

# REVIEW 2021

# 2022 OUTLOOK



Abu Dhabi



# 2021 Review

## Q1 2021 REVIEW



VPI

VPI Residential  
Capital Values

65.8



-3.0%  
Y-o-Y

VPI Residential  
Rental Values

74.5



-2.5%  
Y-o-Y



Office  
Asking Sales Price

11,530

AED/sq m p.a



14.0%  
Y-o-Y

Office  
Asking Rents

844

AED/sq m p.a



8.3%  
Y-o-Y



Hotel Occupancy  
YTD Feb 2021

65.4%



-15.4%  
Y-o-Y

Hotel ADR  
YTD Feb 2021

361

AED



-12.4%  
Y-o-Y



- The valuation based Valustrat Price Index (VPI) for capital values in Abu Dhabi's residential investment zones for the first quarter 2021 declined 3% annually but expanded 4.1% quarterly to 65.8 points
- The first quarter VPI - Residential Rental Values was stable quarterly, however, fell 2.5% annually to 74.5 points. Abu Dhabi's gross yields averaged 7.4%, with apartments at 7.7% and villas at 6.9%

## TRANSACTIONS

- The value of real estate transactions reached AED 74 billion in 2020, up 28% YoY
- This came from 8,000 real estate sales and 11,000 real estate mortgage transactions
- Aldar Properties sold Abu Dhabi Golf Club complex, which includes Westin Hotel, for AED 180 million to an unnamed investor

## OFFICE

- Hub71 grew from 35 to more than 100 start-ups, growing exponentially by 191% despite challenges stemming from the global pandemic
- Office asking rents in primary commercial districts fell 3.5% since Q4 2020, but were 8.3% higher than the same period last year

## RETAIL

- Aldar announced Yas Mall to undergo AED 500 million redevelopment plan, albeit with no significant addition to its gross leasable area. Instead, 40% of its GLA will be re-purposed into high impact experiential retail
- My City Centre Masdar, Majid Al Futtaim's sole property in the capital reached 77% occupancy as per February 2021 investor presentation

## TOURISM

- Despite challenging market conditions, the city is expected to open two new tourism mega projects this year, namely Snow Abu Dhabi and National Aquarium Abu Dhabi

Jan

1W

2W

3W

4W

Feb

5W

6W

7W

8W

Mar

9W

10W

11W

12W



## COVID - 19 PANDEMIC

- Abu Dhabi launched a COVID-19 vaccine (Sinopharm) manufacturing plant in Khalifa Industrial Zone (KIZAD) capable of producing 200 million doses per year
- The capital re-instated a few social and health restrictions in response to sudden increase of cases, including stricter rules upon entering its borders utilising Al Hosn App
- Abu Dhabi Airports announced free rapid COVID-19 testing facilities



## ECONOMY

- The UAE Cabinet approved a 5.3% YoY lower 2021 federal budget of AED 58 billion
- The UAE Central Bank expects non-oil GDP to bounce back 3.6% this year, while oil GDP is forecasted to remain flat because of lower production agreement by OPEC
- The International Monetary Fund predicts the country could see an economic expansion of 1.3% for 2021 and must achieve an estimated breakeven oil price of USD 66.5 per barrel to balance its budget
- Aldar Properties signed an agreement with Abu Dhabi government to manage AED 45 billion worth of projects in various sectors
- Abu Dhabi Department of Finance announced AED 6 billion of financing support to boost liquidity of Small and Medium Enterprises (SMEs)
- The Abu Dhabi National Oil Company (ADNOC) and Abu Dhabi Pension Fund (ADPF) revealed a strategic real estate investment partnership



## HOTEL

- A 545-room Hilton Abu Dhabi Yas Island opened during the quarter
- Abu Dhabi National Hotels announced its profits fell 35% YoY, as its hotel portfolio was impacted by closures and restrictions due to the pandemic



## INFRASTRUCTURE

- Construction of a flyover on the Abu Dhabi - Al Ain Road linking Baniyas East to Baniyas West worth AED 225.4 million was completed
- Stage 2 of UAE's Etihad Rail network reached 34% completion
- Integrated Transport Centre (ITC) and Abu Dhabi General Services Company (Musanada) announced dualling and rehabilitation work for Al Faya - Saih Shuaib E75 road project finished construction



