

## 1. GENERAL TREND OF THE REAL ESTATE MARKET IN THE SECOND QUARTER 2016

Quarter on quarter, the Real Estate Price Index (REPI) remained virtually flat for the second consecutive quarter, as the 2.7 percent increase in land prices was offset by price declines of 1.1 percent for residential property and 0.6 percent for commercial premises.

The volume of transactions was slightly up 1 percent, reflecting a 3.7 percent increase for residential property. In contrast, sales of land and commercial property were down 1.9 percent and 14.4 percent, respectively.

Year on year, real estate prices decreased by 0.9 percent, mainly due to decreases of 1.1 percent for residential property and 1 percent for land. However, commercial property prices were up 2 percent.

The volume of transactions decreased by 2.1 percent, with declines of 1.2 percent for residential, 3.2 percent for land and 7.6 percent for commercial property.

- The REPI was down 0.9 percent YoY, reflecting declines in residential property and land prices. On a quarterly basis, prices did not change significantly.
- The volume of transactions fell at an annual rate of 2.1 percent but increased 1 percent from the first quarter of 2016.

REPI	Change (%)	
	Q2-16/ Q1-16	Q2-16/ Q2-15
<b>Total</b>	0.1 ↑	-0.9 ↓
<b>Residential</b>	-1.1 ↓	-1.1 ↓
Apartment	-1.2 ↓	-1.0 ↓
House	-1.1 ↓	-2.4 ↓
Villa	0.7 ↑	2.7 ↑
<b>Urban land</b>	2.7 ↑	-1.0 ↓
<b>Commercial property</b>	-0.6 ↓	2.0 ↑
Business premises	-0.2 ↓	4.2 ↑
Offices	-3.9 ↓	-8.0 ↓

Number of transactions	Change (%)	
	Q2-16/ Q1-16	Q2-16/ Q2-15
<b>Total</b>	1.0 ↑	-2.1 ↓
<b>Residential</b>	3.7 ↑	-1.2 ↓
Apartment	4.2 ↑	-0.8 ↓
House	-3.9 ↓	-5.5 ↓
Villa	2.6 ↑	-4.7 ↓
<b>Urban land</b>	-1.9 ↓	-3.2 ↓
<b>Commercial property</b>	-14.4 ↓	-7.6 ↓
Business premises	-14.1 ↓	-5.5 ↓
Offices	-16.7 ↓	-22.1 ↓

In short

## 2. General trend by property category

### Residential property

**Quarter on quarter**, residential property prices fell 1.1 percent, reflecting declines of 1.2 percent in prices for apartments and 1.1 percent in those of houses. The number of transactions rose by 3.7 percent, including a 4.2 percent increase in the sales of apartments. Conversely, sales of houses fell by 3.9 percent.

**Year on year**, prices were down 1.1 percent, owing to the decline by 1 percent in apartment prices and 2.4 percent in those of houses. Conversely, prices for villas rose 2.7 percent. Transactions were down 1.2 percent, with a decline in the sales of all property categories. In particular, sales of apartments showed a 0.8 percent decline.

### Urban land

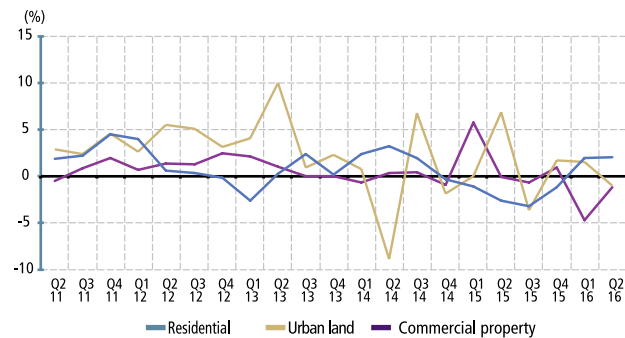
**Quarter on quarter**, prices rose 2.7 percent and sales declined 1.9 percent. **Year on year**, prices and sales were down 1 percent and 3.2 percent, respectively.

### Commercial property

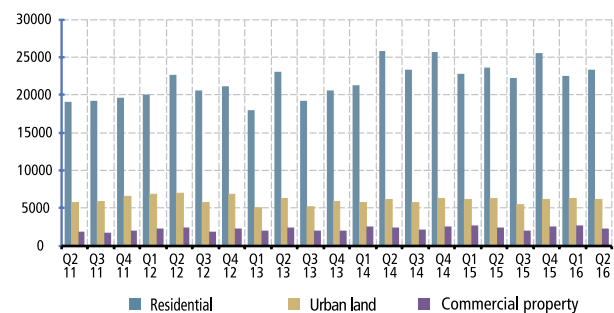
Commercial property prices index fell 0.6 percent compared to the first quarter 2016, with price declines of 0.2 percent for commercial premises and 3.9 percent for offices. Similarly, transactions were down 14.4 percent, reflecting declines of 14.1 percent in the sales of commercial premises and 16.7 percent in those of offices.

