



Property Review

Dubai Real Estate Report

Q3 2023

استيگو
zsteco

38
YEARS

Dubai Market Overview

Supply*

Ongoing momentum characterises the real estate landscape, marked by a continuous stream of new project launches.

Following the footsteps of industry giants like Emaar, Nakheel and Dubai Properties, several tier 2 developers have recently unveiled substantial projects. Noteworthy among them is Azizi's Venice in Dubai South, a 24 million sqft mixed-use development. This ambitious venture encompasses over 30,000 residential units across approximately 100 apartment complexes, complemented by 400 luxury villas and mansions.

The buzz surrounding the launch of the first Palm Jebel Ali villas, evoking queues reminiscent of pre-GFC market peaks, underscores the market's vigour. Although details about the development beyond the multimillion-dirham villas and plots launched across 4 fronds (out of 16) remain limited, any future progress is set to extend Dubai's southern trajectory. This strategic shift aligns with the planned expansion of the Al Maktoum International Airport, solidifying Dubai's growth trajectory.

Whilst these projects are slated for delivery in the future, they exemplify Dubai's ambitious developmental goals. These initiatives are poised to facilitate the city's exponential growth and transformation.

In the meantime, Asteco's records indicate the delivery of around 6,250 residential units in Q3 2023, including 4,450 apartments and 1,800 villas. Although this signifies a moderate decline compared to previous quarters, it remains a substantial volume. However, this volume pales in comparison to the anticipated delivery of over 130,000 dwellings slated to hit the market in the next 3 to 4 years.

Although notable new office completions have been limited in recent years, the handover of Uptown Tower, a 500,000 sqft Grade A development in Jumeirah Lakes Towers (JLT), presents a significant milestone. Additionally, the impending delivery of One Za'abeel The Offices on the Trade Centre Roundabout and Innovation One in Dubai International Financial Centre (DIFC) further underscores the market's dynamism. Rising demand for office space is likely to usher in new commercial launches in the foreseeable future.

Amidst discussions about an 'undersupply' in the market, a pertinent question emerges: who will occupy the sold units upon completion? This query highlights the need for a holistic perspective, considering not only the pace of sales and launches but also the occupancy dynamics, ensuring a sustainable and balanced market growth.

* 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 had been no update at the time of writing the report.

Rental Rates

In the face of a steadfast demand, primarily driven by newcomers (as existing tenants opt for continuity), the Dubai rental market has seen a gradual moderation in rate growth. Asteco's data for the third quarter reveals a definite slowdown, with rental gains at 3%, 2%, and 4% for apartments, villas and offices over the three-month period. On an annual scale, the changes stood at 18%, 19% and 29% respectively.

Whilst there has been activity in both lower and upper rental rate brackets, certain averages have remained static. In fact, Dubai Land Department's (DLD) data indicated marginal rental rate drops in newly registered contracts, hinting at a possible market cooldown, albeit at a modest scale. Conversely, upgrades have continued to drive the upper end of the market, particularly within established villa communities.

The rental landscape is diverse and continues to offer growth potential for specific developments and areas.

Leveraging the current buoyant market conditions, a strategic move has been transitioning annual leases into short-term rental properties. This shift has been further facilitated by the ongoing expansion of airline services, leading to the addition of new destinations and increased frequencies on existing routes.

Consequently, the market has witnessed a surge in the availability of new holiday homes. According to the latest data from the Dubai Department of Economy and Tourism, there has been a substantial 45% year-on-year increase in the number of registered holiday homes in Dubai, as of March 2023.

The reduced availability of units for annual leases and the lag in new deliveries stemming from Covid related development delays, has amplified the supply-demand dynamics, and ultimately heightened rental pressure.

Affordability has definitely been a focal point this year with many long-term tenants finding themselves priced out of their familiar buildings/communities. Whilst market sentiment has always been a key driver in Dubai's real estate market, it now verges on price gouging, particularly when considering the rapid rise of eviction notices being served by strata-title landlords stating self-use or sale as grounds for the eviction. Subsequently, these units are being re-let at rates significantly inflated, often exceeding 50%. Whilst such practises are technically prohibited, as the unit cannot be leased by the same landlord for the first 2 years following eviction, tenants bear the burden of proof and must file claims with the Rental Dispute Settlement Centre (RDSC). (Please refer to page 37 for more information from Al Tamimi & Co.). Moreover, an outdated rental calculator and delayed new index^A exacerbate the tense situation, further complicating pricing dynamics.

