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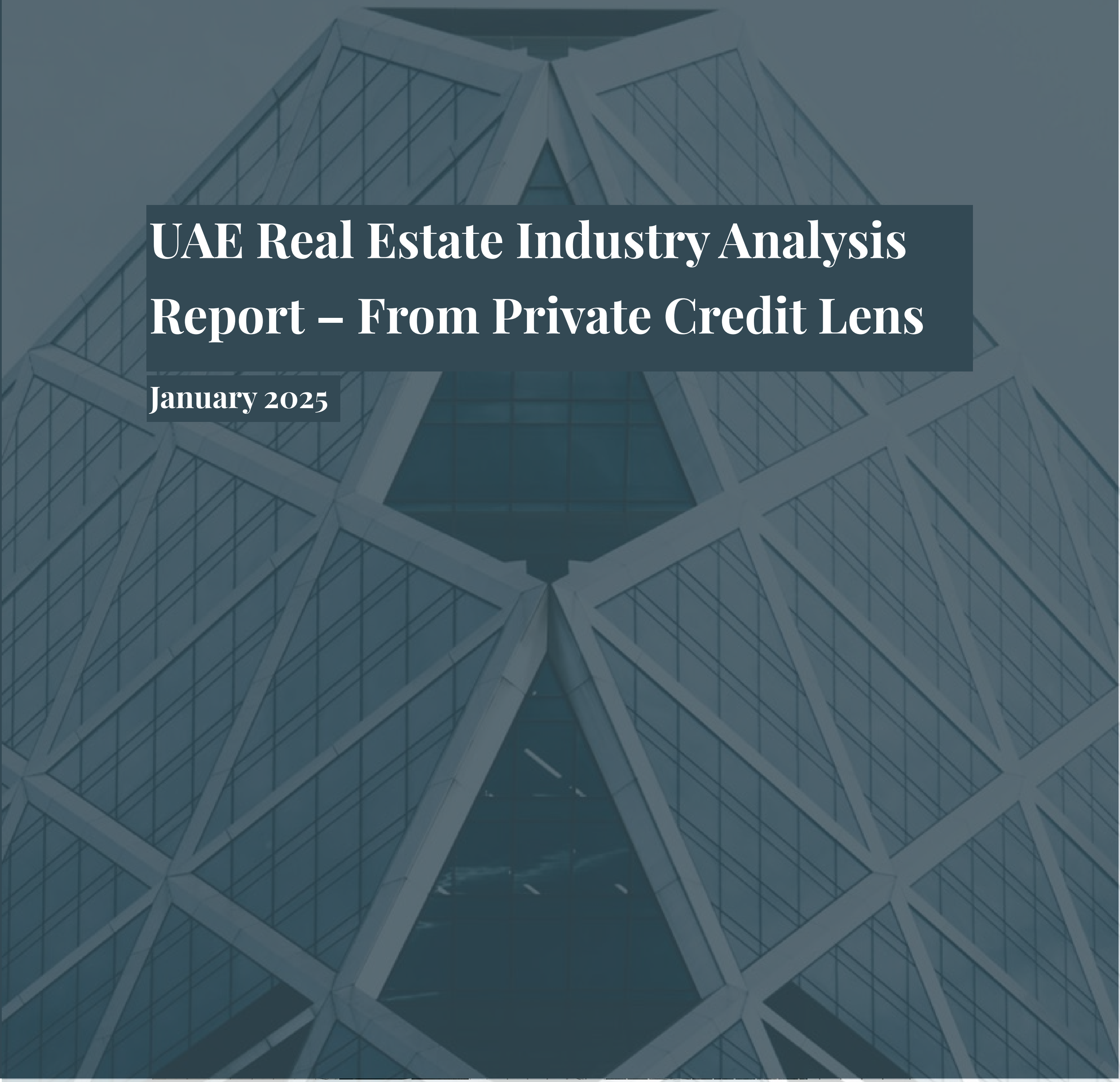
# UAE Real Estate Industry Analysis Report – From Private Credit Lens

