

Kuwait Finance House

# KFH Local Real Estate Report

Fourth Quarter 2009 - Kuwait

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**KFH Local**  
**Real Estate Report**  
Fourth Quarter 2009 - Kuwait

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**Valued Reader,**

KFH is delighted to present to you the new edition of KFH Local Real Estate Report on 4Q - 2009, which provides a broad analysis to certain aspects of the real estate market in the State of Kuwait as it highlights the major qualitative and quantitative developments and activities on a regular basis.

In fact, KFH seeks to achieve two main goals; First: To collect and identify all official data and price indices on the local Real Estate Sector, present these data in an illustrative manner, monitor the real estate key performance indicators using a consolidated methodology, and publish the said data on a regular and periodic basis. Second, to use these data for raising awareness on real estate and investment in the local market, encourage the developmental role of the local market in the economy, and help clients and investors take sound, well-informed investment decisions.

In addition to analyzing the local real estate performance, the Report will review the major economic developments related to the activity of this real estate market as well as the related governmental regulations.

We wholeheartedly hope that this Report will be a key driver for developing the real estate and investment activities to take part in the local development.



**Emad Abdullah Al-Thaqeb**  
AGM, Finance Sector - KFH



## Terminology

### **Private Housing Building:**

The typical buildings designated for a single family and located in the low density population areas and are constructed by individuals or private sector enterprises and have different architectural designs made by multiple landlords, or the lands which are distributed by the State under the Housing Welfare Schemes; and thus have unified or various architectural designs.

### **Investment Housing Building:**

A multiple residential units building (Apartments, Villas, Duplex, and Studios) used for freehold or renting purposes in all storeys.

### **Private School Building:**

A building designated for the provision of educational services for one or multiple educational stages.

### **Hotel and Motel Building:**

A building designated for short accommodation by guests for tourist and recreational purposes where general services are presented to guests.

### **Commercial Building:**

A building where the basement, ground, and mezzanine floors are allowed for use as shops, which may be designed as a set of adjacent or separate shops with corridors at the commercial street, or as spacious areas. Repetitive storeys may be used as offices or for any other business activity.

### **Industrial Building:**

A building designated for the industrial, warehousing, service, or craftsmanship purposes.

### **Residential Complexes Inside and Outside Kuwait City:**

A residential building incorporating multiple premises designated for investment housing. Such premises are typically composed of multiple residential units including apartments, villas, studios, and duplex units designated for renting or freehold use in all storeys, and may be designed as adjacent to or separate from each other, provided that the built area may not be less than 3,000 m<sup>2</sup>. Vacant spaces designated for the range of vision and convenience of eyesight are included in the total area required for the construction of the complex.

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## **Coastal Strip Buildings:**

Buildings built by individuals on their own land extended throughout the coastline.

## **Buildings for Horticulture Activities:**

Buildings designated for the cultivation, care, show, and sale of flora and flowers of different types, care of gardens and agricultural products, inventory of seeds and agricultural needs, and office spaces.

## **Private Chalets:**

Buildings or facilities established outside public order under leasing contracts for the lease of the State owned properties for recreational and entertainment purposes.

## **Private Hospitals:**

Premises designated for the provision of general or specialized medical services (Outpatient clinics, operating theaters, laboratories, patient rooms and wards).



## Measurement Units:

### Length

- Meter is the International Standard Unit for linear measure.
- 1M = 10 cm = 1000 millimeter)
- Yard = 3 feet = 0.9144 m.
- Foot = 12 inches = 30.48 cm = 0.3048 m
- Inch = 2.54 cm = 0.0254 m
- Km = 0.6214 mile = 1000 m
- Land Mile = 1.6093 Km = 1609.0 m
- Nautical Mile = 6080 feet = 1.853 km = 1853 m
- League = 3 Miles = 4.8281 Km = 4828 m
- Al Bou = 'approximately 2 m
- Fathom = 182.88 cm = 1.8288 m
- Cubit = 51 cm = 0.51 m
- Span = 22.86 cm = 0.0229 m
- Light Year = approximately 9500 billion kilometers
- 1 M = 1.0936 Yard = 3.2808 Feet = 39.37 Inches

### Distance

- Square Meter is the International Standard Unit of distance.
- Hectare = 10 Donum = 2.471 Feddan = 10,000 m<sup>2</sup>
- Feddan / Acre = 4046.8 m<sup>2</sup>
- Donum = 1000 m<sup>2</sup>
- Square Meter = 10,764 square feet



# KFH Local Real Estate Report

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### Introduction

Real Estate Sector has entered a phase of gradual recovery during the third and fourth quarters of 2009; especially that the demand on private residential and investment real estate sectors is increasing by investors who are looking for constant monthly return, while the Kuwaiti economy in general has experienced a state of recession throughout the year of 2009.

Most of the economic sectors and especially the construction sector had been affected by the international financial crisis specifically during the first two quarters of 2009 coupled with the negative effect of Laws 8 and 9 / 2008, which restricted trading in residential real estates and suspended the process of financing residential projects for longtime before KFH was able to secure a court sentence excluding Islamic Banks from this law, on the basis that Islamic Banks have a special nature and stand alone legislations that regulate their performance and activities, and on the basis that the Islamic Banks Law No. 30 of 2003 has excluded Islamic Banks from Laws No. 8 and 9 / 2008.

