# HOUSING PRICE INDEX

MAY 2025 ISSUE 35

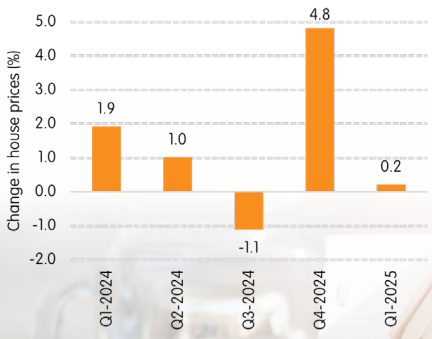
# Housing Market prices grew modestly in the first quarter of 2025

**The Kenya Bankers Association Housing Price Index (KBA-HPI) shows a modest uptick of 0.2 percent in the first quarter of 2025 (Figure 1). This slight increase points to four key developments in the house market segment.** First, the uptick reflects a gradual easing of the strong downward pressures that had shaped house prices through the preceding quarters. Throughout 2023 and 2024, the housing market operated in an environment of elevated financing costs, subdued household incomes and weakened real estate investment. These conditions triggered a prolonged correction phase during which both buyers and developers systematically recalibrated pricing expectations. Consequently, the house prices in the market fell modestly, and in some regions it stagnated.

Second, is the ongoing supply-side realignments. The lending rates had remained elevated throughout 2024 **(Figure 2)**, and its moderation became evident in the first quarter of 2025 following the easing of the Central Bank Policy Rate (CBR)[1]. The tight monetary conditions had the effect of keeping mortgage rates elevated across the banking sector. Consequently, the cost of housing finance rose significantly amidst the household's shrinking borrowing capacity. As a result, the market experienced a muted homebuying activity across most market segments, especially among middle-income households that rely more heavily on formal credit.

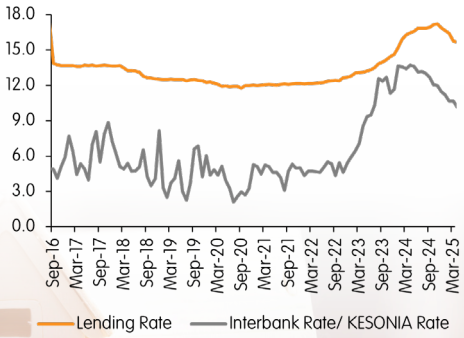
**Continued to page 2...**

**Figure 1: Overall change in house prices (%)**




Source: KBA computation from housing prices survey

**Figure 1: Trends in market interest rates**




Source: CBK

[1] *The Central Bank of Kenya policy rate stood at 11.25 percent in January 2025 before easing it to 10.75 percent in February 2025 and remained so in March 2025*

## Highlights

### Market Stabilization and Modest Price Growth

The housing market grew modestly in the first quarter of 2025, with the index recording a 0.2 percent uptick that signals a gradual easing of the strong downward pressures from previous quarters. This movement marks a transition from a prolonged correction phase toward a period of measured stabilization, rather than an exuberant recovery.

### Supply-Side Adjustments vs. Constrained Demand

The slight price increase reflects a partial transfer of elevated construction costs to buyers, rather than a resurgence in demand within a credit-constrained environment. Developers are balancing rising input costs against limited buyer affordability, resulting in cautious, incremental pricing adjustments to maintain project viability.

### Dominance of Affordable Segments

Buyer preferences have shifted toward affordability, with apartments constituting the largest share of transactions at 48.0 percent. Regionally, the low-market segment led activity with a 43.9 percent share, highlighting persistent demand for affordable units in areas where density regulations support cost-competitive development.

### Value Drivers and Amenity Saturation

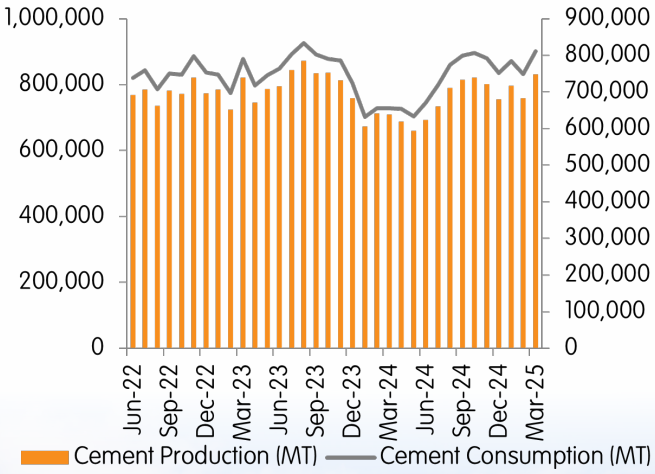
Property valuations are currently driven by functional attributes like larger plinth areas and premium features such as swimming pools and domestic staff quarters. In contrast, widely available amenities like gyms and balconies no longer command significant premiums due to market saturation and the deterrent of higher service charges.

