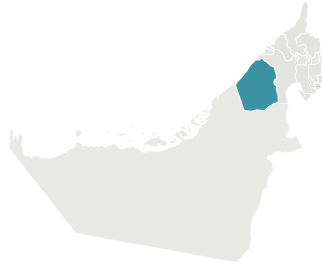


Property Review



Dubai

Q1 2015 Report



Celebrating 30 Years in the Middle East.

Both transaction levels and sales prices for apartments and villas showed marginal declines over the quarter, whilst rental rates remained relatively stable throughout the city.

Dubai Q1 2015 Highlights

- The trend witnessed in the second half of 2014 continued during Q1 2015; transaction levels slowed and prices softened in selected areas whilst buyers looked for value-for-money projects specifically in completed or close-to-completed developments.
- Despite property prices and rentals close to Q1 2014 levels, Dubai remained unaffordable to many and therefore Dubai Municipality and developers shifted their attention to target the underrepresented affordable segment.
- For instance, Dubai Municipality announced the allocation of over 100 hectares of land in Muhaisnah 4 and Al Quoz 3 and 4 to developers to build housing affordable to rent for those earning between AED 3,000 and AED 10,000 per month.
- Similarly, other projects were launched during Q1 2015 including 1,000 three and four bedroom townhouses at Zahra and Hayat in the new Town Square master-planned development by Nshama, located south of Dubai Bypass Road. This highlights the continuous expansion of the city further inland as developers target the more affordable segments of the market, with Damac having led this trend with the Akoya Oxygen project.



**-12% RESIDENTIAL
TRANSACTIONS**

Q1 2015
down by 12%
compared with
Q1 2014.

	Sales	Leasing
RESIDENTIAL KEY TRENDS	<ul style="list-style-type: none"> A general slowdown was witnessed in Q1 2015 in Dubai, both in the number of transactions as well as values, specifically for lower quality properties. Value-for-money has become more important than property prestige, especially as buyers from Russia and CIS countries were considerably fewer than last year. Buyers from the GCC, specifically Saudi and the UAE have, however, shown positive levels of interest for reasonably priced properties, which included off-plan projects mainly for investment purposes. 	<ul style="list-style-type: none"> Apartment rental rates remained stable compared with the previous quarter. Overall, there was no movement recorded throughout the market despite adjustments in select areas. The strong tenant movement witnessed over the last two years, especially for the affordable segments of the market, levelled off in Q1 2015 as most tenants chose to renew their rental contracts rather than relocate.
TRANSACTION ACTIVITY	<ul style="list-style-type: none"> Overall, transaction and enquiry levels decreased in Q1 2015, most notably for off-plan properties in prime locations such as Dubai Marina, as interest shifted to cheaper properties in secondary locations. According to Reidin data, the number of transactions for completed apartment properties were down by 12%, whereas those for completed villas were down by 35% compared with Q1 2014. 	<ul style="list-style-type: none"> Enquiry levels declined; however, a relative balance between supply and demand was observed as a small amount of new stock was delivered.
POPULAR DEVELOPMENTS / AREAS	<ul style="list-style-type: none"> Q1 2015 recorded a shift in investor appetite with demand moving away from off-plan to completed properties. The popular units for sale in Dubai Marina and Downtown Dubai were those properties offering good views at reasonable prices. Off-plan properties witnessed low levels of demand, especially the high price point products; whereas affordable properties such as Reef Residence in Jumeirah Village Circle witnessed good levels of take-up. Similarly, townhouses at the Town Square development were in demand with prices starting as low as AED 1 million for a 3BR townhouse. 	<ul style="list-style-type: none"> High-end apartments in Dubai Marina and Downtown Dubai remained popular. Secondary locations such as Dubai Sports City, in addition, attracted good levels of demand from middle-income residents due to the master community becoming better established. Demand for villas in Jumeirah & Umm Suqeim remained strong due to limited supply. This led to an increase in interest for villas in Al Barsha as an alternative option, as it is in proximity to schools and central parts of Dubai.
OFFICES	<ul style="list-style-type: none"> No significant changes in the office sales sector were recorded during Q1 2015. Business Bay and Jumeirah Lake Towers remained by far the most transacted communities, which represented over 80% of all office transactions. 	<ul style="list-style-type: none"> Similar to Q4 2014, most transactions were completed for small offices for companies establishing in Dubai.

