

**AME Capital**

**GLOBAL REAL ESTATE  
EQUITY RESEARCH**

**Middle East  
MONTHLY REPORT  
To  
25 November  
2006**

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Contact

**Alex Moss**

Direct Line: 020 7422 6561

Mobile: 07887 625833

Fax: 020 7422 0041

Email: alex.moss@amecapital.co.uk

**Aaron Guy**

Direct Line: 020 7422 6560

Mobile: 07793 799568

Fax: 020 7422 0041

Email: aaron.guy@amecapital.co.uk

Office Details:

**AME Capital Ltd**

Devonshire House

146 Bishopsgate

London EC2M 4JX

Telephone: 020 7422 6568

Fax: 020 7422 0041

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# The Global Real Estate Equity Market – Size Ranking

**Table 1: Analysis of global real estate equity markets by size and number of companies**

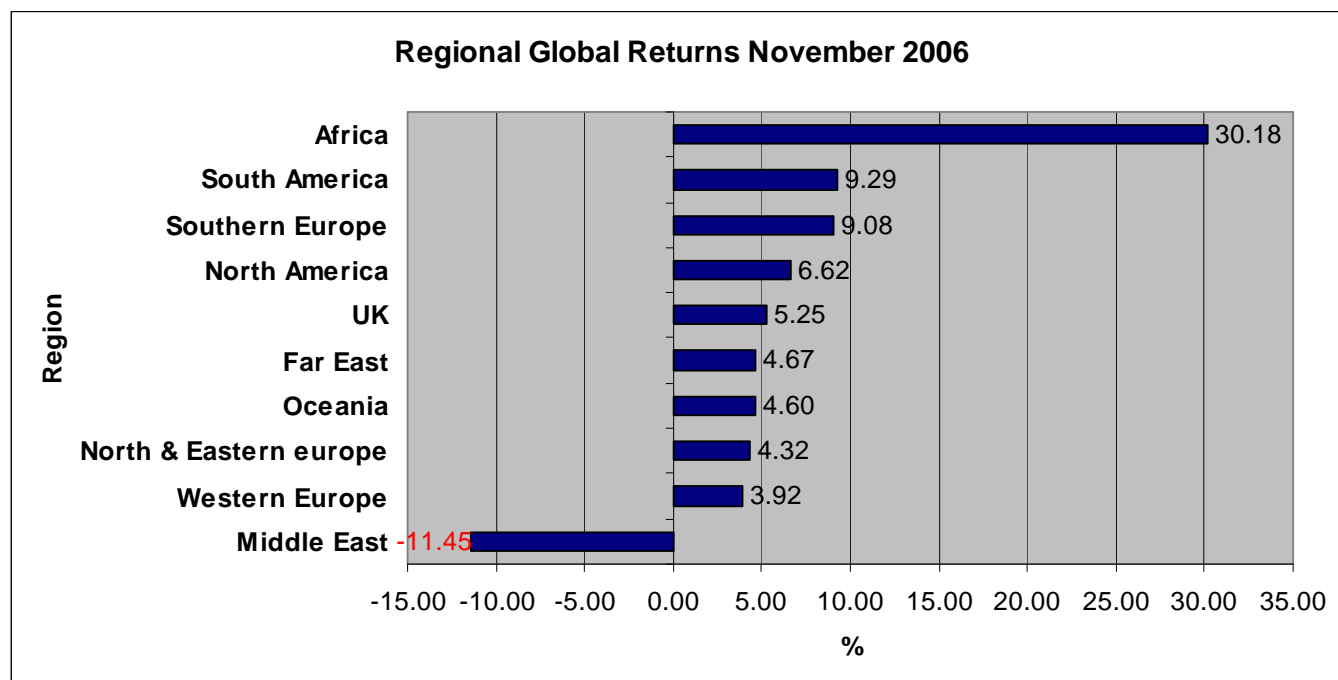
Rank	Listing Country	Number of Companies	Mkt cap > £100m	Mkt cap > £1bn	Sector Mkt cap £	% of Global Listed Real Estate mkt
1	US	306	192	73	268,301,688,257	29.37%
2	Hong Kong	119	64	28	116,023,134,368	12.70%
3	Japan	158	102	16	93,151,175,474	10.20%
4	UK	151	89	12	67,957,666,379	7.44%
5	Australia	131	54	13	59,076,957,412	6.47%
6	France	65	31	10	35,165,685,220	3.85%
7	Singapore	53	34	10	32,747,716,599	3.58%
8	Canada	85	34	6	32,072,786,572	3.51%
9	Spain	29	18	9	32,035,789,103	3.51%
10	China	84	43	3	18,077,553,382	1.98%
11	Netherlands	12	9	4	14,884,091,696	1.63%
12	UAE	6	6	3	14,217,493,970	1.56%
13	Germany	83	21	2	13,306,975,285	1.46%
14	Austria	12	9	3	12,394,047,913	1.36%
15	Sweden	23	16	4	10,253,415,168	1.12%
16	Israel	79	22	1	8,552,452,347	0.94%
17	Malaysia	94	16	1	7,220,334,991	0.79%
18	Italy	14	10	3	6,521,998,041	0.71%
19	Taiwan	47	24	0	6,190,308,210	0.68%
20	Kuwait	30	17	0	5,792,329,479	0.63%
21	South Africa	35	17	0	5,121,609,952	0.56%
