



Ministry of Industry and Mines

Intermediation and Land Regulation National Agency

INDUSTRIAL LAND CONJUNCTURE NOTE -Fiscal year 2018-

September 2019

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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 amended and supplemented dealing with the creation of ANIREF and setting out its statutes and missions.

The purpose of these notes is to monitor the national conjuncture that characterizes the land market meant for investment and its determinants. The present conjuncture note concerns the fiscal year 2016.

The content of this note is based on the main headings of the previous notes.

Thus, this conjuncture note integrates the following sections:

- The economic context of the period;
- The regulatory context of the land market meant for investment;
- The evolution of the land market meant for investment.

These indicators are based on official national and international credible sources.

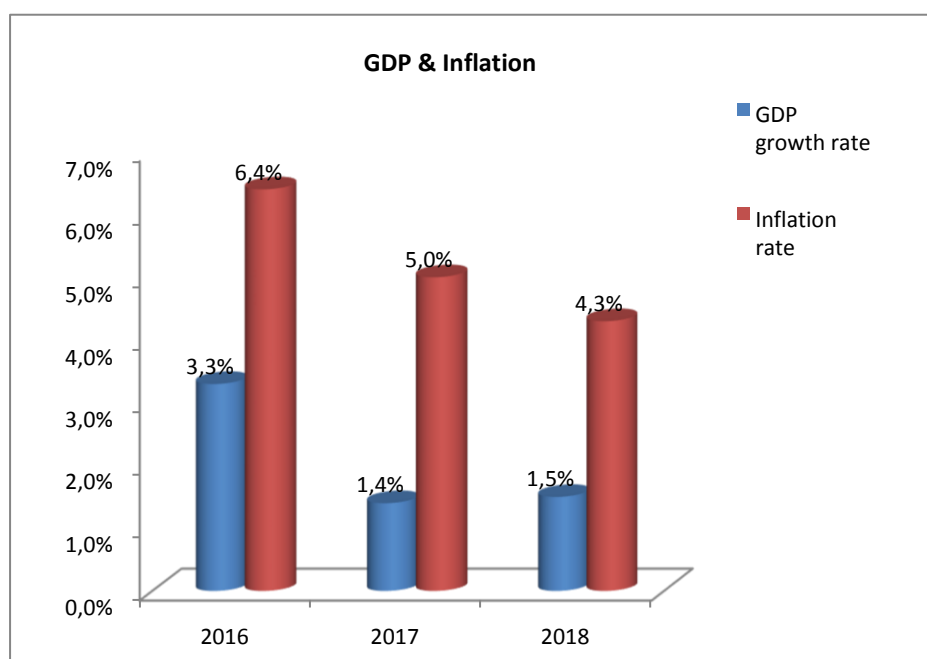
They are developed and managed in a database at ANIREF.

Conjuncture notes that are drawn up state the points of view and the analyses of the Agency.

I. The economic conjuncture of the period

In 2018, the national economy is still impacted by the oil shock of 2014 (between 2014 and 2016 the price of a barrel fell from 110 to 35 dollars, a drop of 68%¹) although the nation's major balances are less exposed to the risks that marked 2016 and 2017. The economic activity data for fiscal year 2018 show the following:

- A slight increase in gross domestic product (GDP) which stood at 1.5% compared with 1.4% in 2017². This growth was mainly driven by the good performance of agricultural activities (+6%), construction (5.6%) and commercial services (4.5%). However, the hydrocarbons sector continues to contribute negatively to growth (-6.2%).
- The inflation rate recorded an annual average of 4.3%; down compared to 2017(5%).
- The trade balance had a deficit of USD 5.03 billion. Indeed, 2018 exports (USD 41.17 billion) covered 89%³ of imports (USD 46.20 billion). This coverage rate is up compared to a rate of 76% recorded in 2017.

