

Preamble

Conjuncture notes are part of the three tools of the economic land observatory provided by the executive decree n° 07-119, dated April 23, 2007 dealing with the creation of ANIREF and setting out its statutes and missions.

These notes deal with the monitoring of the national conjuncture that characterizes the economic land market and its determinants.

This conjuncture note relates to the fiscal year 2010. The indicators are established from national official sources and credible international ones.

1. The context of the economic land market

1.1. The economic context of the period

The conjuncture related to investment has undergone important changes compared to the previous periods. The new policy that was introduced by the government helps regaining control over economy with the aim of favoring the national enterprises and reducing imports. Many texts were promulgated to frame foreign investments. They affected the capital structure of foreign enterprises wishing to implant in Algeria, the taxation of added values of assignment and the transfers of the dividends. They also reaffirm the right of pre-emption and access to the transfer of assets carried out by local or foreign groups. Finally, they show the primacy that is given to local enterprises in the award of procurements.

These measures have partly affected the volume of FDI during 2010. They decreased, by 13%, compared to 2009, according to international publications. This is also due to the international context which reflects the behavior of multinational companies which have reduced their loan to intra-companies and have decreased the reinvested profits.

In terms of national investment, the conjuncture has been marked by two important facts: the documentary credit as a sole means of payment of imports and the supporting measures for the national investment and production despite a sharp improvement of the overall growth (growth for industry: 1.1% ; national GDP growth: 4%).

1.2. The legal context related to industrial land

The economic context is still marked by the measures of ordinance n°08-04 dated September 2008 and the executive decrees n° 09-152 and 09-153 dated May 2, 2009, establishing the conditions and the terms of the concession of lands within the private domain of the state intended for the achievement of investment projects.

2. The state of the economic land market in terms of availabilities and needs

2.1. The availabilities of the economic land

The situation of the industrial land has little changed compared to 2009. The census that has been conducted by ANIREF reveals that potential availabilities totalize 11 660 of land and real estate properties and extend over an area of 3 618 ha.

2.2. The needs in economic land

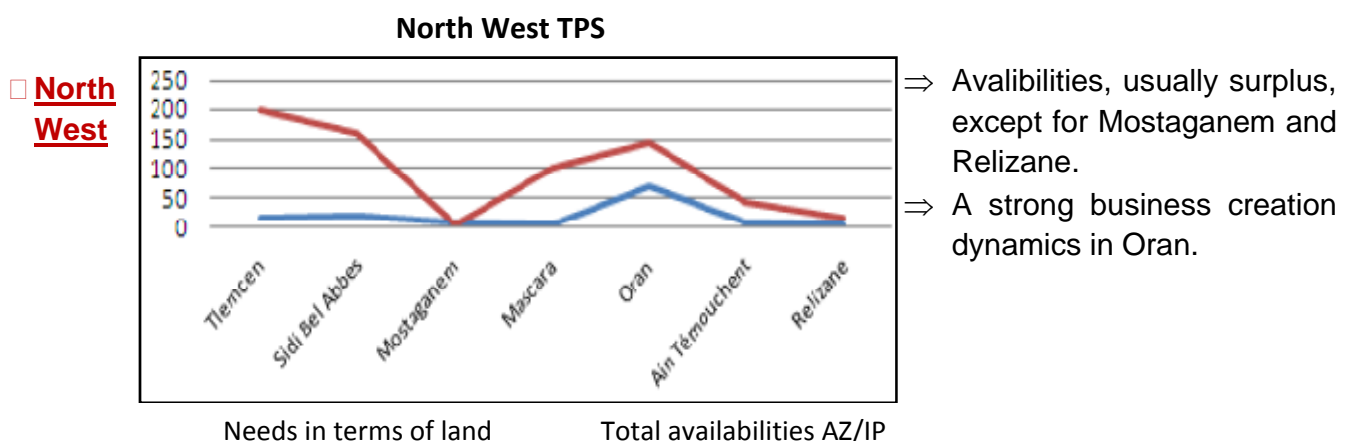
The demand in economic land remains pressing in spite of the economic environment. Data on the registrations of the industrial sector and the BPWH (building, public works and hydraulic) in the recent period give off a slight decline in registrations (- 4% in 2010).

The new registrations of industrial enterprises, although falling compared to last year, remain significant. About 2500, including more than 1100 registered to ANDI to benefit from the advantages of the investment agreement system.

