

# Dubai, UAE

Real Estate Research  
Review '24/'25 Outlook

VALUSTRAT.COM



# DUBAI '24/'25

This report contains research on Dubai's residential, commercial and hospitality real estate.

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# Foreward

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**Haider Tuaima**  
Director & Head of Real  
Estate Research

Dubai's real estate market in 2024 exceeded all expectations and forecasts set at the beginning of the year, delivering impressive double-digit capital gains across residential and commercial sectors.

The ValuStrat Price Index (VPI) reported a remarkable 31.6% annual capital appreciation for villas and 23.6% for apartments. All villa communities surpassed their 10-year price peaks, with many seeing valuations double, and in one case, triple, over four years. However, the same level of growth was not observed in apartments.

The year witnessed a record-breaking number of transactions. Ready-to-move-in home sales grew by 12.3%, while off-plan sales surged by 76.4% compared to 2023. Off-plan (Oqood) registrations accounted for 68% of all home sales, marking the highest share in 15 years. A clear shift towards affordable apartments emerged, with two out of five ready sales involving units priced below AED 1 million. This trend was driven by tenants opting to become homeowners, supported by reduced borrowing costs following three federal fund rate cuts in the latter half of the year. By the end of 2024, apartment asking rents grew at twice the rate of villas, as some villa communities began reaching price ceilings.

The office market experienced unprecedented interest as existing companies expanded and new businesses established operations. Median office rents increased by 20.8% annually, reaching record highs, while the VPI for the office sector recorded a 25.8% annual increase.

The industrial sector maintained its momentum, with strong demand for well-located, high-quality warehouses driving further uptick in both rents and capital values. The VPI for industrial logistics properties rose 14.6% annually.

The hospitality sector continued to thrive, with high occupancy rates and rising average daily rates, supported by robust growth in tourism.

The year 2024 marked remarkable growth across all asset classes, with strong demand fueling a noticeable shift toward the affordable segment of the residential market. With forecasts significantly exceeded, the property market cycle seems to be nearing the peak of its upswing growth phase.

Regards,  
Haider

## Real Estate Performance

SOURCE: VALUSTRAT



### ValuStrat Price Index

Residential Capital Values

**167.5**

BASE: JAN 2021 = 100

↑ **24.7%**  
Y-o-Y

Residential Rental Values

**183.8**

BASE: Q1 2021 = 100

↑ **11.7%**  
Y-o-Y

Office Capital Values

**194.2**

BASE: Q1 2021 = 100

↑ **29.9%**  
Y-o-Y

Industrial Capital Values

**135.0**

BASE: Q1 2021 = 100

↑ **15.4%**  
Y-o-Y

## Key Indicators

SOURCE: REIDIN, DET, VALUSTRAT



### Residential

Off Plan Sales Ticket Size

**2.67M**

AED

↑ **5.3%**  
Y-o-Y

Off Plan Sales Volume

**20,973**

TRANSACTIONS

↑ **20.3%**  
Y-o-Y

Ready Sales Ticket Size

**2.36M**

AED

■ **0.3%**  
Y-o-Y

Ready Sales Volume

**11,711**

TRANSACTIONS

↑ **16.6%**  
Y-o-Y



### Office

Sales Ticket Size

**2.17M**

AED

↑ **28.3%**  
Y-o-Y

Sales Volume

**579**

TRANSACTIONS

↓ **-3.7%**  
Y-o-Y

Asking Rents

**1,612**

(AED / SQ M / P.A)

↑ **36.2%**  
Y-o-Y



### Hotel

Occupancy Hotel

**82.6%**

JAN-MAR

■ **-0.5%**  
Y-o-Y

ADR

**638**

(AED) YTD MAR

↑ **5.1%**  
Y-o-Y

RevPAR

**527**

(AED) YTD MAR

↑ **4.5%**  
Y-o-Y

International Guest

**5.18M**

YTD MAR

↑ **10.9%**  
Y-o-Y

↑ INCREASE   ■ NO CHANGE   ↓ DECLINE



## ValuStrat Price Index

- The VPI - Residential Capital Values in Q1 2024 stood at 1675 points, up 6.4% quarterly and 24.7% annually
- The VPI - Residential Rental Values rose 3% quarterly and 11.7% yearly to reach 183.8 points. Apartment rents grew 4.4% QoQ and 16.4% YoY. Whilst, villa rents went up 1.3% QoQ and 6.1% YoY
- The VPI - Office Capital Values Q1 2024, increased by 4.3% quarterly to 194.2 points
- The VPI - Industrial Logistics Capital Values grew 15% annually and 3.5% quarterly to 135 points



