

# First Quarter Real Estate Market

2022 QUARTERLY REVIEW



## REAL ESTATE PERFORMANCE

VPI RESIDENTIAL  
CAPITAL VALUES

**79.0**

Base: Jan 2014=100



**3.6%**  
Q-o-Q

VPI RESIDENTIAL  
RENTAL VALUES

**70.6**

Base: Q1 2014=100



**4.9%**  
Q-o-Q

VPI OFFICE  
CAPITAL VALUES

**74.5**

Base Q1 2015=100



**6.9%**  
Q-o-Q

VPI INDUSTRIAL  
CAPITAL VALUES

**105.1**

Base: Q1 2021=100



**1.5%**  
Q-o-Q

## KEY INDICATORS

Source: REIDIN, DTCM, ValuStrat

RESIDENTIAL  
OFF PLAN  
SALES TICKET SIZE

**1.99m**

AED



**-10.3%**  
Q-o-Q

RESIDENTIAL  
OFF PLAN  
SALES VOLUME

**7,936**

Transactions



**11.7%**  
Q-o-Q

RESIDENTIAL  
READY  
SALES TICKET SIZE

**2.66M**

AED



**5.1%**  
Q-o-Q

RESIDENTIAL  
READY  
SALES VOLUME

**9,586**

Transactions



**17.9%**  
Q-o-Q

RESIDENTIAL  
RENTS

**87,713**

(AED p.a)



**4.9%**  
Q-o-Q

HOTEL  
OCCUPANCY

**82%**

YTD Mar 2022



**18.0%**  
Y-o-Y

HOTEL  
REVPAR

**534**

(AED) YTD Mar 2022



**112.7%**  
Y-o-Y

OFFICE  
SALES TICKET SIZE

**1.37M**

AED



**25.6%**  
Q-o-Q

OFFICE  
SALES VOLUME

**529**

Transactions



**-1.7%**  
Q-o-Q

OFFICE  
ASKING RENTS

**969**

(AED/ sq m p.a)



**5.5%**  
Q-o-Q



Increase



Stable



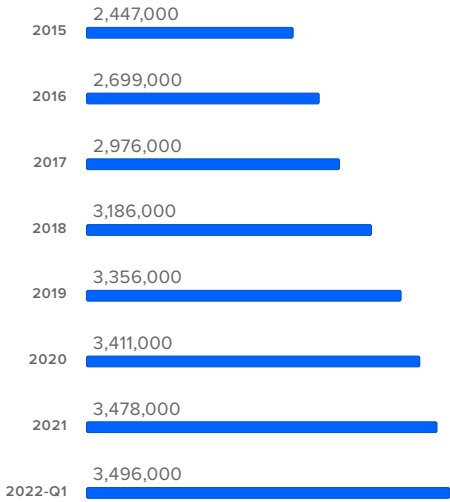
Decline

# MACRO-ECONOMIC SNAPSHOT

- Dubai saw an upsurge of foreign direct investments (FDIs) amounting to AED 15.9 billion across 378 projects, ranked as first in the region and third globally in attracting FDI capital and projects, as per latest data from Dubai Investment Development Agency
- FDI related jobs created grew 36% YoY to 16,430 new roles
- The top three source countries for FDI capital inflows were from the United Kingdom at 29%, France with 19% and the United States at 14%
- Dubai Electric and Water Authority (DEWA) announced to list 6.5% of its shares or 3.25 billion shares in Dubai Financial Market (DFM) and officially the first government entity in Dubai to issue an initial public offering (IPO)
- The US Federal Reserve raised its Interest on Reserve Balances (IORB) by 25 basis points, resulting in a decision by the UAE Central Bank to increase the base rate for Overnight Deposit Facility (ODF) by the same amount



Dubai Population



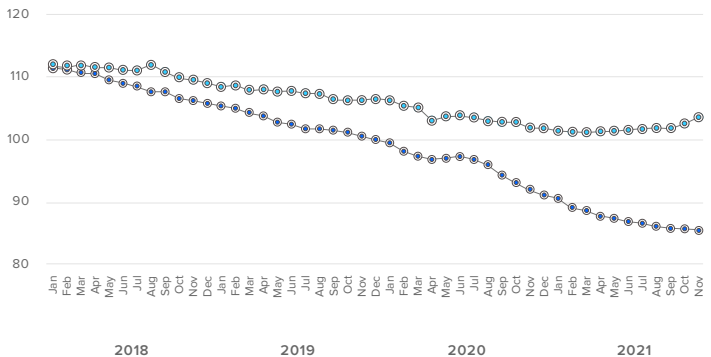
Source : Dubai Statistics Centre

- Dubai crude oil (Fateh) stood at AED 305.33 (USD 83.11) per barrel, up 53.45% YoY as of January 2022
- Dubai International Airport (DXB) handled 29.1 million passengers during 2021, up 12.7% YoY
- Dubai's population stood at 3,495,902 with a 5-year average growth rate of 5.3%
- As of December, annual inflation was up 1.07% and was stable on a monthly basis
- Housing and Other Utilities Expenses Index dropped 5.56% YoY and saw less than a percent change compared to the previous month



