

AUH Q3/'23

Abu Dhabi, UAE
Real Estate Research
Third Quarter 2023

IMAGE: LOUVRE ABU DHABI



Table of Contents

03

Overview

Real Estate Performance and Key Indicators
Macro Economic Snapshot
Consumer Price Index

06

Residential Market

VPI - Residential Capital Values
VPI - Residential Rental Values
Residential Supply and Sales
Residential Rents

11

Office Market

Office Supply and Performance

12

Retail Market

Retail Supply
Retail Performance

14

Hospitality Market

Hospitality Supply
Hospitality Performance

16

Industrial Market

Industrial Investment/Supply
Industrial Performance

18

About Us

ValuStrat in the Media
VPI Subscription

Real Estate Performance

SOURCE: VALUSTRAT



VPI

Residential Capital Values

75.5

BASE: Q1 2016 = 100

0.8%
Q-o-Q

Residential Rental Values

80.6

BASE: Q1 2016 = 100

1.2%
Q-o-Q

Key Indicators

SOURCE: REIDIN, QUANTA, DCTAD, VALUSTRAT

Transactions

Off-Plan Sales Ticket Size

2.1M

AED

3.0%
Q-o-Q

Off-Plan Sales Volume

2,179

TRANSACTIONS

8.3%
Q-o-Q

Ready Sales Ticket Size

1.2M

AED

-7.7%
Q-o-Q

Ready Sales Volume

722

TRANSACTIONS

13.2%
Q-o-Q

Residential

Residential Asking Rents

138,000

(AED P. A)

1.2%
Q-o-Q

Apartment Asking Rents

112,300

2 BEDROOMS (AED P. A)

-0.3%
Q-o-Q

Villa Asking Rents

225,500

4 BEDROOMS (AED P. A)

2.8%
Q-o-Q

Office

Office Sales Price

9,390

(AED / SQ M)

2.0%
Q-o-Q

Office Asking Rents

747

(AED / SQ M / P. A)

-5.1%
Q-o-Q

Office Sales Ticket Size

2.20M

(AED / SQ M / P. A)

-0.8%
Q-o-Q

Hotel

Hotel Occupancy

73%

(AED) YTD AUG 2023

2%
Y-o-Y

Hotel Average Room Rate

403

(AED) YTD AUG 2023

22%
Y-o-Y

RevPar

292

(AED) YTD AUG 2023

24%
Y-o-Y

↑ INCREASE ■ NO CHANGE ↓ DECLINE

Macro Economic Snapshot

- Recently announced that 2022 saw the UAE register an overall fiscal surplus, driven by a 31.8% YoY increase in revenues. Whilst expenditures, totaling AED 427 billion, saw a 6.1% rise
- The Real GDP of UAE is estimated to grow by 2.8% in 2023 according to projections by the World Bank
- The UAE economy to expand by 4.4% in 2024, according to forecasts by Oxford Economics
- UAE Cabinet approved AED 192 billion towards the 2024-2026 federal budget
- S&P Global Purchasing Managers' Index (PMI) registered 56.7 in September, rising from 55 in August to signal a strong and accelerated expansion in the non-oil private sector
- In its September 2023 meeting, the Federal Reserve maintained the target range for the federal funds rate at a 22-year high of 5.25%-5.5%, which was consistent with market expectations. However, they indicated the possibility of another rate hike later in the year. As a result, there was no change in the interest rate as per the UAE Central Bank

