

Kuwait Finance House

KFH LOCAL REAL ESTATE REPORT

Second Quarter 2008 - Kuwait

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KFH LOCAL
REAL ESTATE REPORT
2nd Quarter 2008

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Valued Reader,

KFH is so delighted to present to you the new edition of KFH Local Real Estate Report during 2Q 2008, which includes a broad analysis to certain aspects of the real estate market in the State of Kuwait as it reviews the major qualitative and quantitative developments and activities on a regular basis.

Given the importance of the real estate sector as a key driver for the economic growth and development, the Report serves as a means to disseminate knowledge and raise awareness on the real estate and investment developments in a manner that guides investors and decision takers to take prudent and sound decisions based on the data included in the Report.

The Report will not focus on the real estate activities only; rather, it will review the key developments on the side of prices as well.

For the convenience of non-specialized readers, a list of the key real estate terminology is listed to enable such readers to take advantage of the data included in the Report and get well informed of the prevailing rentals in the different Governorates and areas in the State of Kuwait.

We hope that the Report will constitute a building block in the development and growth of real estate industry in the State of Kuwait.



Emad A. Al-Thaqeb

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Terminology

Private Housing Building

The typical buildings designated for a single family located in the low density population areas, constructed by individuals or private sector enterprises, and have different architectural designs made by the multiple landlords, or the lands that 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 (including Apartments, Villas, Duplex, and Studios), whose all storeies are designated for freehold or renting.

Private School Building

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

Hotel and Motel Building

A building designated for the temporary accommodation intended for tourist and entertainment purposes, in which public services are provided for 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 on the commercial street or as spacious areas. Repetitive storeies may be used as offices or for any other business purposes provided that similar activities shall be exercised in each storey.

Industrial Building

A building designed for the industrial, warehousing, services, or craftsmanship purposes.

Residential Complexes out of Kuwait City

A residential complex incorporating multiple premises designated for investment housing. Such premises are typically composed of multiple residential units such as apartments, villas, studios, and duplex designated for renting or freehold use in all storeies, and may be designed as adjacent to or separate from each other, provided that the built area may not be less than 3,000 m². Vacant spaces designated for providing a range of vision and convenience of eyesight are included in the total area required for the construction of the complex.

Coastal Strip Buildings

Buildings built by individuals on their own lands extended throughout the coastal strip.

Buildings for Horticulture Activities

Buildings designated for the cultivation, care, show, and sale of flora and flowers of different types, the care of gardens and agricultural products, and an inventory of seeds and agricultural needs; in addition to 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 room and suits).



Introduction

Real estate trading has been adversely affected during 2Q 2008 by Laws 8 and 9 of 2008 prohibiting shareholding companies from buying, selling, placing lien on, and issuing letters of assignment of real estates to a third party. This, in turn, has limited real estate finance by Islamic banks to individuals looking for private housing.

It is clear that the real estate market has experienced a recession on the level of trading and price rates during 2Q 2008 with the total trading declined by 1/5; particularly, the private housing trading which declined sharply by 55% compared to 1Q 2008, given that its share in the total trading has, for the first time, declined to about 1/3 compared to 1Q 2008 where it accounted for more than 50% of the total trading.

Thus, it can be fairly said that the recent promulgated laws; chiefly, Law No. 8 and 9, have been a stumbling block for the prospered and boomed market since 2005 till early 2008 on one side and the residential and real estate investments on the other side bringing about turmoil in the real estate prices of the local real estate market.

Real Estate Trading Indices

On the side of the overall real estate market and for the second quarter, the trading indices issued by the Real Estate Registration & Authentication Department at the Ministry of Justice during 2Q 2008 have demonstrated a decrease of KD 184.780 million equal to 19% compared to KD 957.268 million in the 1Q 2008.

Real Estate Private Housing Transactions

Relative weight of real estate private housing transactions has declined to account for 30% of the total real estate trading amounting to KD 772.488 million. Private housing transactions have recorded KD 228.050 million during 2Q 2008, with the private housing trading dropped by 55% compared to 1Q 2008, as the number of private housing transactions is reduced to 971 transactions in 2Q 2008 compared to 2409 transactions during 1Q 2008. Average transaction value is increased to KD 234,000 during 2Q 2008 compared to KD 209,000 during 1Q 2008, due to the decrease in the number of transactions by 60% coincided with the noticeable stable prices of private houses in certain areas. April 2008 has recorded the highest trading rate accounting for 48% equal to KD 109.484 million of the total private housing trading totaled KD 228.050 million during 2Q 2008. June 2008 ranked second recording KD 63.318 accounting for 28%, and May 2008 came last with KD 55.248 million accounting for 24% of the total private housing trading.

