

## 2016 sets new high as property returns march ahead of land in Nairobi

- Growth in property prices in 2016 rallied ahead of land in the city for the first time in 9 years, a phenomenon which has continued to the end of the second quarter
- House price gains were strong, despite the slowdown in economic growth, with asking prices up 4.0 per cent on previous quarter
- Detached houses recorded the highest increase in houses prices at 5.2 per cent in the last three months, followed by apartments at 3.6 per cent and Semi-detached houses at 0.7 per cent
- Overall, asking prices for rents plateaued at 1.5 per cent on the previous quarter after a series of marginal growth since the fall in rental prices in November 2015
- Detached houses also recorded the highest increases in rental prices at 2.2 per cent followed by apartments at 1.4 per cent while semi-detached houses didn't record any changes in asking rental prices in the quarter

### Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	3.6%	9.1%	2.6 Fold
Suburb with Highest Quarterly Increase in Sales Price	Karen ( +5.5% over last quarter)		
Suburb with Highest Annual Increase in Sales Price	Langata ( +17.6% over last year)		
Suburb with Lowest Quarterly Increase in Sales Price	Kilimani ( -5.0% over last quarter)		
Suburb with Lowest Annual Increase in Sales Price	Kilimani (-5.4% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	2.0%	5.0%	2.1 Fold
Suburb with Highest Quarterly Increase in Rental Price	Langata (+9.8% over last quarter)		
Suburb with Highest Annual Increase in Rental Price	Karen (+10.0% over last year)		
Suburb with Lowest Quarterly Increase in Rental Price	Kileleshwa (-1.4% over last quarter)		
Suburb with Lowest Annual Increase in Rental Price	Westlands (-3.4% over last year)		

\* The Hass Composite Indices is a measure of advertised prices, based on a Mix Adjusted Methodology

**Monday, 25th July 2016:** Hass Consult today unveiled the Hass property price indices for the second quarter, showing appreciation of property returns ahead of land in 2016 within Nairobi's suburbs, after 9 years. The soaring property appreciation is a testament that investors are finding the current prices of land unsustainable in the short term.

“With average price for land now at Sh178million per acre, investors are now opting to buy property which they can rent out in the short term and sell in the long term. Most investors are opting to buy properties which are easier to offload than an acre whose high price makes it harder to find immediate buyer,” said Ms. Sakina Hassanali, the Head of Marketing & Research at HassConsult.

Properties in Nyari Estate in Nairobi, for instance, have appreciated 10 times more than land over the year ending June 2016 owing to its closeness to many diplomatic establishments including a host of embassies, the UN Headquarters Complex, and in close proximity to the US Embassy. “Other areas where property continues rally ahead of land include Karen, Kileleshwa, Langata, Gigiri, Lavington, Parklands, Spring valley and Eastleigh,” said Ms. Hassanali.

According to the Q2 Hass Index, detached houses recorded the highest increase in houses prices at 5.2 per cent in the last three months, followed by apartments at 3.6 per cent and Semi-detached houses at 0.7 per cent.

“With most of the existing standalone houses in high development areas like Lavington, Spring Valley, Loresho and Kileleshwa among others having been converted to apartments, there are less standalones houses within the suburbs hence current demand has been able to maintain the high prices and rents,” said Ms. Hassanali.

The standalone houses also recorded the highest increases in rental prices at 2.2 per cent followed by apartment at 1.4 per cent while semi-detached houses didn't record any changes in asking rental prices in the quarter. The continued demand for houses in Karen saw it record the highest house price increases in the suburbs at 5.5 per cent followed by Nyari Estate at 5.4 per cent, Kileleshwa and Spring Valley at 5.3 per cent.

Contrary to property prices in the city, Nairobi-14 satellite towns recorded the lowest housing prices at 2.9 per cent since August 2015 due to asking price correction. Thika recorded the highest fall in house prices followed by Kiserian, Mlolongo and Kiambu. Traffic hit Mlolongo recorded the highest fall in rental prices at 10 percent in Q2. Rental prices also fell in Tigoni, Ngong, Ruaka and Thika as more completed units join the market. Land remains the best investment avenue in the satellite towns with annual growth rate of 15.3 per cent compared to 12.6 per cent in property.

The performance of the real estate sector can further be enhanced by commercial banks lowering rates. The reduction in the base rate by the Central Bank of Kenya should give an impetus to developers and home buyers.

“The ongoing and accelerating strength in the market can be sustained if banks reduce rates for mortgage takers and developers which ought to happen following the Central Bank of Kenya's move to cut its benchmark interest rate to 10.5 percent in May,” said Ms. Hassanali.

