

A night-time photograph of the Dubai skyline, featuring several prominent skyscrapers illuminated against a dark blue sky. The buildings are reflected in the water in the foreground. A semi-transparent dark blue banner is overlaid on the left side of the image, containing the report's title and subtitle.

A historic review and outlook of the
UAE's Real Estate Sector from 2008 till 2016

Dubai Real Estate Report

Many changes have taken place in the UAE's real estate market over the last few years. The country witnessed the market maturing, adjusting and reacting to internal as well as external factors.

This report looks back at the changes that have occurred in Dubai since 2008 and provides Asteco's view on the prospects for 2016 and beyond.



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Editorial Note



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Many changes have taken place in the UAE's real estate over the last few years. The country witnessed the market maturing, adjusting and reacting to internal as well as external factors.

This report looks back at the changes that have occurred in Abu Dhabi, Dubai and the Northern Emirates since 2008 and provides Asteco's view on the prospects for 2016 and beyond.

Despite a forecasted modest GDP growth of 3.2% for 2015 (compared with 4.6% in 2014), the year was marked by continuous challenges for the UAE property market. Low oil prices affected government spending, a strong dollar affected exports and tourism, and continued unrest in the wider Middle East region have all contributed to the UAE's slowest private-sector growth in 5 years resulting in a slowdown in employment growth as well as job cuts in specific sectors.

2015 - DUBAI, ABU DHABI & NORTHERN EMIRATES

Dubai's property sales market in 2015 was challenged particularly by the strong dollar and a generally negative global economic outlook, which affected investment appetite from traditional overseas buyers, especially from Europe and Russia. The result was a steady decline in Dubai's property values and transaction levels throughout the year for both residential and commercial sectors.

Dubai's off-plan market suffered the most, particularly for product launches in secondary locations by third party developers, despite attractive incentives offered in terms of extended payment plans and price reductions. Even major master developers, who enjoyed some success in the first half of 2015, experienced significant drops in sales volumes in the second half of the year.

The overall negative sentiment in the Dubai market also affected sales in the Northern Emirates, which remained slow. This was especially evident in Ras Al Khaimah, which historically benefited from good levels of demand for its master-planned developments as they were considered a better value-for-money option compared with Dubai.

Regulatory issues also affected the market specifically the loan-to-value limits imposed on expatriate buyers in the market. In Dubai, this was compounded by the increase in transfer fees and, more recently, the timing for payment of these transfer fees.

Whilst reduced government spending also affected the Abu Dhabi market, the Emirate experienced stable sales prices and continued rental growth, as demand, albeit more subdued, continued to outstrip supply in specific market segments. Whilst there was limited interest for off-plan sales launches, there was still transactional activity in completed or nearly completed projects.

The continued obstacle in the Abu Dhabi market is the lack of transparent property ownership laws and regulations, which continued to impair sales especially for potential investors residing abroad; however, this will potentially be addressed with new legislation becoming effective in 2016.

2016 OUTLOOK

With substantial supply planned to be handed over in Dubai throughout 2016 and 2017, both sales prices and rental rates in the city are expected to come under pressure over the coming 12 to 18 months.

Consequently, this could affect rental rates in the Northern Emirates as any prolonged declines in Dubai, particularly in rental values, typically affect Sharjah and Ajman.

In contrast, however, Abu Dhabi has more of a limited amount of supply in the pipeline due for completion during 2016. As a result, vacancy rates are likely to remain low despite a potential reduction in demand, implying stability and potential growth, for both sales prices and rental rates.

MEDIUM TO LONG TERM OUTLOOK

Notwithstanding the poor performance of the Dubai residential property market in 2015 and potentially further drops forecasted for 2016 as substantial supply comes online, the real estate sector in both Dubai and Abu Dhabi continues to offer attractive post tax returns to investors when compared with other global cities.

Despite the numerous property launches in Dubai over the past few years, it is likely that a substantial proportion of these projects will be curtailed due to market conditions, which will allow stock, currently under construction and due for delivery in the next 2 to 3 years, to be absorbed.

Government initiatives totalling some AED300 billion have been announced and will be spent on diversification in sectors such as education, health, energy, transportation, space, and water with the objective to build a knowledge-based economy. These efforts are likely to increase the percentage of knowledge workers into the country to 40 per cent by 2021, thereby driving demand for real estate in all emirates.

Furthermore, major government infrastructure projects are already committed, such as the Dubai World Central (DWC), Al Maktoum International Airport and Expo 2020, which will all continue to create employment opportunities and therefore drive demand for housing in the medium to long term.



