Property Review

Abu Dhabi

Q1 2015 Report

Investors continue to benefit from limited supply and strong tenant demand for quality product.

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Celebrating 30 Years in the Middle East.

Abu Dhabi Q1 2015
Highlights

- The overall residential market remained stable in Q1 2015 as rental rates for specific projects increased by an average of 3%. Premium units continued to enjoy the strongest demand with high occupancy rates for most of the prime and high-end developments.
- Sales transactions, especially for villas, remained limited due to the shortage of quality stock available for sale and a continued divide in price expectations between purchaser and vendor.
- Aldar announced the sale of 283 villa land plots for their new project, Al Merief, located in Khalifa City which sold out to UAE Nationals.
- Further project announcements are anticipated during 2015, from both large master developers and sub-developers.
- The Hidd Al Saadiyat project, reached a significant milestone in construction and continues to witness a robust demand. Phase 1 of Hidd Al Saadiyat, comprising 488 villas, is expected to be handed over during the course of 2017.

	Sales	Leasing
RESIDENTIAL KEY TRENDS	• Sales rates remained relatively stable during Q1 2015, after witnessing a significant level of growth during 2014. • Demand continued for affordable and mid-market products.	• Q1 2015 saw rental rates remain stable overall, with a slight increase recorded in some developments. • Prime and high-end residential projects that achieved the highest rental rates during 2014 witnessed limited growth in Q1 2015.
TRANSACTION ACTIVITY	• Transaction levels remained robust in Investment Areas, in particular Reem Island. • However, in some master-planned developments, transaction levels remained relatively low, which reflected a continuous gap between the purchaser's appetite for property and the vendor's price expectations.	• Demand for quality units remained high in Abu Dhabi, and Q1 2015 witnessed a high level of transactional activity especially for one and two bedroom apartments. • The demand for affordable units significantly increased in Q1 2015.
POPULAR DEVELOPMENTS / AREAS	• Projects in Investment Areas such as Saadiyat Island, Reem Island and Al Raha Beach continued to be the most popular development areas. The Hidd Al Saadiyat, which is currently under construction, offers luxurious villas and has reinforced the attractiveness of Saadiyat Island to purchasers.	• Popular areas in Abu Dhabi are quality driven. Mid to high-end buildings in Investment Areas and within Abu Dhabi City attracted high demand and continued to achieve high occupancy rates.
OFFICES	• Q1 2015 saw a decrease in interest from stakeholders to invest in small office space in Abu Dhabi. • The available towers offering office space for sale are Infinity Tower and Sky Tower on Reem Island, whilst the upcoming ADDAX Tower at City of Lights will provide significant additional stock to this sector.	• Rental rates for fitted Grade A office space recorded the highest increase in the office market. However, rental rates for lower grade space remained moderately stable. • The limited supply of Grade A office space is reflected by the increase in rental rates witnessed in Q1 2015 and this is expected to continue throughout the year.

Quarterly Change Q1 2015

	Apartments	Villas	Grade A Offices
Rental Rates	+1%	0%	+7%
Sales Prices	+1%	0%	

Abu Dhabi Rental Rates Q1 2015

Apartments

- Apartment rental rates remained broadly stable in Q1 2015, with a modest price increase witnessed in projects where rental levels were stable during the latter half of 2014.
- Budget constraints saw demand for small affordable apartments increase in Q1 2015 as rentals for medium sized apartments were no longer affordable.

Apartments Rental Rates Q1 2015 (AED 000's pa)		Studio		1BR		2BR		3BR		% Change	
		Min	Max	Min	Max	Min	Max	Min	Max	Q4 2014-Q1 2015	Q1 2014-Q1 2015
Prime Properties											
Abu Dhabi Island		-	-	100	145	140	200	180	350	0	8
Investment Areas		85	105	125	150	160	200	230	280	0	3
High End Properties											
Abu Dhabi Island	Central Abu Dhabi	-	-	-	-	130	155	160	185	0	4
	Corniche	-	-	-	-	130	170	185	300	0	5
	Khalidiya / Bateen	85	100	100	135	135	185	175	250	0	4
Investment Areas	Al Raha Beach	-	-	100	125	135	175	170	230	1	3
	Marina Square	70	85	90	105	130	150	165	185	0	7
	Shams Abu Dhabi	90	100	105	120	130	175	175	210	0	3
	Saadiyat Beach	-	-	115	120	170	180	195	225	0	14
Mid & Low End Properties											
Abu Dhabi Island	Central Abu Dhabi	40	50	60	70	70	90	85	145	1	2
	Corniche	40	45	60	75	75	100	75	155	2	2
	Khalidiya / Bateen	40	45	60	75	75	100	75	140	2	2
Investment Areas	Al Reef	60	65	75	80	90	110	115	140	0	0
Off Island	Khalifa & MBZ City	30	45	40	55	50	80	60	100	0	-4

