

Kenya Real Estate Market

H1 2026

Nairobi market snapshot: growth held up in H1 2026 but higher energy costs cloud the outlook; demand concentrates in Grade A offices, modern logistics and dominant malls.



Market overview: Kenya’s growth held up in H1 2026, but higher energy costs now weigh on the outlook

4.3% Real GDP growth, 2026F 4.6% in 2025 · 3.5% in 2027F	6.3% CPI inflation, 2026F average CBK target 2.5–7.5% · 7.3% in 2027F	8.75% CBK policy rate 50bp of tightening expected by year-end	KES 131.2 Per US\$, end-2026F 129.0 at end-2025	–3.8% Current account, % of GDP 2026F Fuel 23% of total imports	71.1% Government debt, % of GDP 2026F Fiscal deficit 7.1% of GDP 2026F
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Kenya remains regionally resilient, and Nairobi is still East Africa’s leading commercial gateway, but higher energy costs and tight fiscal space point to a more moderate outlook.

MACRO BACKDROP

- Growth slowed to 4.6% in 2025; Oxford Economics forecasts **4.3% in 2026 and 3.5% in 2027** as higher fuel and food prices squeeze household budgets, with Brent assumed at US\$96/bbl in 2027.
- Inflation reached 6.8% y/y in September, the highest since Q1 2024, and is forecast to average **6.3% in 2026** and 7.3% in 2027; the CBK held its rate at 8.75% but further tightening is expected.
- Fiscal space is limited: a **7.1% of GDP deficit** and debt at 71.1% of GDP, with an IMF programme unlikely before the August 2027 elections.

REAL ESTATE DEMAND

- Nairobi is Kenya’s commercial, administrative and financial centre, home to banking, telecoms, professional services, **UN, diplomatic and development-sector** occupiers.
- JKIA, the Nairobi Expressway, Mombasa Road and the Northern Corridor underpin its role as **East Africa’s leading inland business gateway**.
- Office demand concentrates in Grade A buildings in Westlands, Upper Hill and Gigiri; occupiers prioritise security, parking, back-up power and efficient floorplates.
- Industrial demand is resilient along Mombasa Road, Embakasi, Athi River and the northern corridor; retail is **bifurcated**, with dominant malls outperforming.

Source: Oxford Economics Africa, Country Economic Forecast Kenya (2026); Kenya National Bureau of Statistics; Central Bank of Kenya; CBRE Excellerate Research. F = forecast.

