Real Estate Price Index

Second Quarter – 2019

Introduction:

Real estate industry plays a substantial role in promoting sustainable development in KSA; it is a strategic production factor for all vital sectors. It is also a vital incentive for income-based, job-creating investment, in addition to being a basis for launching investment projects in miscellaneous economic and social fields.

Hence, thorough attention is paid to movements of prices of the constituent units of real estate sector, as well as to the values of real estate transactions carried out throughout the KSA regions. Besides, changes that take place every now and then in this industry are followed up through the Real Estate Price Index Program, established on the basis of the relevant data provided by the Ministry of Justice (MOJ) in a spirit of integration and cooperation among the various governmental bodies to contribute to the sustainable development in KSA.

The Real Estate Price Index defines distinctive real estate statistical indicators that measure the performance of the real estate market in KSA, and bridge the gap of real estate data. Furthermore, it is reckoned an essential tool that helps relevant authorities take sound economic decisions in this regard.

The Real Estate Price Index data are especially helpful in the economic and statistical analysis of real estate price movements, and making predictions about real estate trends in the future.

GASTAT is pleased to provide this bulletin to researchers, planners, research centers and entities interested in economic affairs, hoping that the regular and periodic data meet their needs and aspirations.

Allah is the Arbiter of Success.

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Real Estate Price Index Methodology

Description:

GASTAT provides the Real Estate Price Index data through the MOJ to construct the real estate price index and to track changes taking place in the real estate prices. Given the paramount significance of such data, an integrated system was developed to fulfill all requirements necessary for collecting and auditing data, along with calculating the index.

Objectives:

- Developing sophisticated real estate statistical indicators that measure the performance of the real estate market in KSA.
- Bridging the gap in real estate data.
- Satisfying international, regional and domestic requirements in this regard.

Definition:

Real Estate Price Index is "a statistical tool for measuring the relative change in real estate prices between two points in time."

Data Source:

The data required for calculating the real estate index are provided by the MOJ as the only official reference and source of the data related to the real estate sector in KSA.

Data Nature:

- The MOJ provides GASTAT with the detailed data of the cities which represent all administrative regions as per a number of variables achieving purposes of the calculation of agricultural, commercial and residential real estate index numbers.
- Having obtained primary data of the real estate transactions for the years 2012-2015, GASTAT studied those data through its team of specialists to evaluate them, and verify their adequacy for constructing the real estate index. Accordingly, the following items are determined:

  - The appropriate base year.
  - The level of coverage/ representation.
  - Classification.
  - Calculation of weights (relative importance).

Coverage:

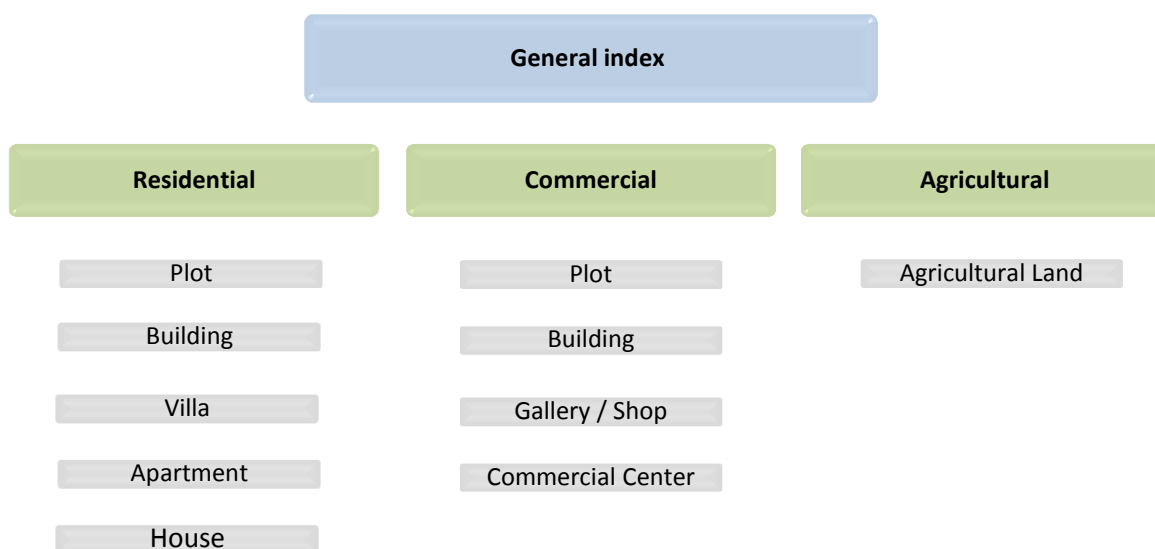The real estate index covers all administrative regions of KSA.

