

1. GENERAL TREND OF THE REAL ESTATE MARKET IN FOURTH QUARTER 2017

In the fourth quarter of 2017, the Real Estate Price Index (REPI) fell by 1.3 percent quarter on quarter, reflecting price decreases by 1.7 percent for residential properties and by 1.2 percent for urban land. On the contrary, prices of commercial properties rose 3.4 percent.

The number of transactions decreased 2.4 percent, covering an 8.6 percent fall in the sales of residential properties, while those of urban land and commercial properties increased 20.7 percent and 1.2 percent, respectively.

Year on year, prices of real estate assets rose by 0.9 percent, covering increases by 1.8 percent for urban land and 4.4 percent for commercial properties and stagnation in residential properties. As for the number of transactions, they decreased 11.2 percent, reflecting a fall by 13.2 percent for residential properties, by 2.5 percent for urban land and by 16 percent for commercial properties.

- In the fourth quarter of 2017, prices of real estate assets edged down 1.3 percent, quarter on quarter, after rising 1 percent a quarter earlier.
- The number of transactions decreased quarterly by 2.4 percent, mainly due to the decline in the sales of apartments.

REPI	Change (%)	
	Q4-17/ Q3-17	Q4-17/ Q4-16
Total	-1,3 ↓	0,9 ↑
Residential	-1,7 ↓	0,0
Apartment	-1,9 ↓	0,7 ↑
House	-2,2 ↓	-2,9 ↓
Villa	-1,4 ↓	-2,6 ↓
Urban land	-1,2 ↓	1,8 ↑
Professional	3,4 ↑	4,4 ↑
Business premises	3,6 ↑	2,1 ↑
Offices	1,9 ↓	14,0 ↑

Number of transactions	Change (%)	
	Q4-17/ Q3-17	Q4-17/ Q4-16
Total	-2,4 ↓	-11,2 ↓
Residential	-8,6 ↓	-13,2 ↓
Apartment	-9,1 ↓	-12,2 ↓
House	-2,6 ↓	-24,8 ↓
Villa	0,5 ↑	-22,9 ↓
Urban land	20,7 ↑	-2,5 ↓
Professional	1,2 ↑	-16,0 ↓
Business premises	1,9 ↑	-13,8 ↓
Offices	-3,6 ↓	-29,9 ↓

In short

2. General trend by category of assets

Residential property

The quarterly decline in residential prices covers decreases by 1.9 percent for apartments, 2.2 percent for houses and 1.4 percent for villas. As regards the number of transactions, its decline mainly concerned sales of apartments and houses, with respective rates of 9.1 percent and 2.6 percent, while those of villas increased by 0.5 percent from one quarter to the next.

On a year-on-year basis, residential property price index remained stable, as prices rose 0.7 percent for apartments and decreased by 2.9 percent for houses and 2.6 percent for villas. On the other hand, sales decreased by 13.2 percent, reflecting declines by 12.2 percent for apartments, 22.9 percent for villas and 24.8 percent for houses.

Urban land

Quarter on quarter, prices of urban land fell 1.2 percent after having risen by 1.5 percent a quarter earlier. Meanwhile, transactions increased by 20.7 percent.

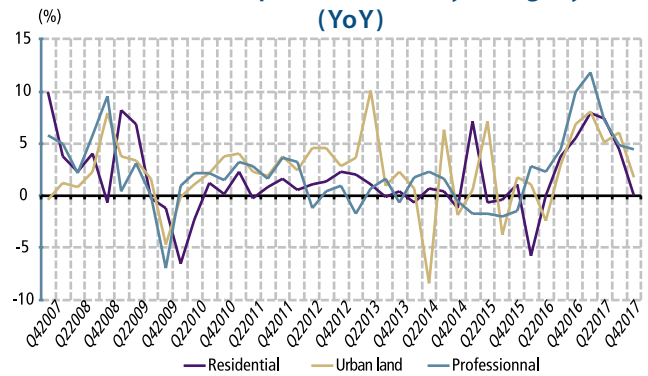
Year on year, urban land price index was up 1.8 percent while the number of transactions fell by 2.5 percent.

