

Abu Dhabi Real Estate Market

_____ 2021 Quartely Review

4th Quarter

REAL ESTATE PERFORMANCE

VPI Residential Capital Values

70.2

Base: Q1 2016=100


2.1%
 Q-o-Q

VPI Residential Rental Values

76.7

Base: Q1 2016=100


2.3%
 Q-o-Q

Source: ValuStrat

KEY INDICATORS

Source: ValuStrat, REIDIN, STR

Apartment Asking Sales Price

12,908

AED/sq m


2.6%
 Q-o-Q

Villa Asking Sales Price

10,844

AED/sq m


0.2%
 Q-o-Q

Apartment Asking Rents

116,013

2 Bedrooms (AED p.a.)


2.1%
 Q-o-Q

Villa Asking Rents

210,175

4 Bedrooms (AED p.a.)


2.6%
 Q-o-Q

Hotel Average Daily Rate

496.5

(AED) Nov 2021



Hotel Occupancy

77%

Nov 2021



Office Asking Sales Price

11,074

AED/sq m


2.7%
 Q-o-Q

Office Asking Rents

800

AED/sq m p.a.


-6.2%
 Q-o-Q


Increase



Stable



Decline

RESIDENTIAL

Abu Dhabi homes saw the highest annual price increases in 5 years. According to the valuation-based house price index VPI, capital values rose 11% annually and 2.1% quarterly to 70.2 points, fully recovering from pandemic fallouts, and performing better than 2019 by 1.7%. However, prices are still 29.8% below 2016 levels.

All properties monitored by the VPI saw annual growth in capital values ranging from 7% to 13.5%.

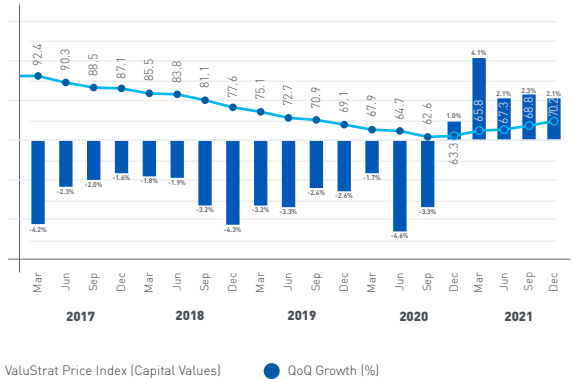
The weighted average residential value this quarter was AED 9,171 per sq m (AED 852 per sq ft), apartments stood at AED 10,000 per sq m (AED 929 per sq ft), and villas at AED 7,201 per sq m (AED 669 per sq ft).

Locations with highest annual gains were villas in Al Reef (13.5%), Saadiyat Island (13.5%), and Al Raha (12.9%). Al Reem Island had the best performing apartments (10.4%) followed by Al Muneera Island (9.8%), and Al Bandar (8.4%).

Citywide annual rents in Abu Dhabi increased 3.1% annually and 2.3% since the previous quarter. Villa rents increased 2% YoY, 2.6% QoQ, that's compared with apartments at 4.1% YoY, 2.1% QoQ. Abu Dhabi's gross yields averaged 7.1%, for apartments at 7.4% and villas with 6.3%

