



Kuwait Real Estate Report

H1 2025 Review and H2 2025 Outlook

August 2025

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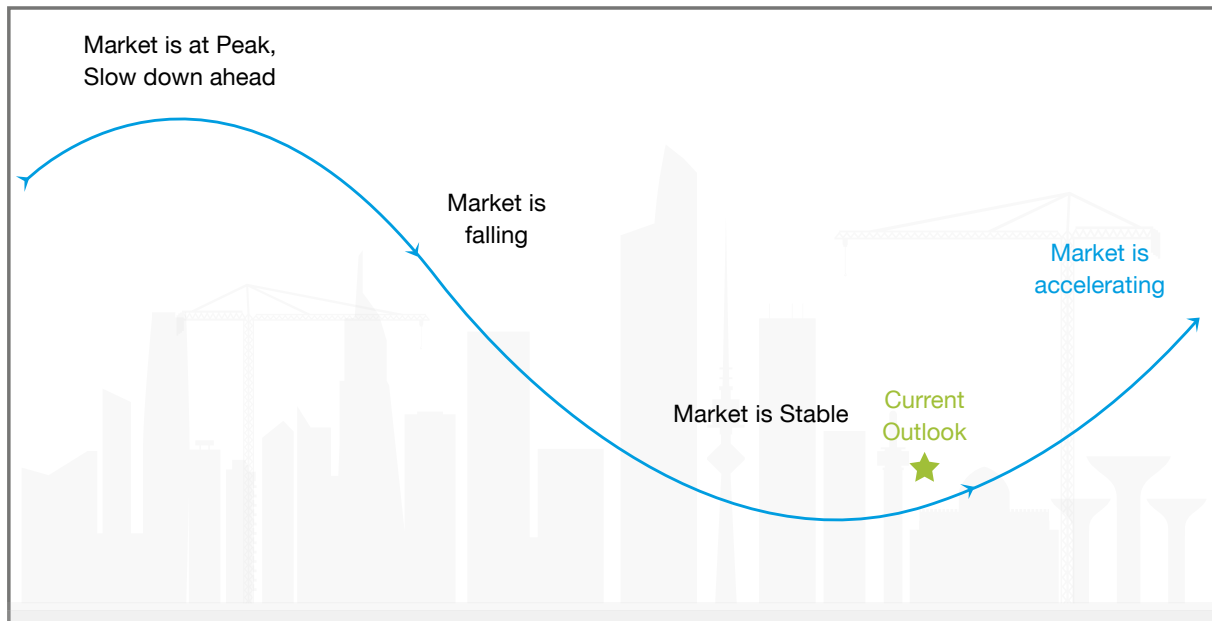
1. Executive Summary

- Kuwait real GDP is expected to grow by 1.9% y/y in 2025 compared to a contraction of 2.8% y/y in 2024 supported by the rebound in oil GDP. The gradual unwinding of the OPEC+ oil production cuts supports the hydrocarbon sector. The momentum in projects activity, stable consumer spending, legislative reforms by the government are likely to drive stable non-oil growth. The anticipated expansion in economic activity is expected to lead to higher demand for commercial and industrial real estate.
- Since the beginning of 2025, oil prices continued to remain volatile amid output increase from OPEC+ and demand concerns from U.S and China due to trade tariff uncertainty. Brent crude oil prices are expected to average USD 62/bbl. in H2 2025 and USD 59/bbl. in 2026, according to U.S Energy Information Administration (EIA) due to weakness in demand and oversupply in the market.
- Kuwait's consumer price inflation eased to 2.41% y/y in March 2025, softening from 2.50% y/y in December 2024 amid subdued price growth in most components. Housing services inflation moderated to 0.74% y/y in March 2025 compared to 0.90% y/y in February 2025 and December 2024, signaling the slight easing of housing rents. Prices of Food and Beverages increased by 4.99% y/y in March 2025 compared to 5.23% y/y in the previous month. Despite a relatively tighter monetary policy, inflation continues to trend above 2%. Higher import costs due to trade tariffs could hinder Kuwait's disinflation progress in 2025.
- Domestic credit growth in Kuwait sustained its momentum and grew by 4.4% y/y in Q1 2025 compared to 3.7% y/y in December 2024 driven by the expansion of business credit. Business credit grew by 4.9% y/y driven by 6.4% y/y in real estate loans. Household credit grew 3.1% y/y in March 2025 due to decline in loans for consumer durables and subdued growth in housing loans. Credit growth is expected to remain stable in H2 2025 driven by business credit amid strong projects pipeline. However, Central Bank of Kuwait's (CBK) gradual approach to monetary easing could result in higher interest rates and weigh on credit growth in H2 2025.
- The Central Bank of Kuwait (CBK) has kept its interest rates steady at 4.00% since the start of 2025 in line with the interest rate moves of the U.S Fed. However, CBK's approach to monetary easing has been relatively gradual compared to that of U.S Fed, given the less aggressive hikes in the previous interest rate hike cycle

in 2022-23. U.S FOMC participants expect only a 50-bps rate cut in H2 2025 due to rising risks of higher inflation and unemployment owing to tariff-related uncertainty. As Kuwait's monetary policy broadly aligns with U.S. Fed, CBK is also expected to gradually reduce interest rates in H2 2025. A decline in borrowing costs would likely boost demand for real estate, especially within the commercial and investment segments.

- Kuwait's real estate sector continued its recovery in Q1 2025, marked by rising prices and rents in investment and commercial segment. Land prices of Istithmari (investment) and commercial segments recorded an increase across all areas on an annual basis. Overall average rental rates for 3-bedroom and 60 sq.m. apartments in Istithmari (investment) segment witnessed sizable increase in Q1 2025. The average rental value for the office segment in the commercial sector remained flat on an annual basis in Q1 2025 compared to witnessing a moderate uptick in few areas on an y/y basis in Q4 2024 . The volume and value of real estate transactions in Kuwait registered a positive trend in Q1 2025. Real estate sales rose by 45.0% y/y to KD 896 million in Q1 2025 driven by an increase in sales across all the segments. Residential and commercial segment sales increased by 38.5% y/y and 22.9% y/y respectively during Q1 2025. Investment segment sales increased by 49.0% y/y during the period. The volume of transactions in the real estate sector grew by 20.9% y/y to 1,302, supported by an uptick in the number of transactions across all the segments. The volume of transactions in the residential and commercial segment grew by 11.7% y/y and 163.6% y/y in Q1 2025. The number of transactions in the investment segment increased by 29.7% y/y to 336 driven by the stable increase in the expatriate population.
- Based on our assessment of various macroeconomic indicators, we believe that the Real Estate market in Kuwait would remain stable in H2 2025 with prospects of increase in land prices and rental rates amid the rollout of government reforms as indicated by Markaz Real estate Macro Index score of 3.25 out of 5.0.

Kuwait Real Estate Market Outlook










Source: Marmore Research

Kuwait Macro-Economic Views

Economic Factors	Our take	Our View
 Oil (Real) GDP Growth	Neutral	Oil GDP growth is expected to return to positive territory in 2025 owing to the gradual phase-out of production cuts by OPEC+. Faster than expected pace of unwinding could provide a tailwind to oil GDP.
 Non-Oil (Real) GDP Growth	Neutral	Non-oil GDP growth is likely to remain steady amid the momentum in project awards, rollout of government reforms and stable consumer spending.
 Fiscal Position ¹	Neutral	The fiscal deficit for 2025 is expected to widen to 7.9% of the GDP from 5.8% in 2024 due to lower hydrocarbon revenue following a decline in oil prices.

¹ Excludes Investment Income and after transfer to FGF

	Investments	Moderate	Investments are expected to increase to 14.8% of GDP in 2025 from 12.9% in 2024 supported by government investment initiatives amid economic diversification objectives.
	Money Supply	Moderate	Money supply (M2) is anticipated to grow by 4.2% y/y in 2025 compared to 4.3% in 2024 amid easing inflation and gradual monetary easing.
	Inflation	Moderate	Despite the moderation in Kuwait inflation due to lower housing rents and food costs, prices tend to remain above 2%. Higher import costs due to trade tariffs could lead to a spike in inflation in 2025.
	Interest Rate	Neutral	The Central Bank of Kuwait (CBK) has initiated its monetary easing in September 2024 following the moves of U.S Fed. However, CBK is expected to reduce interest rates gradually over the course of the cycle, given the less aggressive rate hikes witnessed in 2022 and 2023.
	Population Growth	Subdued	Population growth is expected to remain subdued owing to ongoing revocations of Kuwait citizenship by the government despite easing of restrictions on family visas and short-term work visa.
	Job creation	Neutral	Job creation is expected to remain muted amid the notable revoke of right to Kuwait citizenship. However, stable non-oil activity and implementation of infrastructure projects are likely to offer some support.
	Government reforms	Moderate	The step up in the pace of real estate reforms augur well for the sector. Kuwait has permitted companies with foreign ownership to own real estate, and the mortgage law is in the final stages of implementation.

Source: Marmore Research

2. Kuwait: Macroeconomic Update

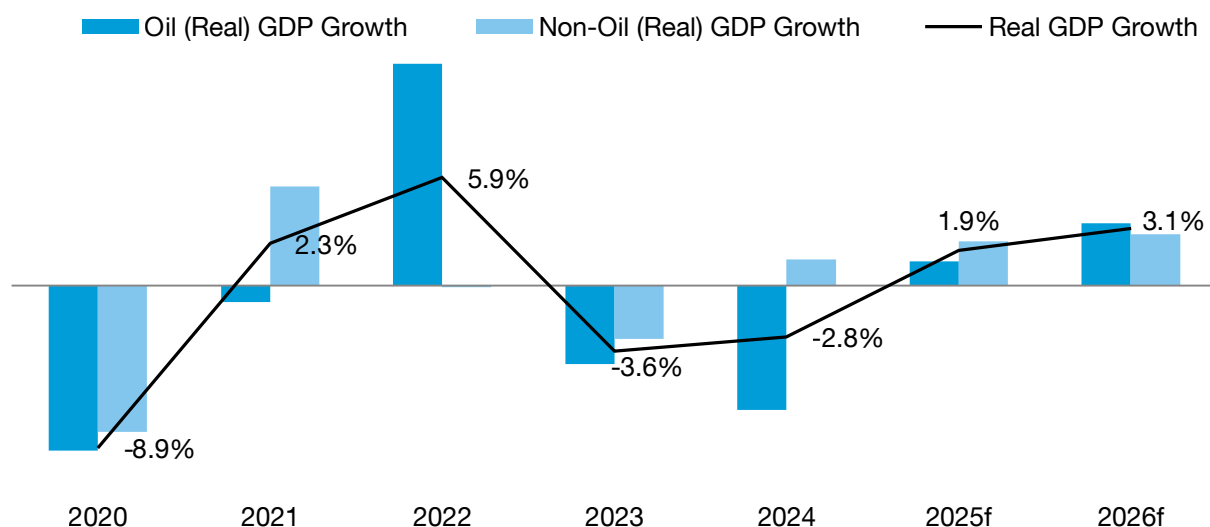
a. Kuwait real GDP growth turns positive in 2025

Kuwait's economic growth is expected to rebound to 1.9% y/y in 2025, compared to a contraction of 2.8% y/y for 2024. Lower oil production due to OPEC+ production cuts and slowdown in consumer spending following the post-pandemic surge weighed on Kuwait's economic growth in 2024. Real oil GDP growth is expected to return to positive territory in 2025, with a growth of 1.3% y/y compared to a degrowth of 6.8% y/y in 2024 supported by the gradual unwinding of the OPEC+ oil production cuts. In December 2024, OPEC+ agreed to gradually phase out the 2.2 million barrels per day (bpd) voluntary part of total cuts by the end of September 2026 in monthly increases of about 138,000 bpd from April 2025. However, OPEC+ decided to accelerate this process from May 2025 with oil production hike of 411,000 bpd in May and June 2025, taking the total combined production increases for April, May and June to 960,000 bpd (44% unwinding of the 2.2 million bpd cut). Kuwait is expected to have produced 2,443 thousand bpd in May 2025 and likely to increase production to 2,466 bpd in June 2025. OPEC+ is likely to accelerate oil output hikes and could bring back to the market roughly 2.2 million bpd by November 2025, according to Reuters.

