MARKET IN MINUTES
Savills Research

Dubai Residential Market
2024

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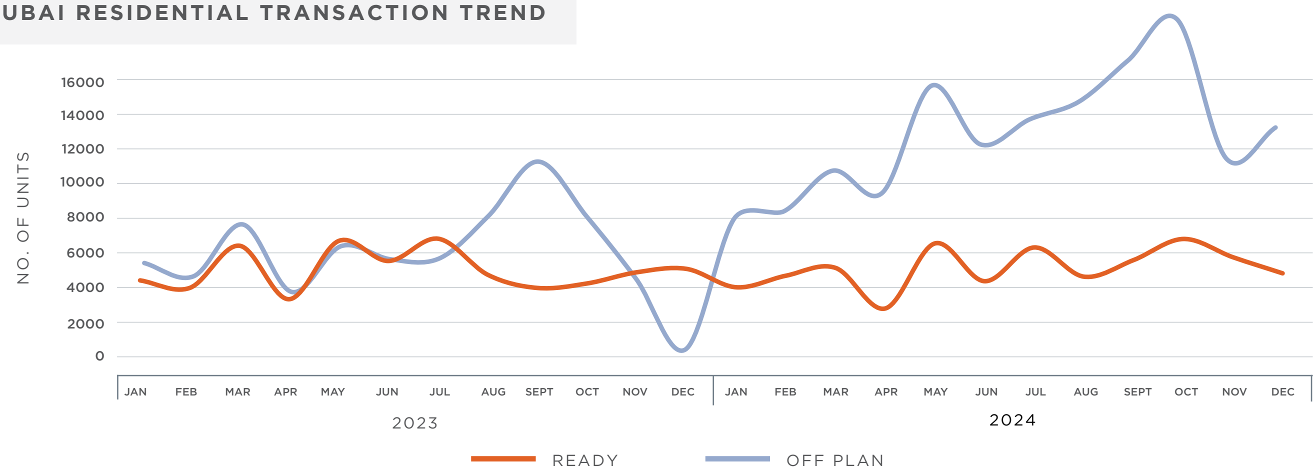
In 2024, Dubai's real estate market experienced a remarkable year, showcasing strong investor confidence and an increasing appeal to high-net-worth individuals. The residential sector recorded unprecedented transaction volumes, with a 47% year-on-year increase. This sustained demand led to significant capital value appreciation across most submarkets. Developers actively launched new projects throughout the emirate to cater to both end users and investors.

Off-plan transactions increased their dominance throughout the year, accounting for 68% of overall transactions, a significant rise from 55% in 2023. High-quality projects from reputable developers are selling quickly, often within weeks of launch, indicating sustained demand from both end-users and investors, driven by attractive payment plans and investment potential.

DUBAI RESIDENTIAL TRANSACTION TREND



SOURCE REIDIN, SAVILLS RESEARCH

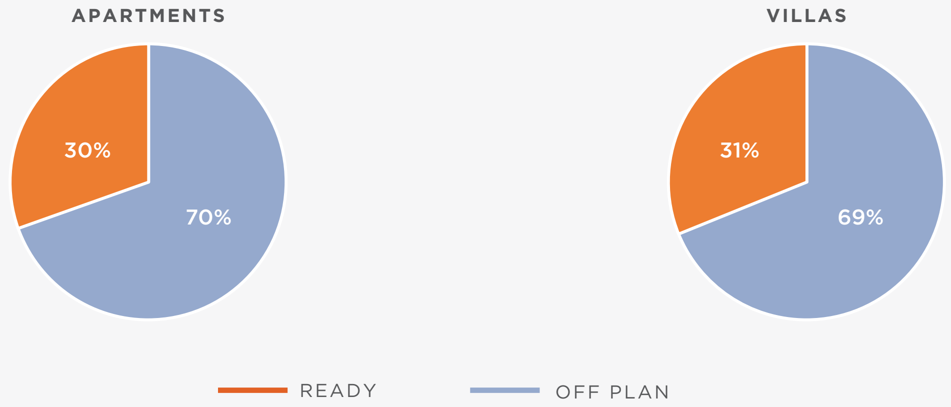
Notably, 51% of overall transactions were concentrated in Zone 6 along the Al Khail corridor and Dubailand (see map), including areas such as Jumeirah Village Circle (JVC), Damac Hills 2, Al Barari and Dubai Hills Estate. This highlights the dominance of this submarket and popularity of the communities within it offering accessibility and a good mix of project offerings. Notable launches in Zone 6 include Damac Lagoons, Emaar Oasis and Acres by Meraas. Established residential submarkets like Business Bay, Jumeirah Lakes Towers, and Dubai Marina also recorded significant transaction levels throughout the year.

