MARKET IN MINUTES
Savills Research

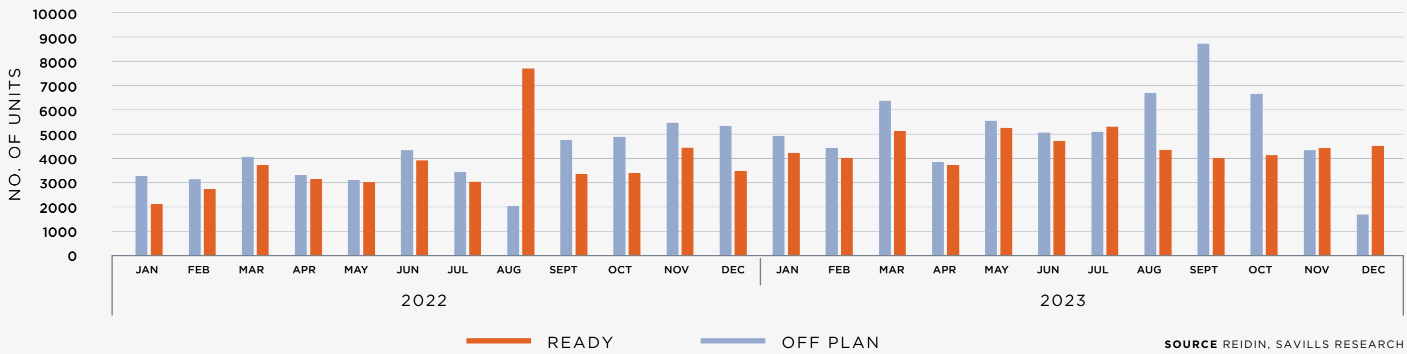
Dubai Property Market

savills

Dubai Residential Market

The residential sector had its best year on record. Transaction activity grew by 29% y-o-y to an all-time high of 118,200 units. This was the first time the total transaction volume surpassed the 100k mark. The residential market has witnessed an upward trend since 2021 when 55,500 units were transacted, growing by 69% y-o-y. And within two years, activity levels more than doubled, creating a new milestone for the market. Dubai is now among the few global cities that have sustained growth in demand which started after the COVID-19-induced restrictions were lifted.

DUBAI RESIDENTIAL TRANSACTION TREND



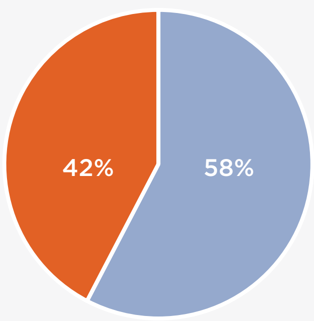
SOURCE REIDIN, SAVILLS RESEARCH

Under-construction properties dominated demand during the year as 55% of the units sold were off-plan. This number has remained consistent throughout the year and coincides with the inquiry levels noted at Savills. Throughout the year and more so during the second half, there has been a shift towards investment-led demand while end-user activity has marginally subsided. A total of 65,000 off-plan units were sold in 2023. A total of 53,200 ready units were sold during the year, albeit lower than off-plan, surpassing the average overall yearly transaction of 34,000 units recorded between 2018 to 2020. Throughout 2023, the market activity continued to shift towards sub-markets in the South East. More than 52% of the total units sold in 2023 were concentrated here. Transaction activity was prominent across locations such as Jumeirah Village Circle, Dubai Sports City, Arabian Ranches, and Dubai Hills Estate, among others. Across other locations in the city, demand was strong in Business Bay and Downtown Dubai in Central Dubai while properties on the Palm Jumeirah and Dubai Marina continued to dominate transaction activity in Dubai West.

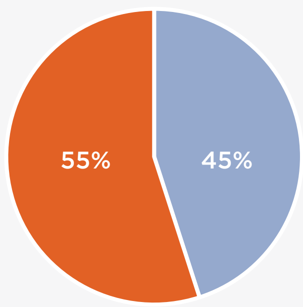
Apartments continued to be the most transacted property type, accounting for 78% of the total transactions recorded in 2023. Off-plan projects showed higher demand, marking 58% of the transactions. Subsequently the year witnessed secondary transactions surpassing primary transactions, 51% of the apartment transactions were secondary. Established core locations close to transport and office hubs like Downtown Dubai, Dubai Marina, Jumeirah Lake Towers are among the locations were secondary transactions surpassed primary transactions. Some of the most transacted apartment locations are Jumeirah Village Circle, Dubai Creek, Business Bay, and Dubai Marina.

The demand for villas and townhouses remained stable. Locations like Damac Lagoons, Damac Hills 2, and Arabian Ranches 3 were among the popular locations for villa transactions. While off-plan projects topped demand in apartment transactions, ready sales recorded 55% of the villa transactions. Popularly transacted locations had new villa completions in the year, like Joy Townhouses in Arabian Ranches 3, Chorisia Villas in Al Barari, etc., which could be the primary driver for the ready transactions.

