Dubai Residential Market Review

Autumn 2023 | 2024 Residential Forecast Edition | knightfrank.ae/research

Average prices rise by 5% in Q3

Residential values across Dubai rose by 5% during Q3 2023, marking the 11th consecutive quarter of price rises. The latest increase leaves values 30% higher than Q1 2020 however, average prices remain 7% below the 2014 peak. On an annualised basis, prices are up by 19%.

At a segment level, apartment prices increased by 5.1% to over AED 1,300 psf during Q3, with values now 26% higher than in Q1 2020. Despite rising by 19% over the last 12 months, apartments still trail the 2014 peak by 10%.

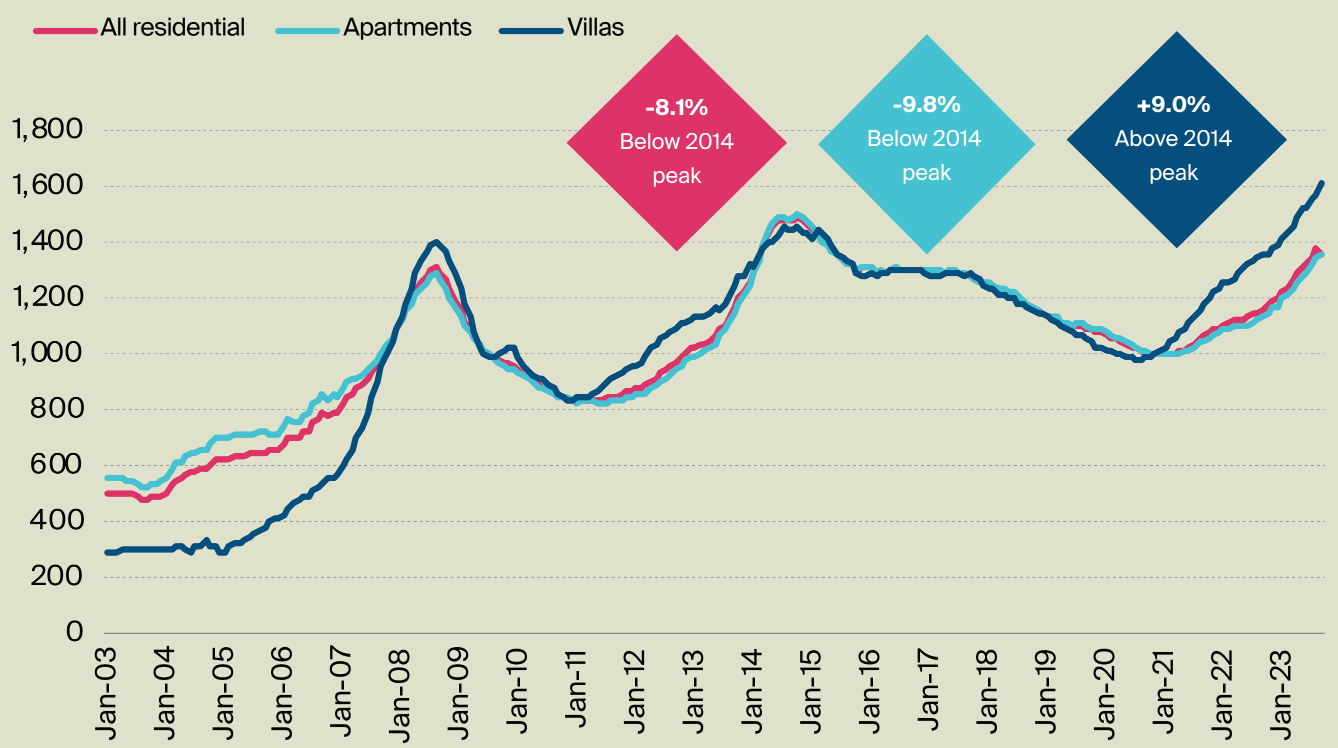
In addition, villa prices also increased by 4.5% between June and September to reach an average of AED 1,580 psf, a rise of 18% from last year and 57% higher than Q1 2020 levels. This growth is being fueled by the international elites continued strong demand for luxury second homes, as documented in our 2023 Destination Dubai report, which showed that 66% of global HNWI are keen to purchase a second home in Dubai. Separately, Dubai has been named as the world's sixth best city (first in the region) to 'live and prosper' (Resonace).

"66% of global HNWI are keen to purchase a second home in Dubai."

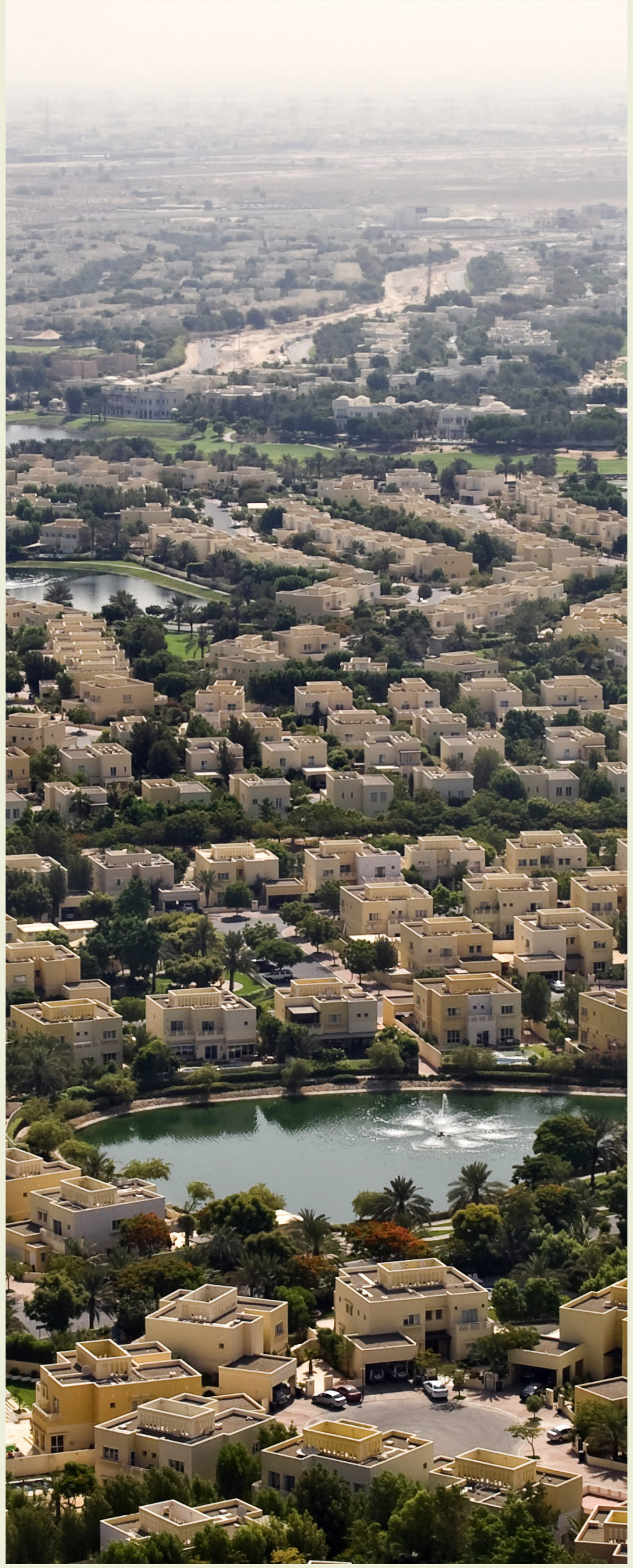
Unsurprisingly, this level of growth has resulted in villa prices surpassing the last market peak in 2014 by almost 9%. This figure is substantially greater in high-demand neighbourhoods, which we explore below.

Average value of residential transactions (by property type)

AED psf



Source: Knight Frank, REIDIN



Price performance in Dubai's residential submarkets

Apartments at Dubai South have experienced one of the strongest rates of growth in the city, with prices rising by 73% over the last 12 months, followed by Jumeirah Lakes Towers (67%) and Umm Suqeim Third (Madinat Jumeirah Living) (37%), each standing at approximately AED 1,150, AED 1,780 and AED 2,860, respectively.

Palm Jumeirah remains the most expensive apartment submarket by price per square foot, at AED 3,390, followed by Umm Suqeim Third (Madinat Jumeirah Living). Both submarkets have seen their figures surpass Q1 2020 levels by 122% and 100%, respectively.

"The Palm Jumeirah remains the most expensive apartment submarket."

Similarly, at Jumeirah Islands, villa prices have increased by 65% in the last 12 months alone to reach AED 2,680 psf, positioning it as the neighbourhood with the fastest-rising villa values. In addition, Dubai South villas saw the highest quarterly change in price, up 33% during Q3.

