



Dubai Residential

On the Flip Side

Examining Dubai's Off Plan Flipping Market in 2024

Executive Summary

- **Citywide Trends**

The evolution of Dubai's off plan market has been exceptional in the post-COVID era, and has not gone unnoticed. The relative dominance of off plan properties relative to the ready property market has been the subject of the majority of real estate discourse in Dubai, and this dominance manifests in the total quarterly sales volume and value figures.

- **Community Analysis**

Across a number of notable communities, prices of both primary and secondary off plan properties have been declining over the last 12 months. This may herald similar trends for other communities in the coming months. Furthermore, secondary prices have tended to be considerably lower than their primary counterparts on average, or at the very least are trending in that direction, which highlights the difficulty of flipping in the Dubai market.



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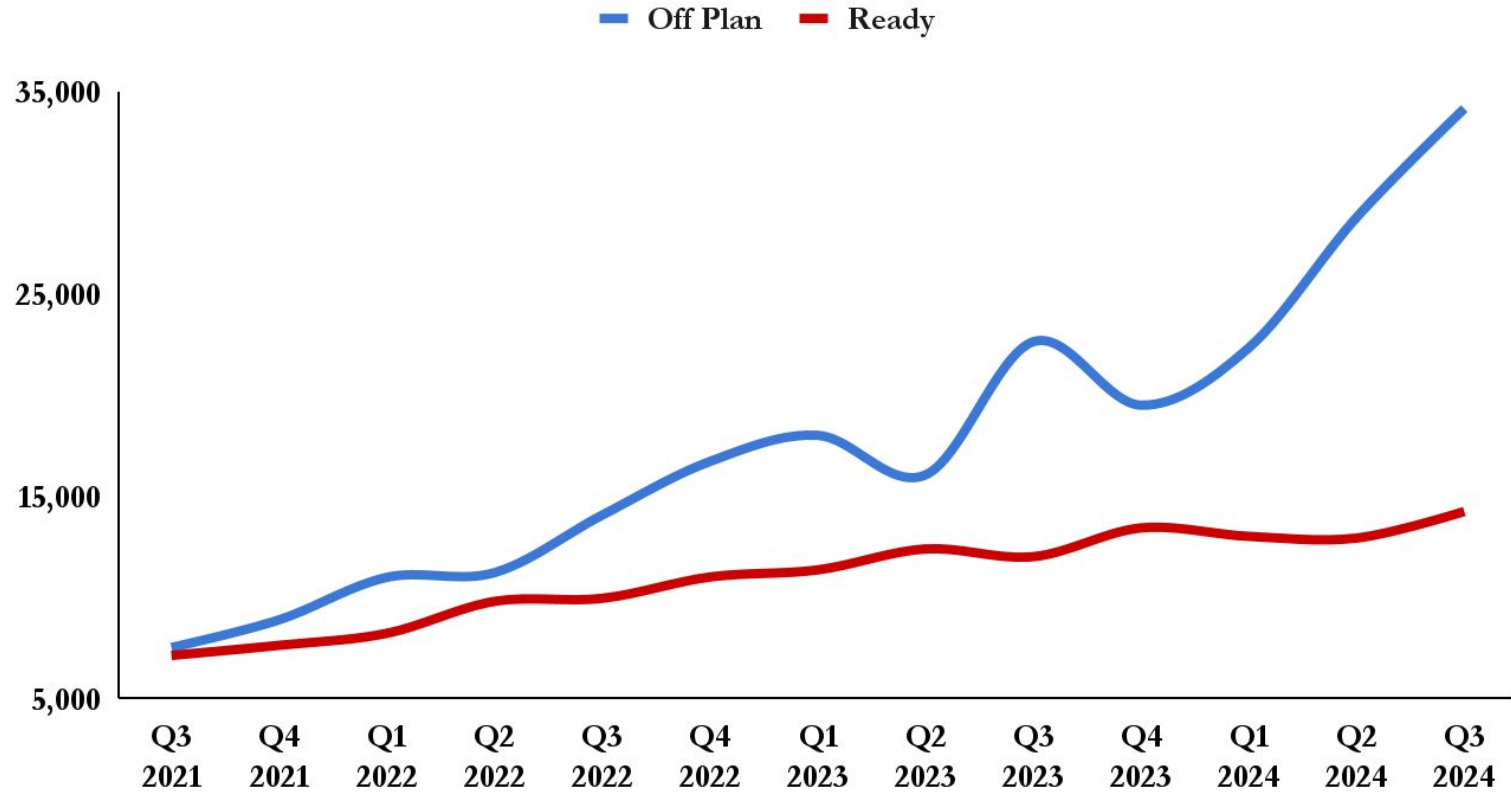
Citywide Trends

"What is pride? A rocket that emulates the stars."

