

# KFH LOCAL REAL ESTATE REPORT



3rd Quarter 2007

K U W A I T

بيت التمويل الكويتي  
Kuwait Finance House



**KFH** LOCAL  
REAL ESTATE REPORT

3rd Quarter 2007



Praise be to Allah and Peace and Blessings be upon Prophet Muhammad

Dear Reader,

We are delighted to present to you a new edition of the KFH comprehensive report on the Local Real Estate Market during the 3rd quarter of 2007, which comes as a part of a series of real estate and economic reports that KFH is keen on preparing quarterly in its efforts to follow up on the latest economic and real estate developments.

This report is considered a reference for anyone who is interested in Kuwaiti real estate matters and the effect of major economic developments on the local real estate market.

We were keen on making this analysis based on the latest data and statistics available from the official authorities or by the indicators of the local real estate rates available at KFH.

This report contains three main parts. The first part discusses the most important economic developments and their effect on the real estate market. The second part presents the compared analysis of the basic indicators for trade of local real estate in all its different forms. The third part presents the analysis of the rate indicators in the different areas and businesses of the local real estate.

We hope this issue earns your approval and we welcome any comments or suggestions that would help us in further developing this report and issuing it in a manner worthy of KFH.



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- The relentless efforts of the Central Bank of Kuwait in easing the inflation and easing the trade of the Kuwaiti Dinar and decreasing the inflationary pressure of imports due to the decision to un-peg the Kuwaiti Dinar from the US Dollar, and deliberately changing the exchange rate of the Kuwaiti Dinar through 21 adjustment operations since the 20th of May that resulted in the increase of the exchange rate against the US Dollar (a growth rate of 2.85%).
- The increase of the price indicator for the Kuwaiti Stock Exchange by a 27.6% rate to record 12848.7 at the end of the 3rd quarter of 2007 and the increase of the market value in the stock exchange by 38.3%. This shows the improvement in performance of the market and its profits (reflected by the improvement in the fortunes of participants in the real estate market).
- The increase in the amount of available liquidity of the individuals and investors due to the continuous improvement of the internal surplus in the Kuwaiti economy, where the 2006/2007 balance accomplished a real surplus that reached KD 5202.85 million (9th real surplus and the 2nd highest ultimate surplus for the period of fiscal years between 1996/1997 - 2006/2007).

This is accompanied by the increase in the amount of government expenditure on constructive and industrial projects to reach KD 989.5 million compared to KD 750.5 million of the previous balance (i.e. growth rate of 31.8%). This in turn leads to boosting the real estate and private sectors. In addition, increase in salaries and wages by 15.2% raised incomes and demand on real estate.

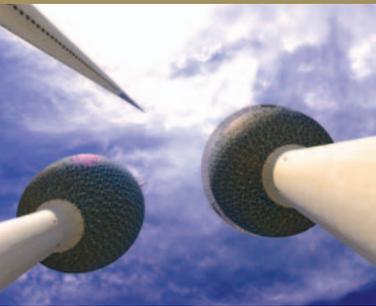
- Improvement in the GDP and the surplus of the Kuwaiti commercial balance which nearly reached KD 1.539 billion and the increase in size of the Kuwaiti financial reserves and external investment, where the estimates indicate that these reserves fall between \$ 175-213 billion leading to enhancement in Kuwait economic indices.
- Many investors wishing to transfer their savings from liquidity to real investments, seeking profit and in fear of price increases and the continuing increase in real estate prices.
- The huge increase in the prices of land, existing real estates, and constructing material has become an obstacle for the investor and leads to the decrease of profit rate on real estate investment and pushes the investors towards using their investments in other channels, like bank deposits.

What is clearly noticeable is the huge increase of prices during the 3rd quarter of 2007, which continues the boost the prices have witnessed during the last quarter of 2006 and the 1st quarter of 2007.

If this real estate boost remains, the real estate market is expected to achieve a new and unprecedented record compared to 2006 which witnessed a great increase in deals and trading.

## Real Estate Trading Indicators

On the overall real estate market, the trading indicators issued by the Registration and Authentication Department in the Ministry of Justice during the 3rd quarter of 2007, have witnessed a KD 13.155 million increase with an increase rate of 1.1% compared to the 2nd quarter of 2007 whose value was KD 1.190 billion (itself considered a boom when compared to the quarters of 2006).



