

*First price stability
in six years*

*Low-mid tier
price rebound*

*Larger homes in
high demand*

Abu Dhabi Residential Market Review

Autumn 2021



VALUES STABILISE FOR THE FIRST TIME IN SIX YEARS

Residential values in Abu Dhabi grew by 0.1% in the three months to the end of September 2021, the first positive quarterly change since 2015, pushing average prices to AED 935 psf. Villa values (-0.8%) appear to be showing some signs of moderating after rising for nine consecutive months, taking the annual rate of change to 3.1%.

Apartment prices on the other hand rose by 0.2% to a little under AED 1,000 psf, representing the first quarterly increase in seven years, delivering an annual change of 1.8%.

Despite the apparent quarterly outperformance of apartments,

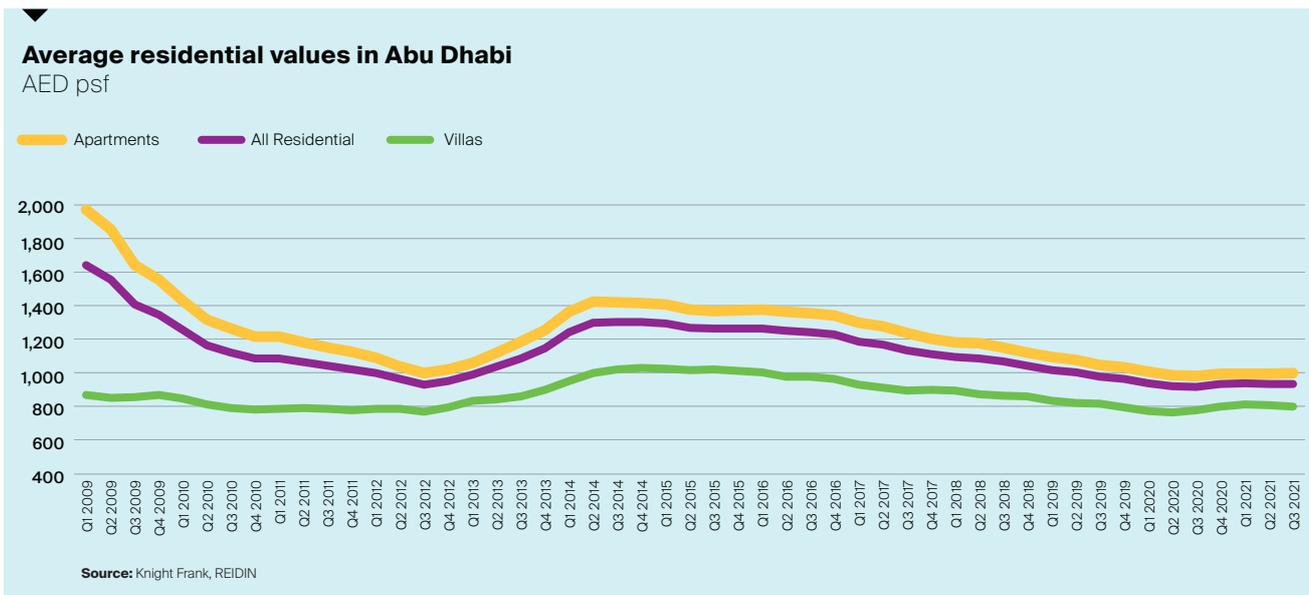
COVID-19 has driven structural changes in demand, with buyers preferentially seeking out larger homes, as evidenced by our 2021 Knight Frank Global Buyer Survey. Many house hunters are hedging their bets on an increased frequency of remote working and are committing to larger homes as a result that have provision for a home office and also outside space.

It really is a case of bigger is better, as has been reflected in recent rapid off-plan villa sales projects in Abu Dhabi, such as Aldar's 480-villa Noya Viva development on Yas Island, which sold out in 48 hours in April, or the more recent swift sale of all 83 villas at Saadiyat Reserve the Dunes.



