

# Abu Dhabi Residential Market Review



Spring 2023

A quarterly review of key trends and the performance of  
Abu Dhabi's residential market

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# Abu Dhabi residential market performance

## YAS ISLAND DOMINATES

Overall, Yas Island has emerged as Abu Dhabi's most active submarket, with the Department for Municipalities and Transport recording AED 4.2bn deals here during 2022.

Al Reem Island followed closely in second place at AED 3.4bn. Saadiyat Island was ranked third at AED 3.1bn.

The total value of transactions across Abu Dhabi also increased by 8.5% during 2022, with the number of deals rising by over 27%.

In general, residential values across Abu Dhabi's freehold areas grew by 1.2% in the first three months of 2023, pushing average prices to AED 964 psf.

Overall, however, freehold values remain 26.2% below the 2014 market peak.

Villa values (-2.2%) appear to be showing some signs of moderating after rising for six consecutive months, taking the annual rate of change to 1.2%.

The best performing freehold villa market during Q1 2023 was Al Reef Villas (AED 685 psf), where prices increased by 0.5%.

In contrast, Saadiyat Island, Abu Dhabi's most expensive freehold villa market has experienced a price correction of -12.1% in Q1, lowering the average price here to AED 1,350 psf.

Similarly, on Yas Island, the average price for a 3- or 4-bedroom villa slipped by -0.4% during Q1 to around AED 3.8 million, but values here are 3.1% higher than this time last year.

## APARTMENT VALUES UP 0.5%

This yo-yo like trend in the villa market has been in place for the last two-years and hints at a potential glass ceiling on prices, beyond which buyers are reluctant to commit.

Apartment prices on the other hand rose by 0.5% to a little under AED 1,030 psf, delivering an annual change of 1.2%.

Apartments on Al Raha Beach continue to command the highest prices (AED 1,230 psf), however here too, despite experiencing no change in values during Q1, values in this submarket are only just recovering to pre-COVID rates and currently stand just 2.1% higher than they were in January 2020.

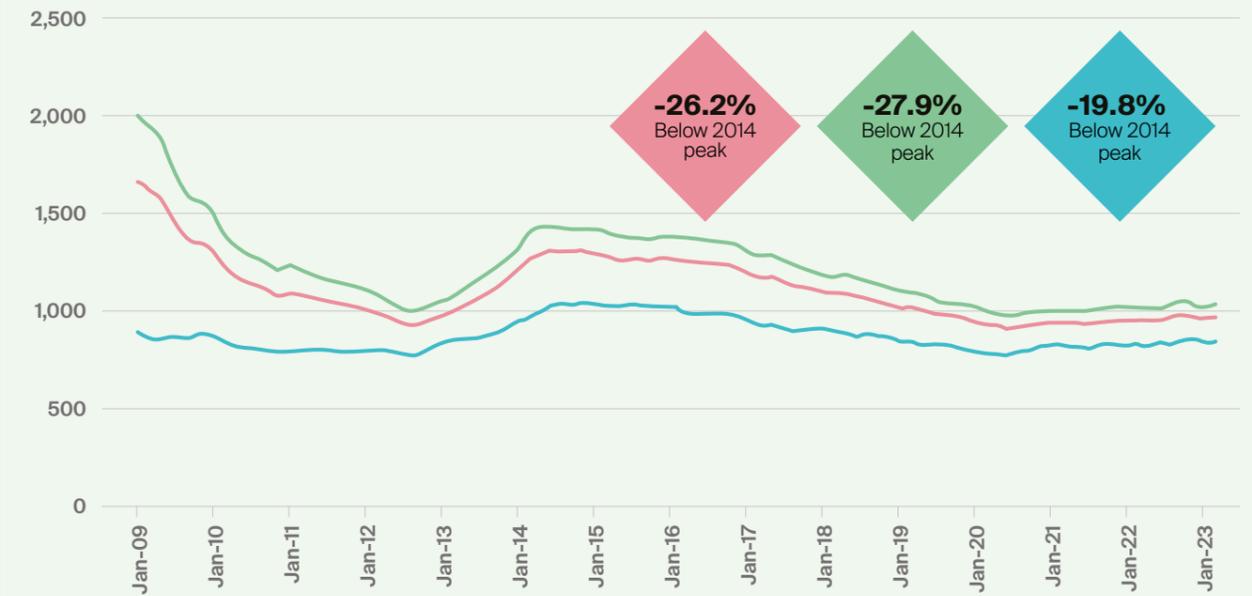
In general, apartment prices in freehold areas trail the 2014 peak by 27.9%. Similarly, villas are about a fifth cheaper than they were eight years ago.



