

Apartment rents fall as market reacts to increased supply

- Overall, asking sales prices for residential property rose 3.6 per cent in the final quarter of 2015, maintaining the market's upward cycle after the fall in Q4 of 2013. The sharpest rise was in asking prices for semi-detached houses, up 4.3 per cent on the previous quarter, and 18.4 per cent over the year in 2015
- Rents for all properties fell by 0.1 per cent in the final quarter of 2015, with apartments recording the highest fall of 2.3 per cent
- The fall in rents for apartments has led to the decline in rental yields in the category to 6.29 per cent by end December 2015 compared to rental yields of 7.14 per cent recorded in the same period in 2014
- Annual house prices over 2015 rose by 11.9 per cent in Nairobi's satellite towns while rents rose by an average of 9 per cent. Price growth was more subdued within Nairobi's suburbs with sale prices up 8.7 per cent and rents up 5.8 per cent on a year earlier. The sluggish upward rent movement in Nairobi's suburbs over the year was attributed to an apartment oversupply leading to a rent price correction in the segment

Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	3.6%	9.6%	2.17 Fold
Suburb with Highest Quarterly Increase in Sales Price	Langata (+4.8% over last quarter)		
Suburb with Highest Annual Increase in Sales Price	Athi River (+18.8% over last year)		
Suburb with Lowest Quarterly Increase in Sales Price	Parklands (-2.4% over last quarter)		
Suburb with Lowest Annual Increase in Sales Price	Tigoni (+0.9% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	-0.1%	5.4%	1.71 Fold
Suburb with Highest Quarterly Increase in Rental Price	Ngong (+4.6% over last quarter)		
Suburb with Highest Annual Increase in Rental Price	Mlolongo (+17.7% over last year)		
Suburb with Lowest Quarterly Increase in Rental Price	Ridgeways (-2.8% over last quarter)		
Suburb with Lowest Annual Increase in Rental Price	Parklands (-0.3% over last year)		

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

HassConsult today unveiled property price trends for the fourth quarter of 2015, showing an upward growth in property prices and a drop in asking rents in the last three months of the year

The fall in rents was driven by a 2.3 per cent drop in asking rental prices for apartments.

“Developers are under pressure from the increased scarcity and surge in land prices to maximize land usage hence a majority prefer to construct high density apartments. This has led to an increased supply of apartments over the last five years,” said Ms. Sakina Hassanali, Head of Research and Marketing at HassConsult.

There are almost five times more apartments in the market than town houses and maisonettes combined. “In December 2015 alone, apartments took up 59.6 per cent of the rental market,” explained Ms. Hassanali.

The drop in rent prices for apartments has also led to the decline in rental yields to 6.29 per cent as at December 2015 compared to rental yields of 7.14 per cent recorded in the same period in 2014.

“Total returns (rental yields + price growth) were highest on let semi-detached houses, at 26.11 per cent for the year to December 2015. Total returns in let apartments dropped from 23.99 per cent in August 2015 to 20.34 per cent for the year ending December 2015,” said Ms. Hassanali.

Upper Hill however, appears to have bucked the trend with sale and rental prices tripling in the last 8 years and rental yields highest at 7.8 per cent. The increased demand for office space and the subsequent growth of Upper Hill as a business hub has led to high demand for apartments in the suburb.

At the same time, house prices in Nairobi's satellite towns rose by 11.9 per cent in 2015 while rents rose by an average of 9 per cent as landlords adjusted prices to cater for increased demand. “Asking rent prices have rose more than two-fold since 2007 in Kiserian, Juja, Kiambu and Mlolongo as rental prices in Nairobi's suburbs get out of reach for a majority of tenants,” said Ms. Hassanali.

