

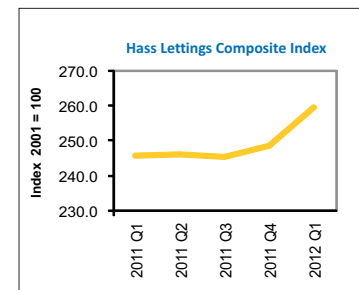
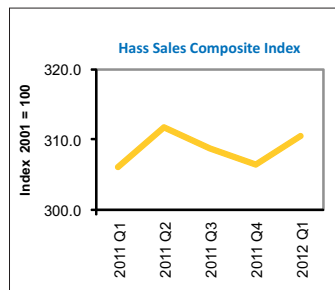
# QUARTER ONE REPORT 2012

## Sellers push for higher prices in flat market, as rents climb on spillover

- Closing prices in the middle and upper market remained subdued, down by 0.7 per cent on end-2011.
- There was a renewed push in higher asking prices, across all sectors of the market, up by 1.3 per cent overall.
- The strongest push for higher prices was for town houses and maisonettes, with asking prices rising 3.8 per cent on the previous quarter
- There was also a renewed push for higher prices for standalone houses, 2.9 per cent higher than at end-2011
- Asking prices for apartments remained largely static, up just 0.4 per cent on end-2011.
- Asking rentals went up across the board, with a 5 per cent increase on end-2011 for standalone house rentals, which had remained flat for all of last year
- A 3.5 per cent rise in town house and maisonette asking rentals reversed some of the rental falls of last year
- At the lower end of the market, with apartments, asking rentals continued to climb strongly, up 5.6 per cent on end - 2011 and 10.5 per cent on a year earlier.

### Index Highlights:

#### SALES AND LETTINGS COMPOSITE INDEX YEAR TO Q1



HEADLINES - HASS COMPOSITE SALES INDEX	% Change in Quarter	% Change in Year
All Properties	+1.3 %	+1.4 %
Stand Alone Houses	+2.9 %	+0.7 %
Townhouses	+3.8 %	+8.6 %
Apartments	+0.4 %	+4.5 %

\*The Hass Composite Sales Index is a measure of asking sales prices and is now based on a mix adjusted method

HEADLINES - HASS COMPOSITE LETTINGS INDEX	% Change in Quarter	% Change in Year
All Properties	+4.4 %	+5.5 %
Stand Alone Houses	+5.0 %	+6.1 %
Townhouses	+3.5 %	-1.2 %
Apartments	+5.6 %	+10.5 %

\*The Hass Composite lettings Index is a measure of asking rental prices and is now based on a mix adjusted method

HassConsult today announces the results for the first quarter 2012 of its house price and rentals indices, delivering further evidence of a solid housing sales market - despite the surge in interest rates and business downturn - accompanied by renewed pushes by sellers for higher pricing.

The build-up of demand, against the backdrop of slow growth in house sales, is now evident in the rentals market, where higher rents are being sought by landlords across all segments of the market, recouping 2011 losses in the upper end, and continuing a relatively steep climb in the pricing of apartment rentals.

“The first quarter results have borne out our predictions that the soaring interest rates of last year, and current extremely high interest rate levels, would have little impact on house prices, in a market with such an early-stage mortgage component,” said Mrs Farhana Hassanali-Hashmani.

“With most of our housing market still being bought by cash buyers, in a profound situation of under-supply, buying and sales closures remain steady, through recession and any setbacks in mortgage pricing,” she said.

“But as buyers have stalled or hesitated, in the belief that prices may fall, or waiting for lower interest rates, so the pent-up demand is now fueling renewed rent rises, after some years of almost flat rental pricing across the middle and upper-end market.”

The big impact of the interest rate rises is being felt on the supply side, not in dramatically suppressed demand, she said.

“Almost all developers have slowed building, postponed phases, or reduced the number of homes they are currently constructing.”

“In a situation where we were still only seeing enough coming to market to feed growing demand - except in spots of excessive build such as mid-Nairobi apartments - this now seems certain to translate into renewed house price rises in one to two years' time, as new and upgrading buyers compete for a much reduced supply of new-builds.”

However, with HassConsult now forecasting continuing flat prices across the next 6 to 12 months followed by a surge on short supply, current sellers pushed for higher pricing across all types of homes in the first quarter as they sought to recoup higher costs in land, construction materials and for finance.

