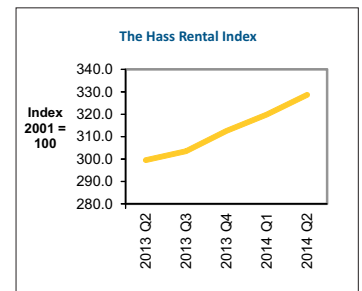
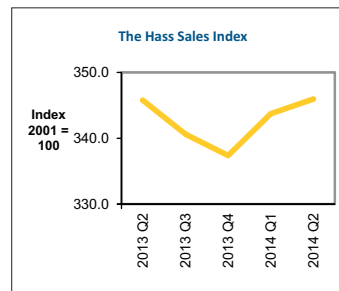


Mid-market property surges on rising rent yields

- House price rises were more subdued in Q2, held down by a dip in asking prices for top-of-the-market detached houses
- Detached house prices fell by 0.3 per cent on Q1, and 2.1 per cent on a year earlier, in a price correction following from the more than 10 per cent post-election surge in detached house prices
- Strongest price growth continued to be for semi-detached houses, up 3.3 per cent in Q2, and 6.7 per cent on year earlier
- Apartments also consolidated price gains of 2014, with a further 1.3 per cent rise in asking prices in the second quarter
- However, rental prices continued to rise far more rapidly than sales prices, up an overall 2.7 per cent on Q1.
- Rents rose more strongly for semi-detached houses, up 3.2 per cent, and apartments, also up 3.2 per cent
- Demand for both buying and renting was concentrated in the mid market, in semi-detached houses and apartments
- This reflected the stronger performance in rental yields in the mid market, with semi-detached houses historically, and currently, recording the strongest rental yields, at 7.77 per cent in Q2

Index Highlights:

SALES AND RENTAL INDEX YEAR TO Q1



HEADLINES - HASS SALES INDEX	% Change in Quarter	% Change in Year
All Properties	0.6%	0.05%
Detached Houses	-0.3%	-2.1%
Semi-detached Houses	3.3%	6.7%
Apartments	1.3%	1.5%

* The Hass Composite Sales Index is a measure of asking sales prices, based on Mix Adjusted Methodology

HEADLINES - HASS RENTAL INDEX	% Change in Quarter	% Change in Year
All Properties	2.7%	9.7%
Detached Houses	2.4%	8.5%
Semi-detached Houses	3.2%	16.0%
Apartments	3.2%	8.2%

* The Hass Composite Lettings Index is a measure of asking sales prices, based on Mix Adjusted Methodology

Hass Consult today unveiled the Hass property price indices for the second quarter, revealing rising price strength in the mid-market, driven by the recovery in rental yields as a result of the two year trend of rent rises ahead of sales price growth.

The rise in property sales prices slowed, overall, in the first quarter - depressed by a 0.3 per cent drop in asking prices for detached houses - to rise by 0.6 per cent across the property market.

This brought house asking prices to the same level as a year earlier, but the plateau in overall pricing reflected a mixed underlying performance - with a 2.2 per cent fall in detached house prices over the last 12 months offset by a 6.7 per cent rise in semi-detached house prices and a 1.5 per cent increase in asking prices for apartments.

The ongoing and accelerating strength in the market for semi-detached houses comes at a time when interest rates are expected to fall following the placement of the government's EuroBond - and the consequent easing of public demand for domestic debt.

With domestic bond returns currently running at 9.18 per cent, and bond returns predicted to fall, improved rental yields are now gaining their lustre as an investment, spurring forward the buy-to-rent market.

Historically, semi-detached houses have recorded the best rental yields in the Kenyan property market, peaking at 9.69 per cent in December 2007, before falling - on swift house price rises - to bottom at 5.95 per cent in August 2011.

However, the marked surge in rental prices in the last two years, up a further 2.7 per cent in the second quarter, has delivered steady gains in rental yields.

Rents for semi-detached houses rose a further 3.2 per cent in the second quarter of 2014, taking rental yields to 7.77 per cent.

The 3.2 per cent rise in apartment rents in Q2 saw rental yields for apartments recover to 7.47 per cent.

For detached houses, which have traditionally enjoyed yields at least one percentile point lower than semi-detached houses, rent rises in the second quarter of 2.4 per cent delivered a rental yield by the end of the quarter of 6.55 per cent.

