

# Land prices on three tracks; corrections in overheated areas, steady rise in well supplied areas, and sharp growth in short-supply, desirable areas

- The Nairobi land market is maturing into a market with distinct local patterns.
- A cluster of overheated suburbs and satellite areas that enjoyed ahead-of-market price growth are all now reporting moderate negative corrections.
- Correcting hotspots within Nairobi are Upper Hill, Kilimani, Nyari, Spring Valley and Donholm.
- Correcting hotspots around Nairobi are Kiambu, Kiserian, Riuru and Kitengela.
- Areas with ample land supply are delivering land price growth within Nairobi, notably in Karen, Runda, Lavington and Westlands, but rates are subdued. Desirable areas with short land supply continue to deliver land price growth well ahead of inflation.
- Current low-supply, high demand areas in Nairobi are Loresho, Ridgeways, Kitisuru, Gigiri and Langata, with prices rising from 4.9 per cent to 9.95 per cent in the last year.

## Land Index Highlights:

The Hass Composite Land Index, Nairobi Suburbs	Quarter % Change	Annual % Change	Change From 2007
Nairobi-18 Index Results	0.5%	1.4%	6.33 Fold
Suburb with Highest Quarterly Increase in Land Price	Land in Loresho (+3.7% over last quarter)		
Suburb with Highest Annual Increase in Land Price	Land in Loresho (+10.0% over last year)		
Suburb with Lowest Quarterly Increase in Land Price	Land in Nyari (-0.8% over last quarter)		
Suburb with Lowest Annual Increase in Land Price	Land in Nyari (-1.9% over last year)		
The Hass Composite Land Index, Nairobi Satellite Towns	Quarter % Change	Annual % Change	Change From 2007
Nairobi Satellite-14 Index Results	0.2%	1.5%	8.53 Fold
The Town with Highest Quarterly Increase in Land Price	Land in Syokimau (+3.2% over last quarter)		
The Town with Highest Annual Increase in Land Price	Land in Mlolongo (+9.7% over last year)		
The Town with Lowest Quarterly Increase in Land Price	Land in Ruiru (-1.8% over last quarter)		
The Town with Lowest Annual Increase in Land Price	Land in Kiambu (-4.7% over last year)		

Land price growth accelerated marginally in Nairobi in the first quarter of 2019, whilst slowing in the city's satellite areas, reported Hass Consult, as it unveiled its land price indices for the first three months of the year.

However, the overall growth was the sum of three very different types of price trends, the consultancy reported.

“We are clearly seeing the city and its surrounds emerge as three types of land market, such that land price growth is becoming increasingly predictable in each area based on past rises and current land availability,” said Sakina Hassanali, Head of Development, Consulting and Research at Hass Consult.

A clump of now well-developed areas that experienced very sharp land price rises and giddy levels of construction are now correcting with their current potential levels now reached. Such areas within Nairobi include Upper Hill, Kilimani, and Nyari, as well as Spring Valley and Donholm.

“All of these areas have seen price rises well ahead of the trend for periods of a year or more, since 2015. But with development now well advanced in these areas and their narrative having moved to occupancy levels, land prices rises have become subdued and even marginally negative,” said Sakina.

Examples of such areas, now correcting from a period of overheating are Spring Valley where land prices fell by 0.62 per cent in the year to the end of March 2019, and Kilimani, where prices fell by 1.07 per cent over the year.

“In reality, these prices are not so much 'correcting' as standing still in the face of the now large inflow of new property,” said Sakina.

The second cluster of areas are those with ample land, where a great deal of purchasing is still underway, but ample supply has limited the competitive pressure on pricing. The strongest example of the well-supplied areas is Karen, which accounted for 31.5 per cent of all the land advertised for sale in Nairobi.

“Such ample land supply in areas such as Karen, Runda, Lavington and Westlands has made for somewhat more subdued price growth, although these areas all report positive increases in land prices in the last year,” said Sakina.

In Karen, land prices rose by 3.22 per cent in the year to end-March.

However, the strongest rises came in areas offering limited opportunities for new types of developments in desirable areas. These areas within Nairobi included Loresho, where land prices rose 9.95 per cent in the year to end-March, Ridgeways, where they rose by 8.58 per cent, and Kitisuru, where they rose by 7.16 per cent.