As the real estate sector comes in importance after the oil sector, real estate sector is still in need of support to get out of the financial crisis; given that the commercial real estate is still experiencing the adverse repercussions of recession, the demand for leasing commercial spaces including offices and shops has went down driven by the economic recession, and the situation is getting worse by the introduction of many new commercial spaces which have not been leased right now.

Therefore, this vital sector should be bailed out soonest to avoid any potential crisis that might weaken the local economy. Hence, proactive precautionary measures should be taken before the birth of a new crisis. This initiative was launched at the Conference of Real Estate Makers scheduled in December 2009 which provided a bundle of recommendations, suggestions, and solutions to bail out the real estate sector.

Future forecasts indicated that Kuwait economy will achieve a growth rate at 3.3% in 2010 backed by a potential rise in oil prices from USD 70 to USD 80 per barrel resulting in state budget's surpluses as well as the government's efforts to reinvigorate the banking sector.

Oil prices have been stable throughout the year 2009 coupled with the tangible efforts made by the government, which aimed at maintaining the integrity of the financial system, putting in place an expanding monetary policy to procure adequate liquidity for banks, reducing the discount rate four times since the financial crisis from 4.50 to 3%, and issuing the Law guaranteeing the deposits at local banks as well as issuing the Financial Stabilization Act.



The breakthrough witnessed by the real estate trading during the last quarter of 2009 has been the joyous milestone throughout the year, since it exceeded for the first time the volume of trading reached during the fourth quarter of last year. It is therefore fair to declare that the real estate trading has witnessed a phase of gradual recovery marked by the rise in the price indices of residential and investment sectors, while the commercial sector is still in trouble.

Local real estate sector witnessed significant changes over the past years; noting that the rise in the world oil prices and revenues had led to a peak in liquidity, which was then pumped into the local stock market and the real estate market leading to an inflation in the prices of assets and drove investors to pump their funds into the real estate sector; namely, the commercial real estate. Most relevantly, an unprecedented urban upswing was witnessed during the last three years immediately preceding the global financial crisis, as the profits realized by the construction sector increased from USD 1.172 billion in 2003 to USD 2.047 billion in 2007 with a growth rate at 74%.

The increasing demand on real estate investment was accompanied by an increasing demand on the construction materials, which also witnessed a huge increase in prices. However, prices of the constructed materials went down as affected by the international financial crisis, the suspension of some local and international real estate projects, reluctance showed by some investors towards real estate investment, and the tendency by several investors to cut down expenses; matters which weakened the demand on commercial and investment real estate; especially the new projects. Therefore, landlords may tend to reduce prices in order to increase the occupancy rate in their properties.

It seems that there is a clear correlation between the stock market and the real estate market. On the one hand, many investors relied on the revenues from the stock market in expanding their real estate investments and gaining more wealth backed by the outstanding performance demonstrated by stock market over the past three years. On the other hand, the KSE-listed real estate companies were affected and the index of the real estate sector showed a downward trend by 44% since the advent of the global financial crisis in September 2008 till late 2009.

However, real estate sector shall remain the major competitive investment channel given the stable return on investment (ROI) ranging between 6% to 11% and the low operating expenses. The proverb «Real Estate may step into stagnation, but may never collapse forever» is best quoted here, and that is why landlords are still retaining their real estate properties, which serve as a secure means of investment and maintain their wealth.

The joyous results reached during the fourth quarter of 2009 reflecting the growth witnessed by the real estate sector as compared to the first three quarters of 2009 and 2008 stressed the fact that many

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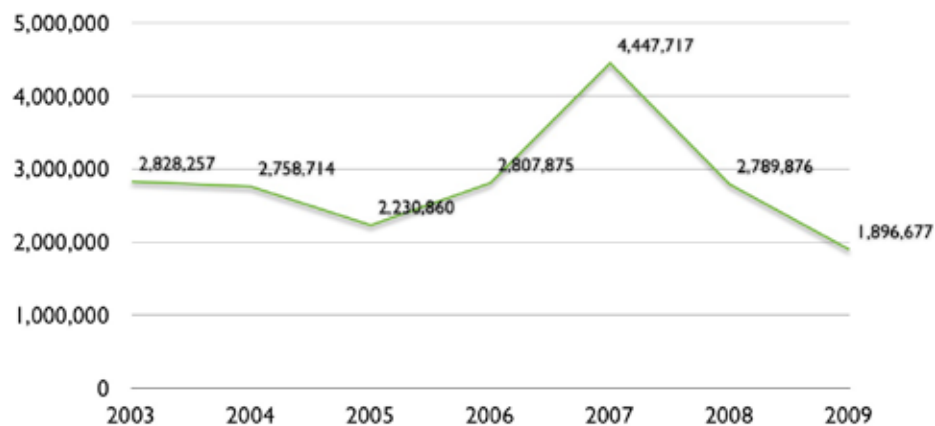
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investors preferred to step into real investments rather than to retain their cash in hand as did by some other investors, who developed much fears following the global financial crisis pending for the recovery of the economy, and therefore, investors usually pump their funds into the real estate sector which give a stable ROI.

