

# ABU DHABI REAL ESTATE MARKET OVERVIEW Q2 2016





# FOREWORD

ADIB Real Estate Services comprises a comprehensive real estate banking and advisory platform providing the full range of professional services from a single provider. Our services include:-

- Real estate financing
- Strategic development advisory
- Investment advisory
- Asset management
- Project management
- Valuation
- Agency
- Market research
- Property management
- Facilities management

One of the aims of this report is to improve market transparency by basing our analysis wherever possible on primary transactional evidence derived from our own managed portfolio and from the analysis of our sales and home financing activities. We believe that this adds credibility to the analysis and we hope provides confidence in its reliability.

## REPORT HIGHLIGHTS

### Residential

- A decline in tenant demand (enquiries down by over 25%) has started to translate into downward pressure on rents across the market with average rents showing a decline of around 3% this quarter, with anticipation that this trend will continue in the second half of the year, particularly as the scheduled new supply enters the market
- Low transaction volumes and cautious investor sentiment prevail. Average sale prices in the secondary market have fallen by 2% and properties are now generally trading 5% below where they were 12 months ago. Off-plan sale prices are being held firm by developers

### Office

- Continuing weak demand from the government sector has resulted in another quarter of low leasing activity. Prevailing low demand over the last year has to date been balanced by equally low levels of new supply, however in the last quarter an increase in downsizing to reduce premises costs has become more prevalent in both the private and government sectors with vacancy levels rising. This has led to more noticeable rental declines over the last 3 months
- Average Grade A rents for fitted space decreased by 6% now standing at AED 1,850 per sqm. Average Grade B rents decreased by 10% to reach AED 1,150 per sqm.

### Retail Sector

- The impact of government austerity measures are affecting the retail market which is currently experiencing a decline in retail spending putting pressure on retailer's trading performance
- Mall rents remained stable across A class locations, however pressure on rental rates is evident at lease renewals which could see rental growth slowing in the coming years. Mall operators are offering additional incentives in the form of extended rent free periods both on new lettings and also at lease renewal for key anchor tenants

### Hospitality Sector

- Three new hotel properties opened this quarter comprising the Four Seasons Hotel and Four Seasons Hotel Apartments at Al Maryah Island and the Gloria Downtown Hotel at Hamdan Street
- H2 2016 is scheduled to witness the addition of 9 properties which together will add 2,410 keys, representing an 8.6% increase to the current stock level. Key additions include the Hilton Al Forsan, Grand Hyatt Emirates Pearl, and the Millennium Bab Al Qasr Hotel
- Trading performance in the hospitality sector has been impacted by the prevailing economic conditions which have weighed on consumer and corporate spending, with the Average Daily Room Rates and RevPAR both down in Q2 by approximately 15% in comparison with 2015 levels



## MPM PROPERTIES FACTS AND FIGURES

160+

TOTAL UAE STAFF

95+

PROPERTY MANAGEMENT STAFF

30+

ADVISORY STAFF

35+

LEASING & SALES STAFF

No.1

LARGEST ABU DHABI  
MAINLAND PORTFOLIO

1,700

LANDLORD CLIENTS

23,500+

UNITS UNDER MANAGEMENT

20+

DEDICATED VALUATION  
PROFESSIONALS

98.5%

OCCUPANCY RATE

136bn

COMBINED MARKET VALUE OF PROPERTIES  
VALUED SINCE JANUARY 2012

9,500+

MORTGAGE VALUATIONS  
SINCE JANUARY 2012

## CONTENTS

Project in Focus	14
Office Sector	16
Retail Sector	20
Hospitality Sector	22
Definitions & Methodology	24
Contact Information	25
Supply - Photo Gallery	26
Development Location Map	28

## DEMAND DRIVERS – Q2 2016

### GOVERNMENT INITIATIVES

- Moody's Investors Service has confirmed Abu Dhabi's long-term issuer ratings at Aa2. Moody's expects Abu Dhabi government's sizeable fiscal buffers, in the form of diversified offshore investments, to help manage challenges from any economic slowdown and allow it time to adjust its fiscal policy to lower oil prices
- Investors subscribed over \$17 billion (AED 62.4 billion) for Abu Dhabi's \$5 billion bond issue exhibiting investor confidence in the Emirate. This is the first bond issue by the Emirate in seven years and is partly expected to help with a projected budget deficit of AED 36.9 billion in 2016
- The UPC wishes to encourage property developers to restart construction work on unfinished towers that were stalled due to the global financial crisis. The recommendation is being finalized and will be presented to the government during the next step

### FREEZONES

- Abu Dhabi Financial Group (ADFG) and Bahrain's GFH Financial Group have received preliminary approval to jointly set up an Islamic bank with an initial capital of US\$100 million at Abu Dhabi Global Market (ADGM)

### KEY EVENTS

- Isra'a Wal Mi'raj holiday, 5th May 2016
- Abu Dhabi Classics, 7th May – 10th May 2016
- Portrait of a Nation, 11th April – 10th May 2016
- Abu Dhabi International Book Fair, 27th April – 3rd May 2016
- International Market & Consumer Fair, 20th April – 6th May 2016
- Airline Engineering & Maintenance: Middle East conference, 26th April – 27th April, 2016
- Andrea Bocelli Live, 22nd April 2016
- Abu Dhabi International Jewelry and Watch Show, 3rd May – 7th May 2016
- Start of Ramadan, 6th June 2016

## REAL ESTATE AND CONSTRUCTION

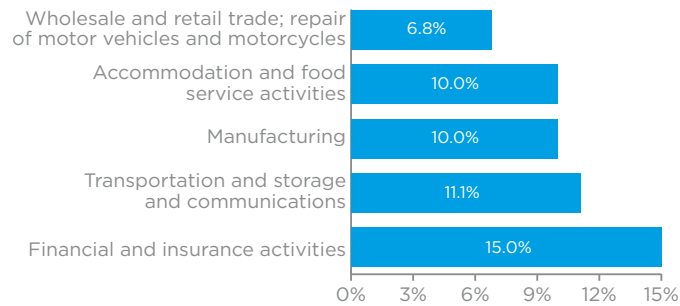
- Aldar Properties has sold out the first phase of Yas Acres, which was unveiled during the lead up to Cityscape Abu Dhabi, and generated over AED 1 billion from the sales. A proposed second phase will comprise 125 homes with a starting price of AED 2.9 million
- Following the success of its Meera Shams scheme launched in June 2015, Aldar Properties plans to add mid-income housing to its developments at Shams Abu Dhabi and Al Raha Beach
- Aldar Properties has sold 384 out of the 512 off-plan flats in the first phase of its Mayan development on Yas Island in the first six months of launch. This includes bulk deals for two of the five buildings which make up the first phase
- Bloom Properties unveiled 'Faya', the fourth phase of its Bloom Gardens project at Cityscape Abu Dhabi. The project contains 132 town houses made up of 28 four-unit and four five-unit clusters. The company has targeted UAE nationals looking to bulk buy and has reportedly sold over 90% of the units offered
- Bloom Holding plans to launch an affordable housing project comprising 5,000 homes close to Abu Dhabi International Airport.
- The 2.2 million square feet plot will be developed into flats, villas and town houses. The project is under master planning and subject to statutory approvals, is scheduled to be launched next year with delivery of units anticipated from 2019 onwards
- The UPC has approved detailed master plans for a 637,000 square metres phase 2 of Masdar City, which will include a research and development cluster, 2,000 apartments and a Gems school as well as another 341,000 sq metres phase, which will include 1,000 homes
- Al Forsan, the Abu Dhabi-based sports resort and housing complex, had announced a "rent-to-buy" offer for Emiratis at Cityscape Abu Dhabi on 50 of the 385 villas and town houses it has completed in Khalifa City A
- The first phase of Saadiyat Lagoons, the largest district on Abu Dhabi's Saadiyat Island, has been launched by TDIC at Cityscape Abu Dhabi. The premium development with 4,000 residential units is expected to house 29,000 residents upon completion

## TOURISM INITIATIVES

- Sheikh Zayed Grand Mosque has been ranked the world's second favourite landmark by TripAdvisor. The Abu Dhabi landmark beat iconic wonders such as the Taj Mahal and the Eiffel Tower being outranked only by the ancient Incan site of Machu Picchu in Peru
- Ferrari World Abu Dhabi is soon looking to launch its third phase. After the recently completed second phase added seven new rides and 20% more capacity, this planned third phase is envisaged to add an additional capacity of 40% and eight new rides
- A UAE-Thai joint committee meeting was held to improve investment opportunities between the two countries and encourage growth of tourism. Approximately 30,000 Thai tourists visited the UAE last year as the number of flights between the two countries has increased to 98 flights per week
- Saudi-based national airline, Flynas, will add a second daily service between Riyadh and Abu Dhabi from June, increasing its combined offer with Etihad Airways to four daily services. Also, Flynas will enter the Jeddah - Abu Dhabi market, with a daily flight which will complement Etihad Airways' existing thrice daily services
- The TCA Abu Dhabi has formally notified hotels and tourist facilities that the proposed municipal fees on hotels in Abu Dhabi will be collected from 1st June 2016 onwards.
- The Louvre Abu Dhabi is currently more than 95 per cent complete and progressing on schedule for handover to TCA by July or August 2016. The opening is expected in December 2016 or January 2017

