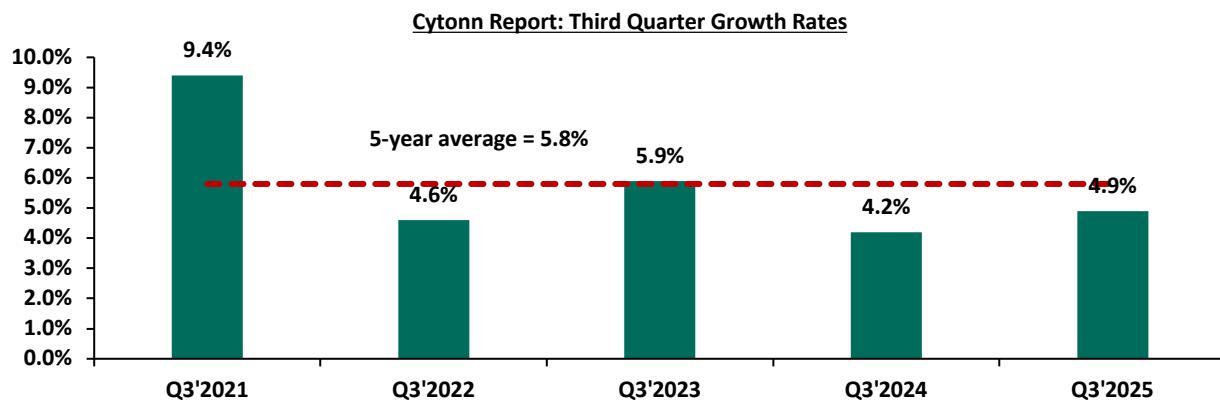


Kenya Q3'2025 GDP Note

The Kenya National Bureau of Statistics (KNBS) released the Q3'2025 [Quarterly Gross Domestic Product Report](#), indicating that the Kenyan economy expanded by 4.9% in Q3'2025, higher than the 4.2% growth recorded in Q3'2024. The improved performance was largely driven by accelerated growth in key sectors, with Mining and Quarrying rebounding to 16.6% in Q3'2025 from a 12.2% contraction in Q3'2024, Construction expanding by 6.7% in Q3'2025 from a 2.6% contraction in Q3'2024, and Electricity and Water Supply growing by 3.6% in Q3'2025 from 0.9% in Q3'2024. However, the Agriculture and Forestry sector, the main contributor to GDP, recorded a slower growth of 3.2% in Q3'2025, down from 4.2% in Q3'2024, while several service-oriented sectors experienced moderated growth rates, including Information and Communication, which slowed to 4.5% in Q3'2025 from 6.1% in Q3'2024, and Professional Services, which moderated to 6.1% from 7.8%. Despite the moderation, the economy demonstrated resilience supported by recovery in extractive, construction, and selected service sectors.

The chart below shows the Q3 GDP Growth rate for the past 5years:



Source: KNBS

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

Cytonn Report: Q3'2024 and Q3'2025 GDP Contribution and Growth rates				
Sector	Contribution Q3'2024	Contribution Q3'2025	Q3'2024 Growth	Q3'2025 Growth
Agriculture and Forestry	14.5%	14.2%	4.2%	3.2%
Real estate	10.8%	10.8%	5.5%	5.7%
Transport and Storage	10.4%	10.3%	5.2%	5.2%
Financial & Insurance	9.9%	10.1%	4.7%	5.4%
Taxes on Products	8.4%	8.7%	3.4%	3.7%
Manufacturing	8.1%	7.9%	2.3%	2.5%
Wholesale and retail trade	8.0%	7.8%	4.8%	4.8%
Public administration	6.2%	6.4%	5.4%	5.1%
Construction	5.7%	5.8%	(2.6%)	6.7%
Education	4.9%	4.8%	3.8%	3.4%
Information and Communication	3.5%	3.5%	6.1%	4.5%

Professional admin	3.0%	3.0%	7.8%	6.1%
Electricity and Water Supply	2.5%	2.5%	0.9%	3.6%
Other services	2.3%	2.4%	2.8%	6.2%
Health	2.2%	2.3%	4.4%	4.1%
Accommodation & Food Services	1.4%	1.7%	13.7%	17.7%
Mining and quarrying	0.9%	1.0%	(12.2%)	16.6%
Financial Services Indirectly Measured	(2.9%)	(3.2%)	5.1%	3.6%
GDP at Market Prices	100.0%	100.0%	4.2%	4.9%

