MONTHLY RESEARCH

BUILDAFRIQUE
CONSULTING GROUP

REAL ESTATE INVESTMENTS MARKET REPORT

NOVEMBER 2017

KENYA INFLATION INDEX RECORDS A 0.99% DROP IN NOVEMBER, 2017

GOVERNMENT UNVEILS PLAN TO BUILD ONE (1) MILLION LOW COST HOUSES

HOUSING PRICES REGISTER THE LOWEST GROWTH IN YEARS DURING Q3, 2017

CONTENTS

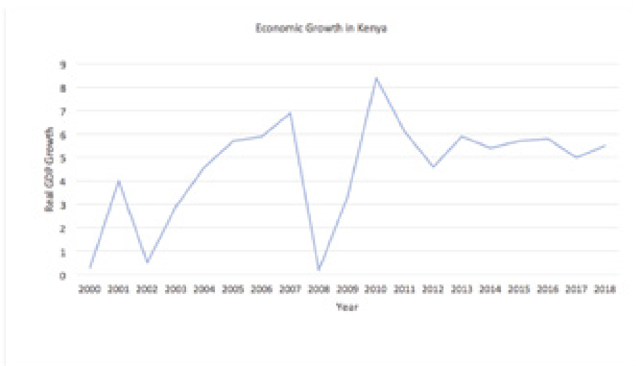
KENYA FINANCIAL AND MACROECONOMIC REVIEW

1. FINANCIAL & MACROECONOMIC HIGHLIGHTS

Gross Domestic Product (GDP)

During the fourth quarter of 2017, the International Monetary Fund (IMF) in its World Economic Outlook Report (October 2017) revised Kenya's forecasted GDP growth at 5%, down from 5.3% early in the year. This is after another revision done in April that slashed the country's economic growth prospects from around 6% to 5.3% following persistent drought, slow credit growth in the private sector, rising prices of oil and security concerns.

This is the lowest forecast since 2012 at 4.6% with 2016 and 2015 comparing at 5.8% and 5.7% respectively. The institution, however, expects GDP growth for the country to improve during the next year at 5.5%

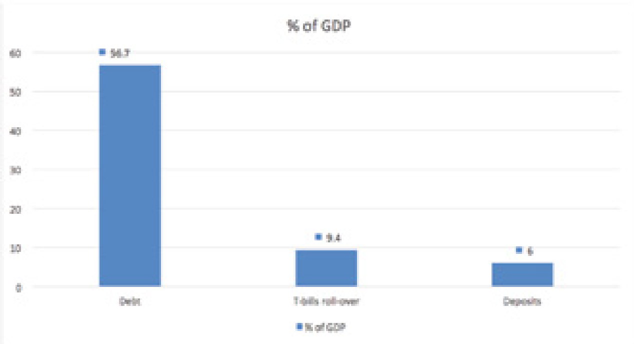


Source: International Monetary Fund (IMF)

Public Debt

During the month, the International Monetary Fund (IMF) raised concerns over Kenya's rising debt level which could lead to unplanned shocks in the economy. According to data by CBK, the level of public debt to GDP ratio stood at 57.1% by the end of June 2017, up from 45.2% in June 2016. This figure is expected by IMF to rise to 59% at the end of this fiscal year with government debt currently standing at sh.4.4 trillion.

Similarly, Moody Analytics placed Kenya's B1 Government of Credit Rating on review for a downgrade earlier in the year due to large primary deficits and high borrowing costs. This is in addition to increasing liquidity pressures on the government with interest payments accounting for 19.0% of revenue in comparison to 10.7% five years ago.



Source: Moody Analytics, Central Bank of Kenya

Interest rates

On November 23rd 2017, The Monetary Policy Committee met to review recent macroeconomic developments and policy decisions, deciding to retain the CBR rate at 10%. This was on the back of (i) improved outlook for the global economy (ii) macroeconomic stability (iii) reduced inflationary pressures (iv) favourable weather conditions and (v) conclusion of the electioneering period.

Additionally, the interbank rate closed at an average 8.3% down from 8.8% in the previous month while average trading volume fell from sh.33.3 billion to sh.24.7 despite the money market remaining relatively tight.

Key Rates	
Central Bank Rate	10.0%
Lending Rate	13.7%
Savings Rate	6.4%
Deposit Rate	7.4%

Source: Central Bank of Kenya

Currency

During the month, the Kenyan shilling strengthened against the US Dollar by 0.5% trading at Ksh.103.25 at the end of the month. The Shilling, however, depreciated against the Euro and Sterling Pound by 1.4% and 0.7% respectively closing at Ksh.122.42 and Ksh.138.38, up from Ksh.120.76 and Ksh.137.44. According to CBK, the Shilling's relatively stable performance is due to the country's (i) strong diaspora remittances (ii) tea and horticulture exports and (iii) recovery of the tourism.

In comparison, the Kenyan Shilling saw mixed performance against major East African currencies with the Shilling remaining relatively stable against the Ugandan Shilling and depreciating against the Tanzanian Shilling by 0.3%.

Currency	Oct	Nov	Change
US Dollar	103.75	103.2533	-0.5%
Sterling Pound	120.7556	122.4222	1.4%
Euro	137.4389	138.3797	0.7%
KES/USH	35.229	35.2048	-0.1%
KES/TSHS	21.6386	21.7137	0.3%

Source: Central Bank of Kenya

2. MONEY & INVESTMENTS ANALYSIS

T-bills

During the month of November, T-bills were undersubscribed at an average rate of 78.6%, up from 48.0% in October. Subscription rates for the 91-Day, 182-Day and 364-Day T-bills came to 108.32%, 59.97% and 85.35% respectively compared to 68.1%. 35.6% and 52.1% in the previous month.

Yields for the 91-Day and 364-Day T-bills, however, remained relatively stable at 8.0% and 11.0% while yield for the 182-Day T-bill rose marginally from 10.4% to 10.5%. A total of sh.57.1 billion worth of bids were accepted against 59.6 billion worth of bids received bringing the average acceptance rate to 95.9%, up from the previous month which stood at an average of 93.5%.

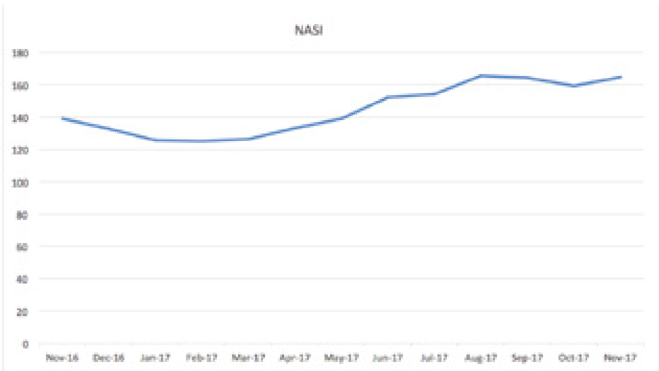
Bonds

During the month, the government issued a 7 year infrastructure bond (IFB1/2017/7) to raise an additional shs.40 million with a market determined coupon set to mature on 18/11/2024. The bond was oversubscribed at 153.04% indicating strong demand, but only sh.19.9

billion worth of bids were accepted against sh. 38.8 billion worth of bids received. This brought the acceptance rate at 51.2%. Additionally, average yield for accepted bids declined to 12.2%, down from 13.3% in a previous auction.

Equities Market

During the month, there was a general improvement across major market indices with the NASI, NSE 20 and NSE 25 gaining 6.0%, 2.7% and 4.0% respectively indicating improved investor confidence. Total shares traded at the end of the month increased by 28.1% while market capitalization improved by 8.0% to close the month at shs.2,562 billion. Similarly, equity turnover rose by 6.9% to close at shs.812.2 million.



Source: live.mystocks.co.ke

Inflation index

According to the Kenya National Bureau of Statistics, year on year inflation dropped to 4.73% at the end of November 2017, down from 5.72% in October 2017. Additionally, the Food and Non Alcoholic Drinks Index fell by 1.33% due to mostly favourable weather conditions in the better part of the year.

