

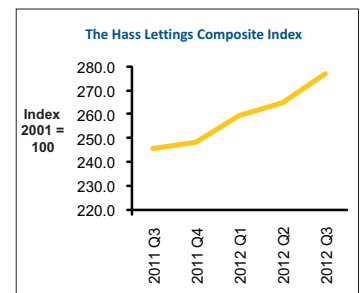
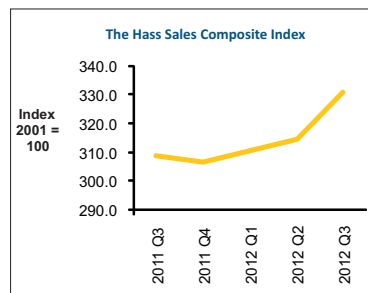
QUARTER THREE REPORT 2012

CBK rate cuts spark real estate back to life

- Developers and sellers pushed up asking prices in Q3.
- Early in the quarter, buying activity had dropped to 2-year lows.
- September marked a sharp rise in enquiries, viewings and completions.
- Town house sales, where asking prices rose by 1.2 per cent in the quarter, performed better in September.
- But so did stand alone houses, where prices rose by 3.4 per cent.
- However, apartment prices recorded the sharpest rise, at 3.6 per cent.
- Asking rents also rose sharply, by 4.2 per cent for apartments.
- Activity in the rentals market also dipped, with fewer viewings and closures, but the drop was more marginal.
- The rentals market appeared to have been able to sustain the rent rises rolled out in the three months.

Index Highlights:

SALES AND LETTINGS COMPOSITE INDEX YEAR TO Q3



HEADLINES - HASS COMPOSITE SALES INDEX	% Change in Quarter	% Change in Year
All Properties	5.1%	7.1%
Stand Alone Houses	3.4%	7.3%
Townhouses	1.2%	7.3%
Apartments	3.6%	6.0%

* The Hass Composite Sales Index is a measure of asking sales prices, based on Mix Adjusted Methodology

HEADLINES - HASS COMPOSITE LETTINGS INDEX	% Change in Quarter	% Change in Year
All Properties	4.5%	12.8 %
Stand Alone Houses	3.6 %	12.8%
Townhouses	2.8 %	9.1 %
Apartments	4.2%	15.0%

* The Hass Composite Lettings Index is a measure of asking sales prices, based on Mix Adjusted Methodology

With all eyes on tumbling mortgage rates in the third quarter, property asking prices jumped in the last three months on hopes of renewed activity, reported HassConsult, as it unveiled its third quarter property indices and drew on new “activity” indicators based on levels of real estate enquiries, viewings and completions.

In a further expansion of the consultancy's real estate data collection offering new insights into market reactions and uptake, Hass reported that the rental market largely absorbed the price increases of the third quarter, while properties for sale recovered from their lowest levels in two years driven by a renewed uptake of standalone houses during September.

Overall, sales asking prices rose by 5.1 per cent, with the sharpest rise in apartments, up 3.6 per cent on the previous quarter, followed by stand alone houses, up by 3.4 per cent. Price rises were more moderate for town houses, with sales picking up sharply in September.

“We believe it is a correct analysis that as mortgages become more affordable and available, pent-up demand for property buying will bring higher levels of sales activity. However, with property so fully priced in this market, sellers seeking higher returns ahead of that surge in demand deterred some buyers in July and August rather than securing greater revenues,” said Ms Sakina Hassanali, Head of Marketing and Research at HassConsult.

“September, however, saw a renewed appetite for buying, and comfort with the new price levels, offering relief for developers, many of whom were becoming seriously stretched. The return to more normal levels of buying has come as a return to life for the sector.”

Meanwhile, in the rentals market, the overall rise in asking rents was 4.5 per cent in the third quarter, with the steepest rise in apartment rents, up 4.2 per cent, followed by standalone houses, up 3.6 per cent. Town house asking rents also rose 2.8 per cent over the previous three months.

With much of this re-pricing absorbed into the market, the returns for landlords recovered significantly across the quarter, to a combined 13.81 per cent, across both rental yields and house price appreciation.

