

Abu Dhabi Commercial Property Market 2024



Abu Dhabi Office Market

QUARTERLY MARKET INDICATORS



DEMAND



VACANCY



NEW SUPPLY



MARKET SENTIMENT

THRIVING HUB FOR BUSINESS AND INVESTMENT

Abu Dhabi continues to strengthen its position as a leading hub for investment and business growth, supported by the government's commitment to fostering a conducive investment environment and ensuring ease of doing business. As part of its strategy to encourage business expansion, the Abu Dhabi Department of Economic Development (ADDED) has introduced new flexibilities in business regulations. Notably, companies registered in other UAE emirates and their respective free zones can now open branches in Abu Dhabi without the requirement of physical premises during the first year. These policy changes, along with other factors, have contributed to a 16% increase in economic licenses issued on the mainland, alongside a 22% growth in active licenses within non-financial economic free zones.

The emirate's favourable business climate continues to attract businesses, investments, and talent, driving increased demand for office space. The rising demand and limited availability of Grade A spaces have resulted in record-high occupancy levels for quality assets. Properties such as International Tower, Daman House and Baniyas Tower operate at full occupancy, while ADGM reports a 97% occupancy rate, according to the latest data from Aldar. The growing interest from global businesses in Abu Dhabi is evident in the number of operational entities within ADGM, which has reached 2,088, including 231 financial services entities – a 31% increase year-on-year compared to H1 2023. Consequently, the workforce within Al Maryah Island's workforce has expanded by over 2,500 people since June 2023.

ECONOMIC DIVERSIFICATION AND SECTORAL GROWTH

Abu Dhabi's non-oil economy has demonstrated sustained growth, recording a 5.9% year-on-year increase during the first three quarters of 2024. Key sectors such as Transportation and Storage, Financial and Insurance Services, and Construction have

made significant contributions to GDP, with growth rates of 18%, 11.6%, and 10% year-on-year, respectively. The real estate sector accounted for 3.5% of GDP and posted a 6.1% year-on-year growth in Q3 2024.

DEMAND DRIVERS AND KEY LOCATIONS

Demand for commercial spaces is primarily driven by Banking, Financial Services, and Insurance (BFSI) institutions, hedge funds, as well as consulting and technology firms. This growth is fuelled by both new market entrants and business expansions. However, the limited availability of Grade A assets has increased demand for Grade B properties, particularly among cost-conscious tenants. These properties are mainly concentrated in

areas such as the Corniche and Downtown Abu Dhabi. Meanwhile, Capital Centre, Masdar City, and Al Maryah Island remain highly sought-after locations due to their superior build quality, accessibility, and comprehensive infrastructure and amenities. Notably, ADGM's jurisdiction expansion to Reem Island has further boosted demand for residential properties, leading to over 1,000 new residential launches since the announcement.

FUTURE SUPPLY AND RENTAL TRENDS

To meet growing demand, over 100,000 square meters of office space is set for completion in 2025, which is expected to ease supply pressures. Developments such as Masdar City Square and Yas Place have already recorded strong pre-commitment levels, reflecting sustained demand and business confidence. Additionally, another 100,000 sq m from projects such as One Maryah Place and Saadiyat Business Park are scheduled for completion by 2027.

The competitive market has led to rental increases across most submarkets. In Q4 2024, CBD and Outer CBD submarkets experienced an 8% year-on-year rise in rental rates. Prominent Grade A buildings such as Capital Gate Tower, Addax Tower, and ADGM recorded rental increases of 14%, 13%, and 12% year-on-year, respectively. Rental rates within ADGM, the most sought-after location due to the free zone, range between AED 2,600 and AED 2,900 per sq m per annum.