APARTMENTS



VILLAS



READY

OFF PLAN

SOURCE REIDIN, SAVILLS RESEARCH

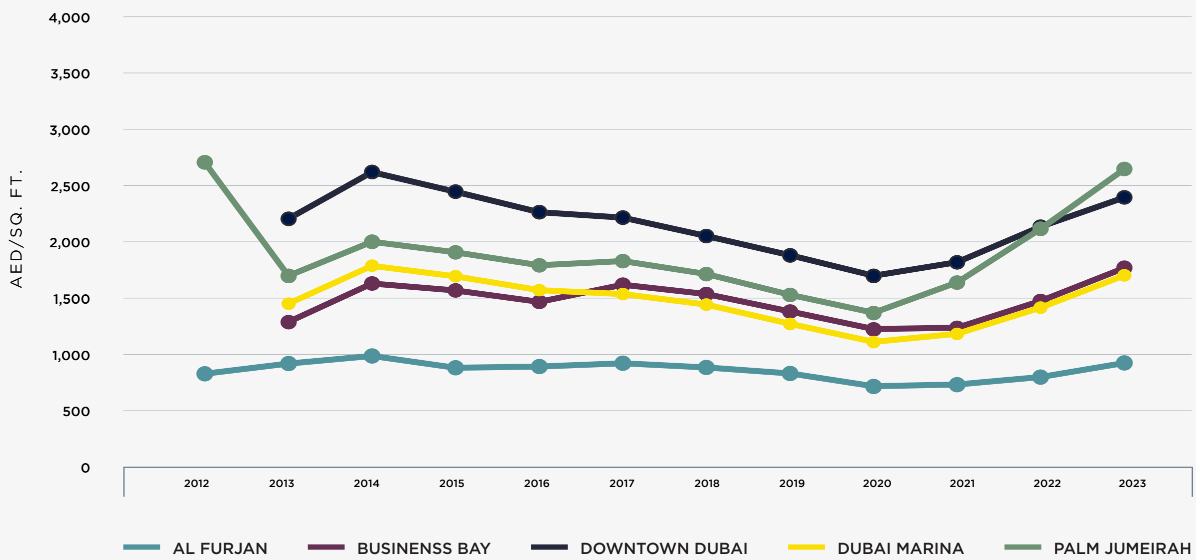
New project launches rose by 90% in 2023. The prominent apartment launches in 2023 include The Edge by Select group, Al Habtoor Tower, Oceanz, Sportz, Fashionz & Elitz 2 by Danube etc. Nearly 75% of the new launches were apartment units. Notable new launches in villas are Haven by Aldar in Dubailand (2600 units), Reportage Village Phase 1 (1700 Units), Camelia in Damac Hills 2, etc.

The luxury end of the market has been particularly active throughout the year. More than 3,800 transactions above AED 10mn were recorded in 2023, growing by 63% y-o-y. Locations like Dubai Harbour, Palm Jumeirah, Jumeirah Beach Residence, and Jumeirah Bay Island top the list of pricey locations in terms of per square feet rate.

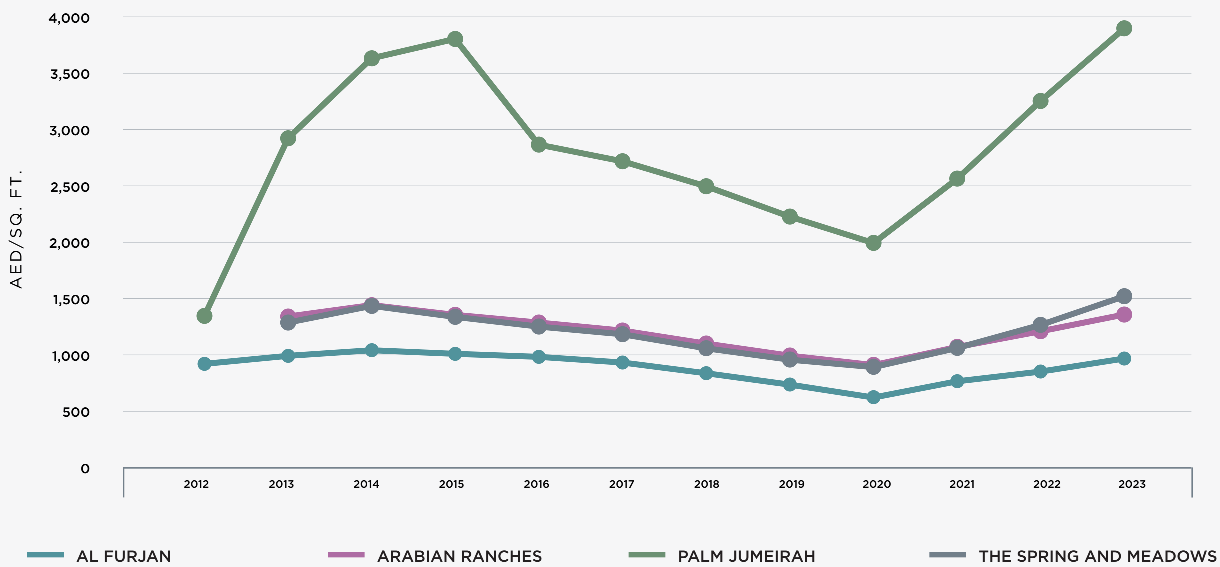
The general trend of Capital value growth for the city sustained the upward trajectory. Core locations proximal to transport hubs and business centres with limited supply like Business Bay, Downtown Dubai witnessed significant capital value growth in the year. As per the Savills World Cities Prime Residential Index report which tracks prime residential property price movement across 30 global cities, Dubai topped the capital value growth in H1 2023 recording 11.2% growth.

