Knight Frank

A Perspective on Kenya Wealth Investment Trends

THE WEALTH REPORT

Kenya Edition | 2025

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19th Edition
The Wealth Report

The Kenya Supplementary Report

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DEFINITIONS AND DATA

HNWI: High-net-worth individual – someone with a net worth of US$1 million or more.

UHNWI: Ultra-high-net-worth individual – someone with a net worth of US$30 million or more.

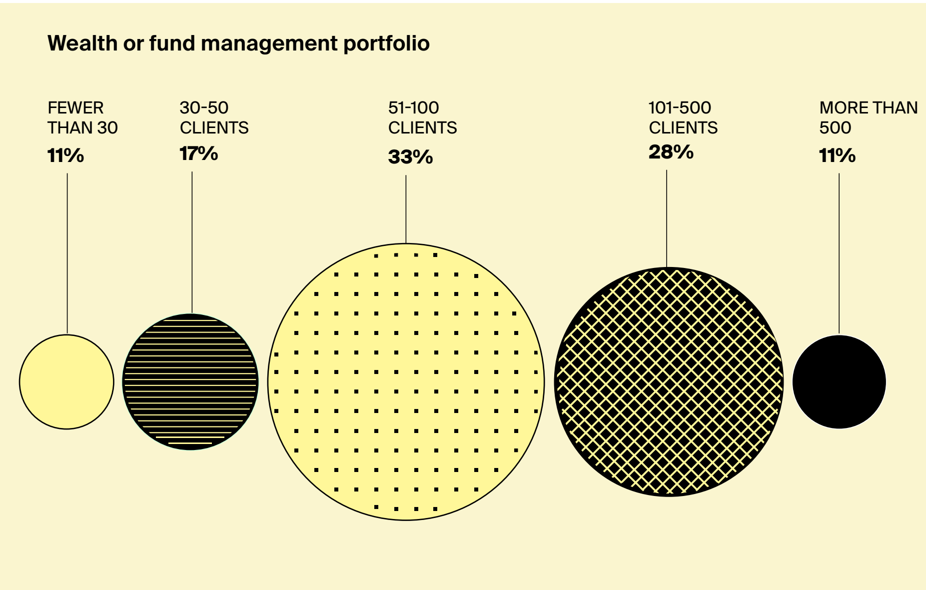
PRIME PROPERTY: The most desirable and most expensive property in a given location, generally defined as the top 5% of each market by value. Prime markets often have a significant international bias in terms of buyer profile.

THE KNIGHT FRANK WEALTH SIZING MODEL: The model, created by our data engineering team, measures the size of HNWI, UHNWI, and billionaire cohorts in more than 200 countries and territories.

OUR COVER

Key findings

Client Portfolios



Sample Size

The 2025 instalment is based on responses provided during January 2025 by private bankers, wealth advisors, intermediaries and family offices who, between them, manage wealth for the UHNWI clients.

As illustrated in the graph on the left, the majority of the wealth managers (33%) surveyed manage between 51-100 clients, followed by 28% who manage between 101-500 clients, with more than 10% managing over 500 clients. This distribution further authenticates our findings, reflecting a true representation of the wealth trends in Kenya.

Value of Wealth

PREDOMINANCE OF MODERATE PORTFOLIOS

A significant 28% of wealth managers reported overseeing portfolios valued at less than US$ 5 million. This trend highlights the predominance of emerging affluent and middle-class clients, reflecting Kenya's broader economic landscape where wealth is gradually being accumulated rather than inherited. Kenya's growing middle class and dynamic entrepreneurial ecosystem contribute to this trend. Many of these portfolios are driven by individuals and small to medium-sized enterprises (SMEs) engaged in wealth-building activities. Key sectors such as technology, agriculture, and real estate are fuelling new wealth creation, though much of this capital remains in the early stages of accumulation.

NICHE FOR HIGH-NET-WORTH INDIVIDUALS

A smaller but notable segment of the market comprises more established high-net-worth individuals (HNWIs). Approximately 17% of the respondents indicated that they manage portfolios valued between US$ 21 million and US$ 50 million. This segment represents clients with more mature wealth profiles who require advanced financial strategies, diversified investments, and bespoke wealth management solutions. The presence of this group signifies Kenya's evolving wealth landscape, where a select number of individuals have achieved substantial financial success and seek sophisticated financial planning services.

SCARCITY OF ULTRA-HIGH NET WORTH PORTFOLIOS

At the top of the wealth pyramid, only 6% of respondents reported managing portfolios exceeding US$ 1 bn. This percentage highlights the limited number of ultra-high-net-worth individuals (UHNWIs) in Kenya, a common pattern in emerging markets where extreme wealth remains concentrated among a select few. These UHNWIs are likely to possess globally diversified investment portfolios and substantial holdings in major Kenyan corporations.

Less than 10% growth of HNWIs

Individuals (HNWIs) between 2024 and 2025. Additionally, 17% of respondents noted an increase of 11–20%, while none reported an expansion exceeding 70%.

The modest growth in Kenya's HNWI population during this period reflects broader economic conditions, market dynamics, and policy influences:

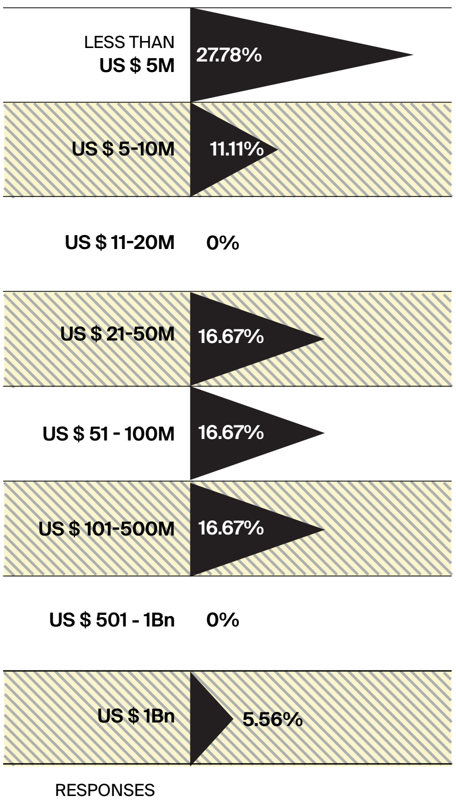
i. Economic Slowdown- Kenya's economic `expansion decelerated in 2024, with GDP growth moderating to 4.0% year-on-year in Q3 2024, down from 6.0% in the corresponding period of 2023 (Kenya National Bureau of Statistics). Key sectors critical to wealth creation, such as construction (-2.0%) and mining & quarrying (-11.1%), contracted significantly, constraining opportunities for rapid capital accumulation among emerging HNWIs.

ii. Fiscal Challenges & Social Unrest- The World Bank revised Kenya's 2024 GDP growth projection to 4.7% (down from 5.0%), citing fiscal challenges, flooding, and widespread anti-government protests. Social unrest triggered by tax increases in the 2024 Finance Bill led to market uncertainty, disruptions, and periodic volatility, all of which negatively impacted investor confidence and wealth formation.

10%

less than 10% growth in the number of High-Net-Worth Individuals (HNWIs) between 2024 and 2025

Value of Wealth/ Fund Management Portfolios



Cautious Optimism for 2025

Almost half (48%) of respondents expect only a marginal increase in wealth in 2025, partly because heavy taxes and fiscal pressures have been weighing on business confidence. For example, proposed tax hikes, once estimated at over Ksh. 346 bn, had to be scrapped following widespread protests, signalling that high tax burdens continue to be a major concern. This environment of fiscal tightening and uncertainty limits the scope for significant profit increases among clients.

