

REAL ESTATE RESILIENCE

**How The Kenyan Property Market Responds To Domestic
And International Shocks.**

By Sakina Hassanali

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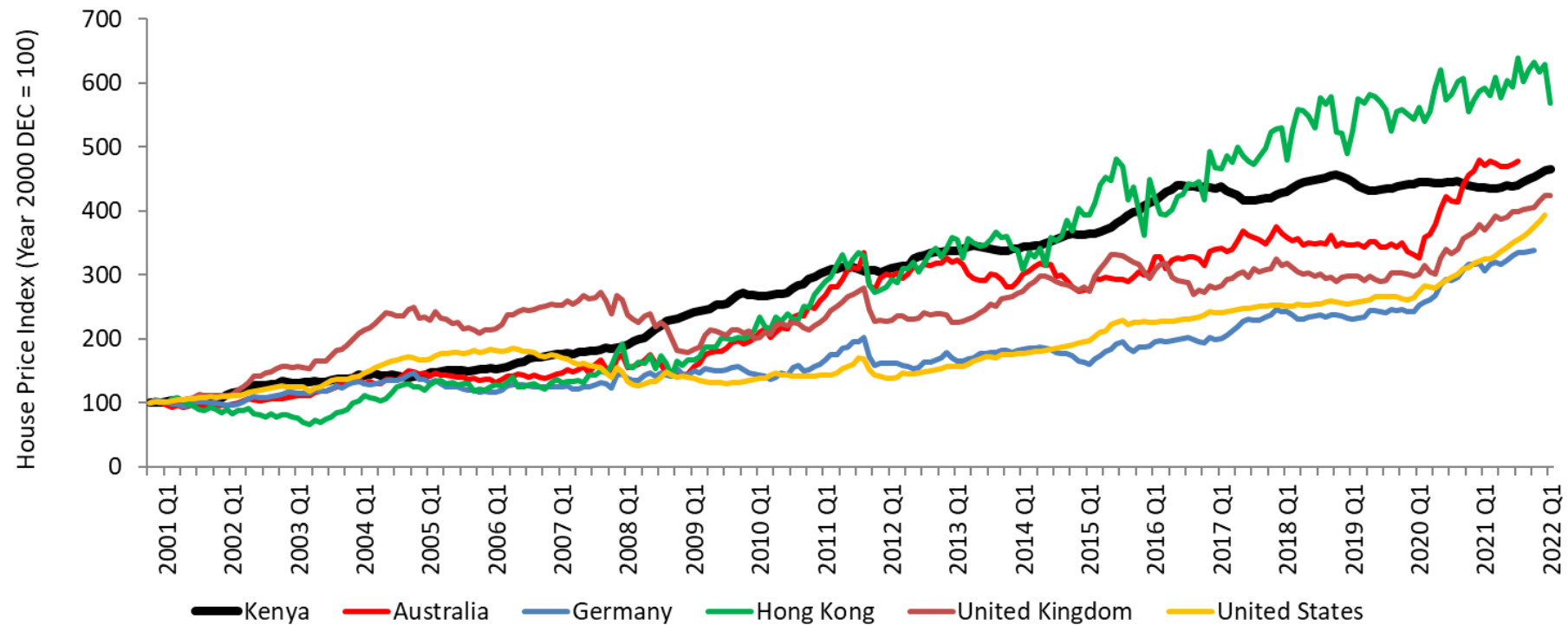
About The Hass Index

The Hass Index, launched in 2009, consists of house and land price indices based on advertised prices from 2000 to present.

- 780,000+ Property Data Points
- 200,000+ Land Data Points
- 166 Price Indices Run Every Quarter

RESILIENCE OF THE KENYAN PROPERTY MARKET

International Property Performance
(Exchange Rate Adjusted Indices)





