

RESIDENTIAL REAL ESTATE MARKET DUBAI

H1 2024



Dubai Harbour Residences



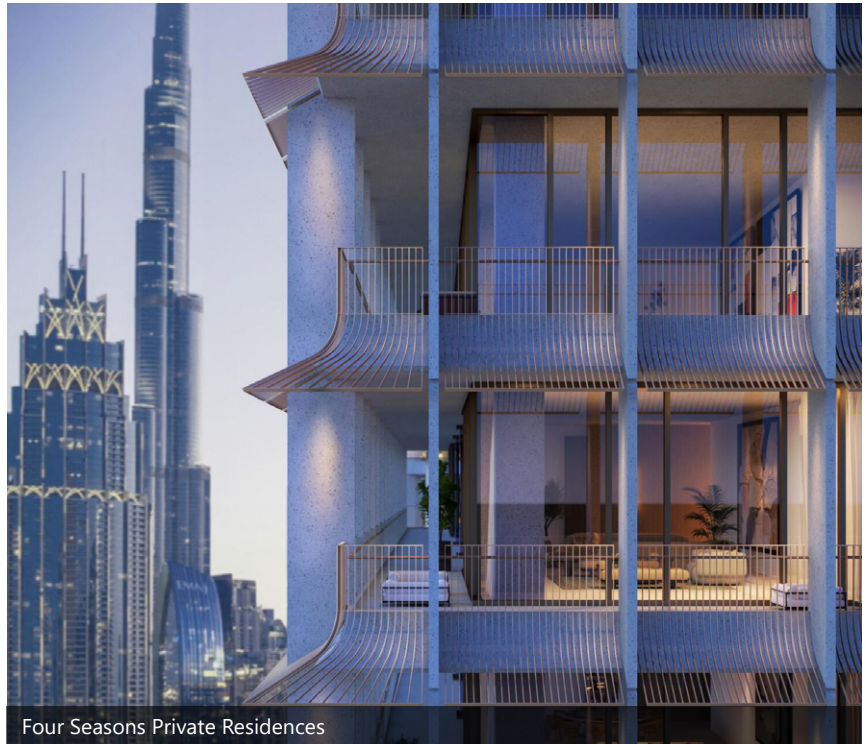
Sofiia Purgina

Head of Russian Desk,
NF Group Middle East

«The UAE confidently holds the leadership among Russian purchasers of overseas property, offering a wide range of opportunities for living and profitable investments. Dubai, with its favorable business environment and high living standards, has strengthened its position as the main international hub for Russian investors. The emirate has a number of advantages that future expatriates pay special attention to: tax allowances, the possibility to obtain a Golden Visa and pension privilege plans, as well as the implementation of D33 special economic program, which is aimed at doubling the size of the economy in the next decade, and much more. In H1 2024, continued growth in investment demand was noted, especially in the segment of real estate under construction, including from Russians who are actively investing their funds in the most liquid facilities in the region. The positive economic backdrop is expected to continue until the end of 2024, which will have a positive impact on the Dubai residential property market and its key indicators.»

Key Takeaways

- > Maintaining a high level of purchasing activity in all residential real estate segments – more than 71 thousand apartments and villas sold in the off-plan and ready segments (+26% for the year), as well as in the rental segment – 290 thousand units (+9% for the year).
- > Active replenishment of supply volumes due to the prompt introduction of new facilities into the off-plan segment and the commissioning of completely ready complexes in the ready segment.
- > The insignificant price delta between the off-plan and ready segments – the cost of finished real estate – is almost comparable to the average budget of units in new buildings.



Four Seasons Private Residences

	Apartments	Dynamics	Villas	Dynamics
Off-plan segment				
Weighted average price, AED per square foot	1,814	0%*	1,435	+25%*
Average budget, AED million	1.3	-7%*	3.4	+10%*
Transaction volume, thousand units	39.0	+47%**	3.5	-48%**
Transaction value, AED billion	72.7	+22%**	18.7	-22%**
Ready segment				
Weighted average price, AED per square foot	1,390	+16%*	1,272	+14%*
Average budget, AED million	1.2	+20%*	3.2	+10%*
Transaction volume, thousand units	23.6	+21%**	5.0	+36%**
Transaction value, AED billion	45.5	+38%**	25.4	+32%**
Rental market				
Average rental budget for new contracts, AED thousand per year	65.0	+12%*	165.0	+3%*
Average rental budget for renewed contracts, AED thousand per year	54.0	+10%*	145.0	+8%*
Aggregate rental budget for all contracts***, AED thousand per year	58.0	+12%*	150.1	+5%*

* H1 2024 / Q4 2023

** H1 2024 / H1 2023

*** Both new and renewed contracts are considered for the calculation.

Source: NF Group Research based on DxB Interact, 2024

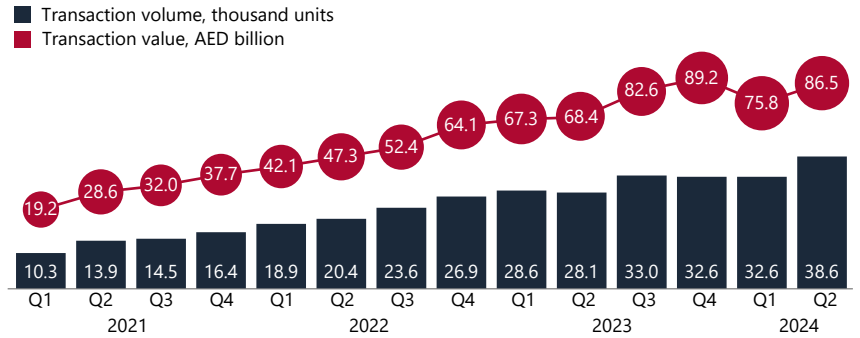
Market Activity

In H1 2024, about 71,200 apartments and villas were sold in the Dubai residential real estate market, which is 26% higher than the result of last year. At the same time, the total transaction cost amounted to AED 162.3 billion (+20% for the year).

It is noteworthy that Dubai still retains its status as an international investment hub. Purchasers from Russia, the Middle East and Europe are interested in residential real estate. In H1 2024, Russians entered the top-3 real estate buyers in Dubai. Indeed, in the context of limited investment instruments and mechanisms for mitigating financial risks in Russia, the emirate is considered as one of the capital retention and increase areas, including through the real estate purchase.

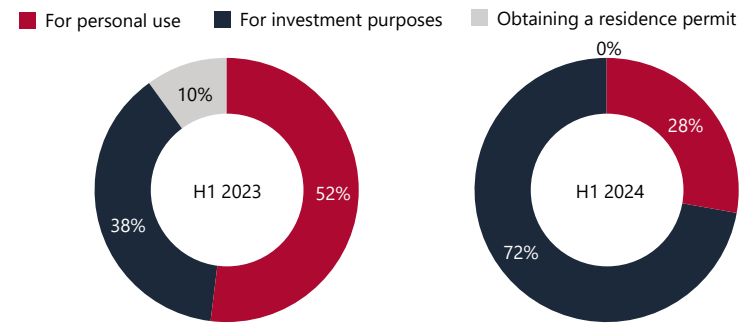
For this very reason, the investment demand growth trend continued in H1 2024. If the Emirates were considered primarily for own residence (52% versus the current 28%) in H1 2023, investments became the primary purpose of purchasing residential real estate in the UAE in H1 2024 – the share of such transactions was 72% (+34 ppt for the year) in January-June 2024. At the same time, Russian investors account for about 6% of all residential real estate transactions. There is no doubt that the main impact on the increase in investment demand was exerted by the high announced development yield, as well as steady growth of real estate prices in the most popular locations in the region.

