

## **Byblos Bank Real Estate Demand Index In First Quarter of 2019**

- Index up 10% in first quarter after Banque du Liban launches mortgage subsidies for 2019
- Long-term pick-up in demand for housing requires comprehensive housing policy

**Byblos Bank Headquarters, May 06, 2019:** Byblos Bank issued today the results of the Byblos Bank Real Estate Demand Index for the first quarter of 2019.

The results show that the Index posted a monthly average of 56.1 points in the first quarter of 2019, constituting an increase of 9.6% from 51.2 points in the fourth quarter of 2018, compared to a decline of 6% in full year 2018.

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 increased in the first quarter of the year after Banque du Liban launched its USD 1.1 billion economic stimulus package for 2019 that includes LBP 790 billion, or about USD 524 million, in subsidies for housing loans." He noted that "LBP 490 billion will support mortgages in 2019 that commercial banks subsidized from their own funds in 2018, while LBP 300 billion will subsidize new mortgages this year. As a result, banks have started to utilize the facility, which is meeting part of the demand for housing. Further, the stimulus package includes an additional amount for subsidized mortgages to expatriates."

Mr. Ghobril indicated that "the housing market requires additional measures to stimulate demand, as the Index's average monthly score in the first quarter of 2019 came 57.2% lower than the peak of 131 points registered in the second quarter of 2010, and remained 49% below the annual peak of 109.8 points posted in 2010. Also, it was 5.8% lower than the Index's monthly trend average score of 59.5 points since the Index's inception in July 2007."

As such, Mr. Ghobril pointed out that "Banque du Liban, in cooperation with commercial banks, has subsidized interest rates on housing loans since 2009. These measures were supposed to be temporary in order to give the executive branch enough time to develop a housing policy." He added: "it is clear that citizens have more confidence in Banque du Liban's initiatives than in the politically-motivated promises that they heard throughout last year from various political sides. However, it remains the responsibility of the executive branch to not only cover interest subsidies on housing loans for limited-income citizens, but also to take the lead in developing a comprehensive housing policy that stimulates demand for all segments of the residential market in Lebanon."

The answers of respondents to the Index's survey questions in the first quarter of 2019 show that 6.3% of Lebanese residents had plans to either buy or build a residential property in the coming six months, up from 5.8% in the fourth quarter of 2018 and compared to 3.75% in the first quarter of 2018. In comparison, 6.7% of residents in Lebanon, on average, had plans to buy or build a residential unit in the country between July 2007 and March 2019, with this share peaking at nearly 15% in the second quarter of 2010.

The results of the Index show that demand for housing was the highest in the South in the first quarter of 2019, as 10.9% of its residents had plans to build or buy a house in the coming six months, compared to 9.2% in the fourth quarter of 2018. The Bekaa followed with 8.5% of its residents planning to build or buy a residential unit in the coming six months, down from 9.1% in the preceding quarter; while 5.7% of residents in the North had plans to buy or build a house, relative to 6.3% in the previous quarter. In addition, 4.9% of residents in Mount Lebanon intend to buy or build a house, up from 3.77% in the preceding quarter, while 3.8% of residents in Beirut had plans to build or buy a residential unit, up from 3% in the fourth quarter of 2018. In parallel, real estate demand increased across all income brackets in the first 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.

For further information, please contact:

**Nassib Ghobril**

Chief Economist

Head of Group Economic Research & Analysis Department

Byblos Bank, Beirut, Lebanon

Phone: (961) 1 338 100 ext. 0205

Fax: (961) 1 217 774

E-mail: [nghobril@byblosbank.com.lb](mailto:nghobril@byblosbank.com.lb)