

KFH LOCAL REAL ESTATE REPORT



4th Quarter 2007

K U W A I T

بيت التمويل الكويتي
Kuwait Finance House



KFH LOCAL
REAL ESTATE REPORT

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

Valued Reader,

KFH is so delighted to present to you a new edition of KFH Report on the Local Real Estate Market during the 4th quarter of 2007. 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 business, present these data in an illustrative manner, prepare the real estate performance indicators using a consolidated methodology, and publish these indicators on a regular and periodic basis. Second, to use these data for raising the awareness on the real estate and investment activities in the local market, encourage the developmental role of the local market in the economy, and to help clients and investors take sound, well-informed investment decisions.

In addition to analyzing the local real estate performance, the Report will shed light on 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.



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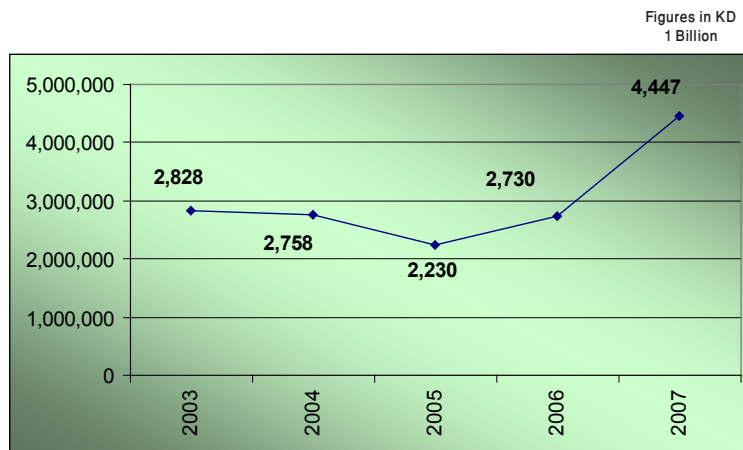
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Total Monthly Real Estate Tradings During 2003 - 2007



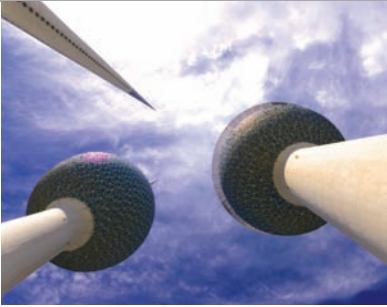
Comparison between the Average Real Estate Rates (Vacant Lands) for 2006 & 2007

First: Investment Real Estate Properties:

Governorate	2006	2007	% of Variation
Kuwait City	1570.4	2557.5	63%
Hawally	752.4	1160.3	54%
Farwaniya	482.2	881.5	83%
Ahmadi	561.8	1044	86%
Al-Jahra	426.2	683.5	60%

Second: Private Housing Real Estate Properties

Governorate	2006	2007	% of Variation
Hawally	485.6	695.5	43%
Farwaniya	281.7	376.3	34%
Mubarak Al-Kabeer	385.5	503.5	31%
Kuwait City	500.9	742.4	48%
Ahmadi	267.8	371.1	39%
Al-Jahra	251.6	272	8%



KFH Local Real Estate Report

Introduction

Real estate market has continued its rising trend during 2007 to reach a record level in the total tradings approaching the KD 4 billion barrier and closing at KD 4.447 billion with an increase of 62.9% compared to 2006, accompanied by the increased tradings during the 4th quarter of 2007 compared to the previous quarter, recording a limited growth rate of 2.4%.

The Real Estate Trading Index swung during the year, as it went down in 2004 after it reached a record rate in 2003, and kept on the same trend till the end of 2005. In 2006, however, there had been a remarkable improvement in the real estate market indices till they reached a new record rise in 2007. In this context, the Report sheds light on the developments of the real estate market during the 4th quarter of 2007 with an overview on last year.

According to the trading indices issued by the Real Estate Registration & Authentication Department at the Ministry of Justice, all trading sectors have witnessed an increase during 2007 compared to 2006. Among all sectors, the Investment Sector is ranked first recording an increase of about 86%, the Private Housing Sector ranked second with an increase of 59%, the Commercial Sector ranked third with a growth rate of 16%, and the Warehouse Sector ranked fourth and last recording an increase rate of 11%.

