

KPDA WEEKLY MEDIA REVIEW

Weekly Insights into Current Affairs Affecting the Kenyan Real Estate Market

Every Friday, we select a few media articles from the week that we think are worth your time as a player in the property development sector. We look for compelling articles not only about trends in the market, but also policy issues, upcoming technologies and global trends in real estate. We would love to hear from you on what you are engaged in to promote the sector. Contact us via admin@kpda.or.ke

FINAL REMINDER INVITATION TO THE KPDA CEO BREAKFAST FORUM, TUESDAY, 26TH MAY 2015



DATE: Tuesday, 26th May 2015

VENUE: Nairobi Serena Hotel

TIME: 7.00am - 9.30am

SPEAKERS AND PANELLISTS:

- ❖ STANLIB Kenya (Mr. Kenneth Kaniu, Chief Investment Officer)
- ❖ Housing Finance (Mr. Frank Ireri, Managing Director)
- ❖ Capital Markets Authority (Mr. Luke Ombara, Ag. Director, Regulatory Policy and Strategy)
- ❖ CIC Asset Management Ltd (Mr. Victor Okudo, Investment Dealer)
- ❖ Mohammed Muigai Advocates (Mr. Mwangi Mbogo, Partner, Corporate and Commercial Law)
- ❖ Nairobi Securities Exchange (Mr. Terry Adembesa, Manager - Product and Business Development)

CHARGES:

KPDA Members: Kshs. 3,500

Non KPDA Members: 4,500

Kindly contact the KPDA secretariat for more information.

We look forward to seeing you at the breakfast!

THE DEVELOPER'S DIGEST CURRENT ISSUE IS OUT!

The March to April 2015 Issue of *The Developer's Digest* is out! Please click on the link below to access the full document:

https://gallery.mailchimp.com/7bca7a3b8f6eed9f612fdccdd/files/The_Developer_s_Digest_March_to_April_Issue_2015.pdf

REMINDER TO ALL KPDA MEMBERS ON THE CODE OF CONDUCT

We would like to remind all members of KPDA that as a show of our continued dedication to deliver the highest quality of product and service to the public as well as our fellow developers, we encourage you to read through the KPDA Code of Conduct. We wish to urge all our members to commit adherence to it by filling the commitment form included.

To access our KPDA Code of Conduct, please follow the below link:

https://gallery.mailchimp.com/7bca7a3b8f6eed9f612fdccdd/files/KPDA_Code_of_Conduct.pdf

MAY 17

MAATHAI SUPERMARKET OWNER TAKES OVER JACK & JILL CITY PLOT

Business Daily | Simon Ciuri | 17th May 2015

Victor Maina who owns the Maathai Supermarket chain has taken over the prime city centre plot on which one of Kenya's oldest retailer Jack and Jill Supermarket stood until its recent controversial demolition.

Mr Maina is setting up a 10-storey building on the plot on Temple Road in downtown Nairobi. Construction has started.

The businessman confirmed the take-over of the land, which for years had attracted court battles between him and Jack and Jill owner Schon Noorani.

"Some floors will host Maathai Supermarket as part of our wider plan to make more inroads in the Central Business District where we had not penetrated well before," said Mr Maina.

He declined to disclose the cost of the project, only saying it will be funded through savings. Jack and Jill, a family-owned business, operated for nearly three decades. By the time of its closure it employed about 100 staff. [Read More](#)

MAY 18

BOTSWANA RETAILER PICKS KENYAN PARTNER IN EA GROWTH PLANS

Business Daily | Evelyn Situma | 18th May 2015

Choppies Supermarket, a Botswana-listed retail chain has picked a Kenyan businessman as its partner to help in its expansion plan into East Africa.

Birju Pradipkumar Patel, who serves as a director at Export Trading Group – one of the largest global agriculture commodity companies based in Dar es Salaam – confirmed that he had partnered with Choppies for its Kenya and Tanzania operations.

Pre-listing statement prepared by the retailer ahead of its secondary listing on the Johannesburg Stock Exchange on Wednesday next week revealed that Mr Pradipkumar and another investor Parin Bharakumar Patel are directors at Choppies Enterprise Kenya Limited, a subsidiary of the Botswana retailer.

