



Property Market in Kurdistan Region of Iraq

(2021-2019) Price Trends



ناوهندی لیڤۆلینهوهی رووداو

Rudaw Research Center

مرکز دراست رووداو

Summary of Property Market in Kurdistan Region of Iraq

First edition

2021

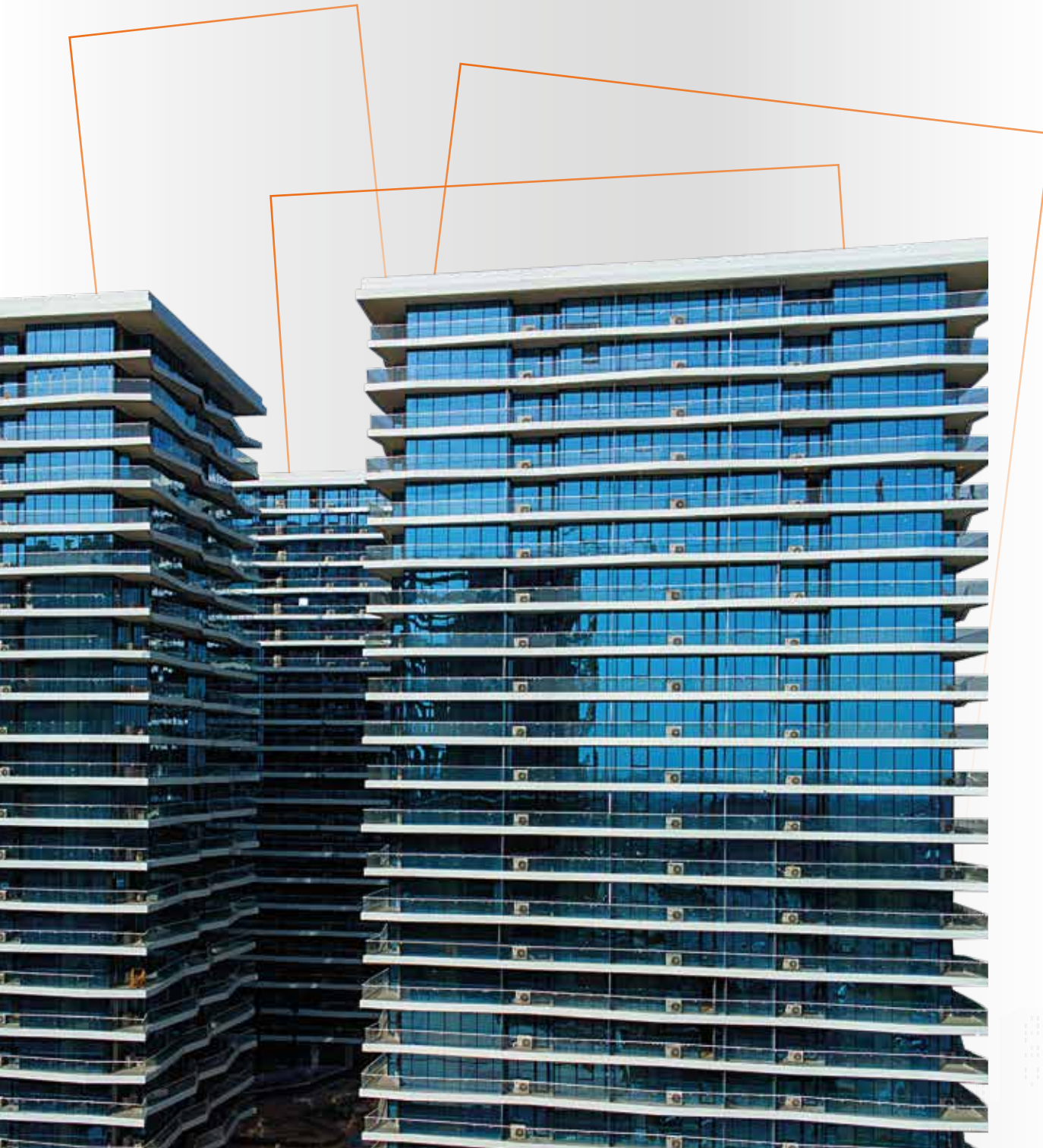
Address: Erbil- South of Kurdistan

Published By: Rudaw Research Centre

Designed by: Lawk Dana Abduljabbar

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Preface

The Kurdistan Region of Iraq (KRI) Property Market Report, including a survey, followed by several meetings of counselling and planning at the Rudaw Research Center. The report was accomplished by efforts and supervision of our colleague, Mahmood Baban and his team. It provides detailed information on the price trend in KRI real estate market. This helps to outline a variety of questions about this significant sector, such as whether the amount of investment in the construction sector is appropriate regarding investment in other sectors, and what is supply and demand relationship is in this market. According to many of the polling participants, most of the trade in this sector are between a prominent class of Arab businesspersons and citizens, and there is no strong opinion that the large and vibrant housing projects have solved the residential issue in the Kurdistan Region. According to this study, there is a surprising difference in prices between the streets of the town, some of which are only a few hundred meters away. This can be a sign of inappropriate growth and uneven development. Therefore, the report outlines the social and political aspects of the property market in the region alongside the dynamics of the real estate market in KRI.