Elections



**Global
Financial Crisis**



Terror Attacks



**Interest
Rate Cap**



COVID-19

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Elections

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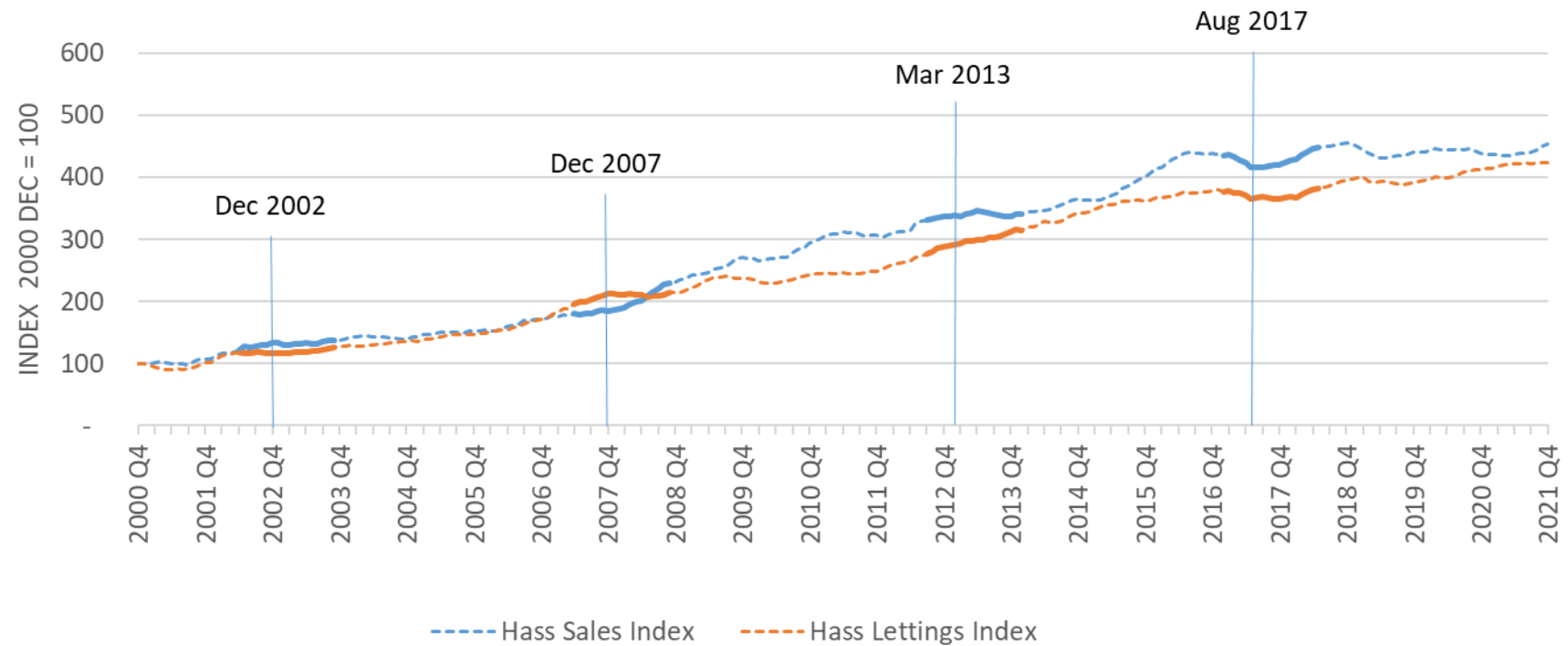


Kenyan Election Dates

- 1) 27 December 2002
- 2) 27 December 2007
- 3) 4 March 2013
- 4) 8 August 2017 (Supreme Court nullified result)
- 5) 25 October 2017 (Re-run)

ELECTIONS

Kenyan Property Sale and Lettings Performance during Election Dates
All Property Types





Elections

Key Takeaways

- **Before the election:** Reduction of volume of transactions as opposed to value of the transactions.
- **After an election:** Areas underpinned by strong demand are not affected after contentious elections.



Global Financial Crisis

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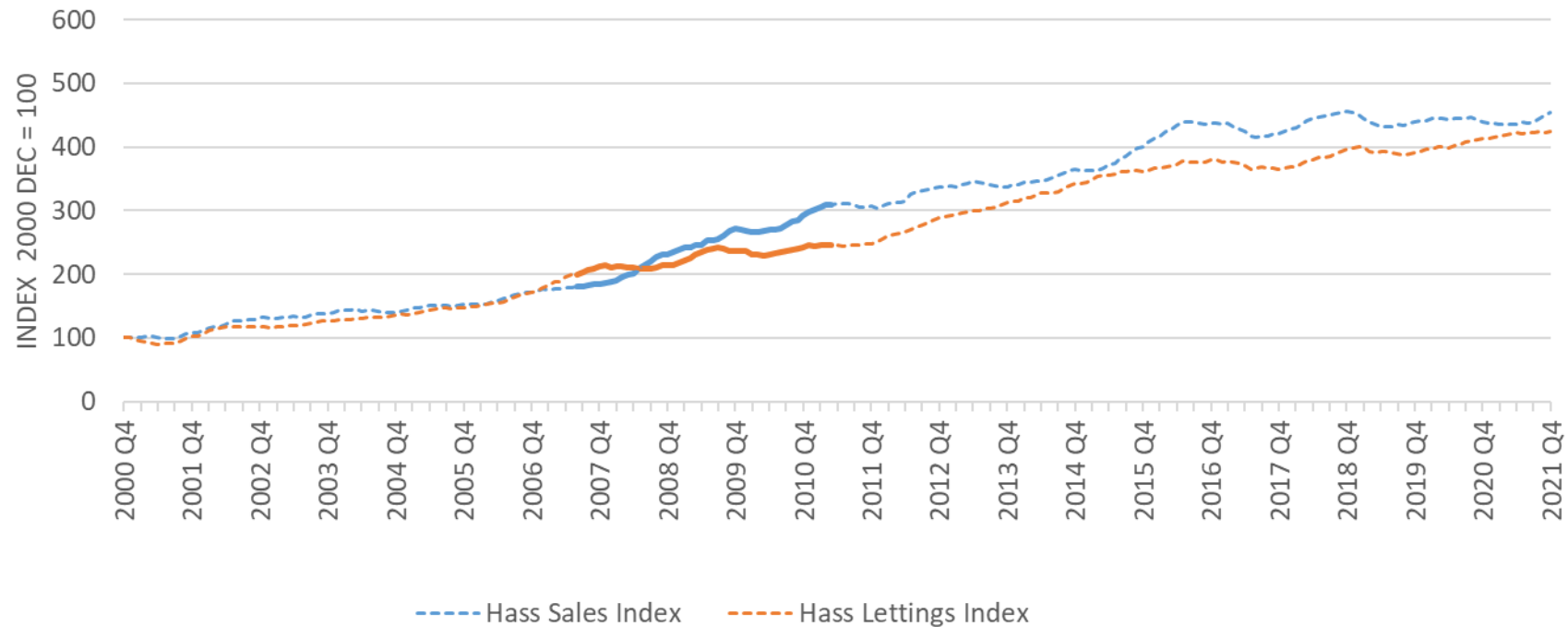