Kuwait's non-oil GDP growth is expected to remain stable at 2.4% y/y in 2025, higher than the 1.4% y/y growth in 2024 supported by the momentum in projects activity, stable consumer spending and legislative reforms by the government. Kuwait's non-oil private sector witnessed growth in April, with PMI rising to 54.2 from 52.3 in March 2025 due to inflow of new orders leading companies to expand output. The uncapping of government service fees, the 15% top-up tax on multinationals², initiatives to boost public sector efficiency and approval of the public debt law have been key updates on the government reforms front. Project awards in Kuwait during 2024 reached KD 2.8 billion, registering a y/y increase of 44%. Kuwait's project awards sustained its momentum and surged by 197.6% y/y in Q1 2025, reaching USD 1.4 billion compared to USD 459.0 million in Q1 2024, according to MEED. The Kuwait Ministry of Finance announced plans for the government to issue between KD 3–6 billion in combined internal and external public debt for 2025. The proceeds from the issuance are expected to fund key infrastructure development projects in Kuwait. The pipeline of Vision 2035 strategic projects in the infrastructure, housing and transportation and the rollout of new government measures are supportive of the positive outlook for non-oil sector growth.

² Reuters

Annual Real GDP Growth (percentage change)



Source: IMF Regional Economic Outlook May 2025

Oil prices continued to remain volatile during January-April 2025 and declined by 15.4% during the period pressured by the output increase from OPEC+ and demand concerns from U.S and China amid trade tariff uncertainty. In April 2025, OPEC+ decided to raise output by 411,000 bpd in May 2025, up from the earlier announced hike of 135,000 bpd citing healthy market fundamentals and the positive market outlook. Further, weak economic data in major economies like U.S and Germany led to fears of slower growth in oil demand. The escalation in trade war between the two largest economies, the U.S and China resulted in concerns over oil demand and weighed on oil prices. However, the U.S energy sanctions against Russian entities and optimism over U.S-EU trade deal lent support to oil prices during the period. In its April Oil Market Report, the International Energy Agency (IEA) revised down its estimate for oil demand growth by 300,000 bpd to 730,000 bpd in 2025 on the back of concerns over weaker demand and oversupply. Brent crude oil prices are expected to average USD 62/bbl. in H2 2025 and USD 59/bbl. in 2026, according to U.S Energy Information Administration (EIA).

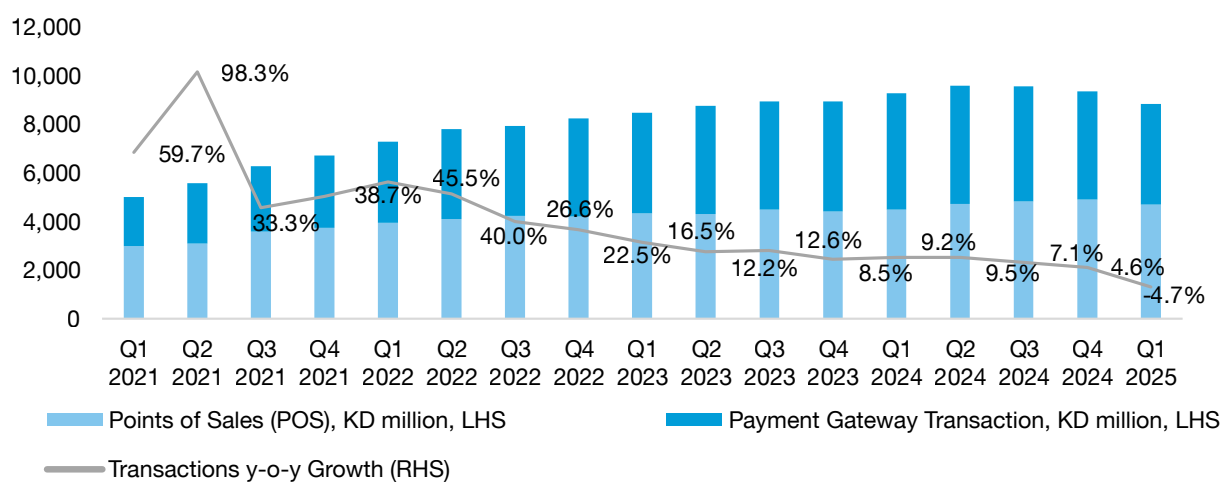
Brent Crude Oil Prices USD/bbl. (Jan 2019 – Apr 2025)



Source: Refinitiv; As of April 30th, 2025

Consumer spending, as proxied by Payment Gateway and Point of Sales transactions, declined by 4.7% y/y in Q1 2025 following strong growth in the last two years. As of Q1 2025, point-of-sale (POS) transactions grew by 4.2% y/y indicating stable adoption of card-based payments while payment gateway transactions witnessed a sharp decline of 13.1% y/y. Consumer spending is expected to remain stable, yet subdued in 2025 amid broader economic growth prospects, moderating inflation and potentially lower interest rates.

Transactions in Kuwait (y/y growth)

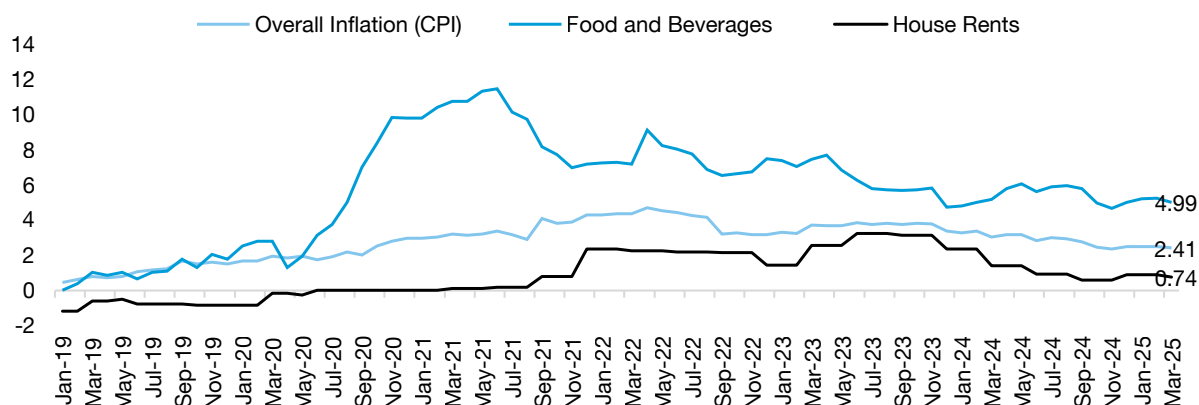


Source: Central Bank of Kuwait

b. Disinflation is expected to continue in 2025

Inflation in Kuwait has trended lower since peaking in 2022 owing to the high-interest rate environment and easing of excess demand pressures after the COVID-19 pandemic. Consumer price inflation eased to 2.41% y/y in March 2025, softening from 2.49% y/y in the previous month and 2.50% y/y in December 2024 amid subdued price growth in most components. However, inflation remained sticky during December 2024-February 2025 and hovered around 2.50% driven by stubborn housing rents and rising food prices. Housing services inflation, which accounts for 33.21% of the index (the largest component by weight) moderated to 0.74% y/y in March 2025 compared to 0.90% y/y in February 2025 and December 2024, signalling the slight easing of housing rents. Prices of Food and Beverages, which accounts 16.7% of CPI increased by 4.99% y/y in March 2025 compared to 5.23% y/y in the previous month and 5.00% y/y in December 2024. Core inflation, which excludes food and housing, rose to 2.4% y/y in March 2025 compared to 2.5% in February 2025 supported by the easing of clothing prices to 4.26% y/y during the month. Inflation is expected to trend lower in 2025 and average at 2.5% amid still relatively tight monetary policy. However, trade tariffs could increase the import costs for Kuwait and lead to higher domestic prices.

Consumer Price Index Inflation and Subcomponents (Jan 2019 - March 2025) in %



Source: Refinitiv

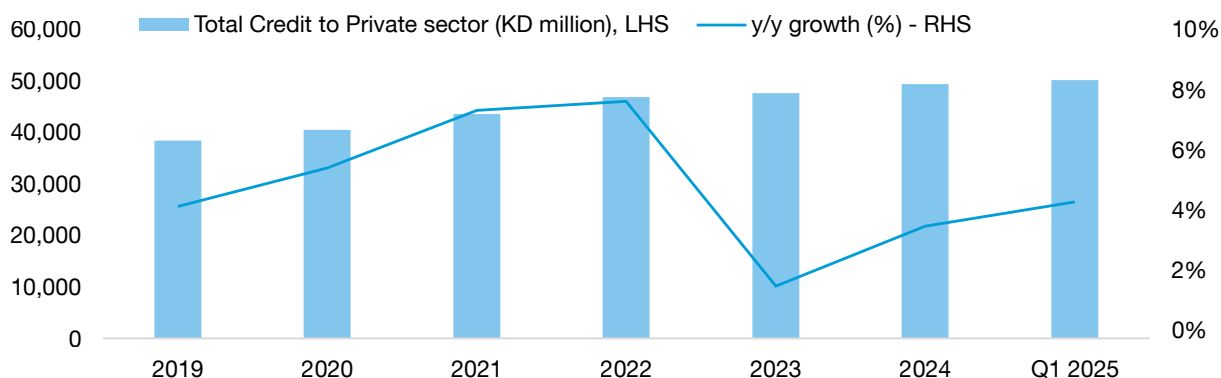
Components	Inflation, y/y % - March 2025	Weights
All Items	2.41	100%
Housing Services	0.74	33.21%
Food & Beverages	4.99	16.71%
Home Furnishings and Maintenance Equipment	3.46	11.43%
Clothing & Footwear	4.26	8.03%
Transport	-0.98	7.54%
Services & Miscellaneous Goods	4.72	5.84%
Education	0.87	4.19%
Communication	0.72	3.98%
Recreation and Culture	1.92	3.85%
Restaurants and Hotels	1.50	3.42%
Health	3.79	1.48%
Cigarettes & Tobacco	0.07	0.33%
Total index less food	1.77	83.29%
Total index less housing	3.04	66.79%

Source: Kuwait Central Statistics Bureau

c. Business credit growth aided credit expansion in Q1 2025

Domestic credit in Kuwait recorded a robust growth of 4.4% y/y in Q1 2025 and 1.6% growth during December 2024 -March 2025 compared to 3.6% y/y in December 2024 driven by the expansion of business credit. Business credit grew by 4.9% y/y owing to the strong credit growth of 6.4% y/y to the real estate sector. Loans to the construction sector increased by 5.3% y/y in Q1 2025 as projects activity remained moderate with USD 1.4 billion worth of projects awarded in Q1 2025. The projects awarded registered a 197.6% y/y rise in Q1 2025 due to low-base effect. Household credit³ grew 3.1% y/y in March 2025 (0.4% on YTD basis) compared to 3.0% y/y growth in 2024 due to decline in loans for consumer durables and subdued growth in housing loans. The growth in consumer loans moderated to 2.6% y/y in Q1 2025 compared to 5.4% y/y in 2024. Credit growth is expected to remain stable in H2 2025 with business credit lending some support on the back of strong projects pipeline. The approval of the mortgage law could boost the demand for household credit. However, Central Bank of Kuwait's (CBK) gradual approach to monetary easing could result in high-for-longer interest rates and weigh on credit growth in H2 2025.