- William Wordsworth

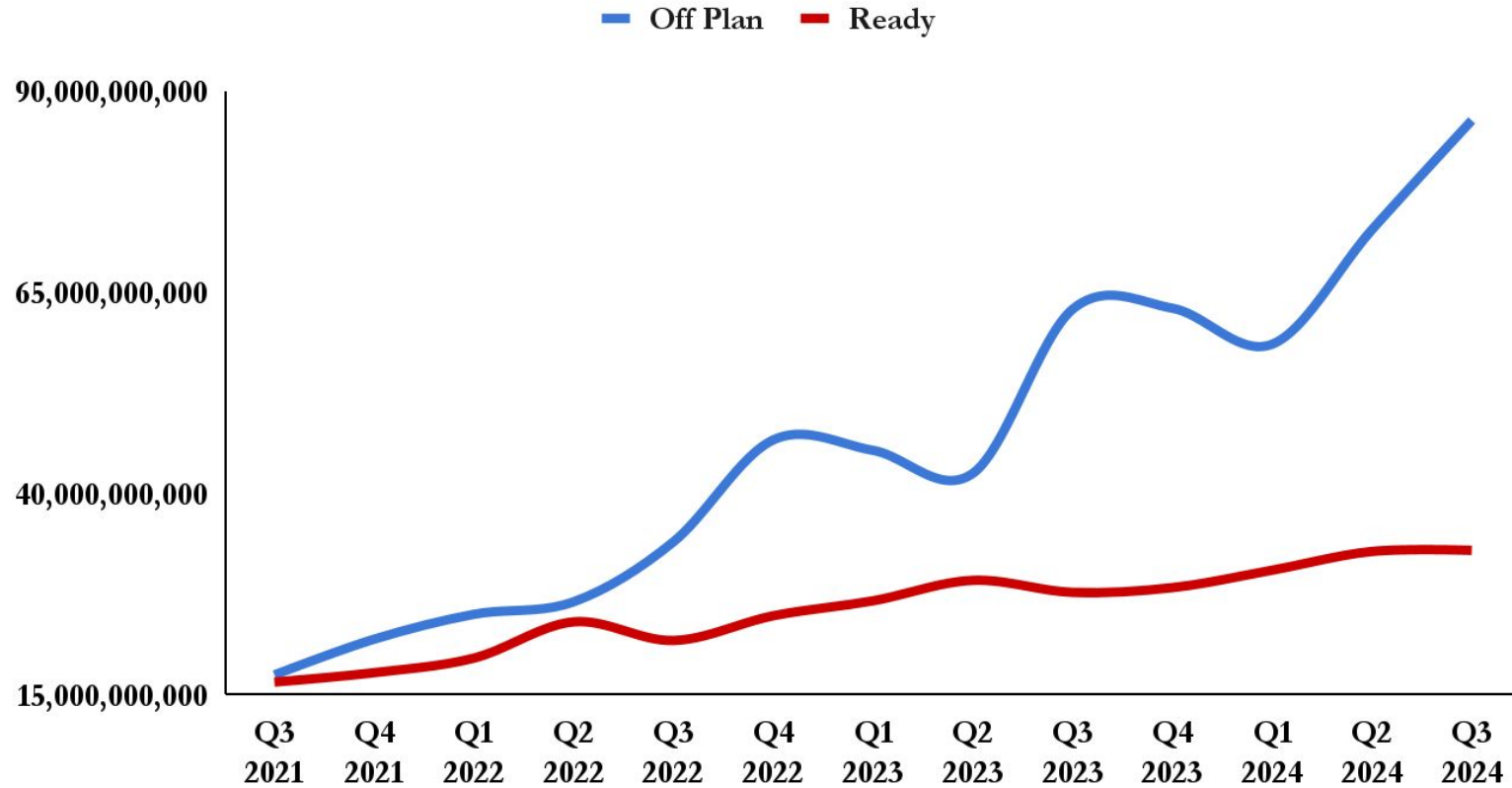


Off Plan and Ready Sales Volume Q3 2021 - Q3 2024



Dubai's off plan market has grown from being roughly equal to its ready market in quarterly sales volume to seeing 139.52% more quarterly sales in the span of just three years.

Off Plan and Ready Sales Value Q3 2021 - Q3 2024



Similarly, the total quarterly sales value has gone from being approximately on par with one another to off plan accounting for 161.91% more of Dubai's total citywide sales value.