Global Financial Crisis 2007-08

- A severe contraction of global liquidity originated in the United States as a result of the collapse of the U.S. housing market.
- Created a ripple effect of economic downturns across the global specifically in countries with linked financial markets.

GLOBAL FINANCIAL CRISIS

Kenyan Property Sale and Lettings Performance during Sub Prime Crisis
All Property Types





Global Financial Crisis

Key Takeaways

- Kenya property markets continued boom showed backing by local demand.
- Insufficiency of local material supply creates vulnerability to global price disruptions.



Terror Attacks

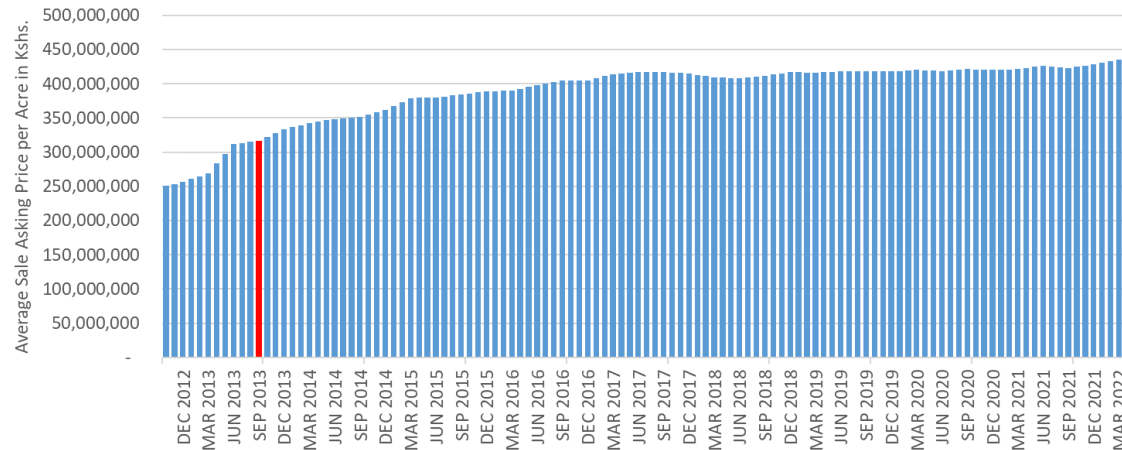
Terror Attacks In Nairobi

- 1) Westgate Mall Attack
- 2) 14 Riverside Attack

EFFECTS ON LAND PRICES

WESTGATE TERROR ATTACKS

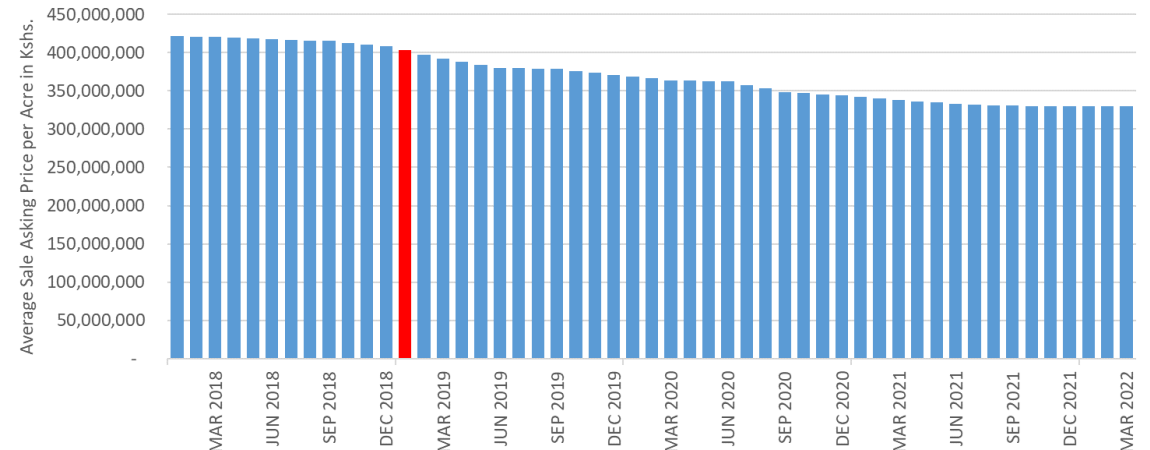
Kenyan Land Sale Performance during Westgate Mall Attack
Westlands



