



# UAE VALUATION & ADVISORY

**Q3 2018** NEWSLETTER



“ In 2017,  
the capital value of  
land and buildings  
valued by Knight Frank,  
exceeded  
US\$1.6 trillion  
globally ”

## VALUATION FOR FINANCIAL REPORTING

As the end of the year is quickly approaching, shouldn't you be planning for your year-end audit?

### WHO?

Typically, anyone submitting financial statements where **Real Estate** assets are held on the **balance sheet** will require valuations for financial reporting.

### WHAT?

Valuations that are included in financial statements require additional care and must **comply** with the necessary **reporting standards**, such as **IFRS** (International Financial Reporting Standards).

Where IFRS are adopted, the basis of value will be “**Fair Value**” and IFRS 13 Fair Value Measurement is likely to be applicable. There are other financial reporting standards; however, IFRS are **widely** adopted.

### HOW?

Financial reporting can be, and often is, subject to a number of **specific** requirements. **Compliance** with these requirements is **mandatory** and should be undertaken with care and understanding. An example would be **IFRS 13** “IFRS 13 defines Fair Value, sets out a framework for measuring Fair Value and requires disclosures about Fair Value measurements.” See [IFRS.org](http://IFRS.org).

### HOW CAN KNIGHT FRANK ASSIST?

**Knight Frank's** valuation team can assist you with your financial reporting valuations,

as one of the leading valuation providers in the region, we have experience in completing financial reporting valuations for a wide range of clients.

Our **experienced** and **knowledgeable** team take the time to listen and understand **your requirements** to provide you with an **accurate** and **compliant valuation**.

*For more information, please contact:*

#### Abu Dhabi

*Felicity Davey-Faun, MRICS*

*Manager*

*+971 50 6134 450*

*felicity.davey-faun@me.knightfrank.com*

#### Dubai & Northern Emirates

*Jonathan Jeffrey, MRICS*

*Associate Partner*

*+971 56 1100 251*

*jonathan.jeffrey@me.knightfrank.com*



## IN FOCUS: H1 INDUSTRIAL

- Demand for Grade A stock remains strong with the lack of supply of such stock providing support for rents
- Grade B stock in Abu Dhabi and Dubai have seen the most significant fall in achieved rents over the course of the 12 months to H1 2018
- KIZAD and AI Markaz remain resilient, although rents have softened in these areas over the last year
- **Demand** – year to date, the majority of interest has been from Industrial Manufacturing General Services, Aviation, SME's and IT/Technology firms
- **Supply** – a reasonable proportion of the existing stock does not meet client requirements due to constant and continually changing specifications

FIGURE 1  
Average Abu Dhabi Industrial Rents (AED per sq m, per annum)

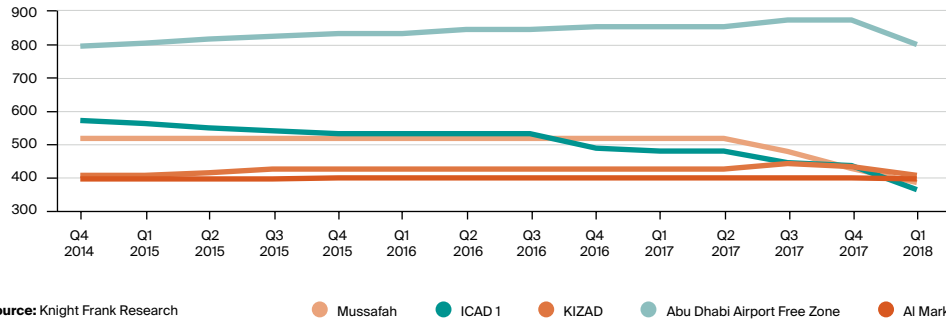
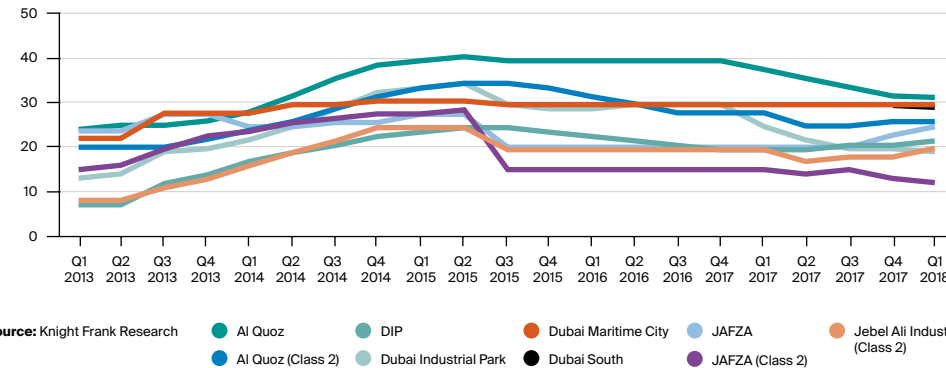
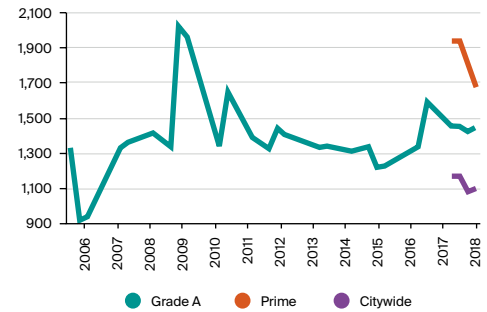


