Century 21 Saudi Arabia

RIYADH
Real Estate
Market Overview

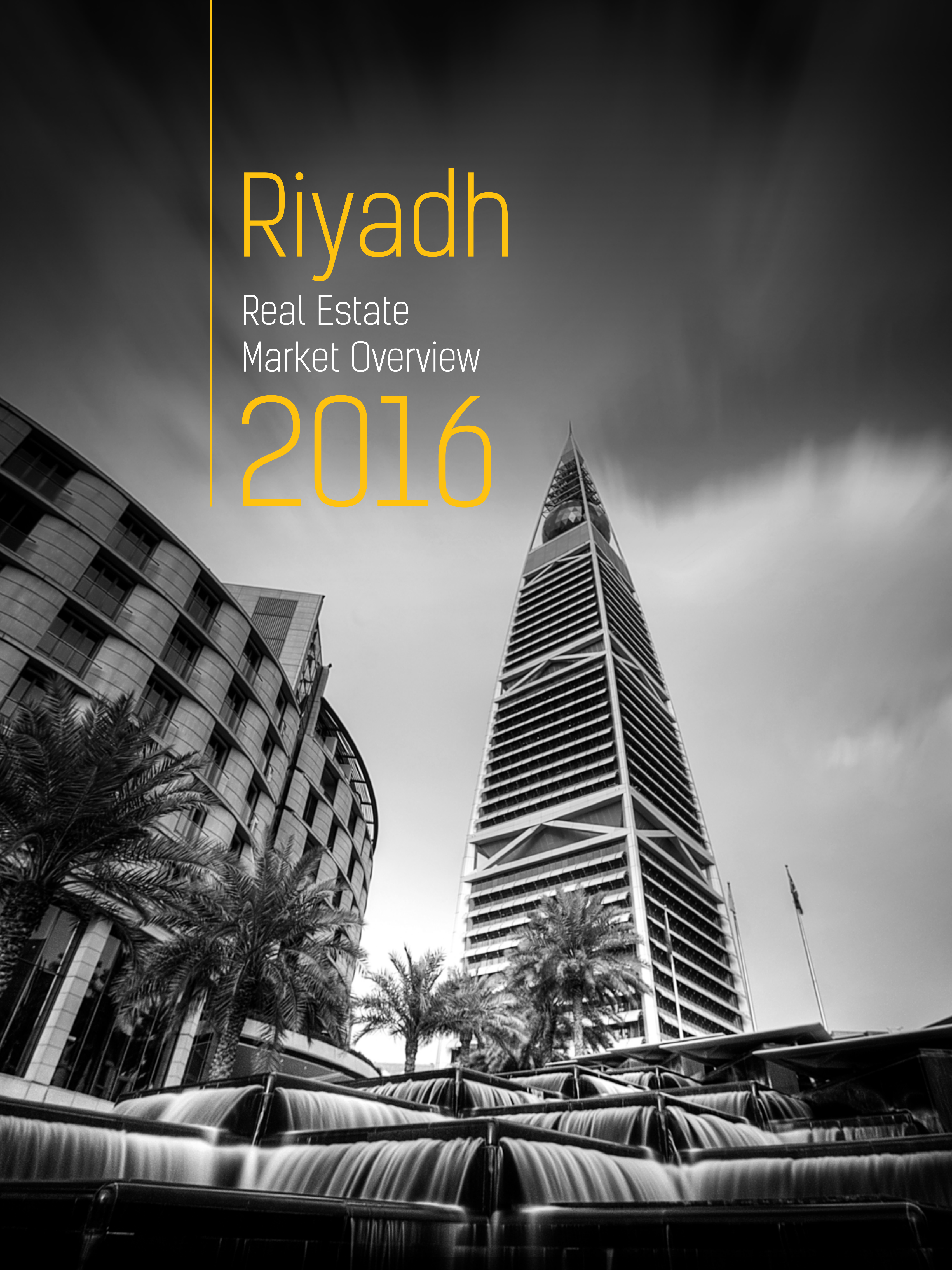
2016

RESEARCH & ADVISORY DEPARTMENT

Riyadh

Real Estate Market Overview

2016



Message from General Manager

Al Waleed Binzouman
General Manager

2016 is a tremendously challenging year for KSA economy. A major cut in government spending, elimination of government subsidies on utilities, introduction of land tax and other related taxes, will further tighten the situation for consumers and businesses.

Economic slowdown has impacted real estate sector during 2016 and we witnessed a decrease in number and value of real estate transactions.

We are expecting that government steps toward a more prosper economy with less reliance on oil sector by supporting non-oil sector will have positive impact on real estate sector in long run. Although, real estate sector is suffering currently because of newly implemented land tax and other taxes but it is expected that the market will regain its momentum once investor's trust will be recuperated through more transparent market.

Century21Saudi continues to focus on delivering high standards of real estate services in professional manners. The business we are involved in is a constantly changing one. We have never believed in resting on our laurels, which is why we have always paved the way for others in the market to follow.

Working with our partners, which include real estate marketers, valuers and other specialists, we continue to deliver our clients an individual, delicate service tailored to their needs.

As a leading real estate service provider in KSA we are looking forward to add value, professionalism and passion to support the market expansion for our business partners.

KSA Macroeconomic Overview

The KSA economy account for a second budget deficit Last year. The year 2015 ended with a deficit of SR 367 billion compared to the projected deficit figure of SR 145 billion.

Expenditure for 2016 is budgeted at SR 840 billion while Revenue is at SR 514 billion. The Oil revenue in the current budget still accounts for 73% whereas the Non-Oil sector is contributing 27% respectively.

Among the revenue increasing initiatives by the KSA government saw an increase in the petrol prices in the domestic market.

The price of lower-grade petrol (Octane 91) for a liter was increased to 75 halalas from the current 45 halalas, a 67% increase, while the price of higher-grade unleaded petrol (Octane 95) was increased to 90 halalas from 60 halalas, representing a 50% increase.

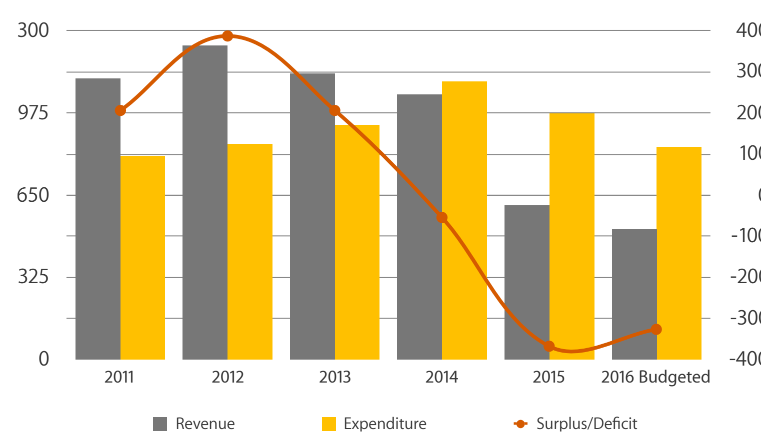
Another major step from the government is IPO planning of oil giant "Saudi Aramco", which will become a first trillion dollars' IPO on any stock market. This is an other way of generating extra revenue and also sharing the risk.