Speaking to the Business Daily on phone from South Africa, Mr Pradipkumar confirmed that he is the director of Choppies Kenya and Tanzania but declined to disclose details on the extent of his investment. [Read More](#)

MAY 19

DEVELOPER UNVEILS 400-ACRE KIAMBU REAL ESTATE PROJECT

Business Daily | Charles Mwaniki | 19th May 2015

Property developer Tilisi Developments Ltd has launched a 400-acre mixed use real-estate development in Kiambu that will have more than 3,200 houses and a logistics park. The first phase of the new Limuru Housing Estate will involve construction of common-use infrastructure, apartments, maisonettes and townhouses. Apartments will eventually number 2,000, with the rest being townhouses and maisonettes.

The developer has set aside 178 acres for the residential houses, 85 acres for the logistics centre and eight acres for schools.

Tilisi co-chief executive Kavita Shah said the logistics centre will mainly target companies with insufficient warehousing capacity.

According to Mr Shah, the centre will host light industries, warehouse and repackaging facilities, shops, petrol stations, parks and public service vehicle bays.

“We see the Tilisi logistics estate as a key contributor to Kenya’s economic growth and success, with many companies now suffering insufficient warehousing capacity and insufficient access to facilities for repackaging and dispatch,” said Mr Shah.

The logistics park will have 17 five-acre lots for the warehouses and packaging centres, each with its own shops, petrol stations and bus bays.

While the plan allows for individuals to put up housing units, Tilisi will continue to manage the estate, providing garbage collection services, water and power supply, roads and drainage, street lighting and CCTV.

“We are also in advanced negotiations with Kiambu County and Kenya Railways to ensure we can get a commuter station on the eastern side of our suburb,” he added.

Tilisi is an alliance of developers including shareholders of Chigwell Holdings, Greenspan Investments and Solitaire Developments. [Read More](#)

CHINESE BUSINESSMAN CHARGED OVER LAND FRAUD

Daily Nation | Benson Matheka | 20th May 2015

A Chinese businessman involved in a multi-million shilling land speculation racket has been charged in a Kibera court for conning a foreign investor of millions of shillings in a fake land deal in Nairobi.

Mr Li Weng Jie was arrested in his Kilimani home last Wednesday over the fraudulent land deal reported five years ago. His case will be heard next month.

Action against Li Weng Jie, who is locally known as “Mr James”, came amidst increasing cases of land fraud involving Chinese investors.

The case was scheduled to be heard on Tuesday but was postponed due to a communication hitch as a witness could understand neither English nor Kiswahili.

The prosecution asked the court to provide a Chinese interpreter so that the case could proceed.

A police officer who was stood down was also ready to testify in the case in which Li Weng Jie is accused of stealing Sh135 million from Homeland Development, a Chinese real estate firm, claiming he had land to sell in Nairobi.

But Kibera Principal Magistrate Mereza Opondo could not proceed with the case citing a heavy work load for the day.

“I note that all parties are ready to proceed, but the court has a lot in its tray today and is forced to adjourn the matter,” said Mrs Opondo.

The parties agreed to have the case heard for three consecutive days from June 9. [Read More](#)

INVESTOR PLANNING CLASSY ACCOMMODATION IN RUNDA FOR SHORT-STAY CLIENTS

Daily Nation | DN2 Correspondent | 20th May 2015

An investor is planning to put up 121, three-storey residential units targeting international civil servants and expatriates in the upmarket Runda.

The Sh843 million development by Runda Gardens Development Ltd will sit on 30 acres and will include a school and a community centre.

The units will target those looking for quality accommodation but do not plan to live there for long periods.

The development in Nairobi’s diplomatic blue zone will add to the housing choices for foreigners and locals working at the United Nations Complex, as well as at the US and Canadian embassies.

The diplomatic blue zone, which comprises Runda and Gigiri, is preferred by those working in the area as it means short drives to their places of work.

Runda Gardens has added the 800-pupil school as a further enticement. The school is will have facilities such as a basketball court, swimming pool and a drop zone.

“The proposed school will have a British education system consisting of elementary, primary and secondary levels,” the report adds. [Read More](#)

SUPREME COURT LAND GRABBED: REGISTRAR

Daily Nation | Paul Waweru | 20th May 2015

The Chief Registrar of the Judiciary has told a parliamentary committee that land meant for the expansion of the Supreme Court has been grabbed by a private developer.

“The Supreme Court is a colonial building, which needs expansion but the land which was meant for that purpose, is now under the ownership of a private individual,” said Ms Anne Amadi.

She was speaking before the National Assembly Justice Affairs Committee yesterday.

The Judiciary listed the number of courts it wants to construct and refurbish.