### Total Real Estate Trading during 2003 – 2009

Month	2003	2004	2005	2006	2007	2008	2009
Jan.	206,831	293,390	172,438	160,034	231,878	356,582	200,983
Feb.	136,625	185,770	153,320	128,457	224,767	225,890	115,456
March	209,554	346,664	213,045	164,103	364,247	374,794	151,152
April	284,711	292,374	213,462	254,944	440,997	274,054	163,204
May	177,478	378,818	248,166	247,278	376,762	195,950	114,657
June	298,536	196,488	248,527	223,212	372,606	320,408	152,825
July	277,172	203,014	180,895	329,070	669,454	220,302	157,887
Aug.	246,372	180,926	194,504	126,250	223,007	116,656	111,534
Sept.	278,418	149,568	101,220	237,989	311,059	208,809	70,047
Oct.	254,468	167,298	156,856	249,142	385,984	150,908	158,812
Nov.	211,562	138,093	177,083	289,741	484,582	200,237	310,779
Dec.	246,530	226,311	171,344	397,655	362,374	145,286	189,341
Total	2,828,257	2,758,714	2,230,860	2,807,875	4,447,717	2,789,876	1,896,677

Survey of Trading During 2003 - 2009



Source: Real Estate Registration and Authentication Dept. Ministry of Justice



The State's plan for launching giant companies into the different sectors of the economy, including the offering of a share to the public offering and pumping new investments in the Kuwaiti economy has been recently approved by the National Assembly. Kuwaiti Government has also announced its five-year budget (2009-2014) aiming at setting up projects worth KD 37 billion in order to diversify the sources of income, attract more investments, and encourage the private sector's participation in the government-led projects.

#### **Real Estate Trading Indices:**

On the side of the overall real estate market, the trading indices posted by the Real Estate Registration and Authentication Department at the Ministry of Justice during 4Q-2009 demonstrated an increase of KD 319,462 million equal to a rise at 94% as compared to KD 339,469 million in 3Q-2009.

#### **Private Housing Transactions:**

Private housing transactions made up 45% of the real estate trading totaled KD 658.932 million, and the private housing transactions valued KD 296.526 million during 4Q-2009 rising at 72% as compared to the 3Q-2009 as the number of private housing transactions increased to 1348 transactions during 4Q – 2009 against 848 transactions in 3Q-2009. The average transaction value is increased to KD 219,000 during 4Q – 2009 as compared to KD 203,000 in 3Q – 2009 due to the rise in the number of transactions by 59%. December 2009 recorded the highest trading rate accounting for 40.9% equal to KD 121.279 million of the total private housing trading amounting to KD 296.526 million during 4Q - 2009. November 2009 ranked second recording KD 105.802 million accounting for 35.68%, and October 2009 came last with KD 69.444 million accounting for 23.41% of the total private housing trading.

#### **Real Estate Investment Transactions:**

Total real estate investment trading increased to account for KD 267.454 million during 4Q – 2009 compared to KD 150.794 million during 3Q - 2009 with a rise at 77.36%. November 2009 came as a top volume leader in 4Q - 2009 recording KD 162.206 million, December 2009 came second recording KD 62.631 million, and October 2009 came third recording KD 42.616 million.

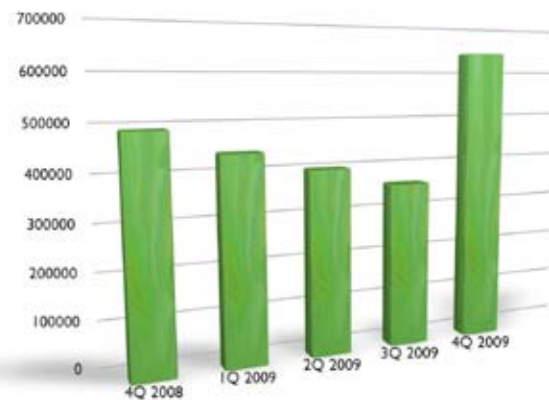
#### **Real Estate Commercial Transactions:**

Total commercial real estate trading ascended notably during 4Q - 2009 driven by the pessimistic view by certain traders, the tendency by other traders to sell their commercial properties as a result of the decreased sales turnover and the shrunken local consumption, especially in the retail trade and food stuffs. A low demand is also reported on the new commercial real estates offered for lease, driving some landlords to cut down the rental value. In addition, suspension of certain commercial real estate projects was also reported, as the value of trading is increased by 575% registering KD 91.381 million as

