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ABU DHABI ANNUAL MARKET UPDATE

2024/2025



Better never settles

RESIDENTIAL MARKET

KEY TAKEAWAYS

- » Limited supply in 2024, with a surge expected between 2025 and 2027.
- » Aldar Properties led the market in 2024 with a 38% share of new deliveries, 48% of off-plan transactions and 45% of secondary market transactions.
- » Secondary market transactions increased by 54% compared to 2023.
- » City-wide sales prices increased by 11% with villas leading the way as demand shifts to suburban areas.
- » Record-breaking rental growth. Saadiyat Island leads the market with a 31% spike in apartment rents.
- » New Abu Dhabi Rental Index set to create more transparency and balance in the market.



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Limited new deliveries intensified competition, driving up both sales and rental prices.

SNAPSHOT

3,004

Total residential units in investment zones handed over in 2024

8,500

Total residential units in investment zones expected over 2025

11%

Y-o-y rise in city-wide residential sales prices

20%

Y-o-y rise in city-wide residential rents

4.8%

Gross villa yield

7.2%

Gross apartment yield



OVERVIEW AND OUTLOOK

The Abu Dhabi residential market remained strong in 2024, with demand continuing to outpace supply, particularly in key investment zones. Limited new deliveries intensified competition, driving up both sales and rental prices. The secondary market gained momentum as more buyers sought ready-to-move-in homes, while off-plan sales saw a slight slowdown due to fewer new project launches.

The rental market remained resilient, supported by economic diversification under the government's Vision 2030, which is generating employment growth in high-value sectors such as finance, tourism, and technology. Corporate relocations and an expanding

expatriate workforce further bolstered rental demand, while improved transport infrastructure, including the Etihad Rail, is set to enhance connectivity and strengthen Abu Dhabi's appeal as a place to live.

Looking ahead, 2025 will see a significant increase in new supply as the development pipeline progresses, particularly in established investment hubs. Despite this, demand for both sales and rentals is expected to remain strong, underpinned by economic expansion, population growth, and continued infrastructure improvements. While affordability concerns remain, elevated prices in prime locations are shifting demand towards suburban and mid-market

communities. The introduction of the Abu Dhabi Rental Index in 2024 is set to improve transparency and market stability, guiding rental pricing and lease negotiations.

With ongoing diversification efforts, increased foreign investment, and government initiatives such as long-term visas and freehold ownership zones, Abu Dhabi's residential market is positioned for sustained growth. Developers are well-placed to meet evolving demand by expanding mid-market housing options, launching new residential projects, and catering to preferences for larger living spaces and integrated community developments.

RESIDENTIAL SUPPLY

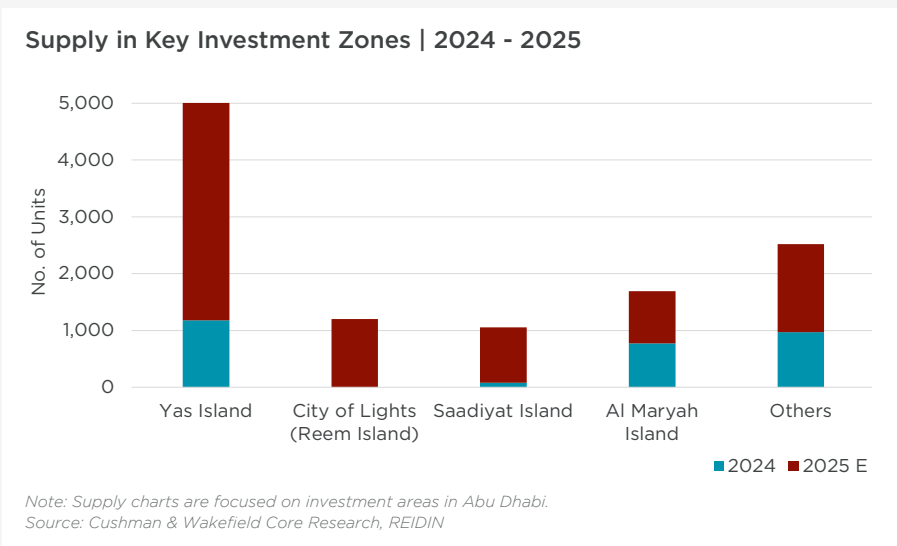
Tight supply in 2024 sets the stage for a surge in 2025

The constrained supply in 2024 maintained market stability, with a stronger supply pipeline anticipated in 2025. In 2024, approximately 3,004 residential units were handed over across investment zones in Abu Dhabi, nearly 46% lower than the initial forecast and 13% lower than 2023 figures. Yas Island accounted for the largest share of handovers at 39%, followed by Al Maryah Island (26%) and Masdar City (15%). Villas dominated deliveries, representing 52% of the total supply (1,562 units), while apartments made up 48% (1,442 units).

