

Results 2023

# Residential market

UAE | Dubai

## Key results and trends

**Table 1**  
 Key market indicators\*

Source: REIDIN, Nikoliers

		Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
<b>Commissioned space (units)</b>	Apartments	9,107	6,430	8,793	5,453	29,783
	Villas	1,288	488	498	3,088	5,362
<b>Sales in the primary residential market (units)</b>	Off-plan housing	15,232	12,753	14,272	3,125	45,382
	Ready housing	2,742	2,082	2,124	2,072	9,020
<b>Weighted average price per sq ft (AED**)</b>	Apartments	2,182	2,340	2,358	2 763	2 321
	Villas	1,307	1,350	1,343	2 116	1 512
<b>New rental transactions (units)</b>	Apartments	52,797	44,343	51,404	47 959	196 503
	Villas	5,688	5,502	6,761	5 493	23 444
<b>Average rental price (thou AED/year)</b>	Apartments	64.0	66.7	72.8	72.4	72.4
	Villas	188.5	211.8	220.8	226.4	226.4
<b>Average yield (gross) (%)</b>	Apartments	7.6	7.5	7.4	7.5	7.5
	Villas	6.0	6.0	5.8	5.6	5.6

\* The report cites data on closed transactions completed in the primary residential housing market (off-plan sales) or new long-term lease agreements.

The demand for residential real estate in Dubai remains high. Buyers are primarily interested in off-plan housing assets in the primary market due to the availability of interest-free installments and the prospect of maximizing returns from the asset appreciation in the future. In 2023, there was a moderate decline in off-plan sales volume in the primary housing market (down 3% versus the record high in 2022). In addition, demand is now partly going to other emirates such as Abu Dhabi and Ras Al Khaimah. The former is developing and attracting investment as a global financial centre and cultural capital, whereas the latter lures international investors by its good beaches, plans to open the world's largest casino, and the availability of a free-trade zone for cryptocurrency companies.

Housing prices are rising (+20% for primary off-plan residential housing versus 2022), and rents are rising in direct proportion. The average rental price has increased by 22-23% compared to 2022. As a consequence, the number of new leases is decreasing, whereas the number of renewals of existing leases is increasing.

A big boom in 2023 was caused by the launching of projects with luxury brands. This product is

popular in the Dubai market primarily due to the high solvency of buyers. The United Arab Emirates ranks second among the countries with the highest number of migrating millionaires. Branded residences are notable for their exclusivity, high quality finishes, exquisite design, excellent management, service and all essential infrastructure. This is what attracts wealthy people from all over the world, who want not just to buy a good residential unit, but also come into possession of a unique asset. Examples of projects announced for 2023 are Bulgari Lighthouse, Armani Beach Residence, DAMAC Bay 2 by Cavalli, Mercedes-Benz Places.

To date, the UAE has shown stability in its political system, observing neutrality and maintaining calm and tranquility. The state adheres to sustainable financial strategies and manages the economy systematically and carefully. Traditionally, equity rather than debt capital has been used to finance real estate. As a result, one can characterize the UAE as a "safe haven," especially valuable in the face of global instability and crises, where capital preservation and appreciation remain important aspects.

