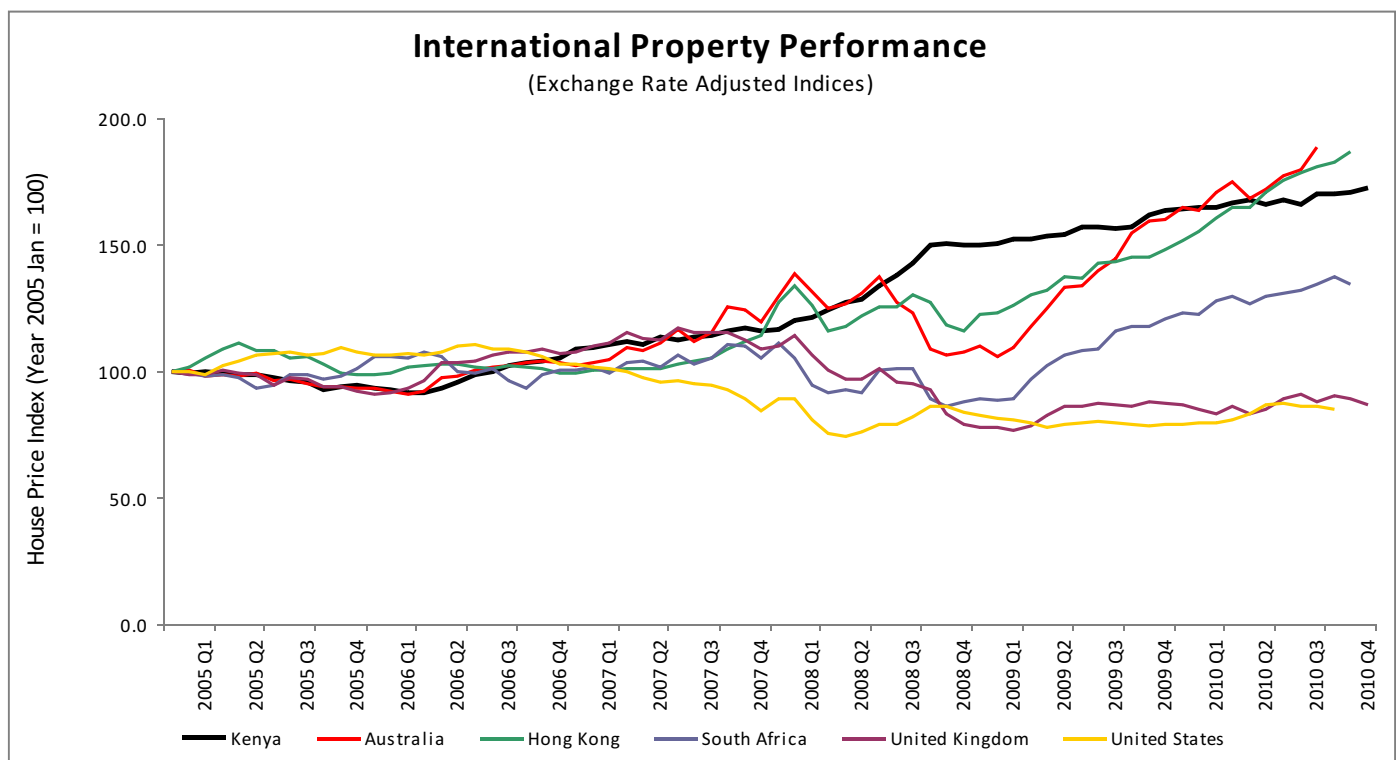


## Kenya holds place as a leading real estate market globally

### Key Points:

- Kenya delivers greater price stability in real estate than all of international markets surveyed - US, UK, UAE, Hong Kong, India, Australia, South Africa
- Most outstanding feature was price stability during global recession
- House price growth now slower in Kenya than in Asian markets, but ahead of all others (including South Africa, UAE)



HassConsult today unveils a special report comparing house price trends in Kenya with key property markets around the world. The findings reveal an extraordinary and exceptional resilience in the Kenyan real estate market.

The western and Asian markets all suffered sharp drops in house prices through 2008 during the global recession, at a time when Kenya's residential prices continued to rise, by close to 30 per cent in that year.

As the world has moved into recovery, the Asian property markets have swung into faster price growth than in

Kenya, taking capital growth in housing over the last five years now slightly ahead of Kenya in each of India, Hong Kong and Australia.

For example, in the second half of 2010, Hong Kong house prices rose at almost twice the rate of Kenyan house prices. Following the previous price falls in Hong Kong, this saw capital growth in Hong Kong property total some 8.7 per cent more than in Kenya over the full period since the beginning of 2005.

However, the most mature real estate markets, and the South African market, continue to suffer static and even further falls in house prices. South Africa, in particular, appears to have moved into a relatively sharp downwards price spiral in recent months.

The growth in property values in Kenya since 2005 has been some 70 per cent, compared with around 35 per in South Africa and 25 per cent in the UAE, and compared with falls of 10 per cent in the UK and 15 per cent in the US.