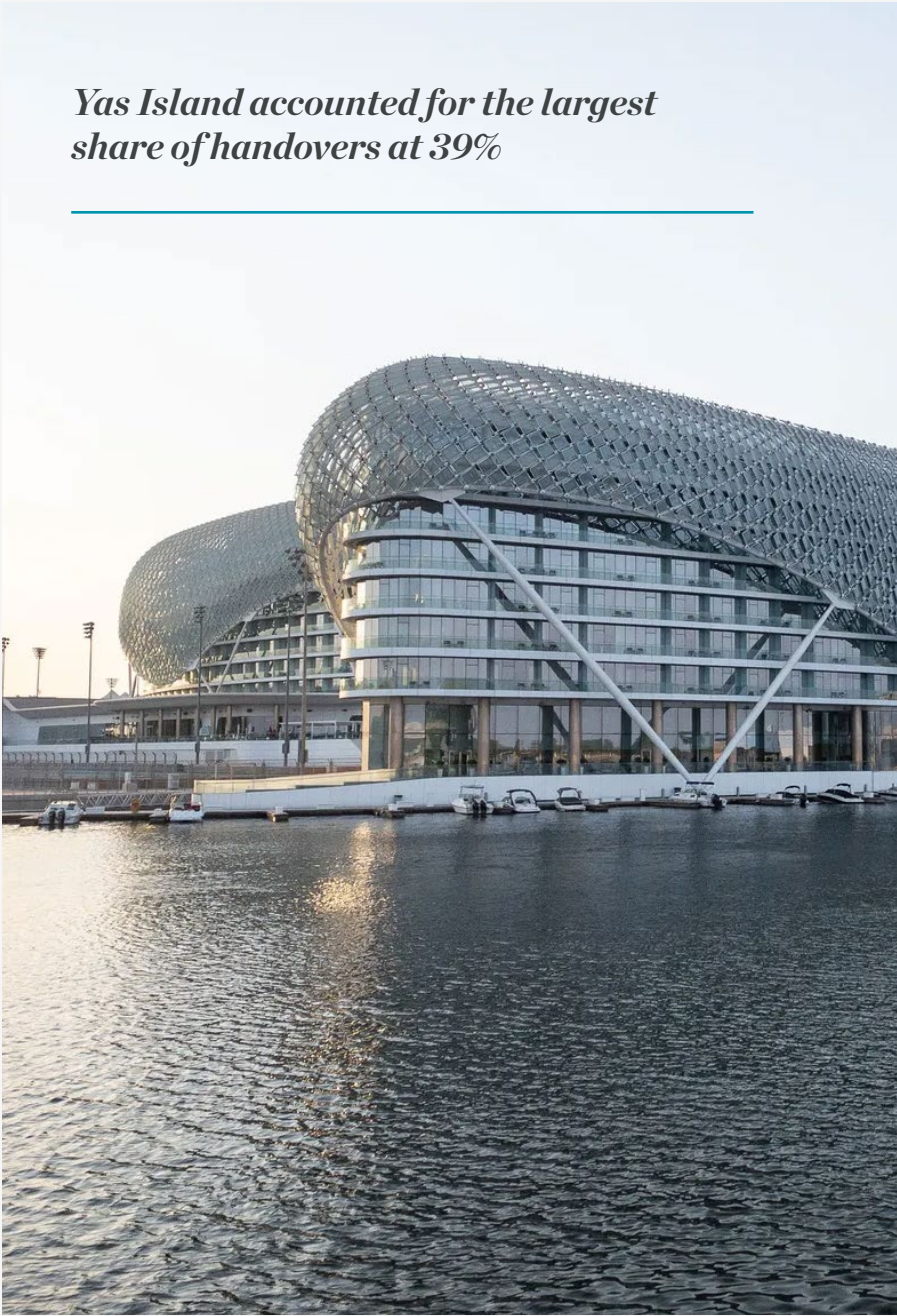
Aldar Properties led the market with a 38% share of completions, followed by Webridge Properties (23%) and Reportage Real Estate (14%).

Looking ahead, around 8,500 units are expected to be delivered in 2025, with 60% of supply concentrated in Yas Island, Reem Island, Saadiyat Island, and Al Maryah Island. Yas Island is expected to maintain its leading position, contributing 36% of new supply, while Al Shamkha, City of Lights, and Saadiyat Island will each account for between 9% and 18%.

The off-plan market remained active, with new project launches across Yas Island, Hudayriyat Island, and Masdar City, expanding the future development pipeline and setting the stage for a surge in unit deliveries between 2025 and 2027.