No effect on advertised land prices

RIVERSIDE TERROR ATTACKS

Kenyan Land Sale Performance during Dusit2 Attack
Riverside

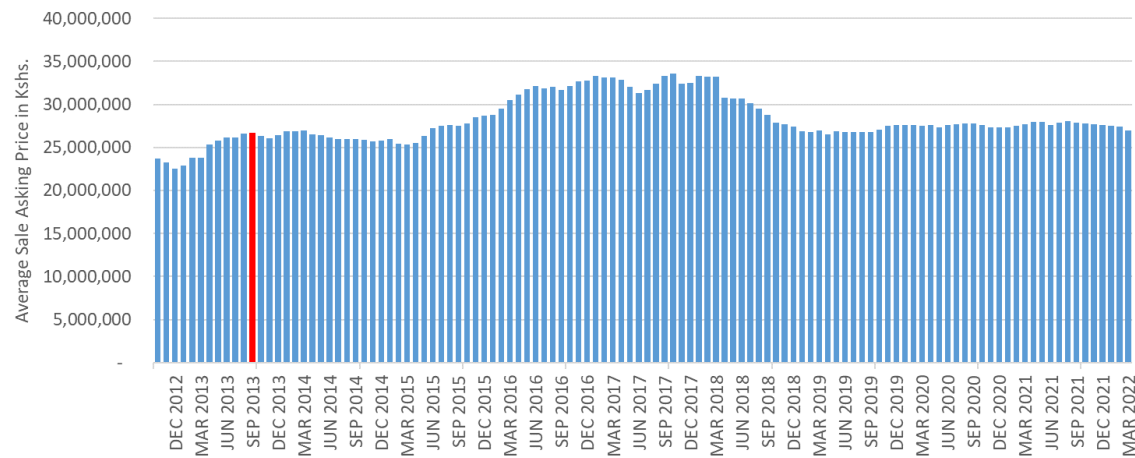


Exacerbated land price corrections

EFFECTS ON SALE PRICES

WESTGATE TERROR ATTACKS

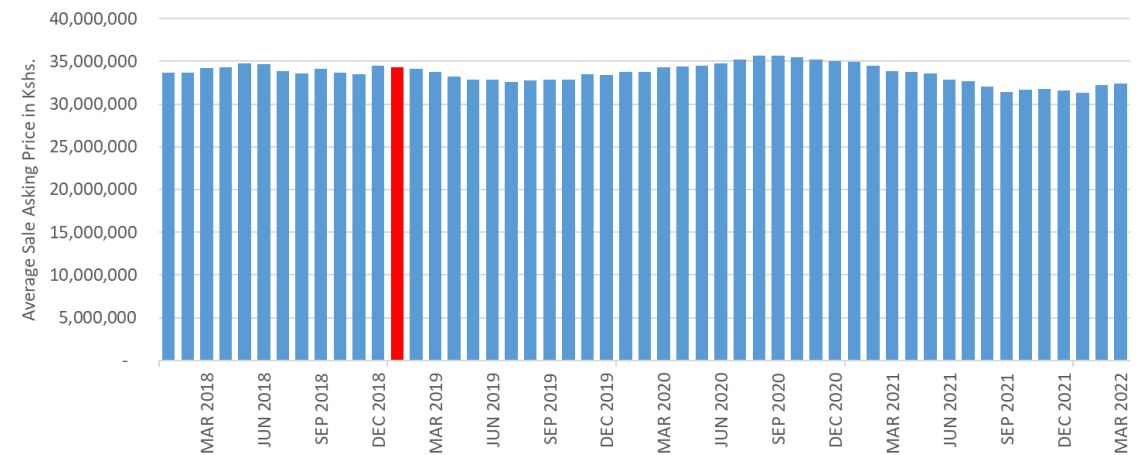
Kenyan Property Sale Performance during Westgate Mall Attack
Westlands