**...continued from page 1**

Moreover, in such a credit-constrained environment, the marginal price increase observed in the first quarter of 2025 cannot be attributed to stronger demand. Instead, it reflects pricing adjustments led by developers. Accordingly, the 0.2 percent increase signals the rationalization of supply conditions rather than a resurgence in buyer activity.

Third, the mild uptick underscores the fact that construction activity has yet to fully rebound, a development that has direct implications for supply patterns and pricing trends. Cement production, which is a key proxy for construction sector momentum, remained subdued throughout the first quarter **(Figure 3)**. Although modest improvements were recorded at the start of 2025, production levels remained well below earlier highs. The slowdown in construction constrains the volume of new supply entering the market.

Figure 3: **Cement production and Consumption**




Finally, the mild uptick in prices reflects the delicate balancing act between rising construction costs and the limited ability of buyers to absorb further price increases. Construction costs remained elevated throughout 2024 and into early 2025, driven by persistent supply chain disruptions, elevated energy prices and higher import costs for materials such as steel, clinker and a range of finishing products. These pressures pushed up production costs at every stage of the construction process, from structural works to interior finishes and amenity installations. In a typical market environment, developers would respond by passing these higher costs on to buyers through increased selling prices.

However, the weak demand conditions of the past two years have significantly constrained the extent to which developers can transfer additional costs to buyers. Households, already grappling with high borrowing costs and eroded real incomes, have limited capacity to absorb price increases. Developers therefore face a challenging trade-off: raising prices risks further dampening demand, while maintaining current price levels compresses profit margins. The Q1 2025 uptick represents a partial equilibrium outcome, where developers are passing on only a fraction of the increased input costs, resulting in a mild rather than substantial price increase.

This observed cost - affordability tension is characteristic of a market in transition. Developers must balance the need to sustain profitability, maintain cash flows and ensure project viability against the imperative to price units within what buyers can realistically afford. The resulting pricing environment is cautious, characterized by gradual and incremental adjustments rather than sharp price movements. The modest 0.2 percent increase captures this delicate negotiation between rising production costs and constrained purchasing power.

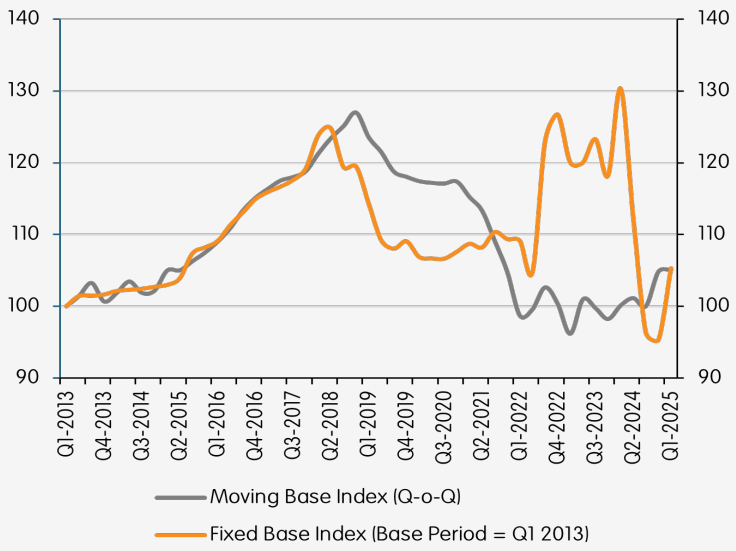
Thus, the broader evolution of both the fixed base and moving base indices reflects a market emerging from a prolonged correction phase and transitioning into a period of measured stabilization rather than exuberant recovery (See Table 1 and Figure 4). The Fixed Base Index (using Q1 2013 as the base year) indicates that house prices firmed up slightly in the first quarter of 2025. Similarly, the Moving Base Index, which remained close to the equilibrium mark of 100 through much of 2024, recorded a moderate increase in the first quarter of 2025 to stand at 105.06.Source:

**Table 1: KBA-HPI Movement (Q1-2021 to Q1-2025**

| Period | Fixed Base Index (Base Period = Q1 2013) | Moving Base Index (Q-o-Q) |
|---|---|---|
| Q1-2021 | 108.69 | 115.23 |
| Q2-2021 | 108.19 | 113.32 |
| Q3-2021 | 110.33 | 109.13 |
| Q4-2021 | 109.35 | 104.77 |
| Q1-2022 | 109.10 | 98.69 |
| Q2-2022 | 104.78 | 99.58 |
| Q3-2022 | 123.04 | 102.64 |
| Q4-2022 | 126.72 | 100.35 |
| Q1-2023 | 120.00 | 96.15 |
| Q2-2023 | 120.01 | 92.25 |
| Q3-2023 | 123.28 | 99.75 |
| Q4-2023 | 118.21 | 98.22 |
| Q1-2024 | 130.33 | 100.11 |
| Q2-2024 | 116.01 | 102.41 |
| Q3-2024 | 96.29 | 100.01 |
| Q4-2024 | 95.30 | 104.83 |
| Q1-2025 | 105.29 | 105.06 |

