



UAE Property Review Q1 2016 Report



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Market Highlights Q1 2016

Abu Dhabi

- In line with the overall market sentiment in the UAE, the Abu Dhabi real estate market was relatively quiet in Q1 2016 with a slight decrease in demand for higher priced residential units.
- Sales activity was slow during the first quarter, with sales rates remaining relatively stable except for a handful of transactions concluding at below market rates.
- Office rental rates also remained flat due to a significant slowdown in activity during the first three months of the year. Several buildings offered smaller sized offices at competitive rates in order to target the market demand.
- A fee of 3% on home rentals was announced as a Municipality Contract Fee, which will be applied to all Abu Dhabi's expatriate residents.
- Several projects were launched during Cityscape Abu Dhabi in April, which included; Saadiyat Mangrove Lagoons by TDIC, Yas Acres by Aldar, Leonardo Residences by Masdar, Faya at Bloom Gardens by Bloom Properties, and Al Sadu Towers by Al Qudra Real Estate.

Dubai

- The first quarter of 2016 appears to have set the tone for the next few months with moderate declines in rental rates and sales prices, a reduction in the number and volume of transactions, and a focus on affordability.
- Whilst no significant rent reductions were recorded during the quarter due to limited supply being handed over, the general trend continued to be towards increased competition amongst landlords.
- Going forward, much of the planned supply for the year could be delayed, which would result in slower than anticipated rental declines.
- Interestingly, developers continued to launch both affordable and higher end properties during the quarter, despite the general negative market outlook.
- Whilst there was some take-up, especially from investors, this was due to attractive incentives being offered, such as guaranteed returns and post completion payment plans. Cash buyers were able to secure attractive bulk deals as they saw an opportunity in the market.

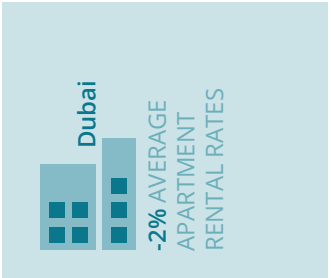
Al Ain

- Transaction activity in Al Ain remained slow this quarter for all types of properties.
- Demand for new apartment units was still positive and therefore rental rates remained stable. In comparison, residential villa rates came under pressure and recorded 5% to 8% declines.
- The office market also saw little activity with no significant deals recorded in the first quarter.

Northern Emirates

- Residential rental rates in the Northern Emirates remained stable during the first quarter of 2016 with marginal declines of 2% and 1%, on average, witnessed in Sharjah and Fujairah, respectively.
- Sharjah and Ajman have been progressing rapidly with developments of a new hospitality and tourism complex with retail, leisure and entertainment facilities. These developments are improving the emirate as desirable communities and thereby retain existing residents and attract new ones.

Quarterly Change



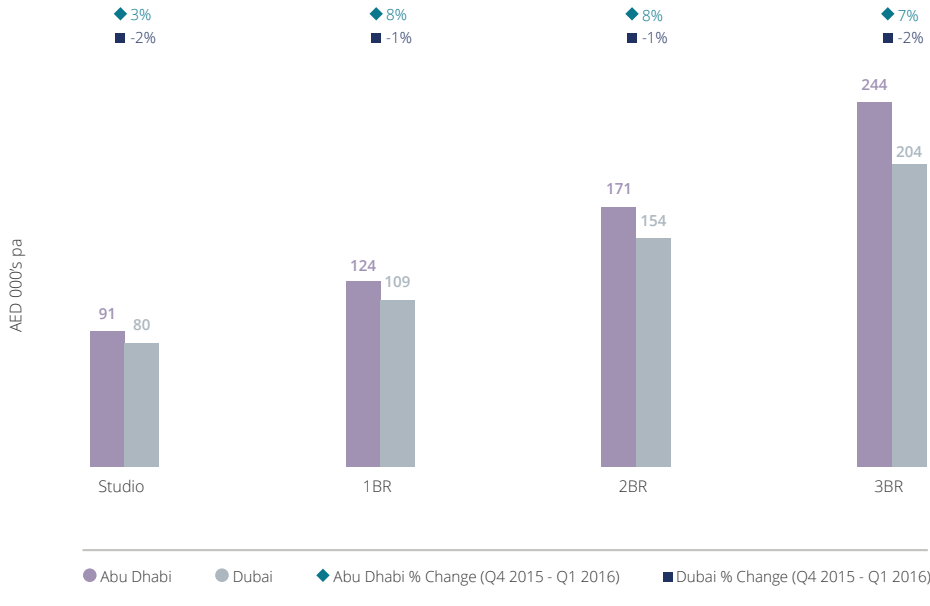
UAE Comparison

Q1 2016

RESIDENTIAL RENTAL RATES

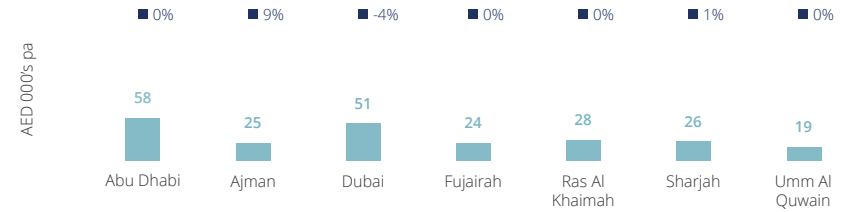
- With rates down in both Abu Dhabi and Dubai, the rental gap for luxury and high end properties between both cities remained similar to last quarter, with rates likely to continue their downward trend as tenants are becoming more budget conscious.
- The rest of the market remained mostly unchanged, with Umm Al Quwain still the most economical emirate to live in. This is due to the distance between facilities and amenities and the lack of employment opportunities in the emirate itself.
- Sharjah and Ajman appear to be gaining in popularity with lower-income tenants and families due to improved surroundings and good value for money.

AVERAGE HIGH END AND LUXURY APARTMENT RENT COMPARISON

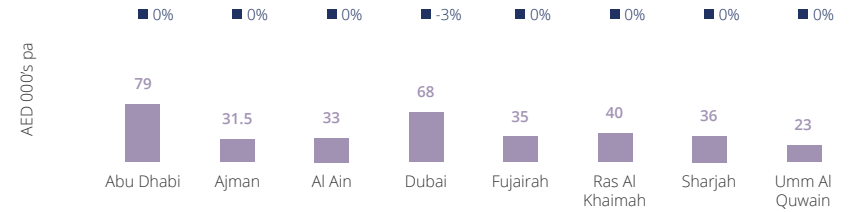


AFFORDABLE TO MID-MARKET APARTMENT RENT COMPARISON

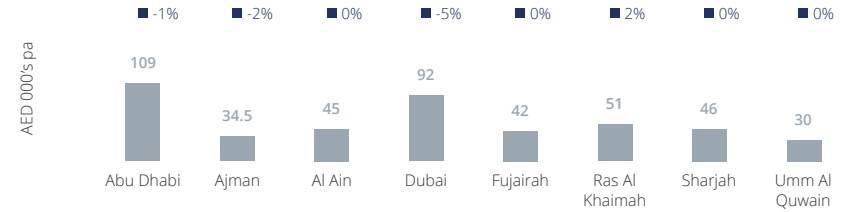
STUDIO



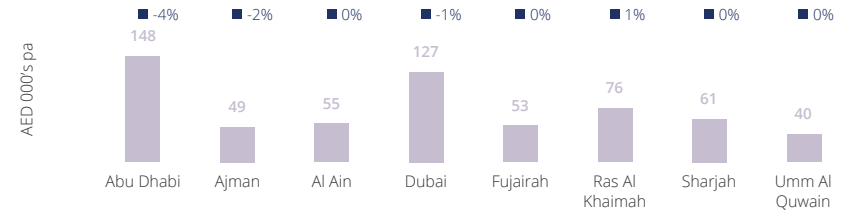
1BR



2BR



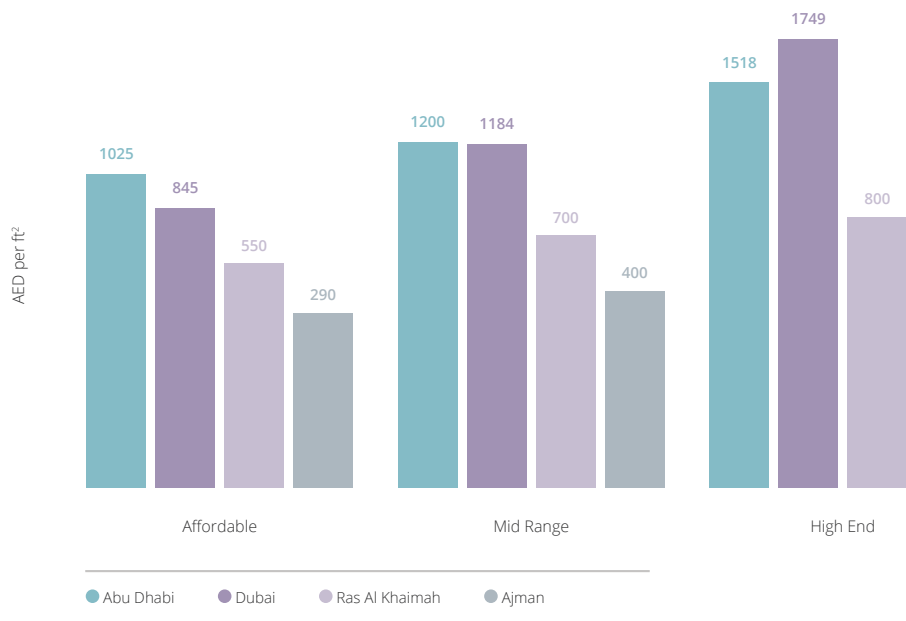
3BR



APARTMENT SALES PRICE COMPARISON

- Despite moderate adjustments, Abu Dhabi remained the most expensive place to buy property aimed at the low to middle-income market. However, with a wider selection of high end products, Dubai tops the list with high end and luxury property prices at AED1,750 per sqft, on average.
- This excludes premium, furnished product and / or serviced apartments, such as the Four Seasons apartments in Abu Dhabi, which are not in a comparable category.
- Ajman is still the most affordable place to purchase property. Indeed, rates continued to be below AED 300 per square foot for the cheapest product and approximately AED 400 per square foot for mid-market apartments.