### Introduction

The local real estate indices have witnessed a remarkable improvement during the 3rd quarter of the year 2007. This improvement includes both the prices and the real estate trading indices, where the trading indices continued their slight increase during the 3rd quarter compared to the 2nd quarter. The percentage increase was 1%. The noticeable calmness in the total real estate trading is due to the fact that many investors and real estate owners were having their summer holidays.

The summer holiday calmness did not influence levels of the real estate prices which witnessed an unprecedented increase in all sectors and areas of Kuwait due to:

- continuous increase in demand for housing (a result of the increase in population rate)
- increase in the youth segment who seek getting a house
- scarcity of land
- increase of requests by people waiting to get a house from the government
- investors who compete with the youth who are seeking a suitable house (hence exaggerated prices in some areas that do not suit the income levels and the available financial resources for the youth sector who want to buy land or houses).

### The Economic Development & the Real Estate Market

The positive state of the local economic environment participated in the increase of trading indices and the real estate prices in the local market, which indicates the following :

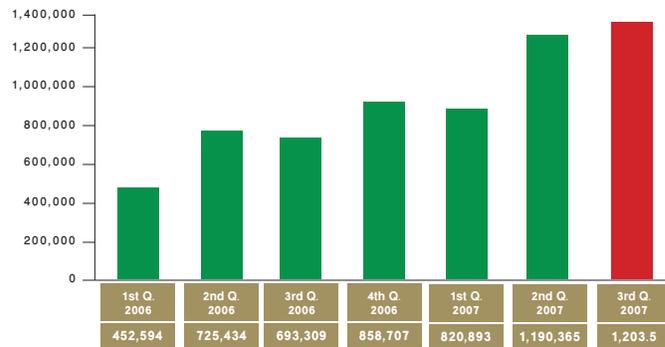
- The continuous improvement of Kuwaiti oil prices during the 3rd quarter where it reached record rates by breaking the 75\$ barrier. The price rate of the Kuwaiti barrel of oil reached 73.26\$ in September, which is an 11% increase compared to the rate in August which was 65.9\$ and 5.3% compared to the rate in June which was 69.6\$.
- The annual increase in population by 9.12% raising the population at the end of the 1st half of this year to around 3.328 million, which represents an increasing demand on real estate due to the demographic structure that is biased towards the youth who are looking for a suitable house.
- The very limited growth in housing supply, the rarity of individual initiatives, and the lack of expansion in the construction business.
  - The total number of buildings in Kuwait according to the last issuance of the Public Authority for Civil Information guide for units and buildings was around 170.3 thousand buildings at the end of June 2007 in comparison to 167.7 thousand buildings at the end of June 2006, with a growth rate of 1.5%.

This does not suit the rate of demand on housing where the rate of vacant buildings dropped in the first 6 months of the year with a rate of 12.2% indicating an increase in the demand for housing and the ability and continuity for expansion in the construction sector. Specifically in the real estate investment housing.

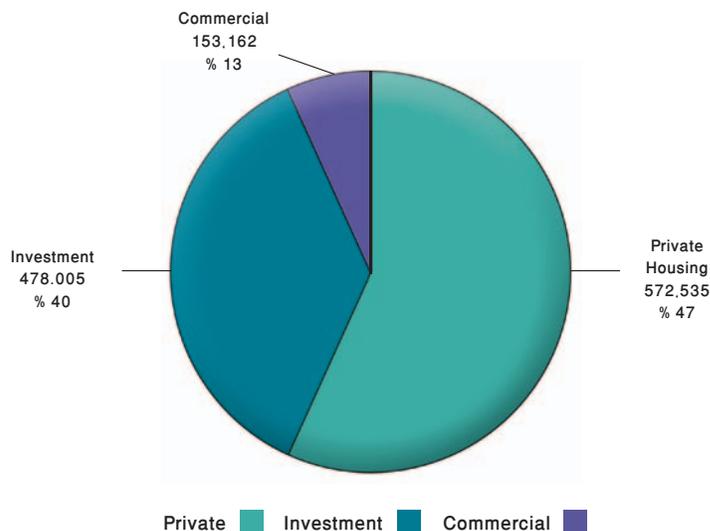


reached 13%. This came at the expense of the share of the real estate private housing trade whose share became 47% and the real estate investment trade which became 40%.