Dynamics of demand in the Dubai residential real estate market



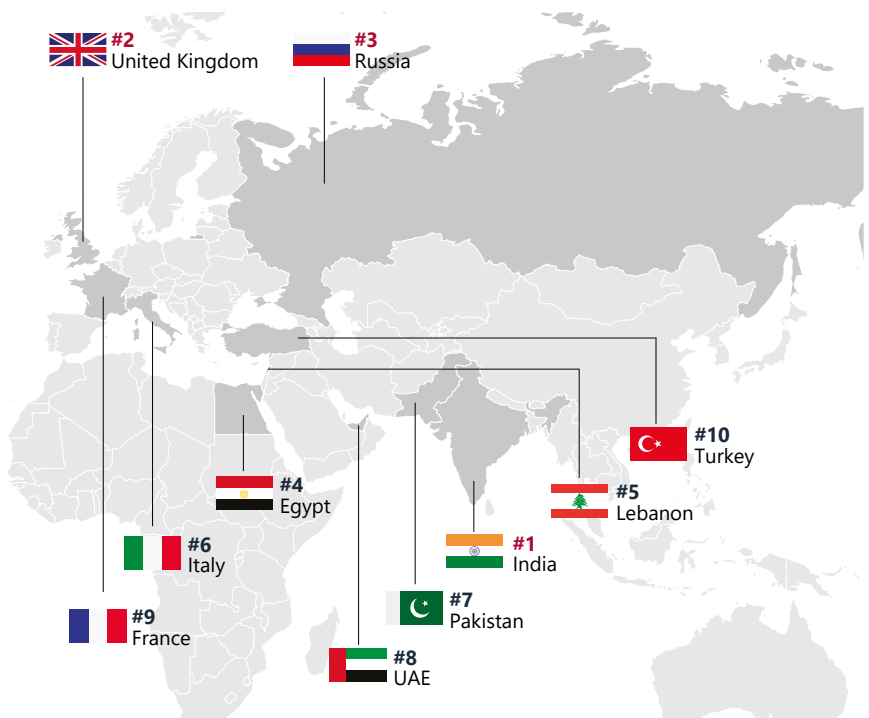
Source: NF Group Research based on DxB Interact, 2024

Purposes of buying real estate in the UAE



Source: NF Group Research, 2024

TOP 10 Dubai property buyers by nationality



Source: NF Group Research, 2024

OFF-PLAN SEGMENT

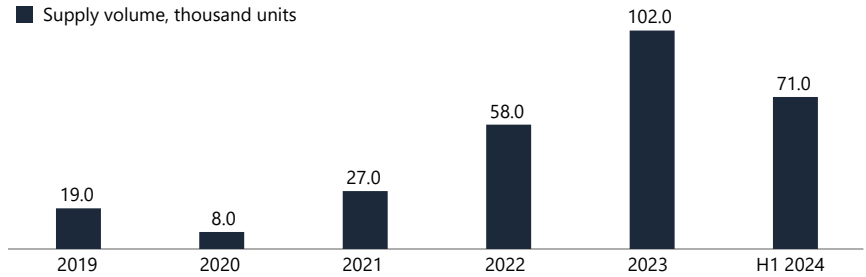
Supply

In H1 2024, the volume of new supply on the Dubai residential real estate market in the off-plan segment amounted to 71,000 units, which has already exceeded by 1.2 and 2.6 times the total number of new facilities in 2022 and 2021, respectively. The substantial purchase interest remains the key driver of high developer activity. The developers are strongly motivated to maintain a sufficient supply volume due to the rapid pace of sale of announced complexes, even at the pre-launch and pre-sale stages.

In addition, the ultra-luxury residential real estate segment is developing in Dubai, considering the increased attention to real estate in the emirate on the international stage and its prestigious status for many foreign investors. Currently, Eden House by H&H development, Vela Viento, Baccarat Hotel & Residences, Armani Beach Residences, as well as Bugatti Residences and Mercedes-Benz Places by Binghamti are in the highest price segment among the off-plan projects. Such real estate are often considered as trophy real estate, supposing “investments in social status”.

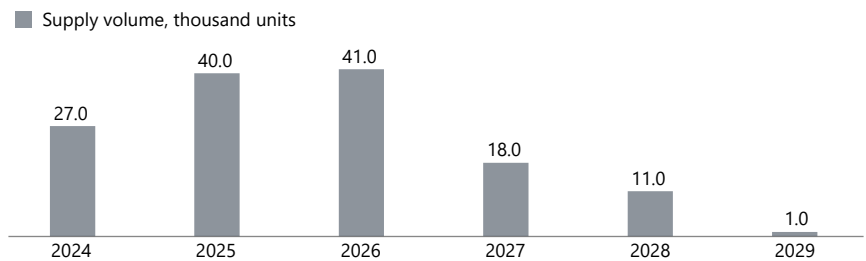
The rapid supply growth pace is also associated with population growth in the region. According to the World Population Review, currently about 3.1 million people live in Dubai, while 2.9 million people lived there in 2020 (+7% over 4 years). By 2035, the population is expected to grow to 3.5 million people. The Dubai real estate market is already adapting to the new demographic conditions, actively

Dynamics of supply volume



Source: NF Group Research based on DxB Interact, 2024

Future supply volumes



* Projects that are already known to the market are taken into account; volumes will be adjusted.

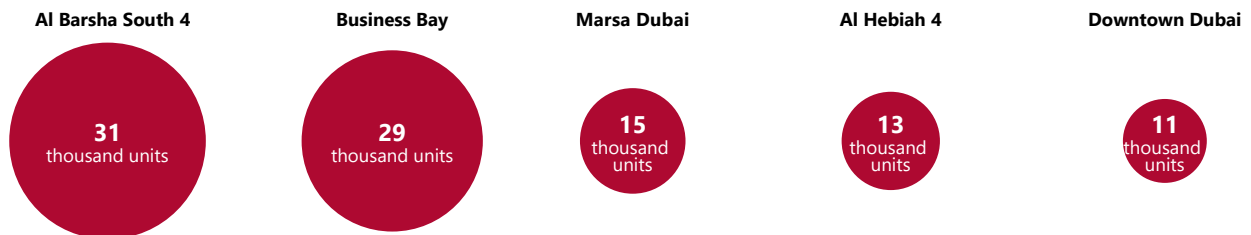
Source: NF Group Research based on DxB Interact, 2024

increasing the supply volume in the affordable real estate segment, including due to the growing demand from young professionals and families.

A slight dynamics of -1% to +1% were noted in the supply structure by construction readiness stage. In H1 2024, a large portion of supply (68%) is still presented at the initial stage with a readiness level of up to 20% (+1% for

the half-year). For its part, 21 – 40% readiness is observed in 13% of facilities (+1% for the half-year), 41 – 60% – in 7% of facilities (-1% for the half-year), 61 – 80% – in 6% (+1% for the half-year). 6% of the total supply structure is at the final stage of construction readiness (81 – 99%) (-1% for the half-year).

TOP 5 locations by supply volume



Source: NF Group Research based on DxB Interact, 2024

Off-plan segment – units in buildings that are constructing and not commissioned (property construction progress level is 0-99%); such units are purchased directly from the developer.