Base Year:

The base year is determined to be 2014.

Classification:

The MOJ data are classified into three main sectors:
   a) Residential Sector: It includes residential plots, residential buildings, villas, apartments and houses.
   b) Commercial Sector: It covers commercial plots, commercial buildings, galleries/shops, and malls.
   c) Agricultural Sector: It is made up of the agrarian lands.

General index		
Residential	**Commercial**	**Agricultural**
Plot	Plot	Agricultural Land
Building	Building	
Villa	Gallery / Shop	
Apartment	Commercial Center	
House		

Weights (Relative Importance):

Weights are calculated based on the value of real estate transactions of each sector comprising the index in the course of the base year.
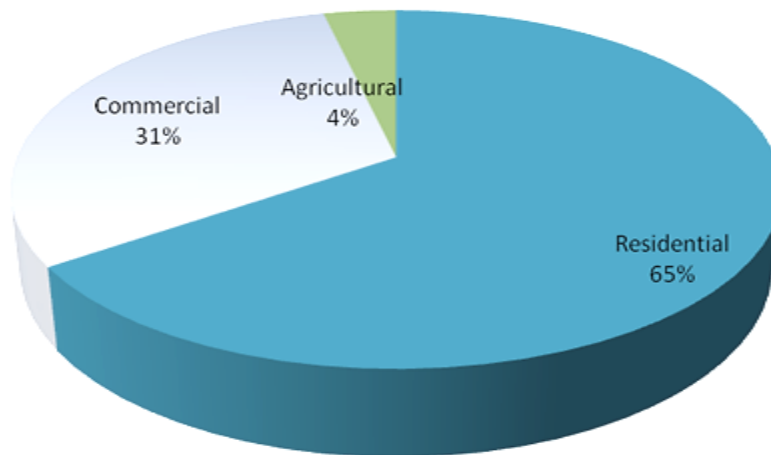
Reviewing and Verifying Data:

Data are reviewed and verified through the following methodology:
- Making sure that data and prices are logical and inclusive.
- Setting automatic verification rules to be followed during data-entry, auditing, processing and publishing.
- Applying procedures that address the problem of disappearance of prices of some real estate types.

Calculation of Real Estate Price Index:

- Laspeyres equation is used to calculate the real estate index:

$$R_{ik} = \prod \left(\frac{P_1}{P_0}\right)^{wt}$$

wt	Relative importance	i	District
P_1	Current price	k	Real estate type
P_0	Base year price		

How to make use of Real Estate Price Index results?

Real Estate Price Index data are used in many fields, including:
- Monitoring price movements of real estate assets;
- Assisting the relevant authorities in taking sound economic decisions;
- Measuring changes in real estate prices from time to time; and
- Using the Real Estate Price Index data to make the economic and statistical analysis of real estate price movements, and come up with predictions about real estate trends in the future.
- It is used as a main economic indicator to predict the economic growth.

Publishing:

Real Estate Price Index data are published as follows:
- Results of the Real Estate Price Index are published as per specific dates declared at the GASTAT website.
- The GASTAT website www.stats.gov.sa is regarded as the accredited official publishing platform.
- Results of the Real Estate Price Index are published by contacting media, and through social networks.