Villas

- The supply of new villas entering the market was limited and therefore rental rates remained stable in Q1 2015. Nevertheless, rates during Q1 2015 were 3% to 8% higher than rates in Q1 2014.
- Affordable villas in master-planned projects continued to prove popular. For example, a four bedroom villa in Al Reef could be leased for AED 155,000 per annum, whereas a three bedroom villa in Hydra Village was fetching AED 95,000 per annum.

Villas Rental Rates Q1 2015 (AED 000's pa)		2BR		3BR		4BR		5BR		% Change	
		Min	Max	Min	Max	Min	Max	Min	Max	Q4 2014-Q1 2015	Q1 2014-Q1 2015
Abu Dhabi Island	Khalidiya / Bateen	-	-	170	220	200	250	255	300	0	3
	Mushrif / Karama / Manaseer	-	-	160	180	170	200	210	300	0	0
Investment Areas	Al Raha Beach	-	-	240	260	210	300	310	330	0	0
	Al Reef	110	130	125	145	155	165	180	200	0	2
	Hydra Village	75	80	85	95	-	-	-	-	0	-1
	Saadiyat Island	-	-	290	300	310	350	350	850	0	3
Off Island	Al Raha Gardens	-	-	160	220	185	300	250	330	0	8
	Golf Gardens	-	-	220	230	240	280	300	350	0	3
	Khalifa City	-	-	115	150	140	160	170	185	0	4

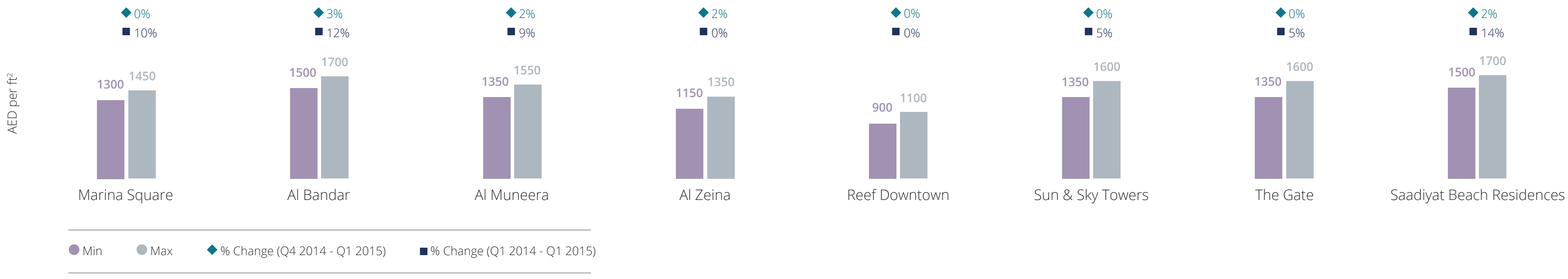
Offices

- Rental rates for Grade A office space increased by 6% to 8% due to limited supply, especially of fitted and efficient space in new buildings.
- As a result, better quality Grade B space recorded an increase in enquiries during Q1 2015. However, rental rates have not responded with increases due to the high volumes of vacant space.

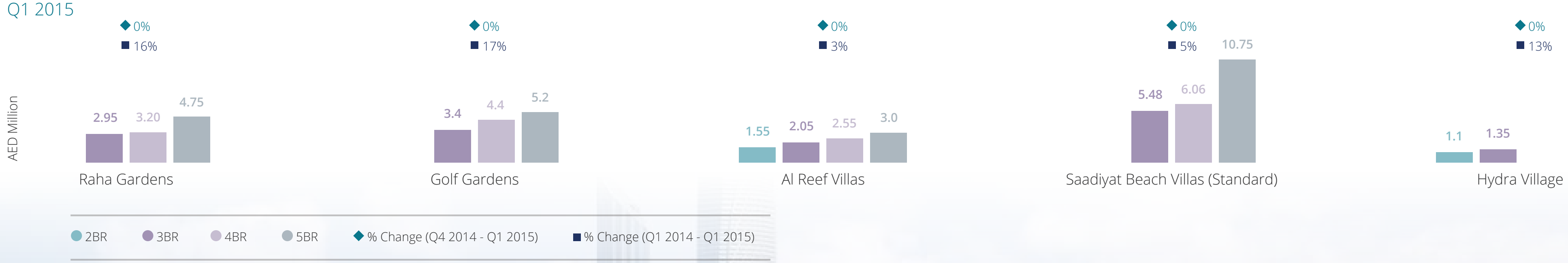
Office Rental Rates Q1 2015 (AED per Sq m pa)				% Change			
				Q4 2014 - Q1 2015		Q1 2014 - Q1 2015	
		Grade B	Grade A	Grade B	Grade A	Grade B	Grade A
Recent Build	Fitted	750	1,750	0	6	-6	6
	Shell & Core	700	1,350	0	8	0	13
		Min	Max	Min	Max	Min	Max
Older Stock	Good	700	1,000	0	0	0	0
	Typical Building	650	800	0	0	0	0
	Low Quality Building	600	700	0	0	0	0