But it emerged that the top most court would not be getting such a face-lift, not until the land is reverted back to the Judiciary.

Ms Amadi told the committee chaired by Ainabkoi MP Samuel Chepkonga that the Judiciary was still in possession of the ownership documents for the prime land at the centre of the city, but a new title deed had been issued to another owner.

The mysterious change of ownership is the latest in a series of scandals targeting land owned by government and public institutions in the city including schools, but the blatant grabbing of plot belonging to the custodian of justice in the country came as a surprise to MPs. [Read More](#)

SHAME OF BUILDINGS ON CITY RIVER

Daily Nation | Muchemi Wachira | 20th May 2015

Disaster looms in parts of Nairobi following the obstruction of the flow of Mutuini-Ngong River by human settlements.

The river burst its banks with the excess water submerging structures erected along the water path at Mbagathi and Nairobi West last week when heavy rains the weather man described as unusual, pounded the city.

At least 11 people died at the Fuata Nyayo slums in Industrial Area after a mosque’s wall collapsed in the raging floods.

Property worth millions of shillings was destroyed by the flood waters that found their way into both residential and commercial buildings.

“If we had similar rains today we would be in similar problems, as nothing appears to have been done to avert flooding,” said Mr Peter Kuria, who operates a flower bed at the junction of Lang’ata Road and Mbagathi Way.

His flower bed is next to a section of the river that has been blocked by the perimeter wall of a building under construction on the river’s path.

The construction opposite T-Mall is being blamed for the massive flooding of Lang’ata Road and the neighbourhood. [Read More](#)

MAY 20

NAIROBI RANKS HIGHLY IN RETAIL AND OFFICE RENT AFFORDABILITY

The Star | Martin Mwita | 20th May 2015

NAIROBI is among African cities with the most affordable and attractive retail space characterised by relative low rental rates in dollar terms and longer lease periods, a study shows.

This, according to a new Knight Frank report, has raised Nairobi's profile among multinationals setting up regional bases, further cementing the city's position as a logistical hub.

The 'Africa Commercial Occupier Guide' published in the Knight Frank Africa Report 2015 shows commercial tenants for offices, retail and industrial properties usually secure leases spanning six years for which rents are payable quarterly in advance.

The commercial lease period in Kenya is relatively longer than in most other African markets, where leases typically last for a year to a maximum of five years.

The guide states that tenants have the option of paying rents in Kenya shillings or US dollars

In other markets, lease terms are typically three to five years in South Africa, two to five years in Nigeria and Uganda while Tanzania has one to three years. [Read More](#)

WESTGATE MALL TO REOPEN IN JULY

The Star | STAR Reporter | 20th May 2015

WESTGATE Mall will reopen in July, 21 months after it was attacked and destroyed by terrorists, director Alex Trachtenberg has said.

In a statement issued after an inter-denominational prayer service hosted at the Westgate Shopping Mall foyer, Trachtenberg said that tenants had begun taking up space at the mall and will soon be moving in to start outfitting their stores ahead of the reopening.

"As the Management and Directors' of Westgate Mall alongside our esteemed tenants, we are today joined in this interdenominational thanksgiving and prayer service as we prepare for the reopening sometime in July," Trachtenberg said.

Giant retailer Nakumatt was the anchor tenant of the mall. Nakumatt's managing director Atul Shah said the firm will start working on finishes and fittings of its Westgate store next week as it gears up for the reopening. [Read More](#)

COAST HOTELS SPRUCE UP FOR HIGH SEASON

The Star | Charles Mghenyi | 20th May 2015

HOTELS at the Coast region have embarked on renovations and value addition in preparation for the July high season.

This is despite a slump in the country's tourism industry in the recent years as a result of the increased cases of insecurity and terror attacks.

Several hotels, among them Travelers Beach Hotel on North Coast, are taking advantage of the current low season to close down for remodeling their guest rooms and conference halls.

Speaking on the behalf of the North Coast Hotel Association, Travelers Beach Hotel general manager Fred Kiiru said this is the appropriate time to do renovation works.

“The renovations will increase our competitive advantage in Mombasa and as well as the entire Coastal region,” said Kiiru.

The tourism low season in Kenya runs between April and June. [Read More](#)

COMPANIES REGISTRAR ISSUES ALERT OF LAND FRAUD USING FAKE DIRECTORS

The Star | George Omondi | 20th May 2015

The Registrar of Companies has issued an alert over rising cases of land fraud committed by rogue company secretaries who change directors and ownership status of property firms before selling them.