**Table 2**

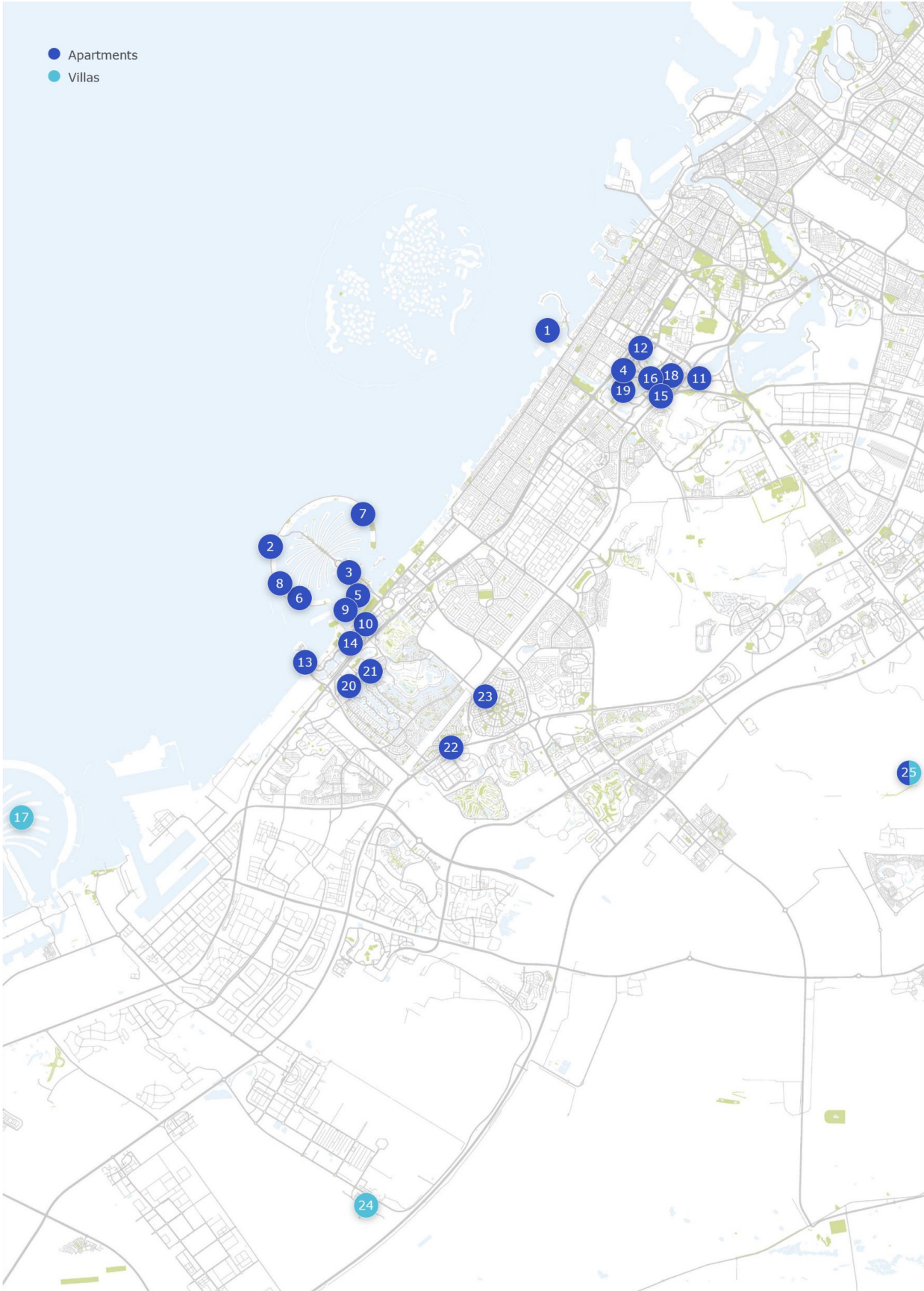
Examples of projects that got started in 2023