Quarterly Change Q1 2015



Projects Announced: Town Square: 1,000 townhouses near Dubai Bypass Road
 Acacia Heights: 479 apartments at Mohammed Bin Rashid City
 Reef Residences: 378 apartments in Jumeirah Village Circle

Dubai Residential Rental Rates

Q1 2015

Apartments



- Rental rates, on average, remained unchanged in Q1 2015, however, certain adjustments, either upwards or downwards, were witnessed across select areas, with less desirable properties lowering their asking rates to attract tenants.
- Some increases were witnessed in newer communities, such as Jumeirah Village and Dubai Sports City, as these areas are better established and vacancy levels are low.

Apartment 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
Business Bay	60	80	70	110	120	150	170	190	-1	-1
Deira	35	55	45	80	65	100	90	140	-8	-10
DIFC	75	90	100	130	150	210	170	300	2	14
Discovery Gardens	45	55	65	75	79	80			0	-4
Downtown Dubai	75	95	95	135	150	200	200	290	0	5
Dubai Marina	65	85	85	135	125	185	145	275	-2	3
Greens	65	85	80	95	120	160	160	190	1	4
International City	32	38	42	55	60	68			2	-5
JBR	80	95	100	135	125	180	165	240	0	8
Jumeirah Lakes Towers	60	80	80	100	115	150	145	190	1	3
Jumeirah Village	45	60	60	75	90	115	125	150	4	4
Palm Jumeirah	85	115	125	175	150	255	190	380	0	16
Sheikh Zayed Road	75	80	110	120	140	170	180	220	0	2

Villas



- Villa rental rates were down by 2%, on average, due to low demand for more expensive properties and properties located further afield from the city.
- Traditionally popular areas such as Jumeirah and Umm Suqeim have benefit from stable demand and as a result have low to zero vacancy rates.

Villa 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
Arabian Ranches	145	185	170	250	250	325	265	400	-3	-5
Victory Heights			170	200	200	280	280	370	-1	-1
Jumeirah Park			200	260	280	320	300	360	1	6
Jumeirah Village	140	170	145	180	160	220	170	230	3	8
Meadows			230	250	250	300	260	290	-4	0
Mirdif			120	150	140	170	150	200	1	-7
Palm Jumeirah			330	380	380	650	440	1,100	5	5
Springs	120	140	165	210					-3	-1

Dubai Residential Sales Prices Q1 2015

Apartments



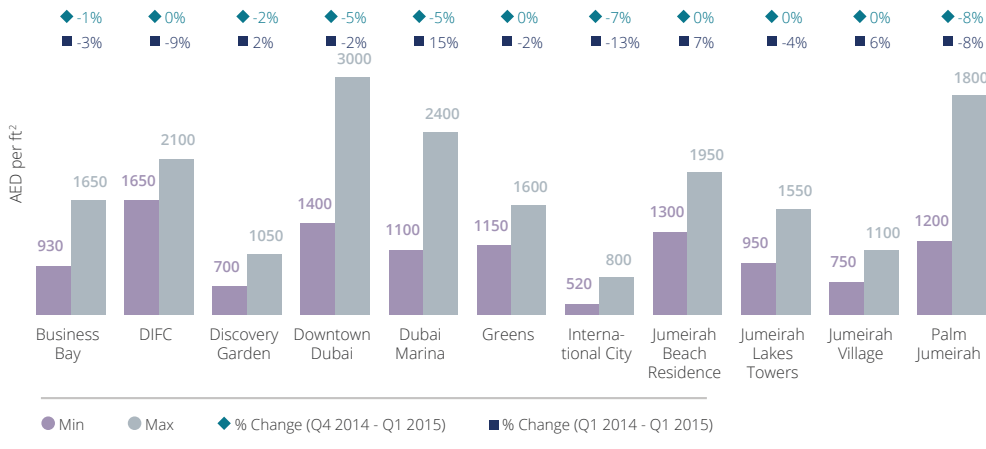
- During the first quarter of 2015, Asteco noted a willingness from sellers of premium properties to reduce their asking rates. However, with limited demand for this segment, transactions remained limited.
- In Dubai Marina, buyers preferred completed properties; off-plan projects such as Marina Arcade, Sparkle Tower, and Marina Gate saw a relatively subdued level of interest despite being priced lower than completed properties. We do, however, expect interest to gather momentum as the towers near completion.
- Reef Residences, an off-plan project at Jumeirah Village Circle, sold particularly well, selling over 100 units since its launch in Q1 2015. Prices started from AED 450,000 for a studio unit. Buyers were predominantly from the GCC and many were UAE Nationals. Completion of the project is anticipated for the end of 2017.