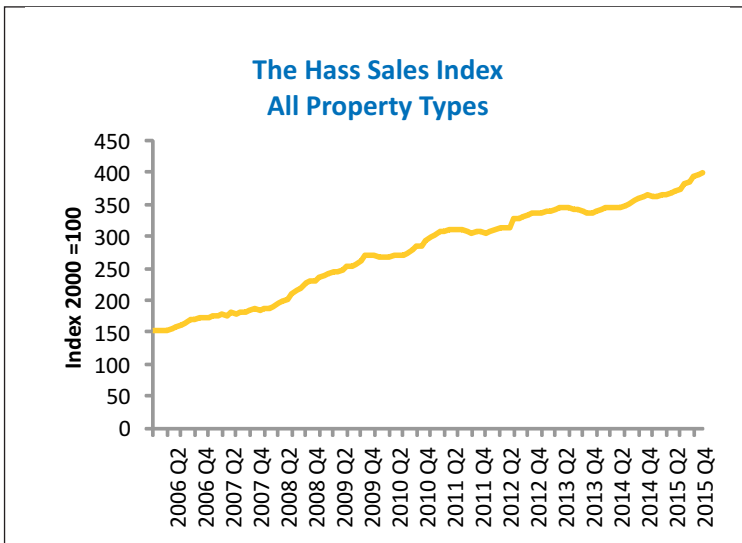
For more information, please contact:

Sakina Hassanali

Head of Research & Marketing

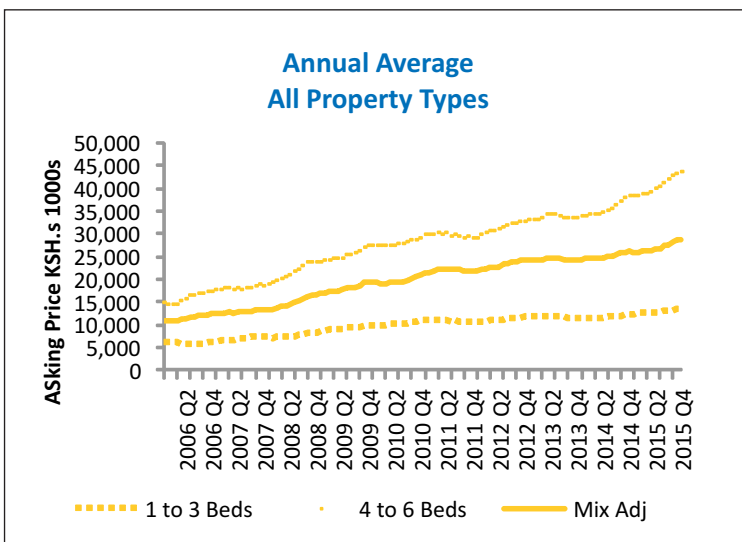
Nairobi Suburbs Property Index	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Donholm	1.0 %	3.7 %	3.23 FOLD	1.2 %	8.8 %	1.76 FOLD
Eastleigh	0.7 %	13.0 %	2.91 FOLD	1.7 %	7.7 %	2.54 FOLD
Gigiri	4.2 %	11.3 %	2.36 FOLD	-0.7 %	0.4 %	1.84 FOLD
Karen	3.7 %	17.3 %	2.72 FOLD	2.2 %	6.0 %	1.73 FOLD
Kileleshwa	1.2 %	9.9 %	2.36 FOLD	2.7 %	7.5 %	2.11 FOLD
Kilimani	1.4 %	3.3 %	2.53 FOLD	0.6 %	2.4 %	1.69 FOLD
Kitisuru	-0.2 %	4.2 %	2.38 FOLD	1.3 %	5.5 %	2.59 FOLD
Langata	4.8 %	12.8 %	3.11 FOLD	-1.8 %	0.0 %	1.71 FOLD
Lavington	1.7 %	10.2 %	2.27 FOLD	1.8 %	10.4 %	2.22 FOLD
Loresho	1.8%	12.8 %	1.97 FOLD	2.3 %	5.3 %	2.34 FOLD
Muthaiga	0.7 %	8.0 %	1.70 FOLD	0.7 %	5.6 %	2.53 FOLD
Nyari	2.5 %	6.6 %	2.04 FOLD	-0.4 %	2.7 %	1.69 FOLD
Parklands	-2.4 %	5.9 %	2.69 FOLD	-0.6 %	-0.3 %	2.02 FOLD
Ridgeways	1.2 %	9.5 %	2.32 FOLD	-2.8 %	3.0 %	1.97 FOLD
Runda	1.0 %	1.5 %	2.79 FOLD	-1.6 %	1.2 %	1.70 FOLD
Spring Valley	1.5 %	9.7 %	2.00 FOLD	0.9 %	2.7 %	1.76 FOLD
Upperhill	1.2 %	9.7 %	3.06 FOLD	0.2 %	5.9 %	3.12 FOLD
Westlands	0.8 %	7.5 %	2.47 FOLD	-0.8 %	3.0 %	2.35 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	4.0 %	18.8 %	2.18 FOLD	0.2 %	10.0 %	1.52 FOLD
Juja	1.0 %	8.7 %	2.60 FOLD	1.2 %	9.5 %	2.32 FOLD
Kiambu	2.7 %	13.7 %	2.47 FOLD	1.2 %	14.4%	2.22 FOLD
Kiserian	1.8 %	12.3 %	2.36 FOLD	-0.6 %	8.8 %	2.34 FOLD
Kitengela	2.6 %	8.3 %	2.17 FOLD	-1.2 %	9.9 %	1.91 FOLD
Limuru	0.7 %	11.1 %	2.20 FOLD	2.8 %	8.5 %	1.85 FOLD
Mlolongo	2.2 %	6.3 %	1.63 FOLD	-0.1 %	17.7 %	2.10 FOLD
Ngong	1.7 %	8.5 %	2.09 FOLD	4.6 %	15.5 %	2.02 FOLD
Ongata Rongai	2.5 %	8.3 %	2.26 FOLD	2.1 %	10.0 %	2.06 FOLD
Ruaka	0.5 %	2.0 %	1.81 FOLD	-0.4 %	6.3 %	1.87 FOLD
Ruiru	2.1 %	9.3 %	2.66 FOLD	3.3 %	11.2 %	1.77 FOLD
Syokimau	0.5 %	5.7 %	1.91 FOLD	-0.9 %	11.7 %	2.04 FOLD
Thika	1.2 %	6.4 %	1.91 FOLD	-1.3 %	1.4 %	1.93 FOLD
Tigoni	1.0 %	0.9 %	1.87 FOLD	1.0 %	6.3 %	1.80 FOLD