VPI - ABU DHABI RESIDENTIAL CAPITAL VALUES

5 Villa and 5 Apartment Locations
[Base: Q1 2016=100]



Source: ValuStrat

VPI - ABU DHABI RENTAL VALUES

5 Villa and 5 Apartment Locations
[Base: Q1 2016=100]

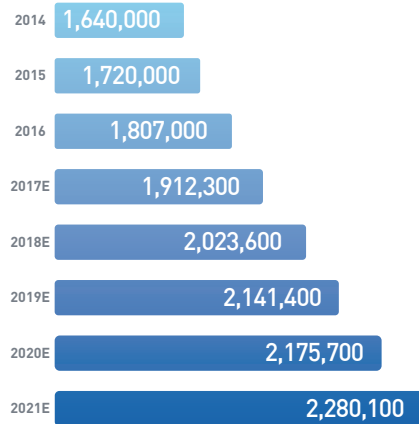


Source: ValuStrat

MACRO-ECONOMIC SNAPSHOT

- Fitch Ratings announced affirmation of Abu Dhabi's Long-Term Foreign-Currency Issuer Default Rating (IDR) at AA rating with stable outlook
- Abu Dhabi launched an IPO fund valued at AED 5 billion to boost SMEs and re-enforce local stock market
- The World Bank estimated the UAE's GDP to accelerate 4.6% in 2022, on foot of effective vaccination plan and a reduction in OPEC+ oil production cuts
- JP Morgan expects Brent oil price to reach USD 90 per barrel and could likely peak at USD 125 per barrel in 2022
- Federal government announced 2022 budget with AED 58.931 billion expenditures
- Primary allocation of 41.2% will go to development and social benefits, 16.3% for education, 6% for social works, health will receive 8.4%, pensions at 8.2%, 3.8% allocated to infrastructure and financial resources and 2.6% intended for other services

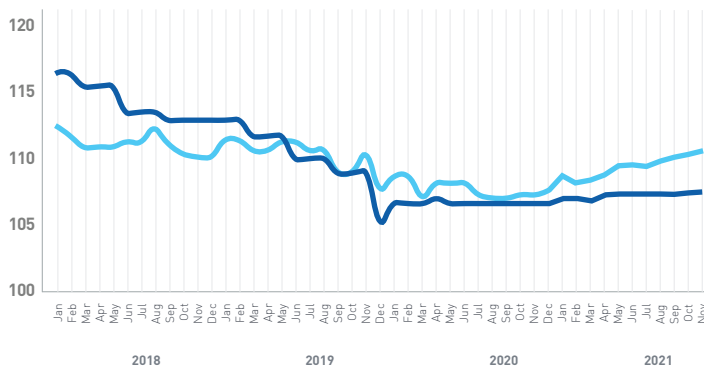
ABU DHABI CITY POPULATION



Source: Statistics Centre Abu Dhabi, ValuStrat

CONSUMER PRICE INDEX VS. HOUSING INDEX

January 2018 – YTD



- General Index (2014=100)
- Housing, Water, Electricity, Gas and Other Fuels

Source: Statistics Centre Abu Dhabi

- The UAE Central bank announced enhanced framework to supervise banks' exposure to the real estate sector which tackles sound underwriting, valuation and general risk management
- As of November, the Consumer Price Index (CPI) rose 3.6% annually and was relatively stable when compared to the previous month
- Housing and Utilities Expenses component of CPI remained steady both annually and monthly

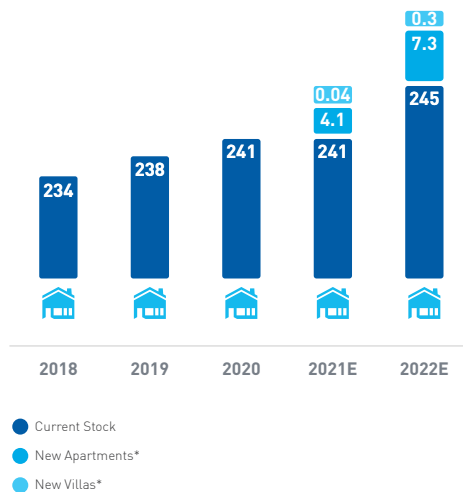


RESIDENTIAL SUPPLY

- For 2021, there were a total of 4,182 apartments and villa units which finished construction in eighteen projects. This constituted 34.3% of total forecasted new build units for the year
- The new build units were constructed in Al Raha Beach and Yas Island with 30%, and Al Reem Island having 24% of overall units
- Notable completions during the fourth quarter included Al Ghadeer phase 2 (611 units), Al Raha Lofts (278 units) and Marina Rise Tower (234 units) with no villa completions
- During Q4, the last phase of Yas Acres project Dahlias was launched with 120 units

ABU DHABI RESIDENTIAL SUPPLY

2018-2022
('000 UNITS)



* May be subject to significant downward adjustment
Source: Urban Planning Council, REIDIN, MEED Projects, ValuStrat



RESIDENTIAL SALES

- The average citywide residential asking price per square foot during the quarter continued its growth trajectory and was up 1.9% QoQ and 8.6% YoY
- The average asking price for ready apartments stood at AED 12,908 per sq m (AED 1,199 per sq ft), up 2.6% QoQ and grew 6.9% YoY
- For ready villas, the average asking price reached a record high and stood at AED 10,844 per sq m (AED 1,007 per sq ft), up 12.4% YoY
- The Department of Municipalities and Transport reported a total of AED 39.7 billion worth of real estate transactions during the first nine months of 2021