Abu Dhabi Sales Prices
Q1 2015

APARTMENT SALES PRICES
Q1 2015



VILLA SALES PRICES
Q1 2015



Abu Dhabi Area & Rent Affordability Map

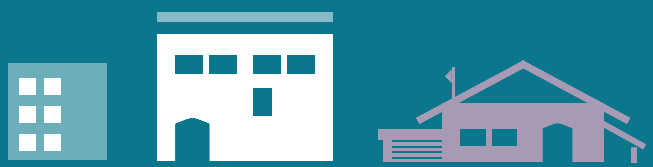
The following map highlights some of Abu Dhabi's most popular residential areas, in terms of their affordability for rent or sale.

1 Al Bandar – Raha Beach
2 Al Bateen Wharf
3 Al Gurm
4 Al Maqtaa
5 Al Muneera – Al Raha Beach
6 Al Nahyan Camp
7 Al Raha Gardens
8 Al Rayanna
9 Al Reef
10 Al Zeina – Al Raha Beach
11 Baniyas
12 Bateen Airport Area
13 Bateen Area
14 Bawabat Al Sharq
15 Capital District (ADNEC)
16 CBD / Tourist Club Area
17 Corniche
18 Danet Abu Dhabi
19 Eastern Mangroves
20 Golf Gardens
21 Hydra Village
22 Khalidia / Al Hosn / Al Manhal
23 Khalifa City A
24 Khalifa City B
25 Maryah Island
26 MBZ City
27 Mina
28 Mushrif / Karama / Manaseer / Muroor
29 Officer's City
30 Rawdhat Abu Dhabi
31 Reem Island - Marina Square
32 Reem Island – Najmat Abu Dhabi
33 Reem Island – rest of Shams Abu Dhabi
34 Reem Island – City of Lights
35 Reem Island – The Gate District
36 Rihan Heights
37 Saadiyat Beach District
38 The Hills

Note: *Area classification by affordability is provided for indicative purposes only as most areas in Abu Dhabi offer various types of residential units, from affordable to high end. As such, the map colour coding takes into account the most prevalent type of product and exceptions of a lower and / or higher price could be available.*

Al Ain 2015
Highlights

- The overall real estate market was relatively stable throughout the first quarter of 2015 despite a slight increase in rental rates of new apartment buildings in Al Ain City.
- Typically the first two quarters of the year represents a low season for almost all property sectors in Al Ain. However, the third quarter is the most active season especially for the residential market.
- Several new mid and high quality residential and commercial projects are expected to be handed over during the next few months and are expected to gain a high level of interest.



	Sales	Leasing
RESIDENTIAL KEY TRENDS	• Apartment rental rates in Al Ain remained moderately stable in Q1 2015 especially in mature buildings. However, newer buildings recorded an average increase of 3%.	• Similar to the apartment sector, villa rental rates also remained stable in Q1 2015.
TRANSACTION ACTIVITY	• Overall, apartment transactions were relatively stable in Q1 2015. • Transaction activity is expected to increase in the third and fourth quarters of this year.	• The volume of transactions for the lease of private villas was stable in the first quarter of 2015. This is expected to increase with the delivery of new developments in the Asharej area close to Tawam Hospital over the next few months.
POPULAR DEVELOPMENTS / AREAS	• The popular areas in Al Ain are Al Jimi and Al Manaseer for residential and Town Center for offices. • New quality supply is expected to be handed over by mid-2015 in the Asharej area making it one of the most sought after areas to live.	• Shaab Al Ashkhar, Falaj Hazza and Al Towaya are the most popular areas for villa developments. • The new Asharej development will include residential apartment and villa units.
OFFICES	• The office market remained generally stable across all areas in Q1 2015. There was a low demand for offices in the industrial areas and a higher demand, comparatively, in the Town Center. • More than 4 buildings have been handed over in Al Ain Town Center during Q1 2015 and several new offices are expected to be handed over in the next few months. • A new development called Al Hili Senaya including offices, residential, and retail components is expected to be handed over this year.	

