

Construction of low cost houses booms in Kenyan city of Mombasa

Written by Administrator

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The property market in Mombasa County is experiencing a major shift, with low cost houses now making their way into the up-market areas of Nyali and Shanzu.

Kenya Projects, a property development firm, is putting up low cost houses in Shanzu, with the firm saying that of the 100 units being sold off-plan. 30 have been taken.

The two-bedroom units with a car park are located about 500 metres from the Serena Beach Hotel and are going for Sh2.5 million, which is way below the normal price of between Sh5 million and Sh10 million in the locality.

“We were apprehensive at the beginning because land in these areas is expensive, going for up to Sh15 million for an eighth of an acre but once we started, we were able to manage the costs since the units are within a gated community,” says Mr Anthony Murithi, the firm’s project adviser.

He says the prices of houses in Nyali, Shanzu and Mtwapa have been inflated due to costs associated with the involvement of agents and the high cost of materials.

“We don’t deal with agents and by eliminating this chain, we have been able to leverage on lower costs and pass the benefit on to the buyer,” he says, adding that they also source building materials directly from suppliers.

Developers have also had to contend with high cost of finances, which he said they have eliminated by selling the units off-plan.

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The shift from high- to low-cost housing comes in the wake of concerns among developers that sales of high-end properties were dwindling after supply exceeded demand, with prospective home owners preferring to buy low-cost houses.

According to the Hass Property Index, Nairobi is experiencing a glut, especially in the high-end segment, with the price of houses on the city's outskirts falling. Rents for high-end houses are also projected to fall.

Although property agents in Mombasa say they do not have any official statistics, the same trend is being witnessed.

According to Rescom Properties Managing Director, Mr Michael Masila, sales of high-end houses have slowed down, with those ranging between Sh4 million and Sh7 million selling faster.

"I have been trying to sell a house that costs more than Sh20 million that is located in Shanzu for the past year but have not been able to find a buyer," he says.

Kenya Projects is riding on a wave of success after it invested in low-cost houses in Mtwapa and Bamburi, where it has built one-, two- and three-bedroom houses which it is selling going for between Sh1.5 million and Sh3 million.

By focusing on middle-income earners, a segment that was largely ignored by developers as they concentrated on luxury developments, Kenya Projects has sold hundreds of houses in Mombasa as well as in Ruiru on the outskirts of Nairobi, where it recently launched the sale of budget homes that costs Sh3 million each.