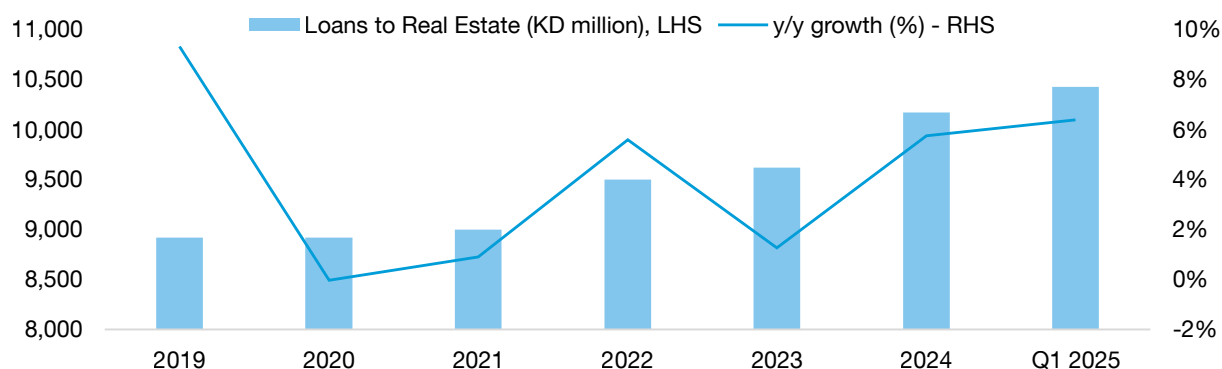
Total Credit to Private Sector



Source: Central Bank of Kuwait; Values are as of end of period

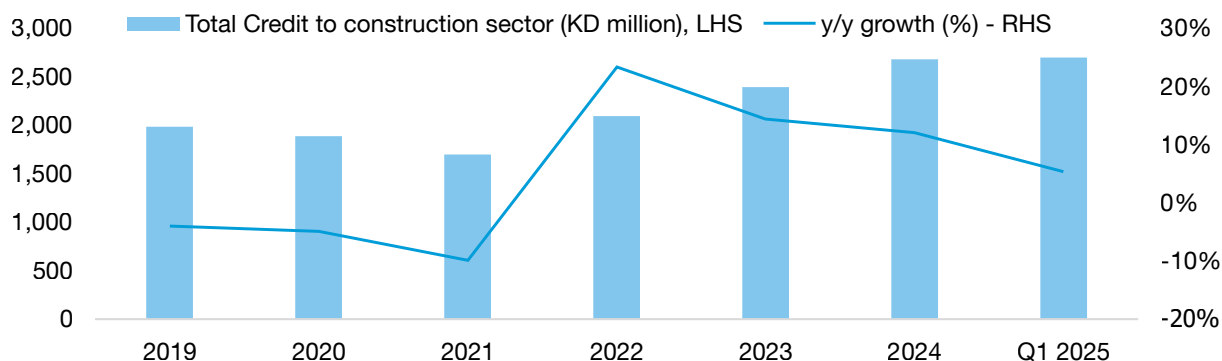
³ Overall credit growth includes lending to non-banking institutions and lending for purchase of securities, which is excluded from the computation of business and household credit

Loans to Real Estate Sector

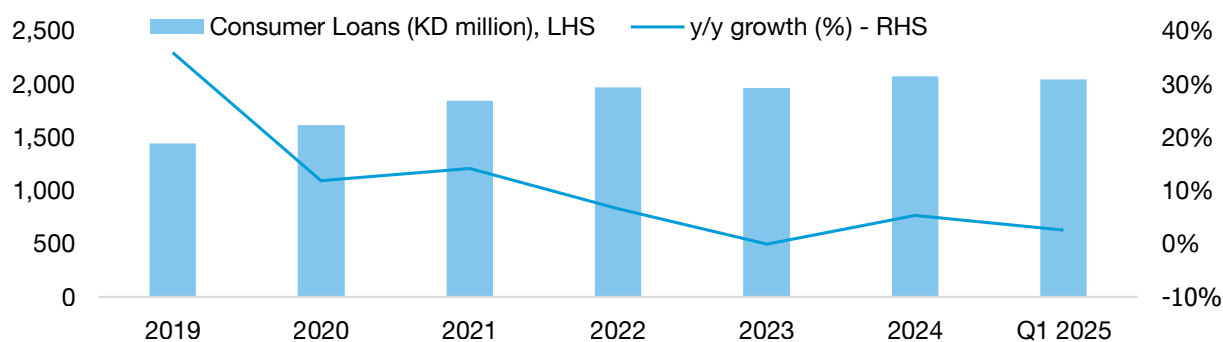


Source: Central Bank of Kuwait; Values are as of end of period

Loans to construction sector

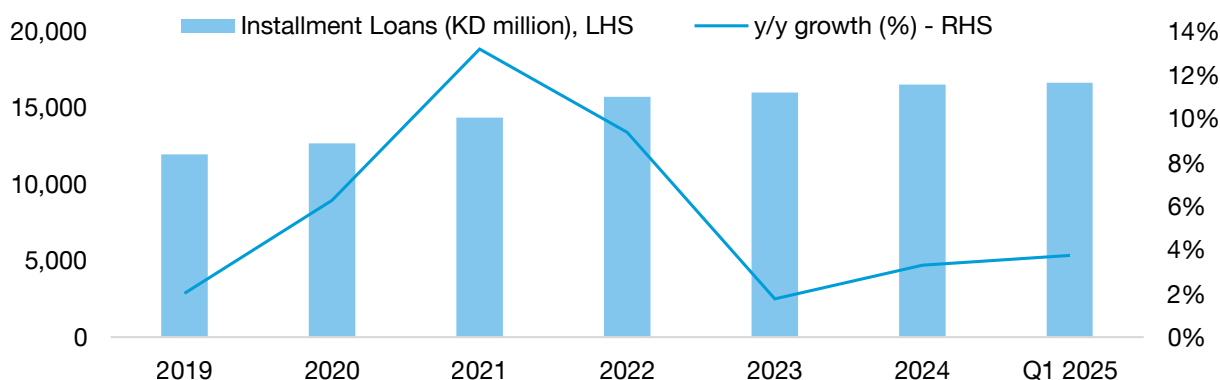


Consumer Loans



Source: Central Bank of Kuwait; Values are as of end of period

Installment Loans

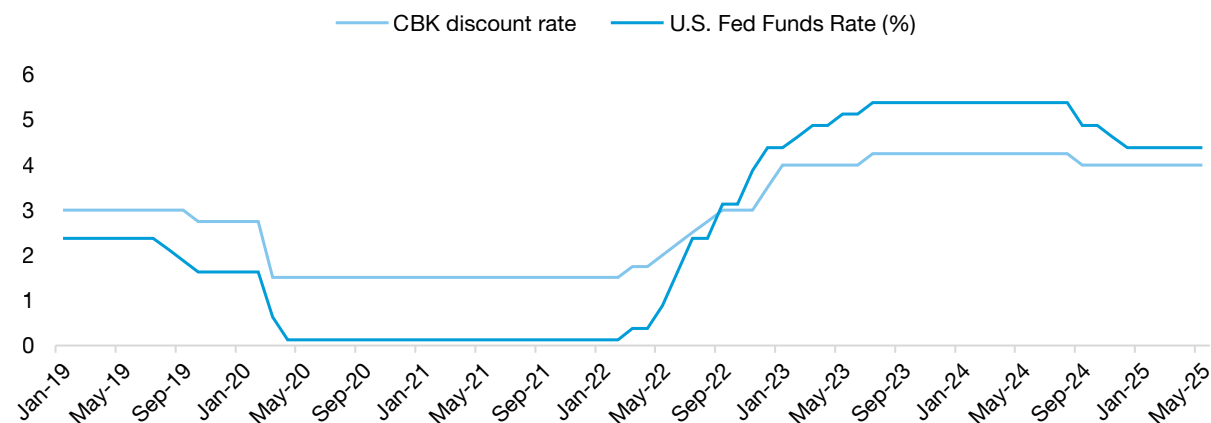


Source: Central Bank of Kuwait; Values are as of end of period

d. CBK to gradually ease monetary policy

The Central Bank of Kuwait (CBK) has kept its interest rates unchanged at 4% since the start of 2025 in tandem with the interest rate moves of the U.S. FED. However, CBK's approach to monetary easing has been relatively gradual compared to that of U.S. FED, given the less aggressive hikes witnessed in 2022-23 as the U.S. FED increased its policy rate. CBK has reduced interest rates by 25 bps since the beginning of the monetary policy easing cycle in September 2024. On the other hand, the U.S. FED implemented a 100-bps rate cut since September 2024 (50 bps in September 2024 and 25 bps each in November and December 2024). As the Kuwaiti Dinar is pegged against a basket of currencies that includes the U.S. Dollar, there is more flexibility for Kuwait to deviate from the U.S. FED policy. U.S. FOMC participants expect a 50-bps rate cut in H2 2025 citing rising risks of higher inflation and unemployment owing to tariff-related uncertainty. As Kuwait's monetary policy broadly aligns with U.S. Fed, CBK is also expected to gradually reduce interest rates in H2 2025.

Policy Rate Trajectory in Kuwait and U.S (Jan 2019-May 2025)



Source: Refinitiv

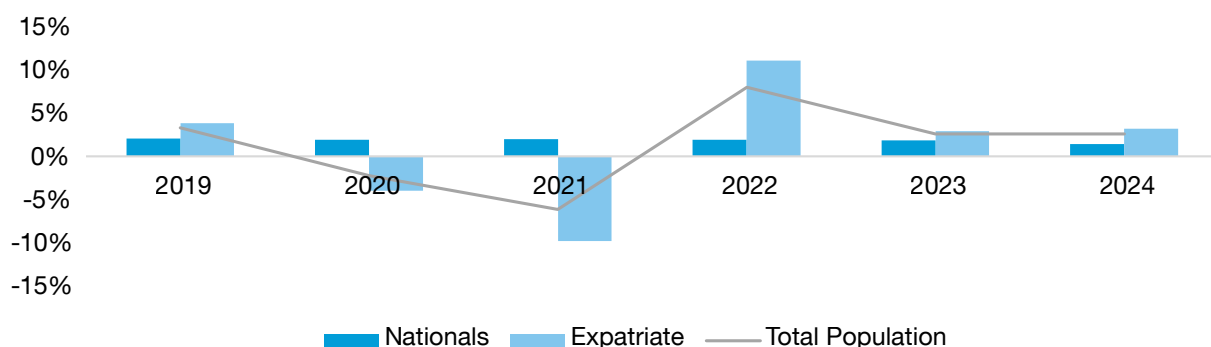
e. Population growth remains stable in 2025

Kuwait's population increased by 2.6% y/y, the same rate as in the previous year to 4.98 million by the end of 2024. The Kuwaiti national population (accounting for 31.4% of the total population) rose to 1.57 million in 2024, with a y/y growth of 1.4% - slower than the 1.9% y/y growth recorded in 2023. The number of non-Kuwaiti residents increased by 3.2% y/y to 3.42 million, up from 2.9% y/y in 2023.

In December 2024, Kuwait introduced significant amendments to its Nationality Law of 1959 that eliminate the eligibility of foreign women married to Kuwaiti men to apply for citizenship. Previously, women could apply for Kuwaiti citizenship after five years of marriage, provided they had children. Roughly, 9,418 women lost their citizenship obtained through marriage and dependency.⁴ Other amendments include provisions relating to the revocation of citizenship for those who obtained it through fraud and individuals convicted of crimes related to state security, or disrespect for religious figures and the Emir. Additionally, Kuwaitis dismissed from government positions on grounds of dishonesty within 10 years of obtaining citizenship could lose their nationality. Reasons related to national security or anti-state activities could also lead to revocation of citizenship.

The new law concerning the revocation of citizenship to protect national interests is likely to result in muted population growth in 2025. However, resumption of family visa, opening of less than one-year work-visa for government contract workers is likely to support expatriate population growth.