Source: Nikoliers, REIDIN

Nº	Project name	Developer	Community	Average price per sq ft in the project, AED	Average price per sq m in the project, USD
1	Bulgary Lighthouse	Meraas	Jumeirah Bay Island	11,000	32,241
2	Orla	Omniyat	Palm Jumeirah	7,000	20,517
3	Como Residences	Nakheel	Palm Jumeirah	6,647	19,482
4	Bugatti Residences	Binghatti	Business Bay	6,599	19,335
5	Bayview by Address	Emaar Properties	Dubai Harbour	5,559	16,294
6	Six Senses Residences The Palm	Select Group	Palm Jumeirah	5,320	15,593
7	Ocean House	Ellington Properties	Palm Jumeirah	5,194	15,224
8	SLS at Palm Jumeirah	Roya Lifestyle Development	Palm Jumeirah	4,864	14,256
9	Seapoint	Emaar Properties	Dubai Harbour	4,738	13,887
10	DAMAC Bay 2 by Cavalli	Damac Properties	Dubai Harbour	4,090	11,988
11	Design Quarter	Meraas	Dubai Design District (D3)	3,817	11,188
12	Volta	Damac Properties	Downtown Dubai	3,810	11,167
13	Bluewaters Bay	Meraas	Bluewaters Island	3,765	11,035
14	LIV Marina	LIV Real Estate Development	Dubai Marina	3,413	10,004
15	Canal Crown	Damac Properties	Business Bay	2,853	8,362
16	Canal Heights	Damac Properties	Business Bay	2,848	8,348
17	Palm Jabel Ali	Nakheel	Palm Jabel Ali	2,643	7,747
18	Trillionaire Residences	Binghatti	Business Bay	2,400	7,034
19	Peninsula 4 The Plaza	Select Group	Business Bay	2,366	6,935
20	Sobha Verde	Sobha Group	Jumeirah Lake Towers	2,115	6,199
21	Me Do Re Tower	Me Do Re Properties	Jumeirah Lake Towers	2,022	5,927
22	Fashionz	Danube Properties	Jumeirah Village Triangle	1,797	5,267
23	Binghatti House	Binghatti	Jumeirah Village Circle	1,441	4,224
24	Fairway Villas	Emaar Properties	Emaar South	1,200	3,517
25	The Valley	Emaar Properties	Dubailand	944	2,767



**Figure 1**  
Map with projects that got started in 2023



## Supply

At the end of 2023, the residential real estate market in Dubai comprised 524.6 thousand units, including apartments, villas and serviced apartments. Another 190.8 thousand units are expected to be commissioned by the end of 2027.

Commissioned in 2023 were 35.1 thousand units, with apartments accounting for 85% and villas for the rest 15%. The commissioned space increased by 23% compared to 2022 due to new projects that got started quite vigorously.

One-bedroom apartments\* dominated the supply structure (42%) (in units), followed by studios and two-bedroom apartments – 25% and 22% respectively.

In 2023, Meydan One, which is part of MBR City, an emerging and rapidly developing major community, became the leader in terms of housing supply. Downtown Dubai and Business Bay came in second. For comparison, in 2022, the leading positions were held by JVC, Damac Hills 2, Dubai Hills Estate (together accounting for 26% of the housing commissioned).

**Chart 1**

Dynamics of residential housing commissioning in Dubai

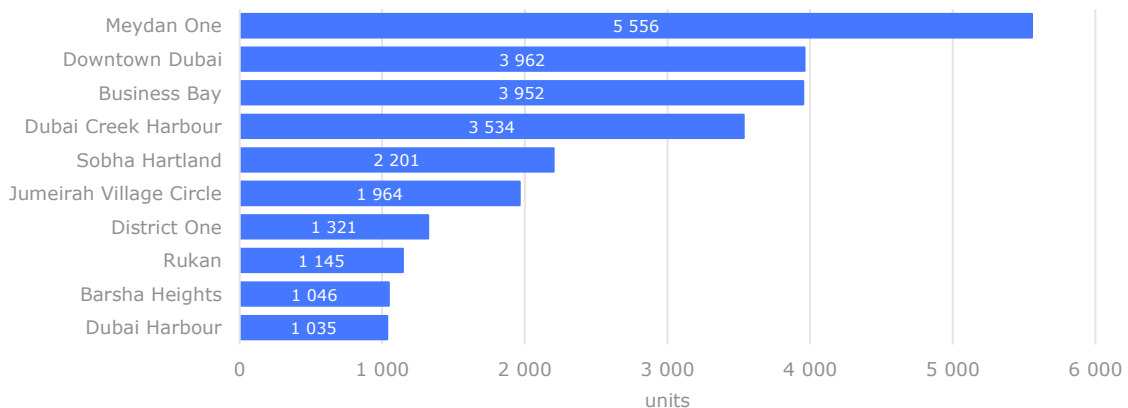
Source: REIDIN, Nikoliers



**Chart 2**

Volume of residential housing commissioning in 2023, by communities

Source: REIDIN, Nikoliers



\*One-bedroom apartments consist of one private bedroom and shared space with a kitchen and living room.

