Property Review

UAE Real Estate Report
Q3 2021

استيكو
Asteco

36 YEARS
CELEBRATING THE PAST AND TRANSFORMING THE FUTURE

CONTENT

ABU DHABI
MARKET OVERVIEW

SUPPLY*

Asteco recorded the delivery of approximately 2,200 residential units in Q3 2021 including three buildings on Reem Island (approximately 850 units), in addition to a number of buildings/villas located across different areas in Abu Dhabi.

Several buildings in Al Raha Beach were completed in the third quarter, but are expected for handover/occupation by the end of the year.

More than 4,600 residential units are due for delivery in Q4 2021; however, some projects may be delayed and spill over into 2022.

Aldar has launched Magnolia, a new villa project on Yas Island. The units are offered to all nationalities on freehold basis and have seen exceptional demand levels. Construction on the project is earmarked to start in 2022 with handover likely in Q2 2024.

RENTAL RATES

Apartment rental rates were relatively stable in Q3 2021; however, the annual change indicated a softening of 2% compared to the same period last year.

Incentives such as multiple cheques, rent free periods and waived/discounted agent commission fees continued to be offered to improve demand.

Reem Island maintained significant levels of interest with recently delivered buildings offered at competitive market rates achieving high occupancy levels.

The villa rental market continued on a high note, particularly in regards to well-developed villa communities located on Saadiyat Island, Yas Island as well as Al Raha Beach, Golf Gardens and Bloom Gardens. Average villa rental rates increased by 3% in Q3 2021 with some developments recording increments of up to 8%.

Whilst office rental rates were relatively stable over the last three months, the sector remained challenged.

Several office buildings provided incentives in the form of rent discounts and payment terms such as the waiver of service charges and contribution to fit out costs.

Average office rental rates declined by 1% annually.

SALES PRICES

Apartment sales prices were relatively stable, with some developments recording an increase in demand, which was reflected by a rise in sales prices.

New off-plan villa projects continued to record high levels of demand in Q3 2021. In addition, completed villas, particularly in high-quality communities, remained popular.

Villa sales prices increased significantly in the third quarter with an average growth rate of 8%, predominantly driven by existing villa developments on Saadiyat Island and West Yas on Yas Island.

The limited availability of completed high-quality villas for sale has supported this surge in sales prices.

*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.

ABU DHABI **SUPPLY**

	COMPLETED IN **H1 2021**	COMPLETED IN **Q3 2021**	PROJECTED **Q4 2021**
APARTMENTS NO. OF UNITS	3,700	2,100	4,500
VILLAS NO. OF UNITS	120	100	100

ABU DHABI
APARTMENT RENTAL RATES

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

		STUDIO		1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
		FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
PRIME PROPERTIES											
ABU DHABI ISLAND		-	-	60	100	100	135	150	225	-1%	-5%
INVESTMENT AREA		65	90	90	145	110	185	170	285	0%	0%
HIGH END PROPERTIES											
ABU DHABI ISLAND	Central Abu Dhabi	40	45	55	60	75	105	110	140	0%	-9%
	Corniche	50	55	60	75	75	110	120	155	0%	-19%
	Khalidya / Bateen	65	70	65	78	68	130	100	170	-1%	-4%
INVESTMENT AREA	Al Raha Beach	55	65	60	85	100	130	130	185	-1%	-2%
	Marina Square	39	45	50	70	68	102	95	150	0%	-2%
	Shams Abu Dhabi	42	45	50	65	77	115	110	145	0%	-5%
	Saadiyat Beach	-	-	70	80	112	135	140	160	0%	-2%
	Yas Island	50	55	70	80	100	115	155	170	-1%	-1%
MID END PROPERTIES											
ABU DHABI ISLAND		35	50	48	75	60	100	90	140	-1%	-3%
INVESTMENT AREA	Shams Abu Dhabi	40	45	48	60	65	85	94	125	0%	-3%
	Najmat & Tamouh	35	40	45	58	63	90	90	128	-1%	-4%
	Al Raha Beach	42	45	50	62	75	110	135	145	0%	-7%
OFF ISLAND	Khalifa & MBZ City	23	38	42	70	60	108	115	130	0%	0%
LOW END PROPERTIES											
ABU DHABI ISLAND	Central Abu Dhabi	30	35	40	45	45	58	55	90	0%	-3%
	Corniche	30	35	42	50	55	60	68	80	0%	-2%
	Khalidiya / Bateen	25	35	38	45	50	60	65	85	0%	-4%
INVESTMENT AREA	Al Reef	32	38	45	52	58	68	75	92	0%	-3%
OFF ISLAND	Khalifa & MBZ City	22	32	32	42	42	52	60	75	0%	-1%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q2 2012
	0%	-2%	-33%	-15%

ABU DHABI
APARTMENT SALES PRICES

(All figures in AED per sq.ft.)

	Price range (0 – 2,000)		% CHANGE Q2 2021 - Q3 2021	% CHANGE Q3 2020 - Q3 2021
AL BANDAR	1,050	1,400	0%	0%
AL MUNEERA	925	1,100	0%	0%
AL ZEINA	825	1,100	5%	5%
CITY OF LIGHTS (HYDRA)	750	850	0%	0%
CITY OF LIGHTS (OTHER PROJECTS*)	750	950	0%	0%
MARINA SQUARE	775	950	0%	-1%
REEF DOWNTOWN	600	800	0%	0%
SAADIYAT BEACH RESIDENCES	1,150	1,350	0%	0%
SUN & SKY TOWERS	850	1,025	3%	3%
THE GATE	850	975	0%	0%
YAS ISLAND	950	1,250	5%	5%

