

## Subdued property price growth in the third quarter but outlook positive with new interest rate cap

- Property prices increased by 1.2 per cent in the third quarter of 2016 a slower increase than the previous quarter's 4.0 per cent increase led by a price correction in the semi-detached house segment.
- Detached houses and apartments recorded the best performance with house prices for both property types increasing by 1.5 per cent in the third quarter, followed by semi-detached houses at 0.2 per cent over the same period.
- Asking rents marginally increased at 0.7 per cent from 1.5 per cent recorded in the previous two quarters of 2016.
- Apartments recorded the highest increase in asking rents in the last quarter at 1.7 per cent, followed by detached houses at 0.9 per cent while semi-detached houses recorded a drop in asking rents of 1 per cent.

### Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	1.2%	10.4%	2.6 Fold
Suburb with Highest Quarterly Increase in Sales Price	Gigiri (+3.7% over last quarter)		
Suburb with Highest Annual Increase in Sales Price	Karen (+17.2% over last year)		
Suburb with Lowest Quarterly Increase in Sales Price	Eastleigh (-1.4% over last quarter)		
Suburb with Lowest Annual Increase in Sales Price	Kilimani (-3.0% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	0.7%	4.3%	2.1 Fold
Suburb with Highest Quarterly Increase in Rental Price	Westlands (+2.2% over last quarter)		
Suburb with Highest Annual Increase in Rental Price	Langata (+10.8% over last year)		
Suburb with Lowest Quarterly Increase in Rental Price	Kitisuru (-1.1% over last quarter)		
Suburb with Lowest Annual Increase in Rental Price	Westlands (-2.2% 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 third quarter of 2016, showing modest growth in asking prices and rents across all properties.

Property prices increased by 1.2 per cent in the third quarter of 2016, a slower increase than the 4.0 per cent that was posted in the second quarter.

This was mainly attributed to the cooling down of semi-detached house prices which had been witnessing annual growth rates of over 20 per cent earlier in the year down now to less than 10 per cent.

Asking prices across Nairobi suburbs rose by an average 1.2 per cent in the third quarter outpacing satellite towns which recorded 0.9 per cent increase over the same period.

“Built up areas attract more property buyers as opposed to less developed areas that tend to attract buyers who are looking to cash in on land price appreciation,” said Ms. Sakina Hassanali, Head of Research and Marketing at HassConsult. Despite the subdued growth there is positive sentiment that the capping of interest rates following the amendments to the Banking Act 2016 will spur interest in properties.

“The capping of interest rates will have a twin effect on the property market by making credit to developers more affordable which in turn will reduce the cost of units coming into the market. At the other end reduced rates will give potential borrowers incentives to take up mortgages and other loan facilities,” said Ms. Hassanali.

Additionally the cap on interest will force banks to reduce the rates they offer on customer deposits. Lower returns on such customer deposits will result in the move of investment dollars to higher yielding assets. Traditionally real estate has proven to be the most consistent asset in performance.

The NSE 20 Share Index has dropped by close to 20 per cent this year while Treasury Bills and Bonds are yielding single digit rates.

On the rental front apartments commanded the highest increase in rents at 1.7 per cent while asking rents for detached rose by 0.9 per cent. Asking rents for semi-detached houses dropped by 1 per cent, a price correction that has moved annual rent rises in this segment from 20 per cent in September 2015 to just 2 per cent in September 2016.

Within Nairobi, Westlands recorded the highest increase in asking rent in the third quarter at 2.2 per cent and on the tail end of the index was Kitisuru which recorded a -1.1 per cent drop in asking rents. On the city's periphery, Ruiru recorded the highest increase in asking rents amongst satellite towns at 5 per cent while Kiserian witnessed the biggest dip with rents in the area dropping by 2 per cent.