Year	Revenue		Expenditure		Surplus/Deficit	
	Projected	Actual	Projected	Actual	Projected	Actual
2011	540	1,110	580	804	-40	206
2012	702	1,240	690	853	12	387
2013	829	1,131	820	925	9	206
2014	855	1,046	855	1,100	0	-54.0
2015	715	608	860	975	-145	-367
2016	514	--	840	--	-326	--

**All the numbers are in SR Billion

KSA Economic Profile			
	2014	2015	2016 F
Nominal GDP (% Change)	1.1	-2.3	1.90
Real GDP (% Change)	3.6	2.5	1.60
Inflation	2.7	2.6	2.0
GDP Per Capita (SR)	91,421	86,771	--

Comparison -Government Revenues & Expenditures (2011 - 2016)



KSA Demographic Profile			
	2014	2015	2016 F
Population	30,770,375	31,521,418	32,248,123
Population Growth Rate	2.5%	2.44%	2.31%
Total Labor Force	11,600,424	12,164,832	--
Unemployment (Males)	11.7%	11.5%	--

In Budget 2016 the largest amount has been allocated to Military & Security Services which represents 25% of the overall spending. The government aims to boost the Education and Training by pumping in the second largest share of the budget spending. While health & social development represents 13% of the budget.

A new budget support provision of 22% represents the government's initiative towards mitigating the risk against volatility in oil prices. These funds will remain as a back up against shortages of revenues.

Expenditures Allocation - Budget 2016		
Sector	Amount SR - Billion	Percentage
Education and Training	192	23%
Health and Social Development	105	13%
Municipality Services	21	3%
Military and Security Services	213	25%
Infrastructure and Transportation	24	3%
Economic Resources	78	9%
Public Administration	24	3%
Budget Support Provision	183	22%

The Oil Sector Overview - 2016

On a Y-O-Y basis KSA's crude production was up by 4.7% in 2015 when compared with 2014.

This increased trend in production is evident from the figures in the first three quarters of 2016. Crude Oil Production in Saudi Arabia increased from 10,225 Tb/d in Q1 – 2016 to 10,360 TB/D in Q2 – 2016. This represents an increase of 1.3% between Q1 and Q2.

In Q3 the production reach to 10,651 TB/D which shows an increase of 2.7% between Q2 and Q3 respectively.
KSA's oil exports are expected to drop to SR 101 Billion in 2016 compared to SR 158 Billion in 2015.

Year	Oil Exports (SR - Billion)	Other Exports (SR - Billion)
2014	258	57
2015	158	47
2016 F	101	51

Non Oil Sector Overview - 2016

The non-oil private sector is forecasted to grew by 2.6%. Construction sector growth has slowed down and it is expected to grow at 2.0%. This is due to the government putting on hold major infrastructure projects.

The Electricity, gas & water sector is set to grow at 4.0% with no major spending cuts. The demand is high in this sector and the government's step to take back subsidy on the electricity tariffs will help to improve the revenues.

Non-oil manufacturing forecasted to grew by 2.6% in 2016 supported mainly by improved capacity and production levels for petrochemicals and plastic products.

The wholesale and retail sector expected to grow at 3.6% while growth in the finance sector is anticipated at 1.80%.

Real GDP Growth	
Non - Oil Sectors	Growth Rate % - 2016F
Agriculture	0.5%
Non-oil Manufacturing	2.6%
Electricity, gas and water	4.0%
Construction	2.0%
Wholesale & retail trade	3.6%
Transport & communication	3.3%
Finance	1.8%

KSA's New Reforms towards Economic Resurgence

2016 is a year of economic reforms for KSA. Since start of the year government is implementing several new regulations with the ultimate goal to generate additional revenue and correct the market.

Topic : Land Tax on Urban Land

• **Value:** 2.5% of market value.

• **Impact:** Land tax will increase the real estate activity in the market as more lands will be available for development.

Topic : ARAMCO's IPO

• **Value:** 5% Stakes will be offered for IPO.

• **Impact:** Will generate a fund of US$ 100 Billion +

Topic : Cutting back subsidy on Fuel

• **Value:** 67% increase on (Octane - 91) and 50% increase on (Octane - 95).

• **Impact:** Will generate extra revenue for the government and also act as a domestic cushion against lower oil prices.

Topic : Creating the largest sovereign wealth fund (Public Investment Fund - PIF) in the world

• **Value:** Assets of $2 trillion plus.

• **Impact:** Will become the main investment arm for the KSA government and will act as a shield against oil prices shocks as the biggest oil exporter in the world.

Topic : Cutting on Government Spending saw reduction in wage bill

Value: Reduction percentage varies across all levels.

Positive: Reduction in government cost on salaries.

Negative: It will impact the spending pattern of the people as approximately 70% of Saudis work in the Public sector.

Topic :Increase in Visa Fees

Value: The fee rates vary as per the type & category of Visa.

Positive: It will be a source of extra revenue for the government.

Negative: It will impact the business & religious tourism as people might travel less due to increased visa costs.

Topic : Other Under Consideration Taxes

• Value Added Tax. (VAT)

• Tax on Expat Remittances.

Residential

Market Overview

Riyadh Residential Market Overview

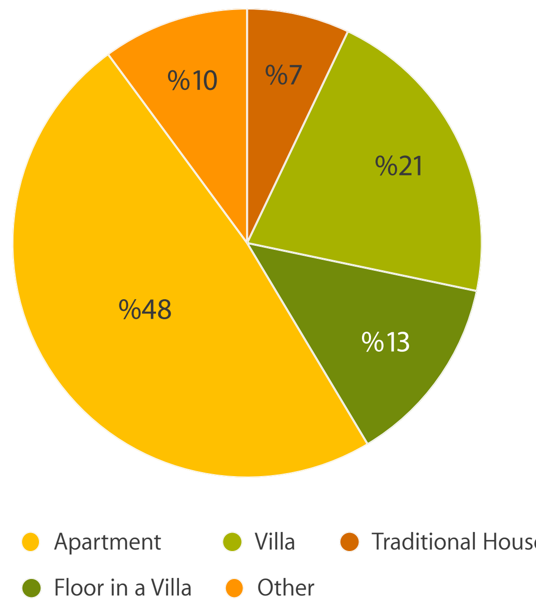
During H1–2016, there has not been much change in the residential market. This sector remains undersupplied and an area for niche investment and opportunity.

The Saudi Ministry of Housing in cooperation with Al-Muzaini Real Estate firm has launched the 'East Gate project' in the eastern part of Riyadh. This will be the first project implemented by MOH and will provide homes to 7,000 families under affordable housing scheme.

King Salman's recent announcement about handing over "Equestrian Club" land to "Ministry of Housing" for building of 100,000 affordable housing units is a significant step to declare government intentions to address housing deficiency problem.

Century21 Saudi witnessed an increase in the market activity through real estate funds, a key vehicle towards residential sector projects, as the developers and capital houses are engaged into developing Real Estate funds for small and medium scale projects.

