

Ground rent · Lamu · 11 October 2026

What This Project Can Pay In Rent

A indoor futsal arena, two courts in Lamu needs 0.789 acres. On this county's own wages, prices and 15-34 population it would take KSh 1,613,354 a year net and leave KSh -4,166,841 before any land cost. Everything below follows from those two numbers.

The site and the trading

Facility	Indoor futsal arena, two courts (Leisure and hospitality)
Land needed	0.789 acres (3,192 m²)
Net income a year	KSh 1,613,354
Operating profit before land	KSh -4,166,841
Market ground rent for that acreage	KSh 144,993 a year (9.0% of income)

What the project can pay

Band	Rent a year	A month	Per acre	Or a premium instead	Profit left
Comfortable 8.0% of net income	KSh 0	KSh 0	KSh 0	KSh 0	Cannot pay any rent
Tight but workable 15.0% of net income	KSh 0	KSh 0	KSh 0	KSh 0	Cannot pay any rent
Only on cheap land or a grant 25.0% of net income	KSh 0	KSh 0	KSh 0	KSh 0	Cannot pay any rent

On these numbers this facility cannot pay a commercial ground rent at all. The operation earns KSh -4,166,841 before land, and the market rent for 0.789 acres here is KSh 144,993. The only workable routes are a nominal or peppercorn rent, a donated or public site, or a share of income instead of rent. This type does not cover its own costs from hire income, so the land has to come free or nominal.

The terms worth asking for

- **A rent-free build period.** No rent until the pitches open. The site earns nothing while it is a building plot, and a rent charged through construction comes straight out of the build budget.
- **Rent as a share of takings, not a fixed sum.** A turnover rent moves with the business. In a quiet year the landowner earns less and the facility survives; in a good year the landowner earns more than a fixed rent would have paid.
- **A term long enough to recover the capital.** Fifteen years is the minimum anything permanent is built on. Below that the pitches outlive the lease and no funder will put capital in.
- **Reviews on a published index, capped.** Rent reviewed against inflation with a stated ceiling, so a twenty-year plan cannot be undone by a single review.
- **Security of tenure and a registered lease.** A registered lease, a clean search and consent from every interested party. Funders lend against title, not goodwill.
- **Community hours written in.** Guaranteed hours a week for schools, girls' sessions and the county league, at a stated price. It is the reason the project exists.

Method

Ground rent is the commercial yield on our modelled land value for the acreage that facility type needs, at the location chosen. Income and operating profit come from the facility planner on the same county's living wage, 15-34 population and utility prices, with the land line removed so the rent is not charged twice, and restated at the live exchange rate so they match the planner exactly. Anything above a quarter of net income is treated as unaffordable at market rent.

- Planning estimates on both sides — the land and the trading. A valuer's report and a real operator's budget replace them before anything is signed.

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