

1. GENERAL TREND OF THE REAL ESTATE MARKET IN SECOND QUARTER 2018

Quarter on quarter, the Real Estate Price Index (REPI) has remained stable in the second quarter of 2018. This stability includes decreases of 0.3 percent in residential property prices and 1.7 percent in prices of property used for professional purposes as well as a 1 percent increase for lands. In terms of transactions, there was a slight increase, reflecting a 4.2 percent increase in sales of residential properties, with the sales of lands and properties used for professional purposes decrease by 7.2 percent and 9.6 percent, respectively.

Year on year, real estate prices were up by 0.9 percent, recording an increase of 0.1 percent for residential properties, 2.4 percent for lands and 1.4 percent for properties used for professional purposes.

The volume of transactions decreased by 0.5 percent, reflecting a 4.4 percent decline in sales of residential properties and an increase of 13.4 percent and 6.3 percent in sales of lands and properties used for professional purposes.

- In the second quarter of 2018, real estate prices stagnated quarter on quarter.
- The number of transactions increased by 0.4 percent, after a decrease of 1.8 percent in the first quarter of the year.

REPI	Change (%)	
	Q2-18/ Q1-18	Q2-18/ Q2-17
Total	0.0	0.9 ↑
Residential	-0.3 ↓	0.1 ↑
Apartment	-0.1 ↓	0.1 ↑
House	-2.0 ↓	-1.4 ↓
Villa	3.6 ↑	3.6 ↑
Urban land	1.0 ↑	2.4 ↑
Professionnal	-1.7 ↓	1.4 ↑
Business premises	-1.9 ↓	1.0 ↑
Offices	-0.5 ↓	1.8 ↑

Number of transactions	Change (%)	
	Q2-18/ Q1-18	Q2-18/ Q2-17
Total	0.4 ↑	-0.5 ↓
Residential	4.2 ↑	-4.4 ↓
Apartment	4.2 ↑	-5.5 ↓
House	-1.1 ↓	8.5 ↑
Villa	17.9 ↓	12.3 ↑
Urban land	-7.2 ↓	13.4 ↑
Professionnal	-9.6 ↓	6.3 ↑
Business premises	-9.1 ↓	8.6 ↑
Offices	-12.8 ↓	-7.3 ↓

In short

2. General trend by property category

Residential property

Quarter on quarter, the 0.3 percent drop in residential properties prices is the result of declines of 0.1 percent in apartment prices and 2 percent in houses prices. The price index for villas recorded an increase of 3.6 percent. In terms of transactions, the increase of 4.2 percent includes increases of 17.9 percent for villas and 4.2 percent for apartments as well as a 1.1 percent drop in houses purchases.

Year on year, residential assets rose by 0.1 percent, including increases of 0.1 percent and 3.6 percent for apartments and villas respectively, and a 1.4 percent drop for houses. In terms of transactions, their 4.4 percent decline reflects the 5.5 percent drop in apartment sales, while those for houses and villas increased by 8.5 and 12.3 percent respectively.

Urban land

Quarter on quarter, lands prices rose by 1 percent after a 1.3 percent decline in prices the previous quarter. Transactions fell by 7.2 percent after a decline of 4.7 percent.

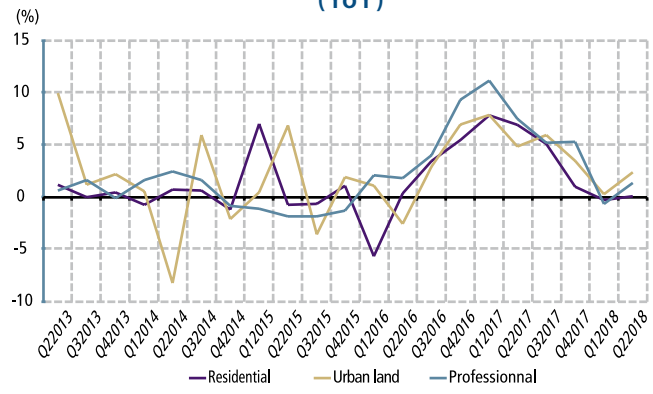
Year on year, lands prices rose by 2.4 percent and the volume of transactions increased by 13.4 percent.

