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1. The outlook & the opportunity
2. The Gulf’s urban hotspots
3. Occupier services in the Gulf
Knight Frank has transacted in all GCC countries in the last 12 months and has advised in 39 African countries and successfully concluded 190 transactions across 3.8 m sq ft throughout Africa, the Middle East and India.
The outlook & the opportunity
A sustained increase in oil prices over the past two years has driven an economic recovery in the Gulf Cooperation Council (GCC) countries, but government-led reforms need to continue to keep up the momentum

World Bank, Gulf Economic Monitor
The opportunity in the Gulf

By 2020, the GCC will grow in importance as an economic and trading hub as it still provides one quarter of the world’s oil.

Emerging markets will become important trading partners of the GCC and primary destination of investments. Gulf assets are likely to be diversified through Asia and The Gulf.

Closer political and economic integration between GCC countries is likely to expand. A single currency, a single central bank and a greater harmonisation of legal and regulatory environments are all expected to take place in the GCC. However, economic integration will depend on good political relations but will take importance over political integration.

By 2020, the US is likely to remain the key foreign ally particularly in terms of security. It is however still not clear what security role emerging powers will play in the region.

Water scarcity and high costs of local agriculture will increase food imports in the GCC region. Investment in this sector is expected to grow and provide greater food security for each sovereign state. It is projected that food imports will more than double from US$24bn in 2008 to US$49bn by 2020.

The GCC’s focus on manufacturing and production of hydrocarbons will rise by 2020. GCC nations will aim to turn more of their oil into refined products or petrochemicals, and to use their oil and gas resources for industries that will add more value and provide more jobs.

The dependency of the GCC on foreign labour will remain by 2020 despite efforts to encourage the employment of nationals. The GCC’s labour market is expected to change at a very low level as there is a high dependency on low-cost expatriate labour. GCC education systems and promotion of labour participation is at an early stage of development, but is growing rapidly across the region. Therefore, the region still encourages employers to recruit expatriate workers, the GCC’s large-scale imports of labour and exports of remittances will remain one key factor of exchange with the rest of the world.

Source: The GCC in 2020, Economist Intelligence Unit
Occupier trends affecting the Gulf

Oil prices and the ripple effect

Oil trade

Investment in sustainable energy will grow in importance. Being highly oil dependent economies, GCC occupiers have been deeply affected by oil price declines of around 60%, affecting multi-sector profitability, recruitment and development.

Economic diversification

All GCC countries are actively trying to diversify their economies, investing heavily in non-oil reliant sectors such as logistics, tourism, energy, financial services, healthcare, and manufacturing. They will need to focus on their strengths to grow and develop their economies.

Economic interconnectedness

The GCC economy seeks to establish a single currency and a local trade market independent of oil by 2050.

Liquidity and solvency

The GCC banking system is well capitalised but faces liquidity pressures related to Government deficit financing and deterioration of asset quality related to lower economic activity.

Market consolidation

Roughly 50 banks in the UAE fiercely compete for only 9 million people. This means that the room for meaningful growth for these banks is very limited. Market consolidation is one way of addressing this situation.

Legal systems

The GCC economies aim to establish corporate governance systems allowing fast decision-making in line with countries’ objectives, specifically private sector growth.

Development pipelines

Large scale multi-sector developments have become prevalent throughout the GCC, where master planned community developments have proved very successful as micro-economies.

Demographics

Large portions of immigrant labour, both skilled and unskilled, has created diverse hubs of people.
The Gulf’s urban hotspots
Locations

In this section we have profiled the following locations:

- Doha, Qatar
- Abu Dhabi, UAE
- Dubai, UAE
- Muscat, Oman
- Riyadh, Saudi Arabia
- Kuwait City, Kuwait
- Manama, Bahrain
- Jeddah, Saudi Arabia
- Abu Dhabi, UAE
- Muscat, Oman
Bahrain

Office rents across the Kingdom’s key submarkets remained largely unchanged throughout 2018. The limited activity in Bahrain’s commercial market continues to be largely driven by internal relocation activity. The market has already seen concessions made on lease terms and we expect this trend to intensify. There has been a concerted move to offer greater flexibility around lease terms, whilst also offering smaller amounts of office space.

Bahrain’s GDP growth rate is expected to slow in 2018 to 2.6% from 3.5% in 2017. The fall in oil prices since 2014 has had a particularly adverse impact on Bahrain’s economy due to its impact on government revenues, however despite this, the government has maintained an expansionary fiscal stance which in turn has led to an accumulation of fiscal deficits.

