

1. GENERAL TREND OF THE REAL ESTATE MARKET IN FOURTH QUARTER 2014

In the fourth quarter of 2014, the real estate price index (REPI) decreased 1.4 percent quarter on quarter, reflecting a price drop by 1.4 percent in residential property, by 0.8 percent in urban land and by 4.1 percent in commercial property. By city, real estate prices fell by 3.8 percent in Meknes, 3.7 percent in Marrakech, 1.3 percent in Rabat, and 0.3 percent in Casablanca. On the contrary, they recorded a slight increase in El-Jadida (1.3 percent) and Tangier (0.4 percent), and stagnated in Fes.

The volume of transactions decreased somewhat, by 0.2 percent, reflecting lower sales of residential property by 0.5 percent and of land by 3.5 percent. On the opposite, transactions of commercial property grew at a quarterly rate of 12.5 percent. By city, real estate transactions decreased in El-Jadida (17.9 percent), Tangier (17.5 percent), Agadir (15.5 percent) and Marrakech (2.6 percent), but increased in Kenitra (29.4 percent), Casablanca (15.6 percent) and Rabat (9.5 percent).

Year on year, the REPI fell by 1.4 percent, impacted by the 1.9 percent decrease in residential property index and the 2.7 percent drop in commercial property index. As for urban land, its prices grew slightly by 0.1 percent compared to the same period of last year. Analysis by city shows that prices decreased in Marrakech (7.9 percent), Rabat (3 percent), Meknes (2.4 percent) and Kenitra (2.1 percent), but increased in Oujda (2.1 percent), Agadir (1.7 percent), and El-Jadida (1.7 percent). The number of transactions increased by 8.9 percent, due to higher sales of residential property by 12.5 percent and commercial property by 20.8 percent. On the contrary, sales of urban land dropped by 7.4 percent.

- 1.4 percent quarterly decrease in real estate prices.
- 1.4 percent year-on-year decline in prices, impacted by lower prices of residential and commercial property.
- The overall volume of transactions fell at a quarterly rate of 0.2 percent, but increased 8.9 percent from the same period of previous year.

REPI	Change (%)	
	Q4-14/ Q3-14	Q4-14/ Q4-13
Total	-1.4 ↓	-1.4 ↓
Residential	-1.4 ↓	-1.9 ↓
Apartment	-1.3 ↓	-1.5 ↓
House	-1.4 ↓	-2.8 ↓
Villa	1.2 ↑	-5.4 ↓
Urban land	-0.8 ↓	0.1 ↑
Commercial property	-4.1 ↓	-2.7 ↓
Business premises	-2.5 ↓	-2.2 ↓
Offices	-11.3 ↓	-5.3 ↓

Number of transactions	Change (%)	
	Q4-14/ Q3-14	Q4-14/ Q4-13
Total	-0.2 ↓	8.9 ↑
Residential	-0.5 ↓	12.5 ↑
Apartment	0.2 ↑	15.3 ↑
House	-3.0 ↓	-12.9 ↓
Villa	-21.1 ↓	-13.7 ↓
Urban land	-3.5 ↓	-7.4 ↓
Commercial property	12.5 ↑	20.8 ↑
Business premises	11.0 ↑	20.5 ↑
Offices	23.7 ↑	22.6 ↑

In short

2. General trend by property category

Residential property

In the fourth quarter, residential property index dropped by 1.4 percent quarter on quarter, reflecting the decrease in prices of apartments by 1.3 percent and of houses by 1.4 percent. Prices for villas rose 1.2 percent. Concurrently, the number of transactions dropped slightly by 0.5 percent, due on the one hand to decreasing sales of houses (3 percent) and villas (21 percent), and on the other to the 0.2 percent increase in apartment transactions.

Year on year, prices fell by 1.9 percent, as a result of the 1.5 percent decrease in apartment prices, and the respective decreases by 2.8 percent and 5.4 percent in prices of houses and villas. Real estate transactions grew by 12.5 percent, due to the 15.3 percent increase in sales of apartments whereas those of villas and houses dropped respectively by 12.9 percent and 13.7 percent, year on year.

Urban land

Quarter on quarter, prices fell by 0.8 percent and the number of transactions dropped 3.5 percent.