## Economy

- Dubai's economy expanded by 3.2% during Q1 2024 compared to Q1 2023
- The Dubai Chamber of Commerce reported a 17.6% increase in membership compared to the previous year, which brought the total to over 19,000 new companies during the first quarter of 2024
- UAE investments abroad reached USD 2.5 trillion at the beginning of 2024
- The US Fed opted to maintain its federal fund interest rate at the target range of 5.25% to 5.5% during March
- As of March 2024, Dubai's annual inflation eased slightly to 3.3%, while the CPI for 'Housing and Utilities' expenses saw a 6.3% annual increase



## Residential

- 11,711 ready homes and 20,973 off-plan properties were sold during Q1
- Average ticket sizes for off-plan homes rose 5.3% YoY to AED 2.67 million. Whilst, ready properties remained stable annually, at AED 2.36 million



## Office

- DMCC launched Phase 2 of the Uptown Dubai project, which planned to add 70,000 sq m (753,000 sq ft) of Grade A office space to the commercial offerings within the emirate
- Office sales fell by 13.5% QoQ and 3.7% YoY, reaching 579 transactions
- 81,673 sq m (879,121 sq ft) of total GLA (Gross Leasable Area) was sold during the quarter, amounting to an estimated investment value of more than AED 1.35 billion
- Q1 2024 saw the highest office asking rents in a decade, up 36.2% YoY, and saw record quarterly growth of 10.9%, with average annual rents reaching AED 1,612 per sq m (AED 150 per sq ft)



## Retail

- Emaar unveiled Dubai Square in Dubai Creek Harbour, a premier retail mall spanning a built-up area of 750,000 sq m (8.07 million sq ft), scheduled for completion in Q1 2027
- Samana Developers launched the Samana Retail Park, a shopping centre worth AED 150 million, in Arjan
- Emaar Properties announced an expansion plan for Dubai Mall worth AED 1.5 billion



## Hotel

- As of the first quarter of 2024, 14 hotel projects were under construction, with a total of 4,983 keys expected to be added by 2025
- Citywide average occupancy reached 82.6%, posting a decrease of 0.5% YoY
- Notable openings included Hilton Dubai Creek Hotel & Residences with 180 keys, Biltmore Hotel Villas with 20 keys and The Lana with 225 rooms
- Address Dubai Mall and Address Boulevard were rebranded to Kempinski Central Avenue Dubai and Kempinski The Boulevard Dubai, respectively, upon acquisition by Abu Dhabi National Hotels. Emaar subsequently rebranded Address Fountain Views in Downtown Dubai to Address Dubai Mall



## Laws and Regulations

- RERA implemented stringent measures against misleading online property ads. The new rule is expected to create a drastic reduction of up to 40% in property sales ads on various real estate portals
- Dubai introduced a law on taxing the profits of foreign banks' licensed branches operating in Dubai (excluding those located in DIFC). These profits became subject to both UAE Corporate Tax and the tax outlined in the 2024 Law, with the combined tax rate capped at 20%



## Tourism

- Dubai International Airport recorded its busiest quarter in history with over 23 million passengers passing through, a rise of 8.4% annually, making it the busiest quarter on record
- As of YTD March 2024, total international visitors reached 5.18 million, up 10.9% YoY
- Dubai's top three tourist source markets were Western Europe contributing 22%, countries in South Asia adding 17%, and Russia & Eastern Europe sharing 16%
- Arte Museum was opened marking Dubai's first immersive art experience



## Projects Launches

- Key off-plan apartment launches included Kempinski Marina Residences with 453 units, Avant Garde Residences with 172 homes, Barari Twin Towers with 1,338 residences, Rosalia Residences project in Al Furjan with 117 apartments and Bayz10 by Danube with 1,346 properties)
- Total estimated completions as of the first quarter stood at 5,770 apartments and 1,038 villas, equivalent to 15% of preliminary estimates for the whole of 2024
- Noteworthy villa and townhouse projects launched during the quarter included Wadi Villas in MBR City with 30 units, Woodland Residences with 30 properties and Amara in Talal Al Ghaf with 116 villas