## Demand

In 2023, the housing sales in the off-plan primary residential market went down 3% versus 2022 by the number of concluded transactions. There is a leveling off of demand. The market is going through a natural correction after a boom in buying activity in 2022.

Transactions worth >2 million AED (>545 thousand USD) prevailed in the off-plan primary residential housing market (19.8 thousand transactions), followed by transactions amounting to <1 million AED (<272 thousand USD) (14.5 thousand transactions).

Apartments took the lead by the number of transactions, accounting for 77% of the total

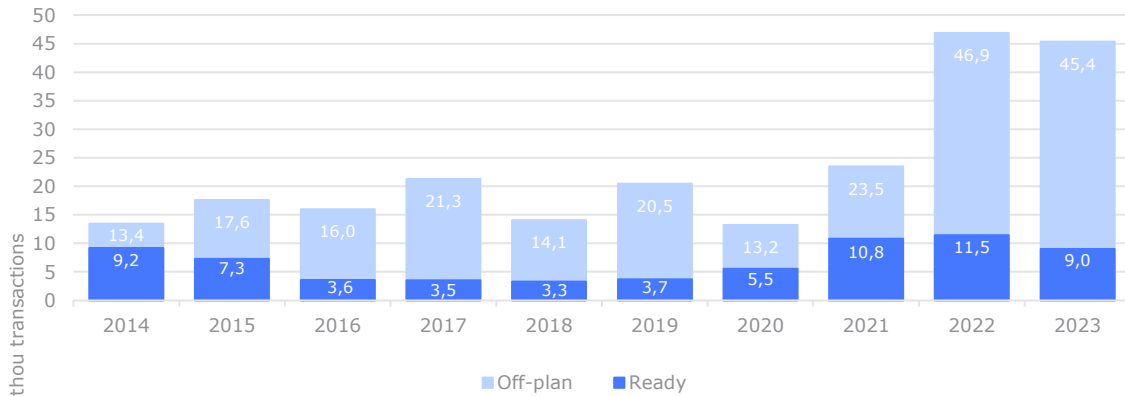
volume. Demand focused on one-bedroom apartments (45% of the total demand), while the shares of studios and two-bedroom apartments were 21% and 24% respectively. Three-bedroom apartments accounted for 8% and four-plus-bedroom apartments accounted for only 1%.

JVC, Business Bay and Arjan communities accumulated 33% of the total demand. The most popular areas for villa purchases were Damac Lagoons, Arabian Ranches Phase 3 and The Valley.

### Chart 3

Dynamics of housing sales in Dubai (from developers)

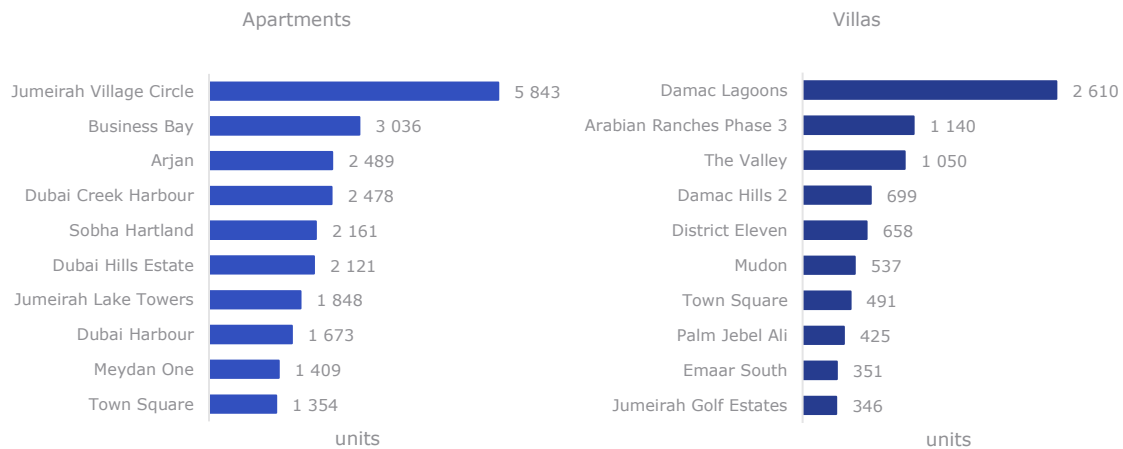
Source: REIDIN, Nikoliers



### Charts 4-5

Volume of closed transactions in the primary off-plan residential housing market in 2023, by communities

