

Dubai Residential Market



HALF YEARLY MARKET INDICATORS



2023 is on track to be the busiest year for the residential sector in Dubai. A total of 57,700 units have been transacted across the city during the first half of the year, a growth of 12% compared to H2 2022 and 44% versus H1 2022.

A total of 46,100 apartments and 11,600 villas were sold in H1 2023, the highest half-yearly transactions on record. For context, on average 18,700 units were sold during the first six months of the year each, between 2013 to 2018. When compared to this five-year average, activity levels are up by 209% in the current period.

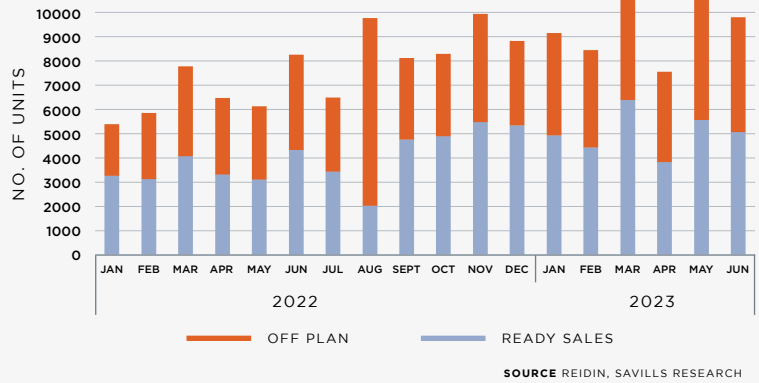
DEMAND FOR OFF-PLAN PROPERTIES ON THE RISE

Higher lending rates are yet to significantly dent demand sentiment; however, take-up of off-plan properties has witnessed a slight uptick as close to 53% of the units sold in H1 were off-plan. The increase in off-plan transactions indicates buyer preference to delay committing to the high lending rates. It is also reflective of an increase in new project launches that have jumped to 27,900 units during H1 2023, compared to 24,900 units in all of 2022.

On further analysis, it is evident that the bulk of the off-plan transactions were observed for apartments, whilst villa/townhouse developments were preferred in the ready category. A total of 67% of villa/townhouse transactions during H1 were for ready units.

Market sentiment suggests that villa/townhouse developments remain the preferred choice for existing residents who are transitioning from renting properties to buying for end use. This trend bodes well for the sector and will support long-term growth and provide the necessary market depth and breadth needed for future developments.

