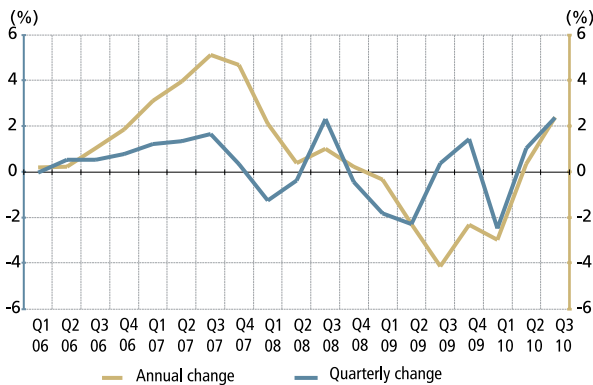


## 1. The general trend of the real estate market in the third quarter of 2010

**Prices** - Residential property prices increased again year on year in the 3<sup>rd</sup> quarter of 2010, up 2.4 percent. This trend reflects a 3.5 percent rise in the prices for apartments, which account for the bulk of the trading volume, a stagnation in those for houses, and a 4 percent decline in the prices for villas. On a quarterly basis, residential real estate prices rose 2.4 percent, up from 1.1 percent in the previous quarter.

By region, prices showed uneven trends. Substantial year-on-year increase was observed in the regions of Marrakech-Tensift-El Haouz, the Oriental, Gharb-Chrarda-Beni Hssen and Tangier-Tetouan, while a decrease was reported in the regions of Chaouia-Ourdigha, Fes-Boulmane, Meknes-Tafilalt and Rabat-Sale-Zemmour-Zaer. Prices in other regions did not change markedly.

Residential real estate price index (REPI)



- Continued rise in property prices during the third quarter of 2010, both on a quarterly and annual basis, amid declining trading volume.
- By category, apartment prices increased, those for houses remained virtually flat, while prices for villas fell year on year.

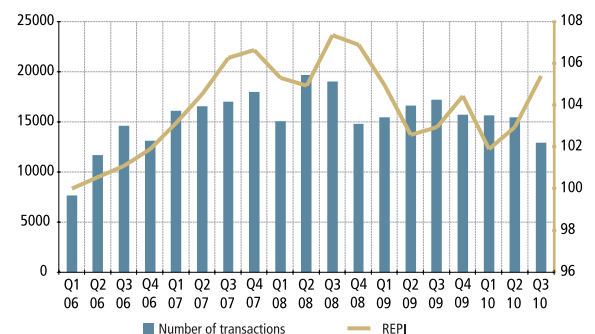
In short

REPI	Change (%)	
	Q3-10 / Q2-10	Q3-10 / Q3-09
<b>National</b>	2.4 ↑	2.4 ↑
- Apartments	3.4 ↑	3.5 ↑
- Houses	-1.3 ↓	0.3 ↑
- Villas	2.2 ↑	-4.0 ↓

Number of transactions	Change (%)	
	Q3-10 / Q2-10	Q3-10 / Q3-09
<b>National</b>	-16.3 ↓	-24.6 ↓
- Apartments	-17.3 ↓	-25.8 ↓
- Houses	-6.7 ↓	-16.1 ↓
- Villas	-14.1 ↓	-1.6 ↓

**Volume** - Data captured 35 days after the end of the third quarter show that sales of residential property registered at the Land Registry Office posted a quarterly decline of 16.3 percent to nearly 13,000 transactions. This fall is caused by the drop in the sales of the three dwelling types, particularly apartments. At the regional level, sales fell in all regions, except in the Tadla-Azilal region where sales were up 66 percent.

REPI and number of transactions



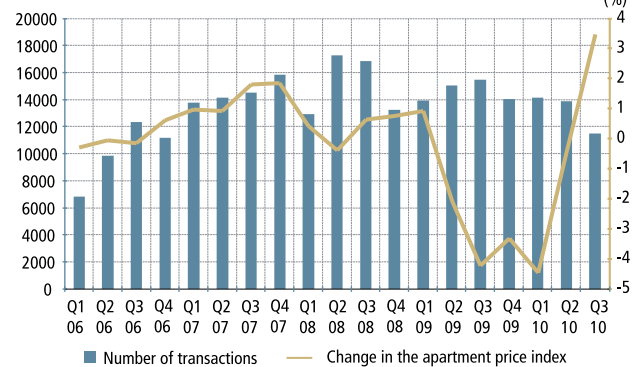
## 2. General trend by dwelling type

### APARTMENTS

Apartment prices grew at a quarterly rate of 3.4 percent, up from 0.7 percent in the previous quarter. On an annual basis, they were up 3.5 percent, as opposed to the 0.5 percent contraction recorded in the second quarter 2010. This uptrend reflects the rise registered in all cities, except El Jadida, Marrakech, Tangier and Rabat where prices fell in a market characterized by a small number of sales.

The volume of apartment sales, which accounted for nearly 89 percent of transactions in this quarter, shrank by a quarterly rate of 17.3 percent to 11,506 units. By region, the most marked decreases were recorded in Rabat-Sale-Zemmour-Zaer and Fes-Boulmane, while the largest increase was observed in the Tadla-Azilal region.