Average value of residential transactions (by property type)

Apartments	Q3 average AED psf	3-month change	12-month change	Q1|2020
Business Bay	2,261	21%	20%	27%
Damac Hills (Akoya)	1,147	6%	4%	-5%
Discovery Gardens	650	6%	25%	22%
Downtown Dubai	2,482	2%	6%	23%
Dubai Creek Harbour	2,191	6%	23%	31%
Dubai Hills Estate	1,930	-1%	15%	35%
Dubai South (Dubai World Central)	1,146	50%	73%	30%
International City	576	-11%	20%	8%
Jumeirah Beach Residence	2,267	-11%	-2%	45%
Jumeirah Lake Towers	1,784	10%	67%	100%
Jumeirah Village Circle	1,129	3%	21%	38%
Meydan City	1,262	-1%	17%	9%
MBR City	1,844	0%	15%	33%
Palm Jumeirah	3,387	7%	16%	122%
Umm Suqeim Third (Madinat Jumeirah Living)	2,859	10%	37%	78%

Villas	Q3 average AED psf	3-month change	12-month change	Q1|2020
Al Barari	1,828	7%	20%	171%
Al Furjan	1,119	12%	26%	58%
Arabian Ranches	1,268	5%	15%	71%
Damac Hills (Akoya)	1,402	-3%	13%	49%
Damac Lagoons	1,297	12%	23%	0%
District One	2,961	14%	43%	112%
Dubai Hills Estate	2,351	0%	35%	127%
Dubai Silicon Oasis	929	11%	10%	53%
Dubai South (Dubai World Central)	1,042	33%	53%	84%
Emirates Hills	4,459	26%	-15%	155%
Jumeirah Golf Estates	1,734	15%	18%	88%
Jumeirah Islands	2,683	7%	65%	263%
Jumeirah Village Triangle	1,196	6%	26%	84%
MBR City	1,758	-2%	5%	66%
Palm Jumeirah	5,522	7%	12%	292%
The Springs and the Meadows	1,547	3%	18%	85%

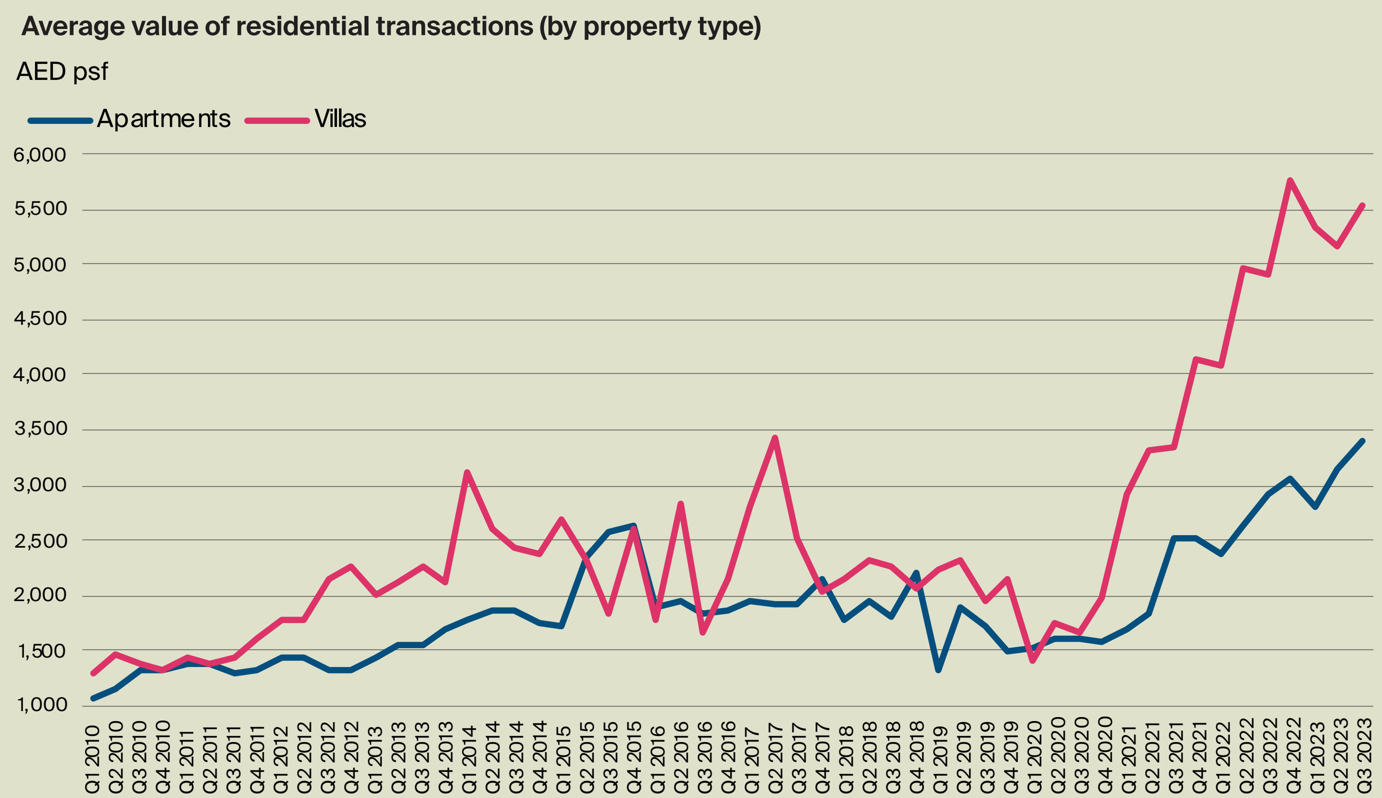
Source: Knight Frank, REIDIN

Palm Jumeirah villas outstanding growth

Villa prices on the Palm Jumeirah have risen by 292% since January 2020 with transacted prices averaging about AED 5,520 psf. Notably, villa values have sailed past their previous market peak, at stand 106% above 2015 levels and 61% higher than they were in 2017.

"Villa values have sailed past their previous market peak."

Apartment values on Palm Jumeirah are currently trading for an average of AED 3,390 psf. This is 57% higher than in 2017 and 122% above January 2020 levels.



Source: Knight Frank, REIDIN

Prime prices up 0.7% in Q3

Dubai's prime markets remain highly sought after and are responsible for 4.8% of transactions (by total value) that have taken place in the first nine months of this year across the city. The submarkets that we classify as prime are Palm Jumeirah, Emirates Hills, and Jumeirah Bay Island.

With average prime transacted prices standing at around AED 3,740 psf, or about US$ 1,018 psf, Dubai remains one of the world's most affordable luxury home markets, further enhancing its appeal among international buyers.

Prime residential values have increased by 15.9% on an annual basis in 2023. Jumeirah Bay Island remains the most expensive prime submarket as at the end of Q3, with prices at AED 7,545 psf, followed by Emirates Hills (AED 4,460 psf) and the Palm Jumeirah (AED 3,620 psf).

"Dubai has emerged as the world's busiest US$ 10 million+ homes market during H1, with 176 sales in this exclusive price bracket."

With only 368 homes are expected in Dubai's prime neighbourhoods between now and the end of 2025, 98% (or 360 units) of which are apartments, prices are likely to experience sustained upward pressure. These projects include Alpago's Palm Flower (11 apartments), Ellington Beach House (123 apartments), and Serenia Living (226 units) on The Palm Jumeirah as well as Bulgari Mansions (8 villas) on Jumeirah Bay Island.

Further up the price spectrum, Dubai has emerged as the world's busiest US$ 10 million+ homes market during H1, with 176 sales in this exclusive price bracket, ranking ahead of New York (125), Hong Kong (109), and London (99) and further underscoring the city's emergence as a key global luxury homes market.

We return to the broader theme of supply and our 2024 outlook for the mainstream and prime markets later in our report.

Total value of US$ 10million+ sales in Dubai during Q3, by submarket (US$)

Submarket	US$ 10 million+ transactions (by value)
Palm Jumeirah	825,274,387
Emirates Hills	189,608,820
Umm Suqeim Third	141,885,000
MBR City	125,687,007
Jumeirah Bay Island	117,936,000
Za'abeel First	57,147,471
Dubai Harbour	29,967,596
Tilal Al Ghaf	27,000,000
Al Barari	21,600,000
District One	16,634,700
Downtown Dubai	15,390,000
Business Bay	10,212,480
Total	**1,578,343,460**

Source: Knight Frank, REIDIN

Total number of US$ 10million+ sales in Dubai during Q3, by submarket

Submarket	US$10 million+ transactions (by volume)
Palm Jumeirah	51
Emirates Hills	8
MBR City	8
Jumeirah Bay Island	7
Za'abeel First	4
Umm Suqeim Third	3
Dubai Harbour	2
Al Barari	2
District One	1
Business Bay	1
Downtown Dubai	1
Tilal Al Ghaf	1
Total	**89**

Source: Knight Frank, REIDIN

Average sales prices for US$ 10 million+ homes in Dubai during Q3

Submarket	Average AED psf
Umm Suqeim Third	15,636
Business Bay	9,674
Jumeirah Bay Island	9,118
Palm Jumeirah	6,730
Downtown Dubai	5,722
Emirates Hills	5,678
MBR City	5,358
Za'abeel First	5,306
Dubai Harbour	4,750
Tilal Al Ghaf	4,230
Al Barari	3,496
District One	2,984
Average	**6,770**

