



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

UAE 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 Abu Dhabi, Dubai and the Northern Emirates 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 a more limited amount of supply in the pipeline due for completion during 2016. As a result, although vacancy levels are likely to come under pressure, pushing rental rates down, this is expected to be to a lesser extent compared with Dubai.

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.

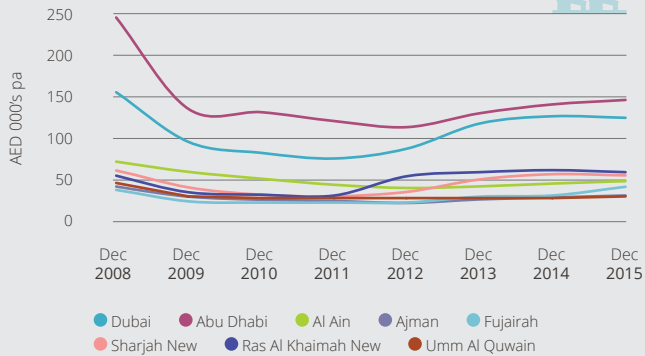
UAE Comparison

Price movement from 2008 to 2015

Rental Rate Evolution

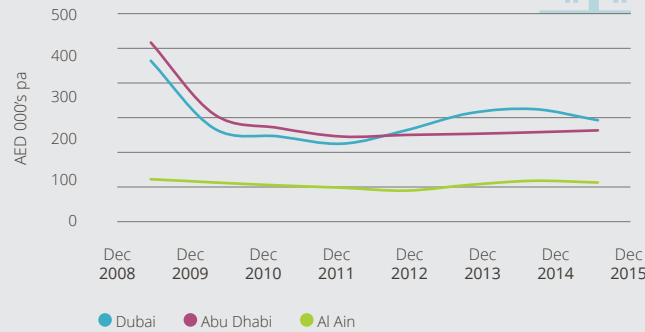
AVERAGE 2BR APARTMENT

RENTAL RATE MOVEMENT



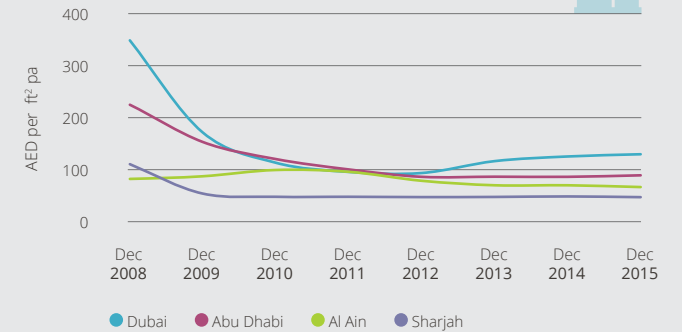
AVERAGE 4BR VILLA

RENTAL RATE MOVEMENT



AVERAGE OFFICE

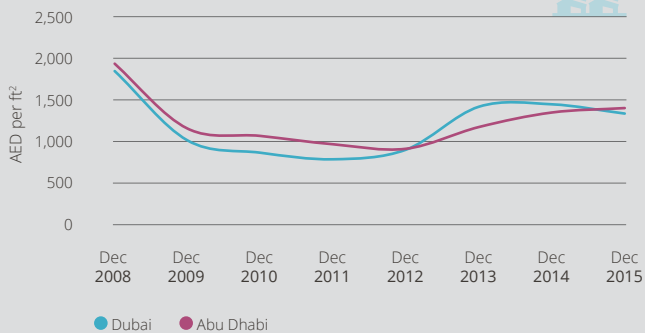
RENTAL RATE MOVEMENT



Sales Price Evolution

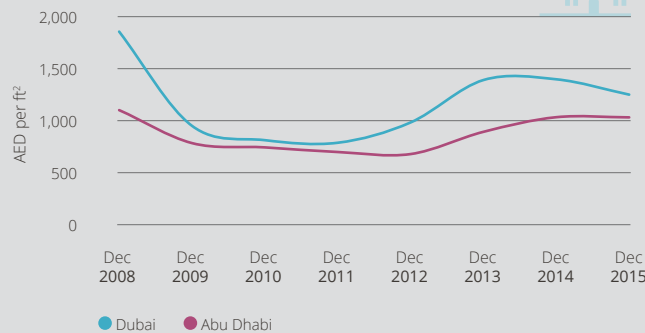
AVERAGE APARTMENT

SALES PRICE MOVEMENT



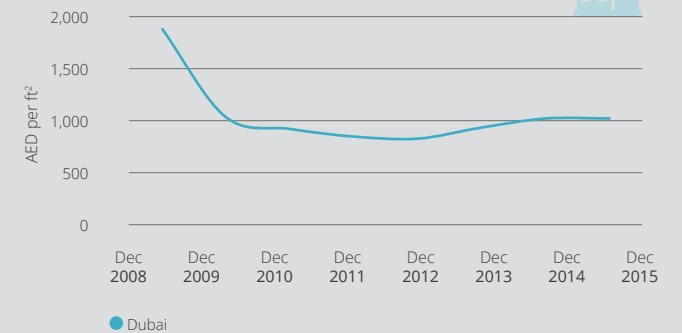
AVERAGE VILLA

SALES PRICE MOVEMENT



AVERAGE OFFICE

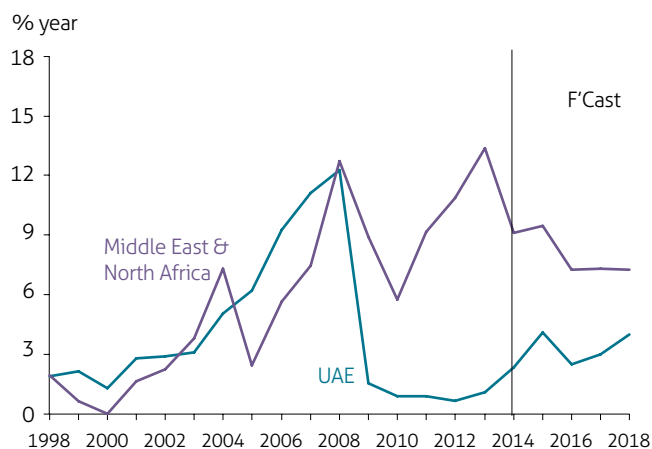
SALES PRICE MOVEMENT





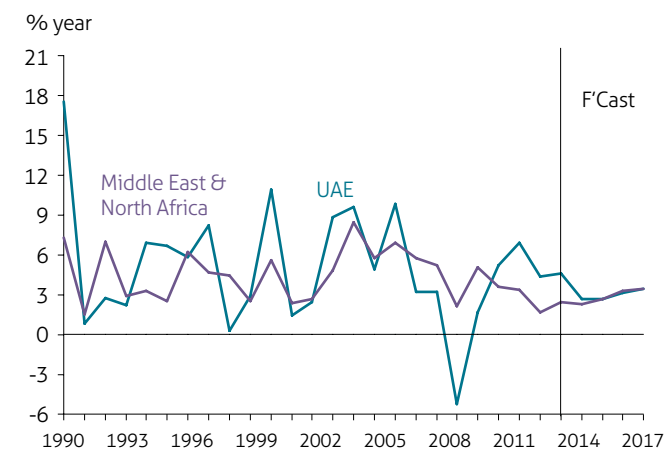
- There are further signs of weakness in the oil sector. Brent crude prices have fallen to around USD35 per barrel and we have downgraded our forecast to USD 39 per barrel for 2016 as a whole. Despite the soft outlook for prices, no change in policy was announced at OPEC's meeting in December, which 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.

