



Property Review

Q2 2023

Dubai Real Estate Report

استیکو
asteco

38
YEARS

Dubai

Market Overview ↗

Supply*

Dubai continues to record a flurry of new project launches. Project launches (by volume of units) are now reaching levels not seen since pre-Global Financial Crisis (GFC). This begs the question – is Dubai overextending itself?

In addition to countless tier two developer launches, Dubai's master developers have made a number of significant announcements. These include Emaar's 'The Oasis', a USD 20 billion, 100 million square foot development with plans to construct in excess of 7,000 residential units; as well as Al Habtoor Tower, a landmark project which will form the world's largest residential tower (81 floors). Upon completion, the project will comprise a total built-up area (BUA) measuring 3.5 million sqft and accommodate over 1,700 apartments.

This builds on Aldar's announcement (made early in 2023) to develop 3 communities under a joint venture with Dubai Holding. The joint venture encompasses a land mass measuring 38.2 million sqft (3.55 million sqm). The greatly anticipated launch by Abu Dhabi's leading developer will mark their first master plan scale project in Dubai.

The potential revival of the Palm Jebel Ali master plan also continues to cause a stir. Whilst details remain scarce, any future development will ensure the orbit of Dubai continues to move south. This reorientation is further supported by the planned expansion of the Al Maktoum International Airport.

Whilst the delivery of these projects remains some way off, they nevertheless represent ambitious development goals, which will ensure Dubai continues to grow and transform at an exponential rate.

In the present, Asteco noted that almost 11,000 residential units were delivered over Q2 2023, with the majority of this stock (9,400 units) comprising apartments. Although villa supply slowed over the quarter, it is expected to pick-up again in the second half of the year. The pace of supply is forecasted to further increase thereafter with close to 20,000 completions planned for 2024/25. In fact, we understand that several developers are seeking to accelerate their construction programmes with the aim of bringing handovers forward by 3 - 6 months.

There were no significant office space handovers over the past three months. However, the pre-leased 495,000 square feet Uptown Tower in Jumeirah Lakes Towers (JLT) is expected for handover by year-end.

Rental Rates

Upward pressure continued unabated across all asset classes. However, the pace of increase has slowed within some communities and asset classes. This was particularly apparent within the villa segment. Albeit it is worth noting that this sector has been outpacing other market segments for some time now. Average apartment, villa and office rental rates increased by 6%, 3% and 6% over the quarter and 21%, 23% and 25% annually.

Despite continued demand from existing tenants and newcomers, the market is not immune to changes in the real estate dynamics, including at a micro level. For example, areas that recorded significant levels of new supply, such as Meydan (with the addition of Azizi Riviera), Arabian Ranches 3 and Al Furjan, registered nominal or no rental growth. Conversely, the low availability of units and limited tenant movement in popular communities such as Dubai Silicon Oasis (Cedre Villas), Al Waha/Layan Villas, Jumeirah Beach Residence (JBR) and The Greens/Views resulted in above-average increases. Unsurprisingly, rising rents, coupled with protection under the RERA rental calculator^A, have resulted in limited movement of some tenants. Although some landlords have found a way around it by serving eviction notices stating self-use or sale as grounds for the eviction and then re-leasing the unit at the inflated rate (often more than 50%). Whilst such practises are technically prohibited, as the unit cannot be re-rented within the first 2 years, the burden of proof lies with the previous tenant who then has to file for claims with the Rental Dispute Settlement Centre (RDC).

Over the past year, the Dubai real estate market has continued to significantly outperform many of its global peers. This is despite the UAE facing the same global headwinds of rising interest rates and inflation. Whilst a certain amount of Dubai's success can be attributed to the UAE's strong economic fundamentals, some of this growth will certainly be sentiment driven.

Although rental rates continue to grow, there are signs that they may be reaching a ceiling. One such indicator is the difference between listings and contracted rates, as recorded by the Dubai Land Department (DLD). According to the data, apartment and villa units are often still renting at the lower end of the range, despite the fact that they are not advertised as such.

Office demand remains on a strong footing, particularly with respect to Grade A space. It is worth noting that not all companies are expanding their footprint with some recalibrating their real estate needs and downsizing. However, this appears to be outweighed by those either entering the market, or by existing companies looking to increase their footprint. Demand and options within the high-quality, hybrid, and co-working office space market also continued to grow.

