

Kuwait Finance House

KFH Local Real Estate Report

Third Quarter 2009 - Kuwait

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Kuwait Finance House
الأمان والإطمئنان



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

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Valued Reader,

KFH is so delighted to present to you the new edition of KFH Local Real Estate Report on 3Q - 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 which are 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 on 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 m². 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 lands 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 m²
- Feddan / Acre = 4046.8 m²
- Donum = 1000 m²
- Square Meter = 10,764 square feet

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Introduction

Global economic indices are turning better and the repercussions of the global financial turmoil are fading away, as the prices of shares and goods reached acceptable levels during the year and the Fed has changed its view from the economy that is slowing to the economy that is growing better. Commenting on this economic recovery during the Pittsburgh G-20 Summit, Barack Obama said “We have taken well organized steps that created millions of employment opportunities, reinvigorated the production rates, and reenergized the money markets”. Prior to enumerating the remaining problems, the G-20 Summit communiqué said “Our financial institutions are providing the required capital, and money markets are showing their appetite to make investments and give loans as the trust is growing better”.

Global financial turmoil had adverse repercussions on the prices of assets; namely, the residential real estates, since the prices of residential real estates collapsed in most of the developed countries worldwide. As it held a comparison between the prices of residential real estates in the 1Q - 2009 with prices in the past year throughout 52 developed countries and a number of emerging residential markets, IMF found that the prices went down. It should be noted that prices are country-specific, as prices went down by 40% in some countries like Estonia and UAE, and by 20% in UK. However, according to the residential real estate price indicator announced by IMF, prices of residential real estates are still high in many countries worldwide as measured by the historical indices.

GCC economies are not different from other economies worldwide; rather, they are quite affected by the developments in the oil markets as oil prices touched USD 70 per barrel. In addition, the GCC stock markets reacted positively to the global economic recovery, moreover, many GCC countries have adopted expansion policies for reinvigorating their economies especially in KSA and UAE. GCC markets have been able to face the recent crises such as the Gulf Bank crisis, the crisis of the Saudi conglomerates (AlGosaibi Group and Saad Group, and the debts of Dubai). Data also shows slowing inflation rates in GCC driven by the decrease in real estate prices and rentals. Some GCC economies may probably achieve negative growth during the current year, since Kuwaiti economy is expected to recede showing a negative growth by 1% as compared to the past year, and to rise in 2010 to 2.1%.

In a positive initiative from its part, Kuwaiti Government is planning to launch giant companies in the different sectors of the economy and pump new investments in the Kuwaiti economy. Kuwaiti Government has also announced its five-year budget (2009-2014) aiming at setting up projects worth USD 140 billion in order to diversify the sources of income, attract more investments, and encourage the private sector's participation in the government-led projects.

This is a very significant step given that the positive financial policy and the government expenditure are essential to the infrastructure projects in Kuwait in light of the huge reserves made during the past five



years which can be used in supporting and energizing the local economy. This, in fact, will broaden the private sector's role, maximize the size of production, and diversify the sources of income to keep the Kuwaiti economy and budget away from the fluctuations of the oil prices caused by the global financial turmoil or any future crisis.

On the local level, real estate sector has been recovering gradually during the 3Q - 2009; namely, the lucrative Investment Real Estate Sector which witnessed an increasing demand by some investors who sought to secure regular monthly income. This has had positive impacts on trading during July and August, and had not it been for the long Eid Holiday during September, the 3Q - 2009 trading would have exceeded the real estate trading in 2Q - 2009. In addition, the Council of Ministers' Resolution; excluding 4 new residential towns in Messila, Al Sedeeq, Al Funaitees, and Abo Fatira from the Resolution issued in 2003 banning construction in the areas with incomplete or improper infrastructure, has actively reinvigorated the real estate trading and reinforced the economic industries associated with the commercial sector, and this shall in turn reinforce the economic energetics and accelerate the economic growth.

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 3Q - 2009 demonstrated a decrease of KD 91,217 million equal to 21.18% as compared to KD 430,687 million in 2Q - 2009. Real estate investment trading increased by 1.18%, while commercial real estate trading declined by 83.46%, warehousing trading by 85.8%, and private housing trading by 4.47%.

