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REAL ESTATE

Survey Report

2023/2024

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REAL ESTATE
Survey Report

2023/2024

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Preface



This report presents findings of the 2023/2024 Real Estate Survey in Kenya. The objectives of the survey were to provide up-to-date comprehensive statistics on the real estate sector; update Kenya's real estate inventory; provide information to developers/sellers, buyers and renters of residential and commercial properties as well as inform policy formulation in the housing and real estate sectors. Monitoring growth of these sectors are key realization of provisions of Article 43 (1) (b) of the Constitution, which provides for access to adequate housing and to reasonable standard of sanitation as fundamental human right. Further, the information from the survey would be used to monitor development blueprints at national, regional and global stage, to which Kenya has committed. Some of these blueprints include the Bottom-up Economic Transformation Agenda (BETA) Vision 2030, African Union (AU) Agenda 2063, and Sustainable Development Goals (SDGs).

The survey targeted formal establishments involved in real estate activities across all the 47 counties. The real estate activities covered in the survey were guided by the Kenya Standard Industrial Classification of all Economic Activities (KeSIC) used to classify economic entities (units) according to activity they engage in. The Real estate activities covered in the survey included; real estate activities with own or rented property such as buying and selling of residential and non-residential buildings; renting and operating of self-owned or rented real estate; operating of furnished/serviced apartments (owned or rented), and activities of real estate developers of own property for renting or sale (construction work done by a separate entity at a fee). The survey also covered real estate activities on a fee or contract basis such as activities of real estate agents and brokers; intermediation in buying, selling and renting of real estate on a fee or contract basis as well as management of real estate on a fee or contract basis.

The real estate sector is one of the most vibrant in Kenyan economy and has been registering exponential growth in the recent past as evidenced through its significant contribution to the country's Gross Domestic Product (GDP). The growth in the sector is supported by infrastructural expansion such as roads, utility connections, rapid urbanization and better returns on investment in the sector. The sector's output increased by 33.7 per cent from KSh 946.7 million in 2019 to KSh 1,265.4 million in 2023. The sector's real output grew from 6.7 per cent to 7.3 per cent, over the same period. The contribution of the real estate sector to the country's GDP has remained relatively high averaging 8.9 per cent. The sector has also been a significant contributor to formal wage employment for the last five years. Credit advanced to the sector by commercial banks and non-bank financial institutions has also remained significant, contributing to its growth.

While this report presents valuable information for policymakers, academics, and other stakeholders, it is important to note that challenges were encountered during the survey process. Some of the challenges included reluctance by some of the institutions to provide essential data and inadequacy of information collected from some establishments. As we endeavor to continuously support evidence-based decision making, we strongly appeal to stakeholders for collaboration in the attainment of this mandate.

HON. CPA JOHN MBADI NG'ONGO, EGH

Cabinet Secretary,

The National Treasury and Economic Planning

Acknowledgment



The 2023/2024 Real Estate survey was undertaken and successfully implemented with collaborative effort with other relevant key stakeholders. These included the Central Bank of Kenya (CBK) and the State Department for Housing and Urban Development.

I am grateful to the Kenya National Bureau of Statistics staff who worked tirelessly to ensure successful undertaking of this activity. In addition, I acknowledge the dedicated efforts of the Research Assistants who were the key point of contact to our data providers and ensured we get maximum cooperation from respondents. This category of personnel also ensured that we get quality statistics and we appreciate their diligent work.

I would like also to acknowledge the respondents of this survey to whom the questionnaires were administered. These are establishments engaged in real estate activities, who played a crucial role in ensuring we get required responses to our questionnaires.

I appreciate the technical and financial support provided to this survey from development partners. In particular, I appreciate the World bank for providing financial support under the Eastern Africa Regional Statistics Program for Results (EARSPforR) Initiative in supporting data collection activities.

Finally, I recognize the team that developed and participated in coming up with this report, right from data cleaning and analysis activity to the final report. This report will be useful to wide range of consumers of statistics as well as policy makers.

Macdonald G. Obudho, PhD, EBS, MBS

DIRECTOR GENERAL,

KENYA NATIONAL BUREAU OF STATISTICS

Abbreviations and Acronyms

CCTV	Closed-Circuit Television
CPI	Consumer Price Index
FSIs	Financial Soundness Indicators
GDP	Gross Domestic Product
IMF	International Monetary Fund
KNBS	Kenya National Bureau of Statistics
KHS	Kenya Housing Survey
KSh	Kenya Shillings
RES	Real Estate Survey
REPI	Real Estate Price Index
SDG	Sustainable Development Goals

Executive Summary

The 2023/2024 Real Estate Survey provides valuable insights into Kenya's dynamic real estate sector, which is a crucial driver of the nation's economic growth, contributing significantly to the GDP and influencing housing policies. The real estate market spans both residential and commercial properties, with residential property prices serving as a key indicator of housing affordability, while commercial properties support business operations. Despite this importance, there is a gap in reliable data regarding housing supply, which hampers effective decision-making and policy formulation.

The real estate market has experienced notable growth, with a 33.7% increase in sector output from 2019 to 2023. This growth is underpinned by urbanization, infrastructure development, and government initiatives such as the Affordable Housing Program, which seeks to build 200,000 housing units annually. However, the lack of consistent and comprehensive data remains a challenge. To address this, the 2023/2024 survey was conducted to collect current market data on residential and commercial property prices, trends in housing typologies, and housing finance arrangements.

The survey, conducted in accordance with the Statistics Act of 2006, involved face-to-face interviews and gathered data from establishments engaged in buying, selling, renting, and managing properties. The findings of the survey revealed that most real estate firms (95.1%) are private businesses, with a significant portion offering housing finance through cooperatives and microfinance institutions. This data is crucial for policymakers and stakeholders in shaping future strategies aimed at improving the affordability, quality, and accessibility of housing in Kenya.

In 2023, the residential market featured a variety of property types, with three-bedroom flats being the most common (23.3%). Nairobi City County dominated the market, accounting for 66.7% of all available properties. The market exhibited significant regional price variations, with properties in urban centers, particularly in Nairobi Upper, being far more expensive than those in peripheral areas. The survey revealed that properties with amenities such as parking spaces, CCTV surveillance, and backup generators were in high demand, with maisonettes having a higher proportion of domestic servant quarters compared to other types.

The residential property market showed strong demand, with 76.2% of properties that were in the market having successfully sold in 2023. Properties like two-bedroom bungalows and four-bedroom maisonettes had especially high sales rates. However, price variations were notable across regions depending on the size and location of property. The survey also highlighted the longer off-take times for certain property types, particularly apartments, which had an average off-take time of 16 months.

The residential rental market saw flats and apartments dominate, comprising 77.1% of rental properties. Nairobi City County, followed by Kiambu and Kajiado, held the largest share of rental properties. The rental market was competitive, with 88.8% of properties on offer for lease having been leased out in 2023. Rental prices varied widely: for instance, the median rent for one-bedroom bungalows was KSh 15,000, while four-bedroom bungalows could command rents of up to KSh 170,000. Townhouses had the highest rental rates, with two-bedroom units leasing for KSh 120,000 per month. The survey also found that rental yields varied by property type, with studio apartments and bedsitters yielding the lowest returns (2.2%), while two-bedroom townhouses offered the highest returns (8.3%).

On commercial properties, office buildings were the most prominent property type, making up over 50% of the market. Nairobi, Kiambu, Mombasa, and Machakos were the key locations for commercial properties. Office spaces commanded the highest prices at KSh 11,000 per square foot, with special-purpose properties and industrial spaces following at lower rates. Despite the strong demand for office spaces, hotel and hospitality properties experienced slower sales.

In the commercial rental market, office spaces again dominated, comprising over 60% of rental properties. Rental prices varied depending on property type and location, with special-purpose properties and suites/condominiums attracting the highest rents at KSh 150 and KSh 140 per square foot, respectively. Industrial and warehousing properties had the lowest rental rates, at KSh 40 per square foot. Service charges also varied across property types, with industrial properties incurring the highest charges due to maintenance costs.

The 2023/2024 Real Estate Survey provides critical data on Kenya's residential and commercial property markets, highlighting trends, pricing variations, and key factors influencing demand which has been lacking. This data will serve as a baseline for future policy decisions and market strategies aimed at addressing housing affordability and accessibility. The findings underscore the importance of data-driven decision-making in shaping the real estate sector's development and ensuring its continued growth and sustainability.



Chapter 01

Introduction

Real estate sector is a fundamental driver of economic growth of a country. Its indicators play a pivotal role in informing housing sector planning, financial stability and economic policy decision making. The International Monetary Fund in compilation of financial soundness indicators (FSIs), identifies real estate markets as an important source of indicators relevant for both financial and non-financial sectors. The real estate index is used as deflator in the balance sheet and fixed capital formation in the compilation of national accounts statistics.

Residential property prices are a key indicator in measuring growth as they reflect the affordability of residential units by households, either through ownership or rental arrangements. In addition, house purchases and rents constitute a significant proportion of urban and peri-urban household expenditures. Commercial properties, on the other hand provide economic agents with space for business operations and are mainly categorized by form of usage which include: office space/property, retail space/property, industrial property such as, warehousing and storage, factories among others.

Whereas the Consumer Price Index (CPI) captures information on monthly rent, current housing market supply side data is missing. The 2023/2024 Real Estate Survey therefore, provides indicators on prices of houses purchased and rented which gives insights on the demand and supply side indicators.

The real estate sector is one of the most vibrant in Kenyan economy and has been registering exponential growth in the recent past as evidenced through its significant contribution to the country's Gross Domestic Product (GDP) which has averaged at 8.9 per cent. The sector's output increased by 33.7 per cent from KSh 946.7 million in 2019 to KSh 1,265.4 million in 2023.

The sector's real output grew from 6.7 per cent to 7.3 per cent over the same period. The growth in the sector has been supported by infrastructural development such as roads, utility connections, rapid urbanization, better returns on investment in the sector and several government initiatives towards affordable housing.

**Economic Survey*



The real estate sector is one of the most vibrant in Kenyan economy and has been registering exponential growth in the recent past as evidenced through its significant contribution to the country's Gross Domestic Product (GDP) which has averaged at 8.9 per cent.

1.2 Policy, Legal and Institutional Framework

The right to adequate housing is a human right recognized by international, regional, and national laws. This right is derived from 'the right to an adequate standard of living' as defined in Article 25 of The Universal Declaration of Human Rights. In Kenya, the right is reflected in Article 43 (1)(b) of the Constitution, which guarantees every person the right 'to accessible and adequate housing; and to reasonable standards of sanitation'. Therefore, Kenya's housing sector is governed by various international, regional and national policies as outlined below: -

1. **The Sustainable Development Goals:** Target 11.1 "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums."
2. **The New Urban Agenda:** Adopted in 2016 at Habitat III, is a concise, action-oriented, forward-looking, and universal framework of actions for housing and sustainable urban development.
3. **Agenda 2063:** The Africa We Want—is a declaration signed by African Union member states in May 2013. It serves as a strategic framework aimed at the socioeconomic transformation of the continent. This initiative builds upon and aims to accelerate the implementation of previous and existing continental efforts focused on growth and sustainable development.
4. **The Kenya Vision 2030:** The country's development blueprint vision for housing and urbanization is 'an adequately and decently housed nation in a sustainable environment'. This is to be achieved through various undertakings which include but are not limited to, facilitation of construction of 200,000 housing units annually through various initiatives and development of quality and affordable houses for low-income Kenyans.
5. **Sessional Paper No. 3 of 2016 on The National Housing Policy:** Provides the guidelines for progressive realization of the right to accessible and adequate housing and reasonable standards of sanitation for every person as per Article 43 of the Constitution. It also intends to prevent the deteriorating housing conditions countrywide and bridge the shortfall in housing stock arising from demand that far surpasses supply particularly for low-income housing in urban areas.
6. **Sessional Paper No. 2 of 2016 on the National Slum Upgrading and Prevention Policy:** Its purpose is to integrate the existing slums into the formal system, enabling them to enjoy reasonable basic amenities. It will also prevent formation of new slums by adhering to urban planning, provision of infrastructure, and low-cost housing.
7. **Sessional paper No. 2 of 2015 on National Building Maintenance Policy:** Aims to create awareness and build capacity of all Kenyan citizens on the importance of proper maintenance of buildings and related infrastructures and guides on the establishment of efficient, effective and economic use of scarce maintenance resources with a view of maintaining the existing housing stock to prolong and realize a longer economic value.
8. **Sessional paper No. 1 of 2017 on National Land Use Policy (NLUP):** The overall objective is to "provide legal, administrative, institutional and technological framework for optimal utilization and productivity of land and land related resources in a sustainable and desirable manner at National, County, Sub-County and other local levels".
9. **Sessional paper No. 3 of 2009 on National Land Policy (NLP):** The overall objective of the National Land Policy is to provide a mechanism through which land is held, used and managed in an equitable, efficient, productive and sustainable manner.
10. **Sessional paper No. 1 of 2023 on National Urban Development Policy (NUDP):** Aims to strengthen urban governance and management, development planning, urban investment, and the delivery of social and physical infrastructure throughout the country.

The following legislations govern the sector: -

The Constitution of Kenya, 2010: Provides for the right to accessible and adequate housing under Article 43(1) (b), which is fundamental to enable individuals live in dignity. The Constitution envisages every person having a right to accessible and adequate housing as well as reasonable standards of sanitation. Article 21(2) dictates that the State shall take legislative, policy and other measures, including the setting of standards, to achieve the progressive realization of the rights guaranteed under Article 43.

01. **Affordable Housing Act, 2024:** Gives effect to Article 43(1)(b) of the Constitution and provides a framework for development and access to affordable housing and institutional housing. It also establishes the affordable housing fund.

02. **Sectional Properties Act, No. 21 of 2020:** Provides a legal framework for the subdivision of land and buildings into individual units or sections, each with separate ownership rights.

03. **The County Government Act, 2012:** Dictates that development control in a city or municipality should be within the national housing and building code framework. The Act further gives the counties powers to perform the functions spelt out under the fourth schedule of the constitution such as development planning.

04. **The Physical and Land Use Planning Act (Act No. 13 of 2019) (PLUPA):** Is the principal Act for land use planning in Kenya. It makes provision for the planning, use, regulation and development of land and establishes offices and institutions for the purposes of planning in the country.

05. **Housing Act, 1953 (Amended 2019):** Established the National Housing Corporation which provides loans and grants for the construction of dwellings and facilitates access to innovative housing solutions.

