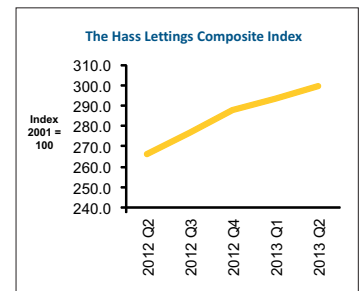
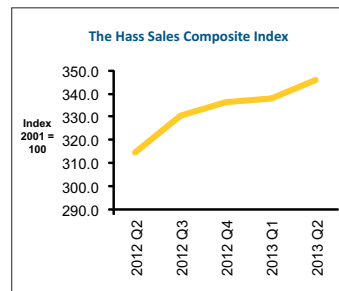


Townhouse rentals driven up by mortgage bottleneck

- Property prices saw some small upswing in Q2
- Standalone houses saw strongest gains, up 3 per cent on previous quarter driven by sharp rises for particular properties chased by multiple buyers
- Town house prices static, although apartments saw some gain
- Property buying activity, overall, was subdued and closing prices flat
- Rentals climbed further, most strongly for town houses, up 5.1 per cent
- But asking rents fell for apartments
- Small rises in rents and sales prices brought real estate returns close to lending rates
- For cash buyers, returns remained ahead of stock market

Index Highlights:

SALES AND LETTINGS COMPOSITE INDEX YEAR TO Q2



HEADLINES - HASS COMPOSITE SALES INDEX	% Change in Quarter	% Change in Year
All Properties	2.3%	9.9%
Stand Alone Houses	3.0%	10.3%
Townhouses	0.2%	0.1%
Apartments	1.7%	6.6%

* The Hass Composite Sales Index is a measure of asking sales prices, based on Mix Adjusted Methodology

HEADLINES - HASS COMPOSITE LETTINGS INDEX	% Change in Quarter	% Change in Year
All Properties	2.1%	12.6%
Stand Alone Houses	2.6%	14.7%
Townhouses	5.1%	17.6%
Apartments	-0.7%	6.1%

* The Hass Composite Lettings Index is a measure of asking sales prices, based on Mix Adjusted Methodology

House prices saw some, small upswing in the second quarter of this year, but generally activity was subdued, reported HassConsult today as it unveiled the results for the second quarter house price indices and The Mortgage Report.

The strongest gain in house prices in the quarter came for standalone houses, where asking prices rose by 3.0 per cent on the three months earlier. But this gain was driven by very sharp pricing rises for particular properties, chased by multiple buyers.

The pricing of town houses was static, up just 02.2 per cent, while prices for apartments rose by 1.7 per cent.

Overall, activity in property buying was subdued, but rental activity was sharply stronger.

This was pronounced in the town house segment, where asking rents rose by 5.1 per cent on the previous quarter.

“It is in town houses that we are seeing the real impact of the current mortgage bottleneck,” said Sakina Hassanali, Head of Marketing at HassConsult.

“Those who would have been buying town houses at this stage are finding the current high levels of mortgage repayments beyond reach, and so are moving to rent such houses instead. But landlords, looking at buying town houses as a buy-for-rent are facing a similar equation of returns that are not currently covering the cost of finance.”

“This is putting some pressure on Town House rentals,” she said.

In the apartments segment, however, rents fell in the second quarter, despite the move towards enforcement of taxation on landlords, suggesting that tenants are not materialising at higher pricing.

“This slowdown in rent rises for apartments is suggestive of an actual pricing barrier, where landlords would like higher returns but cannot fill at higher rents. We believe it may indicate more stable apartment rents for some time,” said Ms Hassanali.

Nonetheless, the incremental rises in pricing and rental returns, and the further fall in mortgage lending rates did bring some segments of the real estate market into alignment, such that the returns from rent and price increases was equal to the costs of finance.

For cash buyers, the sector remained the country's strongest asset class, with returns from real estate since January 2011, and throughout the slowdown caused by high interest rates, higher than returns from the Nairobi Stock Exchange.