22	Saudi Arabia	6	6	1	4,688,305,064	0.51%
23	India	15	7	2	4,579,845,053	0.50%
24	Philippines	38	6	2	4,523,841,640	0.50%
25	Brazil	7	7	1	4,245,774,779	0.46%
26	Belgium	41	10	1	3,858,766,400	0.42%
27	Switzerland	12	7	1	3,765,905,904	0.41%
28	Thailand	41	12	0	3,588,768,652	0.39%
29	Norway	6	6	0	2,908,477,347	0.32%
30	Poland	4	3	1	2,625,248,987	0.29%
31	Morocco	3	1	1	1,987,013,859	0.22%
32	Denmark	13	6	0	1,944,949,480	0.21%
33	Indonesia	33	5	0	1,747,401,280	0.19%
34	Greece	7	4	0	1,642,159,664	0.18%
35	New Zealand	12	5	0	1,375,291,865	0.15%
36	Finland	6	3	0	1,354,192,830	0.15%
37	Lebanon	1	1	1	1,344,500,569	0.15%
38	Botswana	2	1	1	1,179,935,362	0.13%
39	Russia	2	1	1	1,085,011,904	0.12%
40	Qatar	2	2	0	1,065,275,488	0.12%
41	Mexico	1	1	1	1,015,802,354	0.11%
42	Turkey	10	2	0	722,215,452	0.08%
43	South Korea	14	2	0	682,859,369	0.07%
44	Ireland	3	2	0	528,178,165	0.06%
45	Egypt	12	2	0	502,252,066	0.05%
46	Argentina	2	2	0	472,573,412	0.05%
47	Jordan	9	0	0	216,494,003	0.02%
48	Hungary	4	1	0	202,610,445	0.02%
49	Chile	5	1	0	197,827,572	0.02%
50	Bulgaria	13	0	0	135,752,884	0.01%
51	Bahrain	2	0	0	104,040,171	0.01%
52	Cyprus	3	0	0	91,379,541	0.01%
53	Czech Republic	1	0	0	45,022,541	0.00%
54	Sri Lanka	1	0	0	38,576,454	0.00%
55	Mauritius	1	0	0	30,014,411	0.00%
56	Venezuela	1	0	0	23,307,760	0.00%
57	Malta	2	0	0	20,014,132	0.00%
58	Tunisia	3	0	0	15,500,470	0.00%
59	Portugal	3	0	0	13,649,702	0.00%
60	Bermuda	1	0	0	8,953,283	0.00%
61	Peru	3	0	0	3,408,053	0.00%
62	Latvia	1	0	0	392,404	0.00%
<b>Grand Total</b>		<b>1963</b>	<b>934</b>	<b>215</b>	<b>913,646,700,588</b>	<b>100.00%</b>

# The Global Real Estate Equity Market - Returns 4 weeks to 25/11/06

Table 2: Analysis of global real estate equity returns by country for four weeks to 25 November 2006

