



CHARTING THE FUTURE OF KENYA'S REIT MARKET



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Welcome Note from the **RAK Chairman**

Dear Members, Partners, and Friends of RAK, As we close the year 2025, I am pleased to welcome you to this final edition of our quarterly newsletter — **the 19th Edition** — a reflection on a quarter defined by meaningful progress, collaboration, and our shared commitment to strengthening and advancing Kenya's Real Estate Investment Trust (REIT) ecosystem.

This quarter has been particularly active and impactful, marked by several key milestones that reinforce RAK's mission of deepening REIT awareness, fostering innovation, and driving policy dialogue. Among the highlights was the **successful launch of the REIT Toolkit and Incubator Program**, a flagship initiative aimed at building industry capacity, equipping practitioners with practical insights, and nurturing a strong pipeline of investable REITs.



Q&A session during the launch of the REIT Toolkit and Incubator Program

In advancing the sustainability agenda, RAK, in collaboration with the **Nairobi Securities**

Exchange (NSE), also hosted a **high-level Green REIT Workshop**, which brought together key industry stakeholders to champion the integration of sustainability into real estate finance and underscored the potential of Green REITs in accelerating Kenya's climate-smart development agenda. Building on these strategic initiatives, RAK has **engaged key stakeholders** in the refinement of the REIT **Best Practices Guidelines** — a landmark document designed to enhance governance standards, transparency, and investor confidence across the REIT market.



Teams from Mboya Wangong'u & Waiyaki Advocates and Nation Media Group at the Real Estate Golf Event during the Koroga Cooking Competition

In this edition, we are also pleased to feature **exclusive insights from the 2025 NAREIT REIT Week** held in New York — offering valuable global perspectives on REIT market performance, innovation trends, and sustainability priorities that can inform our local growth trajectory.

As 2025 concludes, I extend my sincere appreciation to all our members, partners, and stakeholders for their steadfast commitment and collaboration. Together, we are building a stronger, sustainable, and competitive REIT market for Kenya.

Here's to a restful festive season and an inspiring start to 2026. Wishing you and your loved ones a Merry Christmas and a prosperous New Year!

Thank you for being part of this journey and Enjoy the Read!



CEO of Africa Logistics Properties Mr. Raghav Gandhi presenting at the Green REIT Workshop

On the policy front, RAK advanced its **advocacy efforts**, recently engaging with the **Kenya Revenue Authority (KRA)** and the **Capital Markets Authority (CMA)** in Machakos. Discussions focused on the **CIS Guidelines and potential tax incentives** — including reforms to **stamp duty and capital gains tax** — aimed at enhancing REIT market competitiveness.

To round off the year, we hosted the 2nd Edition of the Real Estate Golf Event alongside a Korogo Cooking Competition, providing an excellent platform for networking, collaboration, and celebrating industry partnerships in a relaxed setting.



Acorn 4-ball at Real Estate Golf Tournament

Geoffrey Odundo,
RAK Chairman.



Feature Article

Unlocking Lessons from NAREIT REIT Week 2025 – Charting the Future of Kenya’s REIT Market

By Stephen Mallowah, Brian Muindi, Paul Kavuma, Asbury Maruza Chikwanha, Lynette Katethya, Peter Waiyaki, Kimani Njane.



In June 2025, a delegation from the REITs Association of Kenya—including TripleOKLaw LLP, Construkt Africa, Ivhu Logistics Real Estate, Sterling Real Estate Advisory, Mboya Wangong’u & Waiyaki—attended the prestigious **NAREIT REIT Week: 2025 Investor Conference** in New York. The annual event brings together global REIT leaders, investors, and regulators to share strategies and showcase how real estate investment trusts drive economic growth.

The insights gained underscore both the maturity of the U.S. REIT market and the opportunities

that lie ahead for Kenya, offering a roadmap for unlocking the full potential of REITs.

Investor Engagement as a Growth Engine

A key takeaway was the **central role of investor-focused conferences**. In the U.S., REIT Week serves as a marketplace of ideas where each REIT presents its strategy, capital allocation priorities, and outlook to investors in highly professional, data-driven sessions. The seamless organization and disciplined timing maximize impact.

In Kenya, the REITs Association has already conducted **three successful REIT Deal Rooms**, providing a platform for REITs to showcase their strategies to potential investors. Scaling up to structured, investor-focused REIT conferences—modeled on the U.S. approach—could significantly **increase market visibility, provide direct access to capital providers, and strengthen investor confidence** in REITs as a credible asset class.

“NAREIT Week reminded us that real estate, when structured well, is not just a store of value — it is a driver of economic productivity and investor returns.”



