

## Grass roots economic growth drives mid-market properties, as top end falls on international retrenchment

- Property sales and rental markets evolve in line with changing economic trends.
- Top-end detached houses, driven by international organisations and super-wealthy, record falling rents and sales prices.
- Subdued growth continues in buying and renting of town houses, driven by Kenyan middle classes.
- Accelerating growth in apartment rental prices, as working classes balloon.
- But apartment buying slows, as landlords pull back.
- Overall, a correcting market, taking up spare rental apartments, maintaining town house growth, and reporting price corrections on a now excessive stock of top-end detached houses.
- Price trends support the case that industry potential now lies firmly in middle and lower-end market properties.

### Property Index Highlights:

The Hass Composite Sales Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	-2.6%	3.3%	2.41 Fold
Detached Houses	-4.4%	2.2%	2.32 Fold
Semi Detached Houses	1.3%	7.9%	2.78 Fold
Apartments	-0.6%	1.7%	2.30 Fold
Segment with Highest Quarterly Increase in Sales Price	Apartments in Ongata Rongai ( +5.3% over last quarter)		
Segment with Lowest Quarterly Increase in Sales Price	Houses in Ongata Rongai ( -2.0% over last quarter)		
Segment with Highest Annual Increase in Sales Price	Houses in Ngong ( +13.7% over last year)		
Segment with Lowest Annual Increase in Sales Price	Apartments in Kilimani ( -4.0% over last year)		

The Hass Composite Rental Index	Quarter % Change	Annual % Change	Change From 2007
All Properties	1.1%	8.7%	1.89 Fold
Detached Houses	-1.0%	2.7%	1.85 Fold
Semi Detached Houses	1.7%	11.1%	2.28 Fold
Apartments	4.8%	19.8%	1.72 Fold
Segment with Highest Quarterly Increase in Rental Price	Houses in Kiambu ( +9.5% over last quarter)		
Segment with Lowest Quarterly Increase in Rental Price	Houses in Kitengela ( -2.1% over last quarter)		
Segment with Highest Annual Increase in Rental Price	Apartments in Thika ( +21.3% over last year)		
Segment with Lowest Annual Increase in Rental Price	Houses in Karen ( -0.7% over last year)		

HassConsult today reported a continuing shift to growth in the Kenyan property sector's mid-market, as the top-end market adjusts to international pressures and tightening budgets.

Unveiling its property sales and rental price indices for the first quarter of 2019, HassConsult reported that the strongest price growth in the first 12 weeks of the year was in apartment rents, which rose by 4.9 per cent in just three months, taking the year-on-year growth to 19.6 per cent.

"This represents a profound correction in apartment rental pricing," said Sakina Hassanali, Head of Development, Consulting and Research at HassConsult.

"Almost a decade of static or falling apartment rents has served to deter many landlords, and thus developers, but the demand has continued to grow, now moving us back towards higher occupancy rates and a return to some levels of over-demand for rented apartments."

However, returning to building after the decade of slowdown in apartment pricing would require close attention to location and gaps in the market. "The Kenyan property market has matured, and the only apartments that will now sell and fill quickly are those where developers have properly researched the market and constructed accommodation that fills a proven and unmet need," said Sakina.

In this, Kenya may also now start to see a new trend in the more widespread conversion of large detached houses into multiple residences. Developer construction over the last 30 years has been dominated by the building of large homes on individual plots, in estates such as Spring Valley, Runda, and Nyari, and areas such as Muthaiga and Karen.

However, a substantial proportion of these homes were occupied by international residents. As governments globally have continued to curb foreign spending following the extra debt loading they took on during the financial crisis of 2008, many international and aid-funded operations have been retrenched.

At the same time, changes to Kenya's work permit regime marked a sharp exodus of internationals in 2018, leading to the vacating of many larger properties. As a result, the prices of detached houses for sale fell by 4.4 per cent in the first quarter of 2019, while rents fell by 1 per cent, as owners and sellers cut prices in an effort to sell or refill.

Only in the mid-market of town houses has growth remained solid and inexorable, with sales and rentals having slowed marginally, but remaining robust. In the first quarter of 2019, rental prices on town houses rose by 1.7 per cent, taking year-on-year growth to 11.1 per cent, while sales prices rose by 1.3 per cent, taking year-on-year growth to 7.9 per cent.

