

Property Review

# Al Ain Real Estate Report

Q3 2024



# Al Ain

## Market Overview

The Al Ain real estate market maintained its positive trajectory in Q3 2024, with rental rates rising across most asset classes. Strong demand in the residential sector prompted landlords to seek rent increases, typically between 2% and 5%, for tenancy renewals.

Several villa communities reported average rental increases of 2% compared to both the previous quarter and the same period last year. This upward trend was primarily observed in established family-oriented neighbourhoods rather than newly built properties. Whilst new villas also recorded rental increases, these remained within the expected market range.

Mature apartment buildings registered rental growth of approximately 2% over the quarter and 1% year-on-year, particularly for units previously priced below market value.

Whilst office rental rates across the city rose by 4% on average, both quarterly and annually, growth in the central business districts along Main Street and Khalifa Street was marginally more pronounced with a 5% increase in rental rates over the quarter and year.

In contrast, retail rental rates remained unchanged compared to the previous quarter and annually. However, an uptick in demand was observed, particularly for street retail outlets in the food and beverage sector, which continued to attract strong foot traffic.

Al Ain's focus on economic diversification, particularly with regard to developing infrastructure and enhance tourism and investment services, is driving demand for a variety of property types and contributing to the growth of the real estate market.

Al Ain's focus on economic diversification through infrastructure development, tourism promotion and investment incentives, coupled with its stable economic base, is driving demand for various property types and contributing to the positive momentum in the real estate market, evident in the increasing demand and rising rental rates across different sectors.





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# 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 2024 - Q3 2024	Q3 2023 - Q3 2024
MATURE BUILDINGS	23	26	31	36	43	48	2%	1%
NEW BUILDINGS	26	29	33	36	51	61	0%	-1%
PRIME COMPOUNDS	30	35	42	48	60	80	0%	0%



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# 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 2024 - Q3 2024	Q3 2023 - Q3 2024
MATURE VILLAS	AL JIMI, TOWN CENTRE, ZAKER, OTHER*	43	46	65	70	85	95	2%	2%
	AL TOWAYA	60	70	85	90	90	100	0%	0%
	PRIME COMPOUNDS	75	90	93	105	115	120	0%	0%
RECENT BUILD	AL JIMI, TOWN CENTRE, ZAKER, OTHER*	55	62	70	78	100	110	2%	2%
	AL TOWAYA	70	80	90	100	110	120	0%	0%
	PRIME COMPOUNDS	85	95	120	135	130	140	0%	0%



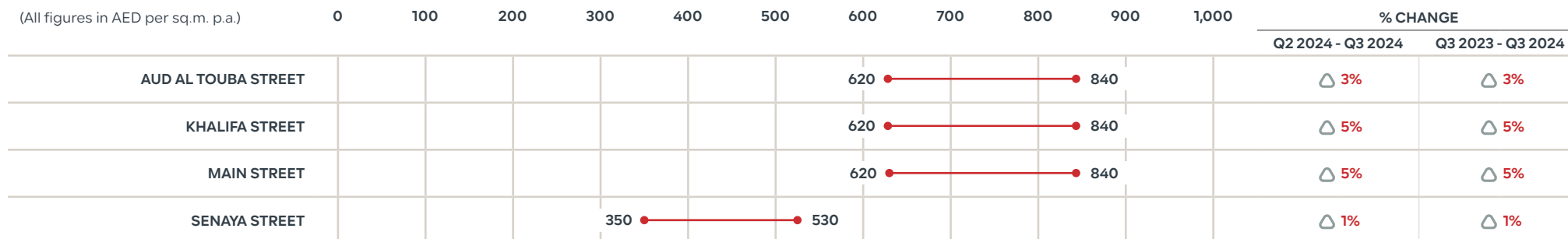
\* Includes Al Khabisi, Al Muwajji, Al Manasir and Al Masoudi areas.