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Abu Dhabi

Historic Review & Outlook

Growth 2002-2008	Recession 2009-2011	Recovery & Growth 2012-2014	Stabilisation 2015	Outlook 2016
<ul style="list-style-type: none"> As a consequence of rapidly growing demand coupled with an undersupplied market, rental rates and sales prices achieved unprecedented growth till the end of 2008. Most of Abu Dhabi's buildings were of mid and low quality with residential and commercial properties grossly undersupplied. Increased demand prompted the launch of numerous development projects as well as a speculator driven boom. With strong economic performance, the number of newcomers to the city increased rapidly putting pressure on residential rates and priced-out a large number of residents. Office demand was equally strong and many companies were unable to expand due to the lack of available space. Strong demand and slow delivery of new units led to unprecedented levels of rental and sales price inflation. Rental rates and sales prices reached an historical peak for all unit types and grades. Several projects were launched and sold off-plan at rapidly increasing prices. By the end of 2008, following the financial crisis, the resale market for off-planned properties came to a virtual standstill. 	<ul style="list-style-type: none"> The global financial crisis led to a rapid correction in prices, which dropped in excess of 60% from its market peak in Q4 2008 to a market low by the end of 2011. With only approximately 8,000 new units entering the market over the three-year period, supply levels were still insufficient to cater to demand, which led to a slower but still substantial, rental decline compared with neighbouring Dubai. As a result, a large number of residents were priced-out, and forced to move to lower priced communities in Dubai. The first master-planned developments were handed over during the period, most notably Al Bandar and Al Zeina at Al Raha Beach. Rental rates fell by nearly 60% since the market peaked in 2008, which led to an internal tenant movement of flight-to-quality and a strong leasing market. As rental rates dropped and quality new supply entered the market, transaction levels in Abu Dhabi picked up, which led to a rapid take-up of new residential supply in well planned projects. Whilst sales were at a standstill during most of the period, demand increased slowly by end of 2011 as projects began the handover stage. With the amount of stock available and high interest rates, sales prices continued to decline up until Q2 2012. 	<ul style="list-style-type: none"> The market began to show signs of recovery with a significant increase in rental and sales rates. Several new prime and high-end projects were handed over during this period, including projects on Reem Island, Al Raha Beach as well as landmark projects on Saadiyat Island and Abu Dhabi Main Island. With quality residential now available at relatively low prices, poorer quality stock with relatively high prices had to adjust their asking rates. Internal tenant movement and flight-to-quality prevailed as people took advantage of the options available. The number of owner-occupiers gradually rose in line with the increase in finance options offered by banks. Transaction levels were up as job security and increased market confidence resulted in tenancy upgrades and home ownership. Off-plan sales also recommenced and were successful during 2013 and 2014. Sales prices, however, recorded a quick recovery of approximately 28% compared with their lowest point in Q2 2010. The office market was relatively stable with a slight decrease in lower quality offices versus a slight increase for higher quality ones. 	<ul style="list-style-type: none"> The decline in oil prices prompted a general slowdown in investment in 2015. However, due to limited new supply entering the market, rates were still increasing at a moderate pace. By end of 2015, the number of residential units reached approximately 234,000 units and office supply stood at 3.3 million sqm of GLA. Overall demand levels remained stable throughout the year, however, as limited new supply was completed, rates remained broadly unchanged. The flight-to-quality situation continued to put pressure on older and lower quality properties. Sales demand focused on completed rather than off-plan products, whereas in the leasing market prime and high quality residential projects were the most sought after developments in 2015; achieving close to full occupancy. 	<ul style="list-style-type: none"> An overall slowdown in demand is expected during the year, affecting predominantly higher-priced residential units. The UAE's overall market conditions are under pressure due to low oil prices, and this will lead to a reduction in government spending. In turn this could impact on future demand as growth slows down and salary levels remain stable. The expatriate population (representing approximately 75% of the total population) remains one of the main demand drivers for residential property. Therefore, any plans for job cuts may impact overall demand significantly. If demand levels decline, rental rates and sales prices may come under pressure during the course of the year. However, with limited supply due for handover, the drop is likely to remain limited in comparison with Dubai.

Abu Dhabi 2015 Highlights

Despite a general market slowdown, 2015 was a positive year as apartment rental rates increased, on average, by 5% whereas several prime projects recorded an increase of over 10%. In comparison, apartment sales prices recorded a growth of between 3% and 4% over the year.

	Leasing	Sales
Residential highlights	<ul style="list-style-type: none"> Rental rates increased all over Abu Dhabi as prime and high quality projects recorded the highest increases. However, rental rates for mid and low quality units, which were previously lower than market rates, increased in line with market value. This was aided by the temporary removal of the rent cap. Villas located in Khalidiya and Bateen, which were leased at above market rates in the last few years, witnessed a significant decrease in demand and forced owners to reduce their asking price. 	<ul style="list-style-type: none"> The overall market sentiment directed the buyer's appetite towards completed high quality residential units, especially during the second half of the year. The recorded sales volumes in the recently launched Al Merief development and Nareel Island, exclusively offered on a plot-sale basis to Emiratis, proved that there was a strong demand for villa plots in well master-planned developments. However, off plan sales slowed down significantly as buyers and investors preferred turnkey properties.
Office highlights	<ul style="list-style-type: none"> The overall office rental market remained stable in 2015; however, several fitted offices in grade B buildings that had been leased out at lower than market rates increased by 5% to 7% during the second half of the year. Overall, demand for office space was relatively low during 2015, due to the decline in oil prices, which affected the overall investment sentiment in the UAE. Leasing resumed on Maryah Island following its announcement of obtaining a Free Zone status. Rental rates increased by nearly 50% to AED325 per square foot compared with pre free-zone rates. The office sales market remained limited in Abu Dhabi as only a few towers offered space for sale, which included Infinity Tower, Sky Tower and the recently handed over ADDAX Tower. 	
Market changes	<ul style="list-style-type: none"> Abu Dhabi Global Market (ADGM), the financial free zone on Al Maryah Island, achieved essential progress in 2015. The Financial Services Regulatory Authority (FSRA) commenced operations with acceptance and approval of financial services license application on the 21st of October, following the publication of the Financial Services and Markets Regulations and the FSRA Rules, which established the legislative and regulatory framework for financial services for the ADGM. The new property law – No. 3 of 2015, aimed to improve regulations for the Real Estate Sector in Abu Dhabi was published and will take effect as of January 2016. The law pertains particularly to property registration, off plan sales regulations, joint ownership, etc. and will bring much needed clarity to the sector. Several new projects were launched during 2015, such as West Yas and Mayan (by Aldar) on Yas Island, Meera (by Aldar), Horizon Towers (by Tamouh), and the Kite (by Aabar), which are all located on Reem Island. In addition, Jawaher Al Saadiyat (by TDIC), Park Views and Soho (By Bloom Properties) on Saadiyat Island were also launched. Around 900 units in Gate Towers were released to the market with 200 units leased out to the Abu Dhabi Education Council (ADEC). 	

Supply completed in 2015



2,000 Apartments



100 Villas and Town houses



106,000 sq m Office space (BUA)

Selection of projects completed in 2015

RESIDENTIAL

- Reem Island: Hydra Avenue, Phase 1 – 850 Units
- Reem Island: Sea Side Tower – 160 Units
- Baniyas: Bawabbat Al Sharq Phase2 – 567 Units
- Saraya, Corniche: Creek Tower – 312 Serviced Apartment Units
- Rawdhat Abu Dhabi: Building C59 – 78 Units

COMMERCIAL

- Reem Island: ADDAX Tower

Abu Dhabi 2016 Outlook

The overall investment sentiment impacted by the expected decrease in domestic government spending, due to the decline in oil prices is expected to continue in 2016. However, several factors are expected to have a positive effect on the real estate market, including but not limited to the establishment of the new financial free zone on Al Maryah Island and the new property law, which is expected to take effect in January 2016 and lead to an increase in confidence in the real estate sector in the longer term.

