

REVIEW

2019

2020

VISION

Dubai

# REVIEW

## Q1 2019 REVIEW

### VPI

- The first quarter ValuStrat Price Index (VPI) for residential properties displayed an overall 12.4% annual fall in capital values, with quarterly declines of 3.2%. This downward trend resulted in 27.1% citywide capital value loss since the peaks of mid-2014.
- The residential rental VPI in Dubai stood at 76.5 points, declining 23.5% since 2014, softening 1.9% quarterly and 9.0% annually. Dubai's net yields averaged 5.5%, for apartments at 5.7% and villas at 4.2%.
- VPI for Dubai's office capital values stood at 74.0 points, suggesting that average capital values are 26% lower than the same period during the base year 2015, 14.4% lower than the same period last year and 4.7% below the previous quarter.

### Launches

- His Highness Sheikh Mohammad Bin Rashid Al Maktoum and Dubai Holdings launched a new 550 metre tower project Bury Jumeirah as centrepiece for Downtown Jumeirah development
- Emaar Properties unveiled Golf Grove in Dubai South and the third phase of Arabian Ranches
- Cherrywoods and Central Park at City Walk was announced by Meraas
- Dubai International Financial Centre 2.0 (DIFC 2.0) 1.2 million sq m (13 million sq ft) expansion plan

### Economy

- 2018 GDP grew 1.94% to AED 398.13 billion, as per Dubai Statistics Centre
- US foreign direct investments reached more than AED 14 billion
- Shaikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of Dubai Executive Council authorised Dubai Silk Road Strategy
- International Monetary Fund forecasted Dubai's economic growth could reach up to 4%
- 450,000 Value Added Tax (VAT) returns filed during first year of implementation
- Oil prices averaged USD 60.5 per barrel, declined 6% annually

### Transactions

- There were 4,418 off-plan transactions and 2,677 ready home cash sales worth a total of AED 11.4 billion, up 33.4% annually
- Office transaction volumes during the first quarter jumped 64% when compared to the previous quarter, including a substantial number of bulk sales of space priced at less than AED 6,458 per sq m (AED 600 per sq ft)

### Sales

- As prices kept on falling, sales volumes continued to rally for last 6 months perhaps with an anticipation of a bottoming-out market, as the first quarter saw off-plan sales increase 21.1% YoY and ready properties sales improve 8.5% YoY
- Ticket sizes for both ready and off-plan saw considerable quarterly growth rates, off-plan up 24.6% and ready grew 4.8%
- The highest share (26.4%) of ready villas sold priced between AED 1M - AED 2M since 2016
- Overall transacted office prices were 20.9% lower than last year, and down 20.3% QoQ

### Transportation

- Dubai Route 2020 metro extension reached 70% completion
- Not gates at Dubai Metro announced to undergo upgrades that will include new AFC Gates with 3D sensors
- Smart Safety Bus initiative was launched
- Uber acquired home-grown ride-hailing company Careem for USD 3.1 billion
- Dubai Airport rebranded with a new logo



### Tourism

- 4.75 million international guests by the end of March 2019
- PRO fee for tourism and travel-related activities was waived by Dubai Tourism and Commerce Marketing (DTCM)
- Emaar announced Duba Stars in Downtown, a local version of Hollywood's Walk of Fame
- The first phase of Al Shindagha Museum was opened by Dubai Culture and Arts Authority
- Dubai Frame achieved 1 million visitor milestone

### Hotel

- Dubai's first 5 hotel and Leva Hotel opened
- OYO Hotels and Homes to debut the city's hospitality sector
- Nassima Royal Hotel was rebranded to Voco Dubai
- Emaar sold AED 2.2 billion worth of hospitality assets to Abu Dhabi National Hotels (ADNH)

### Office

- DIFC 2.0 to add 69 million sq m (6.4 million sq ft) office GLA
- The Offices 4 and 5 at Once Central DWTC was completed boasting 69,547 sq m (695,255 sq ft) GLA
- ICD Brookfield reached top-out status and sealed a pre-let arrangement with EY to occupy 11,148 sq m (120,000 sq ft) GLA