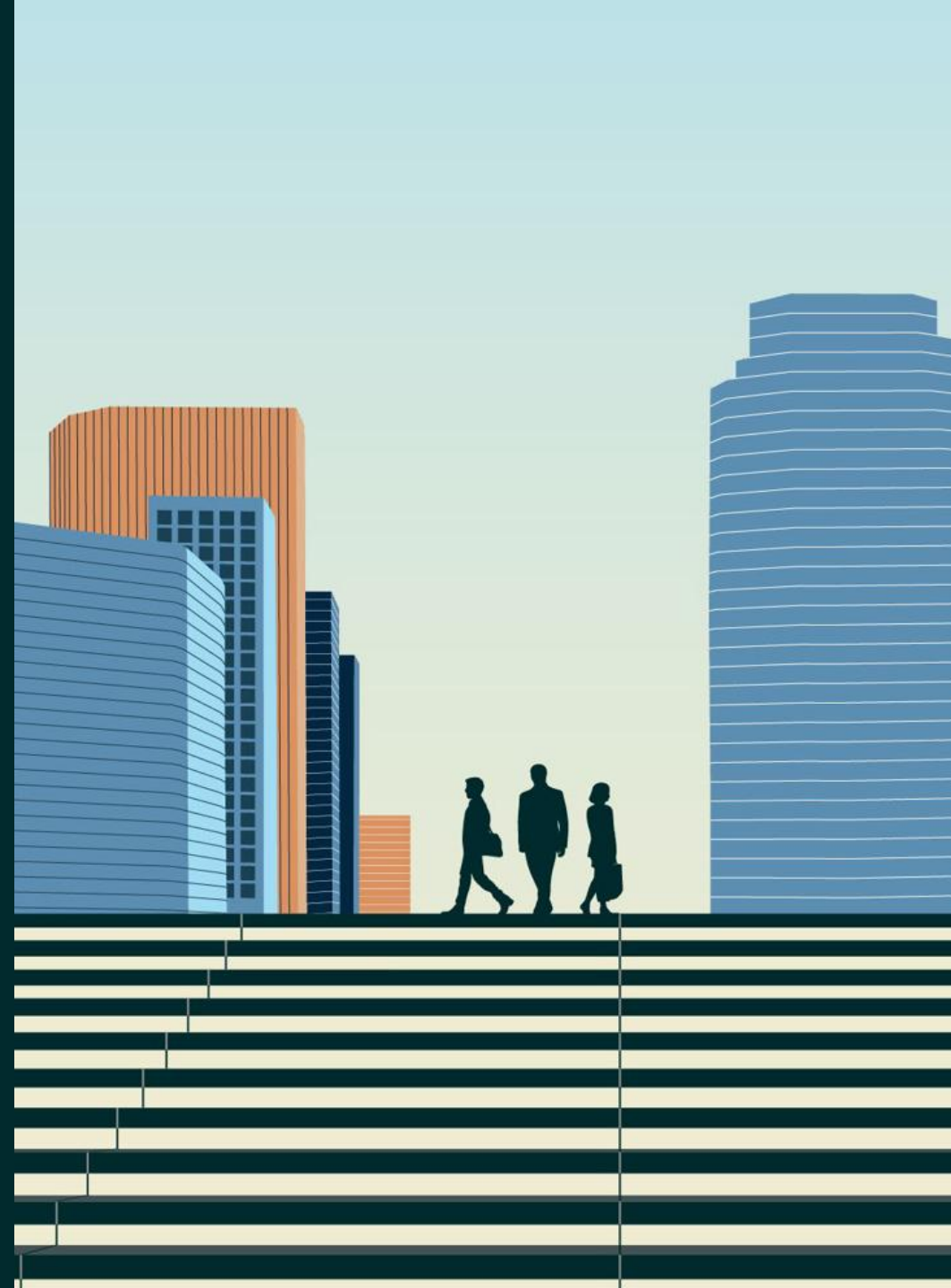
Key nodes: Nairobi’s activity spans seven nodes, from Westlands and Upper Hill to the outer logistics corridors



	Key nodes	Positioning	Key characteristics
1	Westlands / Parklands	Prime office and mixed-use node	Strongest institutional office node: banks, professional services, embassies, serviced offices and regional HQs.
2	Upper Hill	Traditional corporate and financial district	Established node for banks, insurers and healthcare; newer Westlands stock has absorbed much Grade A migration.
3	Gigiri / Limuru Road	Diplomatic and international agency node	Anchored by UN agencies and embassies; security and proximity to high-income suburbs support demand.
4	Nairobi CBD	Historic civic and commercial core	Government, legal, transport-linked and trading activity; weaker institutional office demand.
5	Karen / Lang'ata	Affluent suburban retail and mixed-use node	Lifestyle retail, education, healthcare and low-density offices serving high-income catchments.
6	Mombasa Road / Industrial Area / Embakasi	Core industrial and logistics corridor	Main warehousing and distribution belt, supported by JKIA access and the Mombasa trade corridor.
7	Athi River / Tatu City / Ruiru	Emerging industrial and mixed-use corridor	Land availability, industrial parks and SEZ positioning attract larger logistics and manufacturing users.

Source: CBRE Excellerate Research. Map: © Mapbox, © OpenStreetMap contributors; node locations are approximate. Node 7 lies beyond the map extent (Tatu City/Ruiru to the north; Athi River to the south-east).

Market KPI Snapshot



Market KPI snapshot: Grade A offices remain tenant-led, while modern logistics and prime malls stay well occupied

