

MEED-Mashreq Real Estate Business Leaders Roundtable

# Abu Dhabi Real Estate on the Rise

December 2022





# Foreword

Abu Dhabi has put the foundation in place to become a global hub for real estate investments



**A**bu Dhabi has embarked on an ambitious programme to attract private and foreign investment into the emirate, and to diversify its traditionally oil-focused economy.

At the heart of the Abu Dhabi vision is the objective of increasing the volume of people, companies and investment coming into the emirate through the strategic development of key industries including tourism, hospitality, leisure, advanced manufacturing, technology, and logistics.

But while oil and real estate prices are recovering strongly, the spectre of inflation, logistics bottlenecks, and skills shortages are casting a shadow over the post-Covid recovery.

What is the outlook for real estate investment in Abu Dhabi? What are the significant trends shaping the property market? And how should developers,

investors and suppliers prepare for the next phase of development in the UAE?

On 28 September, MEED and Mashreq Bank hosted an exclusive closed-door session to better understand the outlook for real estate development and investor appetite in Abu Dhabi.

Bringing together leading industry figures, the MEED Mashreq Abu Dhabi Business Leaders Roundtable discussed themes including the need to promote Abu Dhabi's successes on an international scale; leveraging environmental, social and governance (ESG) principles to scale the sector to new heights; and why the industry must aim to balance supply and demand if it is to maintain its robust growth trajectory.

Equally relevant is the impetus to keep building on Abu Dhabi's status of community living, prioritising the needs of residents above all else.

# Taking Abu Dhabi's success global

Experts emphasise the need to promote Abu Dhabi's business readiness and investment potential



## PROPERTY TRANSACTIONS

**AED22.51bn**

**7,474 PROPERTY  
TRANSACTIONS FIRST  
HALF OF 2022**

*Source: Abu Dhabi Department of  
Municipalities and Transport (DMT)*

**A**bu Dhabi's real estate market is enjoying robust growth on the back of several factors, including AA credit ratings, business conduciveness and the successful handling of the pandemic.

Its stakeholders, however, are certain the industry can do even better.

In the first half of 2022, the emirate recorded 7,474 property transactions amounting to over AED22.51bn, according to official figures from industry regulator Abu Dhabi Department of Municipalities and Transport (DMT).

With more development projects in the pipeline, the market has shown exceptional numbers across Abu Dhabi.

DMT is charged with taking the emirate's real estate landscape to new heights by "constantly revising and assessing policies" based on global standards.

"The trick is to be fast and apply rules

that support the real estate sector before others do," Adeeb Al-Afeefi, executive director of the real estate sector at DMT, told senior executives gathered at the Abu Dhabi Real Estate Roundtable hosted by MEED and Mashreq on 28 September.

DMT governs the real estate sector in Abu Dhabi, ensuring a balance between supply and demand and providing best-in-class services to both local and international investors.

"At the same time, we cannot just revamp systems or laws without keeping an eye on what is happening globally," said Al-Afeefi.

"The world today is literally a global village, and you cannot confidently compete unless you are aware of what has been applied internationally and the level of services you are expected to provide as government entities.



## TRANSACTIONS IN H1 2022

AED1.8bn

YAS ISLAND

AED1.2bn

SAADIYAT ISLAND

AED1bn

AL SHAMKHA

AED872m

REEM ISLAND

AED872m

REEM ISLAND

AED310m

KHALIFA CITY

AED300m

AL RAHA BEACH

Source: Abu Dhabi Department of  
Municipalities and Transport (DMT)



“We are working to promote Abu Dhabi’s real estate market on a global level and the incredible investment opportunities it has to offer.”

Echoing Al-Afeefi’s thoughts at the roundtable were senior industry representatives from the Abu Dhabi real estate sector, who gathered to discuss disruptive trends shaping the way forward.

“We have all the ingredients for foreign investment – from attractive destinations to green and sustainably rated mixed-use communities. What is now required is to promote all this and educate those outside on how to turn a meaningful profit here,” said Ali Mohamed Amin Fikree, senior vice president for UAE real estate at Mubadala, a sovereign wealth fund based out of Abu Dhabi.