Private Housing Transactions:

Private housing transactions valued KD 172,397 million during 3Q - 2009 and decreased by 4.47% as compared to 2Q - 2009, as the number of private housing transactions increased to 848 transactions during 3Q - 2009. Average transaction value is decreased to KD 203,298 thousand in 3Q - 2009 compared to KD 216,380 thousand in 2Q - 2009. July 2009 recorded the highest trading rate accounting for 37.22% equal to KD 64,177 million of the total private housing trading amounting to KD 172,397 million during 3Q - 2009. August ranked second recording KD 64,047 million accounting for 37.15%, and September came last with KD 44.172 million accounting for 25.62% of the total private housing trading.

Real Estate Investment Transactions:

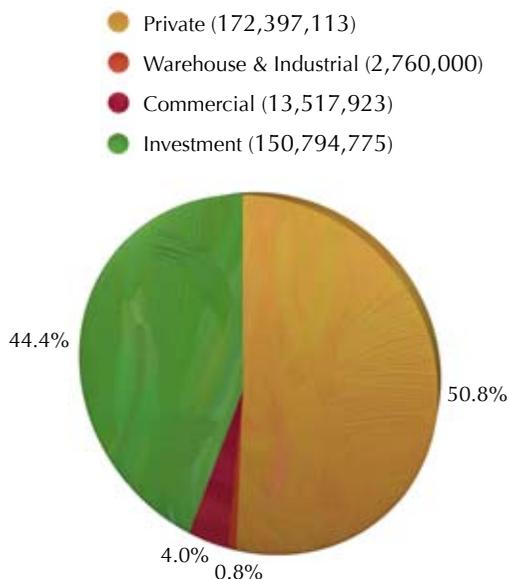
Total real estate investment trading increased to account for KD 150,794 million during 3Q - 2009 compared to KD 149,038 million during 2Q - 2009 equal to a 1.18% increase. July 2009 came as a top volume leader in 3Q - 2009 recording KD 88.547 million, August came second recording KD 39,372 million, and September came third recording KD 22,875 million.

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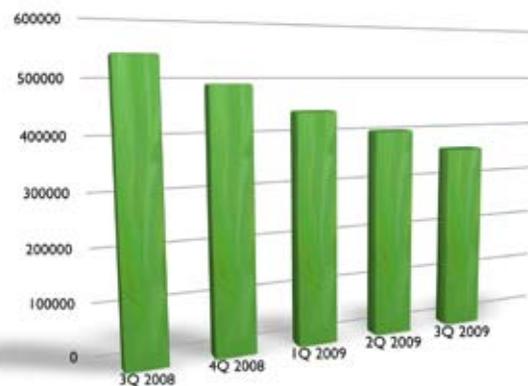
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Real Estate Commercial Transactions:

Total commercial real estate trading declined dramatically during 3Q - 2009 as some companies were found in default repayment of their debts in addition to the inadequate finance to some existing projects leading to a price decrease brought about by the abundant supply and low demand on commercial real estates driven by the pessimism experienced by certain traders and the tendency by other traders to close or offer to sell their commercial shops as a result of the decreased sales turnover and the shrunken local consumption. 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 decreased by 83.46% registering KD 13,517 million as compared to 2Q - 2009 which reached KD 81.743 million accounting for 3.98% of the total trading. Investment real estate transactions accounted for 44.42%, private housing transactions accounted for 50.78%, and warehouses accounted for 0.81%. July came as the first volume leader valuing KD 157.887 million, August the second registering KD 111.534 million, and September the third accounting for KD 70.047 million, and the average transaction valued KD 296,303 during 3Q - 2009 compared to KD 363,449 during 2Q - 2009.



Total Real Estate Trading in 3Q - 2009
(Private Housing, Investment, Commercial, Industrial Warehouses)



Total Real Estate Trading during 2009 and 3Q & 4Q - 2008

Price Indices:

First: Prices of Private Housing Lands:

Market price indices monitored by KFH showed a discrepant increase in the prices of residential lands in the majority of Kuwait Governorates during 3Q - 2009 with a modest price increase in the inward prime areas like Abdullah Al-Salem, Shamiya, Yarmouk, Khaldiya, Residential Shuwaikh, Faiha, Kifan, Mansouriya, and Sulaibikhat.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Abdullah Al-Salem	750	560,000	950,000	747	1,267	1006.7	Vacant Land
Shuwaikh Residential	1000	675,000	1,100,000	675	1100	887.5	Vacant Land
Adailia	750	370,000	700,000	493	933	713.3	Vacant Land
Qurtoba	500	240,000	360,000	480	720	600	Vacant Land
Faiha	500	270,000	450,000	540	900	720	Vacant Land
Shamiya	750	410,000	780,000	547	1,040	793.3	Vacant Land
Surra	500	250,000	350,000	500	700	600	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
Dasma	750	290,000	430,000	387	573	480	Vacant Land
Keifan	500	300,000	400,000	600	800	700	Vacant Land
Keifan	750	350,000	550,000	467	733	600	Vacant Land
Nuzha	1000	500,000	950,000	500	950	725	Vacant Land
Nuzha	750	410,000	750,000	547	1000	773.3	Vacant Land
Nuzha	500	350,000	500,000	700	1000	850	Vacant Land
Yarmouk	500	290,000	390,000	580	780	680	Vacant Land
Yarmouk	750	350,000	550,000	467	733	596.7	Vacant Land