Source: REIDIN, Nikoliers



## Transaction prices

At the end of 2023, the weighted average price per square foot in off-plan primary residential projects was AED 2,254 (USD 6,606/sq m), which is 18% higher than at the end of 2022. The last three years have seen price spikes, but unlike 2022, when the increase was 35%, in 2023 the market started showing signs of stabilization. If we compare the results for 2023 and 2014, prices for off-plan housing projects have nominally surged by 1.9 times over the nine-year period, and 1.6 times when adjusted for inflation. This clearly highlights the dynamism of the Dubai market and its sustainable growth potential.

The most expensive offers for apartments and villas in 2023 were concentrated in the Jumeirah Bay Island (JBI) and Palm Jumeirah communities. The weighted average price of apartments there stood at 10,882 AED/sq ft and 5,397 AED/sq ft respectively (31,857 USD/sq m and 15,800

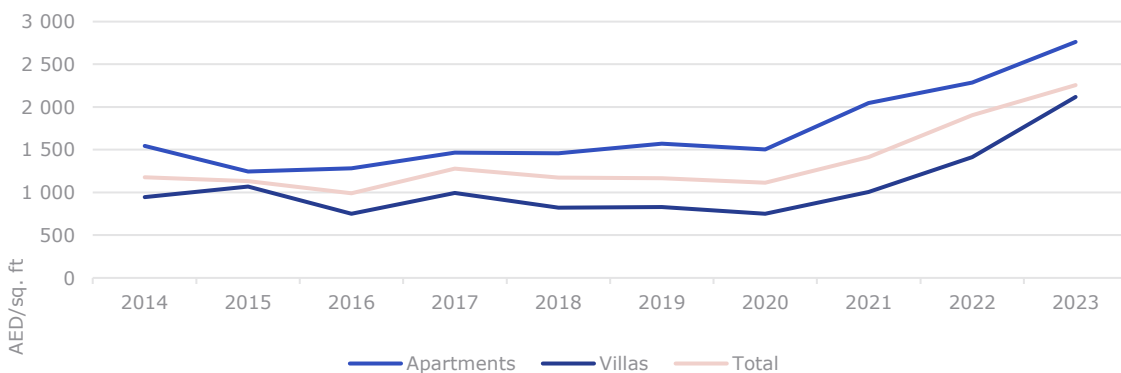
USD/sq m), villas - 16,250 AED/sq ft and 6,812 AED/sq ft (47,572 USD/sq m and 19,942 USD/sq m).

There remains potential for development in the World Islands area. Plenty of housing will be commissioned on the Dubai Islands and on the second artificial palm-shaped island, Palm Jebel Ali. The second Palm project got restarted in the second half of 2023 and has already caught the eyes of investors. The island will be twice the size of the built-up Palm Jumeirah palm-shaped isle, it will feature luxury apartments, villas, hotels, yacht club, shopping centre, clubs and restaurants, promenades, parks and special leisure areas.

Chart 6

Dynamics of the weighted average price per sq ft\* in primary off-plan housing projects