Consumer Price Index VS. Housing Index

January 2018 – YTD



● Housing, Water, Electricity, Gas and Other Fuels

● General Index (2014=100)

Source: Dubai Statistics Centre

VALUSTRAT PRICE INDEX -

## CITYWIDE RESIDENTIAL CAPITAL VALUES

The valuation-based price index, VPI, grew 18.8% annually to 79 points. However, Dubai's residential capital values saw quarterly growth rates slow from 5.1% in Q4 2021 to 3.6% in Q1 this year. On the sub-market level, villas and townhouses surged 34.1% annually and 6.3% quarterly to 94.1 points. Apartments improved just 8.4% YoY, 1.4% QoQ reaching 69.5 points.

The highest annual villa price gains were registered in Arabian Ranches (40.3%), Jumeirah Islands (40.3%), The Lakes (37.1%), Jumeirah Village Triangle (35.5%), and Palm Jumeirah (35%).

It's worth noting that villas in Palm Jumeirah have exceeded their price peaks of 2014 by 5.3%, achieving 126.6 VPI points. Highest performing apartment areas in terms of annual capital gains were Palm Jumeirah apartments (21.9%), Jumeirah Beach Residence (16%) and the Burj Khalifa tower (15.3%).

VALUSTRAT PRICE INDEX -

## PRIME RESIDENTIAL CAPITAL VALUES

Tracking prime residential properties around Dubai, the VPI registered 84.9 points after a 19.2% annual leap. On a quarterly basis, performance was lower than the second half of last year. Highly desired villas and apartments within prime locations saw capital values increase 31.5% and 10.5% respectively.

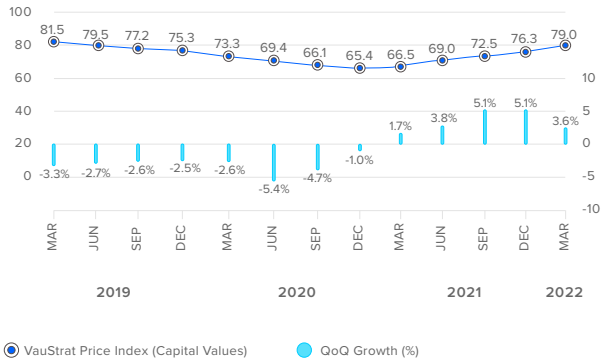
Demand for high-end properties located in established prime areas has more than doubled since pre-pandemic times, as the share of sold homes worth more than AED 7 million, jumped to 5% in Q1 2022, up from 2% the same period in 2019. Demand for larger homes also increased, the average transacted unit size grew from 1,524 sq ft in 2019 to 2,014 sq ft this year, this suggests that villas and large apartments are equally in high demand



### VPI - Dubai Residential Capital Values

21 Apartment and 13 Villas Locations

[Base:Jan 2014=100]



● VauStrat Price Index (Capital Values)

● QoQ Growth (%)

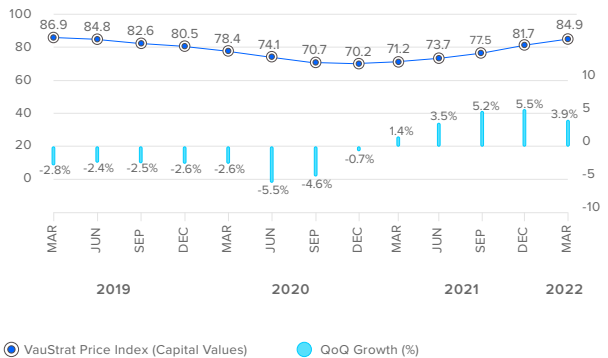
Source : ValuStrat



### VPI - Prime Dubai Residential Capital Values

5 Apartment and 4 Villa Locations in Dubai

[Base:Jan 2014=100]



● VauStrat Price Index (Capital Values)

● QoQ Growth (%)