	Leasing	Sales
Residential highlights	<ul style="list-style-type: none"> Despite limited supply anticipated for completion this year, the reduction in demand levels is expected to put pressure on rental rates, especially for higher priced properties. In addition, landlord's concerns over tenants vacating, could lead to better opportunities for tenants to negotiate rental rates upon renewal. 	<ul style="list-style-type: none"> The residential sales market is not expected to see any major drop in prices for completed properties as these are still in demand by owner-occupiers and investors. Sales for new launches, which slowed down in 2015, are expected to pick up once buildings are nearer completion. This could, however, occur in 2017 rather 2016.
Office highlights	<ul style="list-style-type: none"> The office market is expected to remain stable in 2016, and Al Maryah Island will likely see more demand in the new free zone area. Take-up on some of Al Maryah's developments that are due to be handed over imminently is expected to be high, especially if rates are more competitive than in Maryah Square. However, the overall demand for office space is expected to be restrained due to the continued decline in oil prices and government spending cuts, which are likely to affect jobs especially in the oil sector. 	
Market changes	<ul style="list-style-type: none"> The new property law – No. 3 of 2015, which aims to regulate the Real Estate Sector in Abu Dhabi, will be enforced as of January 2016. Part of the law defines several important terms including, but not limited to the real estate register, real estate development projects, escrow accounts, off-plan sales, service charges and community charges. The Abu Dhabi's Department of Municipal Affairs (DMA) will regulate the real estate sector and will essentially perform the same function as RERA in Dubai. The improved legal framework is expected to entice property buyers into the Abu Dhabi market, as the Emirate had previously been at a disadvantage compared with Dubai where regulations were clearer. Several new residential and office projects are expected to be handed over during 2016, and thus increase office vacancy rates especially with the expected low demand. Older, sub-grade buildings with insufficient parking are expected to be the most severely affected, whilst reasonably priced alternatives should be able to attract office tenants to upgrade. 	

Supply expected in 2016



3,000 Apartments



850 Villas and Town houses



200,000 sq m Office space (BUA)

Selection of projects expected in 2016

RESIDENTIAL

- Saraya, Corniche: Aabar Tower – 122 Units
- Reem Island: Wave Tower – 229 Units
- Reem Island: Marina Bay C2&C3 – 650 Units
- Reem Island: Solaris Towers – 600 Units
- Banyas: Bawabbat Al Sharq Phase 2 – 153 Villas
- Saadiyat Island – Hidd Al Saadiyat Phase 1 – 488 Villas
- Al Maryah Island: Four Seasons Private Residences – 71 Units

COMMERCIAL

- Maryah Island: Al Hilal Bank Headquarters
- Corniche: ADNOC Headquarters
- Airport Road: ADIB Headquarters
- Reem Island: Omega Tower
- Airport Road: Bloom Central Offices & Serviced Apartments

Abu Dhabi Apartment Rental Rates



2015 yearly % change



Prime Apartments



High End Apartments



Mid & Lower End 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			
PRIME PROPERTIES																											
Abu Dhabi Island	-	-	-	-	125	125	125	128	-	-	-	-	156	165	175	191	-	-	-	-	230	235	265	275			
Investment Areas	-	-	-	120	130	130	140	145	-	-	-	165	165	165	180	193	-	-	-	220	250	255	255	275			
HIGH END PROPERTIES																											
Abu Dhabi Island	Central Abu Dhabi	165	110	90	80	85	85	90	95	250	140	140	130	110	135	145	150	290	175	175	160	130	165	175	177		
	Corniche	185	135	120	95	85	105	120	120	280	160	160	155	125	135	150	153	365	240	240	225	180	225	245	243		
	Khalidya / Bateen	185	135	120	90	85	105	120	123	280	160	160	140	125	155	160	168	365	230	230	190	155	210	215	213		
Investment Areas	Al Raha Beach	-	-	110	110	100	100	110	115	-	-	155	145	140	150	155	161	-	-	205	200	185	190	200	205		
	Marina Square	-	-	-	-	80	85	100	105	-	-	-	-	110	130	140	148	-	-	-	-	140	170	175	185		
	Saadiyat Beach	-	-	-	-	-	110	120	130	-	-	-	-	-	150	175	179	-	-	-	-	-	190	210	233		
	Shams Abu Dhabi	-	-	-	95	95	110	115	115	-	-	-	130	130	150	155	154	-	-	-	165	165	170	195	193		
MID & LOWER END PROPERTIES																											
Abu Dhabi Island	Central Abu Dhabi	145	85	70	60	55	70	75	76	215	120	100	80	100	100	105	103	265	145	145	110	90	140	145	148		
	Corniche	155	120	95	80	70	80	80	86	225	145	145	120	100	105	120	125	325	175	175	155	130	155	170	165		
	Khalidya / Bateen	155	120	100	75	65	80	80	81	225	130	130	95	90	110	120	121	325	170	170	125	110	135	145	146		
Investment Areas	Reef Downtown	-	-	-	-	60	70	80	83	-	-	-	-	75	85	100	104	-	-	-	-	90	100	130	130		
Off Island	MBZ & Khalifa City A	-	75	55	40	40	60	65	70	-	90	60	45	45	85	90	95	-	115	80	70	65	110	120	126		
Average		165	111	95	85	83	94	101	105	246	135	131	121	113	130	141	146	323	179	178	162	148	175	189	194		
Annual % Change		-	-32%	-15%	-11%	-2%	14%	8%	4%	-	-45%	-3%	-8%	-6%	15%	8%	4%	-	-45%	-1%	-9%	-9%	18%	8%	3%		
% Change since peak (2008)		-36%									-41%									-40%							
% Change since market low (2012)		27%									29%									31%							



Abu Dhabi

Villa Rental Rates

+2%

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
Khalidiya / Bateen	395	275	235	210	190	185	185	185	460	290	310	225	230	240	230	225	530	325	330	280	255	270	245	240
Mushrif / Karama / Manaseer	390	235	220	180	170	195	180	170	455	270	260	230	210	190	190	185	535	315	345	260	240	250	265	255
Khalifa A & B	360	190	155	125	100	130	135	133	400	205	180	150	135	170	150	150	445	255	220	180	170	185	180	180
Al Raha Gardens	380	205	185	175	165	175	190	193	420	230	210	210	200	210	243	245	475	240	260	270	270	285	290	290
Golf Gardens	-	-	265	240	190	210	225	225	-	-	200	285	260	255	260	260	-	-	345	335	340	325	325	325
Al Reef	-	-	115	130	105	120	135	145	-	-	140	155	125	150	160	168	-	-	165	175	150	170	190	190
Saadiyat Beach	-	-	-	-	275	295	295	310	-	-	-	-	305	295	330	375	-	-	-	-	400	400	400	450
Al Raha Beach	-	-	-	-	220	250	250	255	-	-	-	-	300	255	255	263	-	-	-	-	-	320	320	320
Hydra Village	-	-	-	-	-	90	90	103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average	378	233	202	173	168	177	178	180	433	257	224	203	208	214	214	219	504	285	278	244	253	263	276	267
Annual % Change	-	-38%	-13%	-14%	-3%	6%	0%	2%	-	-41%	-13%	-9%	2%	3%	0%	2%	-	-43%	-2%	-12%	3%	4%	5%	-3%
% Change since peak (2008)					-52%								-49%								-47%			
% Change since market low (2011)					4%								8%								9%			

Abu Dhabi

Office Rental Rates

+5%

Prime Grade A
Offices

0%

Standard
Offices



(All figures in AED per ft² pa)

TYPE	OFFICE								
	2008	2009	2010	2011	2012	2013	2014	2015	
RECENT BUILDING									
Prime Fitted*	320	179	156	135	111	114	111	118	
Prime Shell & Core	-	-	125	107	91	91	91	95	
OLDER STOCK									
Good Quality	228	154	111	98	81	79	79	79	
Typical	135	129	93	65	65	65	67	67	
Average	228	154	121	101	87	87	87	90	
Annual % Change	-	-32%	-21%	-16%	-14%	0%	0%	3%	
% Change since peak (2008)					-60%				
% Change since market low (2012)					3%				

* Includes developments such as Al Maryah Island, Aldar Head Quarters, International Tower, Nation Towers, Ittihad Towers, Capital Plaza, Capital Gate, etc.



