

Real estate

Kuwait: Real estate sales were strong in January, boosted by investment sector

Real estate sales were higher in January 2018 due to continued robustness in residential sales as well as the largest monthly sales figure in the investment sector in years. It was a strong start for the year as overall sales for the three sectors reached KD 226 million in January 2018, a 26% year-on-year (y/y) jump (Chart 1). Transactions, however, grew a mere 1.9% y/y to reach 375. Some of the strength was due to a base effect: the performance in January 2017 was subdued, as it followed very strong figures in December 2016.

Residential sector sales and transactions picked up as prices continued to make progress. Sales were up 11.7% y/y in January 2018 to KD 87.5 million (Chart 2), though this was below the KD 96 million monthly average in 2017. Activity rose to 283 transactions, two thirds of which were residential home sales. The most active areas in terms of residential plot sales were Funaitees, Abu Futaira, and the Sabah Al-Ahmad Coastal area.

Residential home prices showed improvement in January 2018 while residential land prices eased after gains in the second half of 2017.

The NBK Residential Home price index posted positive annual growth (1.1% y/y reaching 151.9) as sales activity in the sector improved in the second half of 2017 and into 2018. The NBK Residential Land index, however, showed easing prices (down 5.5% y/y to 171.3), but this comes after some decline in land prices in the second half of 2017. (Chart 3.)

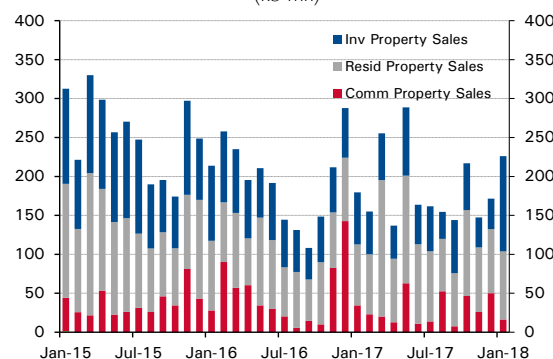
Investment property sales took off in January, as several large deals in buildings and plots came through. Though the number of contracts witnessed a significant decline (24% down to 87), a number of large transactions offset this fall in activity. Sales totaled KD 122.2 million (83% y/y) and half of which came from building sales. The largest sale was for a building in Jabriya for over 4,400 square meters at KD 14 million. There were several sales in key areas such as Salmiya, Hawalli, and Kuwait City. Sabah Al-Salem witnessed a significant pick up in investment plot sales, the largest of which was a 5,600 square meter plot that sold for KD 18.8 million.

Investment sector prices' appear to be stabilizing as the pace of decline eased. The index reached 177.9 in January 2018 (Chart 5), down 1.1% m/m and 3.1% y/y. The price index appears to be in line with 2017, showing a steadier performance and a slower pace of easing relative to 2016.

Commercial sector sales slowed in January after an active December 2017. January saw sales of KD 16.2 million from five transactions, an improvement from just one transaction in December, and in line with the average monthly performance in 2017. Three commercial buildings were sold in Al-Mirqab at KD 3 million each.

Chart 1: Real estate sales

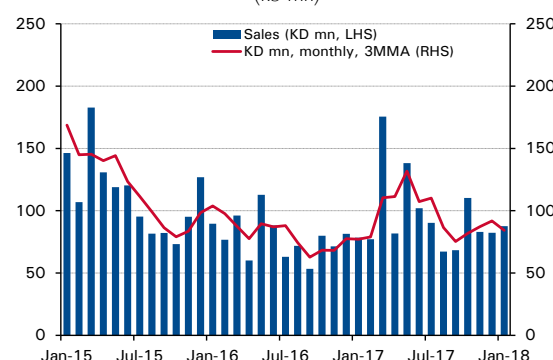
(KD mn)



Source: Ministry of Justice

Chart 2: Residential real estate sales

(KD mn)