Source: Knight Frank, REIDIN

57% of Dubai's prime residential sales are secondary

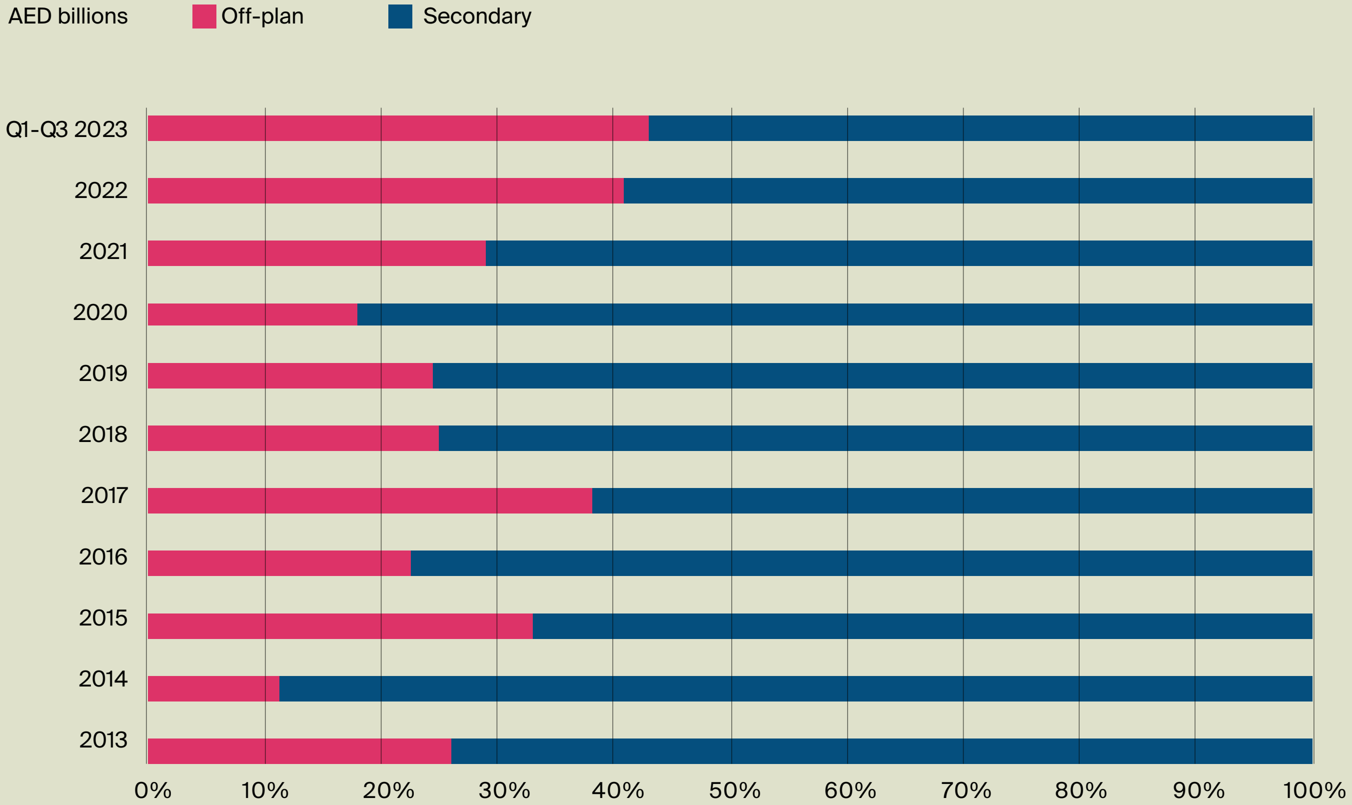
Over half (57%) of the prime residential property transactions in Dubai between Q1 and Q3 2023 were secondary sales, reflecting the high proportion of end-users and second-home buyers in the current market cycle.

With a rise in the volume of product launches over the last 12 to 18 months, and as developers respond to the stable and sustained demand for homes, the volume of off-plan homes sold has been unsurprisingly rising.

"With a rise in the volume of product launches over the last 12 to 18 months, the volume of off-plan homes sold has been unsurprisingly rising.

Off-plan sales in prime submarkets reached a cumulative total of AED 10.8bn during the first nine months of this year, while sales for ready

Prime transaction volumes: off-plan vs secondary market sales (by value)



Source: Knight Frank, REIDIN

Apartments dominate supply

Although the supply of homes in the city's most desirable areas remains limited, the number of under-construction homes throughout the rest of the emirate is steadily increasing.

We expect 81,300 homes to be delivered by the end of 2028, 64% of which are apartments (52,200 units), 31% are villas (25,600 units) and 4% are branded residences (3,500 units). Almost 30,800 of these homes are expected to be completed this year alone. Historically, up to a third of projected supply is delayed and is pushed into the following year.

"We expect 81,300 homes to be delivered by the end of 2028, 64% of which are apartments."

Of the 30,000 homes expected this year, around 18,700 have been handed over to date, with some likely to be stalled till 2024.

Excluding 2023 and assuming all 30,800 homes are completed this year, 50,500 units are scheduled for completion between 2024 and 2028, representing an average of just 10,000 homes per year – a 73% reduction on the long-term rate of home deliveries, strongly hinting at continued upward pressure on prices, particularly as the population continues to grow.

Dubai's top submarkets for under-construction supply (2023-2028)

Overall			Apartments		Villas		Branded Residences	
Rank	Location	Number of units	Location	Number of units	Location	Number of units	Location	Number of units
1	MBR City	19,845	MBR City	17,489	Dubai Land	5,737	Dubai Marina	600
2	Dubai Land	7,173	Business Bay	6,601	Damac Lagoons	4,676	Dubai Creek Harbour	587
3	Business Bay	7003	Jumeirah Village	3,261	Jebel Ali	3,984	Tecom Business Park (Al Sufouh)	441
4	Jebel Ali	5,562	Downtown	2,795	Dubai South	3,851	Business Bay	402
5	Damac Lagoons	4,876	Jumeirah Lake Towers	2,744	Tilal Al Ghaf	2,907	Downtown	380

Source: Knight Frank, REIDIN

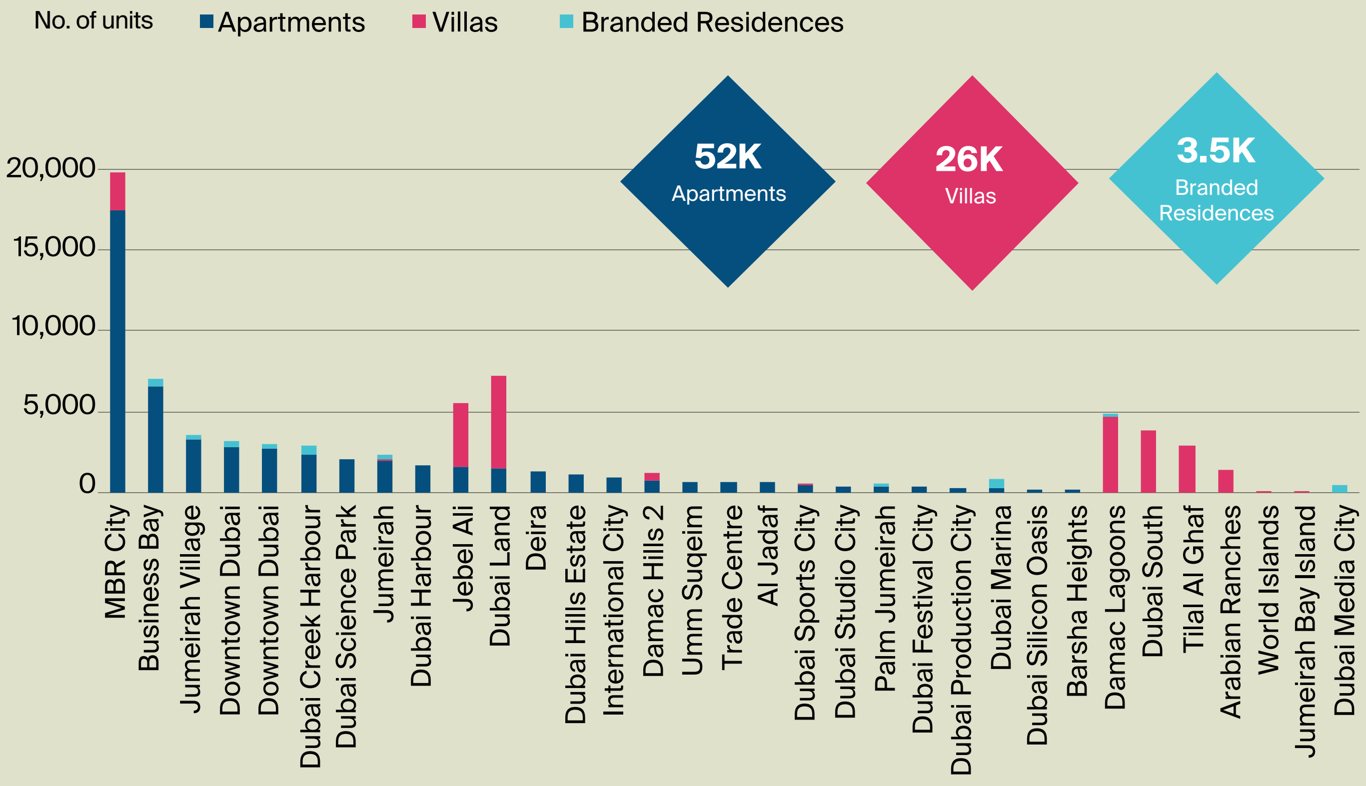
MBR City is at the heart of the bulk of future apartment supply. Projects here include The Crest at Sobha Hartland, which is set to deliver 1,518 units by the end of 2025. Elsewhere, Al Habtoor City's new residential towers are expected to add around 1,700 homes to Dubai's total stock by 2028.

In addition, Rukan Development is undertaking one of the largest villa projects in Dubai Land totalling 1,299 units, to be completed by Q4 2024. Villanova is another under-construction villa development (c. 1,400 units), set to be delivered in stages between the end of 2023 and 2025. Lastly, Nakheel has alsorecently launched 1,100 villas at Jebel Ali Village, which are due by the end of 2025.

"MBR City is at the heart of the bulk of future apartment supply."

It's worth noting that roughly 3,500 branded residential units are also currently under construction. Dubai Marina stands out as the primary source of upcoming supply in this market segment, with around 600 units (including Five Luxe and Ciel Tower) expected to be completed by 2024. Cavalli Casa by Damac Properties in nearby Dubai Media City, consisting of 441 units, is set to be completed by 2026.

