

1. OVERALL TREND OF THE REAL ESTATE MARKET IN THE THIRD QUARTER OF 2020

After two quarters marked by a decline in real estate transactions in the current health crisis context, the real estate price index in the third quarter of 2020 is up to 3.6 percent **quarter-on-quarter**, following a 3 percent decline in the previous quarter. This rise reflects increases of 3.6 percent in both residential and land prices and of 5.1 percent for business assets. At the same time, the number of transactions returned to pre-crisis levels. Sales rose by 117.6 percent in Q3 after quarterly declines by 41.4 percent in Q2 and 29 percent in Q1. This increase concerned all categories.

Year-on-year, real estate price index fell by 0.8 percent, with decrease in residential assets by 1.2 percent and in lands by 0.4 percent, while prices of goods for professional use rose by 3 percent. The number of transactions fell by 9.5 percent, in line with the 15.3 percent drop in sales of residential assets. On the other hand, lands sales were almost stagnant and sales of business assets increased by 22.8 percent.

REPI	Variation (en %)	
	Q3-20/ Q2-20	Q3-20/ Q3-19
Total	3.6 ↑	-0.8 ↓
Residential	3.6 ↑	-1.2 ↓
Apartment	3.4 ↑	-1.1 ↓
House	4.8 ↑	-2.7 ↓
Villa	5.4 ↑	0.8 ↑
Urban land	3.6 ↑	-0.4 ↓
Professional	5.1 ↑	3.0 ↑
Business premises	5.5 ↑	3.0 ↑
Offices	3.2 ↑	3.8 ↑

Number of transactions	Variation (en %)	
	Q3-20/ Q2-20	Q3-20/ Q3-19
Total	117.6 ↑	-9.5 ↓
Residential	96.2 ↑	-15.3 ↓
Apartment	96.0 ↑	-14.8 ↓
House	138.4 ↑	-26.1 ↓
Villa	35.1 ↑	-10.1 ↓
Urban land	188.8 ↑	0.1 ↑
Professional	181.9 ↑	22.8 ↑
Business premises	189.9 ↑	22.4 ↑
Offices	136.4 ↑	25.0 ↓

2. Overall trend by asset category

Residential property

Quarter-to-quarter, residential prices rose by 3.6 percent, reflecting increases across all asset classes with rates of 3.4 percent for apartments, 4.8 percent for houses and 5.4 percent for villas. The increase in sales of residential properties follows two consecutive declines for both apartments and houses and villas.

Year-on-year, prices depreciated by 1.2 percent, in line with the 1.1 percent fall in prices for apartments and 2.7 percent for houses. Villa prices, on the other hand, rose by 0.8 percent. Sales fell by 15.3 percent, with decreases of 14.8 percent for appartements, 26.1 percent for houses and 10.1 percent for villas.

Urban lands

Quarter-over-quarter, land prices increased by 3.6 percent and transactions increased by 188.8 percent to return to their level of 2019.

Year-on-year, land prices declined by 0.4 percent. As for sales, they have virtually stagnated.

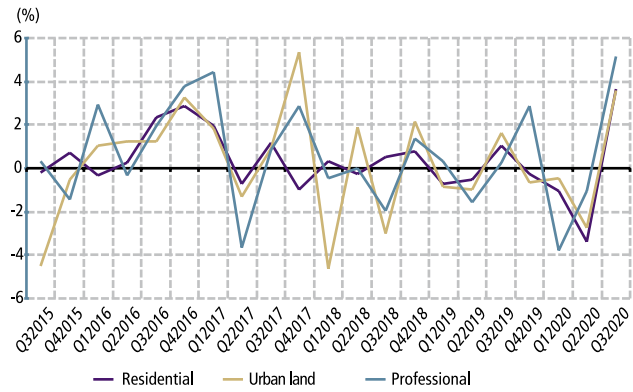
Professional

The business property price index rose 5.1 percent quarter-on-quarter, reflecting increases of 5.5 percent for commercial premises and 3.2 percent for offices.

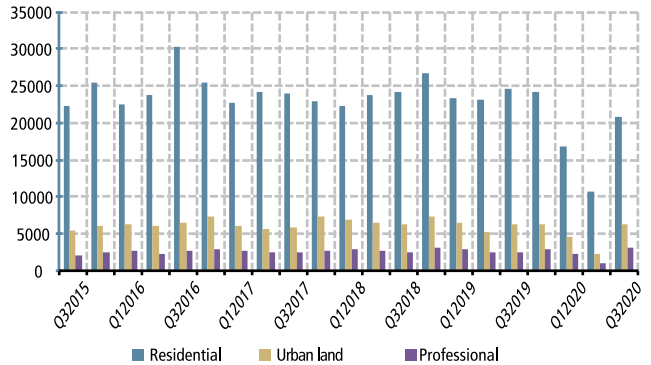
The volume of transactions increased by 181.9 percent, following the declines recorded in the last two quarters.

