Cavendish Maxwell

PROPERTY MONITOR
Powered by Cavendish Maxwell

Q1 2018

ABU DHABI
MARKET REPORT

FOREWORD

Cavendish Maxwell is a highly respected independent firm of chartered surveyors and property consultants, focusing on property services throughout the Middle East and Africa. Established in 2008, Cavendish Maxwell is now one of the most influential property consultancies in the region.

As a fully qualified member firm of the Royal Institution of Chartered Surveyors (RICS), and with extensive knowledge of the region, Cavendish Maxwell has the necessary experience, expertise and insight to deliver property advice of the highest standard. Our reports are used for loan security, audit, insurance reinstatement, dispute resolution, risk management, debt recovery, performance analysis, project financing, development strategy and government initiative implementation.

We provide a comprehensive range of property services across all our departments, each of which is headed by highly skilled, experienced and fully qualified RICS chartered surveyors. Our various teams provide valuation, agency, advisory, management, capital investment, research and building consultancy services across all property types and sectors.

Our Q1 2018 report provides a summary of the Abu Dhabi residential market. Price and rent movement and upcoming supply of residential properties are provided through Property Monitor, a real estate intelligence platform, powered by Cavendish Maxwell.

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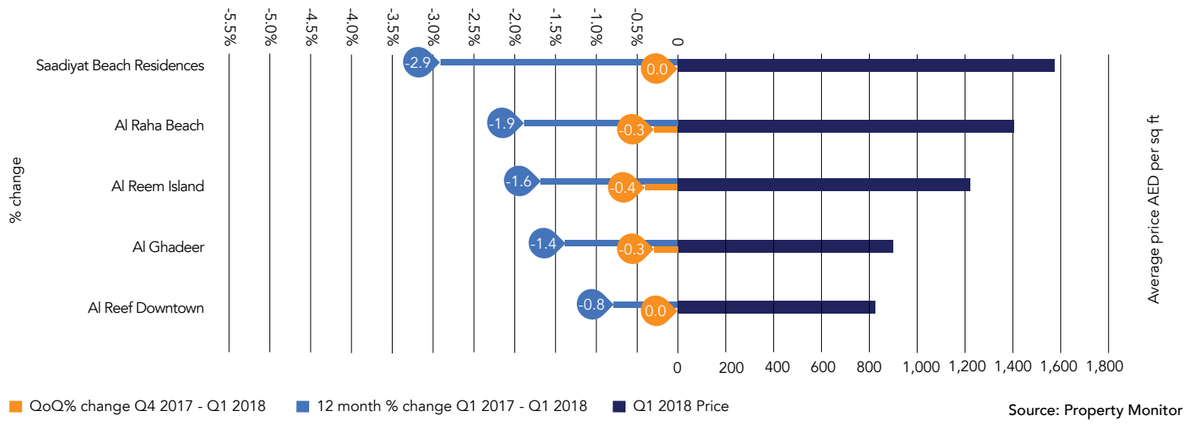
PRICE PERFORMANCE

Marginal price declines continued in Abu Dhabi investment zones in Q1 2018

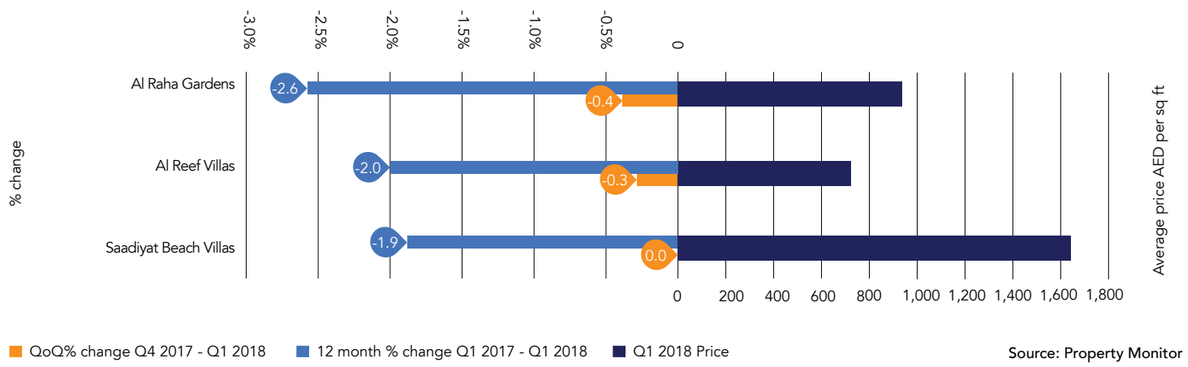
According to the Property Monitor Index, villa/townhouse prices in Al Raha Gardens, Al Reef and Saadiyat Islands continued to decline in Q1 2018, averaging a 12 month change of 2.1%. Downward pressure on sales prices has continued due to increasing supply, uncertainty regarding the employment market and readjusted housing allowances. This has also impacted transaction levels in investment zones. However, stabilising oil prices and increasing government expenditure could improve market sentiment going forward. Additionally, the recently announced joint venture between master developers Aldar and Emaar is expected to improve property market prospects in the emirate.

