

Property Review

Al Ain Real Estate Report

Q4 2023



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

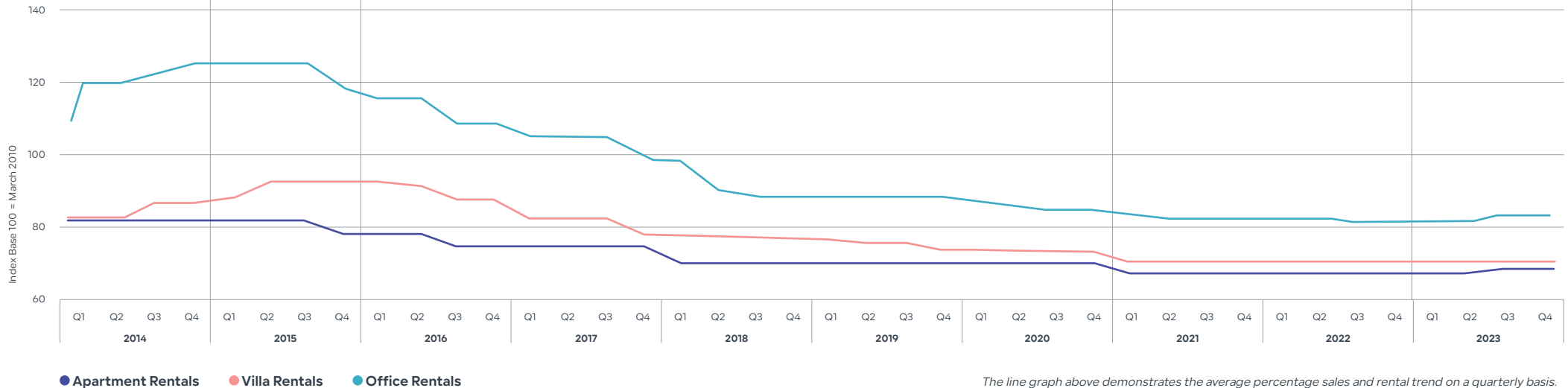
2021-2022

- 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"> 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. Construction of the Al Ain Hospital Development, blending a variety of commercial spaces, is now ostensibly complete with full handover slated for 2024. 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. 	<ul style="list-style-type: none"> Anticipated handovers in the coming months include residential buildings located in the heart of Town Centre and Al Jimi areas. 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. 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
Rental Rates	<ul style="list-style-type: none"> Market sentiment in Al Ain remained optimistic, with positive demand observed across all main asset classes. Whilst sentiment has been broadly positive, there are nuances shaping the Al Ain real estate market. Apartment rental rates, whilst generally stable, recorded some adjustments, particularly in lower-quality buildings. 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. 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. 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. Simultaneously, the retail sector experienced a significant rise in demand, particularly for Food and Beverage (F&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. 	<ul style="list-style-type: none"> Asteco anticipated a continuation of the stable-positive trajectory observed over 2023. Demand for good-quality residential units is expected to remain, reflecting the city's appeal to residents seeking quality living spaces. 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.

* 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			
MATURE BUILDINGS	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			
NEW BUILDINGS	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			
PRIME COMPOUNDS	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			
AL AIN AVERAGE	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			
ANNUAL % CHANGE	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%			
% CHANGE SINCE PEAK (2008)					-48%											-48%											-38%						
% CHANGE SINCE MARKET LOW (2012)					11%											-6%											8%						
% CHANGE SINCE 2ND PEAK (2015)					-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
AL AIN AVERAGE		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
ANNUAL % CHANGE		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%
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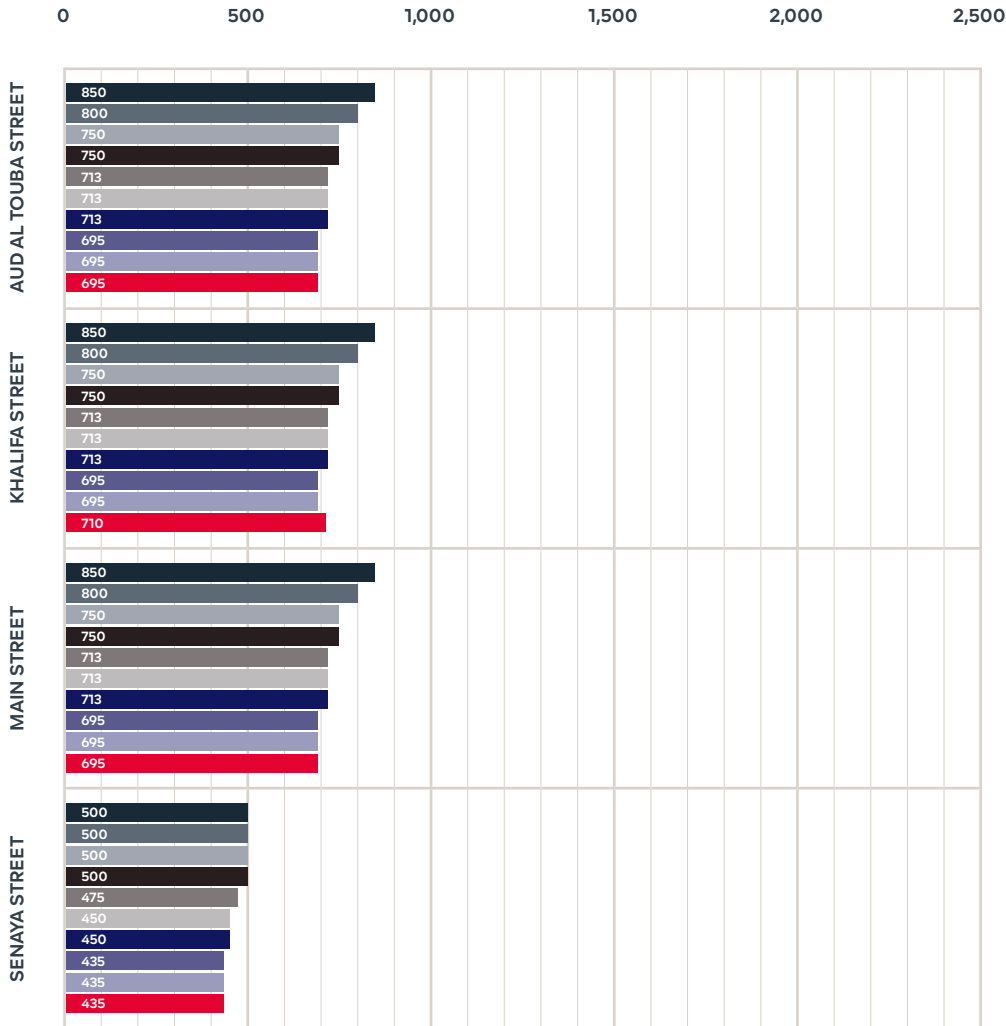