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Mubarak Al-Kabir Governorate has recorded an average KD 385.5 per square meter during the 3Q - 2009 increasing by 4.3% as compared to 2Q - 2009. Price increase was also noticed in Abu Al-Hasiniya, Funaitees, Abu Futaira and Al-Maseela.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Abu Al-Hasiniya (Internal Streets)	750	300,000	420,000	400	560	480	Vacant Land
Al-Maseela (East of Qurain)	400	140,000	185,000	350	463	406.3	Vacant Land
Funaitees (East of Qurain)	400	112,000	140,000	280	313	275	Vacant Land
Abu Futaira	400	110,000	135,000	275	338	306.3	Vacant Land
Mubarak Al-Kabir (plots)	400	130,000	175,000	325	438	381.3	Gov. House
Al-Qosour	400	130,000	175,000	325	438	381.3	Gov. House

Farwaniya Governorate registered an average price rate at KD 290.5 per square meter during 3Q - 2009.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Al-Rabiya	500	125,000	175,000	250	350	300	Vacant Land
Farwaniya	500	150,000	190,000	300	380	340	Vacant Land
Al-Rehab (Gov. House)	400	120,000	145,000	255	350	302.5	Vacant Land
Ashbeelia	500	135,000	185,000	270	370	320	Gov. House
Ashbeelia	400	120,000	165,000	300	413	365.25	Vacant Land
Andalus	500	120,000	160,000	240	320	280	Vacant Land
Kheitan	750	180,000	235,000	240	313	376.67	Vacant Land

In Ahmadi Governorate, the average price per each square meter recorded KD 293.6, as prices remained unchanged in the plots at the coastal strip and Industrial Kheiran.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Fintas Agricultural Area	1000	220,000	310,000	220	310	265	Vacant Land
Hadiya	750	170,000	210,000	227	280	253.3	Vacant Land
Al-Aqila	400	120,000	140,000	300	350	325	Vacant Land
Fahaheel	750	640,000	712,500	850	950	900	Vacant Land
Fahaheel (Facing Industrial Area)	400	110,000	135,000	275	338	306.3	Vacant Land
Coastal Strip along the sea	400	100,000	130,000	250	325	287.5	Vacant Land
Al-Manqaf	278	65,000	80,000	234	287.8	260.8	Vacant Land
Jaber Al-Ali	600	90,000	130,000	150	216.7	183.3	Gov. House
Al-Dhuhr	500	60,000	80,500	120	160	140	Existing House
Al-Sabahiya	1200	225,000	280,000	188	233	210	Existing House
La'alea Kheiran (Internal)	500	60,000	80,000	120	160	140	Vacant Land
La'alea Kheiran (Overlooking the sea)	1200	225,000	280,000	188	233	210	Vacant Land

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In Hawally Governorate, the average price recorded KD 522.2 per each square meter during 3Q - 2009.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Bayan	500	175,000	220,000	350	440	395	Vacant Land
Jabriya	750	230,000	285,000	307	380	343	Vacant Land
Jabriya	500	190,000	235,000	380	470	425	Vacant land
Rumaithiya	750	200,000	280,000	267	373	320	Vacant Land
Rumaithiya (Al-Aqsa St.)	1000	400,000	460,000	400	460	4300	Vacant Land
Salwa (Internal St.)	750	195,000	260,000	260	347	303.3	Vacant Land
Salwa (Internal St.)	500	170,000	210,000	340	420	380	Vacant Land

In Jahra Governorate, the average price rate reached KD 249.9 each square meter during 3Q - 2009.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Al-Qasr	750	120,000	160,000	160	213	186.7	Vacant Land
Old Jahra	750	140,000	180,000	187	240	213.3	Vacant Land
Al-Oyoun	400	90,000	125,000	225	313	268.5	Existing House
Al-Waha	300	70,000	90,000	233	300	266.7	Existing House
Al-Naim	400	120,000	145,000	300	363	331.5	Existing House

Second: Prices of Investment Lands:

Price stability is reported for investment lands during 3Q - 2009 as compared to 2Q - 2009 in most governorates of Kuwait chiefly, the Capital Governorate where the average price reached KD 1726.2 per square meter. Bneid Al Gar (internal streets) came on top registering a price increase by 2.5%..