"The correction in the relationship between rents and house prices was a necessary one, following the run-up in property prices from 2008 to 2011," said Ms Sakina Hassanali, Head of Research and Marketing at Hass Consult. "With the interest rate environment now expected to shift, the restoration of property rental yields back into the 7 per cent to 8 per cent range is once again attracting new investor interest as a long-term investment."

For more information, please contact:

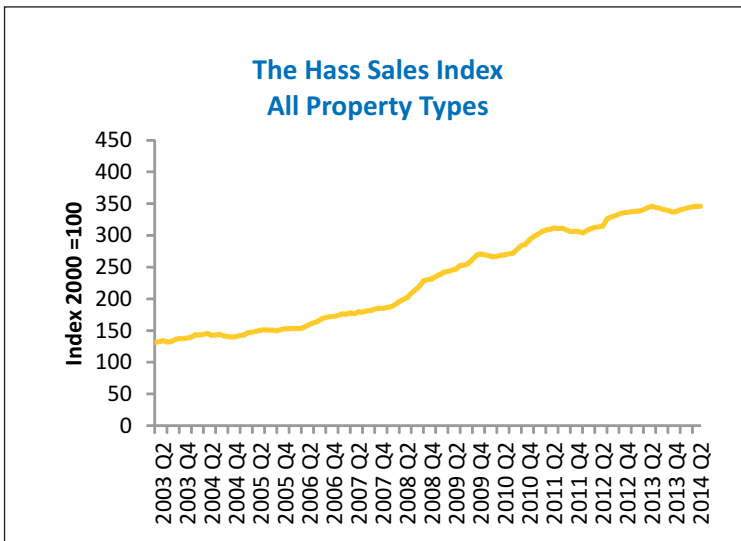
Sakina Hassanali

Head of Marketing & Research

HassConsult Ltd

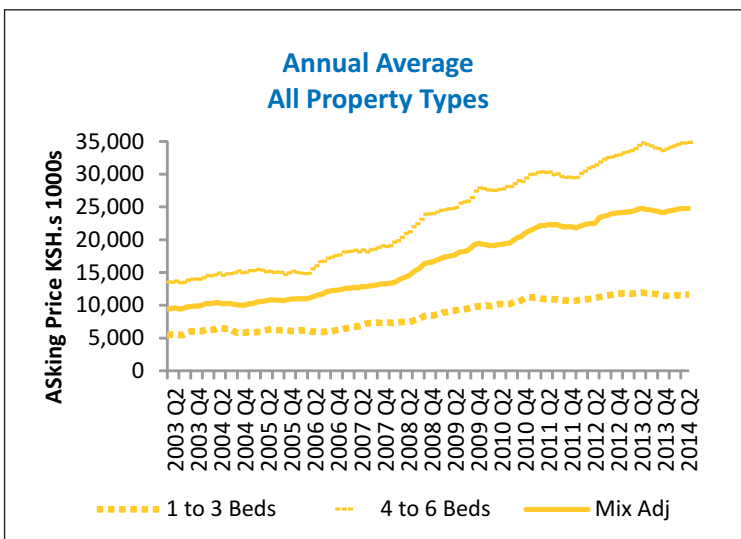
ABC Place, Westlands

Tel: +254 020 4446914



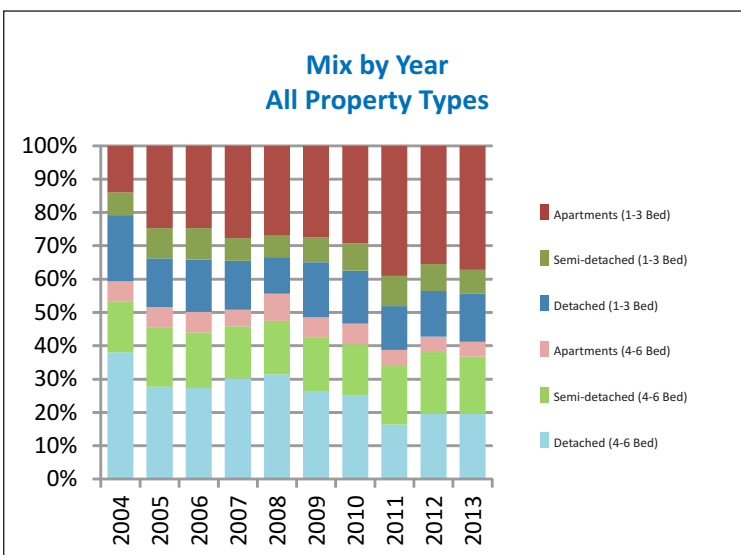
SNAP SHOTS:

- The Hass Composite sales Index is representative of all property for sale in Kenya
- Property values have increased by 3.46 times since 2000.
- The index shows a property price rise of 0.6% in the last quarter and a 0.05% rise in the last year.