Moreover, despite ongoing growth forecasts, the country faces challenges such as a persistent budget deficit and high external debt. These issues force the government to adopt conservative fiscal measures, which can slow down the pace at which wealth expands

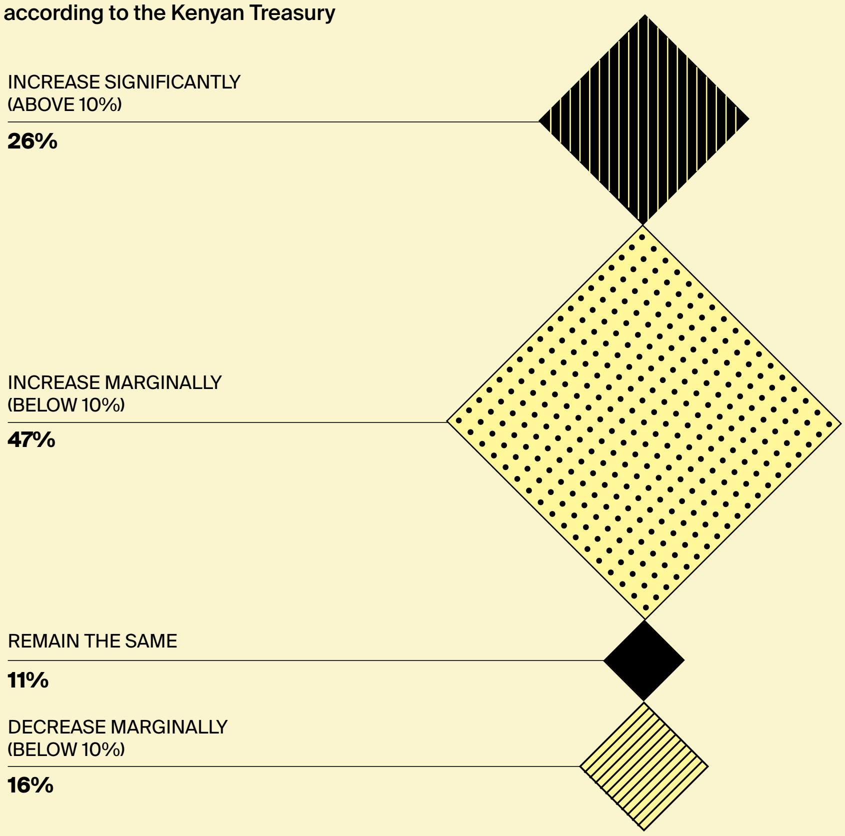
STABLE OUTLOOK

Even though 48% expect only marginal increases, none of the respondents foresee a significant decline. This reflects confidence in Kenya's underlying economic strength. The Kenyan Treasury projects that economic growth projections for 2025/26 would hover around a 5.3% growth rate, supported by a resilient private sector and proactive monetary policies. Recent measures, such as the central bank's rate cut (to 12.00% from 12.75%), aim to boost private sector credit and overall economic activity.

Kenyan HNWIs' wealth growth expectations in 2025

5.3%

is the projected economic growth rate for 2025/26, according to the Kenyan Treasury



Domestic Confidence

Less than 10% of the clients are planning to apply for a second passport or new citizenship in 2025. This figure remains consistent with last year's trends, where over 30% of HNWIs showed little to no interest in obtaining second citizenship

10%

Less than 10% of the clients are planning to apply for a second passport or new citizenship in 2025

Residential Trends

Pursuit of Higher Liquidity & Returns

According to the survey, only 22% of clients now allocate a portion of their wealth to primary and secondary homes, marking a significant decline from the 50-60% allocation recorded in 2024. This shift reflects evolving investor preferences driven by changing economic conditions and the pursuit of higher liquidity and returns.

ALTERNATIVE ASSET CLASSES:

Investors are increasingly diversifying their portfolios, exploring new asset classes that offer better liquidity and competitive returns, including:

- Real Estate Investment Trusts (REITs): Providing a more accessible and liquid entry into real estate investments.
- Financial Instruments: Such as treasury bonds and money market funds, which offer stability amid market fluctuations.
- High-Growth Sectors: Investment in emerging business opportunities, particularly in technology, agriculture, and renewable energy.

The significant drop in wealth allocation to residential property suggests a strategic shift towards more liquid and income-generating assets. This trend aligns with broader market analyses from leading financial institutions, indicating that investors are recalibrating their portfolios to adapt to economic uncertainties and shifting return profiles.

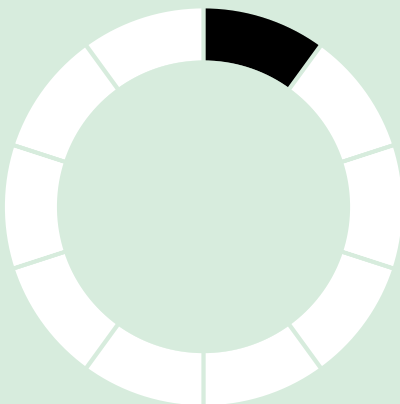
> "Investors shift from homes to liquid, income-generating assets amid evolving markets and economic uncertainties"

East or West, Home is Best

The trend of limited offshore property holdings among Kenya's HNWIs persists into this year. Similar to 2024, when the majority indicated that only less than 10% of their residential wealth was held outside the country, this year's findings reinforce the same pattern. Most respondents reported that only between 1% and 10% of their wealth is allocated to properties abroad, highlighting a strong preference for domestic real estate investments.

This prevailing trend raises important considerations regarding investment strategies and risk perceptions among Kenyan HNWIs. Many affluent investors continue to find a sense of security and attractive returns within the local market. The convenience and familiarity of managing properties domestically further support this inclination, allowing for greater control and operational efficiency.

Wealth allocation to properties abroad



10%

or less of the wealth is allocated to properties abroad, underscoring a strong preference for investing in domestic real estate

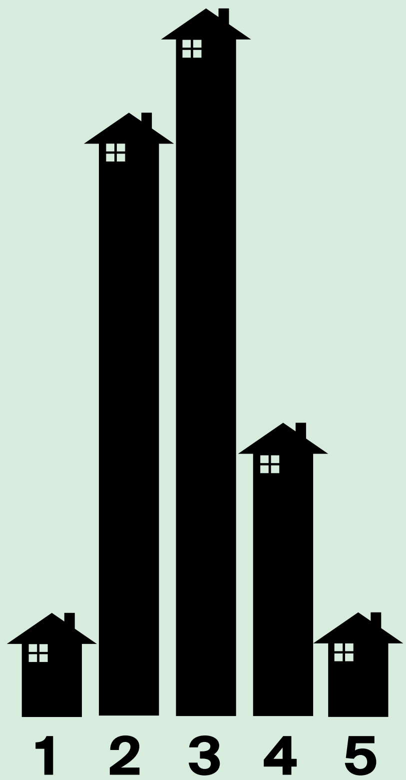
Multiple Homes

Among the surveyed wealth managers, the majority indicated that their clients typically own three homes (39%), followed closely by those owning two homes (33%). Meanwhile, 17% of respondents reported their clients holding four homes, whereas only 6% own a single home.

Many affluent Kenyans maintain multiple residences to align with their lifestyle preferences. Common ownership patterns include:

- A primary residence in Nairobi or other urban centres.
- A second home in a rural or coastal location for leisure and retreat.
- Additional investment properties for rental income or future capital appreciation.

Number of homes owned by the HNWIs



Home-ownership in 2024/25

61%

of HNWIs purchased a home in 2024

53%

of HNWIs plan to purchase a new home in 2025

"Privacy, leisure, and exclusivity drive HNWIs to keep second homes for personal use over rental income"

Less Than 10% Eyeing Home Purchases in 2025

According to the survey, home purchase activity remains subdued, with 61% of wealth managers indicating that only 1–10% of their clients bought a home in 2024. Looking ahead to 2025, market sentiment remains cautious, as 53% anticipate that only 1–10% of their clients will make a home purchase.

