

1. GENERAL TREND OF THE REAL ESTATE MARKET IN Q4-2016

Quarter to quarter, the Real Estate Price Index (REPI) rose by 2.2 percent, reflecting increases by 2.4 percent for residential properties, 2.1 percent for urban lands and 2.9 percent for commercial properties. On the other hand, transactions fell by 10.4 percent, reflecting a 17.5 percent decline in sales of residential property, while urban land and commercial assets grew by 14.3 percent and 11 percent, respectively.

Year on year, prices increased by 4.6 percent, covering increases by 3.9 percent for residential properties, 6 percent for urban land and 8.6 percent for commercial assets.

As for transactions, they were up 3.2 percent, following a 32.6 percent increase in the third quarter, as a result of increases by 19.5 percent in land sales and 13.7 percent in sales of commercial assets. On the other hand, sales of residential property decreased by 1.9 percent.

- In Q4-2016, prices of real estate assets recorded a new increase, quarter to quarter, by 2.2 percent, after 1.7 percent.
- The number of transactions dropped 10.4 percent one quarter to the other, mainly reflecting the decrease in sales of apartments.

REPI	Change (%)	
	Q4-16/ Q3-16	Q4-16/ Q4-15
Total	2.2 ↑	4.6 ↑
Residential	2.4 ↑	3.9 ↑
Apartment	2.8 ↑	4.7 ↑
House	1.0 ↑	0.0 ↑
Villa	0.8 ↑	7.0 ↑
Urban land	2.1 ↑	6.0 ↑
Commercial property	2.9 ↑	8.6 ↑
Business premises	3.9 ↑	8.5 ↑
Offices	-3.2 ↓	8.7 ↑

Number of transactions	Change (%)	
	Q4-16/ Q3-16	Q4-16/ Q4-15
Total	-10.4 ↓	3.2 ↑
Residential	-17.5 ↓	-1.9 ↓
Apartment	-18.7 ↓	-2.8 ↓
House	1.1 ↑	13.1 ↑
Villa	-10.0 ↓	1.8 ↑
Urban land	14.3 ↑	19.5 ↑
Commercial property	11.0 ↑	13.7 ↑
Business premises	9.7 ↑	13.3 ↑
Offices	20.1 ↑	16.3 ↑

In short

2. General trend by category of assets

Residential property

On a quarterly basis, the 2.4 percent rise in residential prices is due to the increases recorded in apartments, houses and villas by 2.8 percent, 1 percent, and 0.8 percent respectively. Regarding transactions, the 17.5 percent decline observed during the last quarter of the year was caused by decreases in the sales of apartments by 18.7 percent and of villas by 10 percent. Houses' transactions, on the other hand, increased by 1.1 percent.

Year on year, prices of residential properties rose by 3.9 percent, covering increases by 4.7 percent for apartments and 7 percent for villas. As for homes, prices have not changed compared to the same period of 2015. As a result, the number of transactions dropped by 1.9 percent, with a 2.8 percent decline in sales of apartments and respective increases in those of homes and villas by 13.1 percent and 1.8 percent.

Urban land

Quarter to quarter, price index was up by 2.1 percent, and the number of transactions increased 3.5 percent.

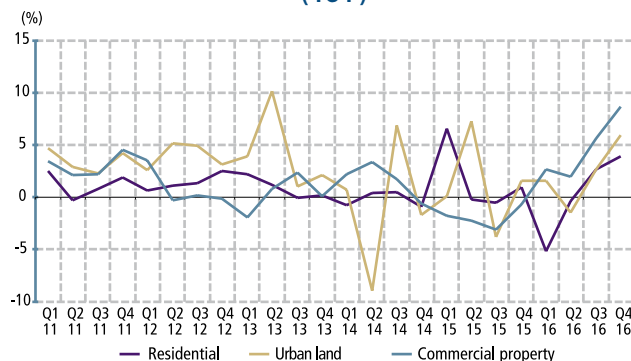
Prices also rose by 6 percent on a yearly basis while sales climbed by 19.5 percent.