‘For cash buyers, property remains the country's best investment for returns, but with the market now driven primarily by cash buyers, the issue is the lack of access for home buyers who need finance,’ said Ms Hassanali.

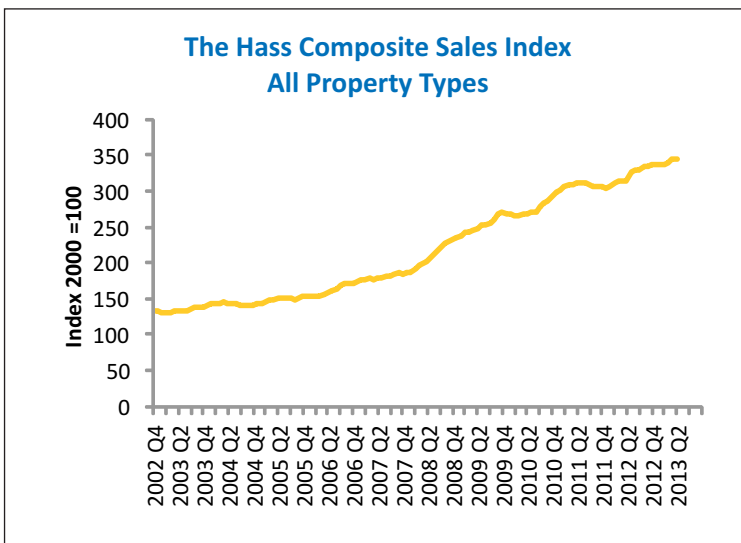
For more information, please contact:

Sakina Hassanali - Head of Marketing & Research

HassConsult Ltd

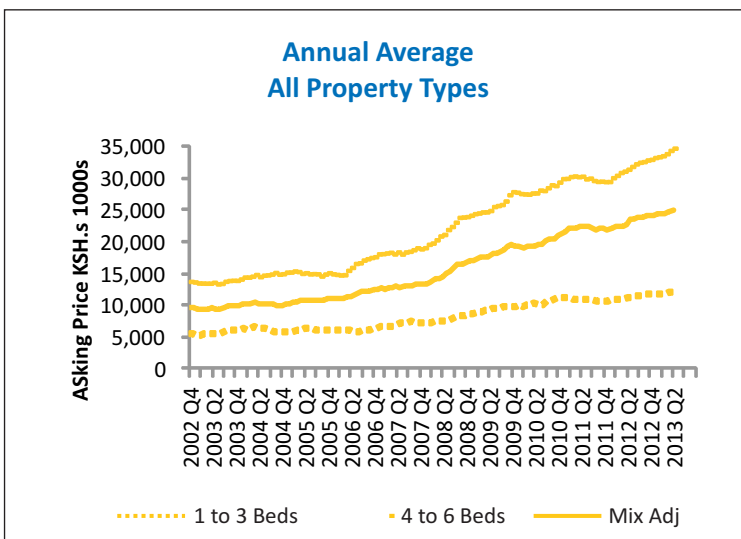
ABC Place, Westlands

Tel: +254 020 4446914



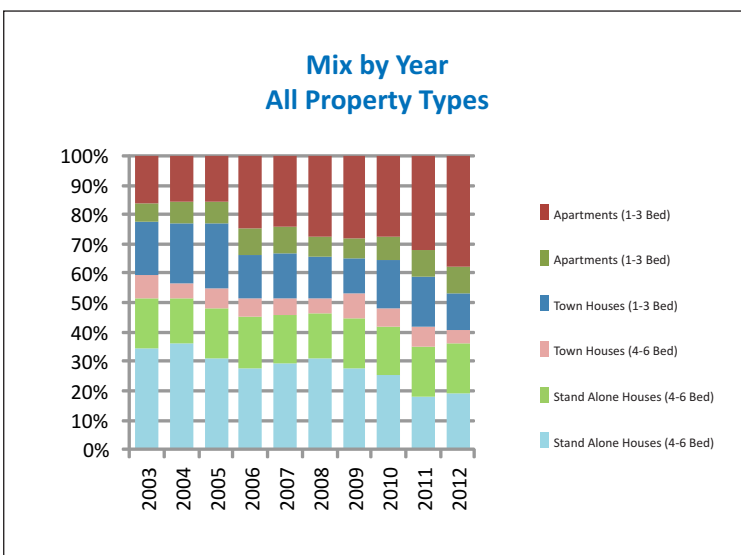
SNAP SHOTS:

- The Hass Composite sales Index is representative of all property for sale in Kenya
- Property values have increased by 3.46 times since 2000.
- The index shows a property price rise of 2.3% in the last quarter and a 9.9% rise in the last year



SNAP SHOTS:

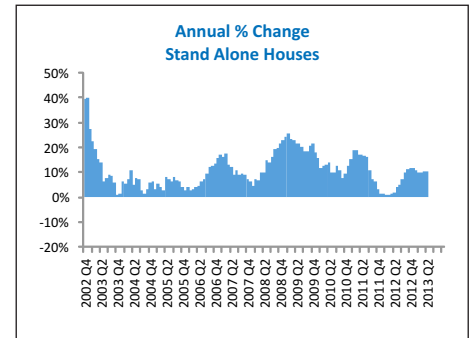
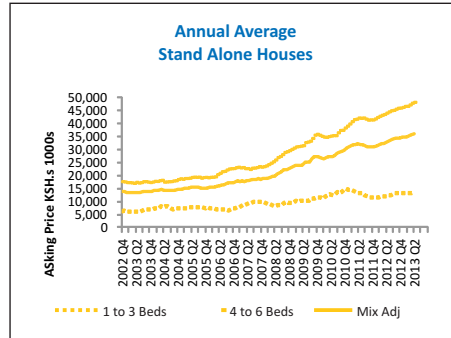
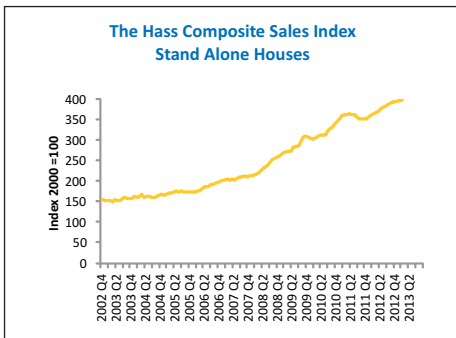
- The annual average is representative of the average price of all properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 24.8 million in June 2013.
- The average value for a 4-6 bedroom property is currently 34.7 million.
- The average value for a 1-3 bedroom property is currently 11.9 million.



SNAP SHOTS:

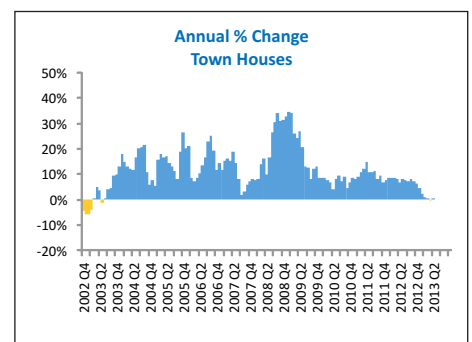
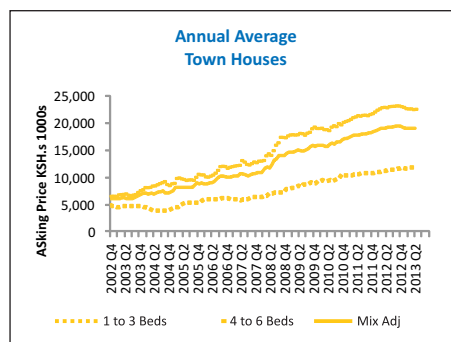
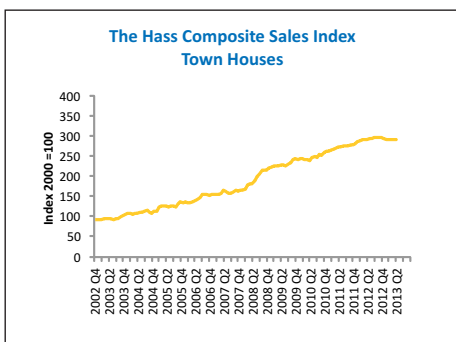
- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, apartments took up 23.5% of the market, Town Houses took up 24.5% of the market and Stand alone houses took up 52% of the market.
- In 2013 however, apartments took up 40.1% of the market, Town Houses took up 26.5% of the market and Stand alone houses took up 33.4% of the market.