Source: Kenya National Bureau of Statistics

The Housing, Water, Electricity, Gas and other Fuels Index, however, increased by 1.74%. This is attributable to a rise in rent, electricity costs and cooking fuel. The increase in the cost of electricity was mostly caused by an increase in fuel cost adjustments which outpaced the decrease in foreign exchange adjustments.

Similarly, the Transport index increased by 0.58% due to an increase in pump prices of both petrol and diesel.

KENYA CONSTRUCTION INDUSTRY REVIEW

1. CONSTRUCTION INDUSTRY HIGHLIGHTS

Kenya's ambitious 1 trillion low cost housing unveiled

Kenya Government recently has unveiled an ambitious development plan to build 1 million plus (+) units of public rental housing in the next five years, as a measure to curb the growing informal settlements in major towns and provide decent affordable homes for low-income earners.

A total of Shillings 1 trillion is expected to be spent on construction of over one million low cost homes in major towns by the year 2022 to help ease the housing deficit that currently stands at 1.85 million units.

According to the Public Works Principal Secretary in the Ministry of Housing and Urban Development, Moses Nyakingora, the project shall be executed through modern technology by use of low cost building technologies that are currently shunned by many Kenyan developers.

Construction Works Commence on Africa's Tallest Building, in Nairobi Kenya

Construction development works of the Pinnacle Tower, Kenya and Africa tallest building, has commenced in Upperhill area of Nairobi Kenya.

The proposed 70-floor mixed-use twin tower development expected to cost approximately US$ 195m as project development cost. The development will also include a 45-floor Hilton hotel that is being developed by Hass Petroleum and White Lotus Group. Other amenities expected in the building include a viewing deck and 200 residential houses to be ran by Hilton Hotel and to include one (1) bedroom, two (2) bedrooms, and three (3) bedroom fully furnished luxury apartments.

The building shall also have a helipad at over 800 feet, making it the highest on the Africa continent. The development is projected to be complete by December 2019, although the hotel rooms may be completed earlier.

Kenya National Highway Authority (KeNHA) to introduce toll stations on five (5) major Highways by 2018

State Corporation, Kenya National Highway authority (KeNHA), is planning to introduce toll stations in five (5) major highways in Kenya. The new initiative will see Kenyan motorist and road users pay between US $0.01 to US $0.03 per kilometre for the next 30 years.

The highways that have been marked for this new development include Thika highway, Nairobi-Mombasa highway, Nairobi-Nakuru-Mau Summit highway, and a second bridge in Nyali Mombasa that will be upgraded by private investors who will charge motorists a fee for the use.

According to KeNHA, there will be formats of charging toll fees at tollbooths that will include a manual format where motorists stop and pay, an electronic digital system that uses prepaid cards that can be swiped and a third system in which vehicles may be fitted with tags.

2. CURRENT TRENDS IN BUILDING AND TECHNOLOGY

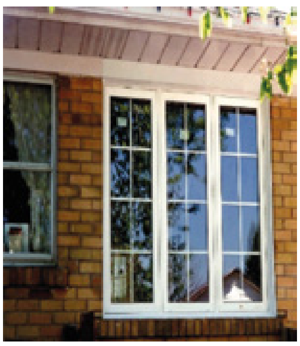
The innovation of the window opening in residential buildings

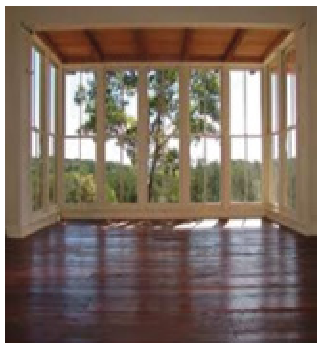
The window is one of the parts of the building that link the indoor to the outdoor, a communication channel that allowing the passage of light, sound and ventilation located on roofs and doors.

Residential building owners and developers are currently building homes with larger windows or window walls to bring more light into the building from the outdoors. Renovating a building to have larger openings also enlivens the interior space and to have a better exterior outlook.

Window walls are mostly floor to ceiling windows supported by horizontal and vertical members. They can be fixed or operable to the client's specification. Window walls can be located in the interaction areas in the house, the lounge and dining area. Picture windows are often iconic or artistic windows which can be custom-made into floral patterns or according to the users taste.

Window walls have an advantage to offer no obstruction to the exterior scenic views. Window walls also increase the property value of the building, since consumer awareness in the building industry has led to more sophistication in design increase the market value of property.





Smart Buildings to revolutionize Building Technology

Smart Building or what some people call Building automation is the automatic centralized control of a building's heating, ventilation, security, and air conditioning, lighting and other systems through a building management system or building automation system (BAS). The objectives of building automation are improved occupant comfort, efficient operation of building systems, reduction in energy consumption and operating costs, and improved life cycle of utilities.

Smart buildings are supported by information technology to stay connected to building systems, people and the global environment by use of sensors, microchips, and other devices to collect data and manage it based on the building function. These buildings also use automated processes to control the various building operations.

This technology is already in use in modern buildings and is expected to revolutionize the building industry in the coming year as a basis functional priority. Though some homeowners implement smart building technology in their homes, this construction-tech trend may be more prevalent in the commercial real estate industry as it allows business owners and facility managers to optimize their use of space, reduce energy usage, and minimize environmental impacts.

3 BUILDING COSTS ANALYSIS

The Building Costs shown below are approximate cost indicators for construction of the main building types in Kenya built environment, namely: Residential Building, Commercial Building, Retail Outlets, Hotels, and Industrial Complex, as well as Materials purchase costs, and average labour rates at Construction sites.

Users of this information are encouraged to exercise care in comparing the Building Costs of the various building types without considering other factors like: specific building location, finishes specifications, floor to ceiling height, and level of finishes, and type of fitting and services works such as lifts, mechanical installation, and electrical installation. Buildafrique Consulting Group shall therefore not be responsible for any errors in the costs published herein or for any damage or loss whatsoever resulting therefrom or for any thereon in the costs indicator.

Residential Building Cost Analysis

a) High End Apartments

Zone	Cost per Square Meter (SM)
Nairobi Region	52,000.00
Mombasa Region	54,000.00
Kisumu Region	53,000.00

b) Middle Level Apartments

Zone	Cost per Square Meter (SM)
Nairobi Region	43,000.00
Mombasa Region	44,000.00
Kisumu Region	44,000.00

c) Low Rise Apartments

Zone	Cost per Square Meter (SM)
Nairobi Region	36,000.00
Mombasa Region	37,000.00
Kisumu Region	38,000.00

d) High End Maisonette

Zone	Cost per Square Meter (SM)
Nairobi Region	60,000.00
Mombasa Region	58,000.00
Kisumu Region	59,000.00

e) Low Cost Housing

Zone	Cost per Square Meter (SM)
Nairobi Region	31,000.00
Mombasa Region	32,000.00
Kisumu Region	32,000.00

Commercial Building Cost Analysis

a) High Rise Office Building

Zone	Cost per Square Meter (SM)
Nairobi Region	51,000.00
Mombasa Region	56,000.00
Kisumu Region	58,000.00

b) Low Rise Office Building

Zone	Cost per Square Meter (SM)
Nairobi Region	41,000.00
Mombasa Region	46,000.00
Kisumu Region	48,000.00

Retail Outlet Cost Analysis

a) Shopping Mall Building

Zone	Cost per Square Meter (SM)
Nairobi Region	49,000.00
Mombasa Region	54,000.00
Kisumu Region	55,000.00

b) Small Scale shopping Complex

Zone	Cost per Square Meter (SM)
Nairobi Region	41,000.00
Mombasa Region	42,000.00
Kisumu Region	42,000.00

Hotel Cost Analysis

a) 5 Star Hotel development

Zone	Cost per Square Meter (SM)
Nairobi Region	85,000.00
Mombasa Region	87,000.00
Kisumu Region	87,000.00

b) 3 Star Hotel development

Zone	Cost per Square Meter (SM)
Nairobi Region	80,000.00
Mombasa Region	83,000.00
Kisumu Region	84,000.00

c) 2 Star Hotel development

Zone	Cost per Square Meter (SM)
Nairobi Region	69,000.00
Mombasa Region	70,000.00
Kisumu Region	71,000.00

