TRENDS
PLASTICS BAN

INTEL
SHARED OFFICES

INDUSTRY
REAL ESTATE

COUNTRY
RWANDA

PURSUITS
LUXURY LOG HOMES

KCB VENTURE

NOT FOR SALE

Corporate Magazine | September - November, 2017

PROPERTY REPORT

Building the African dream

It was an uninhabited swampland teeming with wild animals just over a century ago. Today, Nairobi is a regional economic hub bustling with real estate opportunities. In three years, the city will host Africa's tallest building

Bridging the housing deficit in the region

Technology that is turning youth into green entrepreneurs

Prefabs rewriting the rules of home construction

How exposure trips abroad are helping grow local SMEs

KCB BANK

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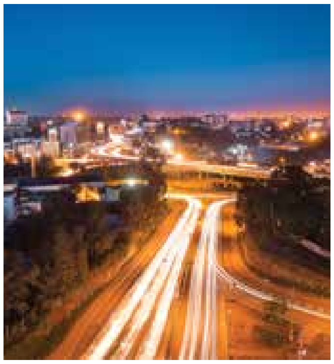

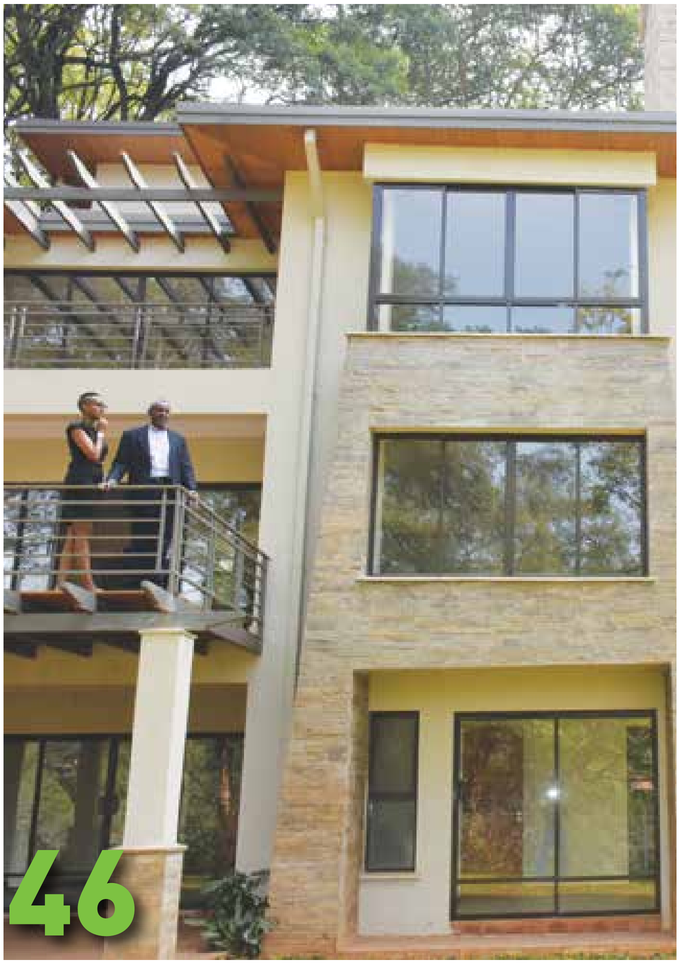

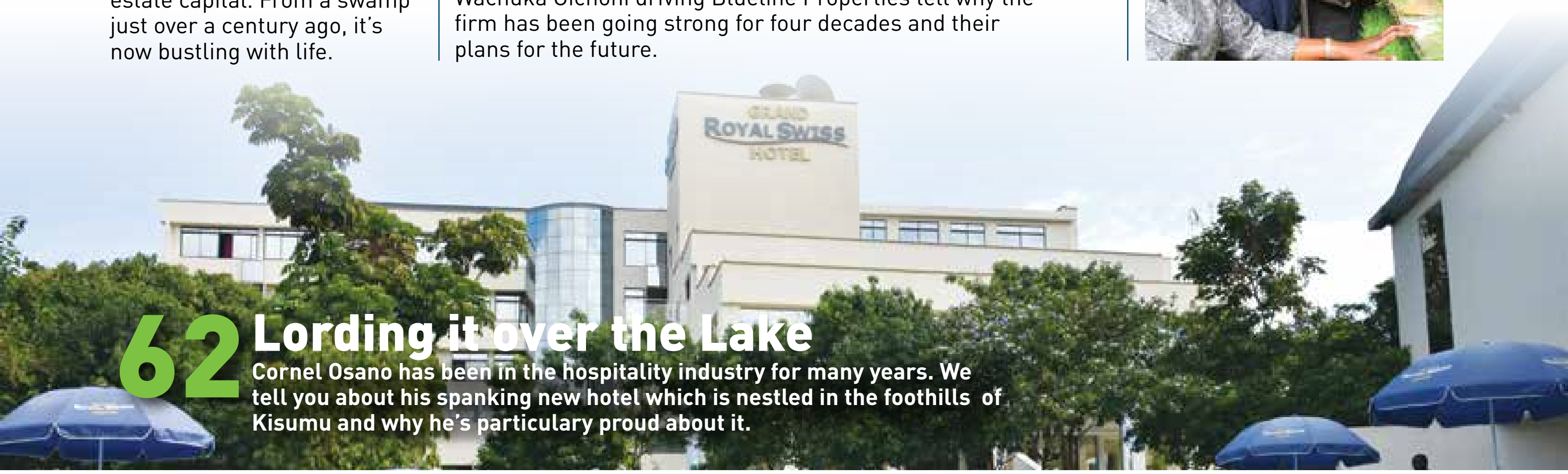

Property key to unlock region's growth potential

There exists a direct relationship between the pace of growth of the construction industry and a country's economic well-being.

A booming real estate sector – be it for residential or commercial – has a multiplier effect on the economy because of the direct and indirect employment created and the amount of money that oils other support sectors. Construction is a key driver of economic growth.

In East Africa, we have witnessed mixed growth patterns in the countries that we operate in, with Rwanda, Kenya and Tanzania recording particularly good growth rates. Uganda has posted average growth while Burundi's growth has remained level. South Sudan's real estate sector is still in its nascent stages of growth.

Our special report therefore focuses on the state of the regional commercial real estate sector. We have looked at the key drivers for the sector, the challenges and linkages with economic growth.

As a result of rapid technological changes in the construction industry, this publication also looks at some of the new trends in the industry. Gone are the days when permanent houses had to be exclusively made of bricks and mortar.

New trends in the construction sector, driven by technology, are becoming popular. The market is also witnessing the growing popularity of concepts such as log homes.

To spice up the magazine, we have also talked to some of our clients in this sector who are building their dreams with the support of KCB Bank.

In Rwanda, we have featured Ubumwe Grande Hotel which is turning out to be one of the top business hotels in the capital.

Mr Sam Muturi, KCB Bank Director Mortgages, gives insights about the Bank's footprint in the property market and what it will take to move the number of mortgages in the country from the present 23,000 to at least a million in line with global trends.

Our property division carries out extensive research into the sector which informs many of our lending decisions. Our customers can tap into this research in making their investment decisions.

We also traveled all the way to Bel Air – via the internet – to view one of the most expensive homes in the world. At a jaw-dropping US$250 million (KShs25 billion), the 14-bed mansion is nothing short of packaged heaven on earth. Or, looked at another way, the epitome of opulence with a touch of decadence.

Enjoy the read.

Judith Sidi Odhiambo
Editor-in-Chief

> **Our special report therefore focuses on the state of the regional real estate sector. We have looked at the key drivers for the sector, the challenges facing the sector and the linkages with economic growth.**

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KCB Venture is available at all corporate branches and at select hotels and businesses in Nairobi.
A digital copy is available free at venturemagazine.com.

Making affordable housing a reality

KCB Group plans to build 10,000 low cost homes in three years and also give financial support to developers interested in social housing projects

By Moezz Mir

Over the past 10 years, there has been a significant increase in the value and number of investments in the real estate sector- both residential and commercial properties across East Africa.

A report by Knight Frank indicates that a growing volume of capital is targeted at real estate investments in Sub-Saharan Africa, leading to a resurgent property market trend.

According to a Hass Consult Housing Pricing Index, the huge demand for property in Kenya driven by the middle and upper class segments increased by 4.24 times.

The average value for a property going for KShs7.1 million in December 2000 shot up to KShs30.4 million in June 2017. Unfortunately, those in the lower income brackets cannot afford these houses.

This has given rise to informal settlements and slums where a large percentage of the urban population lives.

The Constitution establishes the right to housing as an enforceable socio-economic right, and provides that "every person has the right to accessible and adequate housing ....". But the reality is far from ideal.

High cost of land, lack of information about mortgages and a high unemployment rate are some of the factors creating pressure on housing demand for the lower-middle income earners.

According to the World Bank, Kenya's population increases by one million people every year. But our housing needs don't increase in tandem. The number of new housing units is less than 50,000 units annually which is way below the estimated target of 200,000 housing units per year.

To bridge this gap, Kenya can borrow a leaf from Turkey, which struggled with a housing deficit due to rapid urbanisation. But this changed in 2012, after the Turkish government began a social housing project targeting the low-middle income.

Last year they built residential units valued at US$2.5 billion. Turkey's goal is to build 7.5 million homes by 2023 for families in the lower income bracket who currently live in informal settlements.

But it's not all doom and gloom. Last year, KCB Bank announced a plan to construct 10,000 low cost houses by 2019 that will be priced between KShs1 million to KShs3 million. The mortgages arm of the bank hopes to give financial support to developers interested in social housing projects.

According to the World Bank, improving access to housing finance can have numerous benefits including economic growth, job creation, and deepening of the financial sector.

The UN's Sustainable Development Goal 11 advocates access to adequate, safe and affordable housing. This is why KCB Bank took the bold step of supporting social housing projects both by public and private institutions.

Improving access to housing finance can have numerous benefits including economic growth, job creation, and deepening of the financial sector.

The writer is the Director, Corporate Banking at KCB Bank Kenya

200,000 Number of housing units that are required to be built annually for all income levels. However, production of housing units is currently at less than 50,000 units annually.

EXPERT COMMENTARY

Bridging the housing deficit

Africa lags behind in housing its people.

In Kenya, East Africa's economic powerhouse, the statistics are stark.

There's a deficit of about two million houses yet only 50,000 houses are constructed every year. The deficit indicates a yawning gap.

According to government statistics, the country has been experiencing an annual shortfall of housing, exceeding 250,000 units. There has also been an occurrence of rapid urbanisation which is as a result of devolution and improved infrastructure.

One of the tools that measures the level of housing at the national level is the ratio of the mortgage book to the GDP.

World Bank statistics show that the mortgage to GDP ratio in Kenya stands at 4 per cent. It's the highest in the region with Rwanda coming close. Uganda and Tanzania each has a mortgage book to GDP ratio of one per cent.

By contrast, South Africa has a mortgage to GDP ratio of 25 per cent, the highest in Africa. In Europe, the ratio is 75 per cent while in Singapore the ratio is 90 per cent.

KCB Bank Director, Mortgages, Sam Muturi says the lacuna in low-cost housing offers an excellent opportunity for investors eyeing the real estate market.

"The supply of housing in Kenya is mainly for middle to upper income brackets. But we have seen in the last few years a growth in the low income part of the business. From where I sit, I'm very bullish. I see high demand continuing after the elections. Even the commercial side of the business; I see that growing as well," said Mr Muturi.

According to the Economic Survey 2017, the construction industry grew by 9.2 per cent in 2016 from an expansion of 13.9 per cent registered in 2015. It shows that the value of reported new buildings completed in Nairobi registered a growth of 7.6 per cent to KShs76.2 billion in 2016. The value of reported building plans approved in Nairobi increased by 43.3 per cent from KShs215.2 billion in 2015 to KShs308.4 billion in 2016.

But there are segments where the housing sector is experiencing challenges.

"There are some areas where we have a glut in high-end houses and this tends to confuse some analysts who say the bubble is about to burst. We have oversupply in some specific areas but we do not have enough supply of houses," A view of the city that never sleeps from Globe Cinema Roundabout, Nairobi. | PHOTO:NAMUKS PHOTOGRAPHY

76.2bn

The reported value of new buildings completed in Nairobi in 2016.

61

Percentage of urban households living in slums, according to a World Bank report. The report also indicates Kenya has an urbanisation rate of 4.4%.

4%

Kenya's mortgage to GDP ratio according to the World Bank. By contrast, South Africa has a mortagage to GDP ratio of 25%.

9.2

Percentage by which the construction industry grew by in 2016, according to the Economic Survey 2017.

200,000

Number of housing units that government had planned to be providing annually by 2012. However, only 3,000 units were provided between 2009 and 2012.

KCB Bank Director Mortgages, Sam Muturi.

says Mr Muturi.

According to the World Bank, Kenya is urbanising at a rate of 4.4 per cent, which is pushing demand for housing in urban areas and leaving a huge segment without affordable houses.

To date, the government's goal of increasing the formal supply of affordable housing is not being met.

Kenya's first medium term plan of the Vision 2030 strategy had an initial target of providing 200,000 housing units annually for all income levels by 2012, but fell short of this projection since only 3,000 units were provided between 2009 and 2012. A second medium-term plan for 2013-17 has a similar target of housing units, particularly focused on lower income households.

"Kenya can make housing more affordable, which will in turn create new channels to boost overall economic growth both at the national and county levels,"

> **The supply of housing in Kenya is mainly middle to upper income brackets. But we have seen in the last years a growth in the low income part of the business. From where I sit, I'm very bullish. Even the commercial side of the business, I see that going well."**
> Sam Muturi

said Mehnaz Safavian, Lead Financial Sector Specialist and co-author of the World Bank report on housing in Kenya titled *Unaffordable and Unavailable*.

"With an urbanisation rate of 4.4% and 61% of urban households living in slums, the provision of housing finance and new housing finance products can help unlock the housing market to address the pressing need for affordable dwellings, create new jobs, deepen the financial sector, and catalyse overall economic growth in the medium- to long-term," said Ms Safavian.

Also, the distribution of investment in the real estate market, says Mr Muturi, is skewed. Data shows that about 35 per cent of housing supply is in the upper income bracket while 48 per cent is in the middle income bracket.

The position is buttressed by World Bank findings published in a recent report that says many Kenyans are unnecessarily living in slum dwellings, because of limited supply and lack of affordability.

"There is a critical need to deliver housing at the lower end of the income spectrum. Given Kenya's growth and urbanisation rates, the problem will only become more acute over the next decades," says the WB report.

According to Mr Muturi, there's a glut in the office block segment but the statistics show there is an opportunity in the low-end segment.

>>>

EXPERT COMMENTARY

Upperhill standing tall at first light in Nairobi. | PHOTO:NAMUKS PHOTOGRAPHY

"The market is in the low income bracket. The houses supplied in the market today are only affordable to a very small segment. A very huge population of Nairobi that has some form of formal income cannot afford houses. The problem we have here is on the supply side," says Mr Muturi.

"However, the real estate market is generally doing very well in this country compared to other countries in the region," he added. "It's a sector that people – businessmen, employed people – look at as the ultimate investment, either on the residential side or the commercial real estate."

According to *Construction Online Review*, a leading African monthly construction journal, the huge deficit in infrastructure including rail, roads and ports present a significant case for continuing growth in the building and construction sector, which employs at least one million people.

The rapid growth in population, which has led to a soaring demand for housing in most parts of the country, presents a major opportunity for growth as private developers keep up with this demand, reports the journal.

The emergence of interest in the low income housing sector now means that more people can own homes, especially with the prevailing interest rates regime.

With the interest capping law in effect, there is a renewed air of affordability especially among developers.

"The new rates at 14% have not been much of a shocker to us as for many years, we have given mortgages at 12.9% and 13.9%. It is true that margins have thinned but now it's on us to ensure that we move volumes to hit our targets, says Mr Muturi.

Data from the Kenya National Bureau of Statistics shows that

real estate and construction have been drivers of economic growth in Kenya for the last five years.

"As it stands, there is a pool for everybody to dip into. From a supply side, there is an opportunity to come in and borrow to build houses and from a demand side, we are seeing more people coming in to borrow to buy houses."

"With an increase in population, opportunities exist in the construction of residential, commercial and industrial buildings, including prefabricated low-cost housing," reports the construction journal. "The economic outlook indicates that the construction industry presents one of the key areas that can, and is, attracting investors to the country."

Sh65bn

Amount of money that KCB Group is investing to put up 20,000 units under the police housing project. The lender will first build 5,300 units in the next two years.

*

Do you have a dream?
Contact : +254 (20) 3270199
corporateservice@KCB Bank.co.ke

ANSWERING THE CALL

KCB Bank's plan for affordable housing

KCB Bank is already responding to Kenya's housing deficit by partnering with investors in the real estate market.

"There's huge potential for investors and for a bank like us to invest. We see ourselves not just as a mortgage business but as a vessel to dignify the lives of Kenyans. We are not just looking at supporting the construction of houses for sale but also supporting the government to supply houses," says Sam Muturi, KCB Bank Director, Mortgages.

KCB Bank is already pursuing the KShs65 billion police housing project to supply 20,000 houses. The project will start in Nairobi where the bank plans to build 5,300 houses in the next two years.

"We are the biggest in the market right now and we would want to support our customers and Kenyans at large to own houses," says Mr Muturi.

The bank has also created a Special Purpose Vehicle and is looking to work with land owners and saccos to create joint ventures to drive the housing agenda," said Mr Muturi.

To seamlessly implement this plan, KCB Bank set up the Property Centre to make it easy to connect buyers, sellers and the bank.

"We have brought other players such as suppliers of furniture and carpets on board. It becomes very easy for a customer walking into the Property Centre to get end to end solutions. We want to be at the forefront of housing our people," he said.

5,300

Number of units we plan to build in the next two years under the police housing project.

SUSTAINABILITY

Local farmers turning tide on climate change

The farmers have adopted sustainable agricultural land management practices

Kenya, like her East African neighbours, is just getting out of one of the worst droughts in five years. Delayed rains, and in some cases, a total failure resulted in near famine in Eastern and Southern Africa.

"Some areas were worst hit because of their dependence on traditional forms of agriculture," Francis Karin, a researcher with the Tegemeo Institute said. "Our low resilience to even the slightest change in weather grounds us."

Although he says there is nothing much we can do to return the world's climate to where it was a hundred years ago, there are some things we can do to improve the resilience of our farmers.

One such thing is the adoption, by farmers, of carbon credits in their farming. The concept, first introduced to the country in 2004, continues to help Kenya play her role in the reduction of carbon emissions.

A carbon credit is an instrument that represents ownership of one metric tonne of carbon dioxide that can be traded or sold.

