



DUBAI & ABU DHABI REAL ESTATE MARKET OVERVIEW Q4 2023



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Market Overview

MACRO ECONOMIC

Dubai's GDP is poised for a substantial 4.0% growth in 2024, as forecasted by Emirates NBD. The culmination of the year was marked by robust economic activity, with the Q4 average showcasing the most resilient performance since the pre-pandemic Q2 2019. Extensive research indicates an anticipated real GDP growth of 4.0% for the preceding year, reflecting a marginal dip from the impressive 4.4% recorded in 2022.

The average OPEC basket price for Q4 2023 stood at AED 288 per barrel, indicating a notable decline of 18.5% or AED 66 compared to the preceding quarter's AED 354 per barrel as stated by OPEC Monthly Oil Market Report.

The Consumer Price Index (CPI) in the United Arab Emirates ascended to 109.58 points in the fourth quarter of 2023, manifesting a commendable increase of 2.69% from the recorded 109.45 points in the preceding third quarter of 2023.

Travel and tourism comfortably maintained an noteworthy performance, consistently surpassing the neutral level. As of October, Dubai warmly welcomed a substantial total of 13,900,000 visitors.

Market Overview

REAL ESTATE MARKET

The real estate market in Dubai is experiencing a positive ascent, steadily rebounding from the impact of the Covid-19 pandemic since the year 2020.

In accordance with the Dubai Land Department (DLD) transaction volume data, the third quarter of 2023 documented a remarkable increase of 22% and 29.5% year-on-year surge in the performance of both ready and off-plan transactions combined. This achievement culminated in Dubai experiencing its highest quarterly peak in a decade.

However in the fourth quarter of 2023 compared to the previous, there was a notable decline of 23.2%, primarily stemming from the inclusion of retroactive transactions by the land department, in conjunction with the seasonal downturn.

10,141 new units were successfully delivered in the last quarter of year 2023, encompassing around 6,600 apartments and 3,400 villas. Apartments accounted for 65% of the total deliveries, showcasing a substantial accomplishment in meeting diverse housing needs.

The collective ready sales prices for both apartments and villas have observed a decline, highlighting the off-plan market's heightened appeal. This segment witnessed a significant decrease of 21% compared to the previous quarter and a notable 20% decline compared to the corresponding period last year.

There has been a notable 1% increase in the overall number of rental transactions compared to the previous quarter. Renewed contracts have shown a significant 9% increase, indicating a positive trend in the growth and vibrancy of the rental market. In comparison to the same period last year, the total number of rental contracts has increased by 7%, with renewed contracts experiencing a substantial 19% rise and new contracts declining by 11%.

Dubai & Abu Dhabi Real Estate **Market Overview** **Q4 2023**

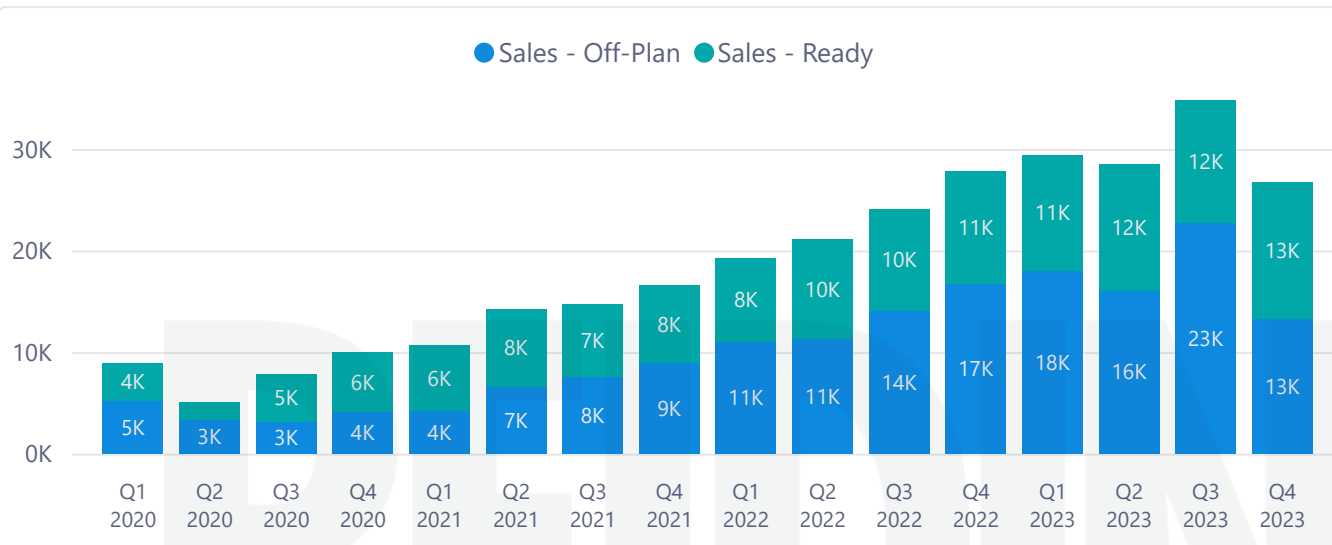
Residential Sales Transaction Analysis

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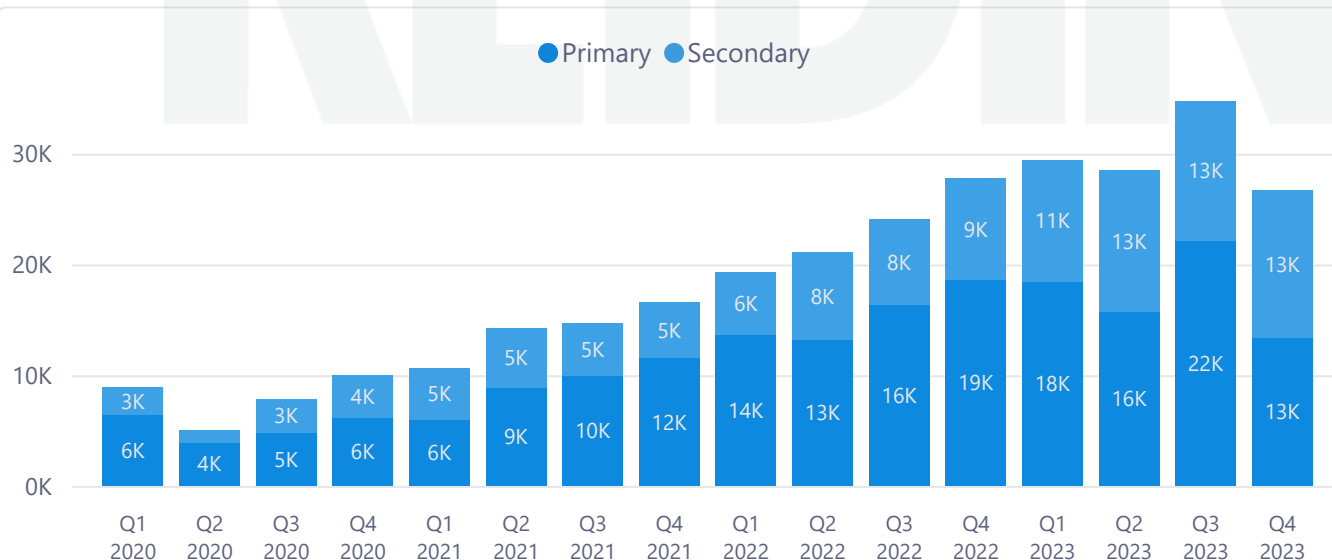


Residential Sales Transaction Volume

Quarterly Residential Transactions by Transaction Type



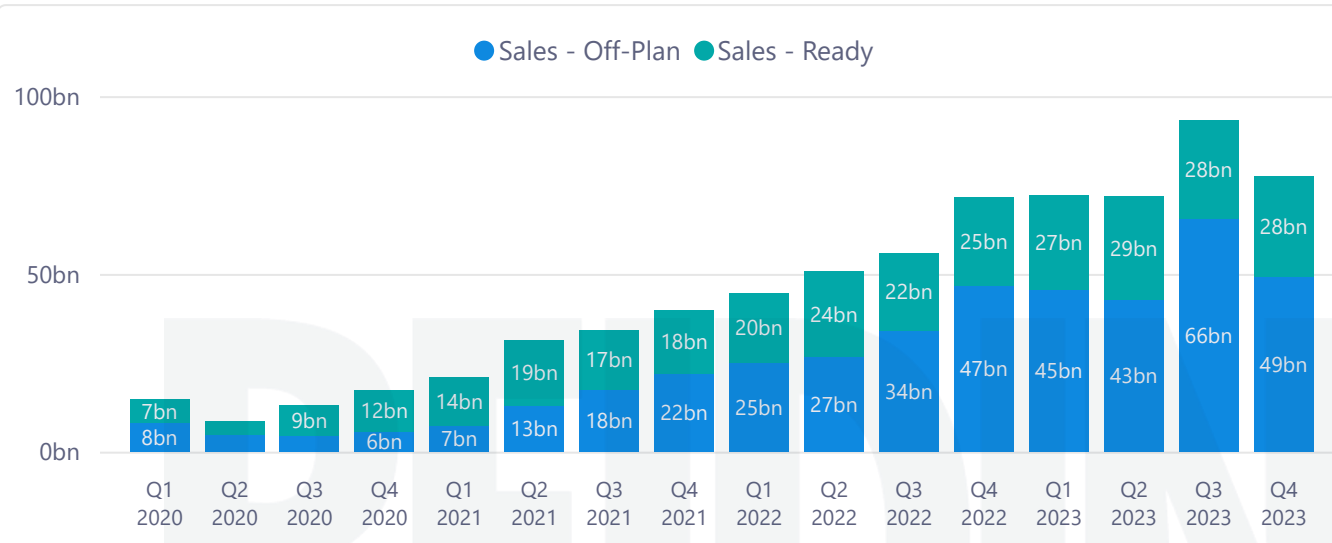
Quarterly Residential Transactions by Sales Sequence