Two quarter ticker effect on Sale prices

RIVERSIDE TERROR ATTACKS

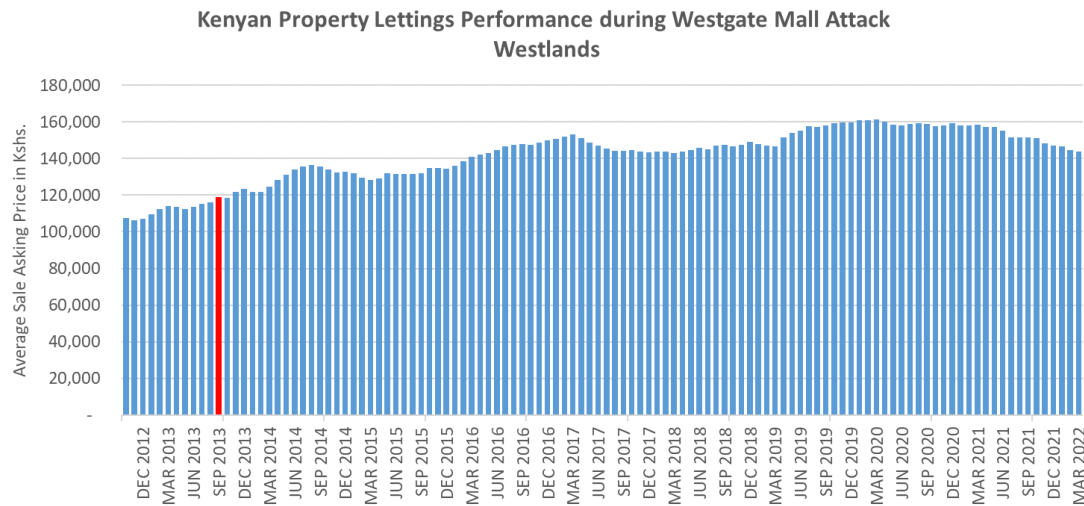
Kenyan Property Sale Performance during Dusit2 Attack
Riverside



One year property price corrections

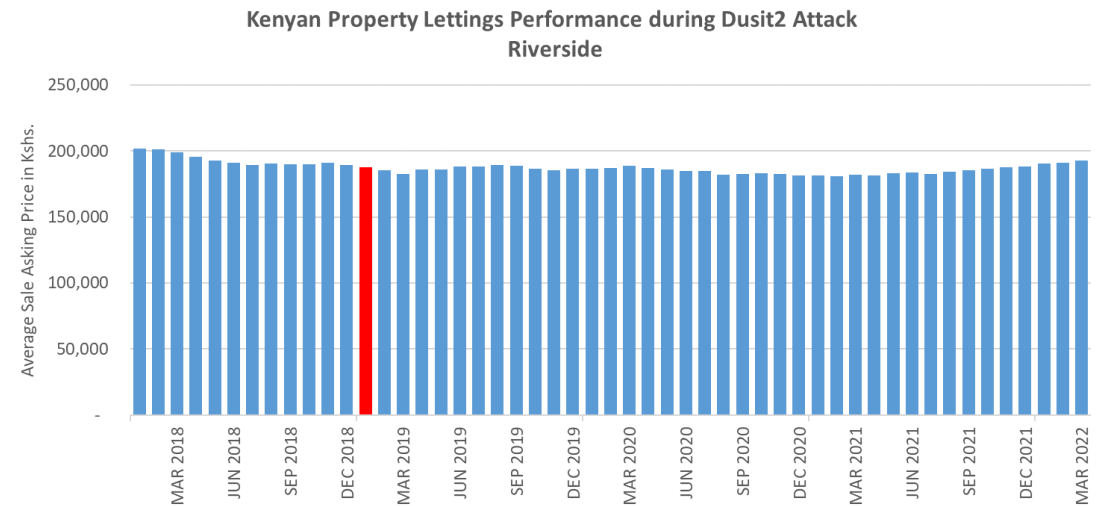
EFFECTS ON RENTAL PRICES

WESTGATE TERROR ATTACKS



One quarter ticker effect on rental prices

RIVERSIDE TERROR ATTACKS



Two quarter ticker effect on rental prices



Terror Attacks

Key Takeaway

- Areas that were not substitutable recovered faster from property price corrections.



