

ABU DHABI REAL ESTATE MARKET REPORT Q4 2024 UAE

Foreward

On behalf of Reliant Surveyors, I am pleased to present the Q4 2024 Abu Dhabi Real Estate Market Overview, offering key insights into the latest trends and dynamics within the city's residential sector. This comprehensive report highlights the factors shaping the market, including growth in supply, demand trends, and the performance of both apartment and villa segments.

Key highlights include:

- Residential supply saw 1,120 new units delivered in Q4 2024, with high-end locations like Yas Island and Al Raha Beach remaining key growth areas.
- Apartment sales prices rose by 2.4% quarter-on-quarter, showing a 10% increase year-on-year, driven by continued investor confidence.
- Rentals increased significantly by 7.7% in Q4, and 22.4% year-on-year, indicating rising demand, particularly from expatriates.
- Villa segment saw impressive growth, with sales prices rising by 2.1% in Q4 and a 15.3% annual increase, signaling a shift towards more spacious living environments.
- The pipeline for future residential supply remains strong, with over 16,000 units set to be delivered in 2025, ensuring continued market expansion.

The Abu Dhabi real estate market remains resilient and dynamic as we close out 2024. With significant increases in both rental and sales prices, the demand for high-quality residential units continues to rise, driven by both local and expatriate buyers. Despite global economic uncertainties, the market's upward trajectory is sustained by ongoing investment in infrastructure, high-end residential developments, and a favorable regulatory environment.

Vivek Seth

Partner – Property & Business
Valuation



Abu Dhabi Q4 Real Estate Market Highlight

Q4 2024

New Residential Supply

1,120 New Units

Were Delivered In Q4 2024, With Key Growth Areas Being Yas Island And Al Raha Beach.

Strong Apartment Sales Growth

2.4% Increase

Apartment sales prices increased by 2.4% QoQ and 10% YoY, reflecting sustained investor confidence.

Surging Rental Prices

7.7% Rents Surged

Apartment rents surged by 7.7% in Q4 and 22.4% YoY, driven by rising demand, particularly from expatriates.

Villa Market Performance

2.1% Increase

Villa sales prices increased by 2.1% in Q4 and 15.3% annually, showing a growing preference for spacious living.

Rising Gross Rental Yields for Apartments

5.33% Increase

Abu Dhabi apartment rental yields increased by 5.33% QoQ, making it an attractive market for buy-to-let investors.

Positive Market Outlook for 2025

Demand

Demand is expected to stay strong, with continued price growth in apartments and villas.