Community Analysis

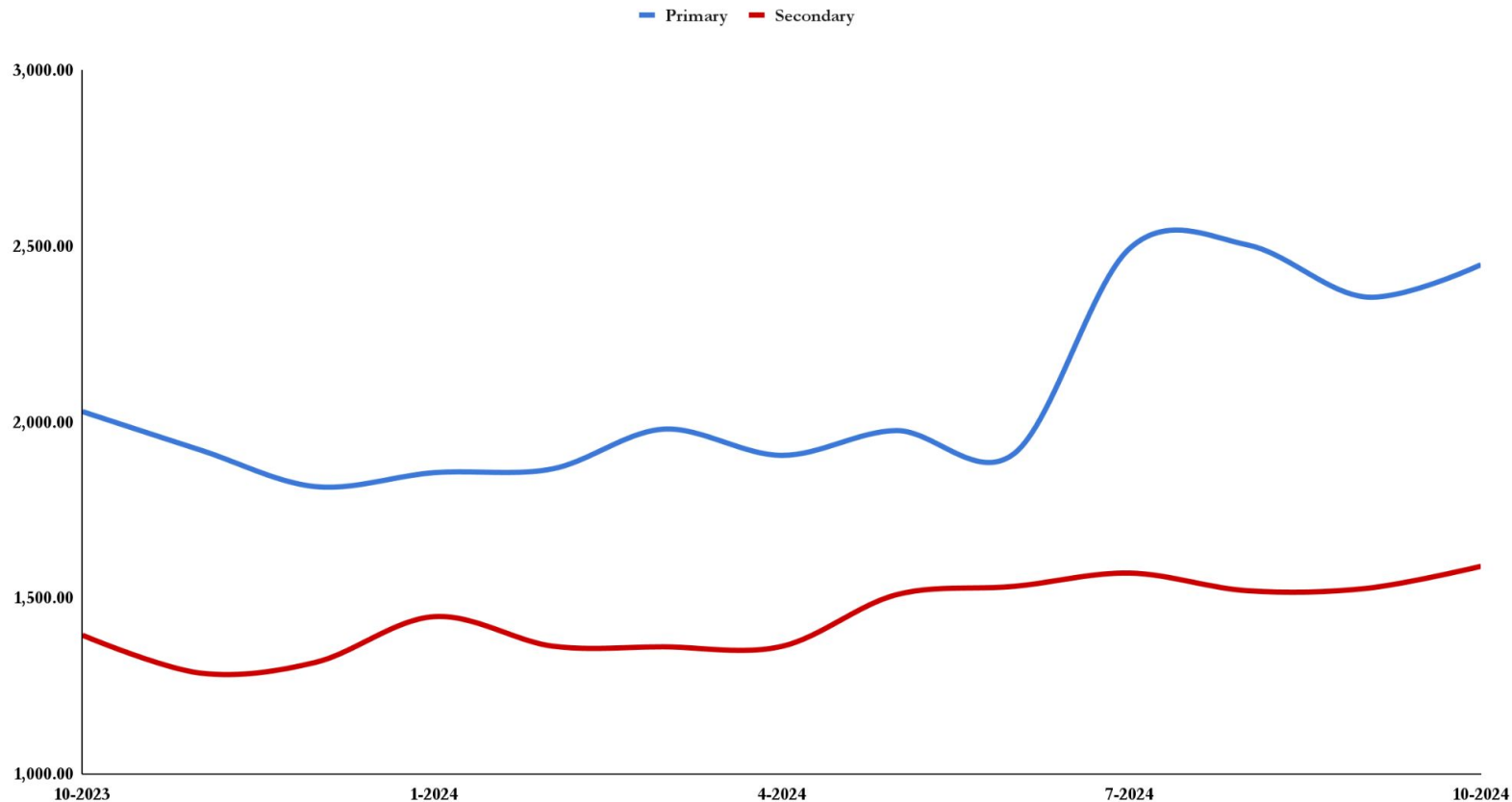
**“Without change, something sleeps inside us,
and seldom awakens. The sleeper must
awaken.”**