Listing Country	1 month return Real Estate Equity	1 month return Equity Mtk	1 month return Relative
US	6.29	2.36	3.83
Hong Kong	9.09	6.36	2.57
Japan	-9.20	-7.49	-1.85
UK	5.31	-0.11	5.42
Australia	4.48	3.29	1.15
France	4.13	-0.05	4.18
Singapore	8.78	6.54	2.11
Canada	5.13	3.77	1.31
Spain	8.76	4.59	3.98
China	17.46	4.68	12.22
Netherlands	4.02	-1.40	5.49
UAE	-17.06	-12.78	-4.90
Germany	4.58	2.55	1.98
Austria	3.53	0.17	3.36
Sweden	2.49	0.04	2.45
Israel	7.15	2.91	4.12
Malaysia	8.59	8.88	-0.27
Italy	6.64	3.65	2.88
Taiwan	9.60	4.65	4.73
Kuwait	-7.07	-5.45	-1.71
South Africa	10.29	1.97	8.17
Saudi Arabia	-34.20	-16.63	-21.08
India	23.12	8.17	13.82
Philippines	8.40	7.39	0.94
Brazil	8.10	6.58	1.43
Belgium	0.01	0.48	-0.46
Switzerland	1.32	0.22	1.10
Thailand	4.40	-0.58	5.01
Norway	6.73	3.58	3.04
Poland	0.91	4.30	-3.25
Morocco	80.10	-0.05	80.20
Denmark	11.20	3.19	7.77
Indonesia	7.92	9.30	-1.26
Greece	6.75	4.89	1.77
New Zealand	1.64	5.28	-3.46
Finland	8.00	3.54	4.31
Lebanon	-14.82	-7.51	-7.90
Botswana	-9.04	0.17	-9.19
Russia	0.00	4.07	-3.91
Qatar	-9.73	-13.57	4.44
Mexico	11.13	6.61	4.24
Turkey	-3.38	-5.20	1.92
South Korea	6.17	4.04	2.05
Ireland	0.07	4.16	-3.93
Egypt	-1.35	1.84	-3.13
Argentina	7.51	13.73	-5.48
Jordan	-9.21	n/a	n/a
Hungary	1.00	3.40	-2.32
Chile	4.71	5.45	-0.71
Bulgaria	1.80	9.78	-7.27
Bahrain	-8.78	-3.44	-5.53
Cyprus	1.05	15.36	-12.40
Czech Republic	-3.44	n/a	n/a
Sri Lanka	-12.12	n/a	n/a
Mauritius	48.39	19.45	24.22
Venezuela	0.00	12.92	-11.44
Malta	0.00	0.29	-0.29
Tunisia	-6.55	5.74	-11.62
Portugal	20.15	1.68	18.16
Bermuda	0.00	n/a	n/a
Peru	0.00	9.09	-8.33
Latvia	-2.22	5.52	-7.34