January 2025



## Key Industry Statistics

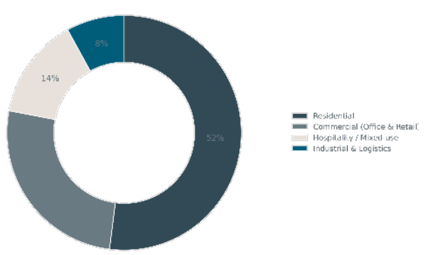
| | | |
|---|---|---|
| Estimated Industry Value (Transactions & Rents) | Annual Population Growth (2034-2024) | Annual Population Growth (2034-2024) |
| ~US$180–200bn | ~3.5–4% | ~3.5–4% |
| Residential Price Growth (2024–2025) | Rental Yields (Residential) (2024–2025) | Commercial Price Growth YOY 2024 |
| ~8–10% YoY | 6–8% | ~5–8% |
| Commercial Rental Yield (Office, Prime) | Industrial & Logistics Rental Growth YOY 2024 | Industrial & Logistics Vacancy Rate |
| 6.5–8.0% | 8–12% | <5% |

**Sources:** UAE Federal Competitiveness & Statistics Centre, Dubai Statistics Center, UNCTAD, Knight Frank, Colliers, Industry Estimates

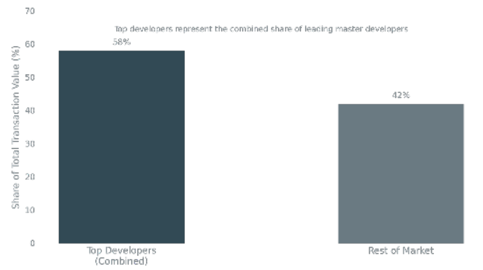
## Market Share

The UAE real estate market is **moderately concentrated**, led by a small number of large master developers in prime assets, alongside a competitive long tail of mid-sized and niche players.

### UAE Real Estate Segmentation




### UAE Real Estate Market Share




**Sources:** Dubai Land Department, Abu Dhabi DMT, Industry Estimates

## Key External Drivers of Growth – UAE Real Estate

Population Growth & Net Migration

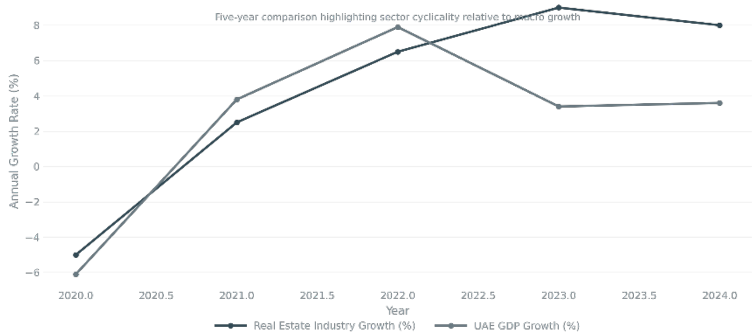
Capital Inflows & Foreign Investment

Interest Rates & Credit Availability

Tourism & Hospitality Activity

Government Policy & Urban Planning

### UAE Real Estate Growth V.S GDP Growth




Sources: UAE Federal Competitiveness & Statistics Centre, World Bank, Knight Frank, Colliers

## Industry Structure

| INDUSTRY ELEMENT | ASSESSMENT | INDUSTRY ELEMENT | ASSESSMENT |
|---|---|---|---|
| **Regulation** | ~Medium-High | **Capital Intensity** | High |
| **Life Cycle Stage** | Late Growth / Early Maturity) | **Barriers to Entry** | Medium |
| **Competition** | High | **Concentration** | Medium |
| **Revenue Volatility** | Medium | **Technology Impact** | Medium |

## Industry Benchmarks

### Key Financial Ratios

Balance Sheet Data (Stabilised Real Estate Platforms / Developers)

| METRIC | BENCHMARK |
|---|---|
| TOTAL CURRENT ASSETS (% OF TOTAL ASSETS) | **20-30%** |
| FIXED ASSETS (% OF TOTAL ASSETS) | **60-75%** |
| TOTAL ASSETS (MEDIAN PLATFORM SIZE) | **US$1.5-3.0bn** |
| TOTAL CURRENT LIABILITIES (% OF TOTAL LIABILITIES) | **25-35%** |
| NET WORTH (% OF TOTAL LIABILITIES) | **30-45%** |
| LOAN-TO-VALUE (LTV) | **40-60%** |