Dubai residential supply by submarket (2023-2028)



Source: Knight Frank, REIDIN

In focus: Q3 project launches

In addition to the under-construction supply detailed above, we are also tracking project launches – these are developments that are yet to break ground.

Our analysis reveals an additional 10,816 units launched in Q3 alone, taking the total number of unites we would classify as “launched” to approximately 53,000. 93% of launched projects in Q3 were villas – this is in contrast to Q2 when 83% of launched units were apartments.

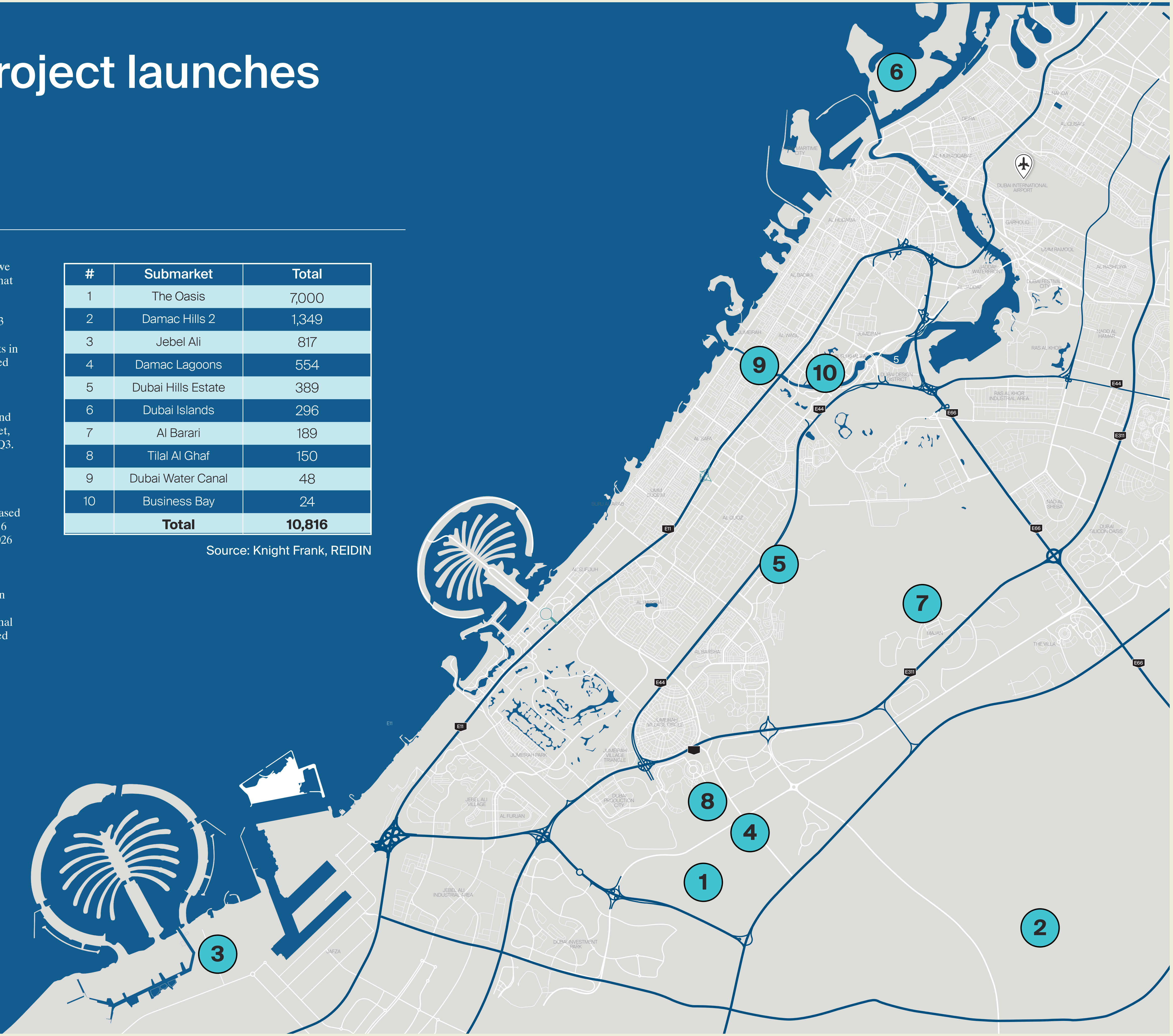
Emaar’s recently launched project, The Oasis, constitutes the majority (67% | 7,000 units) of the launched projects in Q3 and is due for handover in Q4 2030. Damac Hills 2 (Verona, Violet, and Natura – all villas) was the second largest launch during Q3. Here, 1,349 homes are due for completion between 2024 and 2026.

Another noteworthy project to launch between July and September was the Palm Jebel Ali, where 817 villas were released in the first tranche of sales, spread across four of the islands 16 fronds. They are expected to start being delivered between 2026 and 2027.

Other recent apartment-only launches include the Parkside Views at Dubai Hills Estate (389 homes), expected by 2026. In addition, Rixos Bay Residences at Dubai Islands (286 units), Eywa at Dubai Water Canal (48 units), and Al Wasl: One Canal at Business Bay (24 units), are also projects that were launched between July and September.

#	Submarket	Total
1	The Oasis	7,000
2	Damac Hills 2	1,349
3	Jebel Ali	817
4	Damac Lagoons	554
5	Dubai Hills Estate	389
6	Dubai Islands	296
7	Al Barari	189
8	Tilal Al Ghaf	150
9	Dubai Water Canal	48
10	Business Bay	24
	Total	**10,816**

Source: Knight Frank, REIDIN



Rental resilience

Away from the sales market, rental growth remains closely tied to sales prices, indicating no significant yield compression. Average yields for single-let apartments (7.4%) continue to outperform villas (5.8%).

Average rents in the city currently stand at AED 94 psf, marking a 3.7% increase from Q1 and a 22.3% rise from last summer.

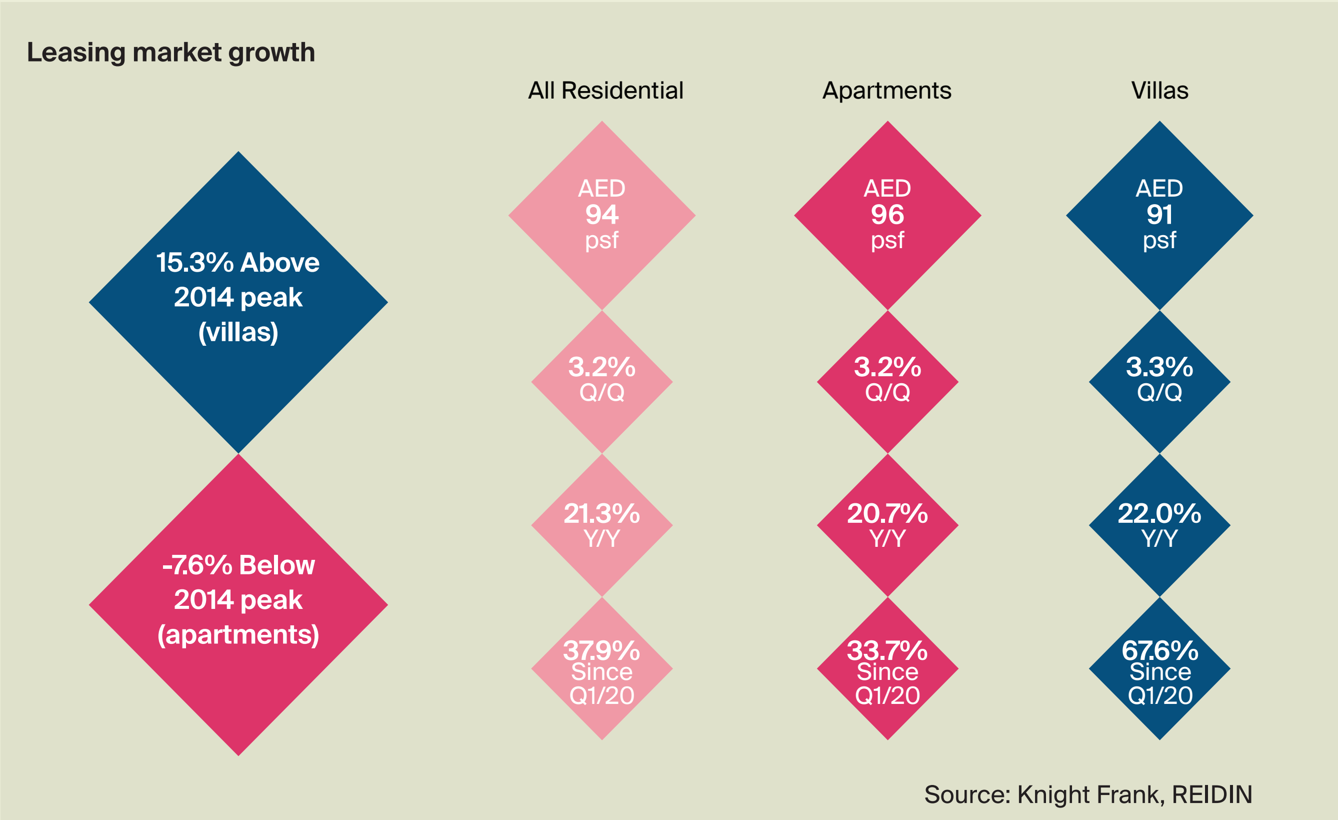
Rents for villas on Palm Jumeirah have increased by about 10% compared to Q3 2022 and by just over 108% overall since January 2020. Rents here stand at an average of AED 150 psf.