Total Monthly Real Estate Tradings During 2003 - 2007

Month/ Year	2003	2004	2005	2006	2007
January	206,831	293,390	172,438	160,034	231,878
February	136,625	185,770	153,320	128,457	224,767
March	209,554	346,664	213,045	164,103	364,247
April	284,711	292,374	213,462	254,944	440,997
May	177,478	378,818	248,166	247,278	376,762
June	298,536	196,488	248,527	223,212	372,606
July	277,172	203,014	180,895	329,070	669,454
August	246,372	180,926	194,504	126,250	223,007
September	278,418	149,568	101,220	237,989	311,059
October	254,468	167,298	156,856	249,142	385,984
November	211,562	138,093	177,083	289,741	484,582
December	246,530	226,311	171,344	397,655	362,374
Total	2,828,257	2,758,714	2,230,860	2,807,875	4,447,717

Source: Real Estate Registration & Authentication Department, Ministry of Justice



- Local market is not adversely affected by the US Sup-Prime Mortgage Market Crisis that hit all international markets in 2007; namely, US. This in fact, will encourage the immigration of large amounts of liquidity from the international markets to the local market and increase the liquidity rates that may be directed to the real estate market.

- Inadequate supply of houses, lack of individual initiatives, and inadequate expansion in the building and construction activities, as the total number of buildings in the State of Kuwait has reached 170.3 thousand buildings by the end of June 2007 compared to 167.7 thousand buildings by the end of June 2006 with a growth rate of 1.5%, as reported by the Public Authority for Civil Information (PACI), which does not comply with the demand on houses, taking into consideration the decrease of vacant buildings during the first six month of the year by 12.2%, indicating an increase in the demand on houses leading to subsequent expansion in the construction sector, and namely in the investment real estate properties.

- The increase in the amount of liquidity available by individuals and investors caused by the continuous improvement of the internal surplus in the Kuwaiti economy, where the 2006-2007 balance sheet has shown a real surplus that reached KD 5205.85 million (the 9th real surplus and the 2nd highest ultimate surplus compared to the fiscal year, with an increase in the governmental expenditure on the constructional and industrial projects to reach KD 989.5 million compared to KD 750.5 million in the previous balance sheet with a growth rate of 31.8% This, in fact, will reinvigorate the real estate sector and the private sector and will increase salaries and wages by 15.2% which will certainly lead to a considerable increase in incomes and high demand on real estates.

- The tendency of many investors to shift their cash savings into real investments to protect themselves against any potential price increase, gain profits, and benefit from the ongoing rise in real estate prices.

- The high increase of existing land and real estate properties poses a hindrance before investors who plan to invest in the construction sector, reduces the profitability rate in the real estate investment, and drive investors to pump their investments in other investment channels such as banking deposits.

Noteworthy is that prices are going to move steadily during the 4th quarter of 2007, after they have peaked during the last quarter of 2006 and the 1st and 3rd quarters of 2007.

Real Estate Trading Indices

On the overall real estate market, the trading indices issued by the Real Estate Registration & Authentication Department at the Ministry of Justice during the 4th quarter of 2007 have witness an increase of KD 29.420 million with a growth rate of 2.4% compared to KD 1.203 billion in the 3rd quarter of 2007.



Third: Commercial Real Estate Properties

Governorate	2006	2007	% of Variation
Kuwait City	6861	7809	14%
Hawally	2275	3575	57%
Farwaniya	1130	2114	87%
Al-Jahra	1672	2655	59%
Ahmadi	1985	2848	43%

The Economic Development & the Real Estate Market

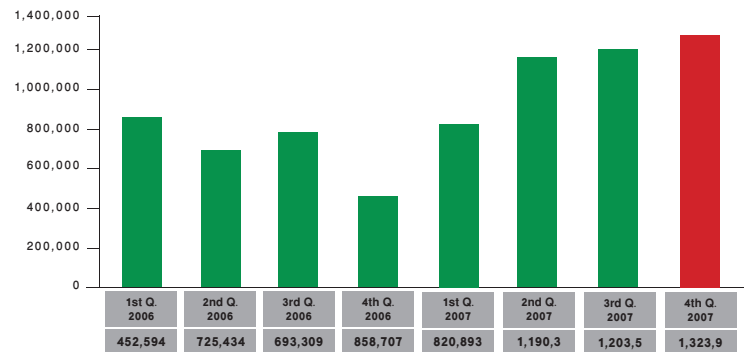
The positive state of the local economy during 2007 has positively affected the real estate market; increasing the trading indices and real estate rates in the local market. This is due to the following factors:

- Record increase in the oil prices. having reached an average annual rate of \$17 per barrel in 1999, \$ 28 in 2003, and \$ 36 in 2004, the average rate of an oil barrel has exceeded \$ 90 per barrel in 2007. Much rise is forecasted during the coming period, given that prices are linked to the increasing developmental requirements of energy worldwide; namely, India and China.
- The global increase in oil prices and the increased rates of oil production have led to an improvement in the economic conditions over the last years. 2007 is expected to witness record growth rates that will far exceed the rates recorded during the last four years, noting that the GDP has reached \$ 103.4 billion in 2007 driven by the average growth rate of 10.6% during 2002-2006 which is believed to be the highest compared to growth rate to the achieved during the period that preceded the record increase in oil prices. It is believed that the high economic growth gives rise to an increase in investments and developmental projects.
- The increase in the annual population growth rates in the State of Kuwait by 9.12%, so that the demographic census has been roughly 3.328 capita during the 1H 2007, reflecting the increasing demand on real estates caused by population structure that is mostly made up of youth who are in pursuit of appropriate housing.
- The improved performance and profitability of Kuwait Stock Exchange (KSE) that is reflected upon the growing wealth of the real estate stakeholders. The Market Price Index is raised by 24.75% and tradings closed at 12558.9 points on 31/12/2007 with an increase of 2491.5 points compared to the closing on 31/12/2006.
- The prudent policy of Central Bank of Kuwait (CBK) to un-peg the Kuwaiti Dinar from the US Dollar, after Kuwait has witnessed the highest inflation rate during the last five years peaking to 7.2% during 2007. However, the stable real estate rates may cause a decrease in the inflation rate during the coming year.

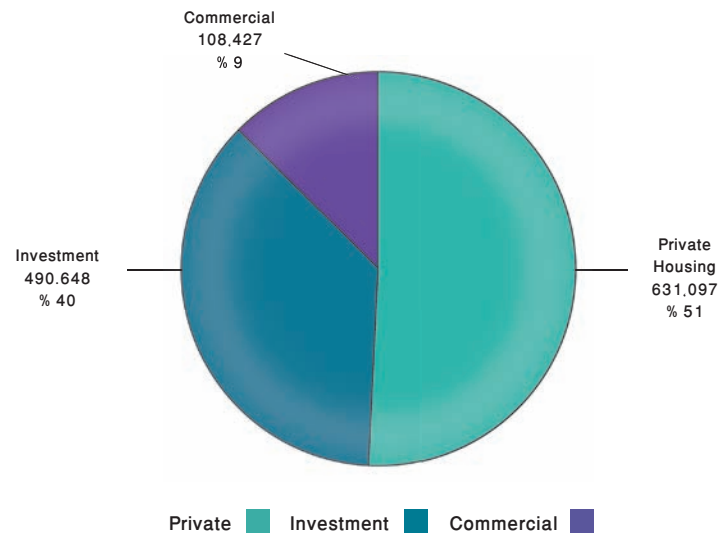
KFH Local Real Estate Report



in the 3rd quarter of 2007. The decreased average transaction value is interpreted by the decreased number and high value of commercial transactions caused by the scarcity of the commercial real estates, their record prices, scarcity of supply 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, the increased level of family consumption caused by the increase in salaries and wages of certain tiers and segments of the Kuwaiti society, the expected salary increases in 2008, and the openness of the local commercial market on the international products that are in search for markets where they will be marketed.



Total Real Estate Trading 2006 & Total Q1, Q2, Q3, Q4 Real Estate Trading 2007 (million KD)



Total 4th Real Estate Quarter Trading 2007 (million KD)



Private Housing Real Estate Transactions

The real estate private housing transactions have accounted for 51% of the total real estate tradings amounting to KD 4.447 billion. Private housing transactions have recorded KD 631.1 million during the 4th quarter of 2007, and the private housing tradings have been increased by 10.26% compared to the 3rd quarter of 2007, as the number of private housing transactions has been reduced to 2659 transactions than the 4th quarter of 2007 compared to 2715 transactions in the 3rd quarter of 2007. Average transaction value has been increased to KD 238 thousand compared to 211 thousand during the 3rd quarter of 2007, due to the decrease in the number of transactions by 2% coincided with the high prices of private houses in certain areas. November 2007 has recorded the highest trading rate which accounted for 36%, equal to KD 227.186 million, of the total private housing tradings totaled 631.097 million during the 4th quarter of 2007. December 2007 ranked second recording KD 210.127 with 33%, and October 2007 came last with 193.784 million with 31% out of the total private housing tradings.

Investment Real Estate Transactions

Total real estate investment tradings have increased during the 4th quarter of 2007 to account for KD 490.648 million compared to KD 478.005 million during the 3rd quarter of 2007 with a modest increase of 2.6%. November 2007 came first in terms of the volume of tradings made during the 4th quarter of 2007 recording KD 219.647 million, December came second recording KD 122.767 million, and October came third recording KD 148.207 million.