Year-on-year, prices of goods for professional use increased by 3 percent, as a result of increases of 3 percent for commercial premises and 3.8 percent for offices. Transactions increased by 22.8 percent, with increases of 22.4 percent for commercial premises sales and 25 percent for offices.

Real estate price indexes by category, (QoQ)

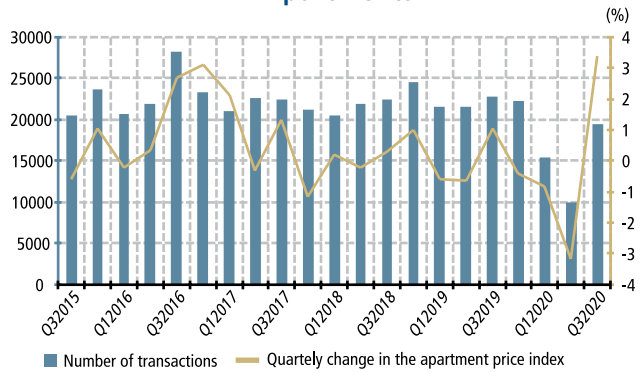


Change in the number of transactions



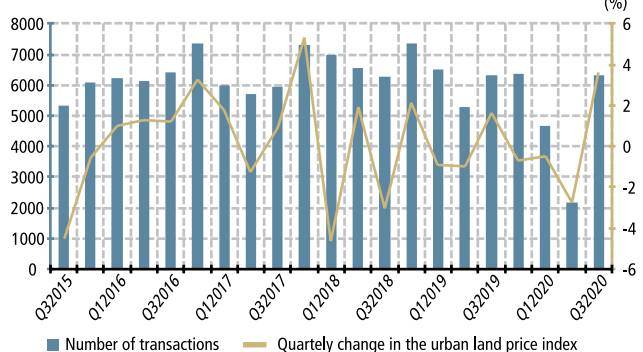
Change in the price index (QoQ,%) and number of transactions

Apartments



Change in the price index (QoQ,%) and number of transactions

Urban land



3. Real estate market trend by city

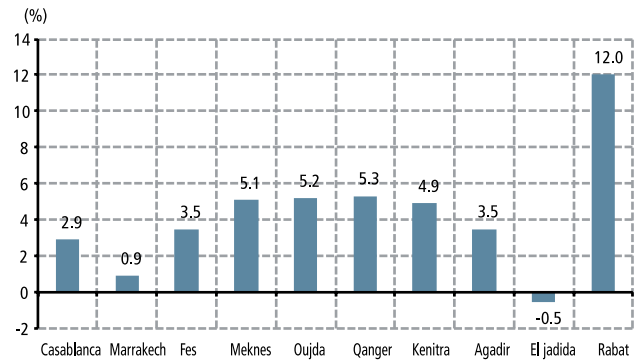
In **Rabat**, prices rose by 12 percent quarter-on-quarter, following a 6.4 percent decline in the previous quarter. By asset category, prices rose by 11.9 percent for residential properties, 4.2 percent for lands and 33.2 percent for properties for business purpose. Transactions increased by 228.4 percent after declines of 56.6 percent and 29.9 percent in the first two quarters of 2020, returning to their 2019 level. Year-on-year, sales increased by 3.9 percent.

In **Casablanca**, prices rose by 2.9 percent quarter-on-quarter, resulting from increases of 2.5 percent for residential sales, 5.5 percent for lands and 2.9 percent for properties for business use. Sales increased by 97.3 percent after declines of 27.9 percent and 25.1 percent in the first and second quarters respectively. Compared to the third quarter of 2019, sales increased by 2 percent.

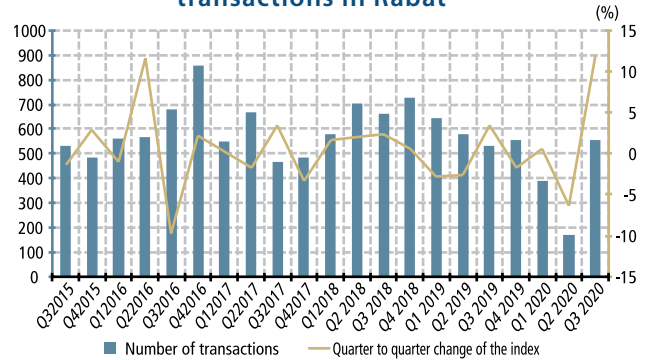
In **Marrakech**, prices rose by 0.9 percent quarter-on-quarter, reflecting increases of 1.4 percent for residential properties, 2.1 percent for lands and 3.4 percent for properties for business use. As for transactions, they returned to their pre-crisis level, with an increase of 128.3 percent after declines of 39.1 percent and 34.9 percent recorded in the first quarters of 2020. Year-on-year, transactions increased by 1.1 percent.

In **Tangier**, the price index marked a quarterly increase of 5.3 percent, reflecting price increases for all categories, i.e. 7.8 percent for residential properties, 2.6 percent for lands and 3.7 percent for properties for professional use. Sales rose by 59 percent, returning to their 2019 level. Year-on-year, sales declined by 34 percent.