Kuwait Population Growth in percentage - y/y (2019- 2024)

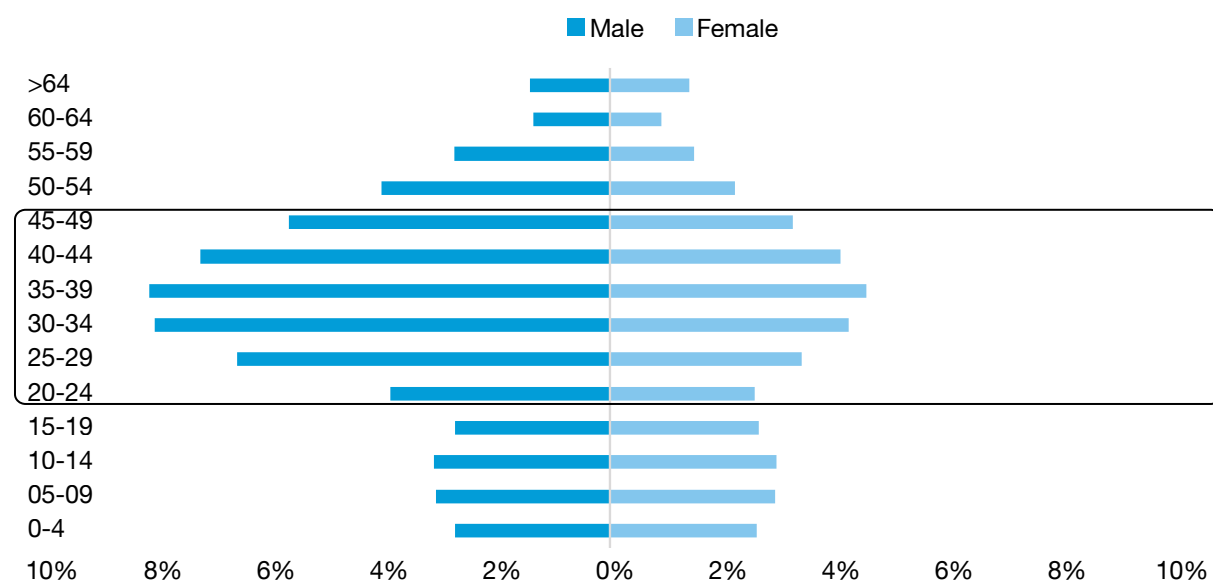


Source: PACI; Values are as of end of period.

⁴ IMI Daily

Kuwait's population reached 4.98 million by the end of 2024. Stable growth in expatriate population and roughly 80% of the Kuwaiti population falling under the working age bracket of 15-64 years are expected to bode well for the real estate demand. The long-term demand for real estate is likely to be supported by the relatively young demographics of Kuwait, with roughly 30% of the population below 25 years which could enter the workforce in the medium term. However, the ongoing cancellation of Kuwait nationality for foreign wives of Kuwaiti men, individuals with dual nationality and the ones who had received citizenship through fraud and allegations could impact the nationals population growth in the near term.

Kuwaiti Nationals - Population Pyramid (2024)

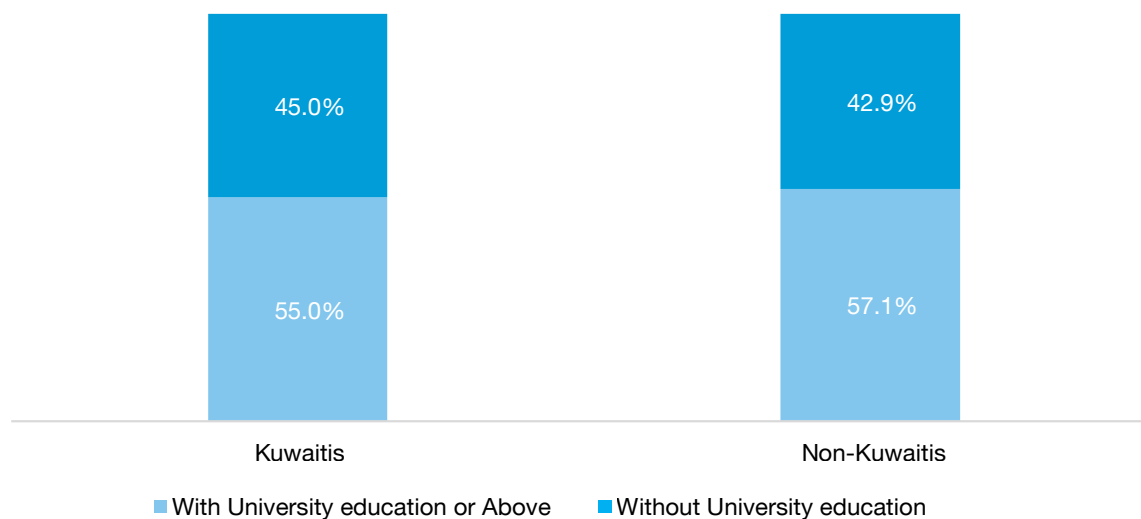


Source: Central Statistics Bureau; Values are as of end of period

The growth in Kuwaiti and expatriate labour forces eased to 1.0% (+3.9% in 2023) and 2.2% (+5.3% in 2023), respectively in 2024. The slowdown in expatriate labour growth could be attributed to the decline in construction and domestic workers. The number of Kuwaitis employed in the private sector continued to decline and fell by 2.5% y/y to 70,800 in 2024.

The proportion of Kuwait nationals without university education or above stood at 45.0% of total Kuwaiti population. The same proportion among non-Kuwaitis stood at 57.1% compared to 83.8% in H1 2024, which is indicative of the decline in the unskilled low-wage expat workers.

Break-up of Kuwaitis and Non-Kuwaitis by education level



Source: Labour Market Information System – Kuwait; Note: As of 9M 2024

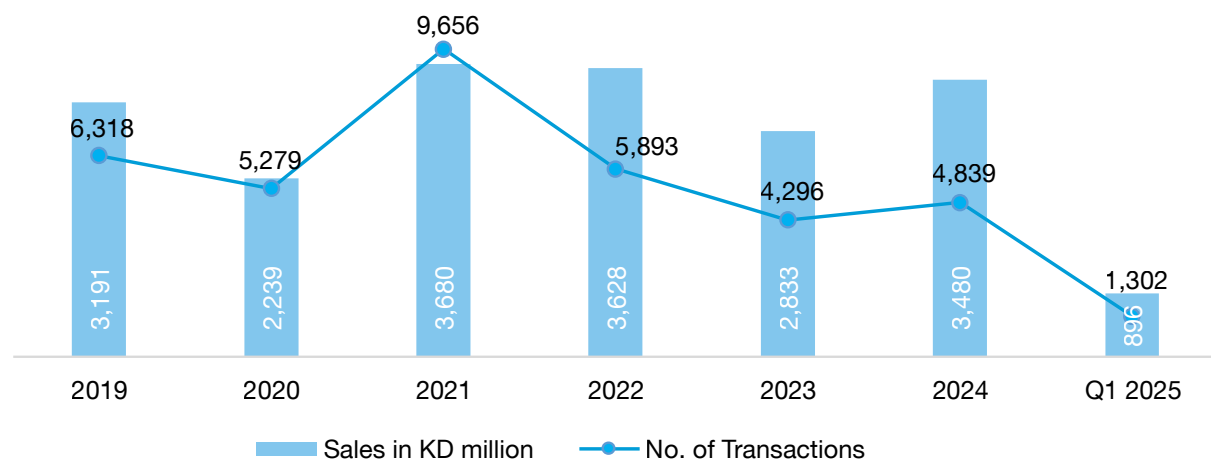
3. Real Estate Performance

a. Kuwait Real Estate Overview

Kuwait real estate sales value rose by 45.0% y/y to KD 896 million in Q1 2025 from KD 618 million in Q1 2024 driven by an increase in sales across all the real estate segments. Private Housing (residential) segment sales grew by 38.5% y/y while investment segment sales increased by 49.0% y/y during Q1 2025. Commercial segment sales witnessed an increase of 22.9% y/y during the first quarter of 2025. The volume of transactions grew by 20.9% y/y to 1,302, supported by an uptick in the number of transactions across all the segments. The volume of transactions in the commercial segment increased the most, by 163.6% y/y in Q1 2025. The number of transactions in the residential and investment segments grew by 11.7% y/y and 29.7% y/y in Q1 2025.

The amendment of expatriate real estate law allowing certain listed companies, investment portfolios, and specific real estate funds with foreign owners to buy real estate could support real estate demand. The pending legislative reforms such as the anticipated housing finance law and a comprehensive strategy to Restructure plot and unit allocations once approved could further strengthen the real estate market performance. Amid government efforts to accelerate residential supply, Public Authority of Housing Welfare (PAHW) has introduced the “Real Estate Developer” model through a consultancy agreement to design three residential areas comprising over 5,000 units. Large-scale plans are in progress to develop three new residential zones in Nawaf Al-Ahmad, Khiran, and Al-Sabriyah, to accommodate up to 150,000 housing units.

Overall Real Estate Transactions (2019- Q1 2025)

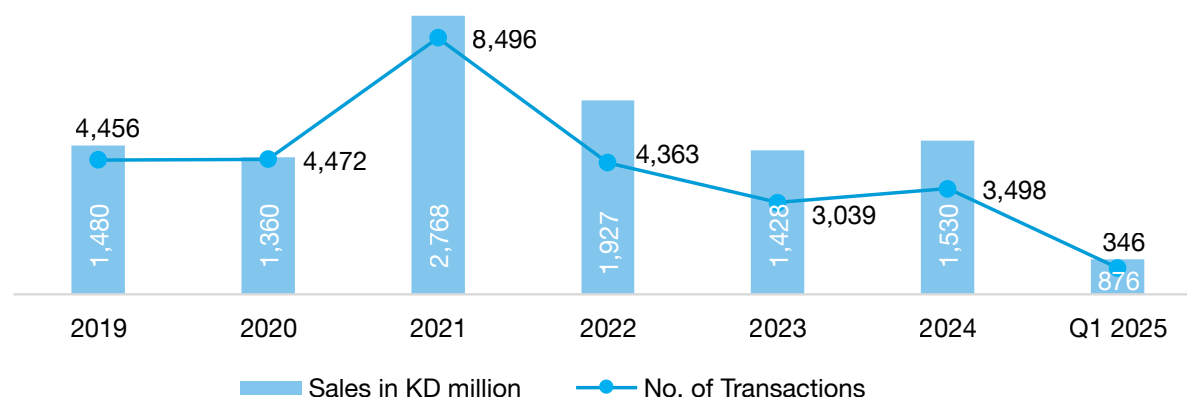


Source: Ministry of Justice

Private Housing (Residential) sales amounted to KD 346 million in Q1 2025, recording an increase of 38.5% y/y. The number of transactions increased to 876 during the quarter, registering a y/y rise of 11.7%. The anticipated approval of the housing finance law and possible interest rate cuts in 2025 could aid the residential real estate market in H2 2025.

The mortgage law is close to finalization that allows commercial banks in Kuwait to offer mortgages. At present, only the government owned Kuwait Credit Bank (KCB) provides property loans to Kuwaiti citizens and companies. Under the law, the commercial banks would provide mortgages of up to KD 200,000 (USD 649,000). Of this total, KD 130,000 would be given at a 2% interest rate and KD 70,000 would entail no interest. The interest rate is subject to review by the Central Bank of Kuwait (CBK) every five years, according to Arabic Daily Al Rai. The repayment period for mortgages would be 25 years, up from the 15 years for loans with KCB. The accumulation of more than 100,000 housing applications by the government has led to this housing reform in Kuwait. According to the Ministry of Economic Affairs and Investment, housing applications could increase the cost on the government to KD 29 billion (USD 95 billion) after five years, in the absence of mortgage law. Kuwait's banking industry is likely to witness a loan growth of 3.5-4% each year due to the backlog of mortgage applications, according to AGBI.

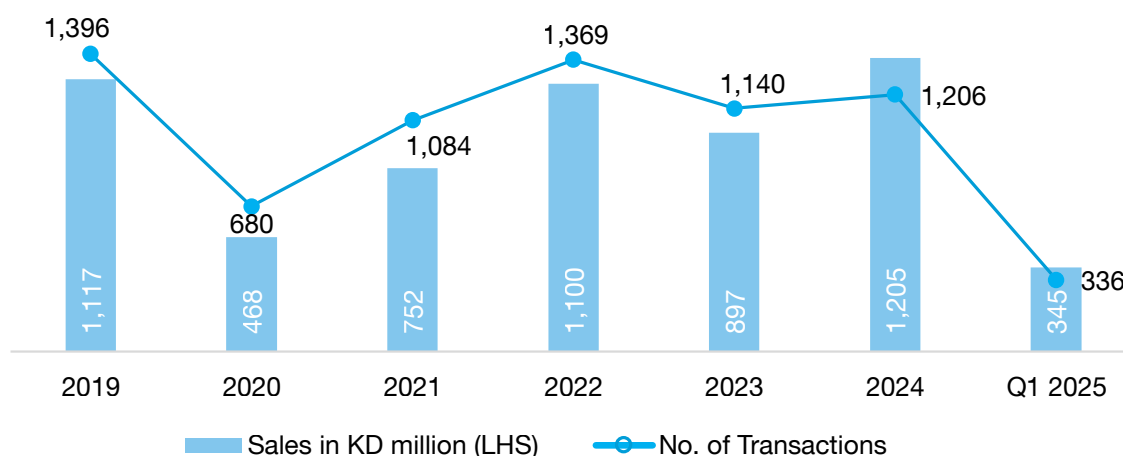
Private Housing (Residential) Real Estate Transactions (2019- Q1 2025)



Source: Ministry of Justice

Sales in the Istithmari (Investment) segment, comprising of apartments and apartment buildings increased by 49.0% y/y to KD 345 million in Q1 2025, while the number of transactions increased by 29.7% y/y to 336. The stable increase in the expat population is supportive of the steady growth in the investment segment. The easing of family visa policy and issuance of short-term work visas continue to support the real estate demand.