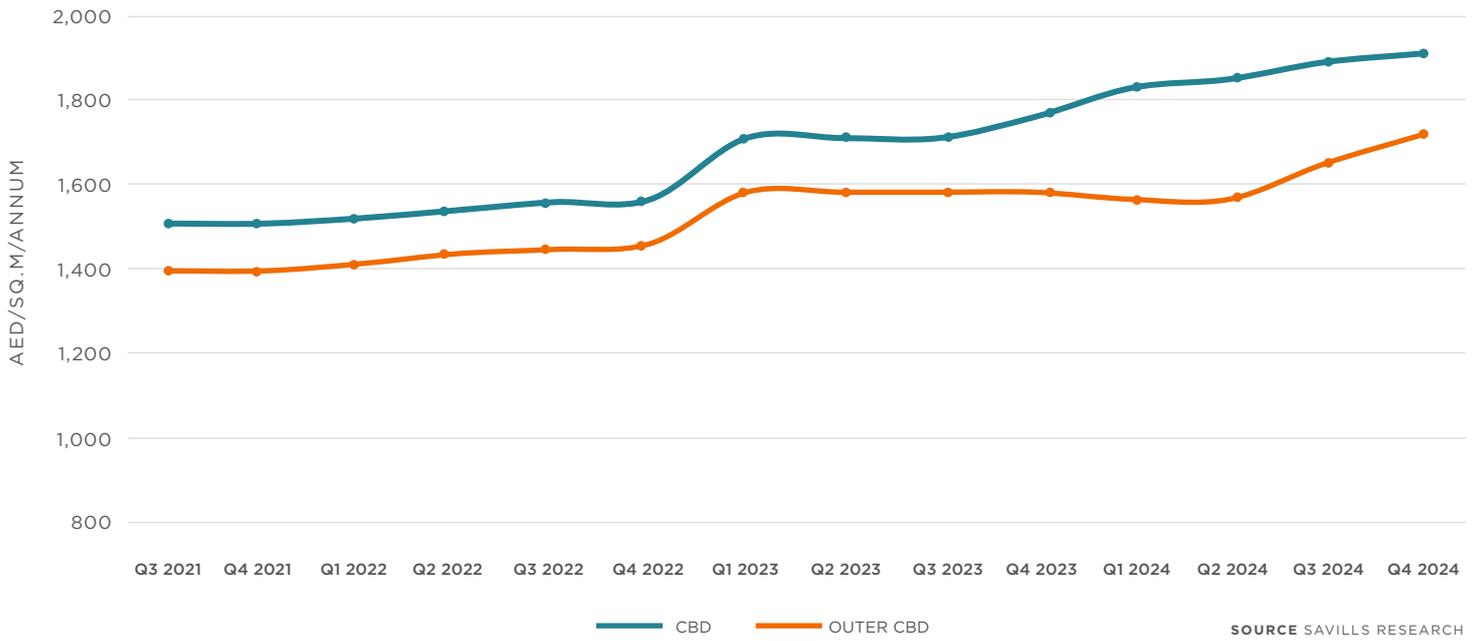
OUTLOOK

Looking ahead, HNWIs and family offices are increasingly considering Abu Dhabi as a destination due to its dynamic business ecosystem, the presence of influential sovereign wealth funds investing across diverse sectors, and the emirate's ongoing infrastructure and lifestyle enhancements. The combination of a business-friendly environment, world-class transparency, and

robust governance standards continues to drive demand for commercial office spaces. With strong pre-commitment levels reported by leading developers such as Aldar and Mubadala, the office sector is poised for sustained growth. However, the limited availability of high-quality Grade A spaces is expected to maintain upward pressure on rental rates throughout 2025.

