CUSHMAN & WAKEFIELD | CORE

DUBAI MARKET UPDATE

Q2 2024

Better never settles

RESIDENTIAL MARKET SNAPSHOT

Q2 2024

RESIDENTIAL DELIVERIES

24,300

Total residential units expected over Q3 to Q4 2024

TOTAL HANDOVERS

5,391

Units handed over in Q2 2024

VILLA HANDOVERS

30%

of all units handed over in Q2 2024 were villas (1,615 units)

APARTMENT HANDOVERS

70%

of all units handed over in Q2 2024 were apartments (3,776 units)

RESIDENTIAL SALES PRICES

24%

Year-on-year rise in city-wide residential sales prices

RESIDENTIAL RENT PRICES

19%

Year-on-year rise in city-wide residential rent prices

VILLA YIELD

5.3%

Gross villa yield

APARTMENT YIELD

7.3%

Gross apartment yield

RESIDENTIAL **SUPPLY**

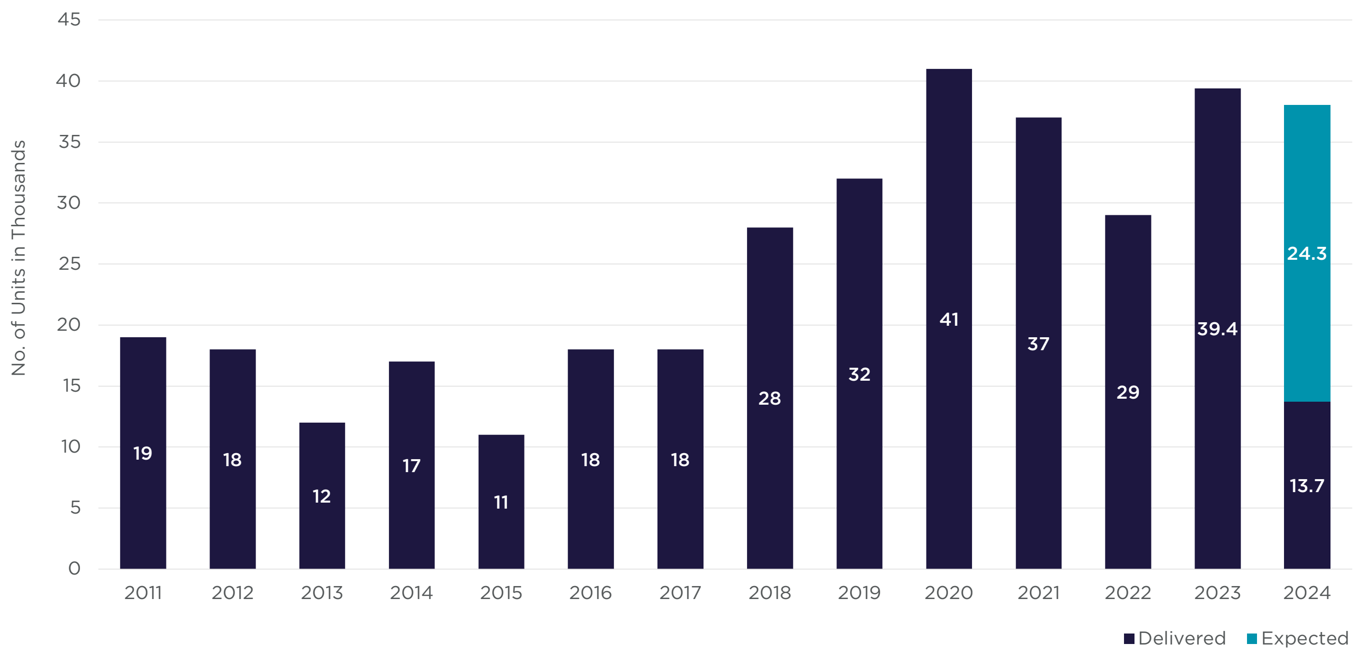
While project launches increase supply pipeline, handover volumes remain moderate.

During Q2 2024, a lower rate of handovers was observed with just over 5,391 units being handed over compared to more than 8,350 units in Q1 2024. This mix included 30% villas and 70% apartments. Notably, Downtown Dubai led the way with the highest number of handovers, delivering 899 residential units. It was closely followed by Tilal Al Ghaf with 855 units, and the Rukan development in Dubailand with 582 units.

A total of 24,300 residential units are anticipated to be delivered during Q3 and Q4 2024, bringing the annual total to nearly 39,000 units, which is similar to the number of handovers in 2023.

Emaar Properties leads new residential handovers in Q2 2024, accounting for 17% of all supply delivered, closely followed by Majid Al Futtaim Group at 16% and Azizi Developments at 15%.

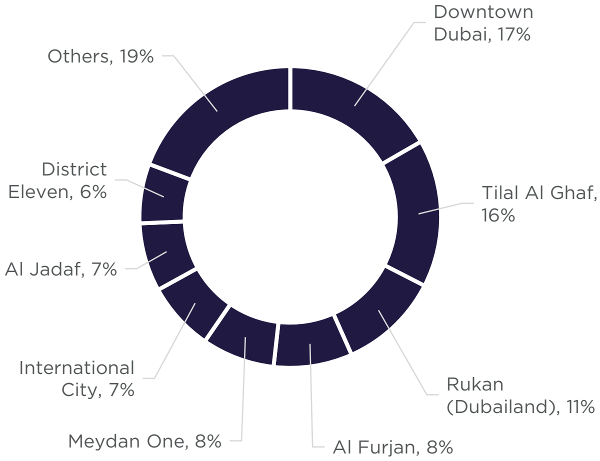
For the remainder of the year, District Seven (MBR City) is expected to see the highest handovers with 4,292 units followed closely by Business Bay with 3,722 units. Jumeirah Village Circle and Arjan are also expected to be major contributors, followed by Damac Hills and Dubai Sports City.



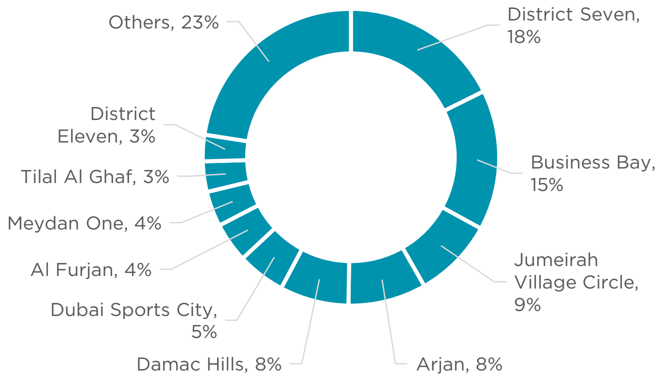
Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
SUPPLY

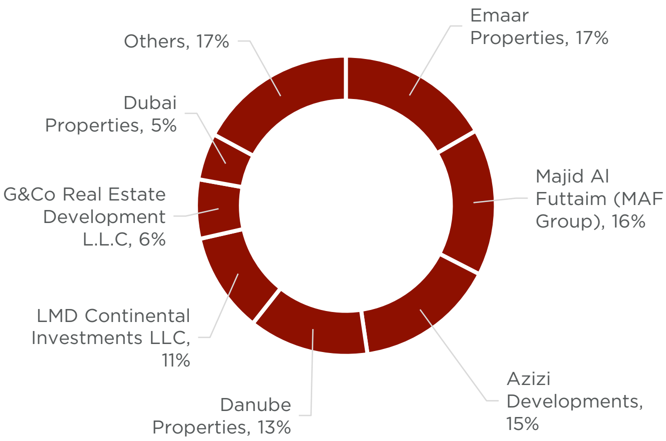
Supply Delivered by Area
Q2 2024



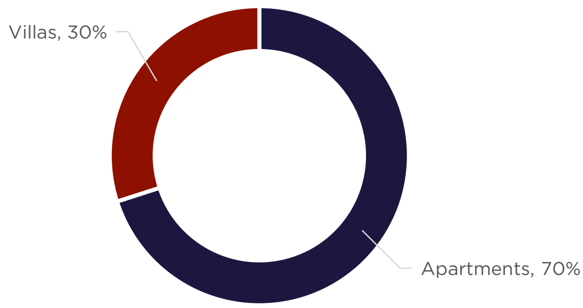
Supply Forecast by Area
Q3 - Q4 2024



Supply Delivered by Developer
Q2 2024



Residential Handovers
Q2 2024



Source: Cushman & Wakefield Core Research, REIDIN

PROJECT **LAUNCHES**

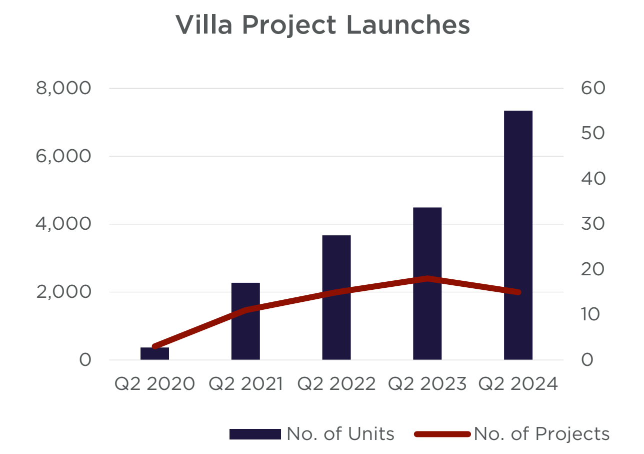
Project launches continue to soar, underpinned by steady demand.

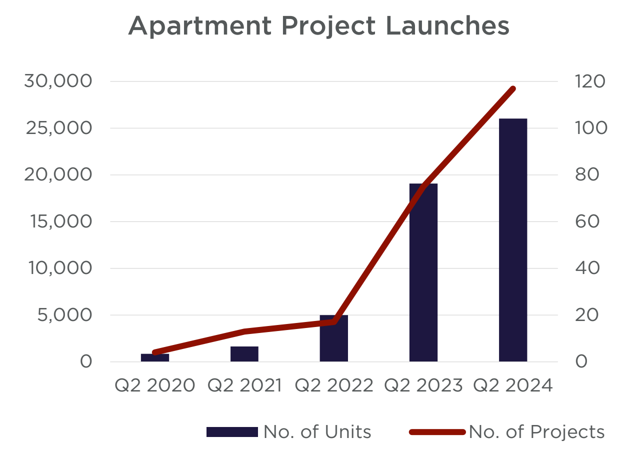
Growing from a high base, new project launch volumes continue to see record numbers with no signs of slowdown expected in the near term as demand and absorption remain buoyant. We have also seen developers with large landbanks initiating projects and smaller private developers aggressively acquiring land, which continues to be a challenge.

