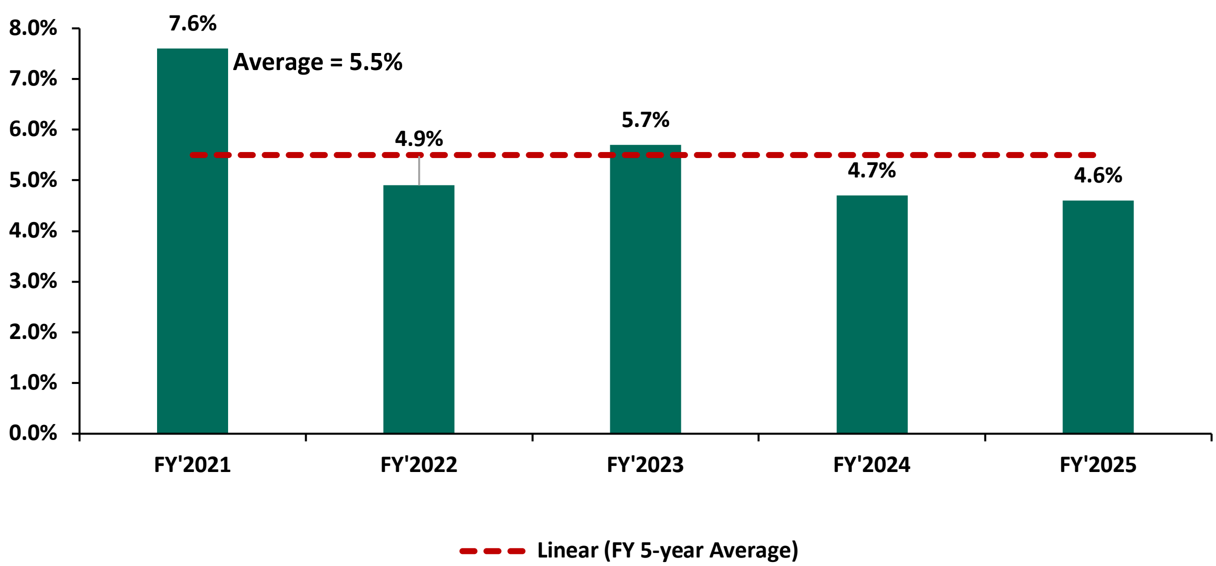
Kenya FY'2025 GDP Note

The Kenya National Bureau of Statistics (KNBS) released the 2026 Economic Survey Report, highlighting that the Kenyan economy recorded a 4.6% growth in FY'2025, slower than the 4.7% growth recorded in FY'2024. The main contributor to Kenyan GDP remains to be the Agriculture, Fishing and Forestry sector which grew by 3.1% in FY'2025, lower than the 4.4% expansion recorded in FY'2024. All sectors in 2025 recorded positive growths, with varying magnitudes across activities. However, most sectors recorded contraction in growth rates compared to 2024 with Agricultural and Forestry sector recording a growth decline of 1.3% point to 3.1% in 2025 from 4.4% in 2024. Other sectors recorded an expansion in growth rates, from what was recorded in 2024, with Mining and Quarrying, Construction and Electricity and Water Supply recording the highest growths in rates of 22.7%, 7.5% and 3.3% points, to 14.9%, 6.8% and 11.1% from (7.8%), (0.7%) and 7.8% respectively. The chart below shows the full year Kenyan GDP growth rates;

Cytonn Report: Full Year Growth Rates



Source: KNBS

The table below shows the growth of the various sectors and their overall contribution to GDP:

Cytonn Report: FY'2023 and FY'2024 GDP Contribution and Growth rates				
Sector	**Contribution FY'2024**	**Contribution FY'2025**	**FY'2024 Growth**	**FY'2025 Growth**
Agriculture and Forestry	22.4%	23.2%	4.4%	3.1%
Real estate	8.4%	8.2%	5.3%	3.9%
Transport and Storage	12.7%	11.8%	4.3%	3.7%
Financial & Insurance	7.9%	8.3%	7.5%	6.5%
Wholesale and retail trade	7.8%	7.8%	4.0%	3.6%
Taxes on Products	7.6%	7.5%	3.3%	3.1%
Manufacturing	7.3%	7.1%	3.0%	2.0%
Public administration	5.0%	4.9%	8.7%	8.3%
Construction	6.3%	6.5%	(0.7%)	6.8%