On average, capital values across the city increased by 20% y-o-y across apartments and 22% y-o-y across villas/townhouses. However, there are locations and segments where the capital growth was as high as 32%. The capital value growth across high-end villas/townhouses was the slowest, recording only 5% growth in 2023.

CAPITAL VALUE TREND - APARTMENTS



CAPITAL VALUE TREND - VILLAS



Note: Price trend for select residential communities only.

SOURCE REIDIN, SAVILLS RESEARCH

SELECT VILLA TRANSACTIONS

YEAR	QTR	AREA	BUILDING NAME	PROPERTY SUB TYPE	ROOM NUMBER ESTIMATED	SIZE SQ. FT	TYPE	PRICE AED	AED/ SQ. FT	TRANSACTION TYPE
2023	Q3	PALM JUMEIRAH	EŌME	VILLA	6 BEDS	16,186	OFF-PLAN	202,000,000	12,480	PRIMARY
2023	Q1	ARABIAN RANCHES	LA AVENIDA 1	VILLA	5 BEDS	6,547	READY	20,000,000	3,060	SECONDARY
2023	Q1	THE SPRINGS	THE SPRINGS 11	VILLA	3 BEDS	2,326	READY	5,850,000	2,520	SECONDARY
2023	Q2	DUBAI MARINA	ARY MARINA VIEW	VILLA	6 BEDS	2,860	READY	4,300,000	1,500	SECONDARY
2023	Q4	AL FURJAN	THE STELLA	VILLA	5 BEDS	6,528	READY	7,800,000	1,200	SECONDARY

SELECT APARTMENT TRANSACTIONS

YEAR	QTR	AREA	BUILDING NAME	PROPERTY SUB TYPE	ROOM NUMBER ESTIMATED	SIZE SQ. FT	TYPE	PRICE AED	AED/ SQ. FT	TRANSACTION TYPE
2023	Q3	PALM JUMEIRAH	AVA AT PALM JUMEIRAH BY OMNIYAT	APARTMENT	5 BEDS	32,160	OFF PLAN	220,000,000	6,870	PRIMARY
2023	Q2	BUSINESS BAY	DORCHESTER COLLECTION	APARTMENT	2 BEDS	4,009	OFF PLAN	25,000,000	6,240	SECONDARY
2023	Q2	DUBAI MARINA	VIDA RESIDENCES DUBAI MARINA	APARTMENT	2 BEDS	1,087	READY	4,950,000	4,550	SECONDARY
2023	Q4	AL FURJAN	AVENUE RESIDENCE 5	APARTMENT	3 BEDS	2,179	OFF PLAN	2,697,397	1,240	PRIMARY

*Note:
1. Secondary Transaction indicates resale while primary transactions are units sold by the developer.
2. AED/Sq.Ft rates are rounded to the nearest tens.

SOURCE REIDIN, SAVILLS RESEARCH

Dubai Office Market

QUARTERLY MARKET INDICATORS

DEMAND

VACANCY

NEW SUPPLY

MARKET SENTIMENT

**Y-o-Y Change*

The office real estate market witnessed a surge in demand in 2023. The sustained economic growth, growing non-oil sector, ongoing push to improve the ease of doing business, and government initiatives to support job creation, such as the Future 100 Initiative, led to a buoyant office occupier demand.

Throughout the year, demand was concentrated across good quality green-certified assets. A gradual yet evident move towards more sustainable operations is driving this trend. Most of the green-certified buildings in the city are currently located in prime locations. However, limited supply led vacancy levels to drop, resulting in a spike in rentals. Buildings in the DIFC micro-market and Grade A developments around it were among the most sought-after developments, especially from companies in the financial services and advisory/consultancy sector. This led to an average 22% y-o-y increase in rents across DIFC, however, there were a few developments within the micro-market that have seen yearly rental increases of more than 40%.

Unlike other global markets, where demand for office space remains low compared to the pre-pandemic average, in Dubai, the general theme for 2023 was one led by expansion and new market entrance. Mergers and acquisitions (M&A) activity across the country also led to consolidation-led demand for office space across the city.