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# Office Rental Rates

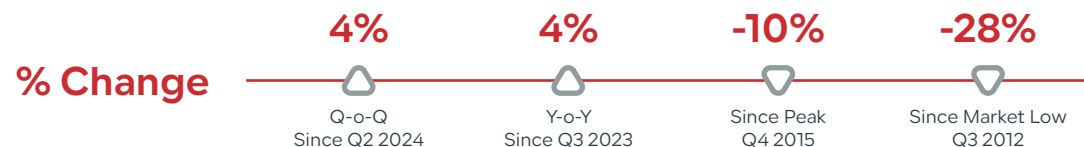
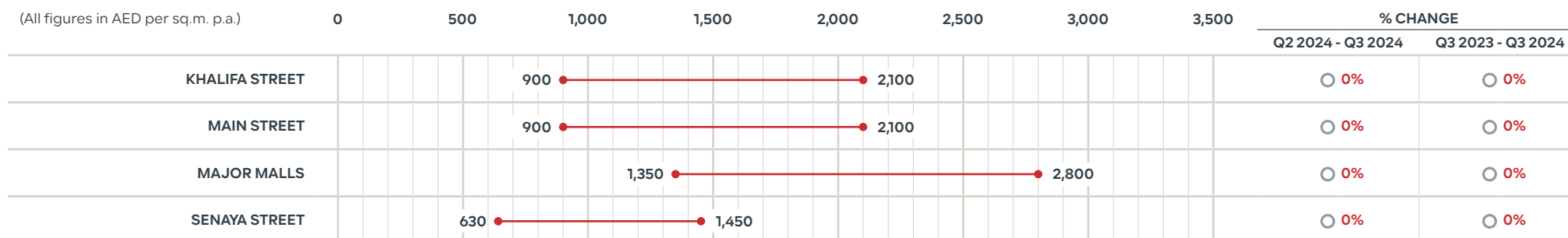
(All figures in AED per sq.m. p.a.)



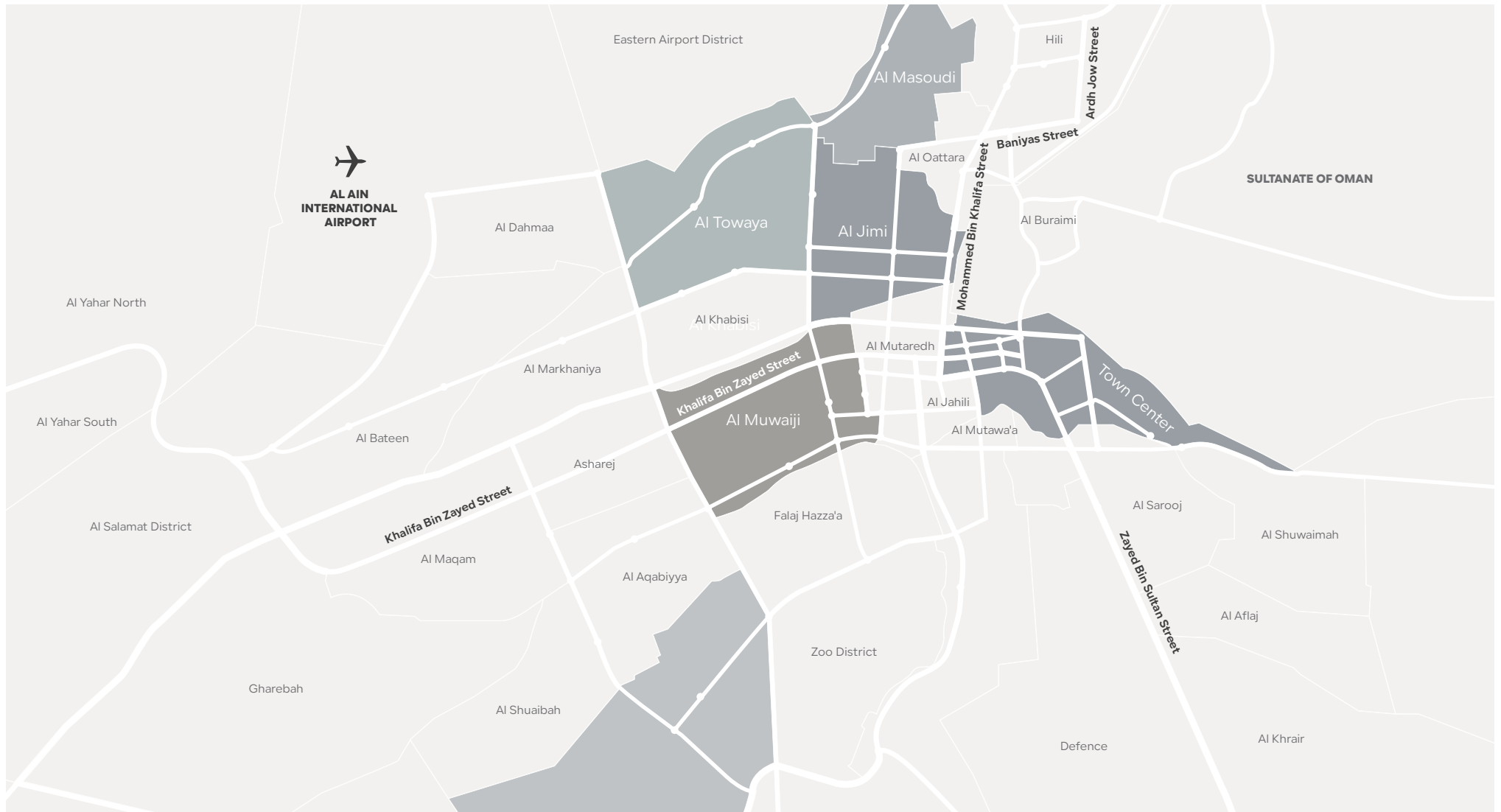
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# Retail Rental Rates

