Q4.14 LAND INDEX
IN ASSOCIATION WITH

Focused Investing
STANLIB

Urban land rises as Kenya's gold standard

- Advertised land prices have risen five-fold in Nairobi in the last 7 years, up 535 per cent from 2007
- The average price per acre was a little over Sh30m in 2007, but is more than Sh170m today
- Commercial and high-density housing are driving the pricing
- The city's most expensive land is in Upper Hill, at around Sh470m per acre, followed by Kilimani at around Sh370m an acre
- Of the city's high-end residential areas, land is currently cheapest in Karen and Langata, at around Sh45m an acre, followed by Runda, at around Sh67m
- The most expensive high-end low density residential land is in Spring Valley, at around Sh150m an acre
- Urban land has delivered the highest return of all asset classes in the last 7 years, followed by property up 98 per cent from 2007
- Land prices in the last four years have risen at twice the rate of cattle, and four times the rate of property, while oil and gold prices have fallen over the same period

Land Index Highlights:

High Development Activity Suburbs	Quarter % Change	Annual % Change	% Change From 2007	Average Value Per Acre	25 Percentile	75 Percentile
Karen	2.2%	11.4%	575%	44,900,000	40,000,000	50,000,000
Kileleshwa	2.9%	20.2%	614%	252,600,000	230,000,000	270,000,000
Kilimani	3.3%	25.4%	557%	371,700,000	330,000,000	412,500,000
Langata	4.2%	8.4%	427%	46,000,000	40,000,000	50,000,000
Lavington	4.1%	20.6%	488%	202,400,000	158,000,000	250,000,000
Runda	0.5%	10.7%	482%	66,700,000	52,000,000	78,000,000
Spring Valley	1.3%	5.6%	392%	147,200,000	120,000,000	170,000,000
Upperhill	2.7%	29.7%	789%	473,500,000	388,800,000	550,000,000
Westlands	2.9%	8.5%	494%	361,700,000	300,000,000	420,000,000
Total	3.0%	18.1%	535%	173,700,000	46,000,000	266,632,000

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Real Estate Consultancy HassConsult in association with Investment managers Stanlib today unveiled the country's first land price index, for urban land in capital city Nairobi, showing a more than five-fold increase in land prices in the city's 9 fastest developing suburbs over the last seven years.

The index, which also compares Nairobi's land price movements to other asset classes and commodities, found that the city's land had outperformed all other asset classes as a return on investment.

The index offered comparisons with other commodities on international indices for gold, oil and cattle. The 535 per cent increase in the prices of Nairobi's prime development land over 7 years compared with cattle as the next best investment, which achieved a 72.3 per cent over the period.

Within Kenya, Stanlib reported that Sh32.4m invested in urban land at the end of 2007 would have been worth Sh173m by the end of 2014. The second most productive asset class was property, where Sh32.4m invested at the end of 2007 would have been worth Sh64.2m by the end of 2014.

The galloping land prices in the city are being driven predominantly by commercial and high density residential developments. Of nine suburbs surveyed, the city's most expensive land is now in Upper Hill, at around Sh470m an acre, followed by Kilimani, at Sh370m an acre, and Westlands, at Sh360m. Other high cost areas are Kileleshwa at Sh250m an acre and Lavington, at around Sh200m.

Investors in urban land do, however, need to buy strategically, advised Stanlib, which warned against the notion that all land is a strong speculative investment.

'The pressure on land prices is caused by the inherently limited supply of land close to key city centre clusters. But it is not the case that such land can appreciate indefinitely. Traditionally, once acreage reaches very high pricing levels, cities begin to evolve around multiple nodes, as is happening now in Nairobi. This makes the city's evolving shape key to the choice of location for land buying: central doesn't always guarantee high return," said Kenneth Kaniu, Chief Investment Officer at Stanlib.

Within the high development suburbs, the price per acre also varies widely, with the index tracking the range of prices as well as average prices. This saw the lowest prices per acre in areas such as Upper Hill and Westlands running at half the level of the most expensive acreage, with the cheapest 25 per cent of acreage in Upper Hill selling at Sh388.8m an acre, compared with Sh550m an acre for the most expensive 25 per cent.