July recorded the highest real estate commercial trading in the quarter reaching KD 134.502 million. September was 2nd with KD 10.225 million and August was 3rd with KD 8.345 million. As for the average transaction value, it reached KD 2.945 million as opposed to the KD 1.663 million of the 2nd quarter. This rise in transaction value is due to the scarcity of commercial real estate and its prices which reached a new record high and in the midst of the economic stability, the rise in number of investment companies, the influx of foreign investment banks, the increase in government and private expenditure on projects, the improvement in incomes, and the opening up of the market to foreign products (hence the need for locations to market these products).



Total Real Estate Trading 2006 & Total Q1, Q2, Q3, Real Estate Trading 2007 (million KD)



Total 3rd Real Estate Quarter Trading 2007 (million KD)



### Real Estate Private Housing Transactions

The real estate private housing transactions dropped to reach 48% of the total real estate trading which is KD 1.203 billion. This was due to many reasons such as the holiday season in this quarter, plus the high increase in prices which affects the youth segment's ability to purchase due to their limited income, including a loan from the Credit Bank and the limited banking finances directed towards the housing real estate. The private housing transactions recorded KD 572.353 million in the 3rd quarter of 2007, which translates into a 16.2% drop compared to the 2nd quarter. The number of transactions in the 3rd quarter totaled 2715, with an average transaction value of KD 210,800, while the number of transactions in the 2nd quarter totaled 3667 with an average transaction value of KD 186,200. This 26% decrease in number of transactions is due to a record increase in private housing prices in several areas simultaneously.

July 2007 has recorded the highest volume of trading in the quarter with KD 270.876 million, making up 47% of the total 3rd quarter recorded transactions (KD 572.353 million). September came second with KD 166.277 million making up 29%. August came in last with KD 135.2 million making up 24%.

### Real Estate Investment Transactions

The total real estate investment trading increased during the 3rd quarter to reach KD 478.005 million compared to KD 439.721 million during the 2nd quarter of 2007 with an increase rate of 8.7%. July came in first in the amount of trading during the 3rd quarter of 2007 recording a value of KD 264.076 million, September came in second with KD 134.557 million, and August came third recording trade worth KD 79.372 million.

This increase in real estate investment trading is despite the summer holiday season and is in line with the continuity of activity in the investment market and the increase in prices of investment housing and increase in demand on some special areas. The rise in real estate investment trading is driven by the target of achieving higher profits through the positive profit margin of real estate investment in general and the higher demand. A demand that requires more initiative by the private sector especially with the decrease in the evacuation rate and the increase in rent.

### The Real Estate Commercial Transactions

The overall real estate commercial trade increased dramatically during the 3rd quarter pertaining to the increase in demand on some commercial locations and the scarcity of supply, where the trading increased by 130% recording a value of KD 153.162 million compared to the 2nd quarter of 2007 whose total value was KD 66.522 million. Thus meaning that the real estate commercial trade's share of the total real estate trading



Al Edailia and Faiha registered an increase rate of 23%, The increase also reached Qortuba, Mansouriya, Qadsiya, Dasma and the rest of the capital's areas.

Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Abdullah Al Salem	750	550,000	1,100,000	733	1467	1,100
Shuwaikh (residential)	1000	800,000	1,300,000	800	1300	1050
Al Edeilia	750	400,000	800,000	533	1,067	800
Qortuba	500	240,000	350,000	480	700	590
Faiha	500	320,000	500,000	640	1000	820
Shamia	750	500,000	850,000	667	1133	900
Surra	500	240,000	320,000	480	700	590
Mansouriya	1000	450,000	800,000	450	800	625
Qadsiya	750	350,000	600,000	467	800	633,3
Dasma	750	350,000	450,000	467	600	533

Mubarak Al Kabeer Governorate registered KD 495 per square meter on average, but some areas witnessed continuous trading and price increase such as Abo Fateera and Al Funaitees areas, due to nearing completion of infrastructure. On the other hand, prices in Abo Al Hassaniya and Mubarak Al Kabeer areas were stable.



# Price indicators

## 1. Prices of Private Housing Land

Private housing prices continued to rise during the 3rd quarter of 2007 with an increase of 12.7% over its previous levels in the 2nd quarter due to the rise in demand on private housing and the availability of liquidity. Some expect changes in the credit conditions by the Credit & Savings Bank. This along with the current stability of the interest rate on the Kuwaiti Dinar and appreciation of its value versus the US Dollar several times and the rise in inflation rate, indicating a decrease in actual cost of bank loans and easing of its conditions, with the government's inability in satisfying the demand on private housing and the immaterialized plans of building new cities to cover the overdue housing request applications since 1991. Moreover, there is improvement of incomes, increase in liquidity, improvement of stock market gains and the wealth of its participants, and enhancement in the profits of most of the Kuwait Stock Exchange enlisted companies over the elapsed period of 2007.