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 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	650,000	1,100,000	1,300	2,200	1,750	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	1,850,000	3,500,000	1,850	3,500	2,675	Vacant Land
Dasman (Abdullah Al-Ahmed St.)	750	2,050,000	2,500,000	2,733	3,333	3,033	Vacant Land

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In Hawally Governorate, the average price increased slightly to KD 889.5 during 3Q - 2009 as compared to 2Q - 2009.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Hawally (Muthanna St.)	750	530,000	610,000	707	813	760	Vacant Land
Hawally (Qutaiba St.)	750	550,000	710,000	733	947	840	Vacant Land
Hawally (Mosa Ibn Al-Nuseir St.)	1,000	600,000	780,000	600	780	690	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	760,000	660	760	710	Vacant Land
Hawally (4 th Ring Road)	1,000	750,000	850,000	750	850	800	Vacant Land
Hawally (Fahaheel St.)	1000	735,000	875,000	735	875	805	Vacant Land
Salmiya (Arab Gulf , Al-Beda' , Al-Shaab Sea Side)	1,000	1,450,000	2,375,000	1,420	2,375	1,897.5	Vacant Land
Salmiya (Baghdad St.)	1,000	800,000	950,000	800	950	875	Vacant Land

In Farwaniya Governorate, the average price reached KD 678.1 per square meter during 3Q - 2009 increasing by 2% as compared to 2Q - 2009. Internal streets recorded the highest price increase by 4.1%.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Farwaniya (Airport St.)	1,000	715,000	755,000	715	755	735	Vacant Land
Farwaniya (Main Streets)	1,000	560,000	700,000	560	700	630	Vacant Land
Farwaniya (Internal Streets)	1,000	460,000	600,000	460	600	530	Vacant Land
Farwaniya (Internal Streets)	750	425,000	540,000	567	720	643.5	Vacant Land
Kheitan (Airport St.)	750	550,000	625,000	733	833	783	Vacant Land
Kheitan (Main St.)	750	550,000	625,000	733	833	783	Vacant Land
Al-Reqa (4 th Ring Road)	750	565,000	675,000	753	900	826.5	Vacant Land
Al-Reqa (5 th Ring Road)	750	545,000	630,000	727	840	783.5	Vacant Land



Ahmadi Governorate has experienced a stability in prices where the average price reached KD 758.8 per square meter during 3Q - 2009, and Al-Mahboula recorded the highest price increase at 2.5%.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Fintas	750	380,000	525,000	507	700	603.5	Vacant Land
Fintas (Overlooking the sea)	1000	1,050,000	1,200,000	1,050	1,200	1,125	Vacant Land
Abu Halifa	750	365,000	520,000	487	693	590	Vacant Land
Abu Halifa (Overlooking the sea)	1000	960,000	1,150,000	960	1,150	1,055	Vacant Land
Al-Manqaf	750	365,000	525,000	486.6	700	593.3	Vacant Land
Al-Mahboula	500	290,000	340,000	580	680	630	Vacant Land
Al-Mahboula (Fahaheel St.)	1000	600,000	655,000	600	655	627.5	
Fahaheel (Mecca St.)	500	320,000	380,000	640	760	700	Vacant Land

A price stability is reported in Jahra Governorate during 3Q - 2009 as compared to 2Q - 2009, as the average price is settled at KD 540 per square meter of land.

Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
		From	To	From	To		
Jahra (Internal Streets)	1000	450,000	470,000	450	470	460	Vacant Land
Jahra (Main Streets)	1000	555,000	560,000	555	560	557.5	Vacant Land
Jahra (Public)	500	280,000	325,000	560	650	605	Vacant Land

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Third: Prices of Commercial Real Estate Properties:

A price decrease ranging from -1% to -5.6% is reported for commercial real estates in the Capital Governorate, Hawally, Farwaniya, Jahra, and Ahmadi during 3Q - 2009. A price decrease by -5.6% is reported in the Capital Governorate, and between 3.2% to 10.3% in Fahed Al-Salem St., Abdullah Al-Mubarak St., and Al-Soor St.