This modest increase in the real estate investment tradings reflects the constant activity in the market marked by the lower evacuation rates and high rentals, despite the relatively low growth in the prices of investment houses compared to the last year taking into consideration the increased demand on certain privileged areas and real estates for the purpose of gaining higher profits driven by the limited profit margins in the real estate investment sector caused by the increased prices of real estates and construction materials.

Commercial Real Estate Transactions

Total real estate commercial tradings have been reduced dramatically during the 4th quarter of 2007 due to scarcity of supply, as tradings have been decreased by 29.2% recording KD 108.427 million compared to KD 153.162 million in the 3rd quarter of 2007 making up 9% of the total tradings on account of the private housing transactions reaching 51% and the real estate investment transactions reaching 40%. October came first reaching KD 42.305 million, November second with 36.642 million, and December third with KD 29.480 million, and the average transaction valued KD 2.357 million during the 4th quarter of 2007 compared to KD 2.945 million

KFH Local Real Estate Report



Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Abdullah Al-Salem	750	565,000	1,100,000	753	1467	1110
Shuwaikh Residential	1,000	1,200,000	2,000,000	1200	2000	1,600
Al-Edailia	750	450,000	800,000	600	1,067	833.3
Quortoba	500	280,000	385,000	560	770	665
Al-Faiha	500	320,000	500,000	640	1000	820
Al-Shamiya	750	500,000	850,000	667	1133	900
Al-Surra	500	280,000	385,000	560	770	665
Al-Mansouriya	1000	450,000	800,000	450	800	625
Al-Qadesiya	750	400,000	600,000	533	800	666.7
Al-Dasma	750	365,000	475,000	487	633	560
Keifan	500	310,000	450,000	620	900	760
Keifan	750	400,000	680,000	533	907	720
Al-Nosha	1000	500,000	1,000,000	500	1000	750
Al-Nosha	750	450,000	800,000	600	1067	833
Al-Nosha	500	380,000	530,000	760	1060	910
Al-Yarmouk	500	320,000	420,000	640	840	740
Al-Yarmouk	750	450,000	600,000	600	800	700

Mubarak Al Kabeer Governorate has recorded an average KD 503 per square meter during the 4th quarter of 2007 with an increase rate of 1.6% compared to the previous quarter. However, certain areas have had a high trading rate and a continued price increase such as Abo-Al Hasainiya, Sabah Al-Salem, and Mubarak Al-Kabeer. Rates of Abo Fateera and Funaitees have stabled after they have had a successive, clear price increases during the year that gave rise to an average price increase in Mubarak Al-Kabeer exceeding 30% on average.



Price indicators

1. Prices of Private Housing Land

Prices of private houses have stabled during the 4th quarter of 2007 compared to their previous rates in the 3rd quarter of 2007. The modest price increase prevailed at the majority of governorates during the 4th quarter of 2007 has not been equal to the increase in prices throughout the year; as the year 2007 has witnessed a successive price increases; especially at certain areas that have had an increasing demand due to the increasing demand on the residential real estates and the endeavors of speculators to increase prices of certain areas in spite of the State's efforts to put an end to the price increases and speculations through the initiation of work in two new residential cities, reinvigoration and amendment of certain laws and regulations with the aim to limit speculations in the private housing, and offering certain plots for residents in Kheitan, Al-Nasim, and Abo-Halifa with affordable prices according to the priority of the residential applications. These measures are expected to minimize the number of pending and accumulating applications since 1991, increase salaries, generate gains from the stock exchange sector, and increase the wealth stockholders for improving the performance of this sector and maximizing the profits of the majority of companies listed in the KSE during 2007. The real problem is best interpreted by the scarcity of lands designated for private housing and the lack of joint initiatives between the public sector and the private sector for solving the problem.

KFH price indices have recorded the highest price increase for residential lands in Kuwait city during the 4th quarter of 2007, as the average rate per square meter has reached KD 742 recording a 6% increase compared to the previous quarter.

Al-Shuwaikh Residential area and Abdullah Al-Salem have maintained the highest rates in the Kuwait Governorate, where the rate of a square meter in the prime locations has reached KD 2000.

Al-Dasma, Quortoba, Al-Mansouriya, Al-Qadessiya, and Al-Khalidiya have recorded a growth rate of 12%, in addition to the price increase in Al-Faiha', Keifan, Al-Nosha, and the remaining areas of the Kuwait Governorate.