Commercial property

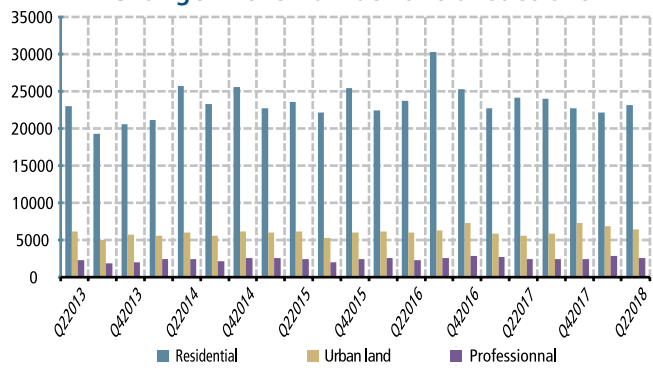
Quarter on quarter, properties used for professional purposes prices declined by 1.7 percent as a result of the decrease of commercial premises and offices by 1.9 percent and 0.5 percent respectively. The volume of transactions decreased by 9.6 percent with decreases of 9.1 percent for commercial premises and 12.8 percent for offices.

Year on year, prices index rose by 1.4 percent with an increase of 1 percent for commercial premises and 1.8 percent for offices. For transactions, they recorded an increase of 6.3 percent, covering an increase of sales of commercial premises and offices by 8.6 percent and 7.3 percent respectively.

Real estate price indexes (YoY)

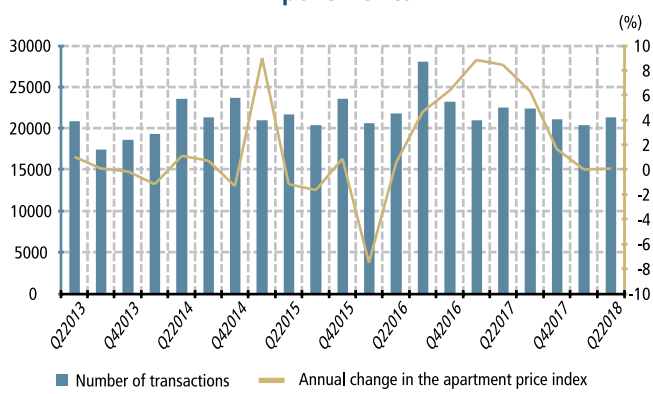


Change in the number of transactions



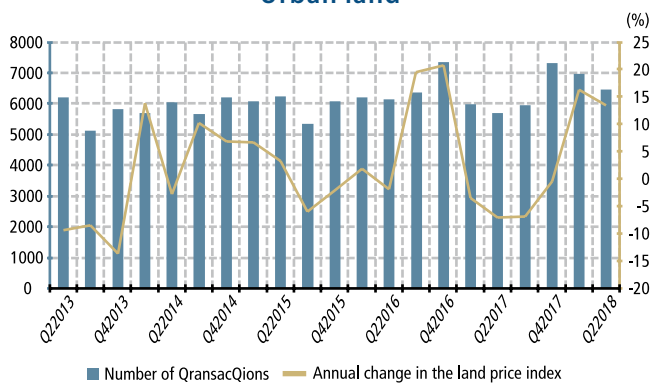
YoY change in the price index (%) and number of transactions