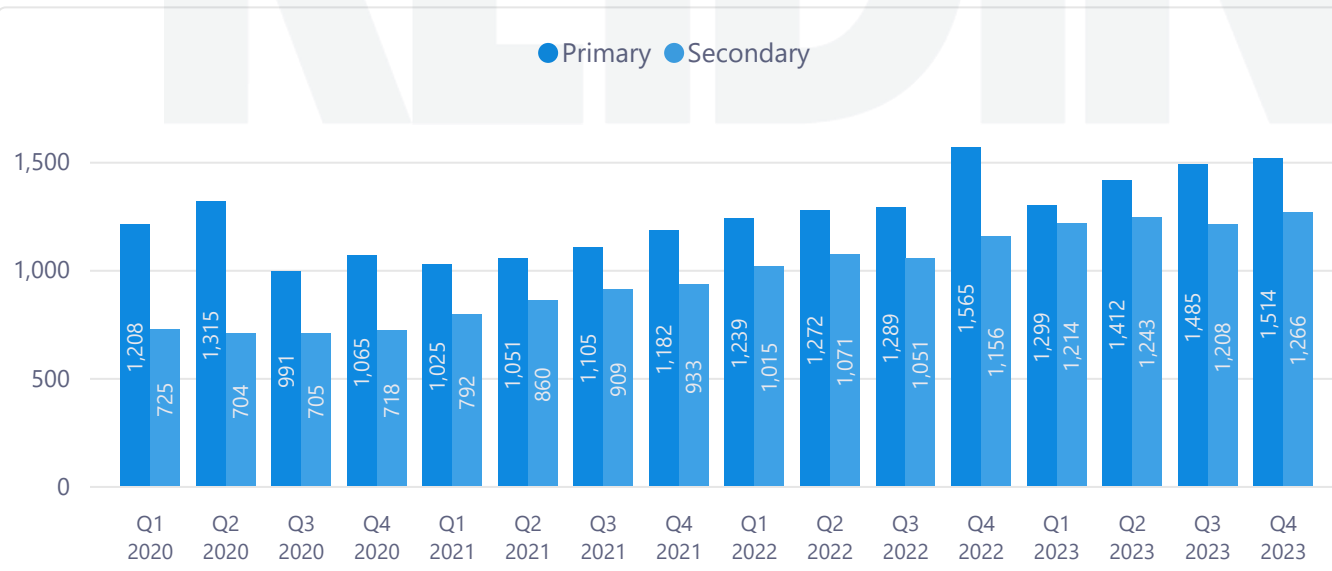
- The total transaction volume in the residential sector encompassing both off-plan and secondary market transactions, saw a 23% decrease in the current quarter compared to the previous one, and an annual decrease of 3.9%. Unlike the same period last year, there's been a 21% reduction in the volume of off-plan residential transactions, whereas the volume of secondary residential transactions has risen by 22%.
- Recent transactions have experienced fluctuations primarily due to a substantial increase in transactions by DLD. While the pace of price movements has slowed down during the holiday season, market conditions remain stable.
- The volume of primary sequence transactions declined to 39.7%, whereas second sequence transactions rose by 5.8%.
- The yearly growth in the volume of primary transactions was 12.75%, while second sequence transactions surged by 63.5%.

Residential Sales Transaction Value

Total Value of Quarterly Residential Transactions (AED)



Average Price of Quarterly Residential Transactions (AED/Sqf)



- Collective off-plan and ready transactions have contributed to an overall sales increase of 8% in compare with the corresponding period last year. However total value of residential transactions experienced a 17% decrease compared to the previous quarter, influenced by the additional transactions introduced by DLD in the third quarter.
- Off-plan transactions witnessed a 25% decline, while ready transactions increased by 2%.
- Both primary and secondary sales have exhibited similar percentage increases and decrease in alignment with the transaction volume.

Average Residential Sales Transaction Value

Average Price of Off-plan Transactions by Property Type (AED)



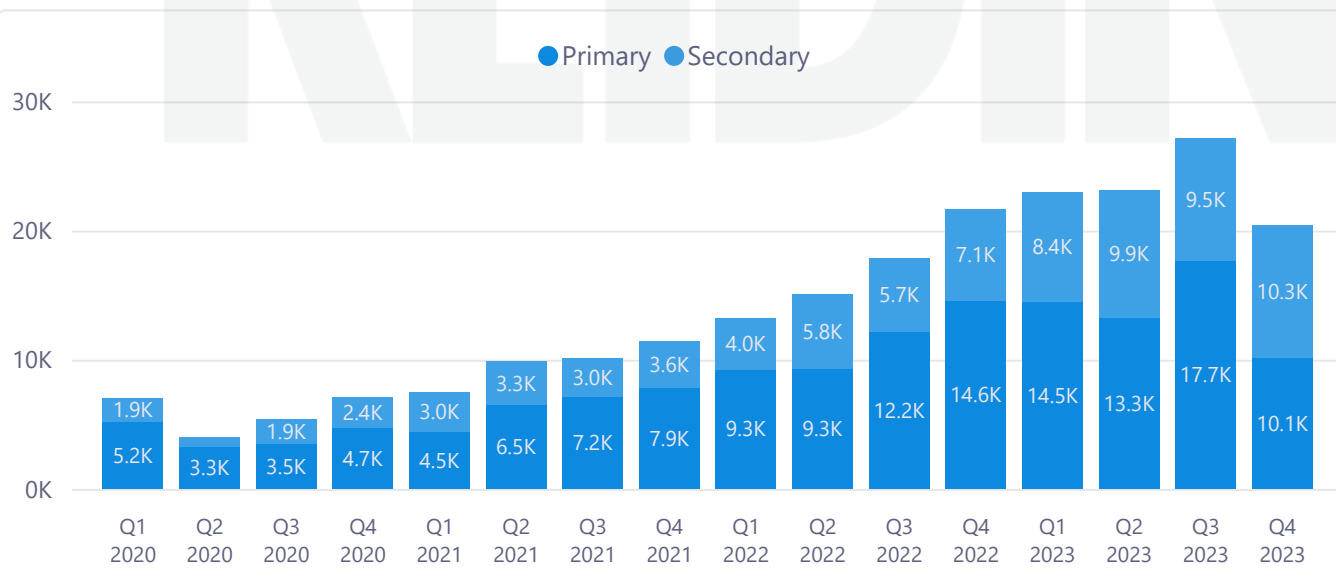
Average Price of Ready Property Transactions by Property Type (AED)



- The real estate off-plan market in Dubai continues to be an appealing investment destination, thanks to anticipated growth in rentals and property prices, fuelled by economic resilience, population expansion, and business initiatives.
- The off-plan prices have surged exceptionally by 64% compared to the same period last year, where villa communities in Dubai has seen a significant price growth of 62% and apartment ticket prices have experienced a 5% increase. In contrast to the previous quarter, ticket prices for off-plan villas and apartments have risen by 56% and 0.8%, respectively.
- Collective ready sales prices for apartment and villas have dropped, with the off-plan market proving to be more attractive. It has experienced a decrease of 21% compared to the last quarter and a 20% decline compared to the same period last year.

Apartment Sales Transactions

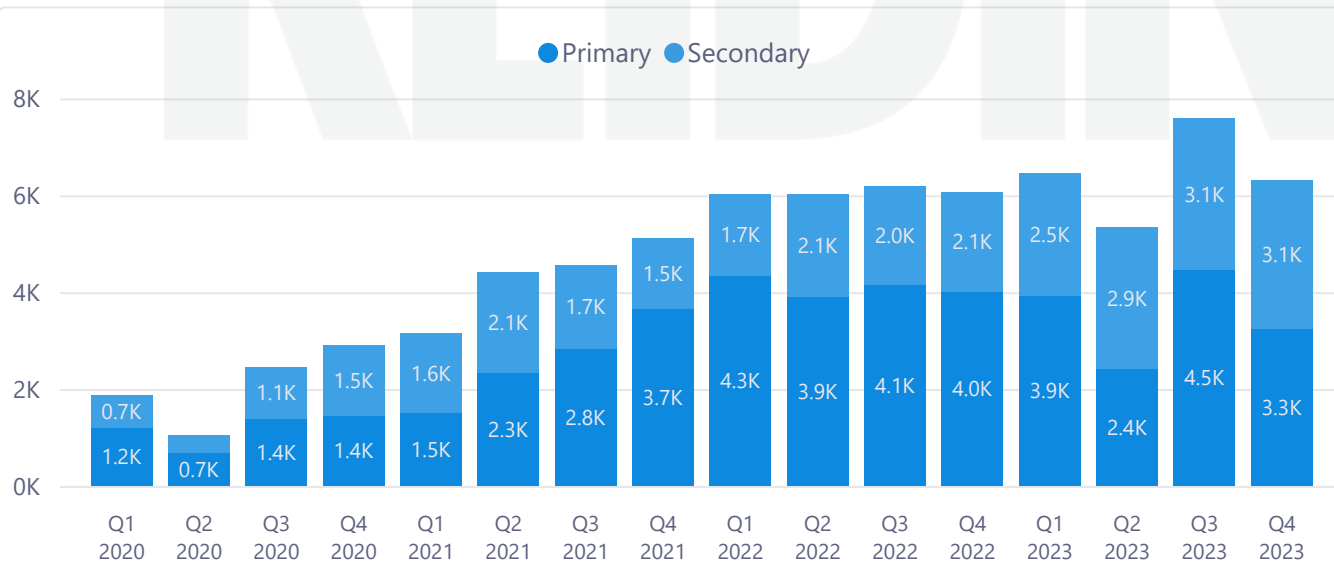
Number of Apartment & Serviced Apartment Transactions



- Ready apartment sales have seen a growth in both the last quarter of 2023 and the corresponding period from last year by 8% and 16% respectively.
- However, there has been a significant downturn in off-plan apartments, experiencing a notable decline of 43.1% quarterly and 21.6% compared to the previous quarter. This decline in the fourth quarter is also attributed to the addition of a significant number of backdated off-plan transactions by DLD plus the usual decrease associated with the holiday season.
- The impact of this has resulted in a decrease in the combined transaction volume of off-plan and ready apartments by 25%.
- The number of sales transactions for apartments from developer supply witnessed a substantial decrease of 42.8% quarterly and 30.7% compared to the corresponding period last year. Conversely, transactions for apartments sold from the available market supply experienced a robust growth of 8.3% quarterly and an impressive 44.6% compared to the fourth quarter of 2022.