Liquidity & Leverage Ratios

| LIQUIDITY RATIOS | BENCHMARK |
|---|---|
| CURRENT RATIO | **1.3-1.8x** |
| NET DEBT/EBITDA | **2.0-4.0x** |
| EBITDA/INTEREST COVERAGE | **3.0-6.0x** |
| DEBT / EQUITY | **0.6-1.2x** |
| DEVELOPMENT PRE-SALES COVERAGE | **60-90%** |

Estimated Industry Statistics (UAE Real Estate)

| METRIC | BENCHMARK |
|---|---|
| TOTAL REAL ESTATE TRANSACTION VALUE | US$180-200bn |
| ANNUAL REVENUE GROWTH (2023-2024) | 6-8% |
| NUMBER OF ACTIVE DEVELOPERS | 300+ |
| EMPLOYMENT (DIRECT & INDIRECT) | ~700,000+ |
| FOREIGN BUYER SHARE (DUBAI) | >50% |

Income Statement Data (Mid-Cycle)

| METRIC | BENCHMARK |
|---|---|
| GROSS MARGIN (DEVELOPMENT) | **20-35%** |
| EBITDA MARGIN (INCOME-PRODUCING ASSETS) | **65-80%** |
| EBITDA MARGIN (DEVELOPERS) | **25-40%** |
| NET PROFIT MARGIN | **10-25%** |
| ROE (CYCLE ADJUSTED) | **12-20%** |

Cost Structure (Indicative – Dev. & Own.)

| COST COMPONTENT | % OF TOTAL COST |
|---|---|
| LAND AQUASITION | **20-35%** |
| CONSTRUCTION (OUTSOURCED) | **35-45%** |
| FINANCING & HOLDING COSTS | **5-10%** |
| SALES & MARKETING | **3-7%** |
| OVERHEADS | **3-5%** |
| DEVELOPER PROFIT | **10-25%** |

*Financial ratios represent synthesised industry benchmarks derived from published market data and standard real-asset credit analysis.*

**Sources:** Knight Frank (UAE Real Estate & Construction Landscape H1 2025; Dubai & Abu Dhabi Market Reviews), Colliers (UAE Q2 2025 Market Review), Dubai Land Department, Abu Dhabi DMT, CFI Annual Statement Studies, Industry Estimates.

## Industry Performance

***"From a private credit perspective, strengths and opportunities are concentrated in asset-backed and income-generating exposures, while weaknesses and threats are most pronounced in highly leveraged, development-led strategies."***

### Performance Summary

From a private credit perspective, the UAE real estate market has demonstrated **improving credit quality and greater cash flow resilience** over the past cycle. Following the disruption in 2020, market activity recovered steadily from 2021 onward, supported by population growth, capital inflows, and sustained demand for income-producing assets. Transaction volumes, rental levels, and asset valuations increased through 2022–2023, strengthening borrower balance sheets and improving debt service capacity. Growth moderated in 2024 as supply expanded and financing conditions tightened; however, operating performance across stabilized assets remained supportive of debt obligations.

Importantly, the **downside behavior of the market has normalized materially since the 2008–2009 financial crisis**, improving recovery outcomes for lenders. Regulatory reforms, escrow requirements, and enhanced court enforcement have enabled structured resolution of distressed projects. In cases of developer default, project assets have been sold or restructured under judicial oversight, with proceeds used to settle investor and creditor claims. As a result, defaults have become more **idiosyncratic and asset-specific**, rather than systemic, reducing tail risk for secured lenders. Overall, industry performance supports a **measured private credit approach**, favoring asset-backed exposures with visible cash flows, conservative leverage, and enforceable security.