**For more information, please contact:**

Sakina Hassanali

Head of Research & Marketing

Nairobi Suburbs Property Index	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Donholm	-1.0%	-1.6%	3.2 FOLD	-0.4 %	3.1 %	1.7 FOLD
Eastleigh	-0.3 %	4.8%	2.9 FOLD	0.0 %	5.3 %	2.6 FOLD
Gigiri	3.5 %	12.4 %	2.5 FOLD	4.1%	4.3 %	1.9 FOLD
Karen	5.5%	16.6 %	3.0 FOLD	6.8 %	10.0 %	1.9 FOLD
Kileleshwa	5.3%	8.7%	2.5 FOLD	-1.4 %	3.3 %	2.1 FOLD
Kilimani	-5.0 %	-5.4 %	2.4 FOLD	0.0 %	2.5 %	1.7 FOLD
Kitisuru	4.8 %	10.3 %	2.6 FOLD	2.7 %	5.6 %	2.7 FOLD
Langata	4.9 %	17.6 %	3.4 FOLD	9.8 %	12.6 %	1.9 FOLD
Lavington	4.5 %	9.6 %	2.4 FOLD	2.7 %	9.6 %	2.3 FOLD
Loresho	1.0 %	8.2 %	2.1 FOLD	1.3 %	8.4 %	2.5 FOLD
Muthaiga	2.2 %	11.1 %	1.8 FOLD	2.0 %	5.5 %	2.6 FOLD
Nyari	5.4 %	10.9 %	2.2 FOLD	-0.2 %	-0.6 %	1.7 FOLD
Parklands	3.4 %	6.2 %	2.8 FOLD	0.0 %	1.9 %	2.0 FOLD
Ridgeways	-0.7 %	3.1 %	2.3 FOLD	3.7 %	2.6 %	2.1 FOLD
Runda	5.0 %	10.7 %	3.0 FOLD	4.2 %	3.1 %	1.8 FOLD
Spring Valley	5.3 %	10.7 %	2.1 FOLD	4.8 %	6.3 %	1.9 FOLD
Upperhill	1.4 %	3.4 %	3.1 FOLD	0.4 %	2.1 %	3.2 FOLD
Westlands	2.3 %	4.5 %	2.5 FOLD	-1.0 %	-3.4 %	2.3 FOLD

Nairobi Satellite Town Property Index	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Athi River	5.8 %	22.7 %	2.4 FOLD	0.1 %	7.2 %	1.6 FOLD
Juja	4.4 %	7.9 %	2.8 FOLD	1.7 %	8.9 %	2.4 FOLD
Kiambu	-0.5 %	8.3 %	2.5 FOLD	10.1%	13.6 %	2.4 FOLD
Kiserian	-1.3 %	6.4 %	2.4 FOLD	-0.4 %	-1.0 %	2.3 FOLD
Kitengela	3.6 %	10.5 %	2.3 FOLD	5.9 %	7.8 %	2.0 FOLD
Limuru	4.1 %	8.6 %	2.3 FOLD	1.7 %	9.8 %	1.9 FOLD
Mlolongo	-1.2 %	5.7 %	1.7 FOLD	-1.9 %	3.7 %	2.1 FOLD
Ngong	7.2 %	12.8 %	2.3 FOLD	-1.0 %	10.8 %	2.0 FOLD
Ongata Rongai	4.2 %	10.9 %	2.4 FOLD	3.5 %	10.9%	2.2 FOLD
Ruaka	5.2 %	7.8 %	1.9 FOLD	-0.7 %	2.8 %	1.9 FOLD
Ruiru	4.9 %	13.6 %	2.9 FOLD	9.8 %	21.5 %	2.0 FOLD
Syokimau	1.0 %	3.7 %	1.9 FOLD	2.7 %	1.6 %	2.0 FOLD
Thika	-2.3 %	2.3 %	1.9 FOLD	-0.4 %	-0.4 %	1.9 FOLD
Tigoni	2.1 %	4.8 %	1.9 FOLD	-1.5 %	1.2 %	1.8 FOLD