Villa Sales Transactions

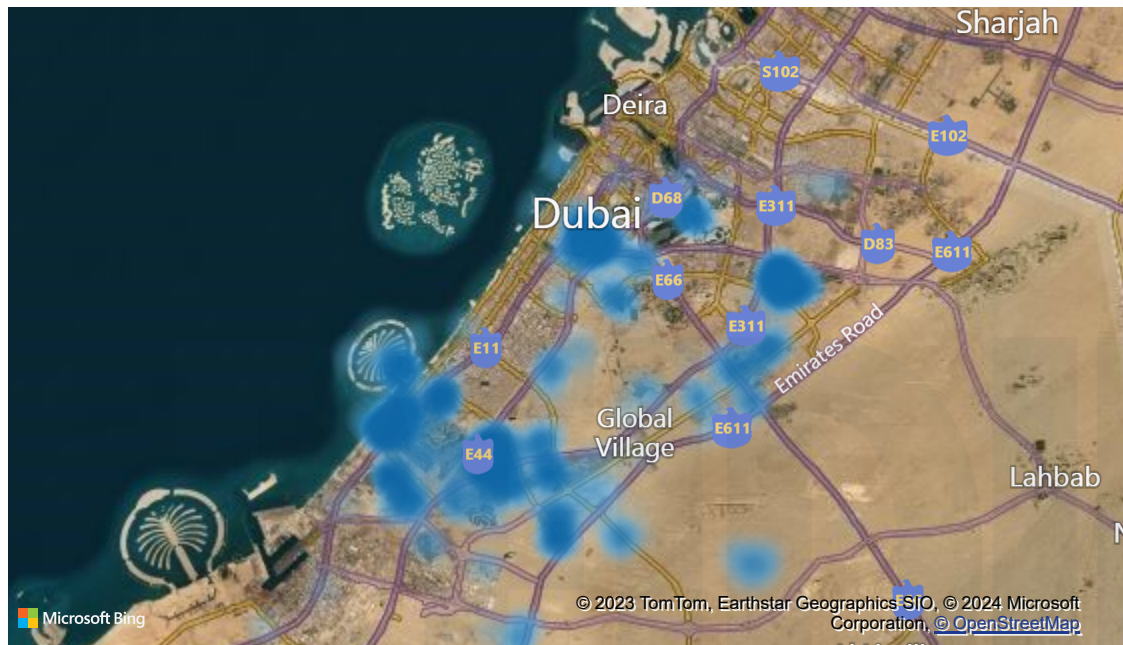
Number of Villa & Townhouse Transactions



- The overall villa transactions in 2023 have experienced a 6% growth compared to last year. Ready villa sales have risen to 25% quarterly and 16% annually.
- Off-plan transaction volume have dropped to 37% quarterly due to a substantial addition of transactions by DLD in the third quarter which has also effected the annual increase to 0.23%.
- Both the developer and secondary market witnessed a decrease in the number of transactions last quarter, with a decline of 27% and 2%, respectively. Compared to the same period last year villas sold from developer supply fell 19% however villas sold from market supply grew 48% annually.