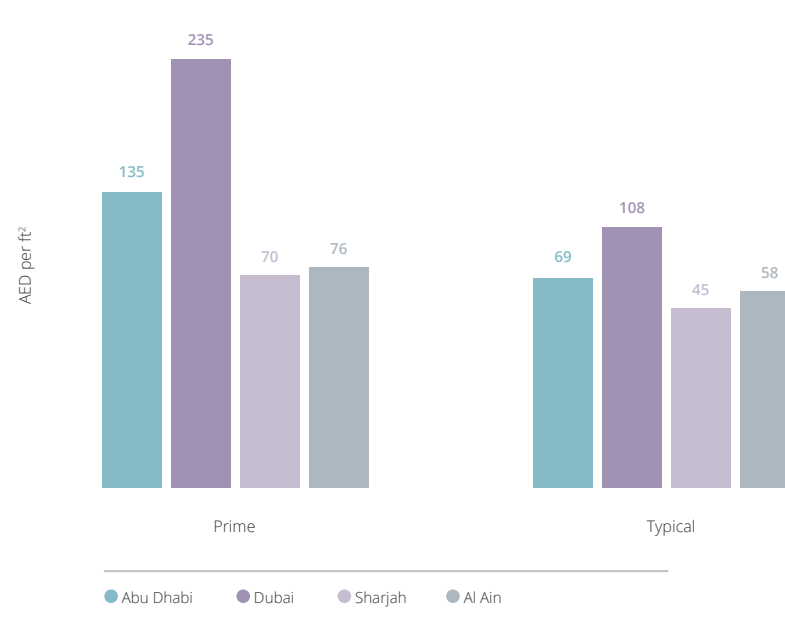
APARTMENT SALES PRICE COMPARISON



OFFICE RENTAL COMPARISON

- Office rental rates remained largely unchanged in the UAE, with Dubai still offering the most expensive options across the seven emirates.
- Abu Dhabi offers more costly space in the newly announced Abu Dhabi Global Market Free Zone; however, these have been excluded from our analysis to avoid any discrepancies.
- It should also be noted that although average Dubai prices stand around the AED108 per square foot mark, low-cost options of AED 55 per square foot are available in areas such as Dubai Investment Park, Jumeirah Village, etc.

OFFICE RENTAL RATE COMPARISON

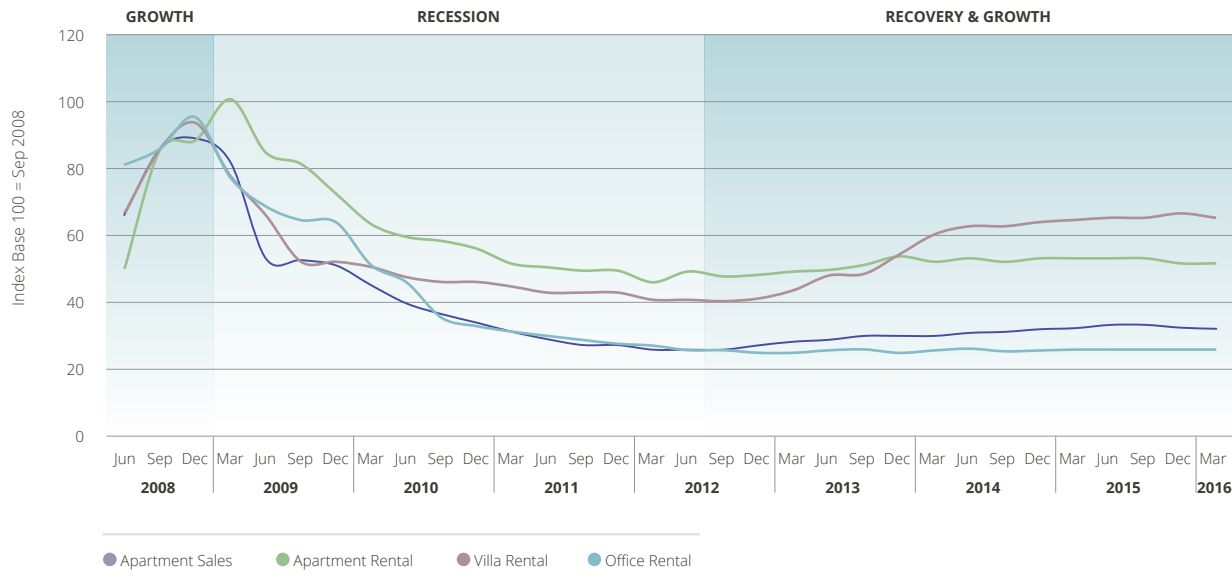


Abu Dhabi

Q1 2016 Highlights

- After the increase witnessed in 2015, rental rate growth in Abu Dhabi slowed down in Q1 2016. This was due to a decrease in demand for large prime residential units that had achieved high rental levels in the last twelve to eighteen months. This decrease, however, mainly applied to vacant units as rental rates for the majority of renewed contracts remained unchanged.
- Whilst high quality residential units in all Investment Areas still recorded strong demand, Saadiyat Island remained the most sought after location, followed by Reem Island and Al Raha Beach. Prime apartment buildings along the Corniche were however faced by an exodus of tenants moving to smaller and more affordable units. This activity is expected to continue throughout 2016 as tenants are becoming more budget conscious.

RESIDENTIAL & OFFICE PRICE MOVEMENT, SEP 2008 = BASE 100



+1% APARTMENT ANNUAL SALES PRICE GROWTH



Abu Dhabi
 Apartment sales prices up by 1% since Q1 2015.

Abu Dhabi Rental Rates Q1 2016

Apartments

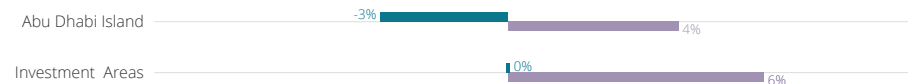


- Rental rates for prime and high quality residential apartments recorded a 2% drop from Q4 2015. However, apartment rental rates remained, on average, 4% higher than the previous year's rates.
- Mid and low quality units, in contrast, recorded stable rates with only a slight decrease for larger units, as tenants moved to newer developments offering similar or lower rental rates.

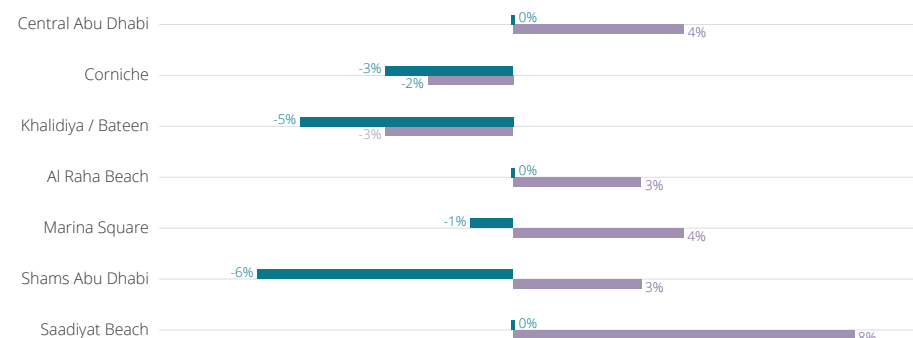
Apartments Rental Rates (AED 000's pa)		Studio		1BR		2BR		3BR	
		Min	Max	Min	Max	Min	Max	Min	Max
Prime Properties									
Abu Dhabi Island		-	-	105	150	137	240	180	350
Investment Areas		90	110	130	160	160	230	230	310
High End Properties									
Abu Dhabi Island	Central Abu Dhabi	-	-	-	-	135	165	165	188
	Corniche	-	-	-	-	135	170	175	290
	Khalidiya / Bateen	90	95	100	130	125	180	170	245
Investment Areas	Al Raha Beach	-	-	105	125	147	175	180	230
	Marina Square	70	85	90	120	120	165	170	200
	Shams Abu Dhabi	75	85	95	120	130	170	165	200
	Saadiyat Beach	-	-	115	140	175	185	210	260
Lower End Properties									
Abu Dhabi Island	Central Abu Dhabi	40	50	60	70	65	95	90	143
	Corniche	40	50	60	75	75	105	90	155
	Khalidiya / Bateen	40	45	65	75	80	105	90	150
Investment Areas	Al Reef	60	68	75	90	98	110	120	140
Off Island	Khalifa & MBZ City	30	45	42	65	55	85	65	105

APARTMENT RENTAL RATE MOVEMENT BY AREA

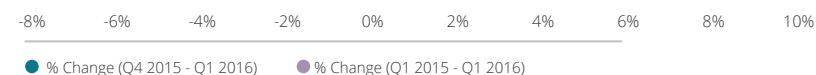
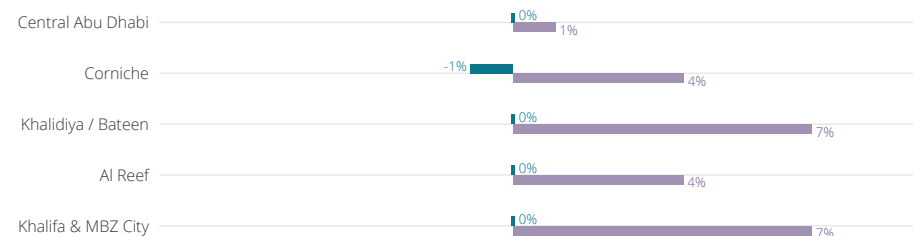
PRIME PROPERTIES



HIGH END PROPERTIES



LOWER END PROPERTIES



Abu Dhabi Rental Rates

Q1 2016

Villas



- Similar to the apartment sector, rental rates in the villa market were relatively stable in Q1 2016. However, we noted a slight decrease in demand for the higher priced but older villas that are predominantly located on Abu Dhabi Island.
- In comparison, the majority of newer prime and high-end villa developments, which include the Saadiyat Island projects, Golf Gardens, and Al Raha Beach, recorded their highest rental rates in Q1 2016. The lack of quality villa communities continued to be the main factor behind the high rental rates throughout Abu Dhabi.
- Over the last twelve months, the prime and high quality villa projects mentioned above recorded between 4% and 7% rental increases, while those for lower quality private villas decreased by more than 10% over the same period.

Villas Rental Rates (AED 000's pa)		2BR		3BR		4BR		5BR		% Change	
		Min	Max	Min	Max	Min	Max	Min	Max	Q4 2015- Q1 2016	Q1 2015- Q1 2016
Abu Dhabi Island	Khalidiya / Bateen	-	-	170	200	200	230	210	250	-3	-10
	Mushrif / Karama / Manaseer	-	-	160	180	170	200	210	300	0	0
	Nahyan Camp / Muroor	-	-	150	180	180	210	210	300	-2	0
Investment Areas	Al Raha Beach	-	-	230	270	225	300	310	330	-1	1
	Al Reef	120	130	135	155	165	170	180	200	0	4
	Hydra Village	80	85	90	115	-	-	-	-	0	6
	Saadiyat Island	-	-	300	320	350	400	400	850	0	7
Off Island	Al Raha Gardens	-	-	165	220	190	300	250	330	0	1
	Golf Gardens	-	-	220	230	240	280	300	350	0	0
	Khalifa City	-	-	115	150	140	160	170	190	0	1
	Mohamed Bin Zayed	-	-	100	115	130	150	155	180	0	0

Offices



- The decline in oil prices and the slowdown in government spending has affected Abu Dhabi's office sector. There has been a notable slowdown in office take-up and office upgrades, which were frequent occurrences in the Emirate in the last two years. Demand remains strong for small sized offices of less than 400 sqm in good quality buildings providing sufficient parking spaces.
- Office rental rates were relatively stable in Q1 2016, with a slight decrease for grade B buildings due to similar rates being offered for smaller office areas in higher quality buildings. Therefore, rental rates in older grade B buildings ranged from AED 750 to AED 900 per sqm, whereas, fitted office space in new grade A buildings continued to achieve close to AED 1,800 per sqm.
- In terms of supply, the Bloom Central Offices building on Airport Road was handed over in Q1 2016, whereas Al Hilal Bank headquarters, ADIB headquarters and Omega Tower are due to be handed over in the next six months.

