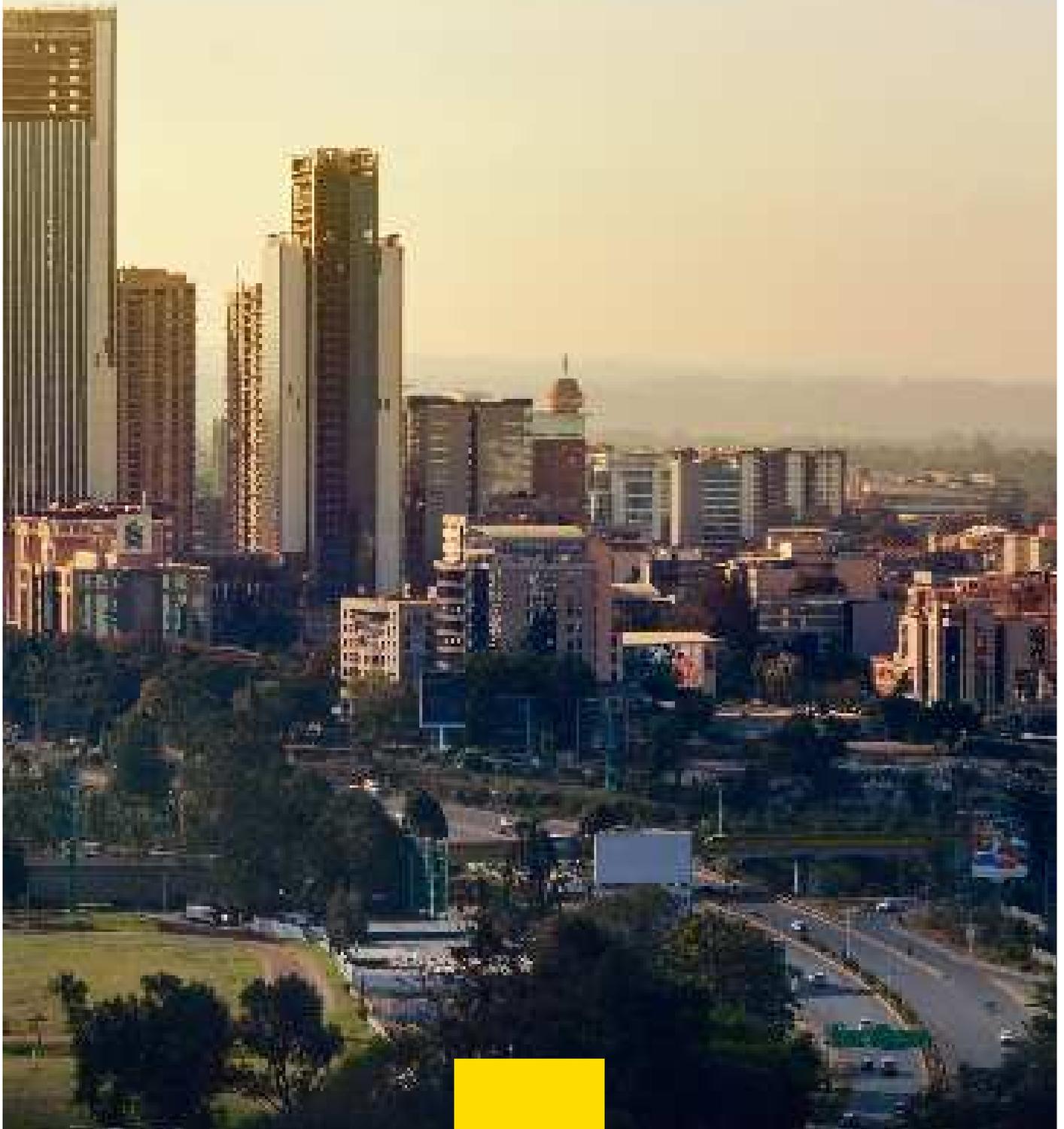


WESTLANDS

NAIROBI - KENYA

A 2021 Residential Property Report



INTRODUCTION

Westlands is an affluent, mixed-use commercial and residential neighborhood in Nairobi. It is located approximately 3.2 Kilometers from the central business district of Nairobi and is part of the 8 administrative divisions of the Nairobi County.