Abu Dhabi Population

2015
1,203,000

2016
1,271,000

2017
1,343,000

2018
1,420,000

2019
1,452,000

2020
1,483,000

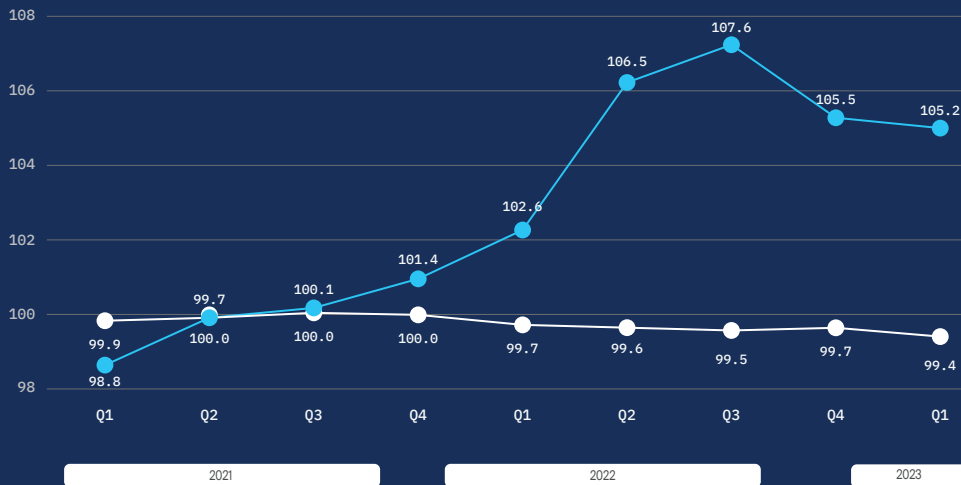
2021
1,512,000

2022
1,540,000

2023E
1,567,000

SOURCE: UNITED NATIONS - WORLD POPULATION PROSPECTS

Consumer Price Index Annual Change



■ GENERAL INDEX (2021=100)
 ■ HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS

SOURCE: STATISTICS CENTRE ABU DHABI

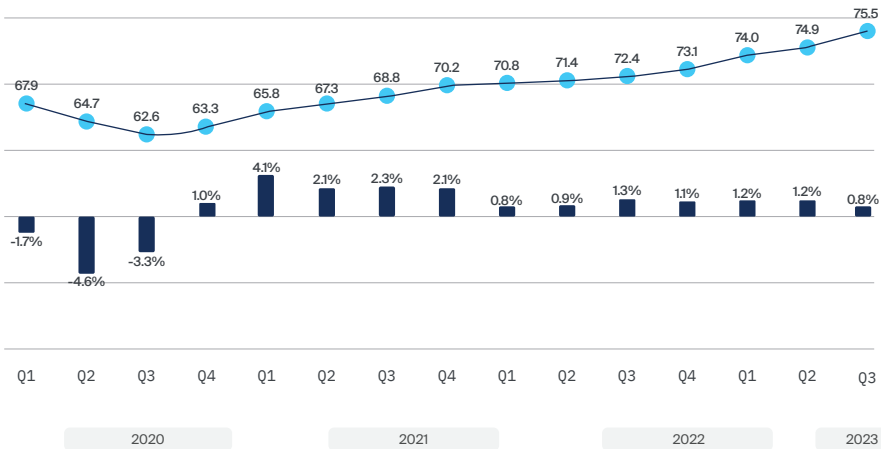
- The UAE aims to boost the tourism sector's contribution to the country's GDP to AED 450 billion by 2031, with an annual increase of AED 27 billion
- In 2022, the UAE took the forefront in the GCC region for FDI inflows, pulling in USD 22.73 billion, marking a noteworthy 10% YoY growth. Moreover, the UAE also led the GCC region in FDI outflows in 2022, deploying USD 24.83 billion in investments abroad, a 10% YoY increase
- Abu Dhabi's Murban crude oil price stood at USD 80.78 per barrel as of September
- The Abu Dhabi Consumer Price Index for Q1 2023 was 105.2 points, rising 2.6% annually and down 0.3% quarterly. Housing and utilities were at 99.4 points, dipping 0.2% YoY and 0.3% QoQ

ValuStrat Price Index

Residential Capital Values



5 Apartment Locations
5 Villa Locations
BASE: Jan 2016=100



VALUSTRAT PRICE INDEX

QOQ GROWTH (%)

SOURCE: VALUSTRAT

Abu Dhabi residential capital gains moderated in Q3, as the ValuStrat Price Index (VPI) grew 4.3% annually and 0.8% quarterly to reach 75.5 points, that's compared with 100 points as of the first quarter of 2016.

Apartment valuations remained the same as compared with the previous quarter, however, prices increased 3.3% annually, reaching 72 points. Whilst the villa market demonstrated stronger performance, up 1.3% QoQ and 5.3% YoY, achieving 79.2 points.

The weighted average residential value this quarter was AED 9,677 per sq m (AED 899 per sq ft), apartments stood at AED 10,473 per sq m (AED 973 per sq ft), with villas at AED 7,782 per sq m (AED 723 per sq ft).