APARTMENT ASKING PRICES



6.9%
Last Year



2.6%
Last Quarter

VILLA ASKING PRICES



12.4%
Last Year



0.2%
Last Quarter

*Ready Properties Only
Source: REIDIN, ValuStrat



RESIDENTIAL RENTS

- Overall average residential asking rents witnessed a 3.1% YoY growth, its second highest increase recorded
- On a quarterly basis, citywide average asking rents rose 2.3%
- Apartment asking rents in Abu Dhabi City improved 4.1% YoY and grew 2.1% QoQ
- Citywide villa asking rents increased 2% YoY and up 2.6% QoQ
- Most areas monitored saw quarterly increases with exception of villas in Mohammed bin Zayed City and Hydra Village as well as apartments in Al Bandar and Al Reef
- Average annual apartment asking rents were as follows, studios (AED 51,000), 1-bed (AED 80,000), 2-beds (AED 116,000), and 3-beds (AED 160,000)
- For villas, annual rents for 2-beds (AED 112,000), 3-beds (AED 134,000) and 4-beds (AED 210,000)
- The average occupancy rate among a sample of more than 45,000 homes in Abu Dhabi city, stood at 81.9%

APARTMENT ASKING RENTS



4.1%
Last Year



2.1%
Last Quarter

VILLA ASKING RENTS



2.0%
Last Year



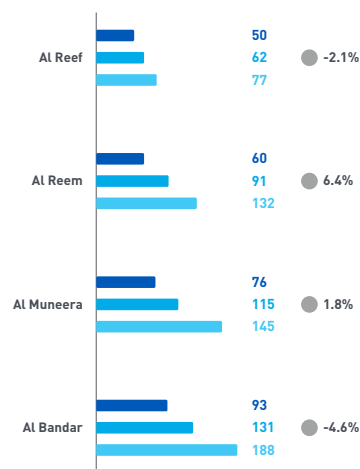
2.6%
Last Quarter

Source: REIDIN, ValuStrat

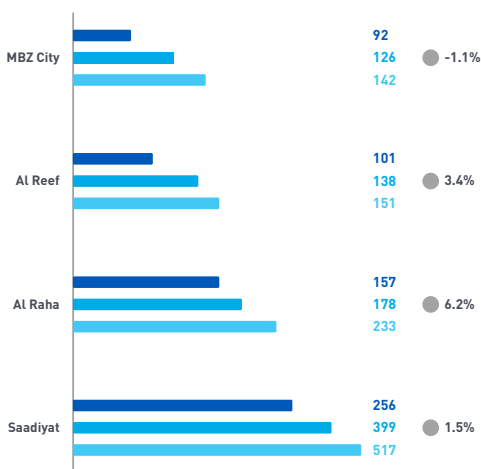
AVERAGE ASKING RENTS

('000 AED PER ANNUM) AND QUARTERLY CHANGE (%)

Apartments



Villas



● One Bedroom ● Two Bedroom ● Three Bedroom ● Quarterly Change (%)

● Three Bedroom ● Four Bedroom ● Five Bedroom ● Quarterly Change (%)

Source: REIDIN, ValuStrat

Source: REIDIN, ValuStrat



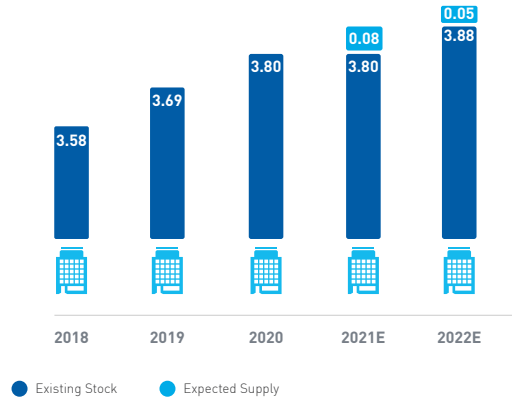
OFFICE SUPPLY

- Abu Dhabi National Oil Company's (ADNOC) new headquarter complex phase 3 along Corniche Road and Bainunah Street finished construction during September with an estimated 133,000 sq m (1.4 million sq ft) GLA
- As per available data, two additional office buildings in Al Raha Beach development finished construction adding an estimated 36,096 sq m (388,528 sq ft) GLA of workspace
- As per office distribution included in Plan Abu Dhabi 2030, the emirate is projected to have a total of 7.52 million sq m (80.9 million sq ft) of space dedicated for office use
- CBD Financial Centre is expected to grow to 1.6 million sq m (17.2 million sq ft) and Capital Core district at 1.9 million sq m (20.45 million sq ft)