Real Estate Investment Transactions

Total investment real estate trading has increased during 2Q 2008 to account for KD 372.038 million compared to KD 357.986 million during 1Q 2008 with a 4% increase. April 2008 came first in terms of the volume of trading made during 2Q 2008 recording KD 121.519 million, May 2008 came second recording KD 113.907 million, and June came third recording KD 53.368 million.

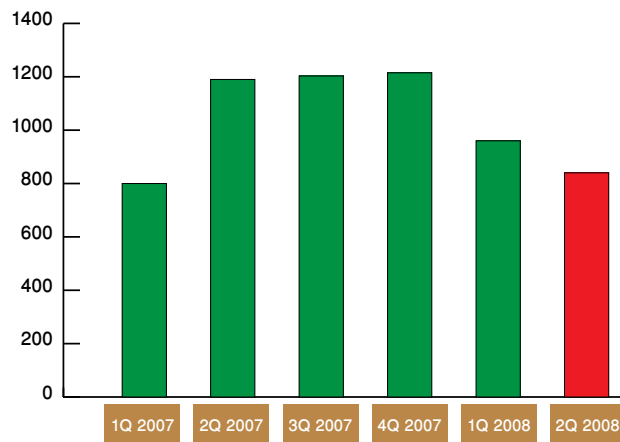
This noticeable increase in the real estate investment trading is typical outcome of Laws Nos. 8 & 9 of 2008, as investors have demonstrated much appetite towards investment, commercial, and industrial real estates at the expense of residential real estates. This increase is partly ascribed to the scarce supply of investment real estates arising out of the ongoing movement in the investment market reflected by the low evacuation rates, high rentals, increased demand on certain areas, higher population growth rates, and the increased prices of construction materials and the subsequent increase in the cost of buildings.



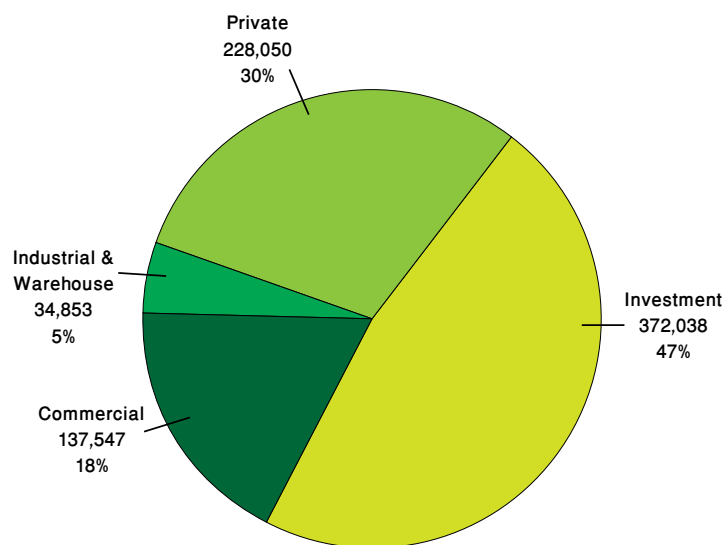
Real Estate Commercial Transactions

Total commercial real estate trading increased dramatically during 2Q 2008 due to scarcity of supply, as trading has increased by 47% recording KD 137.547 million compared to KD 93,471 million in 1Q 2008 accounting up for 18% of the total trading on account of the private housing transactions, the real estate investment transactions, and warehousing and industrial transactions accounting for 30%, 47%, and 5%. respectively June came first reaching KD 70.890 million, April second with 39.861 million, and May third with KD 26.796 million, and the average transaction has valued KD 1.265 million during 2Q 2008 compared to KD 2.526 million during 2Q 2008. The decreased average transaction value is interpreted by the increased number and high value of commercial transactions caused by the scarcity and record prices of the commercial real estates, scarcity of supply, and high rentals in light of the stable economic conditions, the increased number of new investment companies, the emergence of new banks and foreign investment companies, the increased expenditure by the government and private sector on enterprises, and the openness of the local commercial market on the international products that are in search for markets where they will be marketed.