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



# Al Ain Property Map



Author: **Edward Bell**, Acting Group Head of Research and Chief Economist, Emirates NBD

The global economy has held steady in 2024, achieving what looks to have been a soft landing of moderate growth and cooling inflation. Activity in the US has held up well this year with the economy expanding by 3% on an annualized basis in Q2 while the Eurozone has edged away from the stagnant conditions it endured in 2023. Emerging economies are showing a more mixed performance with India's economy recording growth of 6.7% y/y in Q2 this year while doubts remain over whether China will be able to achieve its 5% growth target for the full year. In the context of uneven global growth, the consistent positive performance of the GCC economies remains a bright spot for the global economy.

The UAE is on track to record another year of healthy economic activity in 2024. The preliminary estimate from the Federal Competitiveness and Statistics Centre is for the national economy to have expanded by 3.4% y/y in Q1, marginally cooler than the 3.6% growth estimated for 2023 as a whole. Oil production had been lower at the start of this year as the UAE participates in OPEC+ efforts to rebalance oil markets, dragging on headline growth levels. The non-oil economy of the UAE expanded by 4% y/y in Q1 2024, cooling from 6.7% recorded in Q4 last year. But data from Abu Dhabi suggests that the non-oil economy in the emirate

accelerated in Q2 to growth of 6.6% y/y from 4.7% in Q1, suggesting some wider momentum across the UAE as a whole.

