

Property Review

Dubai Real Estate Report

Q4 2023



استيڤكو
zsteco



Dubai Historic Review

Stabilisation 2014-2015

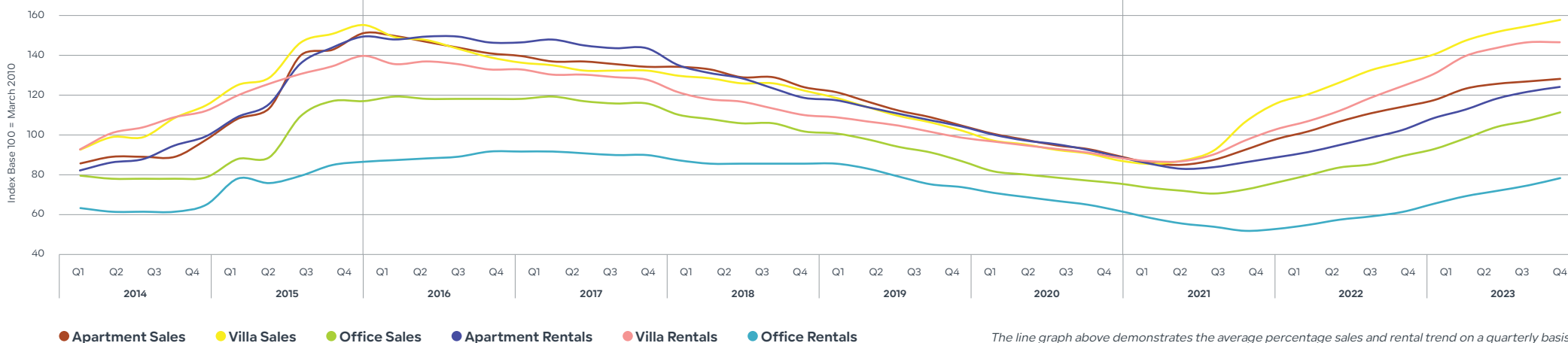
- The market peaked in Q2 2014 and corrected thereafter due to a combination of factors such as the reduction in LTVs, low oil prices and a strong US Dollar.
- Rental rates remained broadly stable as the handover of new supply was slower than anticipated.
- Due to the substantial number of launches witnessed in the previous years, concerns of oversupply and lack of demand particularly for high-end properties motivated developers to focus on the mid-quality and affordable housing sector, and to offer incentives such as extended payment plans during the post-completion stage.
- Lower deposits also made off-plan sales a more attractive option compared to the minimum 25% down payment required for a mortgaged property.

Downturn 2016-2020

- Whilst 2016/17 recorded a substantial amount of project launches, new releases eased significantly from 2018 to 2020.
- Residential supply progressively increased over the years, from 13,750 units delivered in 2016 to over 34,000 apartments and villas handed over in 2020. On the contrary, new office space completions declined from 4 million sq.ft. to 2.34 million sq.ft. over the same period.
- The additional supply continued to have a downward effect on sales prices and rental rates with average quarterly declines of 2% to 5% across all asset classes.
- Despite prolonged economic pressure and the COVID-19 impact, the rate of decline in 2020 was broadly aligned with previous quarters.
- Incentives offered by landlords such as rent-free periods and multiple cheque payments (up to 12 cheques) were not only crucial to retain tenants but became the norm.
- The slowdown in new project launches and the increased affordability of completed properties led to a rise in transaction volumes toward the end of 2020 and ultimately resulted in an increase in end-users and first-time buyers.

Recovery and Growth 2021-2023

- Increased affordability, improved market sentiment, Government initiatives and new visa programmes led to a rise in transactional activity, which started in late 2020, continued well into 2021/22 and accelerated towards the end of 2023.
- In fact, the residential sector, particularly the villa segment, benefitted from the working from home culture.
- Dubai's economy continued to expand in 2022 and 2023 amidst global challenges and political tensions, boosted by higher oil prices and the revival in tourism and trade. As such, transactional volumes and values increased further.
- The office sector also saw a revival in 2023. Office demand and pricing surged significantly, particularly with respect to Grade A space.



The line graph above demonstrates the average percentage sales and rental trend on a quarterly basis.

