

Downward pressure on rents as COVID-19 pandemic slashes disposable incomes

- While advertised prices over the quarter stabilized at 0.2 percent with mild falls in the apartment and detached house segments, COVID-19 pandemic's toll on the economy has reduced incomes with tenants negotiating rents.
- Close to half of tenants surveyed asked for rent discounts of between 25 and 30 percent
- Donholm houses recorded the biggest quarterly drop in rental prices at 4.8 percent.
- Sellers avoid rash decisions to avoid making long-term losses on property sales.
- Overall prices dropped by 0.2 per cent over the quarter bringing the annual increase on all properties to just 2.9 percent.

Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From Jul 2010
All Properties	-0.2%	2.9%	1.64 Fold
Detached Houses	-0.3%	2.7%	1.54 Fold
Semi Detached Houses	0.9%	6.8%	1.97 Fold
Apartments	-1.0%	-1.9%	1.61 Fold
Segment with Highest Quarterly Increase in Sales Price	Houses in Muthaiga (+3.6 % over last quarter)		
Segment with Lowest Quarterly Increase in Sales Price	Apartments in Kitengela (-2.7 % over last quarter)		
Segment with Highest Annual Increase in Sales Price	Houses in Ridgeways (+8.0 % over last year)		
Segment with Lowest Annual Increase in Sales Price	Houses in Juja (-7.9% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From Jul 2010
All Properties	0.2%	1.4%	1.71 Fold
Detached Houses	-1.0%	0.4%	1.61 Fold
Semi Detached Houses	1.4%	2.7%	2.12 Fold
Apartments	-0.3%	2.2%	1.65 Fold
Segment with Highest Quarterly Increase in Rental Price	Houses in Kiserian (+6.7% over last quarter)		
Segment with Lowest Quarterly Increase in Rental Price	Apartments in Langata (-5.0% over last quarter)		
Segment with Highest Annual Increase in Rental Price	Apartments in Thika (+10.0% over last year)		
Segment with Lowest Annual Increase in Rental Price	Apartments in Kitengela (-11.8% over last year)		

HassConsult today unveiled the Hass Property price indices for the second quarter of 2020, showing downward pressure on asking rents due to the COVID-19 pandemic that has affected most parts of the general economy.

Over the quarter rents, in a majority of suburbs and satellite towns slightly dropped but tenants on the other hand are increasingly asking for discounts citing reduced incomes as the COVID-19 pandemic takes its toll.

HassConsult notes that over the last quarter 47 percent of the tenants surveyed asked their landlords for rent discounts of between 25 and 30 percent.

“COVID-19 has resulted in the closure of many industries across the economy and thereby reducing incomes of business owners and employees who are in turn exerting pressure on landlords to reduce rents,” said Ms. Sakina Hassanali, Head of Development Consulting and Research at HassConsult.

Donholm suburb recorded the biggest quarterly drop in rents for houses at 4.8 percent while on an annual basis Kitisuru led the pack with rents reducing by 7.7 percent.

Parklands backed the trend in the suburbs with apartments rents in the area marginally increasing by 2.4 percent over the quarter and 7.1 percent over the year.

In the satellite towns Mlolongo led the pack with apartment rents falling by 2.6 percent over the quarter and 9.8 over the year while Kiserian and Thika saw gains of 6.7 per cent and 10 percent over the quarter and year respectively. Apartments similarly recorded the strongest growth in rents at 2.2 percent against the overall property rents slight drop of 0.3 per cent.

On the sales front HassConsult notes that prices have remained relatively flat as developers and other sellers avoid generous discounts on properties or increasing prices as they wait to see how the economy will perform once it is fully reopened.

“This is the first full quarter under COVID-19 showcasing the property market under the government's strictest social distancing measures which have since been eased. Property prices remain stable as most sellers, presumably those without any urgent cash flow requirements, are avoiding making rash decisions that will cost them in the long run.” said Ms. Hassanali.

Ms. Hassanali added that in some instances the Central Bank of Kenya (CBK) guidelines that are encouraging banks to offer clients moratoriums and renegotiating loan terms have offered some reprieve to developers and others borrowers who had facilities on properties.

Overall prices dropped by 0.2 per cent over the quarter but marginally increased by 2.9 per cent on an annual basis. Houses in Muthaiga recorded the highest asking prices over the quarter at 3.6 percent while Riverside recorded the lowest drop with apartment prices marginally reducing by 2.6 percent.