* Includes Meera Towers and Park View

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q2 2012
	1%	1%	-33%	6%

ABU DHABI
VILLA RENTAL RATES

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

		2 BEDROOMS		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
		FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
ABU DHABI ISLAND	Khalidiya / Bateen	-	-	140	160	145	175	165	210	0%	0%
	Mushrif / Karama / Manaseer	-	-	140	160	140	165	150	205	0%	0%
	Nahyan Camp / Muroor	-	-	125	155	145	170	150	175	0%	0%
INVESTMENT AREA	Al Raha Beach	-	-	165	185	185	260	240	260	0%	0%
	Al Reef	72	75	90	100	125	135	135	145	0%	1%
	Hydra Village	52	57	62	70	-	-	-	-	0%	-2%
	Saadiyat Beach Villas	-	-	270	310	340	420	400	670	0%	10%
	Hidd Al Saadiyat	-	-	-	-	320	340	370	710	0%	7%
	West Yas	-	-	-	-	230	245	250	270	2%	18%
OFF ISLAND	Al Raha Gardens	-	-	130	145	140	175	180	220	3%	3%
	Golf Gardens	-	-	190	200	210	230	250	350	8%	15%
	Khalifa City	-	-	105	115	105	130	125	155	0%	0%
	Mohamed Bin Zayed	-	-	100	105	105	130	110	145	0%	0%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2012
	3%	3%	-20%*	1%*

* Excludes West Yas Villas

ABU DHABI
VILLA SALES PRICES

(All figures in AED Million)

		Price (0–12)	% CHANGE Q2 2021 - Q3 2021	% CHANGE Q3 2020 - Q3 2021
AL REEF VILLAS	**2** BR	1.18	▲ 3%	▲ 11%
	3 BR	1.55		
	4 BR	1.95		
	5 BR	2.40		
GOLF GARDENS	-		● 0%	● 0%
	3 BR	3.05		
	4 BR	3.75		
	5 BR	4.88		
HIDD AL SAADIYAT	-		▲ 26%	▲ 26%
	-			
	4 BR	7.50		
	5 BR	10.50		
HYDRA VILLAGE	**2** BR	0.92	● 0%	● 0%
	3 BR	1.20		
	-			
	-			
RAHA GARDENS	-		▲ 1%	▲ 7%
	3 BR	2.20		
	4 BR	2.55		
	5 BR	3.63		
SAADIYAT BEACH VILLAS (STANDARD)	**2** BR		▲ 20%	▲ 20%
	3 BR	5.75		
	4 BR	7.5		
	5 BR	8.75		
WEST YAS	-		▲ 8%	▲ 34%
	-			
	4 BR	5.63		
	5 BR	6.08		

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2012
	8%	14%	-6%*	19%***

* Excludes West Yas

** Includes Raha Gardens, Golf Gardens & Al Reef Villas only. Later averages are reflective of an increase in new developments of higher quality.

ABU DHABI
OFFICE RENTAL RATES

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

	AVERAGE RENTAL RATES		% CHANGE	
	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
PRIME STOCK				
FITTED*	1,300	2,150	0%	0%
QUALITY STOCK				
FITTED	725	1,100	0%	0%
SHELL AND CORE	600	825	0%	0%
OLDER STOCK				
GOOD	550	700	0%	0%
TYPICAL BUILDING	500	625	0%	0%
LOW QUALITY BUILDING	400	450	-3%	-3%

* Includes developments such as Al Maryah Island, Aldar HQ, International Tower, Nation Towers, Ittihad Towers, etc.
** The average percentage change calculation excludes Prime Stock

% Change**	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2012
	-1%	-1%	-28%	-25%

ABU DHABI
PROPERTY MAP

1 Al Bandar – 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 Bateen Airport Area
13 Bateen Area
14 Bawabat Al Sharq
15 Capital District (ADNEC)
16 CBD / Tourist Club Area
17 Corniche
18 Danet Abu Dhabi
19 Eastern Mangroves
20 Golf Gardens
21 Hydra Village
22 Khalidia / Al Hosn / Al Manhal
23 Khalifa City A
24 Khalifa City B
25 Maryah Island
26 MBZ City
27 Mina
28 Mushrif / Karama / Manaseer / Muroor
29 Officer's City
30 Rawdhat Abu Dhabi
31 Reem Island - Marina Square
32 Reem Island – Najmat Abu Dhabi
33 Reem Island – rest of Shams Abu Dhabi
34 Reem Island – City of Lights
35 Reem Island – The Gate District
36 Rihan Heights
37 Saadiyat Beach District
38 The Hills

DUBAI
MARKET OVERVIEW

SUPPLY*

New residential supply slowed significantly in Q3 2021 compared to the previous quarter as a result of continued COVID-19 linked restrictions and delays.

The villa market, in particular, recorded the delivery of only 100 units, whilst the number of completed apartments stood at approximately 3,600 properties.

There were no notable new office space handovers over the last three months.

Based on recent construction progress and developer announcements, Asteco expects another 9,300 apartments and villas for handover by year end, with the majority of this supply being attributed to the Azizi Riviera development.

New project launches (off-plan, under construction and completed developments) continued to be well received by investors and end-users despite recurring oversupply concerns.

Government initiatives and the Expo 2020, which started in October 2021, are likely to encourage further releases.

RENTAL RATES

Apartment and villa rental rates continued to record a notable upward trajectory in Q3 2021, with quarterly increases of 3% and 6%, respectively. Annual rental growth in the villa market was particularly significant with 19%, whilst average apartment rental rates rose marginally by 3%.

Villas were the predominant focus of demand and the limited number of new handovers translated into higher rental and occupancy rates.

Surprisingly, office rental rates grew by 2% on average over the last three months, although net effective rents may have been influenced by additional incentives. Annual changes remained in contraction at 9% in line with slow employment/business growth.

As expected, the start of the Expo 2020 has lifted real estate demand and rental rates. However, the currently perceived positive market sentiment is believed to be short-term considering the significant amount of upcoming supply.

SALES PRICES

Market sentiment has also positively affected transaction values and volumes.

As such, sales prices recorded a significant surge, particularly in regards to villa units with average quarterly and annual increases of 9% and 37%. The strong demand in villas has also impacted apartment sales price growth, and although less pronounced, it was still considerable at 6% compared to Q2 2021 and 14% over the year.

Asteco expects the momentum of growth to continue towards the end of the year and into 2022, albeit at a lower rate, a trend underpinned by anticipated developments stemming from the successful execution of the Expo 2020.