Abu Dhabi Residential Supply

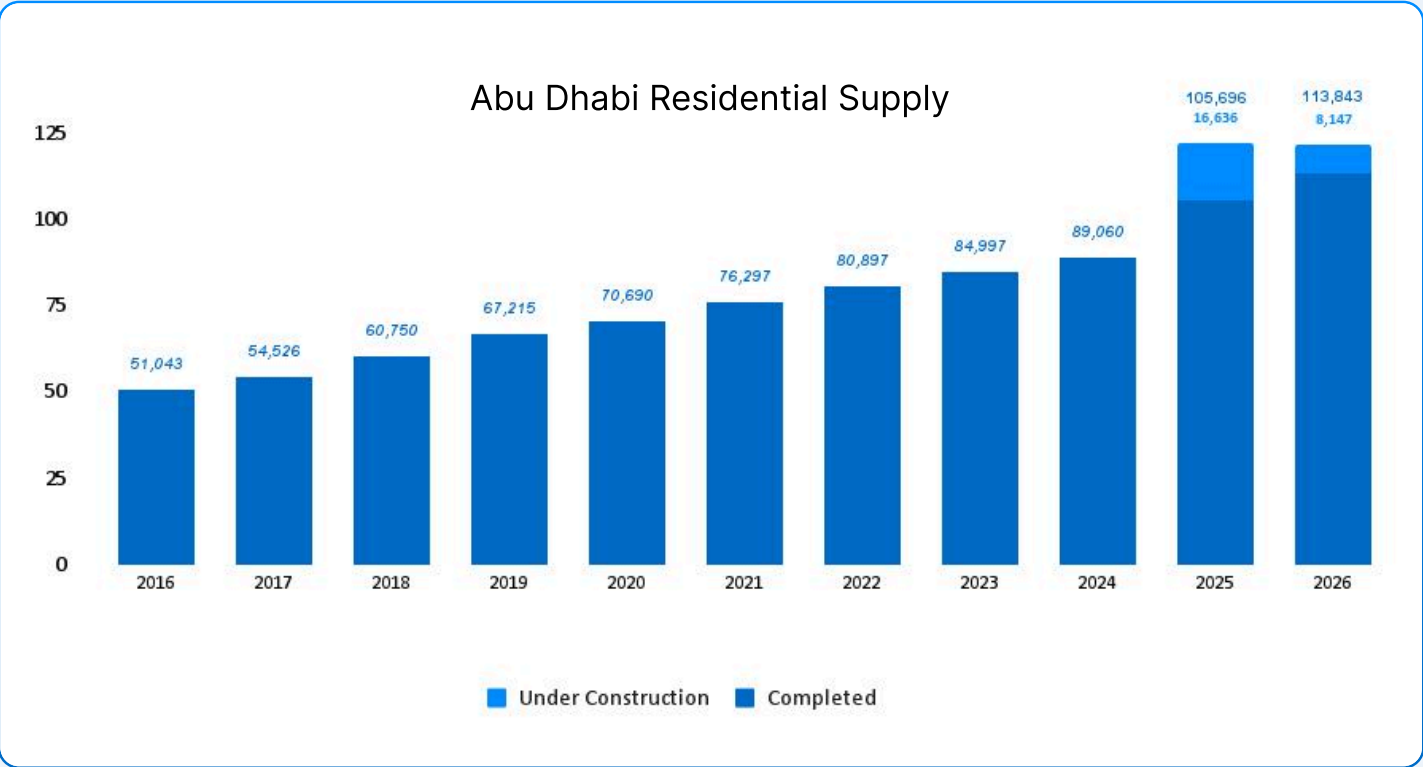
New Deliveries:

- A total of 1,120 residential units were delivered in Abu Dhabi this quarter.
- Key locations for these new completions include Yas Island and Al Raha Beach, reinforcing their status as prime development hubs.

Future Pipeline:

- 2025 Outlook: Developers are on track to deliver over 16,000 units, reflecting robust growth potential in the near term.
- 2026 Projections: An additional 8,000 units are slated for completion, indicating continued confidence in Abu Dhabi's long-term market demand.

This surge in supply underlines the emirate's strategic focus on meeting residential demand while enhancing urban expansion in premium locations.



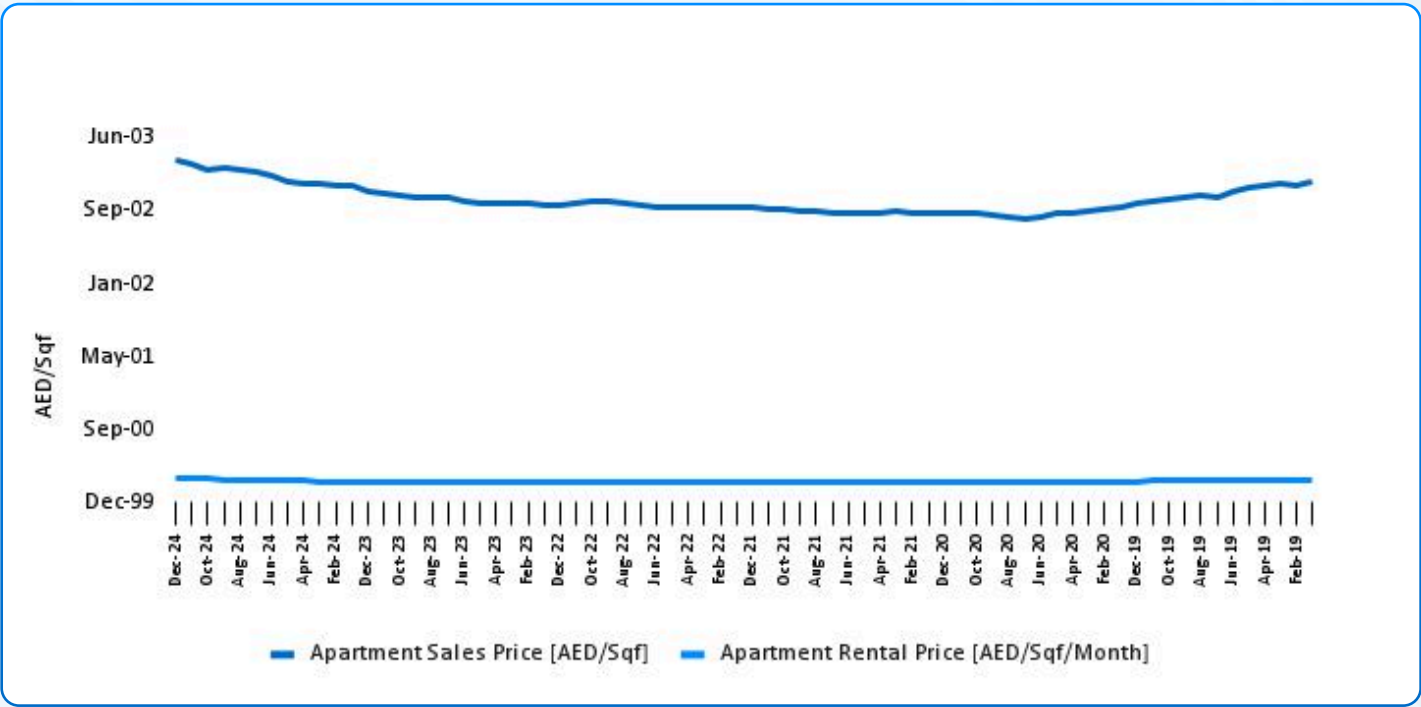
Apartment Market Performance in Abu Dhabi