**Source: KBA computation from housing prices survey**

**Figure 4: KBA-HPI Movement (Q1-2013 to Q1-2025)**




## Market Structure: Transactions Across House Types and Regions in Q1 2025

Market activity in the first quarter of 2025 shows clear shifts in buyer preferences against the backdrop of evolving macroeconomic conditions. Apartments remained the most transacted units at 48.0 percent, which was a moderate rise in its share compared to earlier quarters. Bungalows registered a mild decline to 26.0 percent, down from 26.2 percent recorded in the fourth quarter of 2024. Maisonettes also declined in their market share to 20.3 percent. This declining trend was similarly mimicked by the townhouses and double-storey houses, albeit having smaller transactions shares **(Figure 5a)**.

In terms of regional distribution **(Figure 5b)**, the low-market segment (Region 1) continued to dominate activity, having recorded a 43.9 percent share of total transactions during the first quarter of 2025. This was a slight moderation from 45.8 percent that was recorded in the final quarter of 2024. Even so, the dominance of region 1 points to the strong and persistent demand for affordable units in areas where land availability and density regulations support cost-competitive development. On the other hand, Region 3, representing the high-end segment, posted a noticeable decline in its share of transactions from 38.5 percent in the fourth quarter of 2024 to 30.1 percent in the first quarter of 2025. By contrast, Region 2 (the mid-market) saw a significant increase in its share, from 18.8 percent in the final quarter of 2024 to 26.0 percent in the first quarter of 2025. The resulting pattern is a barbell-shaped market, with notable strength in both the affordable and premium ends, while the mid-tier remains slightly structurally constrained.

**Figure 5a: Quarterly distribution of house transactions by house type (%)**

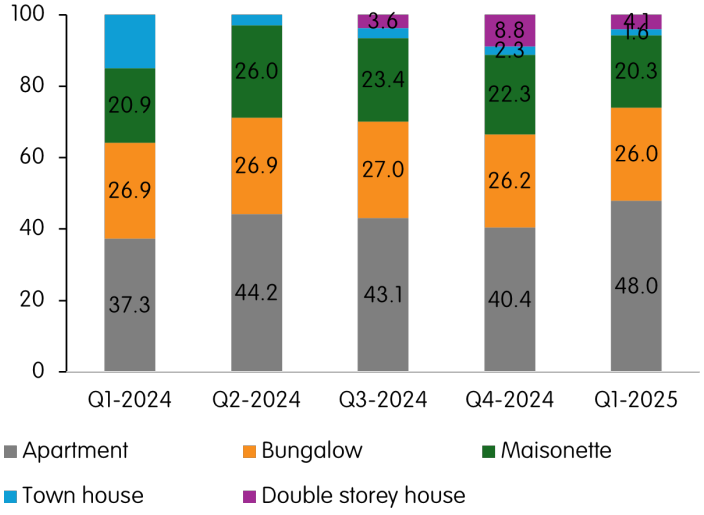
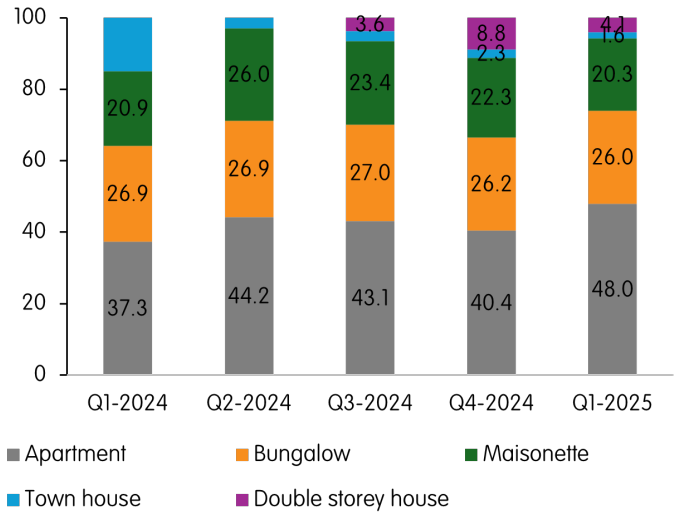


**Figure 5b: Quarterly distribution of house transactions by region (%)**




Different regions and house types continue to depict price variations. For instance, during the first quarter of 2025, Maisonette recorded the highest average price at Kes 31.48 million, followed by Town house at Kes 21.00 million. Double-storey house averaged Kes 18.60 million, while apartments and bungalows recorded average prices of Kes 14.45 million and Kes 13.55 million, respectively **(Figure 6a)**. By market segment, high-market units averaged Kes 24.93 million, mid-market units averaged Kes 12.58 million, and low-market units averaged Kes 12.95 million **(Figure 6b)**.