Source: Ministry of Justice, NBK estimates

Chart 3: Residential real estate price indices

(index, 3-month moving average, 2010=100)



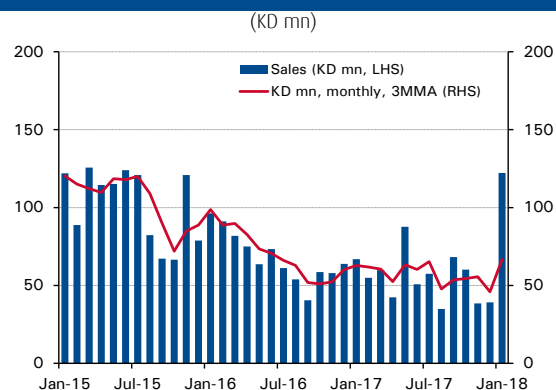
Source: Ministry of Justice, NBK estimates

Table 1: Real estate sales

	Average		2017		Jan 2018		
	2016	2017	Nov	Dec	Jan	% m/m	% y/y
Sales (KD mn)	194.7	181.2	147.3	171.4	226.0	31.8	25.9
Residential property	78.7	96.2	83.0	82.3	87.5	6.4	11.7
Investment property	68.1	55.0	38.5	39.1	122.2	212.5	83.0
Commercial property	47.9	30.0	25.8	50.0	16.2	-67.6	-52.7
Number of transactions	354	377	301	323	375	16.1	1.9
Residential property	237	280	236	246	283	15.0	17.9
Investment property	108	91.3	60	76	87	14.5	-24.3
Commercial property	8	6	5	1	5	400.0	-61.5
Transaction size (KD th)	547	480	489	531	602.7	13.6	23.6
Residential property	332	340	352	335	309.3	-7.5	-5.3
Investment property	646	624.5	641	515	1,405	173.0	141.9
Commercial property	5,204	8,633	5,163	50,000	3,244	-93.5	23.0

Source: Ministry of Justice

Note: Our real estate indexes database comprises 65,000 transactions. Each index combines monthly average prices (per sqm when possible) in select, more active, areas of Kuwait; it is then adjusted for volatility. The indexes are based in 2010, i.e. 2010 price index equals 100. The indexes are not adjusted for seasonality nor for number of business days. They also do not cover the commercial sector.

Chart 4: Investment real estate sales


Source: Ministry of Justice, NBK estimates

Chart 5: Investment building price index

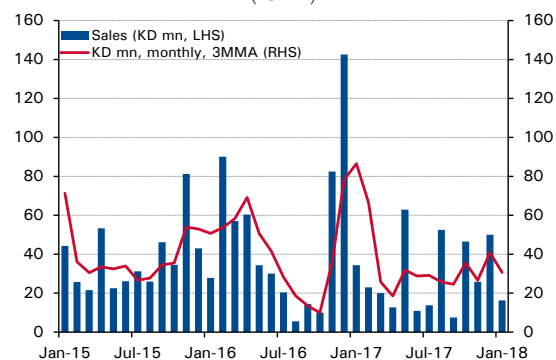
(index, 3-month moving average, 2010=100)



Source: Ministry of Justice, NBK estimates

Chart 6: Commercial real estate sales

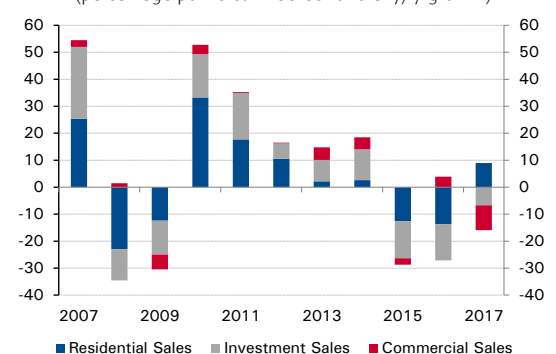
(KD mn)