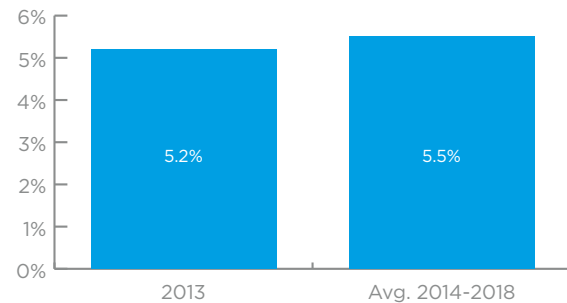
## MACRO TRENDS

### REAL GDP GROWTH RATE 2014-2018



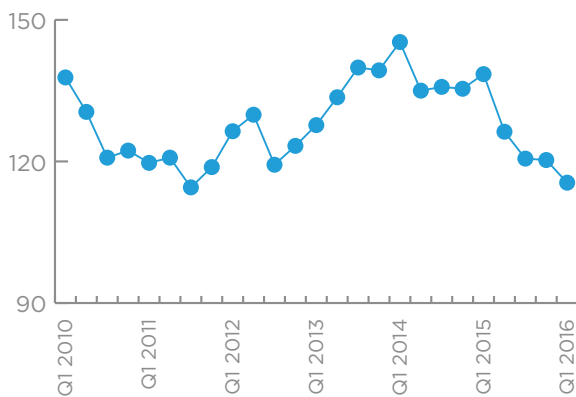
Source: DED

### ABU DHABI REAL GDP FORECAST 2014-2018



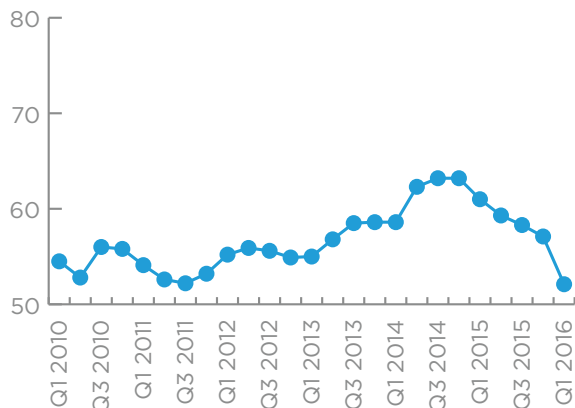
Source: DED

### CONSUMER CONFIDENCE INDEX



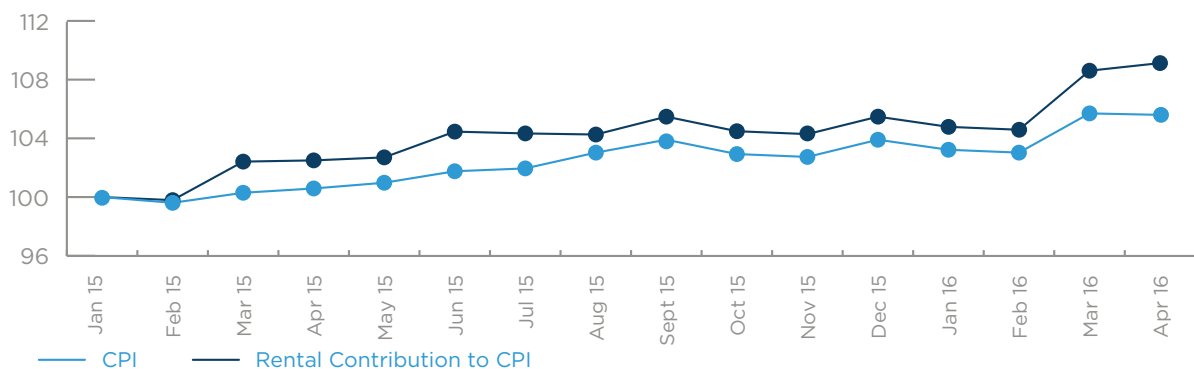
Source: DED

### BUSINESS CLIMATE INDEX



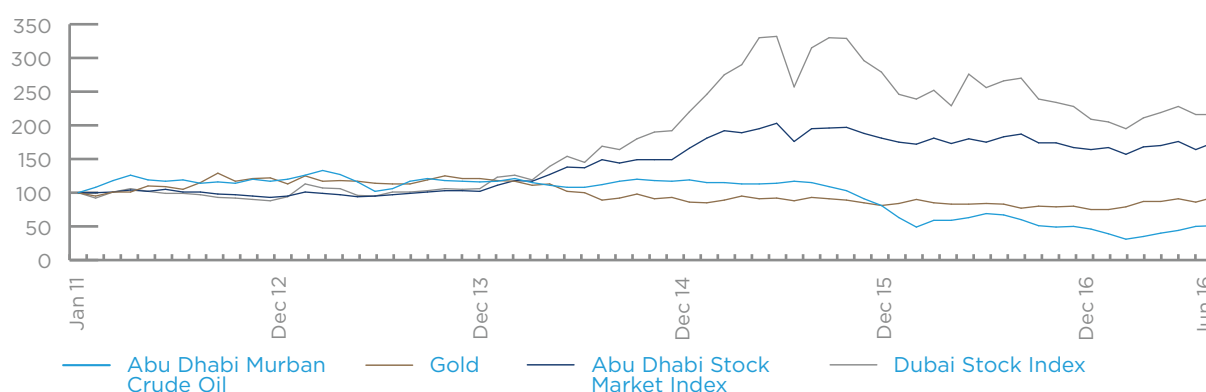
Source: DED

### CPI VS RENTAL CONTRIBUTION TO CPI



Source: SCAD and MPM Properties Research

## STOCK MARKET vs OIL vs GOLD



## FX RATES vs USD

FX RATES vs USD	Q1 2016	3mths ago	6mths ago	12mths ago
GBP	1.4226	1.4736	1.5128	1.4818
EUR	1.1175	1.0862	1.1177	1.0731
JPY	113.65	120.22	119.88	120.13
INR	66.55	66.15	65.59	62.50
PKR	104.70	104.73	104.46	101.93
RUB	68.69	72.52	65.36	58.19
CNY	6.5114	6.4937	6.3560	6.1997
HKD	7.7571	7.7507	7.7500	7.7524
QAR	3.6406	3.6419	3.6420	3.6411
AED	3.6725	3.6725	3.6725	3.6725

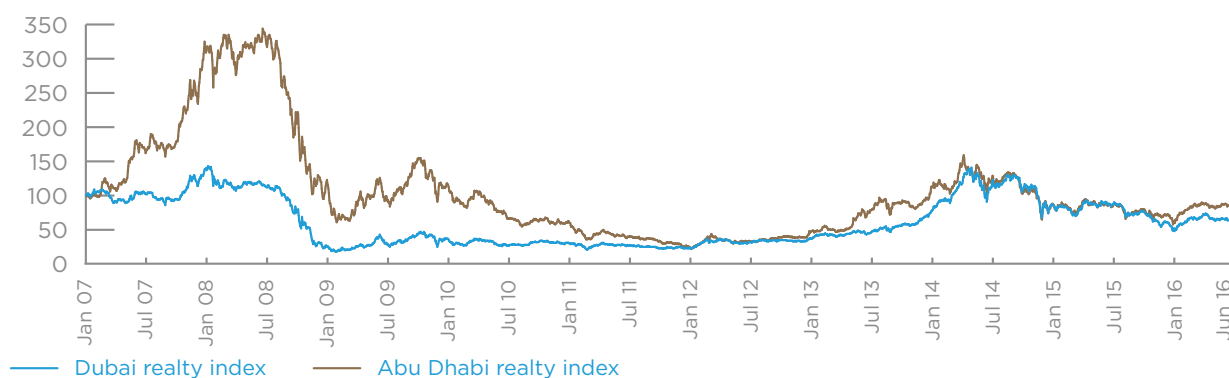
Source: ADIB Treasury and Bloomberg

## PROFIT RATE

PROFIT RATES	O/N	3mths ago	6mths ago	12mths ago
GBP	0.4800	0.5881	0.7404	1.0115
EUR	-0.3900	-0.2420	-0.1340	-0.0050
USD	0.3745	0.6286	0.9190	1.2312
AED	0.3000	1.0237	1.2790	1.5826

