

REMARKS BY KENYA BANKERS ASSOCIATION CEO, HABIL OLAKA, DURING THE RELEASE OF QUARTER FOUR KBA HOUSING PRICE INDEX RESULTS ON WEDNESDAY, FEBRUARY 1ST 2017 AT THE HILTON HOTEL AT 11:30AM

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Ladies and Gentlemen,

Good Morning,

Thank you for taking the time join us as we release the KBA Housing Price Index for the fourth quarter of 2016. As you may know we have been consistently publishing the Index every quarter since the beginning of 2015. Today's release marks the ninth issue of the Index whose base period is the first quarter of 2013.

Real estate plays an integral role in the Kenyan economy. Residential real estate provides housing for families, and is often the greatest source of wealth and savings for many households. Commercial real estate, which includes apartment buildings, create spaces for jobs in retail, offices and manufacturing but most important are residential for bulk of the ever growing urban population. Real estate income therefore provides a source of revenue for millions.

The real estate sector has been one of key contributors to the nation's economic output. According to the Kenya National Bureau Statistics 2016 Economic Survey, the sector is the fourth contributor to GDP at 7.6 per cent. It is therefore our continued belief that tracking the house prices is an important exercise not just for banks, but also for potential home owners and investors.

Ladies and gentlemen,

We release today's index on the back of the Banking (Amendment) Act 2016 being in operation for nearly one quarter given that the new loan pricing regime that put a ceiling on the interest rates for loans came into effect in September last year. We see traces of the effect of the law in this quarter's price house movements.

Broadly speaking, during the last three months to the end of year, banks were more particular in their approvals. Customers on their part depicted a somewhat reluctant stance, approaching any long-term borrowing with a wait-and-see attitude.

As you will be briefed shortly, the number of housing units whose sale was concluded during quarter were lower than those of the previous quarters. This development during the quarter does not however reflect the year's performance at the wider construction sector. Throughout 2016, the building and construction sector thrived and rose to be one of the core sector upon which broader growth is anchored.

Going forward we expect a surge in residential construction activity as the financial sector adjusts the new pricing regime. Our anticipation is that a number of facilities that were pending approval will have been completed and developers will seek to bring to market the on-going housing projects.

I would like to say that it is important for all stakeholders in the real estate market to keep track of developments in the market, more so price patterns. This is because, prices underpin the demand and supply patterns and therefore is a key information that would influence market positioning.

With those few remarks, I would like to once again express my appreciation to all of you for taking time to be with us. I now invite Jared to present Quarter 4/2016 KBA-HPI report.

Thank you.