Government initiatives in terms of new visa programmes and regulations to attract foreign investment, the easing of COVID-19 restrictions and the successful rollout of the vaccines are expected to boost the economy.

Despite these efforts, however, underlying fundamentals pertaining to supply and demand may curtail sustained real estate market growth and make the recovery in sales prices more likely to be short lived rather than a medium to long term outcome.

*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
SUPPLY

	COMPLETED IN **H1 2021**	COMPLETED IN **Q3 2021**	PROJECTED **Q4 2021**
APARTMENTS NO. OF UNITS	8,575	3,600	8,000
VILLAS NO. OF UNITS	1,500	100	1,300
OFFICES MILLION SQ.FT.	1.17	-	0.5

DUBAI

APARTMENT RENTAL RATES

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

	STUDIO		1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
	FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
HIGH TO LUXURY END										
DIFC	40	65	55	100	75	150	120	195	3%	6%
DOWNTOWN DUBAI	40	55	50	90	60	125	120	240	5%	8%
PALM JUMEIRAH	55	75	75	135	95	200	125	225	7%	13%
SHEIKH ZAYED ROAD	37.5	50	40	95	55	135	80	170	2%	5%
MID TO HIGH END										
BUSINESS BAY	32.5	50	40	75	62.5	120	100	145	6%	14%
DUBAI MARINA	35	60	37.5	100	55	150	80	200	8%	16%
GREENS	35	47.5	45	90	75	120	105	155	6%	16%
JUMEIRAH BEACH RESIDENCE	52.5	60	60	90	80	127.5	105	165	6%	11%
JUMEIRAH LAKES TOWERS	30	42.5	40	75	50	110	80	125	6%	13%
AFFORDABLE										
DEIRA	15	35	25	52.5	35	80	60	95	2%	1%
DISCOVERY GARDENS	17.5	27.5	27.5	45	50	65	-	-	0%	-7%
DUBAI SPORTS CITY	20	30	27.5	42.5	40	65	60	80	5%	5%
INTERNATIONAL CITY	14	24	20	35	35	47.5	45	65	2%	-5%
JUMEIRAH VILLAGE	20	40	27.5	60	42.5	90	75	100	3%	8%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q2 2014	Since market low Q3 2011
	3%	3%	-41%	1%

DUBAI
APARTMENT SALES PRICES

(All figures in AED per sq.ft.)

	Low	High	% Change Q2 2021 - Q3 2021	% Change Q3 2020 - Q3 2021
HIGH TO LUXURY END				
DIFC	950	1,950	▲ 9%	▲ 18%
DOWNTOWN DUBAI	900	2,200	▲ 11%	▲ 20%
PALM JUMEIRAH	900	2,800	▲ 13%	▲ 31%
MID TO HIGH END				
BUSINESS BAY	700	1,700	▲ 13%	▲ 30%
DUBAI MARINA	575	2,000	▲ 7%	▲ 19%
THE GREENS AND THE VIEWS	750	1,450	▲ 8%	▲ 18%
JUMEIRAH BEACH RESIDENCE	775	1,500	▲ 8%	▲ 18%
JUMEIRAH LAKES TOWERS	550	1,200	▲ 9%	▲ 19%
AFFORDABLE				
DISCOVERY GARDENS	425	625	▲ 5%	▲ 11%
DUBAI SPORTS CITY	425	925	▲ 4%	▲ 12%
INTERNATIONAL CITY	375	575	▲ 6%	▲ 13%
JUMEIRAH VILLAGE	400	900	▲ 4%	▲ 9%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q2 2014	Since market low Q3 2011
	6%	14%	-30%	27%

DUBAI
VILLA RENTAL RATES

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

	2 BEDROOMS		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
	FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
AKOYA OXYGEN			40	75	75	85	85	100	5%	10%
ARABIAN RANCHES	100	125	125	235	180	300	265	365	8%	36%
DUBAI HILLS ESTATE			140	275	175	325	190	350	13%	43%
DUBAI SILICON OASIS (CEDRE VILLAS)	-	-	135	145	150	180	170	190	4%	16%
DUBAI SPORTS CITY (VICTORY HEIGHTS)	-	-	125	150	150	200	200	300	7%	22%
JUMEIRAH/UMM SUQEIM			110	200	120	250	140	300	2%	14%
JUMEIRAH PARK	-	-	180	235	200	300	280	350	8%	9%
JUMEIRAH VILLAGE	85	120	100	130	110	145	120	175	5%	18%
MEADOWS	-	-	180	225	220	300	250	300	6%	22%
MIRDIF	50	80	65	120	90	150	95	170	4%	12%
PALM JUMEIRAH	-	-	185	425	350	600	550	825	14%	32%
SPRINGS	85	130	120	185	-	-	-	-	8%	21%
THE LAKES	-	-	175	225	225	275	275	325	8%	15%
TOWN SQUARE	-	-	95	110	100	125	-	-	4%	20%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q2 2014	Since market low Q2 2012
	6%	19%	-25%	16%

DUBAI
VILLA SALES PRICES

(All figures in AED per sq.ft.)

	Low	High	% CHANGE Q2 2021 - Q3 2021	% CHANGE Q3 2020 - Q3 2021
ARABIAN RANCHES	500	800	▲ 9%	▲ 32%
DUBAI SILICON OASIS (CEDRE VILLAS)	900	1,500	▲ 15%	▲ 48%
DUBAI SPORTS CITY (VICTORY HEIGHTS)	1,100	2,000	▲ 18%	▲ 64%
JUMEIRAH PARK	850	1,350	▲ 11%	▲ 62%
JUMEIRAH VILLAGE	375	1,000	▲ 8%	▲ 30%
MEADOWS	1,150	1,575	▲ 10%	▲ 44%
PALM JUMEIRAH	2,000	5,500	▲ 20%	▲ 53%
SPRINGS	950	1,450	▲ 8%	▲ 61%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q2 2014	Since market low Q3 2011
	9%	37%	-24%	27%