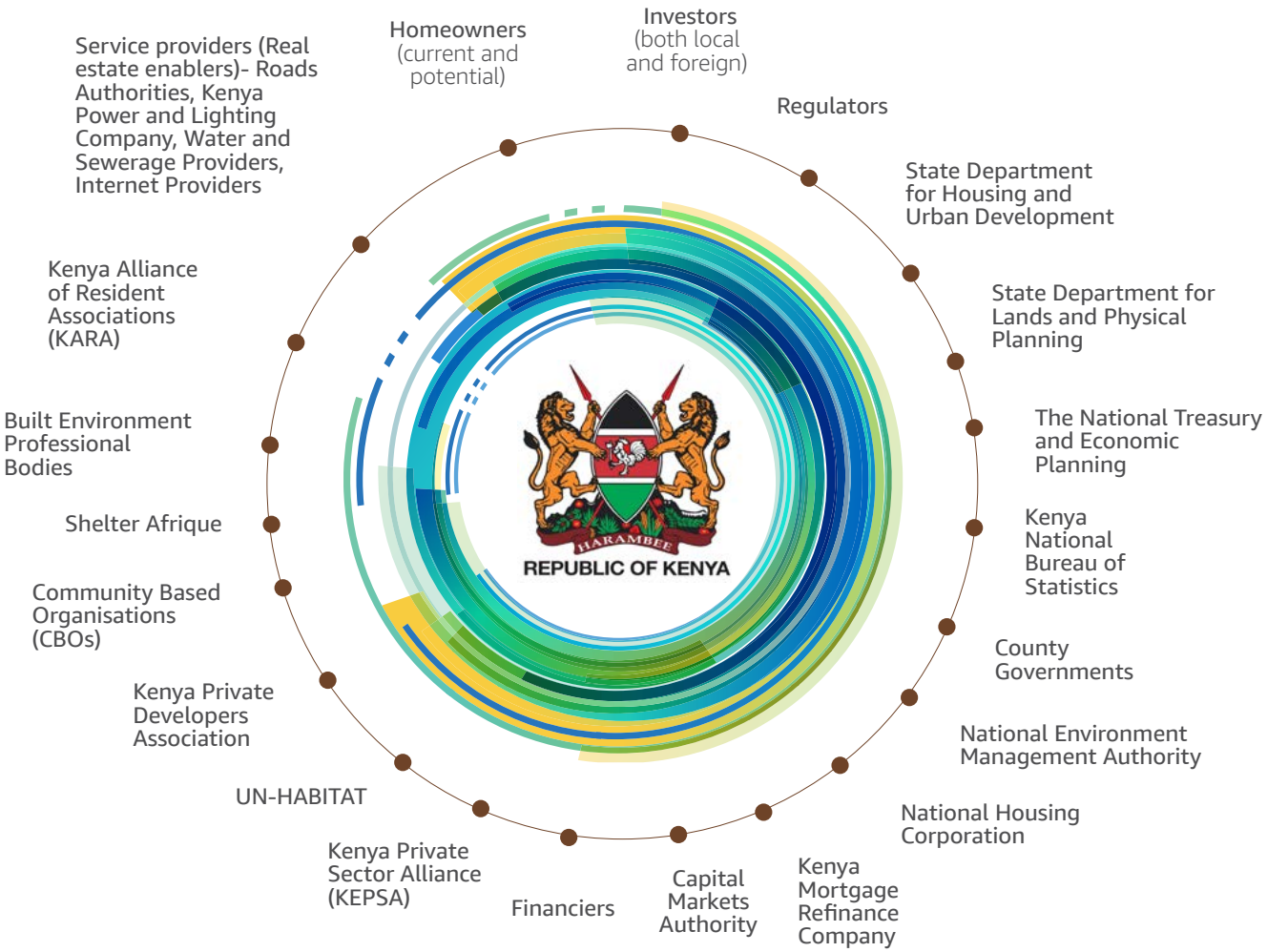
06. **Environmental Management and Coordination Act, 1999 (EMCA) (Amended 2015):** Provides for the establishment of an appropriate legal and institutional framework for the management of the environment.

07. **Environmental Management and Coordination Act, 1999 (EMCA) (Amended 2015):** Provides for the establishment of an appropriate legal and institutional framework for the management of the environment.

07. **Stamp Duty Act, 2012:** Makes provision for the levying and management of stamp duties. Exemption from payment of stamp duty for first-time home buyers under the Affordable Housing Scheme is anchored on this Act. Key institutions in the housing sector include the Ministry of Lands, Public Works, Housing and Urban Development, County Governments, the National Environment Management Authority (NEMA), the National Construction Authority (NCA), Kenya Mortgage Refinancing Company (KMRC), National Housing Corporation (NHC) and the Kenya Revenue Authority (KRA).

1.3 Key Players in the Real Estate Sector

The key players in the real estate sector are persons and institutions who hold a pivotal role in the investment and development of real estate in Kenya. They include:



The real estate sector is a significant contributor to the performance of financial institutions in terms of mortgage loans as well as asset holdings. Property prices are used to predict a possible banking crisis and monitor trends in the property market.

1.4 Justification for the Survey

The right to housing is embedded in the Constitution of Kenya, which provides that every person has the right to accessible and adequate housing. Kenya Vision 2030 aims to address the country's housing needs by targeting to construct 200,000 housing units annually through various strategies. The Sessional Paper No. 3 on the National Housing Policy (2016) recognizes lack of comprehensive data and regular market analysis on housing supply and demand at both the National and County levels as one of the key policy issues affecting the sector. To address this, the policy mandates the National and County governments to establish databases on real estate activities and conduct periodic market analysis every five years in collaboration with accredited research institutions.

The real estate sector is a significant contributor to the performance of financial institutions in terms of mortgage loans as well as asset holdings. Property prices are used to predict a possible banking crisis and monitor trends in the property market. The Real estate sector lacks data to monitor the sector's development and financing which limits informed decision making necessary for mitigating against potential banking crisis. The Affordable Housing Program also aims to construct 200,000 housing units annually and its implementation requires updated statistics to track the achievement of the goals. The 2019 Kenya Population and Housing Census revealed a deficit of 14.7 million habitable rooms and developed a consolidated housing quality index based on the materials used for construction.

For social inclusion and living standards to be maintained, access to affordable housing finance is essential. Information on housing finance and development from the demand side must be gathered to identify gaps and challenges in improving housing quality and lowering unfavorable living conditions.

The statistics generated from this survey will create an updated indicators database for the real estate sector to assess impact of future policies towards real estate development. The data will serve as a baseline for assessing the impact of future real estate sector policies.

1.5 Survey Objectives

The broad objective of the 2023/24 Real Estate Survey was to collect data on prices for both residential and commercial properties. The specific survey objectives were to provide:

a) Up-to-date market statistics on the real estate sector.

b) Provide information on trends in typologies for housing.

c) Average prices of real estate residential and rents that are currently in the market.

d) Average prices/rents of commercial properties

e) Update of the business register to monitor the sector.





Chapter 02

Methodology

2.1 Legal, Regulatory and Institutional Framework

The 2023/24 Real Estate Survey was conducted under the Statistics Act, 2006 that empowers KNBS to collect, compile, analyse, publicize and disseminate official statistical information, as well as coordinate the National Statistical System (NSS). In addition, the Act mandates KNBS to collaborate with other bodies within or outside Kenya as is appropriate for the purposes of development and production of quality statistics

The survey was undertaken and successfully implemented with collaboration and assistance from various institutions which enabled availability of updated real estate statistics for the year 2023. These institutions included the Central Bank of Kenya (CBK) and the State Department for Housing and Urban Development

2.2 Scope and Target Population

The 2023/2024 Real Estate Survey (RES) targeted all establishments engaged in real estate activities drawn from Statistical Business Register. The classification was based on the Kenya Standard Industrial Classification of all Economic Activities (KeSIC) used to classify economic entities (units) according to activities in which they are engaged in.

The real estate activities covered in the survey, were real estate activities with own or leased property. This include buying and selling of residential and non-residential buildings; renting and operating of real estate; operating of furnished/serviced apartments, and activities of real estate developers of own property for leasing or sale (construction work done by a separate entity at a fee). The survey also covered real estate activities on a fee or contract basis such as activities of real estate agents and brokers; intermediation in buying, selling and renting of real estate on a fee or contract basis as well as management of real estate on a fee or contract basis.

The survey collected information from institutions engaged in all real estate activities including real estate agents, property managers as well as developers. To supplement survey data, secondary data on real estate properties sold was obtained from real estate establishments and agents.

2.3 Survey Instruments

The survey instruments used for data collection were survey questionnaire and survey manual. The questionnaire was organized into residential sale, residential lease, commercial sale and commercial lease modules. The questionnaire provided comprehensive variables on real estate activities including; stock of properties, sales volume and prices by types of use, ownership and location details.

The survey collected information on market prices of properties including the price of the land for stand-alone property (bungalows and massionettes). The prices collected included the asking (advertised) prices and actual (sale) prices of properties in the market. In the case of stand-alone types of residential property, the size of the land was also collected.

2.4 Reference Period

The 2023/2024 Real Estate Survey collected information for real estate properties that were advertised/on offer for sale (lease/rent) or sold (leased/let) in 2023. In this regard, information was collected for properties that were advertised for sale/ let before 2023 and were still on offer for sale/let in 2023; properties advertised for sale/let before 2023 and were sold/ let during 2023, properties that were advertised for sale/ let in 2023 and were actually sold/ let in 2023; and properties that were advertised for sale/let in 2023 but were not sold during 2023.

> The primary mode of data collection for the 2023/2024 Real Estate Survey was face to face interviews using Computer Assisted Personal Interviews (CAPI) across all the 47 counties for a period of 60 days from March to May 2024.

The 2023/2024 Real Estate Survey (RES) targeted all establishments engaged in real estate activities drawn from Statistical Business Register based on the Kenya Standard Industrial Classification of all Economic Activities (KeSIC).

2.5 Data Collection

The primary mode of data collection for the 2023/2024 Real Estate Survey was face to face interviews using Computer Assisted Personal Interviews (CAPI) across all the 47 counties for a period of 60 days from March to May 2024. Research assistants were issued with tablets which were used for data collection and transmission of data to the server immediately after completion of each interview. Field teams comprising of supervisors and research assistants visited establishments to collect information for the survey. In some instances, field teams dropped hardcopy questionnaires in the establishments and collected them once filled for data entry in CAPI.

2.6 Data Analysis and Tabulation

Creation of tabulation plans which informed final creation of tables for the report played a critical role in enhancing quality. Before commencement of data analysis and report writing, a thorough data cleaning and editing was carried out. Validation checks was also done based on available secondary data.

2.7 Data Quality

Data quality for the 2023/2024 Real Estate Survey was ensured through a multi-step approach that began from survey inception, conceptualization of content and scope as well as development of data collection tools.

During questionnaire development, questions were keenly vetted before inclusion in the questionnaire to eliminate any redundancies. Consistent checks were embedded in CAPI to ensure consistency, error checking and flagging out of errors and outliers in the collected data. Further, during fieldwork, quality monitoring through keen supervision was carried out to ensure potential errors were noticed and correction measures taken.



2.8 Key Concepts and Definitions

Bungalow: Is a detached, stand-alone house without upper floors or upper rooms, typically designed to be occupied by one family. It also includes the 'town houses' which are detached houses of a similar style built in one compound, often found in urban high-end neighborhoods.

Flat/ Apartment: Is a housing type contained in a vertical development having several similar housing units. It shares a common access through common stairways, elevator, among others. Duplex housing units were also categorized as apartments.

Maisonette: Is a housing type that is typically double storey, (or higher). Each maisonette has access to the ground floor level, and this access is private to a particular maisonette. It is not shared with neighbouring units hence providing a greater sense of privacy than living in vertical flats.

Swahili/Compound houses sharing facilities: These are several dwelling units in a structure with a single main door. The structure usually comprises separate rooms and open or closed common areas, and a separate area for toilet(s), shower(s) and kitchen(s) which are shared. The traditional Swahili house was built in a rectangular shape, with rooms in along 3 walls, and the shared areas along one wall. There would be closed and open common spaces inside the structure. However, long vertical rooms with shared toilet, shower, and kitchen facilities at one end were also included in this definition.

Town house: A townhouse is a single-family home that shares at least one common wall with another home. Townhouses are part of a larger complex or community comprised of several identical or near-identical homes, and offer large living spaces, plenty of amenities and a low-maintenance lifestyle. They are more affordable than standalone single-family homes but allow for more privacy than condos or apartments.

Flat/ Apartment: Is a housing type contained in a vertical development having several similar housing units. It shares a common access through common stairways, elevator, among others. Duplex housing units were also categorized as apartments.

Commercial Bank: Is a financial institution licensed by Central Bank of Kenya to take deposits and give loans for a diverse range of products. For the purposes of this survey, this category includes Housing Finance, Savings & Loan, K-REP and Jamii Bora.

Savings and Credit Cooperative Society (SACCO): Is a regulated group saving and lending institution. It comprises autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled association. It may include a deposit taking Front Office Activity (FOSA) or non-deposit taking.

Micro Finance Institutions: Specialized finance providers who mainly offer flexible financing options including but not limited to flexible loan repayment terms. They may be formally registered or may operate as non-profit making ventures.

Employers' Scheme: A lending scheme that is funded through the employer. Usually, the employees contribute a certain percentage of their wage, and the employer also makes some contribution.



Chapter 03

Key findings

- Majority (95.1%) of real estate firms that took part in the survey were private businesses while 3.4 per cent and 1.5 per cent were cooperatives and parastatals, respectively.
- 40.7 per cent of real estate firms are registered with Valuers Registration Board (VRB) and 33.9 per cent are registered with Kenya Valuers and Estate Agents.
- About 10 per cent of the real estate firms covered in the survey provide housing financing arrangements to buyers or renters of their property.
- Among the firms that provide housing financing arrangements to buyers or renters of their property, 31.8 per cent provide housing finance arrangements with Cooperatives or Saccos, 22.7 per cent with the Housing Finance Institution and 13.6 per cent with microfinance institutions.
- Among the real estate firms that took part in the survey, 63.4 per cent reported that they own the various real estate properties they deal with while 36.7 per cent do not own the real estate properties they deal with.

3.1 Types of Real Estate Firms

The real estate sector is dominated by private sector players. Out of the real estate firms that took part in the survey, 95.1 per cent were private businesses while 3.4 per cent and 1.5 per cent were cooperatives and parastatals, respectively (Figure 3.1).

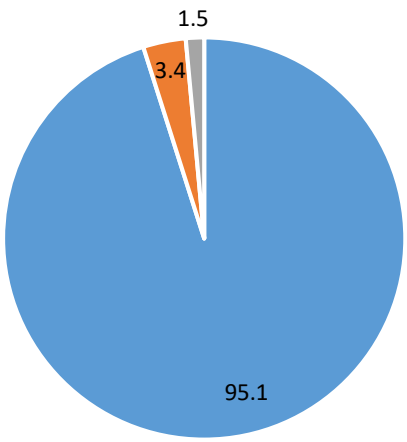


Figure 3.1: Distribution of Real Estate Firms by Type (%)

3.2 Legal Status of Real Estate Firms

The survey sought to establish the legal status of firms engaged in real estate activities. The results presented in Figure 3.2 indicate that 84.9 per cent of real estate firms is registered as local private limited companies, 4.0 per cent are registered as sole proprietors and 4.5 per cent are registered as local public limited companies. Real estate companies registered as partnerships were 5.0 per cent while 1.5 per cent of firms are registered as foreign private limited companies.

> Registration with professional and regulatory institutions enhances professionalism, discipline and consumer protection among players in specific sectors.

Figure 3.2: Distribution of Real Estate Firms by Legal Status (%)

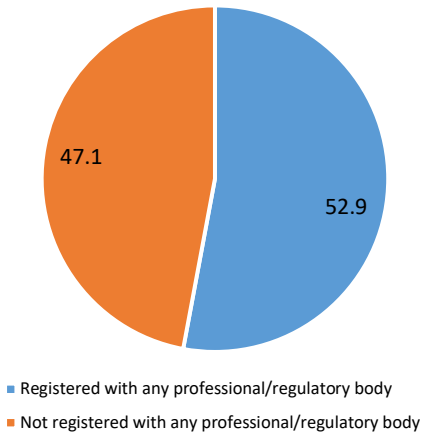


The real estate sector is dominated by private sector players.