The real estate sector has an important position in the economy of each country. As it can bring a boost to the capital, banking sector, municipalities and the rest of the economy. It has an undeniable role in raising investment opportunities and the generation of wealth and access to finance. This, like most other economic and financial activities, has a tight relationship with politics and the general situation. Therefore the construction sector and property market should have significant places in politics and governance. Of course, overspending in the construction sector and ignoring other sectors will lead to inappropriate development in the whole economy of the region.

Regards

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Key findings

- The average price of the house was 533.3\$/m² in 2019. It increased to 551.86\$/m² in 2020 and 575\$/m² in Q12021.
- The average price of an apartment in the gated compound in 2019 was 600\$/m². The price increased to 598.5\$/m² in 2020 and 612.9\$ in Q12021.
- The house rental rate in 2019 was 1.53\$/m². It increased to 1.60\$/m² in 2020 but declined to 1.38\$/m² in Q12021.
- The rental rate of apartments was 2.08\$/m² in 2019. It increased to 2.16\$ in 2020 and declined to 2.05\$/m² in Q12021.
- In 2019, the average price of one square meter of residential land was 285\$ in 2019, increasing constantly through 2020 to 328\$/m² and 361\$/m² in Q12021.
- The commercial property deals are not frequent, but the price of commercial property is four times the price of residential property, and the rental rate is five folds.
- The commercial property price increased from 2,068\$/m² in 2019 to 2,150\$/m² in 2020 and 2,400\$/m² in Q12021, a considerable %16 growth in just two years.
- The commercial property rental rate has increased from 13.7\$/m² in 2019 to 14.88\$/m² and 15\$/m² in 2020 and Q12021.
- The most expensive house in the Kurdistan Region was recorded in Erbil in the Dream City compound in the third quarter of 2020, with the price of 2,333\$ per square meter.
- The most expensive price of the apartment was 2,463\$/m² recorded in the Empire compound in Erbil in the fourth quarter of 2020.



Introduction

The housing sector has taken one-third of the total investment in the Kurdistan Region. According to the latest report by the General Investment Board, from 1 - August 2006, to 1 -May 2021, out of 970 investment projects, 182 were in the housing sector with a capital of more than 16\$ billion. The housing sector makes up %31.2 of the total investment in the Kurdistan Region; this comes at a time when, apart from the investment board, each of the Municipalities and Tourism Ministry and the Ministry of Construction and Housing allowed to permit the housing projects.

Since 2006, the property market in the Kurdistan Region is growing, with 5,854 companies and real estate offices operating, including companies with more than 20 branches. It is an active market, for example, in the first quarter of 2021, in Erbil, when a developer announced a housing project, all units sold within 48 hours.

In this report (Property market in Kurdistan Region: Price Trends from 2021-2019), the real estate contracts from 367 districts and housing compounds in the four largest cities of the Kurdistan Region were collected and analyzed.



Property Market in Kurdistan Region

The housing market in the Kurdistan Region, especially in Erbil, is going through a golden stage, as shown in chart 1. According to data collected from 367 districts and housing compounds across 4 provinces of the Kurdistan Region, the price of properties is rising year on year. Comparing the first quarter of 2021 to 2019, the house average price has risen by %7.8, and the average price of land has grown by %26.67. The total number of residential units is 174,789 in Q12021, of which 68,706 are apartments. The apartment market is more active and the average price of the apartment is more than the price of a house in a similar location. The average price of an apartment rose by %2.15 in Q12021 compared with the same period in 2019. The average price of an apartment in 2019 was 600\$/m². It increased to 598.5\$/m² in 2020 and to 612.9\$/m² in Q12021.