## Real Estate Performance

SOURCE: VALUSTRAT



### ValuStrat Price Index

Residential Capital Values

**178.2**

BASE: JAN 2021 = 100

↑ **28.2%**  
Y-o-Y

Residential Rental Values

**188.7**

BASE: Q1 2021 = 100

↑ **10.8%**  
Y-o-Y

Office Capital Values

**212.5**

BASE: Q1 2021 = 100

↑ **31.7%**  
Y-o-Y

Industrial Capital Values

**136.3**

BASE: Q1 2021 = 100

↑ **13.4%**  
Y-o-Y

## Key Indicators

SOURCE: REIDIN, DET, VALUSTRAT



### Residential

Off Plan Sales Ticket Size

**2.40M**

AED

↓ **-10.5%**  
Y-o-Y

Off Plan Sales Volume

**24,977**

TRANSACTIONS

↑ **61.4%**  
Y-o-Y

Ready Sales Ticket Size

**2.55M**

AED

↑ **4.7%**  
Y-o-Y

Ready Sales Volume

**11,508**

TRANSACTIONS

↑ **4.8%**  
Y-o-Y



### Office

Sales Ticket Size

**1.86M**

AED

↑ **13.6%**  
Y-o-Y

Sales Volume

**634**

TRANSACTIONS

↑ **1.9%**  
Y-o-Y

Asking Rents

**1,600**

(AED / SQ M / P.A.)

↑ **31.2%**  
Y-o-Y



### Hotel

Occupancy Hotel

**78.7%**

JAN-JUN

↑ **1.0%**  
Y-o-Y

ADR

**558**

(AED) YTD JUN

↑ **4.4%**  
Y-o-Y

RevPAR

**439**

(AED) YTD JUN

↑ **5.8%**  
Y-o-Y

International Guest

**9.31M**

YTD JUN

↑ **8.8%**  
Y-o-Y

↑ INCREASE    ■ NO CHANGE    ↓ DECLINE



## ValuStrat Price Index

- The VPI - Residential Capital Values reached 178.2 points in Q2 2024, having risen by 6.4% from the previous quarter and 28.2% annually
- The record rainfalls in April caused severe flooding in many areas of Dubai, but this did not significantly impact valuations in the subsequent months. The prompt response from master developers and authorities effectively contained and controlled the damage in affected communities
- The VPI - Prime Values grew 29.9% YoY and 6.5% QoQ to reach 184.3 points
- The VPI - Residential Rental Values stood at 188.7 points, up 2.7% quarterly and 10.8% annually. On a quarterly basis villa rents were up 1.1%, and apartment rents rose 3.8%
- The VPI - Office Capital Values increased by 31.7% YoY, with quarterly gains at 9.4%, which raised the index to 212.5 points
- The VPI - Industrial Logistics Capital Values stood at 136.3 points registering a quarterly increase of 1% and an annual growth of 13.4%



## Economy

- Dubai's GDP grew 3.3% to reach AED 116 billion. The real estate sector experienced a growth of 2.6%, accounting for 8.7% of Dubai's GDP with a total value of AED 10.15 billion and contributing 6.9% to growth
- During the Annual Investment Meeting Congress 2024, it was announced that the UAE is on track to achieve a record USD 30 billion in foreign investment inflows during the year
- The Dubai Chamber of Commerce reported a 5% growth in membership on a yearly basis, with over 34,000 new companies joining during the first half of 2024
- As of June, Dubai's annual inflation was up 2.1%. Whilst the CPI for 'Housing and Utilities' expenses saw a 6.7% annual increase



## Residential

- Off-plan home sales volumes rose by 61.4% yearly to 24,977 deals, while ready home sales saw 4.8% annual increase with 11,508 transactions
- Ticket sizes of off-plan homes fell 10.5% YoY to AED 2.4 million, ready-to-move-in properties increased 4.7% YoY to AED 2.54 million
- Notable completions during the quarter included Creek Views 1 & 2 with 1,221 apartments in total, Murroj Al Furjan West with 161 houses and Silver Springs 3 in Damac Hills with 258 villas



## Office

- One Za'abeel introduced The Offices, a dual-licensed space within One Za'abeel Tower, spanning 26,013 sq m (280,000 sq ft) across 17 levels, with over 50% occupancy secured at launch
- Office sales grew by 9.5% QoQ and 1.9% YoY in Q2, with 634 transactions
- Business Bay remained the top choice for office sales with a 48.4% share, followed by Jumeirah Lake Towers at 38%
- 76,835 sq m (827,043 sq ft) of total GLA was transacted during the quarter, amounting to an investment value of more than AED 1.18 billion
- After reaching record highs in the previous quarter, office asking rents remained stable and rose by 31.2% annually, with a median rent of AED 1,600 per sq m (AED 149 per sq ft)