3.3: Registration of Real Estate Firms with Professional and Regulatory Institutions

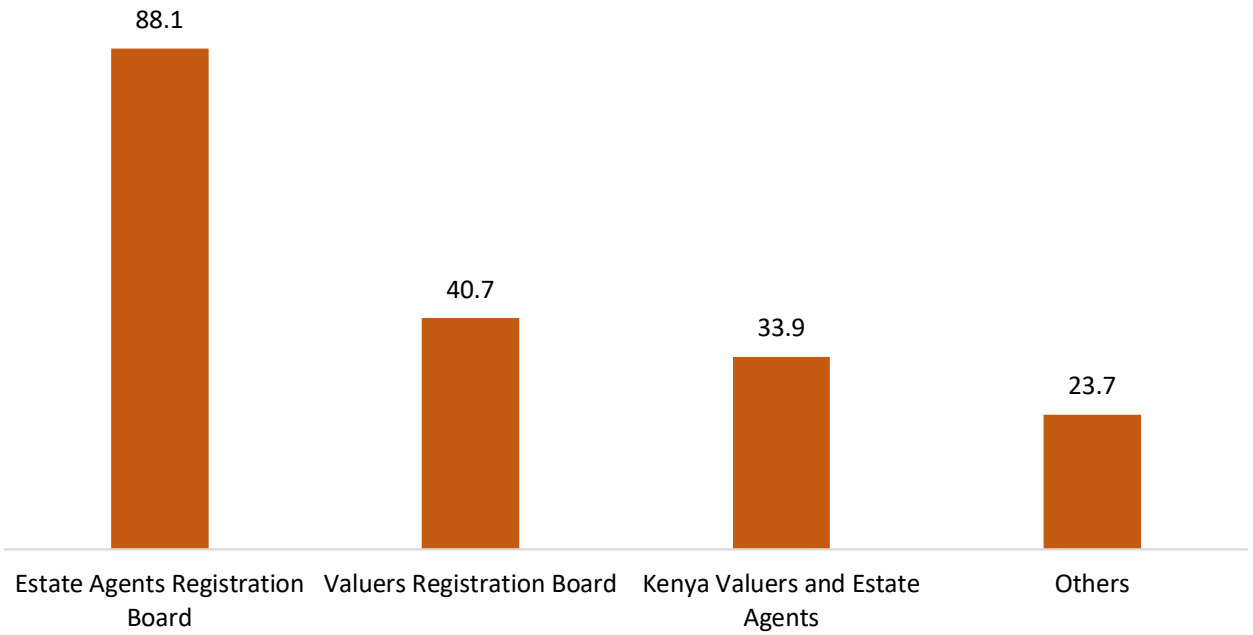
Registration with professional and regulatory institutions enhances professionalism, discipline and consumer protection among players in specific sectors. The survey sought to establish whether real estate firms are registered with relevant professional and regulatory institutions in the country. The results in Figure 3.3 indicate that 52.9 per cent of real estate firms were registered with any professional or regulatory body in the country while 47.1 per cent were not registered with any professional or regulatory body in the country.

Figure 3.3: Distribution of real estate firms by registration status (%)



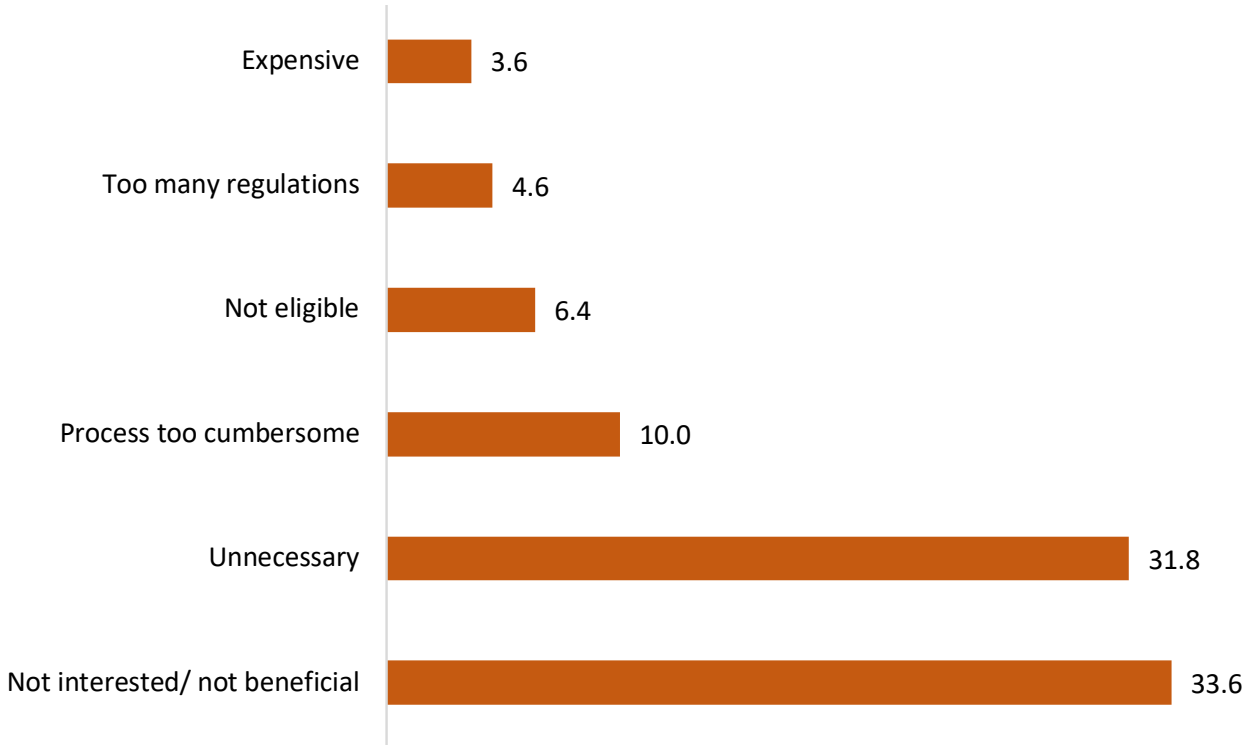
Among the real estate firms that were registered with any professional or regulatory bodies, 88.1 per cent were registered with the Estate Agents Registration Board, 40.7 per cent were registered with Valuers Registration Board (VRB) while 33.9 per cent were registered with Kenya Valuers and Estate Agents as shown in figure 3.4.

Figure 3.4: Proportion of Real Estate Firms that are registered with professional and regulatory institutions



The most cited reasons by real estate firms that were not registered with any professional body or regulator body was lack of interest (33.6%), not viewing registration with professional or regulatory bodies as necessary (31.8%) and cumbersome nature of the registration process (10.0%) as shown in Figure 3.5.

Figure 3.5: Main reason why real estate firms are not registered with professional and regulatory institutions (%)

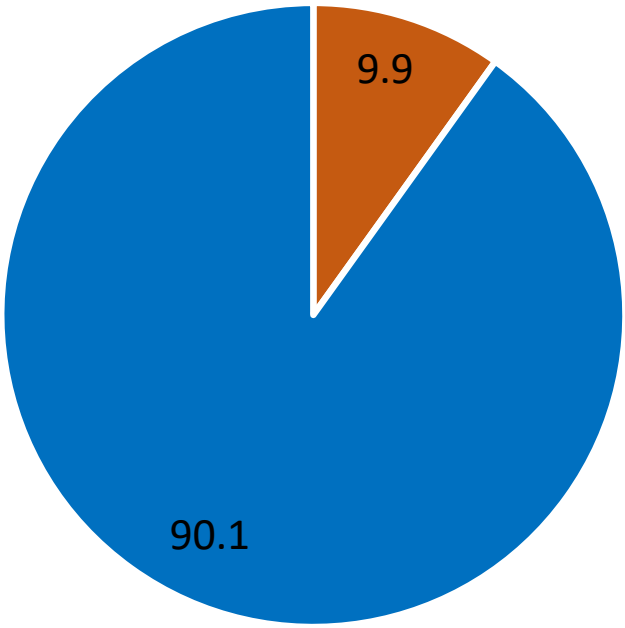




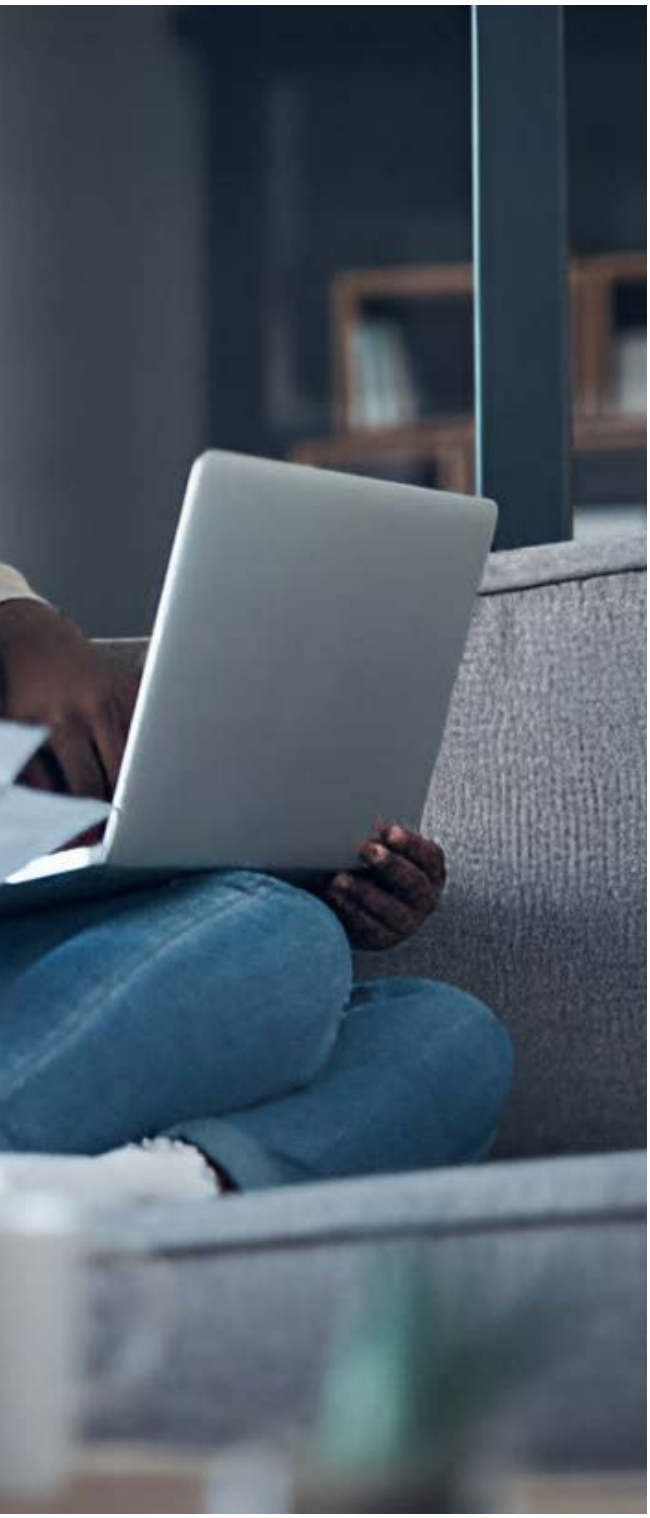
3.4 Provision of housing financing arrangements

In the properties market, real estate firms/ agents can provide housing financing arrangements/assistance to potential buyers of their property to encourage uptake of properties in the market through encouraging potential clients to purchase or rent their property. The survey sought to establish if real estate firms provide such housing financing arrangements. The results in figure 3.6 indicate that only 9.9 per cent of the real estate firms covered in the survey provide housing financing arrangements to buyers or renters of their property.

Figure 3.6: Proportion of real estate firms that provide housing financing arrangements to buyers or renters of their property

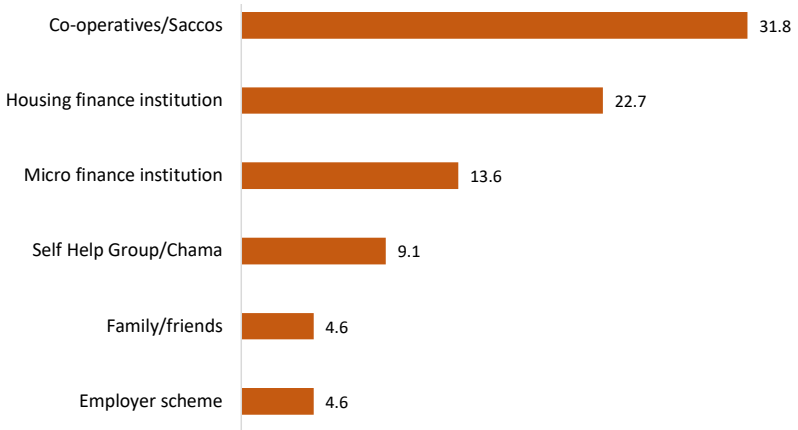






Among the real estate firms that provide housing financing arrangements for the buyers and renters of their property, 31.8 per cent make such arrangements with Cooperatives or Saccos, 22.7 per cent with the Housing Finance Institution and 13.6 per cent with microfinance institutions. Only 9.1 per cent make such arrangements with Chamas (Figure 3.7)

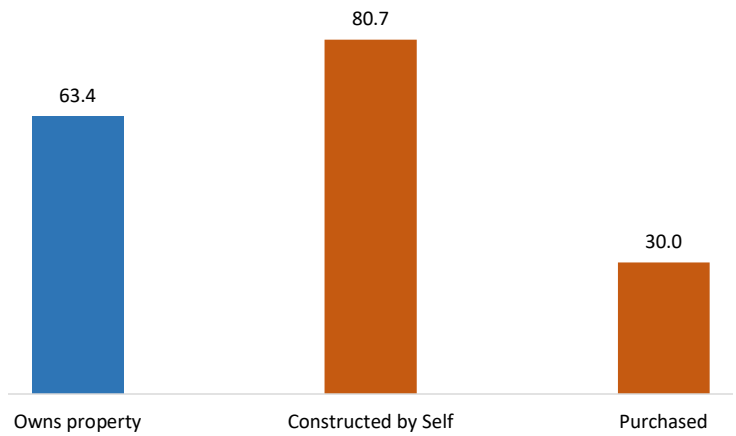
Figure 3.7: Sources of housing financing (%)



3.4: Ownership of Real Estate Properties

Among the real estate firms that took part in the survey, 63.4 per cent reported that they own the various real estate properties they deal with. Of these, 80.7 per cent constructed the properties while 30.0 per cent purchased the property as shown in Figure 3.8. This implies that most of the real estate properties in the market are constructed by the real estate firms themselves.

Figure 3.8: Distribution of real estate firms by ownership of properties they deal with (%)





Chapter 04

Residential Properties

4.1 Introduction

This section presents information on sale and lease prices and estimated annual yield for residential properties.

4.2 Residential Properties

4.2.1 Characteristics of residential properties

The survey collected information on the characteristics of residential properties on offer for sale in 2023. The survey findings indicate that 23.3 per cent of residential properties in the market were three-bedroom flats/apartments as shown in Table 4.1. This was followed by two-bedroom flats/apartments at 18.1 per cent and maisonette four and above bedrooms at 12.2 per cent.

Table 4.1: Share of residential properties on offer for sale by type

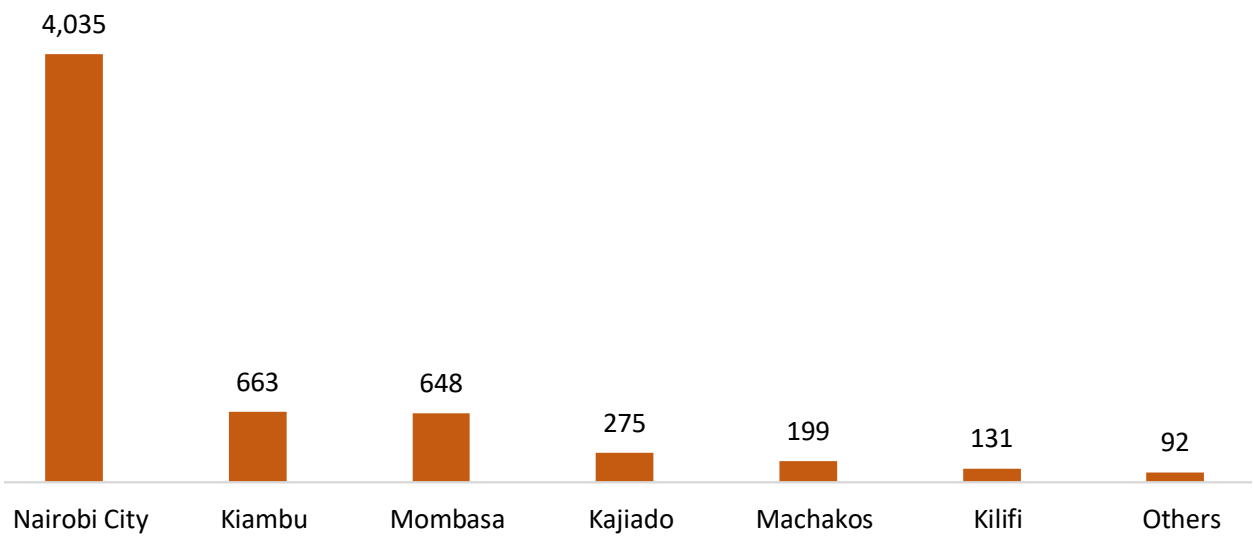
Type of Residential Property	Number	Per cent
Bungalow two bedrooms	28	0.5
Bungalow three bedrooms	355	5.9
Bungalow four and above bedrooms	679	11.2
Maisonette two bedrooms	3	0.0
Maisonette three bedrooms	24	0.4
Maisonette four and above bedrooms	738	12.2
Flat/Apartment bedsitter/studio	11	0.2
Flat/Apartment one bedroom	731	12.1
Flat/Apartment two bedrooms	1,095	18.1
Flat/Apartment three bedrooms	1,409	23.3
Flat/Apartment four and above bedrooms	493	8.2
Town House-one bedroom	2	0.0
Town House-two bedrooms	6	0.1
Town House-three bedrooms	71	1.2
Town House-four and above bedrooms	397	6.6
Student hostels single rooms	1	0.0
Total	**6,043**	**100.0**

4.2.2 Location of residential properties on offer for sale

Survey findings indicate that 66.7 per cent of properties in the market in 2023 were in Nairobi City County, 11.0 per cent were in Kiambu County and 10.7 per cent in Mombasa. The remaining properties were spread across the other counties as shown in Figure 4.1.