Registrar General Bernice Wanjiku says the change in company records has led buyers who trust official records to be defrauded in deals estimated at hundreds of millions of shillings.

The fraud starts with the rogue company secretary notifying the Registrar of Companies of change in directorship and ownership of land buying companies.

Unsuspecting land buyers have been relying on searches of company details together with modified records at the Lands ministry to acquire property.

“These cases have recently become so many. They are committed elsewhere but we only get to learn of them when police investigators come to seek details from us,” said Ms Wanjiku without giving details on fraud cases. [Read More](#)

FLOODS, TRAFFIC OFFER BASIS TO RE-PLAN NAIROBI DEVELOPMENT

The Star | Chris Mandi | 20th May 2015

AT one corner of congested bus stop Kencom in Nairobi, Sharon Magenche watches helplessly as buses to Kawangware quote various fares above the normal Sh60.

It is on Tuesday evening and it is raining heavily in the Nairobi central business district, but the rain is the least of her concerns.

Wearing a tired look, she has no option but to wait for the rains to ease and fares to be reduced for her to board a bus home because she does not have enough money to get her home. [Read More](#)

URBAN PLANNING SHOULD FACTOR IN MSME NEEDS

The Star | Wafula Nabutola | 20th May 2015

Les Brown, one of the finest motivational speakers in his works “You’ve Got to be Hungry” says when you are hungry you do not care what people think, instead you do what you have to do to get something into the stomach.

The same goes for our informal sector, the micro and small enterprises, which survive from hand to mouth, so to speak. The urban planning process takes a long time. The planners have to design a town or city, then refer it to the political leaders to vet, who in most instances do not understand that it is a complex undertaking; much as it is based on a master plan.

Zoning - dividing an area into sections for different purposes such as residential, business, manufacturing, etc. The turnaround time can be anything from several years to several decades as is the case of Nairobi’s master plan of 1973, and the earlier ones of 1948, and 1927. It is quite possible the 1948 and 1927 were implemented not so much because they were

professionally drawn but there was no public participation, the colonial master did not have to consult. [Read More](#)

PRIVATISING PROPERTY INSPECTION TOUTED AS WAY TO END DISASTERS

Daily Nation | Elizabeth Merab | 20th May 2015

The amount of rain experienced in Nairobi over the past few weeks has been substantial.

Roads were rendered impassable due to clogged drainage leaving motorists and commuters stranded. And while all this was happening, a catastrophe struck at South B estate.

At least seven people lost their lives after a mosque perimeter wall collapsed. and once again questions were raised on the safety of newly constructed buildings.

Six years ago Architectural Association of Kenya official Maxwell Suero predicted the effects of poorly constructed buildings when he said:

“Blood is on the dance floor... Anything can happen and if professionals are not taken seriously, there’ll be more blood on the floor.”

Barely three days after his statement, a five-storey building under construction in Kiambu Town collapsed, killing 16 workers. Since then, the construction industry has been dogged with controversy over poorly constructed buildings and rogue developers.

Soon after a building collapsed in Makongeni, the National Construction Authority officials went around the city marking out structures that did not meet the required standards. The concrete edifices that were marked were supposedly due for demolition. [Read More](#)

IF YOU BUILD IT THEY WILL COME, BUT NOT IF THEY CANNOT AFFORD THE RENT

Daily Nation | Silas Apollo | 20th May 2015

High rent and a lack of social amenities is turning out to be a deal breaker for prospective tenants looking for housing in Riat Hills estate, Kisumu.

Riat Hills is about five kilometres from the central business district of Kisumu and was previously perceived as inaccessible due to its hilly terrain

Property developers in Kisumu who spoke to DN2 said the apathy by most would-be tenants was based on the premise that the high rent did not match the value of amenities available.

Mr Wycliffe Abok, proprietor of Kisumu Real Estate points out that no matter how attractive most of these houses are, rents should be levied in a way is affordable to tenants.

“There is a false sense of value where one feels they would pay more for a house that would cost them less in other estates,” he said.

Mr Nickson Opande of Opande Africa Investments said a lot of residents would opt to stay in older housing estates owing to easier access to basic amenities.