Source: ADIB Treasury and Bloomberg

## REALTY STOCK INDEX ABU DHABI vs DUBAI



Source: Bloomberg and MPM Properties Research

# MARKET OVERVIEW Q2 2016

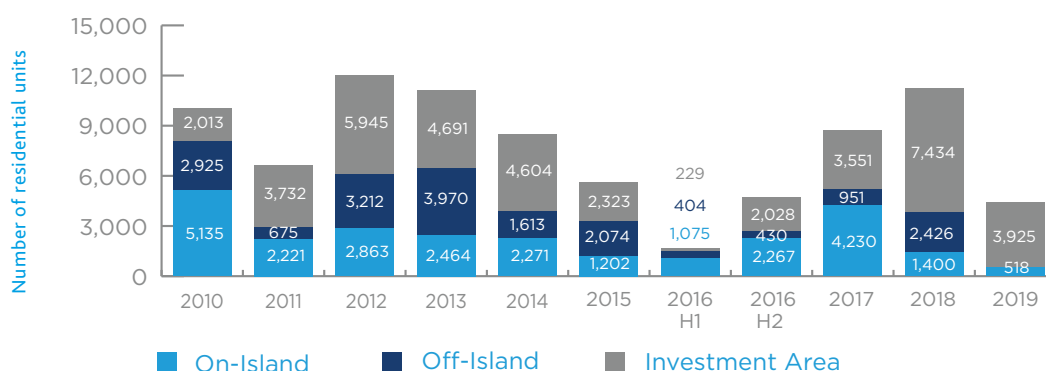
## RESIDENTIAL SECTOR

### SUPPLY

#### New supply

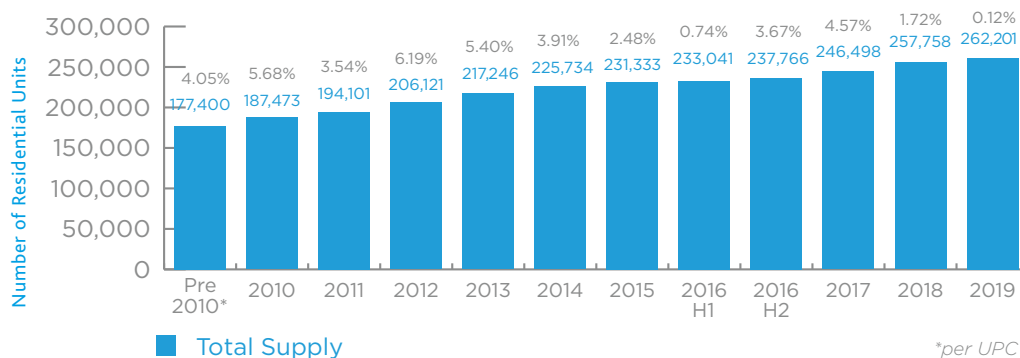
- Approximately 650 new homes were delivered to the Abu Dhabi market in Q2 2016 with the largest new project comprising The View at Danet Abu Dhabi (250 apartments). Total new supply for the calendar year is just over 1,700 units, with the majority of this new supply (over 60%) consisting of developments on the main Abu Dhabi Island
- A further 4,725 units are scheduled for completion in the second half of the year, although we anticipate some handovers will slip into Q1 2017. In terms of location the new supply is dispersed broadly equally between the main Abu Dhabi Island and the Investment Areas with limited new supply off-island

#### ABU DHABI NEW HOUSING SUPPLY



Source: MPM Properties Research

#### CUMULATIVE RESIDENTIAL SUPPLY



\*per UPC

Source: MPM Properties Research



## THE ADIB RENTAL INDEX

- The supply and demand dynamics in the wider Abu Dhabi market has started to shift a little with the market witnessing an increase in vacancy by 2% during the Q2 2016. This is driven by redundancies, but the impact of this on rents has been minimal with majority units being renewed at previous rent, while new lettings in mid-market segment were still commanding a small premium over last year's rent
- An analysis of the MPM portfolio, which comprises over 12,000 units in Abu Dhabi shows that 58% of lease renewals completed in Q2 were agreed at a 0-4.99% percent increase while 41% showed an increase of 5% or more, and only 1% had a rent reduction

## ADIB INDEX (see map at end of report)

ZONE	< 0%	0% to 4.99%	5%	5% to +9.99%	10% to +19.99%	20%+
A	2%	70%	21%	5%	2%	0%
B	3%	54%	23%	9%	6%	6%
C	0%	42%	15%	27%	13%	4%
D	1%	53%	8%	26%	8%	4%
E	0%	30%	40%	20%	0%	10%
F	0%	71%	4%	17%	8%	0%
G	0%	75%	0%	25%	0%	0%
H	0%	78%	0%	22%	0%	0%
I	0%	70%	10%	17%	0%	0%
J	0%	40%	20%	20%	20%	0%
K	6%	56%	8%	18%	12%	0%

## ADIB RENTAL INDEX NOTES

- The ADIB Rental Index relates to the performance of the ADIB portfolio only and the data is derived exclusively from transactions completed by MPM Properties.
- The ADIB Portfolio in Abu Dhabi comprises over 12,000 units (70% apartments, 30% villas) with a spread of quality and locations both on the Abu Dhabi Island and the growing Off-Island areas.
- The ADIB Rental Index has been compiled with a view to enhancing transparency in the Abu Dhabi real estate market and to provide a credible market indicator for rental trend movements.
- Rental Index Zones are identified on the Map located at the end of this report.

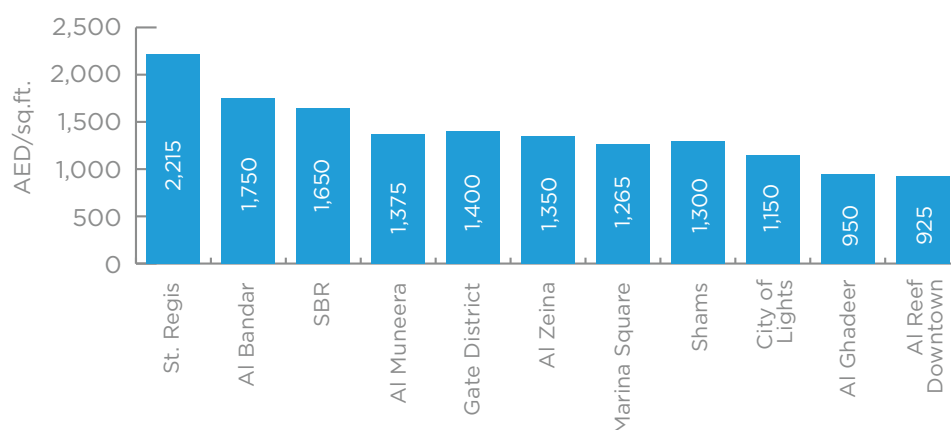
## RESIDENTIAL SECTOR

## APARTMENT SALE PRICES

- The residential sales market continued to see low transaction volumes during Q2 2016 with investor sentiment remaining cautious. Opportunistic cash investors are in the market looking for distressed deals which have risen due to increase in redundancies
- In the last 3 months average sale prices in the secondary market have fallen by 2% and properties are now generally trading 5% below where they were 12 months ago
- Developers selling new projects off-plan are currently holding values at launch prices on the inventory they have released and are reviewing strategies given prevailing market conditions in terms of the timing for further phased releases, which in some cases are expected to be scaled down or pushing back to next year

## AVERAGE APARTMENT SALES PRICE AED/SQ.FT. Q2 2016

Q-on-Q	-2.0%	0.0%	-7.0%	-2.0%	0.0%	-3.0%	-1.0%	-2.0%	0.0%	0.0%	0.0%
Y-on-Y	-2.0%	2.0%	-11.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-3.0%	-6.0%	-3.0%