“All of these areas delivered rises significantly above inflation, which is currently running at just over 4 per cent,” said Sakina. Together, the three price trends led to an overall rise in land prices in the 18 Nairobi suburbs monitored of 1.37 per cent in the year to end March, and of 1.48 per cent in the 14 satellite areas monitored.

“The mix continues to show what a resilient asset land is in Kenya, holding its value even as gold and oil both drop in pricing, and still growing strongly in the most desirable locations,” said Sakina.

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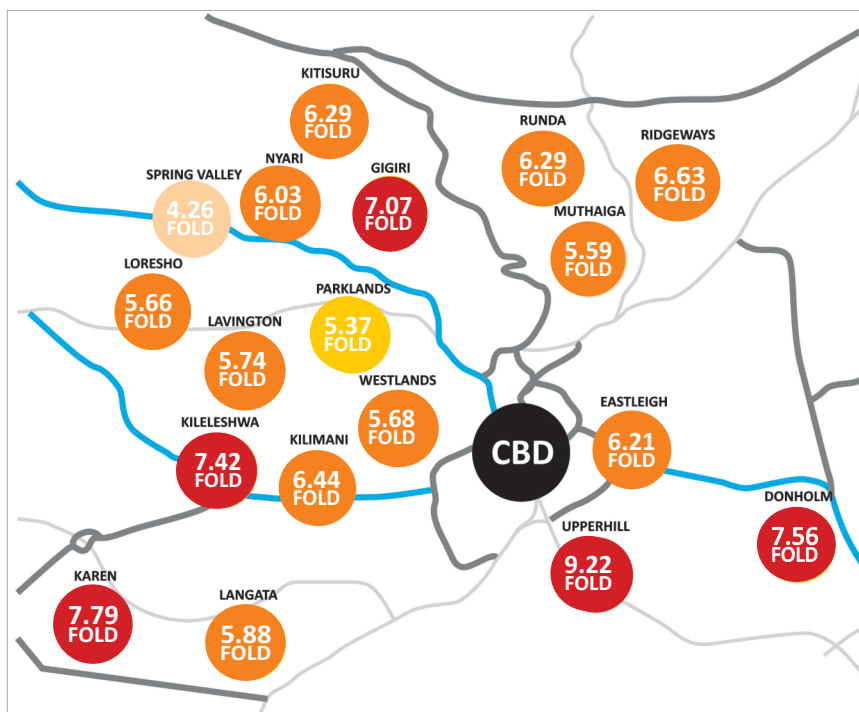
Nairobi Suburbs Land Index	Quarter % Change	Annual % Change	Change From 2007	Average Value Per Acre (KShs)	25 Percentile	75 Percentile
Donholm	0.2 %	-1.8 %	7.56 FOLD	70,300,000	56,200,000	84,000,000
Eastleigh	0.9 %	3.0 %	6.21 FOLD	298,900,000	160,000,000	472,000,000
Gigiri	-0.4 %	5.2 %	7.07 FOLD	248,700,000	118,000,000	358,300,000
Karen	0.8 %	3.2 %	7.79 FOLD	60,900,000	55,000,000	68,000,000
Kileleshwa	-0.5 %	4.0 %	7.42 FOLD	305,000,000	259,300,000	340,000,000
Kilimani	1.0 %	-1.1%	6.44 FOLD	430,000,000	400,000,000	487,500,000
Kitisuru	2.6 %	7.2 %	6.29 FOLD	87,600,000	75,000,000	100,000,000
Langata	1.0 %	4.9 %	5.88 FOLD	63,300,000	50,000,000	70,000,000
Lavington	-0.4 %	0.5 %	5.74 FOLD	238,100,000	188,900,000	270,000,000
Loresho	3.7 %	10.0 %	5.66 FOLD	90,000,000	80,000,000	100,000,000
Muthaiga	-0.2 %	2.4 %	5.59 FOLD	148,200,000	100,000,000	194,000,000
Nyari	-0.8 %	-1.9 %	6.03 FOLD	100,500,000	83,800,000	117,500,000
Parklands	0.7 %	0.8 %	5.37 FOLD	418,200,000	380,000,000	460,000,000
Ridgeways	2.2 %	8.6 %	6.63 FOLD	76,800,000	64,000,000	80,000,000
Runda	0.3 %	2.2 %	6.29 FOLD	87,000,000	70,000,000	100,000,000
Spring Valley	0.4 %	-0.6 %	4.26 FOLD	159,700,000	117,100,000	185,700,000
Upperhill	0.2 %	-0.5 %	9.22 FOLD	552,900,000	485,700,000	615,400,000
Westlands	-0.4 %	1.6 %	5.68 FOLD	416,100,000	350,000,000	500,000,000