Quarterly Change Q1 2015

Rental Rates

Apartments +1%

Villas 0%

Offices 0%

Retail 0%

Al Ain Rental Rates
Q1 2015

Rental rates for apartments in older buildings throughout Al Ain remained stable in Q1 2015. New buildings faired better with strong demand, reflected with an average 3% increase in rates, during the first quarter. Landlords increased their asking rates in older residential units, and consequently put pressure on tenants to move to new higher quality developments with better facilities.

Apartments

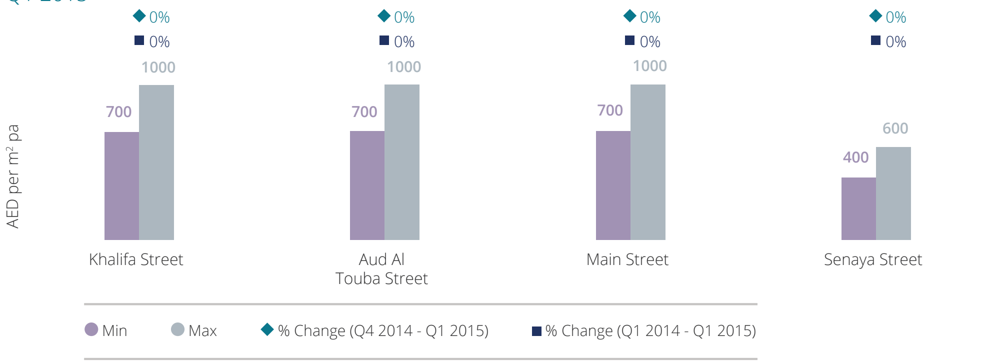
Apartment Rental Rates - Q1 2015 (AED 000's pa)	1BR		2BR		3BR		% Change	
	Min	Max	Min	Max	Min	Max	Q4 2014- Q1 2015	Q1 2014- Q1 2015
Mature Buildings	31	36	38	48	49	58	0%	9%
New Buildings	34	39	40	50	58	75	3%	6%
Prime Compounds	40	45	55	65	65	90	0%	-

Villas

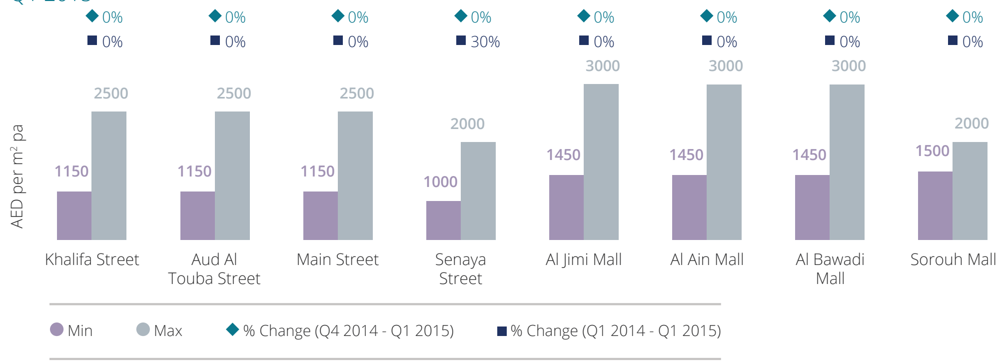
Villa Rental Rates Q1 2015 (AED 000's pa)	3BR		4BR		5BR		% Change	
	Min	Max	Min	Max	Min	Max	Q4 2014- Q1 2015	Q1 2014- Q1 2015
Mature Units								
Town Centre	80	85	90	100	120	130	0	2
Others *	80	85	90	100	120	130	0	2
Zaker	70	80	70	80	100	110	0	4
Al Towaya	75	85	90	100	120	130	0	1
Al Jimi	80	115	90	100	120	130	5	7
Prime Compounds	90	95	110	120	130	140	0	-
New Units					90			
Town Centre	85	90	105	115	140	170	0	1
Others *	85	90	105	115	140	170	0	1
Zaker	75	85	85	110	110	145	0	2
Al Towaya	90	95	105	115	150	170	0	0
Al Jimi	85	90	105	115	140	170	0	1
Prime Compounds	100	110	130	140	160	180	0	-