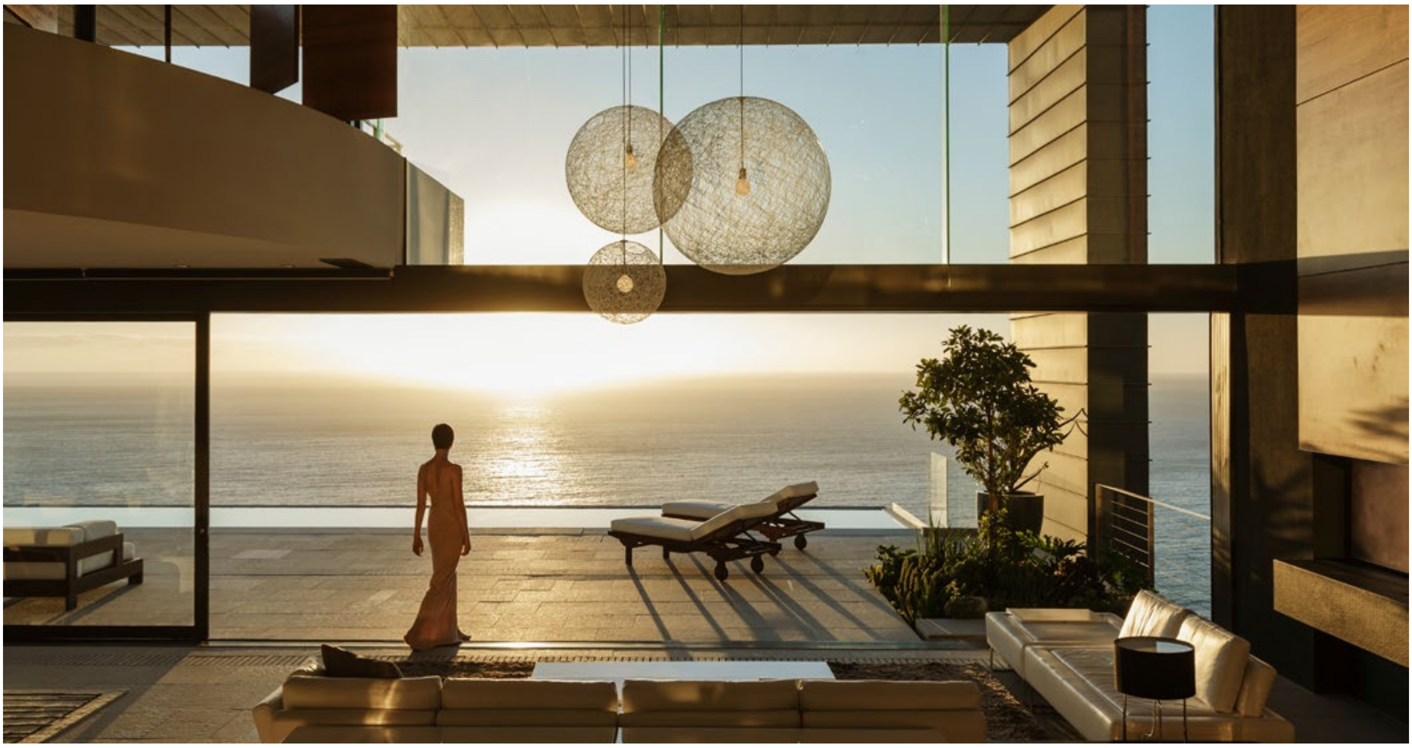
These can be attributed to:

- Domestic and Global Concerns: Fluctuations in Kenya's economic conditions, amplified by global uncertainties, have led many prospective buyers to delay major financial commitments. Concerns over income stability and future market conditions are prompting a 'wait-and-see' approach among investors, further dampening home purchase activity.
- Rising Land and Construction costs: While certain segments of the market have experienced price corrections (for instance, the Kenya Bankers Association reported a 14.28% year over year (y/y) decline in some house prices in Q3 2024), the broader trend reflects rapid increases in urban land values and construction costs. This widening gap between income growth and rising property prices has made homeownership less attainable for many potential buyers.
- Low Mortgage Penetration: Mortgage penetration in Kenya remains relatively low, with only around 3.6% of the population having accessed a mortgage, according to the Kenya Bankers Association. Stringent lending criteria and limited financing options from real estate firms restrict the pool of eligible borrowers, further contributing to subdued home purchase rates.

Retreat, not a Revenue Stream

The survey findings also reveal that only 22% of clients opt to rent out their second homes for income generation. Many HNWIs acquire second homes as private retreats for leisure, vacation, or future retirement. The desire to maintain these properties for personal enjoyment often outweighs the financial incentives of leasing them.

Privacy and exclusivity also play a crucial role in this decision. Some homeowners value the sense of personal space and security that comes with sole occupancy, making them hesitant to open their properties to tenants. Furthermore, second homes often serve an important social function, hosting family gatherings or accommodating visiting friends and relatives. This limits their availability for rental purposes, as owners prefer to keep them reserved for personal use.



Kenya Tops List for HNWI Home Purchases

Kenya remains the primary choice for HNWIs purchasing homes, with 66% selecting it as their first option. The United States follows at 29.4%, while the United Kingdom ranks third at 21%, tying with the US as a key secondary option. These findings align with last year's trends, where Kenya was also the top priority for home purchases at 33%, followed by the UK at 25%.

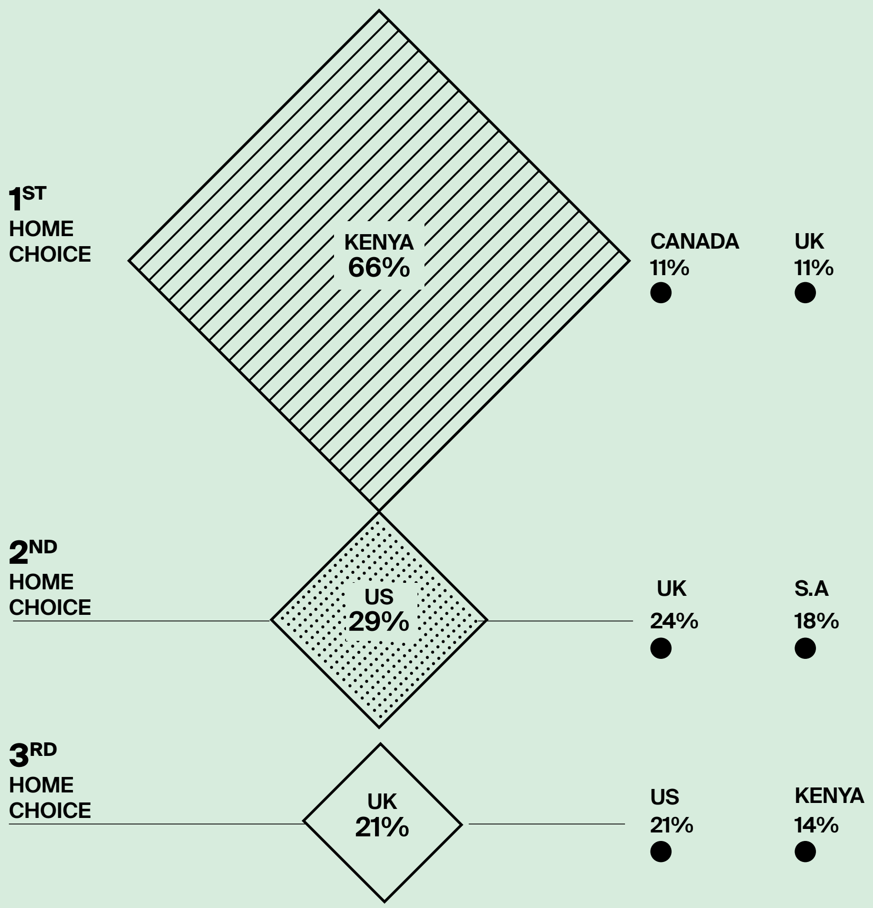
Kenya's dominant preference reflects strong domestic confidence, fuelled by long-term economic stability, a growing real estate sector, and national pride. HNWIs often view property investments within the country as both a wealth-building strategy and a contribution to local economic development.

GLOBAL DIVERSIFICATION

Despite the strong inclination towards Kenya, many affluent investors seek international real estate opportunities to diversify their assets. The United States emerges as the most favoured secondary destination, offering a mature property market, strong legal protections, and stability, making it an attractive hedge against local market fluctuations.

