

Analysis

Conjuncture note related to land meant for investment- for 2014

Conjuncture notes are one of the three instruments of the economic land observatory stipulated in the statutes of the ANIREF. The purpose of these notes is the monitoring of the national conjuncture that characterizes the land market meant for investment.

The 2014 conjuncture remains marked by the pressure exerted on industrial land put under concession by the State through the CALPIREF.

1. The economic land market context

A legal context that remains oriented towards investments support

The conjuncture related to investment remains marked by the previous finance acts measures. These measures main objective consisted in fostering productive investment in order to boost industrial growth and reduce imports.

The 2014 Finance Act maintained the device governing investment and brought about changes seeking a lightening of advantages granting procedures and FDI encouragement.

The regulations governing access to land meant for investment is still governed by the provisions taken by the Council of Ministers of February 22, 2011. These provisions stipulated that access to public land concession is done on the basis of mutual agreement and allowances on annual rental fees with varying rates depending on regions (the north, the highlands, the south and the far south) were granted. Furthermore, the Finance Act for 2014 requires the services of Domains to apply the minimum threshold of the range of the market observed prices while determining the annual fee for the concession of land meant for the realization of investment projects.

A legal context that remains oriented towards investments support

The economic context of the year has been marked by the concern of the government and public opinion about the prospects for hydrocarbons price evolutions. Indeed, the decline triggered by the world market prices resulted, since September, in trade surpluses decline, thus heralding a difficult economic context for the country¹.

¹According to the Bank of Algeria, the oil prices fall was very significant, nearly 50 % between June and December 2014.

This climate has not yet impacted growth that recorded a rate of 4% against 2.8% in 2013 and 3.3% in 2012.

2. The state of the economic land market

Ever- increasing Industrial investments.

Investment declarations to the ANDI²services for 2014 have significantly increased compared to 2013, a growth rate of 11% that resulted in 9904 projects.

Industrial sector investment declared to the ANDI services represents 62% of the overall.

The demand for industrial land at the CALPIREF marks time.

The assessment of applications processed by the CALPIREF for the fiscal year 2014 unveils a sharp drop in applications for land meant for industrial investment, compared to 2013 (28% of files). The declining of files submitted to the CALPIREF can be attributed to the saturation of the North of the country spaces. Many investors may prefer the extension of the capacities of existing plants rather than new capacities in remote regions.

Despite this decrease, the pressure on availabilities remains strong. Rejected files remain significant.

3. The evolution of industrial land prices

Ever - increasing transactions.

Industrial land transfers are still on the bullish trend with an increase of 25% compared to 2013. This evolution is due to the concession market that represents 75% of publications at the Land Registry.

Concessions of land within the state's private domain develop and supplant transfers operated on private land.

The price index marking a sharp increase

The 2014 list of prices records a significant increase in prices compared to 2013. The national average price is 7259 AD / m², a significant increase compared to 2013 when the price was 5064 DA / m², representing a rate of 43%.

Compared to the base year (2008), the average price has increased by 55%. This shows a persistent price pressure.

Furthermore, the "geographical location" factor still impacts the price differentiation. This differentiation is measured by the amplitude of the prices of the list of prices; the national³ average price varies from a minimum of 2749 DA / m² and a maximum of 23 810 DA / m².

²National Agency of Investment Development

³Smoothed averages