Commercial property

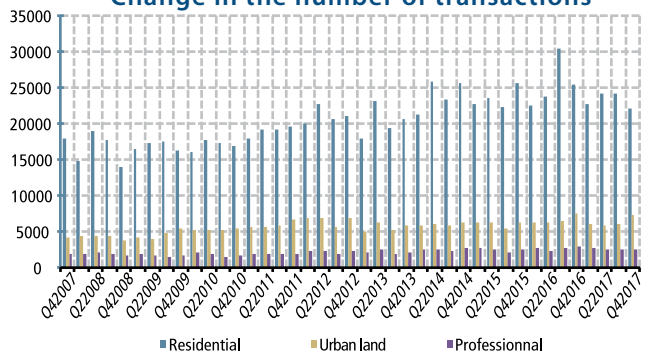
Quarter on quarter, prices of commercial properties were 3.4 percent higher, reflecting a rise by 3.6 percent for commercial premises and 1.9 percent for offices. The number of transactions increased by 1.2 percent, covering a 1.9 percent rise in the sales of commercial premises and a 3.6 percent decrease in those of offices.

On a yearly basis, prices rose by 4.4 percent, reflecting 14 percent and 2.1 percent higher prices for offices and commercial properties, respectively. As for transactions, their number fell 16 percent, due to the decrease in the sales of offices by 29.9 percent and of commercial premises by 13.8 percent.

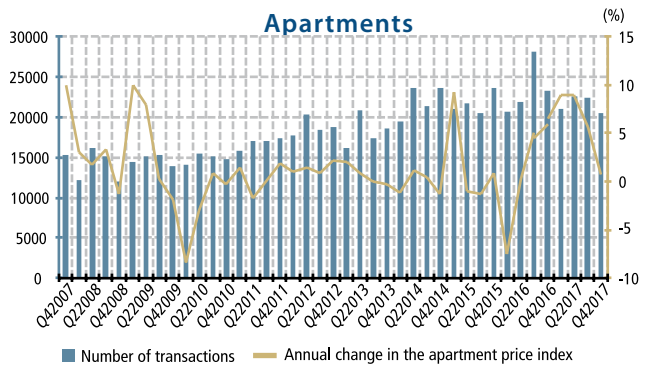
Real estate price indexes by category, (YoY)



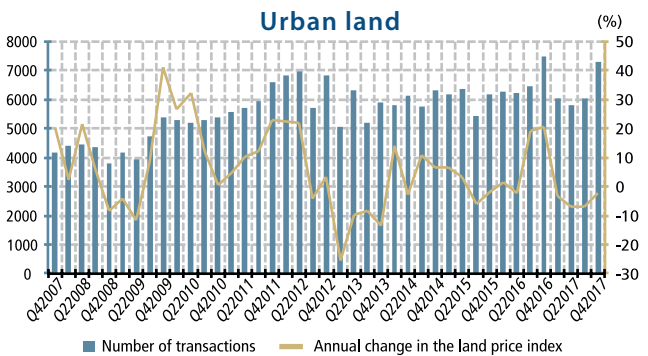
Change in the number of transactions



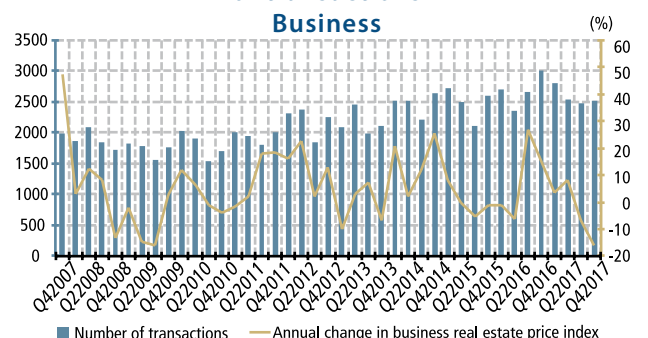
YoY change in the price index (%) and number of transactions