## Retail

- Union Co-op announced the completion of its new commercial centre in Dubai Silicon Oasis, spanning a total built-up area of 24,669 sq m (265,537 sq ft)
- According to Colm McLoughlin, the former executive vice chairman and chief executive of Dubai Duty Free, Al Maktoum International Airport is expected to include at least 100,000 sq m (1.07 million sq ft) of retail space
- Sobha Realty started work on the Dubai Hartland Mall project, set to add 10,655 sq m (115,000 sq ft) GLA to the city's mall stock
- According to Majid Al Futtaim, the overall e-commerce penetration in the UAE more than doubled since 2019 to reach 12%



## Hotel

- During the first half of 2024, the city had a total of 124,799 hotel keys and 26,080 hotel apartments
- Citywide average occupancy reached 78.7%, posting a 1% YoY increase
- Notable openings included Palace Dubai Creek Harbour with 122 rooms, Five Luxe JBR with 222 keys, One Za'abeel with 229 rooms and The First Collection Waterfront with 327 keys
- The Island, a mega project by Wasl located off the coast of Jumeirah, began construction and is set to host three iconic Las Vegas hotels: MGM, Bellagio, and Aria. The project is scheduled for completion in 2027, and will add 1,400 hotel rooms to the city's supply



## Laws and Regulations

- The UAE announced a 10-year Blue visa for individuals who have made exceptional efforts and contributions towards protecting the environment



## Market Sentiment

- The UAE topped global wealth migration for the third year in a row with 6,700 millionaires expected by the end of 2024, driven by inflows from the UK and Europe, according to Henley and Partners' report



## Infrastructure

- RTA unveiled plans for a new 1,500-metre bridge that would accommodate 6,000 vehicles per hour, linking Sheikh Zayed Road and Dubai Harbour
- Dubai approved the AED 30 billion 'Tasreef' project to improve the city's rainwater drainage network. One of the largest infrastructure initiatives in the emirate, the project will boost the system's capacity by 700%, covering all areas of Dubai



## Projects Launches

- Key off-plan apartments launched included South Living with 209 units, W Residences with 200 homes, Azura Residences with 78 units, One by Binghatti in Business Bay with 647 apartments and Samana Lake Views with 1,006 properties
- Noteworthy villa and townhouse projects unveiled during the quarter comprised of Athlon by Aldar with 1,000 properties, Lua Residences project in MBR City with 42 units, South Bay Phase 4 with more than 1,000 villas and mansions

## Real Estate Performance

SOURCE: VALUSTRAT



### ValuStrat Price Index

Residential Capital Values

**190.1**

BASE: JAN 2021 = 100

↑ **28.9%**  
Y-o-Y

Residential Rental Values

**192.5**

BASE: Q1 2021 = 100

↑ **10.7%**  
Y-o-Y

Office Capital Values

**217.9**

BASE: Q1 2021 = 100

↑ **25.8%**  
Y-o-Y

Industrial Capital Values

**143.4**

BASE: Q1 2021 = 100

↑ **14.6%**  
Y-o-Y

## Key Indicators

SOURCE: REIDIN, DET, VALUSTRAT



### Residential

Off Plan Sales Ticket Size

**2.52M**

AED

↓ **-19.8%**  
Y-o-Y

Off Plan Sales Volume

**32,968**

TRANSACTIONS

↑ **97.0%**  
Y-o-Y

Ready Sales Ticket Size

**2.32M**

AED

■ **-0.5%**  
Y-o-Y

Ready Sales Volume

**12,883**

TRANSACTIONS

↑ **19.4%**  
Y-o-Y



### Office

Sales Ticket Size

**2.19M**

AED

↑ **23.2%**  
Y-o-Y

Sales Volume

**630**

TRANSACTIONS

↑ **3.8%**  
Y-o-Y

Asking Rents

**1,625**

(AED / SQ M / P.A)