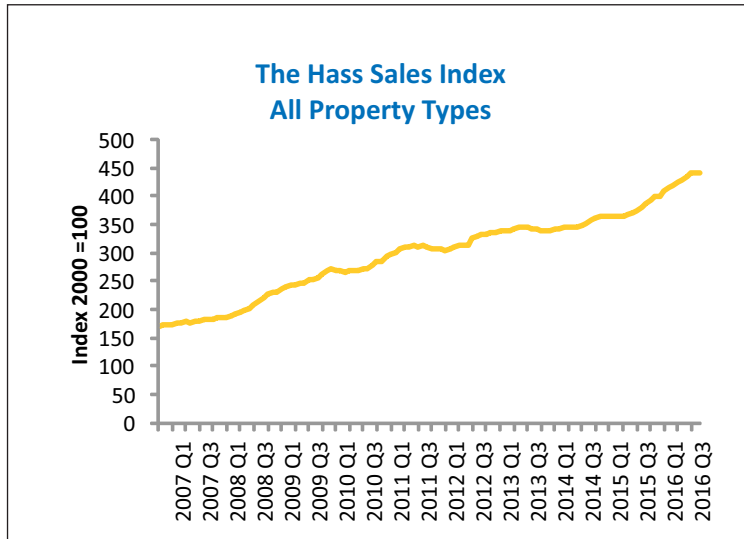
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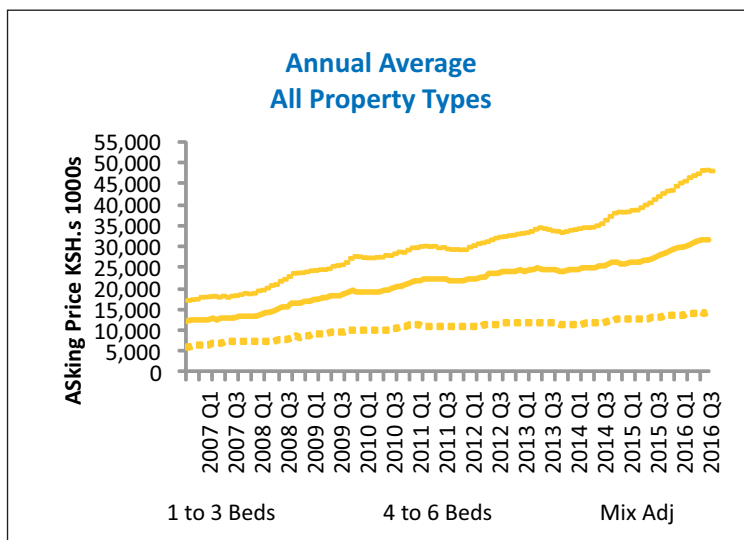
Nairobi Suburbs Property Index	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Donholm	-0.5 %	-0.7 %	3.2 FOLD	-0.1 %	0.3 %	1.7 FOLD
Eastleigh	-1.4 %	0.2 %	2.9 FOLD	1.9 %	4.9 %	2.6 FOLD
Gigiri	3.7 %	15.1 %	2.6 FOLD	-0.4 %	3.1 %	1.9 FOLD
Karen	1.8 %	17.2 %	3.1 FOLD	1.2 %	10.7 %	1.9 FOLD
Kileleshwa	1.6 %	9.4 %	2.5 FOLD	-0.9 %	1.3 %	2.1 FOLD
Kilimani	1.8 %	-3.0 %	2.4 FOLD	1.3 %	3.3 %	1.7 FOLD
Kitisuru	2.4 %	11.8 %	2.7 FOLD	-1.1 %	2.9 %	2.6 FOLD
Langata	0.4 %	16.2 %	3.5 FOLD	1.1 %	10.8 %	1.9 FOLD
Lavington	0.4 %	8.9 %	2.4 FOLD	-0.1 %	7.4 %	2.3 FOLD
Loresho	0.2 %	7.0 %	2.1 FOLD	-0.9 %	6.2 %	2.4 FOLD
Muthaiga	3.6 %	11.3 %	1.9 FOLD	0.1 %	4.1 %	2.6 FOLD
Nyari	1.3 %	12.2 %	2.2 FOLD	-0.8 %	-2.1 %	1.7 FOLD
Parklands	3.6 %	6.8 %	2.9 FOLD	-0.2 %	0.4 %	2.0 FOLD
Ridgeways	1.8 %	2.9 %	2.4 FOLD	1.3 %	3.2 %	2.1 FOLD
Runda	0.5 %	10.3 %	3.0 FOLD	-0.4 %	2.1 %	1.8 FOLD
Spring Valley	1.3 %	10.3 %	2.2 FOLD	0.7 %	7.6 %	1.9 FOLD
Upperhill	1.7 %	4.7 %	3.2 FOLD	-0.3 %	1.5 %	3.2 FOLD
Westlands	-1.3 %	2.2 %	2.5 FOLD	2.2 %	-2.2 %	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	0.3 %	15.8 %	2.4 FOLD	-0.8 %	3.3 %	1.6 FOLD
Juja	2.5 %	10.0 %	2.8 FOLD	2.6 %	9.3 %	2.5 FOLD
Kiambu	1.0 %	5.1 %	2.5 FOLD	0.1%	10.6 %	2.4 FOLD
Kiserian	0.2 %	4.5 %	2.4 FOLD	-2.0 %	-3.2 %	2.3 FOLD
Kitengela	1.8 %	10.9 %	2.3 FOLD	-1.6 %	3.0 %	2.0 FOLD
Limuru	1.7 %	7.2 %	2.3 FOLD	4.1 %	10.5 %	2.0 FOLD
Mlolongo	-0.1 %	3.2 %	1.6 FOLD	0.1 %	0.0 %	2.1 FOLD
Ngong	2.8 %	15.2 %	2.4 FOLD	1.9 %	8.0 %	2.1 FOLD
Ongata Rongai	1.7 %	11.9 %	2.5 FOLD	0.2 %	7.5 %	2.2 FOLD
Ruaka	0.1 %	7.8 %	1.9 FOLD	3.2 %	3.2 %	1.9 FOLD
Ruiru	2.7 %	15.0 %	3.0 FOLD	5.0 %	24.8 %	2.1 FOLD
Syokimau	-0.7 %	1.6 %	1.9 FOLD	-1.5 %	-2.1 %	2.0 FOLD
Thika	-2.1 %	-0.8 %	1.9 FOLD	2.3 %	1.7 %	2.0 FOLD
Tigoni	1.2 %	5.7 %	2.0 FOLD	-0.2 %	-0.2 %	1.8 FOLD