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



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



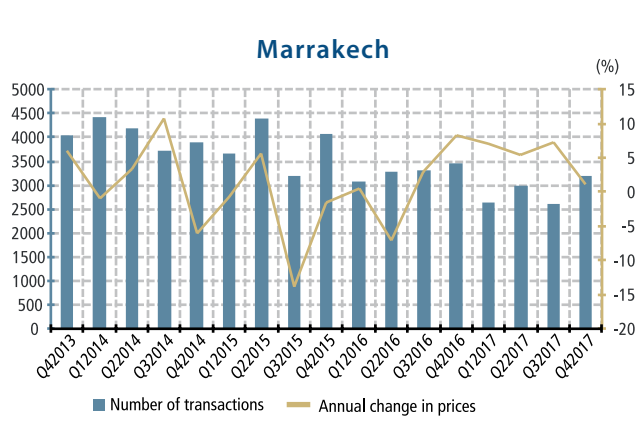
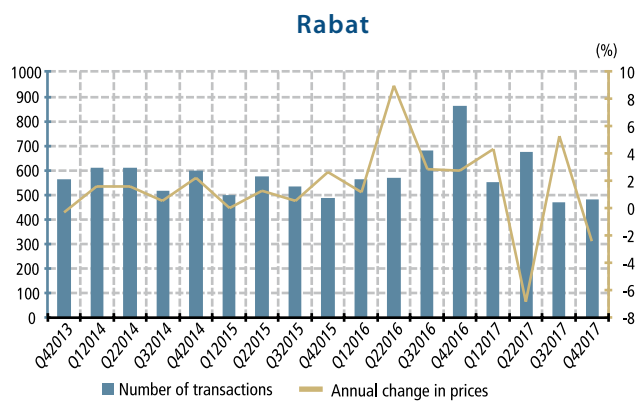
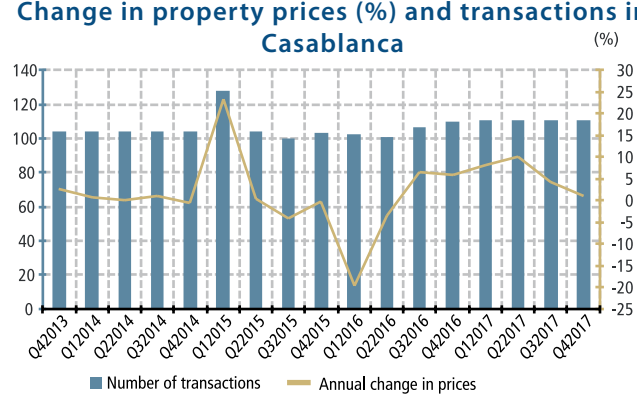
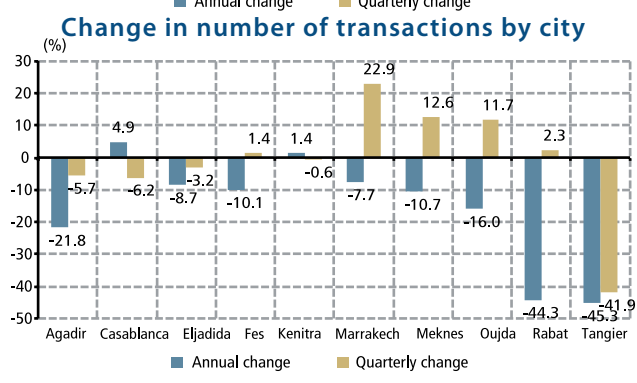
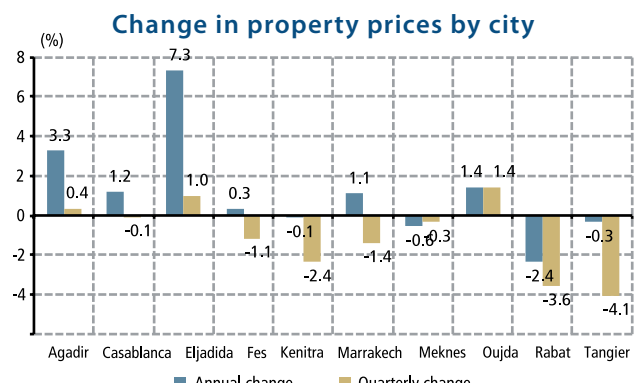
3. Trend of real estate market by city, quarter on quarter

In the fourth quarter of 2017, the REPI decreased, quarter to quarter, in most major cities, ranging from 1.1 percent in Fes to 4.1 percent in Tangiers. Transactions grew at varying degrees, as the largest increases were recorded in the cities of Marrakech and Meknes while the main decreases were in Tangier and Agadir.