New projects in popular locations



Bay Villas

Developer Nakheel
 Location Dubai Islands
 Handover Date Q2 2027
 Starting price AED 4 million



Four Seasons Private Residences

Developer H&H
 Location DIFC
 Handover Date Q4 2027
 Starting price AED 34 million



Sky Residences

Developer Expo Dubai Group
 Location Expo City
 Handover Date Q4 2026
 Starting price AED 1.8 million



Diamondz

Developer Danube Properties
 Location JLT
 Handover Date Q4 2027
 Starting price AED 1.8 million



Riwa

Developer Meraas
 Location MJL
 Handover Date Q3 2027
 Starting price AED 2.4 million



Six Senses Residences

Developer Select Group
 Location Palm Jumeirah
 Handover Date Q3 2028
 Starting price AED 5.9 million



W Residences

Developer Arada Developer
 Location Dubai Harbour
 Handover Date Q4 2027
 Starting price AED 4.2 million



Dubai Harbour Residences

Developer H&H
 Location Dubai Harbour
 Handover Date Q4 2027
 Starting price AED 3.7 million



Kempinski Residences

Developer ABA Group
 Location Dubai Marina
 Handover Date Q1 2028
 Starting price AED 2.2 million

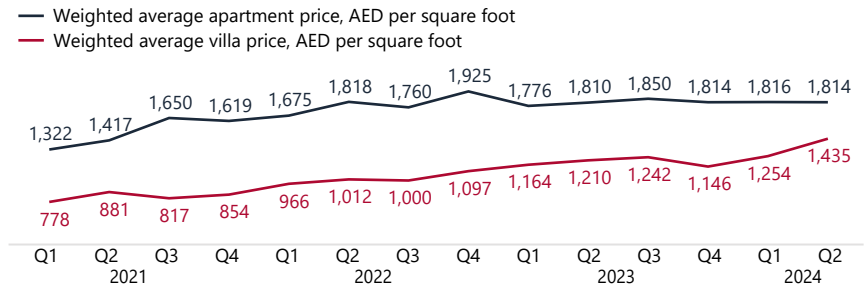
Prices

In H1 2024, a variety of trends in the average weighted price across supply formats was fixed in the Dubai residential real estate market. Thus, in the apartment segment, the indicator remained relatively stable since the end of 2023 and, at the end of June 2024, amounted to AED 1,814 per square foot (0% for the half-year and 0% for the year). The lack of growth typical for the market is mainly due to some reorientation of the market towards more affordable housing, as well as the introduction of a large volume of new supply at lower starting prices.

At the same time, the average weighted supply price in the villa segment demonstrated confident positive dynamics both for the half-year and for the year, and reached a new, historically record value of AED 1,435 per square foot (+25% for the half-year and +19% for the year). Of course, the key impact on such a serious increase was exerted by the significant increase in interest in this format in Dubai: compared to apartments, villas assume a higher level of privacy and comfort, this is especially relevant for families with children, in some cases the proximity to the sea and beach infrastructure also plays a role.

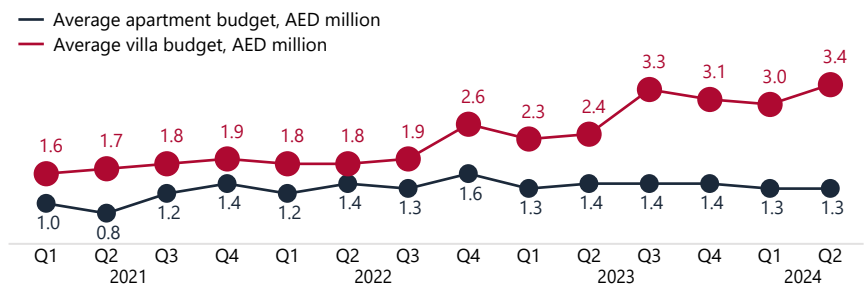
Among the trends of H1 2024, a rapid decrease in the price delta between apartment and villa formats was also noted - at the end of H1 2024, the gap was only 26%, while it reached 58% at

Dynamics of the weighted average supply price by unit type



Source: NF Group Research based on DxB Interact, 2024

Dynamics of the average supply budget by unit type



Source: NF Group Research based on DxB Interact, 2024

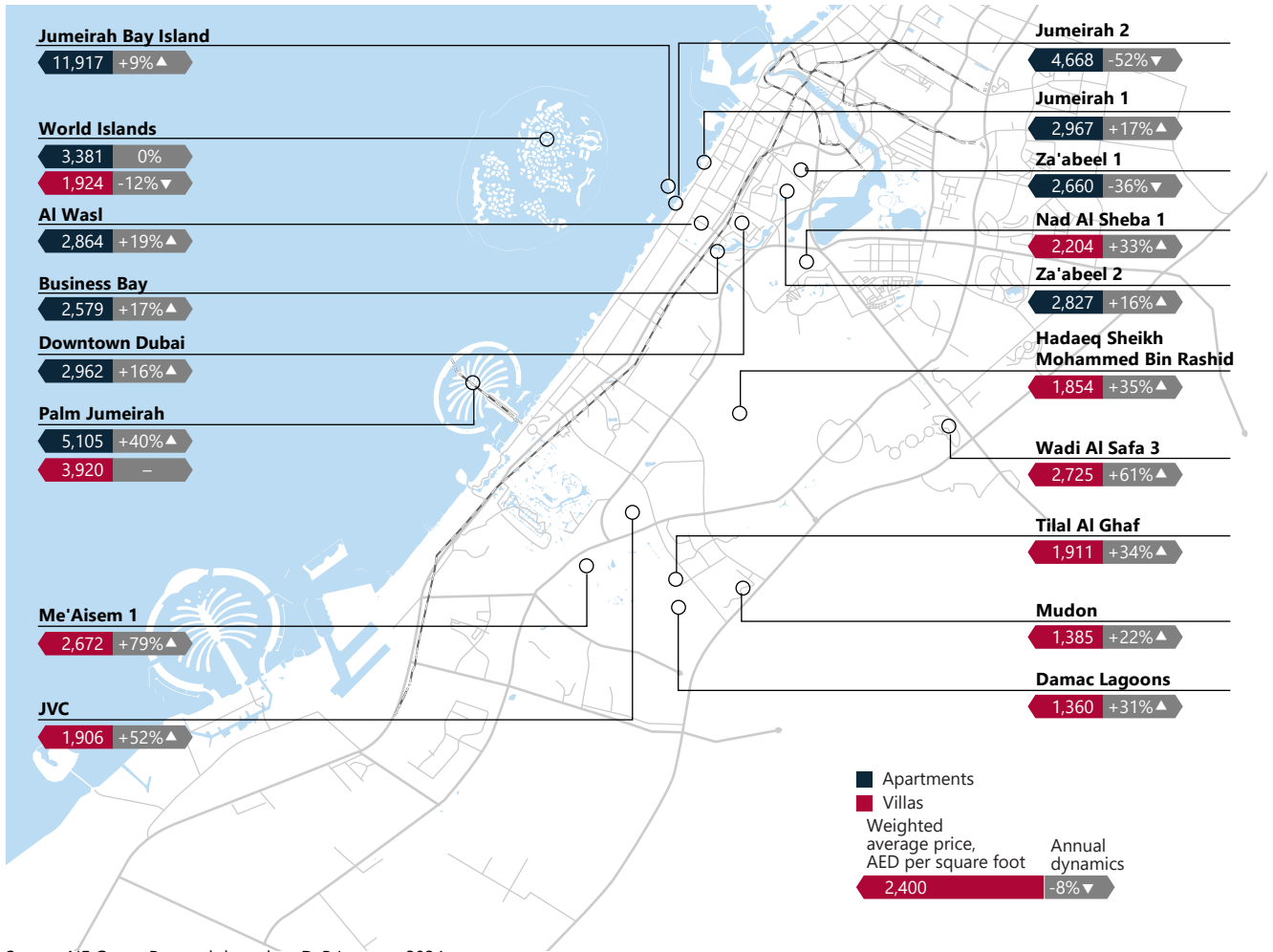
the end of 2023, and it reached 50% in Q2 2023.

The average budget for apartment supply at the end of June 2024 was AED 1.3 million (-7% for the half-year and -7% for the year). The negative adjustment was associated with the release of large-scale complex projects with more

segregation at starting prices. For its part, similar to the average weighted supply price dynamics, the average budget for villas reached a historical maximum and amounted to AED 3.4 million (+10% for the half-year and +42% for the year).



TOP locations by the weighted average supply price



Source: NF Group Research based on DxB Interact, 2024



Demand

For a long time, the Dubai market has been showing impressive results in the residential real estate sale, and H1 2024 was no exception. In H1 2024, a record total demand was seen in the off-plan segment - 42,600 units were sold in January-June 2024 (+27% for the year). The Emirate remains one of the most attractive regions both for own residence and for investments. The government is working hard on various initiatives that will create a comfortable environment for living and doing business. In addition, the supply volume has many options, among which each purchaser will be able to find the perfect unit – both in terms of price and location, quality and functional characteristics.