### Industry Analysis - SWOT

| **STRENGTHS** | **WEAKNESSES** |
|---|---|
| Asset-backed industry with strong collateral value and enforceable security | Cash flow volatility in development-led projects due to milestone-based revenues |
| Stable cash flows from income-producing assets, particularly offices and logistics | High capital intensity and refinancing risk at asset stabilisation |
| Improved regulatory and judicial framework supporting creditor recoveries | Sensitivity to interest rate movements affecting leverage and coverage ratios |
| High rental yields relative to global peers, supporting DSCR and refinancing capacity | Sub-market concentration risk, particularly in residential segments |

| **OPPORTUNITIES** | **THREATS** |
|---|---|
| Growing demand for private credit as bank appetite tightens | Oversupply risk in select asset classes impacting valuations and exit liquidity |
| Expansion of institutional-grade logistics, data centres, and prime offices | Cost inflation and execution risk in construction-backed exposures |
| Ability to structure downside-protected instruments (senior secured, mezzanine) | Global economic shocks affecting capital flows and refinancing markets |
| Distressed and special situations opportunities with asset control | Regulatory or policy changes impacting ownership, development, or financing terms |

## Industry Analysis - Porter's Five Forces

***"Private credit risk-adjusted returns are strongest in stabilized, asset-backed real estate exposures, while development and service providers require conservative structuring due to competitive pressure and limited collateral."***

### Underwriting Objective

This analysis evaluates competitive forces across the UAE real estate value chain to determine **which borrower segments offer the most attractive downside protection, cash flow visibility, and recoverability** from a private credit perspective.

### Five Forces Assessment Table

| COMPETITIVE FORCE | ASSESSMENT | INDUSTRY IMPLICATION |
|---|---|---|
| Threat of New Entrants | **Medium** | Entry barriers protect asset owners and landholders, improving collateral durability; service providers face higher entry risk. |
| Bargaining Power of Suppliers | **Medium** | Contractor and supplier pricing volatility increases construction risk and cost overrun exposure for development loans. |
| Bargaining Power of Buyers | **Medium** | Buyer leverage impacts sales velocity and pricing, directly affecting developer cash flows and DSCR. |
| Threat of Substitutes | **Low** | Physical real estate assets provide strong collateral value with limited functional substitutes. |
| Competitive Rivalry | **High** | Intense competition compresses margins in development and services, increasing default risk in highly leveraged borrowers. |

From a private credit perspective, competitive dynamics in the UAE real estate industry materially influence **cash flow stability, refinancing risk, and recovery outcomes**. Asset ownership and land control benefit from structural entry barriers and scarcity, which support valuation resilience and enforceable security in downside scenarios. Conversely, development and service-oriented activities operate in more competitive environments, where margins and liquidity are more sensitive to market cycles.

Supplier power represents a key underwriting risk for construction-backed exposures, as cost escalation and capacity constraints can impair project economics and delay cash inflows. Buyer power is most pronounced in commoditised residential segments, where incentives and payment plans directly affect pre-sales and completion risk. Income-producing assets, by contrast, demonstrate lower sensitivity to buyer power due to location specificity and long-term lease structures.

Overall, competitive forces favor **borrowers with asset-backed revenue streams, limited substitution risk, and pricing power**, while borrowers dependent on execution, volume growth, or professional services face structurally higher credit risk.

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## Value Chain Attractiveness – Full Ecosystem View

Relative Attractiveness by Segment

| Value Chain Segment | Credit Attractiveness | Underwriting Rationale |
|---|---|---|
| **Stabilized Income-Producing Asset Owners (Office, Logistics)** | High | Predictable cash flows, strong collateral, refinancing optionality, low substitution risk. |
| **Landowners / Master Developers** | High | Scarce assets, strong security value, high recovery potential in default scenarios. |
| **Late-Stage Developers (High Pre-Sales)** | Medium | Short duration risk; viability depends on escrow control and completion certainty. |
| **Construction Companies & EPC Contractors** | Medium–Low | Thin margins, working-capital intensity, high counterparty risk. |
| **Professional Consultants (Design, PM, Engineering)** | Low–Medium | Asset-light, limited collateral, high competition. |
| **Environmental QIs, Valuers & Surveyors** | Low | Mandatory services but commoditised pricing and weak recovery value. |
| **Post-Construction & Facilities Services** | Low | Recurring revenue but low margins and limited asset backing. |
| **Material & Equipment Suppliers** | Medium | Cyclical pricing power but inventory-based collateral is volatile. |

From an underwriting perspective, the most attractive opportunities lie in asset-backed, income-generating real estate platforms and land-controlled exposures, where competitive forces support cash flow stability and collateral protection. Development and service-oriented segments present higher execution and margin risk and require stricter covenants, shorter tenors, and enhanced security packages.