For more information, please contact:

Sakina Hassanali, Head of Development Consulting & Research

House Price Trends By Suburb in Nairobi

Nairobi Suburbs Property Index - All Houses	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From Jul 2010	Quarter % Change	Annual % Change	Change From Jul 2010
Donholm	-1.0 %	2.3 %	2.14 FOLD	-4.8 %	-2.5 %	1.59 FOLD
Gigiri	0.6 %	4.4 %	2.26 FOLD	-2.9 %	0.4 %	1.72 FOLD
Karen	0.5 %	1.3 %	2.24 FOLD	1.4 %	1.8 %	1.73 FOLD
Kileleshwa	0.1 %	-4.4 %	2.00 FOLD	-1.2 %	-4.2 %	2.10 FOLD
Kilimani	-1.1 %	-1.9 %	1.58 FOLD	-0.7 %	1.1 %	1.64 FOLD
Kitisuru	0.5 %	3.3 %	2.33 FOLD	-1.5 %	-7.7 %	2.13 FOLD
Langata	1.8 %	1.0 %	2.54 FOLD	-2.3 %	-1.2 %	1.43 FOLD
Lavington	0.5 %	1.1 %	2.19 FOLD	-1.3 %	-4.2 %	2.16 FOLD
Loresho	1.4 %	7.9 %	2.08 FOLD	-0.1 %	-7.3 %	1.70 FOLD
Muthaiga	3.6 %	5.5 %	2.19 FOLD	1.9 %	4.2 %	2.05 FOLD
Nyari Estate	1.1 %	3.3 %	2.21 FOLD	-1.6 %	-2.3 %	1.54 FOLD
Ridgeways	1.2 %	8.0 %	1.97 FOLD	-2.9 %	-4.6 %	1.84 FOLD
Runda	2.0 %	3.2 %	2.35 FOLD	-0.2 %	-2.2 %	1.48 FOLD
Spring Valley	0.7 %	4.3 %	1.76 FOLD	-0.7 %	-5.5 %	1.56 FOLD
Westlands	1.8 %	2.7 %	2.41 FOLD	-0.6 %	0.9 %	2.34 FOLD

Apartment Price Trends By Suburb Nairobi

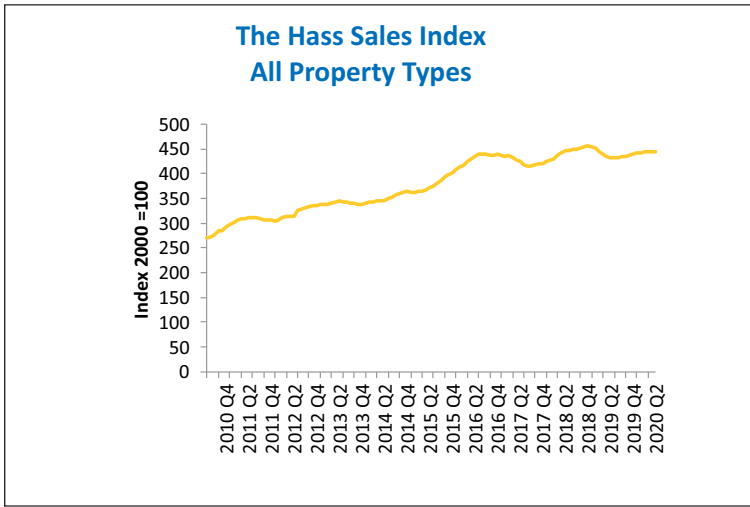
Nairobi Suburbs Property Index - Apartments	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From Jul 2010	Quarter % Change	Annual % Change	Change From Jul 2010
Kileleshwa	-2.2 %	-4.8 %	1.47 FOLD	-2.7 %	-1.7 %	1.81 FOLD
Kilimani	-2.1 %	-7.8 %	1.34 FOLD	-2.4 %	0.7 %	1.71 FOLD
Langata	-2.1 %	-8.9 %	1.61 FOLD	-5.0 %	-1.4 %	1.75 FOLD
Lavington	-1.7 %	-6.4 %	1.55 FOLD	-2.1 %	-4.1 %	1.32 FOLD
Parklands	-1.7 %	-4.6 %	1.94 FOLD	2.4 %	7.1 %	2.18 FOLD
Riverside	-2.6 %	-7.9 %	1.74 FOLD	-2.3 %	-3.7 %	1.90 FOLD
Upperhill	1.7 %	2.7 %	2.08 FOLD	-1.1 %	-3.1 %	2.29 FOLD
Westlands	-1.5 %	-1.1 %	1.76 FOLD	-1.6 %	-1.0 %	1.78 FOLD

