

Ajman Offers Buyers Affordable Housing Options

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In spite of the recurrent global financial crises, the UAE is registering impressive growth in all spheres of developmental activity. Rapid urbanization and industrialization have triggered a population boom in the country that is expected to grow by 7% in 2009. According to a release by the UAE Ministry of Economy, the country's population, estimated at 4.48 million at the end of 2007 is projected to climb 6.12% to 5.06 million by 2009. The per capita income of residents has more than doubled from AED 76,000 (US\$ 20,000) in 2006 to AED 162,000 (\$US 44,000) in 2007, indicating a steep rise in personal incomes despite inflation. Upon evaluating the current and future scenarios, our research team foresees a shortage in the mid-level housing sector that would ignite a scramble for affordable residential properties and amenities.

As real estate prices and rents soar in Dubai and neighboring Abu Dhabi, Ajman with its moderately-priced offerings is drawing considerable investor interest. The recently issued Realty Law legalizing freehold ownership in the emirate has heightened buyer confidence in the market. Property prices in Ajman now average between AED 700 and 750 per square foot as compared to AED 2500 and 3000 per square foot in Dubai.

Unlike Dubai or Abu Dhabi, Ajman is home to a large number of residential developments targeting the middle-income segment. And, we expect the trend to continue as the disparity between demand for and supply of affordable housing grows wider elsewhere in the UAE. Consequently, the emirate is growing popular among non-GCC expatriates on the lookout for quality yet inexpensive accommodation. We expect a high demand in the immediate future for smaller properties like 1 and 2 bedroom apartments, as families shift base to Ajman from neighboring Dubai. This is expected to raise primary as well as secondary sales of properties. Once the road projects are complete by 2011, prices and rents will certainly head north as more families opt for Ajman instead of neighboring emirates.