Commercial property

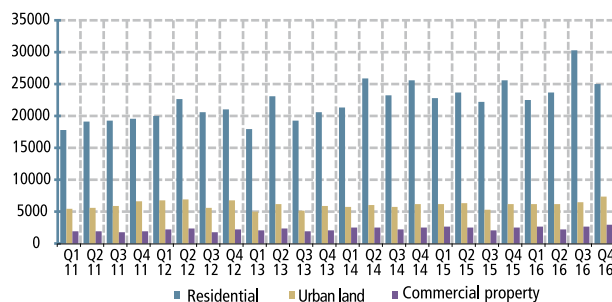
On a quarter-to-quarter basis, commercial assets prices posted a 2.9 percent increase; reflecting a 3.9 percent rise in the price index for commercial premises, while offices' prices decreased by 3 percent. As for the number of transactions, the 11 percent improvement covers increases of 9.7 percent for commercial premises and 20.1 percent for offices.

Year on year, the price index rose by 8.6 percent, covering increases by 8.5 percent for commercial premises and 8.7 percent for offices. As for transactions, they grew by 13.7 percent, with respective increases of 13.3 percent and 16.3 percent for commercial premises and offices.

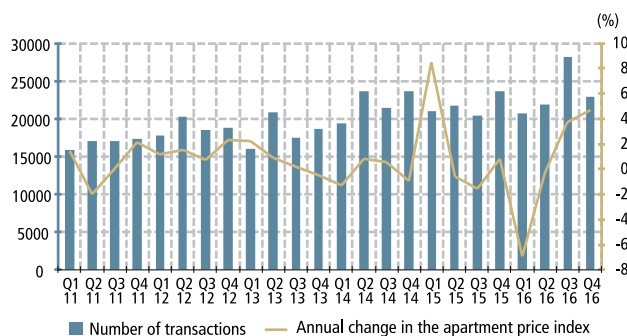
Real estate price indexes by category, (YoY)



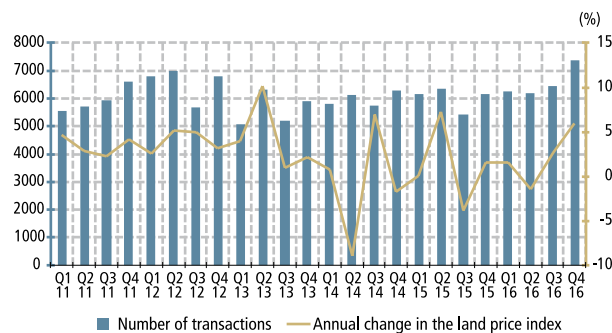
Change in the number of transactions



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



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



3. Trend of real estate market by city

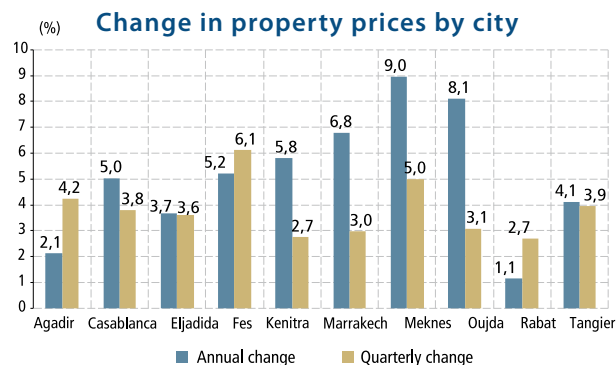
In the fourth quarter, the REPI posted quarterly increases in the main cities of the Kingdom, with rates ranging from 2.7 percent in Rabat to 6.1 percent in Fez. On the other hand, transactions varied among cities, with increases in Rabat and Marrakech and declines in Casablanca and Tangier.

In Casablanca, the REPI posted a further 3.8 percent increase after 4.2 percent in the third quarter, reflecting a price rise for all assets classes, namely at 5 percent for apartments, 1.7 percent for urban land and 4.5 percent for commercial premises. As a result, sales fell by 21 percent, following a 30.2 percent increase a quarter earlier, due to the 28.5 percent decline in apartment sales. On the other hand, land and commercial transactions recorded improvements of 21.4 percent and 20.8 percent, respectively.

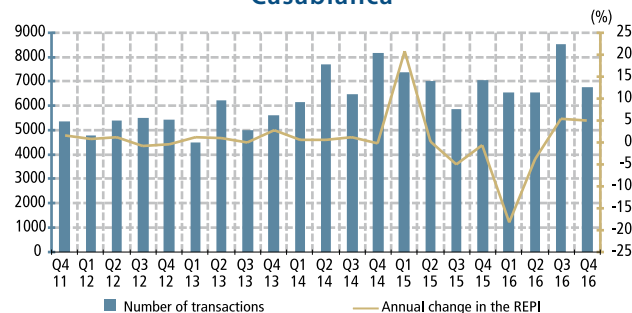
In Rabat, the REPI was up by 2.7 percent, as prices were 2 percent higher for apartments and 0.9 percent up for urban land. As for transactions, they increased by 25.2 percent after 19.8 percent a quarter earlier, with a 29.1 percent rise in apartment sales.