KFH Local Real Estate Report



Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Al-Rabiya	500	175,000	230,000	350	460	405
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	190,000	230,000	317	383	350
Subah Al Nasser	600	150,000	200,000	250	333	291.7
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

Average price per each square meter in Al-Ahmadi Governorate has reached KD 371, as Kheiran Residential Area (Vacant Lands) has recorded the highest rate achieving a growth rate of 13% as the price peaked from KD 138 to 188 per square meter, in order to take advantage of Loaloat Al-Kheiran Project. Al-Ahmady has witnessed an average increase by 38% driven by the price increases that reached 85% in Al-Aqila, 64% in the Coastal Strip, and 97% in Al-Kheiran Residential Area.

Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Hadeyya	750	175,000	300,000	233	400	316.7
Residential Kheiran	400	55,000	75,000	138	188	162.5
Al Subahia (block 2)	750	150,000	200,000	200	266.7	233.3
Al Aqeela	400	150,000	230,000	375	575	475



KFH Local Real Estate Report

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	135,000	180,000	338	450	393.8
Al Adan (government house)	400	100,000	135,000	250	338	293.8
Mubarak Al Kabeer (plots)	400	150,000	200,000	375	500	437.5
Al Messila (east Qurain)	400	175,000	230,000	438	575	506.3
Al Funaitees (east Qurain)	400	160,000	215,000	400	538	468.8
Al Qurain (government house)	400	100,000	135,000	250	338	293.8

Farwania Governorate has recorded an average rate of KD 377 per square meter, while the trading rates in the majority of areas of Al-Farwaniya have stabled during the 4th quarter of 2007; especially in Ashbe-liah, Khaitan, and Farwaniya where prices increased over 50% throughout the year, as the rate per square meter has reached KD 575 for prime locations and increased to KD 380 for ordinary plots compared to KD 340 per square meter during the 3rd quarter of 2007.



Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Al Naeem (plots)	400	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

Prices of investment real estates have been relatively steady during the 4th quarter of 2007 following the successive, excess price increases made during the 4th quarter of 2006 and the 1st and 3rd quarters of 2007, in an attempt to take advantage of the real estate breakthrough which has decreased the investment real estate profits and driven certain investors to search for alternative channels such as the banking deposits interest rates.

Market makers are also playing a major role for reinvigorating the buying and selling transactions through directing their investments to the offering and construction of new investment units or speculation on the existing units.

Noteworthy is that no considerable price variance is observed between the different governorates, noting that Kuwait Governorate has recorded a price increase equal to 4.6% with an average price rate of KD 2557.5 per square meter, and KD 5249.6 for Dasman. This, in fact, includes the areas overlooking the sea that are ranging from KD 5000 to KD 5500 per each square meter based on the length of the facade, and the internal areas whose rates are ranging from KD 2500 to 3000. The increasing demand on such areas is due to the fact that a resolution turning this area into an investment area including office spaces is expected by certain investors.



KFH Local Real Estate Report

Average price rate per each square meter of land in Hawally has soared to KD 695 achieving a growth rate of 8.2% in average. Bayan areas (Bayan, Jabriya, Rumaithiya, Salwa) have increased by 30% compared to the 3rd quarter of 2007, the price rate per each one square meter in the areas overlooking the coastal strip have reached KD 2800 in average.

Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Al Sha'ab	400	250,000	300,000	625	750	687.5
Al Jabria	750	265,000	360,000	353	480	416.7
Al Rumaithia	750	255,000	350,000	340	467	403.3
Bayan	500	200,000	260,000	400	520	460
Salwa	750	260,000	330,000	347	440	393.3
Salwa	500	185,000	250,000	370	500	435
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	270,000	525	675	600
Mubarak Al Abdullah	400	220,000	275,000	550	688	618.8
Al Salam	400	210,000	260,000	525	650	587.5

The average price rate of each square meter of land in Al-Jahra Governorate has reached KD 272, and Al-Jahara area has witnessed a steady demand on the private housing, with Al-Qasr has reported the highest average price rate per each square meter reaching 5.9%.

KFH Local Real Estate Report



Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Hawally (Muthanna St.)	750	720,000	820,000	960	1,093	1026.5
Hawally (Quotaiba St.)	750	720,000	840,000	960	1,120	1,040
Hawally (Mosa Ibn Al-Nuseir St.)	1,000	830,000	960,000	830	960	895
Hawally (Cairo St.)	1,000	830,000	970,000	830	970	900
Hawally (Al-Maghrib Al-Saree St.)	1,000	830,000	960,000	830	960	895
Hawally (4th Ring Road)	1,000	830,000	980,000	830	980	905
Salmiya (Internal Streets)	500	430,000	550,000	860	1,100	980
Salmiya (Arab Gulf , Al-Beda, Al-Shab Sea Side)	1,000	2,650,000	3,300,000	2,650	3,300	2,975
Salmiya (Baghdad St.)	1,000	1,000,000	1,200,000	1,000	1,200	1,100
Salmiya (Qatar St.)	1,000	950,000	1,300,000	950	1,300	1,125
Salmiya (Hamad Al-Mubarak St.)	1,000	950,000	1,250,000	950	1,250	1,100

Farwaniya Governorate has recorded the highest price rates reaching 6% with an average price rate of KD 881.5 per square meter.