SNAP SHOTS:

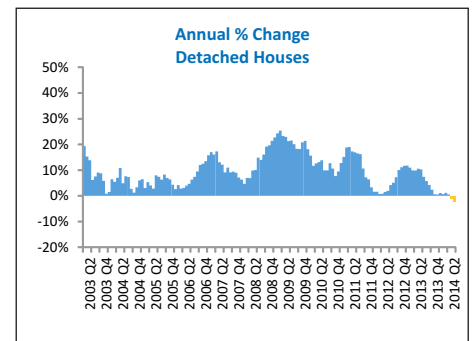
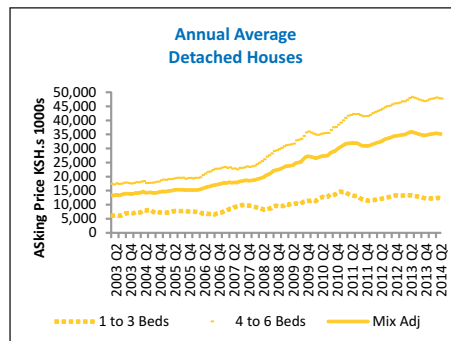
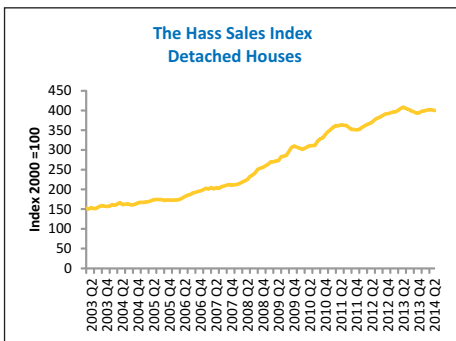
- The annual average is representative of the average price of all properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 24.8 million in June 2014.
- The average value for a 4-6 bedroom property is currently 34.9 million.
- The average value for a 1-3 bedroom property is currently 11.6 million.



SNAP SHOTS:

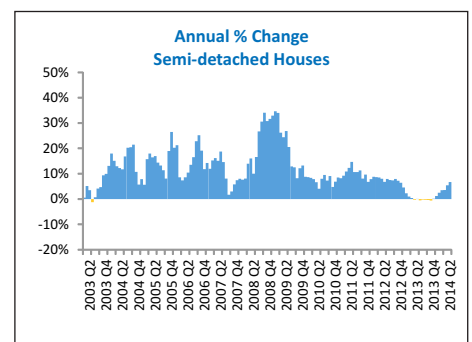
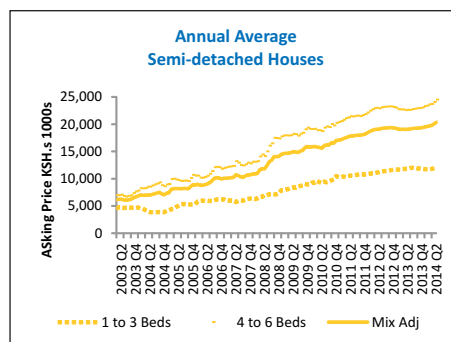
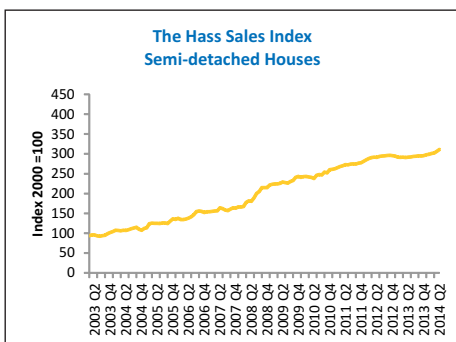
- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, apartments took up 23.5% of the market, semi-detached took up 24.5% of the market and detached houses took up 52% of the market.
- In June 2014 however, apartments took up 41.7% of the market, semi-detached houses took up 24.0% of the market and detached houses took up 34.3% of the market.