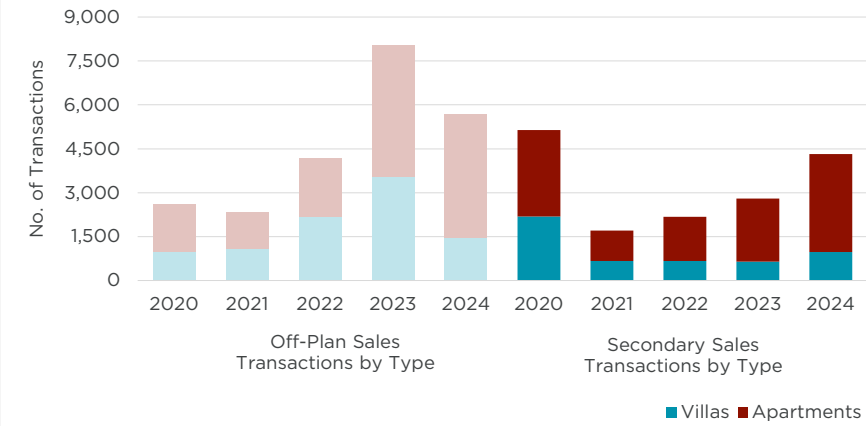


Yas Island accounted for the largest share of handovers at 39%

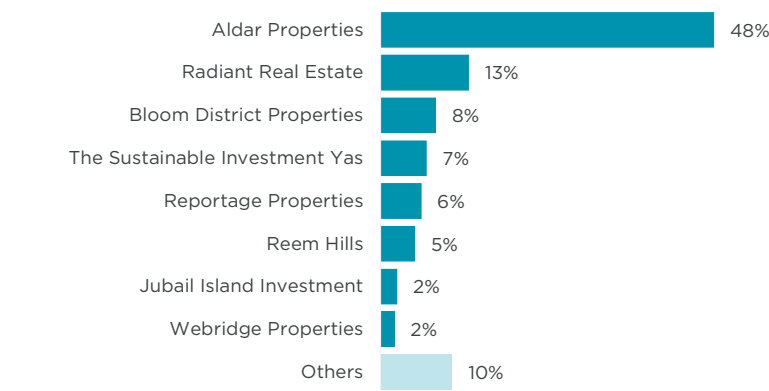


SECONDARY MARKET SEES UNPRECEDENTED GROWTH

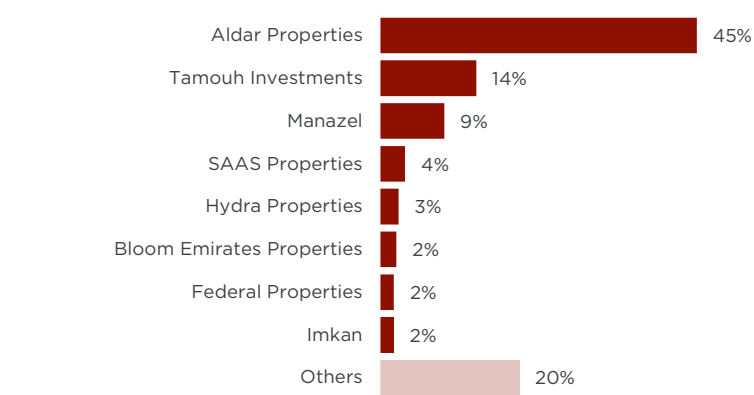
Residential Sales Transaction Trends



Off-Plan Market Sales Transactions by Developer - 2024



Secondary Market Sales Transactions by Developer - 2024



RESIDENTIAL TRANSACTIONS

The Abu Dhabi residential market saw a significant shift in buyer preferences in 2024. Secondary market transactions increased by 54% y-o-y, reflecting a greater share of end-user buyers seeking ready-to-move-in homes.

While off-plan transactions continue to account for a substantial share of total sales volumes, transactions declined by 29% in 2024, potentially due to fewer project launches.

Aldar Properties continued to dominate both the off-plan and secondary sales markets accounting for 48% and 45% of total transactions respectively. In off-plan, they were followed by Radiant Real Estate with 13% and Bloom District Properties with 8%, while Tamouh Investments at 14% and Manazel at 9% followed in the secondary market.

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Secondary market transactions increased by 54% compared to 2023.

RESIDENTIAL SALES

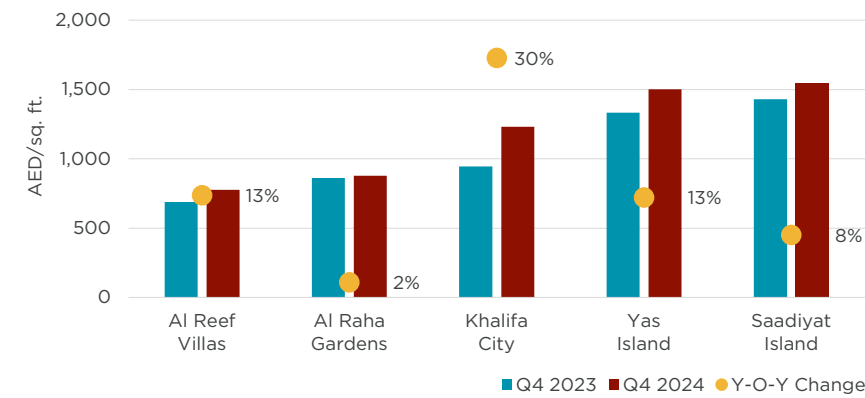
Double digit growth in sales pricing

In Abu Dhabi, both villa and apartment sales prices have seen steady y-o-y growth, with the villa market seeing more growth than apartments over recent quarters.

City-wide villa prices increased by 15%, with Khalifa City recording the strongest growth at 30%, followed by Al Reef and Yas Island at 13% each. Apartment prices saw a 10% increase, with luxury locations experiencing the highest appreciation. Saadiyat Island led apartment price growth with a 28% increase, while Yas Island and Reem Island recorded gains of 14% and 12%, respectively.

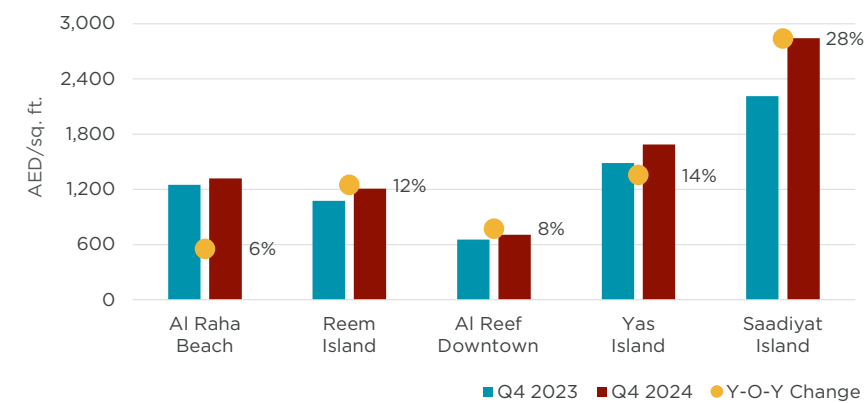
The surge in prices reflects the growing appeal of both high-end and mid-market communities. Khalifa City's sharp price rise underscores demand for suburban and mid-market villa communities, while Saadiyat Island continues to attract luxury buyers seeking ultra-prime properties.