Offices (AED per Sqm pa)		Average Rental Rates		% Change	
		From	To	Q4 2015- Q1 2016	Q1 2015- Q1 2016
Prime Office Space (*)		1,600	3,500**	-	-
Recent Build	Fitted	800	1,750	0	7
	Shell & Core	700	1,350	0	8
Older Stock		700	1,000	0	0
	Typical Building	650	800	0	0
	Low Quality Building	600	700	0	0

* Includes developments such as Al Maryah Island, Aldar Headquarters, International Tower, Nation Towers, Etihad Towers, Capital Plaza, Capital Gate, etc.

** Achieved by few units in Al Maryah Island

Abu Dhabi Sales Prices

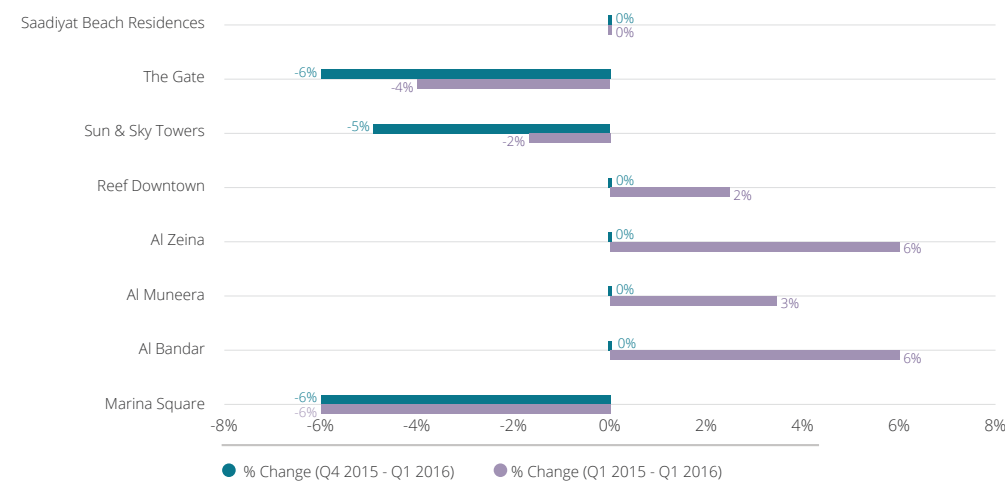
Q1 2016

Apartments



- Q1 2016 was a quiet quarter with a few sales transactions completing.
- Price movement varied with rates down by 5% to 7% over the quarter in Reem Island communities whereas Saadiyat Island and Al Raha Beach record some growth (2% and up to 6% respectively) due to the relative small availability of stock actually for sale in the market.
- The amount of upcoming supply on Reem Island, together with sales rates peaking in 2015, resulted in a large decrease in demand from buyers in Q1 2016. Sales prices on Reem Island exhibited an overall downward trend for the first three months of the year with rates for City of Lights dropping by approximately 10%, Sun and Sky Towers and The Gate Towers decreasing by 5% and 6% respectively, and Marina Square prices falling by 6%. The traded price at Marina Square in Q1 2016 ranged between AED 1,230 to AED 1,350 per square foot.
- Several new projects were launched this quarter including Al Sadu Towers, on Reem Island (Shams Abu Dhabi district), which will, on completion, include 1,360 apartments and 9,000 square metres of retail space. In addition, the Leonardo Residences, which were also launched by Masdar will be located within the existing Masdar City and comprise 170 small apartments.

APARTMENT SALES PRICES MOVEMENT BY AREA



Apartment (AED per Sqft)	Average Sales Prices	
	Min	Max
Marina Square	1,230	1,350
Al Bandar	1,500	1,900
Al Muneera	1,400	1,600
Al Zeina	1,200	1,450
Reef Downtown	950	1,100
Sun & Sky Towers	1,400	1,500
The Gate	1,330	1,500
Saadiyat Beach Residences	1,500	1,700

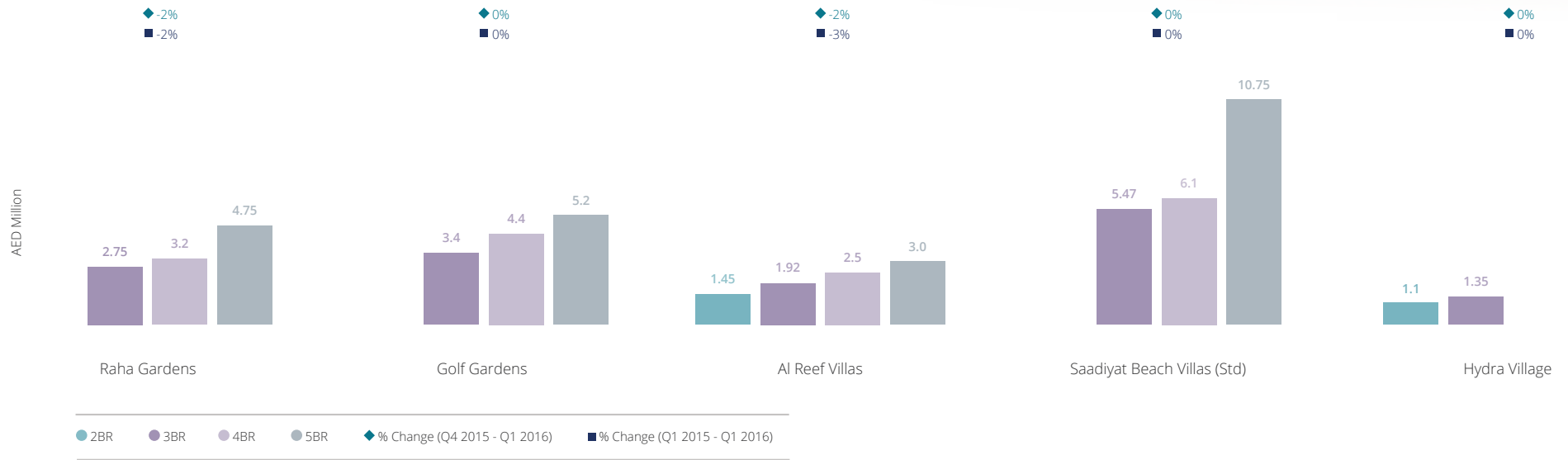
Abu Dhabi Sales Prices

Q1 2016

Villas

- After a period of strong demand for villas throughout 2015, Q1 2016 recorded limited sales activity. Especially the more affordable units in the Al Raha Gardens and Al Reef developments saw only a few transactions taking place, of which most were below market rates.
- In comparison new developments on Yas Island were able to attract some demand since Aldar launched several new residential projects such as West Yas and Yas areas, which offered four and five bedroom villas for sale from around AED 4.7M.
- The three main villa projects that were announced in Q1 include Yas Acres, (by Aldar Properties), on Yas Island offering 1,315 villas (freehold to all nationalities); Saadiyat Lagoons District (by TDIC), which is a mixed use development and will be developed in phases with the first phase to include 820 townhouses (freehold to all nationalities), and Al Faya at Bloom Gardens development (by Bloom Properties), which will consist of 132 townhomes (freehold to UAE nationals).

VILLA SALES PRICES



Abu Dhabi Area & Rent Affordability Map

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

- 1 Al Bandar – Raha Beach
- 2 Al Bateen Wharf
- 3 Al Gurm
- 4 Al Maqtaa
- 5 Al Muneera – Al Raha Beach
- 6 Al Nahyan Camp
- 7 Al Raha Gardens
- 8 Al Rayanna
- 9 Al Reef
- 10 Al Zeina – Al Raha Beach
- 11 Banyyas
- 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



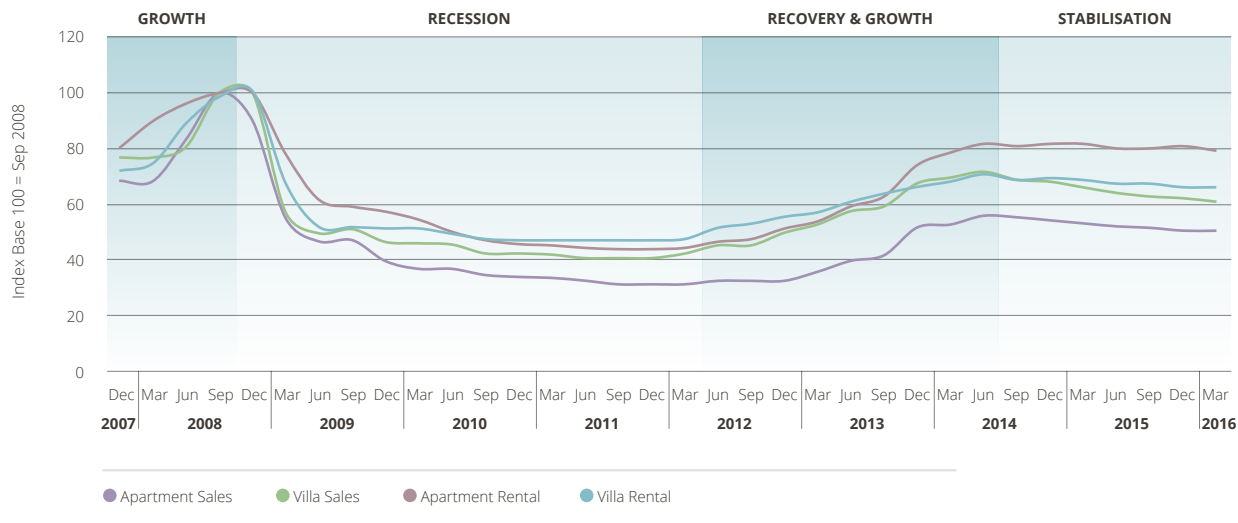
Note: Area classification by affordability is provided for indicative purposes only as most areas in Abu Dhabi offer various types of residential units, from affordable to high end. As such, the map colour coding takes into account the most prevalent type of product and exceptions of a lower and / or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

Dubai

Q1 2016 Residential Highlights

- Leasing demand was stable in the first two months of 2016; however, a slowdown was recorded from March onwards, especially for more expensive properties where take-up was slower than usual.
- On average, rental rates stabilised in the affordable segment, and declined by 2% and 3% for mid and high-end apartments, respectively.
- This minimal decrease was due to a combination of landlords trying to retain tenants rather than insisting on higher renewal rates, a decrease in the number of newcomers to the city, and in some sectors, housing allowance cuts and redundancies.
- Compared to last quarter, sales prices remained stable, with the exception of high-end apartments and villas where 2% average declines for both markets were recorded.
- However, according to the Dubai Land Department (DLD), the first quarter of 2016 was considerably worse than Q1 2015 as the overall residential transactions by total value were down by 25%, transaction numbers by 17% and the average sales price by 11%.