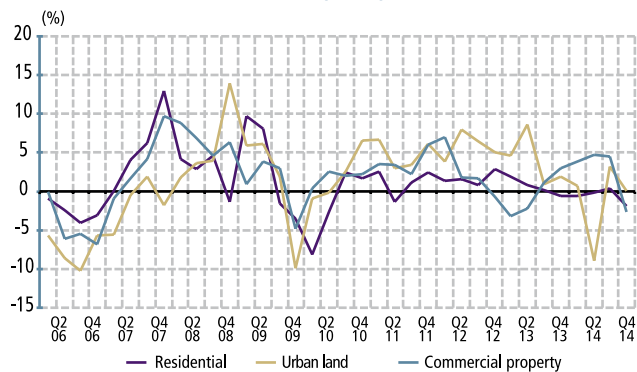
Year on year, prices showed a slight increase of 0.1 percent, while sales decreased by 7.4 percent.

Commercial property

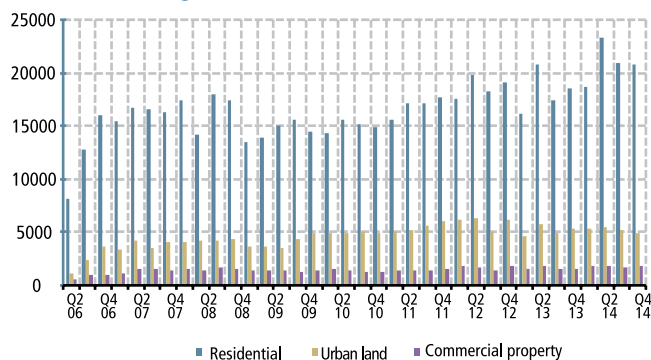
Quarter on quarter, commercial property prices index fell by 4.1 percent, owing to the decreasing prices of both offices, by 11.3 percent, and commercial premises, by 2.5 percent. As for transactions, they rose by 12.5 percent, reflecting the increase by 11 percent in the prices of commercial premises and by 23.7 percent in those of offices.

Year on year, prices fell by 2.7 percent, with a 2.2 percent drop in prices of commercial premises and 5.3 percent decrease in the prices of offices. The number of transactions improved significantly by 20.8 percent, due mainly to the increase by 20.5 percent in sales of commercial premises and by 22.6 percent in the sales of offices.

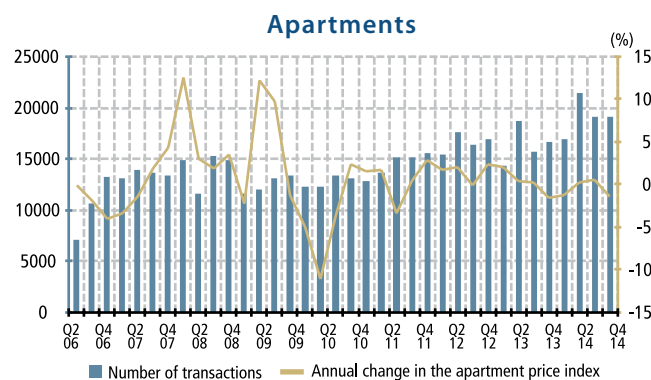
Real estate price indexes by category, (YoY)



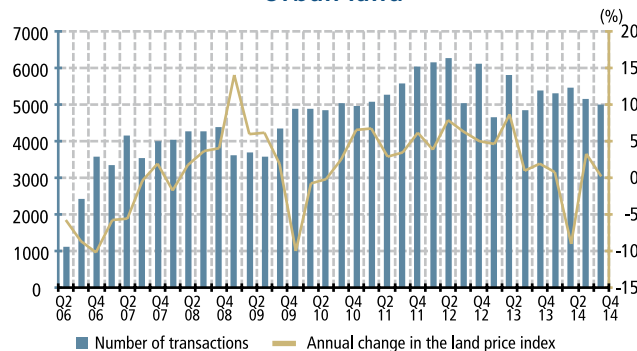
Change in the number of transactions



YoY change in the price index (%) and number of transactions



YoY change in the price index (%) and number of transactions



3. Property market trend by city

Quarter to quarter, prices dropped in Meknes (3.8 percent), Marrakech (3.7 percent), Oujda (2.4 percent) and Agadir (1.7 percent), reflecting falling prices of residential property and urban land.