Main Features of Real Estate Price Index Movements
In Q.2 – 2019

1- Quarterly Change:

Real Estate Price Index for Q.2 of 2019, compared to Q.1 of 2019, increased (0.4%) which was the result of the changes recorded by the constituent sectors of the index as follows:

Sector	Percentage (%)	Key items	
		Item	Percentage(%)
Residential	⬆ 0.2	Residential Plot	0.2
		Apartment	0.5
Commercial	⬆ 0.8	Commercial Plot	0.8
		Commercial Center	2.1
Agricultural	⬇ -0.1	Agricultural Land	-0.1

Quarterly relative changes in the general index and sectors during Q.2-2019
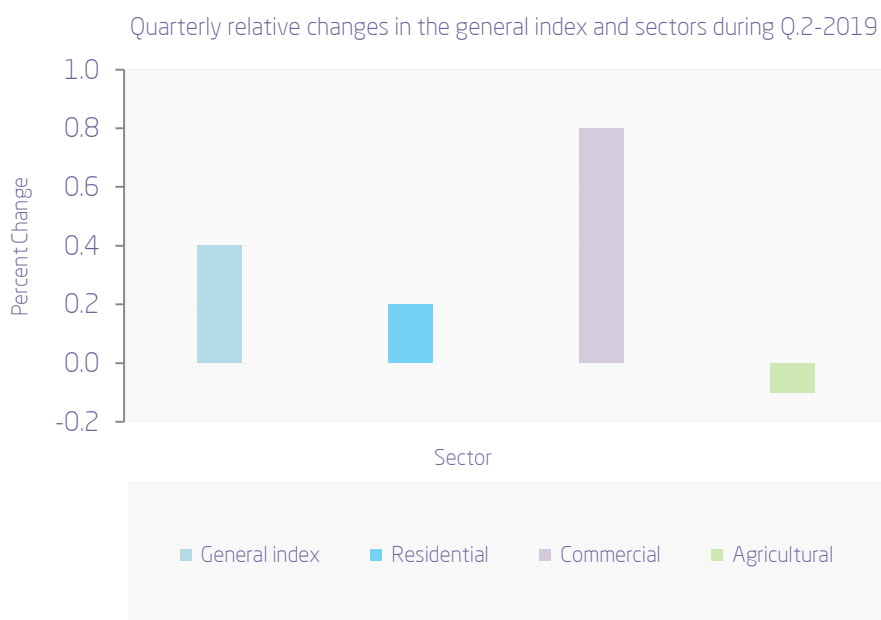
2- Annual change:

Real Estate Price Index for Q.2 of 2019, compared to Q.2 of 2018, declined by (3.8%) due to changes that took place in the constituting sectors of the index as follows:

Sector	Percentage (%)	Key items	
		Item	Percentage (%)
Residential	4.8-	Residential Plot	5.1-
		Residential building	1.4-
		villa	5.6-
		apartment	1.7-
Commercial	1.8-	Commercial Plot	1.8-
		Gallery / Shop	2.1-
Agricultural	0.4-	Agricultural Land	-0.4