Interest Rate Cap

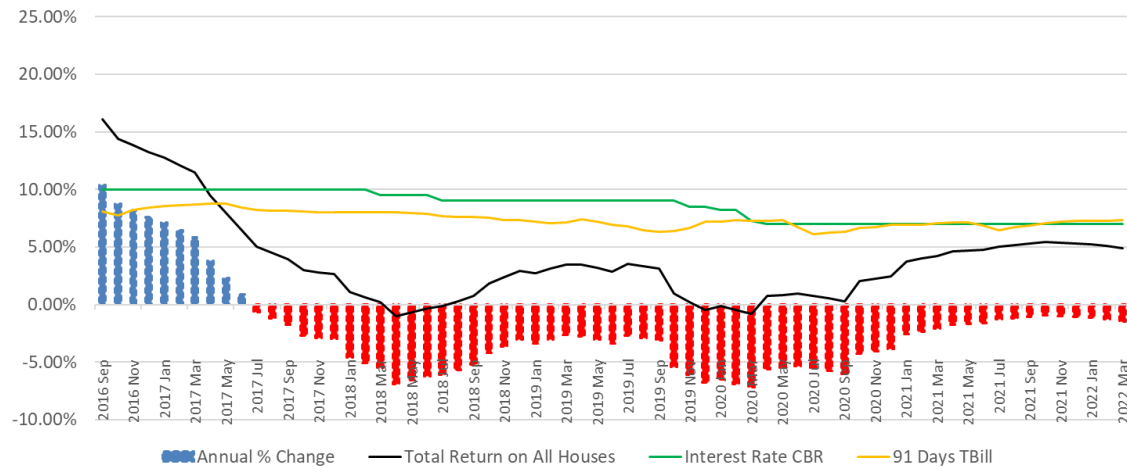
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Interest Rate Cap

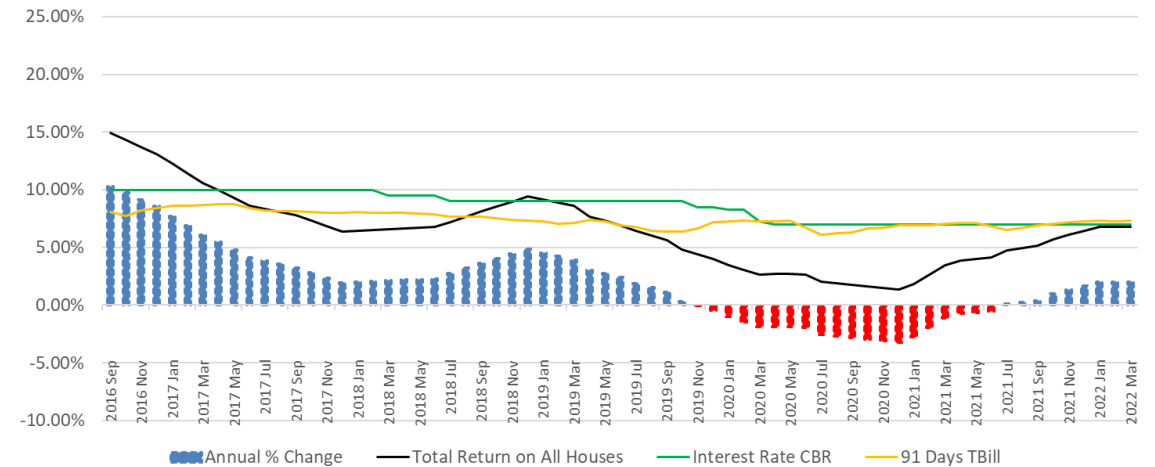
The Central Bank of Kenya imposed an interest rate cap on commercial banks in September 2016 and was lifted in November 2019.

INTEREST RATE CAP

Kenyan Property Sale Performance vs Central Bank of Kenya Indicators
Nairobi-18 Suburbs



Kenyan Property Sale Performance vs Central Bank of Kenya Indicators
Nairobi Satellite-14 Towns





Interest Rate Cap

Key Takeaways

- Government actions that affect liquidity heavily affect the cash backed property markets.
- Nairobi affected more on the back of higher commercial leveraging in business activities.



COVID-19

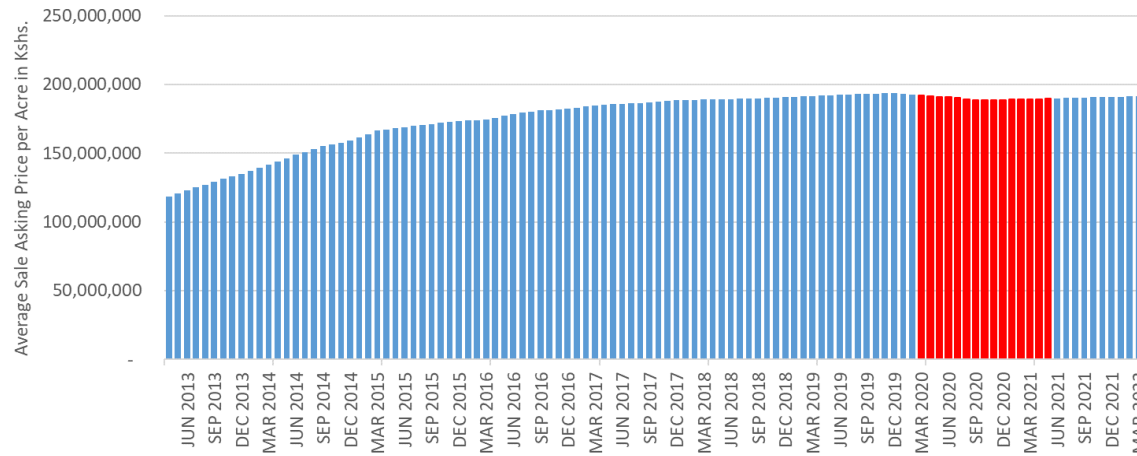
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Kenya COVID-19 Lockdown Dates