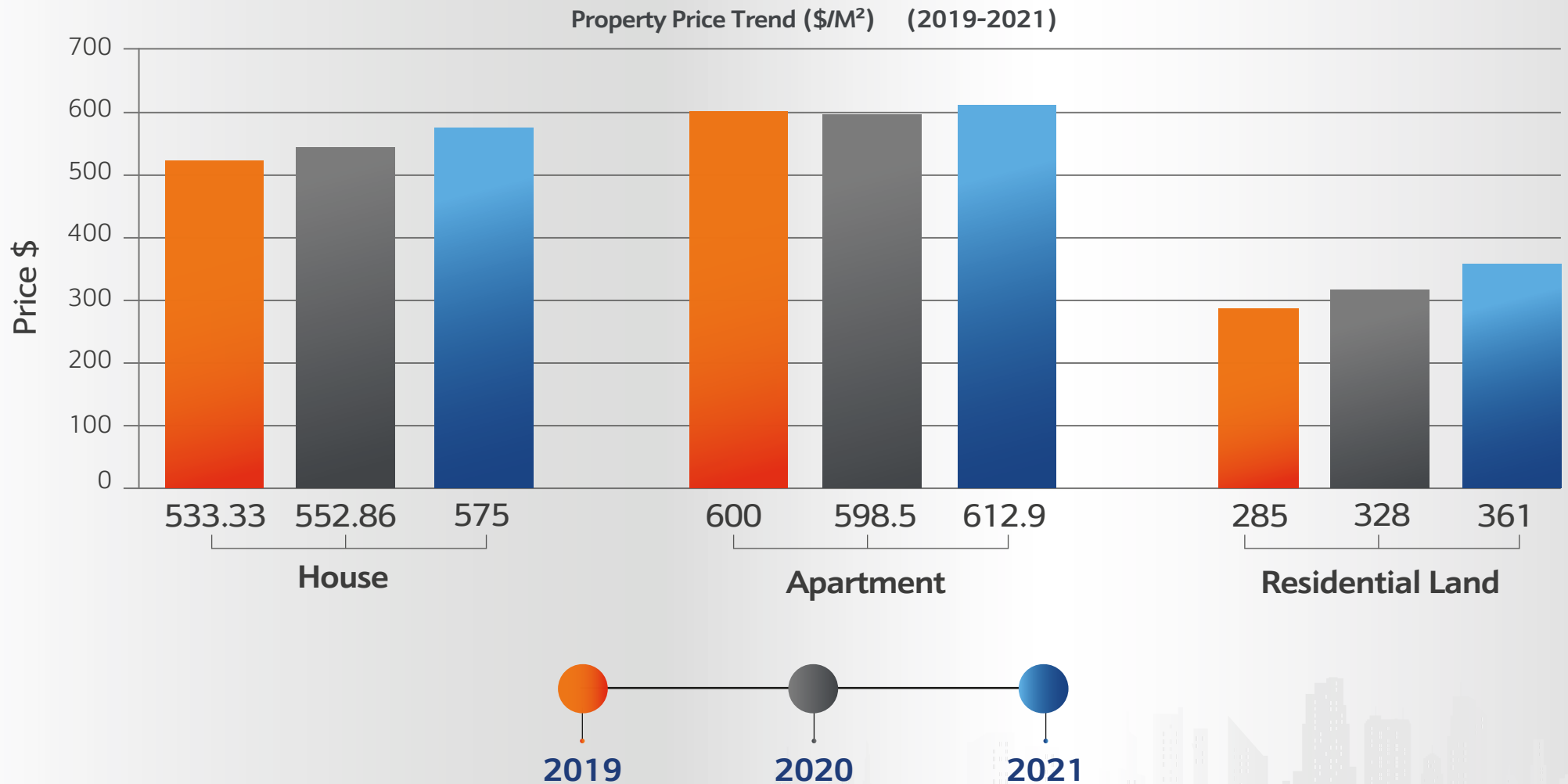
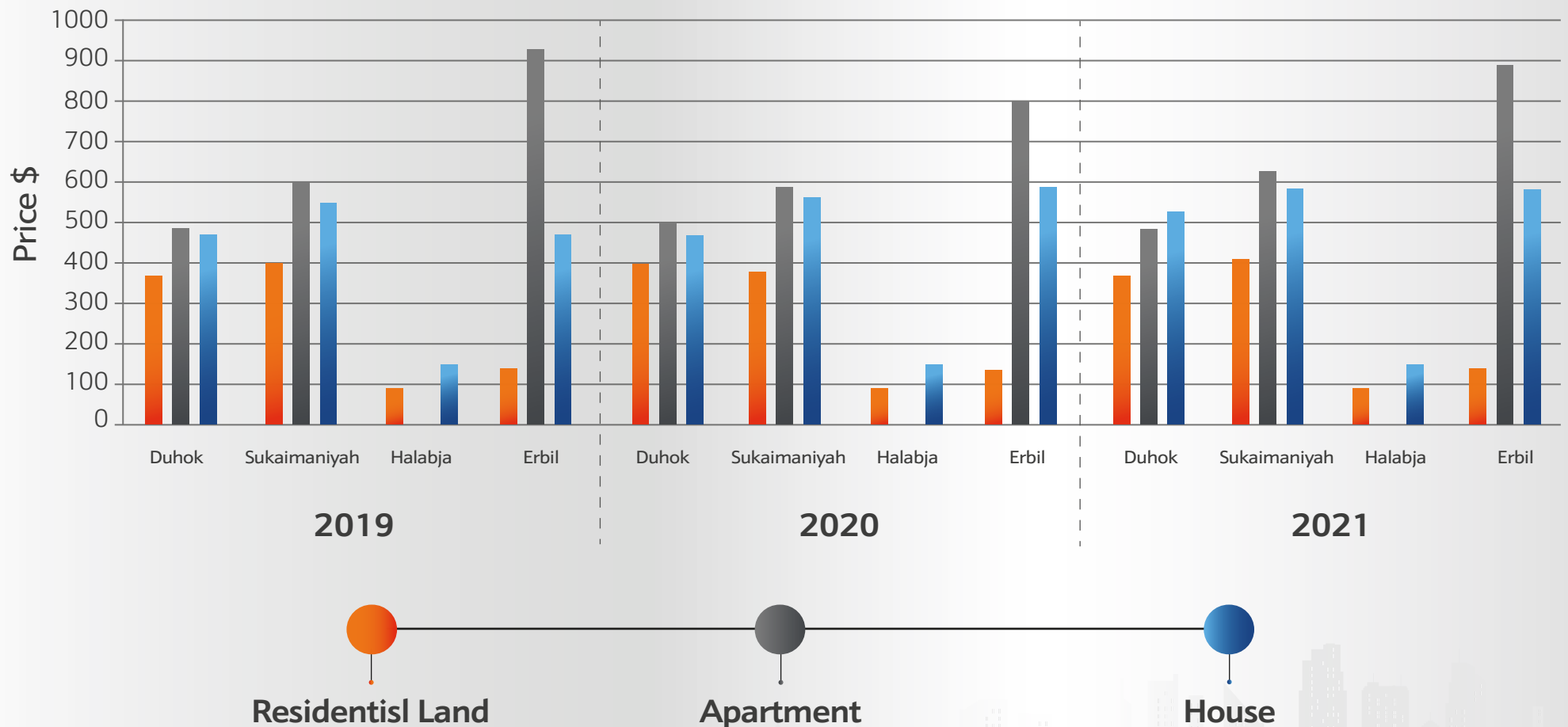


Chart 1: KRI Property Price across the provinces for 2019 and 2020 and Q12021.

