

Emergence of New Sharjah

savills



Shift in demand • Modern supply • Integrated developments

🗨️ In line with the growing population, demand for residential units has increased 🗨️

Expansion beyond Sharjah City

An introduction of modern international quality real estate across a residential and mixed-use destination.

Sharjah is a preferred residential destination due to its mature social infrastructure, vibrant retail environment and a relatively affordable cost of living. The Emirate's population is currently estimated at 1.63 million people, up 16% from 1.4 million recorded during the 2015 official census. In line with the growing population, demand for residential units has increased and with limited space and historically high land prices within Sharjah City, developers of new residential projects have looked to the outskirts of the city where congestion is lower and development land is not in short supply.

The majority of recent projects such as Al Zahia, Al Jada, and Nasma Residences have been concentrated across locations such as Muwailah micro-market, Al Juwaiza'a and Al Tai. Most of these locations are close to major

road networks providing excellent connectivity to other Emirates and offer a surplus supply of greenfield development sites. The development of these areas is also in part due to a Government initiated development strategy in order to achieve a more balanced spatial distribution of Sharjah's population. Part of the strategy also involved allocating residential land in areas such as Al Rahmaniya and Al Seyouh for local citizens which has accelerated infrastructure development in these areas. Gradually, with the steady movement of residents, these locations are evolving into affluent neighbourhoods which is in turn prompting the growth of businesses, retail and associated facilities in the areas.

The emergence of University City and the School District within Emerging Sharjah have been key drivers behind the development

of the surrounding areas into what are now vibrant residential communities. The closure of the Fallah Army Camp in 2014 and greater demand from commuters, students and professionals working in nearby Universities and Sharjah Airport, spurred development in the area. This was then more recently followed by the entrance of master planned community developers.

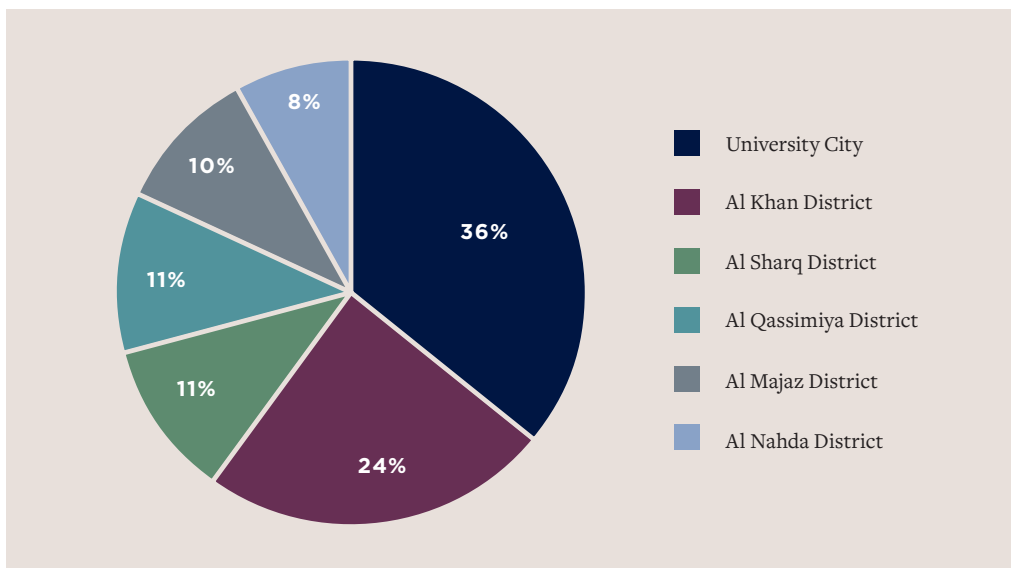
As project handovers across Emerging Sharjah gather momentum, occupier demand has spiked. Enquiry levels across these new locations increased by 50% from Q1 to Q2 2019, a trend which is expected to continue for the remainder of 2019. There has also been a similar increase in transactions across these emerging micro-markets when compared to the established residential hubs.