Likewise for Westlands, the cheapest 25 per cent of acreage is selling at an average price of Sh300m an acre, compared with an average Sh420m an acre for the most expensive land in the suburb.

In most of the suburbs for which data was collected, land zoning had a major impact on the price of specific acreage, with land suitable for high density development fetching far higher prices than land that can only be used for low density housing. Accessibility, infrastructure and desirability all additionally influenced pricing.

For more information, please contact:

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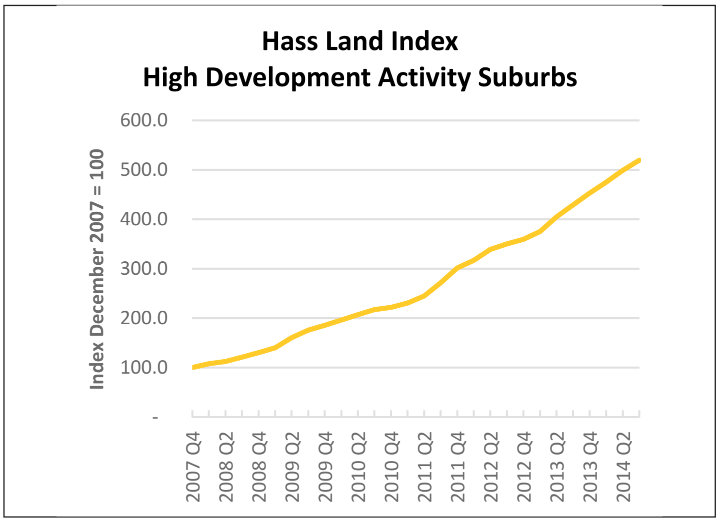
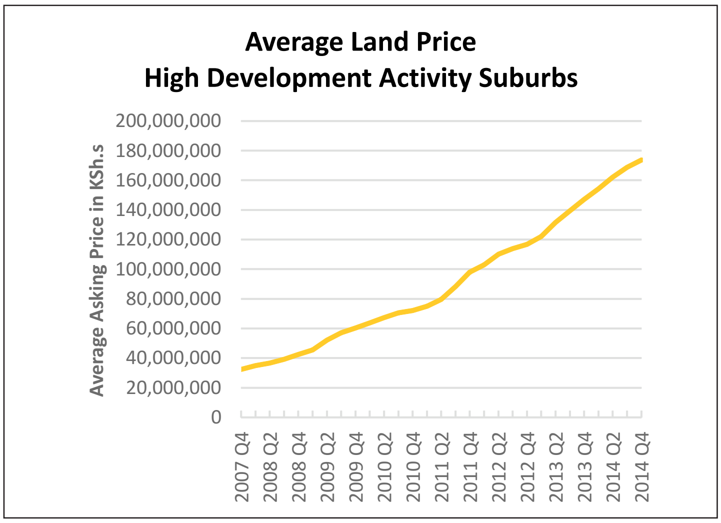


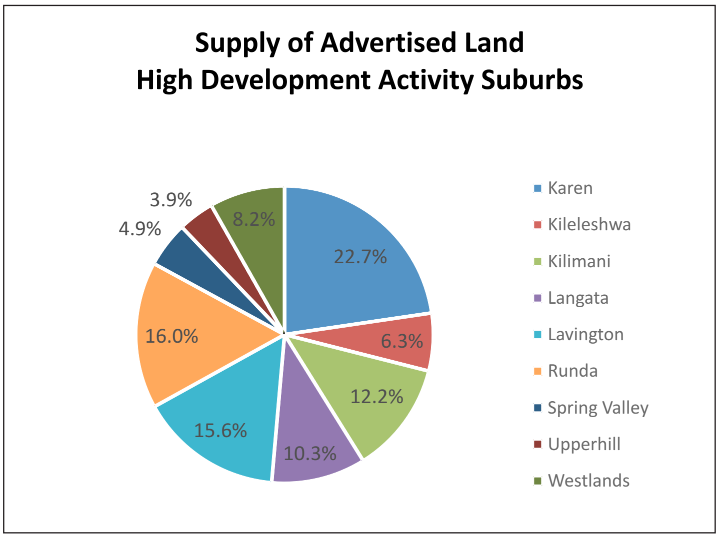
SNAP SHOTS:

- The Hass Composite Land Index is representative of land for sale in Nairobi covering 9 high development activity suburbs.
- Land values have increased by 5.35 times since December 2007.