“There is no denying that real estate in Abu Dhabi is booming, particularly for off-plan and certain communities,” said another senior representative from a real estate development company.

“The key is keeping that going and consistently being competitive against our neighbours – both locally and abroad.”

### Promoting success

Recent years have seen Abu Dhabi’s stable economic environment draw the attention of individual and institutional investors alike.

According to data from the DMT,

Yas Island recorded AED1.8bn worth of property transactions in the first half of 2022, followed by Saadiyat Island (AED1.2bn), Al Shamkha (AED1bn), Reem Island (AED872m), Khalifa City (AED310m), and Al Raha Beach (AED300m).

Mubadala’s Fikree, however, strongly underscored the need to “promote Abu Dhabi’s success stories” even when it comes to large-scale institutional transactions.

Al Maryah Island, Mubadala’s flagship real estate mixed use development and Abu Dhabi’s premium business and lifestyle destination, saw unit sales and large-scale transactional deals totalling AED5bn in the first nine months of 2022.

“Unit sales on developments that align to industry and sustainability best standards continue to show success. But there is room for improvement with large-scale institutional transactions,” he said.

“Any sophisticated real estate investor looking to purchase plots for “build to hold” opportunities needs assurance that they can sell the final product once it has achieved its full value potential.

“This is why we need to promote examples of where we have been successful, just as we have done recently on the sale of the four Abu Dhabi Global Market (ADGM) office towers on Al Maryah Island, as this instils market confidence and paves the way for global capital and investment.”



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**Ali Mohamed Amin Fikree**  
Senior VP for UAE Real Estate  
Mubadala



In February 2022, New York-based Apollo Global Management announced a \$1.4bn investment into Aldar Properties, followed by the acquisition of an 11.1 per cent minority stake in subsidiary Aldar Investment Properties.

In the following months, Aldar Properties acquired the aforementioned four prime Grade A commercial towers from Mubadala Investment Company in ADGM, located on Al Maryah Island. The deal, valued at AED4.3bn, represented one of the most significant real estate transactions in the UAE.

#### **Supporting framework**

In 2021, Abu Dhabi was recognised as one of the ‘top global improvers’ by JLL International’s Global Real Estate Transparency Index (GRETl).

Since 2020, the emirate has risen from 48 to 45 among 156 cities ranked overall, underscored by government efforts geared at enhancing corporate and real estate sustainability through initiatives such as regulatory changes, digitalisation of services and access to data.

Abu Dhabi has also been ranked as the most liveable city in the Middle East in 2021, by the Global Liveability Index, moving seven places up in the global quality of life section. In January 2022, it was ranked as the safest city in the world to ‘live, work and invest in’ for the sixth consecutive year by

the crowd-sourced Numbeo Safety Index.

While Al-Afeefi does not deny the impact of global and regional issues facing the local market, he noted that the differentiator lies in how challenges are dealt with. In recent years, DMT has undertaken strategic policy and regulatory changes to enable investments from across the globe.

For instance, together with the Abu Dhabi Judicial Department, it has established a Real Estate Dispute Settlement Centre to help facilitate amicable agreements outside of courts.

Meanwhile, an educational centre geared at training brokers, surveyors, and other professionals in the nuances of real estate has been set up in the emirate. A document titled ‘Code of Conduct and Professional Ethics’ ensures real estate professionals shoulder responsibility to improve the sector’s credibility.

“A very important change we’re currently undertaking is the revision to the real estate regulation that was introduced in 2019, now under review by the executive council,” explained Al-Afeefi.

“Typically, policy revisions can take up to a decade – here we decided to move quickly because of factors we’ve seen locally and globally, and this new update will give us greater authority to maneuver changing conditions and to provide better operating conditions for investors and developers.”