** Includes Al Khabisi, Al Muwaiji, Al Manasir and Al Masoudi areas*

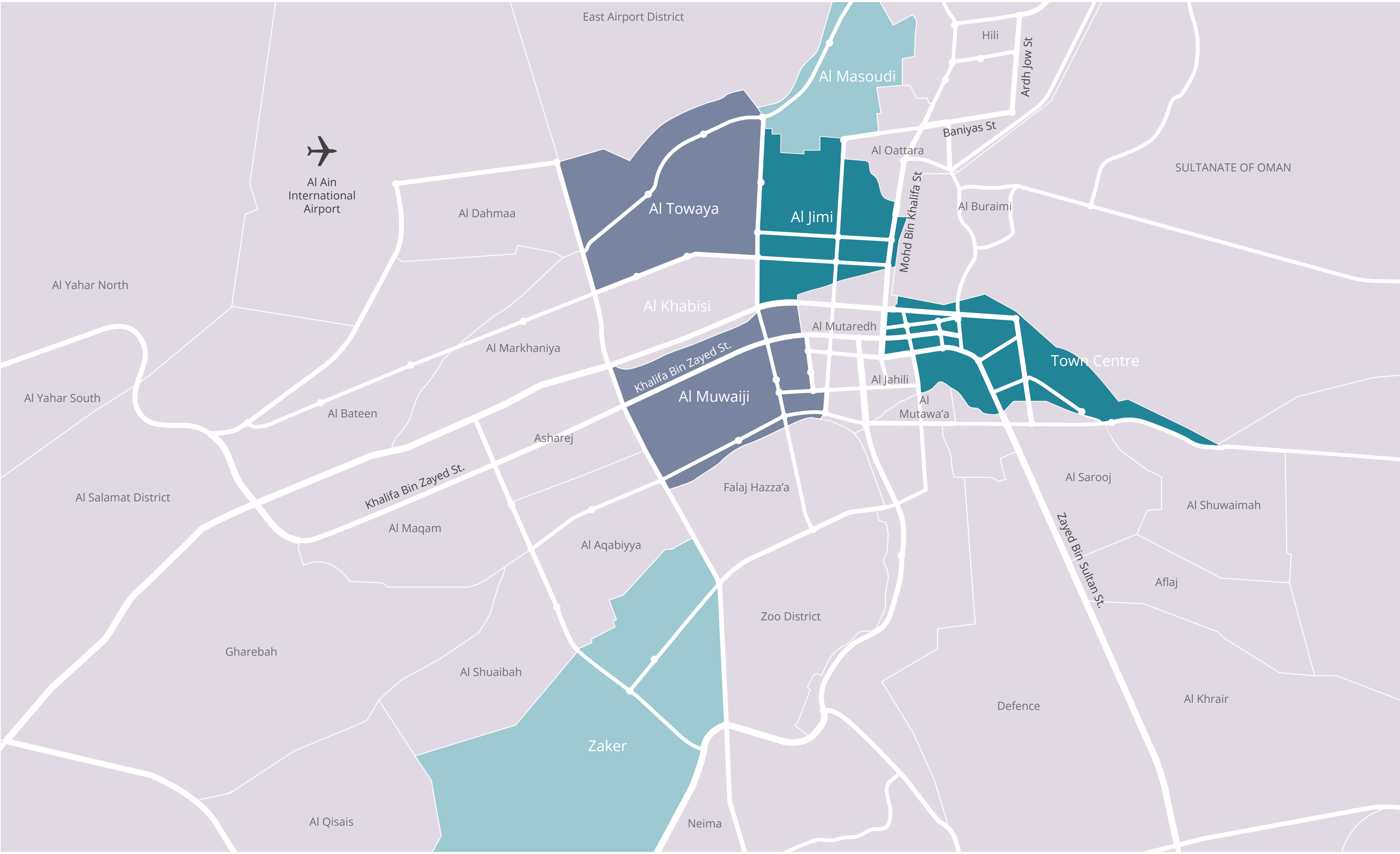
OFFICE RENTAL RATES
Q1 2015



RETAIL RENTAL RATES
Q1 2015



Al Ain Area Map



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Our professional advisory services are conducted by suitably qualified personnel all of whom have had extensive real estate experience within the Middle East and internationally.

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The Professional Services Asteco conducts throughout the region include:

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- Market Research
- Valuation Services

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Asteco has established a large regional property sales division with representatives based in the UAE, Qatar and Jordan. Our sales teams have extensive experience in the negotiation and sale of a variety of assets.

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Asteco provides comprehensive asset management services to all property owners, whether a single unit (IPM) or a regional mixed use portfolio. Our focus is on maximising value for our Clients.

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SALES MANAGEMENT

Our Sales Management services are comprehensive and encompass everything required for the successful completion and handover of units to individual unit owners.

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