Sharjah City Still Retains its Value

Despite the gradual shift in demand, existing residential zones in Sharjah City are still a preferred option for most Sharjah residents. Average annual rents for high-end apartments across prime micro-markets such as Al Majaz, Al Khan and Al Qassimiya districts maintain a 4% - 8% premium on comparable properties in the newer emerging residential hubs. Whilst across the mid-end market segment, average annual rents are between 6% - 12% more expensive in Sharjah City compared to Emerging Sharjah.

Proximity to commercial districts and retail / leisure options are among the primary factors behind these average rental differences. Within the high-end market segment, the prevalence of amenities and facilities such as gyms and swimming pools that are available in Sharjah City's higher-end residential buildings also adds to the overall appeal. Planning laws and proximity to the airport in Emerging Sharjah restrict building heights which in turn restricts the ability of developers, outside of larger master planned communities, to offer associated amenities.

Most Desired Markets for Leasing



Source Savills Research

For the purpose of the report Sharjah City includes locations such as Al Khan, Al Majaz among others while Emerging Sharjah includes locations such as Muwailah Commercial, University City, Tilal City and Al Zahia among others.



Studios and 1 Bed

apartments across select master planned communities in Emerging Sharjah offer attractive yields of 5% - 6%.

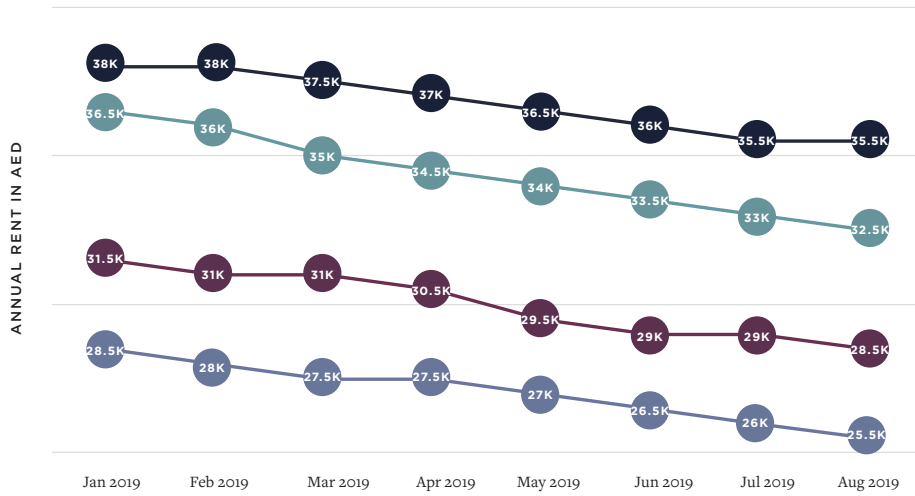


Over 7,000 units

are under construction or planned across Emerging Sharjah

AED 10.2 Bn worth of residential transactions during H1 2019

1
BED
APARTMENT
RENTAL
TREND



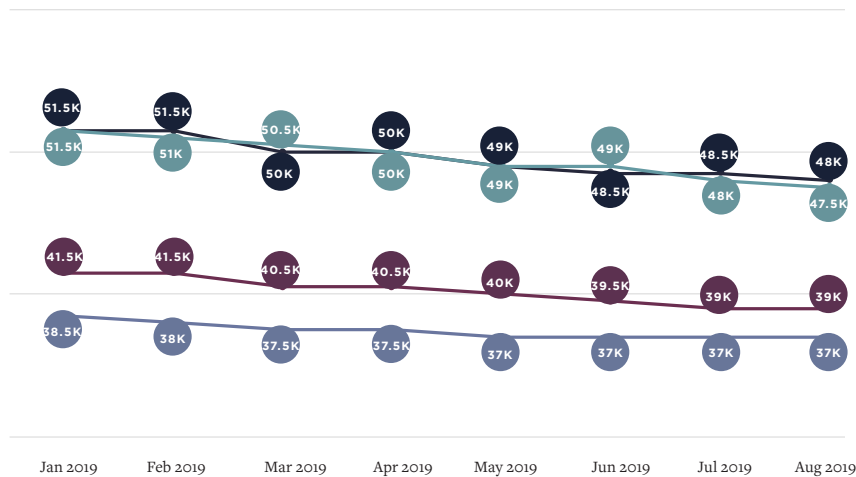
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HIGH-END
SHARJAH
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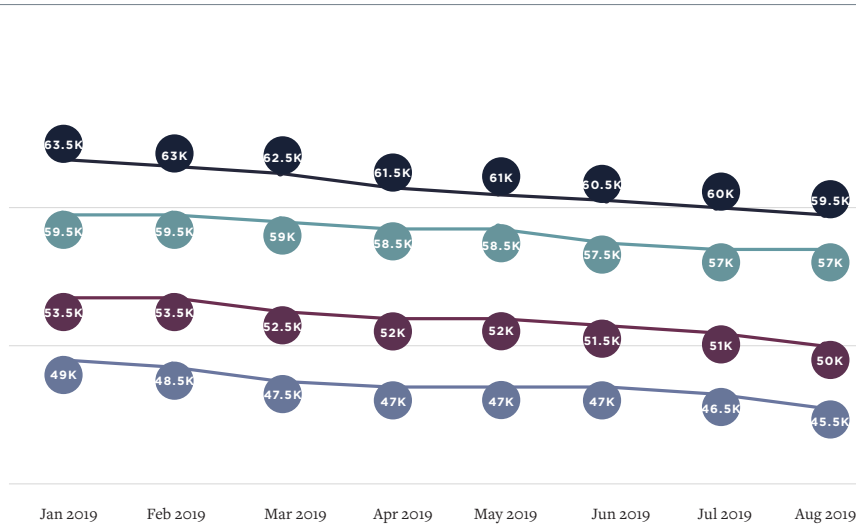
●
MID-END
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MID-END
EMERGING
SHARJAH

2
BED
APARTMENT
RENTAL
TREND



3
BED
APARTMENT
RENTAL
TREND