Riyadh Residential Unit Distribution



Supply

Century21Saudi did not observe any major additions to the residential supply except the Rafal Residence project vertical tower with 172 apartments.

Most of the upcoming developments are in the north of Riyadh and some are expected to hit the market by 2017.

Masharef Hills project by KINAN International Real Estate Development is one of the key projects located in An Narjis District consisting of 700 villas. It is expected that around 169 villas will be completed by the end of 2016 and will be handed over to respective owners.

Al Waseel resort by Sondos Real Estate will be a major project located in the Al Ammaria area.

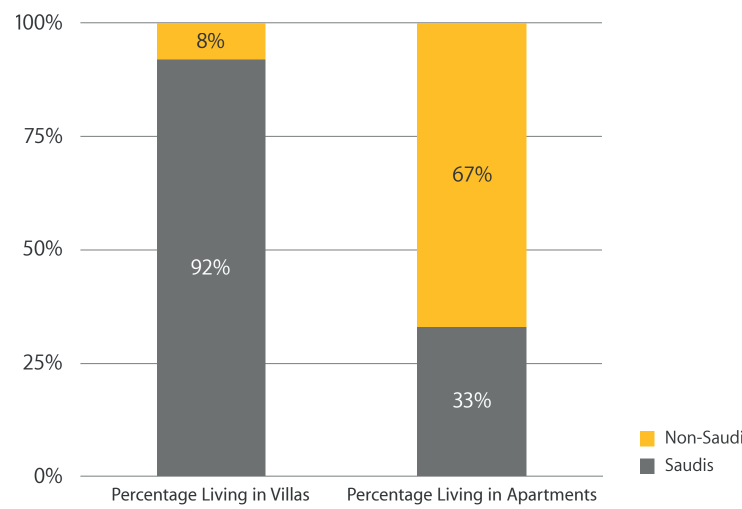
The project includes over 400 luxury villas targeting upper middle class. Also in the pipeline is Ritaj Residential Project (Located in Yasmeen District) with 292 Units & Al Casaba project (located in Hittin district) which will add 46 luxury Villas, each with a swimming pool. Both these projects are developed by Maskan Arabia Real Estate Development Company in Riyadh.

Riyadh Residential Projects – Anticipated Supply		
Project Name	No. of Units	Expected Year of Completion
Illoura Villas	70	2016
Al Casaba Project	46	2016
Masharif Hills	700	2016-17
Ritaj Residential Project	292	2016-17
Damac Esclusiva	216	2016-17
Jawaher project	145	2016-17
Bayt ul Hurr - 2	476	2017-18
Tuybah Residential Community	230	2017-18
Al Maali Project	172	2017-18
Al Jawan	300	2017-18
Al Basateen Project	900	2019-20

Demand
The key factors acting as a catalyst for the Capital's residential sector demand is the growing population, increase in average family size and early marriages. All these factors are contributing towards the rising demand.

Market Performance
When compared Y-O-Y bases with 2015, the residential real estate has remained stable during H1-2016, Century21 Saudi has observed that overall sale prices of residential units (villas/apartments) have been stable in most districts of the Capital and with some negative trend has been witnessed in the south where prices went down by 5% to 7% respectively.

However, overall the rentals have shown a positive trend in mainly the north districts of Riyadh where rentals have escalated by 5% to 8%. This rental increase has mainly been noted in apartments segment while villa rentals mostly remained unchanged during H1-2016.



Villas
Residential Villas are preferred mode of accommodation for Saudis mainly due to affordability and privacy. Around 92% of the Saudis live in Villas compared to non-Saudis at 8%. When compared with last year, the median prices of villas have seen a negative trend in some districts in the South of Riyadh where the prices have gone down by 4% to 6% respectively. While prices remained stable in other districts with some upward trend in the north. Rental rates of Villas mostly remained stable in different districts of Riyadh.

Most of the key villas developments are concentrated in the north. The prime locations for villas are Hittin, Sahafa, Al Yasmin, Narjis and Al Malqa districts. While Ishbiliyah, Qurtabah, and Al Munsiyah districts at the eastern side are the most desirable locations for villa.

Apartments
Residential Apartments are preferred by Expats for accommodation. Around 67% of Non-Saudis currently live in Apartments compared to Saudis at 33%. The market witnessed a reduction of 22% in the sales activities during H1-2016 when compared Y-O-Y bases with 2015 and this resulted in upward movement in the rentals of residential apartments. An increase of 5% to 8% in apartment rentals has been witnessed especially in northern and eastern districts of the capital while sale prices mostly remained unchanged as compared to 2015. Average rental rate of a 3 bedroom apartment varies between SR 38,000 to SR 52,000 per annum in the northern and eastern districts of Riyadh. Since southern region of Riyadh is comparatively less desirable for living, the rental rates ranges between SR 18,000 to SR 24,000 per annum.

Residential Compounds & Gated Communities
Century21 Saudi observed that due to government cuts in spending the overall activity has decelerated especially on the mega projects which has resulted in the outflow of foreign expats. This has resulted in increased vacancy rate across the whole compound market in general. The market has become price sensitive and a tenant-market.

Century21 Saudi observed that the perception about the long waiting lists in the compound market is no longer the case. In actual fact there are very few compounds operating at full capacity and the market is currently inclined towards the supply-side. By looking at the anticipated supply of no. of units the market is likely to see an increase in the vacancy rate and might exert pressure on the owners to bring the rentals down.

Al Malqa Village is a unique compound development in the north of the Capital which became operational in 2016. It added 154 units to the market.

The ITCC Compound within the ITCC Complex has already been completed and it consists of 98 Villas & 104 Apartment Buildings (having 2128 units respectively).

The residential compounds under construction are set to deliver approximately 1,000 to 1,800 additional units to the market by 2017 - 2019. Most of these developments will target high-income foreign expats.

Average Sale Prices (SR) of Apartments (130 - 160 sqm)

Area	Min	Max
Riyadh East		
Qurtaba	600,000	700,000
Al Monisiyah	350,000	480,000
Ishbiliah	580,000	650,000
Riyadh West		
Wadi Laban	450,000	550,000
Nakheel	850,000	1,000,000
Zahrah Laban	350,000	550,000
Riyadh North		
Al Yasmeen	480,000	700,000
Hateen	550,000	850,000
Al Mulqa	550,000	750,000
Riyadh South		
Dar Albaiza	250,000	400,000
Al Aziziah	350,000	450,000
Al Shifa	3,800,000	620,000
Riyadh Central		
Al Ta'awun	580,000	780,000

Average Sale prices (SR 000') of Villas (250 - 350 sqm)

Area	Min	Max
Riyadh East		
Qurtaba	1,500,000	2,000,000
Al Monisiyah	1,000,000	1,350,000
Al Rimal	1,000,000	1,250,000
Gharnada & Alshahda	1,300,000	1,500,000
Al Hamra	1,700,000	2,100,000
Ishbiliah	950,000	1,300,000
Riyadh West		
Wadi Laban	1,300,000	1,500,000
Riyadh North		
Al Yasmeen	1,700,000	2,000,000
Al Sahafah	1,300,000	1,500,000
Al Malqa	1,800,000	2,200,000
Riyadh South		
Al Aziziah	855,000	1,140,000
Al Shifa	902,500	1,187,500
Al Swaidi	950,000	1,235,000
Al Badiah	902,500	1,187,500
Riyadh Central		
Al Nazha	1,700,000	2,300,000
Al Izdhar	1,500,000	1,750,000
Al Ta'awun	1,750,000	1,900,000