Dubai

Historic Review & Outlook

Growth 2002-2008	Recession 2009-2011	Recovery & Growth 2012-2013	Stabilisation and slow down 2014-2015	Outlook 2016
<ul style="list-style-type: none"> • Since the Dubai Government permitted the ownership of property on a freehold/leasehold basis to non-GCC nationals in 2002, the overseas interest in the local market was exceptional and resulted in the launch of numerous development projects. • Nakheel, Dubai Properties and Emaar established themselves as the dominant master developers in the market launching a range of property projects across Dubai. • However, the delivery of the properties in Dubai was slower than anticipated, which resulted in an undersupply causing both rental rates and sales prices to spiral out of control. • Sales prices were further inflated due to rampant speculation in the market due to limited real estate laws being in place to curb speculation in the market. 	<ul style="list-style-type: none"> • The financial crisis at the end of 2008 resulted in significant job losses, defaults, distressed sales and consequently declining rental rates and sales prices. • Residential sales prices and rental rates corrected sharply in 2009 and 2010 compounded by an increased supply and a subdued demand. There was also a noticeable movement with tenants from neighbouring emirates such as Abu Dhabi and Sharjah due to the decreased rental rates in Dubai. • Sales activity remained subdued although transaction levels slowly picked up by 2011 when the market reached its low point. 	<ul style="list-style-type: none"> • The market began to show signs of recovery in 2012. With the Euro Crisis and Arab Spring making Dubai an attractive and 'safe' haven to invest and live. • Established communities and quality buildings experienced increased demand whilst emerging developments saw increased take-up in line with improving infrastructure and connectivity. • The increase in competitive finance options offered by banks also contributed to the overall increase in activity. • Rent rapidly increased in 2013 and restricted tenants to move within Dubai and thus resulted in an increase in relocations to the Northern Emirates in search of lower rental accommodation. • Transaction levels increased as job security and increased market confidence created demand for tenants to upgrade, and readily available finance stimulated home ownership. • In 2013 Dubai was awarded to host Expo 2020 and this announcement saw an increase in new project launches near the Expo site whilst the DWC Airport masterplan experienced increased demand. • In September 2013, the Government doubled the land registration fee to 4%, and new loan-to-value rules were introduced to limit property speculation. 	<ul style="list-style-type: none"> • The market peaked in Q2 2014 and corrected thereafter due to a combination of factors such as, the doubling of the registration fee to 4%, the reduction in LTV's, low oil prices and the US dollar being strong. • The correction was especially marked for residential sales prices; with rental rates remaining broadly stable as the handover of new supply was slower than anticipated. • Due to the substantial number of launches witnessed in 2013, 2014 and 2015, concerns of an oversupply forced developers to focus predominantly on the mid and affordable housing sectors. • To try and stimulate buyer's interest, developers began offering incentives such as extended payment plans post completion, which potentially increased the risk of non-delivery due to insufficient funding. 	<ul style="list-style-type: none"> • Whilst oversupply in the high and luxury segments are expected for both villas and apartments, the affordable housing segments, including staff and labour accommodation continue to be undersupplied. • As supply is progressively delivered during 2016, rental rates are expected to reduce, which will potentially result in an increase in tenant relocations. • Furthermore, acceleration in construction activity for completion of major infrastructure projects near Dubai World Central, such as Al Maktoum International Airport and Expo 2020, are also expected to lead to growing demand over the medium to longer term.

Dubai

2015 Highlights

The second quarter of 2014 saw rental rates and residential sales prices peak followed by a progressive decline in values during the course of 2015. Developers responded by offering more affordable mid-market products, which was supported by attractive extended payment plans and other incentives to stimulate transactions resulting in a mixed response from the market, particularly in Q4 2015.

	Leasing	Sales
Residential highlights	<p>Apartments</p> <ul style="list-style-type: none"> With supply handover slower than anticipated in 2015, rental rates remained broadly stable over the year (-1% on average), although disparities amongst areas were recorded. Some of the few communities that benefited from year-on-year rental increases were the more affordable, but improving areas, such as Jumeirah Village, Dubai Sports City and Dubai Silicon Oasis where rates increased by 6%, 10%, 5% respectively. At the higher end of the market rates were down by 4% on average with Shekh Zayed Road recording the highest drop of over 10%. <p>Villas</p> <ul style="list-style-type: none"> 2015 saw a substantial amount of villas being handed over in Jumeirah Park, Mudon and Arabian Ranches Phase 2, which resulted in a sharp correction as Arabian Ranches and Jumeirah Park both recorded 12% decline since Q4 2014. The rate of decline, however, slowed down during the last quarter of 2015 as occupancy levels improved, and some of the newly handed over communities even witnessed modest rent increases. Higher budget locations such as Jumeirah and Umm Suqeim also suffered, recording drops of over 10% over the year as many of the tenants left the country or had reduced housing allowances. In addition, substantial new supply in the area has been delivered, forcing property owners, specially of older villas, to become increasingly competitive on pricing. 	<p>Apartments</p> <ul style="list-style-type: none"> 2015 saw developers offering more affordable product options after it became apparent that there was still a significant gap in this market sector. However, most of the 'affordable' options for sale appeared to be overpriced for a large majority of Dubai's residents and, instead, many of the properties were bought by investors. Transaction levels were, however, relatively slow for off-plan stock, which saw some developers willing to absorb the 4% registration fee and offer, extended payment plans or guaranteed returns to stimulate demand. <p>Villas</p> <ul style="list-style-type: none"> End-users, rather than investors, were the predominant buyers of villas and townhouses, with a clear preference for smaller 2, 3 and 4 bedroom units, rather than large villas. New communities such as Mudon and Arabian Ranches Phase 2 saw improved levels of activity, offering better-priced yet good quality alternatives to some of the more established areas, as well as specific developments with prices starting as low as AED1.6 million for 3 bedroom townhouses. Prime villas were less in demand, with, for example, Palm Jumeirah prices recording decline of 13% over the year.
Office highlights	<ul style="list-style-type: none"> The first half of the year saw improved levels of demand as rental rates increased in selected areas. However, the second half of 2015 saw a relative slowdown as the majority of enquiries and deals targeted small and medium sized offices rather than larger office space. Preference remained for good quality and efficient single-owned buildings and some free zone areas witnessed strong demand with a resultant increase in rental rates. 	<ul style="list-style-type: none"> Demand for office purchases reduced with potential buyers ready to complete transactions at below asking rates. Whilst in Q3 sellers were unwilling to negotiate their asking prices, Q4 saw them more willing to do so, which resulted in a modest drop in values. However, a similar number of transactions were recorded as in Q4 2014. Office transactions were predominantly concentrated in areas in Jumeirah Lake Towers and Business Bay, which represented over two thirds of the market, and fewer deals in DIFC, Emaar Square and Tecom C.