In Casablanca, the REPI remained virtually stable in the fourth quarter of 2017, compared to the third quarter of the same year, covering price increases by 0.2 percent for residential properties and 1.8 percent for commercial ones, while those of urban land fell by 2.1 percent. Sales were down 6.2 percent, due to the 10.5 percent drop in apartment sales, while sales of urban land and professional property grew by 17.3 percent and 16.6 percent respectively.

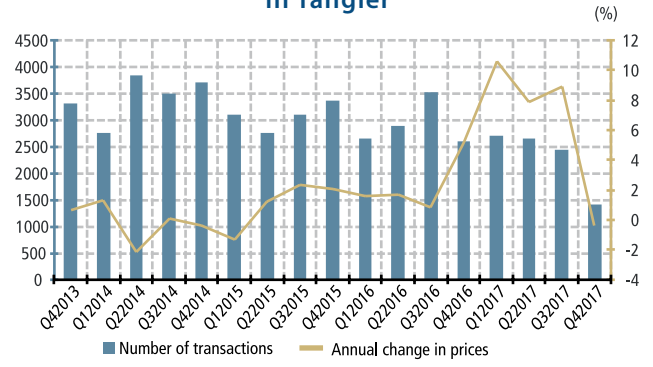
In Rabat, after its 4.9 percent increase in the third quarter, the REPI decreased by 3.6 percent, due to the 7.6 percent drop in residential prices, while the prices of urban land and commercial properties increased by 15.3 percent and 9.2 percent respectively. As regards transactions, they increased by 1.2 percent for residential properties and decreased by 21.3 percent for commercial properties.

In Marrakech, prices decreased by 1.4 percent, due to the decline in all asset categories, which reached 1.1 percent for urban land, 1.7 percent for commercial properties and 1.9 percent for residential properties. As for the number of transactions, they increased by 22.9 percent, mainly reflecting a significant increase in urban land transactions, after their decline in the first three quarters of the year. On the other hand, sales decreased by 29.9 percent quarter to quarter for apartments and by 38.8 percent for commercial properties.



In Tangier, the REPI fell by 4.1 percent, reflecting decreases by 9.1 percent for apartments and by 2.6 percent for urban land. Transactions in this city declined by 41.9 percent, due to sales drop by 44.1 percent for apartments, 26.9 percent for urban land and 35.1 percent for commercial properties.

Change in property prices (%) and transactions in Tangier



Change in the REPI in some major cities

City	Property category	Change (%)		City	Property category	Change (%)	
		Prices Q4-17/QT3-17	Transactions Q4-17/ Q3-17			Prices Q4-17/QT3-17	Transactions Q4-17/ Q3-17
Agadir	Apartment	-0.3	-0.2	Marrakech	Apartment	-1.7	-29.9
	House	-13.1	-27.9		House	-0.4	-2.2
	Villa	4.7	-3.4		Villa	-7.9	22.7
	Urban land	3.3	-10.2		Urban land	-1.1	258.8
	Business premises	8.2	-13.3		Business premises	-1.6	-31.9
	Office	-	-		Office	4.1	-76.5
	Total	0.4	-5.7		Total	-1.4	22.9
Casablanca	Apartment	0.2	-10.5	Meknès	Apartment	-0.8	18.2
	House	-0.5	-5.1		House	0.8	-5.9
	Villa	-0.2	30.8		Villa	14.0	85.7
	Urban land	-2.1	17.3		Urban land	-1.6	7.1
	Business premises	3.5	16.4		Business premises	5.9	0.0
	Office	0.2	17.8		Office	-	-
	Total	-0.1	-6.2		Total	-0.3	12.6
El Jadida	Apartment	-1.1	-5.1	Oujda	Apartment	-2.6	20.3
	House	-1.8	9.7		House	4.4	-4.1
	Villa	-11.9	0.0		Villa	-	-
	Urban land	7.5	1.9		Urban land	1.3	5.0
	Business premises	11.4	8.3		Business premises	-	-
	Office	-	-		Office	-	-
	Total	1.0	-3.2		Total	1.4	11.7
Fès	Apartment	-0.9	-5.4	Rabat	Apartment	-8.7	0.9
	House	-12.0	40.0		House	-16.8	11.1
	Villa	-	-		Villa	9.2	-3.1
	Urban land	-2.2	9.2		Urban land	15.3	76.2
	Business premises	-0.8	15.0		Business premises	3.0	-26.8
	Office	0	8.3		Office	-	-
	Total	-1.1	1.4		Total	-3.6	2.3
Kénitra	Apartment	-2.7	-1.0	Tanger	Apartment	-9.1	-44.1
	House	0.0	41.3		House	-7.7	-37.0
	Villa	-5.3	-5.0		Villa	-26.7	-88.9
	Urban land	-2.1	-8.9		Urban land	-2.6	-26.9
	Business premises	8.2	17.9		Business premises	28.1	-35.1
	Office	-4.4	-20.8		Office	24.2	-35.3
	Total	-2.4	-0.6		Total	-4.1	-41.9

