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Decline is linked to new supply entering the market.

Rent declines in Abu Dhabi will remain closely linked to new supply entering the market, according to a real estate consultancy. (EB FILE)

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"Although we do anticipate an adjustment phase during which asked rents are expected to remain static, we maintain that actual rents will continue to decline," said Jesse Downs, Director of Research and Advisory Services, Landmark Advisory. Landmark Advisory yesterday issued its March lease guide for the Abu Dhabi market, compiled in collaboration with LLJ Property.



According to the lease guide, after decreasing on average 10 per cent to 15 per cent during the fourth quarter of 2009, apartment rents in the capital continued to move along a negative trajectory with an additional decline of five per cent to 10 per cent.

"Low quality apartments declined an average of five per cent during January and February," said Andrea Menown, Leasing Manager, LLJ Property.

"Although low quality apartments in many areas have not experienced rent changes, similar units in select areas such as Muroor and the Tourist Club Area, declined up to 20 per cent."

According to Landmark Advisory, in terms of villas, rents are continuing to adjust. Following an average rent decline of 10 per cent to 15 per cent in fourth quarter 2009, average rents declined another five per cent during the first two months of this year.

"As more supply enters the market from both newly completed supply and recently vacated units, landlords will need to bring their rents down in order to remain competitive.

"We expect an adjustment phase while landlords bring their expectations in line with market fundamentals," said Downs.