KFH Local Real Estate Report

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	3,300	2,975
Bneid Al Gar (internal streets)	1,000	950,000	1,300,000	950	1,300	1,125
Bneid Al Gar (Istiqlaal Road)	1,000	1,350,000	1,700,000	1,350	1,700	1,575
The east Mukwa'a (construction rate 400)	500	1,250,000	1,700,000	2,500	3,400	2,950
The east Mukwa'a (construction rate 240%)	250	350,000	410,000	1,400	1,640	1,520
Dasman (400%)	1,000	5,000,000	5,500,000	5,000	5,500	5,250

Hawally Governorate has witnessed an increase of 1.7%, while there has been a price increase variance between the different areas of Hawally as Al-Salmiya and Sha'b have recorded the highest price rates, with an increase rate of 9% for the areas overlooking the sea. Al-Ahmadi has recorded an increase rate of 14% with an average price rate equal to KD 1044. Average price rate per each square meter in the areas overlooking the sea ranges between KD 1500 to 1800, while Al-Jahra area has recorded an increase of 11%.

KFH Local Real Estate Report



Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Kuwait City (A. Al-Jaber)	520%	500	4,750,000	6,000,000	9,500	12,000
Kuwait City (Mubarak Al-Kabeer)	620%	500	5,000,000	5,500,000	10,000	11,000
Kuwait City (Fahad Al-Salem)	620%	500	5,250,000	6,000,000	10,500	12,000
Kuwait City (Ali Al-Salem)	300%	500	2,200,000	3,000,000	4,400	6,000
Kuwait City (Ali Al-Salem)	520%	500	4,000,000	4,500,000	8,000	9,000
Kuwait City (Mubarkya Souk)	620%	500	5,250,000	6,000,000	10,500	12,000
Kuwait City (Gharabally)	300%	500	2,200,000	3,000,000	4,400	6,000
Al-Mustaqbal City (Free Zone)	520%	500	4,000,000	4,500,000	8,000	9,000

Al-Jahara has recorded a price increase by 0.9% compared to the 3rd quarter of 2007, as the commercial and administrative areas have touched a noticeable trading and price increase approaching 7% in 2007 as compared to 2006.

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	2,500	3,000	2,750
Al Jahra commercial and administrative centre	300%	875	2,500,000	2,700,000	2,857	3,086	2,971
Al Jahra Qaisariat	300%	225	450,000	560,000	2,000	2,489	2,244



KFH Local Real Estate Report

Area	M2	Value (In KD)		Price per M2 (In KD)		Average 3rd Quarter 2007 (In KD)
		From	To	From	To	
Farwaniya (Airport St.)	1,000	930,000	1,050	930	1,050	990
Farwaniya (Main Streets)	1,000	800,000	950,000	800	950	875
Farwaniya (Internal Streets)	1,000	700,000	800,000	700	800	750
Farwaniya (Internal Streets)	750	550,000	700,000	733	933	833
Khaitan (Airport St.)	750	750,000	800,000	1,000	1,067	1,033.5
Khaitan (Main St.)	750	680,000	750,000	907	1,000	953.5
Al-Rejaj (4th Ring Road)	750	620,000	720,000	827	960	893.5
Al-Rejaj (5th Ring Road)	750	620,000	720,000	827	960	893.5

3. The Prices of Commercial Real Estate

Scarcity of supply and increasing demand on commercial lands; especially within the Kuwait City, have been pushing prices to increase so as to take advantage of the potential rise in the built area and the higher heights that may be as tall as one hundred stories, given that the investors have been encouraged to expand their activities due to the noticeable economic growth and the higher consumer expenditure increasing the demand on the commercial areas in addition to the emergence of buying patterns and behaviors that make it necessary for increasing the number of the shopping centers and the quest for commercial buildings in areas outside the Kuwait City such as Fahaheel, Farwaniya, Al-Jahra, Hawally, and Mubarak Al-Kabeer.