DUBAI RESIDENTIAL TRANSACTION TREND

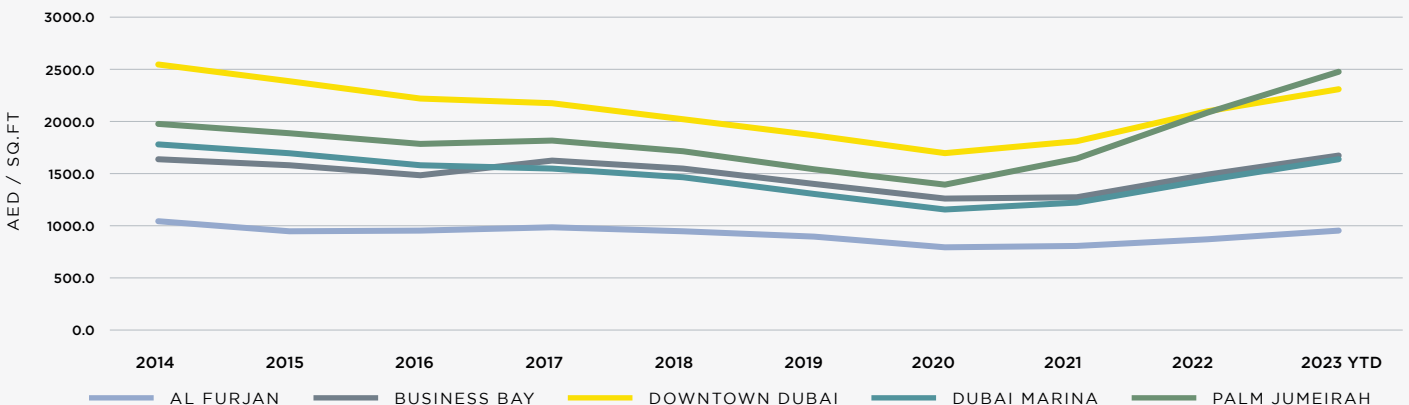


ASSET PRICES CONTINUE THEIR UPWARD TRAJECTORY; HOWEVER, THE PACE OF GROWTH HAS SLOWED

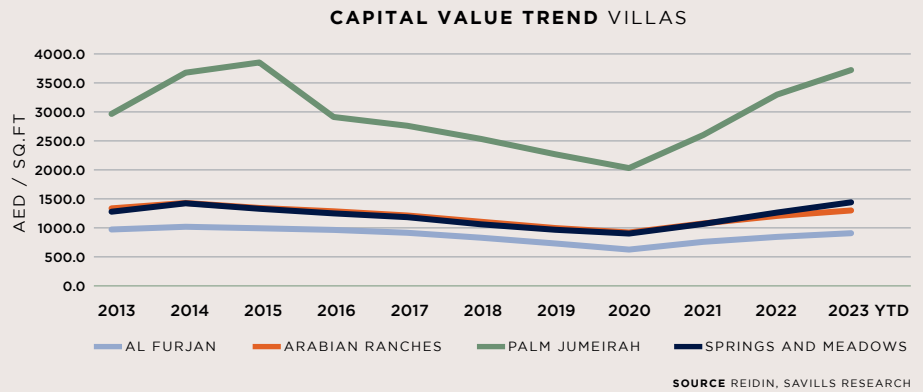
There is a clear delineation emerging between the upcoming and established micro-markets of the city. This is further evident when considering the price movements across the various residential micro-markets over the last few quarters. The double-digit price growth that was witnessed across nearly all the micro-markets throughout most of 2022 has started to taper in locations with significant handovers and planned supply. Meanwhile, price growth across established locations with limited upcoming supply and lower vacancy levels remained relatively more sustained.

Capital values for apartment developments across Palm Jumeirah witnessed one of the highest half-yearly price growths; on average, prices have increased by 19% compared to H2 2022. Dubai Marina (14%) and Downtown Dubai (11%) were among the other high-growth markets during the review period. Other emerging locations such as Al Furjan (9%), Arjan (6%), Sports City (8%), and Town Square (5%) have also noted a marginal increase in prices, however, upcoming supply and existing vacancy levels in these locations may dent any significant price growth during H2 2023.

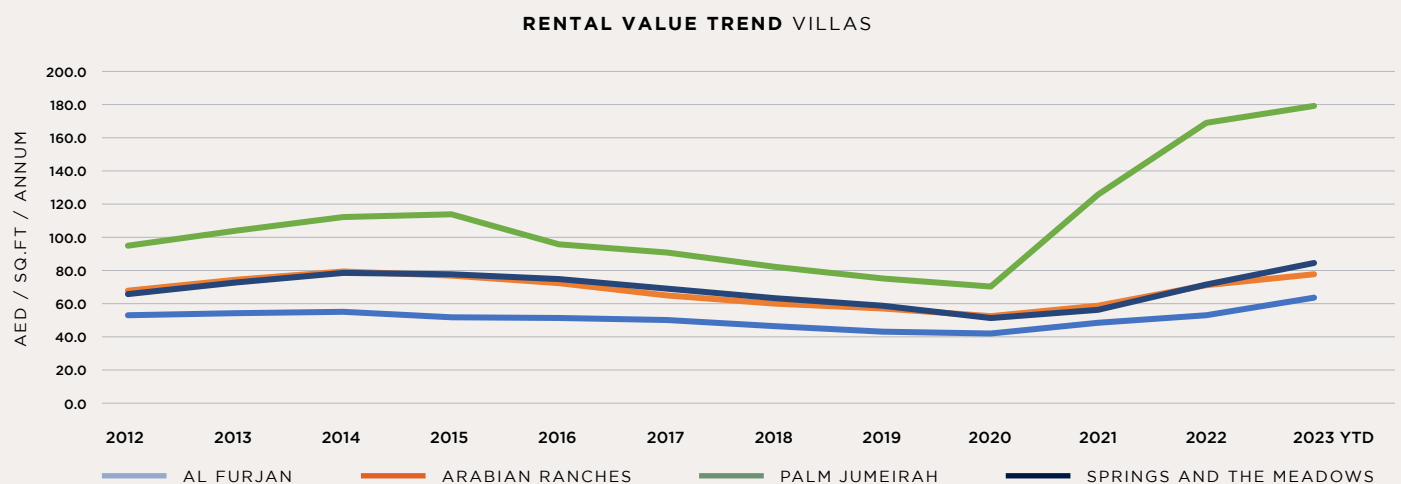
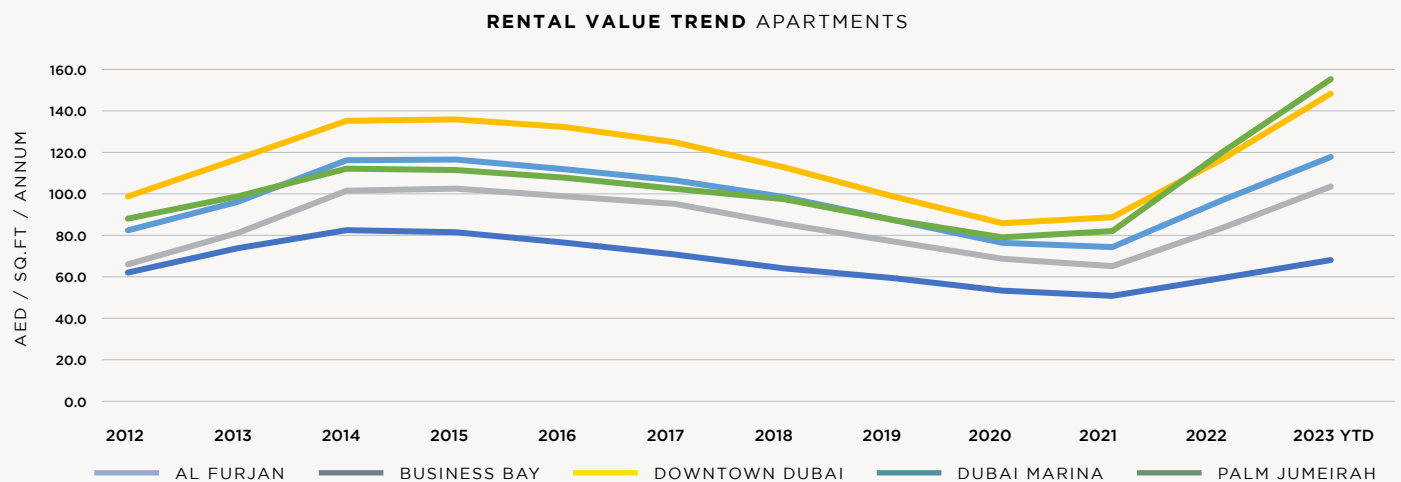
CAPITAL VALUE TREND APARTMENTS