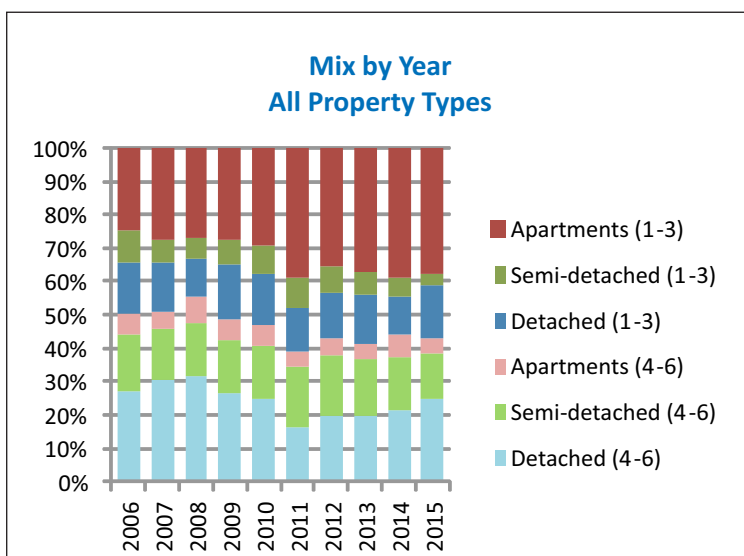
**SNAP SHOTS:**

- The Hass Composite Sales Index is representative of all properties for sale in Kenya
- Property values have increased by 4.39 times since 2000.
- The index shows a property price fall of -0.2% in the last month, rise of 1.2% in the last quarter and a 13.6% rise in the last year.



