

Property Review

# UAE Real Estate Report

Q4 2023



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# Editorial Note



**JOHN ALLEN**  
Chief Executive Officer

Asteco's research is founded on the latest market data and trends, drawing insights from diverse sources such as transactional activity, valuation evidence and discussions with major UAE financial institutions and brokers, both internal and external. With a management portfolio exceeding 72,000 units, we provide unparalleled real-time market insight into demand, occupancy and rental rates.

This report provides commentary on the prevailing real estate landscape in Dubai, Abu Dhabi, Al Ain and the Northern Emirates and Asteco's outlook for 2024 and beyond.

## 2023 Highlights

Despite a myriad of global uncertainties, including issues related to inflation, interest rates, climate issues, conflicts and technological advancements, the UAE real estate market witnessed unprecedented growth over 2023. Record-breaking figures were observed in terms of individual unit sales values, transactional volumes and project launches. The luxury market, in particular, attracted significant attention, showcasing some of the most remarkable transactions to date.

Whilst thriving market conditions proved advantageous for investors and landlords, tenants encountered more challenging circumstances, particularly in Dubai. Rental increases beyond those stipulated by RERA became the norm and those unable or unwilling to comply faced eviction notices, raising significant concerns. Landlords should be cognisant that evictions on the grounds of self-use or sale prohibit the same landlord from leasing the unit for the initial 2 years following eviction. In cases of dispute, tenants have the option to file claims with the Rental Dispute Settlement Centre (RDSC), although they must bear the burden of proof. Consequently, tenants are proactively educating themselves and increasingly challenging landlords, particularly when faced with rental increases exceeding legal limits, or evictions under questionable circumstances.

The surge in transitioning annual leases into short-term rental properties for short-term gains and the lag in new deliveries stemming from Covid related development delays have amplified the supply-demand dynamics at play, and ultimately resulted in heightened rental pressure.

Supply, or the lack thereof, has become a prominent topic and although there is a general lack of units available for lease (or sale) in established communities with limited supply potential, other areas have seen and will continue to see a significant number of handovers.

The general enthusiasm in the market, along with charged sentiment, has fostered a noticeable discrepancy between advertised rates and transacted values. The existing excitement, although palpable, is unlikely sustainable over the medium term, a positive, given that these conditions tend to lead to unsustainable artificially inflated values, a scenario Dubai is acquainted with.

Whilst Dubai has remained a focal point of attention, neighbouring Emirates including Abu Dhabi, Sharjah and Ras Al Khaimah asserted their presence in the real estate sector, marked by a substantial surge in new project launches. Aldar's strategic entry into the Dubai market through the introduction of Haven, coupled with its ongoing expansion into Ras Al Khaimah, served as tangible evidence of vibrant market conditions prevailing throughout the UAE.

## 2024 Outlook

Asteco anticipate continued positive trajectory over 2024, albeit it is worth noting that the enthusiasm witnessed in 2023 is gradually subsiding.

Despite robust underlying fundamentals, some uncertainty persists concerning the effects of a global economic slowdown. Whilst inflation is easing in major economies, interest rate cuts are not expected until the second half of 2024, with a gradual implementation expected. Voluntary oil production curbs within the OPEC+ grouping will weigh on economic performance this year. Nonetheless, the outlook for the non-oil sector remains positive, supported by government initiatives and spending.

Going forward, sustainability and AI integration are poised to play a pivotal role in the real estate market, encompassing virtual property viewings and environmentally conscious construction practices. Despite the initial cost of sustainability and technology investments, businesses stand to benefit from long-term savings, enhanced competitiveness and boosted profitability.

Whilst sustainable real estate initiatives have predominantly targeted the luxury segment, government initiatives are underway to foster greener living inclusivity across diverse income brackets. These changes are more likely to impact new developments as incentivising landlords to retrofit existing buildings poses a challenge due to strong demand, even in the absence of green certifications.

Projects such as Sustainability City in Dubai have been demonstrably successful, proving popular among occupiers and recording close to full occupancy. Similar initiatives are underway in the Emirates of Sharjah and Abu Dhabi, aligning with the broader trend towards sustainable living.

In summary, whilst anticipating continued strength in both domestic and international demand, it is important to acknowledge that the UAE is an open economy and as such not impervious to global challenges. In addition, there are some concerns of an escalating Middle East conflict. Nevertheless, the broader economic perspective for the UAE remains promising, propelled by a proactive government with a steadfast commitment to economic advancement and sustainability. This commitment positions the country to navigate global headwinds effectively and sustain its positive economic trajectory.

# Editorial Note

## Medium to Long Term Outlook

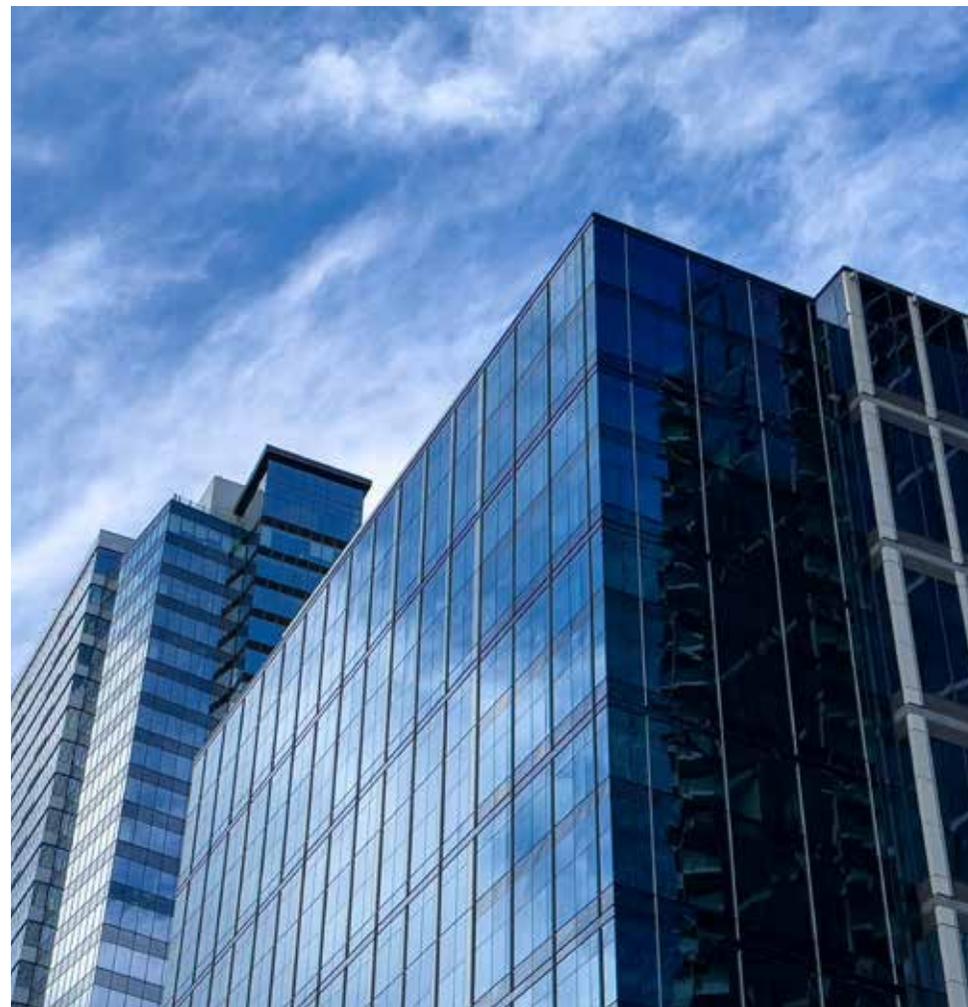
Looking ahead, the UAE is poised to further solidify its status as a global multimodal transport hub, fostering connections between East and West. This positioning is anticipated to attract both human and physical capital, with a long-term perspective on living, investing, and conducting business in the country.

Key strategic initiatives, including the UAE Tourism Strategy 2031 and 'We the UAE 2031,' are expected to fortify the UAE's standing as one of the premier destinations globally. The establishment of the General Commercial Gaming Regulatory Authority (GCGRA) to oversee commercial gaming and lotteries is anticipated to enhance the real estate market by fostering employment opportunities and driving tourism expansion. A notable example is the Wynn Resorts project in RAK, scheduled for completion in 2027 and set to feature the UAE's first casino. This development has not only catalysed numerous project launches in the Emirate but its presence has led to heightened demand and an escalation in sales prices.

This development underscores the potential positive impact of regulatory measures on real estate dynamics, creating a ripple effect that extends to increased economic activity and heightened market vitality.

However, as the real estate landscape evolves, a critical question emerges: who will occupy the completed units? This query underscores the importance of adopting a holistic perspective, encompassing not only the pace of sales and launches but also an understanding of occupancy dynamics, ensuring sustainable and balanced market growth.

In the rush to capitalise on current market fervor, the imperative development of affordable housing options, crucial for long-term stability, has unfortunately taken a back seat and needs to be a central focus moving forward. Addressing this aspect is pivotal for fostering a well-rounded and resilient real estate market in the UAE.





**ABU DHABI**



# Historic Review

## Recovery and Growth

2012-2014

- The market began to show signs of recovery in 2012, rates stabilised throughout the year and recorded notable increases from the end of 2012.
- Numerous prime and high-end projects were delivered during this period.
- Transaction levels improved in line with increased job security and market confidence.
- Off-plan sales also recommenced during 2013 and 2014.

## Stabilisation

2015

- Limited new supply resulted in moderate increases in rental rates and sales prices in 2015, especially during the first half of the year, whilst remaining broadly stable thereafter.
- The drop in oil prices prompted a general slowdown in investment, whilst sales demand focused on completed rather than off-plan properties.

## Downturn

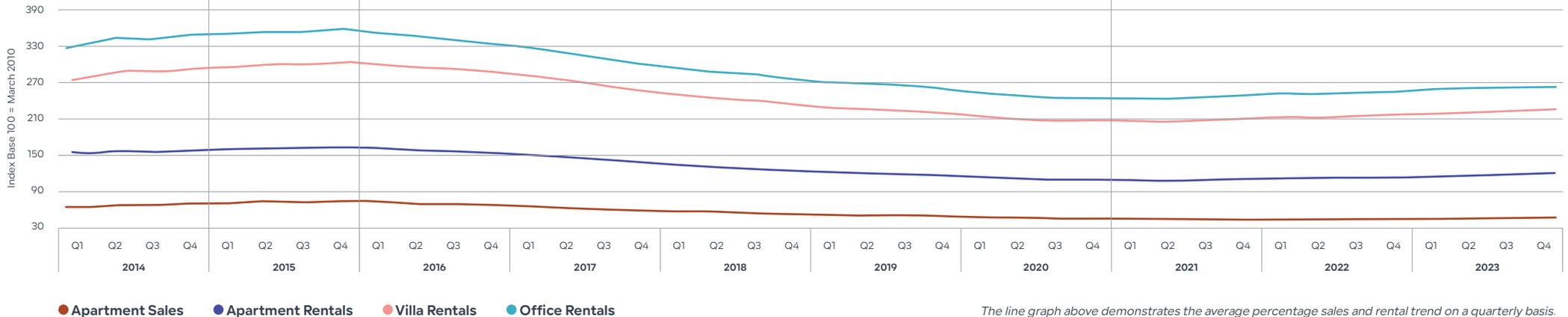
2016-2020

- Market conditions in Abu Dhabi proved challenging from 2016 onwards. The COVID-19 pandemic exacerbated the situation with a notable impact on the real estate market, particularly during the first half of 2020.
- However, a certain level of normality started to return in H2 2020 in accordance with reduced lockdown measures and the re-opening of airports, particularly in Dubai. An increase in demand has been recorded from investors and end-users looking to acquire properties located away from congested areas and large-scale developments, specifically villa units and/or, on occasion, apartments with large terraces/balconies.
- More than 26,000 residential units were delivered since the beginning of 2016, ultimately putting pressure on rental rates and sales prices for completed projects. Several residential projects were launched during this period and recorded high demand levels.
- Over the last 5 years, apartment and villa rental rates recorded an average decrease of 32% and 22%, respectively. Sales prices for completed projects declined by 34% and 16% on average during the same period. Demand for off-plan projects offered at competitive rates and with attractive payment plans was positive.
- Several Government initiatives were launched between 2016 and 2020 including but not limited to the Abu Dhabi Development Accelerator Programme 'Ghadan 21'. In addition, the Government established new regulatory reforms and laws in relation to new businesses and foreign ownership in specific sectors, as well as new visa regulations. In Q2 2020, the government announced a number of initiatives on Federal and Municipal level to mitigate the economic impact of COVID-19 and boost investment.

## Recovery and Growth

2021-2023

- Over the past three years, the UAE government has implemented a series of key reforms relating to new residency visa schemes and business ownership and labour laws, all designed to attract and retain foreign investment.
- During 2023 there was a notable surge in project launches, predominantly within the Yas Island, Saadiyat and Al Reem Island master plan communities.
- The residential market exhibited moderate but consistent growth in sales rates. This was a trend that started in the latter half of 2021 and grew in momentum over 2023 and to the present. This positive trajectory is anticipated to continue over the near term. Of particular note has been both, exceptionally strong absorption rates for off-plan villa projects and high demand for completed villas.
- Within the secondary market, sales prices for prime/high-end developments recorded significant increases. Lower quality developments remained relatively stable.
- Rental rates for prime and high-end residential developments recorded a significant upswing, indicative of a heightened demand for quality offerings. This surge in demand can be attributed, in part, to the scarcity of such high-quality properties.
- The office market has also recorded a significant increase in demand, with a pronounced preference for Grade A/B+ space. This has reflected in a corresponding increase in rental rates.



The line graph above demonstrates the average percentage sales and rental trend on a quarterly basis.

# Abu Dhabi Supply ↗

	Completed in Q1 - Q3 2023	Completed in Q4 2023	Projected 2024
 <b>APARTMENTS</b> No. of units	<b>4,000</b>	<b>1,600</b>	<b>4,400</b>
 <b>VILLAS</b> No. of units	<b>50</b>	<b>850</b>	<b>2,500</b>