The United Kingdom remains a preferred market for Kenyan HNWIs due to its historical ties, legal transparency, and perceived stability. Many investors see UK real estate as a secure, long-term asset, particularly in prime locations like London.

Number of homes owned by the HNWIs

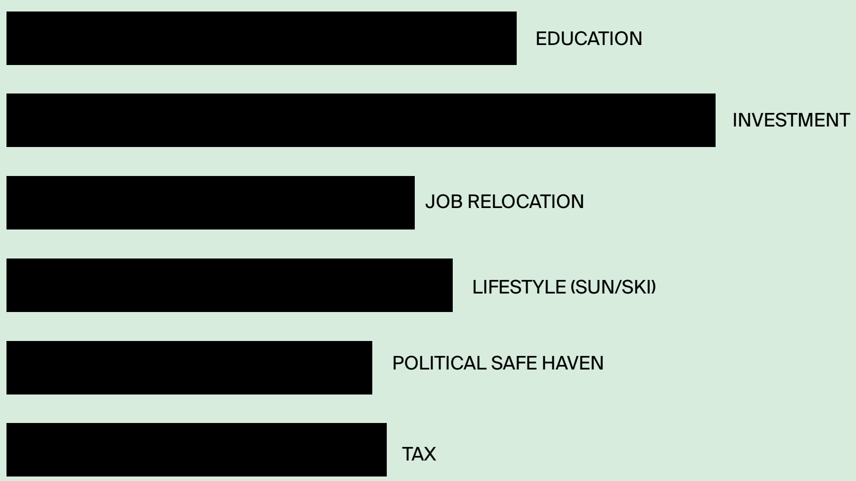


The Investment Appetite

A significant majority (56%) of respondents identified investment as the primary motivation for their clients' future home purchases. This underscores a strategic shift among High-Net-Worth Individuals (HNWIs), who increasingly view residential real estate as both a lifestyle asset and a reliable investment vehicle.

Other key drivers include education, lifestyle, and job relocation, while political safe haven and tax considerations ranked lowest as motivations.

Motivations Behind Future Home Purchases



Commercial Trends

Beyond Bricks & Mortar

Over half of the respondents reported that fewer than 10% of their clients invested in commercial property in 2024, while only 6% indicated that as many as 90% of their clients did so. This trend mirrors our previous findings, where 40% of respondents noted that fewer than 10% of their clients invested in commercial property in 2023. Similarly, when asked about their clients' investment plans for 2025, more than 50% indicated that fewer than 10% are expected to invest, and none reported that between 91% and 100% of their clients plan to invest.

The subdued investment levels could be attributed to an oversupply of commercial real estate, particularly office space, which has led to higher vacancy rates and downward pressure on rental yields. Additionally, shifting investor preferences have driven interest towards alternative asset classes such as REITs, purpose-built student accommodation, and investments in land outside traditional urban centres.

Elsewhere, economic uncertainties, including inflation, high interest rates, and fiscal pressures such as increased taxation, have further constrained disposable income available for property investments. The rise of remote work and flexible office spaces has also impacted demand for traditional office buildings. Furthermore, escalating construction costs have limited new commercial property developments.

Despite these challenges, select segments such as prime retail locations and industrial properties catering to logistics and e-commerce continue to show resilience in the country.

50%

foresee client investments in 2025, reflecting cautious optimism and select opportunities

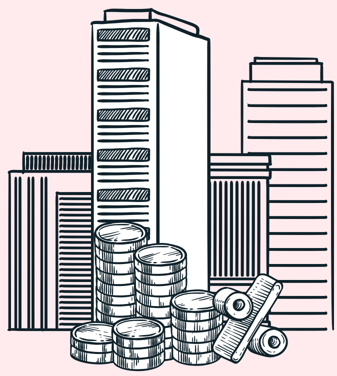
Absa Towers, Nairobi CBD

Less Than US$ 5 Million Towards Commercial Investments

The majority of investors (39%) plan to allocate less than US$ 5 million towards commercial investments. Meanwhile, 17% expect to commit between US$ 5 million and US$ 10 million, while none of the investors is considering a substantial investment exceeding US$ 500 million.

This distribution highlights a cautious investment approach driven by factors such as market maturity, economic uncertainty, and access to capital. The predominance of sub-US$ 5 million investments suggests that most players in the sector are either local or regional investors with relatively limited capital. This aligns with trends in emerging markets, where investors often prefer to start with smaller, more manageable projects before committing to large-scale ventures.

Macroeconomic uncertainties and regulatory challenges further shape investment decisions. While Kenya's commercial sector presents attractive opportunities, concerns regarding high business costs, evolving regulatory frameworks, and infrastructure bottlenecks contribute to a more conservative approach.



US$5m

The majority of investors (39%) plan to allocate less than US$ 5 million towards commercial investments

Emerging Sectors

Sectors to Watch in 2025

We asked the respondents to identify up to five sectors they are considering for investment in 2025. The responses highlighted a diverse range of opportunities, reflecting both emerging trends and traditional strengths in Kenya's economy.

OPTION 1: DATA CENTRES

With Kenya's digital economy experiencing rapid expansion, data centre investments have gained significant traction. Government policies on data localization, increasing internet penetration, and the demand for cloud services are key drivers fuelling this sector.

OPTION 2. HOTEL AND LEISURE

Tourism continues to be a major pillar of Kenya's economy, and the recovery of global travel is bolstering investor confidence in the hospitality sector. The country's diverse tourism offerings, from safari destinations to coastal resorts, are driving renewed interest in hotel and leisure investments. Expansion in airlift is supporting growth in business travel, conferences, and eco-tourism.

OPTION 3. DEVELOPMENT LAND, FARMLAND, AND HOTEL & LEISURE

Several respondents indicated a tie between development land, farmland, and hotel & leisure, underscoring the varied nature of investment preferences:

- **Development Land:** Urbanization and infrastructure expansion have increased the demand for prime development land. With Nairobi and other cities undergoing significant transformation, investors see opportunities in mixed-use developments and residential projects.
- Farmland: Agriculture remains the backbone of Kenya's economy. Investors recognize the potential for agribusiness, commercial farming, and export-driven agricultural ventures, particularly in high-value crops.
- Hotel and Leisure: The sector continues to attract strong interest due to Kenya's efforts to revitalize tourism and improve hospitality infrastructure.

OPTION 4. RETAIL

Retail investments reflect Kenya's rising consumer spending, urbanization, and the growth of modern retail spaces. Shopping malls, retail parks, and e-commerce-driven distribution centres are key areas of focus, supported by a growing middle class and evolving consumer preferences.

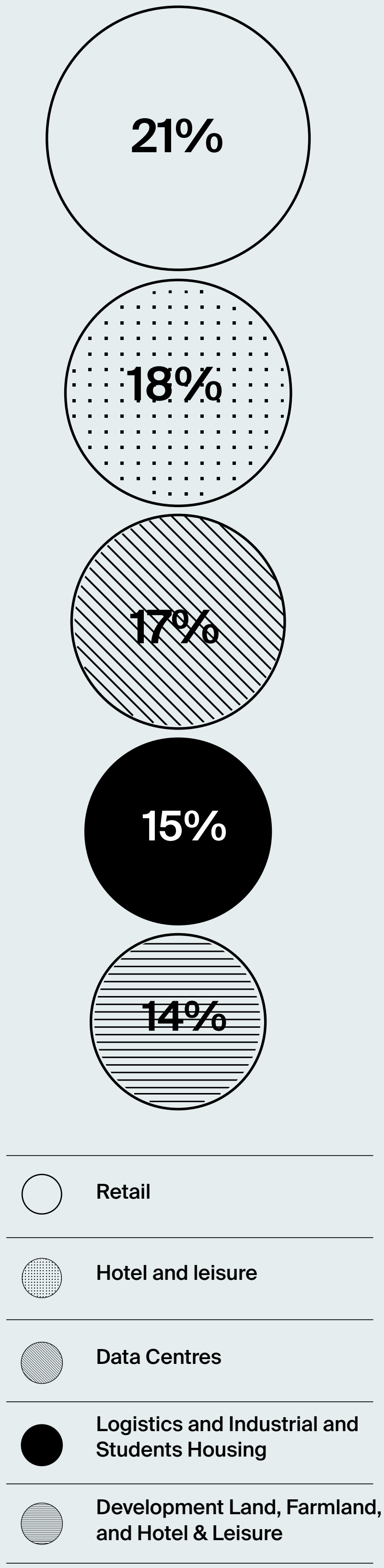
OPTION 5. LOGISTICS AND INDUSTRIAL AND STUDENTS HOUSING

- Logistics & Industrial: The e-commerce boom and increased demand for efficient supply chains are pushing up the need for modern logistics facilities and industrial parks.
- Student Housing: A youthful, growing population coupled with increasing demand for quality, purpose-built accommodation makes student housing an attractive niche.