Average Annual Rents for Apartments (130 - 160 sq m) (SR)

Area	Min	Max
Riyadh East		
Qurtaba	26,000	35,000
Al Monisiyah	22,000	27,000
Gharnada & Alshahda	22,000	30,000
Al Hamra	30,000	40,000
Al Nazeem	18,000	22,000
Al Naseem (East)	18,000	24,000
Al Naseem (West)	20,000	25,000
Al Nahdha	23,000	30,000
Riyadh West		
Wadi Laban	23,000	30,000
Nakheel	50,000	60,000
Raed	38,000	50,000
Riyadh North		
Al Nafal	35,000	42,000
Al Yasmeen	35,000	55,000
Al Sahafah	30,000	38,000
Al Aqeeq	39,000	42,000
Al Mulqa	40,000	60,000
Riyadh South		
Dar Albaiza	18,000	20,000
Al Aziziah	20,000	25,000
Al Shifa	18,000	23,000
Badr	15,000	18,000
Al Marwah	20,000	22,000
Shabra	15,000	17,000
Al Swaidi	20,000	25,000
Al Zahrah	16,000	20,000
Al Areeja	15,000	18,000
Al Badiah	20,000	25,000
Al Hazm	16,000	20,000
Al Darehmiah	17,000	20,000
Riyadh Central		
Al Marooj	30,000	35,000
Al Nazha	35,000	40,000
Al Izdhar	38,000	45,000
Al Ta'awun	38,000	45,000
Al Museef	30,000	35,000

Office

Market Overview

Riyadh Office Market Overview

Traditionally oversupplied Riyadh's office market has remained stable and did not show any major increase in rentals during H1-2016.

Century21 Saudi did not witness any major high rise development except Al Nakhla Tower which delivered 25,000 sqm office space in 2016. The current year is expected to deliver ITCC, Hamad Tower and Al Rajhi Tower an addition to total office stock of over 2 million approximately.

The government funded mega project KAFD has been further delayed to next years and consequently existing A-Grade office buildings in the CBD continue to benefit from it. While construction work on Riyadh Metro Project has urged companies to shift from CBD to other desirable sites.

Anticipated Supply		
Project Name	GLA (sqm)	Expected Completion
KAFD	800,000	2017
ITCC	230,000	2016
Endowment Project	95,000	2016
Majdoul Tower	70,000	2017
Elegance Tower	24,000	2017
Hamad Tower	31,000	2017
Al Rajhi Bank Headquarter	66,000	2017
Cayan Mefic Center	10,790	2017

** KAFD's GLA for office is currently under-review therefore Century21 Saudi cannot specify the GLA for office space.

Supply

The completion date of KAFD is not certain in this year therefore 2016 is witnessing some other high rise office building in existing stock. The Nakhlah tower by Al Nakhlah Real Estate Company near the KAFD is a key office development with 25,000 sqm of office space. While in the CBD Hamad tower is a unique business address facing the King Fahad Road with a GLA of 31,000 sqm approximately.

The Majdoul tower is a key project and will be the first twisted tower for the Capital. It is anticipated that the tower will add a GLA of 70,000 sqm in the market.

Another new unique architectural milestone in the capital is the Al Rajhi Bank Headquarter Building. This Tower will add 66,000 sqm of office space and it is expected to be operational by the start of next year.

Demand

Demand for Riyadh office sector is mainly driven by public sector tenants. Recent Royal decree of National Transformation Program (NTP) under Saudi Arabia's Vision 2030's strategic objective of economic diversification has further increased the opportunity for economic growth and Public-Private partnership is another decisive step for boosting the demand for office market.

Furthermore demand for office space is generated by activities of local and multinational companies, Banking sector, and none another than an infrastructure giant of Riyadh Metro.

King Abdullah Financial District (KAFD)

The much anticipated and argued KAFD project which was initially designed to be the hub of the banking & financial sector will now be owned by the "Public Investment Fund"(PIF).

This district will now be the headquarter of 'PIF' the expected largest sovereign wealth fund in the world. KAFD will be a special zone that will have competitive regulations and procedures, with visa exemptions, and directly connected to the King Khaled International Airport.

The plan is to redesign the mix-use of its current space and focusing more towards the hospitality and residential sectors respectively.

The above steps are part of the Vision 2030 and a significant step keeping in mind KAFD's economic feasibility for future.

Market Performance

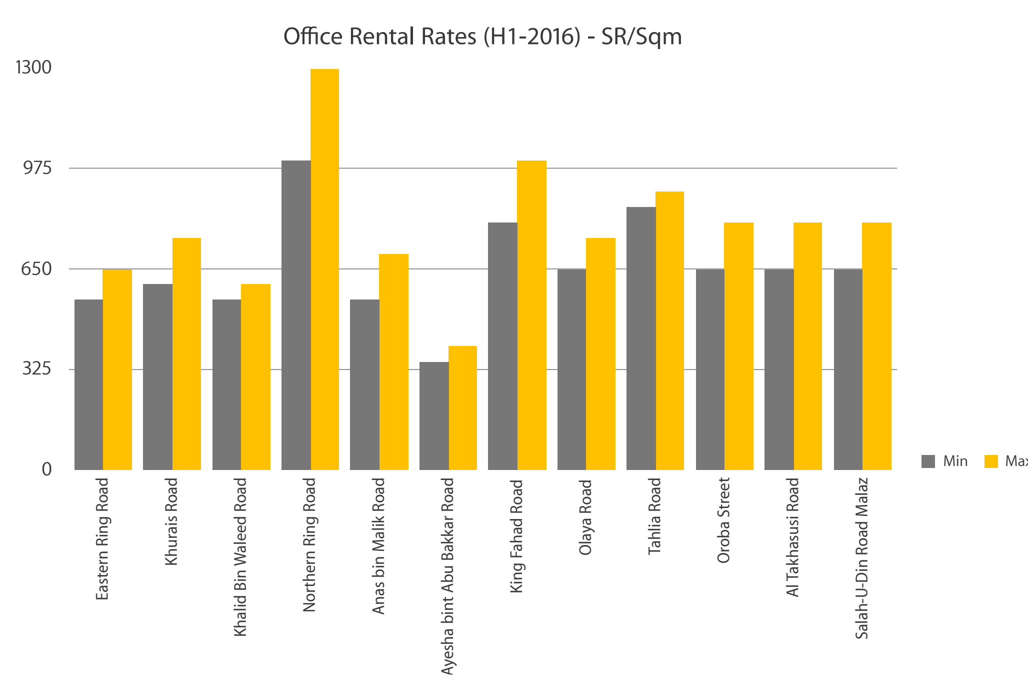
During H1-2016, Century21 Saudi did not witness any major change in market situation as market still remains declined towards the supply-side.