# Highlights and Outlook

	2023 Highlights	2024 Outlook
Supply*	<ul style="list-style-type: none"> <li>During 2023, the Abu Dhabi real estate market marked the delivery of approximately 6,500 residential units. This stock was distributed across key International Investment Zones such as Al Raha Beach, Al Reem, Yas Island and Saadiyat Islands.</li> <li>Whilst numerous projects have been completed in the Al Raha Beach area, a notable proportion of buildings that seem finished are still pending handover.</li> <li>Saadiyat and Al Reem Islands accommodated the delivery of circa 800 and 750 units, respectively.</li> <li>Noteworthy residential projects were launched throughout the year, featuring prominent developments in key locations:                             <ul style="list-style-type: none"> <li>- Yas Island: Gardenia Bay, Sustainable City, Sea La Vie, Perla 3, and Yas Golf Collection</li> <li>- Reem Island: Vista 3, Renad Tower, and Amara.</li> <li>- Ghantoot: Al Jurf Phase 2</li> <li>- Saadiyat Island: Murjan Al Saadiyat, Saadiyat Lagoons (Phases II &amp; III), Manarat Living, and The Source.</li> <li>- Balghaiylam: Located in New Bahia, northeast of Yas Island, it stands out as a major Emirati Housing development.</li> </ul> </li> <li>The market also welcomed the entrance of new developers, enriching the landscape and contributing to the diverse range of offerings.</li> </ul>	<ul style="list-style-type: none"> <li>2024 is poised for substantial growth, with an anticipated completion of over 7,000 residential units. This surge in supply reflects the sustained development momentum within key Investment Zones.</li> <li>The forthcoming supply is concentrated in prominent master plan development areas:                             <ul style="list-style-type: none"> <li>- Al Reem and Maryah Island - approximately 1,400 units</li> <li>- Al Raha Beach - approximately 1,000 units</li> <li>- Jubail &amp; Yas Island - approximately 1,700 units</li> <li>- Masdar City - approximately 700</li> <li>- Al Jurf Gardens – Ghantoot - approximately 150 units</li> <li>- Rawdhat and Danet Abu Dhabi approximately 450 units</li> </ul> </li> <li>Numerous projects currently in the planning stage are also slated for launch in 2024, underscoring the sustained vibrancy and forward momentum of the Abu Dhabi real estate market. As we move into the new year and beyond, these developments position the market for continued growth and present opportunities for investors and stakeholders alike.</li> </ul>
Rental Rates	<ul style="list-style-type: none"> <li>In recent years, the Abu Dhabi real estate landscape has observed dynamic shifts in rental rates, influenced by a surge in new residential supply. Notably, low- and mid-quality properties within Abu Dhabi City faced increased pressure from newer, better quality development which has prompted rental adjustments.</li> <li>In contrast, prime and high-quality apartments experienced substantial annual increases, ranging from 5% to 10%, contributing to an overall average annual growth of approximately 3% across the market.</li> <li>The final quarter of 2023 witnessed a notable upturn in rental rates for high-quality apartments and villas, while buildings with lower quality specifications adjusted rents downward to align with prevailing market trends.</li> <li>Investment Zone areas, including Al Reem Island, Al Raha Beach, Saadiyat Island and Yas Island, continued to dominate demand, with prime and high-end developments maintaining occupancy levels close to 98%.</li> <li>Notably, the villa market continued to exhibit robust demand, particularly in new communities. Saadiyat Island and Yas Island, for example, observed average increases of close to 10% in 2023.</li> <li>The Grade A office sector recorded a notable surge in rental rates in 2023, driven by a scarcity of prime office space, heightened demand from expanding businesses and proactive government initiatives aimed at attracting foreign investment. As such, rental rate increases ranging from 5% to 10%, contingent on unit size and payment terms, were noted in various developments.</li> <li>The limited availability of office space had a positive impact on more mature office buildings and those with lower quality specifications. Landlords, responding to increased demand, adjusted rents upward, particularly for new tenants entering these premises.</li> </ul>	<ul style="list-style-type: none"> <li>Continued demand for prime and high-end residential properties is expected to be a driving force, influencing rental rates across the market. This sustained preference for quality accommodation reinforces the significance of prime locations and superior property specifications.</li> <li>The emergence of new supply on Al Reem Island and in Al Raha Beach is anticipated to introduce some challenges for older or lower-quality buildings. As the market responds to the influx of these new offerings, rents for units in poorly maintained or lower-quality properties may experience adjustments to align with evolving market demand. This phenomenon underscores the importance of adaptability for property owners and underscores the importance of strategic considerations for both residential and commercial real estate stakeholders and the role of proactive property management.</li> <li>In line with the positive trajectory observed in 2023, the office market is anticipated to continue an upward trajectory. The sustained growth is expected to be propelled by factors such as a shortage of prime office space, rising demand from expanding businesses and new entrants stimulated by proactive government initiatives aimed at attracting foreign investment.</li> <li>As we transition into 2024, these positive indicators position the Abu Dhabi real estate market on a trajectory of sustained growth and resilience. The continued government initiatives and ongoing infrastructure developments suggest a landscape ripe with opportunities.</li> </ul>

\* It is important to note that whilst a number of projects may have received completion certificates, Asteco does not consider a project delivered until the handover process has been initiated and the units are available for lease in the open market.

# Highlights and Outlook

## 2023 Highlights

### Sales Prices

- In 2023, the apartment sales market displayed distinctive trends across two primary categories. The first category encompassed mid to lower quality properties, spread across various Investment Zones. These properties experienced corrections in sales rates, with values either remaining stable or showing slight decreases ranging from 1% to 3%. This adjustment was particularly notable in aging buildings, or those reflecting factors such as minimal maintenance.
- Conversely, the second category, comprising prime and higher quality developments, witnessed significant increases in sales prices, with some developments recording up to a 15% rise. The notable appreciation in value can be attributed to the limited supply available for sale in the market, emphasizing the desirability of newer buildings, most of which are less than 7 years old.
- Despite these variations, positive demand levels were observed across all areas of the sales market.
- Prime villa communities, in particular, continued to experience high demand, with select communities recording notable sales price growth of up to 20% since 2022. This heightened demand is further fueled by the scarcity of high-quality villa communities available for sale.
- The sales market also saw sustained interest in off-plan developments, especially high-end ones, with notable participation from foreign investors, particularly Russian and Chinese nationals.
- Some high-end developments reported sales price increases of up to 15%, between the initial launch and the most recent phases. This trend underscores the robust demand for premium off-plan residential units, signaling a strong appetite for high-quality real estate offerings in the region, particularly from reputable master developers.

## 2024 Outlook

- The Abu Dhabi sales market is poised for notable developments with several key factors shaping the real estate landscape in 2024.
- The significant surge in sales prices observed in Dubai, especially for upscale waterfront developments, is poised to channel a portion of the demand toward the Abu Dhabi market. Here, high-end product prices continue to be relatively reasonable, making the capital an appealing alternative for discerning buyers.
- Looking ahead, the residential sales market in Abu Dhabi is set for ongoing expansion in the coming months. This positive outlook is driven by growing housing demand across various demographic segments and is reinforced by government initiatives actively promoting the growth of the real estate sector.
- The demand for high-quality, strategically located and competitively priced off-plan projects is expected to remain robust. This sustained interest is a testament to the market's recognition of the value offered by such developments.
- In the secondary market, sales prices are anticipated to mirror trends observed over 2023. The limited availability of high-quality completed projects or units for sale will continue to be a market advantage. This scarcity positions well-maintained, completed projects as sought-after assets, potentially driving incremental increases in sales prices as demand persists.



Abu Dhabi

# Apartment Rental Rates

(All figures in AED 000's p.a.)

		1 BEDROOM										2 BEDROOMS										3 BEDROOMS									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PRIME PROPERTIES</b>																															
<b>ABU DHABI ISLAND</b>		125	128	123	108	108	98	83	80	85	95	175	191	178	156	140	138	128	118	120	135	265	275	253	215	203	203	190	188	188	180
<b>INVESTMENT AREA*</b>		140	145	145	138	128	125	118	118	130	120	180	193	185	183	170	169	148	148	150	163	255	275	248	240	235	235	225	228	230	235
<b>High-end PROPERTIES</b>																															
<b>ABU DHABI ISLAND</b>	CENTRAL ABU DHABI	90	95	90	85	80	75	58	58	58	60	145	150	139	123	106	103	90	90	90	98	175	177	170	155	148	140	133	125	128	128
	CORNICHE	120	120	90	88	83	78	70	68	65	65	150	153	138	123	113	105	98	93	95	100	245	243	203	173	145	143	140	138	138	138
	AL KHALIDIYA / AL BATEEN	120	123	113	98	85	80	73	72	74	73	160	165	146	123	113	105	105	99	108	113	215	213	190	173	158	148	143	135	145	160
<b>INVESTMENT AREA</b>	AL RAHA BEACH	110	115	110	103	90	83	75	73	73	75	155	161	155	143	130	123	118	115	118	123	200	205	190	175	170	168	158	158	160	175
	MARINA SQUARE	100	105	98	85	70	69	61	60	60	63	140	148	133	115	108	99	86	85	90	98	175	185	175	155	140	135	125	125	128	135
	SAADIYAT BEACH RESIDENCES	120	130	120	113	103	85	78	75	65	75	175	179	174	167	148	138	124	124	126	125	210	233	213	200	175	160	150	150	158	160
	SHAMS ABU DHABI	115	115	98	80	73	71	66	58	58	65	155	154	143	113	106	105	99	96	96	102	195	193	173	150	140	140	130	128	135	140
	YAS ISLAND	-	-	-	-	85	80	75	70	70	73	-	-	-	-	123	115	110	110	113	118	-	-	-	-	185	173	165	165	168	175
<b>MID &amp; LOW END PROPERTIES</b>																															
<b>ABU DHABI ISLAND</b>	CENTRAL ABU DHABI	75	76	75	68	55	51	48	48	47	47	105	103	103	82	73	66	59	58	62	61	145	148	133	122	105	93	89	89	91	96
	CORNICHE	80	86	85	74	63	61	60	59	57	56	120	125	115	105	91	81	78	75	75	76	170	165	148	127	115	106	98	96	96	100
	AL KHALIDIYA / AL BATEEN	80	81	79	71	58	53	49	47	46	45	120	121	111	95	80	74	68	64	64	69	145	146	138	123	109	101	94	93	93	93
<b>INVESTMENT AREA</b>	AL REEF	80	83	79	67	59	54	49	49	49	49	100	104	103	88	73	70	63	63	63	63	130	130	120	109	95	88	84	84	84	85
<b>OFF ISLAND</b>	KHALIFA CITY & MBZ CITY	65	70	70	58	53	50	47	47	47	48	90	95	94	84	74	72	67	67	67	67	120	126	124	114	104	103	95	95	96	96
<b>ABU DHABI AVERAGE</b>		101	105	98	88	80	74	67	65	66	67	141	146	137	121	110	104	96	94	96	101	189	194	177	159	148	142	135	133	136	140
<b>ANNUAL % CHANGE</b>		8%	4%	-7%	-10%	-10%	-7%	-9%	-3%	0%	3%	8%	4%	-6%	-11%	-10%	-5%	-8%	-3%	2%	5%	8%	3%	-9%	-10%	-7%	-4%	-5%	-1%	2%	3%
<b>% CHANGE SINCE PEAK (2008)</b>		-59%										-59%										-57%									
<b>% CHANGE SINCE MARKET LOW (2012)</b>		-19%										-11%										-5%									
<b>% CHANGE SINCE 2ND PEAK (2015)</b>		-36%										-31%										-28%									

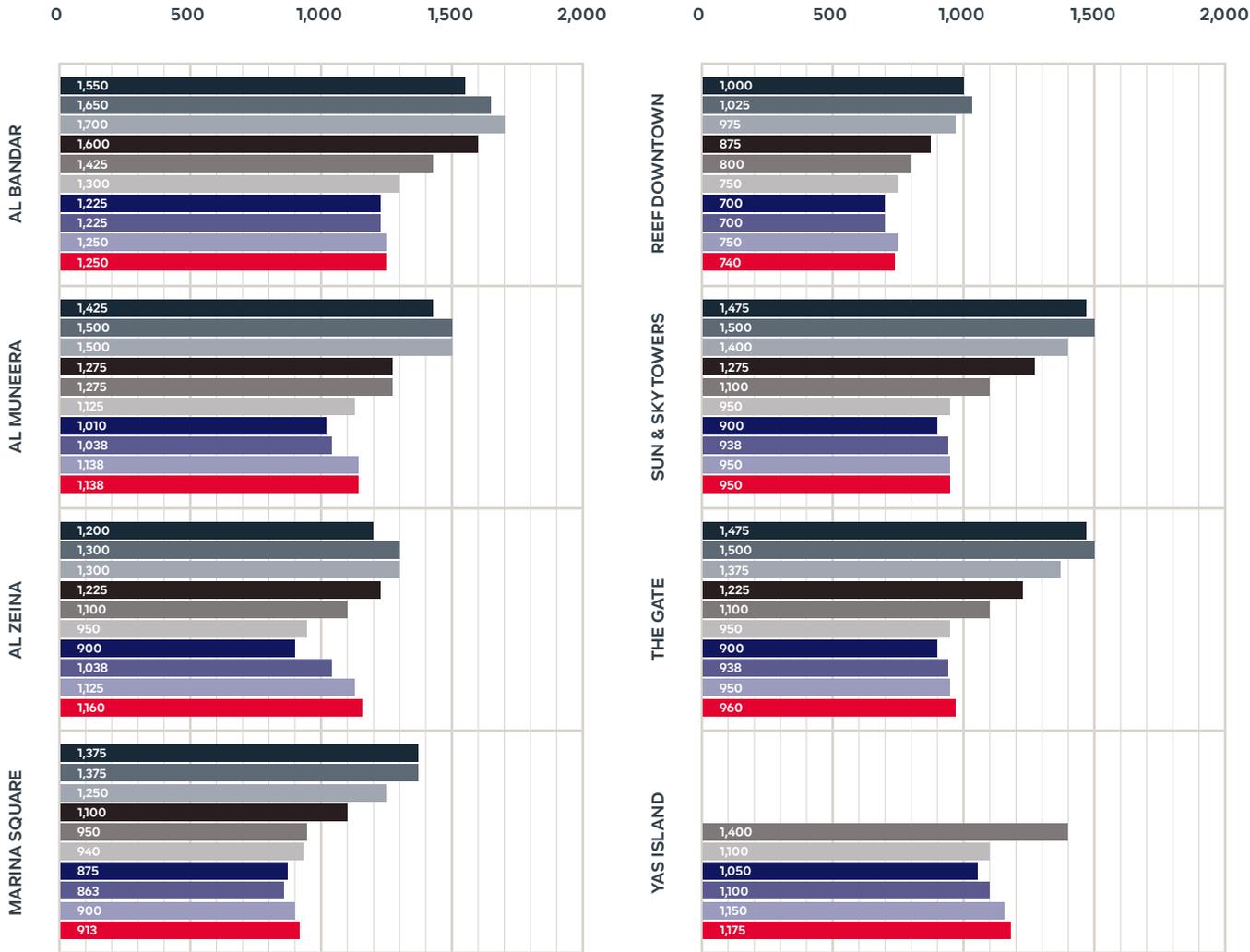
\* Includes Mamsha Al Saadiyat Development.



Abu Dhabi

# Apartment Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



# Abu Dhabi Villa Rental Rates

(All figures in AED 000's p.a.)