– Frank Herbert



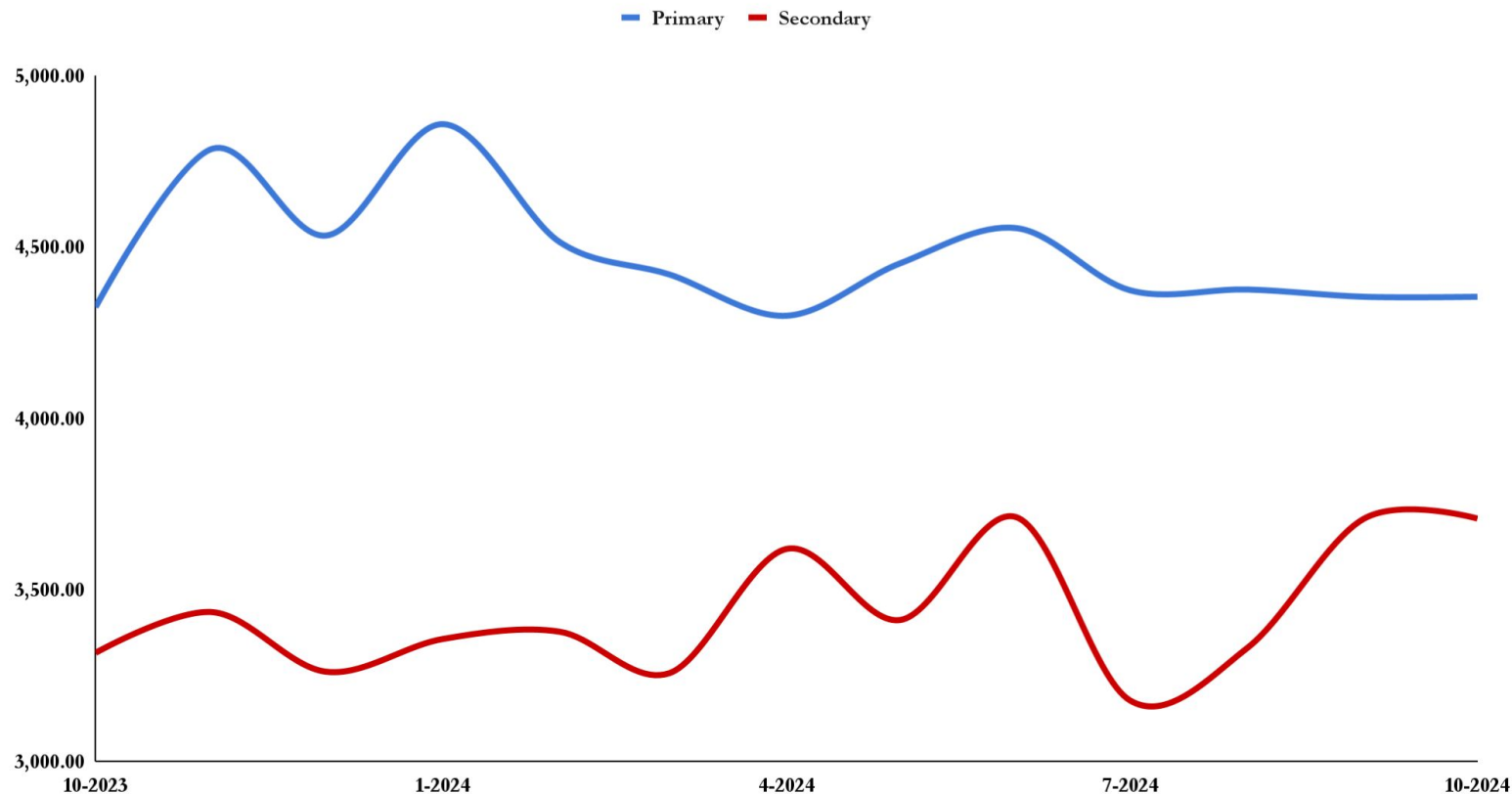
Jumeirah Lake Towers

Average JLT Off Plan Transaction Price (AED/SqFt)