When it comes to supply, it is noticed that many companies and major merchants have entered the housing real estate market by buying blocks or through construction, seeking profit, which leads to the increase of prices of these real estates at a time of cost increase in construction materials and labor. This may lead to increased demand by merchants on housing real estate with units that can be rented which enables paying back of financing installments and utilizing the loan from the Credit & Savings Bank in being a down payment for them to own that house.

The entrance of some investment companies in the field of providing private housing or housing land to face the increasing demand has affected the prices by pushing them up at a time where there is a lack of supply and the market's need for more initiatives to boom the real estate supply.

The price indicators at Baitak recorded the highest increase in housing land price during the 3rd quarter of this year in the Capital Governorate, where the price per square meter reached an average of KD 700. While residential Shuwaikh and Abdullah Al Salem suburb continued to be the highest priced in the Capital Governorate where the price per square meter for the prime locations was KD 1500.



Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Al-Rabiya	500	160,000	190,000	320	380	350
Al-Farwaniya	500	200,000	250,000	400	500	450
Kheitan (non-common)	750	200,000	300,000	267	400	333.3
Jleeb Al Shoyouk	750	340,000	450,000	453	600	526.7
Al Rehab (existing house)	400	120,000	160,000	300	400	350
Al Omaria	600	180,000	230,000	300	383	341.7
Subah Al Nasser	600	130,000	160,000	217	267	241.7
Al Ardia	750	180,000	240,000	240	320	280
Ashbeelia	500	190,000	250,000	380	500	440
Ashbeelia	400	160,000	230,000	400	575	487.5

The price per square meter in Al Ahmadi Governorate reached KD 363 where it witnessed the highest increase in Kheiran residential area (unoccupied land) with a growth rate of 74.2% as the price jumped from KD 100 to 188 per square meter. That area is expected to benefit from the services of Lolo'at Al Kheiran project.

Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Hadeyya	750	175,000	220,000	233	293	263.3
Residential Kheiran	400	40,000	75,000	100	188	143.8
Al Subahia (block 2)	750	145,000	200,000	193	266.7	320
Al Aqeela	400	150,000	230,000	375	575	475

Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Abo Al Hassania (internal streets)	750	350,000	500,000	467	667	566.7
Abo Fateera (east Qurain)	400	155,000	210,000	388	525	456.3
Subah Al Salem						
(existing government house)	400	130,000	160,000	325	400	362.5
Al Adan (government house)	400	100,000	135,000	250	338	293.8
Mubarak Al Kabeer (plots)	400	140,000	180,000	350	450	400
Al Messila (east Qurain)	400	175,000	230,000	438	575	506.3
Al Funaitees (east Qurain)	400	155,000	220,000	388	550	468.8
Al Qurain (government house)	400	100,000	135,000	250	338	293.8

Farwania Governorate registered an average price of KD 366 per square meter. The 3rd quarter of 2007 witnessed an increase in trade in Ashbeelia with a rate of 34% and Jleeb Al Shoyoukh, Kheitan, Farwania areas with a rate of 30%. The increase in demand in Ashbeelia led to a steep price increase reaching KD 575 per square meter in prime locations and KD 380 per square meter in regular locations after price in regular locations in the 2nd quarter was only KD 340. As for Ferdous prices, they remained stable at KD 256.3 per square meter.



Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Al Naeem (plots)	750	145,000	170,000	363	425	393.8
Al Waha (existing house)	300	75,000	90,000	250	300	275
Al Qasr	750	115,000	140,000	153	187	170
Old Jahra	750	140,000	220,000	187	293	240

## 2. The Prices of Investment Land

The prices of the investment real estates have gone back to achieving record increases continuing the boost attained in the 4th quarter 2006 and 1st quarter 2007. This may be due to depositors wanting to convert their savings from liquid assets into investment assets in order to preserve their fortunes from shrinking due to inflation, and seeking the benefit of the real estate sector boom in prices. The real estate sector, which is still characterized by having liquidity surplus stemming from investment opportunities and experiencing healthy growth and steady demand on rental flats (especially in areas like Mahboula, Fahaheel, and Mangaf) and experiencing increase in rents driven by a growing population and rising income levels of some segments.

