

NW Realite - Property Valuation Analysis Report

Property Valuation Portfolio Executive Report

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Prepared by: Samuel Wanyua, Data Scientist, NW Realite

EXECUTIVE SUMMARY

1. Portfolio Overview

The current property valuation portfolio comprises 114 properties, reflecting a substantial total market value of KShs 12,331,200,000. The average property value stands at KShs 108,168,421. However, a significant disparity is observed with the median property value at KShs 51,000,000, which suggests the presence of a few exceptionally high-value properties that skew the average upwards. The total land area covered within this portfolio is 690.32 acres.

The high Coefficient of Variation, recorded at 157.3%, further emphasizes the considerable variability in property values across the portfolio. This broad range in value indicates a diverse asset base, encompassing properties of different sizes, types, and locations. Understanding this inherent variability is critical for developing tailored strategies in client engagement, risk management, and market positioning.

2. Key Performance Indicators

- Total Properties: 114
- Total Market Value: KShs 12,331,200,000
- Average Days to Valuation: 20.6 days
- Most Active County: Nairobi
- Top 5 Client Concentration: 74.2%
- Properties with Encumbrances: 28.9%

3. Growth & Trends Analysis

The portfolio demonstrated robust Month-over-Month (MoM) growth in total market value, achieving an impressive 135.3% increase. This significant surge in value occurred despite no change in the number of properties (0.0% MoM growth in properties), indicating the successful acquisition or valuation of high-value assets within the reporting period. Year-to-Date (YTD) figures align directly with the current portfolio statistics, underscoring this strong performance. The average time taken to complete a valuation stands at 20.6 days, providing a benchmark for operational efficiency and client service turnaround.

4. Client & Geographic Insights

NW Realite serves a diverse base of 26 unique clients. However, a significant concentration is observed, with the top 5 clients contributing 74.2% of the total portfolio value. Banks constitute the largest client segment, accounting for KShs 7,751,300,000 across 77 properties, followed by Corporate and Individual clients. Geographically, the company operates across 23 counties, but an 81.0% concentration in the top 5 counties, with Nairobi being the most active, highlights a centralized focus. This high level of concentration, both in client type and geographic location, necessitates a strategic review to mitigate potential risks associated with over-reliance on a few key segments or regions.

DETAILED ANALYSIS & RECOMMENDATIONS

5. Risk Assessment

An important aspect of the portfolio's risk profile is the prevalence of encumbrances. Approximately 28.9% of the properties within the portfolio are identified as having encumbrances. This translates to a considerable Value at Risk of KShs 2,449,100,000, which represents 19.9% of the entire portfolio's total market value. While encumbrances are a common feature in property transactions, nearly one-fifth of the portfolio's value being subject to such conditions warrants close attention and proactive management.

A deeper analysis is required to understand the specific types of encumbrances, their potential impact on asset liquidity, marketability, and any associated mitigation strategies currently in place. Pinpointing whether these encumbered properties are concentrated within particular client segments, land use types, or geographic regions would allow for the development of more targeted and effective risk management frameworks.

6. Land Use & Value Analysis

The portfolio exhibits a varied distribution across different land use types. Commercial properties represent the largest segment by value, contributing KShs 5,118,500,000 (41.51%) from 37 properties, with an average value of KShs 138,337,838 per property. Mixed-Use properties follow as the second-largest value driver, accounting for KShs 3,534,000,000 (28.66%) from 17 properties, and notably hold the highest average property value at KShs 207,882,353.

Agricultural properties contribute KShs 1,770,800,000 (14.36%) and Residential properties KShs 1,611,400,000 (13.07%), with Residential having the lowest average property value at KShs 38,366,667. Industrial and Vacant land uses represent smaller proportions of the portfolio's value. The overall average value per acre is KShs 381,017,335, significantly higher than the median value per acre of KShs 129,139,176. This divergence suggests a portfolio composed of highly valuable, potentially smaller, urban parcels alongside larger, less intensely valued rural land, underscoring the heterogeneity of the land assets.

7. Strategic Recommendations

1. Diversify Client Base: Implement proactive strategies to reduce the current 74.2% concentration among the top 5 clients. This can be achieved by actively targeting new Corporate and Individual client segments, thereby spreading business risk and fostering more balanced growth.

2. Expand Geographic Reach: Explore strategic opportunities for expansion into new or less concentrated counties. Reducing the 81.0% geographic concentration in the top 5 counties will unlock untapped market potential and enhance resilience against localized economic fluctuations.

3. Enhance Encumbrance Monitoring: Develop a more sophisticated system for tracking and reporting property encumbrances. This should include categorizing encumbrance types, assessing their specific financial impacts, and implementing robust mitigation strategies to manage the KShs 2,449,100,000 Value at Risk more effectively.

4. Optimize Valuation Process: Conduct a detailed analysis of the 20.6 average days to valuation to identify and address any operational bottlenecks. Streamlining processes or potentially increasing valuer capacity (considering there are two most active valuers handling 10.4 average monthly inspections) can help maintain or improve turnaround times as the portfolio grows.

5. Leverage Land Use Insights: Focus business development efforts strategically on high-value land use types, particularly Commercial and Mixed-Use properties. Simultaneously, identify niche opportunities within Agricultural and Residential segments, especially in areas showing potential for higher average value growth per property.

6. Valuer Capacity Assessment: With only two valuers identified as "Most Active," a critical assessment of their current workload and capacity is essential. As the portfolio expands, considering the addition of more qualified valuers will be crucial to sustain operational efficiency, prevent potential delays, and ensure the quality of valuations.

8. Key Takeaways

1. The portfolio has achieved significant value growth (135.3% MoM) by integrating high-value properties, demonstrating effective business development and asset sourcing capabilities.

2. A high concentration of both client value (74.2% from top 5) and geographic distribution (81.0% in top 5 counties, led by Nairobi) presents both a competitive advantage in key markets and a notable risk exposure to specific economic shifts.

- 3. Almost one-fifth of the portfolio's total value (KShs 2,449,100,000) is subject to encumbrances, highlighting a critical area for enhanced risk management and proactive monitoring.**
- 4. Commercial and Mixed-Use properties are the primary drivers of portfolio value, while the substantial difference between average and median property values and value per acre underscores a highly diverse asset base requiring tailored valuation and investment strategies.**
- 5. The average valuation turnaround time of 20.6 days indicates reasonable operational efficiency, but future growth projections necessitate a review of valuer capacity to maintain service standards.**

Executive Summary - Key Metrics

Metric	Value
Total Properties	114
Total Portfolio Value	KShs 12,331,200,000
Average Property Value	KShs 108,168,421
Total Land Area	690.32 acres
Properties with Encumbrances	28.9%
MoM Growth (Properties)	0.0%
Avg Days to Valuation	20.6 days