For example, if a company is regulated under a cap-and-trade system, they most likely have an allowance of credits they can use toward their ceiling.

If the company uses fewer emissions (credits) than they are allocated, they can trade, sell or hold the credit. If it is sold, it is their allowance of emissions being sold to someone else. Likewise, if they use more than they have been allocated, they must purchase a credit to comply.

A credit therefore becomes a tradable commodity, because of a very real reduction in emissions, but often times the reduction is from an activity you may not have thought of, like changing a business practice, flying less, turning off equipment at night, or having more trees on your land.

2004

Year when farmers adopted the concept of carbon credits in farming.

Some projects pay about KShs90,000 to farmers in the course of 10 years to keep their land as a woodlot."

Isaac Kalua, an environmentalist

Small scale farmers in Western Kenya are now benefiting from carbon credits generated by improving farming techniques. These are the first credits worldwide issued under the sustainable agricultural land management (SALM) carbon accounting methodology.

Philip Wesaya, a farmer in Kakamega adopted the carbon credits concept almost 10 years ago.

"After years of land degradation, most of us struggled to grow enough for our families," Wesaya said.

"Now, we employ different methods that will improve the soil fertility. Better soil mean higher yields," he said.

Researchers say that although farmers get monetary benefits, the credits are ensuring a food-secure future.

"Payments made to farmers for carbon credits vary substantially. For example, some projects pay about US$900 (KShs90,000) to farmers to keep their land as a woodlot over the course of 10 years," said Isaac Kalua."Sustainable land uses increase yields, diversify incomes, increase fodder and fuelwood and enhance farmers' resilience to climate change through improvements in soil health," he said.

Apart from Wesaya's SALM project, there are several other carbon credit programmes designed to support farming that are more productive, sustainable and climate-friendly.

COMMODITIES

A touch of class in your coffee cup

The unique taste and aroma of Kenyan coffee, which is grown mainly by small-holder farmers spread out in the country, is a must have for coffee lovers around the world

Paris, the city of love, life and good wine is thousands of kilometres away from Nairobi. Yet, a brief sitting at one of the most recognised cafes in the city of love brings Kenya to one's hands first, to the lips second and then to the mind.

If you decide to go into the Café des 2 moulins located on the fashion forward city's 15 rue Lepic, a *garcon* will bring you a steaming cup of coffee and at that moment, the café and the Kenyan highlands will only be separated by the short breaths between sips of coffee.

The last two years have seen the Kenyan coffee industry emerge from a lull that threatened to bring it down.

"But to reclaim this spot we have had to go back to the basics of what made us stand out, be creative to attract a wider clientele base," Vava Angwenyi, Founder and Managing Director for Vava Coffee, a boutique Kenyan coffee company, said.

The new clientele, she says, is made up of a crop of coffee lovers who want the best of the bean.

"There is a growing number of coffee drinkers around the world who want their coffee special. Special in taste and aroma," she says.

The term "Specialty coffee" was first used in 1974 by Erna Knutsen (one of the doyens of the specialty movement in the US) in an issue of *Tea & Coffee Trade Journal.*

The Specialty Coffee Association of America classifies specialty coffee as one which scores 80 points or above on a 100-point scale. Specialty coffees are grown in special and ideal climates, and are distinctive because of their full cup taste and little to no defects. The unique flavours and tastes are a result of the special characteristics and composition of the soils in which they are produced.

Kenyan coffee fits this bill. Much of it grows 1,500–2,100 metres above sea level in nutrient rich, volcanic soil. The country's main growing areas—Nyeri, Murang'a, Kirinyaga, Embu and Meru—are situated north and northeast of Nairobi, in the highlands surrounding Mt Kenya, the second-highest peak in Africa.

In the west, coffee grows in Kisii, Nyanza, Bungoma and Kakamega. In the Rift Valley, it grows in Nakuru, Trans Nzoia, Kericho and Kajiado.

Nearly all of Kenya's coffee is arabica, mostly bourbon-variety hybrids. Data from the Coffee Board of Kenya says much of the country's premium coffee is produced on small farms ranging from one-quarter-acre to three acres in size.

Small holders account for 58 percent of total coffee production and 75 percent of total acreage.

> **It is important to match the appropriate grind to your brewing method."**
> - Barasa

58

Percentage of coffee grown by small holder farmers in Kenya.

But before the specialty coffee gets to your cup, a few more things need to be taken into consideration.

"You have to know the grind of the coffee. Is it fine, medium or coarse? It is important to match the appropriate grind to your brewing method," Jefferey Barasa, a barista in a Nairobi coffee house chain said.

Barasa also says that a lot of care has to be taken while determining the dosage of a specialty cup of coffee.

"Make sure the coffee to water ratio is maintained or else it will can either be too strong or too watery and taste horrible," he said. "Your water quality and temperature must also be spot on."

FORECAST

Car sales expected to rev up as election fever dips

Kenya's motor vehicle industry is currently in a sales slump, due to what industry players attribute to jitters over the elections.

Data from the Kenya Motor Industry Association shows that during the first three months of the year, dealerships sold 2,687 units, a dip from 3,699 units sold in the first three months of 2016.

This mirrors the trend last year, where sales went down 30.6 per cent to 13,535 units.

"Buyers were holding on to their money while others had suspended planned expenditure because of the uncertainty around the elections," Rita Kavashe, the Managing Director of General Motors East Africa told Venture. "Generally we have seen a 30 per cent decline in the industry," she said.

However, in spite of the low sales, several motor assembly plants continue to set up shop in Kenya. Iveco, an industrial vehicles manufacturer, has returned to Kenya after exiting in 2007.

In February, French carmaker Peugeot returned to Kenya with the opening of a new plant. German company Volkswagen also opened a manufacturing plant in Thika.

"Although the market is bad right now, Kenya is still a prime destination for carmakers in the long term. The new players know that the slump is seasonal," she said adding that they had projected a recovery in sales by end of September this year.

Projections from KMIA show that new car sales this year will catch up and surpass sales from last year by at least 14 percent to peak at 15,500. The report attributes this to partnerships and innovations within the industry.

Kenya has the fourth highest nominal GDP in Africa, itself an attractive prospect for investors.

"We expect a very robust end of year," said Ms. Kavashe.

Seeing a gap in mass transportation, German carmaker Daimler plans to introduce two new bus models to the country.

"This is Daimler's response to the ever-growing demand in East and Central Africa for comfortable and safe buses for passenger transportation. Both bus models will be built in Nairobi in cooperation with local sales partner DT Dobie Kenya," Daimler said from its company headquarters in Stuttgart at the announcement of the initiative.

The Kenya Daimler office will be used as an operational base to not only cover Kenya, but East, Central and West Africa as well as opening up other markets for the company.

"New players know that the slump is seasonal.

2,687
Number of new cars sold during the first quarter of 2017.

TECHNOLOGY

Buckle up for the internet revolution

Mark Zuckerberg, Brett King and Jack Ma are from different backgrounds yet they all have one thing in common; they found success on the back of internet connectivity.

Zuckerberg of US built Facebook, which now boasts of 1.94 billion monthly active users worldwide. Brett King, is a financial technology (FinTech) guru who has proved the importance of technology in businesses. China's Jack Ma founded Alibaba, which by some measures, is the world's biggest online commerce company.

The three happen to have visited Kenya in various times recently and provided insights about the opportunities that the internet provides. This holds true today because we are living in an era when our jobs, entertainment, politics and even health care have moved online. The internet has virtually reduced the world to a global village.

The Communications Authority reported that for the period ending March 2017, internet services uses were an increasing indicator of the importance of data services. According to CA, internet users stood at 40.5 million from 39.6 million recorded in the second quarter, while wireless internet subscriptions saw a 21.5% jump from 29,724 in the previous quarter to 36,104. As much as 88% of Kenya's population access the internet through their phones.

The numbers have set Kenya apart from other African countries where only 18% of the total African population are defined as internet users. This has been made possible by internet service providers and mobile operators who make massive investments and create multiple benefits for the consumer.

1 Safaricom

As the largest telecommunication company in East and Central Africa, the firm has new offerings 'Safaricom Fibre to Home' and Safaricom Fibre for Business that are bound to increase internet penetration even further.

2 Jamii Telecommunication Limited (JTL)

The company is known for its animated Faiba Internet advertisements with the cantakerous Mbugua. Mbugua has a chain of businesses in different locations which are all connected to the internet, thanks to Faiba. JTL's Faiba internet is popular with small, medium and large sized businesses for their fast and affordable internet packages.

3 Seacom

Seacom was the first company to lay down undersea data cables in Africa back in 2009. Thanks to SEACOM, we now have affordable and reliable internet in Africa.

4 ZUKU

Zuku internet is among the first players of home internet connectivity. They seized the opportunity long before their competitors leveraged on this lucrative segment. They still control a good portion of the market by allowing subscribers to connect to digital television and make calls.

Beyond the popular home connections, they also serve small and medium sized enterprises.

While this might not be the exhaustive list of ISP's in the market, they definitely have helped grow internet penetration.

Africa still has potential for growth which can only be realised if citizens utilise data beyond basic services as such as social media and storage; if policy makers provide regulatory frameworks to expand Internet access to under-served communities; if entrepreneurs continue to churn relevant products and services and if the ISP's continue improving Internet infrastructure.

40 million Number of internet users in Kenya according to data from the Communications Authority.

SGR Factsheet

1,200

Capacity of the passenger trains.

200m

Land reclaimed from the Indian Ocean for the tracks.

700

Amount that passengers pay for a trip between Nairobi and Mombasa for economy class and KShs3,000 for first class.

1.5%

Projected contribution to the economy.

98

Number of railway bridges across the course of the track.

472km

The full length of the railway track.

2009

Year when the plan to construct the SGR was put on paper by the Kibaki administration. In October of that year, the governments of Kenya and Uganda signed a memorandum of understanding to construct the SGR from Mombasa to Kampala.

327bn

Amount of money in Kenya shillings used to construct the SGR.

23

Number of railway crossing stations.

80km/h

Average speed for cargo trains using the line.

10%

Percentage of money that the Kenyan government contributed. China Exim Bank provided 90%.

40,000

Number of employees who worked on various aspects of laying down the track.

10 years

Number of years that the China Communications Construction Company, the mother company to China Road and Bridge Corporation (which constructed the railway) will run operations of the line. Kenya Railways will then take over the operations.

ENVIRONMENT

Hopping onto the plastics ban-wagon

Retailers, manufacturers, companies and the public are seeking alternatives

It's official. Kenyans will have to kick out their addiction to plastic bags following the ban that started on August 28, 2017.

And if safeguarding the environment is not motivation enough, the steep fine of KShs2 million prescribed for anyone seen in possession of these bags will deter people from using them.

Since the government announced the ban in February, retailers, manufacturers, companies and the public have been in a rush to seek alternative carry bags.

In July and August, shoppers at the Village Market in Nairobi were asked to bring their denim trousers, which would be remodeled into shopping bags as they waited. In 15 minutes, ragged, torn and old jeans were turned into trendy carry bags for free.

So popular was the 'Jeans in Bags Out' campaign that there were long queues at the food court where tailors from Kibera were at hand to do the needful.

In August, Garden City Mall launched a campaign dubbed 'Going Green' and asked shoppers to drop their plastic bags. By the end of the campaign, they hoped to collect 1,000kg of the bags in exchange for reusable bags worth KShs50.

These are some of the many initiatives that innovative Kenyans have undertaken to make people more aware of the plastic bag menace and the benefit of switching to reusable bags.

In June, Safaricom discarded the use of plastic bags in their shops and introduced eco-friendly bags. KCB Bank too has complied with the ban.

According to the UN body, some 100 million plastic bags are handed out every year in Kenya by supermarkets alone.

Kenya becomes the second country in Africa after Rwanda to impose a total ban on the carry bags. In Rwanda, enforcement of the ban was effected in 2008.

This is the third time in a decade the government is attempting to ban the use of plastic bags with two attempts in 2007 and 2011 failing.

Village Market is committed to the environment and its community, we are proud to be the first mall in Kenya to embrace the new policy.

2M

Amount of money in KShs Kenyans will pay in fine if found using banned plastic bags.

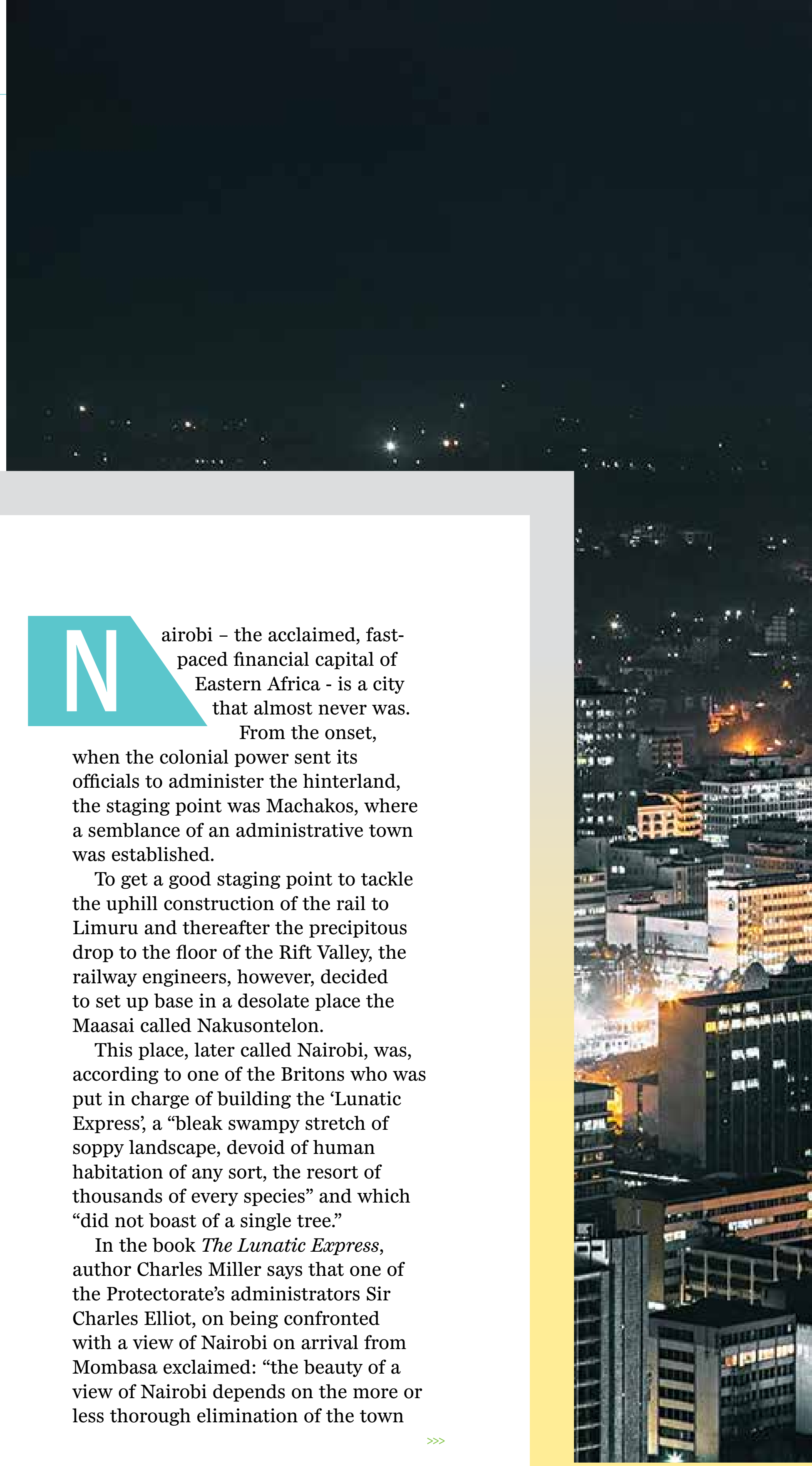
15

Number of minutes shoppers at the Village Market mall had to wait to have their old jeans turned into shopping bags.

Real Estate Special Report

Building the African dream

Real estate remains a booming opportunity for Africa-focused investors as the growth of Africa's cities creates a demand for increased volumes of high-quality commercial and residential properties



The making of a vibrant city

From the swampland that it was just over a century ago, Nairobi has become one of Africa's most vibrant cities, and will soon host the continent's tallest building

Nairobi – the acclaimed, fast-paced financial capital of Eastern Africa - is a city that almost never was.

From the onset, when the colonial power sent its officials to administer the hinterland, the staging point was Machakos, where a semblance of an administrative town was established.

To get a good staging point to tackle the uphill construction of the rail to Limuru and thereafter the precipitous drop to the floor of the Rift Valley, the railway engineers, however, decided to set up base in a desolate place the Maasai called Nakusontelon.

This place, later called Nairobi, was, according to one of the Britons who was put in charge of building the 'Lunatic Express', a "bleak swampy stretch of soppy landscape, devoid of human habitation of any sort, the resort of thousands of every species" and which "did not boast of a single tree."

In the book *The Lunatic Express*, author Charles Miller says that one of the Protectorate's administrators Sir Charles Elliot, on being confronted with a view of Nairobi on arrival from Mombasa exclaimed: "the beauty of a view of Nairobi depends on the more or less thorough elimination of the town

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Nairobi City by night. | PHOTO:SEBASTIAN WANZALLA from the landscape."

The bazaar, where a semblance of businesses were starting to take shape, had houses that were built "so close together that they neutralised the natural advantages of air and light, and then allowed the most disgusting filth to accumulate."

This was the beginning of a city that now teems with a multitude of people, a city that never sleeps and one of the most vibrant cities on the continent.

To hear Pulitzer-winning New York Times journalist Jeffrey Gettleman say it, "It's a palpably multicultural place, encapsulating what is happening in Africa better than any other city on the continent."

And yet, for all its swanky modernity, upscale malls, coffee shops with aroma that wafts onto the streets, and a vibrant professional crowd as you can find anywhere in the world, the city

Above left: Kipande House, once the tallest building in Nairobi. | PHOTO:TEK PRODUCTION SERVICES
Above centre: A view of The Hill from Nairobi's City Centre. | PHOTO:NAMUKS PHOTOGRAPHY

> Whatever happens in other parts of the world can happen in Africa as well. Nairobi is a hub for East and Central Africa. Why would we go anywhere else?

Top: Upperhill overlooking Nairobi's CBD. Above:Sunset over the Westlands skyline. | PHOTOS:SEBASTIAN WANZALLA

carries the exclusive distinction of being the only city in the world with a national park barely a few miles from the CBD.

"Picture new construction, a lot of people, intense traffic, and more and more Western businesses," writes Mr Gettleman. "Yet you can still feed giraffes and baby elephants from within the city limits and see Maasai warriors ordering lattes in red-checkered blankets."