Nairobi Satellite Town Land Index	Quarter % Change	Annual % Change	Change From 2007	Average Value Per Acre (KShs)	25 Percentile	75 Percentile
Athi River	1.1 %	6.8 %	10.03 FOLD	12,800,000	4,000,000	17,900,000
Juja	0.6 %	8.8 %	15.38 FOLD	13,300,000	5,200,000	17,500,000
Kiambu	-0.4 %	-4.7 %	7.22 FOLD	41,500,000	22,700,000	50,000,000
Kiserian	0.2 %	-2.4 %	7.18 FOLD	7,100,000	3,500,000	9,100,000
Kitengela	0.2 %	-2.8 %	7.23 FOLD	11,100,000	6,000,000	14,300,000
Limuru	-1.3 %	1.7 %	11.37 FOLD	21,600,000	11,700,000	32,000,000
Mlolongo	-1.5 %	9.7 %	5.40 FOLD	26,000,000	10,900,000	42,100,000
Ngong	0.6 %	8.6 %	6.77 FOLD	20,800,000	9,800,000	29,600,000
Ongata Rongai	2.0 %	5.4 %	8.96 FOLD	21,100,000	8,000,000	28,000,000
Ruaka	1.4 %	2.8 %	7.87 FOLD	87,600,000	64,000,000	112,000,000
Ruiru	-1.8 %	-2.9 %	10.11 FOLD	23,700,000	11,000,000	31,200,000
Syokimau	3.2 %	2.5 %	6.95 FOLD	21,200,000	14,300,000	28,000,000
Thika	1.4 %	2.3 %	9.00 FOLD	18,400,000	8,800,000	24,000,000
Tigoni	-1.4 %	2.6 %	9.15 FOLD	22,800,000	17,000,000	28,000,000

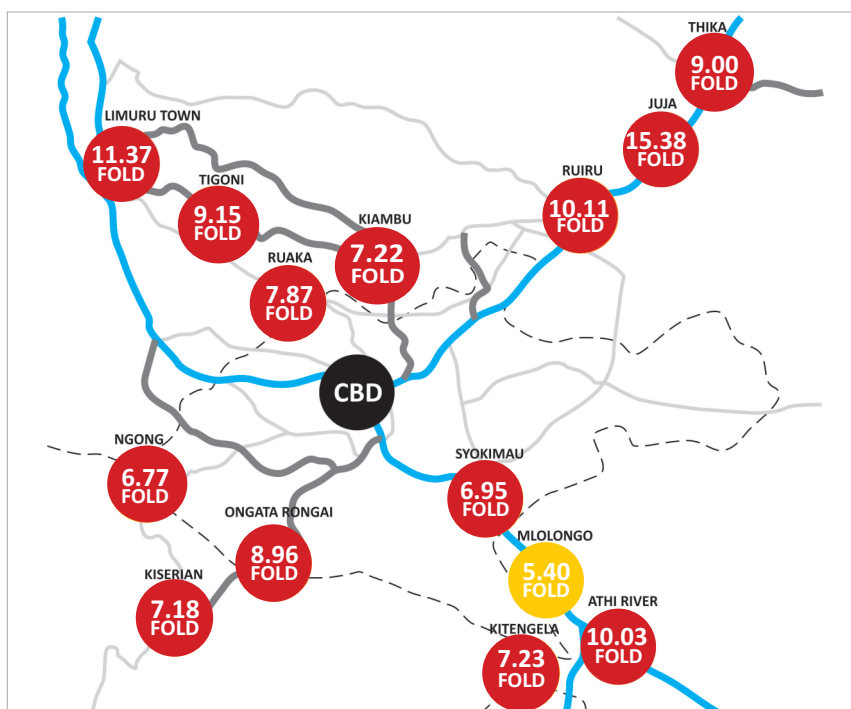
\*Price Values rounded to nearest Kshs. 100,000