Moreover, there is an essential role played by market developers who work on boosting trade through increasing their investments in the area of building and selling new investment units or trading on existing units. Should the prices continue to increase at current rate, this may reduce profitability of real estate investment and lead many investors to seek alternative investment channels at a time when bank deposit rates are competitive.

What is worth noting is the lack of large gaps in the rates of increase among the different governorates as the Capital registered an increase of 16% and an average price of KD 2403 per square meter. The average price in Dasman area was KD 3600, which includes the areas overlooking the sea that start from KD 5000-5200 per square meter and internal locations which range from KD 2500 - 3000. High demand on Dasman area is due to the expectancy by investors that it will be converted into a lucrative investment area with the building of administrative and head offices.

The price of the square meter in Hawalli increased to KD 643 on average and some areas such as Bayan, Jabriya, Rumaithya, and Salwa recorded an increase of 30% compared to the 2nd quarter. As for the areas overlooking the coast line, the price per square meter reached KD 2,566.

Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Al Sha'ab	400	240,000	300,000	600	750	675
Al Jabria	750	260,000	350,000	347	467	406.7
Al Rumaithia	750	250,000	300,000	333	400	366.7
Bayan	500	80,000	240,000	360	480	420
Salwa	750	240,000	300,000	320	400	360
Salwa	500	180,000	220,000	360	440	400
Hetteen	400	210,000	260,000	525	650	587,5
Al Zahra'a	400	210,000	250,000	525	625	575
Al Shuhada'a	400	210,000	260,000	525	650	587,5
Mubarak Al Abdullah	400	220,000	275,000	550	688	618,8
Al Salam	400	210,000	260,000	525	650	587,5

Jahra Governorate registered an average price of KD 268.4 per square meter. It witnessed steadiness in demand due to its population growth, strategic location as a station for the passing cargo heading to Iraq, and the increase in commercial malls satisfying the growing consumption. This was especially evident in Al Qasr area where the rate of increase on the average price of the square meter reached 4.8% .



The prices of commercial real estate continued their noticeable increase during the 3rd quarter of 2007 with rates varying from 8.5% to 14.7% (depending on the area) compared to the 2nd quarter. Trading prices in the city varied from KD 4000-12000 per square meter on average, due to the scarcity of this type of land and the increased demand from local companies, plus the entrance of foreign companies seeking good quality offices, where they rent whole administrative buildings (i.e driving prices further up in terms of real estate and rent value).

Area	Bldg Ratio %	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
			From	To	From	To	
The city (Ahmed Al Jaber St)	520	500	4,750,000	6,000,000	9,500	12,000	10,750
The city (Mubarak Al Kabeer St)	620	500	5,000,000	5,500,000	10,000	11,000	10,500
The city ( Fahed Al Salem St)	620	500	5,250,000	6,000,000	10,500	12,000	11,250
The city ( Ali Al Salem St)	300	500	2,200,000	3,000,000	4,400	6,000	5,200
The city (Ali Al Salem St)	520	500	4,000,000	4,500,000	8,000	9,000	8,500

Jahra Governorate registered a 14.1% increase rate compared to the 2nd quarter of 2007. The commercial and administrative areas witnessed noticeable trade and remarkable price increases.

Area	Bldg Ratio %	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
			From	To	From	To	
Al Jahra Marzouk Al Meteb St	170	1,000	2,500,000	3,000,000	2500	3000	2,750
Al Jahra commercial and administrative centre	300	875	2,450,000	2,625,000	2800	3000	2,900
Al Jahra Qaisariat	300	225	450,000	560,000	2000	2489	2,244

Area	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Bneid Al Gar (sea front)	1,000	2,650,000	3,000,000	2,650	3,000	2,825
Bneid Al Gar (internal streets)	1,000	950,000	1,300,000	950	1,300	1125
Bneid Al Gar (Istiqlaal Road)	1,000	1,250,000	1,500,000	1,250	1,500	1375
The east Mukwa'a ( construction rate 400)	500	1,200,000	1,600,000	2,400	3,200	2800
The east Mukwa'a (construction rate 240%)	250	350,000	410,000	1,400	1,640	1520

**Hawally Governorate** witnessed a 20% increase rate where the increase rates varied among the areas. Salmiya and Al Sha'ab areas have the highest increase. On the other hand, the areas overlooking the sea have a 13.3% increase rate. Ahmadi Governorate registered the highest rate of increase which is 31.8% with an average of KD 916.5. As for areas overlooking the sea, their prices range from KD 1200-1500 per square meter.

