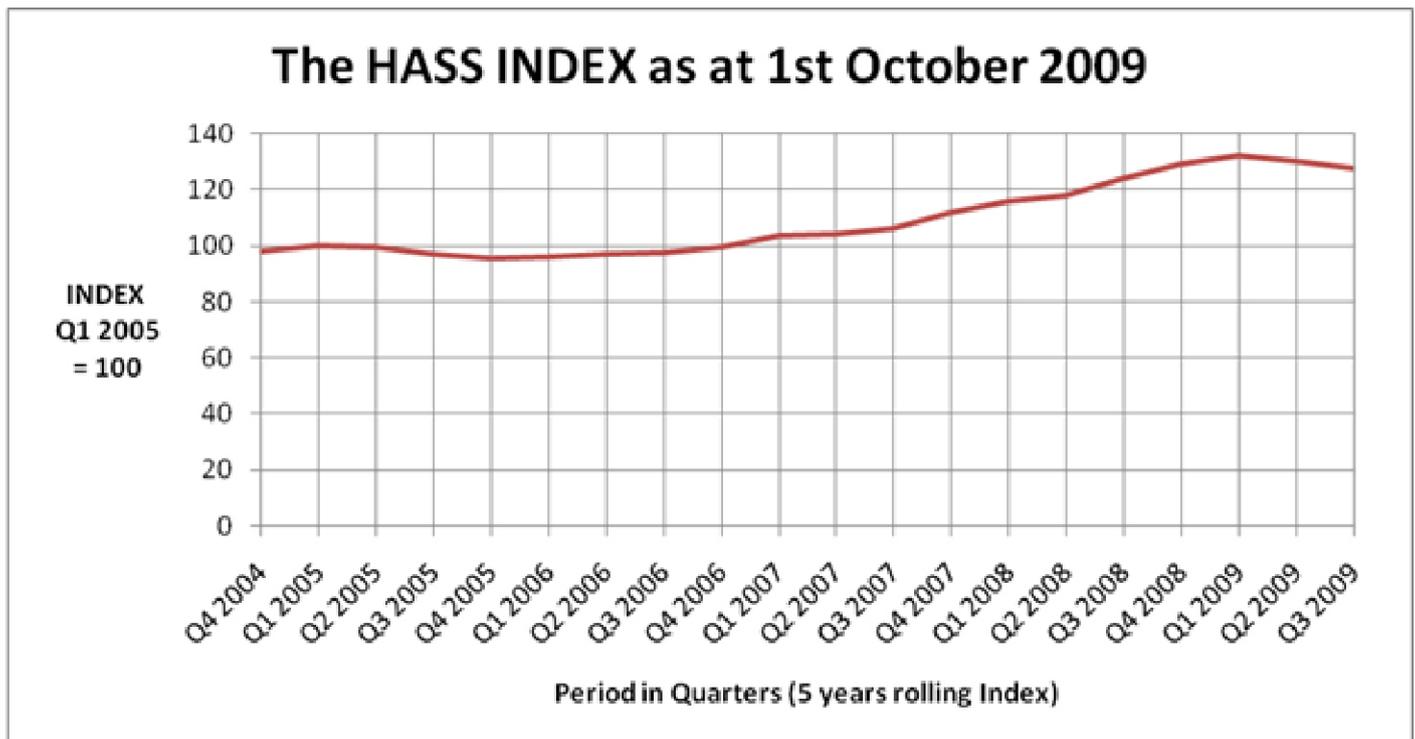


## Nairobi house prices falling after two year boom



Figures represent middle and upper sector of the Kenyan Real Estate market only

Note: Index represents pure prices changes for an average middle/upper income Kenyan house, which does not actually exist.

HassConsult, one of Nairobi's premier estate agencies, has launched the city's first property price index, showing the trend in housing prices for the city's upper and middle-income town housing.

The index shows that house prices are now falling, after a price surge in 2007 that continued throughout 2008. The index will be issued every three months, showing the trend in house pricing for the previous quarter.

'The new property price index is not an absolute guide to the price of your home compared with last year, and it has only included upper and middle income housing, but for the first time it means we can see the general trend in residential property pricing in the city,' said HassConsult.