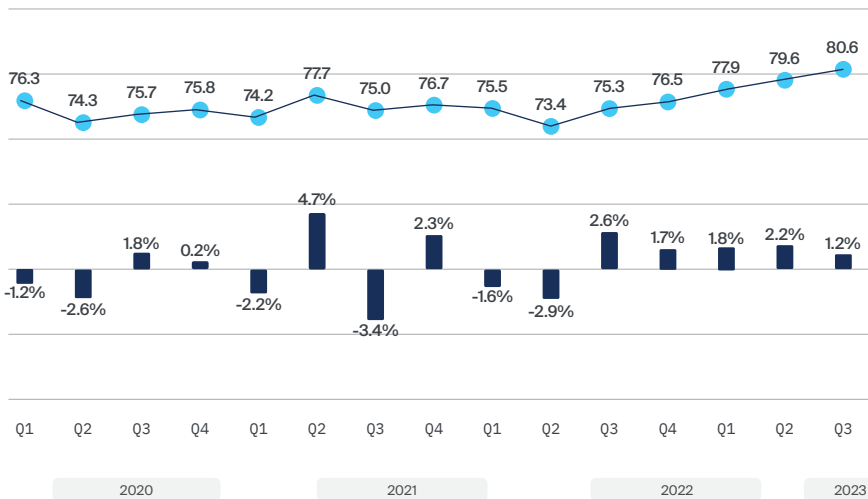
Saadiyat Island saw the highest annual capital gains this quarter, as villas rose 10.3% and apartments up 4.7%. Apartments in Al Reem Island, Al Muneera Island, and Al Bandar, witnessed annual capital increases of 3.8%, 4.5%, and 4.4% respectively. Villas in Al Reef, Al Raha, and MBZ City, grew by 2.3%, 5%, and 4.7% respectively.

ValuStrat Price Index

Residential Rental Values



5 Apartment Locations
5 Villa Locations
BASE: Jan 2016=100



VALUSTRAT PRICE INDEX

QOQ GROWTH (%)

SOURCE: VALUSTRAT

The VPI for annual rental values in Abu Dhabi expanded 7% annually and 1.2% quarterly to reach 80.6 points.

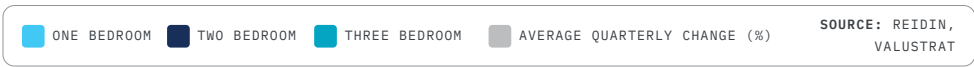
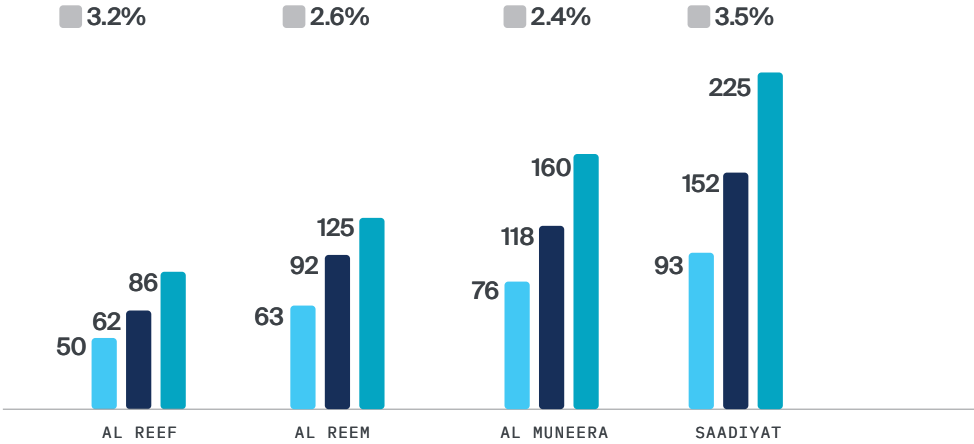
Villas are at 92 points as rents rose 9.6% annually and 2.8% quarterly, while apartments in Abu Dhabi registered 71.9 points, up 4.7% YoY, but saw no change when compared to the previous quarter.

Gross yields averaged 6.8%, with apartments at 7.2% and villas at 6%.

