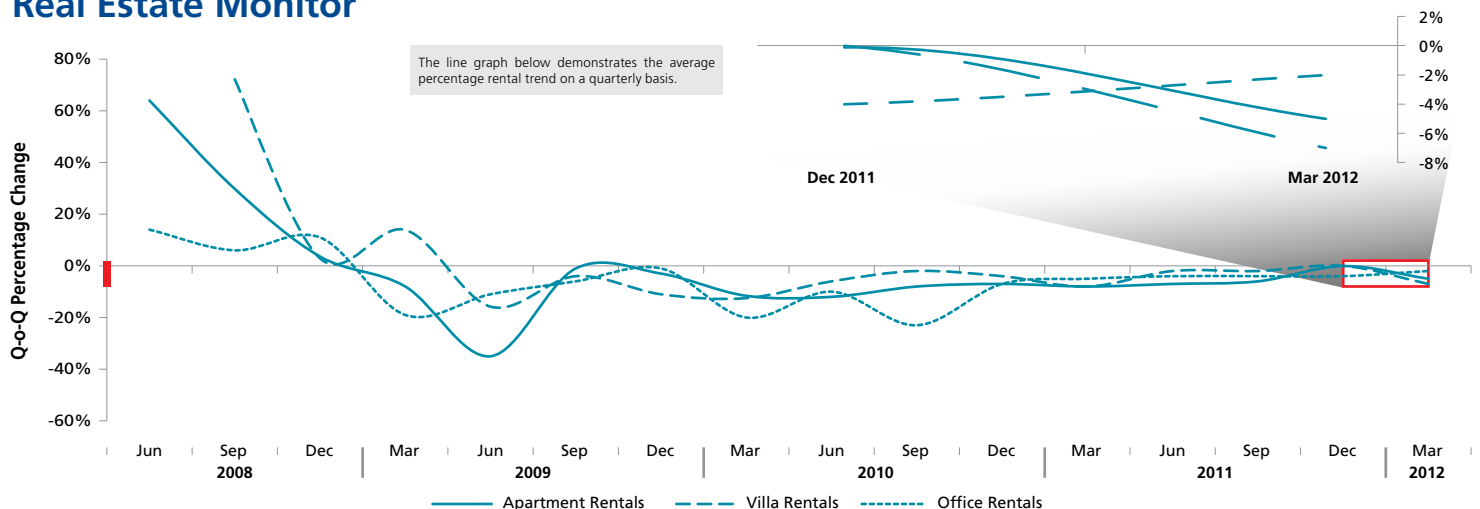




## Highlights

- The residential sector has seen significant declines in Q1 2012 as some of the long-awaited, improved-quality supply has been handed over. This includes approximately 3,000 units progressively being handed over at Al Muneera and Al Zeina at Al Raha Beach as well as 1,455 units which are now ready for occupation at Marina Square, Reem Island, including RAK Tower, Marina Heights I and II, Ocean Terrace, Bay View, Buildings A3a and A3b and 24 townhouses. The remaining 2,030 units at Marina Square are expected to reach the market progressively over the next six months, thereby adding more supply to the higher-end segment of the apartment rental market. Rental levels are therefore expected to come under further downward pressure.
- Nation Towers, occupying a prime position on the Corniche, is also due for handover in Q2 2012 and will represent some of the most sought-after apartments in the city, competing with Etihad Towers and St. Regis Residences.
- The villa sector has witnessed similar declines, especially for mainland properties in MBZ and Khalifa City as the law precluding the occupation of subdivided villas begins to impact the market. Some corporate tenants previously leasing villas for their staff are handing back the properties in favour of purpose-built apartments. This, in turn, has led to strong demand for affordable apartments in MBZ and Mussafah which have seen only minimal rental declines during this quarter; whereas the vacated villas now reappearing on the market are proving difficult to re-let, even at heavily reduced rents.
- Activity in the office sector has slowed compared to the previous quarter, with companies continuing to take a cautious approach towards expansion or relocation plans. This is further accentuated as rents in new developments have not adjusted substantially this quarter given the good levels of activity witnessed towards the end of 2011.
- Landlords of older buildings have started to react to the changing market dynamics and are becoming more competitive in their asking rents. This has led to some companies reviewing their plans to relocate since the rental gap between existing properties and newly built developments has widened substantially. Demand is predominantly coming from existing companies in the City, which could have an impact on the rental levels offered within some new developments as landlords adjust rates to entice companies to relocate.