Industrial Complex Cost Analysis

a) Warehouse & Godowns

Zone	Cost per Square Meter (SM)
Nairobi Region	30,000.00
Mombasa Region	31,000.00
Kisumu Region	31,000.00

b) Administration Office Space

Zone	Cost per Square Meter (SM)
Nairobi Region	41,000.00
Mombasa Region	42,000.00
Kisumu Region	42,000.00

Building Materials & Labour Cost Analysis

a) Average Materials Costs

Material	UNITS	Cost (Kshs)
Cement	Bags	650.00
Sand	Tons	2,000.00
Ballast	Tons	1,800.00
Hardcore	Tons	900.00
Steel Y8 (12 meters)	NO	450.00
Steel Y10 (12 meters)	NO	700.00
Steel Y12 (12 meters)	NO	900.00
Steel Y16 (12 meters)	NO	1,450.00
Steel Y20 (12 meters)	NO	2,300.00
Steel Y25 (12 meters)	NO	3,250.00
Steel Y32 (12 meters)	NO	5,300.00
BRC Mesh A142	Roll	26,000.00
Machine cut stone (390 X 190 X 190mm)	NO	52.00
Cypress Timber (100 x 50mm)	FEET	45.00
Cypress Timber (100 x 50mm)	FEET	25.00

b) Average Labour Costs (Site Labour)

Labour	UNITS	Cost (Kshs)
Unskilled Labour	Day Rate	450.00
Skilled Labour (Excavation)	Day Rate	1,000.00
Skilled Labour (Concrete)	Day Rate	1,200.00
Skilled Labour (Masonry)	Day Rate	900.00
Skilled Labour (Finishes)	Day Rate	1,100.00

KENYA LAND USE REVIEW

1. KENYA LAND USE HIGHLIGHTS

A National Spatial Structure (NSS) expected to guide physical planning in the country unveiled

The National Spatial Structure (NSS), which is contained in the National Spatial Plan (NSP) for the 2015-2045 period, was launched by the Ministry of Lands and Physical Planning (MOLPP).

The blueprint is expected to guide three areas of planning primarily based on the agro-climatic and agricultural potential of the country namely; rain-fed agricultural potential, irrigation agricultural potential and large scale commercial livestock production.

According to the Cabinet Secretary, Jacob Kaimenyi, the plan will also seek to ensure guided urbanisation and full utilisation of the country's spatial capacity.Nairobi, Mombasa, Kisumu and Lamu have been identified as National Growth Areas, with Isiolo and Lodwar marked as Future Growth Areas. The plan also identifies other urban areas like Nakuru, Eldoret, Nyeri, Embu, Kisii, Kakamega and Kitale, as Regional Growth Areas, which are expected to spur the country's development in future.

Kenya National Government to introduce land lease models to attract youth to sustainable land use

The National Government plans to introduce a land lease model to make it easy for the youth to lease land.

According to Agriculture CS Willy Bett, the government will spend Sh340 million to increase youth access and sustainable use of land to attain high productivity. The program will also create and alternative unique land lease models, as well as optimise land use and support the development and implementation of policy initiatives that review land use and encourage land consolidation for economic use.

The land lease approach will be implemented through partnership with county governments, the National Land Commission, private land owners and community elders. Land rent in Kenya averages Sh10,000 per acre for the last decade for large and small-scale farmers. This has led to the high cost of production, as well as to low investment.

2. KENYA LAND-USE ZONING REVIEW

Land-Use Zones, established by County Planning Departments, restricts the use of land property and buildings in each categorized zone. Land Use Zones also controls volumes and heights of buildings by Ground Coverage (GC) and Plot Ratio (PR) of the land property and this also influence the property price.

In the context of Land-Use and Zoning, Ground Coverage (GC) refers to the ratio of the Building area divided by the land (site) area. Building area in this case means the floor space of a building when looking down at it from the sky. Depending on the Land-Use Zone category, a building has to be constructed within the specified maximum Ground Ratio (GC) in the zone.

On the other hand, Plot Ratio (PR) refers to the ratio of Total floor area of the building divided by Land (site) area. Total floor area means the total of all the floor space in a building.

Under specific cases, Ground Coverage (GC) and Plot Ratio (PR) may be relaxed or additional restrictions may apply under what is referred as "Special Extension & Conditions" by the County Planning department. This either provides permission for additional limit to Plot Ratio (PR) or relaxation of Ground Coverage (GC) ratio by the Planning Department once the Developer of the plot has met certain special development planning conditions.

GC and PR are therefore important point of information to understand for any Developer, Investor, or Prospective Home Owner when planning to purchase a real estate property, so as to manage related land-use risks.

This segment therefore gives a general indicative and current status of Ground Coverage (GC) and Plot Ratios (PR) of various Land-Use Zones as provided and reviewed by the Planning Departments of various counties in Kenya, for the maximum allowed use of land property in building design and development, for the main building types in Kenya built environment, namely: Residential Building, Commercial Building, and Industrial Complex.

Care should be exercise in comparing the Ground Coverage (GC) and Plot Ratios (PR) for the various building type without considering other factors like: permission of special extension, and meeting of special conditions for proposed development. Buildafrique Consulting Group shall therefore not be responsible for any errors in the indicative Ratios published herein or for any damage or loss whatsoever resulting therefrom or for any thereon in the Ground Coverage and Plot Ratios.

3. THIS MONTH ON LAND-USE ZONE REVIEW

Nairobi County - Zone 1E (Upperhill Area)

Upperhill is a commercial land-use zone located 4 kilometers west of Central Business District of Nairobi, under Zone 1E of Nairobi County

Development Ordinance and Planning Zones. The area was originally demarcated as residential single-dwelling zone by the City of Nairobi, during the colonial times.

However during the 1990s and early 2000s, the City of Nairobi revised the land-use provision of this area to allow for residential multi-dwelling and office commercial buildings, by increasing the land-use Ground Coverage (GC) and Plot Ratio (RR), as land and office space became scarce in the Central Business District of Nairobi. This saw the emergency of Upperhill area as a Commercial Zone, as more multi-dwelling residential development got phased out due to high appreciation of land prices as more businesses relocated to Nairobi's new commercial hub.

Today, the County Government of Nairobi has granted Special Extension and Planning Conditions for use of land in Upperhill, allowing extended Plot Ratios (PR) for recent commercial developments, which has seen the emergence of high rise buildings. Of particular special conditions that have been met by Developers to be allowed extended Plot Ratio (PR), include:

a) Provision of Underground and raised parking spaces for tenants and visitors.
b) Modern access technology, through provision of multiple Lifts and Escalators.
c) Additional water supply in building developments, through drilling of boreholes.
d) Provision of Modern Waste Management Systems in the new buildings.

THIS MONTH IN KENYA REAL ESTATE MARKET

1. REAL ESTATE MARKET HIGHLIGHTS

Homes Account for Majority of Real Estate Investments

According to a report by the Kenya Property Developers Association, homes accounted for the majority of real estate investments for the first six months of 2017, followed by industrial spaces. This is in contrast to the previous year where commercial properties outnumbered the industrial class.

Out of the 1,140 building plans worth shs.53.3 billion, residential housing accounted for 74.1%, followed by industrial, public and commercial properties at 10.4%, 9.0% and 5.4% respectively. Additionally, the highest number of approvals for domestic buildings were for Karen, followed by the areas Runda, Westlands and Kilimani.

The report also revealed a high demand for developments within Industrial Area, mostly warehouses and industries, with the surrounding towns of Nairobi accounting for the highest number of residential and public developments such as social halls.

Slow Growth in Housing Prices

According to a report released by the Kenya Banker's Association (KBA) during the month, housing prices registered the lowest growth rate in years during the third quarter of 2017 at 0.42%, down from 0.98%, the previous quarter. This continues the downward trend witnessed in the third quarter of 2016, where growth in housing prices registered a high of 2.20%, before declining sharply in the fourth quarter of 2016 to 1.58%.