OFFICE SUPPLY

2018-2022

(Million sq m GLA)



Source: REIDIN, MEED Projects, ValuStrat



OFFICE RENTS

- Office asking rents in primary commercial districts withdrew 6.2% QoQ and fell 8.5% YoY
- The average citywide asking rent for offices sized between 93 sq m (1,000 sq ft) to 186 sq m (2,000 sq ft) stood at AED 800 per sq m (AED 74 per sq ft)
- Abu Dhabi main island retained its commanding lease rates which averaged at AED 873 per sq m (AED 81 per sq ft) while average office rents in Al Reem Island followed at AED 792 per sq m (AED 74 per sq ft)
- The average occupancy among buildings within the city's central business districts stood at 84.4%. However, effective building occupation may be much lower due to flexible work arrangements

OFFICE ASKING RENTS



Source: REIDIN, ValuStrat

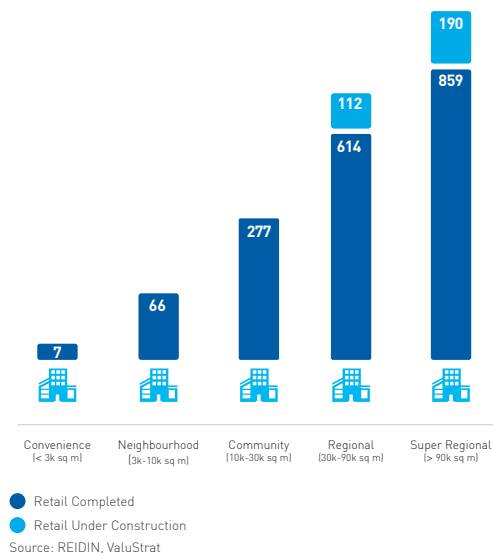


RETAIL SUPPLY

- Sheikh Fatima Park Abu Dhabi spread across an area of 46,000 sq m (495,139 sq ft) opened with 10 food outlets and 2 concept shops
- Yas Bay Waterfront opened with 37 food & beverage outlets and 19 retail shops
- As per Plan Abu Dhabi 2030, the emirate is projected to have a total of 4.09 million sq m (44.02 million sq ft) GLS
- Majority of these new additions will be in CBD and financial centre with 480,000 sq m (5.17 million sq ft), Al Reem island at 400,000 sq m (4.31 million sq ft) and airport corridor and rest of Abu Dhabi island with 400,000 sq m (4.31 million sq ft)
- The CBD area of Abu Dhabi is planned to have four regional malls, eight district shopping centres and twelve neighbourhood centres by 2030

MALLS AND SHOPPING CENTRES

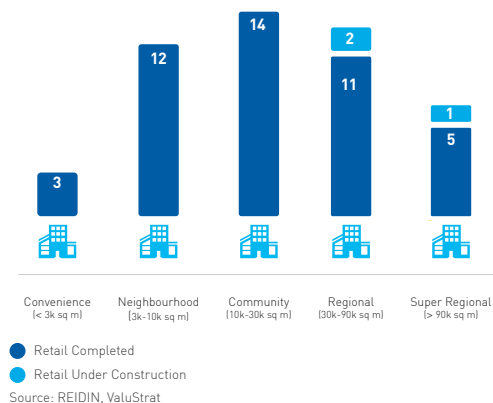
('000 sq m GLA)



RETAIL PERFORMANCE

- According to Aldar's latest investor presentation, its mall portfolio achieved a healthy 88% occupancy, up 3.5% YoY
- It noted strong leasing activity in its flagship assets Yas Mall, reporting it had been able to secure tenants for all of its anchor units
- As per 2021 Global Retail Development Index by Kearney, the UAE ranked first in MENA region with the highest household spending on e-commerce at USD 2,554 (AED 9,379.82) average spending per household
- Department of Culture and Tourism Abu Dhabi (DCTAD) recorded an annual increase of 56% in VISA card spending during the latest season of its shopping festival