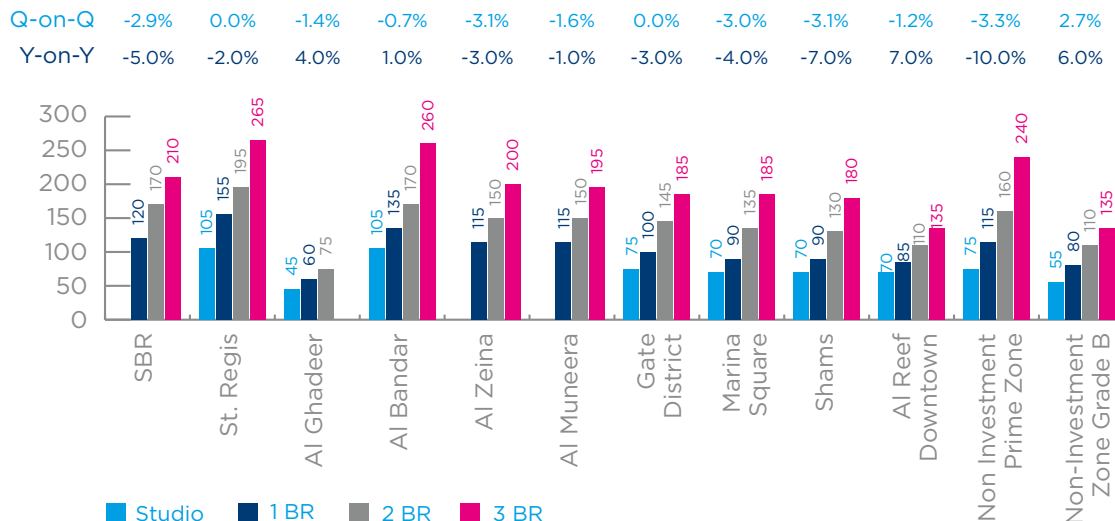


Source: MPM Properties Research

# APARTMENT RENTS

- The residential leasing market in Abu Dhabi has witnessed a decline in tenant demand during Q2 2016 with new tenant enquiries down by over 25% in comparison with the same period in 2015 (based on an analysis of MPM data). Enquiries for 3 and 4 bedroom apartments with budgets over AED 180,000 per annum have fallen significantly, which could reflect the impact of job cuts in the government sector
- This drop in tenant demand has started to translate into downward pressure on rents across the market with average rents showing a decline of around 3% this quarter, with anticipation that this trend will continue in the second half of the year, particularly as the scheduled new supply enters the market

## AVERAGE APARTMENT ANNUAL RENT Q2 2016



Source: MPM Properties Research



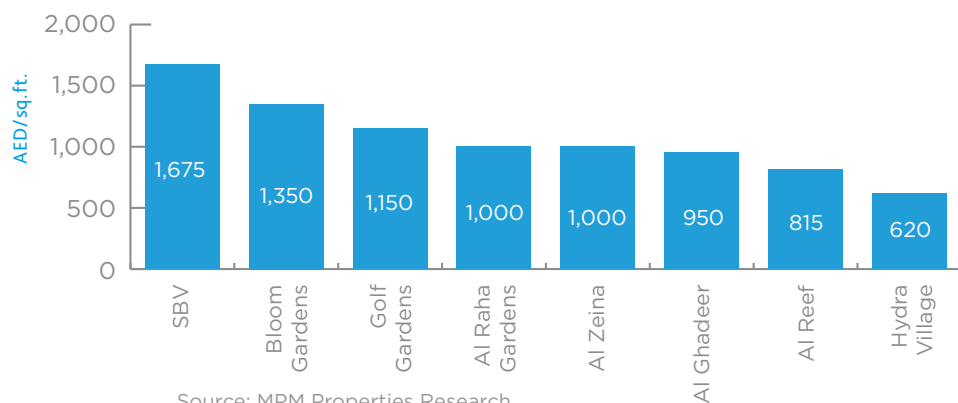
## RESIDENTIAL SECTOR

VILLA PERFORMANCE:  
SALES AND RENTS

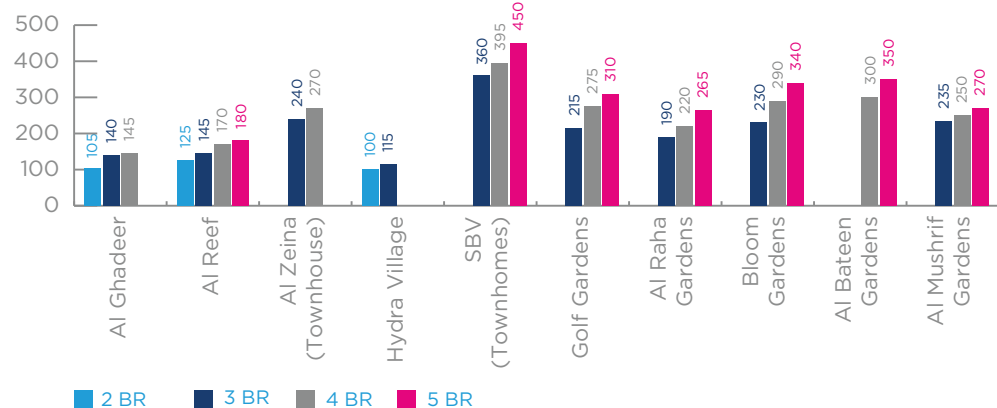
- The villa market also witnessed a fall in average prices in Q2 2016. The villa communities monitored by MPM showed average sale prices declined by 2% during Q2 2016 with the volume of sales transactions also down in comparison with Q1, impacted by weaker tenant demand putting pressure on rental yields
- Q2 2016 has witnessed the launch of two major villa developments by Aldar and TDIC
- Aldar launched Yas Acres a golf and waterfront development which will comprise 1315 villas and townhouses. Phase 1 was released in April consisting of 267 homes and has been sold out. Prices range from AED 3.8 million for a 3 bed townhouse up to AED 8.4 million for a 6 bedroom golf course facing villa (equating to approximately 1,000-1200 per sqft). Phase 2 was released in June with a further 125 properties made available for sale
- TDIC launched Saadiyat Lagoons District on Saadiyat Island, which will comprise over 4,000 two, three and four-bedroom villas, townhouses and apartments. The first phase includes 820 townhouses comprising 236 two-bedroom units and 584 three-bedroom units. To date 246 units have been released to the market with prices starting from 1,400 per sqft. No information is available in terms of sale volumes achieved

## AVERAGE VILLA SALES PRICE AED/SQ.FT. Q2 2016

Q-on-Q	-4.29%	-1.82%	0.0%	-4.76%	0.0%	2.56%	0.0%	0.0%
Y-on-Y	-4.29%	-6.90%	4.55%	-4.76%	8.11%	-5.47%	1.88%	0.00%



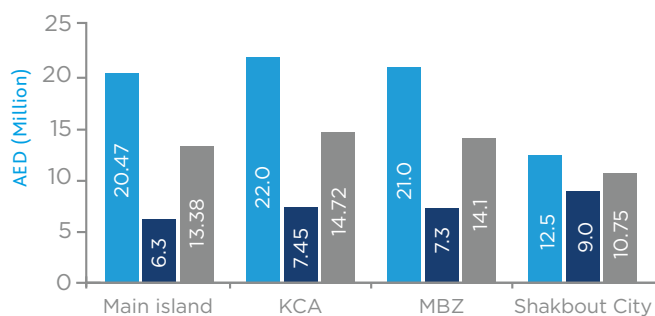
## VILLA AVERAGE ANNUAL RENTS Q2 2016



## VILLA VALUES – NON-INVESTMENT AREAS

- The analysis below is based on data gathered from the transactions financed by ADIB and managed by the MPM in non-investment zones and highlights the current prevailing prices and yields
- The market continues to witness a mismatch in yield expectations between sellers and buyers, which in turn is leading to a slow-down in transaction volumes. Most buyers were anticipating distress sales, but have accepted the lack of such opportunities available in the current market
- Demand for good quality villa compounds in Khalifa City "A" and Mohammad Bin Zayed areas continue to be healthy at 8% gross yield with rents witnessing 3% to 5% growth, highlighting yield improvement potential over the medium term

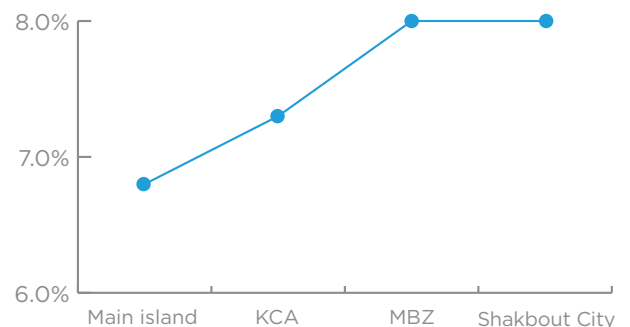
### VILLA COMPOUND PRICES (Q2 2016)