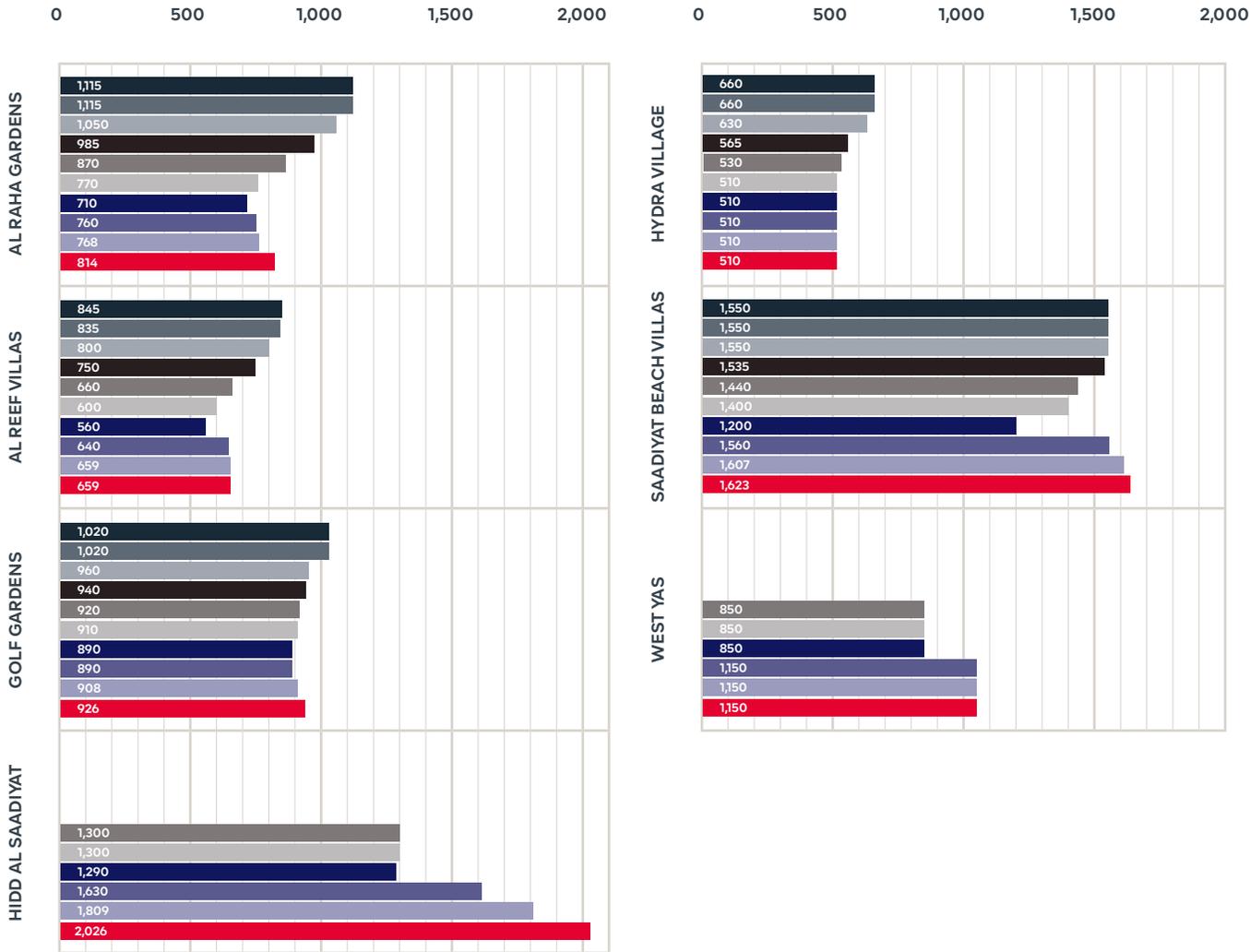
		3 BEDROOMS										4 BEDROOMS										5 BEDROOMS									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>ABU DHABI ISLAND</b>	AL KHALIDIYA / AL BATEEN	185	185	185	170	168	163	150	150	150	155	230	225	195	180	175	169	160	160	163	178	245	240	220	203	200	195	188	188	200	210
	AL NAHYAN CAMP / AL MUROOR	160	160	158	145	145	143	140	140	143	153	200	200	190	173	160	158	158	158	158	165	260	260	228	185	183	170	163	163	168	175
	AL MUSHRIF / AL KARAMAH / AL MANASEER	180	170	170	165	165	158	150	150	150	150	190	185	185	175	168	160	153	153	153	165	265	255	233	198	188	183	178	178	178	208
<b>INVESTMENT AREA</b>	AL RAHA BEACH	250	255	205	185	185	178	175	175	190	205	255	263	250	240	228	225	223	223	243	265	320	320	310	275	260	258	250	250	270	310
	AL REEF	135	145	140	123	110	100	95	95	98	100	160	168	163	150	139	133	130	130	130	135	190	190	180	163	150	145	138	140	145	153
	HYDRA VILLAGE	90	103	105	93	84	73	66	66	66	63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SAADIYAT BEACH VILLAS	295	310	310	300	298	295	280	290	300	313	330	375	375	335	325	315	310	380	380	390	400	450	450	450	450	450	450	535	545	573
	HIDD AL SAADIYAT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	320	310	305	330	400	445	-	-	-	-	540	530	510	540	550	600
	WEST YAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238	260	260	-	-	-	-	-	-	-	260	280	280
	YAS ACRES	-	-	-	-	-	-	-	-	205	213	233	-	-	-	-	-	-	-	240	245	300	-	-	-	-	-	-	-	330	365
<b>OFF ISLAND</b>	AL RAHA GARDENS	190	193	183	173	158	143	138	138	148	150	243	245	218	188	175	153	150	158	170	170	290	290	250	215	205	198	193	200	215	220
	GOLF GARDENS	225	225	220	215	183	185	185	195	203	195	260	260	253	235	195	195	195	220	233	238	325	325	305	270	255	245	240	300	308	315
	KHALIFA CITY	135	133	133	125	125	118	110	110	110	110	150	150	150	140	130	120	118	118	118	138	180	180	165	153	148	148	140	140	140	158
	MOHAMED BIN ZAYED CITY	108	108	108	108	108	103	103	103	105	110	140	140	140	130	125	118	118	118	118	120	168	168	158	155	143	133	128	128	130	140
<b>ABU DHABI AVERAGE</b>	<b>178</b>	<b>180</b>	<b>174</b>	<b>164</b>	<b>157</b>	<b>150</b>	<b>144</b>	<b>150</b>	<b>156</b>	<b>160</b>	<b>214</b>	<b>219</b>	<b>211</b>	<b>195</b>	<b>181</b>	<b>174</b>	<b>170</b>	<b>199</b>	<b>210</b>	<b>224</b>	<b>276</b>	<b>267</b>	<b>247</b>	<b>225</b>	<b>217</b>	<b>211</b>	<b>203</b>	<b>252</b>	<b>262</b>	<b>280</b>	
<b>ANNUAL % CHANGE</b>	<b>0%</b>	<b>2%</b>	<b>-3%</b>	<b>-6%</b>	<b>-4%</b>	<b>-4%</b>	<b>-4%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>0%</b>	<b>2%</b>	<b>-4%</b>	<b>-7%</b>	<b>-7%</b>	<b>-4%</b>	<b>-2%</b>	<b>17%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>-3%</b>	<b>-8%</b>	<b>-9%</b>	<b>-4%</b>	<b>-2%</b>	<b>-4%</b>	<b>24%</b>	<b>4%</b>	<b>7%</b>	
<b>% CHANGE SINCE PEAK (2008)</b>					<b>-58%</b>										<b>-48%</b>										<b>-44%</b>						
<b>% CHANGE SINCE MARKET LOW (2012)</b>					<b>5%</b>										<b>8%</b>										<b>11%</b>						
<b>% CHANGE SINCE 2ND PEAK (2015)</b>					<b>-1%</b>										<b>2%</b>										<b>5%</b>						



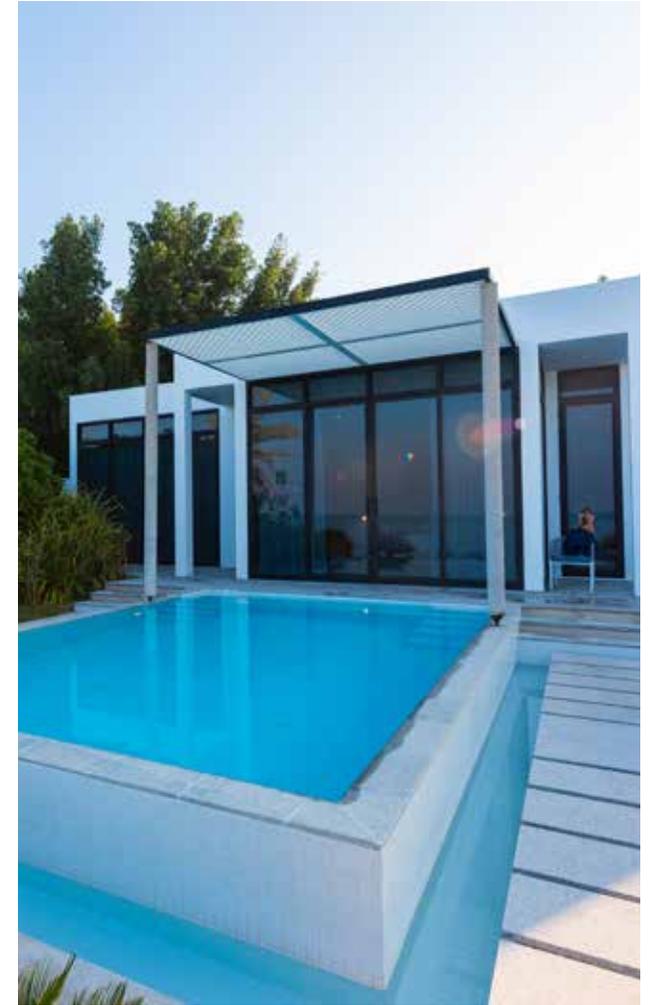


# Abu Dhabi Villa Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023





Abu Dhabi

# Office Rental Rates

(All figures in AED per sq.ft. p.a.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PRIME PROPERTIES</b>										
<b>FITTED*</b>	215	215	210	190	190	177	160	160	160	180
<b>QUALITY STOCK</b>										
<b>FITTED</b>	111	118	104	100	94	91	85	85	85	95
<b>SHELL AND CORE</b>	91	95	84	81	79	71	66	66	66	75
<b>MATURE STOCK</b>										
<b>GOOD</b>	79	79	79	71	66	64	58	58	58	66
<b>TYPICAL BUILDING</b>	67	67	67	60	58	53	52	52	52	56
<b>ABU DHABI AVERAGE**</b>	87	90	83	78	74	70	65	65	65	70
<b>ANNUAL % CHANGE</b>	0%	3%	-7%	-6%	-5%	-6%	-6%	0%	0%	8%
<b>% CHANGE SINCE PEAK (2008)</b>										-69%
<b>% CHANGE SINCE MARKET LOW (2012)</b>										-20%
<b>% CHANGE SINCE 2ND PEAK (2015)</b>										-22%

\* Includes developments such as Al Maryah Island, Aldar HQ, International Tower, Nation Towers, Ittihad Towers, etc.



Abu Dhabi

# Property Map



- 1 Al Bandar - Al 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 Rayyana
- 9 Al Reef
- 10 Al Zeina - Al Raha Beach
- 11 Baniyas
- 12 Al Bateen Airport Area
- 13 Al Bateen Area
- 14 Bawabat Al Sharq
- 15 Capital District (ADNEC)
- 16 Central Business District (CBD) / Tourist Club Area
- 17 Corniche
- 18 Danet Abu Dhabi
- 19 Eastern Mangroves
- 20 Golf Gardens
- 21 Hydra Village
- 22 Khalidiyah/ Al Hosn/ Al Manhal
- 23 Khalifa City A
- 24 Khalifa City B
- 25 Al Maryah Island
- 26 Mohamed Bin Zayed City (MBZ)
- 27 Al Mina
- 28 Al Mushrif/ Al Karamah/ Al Manaseer/ Al Muroor
- 29 Abu Dhabi Gate City
- 30 Rawdhat Abu Dhabi
- 31 Al Reem Island - Marina Square
- 32 Al Reem Island - Najmat Abu Dhabi
- 33 Al Reem Island - Rest of Shams Abu Dhabi
- 34 Al Reem Island - City of Lights
- 35 Al Reem Island - The Gate District
- 36 Saadiyat Beach District
- 37 Hills Abu Dhabi
- 38 West Yas
- 39 Yas Acres
- 40 Ansam
- 41 Al Raha Beach
- 42 Mamsha Al Saadiyat
- 43 Hidd Al Saadiyat
- 44 Masdar City
- 45 Al Jubail Island
- 46 Musaffah
- 47 Al Hudayriyat Island
- 48 Water's Edge

DUBAI



# Dubai Historic Review

## Stabilisation 2014-2015

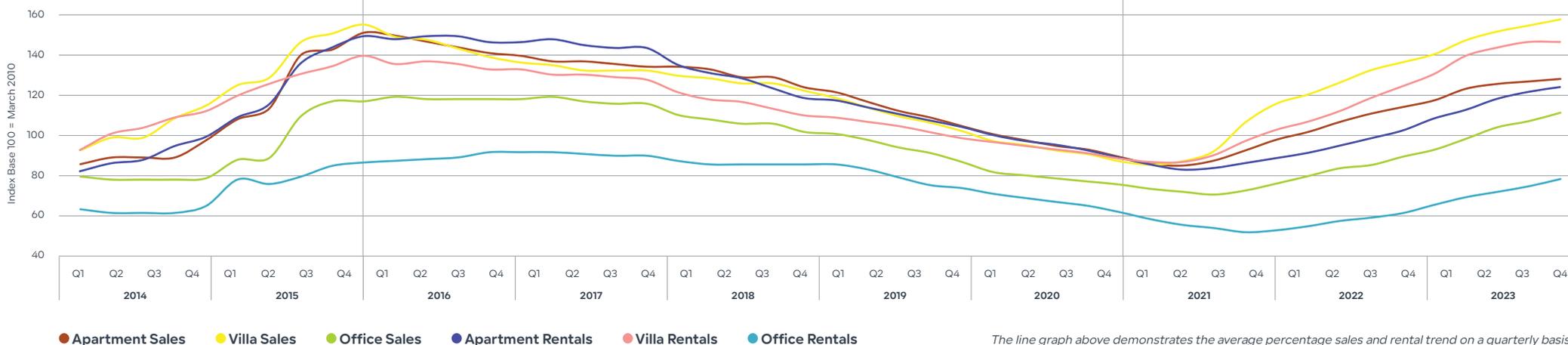
- The market peaked in Q2 2014 and corrected thereafter due to a combination of factors such as the reduction in LTVs, low oil prices and a strong US Dollar.
- Rental rates remained broadly stable as the handover of new supply was slower than anticipated.
- Due to the substantial number of launches witnessed in the previous years, concerns of oversupply and lack of demand particularly for high-end properties motivated developers to focus on the mid-quality and affordable housing sector, and to offer incentives such as extended payment plans during the post-completion stage.
- Lower deposits also made off-plan sales a more attractive option compared to the minimum 25% down payment required for a mortgaged property.

## Downturn 2016-2020

- Whilst 2016/17 recorded a substantial amount of project launches, new releases eased significantly from 2018 to 2020.
- Residential supply progressively increased over the years, from 13,750 units delivered in 2016 to over 34,000 apartments and villas handed over in 2020. On the contrary, new office space completions declined from 4 million sq.ft. to 2.34 million sq.ft. over the same period.
- The additional supply continued to have a downward effect on sales prices and rental rates with average quarterly declines of 2% to 5% across all asset classes.
- Despite prolonged economic pressure and the COVID-19 impact, the rate of decline in 2020 was broadly aligned with previous quarters.
- Incentives offered by landlords such as rent-free periods and multiple cheque payments (up to 12 cheques) were not only crucial to retain tenants but became the norm.
- The slowdown in new project launches and the increased affordability of completed properties led to a rise in transaction volumes toward the end of 2020 and ultimately resulted in an increase in end-users and first-time buyers.

## Recovery and Growth 2021-2023

- Increased affordability, improved market sentiment, Government initiatives and new visa programmes led to a rise in transactional activity, which started in late 2020, continued well into 2021/22 and accelerated towards the end of 2023.
- In fact, the residential sector, particularly the villa segment, benefitted from the working from home culture.
- Dubai's economy continued to expand in 2022 and 2023 amidst global challenges and political tensions, boosted by higher oil prices and the revival in tourism and trade. As such, transactional volumes and values increased further.
- The office sector also saw a revival in 2023. Office demand and pricing surged significantly, particularly with respect to Grade A space.



The line graph above demonstrates the average percentage sales and rental trend on a quarterly basis.

# Dubai Supply

	Completed in Q1 - Q3 2023	Completed in Q4 2023	Projected 2024
 <b>APARTMENTS</b> No. of units	<b>21,700</b>	<b>5,750</b>	<b>37,000</b>
 <b>VILLAS</b> No. of units	<b>5,500</b>	<b>2,000</b>	<b>8,850</b>
 <b>OFFICES</b> Million Sq.ft.	<b>0.5</b>	<b>0.15</b>	<b>0.5</b>

# Highlights and Outlook

	2023 Highlights	2024 Outlook
Supply*	<ul style="list-style-type: none"> <li>Residential supply increased significantly over 2023, with the delivery of an estimated 34,950 residential units over the course of the year (13% increase from 2022), comprising 27,450 apartments and 7,500 villas.</li> <li>Whilst handovers fell short of those initially forecasted at the end of 2022, it nevertheless represents a significant volume, relative to market size.</li> <li>Meanwhile, the commercial sector registered the delivery of approximately 650,000 sqft of new office space.</li> <li>Dubai recorded a flurry of new project launches. Project launches (by volume of units) reached levels not seen since pre-Global Financial Crisis (GFC).</li> </ul>	<ul style="list-style-type: none"> <li>Asteco anticipates the delivery of over 45,000 residential dwellings and approximately 500,000 sqft of office space over the course of 2024. It is worth noting that, as in previous years, certain projects may face delays, potentially leaning into 2025.</li> <li>Whilst new project launches are expected, the pace is likely to decelerate from 2023. This adjustment is attributed to the anticipated impact of uncertain global growth, influencing the spending capacity of both international investors and domestic buyers.</li> <li>Despite this, the real estate landscape remains dynamic, showcasing resilience amid evolving global economic conditions.</li> </ul>
Rental Rates	<ul style="list-style-type: none"> <li>Residential rental growth slowed towards the end of the year. Average apartment and villa rents increased by 2% and 3% over the quarter, and by 15% and 14% year-on-year.</li> <li>Whilst rental rates continued their upward trajectory, there are indications that they might be approaching a point of equilibrium. A notable metric reinforcing this observation is the growing variance between listings and contracted rates, as documented by the Dubai Land Department (DLD).</li> <li>There has been a rise in rental increases exceeding RERA stipulations (for existing tenants) and consequently a surge in eviction notices as tenants challenged landlords.</li> <li>The strong rebound in the office sector (from 2022 onwards) has continued unabated. There was a notable surge in demand and pricing, particularly for Grade A space. Demand has been stimulated by new entrants and existing companies looking to increase their footprint. However, it is worth noting there are some companies that are recalibrating their real estate needs and downsizing.</li> </ul>	<ul style="list-style-type: none"> <li>Anticipating a rise in unit handovers in 2024, a moderation in rental rate growth is expected.</li> <li>In certain well-established communities or exclusive developments, vacancies will remain scarce. However, this scenario contrasts with the majority of areas, especially those with new and/or upcoming supply.</li> <li>Despite limited tenant movement, the conclusion of eviction notice periods implies a growing number of individuals will actively seek new leased units.</li> <li>The rental landscape, characterised by its diversity, still holds growth potential for specific developments and areas.</li> </ul>
Sales Prices	<ul style="list-style-type: none"> <li>In the final quarter of 2023, average sales price growth for apartments and villas experienced a modest increase, averaging 1% and 2%. However, annual growth rates stood at 10% and 12%, respectively.</li> <li>Despite the moderation in sales price growth, transactional volumes remained robust, particularly in the off-plan sector.</li> <li>The luxury residential segment continued to set new records across both beachfront locations and desert destinations.</li> <li>However, amidst the rush to capitalise on the current market fervour, the development of affordable housing has been sidelined. In addition, the lack of affordable options within the secondary market meant many investors and end-users with more limited capital/resources found themselves priced out of the market.</li> </ul>	<ul style="list-style-type: none"> <li>Sale price growth for typical dwellings is likely to continue to ease in 2024 as savings are being exhausted and pent-up demand is being absorbed.</li> <li>As the cost of borrowing is projected to decrease later in the year, there is a growing anticipation of a resurgence in end-users and first-time buyers who had deferred their buying decisions in 2023.</li> <li>In addition, we anticipate the implementation of more flexible and/or post-completion payment plans, accompanied by lower down payment options.</li> <li>Properties with limited current and future stock (i.e. those in established areas) are expected to outperform those available in areas with available development.</li> </ul>

\* It is important to note that whilst a number of projects may have received completion certificates, Asteco does not consider a project delivered until the handover process has been initiated and the units are available for lease in the open market.