Apartments



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

Urban land



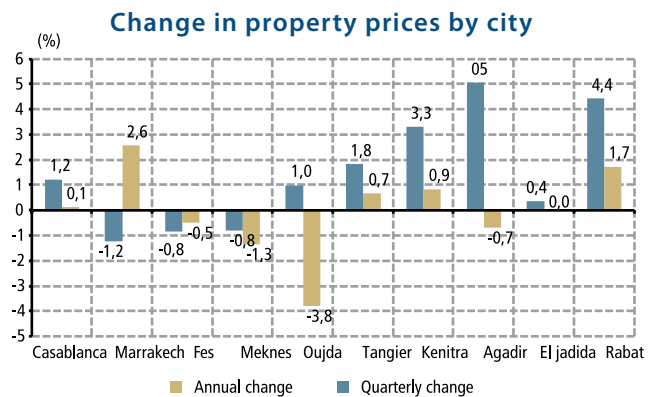
3. Real estate trend by city

In Casablanca, real estate prices posted a rise by 0.1 percent after 1.3 percent in the previous quarter. By asset category, prices increased by 0.7 percent for residential properties and 1.8% for properties used for professional purposes, while urban lands prices decreased by 4.6 percent. As for sales, they rose by 15.6 percent, with increases of 21.8 percent and 2.3 percent respectively for residential properties and urban lands, in addition to a decrease of 12.5 percent for properties used for professional purposes.

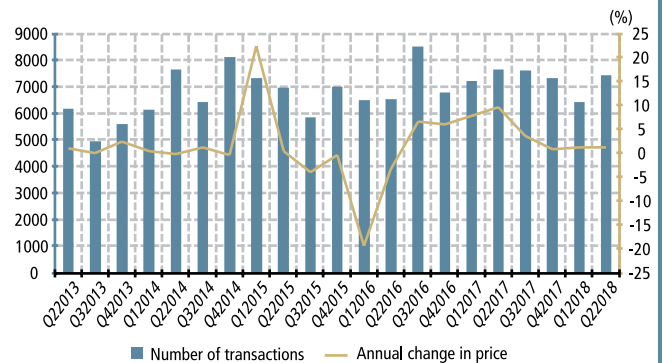
In Rabat, after an increase of 2.4 percent in the first quarter of 2018, prices rose by 1.7 percent, mainly due to the 6.3 percent rise in residential property prices. On the other hand, lands and properties used for professional purposes prices fell by 7.6 percent and 17.5 percent respectively. In terms of transactions, their volume increased by 19.6 percent from 19.4 percent in the previous quarter. Residential and professional properties sales increased by 23.2 percent and 48.8 percent respectively, while urban land sales decreased by 38.5 percent.

In Marrakech, and after a drop of 8.2 percent in the first quarter, prices rose by 2.6 percent, with a 5.6 percent increase for urban lands and a decrease of 0.7 percent for residential properties and 4.2 percent for properties used for professional purposes. Sales rose by 31.3 percent in all property categories, with increases of 20.1 percent for residential properties, 57.6 percent for lands and 7.2 percent for properties used for professional purposes.

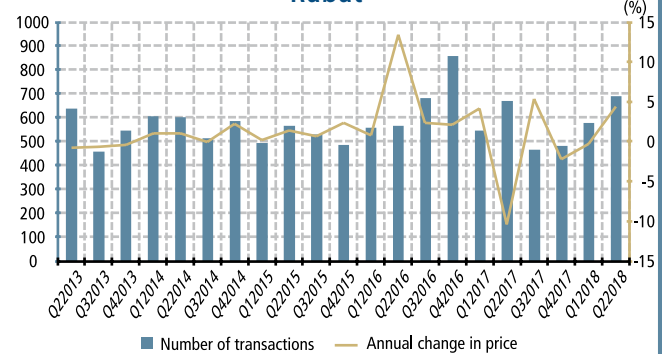
In Tangier, real estate rose by 0.7 percent, reflecting price increases of 0.4 percent for residential properties, 1.3 percent for lands and 1.1 percent for properties used for professional purposes. Regarding transactions, and after the rebound of 60.4 percent in the previous quarter, a decrease of 24 percent was recorded. By category of assets, sales declined by 23.3 percent for residential properties, by 22.8 percent for lands and by 33.3 percent for properties used for professional purposes.