The index gives the price trend across houses, villas and apartments in seven of the city's upmarket suburbs: Karen, Kileleshwa, Kilimani, Lavington, Nyari, Riverside and Westlands.

It is constructed using data sets for 50 property 'types', which have been weighted in an index basket. It excludes properties with development potential, being houses with land of half an acre or more where zoning allows further development.

The properties included cover those handled by HassConsult itself, one of the city's largest estate agencies, at the closing sales price, and the offer prices from 13 other estate agents. The data has been cleansed to exclude all atypical properties, and has been weighted towards areas and property types that have seen the most sales activity over the last five years.

## Key Points:

- **Average up-market house prices were rising from early 2007 onwards, by more than 4 per cent in each of several quarters up to and including the end of 2008.**
- **The house price rise through 2007 and 2008 equated to a rise of close to 30 per cent across the two years.**
- **At the end of 2006, the average property price in the suburbs covered was Sh15.7m. By the end of 2008, it was Sh20.2m.**
- **Rising house prices continued into 2009, with prices up by a further 2.3 per cent in the first quarter of this year, on the last quarter of 2008.**
- **However, prices fell by 1.4 per cent in the second quarter of this year, and by 2.2 per cent in the third quarter. This took the price of the 'average' residential property from Sh20.4m in the second quarter to Sh19.9m in the third quarter.**

| HEADLINES                       | Q2 2009          | Q3 2009          |
|---------------------------------|------------------|------------------|
| Quarterly Index * Q1 2005 = 100 | 130              | 128              |
| Quarterly % Change (Index)      | -1.4%            | -2.2%            |
| Average Price                   | Kshs. 20,433,480 | Kshs. 19,996,447 |

Note: Average Price at Q1 2005 = KSHs. 15,682,819

The spread of the price reductions speak to the general impact of recession, reduced spending power, and reduced credit lines, rather than spots of over-supply, such as an excess of new apartments in any one suburb. The downturn in up-market property now looks to be setting in as a trend.

As part of HassConsult's mission to now provide ample data on the property market, it will issue a 10-year expanded index on 4th January 2010, with breakdowns of selected price movements by suburb and house-type.

| Quarter | Hass House Price (Kshs) | INDEX Q1 2005=100 | Quarterly % Change |
|---------|-------------------------|-------------------|--------------------|
| Q1 2004 | 14,860,630              | 95                | -                  |
| Q2 2004 | 14,862,271              | 95                | -2.0%              |
| Q3 2004 | 15,153,513              | 97                | -1.8%              |
| Q4 2004 | 15,422,950              | 98                | -1.7%              |
| Q1 2005 | 15,682,819              | 100               | 0.0%               |
| Q2 2005 | 15,672,251              | 100               | -0.1%              |
| Q3 2005 | 15,210,303              | 97                | -3.0%              |
| Q4 2005 | 15,004,467              | 96                | -1.4%              |
| Q1 2006 | 15,070,019              | 96                | 0.4%               |
| Q2 2006 | 15,214,632              | 97                | 1.0%               |
| Q3 2006 | 15,284,622              | 97                | 0.5%               |
| Q4 2006 | 15,669,341              | 100               | 2.5%               |
| Q1 2007 | 16,282,188              | 104               | 3.8%               |
| Q2 2007 | 16,345,741              | 104               | 0.4%               |
| Q3 2007 | 16,684,129              | 106               | 2.0%               |
| Q4 2007 | 17,527,830              | 112               | 4.8%               |
| Q1 2008 | 18,201,965              | 116               | 3.7%               |
| Q2 2008 | 18,522,041              | 118               | 1.7%               |
| Q3 2008 | 19,414,782              | 124               | 4.6%               |
| Q4 2008 | 20,248,165              | 129               | 4.1%               |
| Q1 2009 | 20,725,803              | 132               | 2.3%               |
| Q2 2009 | 20,433,480              | 130               | -1.4%              |
| Q3 2009 | 19,996,447              | 128               | -2.2%              |

**The Hass Property Index - Base Index**