House hunters are hedging their bets on an increased frequency of remote working and are committing to larger homes



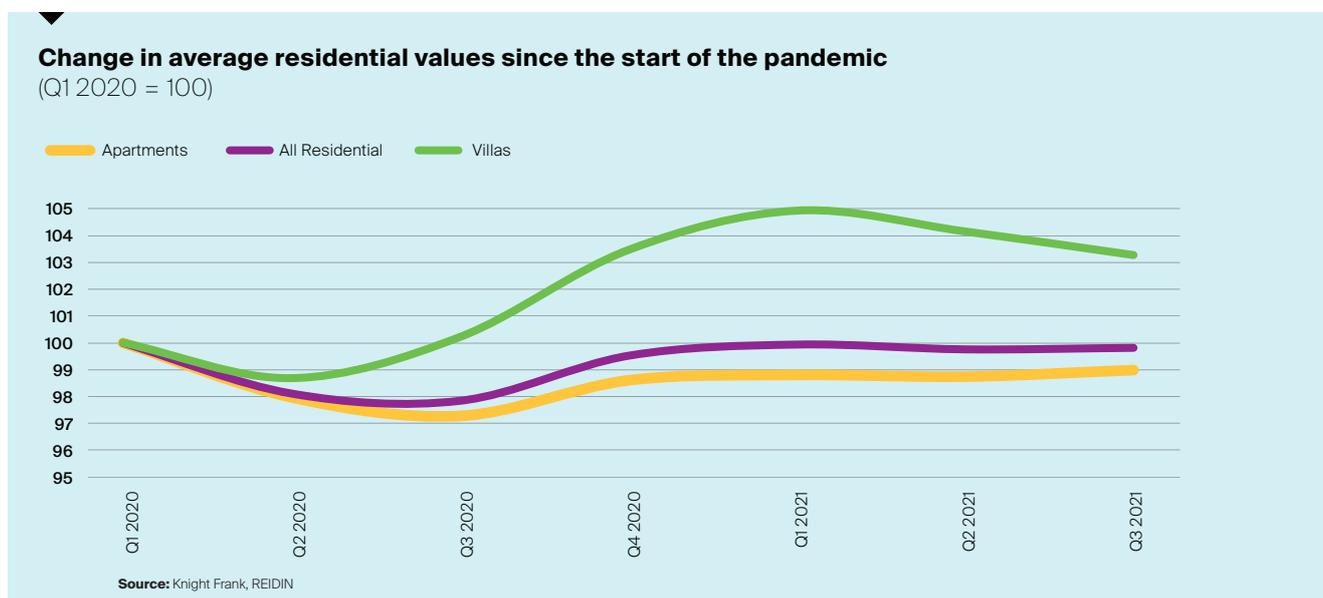


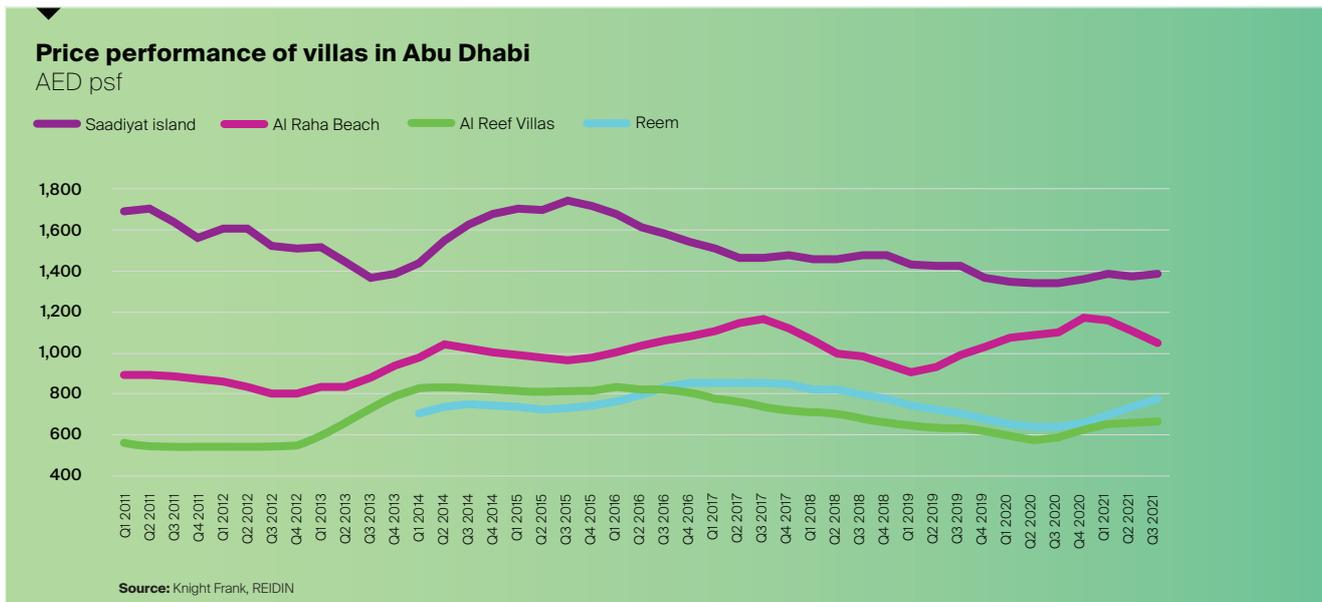
Post-pandemic bounce for villa market

Indeed, villa price performance is also reflective of shifting buyer behaviour, with values climbing by 3.1% since the start of the pandemic. In contrast, apartment prices have remained virtually unchanged, rising by just 0.2%.

Mirroring Dubai, overall residential values are still 29% down on the 2014 peak, with apartments trailing by 30%. Villas are about a fifth cheaper than they were in the 2014 peak. What’s interesting about the UAE capital’s residential landscape is that unlike Dubai, the rebounding of prices is far more evident at the low-mid tier segment of the market, particularly when it comes to villas.

When it comes to villas, Reem has seen some of the strongest growth amongst Abu Dhabi’s investment zones, with prices growing by 18.3% over the last 7 quarters and currently stand at about AED 775 psf. Al Reef Villas, which are more affordable at AED 665 psf have grown in price by 11.2% over the same period. On Saadiyat Island (AED 1,400 psf), one of Abu Dhabi’s most prestigious and high-end submarkets, values have risen by a more modest 3.8%, but the area remains amongst the most expensive to purchase a villa in Abu Dhabi.





Limited supply pipeline

Unlike nearby Dubai, Abu Dhabi’s committed pipeline of new residential supply remains limited, with just 16,400 units expected to be delivered before the end of 2025. Indeed, the vast majority of that total is expected to be delivered before the end of 2022, with just 2,400 homes expected to complete between 2023 and 2025. While this total does not include land plot sales, which has become a stalworth of the Abu Dhabi market in recent months, it does highlight the fact that the villa market in Abu Dhabi, just like Dubai looks set to remain undersupplied, suggesting price stability.