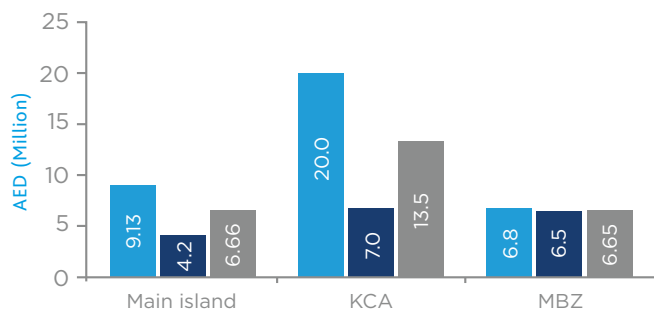
■ High ■ Low ■ Average

Note: Data relates to compounds of 4 to 6 villas

### VILLA COMPOUND GROSS YIELDS (Q2 2016)



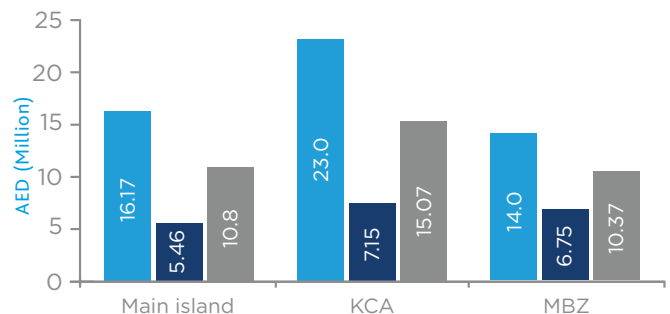
### 5/6 BEDROOM VILLA PRICES (Q2 2016)



■ High ■ Low ■ Average

Source: MPM Properties Research

### 7/8 BEDROOM VILLA PRICES (Q2 2016)



■ High ■ Low ■ Average

## PROJECT IN FOCUS – THE VIEW

### Centrally Located High-end Residential Tower.

The development occupies a prominent corner plot position within the Danet Abu Dhabi project, situated between Muroor Road and Airport Road.

<b>NO. OF APARTMENTS</b>	250 Residences
<b>NO. OF FLOORS</b>	3B + G+ M+ 21 Typical Floors + Roof
<b>NO. OF PARKING SPACES</b>	350
<b>RENTS</b>	Studio starting from AED 75,000 1 Bedroom starting from AED 90,000 2 Bedroom starting from AED 140,000 3 Bedroom starting from AED 195,000
<b>APARTMENT SIZES:</b>	Studio                      393 to 450 Sqft 1 Bedroom                  839.28 to 871.56 Sqft 2 Bedroom                  1581.72 to 1764.64 Sqft 3 Bedroom                  2517.84 Sqft
<b>AMENITIES</b>	Basement parking Swimming Pool Health Club (Gym, Stream Room, etc.)

For more information, contact the MPM Agency Team







# MARKET OVERVIEW Q2 2016

## OFFICE SECTOR

### SUPPLY

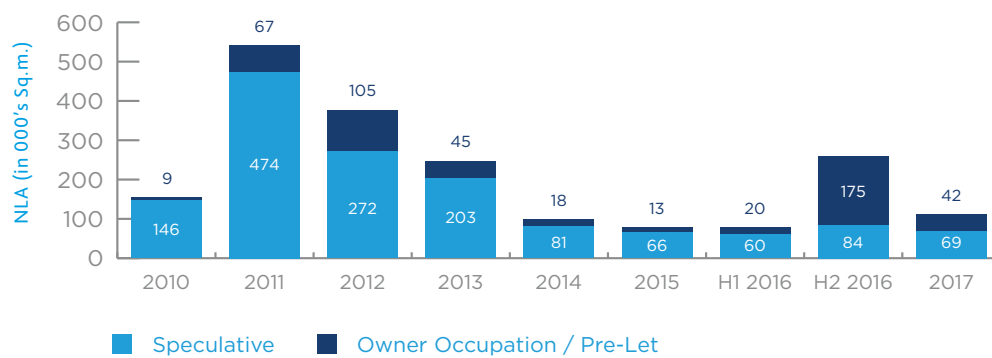
- There have been no major additions to the Abu Dhabi office market, with only 22,000sq.m. of new space being added in Q2 2016. The total office stock now stands at around 3.38 million sq.m.
- Announcement of recent mergers (i.e. Mubadala - IPIC and NBAD - FGB), is anticipated to increase the Grade "A" office supply as these firms will consolidate their offices and HQ, potentially vacating some of their offices and releasing it back in the market for tenant occupation or holding it for future expansion
- On the other hand, fair few small to mid-sized companies have moved from larger offices to smaller offices or are in the process of relocating their offices from Abu Dhabi Island to outside Abu Dhabi Island. This decision is driven by prevailing lower rents on Abu Dhabi mainland and availability of better parking facilities
- Given the current market cycle investment opportunities are expanding in built-to-suit properties within the public / government sector with most investors only looking at such deals if the lease term was 10 years+
- Business Park accommodation continues to be in demand from SME sector and this is an opportunity that needs to be tapped by developers and investors with a long term investment view in mind

### ABU DHABI OFFICE SUPPLY (2009-2017)



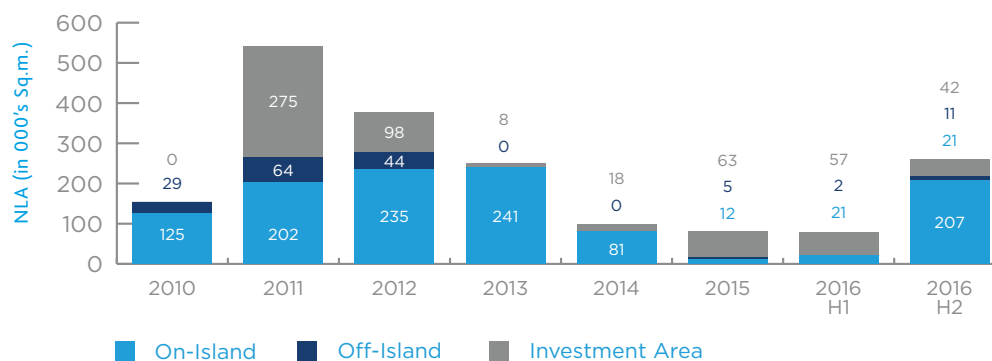
Source: MPM Properties Research

### ABU DHABI NEW OFFICE SUPPLY



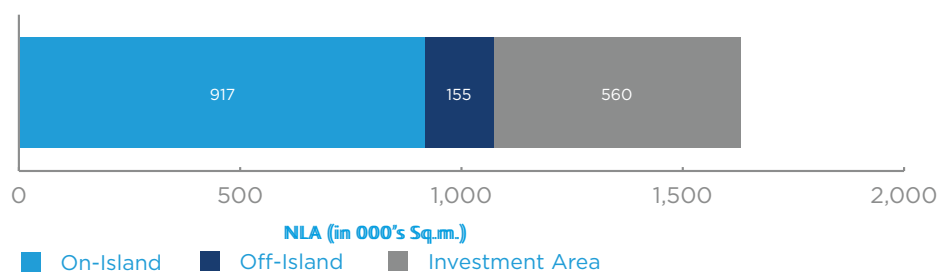
Source: MPM Properties Research

### ABU DHABI NEW OFFICE SUPPLY - LOCATION



Source: MPM Properties Research

### NEW SUPPLY BREAKDOWN - LOCATION FROM 2010 TO 2016



Source: MPM Properties Research



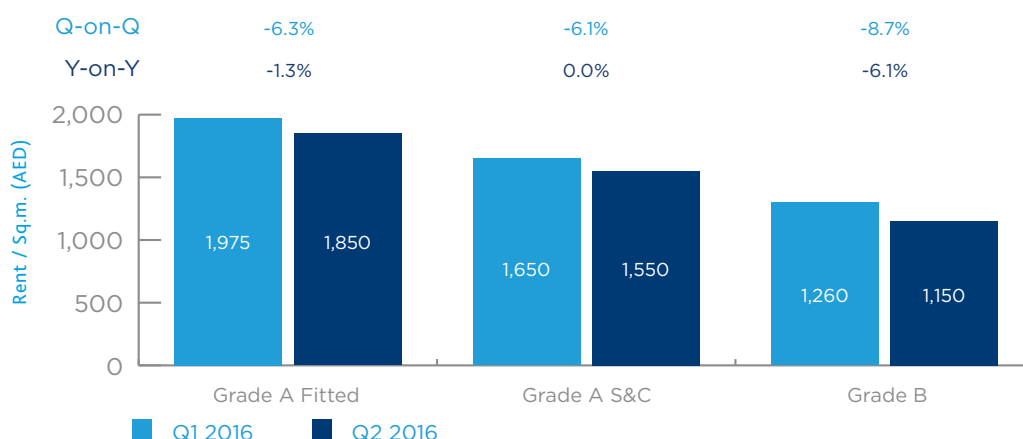
## OFFICE RENTS

Continuing weak demand from the government sector has translated into another quarter of low leasing activity in the office market. Prevailing low demand over the last 12 months has to date been balanced by low levels of new supply, however in the last quarter an increase in downsizing to reduce premises costs has become more prevalent in both the private and

government sectors with vacancy levels rising. This has translated into more noticeable rental declines over the last 3 months