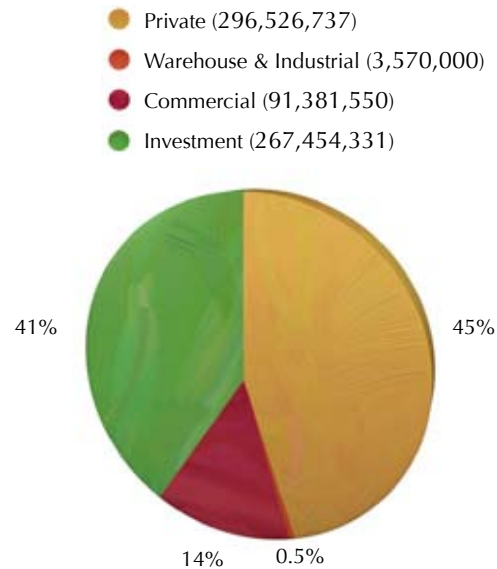
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compared to 3Q – 2009, which reached KD 13.517million accounting for 13.87% of the total trading. Private real estate transactions accounted for 45%, investment transactions accounted for 40.59%. October 2009 came as the first volume leader valuing KD 44.601 million, November 2009 the second registering KD 41.350 million, and December 2009 the third accounting for KD 5.430 million, and the average transaction was valued KD 5.076 million during 4Q - 2009 compared to KD 711,000 during 3Q – 2009 due to the rise in the number of transactions and with the decreased prices in some areas.



**Total Real Estate Trading during 2009 and 4Q - 2008**



**Total Real Estate Trading in 4Q - 2009**  
(Private Housing, Investment, Commercial, Industrial Warehouses)

## Price Indices:

### First: Prices of Private Housing Lands:

Market price indices monitored by KFH showed a rise in the prices of residential lands in the majority of Kuwait Governorates during 4Q – 2009, while prices remained stable in the Capital Governorate especially in the inward areas like: Adailiya, Qurtoba, Surra, and Rawda, and other areas in the Capital Governorate rose by 1% such as Abdullah Al-Salem and Shamiya.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Abdullah Al-Salem	750	590,000	940,000	787	1,253	1,020	Vacant Land
Residential Shuwaikh	1000	810,000	1,400,000	810	1,400	1,105	Vacant Land
Adailiya	750	410,000	650,000	547	867	706,7	Vacant Land
Qurtoba	500	245,000	350,000	490	700	595	Vacant Land
Faiha	500	280,000	440,000	560	880	720	Vacant Land
Shamiya	750	450,000	750,000	600	1000	800	Vacant Land
Surra	500	245,000	350,000	490	700	595	Vacant Land
Mansouriya	1000	450,000	750,000	450	750	600	Vacant Land
Qadessiya	750	300,000	505,000	400	673	536.7	Vacant Land

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Mubarak Al-Kabir Governorate has recorded an average price rate of KD 414.4 per square meter during the 4Q - 2009 increasing by 1.7% as compared to 3Q - 2009.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Abu Al-Hasiniya (Internal Streets)	750	330,000	430,000	440	573	506.7	Vacant Land
Abu Al-Hasiniya (Fahaheel St.)	750	400,000	550,000	533	733	633.3	Vacant Land
Abu Al-Hasiniya (Seafront)	750	730,000	850,000	973	1,133	1,053.3	Vacant Land
Mubarak Al-Kabir (Plots)	400	130,000	175,000	325	438	381.3	Gove. House
Al-Maseela (East of Qurain)	400	140,000	185,000	350	463	406.3	Vacant Land
Funaites (East of Qurain)	400	115,000	140,000	288	350	318.8	Vacant Land
Qurain (Gove. House)	400	105,000	130,000	263	325	293.8	Gove. House

Farwaniya Governorate registered an average price rate of KD 302.5 per square meter during 4Q -2009 rising by 4.1% as compared to the 3Q-2009 driven by the rise in prices in Ashbeelia and Farwaniya, while prices remained stable at Al-Rabiya, Jleeb Al-Shoyoukh, Kheitan, and Ferdaws.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Al-Rabiya	500	125,000	175,000	250	350	300	Vacant Land
Farwaniya	500	175,000	230,000	350	460	405	Vacant Land
Jleeb Al-Shoyoukh	750	220,000	260,000	293	347	320	Vacant Land
Rehab (Gov. House)	400	120,000	145,000	300	363	331.3	Gove. House
Ashbeelia	400	120,000	165,000	300	413	356.25	Vacant Land
Ashbeelia	500	145,000	210,000	290	420	355	Vacant Land
Kheitan	750	220,000	260,000	293	347	320	Vacant Land
Ferdaws (Existing House)	400	85,000	110,000	213	275	243.75	Existing house



In Ahmadi Governorate, prices increased notably in the internal areas, as the average price per square meter recorded KD 295.4, while price increase in other areas such as Aqeela and the coastal strip ranged between 2 – 3.8%.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Fintas Agricultural Area	1000	200,000	310,000	200	310	255	Vacant Land
Hadiya	750	160,000	210,000	213	280	246.7	Vacant Land
Coastal Strip (Along the sea)	750	670,000	720,000	893	960	926.7	Vacant Land
Coastal Strip (Along the main road)	750	350,000	460,000	467	613	540	Vacant Land
Coastal Strip (Internal streets)	750	265,000	305,000	353	407	380	Vacant Land
Manqaf	400	110,000	140,000	275	350	312.5	Vacant Land
Jaber Al-Ali	400	100,000	130,000	250	325	287.5	Existing house
Al-Dhuhr	278	65,000	80,000	234	287.8	260.8	Existing house
Sabahiya	600	90,000	130,000	150	216.7	183.3	Existing house