Apartment Price Performance



Source: Property Monitor

Villa/Townhouse Price Performance



Source: Property Monitor

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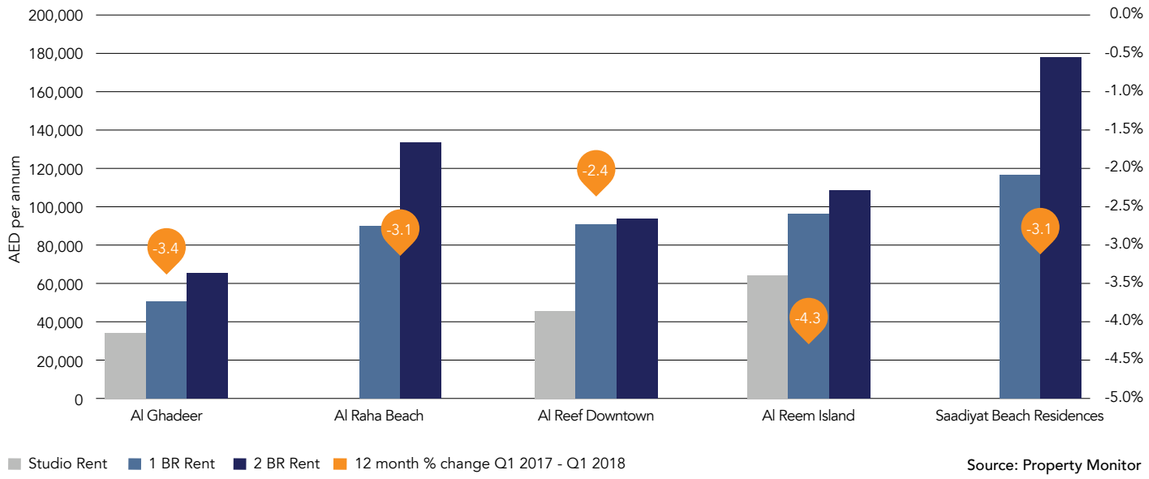
RENT PERFORMANCE

Apartment and villa/townhouse rents have continued to decline in Q1 2018, albeit at a slower pace than 2017.