Residential

On the provincial level, the residential property price in Erbil is more expensive than in other province centres. The most expensive house in the Kurdistan Region was recorded in Erbil in the Dream City compound in the third quarter of 2020, with the price of 2,333\$ per square meter. The lowest price of the residential house at the provincial level is in Mala Dawoud districts in Sulaymaniya with the price of 40.67\$/m². For apartments, during the past two years, the highest registered price was in Empire Compound with 2463\$/m², and the lowest price was in Duhok, 273\$/m². Chart 2 shows the average price of residential property in the Kurdistan Region.

The Property market, Provencial level



The highest house rental rate registered in Erbil in 2020, which was 1.85\$/m². The lowest rent registered in Duhok, which was 1.13\$/m² in the first quarter of 2021.

Real Estate Market on the level of Kurdistan Region



Chart 3: Rental Rate, 2019 - Q12021.

On the provincial level in the Kurdistan Region, the residential land market in Duhok province is very active and vibrant and traded in most districts. The highest price of the residential land was 2,333\$/m² registered in the Dream City compound in Erbil in Q12021. The lowest price for the residential land was also registered in Erbil, which was 50.38\$/m².

The real estate market on the level of Kurdistan Region according to the provinces

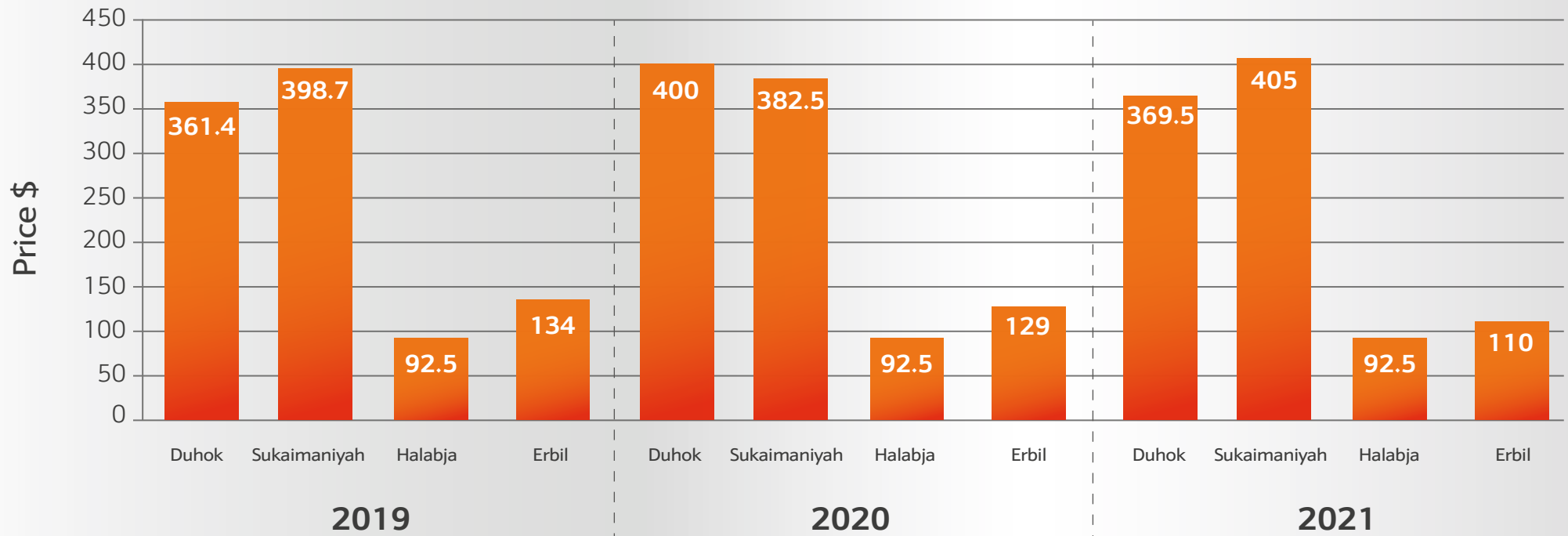


Chart 4: Residential Land market.

Commercial

The price and rental rates of commercial property are different from residential properties. For example, commercial lands, which are owned by the government, are leased to the private investor for a specific period. Chart 5 and Chart 6 show the price and the rental rate of commercial properties at the provincial level.