Similarly, prices fell in Kenitra (2.4 percent), as a result of the decrease recorded in the prices of residential property and offices, while the price drop registered in Casablanca (0.3 percent) was due to the decrease registered in the prices of commercial premises and offices.

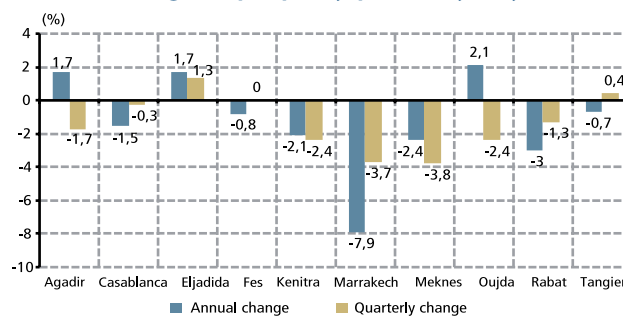
In contrast, prices rose in El-Jadida (1.3 percent) and Tangier (0.4 percent), mainly in connection with the rising price of land. In Fes, prices did not change significantly, as the increase of 1 percent in apartment prices and 0.9 percent in those of land was offset mostly by lower prices for commercial premises.

The number of transactions fell in El-Jadida (17.9 percent) and Tangier (17.5 percent), mainly due to lower sales of residential property. The decline registered in Agadir (15.5 percent) reflects fewer transactions on apartments and land. However, sales increased in Kenitra (29.4 percent) and Casablanca (15.6 percent), due to higher transactions on apartments, houses and commercial premises.

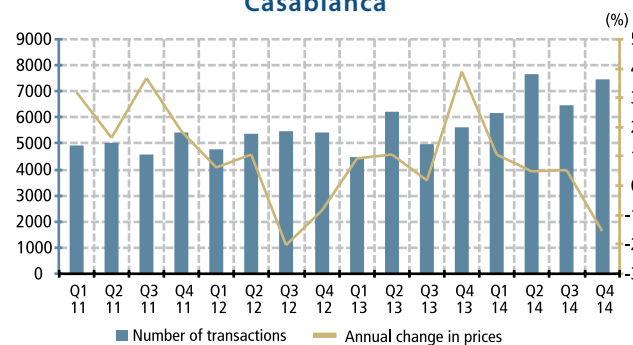
Year on year, the REPI retreated in Marrakech (7.9 percent), Rabat (3 percent), Meknes (2.4 percent) and Casablanca (1.5 percent), reflecting lower prices apartments and land. However, the 2.1 percent increase in the REPI in Oujda is due to higher prices of land and commercial premises, while that observed in Agadir (1.7 percent) and El-Jadida (1.7 percent) is mainly attributable to higher prices of the apartments.

Compared to the same period of last year, the volume of real estate transactions has improved markedly in cities of Meknes (36.3 percent), Casablanca (32.9 percent) and Kenitra (22.6 percent), mainly because of higher apartment sales. Conversely, the contraction of transactions in Agadir (29.9 percent), Marrakech (14.6 percent) and Tangier (14.3 percent) is the result of lower apartment and land sales.