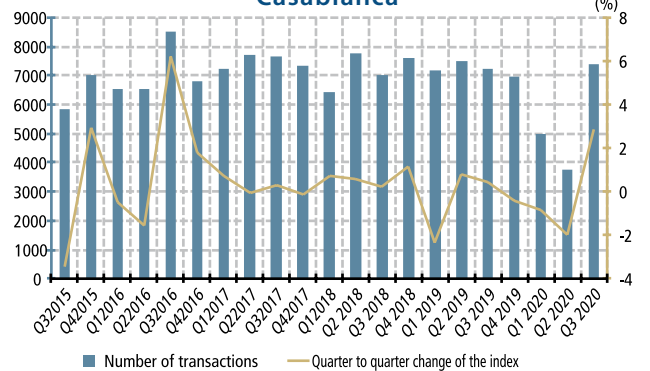
Change in property prices by city (QoQ)



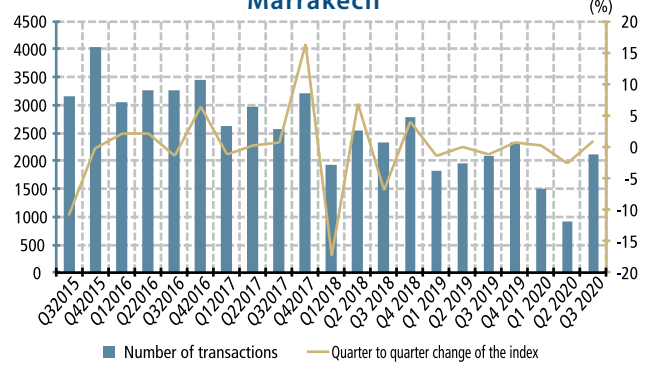
Change in property prices (QoQ, in %) and transactions in Rabat



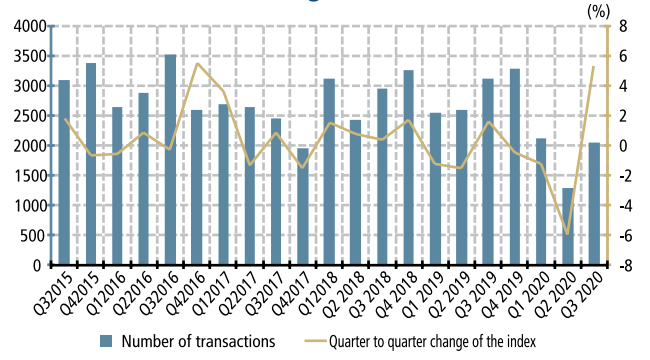
Casablanca



Marrakech



Tangier



Change in the REPI in some major cities

City	Property category	Change (%) Q3-20/ Q2-20	
		Price	Transaction
Agadir	Apartment	5.4	-
	House	8.2	-
	Villa	-1.4	-
	Urban land	4.2	-
	Business premises	6.4	-
	Office	-18.6	-
	Total	3.5	107.4
Casablanca	Apartment	2.3	-
	House	4.3	-
	Villa	2.9	-
	Urban land	5.5	-
	Business premises	4.6	-
	Office	-1.7	-
	Total	2.9	97.3
El Jadida	Apartment	-0.1	-
	House	-7.6	-
	Villa	-	-
	Urban land	1.1	-
	Business premises	9.3	-
	Office	-	-
Total	-0.5	121.6	
Fez	Apartment	6.2	-
	House	8.2	-
	Villa	-	-
	Urban land	-1.0	-
	Business premises	-0.7	-
	Office	16.4	-
Total	3.5	163.5	
Kenitra	Apartment	4.9	-
	House	6.9	-
	Villa	13.4	-
	Urban land	1.4	-
	Business premises	12.4	-
	Office	30.1	-
Total	4.9	202.6	

City	Property category	Change (%) Q3-20/ Q2-20	
		Price	Transaction
Marrakech	Apartment	1.0	-
	House	6.1	-
	Villa	-2.4	-
	Urban land	2.1	-
	Business premises	3.5	-
	Office	-	-
	Total	0.9	128.3
Meknes	Apartment	4.0	-
	House	7.0	-
	Villa	6.5	-
	Urban land	6.4	-
	Business premises	-0.6	-
	Office	-	-
Total	5.07	156.1	
Oujda	Apartment	7.0	-
	House	4.2	-
	Villa	-	-
	Urban land	5.4	-
	Business premises	14.5	-
	Office	-	-
Total	5.2	127.1	
Rabat	Apartment	10.5	-
	House	13.6	-
	Villa	7.8	-
	Urban land	4.2	-
	Business premises	28.2	-
	Office	-	-
Total	12.0	228.4	
Tangier	Apartment	8.7	-
	House	11.0	-
	Villa	0.6	-
	Urban land	2.6	-
	Business premises	7.5	-
	Office	-23.5	-
Total	5.3	59.0	

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.