The Riyadh metro project is still acting as a catalyst towards the shifting and moving trend for office space in the CBD. Most of the tenants have moved towards the northern side of the Capital for better parking and accessibility. The negative trend in rentals has been observed in the CBD where rentals went down on average between 5%-7% respectively.

During H1-2016, Century21 Saudi observed that the average rentals across the southern side of Riyadh are currently between SR 350 per sqm to SR 500 per sqm. While rentals are high towards the central and northern side where they are averaging between SR 650 per sqm to SR 1,150 per sqm respectively.

The A-Class office space market are charging tenants between SR 1650 per sqm to SR 2,000 per sqm. While The B+/B-Class office space is currently at SR 800 per sqm to SR 1,200 per sqm.

Current office market vacancy rate varies between 15% to 20% and further supply in office space will exert upward pressure on vacancy rate.



Office Rental Rates - H1-2016 (SR Per Sqm)		
	H1- 2016	
Area	Min	Max
Eastern Ring Road	550	650
Khurais Road	600	750
Sheik Hassan bin Hussain bin Ali Road	450	550
Khalid Bin Waleed Road	550	600
King Abdullah Road (East)	550	700
King Fahad Road (North)	750	850
Northern Ring Road	1000	1300
Anas bin Malik Road	550	700
Abu Bakr Siddique Road	550	650
Otman bin Affan Road	600	750
Olaya Road (North)	550	700
Al-Swaidi Al-Aam Road	380	450
Ayesha bint Abu Bakkar Road	350	400
King Fahad Road (Center)	700	900
Olaya Road (Center)	700	850
Prince Mohammad bin Abdul Aziz Road (Tahlia)	850	900
Oroba Street	650	800
Al Takhasusi Road	650	800
Dabbab Street	550	700
King Abdullah Road	650	750
Moosa Bin Naseer Road	600	700
Salah-U-Din Road Malaz	650	750
Al Hasa Road	550	650

Retail

Market Overview

Riyadh Retail Market Overview

Riyadh's Retail sector has witnessed leading performance when compared with city's other real estate sectors in recent years besides the remarkable increase in existing retail space (GLA). Century21 Saudi observed that major retail expansions are expeditiously taking place at North & North-east of the capital city where several new retail malls and commercial centers are under construction with modern shopping concept.

Recently, The Saudi Arabian General Investment Authority (SAGIA) has announced 100% foreign ownership for retail and wholesale businesses in order to attract more high-end investors to invest and enhance their success through this broad step. It is expected that the given approval will positively impact the growing retail sector in coming years.

Riyadh retail market is driven by several factors including high proportion of young population, hot climate during summer, and a lack of other entertainment activities. The sector's growth is also strongly influenced by expansion plans by leading developers and retailers, fast food chains, hyper markets and international luxurious brands.

Recently Completed Projects (2015-16)	
Project Name	GLA (sqm)
Al Makan Mall	23,357
Al Aqeeq Square	5,770
Al Rubeen Plaza	21,000
Al Waha Plaza	8,380
Al Thaghir Mall	35,000
Al Nakheel Centro Plaza	18,000
Laam Plaza	7,000

FOREIGN OWNERSHIP 100%

for retail and wholesale businesses

Supply

During 2015-16, we witnessed several openings of community malls, strip retail and commercial centers where "Al Makan Mall" and "Al Thaghir Mall" were the two major openings with the collective GLA of 58,000 sqm approx. Besides community malls, major developments on strip retail centers has also been witnessed especially on the Northern districts of Riyadh.

"Mall of Saudi", "Najd Mall", "Riyadh Park" and "Nakheel Center" are some of the major ongoing retail developments. It is expected that more than 1.2 million square meters of retail space (GLA) will enter the market in coming years. Historically, Riyadh has been able to absorb high amount of retail GLA during the past years, but by considering the current situation and a slowdown in economy we can expect that market may take some time to absorb new supply as retailers are revising their expansion plans because a cut in consumer's spending is directly impacting their revenue and profit projections. The total supply of retail space in Riyadh has reached up to 2.97 million square meters after addition of new retail space in the stock during 2015-16. By considering the space (GLA) of anticipated supply, we can assume that Riyadh's total retail space will reach up to 4 million square meters by the end of 2022.

Anticipated Supply		
Project Name	GLA (sqm)	Expected Completion
The Boulevard	30,000	2016
Najd Mall	57,000	2017
Nakheel Mall (Extension)	39,036	2017
Mall of Arabia	163,000	2017
Al Ghadeer Square	8,504	2017
One Square	14,000	2017
Nakheel Center	15,000	2017
Riyadh Park	92,000	2017
The Corner	8,044	2017
Al Diriyah Festival City Mall	250,000	2018
City Center Ishbiliah	100,000	2018
The Avenues	400,000	2020
Mall of Saudi	300,000	2022

Demand

Being the capital city of Kingdom, Riyadh has comparatively strong base of domestic consumers, fueled by a growing population of young people and rising disposable incomes. Moreover, the government's recent plan for 100% foreign ownership on retail business will now cater more attraction to investors and international brands therefore these factors are also one of the key elements of retail demand.

Due to Riyadh's limited options of entertainment, fully air-conditioned shopping malls comprising of food court, play lands, international brands and hypermarkets are considered to be one of the major source of entertainment.

Besides the major expansion of regional malls which has introduced a new shopping concept in the city, rapidly growing strip retail centers are also the key evidence of increasing demand in retail sector during past years.

Recent slowdown in the economy is directly impacting consumer spending pattern negatively and this might force retailers to revise and reassess their expansion plans.

Market Performance

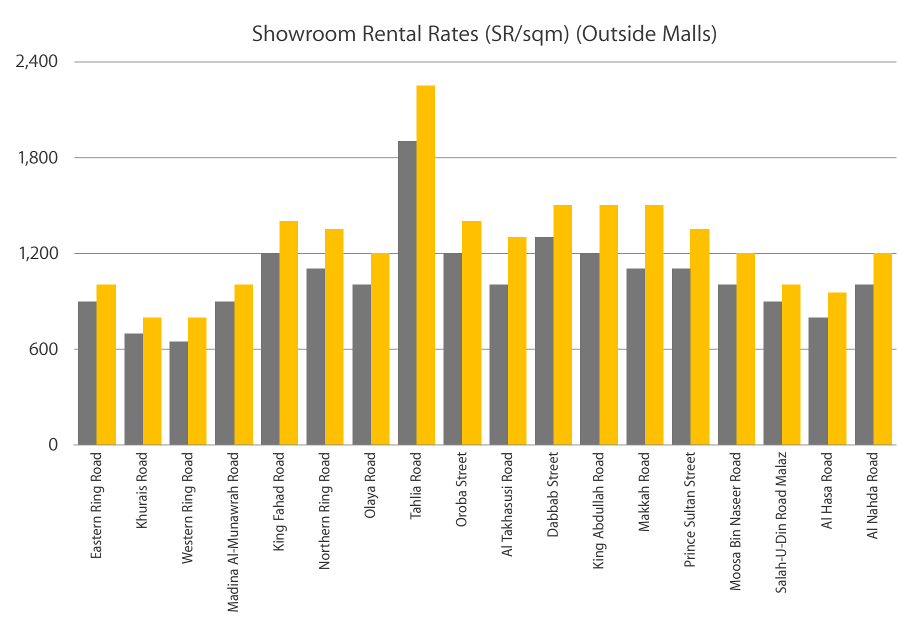
Median retail rental rates remained stable in most areas of the city, As the new supply was limited during first half of 2016 which helped recently completed retail properties to gain a decent occupancy.