Corresponding with the surge in short-term rentals, Asteco has observed a significant increase in the establishment of holiday home management companies. These entities, typically situated in business centres, have been actively seeking dedicated office space.

In addition to newcomers to the market, Asteco noted increased demand from companies looking to expand their existing footprint, either within the same development, or by moving to new, often better-quality premises. In fact, there are waiting lists for well managed (single landlord) buildings offered at competitive rates.

We also noted the preference for superior fully fitted space, as opposed to shell & core units, driven by both cost and time-saving considerations.

Dubai

Market Overview

Sales Prices

Despite ongoing global uncertainties with regard to inflation, interest rates, climate issues, conflicts and technological advancements, the Dubai property market is poised for a robust end to 2023. However, it is crucial to exercise caution amidst the current momentum.

Amidst the rush to capitalise on the current market fervour, the development of affordable housing options, essential for long-term stability, has been side-lined. In addition, Saudi Arabia is emerging as a notable point of interest.

Setting aside large ticket sales, although they remain prominent, average sales price growth continued to decelerate, with quarterly increases of 1% for apartments, 2% for villas and 3% for offices. On an annual basis, these changes stood at 12%, 14% and 19% respectively.

Whilst Dubai boasts a pro-business environment, extensive infrastructure and an advanced regulatory framework, it is imperative to implement more adaptive strategies. These strategies are necessary to sustain both rapid growth and ensure enduring stability in the real estate sector.



Dubai Supply

	Completed in H1 2023	Completed in Q3 2023	Projected Q4 2023
 APARTMENTS No. of units	17,000	4,700	6,900
 VILLAS No. of units	3,650	1,850	1,450
 OFFICES Million sq.ft.	-	0.5	0.4

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	Q2 2023 - Q3 2023	Q3 2022 - Q3 2023
HIGH- TO LUXURY-END										
DIFC	65	100	90	150	120	240	180	300	3%	22%
DOWNTOWN DUBAI	55	95	75	160	110	240	160	400	3%	22%
PALM JUMEIRAH	75	125	110	220	150	300	190	400	3%	26%
SHEIKH ZAYED ROAD	55	75	70	130	80	195	100	200	0%	16%
MID- TO HIGH-END										
BUSINESS BAY	45	90	60	120	90	180	130	240	3%	19%
DUBAI MARINA	50	100	65	145	90	210	120	300	3%	23%
JUMEIRAH BEACH RESIDENCE	70	100	90	160	120	180	150	230	2%	21%
JUMEIRAH LAKES TOWERS	40	65	50	100	75	150	120	180	2%	18%
THE GREENS & THE VIEWS	45	70	65	115	100	160	150	220	2%	22%
AFFORDABLE										
DEIRA	20	40	37.5	60	50	90	80	110	0%	13%
DISCOVERY GARDENS	32.5	45	45	65	70	85	-	-	3%	23%
DUBAI SPORTS CITY	30	45	40	70	55	90	80	110	3%	20%
INTERNATIONAL CITY	20	35	30	50	40	65	60	90	3%	19%
JUMEIRAH VILLAGE	30	65	40	90	60	125	90	160	3%	18%

