

A low-angle, upward-looking photograph of a modern glass skyscraper. The image shows a grid of windows reflecting the sky, with some interior lights visible through the glass. The perspective creates a sense of height and architectural scale.

H2 2012 ABU DHABI OFFICES

Market update

HIGHLIGHTS

- Government departments continue to absorb large quantum's of space, as they relocate to new developments outside of downtown Abu Dhabi.
- New mixed use schemes continue to be delivered to the market including Shining Towers and Nation Towers.
- With continued government diversification within the economy, we expect to witness increased activity (actual demand) in the occupier market.
- As new schemes become established and fully occupational with convenience retail and amenities we expect to see the flight to quality to increase more rapidly.

H2 2012

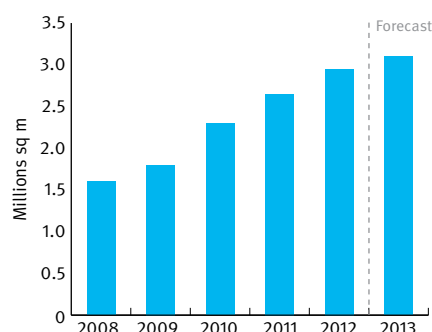
ABU DHABI OFFICES

Market update

Market comment

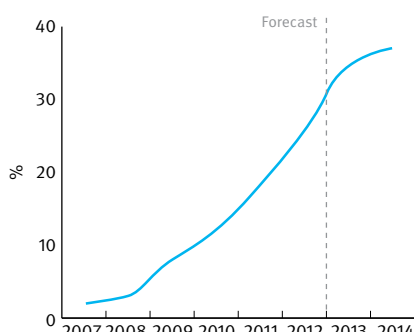
- The market has not witnessed any major increase in demand from international occupiers opening operations in Abu Dhabi.
- Average absorption by occupiers remains unchanged at 150 – 500 sq m in H2 2012.
- Occupiers continue to relocate to new locations within Abu Dhabi to upgrade accommodation.
- New mixed-use schemes continue to be delivered to the market including Shining Towers and Nation Towers.
- Government departments continue to absorb large quantum's of space, as they relocate to new developments outside of downtown Abu Dhabi.
- Occupiers of smaller space (100 to 250 sq m) have limited options for CAT A offices, especially towards the Grand Mosque.

Figure 1
Abu Dhabi office stock (2008-2013)



Source: Knight Frank

Figure 2
Total vacancy rates



Source: Knight Frank



MARKET VIEW

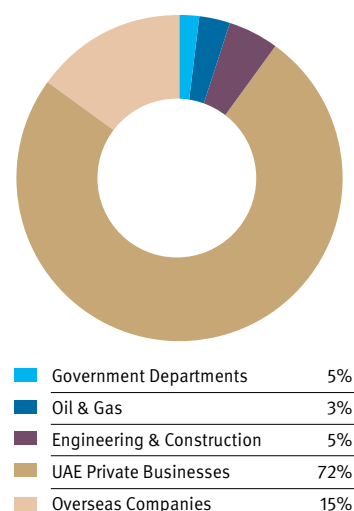
- Lower quality buildings remain the most affected with landlords reducing rents further or providing greater incentives to retain and attract new tenants.
- With continued government diversification within the economy, we expect to witness increased activity (actual demand) in the occupier market.
- Overall rents achieved in the market are expected to decrease marginally as increased stock is delivered.
- Delays in the handover of schemes will slow the actual supply of units to the market.
- As new schemes become established and fully occupational with convenience retail and amenities we expect to see the flight to quality to increase more rapidly.