Breakdown of 10 years data by Year



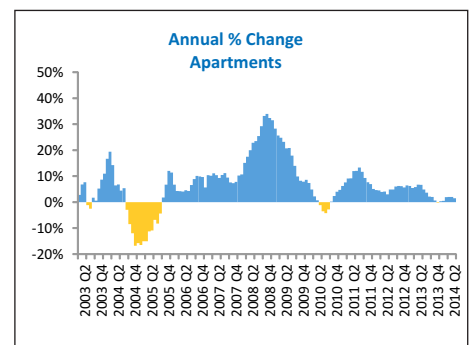
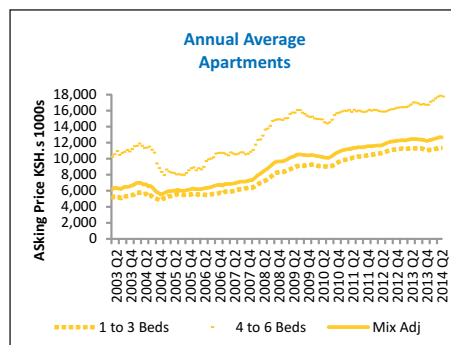
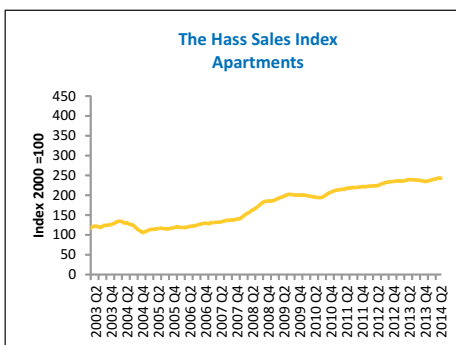
SNAP SHOTS:

- Detached houses include stand alone houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Property values for Detached Houses have increased by 4.00 times since 2001, a 0.3% fall in the last quarter and a 2.1% fall in the last year. The average price for a Detached House is currently 35.2 million up from 8.8 million in December 2000.



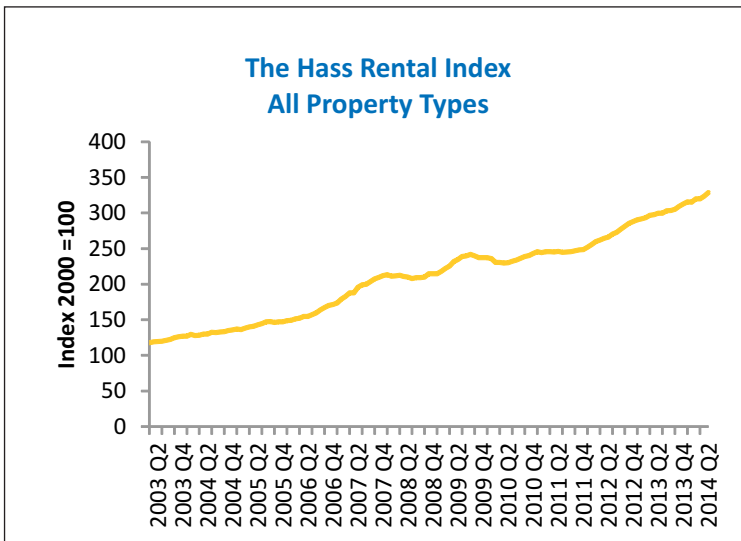
SNAP SHOTS:

- Semi-detached houses include townhouses and maisonettes that are semi-detached or terraced.
- Property values for Semi-detached Houses have increased by 3.11 times since 2001, a 3.3% rise in the last quarter and a 6.7% rise in the last year. The average price is currently 20.4 million up from 6.5 million in December 2000.



