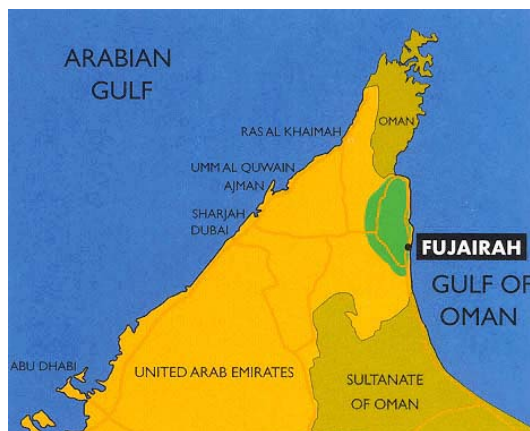


## Residential Market Overlook-2010



Fujairah is one of the seven emirates that make up the United Arab Emirates, and the only one on the Gulf of Oman. Its population is around 165,000 people in 2009 with growth around 7% yearly. Thus, makes it potential market for property developers. In 2009, Fujairah residential market was in peak time where other else dropped more than 50%. And, the reason behind was the power shortage. Early of 2010, the new power station has started feeding all new residential unites which fried all the property investors from rent price future. And, as we are one of those, we tried to collect the available information and expect the future.

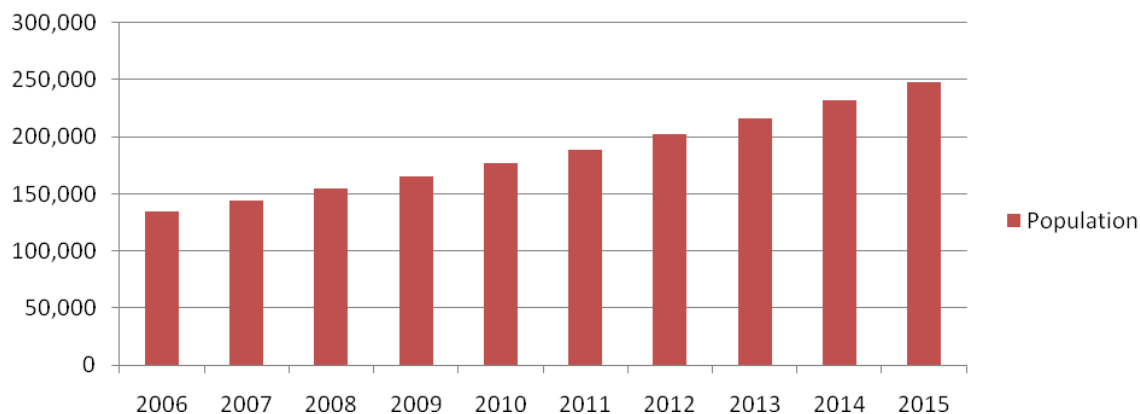
To study the future rent price, we have gone to analyse the demand and the supply separately. Then, we would over look of the future market.

### Demand

The demand in residential unites can be recognized through the followings;

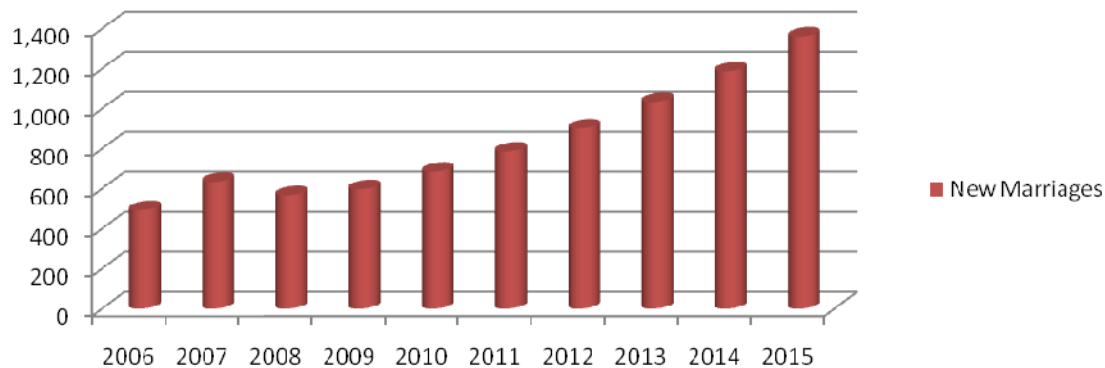
- The increase in total population.
- The increase in the new marriages.
- The increase in new employment.

### Population



As mentioned above, Fujairah population has increased last three years by around 7%. So, the expectation of having almost 11,500 people more this year.

### New Marriages



Youth marriages are increasing by 14% yearly. In 2010, it is expected to have 680 wedding.

Employment Sector	Change 2008-2009 %	Expected Increase 2010	2007	2008	2009
Workers in local govern. & Federal.	5.00%	665	11,802	12,392	13,294
Hotels Staff	6.85%	183	2,038	2,497	2,668
Insurance, Banks & Money Exchange Staff	-1.10%	-8	732	725	717
Private Education Staff	-3.91%	-39	1,063	1,049	1,008
Fujairah Port Staff	9%	146	1,440	1,491	1,625
Economic Project Staff	10.39%	1,643	12,000	14,321	15,809
		<b>2,636</b>			

The above table shows the change of employment from 2007 to 2009. Moreover, it indicated the staff cut in banking and private education. But the over look of the employment has increased 31% from 2008. Therefore, the total possible demand hear can be generated in 2010 is around 2,600 unit.

Finally, the total expected demand in 2010 is around 3,000 units, by assuming that all new employees and new couples are homeless.

## Residential Market Overlook-2010

### Supply

Because there is no coordination sector for real estate, it is very difficult to calculate the supply. So, FNP tried guessing again the supply based on the number of building permits that issued in 2008 and 2009.

Building Permits	2008	2009
Low Cost Housing	0	37
Villas	813	1,186
Apartments	4,980	4,300
<b>Total Units</b>	<b>5,793</b>	<b>5,523</b>

The total expected supply would be around 5,500 units by assuming all the units that been permitted in 2008 would be ready in 2010. This expectation didn't consider the personal accommodation.

### Future Market over look

It seems the supply exceed the demand by 45% in 2010, if and only all 2008 units will be ready by 2010 which is impossible. There will be drop in rents from 10% to 20% in the beginning of 2010 and based on the speed of power connection process.

The tenants would have huge of choices which will force the rent price to come down by 40% - 50% at the end of 2010. Moreover, if the employment didn't increase and the supply continues, the rent might fall up to 70% in 2011.

The most effected would be the very old buildings and tiny apartment's buildings. The buildings that have facilities like swimming pool & GYM will be at reasonable rent price compare to the income at Fujairah. Otherwise, the landlords will face big number of vacancies. The below table shows the expected rent price end of 2010 and beginning the 2011, if and only the supply continues and the demand remain as it is.

Unit Type	Rent Price in 2009	Expected Rent Price end 2010
Studio	12k – 15k	6k – 10k
One Bedroom Apartment	20k – 30k	10k – 20k
Two Bedroom Apartment	35k – 40k	20k – 30k
Three Bedroom Apartment	50k – 60k	30k – 40k