However, governments of Kuwait, Saudi Arabia and the UAE have stepped in to provide a US$10bn aid package in late 2018. Whilst the decline in oil prices from 2014 highs have been a strong headwind for the economy (Hydrocarbons account for almost half of GDP), Kuwait has been able to deal with this from a position of strength given its large fiscal buffers and low levels of debt. Despite this we have seen a weakened fiscal position develop with a growing need for external financing, particularly as implementation of VAT has been delayed to 2021, therefore there is a clear requirement for an accelerated fiscal reform package alongside the five year development plan which looks to diversify economic activity.

With the introduction of VAT and Bahrain’s ambitions plans to grow the non-oil economy we expect to see the pressure sizeable budget deficit by 2022.

The money will support a new fiscal balance program announced on the same day and is designed to eliminate the country’s government has maintained an expansionary fiscal stance which in turn has led to an accumulation of fiscal deficits.

With the introduction of VAT and Bahrain’s ambitions plans to grow the non-oil economy we expect to see the pressure sizeable budget deficit by 2022.

Key facts

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manama</td>
<td>Arabic, English</td>
<td>2.6%</td>
<td>Bahraini Dinar (BHD)</td>
</tr>
</tbody>
</table>

Kuwait

Whilst the decline in oil prices from 2014 highs have been a strong headwind for the economy (Hydrocarbons account for almost half of GDP), Kuwait has been able to deal with this from a position of strength given its large fiscal buffers and low levels of debt. Despite this we have seen a weakened fiscal position develop with a growing need for external financing, particularly as implementation of VAT has been delayed to 2021, therefore there is a clear requirement for an accelerated fiscal reform package alongside the five year development plan which looks to diversify economic activity.

Higher oil prices have supported GDP growth over the last year with 2018 GDP growth expected to register at 2.4% up from -3.5% in 2017. While forecast show that GDP growth is expected to strengthen to 4.6% in 2019 on the back of these higher oil prices and implementation of capital expenditures, we note that given the recent decision to reduce oil product from OPEC we may not see the full forecast growth rate come to fruition.

Costs are highly variable depending on location and accessibility but prime space is likely to remain stable going forward.

Key facts

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<thead>
<tr>
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<tbody>
<tr>
<td>Kuwait</td>
<td>Arabic, English</td>
<td>3.4%</td>
<td>Kuwaiti Dinar (KWD)</td>
</tr>
</tbody>
</table>
Oman

Oman’s GDP growth rate in 2018 is expected to register at 3.6% up from 0.2% in 2017. The country’s economy continues to be in a fragile state with the level of public debt rapidly rising over recent years and the country increasingly resorting to external markets to finance this debt. However, in 2017 and 2018 due to an increase in government revenues, we have also seen the fiscal situation begin to improve.

More so, given higher oil prices and the fact that Oman continues to benefit from sanctions on Qatar, acting as a conduit for exports to Qatar, we expect GDP to strengthen in 2019, albeit at a slower rate compared to 2018.

There has been minimal activity in the commercial market in Oman. Many corporates are adopting a wait and see approach when it comes to expansion plans, and are weary of rising costs, taxation, changes in visa regulations for expats and general operating overheads combined with reduced income projections.

The longer term scenario may be more optimistic as a result of the drive for economic diversification which could lead to new company start-ups and space absorption.

The market is generally tenant favourable as they are likely to be able to secure lease reductions as landlords seek to retain occupiers and avoid what could be significant re-letting void periods.

**Lease terms**

<table>
<thead>
<tr>
<th>Rents quoted</th>
<th>Typical lease lengths</th>
<th>Frequency of rent payments</th>
<th>Basis of rent reviews</th>
<th>Break options</th>
<th>Ability to assign lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>QAR/sq m/month</td>
<td>3 years</td>
<td>Quarterly - in advance</td>
<td>Annually</td>
<td>1-3 months notice and only if tenant leaves Qatar</td>
<td>Not common in the market</td>
</tr>
</tbody>
</table>

**Occupational costs**

<table>
<thead>
<tr>
<th>Service charges</th>
<th>Utilities</th>
<th>Relevant local taxes payable</th>
<th>Internal repairs</th>
<th>External repairs</th>
<th>Building insurance</th>
<th>Reinstatement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid by tenant</td>
<td>Leased within service charge</td>
<td>Landlord responsible</td>
<td>Varies by building</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transaction costs**