Breakdown of 10 years data by Year



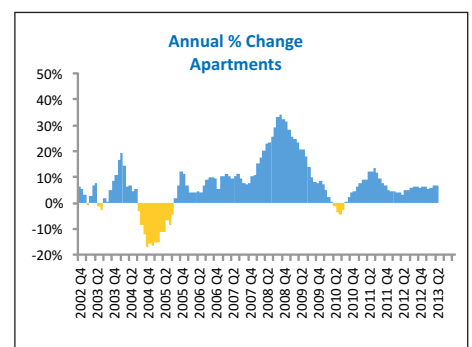
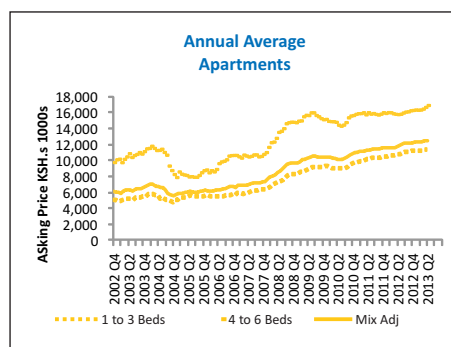
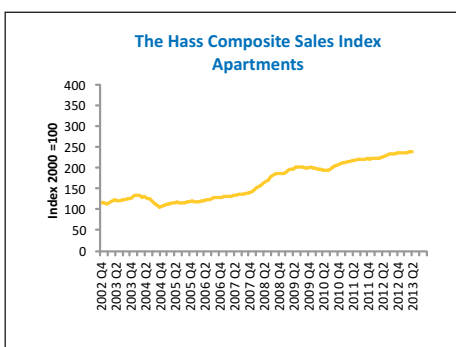
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Property values for stand alone houses have increased by 4.09 times since 2001, a 3.0% rise in the last quarter and a 10.3% rise in the last year. The average price for a stand alone house is currently 35.9 million up from 8.8 million in December 2000.



SNAP SHOTS:

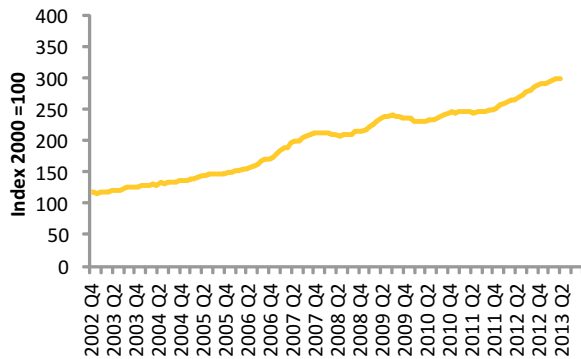
- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Property values for town houses have increased by 2.92 times since 2001, a 0.2% rise in the last quarter and a 0.1% rise in the last year. The average price for a town house is currently 19.1 million up from 6.5 million in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Property values for apartments have increased by 2.39 times since 2001, a 1.7% rise in the last quarter and an 6.6% rise in the last year. The average price for an apartment is currently 12.5 million up from 5.2 million in December 2000.