In terms of formats, the apartment segment showed a significant increase in transactions by 47% for the year to

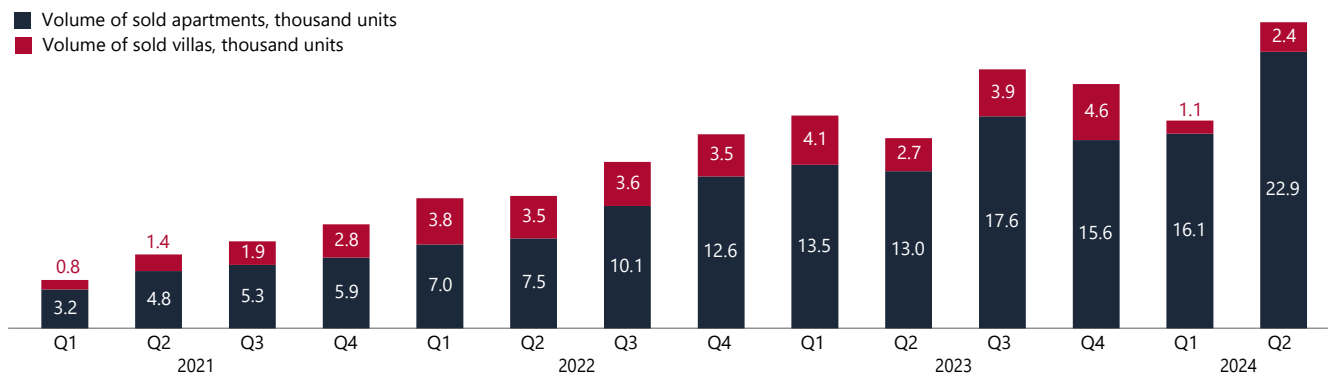
39,000 units which also became the maximum value. The high interest in purchasing apartments is primarily due to more affordable pricing compared to the villa segment, as well as the attractiveness of the contents of most new buildings. The apartments are an excellent investment option - in addition to a more compact and functional area, the complexes have a large number of various amenities (swimming pools, fitness rooms, flexible spaces, etc.), which become a magnet for interested tenants.

For its part, a significant decrease in demand was noted in the villa segment, mainly due to the decrease in the number of more affordable lots and the growth of the average supply budget in general. Thus, 3,500 units were sold here in H1 2024, which is 48% lower than the result achieved in H1 2023. However,

new complex villa projects are expected to be released in the future, which will help compensate for the low activity in H1 2024.

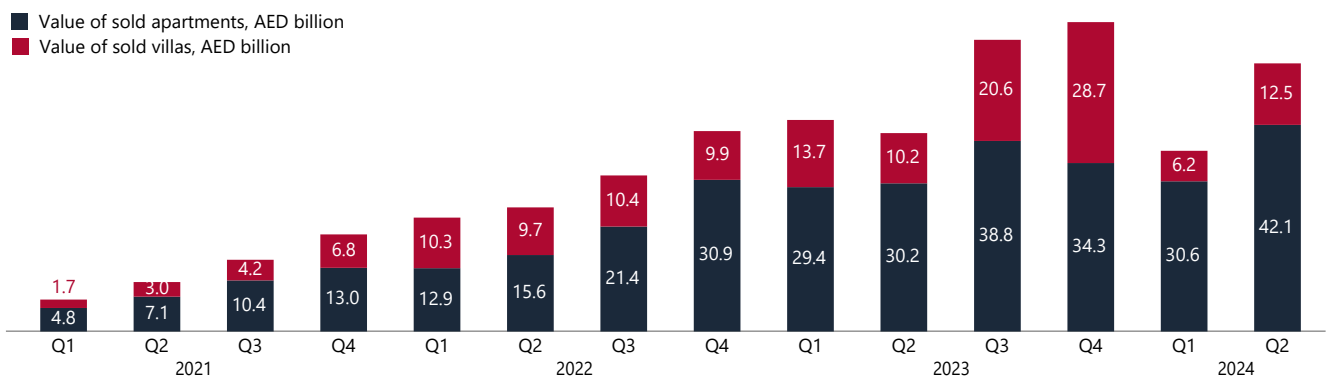
More and more purchasers are interested in purchasing residential property for subsequent rental, because Dubai, like the UAE as a whole, is demonstrating an increasingly high level of tourist activity every year - according to the Dubai government, more than 9.3 million tourists visited the emirate in H1 2024, which is 9% higher than the result of the same period last year. Moreover, the emirate still has more attractive pricing compared to other global investment centers – New York, London, Singapore.

Dynamics of transaction volume



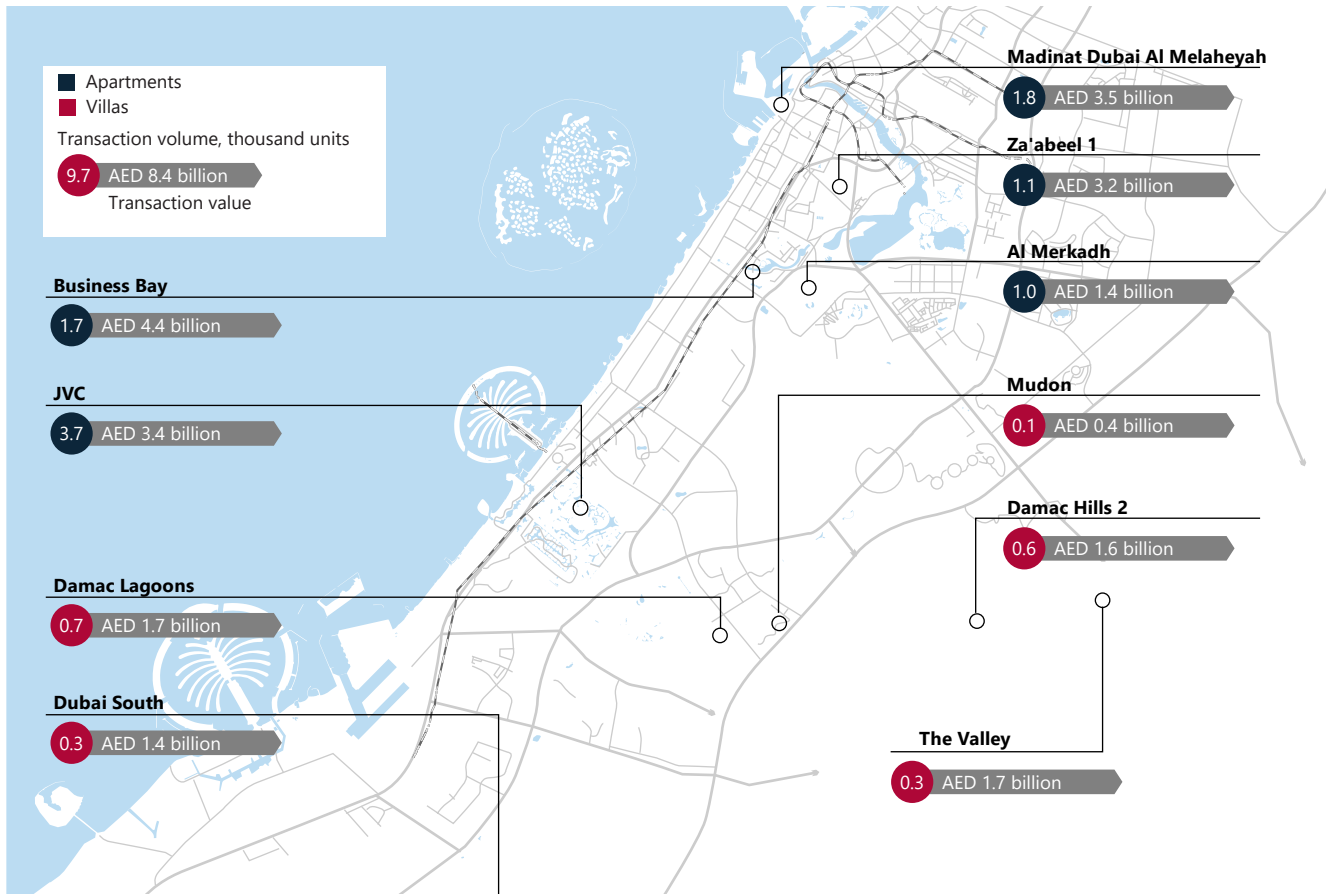
Source: NF Group Research based on Dubai Land Department and DxB Interact, 2024