## Real Estate Monitor



With over 25 years' experience in the Middle East, Asteco's Professional Services team brings together a group of the Gulf's leading real estate experts.

Asteco's network of offices in Abu Dhabi, Al Ain, Dubai, Northern Emirates, Qatar, Bahrain and Jordan not only provides a deep understanding of local markets but also enables us to undertake large instructions where we can quickly apply resources to meet the client's requirements.

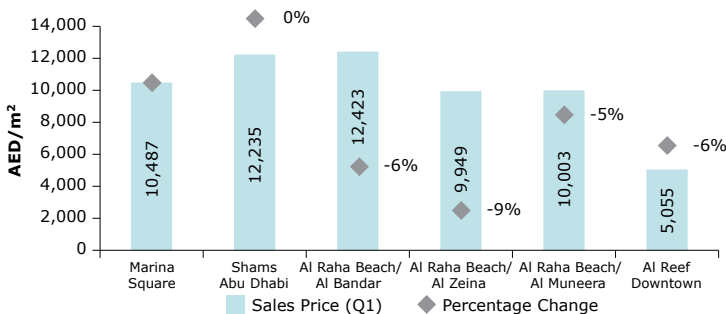
Customer Management: +971 2 626 2660 | [www.astecoreports.com](http://www.astecoreports.com)

## Apartment Rental Rates and Percentage Change (Q4 2011-Q1 2012)

| Location                     | Average Rental Rate (AED'000/pa) |     |      |     |      |     | Q-o-Q Change (%) |
|------------------------------|----------------------------------|-----|------|-----|------|-----|------------------|
|                              | 1 BR                             |     | 2 BR |     | 3 BR |     |                  |
|                              | Min                              | Max | Min  | Max | Min  | Max |                  |
| <b>Prime Buildings(*)</b>    |                                  |     |      |     |      |     |                  |
| Corniche                     | 80                               | 100 | 120  | 160 | 170  | 240 | -6               |
| Khalidiya / Bateen           | 75                               | 95  | 110  | 140 | 150  | 190 | -8               |
| Mushrif / Karama / Manaseer  | 60                               | 70  | 105  | 120 | 125  | 145 | -9               |
| Central Abu Dhabi            | 65                               | 80  | 105  | 120 | 130  | 150 | -10              |
| Tourist Club Area / Mina     | 65                               | 75  | 105  | 125 | 125  | 145 | -10              |
| Al Nahyan Camp / Muroor      | 65                               | 75  | 110  | 130 | 135  | 160 | -6               |
| MBZ / Mussafah               | 50                               | 55  | 57   | 72  | 80   | 90  | -4               |
| Khalifa A & B                | 40                               | 50  | 57   | 68  | 80   | 90  | -4               |
| Shams Abu Dhabi              | 85                               | 100 | 115  | 130 | 140  | 170 | -5               |
| Marina Square                | 80                               | 95  | 110  | 145 | 155  | 180 | n/a              |
| Al Raha Beach                | 80                               | 100 | 105  | 150 | 155  | 210 | -14              |
| <b>Low Quality Buildings</b> |                                  |     |      |     |      |     |                  |
| Corniche                     | 70                               | 80  | 90   | 110 | 120  | 140 | -4               |
| Khalidiya / Bateen           | 60                               | 75  | 70   | 85  | 100  | 120 | -5               |
| Mushrif / Karama / Manaseer  | 50                               | 65  | 65   | 75  | 80   | 90  | -5               |
| Central Abu Dhabi            | 50                               | 60  | 60   | 75  | 85   | 95  | -3               |
| Tourist Club Area / Mina     | 50                               | 60  | 70   | 80  | 80   | 90  | -3               |
| Al Nahyan Camp / Muroor      | 50                               | 60  | 65   | 75  | 80   | 90  | -3               |
| MBZ / Mussafah               | 30                               | 40  | 35   | 45  | 60   | 70  | 0                |
| Khalifa A & B                | 30                               | 40  | 35   | 45  | 60   | 70  | 0                |

(\*) Prime buildings represent the best buildings available for the specific area