“The swelling in demand for rentals as those who would have been first-time buyers have stayed in the rental pool, even as new entrants arrive, is fueling some continuing rent rises, although we do see signs of some slowing in viewing and completions,” said Ms Hassanali.

“This rental correction was overdue for many landlords, after some years of stagnating rents, and is now closing the gap in returns for mortgage-financed landlords that appeared after the mortgage rate rises.”

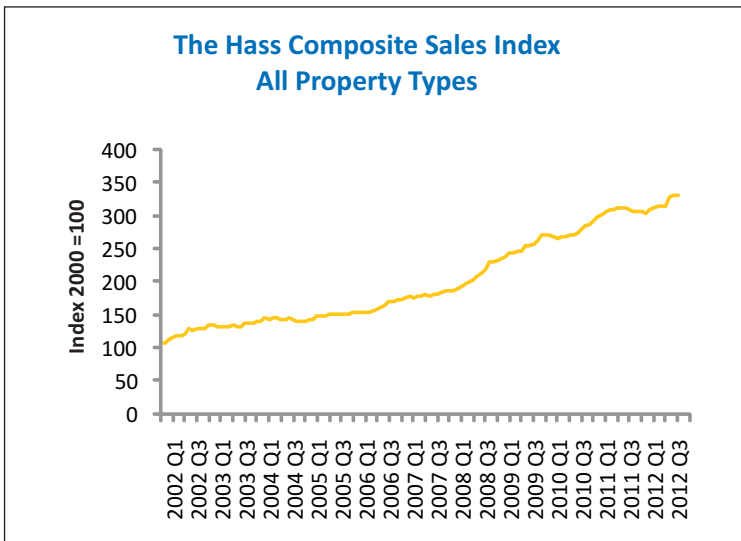
For more information, please contact:

Sakina Hassanali - Head of Marketing & Research

HassConsult Ltd

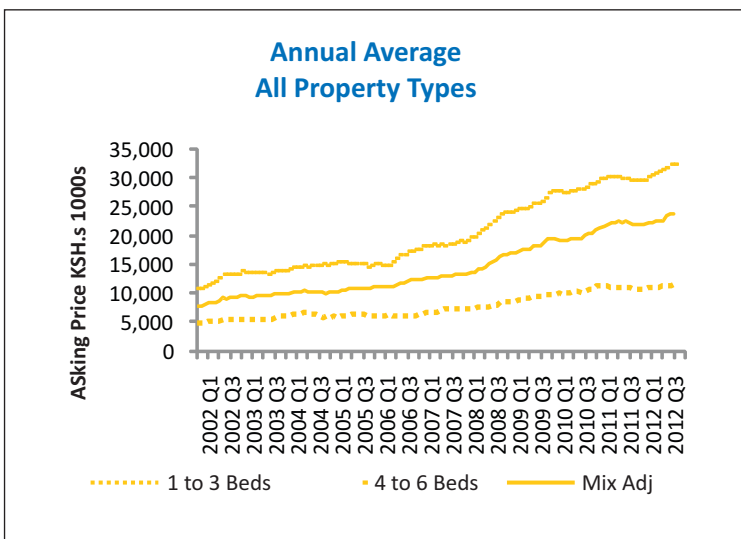
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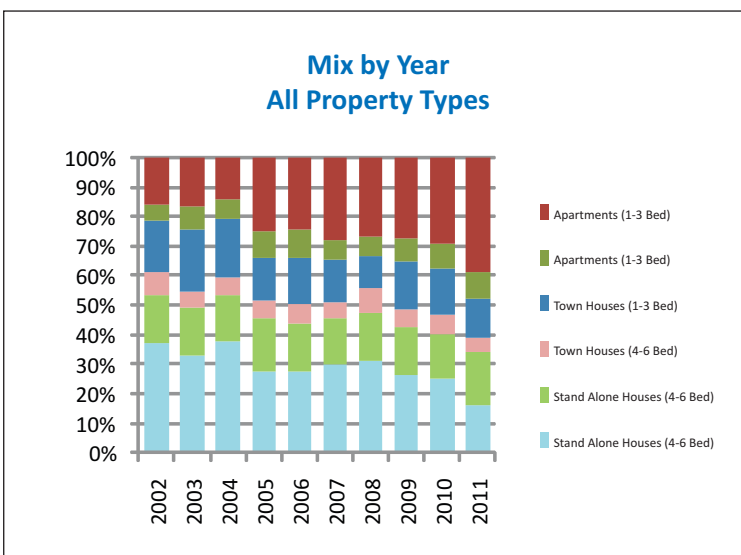
SNAP SHOTS:

- The Hass Composite sales Index is representative of all property for sale in Kenya
- Property values have increased by 3.31 times since 2000.
- The index shows a property price rise of 5.1% in the last quarter and a 7.1% rise in the last year.



