

Q1 2024

Real Estate Market Overview

UAE | Dubai

Tendencies and trends



Based on the results for the first quarter of 2024, the residential and commercial real estate market in Dubai can be characterized as stable and showing growth.

Demand for both purchase and rentals of residential and commercial real estate is burgeoning and, as a consequence, prices are rising. This trend is backed by population growth, improved transportation infrastructure – specifically, the construction of new subway lines, roads and interchanges, as well as booming tourism, economic growth and government initiatives. In addition, Dubai has been ranked the third safest city in the world, which also helps to attract potential investors and real estate buyers.

As a business and tourism hub, Dubai favors high levels of activity and migration. This makes it easier to find tenants, which in turn leads to a rapid increase in real estate rental prices. Compared to European capitals, Dubai remains a lot more affordable, but rental rates are expected to increase by 10-20% following the RERA rates review. In the residential real estate segment, this may lead to an increase in demand for property purchase, and lower interest rates on mortgage loans will be an additional incentive to purchase ready properties.

Following the 2023 easing of COVID-19-related restrictions in China, demand from Chinese investors is expected to boom. As a result, more transactions are expected, especially with luxury real estate.

Dubai's population growth continues to drive strong demand for various housing categories, including budget and ultra-premium properties. Already now, luxury real estate is showing a significant increase in sales activity compared to more affordable price segments. With luxury developments in progress, it is important to ensure a diverse supply of high-quality housing to meet the needs of buyers with different budgets and to maintain diversity in the real estate market.

In 2023, there was an increased interest in branded real estate, and new project launches were announced in Q1 2024 (Armani Beach Residences by Arada, Mercedes-Benz Places by Binghatti, Damac Altitude by Grisogono by Damac). This trend is expected to continue in 2024, with global companies developing new projects in cooperation with real estate developers.

Demand

In Q1 2024, the volume of real estate purchase transactions increased both in quantity and value terms versus a similar period of 2023 (by 17.5% and 21.9% respectively).

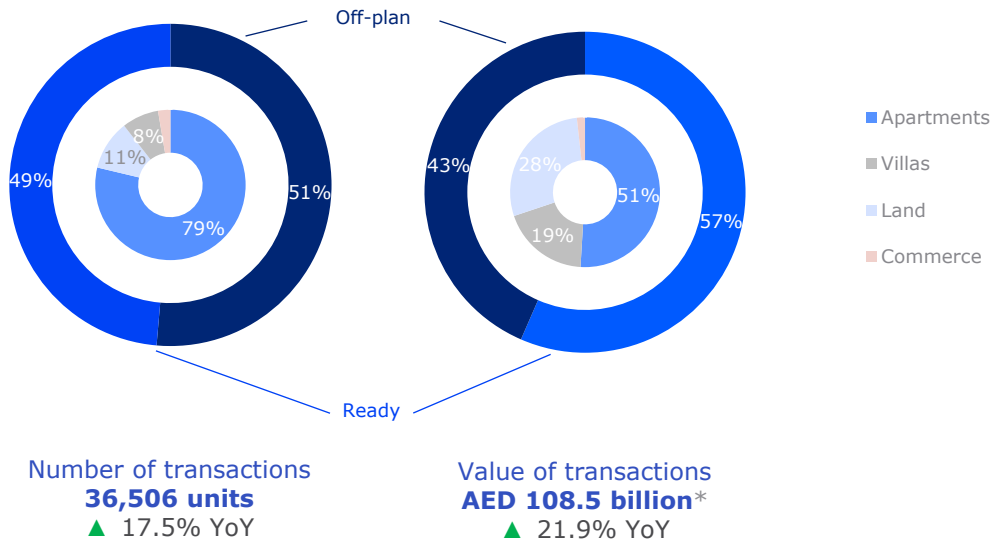
Transactions involving off-plan and ready properties were equally attractive. However, since the cost of ready properties is usually higher, their share in the total value of transactions amounted to about 57%.

About 89% of all transactions involved residential real estate acquisitions. Apartments retained their top position.