💡 Demand from students for high-end studios and 1-bedroom apartments across Muwailah micro-market has exponentially increased over the past few years 💡

Student Led Demand

There are over 270,000 students enrolled in schools and universities across the city. Aside from the Universities and Colleges, Emerging Sharjah comprises over 25 public and private schools located between Muwailah and Al Qarayan micro-markets, also referred to as Sharjah School District. The growth of the Sharjah School District has helped generate significant demand from families relocating to be closer to their children's schools.

The growth in the number of university students as well as the development of new communities within Emerging Sharjah has also resulted in rise in the number of students choosing to source their own accommodation off campus. Demand from students for high-end studios and 1-bedroom apartments across Muwailah micro-market has exponentially increased over the past few years. Affordable rents, modern amenities and supporting facilities when compared to on campus student accommodation, are the primary drivers for this trend.

New Communities to Bridge the Rental Gap

Tenants living in Central Sharjah tend to prioritise affordability, unit size and payment flexibility, while tenants in Emerging Sharjah look for amenities and facilities, security and community lifestyle.

High-end residential buildings in Al Zahia gated community -Garden Apartments- charge higher rental rates compared to high-end buildings in Sharjah City, unlike Muwailah and Muwailah Commercial that have more affordable prices. This is expected to increase average rental prices in Emerging Sharjah as a whole, thus bridging the gap between rents in Sharjah City and Emerging Sharjah.

In addition to this, the growth in the number of mixed used developments is expected to attract businesses to locations across Emerging Sharjah to take advantage of the live, work and play opportunities in these newer communities. Generally, Sharjah is a price sensitive market and most of the city's tenants consider the Emirate because of its affordable rental prices, so tenants will continue to hunt for the best value.