# Abu Dhabi real estate pivots to green

Sustainability can become a way for Abu Dhabi real estate to differentiate its offerings at a global scale



**T**apping into investor demand for sustainable property development could help Abu Dhabi propel its real estate sector to new heights, according to leading industry experts gathered at the Abu Dhabi Real Estate Roundtable.

“Globally, there is a growing call for ESG adoption and sustainable development,” said Anthony Taylor, senior executive officer at Masdar Green REIT.

“Investors are increasingly looking for ‘responsible’ investment opportunities and evaluate companies based on specific ESG practices criteria. This highlights the growing recognition of the scale of the climate crisis and how it must be addressed in the real estate industry.

“Now that there is the necessary awareness of the need for climate action, we must continue to take small steps that will have a big impact in the future,” said Taylor.

Demand for properties that meet high

environmental standards is already being witnessed by stakeholders in the emirate.

“To give you an example; Siemens has a global mandate for their office buildings to meet a minimum LEED Gold certification and they chose to base their regional HQ in Masdar City, which is already home to one of the largest clusters of low carbon buildings in the world,” said Francisco Galan, director at Masdar Green REIT and head of development and portfolio management at Masdar City.

The German multinational’s regional headquarters in Masdar City is the first LEED Platinum-certified office building in Abu Dhabi and one of the first assets acquired by Masdar Green REIT in 2020.

“Major decisions such as headquarter location, highlights again the investor and tenant appetite for sustainable real estate options,” said Galan.

“The Masdar Green REIT gives investors



**“Now that there is the necessary awareness of the need for climate action, we must continue to take small steps that will have a big impact in the future.”**

**Anthony Taylor**  
Senior executive officer  
Masdar Green REIT



that option by investing in sustainable income-generating real estate assets, with a primary focus in Masdar City. This REIT also provides a vehicle through which third-party, sustainable developers can monetise their assets, attracting both real estate developers to Masdar City, and aspiring local and international sustainable investors,” said Galan.

The demand and supply for sustainable products is interlinked. Demand will drive the creation of the product, and vice versa.

“Unless there is change demanded for your product, you will continue to build things the same old way,” said a senior representative from a real estate development company. “It is indicative that people want a certain kind of lifestyle and will commit to projects that support this.”

In January 2022, Abu Dhabi developer Aldar announced The Sustainable City project, to be jointly developed with Diamond Developers at a value of AED1.8bn (\$490m).

Spanning an area of 397,000 square-metres on Yas Island, the community will comprise of townhouses, apartments and retail spaces. A core part of the development is its sustainability factor. It will be powered by renewable energy, and incorporate practices around energy-efficiency, recycling, and indoor vertical farming.

Aldar is also the first real estate company in the Middle East and North Africa (Mena) region to secure a sustainability-linked loan. In 2021, it signed a five-year, AED300m facility with HSBC that connects

interest rates payable to achievement of sustainability targets.

The relatively young responsible investing landscape is evolving rapidly. There are, however, numerous challenges around the harmonisation and consistency of data, measurement and the maintenance of high standards in the real estate industry.

Organisations need to start somewhere, and the considerations made today by backing and introducing these priorities in key developments can help create incremental positive change for the future.

Even as demand for sustainable products rises, issues such as upgrading existing properties and a hesitancy to embrace the shift still linger.

“One of the initiatives we have recently introduced in another Dubai property portfolio has been sustainable performance reporting on all assets using the ARC tool to highlight, to both tenants and shareholders, some of the lower levels of sustainability these assets are currently achieving,” said Masdar REIT’s Taylor.

He explained that the motivation behind this initiative is to draw attention and emphasise the need for improvement at both the asset level and in some cases, in tenant behaviour as well.

Retrofitting is another tactic that the government and developers are turning towards as they seek to upgrade existing assets to higher standards.

In a recent announcement, Aldar has said it will invest AED25m (\$6.8m) to energy retrofit 13 of its residential communities.

## AT A GLANCE: SUSTAINABLE DEVELOPMENT IN ABU DHABI

### National targets



The government's appetite to support sustainable development is underscored in long-term goals such as Abu Dhabi Vision 2030.