Compared to the first quarter of the previous year, the demand for them has increased by almost 25%. Demand for villas decreased by 9.4% year-on-year.

Commercial real estate accounted for only 2% of the total volume of transactions. The main reason is the limited supply of both quality ready-to-use properties and new projects still under construction on the market.

The volume of transactions completed in Q1 2024



* USD 29.5 billion



Source: DXB Interact

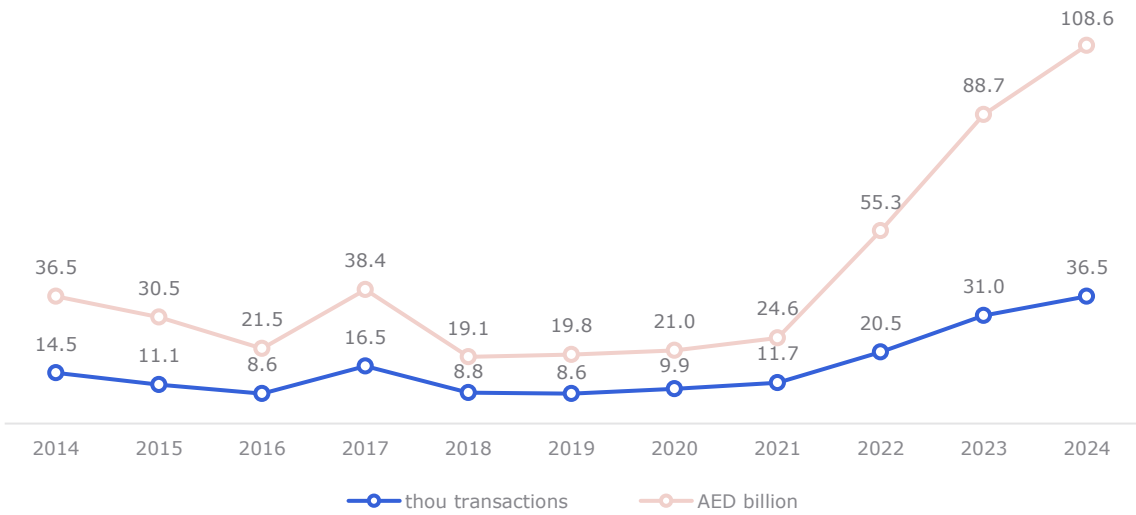
Sales dynamics

Over the recent decade, the volume of transactions both in terms of number and value has increased 2.5-3 times. However, the most stable and rapid growth has been observed during the three recent years.

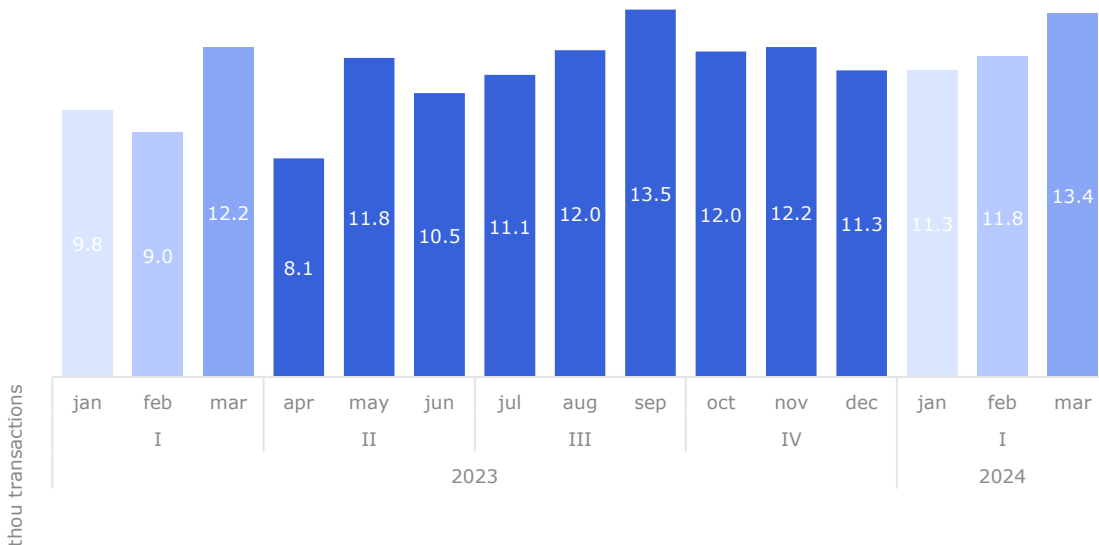
In 2024, a slight natural correction is noticeable on the market, which is typical of any steadily developing market. This, among other things, is confirmed by the