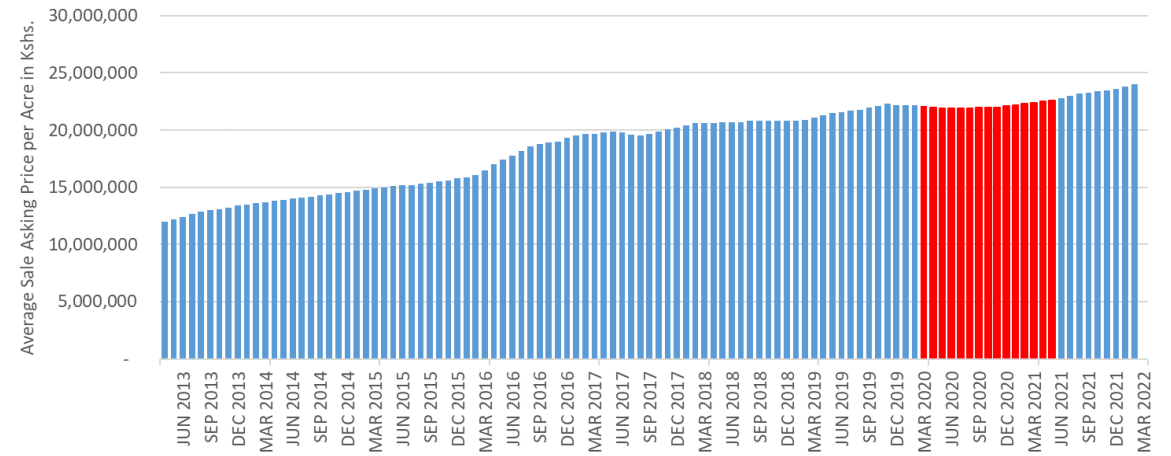
- 1) 12 March 2020 to Year End (1st COVID Lockdown)
- 2) 24 March 2021 to 02 May 2021 (2nd COVID Lockdown)