“The gap between asking prices and closure prices remains wider than it was before the real estate stabilization,” said Mrs Hassanali-Hashmani.

“Only when that gap begins to close will there be any real headway for enhanced house prices, at which point, we can hope for new developers to step back into the frame, and real estate activity to resume on the construction side - after the body blow that has been delivered by the Government's monetary policy.”

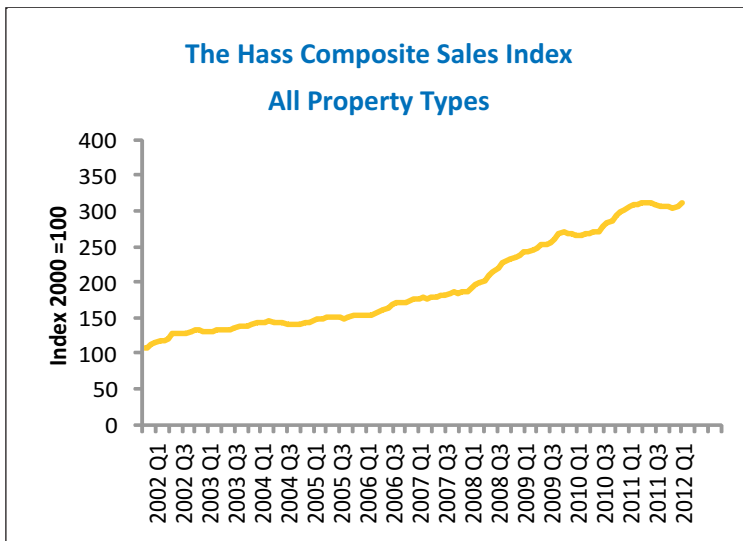
Until that time, rental rises now seemed likely to continue to gather pace, said HassConsult.

**For more information contact:**

Farhana Hassanali-Hashmani

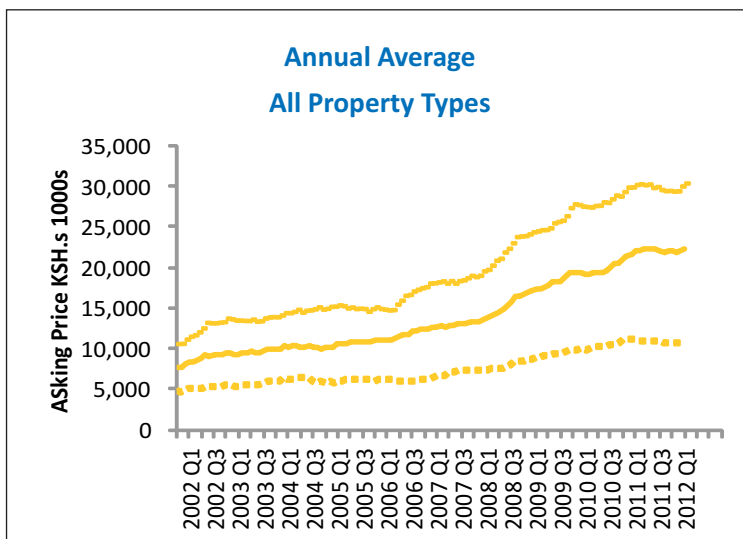
HassConsult

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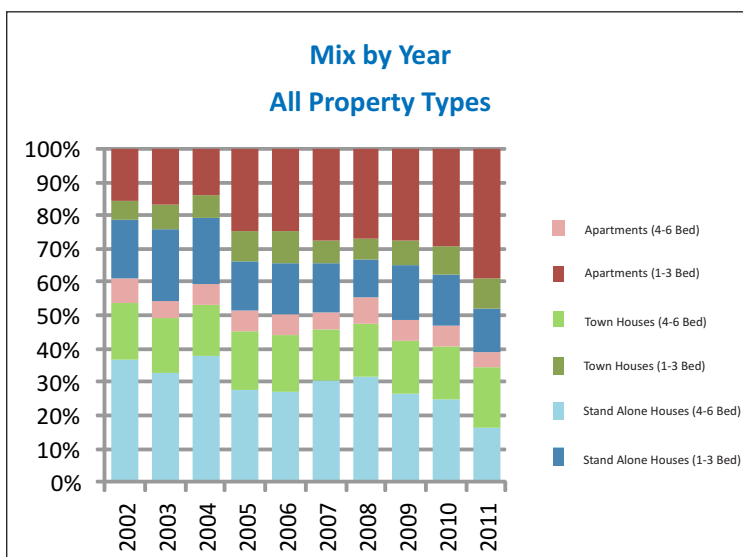
#### SNAP SHOTS:

- The Hass Composite Sales Index is representative of all property for sale in Kenya
- Property values have increased by 3.10 times since 2000
- The index shows a property price rise of 1.3% in the last quarter and an 1.4% rise in the last year.