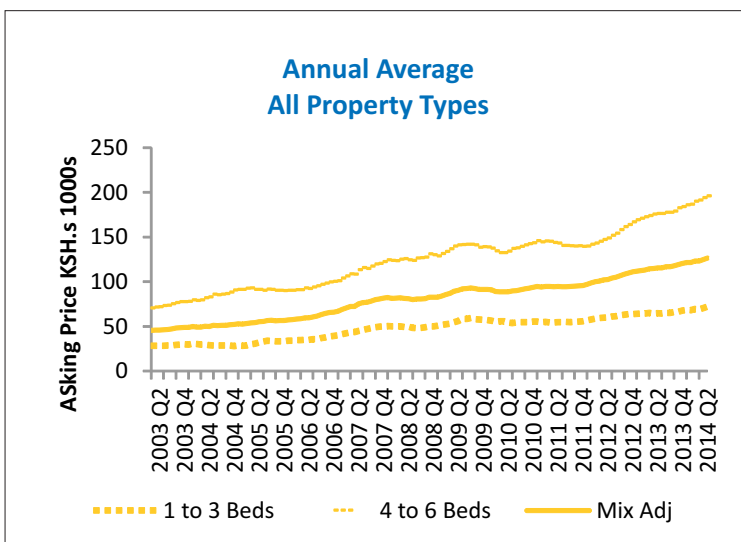
SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Property values for Apartments have increased by 2.43 times since 2001, a 1.3% rise in the last quarter and a 1.5% rise in the last year. The average price for an Apartment is currently 12.7 million up from 5.2 million in December 2000.



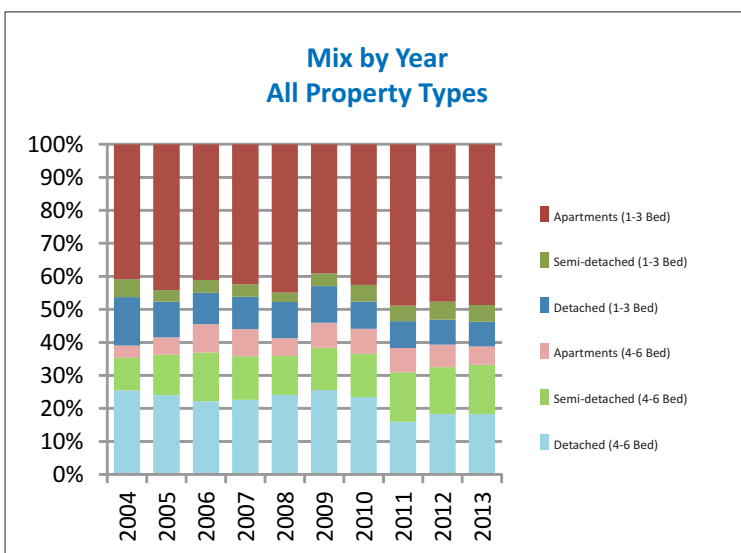
SNAP SHOTS:

- The Hass Composite Letting Index is representative of all property for rental in Kenya
- Rents have increased by 3.29 times since 2001
- The index shows rents have risen by 2.7% in the last quarter but have risen by 9.7% in the last year.



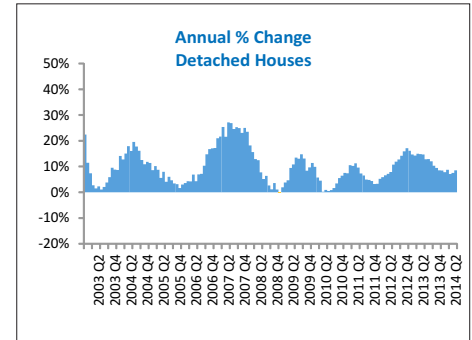
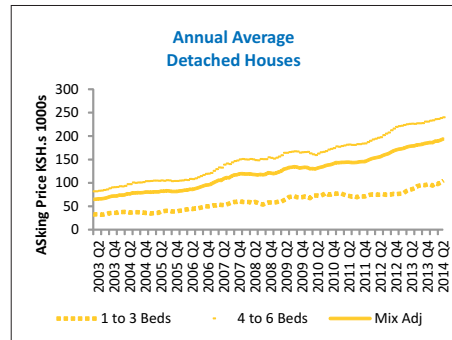
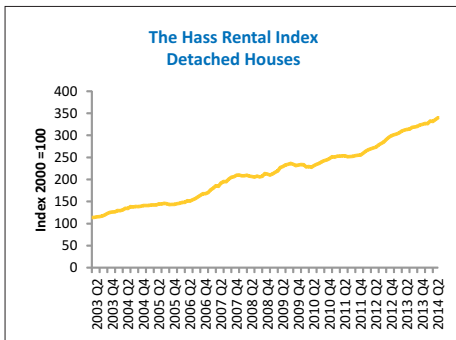
SNAP SHOTS:

- 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. 126,576 in June 2014.
- The average rent for a 4-6 bedroom property is currently Kshs. 196,041
- The average rent for a 1-3 bedroom property is currently Kshs. 72,030