TECHNICAL NOTICE

The real estate price indexes (REPI) were jointly constructed by Bank Al-Maghrib and the National 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.

The REPI capture changes in residential property prices nationwide, by region and by major cities in the three major types, namely residential property, urban land and commercial property, as well as in the six 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 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 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.

4. Trend of the real estate market in 2017

In 2017, real estate prices increased 5 percent, as against 1.3 percent in 2016. This change covers price increases by 4.9 percent for residential properties, 5.3 percent for urban land and 7 percent for commercial properties.

On the other hand, the volume of transactions dropped by 7.6 percent after rising 8.4 percent in 2016, mainly as sales of residential properties dropped by 8.7 percent. Likewise, transactions concerning urban land and commercial properties recorded respective decreases by 4.8 percent and 3.5 percent after their 9.4 percent and 7.8 percent rise in 2016.

The REPI rose in major cities, except for Rabat where prices remained stable in average, from one year to the other. With regard to the number of transactions, it decreased in all big cities, except for Casablanca where it increased.

In Casablanca, after a 3.7 percent drop in 2016, prices rose by 5.7 percent, reflecting increases for apartments and commercial properties by 6.9 percent and 9 percent respectively. Conversely, prices of urban land declined by 4.4 percent. As for the number of transactions, it rose 4.5 percent, and increased by 8.4 percent for apartment sales and 6 percent in sales of commercial properties, as well as a drop by 24.7 percent in land acquisitions.

In Rabat, prices remained stable on average from one year to the next, with increases of 0.2 percent in apartment prices and 0.4 percent in those for professional properties, as well as a decline of 1.6 percent in prices of urban land. Transactions, on the other hand, declined significantly by 18.7 percent, after their 27.7 percent increase in 2016. This change reflects the decline in sales of all assets categories, reaching 18.9

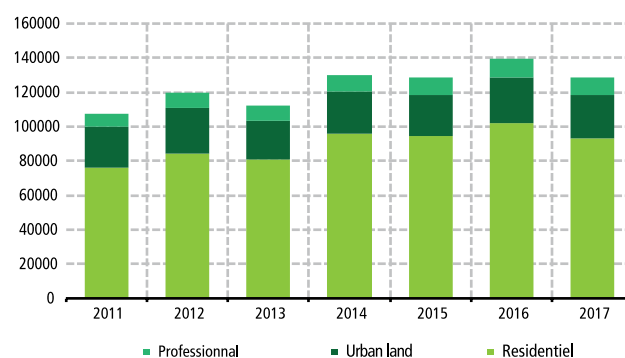
- REPI was up 5 percent in 2017, mainly due to higher prices of all assets categories
- 7.6 percent decrease in real estate transactions, reflecting lower sales for all asset categories.

REPI	Change 2016 compared to 2015 (%)	Change 2017 compared to 2016 (%)
Total	1.3 ↑	5.0 ↑
Residential	0.8 ↑	4.9 ↑
Apartment	0.9 ↑	6.0 ↑
House	0.0	0.9 ↑
Villa	4.4 ↑	2.5 ↑
Urban land	2.1 ↑	5.3 ↑
Professional	4.9 ↑	7.0 ↑
Business premises	6.2 ↑	6.0 ↑
Offices	-0.6 ↓	12.2 ↑