Dubai Supply ↗

	Completed in Q1 - Q3 2023	Completed in Q4 2023	Projected 2024
 APARTMENTS No. of units	21,700	5,750	37,000
 VILLAS No. of units	5,500	2,000	8,850
 OFFICES Million Sq.ft.	0.5	0.15	0.5

Highlights and Outlook

	2023 Highlights	2024 Outlook
Supply*	<ul style="list-style-type: none"> Residential supply increased significantly over 2023, with the delivery of an estimated 34,950 residential units over the course of the year (13% increase from 2022), comprising 27,450 apartments and 7,500 villas. Whilst handovers fell short of those initially forecasted at the end of 2022, it nevertheless represents a significant volume, relative to market size. Meanwhile, the commercial sector registered the delivery of approximately 650,000 sqft of new office space. Dubai recorded a flurry of new project launches. Project launches (by volume of units) reached levels not seen since pre-Global Financial Crisis (GFC). 	<ul style="list-style-type: none"> Asteco anticipates the delivery of over 45,000 residential dwellings and approximately 500,000 sqft of office space over the course of 2024. It is worth noting that, as in previous years, certain projects may face delays, potentially leaning into 2025. Whilst new project launches are expected, the pace is likely to decelerate from 2023. This adjustment is attributed to the anticipated impact of uncertain global growth, influencing the spending capacity of both international investors and domestic buyers. Despite this, the real estate landscape remains dynamic, showcasing resilience amid evolving global economic conditions.
Rental Rates	<ul style="list-style-type: none"> Residential rental growth slowed towards the end of the year. Average apartment and villa rents increased by 2% and 3% over the quarter, and by 15% and 14% year-on-year. Whilst rental rates continued their upward trajectory, there are indications that they might be approaching a point of equilibrium. A notable metric reinforcing this observation is the growing variance between listings and contracted rates, as documented by the Dubai Land Department (DLD). There has been a rise in rental increases exceeding RERA stipulations (for existing tenants) and consequently a surge in eviction notices as tenants challenged landlords. The strong rebound in the office sector (from 2022 onwards) has continued unabated. There was a notable surge in demand and pricing, particularly for Grade A space. Demand has been stimulated by new entrants and existing companies looking to increase their footprint. However, it is worth noting there are some companies that are recalibrating their real estate needs and downsizing. 	<ul style="list-style-type: none"> Anticipating a rise in unit handovers in 2024, a moderation in rental rate growth is expected. In certain well-established communities or exclusive developments, vacancies will remain scarce. However, this scenario contrasts with the majority of areas, especially those with new and/or upcoming supply. Despite limited tenant movement, the conclusion of eviction notice periods implies a growing number of individuals will actively seek new leased units. The rental landscape, characterised by its diversity, still holds growth potential for specific developments and areas.
Sales Prices	<ul style="list-style-type: none"> In the final quarter of 2023, average sales price growth for apartments and villas experienced a modest increase, averaging 1% and 2%. However, annual growth rates stood at 10% and 12%, respectively. Despite the moderation in sales price growth, transactional volumes remained robust, particularly in the off-plan sector. The luxury residential segment continued to set new records across both beachfront locations and desert destinations. However, amidst the rush to capitalise on the current market fervour, the development of affordable housing has been sidelined. In addition, the lack of affordable options within the secondary market meant many investors and end-users with more limited capital/resources found themselves priced out of the market. 	<ul style="list-style-type: none"> Sale price growth for typical dwellings is likely to continue to ease in 2024 as savings are being exhausted and pent-up demand is being absorbed. As the cost of borrowing is projected to decrease later in the year, there is a growing anticipation of a resurgence in end-users and first-time buyers who had deferred their buying decisions in 2023. In addition, we anticipate the implementation of more flexible and/or post-completion payment plans, accompanied by lower down payment options. Properties with limited current and future stock (i.e. those in established areas) are expected to outperform those available in areas with available development.

* It is important to note that whilst a number of projects may have received completion certificates, Asteco does not consider a project delivered until the handover process has been initiated and the units are available for lease in the open market.



Dubai

Apartment Rental Rates

(All figures in AED 000's p.a.)