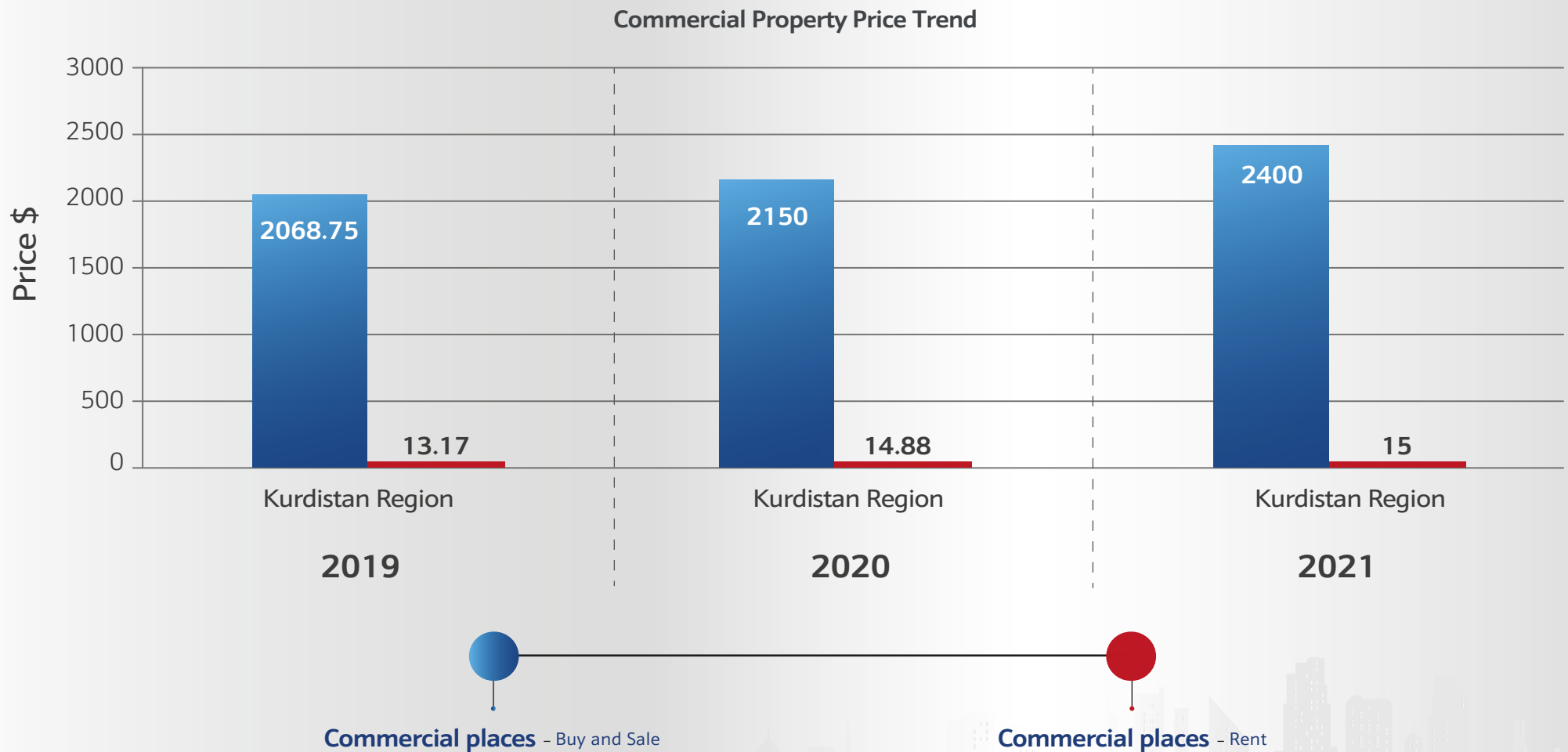


Chart 5: Present the market of buying and selling / and renting commercial places in the Kurdistan Region