SNAP SHOTS:

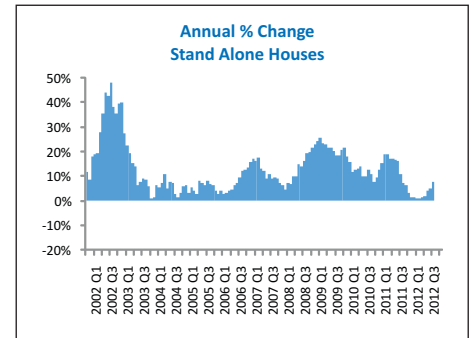
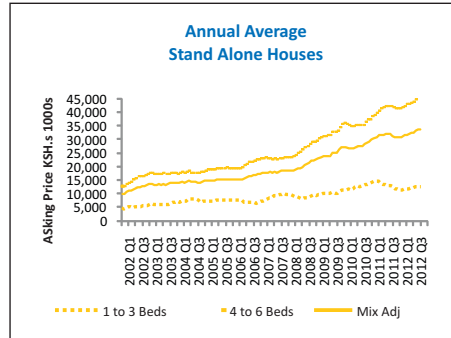
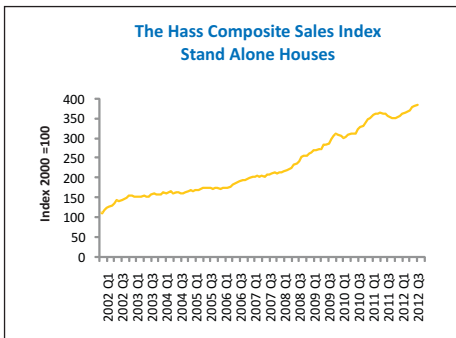
- The annual average is representative of the average price of all properties offered for sale in Kenya.
- The average value for a property has gone from 7.1 million in December 2000 to 23.7 million in September 2012.
- The average value for a 4-6 bedroom property is currently 32.5 million.
- The average value for a 1-3 bedroom property is currently 11.5 million.



SNAP SHOTS:

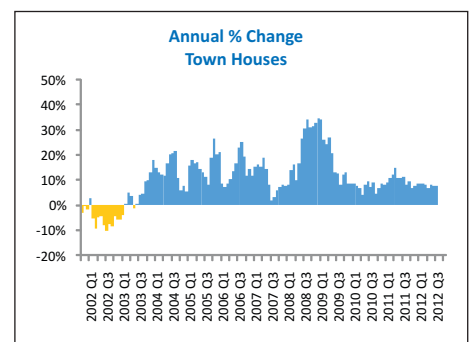
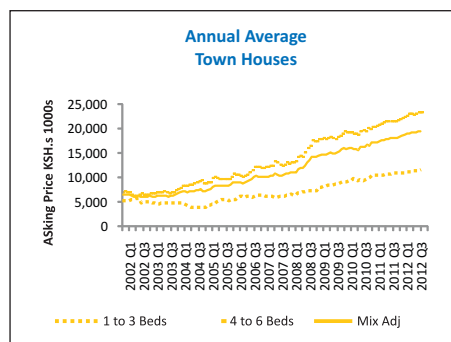
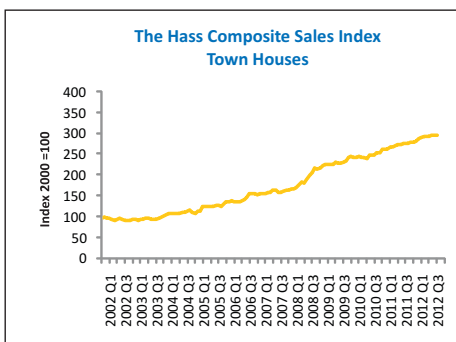
- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, apartments took up 23.5% of the market, Town Houses took up 24.5% of the market and Stand alone houses took up 52% of the market.
- In 2012 however, apartments took up 43.6% of the market, Town Houses took up 26.9% of the market and Stand alone houses took up 29.5% of the market.