In addition, apartments accounted for the bulk of sales at 82.66% while masionettes and bungalows accounted for 10.7% and 6.6% respectively, due to potential homebuyers looking for affordable housing. Overall performance is largely attributed to the political uncertainty experienced during the period as well as the interest rate cap.

New Government Initiatives to Boost Affordable Housing

According to the Housing and Transport Cabinet Secretary, the government is expected to start building 8,000 residential units in Mavoko as part of its initiative to deliver affordable housing.

The project, which will be located on a 55-acre piece of land, is part of the government's plan to build 1 million houses in five years, which is approximately 200,000 units a year. The project is expected to cost 2.6 billion and will involve the National Treasury and private sector companies, with modern technologies approved by the government to keep costs down.

Additionally, as part of a social housing project for slum dwellers, the National Housing Corporation is expected to build 6000 units across 8 counties in the next three years. This is after it made 339.9 million pre-tax profit in the 2015/2016 fiscal year from previous projects. The ministry however cites lack of land to build with the usage of technology expected to fill the gap.

2. CURRENT TRENDS IN REAL ESTATE INVESTMENT MARKET

Increased Demand for Real Estate Investments by Institutional Investors

Over the past few years, the Kenya Real Estate Market has witnessed increased appetite by institutional investors for property investments. This is attributed to the search for higher yields and diversification of income streams as the stock market continues to face increased volatility, higher exposure and low yields.

According to the Insurance Regulatory Authority, investment properties account for 23% of general business investments compared to shares at 8%. This is in comparison to 2010, where investment properties accounted for 10%, while shares accounted for 25%.

Following this trend, Britam, a financial services company, recently announced that it would be investing half of its Sh.9 billion equity fund in new real estate projects. This is after it raised sh.3.5 billion from AfricInvest, a private equity fund, in subscription to its 360.8 million shares,

Earlier in the year, the company also raised funds in a similar manner through the International Finance Corporation, with plans to invest in the areas of Kilimani, Kileleshwa and Hurlingham as part of its 2016-2020 strategic plan. Currently, the company is putting up serviced apartments in Kileleshwa worth shs.12billion with expectations to open Britam Towers in Upperhill, next year.

Additionally, the Kenya Pipeline Company is also set to make its first real estate investment in Kitengela, with the project expected to cost 900million. It will comprise of 47 three bedroomed and 54 four bedroomed units within a gated community with the company in discussions to raise funds.

However, there is a regulation by the Retirement's Benefit Authority that allows for only 30% of a fund's assets to be held in non-liquid form. This has seen Railway Pension recently being forced to sell two of its properties in Upperhill and Hurlingham in order to comply with asset mix rules and increase their cash reserves.

Hotel Real Estate Market Vibrant

According to a report recently released by W-Hospitality, Kenya is estimated to have 19 new hotels in its development pipeline totaling 3,453 new rooms for the year 2017. This is an 18% and 17% increase from 2016 in new hotels and rooms respectively, where new hotels came to 16, with total rooms amounting to 2,956.

The report, however, puts average rooms per property at 182, down from 185, the previous year. Nevertheless, Nairobi ranks fourth among African cities in terms of planned rooms at 2,844 rooms with performance largely attributed to increasing interest by global hotel brands in Kenya's Hotel Real Estate Market.

This echoes a 2017 report by PwC earlier in the year, that estimates available rooms to increase by 2.5% year on year from 18,600 rooms in 2016 to 21,000 rooms in 2021. This is due to a stable local economy that has attracted global luxury brands to the country such as Radisson, Best Western, Marriot and Sheraton. Additionally, the growth of tourism and various government initiatives to reduce fees has contributed to Kenya being a top hotel destination, attracting interest from international hotel developers.

However, the report predicts occupancy levels to fall over the next two years before picking up again in 2019 due to increasing room capacity in the country.

Retail Market Storm

The retail real estate market has seen some turbulence over the past few months, with local retail giants, Nakumatt and Uchumi, continuing to struggle in the face of financial difficulties and mounting supplier debt. This has affected the performance of shopping malls, as retailers often act as anchor tenants, generating foot traffic for smaller, satellite shops in the malls.

During the month, Nakumatt, closed its branches in Nanyuki and Kisumu owing to rent arrears and cost cutting measures. This comes after the closure of three other branches in Junction Mall, TRM and Next Gen. However, the poor performance by large local retailers, has seen increasing interest from foreign participants gearing up to fill the vacuum left in the retail market, as part of their expansion strategies.

A prime example is Game supermarket, which recently announced its plans during the month to open in Karen Waterfront next year upon completion, space previously booked by Nakumatt. Others include Carrefour, a French retailer which recently opened its third store in TRM, taking up the 5000 square foot premises earlier vacated by Nakumatt.

Choppies, a Botswana retailer, is also set to be Kiambu Mall's anchor tenant, after Nakumatt backed out from its previous deal with the retailer having already taken over nine Ukwala stores. As part of its expansion strategy, Choppies is set to open seven new outlets in the country including Diamond Plaza, Spur Mall and Signature Mall.

3. REAL ESTATE MARKET ANALYSIS

This Month Feature - Westlands Areas, Nairobi

Located approximately 3km from Nairobi's Central Business District (CBD), Westlands is a high end suburban area, popular among expatriates, young professionals and the middle to high class.

According to Nairobi's Zoning Guide, it is designated as both a commercial and residential area with a medium population density in most areas and high in some others. It is surrounded by various affluent neighbourhoods such as Riverside, Brookside and Spring Valley and bordered by Waiyaki Way and Parkland Roads.

The area is home to a number of prominent business firms and companies such as KPMG, Safaricom and Barclays as well as embassies, shopping malls, hotels and entertainment hotspots.

Demand Drivers

Proximity to business hubs:

Westlands is somewhat of a commercial hub by and in itself due to the high number of offices, shopping centres and entertainment hotspots located in the area. However, for those who would like to access Nairobi's CBD from the area, it is located approximately 3km away, making it a 9-11 minute drive without traffic jam depending on route choice. It costs anything between Ksh. 30-60 via public transport and shs.300 - 500 via taxi.

Key Amenities:

Residents of the areas enjoy access to a number of conveniently located amenities and social services. They include the following.

a) Healthcare: The area does not have any major hospitals but is instead served by a number of specialized health care facilities, modern healthcare centres and private clinics Some of them include Aga Khan University Hospital - Akuh Diagnostic Centres, Lions Sightfirst Eye Hospital, Westlands Physiotherapy Clinic, Westlands Medical Centre, Medanta Africare and M.P. Shah Hospital located in the neighbouring Parklands areas

b) Education: The area has a high number of private schools with a few public ones as well such as Westlands Primary, Hospital Hill Primary School, Consolata School, St.Mary's School and Kianda School. Tertiary institutions in the area include Graffins College, Intel College and The University of Nairobi (Chiromo Campus)

c) Shopping Centres: A number of major shopping centres have been set up in the Westlands area to cater for its affluent clientele which includes The Mall, Sarit Centre, Westgate Mall and ABC Place

d) Leisure: This includes mostly hotels, lounges, tourist hotspots and recreational facilities. Popular leisure spots in the area include Kempinski, Sankara, Privee Westlands, Skylux Lounge, Havana Restaurant and the National Museum of Kenya.

e) Financial Services: Due to Westlands status as a commercial hub, majority of Kenya's banks and some few insurance companies have established a branch/ATM in the area such as Barclays, KCB, Commercial Bank of Africa(CBA) and Madison Insurance.

Infrastructure:

Westlands has a generally good road network with most, if not all, roads taramacked. It is served by a number of major roads such as Chiromo Road, Waiyaki Way, Parklands and Lower Kabete Road with a number of alternative route choices. Generally, the area experiences light to medium traffic congestion due to the area's frequent visitors, especially around commercial hubs such as Sarit Centre.

Security:

Currently, there are no police stations in the Westlands CBD ares. However, the area is served by a number of police stations in surrounding areas such as Parklands Police Station, Muthangari Police Station, and Highridge Police station.