Apartment project volumes in Q2 2024 saw a 56% increase compared to Q2 2023. Villa project launches, on the contrary, saw a sharp decline of 17% during the same period.

Notable announcements during Q2 2024 in the villa market include Athlon by Aldar in Wadi Al Safa (Dubailand), Eden Hills by H&H Development in MBR City, and Golf Lane by Emaar in Dubai South. In the apartment market, we saw Verdes in Haven by Aldar in Dubailand, One by Binghatti in Business Bay, and Skyscape Aura and Skyscape Avenue by Sobha near Meydan, as the prominent launches.

The announcement of the new Al Maktoum International Airport is further activating and bolstering Dubai South, Expo Village, Expo City Dubai, and the surrounding areas for residential, commercial, hospitality and industrial asset classes. Furthermore, we have seen a large number of recent launches being concentrated on either side of the E 611 corridor as development moves southwards.



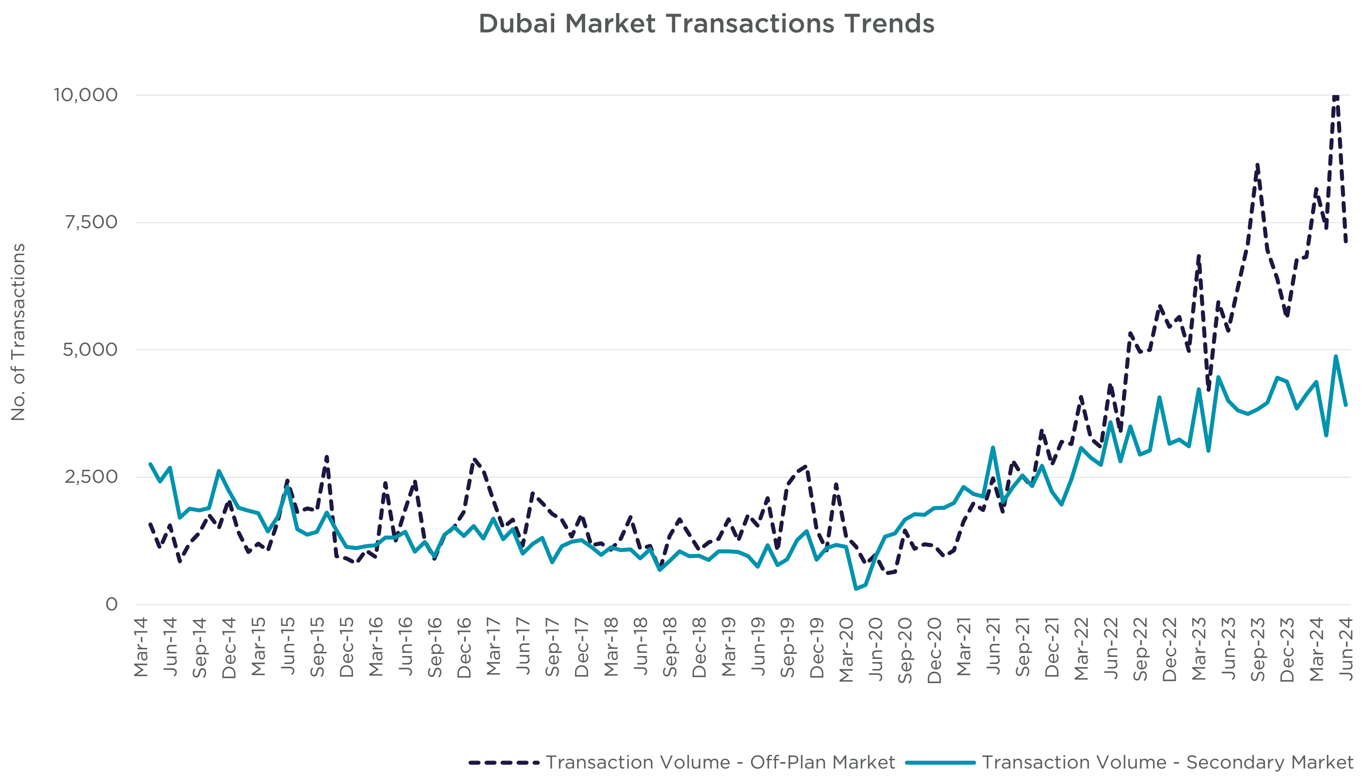


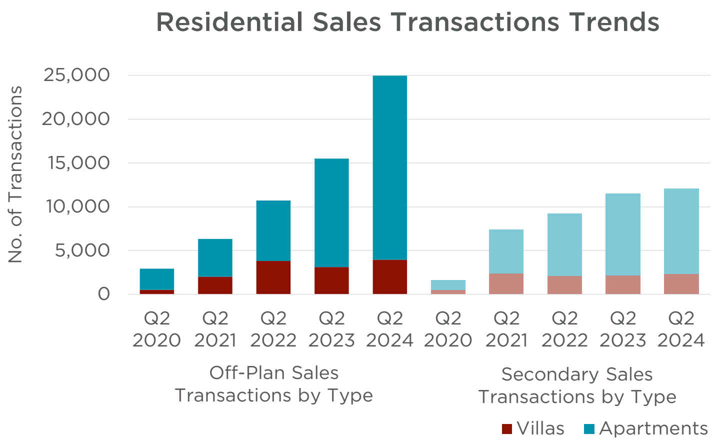
Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
TRANSACTIONS

Off-plan market continues to dominate, while the secondary market shows sustained signs of stabilisation.

Until the end of 2021, the differential between off-plan transactions and secondary market transactions was limited, however, over the last 2 to 3 years, off-plan transactions have sharply increased, underpinned by the rise in new project launches. While secondary market transactions have shown a moderate growth of 5% year-on-year, they have in fact seen a 3% quarter-on-quarter dip. On the contrary, off-plan transactions saw a substantial spike of 61% year-on-year. In Q2 2024, off-plan transactions accounted for more than double the number of secondary market transactions, indicating that the off-plan market has a higher share of investors.



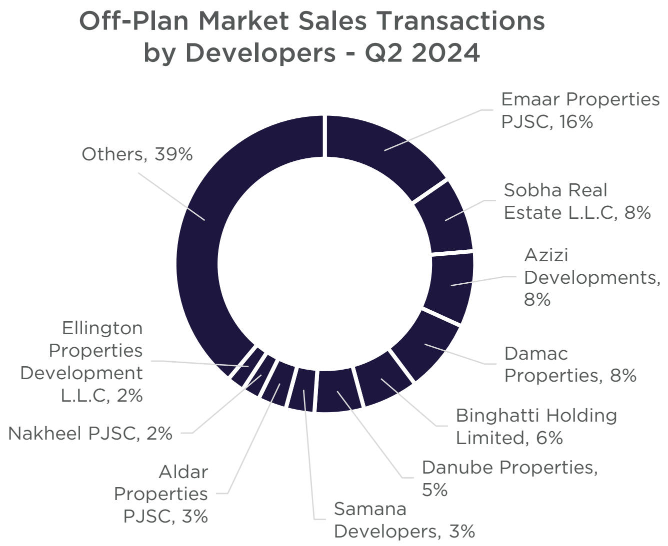


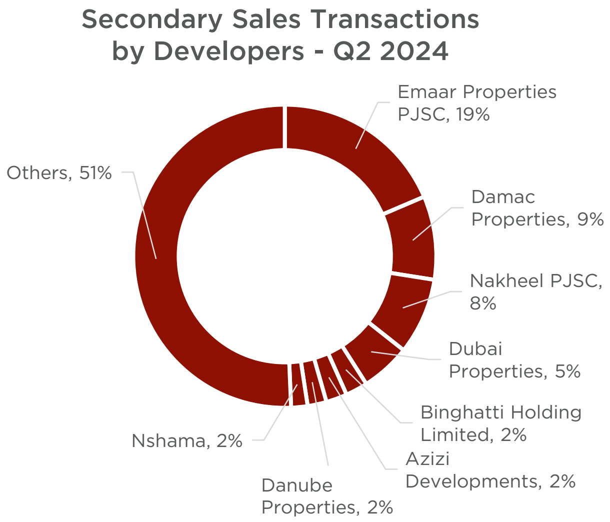
An emerging trend shows that primary off-plan sales prices (developer inventory) are higher than secondary off-plan prices (resales by individuals) across most Dubai districts and off-plan projects. Although the price difference percentage is still in single digits, it suggests that sellers are struggling to match original prices and are selling slightly below market value to exit. This trend is worth monitoring, as it may grow in the coming quarters and years with more off-plan supply entering the market.

Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL **TRANSACTIONS**

Emaar Properties led off-plan transactions by 16%, followed by Sobha Real Estate, Azizi Developments and Damac Properties at 8% each. While in the secondary market, Emaar Properties continue to capture the market with 19%, followed by Damac Properties (9%), Nakheel (8%) and Dubai Properties (5%).





Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
SALES PRICES

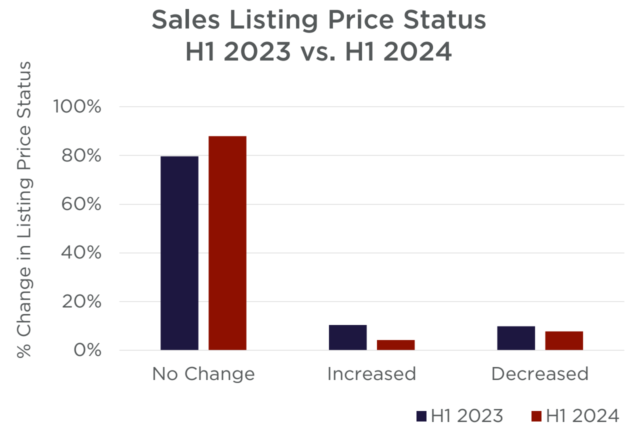
Signs of stabilisation in prime districts and sharp increases in affordable and mid-market districts.

City-wide sales prices continue their upward trajectory for the 16th consecutive quarter with a 21% year-on-year and 53% increase compared to Q1 2020 (pre-COVID-19). Looking at the market by type, city-wide villa sales prices have witnessed a 24% year-on-year increase while the apartment sales price is 21% higher compared to the same period last year.