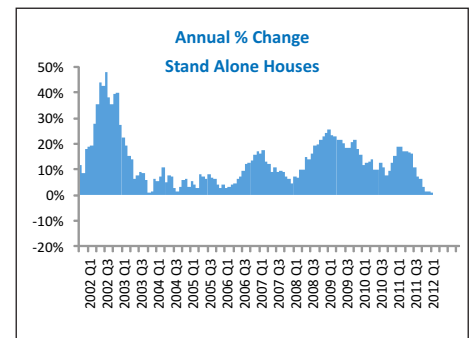
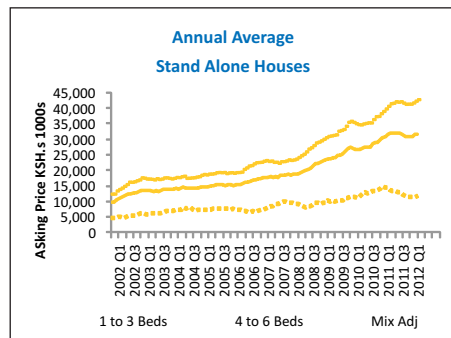
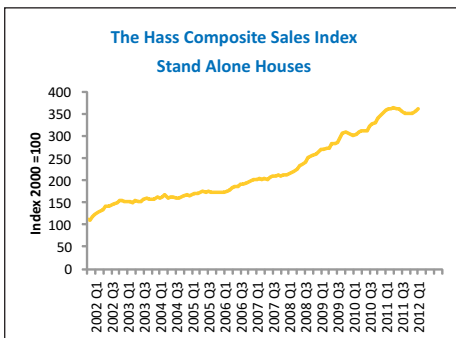
#### SNAP SHOTS:

- 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 22.3 million in March 2012.
- The average value for a 4-6 bedroom property is currently 30.5 million.
- The average value for a 1-3 bedroom property is currently 10.9 million.



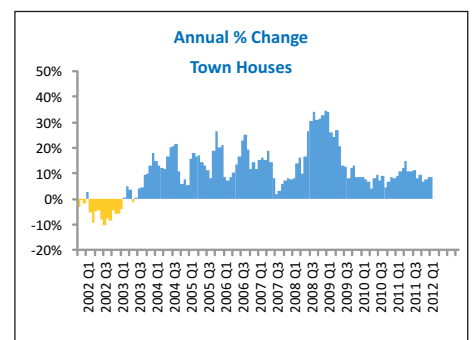
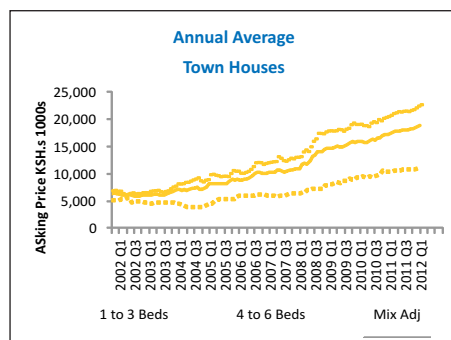
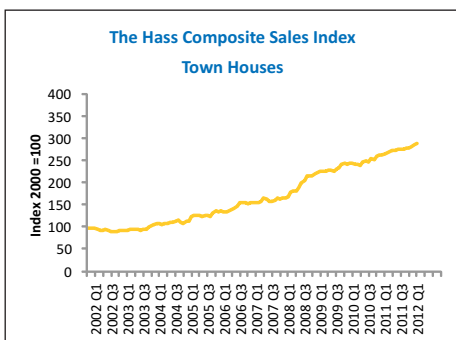
#### SNAP SHOTS:

- 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 2012 however, apartments took up 43.6% of the market, Town Houses took up 26.9% of the market and Stand alone houses took up 29.5% of the market.