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 Accommodation & Food Services sector, increasing by 0.3% points to 1.7% in Q3'2025 from 1.4% in Q3'2024, while Agriculture and Forestry was the biggest loser, declining by 0.3% points to 14.2% in Q3'2025 from 14.5% in Q3'2024. Agriculture and Forestry remains the major contributor to GDP, with the sectoral contribution to GDP however decreasing by 0.3% points to 14.2% in Q3'2025, from 14.5% recorded in Q3'2024, while Real Estate remained unchanged at 10.8% in Q3'2025, indicating sustained activity within the property market. The Accommodation & Food Services sector recorded the highest growth rate in Q3'2025, expanding by 17.7%, from 13.7% in Q3'2024.
- **Reduced growth in the Agricultural Sector:** Agriculture and Forestry recorded a growth of 3.2% in Q3'2025. The performance was a decrease of 1.0% points, from the expansion of 4.2% recorded in Q3'2024. Additionally, the sector remains the major contributor to GDP, with the sectoral contribution to GDP, however, declining by 0.3% points to 14.2% in Q3'2025, from 14.5% recorded in Q3'2024. The sector's decline mainly on the back of;
 - Coffee exports declining by 53.1%, from 17,732.8 metric tonnes in Q3'2024 to 8,312.7 metric tonnes in Q3'2025,
 - The quantity of sugarcane delivered for production declining by approximately 47.0%, from 2,526.7 thousand metric tonnes in Q3'2024 to 1,350.0 thousand metric tonnes in Q3'2025,
 - Vegetable exports declining by 18.9%, from 20,480.9 metric tonnes in Q3'2024 to 16,617.0 metric tonnes in Q3'2025,
 - Fruit exports declining by 5.0%, from 61,509.5 metric tonnes in Q3'2024 to 58,414.5 metric tonnes in Q3'2025,
 - Tea production declining by 2.8% to 118.4 thousand metric tonnes in Q3'2025 from the level recorded in Q3'2024
- The reduced growth was however supported by;
 - The quantity of milk deliveries to processors increased by 9.7% to 249.0 mn litres during the quarter under review from 227.0 mn litres in the third quarter of 2024,
 - Flower exports increased by 36.2% to 31,277.0 metric tonnes during the quarter under review from 22,960.7 metric tonnes in the third quarter of 2024,
- **Accelerated growth in the electricity and water supply sector** - The Electricity and Water Supply sector recorded an accelerated growth of 3.6% in Q3'2025 compared to a 0.9% growth in Q3'2024, with the sectoral contribution to GDP remaining unchanged at 2.5% in Q3'2025. Notably, total electricity generated increased by 5.0% to 3,402.4 mn KWh in Q3'2025, from 3,241.3 mn KWh in Q3'2024. The sector's performance was curtailed by a decline in hydroelectric generation, while growth was supported by increases in thermal, solar, and geothermal power:
 - Electricity generated from thermal sources increased by 29.0% to 380.0 mn KWh in the quarter under review compared to 294.6 mn KWh in Q3'2024,