Residential Rents - Apartments



(‘000 AED per annum) and Quarterly Change (%)



Apartment Asking Rents

↑ **4.7%** LAST YEAR
 ↓ **-0.3%** LAST QUARTER

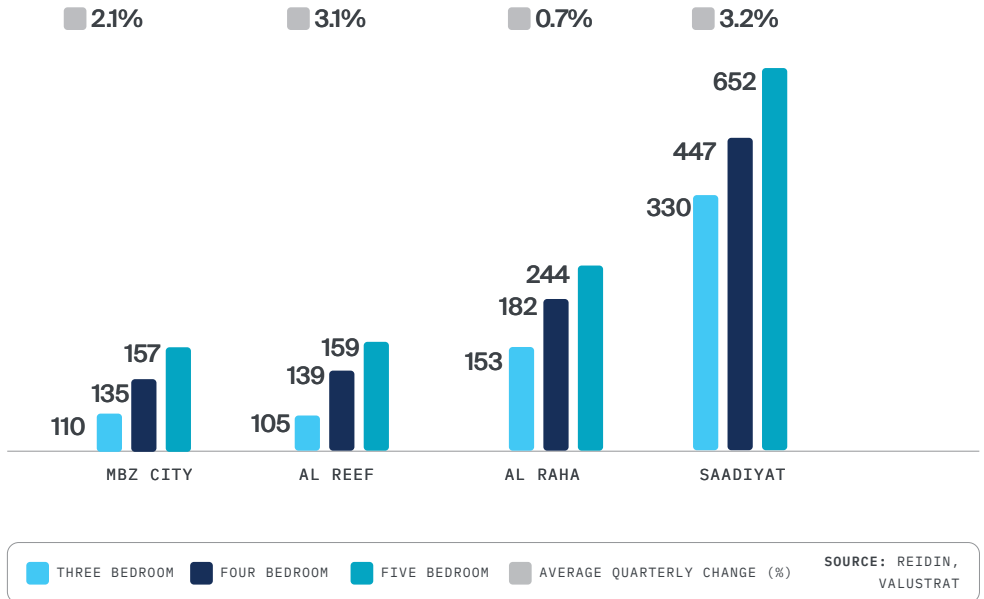
SOURCE: REIDIN, VALUSTRAT

- Citywide apartment asking rents in Abu Dhabi City increased by 4.7% annually, but with no significant change quarterly
- Amongst the apartment locations monitored, rents grew the highest in Saadiyat Island (3.5%), Al Reef (3.2%), and Al Reem (2.6%)
- Average annual apartment asking rents were as follows: studios at AED 51,300, 1-bed for AED 74,000, 2-bed at AED 112,300, and 3-beds for AED 163,000

Residential Rents - Villas



(‘000 AED per annum) and Quarterly Change (%)



Villa Asking Rents

↑ **9.6%** LAST YEAR
 ↑ **2.8%** LAST QUARTER

SOURCE: REIDIN, VALUSTRAT

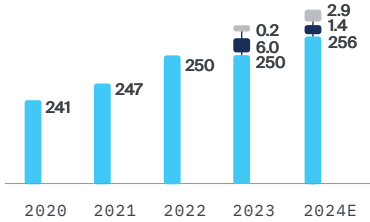
- Citywide villa asking rents increased by 2.8% QoQ and 9.6% YoY
- On a quarterly basis, villa rents grew the highest in Saadiyat Island (3.2%), Al Reef (3.1%), and MBZ City (2.1%)
- For villas, annual rents for 3-beds were AED 153,400, 4-beds AED 225,500 and 5-beds AED 302,800
- The average occupancy rate among a sample of more than 52,000 homes in Abu Dhabi City stood at 85.1%