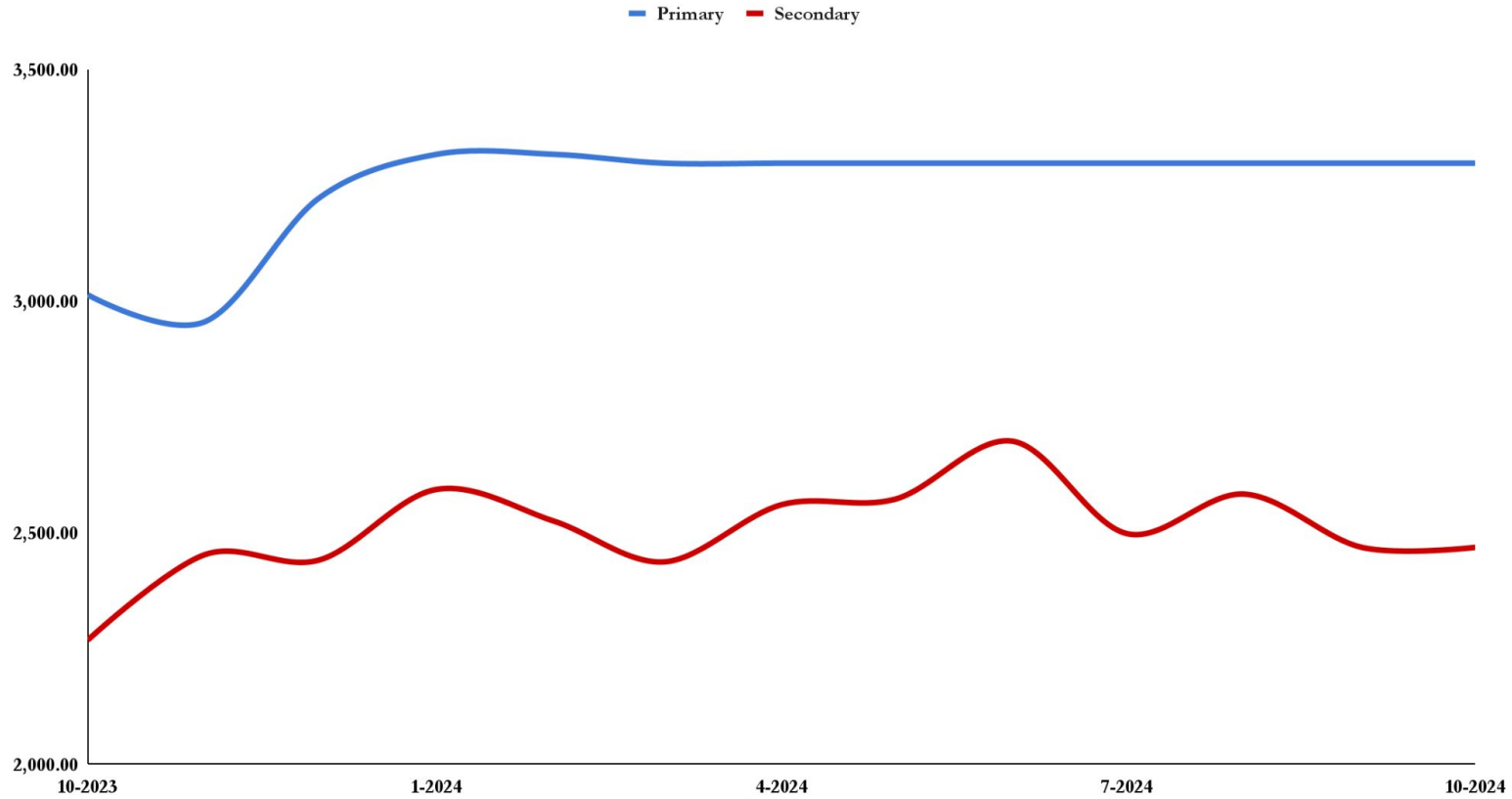
Across the last year, we can see that secondary off plan sales have been consistently lower than primary off plan sales in Jumeirah Lake Towers (with the exception of March and April of this year). As of October 6th, secondary prices sit 35% lower than their primary counterparts on average, but both are beginning to see stagnation.

Average Dubai Harbour Off Plan Transaction Price (AED/SqFt)



A similar pattern is evident in Dubai Harbour, where secondary off plan prices are currently on average 14.86% lower than primary off plan prices. However, both primary and secondary off plan prices have seen overall drops over the past year, to the tune of 0.7% and 11.82% respectively.

