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Commercial // Abu Dhabi

## Competition in capital among towers of power heats up

Lucy Barnard

Competition for office tenants in Abu Dhabi is intensifying as thousands more square metres of new space comes to the market.

According to figures from Jones Lang LaSalle, 220,000 sq metres of office space is to hit the market this year as schemes such as Capital Centre next to Abu Dhabi National Exhibition Centre (Adnec) and a clutch of swanky new office towers on the Corniche come on stream.

Two new office towers, Capital Tower and the Finance House headquarters, are to open at Capital Centre, a 740,000 sq metre master-planned office, hotel and hous-

ing district built on 15 hectares around Adnec, over the coming six months.

On the Corniche, the office element of the 64-storey Nation Towers and 70-storey Landmark Tower will also be competing for tenants along with the soon to be completed Al Bustan Complex on 29th Street and the Abu Dhabi Islamic Bank headquarters near Zayed Sports City.

The additions will bring the total office stock in Abu Dhabi from 2.9 million square metres at present to about 3.1 million sq metres and is likely to put more pressure on existing landlords to reduce rents.

Rival broker CBRE put the amount of new office stock coming

on the market even higher. According to Matthew Green, the head of research at CBRE's Dubai office, the total office stock in the capital will rise from 3.3 million sq metres at the end of last month to about 4 million sq metres by the end of the year.

According to landlords, prime office rents, which in 2009 stood at about Dh4,750 (US\$1,293) per sq metres, now stand at Dh2,500 to Dh3,000.

"The increase in space coming to the market is likely to further increase competition among landlords for tenants," said David Dudley, the head of Jones Lang's Abu Dhabi office. "We have seen a constant decline in rents since 2009

but on the positive side we are now seeing signs of office rents stabilising."

The news comes as the Abu Dhabi property industry gears up to take part in the Cityscape property exhibition this week in which developers seek to promote their schemes.

Sino Gulf, the first developer to complete a speculatively built office block within the 15-hectare Capital Centre master plan said yesterday that it had leased 45 per cent of its 40,000 square foot International Tower scheme a year after the project was completed.

Tenants include the aerospace specialist BAE Systems and the engineering, design and planning firm Accom.

David Cockerton, the Sino Gulf fund manager charged with letting the office block, said that tenants were choosing to come to Capital Centre rather than more established office locations thanks to the ease of access.

"In the 12 months since we launched International Tower, the whole Capital Centre area has really come of age," he said. "The big issue we hear from people is they simply do not want to go all the way down to the Corniche. It's simply too far and too congested and they come here instead. A lot of the companies moving here are coming out of those congested locations."

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