Sales Price Growth:

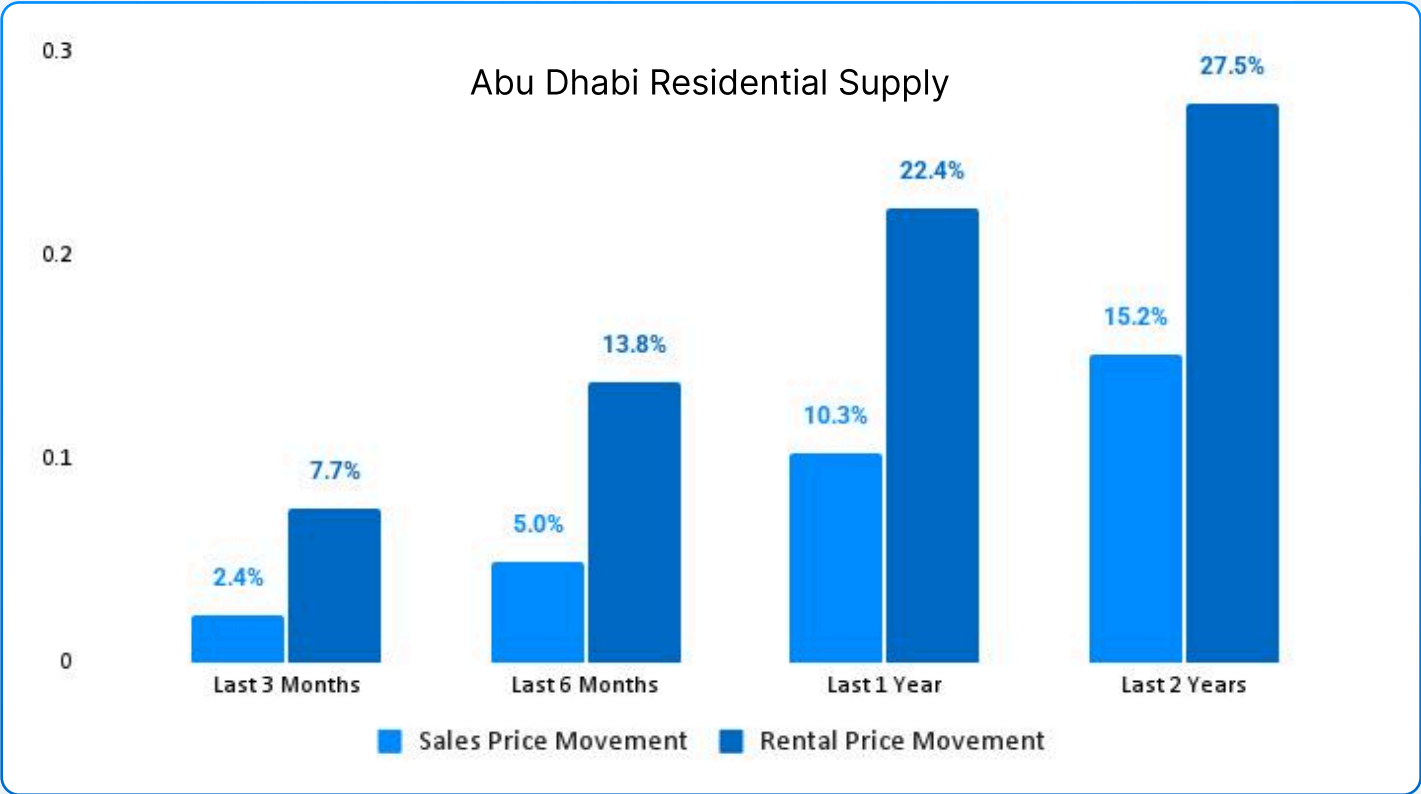
- Quarterly Progress: Apartment sales prices in Abu Dhabi exhibited steady momentum, increasing by 2.4% quarter-on-quarter. This consistent growth reflects a stable demand for ownership in the residential market.
- Year-on-Year Growth: Over the past year, sales prices surged by 10%, signaling sustained investor confidence and reinforcing Abu Dhabi's appeal as a high-value real estate destination.