There is much debate with regard to working remotely vs being in the office full-time, or adopting a hybrid version. Whilst many global corporates are curtailing remote working and imposing performance-linked mandatory number of days in the office, many smaller firms are happy to give their employees the freedom to choose.

Whilst the hybrid model remains a useful tool to attract talent, and offers reduced operational costs, the benefits may be outweighed by the perceived impact on productivity and employee engagement.

* 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.

^A The Dubai Government was expected to roll out a new rental index in 2023, with increases to be based on star ratings of each building, reflecting quality and amenities, rather than being subject to location and/or community trends. However, there has been no update at the time of writing the report.

Dubai

Market Overview ↗

Sales Prices

The Dubai market continued to set new records across beachfront locations including Palm Jumeirah, Jumeirah Bay Island, Bluewaters and Madinat Jumeirah Living, as well as 'desert destinations', such as Lanai Island (Tilal Al Ghaf).

However, putting large ticket sales aside, sales price growth appeared to be slowing with quarterly increases of 2% for apartments, 3% for villas and 4% for offices. Annual changes stood at 14%, 15% and 22%, respectively.

Asteco notes that increased local demand from tenants looking to become homeowners is expected to continue in the second half of 2023 and well into 2024.



Dubai Supply ↗

	Completed in Q1 2023	Completed in Q2 2023	Projected END OF 2023
 APARTMENTS No. of units	7,600	9,400	12,900
 VILLAS No. of units	2,150	1,500	2,850
 OFFICES Million sq.ft.	-	-	0.5



Dubai
Apartment Rental Rates ↗

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

	STUDIO		1 BEDROOM		2 BEDROOMS		3 BEDROOMS		% CHANGE	
	From	To	From	To	From	To	From	To	Q1 2023 - Q2 2023	Q2 2022 - Q2 2023
HIGH TO LUXURY END										
DIFC	65	100	85	145	110	210	170	300	4%	23%
DOWNTOWN DUBAI	55	95	75	160	110	240	160	400	5%	25%
PALM JUMEIRAH	70	120	110	220	150	300	190	400	5%	30%
SHEIKH ZAYED ROAD	60	70	75	130	80	200	100	220	3%	23%
MID TO HIGH END										
BUSINESS BAY	45	90	60	120	90	180	130	240	4%	21%
DUBAI MARINA	48	100	65	145	90	210	120	300	5%	26%
THE GREENS & THE VIEWS	50	70	65	125	100	160	130	210	5%	22%
JUMEIRAH BEACH RESIDENCE	70	100	90	160	120	180	150	230	5%	25%
JUMEIRAH LAKES TOWERS	40	65	50	100	70	150	110	180	4%	21%
AFFORDABLE										
DEIRA	20	40	37.5	60	50	90	80	110	3%	15%
DISCOVERY GARDENS	30	45	45	65	70	80	0	0	5%	24%
DUBAI SPORTS CITY	25	45	42.5	65	55	90	75	100	4%	23%
INTERNATIONAL CITY	20	35	30	50	40	65	60	100	6%	21%
JUMEIRAH VILLAGE	28	65	35	90	55	125	95	145	5%	19%





Dubai

Apartment Sales Prices ↗

(All figures in AED per sq.ft.)