↑ **20.8%**  
Y-o-Y



### Hotel

Occupancy Hotel

**76.4%**

JAN-SEP

↑ **0.7%**  
Y-o-Y

ADR

**487**

(AED) YTD SEP

↑ **2.9%**  
Y-o-Y

RevPAR

**372**

(AED) YTD SEP

↑ **3.9%**  
Y-o-Y

International Guest

**13.29M**

YTD SEP

↑ **7.2%**  
Y-o-Y

↑ INCREASE   ■ NO CHANGE   ↓ DECLINE



## ValuStrat Price Index

- The VPI - Residential Capital Values rose by 28.9% YoY and 6.7% QoQ to reach 190.1 points
- The VPI - Prime vales surged by 30.7% annually and 7.3% quarterly, reaching a record high of 197.8 points. Capital gains of 38.1% YoY were attained by prime villas. Whilst highly desired prime-located apartments lagged behind their villa counterparts, annual gains accelerated to 24.7%
- The VPI - Residential Rental Values stood at 179.5 points, up 2% quarterly and 10.7% annually
- Villa rentals posted relatively modest rises of 1.6% quarterly and 4.9% annually. Whilst apartment asking rents grew 2.3% QoQ and 15.4% YoY
- The VPI - Office Capital Values recorded annual capital gains of 25.8% and 2.6% quarterly gains to reach 217.9 points



## Economy

- S&P Global Dubai Purchasing Managers' Index (PMI) rose to 54.2 in August, recovering from a 34-month low of 53.7 in July. The index indicated a solid improvement in the health of the non-oil private sector
- The US Federal Reserve Board cut interest rates for the first time in four years, lowering the benchmarking rate by 50 basis points in September
- Dubai announced the Foreign Direct Investment (FDI) Development Program, allocating AED 25 billion over 10 years to help attract AED 650 billion of investments to Dubai in support of the D33 economic agenda



## Residential

- The volume of off-plan (Oqood) registrations reached an all-time high with 32,968 transactions, reflecting an increase of 97% YoY and 32% QoQ, amounting to investments worth AED 83.2 billion. In contrast, Q3 saw 12,883 ready home transactions, up 11.9% QoQ and 19.4% YoY, totaling investments of AED 29.8 billion
- Ticket sizes of off-plan homes fell 19.8% YoY to AED 2.5 million, ready-to-move-in properties remained stable annually at AED 2.3 million
- 41% of all ready home sales were priced less than AED 1 million



## Office

- 81,191 sq m (873,936 sq ft) of total GLA was transacted during the quarter, amounting to an investment value of more than AED 1.38 billion
- The office asking rents grew 20.8% yearly and 1.6% on a quarterly basis
- Office occupancy in Dubai was estimated at 87.3%
- Aldar announced a new Grade A office tower on Sheikh Zayed Road, near Dubai International Financial Center (DIFC), with 88,000 sq m (947,223 sq ft) of net leasable area, scheduled for completion in 2027



## Retail

- Union Coop has begun construction on a new community mall in Al Khawaneej Second, set to complete in Q2 2025. Approximately 70% of the retail space was already leased, the mall will span 6,570 sq m (70,700 sq ft)
- Emirates REIT announced the sale of Trident Grand Mall, the two-storey retail section of Trident Grand Residence in Jumeirah Beach Residences, for AED 73.5 million.



## Hotel

- Citywide average occupancy reached 76.4%, stable on a yearly basis
- Notable openings included Park Regis by Price and The Biltmore Hotel Villas
- Kleindienst Group's Marabella Resort Hotel launched its first phase which included 150 keys on The World Islands. The project valued at AED 1 billion



## Laws and Regulations

- UAE amended its Labour Law, imposing strict penalties for violations like unpermitted employment, fake recruitment, and illegal child labour, with harsher penalties for repeat offences



## Tourism

- Total international guests stood at 13.29 million during the first nine months of 2024, growing by 7.2% annually
- Dubai's top three tourist source markets during the quarter were Western Europe contributing 19%, countries in South Asia adding 17%, and GCC countries sharing 15%



## Demand Growth

- The Dubai Chamber of Commerce reported a 4% growth in membership compared to the same period last year, with over 51,561 new companies joining
- Dubai's population grew by 127,695 people, reaching 3.78 million as of September 2024, a 3.5% increase over the past year



## Projects Launches

- Key off-plan apartment launches included Verdes by Haven with 660 apartments, The Pier Residence with 274 homes, Binghatti Ghost with 770 units, One Residence with 453 properties and Marriott Residences with 138 luxury homes
- Noteworthy villa and townhouse project launches during the quarter encompassed The Acres by Meraas with 200 properties, Wadi Villas with 30 high-end villas and The Valley: Vindera by Emaar with 344 units
- Additional launches featured Binghatti Royale in Jumeirah Village Circle, Fairmont Residences Solara Tower, Mayfair Gardens and Skyhills 2