# Dubai Apartment Rental Rates

(All figures in AED 000's p.a.)

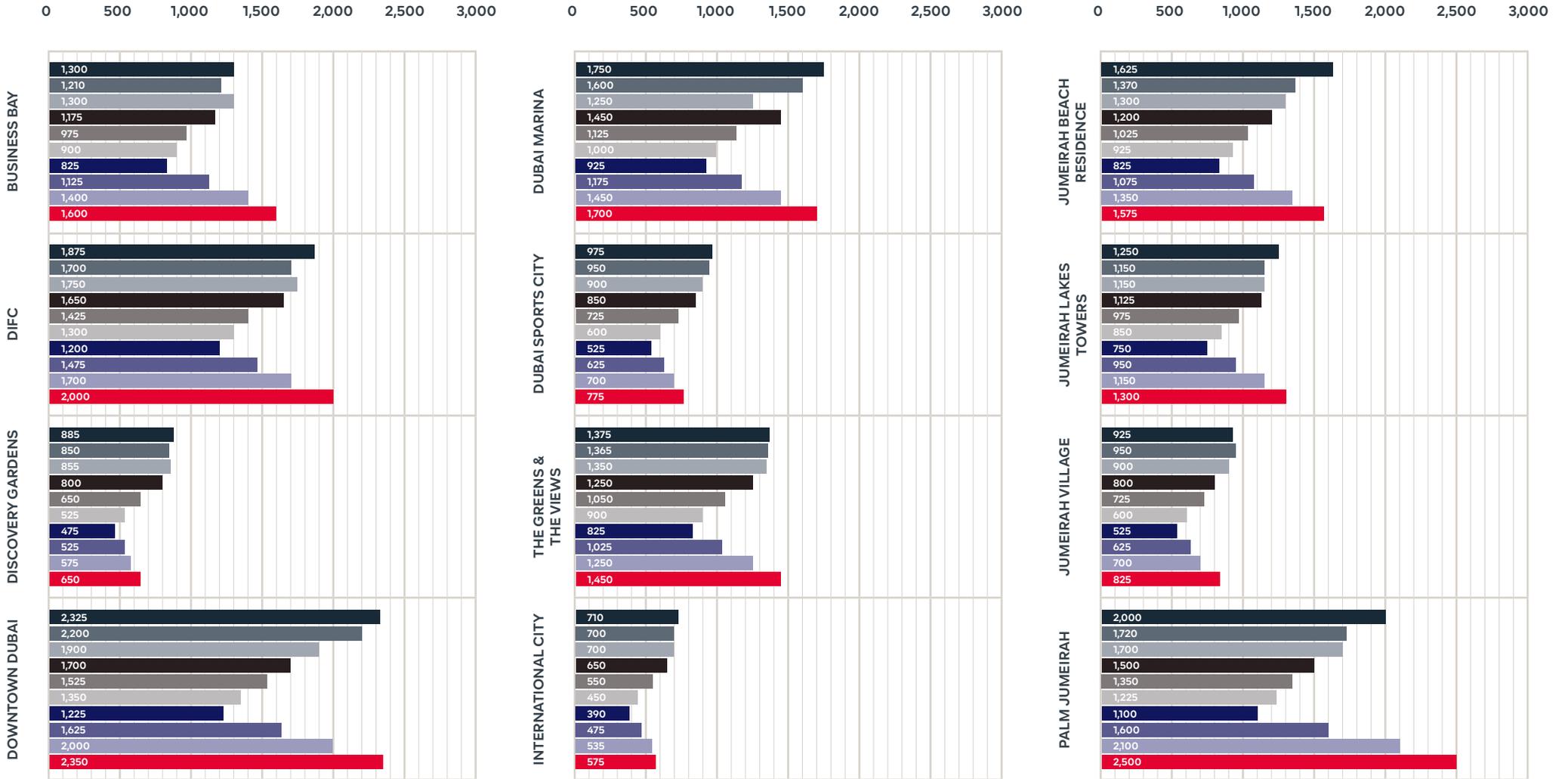
	1 BEDROOM											2 BEDROOMS											3 BEDROOMS										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
<b>HIGH TO LUXURY END</b>																																	
<b>DIFC</b>	113	113	105	100	90	85	85	77.5	97.5	110	173	158	160	145	120	110	97.5	110	140	160	235	230	190	190	175	150	140	167.5	200	220			
<b>DOWNTOWN DUBAI</b>	118	115	115	95	83	73	73	75	97.5	115	170	175	160	130	115	105	90	95	120	150	245	240	225	190	170	158	135	170	220	250			
<b>PALM JUMEIRAH</b>	150	135	130	110	98	90	90	95	125	155	208	198	175	155	138	128	112	140	185	220	243	255	235	200	180	158	142	155	205	260			
<b>SHEIKH ZAYED ROAD</b>	113	100	95	90	80	73	73	70	90	100	148	130	125	115	110	98	80	97.5	125	137.5	200	175	165	150	125	115	110	125	150	157.5			
<b>MID TO High-end</b>																																	
<b>BUSINESS BAY</b>	93	93	85	70	65	58	58	60	75	87.5	135	135	125	105	90	90	72.5	90	107.5	120	180	185	170	150	140	120	105	125	155	172.5			
<b>DUBAI MARINA</b>	113	98	90	70	68	58	58	65	80	95	158	143	125	105	98	90	80	100	125	140	210	205	190	155	145	130	110	140	175	200			
<b>THE GREENS &amp; THE VIEWS</b>	83	95	95	75	68	58	58	65	80	90	148	143	130	115	100	93	80	100	120	140	173	175	175	145	135	120	112.5	133	150	175			
<b>JUMEIRAH BEACH RESIDENCE</b>	118	115	105	95	80	70	70	72.5	90	105	163	148	140	115	103	93	80	97.5	125	140	200	193	185	160	140	125	107.5	125	160	175			
<b>JUMEIRAH LAKES TOWERS</b>	90	90	75	65	58	55	55	57.5	67.5	77.5	133	125	115	95	83	70	62.5	77.5	95	110	168	153	150	130	110	100	90	105	125	145			
<b>AFFORDABLE</b>																																	
<b>DEIRA</b>	65	65	60	50	48	43	43	37.5	45	47.5	90	90	85	70	63	55	50	55	65	72.5	133	113	115	95	88	85	75	80	87.5	100			
<b>DISCOVERY GARDENS</b>	70	72	65	55	48	40	40	37.5	42.5	52.5	80	80	85	85	83	75	60	60	65	75	-	-	-	-	-	-	-	-	-	-			
<b>DUBAI SPORTS CITY</b>	65	74	65	55	48	40	40	40	45	52.5	98	105	90	75	68	60	50	55	65	75	-	-	125	100	85	75	62.5	70	85	95			
<b>INTERNATIONAL CITY</b>	46	50	45	40	35	30	30	26	35	37.5	63	65	63	55	53	45	40	42.5	47.5	52.5	-	-	-	-	75	70	62.5	57.5	62.5	80			
<b>JUMEIRAH VILLAGE</b>	65	73	60	55	50	40	40	40	47.5	57.5	103	105	95	80	70	58	50	60	72.5	82.5	130	138	135	110	100	80	70	80	100	115			
<b>DUBAI AVERAGE</b>	91	90	85	74	65	56	48	52	62	72	127	127	118	102	91	83	68	75	90	103	170	172	162	142	127	114	95	106	127	146			
<b>ANNUAL % CHANGE</b>	7%	-1%	-6%	-13%	-12%	-10%	-10%	9%	16%	16%	8%	0%	-7%	-14%	-11%	-9%	-18%	11%	16%	15%	7%	2%	-6%	-13%	-11%	-10%	-17%	11%	17%	15%			
<b>% CHANGE SINCE PEAK (2008)</b>	-42%											-39%											-41%										
<b>% CHANGE SINCE MARKET LOW (2011)</b>	-18%											-16%											-17%										
<b>% CHANGE SINCE 2ND PEAK (2014)</b>	44%											44%											36%										



Dubai

# Apartment Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



# Dubai Villa Rental Rates

(All figures in AED 000's p.a.)

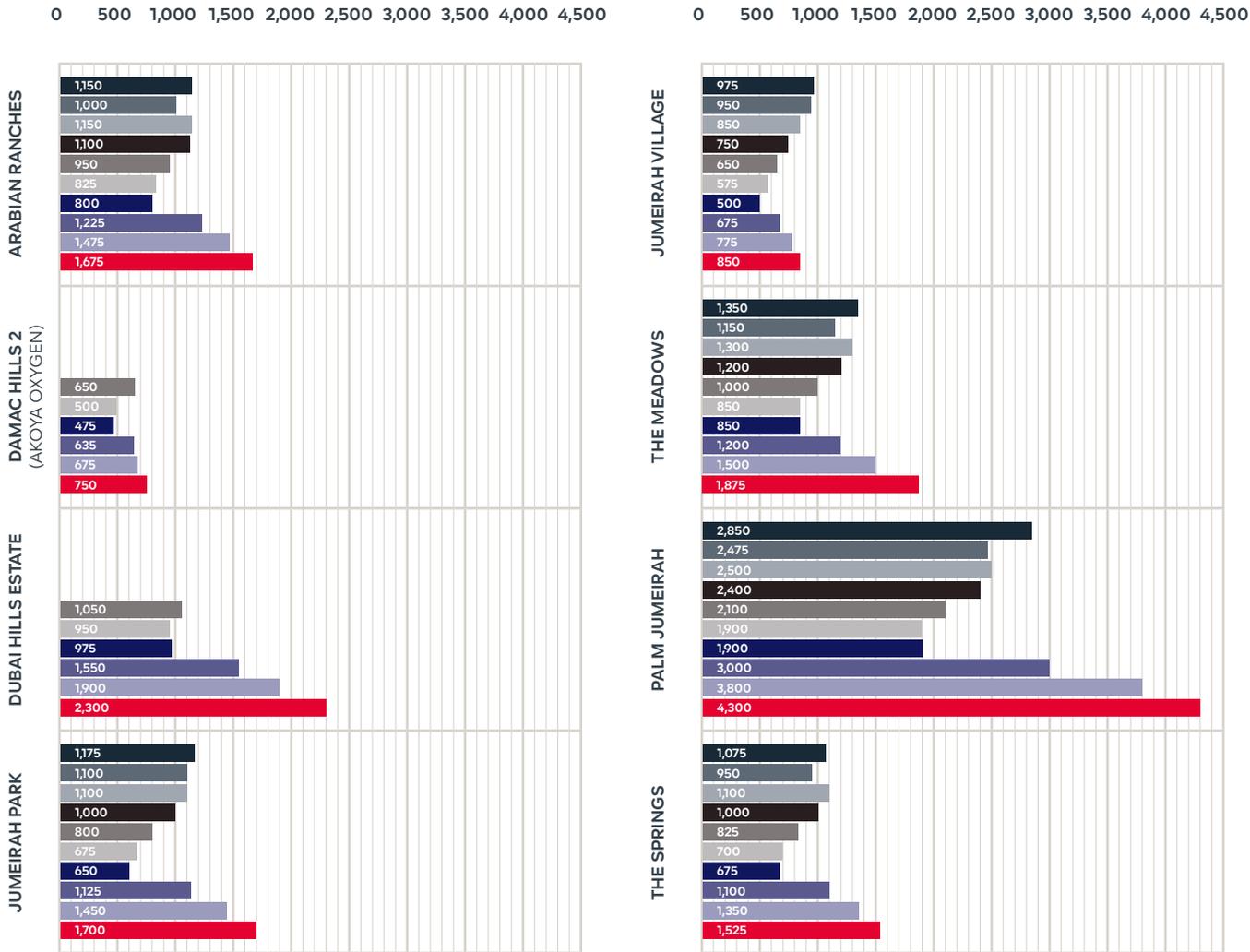
	3 BEDROOMS											4 BEDROOMS										5 BEDROOMS									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>ARABIAN RANCHES</b>	215	203	195	155	145	130	125	175	230	250	300	243	235	190	183	173	162	220	275	300	343	303	285	250	220	205	200	325	385	425	
<b>DAMAC HILLS 2 (AKOYA OXYGEN)</b>	-	-	-	-	-	67.5	55	65	70	80	-	-	-	-	-	85	70	82.5	85	90	-	-	-	-	-	95	80	92.5	105	115	
<b>DUBAI HILLS ESTATE</b>	-	-	-	-	-	-	130	180	225	250	-	-	-	-	-	-	140	225	300	325	-	-	-	-	-	-	165	240	325	350	
<b>JUMEIRAH / UMM SUQEIM</b>	215	190	190	175	163	150	137.5	155	200	230	275	253	210	195	185	170	160	190	235	265	350	285	270	230	215	195	182.5	225	275	325	
<b>JUMEIRAH PARK</b>	220	218	210	175	165	153	155	215	275	310	290	245	245	200	188	183	180	240	300	360	340	290	275	255	230	225	225	315	380	425	
<b>JUMEIRAH VILLAGE</b>	163	160	160	145	120	95	95	120	140	160	178	170	170	145	125	108	100	130	160	175	210	208	185	160	150	140	115	140	180	200	
<b>THE MEADOWS</b>	238	233	210	195	190	165	160	200	250	290	275	260	260	225	210	180	182	235	300	350	310	285	285	250	230	210	207.5	255	335	385	
<b>MIRDIF</b>	133	130	120	105	93	88	80	90	97.5	110	155	150	150	130	115	100	100	115	125	140	175	175	170	150	135	115	100	125	150	160	
<b>PALM JUMEIRAH</b>	350	333	320	275	245	215	200	270	375	425	485	420	400	390	350	315	295	400	540	650	725	675	600	500	465	440	470	650	825	975	
<b>THE SPRINGS</b>	195	180	180	145	135	123	120	150	190	210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>THE LAKES</b>	228	223	220	190	175	158	155	197.5	260	295	283	275	270	245	235	220	200	245	290	335	400	363	350	330	260	260	260	300	325	385	
<b>TOWN SQUARE</b>	-	-	-	-	100	92.5	80	107.5	125	135	-	-	-	-	125	107.5	195	115	150	165	-	-	-	-	-	-	-	-	-	-	
<b>DUBAI AVERAGE</b>	225	206	195	175	152	133	124	152	183	206	271	244	231	206	183	165	154	193	237	268	314	290	274	245	222	206	195	254	312	361	
<b>ANNUAL % CHANGE</b>	5%	-8%	-5%	-11%	-13%	-13%	-6%	-6%	23%	12%	4%	-10%	-5%	-11%	-11%	-10%	-7%	22%	25%	13%	1%	-8%	-6%	-11%	-9%	-7%	-6%	31%	26%	16%	
<b>% CHANGE SINCE PEAK (2008)</b>					-32%																	-25%									
<b>% CHANGE SINCE MARKET LOW (2011)</b>					-4%																	12%									
<b>% CHANGE SINCE 2ND PEAK (2014)</b>					41%																	66%									