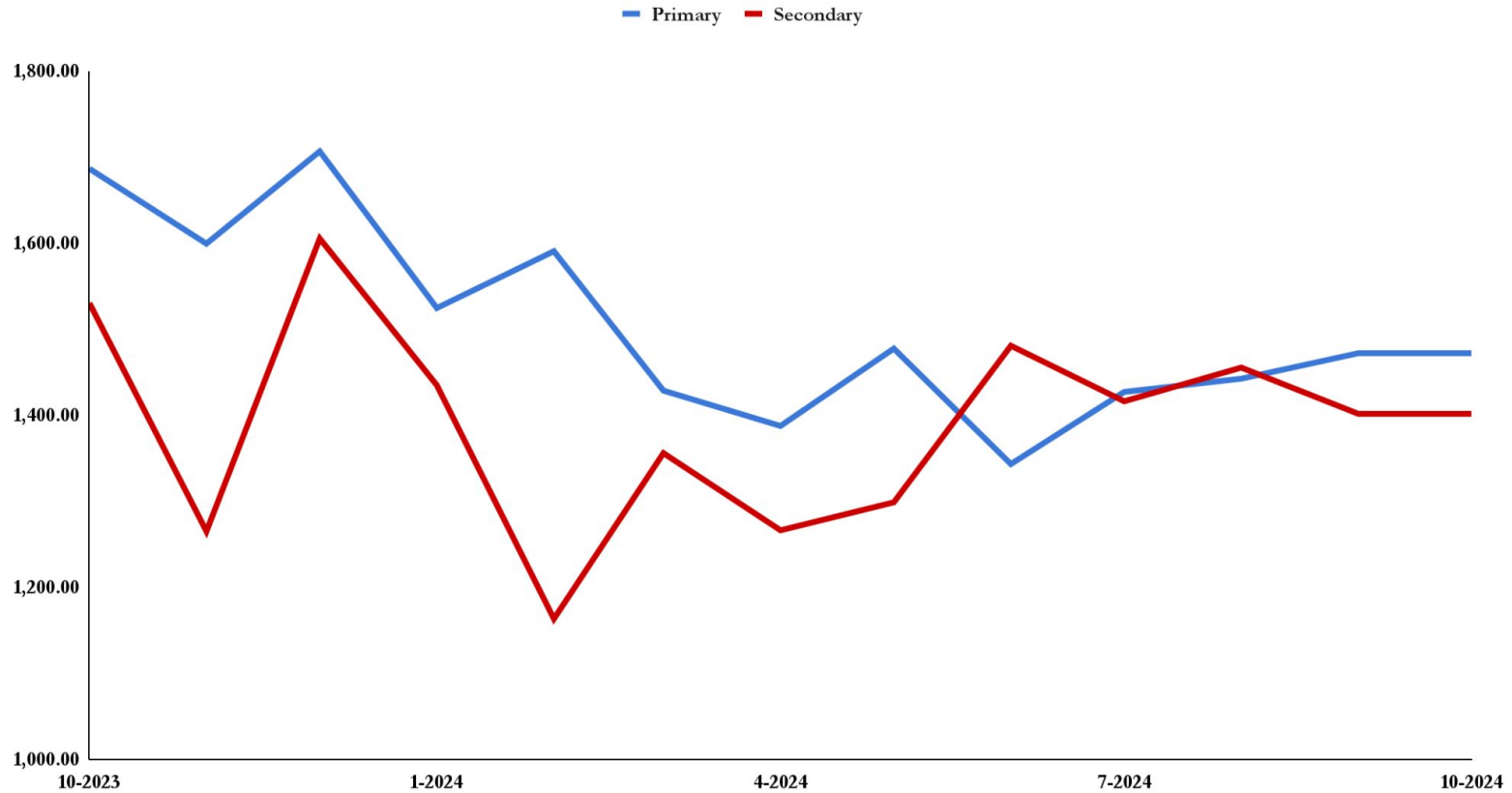
Average City Walk Off Plan Transaction Price (AED/SqFt)



While secondary off plan prices have risen overall in City Walk, they still remain well below primary prices by 25.16%.