0

1,000

2,000

3,000

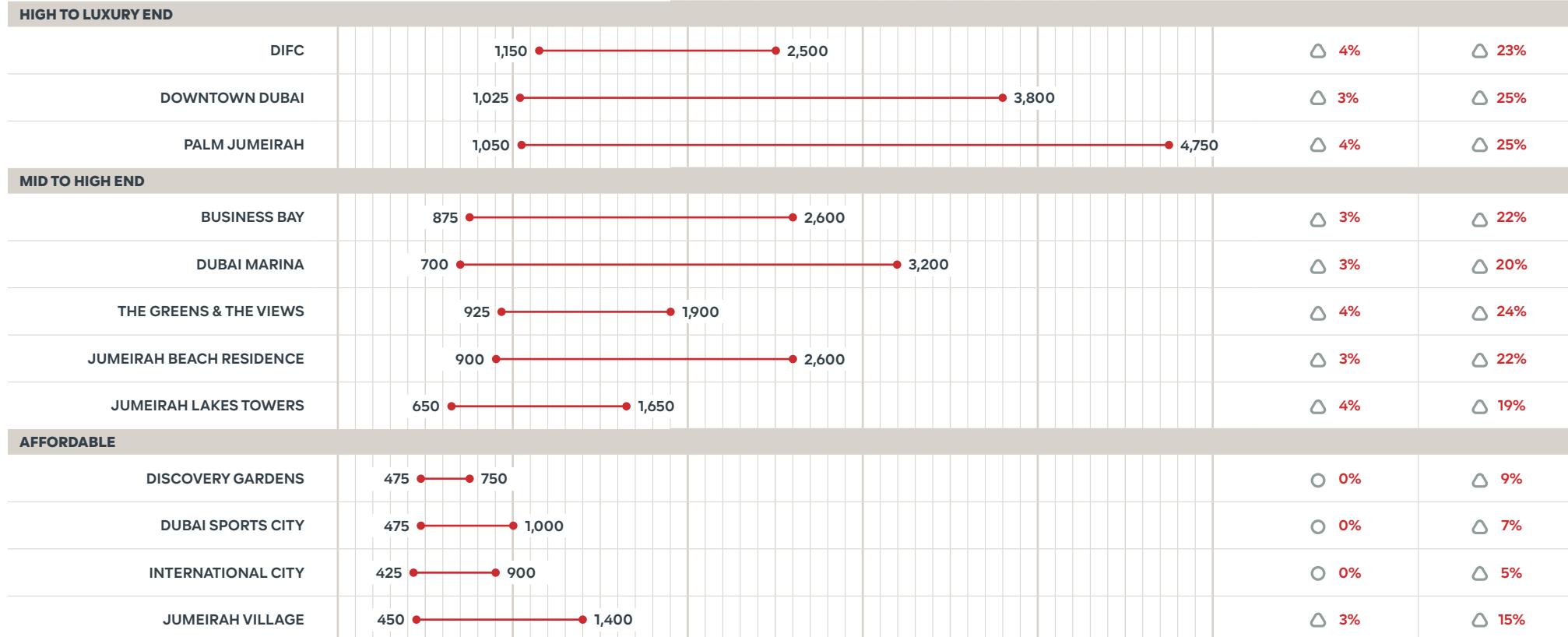
4,000

5,000

% CHANGE

Q1 2023 - Q2 2023

Q2 2022 - Q2 2023



% Change

2%

Q-o-Q
Since Q1 2023

14%

Y-o-Y
Since Q2 2022

-8%

Since Peak
Q2 2014

67%

Since Market Low
Q3 2011



Dubai

Villa Rental Rates

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

	2 BEDROOMS		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
	From	To	From	To	From	To	From	To	Q1 2023 - Q2 2023	Q2 2022 - Q2 2023
ARABIAN RANCHES	140	200	170	330	235	400	340	500	3%	21%
DAMAC HILLS 2 (AKOYA OXYGEN)	65	80	55	100	65	120	100	130	0%	6%
DUBAI HILLS ESTATE	-	-	200	380	230	430	275	525	1%	23%
JUMEIRAH / UMM SUQEIM	-	-	150	300	175	400	200	500	4%	24%
JUMEIRAH PARK	-	-	250	350	275	425	350	525	4%	23%
JUMEIRAH VILLAGE	120	200	130	190	140	220	160	260	3%	25%
THE MEADOWS	-	-	270	360	325	425	350	650	5%	28%
MIRDIF	55	95	80	160	100	180	120	200	2%	13%
PALM JUMEIRAH	-	-	360	700	475	850	650	1,100	6%	31%
THE SPRINGS	100	180	180	260	-	-	-	-	3%	25%
THE LAKES	-	-	240	360	260	450	350	550	5%	21%
TOWN SQUARE	-	-	120	160	150	180	-	-	3%	22%