dynamics for January-March 2024: there was a steady growth in demand without sharp leaps or drops, which cannot be said about the same period of 2023. In addition, one of the best results (13.4 thousand transactions) was recorded on the real estate market this March for the last 15 months.

Dynamics of the volume of closed transactions in Q1 2014-2024



Dynamics of the number of transactions completed from January 2023 to March 2024



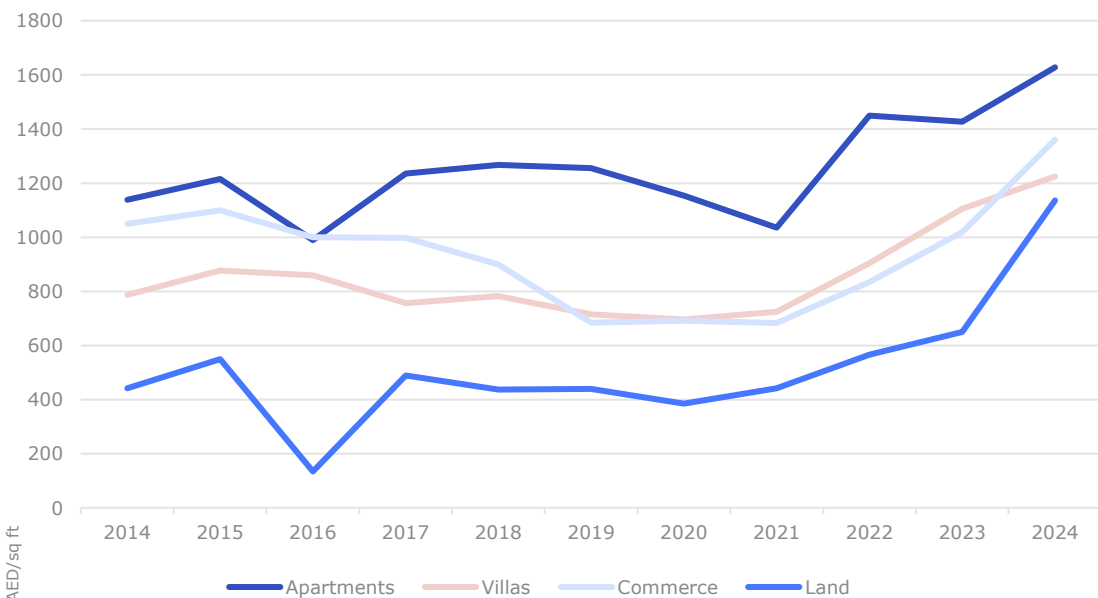
Prices

Over the last 10 years, prices in the residential and commercial real estate market of Dubai have risen 30-60% on average, while land prices have soared by 75% on average over the past year due to limited supply.

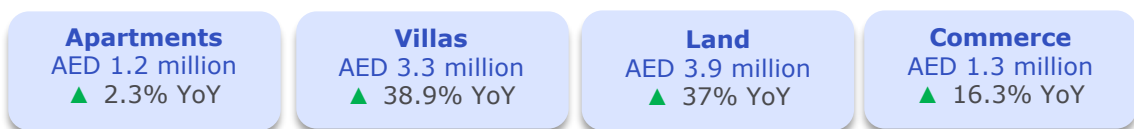
The surge in demand for real estate starting in 2022 onwards has significantly accelerated price growth.

At the end of Q1 2024, the median transaction value increased for all property types vs. a similar period of 2023. However, the largest increase in value was observed for villas and land plots. The villa price growth can be explained by an increased demand from families with children moving to the Emirate, as well as by the demand for luxury real estate from high-net worth individuals.