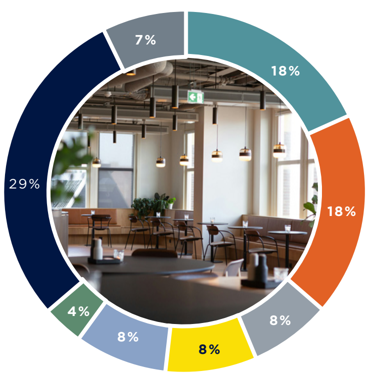
In terms of occupier demand, law firms, wealth management companies, FinTech, and technology, media, and telecommunication (TMT) companies have been at the forefront of leasing space. Companies from the Americas, Russia, India, and China were among the primary source markets for new corporates setting up their operations in the city.

Among others, companies such as Remitly, AIT Worldwide Logistics, Alliance Bernstein, Gorodissky & Partners, IDP Education, Alantra, Eton Solutions, Greenberg Traurig, TheSmallBigIdea, opened their new office in Dubai. Along with these, existing corporate occupiers such as Wipro and Bain and Co. have further expanded their office portfolio across Dubai.

Co-working operators continued to expand their footprint in the city, owing to strong demand for well-managed spaces that offer flexibility and cost-effective options. Existing co-working operators in the city are expanding their footprint across prime office locations in Dubai. Corporate occupiers prefer co-working spaces as they offer hybrid working options to employees and are closer to their residences (in most cases). Landlords have taken note and are coming up with innovative options along the 'Space as a Service' model. Dubai CommerCity for example, has jointly launched a state-of-the-art co-working facility named 'Spaces CommerCity' in 2023 to meet the growing demand for plug-and-play options.

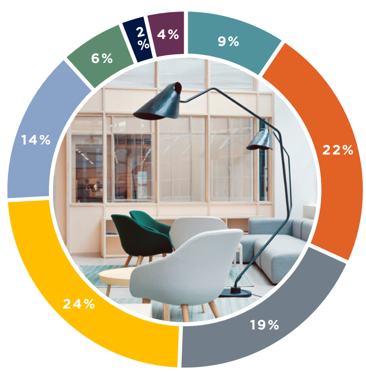
In terms of upcoming supply, projects such as Uptown Tower DMCC, Al Wasl Tower, Gate Avenue Bridge, 6 Falak, etc. have recorded healthy pre-commitments. The positive market sentiments have led to rental increases across most markets. Rental values on average, have increased by 18% y-o-y across the city for Grade A space. However, rental growth across a select few markets such as Business Bay, One Central, and DIFC has increased by 22% to 33% y-o-y.