"Each quarter we see ever more marked evidence of the relative strength and demand for properties in the middle and lower market, versus the clear slowdown at the top end of the market," said Sakina.

**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 2007	Quarter % Change	Annual % Change	Change From 2007
Donholm	1.0 %	5.0 %	3.38 FOLD	0.5 %	6.9 %	1.79 FOLD
Eastleigh	0.2 %	-0.1 %	3.04 FOLD	-0.6 %	4.1 %	2.96 FOLD
Gigiri	1.4 %	7.9 %	2.86 FOLD	-0.6 %	0.0 %	1.95 FOLD
Karen	1.6 %	8.3 %	3.47 FOLD	-0.8 %	-0.7 %	1.87 FOLD
Kileleshwa	0.9 %	6.8 %	2.89 FOLD	-0.3 %	2.2 %	2.33 FOLD
Kilimani	-1.0 %	3.1 %	2.55 FOLD	0.1 %	2.1 %	1.92 FOLD
Kitisuru	1.3 %	5.2 %	2.92 FOLD	0.4 %	5.6 %	2.69 FOLD
Langata	-0.7 %	2.0 %	4.44 FOLD	-3.0 %	2.1 %	1.67 FOLD
Lavington	2.3 %	7.8 %	2.89 FOLD	0.7 %	4.2 %	2.73 FOLD
Loresho	3.4 %	9.9 %	2.55 FOLD	-1.2 %	0.0 %	2.31 FOLD
Muthaiga	4.4 %	7.6 %	2.36 FOLD	0.5 %	2.7 %	2.66 FOLD
Nyari Estate	1.8 %	12.5 %	2.68 FOLD	0.8 %	1.7 %	1.74 FOLD
Ridgeways	1.1 %	6.5 %	2.51 FOLD	-0.9 %	1.9 %	2.20 FOLD
Runda	1.3 %	8.3 %	3.25 FOLD	1.0 %	4.2 %	1.86 FOLD
Spring Valley	2.0 %	4.2 %	2.38 FOLD	1.6 %	6.5 %	1.83 FOLD
Westlands	1.5 %	7.2 %	3.07 FOLD	1.2 %	2.8 %	3.13 FOLD

## Apartment Price Trends By Suburb Nairobi

Nairobi Suburbs Property Index - Apartments	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Kileleshwa	0.0 %	0.4 %	2.55 FOLD	1.2 %	9.2 %	1.93 FOLD
Kilimani	-1.9 %	-4.0 %	2.44 FOLD	0.4 %	4.3 %	1.66 FOLD
Langata	-1.2 %	3.6 %	2.51 FOLD	5.5 %	14.6 %	2.01 FOLD
Lavington	-1.3 %	-3.1 %	2.45 FOLD	-0.3 %	2.7 %	1.66 FOLD
Parklands	-0.9 %	1.3 %	3.06 FOLD	1.5 %	12.0 %	2.38 FOLD
Upperhill	2.0 %	5.0 %	3.06 FOLD	-1.6 %	5.8 %	2.99 FOLD
Westlands	1.7 %	4.7 %	2.80 FOLD	1.5 %	13.7 %	1.91 FOLD

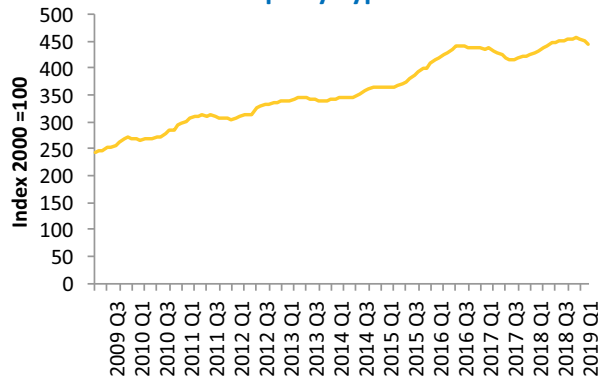
## House Price Trends By Town in Nairobi's Satellite Areas

