

RESIDENTIAL REAL ESTATE MARKET ABU DHABI

H1 2024



Ohana by the Sea Phase 2



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“In H1 2024, the Abu Dhabi residential real estate market maintained high growth rates of key indicators, which were due to the rapid development of the emirate as a business and tourist center of the Middle East. The demand structure is quite stable in terms of real estate purchase purposes – the main transaction share is formed by investors for whom optimal conditions have been created in the market, including high lease yield and the absence of lease income tax. However, while rapidly growing lease budgets are an obvious advantage for investors, they are a major problem for most tenants. This is why a significant portion of purchase demand has shifted from the lease market to the ready segment – ready-to-move properties with established infrastructure and high-quality finishing have become an excellent alternative for those buyers who were previously interested in long-term lease at lower rates. In turn, in the off-plan segment, where high investment interest is also recorded against the backdrop of a rise in real estate prices of up to 75% during the construction period, in certain locations of the emirate there is a certain shortage of quality supply, which developers are trying to replenish actively.”

Supply

Following the general trends observed over the past 5 years in the UAE, Abu Dhabi continues to see a positive backdrop in the residential property market, driven by high levels of buyer activity. This is what allows developers to actively increase the volume of supply and expand the emirate’s property base. Thus, in H1 2024, the off-plan segment was replenished with such new buildings as Ohana by the Sea Phase 2, Elie Saab Waterfront, SHA Residences, Sama Yas, The Bay Residence, Reem Hills Apartments, etc. A significant share of the total supply structure still belongs to one of the most influential developers in the UAE – Aldar Properties.

Unlike Dubai, where budget options and high-quality premium properties are equally available to buyers, in Abu Dhabi there is a shift in developers’ interest towards building more expensive properties that could satisfy the needs of an affluent audience. This is reflected, among other things, in the development

of the branded residences segment. For example, in the central location of the capital, where business development is predominantly concentrated and where the shortage of quality housing has been particularly noticeable lately, a project with a collection of branded apartments Elie Saab Waterfront from one of the leading developers in Abu Dhabi, Ohana Development, was announced at the beginning of 2024.

However, despite the fact that most developers are focusing on more premium real estate, in certain locations in Abu Dhabi you can still find attractive offers in more affordable segments. Thus, the most budget apartments and villas are presented in the Al Reef, Al Ghadeer and Khalifa City areas, while the most expensive offers are mainly concentrated on the islands of Yas, Al Saadiyat and Al Reem, as well as in the Al Raha Beach location.



Off-plan segment – units in buildings that are constructing and not commissioned (property construction progress level is 0-99%); such units are purchased directly from the developer.

Ready segment – units in ready buildings that are commissioned (property construction progress level is 100%); such units are purchased both from the developer and from individuals in the secondary market.

New projects in popular locations



Ohana by the Sea Phase 2

Developer	Ohana Development
Location	Ghantoot, Between Dubai and Abu Dhabi
Handover date	Q4 2027
Starting price	AED 5.4 million



Elie Saab Waterfront

Developer	Ohana Development
Location	Al Reem Island
Handover date	Q1 2027
Starting price	AED 1.8 million



SHA Residences

Developer	Imkan Properties
Location	Al Jurf Gardens
Handover date	Q4 2026
Starting price	AED 4.6 million



Sama Yas

Developer	Aldar Properties
Location	Yas Island
Handover date	2027
Starting price	AED 3.4 million



The Bay Residence

Developer	Baraka Real Estate Development
Location	Yas Island
Handover date	2027
Starting price	AED 0.8 million