<table>
<thead>
<tr>
<th>Agency fees: new lease</th>
<th>Agency fees: renewal</th>
<th>Agency fees: sublease</th>
<th>Legal fees</th>
<th>Are other fees payable on leases?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiable, depending on landlord</td>
<td>Negotiable</td>
<td>Negotiable</td>
<td>Each party is responsible for their own legal fees</td>
<td>Landlord responsible for lease registration fees</td>
</tr>
</tbody>
</table>

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Qatar

As a result of Qatar’s rift with some GCC nations, including Saudi Arabia, Bahrain and the UAE, economic activity was impacted in late 2016 and for parts of 2017, however, due to its large financial buffers the impact of sanctions have not been too severe. Initial estimates show that Qatar’s GDP has grown by 2.7% in 2018, up from 16% in 2017. Looking ahead, GDP growth in 2019 is expected to increase to 3.3% on the back of continued infrastructure spending on the 2022 FIFA World Cup and also increased gas output.

Despite the rebound in economic growth, leasing activity has been fairly limited with the majority of leasing activity has been limited to existing occupiers relocations. Where new occupiers are entering the market, the space demanded tends to be a significant amount lower compared to that demand from those relocating.

In addition to unfavourable economic conditions, the market is seeing an oversupply of office space. A number of new buildings in Lusail and the Qatar Petroleum District are scheduled for completion over the next 12 months, adding almost 300,000 square metres of office GLA, which will weigh down the market recovery.

Locations including West Bay currently command an average of c. QAR 1,500 to QAR 2,000 per square metre per annum depending on fit-out and size requirements. More, given the adverse market conditions rent-free periods are now more common place.

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</tr>
</thead>
<tbody>
<tr>
<td>Paid by tenant</td>
<td>Paid by tenant</td>
<td>7% of the total rental value per annum</td>
<td>Landlord responsibility</td>
<td>Landlord responsibility</td>
<td>Landlord responsibility</td>
<td>Yes</td>
</tr>
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<tbody>
<tr>
<td>Tenants</td>
<td>Tenants</td>
<td>Negotiable</td>
<td>Each party is responsible for their own legal fees</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Saudi Arabia market overview

Following a deceleration in 2017, Saudi Arabia’s GDP growth started recovering in the first quarter of 2018. It is estimated to have reached 2.1% in 2018 according to Oxford Economics estimates and is set to further accelerate, reaching 3% in 2019. The return to growth has been underpinned by a combination of favourable factors including the rebound in oil prices, a gradual acceleration in the growth of the non-oil economy and the government’s shift away from a tight fiscal policy as highlighted by the large budgeted expenditures for 2018 and 2019. GDP growth is expected to remain on a positive trajectory in the medium term, averaging 3% over the next five years.

Whilst there have been a number of notable commercial office transactions throughout 2018, as key occupiers both from the public and private sector look to expand or move to upgraded premises, the market continues to be dominated by a lack of Grade A stock and a large supply pipeline. In terms of performance, market wide rents and occupancy levels have been under pressure since 2016, with the trend continuing into 2018 amid increasing levels of supply and subdued occupier demand. Key prime schemes continued to perform better than the market average as a result of a lack of high quality stock. However as new schemes are released into the market this trend is unlikely to persist over the long term.

Although we have seen an improvement in business sentiment in 2018, we believe that any increase in demand will remain subdued in the short term, with rents and occupancy likely to remain under pressure as increased demand will be met with new supply. Vacancy rates can therefore, be expected to rise, placing downward pressure on rents. In this context, we expect landlords to continue offering incentives in order to maintain occupancy levels amid an increasingly competitive market.

Longer term, we see demand for office space picking up from current levels as economic reforms under the National Transformation Plan (NTP) and Vision 2030 start feeding through the wider economy, translating into an acceleration of growth in the non-oil private sector. Moreover, the implementation of various urban regeneration initiatives including mixed-use communities and large-scale infrastructure projects, is expected to act as a catalyst for the real estate market. Furthermore, it is expected that the planned wave of privatisation will boost investment and foster growth in the business environment, creating favourable conditions for the office sector.

Riyadh, KSA

Riyadh’s GDP regained momentum in 2018 reaching 2.7% for the full year according to Oxford Economics estimates after falling to 0.7% in 2017. GDP growth is expected to accelerate reaching 3.8% in 2019 and 2020. The recovery in economic growth is being triggered by higher oil prices compared to previous years and an expansionary government budget for 2018 and 2019. OPEC’s yearly basket price reached an average of USD 70 in 2018 after falling to its lowest point in a decade in 2016 averaging USD 41.