The ready market (transactions in handed over/completed projects) has maintained transaction volumes, however as a result of the explosion in number of off-plan transactions, it now only represents 32% of the market compared to 45% in 2023 and 48% in 2022. Capital values continued to rise in ready stock although factors including affordability, Loan-to-Value (LTV) threshold of 80% for transactions under AED 5M and increased interest rates are putting pressure on accessibility for the owner occupier market. 8% of ready transactions now sit over AED 5M in comparison to 9% in 2023, with buyers needing a minimum of 30% mortgage deposit plus other transaction costs.

Apartment transactions continued to dominate the real estate market in 2024, contributing to 82% of the total transactions. Off-plan sales led the demand, accounting for 68% of apartment transactions, a rise from 58% last year. High transaction volumes were recorded in established locations with good accessibility and proximity to traditional office submarkets, such as Jumeirah Village Circle (JVC), Business Bay, Dubai Marina, and Meydan One. Notable apartment launches include City Walk Northline by Meraas, Ocean Cove by Emaar, and Ghaf Woods by Majid Al Futtaim among others.

The year also noted a surge in demand for villas and townhouses. Villa transactions comprised 18% of the total transactions in 2024, they were predominantly located in Zone 6 (see map), where there is ample land supply. Under-construction projects were popular, making up 68% of villa transactions, compared to 45% in 2023. Key locations with high transaction volumes included Damac Hills 2, The Valley, and Dubai South. Off-plan villa transactions in these areas were driven by high quality launches from prominent developers.

TRANSACTION SPLIT ACROSS APARTMENT AND VILLAS Q4 2024



SOURCE: REIDIN, SAVILLS RESEARCH

In 2024, a remarkable 50,000 units were launched representing a 25% increase compared to the 40,000 units in 2023; this has been driven by rising demand and increasing capital values. Developers continued to offer attractive payment plans and incentives to encourage purchases. Approximately 25,000 units were added to the residential stock, with key completions including multiple projects in Azizi Riviera, Olivz by Danube, Binghatti Heights, and Oxford Terraces by Iman.

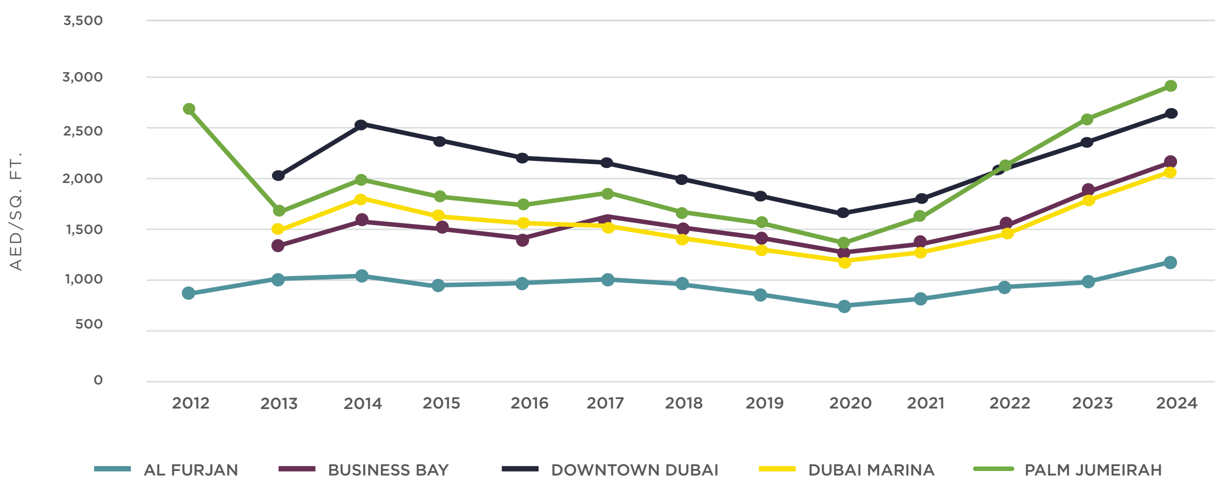
The demand for prime housing in Dubai also saw a significant rise. High-net-worth Individuals relocating to Dubai, investing in second homes, contributed to the increased traction in high-end properties. During the review period, over 4,600 units priced above AED 10 million were transacted, marking a 23% year-on-year increase. Breaking this down, there was a 33% spike in luxury villa transactions compared to a 5% increase in the apartment segment. Premium locations such as Palm Jumeirah, La Mer, Bluewaters Island, and Jumeirah Bay Island commanded the highest per square foot rates for apartments. Meanwhile, Jumeirah Islands, Palm Jumeirah, and Dubai Hills Estate led in villa rates per square foot.