Real estate market for commercial places on the level of Kurdistan Region

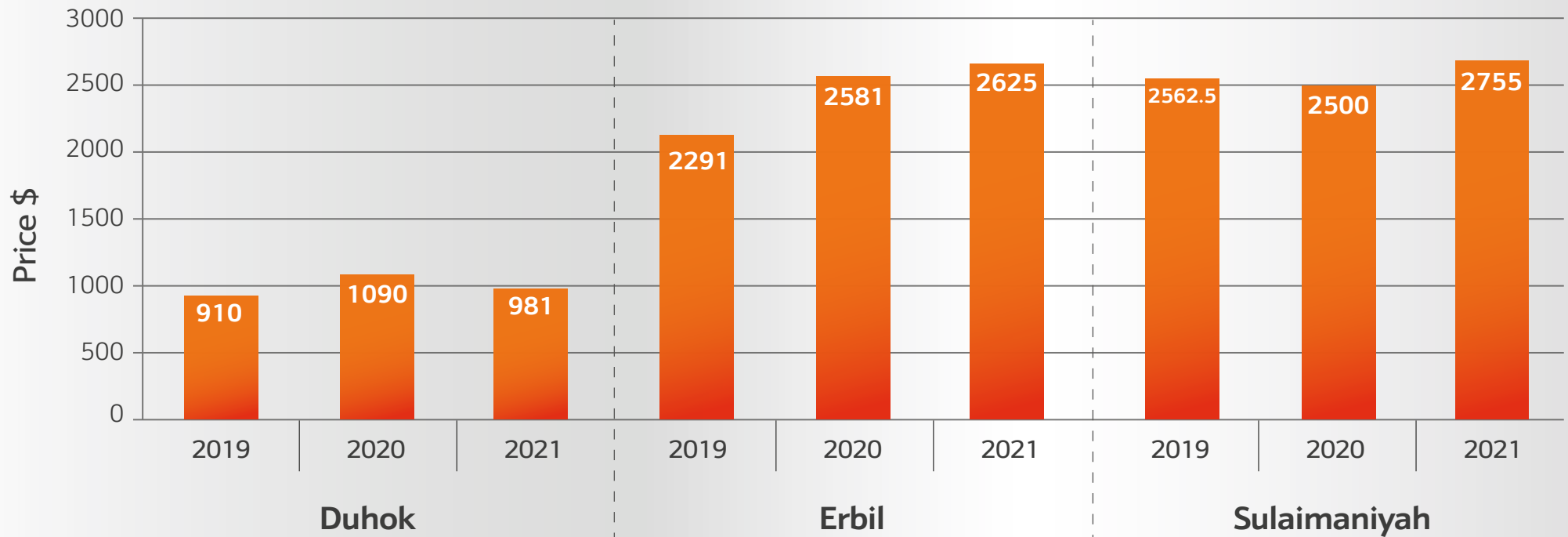
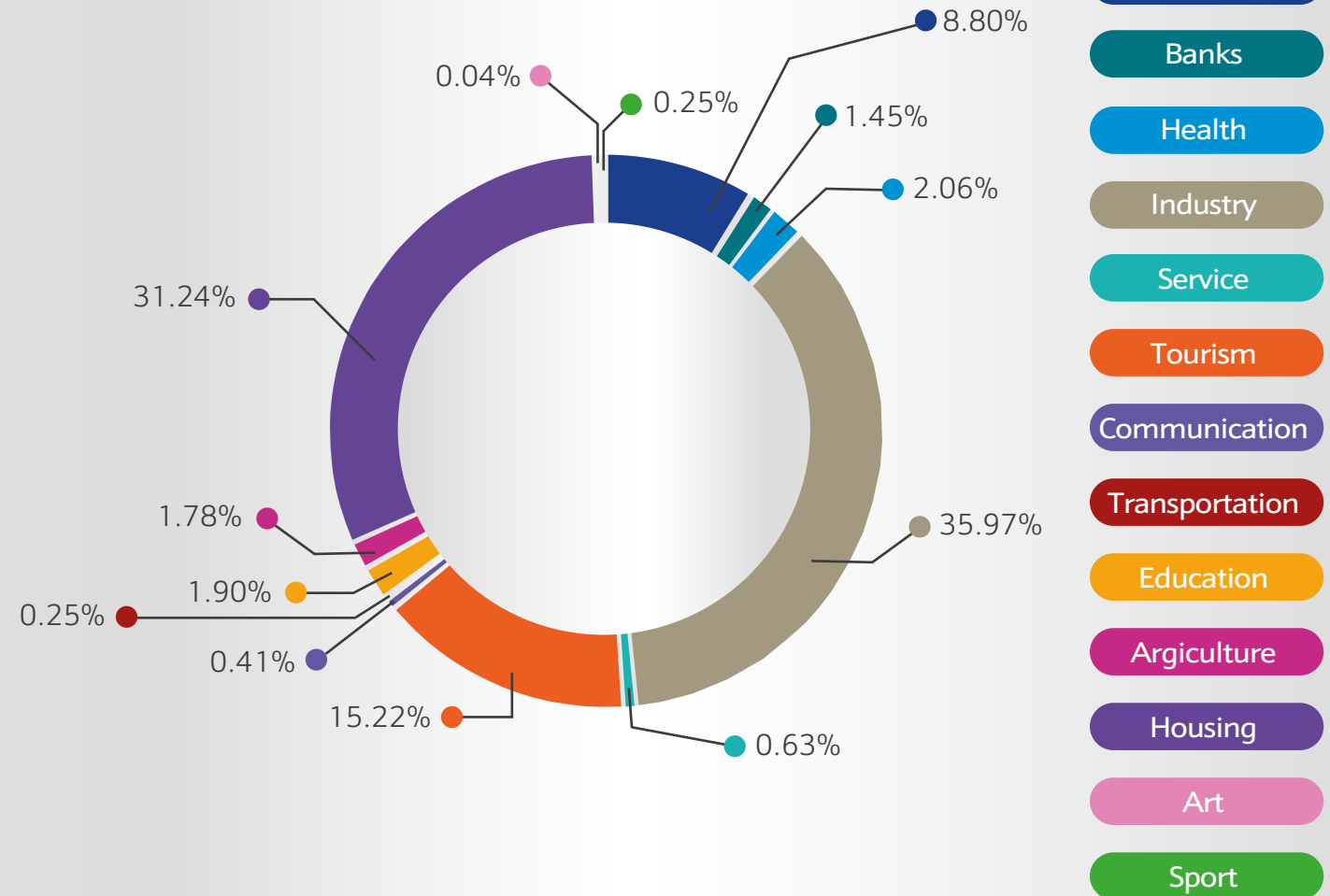


Chart 6: Commercial property price in the provisional level

Investment

Investment in Kurdistan Region by Sector



Since 2006 the Kurdistan Region Investment law approved in the parliament, the residential sector received a loin share of investments, taking one-third of the total investments in the Kurdistan Region. More than %90 of the investment in the residential sector is done by local investors. The rest are either foreign investment or joint investment. Of the 199 residential projects approved by Kurdistan Region

Chart 7: Housing units in residential projects on the level of Kurdistan Region provinces

Note, these projects do not include those who have received permission from the Ministry of Municipality and Tourism, the Ministry of Reconstruction and Housing.