Source : ValuStrat

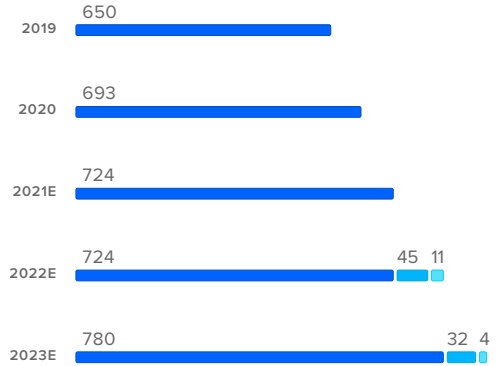
# RESIDENTIAL SUPPLY

- The estimated number of new build units to enter the market this year stands at 44,708 apartments and 11,172 villas/townhouses
- Areas where most of the upcoming supply is projected to handover include Mohammed Bin Rashid City (MBR City) with 26.5%, Dubailand (Akoya Oxygen, Arjan, Majan, etc.) with 14.4%, Jumeirah Village Circle with 7.8% and Downtown Dubai with 7.6% of the expected supply
- Total estimated completions as of the first quarter stood at 5,745 apartments and 493 villas, equivalent to 11% of preliminary estimates for the whole of this year
- Notable apartment completions were Lawnz Residence International City (1,032 units), Sobha Creek Vistas MBR City (756 units), Collective & Collective 2 Dubai Hills Estate (845 units) and Elite Downtown Residence Downtown Dubai (345 units). For villas, Akoya Oxygen Centaury Dubailand (413 units) and Villa Amalfi Jumeirah Bay Island (68 units)
- Key off-plan projects launched during the quarter include Peninsula Five Business Bay (381 units), LIV Marina Dubai Marina (243 units), Samana Waves JVC (213 units), Gardenia Livings Arjan (156 units), Gardenia Townhomes 2 Jebel Ali (92 units) and Alaya Beach Tilal Al Ghaf (44 units)



## Residential Supply

2019-2023  
(’000 UNITS)

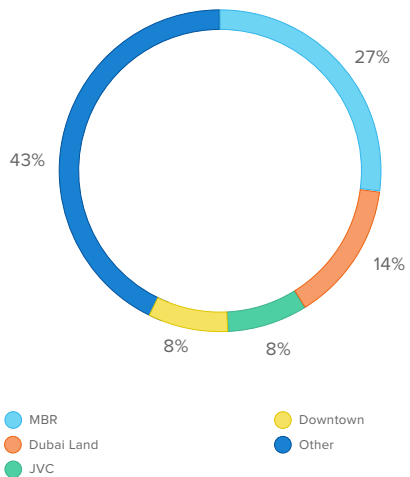


- Existing Urban Villas/Apartments
- New Apartments\*
- New Villas\*

\* May be subject to significant downward adjustment  
Source: Dubai Statistics Centre, REIDIN, MEED Projects, ValuStrat



## Locations with upcoming Residential Supply



Source: REIDIN, ValuStrat

# RESIDENTIAL SALES TRANSACTIONS

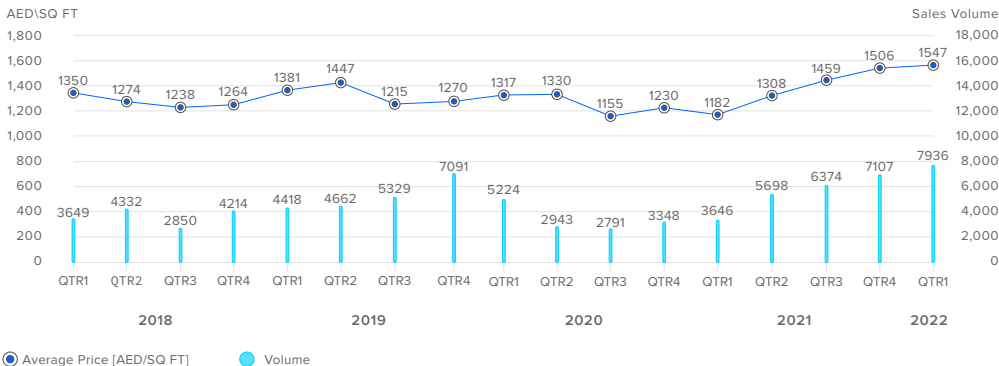
- A strong start of the year as the first quarter ended with record-breaking sales transaction volumes and recorded the highest residential quarterly transactions in history with 7,936 off-plan sales, up 117.7% YoY totalling more

than AED 15 billion and 9,586 ready sales rising 56% YoY equivalent to a total value of no less than AED 25 billion



## Off-Plan Transactions - Residential

Total Volume and Average Price



Source: REIDIN, ValuStrat

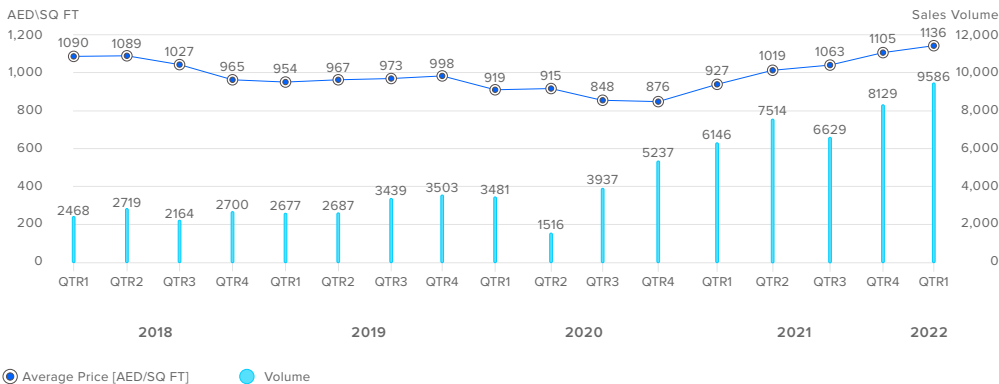
- Ticket sizes of off-plan homes rose 39.5% YoY to AED 1.9 million, ready-to-move-in properties grew 21.7% YoY to AED 2.7 million