RESIDENTIAL PRICE MOVEMENT, SEP 2008 = BASE 100



-5% ANNUAL RESIDENTIAL SALES PRICE MOVEMENT

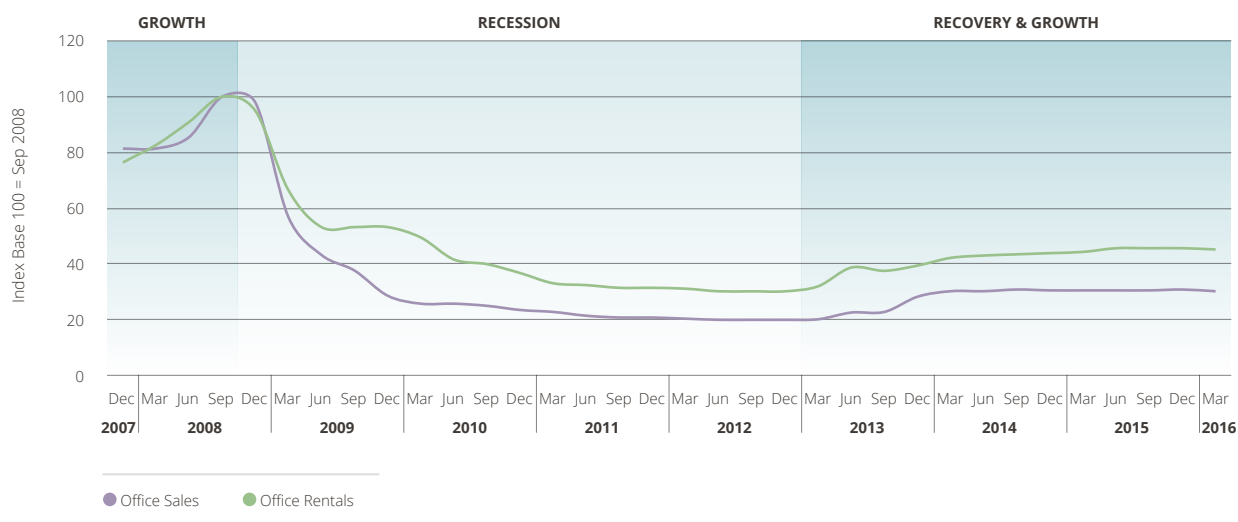
Q1 2016 down by 5% since Q1 2015.

Dubai

Q1 2016 Office Highlights

- The office sector had never fully recovered from the 2008 financial crisis as both sales prices and leasing rates were 55% and 70% lower compared to their peak in Q3 2008. Following a minimal increase during 2013, rates have remained broadly stable ever since.
- Compared with the same period last year, Q1 2015, according to DLD, average office prices declined by 8% across the board, whilst transaction numbers and total volume were down by approximately 50%. This reduction is possibly an indication of lower purchaser demand and sellers unwilling to reduce prices, which has led to significantly lower numbers of transactions concluding.
- Leasing demand for small and medium-sized enterprises have, however, remained relatively strong during the first quarter of 2016, especially for space of up to 2,000 square feet, as many small businesses continued to set up in the city.
- However, larger corporations have been fewer in entering the market, with some major companies downsizing.
- According to Asteco's research, there was a 2% decline in sales prices and 1% in rental rates, across the board, compared with the previous quarter.

OFFICE PRICE MOVEMENT, SEP 2008 = BASE 100



-2% ANNUAL OFFICE SALES PRICE
-2% decrease in sales prices since Q1 2015

Dubai Residential Rental Rates

Q1 2016

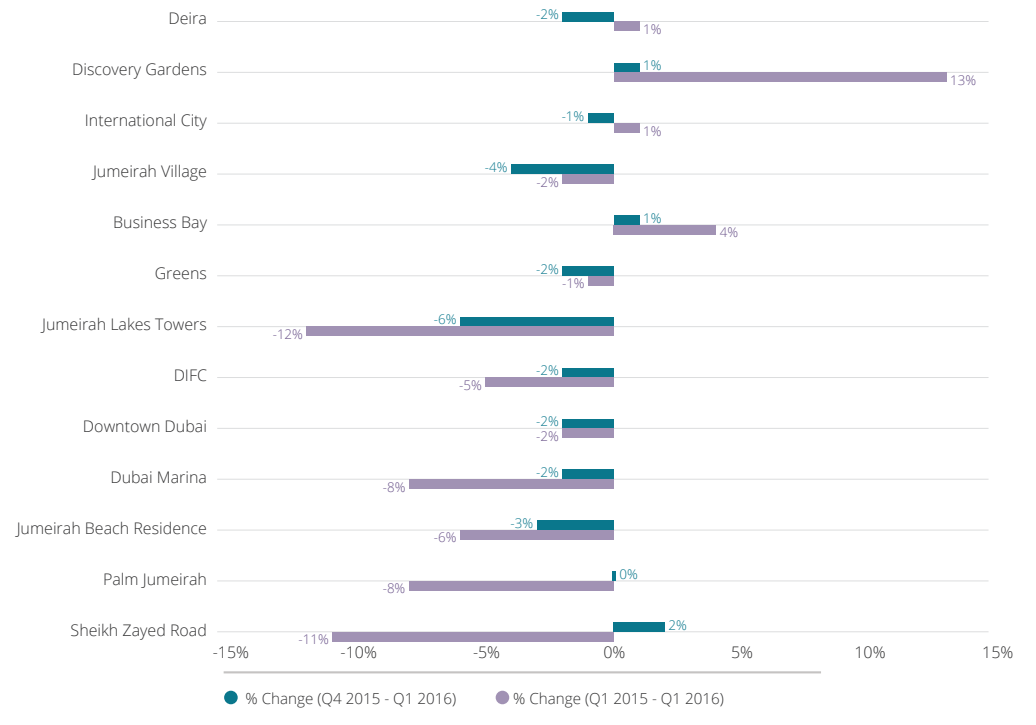
Apartments



- Leasing activity at the beginning of the year started well; however, enquiry and transaction levels tapered off in March. This was partially due to property owners keen to retain their existing tenants, and therefore willing to negotiate rental rates instead of having a property vacant. As a result, fewer tenants were seeking to move to a new unit.
- Asteco also noted a tendency for the more expensive units in buildings to remain vacant for longer, as tenants became more conscious of their spending habits. It will therefore be interesting to observe the take up for the high-end City Walk development, by Meraas, when 19 residential buildings will enter the market in August 2016.
- Whilst declines were limited over the quarter, year-on-year comparisons indicated an average of a 4% decline across the board. The most affected areas were those that had seen previous rapid rental increases for a relatively undifferentiated product. For instance, Jumeirah Lake Towers recorded a 12% decline year-on-year. Indeed, whilst the community is attractive overall, the quality of most residential towers are below the tenant's expectations considering the high rental levels.
- We have noted an increase in demand for affordable units. However, rental rates have not fallen far enough to warrant tenants to relocate from the Northern Emirates to Dubai yet. This is further compounded by the fact that for a similar priced product in the Northern Emirates would equate to a much smaller unit in Dubai. For instance, AED60,000 would mean a two bedroom unit in Sharjah as opposed to a studio or a small one bedroom unit in Dubai.

Apartment Rental Rates (AED 000's pa)	Studio		1BR		2BR		3BR	
	Min	Max	Min	Max	Min	Max	Min	Max
Affordable Areas								
Deira	35	55	45	80	65	110	80	145
Discovery Gardens	45	50	65	73	75	100	-	-
International City	32	40	45	52	60	70	-	-
Jumeirah Village	40	50	55	85	75	125	125	150
Min/Max Affordable	30	65	45	85	60	130	75	175
Mid to High End Areas								
Business Bay	65	85	80	120	120	155	160	200
Greens	60	85	70	120	120	150	145	200
Jumeirah Lakes Towers	55	70	65	90	85	160	120	165
Min/Max Mid to High End	55	85	65	130	75	160	120	300
High to Luxury End Areas								
DIFC	75	90	90	145	110	210	170	270
Downtown Dubai	65	105	95	130	140	200	180	300
Dubai Marina	60	85	75	130	95	170	135	260
Jumeirah Beach Residence	80	90	90	125	115	180	160	210
Palm Jumeirah	75	100	95	170	150	245	180	340
Sheikh Zayed Road	75	85	75	130	105	160	125	220
Min/Max High to Luxury End	60	105	75	170	95	245	125	340

APARTMENT RENTAL RATE MOVEMENT BY AREA



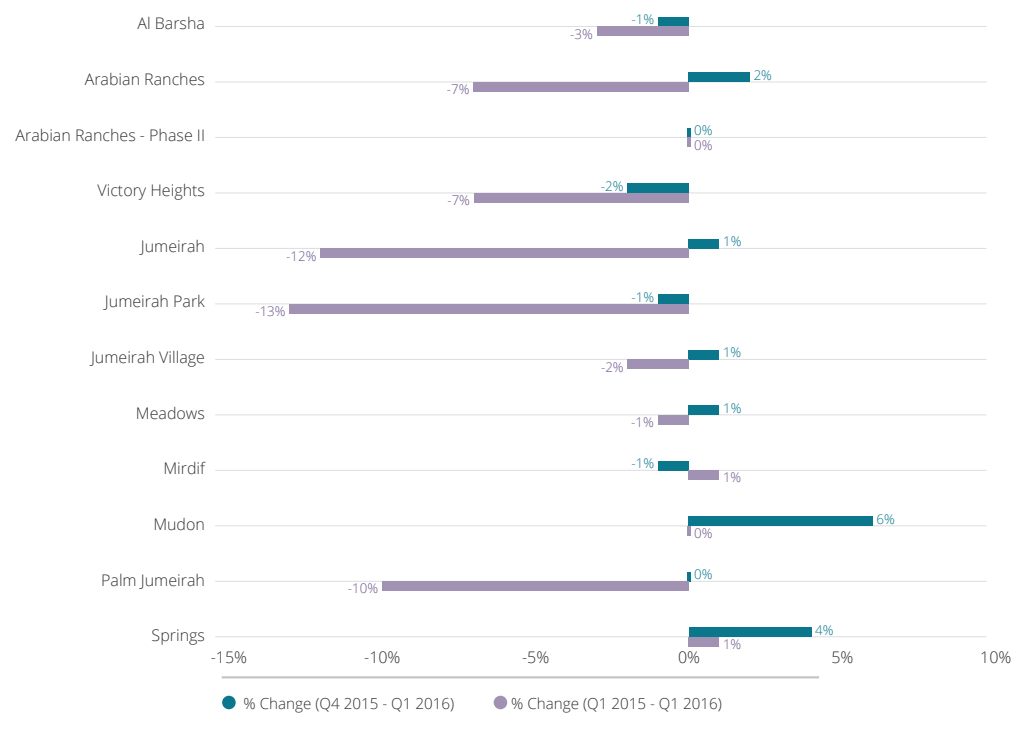
Villas

- Due to a limited supply of villas completing, rental rates were relatively stable across the board compared with the last quarter of 2015. Whilst some areas also recorded increases, average rates continued to be 5% lower compared with the same period last year.
- The most notable increases were in communities that had been handed over in the last 12 months and where improvements such as landscaping works, addition of retail elements and other facilities were being implemented. Furthermore, as fewer units were vacant, landlords were increasingly able to achieve their asking rate. This was the case in Mudon and Sustainable City for instance, where rates were up by 6% and 2% since last quarter, respectively.
- Nonetheless, in a majority of other areas, rates did record a moderate decline, or at least did not witness any increases indicating pressure remained; this is likely to continue throughout the year as more villas are handed over and many tenants seek to downgrade to cheaper properties.