Supply completed in 2015



13,500 Apartments



800 Villas and Town houses



500,000 sq m Office space (BUA)

Selection of projects completed in 2015

RESIDENTIAL

Affordable

- IMPZ: Lakeside Tower – 1,936 Units
- IMPZ: Qasr Sabah – 402 Units
- Jumeirah Village: +/- 795 Units

Mid-End

- Dubitech: Three Towers – 864 Units
- Culture Village: Nastaran Tower – 300 Units
- Business Bay: ENI Coral Tower – 145 Units

High-End

- DIFC: Central Park Towers – 426 Units
- Jumeirah Golf Estates: 188 Villas
- Culture Village: D1 Tower – 518 Units
- Dubai Marina: Dream Tower – 216 Units

COMMERCIAL

- Dubai Design District
- Emirates Financial Towers
- Dubai South Office Park
- JLT One Tower

Dubai 2016 Outlook

Substantial supply expected for delivery in 2015 was delayed and is likely to be handed over progressively during the course of 2016. This increase in supply together with a slowing demand and continued low oil prices mean that 2016 is expected to see both rental rates and sales prices come under further pressure. Nonetheless, the medium to long term outlook seems more positive as demand is likely to grow in line with the progress of key infrastructure projects currently underway, such as Dubai World Central Airport and Expo 2020 amongst others.

	Leasing	Sales
Residential highlights	<ul style="list-style-type: none"> Rental performance in 2016 will be highly dependent on the timely delivery of supply. Assuming the anticipated supply is handed over on time, rental rates are likely to come under pressure over the course of not only 2016, but also 2017 onwards. This drop in rates will be beneficial to tenants who will be able to negotiate better terms upon contract renewal. In addition, the reduction in rates could also assist in unlocking demand from some of the many households sharing housing accommodation who could now potentially afford their own. For property owners, adjustments in terms of rental expectations and payment flexibility will have to be made. And, as usual in cases of increased supply, better quality, well managed or good-value-for-money properties will be able to achieve higher occupancy levels than others. 	<ul style="list-style-type: none"> The trend of falling prices began in 2015 and is expected to continue during the course of 2016, albeit at a more moderate pace as rates in several developments have already declined sufficiently to encourage deals concluding. With several of the previously launched off-plan projects coming closer to completion, we expect a regain in interest for those properties, leading to higher transaction levels. As in 2015, smaller units will be preferred to larger ones, with stable transaction levels for studio and 1BR apartments as well as smaller 1BR, 2BR and 3BR townhouses and villas. Sales for large, premium units are likely to remain subdued during 2016 as buyers are few. Finally, the US Federal Reserve's raise in interest rates in December 2015 could lead to slightly higher finance costs and thus increased lending costs for end-users.
Office highlights	<ul style="list-style-type: none"> Most of the new supply expected to enter the market during 2016 consists of strata-owned buildings located in Dubai's main office areas, namely Business Bay and Jumeirah Lake Towers. This could lead to a reduction in asking rates for the new buildings to encourage absorption, which would directly reflect upon existing stock in the areas – especially poorer quality. At the same time, with limited quality, single-owned supply entering the market and pent-up demand from larger corporates still present, this segment of the market is likely to see relative stability during 2016. 	<ul style="list-style-type: none"> The office sales sector is expected to face an overall slower demand, especially from investors who are likely to be deterred from investing in Dubai amidst concerns of economic slowdown. Most demand will originate from end-users buying for self-use, especially in Business Bay and Jumeirah Lake Towers – popular with south Asian businesses and SMEs, whereas small office space in DIFC will remain popular with private family offices. In terms of sales prices, Asteco expects a moderate softening only, as buyers appear resilient and are willing to hold onto their units, even if they remain empty, rather than selling at discounted rates. In some cases, sellers will also consider letting units with the hope of selling as and when the market improves.

Supply expected in 2016



22,000 Apartments



7,700 Villas and Town houses



1,100,000 sq m Office space (BUA)

Selection of projects expected in 2016

RESIDENTIAL

Affordable

- DIP: Dubai Lagoons – 442 Units
- JVC: Hanover Square – 414 Units

Mid-End

- Culture Village: Niloofar Tower – 170 Units

High-End

- Dubai Land: Living Legends – 500 Villas
- Dubai Marina: Marina 101 – 506 Units
- Acacia Heights: Hiliana Tower – 174 Units
- Palm Jumeirah: Balqis Residence – 300 Units
- Meydan City: Millennium Estates – 198 Villas
- Meydan City: Polo Townhouses – 106 Villas

COMMERCIAL

- Dubai Media City: The Edge
- Sheikh Zayed Road: Lamborghini Building

Dubai

Apartment Rental Rates



2015 yearly
% change



High-Luxury
Apartments



Mid-High End
Apartments



Affordable
Apartments



(All figures in AED 000's pa)