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Total Real Estate Trading during 2007 and 2Q 2008



Total Real Estate Trading during, 2Q 2008
(Private, Industrial Warehouse, Investment, Commercial)



Price Indices

First: Prices of Private Housing Lands:

Market price indices monitored by KFH showed a stability in the prices of residential lands in the majority of Governorates of Kuwait during 2Q 2008; namely, Governorate of Kuwait and more specifically in the prime inward areas such as Abdullah Al-Salem, Shamiyah, Yarmouk, Khalediyah, Residential Shouwaikh, Faiha, Keifan, Nozha, and Mansouriyah. A decline in prices ranging between 1-5% is recorded in other areas like Dasmah, Surrah, Ghirnatah, Qurtobah. The highest decline is reported in Sulaibikhat as it reached 5.3% compared to 1Q 2008.

Area	Square meter	Value in KD		Price per square meter		Square meter for Q2	Real estate description
		from	to	from	to		
Abdullah Al Salem	750	565,000	1,100,000	753	1467	1110	Vacant land
Residential Shuweikh	1000	800,000	1,500,000	800	1500	1150	Vacant land
Al Edeilia	750	450,000	800,000	600	1,067	833.3	Vacant land
Qortuba	500	250,000	380,000	500	760	630	Vacant land
Al Faiha	500	320,000	500,000	640	1000	820	Vacant land
Al Shamia	750	500,000	850,000	667	1133	900	Vacant land
Al Surra	500	260,000	385,000	520	770	645	Vacant land
Al Mansouria	1000	450,000	800,000	450	800	625	Vacant land
Al Qadisiya	750	365,000	585,000	487	780	633.3	Vacant land
Al Dasma	750	360,000	460,000	480	613	547	Vacant land
Keifan	500	310,000	450,000	620	900	760	Vacant land
Keifan	750	400,000	680,000	533	907	720	Vacant land
Al Nozha	1000	500,000	1,000,000	500	1000	750	Vacant land
Al Nozha	750	450,000	800,000	600	1067	833	Vacant land
Al Nozha	500	380,000	530,000	760	1060	910	Vacant land
Al Yarmouk	500	320,000	420,000	640	840	740	Vacant land
Al Yarmouk	750	450,000	600,000	600	800	700	Vacant land

* m2 means price per square meter in KD.

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Mubarak Al-Kabeer Governorate has recorded an average KD 431 per a square meter during the 2Q 2008 with an increase rate of 0.2% compared to 1Q 2008.

Area	Square meter	Value in KD		Price per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Abo Al Hassanya (Internal streets)	750	320,000	460,000	427	613	520	Vacant land
Mubarak Al Kabeer (Blocks)	400	125,000	185,000	313	463	387.5	Governmental house
Al Messeela (East Qurain)	400	135,000	170,000	338	425	381.5	Vacant land
Al Funaitees (East Qurain)	400	100,000	150,000	250	375	312.5	Vacant land
Al Qurain (Governmental house)	400	85,000	115,000	213	288	250	Governmental house

* m2 means price per square meter in KD.

Farwaniyah registered an average price rate of KD 331 per square meter during 2Q 2008.

Area	Square meter	Value in KD		Price per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Al Rabia	500	150,000	185,000	300	370	335	Vacant land
Al Farwaniya	500	185,000	240,000	370	480	425	Vacant land
Jleeb Al Shoyoukh	750	300,000	390,000	400	520	460	Vacant land
Al Rehab (existing house)	400	100,000	140,000	250	350	300	Existing house
Subah Al Nasser	600	85,000	200,000	142	333	237.5	Vacant land
Ashbeelia	500	165,000	230,000	330	460	395	Vacant land
Ashbeelia	400	130,000	200,000	325	500	412.5	Vacant land

* m2 means price per square meter in KD.

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Al-Ahmadi Governorate has witnessed a price stability with the average price per each square meter reached KD 332, as Hadiyah, Wafrah, Jaber Al-Ali, Sabahiyah, and Fahaheel have recorded similar prices compared to the 1Q 2008, while prices peaked in certain areas like Residential Manqaf, Agricultural Fintas, and Loaloat Al-Kheiran overlooking the sea which are still subject to speculation by certain players in the real estate market pending for the amendment of Laws 8 and 9.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Agricultural Fintas	1000	200,000	340,000	200	340	270	Vacant land
Hadeya	750	160,000	230,000	213	307	260	Vacant land
Coastal strip overlooks sea	750	900,000	1,020,000	1,200	1,360	1,280	Vacant land
Al Mangaf	400	102,000	130,000	255	325	290	Vacant land
Jaber Al Ali	400	100,000	120,000	250	300	275	Existing house
Al Dohr	278	58,000	78,000	209	280.6	244.6	Existing house
Al Subaheya	600	85,000	120,000	142	200	170.8	Existing house

* m2 means price per square meter in KD.



