

## mytake

## BUYING OFF-PLAN? LOOK AT DEVELOPER'S TRACK RECORD

To many people, the very thought of putting up a house means a busy period. It means months of planning, buying a piece of land, construction materials identifying a fundi and overseeing the construction process. It is a tedious and expensive exercise.

On the other hand, it is probably the only way many can afford to own homes. This is because one gets to build at his or her own pace and with available funds. When the money runs out, the construction is put on hold for sometime as more cash is sought. In this intervening period, there is no risk of losing the investment already laid out as you own the process.

For a long time, contractors and developers were associated with multi-million-shilling projects. Today, however, with the right information, and money, you can acquire a house in the time it takes one to drive to work in the morning. This came with the housing boom as developers started building ready homes for sale.

It was only a matter of time before off-plan house sales caught on, and catch on they did. Under this arrangement, a prospective buyer approaches a developer planning to put up units for sale. I say planning because many times the only thing such a developer has is a plan on paper and fancy artist's impressions of what the final product would look like. Buying in this phase is considerably cheaper than waiting for the final product, but fraught with many pitfalls if you do not do your research properly.

A few developers are giving the industry a bad name by cutting corners and using sub-standard materials. Once the buyer takes possession of the home, they are soon faced with repair and renovation bills they never planned for.

Today, however, it should be easier to navigate these challenges by going to developers with an established track record of good projects behind them. These are businessmen with a name to protect and will seek to deliver quality products as opposed to get-rich-quick operators seeking to make a quick buck and move on to the next hot thing.

Mwangela

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An artist's impression of a high-end home in Nairobi. A house bought in 2011 for Sh20 million would today be worth Sh28 million.

(PHOTO: FILE/STANDARD)

## City's luxury home values up by 40 per cent in five years

By H&A CORRESPONDENT

Prices for luxury homes in Nairobi continued rising on the back of what researchers say is realistic pricing.

Luxury home values in Nairobi have gained by 40 per cent over the past five years to June 2016. This is according to the Knight Frank Global Cities Index for the second quarter of 2016.

That means a house bought in 2011 for Sh20 million would today be worth Sh28 million.

"Prime property investments have proved a safe and resilient option when compared to other alternatives such as the stock market," said Ben Woodhams, Managing Director Knight Frank Kenya.

At the same time, supply of prime residential property has been growing gradually, with such homes increasingly being located in gated compounds.

The report also showed that prime residential prices in Nairobi rose slightly in the year to June 2016, continuing a trend that has seen annual growth remain steady over the last two years.

The index showed luxury home prices in the city increased by 2.1 per cent between June 2015 and June 2016, and by 1.3 per cent from December 2015 to June 2016. A marginal 0.2 per cent decline was recorded in the three months to June.

According to the Knight Frank report, the stability in luxury residential sales has largely been sustained by realistic pricing. "Transactions are still happening in low volumes, driven by a mix of buyers, including Kenyans in the diaspora who are currently benefiting from the foreign exchange environment," said the report.

"Buyers are aware of market conditions. However, high-end buyers are discerning and willing to pay a premi-

um for the right property based on location and quality," said Woodhams.

The Knight Frank index, which tracks price changes in local currency, expanded its coverage in the second quarter to 37 key cities across the world. In Nairobi, the index tracks luxury homes priced from \$0.8 million (Sh80 million), usually detached units of superior quality and finishing, each sitting on at least half an acre of land in a prime part of the city.

The only other African city in the index, Cape Town, was third on the list of high increases, recording a 16.1 per cent increase in luxury home prices between June 2015 and June 2016.

The South African city also saw a 5.6 per cent increase between December 2015 and June 2016 and a three per cent increase in the three months to June.

Vancouver, the city with the highest change, saw an increase on 36 per cent in the 12 months to June 2016.

## weeklyroundup

### Bamburi partners with Mama Sarah Obama Foundation

Bamburi Cement Limited has signed a Memorandum of Understanding with Mama Sarah Obama Foundation for the construction of an Early Childhood Development centre in Kogelo, Siaya County. The ECD centre is the first part of an educational campus that will eventually comprise a modern primary school and secondary school geared at helping orphans and children from poor families attain education. The construction of the facility has kicked off and is expected to be completed in two years. Bamburi Cement is expected to use innovative green building solutions through the provision of cement stabilised earth blocks.

### Kenya and US to jointly push for land reforms

The US government is working closely with the Kenyan government through its Embassy in Nairobi and USAID in pushing forward the land reform agenda in the country. Speaking during a consultative meeting with lands CS Jacob Kaimenyi in his office at Ardhi house, US ambassador to Kenya, Robert Godec, called on the Lands ministry to restructure land management policies. Kaimenyi said his ministry in collaboration with the EACC is carrying out a systems audit to wipe out corruption in the ministry. He added that only five registries out of a total of 56 had gone online, hence the need for financial assistance to finalise the digitisation exercise.

### Kilifi beach retreat benefits from infrastructure upgrade

Homeowners at Sultan Palace Beach Retreat in Kilifi County will enjoy easy access to their property after the county government invested over Sh100 million in upgrading major infrastructure leading to the retreat. Kilifi County has started works to transform to bitumen standard a 2.5 kilometre dirt road, which leads directly to the retreat, before December this year. The property's general manager, Liu Tiancai, said the new road would not only benefit Sultan Palace but other developments and the community around. He said the poor state of the road discouraged property developers and depressed tourism.

— Compiled by James Wanzala