TYPE	1BR									2BR							3BR							
	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015
HIGH TO LUXURY END																								
DIFC	-	-	-	73	80	103	113	113	-	-	-	115	130	158	173	158	-	-	-	145	170	198	235	230
Downtown Dubai	133	85	70	68	80	98	118	115	185	120	100	100	125	160	170	175	275	165	150	150	180	228	245	240
Dubai Marina	130	78	63	63	75	105	113	98	180	110	90	80	100	140	158	143	245	160	125	115	135	178	210	205
Jumeirah Beach Residence	115	85	73	70	80	108	118	115	168	118	95	90	100	135	163	148	203	148	115	110	140	175	200	193
Palm Jumeirah	200	113	90	90	95	135	150	135	228	145	120	120	140	175	208	198	300	200	170	170	190	223	243	255
Sheikh Zayed Road	160	83	70	68	83	98	113	100	203	130	105	100	110	148	148	130	290	175	120	120	135	195	200	175
HIGH TO LUXURY END AVERAGE	148	89	77	75	88	112	123	113	193	125	113	108	124	151	167	158	263	170	143	141	175	194	215	216
MID TO HIGH END																								
Business Bay	-	-	55	45	60	90	93	93	-	-	85	70	85	130	135	135	-	-	115	100	125	178	180	185
Greens	120	65	58	55	65	85	83	95	160	88	78	75	100	135	148	143	180	130	115	105	130	155	173	175
Jumeirah Lakes Towers	110	65	50	45	55	83	90	90	160	85	65	65	75	110	133	125	210	118	85	85	100	148	168	153
MotorCity	-	-	-	48	55	65	83	85	-	-	-	70	80	110	128	125	-	-	-	90	120	183	178	160
MID TO HIGH END AVERAGE	114	66	55	49	57	79	86	90	153	91	77	70	83	117	126	126	217	138	120	105	123	158	165	171
AFFORDABLE																								
Al Barsha	100	60	45	44	50	78	78	75	145	75	58	55	65	100	103	95	175	95	80	78	100	145	148	135
Bur Dubai	105	43	43	43	45	73	75	73	153	80	68	65	63	103	105	108	190	80	83	80	83	125	135	138
Deira	88	48	40	37	35	68	65	65	103	55	55	53	53	85	90	90	138	83	75	70	75	135	133	113
Discovery Gardens	100	58	45	38	45	70	70	72	135	85	70	53	70	83	80	80	-	-	-	-	-	-	-	-
Dubai Sports City	-	-	-	35	40	59	65	74	-	-	-	45	55	88	98	105	-	-	-	-	-	-	-	-
International City	70	44	27	23	24	43	46	50	93	63	39	38	38	65	63	65	-	-	-	-	-	-	-	-
Jumeirah Village	-	-	-	35	45	70	65	73	-	-	-	53	70	95	103	105	-	-	-	80	90	120	130	138
AFFORDABLE AVERAGE	93	50	40	35	39	64	65	66	126	72	58	48	55	86	88	91	168	86	79	76	86	125	128	119
Average	118	68	57	53	61	85	91	89	157	96	82	75	87	118	127	125	216	131	114	107	128	159	169	169
Annual % Change	-	-42%	-16%	-7%	15%	39%	7%	-2%	-	-39%	-14%	-8%	16%	35%	7%	-1%	-	-39%	-13%	-6%	19%	24%	7%	-1%
% Change since peak (2008)	-24%									-20%							-22%							
% Change since market low (2011)	69%									66%							57%							

Dubai Villa Rental Rates

-9%

2015 yearly
% change



(All figures in AED 000's pa)

TYPE	3BR								4BR							5BR								
	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015
YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015	2008	2009	2010	2011	2012	2013	2014	2015
Al Barsha	-	-	-	120	140	175	195	213	-	-	-	160	180	240	255	230	-	-	-	195	210	265	285	273
Arabian Ranches	275	140	125	125	155	212.5	215	203	335	180	160	160	220	285	300	243	425	265	250	250	285	365	342.5	303
Victory Heights	-	-	-	150	155	205	195	180	-	-	-	165	180	220	250	215	-	-	-	220	275	320	312.5	318
Jumeirah	325	160	140	140	155	195	215	190	400	190	160	160	185	237.5	275	253	450	225	200	200	220	310	350	285
Jumeirah Park	-	-	-	-	-	195	220	218	-	-	-	-	-	250	290	245	-	-	-	-	-	295	340	290
Jumeirah Village	-	-	-	90	125	155	162.5	160	-	-	-	110	150	165	177.5	170	-	-	-	145	165	180	210	208
Meadows	325	180	180	180	210	230	237.5	233	350	240	200	200	225	250	275	260	425	265	225	225	265	285	310	283
Mirdif	240	100	80	80	90	137.5	132.5	138	260	120	110	105	115	165	155	160	275	165	125	125	140	175	175	175
Palm Jumeirah	375	270	275	275	325	350	355	333	550	340	315	315	400	495	485	420	800	450	450	450	500	722.5	725	675
Springs	250	125	105	105	140	162.5	195	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
The Lakes	-	-	-	170	200	220	227.5	223	-	-	-	260	280	290	282.5	260	-	-	-	340	350	350	400	363
Umm Suqeim	325	160	140	135	160	215	250	195	400	190	160	160	180	290	275	260	490	230	210	210	220	312.5	305	290
Average	314	179	162	152	179	213	225	206	388	223	204	186	219	261	271	244	482	274	246	224	259	311	314	290
Annual % Change	-	-43%	-9%	-6%	18%	19%	5%	-8%	-	-43%	-8%	-9%	18%	19%	4%	-10%	-	-43%	-10%	-9%	15%	20%	1%	-8%
% Change since peak (2008)	-34%								-37%							-40%								
% Change since market low (2011)	36%								31%							29%								