## AVERAGE VALUE OF RESIDENTIAL TRANSACTIONS (BY PROPERTY TYPE)

AED psf

All Residential Apartments Villas

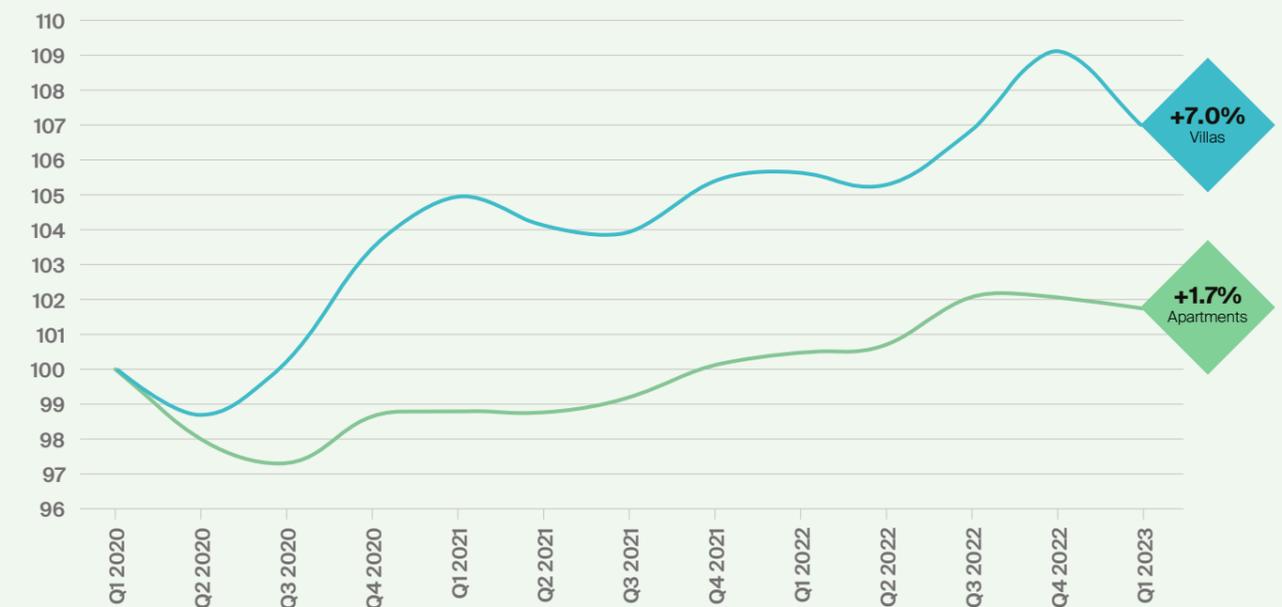


Source: Knight Frank, REIDIN

## CHANGE IN VALUES SINCE THE START OF THE PANDEMIC

(Q1 2020 = 100)

Apartments Villas



Source: Knight Frank, REIDIN

# Home upgrades persist

Despite the apparent outperformance of apartments, villa prices are now 7% higher than they were at the start of the pandemic as the general trend of upgrading homes persists.

In contrast, apartments have registered a price increase of 1.7% over the same period.

In addition, and unlike Dubai, the rebounding of prices is far more evident in the low-mid tier segment of the market, particularly when it comes to villas.

Al Reef Villas and Al Raha Gardens, have for instance,

experienced price growth of 16.8% and 5%, respectively since January 2020, compared to just 0.4% at Saadiyat Island.

The rebound of prices at Al Reef Villas is in large part driven by its relative affordability. At AED 685 psf, it is amongst the most affordable of Abu Dhabi's freehold investment areas.

Buyers are continuing to use the relatively low and stable price environment to upgrade where possible, with more affordable villa locations benefiting from households transitioning from apartment living.