Rental Price Surge:

- Quarterly Increase: Rental prices for apartments saw a sharp rise of 7.7% compared to the previous quarter, highlighting a strong short-term uptick in rental demand.
- Annual Comparison: Year-on-year, rental prices experienced a remarkable growth of 22.4%, underscoring a shift towards leasing, possibly driven by an expanding expatriate population and increased preference for rental housing over ownership in certain demographics.



Apartment Market Performance in Abu Dhabi:



Analytical Insights

Market Dynamics:

The divergence in growth rates between sales and rental prices suggests that while sales markets are steadily maturing, the rental market is undergoing a rapid surge, likely influenced by:

Population Growth:

Rising demand for rental housing due to an influx of expatriates and professionals.

Economic Stability:

Abu Dhabi's robust economic performance has strengthened consumer spending power, driving demand for both ownership and leasing.

Shift in Preferences:

An increasing preference for flexible living arrangements among residents may be contributing to the heightened rental activity.

Future Trends:

- The upward trajectory in rental prices could encourage more investment in buy-to-let properties.
- Sales price growth, while steady, may accelerate as supply pipelines meet growing demand, particularly in high-demand areas like Yas Island and Al Raha Beach.



Abu Dhabi Villa Market Performance

Sales Price Trends:

- **Quarterly Growth:** Villa sales prices in Abu Dhabi rose by 2.1% quarter-on-quarter, reflecting continued interest in high-value residential properties. This steady quarterly uptick signals sustained demand despite rising price levels.
- **Year-on-Year Growth:** A substantial 15.3% annual increase in villa sales prices underscores the sector's robust performance, driven by:
 1. Increased investor confidence in luxury and family-centric properties.
 2. A preference for spacious living post-pandemic, as villas cater to privacy and lifestyle needs.