In the mainstream market, more affordable villa locations are also recording similarly high growth in lease rates. For instance, at The Springs (AED 86 psf) and Arabian Ranches (AED 81 psf), average lease rates have climbed by nearly 29% and 14% in the last 12 months, respectively.

In addition, apartment rents across Dubai have also grown, rising by 21% since last year, and currently stand at AED 96 psf, representing an increase of 3.2% from Q2. Business Bay (27%) and Dubai Marina (23%) lead the pack with the strongest rental growth since last summer.

Overall, apartment lease rates are now 34% higher than January 2020 levels but remain 8% lower than the last market peak in 2014.Villas, on the other hand, have seen average rental rates rise by close to 68% over the same period and are now 15% higher than the last peak in 2014.

"Apartment lease rates are now 34% higher than January 2020 levels but remain 8% lower than the last market peak in 2014."



2024 Forecast

12-months after our first prime residential market forecast for Dubai, our 2023 prediction for the city's prime residential market has been proven accurate.

Dubai's prime market, which encompasses the neighbourhoods of Palm Jumeirah, Emirates Hills and Jumeirah Bay Island collectively experienced price growth of 15.9% in the 12-months to the end of September 2023, putting us on track to achieve the 13.5% we forecast at this time last year.

While this may, on the surface at least, appear to be a significant decline on the 44.4% prime price growth registered in 2021, it is simply a reflection of some of the extraordinary growth in 2021 slowly working its way out of our 12-month growth calculations.

A global superstar

Demand for luxury homes in Dubai remains resilient and supply continues to stubbornly lag demand as evidenced by the performance of the upper echelons of the market. The volume of super-prime homes sold in Dubai, for instance, i.e., those priced at over US$ 10 million, totalled US$ 1.6bn during Q3 2023, while the total number of US$ 10 million home sales between Q1-Q3 2023 has hit a record 277. This is already a new all-time record high with three-months of the year still left to run.

This builds on Dubai's emergence as the world's busiest US$ 10 million+ sales market during H1, ranking ahead of New York (125), Hong Kong (109), and London (99).

Palm Jumeirah retains top spot

The seemingly unquenchable appetite for luxury homes in the city continues to strengthen, with residents and international buyers still zeroing in on the emirate's most affluent neighbourhoods. The Palm Jumeirah remains the key focal point for super-prime home sales, accounting for 52.3% of total sales in this exclusive US$10 million+ price bracket.

Overall, Palm Jumeirah villa prices are up 12.2% year-on-year, while apartment values have climbed 15.8% in the last 12 months.

New super-prime neighbourhoods emerge

The average transacted price for homes that were sold for more than US$ 10 million stood at AED 6,770 psf at the end of Q3. Not to be outdone however is Umm Suqeim Third, which is anchored by the Madinat Jumeirah Livin development, overlooking the Burj Al Arab. Average transacted prices here stood at AED 15,700 psf, 62% higher than its nearest competitor during Q3 – Business Bay.

"The seemingly unquenchable appetite for luxury homes in the city continues to strengthen."

Separately, inland villa communities are also thriving, with buyers gravitating towards those that offer luxury living in green settings, which now appear to be almost as highly sought after as homes with water views. This shift in buyer preferences is driving the emergence of new prime areas and as a result we expect to announce a change to our definition of Prime Dubai in the new year.

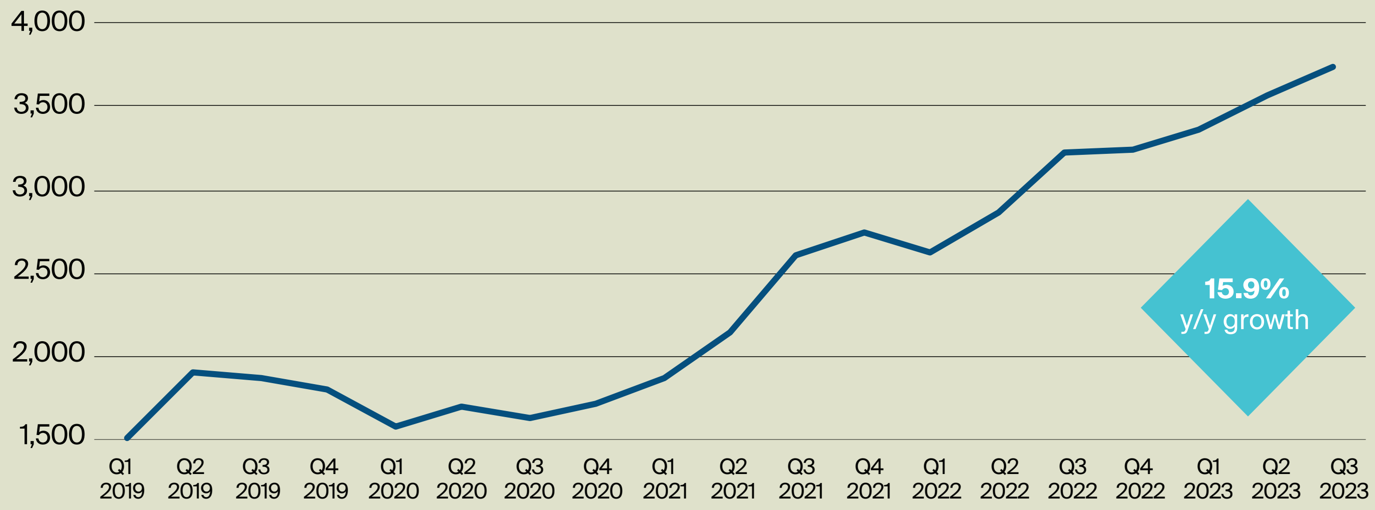
Still some gas in the tank

Dubai's third freehold residential market cycle remains firmly in its growth phase. Cash purchasers dominate activity, with the buyer pool we are working with still exceptionally diverse. Stock in the prime markets is still restricted and demand for luxury beach-front homes, as evidenced by the recent sell-out of the initial tranche of villas on the Palm Jebel Ali, for instance.

And this mismatch is likely to continue sustaining price growth until such time that supply outstrips demand, or there is a major global economic shock. Neither of these scenarios appear imminent in the short to medium term.

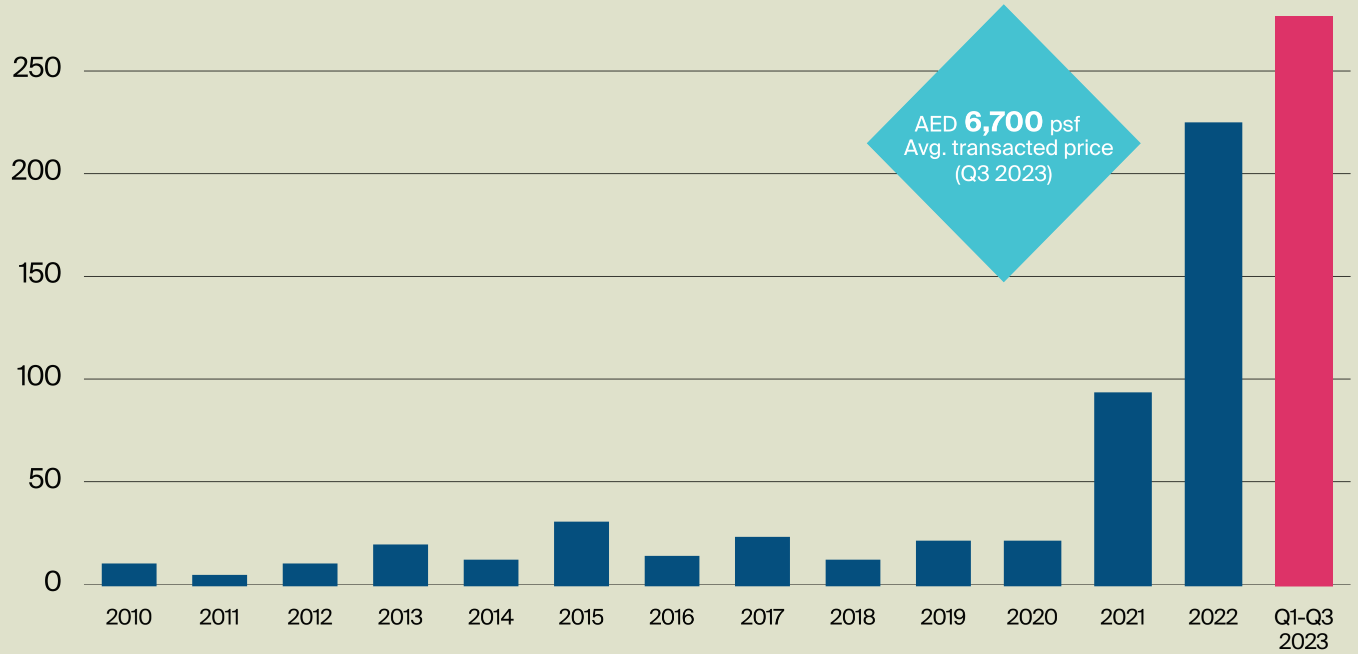
Average prime transacted values

AED psf (Annual rolling average for Emirates Hills, Palm Jumeirah & Jumeirah Bay Island)



Source: Knight Frank, REIDIN

Number of US$10 million+ transactions



Source: Knight Frank, REIDIN

Where Next?

To understand how values are likely to behave next year, we have closely examined some of the key performance indicators that have underpinned price performance during this market cycle.