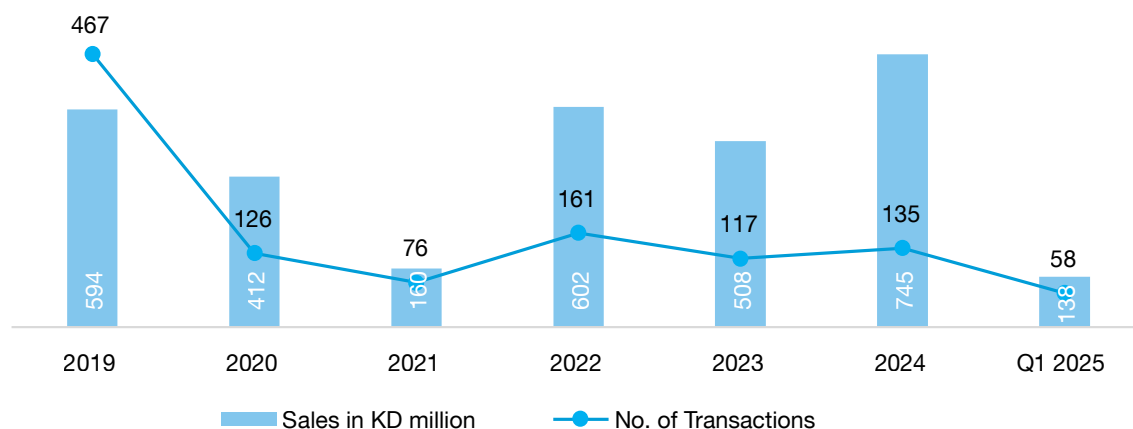
Istithmari (Investment) Real Estate Transactions (2019- Q1 2025)



Source: Ministry of Justice

Sales in the commercial segment rose by 22.9% y/y in Q1 2025 to KD 138 million while the number of transactions grew by 163.6% y/y. Two buildings in Al-Qibla with a total value of KD 21.6 million and one in Hawalli valued at KD10.9 million were few big-ticket transactions during Q1 2025. Stable non-activity bodes well for the commercial real estate segment in Kuwait.

Commercial Real Estate Sales (2019- Q1 2025)



Source: Ministry of Justice

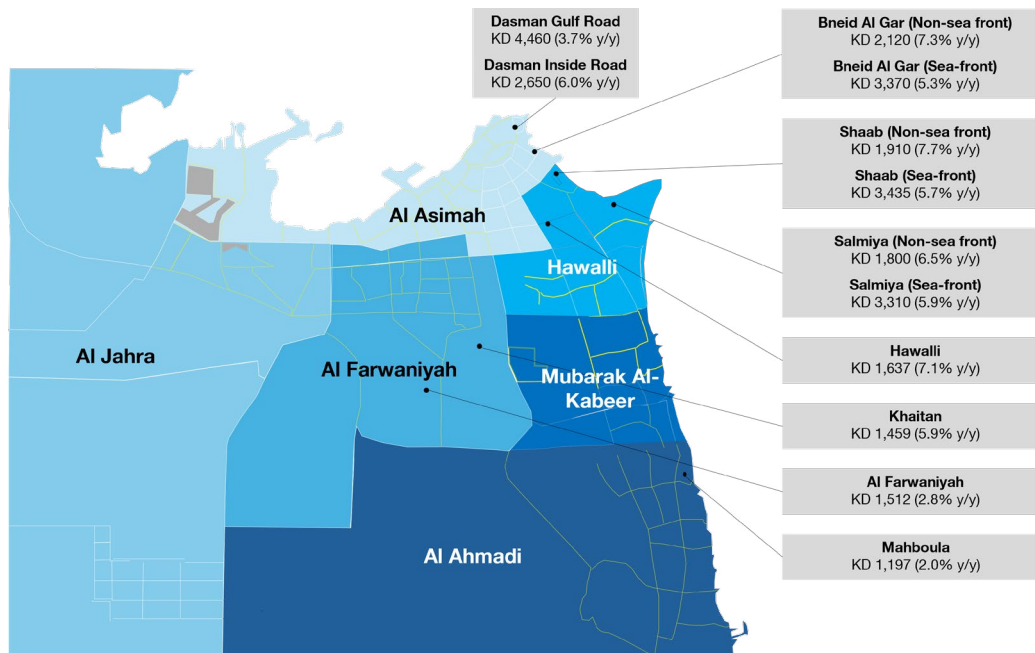
b. Land Prices, Rental Values and Cap rate

Land Prices

Prices of land in Istithmari (investment) segment recorded an increase in all governorates in Q1 2025 compared to Q1 2024. Land prices in Shaab (Non-Sea Front) increased the most by 7.7% y/y during the same period.

Commercial segment land prices registered sizable increase in Q1 2025 on annual basis across all areas. Hawalli's land prices witnessed a sharp increase of 12.5% y/y, while Farwaniya registered a modest increase of 3.3% y/y.

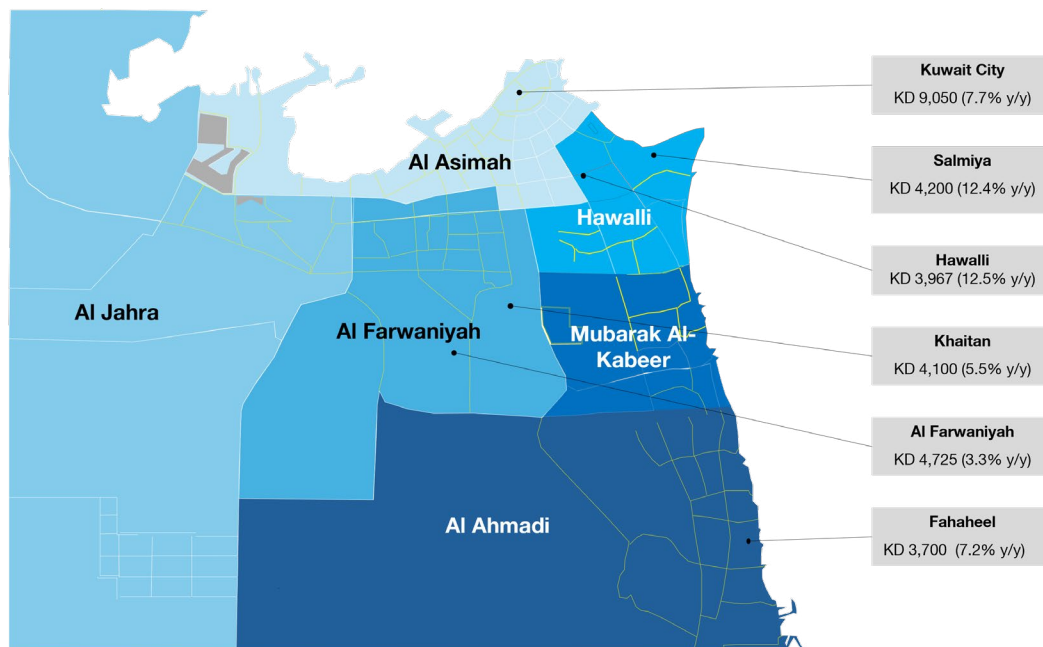
Average Land Value/Sq.M. for Apartments (Istithmari Properties) (KD)



Apartments (Istithmari Properties)	Average land value/Sq. M. (KD)			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Dasman Gulf Rd	4,300	4,375	4,460	3.7%
Dasman Inside Rd	2,500	2,600	2,650	6.0%
Bneid Al Gar (Non-Sea Front)	1,975	2,075	2,120	7.3%
Bneid Al Gar (Sea Front)	3,200	3,300	3,370	5.3%
Shaab (Non-Sea Front)	1,773	1,860	1,910	7.7%
Shaab (Sea Front)	3,250	3,350	3,435	5.7%
Salmiya (Non-Sea Front)	1,690	1,750	1,800	6.5%
Salmiya (Sea Front)	3,125	3,225	3,310	5.9%
Hawalli	1,529	1,608	1,637	7.1%
Farwaniya	1,471	1,512	1,512	2.8%
Khaitan	1,378	1,459	1,459	5.9%
Mahboula	1,173	1,197	1,197	2.0%

Source: KFH Report

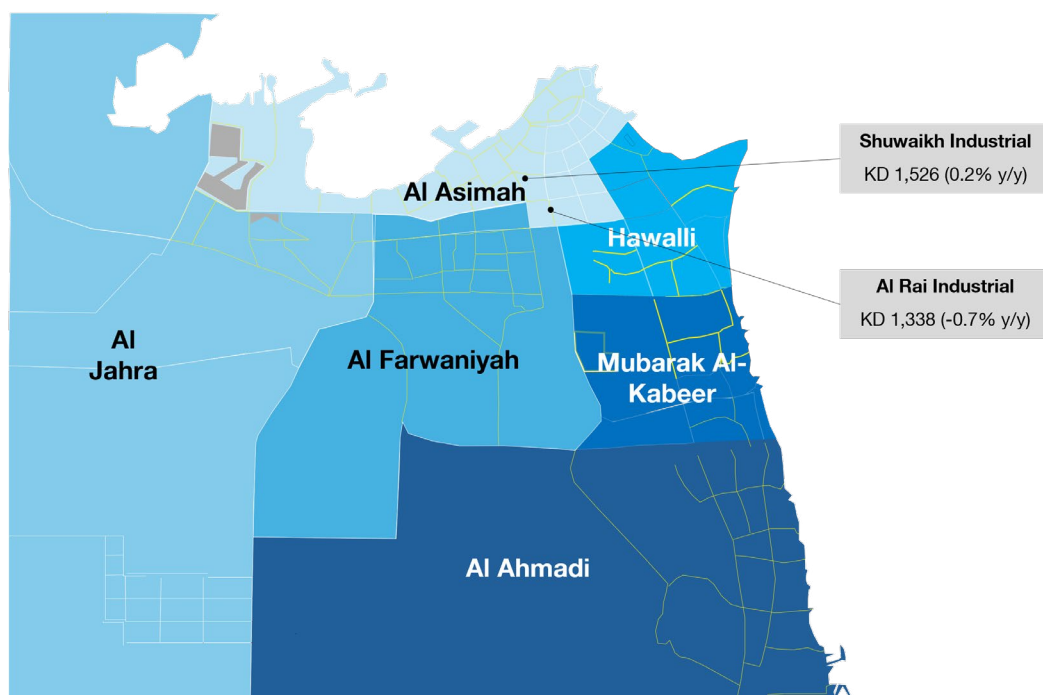
Average Land Value/Sq.M. for Commercial Real Estate (KD)



Commercial	Average land value/Sq. M. (KD)			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Kuwait City	8,404	8,995	9,050	7.7%
Salmiya	3,738	4,150	4,200	12.4%
Hawalli	3,525	3,875	3,967	12.5%
Farwaniya	4,575	4,725	4,725	3.3%
Khaitan	3,888	4,100	4,100	5.5%
Fahaheel	3,450	3,650	3,700	7.2%

Source: KFH Report

Average Land Value/Sq.M. for Industrial Real Estate (KD)