Abu Dhabi Office Market 2024

GRADE A RENTAL TREND -2024

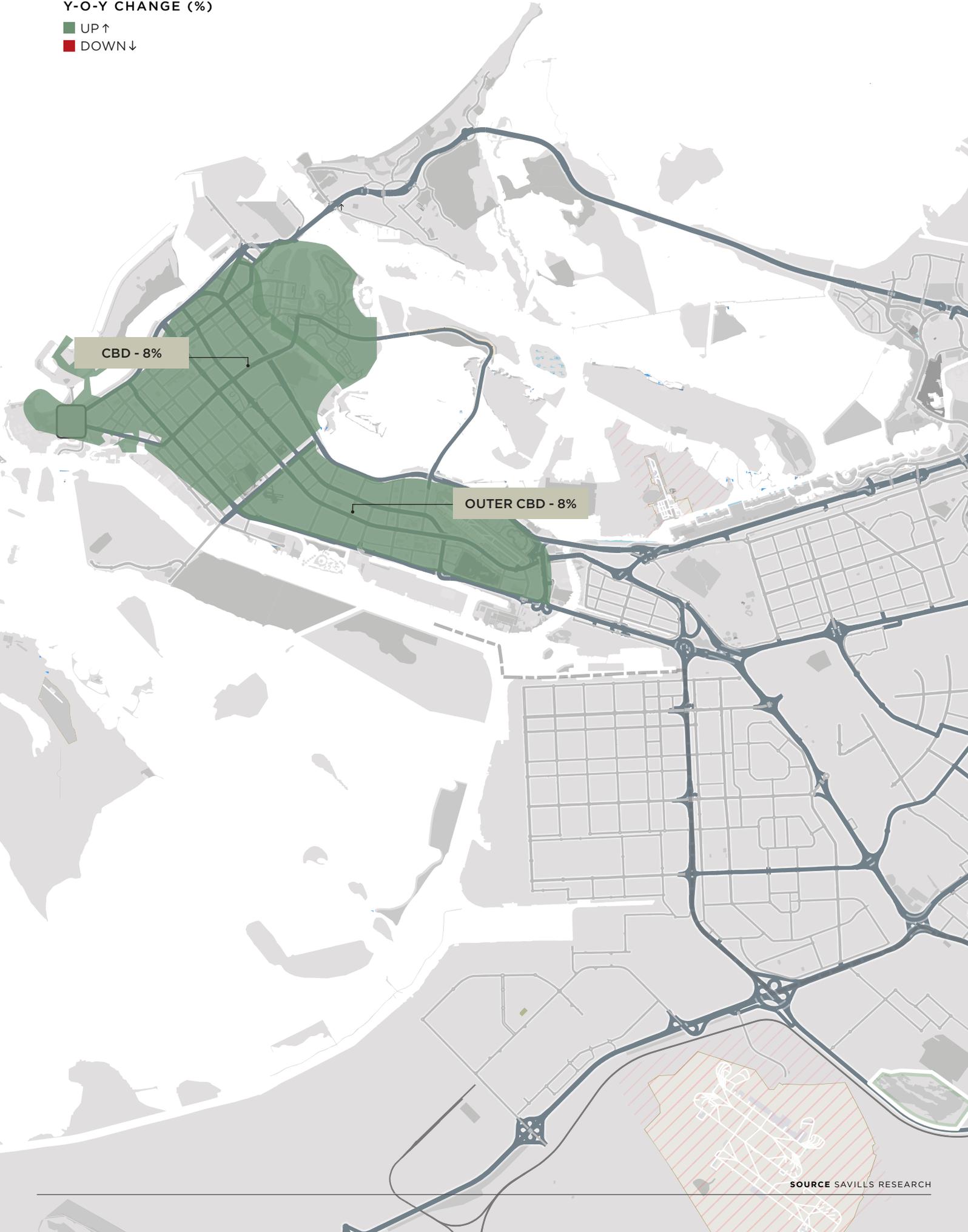


ABU DHABI MAP WITH PRICE INDICATORS

Q4 2024 - YOY

Y-O-Y CHANGE (%)

- UP ↑
- DOWN ↓



Abu Dhabi Industrial Market

2024 has been a strong year for Abu Dhabi's industrial and logistics sector. Constrained supply and strong demand have driven rental increases across all the submarkets we track.



INFRASTRUCTURE AND POLICY

Abu Dhabi's industrial sector has continued to thrive, supported by strategic initiatives, investments, and a commitment to technological advancement. The opening of Etihad Rail and CMA Terminals Khalifa Port as well as Government programmes,

including the Industrial Sector Strategy and the 'Make it in the Emirates' initiative, are all contributing towards plans to double the size of the Industrial Sector to AED 172 billion by 2031.

ECONOMIC DRIVERS

According to the latest report from Statistics Centre – Abu Dhabi (SCAD), Abu Dhabi's economy grew by 4.5% in the third quarter of 2024 compared to the same period last year, achieving its highest quarterly value of AED 301.8 billion. The non-oil economy demonstrated robust growth of 6.6%. Preliminary estimates released by SCAD indicate that non-oil activities contributed 54% to the overall economy in Q3 2024, highlighting the diversification of the Emirate's economy.

This builds on strong growth in H1 of 2024 with Abu Dhabi's GDP growing 3.9% overall in the first three quarters of 2024 (January to September), while its non-oil economy recorded a 5.9% increase in the same period.

The non-oil sector's expansion continues to fuel the need for industrial and logistics/warehousing space in Abu Dhabi.

NOTABLE DEVELOPMENTS

Warehouse and logistics development has been strong in 2024.



KEZAD commenced the development of over 250,000 sqm, due for completion in Q4 2025



Aldar announced a 33,000 sqm expansion of Abu Dhabi Business Hub (ADBH)

In H2 2024, two large-scale logistics projects were announced in Al Falah. Strategically located east of Zayed International Airport, between the E11 and E311 highways, it forms part of Abu Dhabi Airports Freezone (ADAFZ).