Villa Sales | Q4 2023 vs. Q4 2024



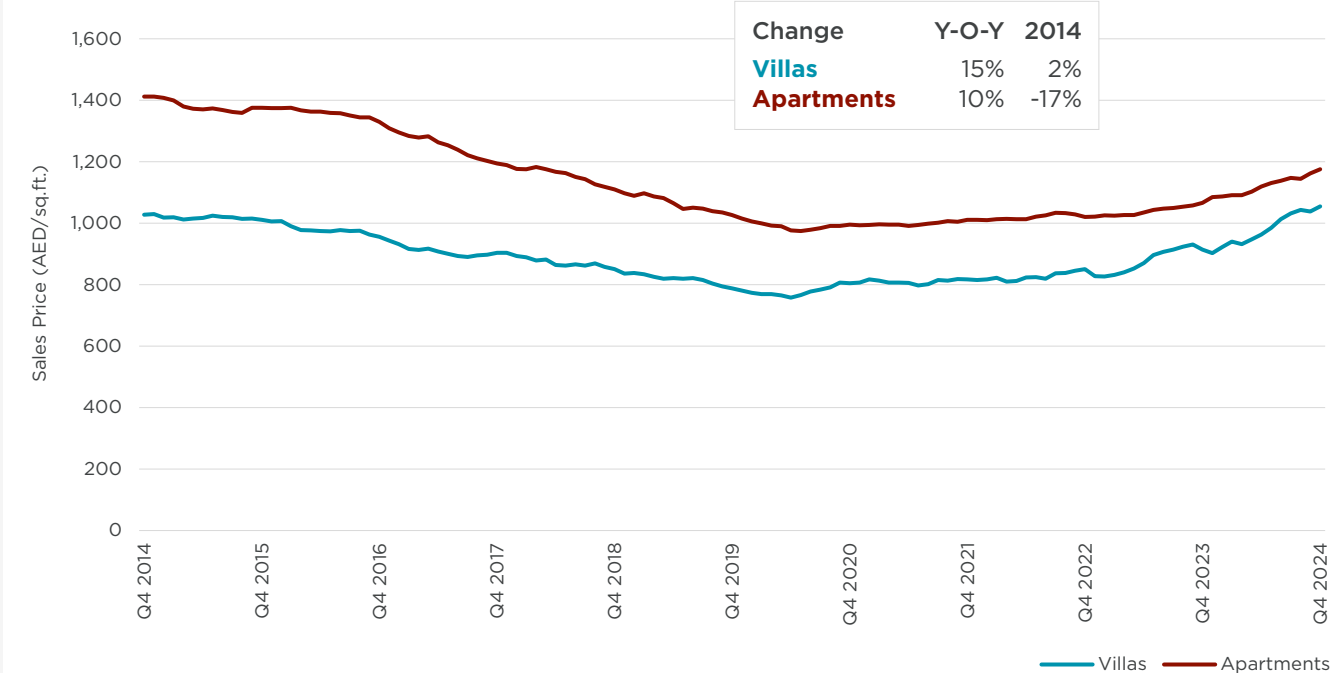
Source: Cushman & Wakefield Core Research, REIDIN

Apartment Sales | Q4 2023 vs. Q4 2024



Source: Cushman & Wakefield Core Research, REIDIN

Abu Dhabi City-Wide Sales Price Trends

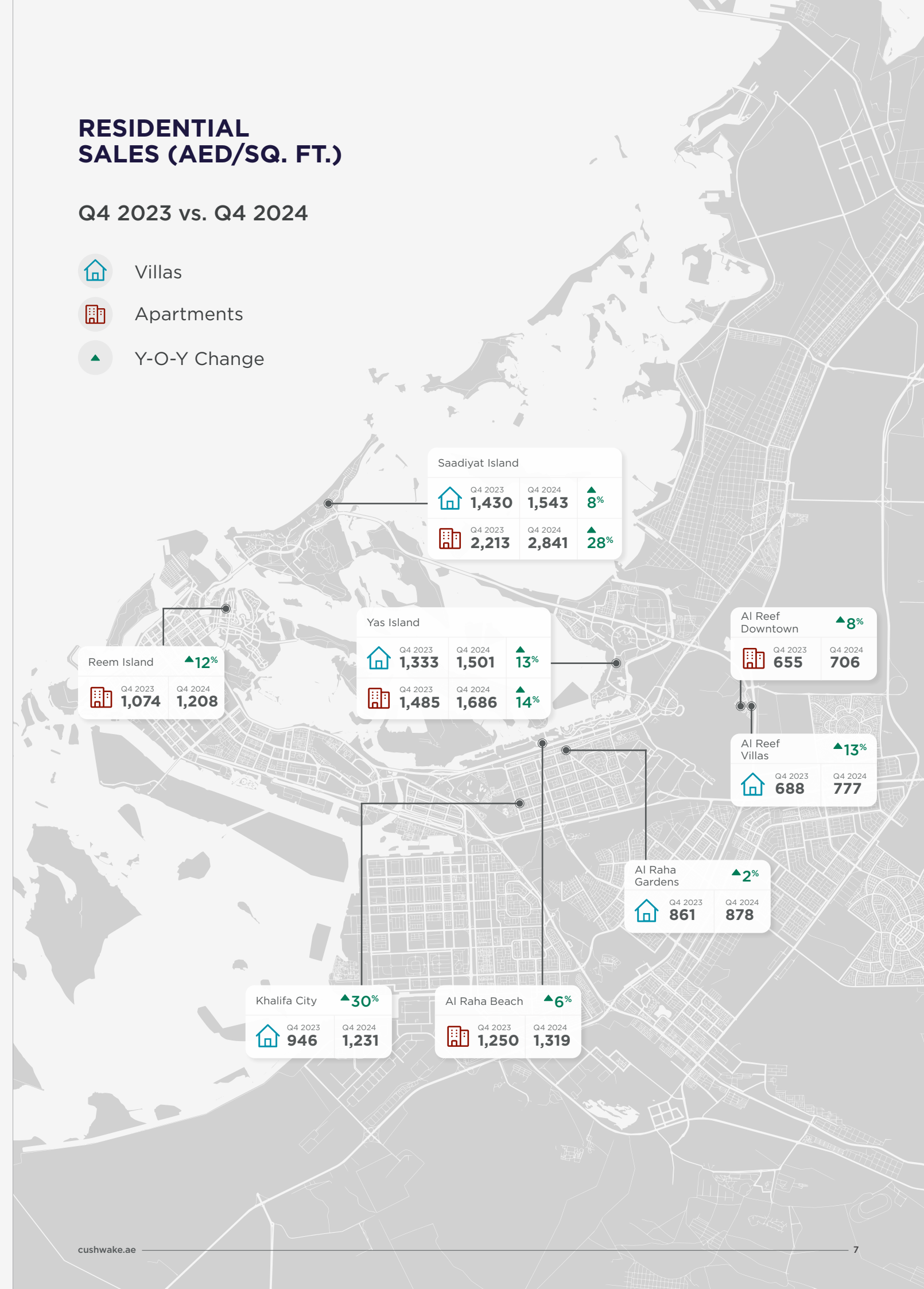


Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL SALES (AED/SQ. FT.)