**Figure 6a: House Prices By Region and Type of House**

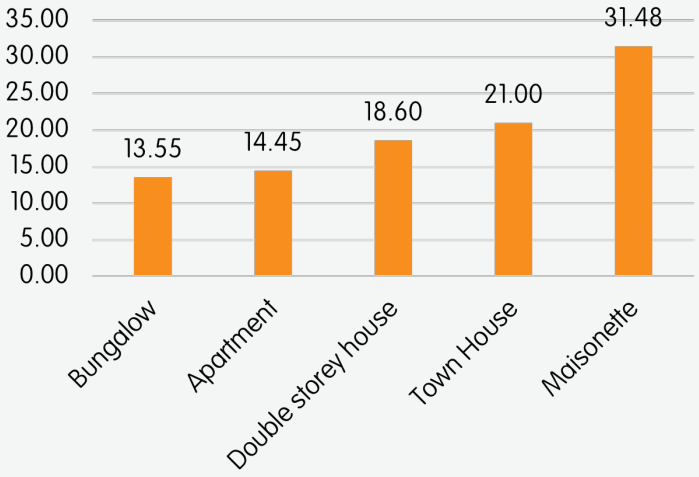
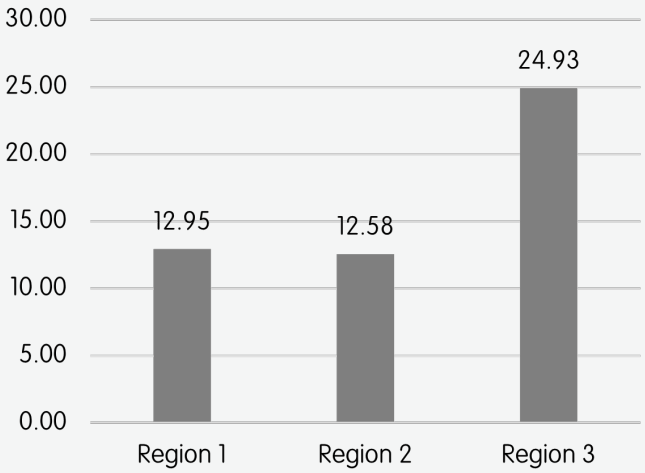



**Figure 6b: Average house prices across the region & by house type**




**Source: KBA computation from housing prices survey**

Plinth area patterns continue to reflect strong underlying demand for larger living spaces. Townhouses retained the largest average plinth area at 4,714.3 sq. ft., followed by double-storey houses at 3,191.1 sq. ft., maisonettes at 3,074.5 sq. ft., bungalows at 2,250.0 sq. ft., and apartments at 1,897.4 sq. ft. **(Figure 7a)**.

Across regional segments, Region 1 recorded the largest average plinth area at 2,284.2 sq. ft., ahead of region 3 at 2,247.1 sq. ft. and Region 2 at 2,095.9 sq. ft. **(Figure 7b)**.

**Figure 7a: Average plinth area by house type**

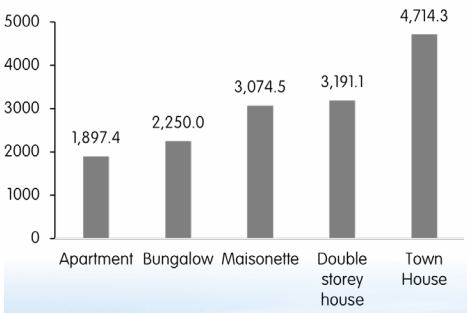
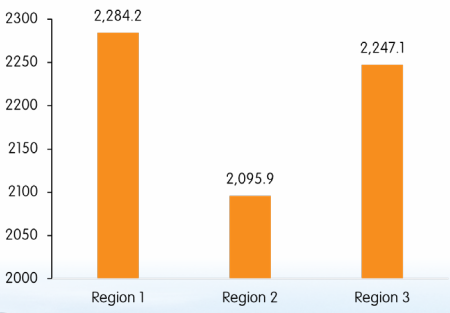



**Figure 7b: Average plinth area across the region**




## Influence of Housing Features on Market Prices Across Property Types

The contribution of amenities to housing prices varies across different property types, reflecting diverse buyer preferences and the functional roles that features play in enhancing utility, comfort and lifestyle. In bungalows **(Figure 8a)**, key amenities such as master ensuite configurations and domestic staff quarters, all ensuite and reliable water supply (proxied by borehole/ water tank) are preferred and hence, tend to drive value. Nonetheless, buyers in this category typically prioritize functional layouts over premium amenities, which limits the extent to which additional features translate into higher prices.

