

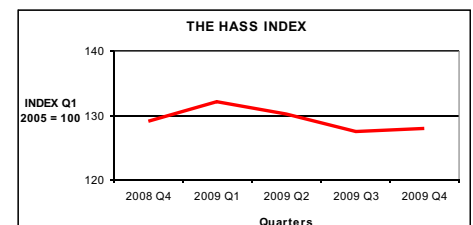
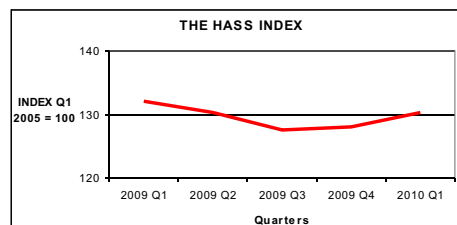
QUARTER ONE REPORT 2010

Property sellers try for higher prices in stolid market

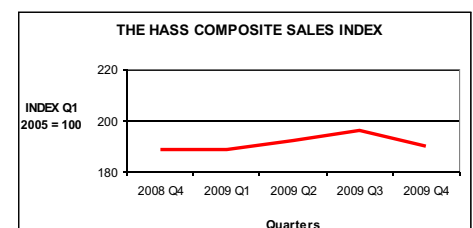
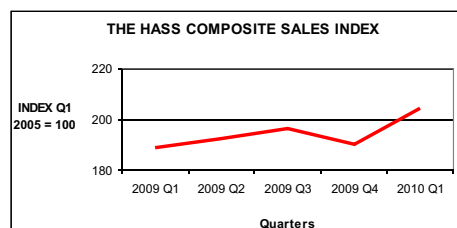
- New Hass Lettings Index shows residential rents falling in the second half of 2009, but rising in early 2010.
- Rents for apartments were down over the last two years, only now rebounding while rents for houses remained stable through 2008, 2009 and 2010.
- In residential property sales, asking prices rose sharply in the first quarter of 2010, after dipping at the end of last year.
- However, actual closure prices on property sales were almost static in the first quarter.
- Real estate activity across both sales and rentals remained sluggish across the first three months of 2010.
- Together these results show rising confidence by sellers in asking for higher prices, but no supporting revival in housing demand or closing prices.

Key Points:

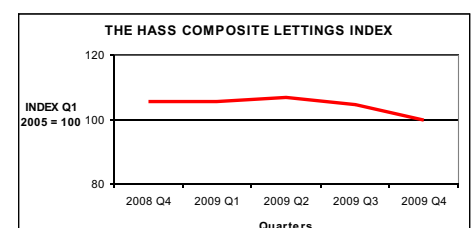
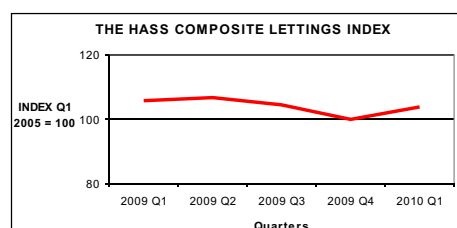
THE HASS PROPERTY INDEX YEAR TO Q1 & YEAR TO Q4



THE HASS COMPOSITE SALES INDEX YEAR TO Q1 & YEAR TO Q4



THE HASS COMPOSITE LETTINGS INDEX YEAR TO Q1 & YEAR TO Q4



HEADLINES - HASS PROPERTY INDEX	Q1 2010	Q4 2009
Average Price	Kshs. 20,433,762	Kshs. 20,080,317
Quarterly % Change	+1.8 %	+0.4 %

HEADLINES - HASS COMPOSITE SALES INDEX	Q1 2010	Q4 2009
Average Price	Kshs. 20,927,083	Kshs. 19,476,563
Quarterly % Change	+7.4 %	-3.2 %

HEADLINES - HASS COMPOSITE LETTINGS INDEX	Q1 2010	Q4 2009
Average Price	Kshs. 165,720	Kshs. 159,627
Quarterly % Change	+3.8 %	- 4.5 %

Property sellers and landlords moved to secure higher returns in the first quarter of the year, but with no evidence of success, as estate agencies reported sluggish demand and closing prices that were up just 1.8 per cent on the previous quarter.