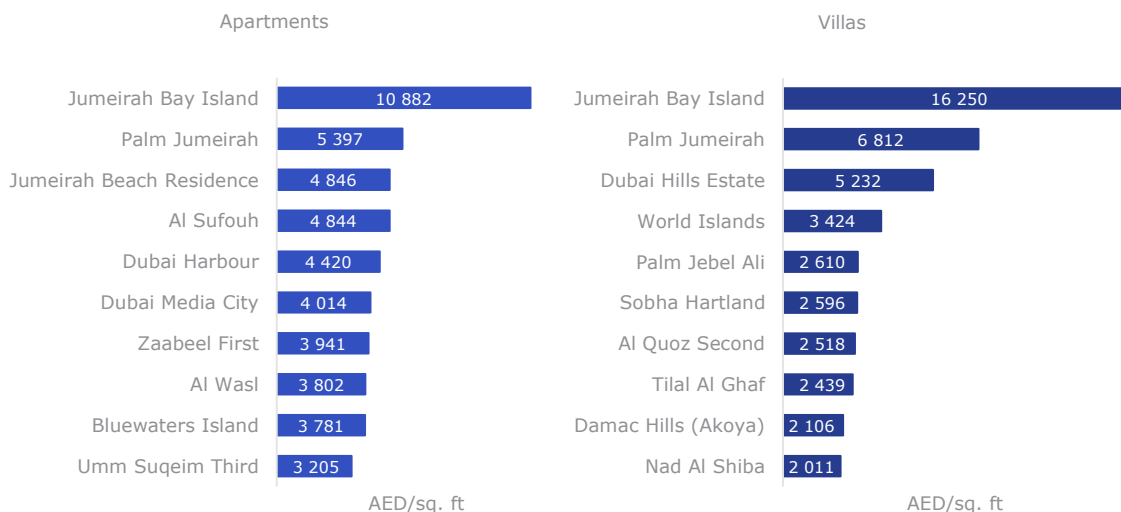
Source: REIDIN, Nikoliers



Charts 7-8

Weighted average prices per sq ft for off-plan apartments and villas in the primary market in 2023, by communities

Source: REIDIN, Nikoliers



\* The weighted average price per sq ft has been calculated as a ratio of the sum total of lot prices to the sum total of floor areas in those lots.

## Lease

Compared to 2022, the growth of prices for new leases amounted to 22-23%. Meanwhile, new lease transactions with apartments went down by 13%, with villas – by 4%. The average occupancy rate went up 2.2 p.p. compared to 2022, to 89%. Positive dynamics of occupancy rate coupled with a decrease in rental transactions indicates the trend for the absorption of liquid supply. Tenants prefer renewal of existing lease agreements. Besides, the owner, annually revising the rental rate, looks at the indexation fixed by the state and cannot always raise it to the market level.

Gross rental yield (prior to OPEX deduction) from letting out villas and apartments averaged 5.9% and 7.5%, respectively, in 2023. For comparison, a year ago, yields were 0.3-0.4 p.p. lower. In

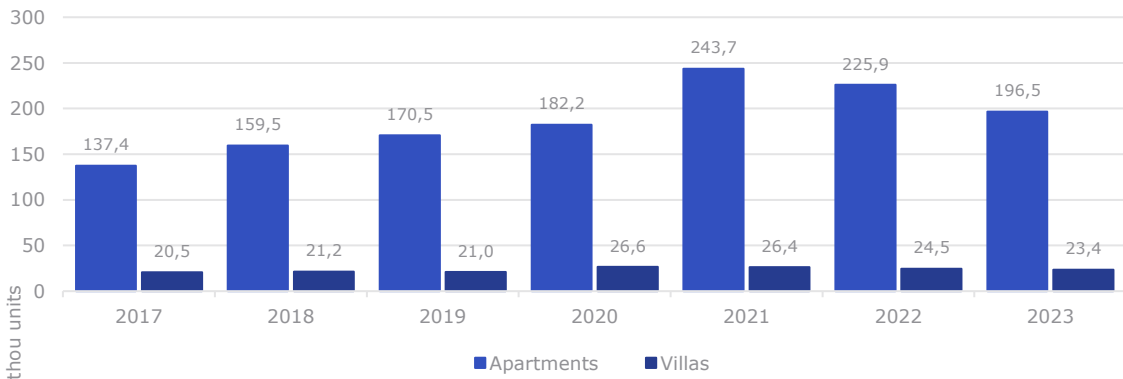
certain communities such as Dubai Silicon Oasis, JLT, JVC, the average rental yield for apartments was 8.4-9.3% per annum. Nevertheless, the yield varies greatly depending on the location, reaching more than 10% in some projects.