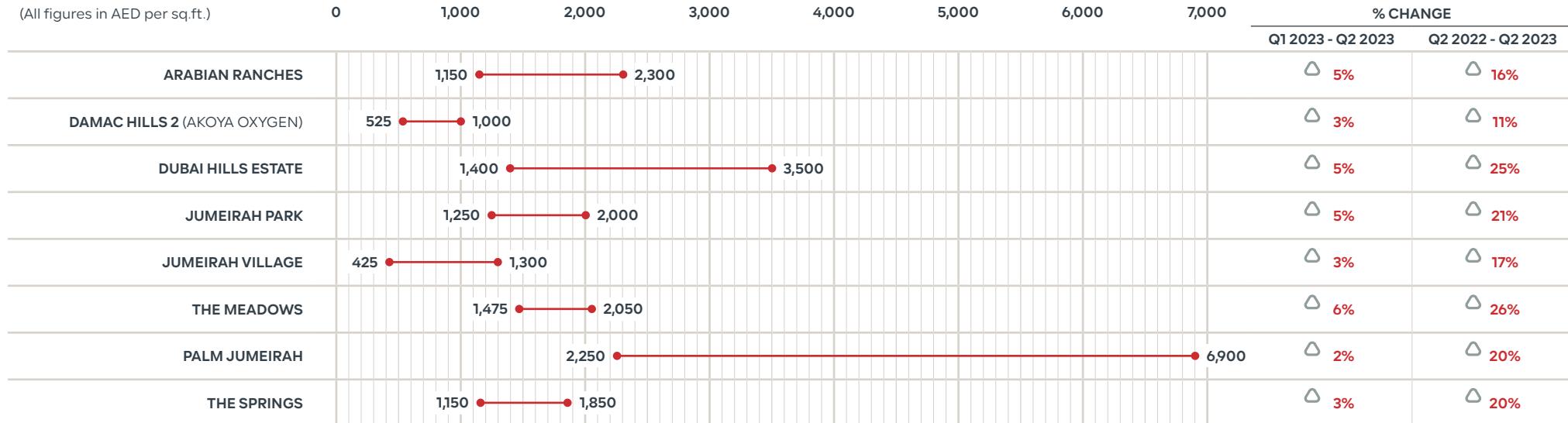




Dubai

Villa Sales Prices ↗

(All figures in AED per sq.ft.)



% Change

3%

Q-o-Q
Since Q1 2023

15%

Y-o-Y
Since Q2 2022

5%

Since Peak
Q2 2014

71%

Since Market Low
Q3 2011



Dubai

Office Rental Rates ↗

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

	AVERAGE RENTAL RATES		% CHANGE	
	From	To	Q1 2023 - Q2 2023	Q2 2022 - Q2 2023
BARSHA HEIGHTS (TECOM)	60	100	4%	29%
BUR DUBAI	60	90	4%	17%
BUSINESS BAY	60	120	7%	30%
DIFC	120	350	5%	30%
JUMEIRAH LAKES TOWERS	60	100	8%	33%
SHEIKH ZAYED ROAD	80	220	8%	31%