#### Apartments sold



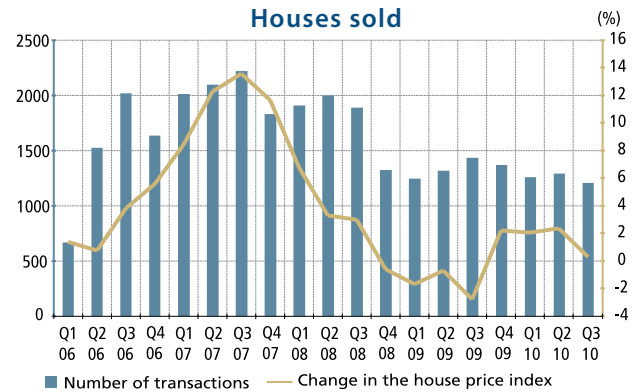
	Value	Change (%)	
		Q3-10 / Q2-10	Q3-10 / Q3-09
Price index	101.9	3.4	3.5
Number of transactions	11 506	-17.3	-25.8

### HOUSES

House prices fell 1.3 percent on a quarterly basis, yet stagnating on a year-on-year basis. Prices in the cities of Tangier, Agadir and Casablanca decreased sharply compared with last quarter.

House sales, which represent about 9 percent of the domestic market, totaled 1206 transactions, up 6.7 percent on a quarterly basis.

#### Houses sold



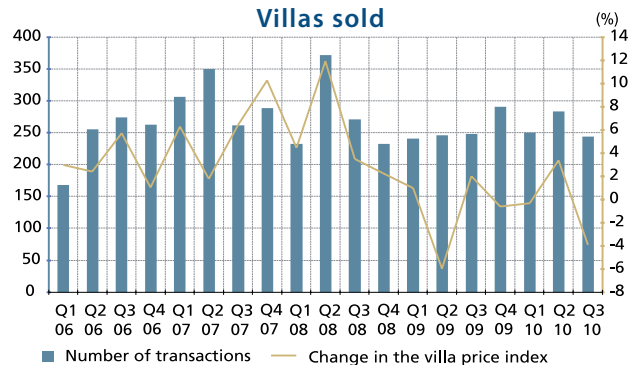
	Value	Change (%)	
		Q3-10 / Q2-10	Q3-10 / Q3-09
Price index	116.9	-1.3	0.3
Number of transactions	1 206	-6.7	-16.1

### VILLAS

Prices for villas grew at a quarterly rate of 2.2 percent, but declined 4 percent compared with same period of last year. The sharpest drop was observed in the cities of Kenitra and Agadir, whereas Casablanca recorded a 15.2 percent increase.

The market for villas, which accounts for nearly 2 percent of domestic sales, registered 244 transactions, down 14.1 percent from the previous quarter.

#### Villas sold



	Value	Change (%)	
		Q3-10 / Q2-10	Q3-10 / Q3-09
Price index	112.8	2.2	-4.0
Number of transactions	244	-14.1	-1.6

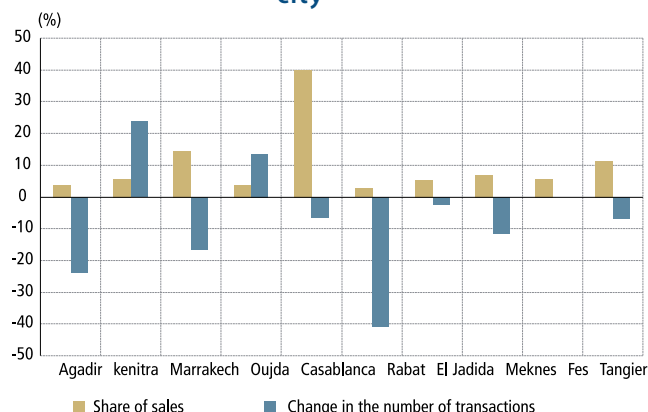
### 3. Trend by city

**Price** - Residential property prices followed different trends according to cities. They increased, on an annual basis, in Agadir, Casablanca, Fes, Kenitra and Oujda, and fell in other cities.

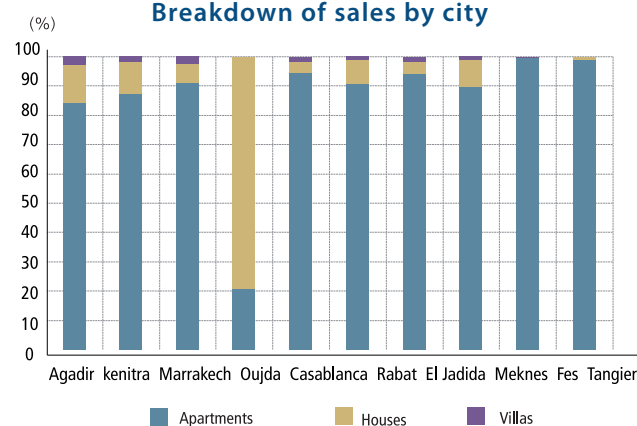
**Volume** - Out of the ten cities covered by the index, only Kenitra and Oujda posted a quarterly increase in the number of sales, up 23.8 percent and 13.5 percent, respectively. In other cities, particularly Rabat, Agadir and Marrakech, the volume of transactions was down, bringing down the share of these cities in the domestic market to 2.6 percent, 3.9 percent and 14.4 percent, respectively.