NUMBER OF MALLS AND SHOPPING CENTRES





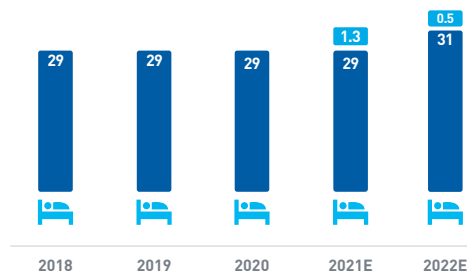
HOTEL SUPPLY

- The world's first Warner Bros Hotel was opened in Yas island adding 257 rooms to the city's hotel stock
- As per Plan Abu Dhabi 2030 of Abu Dhabi Urban Planning Council, the emirate is projected to have a total of 74,500 hotel rooms
- The majority of these will be in Al Reem with 10,000 keys, Saadiyat Island 10,000, Abu Dhabi City Centre with 9,000, and Yas Island at 8,000 rooms

HOTEL ROOM SUPPLY

2018 -2022

('000 KEYS)



● Hotel & Hotel Apt Rooms

● New Supply

Source: DCTAD, MEED Projects, ValuStrat

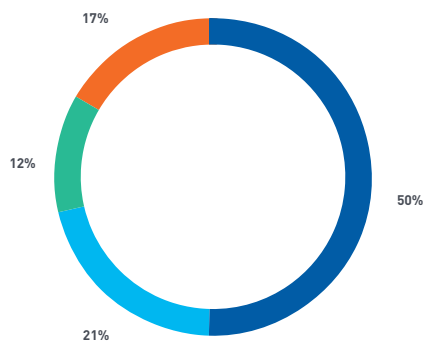


HOTEL PERFORMANCE

- According to preliminary November 2021 data from STR, the average occupancy stood at 77%
- The Average Daily Rate (ADR) was at AED 496.5 and Revenue per Available Room (RevPAR) reached up to AED 382.65
- DCTAD and National Basketball Association (NBA) signed an agreement to host pre-season NBA games in October 2022, likely to draw both global and regional fans and boost visitor numbers
- Recently opened attractions such as The National Aquarium Al Qana, Yas Bay Waterfront and National Geographic Park are expected to positively drive overall tourism performance indicators

ABU DHABI - HOTEL STAR RATING

Q4 2021



● 5 Star

● 1-3 Star

● 4 Star

● Hotel Apt

Source: DCTAD, ValuStrat

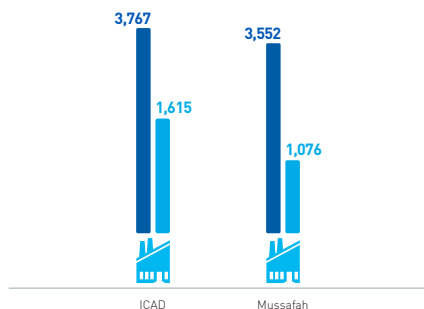


INDUSTRIAL INVESTMENT / SUPPLY

- Amazon and Abu Dhabi Investment Office (ADIO) revealed intentions to set up Middle East's most advanced fulfilment centre on a 175,000 sq m (1.9 million sq ft) site in Abu Dhabi
- Khalifa Industrial Zone Abu Dhabi (KIZAD) inaugurated a 19,000 sq m (204,514 sq ft) cold-storage facility with further plans to build a 150,000 sq m (1.61 million sq ft) tyre storage and distribution facility
- As per Plan Abu Dhabi 2030 of Abu Dhabi Urban Planning Council, the capital city is set to have an estimated 15,000,000 sq m (161.5 million sq ft) of industrial space
- Most of which will be in Mussafah with 6.1 million sq m (65.7 million sq ft), Mussafah South with 4.5 million sq m (48.4 million sq ft) and Airport District with 2.9 million sq m (31.2 million sq ft)

INDUSTRIAL PRICES

(AED/sq m)