SECTOR LEVEL SPLIT OF INQUIRIES Q4 2023



FMCG
BFSI
LEGAL SERVICES
ENGINEERING & MANUFACTURING
TMT
CONSULTING
PHARMACEUTICAL
OTHERS

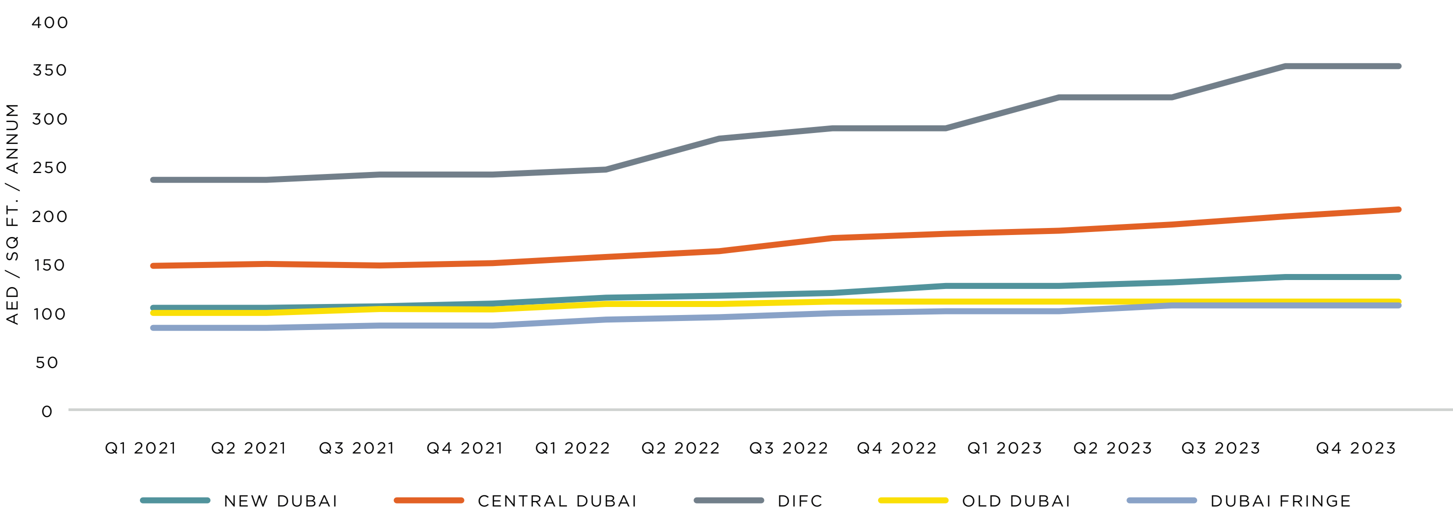
AVERAGE INQUIRY SIZE Q4 2023



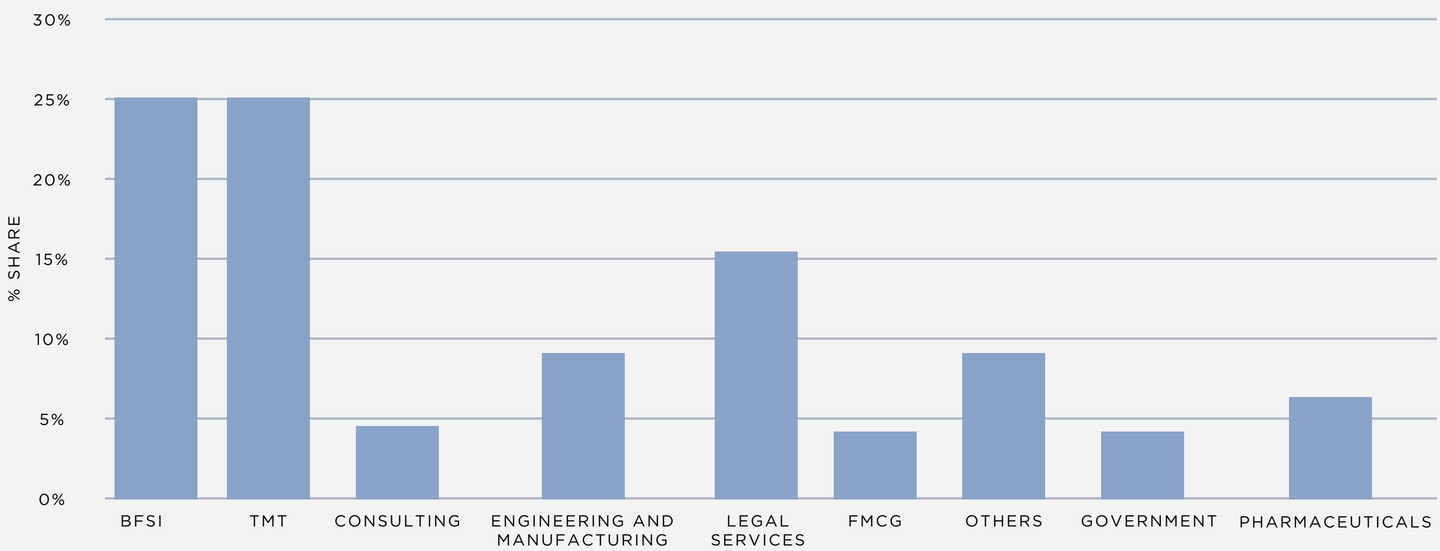
LESS THAN 1000 SQ FT.
1,100 - 3000 SQ FT.
3,1000 - 5,000 SQ FT.
5,100 - 10,000 SQ FT
11,000 - 20,000 SQ FT.
21,000 - 30,000 SQ FT
31,000 - 40,000 SQ FT
41,000 SQ FT AND ABOVE.

