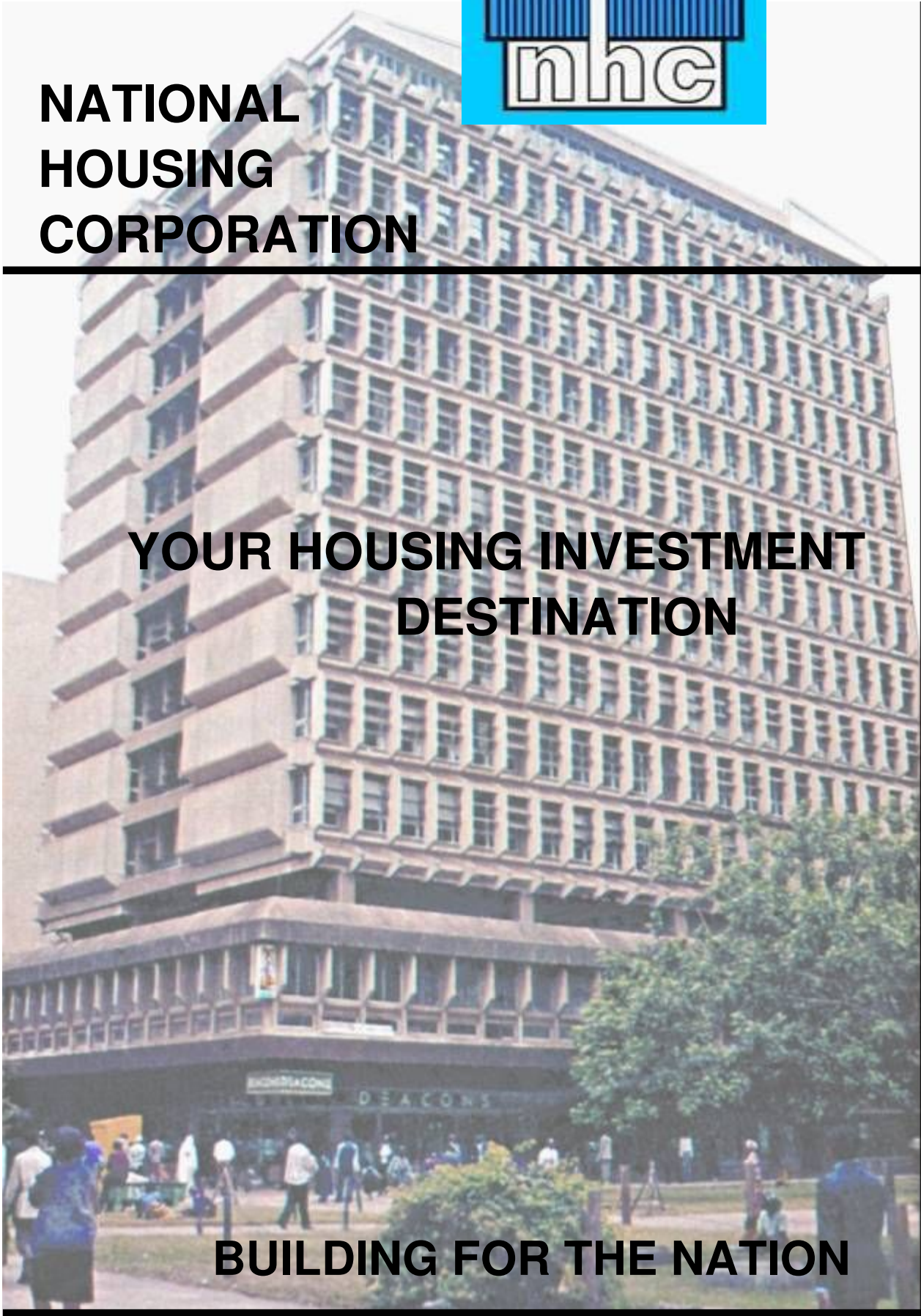




**NATIONAL
HOUSING
CORPORATION**

**YOUR HOUSING INVESTMENT
DESTINATION**



BUILDING FOR THE NATION

Vision

“To have a decently housed nation.”

Mission

“To play a leading role in developing and facilitating the provision of adequate and affordable housing and related services efficiently while conserving the environment and contributing to economic development.”

Core Values

Integrity,
transparency and accountability
professionalism
customer orientation
teamwork and partnership.

PRESENTATION ON NHC TO KENYANS IN THE DIASPORA

AUG 2008

1.0: Introduction

1.1. Market Status

The Kenyan urban housing sector is characterized by inadequate affordable and decent rental housing options, low-level of homeownership (about 16%) extensive and inappropriate dwelling units including slums and squatter settlements. It is estimated that while a total of 150,000 housing units are required annually in the urban areas to cater for the backlog, only about 30,000 units are developed every year. This scenario creates a great opportunity for investing in housing in our country. The returns to an investor have been shown to be significantly good.