- The citywide average transacted price during this period was at AED 12,261 per sq m (AED 1,139 per sq ft)



## Ready Transactions - Residential

Total Volume and Average Price



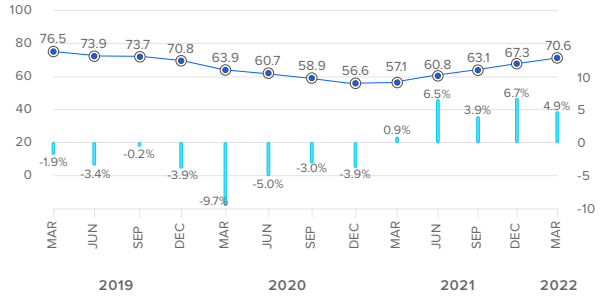
Source: REIDIN, ValuStrat

# CITYWIDE RESIDENTIAL RENTAL VALUES

- Overall citywide residential asking rents climbed 23.7% YoY to 70.6 index points, 29.4% lower than Q1 2014
- On a quarterly basis, rents increased 4.9% on average
- Compared to the same period last year, asking rents for apartments grew 20.3% to an average of AED 87,713 per annum
- Villas headlined with the highest annual asking rental increase since 2014 of 29.1% to an average of AED 251,114 per annum
- Average annual rents for 2-bed villas stood at AED 113,000, 3-beds at AED 170,000, and 4-bedroom villas at AED 251,000
- Average rents per annum for studio apartments were AED 40,000, 1-bed at AED 59,000, 2-beds at AED 85,000, and 3-bedroom apartments were AED 133,000
- Residential occupancy in Dubai was estimated at 83.7% this quarter
- A total of 87,624 Ejari rental contracts for residential homes were registered in Dubai in Q1, 29% lower than the same period last year, 49.3% were of new contracts, and 50.7% renewed contracts



VPI - Dubai Residential Rental Values  
21 Apartment and 13 Villas Locations  
[Base: Q1 2014=100]



● VauStrat Price Index (Capital Values) ● QoQ Growth (%)  
Source : ValuStrat

## Apartment Asking Rents

**20.3%**  
Last Year

**4.1%**  
Last Quarter

## Villa Asking Rents

**29.1%**  
Last Year

**6.1%**  
Last Quarter

Source: REIDIN, ValuStrat

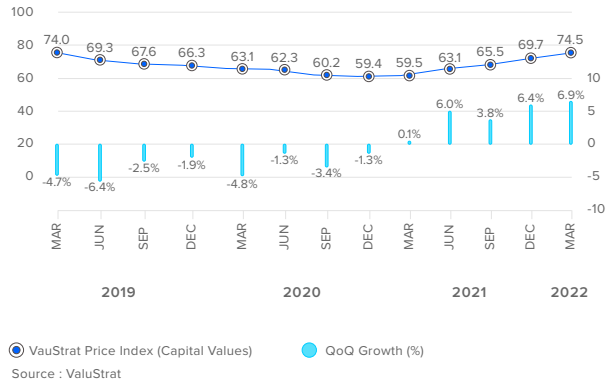
# CITYWIDE OFFICE CAPITAL VALUES

Dubai office units witnessed annual price increases of 25.2%, this is after a sustained acceleration in quarterly capital gains, as Q1 was 6.9% higher than Q4 last year. The ValuStrat Price Index for Dubai office capital values registered 74.5 points in Q1 2022, still 25.5% lower than the same period in 2015. Highest performers were Jumeirah Lake Towers (24.3%), Downtown Dubai (26.7%) and Barsha Heights (21.3%). Fitted office space out-performed shell and core options, as Grade A and Grade B offices saw prices jump 26.9% and 19.2% respectively.