Breakdown of 10 years data by Year



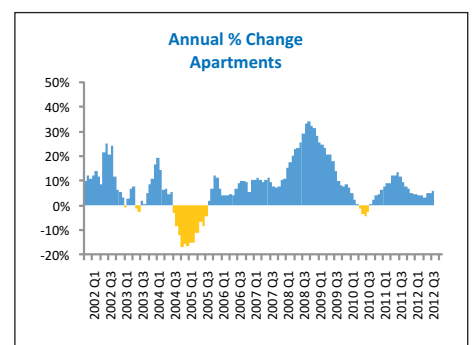
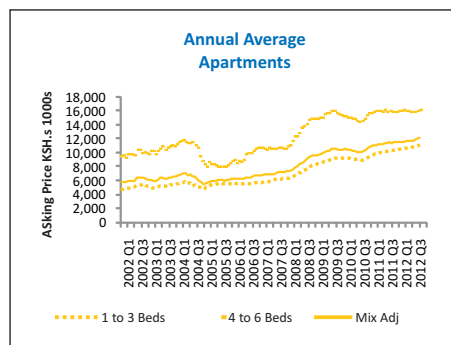
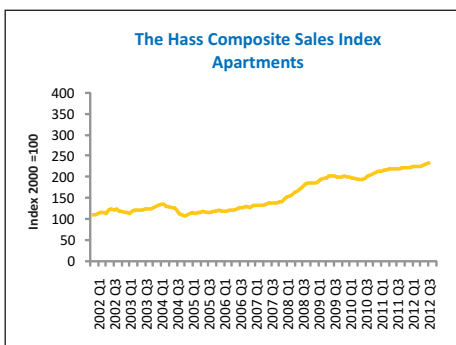
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Property values for stand alone houses have increased by 3.83 times since 2001, a 3.4% rise in the last quarter and a 7.3% rise in the last year. The average price for a stand alone house is currently 33.7 million up from 8.8 million in December 2000.



SNAP SHOTS:

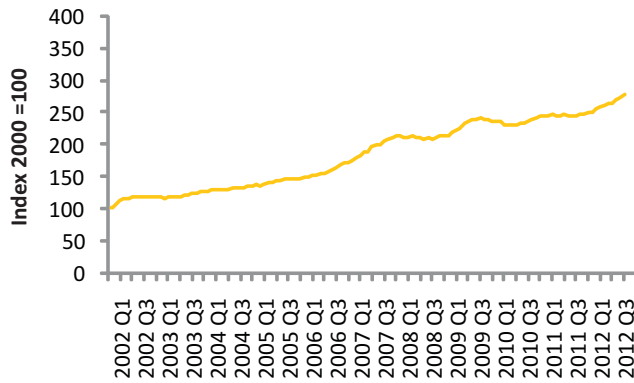
- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Property values for town houses have increased by 2.95 times since 2001, a 1.2% rise in the last quarter and a 7.2% rise in the last year. The average price for a town house is currently 19.3 million up from 6.5 million in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Property values for apartments have increased by 2.33 times since 2001, a 3.6% rise in the last quarter and an 6.0% rise in the last year. The average price for an apartment is currently 12.1 million up from 5.2 million in December 2000.