Average rentals for traditional retail space also remained stable in different areas of the city. However, Century21 Saudi is of the opinion that rentals in traditional retail space might go down in coming months as concept of traditional retail space is losing attraction because of rapid expansion of community malls segment.

City wide vacancy rate during H1-2016 was around 9% and expected to be remained stable during 2016. By considering that huge supply is expected to be delivered during 2017-18 Century21 Saudi is expecting that the vacancy rate will increase in coming years.

Rental rates of community malls/strip retail centers varies between SR 1,500 per square meter to SR 2,500 per square meter while regional and super-regional malls are charging relatively higher rentals because of their elegant design, luxurious brands and relatively higher footfall.

Northern districts especially "An Nada", "Al Aqiq" & "Hittin" are hosting large proportion of upcoming retail developments. The commercial projects in these districts once completed, will transform the entire zone into an outstanding shopping destination.



Retail Showrooms Rental Rates H1-2016 (Line Shops -Outside Malls) - SR/Sqm

Area	Min	Max
Riyadh East		
Eastern Ring Road	900	1,000
Khurais Road	700	800
Dammam Road	1,000	1,200
Sheik Hassan bin Hussain bin Ali Road	700	850
Khalid Bin Waleed Road	850	1,000
Omar Bin Abdulaziz Road	900	1,100
King Abdullah Road	850	1,000
Imam Saud bin Abdul Aziz Road	750	900
Prince Bandar Bin Abdulaziz	650	750
Al Imam Asshafi Road	600	700
Riyadh West		
Western Ring Road	650	800
Al-Wadi Road	500	650
Madina Al-Munawrah Road	900	1,000
Prince Mashal bin Abdul Aziz Road	600	750
Riyadh North		
King Fahad Road	1,200	1,400
Northern Ring Road	1,100	1,350
Imam Saud bin Faisal Road	750	900
Anas bin Malik Road	850	1,100
King Abdul Aziz Road	1,100	1,500
Abu Bakr Siddique Road	900	1,100
Otman bin Affan Road	1,000	1,350
Al Khair Road	750	900
Olaya Road	800	1,000
Riyadh South		
Kharj Road	475	650
Al-Aziziyah Road	450	600
Dirab Road	400	500
Southern Ring Road	650	800
An Nasr Road	400	550
Al-Swaidi Al-Aam Road	550	600
Hamzah bin Abdul Mutlib Road	700	900
Ayesha bint Abu Bakkar Road	750	950

Area	Min	Max
Riyadh Central		
King Fahad Road	1,500	2,500
Olaya Road	1,000	1,200
Prince Mohammad bin Abdul Aziz Road (Tahlia)	1,900	2,250
Oroba Street	1,200	1,400
Al Takhasusi Road	1,000	1,300
King Abdul Aziz Road	1,300	1,500
Dabbab Street	1,300	1,500
King Abdullah Road	1,200	1,500
Makkah Road	1,100	1,500
Prince Sultan Street	1,100	1,350
Imam Saud bin Abdul Aziz Road	1,000	1,200
Moosa Bin Naseer Road	1,000	1,200
Salah-U-Din Road Malaz	900	1,000
Al Hasa Road	800	950
Al Nahda Road	1,000	1,200

Hospitality

Market Overview

Riyadh Hospitality Market Overview

2016 is a slow year for hospitality sector. Both, occupancy rates and ADR are showing negative trends, causing a reduction in RevPAR

Century21 Saudi witnessed a slowdown in the construction of ongoing hospitality projects.

Several hotels which are supposed to be operational in 2015 are still under construction and expected to be operational during 2017.

HOTELS
occupancy rate reduced by
5%
IN RIYADH
★★★★★

Supply

Century21 Saudi witnessed a sluggish H1 -2016 for hotel market supply. The Key addition during first half of the year was Rosh Rayhan hotel by Rotana and Riyadh Copthorne Hotel by Millennium Hotel & Resorts.

Both hotels collectively added 409 keys in the market and took the Capital's Hotel inventory to around 12,000 keys.

A major portion of supply is anticipated to be delivered during next year (2017). The major upcoming addition in the Capital's hotel industry will be "Hilton Hotel & Furnished Apartments", Intercontinental and Wyndham hotels in K.A.F.D.

Boudl Hotel & Resort is expanding aggressively and after successful opening of "Barira Hotel" at Olaya road second "Barira Hotel" will be open soon at King Abdullah road.

"Courtyard Marriot" in olaya is expected to be operational during the last quarter of 2016.

"Ascott" is a new addition in Riyadh hospitality sector, offering 234 branded apartments of different sizes.

Century21 Saudi is of the opinion that upcoming supply (particularly in 5 star segment) will not only effect the ADR but will also make this segment less attractive for the investment (becuase of higher development cost and lower return).

Upcoming Key Hotels in Riyadh		
Hotel Name	No. of Rooms	Expected Completion
Marriot Courtyard Hotel (Olaya)	229	2016
Studio M	145	2016
Radisson Park Inn	168	2016
Swiss-Bel Hotel Riyadh	126	2016
Hilton Riyadh Hotel & Residence	830	2017
Le Meridien	231	2017
Intercontinental Hotel (KAFD)	218	N/C
Hayat Regency	261	2017
Centro Riyadh	160	2017
Gran Melia	252	2017

Demand

The corporate sector and business tourism is the driving force for Riyadh hospitality market. Because of economic slowdown business tourism has been affected negatively, causing a slow performance of hospitality sector during 2016.

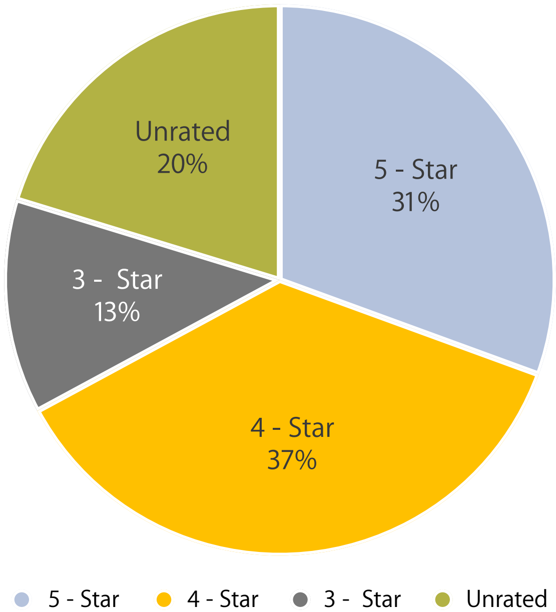
Government's cut in spending, particularly on mega infrastructure projects, is also disturbing the market negatively.

Government's initiatives to boost the city's leisure tourism will also be source of demand for hospitality sector in coming years.