## VPI - Dubai Office Capital Values

5 Office Locations  
[Base: Q1 2015=100]



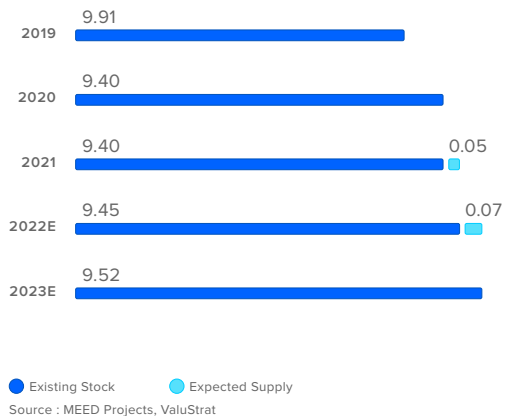
# OFFICE SUPPLY

- Dubai International Financial Centre (DIFC) announced that 64% of newly leased office space was let to new occupiers during 2021 - equivalent to 41,806 sq m (450,000 sq ft)
- Merex Investment Group, owned by Brookfield Asset Management and Dubai Holdings, announced a 7-year leasing deal with Talabat for a 14,000 sq m (150,000 sq ft) GLA workspace to serve as its regional headquarters in City Walk
- The available data for upcoming supply this year stands at approximately 70,000 sq m (753,473 sq ft) coming from projects in Dubai Science Park, Dubai Logistics City and Al Barsha First



## Office Supply

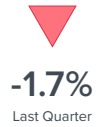
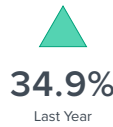
2019-2023  
(Million sq m GLA)



# OFFICE SALES TRANSACTIONS

- Office sales transaction volumes during Q1 2022 were 1.7% lower when compared to the previous quarter but jumped 34.9% compared to last year
- The median transacted price stood at AED 8,934 per sq m (AED 830 per sq ft), rising 15.8% quarterly and growing 27.4% from the same period last year
- In terms of volume, Business Bay was the most popular choice for office sales with a share of approximately 42%, followed by Jumeirah Lake Towers (JLT) with 26% of overall transactions this quarter. As per the total value, more than 37% was in Business Bay while 20% came from JLT
- The average size of offices sold in Business Bay was 109 sq m (1,174 sq ft) and 119 sq m (1,282 sq ft) in Jumeirah Lake Towers
- 67,679 sq m (728,492 sq ft) of total Gross Leasable Area was sold during the quarter, amounting to an estimated investment value of more than AED 722 million

## Office Sales Volume



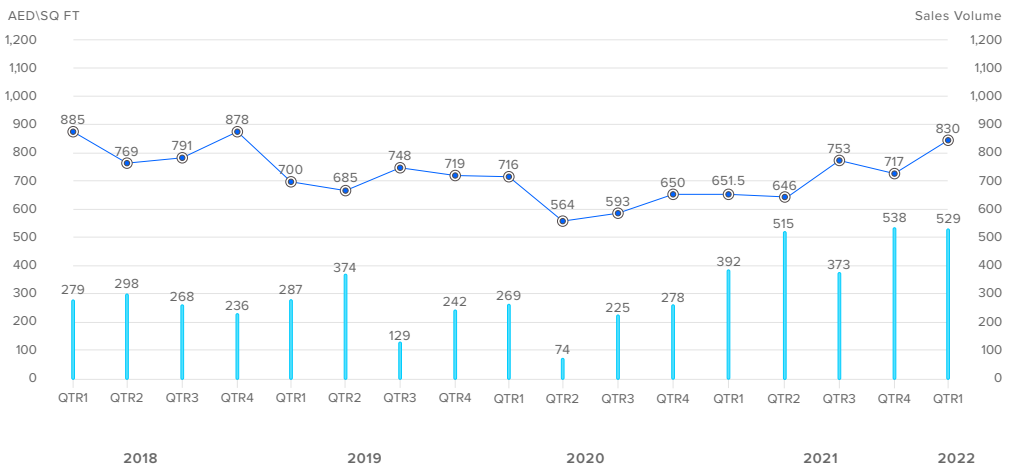
## Office Transacted Prices



Source: REIDIN, ValuStrat



Sales Transactions - Office Units Total Volume and Median Price



● Average Price [AED/SQ FT]