## Industry Risk

### Industry Risk Score – Narrative

The risk profile of the UAE real estate industry is assessed as **moderate**, reflecting exposure to cyclical market conditions and external economic factors, partially offset by a mature regulatory framework and strong policy support. Market risk remains present due to price volatility, supply timing, and asset concentration within specific sub-markets, particularly in residential development. However, improved planning oversight, escrow requirements, and transparency have reduced the likelihood of systemic market dislocation.

Growth risk in the UAE real estate sector is considered **moderate**, as industry performance remains sensitive to interest rate movements, global liquidity, and investor sentiment. While demand fundamentals are supported by population growth and capital inflows, growth rates are expected to normalize as new supply enters the market. Income-producing assets exhibit lower volatility compared to development-led projects, which remain more exposed to absorption risk and execution timing.

External risk is assessed as **low to moderate**, supported by political stability, a pro-investment regulatory environment, and effective crisis management mechanisms. Although global economic slowdowns or geopolitical events may temporarily affect transaction activity, the UAE's diversified economy and strong fiscal position have historically limited the impact on the real estate sector. Overall, industry risk is increasingly asset-specific rather than systemic.

### Industry Risk Score

**Forecast Period:** 2025–2027

| Industry / Economy | Market Risk | Growth Risk | External Risk | Overall Risk |
|---|---|---|---|---|
| UAE Real Estate | **4.8** | **4.5** | **3.2** | **4.2** |
| Real Estate Sector (Global Avg.) | 5.1 | 4.8 | 3.9 | 4.6 |
| UAE Economy | 4.2 | 4.0 | 3.0 | 3.9 |

*Overall risk scores range between **1–10**, with a higher score representing higher risk.*

**OPPORTUNITIES**

UAE real estate continues to benefit from population growth, capital inflows, and demand for income-producing assets. Improved regulation and judicial enforcement support market stability and investor confidence, creating opportunities for disciplined operators to generate stable returns.

**THREATS**

Industry performance remains vulnerable to oversupply in select segments, rising financing costs, and shifts in global investor sentiment. Development-led projects face higher execution and absorption risk, particularly during periods of tightening liquidity.

In Summery, the **aggregate industry risk score** suggests that while UAE real estate is not immune to economic cycles, the **structural and regulatory evolution since the 2008–2009 financial crisis has materially reduced downside severity**. Judicial enforcement, standardized escrow frameworks, and clearer resolution mechanisms for distressed projects have improved recovery outcomes and investor confidence. As a result, industry risk today is more **idiosyncratic and asset-specific**, rather than systemic, favouring disciplined operators with prudent leverage and well-located assets.

## Key Factors

***"Industry performance is most sensitive to demand fundamentals, financing conditions, and asset quality, with disciplined capital structures playing a critical role in downside protection."***

Key Industry Elements

The following are the key elements impacting the **credit performance and risk profile** of the UAE real estate industry.

Population Growth and Migration
Population growth driven by net migration is a primary determinant of residential demand, rental absorption, and occupancy levels. Sustained population inflows support cash flow stability for income-producing assets and improve sales velocity for residential developments. A slowdown in migration would negatively affect absorption rates and rental growth, increasing refinancing and liquidity risk for leveraged assets.

Capital Inflows and Foreign Investment
Foreign investment plays a significant role in supporting transaction liquidity and asset valuations. Continued capital inflows enhance exit optionality and refinancing conditions for borrowers, while reduced inflows may lead to price softening and longer disposition timelines. Credit exposure is therefore sensitive to global investor sentiment and cross-border capital mobility.

Interest Rates and Credit Availability
Interest rate movements directly impact debt service coverage ratios, leverage tolerance, and borrower refinancing capacity. Rising rates increase funding costs and pressure margins, particularly for floating-rate and development-backed exposures. Stable or declining rates support asset valuations and improve borrower credit metrics.

Supply Pipeline and Project Timing
The timing and scale of new supply materially affect pricing, rental growth, and asset performance. Concentrated supply delivery can lead to short-term oversupply in specific sub-markets, increasing vacancy risk and reducing cash flow coverage. Credit risk is lower for assets in supply-constrained locations or with long-term lease visibility.