# Q2

## 2021 REVIEW



# VPI

VPI Residential  
Capital Values

67.3



3.9%  
Y-o-Y

VPI Residential  
Rental Values

77.7



4.5%  
Y-o-Y



Office  
Asking Sales Price

10,370

AED/sq m p.a



-0.8%  
Y-o-Y

Office  
Asking Rents

860

AED/sq m p.a



4.3%  
Y-o-Y

Hotel Occupancy  
YTD Mar 2021

62%



4.2%  
Y-o-Y

Hotel ADR  
YTD Mar 2021

481.5

AED



18.6%  
Y-o-Y



- The Q2 Valustrat Price Index (VPI) for capital values in Abu Dhabi’s residential investment zones, increased 2.1% quarterly to 65.8 points. This was the first time the VPI has witnessed three consecutive quarters of growth since 2016, aggregating 7.2% since Q4 2020
- Annually, capital values were 3.9% higher recovering from the Covid-19 headwinds of the previous year
- The second quarter VPI - Residential Rental Values saw a 4.3% quarterly rise, and 4.5% an annual gain to 77.7 points, this was the first positive citywide rental increase in five years. Abu Dhabi’s gross yields averaged 7.4%, with apartments at 7.6% and villas 6.8%

## TRANSACTIONS

- During the first three months of this year, Abu Dhabi Municipality recorded 5,939 transactions amounting to AED 11.5 billion
- Al Reem Island recorded the highest value in terms of total sales of around Dhs1.6bn, followed by Abu Dhabi Island with Dhs907m

## OFFICE

- Office asking rents in primary commercial districts rose 1.9% since the previous quarter, and saw 4.3% annual increase
- The average occupancy among buildings within the city’s central business districts was estimated at 84%, however, effective building occupation may be much lower due to flexible work arrangements

## RETAIL

- A total of AED 2.4 billion Visa card transactions, up 17% YoY, were recorded by Retail Abu Dhabi during this year’s edition of shopping season
- The Galleria Al Maryah Island announced footfall reached 2.7 million in May , its highest monthly number of visits since it opened in 2019
- The UAE saw a 21% YoY upsurge in online shopping transactions, as per latest Mastercard analysis

Apr

13W

14W

15W

16W

May

17W

18W

19W

20W

Jun

21W

22W

23W

24W



## COVID - 19 PANDEMIC

- Green pass system for public places through Al Hosn App went live
- Abu Dhabi became the first country to receive new coronavirus treatment drug Sotrovimab
- Facial scanners which can detect early signs of COVID-19 were introduced in the capital
- Department of Culture and Tourism Abu Dhabi (DCTAD) announced lifting of quarantine measures for all international travelers from 1st of July
- Authorities started to offer free vaccines to tourists
- The Abu Dhabi Emergency, Crisis and Disasters Committee unveiled plans to test mass scanners for COVID-19



## ECONOMY

- S&P Global Ratings announced affirmation of investment grade ratings for Abu Dhabi at AA/Stable/A-1+ with stable outlook
- Moody’s Investor Service announced affirmation of investment grade ratings for Abu Dhabi at Aa2 with stable outlook
- The International Monetary Fund (IMF) released a statement revising its initial GDP growth outlook from 1.3% to 3.1% this year on foot of the country’s strong fiscal and monetary policy



## TOURISM

- During April, the Department of Culture and Tourism Abu Dhabi (DCTAD) announced its goal to achieve 23 million visitors per year by 2030
- ADNEC launched Tourism 365 to boost tourism sector in the capital
- Tourism and municipality fee exemption for hotels was extended up to end of June

Q3

2021 REVIEW



VPI

VPI Residential  
Capital Values

68.8



9.8%  
Y-o-Y

VPI Residential  
Rental Values

75.0



-0.9%  
Y-o-Y



Office  
Asking Sales Price

10,779

AED/sq m p.a

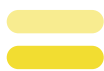


10.1%  
Y-o-Y

Office  
Asking Rents

853

AED/sq m p.a



0.3%  
Y-o-Y



Hotel Occupancy  
YTD Jun 2021

68.5%



9%  
Y-o-Y

Hotel ADR  
YTD Jun 2021

319.9

AED



-5.7%  
Y-o-Y



- The Q3 2021 Valustrat Price Index (VPI) for capital values in Abu Dhabi's residential investment zones saw quarterly improvements for the fourth time in a row. The valuation-based index grew 2.3% quarterly and 9.8% annually to 68.8 points
- The citywide third quarter VPI - residential rental values softened 3.4% quarterly to reach similar levels of last year. Abu Dhabi's gross yields averaged 7.4%, with apartments at 7.6% and villas at 6.8%