Average Grade A rents for fitted space decreased by 6% now standing at AED 1,850 per sqm. Average Grade B rents decreased by 10% to reach AED 1,150 per sqm

### OFFICE HEADLINE RENTS, Q-ON-Q% AND Y-ON-Y% CHANGE



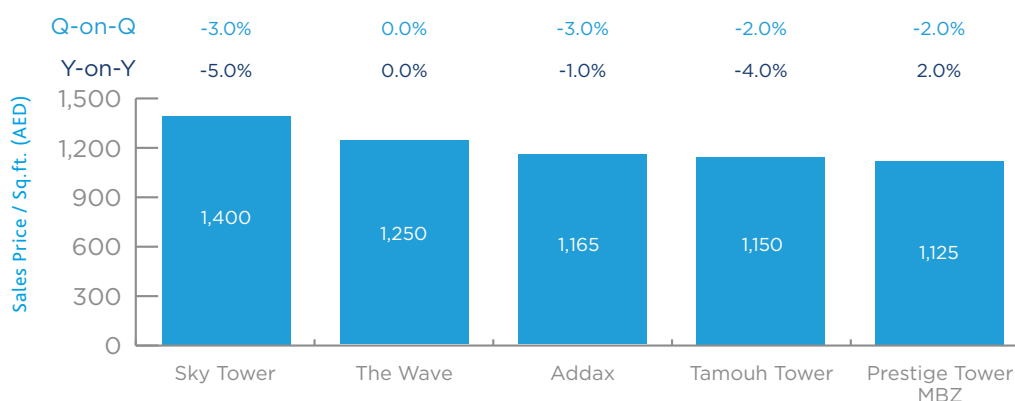
Source: MPM Properties Research

## OFFICE SALES

Office sales market witnessed limited transactions within Investment zones during Q2 2016. Offices are being sold at prices below market average, while offices with higher sales price than market average were seeing low interest from Investors and end users alike

Sales prices witnessed nominal drop in values, though if the demand from tenants remain subdued, we anticipate the prices to soften further on Al Reem Island as existing investors will look to exit due to lack of tenants and rental income

### AVERAGE OFFICE SALES PRICE



■ Sales Price / Sq.ft.

Source: MPM Properties Research

# OFFICE PROJECT IN FOCUS: ADIB HQ TOWER 2

- 21,869 sqm of net leasable area arranged over ground and 12 upper floors
- Shell & Core finish ready for tenant fit out works
- 4 levels of basement parking providing 400 car parking spaces (1:50 sqm)
- Additional parking available (subject to negotiation)
- Efficient floor plates extending to 1638 sqm
- Capacity for 200mm raised access floors
- 8 high speed lifts dedicated to exclusively serve Tower 2 from B4 through to Level 12
- Average wait time estimated at 10-15 seconds
- LEED Gold for Building Design and Construction
- All common areas are covered by CCTV, access control system, fire alarm and intrusion detection system

## Grade "A" Specification

- Common atrium with Tower 1 (ADIB HQ) with coffee shop and retail units
- 2700mm finished floor to ceiling height

## Location

The development is situated on Airport Road opposite the Hilton Hotel providing excellent connectivity to Downtown and the airport



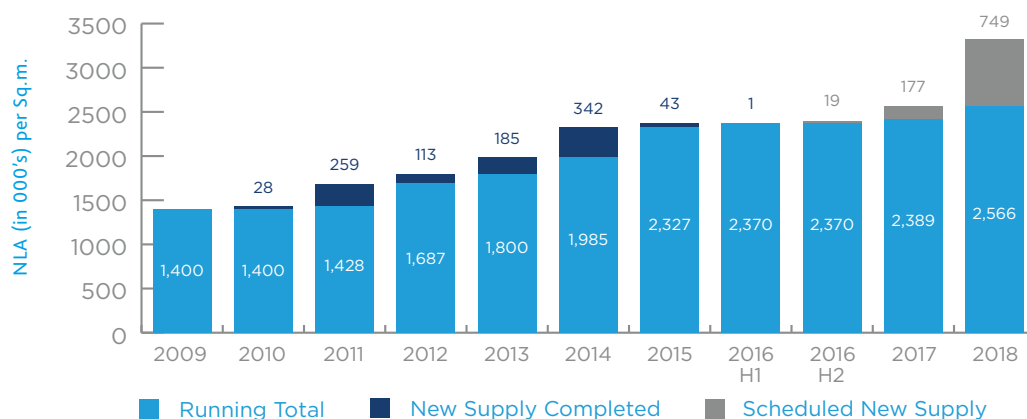
# MARKET OVERVIEW Q2 2016

## RETAIL SECTOR

### OVERVIEW

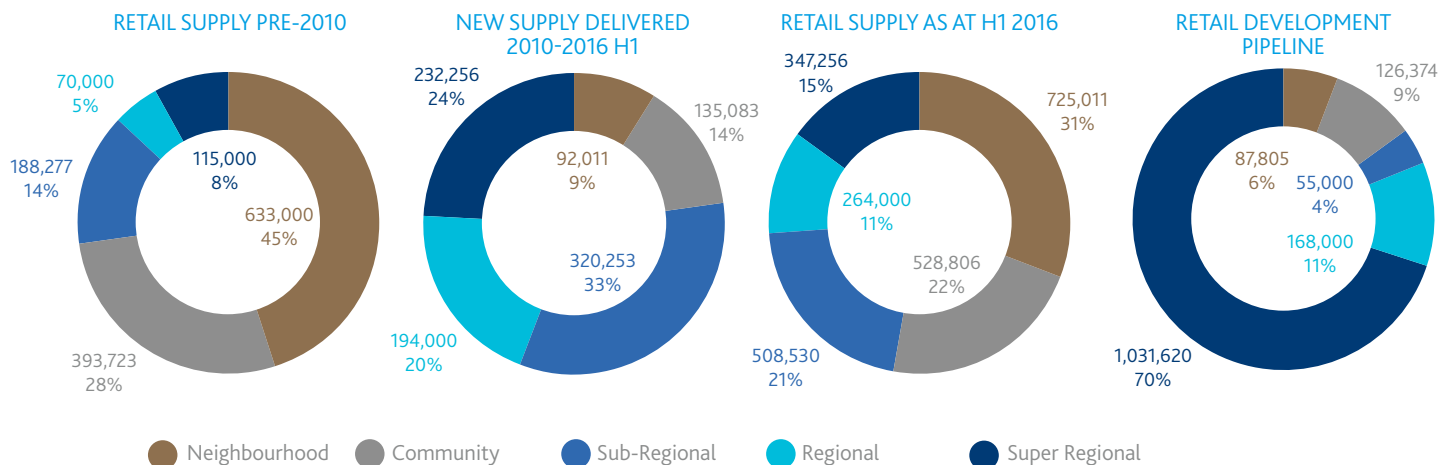
- There were no major retail developments delivered during Q2 2016 with total retail space in the capital standing at approximately 2.4 million sq m NLA
- In addition to the two super regional malls due to be completed in 2018/19 (Al Maryah Central Mall and Reem Mall), other sizeable retail schemes in the pipeline include the much delayed Paragon Bay at Marina Square and Paragon Point at the Meena Plaza mixed use development which together will add around 50,000 sqm of leasable retail space to the market
- The impact of government austerity measures are affecting the retail market which is currently experiencing a decline in retail spending putting pressure on retailers trading performance. Overall, households are placing a greater impetus on saving and achieving greater value for money on both core and non-core spending. Therefore, there has been an increase in spending on necessities like food items while non-essential spending has tightened, often seeking promotions and sales