Hawally Governorate has witnessed a modest increase in prices during 2Q 2008 compared to 1Q 2008 as the price per square meter averaged KD 650. This increase is ascribed to the trading on certain residential areas such as Jabriyah and Salwa where buildings are designated for lease. Rumaithiyah has also witnessed a high price increase by 5.6% due to the completion of the 5th Ring Road Project (Abdul Kareem Al-Khattaby St.) and Al-Jawazat Square, while prices of other major areas remained unchanged.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Al Shaab	400	210,000	280,000	525	700	612.5	Vacant land
Al Jabriya	750	260,000	360,000	347	480	413.3	Vacant land
Al Rumaithiya	750	210,000	330,000	280	440	360	Vacant land
Al Rumaithiya	750	230,000	340,000	307	453	380	Vacant land
Salwa	750	235,000	320,000	313	427	370	Vacant land

* m2 means price per square meter in KD.

Al-Jahra Governorate has registered an average price rate of KD 244 per square meter with a 1% modest increase due to demand on certain areas such as Al-Qasr and Al-Waha, while prices of the remaining parts of Al-Jahra remained stable compared to 1Q 2008.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Al Qasr	750	100,000	140,000	133	187	160	Vacant land
Old Jahra	750	135,000	185,000	180	247	213.3	Vacant land
Al Oyoun	400	85,000	130,000	213	325	268.8	Existing house
Al Waha	300	70,000	85,000	233	283	258.3	Existing house

* m2 means price per square meter in KD.

Second: Prices of Investment Lands

A relative price stability in investment real estates is reported during 2Q 2008 compared to a price increase during 1Q 2008 as investment real estates are believed to be an alternative for investment in residential real estates which are adversely affected by Laws 8 and 9 of 2008.

Despite the issuance of the final draft of Schedule 2 on the special specifications and conditions of the building laws related to the investment residential buildings inside and outside Kuwait City rising the minimum area of residential units; specially rooms, and placing restrictions on the allocation of a larger space from the basement for cars, such amendments will make good certain violations in the market. In spite of their positive impact on tenants, these amendments will cause the rentals and areas of new apartments to increase; thus, jeopardizing a large tier of residents who prefer small areas characterized by their low rental and convenience for the middle - income class of this tier.

Added to these decisions are other factors which cause prices to increase and reduces the feasibility of investment real estates due to suspension of certain investments in the real estate sector by the Private Sector; especially, in the construction sector which has witnessed successive price increases in the construction materials, given the global price increase of key construction materials including steel and cement driven by the increasing demand on such materials by the rising economies, the high inflation rates attributed to the record increase in oil prices, and the related wide range speculation.

The promulgation of regulatory resolutions by Central Bank of Kuwait (CBK) limiting the finance given to real estate activity has a pari passu impact on the investment activities; especially, after the finance providers have tended to secure a profit margin ranging between 30% to 40% to hedge against high market risks and to choose high-net-worth clients looking for investment in real estate properties.



The state of stability is extended to the majority of governorates with the Governorate of Kuwait registering a rise by 2% so that the average price per square meter is ranged between KD 1,871 to KD 2,210. Bneid Al-Qar has registered the highest price increase approaching 11%. Similarly, a high increase by 4% is reported for the areas overlooking the sea, while prices remained stable in Dasman and Sharq in anticipation for the promulgation of a resolution transforming the investment area into commercial offices.

Area	Square meter	Value in KD		Value in KD		Square meter Q2	Real Estate Description
		from	to	from	to		
Bneid Al Gar (sea front)	1,000	2,900,000	3,500,000	2,900	3,500	3,200	Vacant land
Bneid Al Gar (Internal streets)	1,000	1,050,000	1,500,000	1,050	1,500	1,275	Vacant land
Bneid Al Gar (Isteqlal street)	1,000	1,450,000	1,800,000	1,450	1,800	1,625	Vacant land
East Mokawwa (400% construction rate)	500	1,400,000	1,875,000	2,800	3,750	3,275	Vacant land
East location (240% construction rate)	250	350,000	480,000	1,400	1,920	1,660	Vacant land
Dasman (400%)	1,000	3,500,000	6,500,000	3,500	6,500	5,000	Vacant land

* m2 means price per square meter in KD.