Additionally, due to the area's affluent population, majority have made additional security arrangements. However, the high number of commercial and entertainment hotpots might make some areas a bit insecure during the night.

Serenity:

The area is generally quiet and relaxed

especially as one goes towards more low density residential areas such as Brookside.

Real Estate Outlook

According to a report by Data Fintech, apartments in Westlands are the best performing properties. During the end of Quarter 3, 2017, apartments gave an overall gross return of 27.7% and an average rental yield of 7.7%. Year on year growth of rental prices was 20% due to new supply of apartments with higher prices. Rental prices for townhouses, however, slumped by 5.6% while rental prices for houses recorded no change.

According to Broll, Westlands has the highest supply of office space at 29% followed by Upperhill at 24%. However, commercial properties have recorded low occupancy levels within the past two years which is attributed to new stock being released into the market and delays in development. Sale prices for properties have declined by 10.3% since last year according to data by Data Fintech.

Industrial Analysis

Apartments

Rent

Apartment	Area	Average Asking Price
2 Bedroom	Westlands	82,839
3 Bedroom	Westlands	116,950

Sale

Apartment	Zone	Average Asking Price
2 Bedroom	Westlands	15,541,935
3 Bedroom	Westlands	21,976,042

Office Space

Rent

Commercial	Zone	Average Asking Price Per Sqft
Office	Westlands	109

Sale

Commercial	Zone	Average Asking Price Per Sqft
Office	Westlands	13,296

Consumer analysis

The area caters to a specific niche of consumers due to various factors. They include the following;

a) Expatriates: This attributed to the high number of international companies and embassies that have set up in the area. As a result, a high number of furnished/serviced apartments have come up in this area.

b) Young professionals: This is mostly attributed to the high number of commercial developments in the area as employees increasingly seek housing in close proximity to their workplace. Other factors include proximity to Nairobi's CBD, leisure and entertainment spots popular among millennials as well as a high number of apartments which tends to be popular among the younger generations.

c) Middle to high class: This is due to the area's proximity to business hubs, accessibility of high end amenities as well as good infrastructure, therefore commanding high asking prices that are affordable to this particular class.

4. REAL ESTATE PRICE ANALYSIS

The market prices shown below are average price indicators for the main product categories in the real estate property market, namely: Residential Housing, Commercial Office Space, and Industrial Space.

Care should be exercised in comparing the prices of various properties without considering other factors like: specific property location, amenities, property plinth area, and specification of finishes and fittings. Buildafrique Consulting Group shall therefore not be responsible for any errors in the prices published herein or for any damage or loss whatsoever resulting therefrom or for any thereon in the average market price.

Residential Housing Market Price Analysis

Average Selling Price

a) Selling Price for 3 Br. Apartment in Popular Zones.

Zone	Area	Asking Price
Zone 3	Parklands	21,406,250
Zone 3	Westlands	21,976,042
Zone 4	Kileleshwa	20,681,250
Zone 4	Kilimani	20,365,839
Zone 10	South B	11,360,000
Zone 10	South C	12,750,000
Zone 10	Langata	11,720,000
Others	Riara	18,871,176
Others	Ruaka	9,620,000

b) Selling Price for 2 Br. Apartment in Popular Zones.

Zone	Area	Asking Price
Zone 3	Parklands	15,333,333
Zone 3	Westlands	15,541,935
Zone 4	Kileleshwa	14,236,667
Zone 4	Kilimani	15,708,571
Zone 10	South B	8,566,667
Zone 10	South C	9,500,000
Zone 10	Langata	8,175,000
Others	Riara	14,404,545
Others	Ruaka	7,800,000

c) Selling Price for 3-5 Br Town House/Maisonette in Popular Zones.

Zone	Area	Asking Price
Zone 4	Spring Valley	76,545,455
Zone 4	Riverside Drive	72,000,000
Zone 5	Kyuna	102,625,000
Zone 5	Loresho	47,923,077
Zone 5	Lavington	68,662,745
Zone 6	Muthaiga	148,627,273
Zone 10	South C	19,838,462
Zone 10	Langata	24,000,000
Zone 12	Karen	81,178,287
Zone 13	Gigiri	117,107,143
Zone 13	Kitisuru	120,148,148
Zone 13	Ridgeways	45,500,000
Others	Riara	41,000,000

Average Rental Price

a) Rental Price for 3 Br. Apartment in Popular Zones.

Zone	Area	Asking Price
Zone 3	Parklands	112,557
Zone 3	Westlands	116,950
Zone 4	Kileleshwa	103,995
Zone 4	Kilimani	102,369
Zone 10	South B	45,636
Zone 10	South C	45,000
Zone 10	Langata	49,857
Others	Ruaka	50,962

b) Rental Price for 2 Br. Apartment in Popular Zones.

Zone	Area	Rental Price
Zone 3	Parklands	62,810
Zone 3	Westlands	82,839
Zone 4	Kileleshwa	73,030
Zone 4	Kilimani	83,051
Zone 10	South B	32,800
Zone 10	South C	37,136
Zone 10	Langata	32,000
Zone 14	Roysambu	27,000
Zone 18	Kasarani	22,600
Others	Ruaka	44,167
Others	Thindigua	34,375

c) Rental Price for 3-5 Br Town House/Maisonette in Popular Zones.

Zone	Area	Asking Price
Zone 4	Spring Valley	242,250
Zone 4	Riverside Drive	238,333
Zone 5	Kyuna	229,667
Zone 5	Loresho	201,500
Zone 5	Lavington	222,667
Zone 6	Muthaiga	283,807
Zone 10	South C	65,000
Zone 10	Langata	60,000
Zone 12	Karen	188,039
Zone 13	Gigiri	323,846
Zone 13	Kitisuru	298,883
Zone 13	Ridgeways	189,091

5. COMMERCIAL SPACE MARKET PRICE ANALYSIS

Average Selling Prices

Selling Price for Office Space in Popular Zones.

Zones	Areas	Asking Price Per Sqft
Zone 1E	Upper Hill	16,087
Zone 3	Parklands	12,017
Zone 3	Westlands	13,296
Zone 4	Kilimani	12,632

Average Rental Prices

Rental Price for Office Space in Popular Zones

Zones	Areas	Asking Price Per Sqft
Zone 1A	CBD	94
Zone 1E	Upperhill	111
Zone 3	Parklands	106
Zone 3	Westlands	109
Zone 4	Kilimani	109

6. INDUSTRIAL SPACE MARKET PRICE ANALYSIS

Average Selling Prices

a) Selling Price for Industrial Space(Godowns) in Popular Zones

Zones	Areas	Asking Price Per Sqft
Others	Athi River/ Mombasa Road	3,718

Average Rental Prices

a) Rental Price for Industrial Space(Godowns) in Popular Zones

Zones	Areas	Asking Price Per Sqft
Zone 9	Industrial Area	36.81
Zone 16	Baba Dogo	35.00
Others	Athi River/ Mombasa Road	26.26

THE COUNTIES SEGMENT

Counties Highlights

Nairobi County:

Marriot International, a global hospitality firm, recently opened its second hotel in the country, Four Points by Sheraton. Comprising of 172 rooms, the hotel is strategically located at the Jomo Kenyatta International (JKIA) Airport and overlooks Nairobi National Park. It is the second hotel to open at the international airport after Lazizi Premier, with the hotel property adding to the company's already large portfolio and growing presence in the country. This follows the company's first opening in Kenya of Four Points by Sheraton in Hurlingham, earlier in May.

Kajiado County:

The Kenya Pipeline Company Pension Scheme recently announced plans to make its first real estate investment in Kitengela. The project will be a gated community, expected to comprise of

47 three bedroomed units and 54 four bedroomed units which will go for Kshs. 11 million.

It is expected to cost shs. 900 million and will be located on a 44 acre piece of land owned by the pension scheme.

Kiambu County:

Following plans to regulate land use, Kiambu County, recently, announced its plans to register real estate agents in a bid to curb the rising cases of malpractices in the region.