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In Hawally Governorate, a relative price increase was reported during 4Q-2009 as the average price reached KD 525.28 per square meter as compared to 3Q-2009, since some areas such as: Salwa and Rumaithya have a rewarding return on investment and prices are affordable by some investors.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Al Sha'ab	400	210,000	260,000	525	650	588	Vacant Land
Jabriya	750	230,000	285,000	307	380	343	Vacant Land
Jabriya	500	190,000	235,000	380	470	425	Vacant Land
Rumaithya	750	210,000	280,000	280	373	327	Vacant Land
Rumaithya (Al-Aqsa St.)	1000	430,000	450,000	430	450	440	Vacant Land
Salwa	750	200,000	260,000	267	347	307	Vacant Land
Salwa (Internal St.)	500	180,000	205,000	360	410	385	Vacant Land
Bayan	750	205,000	260,000	273	347	310	Vacant Land
Hettein (Internal)	400	195,000	245,000	488	613	550	Vacant Land
Al Salam (Internal)	400	195,000	245,000	488	613	550	Vacant Land
Al Zahra' (Internal)	500	210,000	250,000	420	500	460	Vacant Land

In Jahra Governorate, the average price rate reached KD 327.6 per square meter during 4Q – 2009, while a modest price increase was reported in Al-Qasr and Old Jahra.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Al-Qasr	750	130,000	170,000	173	227	200	Vacant Land
Old Jahra	750	150,000	180,000	200	240	220	Vacant Land
Al Naem (Gov. House)	400	90,000	125,000	225	313	268.8	Existing house
Jahra (Al Metla' St.)	400	200,000	220,000	500	550	525	Existing house
Al-Oyoun (Gov. House)	400	90,000	125,000	225	313	268.8	Existing house

### Second: Prices of Investment Lands:

A noticeable price stability of investment lands is reported during 4Q - 2009 as compared to 3Q - 2009 in most governorates of Kuwait, while a price decrease is reported at the Capital Governorate as some investors believe that some areas will be shifted from investment areas to office and commercial activities.

The Capital Governorate registered a price decrease by 3.9% and the average price of each square meter reached KD 1,659. Al-Mukwa'a registered the steepest decline of prices which reached -8% in average, while prices remained unchanged in the areas along the sea as compared to 3Q-2009.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Bneid Al-Gar (Sea Front)	1,000	1,550,000	1,900,000	1,550	1,900	1,725	Vacant Land
Bneid Al-Gar (Independence Street)	1,000	950,000	1,100,000	950	1,100	1,025	Vacant Land
Bneid Al-Gar (Internal Streets)	1,000	700,000	850,000	700	850	775	Vacant Land
East Al-Mukwa'a (Built Area of 400%)	500	600,000	900,000	1,200	1,800	1,500	Vacant Land
East Al-Mukwa'a (Built Area of 240%)	250	250,000	300,000	1,000	1,200	1,100	Vacant Land
Dasman (400%)	1,000	1,750,000	3,500,000	1,750	3,500	2,625	Vacant Land

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In Hawally Governorate, the average price increased noticeably to KD 896.1 during 4Q - 2009 as compared to 3Q - 2009, while prices in Salmiya and Hawally rose by 2.7%.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Hawally (Muthanna St.)	750	550,000	610,000	733	813	773	Vacant Land
Hawally (Qutaiba St.)	750	565,000	725,000	753	967	860	Vacant Land
Hawally (Mosa Ibn Al-Nuseir St.)	1,000	620,000	815,000	620	815	717.5	Vacant Land
Hawally (Cairo St.)	1,000	760,000	900,000	760	900	830	Vacant Land
Hawally (Al-Maghrib Al-Saree' St.)	1,000	660,000	780,000	660	780	720	Vacant Land
Hawally (4th Ring Road)	1,000	750,000	850,000	750	850	800	Vacant Land
Salmiya (Arab Gulf , Al-Beda', Al-Shaab Sea Side)	1,000	1,450,000	2,375,000	1,450	2,375	1,912	Vacant Land
Salmiya (Baghdad St.)	1,000	820,000	950,000	820	950	885	Vacant Land

In Farwaniya Governorate, the average price increased slightly to reach KD 696.8 per square meter during 4Q - 2009.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Farwaniya (Airport St.)	1,000	715,000	775,000	715	775	745	Vacant Land
Farwaniya (Main Streets)	1,000	560,000	700,000	560	700	630	Vacant Land
Farwaniya (Internal Streets)	1,000	500,000	600,000	500	600	550	Vacant Land
Farwaniya (Internal Streets)	750	450,000	540,000	600	720	660	Vacant Land
Kheitan (Airport St.)	750	550,000	625,000	733	833	783	Vacant Land
Kheitan (Main St.)	750	455,000	565,000	607	753	680	Vacant Land
Al-Reqa'e (4th Ring Road)	750	565,000	675,000	753	900	826.5	Vacant Land
Al-Reqa'e (5th Ring Road)	750	545,000	630,000	727	840	783.5	Vacant Land