# Dubai Villa Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



# Dubai Office Rental Rates

(All figures in AED per sq.ft. p.a.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>BARSHA HEIGHTS (TECOM)</b>	100	110	48	95	85	68	50	47.5	60	80
<b>BUR DUBAI</b>	105	108	100	100	85	78	60	57.5	65	75
<b>BUSINESS BAY</b>	103	88	90	90	75	65	52.5	52.5	65	90
<b>DIFC</b>	235	255	250	245	215	195	150	150	190	230
<b>JUMEIRAH LAKES TOWERS</b>	95	98	95	95	80	63	50	47.5	60	85
<b>SHEIKH ZAYED ROAD</b>	180	185	165	150	120	98	77.5	75	90	115
<b>DUBAI AVERAGE</b>	126	130	127	122	114	104	86	86.5	101.4	133
<b>ANNUAL % CHANGE</b>	8%	3%	-2%	-4%	-7%	-12%	-18%	1%	19%	31%
<b>% CHANGE SINCE PEAK (2008)</b>						-64%				
<b>% CHANGE SINCE MARKET LOW (2012)</b>						39%				
<b>% CHANGE SINCE 2ND PEAK (2015)</b>						-5%				



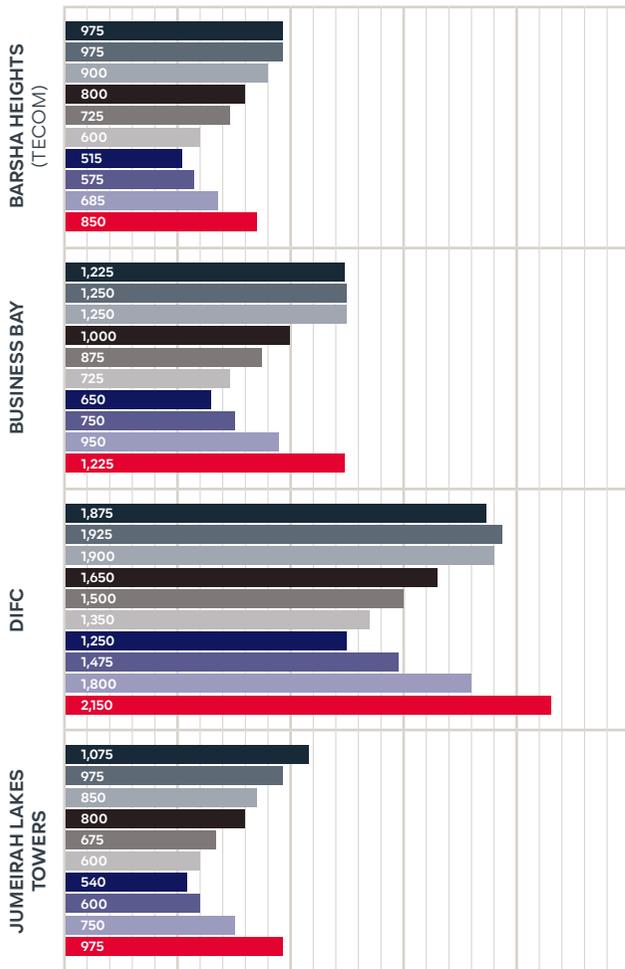


Dubai

# Office Sales Prices

AED per sq.ft.

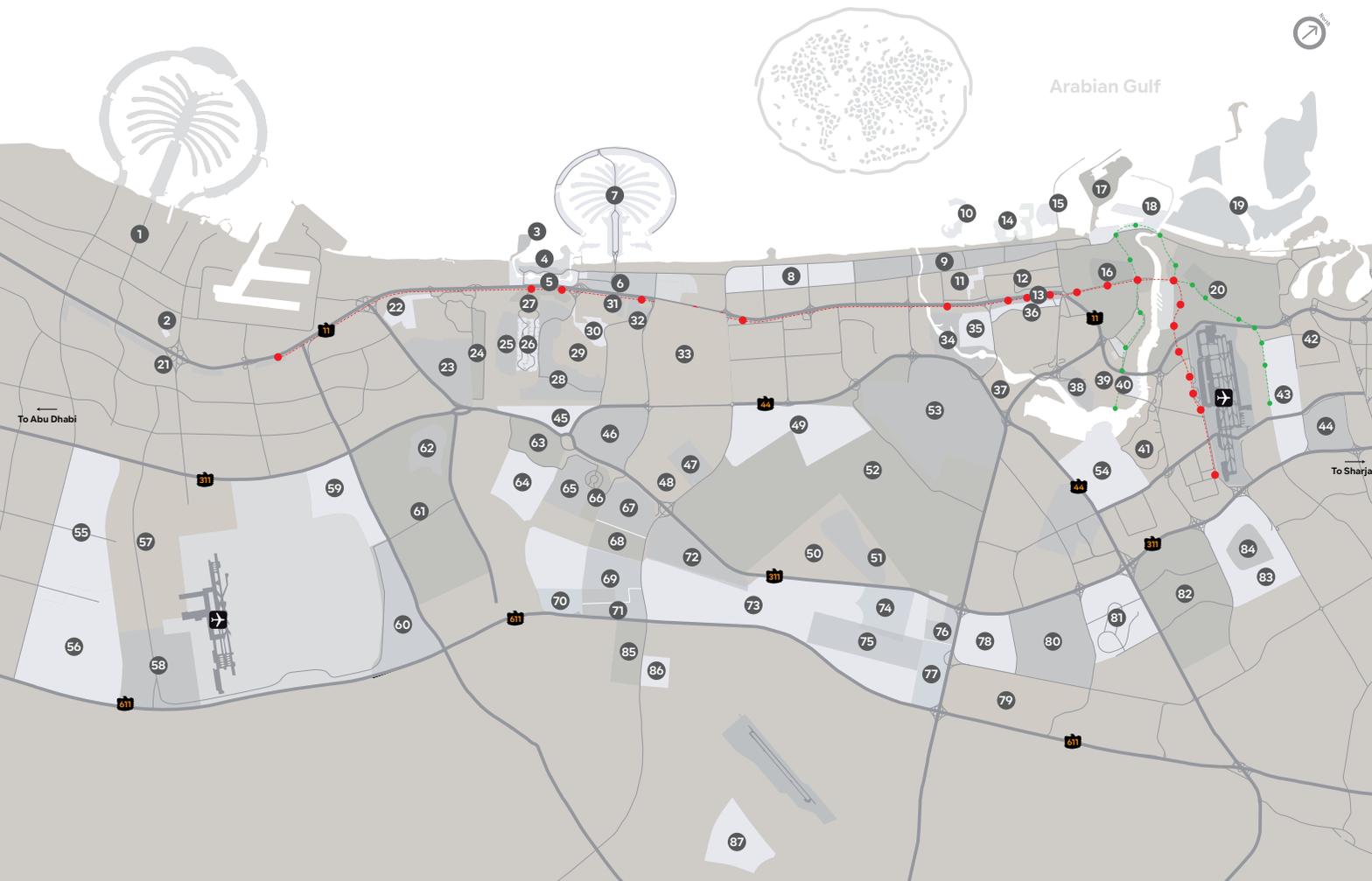
0 500 1,000 1,500 2,000 2,500



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023

Dubai

# Property Map



- |    |  |    |                                     |
|----|--|----|-------------------------------------|
| 1  | Veneto   | 45 | Jumeirah Village Triangle           |
| 2  | Badrah   | 46 | Jumeirah Village Circle             |
| 3  | Bluewater Island   | 47 | Dubai Science Park                  |
| 4  | Jumeirah Beach Residence                                     | 48 | Arjan                               |
| 5  | Dubai Marina   | 49 | Dubai Hills Estate                  |
| 6  | Dubai Internet City, Dubai Media City & Dubai Knowledge Park | 50 | Living Legends                      |
| 7  | Palm Jumeirah  | 51 | Al Barari                           |
| 8  | Umm Suqeim   | 52 | Mohammed Bin Rashid City (MBR City) |
| 9  | Jumeirah   | 53 | Meydan                              |
| 10 | Jumeirah Bay   | 54 | Dubai Creek Harbour                 |
| 11 | City Walk  | 55 | Commercial District                 |
| 12 | Al Satwa   | 56 | Golf District                       |
| 13 | Sheikh Zayed Road  | 57 | Logistics District                  |
| 14 | La Mer   | 58 | Aviation District                   |
| 15 | Pearl Jumeirah   | 59 | Expo 2020                           |
| 16 | Bur Dubai  | 60 | Residential District                |
| 17 | Dubai Maritime City  | 61 | Dubai Investment Park               |
| 18 | Port Rashid  | 62 | Green Community                     |
| 19 | Dubai Islands  | 63 | Dubai Production City (IMPZ)        |
| 20 | Deira  | 64 | Jumeirah Golf Estates               |
| 21 | Downtown Jebel Ali   | 65 | Victory Heights                     |
| 22 | Wasl Gate  | 66 | Dubai Sports City                   |
| 23 | Al Furjan  | 67 | Motor City                          |
| 24 | Discovery Gardens  | 68 | Dubai Studio City                   |
| 25 | Jumeirah Park  | 69 | Damac Hills                         |
| 26 | Jumeirah Islands   | 70 | Remraam                             |
| 27 | Jumeirah Lakes Towers  | 71 | Mudon                               |
| 28 | The Springs / The Meadows                                    | 72 | Arabian Ranches                     |
| 29 | Emirates Hills   | 73 | Dubailand                           |
| 30 | The Lakes  | 74 | Falcon City of Wonders              |
| 31 | The Greens   | 75 | The Villa                           |
| 32 | Barsha Heights (Tecom)                                       | 76 | Liwan                               |
| 33 | Al Barsha  | 77 | DubaiLand Residence Complex         |
| 34 | Business Bay   | 78 | Dubai Silicon Oasis                 |
| 35 | Downtown Dubai   | 79 | Dubai Academic City                 |
| 36 | DIFC   | 80 | International City Phase 2 & 3      |
| 37 | Dubai Design District  | 81 | International City                  |
| 38 | Dubai Healthcare City - Phase 2                              | 82 | Al Warqaa                           |
| 39 | Al Jaddaf  | 83 | Mirdif                              |
| 40 | Jaddaf Waterfront (Culture Village)                          | 84 | Uptown Mirdif                       |
| 41 | Dubai Festival City  | 85 | Town Square                         |
| 42 | Al Nahda   | 86 | Mira                                |
| 43 | Al Qusais  | 87 | Damac Hills 2                       |
| 44 | Muhaisnah  |    |                                     |

**NORTHERN  
EMIRATES**



# Northern Emirates Historic Review

## Recovery and Growth

2013-2014

- Rental rates in the Northern Emirates bottomed out in the beginning of 2013 and increased thereafter due to rising rates in Dubai.
- The villa market in Ras Al Khaimah recorded strong sales activity as value-for-money options were readily available.
- The Sharjah office sector, however, remained somewhat stagnant.

## Stabilisation

2015-2016

- The interdependence between Dubai and the Northern Emirates manifested due to the slowdown recorded in Dubai, which resulted in a stagnant rental market in the Northern Emirates.
- The availability of superior products led to marginal rate reductions in more mature buildings as tenants upgraded to newly-built accommodation.
- Continuous handovers of affordable units in Dubai encouraged tenants to move (back) to the Emirate, and stalled relocations to the Northern Emirates.
- The office sector in Sharjah remained flat due to the supply/demand imbalance.

## Downturn

2017-2020

- Subdued market activity resulted in continued average rental rate declines across all sectors in the Northern Emirates.
- Several master plan communities were launched, which recorded steady levels of demand.
- Lockdown and movement restrictions resulting from the COVID-19 pandemic meant reduced relocations from the Northern Emirates to neighbouring Dubai despite an increase in affordable developments.
- A number of Government initiatives and schemes were launched to support the Northern Emirates infrastructure and real estate market.
- In addition, the Government launched several special reforms and fee discounts in order to support the commercial and industrial sectors.
- Diverse policies implemented during this period focused on promoting long-term economic sustainability and boosting tourism in the region.

## Yet to Stabilise

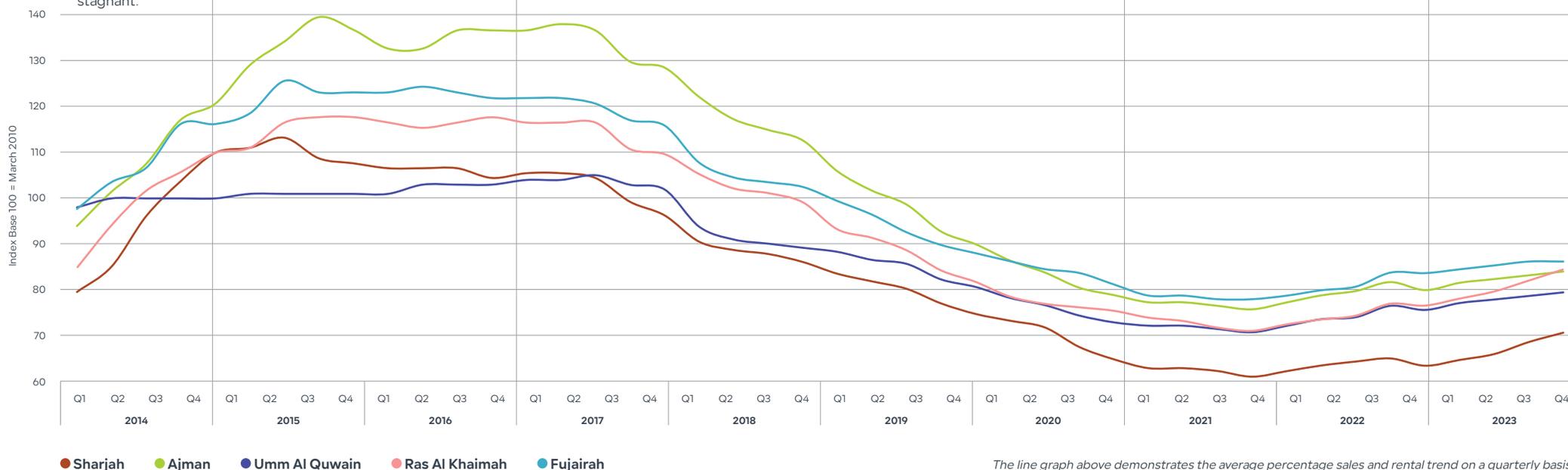
2021-2022

- Whilst residential rental rates in the Northern Emirates appeared to have moved towards stabilisation towards the end of 2021, and even recorded marginal upticks in the first 9 months of 2022, rates dipped again in the final quarter.
- The increased availability of completed properties with better quality specifications, facilities and property management, particularly in master plan communities in Sharjah and Ras Al Khaimah (RAK), as well as Dubai, has effected an outflow from older areas/buildings.

## Recovery and Growth

2023

- Over the course of 2023, the real estate sector in the Northern Emirates exhibited notable signs of recovery and growth. This progress extended beyond mere performance metrics, encompassing a surge in new project launches, especially within the strategically developed communities of Sharjah and Ras Al Khaimah (RAK).



The line graph above demonstrates the average percentage sales and rental trend on a quarterly basis.

# Highlights and Outlook

## 2023 Highlights

- Throughout 2023, the real estate landscape in the Northern Emirates was characterised by a consistent upward trend in both sales prices and rental rates.
- The market also recorded a substantial surge in project launches, underlining the region's vitality and growth potential.
- In the rental market, average apartment rates across the Northern Emirates demonstrated a gains. Whilst rental increases were generally modest, there were marked increases within the high-end segments of Sharjah and Ras Al Khaimah (RAK), with rates gaining further momentum towards the close of the year.
- Adding to the economic and real estate dynamics, was the creation of the gaming authority, affirming the previous announcement of the Wynn Resort (RAK), which is earmarked to comprise the UAE's first casino. The Wynn announcement has undoubtedly proven a catalyst, drawing significant investment towards the Northern Emirates and particularly for Al Marjan Island. This activity has fostered collaborative efforts between local and international developers/brands.

### NEW PROJECT LAUNCHES IN 2023

#### RAS AL KHAIMAH

- Emaar launch Address Residences on Al Marjan Island, comprising 249 rooms and 234 apartments.
- Aldar Properties unveiled the 1st phase of Nikki Beach Residences, a 357-unit beachfront development on Al Marjan Island.
- RAK Properties partnered with Nikki Beach Global to develop the 155-key Nikki Beach Resort and Spa located in Mina Al Arab.
- RAK Properties and Ellington Properties develop Porto Playa, a 269-units on Hayat Island, Mina Al Arab.
- Marriott International and US based developer WOW Resorts launched JW Marriott Al Marjan Island Resort & JW Marriott Residences Al Marjan Island comprising 300 hotel rooms and 524 residences.
- RAK properties, in collaboration with IHG Hotels and Resort, launched 156-key 'Staybridge Suites' in Mina Al Arab.
- Octa and Durar launched 'MoonStone' branded residences by Missoni at Al Marjan Island, featuring 225 units.

