



Shifting Ground

The Future of Kenya's Residential Market

By Sakina Hassanali
Co-CEO, HassConsult Real Estate

THE HASS PROPERTY
INDEX

Three Shifts Reshaping the Market

- Apartment fortunes diverging sharply
- Houses remain structurally undersupplied
- Land selling faster outside city, and fastest at the coast

Cost squeeze has been the market's logic

15-20%

Rise in Construction Costs

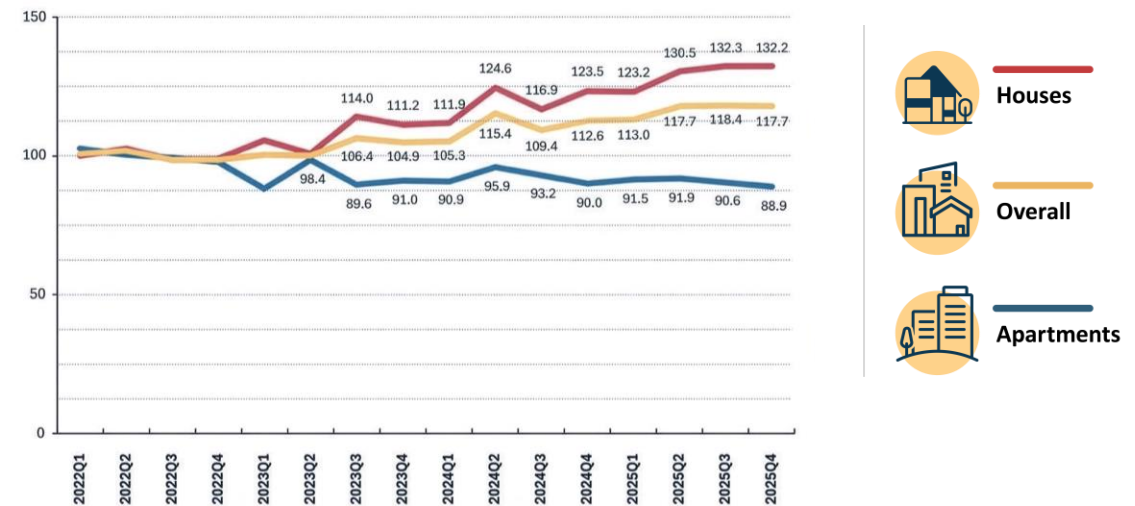
2022 - 2024

- Profitability eroded across the sector
- Developers have chased efficiency: alternative materials, less waste
- And density: more units per project to spread fixed costs
- High-density apartments on cheap land has become the go-to profit formula
- Houses limited by capital, on heavy costs through lack of scope for off-plan purchasing

But the cost solutions have diverged from demand

When supply is driven by costs, rather than demand, prices adjust on oversupply and shortages

Residential Property Price Index



Data is signalling sated demand

Yields are at
global highs

7.4%

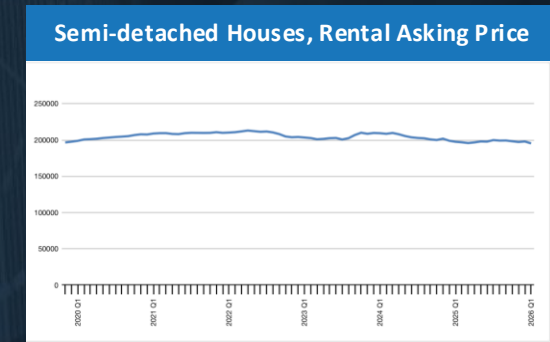
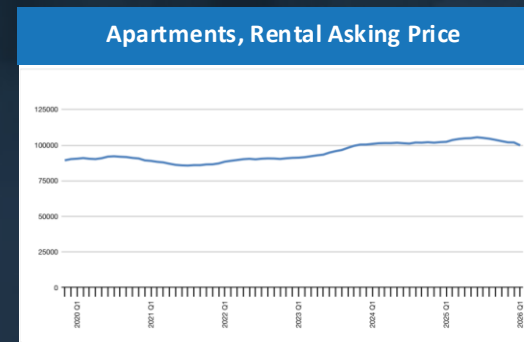
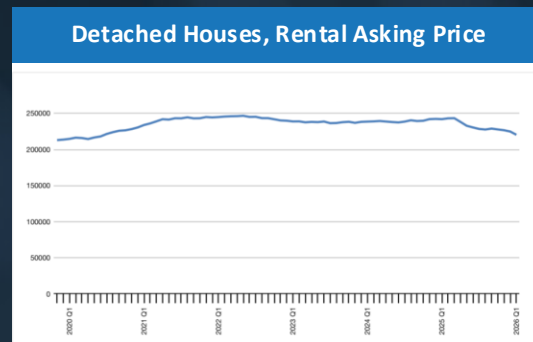
Nairobi suburbs
rental yield