Ahmadi Governorate has experienced a stability in prices compared to 3Q - 2009, while a modest price increase by 1.5% is reported at Al-Mahboula and Fahaheel.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Fintas	750	385,000	525,000	513	700	606.5	Vacant Land
Fintas (Overlooking the sea)	1000	960,000	1,150,000	960	1,150	1,055	Vacant Land
Abu Halifa	750	370,000	520,000	493	693	593	Vacant Land
Al-Manqaf	750	370,000	525,000	493	700	596.5	Vacant Land
Al-Mahboula	500	300,000	340,000	600	680	640	Vacant Land
Fahaheel (Mecca St.)	500	330,000	380,000	660	760	710	Vacant Land
Fahaheel (General)	750	400,000	565,000	533	753	643	Vacant Land

A noticeable price increase by 6.3% is reported in Jahra Governorate during 4Q - 2009 as compared to 3Q - 2009, as the average price reached KD 573.7 per square meter of land.

Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
		From	To	From	To		
Jahra (Internal Streets)	1000	500,000	550,000	500	550	525	Vacant Land
Jahra (Main Streets)	1000	555,000	560,000	555	560	557.5	Vacant Land

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### Third: Prices of Commercial Real Estate Properties:

A noticeable price decrease by -6.7% is reported for commercial real estates in some areas especially the Capital Governorate. The steepest price decrease was reported to Abdullah Al-Mubarak Street as the average price per square meter ranged between KD 5,500 to KD 6,200, followed by Ahmed Al-Jaber Street where the average price per square meter ranged between KD 6,000 to 6,500.

Area	% of Built Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
			From	To	From	To		
Kuwait City (A. Al-Jaber St.)	520%	500	3,000,000	3,250,000	6,000	6,500	6,250	Vacant Land
(Mubarak Al-Kabir St.)	620%	500	3,000,000	3,400,000	6,000	6,800	6,400	Vacant Land
Kuwait City (Fahad Al-Salem St.)	620%	500	3,150,000	3,500,000	6,300	7,000	6,650	Vacant Land
Kuwait City (Mubarkiya Souk)	300%	500	1,450,000	2,000,000	2,900	4,000	3,450	Vacant Land
Kuwait City (Gharabally)	300%	500	1,450,000	2,050,000	2,900	4,100	3,500	Vacant Land
Al-Mustaqbal City (Free Zone)	50-70%	1000	125,000	150,000	125	150	138	Vacant Land

A price decrease is reported at other areas like Jahra Governorate as compared to 3Q - 2009, as the business and office center witnessed a noticeable decline in trading by -21.7%.

Area	% of Built Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009
			From	To	From	To	
Jahra (Marzouk Al-Metaab St.)	170%	1,000	1,850,000	2,450,000	1,850	2,450	2,150
(Business & Office Center)	300%	875	1,700,000	2,000,000	1,943	2,286	2,114
Jahra (Al-Qaisariat)	300%	225	400,000	450,000	1,750	1,950	1,850

In Hawally Governorate, prices decreased considerably by -4.2% as compared to 3Q-2009, and the steepest price decline by 13% was reported at Ibn Khaldoun and Bahrain Streets.

Area	% of Built Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
			From	To	From	To		
Salmiya (Salem Al-Mubarak St.)	170%	1,000	3,000,000	3,500,000	3,000	3,500	3,250	Vacant Land
Hawally (Tunisia St.)	170%	1,000	2,700,000	3,000,000	2,700	3,000	2,850	Vacant Land
Hawally (Beirut St.)	170%	1,000	2,650,000	3,000,000	2,650	3,000	2,825	Vacant Land
Hawally (Othman St.)	150%	1,000	1,650,000	2,250,000	1,650	2,250	1,950	Vacant Land
Salmiya (Hamad Al Mubarak)	180%	1,000	2,000,000	2,400,000	2,000	2,400	2,200	Vacant Land

In Farwaniya, prices decreased noticeably by -5.19%, as the sharpest decline in prices was reported at the business and office center of Kheitan by -14.6%.

Area	% of Built Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
			From	To	From	To		
Farwaniya (Menawer St.)	180%	1,000	2,500,000	3,000,000	2,500	3,000	2,750	Vacant Land
Farwaniya (Fire Station St.)	180%	1,000	2,000,000	2,500,000	2,000	2,500	2,250	Vacant Land
Kheitan	180%	1,000	1,800,000	2,500,000	1,800	2,500	2,150	Vacant Land
Al-Dhajeej (5000 m) (South of Kheitan)	250%	5,000	1,500,000	2,500,000	300	500	400	Vacant Land
Al-Dhajeej - (5000 m) (6 <sup>th</sup> ring road)	210%	5,000	4,500,000	4,750,000	900	950	925	Vacant Land
Ardiya Warehouses (Main Streets)	80% Ground 50% Mezzanine	1000	750,000	900,000	800	900	850	Vacant Land
Ardiya Warehouses (Main Streets)	80% Ground	1000	1,200,000	1,500,000	1,200	1,500	1,350	Vacant Land

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In Ahmadi Governorate, trading prices remained stable as the average price reached KD 2,027 per square meter.