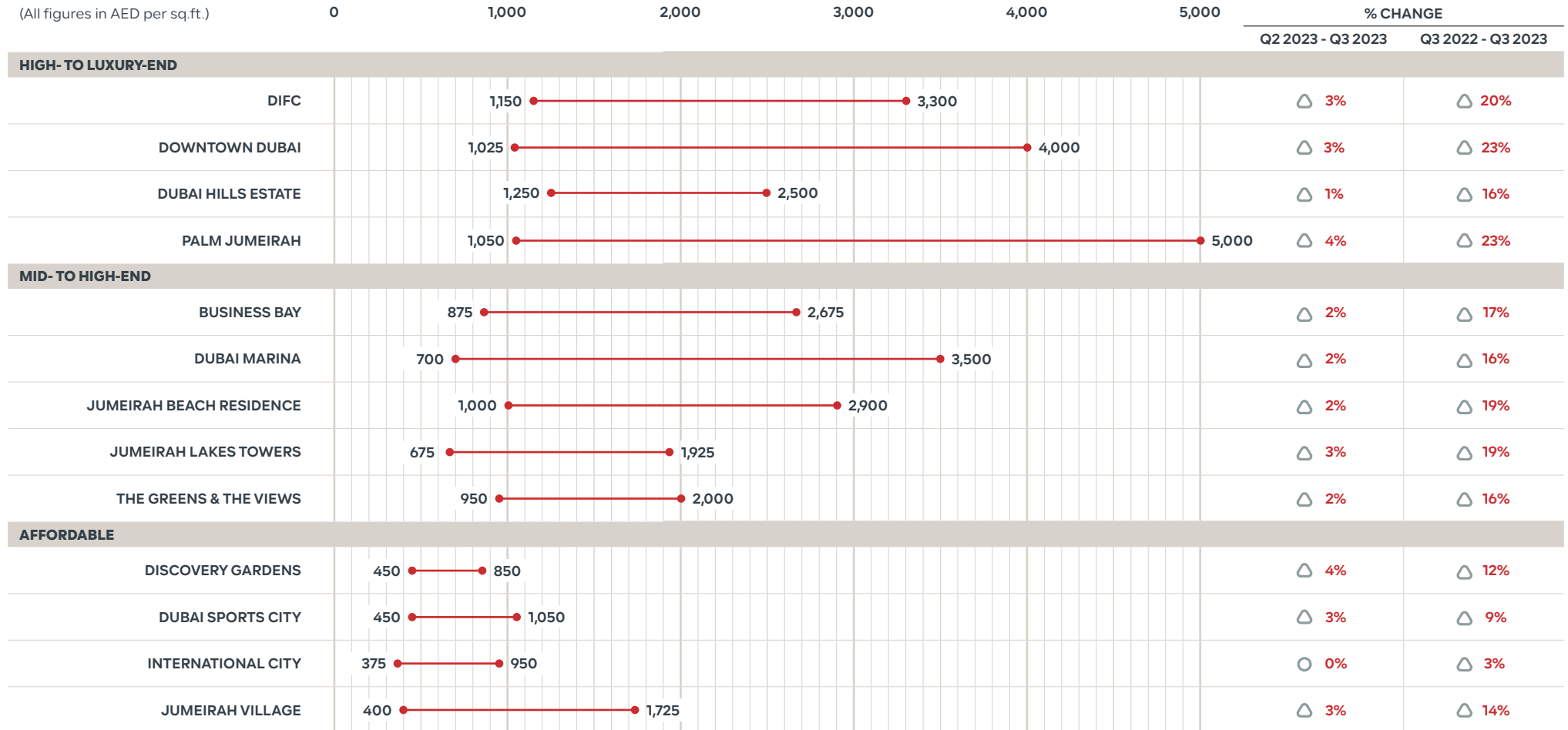




Dubai

Apartment Sales Prices

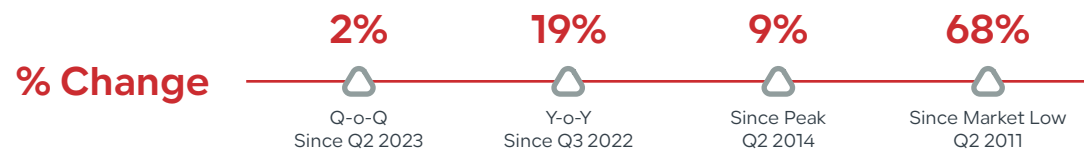
(All figures in AED per sq.ft.)