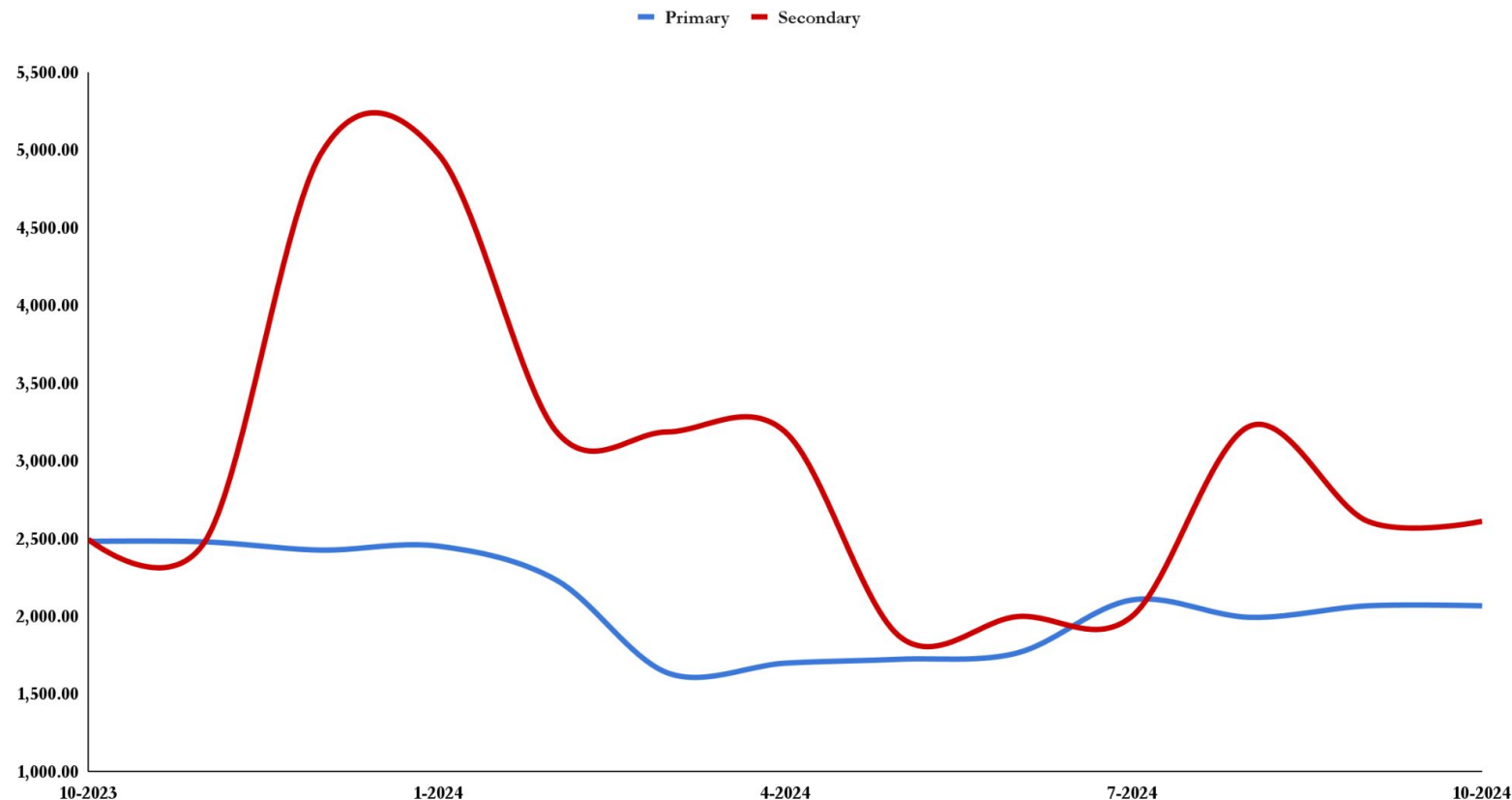
Jumeirah Village Triangle

Average Jumeirah Village Triangle Off Plan Transaction Price (AED/SqFt)