## Real Estate Performance

SOURCE: VALUSTRAT



### ValuStrat Price Index

Residential Capital Values

**200.7**

BASE: JAN 2021 = 100

↑ **27.5%**  
Y-o-Y

Residential Rental Values

**196.0**

BASE: Q1 2021 = 100

↑ **9.8%**  
Y-o-Y

Office Capital Values

**230.6**

BASE: Q1 2021 = 100

↑ **23.9%**  
Y-o-Y

Industrial Capital Values

**150.0**

BASE: Q1 2021 = 100

↑ **15.0%**  
Y-o-Y

## Key Indicators

SOURCE: REIDIN, DET, VALUSTRAT



### Residential

Off Plan Sales Ticket Size

**2.29M**

AED

↓ **-38.6%**  
Y-o-Y

Off Plan Sales Volume

**31,349**

TRANSACTIONS

↑ **143.8%**  
Y-o-Y

Ready Sales Ticket Size

**2.54M**

AED

↑ **19.2%**  
Y-o-Y

Ready Sales Volume

**13,333**

TRANSACTIONS

↑ **9.2%**  
Y-o-Y



### Office

Sales Ticket Size

**2.28M**

AED

↑ **18.8%**  
Y-o-Y

Sales Volume

**424**

TRANSACTIONS

↓ **-36.6%**  
Y-o-Y

Asking Rents

**1,782**

(AED / SQ M / P.A)

↑ **22.5%**  
Y-o-Y



### Hotel

Occupancy Hotel

**78.0%**

JAN-NOV

■ **0.8%**  
Y-o-Y

ADR

**520**

(AED) YTD NOV

↑ **2.0%**  
Y-o-Y

RevPAR

**405**

(AED) YTD NOV

↑ **2.8%**  
Y-o-Y

International Guest

**16.79M**

YTD NOV

↑ **9.2%**  
Y-o-Y

↑ INCREASE   ■ NO CHANGE   ↓ DECLINE



## ValuStrat Price Index

- The VPI - Residential Capital Values in Q4 2024 rose by 5.6% QoQ to reach 200.7 points, 27.5% higher annually
- Since the pandemic, all villa communities have at least doubled in value, with Jumeirah Islands standing out by tripling in worth
- Apartments in The Greens have exceeded their 2014 price peaks by 3.6%, becoming only the second apartment community to achieve this milestone after Palm Jumeirah, which, as of December 2014, stood at 16.2% above its decade-long peak
- The VPI - Prime Index recorded a significant annual increase of 29.9% and a quarterly rise of 6%, reaching a historic high of 209.6 points. Prime villas led the market with remarkable annual capital gains of 36.5%. While prime apartments in desirable locations trailed slightly behind villas, they still posted strong annual gains of 24.4%
- The VPI - Residential Rental Values stood at 183 points, up 1.8% quarterly and 9.8% annually
- Villa asking rentals saw moderate increases of 1.7% quarterly and 5.8% annually, while apartment asking rents rose by 1.9% QoQ and 13% YoY
- The VPI - Industrial Logistics Capital Values reached 150 points, reflecting a quarterly rise of 4.6% and an annual growth of 15%
- The VPI - Office Capital Values increased by 23.9% YoY, with quarterly gains at 5.8%, which raised the index to 230.6 points



## Economy

- The UAE approved its new Investment Strategy to triple its cumulative foreign direct investment (FDI) to AED 2.2 trillion by 2031
- The US Federal Reserve announced its third consecutive interest rate cut during December 2024, lowering the target range to 4.25% - 4.5%, a further decrease of 25 basis points
- According to the United Nations Trade and Development report, the UAE ranked 11th globally in FDI attraction
- The World Travel and Tourism Council revealed that the forecasted spending by international visitors to the UAE would reach USD 52.2 billion in 2024, reflecting an annual increase of 9.4%. This placed the UAE as the 10th largest recipient of inbound tourism spending worldwide



## Residential

- Q4 saw 13,333 ready secondary home transactions, up 3.5% QoQ and 9.2% YoY, equivalent to investments worth AED 33.9 billion. Whilst, 31,349 off-plan transactions were recorded, rising by 143.8% YoY



## Office

- Aldar Properties and Expo City announced a joint venture to develop a AED 1.75 billion mixed-use project comprising six buildings with a total GLA of 103,000 sq m (1.1 million sq ft), including office, retail, and residential spaces
- ISpace, a modern and flexible 1,037 sq m (11,162 sq ft) office at One Central, The Offices 2, Level 2, has fully pre-leased Phase 3, reaching 100% occupancy
- 6 Falak, a newly built Grade A office building located in Dubai Internet City and spanning over 8,361 sq m (90,000 sq ft), was acquired by Aldar