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GDP growth is expected to regain some momentum in 2019 reaching 2.1% after remaining subdued in 2018 (-0.1%) due to the rising pressures on the expat labour market resulting from the ramp up in government fees and Saudization plans.

Whilst 2018 has seen a number of high profile occupiers expanding or moving to upgraded premises, market wide demand has remained subdued over the past 12 months. This market sentiment has mainly been driven by the slowdown in the economy throughout 2017. Improved economic data throughout 2018 has yet to result in an increase in demand for office accommodation across the city.

Lack of Grade A space continues to underpin rents and occupancy levels in this segment. To this end, good quality schemes such as Kingdom Tower, Faisaliah Tower and Business Gate maintain high occupancy rates, a trend that we see continuing in the short to medium term until King Abdullah Financial District (KAFD) hands over meaningful levels of stock which is estimated to be in Phase 2 post 2021.

In the short to medium term, we expect rental rates of Grade A stock to remain underpinned by supply shortages while the Grade B segment will continue to see declines in rental rates as stock becomes more dated and demand for Grade B space weakens considerably as occupiers look to upgrade their premises amid increasingly tenant friendly market dynamics. Looking ahead, we see a two-tiered market developing where buildings situated in better locations with attractive facilities and strong lease distances continue to perform better than the market average as a result of a lack of high quality stock. However as new schemes are released into the market this trend is unlikely to persist over the long term.

Longer term, we see demand for office space picking up from current levels as economic reforms under the National Transformation Plan (NTP) and Vision 2030 start feeding through the wider economy, translating into an acceleration of growth in the non-oil private sector. Moreover, the implementation of various urban regeneration initiatives including mixed-use communities and large-scale infrastructure projects, is expected to act as a catalyst for the real estate market. Furthermore, it is expected that the planned wave of privatisation will boost investment and foster growth in the business environment, creating favourable conditions for the office sector.

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<tr>
<td>SAR/ sq. m/ annum</td>
<td>3 years</td>
<td>Annually in advance</td>
<td>To open market at end of term</td>
<td>Break clauses are not common, except for longer leases</td>
<td>Subletting permissible with landlord’s consent</td>
</tr>
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Occupational costs

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<tr>
<th>Service charges</th>
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<tr>
<td>15% to 20%</td>
<td>Tenant pays for all utilities consumed</td>
<td>No VAT on rents, (Urban Property Tax to be applied in dual course)</td>
<td>Tenant responsible</td>
<td>Landlord responsible</td>
<td>Landlord responsible</td>
<td>Yes</td>
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Transaction fees

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<td>Paid by tenant</td>
<td>Landlord and tenant pay their own fees</td>
<td>No</td>
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Jeddah, KSA

Jeddah’s GDP regained momentum in 2018 reaching 2.6% for the full year according to Oxford Economics estimates after falling to 0.5% in 2017. GDP growth is expected to further accelerate, reaching 3.7% in 2019 and further strengthening to 3.9% in 2020. The recovery in economic growth is being triggered by higher oil prices compared to previous years and an expansionary government budget for 2018 and 2019. OPEC’s yearly basket price reached an average of USD 70 in 2018 after falling to its lowest point in a decade in 2016 averaging USD 41.

Employment growth is expected to regain some momentum in 2019 reaching 1.9% after witnessing a 0.4% decline in 2018, due to the rising pressures on the expat labour market resulting from the ramp-up in government fees and Saudization plans.

Demand for office space has remained subdued since 2017 due to economic conditions. Office demand across the city has been focused on smaller offices as companies look to downsize their office space and avoid capital expenditure on customized fit out options. We expect this trend to continue in the short term until we start seeing a substantial improvement in business conditions and as the reforms set out in Vision 2030 and the NTP feed through into the wider economic system.

On the supply side, Jeddah continues to lack a well-defined CBD. Looking ahead, there is a large amount of potential office space that could be released to the market, the majority of which is Grade A (60%-70%), while an additional 30% of stock is set to come online in smaller projects along major arterial routes such as King Abdulaziz Road and Prince Sultan Road. A key prime scheme in the pipeline is Jeddah Gate, a masterplan development by Emaar located on two sites along King Abdullah Street and Abdullah Al Sulaiman Street.