Area	% of Built Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
			From	To	From	To		
Kuwait City (A. Al-Jaber St.)	520%	500	3,250,000	3,625,000	6,500	7,250	6,875	Vacant Land
Kuwait City (Mubarak Al-Kabir St.)	620%	500	3,000,000	3,625,000	6,000	7,250	6,625	Vacant Land
Kuwait City (Fahad Al-Salem St.)	620%	500	3,250,000	3,700,000	6,500	7,400	6,950	Vacant Land
Kuwait City (Ali Al-Salem St.)	300%	500	1,625,000	2,100,000	3,250	4,200	3,725	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	140,000	190,000	140	190	165	Vacant Land

A price decrease by 1% is reported in Jahra Governorate as compared to 2Q - 2009, as the average price reached KD 2,233 per square meter.

Area	% of Built Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009
			From	To	From	To	
Jahra (Marzouk Al-Metaab St.)	170%	1,000	1,850,000	2,245,000	1,850	2,450	2,150
Jahra (Business & Office Center)	300%	875	2,187,500	2,537,500	2,500	2,900	2,700
Jahara (Al-Qaisariat)	300%	225	393,750	438,750	1,750	1,950	1,850



In Hawally Governorate, prices decreased by -1.5% as the average price reached KD 2,614 per square meter.

Area	% of Built Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
			From	To	From	To		
Salmiya (Salim Al-Mubarak St.)	170%	1,000	3,000,000	3,700,000	3,000	3,700	3,350	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
Hawally (Ibn Khaldoun St.)	170	1,000	2,000,000	2,500,000	2,000	2,500	2,250	Vacant Land

In Farwaniya, prices decreased noticeably by -1.8% as the average price reached KD 1,429 per square meter.

Area	% of Built Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q 2009	Description
			From	To	From	To		
Farwaniya (Menawer St.)	170%	1,000	2,600,000	3,150,000	2,600	3,150	2,875	Vacant Land
Farwaniya (Fire Station St.)	170%	1,000	2,000,000	2,750,000	2,000	2,750	2,375	Vacant Land
Kheitan	170%	1,000	2,000,000	2,800,000	2,000	2,800	2,400	Vacant Land
Al-Dhajj South of Kheitan	250%	5,000	1,500,000	2,625,000	300	525	413	Vacant Land
Al-Ardiya Warehouses (Main Streets)	80% Ground 50% Mezzanine	1000	750,000	850,000	750	850	800	Vacant Land

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In Ahmadi Governorate, prices decreased by -1.2% as the average price reached KD 2,027 per square meter.

Area	% of Built Area	M ²	Value in KD		Rate per M ²		Average Rate in 3Q - 2009	Description
			From	To	From	To		
Al-Manqaf (Aziziya)	300%	750	712,500	862,500	950	1,150	1,050	Vacant Land
Fahaheel (Dabbous St.)	170%	750	2,006,250	2,212,500	2,675	2,950	2,813	Vacant Land
Fahaheel (Internal Streets)	170%	750	1,387,500	1,762,500	1,850	2,350	2,100	Vacant Land
Fintas (Administrative & Commercial)	180%	1000	1,450,000	1,750,000	1,450	1,750	1,600	Vacant Land
La'alea Khairan	180%	1000	800,000	1,200,000	800	1,200	1,000	Vacant Land

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

Industrial plots recorded a modest price increase in most governorates, as Industrial Shuwaikh in the Capital Governorate recorded the highest increase by 5.1% followed by Ardiya Craftsmanship Area by 3.8%.

Fifth: Prices of Farms and Pales:

Prices of farms and pales remained unchanged during 3Q - 2009 as compared to 2Q - 2009 as the prices of pales in Kabad established on 2500 m² are ranged between KD 45,000 to KD 60,000 for the built and equipped pale.