Figure 4.1: Percentage distribution of residential properties by county of location



The survey findings indicate that 23.3 per cent of residential properties in the market were three-bedroom flats/apartments.

The data collected was subdivided into eleven regions based on geographic location, similar characteristics and prices. The regions include Mombasa, Kilifi, Other Coast, Machakos, Kiambu, Kajiado, Nairobi Upper, Nairobi Upper Middle, Nairobi Middle and Nairobi Lower. Notably, most properties in the market were in urban and per-urban areas. Table 4.2 shows the areas covered in each region.

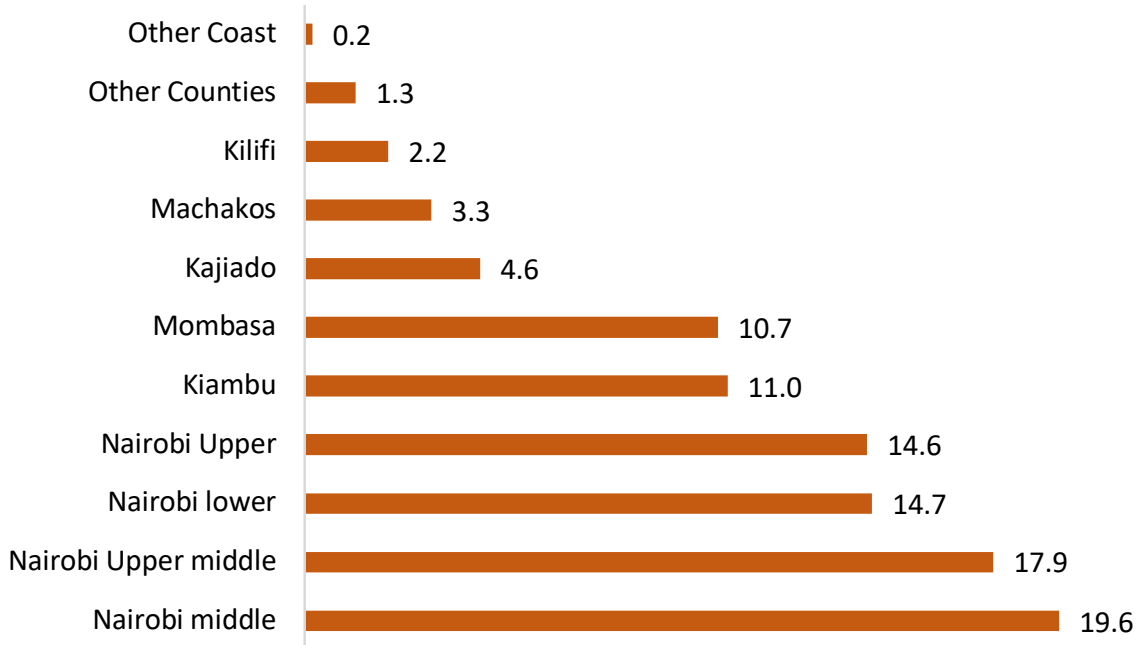
Table 4.2: Categorization of the Country by sub regions

Region	Region	Areas covered
Region 1	Mombasa	All locations within Mombasa County
Region 2	Other Coast	Consists of Kwale, Lamu and Taita Taveta Counties
Region 3	Machakos	All locations within Machakos County
Region 4	Kiambu	All locations within Kiambu County
Region 5	Kajiado	All locations within Kajiado County
Region 6	Other Counties	Consists of all other areas in the Republic of Kenya not in other regions.
Region 7	Nairobi Upper	Includes: Runda, Karen, Muthaiga, Lavington, among other similar areas
Region 8	Nairobi Upper Middle	Includes: Kilimani, Kileleshwa, Highridge, South B, Garden Estate, South C, Upper Hill, Westlands, Riverside, and other areas of similar status
Region 9	Nairobi Middle	Includes Kasarani, Donholm, Kamulu, Ruai, Buruburu, Madaraka and similar areas
Region 10	Nairobi Lower	Include: Ngara, Makadara, Kawangware, and Kibra, among other areas of similar status.
Region 11	Kilifi	All geographical locations within Kilifi County



Figure 4.2 shows the distribution of residential properties by region. The results indicate that 19.6 per cent of the properties were in Nairobi Middle region, 17.9 per cent were in the Nairobi Upper Middle, 14.7 per cent in Nairobi Lower and 14.6 per cent in Nairobi Upper.

Figure 4.2: Percentage distribution of residential properties by region



Other Coast, Other Counties and Kilifi regions had the least properties at 0.2 per cent, 1.3 per cent and 2.2 per cent, respectively whose prices exhibited wide variations, respectively whose prices exhibited wide variations. Analysis in the subsequent sections of this chapter excludes properties in these regions due to fewer observations.

4.2.3 Amenities attached to residential properties

Table 4.3 shows the percentage distribution of residential properties in the market in 2023 by amenities, namely parking lot and domestic servant quarter (DSQ). The results indicate that the majority (73.9%) of residential properties had parking lots while 22.7 per cent had a domestic servant quarter (DSQ). In addition, all the two and three-bedroom maisonette had parking lots while 73.3 per cent of the three-bedroom maisonette had a domestic servant quarter (DSQ). Six in every 10 two-bedroom town houses did not have a parking lot.

> Registration with professional and regulatory institutions enhances professionalism, discipline and consumer protection among players in specific sectors.

Percent

Type of property	Parking lot	SQ/DSQ
Bungalow two bedrooms	81.3	18.8
Bungalow three bedrooms	73.4	21.5
Bungalow four and above bedrooms	74.8	22.0
Masionette two bedrooms	100.0	0.0
Masionette three bedrooms	100.0	73.3
Masionette four and above bedrooms	76.6	26.9
Flat/Apartment bedsitter/studio	81.8	-
Flat/Apartment one bedroom	74.0	-
Flat/Apartment two bedrooms	73.5	21.0
Flat/Apartment three bedrooms	73.6	22.9
Flat/Apartment four and above bedrooms	74.5	25.5
Town house one bedroom	50.0	-
Town house two bedrooms	40.0	20.0
Town house three bedrooms	70.1	16.4
Town house four and above bedrooms	69.6	25.9
Total	**73.9**	**22.7**

- Not applicable

The survey results indicate that CCTV was the most common amenity (59.8%) in the residential properties, followed by garden backyard or play area at 59.1 per cent and backup generator at 55.0 per cent.



Analysis by region as shown in Figure 4.3 indicates that the highest proportion of residential properties with parking lots was in Nairobi Upper region (75.9%) and Machakos (74.9%). A higher proportion of properties with DSQ were in Nairobi Upper Middle region (25.7%) and Kajiado (25.4%).

Figure 4.3: Percentage distribution of residential properties by amenities

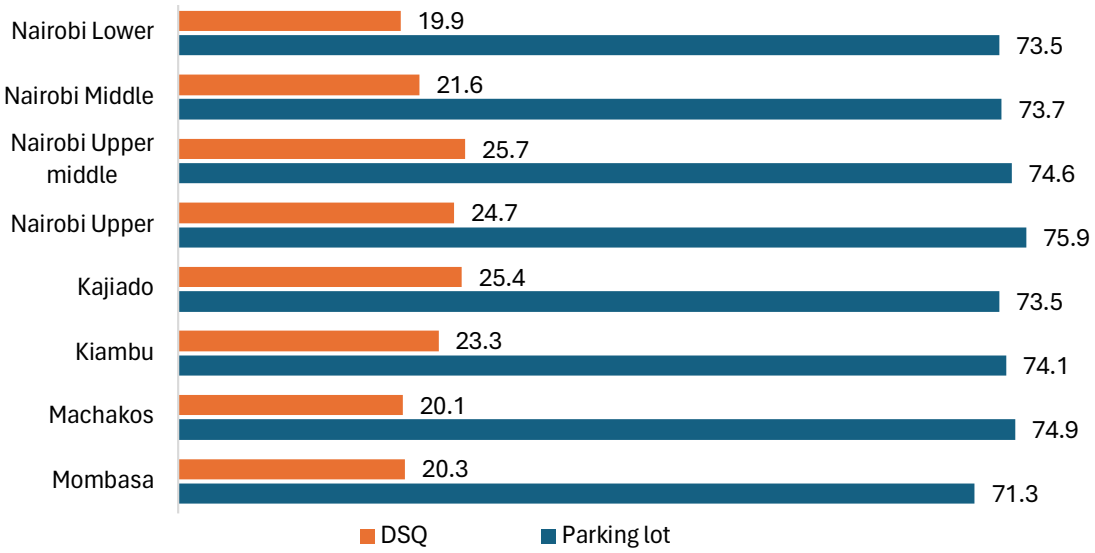


Figure 4.4 shows other amenities in the residential properties in the market in 2023. The survey results indicate that CCTV was the most common amenity (59.8%) in the residential properties, followed by garden backyard or play area at 59.1 per cent and backup generator at 55.0 per cent. The least common amenities were solar lighting system (3.3%), solar security lighting (3.4%), solar water heating (5.3%) and fire safety precautions (6.7%).

Figure 4.4: Percentage distribution of residential properties by amenities

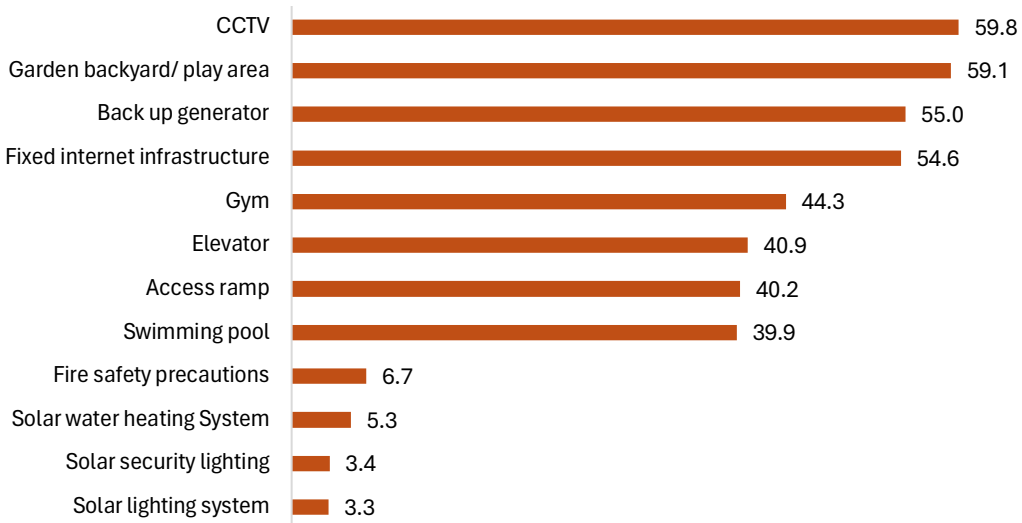


Table 4.4 shows the distribution of residential properties by amenities and region in 2023. The survey results indicate that Nairobi Middle had CCTV as the most common amenity (61.5%) followed by garden backyard or play area at 61.4 per cent.

Table 4.4: Percentage distribution of residential properties by amenities and region

Percent

Type of amenity	Mombasa	Machakos	Kiambu	Kajiado	Nairobi Upper	Nairobi Upper Middle	Nairobi Middle	Nairobi Lower	Total
CCTV	59.1	58.3	58.7	56.1	60.7	60.9	61.5	57.8	59.8
Elevator	38.5	40.2	39.5	36.3	41.1	41.8	43.7	40.3	40.9
Garden backyard/ play area	54.9	57.3	57.9	55.3	60.9	61.0	61.4	57.1	59.1
Swimming pool	38.2	42.2	37.8	33.6	41.1	42.8	41.8	37.1	39.9
Back up generator	53.7	52.3	54.9	50.8	57.1	56.6	55.9	52.8	55.0
Fixed internet infrastructure	50.9	55.3	52.4	52.7	55.8	54.7	57.8	54.1	54.6
Solar water heating system	1.2	11.1	5.5	3.8	6.3	6.8	5.5	4.0	5.3
Solar lighting system	0.8	7.5	3.2	3.1	2.5	4.2	4.2	3.0	3.3
Gym	43.8	40.7	39.9	38.9	45.7	46.3	47.0	42.7	44.3
Fire safety precautions	2.5	13.1	5.3	6.1	7.0	9.1	7.1	5.6	6.7
Solar security lighting	0.9	9.0	3.6	3.1	2.6	4.2	4.3	2.9	3.4
Access ramp	39.9	35.2	35.3	43.9	43.2	40.1	40.7	40.4	40.2

4.2.5 Residential properties advertised and sold in 2023

Figure 4.5 provides proportion of residential properties that were advertised and sold in 2023 by type. The results indicate that 76.2 per cent of all the properties that were on offer for sale in 2023 ended up being sold during the year. All two-bedroom bungalows in the market were sold during the year. Other types of residential properties where a significant proportion was sold include: four and above bedroom bungalows (92.0%), three-bedroom maisonette (87.5%) and three-bedroom apartment (80.7%).

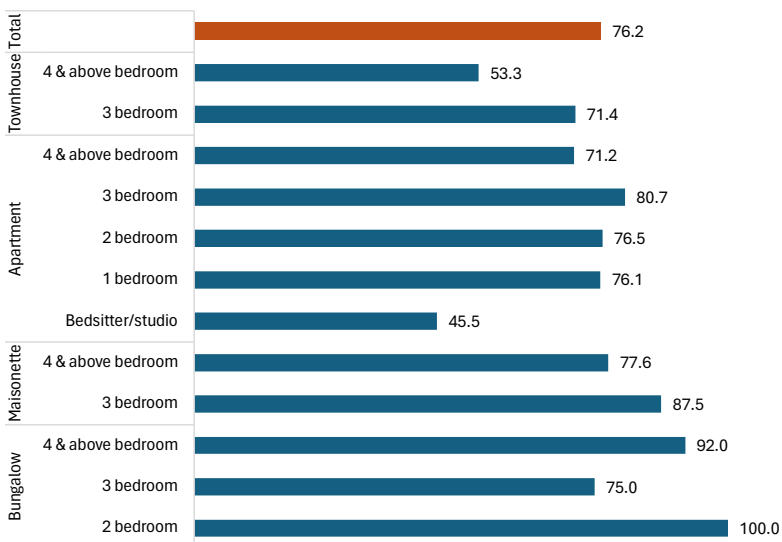


Table 4.5 shows the proportion of residential properties that were advertised and sold in 2023 by region. The findings show that 86.2 per cent of residential properties that were advertised in 2023 Kiambu were sold within the same year. Mombasa recorded the least proportion (55.6%) of properties that were advertised and sold during the year. All the two-bedroom bungalows in the Nairobi regions that were advertised were sold during the year. All the three-bedroom bungalows in Machakos, Kiambu, Nairobi Upper and Nairobi Upper Middle regions that were advertised were sold during the year. In Machakos, all the three-bedroom maisonette, four and above bedroom maisonette as well as three-bedroom townhouses that were on offer for sale in 2023 were sold during the year. In Nairobi Lower region, half of apartment bedsitters and 80.9 per cent of one-bedroom apartments that were on offer for sale in 2023 were sold during the year.