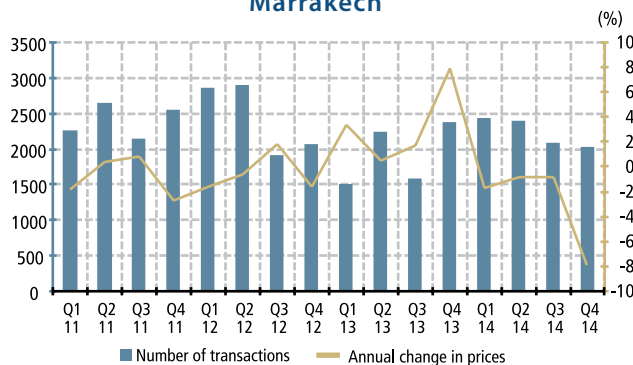
Change in property prices by city



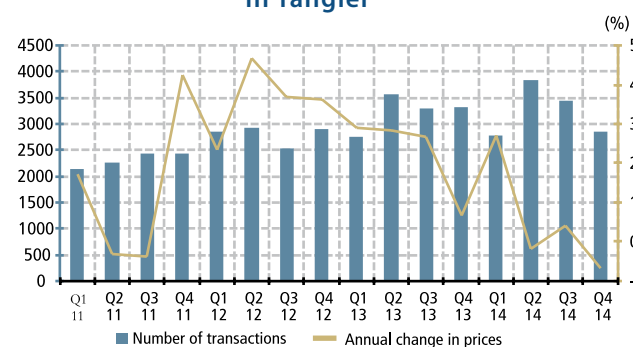
Change in property prices (%) and transactions in Casablanca



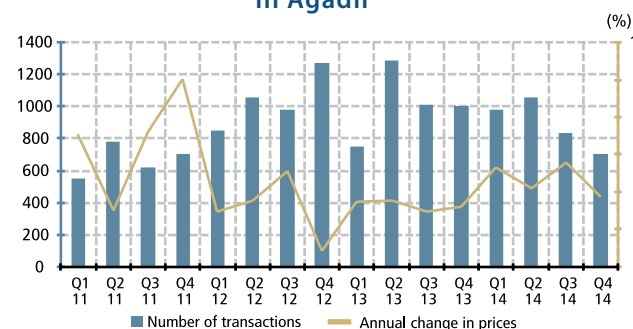
Change in property prices (%) and transactions in Marrakech



Change in property prices (%) and transactions in Tangier



Change in property prices (%) and transactions in Agadir



Change in the REPI in some major cities

City	Property category	Change (%)	
		Q4-14/ Q3-14	Q4-14/ Q4-13
Agadir	Apartment	-1.8	1.6
	House	-4.2	-1.6
	Villa	7.6	-14.1
	Urban land	-4.8	-0.9
	Business premises	-0.7	13.3
	Office	-	-
	Total	-1.7	1.7
Casablanca	Apartment	0.7	-1.1
	House	-5.3	-1.3
	Villa	-0.2	-4.6
	Urban land	1.3	-5.5
	Business premises	-5.1	-1.8
	Office	-10.1	-5.2
	Total	-0.3	-1.5
El Jadida	Apartment	-0.7	0.6
	House	-27.0	-9.2
	Villa	-22.0	20.1
	Urban land	13.6	11.0
	Business premises	-5.7	-15.2
	Office	-	-
Total	1.3	1.7	
Fes	Apartment	1.0	-2.3
	House	-56.0	-10.7
	Villa	-	-
	Urban land	0.9	3.8
	Business premises	-4.2	-9.6
	Office	-1.6	6.5
Total	0.0	-0.8	
Kenitra	Apartment	-2.7	-3.1
	House	-10.3	-8.5
	Villa	13.6	-6.2
	Urban land	0.7	4.9
	Business premises	1.7	8.7
	Office	-29.4	-37.7
Total	-2.4	-2.1	

City	Property category	Change (%)	
		Q4-14/ Q3-14	Q4-14/ Q4-13
Marrakech	Apartment	-1.4	-0.3
	House	-1.1	3.5
	Villa	-5.2	-2.6
	Urban land	-8.1	-20.6
	Business premises	-6.8	-2.2
	Office	-7.7	31.7
	Total	-3.7	-7.9
Meknès	Apartment	-3.1	-1.0
	House	-11.2	-8.1
	Villa	20.9	18.6
	Urban land	-2.5	-0.7
	Business premises	-2.1	3.2
	Office	-	-
Total	-3.8	-2.4	
Oujda	Apartment	-0.7	-3.8
	House	4.5	2.5
	Villa	-	-
	Urban land	-5.8	3.3
	Business premises	-2.2	4.1
	Office	-	-
Total	-2.4	2.1	
Rabat	Apartment	-4.0	-5.0
	House	44.7	22.3
	Villa	39.6	-0.3
	Urban land	-2.4	6.7
	Business premises	-15.2	-23.8
	Office	-	-
Total	-1.3	-3.0	
Tangier	Apartment	-3.2	-5.0
	House	1.1	-9.5
	Villa	-	-
	Urban land	3.3	5.6
	Business premises	1.8	-4.9
	Office	34.6	-2.7
Total	0.4	-0.7	

TECHNICAL NOTICE

The real estate price indexes (REPI) were jointly constructed by Bank Al-Maghrib and the Land Registry Office on the basis of the latter's data. These quarterly indexes, which have a base value of 100 in 2006, are calculated following the repeat-sales method that controls the heterogeneity of properties. This method does indeed take into account only the properties sold at least twice during the period under review.