Heatmap Sales Transactions

Ready Property Transactions

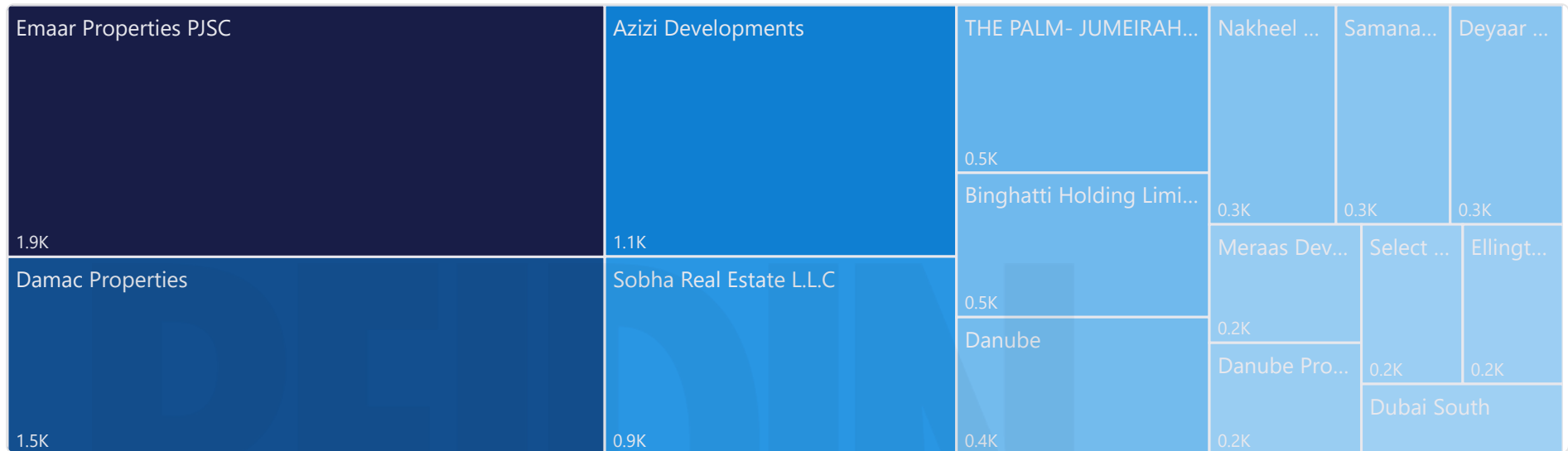


Off-plan Property Transactions

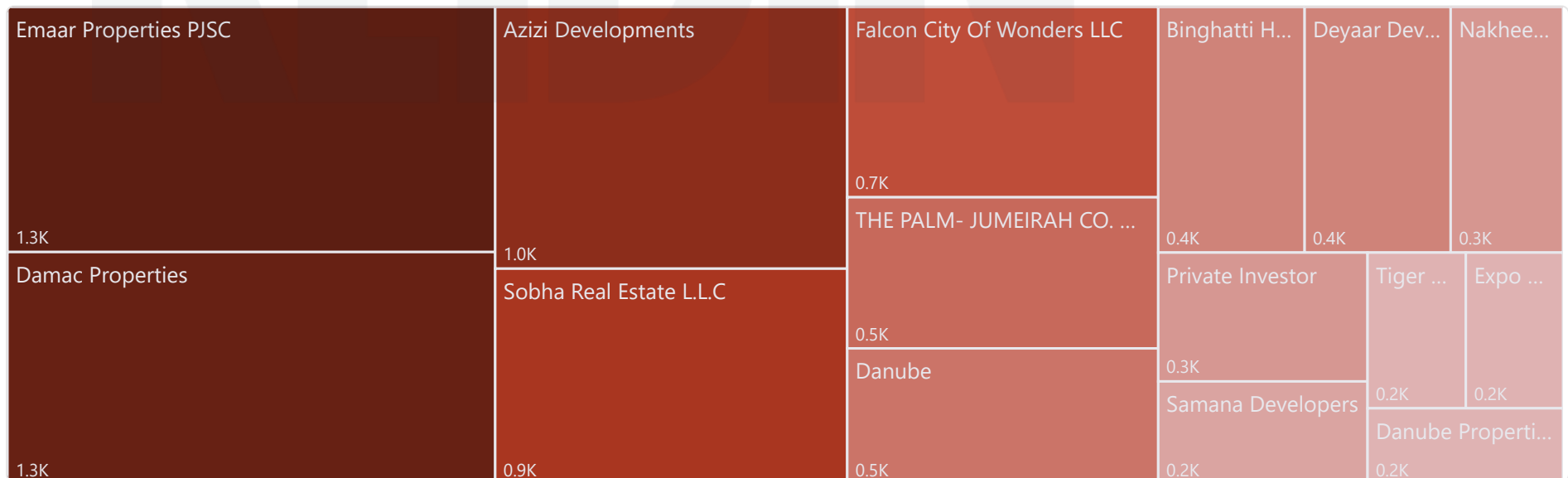


Sales Transactions by Developer

Number of Off-Plan Property Transactions by Developer



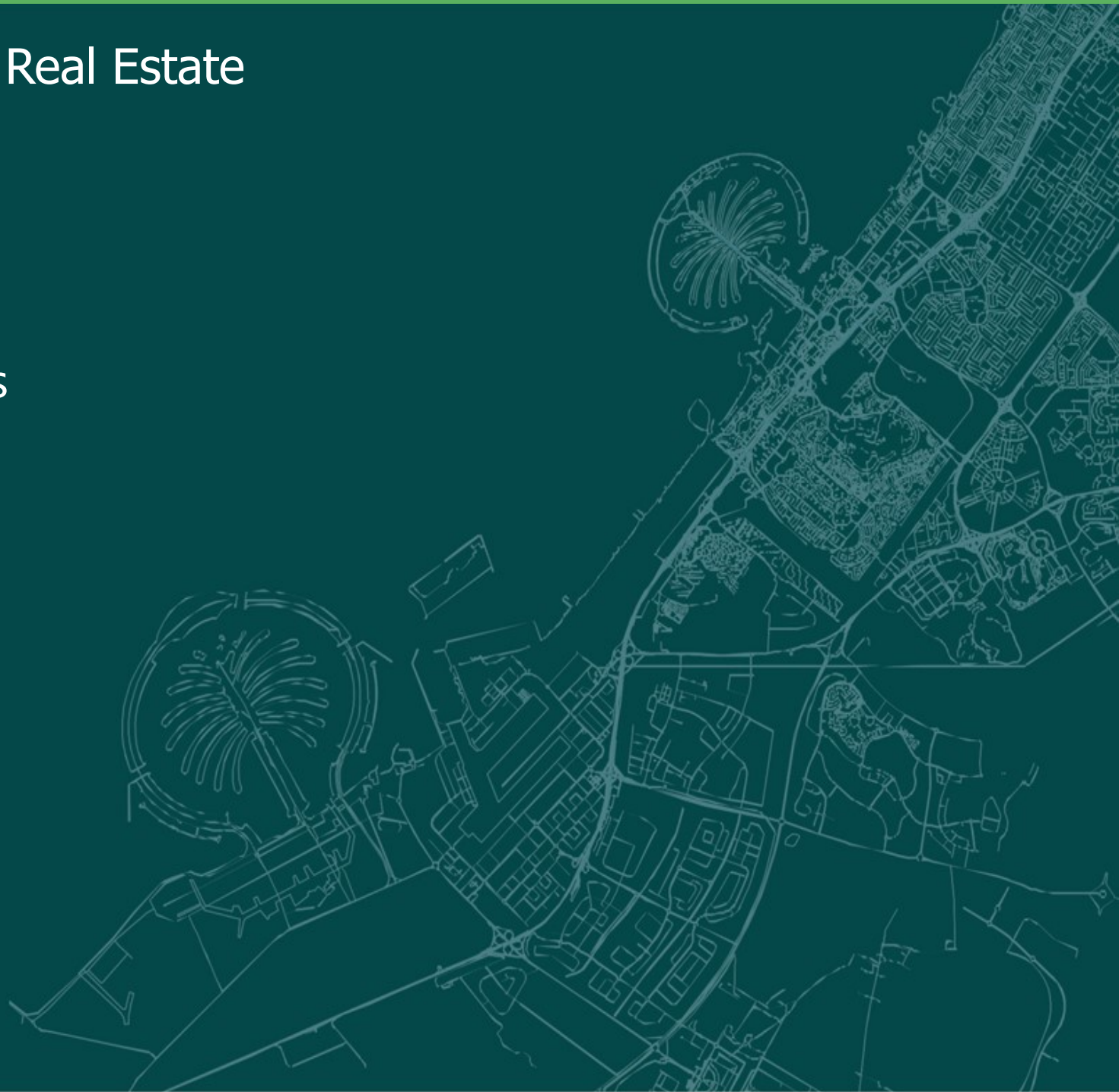
Number of Off-plan Primary Sales Transactions by Developer



Dubai & Abu Dhabi Real Estate **Market Overview** **Q4 2023**

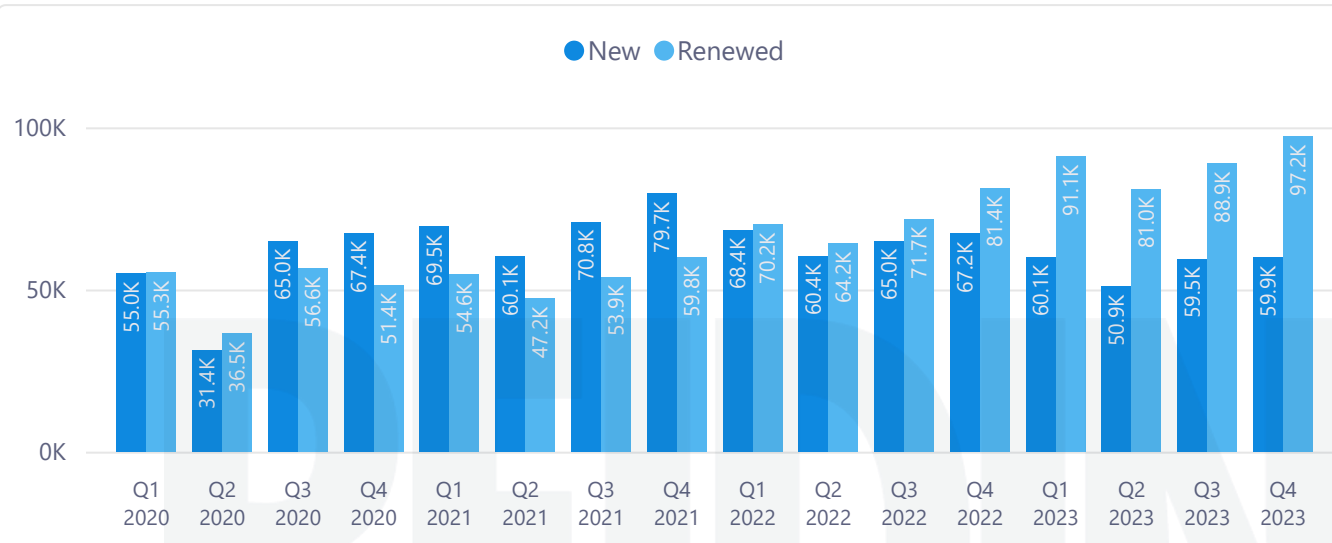
Residential Rent Transaction Analysis

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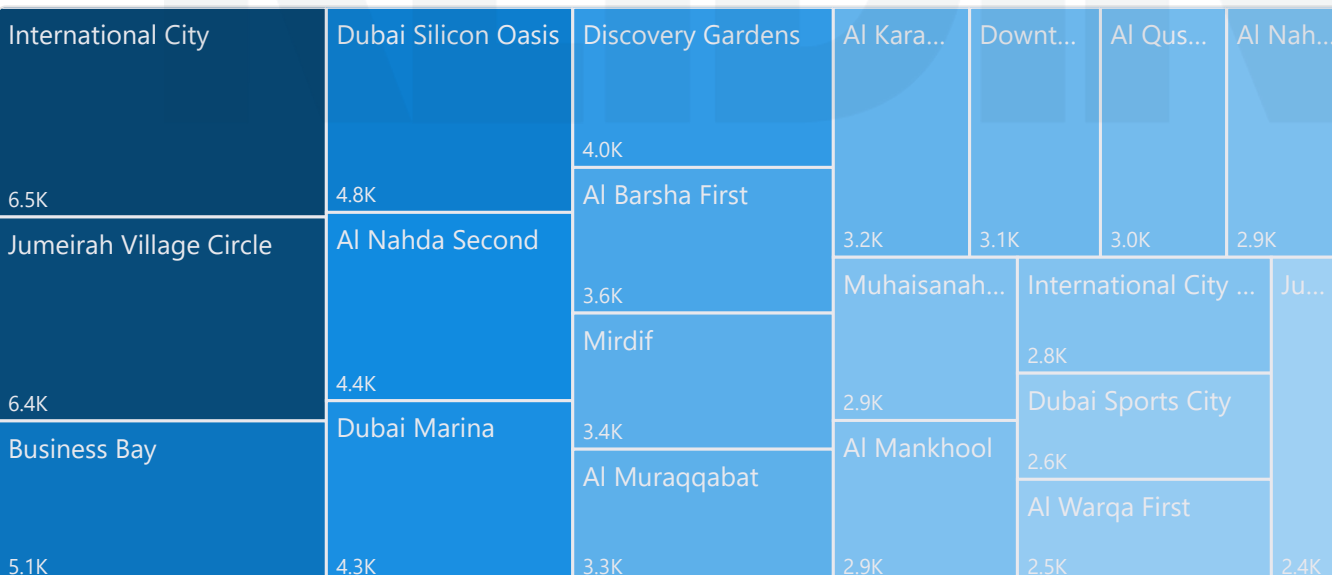