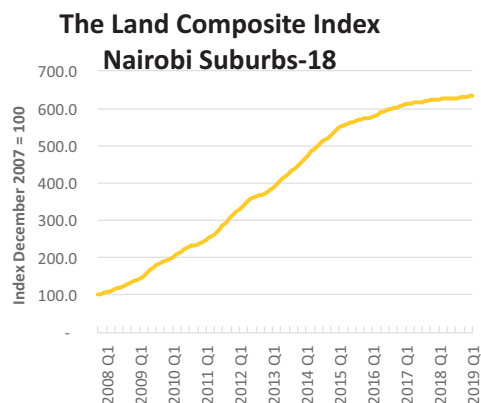
## Land Index Heat Maps

Nairobi-18 Suburbs Change in Prices Since 2007



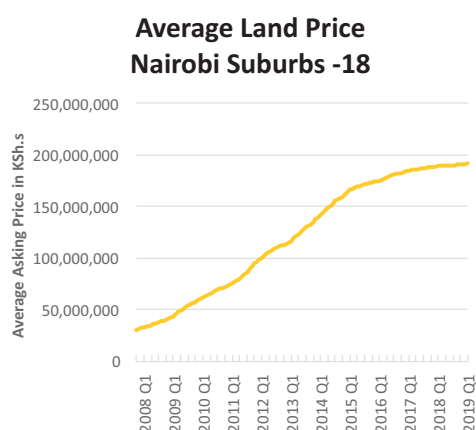
Nairobi-14 Satellite Towns Change in Prices Since 2007





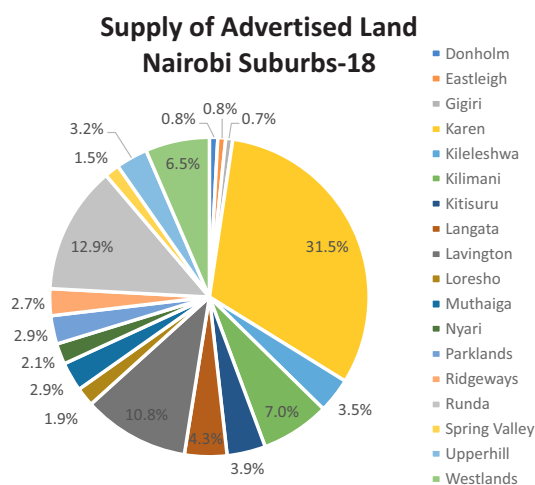
#### SNAP SHOTS:

- The Nairobi Suburbs-18 Land Index is representative of Land for Sale in Nairobi covering 18 highest activity suburbs.
- Land values have increased by 6.33 fold since December 2007.



#### SNAP SHOTS:

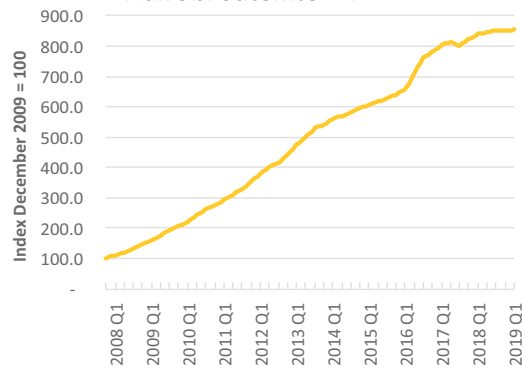
- The annual average is representative of the average price of land for sale in Nairobi covering 18 highest activity suburbs.
- The average value for land has gone from 30.3 million in December 2007 to 191.6 million in March 2019.



#### SNAP SHOTS:

- The Mix is a measure of the percentage that each suburb represents in the market for 18 Nairobi suburbs
- Land in Donholm took up 0.8% of the market, Eastleigh took up 0.8%, Gigiri 0.7%, Karen 31.5%, Kileleshwa 3.5% Kilimani 7.0%, Kitisuru 3.9%, Langata 4.3%, Lavington 10.8%, Loresho 1.9%, Muthaiga 2.9%, Nyari 2.1%, Parklands 2.9%, Ridgeway 2.7%, Runda 12.9%, Spring Valley 3.2% and Westlands 6.5% respectively.