Dubai Office Rental Rates

+3%

2015 yearly
% change

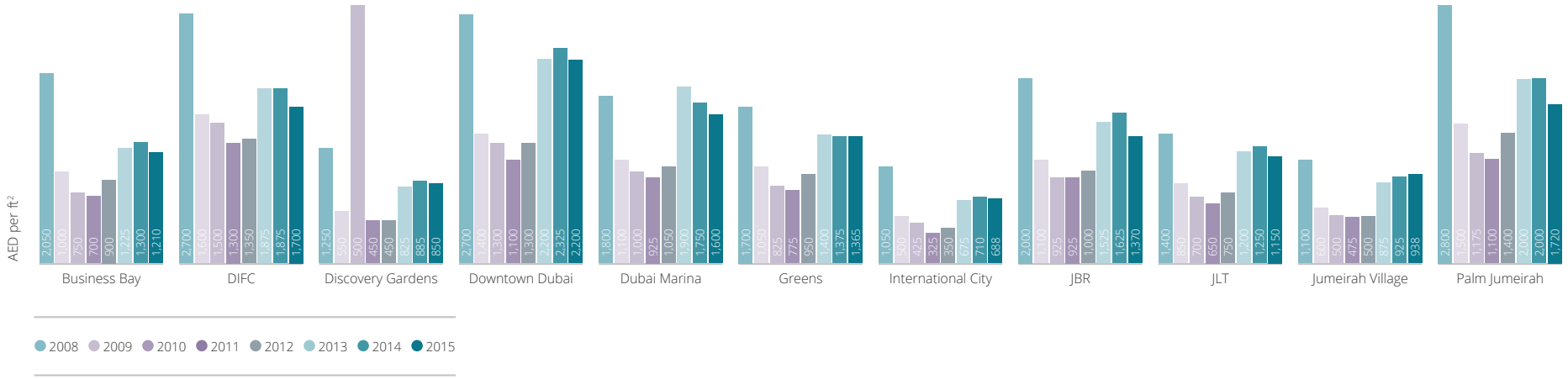


(All figures in AED per ft² pa)

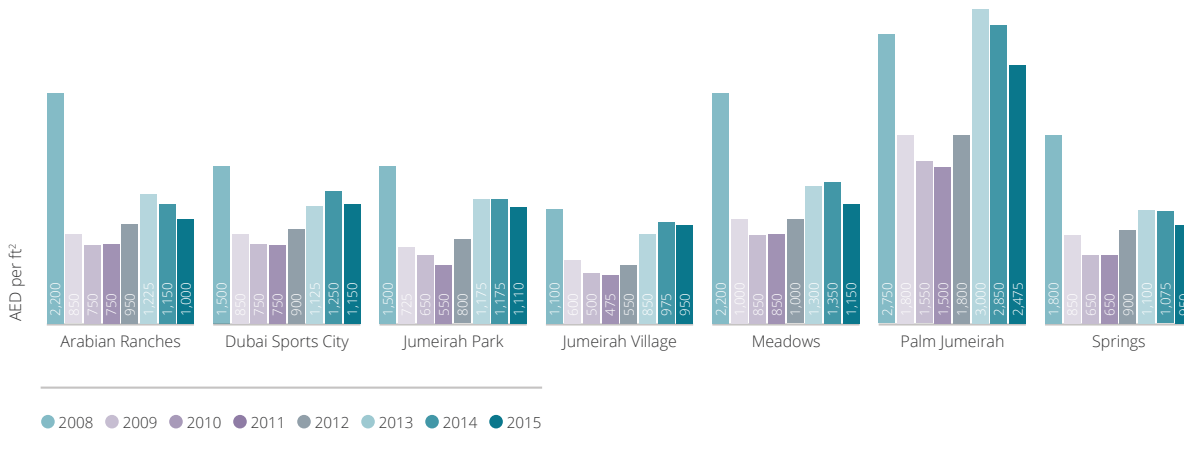
TYPE	1BR							
YEAR	2008	2009	2010	2011	2012	2013	2014	2015
Bur Dubai	360	150	110	90	80	95	105	108
Business Bay				75	70	100	103	88
DIFC	525	370	230	220	225	220	235	255
Dubai Investment Park	205	95	50	40	40	55	65	70
Jumeirah Lake Towers	235	100	60	50	50	90	95	98
Sheikh Zayed Road	425	215	160	140	140	175	180	185
Tecom C	350	105	75	60	55	85	100	110
Average	350	173	114	96	94	117	126	130
Annual % Change	-	-51%	-34%	-16%	-2%	24%	8%	3%
% Change since peak (2008)	-63%							
% Change since market low (2012)	38%							