This mechanism captures changes in property prices nationwide and by major cities for the three major types, namely residential property, urban land and commercial property, as well as for the six real estate categories: apartment (a dwelling located in a collective building and comprising one or several rooms), house (a single or several-story individual dwelling with no garden), villa (an individual dwelling with a garden), urban land (plot of land located in the urban area), business premises (space fitted for commercial activity) and office (working premises).

These indexes are calculated on the basis of data as of the 35th day following the quarter under review, which implies an update of historical data. This update may be important because of the lag between transactions and registrations and/or the integration of property that was sold at least twice during the quarter. This methodologically rigorous approach, however, requires setting a minimum threshold of transactions for its calculation, which does not allow developing indexes for certain cities, categories and/or quarters.

The reference document setting out the detailed methodology for developing the REPI is available on the websites of Bank Al-Maghrib and the National Land Registry Office.

(-): The index is not calculated when the minimum number of transactions is not reached.

Property market trend in 2014

Prices- After rising 1.3 percent in 2013, real estate prices fell 0.8 percent in 2014, in connection with the decreases of 0.6 percent in the prices of residential property and 1.4 percent in those of land. Price trend of residential property reflects the decline of all categories, with 0.5 percent for apartments, 0.9 percent for houses and 1.7 percent for villas. The prices of commercial property rose 2.6 percent, owing to increases of 2.5 percent in the prices of commercial premises and 2.8 percent in those of offices.

Number of transactions- In 2014, the number of transactions was up 12 percent, reflecting increased sales of all classes, with 14.8 percent for residential property, 1.1 percent for land and 13.9 percent for commercial property. The rise in residential property transactions covers, on the one hand, increases of 16.9 percent for apartments and 12.3 percent for villas and, on the other hand, a 9.7 percent decrease in those involving houses. The change in commercial property sales reflects increases of 13.5 percent in commercial premises and 15.6 percent in offices.

By major cities- In Casablanca, property prices rose by 0.14 percent, as against 1.5 percent a year earlier, in connection with a slight increase of 0.1 percent in those of apartments, while land prices fell 2.3 percent. The volume of transactions showed a significant expansion of 30.3 percent, because of the rise in apartment sales by 33.4 percent, urban land by 13.5 percent and commercial premises by 31.1 percent.

In Rabat, prices increased at the same rate of 2013, or 0.4 percent. This trend results from increases of 0.5 percent in apartment prices and 10.8 percent in those of land, while prices of commercial premises were down 9.2 percent. In terms of sales, their number went up by 3.1 percent, in conjunction with increases of 6.4 percent and 17.3 percent in transactions of apartments and commercial premises, respectively.

In Marrakech, property prices fell 2.9 percent mainly due to decreases of 7.1 percent in land prices and 0.3 percent in those of apartments. Property sales were up 15.7 percent, including

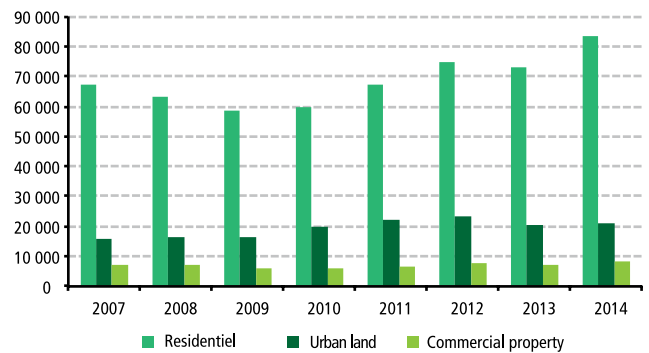
- 0.8 percent decrease of property prices in 2014, after rising 1.3 percent a year earlier.
- 12 percent increase in the number of transactions, as against a 5 percent decrease in 2013.