For example, the Estidama building design certification system is geared at measuring environmental performance of built structures from the planning all the way through to the decommissioning stage. Within Estidama, the Pearl green building rating system provides minimum criteria that buildings and villas in the emirate must meet from a sustainability aspect.

A dedicated Environment Vision 2030 highlights integration between the three pillars of sustainability — environmental, economic and social. It also inspires natural heritage preservation and enhancement across the emirate.

### Abu Dhabi Global Market



Launched in 2013, the Abu Dhabi Global Market (ADGM) is an international financial centre and free zone recognised for its continuously evolving regulatory framework and innovative business environment.

Keeping in line with national and international demand for sustainability, ADGM has increasingly turned its focus towards green finance practices and ESG-led investments.

2019 saw ADGM launch the Abu Dhabi Sustainable Finance Declaration. The declaration, supported by over 46 public and private sector entities, aims to increase the quality and volume of green financial products in the emirate, and to create a thriving sustainable finance industry.

In June 2021, Abu Dhabi was ranked 4th highest in the Mena region and 50th globally on the Global Green Finance Index, which tracks the development of green finance across the world by rating the depth and quality of green finance undertaken in financial centres.

### Masdar City



Designed as a low-carbon urban development, Masdar City minimises the use of resources and reduces the generation of waste through smart building practices, energy efficiency and clean technology.

Masdar City is also home to the headquarters of the International Renewable Energy Agency (IRENA), a global intergovernmental organisation providing insights and consultancy support when it comes to energy transition.

Stemming from efforts in Masdar City is a green real estate investment trust (REIT), the first of its kind in the region, which directs funds towards sustainable properties within the city. Launched in 2020, the Masdar Green REIT equips investors with 'responsible' investment options.

Earlier this year, the REIT signed a financing commitment of a \$200m green loan with First Abu Dhabi Bank (FAB) to facilitate portfolio growth.

As of December 2021, the REIT's portfolio was valued at AED980m (\$267m), marking a valuation gain of AED32m (\$8.7m) over the year.

The investment will offset 19,000 tonnes of carbon dioxide emissions annually and reduce utility consumption by AED12m across the communities.

Abu Dhabi's Mubadala Investment Company has placed responsible investing at the core of its business.

Against the backdrop of climate action, the energy transition and the role of business in society, it is continuing to integrate principles of investing responsibly into its decision making and asset management processes.

To help build fluency and institutionalise ESG, Mubadala has established a

dedicated responsible investing unit to support its business along this journey.

Implementing change is not easy and it can be a challenge to get people on board with green investment strategies given this is a relatively new investment landscape.

Yet industry players state that partnerships and collaboration can help achieve sustainable value creation while delivering tangible change and positive impact for all those involved.

A call to action is needed and banks can be seen supporting such efforts by confirming their position to finance projects that meet responsible investing criteria.





Abu Dhabi's real estate experts  
gathered for a closed-door  
discussion on 28 September





# Balancing supply and demand

Real estate players emphasise the need to balance Abu Dhabi's property sector for long-term sustainability



## RESIDENTIAL UNITS

2,000



**RESIDENTIAL UNITS TO BE  
DELIVERED IN ABU DHABI  
BY THE END OF 2022**

*Source: JLL Q3 UAE Real Estate  
Market report*

Real estate players in Abu Dhabi are calling for a greater balance between supply and demand in the market, even as the sector enjoys improved stability on the back of high market confidence and a favourable economic environment.

While segments such as villas continue to enjoy high demand due to limited stock, an industry representative at the Abu Dhabi Real Estate Roundtable said that the city requires a clear boundary for what needs to be built – or not built – going forward.

“We must adopt lessons from Dubai’s volatile real estate market,” said Anthony Taylor, senior executive officer at Masdar Green REIT. “Abu Dhabi has managed the line between supply and demand quite well so far – but we need to ensure it continues to do so moving ahead.