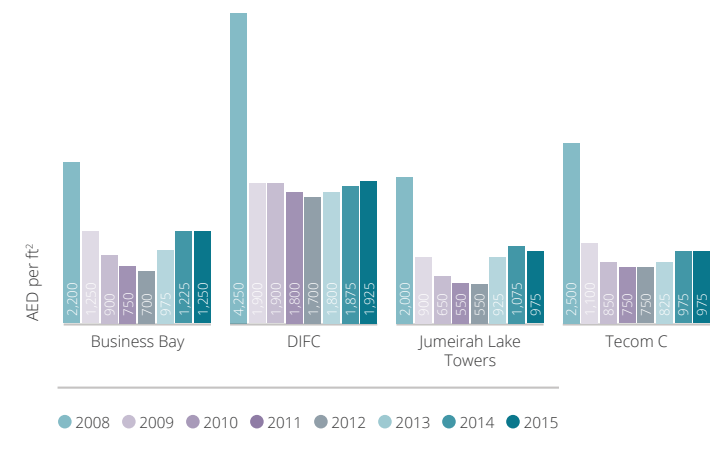
Dubai Apartment Sales Prices



Dubai Villa Sales Prices

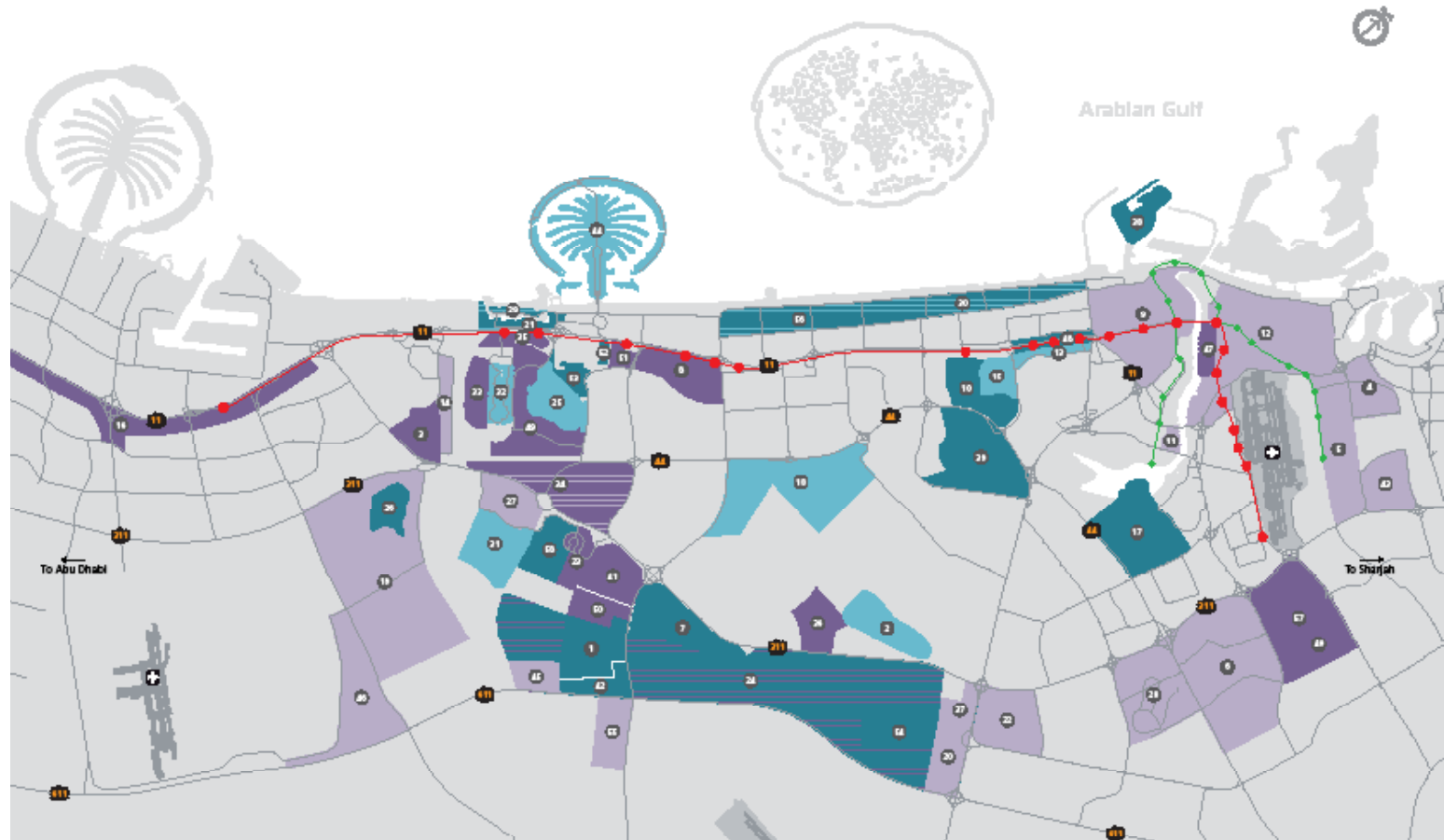


Dubai Office Sales Prices



Dubai Property Map

- 1 Akoya
- 2 Al Barari
- 3 Al Furjan
- 4 Al Nahda
- 5 Al Qusais
- 6 Al Warqaa
- 7 Arabian Ranches
- 8 Barsha
- 9 Bur Dubai
- 10 Business Bay
- 11 Culture Village
- 12 Deira
- 13 DIFC
- 14 Discovery Gardens
- 15 Downtown Dubai
- 16 Downtown Jebel Ali
- 17 Dubai Creek
- 18 Dubai Hills
- 19 Dubai Investment Park
- 20 Dubai Land Residential Complex
- 21 Dubai Marina
- 22 Dubai Silicon Oasis
- 23 Dubai Sports City
- 24 Dubailand
- 25 Emirates Hills
- 26 Green Community
- 27 IMPZ
- 28 International City
- 29 JBR
- 30 Jumeirah
- 31 Jumeirah Golf Estates
- 32 Jumeirah Islands
- 33 Jumeirah Park
- 34 Jumeirah Village
- 35 Jumeirah Lakes Towers
- 36 Living Legends
- 37 Liwan
- 38 Maritime City
- 39 Meydan
- 40 Mirdif