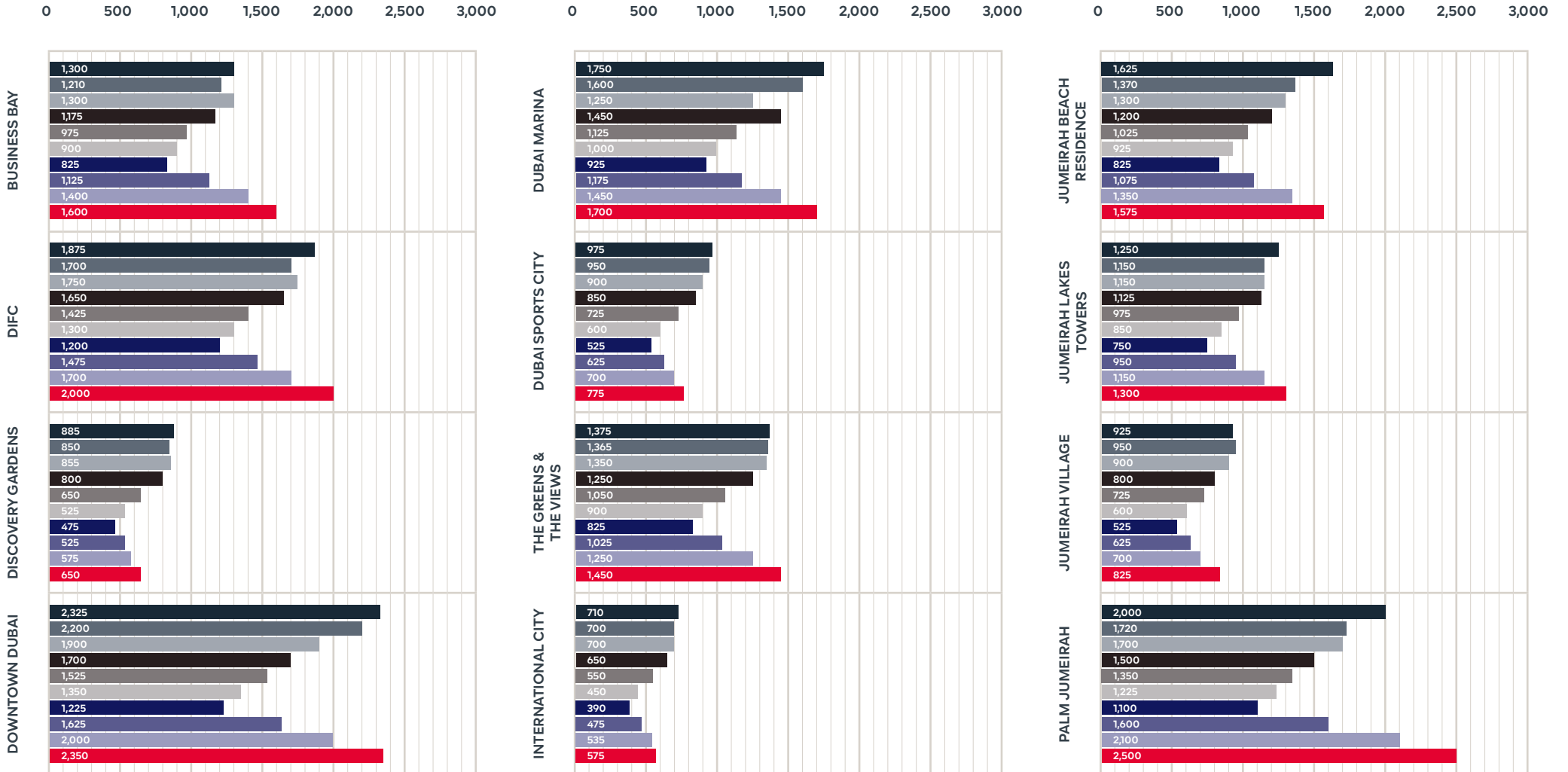
	1 BEDROOM											2 BEDROOMS											3 BEDROOMS										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023			
HIGH TO LUXURY END																																	
DIFC	113	113	105	100	90	85	85	77.5	97.5	110	173	158	160	145	120	110	97.5	110	140	160	235	230	190	190	175	150	140	167.5	200	220			
DOWNTOWN DUBAI	118	115	115	95	83	73	73	75	97.5	115	170	175	160	130	115	105	90	95	120	150	245	240	225	190	170	158	135	170	220	250			
PALM JUMEIRAH	150	135	130	110	98	90	90	95	125	155	208	198	175	155	138	128	112	140	185	220	243	255	235	200	180	158	142	155	205	260			
SHEIKH ZAYED ROAD	113	100	95	90	80	73	73	70	90	100	148	130	125	115	110	98	80	97.5	125	137.5	200	175	165	150	125	115	110	125	150	157.5			
MID TO High-end																																	
BUSINESS BAY	93	93	85	70	65	58	58	60	75	87.5	135	135	125	105	90	90	72.5	90	107.5	120	180	185	170	150	140	120	105	125	155	172.5			
DUBAI MARINA	113	98	90	70	68	58	58	65	80	95	158	143	125	105	98	90	80	100	125	140	210	205	190	155	145	130	110	140	175	200			
THE GREENS & THE VIEWS	83	95	95	75	68	58	58	65	80	90	148	143	130	115	100	93	80	100	120	140	173	175	175	145	135	120	112.5	133	150	175			
JUMEIRAH BEACH RESIDENCE	118	115	105	95	80	70	70	72.5	90	105	163	148	140	115	103	93	80	97.5	125	140	200	193	185	160	140	125	107.5	125	160	175			