Dubai

Office Sales Prices ↗

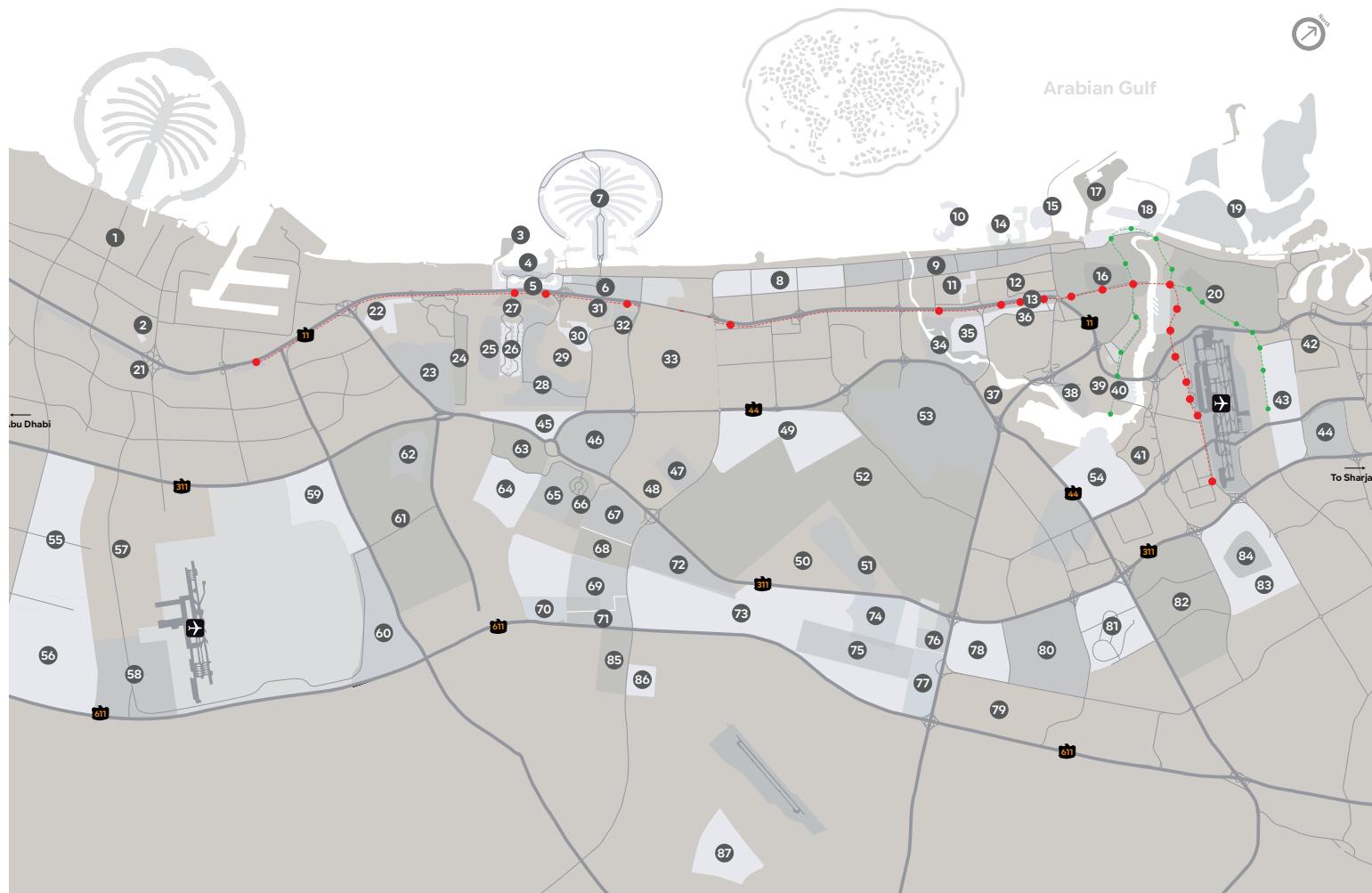
(All figures in AED per sq.ft.)

	0	500	1,000	1,500	2,000	2,500	3,000	3,500	% CHANGE	
									Q1 2023 - Q2 2023	Q2 2022 - Q2 2023
BARSHA HEIGHTS (TECOM)		500		900					△ 3%	△ 25%
BUSINESS BAY		675			2,350				△ 5%	△ 26%
DIFC			1,650			3,000			△ 5%	△ 28%
JUMEIRAH LAKES TOWERS		500		1,650					△ 6%	△ 26%



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 Warqa |
| 39 | Al Jadaaf | 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 | | |

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.

HP Aengaar

Chief Executive Officer
+971 2 408 0800
h.aengaar@provis.ae

John Allen

BSc, MRICS
+971 4 403 7777
JohnA@Asteco.com

James Joughin

BSc (Hons), MRICS
Director - Valuation & Advisory
+971 4 403 7777
JamesJ@Asteco.com

Ghada Amhaz

MSc, MRICS
Associate Director - Research & Advisory, Abu Dhabi
+971 2 626 2660
GhadaA@asteco.com

Tamer Ibrahim Chaaban

BE
Associate Director / General Manager - Al Ain
+971 3 766 6097
Tamerl@asteco.com

Jenny Weidling

BA (Hons)
Manager - Research & Advisory, Dubai
+971 4 403 7777
JennyW@Asteco.com



DISCLAIMER: The information contained in this report has been obtained from and is based upon sources that Asteco Property Management believes to be reliable; however, no warranty or representation, expressed or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. Asteco Property Management will not be held responsible for any third-party contributions. All opinions and estimates included in this report constitute Asteco Property Management's judgment, as of the date of this report and are subject to change without notice. Figures contained in this report are derived from a basket of locations highlighted in this report and therefore represent a snapshot of the UAE market. Averages, however, represent a wider range of areas. Particularly exclusive or unique projects have been excluded from the data to avoid distorting averages. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, involve risk and uncertainty because they relate to future events and circumstances which are beyond Asteco Property Management's control. For a full in-depth study of the market, please contact Asteco Property Management's Research team. Asteco Property Management LLC. Commercial License No. 218551. Paid-up Capital AED 4,000,000. | ORN 180.

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.