Nairobi Satellite Property Index - All houses	Sales Prices			Rental Prices		
	Quarter % Change	Annual % Change	Change From 2007	Quarter % Change	Annual % Change	Change From 2007
Athi River	3.1 %	9.3 %	3.16 FOLD	-1.5%	4.0 %	1.55 FOLD
Juja	-0.9 %	-0.1 %	2.65 FOLD	-0.2 %	4.3 %	2.89 FOLD
Kiambu	1.2 %	8.0 %	2.70 FOLD	1.5 %	9.7 %	2.10 FOLD
Kiserian	1.6 %	4.9 %	2.61 FOLD	0.9 %	10.4 %	2.52 FOLD
Kitengela	-0.1 %	7.9 %	2.92 FOLD	-2.1 %	1.4 %	1.81 FOLD
Limuru	2.4 %	6.8 %	2.94 FOLD	2.0 %	11.9 %	2.59 FOLD
Ngong	0.9 %	13.7%	2.95 FOLD	1.7 %	14.8 %	2.82 FOLD
Ongata Rongai	-2.0 %	-3.9 %	2.58 FOLD	-1.6%	4.0 %	2.21 FOLD
Ruiru	-1.7 %	1.5 %	3.26 FOLD	-0.6 %	3.6 %	2.41 FOLD
Tigoni	-0.2 %	5.2 %	2.32 FOLD	1.7 %	12.2 %	2.17 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 2007	Quarter % Change	Annual % Change	Change From 2007
Athi River	4.2 %	7.4 %	2.04 FOLD	4.1 %	9.4 %	1.45 FOLD
Kiambu	0.7 %	8.1 %	2.71 FOLD	9.5 %	13.1 %	2.60 FOLD
Kitengela	2.4 %	7.8 %	2.03 FOLD	2.3 %	7.3 %	2.17 FOLD
Mlolongo	1.7 %	6.1 %	1.75 FOLD	6.9 %	13.2 %	2.38 FOLD
Ngong	2.8 %	13.5 %	2.77 FOLD	7.5 %	16.1 %	2.04 FOLD
Ongata Rongai	5.3%	9.5 %	2.25 FOLD	9.0 %	21.1 %	2.33 FOLD
Ruaka	2.1 %	3.0 %	1.95 FOLD	2.1 %	14.4 %	2.58 FOLD
Syokimau	1.9 %	5.5 %	1.95 FOLD	3.2 %	2.7 %	2.00 FOLD
Thika	2.0 %	6.4 %	1.83 FOLD	7.8 %	21.3 %	2.21 FOLD

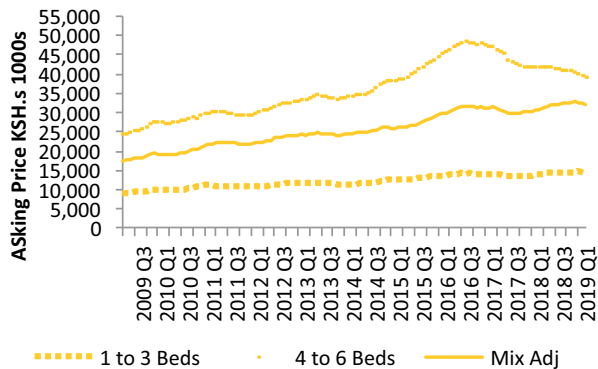
**The Hass Sales Index  
All Property Types**



#### SNAP SHOTS:

- The Hass Composite Sales Index is representative of all properties for sale in Kenya.
- Property values have increased by 4.45 times since 2000.
- The index shows a property price fall of -1.4% in the last month, rise of 2.6% in the last quarter and a 3.3% rise in the last year.