**"Buyers are continuing to use the relatively low and stable price environment to upgrade."**



## ABU DHABI PRICE PERFORMANCE (VILLAS)

AED psf

■ Saadiyat Island ■ Al Reef Villas\* ■ Al Raha Gardens ■ Al Raha Gardens



Change since the start of the pandemic



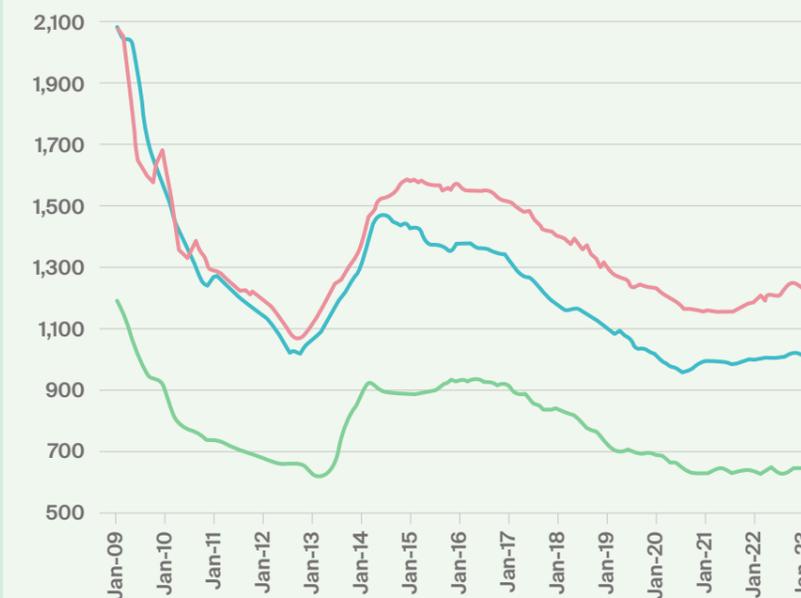
\*Approximately 50 years leasehold/usufruct submarket

Source: Knight Frank, REIDIN

## ABU DHABI PRICE PERFORMANCE (APARTMENTS)

AED psf

■ Al Raha Beach ■ Al Reef Downtown\* ■ Al Reem Island



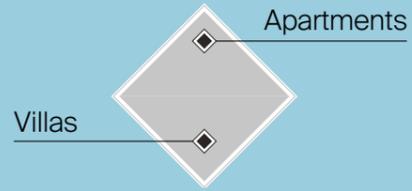
Change since the start of the pandemic



\*Approximately 50 years leasehold/usufruct submarket

Source: Knight Frank, REIDIN

# Residential values in Abu Dhabi | Q1 2023



AED psf	
600 - 800	
801 - 1,000	
1,001 - 1,200	
1,201 - 1,400	
1401 - 1,600	
Not applicable	



\*Approximately 50 years leasehold/usufruct submarket

Source: Knight Frank, REIDIN

# Restricted supply for now...

The relative stability in prices across Abu Dhabi's freehold areas is in large part due to the limited number of new homes under construction.

Our estimates show that just 29,000 homes are currently under construction and due to be delivered by the end of 2025, 58% of which are villas. This excludes announced projects that are yet to break ground as well as plot sales to individuals.

By the end of this year, almost 6,000 homes will be completed and on an average, the market can expect around 7,000 units to be completed each year throughout 2025.

75% of the villas supply is expected in just four submarkets: Khalifa City (4,700 units), Yas Island (2,800 units), Baniyas North (2,800 units) and Al Reeman development in Al Shamkhah (2,200 units).

In terms of apartment stock, Yas Island leads the pack with 3,600 units, contributing the lion's share of new supply here.

Following closely behind Yas Island is Al Maryah Island with 2,800 units. Saadiyat Island (2,500 units) ranks third.