Villas

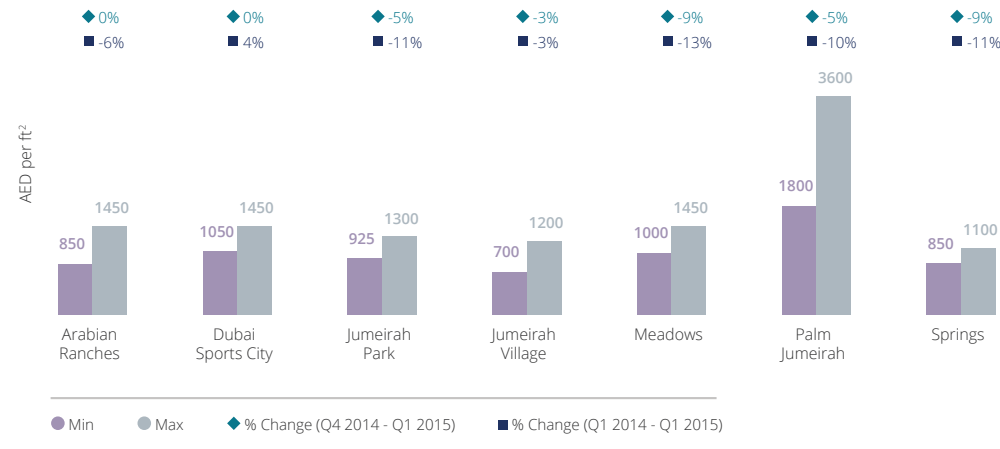


- The number of villa transactions was down by 35% compared with the same period last year. Furthermore, relatively stable prices were observed at Arabian Ranches and Dubai Sports City.
- Despite remaining popular in terms of the number of transactions, prices at the Meadows and Springs dropped by 9% compared with the previous quarter. This was due to new supply available in Dubai for both completed and off-plan projects.
- Palm Jumeirah saw prices decline in Q1 2015 due to fewer premium property buyers, whereas Al Furjan and Jumeirah Park also declined by 7% and 5% respectively due to the large volume of properties currently for sale.

APARTMENT SALES PRICES
Q1 2015



VILLA SALES PRICES
Q1 2015



Dubai Office Sector

Q1 2015

Leasing

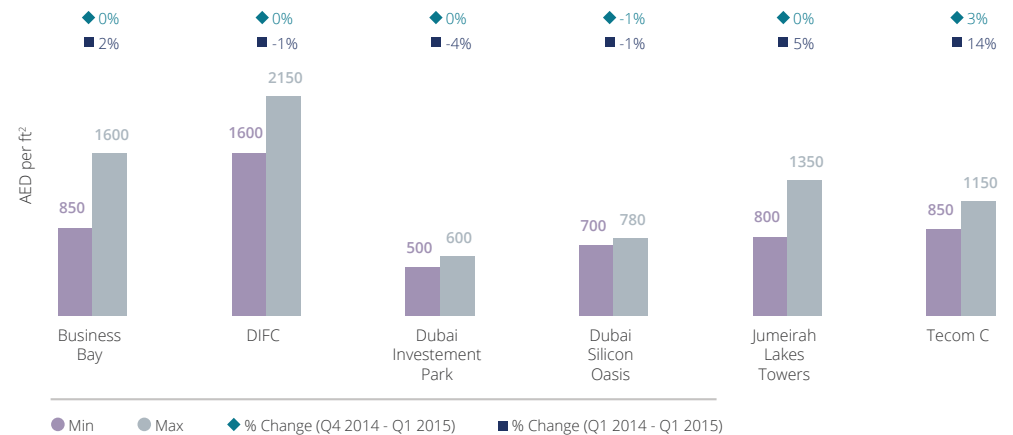
- Overall, the office sector remained stable in Q1 2015. With several deals completing for both large (> 5,000 Sqft) and small units, which typically are used by small new companies to obtain trade licenses.