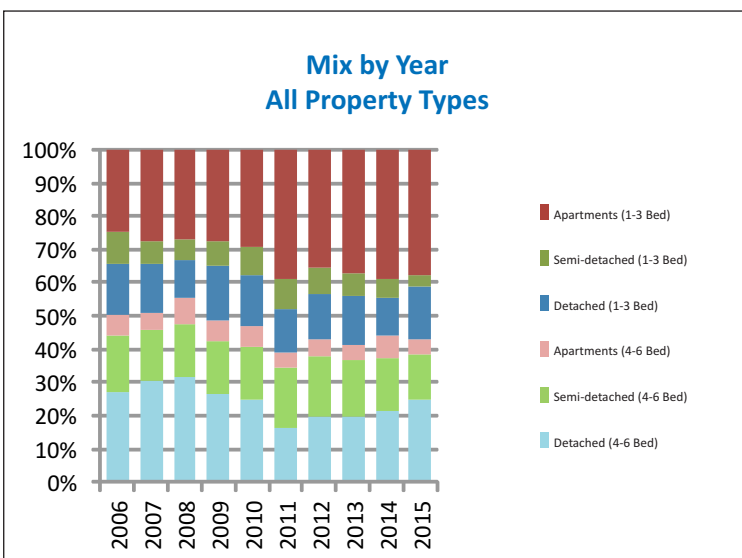
SNAP SHOTS:

- The Hass Composite Sales Index is representative of all properties for sale in Kenya
- Property values have increased by 4.00 times since 2000.
- The index shows a property price rise 3.6% in the last quarter and a 9.6% rise in the last year.