Around the time the city was conceived, Indian architect Gurdit Singh built what was then Nairobi's tallest building, the one-storied Kipande House at the junction of Kenyatta Avenue and Loita Street back in 1913.

Packed with century-old history, Kipande House now houses a KCB Bank branch.

Today, what was an "uninviting patch of ground" from a century ago is ready to take the prize for hosting Africa's tallest building, The Pinnacle Towers, which will be 300 metres tall when completed.

"Whatever happens in other parts of the world can happen in Africa as well," says Abdinassir Hassan, chairman of Hass Petroleum and managing director of the Pinnacle Towers project in a CNN interview. "Nairobi is a hub for East and Central Africa. Why would we go anywhere else?"

Apart from the business hub, Nairobi's entertainment package reverberates through the night, keeping the city's energies going round the clock.

"Modern Nairobi is still the safari capital of the Africa, but the modern world has quickly caught up with the city. A frontier town no more, Nairobi has become one of Africa's largest, and most interesting cities.

Nairobi is a city that never seems to sleep. The entire town has a boundless energy, and is a thriving place where all of human life can be found," says Kenya Tourism Board Managing Director Dr. Betty Radier.

The vibrancy of the city, as

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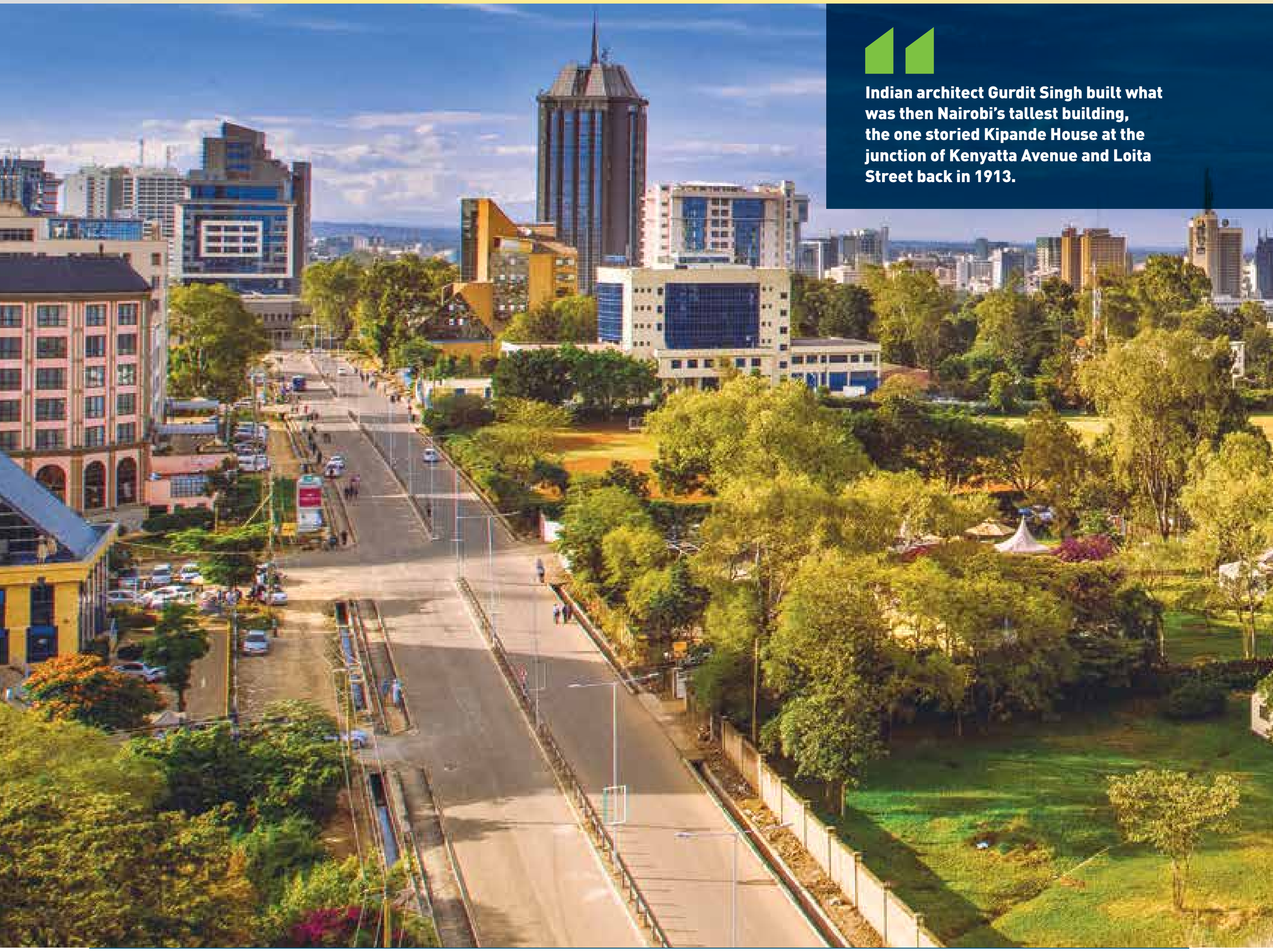
evidenced by swinging construction cranes visible from vantage points on the higher altitude side, Upper Hill, keeps going round the clock.

"The (construction) sector's performance has remained vibrant over time mainly supported by heavy infrastructural development especially the construction of the Standard Gauge Railway (SGR). The performance was also driven by increased credit to the sector by approximately 8 percent. The strong performance was further evidenced by 19.1 and 39.0 per cent increase in the quantities of imports of cement and steel products, respectively, in the period under review," says the Kenya National Bureau of Statistics Quarterly GDP Report released in September.



Indian architect Gurdit Singh built what was then Nairobi's tallest building, the one storied Kipande House at the junction of Kenyatta Avenue and Loita Street back in 1913.

Audit firm Deloitte estimates in an analysis that Nairobi will keep growing and there will be higher and higher demand for real estate.

"Nairobi is expected to experience "phenomenal" growth in the commercial real estate market as the entry of multinationals, growth of local enterprises and an expanded government increase demand for office space," the auditors say in a report, *Grounding Economic Growth.*

"The city of Nairobi is heading for extreme shortages in urban middle class housing. Similarly, the Economist Intelligence Unit N.A. Incorporation predicts that by 2030, Kenya will be a predominantly urban country with more than half of its population living in urban centres," says the report.

A panoramic view of Nairobi City from Upperhill. | PHOTO:SEBASTIAN WANZALLA

2019

Year when construction of the proposed Pinnacle Towers in Nairobi will end.

Westlands skyline gets new addition

Sanlam Kenya is set to establish its place in the Nairobi skyline with the ongoing construction of the Kshs2.7 billion eco-friendly 18-storey Sanlam Tower on Waiyaki Way.

Jointly designed by Triad Architects and Gapp Architects, the new building that features 140,000 square feet of office space will be home for Sanlam Kenya, which will be moving to the new location by the end of the year.

As part of the firm's business integration strategy, all its business lines will be relocating to Sanlam Towers which will also feature a state of the art client service centre which will provide solutions to Wealth Management, Life, General insurance products all under one roof.

"As part of our growth strategy, we are moving forward to integrate and unify all our businesses under one brand to afford our clients convenience in solutions and services," Sanlam Kenya Group CEO Mugo Kibati said. The firm will be relocating from the iconic Sanlam House in the city centre to the ultra-modern building."

Constructed by Seyani Brothers, with project management by Acorn Management, the Sanlam Tower spots a panoramic view of Nairobi city from the top floors and will enjoy generous natural lighting.

To guarantee its environmental sustainability, the complex has been fitted with a range of automated smart building amenities including occupation sensors to reduce electricity consumption for lighting and air conditioning systems among others.

Tenants at Sanlam Tower will also enjoy ample parking with more than 400 reserved bays on its basement and mezzanine levels.

Urban Africa's high expectations

Pressure of land is pushing developers across Africa to build ever taller skyscrapers

Africa's skyline has been undergoing a transformation with buildings sprouting up every other day.

Since the dawn of the new millennium, the continent has witnessed high rates of urbanisation. and it is estimated that half of Africa's people will live in cities or towns by 2030.

Kenya continues to witness this transformation especially in Nairobi. As the capital city gets bigger to accommodate people – it has also been getting taller, with Upper Hill being home to some of the tallest buildings in the country.

Upper Hill hosts Britam Towers, the second tallest building in Africa. The building, which is the regional headquarters of the British-American Investments Company, stands at about 200 metres tall and has 31 floors. Urban Designers and GAPP Architects designed the prism-shaped building. On the roof is a 196-foot mast featuring three wind turbines that generate electricity.

But the tallest building in Africa since 1973 is the Carlton Centre in South Africa. The building takes its name from one of its original tenants, the Carlton Hotel. The luxury hotel occupied 30 floors until it was closed down in 1998 following a period of economic decline.

This building stands at 223 metres and has 50 floors and a below ground shopping complex of about 180 shops. Located in downtown Johannesburg, the Carlton Centre provides a panoramic view of the country and was only 40 metres away from making it to the world's top 100 skyscrapers list.

But Carlton's reign is about to be over. In three years, Kenya may well host the tallest building in Africa, Pinnacle Towers, whose construction is ongoing. The KShs20 billion project is funded by Hass Petroleum and White Lotus.

The 300-metre tall building is expected to house 45 floors of the Hilton Hotel.

Pinnacle Towers will have the highest helipad in Africa at over 800 feet to enable easy access for those looking to avoid the city's traffic.

The building will place Kenya right next to cities such as Dubai which hosts the Burj Khalifa, the tallest building in the world at 800 metres and above the Eiffel Tower in Paris which is under 300 metres.

The Ponte City Apartments, located in Johannesburg, South Africa, is Africa's third tallest building. Standing tall at 568 feet, the building holds the distinction

Lull in property market looms

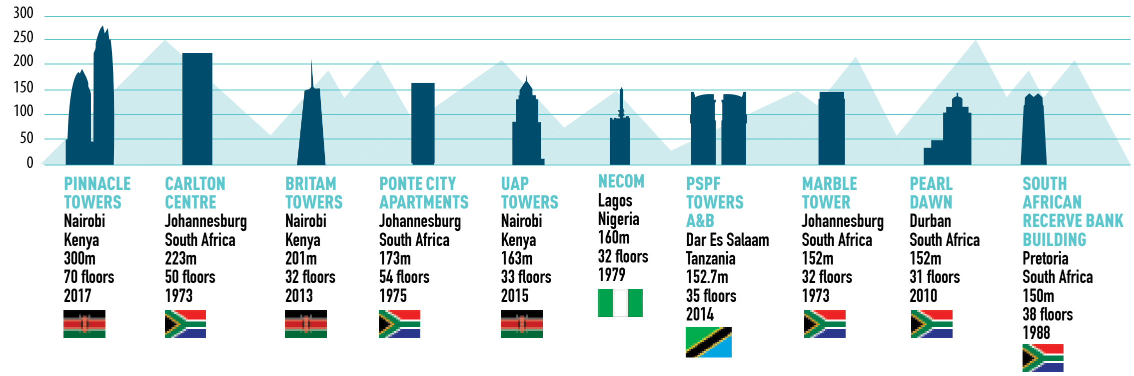
A slowdown in the Kenyan property market is likely to slow down through the rest of the year, especially on the commercial front.

Upper Hill continues to have the lowest occupancy rates among developments completed in the last two years, according to a report from the commercial property services, Broll. Slow pre-let uptake, an oversupply of space, and limited returns have resulted in the slowdown. Broll has also cited the slowdown on lack of offices built to international standards in the Kenyan market.

The retail market in Kenya has also faced challenges, with tenant demand being lower than the supply. The report says the local retail scene has also been restricted by a narrow tenant base that is unable to support the vacant spaces in the market. Additionally, tenant turnover is high with some retailers unwilling to commit to a space for as long as five years, especially at newly completed properties.

On the flip side, a wave of optimism remains in the sector with Cytonn investments recently announcing the

The Tallest Buildings in Africa



of being the first circular skyscraper in Africa. Most of its 54 floors house residential apartments.

The UAP Tower in Nairobi, is the fourth tallest building in Africa at 535 feet tall. Its 33 floors have 310,000 square feet of rentable office space. The building owner, UAP Old Mutual Holdings, financed its construction with $40 million in private equity.

NECOM House, in Lagos, Nigeria, is the fifth tallest building in Africa and the tallest building in West Africa. It stands at 520 feet in height and has 32 floors. It houses the headquarters of the Nigerian Telecommunications Limited. On the roof is a mammoth communication spire, which serves as a lighthouse navigational aid for the Lagos Harbor.

Other buildings in the top 10 list reflects the continent's diversity. They include the 210-metre minaret – the tallest in the world – at the Hassan II Mosque in Casablanca (Morocco), the 173-metre Bahia Centre in Oran (Algeria), and the 153-metre PSPF Commercial Twin Towers in Dar es Salaam (Tanzania).

Come 2020, Kenya's real estate profile will be upgraded as it joins countries making it to the top 100 skyscrapers list.

2019

Year when construction of Kenya's Pinnacle Towers will be completed.

Upcoming buildings in the region

Mzizima Commercial Tower	134 m (440 ft)	35	Tanzania	Under construction
Prism Tower	133 m (436 ft)	34	Kenya	Under construction
Mzizima Residential Tower	126 m (413 ft)	33	Tanzania	Under construction
Parliament Tower	125 m (410 ft)	26	Kenya	Under construction
Kingdom Kampala Centre	123 m (404 ft)	34	Uganda	Under construction
MNF Square Towers 2x	122 m (400 ft)	32	Tanzania	Under construction
Upperhill square	290 m (950 ft)	66	Kenya	Proposed
NSSF Convention Centre and Hotel	280 m (920 ft)	62–70	Kenya	Proposed
The One Nairobi	270 m (890 ft)	70	Kenya	Proposed
Hass Tower 2	201 m (659 ft)	40	Kenya	Approved
Hazina Trade Centre	180 m (590 ft)	39	Kenya	On Hold
AVIC International Africa	176 m (577 ft)	43	Kenya	Site Preparation
Kakakuona Tower	170 m (560 ft)	36	Tanzania	Proposed
Commercial Bank of Ethiopia Headquarters	165 m (541 ft)	42	Ethiopia	Proposed
Dar es Salaam City Center Promise Tower	165 m (541 ft)	35	Tanzania	Proposed
AVIC International (Hotel)	141 m (463 ft)	35	Kenya	Site Preparation
PPF Headquarters	134 m (440 ft)	35	Tanzania	Planned
Abyssinia Bank Tower	~120 m (390 ft)	34	Ethiopia	Proposed
Kampala Tower	~222 m (728 ft)	60	Uganda	Proposed
Movement House	~100 m (330 ft)	27	Uganda	Proposed
Kingdom Kampala	~100 m (330 ft)	34	Uganda	Proposed
Kampala Hilton Hotel	~100 m (330 ft)	26	Uganda	Proposed
NSSF Towers	~100 m (330 ft)	25	Uganda	Proposed
Mapeera House	~100 m (330 ft)	18	Uganda	Proposed

construction of the 30-floor Cytonn Towers, a Ksh20 billion triplex building in Kilimani, Nairobi which will consist of 174,139 square feet office and commercial space to let, 180 hotel rooms, 160 serviced apartments , three bedroom duplex apartments and penthouse suites as well as three basement parking floors for 1,500 cars.

Broll has noted in the report that investors are gradually taking a county based approach to "developing rental centres with the intention of tapping into the county based income" as well as the benefits of devolution.

Commercial real estate

Upper Hill: Kenya's new financial district is born

Financial services firms trooping to set up new headquarters in Upper Hill

> **Blue chip companies had to create their own comfortable space with better amenities and better possibilities."**
> Butali

Iconic buildings from the CBD to Upperhill. | PHOTO:SAMUEL THUITA

For the last decade, businesses have been moving South West to a more organised location that promises fresh air and most importantly is away from the hustle and bustle associated with a capital city that looks to have surrendered to chaos.

The streets that were once envied addresses in the city under the sun are no longer attractive.

"Blue chip companies had to create their own comfortable space with better amenities and better possibilities," Jamleck Butali, an architect with BnK Designs says. "Upper Hill area became the best bet for companies willing to risk it all by moving away from the country's central nervous system," he said.

As a result, Upper Hill has seen a boom in real estate. In its 2017 Nairobi City Report, real estate investment advisory firm JLL Africa said that decentralised nodes are gaining traction as demand for office space moves out of the heavily congested CBD to better quality accommodation in emerging business nodes such as Westlands, Upper Hill and Gigiri.

"Multinational companies such as Coca Cola, Standard Chartered Bank, GE and World Bank have all made their corporate addresses in these prime nodes, while older Grade B office space in the CBD is largely occupied by smaller local corporates," says the report.

Joining the exodus from the CBD are insurance firms such as Britam and UAP Holdings as

* Under construction

well as banks and investment arms such as Old Mutual, which was among the first companies to move to the area. KCB Bank has its new tower in Upper Hill. Cooperative Bank and Equity Bank also call Upper Hill home. Away from the financial institutions, foreign corps such as the Japanese Embassy, the British High Commission and the European Union have their offices in Upper Hill.

But the migration of financial services companies from the CBD is not unique to Kenya.

"Globally, many of such decentralised nodes eventually form the centre of financial power and become the de facto financial base of their economies," the JLL Investment report says.

For instance, New York's Financial District, known as FiDi, is located in the southern tip of the borough of Manhattan. FiDi comprises the offices and headquarters of many of the city's major financial institutions, including the New York Stock Exchange, the world's largest in terms of market capitalisation and the Federal Reserve Bank of New York.

Europe's strongest economy, Germany prides itself in the possibilities that the Bankenviertel District in Frankfurt represents. It designated an area in the city centre where many banks, insurance companies, and other financial institutions are located.

Upper Hill has not always been an assembly of well-planned well-spaced skyscrapers competing to kiss the sky. Two decades ago, the 700 acres that comprise Upper Hill that were previously owned by Kenya Railways, were dotted with old houses with stone grey walls and red earth roof tiles. A few of those houses remain, with the one near the Radisson Blu hotel housing the Chief Kadhi's office.

"In the 1990s and early 2000s, as land and office space became scarce and exorbitantly priced in the central business district, more businesses relocated to Upper Hill and Westlands, where land and office space were more readily available and less expensive," Butali says.