- 41 MotorCity
- 42 Mudon
- 43 Muhaisnah
- 44 Palm Jumeirah
- 45 Remraam
- 46 Residential City
- 47 Rigga Al Buteen
- 48 Sheikh Zayed Road
- 49 Springs / Meadows
- 50 Studio City
- 51 Tecom C
- 52 The Greens
- 53 The Lakes
- 54 The Villa
- 55 Town Square
- 56 Umm Suqeim
- 57 Uptown Mirdif
- 58 Victory Heights



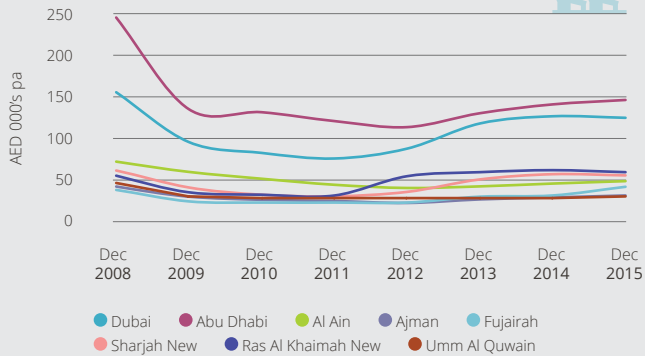
Note: Area classification by affordability is provided for indicative purposes only as many areas in Dubai offer various types of residential units, from affordable to high end. As such, the map colour coding takes into account the most prevalent type of product and exceptions of a lower and / or higher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

UAE Comparison

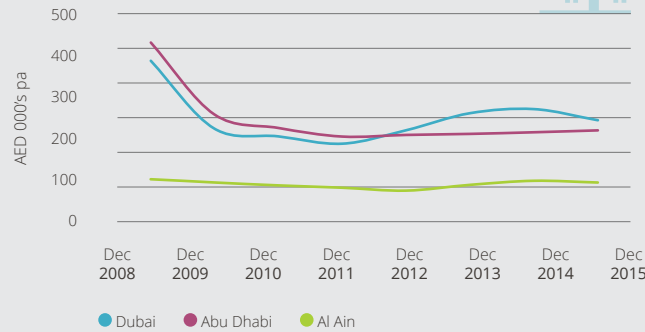
Price movement from 2008 to 2015

Rental Rate Evolution

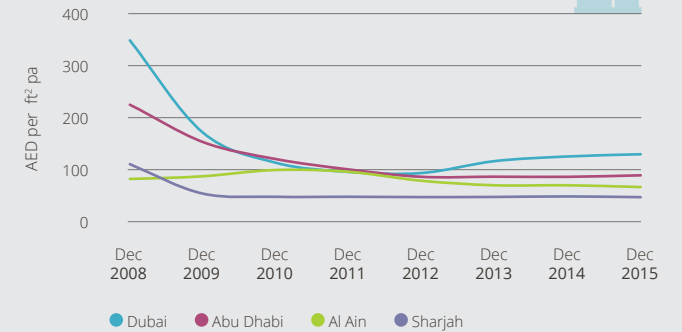
AVERAGE 2BR APARTMENT
RENTAL RATE MOVEMENT