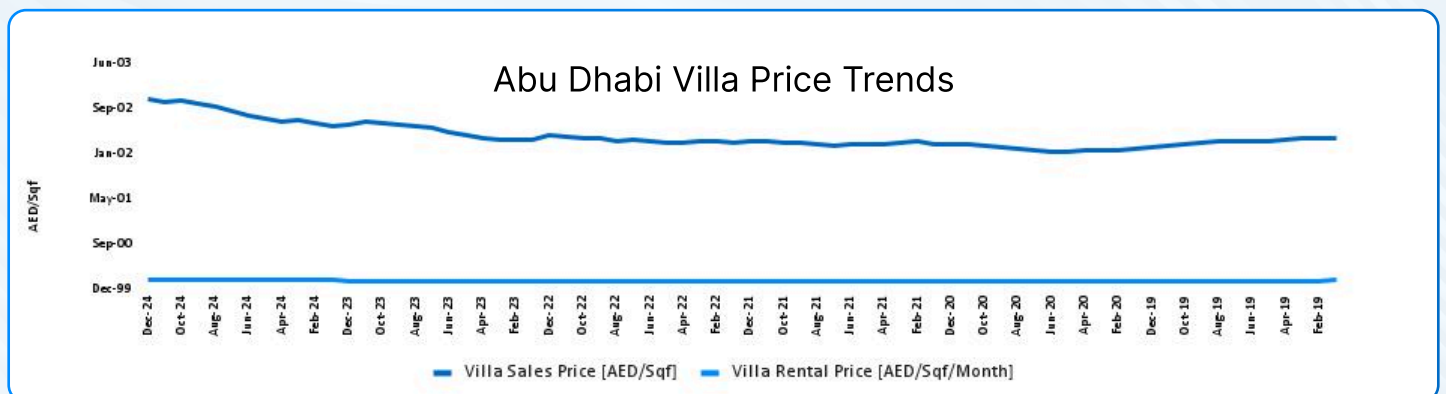
Analytical Insights:

Sales Market Dynamics:

- The notable annual growth in villa sales prices highlights Abu Dhabi's evolving market preferences, with villas increasingly seen as a desirable asset class for both end-users and investors.
- The quarterly growth pace, though slower, is indicative of a maturing market balancing supply with demand, especially in sought-after locations like Saadiyat Island and Yas Island.

Rental Market Observations:

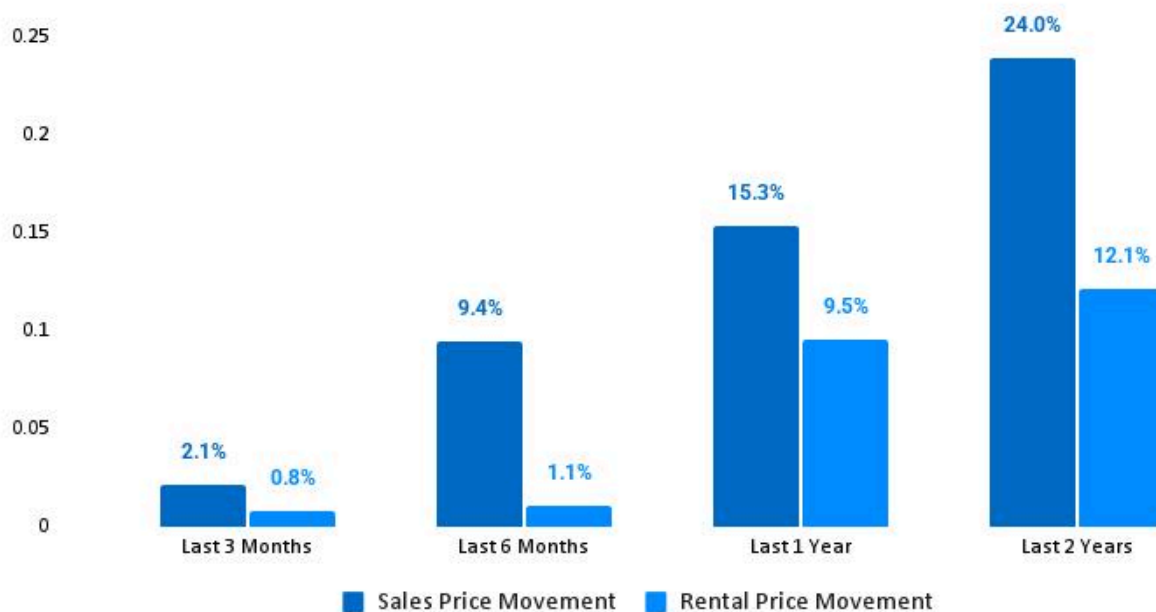
- The slower growth in villa rental prices compared to sales may suggest:
 - i. Limited Supply: A constrained inventory of rental villas, maintaining consistent demand from high-net-worth tenants.
 - ii. Tenant Preferences: A gradual shift towards long-term home ownership, particularly as sales prices become more attractive for villa buyers.