Price rates of commercial real estates have been increasing remarkably during the 4th quarter of 2007 ranging from 1% to 8% according to each area as compared to the 3rd quarter of 2007 when the average price rate per square meter has reached 6000 inside the Kuwait City. Trading rates inside the Kuwait City ranged from KD 4000 to 12000 per square meter, due to the scarcity of this type of lands, the increased demand by local companies, and the emergence of foreign companies looking for high quality buildings as they tend to rent whole buildings immediately after the completion of such buildings; thus, pushing up the prices and rentals of real estates.



4. Prices of Industrial Plots (Usufruct & Warehousing Contracts):

Industrial plots have recorded a noticeable increase ranging between 5 - 23% during the 4th quarter of 2007 as compared to the 2nd quarter of 2007, and Showeikh Industrial area and Raii have also recorded an average increase rate equal to 15%. Demand has increased on the Avenues nearby plots and the adjacent main streets.

5. Prices of Farms and Pales:

Price rates of farms have been subject to an increase ranging during the 4th quarter of 2007 as the average square meter ranged between KD 3 to 5 for Al-Wafra farms and KD 1.2 to 2 for Al-Abdally farms as compared to the 3rd quarter of 2007 when the prices of pales on 2500 m2 have ranged between KD 65,000 to 80,000 for the built and equipped pale, between KD 40,000 to 45,000 for unequipped pales on the same area of land, and between KD 35,000 to 40,000 for built and equipped pales on 1250 m2 and KD 18,000 to 24,000 for unequipped pales. Price rates of pales at Rajm Khashman have ranged between KD 30,000 to 42,000 for equipped pales, and 25,000 to 30,000 for unequipped pales at Al-Ahmadi Equestrian.

6. Prices of Chalets:

Prices of chalets have stabled during the 4th quarter of 2007, and prices of chalets are identified in the table below:

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	125,000	155,000	8,333	10,333	9,333
Al-Dabaeiah	15	125,000	155,000	8,333	10,333	9,333
Al-Gulaiah	15	195,000	225,000	13,000	15,000	14,000
Bneider	15	255,000	300,000	17,000	20,000	18,500
Al-Khairan	15	120,000	135,000	8,000	9,000	8,500
Al-Nuwiseeb	15	110,000	125,000	7,333	8,333	7,833



KFH Local Real Estate Report

Hawally Governorate has had an increase rate equal to 8%, with Salem Al-Mubarak came first recording the highest price increase ranging between KD 4500 to 5000 in 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	4,500,000	5,000,000	4,500	5,000	4,750
Salmiya Al Bahrain St	180	500	1,400,000	1,550,000	2,800	3,100	2,950
Hawally Tunis St	170	1,000	3,800,000	4,200,000	3,800	4,200	4,000
Hawally Beirut St	170	1,000	3,800,000	4,000,000	3,500	4,000	4,000
Hawally Al Othman St	150	1,000	2,950,000	3,500,000	2,950	3,500	3,225

Farwaniya Governorate has recorded the highest price increase by 8.5%, noting that Al-Menawer St. has come first as the average price rate per each square meter has reached KD 4950.

The ongoing price increase in Al-Dhajij, south of Kheitan, is noteworthy due to the increasing demand by certain companies, scarcity of vacant land at Old Al-Dhajij area located behind the airport, and the price increase there as the average price rate per each square meter has reached KD 650-750.

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	4,800,000	5,100,000	4,800	5,100	4,950
Al Farwaniya Al Qahtany St	170	1,000	3,500,000	4,000,000	3,500	4,000	3,750
Kheitan	170	1,000	3,000,000	3,500,000	3,000	3,500	3,250
Al Dajeej (5000m) south Kheitan	250	5,000	3,250,000	3,750,000	650	750	700



9. 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 165-220 for apartments 1 b/r and a hall, KD 210-260 for apartments with 2 b/r and a hall, KD 220-300 for apartments with 2 b/r, a hall, 2 bathrooms, a maid room, and 300-400 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 square meter in commercial ground floors is ranged between KD 25-35 and may reach KD 45 for prime locations. Average rental rate for each square meter in offices is ranged between KD 10-14 for the different areas in Kuwait and approaches KD 18 or above in Kuwait City according to the location and type of finishing. New type of offices has appeared; offices on turn-key, furnished, equipped with all technologies, options, and secretaries for use on short-term basis; especially by foreign companies that rent such offices for intermittent intervals. Average rental rate per each square meter ranges between KD 16-18 and above.



7. Craftsman Plots:

Prices of the craftsman plots at Al-Arediya have kept on increasing above the rates recognized during the 2nd quarter of 2007 to reach 11% for the 4th quarter of 2007 so that prices ranged between KD 360,000 to 450,000 for plots totaling 250 m2. Preference of these plots is due to the fact that ownership is authenticated under title deeds unlike usufruct or leasing contracts.