5.3%

Nairobi satellites
rental yield

South Africa	10.55
UK	7.03
USA	6.51
Canada	5.55
Australia	4.92
France	4.63
Singapore	3.36
Switzerland	2.96

But rents are
flat, or falling



And demand moving out of town, and to Coast

Land prices 2020-2025:

+**20%**

Nairobi

+**49%**

Satellite towns

+**70%**

Watamu
(South Coast)

+**79%**

Diani
(North Coast)

Because there are two markets

Investors:

THE MAIN BUYERS

- Strongest sales driver
- Investing for wealth creation
- Want property that fills by matching tenant needs

Residents:

UPPER-MIDDLE: LIVING SPACE

- Working from home, at least part of the time
- Seeking space, community, wellness
- Often free to relocate to dream locations
- Averse to high density, but may engage if designed well

MIDDLE: ACCOMMODATION

- Under financial pressure
- Commuting
- Seeking affordability
- Spends limited time in home, needs ease, convenience, nightlife
- Moving to satellite towns

The middle class is moving to save costs

The Move

- Can't afford raised city rents
- Actively relocating to get cheaper accommodation
- New infrastructure is creating viable commercial nodes
- Developers accessing cheaper land

The Market Risks

- Same cost squeeze follows developers out of town
- High-density apartments in smaller markets overwhelm faster
- Oversupply can arrive before the demand base matures

Luxury is no longer urban convenience

Previous Generation

- Living near work
- Outsourced lifestyle
- Efficiency-driven homes
- City access

Emerging Generation

- Living well, wherever work happens
- Integrated lifestyle
- Experience-driven communities
- Nature, wellness, and belonging

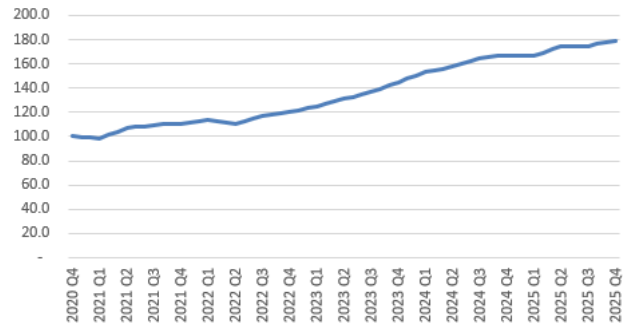
And the coast is premium plus

- Buyers insulated from local economic pressures
- Seeking a “whole life” in resort-residential convergence
- With greater access on Diani road