- Leasing activity in Jumeirah and Umm Suqeim increased this quarter, after landlords reduced their asking prices in the previous quarter. As a result, units that had been vacant for a long time are now occupied.
- Assuming there are no delays, around 700 villas will be handed over in Q2 2016. This will bring the total to 3,000 villas due for completion this year; the majority of these will come from projects at Living Legends, Jumeirah Park, City of Arabia, Akoya by Damac, Arabian Ranches, and Mira by Emaar as well as smaller developments in Al Barari, Jumeirah Village, Sports City, and Mudon.

Villa Rental Rates (AED 000's pa)	2BR		3BR		4BR		5BR	
	Min	Max	Min	Max	Min	Max	Min	Max
Al Barsha	-	-	175	230	190	270	195	350
Arabian Ranches	150	170	170	255	190	300	270	340
Arabian Ranches - Phase 2	-	-	180	240	210	245	-	-
Victory Heights	-	-	170	185	195	240	225	375
Jumeirah	-	-	180	220	185	320	220	350
Jumeirah Park	-	-	180	245	200	290	230	350
Jumeirah Village	120	165	135	200	135	210	170	250
Meadows	-	-	210	245	240	300	240	325
Mirdif	-	-	120	150	140	180	150	200
Mudon	-	-	200	220	180	210	-	-
Palm Jumeirah	-	-	290	375	290	550	350	1,000
Springs	120	130	180	210	-	-	-	-

VILLA RENTAL RATE MOVEMENT BY AREA



Dubai Residential Sales Prices

Q1 2016

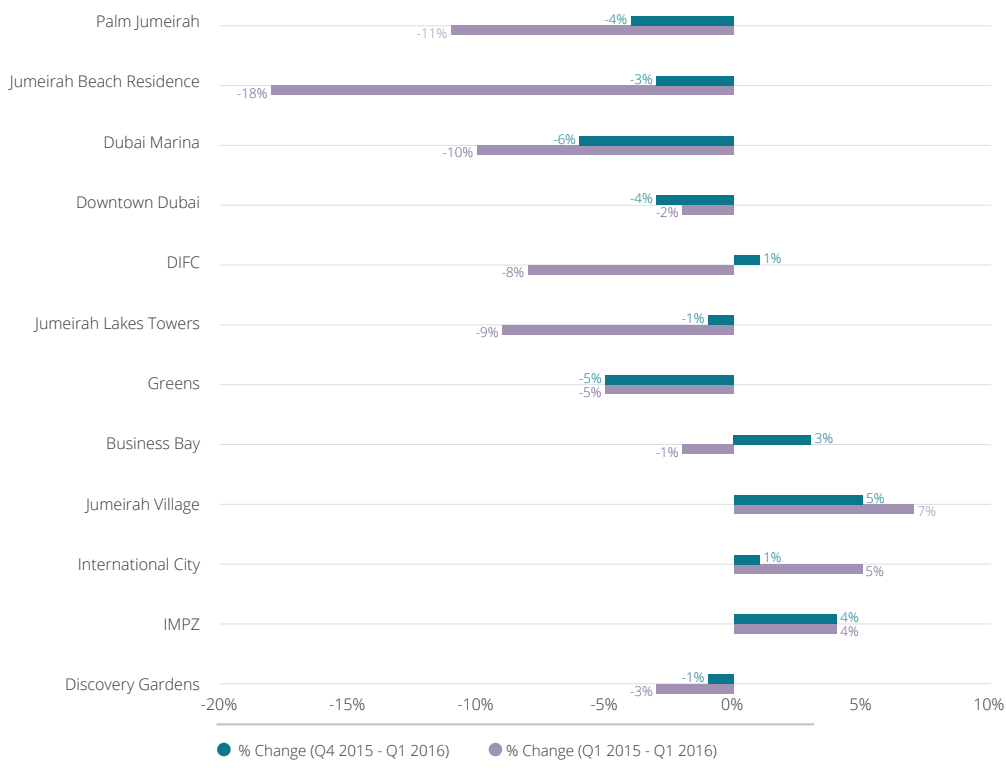
Apartments



- In the last few months, the property market has begun to favour buyers because of a drop in prices, which has consequently unlocked demand from both investors and to a certain extent, the end-user.
- Cash buyers have had a strong negotiating position and were able to secure attractive bulk deals this quarter. They are monitoring their investment opportunity as prices appear to be bottoming out.
- Although transaction levels were still considerably lower than last year (down by 17% by transaction numbers according to DLD), we have noted an increased interest from investors who are on the lookout for investment opportunities that can be obtained more readily.
- On average, prices were 5% lower compared with Q1 2015, although some areas witnessed a modest increase in the first quarter of this year.
- The first quarter of 2016 saw the launch of various new developments, mostly targeting the lower income sector, but also a few higher end projects such as The Tower at the Creek by Emaar, Aykon City by Damac on Sheikh Zayed Road, and Royal Bay by Azizi on the Palm Jumeirah.
- The three most transacted areas in value terms were Dubai Marina, Palm Jumeirah, and Downtown Dubai; whilst International City had the highest number of transactions recorded in the first quarter.

Apartments (AED per Sqft)	Average Sales Prices	
	Min	Max
Affordable Areas		
Discovery Gardens	650	1,000
IMPZ	560	1,050
International City	400	900
Jumeirah Village	775	1,200
Min/Max Affordable	400	1,200
Mid to High End Areas		
Business Bay	1,000	1,600
Greens	1,050	1,650
Jumeirah Lakes Towers	700	1,600
Min/Max Mid to High End	700	1,900
High to Luxury End Areas		
DIFC	1,450	2,000
Downtown Dubai	1,500	2,800
Dubai Marina	900	2,200
Jumeirah Beach Residence	900	1,800
Palm Jumeirah	1,080	2,700
Min/Max High to Luxury End	900	2,800

APARTMENT SALES PRICE MOVEMENT BY AREA



Villas



- Villa sales prices were down, on average, by 6% compared with the same period last year and 2% compared with the previous quarter. This was due to the continuous stream of new projects available for sale in the market. Some of the new off-plan launches such as Serena and Arabella by Dubai Properties sold relatively well due to a combination of an attractive pricing (ranging from approximately AED 820 to AED 980 per square foot), a good payment plan, and the developer's outstanding reputation.
- Villas priced at the higher end of the market continued to be the most affected, as high price points deterred buyers from concluding deals. As a result, sales prices were down predominantly in the most expensive communities such as Jumeirah Golf Estates, The Villa and the larger sized villas at Arabian Ranches, with rates 14%, 11% and 13% lower, respectively, compared with the same period last year.
- Interestingly, communities such as the Springs, where prices had dropped significantly over the year, recorded an increase in rates as the opportunity for good deals attracted buyers.

Villas (AED per Sqft)	Average Sales Price	
	Min	Max
Al Furjan	770	950
Arabian Ranches	700	1,400
Dubai Sports City (Victory Heights)	750	1,600
Jumeirah Golf Estates	900	1,550
Jumeirah Park	800	1,300
Jumeirah Village	650	1,150
Meadows	900	1,450
Palm Jumeirah	1,450	3,500
Springs	800	1,200

VILLA SALES PRICE MOVEMENT BY AREA



Dubai Office Sector

Q1 2016

Leasing

- Medium and especially small-sized companies continued to establish offices in Dubai during Q1 2016, which resulted in an increased number of transactions concluding, for fitted office space measuring from 500 to 600 square feet. This was the case predominantly in Ibn Battuta Gate, where rates for smaller offices ranged from AED135 to AED155 per square foot, inclusive of all service charges. Micro offices in more expensive areas, however, struggled to lease as tenants were increasingly budget conscious.
- New rules in terms of required space per employee in DIFC caused some companies to upgrade to larger offices.
- One of the few larger transactions occurring this quarter was the multinational company, Nestle, moving their headquarters to new offices at Dubai World Central. This new office development, in proximity to the new airport, has 11 buildings available for lease at rates of approximately AED 150 per square foot for all-inclusive micro offices and as low as AED 100 per square foot for shell & core space.
- The new C1 Tower at Dubai Trade Centre is over 80% leased with rates ranging from AED 200 to 300 per square foot. The main advantage of the building, in addition to good quality space and the location, is the fact that a dual license is offered to companies, either by Dubai Economic Department (DED) or by Dubai World Trade Centre (DWTC), making the process of setting up a business much easier for a wider range of companies.
- 2016 also saw the launch of the new Brookfield Place Tower in DIFC, offering approximately 900,000 sqm of high quality office space and 150,000 sqm of retail space.

Sales

- Compared with the previous quarter, transaction numbers were up by 47%, but prices were down across all areas.
- 75% of all office transactions continued to be for small office space in Jumeirah Lake Towers and Business Bay. To a lesser extent, transactions were also completed in DIFC.
- Transactions for larger offices were much fewer than usual due to large companies being cautious with their expansion plans. This is especially evident when it appears the economic outlook remains negative and no real growth in oil prices is anticipated in the short to medium term.