House Price Trends By Town in Nairobi's Satellite Areas

Nairobi Satellite Property Index - All houses	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From Jul 2010	Quarter % Change	Annual % Change	Change From Jul 2010
Athi River	-1.2 %	-4.6 %	2.62 FOLD	-1.1%	-1.6 %	1.32 FOLD
Juja	-2.6 %	-7.9 %	1.55 FOLD	-0.5 %	5.2 %	2.09 FOLD
Kiambu	0.4 %	2.9 %	2.29 FOLD	-2.0 %	-4.3 %	1.61 FOLD
Kiserian	2.9 %	4.3 %	2.07 FOLD	6.7 %	4.3 %	2.14 FOLD
Kitengela	0.3 %	-3.7 %	2.13 FOLD	2.3 %	5.2 %	1.57 FOLD
Limuru	-0.2 %	2.6 %	2.39 FOLD	0.7 %	1.6 %	2.11 FOLD
Ngong	2.7 %	-1.2 %	2.15 FOLD	2.1 %	4.9 %	2.48 FOLD
Ongata Rongai	-1.7 %	-5.0 %	2.21 FOLD	-2.1 %	5.4 %	1.81 FOLD
Ruiru	-0.9 %	-1.3 %	2.49 FOLD	1.0 %	3.0 %	2.25 FOLD
Tigoni	-1.5 %	-7.3 %	1.81 FOLD	0.8 %	8.7 %	1.82 FOLD

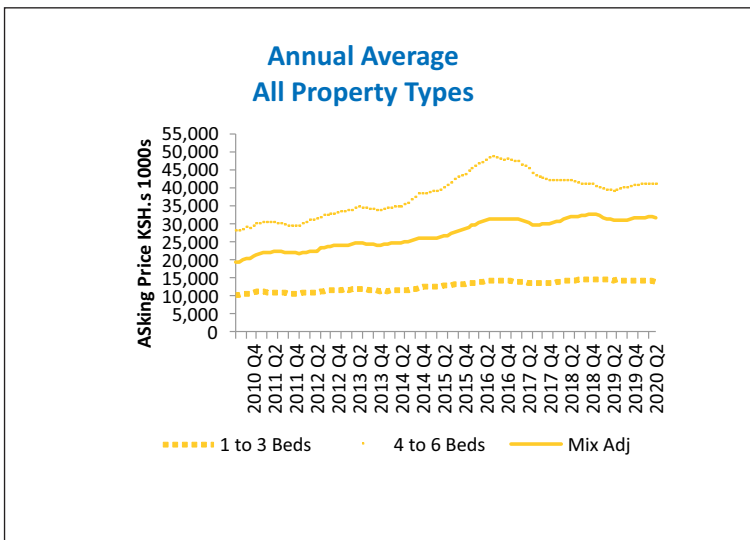
Apartment Price Trends By Town in Nairobi's Satellite Areas

Nairobi Satellite Property Index - Apartments	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From Jul 2010	Quarter % Change	Annual % Change	Change From Jul 2010
Athi River	-1.0 %	-0.5 %	1.52 FOLD	-0.4 %	-1.2 %	1.28 FOLD
Kiambu	2.7 %	2.5 %	2.13 FOLD	-1.8 %	-1.6 %	2.09 FOLD
Kitengela	-2.7 %	-2.8 %	1.79 FOLD	-3.9 %	-11.8 %	1.65 FOLD
Mlolongo	-0.2 %	4.6 %	1.57 FOLD	-2.6 %	-9.8 %	1.72 FOLD
Ngong	-0.2 %	5.2 %	2.38 FOLD	-3.9 %	5.0 %	1.90 FOLD
Ongata Rongai	0.8%	-2.8 %	1.72 FOLD	3.8 %	4.1 %	2.08 FOLD
Ruaka	0.4 %	1.0 %	1.58 FOLD	1.7 %	4.3 %	2.25 FOLD
Syokimau	0.4 %	2.7 %	1.57 FOLD	-0.3 %	-2.8 %	1.54 FOLD
Thika	-1.2 %	-2.5 %	1.36 FOLD	1.0 %	10.0 %	1.85 FOLD