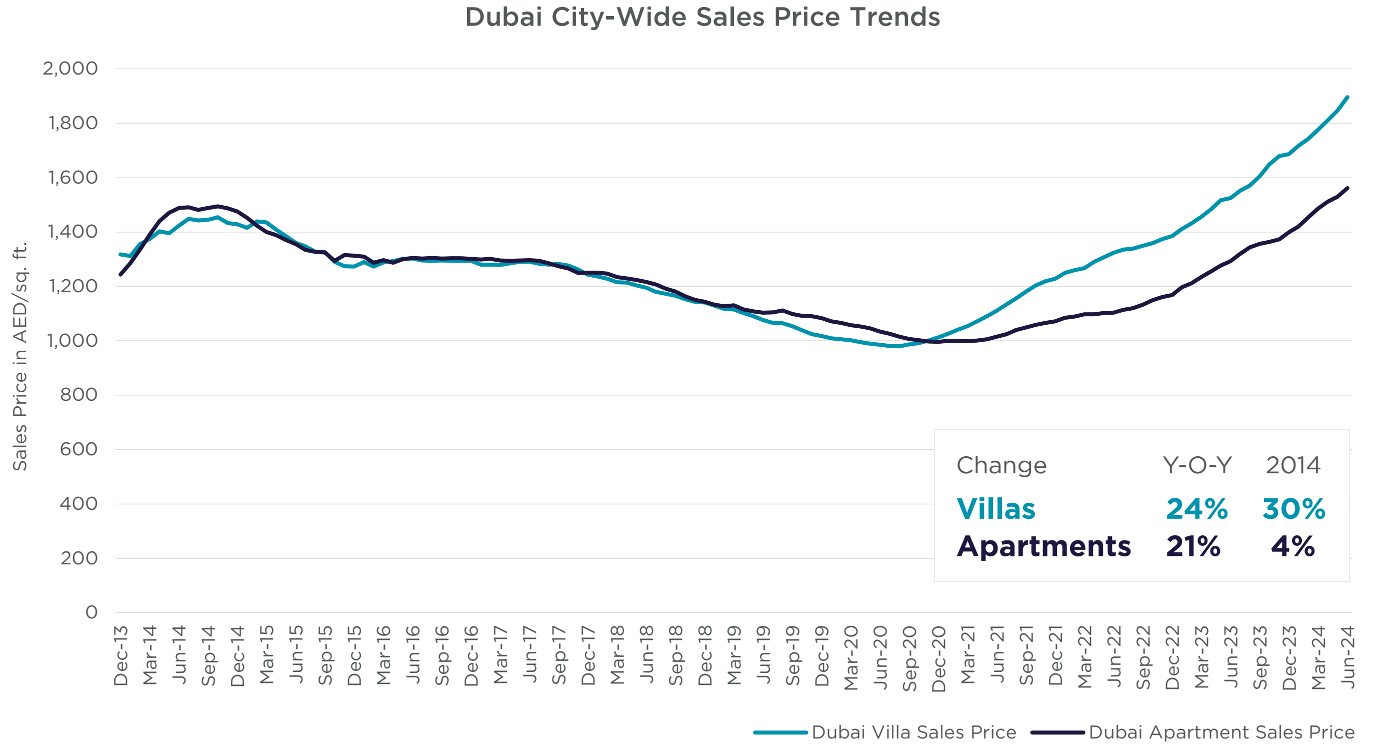
While still witnessing increases, we have seen the ultra-prime districts mark a slowdown with the lowest year-on-year growth witnessed in Palm Jumeirah at 6% and Emirates Hills at 16%. The mid-market district Jumeirah Village Circle (39%) has seen the highest year-on-year increase followed by Jumeirah Park (33%) and Arabian Ranches (31%).

Mirroring the trends in the villa market, apartment districts in suburban and affordable communities have seen the highest increases. This is due to relatively lower bases, supply limitations, and substantial price increases in central areas, which are leading people to invest in suburban regions. Discovery Gardens saw the highest year-on-year increase in sales price by a steep 48%, followed by Dubai Sports City (33%), Jumeirah Lake Towers (33%), and Dubailand (26%).

Other indicators of market stabilisation include a higher number of sales listings witnessing no change in listed prices in H1 2024, while a much lower number of listings saw prices increase compared to the same period last year. Furthermore, since Q3 2023, the median residential listing price value has started to decline each quarter by around 7%, further indicating market adjustment.

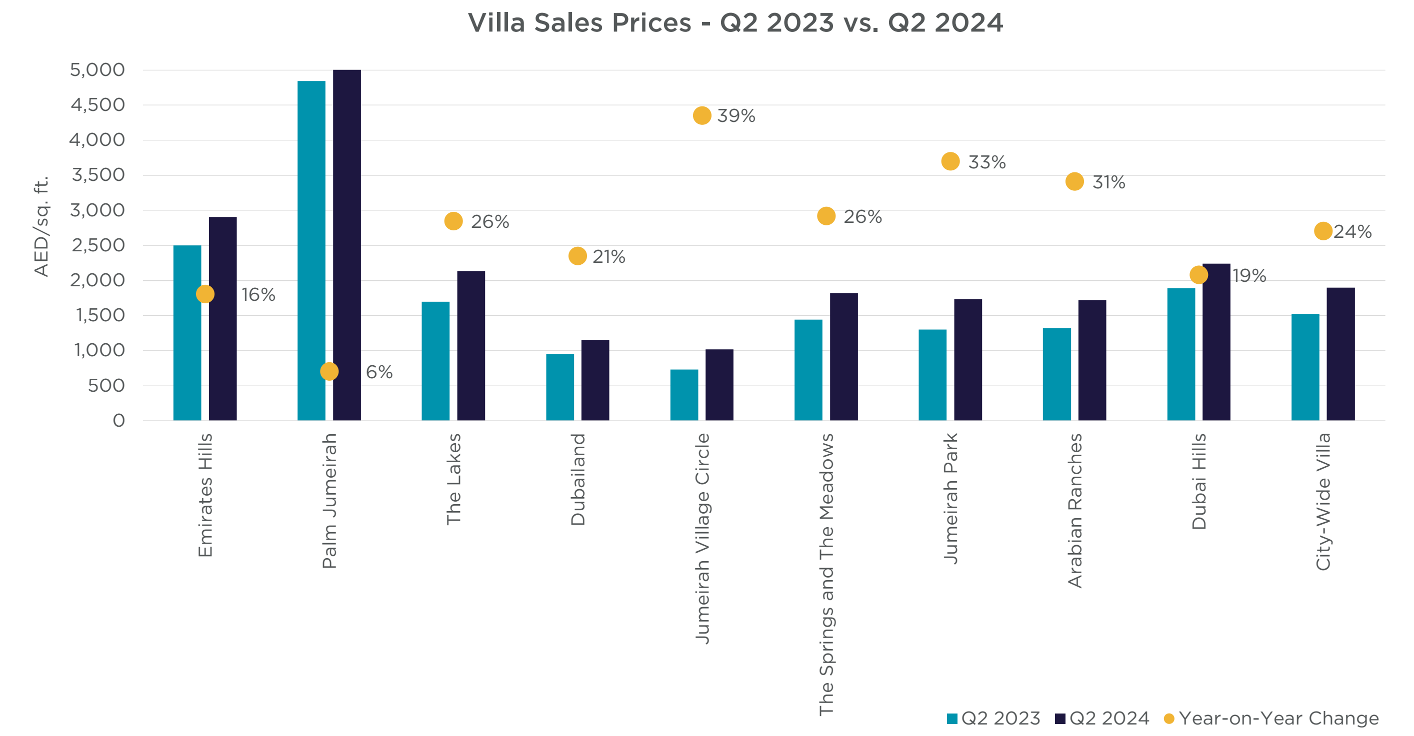


Source: Cushman & Wakefield Core Research, REIDIN

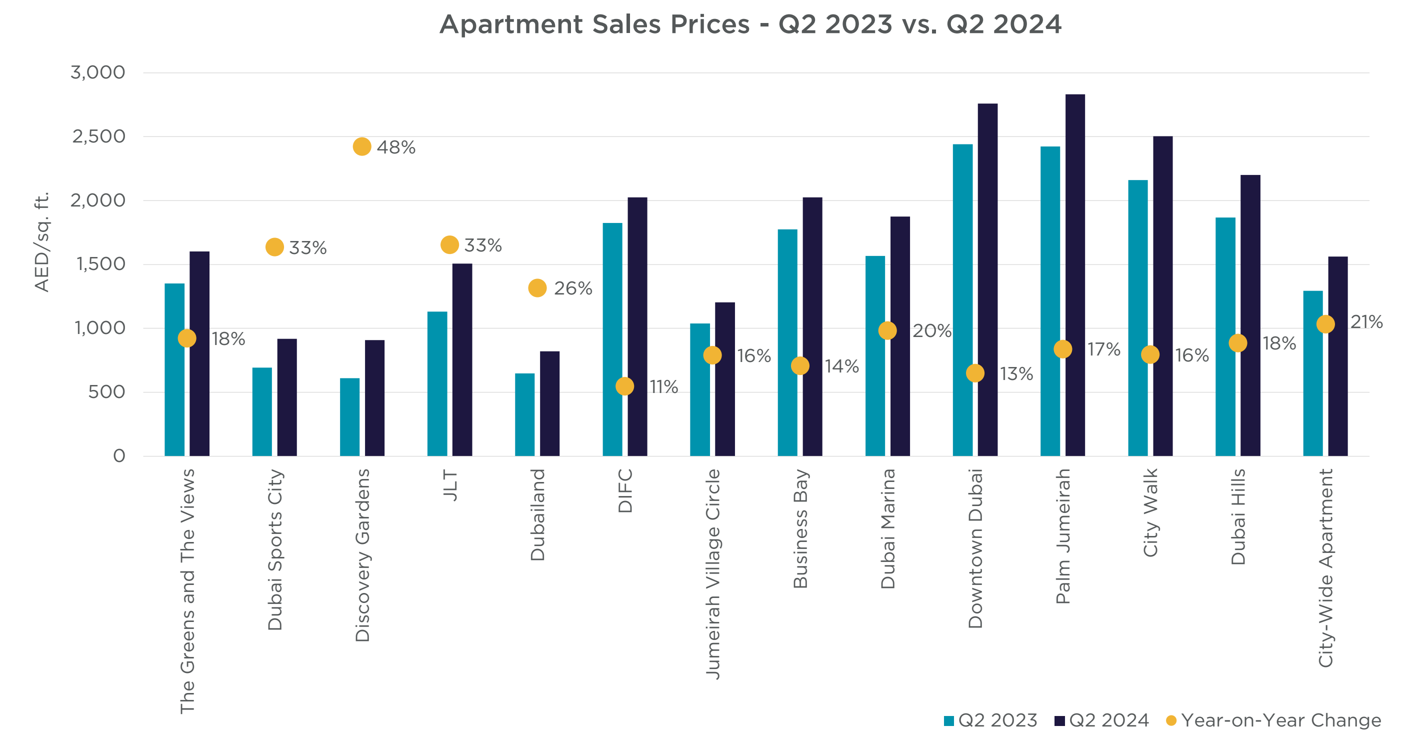


Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
SALES PRICES



Source: Cushman & Wakefield Core Research, REIDIN



Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
SALES PRICES (AED/sq. ft.)