Annual relative changes in the general index and sectors during Q.2-2019

■ General index   ■ Residential   ■ Commercial   ■ Agricultural
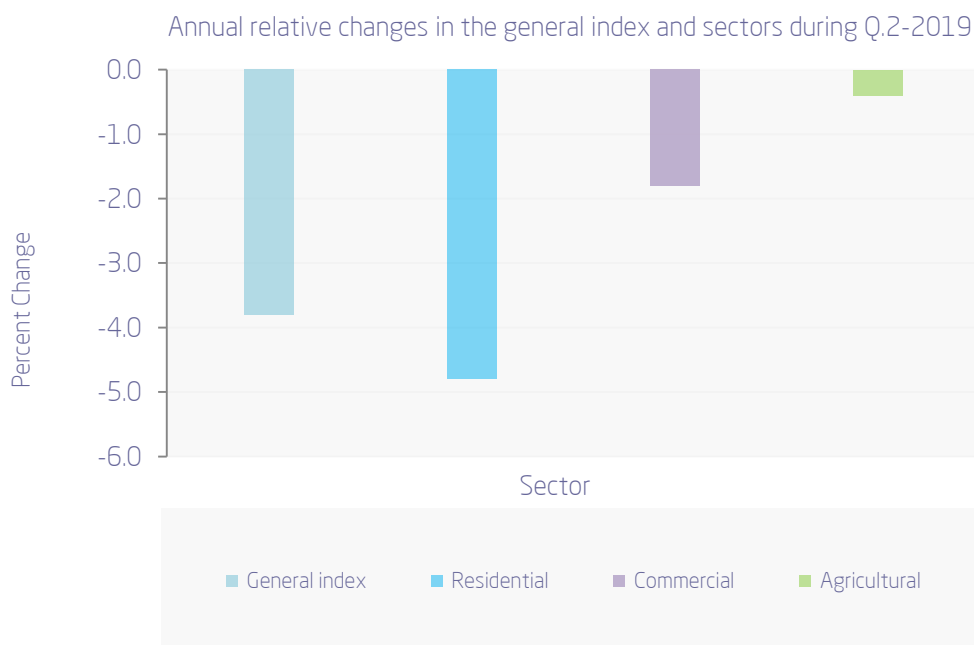
tables

| Table (1) | | | | | جدول (1) |

Quarterly Real Estate Indices and percent change

الأرقام القياسية ربع السنوية لأسعار العقارات ونسب التغير

| Q.2- 2019 | | | 2014=100 | | الربع الثانى - 2019 |

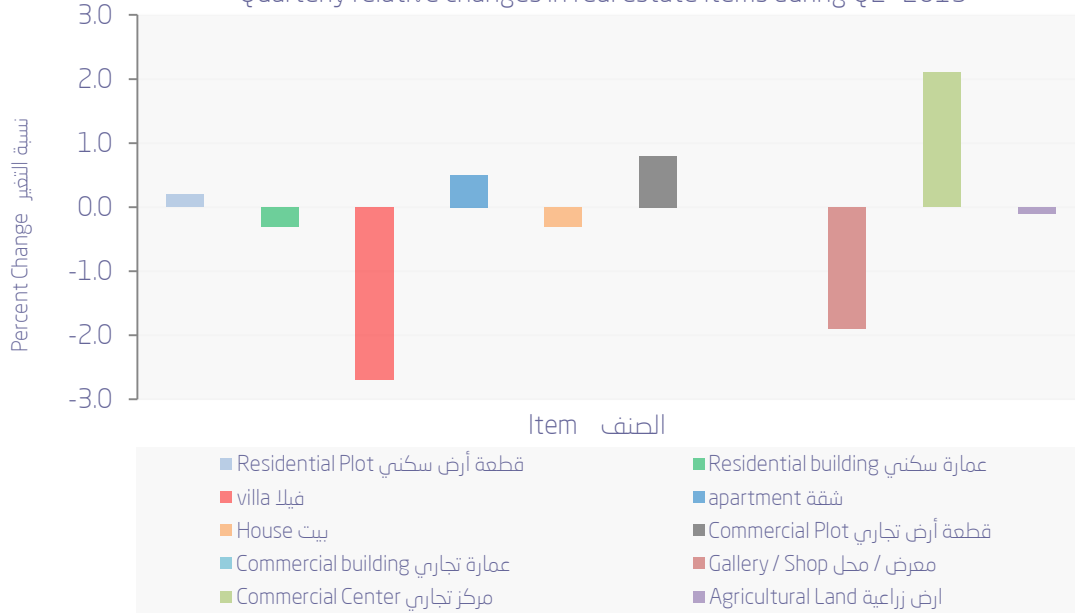| General index Sectors & items	الأرقام القياسية Index Numbers			نسبة التغير من الربع الثاني 2019 إلى Percent Change from Qtr.2 -2019 to		الرقم القياسى العام والقطاعات والاصناف
	الربع الثاني Q.2-2019	الربع الاول Q.1-2019	الربع الثاني Q.2-2018	الربع الاول Q.1-2019	الربع الثاني Q.2-2018	
General index	80.4	80.1	83.6	0.4	-3.8	الرقم القياسي العام
Residential	82.5	82.3	86.7	0.2	-4.8	سكني
Plot	82.4	82.2	86.8	0.2	-5.1	قطعة ارض
Building	92.5	92.8	93.8	-0.3	-1.4	عمارة
Villa	86.6	89.0	91.7	-2.7	-5.6	فيلا
Apartment	83.1	82.7	84.5	0.5	-1.7	شقة
House	95.3	95.6	95.2	-0.3	0.1	بيت
Commercial	75.0	74.4	76.4	0.8	-1.8	تجاري
Plot	74.9	74.3	76.3	0.8	-1.8	قطعة ارض
Building	102.1	102.1	102.1	0.0	0.0	عمارة
Gallery / Shop	88.4	90.1	90.3	-1.9	-2.1	معرض/ محل
Commercial Center	102.4	100.3	100.2	2.1	2.2	مركز تجاري
Agricultural	93.1	93.2	93.5	-0.1	-0.4	زراعي
Agricultural Land	93.1	93.2	93.5	-0.1	-0.4	ارض زراعية