1.2. The National Housing Corporation (NHC)

NHC is a State Owned Enterprise established in 1967 through an Act of Parliament. NHC is therefore totally owned by the Government of Kenya though it is run by an independent Board of Directors. Our Board has nine members five of whom are from the private sector; this includes the Chairman of the Board. The other four are Permanent Secretaries of Ministries relevant to housing. The Corporation independently and competitively appoints its Management.

The Corporation has a capital base of ksh.5.2 billion. This is expected to improve when the Government injects additional equity of ksh.4.8 billion beginning Financial Year 2007/08.

Our Mission is to “ Play a leading role in developing and facilitating the provision of adequate and affordable housing and related services efficiently while conserving the environment and contributing to economic development”.

2.0: Performance of NHC

Since 1967, NHC has directly developed nearly 45,000 units nationally in the following categories

- Mortgage - 6%
- Rental - 20%
- Tenant Purchase - 29%
- Site & Service - 41%
- Others - 4%

Some of the housing developments, in the mortgage category, include the following:

Town Housing Estate

Nairobi	Ayany, Olympic, Onyonka, Kyuna, Uhuru Gardens, Kibera Highrise and Jonathan Ngeno.
Mombasa	Magongo/Changamwe.
Kisumu	Milimani, Kisumu USAID, Okore.
Nakuru	Section 58.
Thika	Section 9, Kiboko.
Nyeri	Pembe Tatu.
Eldoret	Elgon View, Kapsoya.
Kitale	Milimani.

On financial performance, the Corporation has turned round her profitability and paid the first ever dividend cheque of Ksh.11 million to Treasury in November 2006. This has steadily risen to the Ksh. 27 million we recently paid in 2007/08 financial year.

3.0: Planned Housing Projects

The Corporation is currently developing the following housing units at a cost of Ksh 1.4 billion.

i. Langata Flats Phase II: 310 Units

This is the second phase of a project which the Corporation started in May 2007. The project, located in the developed neighbourhood of Langata, will provide three type designs of 3 bedroom flats with high standard of finishes and will be completed in October 2009.

The provisional selling prices range from Ksh.4.4 million to Ksh.4.55 million and all the units are sold out.

ii. Langata Flats Phase III: 110 Units

The third phase also consists of two type designs of 3 bedroom flats with high standard of finishes and will be completed in October 2009.

The provisional selling prices are similar to Phase II and all the units are sold out.

iii. Kiambu Phase III: 38 Units

This estate is located in Kiambu town off the Nairobi – Kiambu highway, a distance of about 15 kms from the city center. The project will provide a mixed housing development of 25 No. four bedroom and 13 No. three bedroom maisonnettes in a scheme, which the Corporation has been developing in phases.

This will be completed in October 2008 and all the houses are sold out at provisional selling prices of Ksh.3.4 million and Ksh.3.6 million respectively.

The Corporation will commence development of the following projects in the financial year 2008-2009:

iv. Langata Flats Phase IV: 220 Units

The fourth phase also consists of three type designs of 3 bedroom flats with high standard of finishes and will be completed within a year of commencement.

The provisional selling price range for each unit in this scheme will be around Ksh.4.6 to Ksh.4.9 million.

v. Kileleshwa Apartments: Proposed 100 Units

This project will be located in the up market Kileleshwa neighbourhood of Nairobi and will provide various design types ranging from two bedroom apartments to luxurious five-bedroom penthouses, which will be consistent with the changed market taste in this area.

Additional facilities will include a health club, swimming pool, reservoir water storage tanks, standby electricity generator, 24-hour security, centralized gate and TV aerials.

The provisional selling price for each apartment in this project will be from Ksh.5.5 to Ksh. 12 million.

The Corporation has also programmed housing projects in other towns of Kenya e.g. Kisumu, Kakamega, Kisii, Kericho, Machakos and Nyeri.

4.0: PROPERTY MARKET TRENDS

Demand for housing, particularly in urban areas, has continued to rise without requisite movement on the supply side. This has pushed prices up making the houses affordable to but a few.

Scarcity of well-located land in the city of Nairobi for example, has directed housing development along Mombasa and Kangundo Roads where land is still available at relatively lower costs.

In the process, various developers have pursued the redevelopment option. There is heightened activity in the development of apartments, to meet the ever increasing demand, in hitherto single family residential neighbourhoods of Kilimani, Kileleshwa, Lavington, with a view to minimise the costs of running single family residential homes (security, gardener/ground maintenance, garbage collection utility bills etc). This shift in interest has therefore influenced housing delivery packages being put forth by various developers.