DUBAI
OFFICE RENTAL RATES

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

	AVERAGE RENTAL RATES		% CHANGE	
	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
BARSHA HEIGHTS (FORMER TECOM)	37.5	60	3%	-15%
BUR DUBAI	40	75	0%	-15%
BUSINESS BAY	32.5	65	5%	-9%
DIFC	60	230	4%	-9%
JUMEIRAH LAKES TOWERS	32.5	55	3%	-11%
SHEIKH ZAYED ROAD	40	100	4%	-15%

% Change	**Q-o-Q** Since Q2 2021	**Y-o-Y** Since Q3 2020	**Since peak** Q3 2015	**Since market low** Q4 2012
	2%	-9%	-41%	-13%

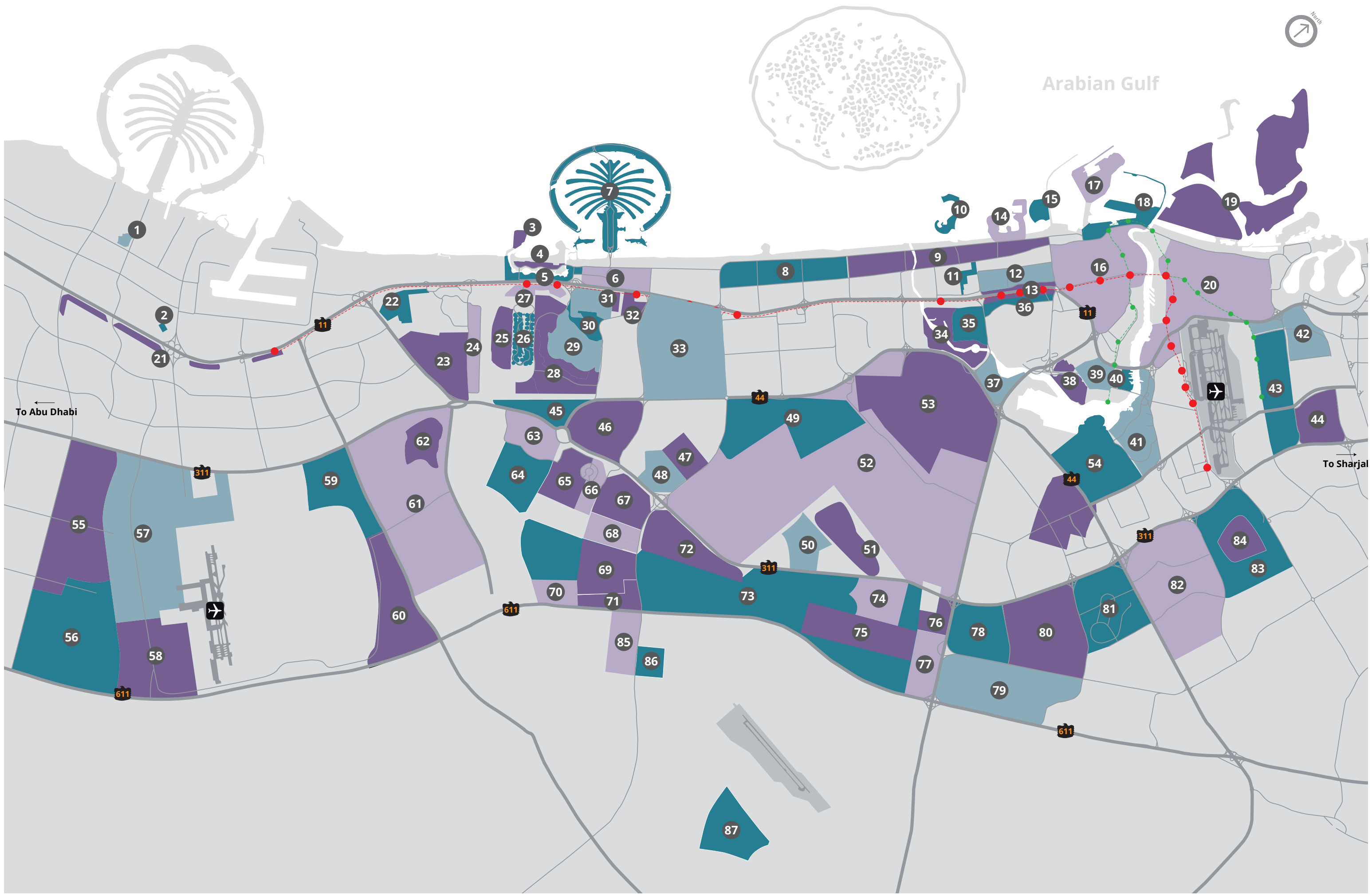
DUBAI
OFFICE SALES PRICES

(All figures in AED per sq.ft.)

	Low	High	% CHANGE Q2 2021 - Q3 2021	% CHANGE Q3 2020 - Q3 2021
BARSHA HEIGHTS (FORMER TECOM)	425	725	▲ 5%	▲ 5%
BUSINESS BAY	450	1,200	▲ 8%	▲ 4%
DIFC	1,200	1,700	▲ 4%	▲ 6%
JUMEIRAH LAKES TOWERS	350	875	▲ 5%	▲ 5%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q1 2015	Since market low Q2 2012
	5%	4%	-35%	0%

DUBAI
PROPERTY MAP



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

NORTHERN EMIRATES
MARKET OVERVIEW

Apartment rental rates across the Northern Emirates softened marginally over the last three months with average quarterly declines of 1% to 2%, and annual drops of 5%. High-end properties in Ras Al Khaimah and Fujairah were the most resilient recording no change in rents in Q3 2021.

Despite limited demand, Sharjah office rental rates remained more or less unchanged over the quarter as landlords continued to offer flexible payment plans and incentives; however, annual declines averaged 8%.