Dubai **Villa Rental Rates**

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

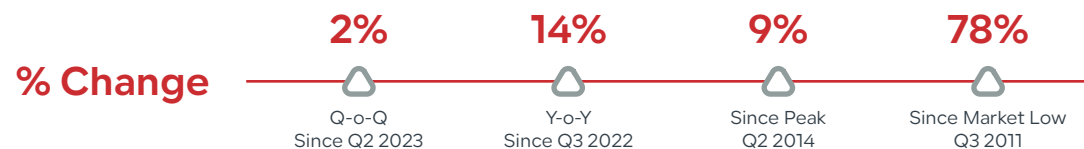
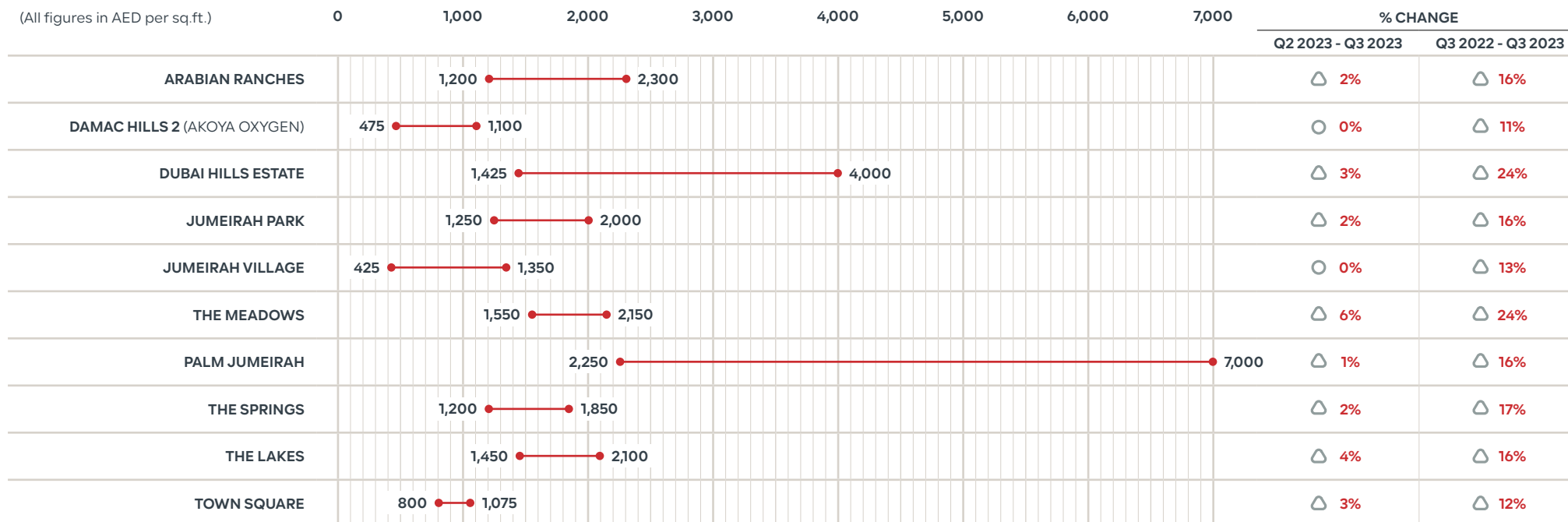
	2 BEDROOMS		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
	From	To	From	To	From	To	From	To	Q2 2023 - Q3 2023	Q3 2022 - Q3 2023
ARABIAN RANCHES	135	195	165	330	235	400	325	500	0%	15%
DAMAC HILLS 2 (AKOYA OXYGEN)	65	80	55	110	65	120	100	130	2%	12%
DUBAI HILLS ESTATE	-	-	210	385	240	500	275	575	1%	18%
JUMEIRAH / UMM SUQEIM	-	-	150	300	175	400	200	500	0%	19%
JUMEIRAH PARK	-	-	250	350	275	450	350	550	2%	19%
JUMEIRAH VILLAGE	120	200	130	200	140	220	160	260	0%	17%
THE MEADOWS	-	-	270	360	325	450	350	650	5%	27%
MIRDIF	55	95	80	160	100	180	120	200	1%	16%
PALM JUMEIRAH	-	-	350	750	500	900	650	1,200	3%	26%
THE SPRINGS	100	180	180	260	-	-	-	-	0%	17%
THE LAKES	-	-	240	360	270	450	350	550	4%	22%
TOWN SQUARE	-	-	120	160	150	190	-	-	2%	17%





Dubai Villa Sales Prices

(All figures in AED per sq.ft.)



