

Surge in housing supply in 2016 offers reprieve in rental prices as housing deficit begins to narrow

- Overall property prices were largely static in the first quarter, even as volume of interest in property buying held up better in the quarter
- Apartment prices showed a slight uptick of 0.4 per cent in the quarter attributable to sustained demand from investors
- Detached and semi-detached house prices recorded falls of 0.2 and 0.4 per cent respectively in the anticipated election run up as owner-occupier buyers stall on property purchases
- Asking rents for apartments reduced by 3.3 per cent in the first quarter of 2017, pulling the overall rental market to record a 0.5 per cent drop as apartment housing supply in 2016 expanded. Detached and semi-detached houses however recorded rent hikes of 0.7 per cent and 0.2 per cent respectively in the first quarter
- The total returns on let properties are now highest for detached houses, at 12.4 per cent, followed by apartments, at 11.7 per cent compared with a return of 8.78 per cent on 91-day Treasury Bills

Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	-0.1%	5.0%	2.37 Fold
Suburb with Highest Quarterly Increase in Sales Price	Muthaiga (+5.6% over last quarter)		
Suburb with Highest Annual Increase in Sales Price	Muthaiga (+17.2% over last year)		
Suburb with Lowest Quarterly Increase in Sales Price	Upperhill (-3.1% over last quarter)		
Suburb with Lowest Annual Increase in Sales Price	Kilimani (-7.2% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	-0.5%	2.9%	1.78 Fold
Suburb with Highest Quarterly Increase in Rental Price	Eastleighs (+1.6% over last quarter)		
Suburb with Highest Annual Increase in Rental Price	Langata (+9.6% over last year)		
Suburb with Lowest Quarterly Increase in Rental Price	Kitisuru (-1.9% over last quarter)		
Suburb with Lowest Annual Increase in Rental Price	Kileleshwa (-2.5% over last year)		

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

HassConsult today unveiled the Hass Property price indices for the first quarter of 2017, showing a static performance in asking prices despite strong buying interest in the quarter.

Interest in the property market is being sustained by investors looking for attractive rental and capital growth prospects often achieved in the apartment segment of Kenya's real estate market. This sustained interest produced a 0.4 per cent rise in asking prices over the quarter even as other segments witnessed minor price falls.

Asking prices for detached houses dropped by 0.2 per cent in the quarter while semi-detached houses recorded a 0.4 per cent drop as this segment is dominated by buyers who purchase the properties to live in and as now are postponing buying decisions as the general elections approach.

“The property market is currently being held by the investor buyer, looking for safe but strong returns over competing asset classes such as stocks and Treasury bills which have been on a bear run over the same period,” said Ms. Sakina Hassanali, Head of Development Consulting and Research at HassConsult.

The total returns (constituting rental return plus capital growth) on apartments average 11.7 per cent compared with a return of 8.78 per cent on 91-day Treasury Bills and a negative 2.92 per cent return at the Nairobi Securities Exchange (NSE).

The return on let apartments is still superior to competing asset classes despite the quarter's 3.3 per cent drop in asking rents on apartments. This reprieve on apartment rental prices has come as a result of the expanding apartment stock witnessed in 2016 resulting in the reduction of the housing gap while cushioning tenants in light of increased cost of living that has seen annual inflation rates touch the 10 per cent mark in the quarter.

“The stock of apartments within Nairobi and its satellite towns has expanded to meet the wider demand and as more units enter the rental market landlords are reigning in asking rents to remain competitive - a boon for tenants amidst the general price increases in the economy,” added Ms. Hassanali.

On the other hand, detached and semi-detached units recorded mild increases in asking rents for the first quarter of 0.7 and 0.2 per cent respectively, mild repricing as a result of tightening supply of housing within this segment.