FIGURE 2  
Average Dubai Industrial Rents (AED per sq ft, per annum)



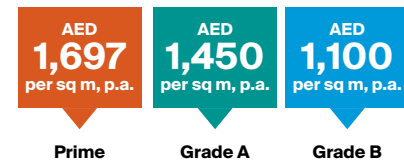
## IN FOCUS: H1 COMMERCIAL

FIGURE 3  
Abu Dhabi Commercial Rents (AED per sq m, per annum)



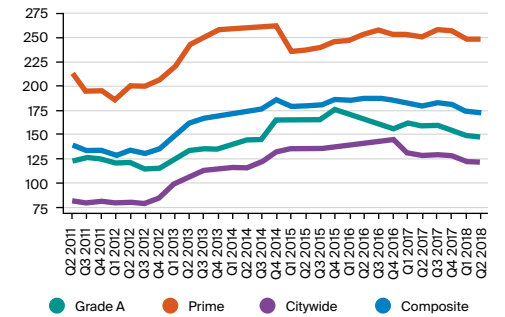
Source: Knight Frank Research

FIGURE 5  
Abu Dhabi Commercial Rents



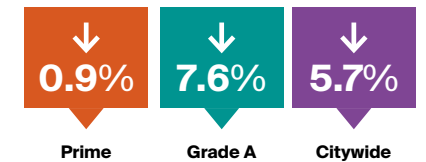
Source: Knight Frank Research

FIGURE 4  
Dubai Commercial Rents (AED per sq ft, per annum)



Source: Knight Frank Research

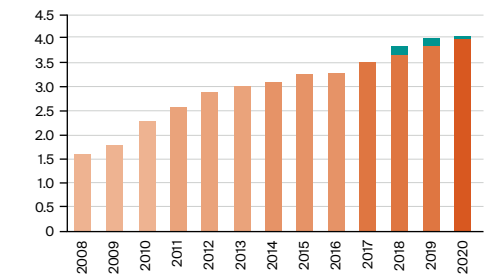
FIGURE 6  
Dubai Commercial Rent Changes\*



Source: Knight Frank Research

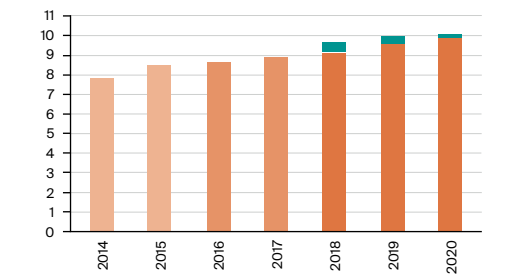
\*In the year to Q2 2018

FIGURE 7  
Abu Dhabi Commercial Supply (millions, sq m)



Source: Knight Frank Research

FIGURE 8  
Dubai Commercial Supply (millions, sq ft)