Residential Rent Transactions

Quarterly Residential Rent Transactions by Type



Quarterly Residential Rent Transactions by Area



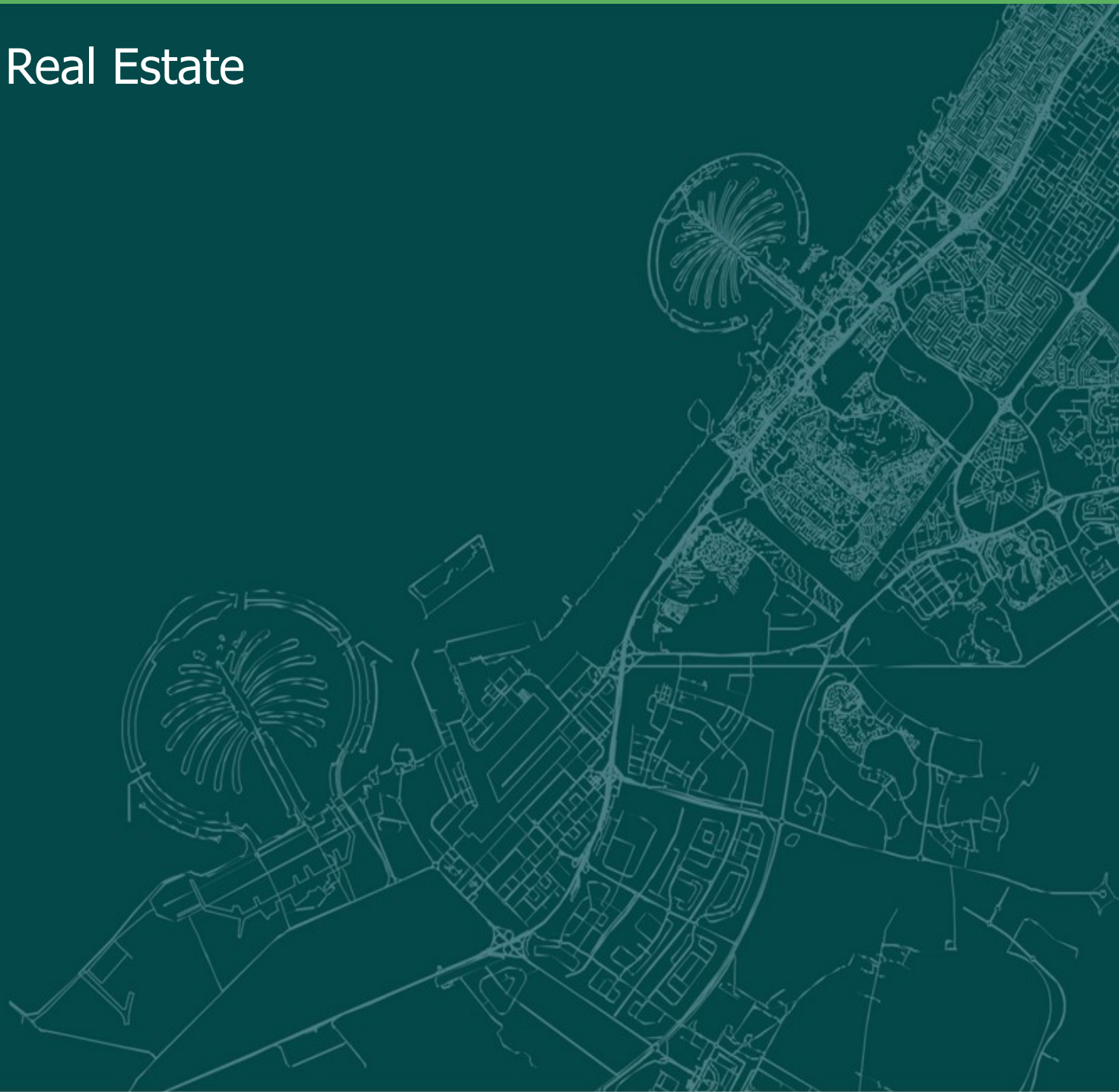
- In this quarter, there has been a noteworthy 1% increase in the total number of rental contracts signed compared to the previous quarter. Renewed contracts have demonstrated 9% increase reflecting a positive trend in the expansion and vitality of the rental market.

- Compared to the same period last year the total rental contracts have risen up by 7% where renewed contracts are 19% higher and new contracts are 11% less.

Dubai & Abu Dhabi Real Estate **Market Overview** **Q4 2023**

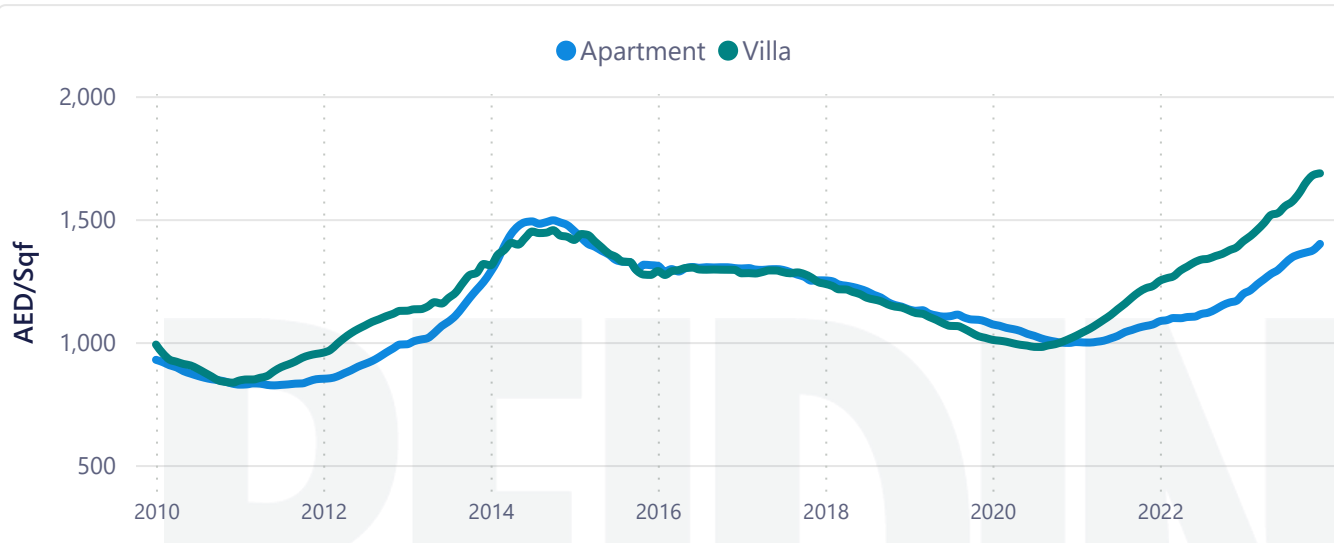
Market Trends

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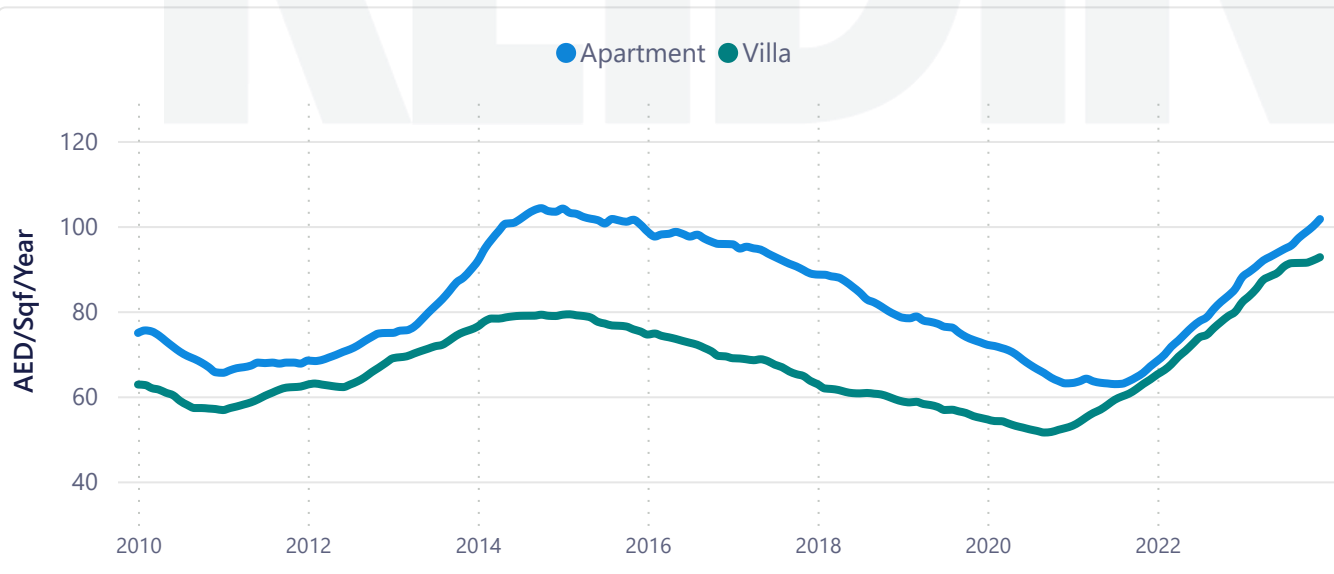
Dubai Residential Price Trends

Sales Price Trends



- Apartment sales prices in Dubai rose by 2.9% compared to the previous quarter and demonstrated an annual increase of 18.9%. Villa sales prices experienced a quarterly growth of 6% and a robust annual surge of 21.7% compared to the same period last year.