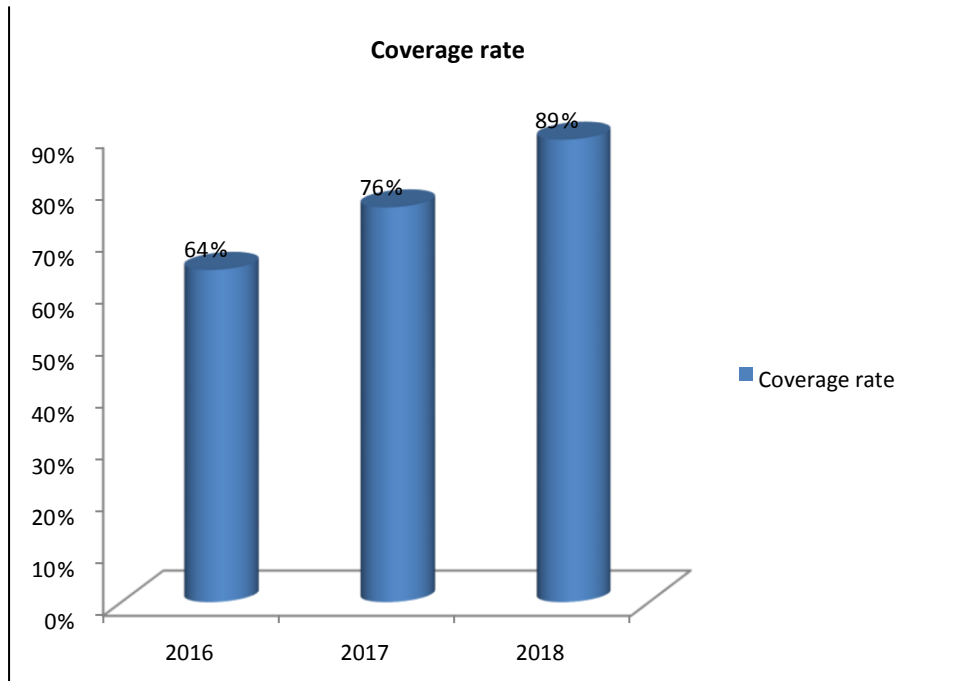


Source: National Office of Statistics

¹ OPEC, www.opec.org/opec_web/en/data_graphs/40.htm

² National Office of Statistics- Quarterly national accounts -4th quarter 2018 -N°849

³ Computing and statistics national center- General Directorate of Customs (2018)



Source: Computing and Statistics National Center- General Directorate of Customs -

II. The industrial activity

With a view to diversifying the economy and reducing dependence on hydrocarbons, public authorities adopted during the 2018 fiscal year a set of incentive and facilitative measures to boost industrial activity.

In what follows, we briefly examine the legislative aspect of this policy before presenting the indices that reflect the dynamics of the sector.

II-1. The legal context :

In 2018, a number of texts were promulgated, mainly:

- The Executive Decree No. 18-170⁴ on the creation of the Agency for the Development of the SME and the Promotion of Innovation. This Agency is created to give a new impetus to SMEs by working to :
 - Density their base;
 - Support innovation, research and development within them;
 - Support them in their financing and market acquisition process.

⁴ OJ N° 42 dated July 15, 2018

- The Executive Decree No. 18-169 setting the operating terms of the National Fund for SMEs development support, investment support and the promotion of industrial competitiveness.
- The Finance Act for 2018, in its Article 104, dealing with the increase from 3% to 5%⁵ of the amount of the tax applicable against the owners of land for industrial use that is unused in order to encourage them to carry out their investment projects in time.
- Introduction of import restriction measures through the suspension of imports of certain products. This measure aims to reduce imports and support their substitution by national production.

II-2: The industrial activity indices.

In 2018 we still note the interest of investors in the industrial sector. Indeed, the National Agency for Investment Development (ANDI) listed 2 293 and 2 564⁶ declarations of investment projects in industry for the last two years 2018 and 2017 respectively. Specialists explain this dynamics by the benefits granted to anyone having an industrial project by the Law No. 16-09 on investment promotion, promulgated on August 03, 2016.