8. Prices of Freehold Apartments:

Ongoing demand on freehold apartments has been made by certain classes of the society, and finishing ranged between ordinary and super deluxe. Average price rates for freehold apartments have been increased during the 4th quarter of 2007 compared to the 3rd quarter of 2007 to range between KD 380 to 600 per square meter of the apartment according to what has been set forth in the title deed. Demand on freehold apartments has been noticeably increased in Al-Ahmadi Governorate due to the relative decrease in value of the investment lands as compared to the internal area.

Worth noting is that the average price rate for each square meter of the apartments directly overlooking the sea (Arab Gulf St.,) has been increased to range between KD 935 to 1220 with basement designated for car parking. It is not amazing that price rate of each apartment rises according to the floor where the 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 flat 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 for newly-married residents, small investors, women in particular, and the old-aged people whose sons have married and the family house has become too big for them to live in.

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.





**Mean Rental Value of Commercial Real Estate
Properties in the areas of Kuwait during the 4th Q of 2007**

Area	Basement (Average Rental Rate per each Square Meter)	Ground (Average Rental Rate per each Square Meter)	Mezzanine (Average Rental Rate per each Square Meter)	Offices (Average Rental Rate per each Square Meter)
Salmiya	18 - 25	30 - 45	22 - 25	8 - 10
Hawally	16 - 20	25 - 35	18 - 22	8 - 9
Farwaniya	18 - 22	40	22	8.5
Kheitan	16 - 18	25 - 30	18 - 20	8 - 8.5
Al-Manqaf	14	25	15	--
Kuwait City	15	25	18	10 - 14

It should be noted that this Report monitors the general trends of trading in the real estate market in the State of Kuwait. However, to provide a fair evaluation for each real estate, Evaluation & Studies Section (ESS) at KFH tends to value each real estate property, its specific characteristics, rental value, and returns separately so that ESS can approve a certain recommendation and fair valuation for each real estate property.



KFH Local Real Estate Report

Mean Rental Value of Investment Real Estates in Governorates of Kuwait, 4th Q of 2007

Governorate	Area	1 room-reception (48 - 50) m ²	2 bedrooms-reception-bathroom (60 - 80) m ²	2 bedroom-reception-2 bathrooms (70 -74) m ²	2 bedroom-2 bathroom-maidroom (80 - 85) m ²	3 bedroom-reception-maid (100 - 110) m ²
Hawally	Salmiya	175 - 180	210 - 220	220 - 240	240 - 260	320 - 340
	Hawally	170	200 - 220	210 - 220	240 - 260	300 - 325
	Jabriya	175 - 180	210 - 220	220 - 240	240 - 250	320 - 340
	Sha'ab	200	225 - 240	260 - 280	280 - 300	340 - 380
	Sha'ab Sea side	220 - 225	260	280 - 300	300	350 - 400
Capital	Sharq	220 - 225	250 - 260	280 - 300	300 - 340	350 - 400
	Qebila	210 - 225	240 - 250	260 - 300	280 - 320	320 - 350
	East Mukawwa	200 - 220	240 - 250	260 - 300	280 - 320	340
	Dasman	200 - 220	240 - 250	260 - 320	320 - 340	350 - 400
	Bneid Al Gar	200	250	260 - 320	300 - 320	340 - 400
Farwaniya	Kheitan	160	180 - 200	200 - 210	225 - 240	250 - 280
	Farwaniya	160	180 - 200	200 - 210	225 - 240	260 - 280
	Reggae	160	180 - 200	200 - 210	220 - 225	250
Ahmadi	Fintas	160	180	200	220 - 225	240 - 260
	Mahboula	160	180	200	220 - 225	250 - 260
	Abo Halifa	160	180	200	220 - 225	240 - 260
	Mangaf	160	180	200	220 - 225	240 - 260
	Fahaheel	170	180 - 200	200 - 210	220 - 240	250 - 280
Jahra	Jahra	150	180 - 200	200 - 220	230 - 240	240 - 260

Rental Values included in the study cover the internal real estate properties according to an accepted level of 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), and type of lessor.

Leasing of the 1st floor in each real estate property designated for the exercise of commercial activities is allowed, in addition to the possibility of leasing the remaining floors to be designated for engineering consultancy offices or attorney at law firms is allowed under special conditions.

Rental values subject of the study cover the newly-finished real estate properties during the 4Q of 2007.

KFH LOCAL REAL ESTATE REPORT

4th Quarter 2007 - K U W A I T