Morocco

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Overview

With a population growth rate of 1.2% in 2021, Morocco has 37,344,787 inhabitants who are unevenly distributed across the country, with a high concentration in urban areas. The rural population had plunged to 36% of the total population in 2021 from 71% in 1970, exacerbating pre-existing housing problems in cities. The housing sector in Morocco has multiple stakeholders including the government, banks, real estate developers, real estate agents (formal and informal) as well as the affordable housing applicants. Despite all the stakeholders, Morocco suffers from a deficit of affordable housing. This is the result of factors such as climate change, urbanisation, insufficient supply of affordable housing, insufficient administrative capacity of the state, and the high cost of building materials and basic services, especially since the beginning of the war in Ukraine in February 2022.

The country recorded an unemployment rate below 13%, inflation of 1.4% in 2021, and the economic growth rate rebounded to 7.4% against minus 6.3% in 2020. This bounce back is mainly explained by good cereal harvests, which include finalising the prudential and accounting treatments of real estate assets acquired from debtors in difficulty. These figures have allowed Morocco’s vast banking system, which is more advanced than most other countries on the continent, to maintain an affordable policy for interest rates. Thus, the average rate for housing loans was 4.24% in 2021, down nine basis points compared to 2020. The flexible exchange rate regime the country has been operating for more than three years has allowed the local currency, the dirham to appreciate by 1.8% against the US dollar and by 5.7% against the European currency, the Euro.

The Moroccan government has taken measures, in conjunction with Bank Al-Maghira, the central bank, to maintain and even strengthen its investment in housing. These include finalising the prudential and accounting treatments to be adopted by banks to mitigate the risks induced by the holding of stocks in urban areas. These changes, in turn, have exacerbated the housing problem. The government has developed a National Strategy for Natural Disaster Risk Management (2021-2030), structured around three main objectives: the improvement of knowledge and risk assessment; the promotion of risk prevention with a view to strengthening resilience and improving preparedness for natural disasters for early recovery and effective reconstruction; and the implementation of its action plan. It has also created a portal through the Ministry of the Interior to the Integrated Disaster Risk Management and Resilience (FLCN) Programme. This site aims to guarantee public access to information on the management of the risks of natural disasters such as floods, landslides or erosion. It also provides information on the eligibility of projects to be supported by the FLCN and the criteria for their selection.

Access to finance

Morocco’s banking system better developed than many African countries. It comprises 89 credit institutions and similar bodies, including 24 banks, 28 finance companies and 11 microcredit associations. It is organised through a network of 6,056 bank branches in the country and also 51 subsidiaries and 22 branches abroad for a total workforce of 75,075 employees.
In Morocco, the number of men who hold at least one bank account was 8.8 million at the end of 2021, against 5.4 million for women. There is no law prohibiting women from accessing credit or buying property. However, the journey of single women towards the acquisition of property remains complex in view of the deep foundations of the structure of Moroccan society, which is patriarchal.

After a decline of 4.4% in 2020, the number of housing loans recovered by 20.1% to an amount of Dhs 302 billion (US$300 billion). At the same time, the number of beneficiaries of these loans increased by 18.7% to 75,321 customers. These increases were made possible in part thanks to the Finance Act 2021, which introduced measures to facilitate access to housing and boost the real estate market. Among the measures taken was the reduction of registration fees for acquisition of real estate deeds for the main residence. As a result, more of these introduced measures to facilitate access to housing and boost the real estate market. Consequently, more frequent recourse to borrowing. The average amount of bank loans increased by Dhs 5 000 (US$497) compared to the previous year to stand at Dhs 401 000 (US$39 878). The number of loans granted increased from 25 171 in 2020 to 30 235 in 2021. Crédit Agricole du Maroc offers financing for the acquisition of the main or secondary housing (or its construction) for a period of up to 25 years, with flexibility in monthly payments and with a free choice of the type of rate (fixed or variable capped). In monetary terms, the gross amount of financing for housing was Dhs 248.4 billion (US$24.702 billion) in 2021, up 4.5% from the previous year.

State-encouraged loans increased by 10% after a 2.3% decline in 2020. These social loans amounted to Dhs 2.3 billion (US$1.07 123 033), distributed among several social purpose funds. Of these social loans, Dhs 2.27 billion (US$2.257 billion) was granted under loan guarantees to finance access to property for members of the Mohammed VI Foundation for the Promotion of Social Works of Education and Training (FOGALEF), and also under the Housing Loan Guarantees for Public Sector Personnel (FOGALOGOE). This programme allows public sector staff to be financed for up to 80% of the cost of buying or building their home provided that this is done within the framework of the Habitat Menapant Ruine programme.

Social loans also financed Dhs 1.1 billion (US$109 million) of affordable housing. The logic behind these programmes and funds is to allow a large majority of the population to access credit for their housing and to reassure the banks in case of default of the borrower. Mourabaha real estate financing, a form of Islamic financing, was Dhs 1.2 billion (US$1.203 billion), up 41.6% from a year earlier. In their credit process, banks have a policy of not exceeding the ratio of 33% of household income. Funding for housing is therefore important in Morocco. The existence of social loans and large guarantee funds for the most modest households represents a real lever to meet the high demand for housing and especially access to housing for the most disadvantaged.