Office Rental Rates Q1 2015 (AED 000's per Sqft pa)			% Change	
	Min	Max	Q4 2014- Q4 2015	Q1 2014- Q1 2015
Bur Dubai	85	135	5	13
Business Bay	70	130	-2	-11
DIFC	160	300	-2	2
Dubai Internet City	155	220	1	10
Dubai Investment Park	50	80	0	13
Jumeirah Lakes Towers	65	130	3	-9
Sheikh Zayed Road	90	270	0	0
Tecom C	80	120	0	8

Sales

- Office sales transaction in Dubai are relatively limited with Business Bay and Jumeirah Lake Towers being the most transacted areas. Large amounts of space in these localities are widely available, of varying degrees of quality.

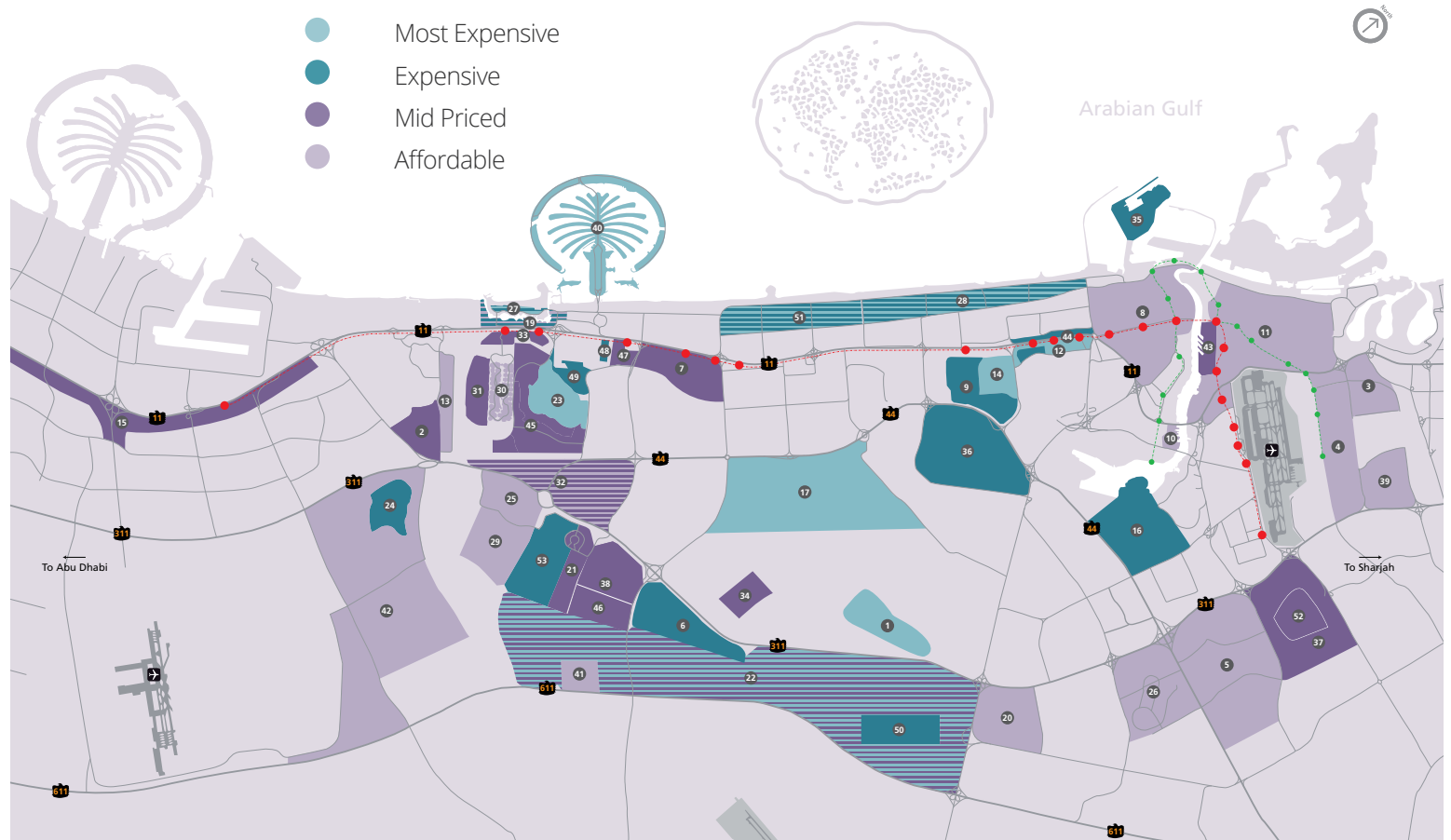
OFFICE SALES PRICES Q1 2015



Dubai Area & Rent Affordability Map

- 1 Al Barari
- 2 Al Furjan
- 3 Al Nahda
- 4 Al Qusais
- 5 Al Warqaa
- 6 Arabian Ranches
- 7 Barsha
- 8 Bur Dubai
- 9 Business Bay
- 10 Culture Village
- 11 Deira
- 12 DIFC
- 13 Discovery Gardens
- 14 Downtown Dubai
- 15 Downtown Jebel Ali
- 16 Dubai Creek
- 17 Dubai Hills
- 18 Dubai Investment Park
- 19 Dubai Marina
- 20 Dubai Silicon Oasis
- 21 Dubai Sports City
- 22 Dubailand
- 23 Emirates Hills
- 24 Green Community
- 25 IMPZ
- 26 International City
- 27 JBR
- 28 Jumeirah
- 29 Jumeirah Golf Estates
- 30 Jumeirah Islands
- 31 Jumeirah Park
- 32 Jumeirah Village
- 33 Jumeirah Lakes Towers
- 34 Living Legends
- 35 Maritime City
- 36 Meydan
- 37 Mirdif
- 38 MotorCity
- 39 Muhaisnah
- 40 Palm Jumeirah
- 41 Remraam
- 42 Residential City

- 43 Rigga Al Buteen
- 44 Sheikh Zayed Road
- 45 Springs / Meadows
- 46 Studio City
- 47 Tecom C
- 48 The Greens
- 49 The Lakes
- 50 The Villa
- 51 Umm Suqeim
- 52 Uptown Mirdif
- 53 Victory Heights



Note: Area classification by affordability is provided for indicative purposes only as many areas in Dubai 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.



Celebrating 30 Years in the Middle East.

The Middle East's largest full service real estate consultancy company, Asteco was formed in Dubai in 1985. Over the years, Asteco has gained enormous respect for consistently delivering high quality, professional, value-added services in a transparent manner. It is also widely recognised for its involvement with many of the projects that have defined the landscape and physical infrastructure of the Emirates.

Asteco has an essential combination of local knowledge and international expertise. A deeply established brand, renowned for its application of the latest technological advances, its commitment to transparency, winning strategies and human expertise. Undisputed real estate experts, Asteco represents a significant number of the region's top property owners, developers and investors.

VALUATION & ADVISORY

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.

Our valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) and International Valuation Standards (IVS) and are undertaken by appropriately qualified valuers with extensive local experience.

The Professional Services Asteco conducts throughout the region include:

- Consultancy and Advisory Services
- Market Research
- Valuation Services

SALES

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 has been instrumental in the leasing of many high-profile developments across the GCC.

ASSET MANAGEMENT

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.

OWNERS ASSOCIATION

Asteco has the experience, systems, procedures and manuals in place to provide streamlined comprehensive Association Management and Consultancy Services to residential, commercial and mixed use communities throughout the GCC Region.

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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Q1 2015 Report

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