Residential Supply and Sales



2020-2024

'000 Units



- EXISTING URBAN VILLAS/APARTMENTS
- NEW APARTMENTS*
- NEW VILLAS*

*MAY BE SUBJECT TO SIGNIFICANT DOWNWARD ADJUSTMENT

SOURCE: URBAN PLANNING COUNCIL, REIDIN, MEED PROJECTS, VALUSTRAT

Residential Sales

Off-Plan Median Price



Ready Median Price



↑ INCREASE ■ NO CHANGE ↓ DECLINE

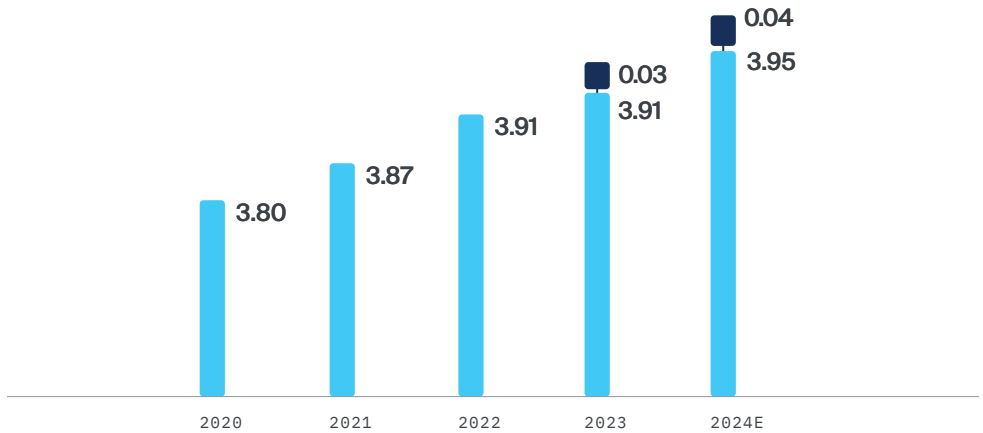
SOURCE: QUANTA, VALUSTRAT

- Abu Dhabi saw the completion of 2,793 apartments during the first nine months of 2023, representing 45% of the expected residential pipeline for the whole year
- Scheduled project completions for 2023 include 6,202 residential units
- Aldar unveiled phase 1 of Gardenia Bay located on Yas Island. The first phase of the master community consists of 210 units
- Aldar Properties and the Abu Dhabi Housing Authority launched the Balghaiylam project, with the goal of establishing integrated and sustainable residential neighbourhoods in Abu Dhabi. The project will comprise 1,743 residential units
- Q Properties unveiled the final phase of its luxury master development, Reem Hills
- The average citywide residential price per square foot during the quarter was up 1.5% QoQ and 1.2% higher than the same period last year
- Median price for ready homes stood at AED 10,089 per sq m (AED 937 per sq ft), increasing 1.7% YoY but 8.3% lower than the previous quarter
- For off-plan properties, the median price stood at AED 13,299 per sq m (AED 1,236 per sq ft) increasing by 6.2% from the previous quarter and 1% annually
- Abu Dhabi off-plan transaction volumes, which represented 75.1% of overall sales, rose 8.3% QoQ, and 99.2% YoY. Whilst ready property sales grew 13.2% QoQ, and 45.6% YoY
- The number of mortgages registered was 1,247 with a total value of AED 4.8 billion

Office Supply and Performance



Million SQ M GLA



EXISTING STOCK EXPECTED SUPPLY

SOURCE: MEED PROJECTS, VALUSTRAT

Office Median Price



Office Asking Rents



SOURCE: REIDIN, VALUSTRAT

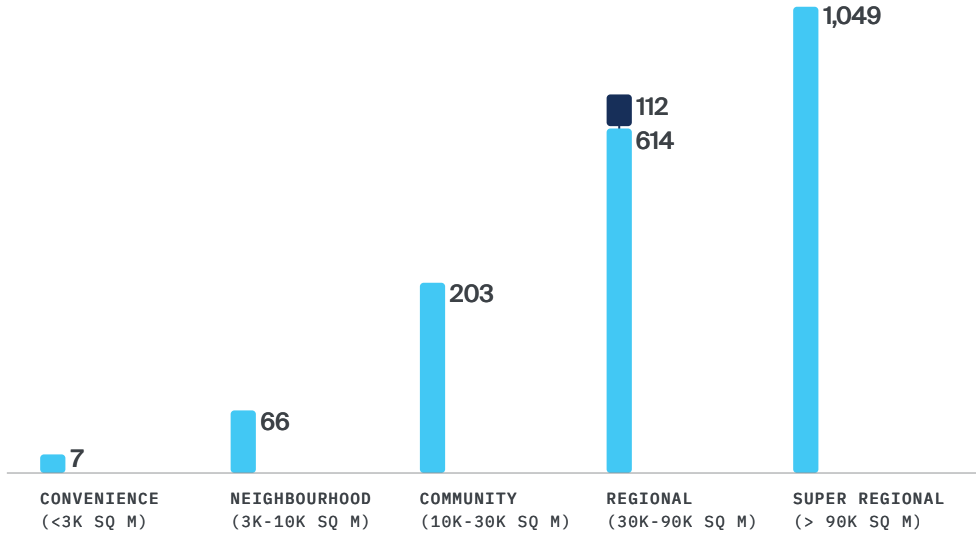
- Masdar is constructing the Masdar City Square project in Abu Dhabi, the project is estimated to add around 50,000 sq m of built up area
- Saas Properties is currently in the process of constructing an office tower, encompassing a total built-up area of 2,500 sq m, with the expected completion date set for the end of the year
- In the third quarter, the city's estimated office stock stood at 3.9 million sq m (42 million sq ft) GLA
- Aldar reported 99% office occupancy within its Grade A commercial properties located at the Abu Dhabi Global Markets
- Median office sales price during the quarter grew by 2% QoQ to reach AED 9,390 per sq m (AED 872 per sq ft)
- During Q3 2023, the median office ticket size was AED 2.2 million a decrease of 0.9% QoQ
- Office asking rents in the primary commercial districts within the city declined 5.1% quarterly and 4.2% annually
- Average occupancy among buildings within the city's central business districts stood at 90%