Table 4.5: Proportion of residential properties advertised and sold in 2023 by region

	Mombasa	Machakos	Kiambu	Kajiado	Nairobi Upper	Nairobi Upper Middle	Nairobi Middle	Nairobi Lower	Total
Bungalow two bedroom	..	..	..	..	100.0	..	100.0	100.0	59.8
Bungalow three bedroom	0.0	100.0	100.0	75.0	100.0	100.0	66.7	50.0	40.9
Bungalow four and above bedroom	..	..	100.0	85.7	85.7	100.0	100.0	..	59.1
Masionette three bedroom	..	100.0	100.0	80.0	100.0	83.3	83.3	..	39.9
Masionette four and above bedroom	0.0	100.0	88.5	87.5	69.6	73.3	83.3	100.0	55.0
Flat/Apartment bedsitter/studio	..	0.0	50.0	..	..	..	..	50.0	54.6
Flat/Apartment one bedroom	66.7	66.7	75.0	..	100.0	100.0	50.0	80.9	5.3
Flat/Apartment two bedroom	60.0	75.0	88.9	100.0	50.0	85.0	74.5	66.7	3.3
Flat/Apartment three bedroom	64.3	78.6	90.0	75.0	100.0	74.2	88.9	85.7	44.3
Flat/Apartment four and above bedroom	0.0	..	100.0	0.0	78.9	65.5	83.3	100.0	6.7
Town house-three bedroom	..	100.0	50.0	..	75.0	..	..	..	3.4
Town house-four and above bedroom	100.0	50.0	66.7	50.0	52.6	41.7	..	..	40.2
Overall	55.6	75.9	86.2	77.8	72.2	73.0	80.3	75.9	



4.2.6 Average sale prices

The average sale prices for residential properties are presented in Table 4.6. The average property prices were weighted based on the number of properties of similar characteristics per region. This was to remove the noise in the property prices collected across regions. Residential property prices are informed by location, unique characteristics of properties such as number of bedrooms, gross floor areas, land size of stand-alone units, floor area of flats and apartments. Other attributes which influence property prices include environmental factors, safety levels and existing physical and social infrastructure such as sewerage and drainage systems, roads, public transport, health centers, education centers and other social services.

The national weighted average sale price for a two-, three- and four and above -bedroom bungalow was KSh 14.1, KSh 19.5 and KSh 49.9 million, respectively. The sale price of a three-bedroom maisonette was KSh 20.9 million while that of a three-bedroom apartment and townhouse was KSh 12.4 million and KSh 17.3 million, respectively. The sale price of a three-bedroom maisonette, apartment and townhouse was KSh 20.9 million, KSh 13.5 and KSh 23.3 million, respectively. Across all categories of residential properties, the prices of properties increased with the size of the property given by the number of bedrooms. The price of stand-alone properties such as bungalows, maisonette and town house was higher compared to flats and apartments (Table 4.6).

Table 4.6: Average sale price of residential properties

Type of Property	Weighted Average Sale Price (KSh)
Bungalow two bedroom	14,152,209
Bungalow three bedroom	19,503,003
Bungalow four and above bedroom	49,969,590
Masionette three bedroom	20,883,333
Masionette four and above bedroom	95,979,797
Flat/Apartment bedsitter/studio	4,730,475
Flat/Apartment one bedroom	6,440,393
Flat/Apartment two bedroom	7,874,312
Flat/Apartment three bedroom	13,491,787
Flat/Apartment four and above bedroom	46,407,688
Town house-one bedroom	14,050,000
Town house-two bedroom	17,349,939
Town house-three bedroom	23,260,606
Town house-four and above bedroom	61,144,495

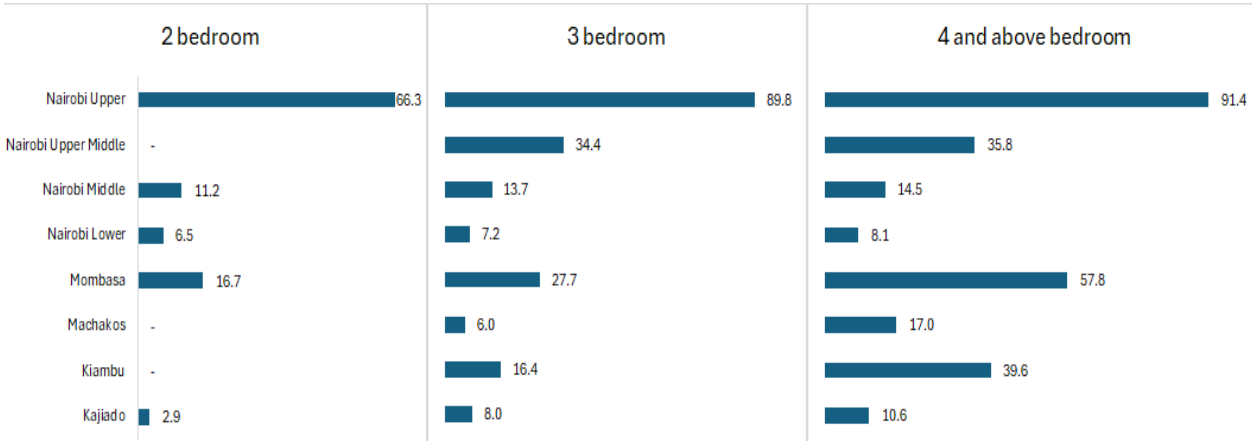
4.2.7 Residential property prices by region

The price for residential properties by type and region are shown in Annex 1.

a) Bungalows

The average sale price of a two - bedroom bungalow was KSh 66.3 million in Nairobi Upper, KSh 16.7 million in Mombasa, KSh 11.2 million in Nairobi Middle and lowest in Kajiado at KSh 2.9 million. Similarly, the price of a three-bedroom bungalow was highest in Nairobi Upper at KSh. 89.8 million followed by Nairobi Upper Middle region at KSh. 34.4 million and lowest in Machakos at KSh 6.0 million. On the other hand, the price of a four and above bedroom bungalow was highest in Nairobi Upper region at KSh 91.4 million and lowest in Nairobi Lower at KSh 8.1 million as shown in Figure 4.5.

Figure 4.5: Average sale prices of bungalows by region (KSh Million)



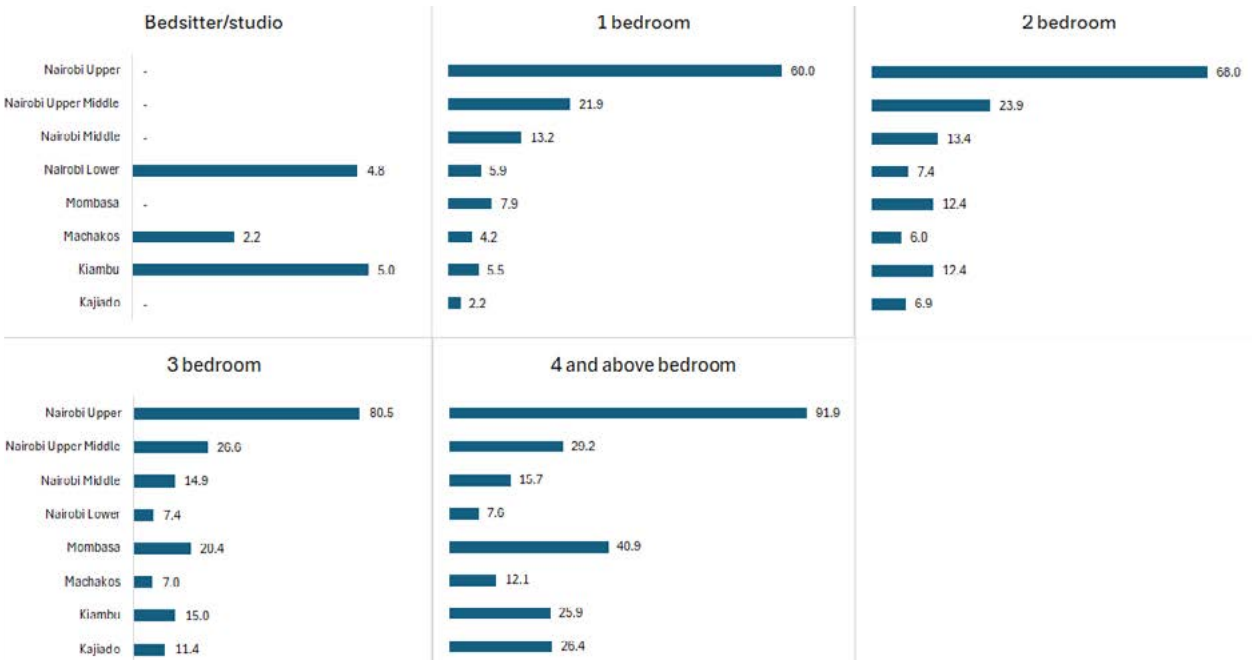


b) Apartments

The survey findings indicate that the average prices of flats and apartment units vary significantly based on their location and the number of bedrooms. The price of flats/apartments is relatively lower compared to other types of properties with the same number of bedrooms and bathrooms.

The price for a four and above bedrooms apartment ranged between KSh 91.9 million in Nairobi Upper Region to KSh 7.6 million in Nairobi Lower. Among the regions in Nairobi, the price of a one-bedroom apartment ranged between KSh 5.9 million in Nairobi Lower to KSh 60.0 million in Nairobi Upper while the price for the same apartment was KSh 7.9 million, 4.2 million, 5.5 million and 2.2 million in Mombasa, Machakos, Kiambu and Kajiado respectively as shown in Figure 4.6. A three-bedroom apartment fetched KSh 20.4 million in Mombasa, KSh 11.4 in Kajiado and KSh 14.9 million in Nairobi Middle region. The average sale price for a studio apartment was KSh 4.8 million in Nairobi Lower region, KSh 5.0 million in Kiambu and KSh 2.2 million in Machakos.

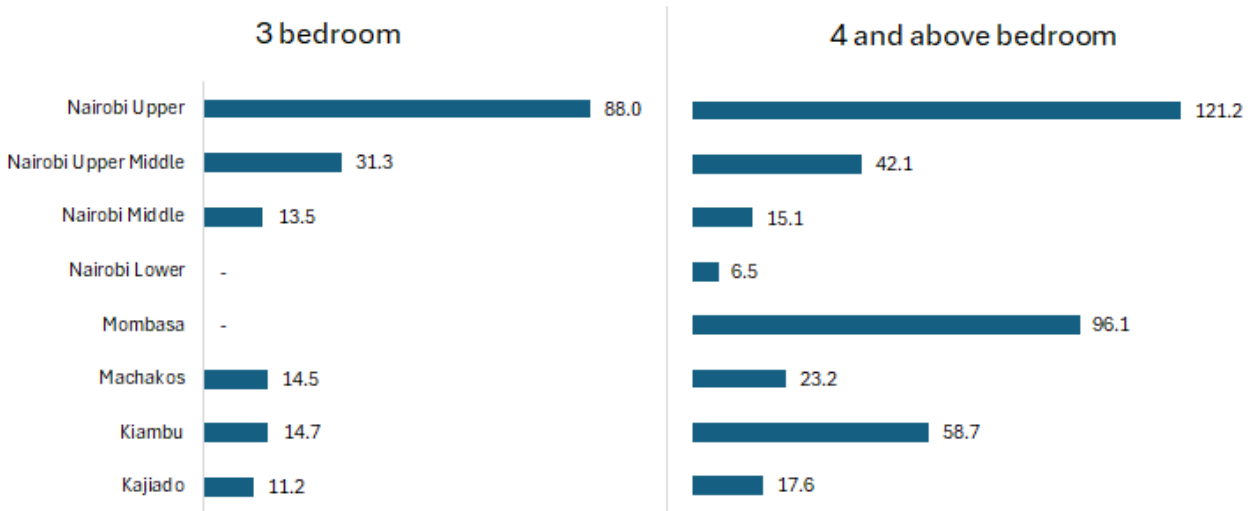
Figure 4.6: Average sale price of apartments by region, 2023 (KSh Million)



c) Maisonette

As shown in Figure 4.7, the price for maisonette varied based on location and the number of bedrooms. The price for three-bedroom maisonette ranged from KSh 11.2 million in Kajiado to KSh 88.0 million in Nairobi Upper region. On average, a four-bedroom and above maisonette was priced between KSh 6.5 million in Nairobi Lower region and KSh 121.2 million in Nairobi Upper region.

Figure 4.7: Average sale price of maisonette by region, 2023 (KSh Million)



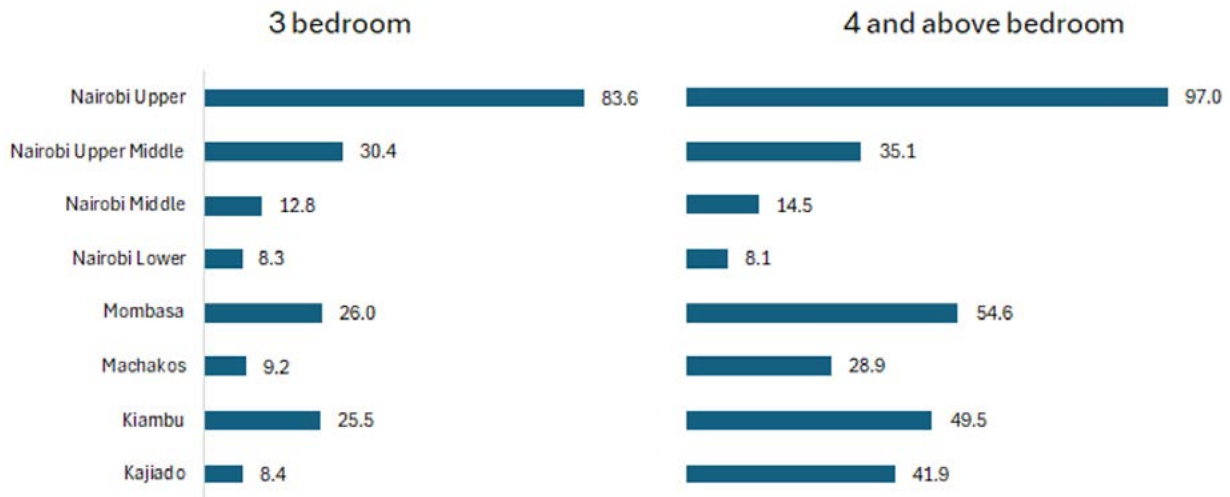
The price for three-bedroom maisonette ranged from KSh 11.2 million in Kajiado to KSh 88.0 million in Nairobi Upper region.



d) Town houses

The average sale price of a three-bedroom townhouse ranged from KSh 8.3 million in Nairobi Lower to KSh 83.6 million in Nairobi Upper region. Townhouses with at least four bedrooms were the most expensive, with an average price of between KSh 8.1 million in Nairobi Lower to KSh 97.0 million in Nairobi Upper as shown in Figure 4.8.

Figure 4.8: Average sale price of town houses by region (KSh Million)



4.2.8 Average off-take time for sale of residential properties

Overall, residential properties that were sold during 2023 took an average of sixteen months from the time they were advertised or put on offer for sale and the time they were sold (off take). Two-bedroom town houses and three bedroomed bungalows took the least time at 6 months and 8 months, respectively. On the other hand, three- and two-bedroom apartments took the longest time at 19 months and 18 months, respectively as shown in Table 4.7. The results also reveal that generally, a longer off-take time tends to reduce the actual sale price of the property. For example, properties whose off-take time was twelve months or more fetched lower sale prices compared to the advertised prices except for one- and two-bedroom apartments.