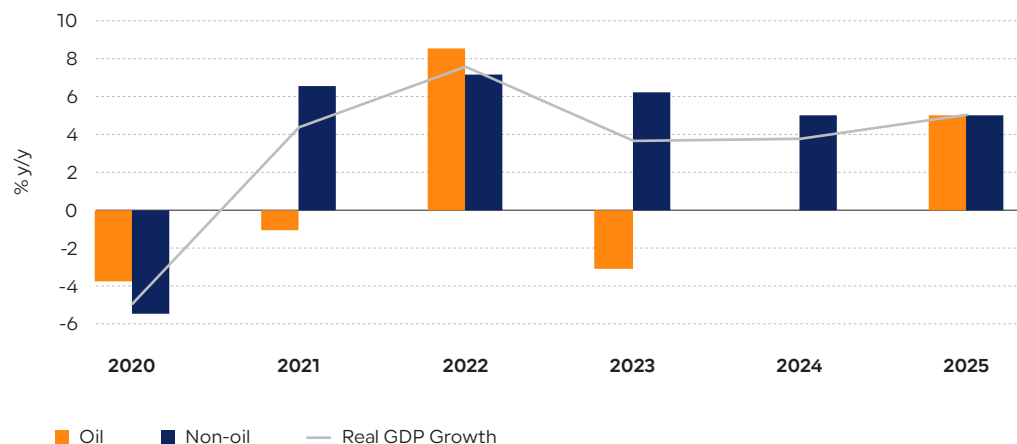
Real-time data for the UAE has been positive so far in 2024. The S&P Global purchasing managers' index has remained well above the neutral 50 level since coming out of the pandemic slump and in Q3 2024 recorded an average of 53.9. Activity has shown signs of cooling this year with the Q3 PMI numbers the lowest for the year and the average for the quarter below the average of 55.9 recorded for the same period last year. However, the index measures momentum rather than volume and suggests that growth is still robust and from a larger base.

Firms have been reporting rising input prices as the global inflation surge of the last several years feeds through to the UAE economy but overall price pressures have been moderate. Economy-wide inflation has recorded an average of 2.1% year-to-date as of July though it has been faster in Dubai. Housing and utilities are the primary source of inflation in Dubai's economy and have risen by an average of 6.5% year-to-date as of August, up from 5.5% in the same period a year earlier.

Emirates NBD expects that the UAE non-oil economy will grow by 5% in 2024, slower than the 6.2% recorded in 2023. For 2025, growth will remain strong at 5% for the non-oil economy with support from a larger consumption base thanks to a rise in population in the last several years. A strong amount of project work from both the private and public sectors will also underpin economic activity. As of October 2024, there was USD 193bn of projects underway in the UAE, of which construction was the largest sector according to data from MEED Projects. Further along the pipeline, there are roughly USD 630bn of projects in the planning stage for the UAE's economy, of which almost 60% were related to construction along with strong investment in infrastructure and utilities.

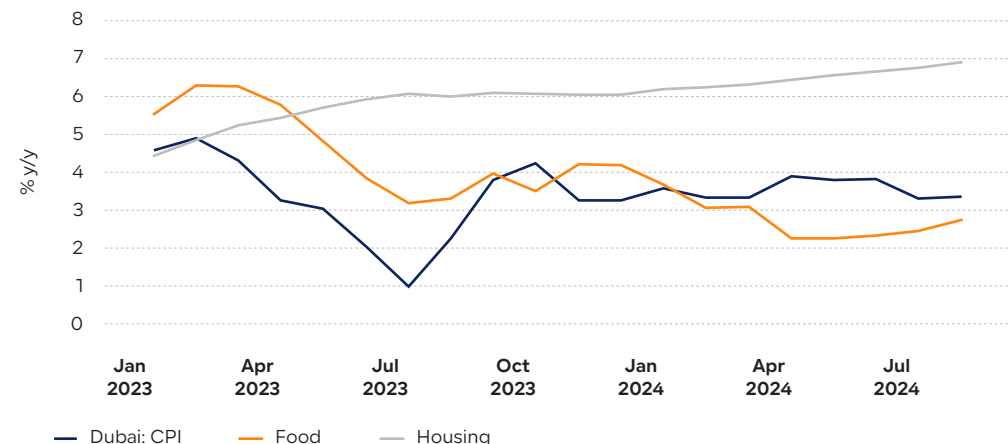
Interest rates are set to decline over the rest of 2024 and into 2025 and that should help to provide a tailwind to economic activity in the UAE. We expect another 50bps of cuts from the Federal Reserve in 2024 before a further 125bps of easing in 2025. Oil prices are on track to decline in 2025 but the UAE will still manage to record a fiscal surplus, limiting the need to rely on debt financing.