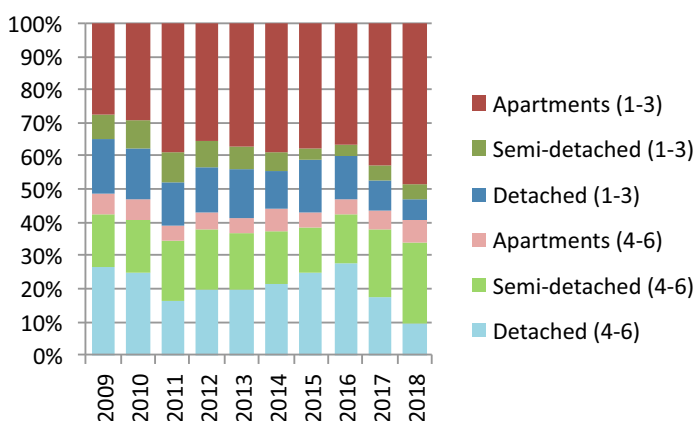
**Annual Average  
All Property Types**



#### 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 31.9 million in March 2019.
- The average value for a 4-6 bedroom property is currently 39.6 million.
- The average value for a 1-3 bedroom property is currently 14.6 million.

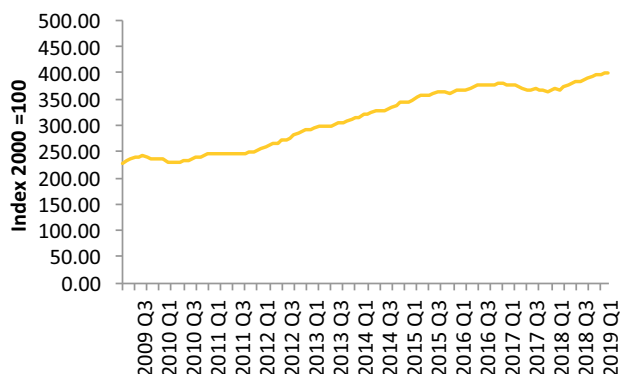
**Mix by Year  
All Property Types**



#### 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 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 2018 Apartments took up 55.6% of the market, however, Semi-detached Houses took up 29.2% of the market and Detached Houses took up 15.2% of the market.

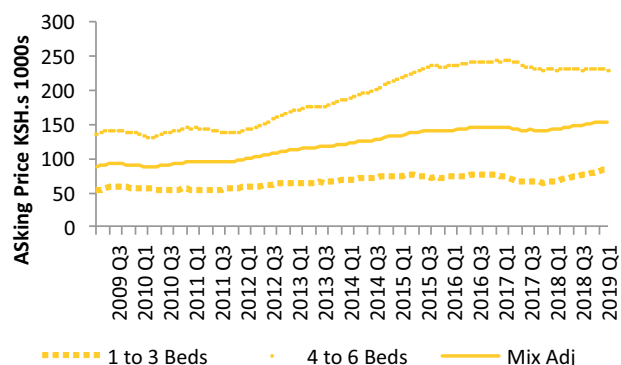
## The Hass Rental Index All Property Types



### SNAP SHOTS:

- The Hass Composite Letting Index is representative of all properties for rental in Kenya.
- Rents have increased by 4.00 fold since 2001.
- The index shows a property rise of 0.1% in the last month, rise of 1.1% in the last quarter and have risen by 8.7% in the last year.

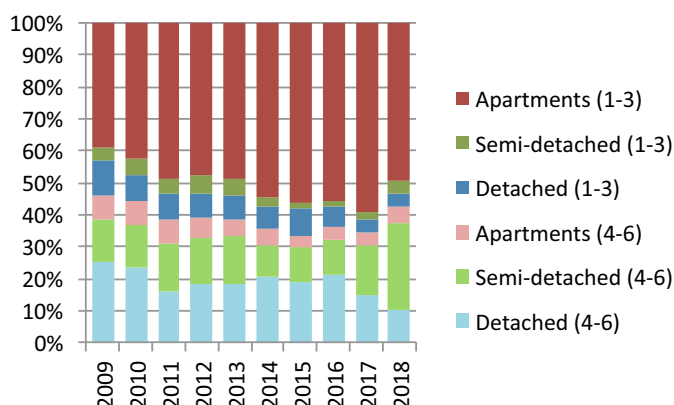
## Annual Average All Property Types



### 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. 154,185 in March 2019.
- The average rent for a 4-6 bedroom property is currently Kshs. 229,463.
- The average rent for a 1-3 bedroom property is currently Kshs. 84,925.

## 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 34.2% of the market.
- In December 2018 however, Apartments took up 55.34% of the market, Semi-detached Houses took up 30.2% of the market and Detached Houses took up 14.6% of the market.