On another aspect, the industrial production (excluding hydrocarbons) of the national public sector records a slight increase of 0.9%⁷ compared to 2017. Moreover, in the absence of availability of data relating to the private sector, a complete visibility on the industrial dynamics remains curtailed.

III. The evolution of the industrial land market

The industrial land market reflects the dynamics of industrial activity in terms of realization of investment projects; it remains governed by the provisions of the Supplementary Finance Act for 2015 which have eased the procedures for access to concession.

During 2018, land registries of the 46 wilayas that we observed recorded 640 transactions. This volume of properties disposed of is down by 65 transactions compared to 2017, which gives a 9.2%⁸ decrease.

⁵ OJ N° 76 dated December 15, 2018

⁶ ANDI, Declared investment projects assessment (2017, 2018)

⁷ National Office of Statistics, Industrial production index –4th quarter 2018- N°848.

⁸ ANIREF, Industrial land list of prices (2017, 2018)

Transaction mode	2017		2018	
	Number	Relative share (%)	Number	Relative share (%)
Concession	637	90%	457	71%
Transfer	55	8%	149	23%
Others	13	2%	34	5%
Total	705	100%	640	100%

In spite of its loss of 19 points in relative share (from 90% in 2017 to 71% in 2018), the concession mode is still prevailing. On the other hand, transfers increased by 94 transactions; their share thus rises from 8% to 23%.

As for the location of the properties disposed of, the list of prices for 2018 highlights the prevalence of the implementation of projects in activity zones: among the 640 transactions observed 481 are located there, i.e. a rate of 75%; this represents an increase of 17 points compared to the previous year. It should be noted that the decision of the public authorities to suspend any new allocation of land in the new industrial zones in project before the completion of works has reduced the number of transactions from 162 to 54 in this type of area.

Kind of zone	2017		2018	
	Number	Relative share(%)	Number	Relative share(%)
Activity zone	409	58%	481	75%
Industrial zone	93	13%	76	12%
Industrial zones projects	162	23%	54	8%
Urban area	41	6%	29	5%
Total	705	100%	640	100%

In the light of the results of the list of prices for 2018, the national average price of industrial land shows an increase of 22% compared to that observed in 2017; rising from 5,518 DZD/M² to 6,730 DZD/M². However, despite this increase, the concession mode continues to moderate prices. Indeed, the average price of land conceded by public operators, expressed in market value (excluding reductions), equal to 5,769 DZD /M², is lower than that of the transfers conducted by private individuals which is equal to 10,081 DZD / M².

Kind of market	2017			2018		
	Average price	Minimum (Percentile 25%)	Maximum (Percentile 95%)	Average price	Minimum (Percentile 25%)	Maximum (Percentile 95%)
Concession/transfer	5 518	1 675	19 981	6 730	1 722	25 000
Concession	5 472	1 709	19 750	5 769	2 000	20 000
Transfer	6 169	700	19 740	10 081	1 000	51 000

Moreover, we note a quasi-stability of the concession price between 2017 and 2018 with 5,472 DZD/M² and 5,769 DZD/ M² respectively. The price of the transfer has experienced a remarkable increase of 63.4% from 6,169 DZD / M² to 10,081 DZD / M². Looking closely at the data collected, we note that the wilaya of Oran has recorded 12 transfers with an average price of 43,667 DZD/ M²; this has pulled up the prices of transfer. This increase in transfers in the region can be explained by the demand induced by the development of subcontracting around the mechanical industry projects recently established.

Conclusion

Given the aggregates that reflect the conjuncture of industrial land market for 2018, we can draw some conclusions, mainly:

- The measures inherent to the promotion of investment in industry impact directly the industrial land market; in other words, it is strongly correlated to the context of the industrial activity.
- The concession mode continues to have a moderating impact on the market price.