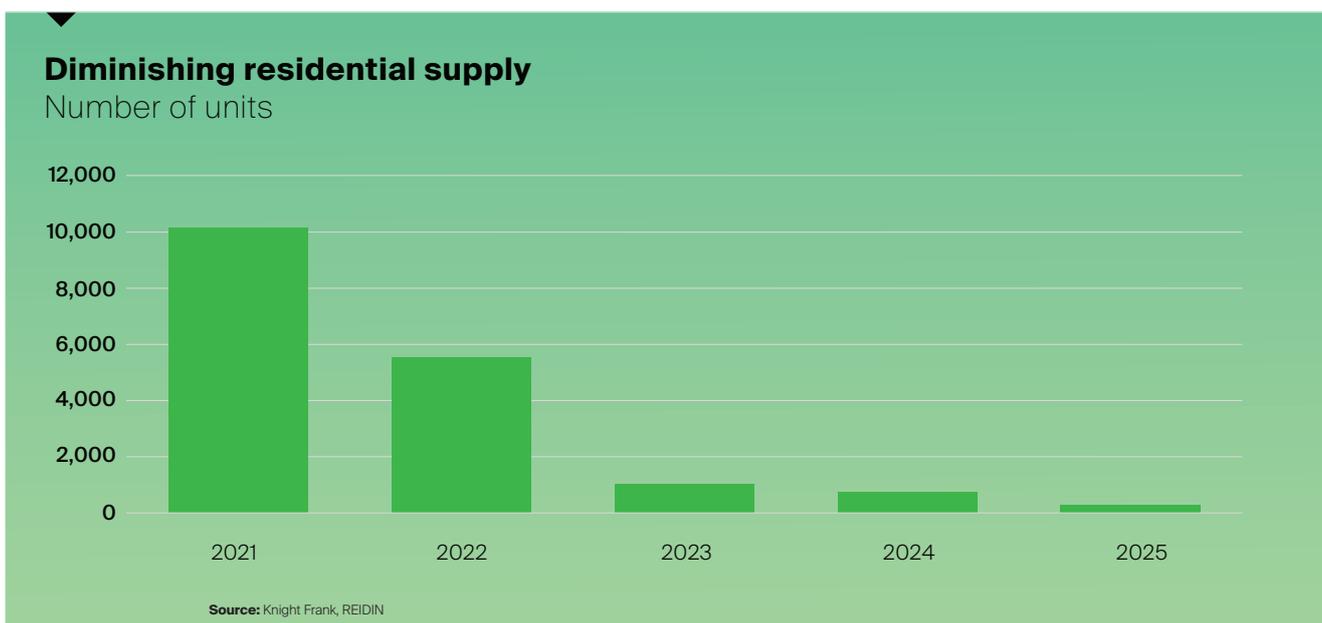
In fact, of the 16,400 new homes likely to be built before the end of 2025, just 3,400 are villas, spread across six submarkets, including new-comer Jubail Island. The USD 1.9 billion development includes

400 villas in its first phase, 70% of which have been sold and are due to be delivered by 2024, while all villa plots have been sold and indeed growth in prices in this segment is likely in the short term.

Villas in vogue for tenants too

Just like the sales market, villas have gained in popularity amongst tenants, with average lease rates for villas rising by 2% over the last 12 months to AED 45 psf, compared to a 6.1% fall for average apartment least rates over the same period.

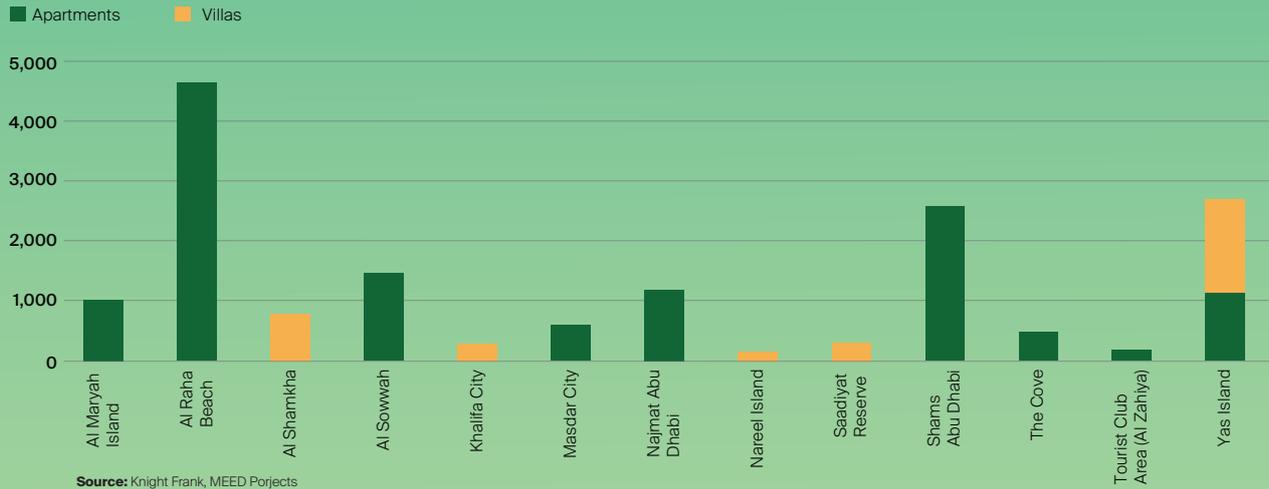
It also appears that COVID-19 has exacerbated this trend, with villa lease rates increasing by about 1% since Q1 2020, while apartment lease rates have declined, on average by 7.6% over the same period.



