

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

### **Prices of Un-serviced Land in the NMA satellite towns recorded the highest annualized capital appreciation of 11.1% compared to a market average of 4.3%**

The NMA land sector continued to soar in FY'2022, with land asking prices per acre rising by 0.2% Year-on Year (y/y) to Kshs 131.0 mn from Kshs 130.8 mn in FY'2021. The improvement in performance was ascribed to; i) better accessibility through improved infrastructure which has increased areas attractiveness to investors and developers thereby fuelling demand for land, ii) increased demand for Real Estate facilitated by Kenya's high population and urbanization growth rates, coupled with a rising middle income class population with disposable income, iii) limited supply of land especially in urban areas which has contributed to rising land prices, iv) government's continued efforts in the construction of infrastructure, such as roads, trains, water, and sewer lines, which has improved and opened up areas for investment, ultimately increasing property prices, and, v) the availability of amenities such as learning institutions, shopping malls and organizations among others, which increase desirability of areas, potentially increasing demand for land and consequently drive up land prices. In terms of performance per node, un-serviced land in Nairobi's satellite towns recorded the highest y/y capital growth of 11.1%, with demand being fuelled by: i) high land prices within Nairobi, which has caused investors to source for cheaper land in satellite towns, ii) enhanced accessibility to the areas owing to infrastructure boost through projects such as the Nairobi Expressway and expanded Eastern Bypass, that unlocked value for investors, iii) their affordability which entices both buyers and investors, and, iv) a high number of affordable housing development projects in the areas compared to other NMA regions, further increasing demand for land.

The table below shows the overall performance of the sector in FY'2022;

Cytonn Report: Summary of the Performance Across All regions FY'2022			
	FY'2021	FY'2022	Annualized Capital Appreciation
Un-serviced land-satellite Towns	13.5 mn	15.1 mn	11.1%
Serviced land-Satellite Towns	16.4 mn	17.8 mn	8.0%
Nairobi High End Suburbs- Low and High Rise Residential Areas	130.2 mn	137.4 mn	6.0%
Nairobi Middle End Suburbs- High Rise Residential Areas	83.0 mn	81.1 mn	(2.0%)
Nairobi Suburbs- Commercial Areas	410.8 mn	403.4 mn	(1.3%)
<b>Average</b>	<b>130.8 mn</b>	<b>131.0 mn</b>	<b>4.3%</b>

Source: Cytonn Research

**Sub-markets Performance** – For satellite towns , Syokimau and Juja were the best performing nodes with y/y capital appreciations of 19.2% and 16.6% respectively, owing to: i) improved infrastructure developments such as refurbishment of roads, ii) reduced commute time owing to infrastructural improvements which has benefitted homebuyers seeking to settle away from the city, and, iii) a high presence of higher learning institutions within Juja Sub-County, Zetech University Main Campus located in Weteithie being the latest entrant in September 2022, which have exacerbated the demand for land for development of student housing. For Nairobi suburbs, Kitisuru recorded the highest appreciation of 12.1% due to; i) good infrastructure supporting investments, ii) a large population of affluent residents with higher purchasing power and disposable incomes, iii) ample security, iv) serene environment, and, v) proximity to social amenities such as Two Rivers malls which have generally increased the area's desirability driving land prices upwards. The table below shows NMA's land performance by submarkets in FY'2022;

Price in Kshs per Acre
Cytonn Report: Nairobi Metropolitan Area Land Performance By Submarkets – FY'2022

Location	Price FY'2021	Price FY'2022	Capital Appreciation
<b>Satellite Towns - Unserviced Land</b>			
Juja	12.4 mn	14.4 mn	16.6%
Utawala	16.2 mn	18.6 mn	14.8%
Limuru	20.0 mn	22.7 mn	13.4%
Rongai	14.0 mn	15.0 mn	7.1%
Athi River	4.7 mn	4.9 mn	3.4%
<b>Average</b>	<b>13.5 mn</b>	<b>15.1 mn</b>	<b>11.1%</b>
<b>Satellite Towns - Serviced Land</b>			
Syokimau	16.3 mn	19.5 mn	19.2%
Ruiru & Juja	23.3 mn	26.3 mn	13.0%
Rongai	15.7 mn	16.2 mn	3.3%
Athi River	15.0 mn	15.5 mn	3.2%
Ruai	11.5 mn	11.7 mn	1.4%
<b>Average</b>	<b>16.4 mn</b>	<b>17.8 mn</b>	<b>8.0%</b>
<b>Nairobi High End Suburbs (Low and High Rise Areas)</b>			
Kitisuru	89.1 mn	99.9 mn	12.1%
Spring Valley	168.5 mn	179.7 mn	6.6%
Karen	60.9 mn	64.5 mn	6.0%
Ridgeways	83.3 mn	87.0 mn	4.5%
Kileleshwa	298.3 mn	309.5 mn	3.8%
Runda	81.4 mn	83.7 mn	2.9%
<b>Average</b>	<b>130.2 mn</b>	<b>137.4 mn</b>	<b>6.0%</b>
<b>Nairobi Middle End Suburbs – High Rise Areas</b>			
Embakasi	74.5 mn	78.8 mn	5.5%
Kasarani	75.5 mn	78.7 mn	4.1%
Dagoretti	99.1 mn	85.7 mn	(15.7%)
<b>Average</b>	<b>83.0 mn</b>	<b>81.1 mn</b>	<b>(2.0%)</b>
<b>Nairobi Suburbs - Commercial Zones</b>			
Riverside	319.3 mn	342.1 mn	7.2%
Upperhill	487.9 mn	479.4 mn	(1.7%)
Kilimani	397.8 mn	378.7 mn	(4.8%)
Westlands	438.2 mn	413.2 mn	(5.7%)
<b>Average</b>	<b>410.8 mn</b>	<b>403.4 mn</b>	<b>(1.3%)</b>

Source: Cytonn Research

***We retain a positive performance for the land sector in the Nairobi Metropolitan Area which proves to be a reliable investment opportunity, having continued to show great resilience even during times of economic hardship in the COVID-19 period, and a depreciating Kenyan currency. We anticipate that the sector's performance will continue being driven by; i) a greater emphasis on Affordable Housing projects and private projects, ii) positive population demographics, iii) the government's attempts to streamline land transactions, and iv) rapid growth of satellite towns amid increased delivery of infrastructural developments which are improving accessibility, property prices and demand in the regions.***

For more information, please see our [Cytonn FY'2022 Annual Markets Review Report](#)