SOURCE SAVILLS RESEARCH

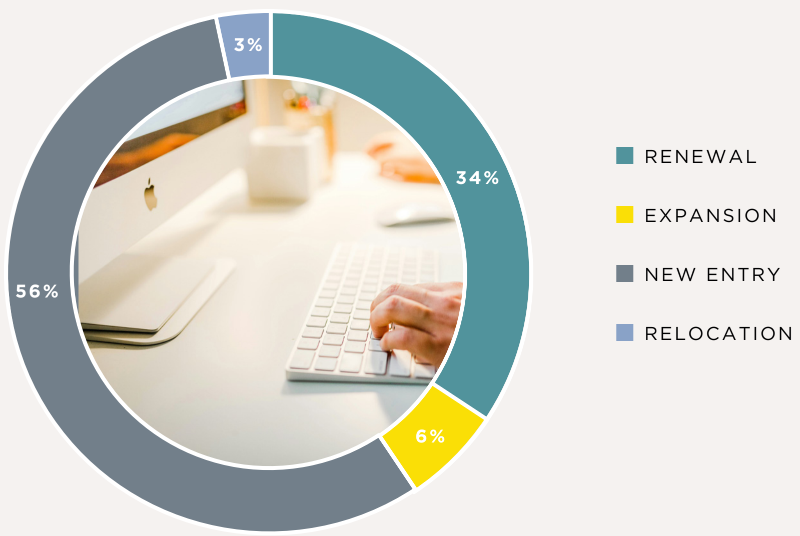
RENTAL TREND 2023



SECTORIAL DEMAND 2023

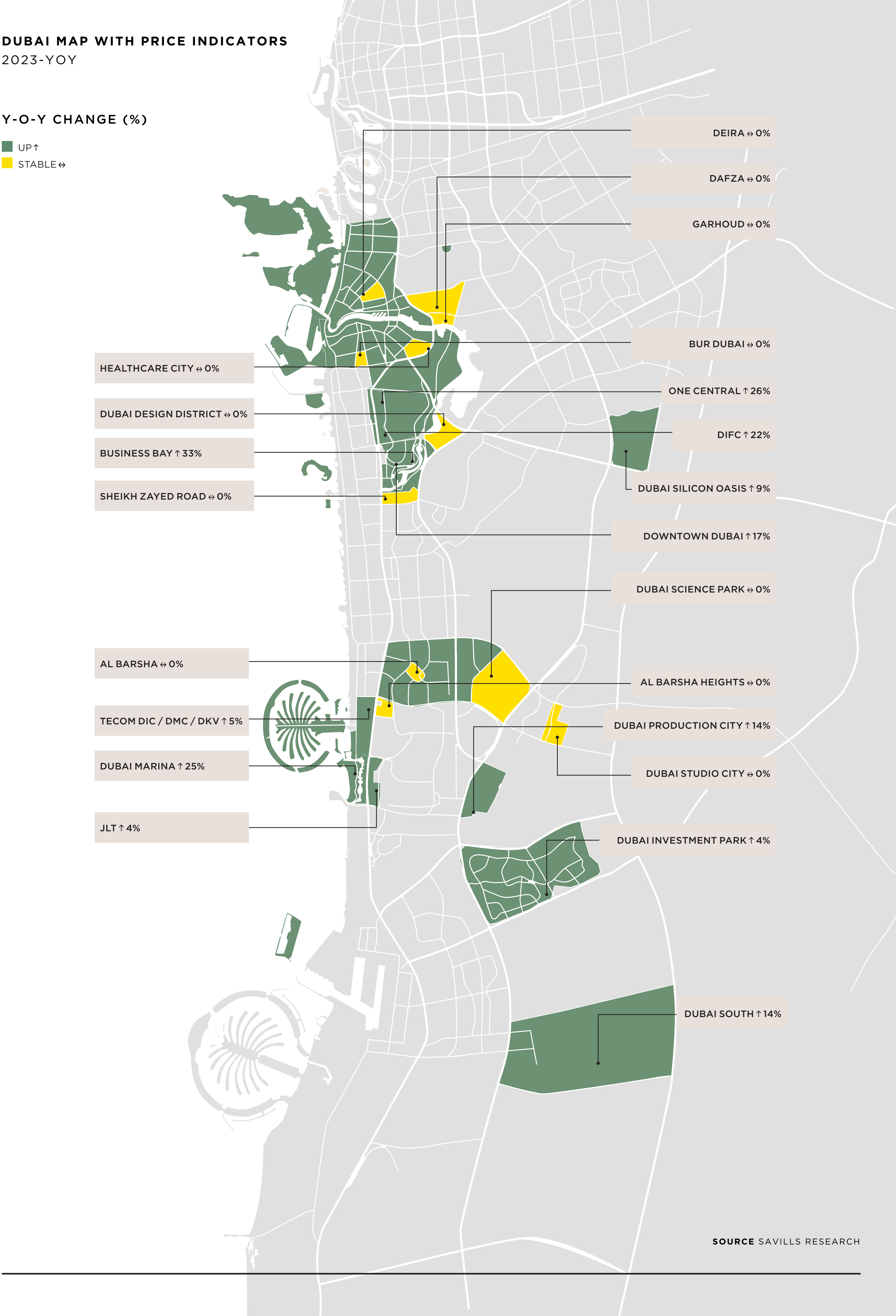


TRANSACTION TYPE 2023



SOURCE SAVILLS RESEARCH

DUBAI MAP WITH PRICE INDICATORS
2023-YOY



SOURCE SAVILLS RESEARCH

Dubai Industrial Market

The industrial and logistics sector in Dubai was among the most resilient real estate asset class in the city. Market activity has remained buoyant throughout 2023. Good quality assets continue to be in short supply as occupiers expand their warehouse footprint.

The non-oil sector has been experiencing tremendous growth across the country and is estimated to have grown by 5.3% in 2023. Dubai's PMI also rose to 57.4 in December 2023 from 56.9 in June and has stayed above the 50 mark throughout the year. The continued expansion in the non-oil sector has been a key driver for logistics demand in Dubai.

Companies from the FMCG, 3PL, retail, and e-commerce sectors were the most active occupiers in 2023. The city has also benefitted from the 'China Plus One' strategy (diversifying to one or more countries other than China) and the close economic ties between China and the UAE. Along with existing occupiers, we saw strong inquiry levels and transactions from new entrants to the market and startups, which included the manufacturing sector, as opportunities arose to produce and source locally. Demand was equally robust across the free zone and non-free zone micro-markets of the city, with a healthy mix of transactions from SME to large corporate transactions.

