NAMIBIA ECONOMIC OBSERVATORY

Housing Affordability Index 2026

Prices, Incomes and the Widening Gap in Namibia's Housing Market

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Published September 2026
Namibia Economic Observatory | neo-namibia.org

Executive Summary

Namibia's housing market has entered 2026 with prices continuing to climb well ahead of household incomes. The FNB Namibia House Price Index put the national weighted average house price at roughly N$1.46 million in the second quarter of 2026, up from N$1.34 million a year earlier — even as price growth and transaction volumes both show early signs of cooling. The affordability consequence is stark: a household now needs a monthly income of about N$43,765 to qualify for financing on an average-priced home, yet a 2025 financial inclusion survey found 54.1% of adults earn N$2,000 a month or less. Bank of Namibia officials estimate that roughly 70% of the population is effectively priced out of the formal housing market.

This publication compiles the latest available price, income and supply data into a single affordability snapshot for NEO, covering house price trends, the widening income gap, the structural housing backlog, and how Namibians are actually financing homeownership today.

1. House Price Trends

House price growth has moderated from its early-2025 peak but remains persistently above income growth. The FNB Namibia House Price Index recorded 12-month average growth of 7.6% in Q4 2025, easing to 7.1% in Q1 2026 — down from a 9.4% peak in early 2025 — before prices rose a further 7.4% quarter-on-quarter in Q2 2026 to reach N$1.46 million. Transaction volumes, meanwhile, have decelerated (17.0% growth in Q1 2026, down from 18.4%), pointing to a market where fewer buyers are able to participate even as prices keep rising. FNB attributes this pattern to a market increasingly concentrated among wealthier households and cash or foreign buyers, with price gains most pronounced in central and coastal areas.

Quarter	Avg. Weighted House Price	Price Growth	Transaction Volume Growth
Q4 2025	N$1.42 million	7.6% (12-mo)	17.0% (down from 18.4%)
Q1 2026	N$1.44 million	7.1% (12-mo)	Slowing
Q2 2026	N$1.46 million	7.4% (q/q)	Slowing further

2. The Affordability Gap

The core affordability problem is a mismatch between what homes cost and what most Namibians earn. Simonis Storm Securities estimates that affording the current average-priced home requires a monthly income near N$44,000 — a threshold only a small fraction of the workforce meets. FNB Namibia data shows about 75% of the workforce earns under N$5,000 per month, and the 2025 Namibia Financial Inclusion Survey found that 54.1% of adults earn N$2,000 or less monthly, with only 2.2% earning between N$9,001 and N$11,000. Set against a required qualifying income roughly 20 times the median low-income bracket, the result is a formal housing market that Bank of Namibia officials describe as inaccessible to about 70% of the population.

Measure	Value	Source
Monthly income required to afford avg. house (Q2 2026)	~N$43,765	Simonis Storm
Share of workforce earning below N$5,000/month	~75%	FNB Namibia
Share of adults earning N$2,000/month or less	54.1%	2025 Namibia Financial Inclusion Survey
Population effectively priced out of formal housing	~70%	Bank of Namibia

Weak mortgage credit growth reflects this gap in practice: growth in home loans was essentially flat at 0.2% in Q4 2025, before recovering modestly to 1.4% in Q1 2026 and 1.9% year-on-year by March 2026 — still muted by historical standards. Fewer than 10% of the working population currently holds a mortgage, collectively owing banks around N$45.1 billion.

3. Housing Backlog and Supply Constraints

Namibia's housing backlog has grown roughly four-fold over two decades, from an estimated 80,000 households in 2007 to approximately 300,000 housing units by 2025, according to the Bank of Namibia and National Housing Enterprise (NHE). Simonis Storm estimates it would cost around N$76 billion to clear this backlog entirely — against a 2026/27 national budget allocation of just N$1.5 billion, leaving an approximate N$74.5 billion funding gap. Delivery through the government's Mass Housing Development Programme has been similarly constrained: since launching in 2014, the programme has delivered only 4,826 houses in total, averaging fewer than 500 units per year.

Measure	Value	Source
Housing backlog, 2007	~80,000 units	Bank of Namibia
Housing backlog, 2025	~300,000 units	BoN / NHE
Estimated cost to clear backlog	~N$76 billion	Simonis Storm
2026/27 national budget allocation to housing	N$1.5 billion	National Budget
Mass Housing units delivered since 2014	4,826 (avg. <500/yr)	NHE

Rising construction costs compound the supply problem. Building materials — bricks, cement, roofing and plumbing supplies — account for roughly 60% of the cost of building a house, and First Capital's building cost index has tracked repeated increases in these input costs, making it progressively more expensive to add new formal housing stock even where land and financing are available.

4. How Namibians Actually Access Housing

Formal mortgage financing is the exception rather than the rule in Namibia's housing market. Of households that own their homes, 64% built them directly, 24.4% purchased an existing property, and only 6.9% used a bank loan to buy or build. Just over half of homeowners (52.6%) hold official ownership documents. Overall tenure patterns show 65.3% of households own their home, 13.9% rent, and 16.9% live rent-free — patterns that reflect both cultural preference for self-building and the practical difficulty of qualifying for formal mortgage finance given the income thresholds described above.

Rental market linkage

Elevated purchase prices also feed through to rents. Investors who buy at inflated prices must still recover bond repayments, rates, levies, insurance, maintenance and vacancy costs — and when purchase prices disconnect from underlying value, that shortfall is typically passed on through rent, adding further pressure on the 13.9% of households that rent formally.

5. Policy Context

The Bank of Namibia's Macroprudential Oversight Committee assessed the residential property market as showing signs of recovery in Q1 2026, with mortgage credit growth rebounding to 1.4% from a Q4 2025 contraction of -0.06%. The Committee concluded that risks to the residential property market remain contained and do not currently warrant new macroprudential measures, even as it acknowledged that affordability and structural constraints continue to pose risks to the sector. This assessment came against a backdrop of the Bank's June 2026 repo rate hike to 6.75% — its first increase in three years — which, combined with still-weak mortgage credit growth, is likely to push more households toward renting rather than buying in the near term.

6. Outlook

Namibia's affordability gap shows no sign of closing on current trends. Even as headline price growth moderates from its 2025 peak, prices continue to rise faster than incomes, transaction volumes are narrowing to a smaller pool of buyers, and the funding gap to clear the housing backlog remains enormous relative to current budget commitments. Absent a substantial acceleration in affordable housing delivery — well beyond the roughly 500 units per year managed by the Mass Housing Development Programme to date — or a meaningful expansion of mortgage access below the current N$44,000 qualifying-income threshold, the share of Namibians locked out of the formal housing market is likely to remain close to its current 70% level through the rest of 2026.

Sources

FNB Namibia House Price Index reports (Q4 2025, Q1 2026, Q2 2026); Simonis Storm Securities housing affordability report (September 2026); Bank of Namibia housing research seminar remarks and Macroprudential Oversight Committee financial stability review (May, July 2026); National Housing Enterprise backlog estimates; 2025 Namibia Financial Inclusion Survey; The Namibian, The Brief, New Era, Windhoek Observer, The Villager, allAfrica.com.