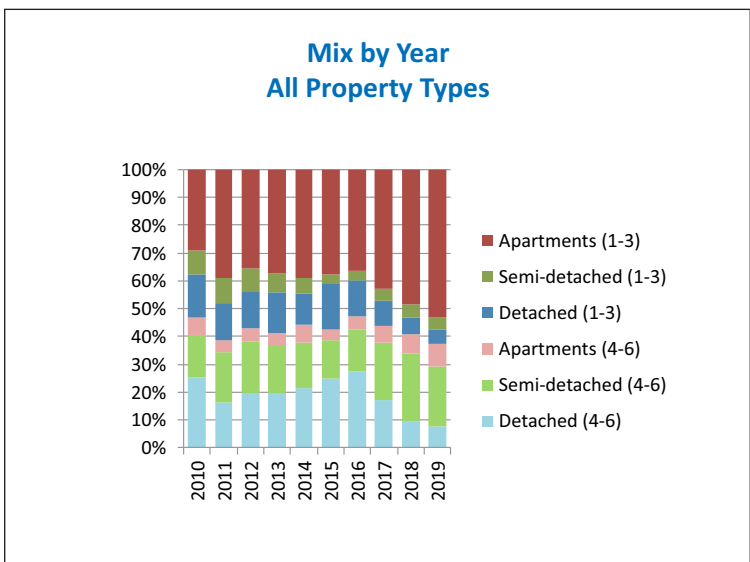
SNAP SHOTS:

- The Hass Composite Sales Index is representative of all properties for sale in Kenya.
- Property values have increased by 4.44 times since 2000.
- The index shows a property price fall of -0.3% in the last month, fall of -0.2% in the last quarter and a 2.88% rise in the last year.



SNAP SHOTS:

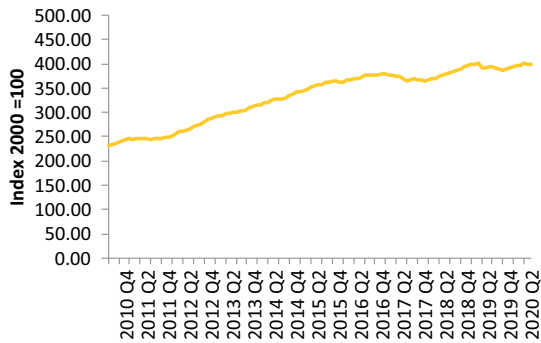
- The annual average is representative of the average price of all properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 31.8 million in June 2020.
- The average value for a 4-6 bedroom property is currently 41.2 million.
- The average 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 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 December 2019 however, Apartments took up 61.1% of the market, Semi-detached Houses took up 25.7% of the market and Detached Houses took up 13.2% of the market.

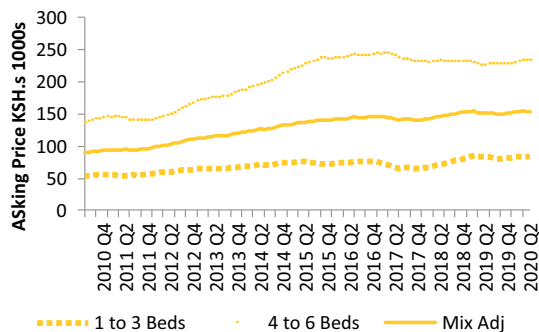
The Hass Rental Index All Property Types



SNAP SHOTS:

- The Hass Composite Letting Index is representative of all properties for rental in Kenya.
- Rents have increased by 3.98 fold since 2001.
- The index shows a property price fall of -0.3% in the last month, rise of 0.2% in the last quarter and have risen by 1.4% in the last year.

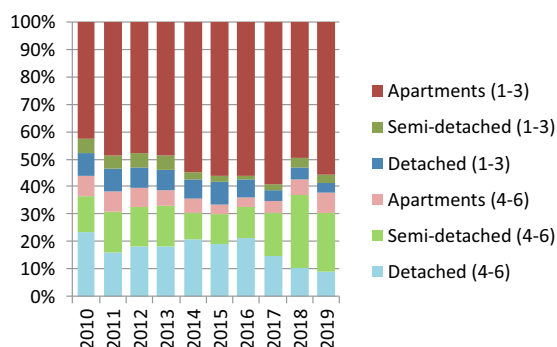
Annual Average All Property Types



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. 153,447 in June 2020.
- The average rent for a 4-6 bedroom property is currently Kshs. 232,258.
- The average rent for a 1-3 bedroom property is currently Kshs. 83,369.

Mix by Year All Property Types



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 2019 however, Apartments took up 63.2% of the market, Semi-detached Houses took up 24.5% of the market and Detached Houses took up 12.3% of the market.