Retail Supply



Malls & Shopping Centres

('000 SQ M GLA)



RETAIL COMPLETED

RETAIL UNDER CONSTRUCTION

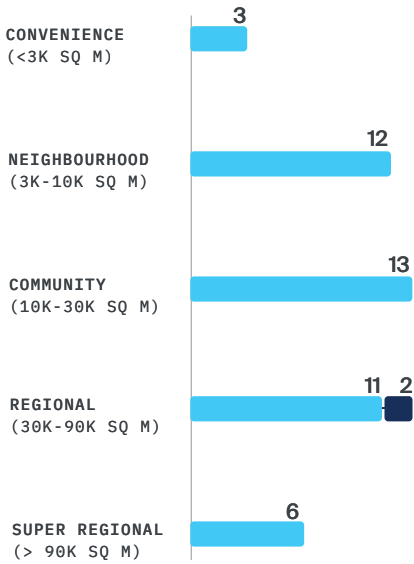
SOURCE: REIDIN, VALUSTRAT

- In the third quarter, the retail market's shopping centre stock stood at 1.94 million sq m (20.87 million sq ft) GLA
- Tivoli Dome Facility Management (TDM) has undertaken the development of the Tivoli Dome Food and Beverage Facility, spanning 10,000 sq m, located on Saadiyat Island

Retail Performance



Number of Malls and Shopping Centres



 RETAIL COMPLETED

 RETAIL UNDER CONSTRUCTION

SOURCE: REIDIN, VALUSTRAT

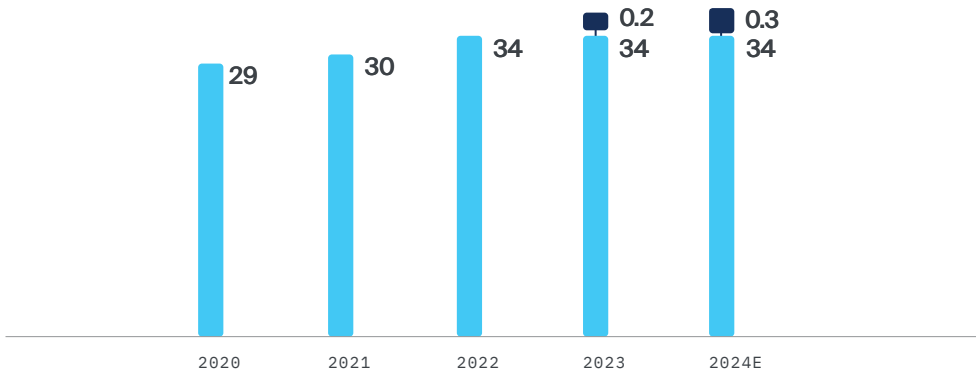
- During H1 2023, the occupancy rate for Aldar's retail assets stood at 92%, an increase of 2% compared to the same period last year. Whilst the occupancy rate in Yas Mall stood at 99%, representing an annual increase of 4%
- Aldar reported tenant sales and footfall in Yas Mall rose 30% and 36% YoY respectively during the first half of 2023