### SNAP SHOTS:

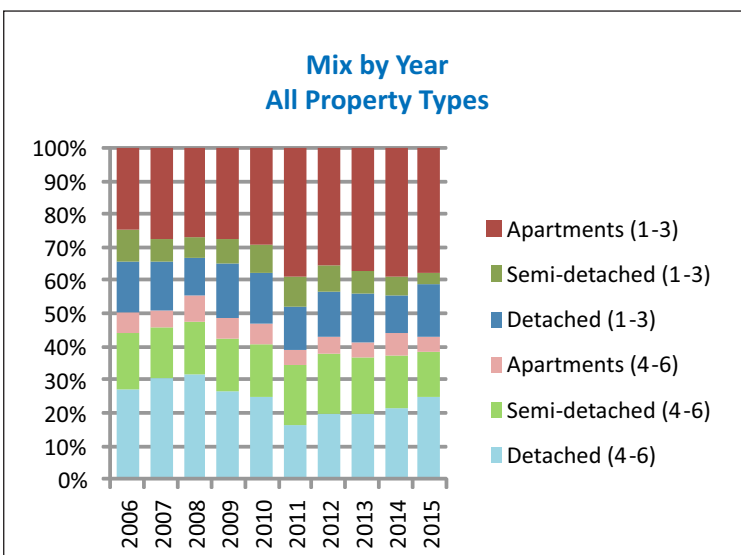
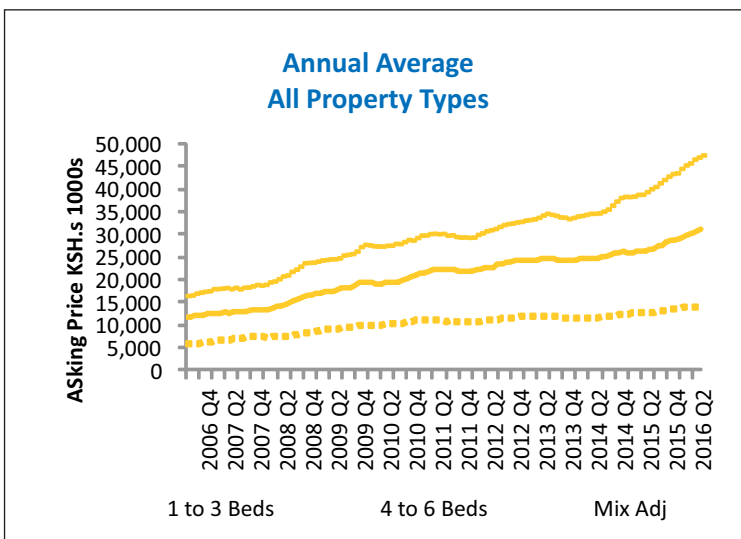
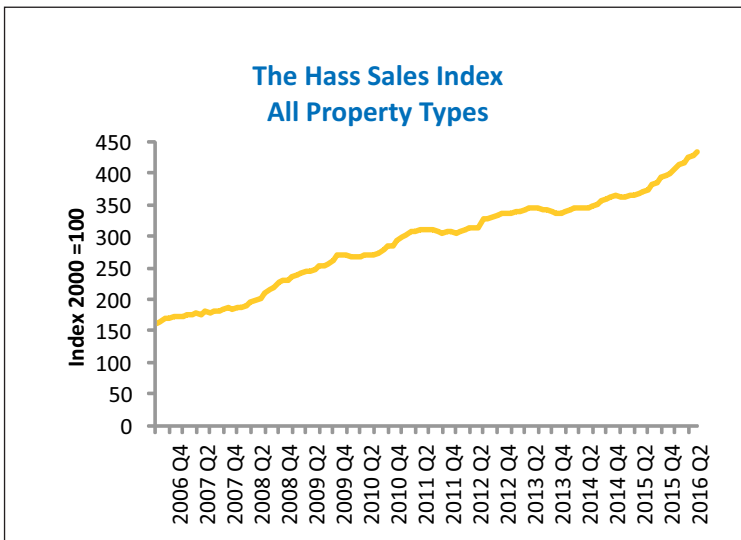
- The Hass Composite sales Index is representative of all property for sale in Kenya
- Property values have increased by 4.34 times since 2000.
- The index shows a property price rise of 1.1% in the last month, rise of 4.0% in the last quarter and a 16.6% rise in the last year.

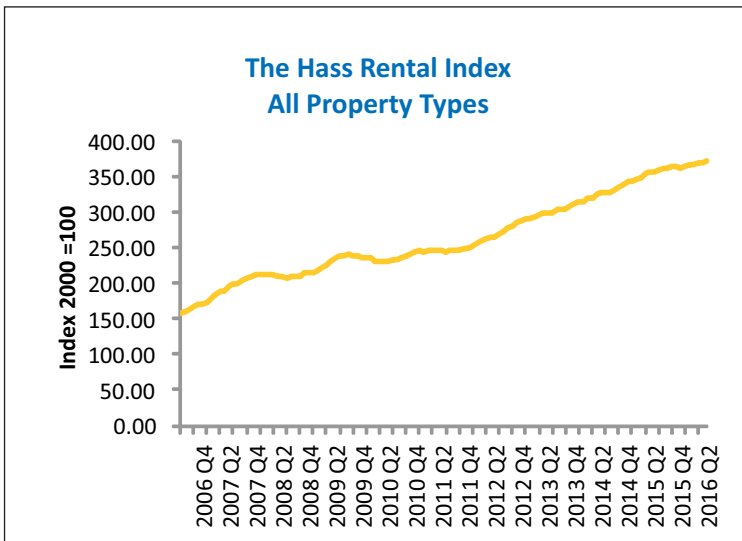
### SNAP SHOTS:

- 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 31.1 million in June 2016.
- The average value for a 4-6 bedroom property is currently 47.6 million.
- The average value for a 1-3 bedroom property is currently 14.1 million.

### SNAP SHOTS:

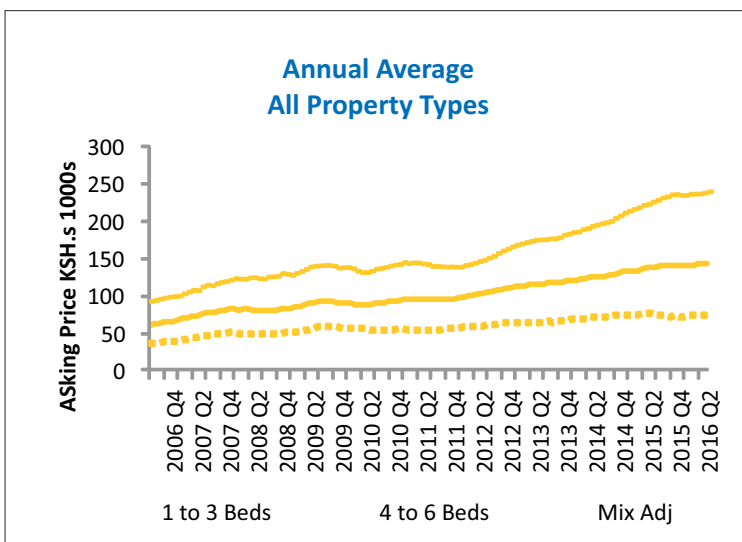
- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, Apartments took up 23.5% of the market, Semi-detached Houses took up 24.5% of the market and Detached Houses took up 52% of the market.
- In December 2015 however, Apartments took up 41.1% of the market, Semi-detached Houses took up 17.2% of the market and Detached Houses took up 41.7% of the market.





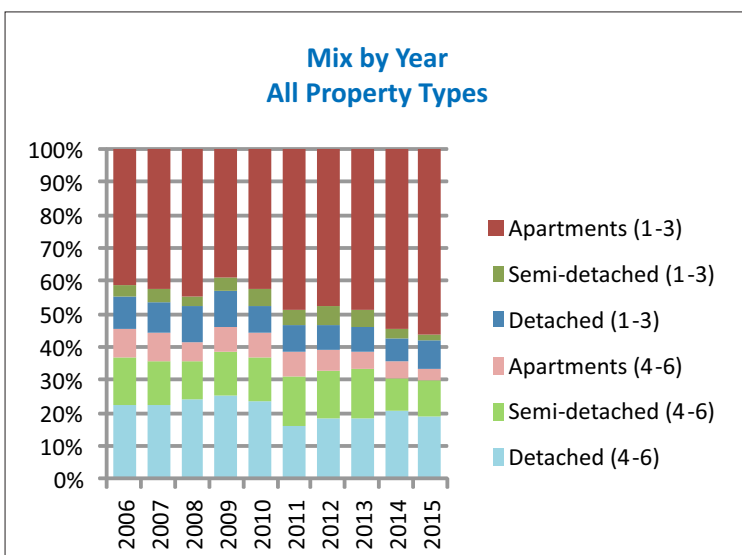
**SNAP SHOTS:**

- The Hass Composite Letting Index is representative of all property for rental in Kenya.
- Rents have increased by 3.73 times since 2001.
- The index shows rents have risen by 0.8% in the last month, rise of 1.5% in the last quarter and have risen by 4.5% in the last year.



**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. 143,557 in June 2016.
- The average rent for a 4-6 bedroom property is currently Kshs. 240,405.
- The average rent for a 1-3 bedroom property is currently Kshs. 74,607.



**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, Semi-detached Houses took up 20.5% of the market and Detached Houses took up 34.1% of the market.
- In December 2015 however, Apartments took up 59.6% of the market, Semi-detached Houses took up 13.1% of the market and Detached Houses took up 27.3% of the market.