Al Ain

Office Rental Rates

AED per sq.m.



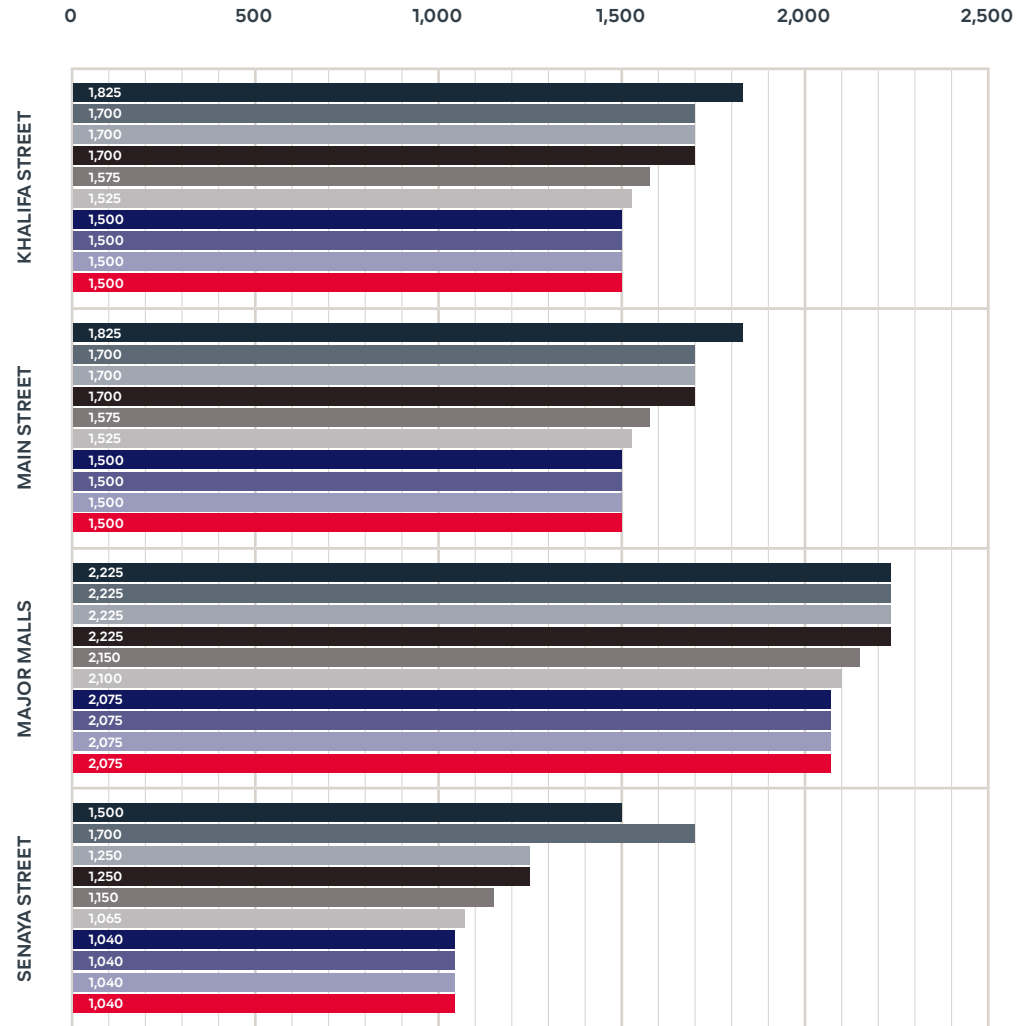
● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