### ABU DHABI RETAIL SUPPLY (2009 - 2018+)



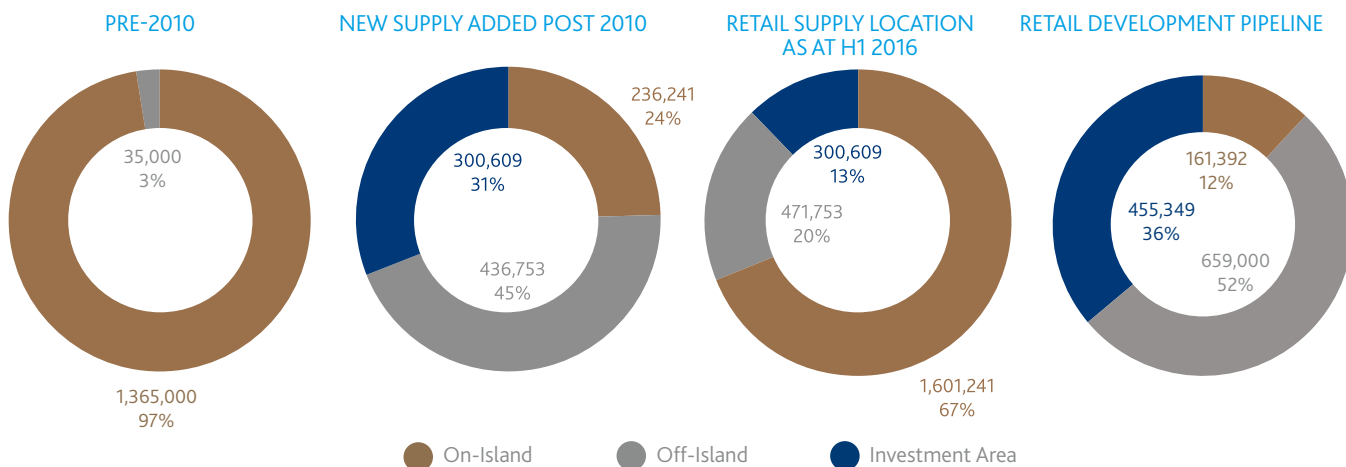
Source: MPM Properties Research

## RETAIL SPACE CLASSIFICATION



The above charts show supply of malls only and exclude all street retail. Figures are NLA (sq.m.)

## RETAIL SPACE LOCATION



## TAKE-UP & RENTS

SPACE TYPE	AVERAGE RENT (AED) PA
Specialty Store	1,650-3,900 per sq.m.
Anchor Store (more than 1,000 sq.m.)	400-1,150 per sq.m.
F & B	3,000-5,750 per sq.m.
ATM's	80,000-170,000
Kiosks	65,000-155,000
High street retail (Prime areas)	2,100 – 3,850 per sq.m.
High street retail (Non-prime areas)	1,450-2,650 per sq.m.

The rents quoted above are base rents excluding any turnover provisions and service charges.

- Mall revenues during Q2 2016 were subdued despite Eid-Al-Fitr celebrations. Consumer spending has been low during Q2, especially towards premium and luxury goods. Tourist spending has been affected due to a strong dollar impacting their purchasing power
- Mall rentals continue to be under pressure as a consequence of reduced sales revenues. Efficient and effective mall management will be critical over the medium to long term to ensure that properties manage their business objectives without impacting attractiveness
- F&B outlets have been hit the hardest during H1, with fair few closing their operations across Malls in Abu Dhabi due to declining F&B revenues that have dropped by 5% this year over last year

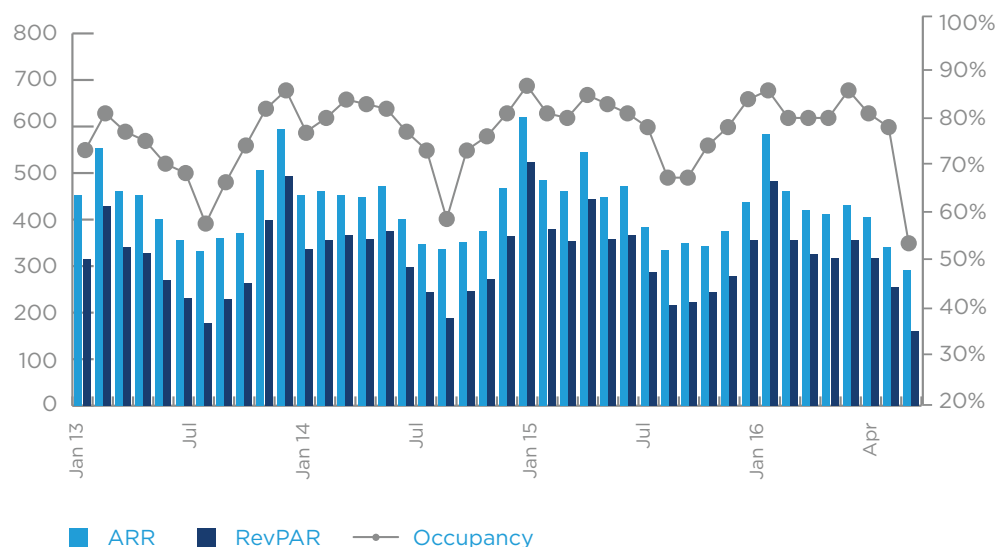


# MARKET OVERVIEW Q2 2016

## HOSPITALITY SECTOR

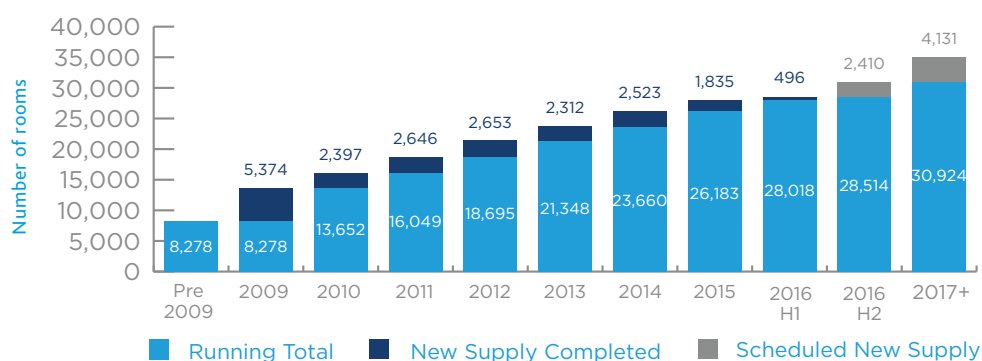
- Q2 2016 saw the addition of three hotel properties in Abu Dhabi with the opening of the Four Seasons Hotel and Four Seasons Hotel Apartments at Al Maryah Island and the Gloria Downtown Hotel at Hamdan Street
- These three properties have together added almost 500 keys to the hospitality stock which now stands at over 29,000 keys
- H2 2016 is scheduled to witness the addition of 9 properties which will together add 2,410 keys, which represents an 8.6% increase to the current stock level. Key additions include the Hilton Al Forsan, Grand Hyatt Emirates Pearl, and the Millennium Bab Al Qasr Hotel
- Much like the retail sector the trading performance in the hospitality sector has been impacted by the prevailing economic conditions which have weighed on consumer and corporate spending, with the Average Daily Room Rates and RevPAR both down in Q2 by approximately 15% in comparison with 2015 levels

### HOTEL ESTABLISHMENT PERFORMANCE HISTORICAL TRADING PERFORMANCE 2013-2016



Source: TCA Abu Dhabi and MPM Properties Research

### ABU DHABI HOTEL ROOM SUPPLY (2009 - 2017+)

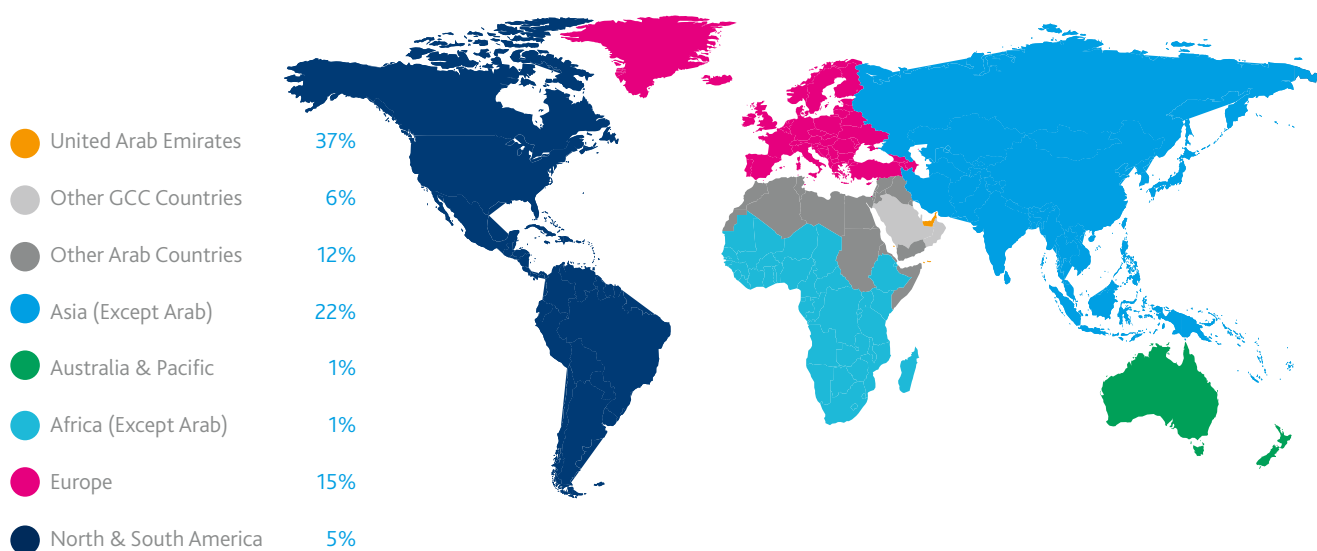


Source: MPM Properties Research

## Q2 2016 – HOTEL APARTMENT SCHEDULED COMPLETIONS

S.NO.	ESTABLISHMENT NAME	EXPECTED CLASS	OPENING	ROOMS
1	Four Seasons Hotel	Al Maryah Island	Q2 - 2016	200
2	Four Seasons Hotel Apartments	Al Maryah Island	Q2 - 2016	140
3	Gloria Downtown Hotel	Hamdan Street	Q2 - 2016	156
TOTAL				496