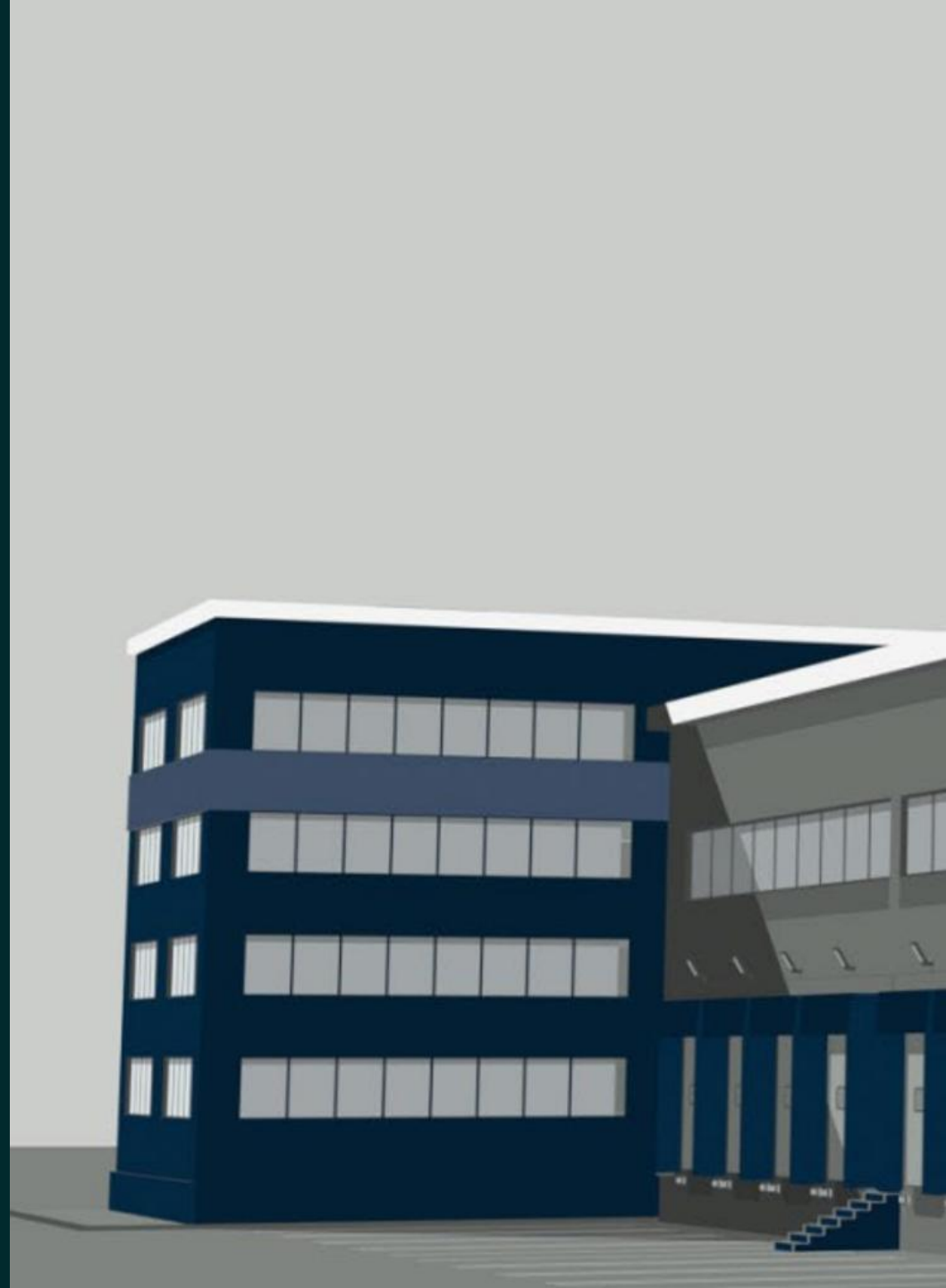
Notes on KPI methodology and transparency

- Most Nairobi leases are quoted and settled in KES, usually per sq ft per month; figures are shown in KES/sqm/month with US\$ equivalents as indicative H1 2026 headline benchmarks for institutional-grade assets.
- Vacancy, stock, pipeline and yields are indicative institutional-grade benchmarks and should not be read as total-market statistics across the broader secondary and informal market.
- Conversion note: US\$ rents are converted at KES 131.2/US\$ (Oxford Economics end-2026 forecast) and rounded; 1 sqm = 10.764 sq ft.

Indicator	Office	Industrial	Retail
*Prime Rent (KES / sqm / month)	~1,710–1,970 (US\$13–15; Grade A in Westlands, Gigiri and Upper Hill)	~660–790 (US\$5–6; modern logistics in key corridors)	~3,280–5,380 (US\$25–41; line shops in dominant regional malls)
*Rental Range (KES / sqm / month)	~1,180–1,970 (US\$9–15; secondary to prime Grade A)	~390–790 (US\$3–6; older warehouses to premium logistics)	~1,310–5,380 (US\$10–41; neighbourhood centres to regional malls)
Vacancy Rate (%)	~18–22%; tenant-favourable, with flight to quality persisting	~6–10%; supported by demand for modern logistics space	~8–12%; prime centres remain well occupied
Prime Yield (%)	~8.5–10% (institutional Grade A office)	~9.5–10.5% (modern logistics and industrial)	~9–10% (prime retail)
Total Stock (sqm)	~1.8–2.2m institutional-grade office inventory	~1.2–1.5m institutional-grade warehouse stock	~450,000–550,000 modern formal retail stock
Pipeline Supply (sqm)	~60,000–120,000; selective new office development	~150,000–250,000; active logistics development pipeline	<30,000; limited new retail supply

*Typically excluding VAT and service charge unless stated. Source: CBRE Excellerate Research; Oxford Economics Africa (2026).