The Moroccan state has made access to housing for the entire population one of its main priorities. To this end, it continues the efforts already undertaken with real estate developers through the various FOGARIM, FOGALEF or FOGALOGOE funds and associated programmes; the Social Housing Programme at Dhs 250 000 (US$24 862) or at Dhs 40 000 (US$3 922).

**Affordability**

The unemployment rate rose from 11.9% in 2020 to 12.3% in 2021 (10.9% for men and 16.8% for women) and despite the apparent decline in the poverty rate (1.7% in 2019), it continues to be difficult to find affordable housing. In large cities, the lowest cost for renting a standard-type house, consisting of two bedrooms, a living room and a bathroom, is Dhs 2 000 (US$1 997). This price is high compared to the average salary of Dhs 1 793 (US$1 78) per person per month nationally and Dhs 2 083 (US$207) per person per month urban areas in 2020. For example, the salary of a middle school teacher varies between Dhs 4 000 (US$398) and Dhs 6 000 (US$597) while that of a high school teacher varies between Dhs 5 000 (US$488) and Dhs 8 000 (US$796).

Aware of all these difficulties, the Moroccan government is pursuing policies aimed at promoting the acquisition of affordable housing. However, in the face of difficulties in obtaining affordable housing, some households are opting to buy land for housing construction. Purchase prices of residential land vary according to different criteria, such as the city, or the area of the property in that city. For example, in the city of Casablanca, the price per m² for the purchase of a recent apartment is Dhs 10 000 (about US$994) in the CS-HH11 area. In contrast, for the same property, the purchase price drops to Dhs 7 000 (about US$696) in the CS-HH27 area.

Housing in Morocco is thus not affordable, and it does not stop at the rental for the property. To these costs are added all the fixed costs such as water and electricity consumption. Household expenditure, which can rise to Dhs 1 400 (US$139), leads to households having to find cheaper housing alternatives. The banks, as an integral part of Moroccan society are aware of all these demands, and set up offers taking into account the realities of households. Each loan application is examined in a particular way taking into account all expenses for a household. Certain general practices are kept, such as the monthly payment which does not exceed 33% of household income.

**Housing supply**

In 2020, 30 281 building permits were issued. The issuing of building permits has increased the total deliveries of 13 974 000 tons of cement compared to 12 174 471 tons in 2020, an increase of 14.79%. The number of building permits has increased from 30 281 in 2019 to 30 235 in 2021. Crédit Agricole du Maroc offers financing for the acquisition of the main or secondary housing (or its construction) for a period of up to 25 years, with flexibility in monthly payments and with a free choice of the type of rate (fixed or variable capped). In monetary terms, the gross amount of financing for housing was Dhs 248.4 billion (US$24.702 billion) in 2021, up 4.5% from the previous year.

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For low income households seeking access to affordable housing, affordability is dependent on a number of factors, including income, competing expenses, transport costs (which are likely linked to housing location), and the cost of finance. Data specific to individual countries and housing developments is often not available, thus requiring evidence-based assumptions to generate estimates of affordability.

In order to get a better grasp on the affordability of home ownership in various countries, we considered two simplified scenarios – law enforcement officer and teacher. These entry-level occupations were chosen because they are fundamental to the economy and society, comprise a large portion of the formal workforce in most African countries, and are fairly secure while having relatively low skills entry points.

The two occupations are also inclusive of both genders, since in many countries, teachers are female while law enforcement officers are male.

The National Agency for Land Conservation, Cadastre and Cartography (ANCFCC) is the government body in charge of Moroccan land. This agency is responsible for the registration of land ownership and the for implementing basic infrastructure to support human settlement. The agency also establishes which areas are suitable for human settlement. Climate change has made the population more vulnerable to disasters such as floods and landslides. ANCFCC participates with the departments concerned to prepare documents relating to spatial planning. ANCFCC is the government body in charge of Moroccan land. This agency is responsible for the registration of land ownership and the for implementing basic infrastructure to support human settlement. The agency also establishes which areas are suitable for human settlement. Climate change has made the population more vulnerable to disasters such as floods and landslides. ANCFCC participates with the departments concerned to prepare documents relating to spatial planning.

The Moroccan real estate sector is active, but this still struggling to professionalise. It is disrupted by intermediaries (semsars) that do not belong to state agencies or formal private actors. The activity of semsars is not regulated and open to any person, thus allowing the number of self-proclaimed real estate agents without a license or formal private actors. The activity of semsars is not regulated and open to any person, thus allowing the number of self-proclaimed real estate agents without a license or formal private actors. The activity of semsars is not regulated and open to any person, thus allowing the number of self-proclaimed real estate agents without a license or formal private actors. The activity of semsars is not regulated and open to any person, thus allowing the number of self-proclaimed real estate agents without a license or formal private actors.