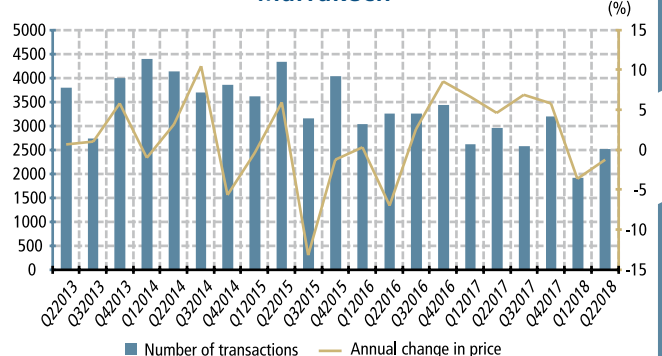
Change in property prices (%) and transactions in Casablanca



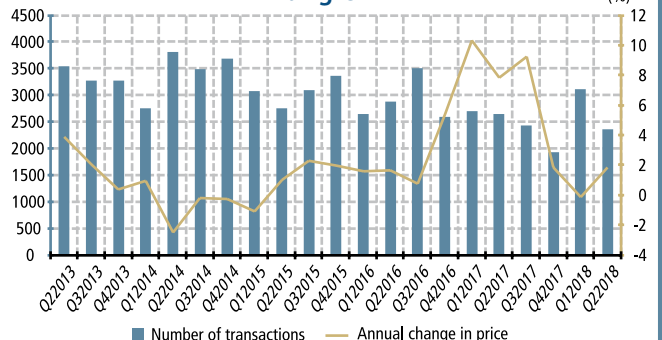
Rabat



Marrakech



Tangier



Change in the REPI in some major cities

City	Property category	Change (%)	
		Price Q2-18/Q1-18	Transactions Q2-18/Q1-18
Agadir	Apartment	-0.8	-4.3
	House	-9.0	-6.9
	Villa	4.2	8.5
	Urban land	0.8	-19.0
	Business premises	3.7	68.2
	Office	-	-
	Total	-0.7	-6.5
Casablanca	Apartment	0.5	21.6
	House	-3.2	5.4
	Villa	20.1	42.7
	Urban land	-4.6	2.3
	Business premises	3.5	-16.9
	Office	-6.3	36.8
	Total	0.1	15.6
El Jadida	Apartment	2.4	-2.5
	House	2.1	56.0
	Villa	-	-
	Urban land	-3.4	-26.4
	Business premises	-3.9	-30.6
	Office	-	-
	Total	0.0	-7.6
Fes	Apartment	-0.4	2.9
	House	-5.1	-10.0
	Villa	4.0	0.0
	Urban land	0.1	-4.0
	Business premises	-1.2	-7.9
	Office	12.9	-22.1
	Total	-0.5	-1.2
Kenitra	Apartment	1.1	-6.3
	House	3.1	15.5
	Villa	-1.5	0.0
	Urban land	2.4	-11.5
	Business premises	-2.5	-21.5
	Office	5.4	-9.1
	Total	0.9	-8.0

City	Property category	Change (%)	
		Price Q2-18/Q1-18	Transactions Q2-18/Q1-18
Marrakech	Apartment	-0.2	20.0
	House	-5.9	21.4
	Villa	1.2	18.9
	Urban land	5.6	57.6
	Business premises	-3.7	7.2
	Office	-	-
	Total	2.6	31.3
Meknès	Apartment	-2.0	-0.9
	House	0.7	-2.4
	Villa	0.0	-33.3
	Urban land	-0.9	-26.2
	Business premises	-3.6	54.2
	Office	-	-
	Total	-1.3	-5.9
Oujda	Apartment	2.3	-9.1
	House	-1.4	-5.7
	Villa	-	-
	Urban land	-5.3	-31.9
	Business premises	3.2	-44.4
	Office	-	-
	Total	-3.8	-19.3
Rabat	Apartment	5.8	22.3
	House	15.4	6.7
	Villa	-	-
	Urban land	-7.6	-38.5
	Business premises	-20.1	56.4
	Office	-	-
	Total	1.7	19.6
Tangier	Apartment	0.7	-23.3
	House	0.6	-19.0
	Villa	9.8	-50.0
	Urban land	1.3	-22.8
	Business premises	1.4	-35.0
	Office	-11.5	-11.8
	Total	0.7	-24.0

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.