The area extends over 8.3 sq km and is emerging as a new logistics hub for Abu Dhabi.



September 2024 – Mubadala and Aldar announced plans to develop a AED 5 billion Grade A Industrial and Logistics Park with a gross floor area of 1.2 million sqm.



October 2024 – ADAFZ and Radius announced plans to develop a AED 320 million warehouse facility delivering over 90,000 sqm of light-industrial space by Q4 2026.

ACTIVE SECTORS

There remains strong demand for the development of a range of logistics facilities, including supply chain and fulfilment warehouses to last-mile centres at both single tenanted facilities

and larger scale logistics parks. Demand is primarily driven by third-party logistics (3PL), e-commerce and retail.

RENTAL GROWTH

The appetite for high-quality assets, increased leasing activity and a strong pipeline of enquiries have propelled rental growth across all submarkets. While H1 saw relatively stable rents, H2 experienced a marked increase. On average market rates have

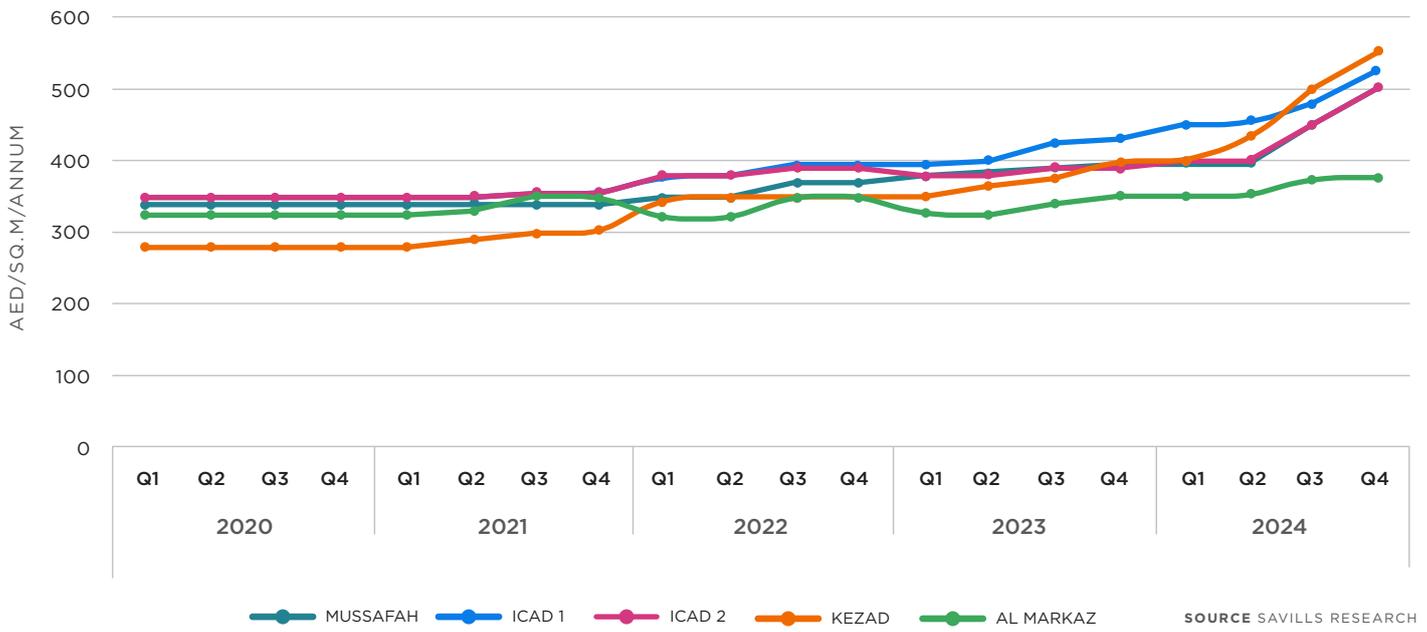
risen 25% y-o-y with KEZAD increasing 38% y-o-y. Mussafah, ICAD and KEZAD have all reached or exceeded the AED 500 per sqm marker.

OUTLOOK

As occupier's requirements evolve, the industrial and logistics sector continues to mature. While the existing pipeline will ease some supply constraints, demand for specialised and standalone

facilities is expected to increase. The continued expansion of e-commerce and logistics operations is likely to underpin further demand for warehouse space, leading to ongoing rental growth.

