

QUARTER FOUR REPORT 2010

Real estate prices rising, as apartment sellers push for more

- Rentals now recovered from falls in 2009/ 2010, pushing up across all market segments
- But rental yields still under threat as house prices move faster. Rental yields falling in all categories. But still strongest in townhouses and maisonettes
- Real growth in closing sales prices, up 3.9 per cent in Q4 2010
- However, asking prices growing much faster for apartments, at 6.4 per cent, rising even more sharply in Nairobi while asking prices for houses and villas rose 2.9 per cent in Q4, and townhouses 3.4 per cent

Annual Index Highlights:

- Closing prices on property sales rose by 5.8 per cent in 2010 up from a 0.8 per cent growth in 2009
- Asking prices for apartments saw a downwards correction over the year, down 3.4 per cent, but year-end marked a renewed push for higher pricing
- Standalone houses rose the most sharply in asking prices over the year, up 9.4 per cent, but with the rate of increase slowing towards year-end
- Townhouses reported the most steady gains in asking prices, up 4.8 per cent over the year

HEADLINES - HASS INDEX	% Quarter in Year	% Change in Year
The Hass Index	+3.9 %	+5.8 %

*The Hass Index is a measure of closing sales prices

HEADLINES - HASS COMPOSITE SALES INDEX	% Quarter in Year	% Change in Year
Stand Alone Houses	+2.9 %	+9.7 %
Townhouses	+3.4 %	+4.8 %
Apartments	+6.4 %	-3.4 %

*The Hass Composite Sales Index is a measure of asking sales prices

HEADLINES - HASS COMPOSITE LETTINGS INDEX	% Quarter in Year	% Change in Year
Stand Alone Houses	+2.2 %	+9.4 %
Townhouses	+1.8 %	-0.5 %
Apartments	+2.6 %	-4.5 %

*The Hass Composite Lettings Index is a measure of asking rental prices

The Kenyan property market moved into clear price rises in the final quarter of 2010. The prices of actual house sales, primarily in Nairobi and covered by the Hass Sold index, rose by 3.9 per cent in the final three months of last year, after being almost flat for the first three-quarters of the year.

For 2010 as a whole, closing prices on property sales rose by 5.8 per cent.

Asking prices delivered a more mixed picture, as they pushed forwards and then corrected across the year. The strongest rise in asking prices came in standalone houses, up 9.4 per cent in 2010, followed by town houses up 4.8 per cent. However, the asking prices for apartments fell by 3.4 per cent across 2010.

The final quarter of the year saw relatively slower rises in asking prices for standalone houses, up 2.9 per cent on the previous quarter, and for town houses and maisonettes, up by 3.4 per cent. This marked a degree of correction in top-end asking prices, which grew by sharply more than closing prices earlier in the year.

However, the asking prices for apartments moved up 6.4 per cent in the quarter, and even more sharply within Nairobi, continuing to reflect the hunger to achieve better returns in this segment.

“We believe this renewed push to achieve better sales prices for apartments reflects the pent-up demand by owners who bought apartments as investments and have found them hard to sell for more. We do not yet see anything like this level of price growth in actual apartment sales,” said Farhana Hassanali of HassConsult.

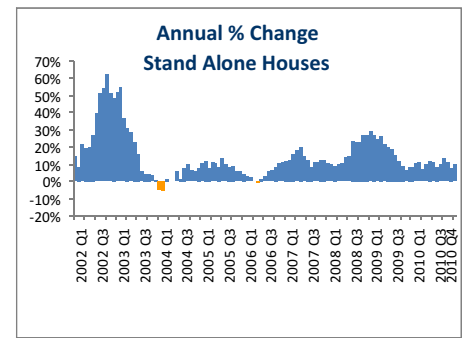
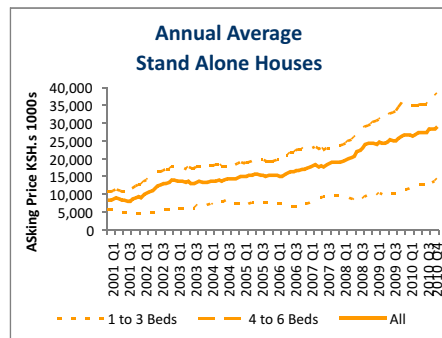
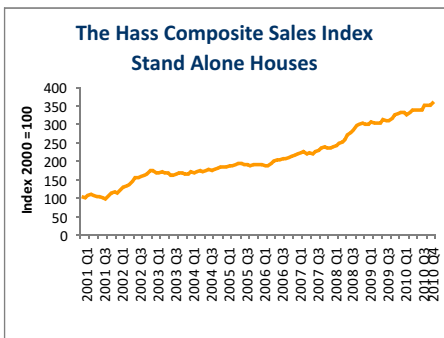
The rental market, which has been quite depressed until now, saw some small price rises, with rental prices rising most strongly for apartments, up 2.6 per cent on the previous quarter, followed by high-end houses and villas, where rents rose by 2.2 per cent.