#### SHARHAH

- Arada announced '2 Teatro Residences' comprising 138 units.
- Alef Group introduced 'Nama 1' featuring 134 units within Al Mamsha Raseel.

#### AJMAN

- Ajman and Solidere International launched 'Gateway at Porto Al Zorah' comprising 157 units.

## 2024 Outlook

- As we move into 2024, the groundwork laid in 2023 positions the Northern Emirates real estate market for sustained growth.
- Looking ahead, the outlook is promising, buoyed by a rise in project handovers and heightened tenant demand driven by affordability considerations, particularly for those priced out of Dubai. Affordability will likely remain a key driving force, ensuring a steady influx of tenants and maintaining robust demand for completed residential projects.
- RAK is anticipated to continue to record strong demand for off-plan sales, cementing itself as an emerging investment destination, one which developers will seek to capitalise on.
- An increase in investments from both local and international hospitality entities in the Northern Emirates, particularly Ras Al Khaimah, signifies a transformative phase of development. This surge is poised to have a positive and enduring impact on the overall real estate market outlook in 2024 and beyond.
- The combination of strategic groundwork, affordability considerations, and increased investments paints a promising picture for the Northern Emirates real estate market as it advances into the future.



Northern Emirates

# Apartment Rental Rates

(All figures in AED 000's p.a.)

		1 BEDROOM										2 BEDROOMS										3 BEDROOMS									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SHARJAH	TYPICAL	31	33	31	25	30	19	15	15	15	16.5	37	37	36	36	32	39	23	18.5	18.5	19.5	52	54	52	53	43	56	34	29.5	29	30.5
	HIGH-END	39	39	38	35	31	29	26	25.5	25.5	31.5	51	58	56	52	60	48	43	35.5	35	41	70	73	70	71	78	65	57	48.5	49	56.5
AJMAN	TYPICAL	29	29	26.5	24	19	15	13	13	13.5	13.9	35	39	30.5	30	26	24	19.5	17	17	17.7	45	50	45	45	40	35	29.5	24	23.5	24.5
	HIGH-END	29	34	35	30	26	23	20	19.5	20.5	22	35	39	40	43	36	32	29	27.5	28	30	45	50	56	55	45	41	37	35	35	39.5
UMM AL QUWAIN		22	23	23	22	20	19	17	17	17.2	18	27	29	30	30	28	27	23	22	22.2	24.3	38	40	40	40	34	32	30	29	29	32.5
RAS AL KHAIMAH	TYPICAL	33	38	34	26	26	20	18	18	19	20	38	39	40	40	38	34	27	23	22.2	25	47	50	50	50	42	40	37	35	35	40
	HIGH-END	45	38	34	37	34	32	29.5	29	30	34.5	60	63	63	65	58	52	45	41.5	42	52	93	110	100	98	82	70	65	62	62	74.7
FUJAIRAH	TYPICAL	32	35	32.5	26.5	23.8	22	19	18.5	18.7	19.8	38	43	42	43.5	35	28	26	23.2	23.5	26.8	47	50	52.5	52.5	45	45	40	35	35	38.8
	HIGH-END	32	50	47.5	43	36.5	33.5	30.5	30	33	34.8	38	43	56.5	55	49	45	41.5	40.5	40	43.5	47	50	76	75	68	66	58	56	56	62.5
<b>NORTHERN EMIRATES AVERAGE</b>		<b>33</b>	<b>36</b>	<b>34</b>	<b>29</b>	<b>26</b>	<b>24</b>	<b>21</b>	<b>20.6</b>	<b>21.3</b>	<b>23.4</b>	<b>41</b>	<b>44</b>	<b>44</b>	<b>44</b>	<b>41</b>	<b>36</b>	<b>31</b>	<b>27.5</b>	<b>27.6</b>	<b>31</b>	<b>56</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>54</b>	<b>48</b>	<b>48</b>	<b>40</b>	<b>39.3</b>	<b>44.4</b>
<b>ANNUAL % CHANGE</b>		<b>7%</b>	<b>9%</b>	<b>-4%</b>	<b>-15%</b>	<b>-10%</b>	<b>-10%</b>	<b>-11%</b>	<b>-1%</b>	<b>4%</b>	<b>10%</b>	<b>22%</b>	<b>7%</b>	<b>1%</b>	<b>-1%</b>	<b>-7%</b>	<b>-12%</b>	<b>-13%</b>	<b>-10%</b>	<b>0%</b>	<b>8%</b>	<b>21%</b>	<b>9%</b>	<b>0%</b>	<b>0%</b>	<b>-11%</b>	<b>-11%</b>	<b>-12%</b>	<b>-8%</b>	<b>0%</b>	<b>7%</b>
<b>% CHANGE SINCE MARKET LOW (2012)</b>							<b>-1%</b>					<b>-7%</b>					<b>-4%</b>														
<b>% CHANGE SINCE 2ND PEAK (2015)</b>							<b>-34%</b>					<b>-32%</b>					<b>-30%</b>														





Sharjah

# Apartment Rental Rates ↗

(All figures in AED 000's p.a.)

	1 BEDROOM											2 BEDROOMS											3 BEDROOMS										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
AL MAJAZ	40	41	39	34	31	28	23.5	22.7	23.5	25.5	53	58	55	41	39	37	32	31	32	34	75	73	66	52	52	50	46	46	47	49			
AL QASIMIA	38	33	31	27	24	21	19	17.5	18.5	20	45	39	39	33	31	28	25	24.5	25	26.5	58	55	55	47	43	39	37	37.5	37	38.5			
AL NAHDA	41	44	35	30	27	25	23.5	22.5	23.5	26	55	55	51	39	36	34	32.5	32.5	30	32.7	75	73	65	55	52	48	47.5	48	47.5	49.9			
AL KHAN (AL MAMZAR)	42	39	38	37	29	28	24.5	25	25.5	27.7	53	63	63	49	45	41	36	34.5	36.5	38.5	78	80	73	57	56	52	48	48	52	52.9			
ABU SHAGARA	34	32	33	28	26	22	19.5	18.7	19.5	20.5	42	42	40	34	31	29	26	26	26.5	27.8	53	54	53	43	42	36	35	36	35	37			
BU TENA	31	31.5	27	24	22.5	18.5	16.5	15.75	15.75	17.5	38.5	38.5	33.5	30	27.5	23	19	19	19.5	21.8	48.5	48.5	48.5	44	41.5	35	32	32.5	30.5	31			
AL YARMOOK	24	26	28	24	20	18	15	15.2	15.2	15.5	28	28	29	27	25	23	17.5	17.5	18.5	19.5	48	48	45	40	38	35	33	33	33.5	34			
ROLLA	32	29	25.5	23	21.25	19	15.5	15.25	16	17.5	38.5	38	35	30	26.5	23	19.5	19	21	22.8	52.5	52.5	52.5	43	41.5	37	31.5	31	30	30.8			
<b>SHARJAH AVERAGE</b>	<b>35</b>	<b>34</b>	<b>32</b>	<b>29</b>	<b>25</b>	<b>23</b>	<b>19.5</b>	<b>19.1</b>	<b>20.8</b>	<b>23.3</b>	<b>44</b>	<b>45</b>	<b>43</b>	<b>36</b>	<b>33</b>	<b>30</b>	<b>26</b>	<b>25.8</b>	<b>29.1</b>	<b>31.8</b>	<b>59</b>	<b>58</b>	<b>56</b>	<b>48</b>	<b>45</b>	<b>41</b>	<b>37.5</b>	<b>37.6</b>	<b>41.8</b>	<b>44.9</b>			
<b>ANNUAL % CHANGE</b>	<b>19%</b>	<b>-2%</b>	<b>-5%</b>	<b>-10%</b>	<b>-13%</b>	<b>-10%</b>	<b>-13%</b>	<b>-2%</b>	<b>9%</b>	<b>12%</b>	<b>13%</b>	<b>2%</b>	<b>-5%</b>	<b>-16%</b>	<b>-9%</b>	<b>-10%</b>	<b>-12%</b>	<b>0%</b>	<b>13%</b>	<b>10%</b>	<b>8%</b>	<b>-1%</b>	<b>-4%</b>	<b>-13%</b>	<b>-6%</b>	<b>-10%</b>	<b>-8%</b>	<b>1%</b>	<b>11%</b>	<b>9%</b>			
<b>% CHANGE SINCE MARKET LOW (2012)</b>					<b>7%</b>														<b>20%</b>														
<b>% CHANGE SINCE 2ND PEAK (2015)</b>					<b>-33%</b>														<b>-24%</b>														



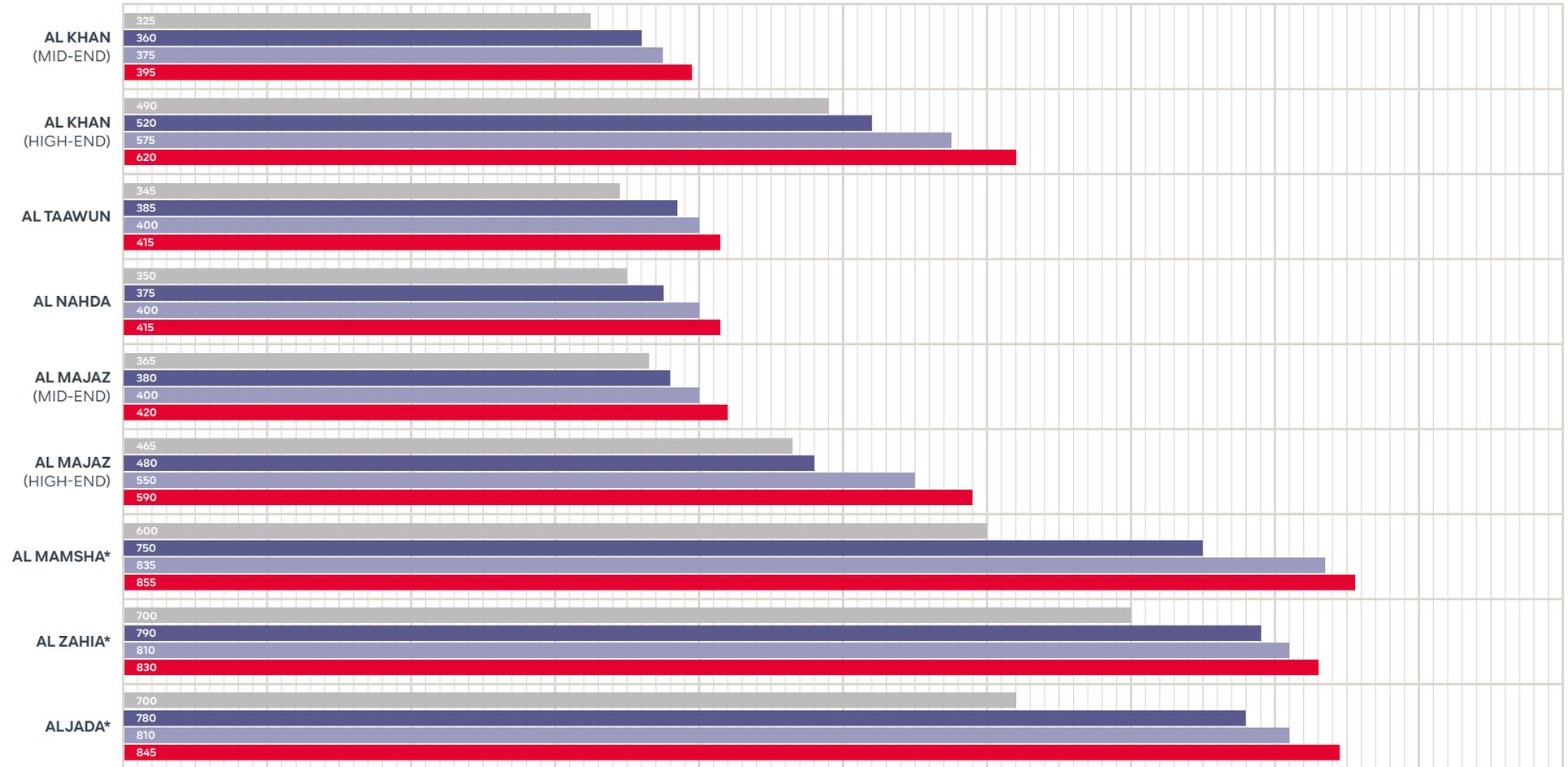


Sharjah

# Apartment Sales Prices

AED per sq.ft.

0 100 200 300 400 500 600 700 800 900 1,000



● 2020 ● 2021 ● 2022 ● 2023 \*Leasehold ownership (up to 100 years) for all nationalities



# Sharjah Office Rental Rates

(All figures in AED per sq.ft. p.a.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
AL TAAWUN ROAD	48	48	48	48	36	32	26.5	25	27.5	29
CORNICHE AREA	68	63	38	44	52	44	35.5	35	40	42.5
AL WAHDA	53	50	40	40	42	36	28.5	27.5	30	32.5
AL QASIMIA	43	43	43	45	40	34	25	25	27.5	29
CLOCK R/A	45	45	45	43	42	37	28.5	27.5	30	31.5
AL YARMOOK	40	40	40	40	34	29	24	22.5	25	26.5
INDUSTRIAL AREA	50	45	44	38	37	31	24	22.5	25	27
<b>SHARJAH AVERAGE</b>	<b>49</b>	<b>48</b>	<b>48</b>	<b>44</b>	<b>40</b>	<b>35</b>	<b>27.5</b>	<b>26.4</b>	<b>29</b>	<b>31.5</b>
<b>ANNUAL % CHANGE</b>						6%				
<b>% CHANGE SINCE MARKET LOW (2012)</b>						-35%				
<b>% CHANGE SINCE 2ND PEAK (2015)</b>						-36%				



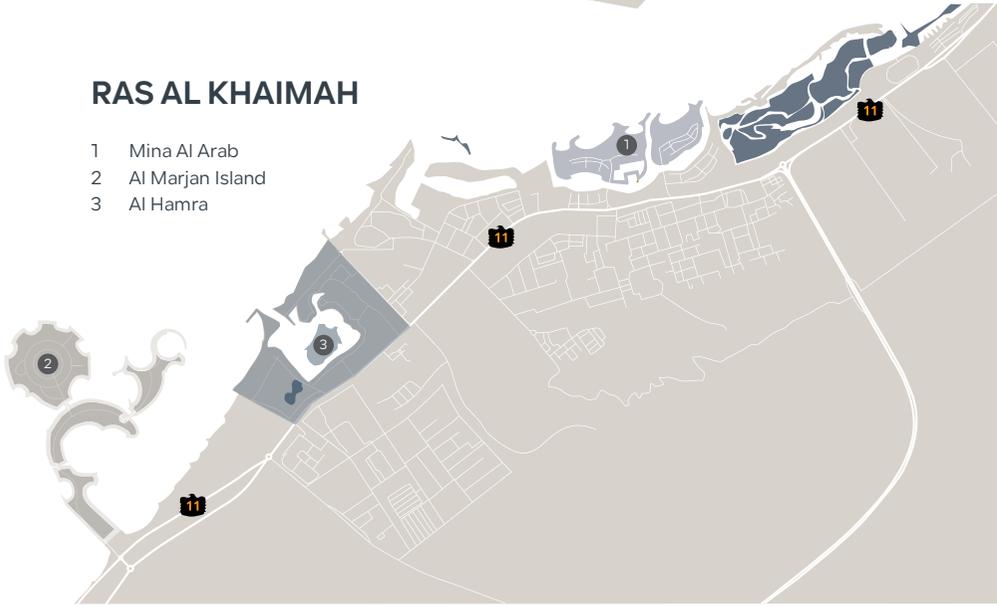
# Northern Emirates

## Property Map



### RAS AL KHAIMAH

- 1 Mina Al Arab
- 2 Al Marjan Island
- 3 Al Hamra



### SHARJAH

- 1 Abu Shagara
- 2 Al Khan
- 3 Al Majaz
- 4 Al Nahda
- 5 Al Qasimia
- 6 Al Taawun
- 7 Al Wahda
- 8 Corniche/Buhaira
- 9 Al Khalidiya
- 10 King Faisal and King Abdul Aziz Street



AL AIN 



# Al Ain Historic Review

## Recovery and Growth

2013-2014

- Residential rental rates stabilised in the beginning of 2013 and recorded notable growth in the latter half of the year.
- Villa rental growth outpaced that of apartments.
- Office rental rates continued to decrease due to the delivery of new office inventory.