According to the Savills World Cities Prime Residential Index, which tracks property prices across 30 global cities, Dubai ranked in the top five with a growth of 2.9% in the first six months of the year. The per square foot rates for apartments and villas increased by 3% and 8%, respectively, across Dubai. Projects in key locations such as Palm Jumeirah commanded a premium over the average capital value growth, reaching up to 15%.

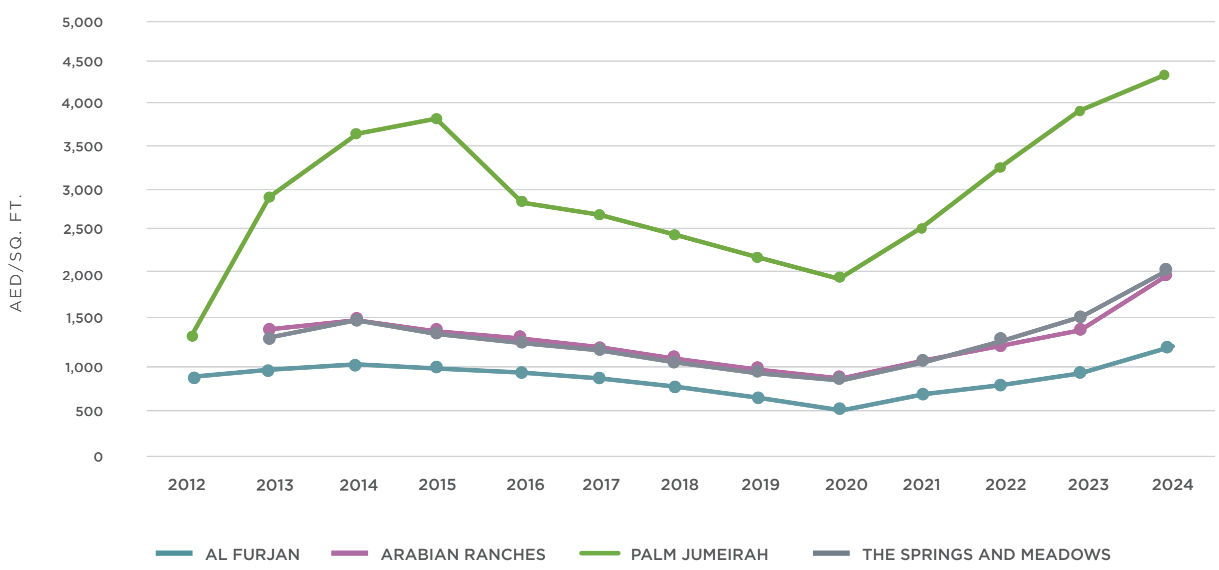
The city's political stability and sustained economic growth continue to attract talent, driving the rental market. Although rental growth is somewhat capped by RERA, rents are increasing across the city. In 2024, rental rates for apartments spiked by 16%, while villas and townhouses saw a 13% increase. Some submarkets in emerging locations like Al Furjan experienced rental spikes of up to 26%. Arguably, this increase is likely due to growing appeal of commercial assets in Dubai South and Expo City.

As we look ahead to 2025, Dubai's real estate market is poised for continued growth and resilience. The trends observed in 2024, such as strong investor confidence, increasing demand for off-plan properties, and rising interest in luxury housing, are expected to persist. Overall, 2025 promises to be another dynamic year for Dubai's residential real estate market, with opportunities for both end-users and investors to capitalise on the city's growth and development.