JUMEIRAH LAKES TOWERS	90	90	75	65	58	55	55	57.5	67.5	77.5	133	125	115	95	83	70	62.5	77.5	95	110	168	153	150	130	110	100	90	105	125	145			
AFFORDABLE																																	
DEIRA	65	65	60	50	48	43	43	37.5	45	47.5	90	90	85	70	63	55	50	55	65	72.5	133	113	115	95	88	85	75	80	87.5	100			
DISCOVERY GARDENS	70	72	65	55	48	40	40	37.5	42.5	52.5	80	80	85	85	83	75	60	60	65	75	-	-	-	-	-	-	-	-	-	-			
DUBAI SPORTS CITY	65	74	65	55	48	40	40	40	45	52.5	98	105	90	75	68	60	50	55	65	75	-	-	125	100	85	75	62.5	70	85	95			
INTERNATIONAL CITY	46	50	45	40	35	30	30	26	35	37.5	63	65	63	55	53	45	40	42.5	47.5	52.5	-	-	-	-	75	70	62.5	57.5	62.5	80			
JUMEIRAH VILLAGE	65	73	60	55	50	40	40	40	47.5	57.5	103	105	95	80	70	58	50	60	72.5	82.5	130	138	135	110	100	80	70	80	100	115			
DUBAI AVERAGE	91	90	85	74	65	56	48	52	62	72	127	127	118	102	91	83	68	75	90	103	170	172	162	142	127	114	95	106	127	146			
ANNUAL % CHANGE	7%	-1%	-6%	-13%	-12%	-10%	-10%	9%	16%	16%	8%	0%	-7%	-14%	-11%	-9%	-18%	11%	16%	15%	7%	2%	-6%	-13%	-11%	-10%	-17%	11%	17%	15%			
% CHANGE SINCE PEAK (2008)	-42%											-39%											-41%										
% CHANGE SINCE MARKET LOW (2011)	-18%											-16%											-17%										
% CHANGE SINCE 2ND PEAK (2014)	44%											44%											36%										