Diversity in Demand

Aside from affordability, growing interest in properties across emerging residential hubs can be attributed to a diverse range of factors that are expected to see these markets benefit over Sharjah City in the medium to long term.

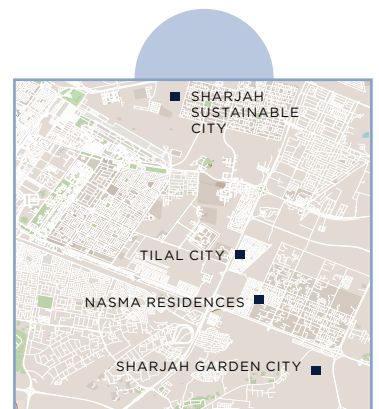
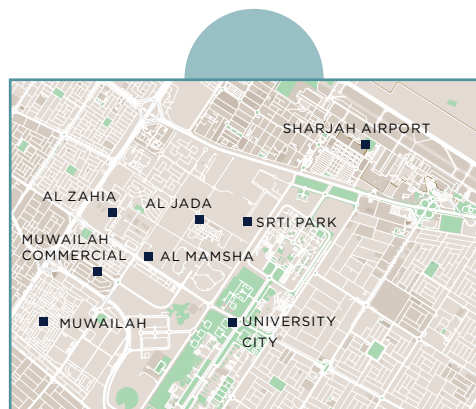
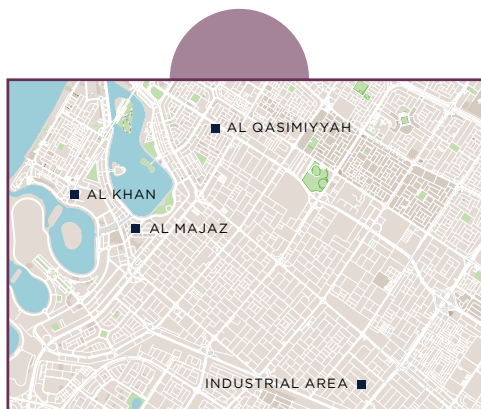
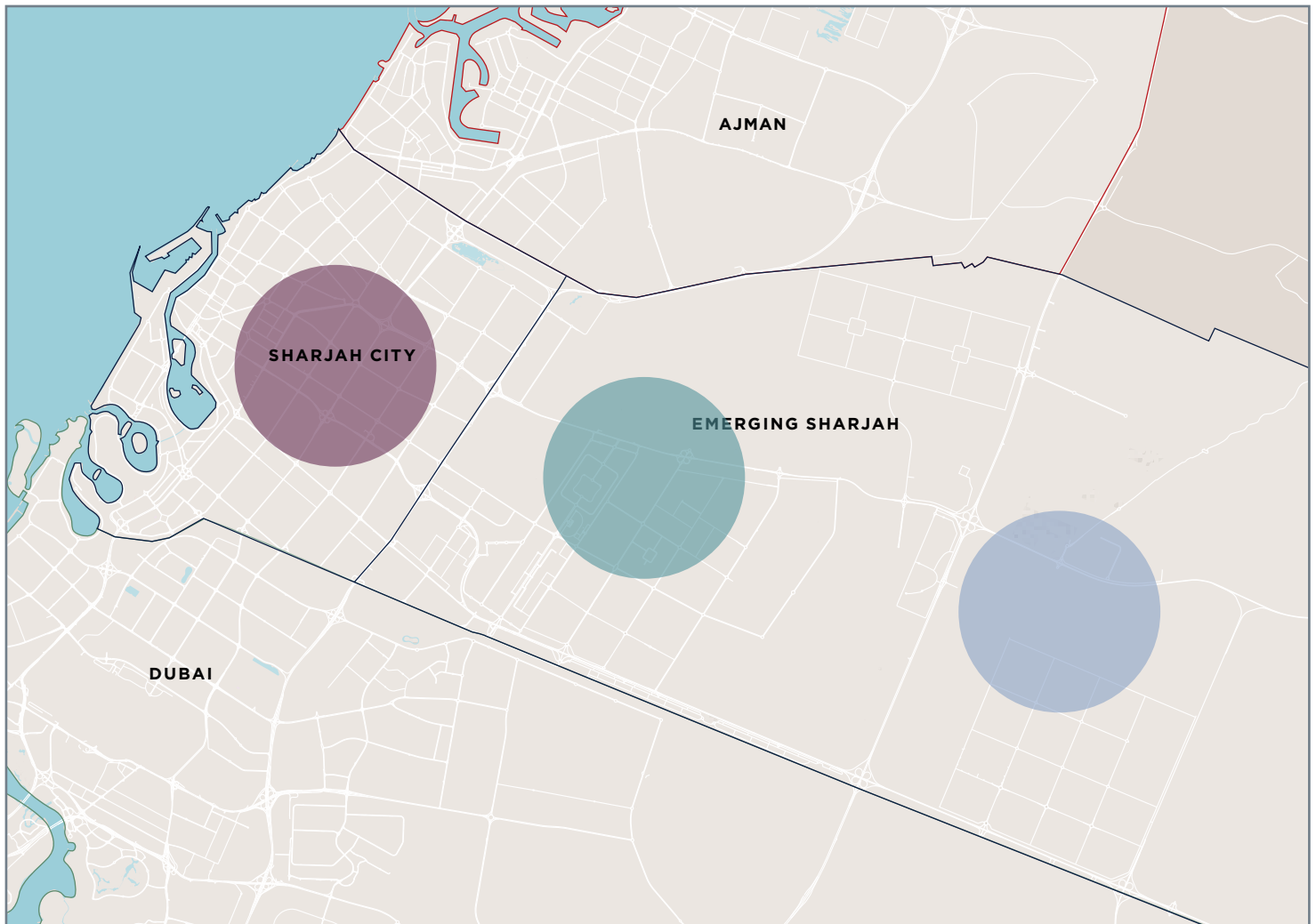
The availability of gated communities is a major driver for the recent influx of tenants to Emerging Sharjah. Ready-to-move-in projects such as Al Zahia provides the first example of how future master planned communities will be received in the market. Average annual rents for studios and 1-bedroom apartments in Al Zahia currently command a 5-10% premium on comparable properties in Sharjah City, within the high-end apartment