Source: Ministry of Justice, NBK estimates

Chart 7: Contribution to real estate sales growth

(percentage points contributed to total y/y growth)



Source: Ministry of Justice, NBK estimates

Head Office

Kuwait

National Bank of Kuwait SAKP
Abdullah Al-Ahmed Street
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2242 2011
Fax: +965 2259 5804
Telex: 22043-22451 NATBANK
www.nbk.com

International Network

Bahrain

National Bank of Kuwait SAKP
Zain Branch
Zain Tower, Building 401, Road 2806
Seef Area 428, P. O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

National Bank of Kuwait SAKP
Bahrain Head Office
GB Corp Tower
Block 346, Road 4626
Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

United Arab Emirates

National Bank of Kuwait SAKP
Dubai Branch
Latifa Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O.Box 9293, Dubai, U.A.E
Tel: +971 4 3161600
Fax: +971 4 3888588

National Bank of Kuwait SAKP
Abu Dhabi Branch
Sheikh Rashed Bin Saeed
Al Maktoom, (Old Airport Road)
P.O.Box 113567, Abu Dhabi, U.A.E
Tel: +971 2 4199 555
Fax: +971 2 2222 477

Saudi Arabia

National Bank of Kuwait SAKP
Jeddah Branch
Al Khalidiah District,
Al Mukmal Tower, Jeddah
P.O Box: 15385 Jeddah 21444
Kingdom of Saudi Arabia
Tel: +966 2 603 6300
Fax: +966 2 603 6318

Jordan

National Bank of Kuwait SAKP
Amman Branch
Shareef Abdul Hamid Sharaf St
P.O. Box 941297, Shmeisani,
Amman 11194, Jordan
Tel: +962 6 580 0400
Fax: +962 6 580 0441

Lebanon

National Bank of Kuwait
(Lebanon) SAL
BAC Building, Justinien Street, Sanayeh
P.O. Box 11-5727, Riad El-Solh
Beirut 1107 2200, Lebanon
Tel: +961 1 759700
Fax: +961 1 747866

Iraq

Credit Bank of Iraq
Street 9, Building 187
Sadoon Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182198/7191944
+964 1 7188406/7171673
Fax: +964 1 7170156

Egypt

National Bank of Kuwait - Egypt
Plot 155, City Center, First Sector
5th Settlement, New Cairo
Egypt
Tel: +20 2 26149300
Fax: +20 2 26133978

United States of America

National Bank of Kuwait SAKP
New York Branch
299 Park Avenue
New York, NY 10171
USA
Tel: +1 212 303 9800
Fax: +1 212 319 8269

United Kingdom

National Bank of Kuwait
(International) Plc
Head Office
13 George Street
London W1U 3QJ
UK
Tel: +44 20 7224 2277
Fax: +44 20 7224 2101

National Bank of Kuwait
(International) Plc
Portman Square Branch
7 Portman Square
London W1H 6NA, UK
Tel: +44 20 7224 2277
Fax: +44 20 7486 3877

France

National Bank of Kuwait
(International) Plc
Paris Branch
90 Avenue des Champs-Elysees
75008 Paris
France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

Singapore

National Bank of Kuwait SAKP
Singapore Branch
9 Raffles Place # 44-01
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

China

National Bank of Kuwait SAKP
Shanghai Representative Office
Suite 1003, 10th Floor, Azia Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait

NBK Capital
38th Floor, Arraya II Building, Block 6
Shuhada'a street, Sharq
PO Box 4950, Safat, 13050
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904 / 5

United Arab Emirates

NBK Capital Limited - UAE
Precinct Building 3, Office 404
Dubai International Financial Center
Sheikh Zayed Road
P.O. Box 506506, Dubai
UAE
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Associates

Turkey

Turkish Bank
Valikonagl CAD. 7
Nisantasi, P.O. Box. 34371
Istanbul, Turkey
Tel: +90 212 373 6373
Fax: +90 212 225 0353