RAK delegation at NAREIT REIT Week 2025



One-on-one meetings between the RAK delegation and NAREIT management

Regulatory Flexibility and Structural Reform

Delegates observed that the U.S. REIT market owes much of its success to **regulatory flexibility and structural clarity**. Unlike Kenya's trust-only model, U.S. REITs can be structured as corporations, partnerships, or trusts and may be internally or externally managed. Investors often reward internally managed REITs for efficiency and alignment of interests. Furthermore, U.S. REITs operate under a single structure that allows both **development and operation of assets**, reducing administrative complexity and enhancing operational efficiency.

For Kenya, these lessons highlight opportunities to evolve the regulatory framework. Key recommendations include:

- 1. Simplifying REIT Structures:** Consolidating D-REITs and I-REITs into a single entity allows natural progression from development to income generation. Development activities could be capped at 25–30% of total asset value to balance growth with risk management.
- 2. Internal Management Option:** Allowing REITs, particularly those promoted by institutional investors or established developers with in-house capacity, to internalize management functions aligns decisions with investor interests, reduces reliance on multiple third-party service providers, and improves cost-efficiency.
- 3. Rationalization of Service Providers:** Reduce the mandatory appointment of multiple service providers (e.g., REIT Manager, Property Manager, Project Manager, Trustee) and provide

flexibility based on the REIT's structure. Promoters could perform multiple roles where appropriate, subject to governance safeguards and conflict-of-interest disclosures.

- 4. Codified Tax Pass-Through Regime:** Engage the National Treasury and Kenya Revenue Authority to provide clear guidance or legislative amendments that **grant tax exemption at the REIT level**, contingent on minimum distribution thresholds and asset/income tests. This clarity would attract institutional capital and strengthen investor confidence.

Specialization and Thematic Growth

Another defining feature of the U.S. market is the rise of **specialized REITs**, from logistics and warehousing to healthcare, student housing, data centers, hospitality, and senior living. Clear sectoral identities create targeted investment opportunities and build investor confidence.

In Kenya, the potential for specialized REITs is already being demonstrated by Acorn's Student Accommodation REITs:

- **ASA I REIT:** Holds stabilized, income-producing accommodation.
- **ASA D REIT:** Develops new student housing projects.

As of mid-2025, these REITs manage approximately **20,000 beds**, with total assets of **KES 26.8 billion**. In the first half of 2025, they generated a **profit of KES 457 million**, a 32% increase over 2024. The I REIT successfully reduced debt from **KES 2.5 billion to KES 1.9 billion**, lowering its weighted interest rate from 17% to 11.1%. Their development REIT

continues to expand into Tier 2 university towns, including Eldoret.

This example highlights how Kenya's REIT market can be **thematically focused**, providing strong fundamentals and attracting strategic capital. Future thematic REITs in logistics/warehousing, industrial parks, and other specialized sectors could replicate this clarity and appeal to investors.

Technology, Data, and Market Intelligence

The integration of **technology and data analytics** was a key feature at REIT Week. U.S. REITs use AI for reporting and analytics, enabling faster, more accurate insights, and rely on market intelligence platforms such as **S&P Global, Capital IQ, and Bloomberg** for strategic decision-making.

Kenya could similarly establish a **centralized REIT Data Hub** under the REITs Association of Kenya. This platform would democratize access to market intelligence, provide dashboards and benchmarking tools, and enhance transparency, trust, and competitiveness for both emerging and established sponsors.

Global Market Outlook and Implications

Despite recent economic headwinds, the U.S. REIT market is regaining investor attention. Growth sectors include **industrial/logistics, healthcare, data centers, residential, and self-storage**, driven by e-commerce, AI, cloud computing, demographic shifts, and lifestyle changes.

Kenya can enhance its appeal to global investors by prioritizing:

- Strong balance sheets
- Transparent governance
- Alignment of management and investor interests
- ESG integration

Inspiration for Kenya's REIT Journey

The scale of REITs such as **Prologis**, managing over 6,000 buildings globally across 20 countries and facilitating trade flows nearly equal to Africa's GDP, demonstrates the transformative potential of well-structured REITs. For Kenyan delegates, these examples provided both inspiration and a call to action:

"The potential is limitless. Kenya's REITs can become powerful engines for capital formation and economic transformation, just as they have in the U.S."

Conclusion: A Call to Action

To unlock Kenya's REIT potential, the path forward involves:

- **Deepening investor engagement** through structured, investor-focused events
- **Enacting regulatory reforms** that simplify structures, allow internal management, rationalize service providers, and clarify tax treatment
- **Encouraging specialized REITs** aligned with national development priorities
- **Investing in technology and data platforms** to strengthen transparency and decision-making
- **Strengthening governance and ESG standards** to meet global investor expectations

If embraced, these reforms and innovations could transform REITs from niche instruments into a cornerstone of Kenya's capital markets — financing housing, healthcare, logistics, and infrastructure while delivering strong returns to investors.

The path ahead is clear, and with collective effort, these insights can be transformed into impact.

Real Estate Golf Event 2nd Edition



Lead Strategic Partner Nation Media Group

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