Q2 2023 vs. Q2 2024

- Villas
- Apartments
- ▲ Year-on-Year Change

Area	Type	Q2 2023	Q2 2024	Year-on-Year Change
Palm Jumeirah	Villas	4,845	5,153	▲6%
Palm Jumeirah	Apartments	2,424	2,831	▲17%
Dubai Marina	Apartments	1,566	1,874	▲20%
Jumeirah Lake Towers	Apartments	1,132	1,507	▲33%
Emirates Hills	Villas	2,500	2,906	▲16%
The Springs & The Meadows	Villas	1,443	1,822	▲26%
Discovery Gardens	Apartments	611	908	▲48%
Jumeirah Park	Villas	1,303	1,736	▲33%
The Greens & The Views	Apartments	1,353	1,602	▲18%
The Lakes	Villas	1,699	2,134	▲26%
Jumeirah Village Circle	Villas	731	1,017	▲39%
Jumeirah Village Circle	Apartments	1,039	1,204	▲16%
City Walk	Apartments	2,161	2,504	▲16%
DIFC	Apartments	1,826	2,025	▲11%
Downtown Dubai	Apartments	2,440	2,758	▲13%
Business Bay	Apartments	1,774	2,024	▲14%
Dubai Hills	Villas	1,887	2,240	▲19%
Dubai Hills	Apartments	1,868	2,200	▲18%
Arabian Ranches	Villas	1,318	1,723	▲31%
Dubai Sports City	Apartments	692	918	▲33%
Dubailand	Villas	952	1,153	▲21%
Dubailand	Apartments	649	820	▲26%

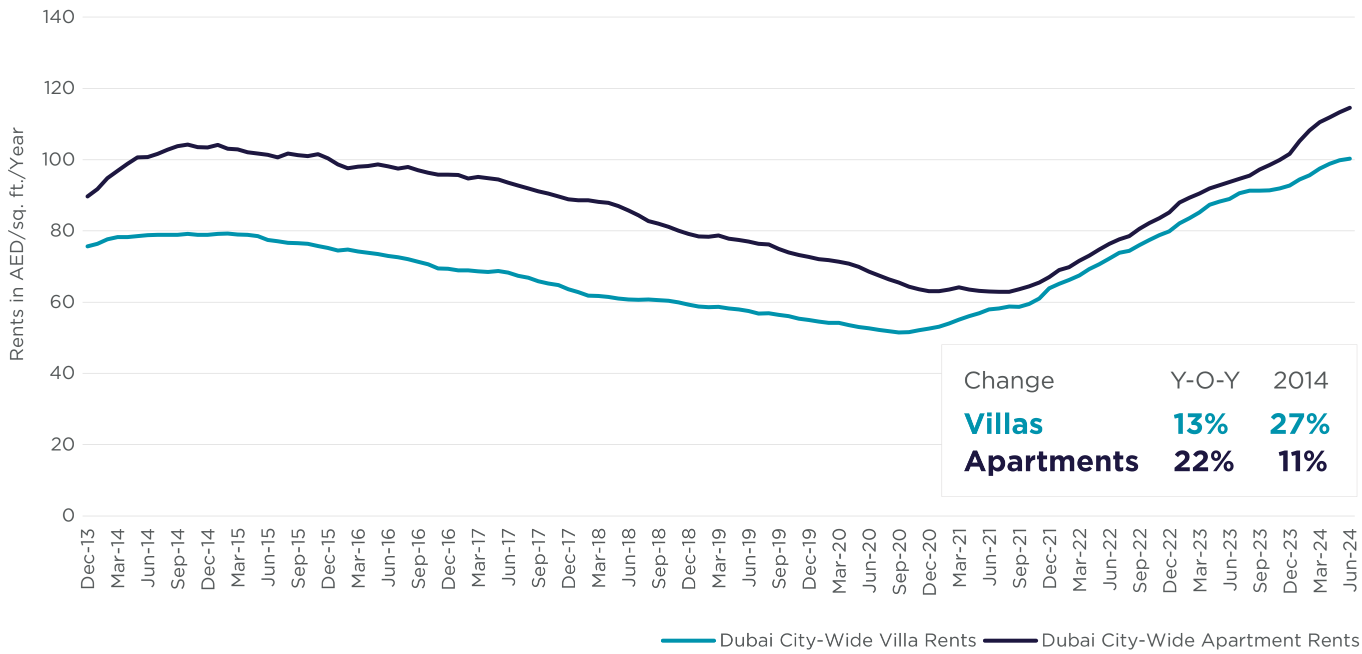
RESIDENTIAL **RENT PRICES**

City-wide rents rose for the 14th consecutive quarter, however, moderation seen in the villa market.

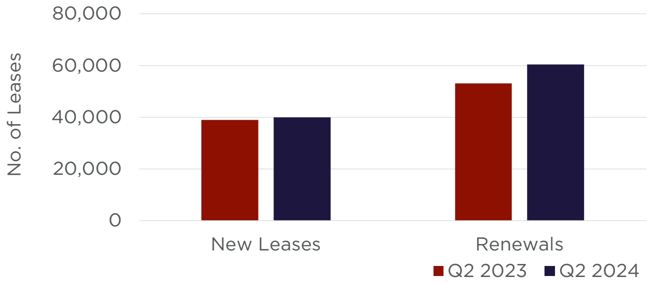
City-wide rents are up by 19% year-on-year and 64% higher than Q1 2020 (pre-COVID-19). Due to the sharp and continued increase in rents for the 14th consecutive quarter, we have seen a higher percentage of tenants continuing to renew, with the number of renewals in Q2 2024 seeing a 14% increase. That said, the rental market showed some levels of stabilisation, as the number of rental listings that witnessed no change in the listed price was nearly identical during H1 2023 and H1 2024. In fact, nearly 21% of rental listings in H1 2024 saw the listed price being decreased compared to 17% in H1 2023.

We've also observed a relative stabilisation in city-wide villa rents, which have risen by 13% year-on-year, whereas apartment rents are up by 22% compared to the same period last year. Villas in Jumeirah Village Circle saw the highest year-on-year increase by 40%, followed by Jumeirah Park (22%) and The Springs and The Meadows (14%). However, all the apartment districts we track have seen higher year-on-year rental increases, with the affordable districts experiencing the sharpest increases, including Discovery Gardens (32%), followed by Dubai Sports City (28%) and Dubailand (24%).