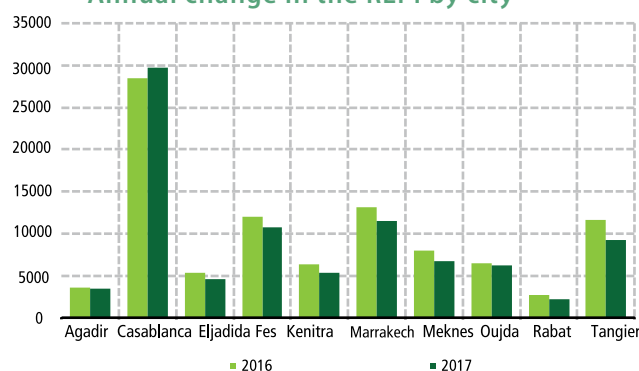
Number of transactions	Change 2016 compared to 2015 (%)	Change 2017 compared to 2016 (%)
Total	8.4 ↑	-7.6 ↓
Residential	8.3 ↑	-8.7 ↓
Apartment	8.3 ↑	-8.1 ↓
House	8.3 ↑	-16.2 ↓
Villa	6.9 ↑	-16.4 ↓
Urban land	9.4 ↑	-4.8 ↓
Professional	7.8 ↑	-3.5 ↓
Business premises	7.7 ↑	-4.6 ↓
Offices	8.5 ↑	4.6 ↑

In short

Annual change in property prices by category



Annual change in the REPI by city

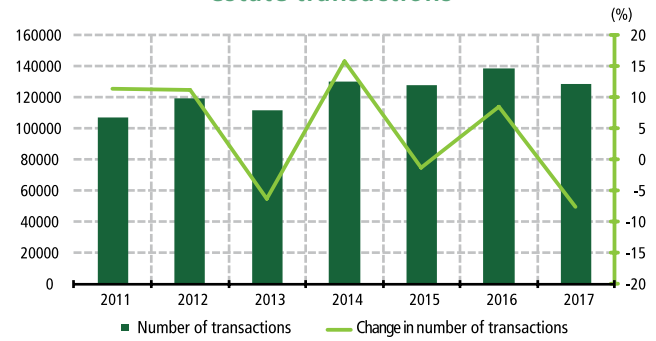


percent for residential properties, 30.9 percent for urban land and 7.3 percent for commercial properties.

In Marrakech, prices rose by 5.1 percent, covering an increase by 6 percent for apartments and by 1.6 percent for commercial properties. This trend occurred hand-in-hand with a 12.8 percent drop in transactions, mainly reflecting a 28.5 percent decline in the sales of apartment. On the other hand, sales of urban land and commercial properties increased by 44.4 percent and 5.1 percent respectively.

In Tangier, the price index rose by 6.7 percent, as prices rose 15.6 percent for apartments, 4 percent for urban land, while it almost stagnated for commercial properties. Sales were down 20.9 percent, as a result of declines of 22.2 percent for apartments, 17.1 percent for urban land and 9.1 percent for commercial properties.

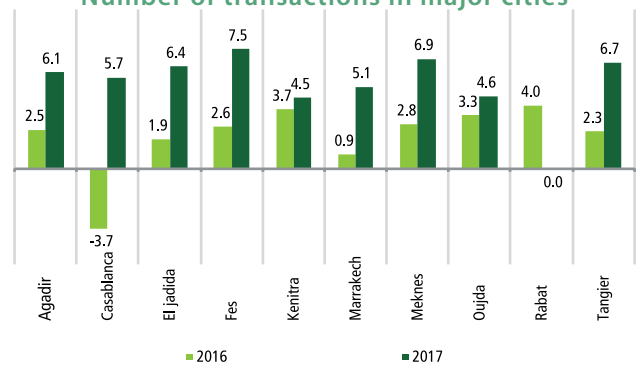
Annual change in the number of registered real estate transactions



Change in prices and number of transactions by major cities

Cities	Change compared to 2013 (%)	
	REPI	Number of transactions
Agadir	6.1	-4.9
Casablanca	5.7	4.5
El Jadida	6.4	-15.7
Fes	7.5	-10.6
Kenitra	4.5	-15.5
Marrakech	5.1	-12.8
Meknes	6.9	-14.7
Oujda	4.6	-2.9
Rabat	0.0	-18.7
Tangier	6.7	-20.9

Number of transactions in major cities



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