## LAWS AND REGULATIONS

- New law was issued to form Creative Media Authority under DCTAD
- Department and Municipalities and Transport (DMT) filed a ruling to register agricultural leases in the emirate
- A resolution was announced to establish a new Board of Directors for Abu Dhabi Chamber of Commerce and Industry

## RESIDENTIAL

- The Department of Municipalities and Transport (DMT) reported the capital amassed a total of 7,046 real estate transactions equivalent to AED 23.57 billion in the first six months of 2021
- Overall transactions comprise of 3,425 sales and 3,621 mortgages

## OFFICE

- An estimated 41,973 sq m (451,793 sq ft) GLA of workspace was completed in four projects during the first nine months of this year
- Office asking rents in primary commercial districts held steady both quarterly and annually, seeing less than a percent movement

## RETAIL

- The Abu Dhabi Department of Municipalities and Transport (DMT) announced the opening of The Courtyard Mall Riyadh City Abu Dhabi, with an estimated 25,000 sq m (269,098 sq ft) GLA
- Town Square re-development at Yas Mall was opened with 9 new retail and dining establishments

## TOURISM

- For this year's cruise season, Zayed Port and Sir Bani Yas Cruise Beach are expected to receive 100 cruise ships after 18 months of closure due to the global pandemic

Jul

25W

26W

27W

28W

Aug

29W

30W

31W

32W

Sep

33W

34W

35W

36W



## COVID - 19 PANDEMIC

- Entry requirements from other emirates to the capital were eased
- Abu Dhabi was ranked as the safest city in the world based on pandemic response, as per Deep Knowledge Group (DKG) London
- The UAE was added to UK's amber list
- 221 schools were granted permission to re-open after rigorous compliance checks by the Abu Dhabi Department of Education and Knowledge (ADEK)



## INFRASTRUCTURE

- Abu Dhabi Municipality announced completion of infra projects worth more than AED 9 million including 15 entrances to residential areas, 41 parking lots for residents, and laying asphalt mats covering an area of 6,825 sq m, as well as installing 15 light poles in business areas, 85 sign boards, and a storm water drainage system measuring 140 metres
- More than 700 new radars to aid traffic and road safety are to be installed



## ECONOMY

- Moody's assigned a provisional Aa2 rating for UAE's new global medium-term note programme, which allows the federation to raise debt as whole for the first time
- Masdar has secured its first investment rating from Moody's and Fitch with Aa2 and AA respectively, both stable outlooks
- Abu Dhabi is expected to post a deficit of USD 11.7 billion this year, assuming oil prices of USD 46 per barrel as when the budget was first drafted
- Abu Dhabi's Department of Economic Development (DED) revealed 725 industrial activities now qualify for full foreign ownership



## HOTEL

- ADQ withdrew its offer to merge Abu Dhabi National Hotels Company (ADNH) and Abu Dhabi National Exhibitions Company (ADNEC)
- Abu Dhabi recorded an overall occupancy of 68.5% in June 2021, 9% higher when compared to the same pre-pandemic period in 2019, as per latest release from STR
- The Average Daily Rate (ADR) stood at AED 319.95 and Revenue Per Available Room (RevPAR) was at AED 219.18, down 5.7% and grew 2.7%, respectively when compared to the same period two years ago



# Q4

## 2021 REVIEW



VPI Residential  
Capital Values

70.2\*



10.9%  
Y-o-Y

VPI Residential  
Rental Values

76.7



3.1%  
Y-o-Y



Office  
Asking Sales Price

11,074

AED/sq m



8.0%  
Y-o-Y

Office  
Asking Rents

800

AED/sq m p.a



-8.5%  
Y-o-Y



Hotel Occupancy  
YTD Nov 2021

77.1%



Hotel ADR  
YTD Nov 2021

496.5

AED



\* Forecast





- The estimated fourth quarter 2021 Valustrat Price Index for Abu Dhabi's residential capital values saw gains of 2% quarterly and 10.9% annually to reach 70.2 points
- The residential rental rates VPI for in Abu Dhabi stood at 76.7 points, up 2.3% quarterly and 3.1% annually
- Annually, apartment asking rents rose 4.1% while villa rents were up 2%, both reaching pre-pandemic levels

## INFRASTRUCTURE

- Union Cyclist International (UCI) awarded Abu Dhabi a UCI Bike City label, joining ranks of Bergen, Copenhagen, and Glasgow and more for friendly cycling infrastructure