segment. Such premiums are in part due to the quality of accommodation as well as associated community facilities such as club house, security, supporting retail and provision of parking.

Traffic congestion in Sharjah City continues to be another major deterrent for residents. Relocating to Emerging Sharjah has been found to ease commuting times significantly, offering lower congestion and easier access to major road networks.

Similarly, Emerging Sharjah communities, most notably those around University City, have seen a spike in demand from professionals working in the surrounding areas, for

whom proximity to work is a primary determining factor. Established commercial areas such as SAIF Zone and Sharjah Airport have experienced significant growth over the past five years which has helped to create demand for residential properties nearby. The recently launched Sharjah Research Technology and Innovation Park within Muwailah will bring jobs to the area and generate more residential demand.





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Research

Swapnil Pillai

Associate, Research
+971 4 365 7700
swapnil.pillai@savills.me

Feras Ibrahim

Market Analyst
+971 6 572 3794
feras.ibrahim@savills.me

Ganesh Baskaran

Research Analyst
+971 4 365 7700
ganesh.baskaran@savills.me

Sharjah Office

Suzanne Eveleigh

Head of Sharjah Office
+971 6 572 3794
suzanne.eveleigh@savills.me

Shane Breen

Director, Valuation
+971 6 572 3794
shane.breen@savills.me

Richard Paul

Head of Professional
Service Middle East
+971 4 365 7700
richard.paul@savills.me