SNAP SHOTS:

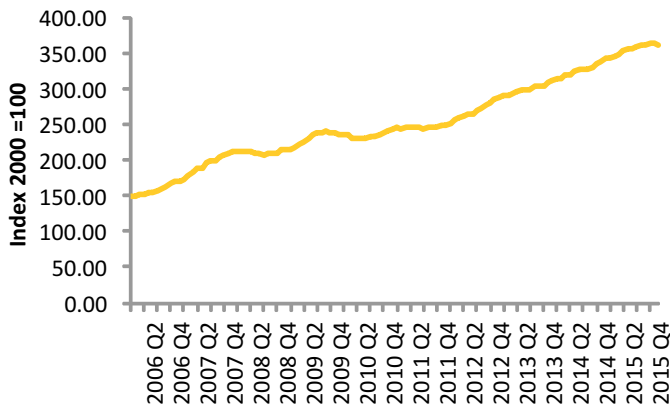
- The annual average is representative of the average price of all properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 28.7 million in December 2015.
- The average value for a 4-6 bedroom property is currently 43.7 million.
- The average value for a 1-3 bedroom property is currently 13.4 million.



SNAP SHOTS:

- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2000, apartments took up 23.5% of the market, semi-detached 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.

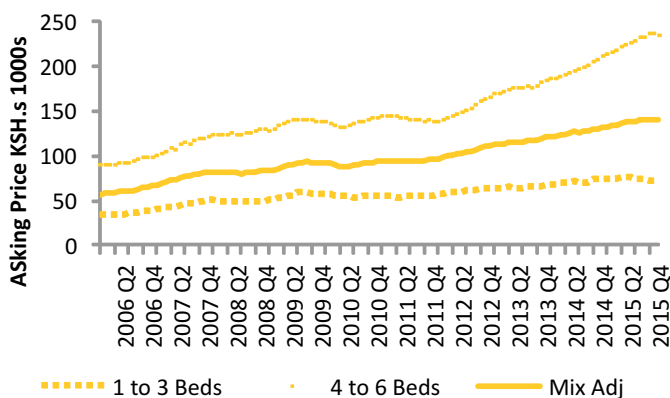
**The Hass Rental Index
All Property Types**



SNAP SHOTS:

- The Hass Composite Letting Index is representative of all properties for rental in Kenya
- Rents have increased by 3.62 times since 2000
- The index shows rents have fallen 0.1% in the last quarter but have risen by 5.4% in the last year.

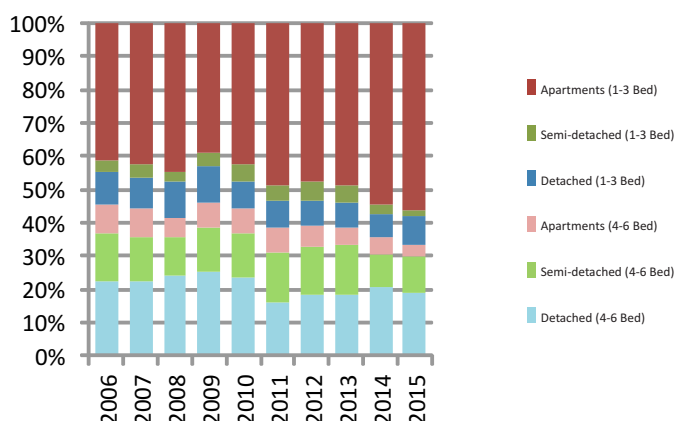
**Annual Average
All Property Types**



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. 139,354 in December 2015.
- The average rent for a 4-6 bedroom property is currently Kshs. 235,668
- The average rent for a 1-3 bedroom property is currently Kshs. 71,748

**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 2000, 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.