“This analysis of real estate markets worldwide adds further support to our belief that the Kenyan market is an unusually solid investment, subject to few swings, and achieving mid-term returns that are amongst the highest in the world,” said Farhana Hassanali of HassConsult.

HassConsult also published data comparing returns in the Kenyan housing market to returns on the Nairobi Stock Exchange in the final quarter of 2010. The property market outperformed the stock market during the fourth quarter, following the falls on the NSE in November and December, even as property prices continued to rise.

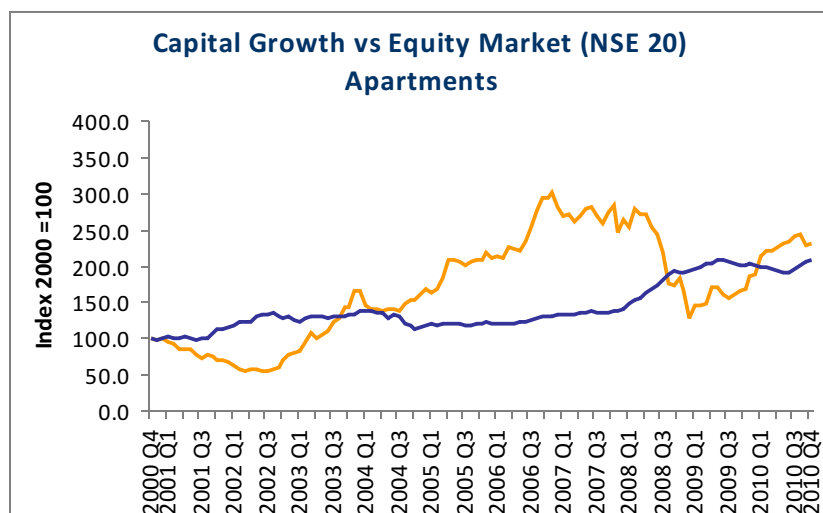
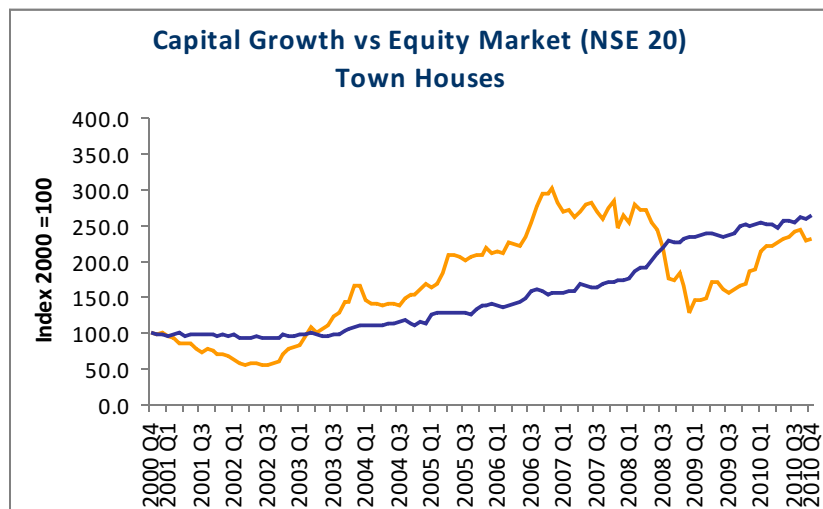
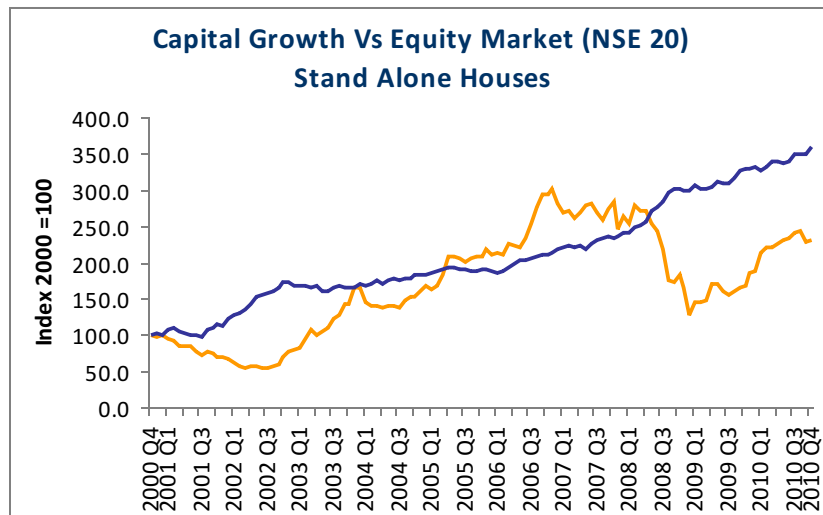
HassConsult additionally issued data on rental yields in Kenya, showing the average return - as the percentage of house price achieved from average rental earnings.

Rents rose during the final quarter of 2010, but house prices rose faster, seeing some further marginal falls in yields, However overall rental yields held above a 6 per cent return, remaining far ahead of Treasury Bill yields of between 2.0 and 2.25 per cent.

