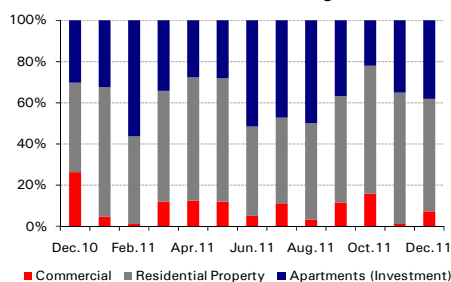


25 January 2012

Chart 1: Share of Real Estate Segments



Real Estate Activity

2011 total sales up 35% for the year.

Bassel Zinaty, Assistant Economist, +965 2259 5358, basselzinaty@nbk.com

- Sales finally returned to strong levels in 2011. **Total real estate sales for 2011** were KD 2.7 billion, a 35% increase from 2010. Residential sales accounted for 54% of total, while the investment sector took 37%, with the commercial sector rounding off the sum with 9%. This is similar to 2010 where sector shares were 55%, 33%, and 12% respectively. 2011 also saw an 11% increase in **total number of transactions**, with most of the increase coming from residential property transactions

- In 2011, the rise in sales was led by the investment sector which gained 52%, followed by the residential sector up 32%. Not surprisingly, sales in the commercial sector underperformed gaining only 3%.

- Sales activity** in the real estate sector totaled KD 161 million in December, a drop of 32% year-on-year (y/y). Activity seems to have slowed down in the last month of 2011, but it is expected to pick up again in the months to come.

- Residential sector sales** were KD 87.5 million for December, a 15.1% y/y decrease. This drop did not come from decreased activity in the sector, but from a smaller average transaction size, which dropped 17.7% y/y. This was due to transactions being skewed toward land plots that month (finished homes are pricier than land plots). Overall, this sector has done well in 2011 and should continue to do so.

- The investment sector** (mainly apartments and buildings intended for rental), saw KD 61.3 million in transactions for December. This was a 14% y/y drop. The decline stemmed from a decrease in the number of transactions, which dropped 13% y/y. This slow down is likely temporary and activity in the sector should pick up in the months ahead, as investor interest remains high.

- The commercial sector** witnessed 4 transactions in December totaling KD 12 million, compared to a monthly average of KD 20.5 million in 2011. This sector is usually volatile, due to the low number of monthly transactions and the large variation in the size of the properties involved.

- The Savings and Credit Bank (SCB)** disbursed loans totaling KD 10.1 million in December, almost unchanged y/y. Of these loans, half went into financing new houses constructions while 31% were used to purchase existing homes. Additionally, 264 loans were approved by the SCB, for a total of KD 12.2 million (+90% y/y). **Total loans approved by the SCB in 2011** were KD 117.6 million, a 26% y/y increase. This further points to the health of the residential sector.

- December saw the slowdown in activity continue over from the previous month, despite a generally healthy year for the real estate sector. Good demand in the biggest two real estate sectors should allow activity to pick up again in 2012.

Chart 2: Residential real estate

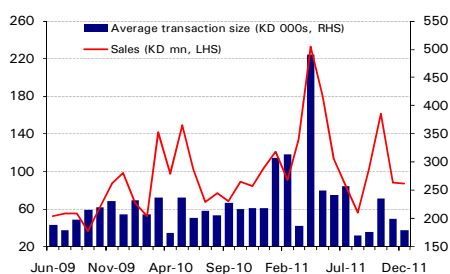


Chart 3: Investment real estate (Apt/Bldg)

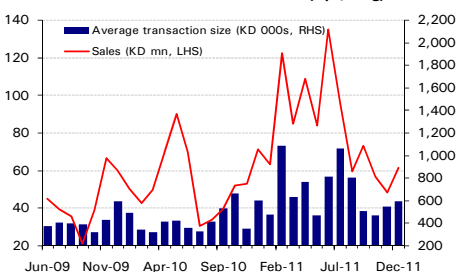
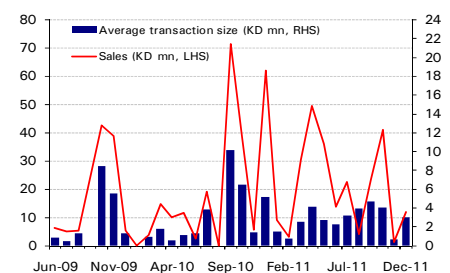


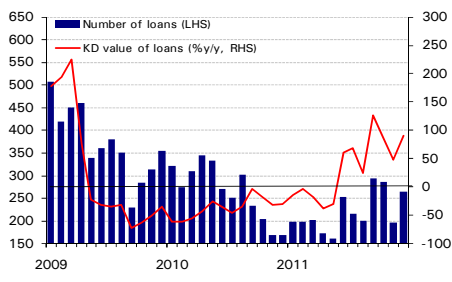
Chart 4: Commercial real estate



NBK Economic Research

Abdullah Al-Ahmed Street, P.O Box 95,
Safat 13001,
Kuwait City, Kuwait
Tel: +965 2259 5500
Fax: +965 2224 6973
www.nbk.com