Typical Market Practice



Lease structure: three-to-six-year terms are standard, with longer leases for logistics and build-to-suit

Terms are negotiated case by case and vary by landlord type, asset quality, tenant covenant and fit-out requirements; the table reflects institutional-grade practice.

Item	Office	Retail	Industrial
Typical lease term	3–6 years for Grade A; larger corporates may negotiate longer	3–6 years; anchors and mini-anchors may secure longer terms	3–6 years; 5–10 years common for logistics and build-to-suit
Renewal options	Common; negotiated before expiry and linked to market rent review	Common; linked to trading performance, tenant mix and mall strategy	Common where the tenant has invested in racking, yard works or fit-out
Expansion options	Limited; rights of first refusal may be negotiated in larger buildings	Occasional; subject to unit availability and tenant mix	More feasible in logistics parks and phased schemes
Subletting	Only with landlord consent; tightly controlled in prime assets	Usually restricted; consent and tenant-mix controls apply	Permitted with consent; hazardous uses tightly controlled

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

Rental structure: rents are quoted in shillings per sq ft per month, with fixed escalations of 5–7.5% common

How rents are calculated, escalated and paid in Nairobi.

Item	Office	Retail	Industrial
Rent calculation	Usually KES/sq ft/month; US\$/sqm used for benchmarking	Per sq ft/month; service charge and marketing levies may be added	KES/sq ft/month; larger leases may include yard and office components
Rent escalation	Fixed annual or CPI-linked; 5–7.5% common in institutional leases	Fixed annual common; turnover-linked structures in selected malls	Fixed annual uplift; depends on lease length and specification
Advance rent	Commonly quarterly in advance; some landlords require 3–6 months	Often quarterly in advance; fit-out periods negotiated	Monthly or quarterly; higher for smaller or specialised occupiers
Currency	Primarily KES; US\$ reference for some international tenants	Primarily KES; US\$ reference occasionally used in prime centres	Primarily KES; US\$ reference more common for multinational logistics

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

Financial obligations: deposits of three months’ rent are typical, and service charges cover generator back-up

Recurring costs and statutory obligations attached to commercial leases.

Item	Office	Retail	Industrial
Security deposit	Commonly 3 months’ rent and service charge	Commonly 3–6 months depending on covenant and fit-out	Commonly 3–6 months; higher for specialised users
Service charge	Covers OPEX, security, generator back-up, cleaning and lifts	CAM plus possible marketing levy in larger malls	Estate charge: security, roads, landscaping and waste
Property tax	Generally landlord liability; may be recovered via service charge	Same as Office	Same as Office
Utilities	Tenant-paid or separately metered; diesel recovery via service charge	Tenant-paid; power and water are key costs	Tenant-paid; high users may self-provide back-up power
Insurance	Landlord insures structure; tenant insures contents and liability	As Office; retailers insure stock and improvements	As Office; specialist users insure equipment and stock

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

Fit-out and handover: offices are delivered shell-and-core to fitted, with fit-outs typically taking one to three months

Handover condition, fit-out and reinstatement norms.

Item	Office	Retail	Industrial
Handover condition	Shell-and-core, semi-fitted or fitted, depending on building	Usually shell; tenant completes shopfront, signage and fit-out	Shell warehouse with basic MEP, office pod and ablutions
Fit-out period	1–3 months typical; longer for HQ or high-spec occupiers	1–3 months; anchors often longer	1–3 months; longer for racking, cold chain or automation
Fit-out cost range	Tenant-specific; varies with specification	Tenant-specific; brand standards and MEP drive cost	Tenant-specific; automation and cold chain drive dispersion
Reinstatement	Negotiated; often to the agreed handover condition	Often required, particularly in malls	Usually required where specialised works were undertaken

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

Transaction costs: stamp duty must be paid within 30 days of assessment, and each party typically bears its own legal costs

One-off costs incurred when concluding a lease. Unstamped instruments can affect validity and admissibility.