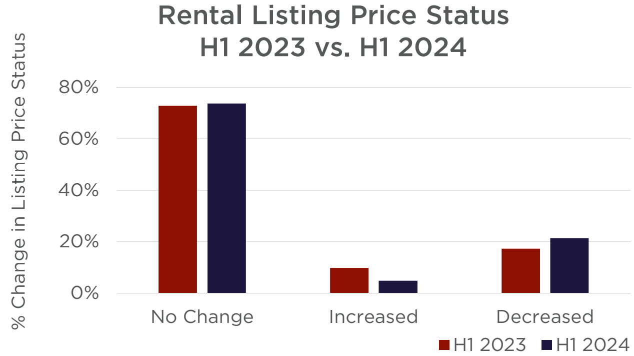
Dubai City-Wide Rental Trends



Residential Leases Q2 2023 vs. Q2 2024

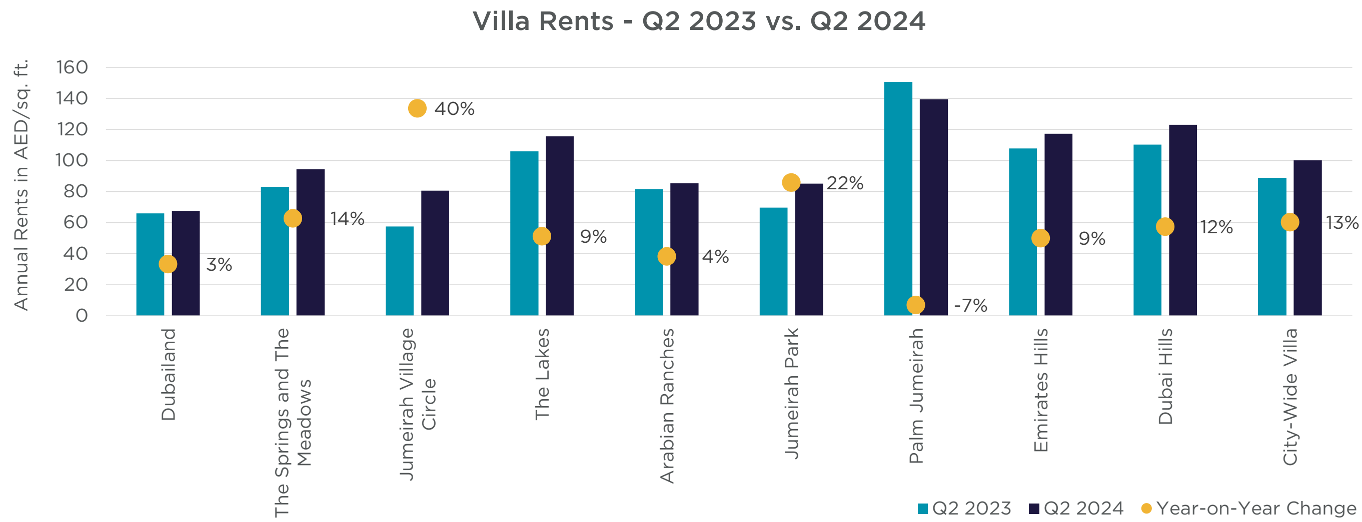


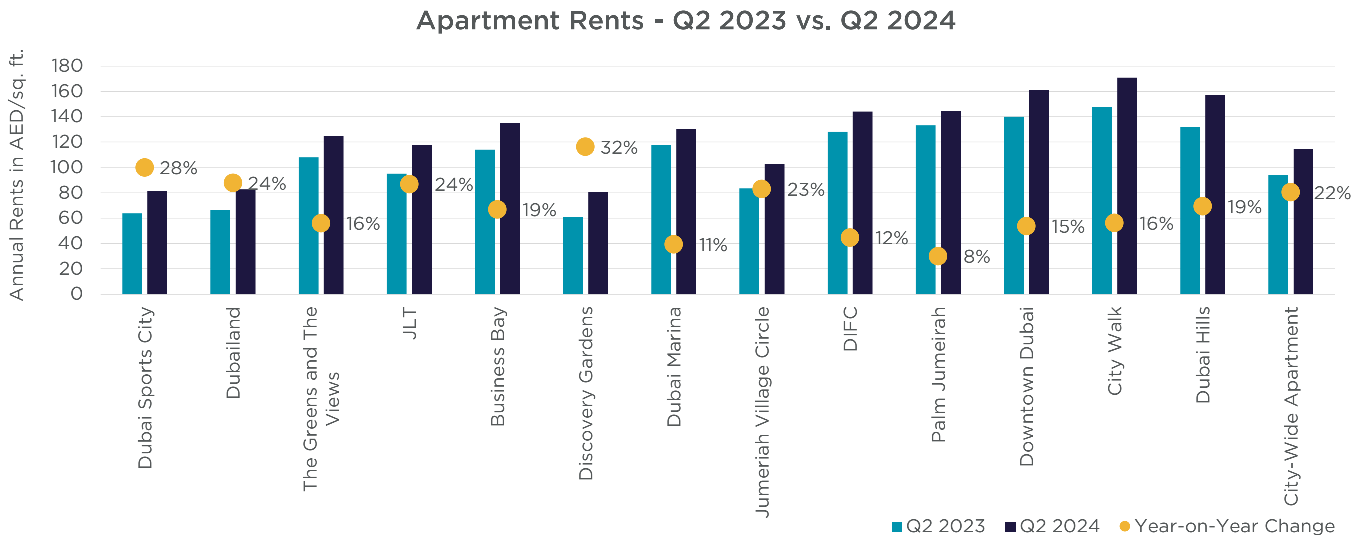
Rental Listing Price Status H1 2023 vs. H1 2024

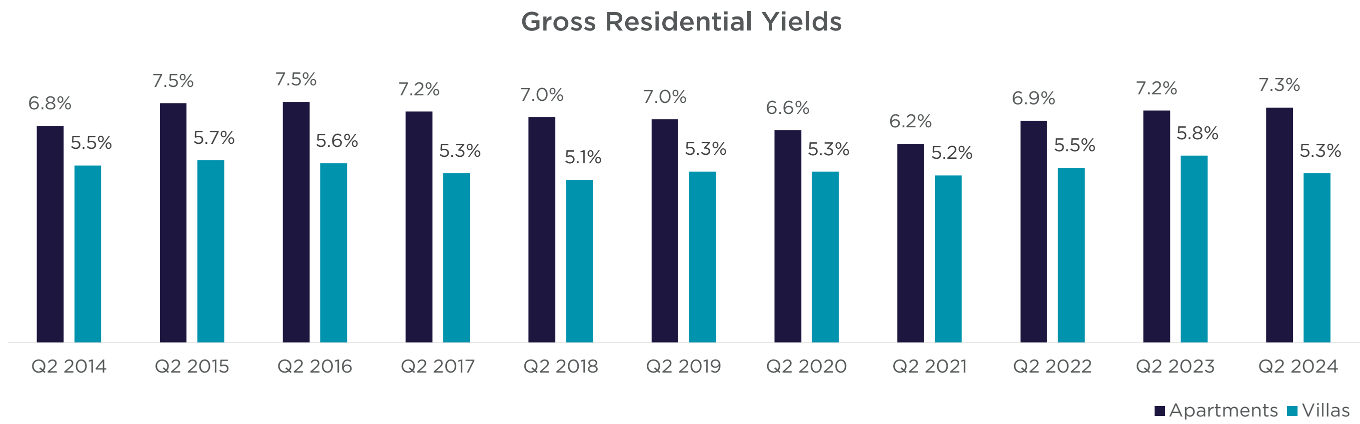


Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
RENT PRICES







Source: Cushman & Wakefield Core Research, REIDIN

RESIDENTIAL
RENT PRICES (AED/sq. ft.)

Q2 2023 vs. Q2 2024

- Villas
- Apartments
- ▲▼ Year-on-Year Change

Palm Jumeirah

	Q2 2023	Q2 2024	
Villas	151	140	▼7%
Apartments	133	144	▲8%

Dubai Marina ▲11%

Type	Q2 2023	Q2 2024
Apartments	118	130

Jumeirah Lake Towers ▲24%

Type	Q2 2023	Q2 2024
Apartments	95	118

Emirates Hills ▲9%

Type	Q2 2023	Q2 2024
Villas	108	117

The Springs & The Meadows ▲14%

Type	Q2 2023	Q2 2024
Villas	83	95

Discovery Gardens ▲32%

Type	Q2 2023	Q2 2024
Apartments	61	81

Jumeirah Park ▲22%

Type	Q2 2023	Q2 2024
Villas	70	85

The Greens & The Views ▲16%

Type	Q2 2023	Q2 2024
Apartments	108	125

The Lakes ▲9%

Type	Q2 2023	Q2 2024
Villas	106	116

City Walk ▲16%

Type	Q2 2023	Q2 2024
Apartments	148	171

DIFC ▲12%

Type	Q2 2023	Q2 2024
Apartments	128	144

Downtown Dubai ▲15%

Type	Q2 2023	Q2 2024
Apartments	140	161

Business Bay ▲19%

Type	Q2 2023	Q2 2024
Apartments	114	135

Dubai Hills

	Q2 2023	Q2 2024	
Villas	110	123	▲12%
Apartments	132	157	▲19%

Arabian Ranches ▲4%

Type	Q2 2023	Q2 2024
Villas	82	85

Dubai Sports City ▲28%

Type	Q2 2023	Q2 2024
Apartments	64	82

Jumeirah Village Circle

	Q2 2023	Q2 2024	
Villas	58	81	▲40%
Apartments	83	103	▲23%

Dubailand

	Q2 2023	Q2 2024	
Villas	66	68	▲3%
Apartments	66	83	▲24%

ULTRA PRIME MARKET

Q2 2024

PROPERTIES SOLD

305

Residential properties sold above AED 20 Million in Dubai in Q2 2024, compared to 273 in Q2 2023, displaying a 12% increase.

The majority of transactions were located in Palm Jumeirah, Dubai Hills Estate, Downtown Dubai, Al Wasl, Tilal Al Ghaf, and Jumeirah Bay Island.

TRANSACTIONS CONCLUDED

6

Transactions concluded above AED 100 Million in Dubai in Q2 2024.

Mainly in Jumeirah Bay Island and Palm Jumeirah

HIGHEST SALE PRICE/SQ. FT.

AED 18,071

Highest transacted residential sale price/sq. ft. in Q2 2024.

MOST EXPENSIVE APARTMENT SOLD

Most expensive apartment sold in Q2 2024.

AED 148 Million

Bulgari Lighthouse, Jumeirah Bay Island

MOST EXPENSIVE VILLA SOLD

Most expensive villa sold in Q2 2024.

AED 173 Million

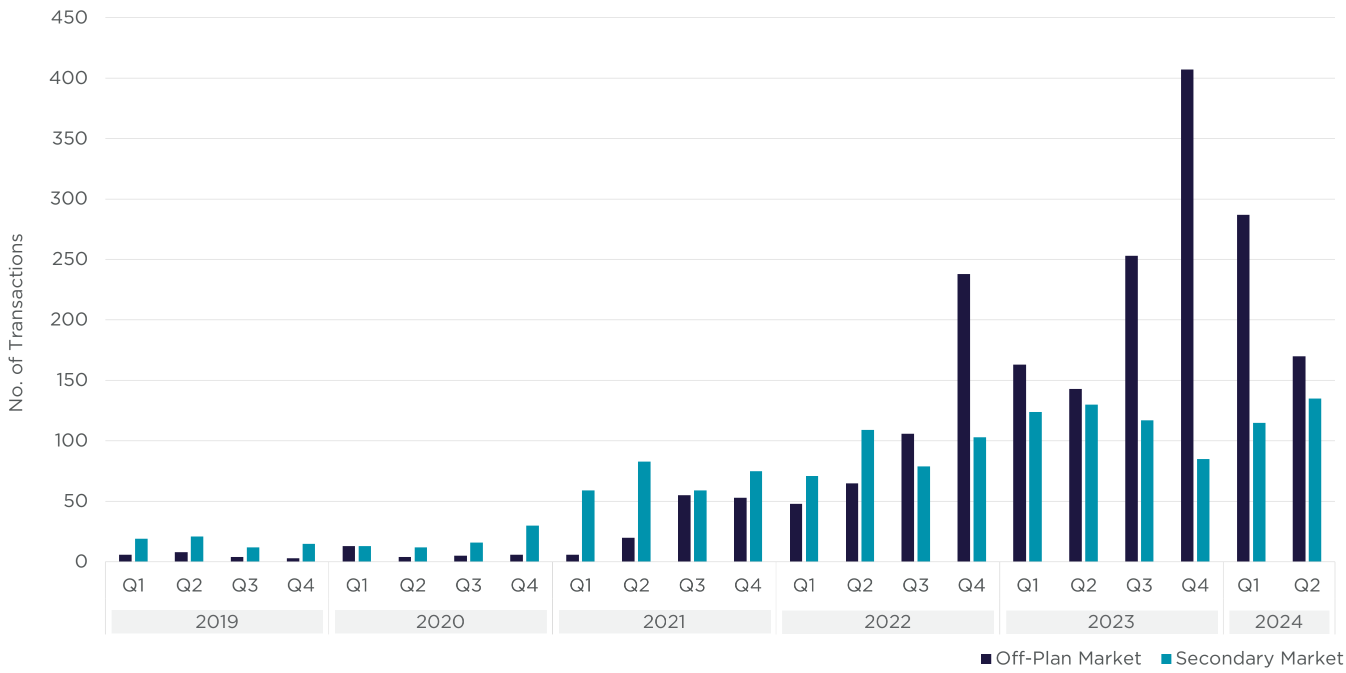
District One Villas, Meydan

ULTRA PRIME
MARKET

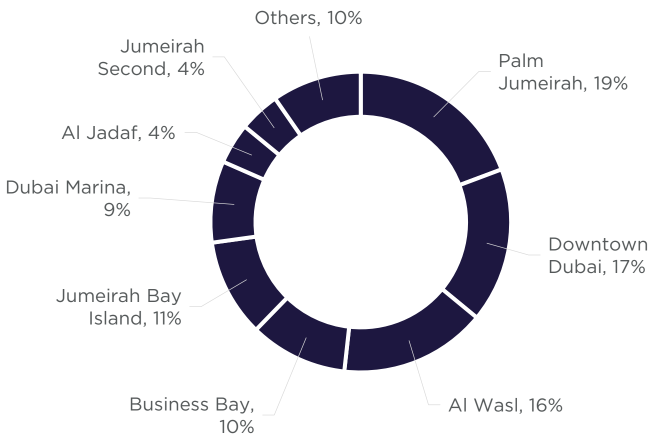
While ultra-prime transactions continue to display a year-on-year increase of 12%, we have seen a marked slowdown in off-plan transaction volumes over the last two quarters. This is mainly due to the lower off-plan inventory available in the market for these ticket sizes.