The process, which is expected to take place over three months, will have information input into the county's e-platform, including real estate properties listed by brokers and any subsequent deals to determine genuineness. It is estimated that land fraud in Kiambu adds up to 3 billion annually with the number of land cases in courts continuing to rise.

Homa Bay County:

The County Government of Homabay has recently signed a deal with the Export Processing Zone Authority that will see the county get its first industrial park. According to the county's website, the move is set to boost the county's manufacturing sector with a focus on the cotton industry, leather processing and

fruit processing.

Already, 100 acres of land in Riwa, West Karachuonyo have been leased by the county to build the industrial park with groundbreaking expected to take place in two months. Overall development costs are projected to amount to Ksh.1 billion.

This Month Feature: Kiambu County

Overview

Located in the Central Region of Kenya, the county of Kiambu spans across an area of 2,543km2. It is strategically located to the north of Nairobi and Kajiado, east of Nakuru, south east of Nyandarua, south and south east of Murang'a and west of Machakos. Kiambu has a total of twelve sub counties namely; Kiambu, Thika, Juja, Kikuyu, Ruiru, Limuru Kabete, Gatundu South, Gatundu North, Lari, Kiambaa and Githunguri.

The county's capital is Kiambu town, located approximately 17.4km from Nairobi. Depending on route choice, it is approximately a 30-40 minute drive to Nairobi's CBD According to the 2009 Population Census, the county has a population of 1,623,282 and is projected to grow to 2,032,464 by the county government at the end of 2017. This puts the county's population growth rate at 2.81%.

The county's economy is mostly reliant on both small and large-scale farming and industries that have set up shop in the county. Real Estate Developers and Investors have however taken advantage of the high land prices of land, with major housing and infrastructure development project having launched in the last 10 years.

Demand drivers

a) Demographics: The county's demographic is heavily influenced by a high population growth rate at 2.81% and the migration of Nairobi's working class into satellite towns such as Ruaka in search for affordable housing. According to OpenDataKenya, the county's poverty rate stands at 28.9%, according to OpenDataKenya, with a large part of the county either urbanized or in close proximity to economic catalysts such as infrastructure.

b) Urbanization: According to OpenDataKenya, the county is 60% urban and 40% rural. This is higher than Kenya's average urbanization rate at 32.3%, making it the second most urbanized county after Nairobi at 100%. Major towns in the county include Kiambu, Thika, Ruiru and Kikuyu.

c) Infrastructure: Kiambu has a good transport network. The county government reports 2034km2 (51.6%) of roads tarmacked and the rest of the 1910.3km2 of roads (48.4%) with gravel and earth surfaces. There is also approximately 131m of railway line stretching across the county with commuter train stations in Thika, Ruiru and Kikuyu. Major connecting roads in the county include Thika Superhighway, Kiambu Road, Limuru Road, Western Bypass and the Northern Bypass that stretches between Ruiru and Ruaka. The county also has notable projects coming up such as Tatu City.

d) Amenities: The county has well distributed facilities and amenities that provide various integral services to the residents. They include;

• Education: There are 934 and 303 primary and secondary schools respectively in the county of Kiambu. Some of the well-known secondary schools in the region include Alliance, Mangu, Loreto, Limuru and Maryhill.

• The county is also home to two public universities, mainly Kenyatta University (KU) and Jomo Kenyatta University(JKUAT) with satellite campuses such as University of Nairobi (Kikuyu). There are also private universities located in the county such as Mount Kenya University(Thika), St. Paul's University (Limuru) and Presybyterian University.

• Healthcare: According to the Kenya Information Guide, the county has a well-developed health service network comprising of District Hospitals, Sub-District Hospitals, Dispensaries, Health Centres, Medical Clinics and Nursing Homes. Major ones include Kiambu District Hospital, Thika District Hospital, PCEA Kikuyu Hospital, Kijabe Hospital and Thika Nursing Home.

• Shopping centres: Kiambu has a vibrant retail economy with major shopping malls such as Ridgeways Mall, TRM and Kiambu Mall, which is set to open in Kiambu Town in December 2017. There are also a high number of small scale shopping centres spread across the county.

• Leisure – The county has a number of local tourist attractions and leisure spots which mostly includes hotels and golf clubs. Major attractions include Paradise Lost, Fourteen falls and the Mau Mau caves in Lari with various golf clubs located in the county such as Kiambu, Limuru and Windsor Golf Club. Prominent hotels in the area are Bluepost, Sportsview, Fourteen Falls and Hotel La Mada.

• Financial Services – According to the Kiambu County government website, the region is served by seventeen commercial banks, eight microfinance institutions and twelve insurance companies distributed across the county. It also has a well-developed network of mobile money agents as well.

Real Estate Outlook

Real estate in Kiambu continues to record attractive returns, rivalling Nairobi's high end suburbs. This is attributed to the county's high population growth, proximity to Nairobi as well as new infrastructure such as the Western Bypass, that continues to spur demand among Nairobi's working class as they seek affordable housing away from city centres. Satellite towns that have come up in the county as a result, include Ruaka, Juja , Thika Town, Ruiru, Kikuyu, Banana(Limuru) and Gachie (Kabete).

Consequently, the high demand for real estate in the county has seen a remarkable growth in land prices, within the region. According to the Land Price Index (Q3, 2017) released by Hass Consult, land prices in the towns of Juja, Limuru and Ruiru have increased by 12.52, 10.26 and 9,56 fold respectively since 2007, taking up the top three spots. This indicates the positive performance of Kiambu properties over the past few years relative to others.

However, the recent quarter saw land prices within several towns of Kiambu fall due to proposed changes by the county government to regulate land use to boost food security. This is in response to a trend that had been seeing local farmers sub divide agricultural land for sale or development for real estate purposes. As, a result, investors during the quarter adopted a mostly wait and see attitude for more clarification.

Nevertheless, Kiambu towns offer some of the best returns in the market inclusive of capital appreciation. According to the 2017 Nairobi Metropolitan Residential Report by Cytonn, Thindigua, Ridgeways and Juja offered the best total returns at 19.3%, 18.4% and 17.3% respectively. Performance is attributed to the areas proximity to Nairobi's high end suburbs as well as lower housing prices compared to neighbouring areas, driving up demand.

Additionally, the county has also recently began to attract industrial real estate developers and investors alike. This is mostly attributable to congestion in Nairobi, availability of large parcels of land in the county as well as ease of access, especially in areas located along the Eastern Bypass, such as Ruiru and Ruaraka. A prime example includes the Tatu Industrial Park, as part of the mixed-use development of Tatu City, located in Ruiru that will avail 457 acres of industrial space once completed.

A report by Broll projects rental growth for industrial properties at 11% on average with occupancy rates for warehouses in Ruiru and Ruaraka currently at 88%.

Current Challenges

The county faces uncertainity in regards to proposed land-use review and change of regulatory policy framework concerning the real estate sector, and both real estate developers and investors will have to wait and see how they play out, with some already impacting land prices in Kiambu County.

THIS MONTH IN GLOBAL REAL ESTATE MARKET

Global Real Estate Market

The commercial real estate market remains robust with office leasing activity increasing by 3% globally, according to JLL. Similarly, the logistics market remains upbeat with strong rental growth projected in the regions of US and Europe. The retail market, however, continues to see increasing polarization mostly driven by e-commerce and changing consumer patterns, with shifting focus on smaller store formats, food and beverage and experiential retail tenants.

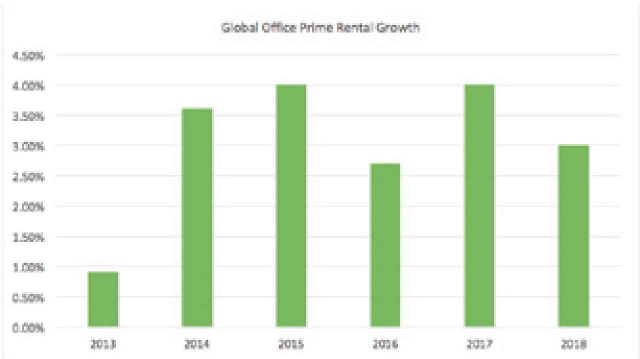
Through November 15th, real estate deals reached a record high, similar to 2007 on the eve of the financial crisis, totalling 3,300 deals worth $387 billion. This accounted for 12.1% of the total global Mergers & Acquisitions Market,

according to data by Reuters.