● Price High ● Price Low

Source: ValuStrat



INDUSTRIAL PERFORMANCE

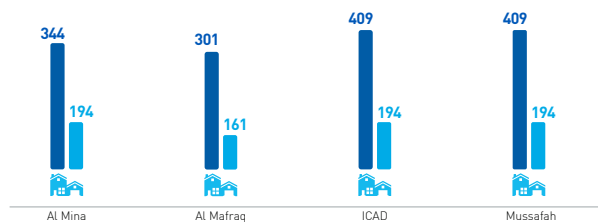
- Industrial property prices remained relatively stable on a quarterly basis, with some new built facilities with modern specifications commanding higher pricing. ICAD witnessed a 2.9% quarterly price increase at the high end of its price range
- Prices generally ranged between AED 1,076 per sq m to AED 3,767 per sq m (AED 100 per sq ft to AED 350 per sq ft) in established industrial areas with high specification/quality built, and modern cold storage facilities priced at the upper end and older properties at the lower end
- Quarterly rental rates remained relatively stable with slightly higher asking rentals observed for newly built modern specification facilities in Mussafah industrial areas. Asking rents at the high end in ICAD declined 4.9% on a quarterly basis
- Asking rents quoted generally ranged between AED 161 to AED 409 per sq m per annum (AED 15 to AED 38 per sq ft per annum) depending on factors such as industrial-grade specifications, quality, age, condition, and size of the industrial unit with slightly higher rates for facilities having provisions for cold stores

INDUSTRIAL RENTAL RATES

(AED/sq m)

● Rent High
● Rent Low

Source: ValuStrat





28th December 2021

ValuStrat: An expected improvement in the real estate sector in Abu Dhabi during 2022

ValuStrat expects the continued improvement in the prices of villas and freehold apartments in Abu Dhabi, adding, "The real estate market in the emirate has exceeded our previous expectations". The report stated that the real estate market sentiment will benefit from the improvement in the economy and the successful vaccination program against the Covid-19 virus.



Cityscape

9th November 2021

Abu Dhabi residential investments improve for fourth quarter in a row

Residential capital values were up by 2.3% on a quarterly basis (although rental values fell by 3.4%), continuing an upward trend since Q4 2020, the ValuStrat Price Index showed.



1st November 2021

Property rents in Abu Dhabi start falling again over new supply

Haider Tuaima, head of real estate research at ValuStrat, maintained that rents in Abu Dhabi are still "somewhat stable" when compared with the rental values in the previous year. He also noted that asking rents for apartments weakened by 2.3 percent, while villa rents dipped only by 1.2 percent when compared to the second quarter.



2nd December 2021

ValuStrat launches Abu Dhabi office, its fifth in the Middle East

With the launch of an Abu Dhabi office, ValuStrat aims to "better serve its existing clients" in the emirate with an on the ground team, said Shahid Kazi, the CEO of ValuStrat. Meanwhile, "we are excited about developing new relationships in Abu Dhabi and this affirms our strong commitment to the UAE market."



4th November 2021

RICS Tech Partner discussion with ValuStrat – AVM

What is an AVM? What are the data inputs? What are the pros and cons of using an AVM? What kind of data do you need, where can you get it and what are the issues around quality and availability? Declan King, Saadain Lari, and Haider Tuaima from ValuStrat speak to Andrew Knight on these topics as they discuss Automated Valuation Models (AVMs) and their experience of markets in the Middle East and the UK.



28th October 2021

Property prices up, rents down in Abu Dhabi during Q3

The valuation-based index grew 2.3 percent quarterly with growth ranging from 1.8 percent to 2.6 percent. Locations with the highest annual gains were villas in Al Reef 13.9 percent, Al Raha 13.3 percent and Saadiyat Island 11.7 percent, leading real estate consultancy ValuStrat said in its report.





ValuStrat is a leading international consulting firm headquartered in Dubai providing Advisory, Valuations, Research, Transaction Advisory, Industrial Consulting and Due Diligence services across a diverse range of industry sectors since 1977. Offices in the UAE, UK, Saudi Arabia, Pakistan and Qatar serve over 1,000 corporate

clients in the Middle East. Client base includes financial institutions, local corporates, multinationals, governments, SMEs, family businesses and startups.

Some of the key sectors serviced by ValuStrat include real estate, hospitality, retail, education, healthcare, FMCG, manufacturing, financial, entertainment, agriculture, energy and transport. ValuStrat is a Royal Institution of Chartered Surveyors (RICS) Regulated Firm and the first firm in all of MENA/Asia/Africa to be accepted into the prestigious RICS Tech Affiliate program now known as 'RICS Tech Partner'.



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The ValuStrat Pricet 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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