The tie suggests that investors are viewing both these sub-sectors as viable, reflecting confidence in the country's ability to sustain economic growth through improved logistics infrastructure and an expanding education sector.

> "Retail investments reflect Kenya's rising consumer spending, urbanization, and the growth of modern retail spaces"

2025 Investment Sectors



Investment Destinations

Kenya, South Africa Top Investment Destinations

KENYA AS A PRIMARY INVESTMENT DESTINATION

Despite increasing interest in international markets, Kenya remains a significant focus for commercial property investment. Several factors contribute to this trend:

- Urbanization: Rapid urban expansion in key cities such as Nairobi, Mombasa, and Kisumu and emerging urban centres continues to drive demand for commercial real estate.
- Infrastructure Development: Ongoing improvements in road networks, transport systems, and utilities enhance property accessibility and value, making Kenya an attractive investment hub.
- Economic Growth: While economic challenges exist, Kenya's projected growth still presents opportunities for businesses to expand, increasing demand for commercial spaces.
- Local Knowledge & Management: Investors often prefer familiar markets where they understand regulatory frameworks and have established networks. Additionally, owning property within their home country allows for easier management while maintaining proximity to family and business interests.

78%

Kenya remains a significant focus for commercial property investment

SOUTH AFRICA AS A LEADING INTERNATIONAL INVESTMENT OPTION

South Africa continues to be the top international choice for Kenyan investors due to its well-developed commercial property sector. Key factors driving this preference include:

- Mature Market: South Africa's real estate industry is more structured and diverse, offering a broader range of commercial investment opportunities.
- Established Infrastructure: The country boasts robust infrastructure, contributing to property stability and long-term value.
- Sophisticated Financial Markets: Access to advanced investment instruments and financial services enables easier portfolio diversification and asset management.

DIVERSIFICATION INTO OTHER INTERNATIONAL MARKETS

Beyond Africa, Kenyan investors are increasingly looking to markets such as Canada, France, and Italy to diversify their commercial real estate portfolios. The motivations for these investments include:

- Portfolio Diversification: Spreading investments across different geographic locations reduces risk and enhances overall portfolio resilience.
- Market Stability: Developed economies such as Canada and parts of Europe offer a higher degree of economic and political stability, making them attractive long-term investment destinations.
- Global Economic Trends: Exposure to international markets allows investors to capitalize on emerging economic opportunities and favourable real estate cycles.

Rukinga Wildlife Conservancy, Taita Taveta County, Kenya

Farmland Investments & ESG

Food Production as a Top Priority

A significant 83% of respondents indicated that their clients invest in farmland primarily for food production. This overwhelming preference highlights the central role of agriculture in Kenya's economy and underscores concerns about food security. As the country's population grows, so does the demand for food, making agricultural investment a practical and strategic choice. The impact of climate change and fluctuating weather patterns has further driven investors towards farmland, ensuring reliable food production amidst economic uncertainties.

ENVIRONMENTAL AND SUSTAINABLE LAND USE

A notable 56% of the HNWIs prioritize tree planting, reflecting a growing emphasis on environmental conservation. Agroforestry, the integration of trees with crops, enhances soil health, prevents erosion, and provides alternative income streams through timber and fruit production. Additionally, trees contribute to carbon sequestration, aligning with Kenya's and global climate change mitigation strategies. As the visible effects of climate change intensify, farmland investments increasingly incorporate sustainable practices such as organic farming, water conservation, and biodiversity preservation, ensuring long-term land productivity while supporting ecological balance.

LIFESTYLE AND QUALITY OF LIFE CONSIDERATIONS

Half of the respondents cited lifestyle opportunities and environmental benefits as key reasons for investing in farmland. Beyond financial gains, investors are seeking farmland for recreational purposes, weekend getaways, or future rural living. Urban dwellers, in particular, view farmland as a retreat from city life, offering space for self-sufficiency, agritourism, and sustainable living. The rise of agritourism further underscores the appeal of farmland ownership, as it provides additional income while promoting eco-friendly tourism.

ESG AWARENESS

Kenya's vulnerability to climate change, manifested in extreme weather conditions such as droughts and floods, has heightened the urgency for sustainable building practices. As a result, a significant portion of investors prioritize renewable energy sources (67%) and energy efficiency ratings (61%) when assessing potential property acquisitions.

COMMUNITY IMPACT

With 72% of investors considering the impact on the wider community, social responsibility remains a key factor in property investment decisions. Developers and investors recognize that successful projects must contribute to the well-being of surrounding communities by enhancing access to essential services and fostering inclusive environments.

INVESTOR & TENANT DEMAND

Both local and international investors are increasingly prioritizing ESG factors, driven by a growing recognition of their long-term benefits. Additionally, tenants, particularly multinational corporations and environmentally conscious individuals, are demanding properties that align with sustainability and social responsibility standards.

REGULATORY & POLICY DEVELOPMENTS

The Kenyan government is progressively implementing policies to promote sustainable development, including energy efficiency initiatives and incentives for renewable energy use. The Nairobi Securities Exchange (NSE) has also introduced ESG reporting guidelines, further encouraging responsible investment practices.

FINANCIAL BENEFITS

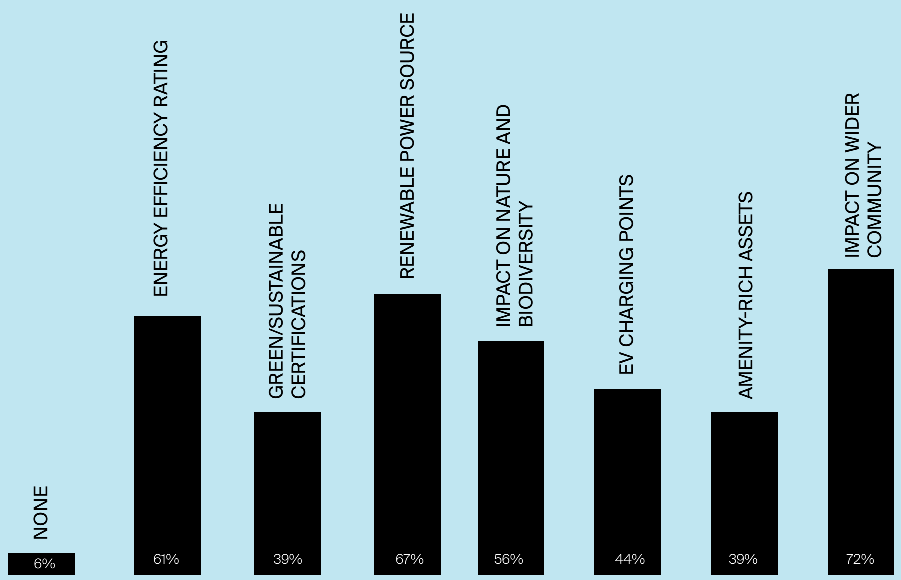
Sustainable properties are increasingly seen as sound financial investments. Green-certified buildings, such as those with LEED or EDGE certification, benefit from reduced operating costs, increased property values, and improved tenant retention.