**Jahra Governorate** registered a 19.2% increase and **Farwaniya Governorate** registered a 27.3% increase with an average price of KD 831.5 per meter.

### 3. The Prices of Commercial Real Estate

The scarcity of supply and the increase in demand for commercial land , especially in the city, is still pushing the prices up drastically due to seeking the benefit from raising the rate of construction and permitting higher heights than in the past (up to 100 storeys). The significant economic growth and higher consumption expenditure drove investors to expanding their activities, leading to even more demand on commercial space. Another driver to increasing investment is the emergence of buying habits requiring more malls and shopping centers. In addition, there is an increasing need for commercial establishments in areas such as Fahaheel, Farwaniya, Jahra, Hawally, and Mubarak Al Kabeer.



#### 4. Rates of Industrial Plots (Usufruct and Warehousing Contracts)

Rates of industrial plots rose notably during the 3rd quarter of 2007, by rates that vary from 4.3% to 13.8%, compared to the 2nd quarter. Shuwaikh Industrial Area and Al Raii, witnessed a notable increase that reached 16.5% on average. The demand increased on plots near Avenues Mall and the main roads parallel to it.

#### 5. Farms and Pale Rates

During the 3rd quarter of 2007 farm rates rose, where the price per square meter varied from KD 3-5, and from KD 1.2 -2 for Abdaly farms. Price for Kabd pales which have an area of 2500m ranged from KD 65,000-80,000 for the built and equipped pale, and KD 40,000-45000 for the unbuilt pale. The built and equipped pale that covers an area of 1250m ranged from KD 35,000-40,000 and the unequipped KD 18000-24000. The prices of pales in Rajm Khashman settled between KD 30,000 - 25,000. Al Ahmadi Equestrian regularly equipped pale ranged from KD 25,000-30,000.

#### 6. Rates of Chalets:

The rates of chalets are witnessing a continuous rise due to the demand increase. The following schedule shows the rates for chalets:

Area	Facade in Meter	Estimated Rate of the Plot		Rate per Square Meter		Average 3rd Quarter 2007 ( In KD )
		From	To	From	To	
Abdullah Port	15	115,000	130,000	7,66	8,66	8,16
Al-Dabaeiah	15	120,000	140,000	8,000	9,333	8,66
Al-Gulaiah	15	155,000	175,000	10,333	11,667	8,66
Bneider	15	180,000	210,000	12,000	14,000	13,000
Al-Khairan	15	110,000	125,000	7,333	8,333	7,833
Al-Nuwiseeb	15	110,000	125,000	7,333	8,333	7,833



**Hawally Governorate** registered a 9.8% increase and Salem Al Mubarak St came in first price-wise, where the offered price ranged between KD 4500-5000 on average.

Area	Bldg Ratio %	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
			From	To	From	To	
Salmiya Salem Al Mubarak St	170	1,000	4,000,000	4,500,000	4000	4500	4.250
Salmiya Al Bahrain St	180	500	1,250,000	1,400,000	2500	2800	2.650
Hawally Tunis St	170	1,000	3,500,000	4,000,000	3500	4000	3,750
Hawally Beirut St	170	1,000	3,500,000	4,000,000	3500	4000	3,750
Hawally Al Othman St	150	1,000	2,800,000	3,200,000	2800	3200	3,000

**Farwaniya Governorate** has the highest rate of 14.7% and Manawer St came first with a price of KD 4500 per square meter on average. What is worth noting is the continuous increase in price in Dajeej area and South Kheitan as a result of increasing demand by some companies, and the scarcity of unoccupied land in the old Dajeej area, behind the airport, and its elevated prices which averaged between KD 600 -700.

Area	Bldg Ratio %	M2	Value ( In KD )		Price per M2 ( In KD )		Average 3rd Quarter 2007 ( In KD )
			From	To	From	To	
Al Farwaniya Al Manawer St	170	1,000	4,000,000	4,500,000	4000	4500	4.250
Al Farwaniya Al Qahtany St	170	1,000	3,000,000	3,500,000	3000	3500	3.250
Kheitan	170	1,000	2,800,000	3,300,000	2800	3300	3,050
Al Dajeej (5000m) south Kheitan	250	5,000	3,250,000	3,750,000	650	750	700

In general, owned apartments have advantages such as their low overall rate, easiness in trade compared to land and residential houses, usually lucrative return on investment, and a healthy demand by Kuwaiti nationals and expatriates. Such apartments tend to attract newly married Kuwaitis, small investors, and elders whose children have got married and left and they no longer need the large family house. In addition to the advantages, investment amounts in owned apartments are less than in any other real estate investment. Owned apartments still need a legislation that permits ownership by foreigners.