Hawally Governorate has witnessed a modest increase of 1.2% in average with the area of Hawally witnessing a state of stability and registering no material change as compared to 1Q 2008. Salmiya has recorded a noticeable variance in prices; while certain areas have experienced a sharp decline in prices, a price increase is reported in other areas such as Baghdad street which has become a meeting place for medical clinics. In addition, a record price increase is reported in Abdul Kareem Khattabi street due to the completion of renovation works at the 5th Ring Road and the Jawazat Square. Moreover, licenses for commercial shops in this street are expected, with the average square meter ranging between KD 1,150 to KD 1,300 registering a rise by 6.6% as compared to 1Q 2008.

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Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Hawally, Al Muthanna St.	750	750,000	880,000	1000	1,173	1086.5	Vacant land
Hawally, Qutaiba St.	750	750,000	880,000	1000	1,173	1086.5	Vacant land
Hawally, Moussa Ben Nusseir	1,000	850,000	960,000	850	960	905	Vacant land
Hawally, Cairo St.	1,000	950,000	1,200,000	950	1200	1,075	Vacant land
Hawally, Morocco motorway	1,000	900,000	950,000	900	950	925	Vacant land
Hawally, 4 th Ring Road	1,000	950,000	1,200,000	950	1200	1,075	Vacant land
Salmiya (Gulf Road Al Bedaa- Shaab)	1,000	2,850,000	3,500,000	2,850	3,500	3,175	Vacant land
Salmiya (Baghdad St.)	1,000	1,200,000	1,300,000	1,200	1,300	1,250	Vacant land

* m2 means price per square meter in KD

A modest price decrease by 1% is reported in Farwaniyah with the average price dropping to KD 933 per square meter.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Farwaniya (Airport road)	1,000	950,000	1,150,000	950	1,150	1,050	Vacant land
Farwaniya (main roads)	1,000	780,000	900,000	780	900	840	Vacant land
Farwaniya (internal roads)	1,000	670,000	750,000	670	750	710	Vacant land
Farwaniya (internal roads)	750	600,000	720,000	800	960	880	Vacant land
Kheitan (Airport road)	750	750,000	850,000	1,000	1,133	1,066.5	Vacant land
Kheitan (main road)	750	650,000	750,000	867	1,000	973.5	Vacant land
Reggea (4 th Ring Road)	750	750,000	850,000	1,000	1,133	933.5	Vacant land
Reggea (5 th Ring Road)	750	725,000	820,000	967	1,093	1,030	Vacant land

* m2 means price per square meter in KD



Al-Ahmady has experienced a high price decrease ranging between 2% to 5%, while prices remained stable in other areas as compared to 1Q 2008. Having been regarded as privileged locations, a high price increase is reported in Al-Mahboula area opposite to Fahaheel Highway.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Al Fintas	750	500,000	675,000	667	900	783.5	Vacant land
Al Fintas (sea front)	1000	1,500,000	2,000,000	1,500	2,000	1,750	Vacant land
Abo Heleifa	750	500,000	650,000	667	867	767	Vacant land
Al Mangaf	750	500,000	640,000	667	853	760	Vacant land
Al Mahboula	500	330,000	420,000	660	840	750	Vacant land
Al Fahaheel (Mecca road)	500	420,000	520,000	840	1,040	940	Vacant land

* m2 means price per square meter in KD

No price variance is reported in Al-Jahra Governorate during 2Q 2008 as compared to 1Q 2008, as the average price is settled at KD 751.5 per square meter.

Area	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate Description
		from	to	from	to		
Internal Jahra	1000	600,000	700,000	600	600	650	Vacant land
Al Jahra main roads	1000	670,000	800,000	670	670	735	Vacant land

* m2 means price per square meter in KD

Third: Commercial Real Estate Properties:

Unlike the residential and investment real estate indices, high price increases of commercial real estates continued driven by the high demand on this type of real estates which are believed to be very scarce, inability of local companies as well as private sector to meet the commercial needs due to the abundance of liquidity by a plethora of individuals and investors, and the shift by certain investors towards this type of prospering real estates especially after the promulgation of Laws 8 & 9 and the record price increases reached by investment properties.