Dubai

Apartment Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



Dubai Villa Rental Rates

(All figures in AED 000's p.a.)

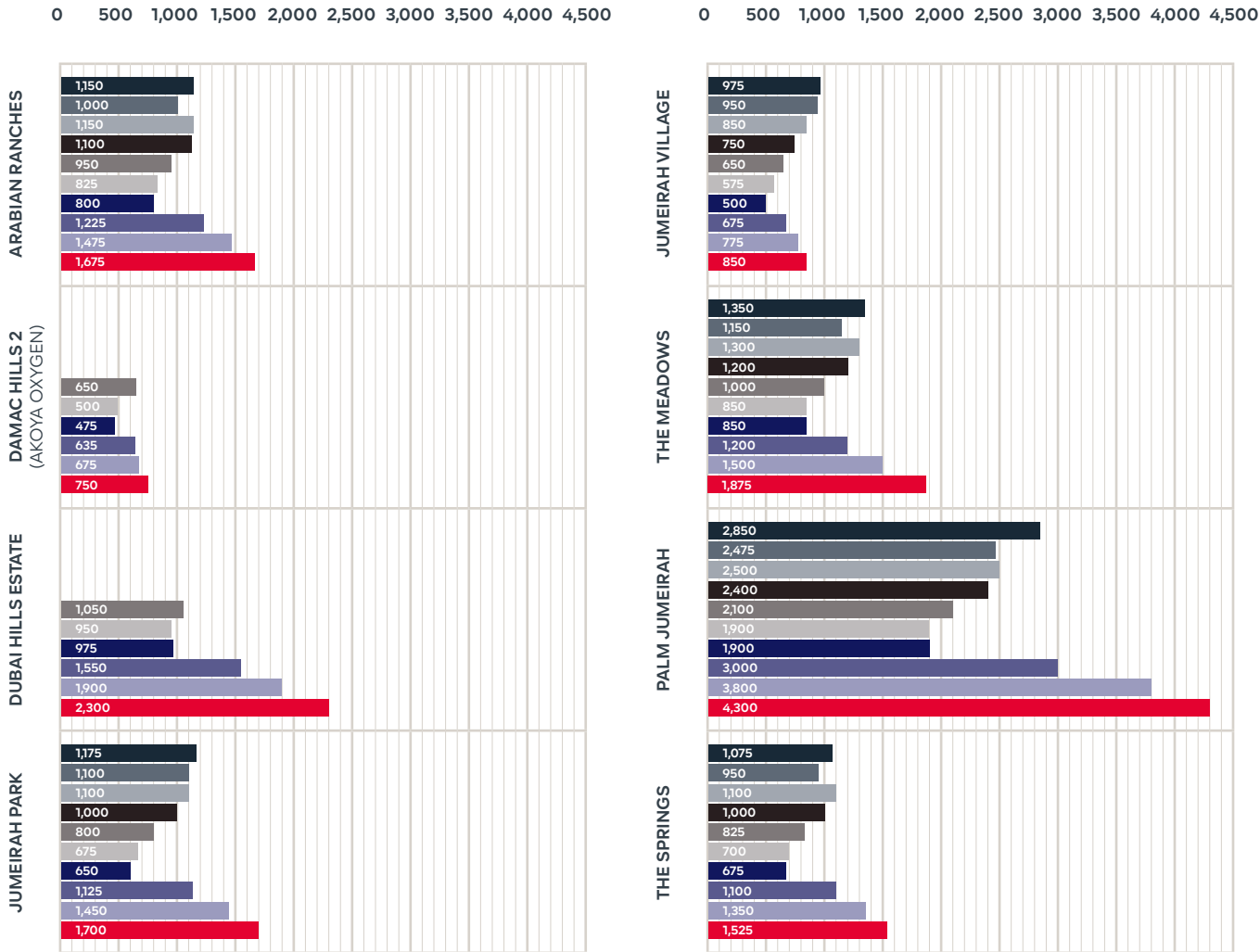
	3 BEDROOMS											4 BEDROOMS										5 BEDROOMS									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
ARABIAN RANCHES	215	203	195	155	145	130	125	175	230	250	300	243	235	190	183	173	162	220	275	300	343	303	285	250	220	205	200	325	385	425	
DAMAC HILLS 2 (AKOYA OXYGEN)	-	-	-	-	-	67.5	55	65	70	80	-	-	-	-	-	85	70	82.5	85	90	-	-	-	-	-	95	80	92.5	105	115	
DUBAI HILLS ESTATE	-	-	-	-	-	-	130	180	225	250	-	-	-	-	-	-	140	225	300	325	-	-	-	-	-	-	165	240	325	350	
JUMEIRAH / UMM SUQEIM	215	190	190	175	163	150	137.5	155	200	230	275	253	210	195	185	170	160	190	235	265	350	285	270	230	215	195	182.5	225	275	325	
JUMEIRAH PARK	220	218	210	175	165	153	155	215	275	310	290	245	245	200	188	183	180	240	300	360	340	290	275	255	230	225	225	315	380	425	
JUMEIRAH VILLAGE	163	160	160	145	120	95	95	120	140	160	178	170	170	145	125	108	100	130	160	175	210	208	185	160	150	140	115	140	180	200	
THE MEADOWS	238	233	210	195	190	165	160	200	250	290	275	260	260	225	210	180	182	235	300	350	310	285	285	250	230	210	207.5	255	335	385	
MIRDIF	133	130	120	105	93	88	80	90	97.5	110	155	150	150	130	115	100	100	115	125	140	175	175	170	150	135	115	100	125	150	160	
PALM JUMEIRAH	350	333	320	275	245	215	200	270	375	425	485	420	400	390	350	315	295	400	540	650	725	675	600	500	465	440	470	650	825	975	
THE SPRINGS	195	180	180	145	135	123	120	150	190	210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
THE LAKES	228	223	220	190	175	158	155	197.5	260	295	283	275	270	245	235	220	200	245	290	335	400	363	350	330	260	260	260	300	325	385	
TOWN SQUARE	-	-	-	-	100	92.5	80	107.5	125	135	-	-	-	-	125	107.5	195	115	150	165	-	-	-	-	-	-	-	-	-	-	
DUBAI AVERAGE	225	206	195	175	152	133	124	152	183	206	271	244	231	206	183	165	154	193	237	268	314	290	274	245	222	206	195	254	312	361	
ANNUAL % CHANGE	5%	-8%	-5%	-11%	-13%	-13%	-6%	-6%	23%	12%	4%	-10%	-5%	-11%	-11%	-10%	-7%	22%	25%	13%	1%	-8%	-6%	-11%	-9%	-7%	-6%	31%	26%	16%	
% CHANGE SINCE PEAK (2008)					-32%																	-25%									
% CHANGE SINCE MARKET LOW (2011)					-4%																	12%									
% CHANGE SINCE 2ND PEAK (2014)					41%																	66%									