SOCIAL CONSCIOUSNESS

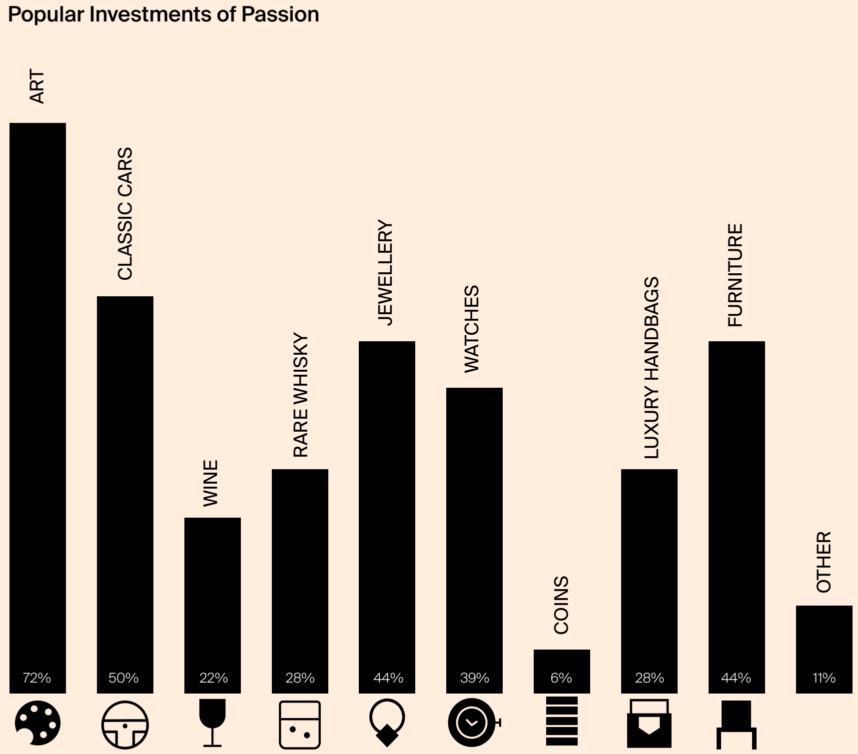
There is a growing expectation among Kenyan consumers and businesses to engage with socially responsible entities. This shift in mindset is influencing investment strategies as businesses seek to align themselves with ESG principles to maintain credibility and competitiveness.

Overall, with just 6% of investors indicating no ESG assessment in their property investment decisions, it is evident that ESG considerations are becoming a mainstream component of Kenya's real estate sector.

ESG-related criteria for pottential acquisitions



Investments of Passion

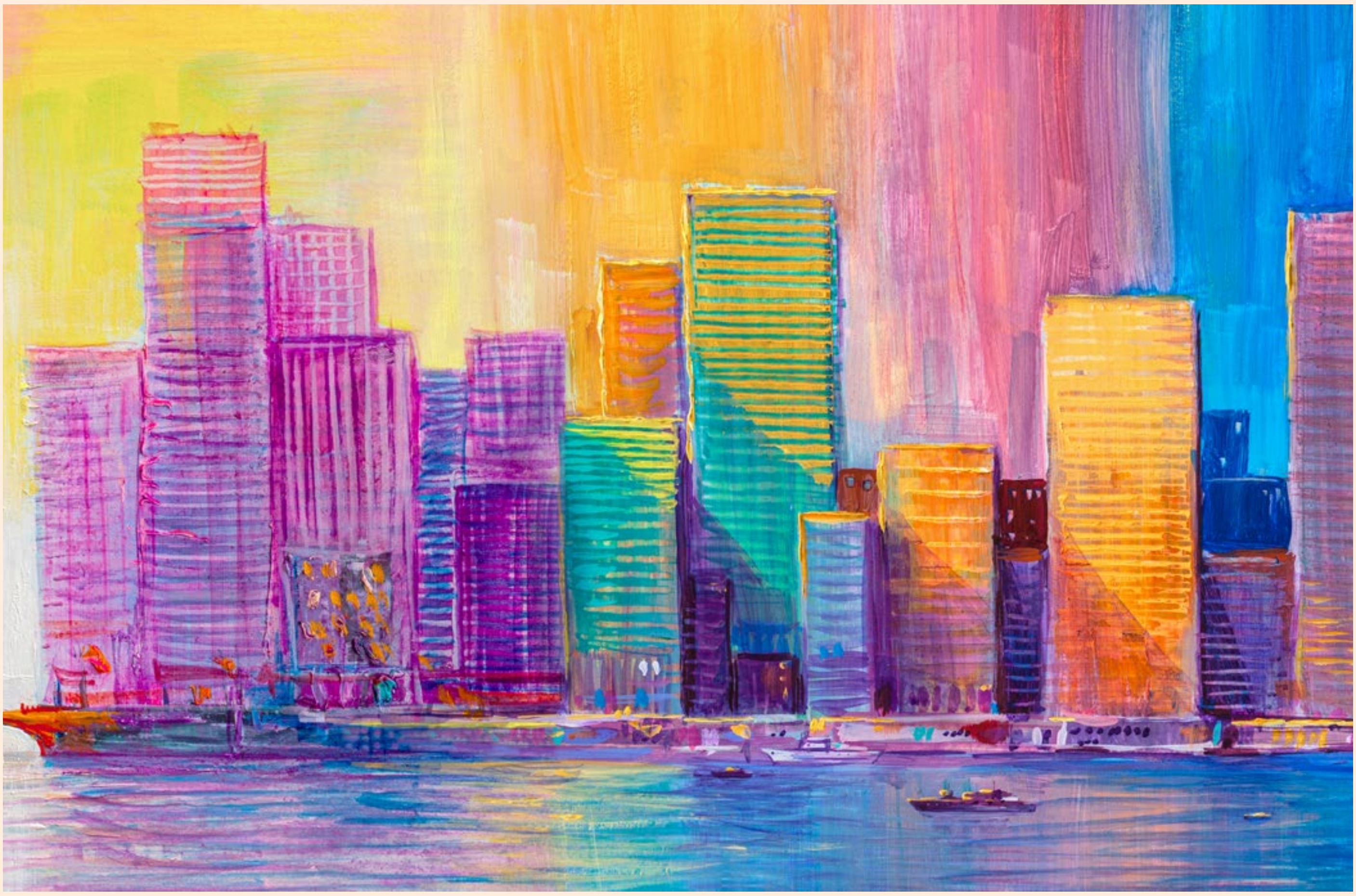


Art leads, Again

In line with the 2024 Wealth Report findings, Art continues to dominate as the most sought-after investment of passion among Kenyan HNWIs. This year, 72% of respondents expressed interest in acquiring art, reflecting a sustained enthusiasm for the asset class. Classic cars followed closely at 50%, while jewellery and high-end furniture both garnered interest from 44% of HNWIs.

Key Factors Driving Art Investment

- Appreciation for Kenyan and African Art- The recognition of Kenyan and African art has been rising both domestically and internationally, leading to increased demand and higher valuations. As Kenyan artists gain global recognition, their works become more desirable, further fuelling interest among collectors.



Abstract Fine Art: Urban Development

- Diversification of Investment Portfolios- With an evolving investment landscape, HNWIs are exploring alternative asset classes beyond traditional stocks and real estate. Art, viewed as a tangible asset, provides long-term value appreciation and serves as a hedge against inflation.
- Cultural Significance- Beyond financial returns, art holds intrinsic value, offering aesthetic pleasure and cultural relevance.
- Visibility and Accessibility- The proliferation of art galleries, exhibitions, and digital marketplaces has made art more accessible to a broader audience.
- Global Influence - The trend of investing in passion assets extends beyond Kenya, with global collectors driving demand for fine art, classic cars, and luxury jewellery. Kenyan HNWIs are aligning with these international trends, leveraging passion investments to enhance their wealth portfolios.

OTHER TOP PASSION INVESTMENTS:

Classic Cars- Classic cars remain a coveted asset, valued not only as an investment but also as a symbol of prestige.