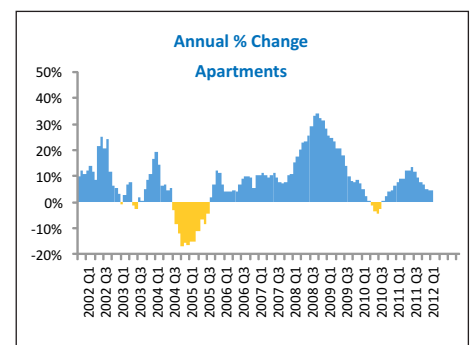
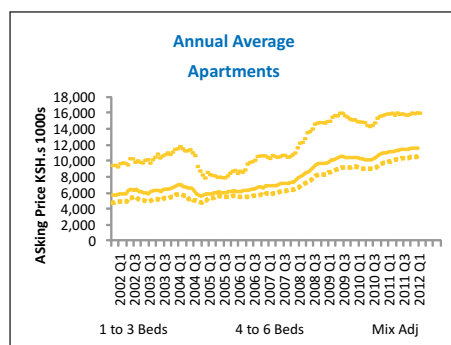
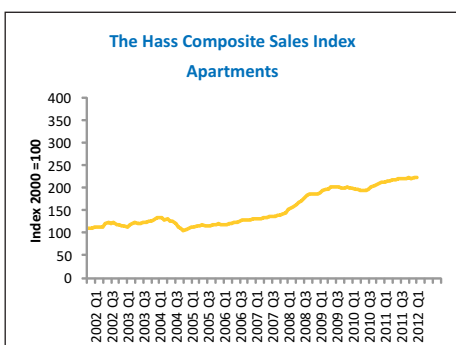
**SNAP SHOTS:**

- 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 3.61 times since 2001, a 2.9% rise in the last quarter and a 0.7% rise in the last year. The average price for a stand alone house is currently 31.7 million up from 8.8 million in December 2000.



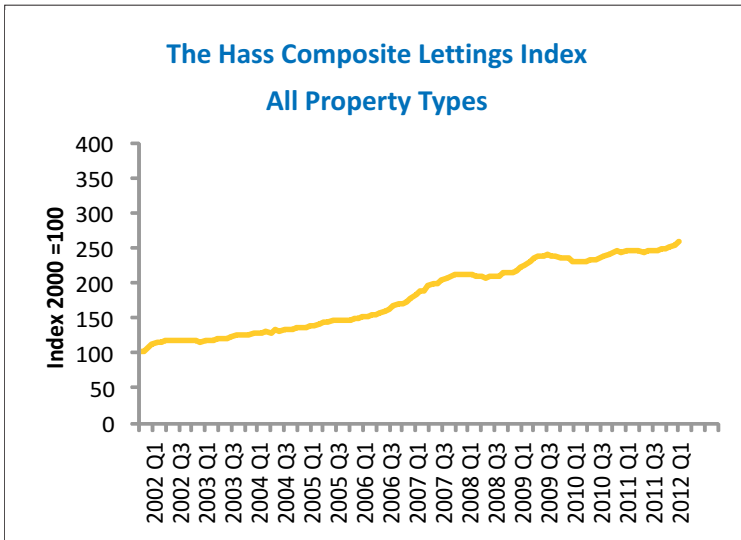
**SNAP SHOTS:**

- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Property values for town houses have increased by 2.88 times since 2001, a 3.8% rise in the last quarter and an 8.6% rise in the last year. The average price for a town house is currently 18.9 million up from 6.5 million in December 2000.



