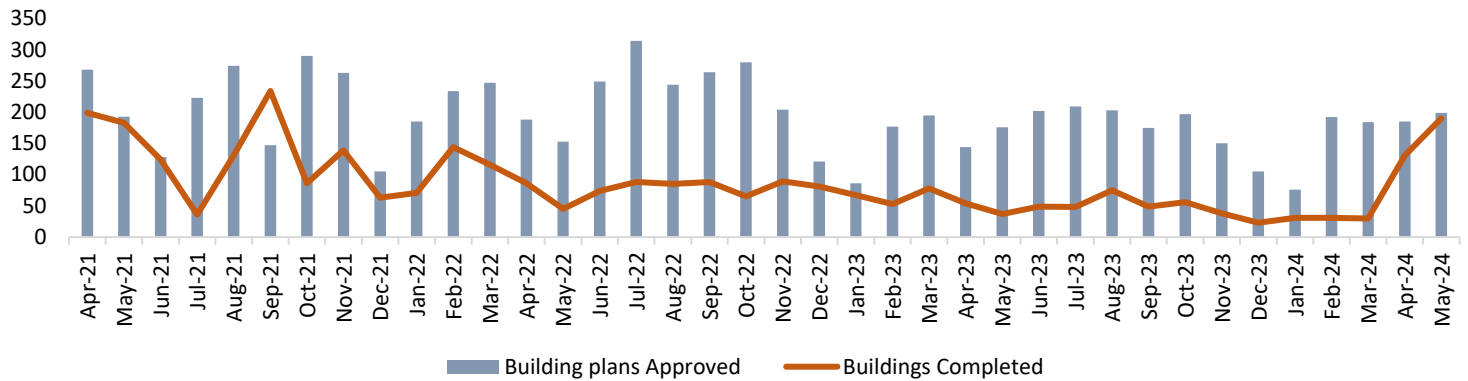
**Table 1: Overview of Approved and Completed Plans**

<b>Plans Approved</b>	<b>Amount</b>	<b>Value (N\$)</b>	<b>Annual Change (N\$)</b>	<b>Annual % Change</b>
Additions Commercial & Industrial	153	116,605,400	65,225,045	15%
Flats & Houses	35	47,433,370	1,537,370	17%
Pool	1	120,000	30,000	0%
Public	0	-	-	0%
Wall	10	-	(605,000)	-17%
<b>Total</b>	<b>199</b>	<b>164,158,770</b>	<b>66,487,415</b>	<b>13%</b>
<b>Plans Completed</b>				
Additions, Commercial & Industrial	125	29,049,900	(38,269,100)	733%
Flats & Houses	38	52,194,075	36,617,889	73%
Pool	4	510,000		
Public	0	-		
Wall	23	1,740,000	1,740,000	-
<b>Total</b>	<b>190</b>	<b>83,493,975</b>	<b>598,789</b>	<b>414%</b>

Source: City of Windhoek & HEI Research

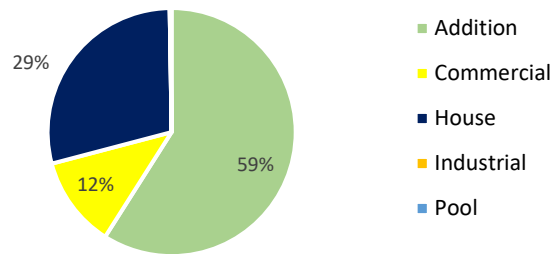
Since March 2024 Buildings completed have been trending in a positive trajectory. (Figure 1) indicates the positive ratio of the number of building approvals compared buildings completed ratio to be positive. This indication provides insight of improved construction activity. Furthermore, an increase in construction activity translates into a high demand for credit by the business category. In April 2024 Business credit picked up annually by 0.6% from 0.1% in March 2024. On a monthly basis, credit extended to Businesses grew by 1% in April 2024, recovering from a decline of 0.87% in March 2024.

**Figure 1: Monthly Building Plans Approved Vs. Buildings Completed, Windhoek (April 2021-May 2024)**



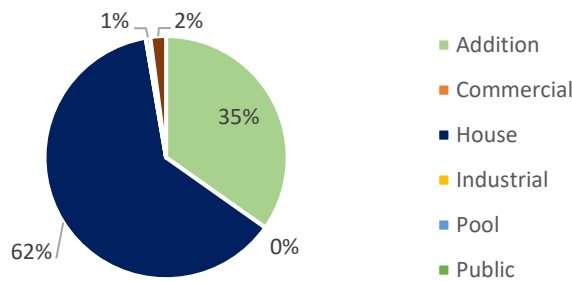
Source: City of Windhoek & HEI Research

**Figure 2: Approved Building Plans by Category, May 2024**



Additions contributed 59% to the total approved building plans (See Figure 2). The locality with the highest value of approved additions in May 2024 was Kleine Kupe, with a value of N\$ 43,5 million. Houses account for 29% of the total value of approved plans with Rockey Crest locality taking up the highest house plans valued at N\$ 20m of total house plans approved in May 2024.

**Figure 3: Completed Building Plans by Category, May 2024**



Completed houses dominate under the completed buildings sector, accounting for 62% of the total buildings completed. (See Figure 2). The Academia locality had the highest value of N\$ 17.5 million in May 2024. Additions comprised 35% of the overall value of completed buildings, with the locality of Windhoek contributing the highest value of N\$ 7 million to the total buildings completed.

## **Outlook**

Building plans approved are used as a leading indicator for future construction activity in the country. The construction sector has been contracting annually since 2016, following the completion of major mining projects and the onset of fiscal consolidation by the government. Despite this, we expect modest growth in the short to medium term.

Household credit demand remained steady in March and April 2024. However, we anticipate slower growth in household and businesses demand for credit to build or do additions in the short term due to high interest rates. We project the construction sector to continue on a slow positive trajectory in the short to medium term. This outlook is supported by the favorable ratio of building approvals to completed buildings and the potential boost from infrastructure-related projects linked to mining and green hydrogen.



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