

# Abu Dhabi's rents may extend decline

Abu Dhabi's residential rents may drop by 10 percent in the next 12 months, extending a three-year decline, as rising home completions increase the amount of unoccupied properties, according to the sheikhdom's second-largest real-estate developer. "The supply is coming very fast because whatever was started three or four years ago is beginning to come into the market," Gurjit Singh, chief operating officer of Sorouh Real Estate PJSC, said in an interview in Abu Dhabi. That "will bring down rents quite rapidly." Rents in Abu Dhabi have fallen 40 percent since the market's peak, Jones Lang LaSalle estimates. Those in Dubai have dropped 55 percent, according to Deutsche Bank AG. Home prices in Dubai have dropped 64 percent from their 2008 peak after the global credit crisis caused banks to curtail mortgage lending and speculators left the market, Deutsche Bank said last month. In Abu Dhabi, the largest and wealthiest of the seven sheikhdoms that comprise the United Arab Emirates, prices slid 55 percent, Rasmala Investment Holdings said.


There are 1 clipping(s) in 1 part(s) with summary available in: English

Published on: 17/07/2011 Name: Arabian Business - English  
Section: snapshot Country: United Arab Emirates  
Edition: 27 Language: English  
Page: 12 Circulation: 20,557  
Size: 1 pg Distribution: GCC  
Ad Value: \$9,000.00



## SNAPSHOT

Related articles on [arabianbusiness.com](http://arabianbusiness.com)  
Latest real estate news  
[www.arabianbusiness.com/real\\_estate](http://www.arabianbusiness.com/real_estate)



▲ Jones Lang LaSalle estimates that rents in Abu Dhabi have fallen 40 percent since the market's peak.

### Abu Dhabi's rents may extend decline

UAE capital will see ten percent drop in rents over next twelve months as unoccupied properties increase.

**A**bu Dhabi's residential rents may drop by ten percent in the next twelve months, extending a three-year decline, as rising home completions increase the amount of unoccupied properties, according to the sheikhdom's second-largest real estate developer.

"The supply is coming very fast because whatever was started three or four years ago is beginning to come into the market," Gurjit Singh, chief operating officer of Sorouh Real Estate PJSC, said in an interview in Abu Dhabi. That "will bring down rents quite rapidly."

Abu Dhabi's construction boom was hurt by the financial crisis at a much earlier stage than that of neighbouring Dubai, which by mid-2008 had completed more projects and attracted more buyers. Since then, Abu Dhabi's decline has been slower than Dubai, the worst performing market in the Middle East.

Rents in Abu Dhabi have fallen 40 percent since the market's peak, Jones Lang LaSalle estimates. Those in Dubai have dropped 55 percent, according to Deutsche Bank AG.

"Two years ago, we were still seeing rents going up here because at that time there was a dearth of quality supply, while Dubai's rents were coming down," Singh said in the July 6 interview.

About 50,000 homes, 27 percent of Abu Dhabi's current supply, will be completed by 2014 and about 16,000 will be ready this year, said Craig Plumb, Jones Lang's head of Middle East research.

Developers may need to reduce rents by more than ten percent to attract tenants, Plumb said. A surfeit of homes in Dubai caused rents to drop by more than half there and provided an alternative to commuters who live in Dubai and work in Abu Dhabi, he said.

Abu Dhabi opened its property market to foreign buyers in 2005, three years after Dubai. The recession's full effect on the sheikhdom's property market lagged almost two years behind Dubai, where home prices and rents slumped after the bankruptcy of Lehman Brothers International Inc in September 2008.

Home prices in Dubai have dropped 64 percent from their 2008 peak after the global credit crisis caused banks to curtail mortgage lending and speculators left the market, Deutsche Bank said last month. In Abu Dhabi, the largest and wealthiest of the seven sheikhdoms that comprise the UAE, prices slid 55 percent, Rasmala Investment Holdings said.

Sorouh expects to hand over the keys to 7,000 homes over the next four years, chief financial officer Richard Amos said on April 17. That excludes homes the developer is building for a UAE government housing programme. Sorouh will probably collect AED3.2bn (\$870m) from property buyers and commercial and residential tenants this year and will spend AED3bn on project completions, he said. The company has AED2.35bn of debt due in 2014, data compiled by Bloomberg show. □

12 ARABIAN BUSINESS | VOL. 12 / 27

Circulation and ad data supplied by:

**MediaSource**

**MEDIAWATCH**  
Middle East