In comparison, 2007 witnessed 2,500 deals worth $380 billion being closed, which made up 11.9% of the M&A market through mid-November, figures slightly lower than 2017.

However, experts advise that these figures do not necessarily indicate a real estate bubble waiting to burst. Instead, performance is mostly attributed to real estate companies with retail exposure selling their retailKisumu and Lamu have been identified as National Growth Areas, with Isiolo and Lodwar assets, as e-commerce continues to cut into brick and mortar store sales.

The trend is also driven by increased activity in the industrial real estate market, with the demand for warehouses by global logistics businesses continuing to rise.



Source: JLL

North America

According to a report recently released by JLL, leasing activity in the US commercial real estate market reached 62.4 million square feet, the highest figure in two years. This is despite reports of talent shortages, with Dallas and Seattle claiming 35.6% of year on year growth.

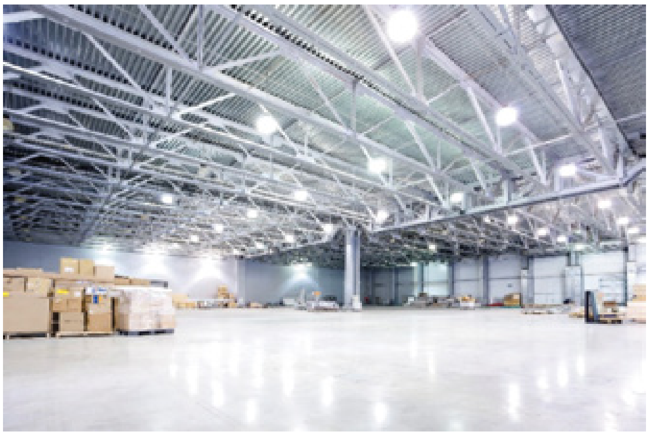
New office space in the development pipeline is, currently, at a cyclical high of 101.4 million square feet with vacancy rates rising for the fourth consecutive quarter to 15% since 2016, indicating an oversupply in the market.

However, development is expected to continue at a moderate space with supply and demand expected to balance out over the long term.

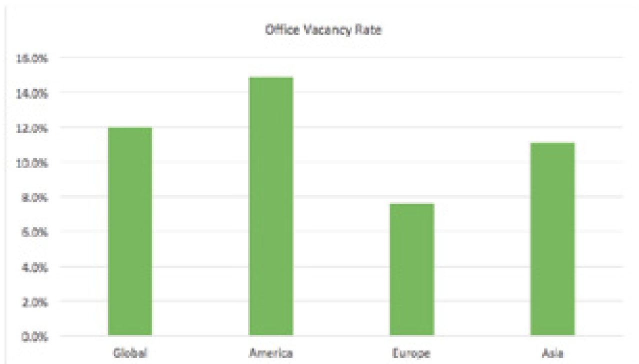
In the residential market, JLL reports softening of rental prices for apartments with rental growth for the third quarter at 2.4%, down from 3.3% at the end of 2016. This is attributed to increasing supply in the market as vacancy rates continue to rise from low levels.

Europe

The European logistics real estate market continues to set new records with vacancy levels forecasted to fall to a new cyclical low of 5% year end. According to the Supply Chain Index Activity by JLL, total take up is predicted to be in excess of the previous year's 19 million square metres, with growth backed by improved EU growth, online sales and digitization of operating processes.



On the commercial real estate front, demand is forecasted to grow by 3.5% for 2017 with take up at 12.2 million square metres. This is supported by strong employment growth and improved business sentiment despite geopolitical tensions in the region. This has seen vacancy rates fall to 7.6%, lower than the global average at 12%.



Source: JLL

Asia Pacific

Economic growth in Asia is expected to outperform other regions, attracting international retailers into the retail real estate market.

According to Cushman and Wakefield, retail expansion is supported by growth in retail infrastructure as well as an increasingly wealthy and brand aware customer base. Food & beverage retailers account for the majority of the growth with a shifting focus to experiential retailers such as cinemas, virtual reality stores and health spas.

City wise, Beijing is expected to have new retail space at 0.75 million square metres of space in 2018 with Tokyo (Japan) recording the highest rental growth at 12%. Retail activity is expected to remain strong owing to openings by sports and athleisure brands in anticipation of the 2020 Olympics scheduled to take place in Tokyo.

However, there is an increasing need for the region to integrate online and offline data. Cushman & Wakefield estimate online sales in the region to account for 18% of total yearly sales.

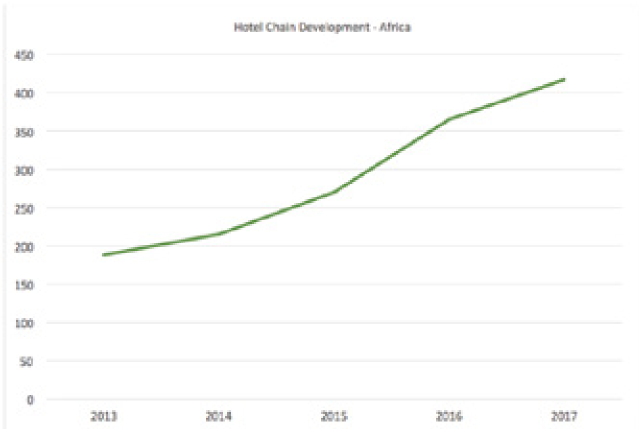
North & Sub Saharan Africa

The African hospitality sector continues to see increasing development activity across the region with several international luxury brands such as Hilton, Marriot and Best Western announcing expansion plans into the Africa Hotel Real Estate market.

According to a report by WH Group, the number of pipeline hotels in the region jumped to 417 hotels this year, down from 365 in 2016, recording a 14% increase in hotel chain development across the African continent. Similarly, hotel rooms saw a 13% increase from 64,231 to 72, 816 with the Northern African Region reporting a higher average than the Sub Saharan region at 220 compared to 158. This points to returning investor confidence in North Africa after years of political uncertainty in countries like Egypt.

JLL estimates annual demand for the next three years in the region to grow between 3 – 5% annually with $1.7 billion to be invested in the Sub Saharan region and another 1.9 billion in 2018. Increased development activity by hoteliers in the region is mostly backed by a rising middle class, increased efforts to improve tourism and commodity driven economies.

Currently, Kenya ranks tenth in the report by WH Group behind countries like Nigeria and Ethiopia with 19 new hotels in its development pipeline totalling 3,453 new rooms.



BUILDAFRIQUE CONSULTING GROUP UPDATES & INSIGHTS

1. ORGANIZATION UPDATE

REAL ESTATE MATCHMAKER

Buildafrique™ Consulting Group launch the first Real Estate Investor matchmaker program in Kenya.

Buildafrique Consulting Group has launched the first Investor online Matchmaker platform in Kenya, called “Buildafrique Investment Offerings.”

The program, available in the organization website, seeks to provide Investors with access to financially viable and low risk real estate investments opportunities that guarantee competitive returns on investment. On the same platform, the program shall offer support for real estate Developers seeking technical expertise and resource funding for their real estate development ideas and projects through the program community of Financiers and Investors.

The link to the platform is as provided below:

https://investment-offerings.buildafrique.com/

Buildafrique™ Consulting Group unveil the first Kenya affiliate marketing program for Real Estate Products.

Buildafrique Consulting Group has unveiled an online affiliate marketing program for Real Estate products and development solutions.

Affiliate Marketing is a program where the Company (Business) pays commissions to the Affiliates (Partners) on sales generated by Customers they have referred to the Company.

The online program, available in the organization website, seeks to provide flexible and wide reach of the organization real estate products and value addition solutions to Developers, Investors, and Prospective Home owners, as well as providing economic empowerment to the Affiliate Members.