Figure 3
Key market indicators
To CAT A fit out

	Headline rents	Trending
Prime	AED 1,850	▼
Grade A	AED 1,300	▼
Grade B	AED 950	▼
Availability/vacancy	39%	▲
Average rent free inducement	12%	▲

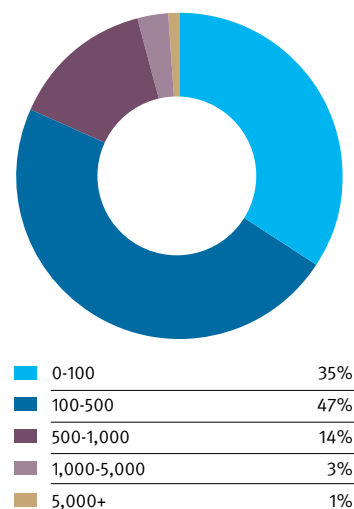
Source: Knight Frank

Figure 4
Current demand by occupier in H2 2012



Source: Knight Frank

Figure 5
Size requirement (sq m) in H2 2012

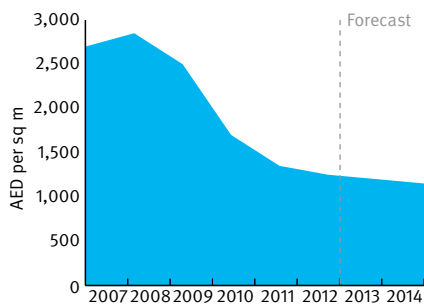


Source: Knight Frank



Figure 6

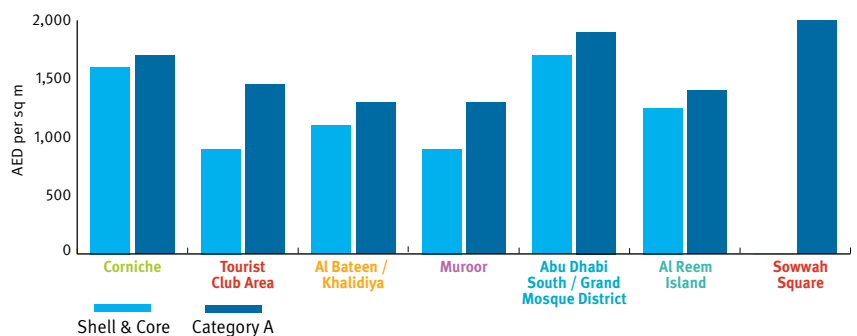
Average rents (per sq m) for shell & core offices in Abu Dhabi



Source: Knight Frank

Figure 7

Indicative headline office rents by district (per sq m)



Source: Knight Frank Note: Category 'A' as defined by the BCO Guide to Specification 2009

MARKET NEWS

- AECOM (global provider of professional technical and management support services) has reportedly signed c. 4,000 sq m at International Tower.
- Masdar will be completing the construction and handover of the Courtyard building in Q1 2013 (90% leased) and the Siemens building in Q1 2013 (80% leased).
- Nation Towers is reportedly 100% leased with international and Emirati companies absorbing the c.25,000 sq m of leasable space.

TWOFOUR54 MARKET INSIGHT

- Over 228 companies are licensed in the media zone with c.1,800 employees registered in the media zone.
- Over 8,000 sq m of new space was leased in 2012.
- Major occupiers include Apple, CNN, Sky News Arabia, M&C Saatchi, Ubisoft, REED Exhibitions and Financial Times.
- The original four Khalifa Park Buildings are 95% occupied. These buildings total approx. 24,000 sq m.
- The Rotana office building has 18,850 sq m of available accommodation (c.65% vacancy).

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Technical Note

- Floorspace has been sub-divided into Prime, A & B grade accommodation, reflecting high and low quality respectively. Whilst subjective, this categorisation is based on an assessment of each property's age, car parking ratio, specification, quality of finish, location, situation and overall attractiveness.
- Category A works comprise services, lift safety elements and basic fittings and finishes for the operation of lettable work space, including but not limited to suspended ceilings; raised floors and skirting; cooling and heating services.
- A Tenant Inducement % is the proportion of rent free period over the term certain.
- The U.A.E Dirham is pegged to the US Dollar at a rate of USD 1 : AED 3.673.

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