The marginal first quarter rise in house prices saw them recover to within 0.015 per cent of their levels a year earlier - in the first quarter of 2009 - confirming a continuing stasis in the market.

Asking prices, however, rose sharply in the first quarter of 2010, by 7.8 per cent, driven substantially by apartment prices, with evidence of some short-term owners seeking to cash in profits, through price hikes, on apartments bought for speculative investment, rather than residential use.

It seems unlikely, at this stage, that the market will support the targeted profit taking.

‘It is clear that the market is quite solidly underpinned in holding its current price levels, in both house sales and in rentals,’ said Fatima Moledina, sales and letting manager for HassConsult. ‘But ambitions to secure profits on apartments bought as investments within the last two years are likely to remain thwarted for the time-being, with no areas of shortage or competition for properties, and some significant stocks of unsold properties.’

HassConsult also today launched a new index drawn from more than 20 estate agencies in Kenya showing trends in rental prices for all residential property.

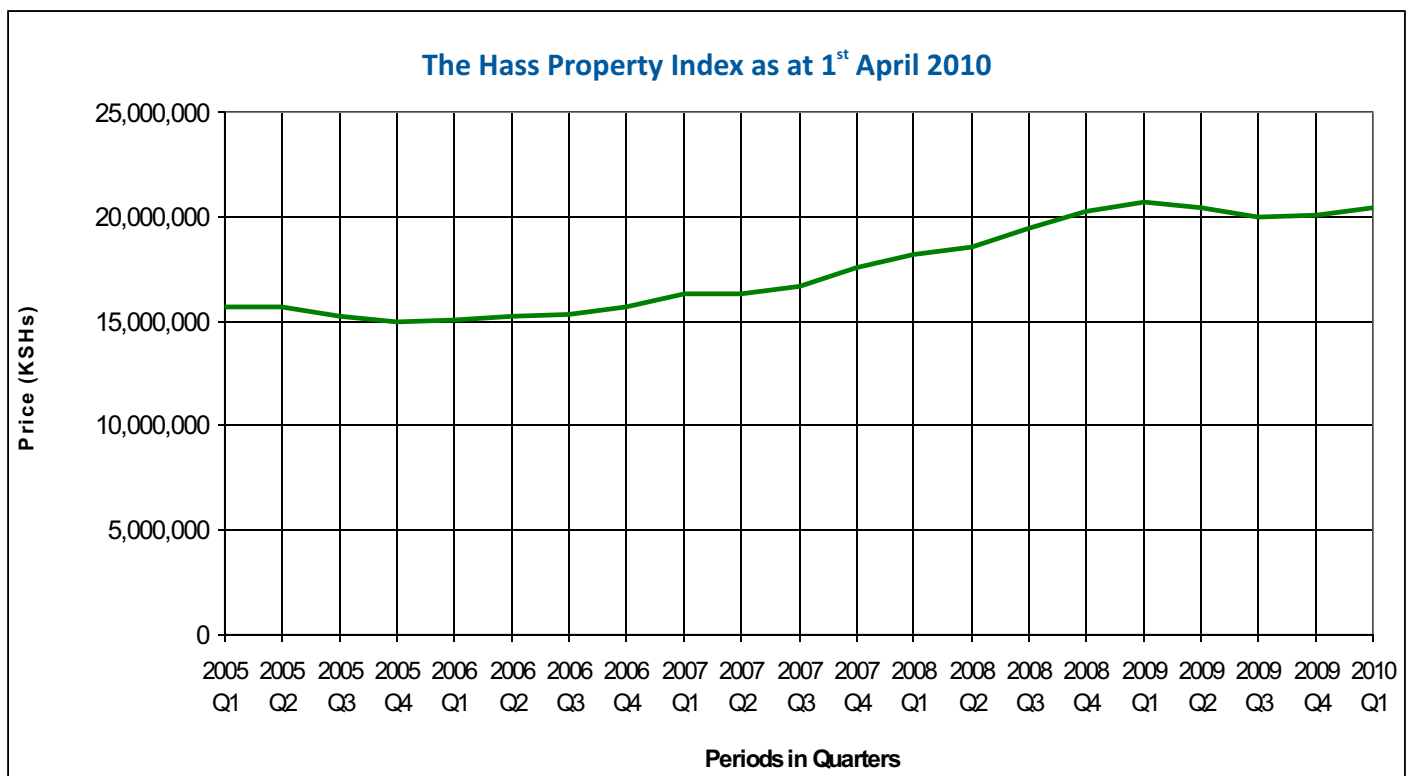
The index revealed a similar stagnation in rental prices, with asking rents at the close of 2009 running at the exact same level as they were at the beginning of 2007.