Q4 2023 vs. Q4 2024

- Villas
- Apartments
- Y-O-Y Change



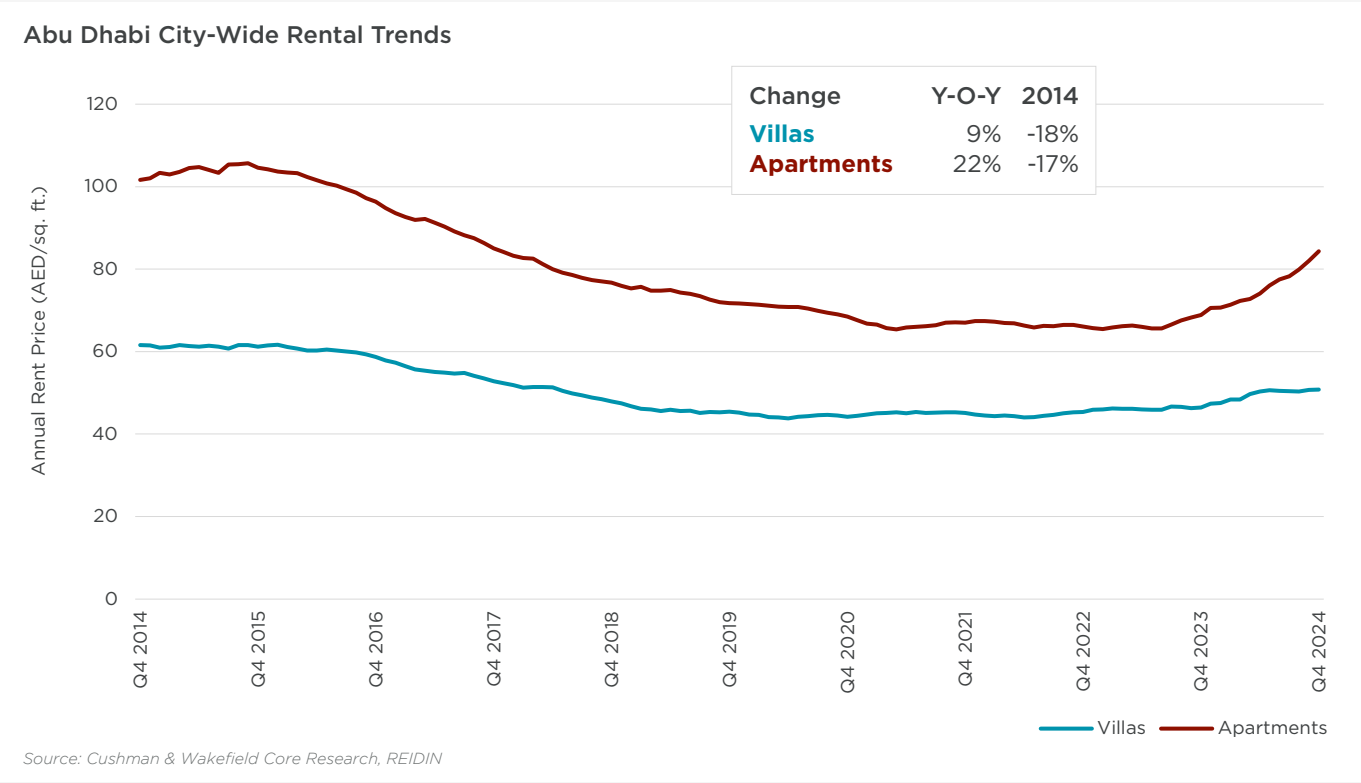
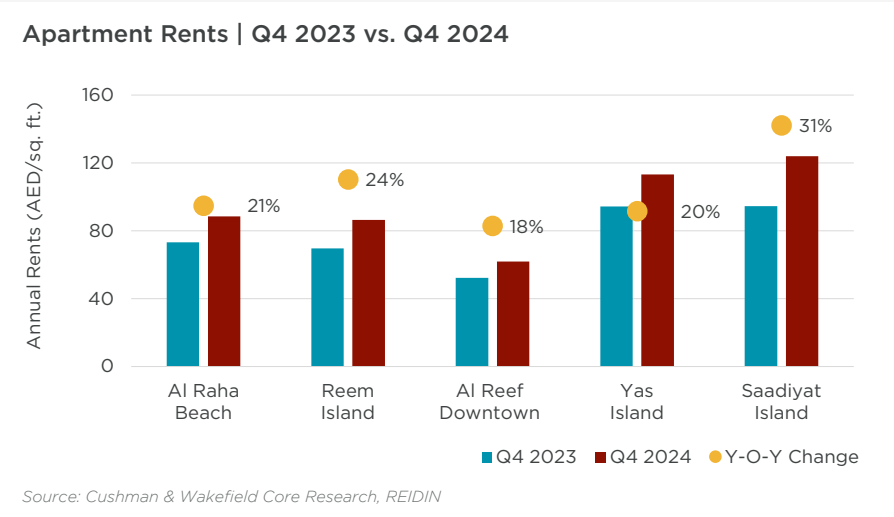
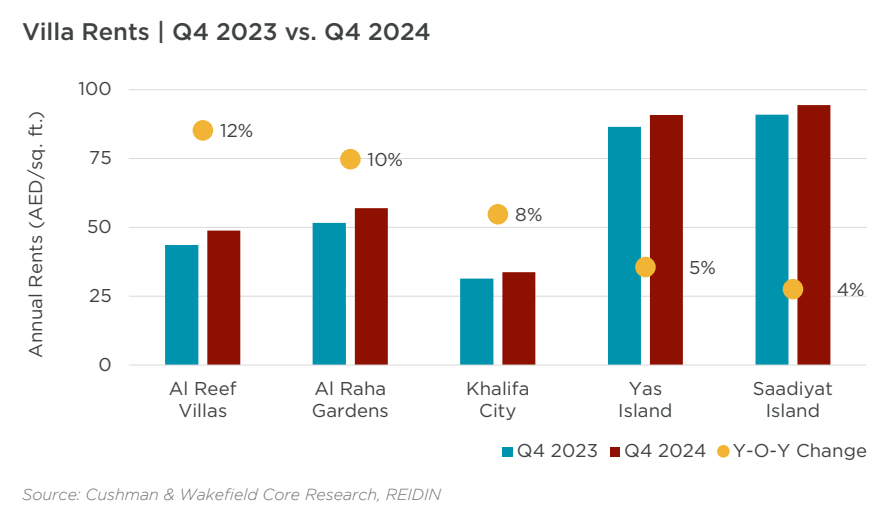
RESIDENTIAL RENTS