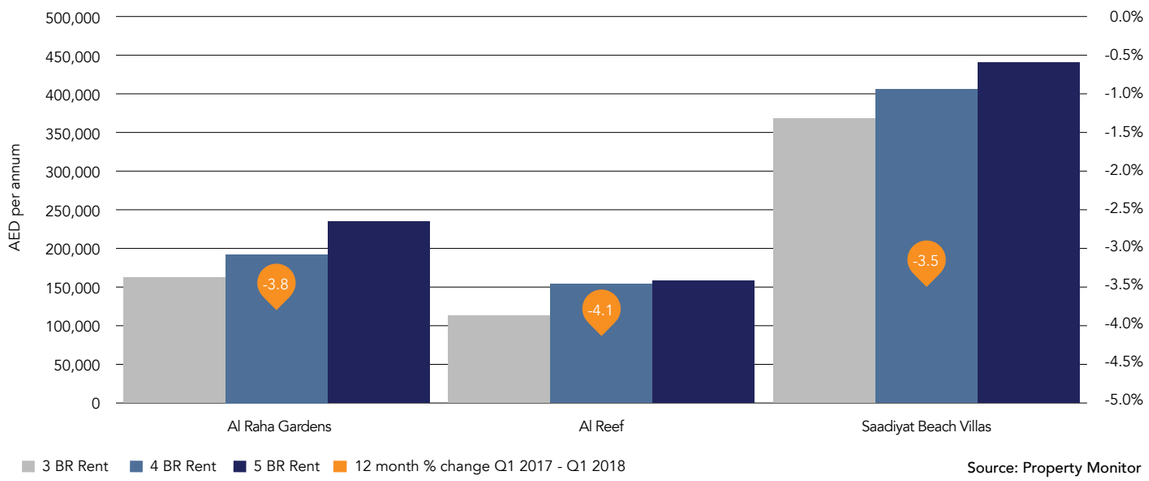
According to the Property Monitor Index, villa/townhouse rents in Abu Dhabi investment zones have registered 12 month declines of 3.8% on average. Larger unit sizes continue to be pressured by rising vacancy levels. Tenants are choosing to move out of outlying areas of Abu Dhabi to central locations on the main island, taking advantage of the declining rents, the incentives offered by landlords and shorter commute time to key office locations. Tenants are also in a better position to negotiate terms with existing landlords or alternatively search for developments offering better amenities and building management along with attractive rents.

Apartment Rent Performance



Source: Property Monitor

Villa/Townhouse Rent Performance



Source: Property Monitor

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2018 UPCOMING SUPPLY MAP

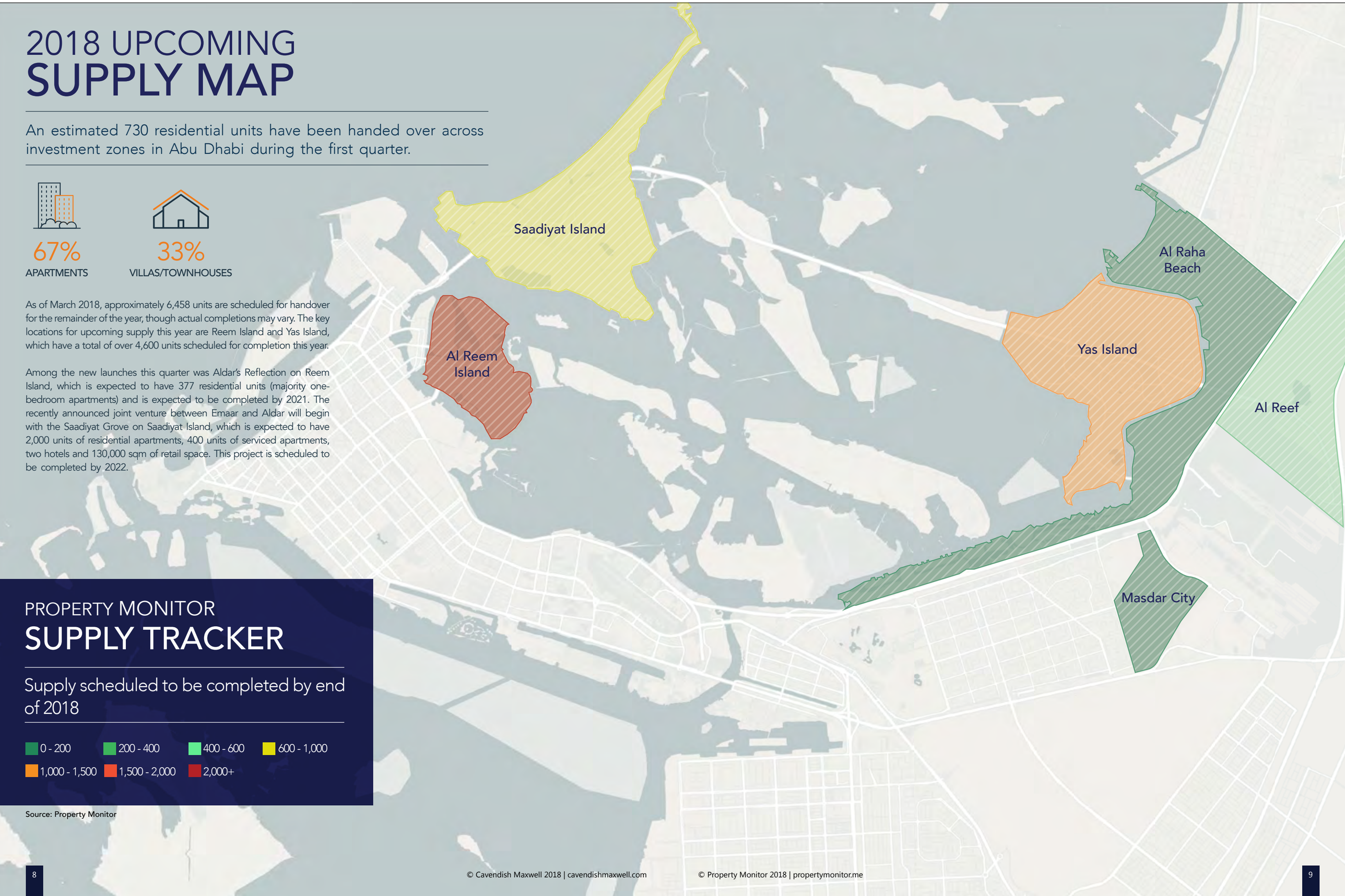
An estimated 730 residential units have been handed over across investment zones in Abu Dhabi during the first quarter.