The best rental yields continued to be on town houses and maisonettes, where rents remained equivalent to 7.6 per cent of house purchase price. The yield for apartments held at 7.0 per cent and for top-end houses at 6.3 per cent.

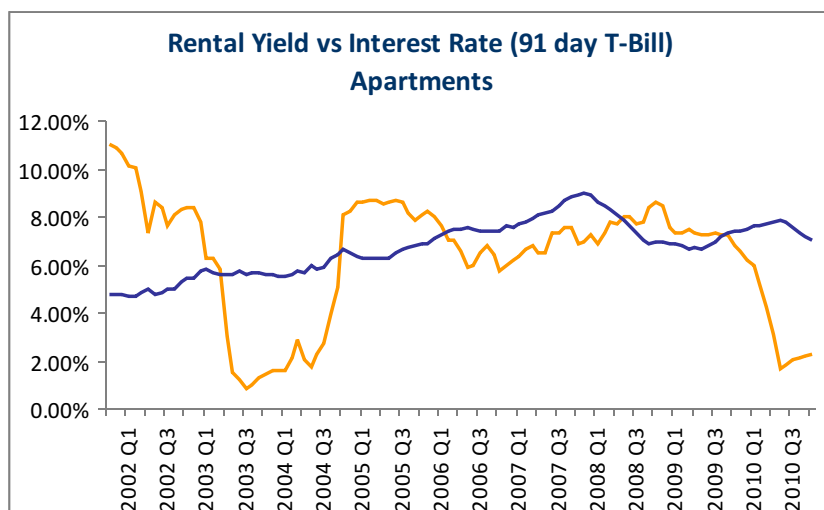
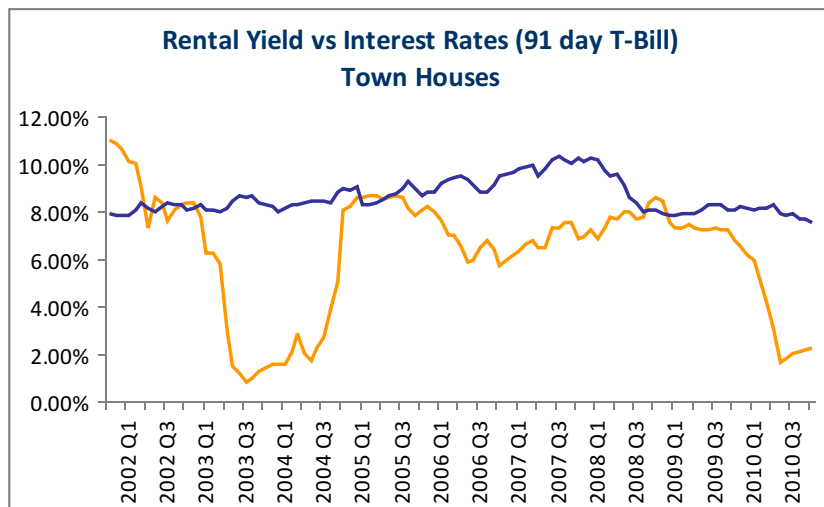
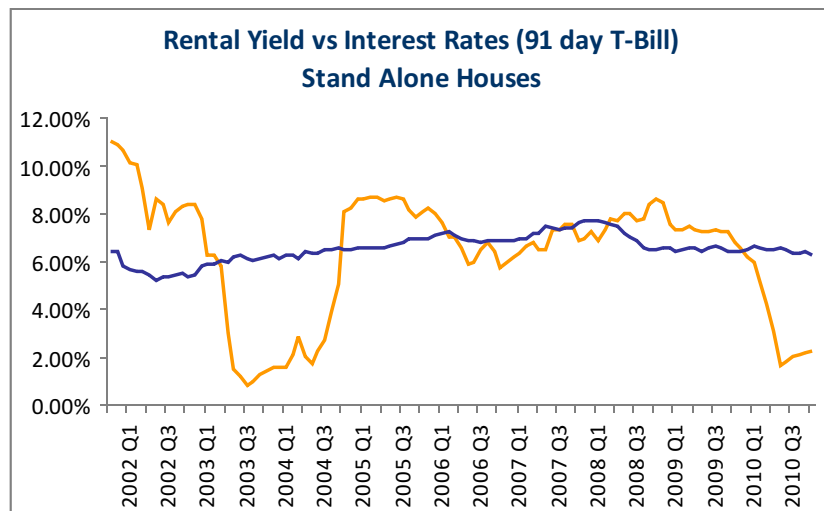
“The more closely we monitor the nation’s real estate market, and the more comparisons we make, the clearer it becomes that the country’s property market remains a very robust investment proposition that we can back with confidence,” said Ms Hassanali.

## Capital Growth Vs. Equity market (NSE 20): Comparison By Property Type



Blue line denotes property performance

## Rental Yield Vs. Interest Rates (91 day T-Bill): Comparison By Property Type



Blue line denotes property performance