**Year on year**, prices were up 2 percent, as a result of an increase by 4.2 percent in commercial premises. In contrast, office prices were down 8 percent. The number of transactions was down 7.6 percent, reflecting declines by 5.5 percent for commercial premises and 22.1 percent for offices.

Real estate price indexes by category, (YoY)

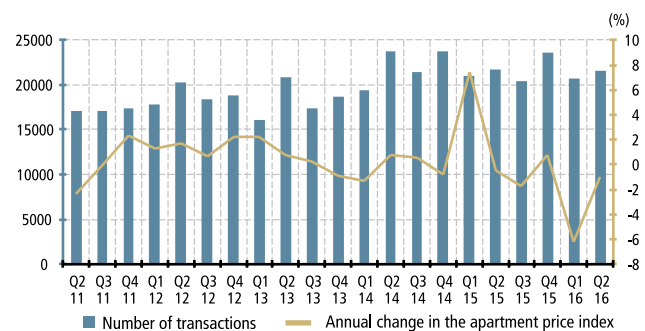


Change in the number of transactions



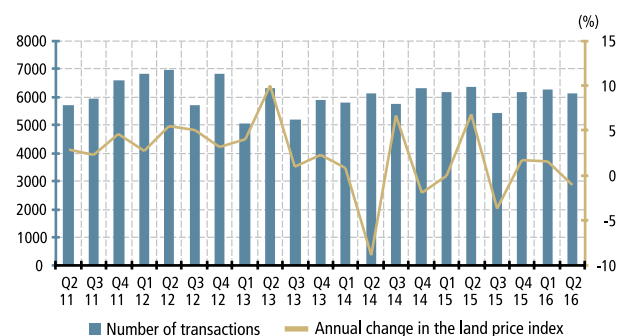
YoY change in the price index (%) and number of transactions

#### Apartments



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

#### Urban land



### 3. Property market trend by city

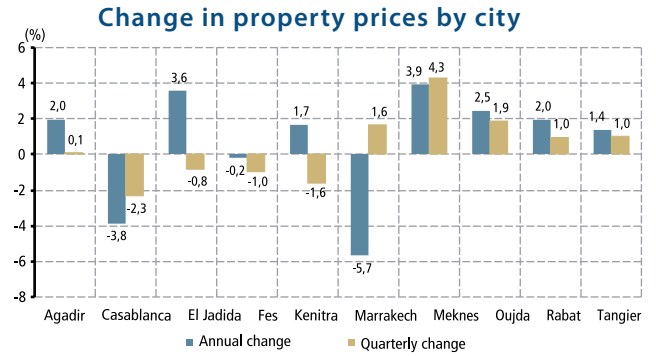
Quarter on quarter, prices grew at varying rates across major cities. While they fell in Casablanca, El Jadida, Fez and Kenitra, they virtually stagnated in Agadir and increased in other major cities. The volume of transactions decreased in Casablanca, El Jadida, Kenitra, Agadir and Oujda, but increased in other cities.

In **Casablanca**, prices fell 2.3 percent, reflecting declines of 3.6 percent for apartments and 2.9 percent for land. Sales fell 1.1 percent, mainly in connection with the 26.3 percent contraction in the sales of commercial premises, while those of apartments rose 3.4 percent after a decline of 12.8 percent in the previous quarter.

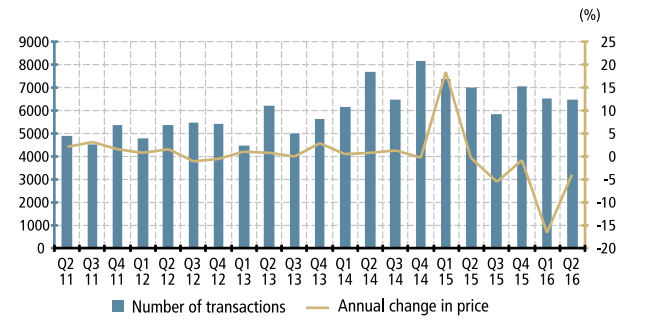
In **Marrakech**, the price index rose 1.6 percent, due to an increase of 1 percent for apartments and 3.7 percent for land. However, and after a significant decline in the first quarter, sales expanded by 2.8 percent in the second quarter, reflecting an increase of 11.4 percent for apartments, while those of land again declined.

In **Tangier**, the REPI posted an increase of 1 percent from one quarter to another, linked to a 3.3 percent rise in land, whereas the prices of apartments and commercial premises edged down 0.3 percent and 1.2 percent, respectively. Following a contraction in Q1-2016, transactions were up 8.4 percent, with an increase of 15.1 percent for apartments. In contrast, sales of land and commercial property were down 10.4 percent and 35.5 percent, respectively.