AVERAGE 4BR VILLA
RENTAL RATE MOVEMENT

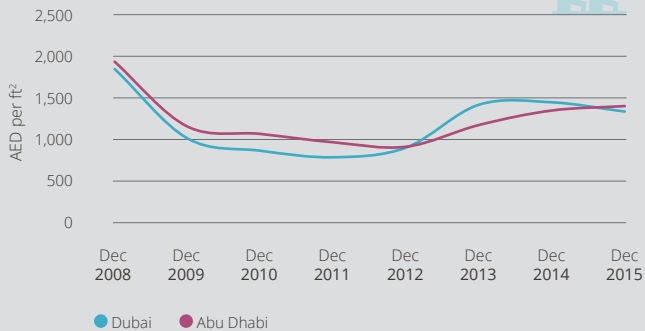


AVERAGE OFFICE
RENTAL RATE MOVEMENT

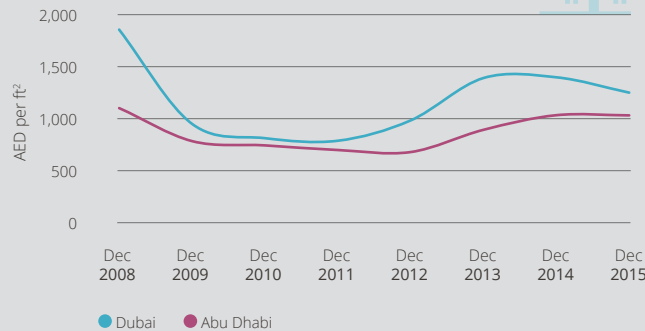


Sales Price Evolution

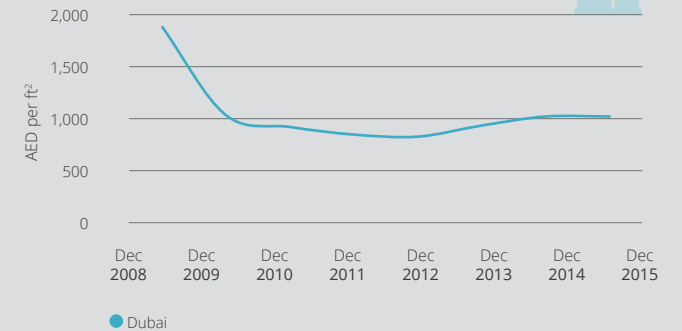
AVERAGE APARTMENT
SALES PRICE MOVEMENT



AVERAGE VILLA
SALES PRICE MOVEMENT



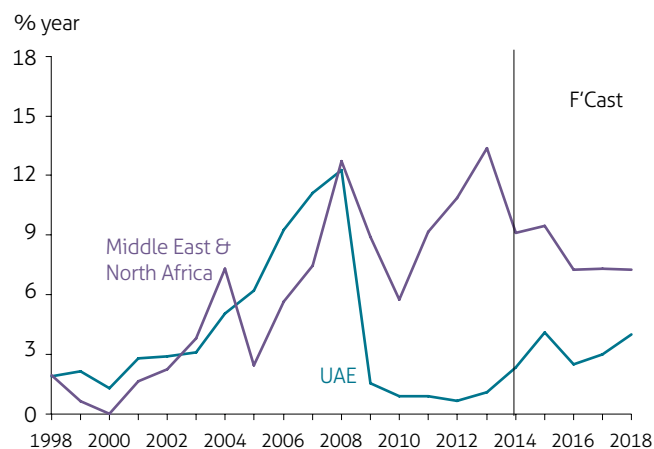
AVERAGE OFFICE
SALES PRICE MOVEMENT





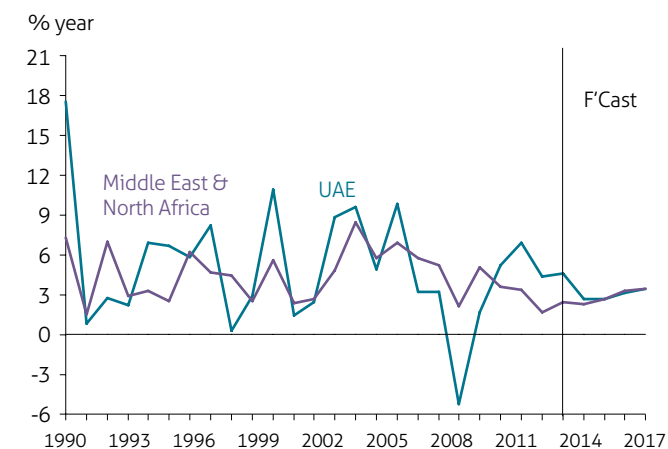
- There are further signs of weakness in the oil sector. Brent crude prices have fallen to around USD35 per barrel and we have downgraded our forecast to USD 39 per barrel for 2016 as a whole. Despite the soft outlook for prices, no change in policy was announced at OPEC's meeting in December, which points to oil output in the UAE remaining elevated and close to the 3 million barrels per day recorded in November. We expect hydrocarbon sector growth of just 1% for both 2015 and 2016.
- The central bank, in line with others in the region, increased interest rates by 0.25% to 1.25% in December following the hike by the US Federal Reserve. The move provides support for the currency peg to the dollar, which had been under pressure due to the collapse in oil prices, weakening growth outlook and deteriorating fiscal position. Higher rates come amidst signs of already tightening liquidity in the financial system, with private sector lending and deposit growth both slowing sharply over the past year. However, although further rate hikes are expected in 2016, we think their broader impact on demand in the economy will be reasonably limited.
- Amidst oil sector weakness, a slowdown in regional trade and capital flows, tighter liquidity and moderate (by regional standards) fiscal consolidation, we think that non-oil growth will slow to 3.4% in 2016 from an estimated 3.5% in 2015. The PMI fell to 53.3 in December, the weakest recording in more than three years. But the medium-term outlook is supported somewhat by the UAE's relatively high degree of economic diversification, Dubai's high quality infrastructure and continued ability to attract international capital to fund a steady stream of projects, including in the run-up to the Expo 2020. Non-oil growth should average 4.5% per annum in 2017-19.

UAE: Inflation



Source: Oxford Economics

UAE: Real GDP growth



Source: Oxford Economics

Who we are - Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modeling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Mexico City, Miami, Milan, Paarl - South Africa, Paris, Philadelphia, San Francisco, and Washington DC. We employ over 200 full-time people, including more than 120 professional economists, industry experts and business editors—one of the largest teams of macro economists and thought leadership specialists.

To find out more and request your free trial please contact Paul de Cintra on pdecintra@oxfordeconomics.com



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.

LEASING

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.

LICENSING

Our brand, network, system and procedures are now available in territories across the MENA region. Our Licensing services currently include Real Estate Brokerage Franchising and associated support services with many of the key elements designed specifically around the franchisee, making it a truly unique and bespoke franchise opportunity.



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2008-2016 Dubai Real Estate Report



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