## Stabilisation

2015

- Whilst apartment rental rates recorded minor increases in 2015, villa and office rents remained broadly stable until the end of the year when they softened marginally.
- Low oil prices led to a reduction in Government spending in the UAE as a whole, and thus to a slowdown in Al Ain real estate market activity.

## Downturn

2016-2020

- Whilst the Al Ain real estate market has been relatively slow ever since 2016, COVID-19 related economic implications exacerbated the effect on transaction activity/volumes and demand.
- Job losses, salary cuts and reduced housing allowances resulted in increased pressure on rental and occupancy rates due to tenants downsizing and/or repatriating.
- Apartment and villa rental rates recorded average drops of 23% and 20% since the end of 2015, whilst office and retail rents declined by 11% and 18%, respectively.
- However, quality residential communities with supporting facilities enjoyed healthy demand levels translating into higher occupancy rates.
- A number of residential and commercial buildings were delivered in different areas across Al Ain, including villas under the Ain Al Faida Development, the Al Jimi Mall extension, as well as the Hazza Bin Zayed Stadium Development, which comprises residential, office and retail components.

## Towards Stability

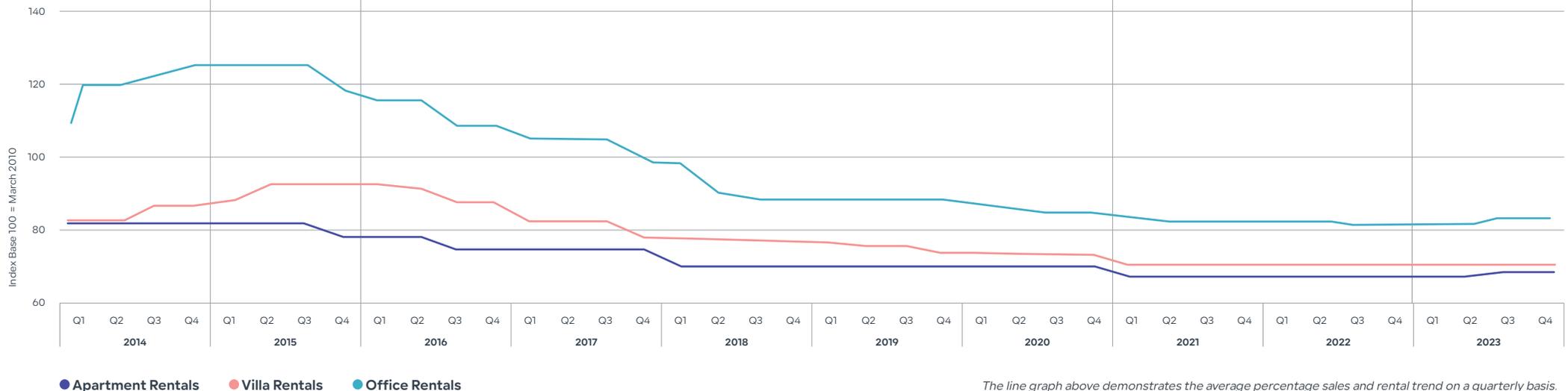
2021-2022

- The Al Ain market remained relatively stable across all asset classes.
- There was some movement in rental rates within specific developments, with marginal upward or downward adjustments in line with current market ranges.
- Positive activity was recorded as a result of an internal migration with tenants taking advantage of the attractive rental rates.

## Recovery and Growth

2023

- Apartment rental rates in the city remained broadly stable over 2023, with selective corrections in lower-quality properties. Conversely, high-quality villas experienced notable rate increases.
- Both the office and retail sectors experienced an uptick in demand.



The line graph above demonstrates the average percentage sales and rental trend on a quarterly basis.

# Highlights and Outlook

	2023 Highlights	2024 Outlook
Supply*	<ul style="list-style-type: none"> <li>The completion of the Al Rayyan Shopping Centre represents a noteworthy addition to the city's commercial stock. The development accommodates approximately 8,000 sqm of office space and 5,500 sqm of retail space.</li> <li>Construction of the Al Ain Hospital Development, blending a variety of commercial spaces, is now ostensibly complete with full handover slated for 2024.</li> <li>Additionally, several residential buildings and small villa communities, predominantly located in Town Centre, Asharij, Zakher and Neima, have handed over. Furthermore, the delivery of numerous private villas across various communities has also added to the overall residential supply, meeting demand for a range of housing preferences.</li> </ul>	<ul style="list-style-type: none"> <li>Anticipated handovers in the coming months include residential buildings located in the heart of Town Centre and Al Jimi areas.</li> <li>Adding to the city's commercial landscape, a new shopping centre is poised to open its doors in Town Centre, spanning approximately 7,000 sqm. The development will accommodate retail and office space.</li> <li>Furthermore, the completion of a new retail community centre in Al Jahili is scheduled for opening in Q2 2024. The project encompasses an area measuring approximately 3,000 sqm</li> </ul>
Rental Rates	<ul style="list-style-type: none"> <li>Market sentiment in Al Ain remained optimistic, with positive demand observed across all main asset classes.</li> <li>Whilst sentiment has been broadly positive, there are nuances shaping the Al Ain real estate market.</li> <li>Apartment rental rates, whilst generally stable, recorded some adjustments, particularly in lower-quality buildings.</li> <li>In contrast, rental rates for good-quality villas experienced modest increases, ranging from 3% to 5% over 2023. These increments were influenced by factors such as unit location and quality, as well as impacted properties that were initially priced below the prevailing market rates.</li> <li>In response to a general increase in demand for residential properties, landlords have been quick to respond by responded to scaling-back or eliminating incentives such as rent-free periods and 13 months lease contracts.</li> <li>Demand for office space over 2023 was robust and resulted in an average increase of 1% to 2%, for good-quality office space. However, it is important to note that these escalations primarily applied to new leases, rather than renewals.</li> <li>Simultaneously, the retail sector experienced a significant rise in demand, particularly for Food and Beverage (F&amp;B) retail space, at both street and community level. Whilst the impact on rental rates may take some time to materialise, a slight uptick in retail rental rates has been recorded.</li> </ul>	<ul style="list-style-type: none"> <li>Asteco anticipated a continuation of the stable-positive trajectory observed over 2023.</li> <li>Demand for good-quality residential units is expected to remain, reflecting the city's appeal to residents seeking quality living spaces.</li> <li>Looking ahead, the short to medium-term outlook for Al Ain is optimistic, driven by the positive sentiment prevailing across the entire UAE. This broader economic optimism is poised to enhance demand across all asset classes, underscoring the city's resilience and attractiveness to all stakeholders.</li> </ul>

\* It is important to note that whilst a number of projects may have received completion certificates, Asteco does not consider a project delivered until the handover process has been initiated, or the units are available for lease in the open market.



Al Ain

# Apartment Rental Rates ↗

(All figures in AED 000's p.a.)

	1 BEDROOM											2 BEDROOMS											3 BEDROOMS										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
<b>MATURE BUILDINGS</b>	33	33	31	27	25	22	22	24	24	24	43	45	43	36	35	31	31	33	33	33	53	56	54	48	48	43	43	45	45	45			
<b>NEW BUILDINGS</b>	38	38	36	31	31	27	27	28	28	28	48	52	45	41	38	36	34	35	35	35	65	68	67	61	58	54	54	57	57	57			
<b>PRIME COMPOUNDS</b>	43	43	42	38	36	36	36	33	33	33	60	60	58	51	48	48	48	43	43	45	78	78	78	77	74	74	74	70	70	70			
<b>AL AIN AVERAGE</b>	38	38	36	32	31	28	28	28	28	28	50	52	49	43	40	38	38	37	37	38	65	67	66	62	60	57	57	57.3	57.3	57.3			
<b>ANNUAL % CHANGE</b>	25%	0%	-4%	-12%	-4%	-8%	0%	0%	0%	0%	20%	4%	-7%	-12%	-5%	-5%	-2%	-2%	0%	2%	15%	3%	-1%	-7%	-3%	-5%	0%	1%	0%	0%			
<b>% CHANGE SINCE PEAK (2008)</b>					-48%											-48%											-38%						
<b>% CHANGE SINCE MARKET LOW (2012)</b>					11%											-6%											8%						
<b>% CHANGE SINCE 2ND PEAK (2015)</b>					-25%											-28%											-15%						



# Al Ain Villa Rental Rates

(All figures in AED 000's p.a.)

		3 BEDROOMS										4 BEDROOMS										5 BEDROOMS									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MATURE VILLAS	Al Jimi, Town Center Zaker, Others*	83	78	68	62	56	54	49	46	46	46	95	90	83	78	71	71	68	68	68	68	125	122	113	102	90	90	87	87	87	87
	Al Towayya	80	80	73	70	67	67	67	65	65	65	95	93	93	93	87	87	87	88	88	88	125	115	110	105	99	98	93	93	93	95
	Prime Compounds	83	93	93	92	88	88	83	78	78	83	95	113	104	102	101	101	99	97	97	99	125	134	129	126	123	123	118	118	118	118
RECENT BUILD	Al Jimi, Town Center Zaker, Others*	88	83	78	70	66	65	62	60	60	60	110	105	98	91	80	80	78	77	77	77	155	145	135	125	103	102	100	100	100	100
	Al Towayya	93	93	93	88	78	77	77	74	74	75	110	105	98	98	94	94	88	88	88	95	160	150	150	137	110	110	108	108	108	115
	Prime Compounds	101	104	103	102	98	98	93	88	88	90	129	133	120	114	110	110	105	108	108	128	166	168	160	151	145	145	133	133	133	135
<b>AL AIN AVERAGE</b>		84	81	79	73	68	67	64	60	60	61	100	96	93	90	83	83	80	80	80	82	136	130	127	119	104	104	100	100	100	101
<b>ANNUAL % CHANGE</b>		18%	-4%	-3%	-7%	-7%	-2%	-5%	-5%	0%	1%	12%	-4%	-2%	-3%	-8%	0%	-3%	-1%	0%	3%	15%	-4%	-2%	-6%	-13%	0%	-4%	0%	0%	1%
<b>% CHANGE SINCE PEAK (2008)</b>		-33%										-21%										-14%									
<b>% CHANGE SINCE MARKET LOW (2012)</b>		10%										12%										8%									
<b>% CHANGE SINCE 2ND PEAK (2015)</b>		-25%										-14%										-22%									

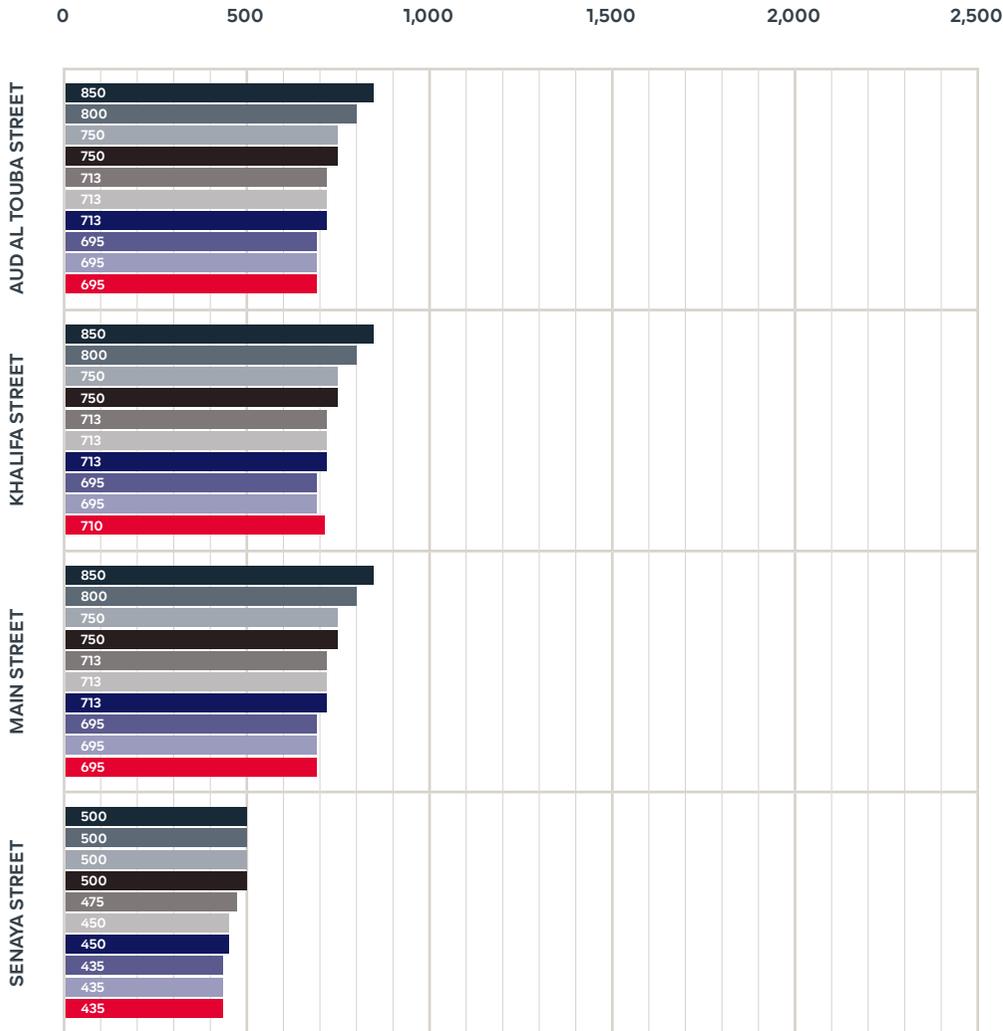




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# Office Rental Rates

AED per sq.m.



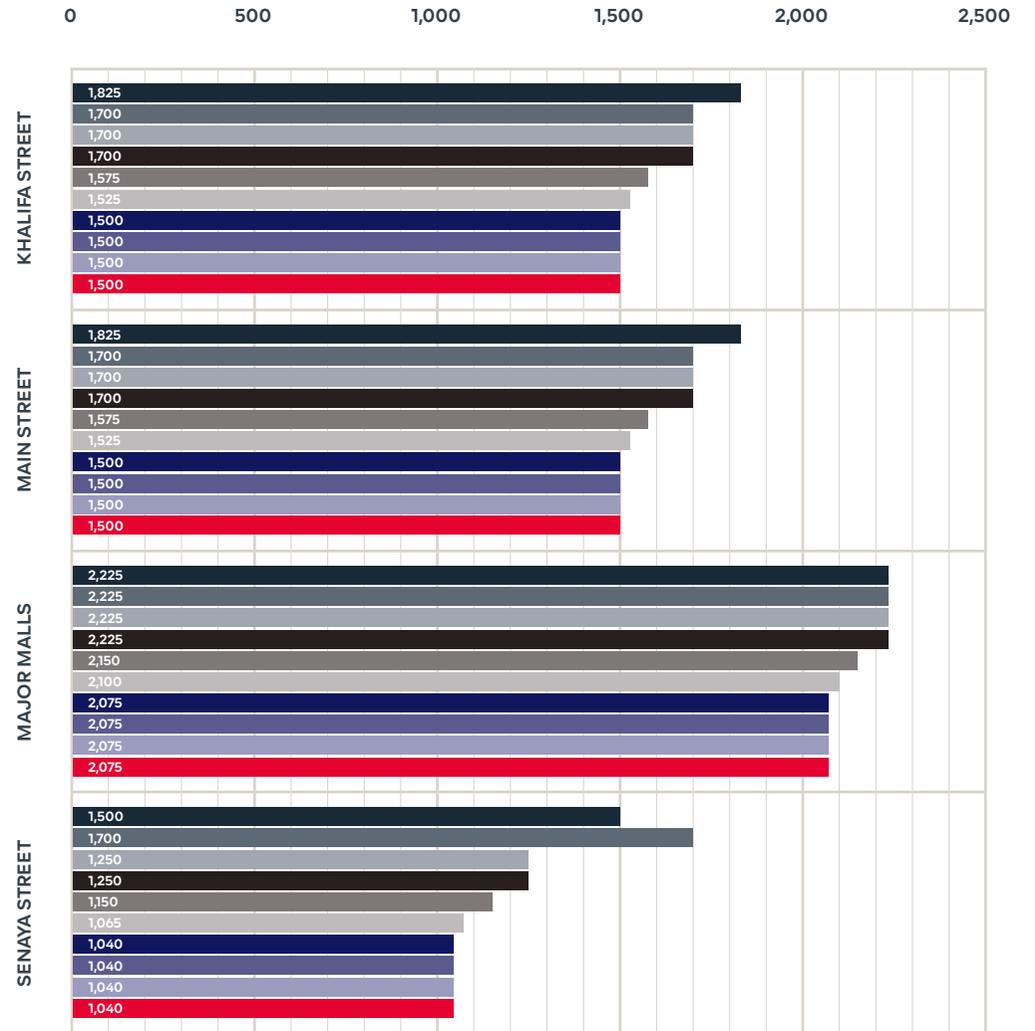
● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