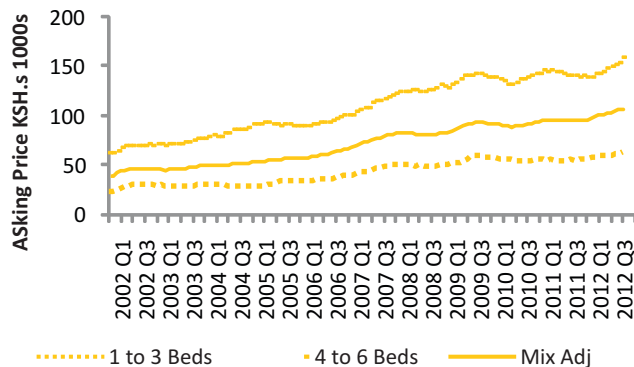
**The Hass Composite Lettings Index
All Property Types**



SNAP SHOTS:

- The Hass Composite Letting Index is representative of all property for rental in Kenya
- Rents have increased by 2.77 times since 2001
- The index shows rents have risen by 4.5% in the last quarter but have risen by 12.8% in the last year.

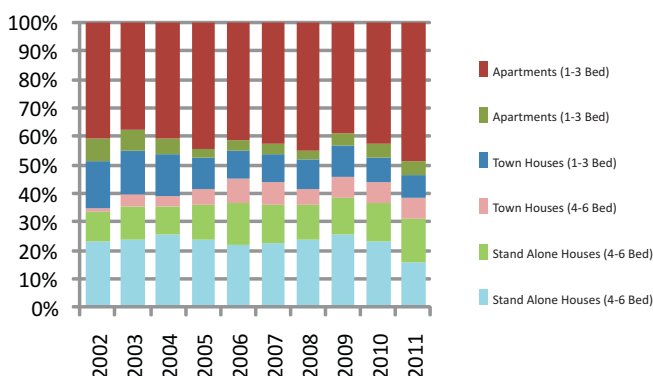
**Annual Average
All Property Types**



SNAP SHOTS:

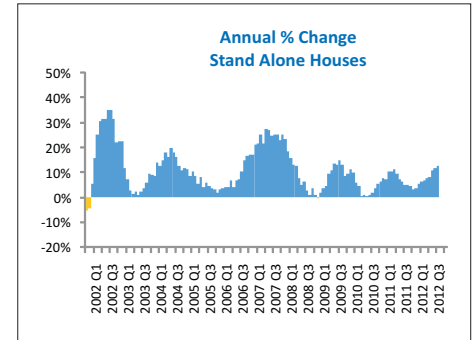
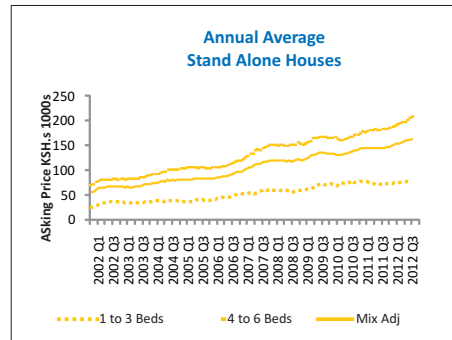
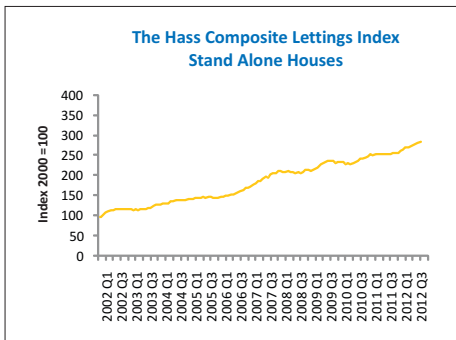
- The annual average is representative of the average rent of all properties offered to let in Kenya.
- The average rental for a property has gone from Kshs. 38,516 in December 2000 to Kshs. 106,635 in September 2012.
- The average rent for a 4-6 bedroom property is currently Kshs. 158,113
- The average rent for a 1-3 bedroom property is currently Kshs. 62,518