While a few select Grade A buildings continue to perform above market average, rents and occupancy rates are likely to soften further in the short term as supply outstrips demand for the foreseeable future. Schemes which have good floor plates will have the potential to outperform the rest of the market.

Lease terms

Rents quoted  Typical lease lengths  Frequency of rent payments  Basis of rent reviews  Break options  Ability to assign lease
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SAR/minimum  3 years  Annually in advance  To open market at end of term  Break clauses are not common, except for older basic leases.  Subleasing permissible, with landlord’s consent

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<td>15% to 20%</td>
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<td>No VAT on rents. Urban Property Tax to be applied in due course</td>
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Dubai, UAE

Initial estimates show that Dubai’s GDP growth rate has remained flat in 2018, down from the 2.8% registered in 2017. A range of stimulus packages and easing of business regulations is likely to support GDP growth in 2019, where GDP is expected to increase by 3.6% and strengthen further to 4.2% in 2020. Employment growth is expected to register a growth rate of 2.7% in 2018; however the rate of growth is expected to fall in 2019 to 1.5%. The Central Bank of the UAE estimates that Dubai created 45,900 jobs in the first three quarters of 2018. Dubai's office market continues to see performance softening as a result of subdued market activity which has led to the market remaining tenant favourable. In 2018, we have seen limited activity from new corporate occupiers, this is despite new business licence issuance increasing by 10.4% in 2018, however cancellations have also increased by 12.8% in 2018 according to data from Dubai Statistics Centre. The primary source of activity has come from firms looking to consolidate their commercial real estate portfolios or occupiers looking to downsize. On a positive note, these market conditions do provide opportunity for occupiers looking to take advantage of softer market conditions and as a result of this activity, landlords who actively manage their assets have fared better.

The short to medium term outlook for Dubai’s commercial market remains negative with rents expected to continue to decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments.

Whilst demand in 2018 was subdued, we believe that demand is likely to tick up over the short term to medium term from new corporate occupiers, this is despite new business licence issuance increasing by 10.4% in 2018, however cancellations have also increased by 12.8% in 2018 according to data from Dubai Statistics Centre. The primary source of activity has come from firms looking to consolidate their commercial real estate portfolios or occupiers looking to downsize. On a positive note, these market conditions do provide opportunity for occupiers looking to take advantage of softer market conditions and as a result of this activity, landlords who actively manage their assets have fared better.

In the short to medium term we expect that market conditions in Abu Dhabi’s office sector will remain challenging with rental rates continuing to fall. However, we expect that the rate of decline is likely to start to moderate, particularly in the Prime and Grade A segments. Knight Frank’s view is based on limited levels of supply due to enter the market in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments. This trend is likely to be primarily driven by the delivery of additional supply which we expect to total at over 400,000 square metres by the end of 2019. However, the vast majority of this supply is concentrated in the Grade A and Citywide office market. As a result, we expect that prime market rents are likely to be less impacted by the decline across all market segments.

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Abu Dhabi, UAE

Initial estimates show that Abu Dhabi’s GDP has grown by 6.6% in 2018 on the back of higher oil prices and production and the spill over effect of this increased activity has also underpinned growth in the non-oil sector. GDP is expected to increase by 3.8% in 2019 and strengthen further to 4.8% in 2020. After a relatively strong start to the year in Abu Dhabi’s office market, we have witnessed activity become muted once again over the course of 2018. Whilst there is increased activity from certain sectors in the market, there has been a notable slowdown in demand from the general trading and professional sectors.

Abu Dhabi’s fragile economic backdrop is a likely contributor to this slowdown, as firms are likely to hold off executing many corporate decisions until there is a clearer understanding and implementation of 100% foreign ownership laws and the outcome of proposed mergers in the banking sector.

In the short to medium term we expect that market conditions in Abu Dhabi’s office sector will remain challenging with rental rates continuing to fall. However, we expect that the rate of decline is likely to start to moderate, particularly in the Prime and Grade A segments. Knight Frank’s view is based on limited levels of supply due to enter the market in the Grade A and Prime segments, with the vast majority of the 165,000 square metres of additional supply expected by 2020 being classed as Citywide stock in non-core locations.

More so, a result of renewed activity in the oil sector and the expected benefits of the AED 50bn stimulus packages as well as the easing of regulation, we expect demand to tick up from mid 2019.