## GUEST ARRIVALS Q2 2016 YTD



## GUEST ARRIVALS – TOP 5

RANK	NATIONALITY	2016 YTD	2015 YTD	GROWTH RATE %
1	United Arab Emirates	684,717	649,306	5%
2	India	152,423	127,312	20%
3	China	119,363	102,217	17%
4	United Kingdom	115,667	113,291	2%
5	Philippines	80,844	63,855	27%

Source: TCA Abu Dhabi and MPM Properties Research

## DEFINITIONS & METHODOLOGY

### RESEARCH STUDY AREA

The geographical extent of the study area includes the Abu Dhabi Island, Investment Areas and the most populated Off-Island districts specifically Khalifa City A, Mohammed Bin Zayed City and Shakbout City.

### RESIDENTIAL

New residential developments are classified as delivered and thus entered into the new supply category when they are made available for occupation. This is verified via a combination of site inspections and discussion with the developer and hence our supply numbers do take into consideration the phased release of large projects.

The ADIB Rental Index relates to the performance of the ADIB portfolio only and the data is derived exclusively from transactions completed by MPM Properties.

Other rental and sales trend analysis is based on transactional data derived from the MPM Properties Agency team and data sourced from developers and owners.

### OFFICES

New office developments are classified as delivered and thus entered into the new supply category when they are available for tenant fit-outs.

Given the general lack of transparency in the local market rents quoted are headline rents, thus exclude any rent free period or other financial incentives that may have been negotiated between the parties. The rents quoted are also exclusive of service charges.

### RETAIL

New retail developments are classified as delivered and thus entered into the new supply category when the first units are open and trading.

Our classification of malls is based on our own assessment having regard to size and the catchment area which the mall typically penetrates.

### HOSPITALITY

New hotels are classified as delivered and thus entered into the new supply category when they are opened and trading. All trading performance data is provided by ADTCA.

### FUTURE SUPPLY PROJECTIONS

Our future supply projections across all sectors are based on a combination of regular site inspections and discussions with developers.

## BESPOKE CLIENT RESEARCH

### ADDING VALUE TO YOUR PROPERTY INTERESTS

The ADIB Real Estate Services team covers all sectors of the real estate market. We provide bespoke market research to our valued clients to meet their specific requirements.

We provide reports, information and presentations derived from primary market data that directly assist our clients to save or make money from real estate and shape strategies to enhance value.

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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 Abu Dhabi 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 ADIB Real Estate Services' control. For a full in-depth study of the market, please contact ADIB Real Estate Services team.

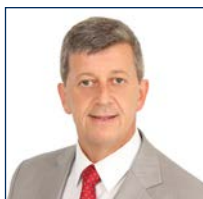
## A collaborative team providing our integrated services



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## SUPPLY - PHOTO GALLERY

## SAMPLE OF NEW &amp; UPCOMING SUPPLY

## NEW SUPPLY (Q2 2016)



## INVESTMENT AREA - UPCOMING SUPPLY



## NON INVESTMENT AREA - UPCOMING SUPPLY





Q3 NEW & UPCOMING SUPPLY

New Supply

Investment

Non-investment

ADIB RENTAL INDEX ZONE	COMMON TREND (Q2 2016) (ANNUAL % RENTAL INCREASE)	Q-Q CHANGE OVERALL AVERAGE								
		Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Zone A	0 to 4.99%	1.88%	3.52%	3.06%	3.05%	4.58%	3.71%	8.05%	5.01%	2.37%
Zone B	0 to 4.99%	3.81%	3.38%	4.33%	2.60%	5.08%	6.94%	7.75%	10.56%	3.86%
Zone C	0 to 4.99%	5.41%	6.05%	5.94%	5.63%	7.46%	9.25%	9.79%	12.34%	10.26%
Zone D	0 to 4.99%	4.42%	7.01%	7.05%	6.48%	7.06%	8.51%	10.31%	10.26%	9.07%
Zone E	5%	5.28%	9.34%	7.35%	3.76%	4.02%	7.54%	5.09%	10.20%	5.32%
Zone F	0 to 4.99%	3.09%	3.33%	5.62%	4.77%	3.17%	4.01%	6.58%	7.63%	3.25%
Zone G	0 to 4.99%	2.24%	0.46%	1.91%	4.42%	2.34%	2.20%	2.59%	2.69%	2.42%
Zone H	0 to 4.99%	1.39%	2.77%	3.85%	3.68%	5.58%	3.46%	1.46%	3.42%	5.31%
Zone I	0 to 4.99%	2.46%	2.22%	2.36%	3.08%	3.41%	1.86%	5.48%	1.14%	1.33%
Zone J	0 to 4.99%	5.30%	4.12%	1.87%	3.32%	5.78%	0.96%	4.04%	3.06%	1.55%
Zone K	0 to 4.99%	3.14%	4.05%	6.10%	5.30%	5.89%	2.88%	4.31%	4.18%	3.51%

## INTEGRATED SERVICES COVERING THE FULL PROPERTY LIFECYCLE

Property Management	Valuation	Project Management and ESCROW
<p>Enhancing value for individual &amp; institutional property owners:</p> <ul style="list-style-type: none"> <li>Prompt leasing &amp; debt collection</li> <li>Effectively market &amp; lease vacant units</li> <li>Physical &amp; technical maintenance of asset</li> <li>Maintain tenant satisfaction</li> <li>Timely lease renewals</li> <li>Manage risk, insurance &amp; litigation</li> <li>Protect your interests and enhance value</li> </ul>	<p>Valuation reports for:</p> <ul style="list-style-type: none"> <li>Mortgage &amp; Loan Security</li> <li>Securing Project Funding</li> <li>Internal Accounting</li> <li>Mergers &amp; Acquisitions</li> <li>Investment appraisal</li> <li>Litigation</li> <li>Inheritance</li> </ul> <p>We cover all asset classes. Our reports are in compliance with the International Valuation Standards (IVS) and the RICS Professional Valuation Standards.</p>	<p>Complete Project Management services at planning &amp; construction stage:</p> <ul style="list-style-type: none"> <li>Engineering Review &amp; Scheduling</li> <li>Cost Estimate &amp; Procurement</li> <li>Project Monitoring</li> <li>Cost Control &amp; Accounting</li> <li>Assist with Permits &amp; Licensing</li> <li>Ensure appropriate fund movement for Escrow based on Project Assessment</li> </ul>
Agency (Sales & Leasing)	Research & Strategic Advisory	Investment Advisory
<p>We work with developers, commercial tenants, retailers and individuals, offering:</p> <ul style="list-style-type: none"> <li>Launch Strategy</li> <li>Project Launch Handling</li> <li>Project Marketing Events</li> <li>Acquisitions</li> <li>Leasing</li> <li>Sales</li> </ul> <p>We cover all sectors, including residential, commercial, industrial, retail, and land.</p>	<p>Bankable studies for your real estate and business needs:</p> <ul style="list-style-type: none"> <li>Highest &amp; Best Use</li> <li>Market &amp; Financial Feasibility</li> <li>Development Strategy</li> <li>Market Research</li> <li>Corporate Real Estate Strategy</li> <li>Master-plan and design review</li> </ul>	<p>Aiding developers and investors to maximize value:</p> <ul style="list-style-type: none"> <li>Investment Advisory &amp; Due Diligence</li> <li>Investment Management</li> <li>Disposal Strategy</li> <li>Portfolio Review &amp; Optimization</li> <li>Deal Structuring &amp; Capital Sourcing</li> <li>Investment Sale</li> </ul>



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