Record-breaking rental increases as competition intensifies

The rental market saw substantial growth in 2024 with city-wide increases of 20% y-o-y, driven by increased demand.

Apartment rents rose by 22% y-o-y and villa rents by 9% with the highest rental growth seen in prime and mid-market apartment districts, where Saadiyat Island recorded a 31% increase, followed by Reem Island (24%) and Al Raha Beach (21%).

For villas, rental increases were most pronounced in Al Reef (12%), Al Raha (10%), and Khalifa City (8%), reinforcing the trend of growing demand for mid-market and suburban villa communities. Yas Island, Al Raha, and Reem Island are becoming more desirable for tenants, driving rental increases, while established luxury communities like Saadiyat Island are seeing a defined rental market growth.



RESIDENTIAL RENTS (AED/SQ. FT.)

Q4 2023 vs. Q4 2024

- Villas
- Apartments
- Y-O-Y Change



NEW RENTAL INDEX SUPPORTS MARKET TRANSPARENCY

The Abu Dhabi Rental Index is a new initiative by the Abu Dhabi government, providing a platform that reflects current market rental trends. Designed to be interactive and easy to use, it helps both tenants and landlords make informed decisions – bringing more balance and transparency to the market.

For tenants, the index serves as a reliable reference to compare rental prices across different districts, promoting transparency. Landlords can also use it to gauge market conditions when setting rents. New lease agreements remain open to negotiation between landlords and tenants.

For renewals, Law No. 20 of 2006 (Article 16) allows landlords to increase rent only once per year, with a 5% cap, unless an adjustment is made by the Chairman of the Executive Council. If a landlord imposes a higher increase, tenants can file a complaint with the relevant committee.

OFFICE MARKET

KEY TAKEAWAYS

- » Demand continues to outpace supply.
- » Banking and financial services sector remains the leading demand driver as many funds try to move.
- » Record-breaking office occupancy levels, with Grade A offices close to full occupancy while most of the upcoming supply is expected to be pre-leased.
- » City-wide office rent per sq. ft. increased by 11% y-o-y, with all office grades witnessing rental growth.
- » Preference for medium-sized office spaces (200 to 600 sq. m.), accounted for over 53% of demand in 2024.
- » ADGM Square has reached full capacity, with demand shifting to Reem Island for immediate space requirements, reinforcing Abu Dhabi's position as a global business hub.
- » New developments are already pre-leased ahead of completion reflected scale of demand.
- » Flexible office spaces are growing in demand due to stock shortages.



“
Rental rates are increasing across all grades, reflecting heightened competition for premium office spaces.”

SNAPSHOT

**4.01 Mn
sq. m.**

Total existing office NLA as of year-end 2024

**104,000
sq. m.**

Upcoming office NLA in 2025

89%

City-wide office occupancy across building grades

95%

Grade A office occupancy

11%

Y-o-y rise in city-wide office rents



OVERVIEW AND OUTLOOK

The Abu Dhabi office market continues to experience strong demand, surpassing supply, particularly for Prime and Grade A office spaces, which make up only 30% of total stock. City-wide occupancy has risen to 89%, with Prime offices reaching 95% due to limited availability. Rental rates are increasing across all grades, reflecting heightened competition for premium office spaces.

Abu Dhabi's intensified efforts to attract foreign investment continue to drive strong demand for Prime and Grade A office spaces, with ADGM Square reaching full capacity, reinforcing the Emirate's position as a global business hub. Competition for premium spaces

is expected to increase, with rental prices likely to rise further in 2025 due to supply shortages and potential delays in new developments. Grade A offices are projected to reach full occupancy within the next two years, while demand for Grade B and C spaces in peripheral areas is expected to grow as businesses seek more affordable alternatives.

The market's demand-supply gap remains stark, with new projects pre-leased ahead of completion, as seen in Masdar City Square and Yas Place. Flexible office spaces in Mainland Abu Dhabi and ADGM are gaining traction, a trend that is expected to continue into 2025. Investors and developers have

opportunities to capitalise on this dynamic market through new developments, repurposing existing spaces, or exploring innovative leasing models to meet evolving tenant demands.

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Economic diversification and foreign investment are intensifying demand for Prime and Grade A offices.”