In Marrakech, prices rose by 3 percent, reflecting increases in all assets, namely at 5 percent for apartments and 0.6 percent for urban land. At the same time, sales increased by 3.2 percent, mainly due to a significant increase in land transactions, after having fallen in the first three quarters of the year. As for sales of apartments, they decreased by 16.6 percent, quarter to quarter.

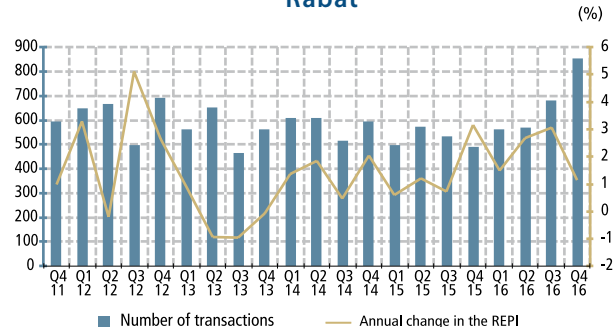
In Tangier, the REPI grew by 3.9 percent, reflecting increases of 10.2 percent for apartments, 1.4 percent for urban land and 14.3 percent for commercial premises. As for transactions, after they posted a 22 percent increase in the third quarter, they declined by 26.7 percent, covering a drop by 30.6 percent for apartments and 14.6 percent for land.



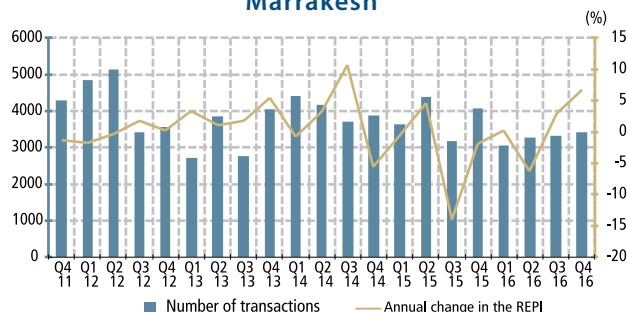
Change in the REPI (%) and in transactions in Casablanca



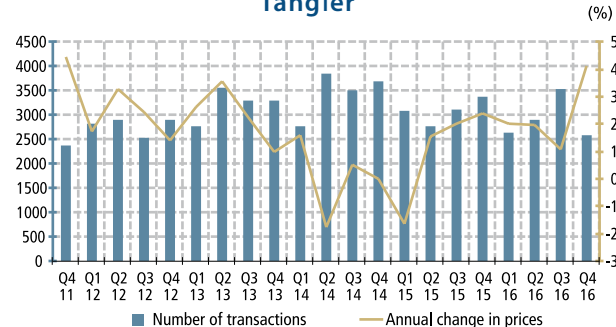
Change in the REPI (%) and in transactions in Rabat



Change in the REPI (%) and in transactions in Marrakech



Change in the REPI (%) and in transactions in Tangier



CHANGE OF THE REPI IN SOME CITIES

City	Property category	Change (%)	
		Price Q4-16/ Q3-16	Transactions Q4-16/ Q3-16
Agadir	Apartment	4.7	-11.5
	House	5.7	-20.5
	Villa	0.0	-26.8
	Urban land	7.9	7.1
	Business premises	7.1	-14.6
	Office	-	-
	Total	4.2	-8.5
Casablanca	Apartment	5.0	-28.5
	House	-8.0	-12.0
	Villa	-0.9	-12.1
	Urban land	1.7	21.4
	Business premises	4.5	20.8
	Office	-17.6	59.3
	Total	3.8	-21.0
El Jadida	Apartment	3.9	-14.5
	House	2.6	13.3
	Villa	3.3	9.1
	Urban land	5.7	3.4
	Business premises	5.4	-5.5
	Office	-	-
	Total	3.6	-10.9
Fes	Apartment	8.7	-5.8
	House	7.7	-53.3
	Villa	4.1	-8.3
	Urban land	4.7	10.4
	Business premises	2.1	3.6
	Office	15.2	-7.9
	Total	6.1	-0.9
Kenitra	Apartment	2.3	-36.5
	House	-5.1	-43.3
	Villa	5.3	-16.7
	Urban land	5.8	-8.3
	Business premises	7.6	-21.4
	Office	27.2	-13.8
	Total	2.7	-29.6