Consequently, commercial real estates have recorded a noticeable price increase by 4.3% in the Governorate of Kuwait during 2Q 2008 as compared to 1Q 2008. The highest price increase is reported in Al-Soor street with the average price ranged from KD 5,500 to KD 7,000 per square meter, followed by Al-Gharabally street ranging between KD 5,000 to KD 7,000 per square meter. Prices of remaining streets are going up amazingly though the record prices reached by such streets at the time being.

Area	Con- struction rate	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate description
			from	to	from	to		
Al Madeena (Ahmed Al Jaber St)	520%	500	5,250,000	6,200,000	10,500	12,400	11,450	Vacant land
Al Madeena (Mubarak Al Kabeer St)	620%	500	5,000,000	6,300,000	10,000	12,600	11,300	Vacant land
Al Madeena (Fahad Al Salem St)	620%	500	6,000,000	6,500,000	12,000	13,000	12,500	Vacant land
Al Madeena (Ali Al Salem St)	300%	500	3,000,000	3,500,000	6,000	7,000	6,500	Vacant land
Al Madeena (Souq Al Mubarkiya)	300%	500	2,500,000	3,500,000	5,000	7,000	6,000	Vacant land
Al Madeena (Al Gharabally St)	300%	500	2,500,000	3,500,000	5,000	7,000	6,000	Vacant land
Madeenat Al Mustaqbal (Free Zone)	50-70%	1000	180,000	320,000	180	320	250	Vacant land

* m2 means price per square meter in KD



Al-Jahara has recorded a price increase by 5.1% compared to 1Q 2008, as the commercial and administrative areas have touched a noticeable trading and price increase approaching 8.2% as compared to 1Q 2008.

Area	Construction rate	Square meter	Value in KD		Value per square meter		Square meter Q2
			from	to	from	to	
Al Jahraa (Marzouq Al Meteb St)	170%	1,000	2,700,000	3,300,000	2700	3300	3,000
Al Jahra (Administrative and commercial centre)	300%	875	3,500,000	3,750,000	4000	4286	4,143
Al Jahra (Qaysariya)	300%	225	475,000	600,000	2111	2667	2,389

* m2 means price per square meter in KD

Hawally Governorate has registered a moderate increase by 1.3%, with Ibn Khaldoun Street came first recording the highest price increase ranging between KD 3,250 to KD 4,300 in average.

Area	Construction rate	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate description
			from	to	from	to		
Al Salmiya (Salem Al Mubarak St)	170%	1,000	5,000,000	5,750,000	5,000	5,750	5,375	Vacant land
Hawally (Tunisia St)	170%	1,000	4,000,000	5,000,000	4,000	5,000	4,500	Vacant land
Hawally (Beirut St)	170%	1,000	4,000,000	4,750,000	4,000	4,750	4,375	Vacant land
Hawally (Al Othman St)	150%	1,000	3,500,000	4,200,000	3,500	4,200	3,850	Vacant land

* m2 means price per square meter in KD

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Farwaniyah Governorate has recorded an increase by 3.0%, and a price increase is reported at Aardiayh warehousing area with the average price reached KD 1,525 per square meter recording an increase by 20.6%.

Area	Con- struction rate	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate description
			from	to	from	to		
Farwaniya (ManawerSt)	170%	1,000	5,000,000	5,500,000	5,000	5,500	5,250	Vacant land
Farwaniya (Matafi St)	170%	1,000	4,000,000	4,300,000	4,000	4,300	4,150	Vacant land
Kheitan	170%	1,000	3,650,000	4,250,000	3,650	4,250	3,950	Vacant land
Dajeej (5000m2) South Kheitan	250%	5,000	3,250,000	3,750,000	650	750	700	Vacant land
Al Ardeya warehouses	80% ground floor 50% mezzanine	1000	1,250,000	1,800,000	1,250	1,800	1,525	Vacant land

* m2 means price per square meter in KD

A vigorous trading on commercial real estates is reported at Al-Ahmadi Governorate; especially in Fahaheel area overlooking the sea and La>alea Kheiran where an average price ranged between KD 1,100 to KD 1,300 per square meter.

