

## Nairobi Metropolitan Area (NMA) Land Sector Q3'2022 Note

**Prices of Un-Serviced Land in the NMA satellite towns recorded the highest annualized capital appreciation of 4.0% compared to a market average of 1.6%**

In Q3'2022, the NMA land sector performance remained resilient having recorded a 1.6% capital appreciation to Kshs 130.42 mn per acre, from Kshs 130.41 mn per acre recorded a similar period last year. The sector's improvement in performance was driven by;

- i) Increased construction activities particularly in the residential and infrastructure sectors that in turn fueled the demand for land,
- ii) Positive demographics evidenced by Kenya's high population and urbanization growth rates, as well as the rising middle income population,
- iii) Continued focus on the development of infrastructure such as roads, railways, water and sewer lines by the previous government regime, hence enhancing and opening up areas for investments, as well as boosting land prices, and,
- iv) Availability of amenities such as, learning institutions, shopping malls, and organizations among others, which promote demand for land.

In terms of performance per node, un-serviced land in the satellite towns of Nairobi recorded the highest YoY capital appreciation of 4.0% with the demand being supported by: i) their affordability, ii) concentration of affordable housing projects in the satellite towns thus driving demand for land, iii) scarcity and high land prices within Nairobi, and, iv) improved accessibility to the areas. Notably, commercial zones recorded a 1.1% decline owing to their high prices, coupled with some developers halting their development plans in the areas which are marred with oversupply of buildings.

The table below shows the overall performance of the sector during the quarter:

<i>Price in Kshs Per Acre (All Values in mn Unless Stated Otherwise)</i>			
<b>Cytonn Report: Summary of the Performance Across All regions Q3'2022</b>			
<b>Location</b>	<b>Price Q3'2021</b>	<b>Price Q3'2022</b>	<b>Annualized Capital Appreciation</b>
Un-serviced land-satellite Towns	14.4	15.2	<b>4.0%</b>
Nairobi Suburbs- High Rise Residential Areas	81.9	84.2	<b>2.8%</b>
Serviced land-Satellite Towns	15.5	15.9	<b>1.8%</b>
Nairobi Suburbs- Low Rise Residential Areas	133.7	134.8	<b>0.8%</b>
Nairobi Suburbs- Commercial Areas	406.5	402.2	<b>(1.1%)</b>
<b>Average</b>	<b>130.41</b>	<b>130.42</b>	<b>1.6%</b>

Source: Cytonn Research 2022

**Sub-market Performance-** In Q3'2022, Juja and Limuru were the best performing nodes both with 8.5% YoY capital appreciations owing to:

- i) Improved infrastructure developments such as the Kshs 30.0 bn Limuru-Nyeri Mau Mau road, and,
- ii) High concentration of learning institutions around and within the areas.

Conversely, Ruai recorded the highest capital depreciation of 6.8% indicating a decline in demand as developers shift their focus to areas with more property developments, coupled with the area being quite far from Nairobi city center. For Nairobi suburbs, Embakasi recorded the highest appreciation of 8.2% due to the increased demand for development land to cater for the rapidly growing population in the area.

The table below shows NMA's land performance by submarkets in Q3'2022;

<b>Price in Kshs per Acre</b>			
<b>Cytonn Report: Nairobi Metropolitan Area Land Performance By Submarkets – Q3'2022</b>			
<b>Location</b>	<b>Price Q3'2021</b>	<b>Price Q3'2022</b>	<b>Capital Appreciation</b>
<b>Satellite Towns - Unserved Land</b>			
Juja	12.0 mn	13.0 mn	8.5%
Limuru	20.0 mn	21.7 mn	8.5%
Rongai	19.0 mn	20.3 mn	6.8%
Utawala	16.0 mn	16.1 mn	1.1%
Athi River	4.9 mn	4.7 mn	(5.1%)
<b>Average</b>	<b>14.4 mn</b>	<b>15.6 mn</b>	<b>4.0%</b>
<b>Nairobi Suburbs – High Rise Areas</b>			
Embakasi	70.3 mn	76.6 mn	8.2%
Kasarani	73.8 mn	77.6 mn	4.9%
Dagoretti	101.5 mn	98.4 mn	(3.2%)
<b>Average</b>	<b>81.9 mn</b>	<b>84.2 mn</b>	<b>2.8%</b>
<b>Satellite Towns - Served Land</b>			
Ruiru	23.8 mn	25.2 mn	6.0%
Thika	11.0 mn	11.6 mn	5.6%
Rongai	17.0 mn	17.8 mn	4.7%
Syokimau	15.2 mn	15.5 mn	2.0%
Athi River	14.1 mn	14.0 mn	(1.0%)
Ruai	12.2 mn	11.3 mn	(6.8%)
<b>Average</b>	<b>15.5 mn</b>	<b>15.9 mn</b>	<b>1.8%</b>
<b>Nairobi High End Suburbs (Low and High Rise Areas)</b>			
Kitisuru	86.9 mn	90.4 mn	4.0%
Ridgeways	83.0 mn	86.0 mn	3.6%
Karen	63.3 mn	65.2 mn	3.0%
Runda	81.1 mn	82.2mn	1.3%
Spring Valley	169.5 mn	168.7 mn	(0.5%)
Kileleshwa	318.5 mn	316.2 mn	(0.7%)
<b>Average</b>	<b>133.7 mn</b>	<b>134.8 mn</b>	<b>0.8%</b>
<b>Nairobi Suburbs - Commercial Zones</b>			
Riverside	329.2 mn	342.1 mn	3.9%
Kilimani	397.1 mn	384.7 mn	1.5%
Upperhill	470.8 mn	461.3 mn	(2.0%)
Westlands	447.1 mn	420.3 mn	(6.0%)
<b>Average</b>	<b>406.5 mn</b>	<b>402.1 mn</b>	<b>(1.1%)</b>

Source: Cytonn Research 2022

**We maintain a POSITIVE outlook for the land sector in the Nairobi Metropolitan Area that continues to be a steadfast investment avenue having shown stability despite economic downtrends such as the COVID – 19 pandemic and political uncertainty, as well as devaluation of the currency among others. We expect the growth to be supported by; i) anticipated increase in the focus on Affordable Housing projects as well as private sector projects, ii) positive demographics driving demand for land, and, iii) government's efforts towards ensuring efficient land transactions.**

For more information, please see our [Cytonn Q3'2022 Markets Review](#).