Abu Dhabi Villa Market Performance

- Key Drivers of Growth:
 - a. Population Expansion: Increased demand for premium housing options among expatriates and families.
 - b. Lifestyle Shifts: Villas offer larger spaces, outdoor amenities, and exclusivity, making them a preferred choice for affluent buyers and renters.
 - c. Economic Stability: The UAE's stable economy and strategic real estate initiatives continue to attract both local and international investors.
- Outlook:
 - a. The villa segment is expected to maintain a healthy growth trajectory as developers respond to the sustained demand with high-quality projects.
 - b. Rental demand may see further stabilization, with slight increases, particularly in areas offering well-developed community amenities and proximity to business hubs.

Abu Dhabi Villa Price Movements



Performance Analysis of Apartment

Sales Price Dynamics:

Apartment sales prices in Abu Dhabi showcased consistent upward momentum, underscoring the market's strength and investor confidence:

Quarter-on-Quarter Growth:

- Prices increased by 2.4%, reflecting stability in demand amidst a competitive market landscape.
- This steady growth signals a balanced interplay between supply and demand, particularly in sought-after areas like Saadiyat Island and Al Reem Island.

Year-on-Year Surge:

- An impressive 10% annual rise highlights the growing preference for property ownership, driven by factors such as:
 - i. The expansion of affordable mortgage options.
 - ii. Increasing expatriate interest in long-term residency and ownership incentives.
 - iii. The appeal of Abu Dhabi's infrastructure and lifestyle offerings.

Rental Market Trends

The rental segment demonstrated remarkable performance, with notable increases reflecting robust demand for rental properties:

- Rental prices recorded a 7.7% increase, driven by:
 - The influx of expatriates seeking temporary housing.
 - Limited availability of high-quality rental apartments in key urban districts.
 - Tenants opting for well-maintained and amenity-rich developments.

Year-on-Year Growth:

- A dramatic 22.4% annual rise in rental rates signifies a sharp increase in leasing activity, fueled by:
 - The growing population, particularly professionals and young families relocating to the capital.
 - A strong rebound in tourism and economic activities, creating higher short-term rental demand.
 - Enhanced rental yields, making Abu Dhabi an attractive market for buy-to-let investors.

Abu Dhabi Villa Market Analysis

Sales Market Performance

The villa segment in Abu Dhabi demonstrated a solid performance, showcasing its appeal as a high-value asset class for both investors and end-users.

Quarter-on-Quarter Growth:

- Villa sales prices increased by 2.1%, reflecting sustained demand despite the growing price base.
- This gradual increase highlights a stable market supported by:
 - a. High-end developments in key locations such as Saadiyat Island, Yas Island, and Khalifa City.
 - b. A post-pandemic preference for larger, more spacious homes that align with evolving lifestyle trends.

Year-on-Year Growth:

- Sales prices recorded a substantial 15.3% increase, driven by:
 - a. The strong appeal of Abu Dhabi's luxury real estate offerings.
 - b. Investor confidence fueled by the emirate's economic stability and strategic urban planning.
 - c. Government initiatives such as golden visas, which enhance the attractiveness of real estate investments.

Rental Market Performance

Villa rental prices showed moderate but consistent growth, highlighting a more balanced demand scenario compared to sales.

Quarterly Rental Growth:

- Rental prices for villas edged up by 0.8% quarter-over-quarter, indicating steady demand in a relatively limited rental inventory.
- This growth aligns with the preference of high-net-worth individuals and families seeking exclusive, community-focused housing.

Year-on-Year Growth:

- A steady 9.5% annual increase in rental rates reflects the resilience of the villa rental market, supported by:
 - Demand for upscale, community-centric living spaces.
 - Tenants prioritizing properties with added privacy, outdoor spaces, and proximity to quality amenities.

Abu Dhabi Villa Market Analysis

Key Market Insights

- **Shifting Preferences:**
 - The villa segment continues to benefit from the growing demand for homes that offer larger living spaces, private gardens, and enhanced amenities.
 - Families and expatriates are increasingly drawn to villas for their lifestyle benefits, including superior privacy and access to community facilities.
- **Market Drivers:**
 - **Population Growth:** The influx of professionals and expatriates is driving demand for premium housing options.
 - **Lifestyle Changes:** Post-pandemic preferences for spacious homes and outdoor areas have boosted interest in villa properties.
 - **Investment Appeal:** Strong rental yields and consistent capital appreciation make villas an attractive choice for investors.