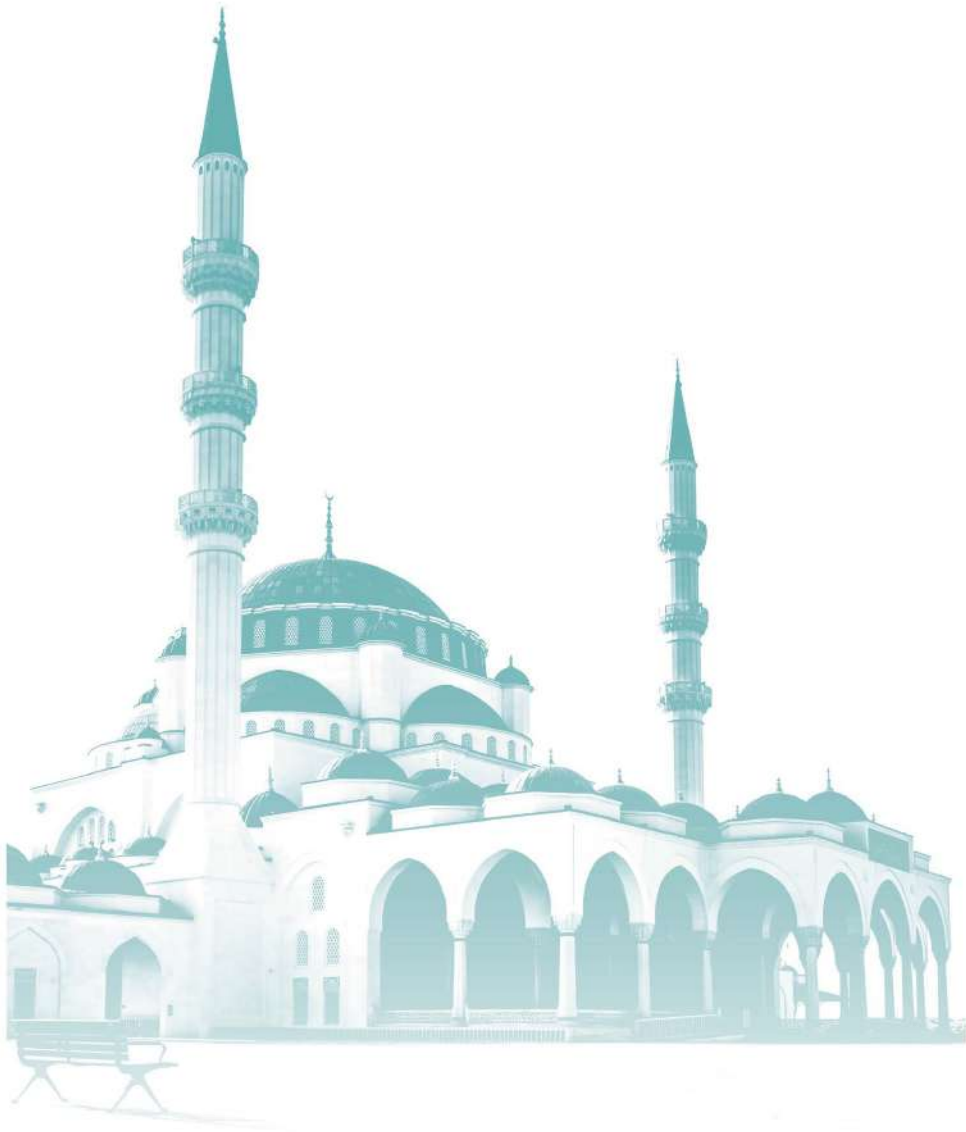
Whilst residential rental rates in Dubai and Abu Dhabi are already on an upward trajectory following the easing of COVID-19 restrictions and improved market sentiment, the Northern Emirates have yet to follow suit as internal and external tenant movement put pressure on occupancy and rental rates.

In contrast, Sharjah apartment sales prices recorded a quarterly uptick of 3%. In fact, transaction activity in Sharjah, as well as Ajman, has been strong, particularly pertaining to the villa market.

Prominent project launches over the last three months included the last phase of Al Yasmeen by Al Zahia encompassing a total of over 200 villas and townhouses. In addition, Alef Group launched the Suroor 2 building in Al Mamsha, which will add another 211 residential units to the market and is expected for delivery in 2024.

Sharjah Investment and Development Authority (Shurooq) is building two resorts, namely the Al Jabal Resort, which will span 260,000 sqm on a hill terrain overlooking the Khorfakkan beach and is expected to open in March 2023 with 45 eco-friendly units; as well as the Al Bridi Resort, which is located adjacent to the region's largest conservation park in Al Dhaid, scheduled for a 2023 opening and will feature 35 high-end private tents and a spa.

Lastly, the Department of Economic Development (DED) in Ajman revealed a significant increase in the number of new licenses in H1 2021 with 2,271 new licenses issued, a 117% increase compared to the same period last year, thus signifying a step in the right direction to economic recovery.



NORTHERN EMIRATES
APARTMENT RENTAL RATES

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

		STUDIO		1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
		FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
SHARJAH	Typical	8.5	14	12	17.5	15	22	28	31	-2%	-7%
	High End	15	20	18	34	21	50	32	65	-1%	-4%
AJMAN	Typical	10	12	12	14	14	20	20	28	-2%	-5%
	High End	12	17	15	25	20	35	30	40	-1%	-3%
UMM AL QUWAIN		10	13	15	20	20	28	27	30	-1%	-2%
RAS AL KHAIMAH	Typical	11.5	15	16	20	17	29	32	41	-1%	-5%
	High End	16	23	22	37	34	49	52	72	0%	-5%
FUJAIRAH	Typical	13	16.5	16	22	20	26.5	32	38	-1%	-4%
	High End	18	22	27	34	32	47	50	62	0%	-4%

% Change	**Q-o-Q** Since Q2 2021	**Y-o-Y** Since Q3 2020	**Since peak** Q1 2015	**Since market low** Q4 2012
	-1%	-5%	-40%	-17%

SHARJAH

APARTMENT RENTAL RATES

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

	STUDIO		1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
	FROM	TO	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
AL MAJAZ	13	17.5	18	30	22	42	29	65	-2%	-8%
AL QASIMIAH	11	16	13.5	26	16	34	30	43	-2%	-6%
AL NAHDA	12	20	15	32	18	45	32	65	-1%	-3%
AL KHAN (AL MAMZAR)	14	18	19	30	25	47	36	60	-2%	-3%
ABU SHAGARA	12	17	15	24	20	32	30	40	-2%	-4%
AL BUTINA	09	13	12	21	15	24	28	36	-1%	-6%
AL YARMOOK	10	13	14	16	15	20	28	38	-1%	-6%
ROLLA	10	12	13	18	16	23	28	35	-2%	-9%
AL WAHDA	13	18	16	23	22	33	28	42	-1%	-5%
CORNICHE	13	20	22	28	25	40	35	65	-1%	-6%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q1 2015	Since market low Q4 2011
	-1%	-6%	-42%	-8%

SHARJAH
APARTMENT SALES PRICES

(All figures in AED per sq.ft.)