“Dubai has now created a real estate committee to oversee such progress – perhaps Abu Dhabi also needs one as it

increasingly starts catering to rising global investor demand.”

Residential properties – particularly townhouses and villas – within Abu Dhabi’s investment zones, have seen an improved demand in recent months, according to property consultant JLL’s Q3 UAE Real Estate market report.

This is supported by rising prices – sales prices for residential developments in the capital have grown 4 per cent year-on-year, while averages rents have risen by 2 per cent over the same period.

Approximately 2,000 residential units will be delivered in the emirate by the end of 2022 – largely within master-planned communities – bringing Abu Dhabi’s total residential stock to 278,000 units.

Meanwhile, property portals Bayut and Dubizzle report an ‘unprecedented influx of foreign investment’ in Abu Dhabi’s sales property market in the first half of 2022 as the basis for increased demand and rising



**ABU DHABI REAL ESTATE:  
H1 2022 VS H2 2021**

**14%**



**INCREASE IN SALES  
PRICE-PER SQUARE FOOT  
FOR PROPERTIES  
(AFFORDABLE SEGMENT)**

**8%**



**INCREASE IN SALES  
PRICE-PER SQUARE FOOT  
FOR PROPERTIES  
(LUXURY SEGMENT)**

Source: Bayut, Dubizzle



**“Our goal ultimately is to make business easier. To achieve this, we work closely with our internal stakeholders, business community and authorities.”**

**Obaid al-Ameri**  
Executive director corporate relations  
Abu Dhabi Global Market (ADGM)

prices. Compared to H2 2021, the sales price-per-square-foot for properties in the affordable segment have increased by one to 14 per cent, while those in the luxury segment have shown an uptick of one to eight per cent in H1 2022.

**What is driving demand?**

Abu Dhabi’s economic diversification drive has picked up pace in recent years, as it makes greater inroads in areas such as technology and innovation. Part of cultivating this culture locally is by encouraging foreign firms to set up base in the emirate and to create a hub for knowledge sharing.

Entities such as Abu Dhabi Global Market (ADGM) have stepped up as a response to these changes, attracting foreign investments and businesses to support the local economy.

“Our approach is really designed to support our robust ecosystem,” says Obaid al-Ameri, executive director – corporate relations at ADGM.

“With innovation in its DNA, ADGM applies a strong digital and technology practice across its entire operations from registration of companies, to state-of-the-art courts services and system, and financial regulatory processes.

“Our goal ultimately is to make business easier. To achieve this, we work closely with our internal stakeholders, business community and authorities.”

ADGM is also constantly evaluating and upgrading its rules based on evolving

market conditions and customer needs.

“We work on three main pillars to ensure ease of business and customer satisfaction – technology, services and enhancing and developing new regulations to support market demand,” explained Eissa al-Mansoori, executive director, real property at ADGM.

In June 2022 for instance, it introduced a new regulation around off-plan sales of real estate development projects and to create a register for reservation agreements between Al Maryah Island’s master developer Mubadala and any sub-developers or purchases.

ADGM also made amendments to its 2015 property regulations and existing real estate property related fees.

“The emphasis placed by governing authorities on making investments easier is something that helps us,” said one developer at the roundtable. “There is clear synergy between all the entities, be it offshore, or the likes of ADGM. They’re all approaching it with the clear goal of maximising foreign investment inflow.”

Several wider, industry-wise legal changes have also helped increase the attractiveness and ease of investment in the local real estate market.

One of the biggest modifications came in April 2019 when the emirate’s real estate law was updated to allow foreigners (non-GCC nationals) to purchase freehold land within investment zones.

The move was widely welcomed by developers, who saw it as an opportunity to

**“The development of projects such as Abu Dhabi Ports, Masdar and the Industrial City of Abu Dhabi is a sign that the government is creating an all-rounded market.”**

**Cyril Lincoln**

Executive vice president  
Global head of real estate  
finance and advisory  
Mashreq Bank



increase the competitiveness of the market and potential for long-term investments.