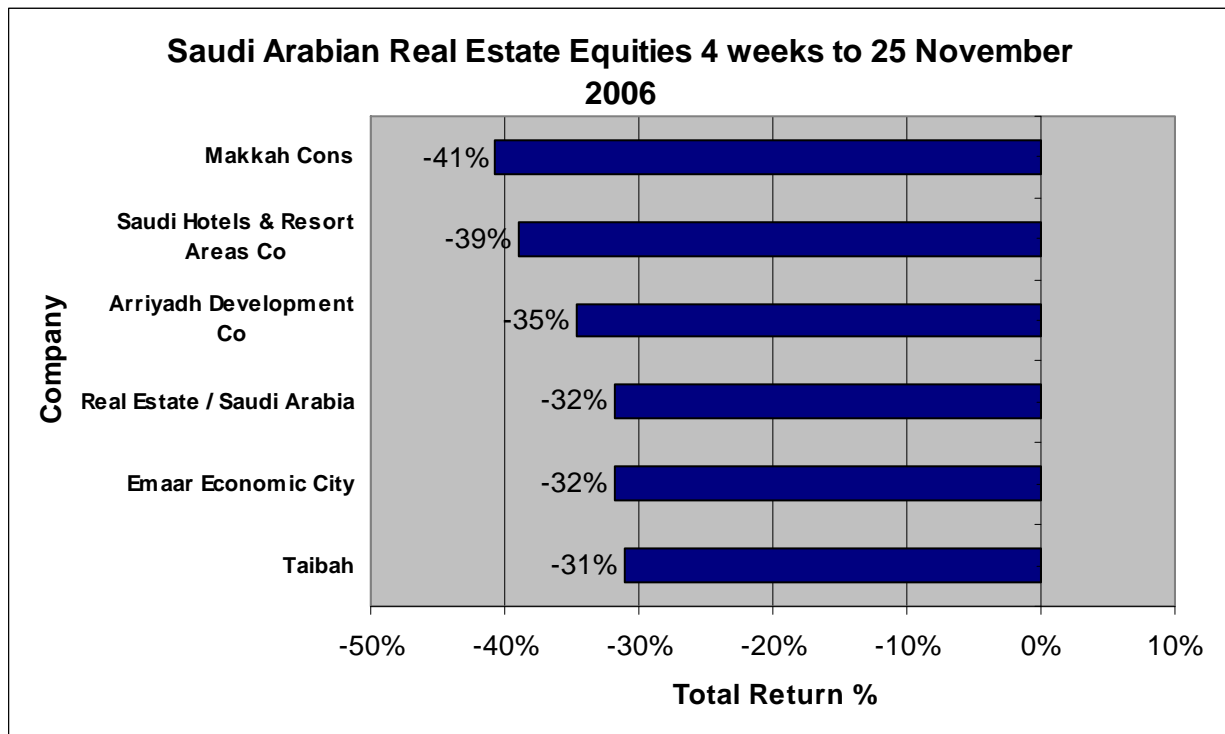
**Chart 1: Global Returns by region**



Source: AME Capital / Bloomberg

- This report covers the four week period up to the 25<sup>th</sup> of November. The end of month reports are available on our website [www.amecapital.co.uk](http://www.amecapital.co.uk) under the 'Global Real Estate Equity Reports' section a few days after the end of each month.
- In an about face from October the Middle East fell to be the worst performing region to the 25<sup>th</sup> of November 2006 with a return of -11.45%. Negative returns were produced by all Middle Eastern nations bar Israel (see table 2).
- Negative returns were not isolated to the listed real estate sector, as Table 2 shows the stock market indices of each nation also produced negative returns indicating severe bearishness in the GCC stock markets. Chart 3 illustrates the underperformance of the listed real estate sector as compared to that countries stock market index.
- Focusing on Saudi Arabia, Chart 2 shows that the five real estate equities continued with last months downward trend and all slid between -41% (Makkah Cons) and -31% (Taibah). Ali Dakkak (head of Dakkak Financial and Economic Consultants) in the Middle East Times said that "Gulf markets in general and the Saudi bourse in particular are negatively affected by the regional political situations, especially the Iranian nuclear standoff and the fighting in Iraq". He continues, "They are psychologically affected by the drop in oil prices. In the Saudi market, a huge amount of cash was withdrawn by major portfolios and some mutual funds". The Saudi Stock exchange and as measured by the Tadawul All Share TASI Index and Oil prices have a correlation of nearly 0.6 and oil price have begun to stabilize from their fall from the highs of August of over \$75USD, to now trading back above \$60USD.
- Following the successful listing of Emaar the Economic City, November saw the announcement of two further economic cities. Jizan Economic City was the fourth and the fifth is to be constructed in the northern region of Tabuk.