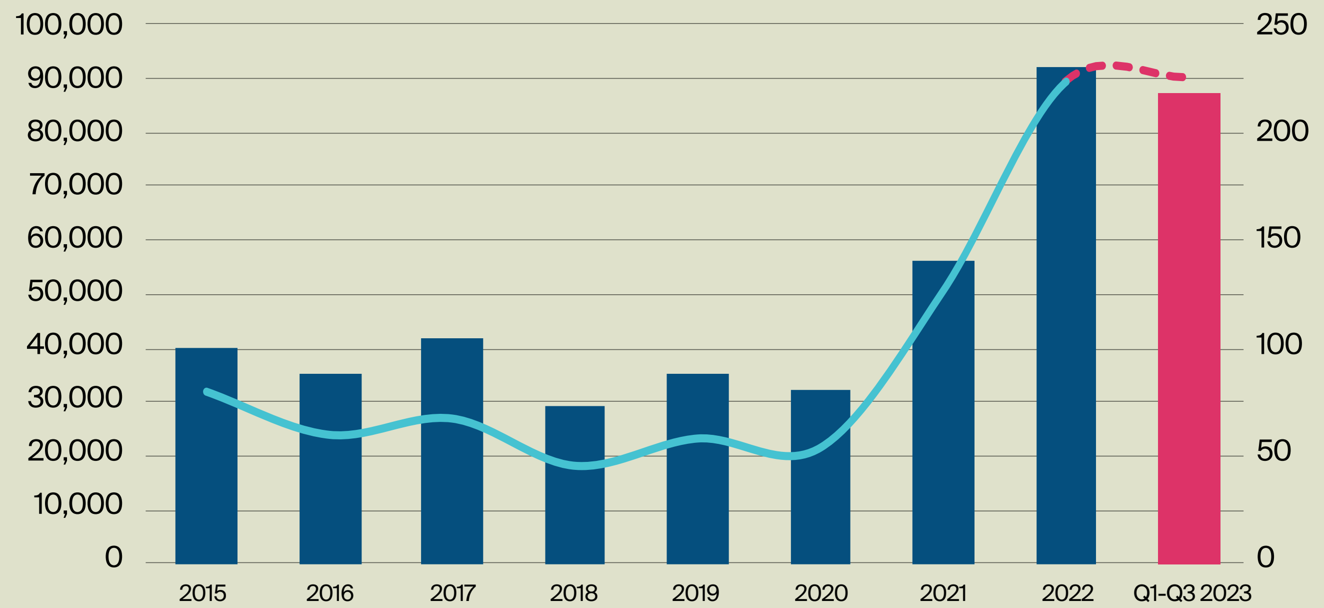
Transaction volumes
As noted above, the number of US$ 10 million+ home sales in Dubai has hit a new record and the same appears to be true for the wider market. Between Q1-Q3 2023, 87,000 homes were sold across the emirate, worth AED 224.6bn. For comparison, 2022 registered 92,000 transactions, totalling AED 222.7bn.

It is worth highlighting that a little more than 10,000 homes have sold in the emirate each month between January and August, but this figure dipped to 7,500 transactions in September.

"53% of global HNWI would prefer to purchase a completed home in Dubai."

Our view is that it is too early to draw any meaningful conclusions on the monthly fluctuations in the number of homes sold, not least because of the lag in registering property sales at the Dubai Land Department and also noting that September 2022 saw a similar decline in the number of residential deals, before transactional volumes began climbing from October 2022 onwards.

Transactional history*



Source: Knight Frank, REIDIN
*incl. villa plot sales

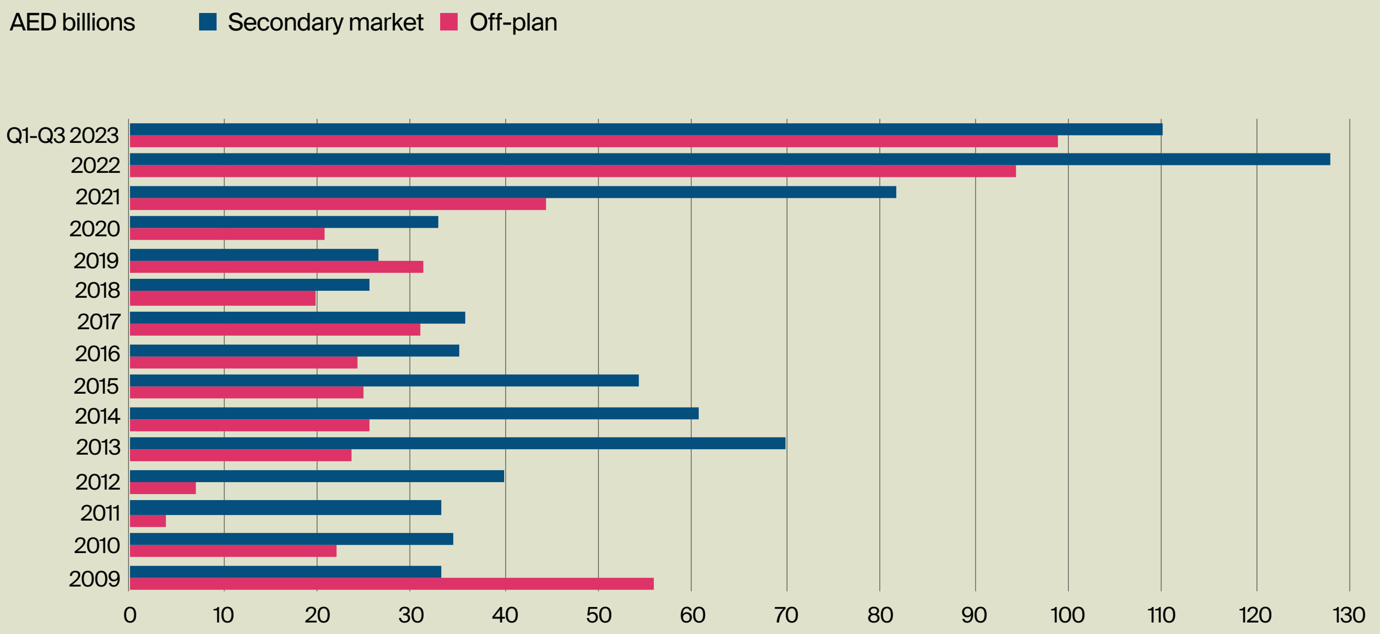
Off-plan vs ready sales
A key defining feature of Dubai's previous freehold residential market cycles was the dominance of the off-plan sales market. Indeed during 2009, off-plan sales accounted for 62% of all sales by volume.

The long-term average for this segment of the market is 42% of total sales volumes. Between Q1-Q3 2023, off-plan sales accounted for 47.8% of total sales volumes, positioning it marginally above long-term levels; predictable given the recent significant increase in new product launches, but still well shy of pre-GFC levels.

"Between Q1- Q3 2023, off-plan sales accounted for 47.8% of total sales volumes."

As we noted in our 2023 Destination Dubai report, 66% of international HNWI targeting Dubai for a second home, so it stands to reason that ready properties that grant instant access to the 'Dubai lifestyle' would be most preferred. Indeed, 53% of global HNWI would prefer a completed home in Dubai and this rises to 61% for those with a personal net worth of over US$ 10 million and stands at 71% amongst East Asian HNWI.

Transaction volumes: off-plan vs secondary market sale*



Source: Knight Frank, REIDIN
*excl. villa plot sales

Cash buyers' dominance

The UAE's long-standing policy of mirroring US fiscal policy, primarily due to the fixed US$-AED peg, has meant that the headline base rate has risen from 3.1% in October 2022 to 5.4% at the time of publishing this report in October 2023.

The knock-on impact for borrowers on variable rates is clear; however, the bulk of the market (80% during Q2 2023) remains driven by cash, rather than mortgaged purchasers. This continues to shield the market to an extent from the rampant rise in the cost of borrowing, as evidenced by the record level of sales likely in 2023 and of course, the emergence of Dubai as the busiest US$ 10 million+ homes market in the world during H1.

That being said, our data provides visibility of the initial point of transaction and it is very likely that many purchasers will seek to refinance their tpurchases further down the line.

For reference, the volume of cash transactions averaged 82.4% during H1 2023, the highest level on record for the market. This figure stood at 51% in 2007.

Supply limitations

The oversupply of residential property in Dubai has historically been a drag on capital value growth; however, in this cycle, developers have for the most part been slow to respond to the demand. In fact, excluding the last 18-months, the volume of new project launches was limited, which helped to support some of the significant price growth recorded not just in the prime market, but across the mainstream market as well.

"The predicted growth in Dubai's inhabitants will warrant the need for a large-scale residential development boom."

We are, at present, tracking 77,864 homes (excl. branded residences) that are currently under construction and due to be delivered by the end of 2028. This equates to an average of approximately 13,000 homes per year for the next six years – well below the historic level of completions of around 30,000 units.
Clearly there are likely to be new projec announcements between now and the end of 2028, which will likely boost the average number of deliveries each year over the next six years.