CAPITAL VALUE TREND - APARTMENTS

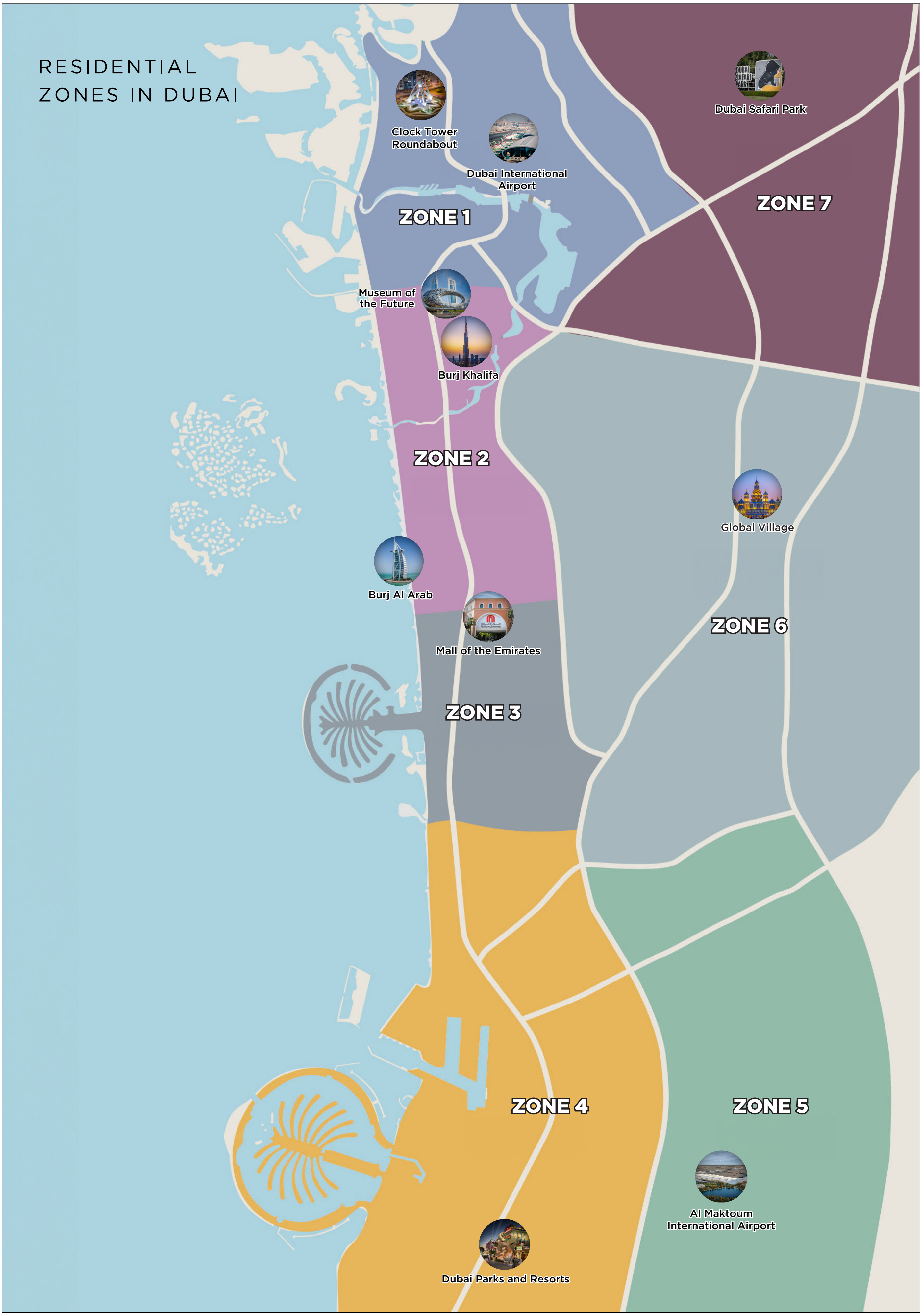


CAPITAL VALUE TREND - VILLAS



Note: Price trend for select residential communities only.

SOURCE REIDIN, SAVILLS RESEARCH



Map is not as per actual scale and is for indicative purpose only.

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