In short

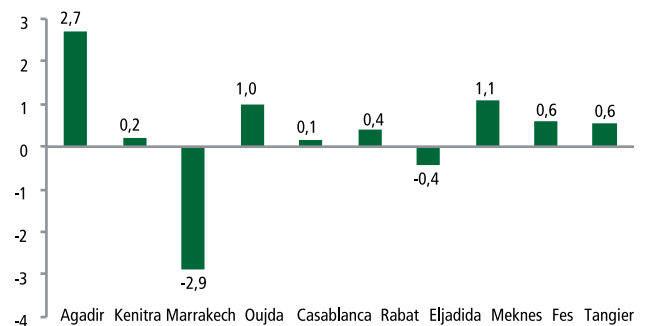
REPI	Change compared to 2013 (%)
Total	-0.8 ↓
Residential	-0.6 ↓
Apartment	-0.5 ↓
House	-0.9 ↓
Villa	-1.7 ↓
Urban land	-1.4 ↓
Commercial property	2.6 ↑
Business premises	2.5 ↑
Offices	2.8 ↑

Number of transactions	Change compared to 2013 (%)
Total	11.9 ↑
Residential	14.8 ↑
Apartment	16.9 ↑
House	-9.7 ↓
Villa	12.3 ↑
Urban land	1.1 ↑
Commercial property	13.9 ↑
Business premises	13.5 ↑
Offices	15.6 ↑

Annual change in property prices by category



Annual change in the REPI by city in %

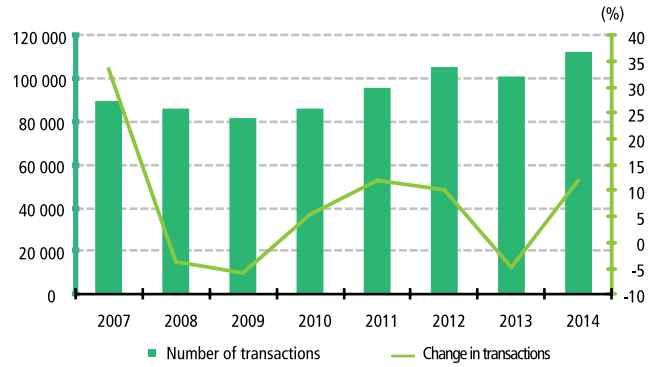


an increase of 24.2 percent in apartments. However, transactions involving land fell 2.5 percent.

In Tangier, the price index rose 0.6 percent, reflecting increases of 2.2 percent in land and 2 percent in commercial premises. In contrast, apartment prices edged down 0.4 percent. Regarding transactions, their number fell 0.2 percent, covering a 9.1 percent drop in the sales of land and increases of 1 percent and 5 percent in transactions on apartments and commercial premises.

The structure of transactions did not change significantly compared to 2013. The sales of apartments represent 67.9 percent, while those of land and commercial premises account for 18.5 percent and 6.5 percent, respectively.

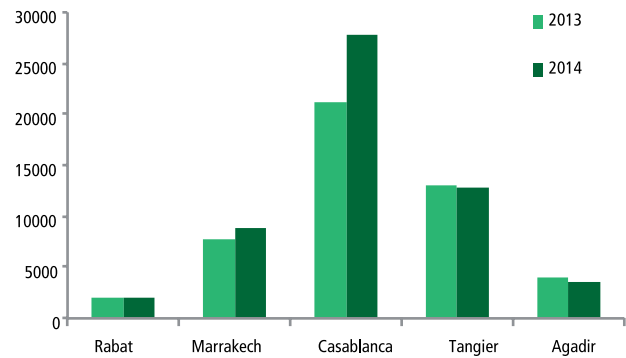
Annual change in the number of registered real estate transactions



Change in prices and number of transactions by major cities

Cities	Change compared to 2013 (%)	
	REPI	Number
Casablanca	0.1	30.3
Rabat	0.4	3.1
Marrakech	-2.9	15.7
Tangier	0.6	-0.2

Number of transactions in major cities



Distribution of real estate transactions by type of property