Dynamics of transaction value



Source: NF Group Research based on Dubai Land Department and DxB Interact, 2024

TOP locations by transaction volume in H1 2024



Source: NF Group Research based on DxB Interact, 2024

The most demanded projects in H1 2024

Project	Developer	Location	Transactions volume, units	Transactions value, AED million
Apartments				
Sobha One	Sobha Group	Sobha Hartland	1,785	3,905
Address Residences Zabeel	Emaar Properties	Za'abeel	1,558	4,900
Park Lane	Emaar Properties	Dubai Hills Estate	531	1,000
Bayz 101 By Danube	Danube Properties	Business Bay	530	1,142
Oceanz 2	Danube Properties	Dubai Maritime City	357	653
Villas				
The Valley - Lillia	Emaar Properties	The Valley	363	852
Haven By Aldar 1	Aldar Properties	Dubailand	273	1,135
Mudon Al Ranim 7	Dubai Properties	Mudon	246	731
Haven By Aldar 2	Aldar Properties	Dubailand	221	944
Mudon Al Ranim 8	Dubai Properties	Mudon	219	672

Source: NF Group Research based on DxB Interact, 2024

READY SEGMENT

Supply

In H1 2024, the Dubai residential real estate market maintained a good pace of residential real estate commissioning - the ready segment was replenished with 14,500 apartments and villas by the end of June 2024. In general, the ready real estate segment reflects the positive background of the off-plan segment, where a significant increase in the property base has been observed since 2021. Urban Oasis, Rukan, Grand Bleu Tower interiors by Elie Saab, Azizi Pearl, The Ivy, Empire Residence, Zazen Gardens, Azizi Riviera 3, etc. were among the projects that replenished the ready real estate segment in January-June 2024.

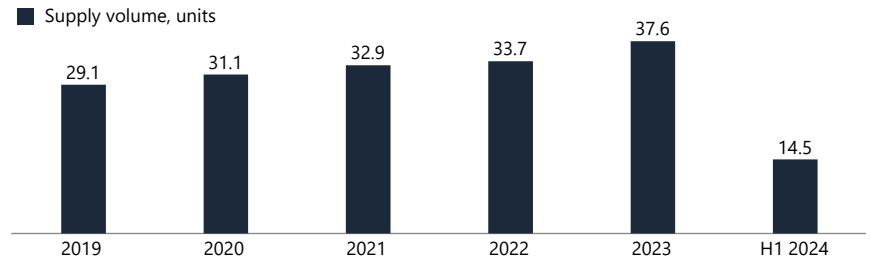
Similar to the off-plan segment, the ready real estate market also features ultra-luxury real estate, the main part of which is concentrated in central locations of Dubai. The most striking examples of complexes sold in the high price segment are Four Seasons Private Residences, Royal Atlantis, Bulgari Residences, One Za'abeel Residences, IL Primo Residences, etc.

The ready supply structure in the context of districts has undergone some changes compared to the end of 2023. Thus, the largest part of commissioned lots is still represented in the Business Bay area - here, about 114,000 units were sold according to the results of H1 2024 (+11% for the half-year). The Al Barsha South 4 location increased its volume by 12% for the half-year, reaching 81,400 units, thereby displacing Dubai Marina from second place in the ranking. The top three leaders are closed by the Marsa Dubai district, where 77,500 units were concentrated in June 2024.

Prices

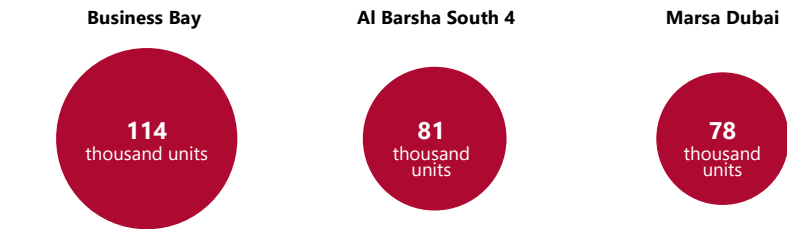
The average weighted supply price in the Dubai residential real estate market in the ready segment has demonstrated confident positive dynamics since the beginning of 2024 – due to high levels of purchasing activity and the pace of sales of ready-to-move-in units.

Dynamics of commissioning supply volume



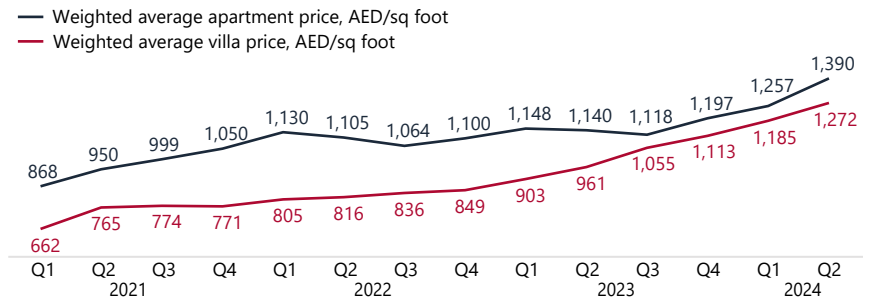
Source: NF Group Research based on DxB Interact, 2024

TOP 3 locations by supply volume



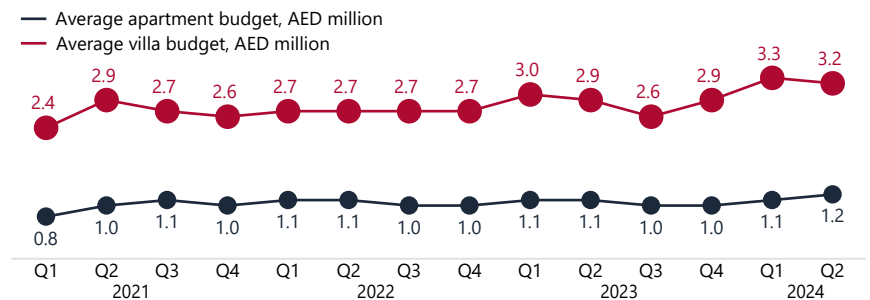
Source: NF Group Research based on DxB Interact, 2024

Dynamics of the weighted average supply price by unit type



Source: NF Group Research based on DxB Interact, 2024

Dynamics of the average supply budget by unit type



Source: NF Group Research based on DxB Interact, 2024

Ready segment – units in ready buildings that are commissioned (property construction progress level is 100%); such units are purchased both from the developer and from individuals in the secondary market.

Thus, historically record values of the price indicator were achieved in terms of real estate formats in H1 2024 - the average weighted apartment price was AED 1,390 per square foot (+ 16% for the half-year and + 22% for the year), and villa price – AED 1,272 per square foot (+ 14% for the half-year and + 32% for the year).