Future Outlook

- **Sales Market:**
 - The villa sales segment is expected to maintain its upward momentum, driven by ongoing luxury developments and investor confidence.
 - Demand for high-end villas in prime locations is likely to outpace supply, further boosting prices.
- **Rental Market:**
 - While rental growth is expected to stabilize in the short term, high-demand areas with premium amenities will continue to command higher rents.
 - The focus on sustainable and community-driven developments may also enhance the appeal of villa rentals.

This performance underscores the villa market's position as a cornerstone of Abu Dhabi's real estate sector, offering robust growth potential for both buyers and investors.

Gross Rental Yields A Snapshot of Dubai and Abu Dhabi

Dubai

Rental yields in Dubai displayed a slight downward trend in both the apartment and villa segments:

- Apartments:
 - Gross rental yields declined by 0.40% quarter-on-quarter.
 - This softening reflects increased competition among landlords due to a surge in supply, particularly in mid-tier and affordable housing.
- Villas:
 - Yields experienced a larger drop of 0.54%, indicating a preference shift toward homeownership or more affordable apartment options.
 - The drop may also be tied to rising villa sales, reducing their presence in the rental market.

Abu Dhabi

The rental yield performance in Abu Dhabi was mixed, with apartments gaining ground while villas faced a decline:

- Apartments:
 - Rental yields climbed by 5.33% quarter-on-quarter, driven by strong leasing activity and limited apartment inventory in high-demand locations.
- Villas:
 - Gross yields fell by 1.32%, possibly due to high sales volumes in this segment and affordability challenges for villa rentals.