**Mix by Year
All Property Types**



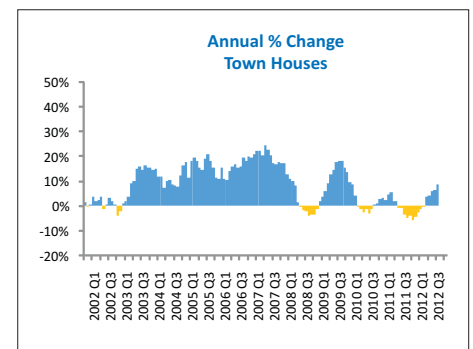
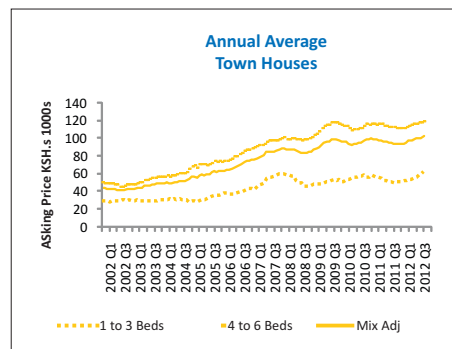
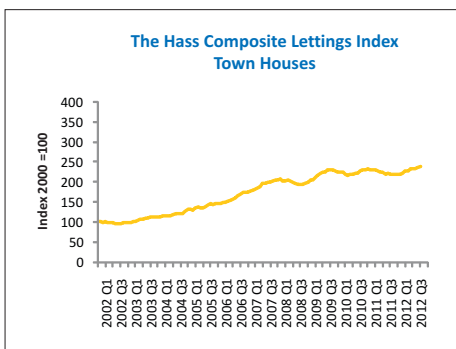
SNAP SHOTS:

- The Mix by Year is a measure of the percentage that each type of property represents in the market.
- In 2001, apartments took up 45.3% of the market, Town Houses took up 20.5% of the market and Stand alone houses took up 34.1% of the market.
- In 2012 however, apartments took up 56.3% of the market, Town Houses took up 19.6% of the market and Stand alone houses took up 24.1% of the market.



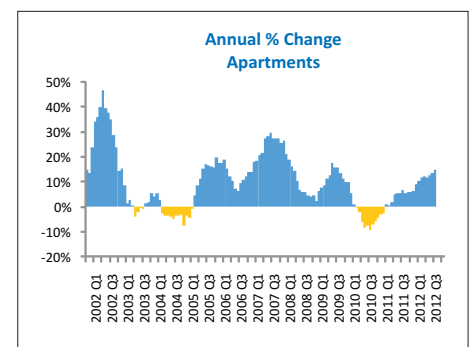
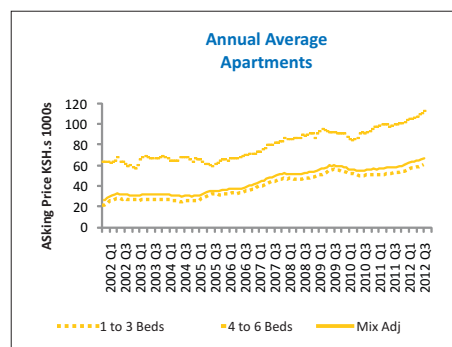
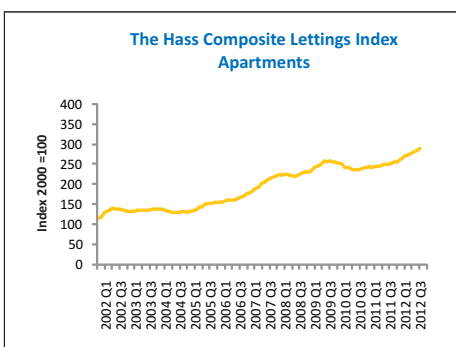
SNAP SHOTS:

- Stand Alone houses include houses, bungalows, cottages and villas either on their own plot or in a gated community.
- Rental values for stand alone houses have increased by 2.85 times since 2001, a 3.6% rise in the last quarter and a 12.8 rise in the last year. The average rental for a stand alone house is currently Kshs. 162,082 up from Kshs. 56,959 in December 2000.



SNAP SHOTS:

- Town houses include townhouses and maisonettes that are semi-detached or terraced.
- Rental values for town houses have increased by 2.39 times since 2001, a 2.8% rise in the last quarter and a 9.1% rise in the last year. The average rental for a town house is currently Kshs. 102,048 up from Kshs. 42,688 in December 2000.



SNAP SHOTS:

- Apartments include apartments, duplexes and triplexes.
- Rental values for apartments have increased by 2.88 times since 2001, 4.2% rise in the last quarter and a 15.0% rise in the last year. The average rent for an apartment is currently Kshs. 66,987 up from Kshs. 21,638 in December 2000.