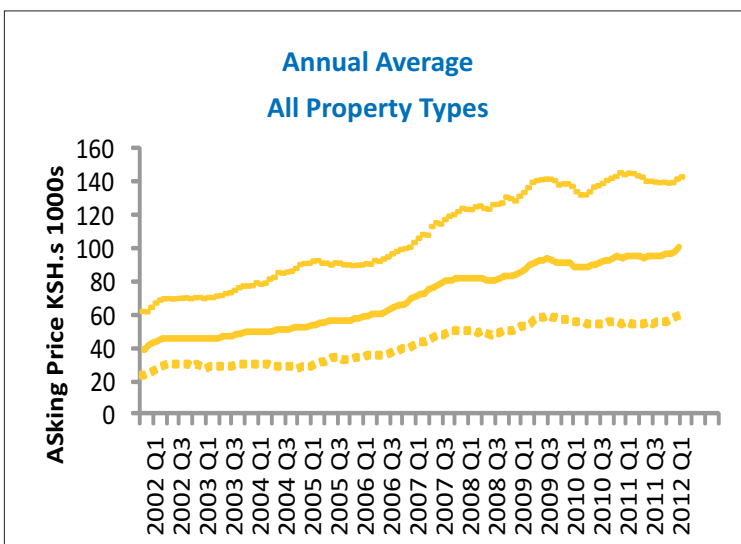
**SNAP SHOTS:**

- Apartments include apartments, duplexes and triplexes.
- Property values for apartments have increased by 2.23 times since 2001, a 0.4% rise in the last quarter and an 4.5% rise in the last year. The average price for an apartment is currently 11.6 million up from 5.2 million in December 2000.



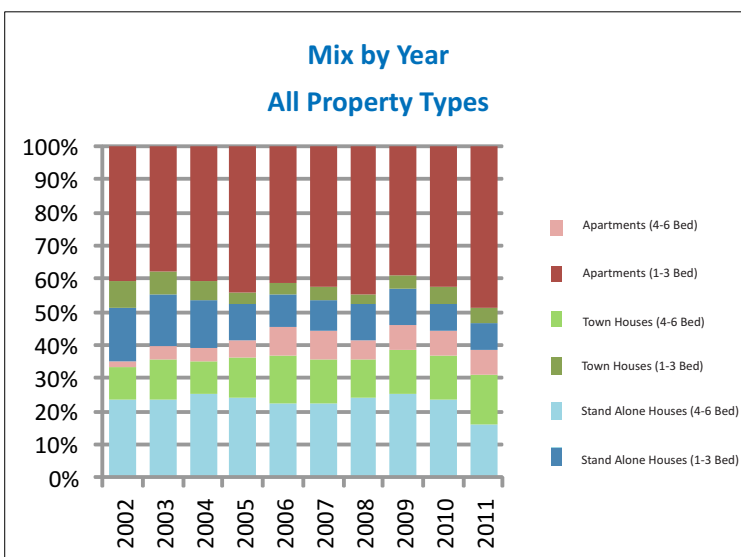
**SNAP SHOTS:**

- The Hass Composite Letting Index is representative of all property for rental in Kenya
- Rents have increased by 2.59 times since 2001
- The index shows rents have risen by 4.4% in the last quarter but have risen by 5.5% in the last year.



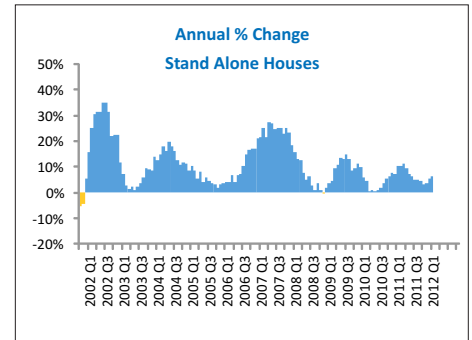
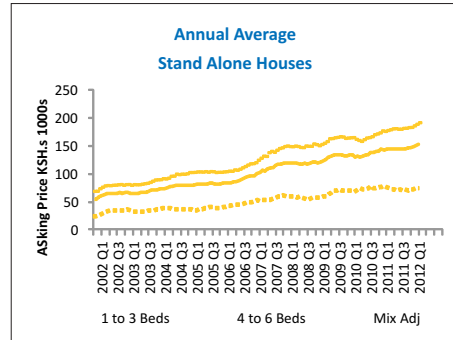
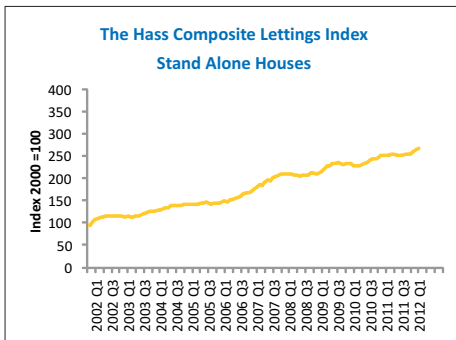
**SNAP SHOTS:**

- 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. 99,885 in March 2012.
- The average rent for a 4-6 bedroom property is currently Kshs. 143,227.
- The average rent for a 1-3 bedroom property is currently Kshs. 58,877.