City	Property category	Change (%)	
		Price Q4-16/ Q3-	Transactions Q4-16/ Q3-
Marrakech	Apartment	5.0	-16.6
	House	4.2	12.1
	Villa	2.0	5.6
	Urban land	0.6	-
	Business premises	0.3	39.4
	Office	-	-
	Total	3.0	3.2
Meknès	Apartment	6.2	-9.3
	House	10.3	2.8
	Villa	-	-
	Urban land	4.1	4.0
	Business premises	8.7	-14.4
	Office	87.0	50.0
	Total	5.0	-5.3
Oujda	Apartment	6.0	15.6
	House	2.3	23.9
	Villa	-	-
	Urban land	4.1	-3.5
	Business premises	-	-
	Office	-	-
	Total	3.1	11.7
Rabat	Apartment	2.0	29.1
	House	4.7	-9.8
	Villa	5.9	5.0
	Urban land	0.9	-11.9
	Business premises	-1.2	60.0
	Office	-	-
	Total	2.7	25.2
Tangier	Apartment	10.2	-30.6
	House	2.1	4.2
	Villa	-10.4	-26.7
	Urban land	1.4	-14.6
	Business premises	14.3	14.5
	Office	13.9	4.8
	Total	3.9	-26.7

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.

(-) : In some cases, when the minimum threshold of transactions is not reached, the REPI is not calculated. .

Real estate market evolution in 2016

In 2016, the REPI rose 0.9 percent after 1.2 percent the previous year, reflecting an increase in prices of land by 2.1 percent, after 1.2 percent, and those of commercial premises by 4.7 percent, after their 2 percent decrease in 2015. Prices of residential goods, on the other hand, almost stabilized after their 1.7 percent growth in the previous year.

As for transactions, they increased by 8.1 percent, after their 1.3 percent fall in 2015. This rise covered all assets categories, especially residential assets which rose by 7.9 percent. In the sales side, they were up 8 percent for apartments, 7.8 percent for houses and 6.7 percent for villas.

The REPI rose in the major cities, except for Casablanca where it decreased. Besides, transactions dropped anew in Marrakech and Tangier and improved in the remaining big cities.

In Casablanca, the upward trend of the REPI was halted, and declined by 3.8 percent, reflecting a 5.5 percent decrease in apartment prices, while the prices of urban land and commercial premises rose 2.6 percent and 4.2 percent respectively. With regard to transactions, after their 4.3 percent fall in 2015, they rose by 4 percent, as a result of higher sales in all assets categories, namely apartments (1.4 percent).

In Marrakech, prices rose by 0.7 percent, with increases of 2.2 percent for apartments and 8.7 percent for commercial premises and a 1.9 percent decline in land prices. As a result, sales dropped 14.5 percent, covering a decrease by 8.6 percent in apartments and by 20.7 percent in commercial premises. Similarly, transactions in urban lands diminished by 31.5 percent.

In tangier, prices increased by 5.7 percent for apartments and 1.4 percent for lands. Transactions fell by 5.6 percent, including a 7 percent drop in apartments and a

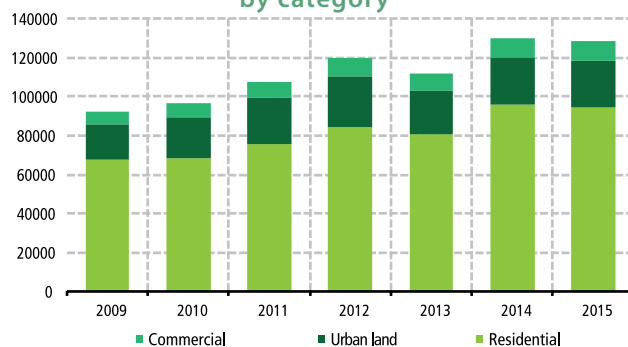
- 0.9 percent higher REPI in 2016, mainly due to higher prices of land and commercial properties.
- 8.1 percent increase in real estate transactions, reflecting higher sales for all asset classes.