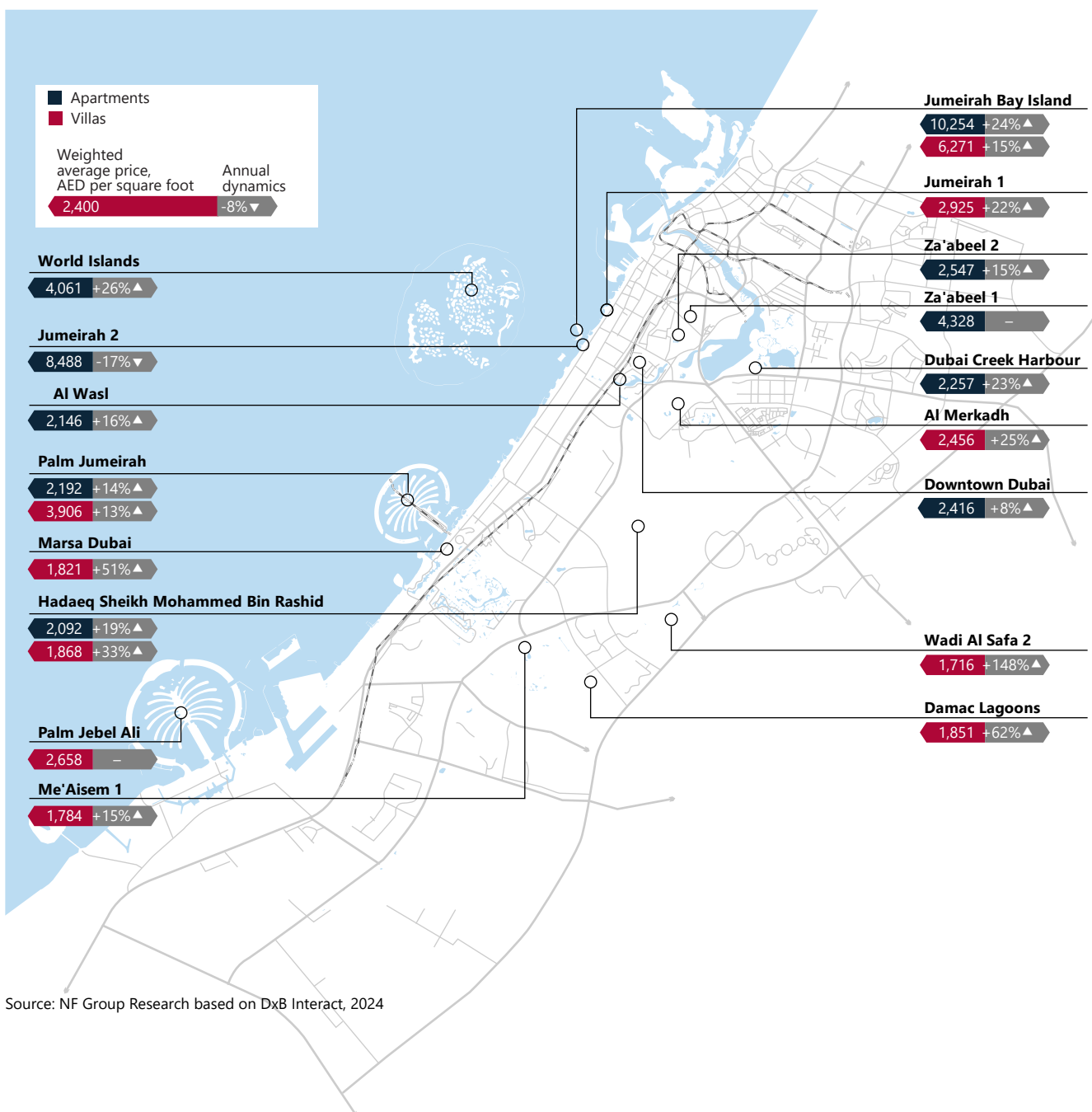
In addition, starting from mid-2023, the ready segment showed a trend towards a reduction in the price delta between the

formats of real estate being sold, which continued in H1 2024. In H1 2024, the gap in the average weighted supply price for apartments and villas was only 9%, having decreased by 10 ppt for the year. Of course, the key impact was exerted by the increasing villa format attractiveness for real estate purchasers in the region.

At the same time, if we compare the off-plan and ready segment pricing, we can note that the cost of ready real estate is almost comparable to the average budget

of lots in new buildings. Thus, in June 2024, the average apartment budget amounted to AED 1.2 million(+20% for the half-year and +9% for the year), which is only AED 100 thousand lower than in the off-plan segment. For its part, the average budget for villas reached AED 3.2 million (+10% for the half-year and +10% for the year) – this is only AED 200 thousand less than in the segment of real estate under construction.

TOP locations by the weighted average supply price



Source: NF Group Research based on DxB Interact, 2024

Demand

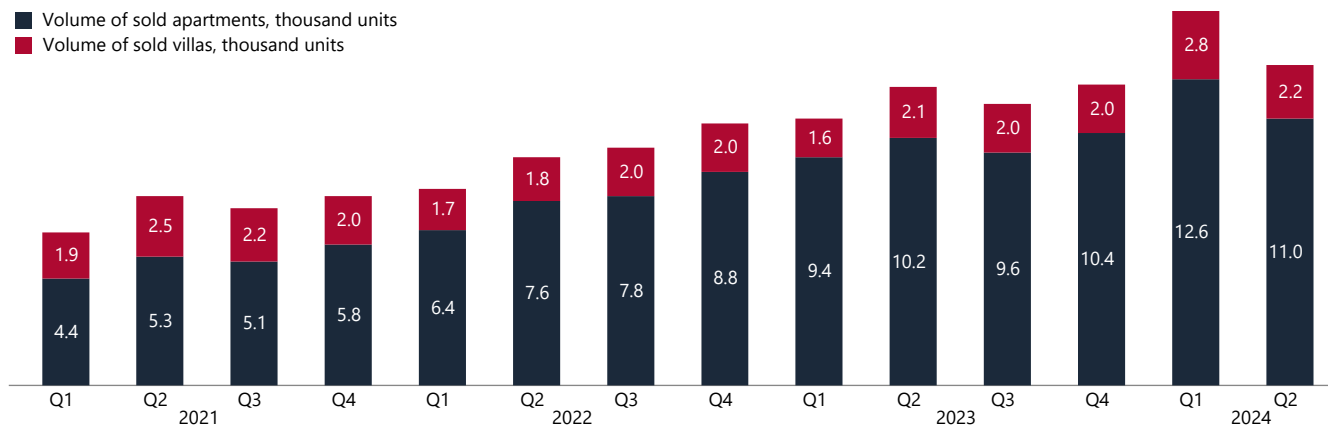
Despite a slight decrease in demand for ready real estate in Q2 2024, by the end of H1 2024 the volume of sold lots reached a new historical record due to the high level of purchasing activity at the beginning of 2024. Thus, 28,600 units were sold in the ready segment (+23% for the year) in H1 2024. In particular 23,600 apartments (+21% for the year) and 5,000 villas (+36% for the year) were sold.

The substantial purchase interest in the ready segment is primarily due to the possibility of using the facility immediately after its purchase,

including through short-term or long-term lease. Ready real estate has always attracted investors who were not only interested in moving their capital to a more reliable investment environment, but also in quickly increasing it by acquiring the most liquid projects on the real estate market. As a rule, such facilities are located in the most popular central locations of the emirate, mainly fully built-up, with developed commercial infrastructure, good transport accessibility, and also close to beaches and water sources. This allows to quickly find a tenant for both short-term and long-term lease for more than a year.