The breakdown of residential property sales during the third quarter of 2010 confirms the prevalence of apartment sales. Except the city of Oujda where sales mostly involved houses, apartments accounted for at least 83 percent of transactions in the other cities. The sales of villas did not exceed 3 percent of total transactions in Agadir, Rabat, Marrakech and Kenitra.

Breakdown and quarterly change in sales by city



Breakdown of sales by city



City	Dwelling type	REPI	Change (%)	
			Q3-10 / Q2-10	Q3-10 / Q3-09
Agadir	Apartement	103.6	-5.1	3.5
	House	129.2	-8.6	13.4
	Villa	133.0	10.9	-13.3
	<b>Total</b>	<b>110.9</b>	<b>-5.4</b>	<b>4.2</b>
Casablanca	Apartement	101.0	2.3	4.8
	House	118.6	-3.7	9.6
	Villa	127.2	-1.3	15.2
	<b>Total</b>	<b>104.2</b>	<b>1.4</b>	<b>4.2</b>
El Jadida	Apartement	86.9	-1.6	-6.5
	House	-	-	-
	Villa	-	-	-
	<b>Total</b>	<b>86.9</b>	<b>-1.6</b>	<b>-6.5</b>
Fes	Apartement	103.4	0.0	-0.1
	House	-	-	-
	Villa	-	-	-
	<b>Total</b>	<b>103.4</b>	<b>0.0</b>	<b>-0.1</b>
Kenitra	Apartement	100.7	35.0	21.6
	House	118.5	6.4	3.3
	Villa	125.4	9.7	-6.9
	<b>Total</b>	<b>106.7</b>	<b>24.1</b>	<b>14.7</b>

City	Dwelling type	REPI	Change (%)	
			Q3-10 / Q2-10	Q3-10 / Q3-09
Marrakech	Apartement	89.0	2.2	-11.6
	House	106.5	-1.8	2.7
	Villa	104.4	2.3	-2.6
	<b>Total</b>	<b>98.8</b>	<b>-0.6</b>	<b>-5.3</b>
Meknes	Apartement	115.1	9.1	3.8
	House	115.9	-4.5	-13.1
	Villa	-	-	-
	<b>Total</b>	<b>116.2</b>	<b>-0.1</b>	<b>-2.1</b>
Oujda	Apartement	132.8	9.2	8.9
	House	128.7	6.1	6.8
	Villa	-	-	-
	<b>Total</b>	<b>129.2</b>	<b>5.7</b>	<b>7.6</b>
Rabat	Apartement	115.7	0.3	-2.8
	House	99.6	-2.2	1.5
	Villa	-	-	-
	<b>Total</b>	<b>107.6</b>	<b>-1.0</b>	<b>-0.6</b>
Tangier	Apartement	107.3	-6.8	-3.2
	House	107.5	-5.6	-3.1
	Villa	-	-	-
	<b>Total</b>	<b>107.4</b>	<b>-6.2</b>	<b>-3.1</b>

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

## 4. Regional trend

Regions	REPI	Change (%)	
		Q3-10 / Q2-10	Q3-10 / Q3-09
Chaouia-Ourdigha	116.9	-1.6	-0.2
Doukkala-Abda	86.8	-12.0	-3.2
Fes-Boulmane	121.4	-2.2	-4.9
Gharb-Chrarda-Beni Hssen	110.4	-0.7	-4.6
Grand Casablanca	111.8	2.5	7.6
Guelmim	112.0	3.9	-0.1
Laayoune-Boujdour-Sakia El Hamra	117.7	6.5	-0.2
Meknes-Tafilalt	118.1	4.2	1.9

Regions	REPI	Change (%)	
		Q3-10 / Q2-10	Q3-10 / Q3-09
Marrakech-Tensift-El Haouz	101.2	0.8	-1.7
Oriental	114.2	0.3	4.8
Oued Eddahab-Lagouira	106.2	1.2	0.0
Rabat-Sale-Zemmour-Zaer	120.0	-2.0	-0.6
Souss-Massa-Draa	123.7	-0.4	0.9
Tadla-Azilal	120.1	-3.7	0.8
Tangier-Tetouan	117.2	1.1	6.5
Taza-Al Hoceima-Taounate	111.0	-15.7	-4.6

### TECHNICAL NOTICE

The real estate price index (REPI) was jointly constructed by Bank Al-Maghrib and the Land Registry Office on the basis of the latter's data. This quarterly index, which has a base value of 100 in 2006, is 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.

The REPI captures changes in residential property prices nationwide, by region and by major cities for the following three dwelling types: apartments (a dwelling located in a collective building and comprising one or several rooms), houses (a single or several-story individual dwelling with no garden), and villas (an individual dwelling with a garden).

This index is calculated on the basis of data taken 35 days after 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, regions and/or quarters.

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

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