OFFICE SUPPLY

The demand-supply gap remains stark, with new projects pre-leased ahead of completion.

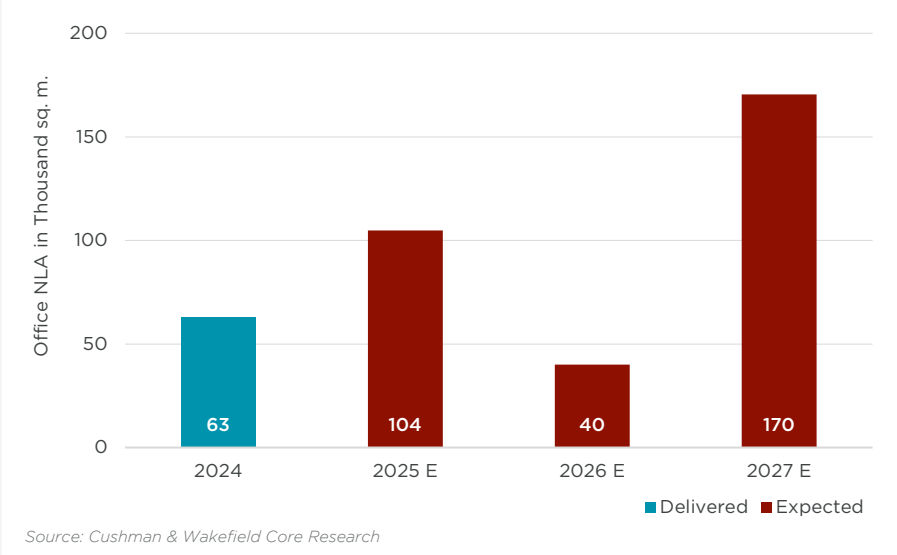
The Abu Dhabi office market reached approximately 4.01 million sq. m. in 2024, with over 63,000 sq. m. of gross leasable area (GLA) delivered during the year. Despite this addition, supply constraints persist, particularly for Prime and Grade A office spaces, which collectively account for just 30% of total stock—10% and 20%, respectively. In contrast, Grade B and Grade C spaces represent 70% of the available supply, each comprising 35%.

Notable additions to the market included the FAB Building, Al Maryah Tower, and Al Raha Beach Office Tower.

Looking ahead, approximately 104,000 sq. m. of new office GLA is expected in 2025, with a strong emphasis on Grade A office spaces. This upcoming supply will be concentrated primarily in Masdar City and Al Reem Island, further catering to the sustained demand for high-quality office spaces.

Key developments include Masdar City Square in Masdar City, which is set to deliver 48,000 sq. m., and SAAS Business Tower on Al Reem Island, contributing an additional 12,000 sq. m. Furthermore, The Link in Masdar City is expected to add 16,700 sq. m. of premium office space. These projects will play a crucial role in addressing the market’s growing demand for Grade A office space. However, with most of the new supply slated for 2025 already pre-leased, tenants will need to explore secondary market opportunities until additional inventory becomes available in 2026/2027.

Abu Dhabi Office Supply 2024 - 2027



Source: Cushman & Wakefield Core Research

OFFICE DEMAND

City-wide occupancy levels across all office grades increased to 89%, driven by strong annual absorption of 245,000 sq. m., significantly surpassing the new supply introduced. This sustained demand-supply imbalance underscores the market’s preference for high-quality office spaces, particularly in the Prime and Grade A segments.

Demand for prime office spaces continues to outstrip other grades, with occupancy rates reaching approximately 95%, fuelled by their limited availability.

Meanwhile, Grade B and Grade C office spaces record occupancy levels of 85% to 95% and 70% to 80%, respectively.

ADGM, Al Raha and Reem Island collectively account for over 45% of the total office demand in Abu Dhabi. With limited supply and exceptionally high rents on Al Maryah Island, Reem Island which is now part of the ADGM jurisdiction presents a more affordable and attractive option for companies looking for office space.



SECTORAL DEMAND

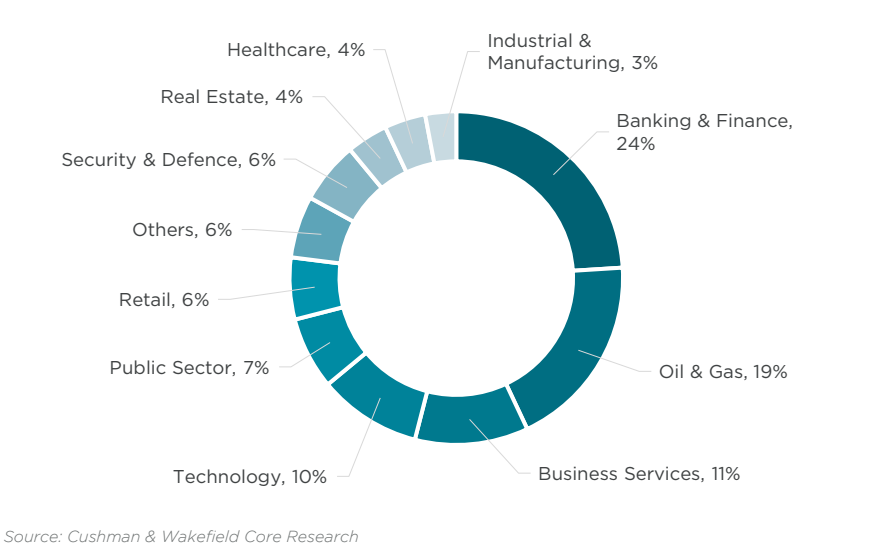
The banking and finance sector leads office demand, accounting for 24% of enquiries, as financial institutions continue to take advantage of Abu Dhabi’s global position as the “Capital for Capital”. Abu Dhabi is home to some of the world’s largest sovereign wealth funds and ADGM attracts top-tier financial institutions, asset managers and funds solidifying the emirate’s position as a financial powerhouse, reinforcing the need for premium office spaces. The oil and gas industry follows closely at 19%, playing a crucial role in Abu Dhabi’s economy and driving demand for large, high-specification offices.