At a micro-market level, JAFZA has emerged as the preferred destination for healthcare and pharmaceutical companies. The free zone offers temperature-controlled warehouses and other support infrastructure to support the life sciences sector. Dubai South and Dubai Investment Park (DIP) were among the other active micro-markets for warehousing demand during 2023.

Demand from family offices, investment funds, and high-net-worth individuals to acquire industrial and warehousing assets remained strong. We have also observed interest from regional developers to invest and participate in the sector's growth.

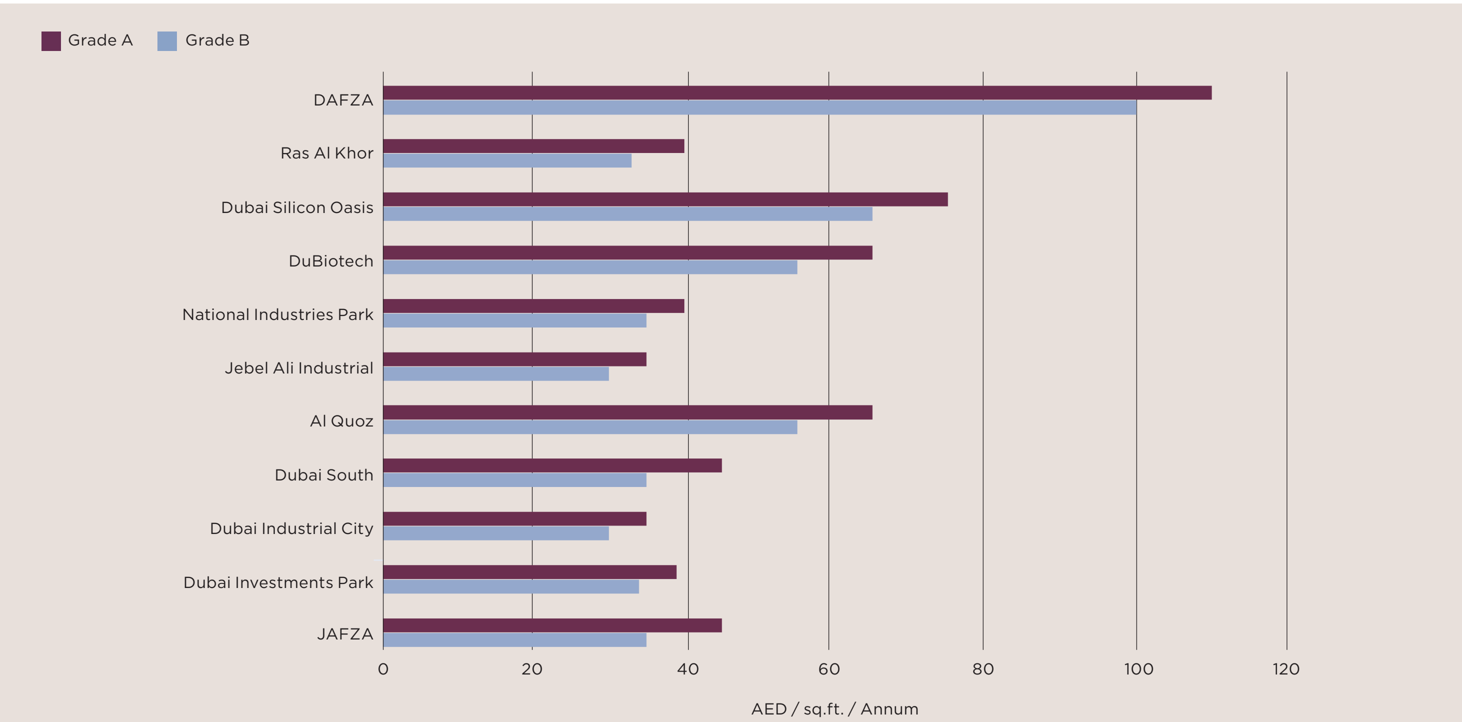
Demand for built-to-suit warehousing space was particularly strong from companies as they plan for future expansions and invest in good quality stock. Investments into sustainable real estate, which have picked up momentum over the last 12 to 18 months, have also been a key driver for demand for built-to-suit warehouses. Companies are ensuring their real estate is sustainable and compliant with local and global regulatory requirements to maintain their competitive edge.

Companies from the oil and gas sector were among the other leading occupiers of warehousing and industrial space across the country. Companies related to the oil and gas sector are gearing up to service the anticipated increase in demand going forward on account of a planned increase in oil production.