**Figure 8a: Bungalow**

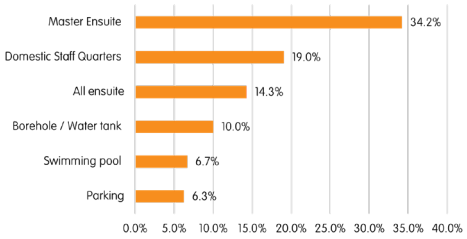
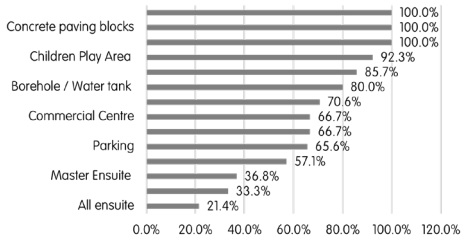



**Figure 8b: Apartment**




On the other hand, apartments **(Figure 8b)** exhibit a different amenity structure, with balconies, parking spaces, and water storage facilities being common features. While these amenities support marketability, their influence on price is relatively modest due to their wide availability across developments. Features like gymnasiums, lifts, concrete paved blocks, power back-up, boreholes and controlled access are increasingly standard in modern apartment complexes and therefore do not exert strong upward pressure on prices.

**Figure 8c: Maisonette**

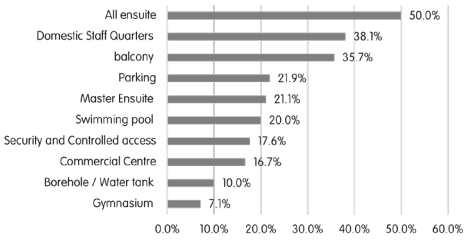
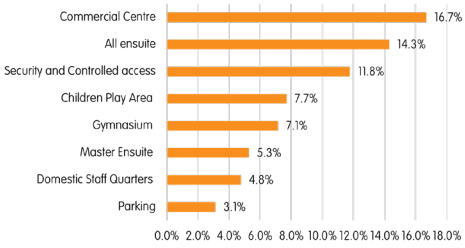



**Figure 8d: Double storey house**




Maisonettes **(Figure 8c)** and Double-storey houses **(Figure 8d)** display greater sensitivity to premium amenities. Additional features such as all-ensuite layouts, spacious balconies and extra storage areas also contribute to enhanced valuation, though their impact varies depending on overall property size and location. Maisonettes, in particular, benefit from a strong association between extended family functionality and amenities that support privacy, convenience and multi-use spaces. Townhouses **(Figure 8e)**, on the other hand occupy the upper end of the amenity spectrum, where luxury and lifestyle features significantly influence pricing. Swimming pools, expansive balconies, and high-capacity water systems are common in such developments and contribute substantial premiums.

## Technical Note

The index follows a Laspeyers index method. In this method, the index is computed by getting the ratio of the estimated current quarter price from the hedonic method (multiplied by the weights of the preceding quarter) to the price of the preceding quarter (multiplied by the respective weights of that quarter).

The weights of the quantitative variables are obtained by getting their respective mean values. For the dummy variables however, their weights are computed as the proportions of the number of houses possessing a certain attribute to the total number of houses. Thus the index is computed by the formula:

$$Index = \sum_{i=1}^{n} w_i \frac{\hat{P}_1}{\hat{P}_0} = \frac{\sum_{i=1}^{n} w_0 \hat{P}_1}{\sum_{i=1}^{n} w_0 \hat{P}_0}$$

Where; $\hat{P}_1$ is the shadow price from the estimated hedonic function for the current quarter;

$\hat{P}_0$ is the shadow prices from the estimated hedonic function for the preceding quarter;

And $w_0$ are the weights of the respective variables for the preceding quarter.

**Figure 8e: Town House**


The computation of the KBA-HPI is underpinned by estimating the weights and the shadow prices. The weighting scheme applied to the shadow prices varies from one quarter to another and relates to the units transacted during the quarter **(See Technical Note for details).**

The weights applied in the case of quantitative attributes (i.e., plinth area, number of bedrooms, number of bathrooms, and number of floors) are their respective averages, and proportions are applied as weights in the case of the qualitative attributes (i.e., type of house, and the region). The qualitative and quantitative parameters, that drive the house price change and feed into the construction of the KBA-HPI, are based on an estimation of a hedonic regression. The regression generates the shadow prices or marginal contributions, taking cognizance of the heterogeneous nature of housing goods best characterized by their attributes.

The hedonic regressions recognize that a dwelling is composed of a bundle of characteristics for which no market for them exists, as they cannot be sold separately, so the prices of the characteristics are not independently observed. The demand and supply for the properties implicitly determine the characteristics' marginal contributions to the prices of the properties.

## The drivers of house prices based on Hedonic Regression

The hedonic regression results, based on 121 observations, show an R-squared value of 0.677, indicating that 67.7 percent of the variation in market value is explained by the independent variables. The model is statistically robust, as shown by the F-statistic of 9.34, which is highly significant with a probability value of 0.000. Overall, the results reveal three key patterns that explain how structural attributes, housing types, location, and amenities determine property values.

First, properties offering more functional space and larger built-up areas attract higher valuations from buyers. The coefficient for plinth area is positive and highly significant, confirming that larger homes command higher prices. Similarly, the number of bedrooms has a strong and significant impact, with additional bedrooms contributing substantially to higher market values.