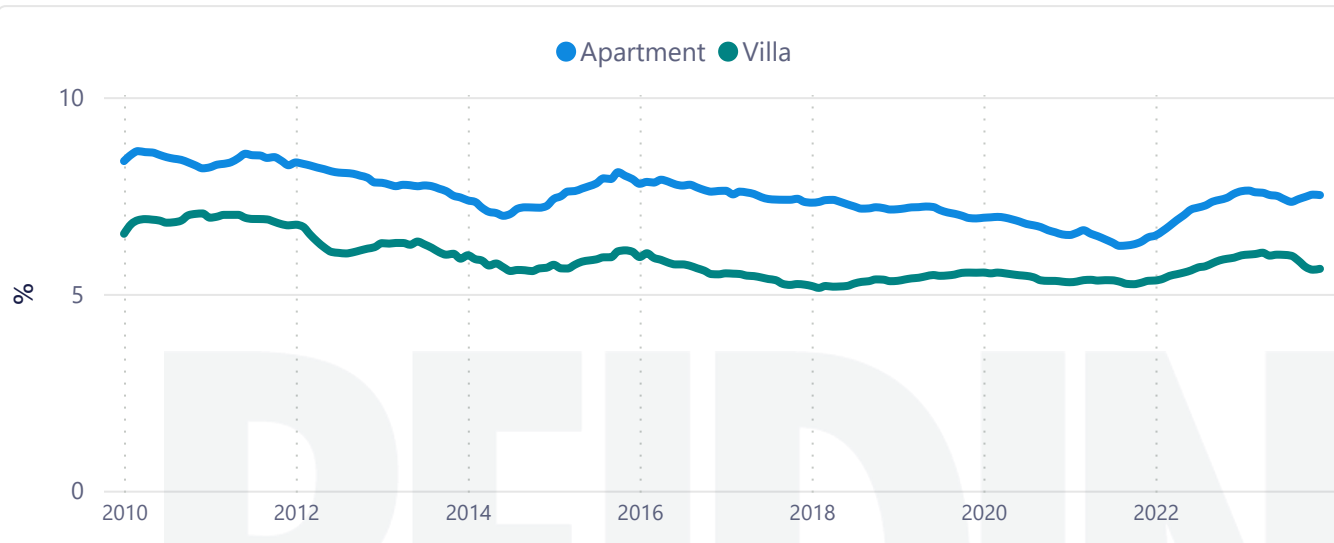
Rent Price Trends



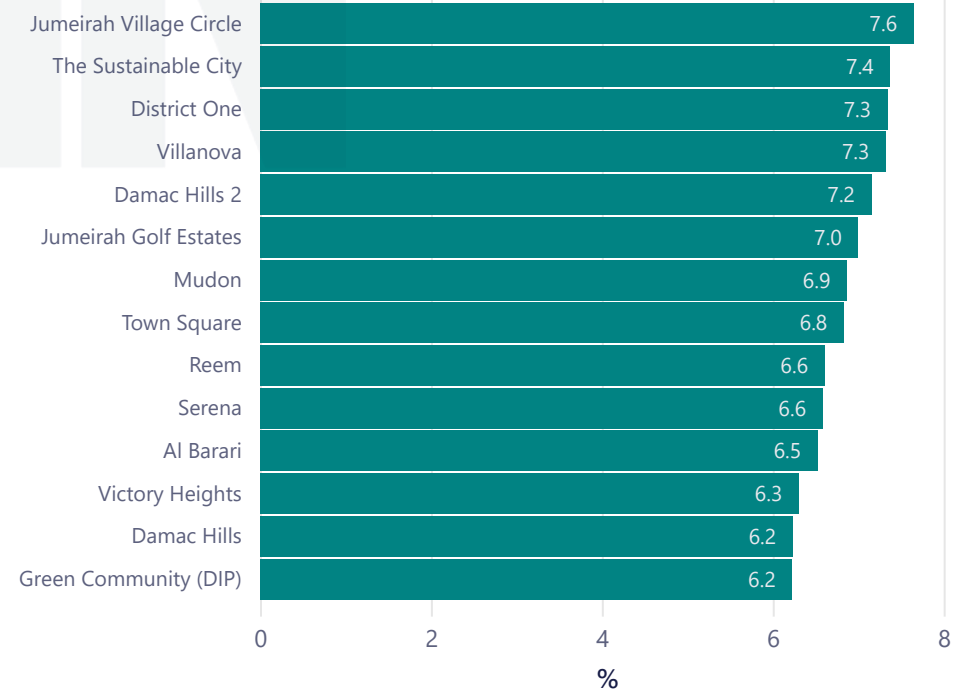
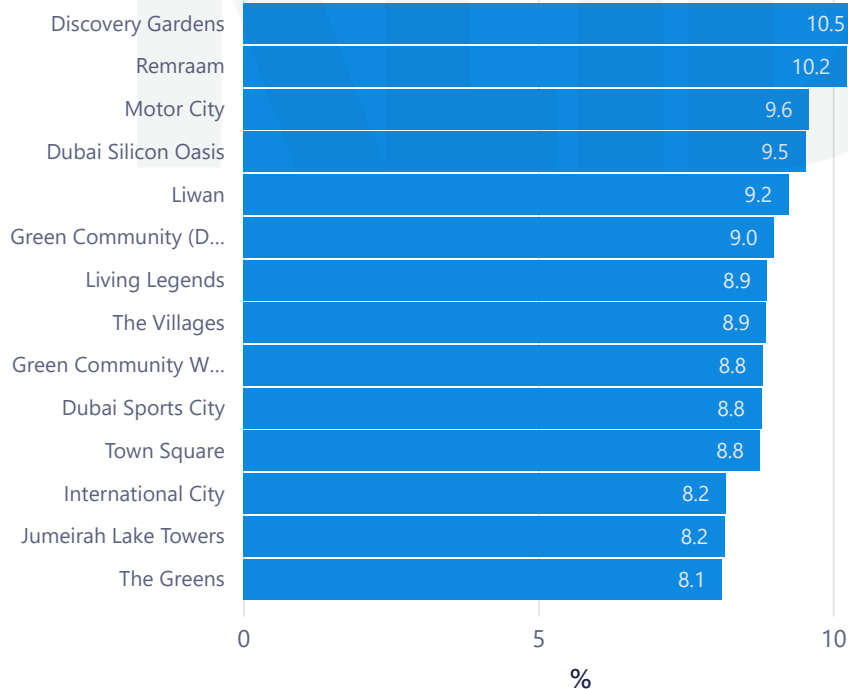
- Apartment rentals increased by 4.4%, and villa rentals showed a growth of 1% compared to the previous quarter. In comparison to the same period last year, apartment and villa rental prices experienced significant increases of 19.6% and 16.9%, respectively.

Dubai Gross Rental Yields

Gross Rental Yields

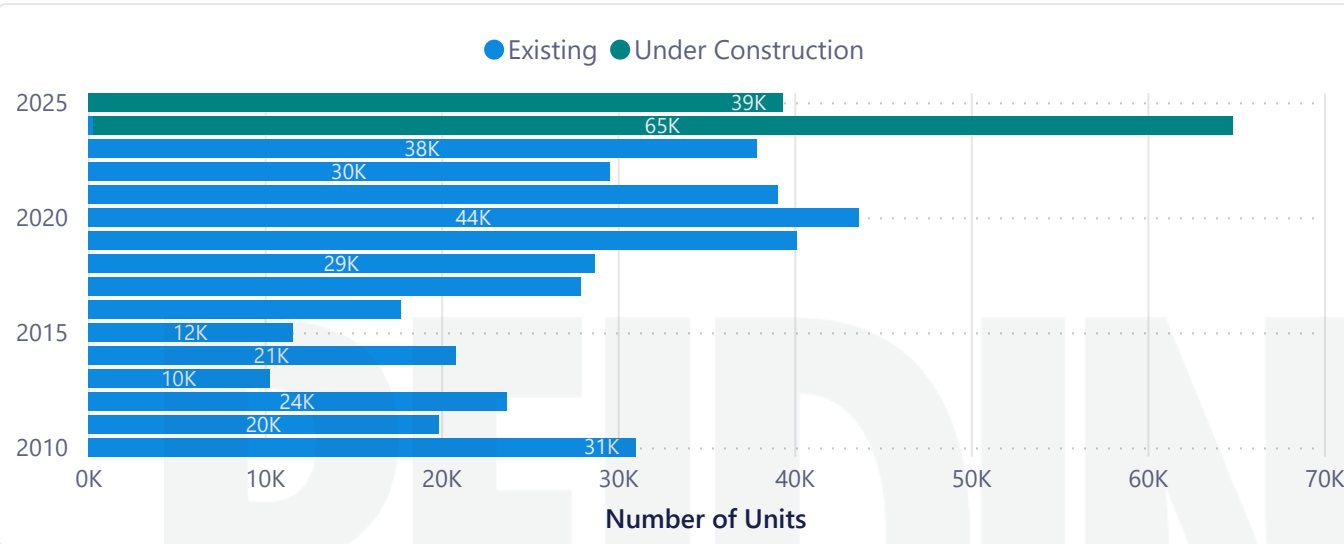


- Apartment rental yields in Dubai have recovered, marking a 1.39% increase after experiencing declines over the last two quarters. On the other hand, villa rental yields continue to decrease, reflecting a 3.49% drop compared to the previous quarter.
- Lower price areas are exhibiting an acceleration, outpacing the prime areas. This phenomenon has contributed to the prices flourishing at an accelerated pace, driven by the increased volume of transactions.

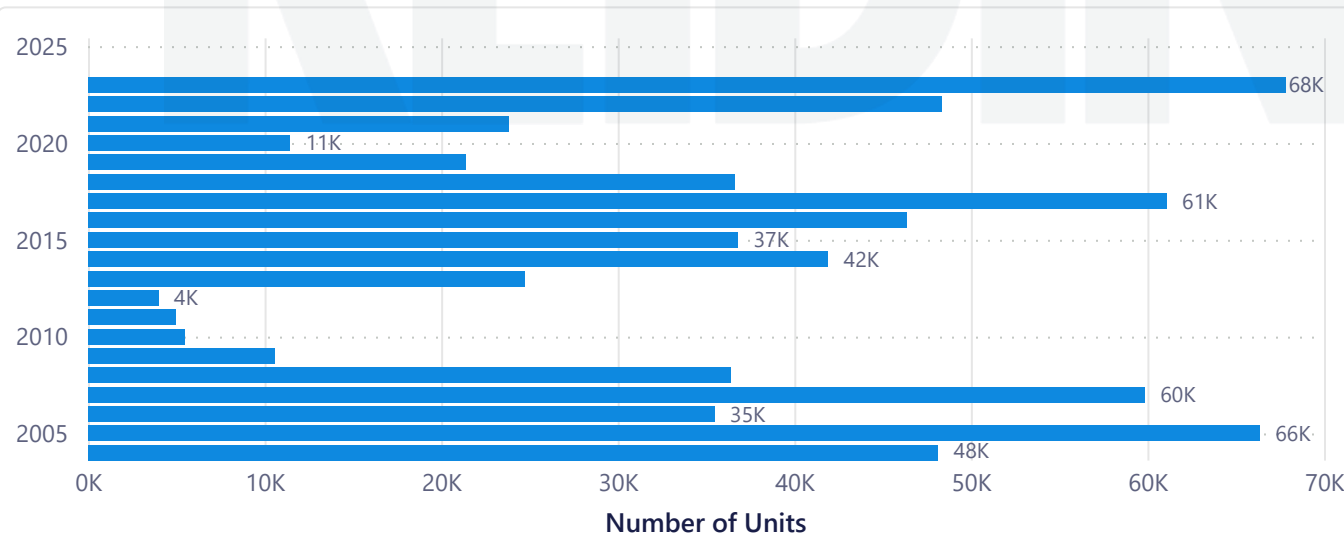


Dubai Residential Supply (Freehold)