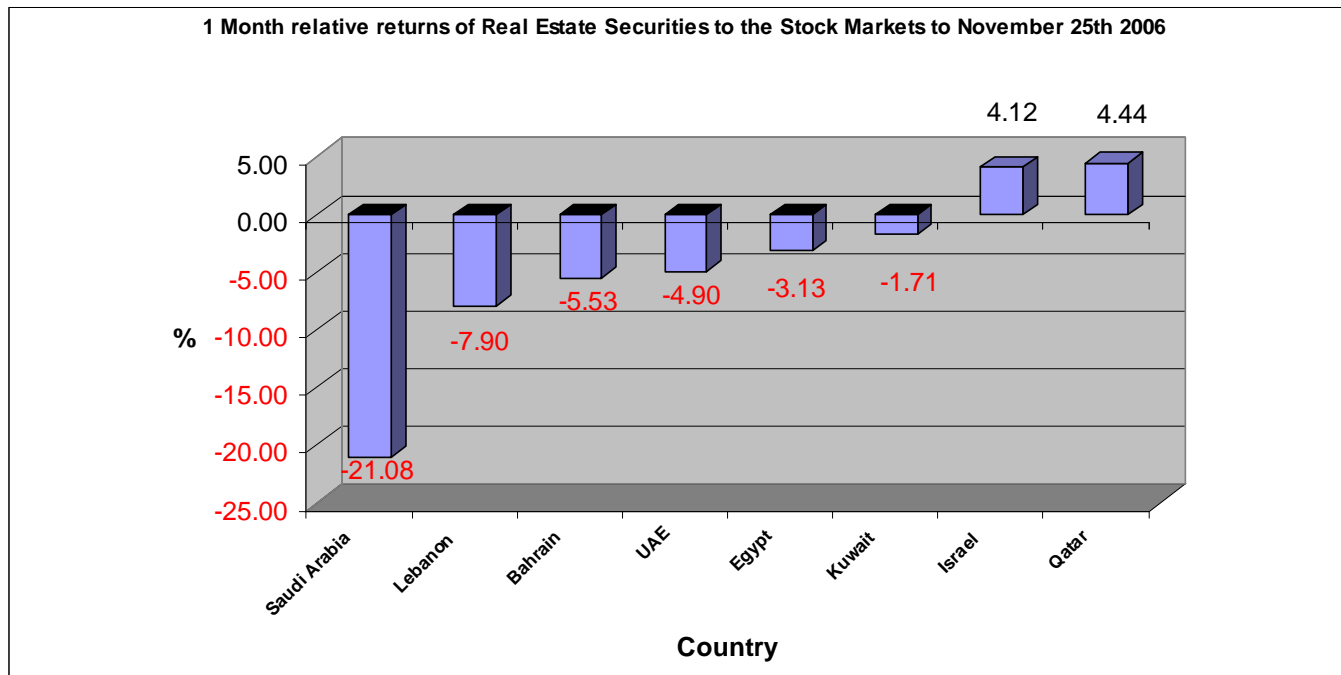
**Chart 2: Saudi Arabian company returns**



Source: AME Capital / Bloomberg

- Table 1 shows the size of the Global Listed Real Estate equity markets. The unfavourable performances of the region have impacted on the size rankings. Combined with the growth of other markets globally (as seen in Table 2) the Middle Eastern proportion of the global listed real estate equity market has fallen slightly with:
  - The UAE falling two places to be the 12<sup>th</sup> largest (from 10<sup>th</sup>) comprising 1.56% of the global listed real estate market,
  - Israel holding as the 16<sup>th</sup> largest comprising .94% of the global listed real estate equity market,
  - Kuwait falling one place to be the 20<sup>th</sup> largest (from 19<sup>th</sup>) comprising .63% of the global listed real estate equity market,
  - Saudi Arabia falling 4 places to be the 22<sup>nd</sup> largest (from 18<sup>th</sup>) comprising .51% of the global listed real estate equity market,
  - Lebanon falling 4 places to be the 37<sup>th</sup> largest (from 33<sup>rd</sup>) comprising .15% of the global listed real estate equity market,
  - Qatar falling 1 place to be the 40<sup>th</sup> largest (from 39<sup>th</sup>) comprising .12% of the global listed real estate equity market
  - Egypt falling 1 place to be the 45<sup>th</sup> largest (from 44<sup>th</sup>) comprising .05% of the global listed real estate equity market,
  - Jordan holding as the 47<sup>th</sup> largest comprising .02% of the global listed real estate equity market,
  - And Bahrain holding as the 51<sup>st</sup> largest comprising .01% of the global listed real estate equity market.