Second, the neighbourhood characteristics, access to amenities and perceived desirability shape regional price disparities. When compared to the reference category (that is maisonette), bungalows are priced significantly higher, indicating a premium attached to single-level homes. By contrast, townhouses and apartments show lower or insignificant price effects, suggesting they may be cheaper or less differentiated in this market. Regionally, households in region 3 attract substantial price premium, while those in region 1 show a slight but insignificant decrease relative to the base region (that is region 2).

Third, additional property features and amenities also influence house prices, though not always in expected ways. Features such as domestic staff quarters, parking and a swimming pool significantly increase property values. This is attributed to their desirability, convenience and association with higher end living standards. Surprisingly, some amenities, including balconies, gymnasiums, standby generators and children's play areas, are associated with lower or insignificant effects on prices. Several factors may be attributed to this observed pattern. One, the maintenance and upkeep of amenities such as gyms, play areas and other shared facilities often lead to higher service charges, which can dampen buyers' willingness to pay a premium on the purchase price. Two, shared communal spaces, particularly in high-density developments, tend to heighten concerns around security and privacy, thereby reducing the perceived value of these features. Three, market saturation has made once-distinctive attributes such as balconies or backup generators increasingly commonplace, diminishing their ability to meaningfully differentiate one property from another or command higher prices.

**Table 2: Housing Price Index Drivers for Quarter 1 of 2025**

| Source | SS | df | MS |
|---|---|---|---|
| **Model** | 48.12 | 22.0 | 2.19 |
| **Residual** | 22.95 | 98.0 | 0.23 |
| **Total** | **71.07** | **120.00** | **0.59** |

Number of obs = 121.00
F(22, 98) = 9.34
Prob > F = 0.00
R-squared = 0.677
Adj R-squared = 0.605
Root MSE = 0.484

| Market Value | Coefficient | Std. err. | t | P>t | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| **Constant** | 12.526 | 0.792 | 15.810 | 0.000 | 10.953 | 14.098 |
| **Plinth Area** | 0.349 | 0.106 | 3.280 | 0.001 | 0.138 | 0.560 |
| **No. of Bedrooms** | 0.802 | 0.217 | 3.700 | 0.000 | 0.372 | 1.233 |
| **No. of Bathrooms** | 0.106 | 0.190 | 0.560 | 0.577 | -0.271 | 0.483 |
| **No. of Floors** | 0.012 | 0.512 | 0.020 | 0.981 | -1.003 | 1.028 |
| **House Type Dummy** | | | | | | |
| **Townhouse** | -0.469 | 0.385 | -1.220 | 0.226 | -1.232 | 0.294 |
| **Apartment** | -0.124 | 0.383 | -0.320 | 0.746 | -0.884 | 0.635 |
| **Bungalow** | -0.212 | 0.391 | -0.540 | 0.588 | -0.988 | 0.563 |
| **Double Storey House** | 0.019 | 0.260 | 0.070 | 0.941 | -0.497 | 0.535 |
| **Regional Dummy** | | | | | | |
| **Region 1** | -0.029 | 0.149 | -0.190 | 0.848 | -0.323 | 0.266 |
| **Region 3** | 0.704 | 0.159 | 4.420 | 0.000 | 0.388 | 1.020 |
| **House Features / Amenities** | | | | | | |
| **Master Ensuite** | -0.071 | 0.120 | -0.590 | 0.556 | -0.309 | 0.167 |
| **All Ensuite** | -0.161 | 0.187 | -0.860 | 0.392 | -0.532 | 0.210 |
| **Domestic Staff Quarters** | 0.396 | 0.144 | 2.750 | 0.007 | 0.110 | 0.681 |
| **Parking** | 0.069 | 0.121 | 0.570 | 0.567 | -0.170 | 0.309 |
| **Swimming Pool** | 0.497 | 0.195 | 2.550 | 0.012 | 0.110 | 0.884 |
| **Balcony** | -0.266 | 0.180 | -1.480 | 0.143 | -0.623 | 0.092 |
| **Bore hole / Water tank** | 0.075 | 0.204 | 0.370 | 0.713 | -0.330 | 0.480 |
| **Gymnasium** | -0.013 | 0.220 | -0.060 | 0.953 | -0.449 | 0.423 |
| **Stand by generator power backup** | -0.089 | 0.209 | -0.430 | 0.670 | -0.504 | 0.325 |
| **Children play area** | -0.081 | 0.216 | -0.370 | 0.709 | -0.508 | 0.347 |
| **Commercial centre** | -0.110 | 0.294 | -0.380 | 0.708 | -0.694 | 0.473 |
| **Security and/ Controlled access** | 0.001 | 0.170 | 0.000 | 0.997 | -0.337 | 0.338 |

**Notes:**

- All the Quantitative variables (Plinth Area, No. of Bedrooms, No. of Bathrooms, No. of Floors) enter the hedonic regression function in their natural logarithm. The house price is also expressed in its natural logarithmic form.