Area	% of Built Area	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
			From	To	From	To		
Al-Manqaf (Aziziya)	300%	750	712,500	862,500	950	1,150	1,050	Vacant Land
Fahaheel (Internal Streets)	170%	750	1,387,500	1,762,500	1,850	2,350	2,100	Vacant Land
La'alea Khairan	180%	1000	800,000	1,200,000	800	1200	1,000	Vacant Land

#### Fourth: Prices of Industrial Plots (Usufruct & Warehousing Contracts):

Prices of industrial plots remained stable at most governorates, as the inner streets at Industrial Shuwaikh recorded the highest increase followed by Al Rai by 4.5% in average.

Area	Location	M <sup>2</sup>	Value in KD		Rate per M <sup>2</sup>		Average Rate in 4Q - 2009	Description
			From	To	From	To		
Industrial Shuwaikh	Canadady St.	1,000	1,000,000	1,300,000	1,000	1,300	1,150	Vacant Land
Industrial Shuwaikh	Zeinah St.	1,000	750,000	1,300,000	750	1,300	1,025	Vacant Land
Industrial Shuwaikh	Zeinah St.	500	425,000	725,000	850	1,450	1,150	Vacant Land
Al Rai	Ghazalli	1,000	800,000	1,050,000	800	1,050	925	Vacant Land
Al Rai	Internal streets	1,000	380,000	500,000	380	500	440	Vacant Land

#### Fifth: Prices of Farms and Pales:

Prices of farms and pales remained unchanged during 4Q-2009 as compared to 3Q-2009 despite the advent of winter as pales are used as resorts and rest-houses for the majority of Kuwaiti families. Prices of pales established at Kabad on 2500 m<sup>2</sup> are ranged between KD 45,000 to KD 60,000 for the built and equipped pale.

### Sixth: Prices of Chalets:

Prices of chalets decreased during 4Q - 2009 and ranged between 1% - 3.8% as compared to the 3Q - 2009. The chalets' prices are identified in the table below:

Area	Sea façade	Value in KD		Price of Sea Façade Per Meter		Average Meter Price of the Sea Façade during 4Q - 2009	Description
		From	To	From	To		
Abdullah Port	15	120,000	195,000	8,000	13,000	10,500	Vacant Land
Al-Dabaeah	15	135,000	210,000	9,000	14,000	11,500	Vacant Land
Al-Julaiah	15	195,000	285,000	13,000	19,000	16,000	Vacant Land
Bneider	15	270,000	360,000	18,000	24,000	21,000	Vacant Land
Al-Nuwiseeb	15	157,000	210,000	10,467	14,000	12,233	Vacant Land

### Seventh: Prices of Freehold Apartments:

A steady demand on freehold apartments located at the internal sites is reported during 4Q - 2009, as the average price rate for freehold apartments ranged between KD 350 to KD 650 per square meter, while a focused demand was reported on Hawally Governorate for housing or investment purposes.

Demand on freehold apartments with a direct or semi-direct view on the sea (Gulf Road) remained stable, as the average price per square meter ranged between KD 850 to KD 1150 similar to the prices in 3Q-2009.

Apartments with a direct sea front are usually marked by Super Deluxe finishing incorporating many features. The average price per square meter of the apartment is contingent upon the view of the apartment and the height of the floor in which the apartment is located. In addition, the internal sketching and layout of the apartment's utilities plays a vital role in the way such apartments are marketed, and a high demand by certain tiers of the society for housing or re-lease purposes is reported.

In general, freehold apartments combine certain privileges such as; the low total value, easy trading as compared to real estate lands and residential houses, and rewarding returns in case of leasing, in addition to the high demand reported by Kuwaiti Nationals and expatriates as well. Freehold apartments are a point of attraction for newly-married Kuwaiti Nationals, small investors, women in particular, and the old-aged people whose sons have married; thereby they do not need such roomy family house;



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especially because the amount spent in purchasing a freehold apartment is lesser than the amount invested in other types of real estate. Promulgation of a law allowing expatriates to possess freehold apartments is urgently needed, as it will certainly address some of the problems that have arisen due to the absence of such a law.

### **Eighth: Occupancy Rates & Rentals:**

Occupancy rates of all types of investment properties remained stable; ranging between 80% to 90%, and touched 90% for certain internal areas.

Average rental rate has ranged between KD 160 to KD 220 for apartments with 1 b/r and a hall, KD 180 to KD 250 for apartments with 2 b/r and a hall, KD 220 to KD 350 for apartments with 2 b/r, a hall, 2 bathrooms, and a maid room, and KD 250 to KD 400 for apartments with 3 b/r and a hall; while keeping in mind that rental rates vary according to the area, design, and finishing.

Average rental rate per square meter in commercial ground floors is decreased and ranged between KD 15 to KD 25 per square meter and may reach KD 30 in prime locations. Average rental rate for each square meter in offices is ranged between KD 6 to KD 9 for the different areas in Kuwait and approached KD 7.5 or above in Kuwait City according to the location, level of finishing, and the services provided to tenants and guests. In addition, the average rental rate in Fahaheel is decreased to KD 6 with a parallel significant decrease in the average prices of lands. New type of smart offices has appeared; turn-key, furnished, and equipped offices with all technologies, options, and secretaries for use on short-term basis; especially by foreign companies that tend to rent such offices for intermittent intervals. The rental rate per square meter of such offices reached KD 8 or more.