- ii. Electricity generated from solar sources increased by 3.6% to 105.9 mn KWh in the quarter under review compared to 102.2 mn KWh in Q3'2024,
- iii. Electricity generated from geothermal sources increased by 10.1% to 1,553.5 mn KWh in the quarter under review compared to 1,411.5 mn KWh in Q3'2024.
- However, the sector's growth was weighed down by a decrease in hydroelectric power;
 - i. Hydroelectric generation decreased by 7.3% to 880.5 mn KWh in the quarter under review, from 950.1 mn KWh in Q3'2024.
- **Accelerated growth in the Accommodation and Food Service sector** Accommodation and Food Services sector recorded an accelerated growth of 17.7% in Q3'2025, higher than the 13.7% recorded in Q3'2024, while the sector's contribution to GDP increased to 1.7% in Q3'2025 from 1.4% in Q3'2024:
 - ii. Arrivals through the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) rose by 9.9% in the third quarter of 2025, compared to the third quarter of 2024, supporting the expansion in the Accommodation and Food Services sector
- **Accelerated growth in the Financial and Insurance Services Sector:** The Financial and Insurance sector growth rate increased by 0.7% points to 5.4% in Q3'2025 compared to 4.7% in Q3'2024, supported by continued easing in the cost of credit during the period. The sector's contribution to GDP increased to 10.1% in Q3'2025 from 9.9% in Q3'2024. Some of the notable improvements include:
 - i. The number of shares traded in the Nairobi Securities Exchange increased by 153.9%, rising to 848 mn in September 2025 from 334 mn in September 2024. Similarly, the total value of traded shares surged by 2,358.0%, increasing from Kshs 5.0 bn in September 2024 to Kshs 122.9 bn in September 2025,
 - ii. The NSE 20 Share Index rose by 67.3% to 2,973 points in September 2025 from 1,776 points in September 2024, signaling improved performance in the equity market,
 - iii. Broad money supply (M3) grew by 7.5% to Kshs 6,443.7 bn as at end of September 2025, from Kshs 5,992.2 bn recorded as at the end of September 2024.
- **Expansion in the construction sector:** The Construction sector recorded an expansion rate of 6.7% in Q3'2025 compared to a 2.6% contraction in Q3'2024, while the contribution to GDP increased to 5.8% in Q3'2025 from 5.7% in Q3'2024.
 - i. Credit extended to enterprises in the construction sector increased by Kshs 195.3 billion as at end of September 2025, from Kshs 129.2 billion in Q3'2024,
 - ii. Cement consumption increased by 16.2% to 2,664.1 thousand tonnes in Q3'2025, from 2,293.0 thousand tonnes in the corresponding quarter of 2024,
 - iii. The quantity of imported bitumen increased by 7.3% to 19,698.5 tonnes in Q3'2025, from 18,353.0 tonnes in Q3'2024,
- **Stable growth in the Transport and Storage Sector:** The Transport and Storage sector registered a growth rate of 5.2% in Q3'2025, unchanged from 5.2% in Q3'2024, while the contribution to GDP declined marginally by 0.1% to 10.3% in Q3'2025 from 10.4% in Q3'2024. Growth in the sector was supported by:
 - i. The volume of goods handled at the Port of Mombasa increased by 12.4% to 11,501.2 thousand metric tonnes in Q3'2025 from 10,237.4 thousand metric tonnes in Q3'2024, partly driven by improved performance in Liquid Bulk, Dry Bulk, and Loose Cargo,
 - ii. Consumption of light diesel increased by 10.5% to 633.1 thousand tonnes in Q3'2025 from 573.7 thousand tonnes in Q3'2024, underlining growth in land transportation,
 - iii. The number of passengers ferried through the Standard Gauge Railway (SGR) increased by 8.6% to 706,385 passengers in Q3'2025 from 650,352 passengers in Q3'2024, while freight transported via SGR contracted marginally by 1.3% to 1,698.2 thousand metric tonnes from 1,720.4 thousand metric tonnes in Q3'2024.

In 2025, Kenya's economy is projected to grow at a faster pace, estimated at an average of 5.0%, supported by strengthened business activity, a relatively stable Kenyan Shilling, reduced borrowing costs, and inflation within the Central Bank of Kenya's (CBK) target range. However, the growth trajectory still faces headwinds from a difficult business environment, including rising taxes and a high cost of living. At its December 9, 2025, Monetary Policy Committee (MPC) meeting, the CBK cut the Central Bank Rate (CBR) by 25 basis points to 9.00% from 9.25% in October 2025, marking the ninth consecutive rate reduction in its ongoing easing cycle. The decision was driven by the MPC's assessment that inflation remained comfortably within the target range, and that monetary policy could continue to support private sector lending and economic activity. Headline inflation in Kenya remained steady at 4.5% in December 2025, unchanged from November, and within the CBK's preferred target band of 2.5%–7.5%. The persistence of inflation within this range was underpinned by stable energy costs and moderated inflationary pressure on processed food items, even as some food prices rose. The accommodative monetary policy stance is expected to alleviate some pressure on the cost of credit, improving access to affordable borrowing and encouraging investment by both businesses and households. This environment is supportive of increased private sector activity and broader economic expansion. However, inflationary pressures from food prices and other cost-of-living factors present ongoing risks, while favorable rainfall and a stable macroeconomic backdrop bolster optimism for Kenya's growth prospects in 2025.

In our view, the economy's growth is largely pegged to how quickly inflationary pressures in the country stabilizes, and the sustainability of the strengthening of the Kenyan Shilling. We expect the reduced fuel prices to continue reducing production costs, leading to lower food prices in the country. However, growth is likely to be weighed down by increased taxation by the government thereby decreasing the purchasing power of consumers. As a result, we forecast a 5.2%-5.4% economic growth rate in 2025.