Dubai Office Rental Rates

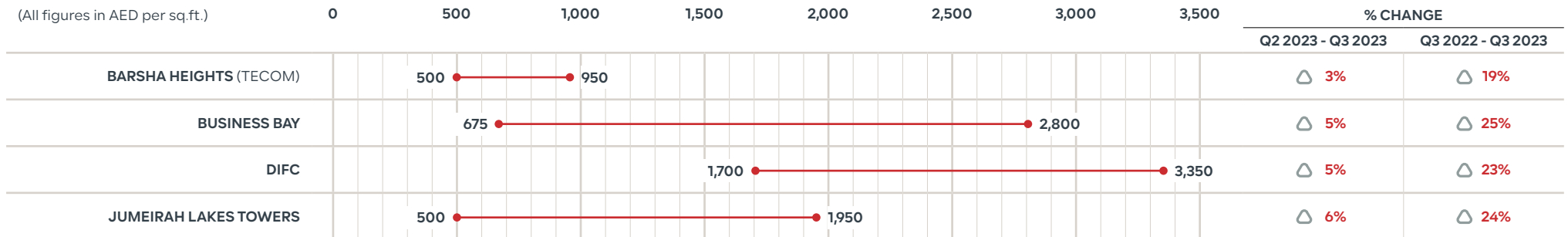
(All figures in AED per sq.ft. p.a.)

	AVERAGE RENTAL RATES		% CHANGE	
	From	To	Q2 2023 - Q3 2023	Q3 2022 - Q3 2023
BARSHA HEIGHTS (TECOM)	60	100	4%	27%
BUR DUBAI	60	90	4%	16%
BUSINESS BAY	60	150	7%	33%
DIFC	120	350	5%	29%
JUMEIRAH LAKES TOWERS	70	120	7%	36%
SHEIKH ZAYED ROAD	80	220	5%	29%