Area	Area in M ²	Value in KD		Price / Square Meter		Average Price in 3Q - 2009
		From	To	From	To	
Wafra	50,000	120,000	190,000	2.400	3.800	3.100
Abdaly	100,000	100,000	180,000	1.000	1,800	1,400
Al-Salaibiya (Farms)	1,000,000	2,800,000	3,500,000	2,800	3,500	3,150

Sixth: Prices of Chalets:

Prices of chalets decreased during 3Q - 2009 and ranging between -1% : - 3.8% as compared to the 2Q - 2009, and 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 3Q - 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	157,500	210,000	10,500	14,000	12,250	Vacant Land

Seventh: Prices of Freehold Apartments:

A steady demand on freehold apartments; whether finished or unfinished, is reported during 3Q - 2009, as the average price rate for freehold apartments is increased relatively in the internal locations and ranged between KD 350 to 670 per square meter (according to the space of the flat in the title deed) as compared to 2Q - 2009 when the average price ranged between KD 350 to KD 650 per square meter. Demand on freehold apartments is increased noticeably in Ahmadi and Farwaniya Governorates for accommodation or investment purposes.

The average price rate for each square meter of apartments directly or indirectly viewing the sea (Arab Gulf St.) has relatively increased as it ranged between KD 850 to KD 1,150 (as per the space of the flat in the title deed) as compared to 2Q - 2009 when prices ranged between KD 800 to 1100.

Apartments with a direct sea front are usually marked by Super Deluxe finishing incorporating the following features:

- A spacious basement designated for a park for vehicles (duty free).
- Free or discounted subscription in satellite.
- Free facilities such as a nursery, swimming pool and health gym.
- Safety and Security, and a reception with Central Air conditioning.
- Free maintenance for the entire building throughout a contractual term.

The average price of each square meter is dependent upon the façade and the floor where the apartment is located. In addition, the internal design of the apartment's utilities plays a major role in the way this

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apartment is marketed, , as a high demand is reported by certain tiers of the society for accommodation or release 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, and rewarding income 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 don't need such roomy family house; 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:

Decreased occupancy rates are reported for all types of investment properties, 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 20 to KD 30 and may range between KD 30 to KD 35 for prime locations. Average rental rate for each square meter in offices is ranged between KD 7 to KD 10 for the different areas in Kuwait and approaches KD 8.5 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 is reported in Fahaheel as it reached 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 exceeded KD 9.5 and above.

A noticeable decline in the rental rates of industrial plots is reported in 3Q - 2009 as compared to 2Q - 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, 3Q - 2009

Governorate	Area	1 b/r & 1 Hall (48-50 m ²)	2 b/r, 1 hall & a bathroom (58-60) m ²	2 b/r, 1 hall & 2 bathrooms (70-74) m ²	2 b/r, 2 bathrooms & a maid room (80-85) m ²	3 b/r, 1 h, maid room (100-110 m ²)
Hawally	Salmiya	175	200-195	220-240	250-260	320-350
	Hawally	170	195-185	220-225	240-260	320-340
	Al-Jabriya	175	200-195	220-240	250-260	320-340
	Al-Shaab	200	215-230	270-250	260-300	340-380
	Al-Shaab (Sea Side)	220	240	280-300	300-320	360-400
Capital	Sharq	200-220	235-255	280	330	360-400
	Qibla	220	235-255	280	330	350-360
	East Mukawwa	200	230-240	270	300-320	340-380
	Dasman	220	240-250	300	340-350	380-420
	Bneid Al-Gar	200	240	270	320	380
Farwaniya	Khaitan	165	185-175	210-220	220-240	260-300
	Farwaniya	165	190-180	210-220	225-240	260-300
	Jleeb Al-Shoyoukh	170	185	210-220	-	-
	Al-Reqae	165	190-200	210-220	240	260-280
Al-Ahmadi	Al-Fintas	160	180-170	190-200	220-225	250-275
	Al-Mahboula	160-150	170-160	190-180	220-225	250-275
	Abu Halifa	160	180-170	190-200	220-225	250-275
	Al-Manqaf	160	180-170	200	220-225	250-275
	Al-Fahaheel	160	180-200	200-210	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, 3Q - 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	15 - 18	20 – 30	12 – 15	7
Hawally	12 – 16	20 – 25	12 – 15	7
Farwaniya	16 – 20	35 – 40	20	7
Khaitan	20 - 16	35 - 25	20	6
Al-Manqaf	10 - 13	25	15	Aziziya(6-10)
Fahaheel	12-15	25-35	14 – 18	6
Dhajeej	2.5	"10"	5-6	-
Kuwait City	10	25-30	12	7 - 8



Average Trading of Rental Values of Industrial Properties Throughout Kuwait, 3Q - 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	10 - 35	3 - 6
Al Rai	3.5 - 4	12 - 20	3 - 6
Sabhan	3	* 4 - 6	3
Al-Ardiya	3	"6.5"	3 - 5
Ahmadi	2 - 4	8 - 14	3 - 4
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.