The slowest rental growth was for town houses and maisonettes, up by 1.8 per cent in the quarter.

With house prices still rising faster than rents, yields continued to come under pressure, leading to lower levels of returns on their investments for landlords.

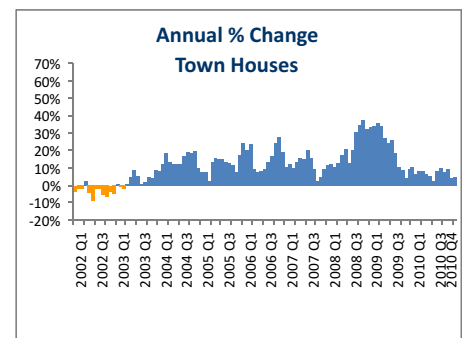
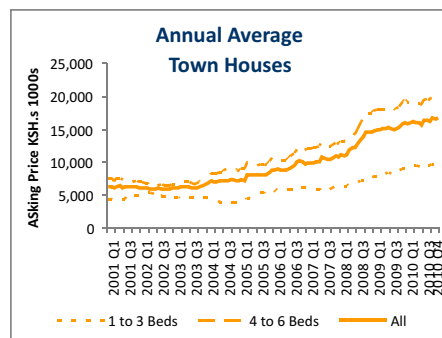
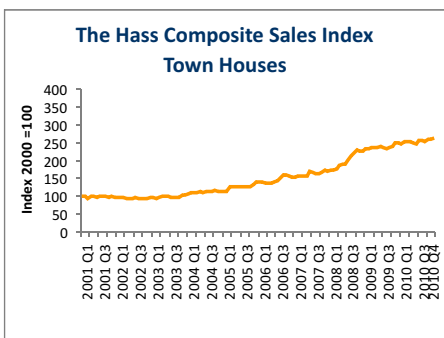
Overall, the fourth quarter of last year saw the most robust price rises in real estate since the global recession.

“Although we may not expect to see the exponential growth we saw in 2007-08, it is a sign that the property market is moving into a steady level of growth in an increasingly sophisticated market.” said Farhana Hassanali.



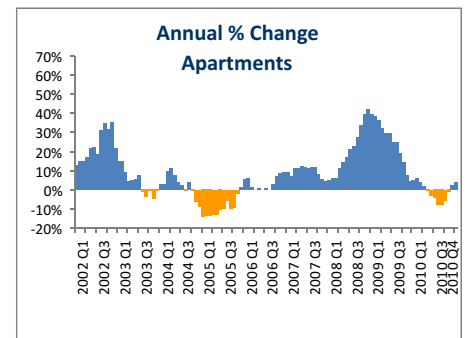
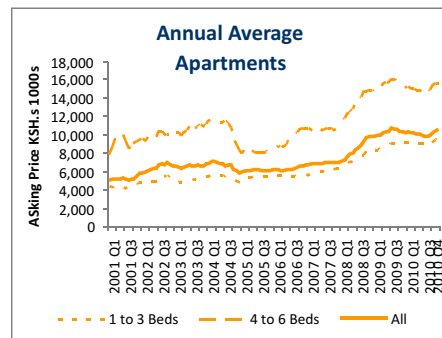
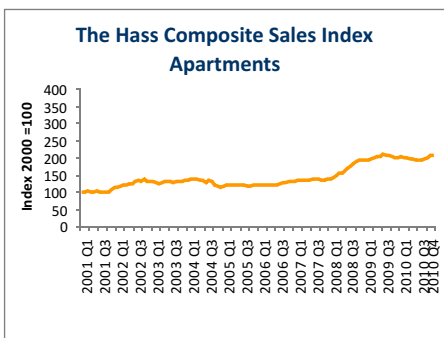
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Property values for stand alone houses have increased by 3.6 times since 2001, a 2.9% rise in the last quarter and an 9.7% rise in the last year. The average price for a stand alone house is currently 29.01 million up from 8 million in December 2000.



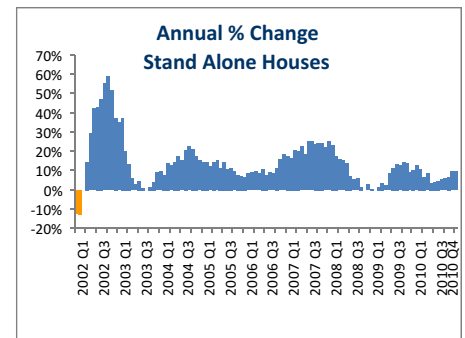
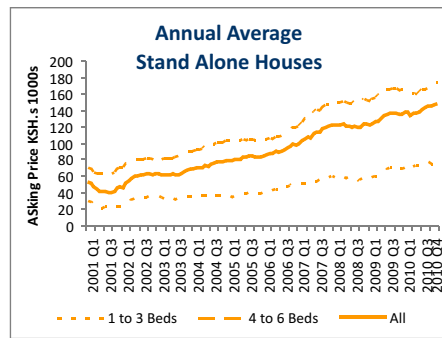
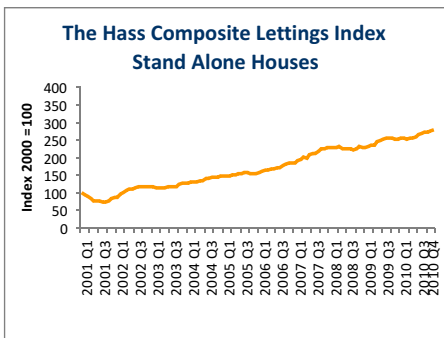
SNAP SHOTS:

- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Property values for town houses have increased by 2.63 times since 2001, a 3.4% rise in the last quarter and an 4.8% rise in the last year. The average price for a town house is currently 16.81 million up from 6.37 million in December 2000.



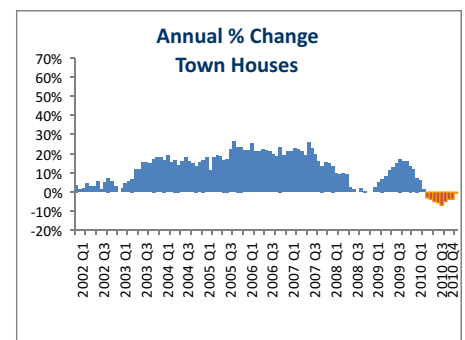
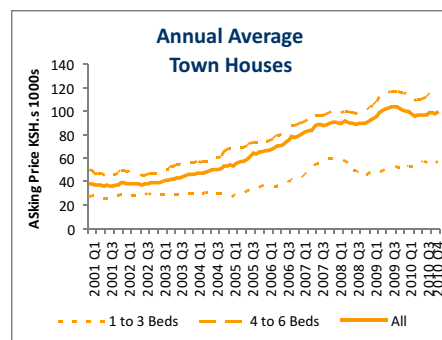
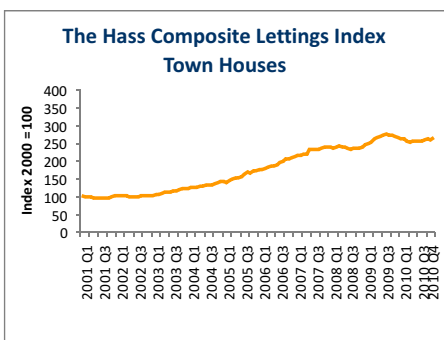
SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Property values for apartments have increased by 2 times since 2001, a 6.4% rise in the last quarter and an 3.4 % fall in the last year. The average price for an apartment is currently 10.65 million up from 5.1 million in December 2000.



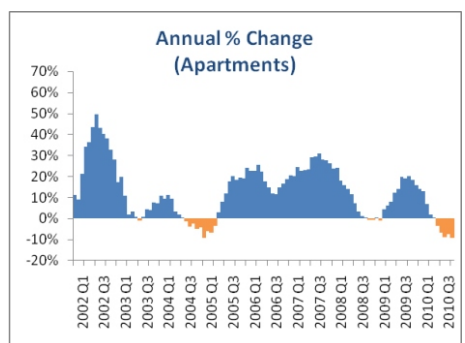
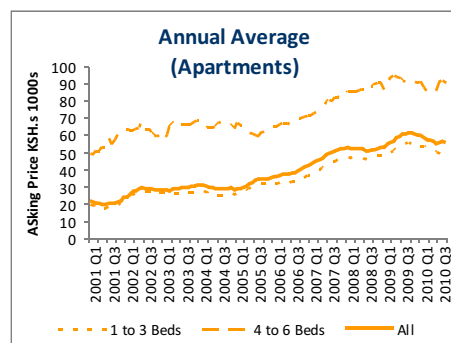
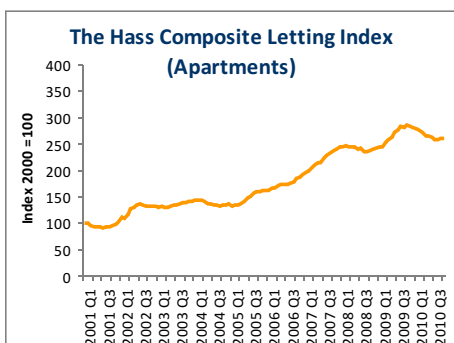
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Rental values for stand alone houses have increased by 2.7 times since 2001, a 2.2% rise in the last quarter and an 9.4% rise in the last year. The average rental for a stand alone house is currently Kshs. 148,787 up from Kshs.53,602 in December 2000.



SNAP SHOTS:

- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Rental values for town houses have increased by 2.65 times since 2001, a 1.8% rise in the last quarter and an 0.5% fall in the last year. The average rental for a town house is currently Kshs. 100,125 up from Kshs. 37,700 in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Rental values for apartments have increased by 2.66 times since 2001, a 2.6% rise in the last quarter and an 4.5% fall in the last year. The average rent for an apartment is currently Kshs. 57,656 up from Kshs. 21,638 in December 2000.