Reem Hills Apartments

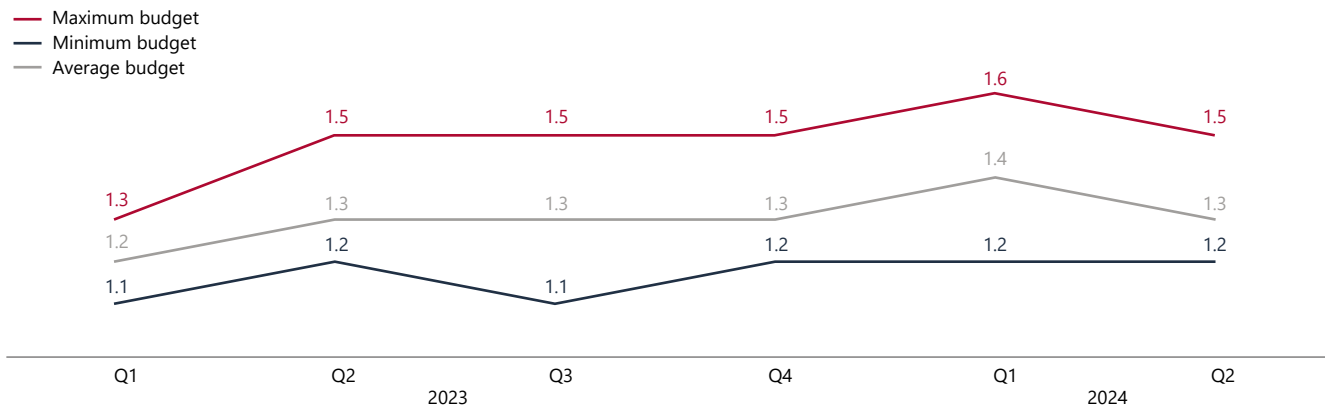
Developer	Q Properties
Location	Al Reem Island
Handover date	2026
Starting price	AED 0.9 million

Prices

In H1 2024, the average supply budget in the Abu Dhabi residential property market remained at the same level as in the same period last year and amounted to AED 2.1 million (-9% for the half-year). At the same time, in terms of real estate formats in the apartment segment, the indicator remains relatively stable, holding at AED 1.3 million. In turn, in the villa segment, significant fluctuations in the average supply budget have been observed since 2023 - thus, despite the negative half-year dynamics of 2%, by the end of June 2024, the indicator grew by 8% for the year and reached AED 4 million dirhams.

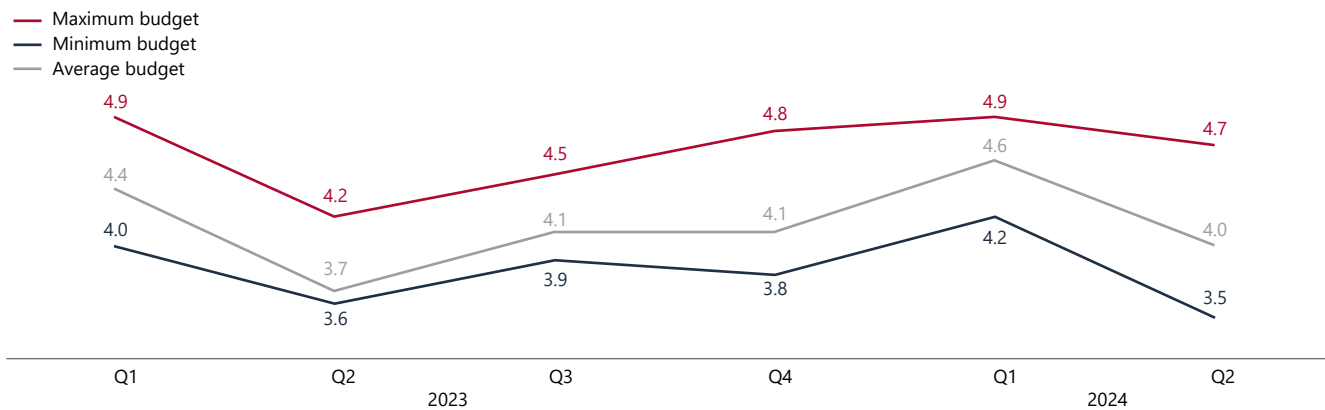


Dynamics of apartment budget, AED million



Source: NF Group Research based on DARI, 2024

Dynamics of villa budget, AED million



Source: NF Group Research based on DARI, 2024

Meanwhile, in the context of iconic locations in Abu Dhabi, the average budget for apartments ranged from AED 0.5 to 3.1 million, with the following ranges recorded by lot type:

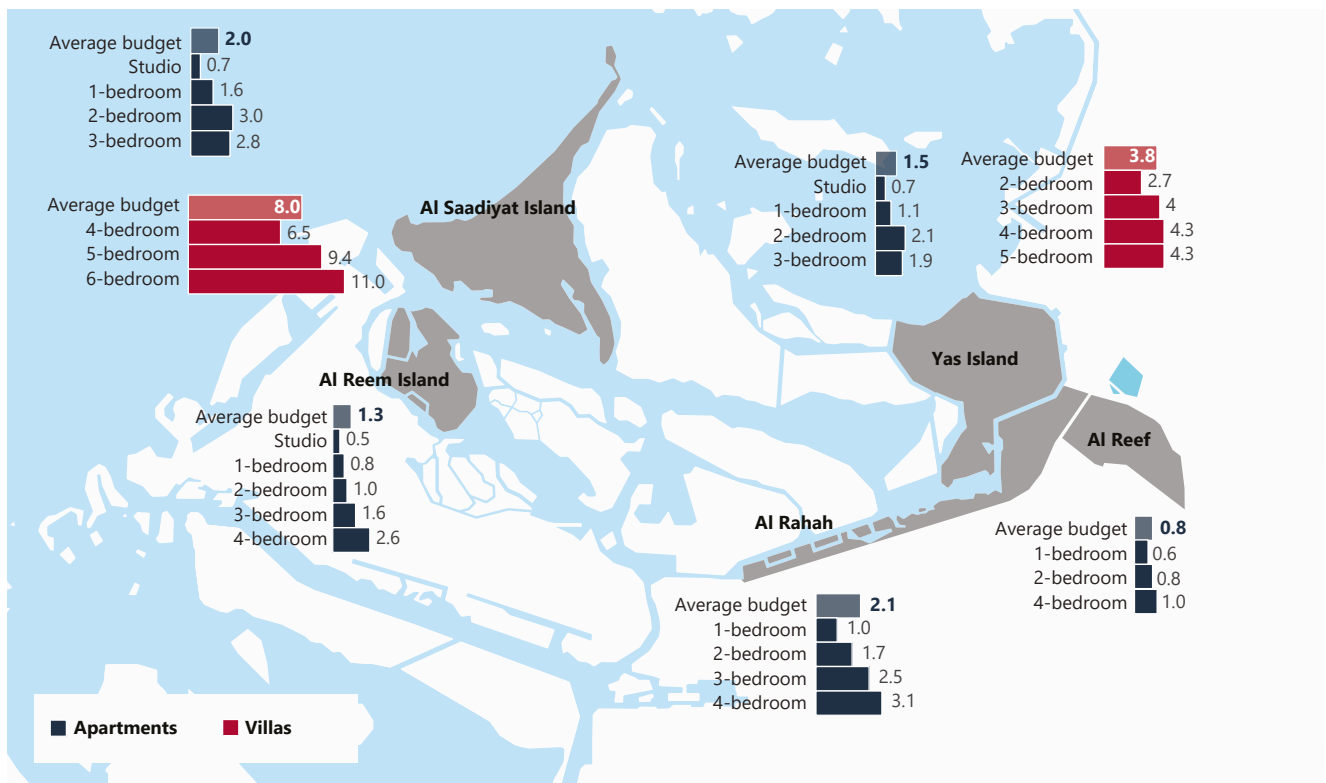
- > studio – AED 0.5 to 0.7 million;
- > 1 bedroom – AED 0.6 to 1.6 million;
- > 2 bedrooms – AED 0.8 to 3 million;
- > 3 bedrooms – AED 1.6 to 2.5 million;
- > 4 bedrooms – AED 1 to 3.1 million.

The areas with the highest average apartment budgets were Al Rahah and Al Saadiyat Island - here, in H1 2024, the indicator was AED 2.1 million and AED 2 million, respectively.

The Al Saadiyat Island and Yas Island locations also offer villas, with an average budget of AED 8 million and AED 3.8 million, respectively, as of June 2024. As for lot type, the figure ranges from AED 6.5 to 11 million

on Al Saadiyat Island, where the most expensive offer in this format is presented, with 4-6 bedrooms. On Yas Island, you can purchase a villa for AED 2.7 to 4.3 million - unlike Al Saadiyat Island, there are also compact options with 2-3 bedrooms.

Average budget by unit type in popular locations, AED million



Source: NF Group Research based on DARI, 2024



Demand

In H1 2024, the volume of sold lots in the Abu Dhabi residential real estate market reached 4.6 thousand units, which is 15% higher than the result of the same period last year. The total value of transactions amounted to AED 11.5 billion, demonstrating an annual growth of 13%. Basically, the purchase activity growth continues to reflect the rapid development of the UAE capital as the most attractive region for real estate investment and personal residence.