Education	3.9%	3.8%	4.8%	2.8%
Information and Communication	2.3%	2.3%	7.1%	4.8%
Professional admin	1.4%	1.5%	6.5%	4.8%
Electricity and Water Supply	2.0%	1.8%	7.8%	11.1%
Health	1.7%	1.8%	6.0%	5.5%
Other services	1.1%	1.1%	4.1%	2.6%
Accommodation & Food Services	1.6%	1.7%	25.9%	15.6%
Mining and quarrying	0.7%	0.8%	(7.8%)	14.9%
Financial Services Indirectly Measured	(2.0%)	(1.9%)	9.7%	0.2%
GDP at Market Prices	**100.0%**	**100.0%**	**4.7%**	**4.6%**

Source: KNBS

The key take-outs from the report are:

- **Sectoral contribution to growth:** The biggest gainer in terms of sectoral contribution to GDP was the Agriculture and Forestry sector, increasing by 0.8% points to 23.2% in FY'2025 from 22.4% in FY'2024, while Transport and Storage was the biggest loser, declining by 0.9% points to 11.8% in FY'2025, from 12.7% in FY'2024. Real Estate recorded 8.2% contribution to GDP in FY'2025, down from 8.4% recorded in FY'2024, indicating relative stability despite a slight decline. The Accommodation and Food Services sector recorded the highest growth rate in FY'2025 growing by 15.6%, albeit slower than the 25.9% growth recorded in FY'2024.

- **Decelerated growth in the Agricultural Sector:** Agriculture and Forestry recorded a growth of 3.1% in FY'2025. The performance was a decrease of 1.3% points, from the expansion of 4.4% recorded in FY'2024. Additionally, the sector remains the major contributor to GDP, with the sectoral contribution to GDP increasing by 0.8% points to 23.2% in FY'2025 from 22.4% in FY'2024. The sector's growth was, however, supported by;
    i. Increased production of maize, which rose to 45.8 mn bags in 2025 from 44.8 mn bags in 2024, alongside higher output of potatoes and millet, which grew by 13.6% to 2.5 mn metric tonnes and by 14.3% to 0.8 mn bags, respectively,
    ii. Improved output in select sub-sectors, including coffee, which rose by 3.8% to 51.4 thousand tonnes from 49.5 thousand tonnes in 2024.

  The sector's growth was, however, slowed down by;
    i. Uneven weather patterns experienced during the year, characterized by above-average long rains and below-average short rains, resulting in mixed crop performance,
    ii. A decline in beans production, which fell to 7.4 mn bags in 2025 from 8.4 mn bags in 2024,
- **Accelerated growth in the electricity and water supply sector** - The Electricity and Water Supply sector recorded a growth of 11.1% in FY'2025 compared to a 7.8% growth in FY'2024, with the sectoral contribution to GDP marginally decreasing to 1.8% in FY'2025 from 2.0% in FY'2024. Notably, total electricity generation and import increased by 6.8% to 15,067.7 Gigawatt hour (GWh) in FY'2025, from 14,101.9 GWh in FY'2024. The sector's performance was supported by increase in production from geothermal, wind and solar sources; growth was supported by an increase in hydroelectric power;

    i. Electricity generated from geothermal sources increased by 8.0% in 2025 to 5,981.6 GWh compared to 5,551.0 GWh in 2024
    ii. Similarly, electricity generated from wind and solar rose by 8.4% and 2.8% to stand at 1,949.1 GWh and 473.4 GWh, respectively, in the period under review

  However, the sector's growth was slowed down by decrease in hydroelectric power;

i. Hydroelectric generation declined by 4.6% to 3,462.3 GWh in FY'2025 from 3,630.7 GWh recorded in FY'2024,

- **Significant growth in the Accommodation and Food Service sector**: Accommodation and Food Services sector recorded growth in FY'2025, having expanded by 15.6%, albeit slower than the 25.9% recorded in FY'2024. Additionally, the contribution to GDP increased by 0.1% points, to 1.7% in FY'2025, from 1.6% recorded in FY'2024. Some of the notable improvements include:
    i. International visitor arrivals through the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) rose by 6.1% in FY'2025 to stand at 1,955,000 visitors compared to 1,842,100 visitors in FY'2024

- **Reduced growth in the Financial and Insurance Services Sector**: The Financial and Insurance sector growth rate slowed down by 1.0% points to 11.3% in FY'2025 compared to the 7.5% in FY'2024, attributable to the rise in cost of credit during the period. However, the contribution to GDP increased by 0.4% points to 8.3% in FY 2025 from the 7.9% recorded in FY'2024. Some of the notable improvements include:
    i. Broad money supply (M3) grew by 11.3% to Kshs 6.7 trillion as at end of December 2025, from Kshs 6.0 trillion recorded as at the end of December 2024.
    ii. The NSE 20 Share Index rose by 56.1% to 3,139.2 points in December 2025 from 2,010.7 points in December 2024, signaling improved performance in the equity market.
    iii. The number of shares traded in the Nairobi Securities Exchange increased significantly by 28.3% to 6.3 mn in December 2025 from 4.9 mn in December 2024. Similarly, the total value of traded shares increased by 37.3% in December 2025 to 145.5 bn from 106.0 bn in December 2024