However, the first quarter of 2010 saw a renewed push for higher rentals from landlords, again particularly for apartments.

‘Consumers should be warned that these higher asking rentals and higher asking prices, are to some extent flying in the face of current levels of availability in the property market, and should take care not to sign up for overly ambitious pricing.’ said Fatima Moledina.

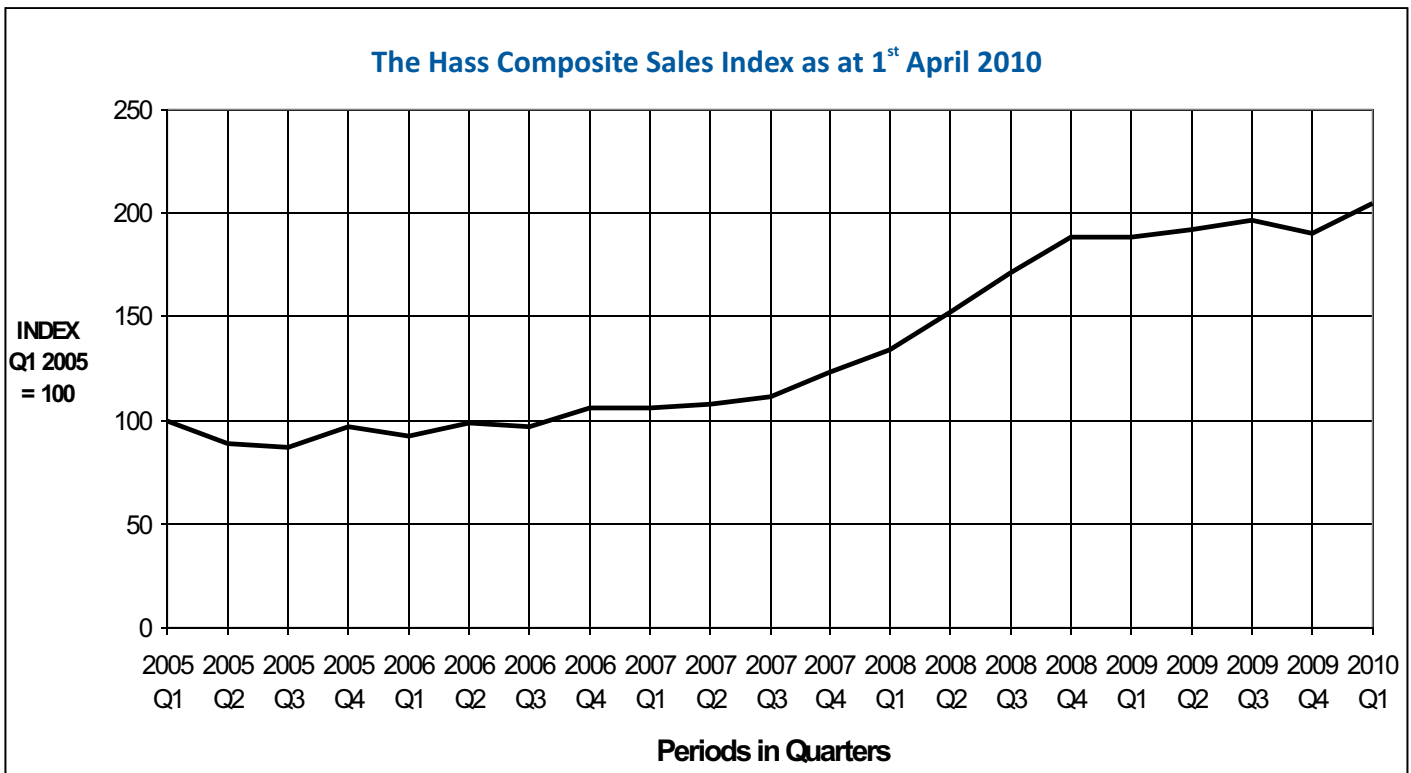
‘It does not serve the market well to see asking prices move into a renewed surge on the back of such sluggish demand - setting up the risk of a later market correction, in the form of sharp price falls, and owners who find they cannot sell for the price they paid.’