Villas and townhouses remained the most sought-after development type. The strong demand for both end-use and investment has pushed demand higher than availability across established locations. Our analysis suggests that investor activity across emerging locations is also picking up. When compared to H2 2022, capital values increased by 9% across Al Furjan, 8% across Arabian Ranches, 13% across Palm Jumeirah, and an average of 14% across developments within Springs and Meadows.



Rental values are following a similar pattern to capital value movements. Rents across more established locations near employment hubs, retail, and support infrastructure have seen double-digit price growth compared to H2 2022. However, they have remained flat or recorded a marginal movement in prices across secondary/emerging locations. For example, rents for apartment units across Palm Jumeirah have increased by an average of 27%, Downtown Dubai by 25%, Business Bay by 21% and Dubai Marina by 20% compared to H2 2022. Meanwhile, rental values across villa developments such as the Springs, Meadows and Arabian Ranches have increased by 19% and 10%, respectively, and rents across the Palm have increased by 6%, given the already high appreciation witnessed in recent quarters.



PRIME PROPERTIES WITNESS THE HIGHEST INCREASE IN CAPITAL VALUES GLOBALLY

Dubai has recorded the highest global growth in capital values across prime or luxury residential properties during H1 2023. The findings are from the latest Savills Prime Residential Index report which tracks price movements across 30 global cities.

On average, prices across prime developments in the city have increased by 11% compared to December 2022, however, there are some developments where prices have jumped between 20% to 25%.

Dubai's prime rents have continued to grow in line with capital values. Since December 2020, average prime rents in Dubai have witnessed a significant increase of 62%. The city has been successful in attracting UHNWIs from various countries. A total of 1,500 units priced above AED 4,000/sq.ft. were transacted across the city, a growth of 67% compared to H1 2022.

SIGNIFICANT UPCOMING SUPPLY

There are 50,000 residential units that are proposed for completion by the end of the year. Apartments constitute 77% of the upcoming supply in 2023, with prominent projects like Aykon City by Damac at Business Bay, and One Zabeel by Ithra, among others, nearing completion. The stock of villas is also witnessing steady growth in the city. Major villa projects in the supply pipeline for 2023 include Rukan Lofts by Reportage, and Harmony in Tilal Al Ghaf by Majid Al Futtaim.