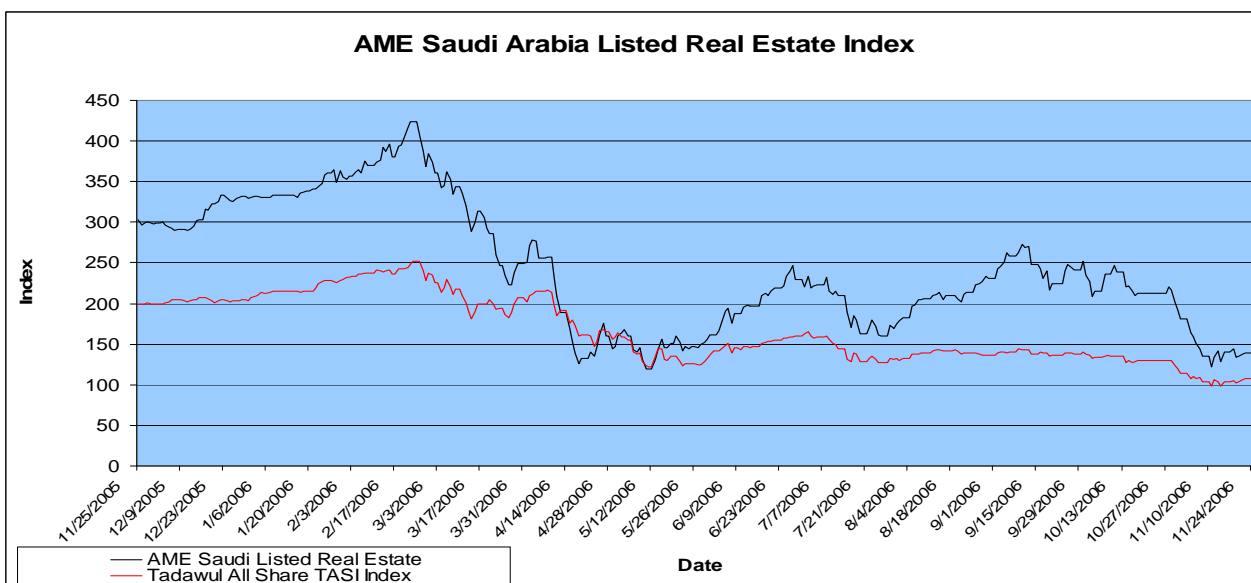
**Chart 3: Middle East relative performance**



Source: AME Capital / Bloomberg

- During the month AME Capital trialled its Saudi Arabia Listed Real Estate Index which tracks the performance of the 6 listed real estate equities on an equally weighted basis. Equally weighting the returns eliminates the size effect companies have on a market cap weighted index. Chart 4 below plots the performance of the new index along with the performance of the Saudi Arabia stock market as measured by the Tadawul All Share TASI Index. This new AME Capital index will be available to view free of charge on our Bloomberg site AMEP<GO> and our web site during December 06.

**Chart 4: AME Capital Saudi Arabia Listed Real Estate Index**



Source: AME Capital / Bloomberg

**Table 3: Real Estate Equity Beta Analysis**

Region	Beta	November Movement
<i>UAE</i>	1.20	Up 1 Place
<i>Israel</i>	1.16	Up 1 Place
Middle East	1.11	Up 1 Place
<i>Saudi Arabia</i>	1.10	Up 1 Place
Far East	1.09	Down 4 Places
<i>Jordan</i>	1.08	Up 3 Places
North America	1.01	No Change
<i>Egypt</i>	1.00	Up 3 Places
UK	0.99	Down 1 Place
<b>Global Mkt Cap Weighted</b>	<b>0.95</b>	Down 4 Places
<i>Qatar</i>	0.95	Down 1 Place
South America	0.87	No Change
<i>Kuwait</i>	0.83	No Change
Northern & Eastern Europe	0.80	No Change
Southern Europe	0.72	No Change
Oceania	0.62	No Change
Western Europe	0.60	No Change
Africa	0.47	No Change

Source: AME Capital / Bloomberg

- Table 3 displays the Real Estate Equity market betas. Notable changes from the October report include the decline of the Far East by four places. As can be seen in Table 2 the real estate equity returns of the three largest Far Eastern markets of Hong Kong, Japan and Singapore were very similar to the performance of the overall equity market index returns. Jordan and Egypt were the other two movers from October however these are small markets for listed real estate securities.

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To discuss our research and services further our contact details are:

Aaron Guy

Direct Line: +44 (0)207 422 6560

Email: [aaron.guy@amecapital.co.uk](mailto:aaron.guy@amecapital.co.uk)

Website: [www.amecapital.co.uk](http://www.amecapital.co.uk)

Alex Moss

Direct Line: +44 (0)207 422 6561

Email: [alex.moss@amecapital.co.uk](mailto:alex.moss@amecapital.co.uk)

Website: [www.amecapital.co.uk](http://www.amecapital.co.uk)

*Note1: all stock returns quote in this article are total returns and weighted by pounds sterling market capitalisation.*

*\* Note2: Return numbers were frozen on the 25th of October 2006*

*\* Note3: Return and market capitalisation numbers are sourced from Bloomberg*