Source: General Investment Board 12 - April 2021

A total of 11.1\$ billion was invested in the residential sector in Erbil, supplying the city with around 60,000 residential units. In Sulaimaniyah and Duhok, 3.46\$ billion and \$ 2.6 billion have been invested in the residential sector.

Number of residential in Kurdistan Region

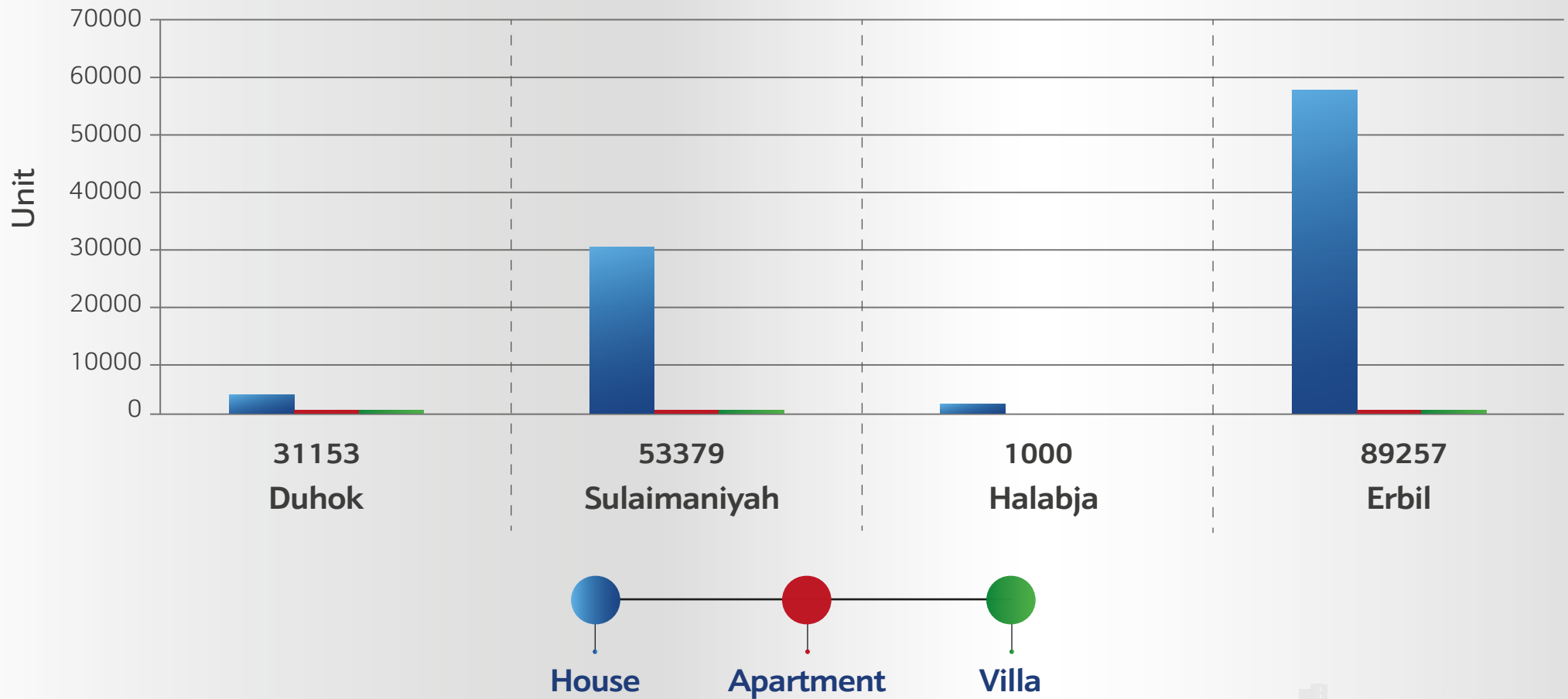


Chart 8: Residential unites supply in the Provincial Level.

Source: General Investment Board, 12 - April 2021, Duhok General Directorate of Investment 31 - March 2021, General Directorate of Investment Erbil April 2021 ,4

Erbil



Erbil is the most active real estate market, all over Iraq and the Kurdistan Region. The total number of projects in Erbil province in the field of housing is 93 projects. In the centre of Erbil province alone, 84 residential projects were carried out with a value of 10.9\$ billion from 1 - June 2006, to April 2021 ,10.

In general, term, the real estate market especially in Erbil considered the most active market, with most of the new housing projects sold by investors within a short period. The latest example is the Spanish village project, in which investors were able to sell all units in just 48 hours of the announcement of the project. Now in the second-hand market, each unit traded 10,000\$ to 30,000\$ more than the initial price.