**Housing Price Index**
Quarter 1 2025

**105.06**

**Table 3:** Housing Price Index Drivers for Quarter 4 of 2024

| Source | SS | df | MS |
|---|---|---|---|
| Model | 82.09 | 20.0 | 4.10 |
| Residual | 49.91 | 237.0 | 0.21 |
| Total | **131.99** | **257.00** | **0.51** |

Number of obs = 258.00
F(20, 237) = 19.49
Prob > F = 0.00
R-squared = 0.622
Adj R-squared = 0.590
Root MSE = 0.459

| Market Value | Coefficient | Std. err. | t | P>t | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| Constant | 15.221 | 0.168 | 90.590 | 0.000 | 14.890 | 15.552 |
| Plinth Area | 0.003 | 0.001 | 2.950 | 0.003 | 0.001 | 0.004 |
| No. of Bedrooms | 0.398 | 0.121 | 3.280 | 0.001 | 0.159 | 0.637 |
| No. of Bathrooms | 0.091 | 0.035 | 2.590 | 0.010 | 0.022 | 0.161 |
| No. of Floors | 0.019 | 0.069 | 0.280 | 0.780 | -0.116 | 0.154 |
| House Type Dummy | | | | | | |
| Townhouse | 0.281 | 0.193 | 1.460 | 0.146 | -0.099 | 0.660 |
| Apartment | -0.061 | 0.102 | -0.600 | 0.552 | -0.262 | 0.140 |
| Bungalow | -0.299 | 0.099 | -3.010 | 0.003 | -0.494 | -0.103 |
| Double Storey House | 0.038 | 0.121 | 0.320 | 0.752 | -0.200 | 0.277 |
| Regional Dummy | | | | | | |
| Region 1 | -0.251 | 0.087 | -2.880 | 0.004 | -0.423 | -0.080 |
| Region 3 | 0.240 | 0.093 | 2.590 | 0.010 | 0.057 | 0.423 |
| House Features / Amenities | | | | | | |
| Region 1 | 0.014 | 0.082 | 0.170 | 0.863 | -0.147 | 0.175 |
| Master Ensuite | 0.108 | 0.106 | 1.020 | 0.308 | -0.100 | 0.316 |
| All Ensuite | 0.311 | 0.083 | 3.740 | 0.000 | 0.147 | 0.474 |
| Domestic Staff Quarters | 0.370 | 0.117 | 3.160 | 0.002 | 0.139 | 0.601 |
| Parking | 0.328 | 0.164 | 2.000 | 0.046 | 0.005 | 0.651 |
| Swimming Pool | -0.163 | 0.121 | -1.340 | 0.180 | -0.401 | 0.076 |
| Balcony | 0.094 | 0.180 | 0.520 | 0.601 | -0.260 | 0.449 |
| Bore hole / Water tank | -0.202 | 0.179 | -1.130 | 0.260 | -0.554 | 0.151 |
| Gymnasium | -0.092 | 0.167 | -0.550 | 0.583 | -0.422 | 0.238 |
| Stand by generator power backup | -0.289 | 0.188 | -1.540 | 0.126 | -0.660 | 0.082 |
| Children play area | -0.081 | 0.216 | -0.370 | 0.709 | -0.508 | 0.347 |
| Commercial centre | -0.110 | 0.294 | -0.380 | 0.708 | -0.694 | 0.473 |
| Security and/ Controlled access | 0.001 | 0.170 | 0.000 | 0.997 | -0.337 | 0.338 |

**Notes:**

- All the Quantitative variables (Plinth Area, No. of Bedrooms, No. of Bathrooms, No. of Floors) enter the hedonic regression function in their natural logarithm. The house price is also expressed in its natural logarithmic form.

**Housing Price Index**
Quarter 4 2024

**104.83**

**Table 4: Housing Price Index Drivers for Quarter 3 of 2024**

| Source | SS | df | MS |
|---|---|---|---|
| **Model** | 37.49 | 10.0 | 3.75 |
| **Residual** | 37.20 | 126.0 | 0.30 |
| **Total** | **74.70** | **136.00** | **0.55** |