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**Policy and legislation**

The Kingdom of Morocco has opted for a private-public partnership housing policy. Private developers participate in the various government social programmes and in return benefit from tax advantages and facilities. Under the Social Housing Programme set at Dh250,000 (US$24,862), the government grants developers various exemptions from corporate tax, income, registration and stamp duty, land register fees, business tax and undeveloped land tax. Purchasers benefit from the amount of value added tax relating to social housing.

The government is putting in place a favourable legislative framework for property developers and banks so that the entire population can access housing, including affordable housing. The central bank has renewed the measures introduced by the Finance Act 2021 to mitigate charges and taxes in favour of sectors in difficulty including housing. This included reducing registration fees (until June 2021) on deeds for the first sale of social housing and housing with low real estate value, as well as deeds for the first acquisition of such housing by credit institutions and similar organisations under a contract for purchase or rental.

**Opportunities**

In a world in which environmental awareness occupies an increasingly important place and technological innovation is rapidly increasing, the housing sector in Morocco, although ahead of that of many countries on the continent, still needs to make significant progress.

The state must continue to create and foster an environment conducive to development. Stakeholders expect it to set up an independent regulator responsible for identifying needs in a rigorous manner, ensuring the match between supply and demand for social housing, both in number and type of products. This will have to continue to be done in close cooperation with the banks. They need to continue with innovative products in line with the growing needs of the populations. The introduction of credit applications and other material on the websites of commercial banks allow people to access information easily.

The use of digital tools to better align real estate developers with their target clientele should support better housing alignment, since most (97%) future buyers start their search via the internet. By grouping and implementing rules to professionalise their industry, real estate agents would provide greater credibility for their customers.

**Websites**

- Banque Mondiale: www.banquemondiale.org
- The High Commission to the Plan: www.hcp.ma
- Banque Mondiale: www.banquemondiale.org

**Availability of data on housing finance**

Bank Al-Maghrib publishes an annual report on banking supervision dealing with everything related to the banking system and its activity at the national and international level. It also issues an annual report on the economic health of the country as a whole, presented to His Majesty the King each year.

The High Commission for Planning is responsible for the production, analysis and publication of official statistics in Morocco. It collects most of its data annually and makes it available on its website.

The Ministry of National Spatial Planning, Urban Planning, Housing and City Policy is responsible for implementing government policy. Data collection is less frequent than for the central bank, but it is also available free of charge.

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**Mortgage assumptions – Morocco**

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<th>Occupation</th>
<th>Mortgage assumptions – Morocco</th>
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<tr>
<td>Enforcement officer</td>
<td>13.0% interest rate 50% deposit</td>
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<tr>
<td>Teacher</td>
<td>25 year loan term 50% loan to value ratio</td>
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**Cautions note**

It must be emphasized that these are hypothetical scenarios – not calculations based on comprehensive research of income levels in each country.

We have based our calculations on some generic assumptions applicable to all countries, including 30% of household income spent on housing. We are also assuming a household is eligible for a formal mortgage, and that such financing is available – which may not be true for substantial segments of the country’s population. Alternative forms of finance, including non-mortgage finance, and once-off income sources (e.g. pension payouts or inheritances) are not taken into account.

The calculations used the prevailing terms and conditions for mortgages in the specific country, as collected through our annual Yearbook data collection process. 

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**Morocco – Considering housing affordability from a household perspective**

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Morocco has implemented actions to reduce energy consumption in buildings. Law 47-09 on energy efficiency promulgated on 11 February 2010 has put in place, among other things, thermal regulation of buildings and related standards. This has been mandatory since 2014 and concerns both the design of buildings (insulation, orientation) and the building materials used (air conditioning and household appliances).
Green applications for affordable housing

Knowing that the agricultural sector alone accounted for about 12.1% of the country’s gross domestic product (GDP), the government is paying particular attention to the environment, and this concerns all sectors of the economy.

For the housing sector, the Moroccan Institute of Digitalisation has released the Guide of Sustainable Development in Construction, which aims to inform stakeholders, companies and public or private operators on all the standards and norms adopted in the field of sustainable construction in Morocco. There are buildings that meet EDGE certification standards, but none of them are part of affordable housing.

Banks do not yet offer products focusing on green mortgages. Possibilities in this direction are being studied.

In 2019, the Ministry of National Spatial Planning, Urban Planning, Housing and City Policy submitted to its partners, including the Nama Facility, a project proposal that aims to improve the energy performance of Moroccan housing. The project focuses on the social and medium-staying housing sectors and on the construction of housing about 12 000 whose energy performance exceeds the minimum required by the regulatory requirements in force in Morocco.

The main electricity source in Morocco is coal (65%) followed by natural gas (11%). Access to electricity in 2019 was 98.5% at the national level (99.5% in urban areas and 96.5% in rural areas). Drinking water coverage is 92% at the national level (98.1% in urban areas and 78.9% in rural areas).