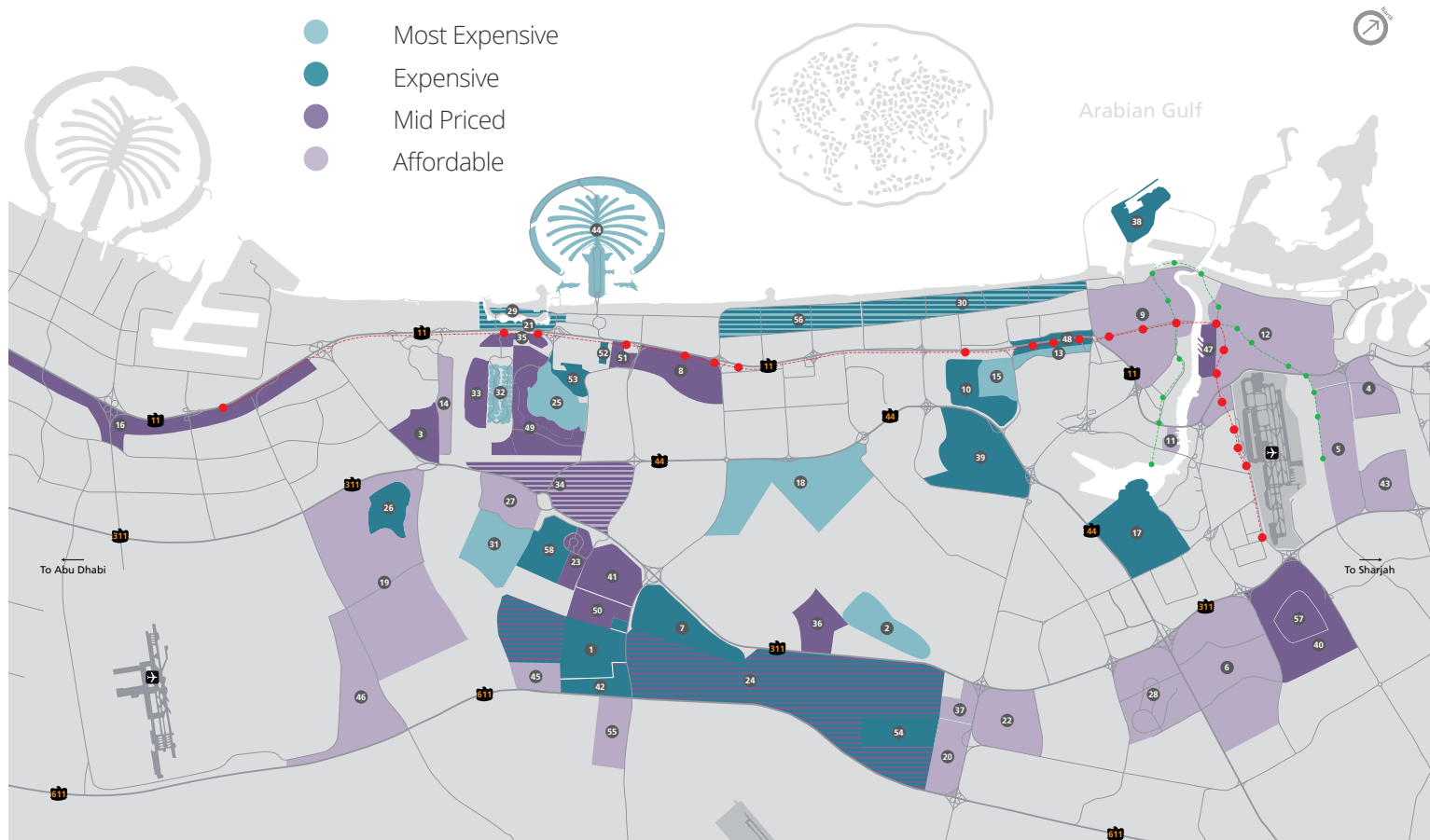
Offices (AED per Sqft pa)	Average Rental Rates		% Change	
	Min	Max	Q4 2015- Q1 2016	Q1 2015- Q1 2016
Bur Dubai	85	130	0	-2
Business Bay	60	120	3	-10
DIFC	160	350	0	11
Dubai Internet City	185	225	0	9
Dubai Investment Park	60	80	0	8
Dubai Marina	80	230	0	15
Jumeirah Lakes Towers	70	125	0	0
Sheikh Zayed Road	100	270	0	3
Tecom C	75	120	-11	-3

Offices (AED per Sqft)	Average Sales Prices		% Change	
	Min	Max	Q4 2015- Q1 2016	Q1 2015- Q1 2016
Business Bay	850	1,650	0	2
DIFC	1,550	2,250	-1	1
Dubai Investment Park	500	700	-4	0
Dubai Marina	1,300	1,800	0	-2
Dubai Silicon Oasis	650	750	-3	-5
Jumeirah Lakes Towers	650	1,300	0	-9
Tecom C	650	1,200	-5	-8

Dubai Area & Rent Affordability 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

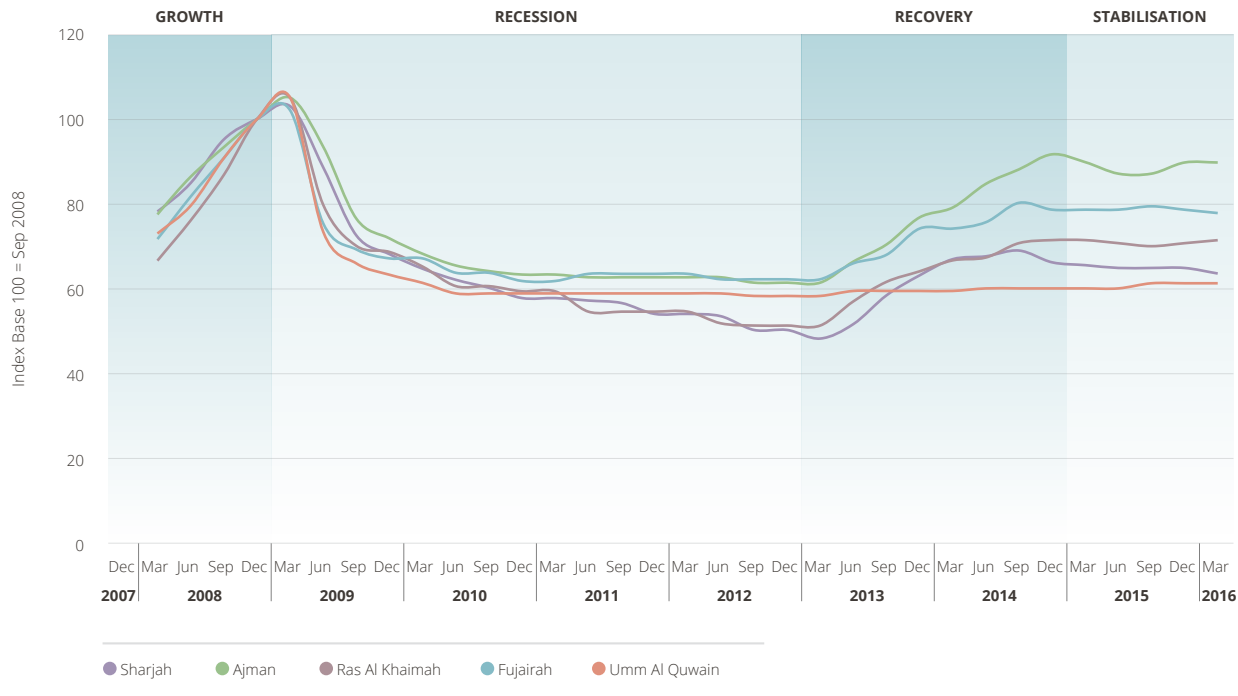


Note: Area classification by affordability is provided for indicative purposes only as many areas in Dubai offer various types of residential units, from affordable to high end. As such, the map colour coding takes into account the most prevalent type of product and exceptions of a lower and / or higher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

Northern Emirates Q1 2016 Highlights

- The first quarter of 2016 witnessed a marginal decline in apartment and villa rental rates throughout the Northern Emirates compared with Q4 2015. The commercial market, however, remained broadly stable as no change in rates was recorded.
- Overall, the Northern Emirates are becoming a strong contender in terms of competitiveness with Dubai as tourism, commercial and retail projects continue to be constructed and announced.

APARTMENT RENTAL MOVEMENT, SEP 2008 = BASE 100



-2% APARTMENT ANNUAL RENTAL GROWTH

Northern Emirates
Apartment rental rates were 2% lower than in Q1 2015.

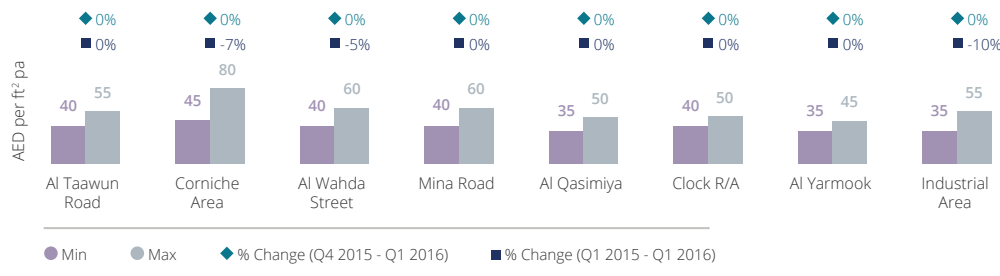
Northern Emirates Rental Rates

Q1 2016

Sharjah

- Whilst apartment rental rates in Sharjah saw no growth during the first quarter; they were lower compared with the same period last year, especially in areas such as Al Majaz, Al Qasimiya, and Al Khan, which recorded minor declines as several buildings were handed over.
- However, the Sharjah residential market was less affected than anticipated by the decline in rental rates in neighbouring Dubai. This was due to Sharjah's increased attractiveness, combined with overall low levels of new supply that have enabled the emirate to maintain relative stability.
- In addition, various initiatives have continued to drive demand in the Emirate. For instance, Sharjah Asset Management, the investment arm of Sharjah Government, announced the launch of a new industrial park, Al Saja's Industrial Oasis. The project, located on Emirates Road in close proximity to Sharjah International Airport and Al Hamriya Port, comprises 353 plots stretching over 14 million square feet of industrial land. This will be a new addition to Sharjah's industrial sector, which is likely to increase demand for more affordable residential property in the Emirates to accommodate employees.
- Besides, the first quarter of 2016 also witnessed the opening of several commercial and retail outlets along King Faisal Street and other areas in Sharjah. This resulted in an increase in rental rates for certain apartment blocks facing the main road.
- Further more, the Sharjah Tourism Authority continues to make efforts to increase leisure and entertainment facilities in the Emirate to attract more residents and visitors.
- Finally, a new community mall, Zero 6, a two-storey building with a built-up area of 37,000 sqm and a gross leasable area of 16,000 sqm in Juraina 2, near Sharjah University City campus, is expected to be completed by 2017. This will be an additional element likely to make Sharjah a more convenient place to live.