EFFECT ON LAND PRICES

Kenyan Land Sale Performance during COVID Lockdowns
Nairobi-18 Suburbs

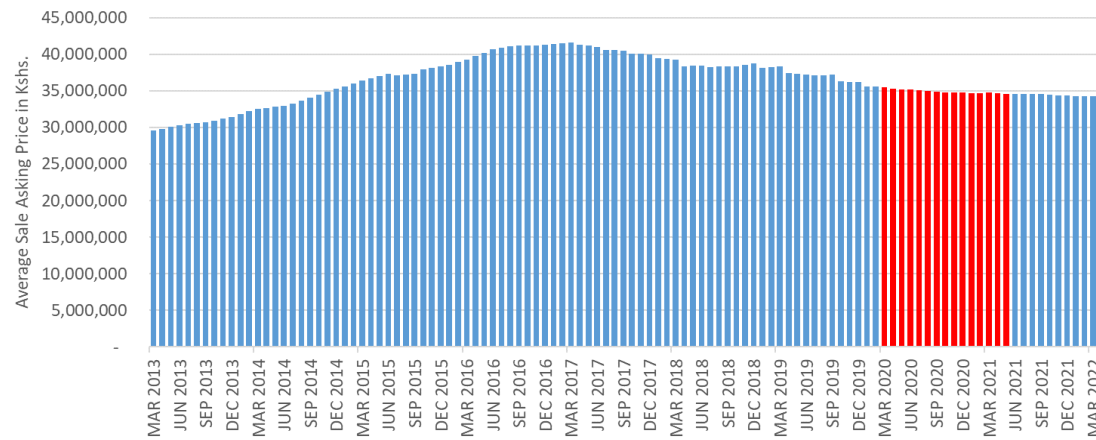


Kenyan Land Sale Performance during COVID Lockdowns
Nairobi Satellite-14 Towns

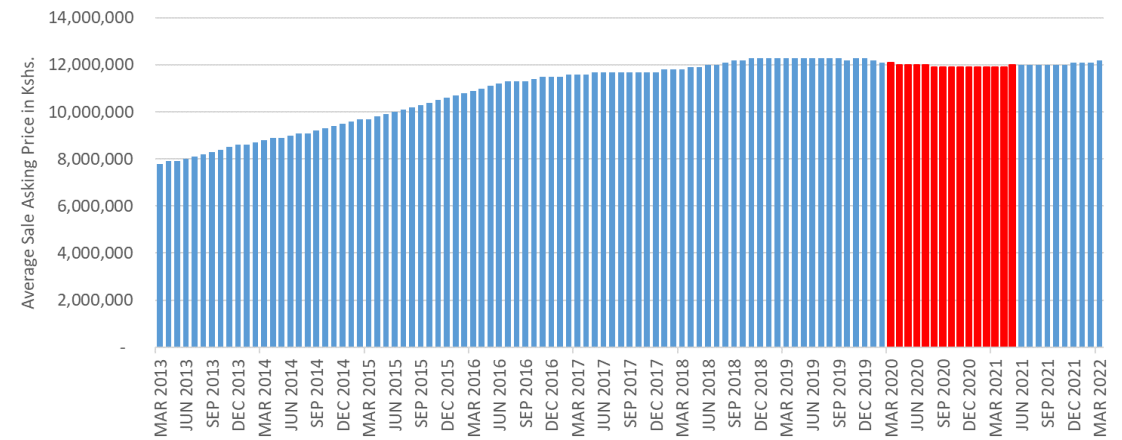


EFFECT ON SALE PRICES

Kenyan Property Sale Performance during COVID
Nairobi-18 Suburbs

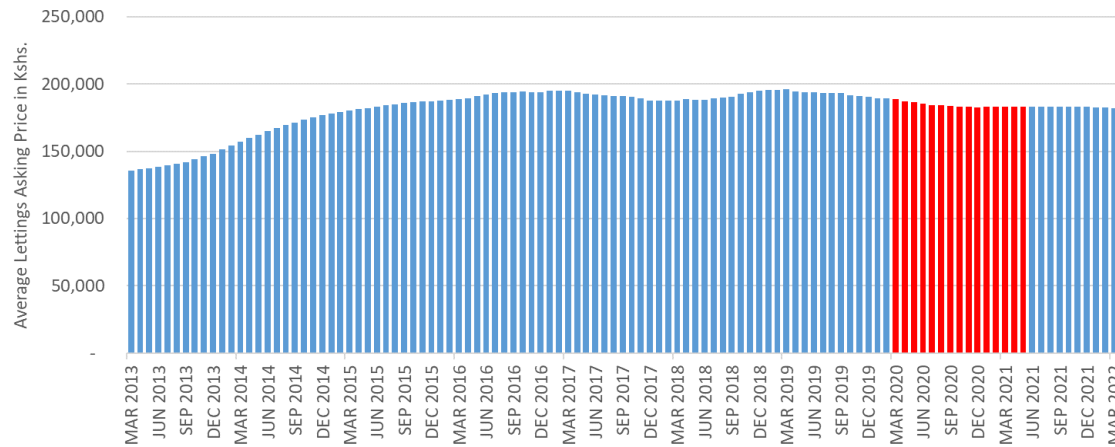


Kenyan Property Sale Performance during COVID
Nairobi Satellite-14 Towns

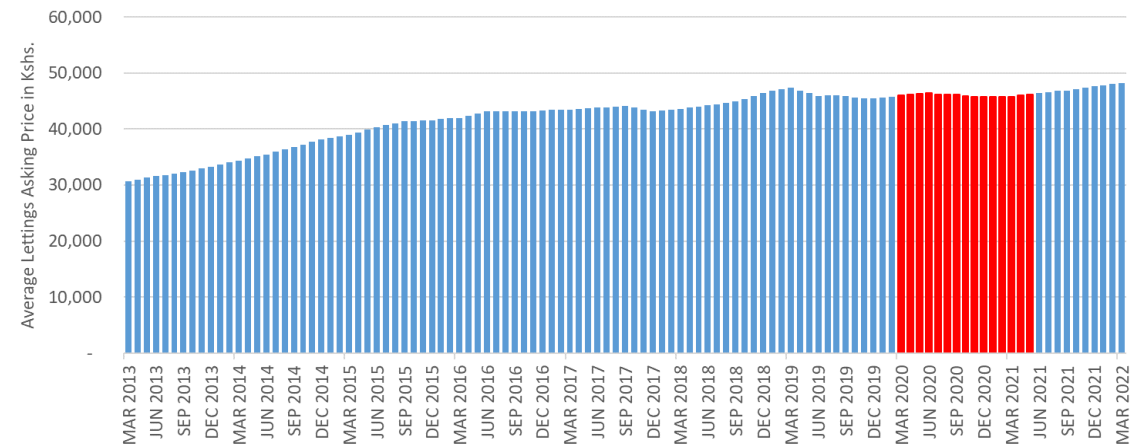


EFFECT ON RENTAL PRICES

Kenyan Property Lettings Performance during COVID
Nairobi-18 Suburbs



Kenyan Property Lettings Performance during COVID
Nairobi Satellite-14 Towns





COVID-19

Key Takeaways

- Assets purchased for speculative investment purposes rebounded much faster than assets purchased for commercial offtake.
- Less mature markets have a quicker reaction to economic shocks while economic centers have longer, more sustained effects of economic contractions.

Forecasting

How does understanding our
past help us project our future?



Asante Sana

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