Business services and technology sectors represent 11% and 10% of enquiries, respectively, with the tech industry emerging as a key contributor in line with Abu Dhabi’s digital transformation initiatives. Demand is being driven by various factors, including the need for upsizing or expansion due to space constraints, the relocation of government and semi-government entities within Abu Dhabi, and the entry of new businesses into the Emirate.

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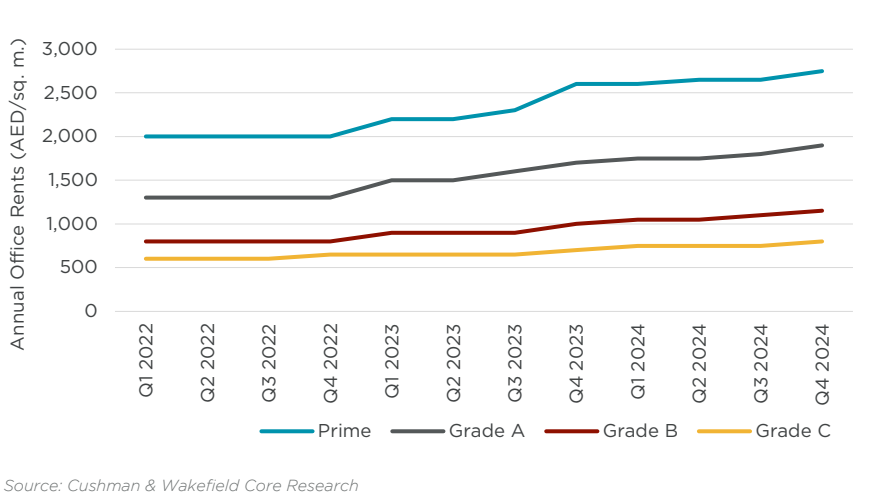
Financial institutions continue to take advantage of Abu Dhabi’s global position as the “Capital for Capital”.

Office Enquiries by Sector - 2024



Source: Cushman & Wakefield Core Research

Office Rental Market Performance by Grade



Source: Cushman & Wakefield Core Research

SIZE REQUIREMENTS

Demand is highest for medium-sized office spaces, with units between 200 to 400 sq. m. making up 27% of total demand, followed closely by 400 to 600 sq. m. offices at 26%. Smaller offices (200 sq. m. and below) account for 16% of demand, while 600 to 1,000 sq. m. spaces represent 15%.

In contrast, demand for larger offices (2,000 sq. m. and above) remains lower, mainly due to limited availability. As a result, many large occupiers are renewing leases in their existing locations, given the constrained supply of spacious office options in the market.

RENTAL INCREASES

Office rental prices continue to see a steady increase, Q4 2024 city-wide average office rent per sq. ft. increased by 11% y-o-y to AED 1,550. Prime office space increased by 2% to AED 2,750 per sq. m. y-o-y, Grade A office space increased by 3% to AED 1,900 per sq. m. while Grade B and Grade C office space increased by 5% to AED 1,150 per sq. m. and 7% to AED 800 per sq. m. y-o-y respectively.



CONTACT DETAILS

Edward Macura Co-CEO, Country Head +971 (0)50 501 5903 edward.macura@cushwake.ae	David Abood MRICS Co-CEO, Head of Capital Markets +971 (0)50 379 7687 david.abood@cushwake.ae	P.P Varghese Head of Professional Services +971 (0)50 913 9592 varghese.paulose@cushwake.ae	Prathyusha Gurrapu MRICS Head of Research and Consultancy +971 (0)52 714 7175 prathyusha.gurrapu@cushwake.ae
David Short MRICS Head of Abu Dhabi +971 (0)56 989 1584 david.short@cushwake.ae	Nadine Carouba Head of People and Culture +971 (0)4 245 2100 nadine.carouba@cushwake.ae	Rachel Smylie Head of Marketing & Communications +971 (0)58 514 2111 rachel.smylie@cushwake.ae	Rashpal Heer MRICS Co-Head of Valuation and Advisory +971 (0)56 102 7699 rashpal.heer@cushwake.ae
Paul Barker MRICS Co-Head of Valuation and Advisory +971 (0)56 623 9229 paul.barker@cushwake.ae	Charlie Sargent MRICS Head of Global Occupier Services +971 (0)50 884 7284 charlie.sargent@cushwake.ae	Robert Thomas MRICS Head of Agency +971 (0)56 681 5988 robert.thomas@cushwake.ae	Warren Krawchuk Head of Retail +971 (0)50 104 9578 warren.krawchuk@cushwake.ae
Tilana Kruger Head of Industrial and Logistics +971 (0)58 889 3237 tilana.kruger@cushwake.ae	Ben Mohammed Head of Property Management +971 (0)50 559 0199 ben.mohammed@cushwake.ae	Mohamed Makhoulouf Head of Egypt +012 777 01400 mohamed.makhoulouf@cushwake.ae	Edd Brookes MRICS Head of Qatar +974 5586 7044 edd.brookes@cushwake.qa

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HEAD OFFICE
Level 1, Building 4,
Dubai Hills Business Park,
Dubai Hills Estate,
Dubai, UAE

DOWNTOWN DUBAI OFFICE
Ground Floor, Building 6,
Emaar Square,
Downtown Dubai,
Dubai, UAE

ABU DHABI OFFICE
SU 02 & SU 03, Ground Floor,
Abu Dhabi National Exhibition
Centre (ADNEC),
Al Khaleej Al Arabi Street,
Abu Dhabi, UAE

+971 4 245 2100
info@cushwake.ae

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