“I once tried selling some units in the area and only managed to sell one. I think there is a lot of reluctance by residents who still view the place as underdeveloped,” he said. [Read More](#)

GARDEN CITY TO IMPROVE MUREMA SCHOOL SANITATION

Daily Nation | Immaculate Wairimu | 20th May 2015

Murema Primary School on the outskirts of Nairobi is to get its sanitation facilities improved, thanks to Garden City developers, the people behind Garden City Shopping Mall.

Located less than five kilometres from the shopping mall, the school, which has a student population of 1,800, has one pit latrine block and inadequate water storage facilities. The sewer pipe is also broken.

Garden City has started renovating water and sanitation facilities at the school as part of its efforts to support the surrounding communities, and will also build new washrooms.

With the help of the project architects, Triad, Garden City has developed a plan to upgrade the pit latrines, build two separate ablution blocks for boys and girls, rebuild, renovate and expand the school's sanitation facilities.

In addition, the company will develop a football field and has levelled the school playground, which had a flood gulley cutting across it.

After Garden City's ground breaking in 2012, its management met with the Director of Maji na Ufanisi, Prof Edward Kairu, and commissioned a report on the surrounding catchment area to identify areas in which Garden City developers could use the core skills and resources of its partners to make a difference to the local community in a practical and sustainable way. [Read More](#)

MAY 21

BUILD MODEST HOUSES, GROW THE ECONOMY

The Standard | Gayline Vuluku and James Gachanja | 21st May 2015

It is estimated that the construction industry in Kenya contributed 4.8 per cent to gross domestic product (GDP) in 2014 up from 4.5 percent in 2013. At the same time, the real estate sector contributed about 8.1 per cent to the GDP from 2010 to 2014.

Despite this, statistics illustrate an enormous and unmet demand for decent housing from low and lower-middle-income earners.

This is an indication that there is a lot of potential economic gain to be drawn from investing in adequate low-cost housing for sale or rental purposes. Depending on the taxes and fees levied, county governments also stand to benefit from one off or continuous revenue collection.

Evidence exists to prove that poor living conditions directly affect the productivity of the labour force and the efficiency and competitiveness of cities, resulting in slower economic growth. Highly-priced homes push the labour force far away from their places of work in search of affordable residential units.

A modified reference to the Tiebout hypothesis implies that people would relocate to counties that spend more on provision of decent affordable housing, attractive infrastructure and improved living conditions, turning those that don't into 'ghost towns' due to out-migration. [Read More](#)

HOME & AWAY NAIROBIANS WALK NARROW PATHS

The Standard | Nanjina Wamuswa | 21st May 2015

When rain pounded Nairobi and floods raged a few days ago, thousands of city residents got stuck in traffic for hours.

Many of them got home well past midnight. But that was not the first time Nairobians were swallowing the bitter pill of the capital's traffic.

Estimated to cost the economy \$1 billion (Sh95 billion), traffic in the city is an ever-present phenomenon - and one that does not occur only when it rains. And it does not seem to go away despite many efforts – like the recent closing of major roundabouts – to ease congestion in the city.

So what ails Nairobi's traffic flow? According to experts, the main cause is insufficient allocation of land to streets and public spaces.

A new book titled *Streets as Public Spaces and Drivers of Urban Prosperity*, researched and authored by Dr Gora Mboup, the President and CEO of The Global Observatory Linking Research to Action Corp, says Nairobi city has allocated a mere 11.5 per cent of its land to streets. [Read More](#)

MONEY LAUNDERING: THE TAG REAL ESTATE CAN'T SHAKE OFF

The Standard | Austine Okande | 21st May 2015

“Recently, a middle-aged man visited my office with €400,000 (Sh43.9 million) all in cash wanting to buy my clients' property in Kilimani. When i insisted that the payment be made through a bank; the man and his two accomplices stormed out of my office never to come back,” a high-end property agent who only wished to be referred to as James tells Home & Away.

While laundering illicit cash in secret offshore accounts in Switzerland or the Caribbean islands is increasingly becoming unpopular due to stringent laws, corrupt individuals are opting for real estate to hide their loot.

Recent statistics calculated for Thomson Reuters Foundation by Global Financial Integrity, reveals the following: “The amount of illicit money entering Kenya from faulty trade invoicing, crime, corruption and shady business activities has increased more than five-fold in a decade to equal roughly eight per cent of Kenya's economy and in recent years the pace of dirty money inflows has been accelerating.”

The report indicated that \$16.2 billion (Sh1.55 trillion) flowed into Kenya through trade mispricing and money that was not officially counted in its balance of payments reports. [Read More](#)