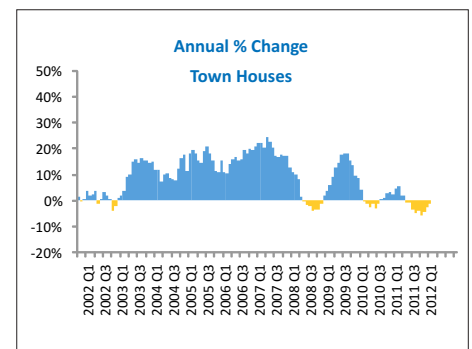
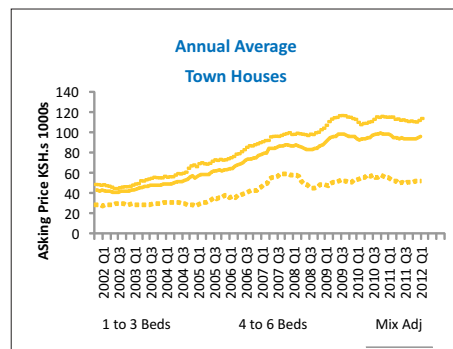
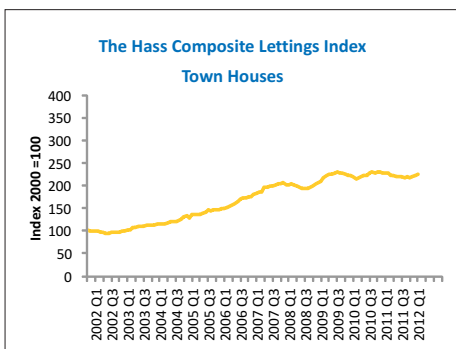
**SNAP SHOTS:**

- 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 2012, apartments took up 56.3% of the market, Town Houses took up 19.6% of the market and Stand alone houses took up 24.1% of the market.



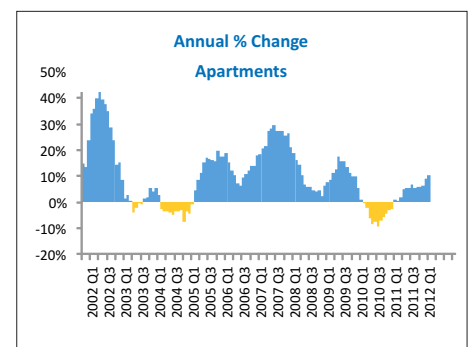
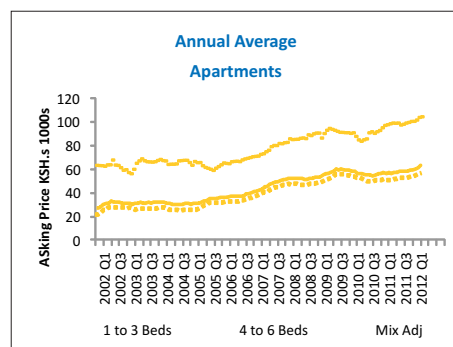
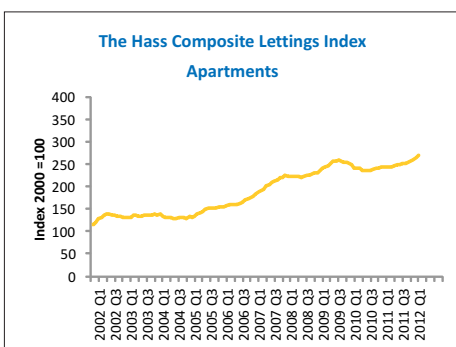
**SNAP SHOTS:**

- 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 2.68 times since 2001, a 5% rise in the last quarter and an 6.1% rise in the last year. The average rental for a stand alone house is currently Kshs. 152,816 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 2.26 times since 2001, a 3.5% rise in the last quarter and a 1.2% fall in the last year. The average rental for a town house is currently Kshs. 96,516 up from Kshs. 42,688 in December 2000.



**SNAP SHOTS:**

- Apartments include apartments, duplexes and triplexes.
- Rental values for apartments have increased by 2.7 times since 2001, 5.6% rise in the last quarter and a 10.5% rise in the last year. The average rent for an apartment is currently Kshs. 62,808 up from Kshs. 21,638 in December 2000.