That said, secondary market ultra-prime transactions have retained their steady activity levels with 135 transactions - the highest ever number of secondary market ultra-prime transactions registered in Q2 2024.

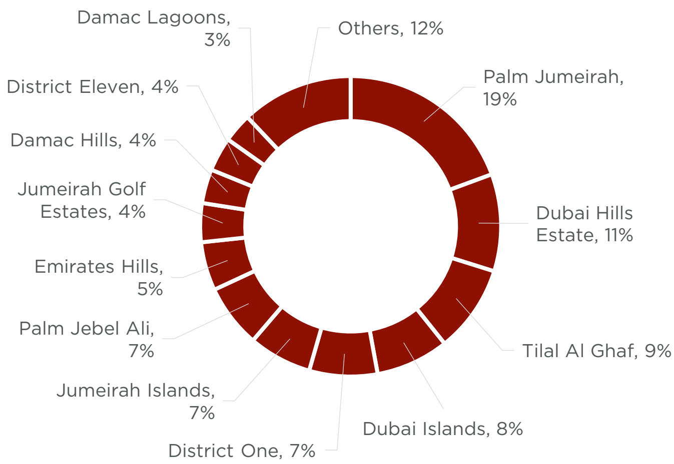
Ultra Prime Transactions in Dubai (AED 20 Million and Above)



Ultra-Prime Apartment Transactions by Area - Q2 2024



Ultra-Prime Villa Transactions by Area - Q2 2024



Source: Cushman & Wakefield Core Research, REIDIN

Note: Total villa transactions above AED 20 Million in Q2 2024 = 191
Total apartment transactions above AED 20 Million in Q2 2024 = 114

OFFICE MARKET SNAPSHOT

Q2 2024

EXISTING GLA

108.24 Mn sq. ft.

Total existing office GLA

OFFICE STOCK

33%

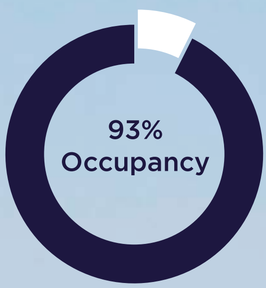
Grade A office stock

UPCOMING GLA

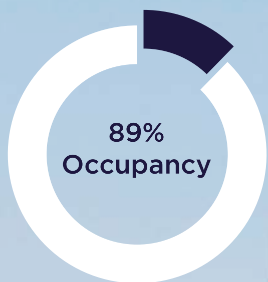
1.63 Mn sq. ft.

Upcoming office GLA in H2 2024

35.4 Million sq. ft.
Grade A Office Stock



72.8 Million sq. ft.
Grade B & C Office Stock

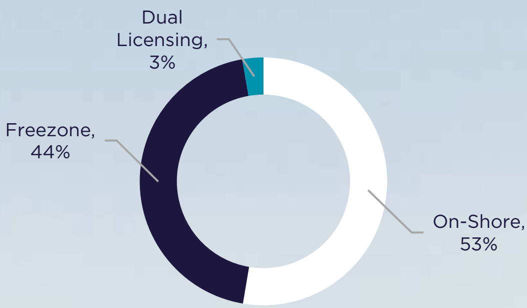


CITY-WIDE OCCUPANCY

90%

City-wide office occupancy

Dubai Office Stock by Licensing Type



OFFICE RENT PRICES

19%

Year-on-year rise in city-wide office rents

DUBAI OFFICE SUPPLY

Q2 2024 saw several office project announcements, however, the market is expected to remain under-supplied until 2027-2028.

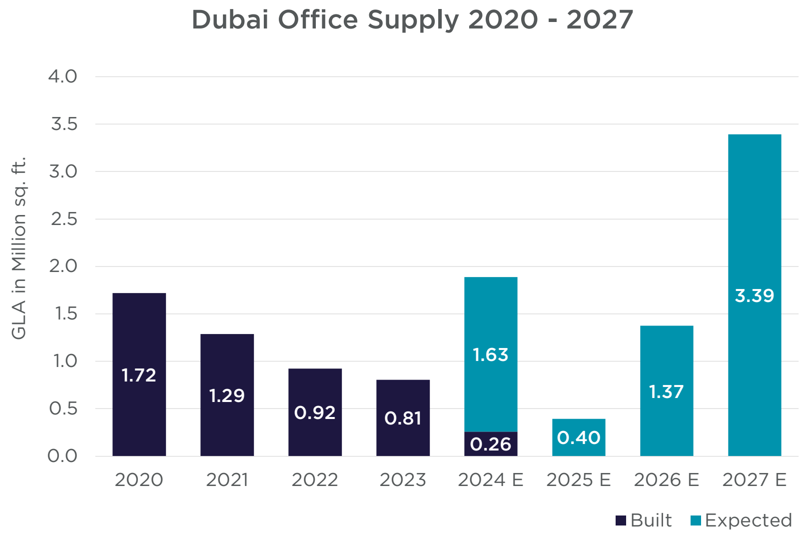
While the supply crunch in the office market continues to impact rents and occupancy levels, developers attuned to market conditions are finally initiating new office developments to address this shortage.

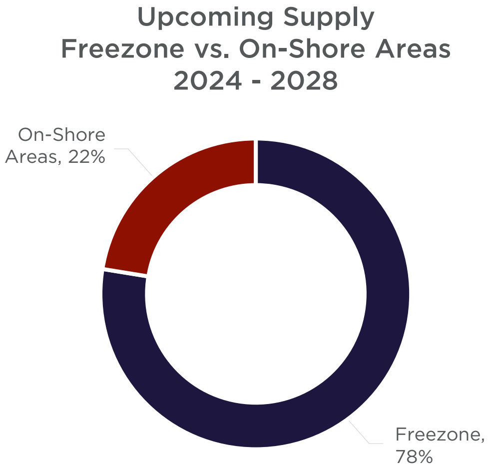
YTD 2024 has seen a few major and much-needed announcements including Immersive Tower in DIFC, Offices in D3 Phase 2, the mixed-use development by Aldar on Sheikh Zayed Road, and multiple developments under discussions in DIFC. However, it would still take another 2 to 4 years until this supply is handed over and the likelihood of them being pre-let remains high. This indicates that the supply shortage is likely to persist until 2027/2028, when a substantial portion of the announced inventory is expected to be completed. The majority of development activity is concentrated in central areas such as DIFC and Sheikh Zayed Road, followed by JLT, Expo City Dubai, and the TECOM freezones. It is interesting to note that nearly 78% of the upcoming office stock is located within freezones, while just 22% is anticipated to be located in on-shore areas, making the supply crunch in on-shore areas even more acute.

Q2 2024 saw around 260,000 sq. ft. of gross leasable area released to the market in Dubai CommerCity. Over 1.63 million sq. ft. is expected to be handed over in the remainder of 2024, mainly from Expo City Dubai, Innovation Hub in Dubai Internet City, office component in Wasl Tower, and Millenium Plaza Downtown (renovated Crowne Plaza), both on Sheikh Zayed Road.

Aldar's entry into Dubai's commercial market

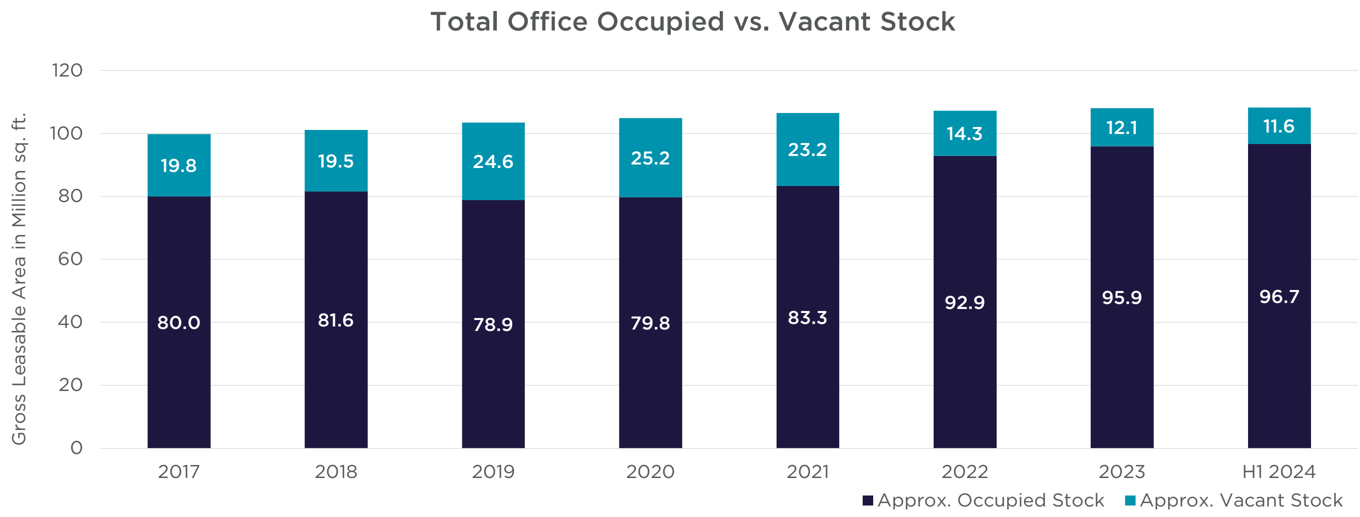
Aldar's recent announcement to develop a Grade A office tower on Sheikh Zayed Road marks the Abu Dhabi-based developer's entry into Dubai's commercial market. With a net leasable area (NLA) of 88,000 sq. m., the landmark project will also include a luxury boutique hotel and branded residences. Additionally, Aldar has agreed to acquire '6 Falak,' a fully leased Grade A office building in Dubai Internet City. With a total investment of AED 1.8 Billion, these strategic moves will enhance Aldar's presence in Dubai's key sectors and align with its strategy to provide premium office spaces in major business districts.