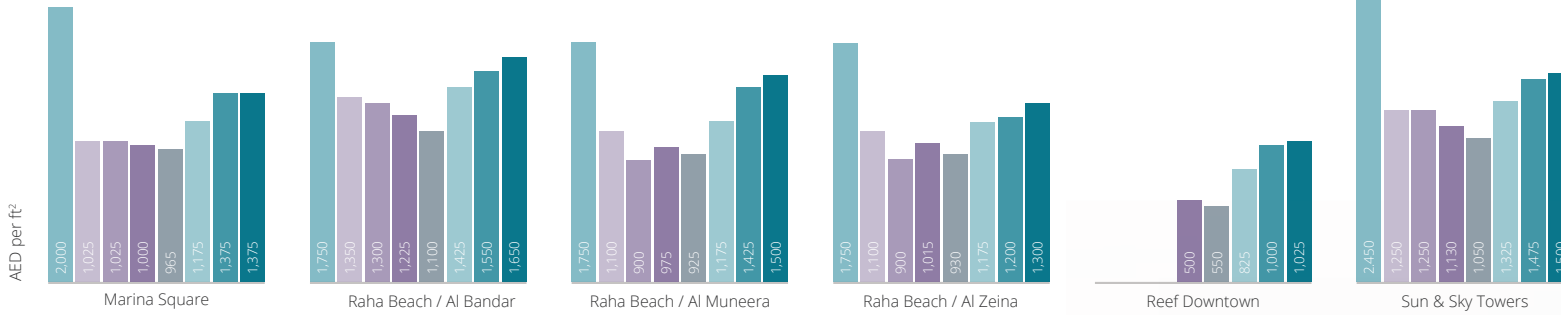
Abu Dhabi Apartment Sales Prices



Apartments



Villas



● 2008 ● 2009 ● 2010 ● 2011 ● 2012 ● 2013 ● 2014 ● 2015

Abu Dhabi Villa Sales Prices

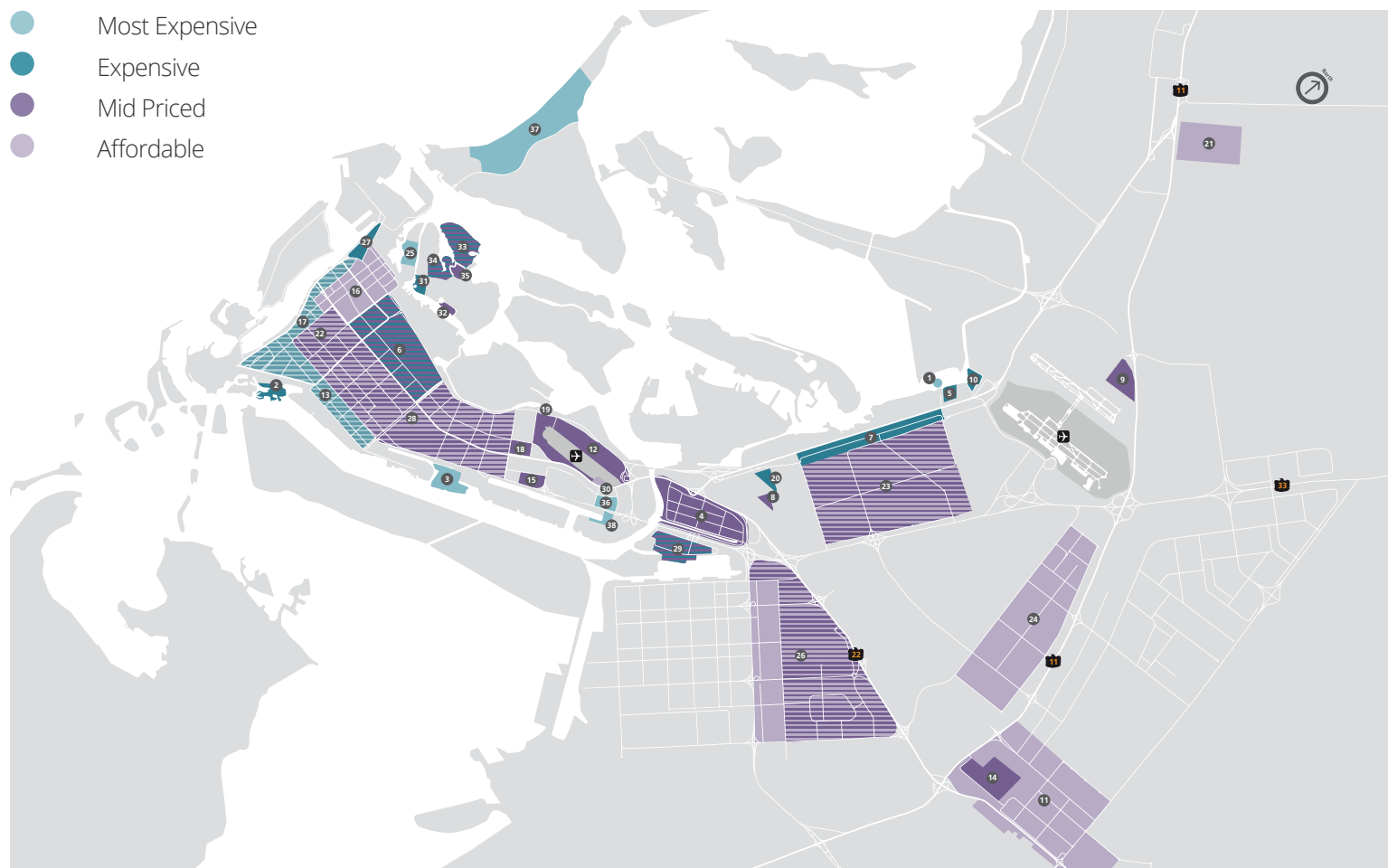


● 2008 ● 2009 ● 2010 ● 2011 ● 2012 ● 2013 ● 2014 ● 2015

Abu Dhabi Property 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 Banyias
- 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.



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



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	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			
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



2015 yearly
% change

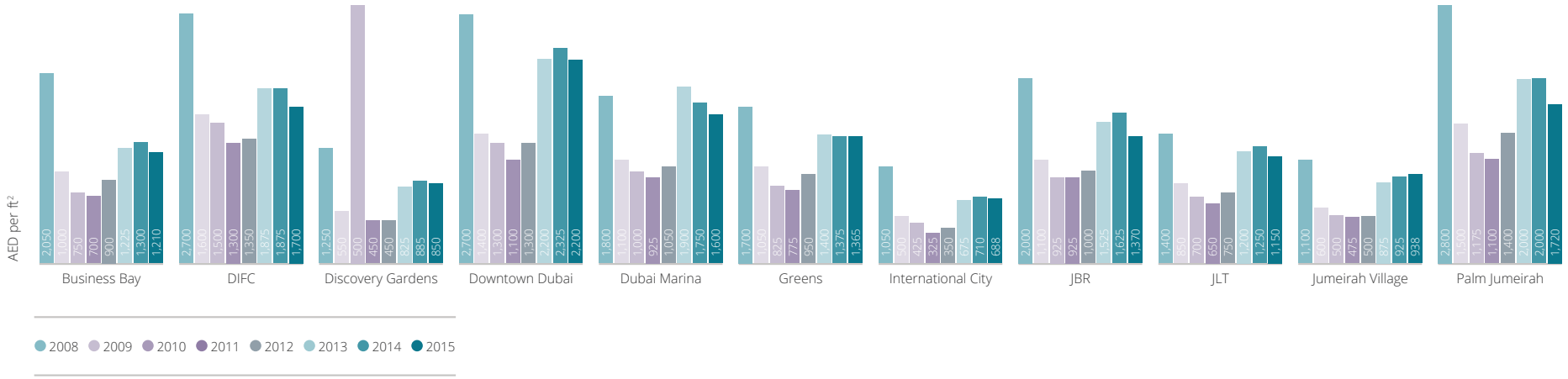
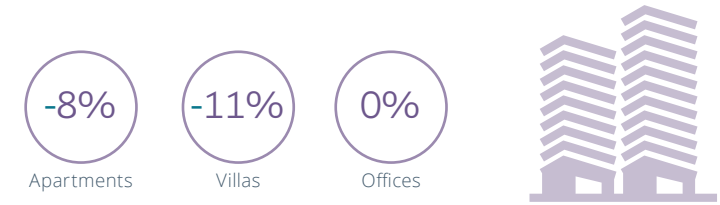


(All figures in AED per ft² pa)