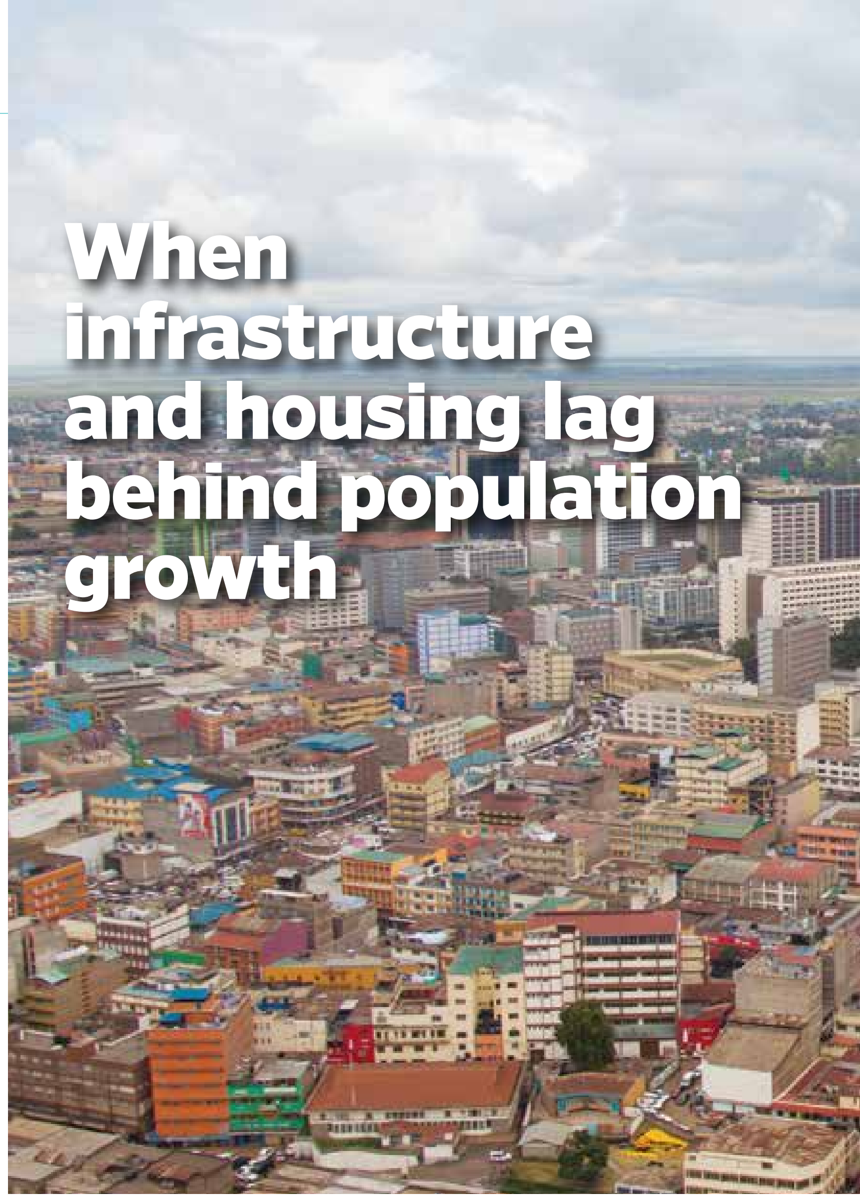
And so today, Upper Hill, which was a sleepy hill that groggily looked down towards the bustling CBD in awe and admiration, is reaching for the sky, and as it does so, Nairobi's CBD can only look up to Upper Hill, the small brother who became an over achiever.

700

Acres of land that Upper Hill,occupies.

"As land and office space became scarce and exorbitantly priced in the CBD, more businesses relocated to Upper Hill and Westlands.

When infrastructure and housing lag behind population growth



> "Significant progress has been made in meeting many development challenges. Within the past generation, hundreds of millions of people have emerged from extreme poverty."
> KIPPRA

70%

Percentage of the urban population that lives in slums and other informal settlements.

At the dawn of the 20th century, Kenya's population stood at 2.5 million people. That was according to an estimate by European Settlers in 1897.

The number rose to 5.4 million by 1948, according to the Kenya National Bureau of Statistics (KNBS). In that year, just before the Mau Mau uprising, Kenya had 17 urban centres with an aggregate population of 285,000.

An urban centre was officially defined as any compact and gazetted town with a population of 2000 inhabitants and above.

By 1962 though, the number of urban centres had doubled to 34 and the urban population increased to 747,000 people.

Projections of the size, composition and distribution of population are important for planning service delivery. Kenya's population currently stands at around 43 million and is projected by the United Nations Department of Economic and Social Affairs to reach 53 million by 2020.

"Seventy per cent of our urban population lives in slums and informal settlements characterised by inadequate basic and essential infrastructure, poor quality housing structures, over-crowding, insecurity of tenure, hazardous living environment and high level of poverty and social exclusion," the UN Habitat in Nairobi reports.

Supply of decent urban housing, especially for low-income households, has been constrained in Kenya's major urban areas. Official estimates from the Kenya National Bureau of Statistics place the annual urban housing shortage at 200,000 units, with the poor constituting over 70 per cent of the deprived households.

On the other hand, only 23 per cent of the annual shortage can be supplied formally, and only 20 per cent of this annual formal supply caters for low-income households forcing Kenya's urban poor to resort to informal housing.

So what does a country like Kenya do to ensure the centre holds in its major cities of Nairobi, Mombasa and Kisumu as well as a host of other rapidly growing towns in the face of rural-urban migration?

The challenges brought about by the near chronic shortage of housing present opportunity.

"Significant progress has been made in meeting many development challenges. Within the past generation, hundreds of millions of people have emerged from extreme poverty," reads a 2012 housing report by Kenya Institute for Public Policy Research and Analysis (KIPPRA), arguing that there is an increasing number of individuals currently able to afford a roof over

their heads, thus presenting an opportunity for developers, both private and public in the form of the national government or the newly created county governments.

"Through the Kenya Vision 2030 economic blueprint, there is implementation of slum upgrading in Kibera, construction of new housing units in Mavoko Municipality, as well as other indirect interventions to promote decent and adequate urban housing, such as formation of housing cooperatives," reads the KIPPRA report.

Prudent investment is key for those willing to plug the gap in the inadequate Kenyan housing scene. Real estate firm Hass Consult's most recent price index shows that house prices continued the upward cycle to record a 4.2 per cent growth on the quarter and 14.6 per cent increase over the year.

This represented the first double digit annual growth rate in the housing sector since 2011, a strong indicator that investors are responding to the surging demand.

The government says that one of the ways of plugging the deficit is by pursuing the affordable house route.

"Kenya is interested in affordable houses and is studying the cheapest models for implementation", President Uhuru Kenyatta said recently.

"Through the Kenya Vision 2030 economic blueprint, there is implementation of slum upgrading in Kibera, construction of new housing units in Mavoko Municipality, as well as other indirect interventions to promote decent and adequate urban housing, such as formation of housing cooperatives.

43M

Kenya's current population which is expected to rise to 53 million by 2020.

Sitting on marshland

Sections of Nairobi sit on swampy ground making it one of the cities where wetlands have been claimed for infrastructure

Before the concrete and tarmac took over, before the sky scrapers replaced the greenery and mist was replaced by smog, part of Nairobi was a marshland. In fact, a huge percentage of the city's prime real estate sits on wetlands and riparian areas.

Wetland ecosystems play a critical, yet underrated role in climate change adaptation. They are critical in flood mitigation, storm protection, prevention of salt intrusion and mitigation of erosion which significantly contribute to creating increased resilience against impact of climate change.

However, population explosion has led to the proper and legal reclamation of some wetlands.

From Asia to Scandinavia, progressive green engineering has created possibilities that has seen entire cities built on land reclaimed from swamps and marshland.

Apart from freeing up the land, such projects will also provide economic opportunities for the country in terms of job creation and the opening-up of commerce and trade.

> **We must ensure that whatever reclamation is done, it is done right. Not rushed to close the housing gap, but carefully done.**
>
> **2,700**
>
> **The area in square miles that has been reclaimed from the sea in the Netherlands.**

China is one of the countries that has invested in marshland reclamation. About 4,600 square miles of such spaces have been added to its land mass to date. The government has made this an important national objective since the party came to power in the late 1940s.

Figures indicate that about 65 percent of the tidal flats around China's Yellow Sea sit on reclaimed land. The Yangtze lowlands and many parts of Shanghai and Wuhan have also had their areas expanded through reclaimed lands. Most of the land in Macau, a special administrative region, has been sourced from reclaimed sea. The largest airport in the Gateway city of Hong Kong sits on reclaimed land.

The Netherlands has for centuries been famed for its relentless efforts towards reclaiming huge sections of the sea to expand its territories for infrastructural development as well as agriculture. The country has about 2,700 square miles of land that has been reclaimed.

The Gulf states too are famed for the reclamation of areas previously under the sea. For example, Bahrain has reclaimed 122 square miles of land along its picturesque coastline, greatly boosting its liveable space which originally stood at a mere 257 square miles.

Through reclamation, the country has increased its land area substantinably which allows space for infrastructure development.

Kenya too has not been left behind such as the reclamation of flood plains in Budalang'i and Yala Swamps to create additional farmlands.

But reclaimation is not as easy as it sounds. However, the benefits of supervised and scientific reclamation outweigh perceived risks.

There are several ways to reclaim land, the most common being 'infilling', which entails the filling up of an otherwise underwater area with rocks, cement, clay, and dirt.

Another method used especially when reclaiming land for agricultural use is by dredging and draining off the water.

But environmentalists warn that for reclamation to be a success, things must be done right from the onset.

"We must ensure that whatever reclamation is done is done right, not rushed to close the housing gap, but carefully done to ensure the environment remains protected," said Geoffrey Wahungu, the Director General of the National Environmental Management Authority.

A view of Eldoret town.

Counties turn into hunting grounds for investment

It is almost five years since the country embarked on the implementation of a devolved system of governance. Since then, the dispersal of power and resources from the centre Nairobi to the grassroots has been creating a quiet revolution. What appeared like a leap into the unknown in 2013 is quietly transforming many far flung areas and boosting business environment and economic activities there.

If you happen to drive in the rural areas, you are likely to witness the mushrooming of buildings, tarmacked roads or murramed access roads.

Thanks to devolution, an influx of government workers in the devolved units with rising disposable incomes has opened up opportunities for investments. The rise in population numbers creates the need for affordable residential, commercial and industrial buildings to meet emerging needs. As such, counties have turned into a breeding ground of opportunities, which provide a strong case for investing especially in the construction sector.

KCB Bank Director Mortgages, Sam Muturi says with the coming of the county governments, there has been a reversal of people moving from Nairobi to other counties.

"When people move, they require decent housing. We have seen a devolution of the real estate. There has been a growth in the real estate market," he says.

According to experts, investing in counties makes sense not only from an investment perspective but also from a business perspective. Rental and land prices in Nairobi and its environs has been skyrocketing making investments in the capital almost untenable. Improved roads in the counties has made these areas easier to operate from.

KCB Bank, which has a whole subsidiary dedicated to real estate development has seen a rise in demand for mortgage houses outside Nairobi.

"Five years ago, mortgage business was mainly confined to Nairobi, Mombasa, Nakuru, Kisumu and Eldoret. That was 98 per cent of the business. Today we are lending in over 160 branches of KCB Bank and these branches are spread everywhere. Nakuru is among the highest outside Nairobi now," says Muturi.

Right and below: Exterior and interior views of the Mojapod, a normal shipping container customised either into offices or homes fitted with a kitchen, bathroom and living room.

Rewriting the rules of home construction

Use of prefabricated technology, which is catching on in Kenya, cuts the cost and time of building and can provide a solution to the housing shortage

A wind of change is sweeping across the housing industry as builders continuously seek affordable but quality housing options.

This has given rise to prefabricated technology, whereby some materials used in construction are manufactured in a factory. Once the foundation is set, the pre-engineered framing system is put up. The foundation is built just like one would for a traditional brick and mortar house.

Isaac Kuria, an architect, says not only does prefabricated technology lower costs and wastage of materials, it also allows faster build time.

There are many players in the prefabricated market offering products that range from interlocking blocks, containers, fibre panels and expanded polystyrene (EPS) panels.

Two by Four is one such company, which converts a normal

500,000

The amount in Kenya shillings required to put up a container home. The amount goes up depending on the size and design of the structure.

New homeowners are looking for cheaper housing options and want to enjoy a hassle-free experience when building their dream homes.
- Moses Ndura, Co-Director,Containers Kenya

Far left and above: A completed KOTO housing project in Kericho.

shipping container into high quality structures called Mojapod.

Mojapod customises either 20 or 40 foot containers into offices or homes fitted with a kitchen, bathroom and living room.

The homes cost as low as KShs500,000 for the smallest unit with prices varying depending on sizes and modifications. According to the company, a one-bedroomed house can be modeled from a 40-foot container and cut 40 to 50 percent off normal construction costs.

"The structures have numerous benefits including speed and quality of build. We go one up by also building furniture to fit the desired space. The fact that the structure can be moved from one place to another seals the deal for most customers," says Kwekwe Kivutha, Director, Mojapod.

Containers Kenya is another player in this market.

"New homeowners are looking for cheaper housing options and want to enjoy a hassle-free experience when building their dream homes. We assist clients with the design and construction and interior design of the project within 14 to 30 days. That's why this is a very lucrative option," says Moses Ndura, a co-director at Containers Kenya.

The container houses are equipped with heat reflectors and a proper ventilation system to cater for weather changes.

They can be joined to create more space or stacked on top of each other to create larger structures.

The National Housing Corporation has been promoting the use of expanded polystyrene (EPS) panels in construction. EPS is made from polystyrene (the white material used in the packaging of electronic good).

Koto Housing is another company that uses EPS panels.

According to NHC, EPS can deliver stronger structures compared to conventional stone houses while slashing construction costs by up to 30 percent.

BUSINESS

Plug and pay office: Nairobi embraces shared office spaces

Young professionals, especially those who are starting out on their own, and even freelancers are giving rise to co-working and the best part, they say, is that it's cost effective

Starting a business is no doubt a liberating and exciting experience be it for a rookie or veteran entrepreneur. It's probably what most people dream of, being your own boss and having a fancy office.

But achieving this success is no mean feat. The starting off part is the hardest. Wangechi Wambui found this out when she set out to start her company providing digital data backup.

Getting a place to start off was not easy. Like most start-ups, her resources were limited and could thus not afford to rent an office in the city. "I was chatting with my friend who works in the US on Skype, telling her how hard it was getting office space and she mentioned co-shared spaces, which are popular there. So I went online and checked it out." The information she got was life changing.

Armed with her laptop, cup of coffee and ideas swirling in her head, she set off to rent space at a shared office, which came with a desk, power source, internet, printer, shelves and boardroom services. All she had to do was pay a monthly fee to access all these. But there was a catch. She had to share this space with total strangers.

"I started off Sync Pro at a shared office space on Ngong Road", says Wambui. "I was alone, with my laptop but two years down the line, I have three partners, and we all met at the place. I have grown my business from this office," she adds.

An interior view of the planned shared office space at KCB Towers in Upperhill.

> **I was alone, with my laptop but two years down the line, I have three partners, and we all met at this place.**

Wambui says she has saved close to 75 percent of the cash she would have used to rent an office, and has no reason to move out. "My business is mainly online, so I do not need to have a huge office," she says.

Wambui is not alone and is part of a growing number of young professionals, freelancers and tech startups who have embraced the co-working trend.

Jeremy Muiru, the proprietor of Sapphire Office Suites, which lets out space, says start-ups and millennials account for a huge chunk of their clients.

"We sign long-term contracts with owners of commercial spaces and convert them into tastefully designed, inspirational and productive work environments, which are sub-leased to individuals," says Muiru.

Eric Ohaga found success from working from a shared office. He was tempted to try out the idea after seeing the owners of *Ghafla*, an online publication, succeed.

"I wanted an office to run my deliveries business but I did not have money to rent an office. I didn't even have the cash to run my first online

KShs500 Daily cost of renting out space at some shared offices. At other places, the cost can go up to KShs2,000 per day.

test, so I booked a shared office at Nairobi Garage for a few hours and used the time to take my first orders and make calls."

"It took me a year or so before an investor put in some cash which helped me expand. I probably would have run into debt if I had started renting an office and buying office equipment," he adds.

He says M-Changa, an online fundraising platform was launched while he was there. But the success that became *Ghafla* is what really drove him there. "The owners literally built everything from there. They even got their initial funding through interactions with the people at the Nairobi Garage," he says.

The affordable rates offer small and medium sized companies a space to conduct business with limited overhead costs. This has helped Ohaga save more.

Erick Hershman probably started this explosion in March 2010 when he founded the IHub, which gave birth to companies like Zuku and Eneza Education, an e-learning startup that allows students to access revision lessons and questions on their mobile phone. It has also become a great way for entrepreneurs and startups to link up with mentors and other resources that would otherwise not be available in traditional workspaces.

7,000

The average monthly fee in Kenya shillings for a 'community desk' at IHub.

"The affordable rates offer small and medium sized companies a space to conduct business with limited overhead costs.

The Mariakani Standard Gauge Railway Station.

Opening up the hinterland

- The impact of the SGR is projected to be exponential lasting for decades to come.
- The benefits include construction and operations jobs as well as manufacturing and supply chain opportunities.
- The SGR has opened up previously remote places and expanded business opportunities.
- This will see such remote areas form economic ties with their more advanced counterparts which will ultimately boost the overall economy of the country.

"With the SGR, we expect that there will be centres that will come up around the stations. People can live outside the capital and come to work in Nairobi.

Planes, trains and automobiles: opening up of opportunities

Real estate attracts social services like moth follow light and the building of rail and road is birthing new opportunities

Kenyans on social media were recently treated to a humorous advert showcasing houses for sale in Syokimau. "Live Only Four Hours From the Beach" the advertisement called out.

It turned out to be a play on the launch of the Standard Gauge Railway – Kenya's largest infrastructure project whose first phase stretches from Miritini in Mombasa County to Syokimau in Nairobi. The actual distance is about 500 kilometres.

But the advertisers saw a great opportunity that massive infrastructure presented for their property in Mombasa.

The value of real estate is driven by several factors but there are two main ones; who your neighbour is and available infrastructure.

"This is a historic moment we are witnessing today because this project will transform the economy of this country and all Kenyans," President Uhuru Kenyatta said at the commissioning of Phase 1 of the KShs327 billion railway line in May this year.

The impact of the SGR is projected to be exponential lasting for decades to come. The benefits include construction and operations jobs as well as manufacturing and supply chain opportunities.

"The economic benefits of the standard gauge railway project will increase with its extension from Nairobi to Naivasha and eventually to

Kisumu and Malaba. A railway corridor of the type that the project will create, works as a system and its full potential can only be realised when all the components have been fully laid out, constructed and commissioned," Transport and Infrastructure Cabinet Secretary James Macharia wrote in the *Daily Nation*.