During the late 1990s and early 2000s, land at the CBD was becoming scarce and highly priced.

This compelled businesses to relocate to Westlands and Upper Hill due to the availability of relatively cheaper land.

Presently, Westlands is known as an affluent neighborhood housing expatriates, high net worth individuals, renowned business persons, politicians and foreigners alike.

The area of focus is well endowed with both infrastructure and amenities such as:

Roads – The Nairobi Expressway that connects Westlands to the Jomo Kenyatta International Airport, Uhuru Highway, Ring Road that passes through Westlands all the way to Kilimani, and Waiyaki Way.

Hospitals – Medanta Africare, Dr Agarwals Eye Hospital, AAR and the Mater Hospital.

Education Institutions – Consolata School, The Nairobi International School, Nairobi Secondary School, Music-Inn International School of Music, White Cottage Primary School.

Shopping Malls – Sarit Center, Westgate Mall and The Mall. They are high end malls, hosting international brands like Nike, Sketchers, Swarovski, Mac, Carrefour Supermarket, Miniso, Springfield, Hugo Boss and Little Red Africa to mention some.

5 Star Hotels – Kempinski Hotel, The Sankara Hotel, Prideinn Azure and Movenpick Hotel.

The key drivers of the real estate sector that have seen Westlands grow and develop tremendously compared to the other upscale market areas are:

Growth of global corporates seeking to establish regional hubs in Nairobi - International companies such as Google, Price Water House Coopers, Microsoft, KPMG, Cisco Systems, UN Habitat among others have established their offices in Westlands. Developers have noticed a gap for the demand for housing created by employees in this multinational companies, UN employees, expatriates, and also other foreigners due to the status quo the area offers.

Positioning as a key commercial area – Over time, there has been tremendous growth of Westlands area transforming it to a major commercial node in Nairobi. According to the 2020 Kenya Market Update report by Knight Frank, Westlands supplies 17% of the total office market share in Nairobi.

Urban living – Nicknamed as the hub of entertainment in Nairobi, a large number of Kenyans and foreigners prefer living in the location due to its vibrant social lifestyle.

High returns – Westlands real estate has gone through tremendous positive change in the last 6 years which have resulted to more profit yields compared to the other locations.

Proximity to the CBD and other upscale market nodes.



Elite Residence in Westlands Nairobi.

This market research done in June 2021, focuses on the aspects below;

Price in Kenya Shillings – Used in comparison of apartments against market offerings.

Rental Yield – Return a property investor is likely to achieve on a property through rent.

Plinth area in square meters – What is currently offered in the market in size and the preferences for the home buyers in regards to space

LAND

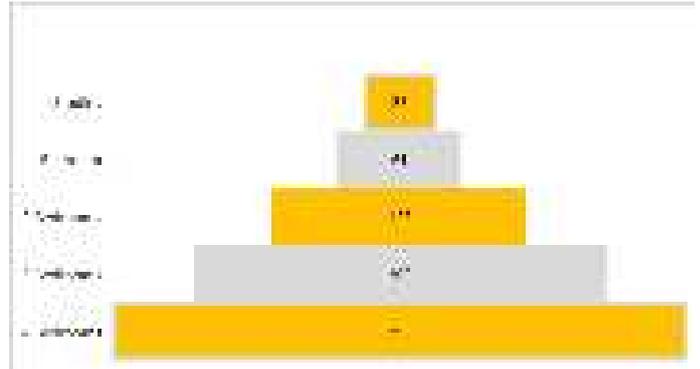
Major roads such as the Uhuru Highway, Nairobi Express Way, Ring Road and Waiyaki Way services Westlands area. The area is also well endowed with great infrastructures such as sewer systems, industrial waste water disposal systems, developed internal roads, and 24 hour’s security service making it attractive to local and international developers. The current average cost for an acre of land in Westlands be it commercial or residential ranges between Ksh 300 and 420Million.