“The introduction of long-term visas and the amendments to ownership – these have all been done keeping investor sentiment in mind,” says ADGM’s Al-Ameri.

“We also know that the government is looking at reducing the investment baseline for securing long-term visas to make it more feasible for mid-market buyers as well.”

Stakeholders at the Abu Dhabi Real Estate Roundtable also underscored the government’s efforts in building a robust digital ecosystem to improve transparency and quality of services.

In 2022, industry regulator Department of Municipalities & Transport (DMT) introduced the ‘Dari’ platform, to provide end-to-end digitalisation within Abu Dhabi’s real estate sector.

The platform includes services such as market indicators, sales and mortgage values, future investment opportunities, listings, and guides for licensed professionals. The platform will commence services by end of 2022 and will be fully live by mid-2023.

#### **Strong foundations**

At the same time, stakeholders at the roundtable also highlighted the need to create a robust ‘base economy’ to enable a self-sustaining environment for business and employment.

“The development of projects such as Abu Dhabi Ports, Masdar and the Industrial City of Abu Dhabi is a sign that the government is creating an all-rounded market,” said Cyril Lincoln, executive vice president, global

head of real estate finance and advisory at Mashreq Bank. “Such projects lead to thousands of jobs and create smaller surrounding industries – much needed as the emirate and the UAE as a whole reduces economic dependence on oil exports.”

Equally important, said Lincoln, is to keep the momentum going when it comes to occupying the status of a community-focused, family-friendly hub.

“Abu Dhabi is able to market itself quite well to a more short-term, wealthier audience through high profile events such as the Formula 1 races and golf tournaments,” said Lincoln.

“But those that have lived in the city know that it is truly a place you can call home – and we can see developers organically leveraging that image.”

In March 2022, the emirate’s Department of Community Development (DCD) reported an increase in the level of quality-of-life indicators, namely work-life balance, life satisfaction and happiness.

Meanwhile, the city was ranked the most liveable city in the Middle East for the second year in the row by the Global Liveability Index 2021.

In 2021, Abu Dhabi climbed 14 places to rank 28 on the Smart City Index by the Institute for Management Development (IMD), leading the Middle East region for the third consecutive year in the use of technology to improve the life of citizens.

“We have all the pieces in place,” said Lincoln. “All we need to do now is keep the momentum going by enabling a credible and transparent real estate ecosystem.”

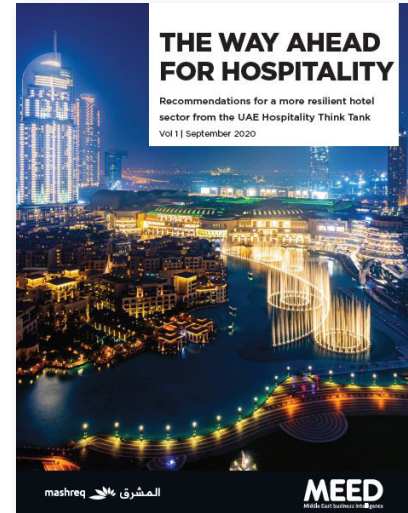


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**Cyril Lincoln**

EVP, Global Head Of Real Estate  
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Established in 1967, Mashreq is the oldest privately-owned bank in the UAE, with award-winning financial solutions and services. Through its 50 year history, Mashreq has differentiated itself through innovative financial solutions, making it possible for its customers to achieve their aspirations.

Today, Mashreq has a significant presence in 11 countries outside the UAE, with 21 overseas branches and offices across Europe, the US, Asia and Africa. Mashreq launched its new Vision and Mission recently, outlining its commitment towards its clients, colleagues and the community.

In line with its vision to be the region's most progressive bank, Mashreq leverages its leadership position in the banking industry to enable innovative possibilities and solutions for its customers across corporate, retail, international, treasury and Islamic banking.

Mashreq is proud to be the first financial institution in the UAE to be awarded the Gallup Great Workplace Award for four consecutive years from 2014-17. Mashreq also continues to invest in recruiting, training and developing future generations of UAE national bankers.



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