● Volume


# OFFICE ASKING RENTS

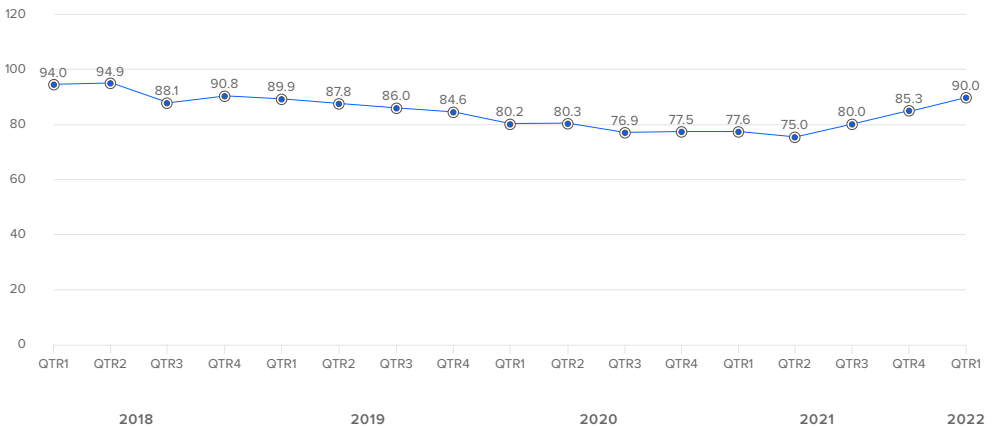
- Median office asking rents saw continued increases both annually and quarterly jumping 16% and 5.5%, respectively
- Asking office rents for this quarter rose 12.3% when compared to the same period two years ago
- The citywide median asking rent for a typical office size stood at AED 969 per sq m (AED 90 per sq ft)
- Median asking rents commanded by Dubai International Financial Centre (DIFC) were at AED 2,258 per sq m (AED 210 per sq ft) for typically sized units between 93 – 186 sq m (1,000 – 2,000 sq ft)
- In Business Bay, median asking rents stood at AED 1,058 per sq m (AED 98 per sq ft) for typical office areas of less than 93 sq m (1,000 sq ft)
- A total of 16,339 Ejari rental contracts for offices were registered in Dubai in Q1, 12% lower than the same period last year, 57.8% were of new contracts, and 42.2% renewed contracts
- Office occupancy in Dubai was estimated at 80%

## Office Median Asking Rents



Source: REIDIN, ValuStrat


 Office Annual Market Rents Trend  
(AED per square foot)

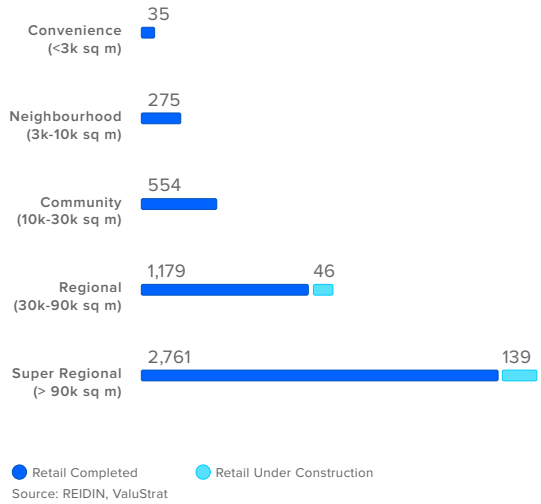


Source: REIDIN, ValuStrat

# RETAIL SUPPLY


- Dubai Hills Mall was opened with approximately 185,806 sq m (2 million sq ft) gross leasable area (GLA) featuring 650 outlets, 18-screen cineplex theatres and 7,000 parking spaces
- An estimated 9,290 sq m (100,000 sq ft) GLA dedicated for food and beverage establishments was announced to be set up in Dubai Festival City mall
- For 2022, available data for upcoming and under construction projects to come from the second phase development of Dubai Outlet Mall expected to add 195,096 sq m (2.1 million sq ft) GLA

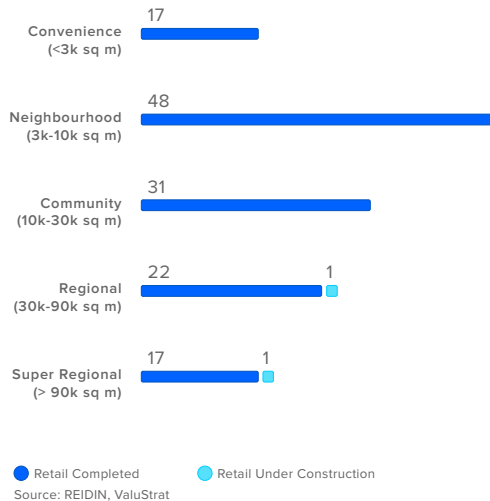
 Malls and Shopping Centres  
('000 sq m GLA)



# RETAIL PERFORMANCE

- As per Emaar Malls preliminary full-year 2021 results report, its mall portfolio achieved AED 4.9 billion in sales, up 42% YoY and recorded an overall occupancy of 87%
- During the last three months of 2021, footfall of Majid Al Futtaim shopping centres grew 11% QoQ
- Dubai Duty Free announced 2021 sales performance, recording more than AED 3.5 billion, jumping 40% YoY from no less than 9 million sales transactions
- Dubai contributed 30% or AED 78.2 billion of total retail sales in the country during 2021, as per Dubai Chamber