Elite Residence in Westlands Nairobi.

RESIDENTIAL APARTMENTS

Residential housing in Westlands is dominated by high rise apartments ranging from 7 to 43 floors. High rise apartments have proven to be the most efficient way to utilize land. Units located on the higher floors fetch higher prices as they are considered more luxurious. They offer better ventilation, sunlight and views.



Average apartment size in SQM per typology, Westlands June 2021

Demand and Supply

According to the Kenya National Bureau of statistics, Westlands area has been dominated by 3 and 4 bedrooms from 2010 – 2015. However, as at 2019, the demand for the bigger units has gone down as compared to the studios, 1 and 2 bedrooms.

The average rental yield from the above study is 9% for the unfurnished units and 14% for the furnished units.

This is because the developments are differentiated by each providing ample amenities. For example, the Elite Residence by VAAL Real Estate has a fully equipped modern gym, steam and sauna, solar heated swimming pool, concierge services and business / conference area. The quality of the interior finishes is also high.



Average Sales price per typology, Westlands June 2021



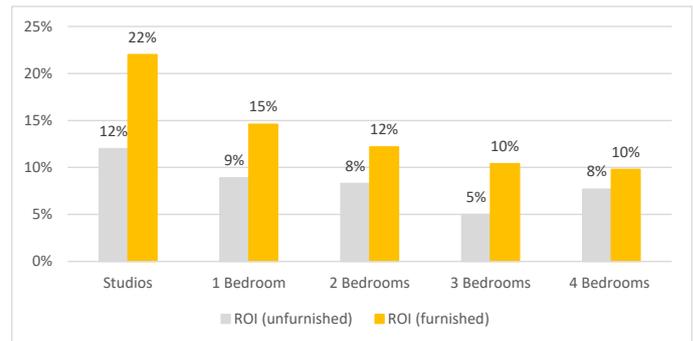
Average Sales price per Sqm and type Westlands June 2021.



Average rent per typology in Ksh, Westlands June 2021

Good infrastructure and 24-hour security are also key promoters of the high rental yield in Westlands area.

The 4 bedrooms record the lowest rental yield of 8% which is attributed to low demand. The 2 bedrooms have a rental yield of 8.3% and the 3 bedrooms 7.1%. The studios have the highest rental yield of 12% for the unfurnished and 22% for the furnished.



Average return on Investment comparison, furnished and unfurnished per typology in Westlands June 2021

Rates By Development

PROPERTY	TYOLOGIES	SIZE IN Sqm	PRICE IN Ksh	PRICE / Sqm
Donyo Park	2 bedrooms	150	18,700,000	124,667
	3 bedrooms	230	27,500,000	119,565
GTC	1 bedrooms	83	25,110,000	302,530
	2 bedrooms	112	30,400,000	271,429
	3 bedrooms	175	48,400,000	276,571
	4 bed Penthouses	309	108,000,000	349,515
Elite Residence	1 bedrooms	69	12,400,000	179,710
	2 bedrooms	137	21,000,000	153,285
Sky Nest	1 bedrooms	91	12,700,000	139,560
	2 bedrooms	113	16,900,000	149,557
	3 bedrooms	145	20,400,000	140,690
Volaire	2 bedrooms	135	16,900,000	125,186
	3 bedrooms	153	19,300,000	126,144
	4 bedrooms	413	64,900,000	157,143
Escada	1 bedrooms	31.2	4,300,000	137,821
	2 bedrooms	65.5	9,700,000	148,092
Treewall	4 bedrooms	395	52,500,000	132,911
St Michaels	2 bedrooms	140	17,000,000	121,429
Kai Heights	2 bedrooms	129	13,000,000	100,775
Kenzi Residence	Studio	35.1	4,200,000	119,658
	1 bedroom	56	6,708,000	119,786

Source: VAAL Field study, Westlands June 2021

SERVICED APARTMENTS

Nairobi being a strong business hub in East Africa, has led to the growth of supply and demand of serviced apartments in Westlands.