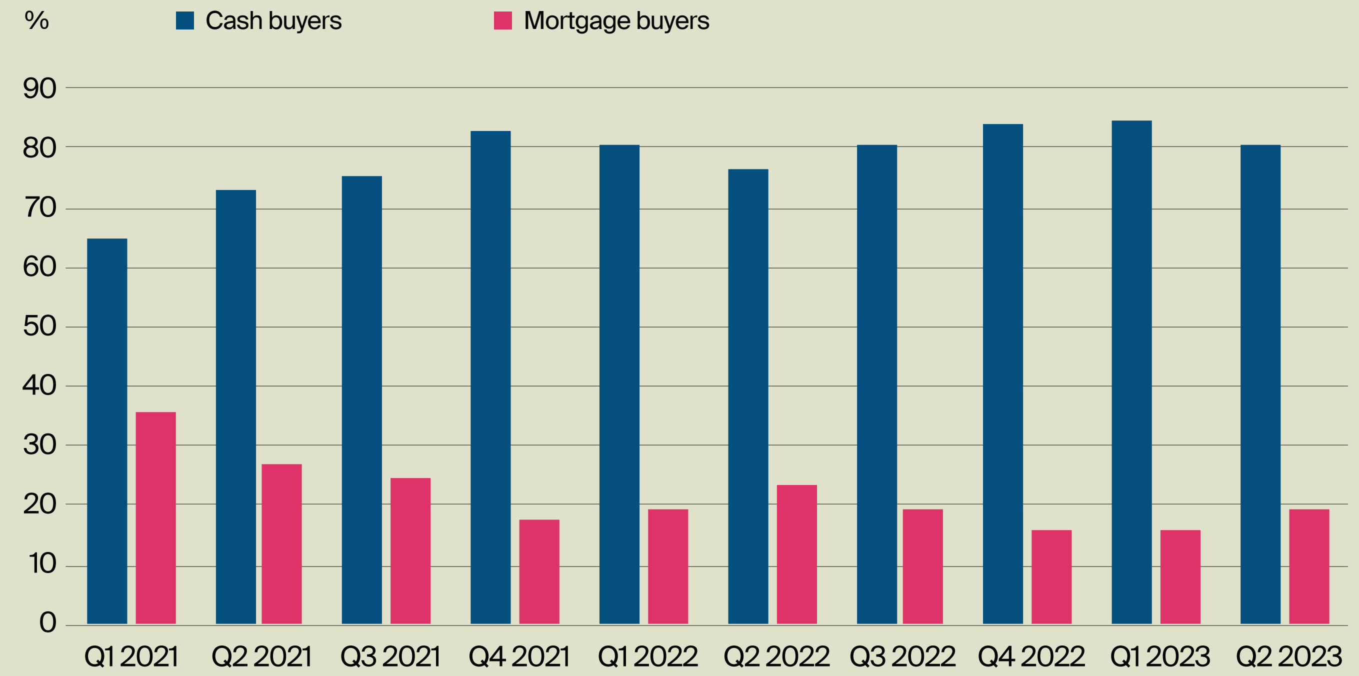
In the context of projected future population growth, this apparent slowdown in the rate of new home completions is likely to support further price growth across the city.

A critical consideration in our outlook is D33, the Dubai Economic Agenda. Aside from outlining a new roadmap for the emirate todouble its foreign trade and emerge as the world's fourth most prominent financial centre behind New York, London, and Singapore by 2033, D33 projects that the population by this stage will approach 6 million, up from 3.5 million today.

The predicted growth in the city's inhabitants will warrant the need for a large-scale residential development boom. Indeed, the city's current housing stock of c. 600,000 homes will virtually need to double if the population targets are to be met, which the government expects to further swell to 7.8 million by 2040.

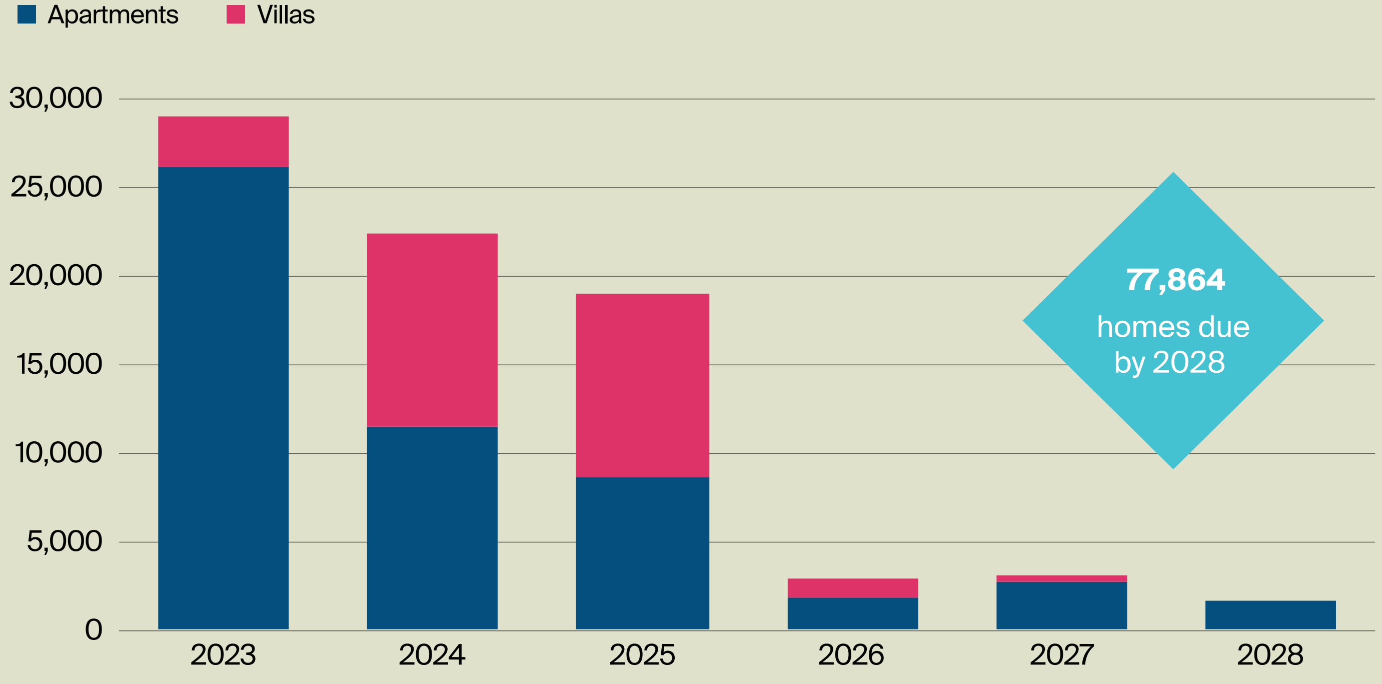
For the city's prime markets, the challenge is even more acute, with just 368 homes currently under construction. This again strongly hints at stronger price appreciation in the city's prime precincts than the more mainstream market.

Proportion of cash vs mortgaged buyers



Source: Knight Frank, REIDIN

Dubai residential supply forecast*



Source: Knight Frank, MEED, REIDIN
*excl. branded residences

2024 Outlook

We forecast that the mainstream market (the whole city, excluding the prime neighbourhoods of the Palm Jumeirah, Emirates Hills and Jumeirah Bay Island) will register price growth of 3.5% during 2024.

Prime outperformance
Between Q1-Q3 2023, the mainstream market was up 9%, putting price growth within touching distance of our forecast for 2023 of a 5-7% rise. In 2024, we expect mainstream values to grow by 3.5%.

We expect the prime residential market in Dubai to experience stronger price growth of 5% during 2024. While lower than this year's anticipated 13.5%, the lack of prime supply, coupled with the resurgence in demand from key source markets like China and India are underpinning our outlook.

Chinese investors and buyers are a key part of the fabric of Dubai's international buyer market and are likely to continue emerging as a key player this year, likely remaining at the top of our buyer league table for 2023. Indeed, our 2023 Destination Dubai report revealed that high net worth individual buyers from East Asia, including those from China, had the highest level of appetite to make a purchase in Dubai this year at 90%, compared to 52% for Europe and the UK and 50% for North America.

"Our prime residential forecast figure leaves Dubai as one of the fastest growing prime residential market in the world during 2024"

China being one of the last countries in the world to ease its COVID travel restrictions meant that Chinese travellers, often ranked amongst the top tourist source markets for Dubai had all but dropped out of the visitors' league table, but that has quickly changed with Chinese travellers
surging by 300% to 260,000 over the last 12 months. Emirates and Etihad too are rapidly ramping up flight frequencies to pre-pandemic levels to points in China which will undoubtedly facilitate greater cross border investment activity.

Indeed, we are already seeing the impact of this in the residential market. Knight Frank's buyer data for Q1-Q3 2023 shows that nationals from China (14%) accounted for the second biggest group of international buyers, followed by purchasers from the UAE (12%). British buyers were our top buyer nationality over the same period (16%). This mirrors 2022, when Chinese buyers (23%) dominated our league table, alongside British (21%) and Indian (12%) nationals.

3.5% Mainstream residential forecast (2024)

5% Prime residential forecast (2024)

Notably, our prime residential forecast figure leaves Dubai as one of the fastest growing prime residential market in the world during 2024, albeit it is also one of the most affordable at AED 3,740 psf, or about US$ 1,020 psf.

Risks
Our forecast is not without its risks.

Global economic slowdown (high risk):
Chief of these remains the risk of a global economic slowdown/recession/soft-landing, which was in fact identified by 27% of North American HNWI in our 2023 Destination Dubai report. Dubai is a global economic centre and is as such vulnerable to global economic shocks. Any global headwinds could eventually filter through to the emirate's economy, but for now, all the key economic indicators remain in firmly in positive territory. The government in mid-October reported a 3.2% y/y rise in GDP during H1.