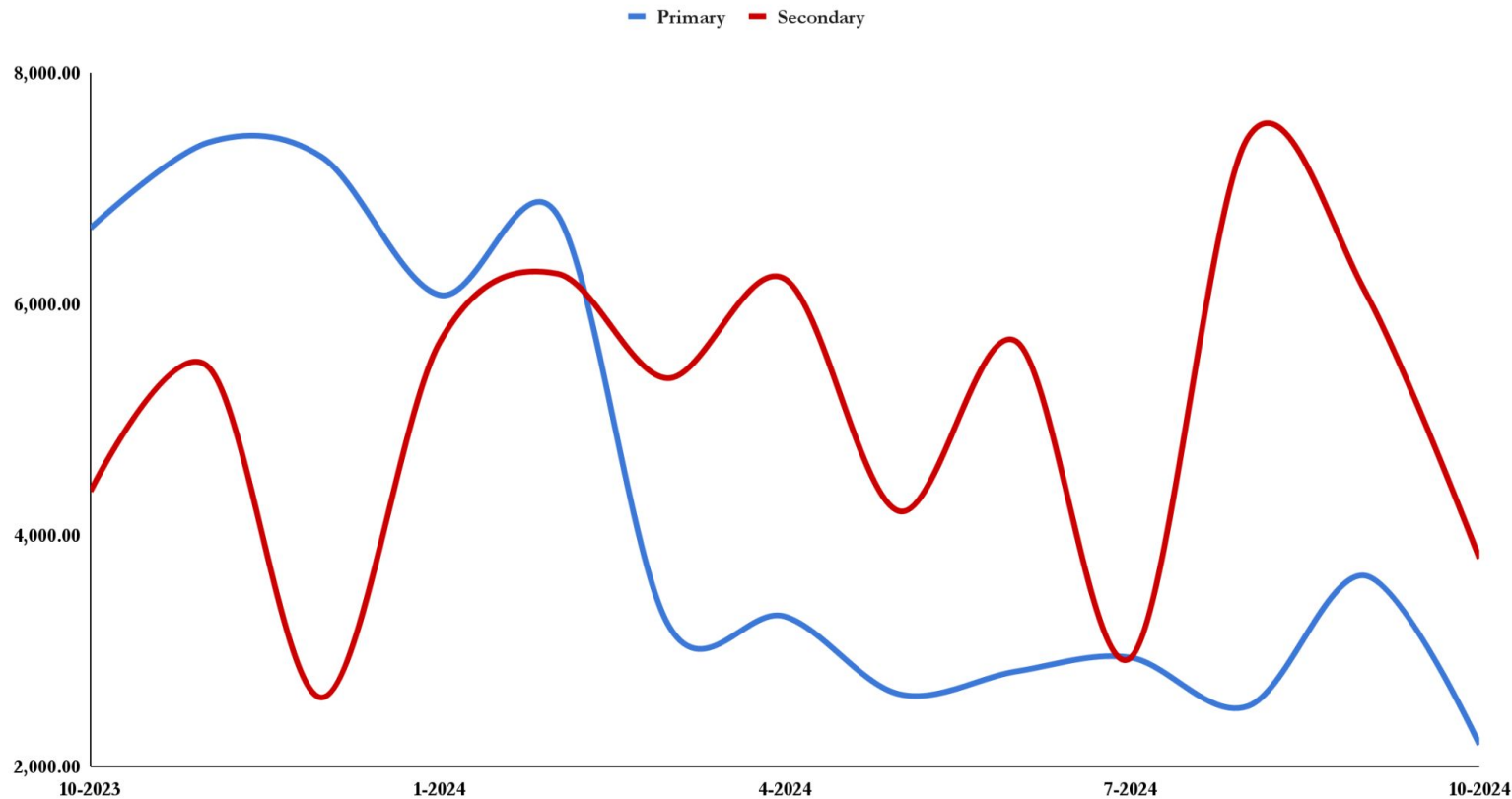
Secondary off plan prices in Jumeirah Village Triangle have also fallen by 8.41%, sitting 4.8% below their primary counterparts (which themselves have seen a 12.72% decline).

Average Dubai Islands Off Plan Transaction Price (AED/SqFt)



Despite actually being higher than primary prices, secondary prices in Dubai Islands have not fared well either, declining by 4.63% over the last 12 months. Primary prices have also fallen by 16.71%, signalling that the off plan market in Dubai Islands is a notable outlier even in its underperformance. The gap between the two also looks to be narrowing, and trends in other communities suggests that secondary prices will dip below primary prices in the coming months.

Average Dubai Marina Off Plan Transaction Price (AED/SqFt)



Prices in Dubai Marina have varied wildly, but have seen an overall decline. Secondary off plan prices have dropped by 13.26%, while primary prices have plummeted by 67.11% overall. The gap between the two also looks to be narrowing as we enter Q4.

Conclusions

Citywide Trends

In Q3 of 2021, the off plan and ready markets had very similar and comparable sales volume and value results. Three years later, the off plan market has evolved into a juggernaut of its own, far outstripping the sales figures of the ready market.

Community Analysis

In a number of notable communities, declining prices have been evident both in primary and secondary off plan sales. Furthermore, secondary off plan sales prices tend to be lower than primary off plan sales prices, or at least are exhibiting a narrowing gap in communities where secondary off plan sales command higher average prices. It should be noted that the supply pipeline in areas such as JLT, Dubai Marina and JVT has been limited, and as such, the ultra luxury market has been propping up average prices which have otherwise been nominal.

Conclusion

There are increasingly more signals that Dubai's off plan market looks to be cooling off as we approach year's end. Prices in several major communities have seen significant declines in both the primary and secondary market, which may be a leading indicator suggesting similar trends to follow elsewhere. Moreover, secondary off plan prices tend to be lower than primary prices in these communities (or at least are trending in the direction of dipping below primary prices, based on a narrowing discrepancy in price as well as trends observed in other communities). This demonstrates the difficulty in flipping off plan properties, and suggests that the Dubai market may not be particularly conducive to flipping in general as it continues to evolve (of course, there will always be some exceptions to this, such as the Peninsula Series in Business Bay).

The off plan market has gone from accounting for 51.34% of total citywide sales volume in Q3 of 2021 to 70.55% in Q3 2024, and from 51.3% of total citywide value to 72.37% across the same timeframe.



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