Dubai Villa Sales Prices

AED per sq.ft.



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023





Dubai Office Rental Rates

(All figures in AED per sq.ft. p.a.)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BARSHA HEIGHTS (TECOM)	100	110	48	95	85	68	50	47.5	60	80
BUR DUBAI	105	108	100	100	85	78	60	57.5	65	75
BUSINESS BAY	103	88	90	90	75	65	52.5	52.5	65	90
DIFC	235	255	250	245	215	195	150	150	190	230
JUMEIRAH LAKES TOWERS	95	98	95	95	80	63	50	47.5	60	85
SHEIKH ZAYED ROAD	180	185	165	150	120	98	77.5	75	90	115
DUBAI AVERAGE	126	130	127	122	114	104	86	86.5	101.4	133
ANNUAL % CHANGE	8%	3%	-2%	-4%	-7%	-12%	-18%	1%	19%	31%
% CHANGE SINCE PEAK (2008)										-64%
% CHANGE SINCE MARKET LOW (2012)										39%
% CHANGE SINCE 2ND PEAK (2015)										-5%

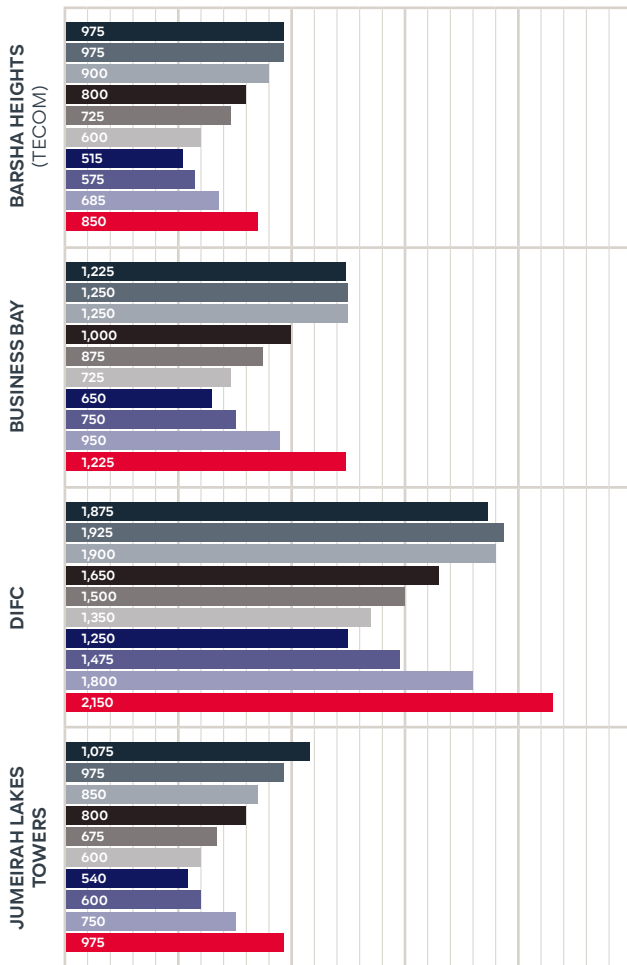




Dubai Office Sales Prices

AED per sq.ft.