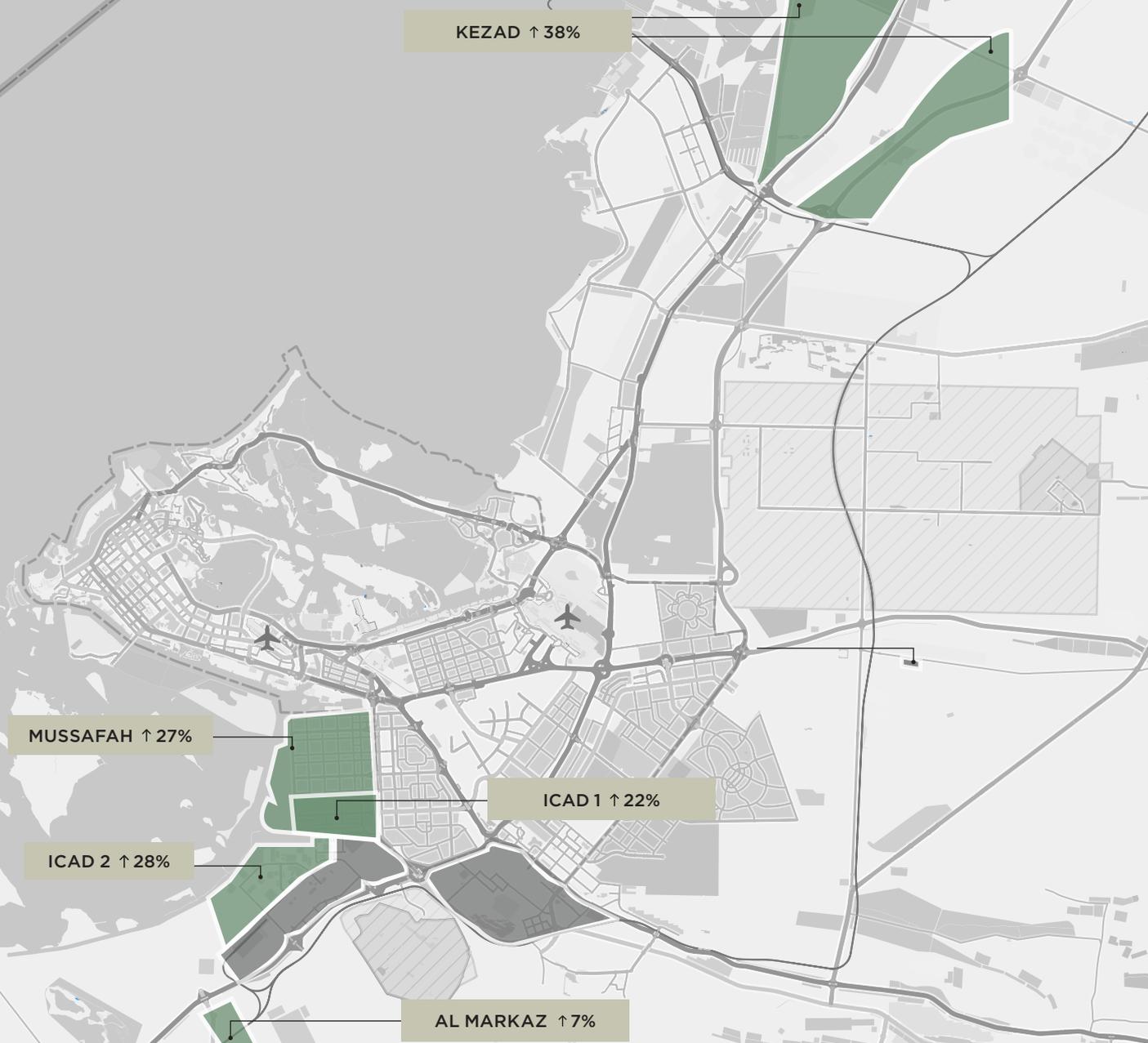
ABU DHABI INDUSTRIAL RENTS - Q4 2024



ABU DHABI INDUSTRIAL MAP WITH RENTAL INDICATORS Q4 2024 - YOY

Y-O-Y CHANGE (%)

■ UP↑





Working alongside investors, developers, operators and owners, we inject market insight and provide evidence-based advice at every stage of an asset's lifecycle. We have unrivalled reach across the Middle East with extensive market experience in UAE, Bahrain, Oman, Egypt and KSA.

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