التغيرات النسبية الربع سنوية للاصناف العقارية خلال الربع الثاني2019
Quarterly relative changes in real estate items during Q2- 2019

نسبة التغير / Percent Change

Item الصنف

- Residential Plot قطعة أرض سكني
- villa فيلا
- House بيت
- Commercial building عمارة تجاري
- Commercial Center مركز تجاري
- Residential building عمارة سكني
- apartment شقة
- Commercial Plot قطعة أرض تجاري
- Gallery / Shop معرض / محل
- Agricultural Land ارض زراعية

التغيرات النسبية السنوية للاصناف العقارية خلال الربع الثاني2019
Annual relative changes in real estate items during Q.2-2019

نسبة التغير / Percent Change

Item الصنف

- Residential Plot قطعة أرض سكني
- villa فيلا
- House بيت
- Commercial building عمارة تجاري
- Commercial Center مركز تجاري
- Residential building عمارة سكني
- apartment شقة
- Commercial Plot قطعة أرض تجاري
- Gallery / Shop معرض / محل
- Agricultural Land ارض زراعية

Table (2)   (2) جدول

Serice of Real Estate indices
In the kingdom   سلسلة الارقام القياسية لأسعار العقارات
Q.2 -2019   2014=100   بالمملكة
                                                                                                الربع الثانى - 2019

السنة Year	الربع الاول Qtr.1	الربع الثانى Qtr.2	الربع الثالث Qtr.3	الربع الرابع Qtr.4	المتوسط السنوى Annual average
General index					الرقم القياسى العام
2017	85.5	84.9	84.9	84.6	85.0
2018	84.2	83.6	82.3	80.4	82.6
2019	80.1	80.4			
Residential					سكنى
2017	87.6	87.8	88.2	88.0	87.9
2018	87.4	86.7	84.9	82.7	85.4
2019	82.3	82.5			
Plot					قطعة أرض
2017	87.6	87.8	88.2	88.1	87.9
2018	87.5	86.8	84.9	82.6	85.4
2019	82.2	82.4			
Building					عمارة
2017	95.1	94.2	93.4	93.5	94.0
2018	93.6	93.8	94.0	93.4	93.7
2019	92.8	92.5			
Villa					فيلا
2017	92.5	94.5	94.4	93.2	93.7
2018	93.3	91.7	90.4	88.9	91.1
2019	89.0	86.6			
apartment					شقة
2017	86.8	85.8	85.6	85.5	85.9
2018	85.0	84.5	82.7	82.5	83.7
2019	82.7	83.1			
House					بيت
2017	96.9	96.8	96.6	96.1	96.6
2018	95.3	95.2	94.9	95.4	95.2
2019	95.6	95.3			
Commercial					تجارى
2017	80.2	78.4	77.6	77.1	78.3
2018	76.7	76.4	76.0	74.7	75.9
2019	74.4	75.0			
Plot					قطعة أرض
2017	80.1	78.3	77.5	77.0	78.2
2018	76.6	76.3	75.9	74.6	75.9
2019	74.3	74.9			
Building					عمارة
2017	102.1	102.1	102.1	102.1	102.1