Westlands is accounting for 40.3% of the total Nairobi market share.

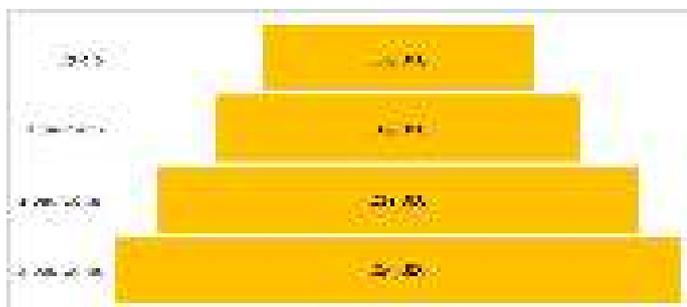
Some of the serviced apartment's brands in the area include CityBlue, and the Movenpick in Westlands. Serviced apartments are becoming more attractive to investors due to

Cost effectiveness – Unlike hotels, the overheads for serviced apartments are lower, hence cheaper to run.

High Returns – The mix of long and short term rentals drives the overall monthly income up.

Easily convertible – to either furnished or unfurnished apartments when the demand for the unit dips.

Travelers prefer serviced apartments over hotels because they are affordable and cost effective, offer more space and amenities and they give the consumer the “home away from home” feeling.



Average monthly rent serviced apartments Westlands June 2021



One Bedroom Apartment Elite Residence Westlands.

Rates By Development

PROPERTY	LOCATION	TYOLOGY	RATES / DAY Ksh	RATE / WEEK Ksh	RATE / MONTH Ksh	UNIT SIZE (Sqm)
Fenesi Gardens	School Lane	1 bedroom	7,500	53,000	151,000	61
		2 bedroom	13,000	91,000	195,000	90
		3 bedroom	19,000	133,000	378,000	157
The Landmark Suites	Mwanzia Road, off Peponi Road	1 bedroom	13,000	80,000	230,000	70
		2 bedroom	20,000	110,000	260,000	95
The Kingfisher Nest	Mwanzi Road	3 bedroom	10,800	245,000	500,000	107
James Borough	Brookside Gardens	2 bedroom	12,000	60,000	216,000	115
	Church Road	2 bedroom	10,000	84,000	200,000	185
Cysuites	Church Road	1 bedroom	10,000	50,000	120,000	111
		2 bedroom	14,000	90,000	190,000	167

Source: VAAL Field study, Serviced Apartment rates, Westlands June 2021.

CONCLUSION

Westlands offers attractive returns with an average rental yield of 9% for the unfurnished apartments and 14 % for the furnished apartments. Developers will continue to build in Westlands to cater for the deficit of the studios and the 1 bedroom.

A two - year outlook shows that prices are bound to scale higher due to the construction of the GTC, a 43-storey project by Avic Developers which will host JW Marriott, 11,592 Sqm of retail space and 500+ apartments.

Serviced apartments outperform other themes due to their differentiated offerings of the hotel living concept.

A future outlook shows growth in the demand and supply of serviced apartments due to the growth of the area as a regional hub for multinational companies and also preference by local businesses.



One Bedroom Apartment Elite Residence Westlands.



VAAL Real Estate is a preeminent Real Estate Developer serving buyers of luxury property in Africa. A blend of new era architecture unrivalled innovation, experience and market knowledge, the vision for industry leadership is uninterrupted.

We continue to provide the impeccable service, professional advice and timely project deliveries that established our reputation. Our customer centric culture caters to locals and international clientele alike, treating each client as worthy of their investment requirements.

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