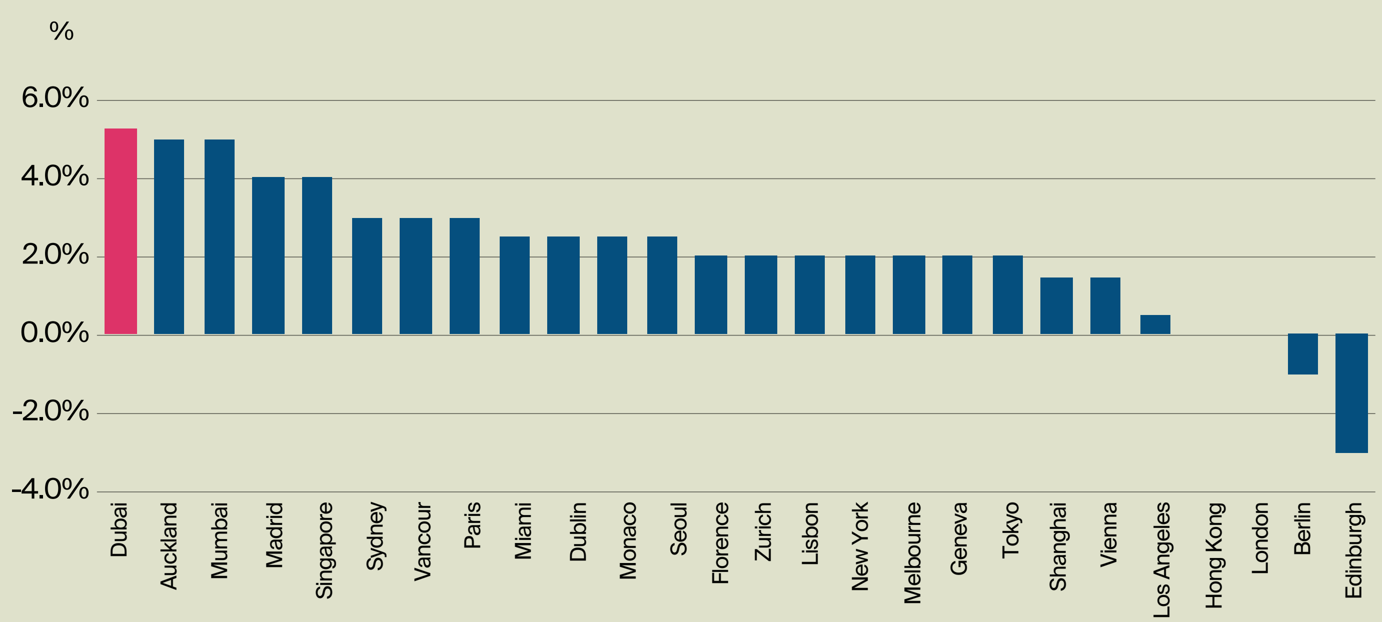
Middle East conflict (medium/high risk):

"Launching ever larger projects to satisfy the seemingly relentless demand for home."

Other outside, but very real downside risks stem from the rapidly developing Middle East conflict. An oil price spike may ensue, should the conflict widen and spook traders. In turn this may drive up global inflation. The IMF estimates a 10% oil price rise would temper global economic growth by 0.15%, while boosting global inflation by 0.4%. The knock-on impact could be adjustments to monetary policies by global Central Banks – higher interest rates could be on the cards as a lever to reign in any inflationary spikes. This could filter through to the property market in the form of higher borrowing costs and impact those looking to refinance purchases.

Oversupply (low risk):
Again, a perennial risk to the market, although for now the market remains, in our view, undersupplied. This can of course change rapidly should developers begin launching ever larger projects to satisfy the seemingly relentless demand for homes,

Global prime residential market forecasts | 2024



Source: Knight Frank, REIDIN

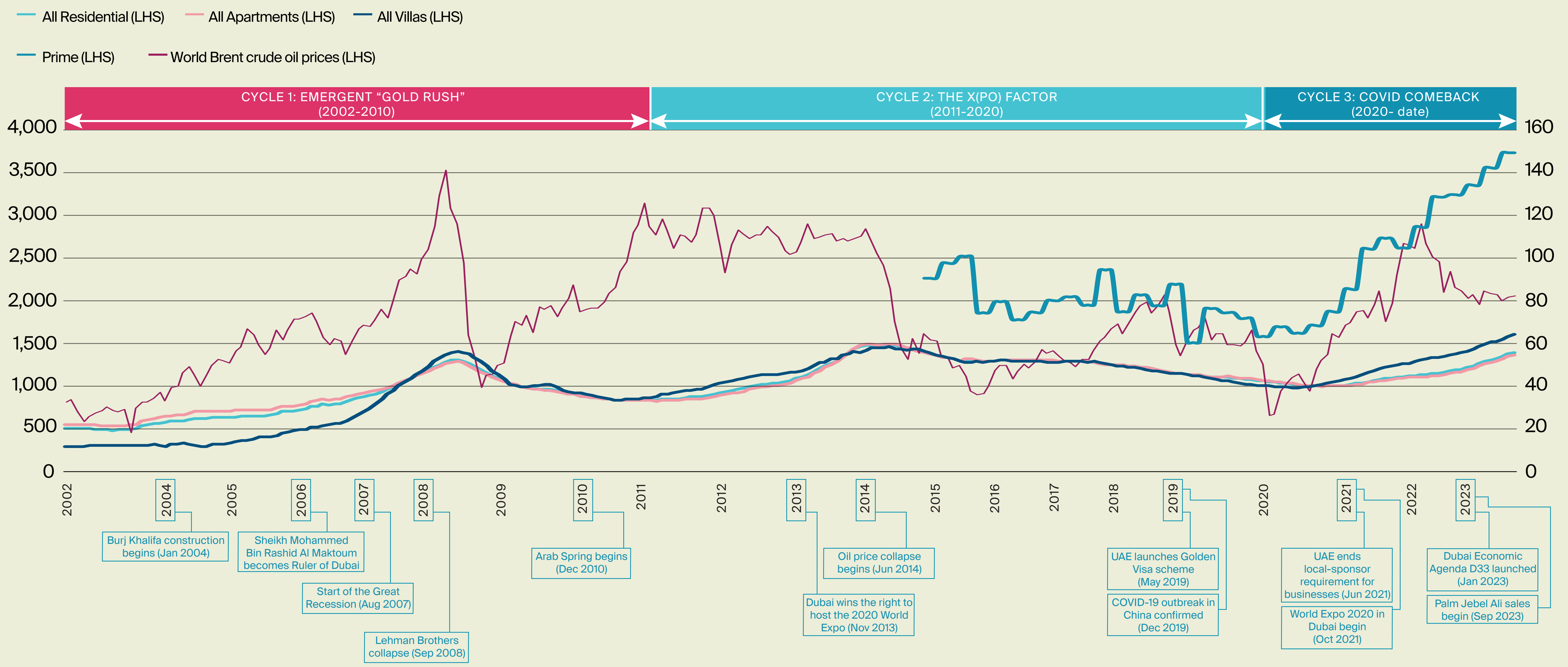
Dubai's residential property cycles

To understand how values are likely to behave next year, we have closely examined some of the key performance indicators that have underpinned price performance during this market cycle.

Comparing Dubai's freehold residential market cycles

	EMERGENT "GOLD RUSH" (2002-2010)	THE X(PO) FACTOR (2011- FEB 2020)	THE COVID COMEBACK (MAR 2020-Date)
Values at cycle start (AED psf)	500	831	1,050
Duration (years)	8	9.1	3.6
Period of increasing values (years)	5.7	3.8	2.8
Cycle high (AED psf)	1,309	1,487	1,387
Period of decreasing values (years)	2.4	5.3	n/a
Cycle low (AED psf)	481	831	n/a
% change from start to finish	66.4%	27.3%	n/a
peak to peak % change	n/a	13.6%	n/a
peak to trough % change	-63.3%	-44.1%	n/a

Source: Knight Frank, REIDIN, various



Source: Knight Frank, REIDIN, various

We like questions. If you've got one about our research,
or would like some property advice, we would love to hear from you.

Faisal Durrani
Partner - Head of Research, MENA
faisal.durrani@me.knightfrank.com
+971 4 426 7698

Tim Holmes
Partner - Commercial Valuations, MENA
tim.holmes@me.knightfrank.com
+971 50 327 0274

Ben Walker
Partner - Building Consultancy, MENA
ben.walker@me.knightfrank.com
+971 50 245 6659

Shehzad Jamal
Partner - Strategy & Consultancy, MEA
Shehzad.Jamal@me.knightfrank.com
+971 56 410 1298

Bradley Rands
Partner - Head of Mortgage & Debt Advisory, MENA
bradley.rands@me.knightfrank.com
+971 56 420 6734

Lars Jung-Larsen
Partner - Luxury Brands, MENA
lars.junglarsen@me.knightfrank.com
+971 50 378 0902

Stephen Flanagan
Regional Partner - Head of Valuation and Advisory, MENA
stephen.flanagan@me.knightfrank.com
+971 50 813 3402

Dean Foley
Associate Partner - Residential Project Sales & Marketing, UAE
dean.foley@me.knightfrank.com
+971 50 106 0784

Alaa Aljarousha
Manager - Research, UAE
alaa.aljarousha@me.knightfrank.com
+971 56 548 9626

Imran Hussain
Partner - Residential Valuations, MENA
imran.hussain@me.knightfrank.com
+971 50 383 2491

Onzie Jones
Partner - Property Asset Management, UAE & KSA
onzie.jones@me.knightfrank.com
+971 54 322 4749

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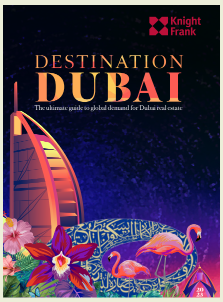

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Our registered office address: 39th floor, Media One Office Tower, Al Falak Street, Dubai Media City

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