In Erbil, in 2019, the house average price was 550\$/m². It increased to 587.50\$/m² in 2020 and got further momentum in the first quarter of 2021 to around 588.75\$/m². The house rental rate was 1.82\$/m² in 2019. It increased to 1.85\$/m² in n 2020 but declined to 1.61\$ in Q12021. The decline in the house rental rate contributed to the drop in the value of the Iraqi dinar against the dollar.

In 2019, the average price of apartments was 921.28\$/m², and the apartment rental ratio was 3.41\$, but in 2020, the price of the apartment price fall to 800\$/m². However, the apartment rental rate moved differently and the apartment rental rate increased to 3.70\$/m², during quarantine and corona spread. In the first quarter of 2021, the average price of an apartment has risen to 892.50\$/m², but the rental rate remained steady at 3.70\$/m².

According to the data from the study, the highest price of the house recorded in the third quarter of 2020 in the Dream City compound, 2,333\$ per square meter.in addition, the highest price of one square meter apartment in Erbil was in the Empire Compound, which reached 2,463\$ in the first quarter of 2020. The lowest price for one square meter of apartments in the second quarter of 2019 was recorded in the Teachers' City Compound, which was 304.25\$

Sulaymaniyah



According to the latest statistics from the General Investment Board, the total number of housing projects in Sulaimaniyah province is 66 projects, 47 of which have fallen into the centre of Sulaimaniyah province. The total investment capital in housing projects is 3.46\$ billion. The total number of housing units in Sulaimaniyah province is 53,379, of which 30,262 are houses, 20,941 are apartments and 2,176 are villas.

The real estate market in Sulaimaniyah is not very active. One of the main reasons is the monopoly of the developers who control the real estate market, as well as the lack of property companies in the city until the beginning of 2021. According to data collected from 105 districts and housing projects across Sulaimaniyah, in 2019, the house average price was 550\$/m², and the rental rate was 1.39\$/m². In 2020, the average price of the house was 563.33\$/m², and the house rental price was recorded as 1.39\$/m². In the first quarter of 2021, the average price of a house in comparison to 2019 has increased by %4.9 to 577.08\$/m².

The average price of the apartment was 600\$/m² in 2019. In the same period, the rental rate was 1.98\$/m², but in 2020, the average price of apartments fell to 583.02\$/m², and the rental rate increased to 2.0\$/m². In the first quarter of 2021, the apartment price was 623.5\$/m², a %7.0 increase in comparison to 2020, but the rent price remained the same at 2.0\$/m².

In 2019, the price of one square meter of land was 398.75\$/m², in 2020, it declined to 382.50\$/m², and in the first quarter of 2021, it increased to 405\$/m².

The price of one square meter of residential land was 398.75\$/m² in 2019. It declined in 2020 to 382.50\$/m², and in the first quarter of 2021 increased to 405\$/m².

Duhok

According to the KRI General Investment Board, the total investment capital in the property sector from the beginning of 2006 to April 2021 reached in Duhok has reached 2.6\$ billion. The number of housing projects across the border of Duhok province is 38, with 30 projects have fallen into the centre of Duhok province. The total number of housing units is 31,153 units including 3,057 houses, 26,776 apartments and 1,320 villas ranging from 100 m² to 1,000 m².

In Duhok, in 2019, the price of one square meter of the house was 465.12\$/m², in 2020 it rises at a small rate to 467.29\$/m², but the house price rose significantly in the first quarter of 2021, increasing by %14.4 to 532\$/m².

In Duhok province in 2019, the price of one square meter of apartments was 488.16\$. In 2020, it increases to 500\$ us per square meter, but in the first quarter of this year it fell %4 and the price of one square meter of apartments was traded at 480\$.

The residential land is another active property market in Duhok compared to other major cities in the Kurdistan Region. In 2019, the price of one square meter of residential land was 361.40\$/m². In 2020, it increased to 400\$/m², but In the first quarter of 2021, the price of land fell to 369.5\$/m², losing %7.6 of its value.



Halabja

The real estate market in Halabja is weak. However, in terms of investment projects in the housing sector, one project called Goran City, comprising 1,276 housing units implemented by Barez Company.

In 2020 ,2019 and the first quarter of 2021 , there was no significant change in the price of housing and residential land. According to data collected from real estate in Halabja, the average price house was 137.6\$ and the average price of land was 92.5\$/m².



The Property Market: Commercial Places

The most expensive business property in the KRI is located in Mawlawi Street in Sulaimaniyah with 13,280\$/m². The second and the third most expensive commercial properties are in the Vital street and Dream City Compound in Erbil, where the prices are 11,250\$/m² and 10,500\$/m² consequently.

The property market for commercial places on the level of provinces and the Kurdistan Region

Province	Year	Commercial places (buy and sell)	Commercial places (rent)
Sulaimaniyah	2019	\$2,291.00	\$38.75
	2020	\$2,581.00	\$43.25
	2021	\$2,625.00	\$43.75
Duhok	2019	\$910.00	\$8.00
	2020	\$1,090.00	\$9.00
	2021	\$981.00	\$10.00
Erbil	2019	\$2,562.50	\$14.25
	2020	\$2,500.00	\$14.75
	2021	\$2,755.00	\$15.00
Kurdistan Region	2019	\$2,068.75	\$13.17
	2020	\$2,150.00	\$14.88
	2021	\$2,400.00	\$15.00

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