The emirate has a number of advantages that form a solid foundation when making a decision to purchase an apartment or villa. According to the Economist Intelligence Unit’s global index, Abu Dhabi is one of the most comfortable cities to live in the Middle East and the Maghreb. Moreover, from

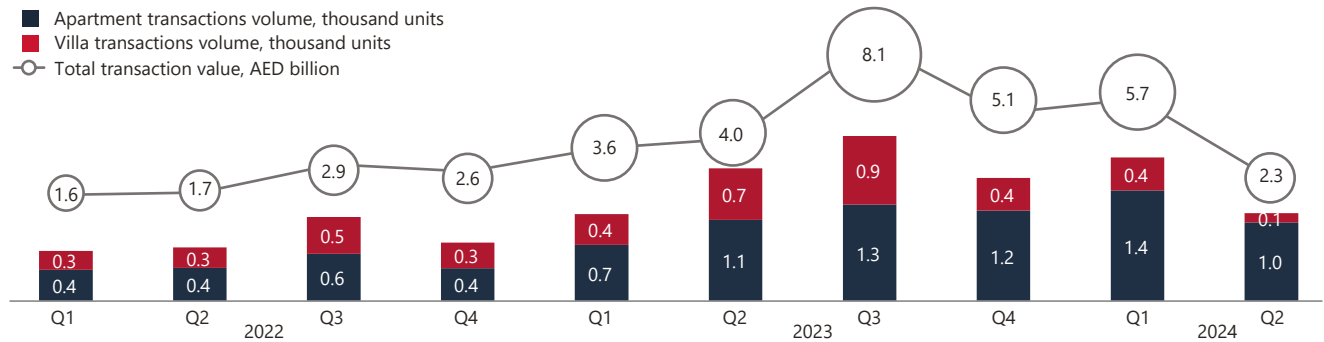
an investment point of view, the main advantages are: a significant increase in the value of the property up to 75% during the construction period, high yield from short-term and long-term lease (7-12 and 5-9% respectively), no lease income tax, etc.

In terms of segments, more pronounced dynamics were observed in the ready-to-move real estate market in H1 2024. Thus, 1,600 apartments and villas (+40% for the year) were sold in the ready segment for the amount of AED 3.5 billion (+35% for the year) in H1 2024. Most purchasers were interested in purchasing ready lots due to rising lease prices in the region – this trend continues not only in the capital of the UAE, but also in Dubai. In addition, according to the Boston Consulting Group, Abu Dhabi has entered the top

5 best cities for personnel relocation in 2024 – now there are optimal conditions for career development, which also make a choice in favor of purchasing real estate rather than lease.

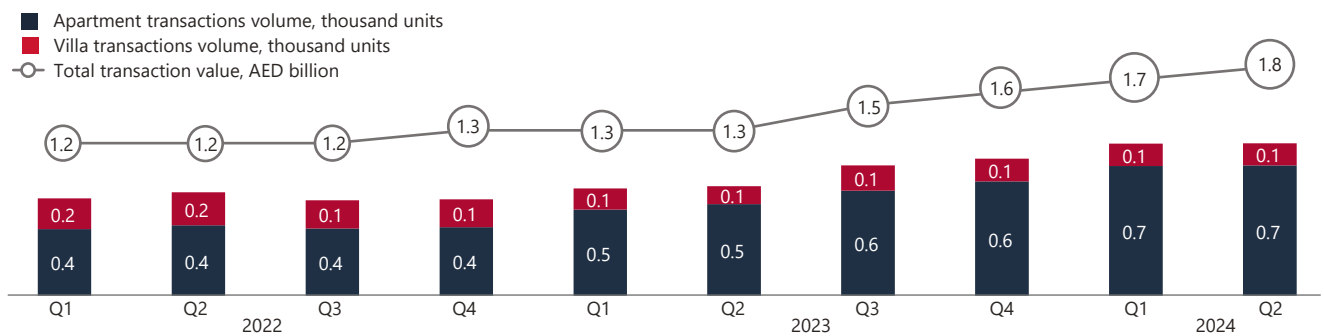
In turn, the volume of sold lots amounted to 3,000 units in the off-plan segment in H1 2024, which is 5% higher than the result of the same period last year. The total value of transactions reached AED 8 billion, an annual increase of 5%. Among the most striking events in the new development market is the sale of the most expensive penthouse in Abu Dhabi in the Nobu Residence complex from Aldar Properties, located on Al Saadiyat Island. The total transaction value was AED 137 million. It is noteworthy that the previous record was also set in this property – a sky villa was sold for AED 130 million.