2.3. Matching between land availabilities and the creations of industrial enterprises.

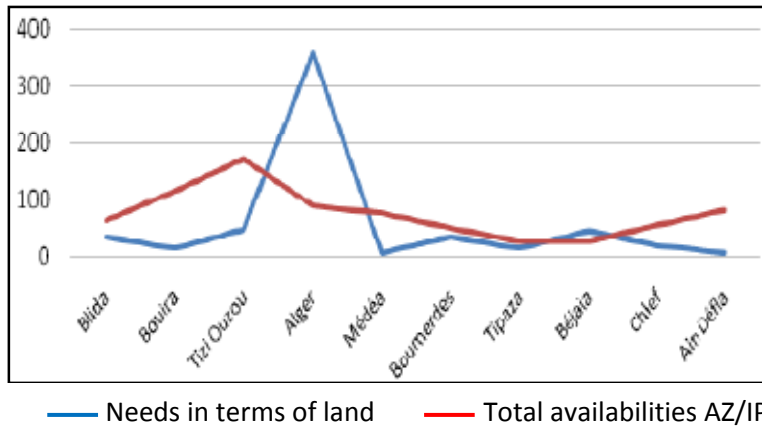
The approximation of data on the availabilities of economic land in activity zones and industrial parks and the dynamics of the creation of industrial enterprises shows an overall surplus situation; but unveils tense situations in many northern wilayas.

Matching by territorial programming space



□ **Central North**

Central north TPS

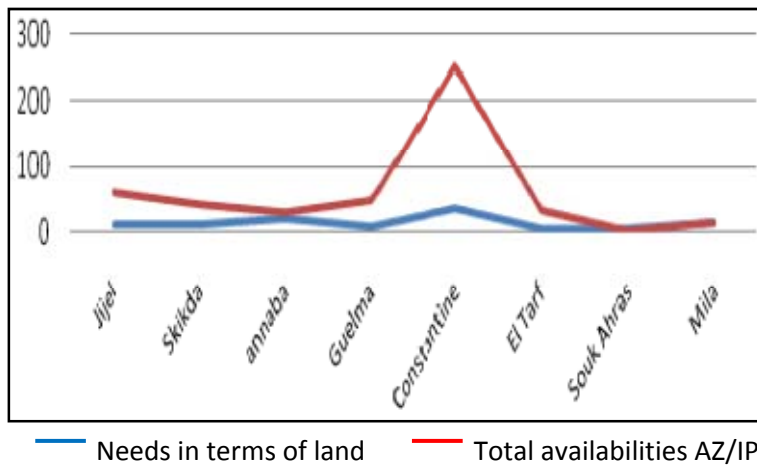


⇒ A critical matching of availabilities-needs for the wilaya of Algiers and the bordering wilayas.

⇒ The wilaya of Algiers remains a saturated space.

□ **North East**

North East TPS



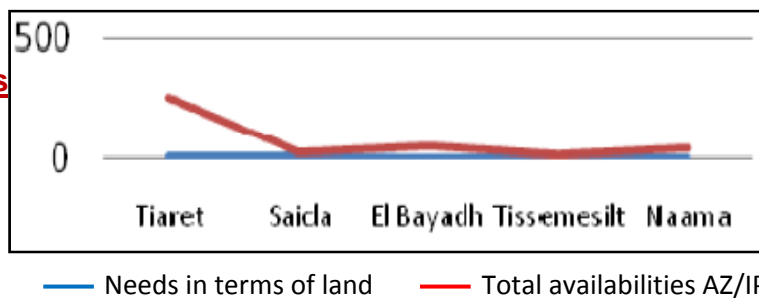
⇒ A tense adequacy of availabilities- needs for almost all the wilayas except for Constantine.

Matching by territorial programming space

- The highlands-

□ **Western highlands**

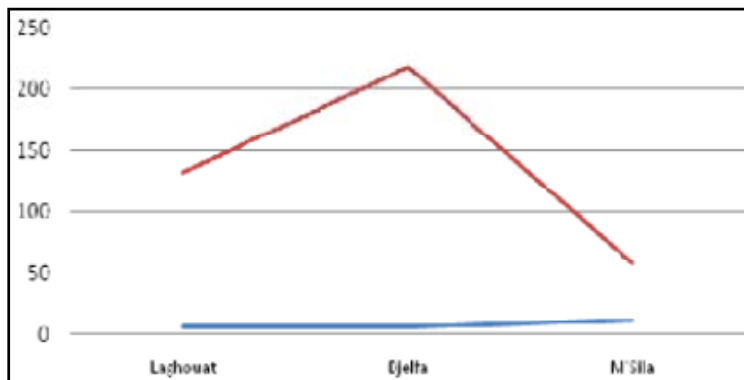
Western highlands TPS



⇒ This region is characterized by the weakness of the dynamics of the creation of industrial enterprises, hence a low pressure on the availabilities.