Area	Con- struction rate	Square meter	Value in KD		Value per square meter		Square meter Q2	Real Estate description
			from	to	from	to		
Al Mangaf Al Azeezeya	300%	750	900,000	1,100,000	1,200	1,467	1,333	Vacant land
Al Fahaheel (Al Dabbous St)	170%	750	2,800,000	3,000,000	3,733	4,000	3,867	Vacant land
Al Fahaheel (Internal streets)	170%	750	2,000,000	2,500,000	2,667	3,333	3,000	Vacant land
Laalea Kheiran	180%	1000	1,100,000	1,300,000	1,100	1,300	1,200	Vacant land

* m2 means price per square meter in KD



Prices of Industrial Plots (Usufruct & Warehousing Contracts):

Industrial plots have recorded a remarkable price increase in most governorates ranging between 4% - 12% compared to 1Q 2008; especially, in Abo Fatera Craftsman area and Industrial Shuwaikh area recording a high price increase by 33% and 19% respectively. Al-Sheaibah has witnessed an increase by 13.1%. A noticeable demand is reported on industrial areas due to the inauguration of The Avenues and the development of large spaces into commercial showrooms.

Prices of Farms and Pales:

Prices of farms remained stable during 2Q 2008 especially in the summer season when active demand on farms is usually observed in winter for use as resorts by the majority of Kuwaiti families. Prices of pales established on 2500 m2 are ranged between KD 65,000 to KD 80,000 for the built and equipped pale, while a modest increase is reported for the chivalry stables and Wafra pales.

Sixth: Prices of Chalets:

With the advent of summer, prices of chalets have witnessed a price increase during 2Q 2008. Prices of chalets are identified in the table below:

Area	Length of sea front	Value in KD		Price per meter at sea front		Average price per meter for sea front for Q2 2008	Real Estate Description
		from	to	from	to		
Abdullah Port	15	190,000	220,000	12,667	14,667	13,667	Vacant land
Al Debaeyya	15	200,000	250,000	13,333	16,667	15,000	Vacant land
Al Jelea'a	15	280,000	325,000	18,667	21,667	20,167	Vacant land
Bneidar	15	400,000	480,000	26,667	32,000	29,333	Vacant land

* m2 means price per square meter in KD

Seventh: Prices of Freehold Apartments:

Balanced demand on freehold apartments is showed by certain tiers of the society, and finishing is ranged between ordinary and super deluxe. Average price rates for freehold apartments remained stable during 2Q 2008 compared to 1Q 2008 and ranged between KD 380 to KD 650 per square meter according to the title deed. Demand on freehold apartments has noticeably increased in Al-Ahmadi Governorate due to the relatively decreased value of investment lands compared to the internal areas.

Worth noting is that the average price rate for each square meter of apartments directly viewing the sea (Arab Gulf St.,) ranged between KD 935 to KD 1,220 with a basement designated as a parking lot. It is not amazing that price rate of each apartment rises according to the storey in which an apartment is located and the view of the apartment. In addition, the internal design of the apartment's utilities plays a major role in the way this apartment is marketed, added to the other options available for the apartment such as (Swimming Pool, Safety and Security, 24/7 Maintenance, Real Estate Management, Health Club, etc..).

Finishing usually ranges between Deluxe and Super Deluxe, as Deluxe and Super Deluxe apartments are increasingly demanded by certain classes of the society for accommodation or re-leasing purposes. In general, freehold apartments combine certain privileges such as the low total value, easy trading as compared to real estate lands and residential houses, generation of rewarding income in case of leasing, in addition to the high demand exercised by residents and expatriates as well. Freehold apartments are a point of attraction to newly-married residents, small investors, women in particular, and the old-aged people whose sons have married and the family house has become too confined to fit this large number of family members.

The issue of allowing freehold apartments by expatriates still necessitates the promulgation of proper legislations, to provide proper solutions for the problems that have arisen out due to absence of such legislations.



Occupancy Rates & Rentals:

Occupancy rates have been increasing at all types of real estate properties, ranging between 97-98%, and touched 100% for certain internal areas.

Average rental rate has ranged between KD 170-KD220 for a apartments with 1 b/r and a hall KD 180-KD260 for apartments with 2 b/r and a hall, KD 200-KD 300 for apartments with 2 b/r, a hall, 2 bathrooms, a maid room, and 220-KD 400 for apartments with 3 b/r and a hall, keeping in mind that rental rates vary according to the design and prime locations.