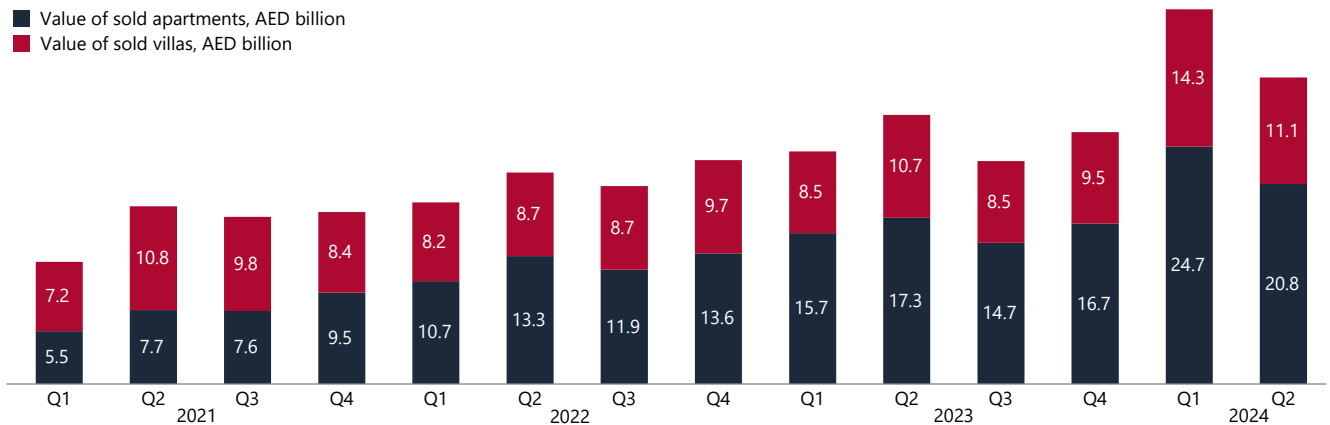
In addition, a significant part of demand in the ready segment also falls on purchasers who purchase real estate for their own residence. Facilities located in close proximity to business hubs and corporate centers are especially interesting – they are in demand among young professionals who are interested in prompt occupancy and the absence of the need for extensive renovation works. Moreover, such lots are an attractive option for those clients who have to visit Dubai quite often for business purposes and they are considered as a “second home”.

Dynamics of transaction volume



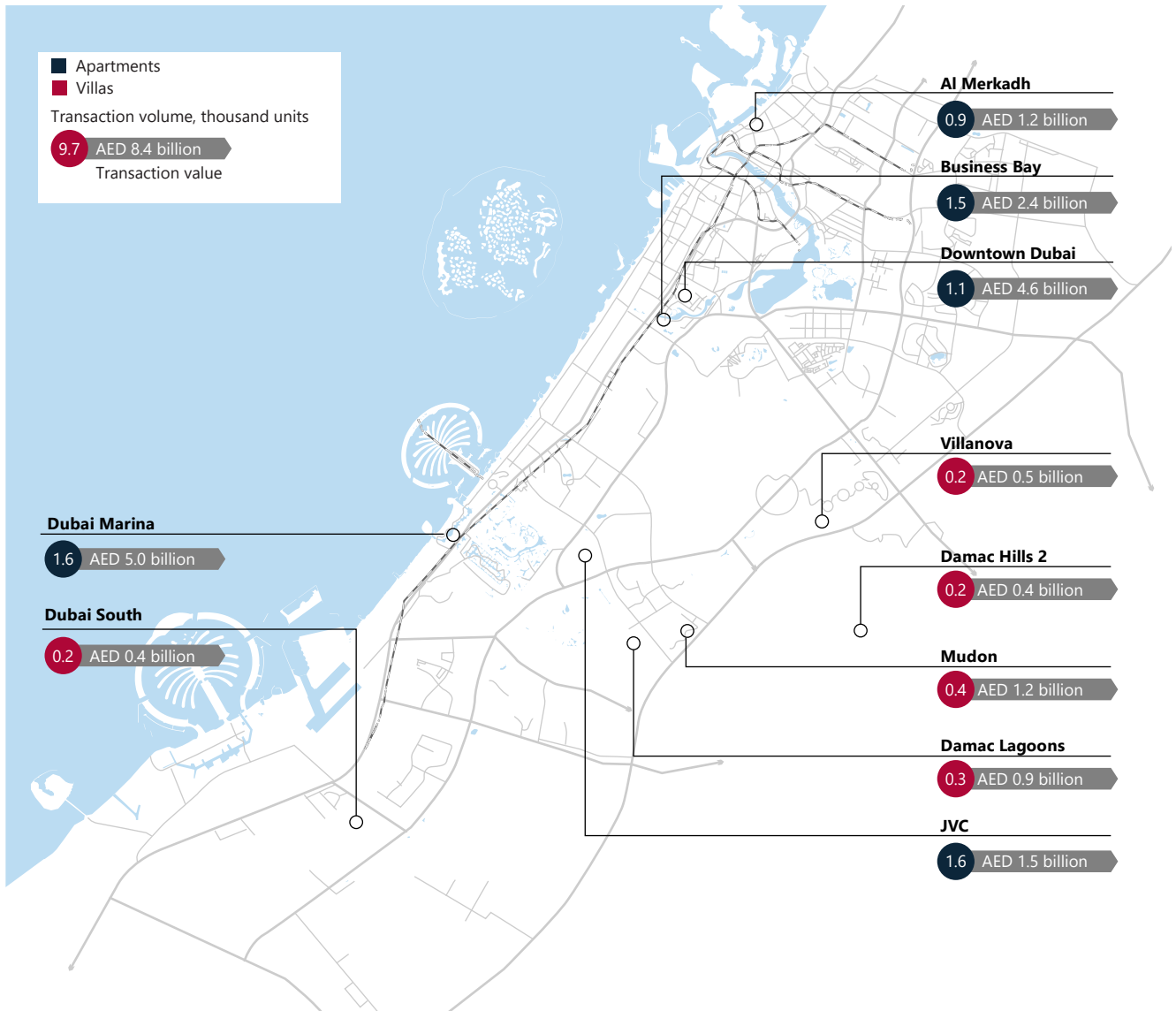
Source: NF Group Research based on Dubai Land Department and DxB Interact, 2024

Dynamics of transaction value



Source: NF Group Research based on Dubai Land Department and DxB Interact, 2024

TOP locations by the weighted average supply price



Source: NF Group Research based on DxB Interact, 2024

The most demanded projects in H1 2024

Project	Developer	Location	Transactions volume, units	Transactions value, AED million
Apartments				
Socio	Emaar	Dubai Hills Estate	182	264
Upside Living	SRG Properties	Business Bay	166	240
Downtown Views II	Emaar Properties	Downtown Dubai	100	346
Skycourts Towers	National Bonds	Dubai Land	83	54
Burj View Residence	Al Madar Holdings	Arjan	75	48
Villas				
Reem Townhouses	Nshama	Town Square Dubai	119	243
Nad Al Sheba Gardens Phase 4	Meraas	Nad Al Sheba	87	1,300
The Fields	G&Co	Mohammed Bin Rashid City District 11	76	229
Park Gate	Emaar	Dubai Hills Estate	62	720
Rukan 3	Reportage Properties	Dubai Land	54	53

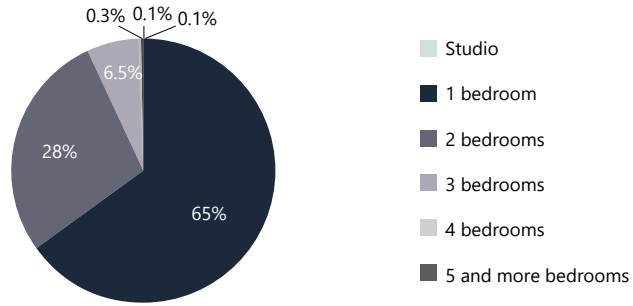
Source: NF Group Research based on DxB Interact, 2024

RENTAL MARKET

In H1 2024, about 270,000 transactions were concluded on the Dubai residential rental market, which is 9% higher than the result of the same period last year. At the same time, the greatest interest from tenants in the apartment segment was for lots with 1 bedroom (65%) and 2 bedrooms (28%), and in the villa segment for lots with 3 bedrooms (56%) and 4 bedrooms (24%) in terms of lot type.

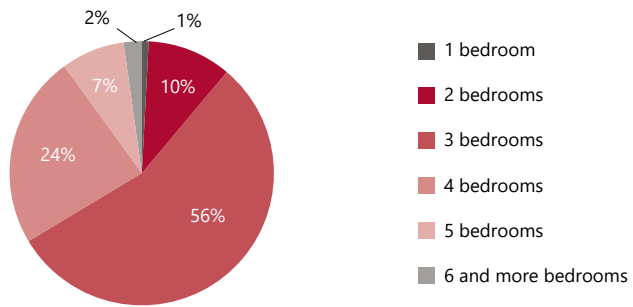
In terms of districts, the top 3 locations by the number of transactions with apartments for lease were Al Warsan 1 (11,600 units), Jabal Ali 1 (10,900 units) and Marsa Dubai (9,200 units). For its part, the largest number of residential property lease contracts in the villa segment were concluded in Madinat Hind 4 (2,300 units), Al Thanyah (1,400 units) and Wadi Al Safa 7 (1,200 units) locations.