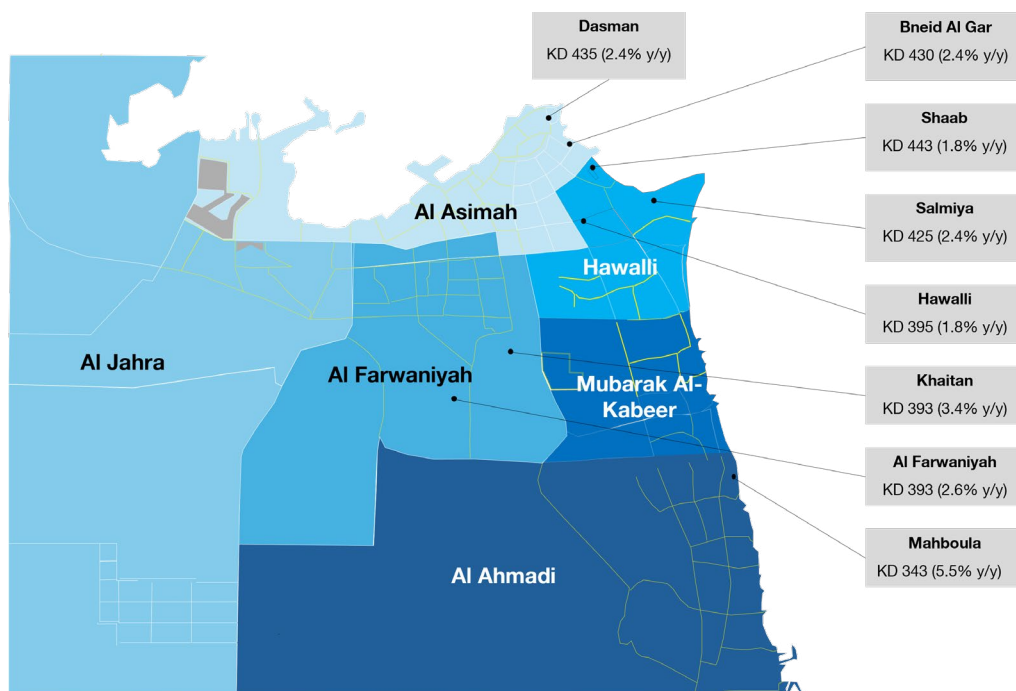
Industrial	Average land value/Sq. M. (KD)			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Shuwaikh Industrial	1,523	1,531	1,526	0.2%
Al Rai Industrial	1,348	1,342	1,338	-0.7%

Source: KFH Report

Rental Rates

The average rental rates for 3-bedroom apartments in the Istithmari (investment) segment remained largely stable, showing a marginal increase in Q1 2025 compared to Q1 2024. Average rental value for 60 sq. m apartments also witnessed a rise on a y/y basis in Q1 2025. In both segments, Mahboula recorded the highest increase of 5.5% and 8.1% respectively. Average rental value for the retail segment (ground floor) in the commercial sector recorded a steady increase on an annual basis across governorates, except for Fahaheel where rentals remained flat. The average rentals in the office segment witnessed remained unchanged on an annual basis across all areas in Kuwait in Q1 2025 while rents in few areas recorded an increase on a y/y basis in Q4 2024.

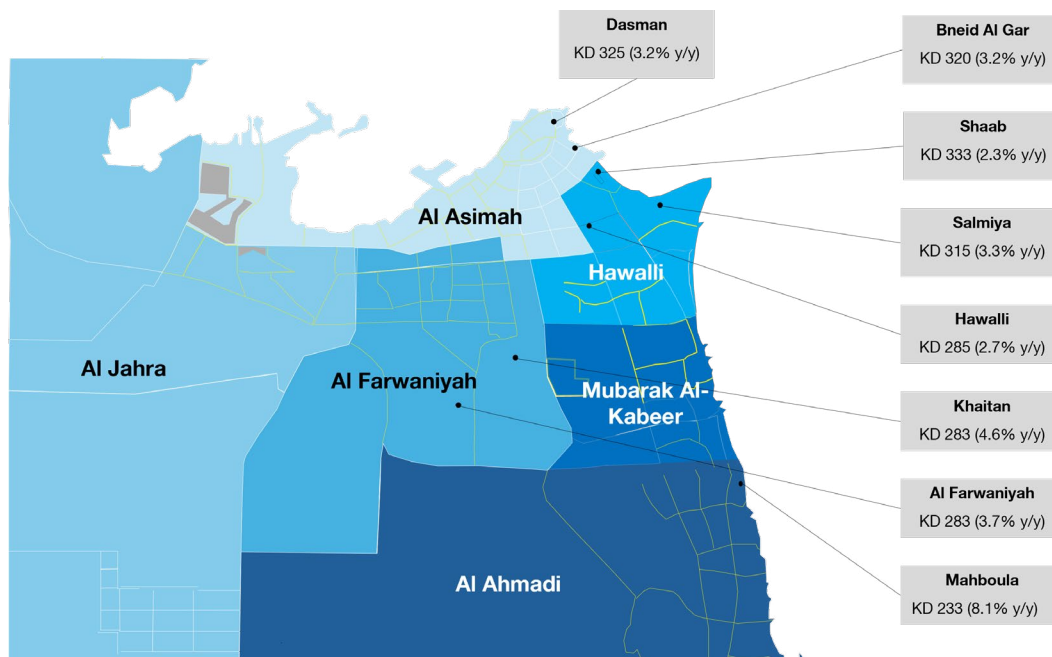
Average rent value of apartments (Istithmari properties) with 3-bedroom, hall and maid room – 100-110 sqm (KD)



Apartments (Istithmari Properties)	Average rent value – 3-bedroom, hall and maid room 100-110 sqm (KD)			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Dasman	425	435	435	2.4%
Bneid Al Gar	420	430	430	2.4%
Shaab	435	443	443	1.8%
Salmiya	415	425	425	2.4%
Hawalli	388	395	395	1.8%
Farwaniya	383	393	393	2.6%
Khaitan	380	393	393	3.4%
Mahboula	325	343	343	5.5%

Source: KFH Report, Markaz

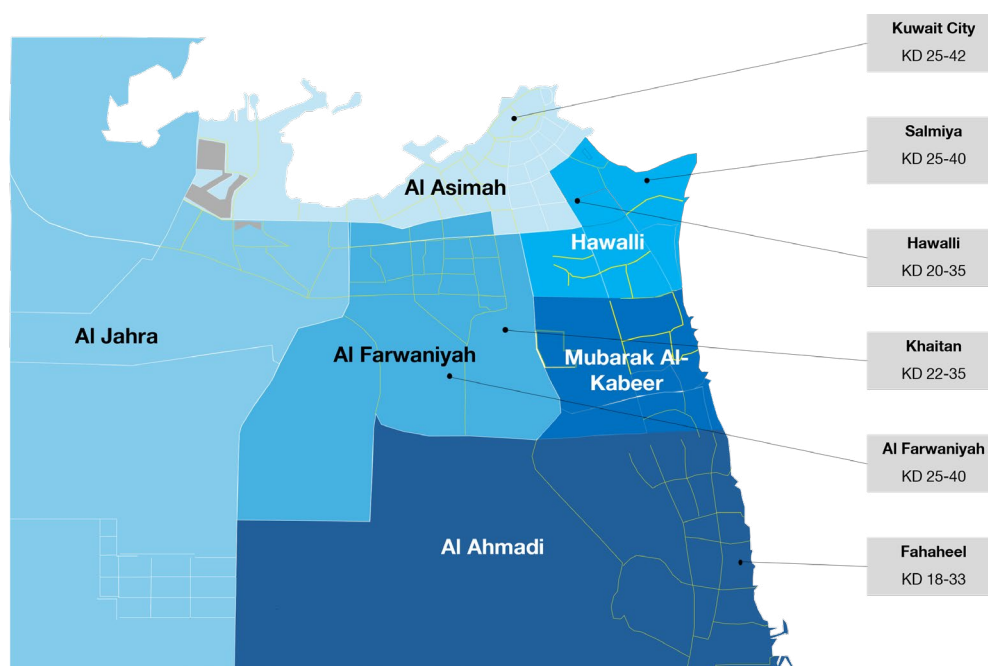
Average rent value of apartment (Istithmari properties) with 60 sqm apartments (KD)



Apartments (Istithmari properties)	Average rent value – 60 SQM apartments (KD)			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Dasman	315	325	325	3.2%
Bneid Al Gar	310	320	320	3.2%
Shaab	325	333	333	2.3%
Salmiya	305	315	315	3.3%
Hawalli	278	285	285	2.7%
Farwaniya	273	283	283	3.7%
Khaitan	270	283	283	4.6%
Mahboula	215	233	233	8.1%

Source: KFH Report, Markaz

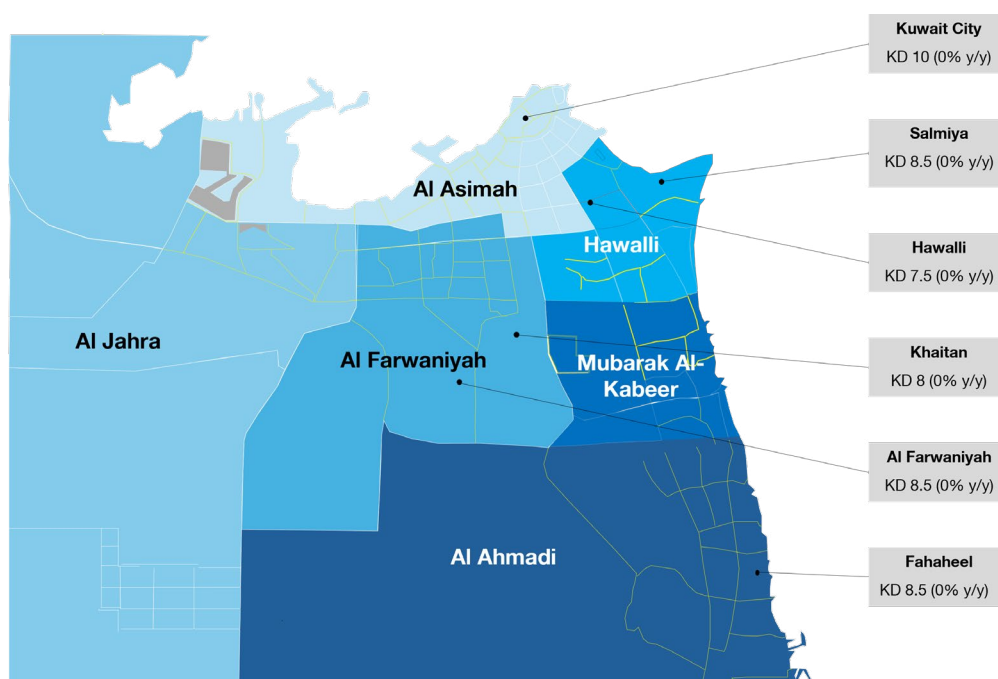
Average rent value for retail segment in commercial real estate (KD) – Ground floor



Commercial - Retail	Rental value/Sq. M. (KD)								
	Basement			Ground Floor			Mezzanine		
	Q1 2024	Q4 2024	Q1 2025	Q1 2024	Q4 2024	Q1 2025	Q1 2024	Q4 2024	Q1 2025
Kuwait City	11	11	11	20-38	25-42	25-42	12-13	12-15	12-15
Salmiya	10	11	11	18-38	25-40	25-40	11-12	12-14	12-14
Hawalli	9.5	10	10	17-35	20-35	20-35	10-11	11-12	11-12
Farwaniya	10.5	11	11	20-38	25-40	25-40	11-13	12-14	12-14
Khaitan	10	10.5	10.5	18-32	22-35	22-35	11-12	11-12	11-12
Fahaheel	10	10	10	18-33	18-33	18-33	11-12	11-12	11-12

Source: KFH Report

Average rent value for office segment in Commercial Real Estate (KD)