Dynamics of median price per sq ft of real estate in Q1 2014-2024



Median amount of a real estate transaction in Q1 2024



Source: DXB Interact

Lease

Median rental value of apartments and villas in Q1 2024 went up 20% and 15.8% year-on-year, on average, respectively. This trend is driven by the continued increase in tourist arrivals, relocants and people choosing the Emirate for seasonal stays. Apartments are in demand first and foremost, regardless of the purpose of visiting the Emirate and the number of family members, while villas are preferred by families with children.

The rental transaction value with commercial real estate over the past 12 months has increased by 43.5% and averaged AED 55.1 thousand/year*. This strong growth is due to limited supply, high competition in Dubai's commercial real estate market, indicating the potential for investment in this type of property. There

are practically no quality vacant premises, properties are becoming obsolete, few new ones are being commissioned, and in those under construction, most of the space has already been pre-leased.

In addition, Dubai has become one of the most sought-after destinations for expatriate employees and companies. According to the international rating The Global Expat Index, it ranks ninth in the world in terms of convenience of life for relocants.

The financial sector is actively developing, which consequently attracts top managers and international corporations.

All of these factors combined entail a steep rise in residential and commercial property rentals.

Median value of real estate lease in Q1 2024

Apartments
72,000 AED/year*
▲ 20% YoY

Villas
169,000 AED/year*
▲ 15.8% YoY

Commerce
55,100 AED/year*
▲ 43.5% YoY

Mortgage-backed transactions

- At the present time most transactions completed in Dubai (around 76%) are not backed by mortgage loans, mortgage deals being closed only with finished real estate. There are two main reasons for this trend: the unwillingness of banks to provide mortgage loans for projects under construction as well as the availability of interest-free instalment plans from developers.
- Banks are gradually lowering their interest rates on mortgage loans. This boosts the purchase of completed real estate and this tendency will continue in the months to come.
- Compared to the previous year, the number of mortgage-backed transactions has grown by 3% in Q1 2024.
- Over the year, the total value of mortgage-backed transactions has increased by 52%, which can be caused by the burgeoning demand for premium-grade housing.

Volume of mortgage-backed real estate transactions in Q1 2024

8,676 transactions
▲ 3.2% YoY

AED 47.8 billion**
▲ 52% YoY

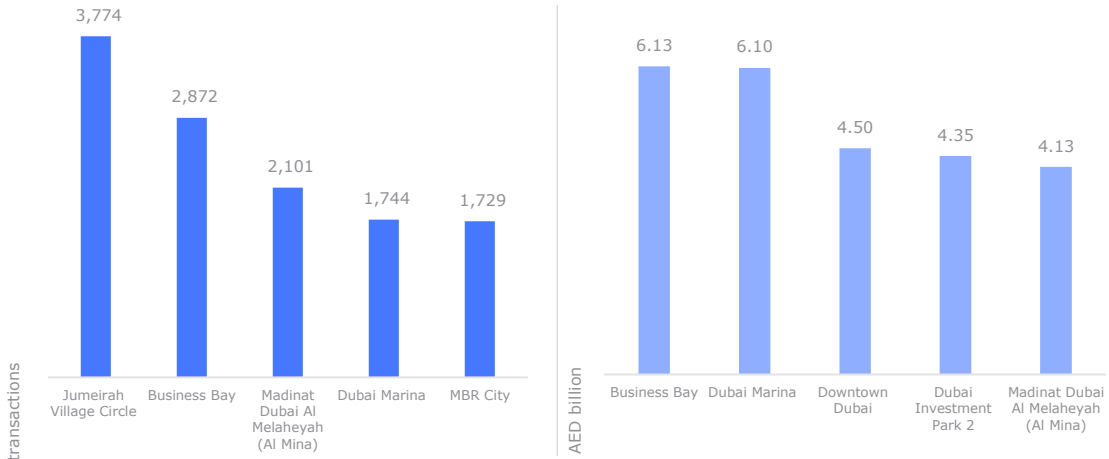
Source: DXB Interact

*Apartments – USD 20,000/year, villas – USD 46,000/year, commercial real estate – USD 15,000/year.