Lease terms

<table>
<thead>
<tr>
<th>Rents quoted</th>
<th>Typical lease lengths</th>
<th>Frequency of rent payments</th>
<th>Basis of rent reviews</th>
<th>Break options</th>
<th>Ability to assign lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED/sq ft/anum</td>
<td>1-5 years</td>
<td>Quarterly to annually in advance</td>
<td>The Dubai RERA Rental Calculator is a tightly controlled index based on government data</td>
<td>Break clauses exist for institutional leases</td>
<td>Subletting is permissible, but is not market practice.</td>
</tr>
</tbody>
</table>

Occupational costs

<table>
<thead>
<tr>
<th>Service charges</th>
<th>Utilities</th>
<th>Relevant local taxes payable</th>
<th>Internal repairs</th>
<th>External repairs</th>
<th>Building insurance</th>
<th>Reinstatement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid by tenant, typically 20% of rent, DEWA (Dubai Electricity and Water Authority) in addition to service charge.</td>
<td>registration fee payable.</td>
<td>applicable at 5%</td>
<td>Tenant responsible</td>
<td>Landlord responsible</td>
<td>Yes</td>
<td>EJARI lease registration fee chargeable upon execution of lease, VAT applicable at 5%</td>
</tr>
</tbody>
</table>

Transaction costs

<table>
<thead>
<tr>
<th>Agency fees: new lease</th>
<th>Agency fees: renewal</th>
<th>Agency fees: sublease</th>
<th>Legal fees</th>
<th>Are other fees payable on leases?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid by the party representing each side.</td>
<td>Paid by the party representing each side.</td>
<td>Paid by the tenant</td>
<td>Landlord and tenant pay their own fees</td>
<td>Fees are charged when registering a lease on the national database (legally required)</td>
</tr>
</tbody>
</table>
Occupiers in the Gulf

Knight Frank are positioned to work with you to meet your real estate objectives.

Aligning your estate strategy with your business needs

To develop your strategy, we first understand your business requirements (functional, geographical and operational) and associated challenges. We engage with stakeholders globally and locally to fully understand the current and future requirements. Driving factors for occupiers often range from a top down business strategy, geography or adapting to a different client market. Or they could be about improving space usage, reducing carbon emissions to designing accommodation with occupational flexibility.

Options appraisal

The next stage is to develop options and carry out analysis and evaluation using scenario and financial modelling in order to identify the optimal solution.

- Identifying the quick win opportunities
- Recommends innovative acquisition and disposal strategies
- Sets out long term benefits and productivity benefits
- Provides a detailed projection of costs

Our solutions also take into consideration sustainability, brand protection, reputational risk, and the global strategy of your business.
Knight Frank established a permanent presence in the Middle East in 2008 with an office in the Kingdom of Bahrain. With a growing team of experienced professionals operating across the Middle East from offices in Abu Dhabi, Dubai, and Riyadh. Working with private individuals, developers, investors, banks, corporate occupiers and public sector bodies we provide a range of agency, investment and professional consultancy services which are supported by our dedicated market research teams, executed to the highest standards of quality and integrity.
Risk and success factors

Risk—both real and perceived—is the primary reason more businesses are not flowing into The Gulf. Risk is about uncertainty. If you put a framework around that uncertainty, then you effectively reduce the risk of your project. This means that you can move much more confidently to achieve your project goals. Working with Knight Frank is one way to mitigate risk.

Knight Frank will work with you through the steps to ensure that the risks are identified and managed accordingly.

1. Identify
   You and your team uncover, recognise and describe risks that might affect your project or its outcomes. There are a number of techniques you can use to minimise project risks.

2. Analyse
   Once risks are identified you determine the likelihood and consequence of each risk. You develop an understanding of the nature of the risk and its potential to affect project goals and objectives.

3. Evaluate
   You evaluate or rank the risk by determining the risk magnitude, which is the combination of likelihood and consequence. You make decisions about whether the risk is acceptable or whether it is serious enough to warrant treatment.

4. Treat
   During this step you assess your highest ranked risks and set out a plan to treat or modify these risks to achieve acceptable risk levels. How can you minimize the probability of the negative risks as well as enhancing the opportunities? You create risk mitigation strategies, preventive plans and contingency plans in this step.

5. Monitor
   This is the step where you take your Project Risk Register and use it to monitor, track and review risks.
The annual review and forecast of the UAE real estate market

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کاترینا فرگوسن، MRICS
متعارف با شرکت خانگی کیت فرگوسن، سرمایه‌گذاری و سرمایه‌گذاری در فرآیند توسعه ملی

Active Capital

Reference/Sources: Oxford Economics, Macrobond, United Nations Statistics

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