"While the Mombasa-Nairobi line is already up and running, with a scheduled passenger service being the first offering, the endgame of what is easily East Africa's most ambitious infrastructural project, is eventually a link to Kampala, Uganda and on to Kigali, under the East African Railway Master Plan," he wrote.

The SGR has opened up previously remote places and expanded business opportunities. This will see such remote areas form economic ties with their more advanced counterparts which will ultimately boost the overall economy of the country.

This phenomenon is evident from past infrastructure projects of much smaller magnitude that have played a key role in driving real estate development, the best example being the construction of the 50-kilometre Thika superhighway that saw a burst of investments out of Nairobi and into Kiambu County.

The construction of the eastern, southern and northern by-passes around the capital as well as the ongoing expansion of Ngong Road have opened up previously marginal suburbs into bustling residential and trading centres.

"Investors follow infrastructure development. There are many investors who are waiting for a good road, water, electricity, sanitation services and they go in and develop," says KCB Bank Director Mortgages, Sam Muturi.

"With the development of the SGR, we expect that there will be centres that will come up around the stations. People can live outside the capital and come to work in Nairobi. With changes in infrastructure, we expect demand to follow the development," he said.

Kenya Methodist University academics James M. Gatauwa and M. Murungi examined the effects of the construction of Thika Road in their academic paper on the *Effects of Infrastructure Development*.

"2010 to mid-2012 the travel time to Kiambu from Nairobi CBD was more than two hours during peak hours due to traffic jams and ongoing construction of the Thika super highway transport network on that route. After completion of the super highway, travel time was reduced to half an hour during peak time and 15 minutes off peak and subsequently a rapid increase in the real estate values of properties in the area," the academics wrote.

They say that the more dispersed infrastructure development is, the narrower the cost of real estate becomes between rural and urban real estate."The development of a transport network can lead to a reduction in property values especially if it leads to easier accessibility to the properties near the transport network," the academic paper says.


The Isiolo-Moyale Highway, a key section of the Lamu Port-South Sudan-Ethiopia (LAPSSET) Corridor Project.

STATISTICS

KCB Bank mortgages a treasure trove of information

- Before investing, an investor needs to understand such important factors as the trends, the general prices and the regulatory environment.

- Understand where there is oversupply and where there is demand. If you are an investor who wants to come in and develop houses for sale, you need to understand which area you are targeting and what type of real estate.

- The mistake that most investors make is that they go into projects without the benefits of market intelligence leading to slow uptake of their products and low returns on investment.

- To avoid this pitfall, KCB Bank Mortgages Division has different statistics for different investors and segments. These statistics have been collated over a period of 40 years. The bank has advisors across the country who are able to advise investors.

- "We tell you areas in this city and across the country – fueled by the establishment of county governments – where you will find tenants waiting for you to get the final touches done. This is crucial for any investor," says Mr Muturi.

Finding a sweet spot for your next investment

If you dream of building or buying a house, filling it up with tenants in the shortest time possible and have them pay a premium, then you need to be armed with the right information of where, when, how and why you should settle on certain locations

Latest market intelligence indicates that Nairobi is a leading real estate investment choice.

The 2017 Knight Frank Wealth Report indicates that Sub-Saharan Africa is experiencing a wave of modern mall development, on the back of the growth of the region's consumer markets.

The report identifies Nairobi as one of the significant markets in Sub-Saharan Africa after South Africa.

"At present, the largest shopping centre market in the area covered by this report is Nairobi, with nearly 400,000 square metres of shopping centre space," says the report.

"Within the cities that are already major focal points for retail activity, such as Nairobi and Lagos, selecting the right micro locations for development will become increasingly crucial to the success of new schemes."

But according to experts, an investor needs to answer the 5Ws and a H (When, Where, Who, What, Why and How) as accurately as possible in order to make good projections on quicker and better returns on investment.

"The key thing is to understand where there is oversupply and where there is demand. If you are an investor who wants to come in and develop houses for sale, you need to understand which area you are targeting and what type of real estate," says KCB Bank Director Mortgages, Sam Muturi.

"We have different statistics for different investors and segments. We have all these statistics because we have been in the market for 40 years. We have advisors across the country who are able to advise investors," says Mr Muturi.

The real estate expert says that often, investors go into projects without the benefit of market intelligence leading to slow uptake of their products and low returns on investment.

"The fact that you own property on a specific street or neighbourhood does not necessarily mean that it will be a success. There are pockets where you find oversupply."

"But we shall certainly tell you areas in this city and across the country – fueled by the establishment of county governments – where you will find tenants waiting for you to get the final touches done. This is crucial for any investor," says Mr Muturi.

The Knight Frank Wealth Report indicates that despite the high levels of construction activity in Nairobi, there are still opportunities for the development of well-located, well-positioned malls across Nairobi.

"Several neighbourhoods remain undersupplied and shopping centre space and retail demand will continue to be driven by the growth of Nairobi's consumer classes," it says.

Mr Muturi says that before investing, an investor needs to understand such important factors as the trends, the general prices and the regulatory environment.

"It is important for you to get the statistics in order to know where the demand is and where infrastructure is coming up. Before the Eastern bypass was put up, land there was very affordable. Now it is very expensive. It is good to know about infrastructure, landmarks, learning institutions, shopping malls," he says.

The KCB Property Centre at Kencom House.

Aside from the intimate knowledge of a city, there are also the macro factors identified in the 2017 Wealth Report which give key indicators to investors in commercial real estate.

The report says that the growth in ultra-wealthy populations in Africa (33%) and Latin America (37%) will also outpace that in Europe and North America.

"While the total Ultra High Net Worth Individuals (UHNWI) population in these African countries is starting from a relatively low base, wealth is expected to increase all the way up the chain, with 7,500 new millionaires set to be created over the next decade in Kenya alone," says the report, which indicates a promising future for investors.

STATISTICS

Rules for building construction

The collapse of buildings in Kenya has resulted in death, injury and loss of investments.

The worrying trend has raised questions on the quality of buildings and enforcement or lack thereof, of regulations.

In 2015, the National Construction Authority carried out an audit of buildings and found that 58% of buildings in Nairobi were unfit for habitation.

It is critical for investors to understand and follow the various regulations that must be applied when constructing a building. Here are some of them;

- **Building Application**

Section 4 of the Local Government Building Code provides that a person who intends to erect a building shall submit a written application to the council.

- **Registration of Construction Works**

All construction works, contracts or projects must be registered with the National Construction Authority. The application should be made in writing within 30 days from the date on which a tender for construction of works, contract or project is awarded to a contractor registered under the National Construction Authority Act.

- **The Energy (solar water heating) regulations 2012**

The regulations apply to residential premises, educational institutions, health institutions, laundries, hotels and restaurants. All premises within the jurisdiction of local authorities with hot water requirements of a capacity exceeding 100 litres per day shall install and use solar heating systems. The Regulations compel any electric power distributor or supplier against supplying electricity to premises where a solar water heating system has not been installed.

KCB towers over The Hill

Climate change and its negative effects has spurred interest in green buildings, which incorporate technologies that aim to cut energy use, water use and most importantly cut green house emissions

KCB Towers in Upper Hill, Nairobi.

The green KCB Towers

Different aspects were incoporated in construction of the KCB Towers in Upper Hil, Nairobi. One such aspect is the waffle floor systems which help regulate room temperature.

KCB Towers has large windows allowing natural light and ventilation and solar power backup.

Rainwater collection (and treatment) and a water recycling plant ensures low running costs for water and at the same time provides water for the gardens located on three floors.

Many companies are increasingly incorporating sustainability as a business practice.

Business managers are alive to the fact that for their businesses to grow, they have to take steps to reduce their environmental footprint in all their operations.

Now more than ever, companies are committed to sustainable use of resources and also to the manufacture of green products.

Other organisations are taking it a notch higher and have embraced sustainable construction, which is giving rise to green buildings.

A green building is one whose construction and operation assure the healthiest possible environment while representing the most efficient and least disruptive use of land, water, energy and resources.

According to the United Nations Environment Programme, more than 30 percent of global greenhouse gas emissions are buildings-related, and emissions could double by 2050 if we carry on business as usual. UNEP also estimates that buildings are responsible for a third of global energy use.

The UN body advocates low-energy, renewable and a rethink of solutions to reduce emissions.

The 2015 Conference of Parties (COP 21) formed the basis for developers to incorporate the use of environmentally friendly methods of construction. This can be seen in the latest structures being put up, where developers are making use of green building technologies.

UNEP's headquarters in Nairobi has been designed with the environment in mind.

Right from the entrance, the pathways are dotted with all manner of plants.

The building's rooftop is covered with more than 5,000 square metres of solar panels that provide enough energy for those who use the premises.

The building has a rainwater harvesting system that provides water for the gardens.

KCB Bank Kenya is also setting the pace for other corporates and is going beyond the pursuit of profits to reduce its impact on the environment and the planet.

The bank's Towers in Upper Hill, Nairobi has incorporated sustainable architecture that help save on water, cut energy

The carpot at the Garden City mall is fitted with multiple solar panels that help cut electricity costs. Below; UNEP's headquarters in Nairobi.

use and provide a conducive work environment.

To regulate temperature naturally, the building has concrete waffle floor systems which provide what is called adequate thermal mass which helps absorb heat during the day and gets cooled during the night.

The building has large windows to allow natural light and adequate ventilation.

The building has gardens on three floors, which helps bring a flash of greenery on the brick and mortar. Experts say such gardens also help to offset the building's footprint by filtering pollutants and carbon dioxide and aid in heat absorption.

The building also has a rainwater collection system and a water recycling plant to ensure efficient use and reuse of the resource.

The Garden City mall too is fitted with a range of energy saving solutions. The mall is fitted with about 3,300 solar panels that provide solar energy during the day meaning that less is used from the national grid. And when electricity goes off, the system reduces the consumption of costly diesel back-up generators.

The Strathmore Business School, which was awarded the Best Green Building Development in Africa by the African Real Estate and Housing Finance (AREHF) Academy Awards and the Pope Paul VI Learning Resource Centre at the Catholic University of East Africa have adopted green building technologies.

The United States International University - Africa has also fully implemented green structural design in its new building infrastructure.

The new administration block at the University of Nairobi and the ultra-modern library and students learning centres at the Kenyatta University are also walking the sustainable talk.

> For a building to be classified green, it should be designed to improve building efficiency by minimising energy and water consumption, reduce pollution and have waste water treatment measures.

KCB Group's green financing

KCB Group introduced green financing as a core element of the banking practices which was made possible through embedding the environment into financing decisions in the Social and Environment Management System (SEMS) framework for lending to Corporate Banking clients.

The bank achieved 100% integration of SEMS in the loan application and evaluation process by the end of December 2015 which is a definite positive improvement from 2014 when the integration process was only able to penetrate 50% of the application and evaluation process.

KCB Group has since commenced SME loans exposure of up to Kshs 100M (USD 1M).

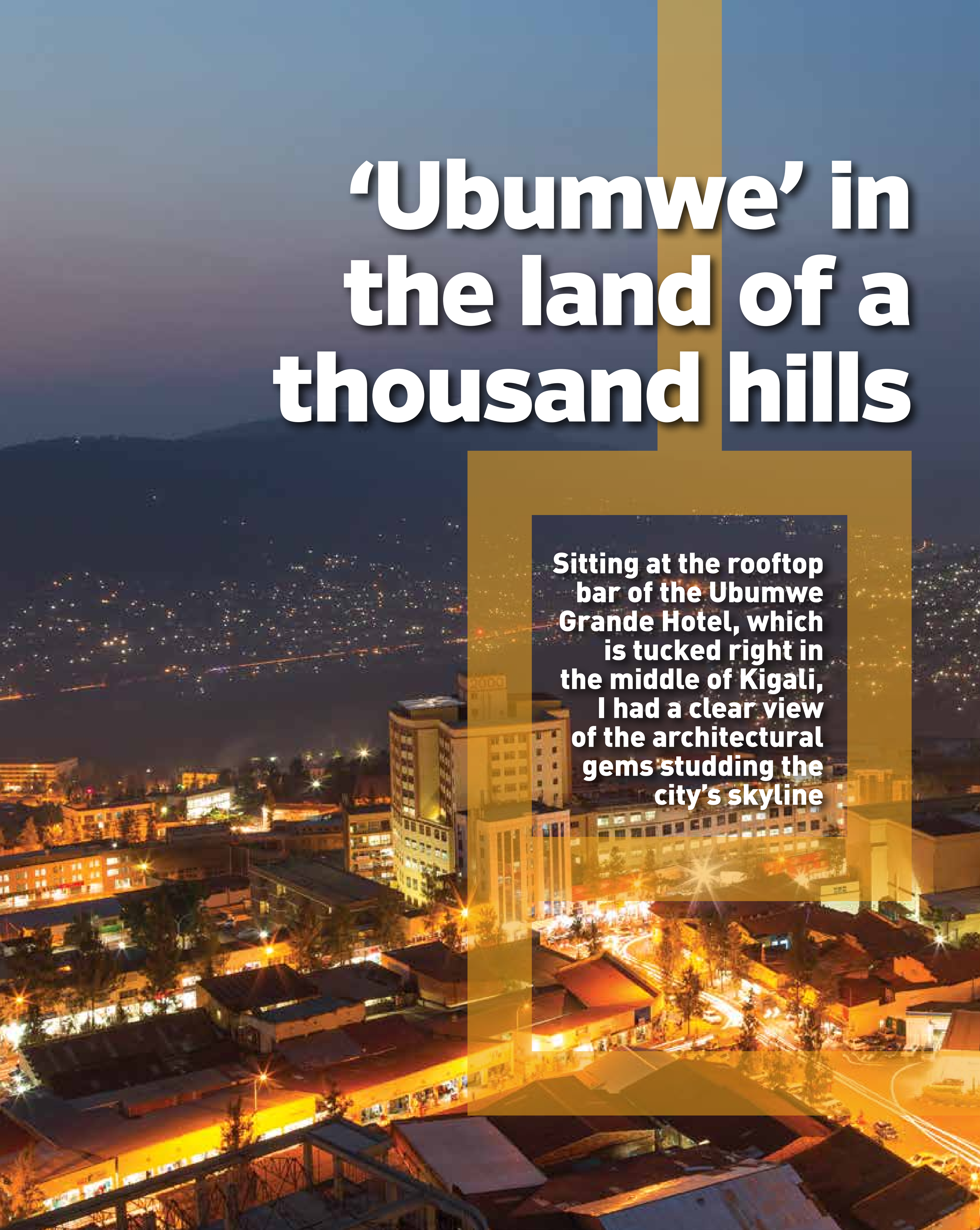
Last year, KCB Group screened Kshs 268 billion in loans for social and environmental risks as part of its tougher stance in managing climate change and commitment to green finance.

KShs268bn

Amount of money that the Group screened and gave out as loans for social and enviromental risks.

‘Ubumwe’ in the land of a thousand hills

Sitting at the rooftop bar of the Ubumwe Grande Hotel, which is tucked right in the middle of Kigali, I had a clear view of the architectural gems studding the city’s skyline



The sweeping beauty of the landscape is the first sign you've entered a new country. Rwanda, which is slowly reemerging from a tragic past, is synonymous with mountains and scenic landscapes, celebrated for its gorgeous national parks, historical and cultural attractions, the undulating beauty of the city is revealed to those craving a cultured palette.

Whether you fancy dipping your toes in Lake Kivu or immersing yourself in the experience of a lifetime with the Mountain Gorillas - the gentle giants of the Virunga Volcanoes - the sceneries are guaranteed to intoxicate you and tug at your heartstrings.

Its capital, Kigali, offers much more; from stunning architecture, museums, shopping, amazing restaurants and hotels, to elegant cuisine. Its friendly people are without doubt the icing on the cake.

You get an unfettered view of the city's skyline from the Ubumwe Grande Hotel. Sitting at the Rendezvous Bar and Grill, situated at the rooftop, I had full view of the city in all her splendor.

The hotel takes great pride in its name, Ubumwe, which means "unity" in Kinyarwanda – the official language.

"Initially, there were questions about the name Ubumwe. People wondered why we didn't go for a more modern or contemporary marketing savvy name but we went with our gut. It is a representation of an important component in the Rwandese set up, given the history of the genocide," says the hotel's General Manager Kenn Munyeki.

The hotel, which is managed by Acacia Properties Development Ltd, also pays homage to the country's national motto: *"Ubumwe, Umurimo, Gukunda Igihugu"* which means, "Unity, Work, Patriotism."

"Not only has the name been a great selling point but also if you ask anyone

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Night lights over the land of a thousand hills. | PHOTO:NAMUKS PHOTOGRAPHY

where Ubumwe is, they all know because it is synonymous with Kigali now," says Mr Munyeki.

This is true because Ubumwe Grand Hotel is the tallest building in the city with its closest competitor standing at only 12 floors. Its location, right in the middle of the city, is not only strategic but also adds to the growing list of hotels inspired by the fast growing tourism sector in Rwanda. With close proximity to the State House, government offices, banks and only a 20-minute's drive from the airport, the hotel boasts of a superior location.

"Our prime location has seen us host hundreds of business guests. We also offer accommodation to travelers on transit to the national parks," says Mr Munyeki of the hotel which opened in July 2016.

With 153 rooms, six conference rooms and retail space, the hotel can host up to 500 guests for business or leisure.

The government has been at the forefront of supporting foreign investments. The recent opening of three international hotel chains in one year - The Marriot, Radisson Blu and Park Inn by Radisson- is testament to this.

"Many multinationals are choosing to set up offices here to take advantage of the growing economy. There is incredible support from the government, which has enacted policies to attract and grow investments and tourism," he says.

2016

Year when the 153-room hotel was opened. It also has six conference rooms.

But entry of new players in the hotel business means owners have to think outside the box to attract clients.

"You must keep renewing. That is why Ubumwe, which is a four-star hotel, offers unparalled service in terms of conferencing, F&B and accommodation," says Mr Munyeki.

The hotel is also keen on employing a large number of local workforce.

"At Ubumwe, we believe in growing and giving back to the society. That is why we are currently at 97 percent local staffing," says Mr Munyeki.

"KCB Bank offered the best interest rates and we also considered that they had the financial muscle to support such a project. We have a great relationship with them as a banker and project financier."

- Kenn Munyeki, General Manager,Ubumwe Grande Hotel.

In terms of partnership,KCB Bank came in as a project partner for financing.

"KCB Bank Rwanda offered the best interest rates and we also considered that they had the financial muscle to support such a project. We have a great relationship with them as a banker and project financier."