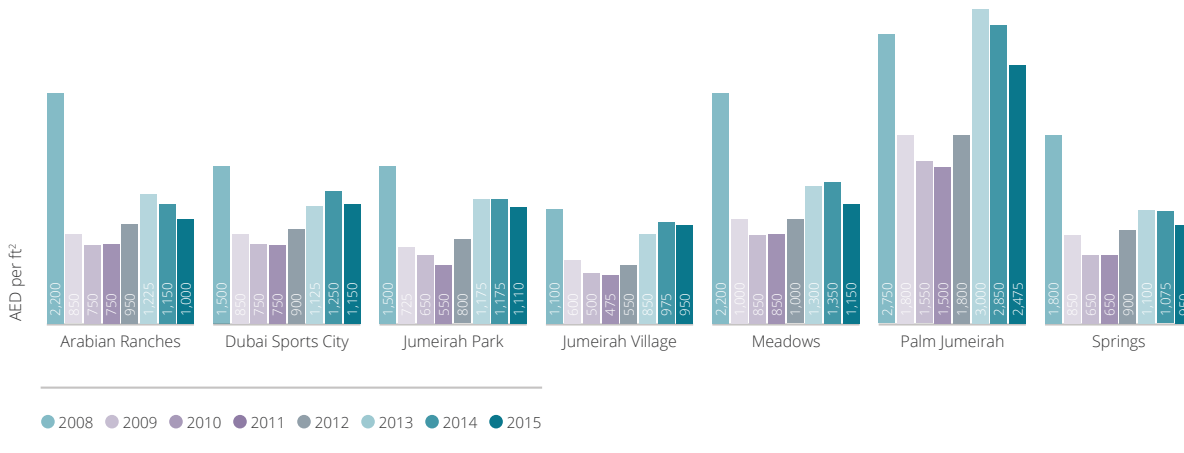
TYPE	1BR								
YEAR	2008	2009	2010	2011	2012	2013	2014	2015	
Bur Dubai	360	150	110	90	80	95	105	108	
Business Bay				75	70	100	103	88	
DIFC	525	370	230	220	225	220	235	255	
Dubai Investment Park	205	95	50	40	40	55	65	70	
Jumeirah Lake Towers	235	100	60	50	50	90	95	98	
Sheikh Zayed Road	425	215	160	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%								



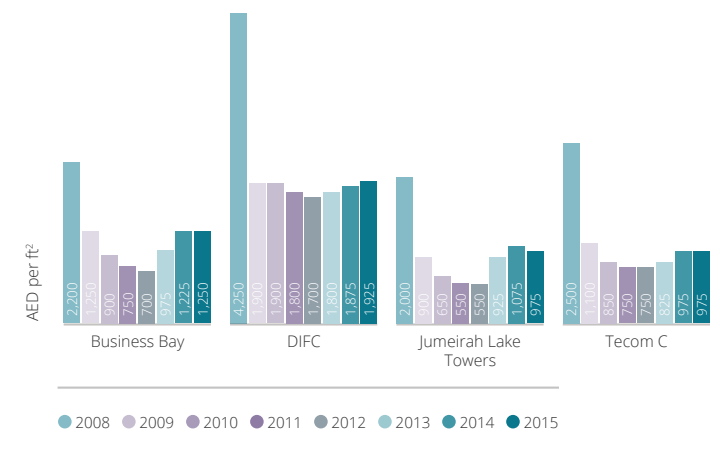
Dubai Apartment Sales Prices



Dubai Villa Sales Prices

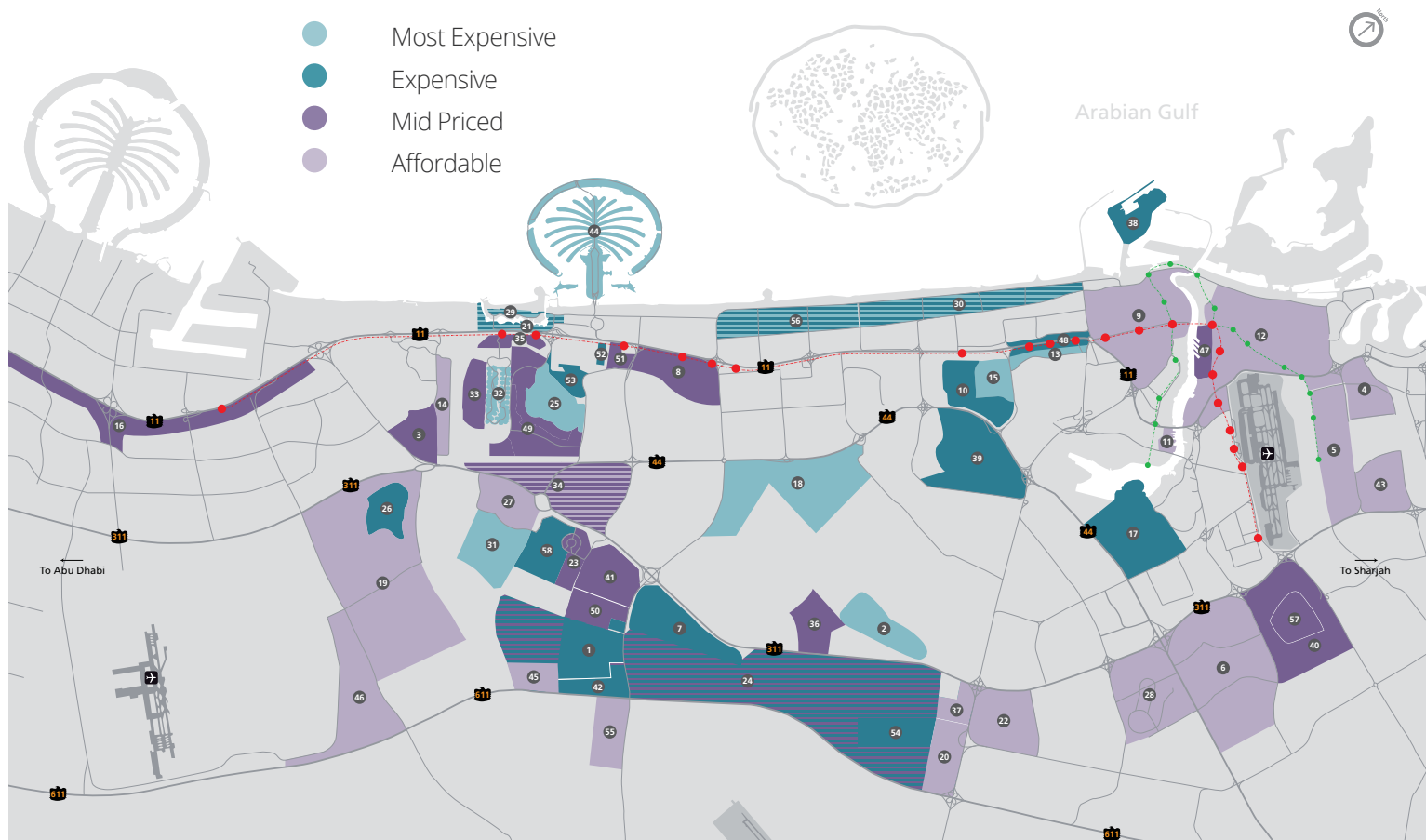


Dubai Office Sales Prices



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.