## Retail

- Shamal announced the Nad Al Sheeba Gardens Mall, a project with a plot area of 12,600 sq m (135,625 sq ft)



## Hotel

- Notable hotel openings included Emirates Sports Hotel, offering 144 rooms, 40 hotel apartments, and 8 penthouses, Delano Dubai, featuring 251 rooms and 84 suites as well as Jumeirah Marsa Al Arab with 303 rooms, 84 suits and 82 apartments
- Kleindienst Group announced plans to add 5,000 five-star hotel rooms to Dubai's hospitality sector, a 10% increase to the current inventory of 52,750 rooms, according to the DET
- Omniyat has announced the planned launch of The Alba, Dorchester Collection, Dubai slated to open in 2028
- Total international guests stood at 16.79 million during the first eleven months of 2024, growing by 9.2% annually



## Laws and Regulations

- Dubai's Supreme Legislation Committee unveiled its 2024-2029 strategic plan, aimed at enhancing legislative quality, transparency, and sustainability while aligning with global trends and national goals
- In line with OECD guidelines, which require multinational enterprises with global revenues of €750m or more to pay at least 15% tax on profits in every operating country, the UAE introduced a Domestic Minimum Top-up Tax (DMTT) effective from January 1, 2025



## Industrial

- Dhata Logistics announced plans to expand their presence in the UAE with a new 57,000 sq m (613,542 sq ft) facility in Dubai South. The AED 100 million investment to enhance the company's operational capabilities to meet the growing demand for cargo and logistics services in the region
- Mohammed Bin Rashid Aerospace Hub (MBRAH) partnered with International Energy Resources (IER) to create an 81,755 sq m (880,000 sq ft) MRO and engine test facility at Dubai South, set to be completed by 2027



## Tourism

- Dubai International Airport (DXB) expected to end the year strongly with a 3.5% increase in passenger traffic in the fourth quarter and a record high of 91.9 million annual passengers
- Notable attractions introduced during the quarter included the Museum of Candy



## Infrastructure

- Dubai's RTA began work on upgrading road access in Nadd Hessa, Al Awir 1, Al Barsha South, and Wadi Al Safa 3, benefiting over 400,000 residents by improving traffic flow, cutting travel times, and boosting road capacity by up to 80%
- The RTA completed the Al Khail Road improvement project, which included the addition of five new flyovers to ease traffic congestion and cut travel time by 30%



## Projects Launches

- Key off-plan apartment launches included with Bay Grove Residences on Dubai Islands with 296 apartments, South Garden in Jebel Ali with 768 homes, South Living Tower in Dubai South with 209 units, Butterfly Towers in Arjan with 434 properties, and Binghatti Skyrise in Business Bay with 3,333 homes
- Noteworthy villa launches included Eden Hills with 327 villas, Palm Jebel Ali beach villas featuring 10 bespoke villas, and Monaco Mansions with 109 units
- Damac Properties announced the launch of a new master community called Damac islands located in Dubailand, spanning over 30 million sq ft, the community offers 4–5-bedroom townhouses and 6–7-bedroom villas

# OUTLOOK

## FY/'25



### Economy

- According to the Central Bank of UAE, the GDP growth for 2025 is expected to reach 6%, with continued non-hydrocarbon momentum and a significant increase in hydrocarbon production
- Dubai has approved a record 2025-2027 budget of AED 272 billion, with projected revenues of AED 302 billion. Of the total, 46% is allocated to infrastructure projects, 30% to health, education, and public services, and 21% of revenues are earmarked as an operational surplus
- The International Monetary Fund (IMF) has forecast a 5.1% economic growth rate for the UAE in 2025, with the non-oil sector expected to grow by 5%
- The UAE aims to grow 7% per year in order to double its GDP to AED 3 trillion by 2030
- The US Federal Reserve is expected to implement up to two interest rate cuts in 2025, with the Central Bank of the UAE likely to follow, resulting in reduced borrowing costs overall