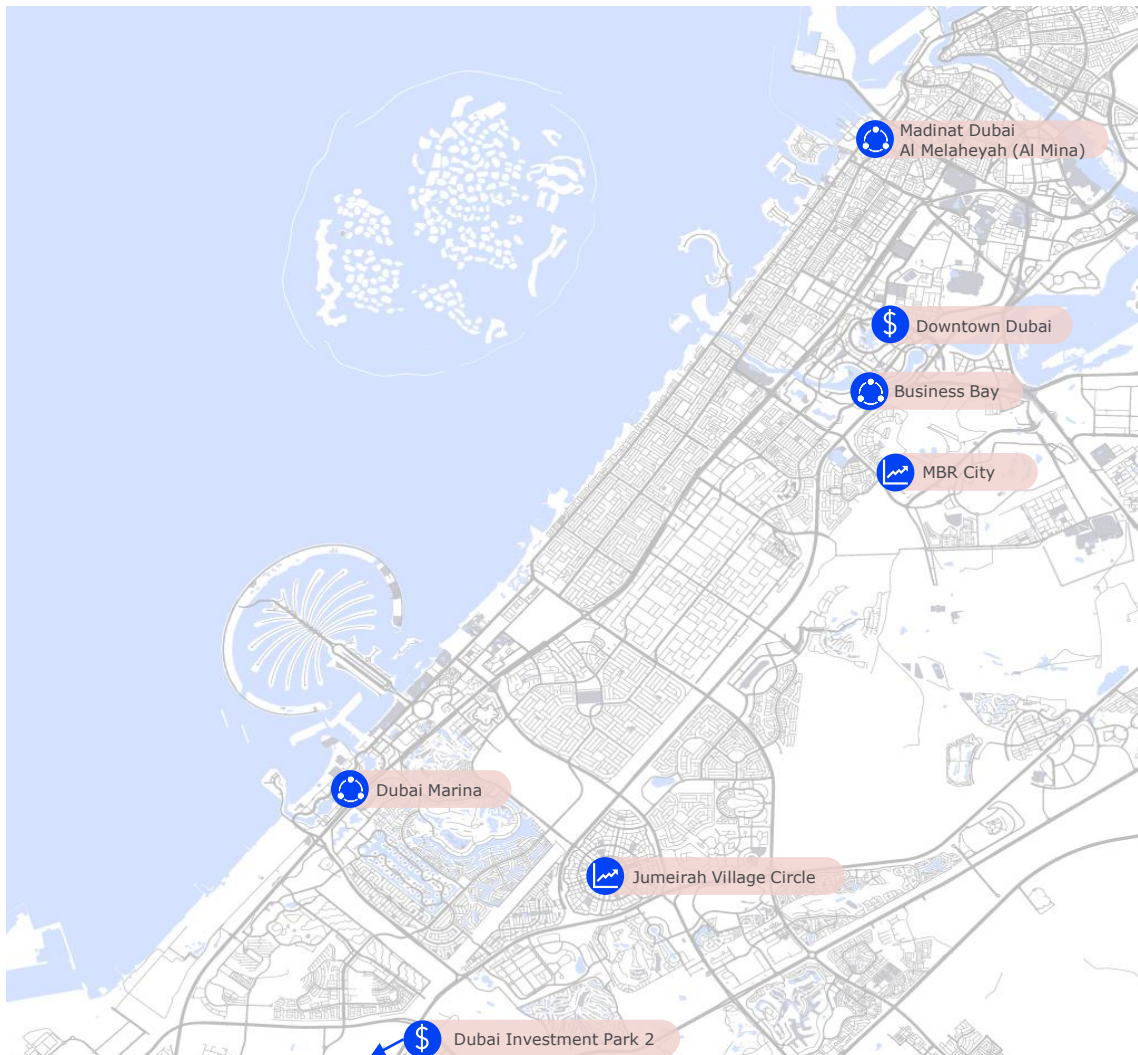
**USD 13 billion.