### 9. Occupancy Rates and Rent

The occupancy rate continued to soar in all types of real estate properties, registering 97-98% and even 100% in certain internal areas. Apartment rent averaged KD 165-220 for 1 b/r & reception, KD 210-260 for 2 b/r & reception, KD 220-300 for 2 b/r & reception & 2 bathrooms & a maid room. Rent of three b/r apartments registered KD 300-400. Rates differ according to design and prime locations.

Rent per square meter (commercial ground floor) averaged KD 20-30, and up to KD 40 at prime locations. For offices, rent per square meter averaged KD 8-12 for the various areas of Kuwait, and up to KD 14 in the Capital or even more according to location and type of finishing. A new type of office emerged, the fully furnished office, including technical and secretarial facilities, and it is for temporary use, suiting mainly foreign companies which rent in intervals. Rent per meter may reach KD 12-16, or even higher.



### 7. Craftsmen Plots

The craftsmen plots in Ardiya witnessed a continuity in price increase reaching 7.7% compared to the 2nd quarter and price ranging from KD 330,000 - 400,000 per plot that covers 250 square meter. What makes the plot special is that it is owned by an ownership document, not a rental and usufruct contracts.

### 8. Rates of Owned Apartments

The level of demand for owned apartments has settled for some segments of the society. The level of finishing varies between regular and super deluxe. The average rate for owned apartments increased in the 3rd quarter to reach between KD 360-600 per square meter, coinciding with the notable increase in rates of land. Ahmadi Governorate was the location with the bulk of owned apartments due to the relatively decreased rates of land compared to the internal governorates.

What was noticed is the increase in the average selling rate per square meter for the apartment area in the buildings overlooking the sea directly (Gulf Road) to reach KD 800-1000, with free car parking places available. The prices go higher as the storey goes higher and the more services that are available (swimming pool, security, 24 hour maintenance, health club, internet service,...). The internal layout of the facilities of the apartment plays an essential role in raising its rate. The less these facilities the higher the price per meter and vice versa, assuming all other aspects are the same (finishing, services, location, floor the apartment is on,...). The finishing is usually deluxe or above, where these apartments have high demand from some segments of society as residential place or as re-renting.



It should be noted that this report observes the general directions of trading in the real estate market in the State of Kuwait. However, KFH's Evaluation and Studies Section follows the approach of studying each property separately, covering its characteristics, rent, and return, so as to approve a special recommendation and fair valuation of each property.



## KFH Local Real Estate Report

Governorate	Area	1 room-reception (4850-)	2 bedrooms-reception-bathroom (5860-)m	2 bedroom-reception-2 bathrooms (7074-)m	2 bedroom-2 bathroom-maidroom (8085-)m	3 bedroom-reception-maid (100-110)m
Hawally	Salmiya	170-175	210-220	220-240	240-260	340-320
	Hawally	165-170	200-220	210-220	240-260	300-325
	Jabriya	170+175	210-220	220-240	240-250	320-340
	Sha'ab	200	225-250	260-280	280-320	340-380
	Sha'ab Sea side	220-200	260	260-280	300	350-400
Capital	Sharq	200-220	240+260	260-300	300-340	350-400
	Qebila	200	220-240	260-300	260-280	320-350
	East Mukawwa	200-210	220-240	260-300	300	340
	Dasman	200-220	220-240	260-300	320-340	350-400
	Bneid Al Gar	200	220-240	260-300	300-320	340-400
Farwaniya	Kheitan	160	180-200	200-220	225-240	250-280
	Farwaniya	160	180-200	200-220	225-240	260-280
	Reggae	160	180-200	200	220	250
Ahmadi	Fintas	160	180	200	220-225	240-260
	Mahboula	160	180	200	220-226	240-250
	Abo Halifa	160	180	200	220-227	240-260
	Mangaf	160	180	200	220-228	240-260
	Fahaheel	160-170	180-200	200-210	220-240	250-280
Jahra	Jahra	150	180-200	200-220	225-230	240-260

