

Originaltitel **Apartment and villa rents fall by 30 per cent in Abu Dhabi**  
Datum **05.04.2010**  
Quelle **Emirates Business 24|7**  
Sprache **englisch**

**EMIRATES**  
**Business** 24|7

### **Apartment and villa rents fall by 30 per cent in Abu Dhabi**

Supply of housing exceeds demand for the first time in five years, with rents expected to plunge further.

*By Abdel Hai Mohamed*

Rents for apartments and villas in Abu Dhabi city and surrounding areas have fallen by between 10 and 30 per cent, according to real estate agents.

For the first time in five years the supply of housing units exceeds demand, particularly at Mohammed bin Zayed City and Khalifa City A, they say.

And the agents expect that over the next five months rents will fall by as much as 30 per cent once new buildings, including the 14 towers at Al Reem Island, are handed over.

UAE national owners may try to resist and leave their new units empty for several months, but they will not be able to resist the drop in prices in 2011 and 2012 when tens of thousands of units enter the market.

"For the first time there is an excess of supply both inside and outside Abu Dhabi," said Abdul Rahman Al Shaibani, General Manager of Al Ghanem Real Estate, the largest agency in Abu Dhabi. "Outside the city the supply is very large. At the moment we have many villas in need of tenants, but unfortunately we cannot find people willing to pay high rents. A year ago we used to lease a villa for Dh350,000 per year, but now it is Dh200,000 or Dh220,000.

"We used to lease a two-bedroom hall apartment for Dh180,000, but now the rent is Dh130,000 or less. A three-bedroom flat is now Dh150,000 instead of Dh220,000."

Al Shaibani said he expected rents would fall by 20 per cent inside Abu Dhabi and more than 40 per cent outside the city in the summer. "This summer will be very different from last year with the delivery of several towers in Abu Dhabi and at Al Reem Island," he added.

However, Ahmed Al Hammadi, Manager of Al Mamzar Real Estate, said rents for new units in Abu Dhabi would not fall.

"It would not make sense to lease two-bedroom units at Al Reem Towers for less than Dh200,000 at the moment since the cost for owners, both UAE nationals and other investors, was very high. Undoubtedly they will resist and look for tenants who receive big housing allowances from their employers, especially those working for oil companies and in health and education.

"No doubt the new towers will affect the rent of old units in Abu Dhabi as some tenants with high allowances will move to Al Reem Island and the Corniche, Airport, Electra, Khalifa and Muroor roads.

"I expect rents of old units inside the city to retreat by no less than 50 per cent, but the drop will depend on the number of new projects that are delivered. If the number is large and the projects are completed soon the 50 per cent drop will happen. If not, I believe there will be a decline of 20 to 30 per cent."

Originaltitel **Apartment and villa rents fall by  
30 per cent in Abu Dhabi**  
Datum **05.04.2010**  
Quelle **Emirates Business 24|7**  
Sprache **englisch**

**EMIRATES**  
**Business** 24/7

Al Hammadi said this summer a two-bedroom apartment could be rented for Dh70,000 or Dh80,000, a price tenants could only dream about in the past five years.

"UAE national property owners and real estate agents for the first time in five years are seeing a decline in the number of tenants outside the city. There is a large supply of flats and villas, especially at Mohammed bin Zayed, Khalifa A, Al Shahama and Musaffah."

Ali Al Mansouri, General Manager of Al Amjad Real Estate, said the coming months would not see a large fall in rents. "I believe the high rent problem will not be solved," he said. "It would be impossible for the market to go back to pre-2005 levels when a two-bedroom flat could be leased for Dh35,000 and a three-bedroom one for Dh55,000. The reason is that the number of real estate projects in Abu Dhabi is still small in comparison to the large number of foreign employees who arrive every year. Also Abu Dhabi's population is rising by up to seven per cent annually.

"And once the summer is over, the Abu Dhabi Government will start work on billions of dollars worth of new nuclear energy, oil, water and electricity projects and is currently arranging to bring over high-level manpower for those projects. This manpower needs decent housing, which is only available in the new projects."

Al Mansouri said most new villas inside and outside Abu Dhabi are now rented by companies for their staff. A Dh220,000-a-year villa would house two families. And he forecast that rents would rise again in September as the delivery of several projects is expected to be delayed.