Jewellery and Fine Furniture- Both jewellery and high-end furniture continue to attract investors seeking both aesthetic pleasure and financial returns. Rare, high-quality pieces, particularly those with historical significance or fine craftsmanship, have demonstrated the potential for appreciation over time.

Modest Approach to Luxury Spending

The allocation of investment portfolios to luxury assets among HNWIs in Kenya remains relatively modest. The majority of respondents indicated that their clients allocate less than 10% of their wealth to luxury investments such as cars, watches, and fine wine. Notably, none of the respondents reported any clients dedicating more than 80% of their portfolios to such assets, highlighting a measured approach to luxury spending.

Kenyan HNWIs predominantly prioritize investments in real estate and personal businesses over luxury assets. The preference for tangible and appreciating assets underscores a long-term wealth preservation strategy, with property ownership and entrepreneurial ventures often regarded as more secure and profitable.

Diversification and risk management further influence the restrained approach to luxury investments. Kenyan investors typically allocate capital across various asset classes to mitigate economic uncertainties and enhance financial resilience. As a result, non-essential luxury assets constitute only a minor segment of their portfolios, ensuring that wealth remains concentrated in stable and productive investments.

Cultural and economic considerations also play a role in shaping investment behaviours. Many Kenyan HNWIs adhere to principles of financial prudence, focusing on assets that contribute to long-term financial security and legacy-building. This perspective aligns with broader financial goals, where luxury expenditures remain secondary to wealth accumulation and sustainability.

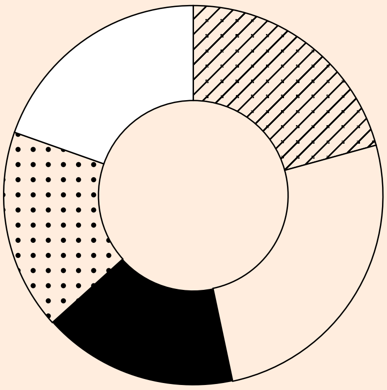
Given these factors, it is unsurprising that none of the respondents observed clients allocating more than 80% of their portfolios to luxury investments.

10%

of wealth or less is allocated to luxury investments by HNWIs in Kenya

"Kenyan HNWIs predominantly prioritize investments in real estate and personal businesses over luxury assets"

Reasons HNWIs keep investments of passion



○	The joy of ownership 26%
◍	As an investment 21%
○	Intellectual interest 19%
◌	To belong to a community 17%
●	Status among peers 17%

The Joy of Ownership Among the HNWIs

Kenya's HNWIs allocate a portion of their wealth to passion investments, ranging from fine art and classic cars to luxury real estate and rare collectables. While financial returns are a consideration, non-monetary motivations play a critical role.

The key drivers, ranked by significance, include:

1. THE JOY OF OWNERSHIP

Many Kenyan HNWIs invest in assets that hold personal, historical, or cultural significance. This could include:

- Acquiring fine art that resonates with Kenya's heritage or personal aesthetic preferences.
- Collecting classic cars that evoke nostalgia or symbolize personal achievements.

2. AS AN INVESTMENT

While passion assets are primarily acquired for personal enjoyment, they also serve as alternative investment vehicles. In Kenya, where traditional markets can be volatile, tangible assets offer a hedge against inflation and economic fluctuations. They recognize the long-term value appreciation of:

- Art from renowned or emerging Kenyan artists.
- Vintage wines, rare collectables, and limited-edition luxury items.
- High-end real estate in sought-after locations, which combines lifestyle benefits with capital appreciation.

3. INTELLECTUAL INTEREST

Many HNWIs view their collections as a pursuit of knowledge. Investing in historical artefacts, indigenous art, or rare books allows them to deepen their intellectual engagement while preserving Kenya's cultural legacy.

4. STATUS AMONG PEERS

Possessing rare and valuable passion assets is a symbol of distinction. Showcasing these collections, whether through private exhibitions, social gatherings, or media features, reinforces an individual's success and cultivated taste.

5. A SENSE OF COMMUNITY

HNWIs engage in specialized communities where they share interests and experiences with like-minded individuals. This includes:

- Membership in elite art collector circles.
- Participation in classic car rallies and international automotive events.
- Supporting wildlife conservation initiatives through private reserves or eco-tourism ventures.

Wealth Inheritance

Inheritance and the rise of Self-Made Wealth

Our survey findings indicate that inherited wealth constitutes a notable portion of client portfolios in Kenya. A majority (28%) of respondents reported that inherited assets account for 30–40% of their clients' total wealth. Meanwhile, 17% of wealth managers stated that inheritance makes up 61–70% of their clients' assets. On the flip side, none of the respondents indicated that more than 70% of their clients' wealth was inherited, highlighting a strong trend towards wealth creation beyond inherited assets.

KEY INSIGHTS

30–40% AS A COMMON RANGE

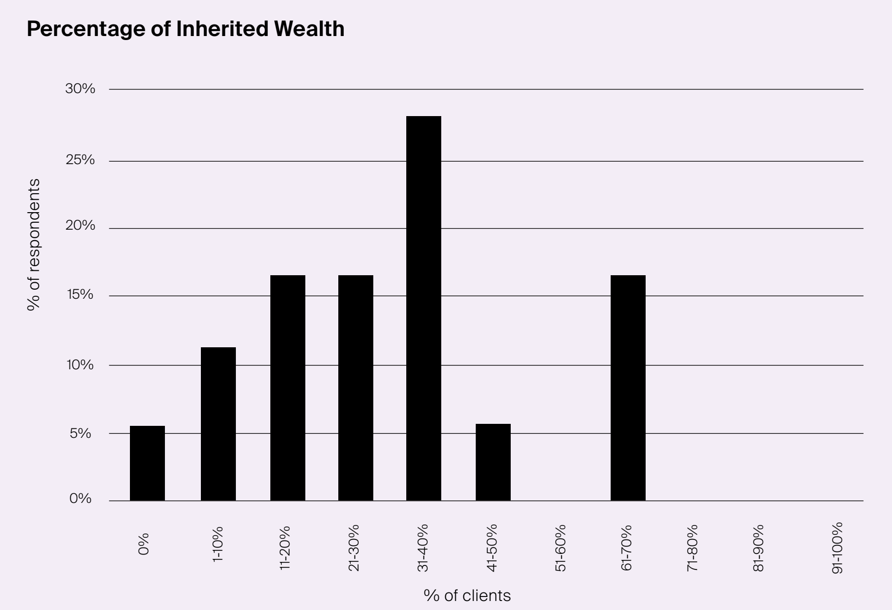
The fact that 28% of respondents cited this range suggests that many wealthy individuals in Kenya accumulate assets by building on a foundation of inherited wealth, often in the form of land, family businesses, or property, while actively expanding their portfolios through entrepreneurship and investments.

LIMITED CASES OF ZERO INHERITED WEALTH (6%)

Only 6% of respondents reported that their clients had no inherited wealth at all. This underscores the role of generational wealth transfer in Kenya's financial landscape, where even self-made individuals often receive some form of inheritance, whether in property, businesses, or other assets.

17% OF CLIENTS WITH 61–70% INHERITED WEALTH

A significant 17% of wealth managers indicated that inheritance accounts for 61–70% of their clients' total wealth. This suggests the existence of long-established wealthy families with extensive land holdings, legacy businesses, or multi-generational assets forming a substantial part of their net worth



Rise of Self-Made Wealth

The absence of respondents indicating portfolios with more than 70% inherited wealth suggests a trend where even individuals with substantial generational wealth are actively engaging in wealth creation. This highlights a shift towards entrepreneurship, portfolio diversification, and new investment opportunities beyond inherited assets.

While inheritance remains an important factor, the country is witnessing the rise of self-made wealth. Business innovation, real estate expansion, and the growing influence of capital markets are contributing to a new generation of wealth creators.

Inherited Wealth Mainly Channelled to Housing

- The inherited wealth in Kenya is mainly channelled into the Residential Private Rented Sector (PRS) (39%), followed by Real Estate Debt (17%).
- Other notable asset classes include Development Land and Education, each accounting for 11% of inherited wealth investments.