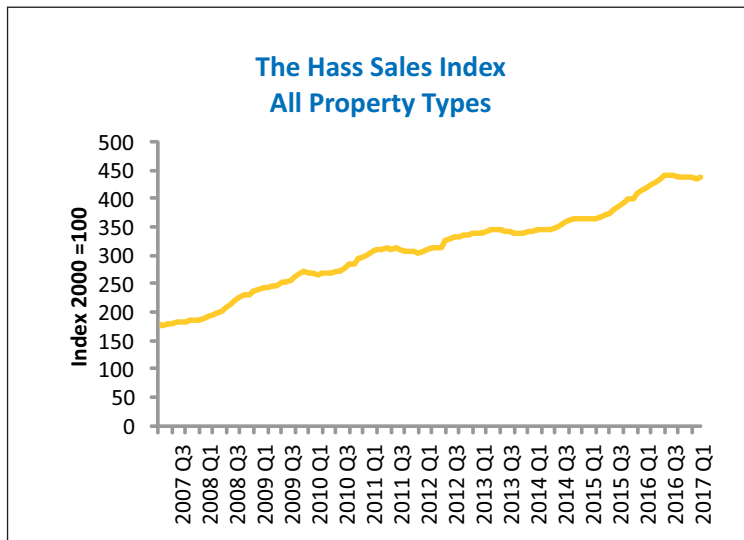
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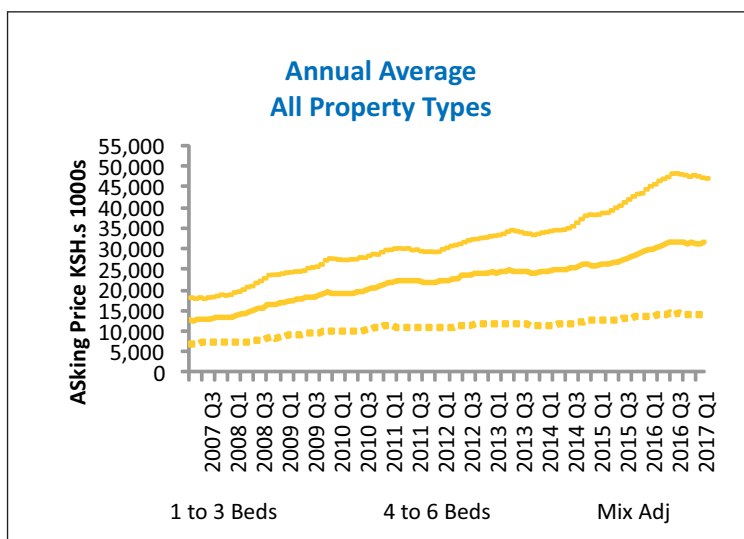
Nairobi Suburbs Property Index	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Donholm	-0.7 %	-4.1 %	3.1 FOLD	-1.8 %	-2.3 %	1.7 FOLD
Eastleigh	-1.5 %	-3.1 %	2.9 FOLD	1.6 %	3.9 %	2.7 FOLD
Gigiri	1.7 %	9.5 %	2.7 FOLD	1.5 %	4.5 %	1.9 FOLD
Karen	1.4 %	8.8 %	3.1 FOLD	0.2 %	7.6 %	1.9 FOLD
Kileleshwa	-0.6 %	5.9 %	2.5 FOLD	-0.3 %	-2.5 %	2.1 FOLD
Kilimani	-0.7 %	-7.2 %	2.3 FOLD	0.4 %	2.9 %	1.8 FOLD
Kitisuru	1.1 %	10.7 %	2.7 FOLD	-1.9 %	-2.2 %	2.5 FOLD
Langata	-0.1 %	7.6 %	3.5 FOLD	-1.1 %	9.6 %	1.9 FOLD
Lavington	1.1 %	6.6 %	2.5 FOLD	-0.2 %	2.4 %	2.3 FOLD
Loresho	0.3 %	6.1 %	2.2 FOLD	0.4 %	1.1 %	2.5 FOLD
Muthaiga	5.6 %	17.2 %	2.1 FOLD	0.0 %	-1.0 %	2.5 FOLD
Nyari	3.2 %	13.8 %	2.4 FOLD	0.7 %	-1.1 %	1.7 FOLD
Parklands	0.0 %	4.9 %	2.9 FOLD	0.7 %	1.9 %	2.1 FOLD
Ridgeways	2.7 %	2.7 %	2.4 FOLD	-1.5 %	8.0 %	2.2 FOLD
Runda	-0.1 %	6.5 %	3.1 FOLD	0.6 %	4.8 %	1.8 FOLD
Spring Valley	1.0 %	8.5 %	2.2 FOLD	0.0 %	5.0 %	1.9 FOLD
Upperhill	-3.1 %	-1.8 %	3.0 FOLD	-0.5 %	2.6 %	3.2 FOLD
Westlands	0.5 %	2.2 %	2.5 FOLD	0.0 %	-2.3 %	2.2 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	-1.8 %	4.0 %	2.4 FOLD	-2.4 %	-5.1 %	1.5 FOLD
Juja	-3.2 %	2.0 %	2.7 FOLD	5.6 %	17.4 %	2.8 FOLD
Kiambu	1.7 %	6.2 %	2.7 FOLD	0.2 %	10.4 %	2.4 FOLD
Kiserian	-0.8 %	-0.5 %	2.4 FOLD	2.8 %	-0.3 %	2.3 FOLD
Kitengela	2.1 %	9.4 %	2.4 FOLD	-0.9 %	5.8 %	2.0 FOLD
Limuru	1.5 %	8.7 %	2.4 FOLD	2.2 %	10.7 %	2.1 FOLD
Mlolongo	-1.8 %	-3.9 %	1.6 FOLD	-0.5 %	-3.1 %	2.1 FOLD
Ngong	2.4 %	14.5 %	2.5 FOLD	0.1 %	0.7 %	2.1 FOLD
Ongata Rongai	1.7 %	8.5 %	2.5 FOLD	-0.1 %	4.2 %	2.2 FOLD
Ruaka	0.9 %	6.1 %	2.0 FOLD	2.1 %	7.6 %	2.0 FOLD
Ruiru	0.9 %	9.9 %	3.1 FOLD	1.8 %	18.8 %	2.2 FOLD
Syokimau	0.2 %	-0.1 %	1.9 FOLD	-0.9 %	-0.2 %	2.0 FOLD
Thika	-2.5 %	-6.7 %	1.8 FOLD	-1.1 %	0.8 %	2.0 FOLD
Tigoni	3.5 %	8.9 %	2.1 FOLD	-0.9 %	-1.6 %	1.8 FOLD