Dynamics of transaction volume and value in off-plan segment



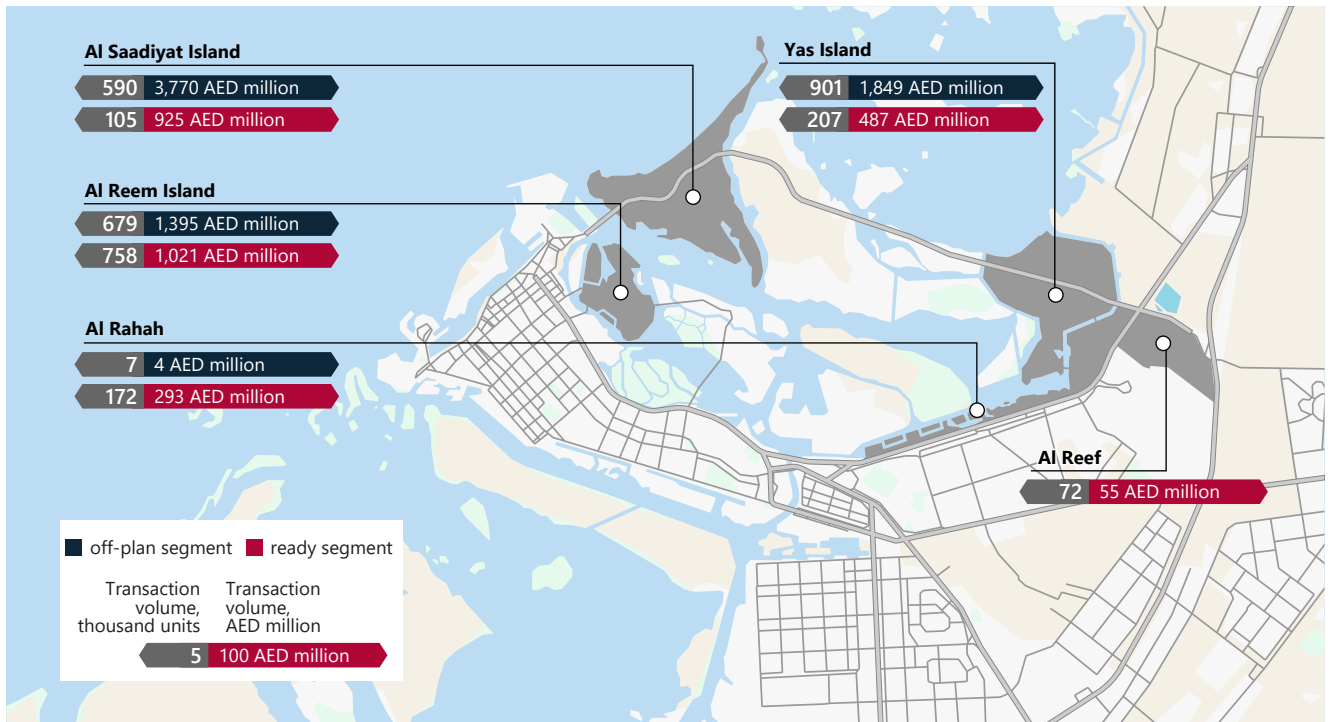
Source: NF Group Research based on Department of Municipalities and Transport Abu Dhabi and DARI, 2024

Dynamics of transaction volume and value in ready segment



Source: NF Group Research based on Department of Municipalities and Transport Abu Dhabi and DARI, 2024

Demand in most popular locations in H1 2024



Source: NF Group Research based on Department of Municipalities and Transport Abu Dhabi and DARI, 2024



Rental market

In H1 2024, the Abu Dhabi residential lease market saw a continued positive backdrop, driven by positive dynamics in key indicators. Given the rapid development of the off-plan segment and the high interest of developers in the construction of new complexes, including elite class, the structure of supply on the lease market is also actively replenished with new facilities. The decision to lease out property is easy for investors due to the consistently high yield observed over the past few years.