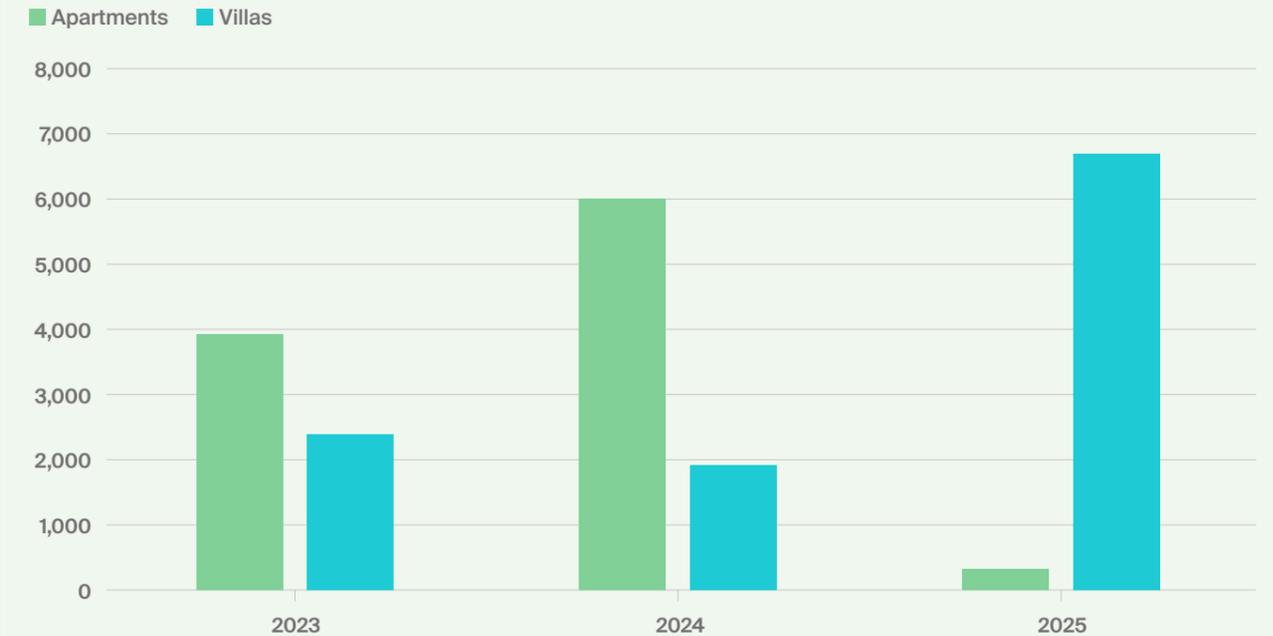
Reem Island (1,400 units) and Jubail Island (900 units) are ranked in fourth and fifth place, respectively.

**"Our estimates show that just 29,000 homes are currently under construction."**



ABU DHABI RESIDENTIAL SUPPLY (2023-2025)