Chart 5: SCB loan approvals



Real Estate Sales & SCB Housing Loans

Real Estate Sales	Monthly Average 2009	Monthly Average 2010	Oct 2011	Nov 2011	Dec 2011	% m/m	% y/y
Sales Values (mn KD)	108.7	166.1	259.1	137.6	160.8	16.8	-32.0
Residential Property	55.5	91.7	161.3	87.8	87.5	-0.4	-15.1
Apartments	36.9	54.4	56.9	48.4	61.3	26.7	-14.0
Commercial	16.3	20.0	40.9	1.4	12.0	745.3	-80.7
Number of Transactions	382	561	816	531	593	12	-1
Residential Property	277	425	685	440	486	10	3
Apartments	100	130	121	89	103	16	-13
Commercial	6	6	10	2	4	100	-67
Average Transaction Size (000 KD)	281.2	302.2	317.5	259.2	271.2	4.6	-31.1
Residential Property	199.3	215.8	235.5	199.5	180.0	-9.8	-17.7
Apartments	373.3	437.4	470.2	544.2	595.6	9.4	-1.4
Commercial	2880.6	3295.2	4090.4	710.0	3000.8	322.6	-42.0
SCB Housing Loans	Monthly Average 2009	Monthly Average 2010	Oct 2011	Nov 2011	Dec 2011	% m/m	% y/y
Value of Approved Loans (mn KD)	13.5	7.8	12.8	9.3	12.2	30.6	90.4
New Construction	8.0	2.3	7.0	5.3	6.7	26.8	232.2
Purchase of Existing Homes	3.9	3.9	3.5	2.4	3.2	31.2	6.2
Additions & Renovations	1.6	1.6	2.4	1.6	2.3	42.0	66.8
Number of Approved Loans	371	265	286	197	264	34.0	56.2
New Construction	126	44	107	77	99	28.6	175.0
Purchase of Existing Homes	77	83	69	48	59	22.9	-3.3
Additions & Renovations	167	138	110	72	106	47.2	47.2
Value of Disbursed Loans (mn KD)	12.8	11.4	8.6	7.1	10.1	43.4	-0.2
New Construction	7.8	5.9	4.9	3.7	5.0	35.6	-4.1
Purchase of Existing Homes	3.3	3.7	2.1	2.2	3.2	45.1	-1.4
Additions & Renovations	1.6	1.7	1.6	1.2	1.9	64.9	13.8

Source: Ministry of Justice and Savings and Credit Bank



Head Office

Kuwait

National Bank of Kuwait SAK
Abdullah Al-Ahmed Street
P.O. Box 95, Safat 13001
Kuwait City
Tel: +965 2242 2011
Fax: +965 2243 1888
Telex: 22043-22451 NATBANK
www.nbk.com

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Tel: (965) 2259 5500
Fax: (965) 2224 6973
Email: econ@nbk.com

International Network

Bahrain

National Bank of Kuwait SAK Bahrain 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 582297

National Bank of Kuwait
Bahrain Branch (H.O)
GB Corp Tower
Block 346, Road 4626
Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: + 973 17 155 555
Fax: + 975 17 582297

United Arab Emirates

National Bank of Kuwait SAK Dubai Branch
Sheikh Rashed Road, Port Saeed
Area, ACICO Business Park
P.O. Box 88867, Dubai, UAE
Tel: +971 4 2929 222
Fax: +971 4 2943 337

Saudi Arabia

National Bank of Kuwait SAK 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 6364

Jordan

National Bank of Kuwait SAK Amman Branch
Shareef Abdul Hamid Sharaf St
P.O. Box 941297, Shmeisani,
Amman 11194, Jordan
Tel: +962 6 560 8800
Fax: +962 6 560 8811

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 178
Sadoon Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182198/7191944
+964 1 7188406/7171673
Fax: +964 1 7170156

Egypt

Al Watany Bank of Egypt
13 Al Thamar Street
Gameat Al Dowal AlArabia
Fouad Mohie El Din Square
Mohandessin, Giza, Egypt
Tel: +20 2 33388816/33388817
Fax: +20 2 33379302

United States of America

National Bank of Kuwait SAK 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 SAK Singapore Branch
9 Raffles Place #24-01/02
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

Vietnam

National Bank of Kuwait SAK Vietnam Representative Office
Room 2006, Sun Wah Tower
115 Nguyen Hue Blvd, District 1
Ho Chi Minh City
Vietnam
Tel: +84 8 3827 8008
Fax: +84 8 3827 8009

China

National Bank of Kuwait SAK Shanghai Representative Office
Suite 1003, 10th Floor, Azia Center
133 Yin Cheng Bei Road, Lujiazui
Shanghai 200120
China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait

Watani Investment Company KSC (c)
38th Floor, Arraya II Building
Shuhada'a street, Sharq
PO Box 4950, Safat, 13050
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904

United Arab Emirates

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

Turkey

NBK Capital
Arastima ve Musavirlik AS
SUN Plaza, 30th Floor
Dereboyu Sk. No.24
Maslak 34398, Istanbul
Turkey
Tel: +90 212 276 5400
Fax: +90 212 276 5401

Associates

Qatar

International Bank of Qatar (QSC)
Suhaib bin Hamad Street
P.O. Box 2001
Doha, Qatar
Tel: +974 4447 3700
Fax: +974 4447 3710

Turkey

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