Area	Price range (AED per sq.ft.)		% CHANGE Q2 2021 - Q3 2021	% CHANGE Q3 2020 - Q3 2021
AL KHAN (MID-END)	300	400	▲ 4%	▼ -13%
AL KHAN (HIGH END)	425	600	▲ 2%	▼ -14%
AL TAAWUN	300	450	▲ 3%	▼ -6%
AL NAHDA	275	425	● 0%	▼ -22%
AL MAJAZ (MID-END)	325	400	▲ 3%	▼ -12%
AL MAJAZ (HIGH END)	400	525	● 0%	▼ -14%
AL MAMSHA*	600	825	▲ 4%	▲ 4%
AL ZAHIA*	700	850	▲ 3%	● 0%
ALJADA*	700	850	▲ 3%	● 0%

* Leasehold ownership (up to 100 years) for all nationalities

% Change

Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020
3%	-6%

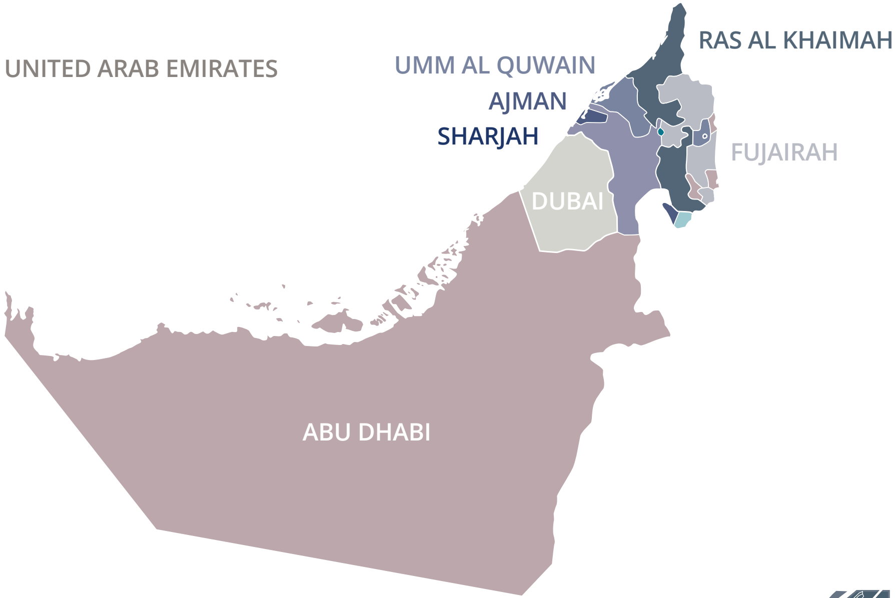
SHARJAH
OFFICE RENTAL RATES

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

	AVERAGE RENTAL RATES		% CHANGE	
	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
AL TAAWUN ROAD	25	32.5	0%	-9%
CORNICHE AREA	28	42.5	0%	-7%
AL WAHDA	25	32.5	0%	-8%
AL QASEMEH	20	30	0%	-5%
CLOCK R/A	25	32.5	0%	-8%
AL YARMOOK	20	30	0%	-10%
INDUSTRIAL AREA	20	30	0%	-10%

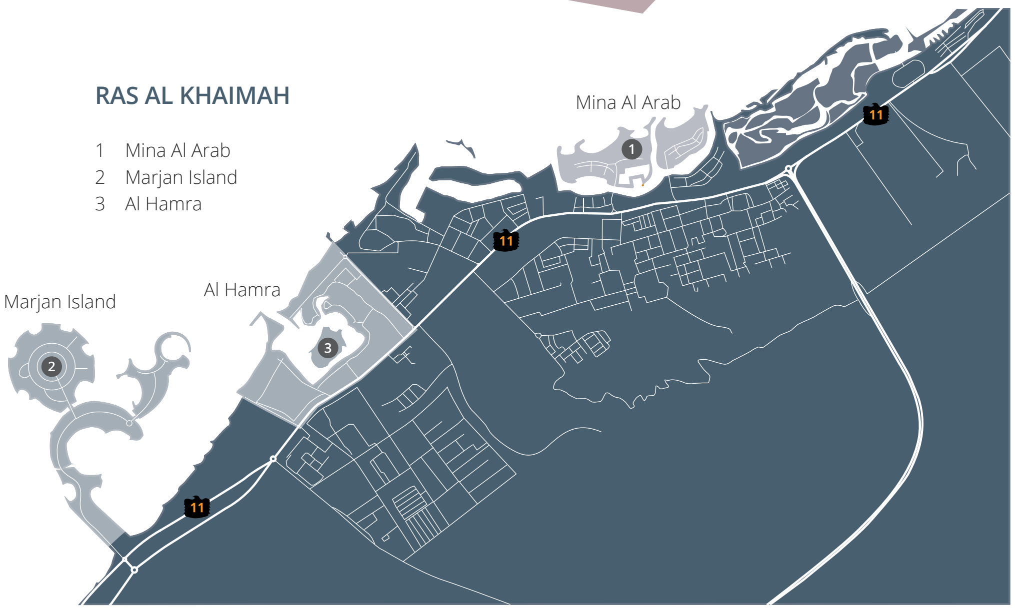
% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020
	0%	-8%

NORTHERN EMIRATES
MAP



RAS AL KHAIMAH

1 Mina Al Arab
2 Marjan Island
3 Al Hamra



SHARJAH

1 Abu Shagara
2 Al Khan
3 Al Majaz
4 Al Nahda
5 Al Qasimiyah
6 Al Taawun
7 Al Wahda
8 Corniche / Buhaira
9 Khaledia
10 King Faisal and King Abdul Aziz Streets

AL AIN
MARKET OVERVIEW

The Al Ain market was relatively stable in Q3 2021, with discounts and incentives such as rent-free periods (up to 3 months) and flexible payment terms (up to 12 cheques) remaining the key demand drivers.