Dubai Residential Supply



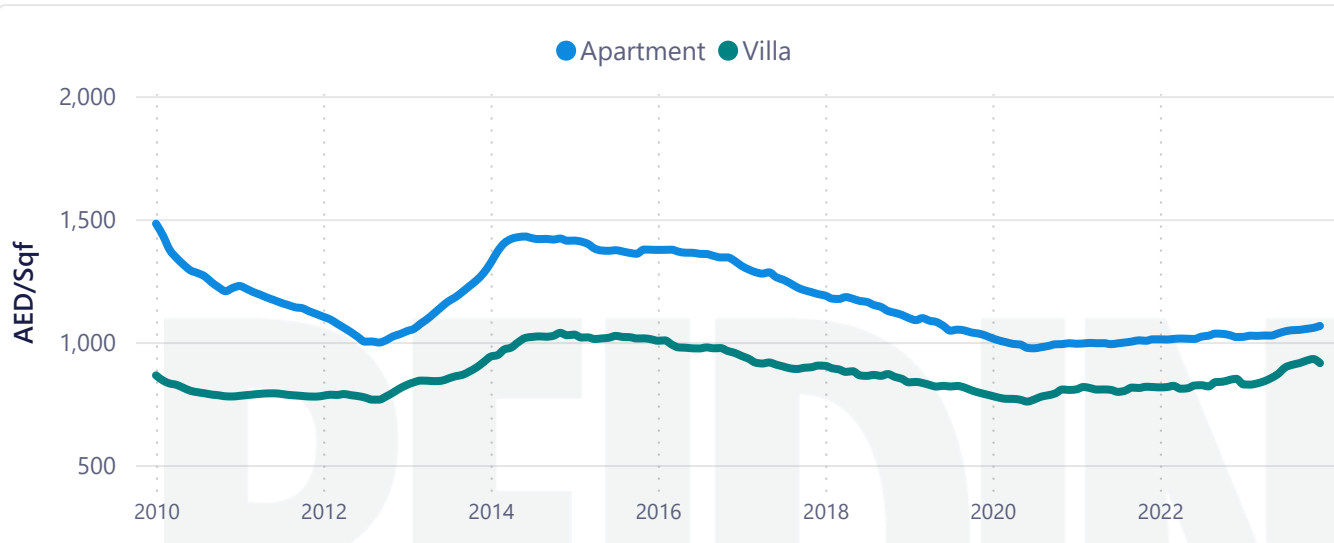
Dubai Residential Launches



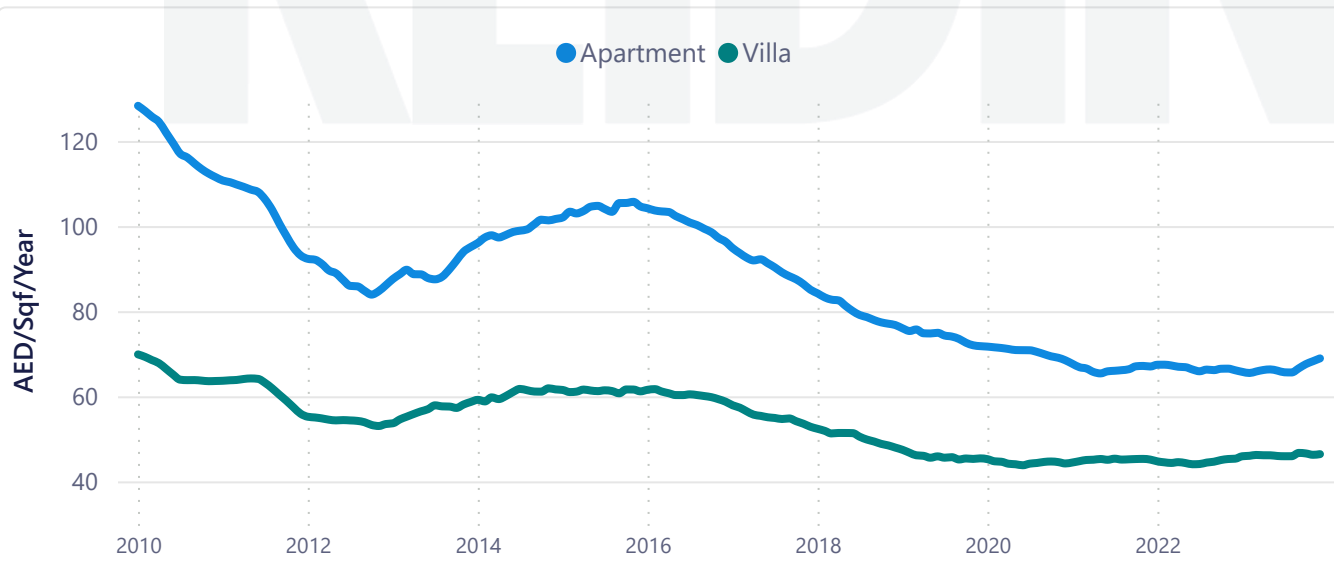
- In this quarter, a noteworthy total of 10,141 new units were successfully delivered, comprising approximately 6,600 apartments and 3,400 villas. Apartments constituted 65% of the overall deliveries, while villas constituted the remaining 35%.
- Approximately 65K additional units have been announced for delivery in 2024, with projections indicating an impressive total of over 100,000 units in the subsequent years.