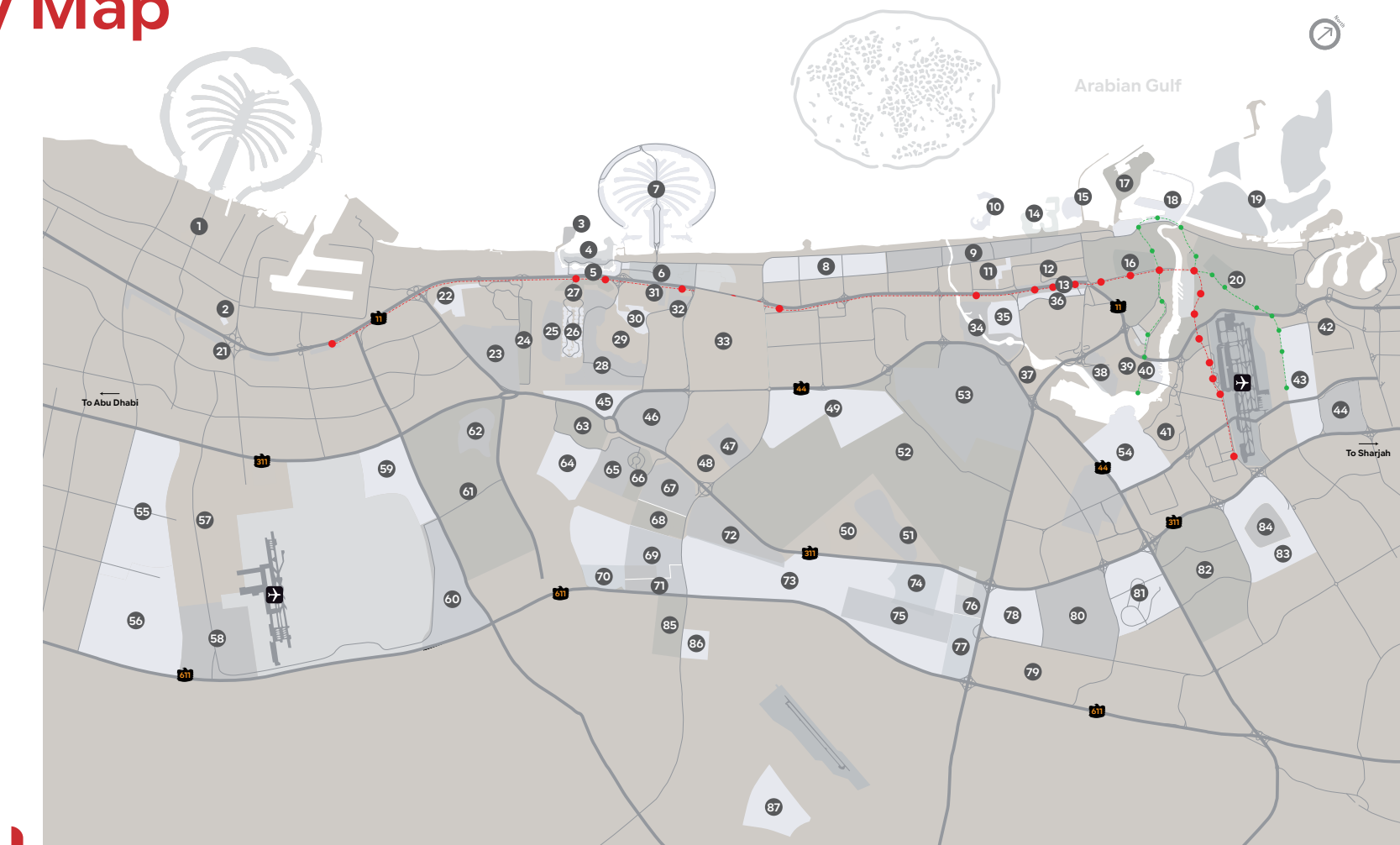
Dubai Office Sales Prices

(All figures in AED per sq.ft.)



Dubai Property Map

- 1 Veneto
- 2 Badrah
- 3 Bluewater Island
- 4 Jumeirah Beach Residence
- 5 Dubai Marina
- 6 Dubai Internet City, Dubai Media City & Dubai Knowledge Park
- 7 Palm Jumeirah
- 8 Umm Suqeim
- 9 Jumeirah
- 10 Jumeirah Bay
- 11 City Walk
- 12 Al Satwa
- 13 Sheikh Zayed Road
- 14 La Mer
- 15 Pearl Jumeirah
- 16 Bur Dubai
- 17 Dubai Maritime City
- 18 Port Rashid
- 19 Dubai Islands
- 20 Deira
- 21 Downtown Jebel Ali
- 22 Wasl Gate
- 23 Al Furjan
- 24 Discovery Gardens
- 25 Jumeirah Park
- 26 Jumeirah Islands
- 27 Jumeirah Lakes Towers
- 28 The Springs / The Meadows
- 29 Emirates Hills
- 30 The Lakes
- 31 The Greens
- 32 Barsha Heights (Tecom)
- 33 Al Barsha
- 34 Business Bay
- 35 Downtown Dubai
- 36 DIFC
- 37 Dubai Design District
- 38 Dubai Healthcare City - Phase 2
- 39 Al Jaddaf
- 40 Jaddaf Waterfront (Culture Village)



- | | | | | | | |
|------------------------------|--|--------------------------|---------------------------------|---------------------------|-----------------------------------|------------------|
| 41 Dubai Festival City | 48 Arjan | 55 Commercial District | 63 Dubai Production City (IMPZ) | 70 Remraam | 77 DubaiLand Residence Complex | 83 Mirdif |
| 42 Al Nahda | 49 Dubai Hills Estate | 56 Golf District | 64 Jumeirah Golf Estates | 71 Mudon | 78 Dubai Silicon Oasis | 84 Uptown Mirdif |
| 43 Al Qusais | 50 Living Legends | 57 Logistics District | 65 Victory Heights | 72 Arabian Ranches | 79 Dubai Academic City | 85 Town Square |
| 44 Muhaisnah | 51 Al Barari | 58 Aviation District | 66 Dubai Sports City | 73 Dubailand | 80 International City Phase 2 & 3 | 86 Mira |
| 45 Jumeirah Village Triangle | 52 Mohammed Bin Rashid City (MBR City) | 59 Expo 2020 | 67 Motor City | 74 Falcon City of Wonders | 81 International City | 87 Damac Hills 2 |
| 46 Jumeirah Village Circle | 53 Meydan | 60 Residential District | 68 Dubai Studio City | 75 The Villa | 82 Al Warqaa | |
| 47 Dubai Science Park | 54 Dubai Creek Harbour | 61 Dubai Investment Park | 69 Damac Hills | 76 Liwan | | |
| | | 62 Green Community | | | | |

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.