Number of obs = 137.00
F (10, 126) = 12.70
Prob > F = 0.00
R-squared = 0.502
Adj R-squared = 0.462
Root MSE = 0.543

| Market Value | Coefficient | Std. err. | t | P>t | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| **Constant** | 13.646 | 0.56 | 24.33 | 0.000 | 12.536 | 14.756 |
| **Plinth Area** | 0.265 | 0.083 | 3.2 | 0.002 | 0.101 | 0.429 |
| **No. of Bedrooms** | 0.427 | 0.231 | 1.85 | 0.067 | -0.03 | 0.886 |
| **No. of Bathrooms** | 0.272 | 0.15 | 1.81 | 0.073 | -0.025 | 0.57 |
| **No. of Floors** | 0.11 | 0.069 | 1.59 | 0.114 | -0.027 | 0.249 |
| **House Type Dummy** | | | | | | |
| **Townhouse** | 0.455 | 0.292 | 1.56 | 0.122 | -0.122 | 1.034 |
| **Apartment** | -0.003 | 0.15 | 0.02 | 0.998 | -0.298 | 0.297 |
| **Bungalow** | -0.2 | 0.155 | -1.32 | 0.188 | -0.512 | 0.101 |
| **Double Storey House** | -0.277 | 0.286 | -0.97 | 0.335 | -0.844 | 0.288 |
| **Regional Dummy** | | | | | | |
| **Region 1** | -0.154 | 0.133 | -1.16 | 0.249 | -0.419 | 0.109 |
| **Region 3** | 0.188 | 0.138 | 1.31 | 0.193 | -0.091 | 0.455 |

**Notes:**

- All the Quantitative variables (Plinth Area, No. of Bedrooms, No. of Bathrooms, No. of Floors) enter the hedonic regression function in their natural logarithm. The house price is also expressed in its natural logarithmic form.

**Housing Price Index**
Quarter 3 2024

**100.01**

**Table 4: Housing Price Index Drivers for Quarter 2 of 2024**

| Source | SS | df | MS |
|---|---|---|---|
| **Model** | 32.89 | 9.0 | 3.65 |
| **Residual** | 23.68 | 94.0 | 0.25 |
| **Total** | **56.57** | **103.00** | **0.55** |

Number of obs = 104.00
F(8, 93) = 12.94
Prob > F = 0.00
R-squared = 0.582
Adj R-squared = 0.537
Root MSE = 0.504

| Market Value | Coefficient | Std. err. | t | P>t | [95% conf. | interval] |
|---|---|---|---|---|---|---|
| **Constant** | 14.272 | 0.032 | 31.890 | 0.000 | 13.384 | 15.161 |
| **Plinth Area** | 0.096 | 0.239 | 3.030 | 0.003 | 0.088 | 1.038 |
| **No. of Bedrooms** | 0.563 | 0.146 | 2.350 | 0.021 | 0.327 | 0.909 |
| **No. of Bathrooms** | 0.618 | 0.076 | 4.220 | 0.000 | -0.168 | 0.136 |
| **No. of Floors** | -0.016 | 0.319 | -0.210 | 0.835 | -0.803 | 0.465 |
| **House Type Dummy** | | | | | | |
| **Townhouse** | -0.169 | 0.151 | -0.530 | 0.597 | -0.425 | 0.174 |
| **Apartment** | -0.125 | 0.163 | -0.830 | 0.409 | -0.750 | -0.104 |
| **Bungalow** | -0.427 | 0.138 | -2.630 | 0.010 | -0.387 | 0.161 |
| **Regional Dummy** | | | | | | |
| **Region 1** | -0.113 | 0.161 | -0.820 | 0.415 | 0.283 | 0.923 |
| **Region 3** | 0.603 | 0.448 | 3.740 | 0.000 | 0.033 | 0.159 |

**Notes:**

- All the Quantitative variables (Plinth Area, No. of Bedrooms, No. of Bathrooms, No. of Floors) enter the hedonic regression function in their natural logarithm. The house price is also expressed in its natural logarithmic form

**Housing Price Index**
Quarter 2 2024

**102.41**

# THE DEFINITION OF THE SUB-REGIONS

### REGION 1

Athi River, Mlolongo, Mavoko, Nakuru, Ngong, Ruaka, Syokimau, Embakasi, Kahawa Wendani, Thika, Mtwapa, Utange, Kitengela, Kiembeni, Nyeri, Likoni, Eldoret, Ruiru, Kilifi,Thika road (Kasarani, Roysambu, Ruaraka), Meru, Bungoma.

### REGION 2

Thindigua (Kiambu Road), Kiambu, South B, South C, Kabete, Komarock, Imara Daima, Membley, Buruburu, Rongai, Waiyaki Way (Uthiru, Regen, Kinoo, Kikuyu), Mbagathi road, Ngong Road, Langata.

### REGION 3

Kileleshwa, Kilimani, Lavington, Westlands, Spring Valley, Riverside, Milimani (Kisumu), Milimani (Nakuru), Runda, Karen, Garden Estate, Parklands, Ridgeways, Muthaiga, Loresho, Kitisuru, Adams Arcade, Nyali, Mountain View, Nyari.



**Kenya Bankers Association**
13th Floor, International House, Mama Ngina Street
P.O. Box 73100– 00200 NAIROBI
Telephone: 254 20 2221704/2217757/2224014/5
Cell: 0733 812770/0711 562910
Fax: 254 20 2221792
Email: research@kba.co.ke
Website: www.kba.co.ke

KENYA BANKERS ASSOCIATION
One Industry. Transforming Kenya.