

Byblos Bank Real Estate Demand Index in Third Quarter of 2019

- Index declines 10% in third quarter amid lack of supporting measures
- Pick-up in demand for housing contingent on immediate measures

Byblos Bank Headquarters, December 12, 2019: Byblos Bank issued today the results of the Byblos Bank Real Estate Demand Index for the third quarter of 2019.

The results show that the Index posted a monthly average of 41.8 points in the third quarter of 2019, constituting a decrease of 10.2% from 46.5 points in the second quarter of the year, and a decline of 18.7% from 51.4 points in the third quarter of 2018.

Further, the Index's average monthly score in the third quarter of 2019 came 68.1% lower than the peak of 131 points registered in the second quarter of 2010, and remained 62% below the annual peak of 109.8 points posted in 2010. Also, it was 29% lower than the Index's monthly trend average score of 58.9 points since the Index's inception in July 2007.

Commenting on the results, Mr. Nassib Ghobril, Chief Economist and Head of the Economic Research and Analysis Department at the Byblos Bank Group, said: "real estate demand regressed in the third quarter of the year due to the absence of a clear and comprehensive housing policy that would revive demand for all segments of the residential market in Lebanon and allow citizens to have access to affordable housing." He added: "citizens have been waiting for nearly two years for the executive branch to develop a housing policy, but the government has yet to take any concrete action on this issue."

The answers of respondents to the Index's survey questions in the third quarter of 2019 show that 4.7% of Lebanese residents had plans to either buy or build a residential property in the coming six months, down from 5.3% in the second quarter of 2019 and compared to 5.8% in the third quarter of 2018. In comparison, 6.6% of residents in Lebanon, on average, had plans to buy or build a residential unit in the country between July 2007 and September 2019, with this share peaking at nearly 15% in the second quarter of 2010.

Mr. Ghobril indicated that "the housing market requires concrete measures to stimulate demand, as any delay or uncertainty in implementing such measures will continue to dent the expectations of potential buyers and, in turn, further reduce demand for housing."



The results of the Index show that demand for housing was the highest in the South in the third quarter of 2019, as 13.7% of its residents had plans to build or buy a house in the coming six months, up from 11% in the second quarter of the year. The North followed with 5.3% of its residents planning to build or buy a residential unit in the coming six months, up from 5% in the preceding quarter; while 5% of residents in the Bekaa region had plans to buy or build a house, down from 6.9% in the previous quarter. In addition, 2% of residents in Beirut intend to buy or build a house, down from 3.2% in the preceding quarter, while 1.7% of residents in Mount Lebanon had plans to build or buy a residential unit, compared to 3.3% in the second quarter of 2019. In parallel, real estate demand decreased across all income brackets in the third quarter of the year.

The Byblos Bank Real Estate Demand Index is a measure of local demand for residential units and houses in Lebanon. The Index is compiled, implemented and analyzed in line with international best practices and according to criteria from leading indices worldwide. The Index is based on a face-to-face monthly survey of a nationally representative sample of 1,200 males and females living throughout Lebanon, who reflect the demographic, regional, religious, professional and income distribution of Lebanon. The surveyed persons are asked about their plans to buy or build a house in the coming six months. The Byblos Bank Economic Research and Analysis Department has been calculating the Index on a monthly basis since July 2007, with November 2009 as its base month. The survey has a margin of error of $\pm 2.83\%$, a confidence level of 95% and a response distribution of 50%. The monthly field survey is conducted by Statistics Lebanon Ltd, a market research and opinion-polling firm.

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