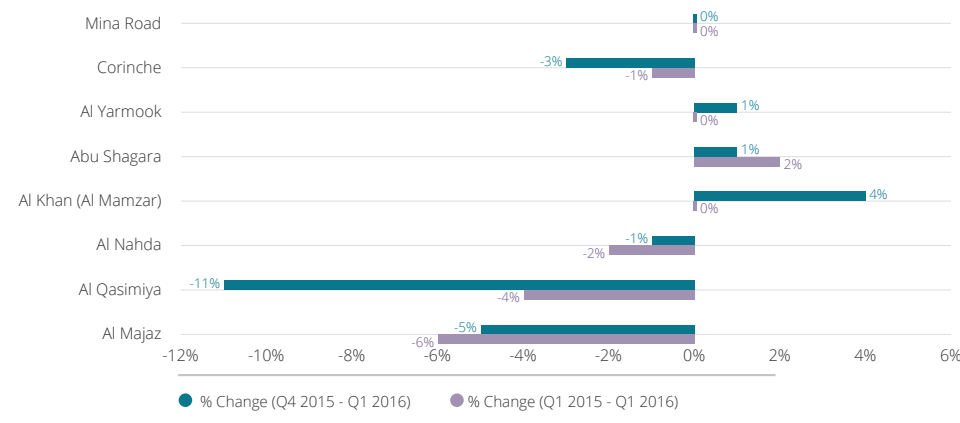
OFFICE RENTAL RATES



SHARJAH APARTMENT RENTAL RATES

Apartment Rental Rates (AED 000's pa)	Studio		1BR		2BR		3BR	
	Min	Max	Min	Max	Min	Max	Min	Max
Al Majaz	25	35	30	45	38	70	45	90
Al Qasimiya	22	30	24	38	30	45	40	65
Al Nahda	30	36	35	45	40	70	60	85
Al Khan (Al Mamzar)	27	32	35	42	45	80	55	105
Abu Shagara	24	30	27	40	35	48	45	62
Al Yarmook	15	22	24	28	23	32	40	55
Corniche	25	35	42	50	46	80	60	95
Mina Road	20	28	28	40	32	45	45	60

SHARJAH APARTMENT RENTAL RATES MOVEMENT BY AREA



Northern Emirates Rental Rates

Q1 2016

Ajman

- Apartment rental rates remained stable in Q1 2016. A good quality two-bedroom apartment could be leased for a minimum of AED 35,000 to a maximum of AED 45,000 per annum, whereas a three bedroom could be leased up to a maximum of AED 70,000 per annum. These low rental rates and relative proximity to Dubai are the main drivers for families and individuals on a budget to settle in Ajman.
- According to the Ajman Real Estate Regulatory Authority, approximately 4,000 units were sold in 2015, totalling AED 11 billion in transaction value across seven different freehold developments. This represents a noticeable increase of 27% compared with transactions taken place in 2014. Preference was for completed projects, with Asians and Europeans representing the largest proportion of buyers. In terms of GCC Nationals, Kuwaitis, Saudis, and Emiratis were predominant.
- The Al Zorah Development also announced two new communities in Q4 2015. The first was The Golf Estates, which on completion will comprise 800 villas, townhouses and apartment units on an 18-hole Nicklaus Design Golf Course. The second was Al Zorah Beach Residences comprising 134 chalet-style villas and apartments. Construction of both these developments is scheduled to start in 2016, with completion expected in 2019.

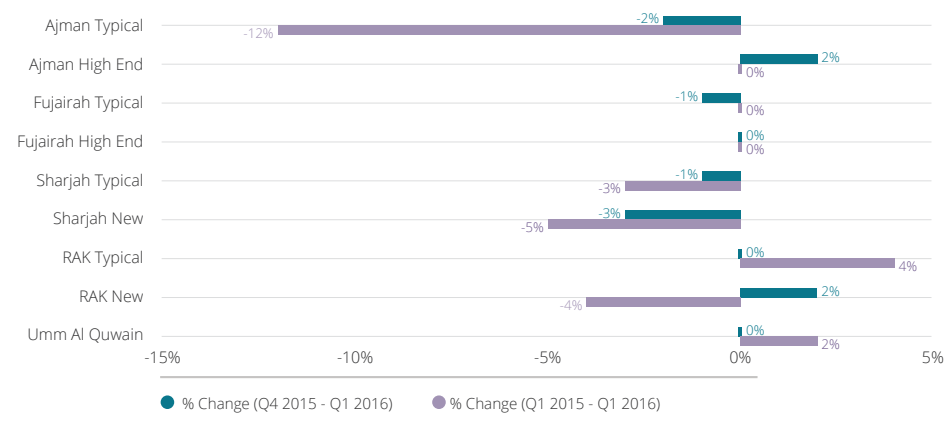
Fujairah, Ras Al Khaimah & Umm Al Quwain

- Over the last few years, a limited supply of studio and one bedroom apartments in Fujairah resulted in an increase in rental rates; this quarter, however, recorded a marginal decline of 1%, on average. This is due to the continued low oil prices that have affected the petrochemical sector, one of the main industry sectors in the emirate.
- It appears that there is a continued shortage of high quality units in Fujairah, as the best quality developments in the city are nearly fully occupied and prospective tenants remain on a waiting list.
- The Bateen Al Samar housing project in Ras Al Khaimah, which includes 1,000 residential units situated near Sheikh Khalifa Specialist Hospital, off exit 119 on Sheikh Mohammed Bin Zayed Road, will see the delivery of 233 affordable units in Q1 2018 as part of its first phase.

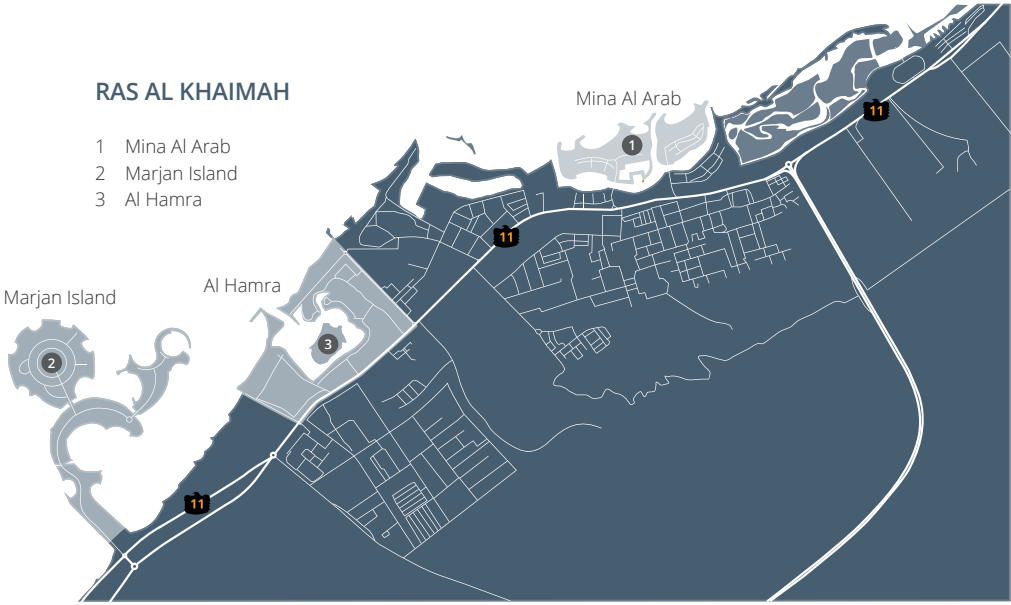
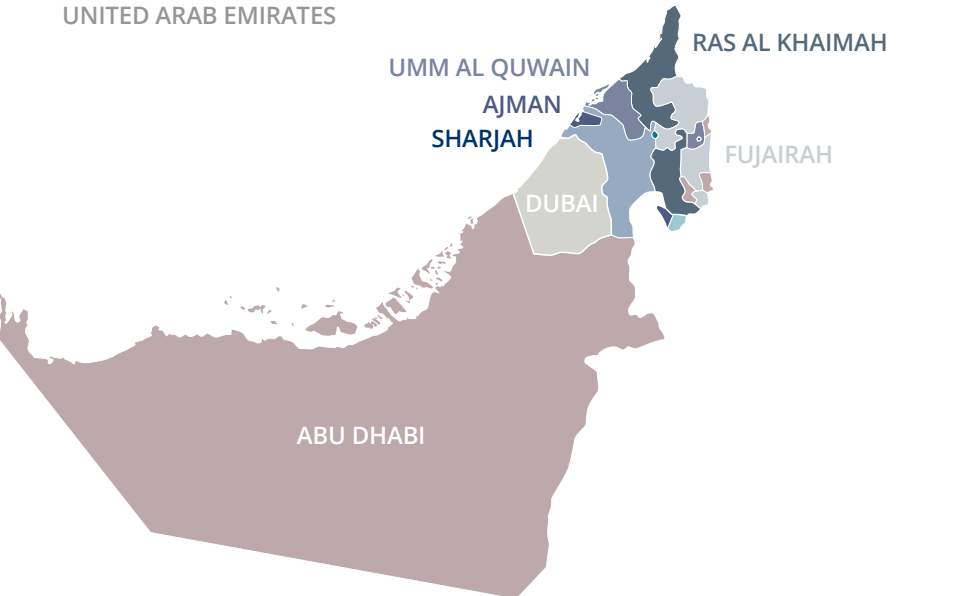
NORTHERN EMIRATES APARTMENT RENTAL RATES

Apartment Rental Rates (AED 000's pa)	Studio		1BR		2BR		3BR	
	Min	Max	Min	Max	Min	Max	Min	Max
Ajman Typical	18	24	25	33	29	32	40	50
Ajman New	20	29	28	40	35	45	42	70
Fujairah Typical	25	30	30	40	30	54	45	60
Fujairah High End	-	-	45	55	51	62	70	82
Sharjah Typical	18	28	25	40	23	48	38	65
Sharjah New	24	35	28	50	32	80	45	95
RAK Typical	20	30	30	45	30	50	40	60
RAK New	27	35	30	55	50	70	85	115
Umm Al Quwain	18	20	20	26	28	32	35	45

NORTHERN EMIRATES APARTMENT RENTAL RATES MOVEMENT BY AREA



Northern Emirates Area Map



Al Ain Q1 2016

Highlights

- Al Ain recorded minimal market activity with no change in apartment rental rates and a 5% to 8% decrease in villa rental rates.
- Demand for new residential units remained positive, however, high-priced residential villas were under pressure. Similar to the residential market, the office market was quiet as no significant deals were recorded in the first three months of the year.

AL AIN RENTAL MOVEMENT, SEP 2008 = BASE 100



+2% APARTMENT ANNUAL RENTAL GROWTH

Al Ain
New apartment rental rates increased by 2% since Q1 2015.

Al Ain Rental Rates

Q1 2016

Apartments



- Overall, Al Ain's apartment market was remarkably slow in Q1 2016 with apartment rental rates remaining stable overall despite mid to good quality units recording a 5% and 3% annual increase, respectively.
- The first three months of the year were characterised by a decrease in demand for larger units offering higher rental rates. Rates for good quality three bedroom units in prime locations and compounds remained between AED 65,000 and AED 90,000 annually; whereas lower quality three bedroom apartments ranged between AED 50,000 and AED 60,000.
- New residential buildings in the Al Ain Stadium area are expected to be handed over during Q2 2016 and will offer high quality residential apartments. The project will be a turning point in the type and quality of residential supply in Al Ain.

Villas



- Villa rental rates decreased by 4% to 5%, on average, in Q1 2016 as demand for large villa units offered at higher rental rates was limited. However, four bedroom villas remained the most in demand, with old and prime compounds achieving, on average, AED 105,000 and AED 125,000 per year, respectively. Shaab Al Ashkhar, Falaj Hazza, Al Towaya, and Asharej are the popular areas for residential villas in Al Ain.
- There is no major new supply of villas expected to be handed over soon and only a few private units are expected to be completed before the year end. Rental rates are expected to remain stable this year; however, we expect to see an decrease in demand for the more expensive villas.