Opening of new terminal (Terminal No.5) at King Khalid International Airport will improve the visitor's traffic which is a step toward boosting local tourism in Riyadh.

In parallel, the demand for furnsihed apartments is coming mainly from the local tourism (people visiting Riyadh city for personal reasons). This segment generally stay for longer period of time and this is one of the major reason of better occupancy rate of furnished apartments.

Riyadh Hospitality Market Share by Asset Class



Market Performance

Hotels occupancy rate reached around 60% with a reduction of 5% when compared Y-O-Y bases with 2015. The decrease in occupancy is because of slow economic performance during the year.

The average daily rate (ADR) went down by 5% to 6% when compared Y-O-Y bases with 2015. Because of lower occupancy and reduced average daily rates the RevPAR also went down significantly.

The market outlook for the furnished apartments is positive.

The average rate for one bedroom furnished apartment ranges between SAR 350 to SAR 450 per night depending on the location.

The occupancy rate for furnished apartments is currently at 65% in the Capital. The higher occupancy is due to their competitive rates compared to hotels.

Branded furnished apartments got greater acceptance in the market and during field survey Century21Saudi discovered that "Marriott Furnished Apartments" is operating at much better occupancy when compared with 4 and 5 star hotels.

HOSPITALITY

ADR Decreased by

6%

Land Trading

Market Overview

Riyadh Land Trading Market Overview

Commercial Land

In H1-2016, total 2,713 transactions worth SR 21.8 billion have been executed, with a decline of 46% when compared to H1-2015.

Century21 Saudi did not witness any considerable change in prices across major districts of the capital city. However, decrease in number of transactions (-20%) occurred when compared Y-O-Y bases with 2015.

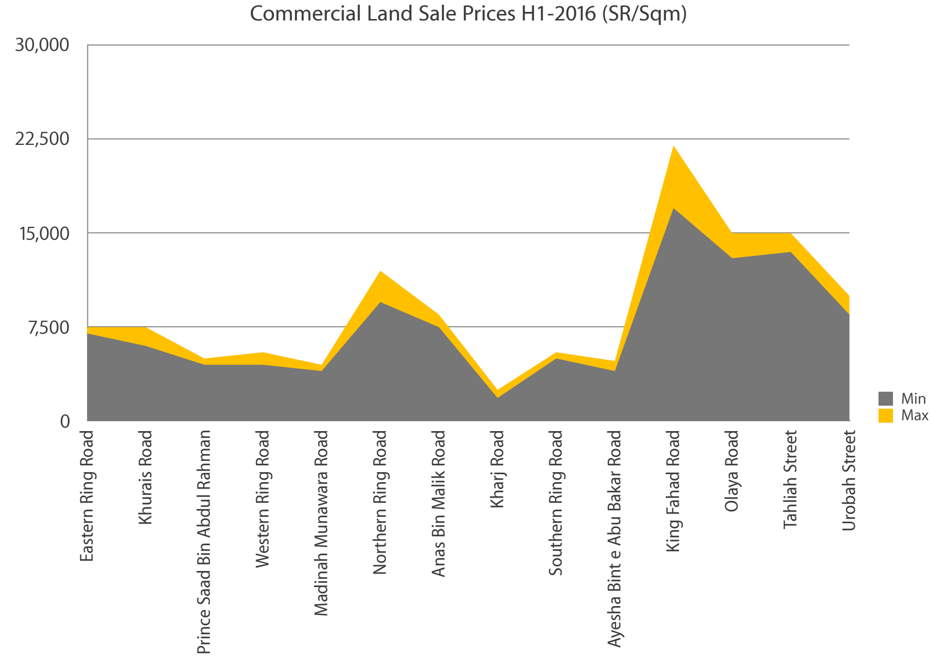
This decline is mainly because of slow economic activity and newly implemented land tax which is creating some disturbance among the investors in the market.

20% DECREASE

No. of Transactions Compared 2015

COMMERCIAL LAND TRADING (H1-2015 Vs. H1-2016)						
Month	No. of Transactions			Value of Transactions (SR)		
	2015	2016	Change %	2015	2016	Change %
Jan	489	462	-6%	3,997,681,324	6,078,403,499	52%
Feb	307	423	38%	5,168,800,688	2,752,197,276	-47%
Mar	465	453	-3%	2,857,646,089	2,290,155,563	-20%
Apr	455	418	-8%	2,810,821,405	3,365,993,057	20%
May	565	558	-1%	4,668,400,958	3,184,519,046	-32%
Jun	673	399	-41%	5,139,277,774	4,146,188,491	-19%
Total	2,954	2,713	-20%	24,642,628,238	21,817,456,932	-46%

Commercial Land Sale Prices H1-2016 (SR/Sqm)



Commercial Land Sale Prices H1-2016 (SR/Sqm)

Area	H1-2016	
	Min	Max
Riyadh East		
Eastern Ring Road	7,000	7,500
Khurais Road	6,000	7,500
Dammam Road	5,000	7,000
Al shaik Jaber Alahmed Alsabah Road	4,500	5,000
Saad Bin Abdulrehman Road	4,500	5,500
King Abdullah Road	7,000	8,000
Imam Abdullah bin Saud	4,000	4,500
Hassan Bin Hussain Bin Ali Road	4,500	5,000
Riyadh West		
Western Ring Road	4,500	5,500
Madina Al-Munawrah Road	4,000	4,500
Riyadh North		
King Fahad Road	12,000	15,000
Northern Ring Road	9,500	12,000
Prince Saud bin Mohammad bin Muqrin Road	5,000	5,500
Anas bin Malik Road	7,500	8,500
King Salman bin Abdul Aziz Road	7,500	9,500
King Abdul Aziz Road	7,500	11,000
Abu Bakr Siddique Road	5,500	6,500
Otman bin Affan Road	6,000	7,000
Al Khair Road	6,500	7,500
Salboukh Road	1,200	1,800
Olaya Road	10,000	12,000
Riyadh South		
Kharj Road	1,850	2,500
Southern Ring Road	5,000	5,500
Hamzah bin Abdul Mutlib Road	3,600	4,500
Ayesha bint Abu Bakkar Road	4,000	4,800
Riyadh Central		
King Fahad Road	17,000	22,000
Olaya Road	13,000	15,000
Prince Mohammad bin Abdul Aziz Road (Tahlia)	13,500	15,000
Oroba Street	8,500	10,000
Al Takhasusi Road	10,000	12,000
King Abdul Aziz Road	9,500	10,000
Dabbab Street	7,500	8,500
King Abdullah Road	10,000	13,000
Makkah Road	7,500	8,500
Prince Sultan Street	6,500	7,500
Imam Saud bin Abdul Aziz Road	7,000	7,500
Moosa Bin Naseer Road	6,000	7,000
Salah-U-Din Road Malaz	8,000	10,500
Al Hasa Road	5,000	6,000
Al Nahda Road	4,500	5,500