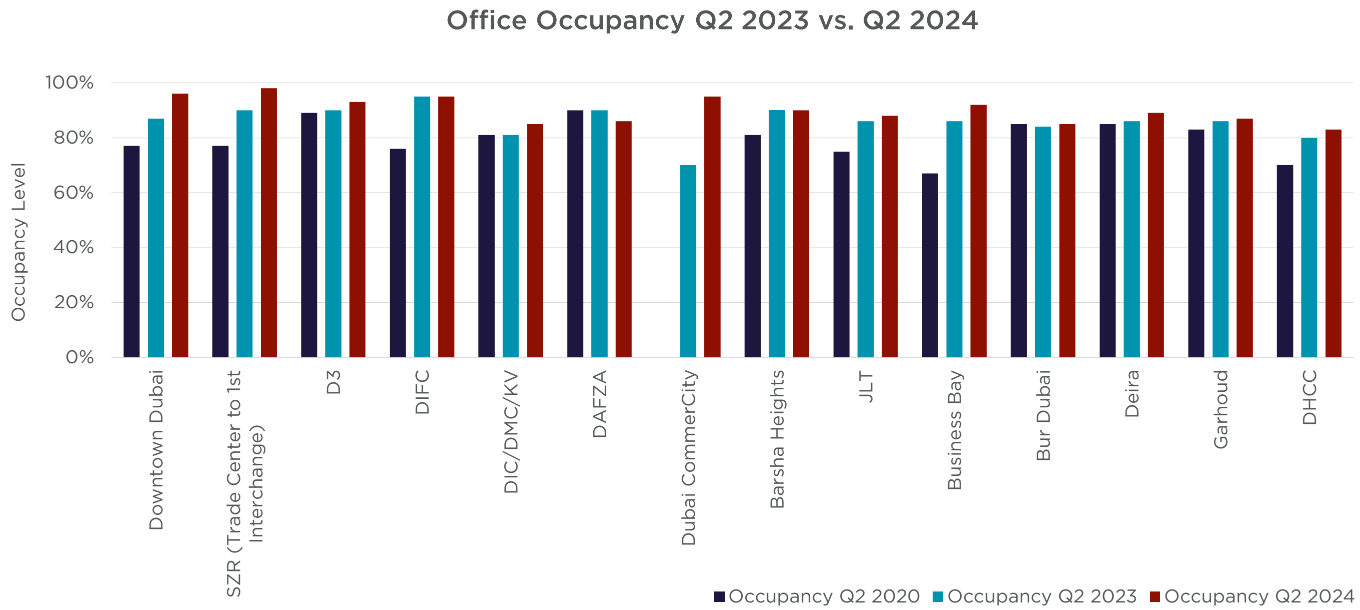




Source: Cushman & Wakefield Core Research

DUBAI OFFICE **OCCUPANCY**





Source: Cushman & Wakefield Core Research

City-wide occupancy levels are at an all-time high

City-wide office occupancy levels are at an all-time high of 90% with the Grade A office occupancy level hovering at 93% and is expected to move upwards over the next few years.

The sharpest rise in occupancy levels, both year-on-year and from pre-COVID-19 levels, has been in Business Bay (rising from 67% during COVID-19 to 92%, resulting in a staggering 4 million sq. ft. absorption), Sheikh Zayed Road (World Trade Center Area), DIFC and JLT.

The recently delivered Dubai CommerCity has also seen a sharp rise in occupancy levels as it offers large floor plates and newer build quality in a supply-starved market.

The CBD districts including Downtown Dubai, DIFC, and Sheikh Zayed Road are above 95% occupancy, reflecting the ever-growing upward pressure on rents and exacerbating supply shortage.

DUBAI OFFICE **RENTS**

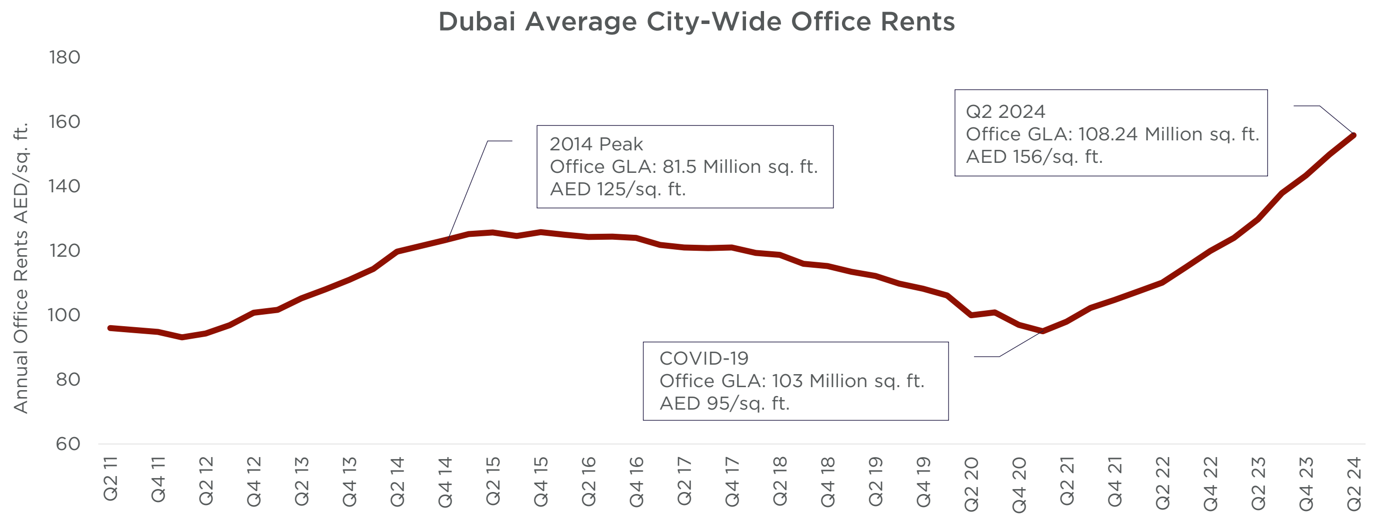
High occupancy levels, supply crunch, and steady demand underpin continued rental growth

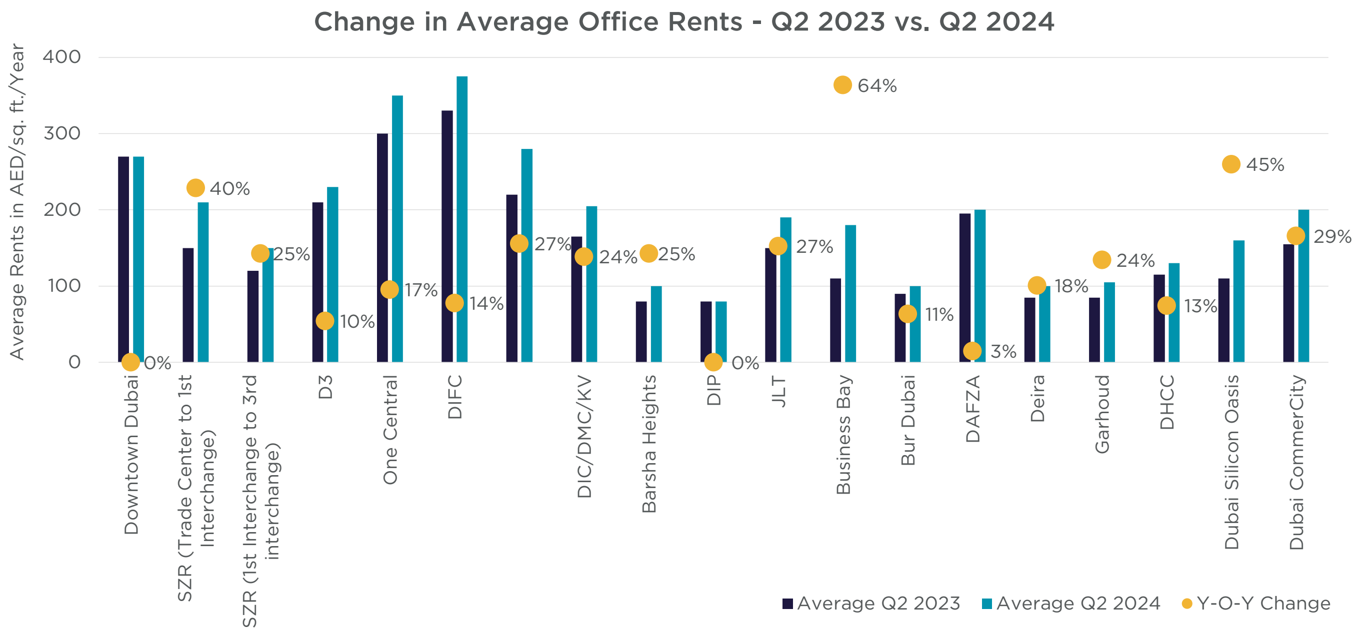
Activity levels have surged across various tenant sectors with freezones particularly drawing significant demand as a growing number of new and existing businesses seek to establish or expand their presence in the city.

The market remains landlord-friendly, and this dynamic is putting additional pressure on companies, particularly global occupiers, who may struggle to meet the tight decision-making deadlines that the current market dictates.

Due to these conditions, flex/co-working space providers continue to experience strong demand, both from global occupiers and SMEs across new market entrants and incumbents. This demand is driven by the high level of flexibility and customised solutions that they offer.

In Q2 2024, city-wide rents have risen by 19% compared to the previous year, and the increase from pre-pandemic levels is a substantial 54%.