- **Expansion in the construction sector**: The construction sector recorded a growth rate of 6.8% in FY'2025 compared to 0.7% contraction in the same period last year. Similarly, the contribution to GDP increased by 0.2% points, to 6.5% in FY'2025, from 6.3% recorded in FY'2024.
    i. Increased access to credit with loans and advances to the construction sector rose by 12.2% to stand at Kshs 646.5 bn as at December 2025, from Kshs 576.3 bn in FY'2024,
    ii. Cement consumption increased by 20.3% to stand at 10.3 thousand metric tonnes in FY 2025 from 8.5 thousand metric tonnes in the corresponding period of 2024,
    iii. Private sector employment in construction rose by 2.1% to 228.2 thousand employees in FY'2025 from 223.4 employees in FY'2024

- **Decelerated growth in the Transport and Storage Sector:** The Transport and Storage sector registered a decelerated growth rate of 0.6% points to 3.7% in FY'2025 compared to the 4.3% in FY'2024. Additionally, the contribution to GDP decreased by 0.9% points, to 11.8% in FY'2025, from 12.7% recorded in FY'2024. The growth in this sector was supported by;
    i. The number of passengers transported via Standard Gauge Railway (SGR) rose by 11.6% to 2.7 mn in 2025 from 2.4 mn in 2024
    ii. Similarly, the freight revenue generated via SGR increased by 19.1% to Kshs 16.6 bn in FY'2025 from Kshs 14.0 bn in FY'2024
    iii. The number of newly registered road motor vehicles rose by 21.4% to 395,235 in 2025 from 267,193 in 2024

- **Continued growth in the Information and Communication sector**: The Information and Communication sector recorded an expansion rate of 4.8% in FY'2025 albeit slower than the 7.1% growth recorded in the same period last year. Similarly, the contribution to GDP remained unchanged from the 2.3% registered in FY'2024.

i. The number of mobile money transactions increased by 1.3% to 2,718.0 mn in 2025 from 2,681.9 mn in 2024 with the value of transactions declined to Kshs 8,236.5 bn in 2025 from Kshs 8,698.0 bn in 2024.
ii. On voice call traffic, total domestic calls declined by 3.5% to 100.1 bn minutes in 2025 from 103.8 bn minutes registered in 2024.
iii. The total international outgoing telephone traffic increased by 3.2% to 790.1 mn minutes from 721.4 mn minutes while the value of ICT equipment exports declined by 22.7% while that of the imported equipment increased by 2.4% to KSh 2.4 bn and KSh 73.4 bn in 2025, respectively.
iv. The total utilized bandwidth increased by 1.7% to 14.4 bn Mbps in 2025 from 14.1 mn Mbps in 2024 largely attributable to inclusion of satellite bandwidth during the year.

In 2026, Kenya's economy is projected to grow at a faster pace, estimated between 5.2%-5.4%, supported by improved business activity, relative stability of the Kenyan Shilling, and easing monetary policy, which has contributed to reduced borrowing costs. However, the growth trajectory faces challenges from a tough business environment characterized by increasing taxes and a high cost of living. Despite these headwinds, recent economic developments point to a relatively stable outlook, although inflationary pressures have picked up, with inflation rising from 4.4% in March 2026 to 5.6% in April 2026, largely driven by higher food prices, particularly in the food and non-alcoholic beverages category. External risks also remain elevated, particularly from the ongoing Iran war, which has driven up global oil prices, disrupted supply chains, and further intensified inflationary pressures. In April 2026, the CBK Monetary Policy Committee maintained the Central Bank Rate (CBR) at 8.75%, unchanged from February 2026, following a reduction from 9.00% in December 2025. This reflects an accommodative monetary policy stance aimed at stimulating private sector lending and supporting economic activity. Although inflation has been on an upward trend, it remains within the CBK’s target range of 2.5%–7.5%, providing some level of macroeconomic stability. The accommodative policy environment is expected to ease credit conditions, supporting increased investment by both households and businesses. The agricultural sector, Kenya’s largest contributor to GDP, is expected to remain a key driver of growth, supported by favorable rainfall. While risks from rising fuel prices persist due to global geopolitical tensions, inflation remains contained, supporting a cautiously optimistic economic outlook.

In our view, the economy’s growth will largely depend on the pace at which inflationary pressures stabilize and the sustainability of the Kenyan Shilling’s strength. However, elevated global oil prices driven by the ongoing Iran war are expected to keep production and transport costs high, which may sustain upward pressure on food prices. Growth is also likely to be weighed down by increased taxation, which may constrain consumer purchasing power. Consequently, we project economic growth of 5.2%–5.4% in 2026.