"They gave us the opportunity to expand and it was an opportunity for KCB Bank Rwanda to demonstrate that it is keen on local investments," he says,

Like is synonymous with a growing economy, Kigali is a city that is undergoing a transformation. From the road snaking from Kigali International Airport to the city center, there are numerous buildings under construction, which points to a thriving construction industry.

"People love the city and they now call it the African light," Mr Munyeki says.

97

Percentage of local staff at the hotel.

Why we've been going strong for four decades

Stephen Gichohi developed his interest in real estate and road construction in 1979. Now joined by his daughter Wachuka, he tells of his latest project, Savuti

Nature is a great inspirer. A person who is attuned to nature, wrote the poets of yore, is attuned with the practice of living.

Down south in Botswana, sits Savuti, a Game Reserve tucked inside the Chobe National Park.

The park teems with popular wildlife amid flora and fauna that envelopes the touring traveler.

It is the enthralling charm of the Savuti that has inspired a real estate project by Blueline Properties, a Kenyan company. The Nairobi project goes by the same name.

Tucked away in picturesque Kitisuru, one of Nairobi's most sought after locations, this gated community sits on 7.5 acres and consists of five and six bedroom homes each on half an acre.

The homes are set among an abundance of large trees with footpaths throughout the estate.

Savuti offers the home buyer the choice of three designs.

Each house has a lounge with fireplace, dining room, family room, a spacious kitchen, scullery, study, en-suite bedrooms, master bedroom with a lounge, walk-in closet, a detached servants' quarter with two bedrooms, kitchen and bathroom and

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30

Number of years that Blueline Properties has had a relationship with KCB Bank.

>>> terraces that allow one to appreciate the stunning views.

Savuti is the handiwork of a team of father and daughter – Mr. Stephen Gichohi and Ms. Wachuka Gichohi. It's the latest feather in their cap.

The brains behind the four-decade old business, Mr. Gichohi, is a calm speaker and undoubtedly a nature lover thanks to the influence of his wife who is a conservationist.

He says he ventured into the construction industry in the 70s, initially roads, when things were much easier. It was a time when the Government was deliberately supporting indigenous contractors to grow, an opportunity that Mr. Gichohi readily took up.

To give an economic perspective of this period, he recalls that a brand new Peugeot 504 would cost in the range of KShs 70,000 while a house in Buruburu was close to KShs 90,000.

Blueline's first project, completed in 1980 brought in KShs98,000.

Over the next 15 years, the company undertook various projects, including road construction.

But the changing times dictated that they shift from road construction to the housing industry, says Mr. Gichohi.

The beginning of this journey was subtle and started off by constructing houses for rent and then later for sale.

The Gichohi's are now completing Savuti which had its fair share of challenges as is with projects of its magnitude.

It is the Tswana who say if you want to go fast, walk alone, but if you want to go far, walk with others.

It is with this in mind that Blueline partnered with KCB Bank for financing. Their relationship dates back 30 years.

"KCB Bank is different from other banks because they listen to your ideas, then sit down with you to customise solutions according to your needs; they help you come up with a way to sort out whatever challenge you have," said Mr. Gichohi.

This partnership saw the company receive a KShs200 million loan to cover part of the construction costs.

"Thanks to KCB Bank, we have managed to complete and hand over the project" said Ms. Gichohi, who is overseeing the Savuti project. And her father couldn't be prouder.

"In the last two years, I have been pushing work to Wachuka and I sometimes leave her in the deep end so that she can try and swim out. I am happy to say that she is doing very well," said Mr. Gichohi.

He says it took years to groom his daughter into the

1979

Year when Mr Gichohi ventured into construction business.

Wachuka Gichohi at the Savuti Homes construction site in Kitisuru.

"In the last two years, I have been pushing work to Wachuka and I sometimes leave her in the deep end so that she can actually try and swim out. I am happy to say that she is doing very well.
Mr Gichohi

hardworking and creative individual she is and is happy his hard work has paid off.

Other than finances, the other problem they had to overcome was the level of workmanship that even saw them terminate a contractor at the last stages of the project.

The site where the Savuti houses stand was very steep, which set them back a few steps as they had to redesign the houses to sit comfortably on the slope and introduce several reinforced concrete walls which increased the construction cost considerably as this was not in the original plan.

They say that market research has stirred them to put up houses for the growing middle class population who now have a high purchasing power. This is the next project expected to be built off Lower Kabete Road in Kiambu County.

Mr. Gichohi has prepared his daughter for the road ahead and has been mentoring her since high school; she worked for the company during school holidays which instilled business skills and a love for the real estate industry.

Today, Wachuka says she's up to the task of growing the company while honouring the dreams and fulfilling the ambitions of her father.

To make her mark, Wachuka hopes to embrace technology into future projects, to allow home owners to enjoy the dynamic advantages of the Internet of Things (IoT).

"Coming from the tech-generation, I have a different way of working due to my exposure to technology. Implementing the use of technology into the business will ensure things run more efficiently and will allow the company to handle larger projects and handle more than one project at a time, says Wachuka. "I am excited about the future of our projects and our company."

200m

Amount of money in KShs that Blue Line construction received from KCB Bank.

Norwich Union: Gracing the Nairobi skyline since the 1990's

The company, which owns properties in Nairobi's CBD, has weathered downturns ranging from financial shortfalls to market saturation and is still going strong

Norwich Union, which sits right opposite Hilton Hotel in the CBD, is owned by a group of friends. Like any other *chama*, the group used to meet regularly and contribute money. The group started small but later opened the doors for other members. As the *chama* grew, so did their contributions.

In 1996, the members, who were about 30 in number, decided to formalize their *chama*. This gave birth to the Critical Mass Group Limited (CMG) Limited which later changed to Norwich Union Property Limited. Their big break came in 1999 when they purchased the eight-storey Norwich Union house.

"We got into real estate when it wasn't as popular as it is right now. Back then, we focused on buying existing property, renovating it and then rent it out," says the General Manager of Norwich Union Property Limited, Michael Maina, adding that the company has since ventured into developing their own properties.

"Our focus was mainly in creating cash flow. But after witnessing the growth of the property sector, we progressed into development," Mr Maina says in an interview.

The company has several properties in the city such as Southern House, Lyric House in the CBD, Libra House along Mombasa Road and Ratna apartments in Lavington. They are currently developing houses in Athi River.

But what has been the secret to their success?

"Before investing, we go through a thorough investment analysis. Every investment needs to make sense for our investors and show potential for returns and growth," said Mr Maina of the company that now has close to 150 members.

According to the GM, there is low supply of residential and commercial properties and which, for them, means growth opportunities.

"The growth is supported by a real demand which is why talk of there being a bubble in the market is untrue."

But it has not always been smooth sailing for the company. Their rough patch came in 2010 at a time the company was trying to expand.

But they were not the only ones facing challenges; it was a trying time for the construction sector. The US housing-market crash triggered a financial crisis globally and the effects reverberated far and wide.

"I remember everyone started running away from the real estate industry especially the banks. None of them wanted to finance real estate projects," recalls Mr Maina.

"We had sold some property but we were still short of KShs500 million. This was a large amount that we needed to increase our asset portfolio," he recalls.

"Fortunately, KCB Bank came through for us. And throughout the years, they have been ready to support us because they understand our business and our needs. Because of this great

"KCB Bank came through for us. Throughout the years they are always ready to support us because they understand our business and our needs."
Michael Maina,
GM Norwich Union Property Ltd

30

Initial number of members. The company now has close to 150 members.

Left: Norwich Union House. Below: Ratna apartments in Lavington.

Every investment needs to make sense for our investors and show potential for returns and growth." Mr Maina

partnership, seven years later, our company value stands at KShs2.5 billion," says Mr Maina

Like any other company, Norwich has faced serious competition from other players in the industry.

"Everyone now knows there's a good thing in real estate and wants to get into the market. This has resulted in overcrowding. We started with a return of 12 percent but this has slowly been going down."

The investor says that the biggest challenge for property developers is timing, planning and availability of cash.

But Mr Maina says patience is crucial for real investors to succeed. "It pays off," he says. And this has enabled the company to continue thriving. "Liquidity is also a great advantage. Because if you have the money you are able to demand a lot of things and KCB Bank affords us that liquidity."

For many years property prices in Nairobi and cities just outside it have been soaring. This has seen a rush to invest in property.

According to a 2017 Knight Frank Report, the growth of Africa's cities, combined with stable economic growth, is expected to create demand for both quality and greater volumes of commercial and residential real estate over the long term.

The company plans to introduce REIT-Real Estate Investment Trust. REITs give the public a chance to invest in the company the same way they invest in other companies by buying shares.

"Through REIT, it means that you actually own a small piece of a big pie. When you have shares with Norwich Union it means you own a portion of every property that we have," says Mr Maina.

Maina hopes to steer the company into even greater heights "In five years, we plan to become a 6-billion-shilling company but most importantly we hope to continue giving value to our clients."

Left -Right: Libra House along Mombasa and a housing project in Athi River.

We're giving good old Kinoo a whole new look

The town, which is bisected by the Nairobi-Nakuru highway, is popular with the working class of Nairobi. It is here that a husband and wife team decided to put up their pet project

Michael and Winfred Warui talk with the confidence of two generals with a secret army ready to be deployed when the enemy thinks the war has been won.

The couple is behind a project that they hope will change the Kinoo skyline forever.

The town, which enjoys proximity to the capital city and relatively low house rent, is where a significant number of people who work in Nairobi retire to every evening.

But this was not always so. A few years ago, Kinoo was a busy market centre. But it slowly witnessed a construction explosion transforming it into a modern 'village'.

It is in this town that the Warui's decided to put up their modern housing project.

Liza Heights, which has 61 units, is only a 10-minute drive from Westlands and 15 minutes from The Hub in Karen. They are happy with the progress so far.

"We broke ground on the 4th of January 2016, and more than 95% of the project has been completed. Liza Heights is a very sound investment opportunity that promises to offer a lot to our prospective clients," Michael says.

For him, nothing could be more exciting than getting into real estate with his wife.

"Winnie and I are excited to be executing what we believe presents a great medium to long term investment opportunity given the growth of Nairobi and need for quality yet affordable residential spaces," he says. Phase 1 of the project entered its 88th week with full completion expected in September.

Overall, Storehouse Holdings Company Limited, which they own, is constructing 31 two-bedroom units and 30 three-bedroom units. Off plan prices are KShs10.15 million and KShs9.75 million respectively.

And the company believes that their development is a solid bet.

"We are building to a specification that is higher than the surrounding real estate developments. The national government will be expanding Naivasha Road (A8) to a 6-lane highway and market prices for property along this road are rapidly appreciating," Winnie says.

She says that towards the end of 2018, their company hopes to construct a shopping/office complex on a plot situated less than 200 metres from Liza Heights that will result in significant appreciation of the apartments.

Many real estate developments in and around the city have no control over their surroundings. An excellent collection of apartment blocks might be surrounded by uncontrolled developments of shacks, garages or unplanned

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"More than 90% of the project has been completed. Liza Heights is a very sound investment opportunity that promises to offer a lot to our prospective clients."
Winfred

2016

Year when they broke ground for the Liza Heights project in Kinoo.

Sh9m

Average price of their apartments which consist of 31 two-bedroom units and 30 three-bedroom units.

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shops. But not Liza heights.

"The family owns additional land around Liza Heights that will also be developed to high standards over the next five to seven years resulting in even greater value," says Michael, who is also a minister of the gospel.

The couple, who met through a mutual friend and have three children were perfectly matched to delve into the business of real estate. Winfred is a lawyer who after years of conveyancing and helping clients unlock the value of their properties took to the family business like a fish to water.

Michael, a Wharton School graduate has a background in real estate management and entrepreneurship.

"We decided to combine our skillsets and try our hands in property development," Michael says. "And we do not regret that decision."

Real estate firm Hass Consult property price indices for the first quarter of 2017, showed a static performance in asking prices despite strong buying interest in the quarter.

> **KCB Bank came through for us and provided the financing we need. Apart from the money we have accessed, they have given us exceptional service. We will never forget the gesture from one of KCB Bank's officers who consistently worked to meet the end of the bank's bargain although she had just lost her father. We will never forget that."** - Michael

"Interest in the property market is being sustained by investors looking for attractive rental and capital growth prospects often achieved in the apartment segment of Kenya's real estate market," reads the company's report.

According to the report, this sustained interest produced a 0.4 per cent rise in asking prices over the quarter even as other segments witnessed minor price falls. Asking prices for detached houses dropped by 0. 2 per cent in the quarter while semi-detached houses recorded a 0.4 per cent drop as this segment is dominated by buyers who purchase the properties to live in and as of now are postponing buying decisions as the general elections approach.

"The property market is currently being held by the investor buyer, looking for safe but strong returns over competing asset classes such as stocks and Treasury bills which have been on a bear run over the same period," the report quotes Sakina Hassanali, Head of Development Consulting and Research at the company.

The total returns on apartments average 11.7 per cent compared with a return of 8.78 per cent on 91-day Treasury Bills and a negative 2.92 per return at the Nairobi Securities Exchange (NSE). The return on let apartments is still superior to competing asset classes despite the quarters 3.3 per cent drop in asking rents on apartments.

Home owners in the adjacent Fahari Gardens, who bought their units off plan, have already experienced a KShs2 million appreciation in their property values. Fahari Gardens was the first real estate development in the area. It is owned by an aunt and uncle to the couple.

Michael Warui of Storehouse Holdings Company Limited at the Liza Heights construction site in Kinoo.

The Waruis are a close-knit family. In fact, Liza Heights was named after Michael's grandmother. And for the two, family remains at the centre of what they want Liza Heights to represent.

"We want to create a space that will make you feel like you are home. You open the door, feel the warmth and never want to go out," Winfred says.

In a few weeks Liza Heights will be ready for occupation. The grassed playing areas, the well spaced and cabro surfaced parking spots, the motion sensors put around the ground floor units, the intercom system in every house connected to the main gate, plus a Japanese built Johkasou water treatment unit all mask the initial hiccups they faced.

The biggest was access to financing.

Michael says it took close to a year to get funding. They say they approached about seven financial institutions but to no avail.

"We broke ground for the project in January 2016 and financing was approved in October," Michael says.

In those ten odd months, bank after bank turned them down. It was a tough time for these developers to be in the market for financing a large project. However, when good fortune struck and KCB Bank came through it coincided with the capping of bank interest rates that gave even greater meaning to the maxim that patience is a virtue.

"KCB Bank came through for us and provided the financing we needed," Michael says.

"Apart from the money, they have given us exceptional service. They have helped us market the apartments and been responsive to our customer's needs for mortgage financing. We will never forget the gesture from one of KCB Bank's officers who consistently worked to meet the end of the bank's bargain although she had just lost her father. We will never forget her commitment beyond her call to duty.."

They are grateful that the loan from KCB Bank enabled them achieve their dreams and hope that the bank will partner with them in Phase 2 of the project as well as future ventures in their real estate development pipeline.

11.7%

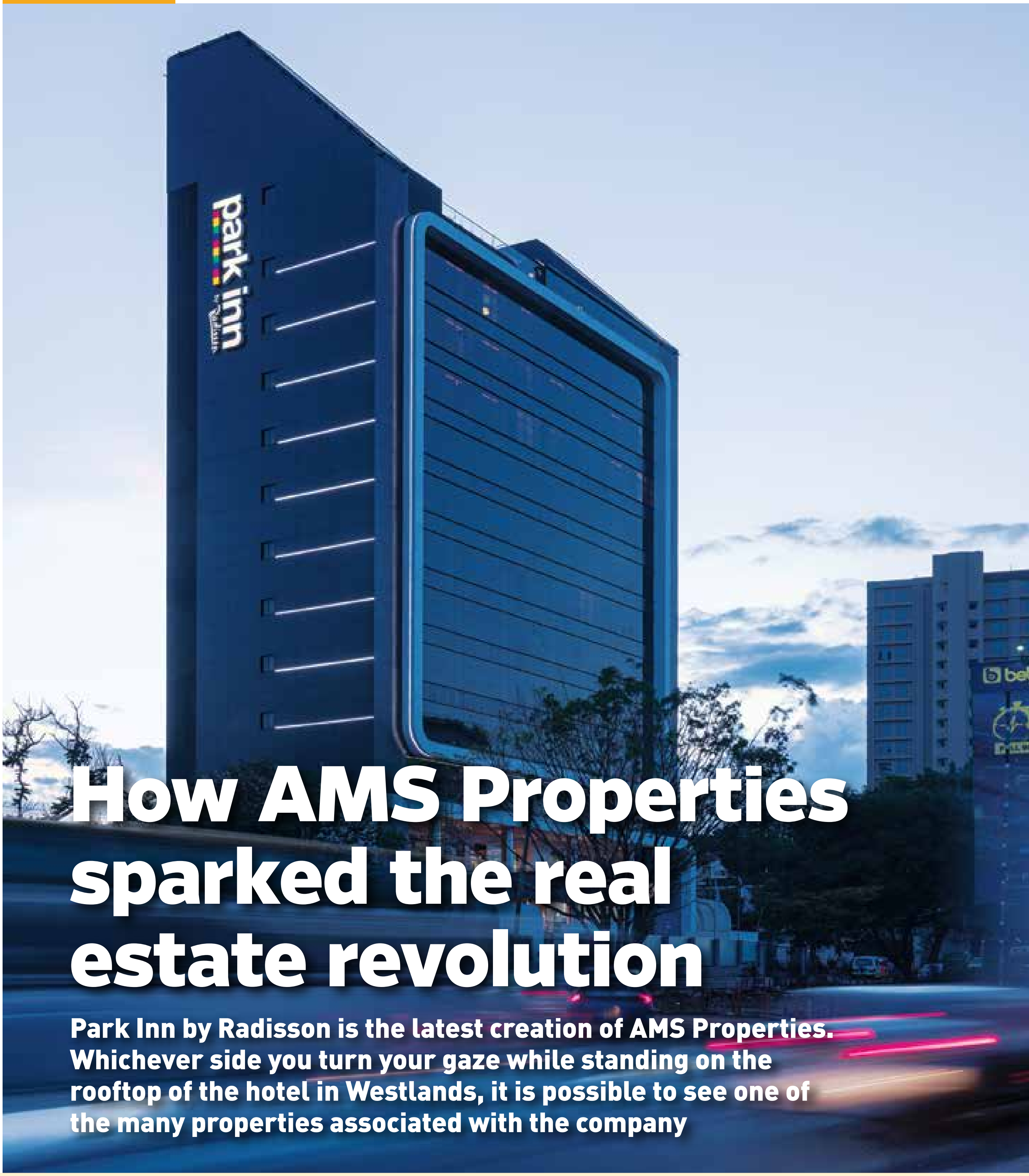
Total returns on apartments according to Hass Consult. 91-day T-Bills have a 8.78 percent return.