### Residential Prices and Rents

- Supported by economic growth, rising demand, positive sentiment, and increasing market maturity, Dubai's residential market is expected to maintain its upward trajectory in 2025, though at a slower pace
- Overall market growth is projected to moderate, with capital values increasing by 5-10% during the year, reflecting a more subdued performance compared to 2024
- Sales activity is anticipated to taper, driven by fewer off-plan project launches over the next 12 months
- Larger villas, particularly in prime locations, are likely to experience slower sales price growth, with potential price stabilisation in the latter half of the year
- Accelerated rental growth is expected in the low and mid-market segments, with renewed confidence in the apartment market compared to a more subdued villa segment
- An increasing number of tenants are expected to shift toward home ownership, spurred by record-high rents and declining home loan costs
- With Dubai's property cycle potentially approaching its peak, investors are advised to closely track market trends, particularly in high-end villa locations

# OUTLOOK

## FY/'25



### Office Prices and Rents

- Dubai's office market is experiencing unprecedented demand due to corporate expansions and the establishment of new businesses
- Sustained rental growth and rising capital values are expected, particularly for Grade A office spaces
- Dubai's reputation as a business-friendly destination and the influx of global talent are key drivers of this demand
- Prime office locations are anticipated to see heightened activity, reinforcing Dubai's status as a leading commercial hub



### Retail

- Upcoming shopping centres: Sobha Harland Mall, Nad Al Sheeba Gardens Mall, and Jumeirah City Mall
- The share of revenue coming from online transactions locally and globally is expected to increase with Dubai's e-commerce sales projected to hit USD 17.2 billion by 2027
- Brick and mortar mall operators could continue to suffer from downward pressures from burgeoning e-commerce sector causing lower rents and higher vacancy



### Hotel

- Notable upcoming hotel openings include: Six Senses The Palm, Gran Melia Dubai, Mandarin Oriental Wasl Tower, and Ceil Tower
- Nakheel will soon complete Rixos Dubai Islands, the first luxury hotel and residences on Dubai Islands, offering Rixos' world-class service and amenities
- Four to five- star hotels may continue to take majority of share in upcoming hotel stock
- Local guests will retain their importance to affordable to mid-affordable hotels as key drivers of occupancy and hotel revenues

# OUTLOOK

## FY/'25



### Tourism

- Upcoming attractions: Ceil Tower, Wasl Water Park at Grand Hyatt, and JA Sports Center at Mana Jebal Ali
- Grand Hyatt announced plans to open a 20,000 sq m water park in early 2025 after completing extensive refurbishments. The hotel relocated key installations and expanded its northeastern lawns to accommodate the park, which can host up to 2,000 visitors
- The UAE's tourism sector is projected to contribute 12% of GDP, or AED 236 billion, in 2024, up from 11.7% (AED 220 billion) in 2023, according to the World Travel and Tourism Council (WTTC)



### Industrial

- Dubai Customs is set to launch a digital platform, dubbed the 'Airbnb of warehouses,' designed as a one-stop solution for leasing storage facilities nationwide. This centralised system will streamline the registration and rental process, allowing owners to list various types of warehouses, from dry to air-conditioned spaces
- There are ongoing challenges in the supply of high-quality stock due to the market's self-developed nature and limited speculative construction by developers, despite recent expansion announcements
- Demand is likely to outpace supply leading to continued price growth



### Infrastructure

- Dubai government has allocated 46% of the total spending proposed in its 2025 budget for the infrastructure sector and its related construction projects
- RTA to begin work on AED 696 million Trade Center Roundabout Development Project in order to facilitate free-flowing traffic



### Laws and Regulations

- Emiratisation targets will be raised in 2025, requiring companies with 20 to 49 workers to hire two UAE nationals by 2025
- The UAE introduces new traffic regulations which will be effective from March 2025, the regulation lowers the driving age to 17, bans noisy vehicles, and limits horn use in cities to emergencies. Violators will face penalties, including liability for serious accidents.



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## Premium Subscription

ValuStrat offers premium subscription reports for clients granting them access to in-depth, statistical analysis of what is happening in residential real estate; allowing for more informed decision making and forward planning. The full in-depth 100+ page Dubai report includes citywide analysis of freehold districts, including the ValuStrat Price Index, transaction volumes, service charges, Price to Rent Ratios and Net Yields.

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## About VPI

The ValuStrat Price Index (VPI) regularly marks to market a sample of properties that represent more than 90% of the Dubai residential and commercial markets and is built by our expert RICS Registered Valuers.

### **Research Methodology**

Every effort has been made to ensure the accuracy of this document. New supply data covers 50 defined areas in Dubai including non-freehold areas. Only completed and under construction projects are included. The new supply data does not include announced projects, and projects in design phase. The new supply database does not take into account most private building projects. Prices are calculated from actual transactions. Rental data is derived from a carefully cleansed database of listings that don't include duplicates, potential errors and outliers.

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