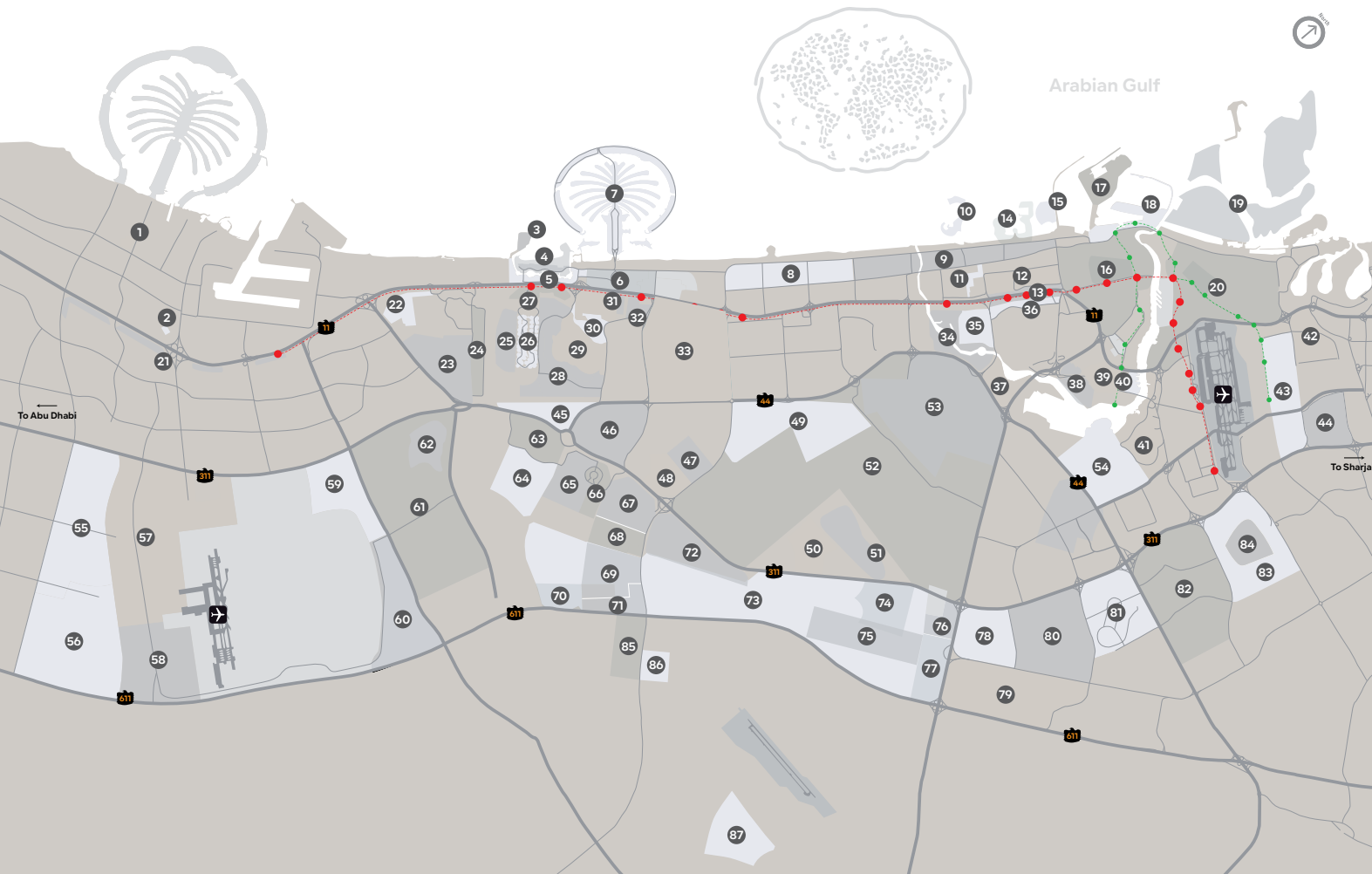
0 500 1,000 1,500 2,000 2,500



● 2014 ● 2015 ● 2016 ● 2017 ● 2018 ● 2019 ● 2020 ● 2021 ● 2022 ● 2023

Dubai

Property Map



- | | | | |
|----|--|----|-------------------------------------|
| 1 | Veneto | 45 | Jumeirah Village Triangle |
| 2 | Badrah | 46 | Jumeirah Village Circle |
| 3 | Bluewater Island | 47 | Dubai Science Park |
| 4 | Jumeirah Beach Residence | 48 | Arjan |
| 5 | Dubai Marina | 49 | Dubai Hills Estate |
| 6 | Dubai Internet City, Dubai Media City & Dubai Knowledge Park | 50 | Living Legends |
| 7 | Palm Jumeirah | 51 | Al Barari |
| 8 | Umm Suqeim | 52 | Mohammed Bin Rashid City (MBR City) |
| 9 | Jumeirah | 53 | Meydan |
| 10 | Jumeirah Bay | 54 | Dubai Creek Harbour |
| 11 | City Walk | 55 | Commercial District |
| 12 | Al Satwa | 56 | Golf District |
| 13 | Sheikh Zayed Road | 57 | Logistics District |
| 14 | La Mer | 58 | Aviation District |
| 15 | Pearl Jumeirah | 59 | Expo 2020 |
| 16 | Bur Dubai | 60 | Residential District |
| 17 | Dubai Maritime City | 61 | Dubai Investment Park |
| 18 | Port Rashid | 62 | Green Community |
| 19 | Dubai Islands | 63 | Dubai Production City (IMPZ) |
| 20 | Deira | 64 | Jumeirah Golf Estates |
| 21 | Downtown Jebel Ali | 65 | Victory Heights |
| 22 | Wasl Gate | 66 | Dubai Sports City |
| 23 | Al Furjan | 67 | Motor City |
| 24 | Discovery Gardens | 68 | Dubai Studio City |
| 25 | Jumeirah Park | 69 | Damac Hills |
| 26 | Jumeirah Islands | 70 | Remraam |
| 27 | Jumeirah Lakes Towers | 71 | Mudon |
| 28 | The Springs / The Meadows | 72 | Arabian Ranches |
| 29 | Emirates Hills | 73 | Dubailand |
| 30 | The Lakes | 74 | Falcon City of Wonders |
| 31 | The Greens | 75 | The Villa |
| 32 | Barsha Heights (Tecom) | 76 | Liwan |
| 33 | Al Barsha | 77 | DubaiLand Residence Complex |
| 34 | Business Bay | 78 | Dubai Silicon Oasis |
| 35 | Downtown Dubai | 79 | Dubai Academic City |
| 36 | DIFC | 80 | International City Phase 2 & 3 |
| 37 | Dubai Design District | 81 | International City |
| 38 | Dubai Healthcare City - Phase 2 | 82 | Al Warqaa |
| 39 | Al Jaddaf | 83 | Mirdif |
| 40 | Jaddaf Waterfront (Culture Village) | 84 | Uptown Mirdif |
| 41 | Dubai Festival City | 85 | Town Square |
| 42 | Al Nahda | 86 | Mira |
| 43 | Al Qusais | 87 | Damac Hills 2 |
| 44 | Muhaisnah | | |

About Asteco



Asteco is a major regional and international award-winning full-service real estate services company that was formed in 1985 and has gained enormous respect for consistently delivering high quality, professional, value-added real estate services in a transparent manner. The company is also widely recognised for its involvement with many of the projects that have defined the landscape and physical infrastructure of the United Arab Emirates.