Item	Office	Retail	Industrial
Brokerage fee	Market-negotiated; often landlord-paid where the broker is landlord-appointed	Similar; may be higher for prime units or anchor deals	Similar; can be shared in park transactions
Legal fees	Usually borne by each party; more extensive for complex leases	Similar; mall leases include additional covenants	Similar; may include land, zoning or SEZ documentation
Stamp duty / registration	Applies to relevant instruments; confirm rate with legal or tax advisers	Same as Office	Same as Office
Reservation deposit	Not universal; more common where supply is tight or for pre-lets	More common in mall pre-letting	More common in park or build-to-suit pre-allocation

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

Operational terms: Grade A offices typically offer 24/7 access, while yard circulation matters most in logistics

Day-to-day operating terms that shape occupier decisions.

Item	Office	Retail	Industrial
Parking ratio	Stronger in newer Grade A buildings and office parks; constrained in the CBD	Tenant and visitor parking is a key performance driver	Yard and truck circulation matter more than bay ratios
Operating hours	Grade A often 24/7, subject to security protocols	Trading hours set by landlord; extended for F&B and leisure	Typically 24/7, subject to estate rules
Cleaning responsibility	Tenant internal areas; landlord common areas via service charge	Tenant internal; landlord common areas via CAM	Tenant internal; park common areas via service charge
Building access	Access control and visitor registration standard in prime stock	Governed by mall security and trading rules	Controlled truck movements, loading areas and H&S compliance

Source: CBRE Excellerate Research; Kenya Revenue Authority. Market practice: indicative and deal-specific.

— Market Outlook



Outlook: selective opportunities in Grade A offices, logistics corridors and dominant retail centres



Highlighted: current positions. Office: market at trough; industrial and retail: growth moderating.



Office

Property cycle position: **Market at Trough**

The market stayed tenant-led in H1 2026, with elevated vacancy in older and secondary buildings. Demand concentrates in secure, well-served Grade A space in Westlands, Gigiri and selected Upper Hill buildings.

Outlook: Recovery should be gradual rather than broad-based; refurbishment, repositioning and flight to quality will define the next phase, while secondary stock stays under pressure.



Industrial

Property cycle position: **Market Growth Moderating**

Fundamentals remain stronger than office, supported by Nairobi's role as Kenya's main logistics and distribution hub along Mombasa Road, Embakasi, Athi River and the northern corridor.

Outlook: Demand should stay resilient, though occupiers are cost-sensitive given higher fuel costs; modern warehouses with secure yards near JKIA or the Mombasa corridor should outperform.



Retail

Property cycle position: **Market Growth Moderating**

Performance remains bifurcated: dominant malls and convenience-led centres attract grocery, F&B, health and leisure tenants, while secondary centres face informal competition and weaker spending.

Outlook: Prime centres should stay stable on affluent catchments and limited new supply; rising inflation in 2027F will keep secondary schemes price-sensitive.

Source: CBRE Excellerate Research; Oxford Economics Africa (2026). Property cycle positions are indicative house views; they are not guarantees of future performance.

Disclaimer and methodology

DATA SOURCES

- Oxford Economics Africa, Country Economic Forecast Kenya (2026): GDP, inflation, policy rate, exchange rate, fiscal and risk indicators.
- CBRE Excellerate market intelligence: brokerage evidence, landlord and developer information, listings and occupier engagement in Nairobi.
- Kenya National Bureau of Statistics, Central Bank of Kenya and Kenya Revenue Authority guidance.

KPI METHODOLOGY

- Rents are indicative H1 2026 headline rents per sqm per month for institutional-grade assets, excluding VAT and service charge, quoted in KES with US\$ equivalents at KES 131.2/US\$.
- Vacancy, stock, pipeline and yields are indicative institutional-grade benchmarks, not total-market statistics.
- Property cycle positions and outlook statements are CBRE Excellerate house views based on the latest available evidence.

DATA NOTES

- Nairobi lacks a single consolidated public dataset for stock, vacancy and pipelines; where figures could not be verified across sources they are marked as indicative.
- Typical market practice reflects observed lease terms and is deal-specific.
- Data as at H1 2026 unless otherwise stated; F = forecast.

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Market intelligence has been compiled from a range of publicly available real estate research publications, brokerage reports, industry databases and macroeconomic sources. Where information cannot be independently verified across multiple sources, figures should be considered indicative of prevailing market conditions rather than definitive measurements.

Thank you

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