The link to the platform is as provided below:

https://partner-network.buildafrique.com/

2. EXPERT SEGMENT

Essential of a Real Estate Feasibility Study

Article by: Chege Njoroge
Real Estate Finance Consultant

Having the wrong Real Estate product for a particular market is one of the many risks challenges that may hinder the success of your Real Estate Investment project, and in turn frustrate you from realizing the value of your investment.

That is why it is important to develop a Feasibility Study in order to have full understanding of the operational market environment, take advantage of opportunities, and embrace acceptable levels of risks.

Mr Chege Njoroge

But what are the essentials of a Real Estate Investment Feasibility Study for Kenya Real Estate Market?

a) Market Research Study: The first component of a feasibility study is the Market Research study. The Market Research study informs on the needs, gaps, challenges, and opportunities available in the market. The Market Research study also informs on the design product and opportunities established through the Market Research Study.

b) Land-use appraisal: Land-use appraisal defines the feasible use of the land property in relation to the product needs of the investment. Land-use appraisal is therefore demonstrated by space allocation, building design, or related physical planning on the land parcel.

c) Project cost plan: Project cost plan outlines all the input costs for the investment project. The Project cost plan should also include the costs related to the proposed financing model of the project, in particular interest rates and associated charges.

d) Implementation Methodology: The implementation methodology should define the means of realizing the objectives of the project, once the investment has been established to be viable. For a Real Estate investment project, the implementation methodology should capture two stages of implementation:

- Construction Project Management Stage
- Operational and Property management Stage

f) Financial model: To most Real Estate investors, the financial model is the most important component of a Feasibility Study. The financial model should inform expected returns on the investment through various financial evaluation models such as Internal Rate of Return (IRR), payback period, and Equity multiple. The Financial model should also define the Capital Structure of the investment.

g) Marketing Strategy Plan: Of equal importance to the composition of feasibility study is the Marketing Strategy plan. The Marketing strategy plan outlines the means of sustaining the business component in the market environment, in relation to expected revenues, free cash-flows, and returns on investment benchmarks for the investment.

h) Investments Risk Management Methodology: Last but not least, the feasibility study must have a clear methodology of how the implementers of the investment project propose or intend to manage the various risks, gaps, and challenges established during the market study. Investments risks in a Real Estate Project range from Market Risks, Quality Risks, Costs Risks, Land-Use Risks, Financial Risks, and Legal risks.

A Real Estate Feasibility Study not only helps in decision making on the investment option, but it is also an important tool component for attracting potential investors into the Project during project finance sourcing.

3. FEATURED PROJECT

Proposed mixed-use development in Langata, Nairobi

a) Project Details

Project Cost	Kshs. 1.1 Billion
Project Location	Langata, Nairobi
Project Features	2 and 3 bedroom Apartments, School, playground, and a community center

b) Project Challenges

Investment Appraisal	Appraisal of initial investment cost of the project and financial requirement.
Development Cost Management	Cost control & managing of the Project costs from commencement to completion.

c) Solutions Provided

Feasibility Study and Investment Appraisal	- Feasibility Study - Project Investment appraisal - Project Capital Structuring - Project Finance
Development Cost Management	- Quantity Surveying - Project Cost Appraisal - Preparation of Bills of Quantities - Tender action. - Cost Administration & management

d) Results

Property Description	112 NO. Two (2) and Three (3) bedroom residential apartments, Master ensuit, Ceramic floor tiles, Community school, and Shopping Complex
Buy the Property	**SOLD OUT**

CAREERS & BUSINESS SEGMENT

Events & Expos Calendar

2nd KARA Business Expo & Conference (3rd-5th December 2017)
The 2nd KARA Business Expo and Conference will take place at the Sarit Centre, as from the 3rd to 5th December, 2017, with the event aiming to promote relations between corporate organizations and resident associations.

The expo, an annual event organized by the Kenya Alliance of Resident Associations (KARA), will provide a platform for businesses to network, showcase their products and services to the public.

Town and County Planners Association of Kenya (TCPAK) Conference – World Town Planning Day (6th-8th December 2017)

Town and County Planners Association of Kenya (TCPAK) Conference – World Town Planning Day (6th-8th December 2017)
TCPAK will be hosting the Town and County Planning and Development Conference 2017, as from the 6th to 8th December 2017, at the Travellers Beach Hotel in Nyali, Mombasa. The theme for the conference is "Sustainable Development, Planning, Investment & Entrepreneurship" with the event also marking the World Town Planning Day and the Town Awards of Excellence 2017.

The 21st Build Expo Africa 2018 (3rd-5th May, 2018)
Organized by Expo Group and supported by the Ministry of Transport, Infrastructure, Housing and Urban Development, the 21st Build Expo Africa 2018 will be held at the Kenyatta International Conference Centre (KICC) as from the 3rd to 5th May, 2018, displaying the latest technology in construction materials and machinery by exhibitors drawn from over 40 countries, both within and outside Africa.

Over the three-day event, there will be over 14.3 million prospects and 10,000 products in display, with countries such as Italy, Germany and China having attended the previous one.

26th Kenya Homes Expo (12th-15th April, 2018)
The 26th Kenya Homes Expo is scheduled to take place at the Kenyatta International Conference Centre (KICC) in Nairobi, Kenya as from the 12th to 15th April, 2018.

The event brings together various players in the real estate market to provide land, homes and financial showcase and advisory.

Career & Business Hotspots

1. Graduate Quantity Surveyor

• Buildafrique Consulting Group is looking for highly motivated and result oriented individuals to fill the posion of Graduate Quantity Surveyor

• The position will provide support assistance for the organization in all areas of Quantity Surveying profession.

• Details of the vacancy and applications are available in the organization careers website page indicated below:"

https://buildafrique.com/careers/work-with-us/

2. Real Estate Business Development Analyst

• Buildafrique Consulting Group is looking for highly motivated and result oriented individuals to fill the position of Real Estate Business Development Analysts:

• The position will provide Financial Investment Appraisal and modeling, Financial Analysis, and Market Research expertise for proposed projects and real estate expertise.

• Details of the vacancy and applications are available in the organization careers website page indicated below:”

https://buildafrique.com/careers/work-with-us/

3. Graduate Project Manager

• Buildafrique Consulting Group is looking for highly motivated and result oriented individuals to fill the posion of Graduate Project Manager

• The position will provide support assistance for the organization in all areas of Construction and Project Management profession.

• Details of the vacancy and applications are available in the organization careers website page indicated below:”

https://buildafrique.com/careers/work-with-us/

FEEDBACK!

Do you have an idea of how we can improve this report? Is there any particular information you'd like us to feature more in-depth? We would like to hear your views.

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Also remember to share this report with your colleagues and friends.

BUILDAFRIQUE
CONSULTING GROUP

ABOUT US

Buildafrique ™ Consulting Group

Buildafrique™ Consulting Group is a multi-disciplinary consulting group of companies established in the year 2008, to offer specialized range of Financial, Management and Investment solutions to modern challenges facing Developers, Investors, and prospective Home Owners in the Real Estate Sector, Construction Industry, and the Built Environment in Kenya.

What we do

We fill the Financial, Management and Investment appraisal gaps in development projects, as well as manage the risks associated with real estate investments, by providing practical solutions to modern challenges and current emerging trends in real estate and development, so as to guarantee value for investments.

We deliver this value to our Customer through our four (4) specialized subsidiary companies that are strategically positioned to offer investment risks management and associated value addition solution, as illustrated below:

BUILDAFRIQUE FINANCE & MANAGEMENT

- Project Finance & Capital Structuring
- Project Management
- Feasibility Study & Market Strategy Planning
- Investment Design Appraisal

BUILDAFRIQUE QUANTITY SURVEYORS

- Quantity Surveying
- Development Cost Management
- Construction Costs Consultancy
- Construction Contract Administration

BUILDAFRIQUE LAND & ENVIRONMENT

- Physical Planning & Planning Permissions
- Environmental Management & Impact Assessment
- Land Surveying
- Occupation Health & Safety Management

BUILDAFRIQUE ESTATES & PROPERTY

- Real Estate Investments & Structured Solutions
- Real Estate & Project Valuation
- Property Management
- Facility Management

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