Gross Rental Yields

A Snapshot of Dubai and Abu Dhabi

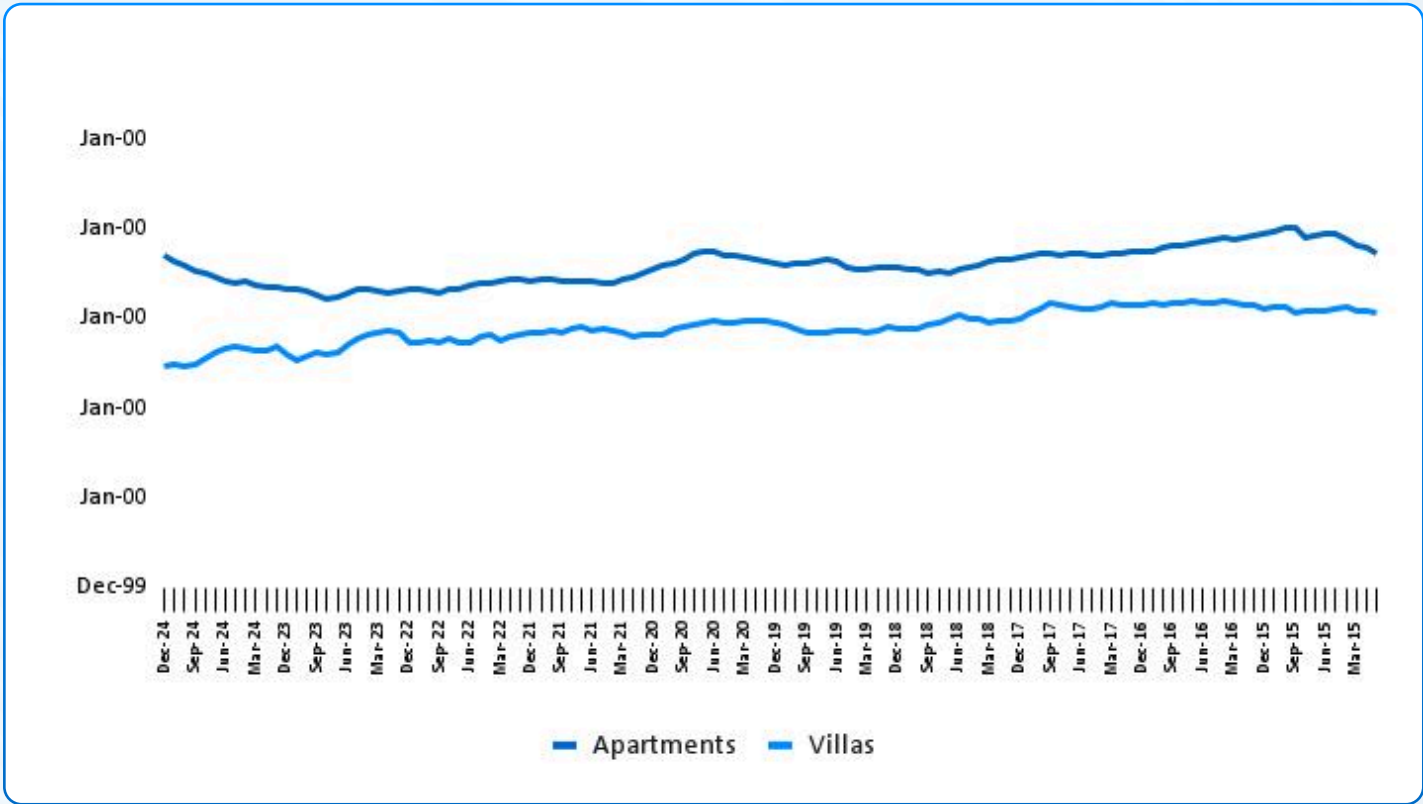
Comparative Insights

Rental yields in Dubai displayed a slight downward trend in both the apartment and villa segments:

- Dubai is seeing a market correction as rental yields slightly decline across both segments.
- In Abu Dhabi, apartments remain a robust investment choice with rising yields, while villas show signs of softening in rental profitability.

Outlook

- Apartments in Abu Dhabi are set to remain attractive for investors seeking higher returns.
- Dubai's rental market may stabilize as demand balances with the abundant supply, particularly in the villa segment.



Future Outlook:

Anticipating Abu Dhabi's Growth Dynamics

Sales Market: The residential sales market in Abu Dhabi is expected to continue growing, with key areas like Yas Island and Saadiyat Island leading the demand.

- Apartments: Prices will likely see steady growth due to strong demand, supported by an influx of expatriates and improved mortgage accessibility.
- Villas: The villa segment will experience increased demand, driven by lifestyle changes and limited supply in premium areas, contributing to price hikes.

Rental Market: The rental market will remain stable, with a slight upward trend in prices.

- Apartments: Demand for quality apartments will push rental prices up, especially in high-demand areas.
- Villas: While rental growth may slow, villas in desirable locations will continue to attract premium rents.

Market Dynamics: With over 16,000 units expected in 2025, Abu Dhabi's market will see continued development, ensuring a balanced supply and demand. The focus on luxury villas and affordable housing will drive long-term market growth.

Abhinav Sharma

Partner - Valuations & Investments
Reliant Surveyors



About Reliant Surveyors

Reliant Surveyors is a leading RICS-accredited firm that has been serving the Abu Dhabi real estate market since 1977. We specialize in a wide range of services, including Valuation & Professional Services, Building & Project Consultancy, Strategic Advisory, Asset Acquisition & Disposition, Investment Advisory, and Market Research. Our industry expertise and commitment to quality have made us a trusted partner in navigating Abu Dhabi's complex and evolving property landscape.

Our team of experienced professionals possesses deep local knowledge and global insights into Abu Dhabi's real estate market. By blending local expertise with international best practices, we offer tailored solutions that address the unique challenges of the region. We are proactive in monitoring market indicators and emerging trends to help our clients make informed, data-driven decisions that lead to sustainable growth.

At Reliant Surveyors, we adopt a client-first approach, focusing on long-term value creation. Through close collaboration, we fully understand our clients' needs and goals, ensuring our services are aligned with their strategic objectives. Our transparent communication, coupled with efficient project management, guarantees seamless execution of complex projects and high-value transactions.

With a strong track record of working alongside financial institutions, government bodies, and institutional investors, Reliant Surveyors has consistently delivered superior results in large-scale developments, investments, and high-profile transactions. Our extensive industry network and trusted reputation enable us to unlock exclusive opportunities, driving value for clients across all asset classes, including commercial, residential, retail, and hospitality.



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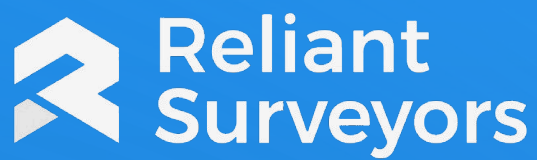
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