Northern Emirates Historic Review & Outlook

Growth 2002-2008	Recession 2009-2013	Recovery & Growth 2013-2014	Stabilisation 2015	Outlook 2016
<ul style="list-style-type: none"> Rising rents in Dubai led to a migration of many low to middle-income families and bachelors from Dubai to Sharjah and Ajman in search of comparatively lower rental rates, thereby causing rates to soar in these two Emirates. The emirates further north recorded strong growth, especially during 2008. Ras Al Khaimah recorded the highest apartment average rental growth of close to 50% from Q4 2007 to Q4 2008. This was due to an increased expatriate population on the back of a spurt in economic activity. Umm Al Quwain, which had the lowest rental rates in the Northern Emirates also benefited as rates were up close to 40% over the course of 2008. Rates in Sharjah and Ajman increased by close to 30% over the same period. Freehold properties, launched in Ajman and Ras Al Khaimah, took off rapidly as exponential price rises in Dubai and Abu Dhabi enticed buyers to these seemingly more affordable locations. 	<ul style="list-style-type: none"> As rental rates in neighbouring Dubai declined rapidly, a large number of residents took the opportunity to leave the Northern Emirates and move back to Dubai to avoid the long commute. Leasing activity was slow and many of the new buildings that were delivered during this period stood empty. The whole of the Northern Emirates was in a period of recession for a longer period of time than Dubai and Abu Dhabi, from 2009 until middle of 2013. With the exception of Ras Al Khaimah, which witnessed limited traction as a few of the master-planned communities actually had some completed products, the rest of the Northern Emirates witnessed hardly any sales activity. 	<ul style="list-style-type: none"> Rental rates in the Northern Emirates bottomed out in the second quarter of 2013. This was followed by a rapid growth in Sharjah and Ajman due to rental increases in Dubai. This growth also led to the recommencement of previously stalled projects, specifically in the areas closest to Dubai such as Al Nahda and Al Khan. On average, apartment rental growth was 24% year-on-year from Q1 2013 to Q1 2014, with the strongest growth witnessed in Sharjah (38%), Ras Al Khaimah (34%) and Ajman (29%). Villa sales in Ras Al Khaimah were also strong as good value for money options in comparison with Dubai were available. The office market however remained stagnant, recording only a 4% growth over the period, due to limited demand. 	<ul style="list-style-type: none"> The interdependence of the Dubai and Sharjah markets were apparent during the first quarter of 2014; the slowdown witnessed in Dubai had a direct effect on the rental rates in Sharjah & Ajman and consequently saw no increases during the year. There were however some exceptions in the form of new properties handed over in Sharjah that charged above average market rates due to improved quality and facilities. Pricing was nonetheless competitive in comparison with Dubai, Overall, occupancy rates remained high during the year as only a few buildings were handed over during the year. 	<ul style="list-style-type: none"> The Northern Emirates is sensitive to changes taking place in Dubai. Our statistics show that these changes are typically evident six to twelve months after an event, most noticeably when rental contracts expire and tenants decide on whether to relocate to the Northern Emirates. The outlook therefore is likely to be a reduction in the number of newcomers to the Northern Emirates, rather than Sharjah / Ajman residents moving back to Dubai, as the decline in rental rates is not expected to be sufficient to justify relocation. In recent years, Sharjah, in particular, has seen significant improvements in terms of facilities, amenities, retail and connectivity to Dubai, which make it an increasingly convenient and desirable place to live. A number of buildings are however due for handover during the course of the year, which could lead to a reduction in rates for older, poorer quality buildings as tenants upgrade to newer accommodation. Despite the opening up of the real estate sales market to foreigners in Sharjah, sales are expected to remain subdued due to the lack of clarity of rules and regulations and the fact that affordable and competitive products have been launched in neighbouring Dubai.

Northern Emirates Highlights and Outlook

The Northern Emirates, especially Sharjah and Ajman, have always been interdependent to Dubai. However, in recent years, the dynamics are slowly changing as constant improvements in those emirates make them increasingly attractive to residents at the lower and middle income brackets.

	2015 Highlights	2016 Highlights
Residential highlights	<ul style="list-style-type: none"> With the exception of Fujairah, where rental rates were up by 7% compared with the same period last year, rates in the Northern Emirates came down marginally, with Sharjah, Ajman and Ras Al Khaimah recording 2%, 5% and 1% declines, respectively. Interestingly however, the new supply handed over in Sharjah was taken up quickly, in some cases at even higher rates than before, due to improved quality, car parking availability, and better location, facilities and amenities. For instance, in Majaz and Al Khan, a quality 3 bedroom apartment was able to achieve AED95,000 and AED105,000 per annum, respectively, in comparison with AED85,000 a few months ago. The rental reduction was apparent in older buildings as landlords were forced to reduce rates to retain tenants – some of which also moved to neighbouring and more affordable Ajman. With the introduction of new Sharjah Ownership Laws, the sales sector witnessed increased levels of interest from investors, although transaction levels were relatively subdued due to concerns of market stability and competition from Dubai where substantial amounts of affordable supply were also launched. Sahara Tower 4 by Al Thuriah in Al Nahda sold 2-bedroom apartments starting from AED 765,000 with 50% of payment due after completion, whereas 2-bedroom apartments at the Al Rayyan complex were sold for less than AED 1 million. 	<ul style="list-style-type: none"> Rental demand is expected to be stagnant in Sharjah as a reduction in prices in neighbouring Dubai will lead to a lower than usual inflow of new residents, which may be worsened by reduced government spending and potential job cuts. With more than 1,000 units expected to be added to the market in Sharjah in 2016, such as CG Mall Residences, Al Rayyan Complex and a variety of buildings in Al Nahda and Al Khan areas, the overall market and specifically poorer quality developments could face a downward rental pressure. However, over the years, Sharjah has established itself as an increasingly attractive place to live through constant investments by the Government in terms of attractions, retail and road connectivity, which is making the emirate more competitive with Dubai. Similarly, Ajman saw significant improvements as the Al Zorah development progressed, where the golf course is now operational and the Oberoi Hotel is set to open by the middle of 2016. Residential sales for the whole of the Northern Emirates are expected to be subdued as a bleak economic outlook will affect buyer's sentiment. Only quality projects at truly affordable prices may be able to generate some traction and if proper property ownership laws and regulations are in place. In Ras Al Khaimah, major property handovers in 2016 will include the Pacific Beachfront development by Select Group on Marjan Island, which features 1,440 apartments. According to the developer approximately 80% of the units have been sold out. Flamingo Villas Phase 2 at Mina Al Arab, comprising 68 units ranging in sizes between 2,008 to 2,334 sqft is also expected to handover by the end of the year.
Office highlights	<ul style="list-style-type: none"> Office rental rates remained stable during 2015, and were still 50% lower than their highest point witnessed in 2008 despite no significant supply being delivered. Demand remained subdued as few companies actively sought to establish themselves in Sharjah. The Sharjah Corniche area remained the most popular for office tenants, with rates achieving a maximum rate of AED80 per square foot. 	<ul style="list-style-type: none"> The outlook for the office sector in 2016 will be reliant on the overall economic developments in the country and wider Middle East region. Sustained low oil prices will lead to a reduction in demand, which could impact rates in Sharjah as companies seek to reduce their overhead costs.
Market changes	<ul style="list-style-type: none"> Whilst in 2014 Sharjah allowed a 100-year leasehold ownership to all nationalities for land plots in the Al Tilal development, 2015 saw the launch of various residential projects whereby foreigners were, for the first time, permitted to buy property in the emirate. Whilst transaction levels were initially slow due to pricing, demand for property ownership in Sharjah was thought to be strong, especially from lower and middle-income residents. 	<ul style="list-style-type: none"> Sharjah tourism industry is developing rapidly. Several initiatives taken in 2015, such as the expansion of Majaz waterfront and the completion of Noor Island, attracted residents to buy and rent, and is expected to appeal to more tenants on a budget who wish to relocate from Dubai and the other Emirates in the medium to long term.

Selection of projects completed in 2015

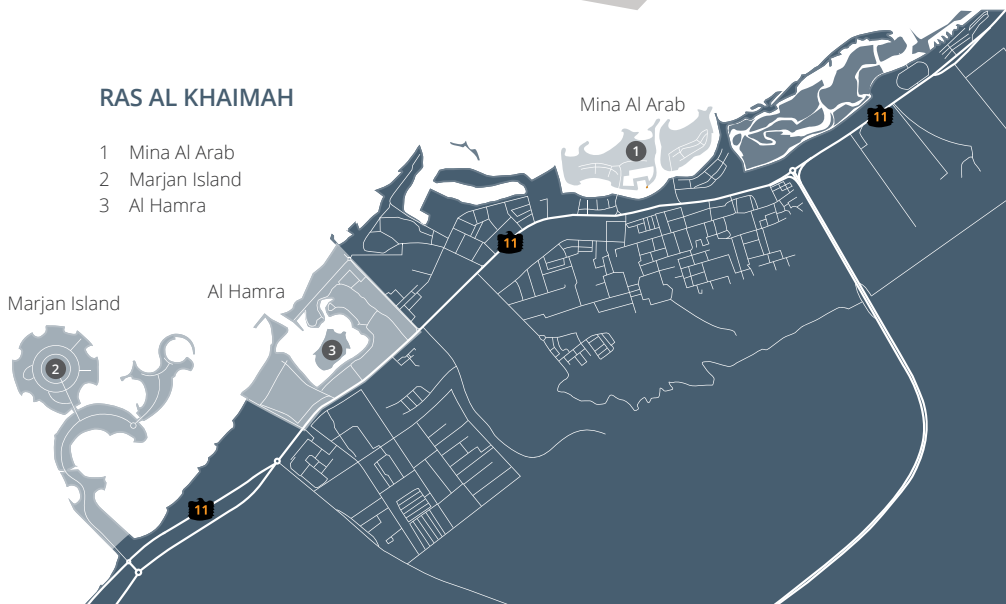
- Al Nahda: Diamond Tower - 2, 105 Units
- Al Tawuun: Al Mamzar Tower - 504 Units
- Al Tawuun: Residential Building - 294 units
- Al Khan: Residential Building - 175 Units