Apartment rental rates were more or less unchanged over the last three months, however, recorded a 1% decrease over the year.

Villa rental rates remained stable over the quarter and softened marginally by 1% annually, with compounds/private villas offered at above market rates recording more significant rental drops to be aligned with market.

Similar to last quarter, focus remained on internal migration with tenants taking advantage of lower rental rates to upgrade their accommodation.

Although there was no real change in the retail rental rate range over the past 18 months, major retail centres are offering incentives such as rent-free periods and flexible payment plans in order to boost occupancy levels and retain tenants. The majority of demand for retail space came from the F&B sector.

The office market remained under pressure with net effective office rental rates declining across all areas. However, incentives somewhat offset larger reductions.

AL AIN
APARTMENT RENTAL RATES

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

	1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
	FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
MATURE BUILDINGS	22	26	31	35	43	48	0%	-1%
NEW BUILDINGS	27	29	34	37	52	62	0%	-1%
PRIME COMPOUNDS	30	35	42	48	60	80	0%	-6%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2012
	0%	-1%	-22%	-4%

AL AIN
VILLA RENTAL RATES

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

		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
		FROM	TO	FROM	TO	FROM	TO	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
MATURE VILLAS	Al Jimi, Town Centre, Zaker, Other(*)	43	48	65	71	82	91	0%	-2%
	Al Towaya	62	68	85	90	90	95	0%	-1%
	Prime Compounds	77	82	95	103	115	120	0%	-1%
RECENT BUILD	Al Jimi, Town Centre, Zaker, Other(*)	56	63	75	80	95	105	0%	-1%
	Al Towaya	72	75	85	90	105	110	0%	-1%
	Prime Compounds	88	93	100	110	130	135	0%	-1%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2012
	0%	-1%	-24%	8%

* Includes Al Khabisi, Al Muwaiji, Al Manasir and Al Masoudi areas

AL AIN
OFFICE RENTAL RATES

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

	Rental range (AED per sq.m. p.a.)		% CHANGE	
	Low	High	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
KHALIFA STREET	550	840	0%	-2%
AUD AL TOUBA STREET	550	840	0%	-2%
MAIN STREET	550	840	0%	-2%
SENAYA STREET	340	530	0%	-3%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q3 2012
	0%	-3%	-13%	-31%

AL AIN
RETAIL RENTAL RATES

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

	Rental range (AED per sq.m. p.a.)		% CHANGE	
	Low	High	Q2 2021 - Q3 2021	Q3 2020 - Q3 2021
KHALIFA STREET / MAIN STREET	900	2,100	0%	0%
PRIME MALL	1,350	2,800	0%	0%
SENAYA STREET	630	1,450	0%	0%

% Change	Q-o-Q Since Q2 2021	Y-o-Y Since Q3 2020	Since peak Q4 2015	Since market low Q4 2011
	0%	0%	-10%	-10%

AL AIN
PROPERTY MAP

Author: **Khatija Haque,** Chief Economist and Head of Research, Emirates NBD

The UAE economy looks set for faster growth in the final quarter of 2021 after a relatively slow start to the year. The relaxation of travel restrictions in key tourism markets including the UK and Saudi Arabia should support a strong recovery in the travel and hospitality sectors in the UAE over the coming high season, while Expo 2020 is expected to result in a boost to consumption expenditure in the next two quarters.

A consumer confidence survey by Dubai's Department of Economic Development showed that consumers were more optimistic about their job prospects, their finances and the state of the economy in the third quarter of 2021 than they have been in several years. Bank lending to individuals has also increased this year following deleveraging in 2019 and 2020, providing further evidence of a recovery in consumer spending in the UAE this year. Emirates NBD expects the non-oil economy to post growth of 3.5% in 2021, accelerating to 4.0% in 2022.

Developments in the oil market are also likely to boost headline GDP growth in Q4 2021 and through 2022. The UAE's oil production grew 3.9% q/q to 2.8mn b/d by end-September and oil production is likely to continue to rise to over 3mn b/d by end-2022 as OPEC+ gradually unwinds its Covid-related production cuts. As a result of this increase in oil production as well as further investment into the UAE's oil and gas sector, headline GDP growth is likely to accelerate to 4.6% in 2022 from an estimated 1.9% this year.

As in the rest of the world, inflation in the UAE is accelerating, although it remains relatively low. CPI grew 0.5% y/y in August - the first positive annual inflation rate since December 2018. Food and transport have been the main sources of inflation in the UAE in recent months with the latter driven by higher crude oil prices. However, food prices in the UAE are still lower than they were a year ago. Housing and utility costs – the biggest component of the consumer price index - remain deflationary but the rate of price decline has slowed. It can take 12-18 months for changes in rents to feed through to the CPI due to the nature of the index. Nevertheless, inflation in the UAE is likely to continue to tick up, averaging 0% in 2021 and accelerating to 1.5% in 2022.

Higher than expected oil prices, while negative for consumers, have provided a boost to the UAE's budget revenue. Last year's budget deficit was wider than the preliminary figures indicated at -2.4% of GDP, but we expect the budget to move into surplus this year even with a modest increase in expenditure, as oil revenues are set to rise by around 30%.

We expect the UAE to maintain a conservative approach to government finances however, and target spending towards strategic initiatives to boost longer-term growth prospects. These include developing higher value-added manufacturing, clean energy projects and investment in space missions and technology. Many of the recent policy announcements have focused on enabling and encouraging greater private sector investment in the UAE, with a view to reducing the reliance on government spending as the main engine for growth and economic diversification.