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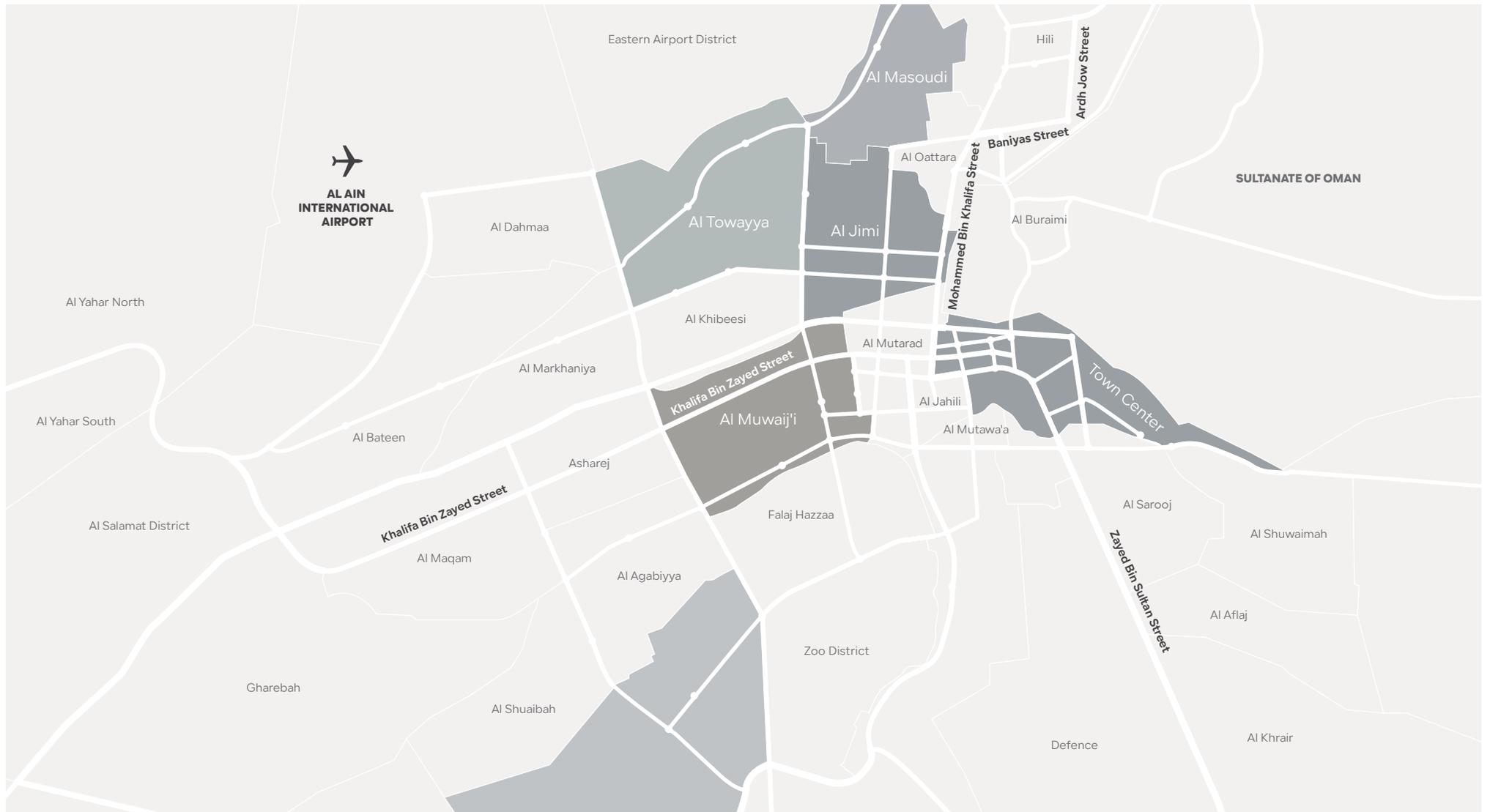
# Retail Rental Rates

AED per sq.m.



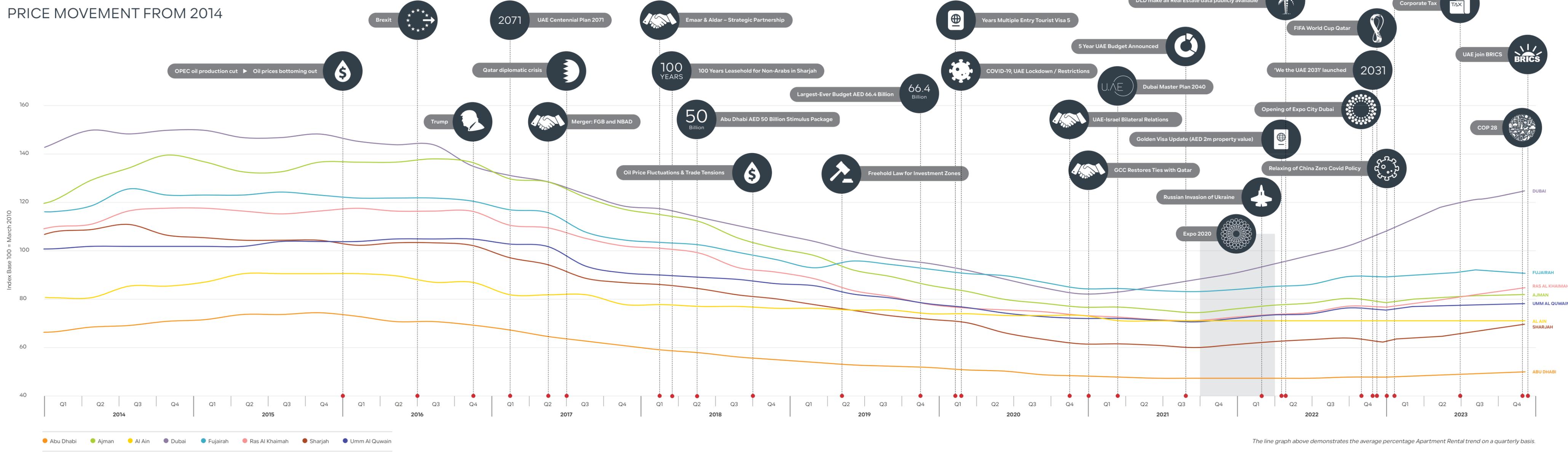
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# Property Map



# UAE PRICE COMPARISON

## PRICE MOVEMENT FROM 2014



The UAE economy proved remarkably resilient to weaker global growth and higher interest rates in 2023. While GDP growth slowed from the 7.9% recorded in 2022, both oil and non-oil GDP likely came in ahead of our forecasts. Non-oil sector growth came in at 5.9% y/y for the whole UAE in H1 2023, driven by growth of 9.2% y/y in Abu Dhabi's non-oil sectors compared with Dubai's 3.2% first half growth. Preliminary data for Q3 showed non-oil growth in Abu Dhabi slowed only slightly to 7.7% y/y. PMI data point to an acceleration in activity in Q4 across the UAE, and there is likely upside risk to our 5.0% UAE non-oil GDP growth estimate for 2023. Overall, we estimate headline GDP growth of 3.6% last year.

There were several factors that contributed to the stronger than expected growth in the UAE's non-oil sectors in 2023, which we think will continue to underpin growth in 2024. Private consumption was likely boosted by population growth across the UAE, as structural reforms to labour and personal laws, new visa options and a low tax regime encouraged new business formation and attracted skilled workers to the UAE. While official population estimates are not yet available for 2023, Dubai's school enrollments grew 12% at the start of the new school year in September 2023, and the number of mobile phone subscribers was up 7% y/y at the end of Q3.

The rebound in tourism also contributed to strong growth last year, as international visitor numbers to Dubai exceeded pre-pandemic levels even without the full return of visitors from China. Hotels across the UAE saw occupancy levels rise to average 75.6% in the year to November from 71.5% in 2022, with no decline in the average daily rate.

Fiscal policy was supportive of economic growth in the UAE last year, with government spending up more than 10% y/y in the year-to-September. However with revenues down -18% over the same period, we estimate the budget surplus for the full year shrank to 4.0% of GDP from over 10% in 2022 (based on Ministry of Finance data). Current spending increased around 8% in the first nine months of 2023, while investment spending in the budget reached almost AED 18bn, up 64% on the first three quarters of 2022.

In 2024, we expect non-oil growth to slow only slightly to 4.5% on the back of slower global growth. Continued structural reform to improve the business environment and attract investment is expected to underpin aggregate demand, albeit at a slower pace than in 2023.

Data from MEED projects indicate a significant further increase in government investment spending this year, based on estimated cashflows of projects already in execution and announced (but not yet awarded). Expected rate cuts from the Fed in the second half of this year should support investment spending into 2025, both from public and private sectors.

International travel has largely returned to pre-pandemic levels according to data from IATA, and growth in passenger traffic and visitor numbers is thus expected to slow in 2024 and beyond, but tourism and hospitality are still expected to contribute positively to UAE GDP growth this year.

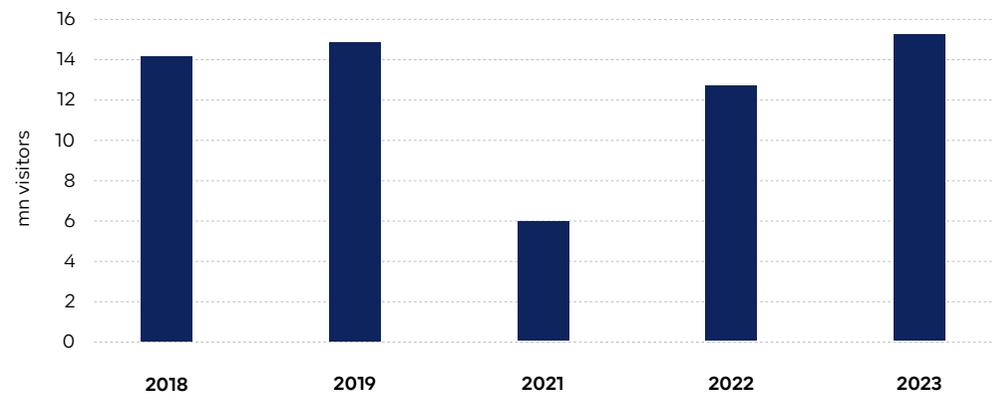
In our baseline scenario, the oil and gas sector will likely see no growth again in 2024. The UAE has indicated it will deepen production cuts in Q1 2024 in line with the voluntary cuts announced by OPEC+ in November 2023. We then assume only a gradual increase in UAE oil production over the remainder of 2024, leaving average oil output at a similar level to 2023. Overall, we expect headline GDP growth of 3.3% in the UAE in 2024, down from an estimated 3.6% in 2023.

### Non-oil GDP growth in 2023 driven by Abu Dhabi



Source: Haver Analytics, Emirates NBD Research

### International visitors to Dubai grew 20% in 2023 (Jan-Nov)



Source: Dubai Department of Economy and Tourism, Emirates NBD Research



Author: **Mohammed Kawasmi**, Partner, Real Estate  
**Raneem Salha**, Trainee Solicitor

# Unlocking Potential: Ras Al Khaimah's Real Estate Boom and the Impact of the 2023 Law's Regulatory Framework

In October 2023, Law 12 of 2023, Regulating the Real Estate Development in the Emirate of Ras Al Khaimah (the "New Law"), came into effect. The arrival of the New Law comes at a needed time – as the Emirate blooms into a real estate hotspot.

Several factors can be attributed as possible driving factors behind Ras Al Khaimah's ("RAK") recent exponential growth. One is the announcement of the Wynn Resort Al Marjan Island, which will include a gaming area. Investors have been quick to move on the opportunity of purchasing real estate nearby as they anticipate the traffic and demand that will soon come about from the attraction. Another reason is the relative affordability, compared with the Emirates of Dubai and Abu Dhabi, without compromising on a strategic location. The RAK government have taken proactive decisions to ensure and maintain continuous sustainable growth in the real estate market and position RAK as an ideal investment hub. The New Law is essential to the government's initiative to grow the off-plan sales market, with local as well as foreign investors buying in. It will regulate and oversee all real estate developers conducting business in RAK and properties being developed in the Emirate, including its economic zones.

## HIGHLIGHT OF THE MAIN OBLIGATIONS THE NEW LAW IMPOSES ON DEVELOPERS:

The following now apply to RAK developers:

- The New Law forms an 'Administration' department to manage/ apply the new requirements;
- Developers and their RAK real estate developments must be registered;
- Off-plan sales will be registered and developers must obtain sale permits before proceeding with any sales;
- The developer must meet conditions to sell off-plan, including opening an escrow account that will hold monies from buyers or mortgage lenders, if any;
- The escrow account will secure payments made into it and ensure the payments are made in line with the construction completion rate;
- 5% of monies deposited into the escrow account will be retained for one year after the completion of the development to ensure maintenance and repair of defects that may appear;
- Advertising the sale of off-plan units should include certain details, such as the project registration number, to regulate advertising and further enhance security for buyers; and
- A party wishing to dispute a decision or penalty issued in accordance with the New Law can file a grievance to the grievance committee. Any matter outside the competence of the grievance committee may be put to arbitration on the condition that mediation and settlement were attempted first.

## WHAT DOES THIS MEAN FOR BUYERS?

As demand in the real estate market continues to increase, buyers will likely invest in off-plan units. The New Law coming into effect has many provisions to ensure buyers protection. Effectively, improving confidence in the property market. Buyers can rest assured that developments advertised are legitimate and monitored by newly established regulatory authorities. Additionally, sales and purchase agreements as well as reservation agreements must be approved by these regulatory authorities before being issued. Any sale made in contravention to this is considered "null and void" and would release the buyer from their commitment to purchase. Payments toward a unit are secured in an escrow account and calculated fairly based on construction completion rates. The New Law also ensures that monies will be refunded to the off-plan buyer should the development be cancelled. Buyers should ensure the registration of their purchase in case the developer fails to do so. Rights arising out of the purchase of the unit will not be recognised unless registered.

The New Law comes into effect at a great time, and we can only expect that it will further promote the RAK real estate market. We advise all developers to carefully review their obligations pursuant to the New Law as breaching some of these obligations may lead to invalidating their sales agreements. Investors as well should consider this New Law carefully to avail from the protection provided pursuant to this New Law.

# About Asteco



Asteco is a major regional and international award-winning full-service real estate services company that was formed in 1985 and has gained enormous respect for consistently delivering high quality, professional, value-added real estate services in a transparent manner. The company is also widely recognised for its involvement with many of the projects that have defined the landscape and physical infrastructure of the United Arab Emirates.

The world-class company has a distinguished and important combination of local knowledge and international expertise and has been renowned for its application of the latest technological tools and innovations, its commitment to transparency, winning strategies, and human expertise.

Undisputed Real Estate experts with a regional presence to serve its customers, Asteco proudly represents a significant number of the region's top property Owners, Developers, and Investors.

Asteco offers a wide range of services and solutions to its clients from Valuation Advisory and Building Consultancy, Property Management, Sales & Leasing as well as Franchising services. The company applies innovative solutions and cutting-edge technology to add tangible value for its Clients at every stage of the property lifecycle and to continuously elevate customer experiences.

## 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 & advisory services
- Market research
- Valuation services

## SALES

Asteco has a large property Sales division with multi-lingual representatives based all over the UAE. 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.

## PROPERTY MANAGEMENT

Asteco provides comprehensive Property 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.

## BUILDING CONSULTANCY

The Building Consultancy Team at Asteco have a wealth of experience supporting their Clients throughout all stages of the built asset lifecycle. Each of the team's highly trained surveyors have an in-depth knowledge of construction technology, building pathology and effective project management methods which enable us to provide our Clients with a comprehensive building consultancy service.

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**Note:** It should be noted that the number of developments/areas has changed over the years in line with the delivery of new stock. As such, the average in the earlier years is derived from a lower number of projects. Whilst representing the apartment/villa/office average at the time, it is not a like for like comparison.