 Number of Malls and Shopping Centres

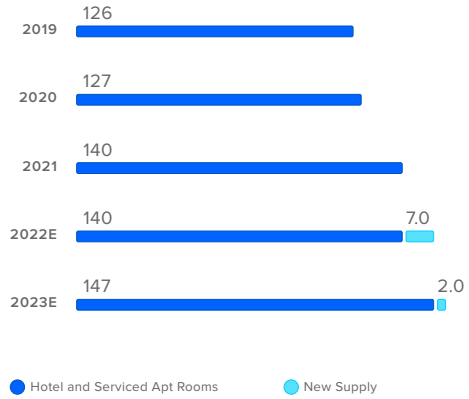


# HOTEL SUPPLY

- As of YTD March, the city had a total of 114,536 hotel keys and 25,656 hotel apartments, as per Department of Tourism and Commerce Marketing (DTCM)
- During the first three months of this year, an estimated 996 rooms from two hotel projects finished construction. This is equivalent to 14.2% of total expected completions this year at 7,024 keys
- During Q1, 1,630 keys entered the hotel market from the opening of nine hotels to include Anantara World Islands (70 suites), Taj Exotica Resort Palm Jumeirah (325 keys), Paramount Midtown Business Bay (281 rooms), Legoland Hotel Dubai Parks and Resorts (250 suites), Copthorne Lakeview Hotel DIP (165 keys) and Studio M Hotel Al Barsha (155 rooms)



**Hotel Room Supply**  
2019 -2023  
(’000 KEYS)



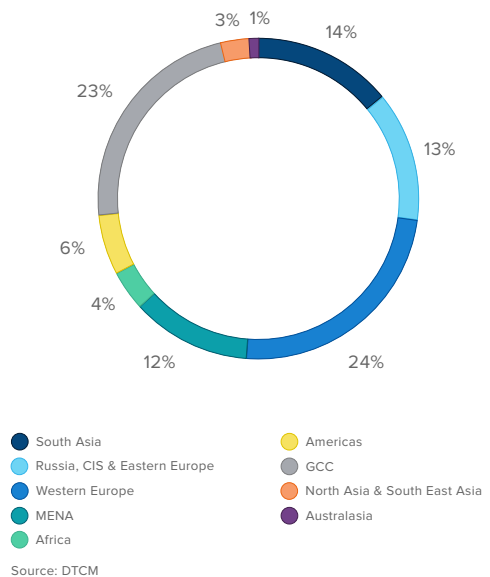
● Hotel and Serviced Apt Rooms ● New Supply  
Source: MEED Projects, ValuStrat

# HOTEL PERFORMANCE

- Total international guests stood at 7.28 million during full year 2021. The citywide average occupancy reached 67%, up 24% YoY when compared to a comparable 2020 and grew 40% YoY set against COVID-19 adjusted performance
- As of YTD March 2022, total international visitors reached 3.97 million, soaring 213% YoY. Hotel occupancy averaged 82% during the same period, up 18% YoY. ADR and RevPAR stood at AED 649 and AED 534, growing 64.7% YoY and 112.7% YoY respectively
- Dubai’s top three source markets were tourists from Western Europe (27%), GCC (16%), and Russia, CIS & Eastern Europe regions (15%)
- EXPO 2020 Dubai welcomed more than 22 million visitors and achieved over 200 million virtual audience during its six-month duration ending 31st March '22
- Museum of the Future with its 30,000 sq m (322,917 sq ft) space dedicated to distinct experiences was inaugurated



**SOURCE OF DUBAI VISITORS BY REGION**  
YTD March 2022



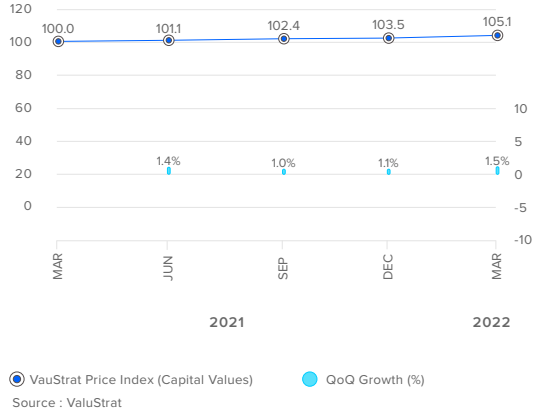
Source: DTCM

# INDUSTRIAL LOGISTICS CAPITAL VALUES

- The first and only valuation-based price index covering industrial capital values has launched. The ValuStrat Price Index for industrial logistics which covers 8 areas in Dubai, grew 5.1% annually and 1.5% quarterly to 105.1 points. The VPI is based on re-valuing existing properties on quarterly basis taking into account various quality specifications for each area
- The highest annual performing locations were JAFZA South (5.3%), Al Qouz (4.7%) and Ras Al Khor (4.1%)
- The weighted average price for an industrial logistics warehouse as of Q1 2022 was AED 2,228 per sq m (AED 207 per sq ft). Dubai Logistics City registered the highest price of AED 3,132 per sq m (AED 291 per sq ft). JAFZA South saw the lowest price of AED 1,862 per sq m (AED 173 per sq ft)
- Steady increases in rental performance witnessed across majority of key industrial areas, with central logistical hubs such as Jebel Ali Free Zone leading the way



VPI - Dubai Industrial Capital Values  
8 Industrial Locations  
[Base:Q1 2021=100]