Office and Retail



- The office market in Al Ain has followed the same trend as Abu Dhabi where rental rates have remained stable. Demand for new office space was low in Q1 2016, with several companies downsizing their business.
- The Town Centre area continued to be popular for offices, offering mid quality office space with rental rates ranging between AED 700 and AED 1,000 per sqm per annum; whereas, old office stock on Senaya Street ranged between AED 400 and 600 per sqm.
- Overall, retail rental rates remained stable in the last three months, and demand for high quality retail space in new malls achieved reasonable demand levels. The average rate in the more prominent malls was approximately AED 2,225 per sqm per annum, with Al Jimi Mall, Al Ain Mall and Al Bawadi Mall achieving the highest rental rates.



Al Ain Rental Rates

Q1 2016

Apartments



Apartment Rental Rates (AED 000's pa)	1BR		2BR		3BR		% Change	
	Min	Max	Min	Max	Min	Max	Q4 2015- Q1 2016	Q1 2015- Q1 2016
Mature Buildings	31	36	40	50	52	60	0	4
New Buildings	34	39	45	55	58	75	0	3
Prime Compounds	40	45	55	65	65	90	0	0

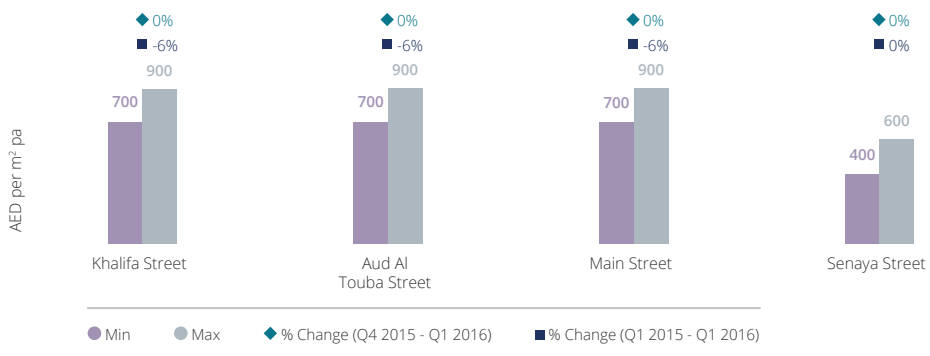
Villas



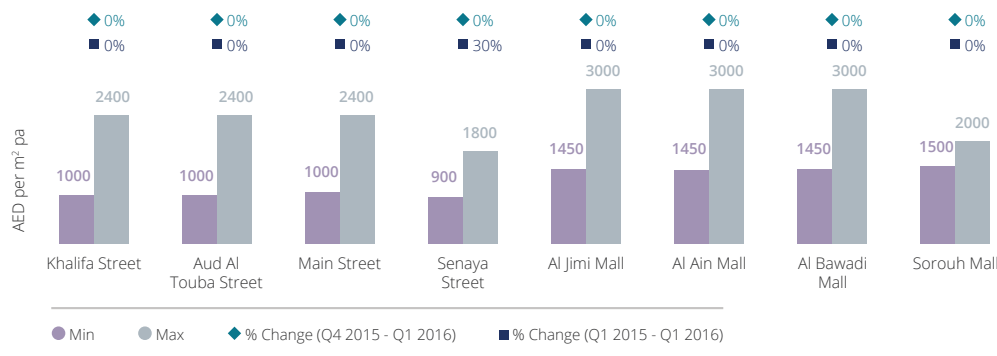
Villa Average Rental Rates (AED 000's pa)	3BR	4BR	5BR	% Change	
				Q4 2015- Q1 2016	Q1 2015- Q1 2016
Mature Units					
Town Centre	73	90	122	-2	-6
Others *	73	90	122	-2	-6
Zaker	73	80	105	-1	1
Al Towaya	80	93	115	0	-4
Al Jimi	73	90	122	-2	-6
New Units					
Town Centre	78	105	135	-5	-10
Others *	78	105	135	-5	-10
Zaker	78	98	128	-1	-1
Al Towaya	93	105	150	0	-4
Al Jimi	78	105	135	-5	-10
Prime Compounds	103	125	160	0	-5

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

OFFICE RENTAL RATES



RETAIL RENTAL RATES



Al Ain Area Map



Global Outlook Q1 2016



OXFORD
ECONOMICS

United Arab Emirates Highlights

- The UAE is one of the most diversified economies in the Gulf, but its outlook is still heavily linked to oil prices. Growth in the oil and gas sector (around one-third of GDP) is expected to be just 1% in 2016 and beyond.
- Non-oil growth is forecast to slow to 2.9% in 2016 from an estimated 3.5% last year and 5.5% pa in 2010-14. Over 2017-19, non-oil growth however is seen picking-up to 3.9% per year, slightly faster than in most of its neighbours.

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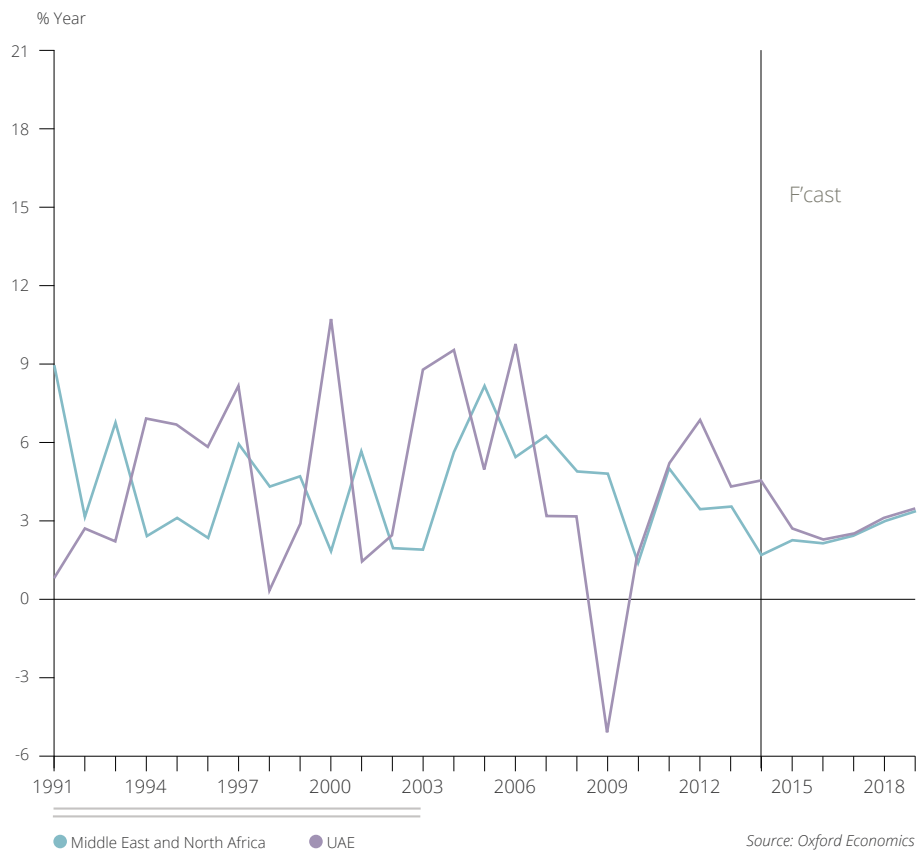
To find out more and request your free trial please contact Paul de Cintra on pdecintra@oxfordeconomics.com

Low crude oil prices continue to pressure the economic outlook. Oil output in the UAE remained elevated at close to 3mbpd in February and we expect production levels to be maintained with no change in OPEC policy in the near term. With oil prices forecast to average just \$36 pb in 2016 and \$38.5 pb in 2017 and little scope to increase output due to capacity constraints, we expect growth in oil sector GDP of just 1% in 2016 and 2017.

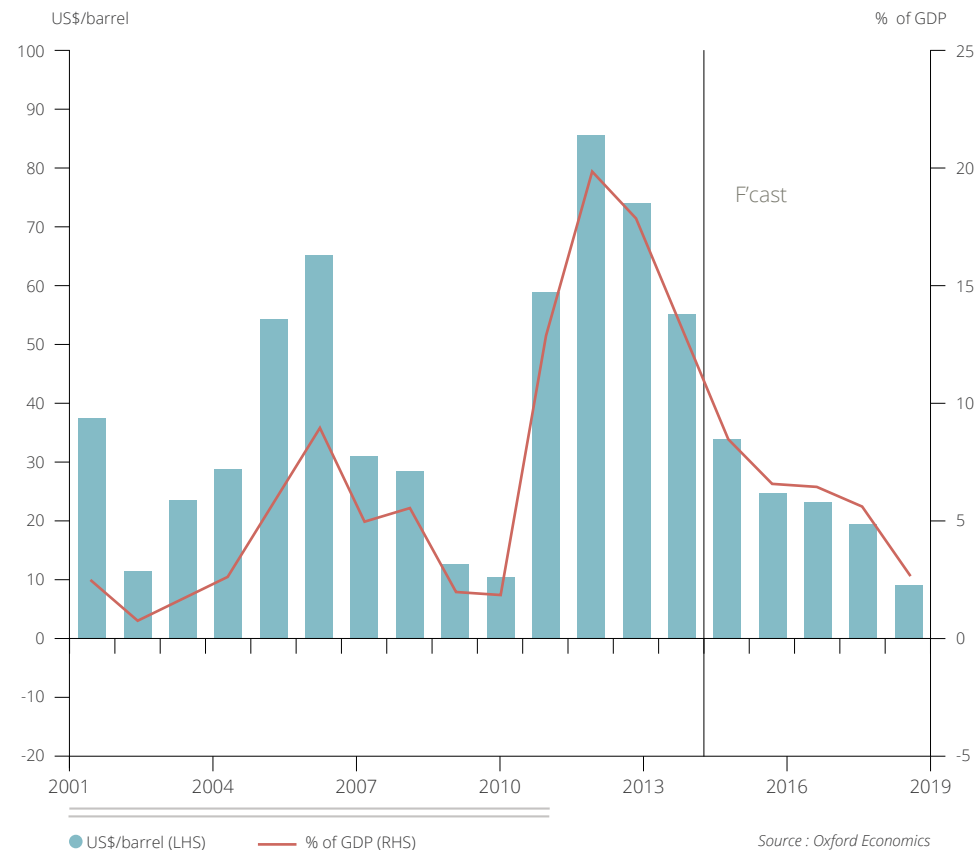
The PMI rose slightly to 54.5 in March with expansions in output, new orders and employment, but is still down considerably from peak-2014 levels. Low oil prices continue to weigh on consumer and business sentiment, while liquidity conditions have tightened and government spending has seen cuts. We see non-oil growth slowing to 2.9% this year, rising to 3.2% in 2017.

In the medium term, we expect the impact of low oil prices to be buffered by the UAE's economic diversification (by regional standards) and continued ability to attract capital to fund a steady stream of projects, including in the run-up to the Expo 2020. Dubai's strategic location and infrastructure have helped to develop its reputation as a trade hub and the launch of the new free trade zone (named "Dubai Wholesale City") in March could boost non-oil trade in coming years. But a sustained period of fiscal consolidation and only modest growth in oil output will lead to average GDP growth of just 3% in 2017-19, from 2.3% this year.

UAE: REAL GDP GROWTH



UAE: CURRENT ACCOUNT BALANCE





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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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Q1 2016 Report

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