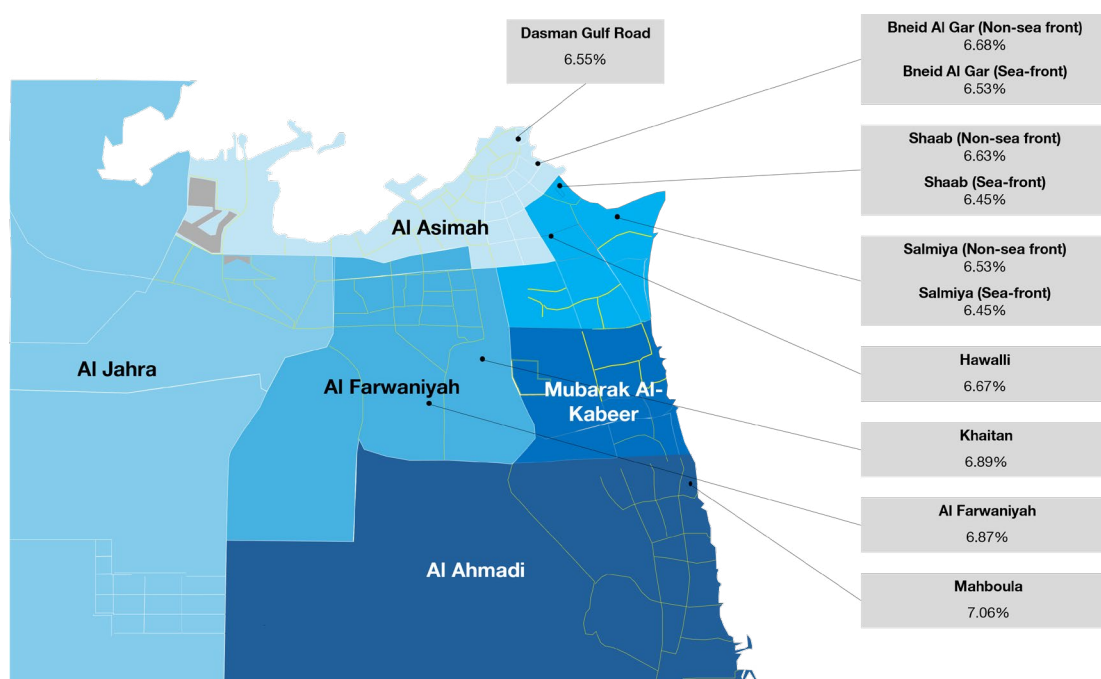
Commercial - Office	Rental value/Sq. M.			
	Q1 2024	Q4 2024	Q1 2025	y/y change %
Kuwait City	10	10	10	0%
Salmiya	8.5	8.5	8.5	0%
Hawalli	7.5	7.5	7.5	0%
Farwaniya	8.5	8.5	8.5	0%
Khaitan	8	8	8	0%
Fahaheel	8.5	8.5	8.5	0%

Source: KFH Report

Cap Rates

Cap rates for Investment properties (Istithmari segment) have declined on annual basis across governorates in Kuwait in Q1 2025 as compared to Q1 2024 due to stable increase in land prices. Rents across most areas witnessed some rise during the same period. Cap rates for Istithmari properties ranged between 6.45% to 7.06% in Q1 2025. Mahboula's cap rate stood at 7.06%, the highest among the governorates supported by the considerable rise in rental rates. Cap rates of commercial segment also decreased on y/y basis driven by sizable increase in land prices.

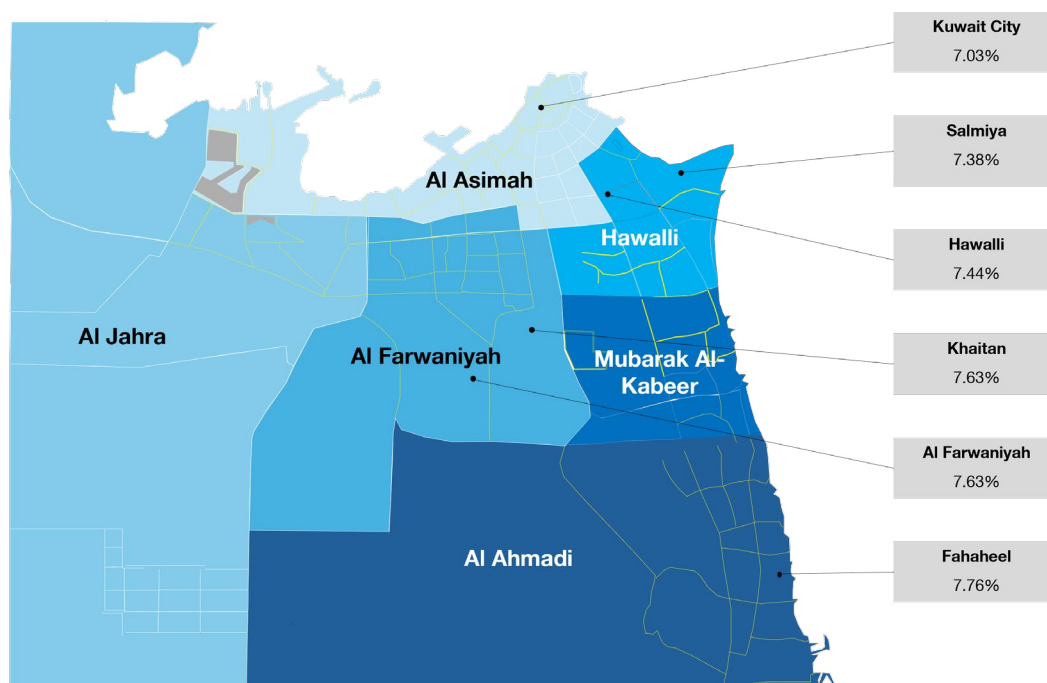
Apartments (Istithmari Real estate) Capitalization Rate



Apartments (Istithmari real estate)	Gross Capitalization Rate (Gross Annual rental / Value of Property)		
	Q1 2024	Q4 2024	Q1 2025
Dasman (Gulf Rd)	7.03%	6.73%	6.55%
Bneid Al Gar (Non-Sea Front)	7.15%	6.75%	6.68%
Bneid Al Gar (Sea Front)	6.95%	6.63%	6.53%
Shaab (Non-Sea Front)	7.30%	6.73%	6.63%
Shaab (Sea Front)	7.00%	6.58%	6.45%
Salmiya (Non-Sea Front)	7.23%	6.73%	6.53%
Salmiya (Sea Front)	6.95%	6.58%	6.45%
Hawalli	7.59%	6.82%	6.67%
Farwaniya	7.55%	7.03%	6.87%
Khaitan	7.57%	7.08%	6.89%
Mahboula	7.56%	7.25%	7.06%

Source: KFH Report

Commercial Real Estate Capitalization Rate



Commercial	Gross Capitalization Rate (Gross Annual rental / Value of Property)		
	Q1 2024	Q4 2024	Q1 2025
Kuwait City	7.23%	7.09%	7.03%
Salmiya	7.55%	7.41%	7.38%
Hawalli	7.74%	7.51%	7.44%
Farwaniya	7.80%	7.63%	7.63%
Khaitan	8.00%	7.63%	7.63%
Fahaheel	8.15%	7.76%	7.76%

Source: KFH Report

4. Kuwait Real Estate – Major News/Laws

Kuwait amends expats property ownership rules

In February 2025, Kuwait has amended its property ownership laws, expanding expatriates' property ownership rights under certain restrictions. Previously, listed companies in general, and real estate companies in particular, were unable to buy or sell real estate properties and transfer ownership through the Real Estate Registration Department at the Ministry of Justice due to the presence of foreign owners among their shareholders for the past five years. The changes lift previous bans, allowing certain listed companies, investment portfolios, and specific real estate funds to buy real estate, provided it is used for operations or employee housing. Strict measures prevent buying real estate for speculative trading purposes. However, ownership of residential housing remains restricted to Kuwaiti individuals only. The decision is intended to help develop the real estate industry, attract more foreign investments, and provide job opportunities for Kuwaitis.

Proof of bank payment a mandate for real estate deals in Kuwait

In March 2025, Ministry of Justice issued a ministerial decision aimed at enhancing transparency in real estate transactions. The decision grants real estate registry employees the authority to refuse to document contracts unless they receive banking proof of payment. This will help in protecting the real estate market from financial manipulation, boost transparency, and shield real estate stakeholders.

Kuwait expected to award affordable housing consultancy contract in Q3-2025

The Kuwait Public Authority for Housing Welfare (PAHW) is set to award the project management and supervision consultancy contract for the BP6 and BP9 sectors of its affordable residential cluster in Ahmadi in Q3 2025. The project involves the construction and completion of 1,608 housing units, public buildings, and infrastructure works. The project is scheduled for completion in the first quarter of 2028.

Kuwait to open mortgage market for commercial banks

Kuwait is expected to allow banks offer mortgages for the first time, a key development that could reshape the real estate and financial sector. The legislation is expected to be passed soon by the Council of Ministers, according to an article published by Zawya in March 2025. This move could open up a market potentially worth USD 65 billion, which would expand lenders' credit portfolios by 40%. Historically, mortgages were not permitted or regulated in Kuwait due to concerns over the political ramifications of foreclosures on citizen-owned homes. Instead, the government offered a public

housing program, where married citizens can receive highly subsidized housing or a plot with a low-interest loan. However, there is a backlog of 103,000 housing requests and wait times stretching over a decade.

Kuwait plans nearly USD 6 billion spend on infrastructure in 2025-26

Kuwait has allocated nearly USD 6 billion towards infrastructure and services projects in its 2025-2026 budget with special focus on rail, roads, water, electricity as well as the construction of the Mubarak Al Kabeer Port. The budget includes capital spending of nearly KD 1.7 billion (USD 5.7 billion) and more than 90 projects, reported Al Qabas.



5. Markaz Real Estate Macro Index

'Markaz Real Estate Macro Index' helps investors in identifying the current state of real estate market using a list of economic indicators such as Oil and non-Oil GDP growth, inflation, new jobs generated etc. The past seven years data along with estimates for 2025 and forecasts for 2026 were considered and a qualitative rating (strong, moderate, neutral, weak & poor) was assigned considering the historical information and the current environment.

Macro-Economic factors that drive Real Estate markets

Economic factors	Weightage Assigned	Rationale
GDP Growth (Oil & non-oil)	25%	Real Estate could benefit from the rewards of strong economic growth opening opportunities for the Commercial, Residential and investor market.
Fiscal Balance	10%	Government support to economic expansion is key for any sector to grow. Fiscal deficit has narrowed as a % of GDP signaling government's ability to fund and build the economy. This could bode well for the Real Estate sector.
Investments	10%	Investments are a key indicator of market sentiment. Increased investments stand to influence the real estate markets through job, creation, and increased economic activity.
Money (M2) Supply Growth	5%	Increase in money supply indicates higher economic growth
Inflation	10%	Real Estate traditionally is a natural hedge against inflation, as rents, land value and prices increase at the time of inflation. Higher Inflation periods could give a positive outlook for Real Estate.
Interest Rate	10%	Interest rate fluctuations directly impact Real Estate investments. Higher interest rates translate to higher borrowing costs thereby reducing demand for home buyers.
Population Growth	10%	Increasing population indicates the need for more dwelling units eventually benefiting the Real Estate sector.
Jobs created	10%	The number of jobs created serves as a useful indicator for real estate demand.
Government reforms	10%	New laws and policies in the real estate sector directly impact housing demand and availability, market transparency and foreign investment.

Source: Marmore research

For each qualitative factor, a quantitative score was assigned with 'Strong' being assigned a top score of '5' and 'Poor' assigned a value of '1'. A weighted average score was computed based on the weights as provided in the below table.