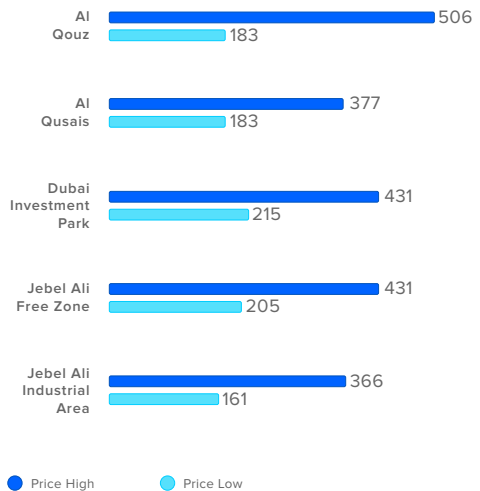


# INDUSTRIAL INVESTMENT/SUPPLY

- During Q1, the city saw the completion of a commodity warehouse measuring 39,432 sq m (424,442 sq ft) in Al Tayy, a food manufacturing facility covering an area of 5,780 sq m (62,000 sq ft) in Dubai Industrial City, an integrated logistics centre storeroom with an area of 10,000 sq m (107,639 sq ft) and a 23,500 sq m (252,952 sq ft) EV battery warehouse in Jebel Ali Free Zone
- New industrial projects announced include a 6,503 sq m (70,000 sq ft) battery recycling plant expected and an EV battery manufacturing plant spanning across an area of 92,903 sq m (1 million sq ft) both in Dubai Industrial City
- The estimated net project value of industrial projects for this year stood at AED 2.7 billion coming from a total of 19 developments



Industrial Rental Rates  
(AED/SQ M)





17 March 2022

## **Seven Tides supports tenants with rent-free periods, as Dubai property market bounces back**

According to analysts at leading real estate consultancy ValuStrat, apartment rental rates in Dubai, grew by over 14% in 2021 as Dubai emerged from the lingering effects of the pandemic.



23rd February 2022

## **District 2020 to spur Dubai realty growth**

“On a strategic level, given its location and advanced infrastructure, there’s no doubt that District 2020 will be a successful hub for international business and act as a significant catalyst for the entire city,” ValuStrat’s Director and Head of Real Estate Research Haider Tuaima said.

# Forbes

19th January 2022

## **Without taxes and lockdowns: why do Russians buy property in Dubai**

According to the Dubai Land Department (DLD), last year there were 84,772 real estate sales for a total of about \$82 billion. The number of transactions increased compared to 2020 by 60%, in monetary terms – by 71%. According to the leading real estate consultancy ValuStrat, real estate in Dubai has risen in price by 17% over the year.



7th March 2022

## **Learning to work with AVMs**

Declan King, MRICS Managing Director and Group Head of Real Estate at ValuStrat believes AVMs can open up new markets for bulk valuations that at present are too time-consuming and expensive to carry out with any regularity – AVMs can offer a cost-effective way of assessing value on a more regular basis.



19th February 2022

## **Emaar Properties reports record 2021 property sales, but experts say market has yet to peak**

“A fresh real estate market cycle began in early 2021 following a 5-year long price decline and a pandemic-driven trough in 2020. Transactional volumes of off-plan homes jumped 60 percent annually in 2021, with a total sales value climbing 109 percent from AED19.7bn in 2020 to AED41.2bn in 2021,” said Haider Tuaima, Director and Head of Real Estate Research at ValuStrat.



13th January 2022

## **UAE property prices set to rise by 6% in 2022**

Haider Tuaima, Director and Head of Real Estate Research at leading real estate consultancy ValuStrat told the media, “The UAE property market will perform in a healthy way. We have developers offering attractive payment plans and mortgage interest rates are low. We will see more international investors coming in to buy the property next year.”



## 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.



## ABOUT VPI

The ValuStrat Price Index or the VPI, is a valuation-based price index constructed to represent periodic change in capital values and rental values experienced by typical residential and commercial properties. The VPI for Dubai's residential capital values is updated on a monthly basis. The VPI for Dubai's residential rental values is updated on a quarterly basis. The VPI for Dubai's office capital values is updated on a quarterly basis. The VPI for Dubai's industrial logistics capital values is updated on a quarterly basis. The VPI applies weighted averages using data samples representing up to 95% of the market across the city and is built by our expert RICS Registered Valuers.

FOR REGULAR MARKET INTELLIGENCE

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Some of the key sectors serviced by ValuStrat include real estate, hospitality, retail, education, healthcare, FMCG, manufacturing, financial, entertainment, agriculture, energy and transport. ValuStrat is a Royal Institution of Chartered Surveyors (RICS) Regulated Firm and the first firm in all of MENA/Asia/Africa to be accepted into the prestigious RICS Tech Affiliate program now known as 'RICS Tech Partner'



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