Table 4.7: Off-take time for sale of residential properties

Type of Property	"Off-take time (months)"	Deviation between advertised and actual sale price (%)
Bungalow two bedroom	12	(2.5)
Bungalow three bedroom	8	3.6
Bungalow four and above bedroom	12	(4.8)
Maisonette two bedroom	13	(0.4)
Maisonette three bedroom	11	25.2
Maisonette four and above bedroom	13	(4.8)
Flat/Apartment bedsitter/studio	10	(2.7)
Flat/Apartment one bedroom	13	(9.6)
Flat/Apartment two bedroom	13	3.0
Flat/Apartment three bedroom	19	(6.1)
Flat/Apartment four and above bedroom	18	9.5
Town house-two bedroom	6	(4.2)
Town house-three bedroom	13	(1.1)
Town house-four and above bedroom	17	(1.8)
Total	16	(2.3)



4.3 Residential Properties for Rent

4.3.1 Profile of rental residential properties

The Survey collected information on various types of residential properties that were either on offer for lease or were rented out. The distribution of rental residential properties that were covered in the survey by type is shown in Table 4.8. The survey findings indicate that most residential properties were flats/ apartments accounting for 77.1 per cent of all the properties handled by real estate agents, followed by bungalows and maisonette at 8.1 per cent each.

Table 4.8: Percentage distribution of rental residential properties by type

Type of property	Per cent
Bungalow one bedroom	0.6
Bungalow two bedroom	2.0
Bungalow three bedroom	2.9
Bungalow four and above bedroom	2.5
Maisonette two bedroom	0.4
Maisonette three bedroom	3.0
Maisonette four and above bedroom	4.7
Flat/Apartment single	1.9
Flat/Apartment bedsitter/studio	9.1
Flat/Apartment one bedroom	20.3
Flat/Apartment two bedroom	28.1
Flat/Apartment three bedroom	14.5
Flat/Apartment four and above bedroom	3.4
Town House-two bedroom	0.3
Town House-three bedroom	0.9
Town House-four and above bedroom	3.9
Swahili/ Compound houses- sharing facilities	1.5
Student hostels single rooms	0.3
Total	**100.0**

The price and demand of rental properties is influenced by several factors including amenities attached to the property that create a conducive environment to tenants. As shown in Table 4.9, the survey established that almost all bungalows, maisonette and townhouses have parking lots while a significant proportion of flats/ apartments have parking lots. On the other hand, a higher proportion of bungalows and maisonette have DSQ compared to flats/ apartments. None of the Swahili /compound house sharing facilities) had a parking lot.

Table 4.9: Distribution of rental residential properties by amenities (per cent)

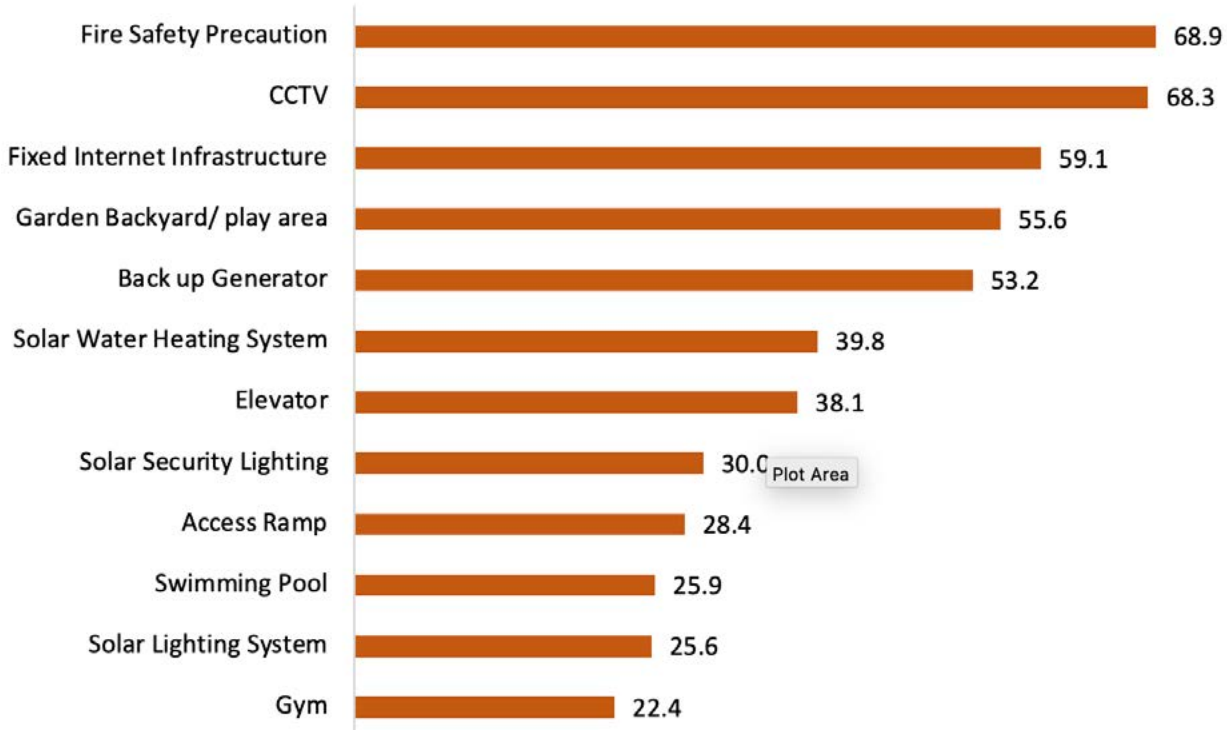
Type of Property	Parking Lot	DSQ
Bungalow one bedroom	100.0	0.0
Bungalow two bedroom	75.0	25.0
Bungalow three bedroom	100.0	47.8
Bungalow four and above bedroom	100.0	73.7
Maisonette two bedroom	100.0	0.0
Maisonette three bedroom	100.0	70.8
Maisonette four and above bedroom	89.2	86.5
Flat/Apartment single	60.0	-
Flat/Apartment bedsitter/studio	43.1	-
Flat/Apartment one bedroom	61.5	4.4
Flat/Apartment two bedroom	79.4	8.1
Flat/Apartment three bedroom	96.5	31.6
Flat/Apartment four and above bedroom	100.0	37.0
Town House-two bedroom	100.0	0.0
Town House-three bedroom	100.0	83.3
Town House-four and above bedroom	96.7	83.3
Swahili/ Compound houses- sharing facilities	-	-
Student hostels single rooms	50.0	-

- Not applicable

The survey also collected information on other facilities that are key in enhancing the safety of tenants, provide alternative means of power, enhance accessibility and create the requisite ambience in such residential properties. These facilities include fire safety precaution facilities, backup generators, CCTV, gym, elevator, access ramp, solar lighting and heating systems and internet infrastructure. As shown in Figure 4.9, 68.9 per cent of rental residential properties had fire safety precaution facilities, 68.3 per cent had CCTV, and 59.1 per cent had internet infrastructure.

Other facilities included garden/play area (55.6%), backup generator to reduce over-reliance on electricity (53.2%), solar water heating system (39.8%), elevator (38.1%), as well as solar security lighting (30.0%). Less than a third of rental residential properties had access ramps, swimming pools, solar lighting systems and gym installation.

Figure 4.8: Average sale price of town houses by region (KSh Million)

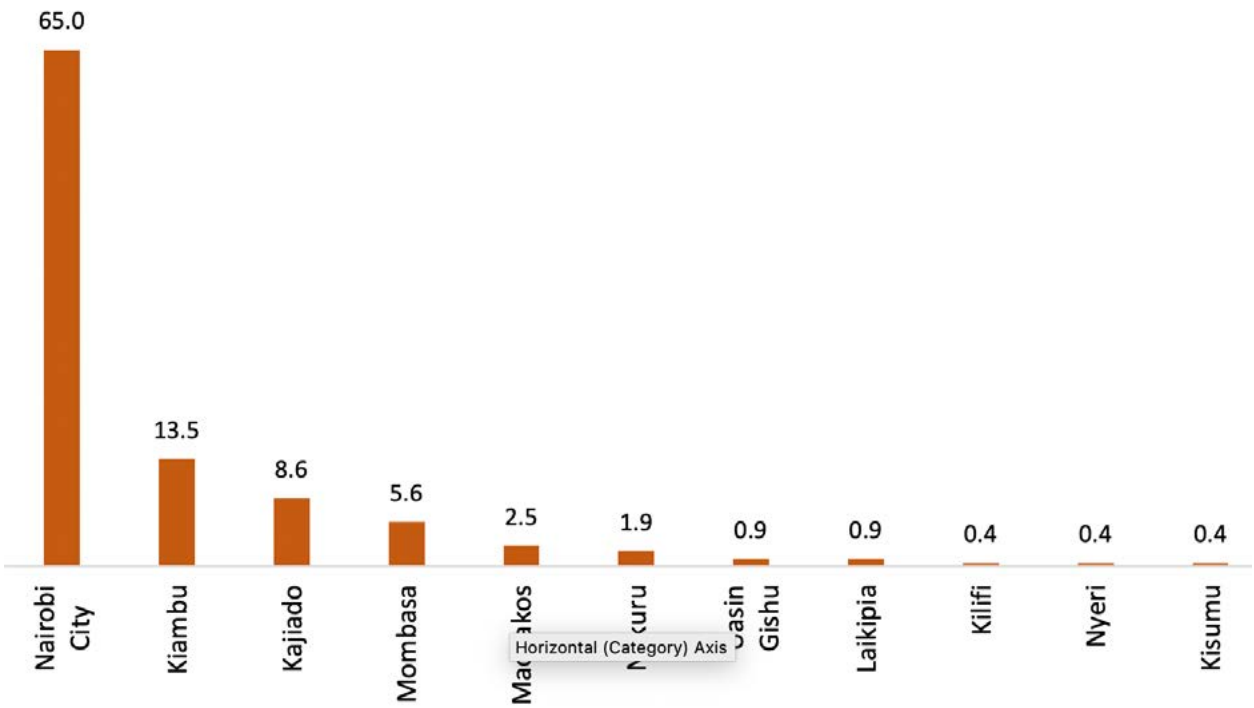


The survey also collected information on other facilities that are key in enhancing the safety of tenants, provide alternative means of power, enhance accessibility and create the requisite ambience in such residential properties.

4.3.2 Location of residential properties for rent/ lease

Figure 4.10. show the location of residential properties. Notably, more than half of rental residential properties covered in the survey were in Nairobi City County. The remaining properties were spread across the other counties with 13.5 per cent in Kiambu and 8.6 per cent in Kajiado.

Figure 4.10: Percentage distribution of rental residential properties by county of location



The survey also collected information on other facilities that are key in enhancing the safety of tenants, provide alternative means of power, enhance accessibility and create the requisite ambience in such residential properties.



4.3. 3: Residential properties advertised and let out in 2023

The survey collected information on residential properties that were on offer for lease/rent and leased or rented out in 2023. The results in Table 4.7 show that 88.8 per cent of the residential properties that were on offer, were leased/rented out during the year. All one-bedroom bungalows, two-bedroom maisonette, three-bedroom town houses and Swahili/ compound houses (sharing facilities) that were on offer for lease were leased out during the year.

Table 4.7: Proportion of residential properties advertised and let out in 2023

Type of residential property	Per cent
Bungalow one bedroom	100.0
Bungalow two bedroom	87.5
Bungalow three bedroom	90.0
Bungalow four and above bedroom	88.2
Maisonette two bedroom	100.0
Maisonette three bedroom	72.2
Maisonette four and above bedroom	75.0
Flat/Apartment single room	93.3
Flat/Apartment bedsitter/studio	95.7
Flat/Apartment one bedroom	91.8
Flat/Apartment two bedroom	88.8
Flat/Apartment three bedroom	89.5
Flat/Apartment four and above bedroom	85.2
Town House-two bedroom	50.0
Town House-three bedroom	100.0
Town House-four and above bedroom	76.7
Swahili/Compound houses- sharing facilities	100.0
Student hostels single rooms	50.0
Total	**88.8**

4.3.4 Residential rents

The median rent for each type of residential property is presented in Table 4.8.

Bungalows

The median rent for a one-bedroom bungalow was KSh 15,000 per month while that of a two-bedroom bungalow was KSh 30,000 per month. The median rent for a three-bedroom bungalow and a four and above bedroom bungalow was KSh 72,500 and KSh 170,000, respectively.

Maisonette

The median rent for maisonette ranged from KSh 65,000 per month for a two-bedroom maisonette to KSh 300,000 per month for a four and above bedroom maisonette. The median rent for a three-bedroom maisonette was KSh 140,000 per month.

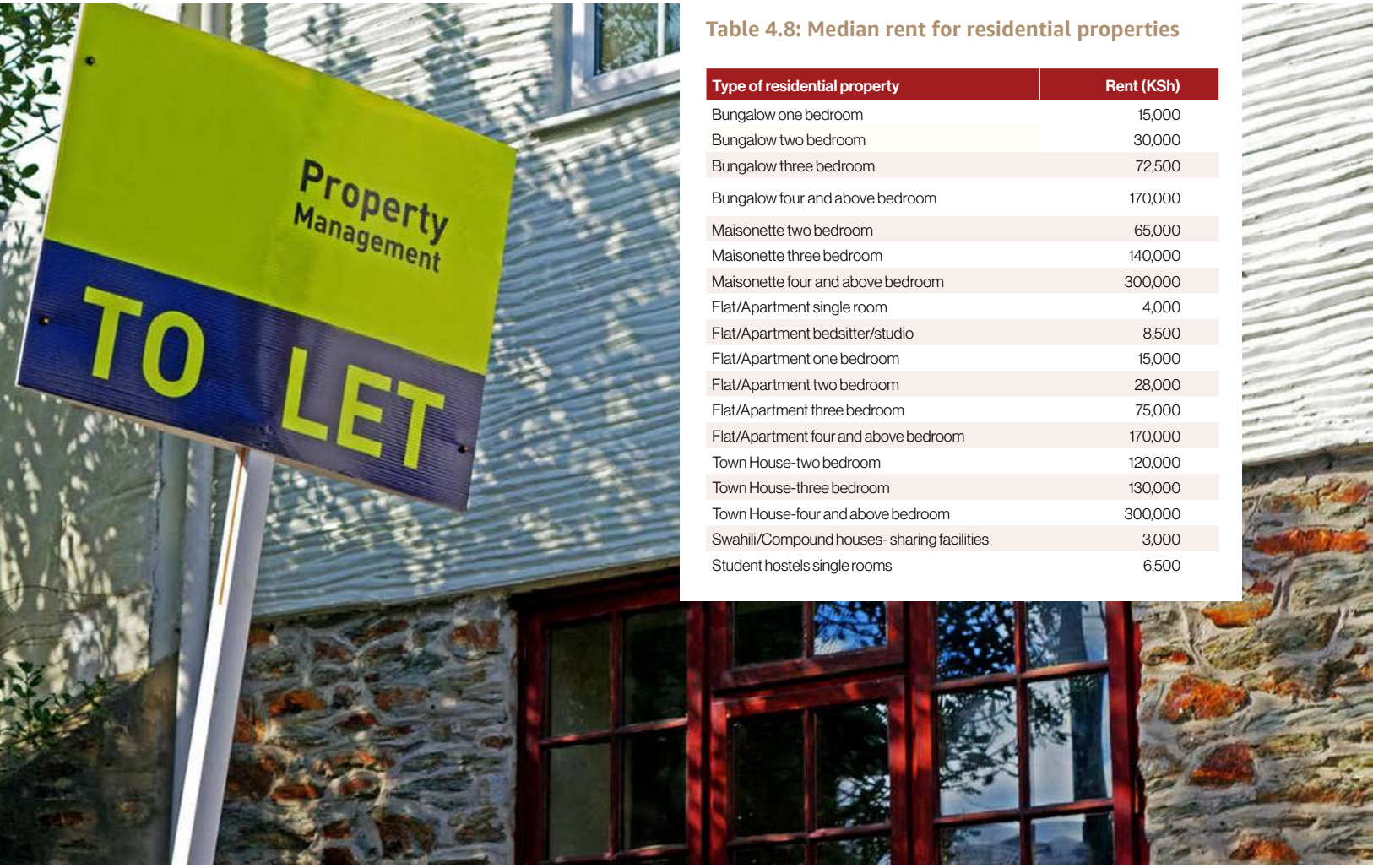


Table 4.8: Median rent for residential properties

Type of residential property	Rent (KSh)
Bungalow one bedroom	15,000
Bungalow two bedroom	30,000
Bungalow three bedroom	72,500
Bungalow four and above bedroom	170,000
Maisonette two bedroom	65,000
Maisonette three bedroom	140,000
Maisonette four and above bedroom	300,000
Flat/Apartment single room	4,000
Flat/Apartment bedsitter/studio	8,500
Flat/Apartment one bedroom	15,000
Flat/Apartment two bedroom	28,000
Flat/Apartment three bedroom	75,000
Flat/Apartment four and above bedroom	170,000
Town House-two bedroom	120,000
Town House-three bedroom	130,000
Town House-four and above bedroom	300,000
Swahili/Compound houses- sharing facilities	3,000
Student hostels single rooms	6,500

Flats/ Apartments

The median rent for a flat/apartment single room was KSh 4,000 per month while that of a flat bedsitter/ studio was KSh 8,500 per month. Further, the median rent for one bedroom and two-bedroom apartments was KSh 15,000 and KSh 28,000 per month, respectively while that of a three-bedroom apartment and the four-bedroom (or larger) apartment was KSh 75,000 per month and KSh 170,000 per month, respectively.