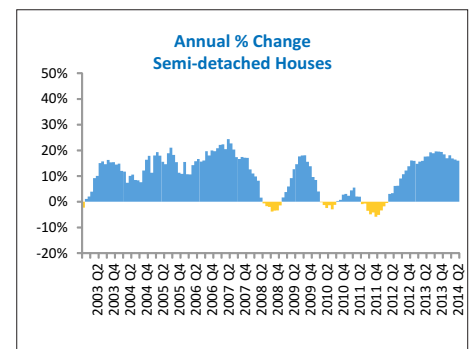
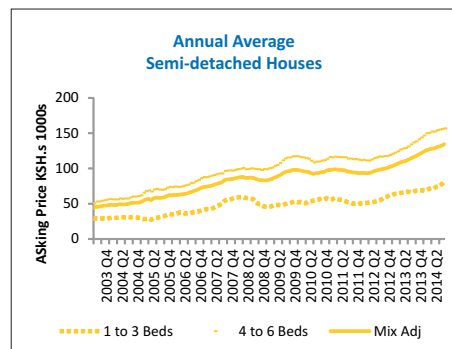
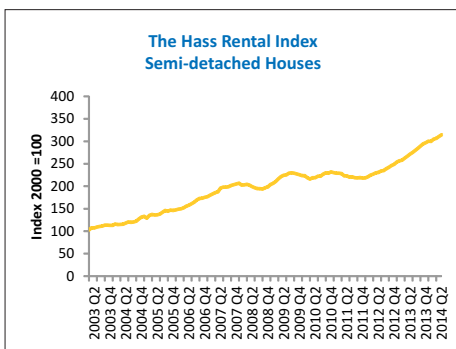
SNAP SHOTS:

- 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 June 2014 however, Apartments took up 54.3% of the market, Semi-detached Houses took up 20.0% of the market and Detached Houses took up 25.7% of the market.



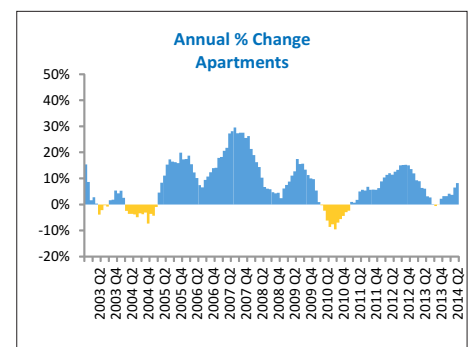
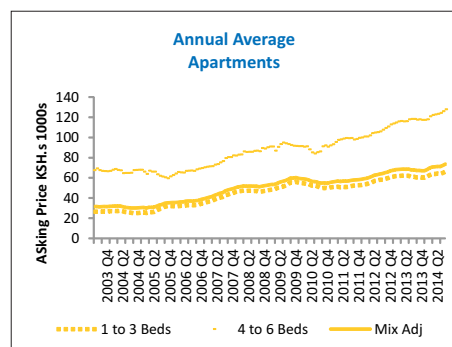
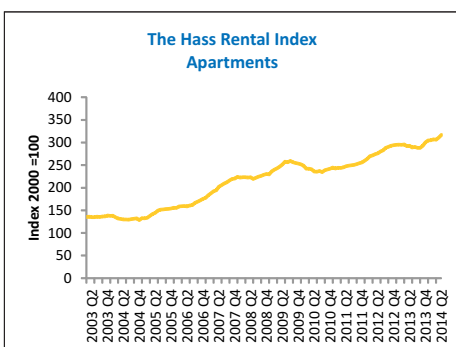
SNAP SHOTS:

- Detached houses include stand alone houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Rental values for Detached Houses have increased by 3.40 times since 2001, a 2.4% rise in the last quarter and an 8.5% rise in the last year. The average rental for a Detached House is currently Kshs. 193,780 up from Kshs. 56,959 in December 2000.



SNAP SHOTS:

- Semi-Detached houses include townhouses and maisonettes that are semi-detached or terraced.
- Rental values Semi-detached Houses have increased by 3.15 times since 2001, a 3.2% rise in the last quarter and an 16% rise in the last year. The average rental is currently Kshs. 134,350 up from Kshs. 42,688 in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Rental values for Apartments have increased by 3.17 times since 2001, 3.2% rise in the last quarter and a 8.2% rise in the last year. The average rent for an Apartment is currently Kshs. 73,652 up from Kshs. 21,638 in December 2000.