Sought-after areas

The most sought-after areas in Dubai by volume of completed sales transactions in Q1 2024



Source: DXB Interact



The most sought-after areas in Dubai by:

- 🏠 - the number of closed transactions
- 💰 - the volume of closed transactions in value terms
- 🏠💰 - the volume of closed transactions in quantity and value terms.

TOP-3 projects with most expensive sold apartments*



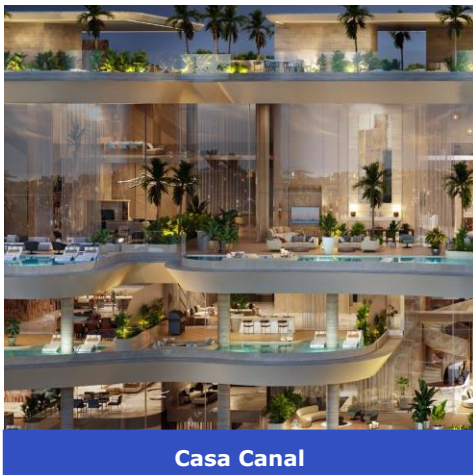
Transaction price: **AED 140 million**
(USD 38 million)

Developer: Meraas

Area: Jumeirah Bay Island

Commissioning scheduled for: Q2 2027

The 27-storey residential building managed by the hotel chain Bulgari Hotel & Resorts was designed by the architectural bureau Antonio Citterio Patricia Viel. On offer in Bulgari Lighthouse are penthouses with 4 and 5 bedrooms, featuring versatile design and layouts. The building “epitomizes modern Italian aesthetics drawing inspiration from the world of nature and the beautiful surrounding landscape.”



Transaction price: **AED 140 million**
(USD 38 million)

Developer: AHS Properties

Area: Al Safa (Dubai Water Canal)

Commissioning scheduled for: Q4 2025

This premium-grade residential development was designed by Killa Design Architects. On offer in Casa Canal are luxury villas with 3-6 bedrooms along with stylish penthouses. All residences open-up a stunning view of Dubai Water Canal and Safa Park.



Transaction price: **AED 96 million** (USD 26 million)

Developer: Nakheel (Dubai Holding)

Area: Palm Jumeirah

Commissioning scheduled for: Q3 2027

This premium-grade 71-storey residential development features an exclusive collection of apartments with 2-6 bedrooms, a penthouse with 5 bedrooms and double-story duplexes with 7 bedrooms. The project has all essential amenities for families with kids.

* The transactions were completed in Q1 2024.

Services



Offices



Industrial real estate



Retail



Residential



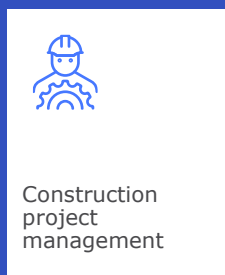
Hotels



Land plots



Property management



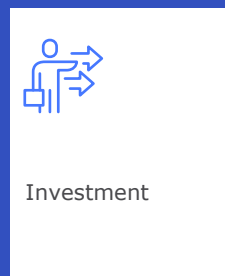
Construction project management



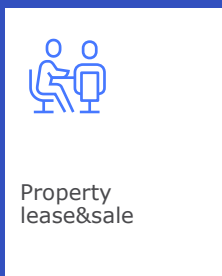
Strategic consulting



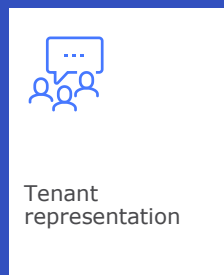
Property and business valuation



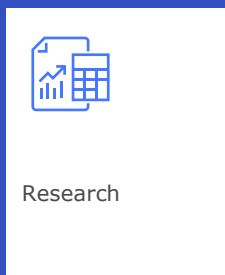
Investment



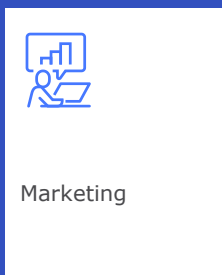
Property lease&sale



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