The long-term rental market demonstrates dynamic growth, with vacancy rates shrinking and prices rising despite the growing supply. These trends testify to the strong fundamentals of the housing market, which minimizes possible risks of volatility of speculative demand for residential real estate.

**Chart 9**

Dynamics of new rental transactions

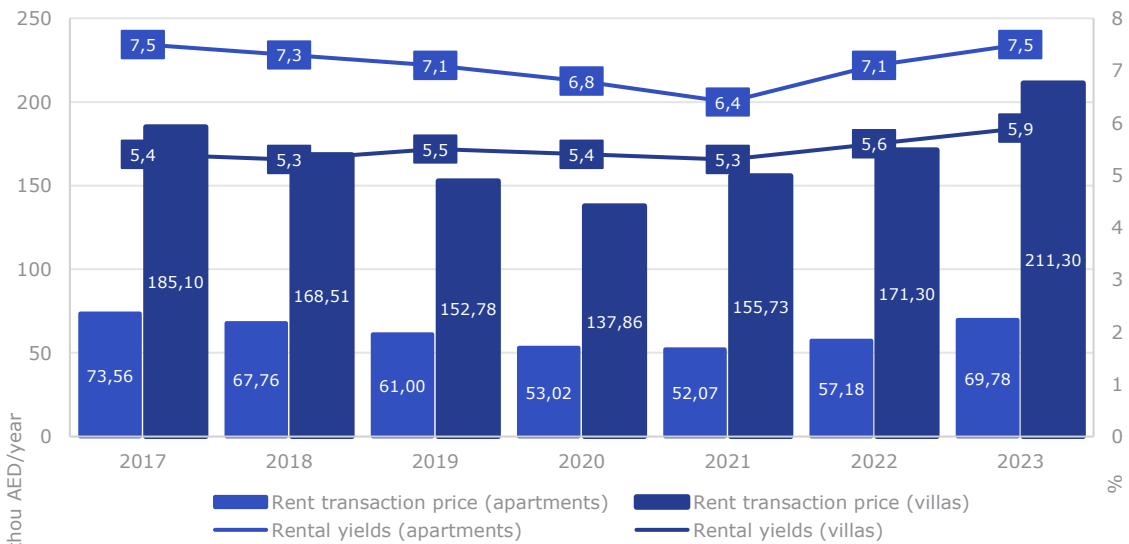
Source: REIDIN, Nikoliers



**Chart 10**

Dynamics of average prices for new leases and gross rental yields

Source: REIDIN, Nikoliers





# Services



Office



Industrial



Retail



Residential



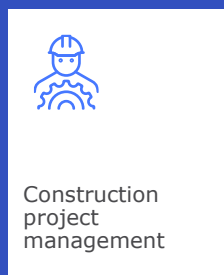
Hotel



Land plots



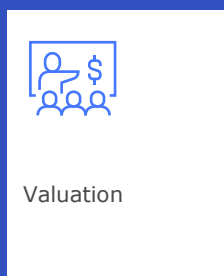
Property management



Construction project management



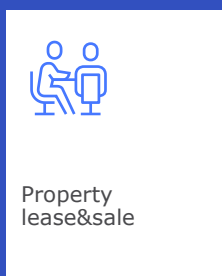
Strategic consulting



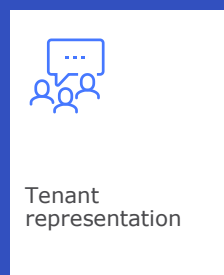
Valuation



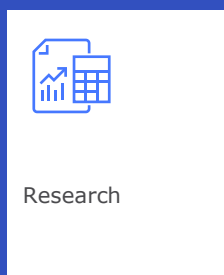
Capital markets



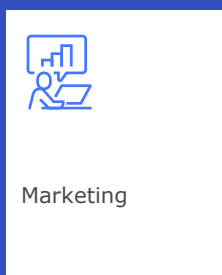
Property lease&sale



Tenant representation



Research



Marketing

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