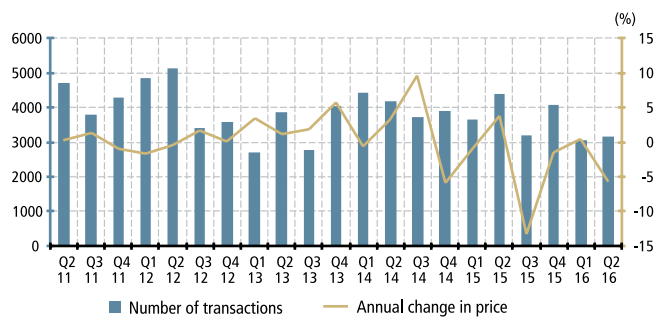
In **Rabat**, the price index rose 1 percent, mainly due to increases of 0.6 percent in prices of apartments and 5.7 percent in land. At the same time, the number of transactions increased 1 percent on a quarterly basis, reflecting increases in the sales of commercial property and urban land, while those of apartments declined 1 percent.



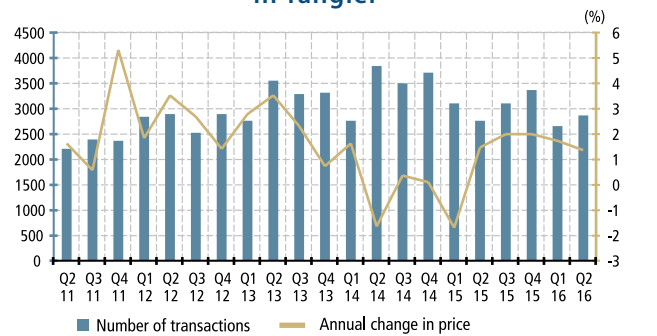
Change in property prices (%) and transactions in Casablanca



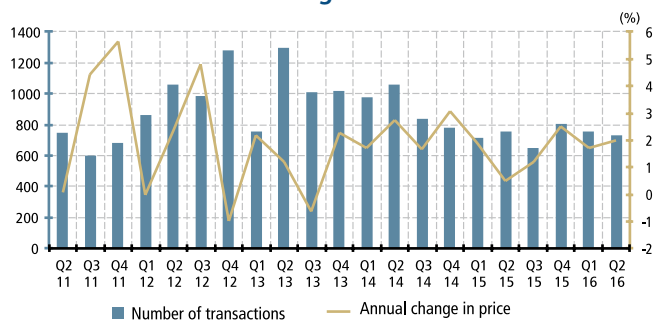
Change in property prices (%) and transactions in Marrakech



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 (%)		City	Property category	Change (%)	
		Q2-16/ Q1-16	Q2-16/ Q1-15			Q2-16/ Q1-16	Q2-16/ Q1-15
Agadir	Apartment	0.5	-0.2	Marrakech	Apartment	1.0	5.0
	House	-4.0	-5.3		House	5.1	-3.2
	Villa	4.5	-4.4		Villa	4.8	3.0
	Urban land	1.2	8.1		Urban land	3.7	-15.5
	Business premises	-15.9	-2.0		Business premises	-3.6	14.5
	Office	-	-		Office	-27.1	-21.5
	<b>Total</b>	<b>0.1</b>	<b>2.0</b>		<b>Total</b>	<b>1.6</b>	<b>-5.7</b>
Casablanca	Apartment	-3.6	-4.8	Meknes	Apartment	1.4	0.7
	House	4.1	0.1		House	-0.6	-3.0
	Villa	-1.1	0.3		Villa	-0.4	2.0
	Urban land	-2.9	-5.6		Urban land	9.2	9.2
	Business premises	8.6	11.5		Business premises	9.2	5.1
	Office	-1.8	-10.2		Office	-	-
	<b>Total</b>	<b>-2.3</b>	<b>-3.8</b>		<b>Total</b>	<b>4.3</b>	<b>3.9</b>
El Jadida	Apartment	1.3	2.6	Oujda	Apartment	2.4	11.9
	House	-7.5	-2.9		House	-2.4	-4.5
	Villa	-	-		Villa	-	-
	Urban land	-7.0	0.9		Urban land	5.4	7.0
	Business premises	11.6	5.4		Business premises	-	-
	Office	-	-		Office	-	-
	<b>Total</b>	<b>-0.8</b>	<b>3.6</b>		<b>Total</b>	<b>1.9</b>	<b>2.5</b>
Fes	Apartment	-0.2	-0.6	Rabat	Apartment	0.6	-0.4
	House	-4.7	-14.0		House	-27.8	-14.0
	Villa	13.3	-		Villa	1.5	0.6
	Urban land	-0.3	2.5		Urban land	5.7	13.7
	Business premises	-5.2	-4.2		Business premises	-5.4	1.7
	Office	-2.3	-0.3		Office	-	-
	<b>Total</b>	<b>-1.0</b>	<b>-0.2</b>		<b>Total</b>	<b>1.0</b>	<b>2.0</b>
Kenitra	Apartment	-1.5	0.2	Tangier	Apartment	-0.3	2.8
	House	-5.0	1.8		House	0.3	0.6
	Villa	-8.5	6.1		Villa	-10.0	38.8
	Urban land	2.5	9.6		Urban land	3.3	1.1
	Business premises	6.8	3.3		Business premises	-1.2	3.7
	Office	-2.3	4.8		Office	-	-
	<b>Total</b>	<b>-1.6</b>	<b>1.7</b>		<b>Total</b>	<b>1.0</b>	<b>1.4</b>

### 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 35<sup>th</sup> 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.