10

Number of months last year the couple looked for financing.

2018

Projected completion year for the Liza Heights property.



How AMS Properties sparked the real estate revolution

Park Inn by Radisson is the latest creation of AMS Properties. Whichever side you turn your gaze while standing on the rooftop of the hotel in Westlands, it is possible to see one of the many properties associated with the company

Sitting on the top floor of the spanking new Park Inn by Radisson Hotel in the heart of Westlands, one gets an almost panoramic view of the city of Nairobi.

You soak up the view of the fast developing Westlands suburb, with its skyscrapers and high end residential homes over the north westerly side.

On the other side, the view is that of the City Centre and Upper Hill, which is fast developing as the new business district, complete with some of the tallest buildings in Kenya.

Whichever side you turn your gaze to however, there is one constant: there is a property associated with AMS properties, the company that owns Park Inn by Radisson.

There is Fortis Office Park and Fortis Tower in Westlands; then there is One Riverside Drive and slightly off Waiyaki way, there is One General Mathenge on General Mathenge Drive, where the company has built million-dollar apartments that have redefined Kenya's luxury living. A good number of these apartments have already been booked and paid for and as the project is nearing completion. The firm had a planned open house event at the end of September.

Further afield, there are other residential, industrial and office blocks that the company developed and which are all iconic and architectural masterpieces.

The 140 room 4 Star hotel is the venue for Venture's interview with Ronal Samani, a Director of AMS Group. It is bustling with activity right from the reception, something that fills Samani with pride.

"We have come a long way from that first project we did in South C," he says, referring to the plunge the company took in the mid 90s in building 300 maisonettes near Nairobi's Wilson Airport.

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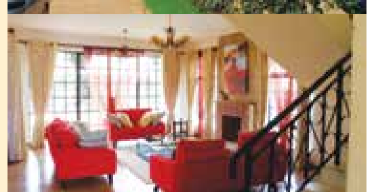
Above:Fortis Suites in Upperhill.
Below: Five Star Meadows, Kiambu Road.

> **KCB Bank has helped us grow exponentially. They have actually financed majority of our projects, including Park Inn. When we face challenges in business, they will come discuss with us.**

140

Number of rooms at the Park Inn by Radisson in Westlands.



The inside view of one of the One General Mathenge apartments.

"The country was going through some economic challenges, with interest rates at an all-time high making it difficult for buyers to fulfil their obligations. But we succeeded because it was a unique development with high end finishes and we were able to accommodate certain buyers who were hard hit by the interest rate spike," says Samani.

Since then, it has been a journey of one project after another, all unique in their architectural footprint but bound together by the quality of workmanship and finishes that has set a benchmark for the rest of the industry.

"To date, we have added over 8 million square feet of real estate into the market, with larger developments still in the pipeline," says Samani.

2016

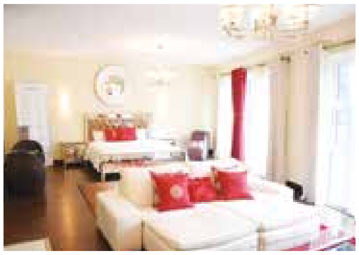
Year when Park Inn by Radisson was recognised as the 'Best new hotel in Africa'.

But it is the Park Inn by Radisson that Samani is most proud of. It is, says Samani, in the perfect location and serves a market that had remained under served for a long time. Since the hotel opened in April, it has enjoyed a steady improvement in bookings, and clients who have stayed there have given it exceptional ratings.

"We do careful feasibility studies before we venture into any business. For Park Inn by Radisson, we spent time and resources identifying the right location. Getting the right partner in the Rezidor group also helped the hotel take off quite quickly".

One General Mathenge is another project that the Samani family is proud of. It is opulence redefined. Designed by one of New York's master architects, Albert Angel, the development comprises 43 units on a three-acre prime piece of land.

The largest unit is a five




Interior and exterior views of the One General Mathenge apartments.

Projects by AMS Properties

> **We have added eight million square feet of real estate in the market.**

200m

Amount of money in USD they plan to invest in a mixed development project in Upper Hill.

bedroomed duplex penthouse that comes with 2 DSQs and stretches over 8,900 square feet. It also comes with a private lift lobby as standard and parking for four cars. Samani refers to them as "ultra-luxury apartments" which is clearly reflected in the one million dollar price tag.

AMS was founded in the mid 90's, at a time when many more Kenyans had just started realizing that they could buy their own home despite the crazy interest rate regime that reigned at the time. At one time, interest rates shot past the 80 percent mark, but the company's first major project – Five Star Estate in South C area – was fully absorbed by Kenyans hungry for planned developments.

That is the time that the company built a name for itself as a trustworthy partner. For customers who were having some challenges completing their purchases, they were refunded all their deposits without forfeiting a penny.

"This created a lot of loyalty and goodwill forming the basis for our future success. It has been a good journey," says Samani.

In the works is a USD200 million mixed development project in Upper Hill; a luxurious 218 exquisite villa

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development on a spectacular 40-acre site on Kiambu Road, a new office park in Karen to cater for those who would rather have their offices in a less congested and serene neighbourhood and further afield in Kisumu, the first high end office suites and apartments overlooking Lake Victoria.

The property developers do not just take a dive into any development, but rather, careful analysis and feasibility is carried out before committing funds to any development.

Like any other industry, Samani says real estate has its myriad challenges, and it is affected by factors such as contractor turnaround time, cost overruns, interest rates, high prices for land and poor infrastructure among others. Consolidation is required in order to professionalise the industry.

"Over time, only professional developers will remain in the market while the average size of projects will probably increase going forward. There is a lot of potential in the market but we have to approach the market in a more professional way," says Samani.

Many developers, think

Ronal Samani, Director AMS Group.

We are focused on giving our customers world-class properties. The lower end of the market which is lagging behind in terms of new and affordable houses is now ripe for investment."
Samani

they can put up Grade A apartments or office blocks but this is not the case. It's all in the location, design and finishing. "We are focused on giving our customers world-class properties," says Samani. He adds that the lower end of the market which is lagging behind in terms of new and affordable houses is now ripe for investment.

"We need to start focusing on the low-income segment – the Ksh5 million to Ksh7 million range – which the government is doing a good thing in supporting by giving tax incentives," says Samani.

He adds that the success of AMS is anchored on the support the company has received over the years from KCB Bank.

"Our relationship started from our very first development. The relationship just bloomed from them. Their working ethos is without equal. I genuinely mean this but the way they work, it feels like a family," says Samani adding that the Bank has worked hand in hand with the developer for the quarter of a century that AMS has been in the real estate business.

"It really means something. It's about getting things done and KCB Bank has excelled in this. The bank has helped us grow exponentially. They have actually financed majority of our projects, including Park Inn by Radisson. When we face challenges in business, they will come discuss with us about the next steps that we ought to take."

"When they approve a project, they do it as a partner who is ready to walk with us, not just a financier. We are truly grateful to the team at KCB Bank for what they have done for us," says Samani.

AMS' work has been globally recognized, with the International Property Awards going to some of the company's projects. For instance, in 2015-2016, Park Inn by Radisson was recognized as the "Best new hotel development in the whole of Africa" while One General Mathenge won the Regional Award for Africa for Best Apartment, Kenya in the 2017-2018 Africa & Arabia Property Awards.

Lording it over the Lake

Forty-four year old Cornel Osano has put up a 124-room hotel in Kisumu. The project represents emergence of a city that has for too long lagged behind other towns in construction

Cornel Osano has bought a bag of cement every day for the past 21 years of his life. It is not an obsession or a compulsion. It is simply because he is in the business of buying, demolishing and building things. Things that later flourish into profitable hotels in the lakeside resort city of Kisumu.

"It takes hard work," he says. "And some brains."

The 44-year-old did not set out in life fixated on the path that has led him to where he is now. For him, being a hotel mogul came to him by chance.

His latest creation, the Grand Royal Swiss Hotel, sits majestically at the apex of one of the numerous Riat Hills, some 8 kilometres North-West of Kisumu's central business district.

In another world, the 124-room hotel, with its white washed walls and chromium poles, would stand out like a sore thumb from the plush green background of farms all around it. Instead, it sits majestically. Unobtrusive.

"We boast of the biggest room capacity and the best conference facilities in Western Kenya," Osano says. "And we are proud of it particularly because it is all locally owned."

Three different restaurants. A spa. A gym. A VIP lounge. A 2,000 sitting capacity conference area, a near Olympic sized swimming pool. All these might seem normal for a hotel in any other part of the world, but for Kisumu, a city from which investors shied away from for years especially after the 2007 post-election violence, it represents the emergence of a town that had for too long been forced to sit in the shadows of somewhat peaceful but underachieving siblings.

"And for me it also represents the fact that we, as Kisumu residents, can stand proud and tell the world that whatever they can do, we can do too," he says as he goes back to the funny story of how he found himself owning a hotel chain made up of five hotels all under the Royal City Group of Hotels brand name.

"It is funny how I got into this," says the slim, 6 foot Osano. His clean-shaven face takes years off his narrow face. His well-kept physique takes another couple of years off. He would easily pass for a 35-year-old. But the wisdom from his counsel betrays his actual years.

When he was 19 years, he accompanied his friend to the offices of a once powerful politician from Western Kenya. They arrived well before their appointed time because when a big man summons you to an early morning appointment, you hardly get a wink the night before.

“We boast of the biggest room capacity and the best conference facilities in Western Kenya. For me it represents the fact that we, as Kisumu residents, can stand proud and tell the world that whatever they can do, we can do too. - Osano

124 **Number of rooms at the Grand Royal Swiss Hotel in Kisumu.**

As they waited, he overheard a conversation. A contractor was taking the old man for a ride.

“From the conversation, I knew that the old man was not getting value for his money. The contractor who was managing the old man’s properties was giving him hell. I could tell there were a lot of things he was keeping from the house owner,” he says. And that was his Damascus moment.

“I imagined how far I could go if I were to get into the real estate management business and thrive on honesty,” he says. And that is what he did.

A few months later, after

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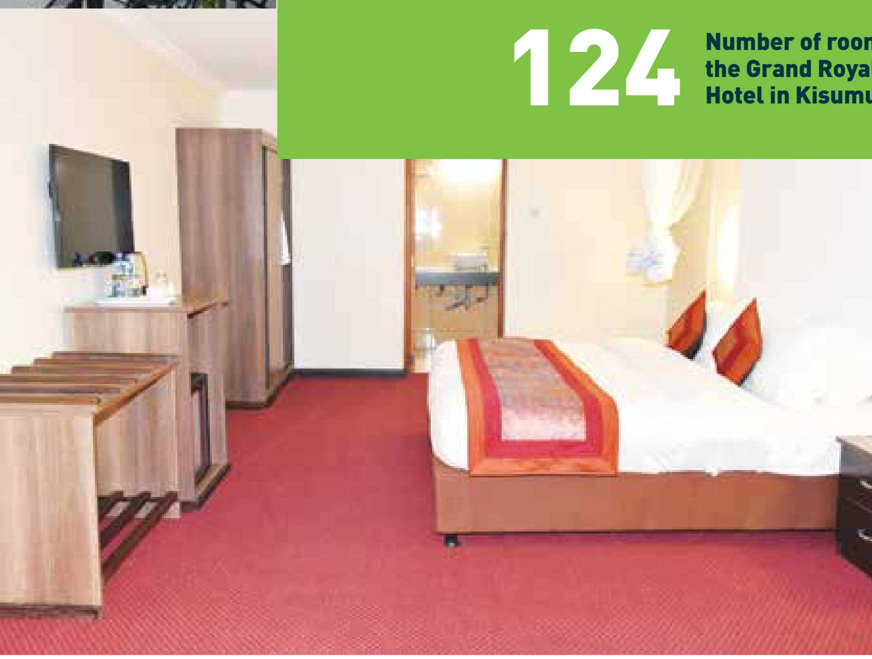


Exterior and interior views of the Grand Royal Swiss Hotel in Kisumu.

Royal City Group of Hotels Director, Cornel Osano.

doing some freelance work, the Kenya Polytechnic trained architect had some KShs25,000 coming his way. But he realised he could make much more from one of his client's.

"I told him I would let him keep his money in exchange for a tiny corner of his office. Luckily, he agreed," Osano says.

A month later, he had got his first property to manage. Word of mouth went around and before the year was over he had close to a dozen properties under his name.

"In a few years, I had an office of my own with my own employees," he says.

By the time he turned 22, he had become a landlord.

"That is when I bought my first property in Nairobi's Kayole Estate," he says.

That initial dallying in real estate got him hooked. Buying and selling property was like a drug to him. He couldn't stop and he loved it.

In 2010, an opportunity too good to resist presented itself to him. He heard from the grapevine that someone was selling an ideally located property in Kisumu for a price he could afford. He bought it. Today, one of his hotels stands there.

In a span of five years and through a series of loans from banks, he has managed to construct four hotels.

Although it takes hard work, tact and brains to get to where he is, financial muscle goes a long way in cutting through the hurdles that occasionally pop out of the ground like jumping jacks in the cut throat hospitality industry.

"As they (KCB Bank) became the largest bank in the region, so have we become the largest hotel in the region. In a way, we understand each other as our ambitions are aligned and they were ready to finance our projects when no one else wanted to. - Osano

"Very few banks can afford to give you financing of up to a billion shillings," he says.

And when KCB Bank came calling, I could not say no," he says.

"KCB Bank has walked with us from inception. They have been our main bankers and have lent us support any time we have needed it. They are our bankers, financiers and credit card provider," he says.

And for the Royal City Group of Hotels, of which Osano serves as Director, there could not be a better fit.

"As they became the largest bank in the region, so have we become the largest hotel in the region. In a way, we understand each other as our ambitions are aligned and they were ready to finance our projects when no one else wanted to," Osano says.

Apart from providing the financial backing to all their dreams, Osano says KCB Bank also provides them with overdraft facilities, crucial in the running and managing of hotels.

"Hotels are cash intensive businesses. You need the overdrafts to deal with everyday bills," he says.

His vision is not done yet. The group of hotels is currently negotiating for franchises with other international brands to expand into Kisumu, and Osano, the boy who grew up in Kano plains next to Ahero and went to school barefoot, believes he will achieve it all.

As he sits pensively on a bar stool at the main bar at the Grand Royal Swiss Hotel with nothing in front of him other than his two cell phones ringing constantly and a whole world to conquer, it is clear he will still be buying cement over the next 21 years of his life."We are not there yet," he says.

Eyes firmly set on his next project. A mixed development on 180 acres facing Lake Victoria.

AGRICULTURE

Turning youth into green entrepreneurs

Anthony, 14, is a happy teenager. He believes that he will one day be the best farmer in town.

His joys comes from knowing that a few years ago, he was living in the streets with no hope for the future. At the age of nine, he was part of a criminal gang that eventually saw him spend time at a government rehabilitation centre.

Faith, 14, is another teenager who is bent on turning her life around. She had a difficult childhood which saw her run away from home at the age of nine. She too was rescued from the streets and rehabilitated.

The two are among 367 beneficiaries who went through a three-month training in a new farming method referred to hydroponic farming. The training was facilitated by the Miramar International College (MIC) and the KCB Foundation.

Hydroponics is a unique method of growing plants that uses water and nutrients to grow crops through a sustainable method. Soil is not a requirement.

Although this technique relies primarily on water, it is efficient in managing the resource.

Jane Mwangi Executive Director, KCB Foundation, is happy with the role they are playing with equipping youth with income generating skills.

"We can transform the agricultural landscape of our country and return to a situation where it is the young and energetic who grow the food that sustains the elderly and feeble among us," says Ms Mwangi.

According to Moezz Mir, KCB Bank Director, Corporate Banking, hydroponic farming can help the country to be food reliant. Unlike conventional farming, this type of farming requires minimal amount of water and is hence suitable for arid and semi-arid areas, and also requires a small piece of land.

Faith and Anthony say hydroponic farming will help them in the future.

KCB Bank Director, Corporate Banking Moezz Mir, with KCB Foundation Executive Director Jane Mwangi being taken through the processes involved in hydroponic farming.

Hydroponic farming at the Miramar International College.

For Faith, she hopes to earn enough money to join college.

"The skill that I have learnt in the last three months will help me earn money and help my parents," says Anthony.

Mr Mir is happy that the bank is part of a life-changing programme that will transform the youngsters into agribusiness entrepreneurs.

"They enrolled in this programme not knowing what to expect, they grappled with exciting new concepts and ideas, they stayed up late at night studying and debating on what they had learnt, they worked with their hands, their minds and their hearts to master a modern miracle; the art of hydroponic production; how to grow crops without soil," says Mr Mir.

He says that if each of the 367 young entrepreneurs apply themselves fully to the practice of hydroponic production to grow vegetables, that would translate into a monthly income of KShs6.8 million.

"If they decide to grow tomatoes, the collective monthly income is estimated at KShs12.5 million. In other words, each of them has been positioned to earn between KShs18,000 and KShs34,000 every month," he said.

> **We can transform the agricultural landscape and return to a situation where it is the young and energetic who grow the food that sustains the elderly" - KCB Foundation Executive Director, Jane Mwangi.**

> **367**
> **Number of young entrepreneurs who underwent hydroponics training at the Miramar International College under the KCB Foundation 2Jiajiri programme.**

The revenue projections are calculated based on 12 metres by 20 metres sheds.

"Given our unreliable weather and the resultant food shortages and high cost of food, then we can begin to view hydroponic farming as a saviour. If we instill in our young people that farming is profitable, then most of them can take up hydroponic farming. From what I have seen here, any Kenyan can do farming," Mir adds.

But to really value the potential of hydroponics, we need to examine some early adopters of the technology.

In Tokyo for example, land is extremely valuable due to the surging population. To feed the citizens, the country has turned to hydroponic rice production. Farmers there now have four cycles of harvest instead of one.

Hydroponics also has been used in Israel which has a dry, arid climate. Farmers grow berries, citrus fruits and bananas, all of which couldn't normally grow under Israel's climate.

Members of the KCB Biashara Club during a trip to the Negev training institute in Israel.

> What we pride ourselves in at KCB Bank is proper support and ensuring that our turnaround time for customers is quick and efficient. We want them to be able to finance whatever ideas they have quickly.

AGRICULTURE

Biashara Club is exposing SME's to best practices

Tel Aviv, Israel

Sally Sakwa makes a livelihood out of the construction business. She's the proprietor of Mumias-based Sayyda Trade, a young business that is now growing robustly.

It wasn't a rosy path building the business.

Before 2011, Ms Sakwa kept finding it difficult to get the business going. One day, she reluctantly applied for a construction tender under the 30 percent set aside for women, youth and persons with disability.

She got her first contract to build culverts in Mumias that set her on a path to growth.