‘The market is clearly well supported, but closing prices are unlikely to march upwards until demand is once again stronger.’



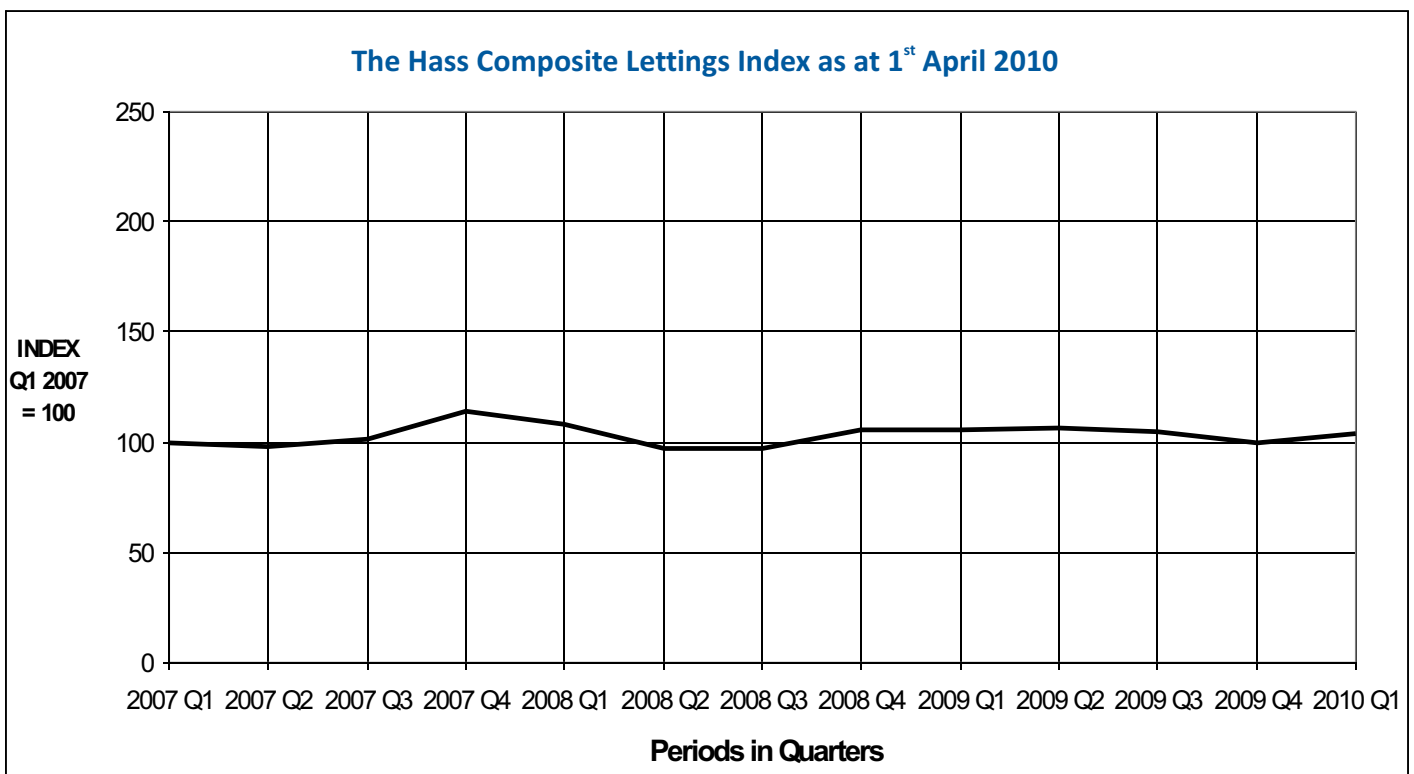
Figures represent middle and upper sector of the Kenyan Real Estate market only

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



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