A noticeable decline in the rental rates of industrial plots is reported in 4Q - 2009 as compared to 3Q - 2009, as the average price rate for each square meter in ground floors; exhibitions, is ranged between KD 10 to KD 35 in Industrial Shuwaikh, bearing in mind that rates are location-specific. Al-Rai Building area comes second with the average price rate ranging between KD 10 to KD 20 for each square meter, while the average price rate for each square meter in Industrial Fahaheel is ranged between KD 12 to KD 16.

## Average Trading of Rental Values of Investment Properties in Governorates of Kuwait, 4Q - 2009

Governorate	Area	1 b/r & 1 Hall (48-50 m <sup>2</sup> )	2 b/r, 1 hall & a bathroom (58-60) m <sup>2</sup>	2 b/r, 1 hall & 2 bathrooms (70-74) m <sup>2</sup>	2 b/r, 2 bathrooms & a maid room (80-85) m <sup>2</sup>	3 b/r, 1 h, maid room (100-110 m <sup>2</sup> )
Hawally	Salmiya	170-180	200-210	220-240	250-260	320-350
	Hawally	160-170	210-220	220-225	240-260	320-340
	Al-Jabriya	170-180	210-220	220-240	250-260	320-340
	Al-Shaab	185-195	225-240	260-280	260-300	340-380
	Al-Shaab (Sea Side)	200-210	260	280-300	300-320	360-400
Capital	Sharq	200-220	250-260	300	320-350	360-400
	Qibla	220	240-250	280-300	300-320	350-360
	East Mukawwa	200	230-240	260-300	300-320	340-380
	Dasman	220	240-250	320	340-350	380-420
	Bneid Al-Gar	200	240-250	300	320-340	400
Farwaniya	Khaitan	165	185-195	210-230	240	260-300
	Farwaniya	165	195-200	210-230	240	260-300
	Jleeb Al-Shoyoukh	165	180-190	220-230	240	-
	Al-Reqae	165-175	195-200	230-240	240-260	310-350
Al-Ahmadi	Al-Fintas	145-165	170-185	190-200	220-225	250-275
	Al-Mahboula	145-165	160-175	190-200	220-225	250-275
	Abu Halifa	145-165	170-185	190-200	220-225	250-275
	Al-Manqaf	145-165	160-180	190-200	220-225	250-275
	Al-Fahaheel	155-175	170-190	200-220	220-240	260-280
Al-Jahra	Al-Jahra	165	190-200	220	225-240	260-280

\* Rental values include properties with internal locations with new finishing.

\* Rental rates are higher for apartments located at prime locations (Sea, Main Streets, Services available, etc...), apartments with high quality finishing, and apartments provided with a certain type of services included with the rental (Swimming Pool, Health Gym., Car Parks, Satellite & Internet, Security, etc.)..

\* Rental values for investment housing, excluding the commercial activities (Saloon, female workshop, etc).

\* Rental values referred to in the table do not include electricity (Electricity fees are the responsibility of a lessee not the landlord).

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## Average Trading of Rental Values of Commercial Properties Throughout Kuwait, 4Q - 2009

Area	Basement (Average Rental Rate per Square Meter)	Ground (Average Rental Rate per Square Meter)	Mezzanine (Average Rental Rate per Square Meter)	Offices (Average Rental Rate per Square Meter)
Salmiya	12 - 20	25-35	15 - 20	7 - 8
Hawally	10 - 18	21-35	10 -18	7 - 8
Farwaniya	8 - 15	35 - 40	8 - 15	7 - 8
Khaitan	6 - 15	25 - 35	6 - 15	6 - 7
Al-Manqaf	7 - 15	25	7 - 15	8 - 10
Fahaheel	8 - 15	25-35	8 - 15	5 - 7
Dhajeej	2.5	"10"	5 - 6	
Kuwait City	10	25-30	10 - 12	6 - 7

### Average Trading of Rental Values of Industrial Properties Throughout Kuwait, 4Q - 2009

Area	Basement Average Rental Rate per Square Meter (Warehouses)	Ground Average Rental Rate per Square Meter (Exhibitions)	Mezzanine Average Rental Rate per Square Meter (Offices)
Shuwaikh Industrial	3.5 - 4	12 - 40	3.5 - 8
Al Rai	3.5 - 4	12 - 20	3.5 - 8
Sabhan	3	* 4 - 6	3
Al-Ardiya	3	"6.5"	3 - 5
Ahmadi	2 - 4	8 - 14	3.5 - 5
Fahaheel	2.5 - 4	12 - 16	3 - 5

**It should be noted that this Report monitors the general trends of the local real estate market trading in the State of Kuwait. However, Evaluation & Studies Section at KFH believes that a separate valuation should be made for each real estate property and the respective rental value and returns should be determined to ensure the fair valuation for each property.**