Moreover, given Abu Dhabi's status as one of the most highly developed and safe regions, average lease budgets also showed significant increases – up to 15% year-on-year. Generally, the average lease budget for apartments in the iconic locations of Abu Dhabi ranged from AED 61 to 126 thousand per year in H1 2024, at the same time the

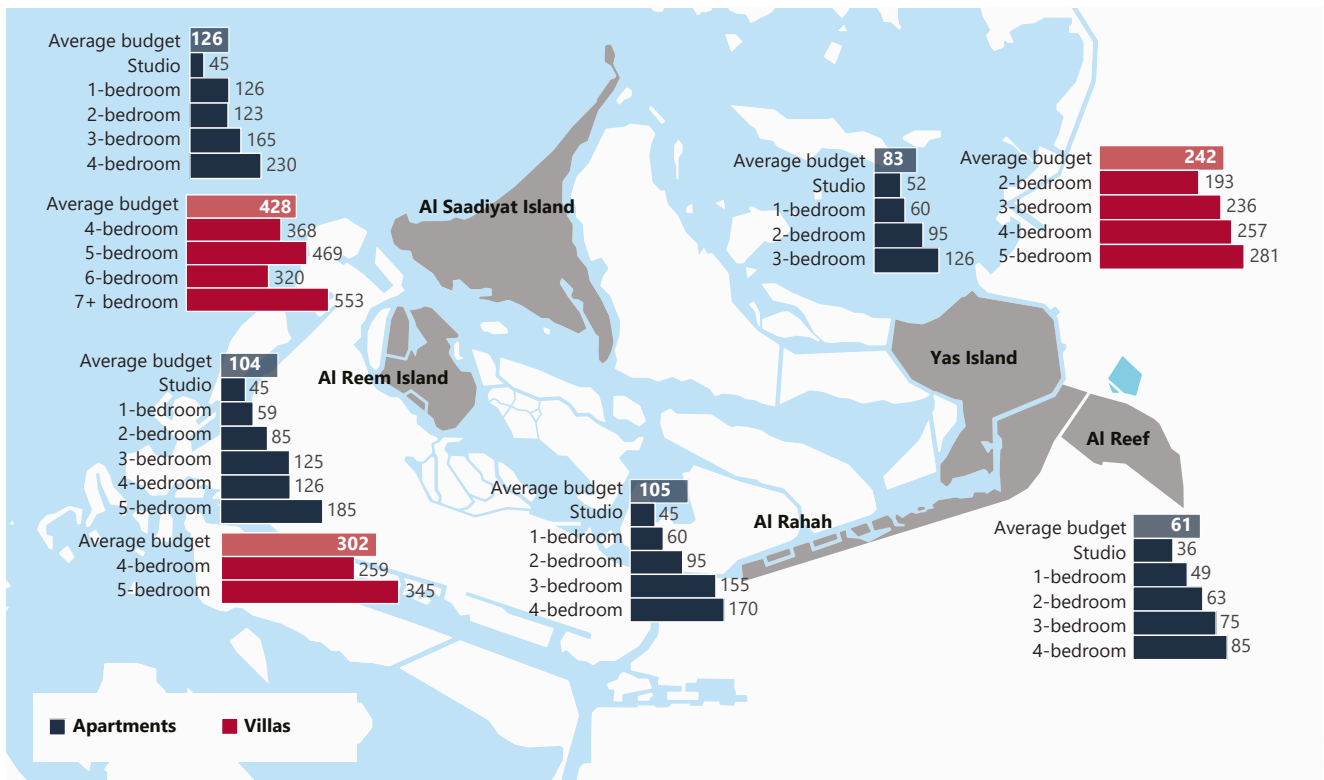
most affordable location was the Al Reef area, and the most expensive location was Al Saadiyat Island. In turn, the most affordable villas for AED 242 thousand per year on average could be leased on Yas Island, and the most expensive ones – on Al Saadiyat Island for AED 428 thousand per year.

Such positive trend of price indicators had some impact on the demand structure. Thus, in H1 2024, the main interest in the lease market was generated by wealthy purchasers who were ready to increase their budgets. Those purchasers who were counting on more affordable lease options opted for purchasing housing, particularly in the ready-to-move real estate market. At the same time, the supply structure also became an important element in shaping purchase interest: since the beginning of 2024, the property base has mainly consisted of luxury properties

with a high entry threshold. However, the demand remains high enough that allows investors to increase lease budgets freely, especially in cases where the facility is of a high class (premium and above) and has a wide range of quality characteristics.

However, in the near future we should expect some correction of lease budgets in individual facilities. This is due to the emergence of a new tool in the Abu Dhabi residential lease market - in H1 2024, the Abu Dhabi Rental Index was launched in the capital, the main goal of which is to ensure greater transparency of the market along with the leveling of inflated price indicators. Therefore, now interested tenants will be able to objectively evaluate certain properties and make a more informed decision about lease.

Average rental budget by unit type in popular locations, AED thousand per year



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