The current yield rates (August 2008) are, on average, as follows: -

LANGATA

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Maisonette	4 Bedroom	35,000/=	5.75 – 6 m	7.3%	8-9 Yrs
Apartments	3 Bedroom	28,000/=	4.5 – 5 m	6.7%	8-9 Yrs

KILELESHWA/LAVINGTON

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Apartments	4 Bedroom	60,000/=	9 m	8.0%	8-10 Yrs
Apartments	3 Bedroom	55,000/=	8 m	7.5%	8-10 Yrs
Apartments	2 Bedroom	40,000/=	5.5 m	8.7%	8-10 Yrs
Town Houses	4 Bedroom	120,000/=	18 m	8.0%	7 Yrs

SOUTH B/C

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Apartments	3 Bedroom	25,000/=	4.5 m	6.7%	7-10 Yrs
Apartments	2 Bedroom	20,000/=	4.0 m	6.0%	9-10 Yrs
Maisonette	4 Bedroom	40,000/=	7.5 m	6.4%	15 Yrs

EASTLANDS (KALOLENI, MBOTELA)

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Flat (New)	1 Bedroom	12,000/=	1.5 m	9.6%	10 Yrs
Flat (New)	2 Bedroom	18,000/=	2.5 m	8.64%	8 Yrs
Flat (New)	3 Bedroom	22,000/=	2.9 m	9.1%	8 Yrs

EASTLANDS (BURUBURU, HARAMBEE)

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Maisonette	4 Bedroom	25,000/=	4.5 m	6.7%	8-9 Yrs
Maisonette	3 Bedroom	22,000/=	4.0 m	6.7%	8-9 Yrs
Bungalows	3 Bedroom	20,000/=	3.75 m	6.4%	10 Yrs

THIKA ROAD – (NAIROBI)

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Maisonette	4 Bedroom	25,000/=	5.0 m	6.0%	8-9 Yrs
Flat	3 Bedroom	18,000/=	3.0 m	7.2%	8-9 Yrs

RUNDA

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
	4 Bedroom Hse	120,000/=	24 m	6.0%	10-12 Yrs

WESTLANDS

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Town Hse	4 Bedroom	80,000/=	18 m	5.3%	10-12 Yrs
Apartments	4 Bedroom	75,000/=	10.5 m	8.6%	7-9 Yrs
Apartments	3 Bedroom	65,000/=	9 m	8.7%	7-9 Yrs

HURLINGHAM/KILIMANI

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Apartment	4 Bedroom	100,000/=	15 m	8.5%	7-8 Yrs
Apartment	3 Bedroom	55,000/=	8.0 m	8.25%	8-11 Yrs

KISUMU MAMBOLEO

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Bungalows	3 Bedroom	7,000/=	1.86 m	4.4%	18 Yrs
Bungalows	2 Bedroom	5,000/=	1.47 m	4.0%	20 Yrs
Bungalows	1 Bedroom	3,500/=	1.07 m	4.1%	21 Yrs

MOMBASA CHANGAMWE

Type	Accommodation (Unfurnished)	Exclusive Rent per month	Market price (Kshs.)	Yield rate	Pay back period
Flats	3 Bedroom	13,000/=	2.5 m	6.25%	10-12 Yrs
Flats	2 Bedroom	10,000/=	1.8 m	6.7%	9-11 Yrs

NOTE: The yield rates are currently higher than the Treasury Bill rates, which currently stand at around 8 %. Some market locations may report lower rental levels, reflecting home ownership interest rather than commercial. It should also be noted that the above data is on average basis and may vary within a reasonable range from one scheme to another.

5.0: Why Buy A Home Through NHC

- i. Trust:** The Corporation is wholly owned by the Government thus its sustainability is highly certain.
- ii. Experience:** NHC has a long history in housing development dealing with all income groups. This has given the Corporation a wealth of experience on needs driven design & development of houses.
- iii. Proven Record:** Our developments are evident.
- iv. Direct Bank Transfer:** Kenyans abroad can purchase a house while it is under construction by making installment payment through our bank account. This prevents possible loss which may occur when dealing with third parties.
- v. Finance:** Financiers are readily willing to provide long-term finance for our projects.
- vi. Quality:** The Corporation assures the standard of houses developed.
- vii. Market Focus:** Corporation's house prices are below market rate thus market friendly.
- viii. Management Service:** Corporation can provide after sales management of houses.

6.0: Partnership In Housing Development

NHC is willing to partner with individuals and corporate bodies in housing development. This can be done in any of the following ways.

- NHC facilitates acquisition of land suitable for housing development while the partners mobilizes financial resources.
- Partners bring into Kenya cost effective housing construction technology for NHC projects.
- NHC provides technical know-how/consultancy in housing development and partner provides finance.
- Partners brings into Kenya housing development finance which NHC manages for tenant purchase housing.
- NHC can develop houses for groups with specifications provided. This is geared towards Kenyans in diaspora as NHC can package and deliver a housing scheme of not less than 30 units.



“We believe that NHC is the vehicle you need to a decent house; the partner you require to actualize your investment in housing.”

Mr. James Ruitha

MD National Housing Corporation

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