Riyadh Land Trading Market Overview

Residential Land

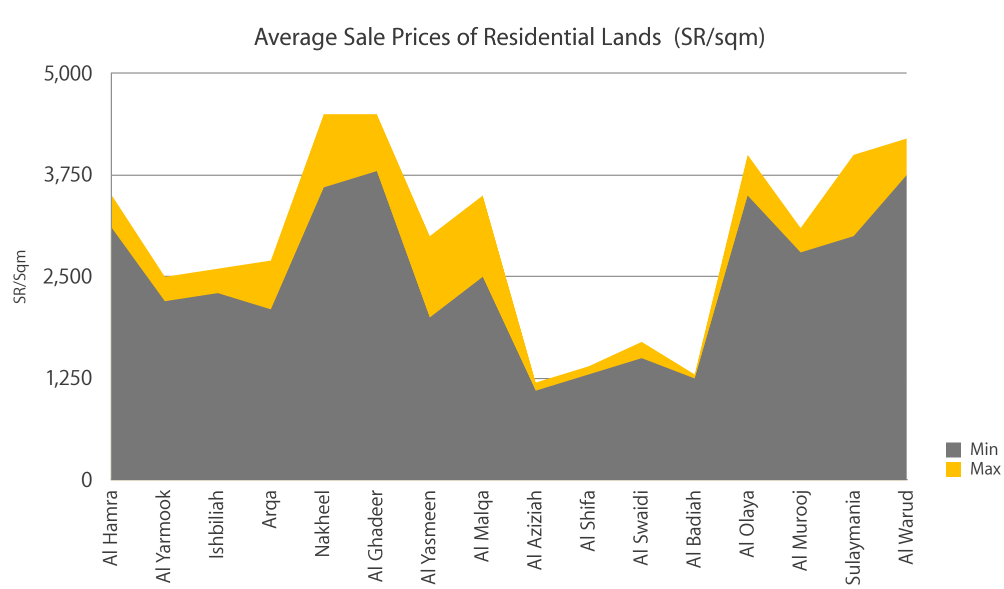
In H1-2016, total 20,321 transactions worth SR 24 billion have been executed, with a decline of 47% when compared with last year.

This decline is mainly caused by newly imposed land tax on white lands which forced buyers to hold on until the real decline in prices.

Residential land prices generally remained stable in mostly areas of Riyadh while Century21 Saudi witnessed a slight decrease (4% to 6%) at northern districts of the capital city that are mainly located after King Salman road.

Prices Reduced By 4% to 6% in Northern Riyadh

RESIDENTIAL LAND TRADING (H1-2015 Vs. H1-2016)						
Month	No. of Transactions			Value of Transactions (SR)		
	2015	2016	Change %	2015	2016	Change %
Jan	3,113	3,547	14%	3,202,038,618	4,899,029,636	53%
Feb	3,088	3,428	11%	2,506,823,004	3,836,743,005	53%
Mar	4,361	3,516	-19%	5,154,213,662	3,269,601,280	-37%
Apr	3,505	3,324	-5%	3,231,648,612	3,696,612,452	14%
May	3,974	3,898	-2%	4,502,142,593	5,643,182,962	25%
Jun	4,791	2,608	-46%	5,670,365,632	2,663,927,684	-53%
Total	22,832	20,321	-47%	24,267,232,121	24,009,097,019	56%



Average Sale Prices of Residential Lands (SR/sqm)

Area	H1-2016	
	Min	Max
Riyadh East		
Qurtaba	2,600	2,800
Al Monisiyah	1,800	2,300
Al Rimal	1,350	1,650
Gharnada & Alshahda	3,200	3,500
Al Hamra	3,100	3,500
Al Quds	2,850	3,300
Al Yarmook	2,200	2,500
Al Qadsiah	1,350	1,500
Al Ma'eezlah	1,300	1,600
Ishbiliah	2,300	2,600
Al Nazeem	850	1,200
Al Janadriah	1,100	1,300
Al Salaam	2,300	2,600
Al Naseem (East)	1,300	1,850
Al Naseem (West)	1,400	1,800
Al Manar	2,500	3,000
Al Nahdha	1,600	1,900
Al Sulai	1,600	1,750
Al Jazira	1,800	2,000
Al Sa'adah	1,500	1,650
Riyadh West		
Al Mahdiah	1,000	1,200
Al Hada	2,400	3,000
Arqa	2,100	2,700
Khuzami	3,900	4,500
Nakheel	3,600	4,500
Zahrah Laban	1,400	1,700
Riyadh North		
Al Aarz	1,600	2,200
Al Qeerwan	2,000	2,100
Al Ghadeer	3,800	4,500
Al Rabeeh	2,800	2,900
Al Nada	2,500	3,000
Al Nafal	2,700	3,000
Al Wadi	2,500	2,800
Al Yasmeen	2,000	3,000
As Sahafah	2,200	2,900
Hittin	4,500	5,000
Al Aqeeq	2,800	3,800
Al Malqa	2,500	3,500

Area	H1-2016	
	Min	Max
Riyadh South		
Dar Albaiza	1,100	1,200
Al Aziziah	1,200	1,400
Al Mansooriah	1,500	1,800
Al Shifa	1,300	1,400
Badr	750	1,000
Ahad	650	800
Al Marwah	1,300	1,400
Shabra	1,650	1,800
Al Swaidi	1,500	1,700
Al Zahrah	1,400	1,700
Al Areeja	1,200	1,400
Al Badiah	1,250	1,300
Taweeq	950	1,100
Namar	1,100	1,250
Al Hazm	1,200	1,400
Al Hair	390	600
Al Darehmiah	1,400	1,600
Riyadh Central		
Al Olaya	3,500	4,000
Al Mazar	3,500	4,000
Al Murooj	2,800	3,100
King Fahad	2,500	2,800
Al Nazha	3,200	3,700
Al Izdhar	2,700	3,000
Al Ta'awun	3,000	3,350
Al Museef	2,450	2,800
Salahuddin	3,800	4,200
Al Mursalat	2,800	3,300
Al Sulaymania	3,000	4,000
Al Warud	3,750	4,200
Al Malaz	2,700	3,000
Jarir	2,500	2,700
Al Rahmaniyah	3,500	4,500
Al Mohammadiyah	3,700	4,700
Al Maghrazat	2,600	3,000

About Us

About Century21®

Century21® is one of the most recognized name in Real Estate Market with approximately 6,700 independently owned and operated franchised brokerage offices in 75 countries and territories worldwide and represented by more than 102,000 real estate experts.

Century21 Saudi is official representative of Century21® in the Kingdom of Saudi Arabia since 2005; specialized in Real Estate Evaluation (Appraisal), Marketing and Leasing Services, Real Estate Research & Advisory and Property Management.

Century21 Saudi's Research & Advisory Department (CRA) has been established in 2009 and has a proven track record of providing a variety of research-based services to the business arena all over KSA market.

Services

Equipped with highly qualified analysts & researchers, Century21 Saudi is capable of responding all major segments of Real Estate market (Residential, Commercial, Industrial and Hospitality) with professional decorum.

Our offered services are:

- Feasibility Studies.
- Highest and Best Use Studies.
- Strategy & Planning Advisory.
- Pricing Strategies.
- Market Research Analysis Studies.
- Development Solutions.
- Site Assessment.
- Market Forecast.
- Real Estate Market Review.

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