Average rental rate per each square meter in commercial ground floors is ranged between KD 25 to KD 35 and may reach KD 45 for prime locations. Average rental rate for each square meter in offices is ranged between KD 8 to KD 15 for the different areas in Kuwait and approaches KD 18 or above in Kuwait City according to the location and type of finishing. In addition, a price increase in the average rental rate is reported in the free zone as it reached KD 85 accompanied with an increase in the price 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. Average rental rate per each square meter ranges between KD 16 to KD 18 and above.

No remarkable change in the rental rates of industrial plots is reported in 2Q 2008 compared to 1Q 2008. Average price rate for each square meter in ground floors is ranged between KD 5 to KD 12.5 in Industrial Shuwaikh area, bearing in mind that rates are location-specific. Al-Rai building area comes second with the average price rate reaching KD 12.5 for each square meter. Average price rate for each square meter in Industrial Fahaheel is soared to range between KD 12 to KD 17.

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Average Trading of Rental Values of Investment Properties in Kuwait Governorates 2Q 2008

Governorate	Area	3 rooms +hall/servant (100-110)m2	2 rooms + 2 bathrooms/ servant (80-85)m2	2 rooms + hall/2 bathrooms (70-74)m2	2 rooms + hall/bathroom (58-60)m2	Room + hall/ bathroom (48-50)m2
Hawally	Salmiya	190	210-220	225-240	250-260	325-350
	Hawally	180	210-220	220-225	240-260	320-340
	Jabriya	180-190	210-220	225-240	250-260	340-350
	Shaab	200-210	225-250	260-280	280-320	350-380
	Marine Shaab	220	260	280-300	300-320	360-400
Capital	Sharq	220-230	250-260	300	320-350	360-400
	Al Kebla	220-225	240-250	280-300	300-320	350-360
	East Mukawwa	200-210	230-240	260-300	300-320	340-380
	Dasman	220-230	240-250	320	340-350	380-420
	Bneid Al Gar	200	240-250	300	320-340	400
Farwaniya	Kheitan	170-180	200	210-220	240-250	280-300
	Farwaniya	180	200	210-220	240-250	280-300
	Al Reggae	170	190-200	210-220	240	260-280
Al Ahmadi	Fintas	170	180	200	220-225	250-275
	Mahboula	170-180	180	200	220-226	250-275
	Abo Heleifa	170-180	180	200	220-227	250-275
	Mangaf	170-180	180	200	220-228	250-275
	Fahaheel	180	180-200	200-210	220-240	260-280
Jahra	Jahra	170	200	220	240-250	260-280



Average Trading of Rental Values of Commercial Properties Throughout Kuwait, 2Q of 2008

Area	Basement Average price for rent per m2	Ground floor Average price for rent per m2	Mezzanine Average price for rent per m2	Offices Average price for rent per m2
Salmiya	18-25	30-45	22-25	8 - 10
Hawally	18-20	25-35	20-22	8 - 9
Farwaneya	18-22	40	22	8.5 - 9
Kheitan	18-20	25-36	20	8 - 8.5
Mangaf	16	25	18	Azeezeya
Fahaheel	18	30-35	20	7-8
Dajeej	2.5	12-14	5-6	-
Kuwait City	18	30	20-22	12.5-15

Average Trading of Rental Values of Industrial Properties Throughout Kuwait, 2Q of 2008

Area	Basement Average price for rent per m2 (Warehouses)	Ground floor Average price for rent per m2 (Showrooms)	Mezzanine Average price for rent per m2 (offices)	Remarks
Industrial Shuweikh	3.5 - 4	12.5 - 50	4 - 10	
Al Rai	3.5 - 4	12.5 - 18.75	4 - 8	
Sabhan	3 - 3.5	* 4 - 6	3 - 3.5	Basement and ground floor (warehouses or factories) offices in Mezzanine
Al Ardiya	3 - 3.5	* 8 - 10	3 - 5	Price per m2 for warehouses on ground floor is KD 5-6
Al Ahmadi	2 - 4	8 - 15	3.5 - 5	
Al Fahaheel	2-4	12 - 17	3 - 5	

It should be noted that this Report monitors the general trends of the real estate market prices trading in the State of Kuwait. However, Evaluation & Studies Section, KFH, adopts the methodology that each real estate property should be subject to a separate evaluation study, a study of its individual characteristic, and identification of its rental value and returns.