But her real turning point came when she joined KCB Bank's Biashara Club, a networking platform that KCB Bank operates in lieu of a full-fledged SME unit.

It's a unit that was created by the bank to specifically grow SMEs which was established back in 2008.

Through the Club, the bank has brought together entrepreneurs not only to offer financial support but also provide a networking platform and exposure trips.

Members like Ms Sakwa have been on familiarisation trips to countries such as Germany, Turkey, Germany, China and the US to expose them to technology, opportunities and best practices that can be replicated back in their businesses.

It was during one of such trip that became the turning point for Ms Sakwa's business.

"My first trip was to China which opened my eyes to different technologies in civil engineering. That has helped me compete for bigger jobs and even tarmac some of the roads in Kakamega County," Ms Sakawa said after a recent trip to Israel.

She was on the Israel trip – along with 34 other SME entrepreneurs - to find out how she could diversify her business interests to cutting edge dairy farming from a nation considered a powerhouse of agricultural innovation.

Cumulatively, Biashara Club has trained more than 42,000 customers on various business areas with over 29 international trips with six local trips. In 2016 alone, the Club held 55 business trainings across the country and trained over 5,200 customers.

"This year, we have conducted 28 workshops in

Quarter 1 with a target of doing 75 workshops by end of Quarter 4. The feedback on the topics was very good, most of them felt they were not only timely but they were very relevant to their businesses," says KCB Bank Kenya Western Regional Manager Metric Mukhalasie.

"What we pride ourselves in at KCB Bank is proper support and ensuring that our turnaround time for customers is quick and efficient. We want them to be able to finance whatever ideas they have quickly," said Mr Mukhalasie.

Ms Christine Wasike, a Biashara Club member, says that "small businesses run the world."

Mrs Wasike says why most SMEs fail is because they run before they can walk rather than building the businesses organically and appreciating the different facets of growth.

Her big moment came during a trip to Turkey which she says changed her perception of the role played by SMEs.

"I was fascinated by the fact that most big businesses in Turkey have very humble beginnings. It is something that we must encourage our young people to do and introduce them to the concept of small business," Mrs Wasike said. "A mama mboga doesn't need a million shillings to boost her business. Banks need to realise this and offer trade loans that help a business grow.

Mrs Wasike is not alone in learning. Samuel Kung'u and his wife Monica thought they had struck gold in 2004 with advent of the internet age.

They started off as suppliers of IT accessories with great success making rapid inroads. However things changed from late 2007 when the market became overly saturated.

"We were pushed out of the market because of the massive imports from China," Mr Kung'u said.

The Kungu's later turned their attention to the construction sector before deciding to specialise in interior design in 2014, when they opened Studio Six Interiors.

While he ran that part of the businesses, Mrs Kung'u concentrated on the textile industry, winning contracts to supply different arms of government with uniforms.

They attribute their growing success to the ability to network and meet both partners and clients that helped grow their business.

"We have banked with KCB Bank for the last 13 years and since joining the Biashara Club we have been able to network and open ourselves up to new opportunities," he said.

According to Mr Mukhalasie, helping SMEs flourish is crucial for the economy, because it creates a growing middle class with disposable income, in tandem with market opportunities for new investors.

The bank plans to increase the contribution of SMEs to a fifth of its loan book by 2019.

"It's been an amazing journey. The customers advise us where they would want to go and we facilitate those trips. We encourage them to bring back technology and not just buy products in an effort to support the local economy," Mr Mukhalasie said.

KCB Biashara Club members at the Kibbutz Dairy farm in Israel.

1,500

Number of entrepreneurs under Biashara Club who not only get financial support from the bank, but also get a networking platform and exposure trips.

Home buyer or builder, we have your solutions under one roof

At KCB Bank, we shoulder the burden to ensure your dream to owning a house is hassle-free

> "KCB Insurance has a special product; Mortgage Protection Insurance which is a Life Assurance Policy that pays out the mortgage balance if a certain event such as death, disability, retrenchment or critical illness occurs."

8.5%

Interest rate offered to account holders of the KCB Goal Account.

Many aspire to build or purchase a house. However, this journey is not a walk in the park and often this dream is hampered by limited finances, lack of access to knowledge and guidance and exorbitant land prices.

This is why KCB Bank is dedicated to simplifying the process for our customers to enable their progress. Part of our responsibility as solution providers lies in helping our customers find the perfect home.

Whether this assistance comes in the form of financing or all round project management, we work hard to make each customer feel right at home.

Another big part of our role is getting customers off to the best possible start in constructing their homes. We know that for many prospective homeowners, the process can be an intimidating and disconcerting experience.

That's why as KCB Bank, we are keen to play our role at each point in the process by providing support and advice.

To do this, the bank has tailored solutions to cater for each step in the journey.

Here are some ways the Bank is aiding the process:

The KCB Property Centre is a one stop property information shop for potential homeowners that mutually links property seekers, developers and suppliers. It also gives customers a platform to view properties they may be interested in as it allows developers to showcase their property. Moreover, customers benefit from advisory services from experienced mortgage experts stationed there.

The bank has also explored various avenue of partnership to add even more value to the home ownership experience. For the best roofing options, KCB Bank and Mabati Rollings Mills enable KCB Bank customers to purchase coloured mabati at 18% discounted prices and with Ideal Ceramics, customers purchase tiles and sanitary ware and other decoration solutions at 10% discounted prices.

Aligned to the Bank's sustainability agenda which encourages minimal resource consumption, top notch solar heating equipment and power backups at a discount of up to 25% are available through the partnership with Chloride Exide.

The other partnerships include discounted prices for decoration solutions with Crown Paints Kenya Ltd, Furniture Elegance and Doshi Group.

KCB Insurance offers home owners comprehensive insurance packages which provide indemnity against loss or damage to properties caused by fire, lightning and explosion. The policy has been extended to cover damage to the building resulting from all thinkable impending dangers and better yet also covers commercial buildings that may still be under mortgage. Additionally, there's Mortgage Protection Insurance which pays out the mortgage balance if a certain event such as death, disability, retrenchment or critical illness occurs. What is more interesting is the fact that, if any of the insured events occur, the policy benefit will be paid directly to the lender leaving the borrower's dependents with a home unencumbered by mortgage debt.

KCB Bank provides home loans with competitive interest rates and flexible repayments and the bank's mortgage division has a wide selection of home loans to purchase or refinance.

KCB Insurance has a special product; Mortgage Protection Insurance which is a Life Assurance Policy that pays out the mortgage balance if a certain event such as death, disability, retrenchment or critical illness occurs."

For investors, KCB Capital is strategically positioned to assist companies and individuals to raise both debt and equity funding from the capital markets as well as privately from financial and strategic partners by way of joint Venture Partnerships, Project Finance Structures, and also Asset Securitization Structures.

And for the dreamers, those just starting on their journey to homeownership, there's the KCB Goal Account offering the best market rate of up to 8.5% p.a. interest in savings and allowing borrowing of up to 100% of savings at discounted rates.

From real estate investment to home owning to building savings to insuring your future, you can count on KCB Bank to cover you through a one-stop shop.

If this is your dream, walk in to the nearest KCB Bank branch near you or chat with us on Social Media to kick start the fulfilling journey to homeownership.

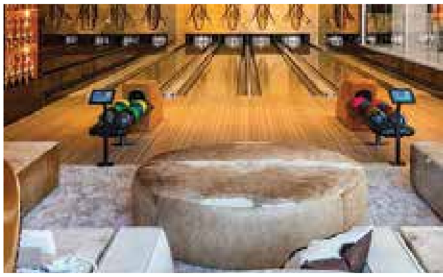
EXPENSIVE HOMES

12-bed house for sale. Price: Only KShs25 billion

If you have a spare KShs25 billion or thereabouts, there is a house that you may want to consider. The house, in Bel Air, California, has been touted as one of the most expensive houses in the market today, and it is a study in opulence, decadence and a touch of over-the-top excesses.

The 12-bedroomed house comes with 21 bathrooms (yes, 21), a 40-seater theatre for those moments when you need to watch a blockbuster with your buddies and a couple of swimming pools. The swimming pools have a large pop-up screen that you can watch *Game of Thrones*, or whatever your favourite series is, while swimming or lounging on the sun beds.

The 38,000 square foot house is built on four levels, with access via a 'floating' glass



> As part of the package, the house comes with a couple of Lamborghinis, Ferraris, Bentleys and even a Formula One car for the adrenaline junkie.

staircase that weighs four tonnes and cost KShs200 million. The staircase can buy you several apartments in the upper end of Lavington.

As part of the package, the house comes with a couple of Lamborghinis, Ferraris, Bentleys and even a Formula One car for the adrenaline junkie. In case you love biking, the developer has thoughtfully thrown in six top-of the-range motorbikes. The vehicles are worth a cool KShs3 billion.

For visitors who love candy, the house comes with a KShs20 million in-built candy wall where all manner of sweets are available in jars that are several feet tall. Of course there is a wine cellar stocked with some of the rarest wines in the world.

As for the fire extinguishers, which are strategically positioned all over the building, they are not filled with your traditional foam or carbon dioxide but with, wait for it, Dom Perignon! While putting out a fire in the house, you can take a break from the tiresome work of fire-fighting to imbibe the world's number one champagne, all from the same hose.

KShs20m

Cost of the in-built candy wall where all manner of sweets are available in jars that are several feet tall.

GETAWAY

Africa's most expensive homes

The real estate sector in Africa has been growing steadily; with the key drivers being urbanisation and rapid population growth; which has resulted to a growth in demand for high quality commercial and residential housing.

A 2017 Knight Frank report shows that a huge volume of capital from sub Saharan countries is being diverted to real estate investment and development. In the past we have been amazed by the quality housing in other continents. However, African countries are catching up with the trend.

Here are some of the most valuable homes in Africa.

1. Kenya - Magnolia Hills, House No 12

Kenya's most expensive home is located at the Magnolia Hills Estate in the suburbs of Kitsuru, Nairobi. The home is estimated to cost $6,500,000 (KShs600 million). The house has three floors and five bedrooms. The luxurious home includes indoor and outdoor jacuzzis and swimming pools.

4.34

According to real estate agents Hass Consult, residential property value in Kenya has increased 4.34 times between 2000 and 2016.

2. Uganda – 'The Ham' Mansion

The mansion that faces Lake Victoria sits on five acres of land and is estimated to be worth KShs12.3 billion. This mansion is reportedly owned by businessman Ham Kigundu. The luxurious mansion, which is mainly black and white, has among other amenities, an Olympic size pool with a pier that goes several metres into Lake Victoria allowing for his family to go fishing.

$7,000

According to real estate agents Knight Frank, Uganda's capital Kampala is the most expensive in terms of housing with apartments retailing for a little over $7,000.

3. Nigeria – Mike Agenuga's Mansion

Nigerians are popular for their larger than life attitude. Well, the same attitude is applied when it comes to their homes. Most of the high end homes are owned by politicians and celebrities. Nigerian business mogul and billionaire Dr Mike Adenuga owns what is arguably the most expensive home in Nigeria. Estimated to be worth over $21 million, the estate has eight duplexes, a mosque, a church and a multipurpose hall that can sit 200 people. It is located in Banana Island in Lagos- the most prestigious island in the country.
However, the most expensive property ever recorded was owned by Aliko Dangote, Africa's richest man. It was put up for sale for $30 million when he relocated to the UK. The house is also in Banana Island.

18.17%

House prices in Lagos have been dropping since 2015, as a result of the economic recession. In 2016 alone, there was an 18.17% decrease in the house prices in Lagos.

4. South Africa –Bantry Bay Home, Cape Town

The most expensive home ever sold in Africa was in Cape Town. The home is constructed on a ridge above the Atlantic Sea and is estimated to be worth $23,2 million. The location gives the occupant a 360 degree view of various sceneries among them Table Mountain and Robben Island.
The three-storied home has 10 bedrooms and eight garages. It sits on 2,800 sqm of land, and has won international awards for its magnificent architecture.

1.95%

By the end of 2016, the house prices in South Africa had fallen by 1.95 percent; as a results of high interest rates which pushed investors and homeowners away.

5. Angola- Castello di Lago (Castle by the sea)

The most expensive property listing in Luanda, the capital city of Angola was a property with a rustic old world charm known as 'Castle by the Sea' that was built in 2007. The property has been listed for $959,000 and sits on 5,474 sqft of land. It has 16 rooms including a 86 feet of lake frontage. The luxurious master bedroom is said to have a bathtub fit for a queen.

35

In 2015, a report by Knight Frank ranked Luanda as the city with the most expensive real estate-based on an average of rents from across 35 countries.

6. Cairo, Egypt- Katameya Heights Villa

The most expensive home is estimated to be worth $17.3 million. It is a spacious villa sitting on 4,200 sqm of land and located at Katameya Heights. The villa has seven bedrooms, a private pool and a garden.

8%

The sale of apartments increased in Cairo by 8% in 2015, whereas villa sale decreased by 1%. The rental market in Cairo is growing steadily, and the amount of rent charged per sqm increased to between $7 and $9, up from $6.

India – Antilia

But the most expensive house worldwide is in Mumbai, India. Named the 'Antilia' it is estimated to be worth $1 billion. It a 27-story skyscraper owned by Indian business tycoon, Mukesh Ambani. The unique features about the Antilia are the multistory garage that can fit 168 cars, three helipads, a ballroom and a home theatre that can fit 50 people. The property sits on 400,000 square feet.

PRECIOUS JEWELS

Timepieces that tell more than time

Watches have been a status symbol ever since they were invented. I am not talking about the mass produced watches that everyone can afford. I am referring to the luxury timepieces whose hallmark are rich history, design and quality. These timepieces not only tell the time, they say a lot about the wearer, about his/her style, status and of course wealth. They also cost an arm and a leg.

President Uhuru Kenyatta is one of the Kenyans known for his penchant for luxury timepieces. A photograph of him wearing what appears to be a watch from the Arnold & Son royal collection created quite a buzz on social media recently. And for a good reason because the handcrafted HM Perpetual Moon model, which has an 18-carat red gold casing, will set you back well over KShs2 million.

According to various media reports, the President's watch collection would amount to more than KShs12 million. He has been photograhed wearing a Parmigiani Pershing series, a Rolex Submariner an Audemars Piguet Royal Oak and a Patek Philippe Nautilus estimated to cost KShs2.6 million.

But he is not alone in this enviable league.

Mombasa Governor Hassan Joho was recently spotted with a Hublot Bigbang Rosegold estimated at KShs2.1 million.

An article in a past issue of *Forbes* says these luxury watches are mostly worn for 'social peacocking'. The article outlines some top brands that would suit in various occasions.

To impress your business colleagues, the Patek Philippe brand is probably your best bet. The article says that although the watch might not look exciting at first, it is well regarded by watch aficionados.

To show wealth, casually, those in the 'leisure class' can settle for a high-end steel sports watch. A Rolex is always a popular choice and the Submariner or Explorer II model are perfect picks.

If you want to catch the eye of watch lovers, then go with a Jaeger-LeCoultre.

To help lure a lady. It is widely believed that some settle for flashy cars to catch the eye of the ladies. The same applies to watches. But if not careful, too much colour, may just send the wrong signal. For example, a watch that is too classic in taste may mean the wearer is a snob, aloof and boring. A bright coloured, sporty watch may mean you are showy. A good choice is an Italian Panerai. These watches are bold yet elegant and will not scare the ladies away.

The Cartier Tank - 1917 – 2017 – 100 Years

Watches that are not round in shape are somewhat a rarity. The Cartier Tank is one such watch that usually rectangular or square.

When creating the timepiece in 1917, Louis Cartier drew inspiration from the Renault military tanks.

Patek Phillipe & Co: 1851 – 2017 – 166 Years

'You never actually own a Patek Phillipe. You merely look after it for the next generation"

This is the tag line for Swiss watches. Patek Phillipe & Co created the first wrist watch for a woman, the countess of Hungary: a lavish, rectangular, yellow-gold piece set with diamonds.

Omega Watches: 1848-2017 – 169 Years

Made by a Swiss watchmaker, Omega watches have a rich history. The watches were used by NASA astronauts going to the moon in 1969.

On 27 occasions since 1932, OMEGA has been the Official Timekeeper at the Olympic Games and has also been the choice for James Bond film character since 1995.

Longines; 1832 – 2017 – 185 Years

Longines company started as a family business in France in 1832. This timepiece has evolved but still has the class it humbly exudes.

The watchmaker is the oldest brand name registered with the World Intellectual Property Organisation (WIPO) since1889.

Rolex 1905 – 2017 – 112 years

Rolex spells luxury elegance and class. Forbes 2016 ranked Rolex as the 64th World's Most Powerful Brand. Rolex is the father of firsts. It was the first waterproof wristwatch "Oyster" back in 1926. It was the first wristwatch to come up with an automatically changing date on the dial in 1945. In 1954, Rolex was the first wrist watch to show two time zones at once.

> The solid log walls are resistant due to their mass and they aren't prone to attacks by termites because of the large quantities of wood especially dry wood."

GETAWAYS

Luxury log homes

We all love spending time in places where we can truly be ourselves. I fancy the moments I get to sit in front of a crackling fire surrounded by warm, honey-hued logs with a book in hand. And the one place that I long to be at the end of a hectic day is my quaint little apartment.

Today's cabin homes are synonymous with luxury and comfort, and the rustic style appears to be gaining popularity in Kenya. But these homes may not attract first time buyers. They target people looking to invest in holiday homes, recreational facilities and boutique hotels.

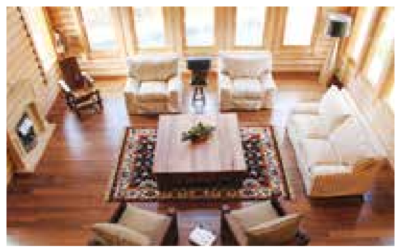
The concept of log homes was introduced in Eastern Europe 200 years ago and is popular in countries where the pine and spruce trees are easily available. Today modern amenities are incorporated into the traditional log design, an ensemble tastefully put together like the Swiss chalets.

For development companies that dare to venture into the construction of log-homes, like the Othaya Group, they have to import the logs from the Finnish forest in Finland, which has an abundant supply of trees.

The rustic elegance of these log-homes paints a picture of what the 21st century contemporary homes look like. However, apart from the aesthetic value, using renewable building material is better for the environment as opposed to constructing with concrete, steel and stone.

Log-homes are also known to be durable, and in Europe they last as long as 150 years. The solid log walls are resistant due to their mass and they aren't prone to attacks by termites because of the large quantities of wood especially dry wood.

Fireplaces, large walls of glass, dramatic exposed beam timber ceilings, and covered porches all tell a story of a very different connotation of what a log home is in 2017.

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