Table (2)

جدول (2)

Serice of Real Estate indices
In the kingdom
Q.2 -2019

سلسة الارقام القياسية لأسعار العقارات
بالمملكة
الربع الثانى - 2019

2014=100

السنة Year	الربع الاول Qtr.1	الربع الثانى Qtr.2	الربع الثالث Qtr.3	الربع الرابع Qtr.4	المتوسط السنوى Annual average
2018	102.1	102.1	102.1	102.1	102.1
2019	102.1	102.1			
Gallery / Shop					معرض /محل
2017	89.1	88.5	89.0	89.3	89.0
2018	89.5	90.3	90.4	90.4	90.1
2019	90.1	88.4			
Commercial Center					مركز تجارى
2017	101.9	101.9	101.9	101.4	101.8
2018	100.2	100.2	100.2	100.0	100.2
2019	100.3	102.4			
Agricultural					زراعى
2017	94.0	93.8	93.8	93.7	93.8
2018	93.6	93.5	93.5	93.4	93.5
2019	93.2	93.1			
Agricultural Land					ارض زراعية
2017	94.0	93.8	93.8	93.7	93.8
2018	93.6	93.5	93.5	93.4	93.5
2019	93.2	93.1			

الرقم القياسي العام الربع سنوي للاعوام 2019,2018
The Quartarly General Index Number for 2018,&2019
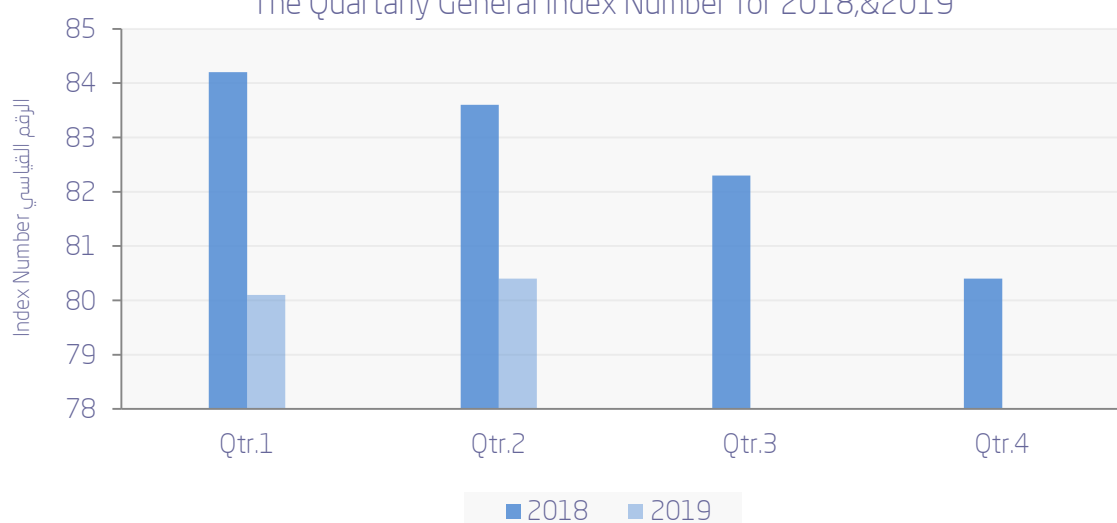
Table (3)					جدول (3)
Real Estate Indices for Regions					الارقام القياسية لأسعار العقارات على مستوى المناطق
Q.2-2019		2014=100			الربع الثاني – 2019
Kingdoom & Regions	الرقم القياسي للربع الثاني 2019				المملكة والمناطق الادارية
	القطاع الزراعى	القطاع التجارى	القطاع السكنى	الرقم العام	
Kingdom	93.1	75.0	82.5	80.4	المملكة
Ar Riyadh	129.2	66.9	81.7	75.3	الرياض
Makkah	95.9	77.5	81.8	80.8	مكة المكرمة
Madinh	92.8	96.9	91.4	92.8	المدينة المنورة
Al Qaseem	79.9	83.3	77.6	78.9	القصيم
Eastern	89.0	84.4	81.2	82.5	الشرقية
Aseer	91.8	90.3	83.5	84.9	عسير
Tabouk	100.0	94.0	76.8	82.5	تبوك
Hail	97.5	79.0	89.0	87.9	حائل
Northern		94.0	91.2	91.5	الحدود الشمالية
Jazan	83.4	75.6	94.0	88.3	جازان
Najran	99.3	84.5	82.3	85.9	نجران
Al Baha	107.3	97.4	75.5	78.9	الباحة
Al Jouf	110.5	82.3	78.7	83.5	الجوف