67% APARTMENTS

33% VILLAS/TOWNHOUSES

As of March 2018, approximately 6,458 units are scheduled for handover for the remainder of the year, though actual completions may vary. The key locations for upcoming supply this year are Reem Island and Yas Island, which have a total of over 4,600 units scheduled for completion this year.

Among the new launches this quarter was Aldar's Reflection on Reem Island, which is expected to have 377 residential units (majority one-bedroom apartments) and is expected to be completed by 2021. The recently announced joint venture between Emaar and Aldar will begin with the Saadiyat Grove on Saadiyat Island, which is expected to have 2,000 units of residential apartments, 400 units of serviced apartments, two hotels and 130,000 sqm of retail space. This project is scheduled to be completed by 2022.



PROPERTY MONITOR SUPPLY TRACKER

Supply scheduled to be completed by end of 2018

- 0 - 200
- 200 - 400
- 400 - 600
- 600 - 1,000
- 1,000 - 1,500
- 1,500 - 2,000
- 2,000+

Source: Property Monitor

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METHODOLOGY

Sale prices and rents are derived from Property Monitor (www.propertymonitor.me), a real estate intelligence platform established by Cavendish Maxwell in 2014. Property Monitor provides real-time, market-wide transactional data and trends on the real estate market. Working with agencies, banks, developers and corporate investors, it provides deeper insight into real estate advisory, investment, and lending activities. The average sales price per sq ft is based on the Property Monitor Index which incorporates signed contracts, registered transactions, valuations and listings verified by Cavendish Maxwell's market leading valuation department.

Supply projections for residential projects are based on the Property Monitor Supply Tracker which tracks supply in real time through regular tracking of construction projects, new launches and delays. This is achieved through site inspections as well as regular feedback from developers, contractors, Cavendish Maxwell's project and building consultancy team and relevent government entities. All statistics are based on investment zones only.

Our documents and advice meet banking and audit criteria, proven by our presence on over 40 bank panels across the Middle East.

KEY SERVICES

- Market Research
- Asset Management
- Due Diligence for Land Acquisition
- Property Data
- Highest and Best Use Studies
- Buyer Profiling
- Feasibility Studies
- Advisory Services
- Joint Venture Structuring
- Site Analysis
- Education Advisory and Valuation

STRATEGIC CONSULTING AND RESEARCH

By working with our strategic consulting team, our clients immediately gain access to our knowledge base, technical expertise and highly skilled individuals, making us the development partner of choice. Our rigorous analysis, research and unique access to Property Monitor allows our team to produce reports and advice with a refreshingly different vision leading to creative and effective strategies.

We have advised on schemes with a gross development value of over AED 3 billion in the last year. Our reports are used internally for business planning purposes and to satisfy the criteria of external financiers and auditors.

Our name is trusted by all major banks across the UAE, supported by our presence on over 40 bank panels across the region.

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