Hospitality Supply



Hotel Room Supply

2020-2024 | '000 Keys



 HOTEL AND SERVICED APT ROOMS

 NEW SUPPLY

SOURCE: DCTAD, MEED PROJECTS, VALUSTRAT

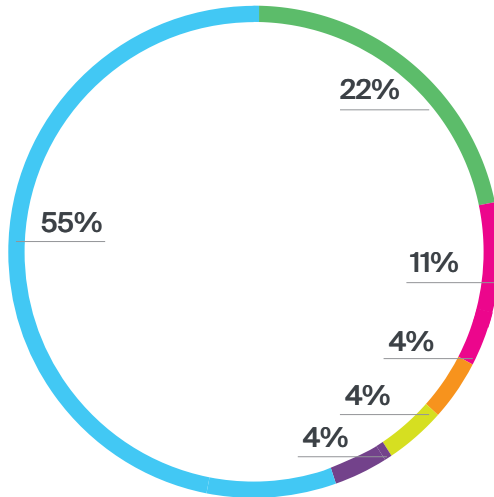
- There were no notable completions during the last 3 months, maintaining Abu Dhabi City's total stock at 34,000 hotel rooms and hotel apartments
- Modon is undertaking the construction of a 7-storey sports hotel at Al Hudayriyat Island, the anticipated completion date for the project is during the fourth quarter of 2026
- Minor Hotels announced the opening of its Anantara Santorini Abu Dhabi Retreat for Q4 2023. The project is located in Ghantoot and offers a total of 22 keys

Hospitality Performance



Abu Dhabi Emirate - Top Hotel Guests Nationalities

YTD AUG 2023



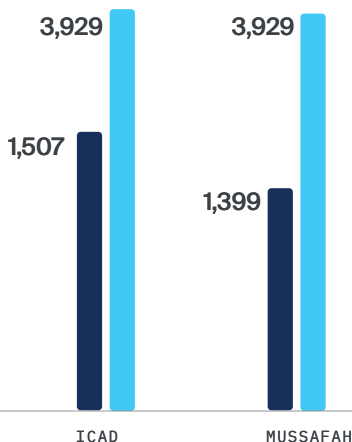
SOURCE: DCTAD

- The latest YTD Aug 2023 hotel performance report from the Department of Culture and Tourism Abu Dhabi (DCTAD) recorded an overall occupancy of 73% (excl. Al Ain and Western Region), up 2% annually. 2.92 million tourists were welcomed, growing 33% from 2022
- The Average Room Rate (ARR) stood at AED 403 and Revenue Per Available Room (RevPAR) reached AED 292, increasing 22% YoY and 24% YoY respectively. Total hotel revenue reached AED 3.5 billion, jumping 26% YoY
- Top visitor nationalities were from the UAE with a 22% share, India with 11%, the UK, Egypt and Philippines contributing 4% each
- Abu Dhabi airports received over 10 million passengers during the first half of 2023 an increase of 67% compared to the same period last year

Industrial Investment / Supply



Industrial Prices (AED / SQ M)



PRICE HIGH

PRICE LOW

SOURCE: VALUSTRAT

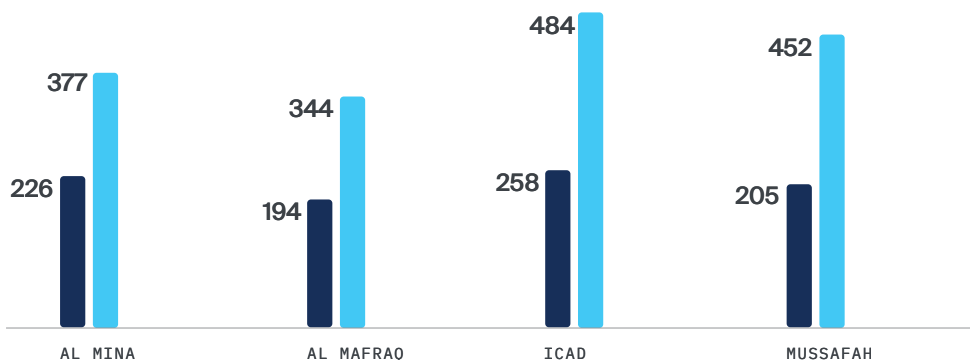
- In the year to June 2023, the number of industrial licenses registered in Abu Dhabi grew by 16.6% compared to the same period 2021/2022
- Emirates Steel Arkan and AD Ports to set up Abu Dhabi low-carbon iron supply chain complex, the project value for which is estimated at USD 300 million
- KEZAD Group signed a lease agreement with Global Fluorine Chemical to build phase two of its factory. The AED 1 billion expansion of the factory in KEZAD Mussafah will be built on a 120,000 sq m (1.28 million sq ft) plot of land next to its existing 100,000 sq m (1.08 million sq ft) centre
- The Abu Dhabi Department of Economic Development (ADDED) has partnered with Valeo to advance the automotive sector and build electric and self-driving car components in the emirate

Industrial Performance



Industrial Rental Rates

(AED / SQ M / P.A.)