## UAE economy to record healthy pace of activity



Source: FCSC, Emirates NBD Research

## Headline inflation has been moderate while housing costs on the rise



Source: Dubai Statistics Center

## ADREC

In November 2023, Abu Dhabi Real Estate Centre (ADREC) was established by the Department of Municipalities and Transport. ADREC was established to promote inclusivity for residents, investors, and visitors alike. It prioritises the enhancement of Abu Dhabi's global real estate standing, with an aim to strengthen the entire sector's ecosystem. By fostering an inclusive environment, ADREC will attract a diverse array of stakeholders, which can enhance investment opportunities and community engagement. The emphasis on transparency and collaboration not only builds trust among stakeholders but also encourages innovative solutions that can drive the sector forward. As a result, ADREC is poised to play a pivotal role in shaping a sustainable and prosperous future for Abu Dhabi's real estate market. This initiative signifies a strategic shift for Abu Dhabi, positioning it as a competitive player on the global real estate stage. Further, it emphasises and supports the intention to diversify the UAE's economy beyond oil.

### Services

ADREC has several critical functions that will reshape the real estate landscape in Abu Dhabi. One of its primary roles is to provide regulatory oversight for real estate transactions, ensuring compliance with established laws and regulations. This includes monitoring property sales, rentals, and lease agreements, thereby protecting the rights of all parties involved.

A significant aspect of ADREC's service offering is its collaboration with the TAMM system, an integrated platform designed to facilitate government services. Through TAMM, ADREC will enable seamless access to a variety of real estate services, such as property registration, licensing, and regulatory approvals. This integration not only enhances the efficiency of the property management process but also provides a user-friendly experience for investors and residents alike.

Additionally, The Real Estate Dispute Settlement Center, known as "Taswya," was established to address a broad spectrum of real estate disputes through amicable resolution methods. Taswya is staffed by a team of specialists who provide innovative alternative solutions aimed at saving time and effort, thereby enhancing the competitive advantage of real estate investment in Abu Dhabi. To ensure convenient access for clients, the centre operates three strategically located settlement facilities across the Emirate of Abu Dhabi in Abu Dhabi City, Al Ain City, and the Al Dhafra Region. The types of real estate disputes that can be resolved amicably at the Real Estate Dispute Settlement Centers include issues related to property division agreements (such as the segregation of joint ownership, physical partitioning, and benefit sharing), construction disputes, relinquishment and exit agreements concerning inherited lands, as well as disputes arising from real estate regulations.

ADREC is also dedicated to fostering public-private partnerships in real estate development. By collaborating with local and international developers, the centre aims to promote large-scale projects that align with the city's vision for sustainable growth.

### Property Index

In line with ADREC's commitment to transparency, it has launched a robust Property Index. This index is not merely a catalogue of property listings; it is an analytical tool that aggregates and analyses data from various segments of the market, including residential, commercial, and industrial properties. By offering detailed insights into property values, rental rates, and occupancy trends, the Property Index enables stakeholders to make well-informed investment decisions. More than this, it enhances the ability of investors and developers to evaluate potential risks and rewards. This is particularly important in a rapidly changing market, where timely information can significantly influence investment strategies. The index also includes historical data, allowing users to track trends over time and assess the impact of economic conditions, regulatory changes, and other factors on property values.

ADREC's broader goals of fostering a competitive real estate environment in Abu Dhabi are evidenced by the establishment of the Property Index. By promoting transparency, the index encourages fair competition among property developers and agents, ultimately benefiting consumers through better pricing and service options. Additionally, the data provided can assist in policy-making and urban planning, ensuring that development aligns with the Emirate's strategic vision.

### Impact on Abu Dhabi's Real Estate Market

The establishment of ADREC marks a significant advancement for the Abu Dhabi real estate sector, providing a comprehensive framework that enhances regulatory oversight and fosters collaboration among stakeholders. By integrating services like TAMM for streamlined transactions and Taswya for efficient dispute resolution, ADREC promotes a more accessible and transparent environment for investors and residents alike. The introduction of the Property Index empowers stakeholders with critical market insights, enabling informed decision-making. Together, these initiatives will not only improve the overall efficiency of the real estate market but also further solidify Abu Dhabi's position as a competitive player on the global stage, ultimately driving sustainable growth and diversification within the economy.



# 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.