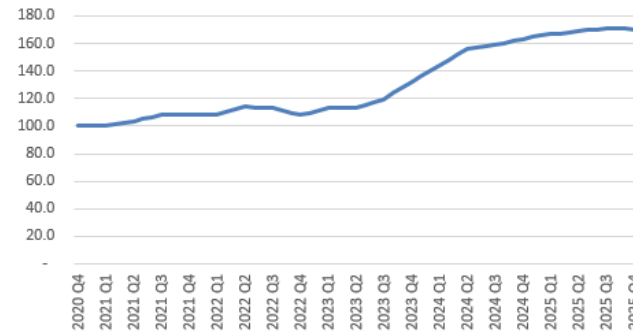


Means coastal demand is burning brightest

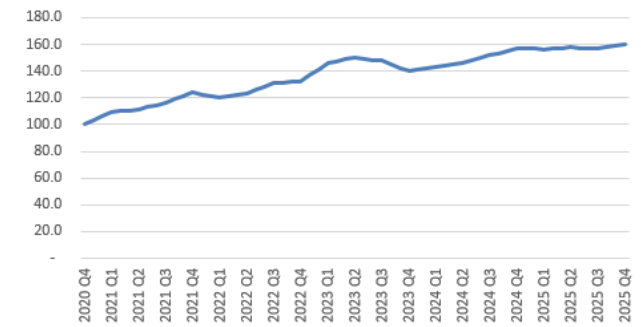
Diani Land Prices



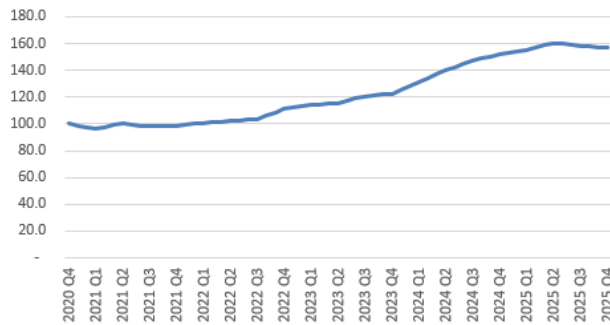
Watamu Land Prices



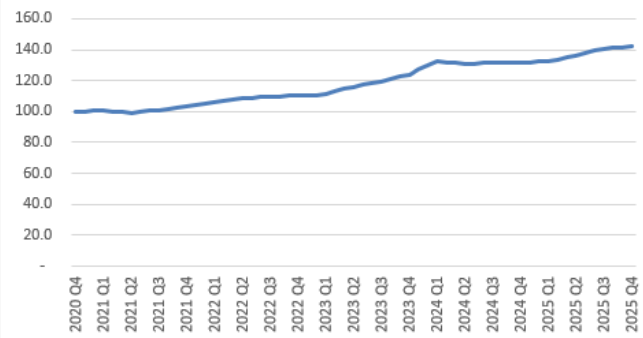
Lamu Land Prices



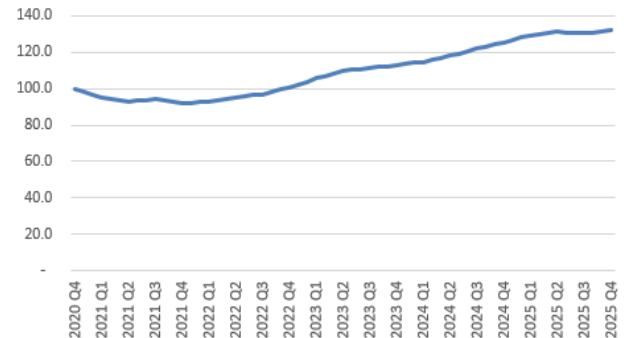
Bamburi Land Prices



Kikambala Land Prices



Shanzu Land Prices



The future the data is showing

Houses

- Undersupplied
- Developers have avoided the segment
- Prices rising strongly
- The opportunity is re-emerging

Satellites

- Real demand, affordable entry
- Not all supply will succeed
- Buyers are prioritizing trusted developers
- Real-time data and supply watch is essential in less mature markets

Coast

- A different residential economy
- Mobile and international demand
- Land prices rising at 2x to 3x the speed of elsewhere

A hand is shown pointing at a digital financial chart, likely a candlestick or line graph, which is overlaid on a dark blue background. The chart features various lines and data points, suggesting a complex financial analysis. The overall aesthetic is professional and data-driven.

Asante Sana

THE HASS PROPERTY
INDEX