Apartments demand structure



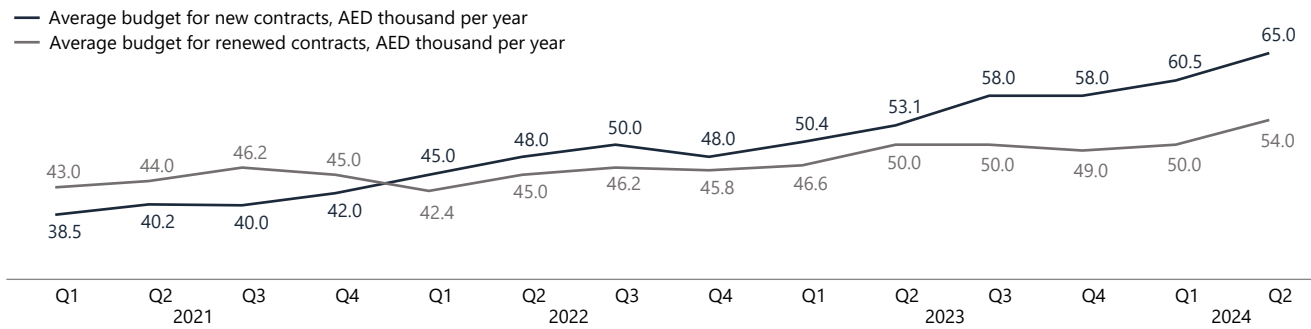
Source: NF Group Research based on DxB Interact, 2024

Villas demand structure



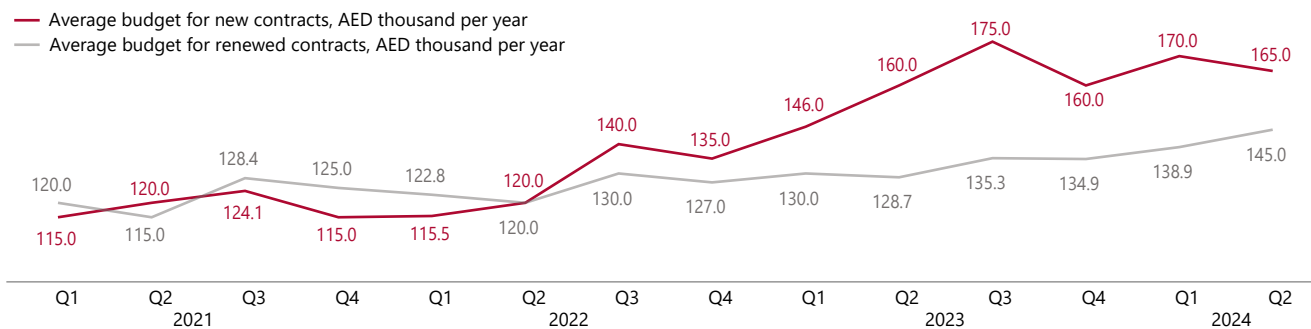
Source: NF Group Research based on DxB Interact, 2024

Dynamics of the average rental budget for apartments by contract type



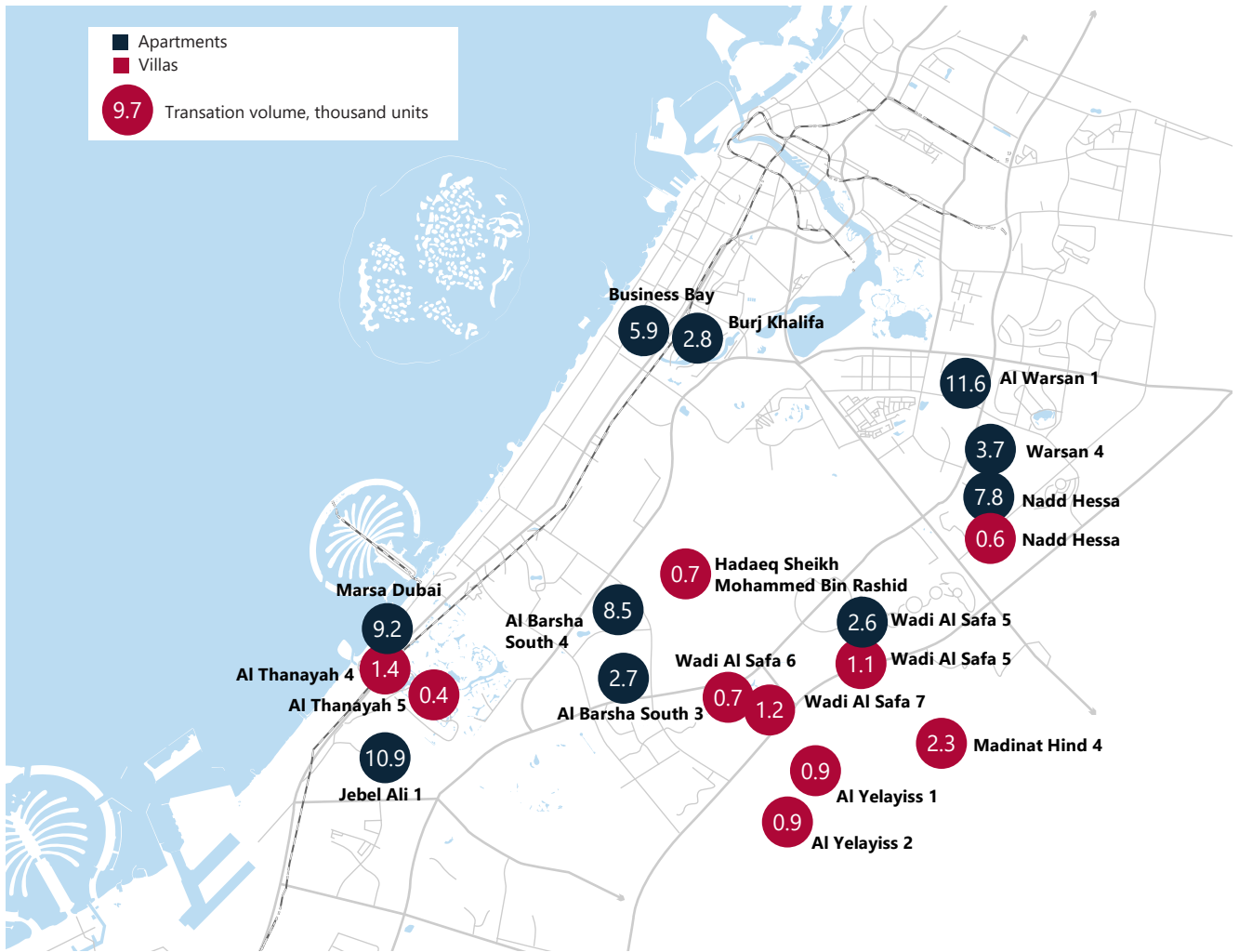
Source: NF Group Research based on DxB Interact, 2024

Dynamics of the average rental budget for villas by contract type



Source: NF Group Research based on DxB Interact, 2024

TOP locations by demand volume



Source: NF Group Research based on DxB Interact, 2024

In H1 2024, the average lease budget for apartments according to new contracts was AED 65 thousand (+12% for the half-year and +22% for the year), while it was AED 54 thousand (+10% for the half-year and +8% for the year) according to extended contracts. For its part, the average lease budget for villas according to new contracts reached AED 165 thousand (+3% for the half-year and +3% for the year), while it was AED 145 thousand (+8% for the half-year and +13% for the year) according to extended contracts.





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