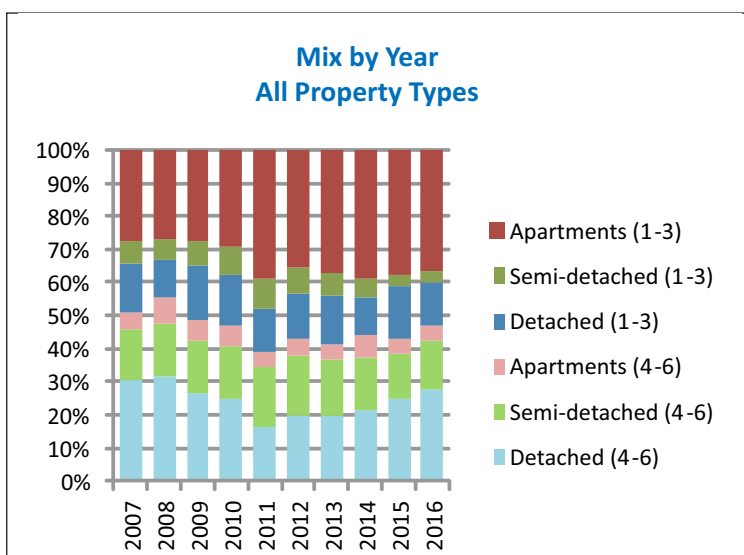
SNAP SHOTS:

- The Hass Composite Sales Index is representative of all properties for sale in Kenya
- Property values have increased by 4.38 times since 2000.
- The index shows a property price fall of -0.1% in the last quarter and a 5.0% rise in the last year.



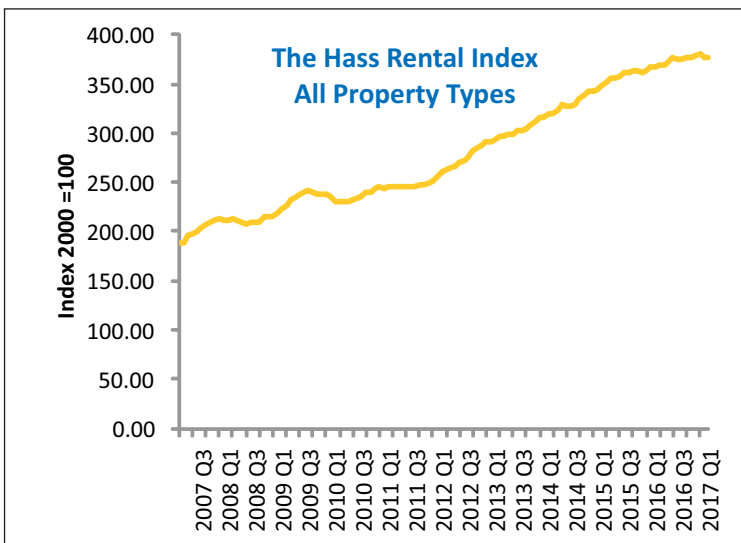
SNAP SHOTS:

- 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 31.4 million in March 2017.
- The average value for a 4-6 bedroom property is currently 47.3 million.
- The average value for a 1-3 bedroom property is currently 14.1 million.



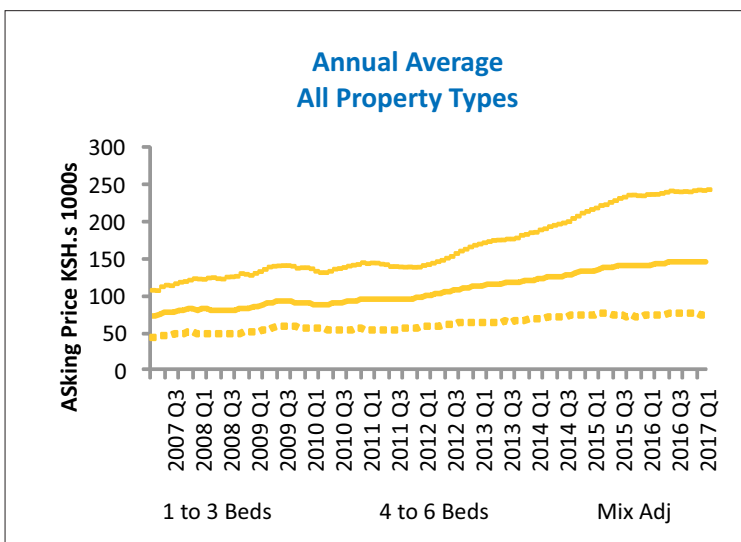
SNAP SHOTS:

- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 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 2016 however, Apartments took up 40.7% of the market, Semi-detached Houses took up 18.7% of the market and Detached Houses took up 40.6% of the market.



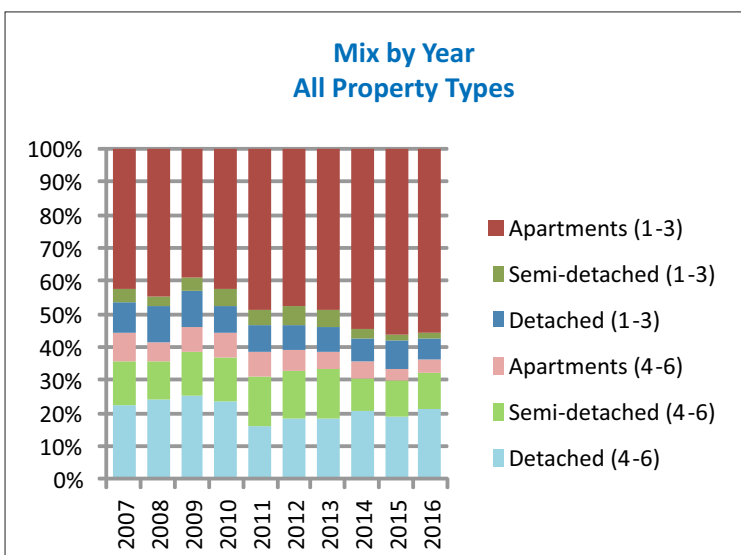
SNAP SHOTS:

- The Hass Composite Letting Index is representative of all properties for rental in Kenya
- Rents have increased by 3.78 fold since 2001
- The index shows rents have increased by -0.5% in the last quarter but have risen by 2.9% 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. 145,452 in March 2017.
- The average rent for a 4-6 bedroom property is currently Kshs. 243,886
- The average rent for a 1-3 bedroom property is currently Kshs. 72,935



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 2016 however, Apartments took up 59.5% of the market, Semi-detached Houses took up 12.8% of the market and Detached Houses took up 27.7% of the market.