KEY INSIGHTS:

1. RESIDENTIAL PRIVATE RENTED SECTOR (PRS) – 39%

- **Continued Demand for Housing**
  Kenya's rapid urbanization, coupled with a growing population, sustains a high demand for rental properties. Many inheritors continue investing in housing, as it is often the original asset class from which the inherited wealth was derived. Traditionally, real estate has been the cornerstone of wealth creation for HNWIs in Kenya.
- **Tangible Asset**
  Property investment is perceived as a secure and tangible asset, providing insulation against economic volatility. In a market where financial uncertainties exist, real estate offers stability and long-term value appreciation.
- **Passive Income Generation**
  Rental properties generate a steady income stream, making them an attractive option for wealth preservation and growth without requiring active business management.

2. REAL ESTATE DEBT – 17%

- **Predictable Returns**
  Real estate debt instruments generate stable returns through structured interest payments, offering a reliable income stream.
- **Diversification Benefits**
  By investing in real estate debt, investors can gain exposure to the real estate market while mitigating the risks associated with direct property ownership.

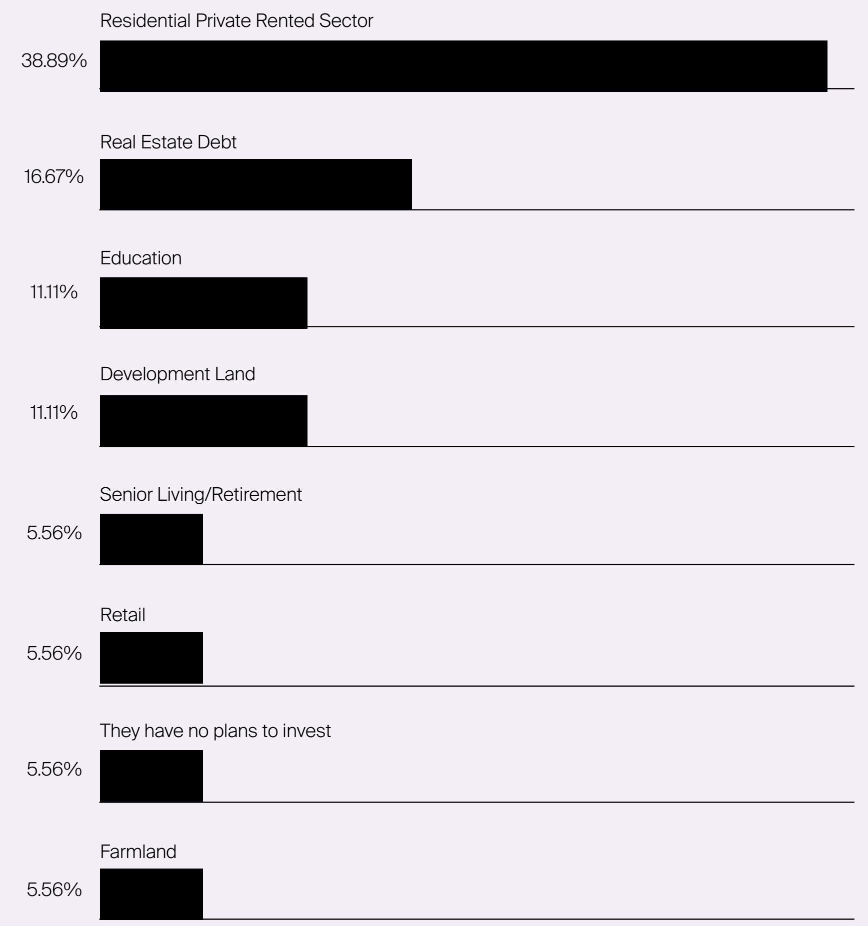
3. DEVELOPMENT LAND (11%)

- **Development Land**
  Kenya's ongoing infrastructure expansion and urbanization drive interest in the development of land as a high-potential asset. Investors are drawn to the long-term appreciation and resale opportunities that land ownership provides.

39%

The inherited wealth in Kenya is mainly channelled into the Residential Private Rented Sector (PRS)

Asset Allocation of Inherited Wealth



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Please contact our team to discuss your goals and strategies for the year ahead

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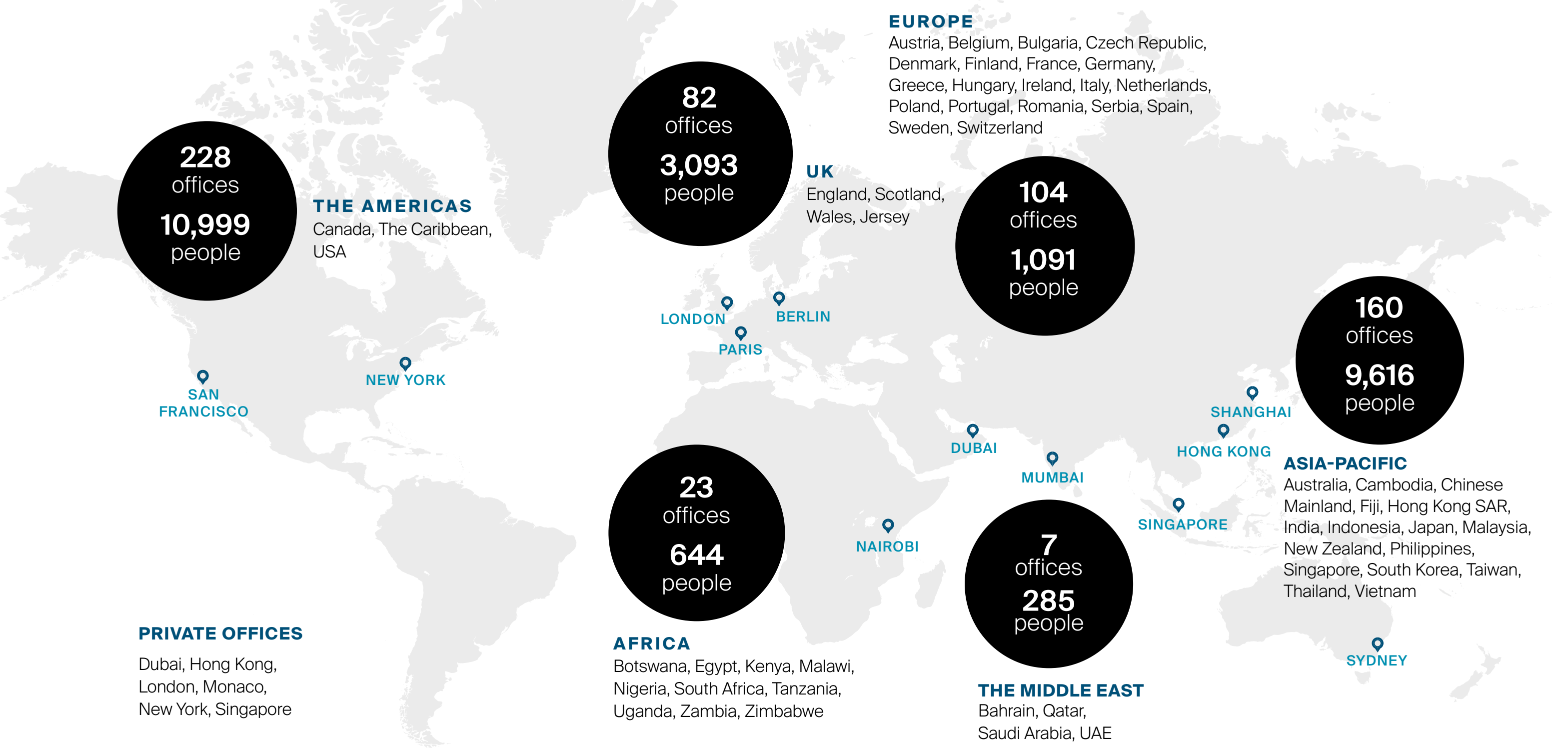

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