

# Namibia rides out recession

According to Monica Pienaar, manager for JHI property services company in Namibia, the commercial property market has remained stable and resilient over the past year, probably because of its stricter credit laws and an economy less affected by the recession than South Africa.

In 2009, the company concluded transactions for the lease of some 26 000m<sup>2</sup> in office and retail space in Windhoek.

"Namibia is fortunate in that the adverse economic conditions have not had a major impact on our country's main sources of income, namely mining, tourism and agriculture. While the annual inflation rate of 7% in December 2009 was reduced compared to 10.9% in December 2008, it is estimated that during 2009 Namibia experienced -1.9% growth," she comments.

"However, while the hospitality industry reported approximately a 15% decrease in the number of visiting tourists during 2009, this was not the sharp decline that was anticipated due to the global economic crisis. The housing sector has held up well with annual growth in house prices of 23% since October 2008. What is of concern is increased unemployment and the likelihood of price hikes in the cost of electricity.

"Over the past year we have seen a good take-up of vacant commercial space, with retail space in particular remaining in demand. During this period we've also seen a steady rental escalation averaging at approximately eight percent for both office and retail space," she says. Currently office accommodation in major centres such as Windhoek ranges from approximately N\$85-130m<sup>2</sup>, depending on the grading of the space.

## Smaller offices in periphery, multi-storey in CBD

Pienaar says a trend, which has become evident in Windhoek, is the rezoning and conversion of houses on the periphery of the CBD to smaller office buildings. This is because parking in the city centre is limited, and as businesses prefer, wherever possible, to own their own property rather than lease space.

The company reports a consistent demand for office accommodation in Windhoek, with space recently leased to the International College for distance learning (Intec - which includes Damelin and the Career Development College), the Government of Namibia, Namlife (part of Sanlam), and South African Airways.

Currently the Namibian government is upgrading a number of existing buildings or demolishing old buildings to construct new multi-storey buildings - a factor which is favourably affecting the aesthetics of the city. However, this may create an increased supply of vacant space as it relocates to its own buildings.

## Border retail, SA retailers grow

Commenting on the retail sector Pienaar says, "In the northern town of Oshikango, there is an increasingly high demand for retail rental space as a result of cross border trade, with a constant stream of day shoppers coming into the town from Angola. There is also a significant demand for retail space in the town, with a new centre recently launched as a consequence."

She says a further positive indicator for the retail sector is the fact that several major national South African retailers are increasing their footprint in Namibia. The Oshakati Game shopping centre, which is managed by JHI, is currently being extended with some 1700m<sup>2</sup> in retail space added and already taken up by various retail outlets, including Edgars, while Mr Price has relocated to larger premises in the centre, with their vacant space taken up by Truworths - thereby increasing the size of its current store. Pick n Pay is planning an upgrade of its store and JHI reports further enquiries and demand for vacant space in this centre.

In addition, the extension of the Oshikango Ellerines centre is already under way with the new area to accommodate Pep Stores and Spar. In relocating its current shop to the new area in the centre, Pep Stores' current shop space will be taken up by other lines in the Pepkor group, which are already represented in the centre but wish to expand.

Pienaar says currently rental rates for retail space varies between N\$120-250m<sup>2</sup> in Windhoek and from approximately N\$100 to N\$180m<sup>2</sup> in the north, depending on the size and location of the shops.

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