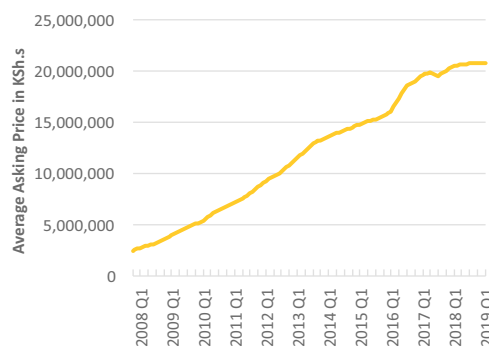
**Hass Land Composite Index  
Nairobi Satellite-14**



#### SNAP SHOTS:

- The Nairobi Satellite-14 Land Index is representative of Land for Sale in 14 Satellite towns outside Nairobi suburbs.
- Land values have increased by 8.53 fold since December 2007.

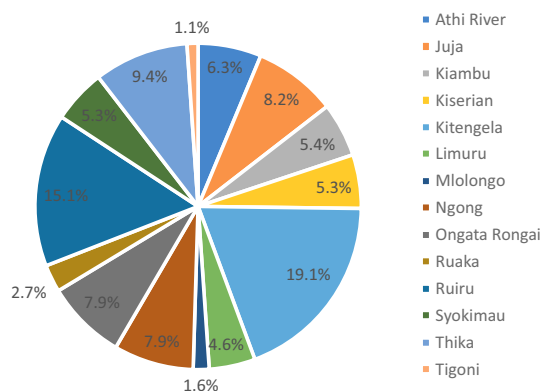
**Average Land Price  
Nairobi Satellite-14**



#### SNAP SHOTS:

- The annual average is representative of the average price of land for sale in outside Nairobi covering 14 highest activity Satellite towns.
- The average value for land has gone from 2.4 million in December 2007 to 20.9 million in March 2019.

**Supply of Advertised Land  
Nairobi Satellite-14**

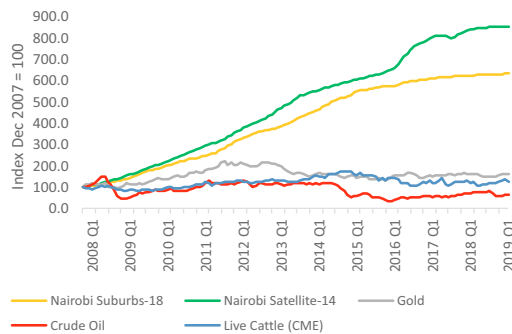


#### SNAP SHOTS:

- The Mix is a measure of the percentage that each town represents in the market for the Nairobi 14 Satellite towns.
- Land in Athi River took up 6.3% of the market, Juja took up 8.2%, Kiambu 5.4%, Kiserian 5.3%, Kitengela 19.1%, Limuru 4.6%, Mlolongo 1.6%, Ngong 7.9%, Ongata Rongai 7.9%, Ruaka 2.7%, Ruiru 15.1%, Syokimau 5.3%, Thika 9.4% and Tigoni 1.1% respectively.

## Land as an Investment

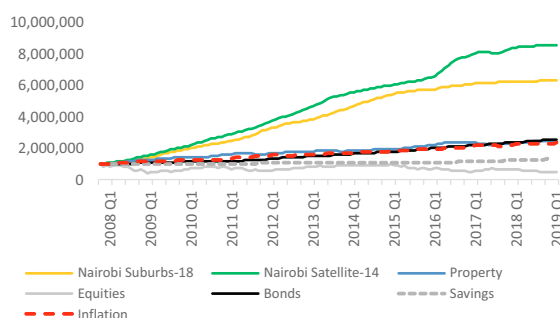
### Land Performance vs Commodities



#### SNAP SHOTS:

Ksh. 1 Million invested at the end of 2007 would have been worth KSh. 8.53M if invested in land in Nairobi Satellite-14, KSh. 6.33M if invested in land in Nairobi Suburbs-18, KSh. 2.41M if invested in property (The Hass Sales Composite Index, All Properties), Ksh. 2.59M if invested in bonds and KSh. 1.33M if invested in savings and only Ksh. 0.53M if invested in Equities.

### Land Performance vs Other Asset Classes (The growth of Kshs. 1,000,000 invested on 2000 Dec)



#### SNAP SHOTS:

The Hass Land Composite Index, Nairobi Satellite-14 index value was 853.4 outperforming Nairobi Suburbs-18 which had an index value of 633.2, Gold 161.0, Live Cattle (CME) 127.6 and Crude Oil worst performing with only 67.2 index value.