## Apartment Sales Prices and Percentage Change (Q4 2011-Q1 2012)



## Villa Rental Rates and Percentage Change (Q4 2011-Q1 2012)

| Location                 | Average Rental Rate (AED'000/pa) |     |      |     |      |     |      |     | Q-o-Q Change (%) |
|--------------------------|----------------------------------|-----|------|-----|------|-----|------|-----|------------------|
|                          | 2 BR                             |     | 3 BR |     | 4 BR |     | 5 BR |     |                  |
|                          | Min                              | Max | Min  | Max | Min  | Max | Min  | Max |                  |
| Khalidiya/Bateen         | -                                | -   | 190  | 230 | 160  | 285 | 250  | 290 | -1               |
| Al Nahyan Camp/ Muroor   | -                                | -   | 180  | 210 | 170  | 250 | 230  | 300 | 0                |
| Mushrif/Karama/ Manaseer | -                                | -   | 170  | 190 | 200  | 255 | 170  | 300 | -3               |
| MBZ/Mussafah             | -                                | -   | 90   | 100 | 100  | 120 | 115  | 160 | -13              |
| Khalifa A & B            | -                                | -   | 95   | 105 | 105  | 140 | 130  | 215 | -13              |
| Sas Al Nakhl             | -                                | -   | 180  | 205 | 220  | 240 | 280  | 300 | 1                |
| Al Raha Gardens          | -                                | -   | 155  | 180 | 180  | 240 | 260  | 290 | 0                |
| Golf Gardens             | -                                | -   | 170  | 240 | 230  | 320 | 320  | 330 | -7               |
| Al Reef                  | 85                               | 95  | 110  | 115 | 135  | 145 | 150  | 165 | -11              |

## Office Rental Rates and Percentage Change (Q4 2011-Q1 2012)

|              |                       | Average Rental Rate (AED/m²/pa) |       |                  |     |
|--------------|-----------------------|---------------------------------|-------|------------------|-----|
|              |                       | Q1 2012                         |       | Q-o-Q Change (%) |     |
|              |                       | From                            | To    | From             | To  |
| Recent Build | Fitted                | 1,000                           | 1,850 | 0%               | -3% |
|              | Shell and Core        | 800                             | 1,400 | -11%             | 0%  |
| Mature Stock | Good Quality Building | 800                             | 1,200 | -11%             | 0%  |
|              | Typical Building      | 650                             | 750   | 0%               | 0%  |
|              | Low Quality Building  | 550                             | 650   | 0%               | 0%  |

## Villa Sales Prices and Percentage Change (Q4 2011-Q1 2012)



John Allen, BSc MRICS  
Director - Research, Consultancy and Valuations  
+971 4 403 7777, JohnA@asteco.com

Paul Maisfield, BSc (Hons) MRICS  
Associate Director, General Manager, Abu Dhabi  
+971 2 626 2660, PaulM@asteco.com

Judy Lam  
Regional Research Manager  
+971 4 403 7777, JudyL@asteco.com

Julia Knibbs  
Senior Analyst, Abu Dhabi  
+971 2 626 2660, JuliaK@asteco.com

Jenny Weidling  
Senior Research Analyst, Dubai  
+971 4 403 7777, JennyW@asteco.com

John Stevens, BSc MRICS  
Director - Property Management  
+971 4 424 9444, JohnS@asteco.com

Vineet Kumar  
Associate Director - Agency  
+971 4 403 7777, VineetK@asteco.com



**DISCLAIMER:** The information contained in this report has been obtained from and is based upon sources that Asteco Property Management believes to be reliable, however, no warranty or representation, expressed or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. Asteco Property Management will not be held responsible for any third-party contributions. All opinions and estimates included in this report constitute Asteco Property Management's judgment, as of the date of this report and are subject to change without notice. Figures contained in this report are derived from a basket of locations highlighted in this report and therefore represent a snapshot of the Dubai market. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, involve risk and uncertainty because they relate to future events and circumstances which are beyond Asteco Property Management's control. For a full in-depth study of the market, please contact Asteco Property Management's research team. Asteco Property Management LLC. Commercial Licence No. 218551. Paid-up Capital AED4,000,000.

Customer Management: +971 2 626 2660  
www.astecoreports.com