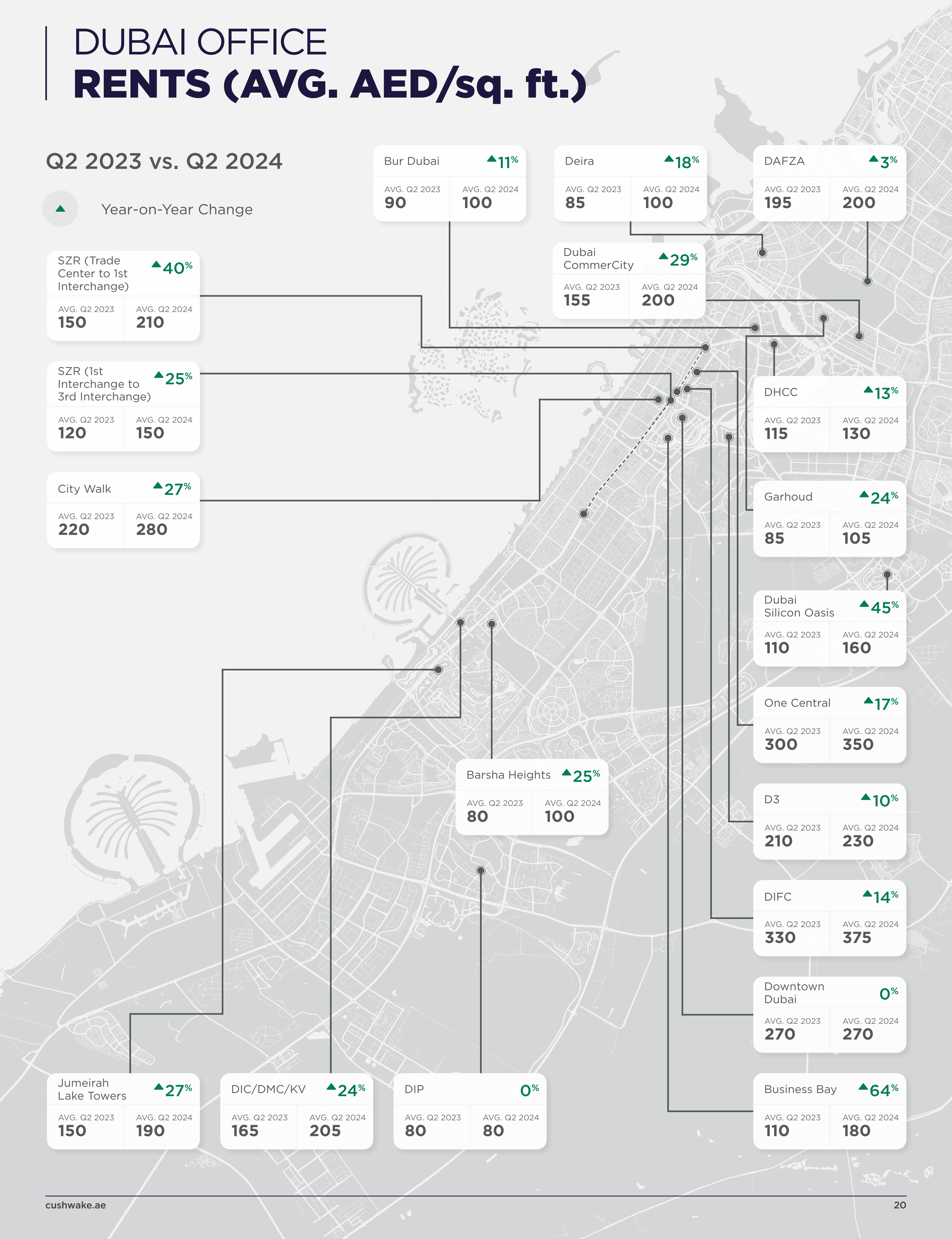


Source: Cushman & Wakefield Core Research

DUBAI OFFICE
RENTS (AVG. AED/sq. ft.)

Q2 2023 vs. Q2 2024

▲ Year-on-Year Change

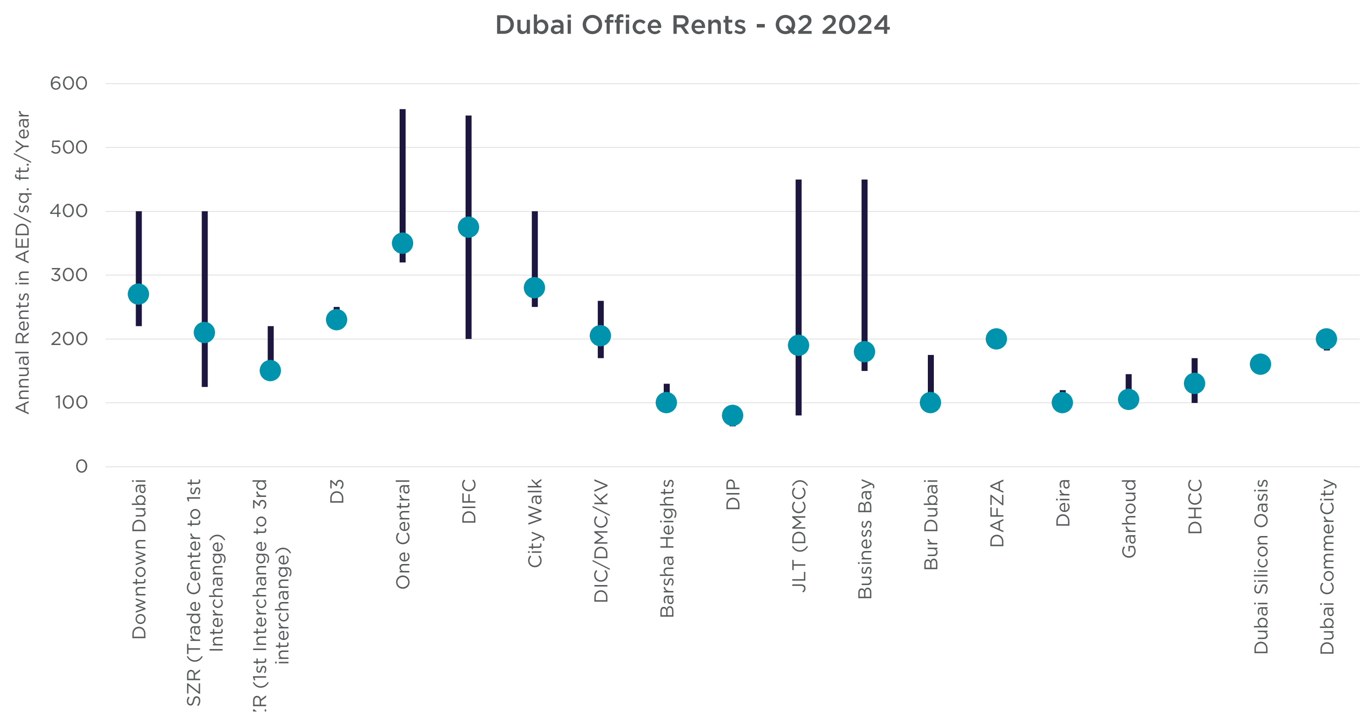


Area	Year-on-Year Change	AVG. Q2 2023	AVG. Q2 2024
Bur Dubai	▲11%	90	100
Deira	▲18%	85	100
DAFZA	▲3%	195	200
SZR (Trade Center to 1st Interchange)	▲40%	150	210
Dubai CommerCity	▲29%	155	200
SZR (1st Interchange to 3rd Interchange)	▲25%	120	150
DHCC	▲13%	115	130
City Walk	▲27%	220	280
Garhoud	▲24%	85	105
Dubai Silicon Oasis	▲45%	110	160
One Central	▲17%	300	350
Barsha Heights	▲25%	80	100
D3	▲10%	210	230
DIFC	▲14%	330	375
Downtown Dubai	0%	270	270
Jumeirah Lake Towers	▲27%	150	190
DIC/DMC/KV	▲24%	165	205
DIP	0%	80	80
Business Bay	▲64%	110	180

DUBAI OFFICE **RENTS**

While most districts we track have seen strong rental growth, Business Bay has experienced the sharpest increase of over 64%. This sharp increase is due to intense competition from potential tenants for available spaces, which is also reflected in the highest level of inquiries for the district.

When looking at rental growth since the pandemic, Business Bay again leads the race when comparing to other office districts with a steep 160% increase followed by JLT (153%) and Sheikh Zayed Road (121%), primarily due to a significantly lower rental base and occupancy rate.



Source: Cushman & Wakefield Core Research, REIDIN

WHAT ARE GLOBAL OCCUPIERS LOOKING FOR IN DUBAI?

We are seeing diversified demand stemming from the global automotive and manufacturing sector, banking and legal, and technology firms looking to relocate, expand, or enter the market. Spatial requirements from our global occupiers are mainly concentrated above 20,000 sq. ft. While occupying Grade A premises remains the primary focus, the majority of corporates seem keener on landlord quality, covenant, and locational aspects in terms of client proximity and commute times as traffic worsens. However, much of this is restricted by a lack of choice in the market and often limited to the jurisdiction where they currently hold a license.

With many of our relocation projects, clients are keen to move to alternative locations. However, as the majority of international occupiers are freezone-based, the freezone migration process presents many challenges, often resulting in clients securing space within the same freezone or remaining in their existing premises.

Whilst Dubai and the wider region are an outlier in terms of market conditions against global markets, the majority of global corporates are increasingly aware and accepting of the landlord-friendly nature of the market. The UAE generally still offers competitive rents across the board in comparison to the likes of London, Paris, Singapore etc., however, prime sub-markets like DIFC and DWTC in Dubai and ADGM in Abu Dhabi are starting to align. Certainly, rising market pricing and less flexibility on commercial terms across the board presents challenges, particularly on renewals where most likely the occupier is under-rented, and a lack of realistic relocation subjects them to increasing their rents to market or at max uplift capacity. Occupiers are looking at renewing for longer terms than previously agreed to in order to gain more benefits.

The UAE, and Dubai in particular, is increasingly becoming a focus market for many international firms as they set to invest more into their operations and workforce. Emerging as an ideal location for people across workforce levels, the city's appeal is driven by factors such as safety, zero personal tax, a strategic geographic position for business and personal travel, favourable weather, and a positive environment. The UAE is certainly one of the most desirable locations to live, work, and play globally, more so now than ever before. This uptick in demand does come with some deterrents that are impacting the market, including rising rents, the rising cost of living, and a lack of availability and flexibility.

Global corporates often face longer lead times due to the nature of organisational structure and detailed due-diligence requirements. On average, decision-making for a project takes 6 to 9 months, from initial strategy to lease acquisition. This extended timeline is imbalanced with the speed required to make decisions in the current supply-starved market. Given the scarcity of available space and the robust demand in the market, high-quality vacant office units are swiftly absorbed, rarely remaining unoccupied for extended periods. Corporates often lose out on space to regional firms that can react more quickly on acquisitions or to other global corporates that are more advanced in their strategy. Global corporates do carry covenant strength which does have a positive effect. Particularly, if a landlord has an interest in a specific global occupier - perhaps because the occupier aligns with the building or sub-market's vision - the landlord may hold out for them, however, we are seeing less of this happening.

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