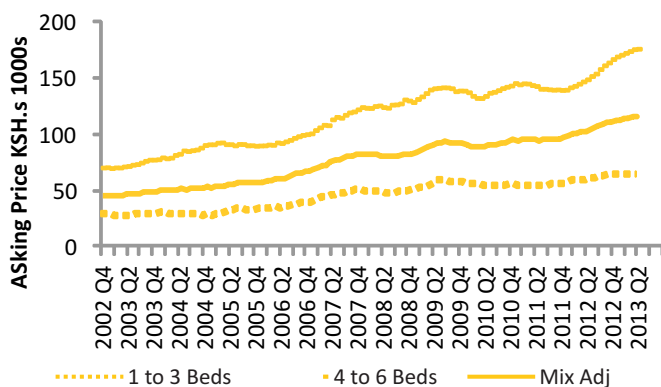
**The Hass Composite Lettings Index
All Property Types**



SNAP SHOTS:

- The Hass Composite Letting Index is representative of all property for rental in Kenya
- Rents have increased by 2.99 times since 2001
- The index shows rents have risen by 2.1% in the last quarter but have risen by 12.6% in the last year.

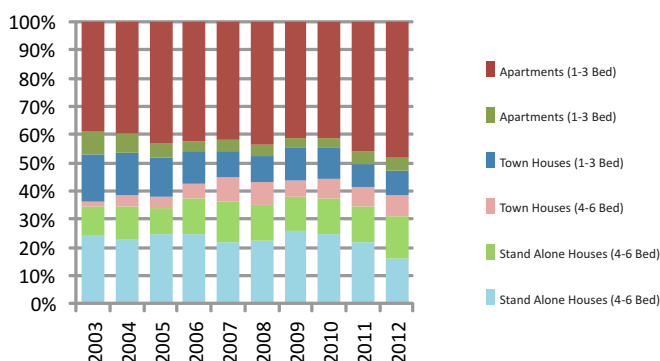
**Annual Average
All Property Types**



SNAP SHOTS:

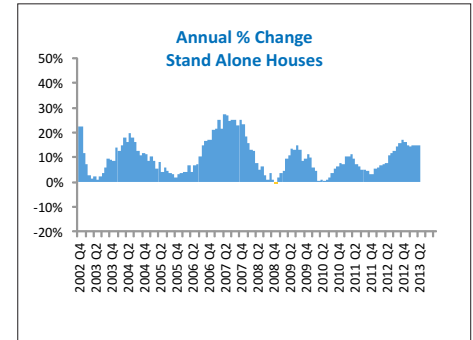
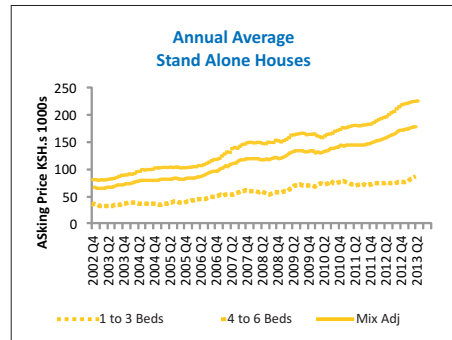
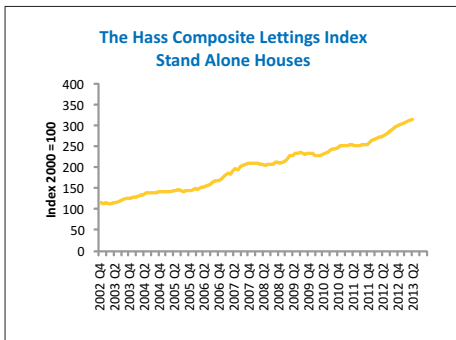
- The annual average is representative of the average rent of all properties offered to let in Kenya.
- The average rental for a property has gone from Kshs. 38,516 in December 2000 to Kshs. 115,350 in June 2013.
- The average rent for a 4-6 bedroom property is currently Kshs. 176,230
- The average rent for a 1-3 bedroom property is currently Kshs. 64,703