Al Ain

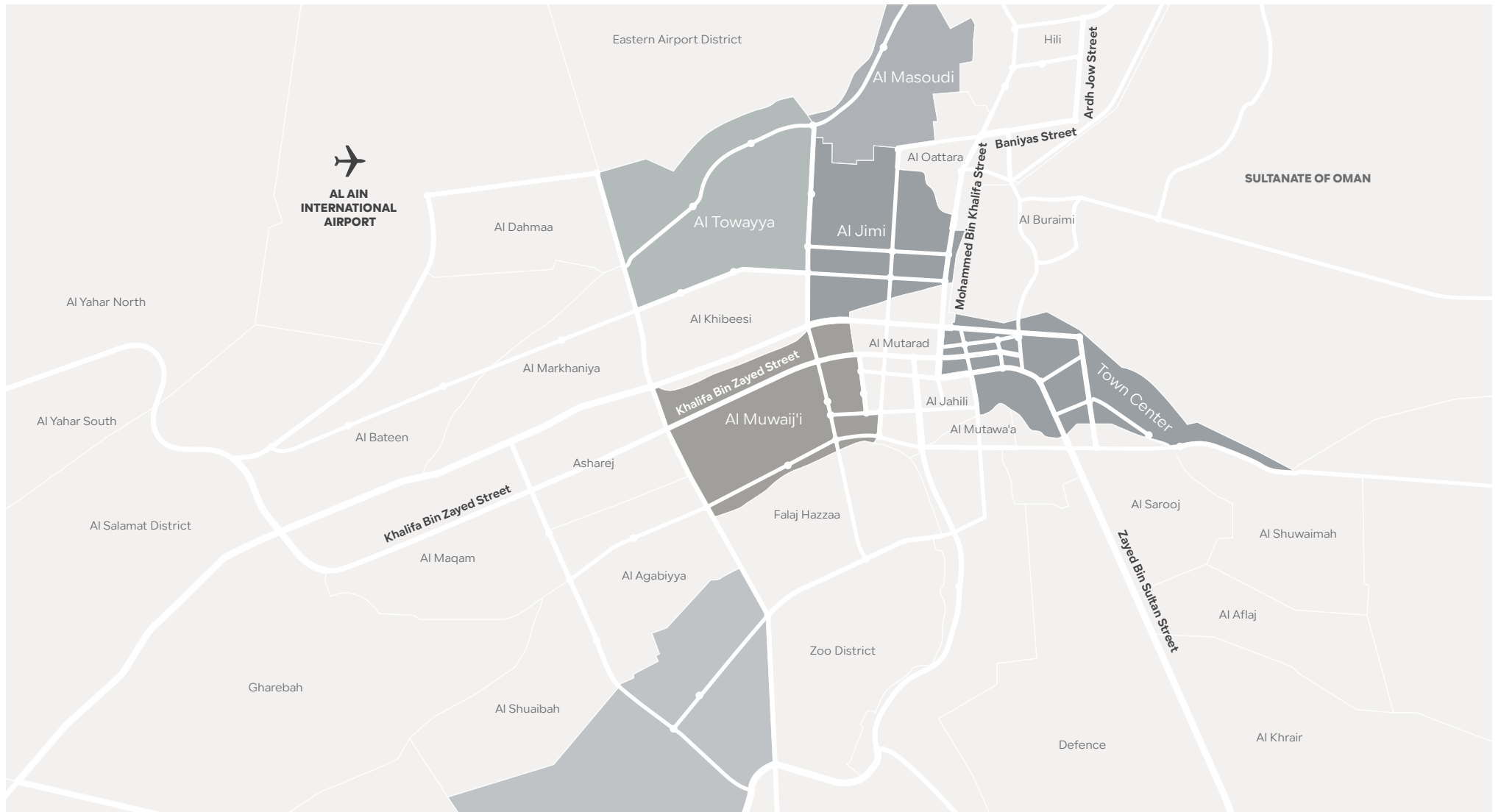
Retail Rental Rates

AED per sq.m.



Al Ain

Property Map



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.

John Allen
BSc, MRICS

Chief Executive Officer -
Valuation & Advisory
+971 4 403 7777
JohnA@Asteco.com

James Joughin
BSc (Hons), MRICS

Executive Director -
Valuation & Advisory
+971 4 403 7777
JamesJ@Asteco.com

Ghada Amhaz
MSc, MRICS

Associate Director - Research &
Advisory, Abu Dhabi
+971 2 626 2660
GhadaA@asteco.com

Tamer Ibrahim Chaaban
BE

Associate Director /
General Manager - Al Ain
+971 3 766 6097
TamerI@asteco.com

Jenny Weidling
BA (Hons)

Manager - Research & Advisory,
Dubai
+971 4 403 7777
JennyW@Asteco.com



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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.