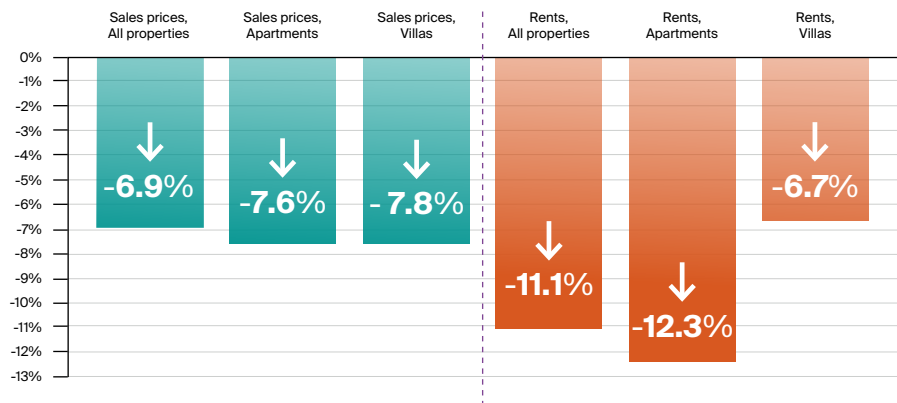


Source: Knight Frank Research

Source: Knight Frank Research

## IN FOCUS: H1 RESIDENTIAL

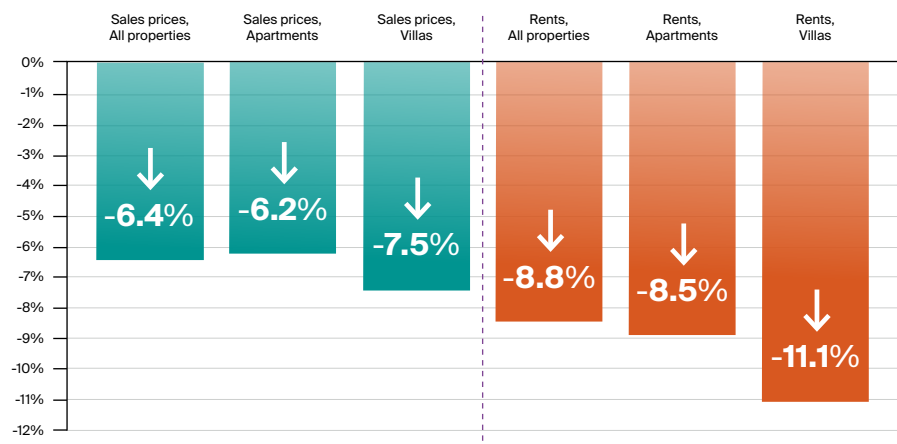
FIGURE 9  
Abu Dhabi Residential Performance



Source: Knight Frank Research; Property Monitor

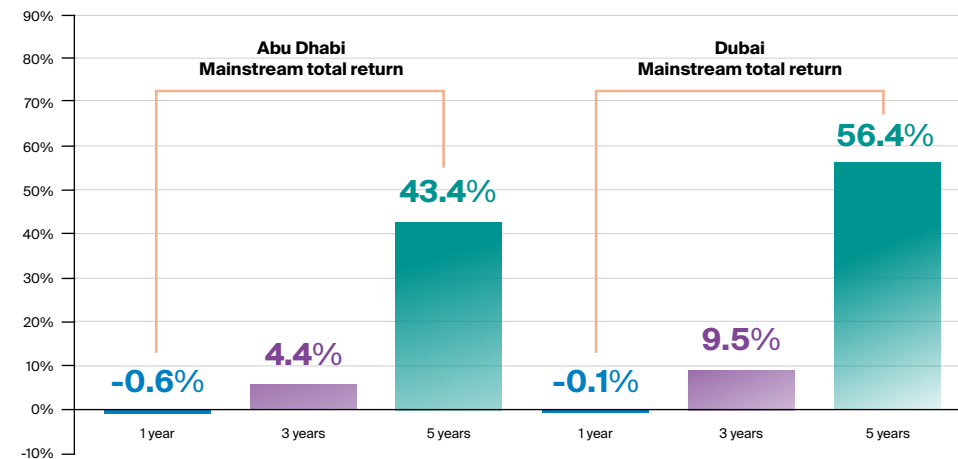
The data in Figures 9 & 10 represents the change in the market in the year to Q2 2018.

FIGURE 10  
Dubai Residential Performance



Source: Knight Frank Research, Property Monitor

FIGURE 11  
Abu Dhabi and Dubai Total Returns to Q2 2018



Source: Knight Frank Research

- The above graph looks at gross total returns over a 1, 3 and 5 year period to Q2 2018
- The calculations considered the changes in capital values, yields and rental amounts over those time frames
- As an example if an investor had invested in Dubai property 5 years ago and rented the property, their total return would be 56.4%

## VALUATION & ADVISORY

**Stephen Flanagan, MRICS**

Partner

+971 50 8133 402

stephen.flanagan@me.knightfrank.com

**Felicity Davey-Faun, MRICS**

Manager

+971 50 6134 450

felicity.davey-Faun@me.knightfrank.com

## EDUCATION & HEALTHCARE

**Shehzad Jamal**

Partner

+971 56 4101 298

shehzad.jamal@me.knightfrank.com

## HOSPITALITY & LEISURE

**Ali Manzoor**

Partner

+971 56 4202 314

ali.manzoor@me.knightfrank.com

## RESEARCH

**Taimur Khan**

Research Manager

+971 56 4202 312

taimur.khan@knightfrank.com

## RESEARCH AND VALUATION PUBLICATIONS



Education



Healthcare



Global Valuations



Hospitality Valuations



### Important Notice

© Knight Frank 2018 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank to the form and content within which it appears.

Knight Frank Middle East Limited (Dubai Branch): Prime Star International Real Estate Brokers (PSIREB RERA ORN: 11964 trading as Knight Frank with registration number 653414. Our registered office is: 5th Floor, Building 2, Emaar Business Park, PO Box 487207, Dubai, UAE.

Knight Frank Middle East Limited (Abu Dhabi Branch) is a foreign branch, with registration number 1189910. Our registered office is Unit 103, West Tower, Abu Dhabi Trade Center, Abu Dhabi, PO Box 105374, Abu Dhabi, UAE.

Knight Frank Research Reports are available at [KnightFrank.com/Research](https://www.knightfrank.com/research)