The world-class company has a distinguished and important combination of local knowledge and international expertise and has been renowned for its application of the latest technological tools and innovations, its commitment to transparency, winning strategies, and human expertise.

Undisputed Real Estate experts with a regional presence to serve its customers, Asteco proudly represents a significant number of the region's top property Owners, Developers, and Investors.

Asteco offers a wide range of services and solutions to its clients from Valuation Advisory and Building Consultancy, Property Management, Sales & Leasing as well as Franchising services. The company applies innovative solutions and cutting-edge technology to add tangible value for its Clients at every stage of the property lifecycle and to continuously elevate customer experiences.

VALUATION & ADVISORY

Our professional advisory services are conducted by suitably qualified personnel all of whom have had extensive Real Estate experience within the Middle East and internationally.

Our valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) and International Valuation Standards (IVS) and are undertaken by appropriately qualified valuers with extensive local experience.

The Professional Services Asteco conducts throughout the region include:

- Consultancy & advisory services
- Market research
- Valuation services

SALES

Asteco has a large property Sales division with multi-lingual representatives based all over the UAE. Our Sales teams have extensive experience in the negotiation and sale of a variety of assets.

LEASING

Asteco has been instrumental in the Leasing of many high-profile developments across the GCC.

PROPERTY MANAGEMENT

Asteco provides comprehensive Property Management services to all property Owners, whether a single unit (IPM) or a regional mixed-use portfolio. Our focus is on maximising value for our Clients.

BUILDING CONSULTANCY

The Building Consultancy Team at Asteco have a wealth of experience supporting their Clients throughout all stages of the built asset lifecycle. Each of the team's highly trained surveyors have an in-depth knowledge of construction technology, building pathology and effective project management methods which enable us to provide our Clients with a comprehensive building consultancy service.

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Note: It should be noted that the number of developments/areas has changed over the years in line with the delivery of new stock. As such, the average in the earlier years is derived from a lower number of projects. Whilst representing the apartment/villa/office average at the time, it is not a like for like comparison.