

Conjuncture note of land meant for investment- 2014

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

The conjuncture of the year 2014 remains marked by the pressure exerted on the industrial land to be granted by means of concession by the State through the CALPIREF.

1. The economic land market context

A legal context that remains oriented towards investment supporting.

The investment conjuncture is still marked by the measures taken by previous Finance Acts. The main objective of these measures was to promote productive investment in order to boost industrial growth and reduce imports.

The 2014 Finance Act maintained the device governing investment and introduced amendments to lighten procedures related to benefits granting and FDI inducement.

Regulations governing access to land intended for investment remain governed by the provisions adopted by the Council of Ministers held on February 22, 2011. These provisions stipulated that access to concession of public land would be by mutual agreement and annual rental fees would be reduced with variable rates depending on the region (north, highlands, south and far south). Furthermore, the 2014 Finance Act requires the Domains services to apply the minimum threshold of the range of prices observed in the market while determining the annual fee due under the concession of lands intended for the realization of investment projects.

A legal context that remains focused on investment supporting.

The economic context of the year is marked by the concern of public authorities and the opinion about the evolution prospects of hydrocarbons

prices. Indeed, the decline in world prices led to a fall in trade surpluses in September, foreshadowing a difficult economic context for the country¹.

However, this climate has not yet had an impact on growth which recorded a rate of 4% compared to 2.8% in 2013 and 3.3% in 2012.

2. The state of the market of economic land

Industrial investments are still growing

Investment declarations to the ANDI services for the year 2014 are in clear evolution compared to 2013, i.e. a growth rate of 11%, which resulted in 9904 projects.

Industrial sector investments declared to the ANDI's² services represent 62% of the total.

The demand for industrial land at the level of CALPIREF slows down

The analysis of applications processed by CALPIREF for the year 2014 shows a significant decrease in the number of applications for land meant for industrial investment compared to 2013, i.e. 28% of the files. The decrease in applications submitted to CALPIREF, can be explained by the saturation of spaces in the north of the country. Many investors may prefer extending the capacity of existing plants rather than creating new capacities in remote areas.

In spite of this decrease, the tension on the availabilities remains strong. The number of rejected files remains high.

3. The evolution of industrial land prices

Transactions are still increasing

Disposals of industrial land continue the upward trend recording an increase of 25% compared to 2013. This evolution is due to the market of the concession that represents 75% of the Land Registry publications.

Concessions of land that falls within the private domain of the State are developing and supplant the transfers made in private land.

¹ According to the Bank of Algeria, the fall in oil prices was very noticeable by almost 50% between June and December 2014

² National Agency for Investment Development

The price index showing a strong increase

The 2014 price list shows a significant increase in prices compared to 2013. The national average price is 7 259 DA / m² and is in significant increase compared to 2013 : it was then 5 064 DA / m², i.e. a rate of +43%.

Compared to the base year (2008) the average price is up 55%; this indicates a persistent pressure on prices.

Furthermore, the "geographic location" factor always impacts price differentiation. This differentiation is measured by the amplitude of the prices of the list of prices; the national³ average price varies between a minimum of 2749 DA/m² and a maximum of 23810 DA/m².

³ It is about the averages corrected