While the near-term outlook for the UAE is certainly brighter, uncertainty remains high and there are several risks on the global horizon. The coronavirus pandemic remains the largest source of uncertainty, with new cases rising at a faster rate in the UK and Europe, the global vaccine rollout remaining highly uneven and the ever-present risk of new potentially vaccine-resistant variants. Global growth is slowing on the back of labour shortages and supply chain disruptions, while central banks are preparing to withdraw the exceptional monetary support they have provided over the last 20 months. The US Federal Reserve is expected to start tapering its asset purchases before the end of this year, and markets are pricing in two rate hikes by the Fed before the end of 2022. While we think this timeline is too aggressive, if the Fed prioritises price stability over maximum employment, tighter monetary policy could put a brake on growth next year.

التميمي و مشاركوه
AL TAMIMI & CO.

Author: **Malek Al Rifai,** Senior Associate - Real Estate - Al Tamimi and Company

Real Estate Analytics The Future for Unlocking Value in Commercial Real Estate

On some level, institutional investors in the commercial real estate ('CRE') space have always collected and assessed data to make informed decisions when buying, operating or disposing of properties. Data analytics, therefore, is not a new topic. But the granular level of data that is now being aggregated, along with the latest developments in artificial intelligence, is paving the way for a new era in CRE. That is the reason why data analytics is now a central topic in boardroom conversations, with the main question being: How can management convert this data into knowledge that can deployed to be more efficient in managing CRE investments?

TYPES OF DATA ANALYTICS

Data analytics can be classified in three main categories of techniques: descriptive analytics, predictive analytics and prescriptive analytics.

Descriptive analytics is backward looking in that it is focused on describing the past. It is perhaps the most commonly used technique by CRE investors and asset managers who rely heavily on property performance reports, data dashboards and what-if spreadsheet models.

Predictive Analytics is the set of techniques used to extrapolate from past data forward looking projections. This category encompasses a number of tools (e.g. linear regression, time series analysis data-mining analysis, etc.) that decision makers rely on to get a better sense of what the future holds. In CRE, for example, real estate developers can examine past data in relation to their sales to construct a mathematical model that would predict future sales.

Prescriptive analytics differ from predictive models in that, through the use of rules, they are able to prescribe a course of action. This is why they are often referred to as rule-based models. Take the example of a real estate investment fund ('REIT') that requires income generating assets and where deal sourcing is an important process for the purposes of identifying future acquisitions. The REIT may develop a model that can predict the probability of tenants defaulting on the payment of rent under their leases. The management of the REIT could enhance the model by adding a rule that says if the estimated probability of default is more than 0.6, then the REIT would not explore the deal origination offer. This way, the predictive model, coupled with a rule, becomes a prescriptive model. The net effect is that the REIT could save substantial time and costs by rejecting offers that are not aligned with its core investment strategy.

THE BENEFITS OF REAL ESTATE ANALYTICS

The benefits of real estate analytics are numerous. CRE investors can leverage analytics across key steps in the asset life cycle, from deal sourcing, acquisitions, operations to asset disposals. We set out below some examples on the application of real estate analytics in CRE.

EXAMPLE 1: REAL ESTATE DEVELOPER

A real estate developer that wants to identify underused but high-value parcels zoned for development can look into the sales and other information contained in previous listings on Property Finder or similar websites. However, these traditional sources have their limitations in that they are unable to anticipate future potential. By relying on advanced analytics, the developer can incorporate non-traditional variables in its model (e.g. number of luxury restaurants with a 1 mile radius, building energy consumption, reviews of nearby businesses on commercial apps, etc.) in order to optimize the timing of the development, the mix of uses in the development, price segmentation and other factors to maximize value.

EXAMPLE 2: MALL OPERATOR

A retail mall investor can use traditional property data around performance, combine it with alternative retail sales data that is retrieved from various sources (e.g. mobile sensors, social media, physical store sales, etc.) and use machine learning algorithms to analyse the behaviour of consumers within a specific area or to profile retail tenants.

CHALLENGES AHEAD

The benefits of real estate analytics are clear. This begs the question: what is preventing its scalability in the CRE space?

We believe that there are three barriers that CRE investors need to overcome.

First, CRE managers and investors continue to rely on traditional approaches to decision making. These approaches can be based on precedents (e.g. 'it has always been done this way'). In some instances based on gut feeling or market sentiment (e.g. 'the demand for residential properties is picking up'). In other instances, CRE managers and investors rely on rules of thumb (e.g. 'as a mall operator, we schedule twice the number of footfall on holidays').

Second, a large number of CRE managers and investors lack the awareness about new datasets and analytical techniques. Some may be unsure where to begin while others may not know which new skills and capabilities should be added to their workforce. An effective real estate analytics strategy requires upfront investment in the right mix of talent, tools, and technology.

Third and foremost, the uncertainty of the return on investment ('ROI') could make CRE investors and managers hesitant about deploying substantial investments in this field. Investor organizations should give particular attention to the ROI analysis to ensure that it incorporates a realistic assessment of the returns that they would generate from investing in this field.

EMBRACING ANALYTICS

Real estate analytics cannot serve as a crystal ball. Its primary function is to assist CRE investors and managers in validating the investment thesis. But when it comes to the typical real estate challenges, advanced analytics can provide powerful tools to assist in the decision making process and to help in identifying what matters most. Organizations who realize the potential of advanced analytics and invest in a robust data architecture will, most certainly, gain a competitive advantage vis-à-vis their peers for years to come.

About **Asteco**

36 YEARS CELEBRATING THE PAST AND TRANSFORMING THE FUTURE

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 Sales & Leasing, Property Consultancy & Management, Owners' Association Consultancy & Management and Clubhouse & Lifestyle Management to Building Consultancy, Retail Management, Valuation and Advisory 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 experience.

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 established a large regional property Sales division with representatives based in the UAE, Qatar and Jordan. 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.

OWNERS ASSOCIATION

Asteco has the experience, systems, procedures and manuals in place to provide streamlined comprehensive Association Management and Consultancy services to residential, commercial and mixed-use communities throughout the GCC Region

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.

FRANCHISE

Our brand, network, system and procedures are now available in territories across the MENA region. Our Licensing services currently include Real Estate Brokerage Franchising and associated support services with many of the key elements designed specifically around the Franchisee, making it a truly unique and bespoke franchise opportunity.

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