In short

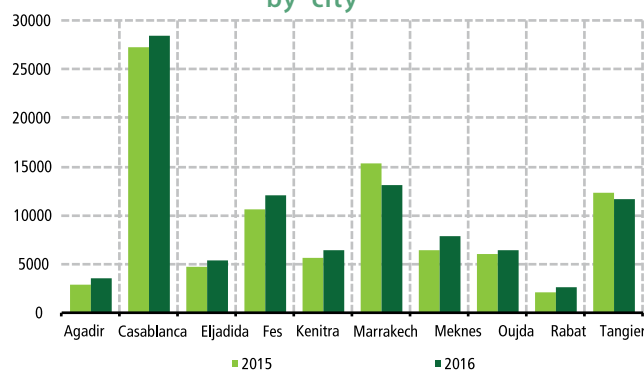
REPI	change in 2015 compared to 2014 (%)	change compared to 2015 (%)
Total	1.2 ↑	0.9 ↑
Residential	1.7 ↑	0.2 ↑
Apartment	1.8 ↑	0.2 ↑
House	1.3 ↑	-0.4 ↓
Villa	1.2 ↑	4.4 ↑
Urban land	1.2 ↑	2.1 ↑
Commercial property	-2.0 ↓	4.7 ↑
Business premises	-1.6 ↓	5.6 ↑
Offices	-4.5 ↓	0.6 ↑

Number of transactions	change in 2015 compared to 2014 (%)	change compared to 2015 (%)
Total	-1.3 ↓	8.1 ↑
Residential	-1.9 ↓	7.9 ↑
Apartment	-1.5 ↓	8.0 ↑
House	-4.7 ↓	7.8 ↑
Villa	-9.4 ↓	6.7 ↑
Urban land	0.5 ↑	9.1 ↑
Commercial property	0.6 ↑	7.4 ↑
Business premises	-0.1 ↓	7.3 ↑
Offices	5.6 ↑	7.9 ↑

Annual change in the number of transactions by category



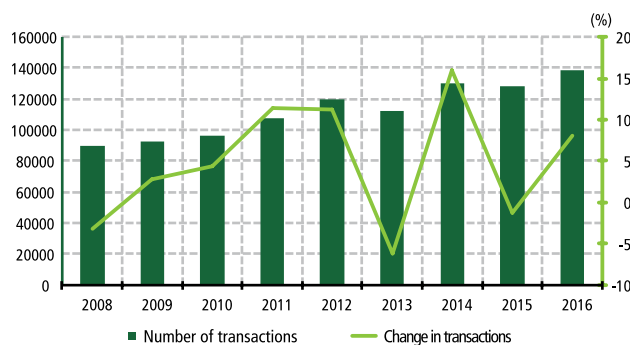
Annual change in the number of transactions by city



6.7 percent fall in commercial premises. Conversely, sales of lands rose by 1.2 percent after their 10 percent drop in 2015.

In Rabat, prices rose by 2.1 percent, reflecting higher prices for all assets categories, particularly apartments which increased by 2.1 percent. On the transactions side, they recorded a significant improvement of 27.4 percent, with increase byof 31.9 percent for residential properties and 6.6 percent for lands.

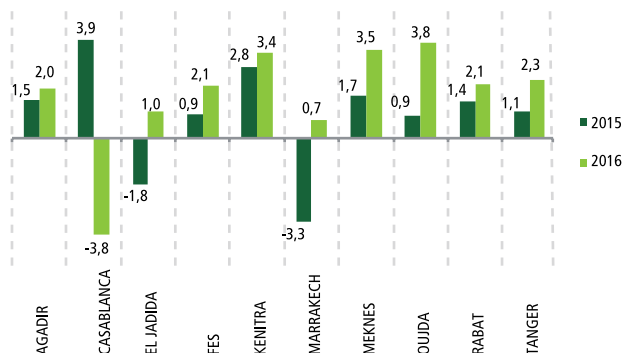
Annual change in the number of transactions



Change in prices and number of transactions by major cities

Cities	Change compared to 2015 (%)	
	REPI	Number
Agadir	2.0	21.4
Casablanca	-3.8	4.0
El Jadida	1.0	13.9
Fes	2.1	13.4
Kénitra	3.4	13.6
Marrakech	0.7	-14.5
Meknes	3.5	22.5
Oujda	3.8	5.9
Rabat	2.1	27.4
Tanger	2.3	-5.6

Change in property prices in major cities



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