SNAP SHOTS:

- The annual average is representative of the average price of land for sale in Nairobi covering 9 high development activity suburbs.
- The average value for Land has gone from 32.5 million in December 2007 per acre to 173.7 million in December 2014.



SNAP SHOTS:

- The Mix is a measure of the percentage that each high development suburb represents in the market for Nairobi.
- Between 2007 and 2014, Land in Karen took up 22.7% of the market, Kileleshwa took up 6.3%, Kilimani 12.2%, Langata 10.3%, Lavington 15.6%, Runda 16.0%, Spring Valley 4.9%, Upperhill 3.9%, Westlands 8.2% respectively.

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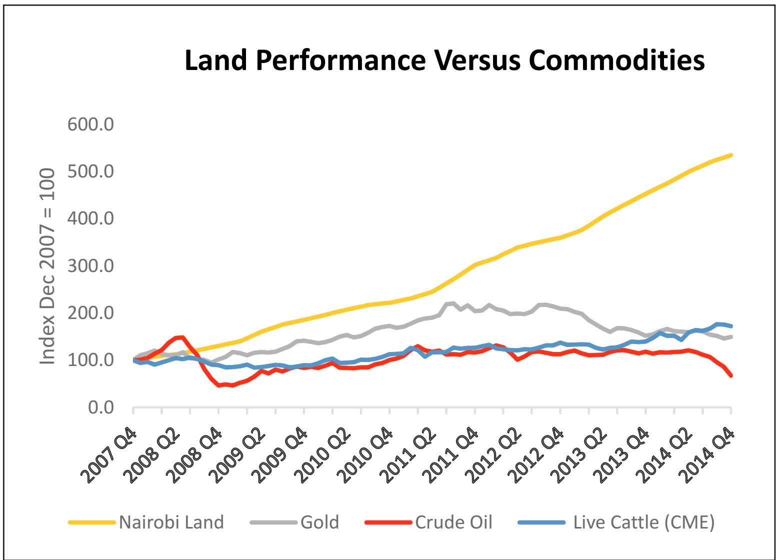
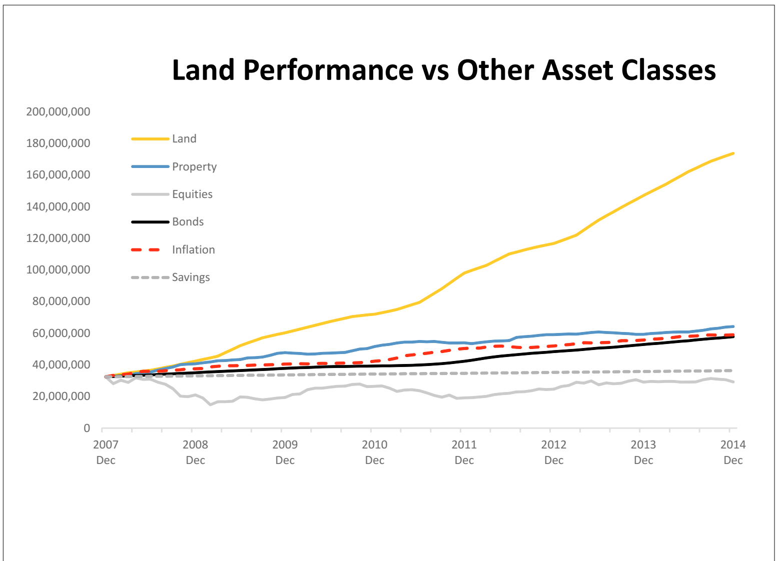
Land as an Investment



SNAP SHOTS:

Nairobi's prime development land saw a 535% increase in prices over 7 years compared with cattle as the next best investment, which achieved a 72.3% over the same period, followed by Gold at an increase of 49.5% and Crude Oil which fell 32.3%.



SNAP SHOTS:

KSh32.4m invested at the end of 2007 would have been worth KSh173.7m by the end of 2014 if invested in urban land, KSh64.2m if invested in property, KSh57.8m if invested in Bonds and KSh29.2m if invested in Equities.

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