**Mix by Year
All Property Types**



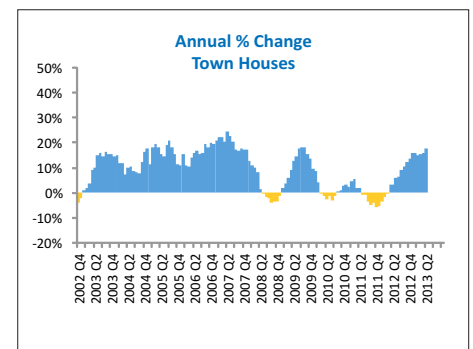
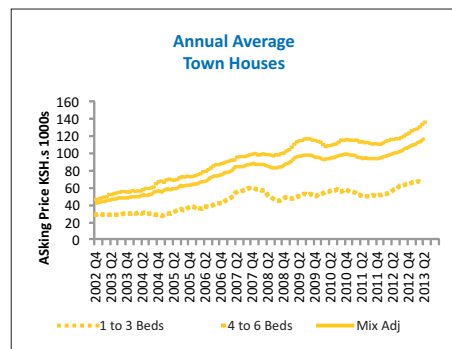
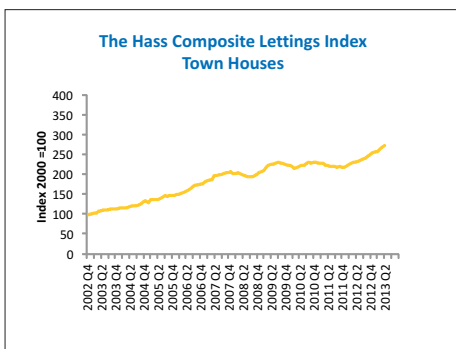
SNAP SHOTS:

- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, apartments took up 45.3% of the market, Town Houses took up 20.5% of the market and Stand alone houses took up 34.1% of the market.
- In 2013 however, apartments took up 54.5% of the market, Town Houses took up 19.7% of the market and Stand alone houses took up 25.8% of the market.



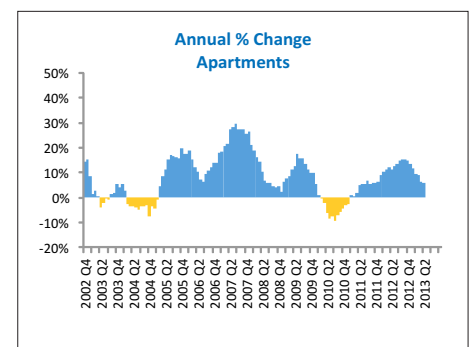
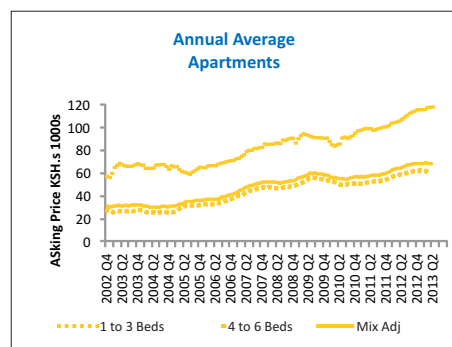
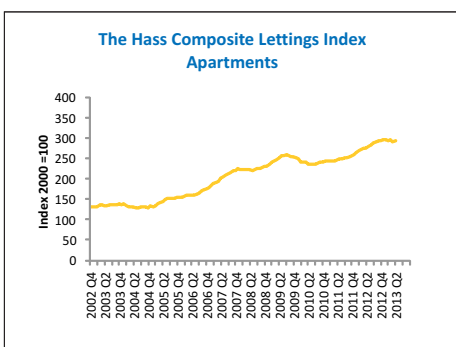
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Rental values for stand alone houses have increased by 3.14 times since 2001, a 2.6% rise in the last quarter and a 14.7% rise in the last year. The average rental for a stand alone house is currently Kshs. 178,595 up from Kshs. 56,959 in December 2000.



SNAP SHOTS:

- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Rental values for town houses have increased by 2.71 times since 2001, a 5.1% rise in the last quarter and a 17.6% rise in the last year. The average rental for a town house is currently Kshs. 115,831 up from Kshs. 42,688 in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Rental values for apartments have increased by 2.93 times since 2001, 0.7% fall in the last quarter and a 6.1% rise in the last year. The average rent for an apartment is currently Kshs. 68,037 up from Kshs. 21,638 in December 2000.