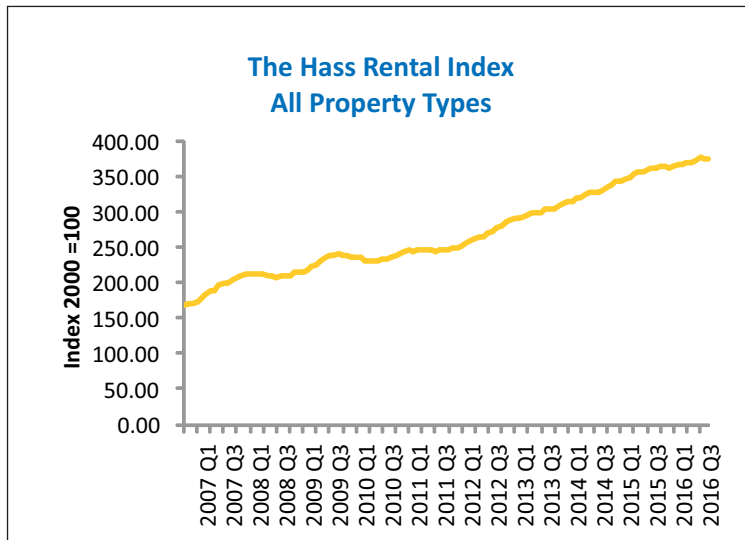
**SNAP SHOTS:**

- The annual average is representative of the average price of all mid to upper class properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 31.5 million in September 2016.
- The average value for a 4-6 bedroom property is currently 48.3 million.
- The average value for a 1-3 bedroom property is currently 14.2 million.



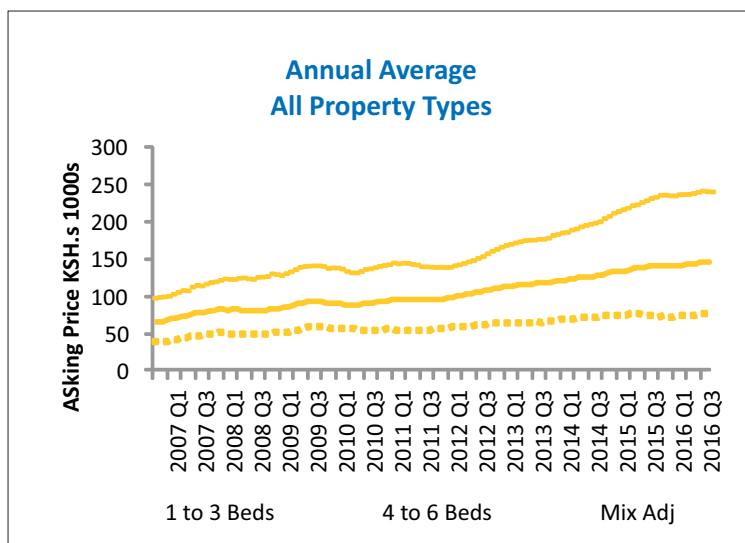
**SNAP SHOTS:**

- 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.



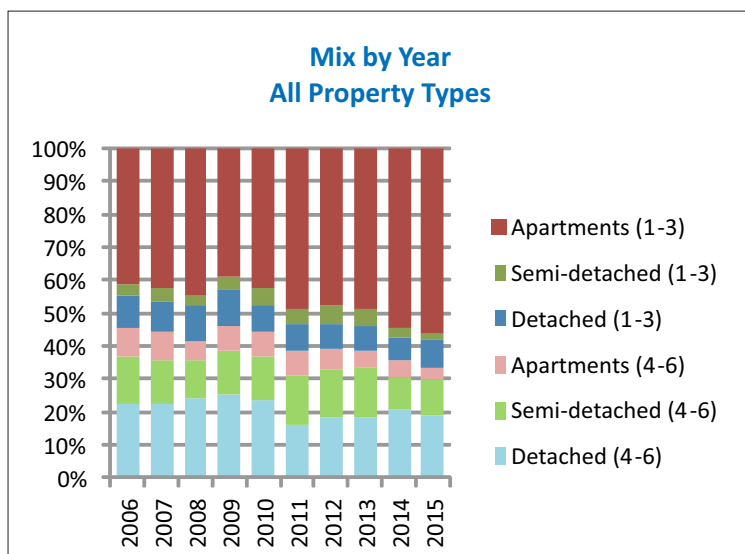
#### SNAP SHOTS:

- The Hass Composite Letting Index is representative of all properties for rental in Kenya
- Rents have increased by 3.75 fold since 2001
- The index shows a property price fall of -0.02% in the last month, rise of 0.7% in the last quarter and have risen by 3.7% 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. 144,633 in September 2016.
- The average rent for a 4-6 bedroom property is currently Kshs. 240,939
- The average rent for a 1-3 bedroom property is currently Kshs. 75,640



#### 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.