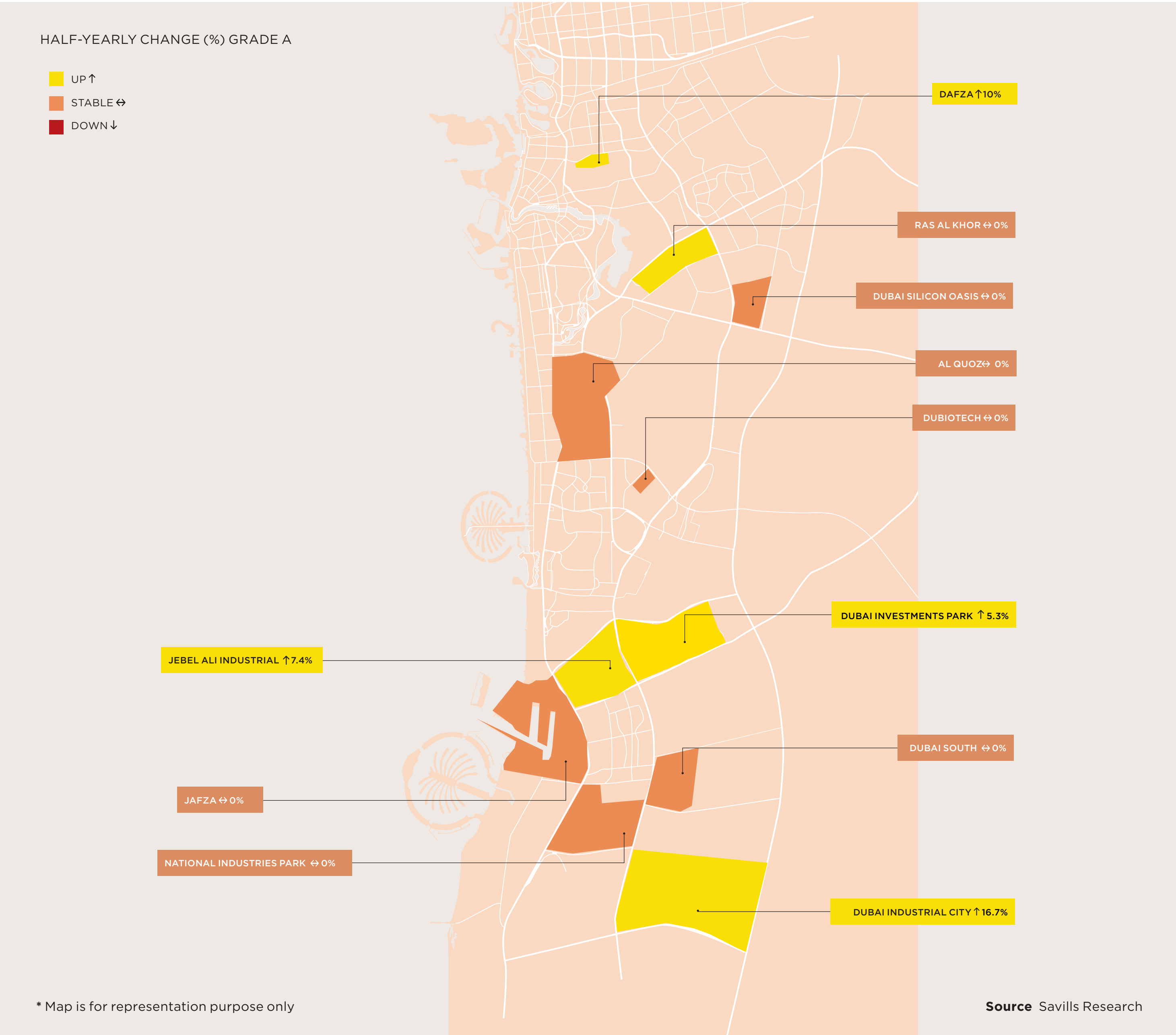
The sustained increase in demand levels and a strong pipeline of inquiries have led to rental increases across most micro-markets. On a yearly comparison, rental values for Grade A properties increased by an average of 8.3% y-o-y across Al Quoz and by 14.3% in DIP. Rental values across Dubai South increased by 7.1% and across Grade A assets in Dubai Industrial City and Jebel Ali Industrial by 16.7% y-o-y in 2023.

New project launches have also increased, and there is currently close to 650,000 sq. ft. of Grade A space under construction and likely to be handed over by 2024.

Dubai Industrial Rents H2 2023



Source Savills Research


HALF-YEARLY CHANGE (%) GRADE A
UP ↑
STABLE ⇔
DOWN ↓
DAFZA ↑10%
RAS AL KHOR ⇔ 0%
DUBAI SILICON OASIS ⇔ 0%
AL QUOZ⇔ 0%
DUBIOTECH ⇔ 0%
DUBAI INVESTMENTS PARK ↑ 5.3%
JEBEL ALI INDUSTRIAL ↑ 7.4%
DUBAI SOUTH ⇔ 0%
JAFZA ⇔ 0%
NATIONAL INDUSTRIES PARK ⇔ 0%
DUBAI INDUSTRIAL CITY ↑ 16.7%
* Map is for representation purpose only
Source Savills Research

Working alongside investors, developers, operators and owners, we inject market insight and provide evidence-based advice at every stage of an asset's lifecycle. We have unrivalled reach across the Middle East with extensive market experience in UAE, Bahrain, Oman, Egypt and KSA.

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