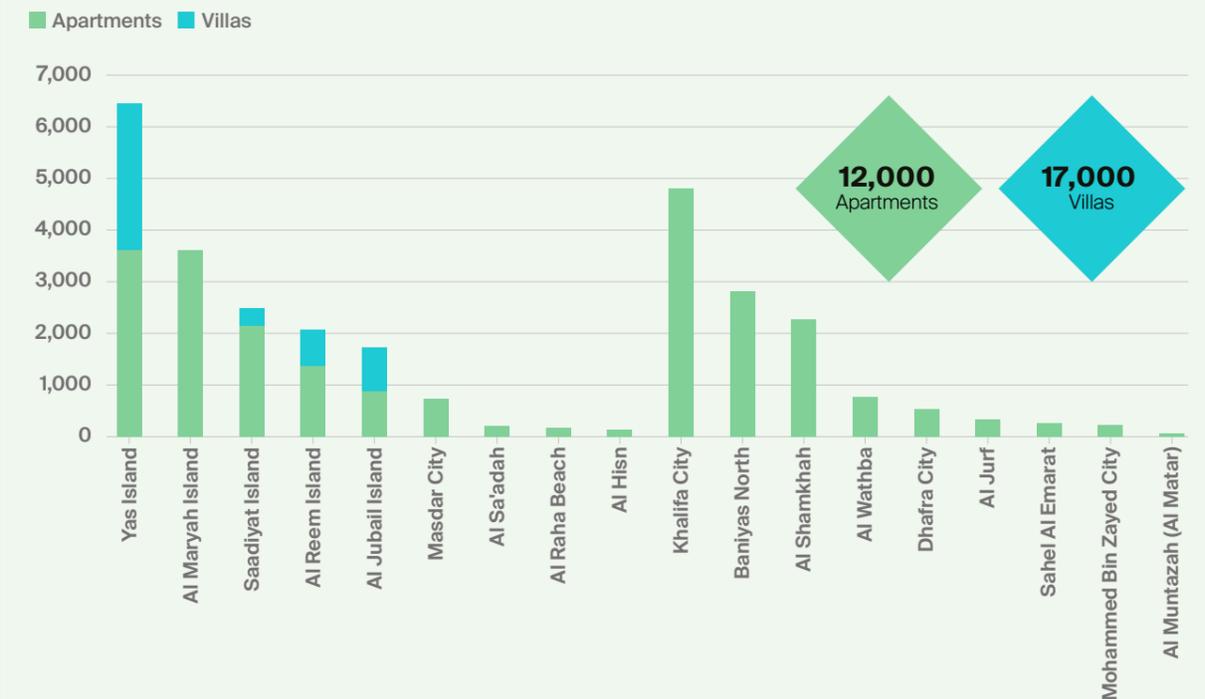
No. of Units



Source: Knight Frank, MEED, Dari

ABU DHABI RESIDENTIAL SUPPLY BY SUBMARKET (2023-2025)

No. of Units



Source: Knight Frank, MEED, Dari

# New launches gather pace

While the overall supply expected in Abu Dhabi appears relatively low, new project launches are gathering pace and the total number of new homes coming to the city are expected to rise rapidly.

We are currently tracking approximately 5,600 units that are still classified as being in their launch stage.

15 new residential projects were launched in Q1 alone, with villas continuing to be the preferred type of homes for developers.

Eagle Hills, for instance, recently unveiled a new development, Ramhan Island worth US\$ 3.5bn off the coast of Abu Dhabi. The project will include 1,800 high-

end beach-front villas, 1,000 branded residences, as well as a hotel and marina.

Other recent villa-only launches include Saadiyat Lagoons District phase 1 (820 units), Bloom Living: Toledo by Bloom Properties at Mohammed Bin Zayed City (520 units), Dahlias villas at Yas Island (120 units) and Al Dhabi at Al Jubail Island (132 units).

Separately, notable apartment-only launches for this quarter include Yas Golf Collection (1,062 units) and the Bay Residence (232 units) at Yas Island. Aldar Properties also launched The Source at Saadiyat Grove (204 units) and this is expected to be delivered in 2026.

**5,600**  
launched units  
(not yet under construction)

◆ Total number of launched units



# Villa rents continue to rise

The capital's current average rents stand at AED 60 psf, a -1.1% drop on this time last year.

Apartments (-2.1%) have experienced a year-on-year decline in rents and average lease rates are still -7.8% below Q1 2020 levels.

In contrast, villa rents are on the rise, with nearly all price points, bar the most affordable locations in Abu Dhabi registering increases over the last 12 months.

As is the case in the sales market, tenants are upgrading their rented accommodation where possible. Furthermore, strong economic growth (7% in Abu Dhabi during 2022 according to Oxford Economics) is driving job creation rates, which is in turn fuelling new demand for rental properties.

Villa lease rates have however recovered to pre-COVID levels and now stand 3.6% above January 2020 levels.

At a submarket level, Saadiyat Island (AED 84 psf) and Al Raha Beach (AED 69 psf) have experienced the strongest growth in rents since the pandemic began, rising by 33.8% and 22.5%, respectively.

Over the course of last year, Saadiyat Island and Al Raha Gardens have seen the steepest rent rises with villas on Saadiyat Island increasing by 15.2% while Al Raha Gardens villas are now renting for 7.0% more than this time in 2022.

## ABU DHABI RENTAL PERFORMANCE (VILLAS)

AED psf/pa.

■ Saadiyat Island ■ Al Reef Villas\* ■ Al Raha Gardens ■ Al Raha Beach ■ Khalifa City



Change since the start of the pandemic



\*Approximately 50 years leasehold/usufruct submarket

Source: Knight Frank, REIDIN



## LEASING MARKET PERFORMANCE



Source: Knight Frank, REIDIN

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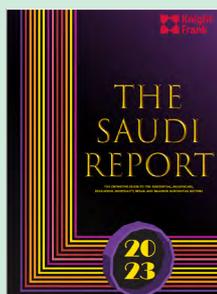
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