Town Houses

The survey results reveal that the median monthly rent for a two-bedroom, three bedroom and four and above bedrooms was KSh 120,000, KSh 130,000 and KSh 300,000 per month, respectively. These properties had the highest median rent compared to other types of properties of similar size in terms of number of bedrooms and bathrooms.

Other types of residential properties

Other types of residential properties that were covered in the survey include Swahili/ compound houses and student hostels. The results of the survey indicate that the median rent for a Swahili/ compound house (sharing facilities) was KSh 3,000 per month while that of student hostels was KSh 6,500 per month.

4.3.5 Change in residential rents

The survey collected information on changes in rental price for residential properties for the one year period preceding the survey. Table 4.9 indicates that rent for 9.0 per cent of residential properties had changed in the one year preceding the survey. Notably, there was a change in rent for 31.3 per cent of two-bedroom bungalows and 25.0 per cent of one-bedroom bungalows. The survey findings indicate that there was no change in rent for two-bedroom maisonette, flats/apartments single rooms, two- and three-bedroom town houses, Swahili/compound houses (sharing facilities) and student hostels (single rooms).

Table 4.9: Proportion of residential properties that had a rent change one year preceding the survey

Type of property	Per cent
Bungalow one bedroom	25.0
Bungalow two bedroom	31.3
Bungalow three bedroom	5.0
Bungalow four and above bedroom	13.3
Maisonette two bedroom	0.0
Maisonette three bedroom	5.6
Maisonette four and above bedroom	13.9
Flat/Apartment single room	0.0
Flat/Apartment bedsitter/studio	5.9
Flat/Apartment one bedroom	11.0
Flat/Apartment two bedroom	6.9
Flat/Apartment three bedroom	10.7
Flat/Apartment four and above bedroom	7.7
Town House-two bedroom	0.0
Town House-three bedroom	0.0
Town House-four and above bedroom	10.0
Swahili/Compound houses- sharing facilities	0.0
Student hostels single rooms	0.0
Overall	9.0

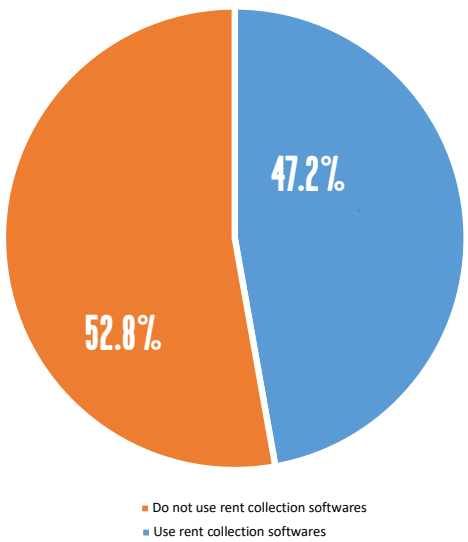


Notably, there was a change in rent for **31.3** per cent of two-bedroom bungalows and **25.0** per cent of one-bedroom bungalows in the 12 months preceding the survey.

4.3.6 Use of software in residential rent collection by agents

The survey collected information on the use of software by real estate agents for rent collection. The use of software in rent collection enables agents to manage, tenant screening, lease agreements, rent requests, accounting and reporting. The results in Figure 4.8 indicate that 47.2% of real estate agents use software to collect rent.

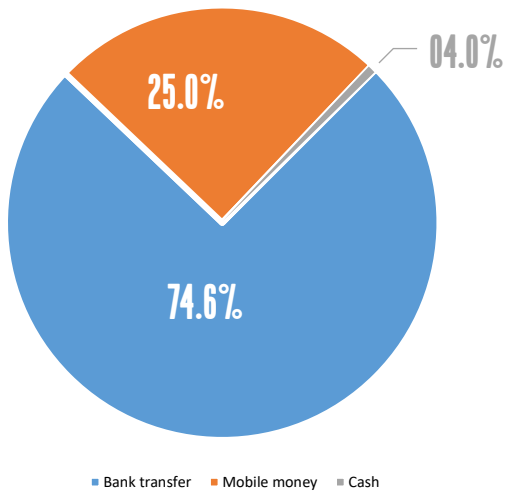
Figure 4.8: Proportion of real estate agents that use rent collection software



4.3.7 Rent collection channels

The survey collected information on the main channel used for rent collection by real estate agents. The survey findings indicate that 74.6 per cent of real estate agents collect rent through banks while 25.0 per cent collect their rent through mobile money such as Mpesa, Airtel, Tkash, among others as shown in Figure 4.9.

Figure 4.9: Percentage distribution of real estate agents by channels of rent collection



4.4 Annual Rental Yield

The annual rent yield is a measure of the return on investment (ROI) generated from renting out a real estate property. The estimated gross annual rental yield for residential properties in 2023 is shown in Table 4.10. The survey findings indicate that studio apartment / bedsitter had the lowest rental yield of 2.2 per cent while a two-bedroom town house had the highest rental yield of 8.3 per cent, followed by a three-bedroom maisonette at 8.0 per cent. The rental yield for a four and more bedrooms apartment was 4.4 per cent and 2.8 per cent for a one-bedroom apartment. However, the gross yields mask differences due to location and characteristics of properties.

Table 4.10: Annual rental yield for residential properties

Type of Residential Property	"Sale Price (KSh)"	Monthly Rent (KSh)	Annual Rent (KSh)	Estimated Gross Rental Yield (%)
Bungalow two bedroom	14,152,209	30,000	360,000	2.5
Bungalow three bedroom	19,503,003	72,500	870,000	4.5
Bungalow four and above bedroom	49,969,590	170,000	2,040,000	4.1
Maisonette two bedroom	13,500,000	65,000	780,000	5.8
Maisonette three bedroom	20,883,333	140,000	1,680,000	8.0
Maisonette four and above bedroom	95,979,797	300,000	3,600,000	3.8
Flat/Apartment bedsitter/studio	4,573,636	8,500	102,000	2.2
Flat/Apartment one bedroom	6,421,257	15,000	180,000	2.8
Flat/Apartment two bedroom	7,874,312	28,000	336,000	4.3
Flat/Apartment three bedroom	13,491,787	75,000	900,000	6.7
Flat/Apartment four and above bedroom	46,407,688	170,000	2,040,000	4.4
Town house-two bedroom	17,349,939	120,000	1,440,000	8.3
Town house-three bedroom	23,260,606	130,000	1,560,000	6.7
Town house-four and above bedroom	61,144,495	300,000	3,600,000	5.9
Student hostels single room	1,250,000	6,500	78,000	6.2





Chapter 05

Commercial Properties

5.1 Introduction

Commercial properties refer to real estate properties used for business purposes rather than residential living. These properties include: office building, retail spaces, industrial and warehousing, hotels and hospitality properties and healthcare facilities among others.

5.2 Commercial Sales

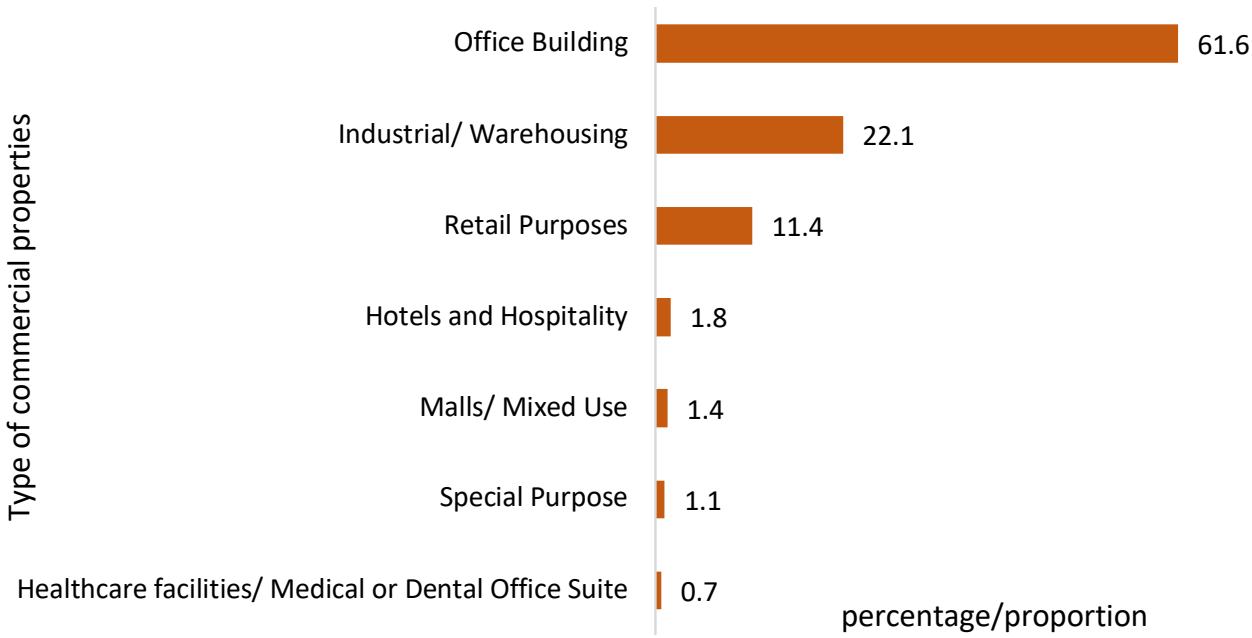
The survey sought information on commercial properties on offer for sale and those sold in the year 2023. This section presents the survey findings regarding the distribution of the commercial properties by type and amenities.

5.2.1 Profile of Commercial Properties on Offer for Sale/Sold Out

According to the survey findings, more than half of the commercial properties on offer for sale/sold out in 2023 were office buildings/ spaces, followed by industrial and warehousing properties at 22.1 per cent. The healthcare facilities/Medical or dental office suite were the least type of commercial property on offer for sale/sold out in 2023 at 0.7 per cent as shown in Figure 5.1.

According to the survey findings, more than half of the commercial properties on offer for sale/sold out in 2023 were office buildings/ spaces, followed by industrial and warehousing properties at 22.1 per cent.

Figure 5.1: Distribution Of Commercial Properties by Type on Offer for Sale/Sold Out By Type, 2023







5.2.2 Amenities In Commercial Properties on Offer for Sale/Sold Out

Overall, 94.8 per cent commercial properties on offer for sale or sold out in 2023 had parking lots while 77.8 per cent had CCTV installations. Provision of lactating spaces was in 9.2 per cent of commercial properties on offer for sale/sold out with the highest proportions in malls/mixed use properties (50 %) and the lowest proportions in industrial/warehousing (2.4 %) while special purpose properties had no provision. Sixty per cent of the commercial properties offered for sale/sold as hotels/hospitality and retail purposes had access ramps. The survey results also showed that hotels/ hospitality properties on offer for sale/sold out in 2023 had the highest (80.0%) fire safety precautions in place as shown in Table 5.1.

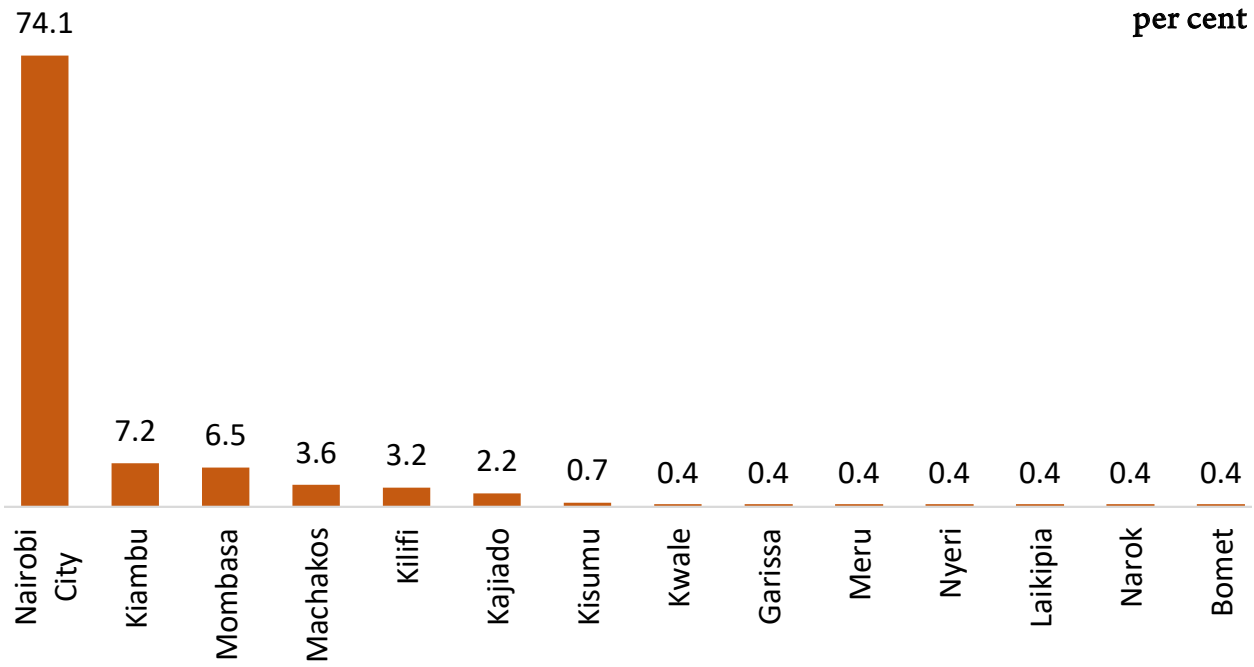
Table 5.1: Amenities by Type of Commercial Properties Offered for Sale/ Sold Out, 2023

	Parking lot/ garage	CCTV	Elevator/ escalator	Back up generator	Fixed internet infrastruc-ture	Fire safety precautions	Lactating space	"Acess ramp"
"Office Building"	95.5	76.4	57.3	70.8	60.7	30.3	10.1	52.8
Industrial/ Warehousing	97.6	88.1	9.5	52.4	78.6	59.5	2.4	38.1
Hotels and Hospitality	100.0	80.0	0.0	80.0	60.0	80.0	20.0	60.0
Malls/ Mixed Use	50.0	75.0	50.0	50.0	75.0	75.0	50.0	50.0
"Special Purpose"	100.0	66.7	33.3	66.7	33.3	66.7	0.0	33.3
"Retail Purposes"	90.0	50.0	10.0	50.0	40.0	40.0	10.0	60.0
Overall	**94.8**	**77.8**	**38.6**	**64.1**	**64.1**	**42.5**	**9.2**	**49.0**

5.2.3 Location of Commercial Properties on Offer for Sale/Sold

Majority of commercial properties on offer for sale/sold out in 2023 were located in Nairobi City County (74.1 per cent), followed by Kiambu (7.2 per cent), Mombasa (6.5 per cent), and Machakos (3.6 per cent). Other properties were spread across Kilifi, Kajiado, Kisumu, Kwale, Garissa, Meru, Nyeri, Laikipia, Narok and Bomet counties as shown in figure 5.2.