Kuwait Macro-Economic Factor Assessment									
Economic Factors	2020	2021	2022	2023	2024	2025e	2026f	Qualitative Take	Quantitative Score
Oil (Real) GDP Growth	-9.0%	-0.9%	12.1%	-4.3%	-6.8%	1.3%	3.4%	Neutral	3
Non-Oil (Real) GDP Growth	-8.0%	5.4%	-0.1%	-2.9%	1.4%	2.4%	2.8%	Neutral	3
Fiscal Position, % of GDP	-26.6%	-11.0%	7.2%	0.9%	-5.8%	-7.9%	-8.8%	Neutral	3
Investments (as % of GDP)	18.7%	14.5%	16.9%	19.6%	12.9%	14.8%	16.0%	Moderate	4
Money Supply, M2 (Y/y)	-7.3%	3.8%	6.5%	1.0%	4.3%	4.2%	5.1%	Moderate	4
Inflation	3.0%	3.4%	4.0%	3.6%	2.9%	2.5%	2.2%	Moderate	4
Interest Rate	1.7%	1.5%	2.4%	4.1%	4.2%	3.8%	3.1%	Neutral	3
Yearly Population Growth	-2.9%	1.1%	9.3%	2.5%	1.5%	2.5%	2.0%	Subdued	2
Net Jobs created (in '000s)	-140	-111	155	96	56	54	45	Neutral	3
Government reforms	-	-	-	-	-	-	-	Moderate	4
								Overall Score	3.25
Source: IMF, CSB Kuwait, LMIS, Refinitiv, S&P, Marmore research									

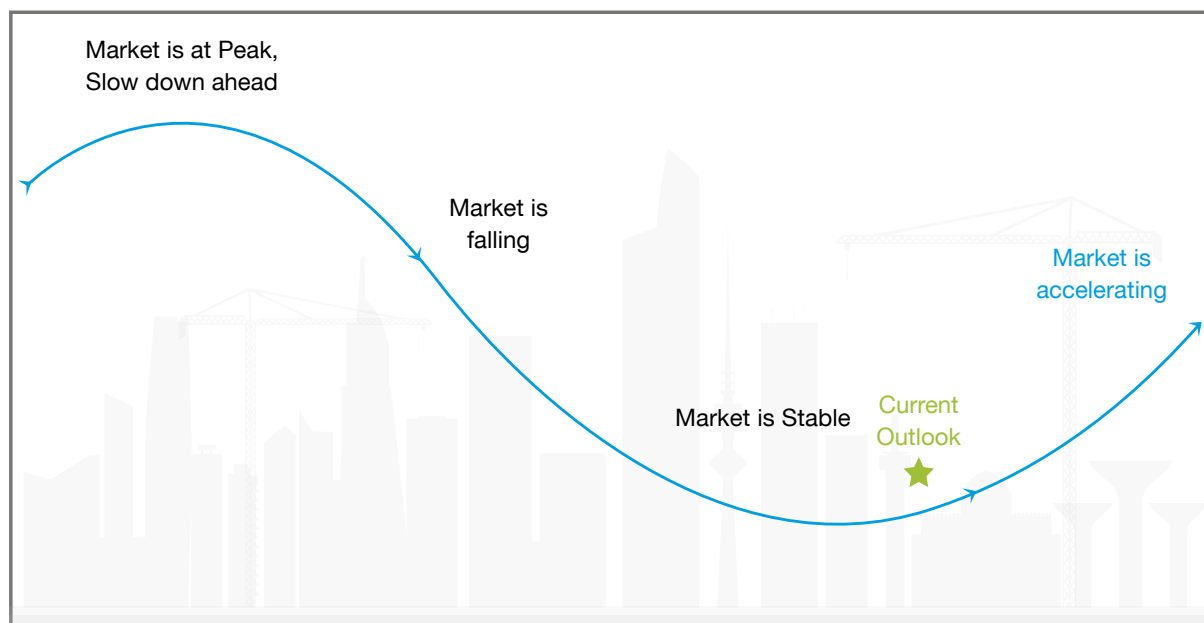
The state of the real estate market was categorized into four distinct phases as shown below.

Market Phases

From	To	Market Phase
4.3	5.0	Market is at peak, slowdown ahead
3.5	4.3	Market is accelerating
2.8	3.5	Market is stable
Less than 2.8		Market is Falling

Source: Marmore Research

Markaz Real Estate Outlook based on Macro Economic Indicators



Source: Marmore Research

Kuwait Markaz Real Estate Macro Index Scores (H2 2025 vs. H1 2025)

Economic Factors	H2 2025	H1 2025
Oil (Real) GDP Growth	3	4
Non-Oil (Real) GDP Growth	3	4
Fiscal Position, % of GDP	3	3
Investments (as % of GDP)	4	4
Money Supply, M2 (y/y)	4	4
Inflation	4	3
Interest Rate	3	3
Yearly Population Growth	2	3
Jobs created (in '000s)	3	3
Government reforms	4	4
Total Score	3.25	3.5

Source: Marmore research

Conclusion

Kuwait's real GDP growth is expected to return to the positive territory in 2025 supported by the gradual easing of the OPEC+ voluntary production cuts and stable non-oil activity. The implementation of government reforms, and a strong pipeline of projects activity amid economic diversification objectives favor the positive outlook for the non-oil economy. However, the ongoing cancellation of Kuwait citizenship is likely to impact population growth and job creation in Kuwait. The broader economic growth prospects augur well for real estate sector, especially for the commercial and industrial segments.

Kuwait's real estate sector remained strong in Q1 2025 supported by rise in land prices and rentals. Istithmari (Investment) segment has witnessed a sizable improvement in both land prices and rents. While prices in the commercial segment witnessed an increase, rents in the office segment remained flat on an annual basis in Q1 2025. The volume and value of transactions in Q1 2025 recorded a positive trend, growing by 20.9% y/y and 45.0% y/y respectively. The value of sales and number of real estate transactions across residential, commercial and investment real estate segments increased on a y/y basis during the quarter, indicating improving investor sentiment.

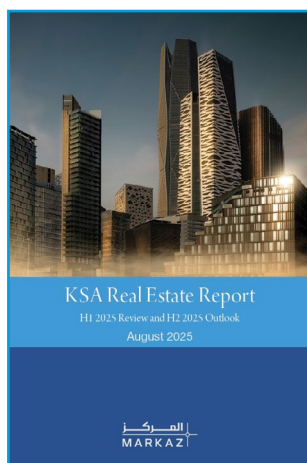
The amendment of the expat real estate law and the anticipated approval of the housing finance law and a comprehensive strategy to restructure plot and unit allocations could support real estate demand in the near term. With more interest rate cuts on the horizon, liquidity in the real estate market is likely to improve. Based on our assessment of various macroeconomic factors, we believe that the Real Estate sector in Kuwait would remain stable in H2 2025 in terms of property prices and rents.

Summary – Kuwait Markaz Real Estate Macro Index

Macro indicators	Outlook (2025 & beyond)	Quantitative Score
 Oil Real GDP Growth	Neutral	3
 Non-Oil Real GDP Growth	Neutral	3
 Fiscal Position	Neutral	3
 Investments	Moderate	4
 Money Supply, M2 (y/y)	Moderate	4
 Inflation	Moderate	4
 Interest Rate	Neutral	3
 Population growth	Subdued	2
 Net Jobs created	Neutral	3
 Government reforms	Moderate	4
Overall Score	Market is stable	3.25

Source: Marmore Research

What reports to expect soon?



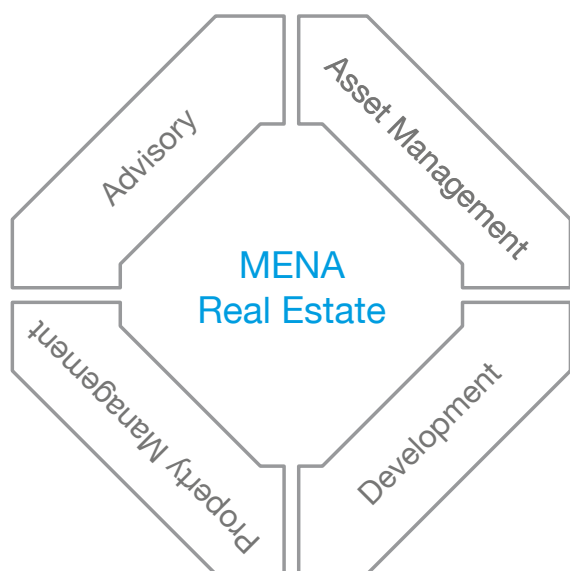
**KSA Real Estate Report H1 2025
Review and H2 2025 Outlook**



**UAE Real Estate Report H1 2025
Review and H2 2025 Outlook**

Markaz Real Estate Capabilities: Management Team

With a team of 27 professionals, Markaz MENA Real Estate provides a fully integrated insights and services to managing real estate funds



Team of 27

- Investment
- Project Management
- Financial Management
- Administration

Kuwait HQ

- Riyadh KSA - 2006
- Khobar KSA - 2006
- Abu Dhabi - 2010
- Dubai - 2014

Markaz provides great value through:

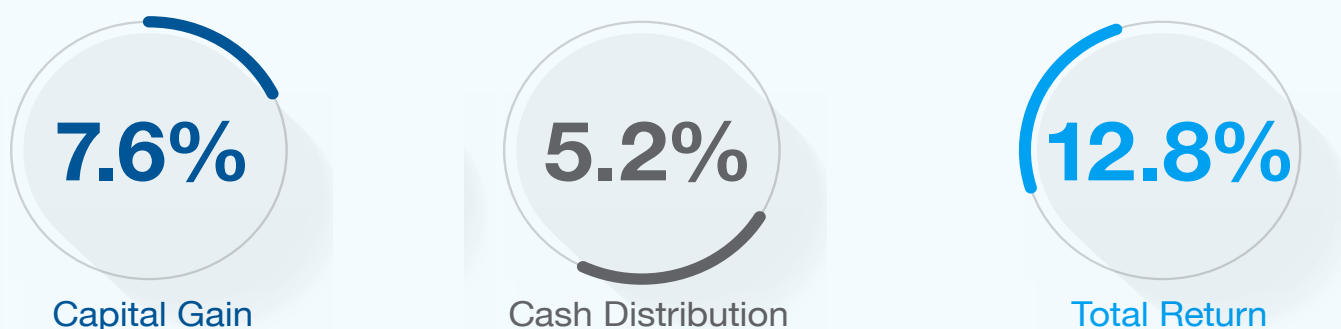
- Governance
- Experience
- On the ground presence
- Hands-On approach
- Developed Systems covering
 - Operations,
 - Maintenance,
 - Financial management, &
 - Administration
- Software Support

Markaz Real Estate Fund (MREF)

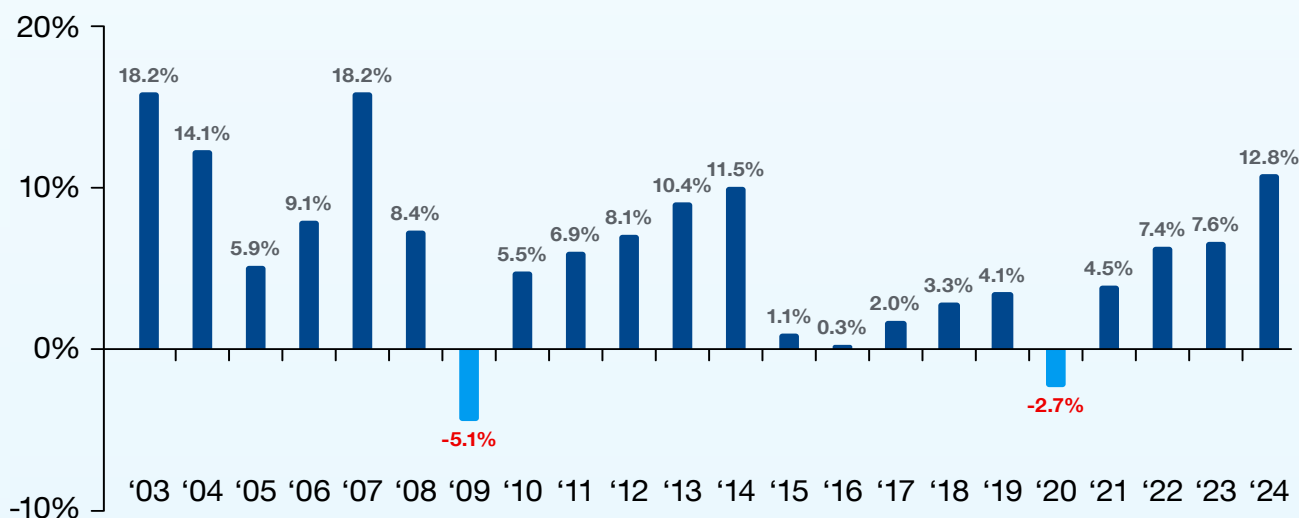
Shariah compliant fund, owns income-generating properties in Kuwait

12.8% Total Return in 2024

7.7% IRR per annum over 22 years



Annual Total Return (%)



Disclaimer: Investments are subject to risk; investment returns and performance are difficult to predict and are not guaranteed. Prospective investors are required to review the offering documents and consult their Advisors to evaluate suitability of any proposed investment opportunity. Please review the disclaimer and important information and Fund's performance on the Fund's website page at: markaz.com/MREF

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