PRICE HIGH PRICE LOW

SOURCE: VALUSTRAT

- Warehouse prices in the third quarter of 2023 have not seen significant changes when compared to the previous quarter at the lower end of price range
- Prices generally ranged between AED 1,399 - AED 3,929 per sq m (AED 130 - AED 365 per sq ft) in established industrial areas with high specification/quality builds, and modern cold storage facilities priced at the upper end and older properties at the lower end
- Industrial rental rates observed no notable changes on a quarterly basis. With exception to ICAD which saw significant change in asking rents since Q2 increasing by up to 14.3% at the lower end and 2.3% at the higher end, Mussafah, Al Mafraq and Al Mina did not see significant change in asking rents
- Quoted industrial rental rates generally ranged between AED 194 - AED 484 per sq m per annum (AED 18 - AED 44 per sq ft per annum) depending on factors such as industrial-grade specifications, quality, age, condition, and size of the facility. Slightly higher rates were observed for facilities with cold storage

ValuStrat in the Media

GULF NEWS 

1 SEP 2023

Strong growth expected in off-plan homes in Abu Dhabi

According to Haider Tuaima, Director and Head of Real Estate Research at ValuStrat, it is observed that Abu Dhabi's real estate market is favouring apartments over villas in the second half of the year, with a strong demand for off-plan homes. Capital values are expected to continue increasing steadily throughout the year, and there is a growing preference for affordable communities, with apartments driving this growth trend. Rental rates are also projected to continue their growth, despite being lower than 2016 levels, and the market seems stable with the upcoming supply of 6,122 homes by the end of 2023 not expected to negatively impact it.

The National 

03 AUG 2023

Abu Dhabi residential market records strong capital gains in the second quarter

Abu Dhabi's residential property market experienced robust annual capital gains in Q2 2023 due to increasing demand, as reported by ValuStrat. The ValuStrat Price Index for Abu Dhabi's residential market showed a 4.9% yearly growth, with villa prices rising by 5.6% and apartment prices by 4.2% in the three months ending June. Saadiyat Island witnessed the highest annual capital gains, with villa prices surging by 9.2% and apartments by 5.7% during April to June.

The National 

27 JUL 2023

UAE's commercial property market records highest demand in nine years

In the UAE's commercial property sector, occupier demand surged in the second quarter of 2023, marking the highest level since 2014. Office space in Dubai saw a remarkable annual increase of 26.2%, while the ValuStrat Price Index for office space rose by 7.9% quarterly. Abu Dhabi's office market also experienced increased transactional activity and a 31% rise in average rents within free zone.

ZAWYA 

15 MAY 2023

ValuStrat issue Q1 2023 Dubai and Abu Dhabi real estate market reports

Dubai and Abu Dhabi's property markets have shown strong recovery, according to the Q1 2023 market analysis by ValuStrat. The ValuStrat Price Index (VPI) for Dubai's residential market increased by 11.4% YoY, with villas experiencing a remarkable 171% annual capital gain, while apartments rose by 6.6% YoY. Asking rents for new residential contracts in Dubai surged by 33%, with villas leading the increase at 51.5%. Abu Dhabi also witnessed growth in residential capital values and the rental market, along with solid performance in the commercial and hospitality sectors.



Premium Subscription

ValuStrat offers premium subscription reports for clients granting them access to in-depth, statistical analysis of what is happening in residential real estate; allowing for more informed decision making and forward planning. The full in-depth Abu Dhabi report includes citywide analysis of freehold districts, including the ValuStrat Price Index, service charges, Price to Rent Ratios and Net Yields.

About VPI

The ValuStrat Price Index for Abu Dhabi's residential capital values is a valuation-based index constructed to represent the quarterly price change experienced by typical residential units within Abu Dhabi City. The ValuStrat Price Index for Abu Dhabi's residential rental values is constructed to represent the quarterly rental change experienced by typical residential units within Abu Dhabi City. The VPI applies weighted averages using data samples representing more than 90% of all property types across the city's investment zones and is built by our expert RICS Registered Valuers.

Research Methodology

Every effort has been made to ensure the accuracy of this document. New supply data covers 24 defined areas in Abu Dhabi City including non-freehold investment areas. Only completed and under construction projects are included. The new supply data does not include announced projects and projects in design phase. The new supply database does not take into account most private building projects. Both the price and rental data are calculated and derived from carefully chosen listings that have been properly cleansed to exclude duplicates and outliers within predetermined areas and districts for office and residential properties.

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SINCE 1977

Strategy determines outcome. No matter what industry you're in, we're here to help you win.



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