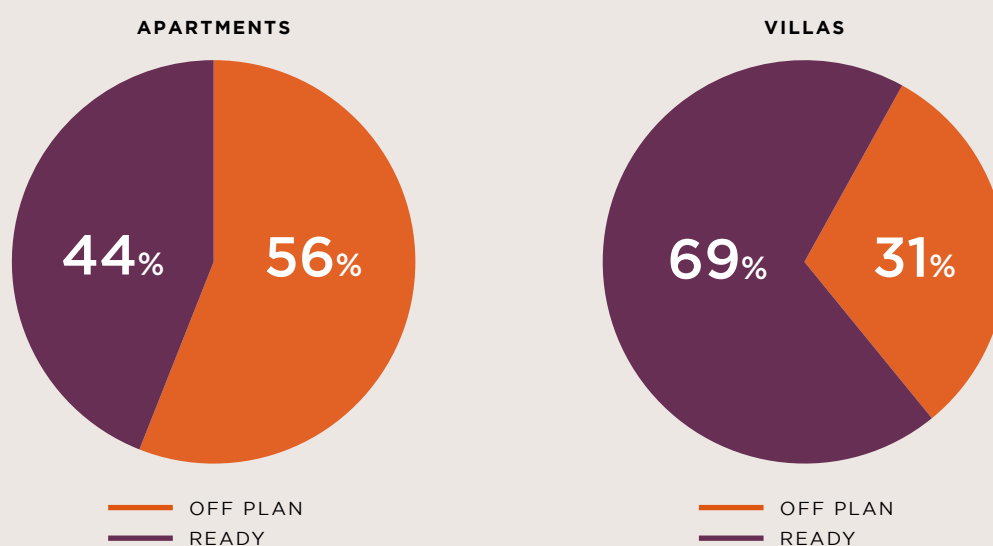
Q2 ACTIVITY IS ROBUST DESPITE THE CONVENTIONAL SUMMER SLUMP

Whilst it is still early to comment on the overall take-up during the usual slower months of the summer, early indicators suggest that market activity is likely to remain strong. A total of 28,400 units were absorbed across the city in Q2, recording 33% yearly growth. Apartments units have dominated the overall take-up with close to 23,150 units or 82% of the transactions during the quarter.

Jumeirah Village Circle, Dubai Harbour, Dubai Hills Estate, Jumeirah Lakes Towers, and Arjan were the top locations for off-plan apartment transactions in the second quarter. With respect to ready sales, transaction activity was concentrated across locations such as Downtown Dubai, Dubai Marina and Business Bay. All three locations are either close to established employment hubs or have a healthy supply of office developments within the micro-market. They also boast great accessibility given their proximity to public transport networks and infrastructure, and have significant retail and lifestyle offerings – all of these make them preferred locations for apartment dwellings. Sustained transaction activity across these locations is also indicative of an increasing distinction between emerging residential hubs of the city, and the core locations that have witnessed healthy yearly transactions and price growth, amidst limited upcoming supply and future development potential.

Villa developments remain the favourite asset type for ready property investment. A total of 69% of the 5,250 villa transactions in Q2 2023 were observed for ready properties with deals concentrated across Damac Hills 2, Al Furjan, and Dubai Hills Estate. On the other end, off-plan transactions were observed across Damac Lagoons and Arabian Ranches 3.

TRANSACTION SPLIT ACROSS APARTMENT AND VILLAS Q2 2023



SOURCE REIDIN, SAVILLS RESEARCH

SELECT VILLA TRANSACTIONS

YEAR	QUARTER	AREA	BUILDING NAME	ROOM NO. ESTIMATE	SIZE (SQFT)	TYPE	PRICE (AED)	AED/SQFT	TRANSACTION TYPE
2023	Q1	PALM JUMEIRAH	SIGNATURE VILLAS FROND F (AL YABRI)	6 BEDS	7,000	READY	125,000,000	17,857	SECONDARY
2023	Q1	AL FURJAN	MUROOJ AL FURJAN WEST	4 BEDS	2,313	READY	4,925,000	2,129	PRIMARY
2023	Q2	DUBAI MARINA	ARY MARINA VIEW	6 BEDS	2,860	READY	4,300,000	1,504	SECONDARY
2023	Q1	ARABIAN RANCHES	LA AVENIDA 1	5 BEDS	6,547	READY	20,000,000	3,055	SECONDARY
2023	Q1	THE SPRINGS	THE SPRINGS 11	3 BEDS	2,326	READY	5,850,000	2,516	SECONDARY

SELECT APARTMENT TRANSACTIONS

YEAR	QUARTER	AREA	BUILDING NAME	ROOM NO. ESTIMATE	SIZE (SQFT)	TYPE	PRICE (AED)	AED/SQFT	TRANSACTION TYPE
2023	Q1	PALM JUMEIRAH	THE ROYAL ATLANTIS RESIDENCES	3 BEDS	3,739	READY	43,000,000	11,500	SECONDARY
2023	Q1	AL FURJAN	WESTWOOD BY IMTIAZ	STUDIO	424	OFF-PLAN	650,000	1,533	SECONDARY
2023	Q2	BUSINESS BAY	DORCHESTER COLLECTION	2 BEDS	4,009	OFF-PLAN	25,000,000	6,237	SECONDARY
2023	Q1	DOWNTOWN DUBAI	BURJ ROYALE	2 BEDS	499	READY	4,040,000	8,092	SECONDARY
2023	Q1	DUBAI MARINA	VIDA RESIDENCES DUBAI MARINA	2 BEDS	1,087	READY	4,950,000	4,553	SECONDARY

Note: Secondary transaction indicates resale property



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