ABU DHABI'S RESIDENTIAL SUPPLY

Subdued Supply Pipeline

c. 16,000 completions before the end of 2025



400

villas on Jubail Island to complete in 2024

“

Of the 16,400 new homes likely to be built before the end of 2025, just 3,400 are villas, spread across six submarkets

”



NUMBERS YOU NEED TO KNOW

0.1%

increase in residential values

935

AED psf
average residential values

16,400

Number of residential units
due to be built by the end of
2025

2,400

Number of villas due to be
built by the end of 2024

2%

Annual increase in villa
lease rates

-6.1%

Annual decrease in
apartment lease rates

*All data, unless indicated, reflects the market as at the end of Q3
Source: Knight Frank, REIDIN, MEED Projects

KEY CONTACTS

Andrew Cummings

Partner
Head of Prime Residential, Middle East
+971 56 1224 229
Andrew.Cummings@me.knightfrank.com

Dean Foley

Associate Partner
Project Marketing
+971 50 1060 784
Dean.Foley@me.knightfrank.com

Imran Hussain, BSc (Hons) MSc, MRICS

Partner
Head of Residential Valuations
+971 50 3832 491
Imran.Hussain@me.knightfrank.com

Shehzad Jamal

Partner
Real Estate Strategy & Consulting
+971 56 4101 298
Shehzad.Jamal@me.knightfrank.com

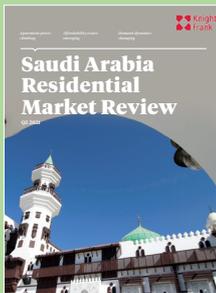
David Crook

Partner
Head of Abu Dhabi
+971 56 2197 389
David.Crook@me.knightfrank.com

Faisal Durrani

Partner
Head of Middle East Research
+971 4 4267 698
Faisal.Durrani@me.knightfrank.com

RECENT MARKET LEADING PUBLICATIONS



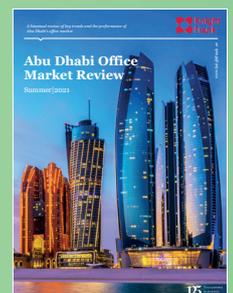
Saudi Arabia Residential Market Review Q3 2021



Dubai Residential Market Review Autumn 2021



Dubai and Abu Dhabi Industrial Markets Review



Abu Dhabi Office Market Review Summer 2021

Our research reports are available at
knightfrank.com/research



Important Notice

© Knight Frank 2021 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank to the form and content within which it appears.

Knight Frank UAE Limited (Dubai Branch) Prime Star International Real Estate Brokers (PSIREB RERA ORN: 11964 trading as Knight Frank with registration number 653414. Our registered office is: 5th Floor, Building 2, Emaar Business Park, PO Box 487207, Dubai, UAE