Key Success Factors

The key success factors for borrowers operating in the UAE real estate industry include:

Asset Quality and Location
Well-located, high-quality assets demonstrate stronger occupancy, pricing power, and valuation resilience, supporting downside protection for lenders.

Prudent Leverage and Capital Structure
Conservative leverage levels and appropriate amortisation profiles improve resilience during market downturns and reduce refinancing risk.

Cash Flow Visibility
Stable rental income, long lease tenures, and diversified tenant bases enhance predictability of debt service and reduce reliance on asset sales or refinancing.

Regulatory Compliance and Governance
Adherence to escrow requirements, permitting processes, and regulatory standards reduces execution risk and improves recoverability in distressed scenarios.

Access to Liquidity and Funding
Borrowers with diversified funding sources and strong banking relationships are better positioned to manage market volatility and capital market disruptions.

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## Industry Outlook

***"The UAE real estate industry outlook remains stable, with growth moderating toward sustainable levels and credit performance increasingly driven by asset quality, leverage discipline, and cash flow durability."***

## Key Metrics

| Year | Transaction Value (US$ bn) | Growth % | Gross Real Estate Output (US$ bn) | Growth % |
|---|---|---|---|---|
| 2024 | 185.0 | 8.0 | 92.0 | 6.5 |
| 2025 | 196.0 | 6.0 | 97.0 | 5.5 |
| 2026 | 206.0 | 5.0 | 102.0 | 5.0 |
| 2027 | 216.0 | 4.5 | 107.0 | 4.5 |
| 2028 | 225.0 | 4.0 | 112.0 | 4.0 |

*Growth reflects normalization from peak-cycle conditions and assumes stable macroeconomic and policy environment.*

Sustained Demand

Demand for UAE real estate is expected to remain structurally supported over the medium term, driven by population growth, continued foreign capital inflows, and the UAE's positioning as a regional commercial and lifestyle hub. While transaction growth is forecast to moderate from recent highs, activity levels are expected to remain above long-term averages. From a credit perspective, this outlook supports stable occupancy, rental income, and debt service capacity for income-producing assets, particularly in prime office, logistics, and mixed-use developments.

Residential demand is expected to normalize as supply increases, with pricing growth moderating across most sub-markets. However, strong end-user demand and sustained rental absorption are likely to mitigate downside risk. As a result, borrower performance is expected to remain supportive of refinancing and amortisation, provided leverage remains conservative.

Financing Conditions and External Factors

Financing conditions are expected to remain selective, with banks and alternative lenders maintaining disciplined underwriting standards. Interest rates and liquidity conditions will continue to influence leverage tolerance and asset valuations, increasing the importance of cash flow visibility and asset quality. Private credit is expected to play an expanding role, particularly in refinancing, acquisition finance, and structured solutions for late-stage development and stabilized assets.

External risks, including global economic uncertainty and geopolitical developments, may lead to short-term volatility in transaction volumes. However, the UAE's strong fiscal position, diversified economy, and established legal framework are expected to limit systemic impacts. Overall, the industry outlook supports a measured private credit deployment strategy, favoring asset-backed exposures with stable income and clear exit visibility.

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In his capacity, Amro leads the financial services permission process with the FSRA, building the private credit platform, and oversight of overall firm strategy execution.

Former CEO of FH Capital and Executive Director - Public & Sovereign with FAB, Amro brings over two decades of experience across corporate & investment banking, having worked with major institutions such as HSBC and FAB. His expertise spans origination and credit structuring, product development, capital formation, strategic partnerships, and governance.

Amro holds an MBA from INSEAD, a certified investment fund director, commercial banking & credit analyst.

**About Amkan**

Rooted in its name — Amkan ("possibilities") — Amkan is a next-generation multi-vertical platform engineered for precision, compliance, and long-term scalability in the UAE and broader GCC region. Anchored in Abu Dhabi, Amkan is a specialized credit advisory and origination boutique that sources, screens, and structures institutional-grade private credit opportunities.

Amkan is incorporate in Abu Dhabi, and registered with the Abu Dhabi Registration Authority to provide corporate services.