## RESIDENTIAL

- Aldar unveiled last phase of Yas Acres project

## TRANSACTIONS

- Abu Dhabi registered AED 16.2 billion of real estate transactions, as per latest data from DMT
- AED 11.6 billion were mortgages and AED 4.6 billion came from cash sales

## HOTEL

- The world's first Warner Bros. Hotel was opened in Yas Island
- Yas Bay Waterfront which includes Hilton Abu Dhabi Yas Island Hotel expected to start welcoming guests

## Valustrat

- Opened Abu Dhabi office in Al Bateen

Oct

37W

38W

39W

40W

Nov

41W

42W

43W

44W

Dec

45W

46W

47W

48W



## COVID - 19 PANDEMIC

- First case of new COVID-19 variant Omicron was recorded
- Abu Dhabi health authority and Roche entered into an agreement to offer new antibody therapy for COVID-19 patients
- Abu Dhabi announced to resume the use of facial COVID-19 scanners upon highway entry in to the city starting 19th December



## LAWS AND REGULATIONS

- Federal government declared revisions on weekend and working hours starting on 1st January 2022, as weekends are shifted to Saturday-Sunday with half-day Fridays
- Abu Dhabi opened family court for non-Muslims
- New labour law amendments were introduced focusing on flexible working models



## ECONOMY

- Fitch Ratings announced affirmation of 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



## RETAIL

- Amazon announced plans plan to build a high-tech fulfilment centre in Abu Dhabi



## TOURISM

- DCTAD and National Basketball Association (NBA) signed an agreement to host pre-season NBA games in October 2022
- Etihad Holidays was acquired by ADNEC
- The National Aquarium was opened in Al Qana

# 2022 **outlook**



## **ECONOMY**

- Institute of International Finance (IFF) estimates UAE economy to grow 4.9% in 2022, higher than UAE Central Banks forecast of 4.2%
- The UAE's hydrocarbon GDP is expected to grow 8.3%, while non-hydrocarbon GDP could see 3.5% expansion
- Independently, Abu Dhabi is predicted to witness a growth rate of 5.8%
- The country's oil production output is estimated at 3.09 million barrels per day (mbd), 9.57% higher than 2021
- A possibility of huge Influx of talent and investors anticipated, due to competitive adaptations in the business environment
- Economic outlooks may change subject to local and global pandemic dynamics, particularly with the recent discovery of the fast spreading Omicron variant of the COVID-19 virus



## **OFFICE PRICE & RENTS**

- Reforms of UAE commercial companies law, and annulment of requirements for some onshore companies to have an Emirati shareholder, are expected to boost foreign direct investment in the country
- High growth in Reem Island is forecasted
- Continued work-from-home and hybrid-work arrangements could increase office space vacancy, impacting demand in the short-term



## **TOURISM**

- Upcoming attractions: Snow Abu Dhabi, SeaWorld Abu Dhabi
- Improvements already witnessed in local and global travel and tourism sentiment could continue in to 2022, and could jump start a broader recovery for the sector
- Vaccination pass/cards and RT-PCR testing will remain as a key requirement in some areas, especially those with chronically low immunisation rates



## **RESIDENTIAL PRICE & RENTS**

- Capital values in freehold villa and apartment communities to continue to see improvements, noting that the market has outperformed our previous forecasts
- As the economy improves, with successful vaccination program and gradual opening of international borders, market sentiment is expected to pick up further
- While increases in Loan-To-Value ratios aid property investment, the impact of likely rising interest rates will remain to be seen in the short and medium term
- Downside risks involve the government 're-introducing' movement restrictions due to the spread of the Omicron variant of the COVID-19 virus



## **RETAIL**

- Upcoming shopping centres: Reem Mall and Al Wathba Mall
- As of 2020, the UAE e-commerce sector achieved a record USD 3.9 billion in value, up 53% annually. The share of revenue coming from online transactions locally which was 8% of overall retail market, this is expected to increase over the coming years
- Brick and mortar mall operators could continue to suffer downward pressures from burgeoning e-commerce sector, causing lower rents and higher vacancies



## **HOTEL**

- Foreseeable improvement of key performance indicators (occupancy, ADR, RevPAR) and return to pre-pandemic levels or possibly higher
- Local guests will retain their importance to affordable to mid-affordable hotels as key drivers of occupancy and hotel revenues
- Number of tourists to rebound as Etihad airlines plans to increase further towards full capacity



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ValuStrat Price Index

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Simplified.

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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.





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