الرقم القياسي العام للمملكة والمناطق الادارية خلال الربع الثاني 2019
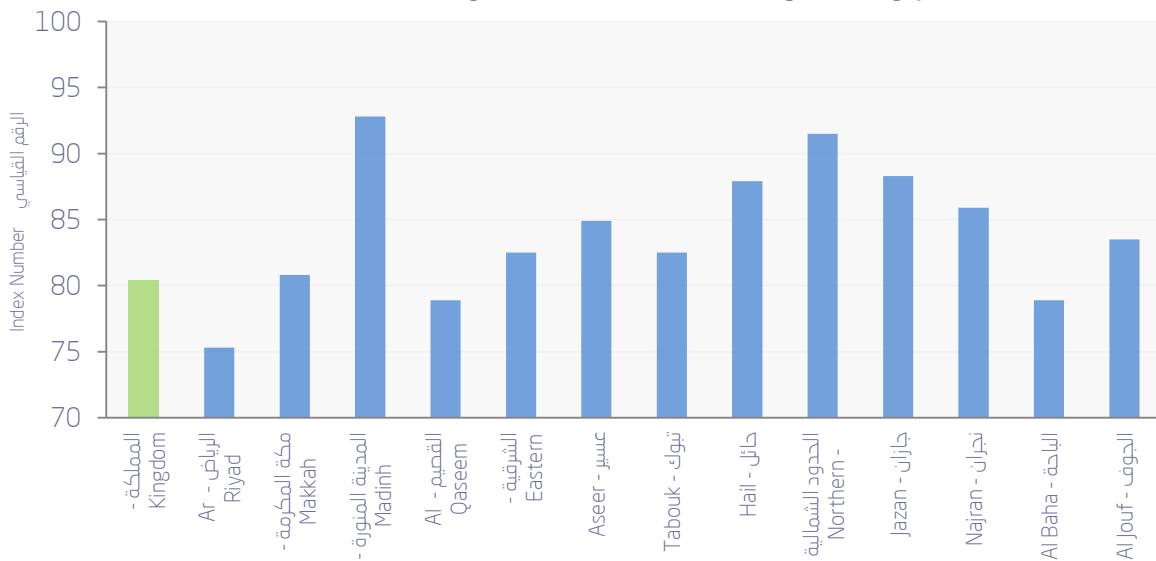The General Index of the Kingdom and the Administrative Regions during Q.2-2019

Table (4)

جدول (4)

The Relative Importance of The Sectors & items of Real Estate Prices

الاهمية النسبية لقطاعات واصناف الرقم القياسي لأسعار العقارات

General index	الاهمية النسبية	الرقم القياسي العام
General index	100	الرقم القياسي العام
Residential	65.4	سكني
Plot	62.2	قطعة أرض
Building	0.03	عمارة
Villa	0.4	فيلا
Apartment	2.6	شقة
House	0.2	بيت
Commercial	31	تجاري
Plot	30.9	قطعة أرض
Building	0.003	عمارة
Gallery / Shop	0.1	محل /معرض
Commercial Center	0.1	مركز تجاري
Agricultural	3.6	زراعي
Agricultural Land	3.6	ارض زراعية