Abu Dhabi Residential Price Trends

Sales Price Trends



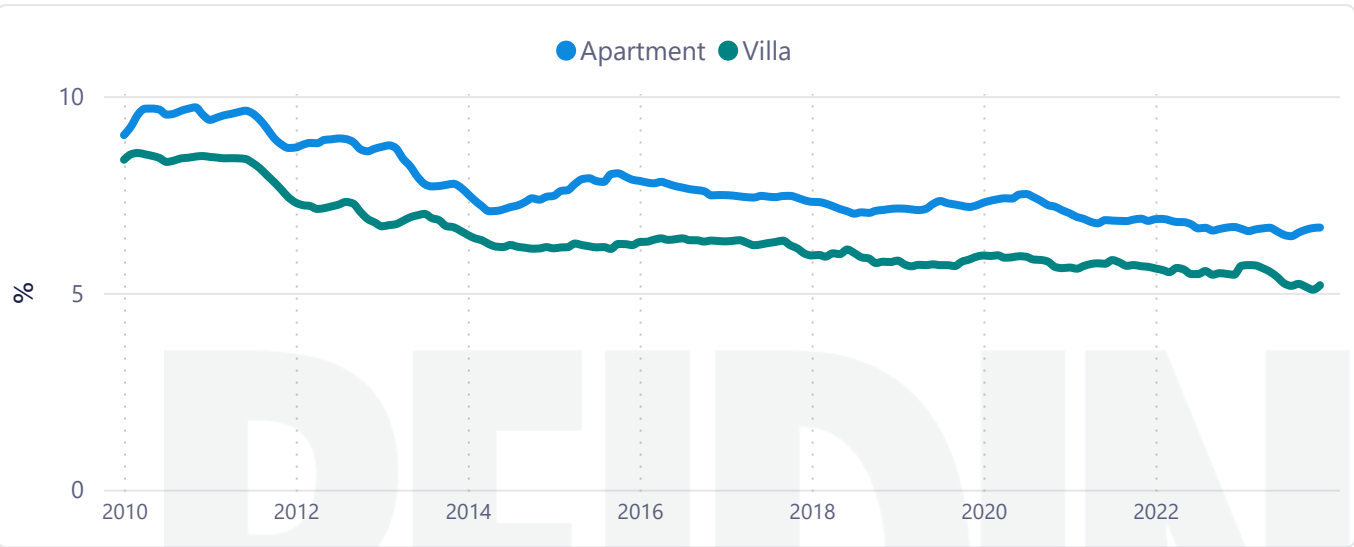
Rent Price Trends



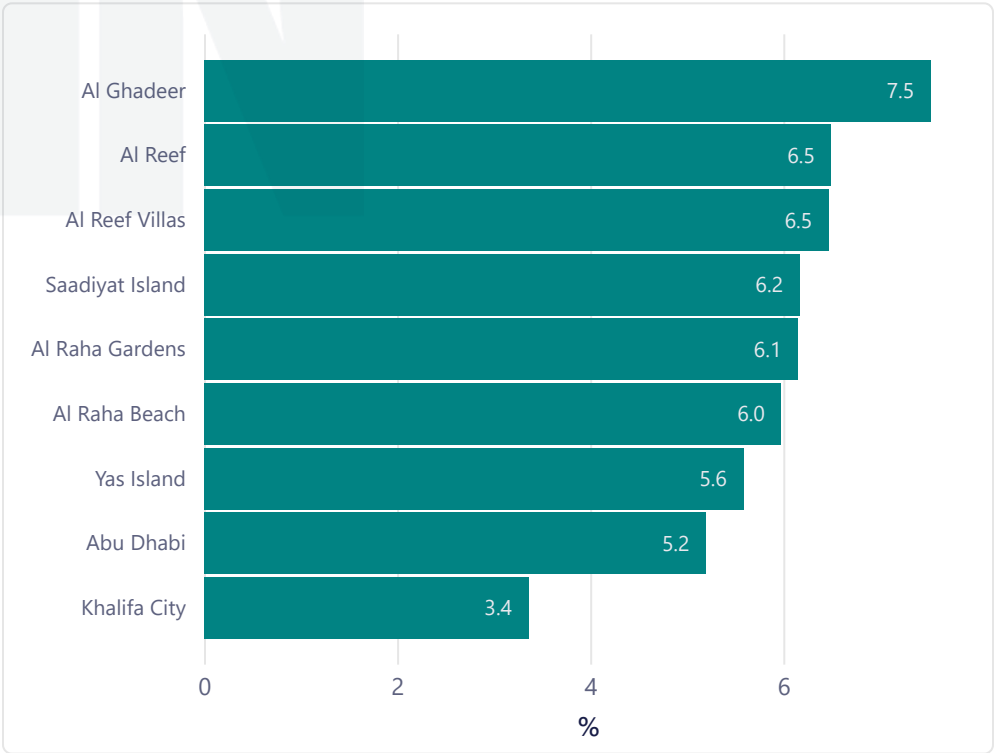
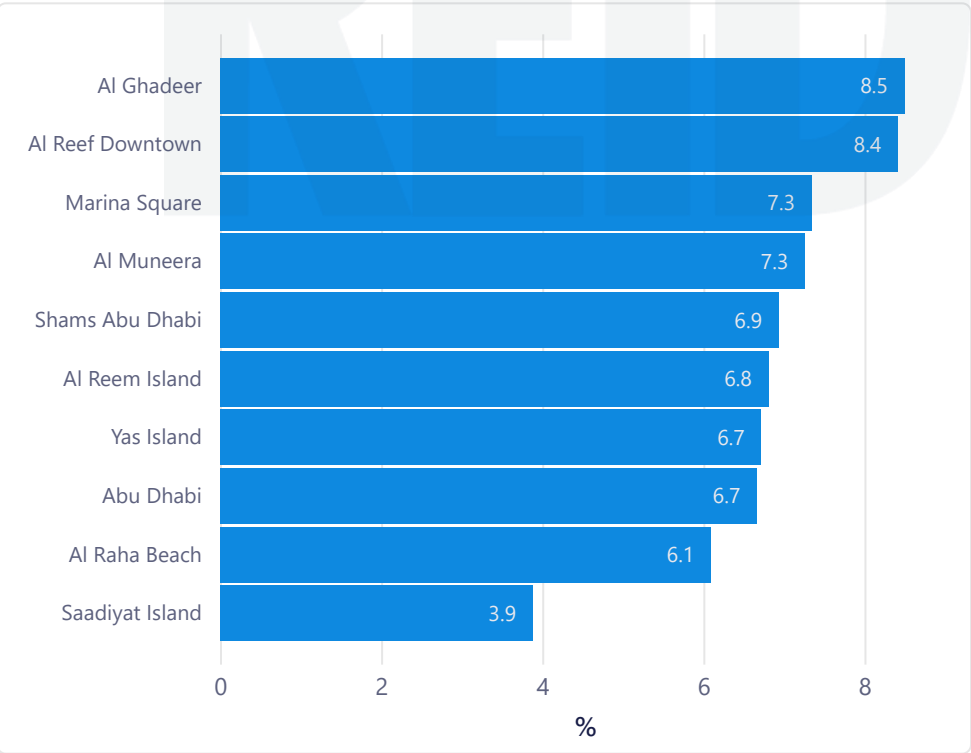
- Abu Dhabi's apartment sales prices showcased consistent growth, marking a 1.6% increase from the previous quarter and maintaining a modest 3% elevation compared to the corresponding period last year.
- The overall stability of villa sales prices in Abu Dhabi has no noticeable increase from the previous quarter. However, they attained their peak in November 2023, marking the highest point since the property boom in 2014. In comparison to the same period last year, villa sales in Abu Dhabi have experienced a 2.4% increase.

Abu Dhabi Gross Rental Yields

Gross Rental Yields

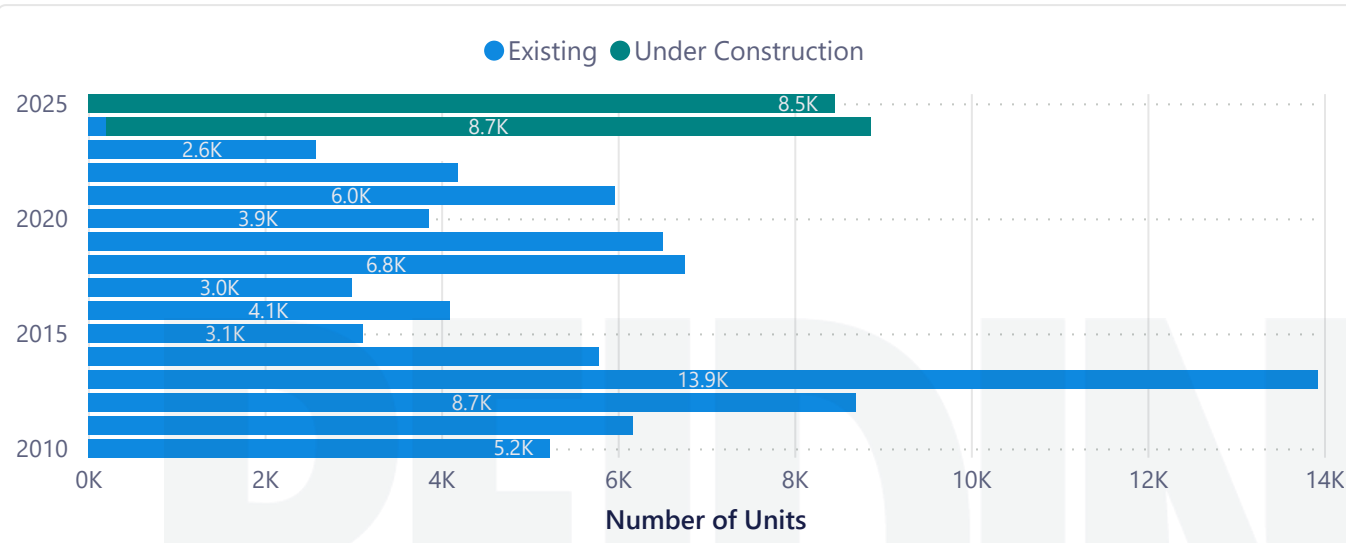


- Abu Dhabi's apartment rentals witnessed a substantial upswing, increasing by 3.5% from the previous quarter and demonstrating a noteworthy 4.2% rise compared to the corresponding period last year.
- Villa rentals in Abu Dhabi have maintained stability over the last five years. While experiencing a slight decrease of 0.6% compared to the last quarter, they have recorded a 2.4% increase from the previous year.

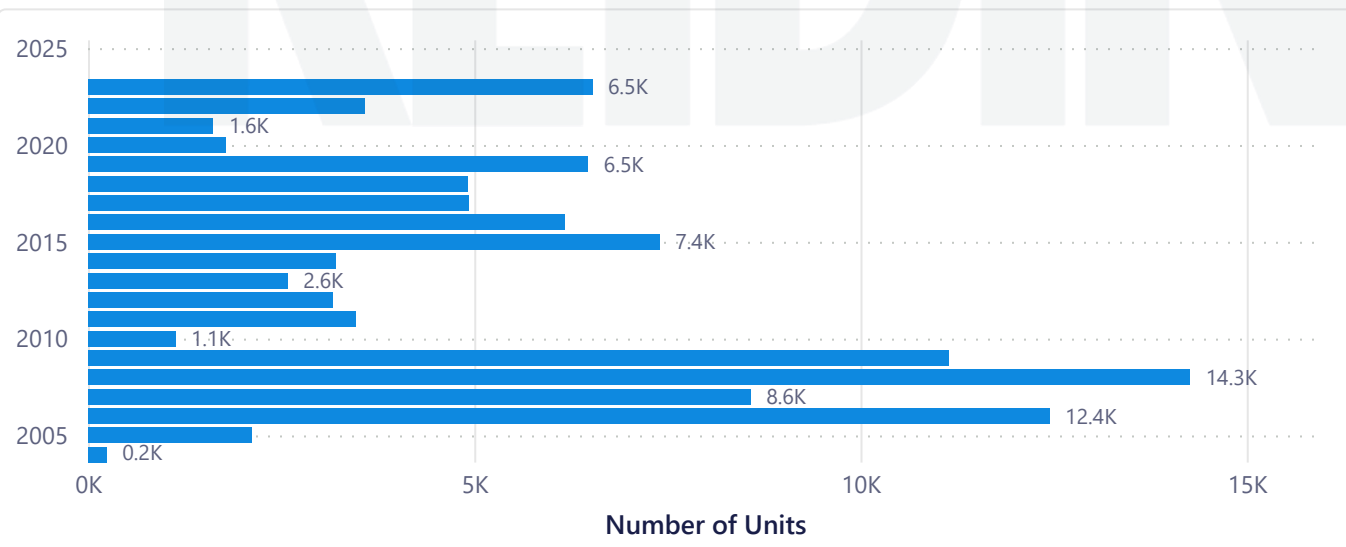


Abu Dhabi Residential Supply (Freehold)

Abu Dhabi Residential Supply



Abu Dhabi Residential Launches



- In Abu Dhabi, only one project delivery has been observed comprising of apartments in the fourth quarter of 2023 which brought total deliveries around 2.6K in 2023.
- A substantial total of 8.7K units is anticipated to be delivered by the conclusion of 2024.

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