Selection of projects expected in 2016

- Al Nahda: Al Rayyan Complex - 504 Units
- Al Khan: Pearl Tower - 360 Units
- Al Qasimiyah: CG Mall Residences - 176 Units
- Al Nahda: Residential Building - 480 Units

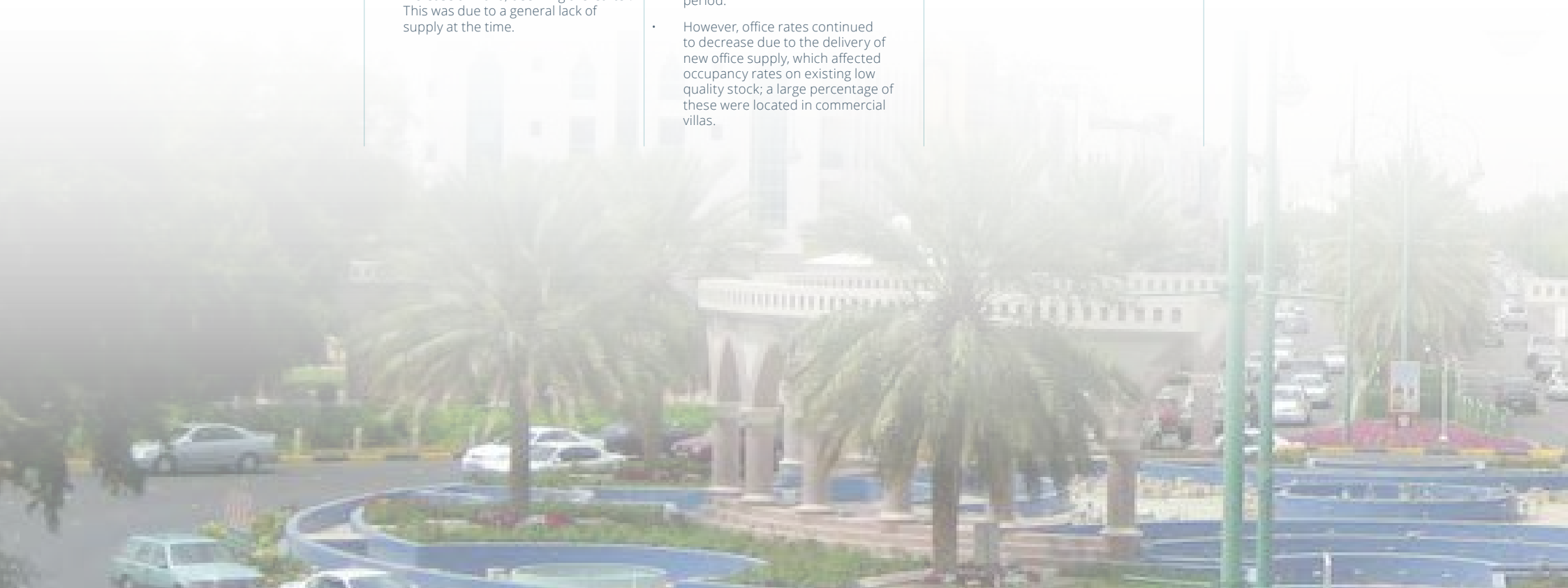
Northern Emirates Property Map



Al Ain

Historic Review & Outlook

Growth 2002-2008	Recession 2009-2011	Recovery & Growth 2012-2014	Stabilisation 2015	Outlook 2015-2016
<ul style="list-style-type: none"> • A period of growth for the overall Al Ain real estate market as demand increased for office and residential units. • As a consequence of a rapid increase in residential rental rates in Dubai and Abu Dhabi, rental rates in Al Ain also witnessed an increase due to a large number of residents moving to lower priced units in Al Ain. 	<ul style="list-style-type: none"> • The residential sector saw a rapid drop in rental rates by early 2009 that continued to the end of 2012. • Apartment and villa rental rates decreased by 46% and 29% respectively, from their highest rates in 2008 to the end of 2012 • The office sector followed a different trend as rental rates continued to increase till 2010, declining thereafter. This was due to a general lack of supply at the time. 	<ul style="list-style-type: none"> • Overall, the Al Ain market saw a remarkable growth during this period especially in the residential sector. • The new delivery of quality villa projects led to high demand that affected rental rates positively, increasing by 25% on average from 2012 to 2013. Apartment rental growth was however slower, recording only 9% increases over the same period. • However, office rates continued to decrease due to the delivery of new office supply, which affected occupancy rates on existing low quality stock; a large percentage of these were located in commercial villas. 	<ul style="list-style-type: none"> • The UAE 's overall market conditions has been under pressure due to low oil prices, which has led to a reduction in government spending, and thus a slowdown in the overall Al Ain real estate market. • Apartment and villa rental rates increased by 3% and 10%, respectively, over the period. 	<ul style="list-style-type: none"> • Rental rates are expected to follow a similar trend to 2015, with a potential decrease in transaction activity. • High quality office rates are expected to remain under pressure as limited new demand is expected.



Al Ain

Highlights and Outlook

The Al Ain market was overall relatively stable, however, the main changes witnessed this year was the increase in demand for apartments versus a decrease in demand for villa units. Furthermore, demand for high quality office space decreased as companies looked for low rental rate spaces.

	2015 Highlights	2016 Highlights
Residential highlights	<ul style="list-style-type: none"> Al Ain apartment rental rates recorded some growth during 2015 with over 6% increase for new buildings and over 4% for old buildings. The villa rental market declined remarkably in 2015 as old villa units decreased by 15% to 20%, whereas new villas recorded a decrease between 6% and 15% for mainly larger sized units. Several new small buildings were handed over in 2015, located mainly in Asharej and the Town Centre. 	<ul style="list-style-type: none"> Al Ain's residential market is expected to remain similar to 2015, with a positive transaction activity especially for better quality apartment units. The lack of quality residential units and high villa rental rates will add more pressure to the overall villa market especially for larger sized units. The Asharej area will remain one of the most sought after locations in Al Ain as a number of new residential buildings are expected to be handed over in 2016.
Office highlights	<ul style="list-style-type: none"> The office market was relatively quiet in 2015, as demand slightly decreased during the last quarter of 2015, and consequently rental rates decreased by around 6%. Office rates for good quality space decreased in all locations as the overall market was generally slower in 2015. 	<ul style="list-style-type: none"> The Al Ain market is expected to remain quiet in 2016, similar to the overall UAE market, which has been affected by the decline in oil prices in addition to the regional and global market conditions. Office demand is likely to remain low, and, with the delivery of new space, rates may continue to be under pressure.
Market changes	<ul style="list-style-type: none"> The retail market stabilised over the last three to four years, especially in the main retail malls. However, strip retail all over Al Ain City decreased on average by 8%, and the Senaya area recorded the highest decrease in 2015, by around 10%. The Al Ain Ladies Club was handed over, which included around 2,300 sqm of retail. 	<ul style="list-style-type: none"> Rental rates are expected to remain stable in 2016, as demand for quality retail in malls will remain positive due to the lack of quality stock. No major new supply is expected during 2016 except for some retail on the ground floor of commercial buildings.