Figure 5.2: Location Of Commercial Properties for Sale by County, 2023





5.2.4 Commercial Property Advertised Sale Prices

Advertised sale prices of commercial properties were analyzed and the results indicated that office building properties were the most expensive with the median advertised sale price of KSh 11,000 per square feet. The median advertised price for special purpose properties stood at KSh 8,750 per square feet. The median sale price of healthcare facilities was KSh 25 million per unit/property while that of industrial/ warehousing facilities was KSh 70.0 million or KSh 4,500 per square feet. The median sale price of malls/mixed use property was KSh 140 million per unit while that of retail purpose properties was KSh 60.0 million per unit as shown in Table 5.2.

Table 5.2: Advertised Sale Price of Commercial Properties, 2023

Type of commercial property	Median advertised sale Price (KSh)	
	Per unit/ property	Per square feet
Office Building	110,000,000	11,000
Healthcare / medical facilities	25,000,000	..
Industrial/ Warehousing	70,000,000	4,500
Hotels and Hospitality	180,000,000	..
Malls/ Mixed Use	140,000,000	..
Special Purpose	260,000,000	8,750
Retail Purposes	60,000,000	..

***Data not available*

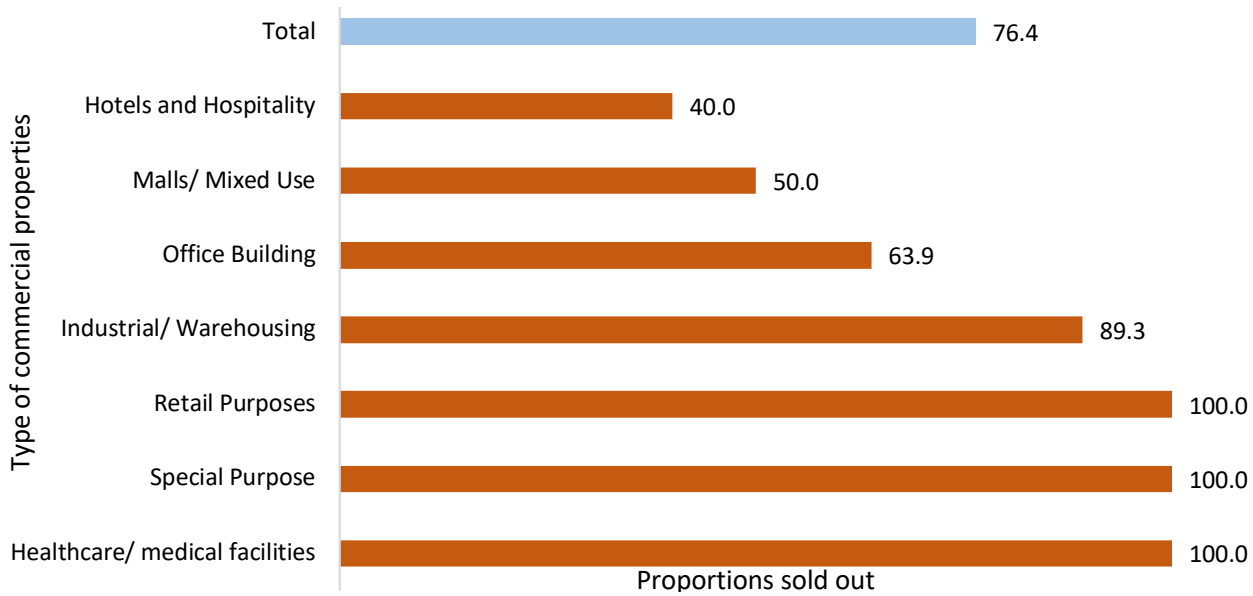


5.2.5 Proportion of Advertised Commercial Properties That Were Sold Out

The survey sought to find out whether all commercial properties that were on offer for sale during 2023 were actually sold during the year. The survey findings indicate that all the advertised properties meant for retail purpose, special purpose and healthcare facilities that were on offer for sale in 2023 were sold out during the year. Less than half (40%) of the advertised properties meant for hotels and hospitality were sold in 2023 indicating a slightly lower demand for this type of property compared to the other commercial properties as shown in figure 5.3.

> The survey findings indicate that all the advertised properties meant for retail purpose, special purpose and healthcare facilities that were on offer for sale in 2023 were sold out during the year.

Figure 5.3: Proportion Of Advertised Commercial Properties That Were Sold, 2023



The median sale price of healthcare facilities was KSh 25 million per unit/property while that of industrial/ warehousing facilities was KSh 70.0 million or KSh 4,500 per square feet.

5.3 Commercial Properties for Rent

The survey sought information on commercial properties for rent in 2023. This section presents the survey findings regarding the distribution of the properties for rent by type of property and amenities. The section also presents the average advertised rent and the actual rent prices by type of properties.

5.3.1 Profile of Rental Commercial Properties

The survey findings indicated that, more than half (63.3%) of all advertised rental commercial properties for rent were office buildings/ spaces, followed by retail premises at 16.1 per cent. Suites or condominiums were the least at 0.5 per cent as indicated in Table 5.3.

Table 5.3: Distribution of Rental Commercial Properties, 2023

Type of commercial properties	Per cent
Office Building	63.3
Retail Purposes	16.1
Malls/ Mixed Use	7.7
Industrial/ Warehousing	7.2
Special Purpose	2.6
Hotels and Hospitality	1.7
Healthcare facilities/Medical or Dental	0.9
Suite or Condominium	0.5
Total	**100**

5.3.2 Amenities in Rental Commercial Properties

Results from the survey indicated that 22.6 per cent of rental commercial properties had provision for lactating space for breastfeeding mothers. Provision of lactating spaces in commercial rental properties was highest in suites/condominiums (66.7%) followed by office buildings (27.5%) and was lowest in industrial warehousing (7.3%) and in special purpose there was none. About three in every five rental commercial properties (58.1 %) had access ramps for persons with disabilities while, the majority of rental commercial properties (94.6 %) had fire safety precautions in place. Suites and condominiums were well-equipped with amenities, including parking lots, CCTV, backup generators, fixed internet, and fire safety precautions, compared to the other types of rental commercial properties as indicated in Table 5.4.

Table 5.4: Amenities by Type of Rental Commercial Properties, 2023

Per cent

	Parking Lot/ Garage	CCTV	Elevator/ Escalator	Back up Generator	Fixed Internet Infrastruc-ture	Fire safety Precautions	Lactating Space	Acess Ramp
Office Building	90.7	86.5	74.6	91.1	86.9	97.3	27.5	58.8
Suite or Condominium	100.0	100.0	66.7	100.0	100.0	100.0	66.7	66.7
Healthcare/ medical facilities	71.4	100.0	71.4	71.4	71.4	100.0	14.3	71.4
Industrial/ Warehousing	100.0	58.2	7.3	36.4	67.3	80.0	7.3	30.9
Hotels and Hospitality	92.3	84.6	69.2	84.6	69.2	100.0	7.7	69.2
Malls/ Mixed Use	83.1	89.8	81.4	83.1	79.7	98.3	13.6	76.3
Special Purpose	85.0	95.0	80.0	95.0	85.0	100.0	0.0	50.0
Retail Purposes	81.5	81.5	65.7	81.5	78.7	86.1	19.4	58.3
Overall	89.2	84.3	68.8	84.8	83.2	94.6	22.6	58.1

5.3.3 Advertised Rental Prices for Commercial Properties

The advertised rental prices for commercial properties varied based on the type and location of the property. According to the survey results presented in Table 5.5, the median advertised monthly rent for industrial/ warehousing properties was KSh 40.0 per square feet while that for retail purposes, office spaces and malls/ mixed use properties was KSh 115.0, KSh 106.0 and KSh 100.0 per square feet, respectively in 2023. Suites/ condominiums and special purposes premises had the highest advertised monthly rent at KSh 140.0 and KSh 150.0 per square feet, respectively.

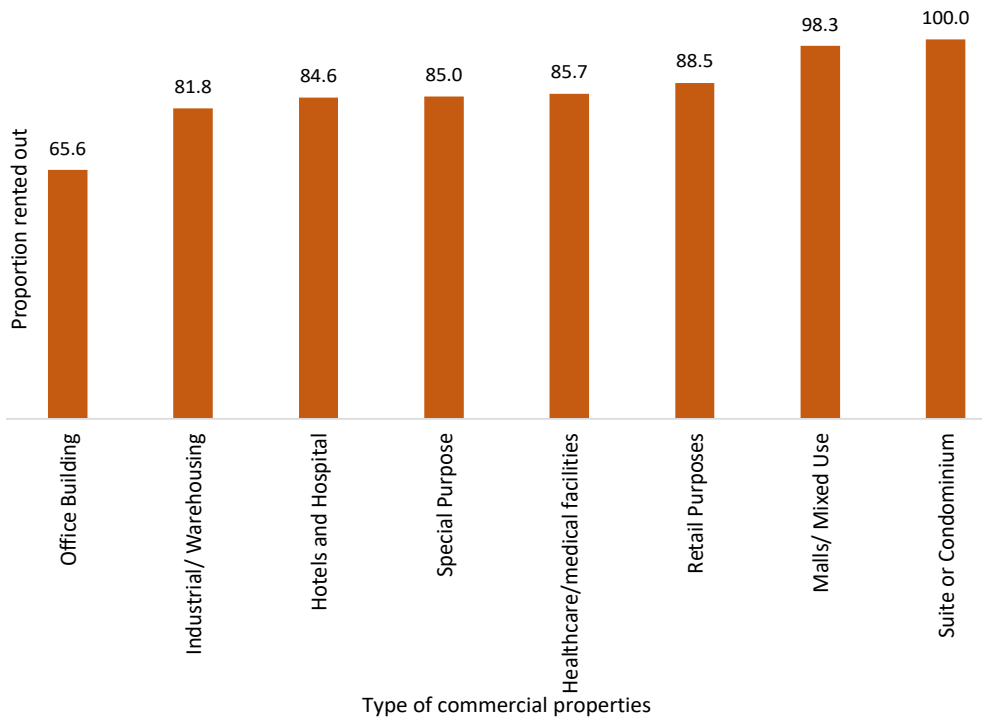
Table 5.5: Advertised Rental Prices for Commercial Properties, 2023

Type of commercial property	Median Rent (KSh)	
	Per Unit / Property	Per Square Feet
Office Building	78,000.0	106.0
Suite or Condominium	110,000.0	140.0
Healthcare/ medical facilities	35,500.0	112.5
Industrial/ Warehousing	150,000.0	40.0
Hotels and Hospitality	130,000.0	105.0
Malls/ Mixed Use	45,000.0	100.0
Special Purpose	100,000.0	150.0
Retail Purposes	36,000.0	115.0

5.3.4 Commercial Properties on Offer for Rent That were Rent Out

Commercial properties advertised for rent may not be rented out due to various reasons, such as lack of clients. The survey findings indicated that over 50 per cent of all commercial rental properties that were on offer for rent in 2023 were rented during the year. Notably, all advertised suites and condominiums were actually rented out, indicating a high demand for this type of commercial property as shown in figure 5.4.

Figure 5.4: Proportion of Advertised Commercial Properties that Were Rented Out In 2023



5.3.5: Monthly Service Charge for Commercial Properties

Analysis of service charges by type of commercial property revealed that industrial and warehousing properties had the highest service charge, averaging KSh 29,047.8 per month in 2023, by malls and mixed-use properties with an average service charge of KSh 15,746.1 per month. Suites/ condominiums had the lowest service charge averaging KSh 4,576.9 per month. The average monthly service charge for office spaces was KSh 6,673.2 as shown in Table 5.6.

Table 5.6: Average Monthly Service Charge Of Rental Commercial Properties, 2023

	Service charge (KSh)	Per square feet
Office Building	6,673.2	11,000
Suite or Condominium	4,576.9	..
Healthcare / medical facilities	9,606.0	4,500
Industrial/ Warehousing	29,047.8	..
Hotels and Hospital	6,399.0	..
Malls/ Mixed Use	15,746.1	8,750
Special Purpose	12,730.4	..
Retail Purposes	7,005.8	



Annex

Annex 1: Average weighted sale prices for residential properties by region

Kenya Shilling

Type of Property	Kajiado	Kiambu	Machakos	Mombasa	Nairobi Lower	Nairobi Middle	Nairobi Upper Middle	Nairobi Upper
Bungalow two bedroom	2,886,047	..	..	16,714,286	6,500,000	11,150,000	..	66,333,333
Bungalow three bedroom	7,985,689	16,384,906	6,004,612	27,656,026	7,247,500	13,710,419	34,417,292	89,833,333
Bungalow four and above bedroom	10,641,785	39,565,705	17,044,737	57,781,884	8,133,333	14,454,651	35,754,888	91,442,652
Flat/Apartment bedsitter/studio	..	5,000,000	2,150,000	..	4,770,000	..	..	..
Flat/Apartment one bedroom	2,200,000	5,498,366	4,219,444	7,866,216	5,854,471	13,165,194	21,924,000	60,000,000
Flat/Apartment two bedroom	6,864,619	12,383,440	6,004,492	12,412,609	7,383,965	13,426,535	23,945,112	68,000,000
Flat/Apartment three bedroom	11,383,504	15,032,768	6,952,981	20,431,008	7,400,000	14,909,241	26,570,127	80,510,808
Flat/Apartment four and above bedroom	26,357,143	25,941,667	12,100,000	40,915,254	7,550,000	15,743,902	29,238,826	91,903,043
Masionette three bedroom	11,200,000	14,700,000	14,500,000	..	..	13,533,333	31,333,333	88,000,000
Masionette four and above bedroom	17,586,932	58,678,571	23,150,000	96,056,818	6,500,000	15,090,909	42,097,368	121,204,508
Town house-three bedroom	8,436,633	25,453,571	9,150,000	25,967,667	8,325,000	12,793,333	30,425,000	83,571,429
Town house-four and above bedroom	41,878,717	49,462,209	28,946,154	54,575,000	8,075,000	14,480,000	35,125,676	97,006,447

.. few observations

Conclusion

The 2023/2024 Real Estate Survey has provided invaluable insights into the dynamics of the Kenyan real estate market. The survey covers various aspects of the sector and enabled an understanding of the trends and challenges that characterize the residential and commercial properties market.

The survey collected information on the characteristics of real estate firms and reveals emphasis on professionalism and consumer protection within the industry. Furthermore, the survey explores the ownership structures of real estate agencies and sheds light on the status of properties management for self-constructed and purchased properties.

In the case of residential properties, three-bedroom units were the most available in the market in 2023 followed by two-bedroom apartments. Most properties were found to have amenities such as parking lots, CCTV, and gardens/play areas. The survey findings highlight the importance of incorporating essential amenities to attract buyers in the real estate market. The survey also provides information for the rental market, providing information on the types of rental properties that were available in 2023 their location and availability of various amenities.

The commercial property segment is dominated by office buildings/spaces, followed by industrial and warehousing properties. This distribution reflects the economic landscape and the demand for different types of commercial spaces. Parking lots and CCTV installations are common amenities in commercial properties.

In the commercial segment, the dominance of office buildings/spaces and industrial and warehousing properties reflects the country's economic growth and the demand for business-oriented real estate solutions. The survey's findings on advertised sale prices and rental prices provide valuable benchmarks for investors and developers, enabling informed decision-making.

The survey also underscores the importance of government policies and regulations in shaping the real estate sector. The analysis of the legal and regulatory framework highlights the need for continuous improvement and adaptation to ensure a conducive environment for investment and development.

The 2023/2024 Real Estate Survey has not only provided a snapshot of the current market dynamics but has also provided information to inform future research and analysis. The survey's focus on key market indicators is key for monitoring the sector's progress and ensuring its sustainable growth, and guide policy decisions, investment strategies, and development initiatives, towards a more robust and inclusive real estate sector market in Kenya.





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