Western highlands TPS

□ Central highlands

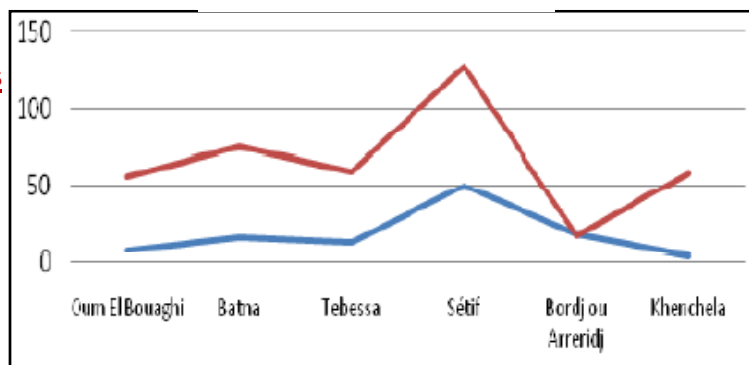


⇒ A largely surplus region because of the importance of availabilities and the weak dynamics of creation of industrial enterprises.

— Needs in terms of land — Total availabilities AZ/IP

Eastern highlands TPS

□ Eastern highlands



⇒ A surplus region for all the wilayas, except for the wilaya of Bordj Bou Arreridj that shows a deficit.

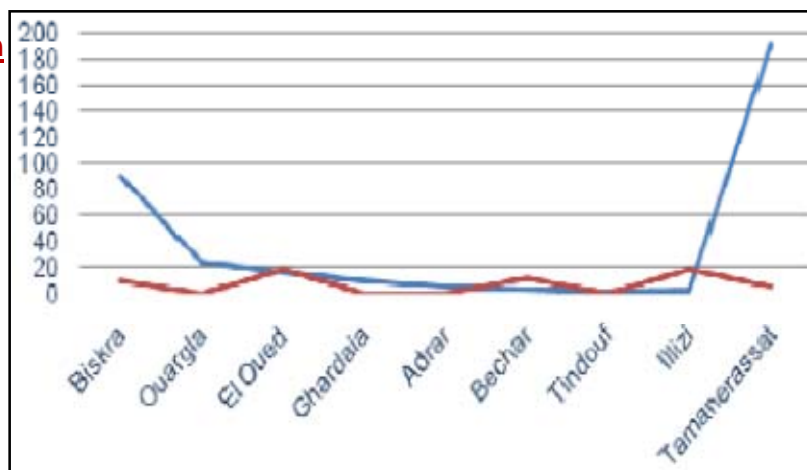
— Needs in terms of land — Total availabilities AZ/IP

Matching by territorial programming space

-The South-

TPS - South -

□ South



⇒ The South is generally characterized by the weakness of the dynamics of the creation of industrial enterprises.

⇒ Except for the wilayas of Ouargla, Ghardaia, Adrar and Tindouf. Availabilities are surplus in other regions.

— Needs in terms of land — Total availabilities AZ/IP

3. The economic land transactions observed in 2010

3.1. Progression of the number of transactions

The progression of economic land transactions¹, in terms of transferred properties, continues to experience declines with 241 observed transactions in 2010 compared to 274 in 2009 and 373 in 2008.

3.2. The legal status of the sellers

On the 241 of the observed transactions in 2010, 44% have been achieved by ANIREF, 10% by land agencies whereas the private sector contributed to 44% of the volume of these transactions.

3.3. The average national prices and the progression index

The list of prices of 2010 shows characteristics that differ from those of the reference period (2008) and 2009. Indeed, the launching of the concession market and the mode of public auctions has led to a significant increase of the land price.

The average national price was 9 427 AD/m² and has resulted in an index of 1.94 (2008 = 100) i.e. an increase of 94% compared to the reference period and a progression of 127% compared to 2009.

Conclusion

The economic context of 2010 is marked by a weak industrial growth in spite of a significant overall growth.

The dynamics of industrial enterprises creation is contrasting. The national investment is continuing but the FDI experience a sharp fall.

The legal context related to economic land, has remained marked by the implementing legislation of the ordinance n° 08-04 dated September 1, 2008 that led to the emergence of the concession market.

The study of the matching between the availabilities and the needs in economic land unveils tense situations in the regions characterized by a strong investment dynamics.

The list of prices of 2010 has highlighted the issue of the matching supply/demand. The levels of the reported prices indicate that there are pressures on the supply in some regions particularly in industrial areas.

¹ List of prices 2010

The list of prices has also highlighted an inflationary phenomenon. There has been a considerable increase of land prices. Concessions and the mode of public auctions have driven prices up.

The previous conjuncture note emphasized the necessity of the improvement of the supply and the regulation that can attract investors in regions with a high potential concerning economic land.

The measures taken by the government in 2011 are at the core of the matching supply-demand and even anticipate a strong dynamics of industrial investment. They aim at directing investments towards new areas while decreasing the pressure on the northern regions.