Selection of projects completed in 2015

RESIDENTIAL

- Central Village - 60 units

COMMERCIAL

- Al Ain Stadium Development: Some retail & offices were handed over in 2015
- Al Ain Ladies Club: 2,300 Sqm of retail



Selection of projects expected in 2016

RESIDENTIAL

- Town Centre: 9-10 buildings - 152 units
- Ashara: 6 to 7 buildings - 65 units
- Al Ain Stadium - 700 units

COMMERCIAL

- Town Centre: 6 to 7 buildings - 104 units



Al Ain

Apartment Rental Rates

+4%
Apartments

-4%
Villas

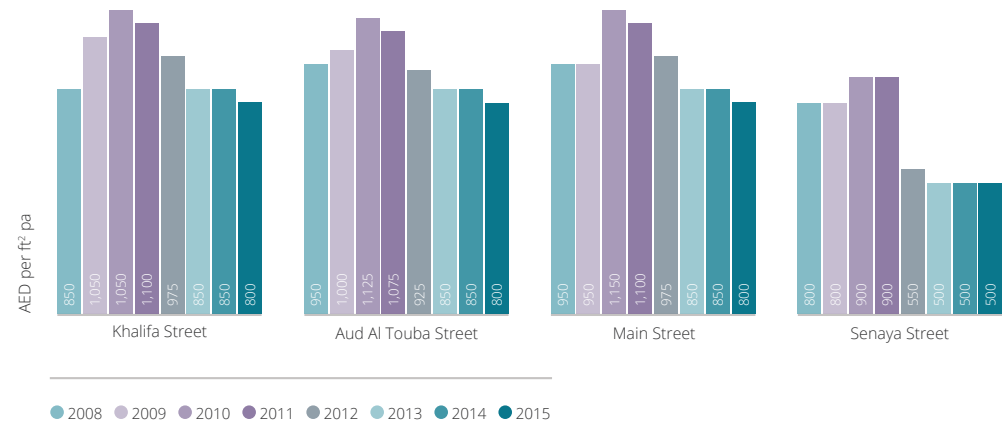
-5%
Offices



(All figures in AED 000's pa)

TYPE	AVERAGE APARTMENT RENTAL RATES							
	2008	2009	2010	2011	2012	2013	2014	2015
MATURE UNITS								
1BR	50	35	25	23	23	29	33	33
2BR	70	55	45	43	35	39	43	45
3BR	90	75	60	53	48	51	53	56
NEW UNITS								
1BR	60	50	38	28	28	32	38	38
2BR	75	65	58	45	45	45	48	52
3BR	95	85	73	55	58	63	65	68
Average	73	61	50	41	40	43	47	49
Annual % Change		-17%	-18%	-17%	-4%	9%	8%	4%
% Change since peak (2008)	-34%							
% Change since market low (2012)	23%							

Office Rental Rates

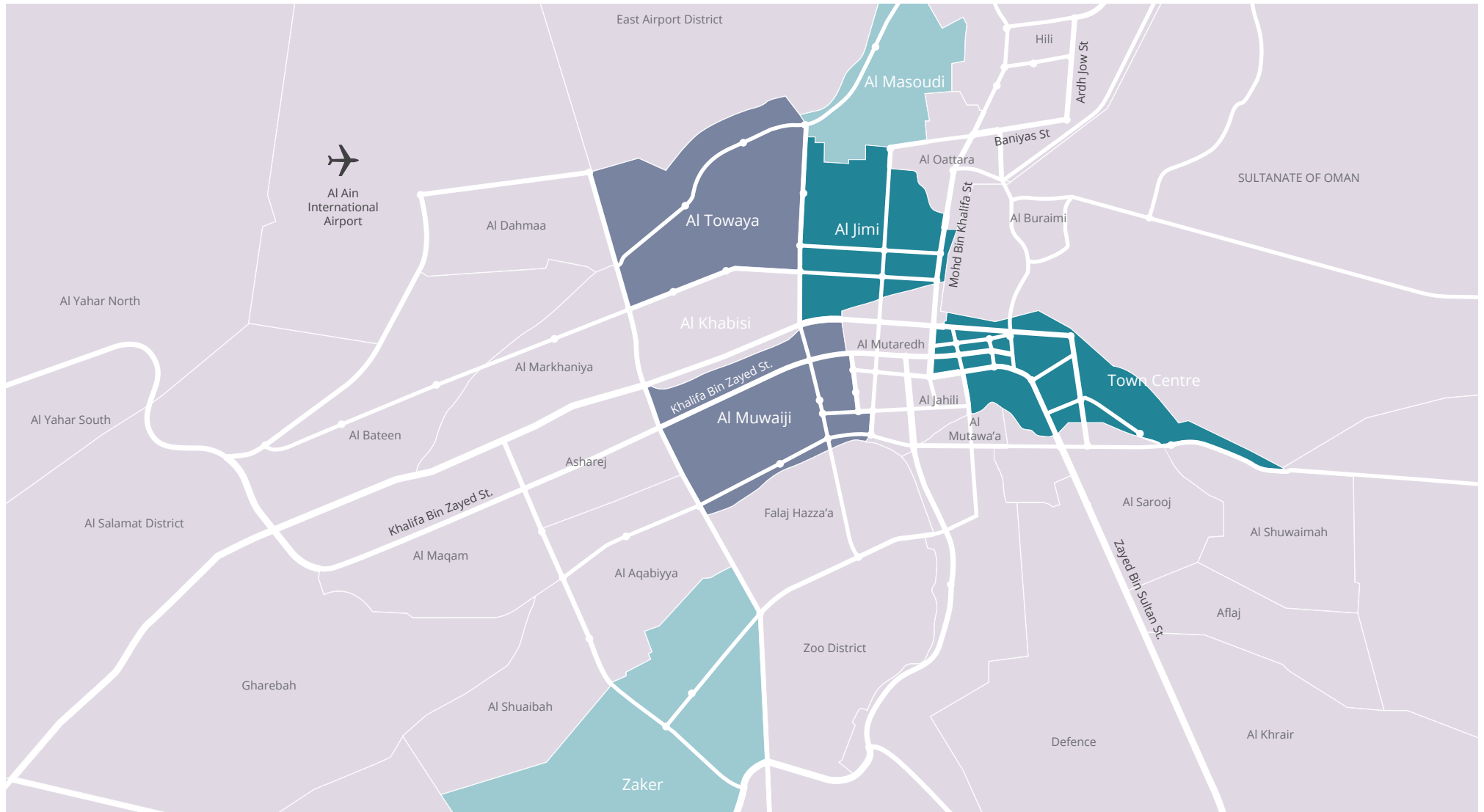


Villa Rental Rates

(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	
MATURE UNITS																									
Town Centre	70	60	60	55	50	65	83	78	95	80	75	70	65	75	95	90	95	90	90	90	85	85	105	125	122
Others *	70	60	60	55	50	65	83	78	85	75	75	70	65	75	95	90	95	90	90	85	85	105	125	122	
Zaker	65	55	55	50	45	65	75	75	75	70	70	65	60	75	75	75	85	75	85	80	80	105	105	105	
Al Towaya	75	65	65	60	50	70	80	80	85	80	80	80	65	85	95	93	100	95	95	95	85	110	125	115	
Al Jimi	70	60	60	55	50	65	83	78	85	75	75	70	65	75	95	90	95	90	90	85	85	105	125	122	
NEW UNITS																									
Town Centre	115	95	80	65	65	75	88	83	125	115	100	90	85	100	110	105	140	135	125	110	105	130	155	145	
Others *	115	95	80	65	65	75	88	83	120	115	100	90	85	100	110	105	140	135	125	110	105	130	155	145	
Zaker	105	85	65	55	50	75	80	80	115	95	90	85	75	100	98	98	135	100	115	105	90	130	128	128	
Al Towaya	110	105	85	70	65	80	93	93	130	125	105	100	85	105	110	105	140	135	130	120	105	135	160	150	
Al Jimi	120	95	80	65	65	75	88	83	120	115	100	90	85	100	110	105	140	135	125	110	105	130	155	145	
Average	92	78	69	60	56	71	84	81	104	95	87	81	74	89	100	96	117	108	107	99	93	119	136	130	
Annual % Change		-15%	-11%	-14%	-7%	28%	18%	-4%		-9%	-8%	-7%	-9%	21%	12%	-4%		-7%	-1%	-8%	-6%	27%	15%	-4%	
% Change since peak (2008)	-11%								-8%								12%								
% Change since market low (2012)	46%								30%								40%								

Al Ain Property Map





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.

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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.

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.

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- Market Research
- Valuation Services

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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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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 UAE Real Estate Report



Celebrating 30 Years in the Middle East.

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