### Infrastructure

- Dubai allocated AED 58.6 billion for infrastructure projects
- Road and Transport Authority (RTA) opened Phase 2 of road projects to and from International City
- Jebel Ali Lehabab Road was renamed to Expo Road
- The main bridge at the Expo Road and Al Asayel Street intersection was opened

### Technology

- Real Estate Regulatory Authority (RERA) launched Tagimee smart application for property surveyors

### Industrial

- Lootah Real Estate announced completion of its W10 warehouse project in Dubai Investment Park
- Dubai Silicon Oasis Authority completed the construction of phase 4 for its Light Industrial Unit project
- Crown Prince approved Dubai Silk Road strategy
- Industrial property prices remained relatively stable QoQ but declined 1.7% YoY on average, no notable quarterly change in rental rates recorded

### Retail

- Sapphire Mall in Dubai Industrial Park with 19,974 sq m (215,000 sq ft) GLA was opened
- Dubai Duty Free announced total turnover reached more than USD 2 billion in 2018, up 4.3% YoY
- Emaar announced full ownership of online fashion marketplace Namshi
- City Centre Deira to undergo renovation as per Majid Al Futtaim

## Q2 2019 REVIEW

### VPI

- The second quarter ValuStrat Price Index (VPI) for residential properties displayed an overall 11.2% annual fall in capital values, with quarterly declines decelerating to 2.9%. This downward trend resulted in 29.3% citywide capital value loss since the peaks of mid-2014.
- The residential rental VPI in Dubai stood at 73.9 points, declining 26.1% since 2014, dropping 3.4% quarterly and 10.6% annually. Dubai's net yields averaged 5.7%, with apartments at 5.9% and villas at 4.7%.
- VPI for Dubai's office capital values declined to 69.3 points, suggesting that average capital values are 30.7% lower than the same period during the base year 2015, 16.1% lower than the same period last year and 6.3% below the previous quarter.

### Tourism

- Dubai Arena officially opened and renamed to Coca-Cola Arena
- Nakheel announced a new zombie theme park in Deira Islands
- Highly anticipated Six Flags theme park project has been cancelled
- Tourism officials consider loosening visa rules for more countries ahead of EXPO
- Dubai EXPO 2020 1-day ticket price of AED 120 (USD 33) revealed

### Hotel

- Vida Emirates Hills was inaugurated
- JW Marriott Deira ceased operation after 26 years in business
- Construction works begun for MGM, Bellagio and Aria Hotels at The Island

### Residential

- DLD considering a three-year rental cap
- Mirdif Hills announced to start handover of units
- DAMAC's sharia compliant property Ghalla at JVC welcomed its first residents

### Industrial

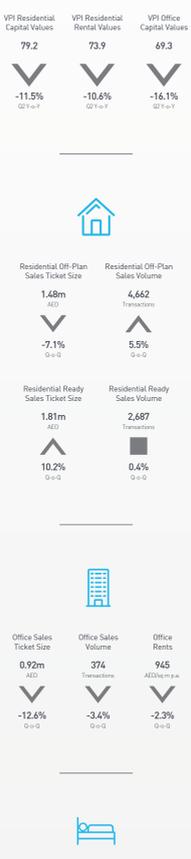
- DHL opened a 3,200 sq m (34,445 sq ft) exporting facility in Dubai South
- Aramex inaugurated an e-commerce fulfilment centre in Dubai Logistic City

### Office

- Berkshire Hathaway Home Services Dubai office opened in Onyx Tower
- Dubai Free Zone Council plans to have unified business license for all free zones in Dubai
- WeWork announced plan to expand in Dubai

### Transactions

- There were 4,662 off-plan transactions and 2,687 ready home cash sales worth a total of AED 11.7 billion, up 2.9% quarterly
- Off-plan sales transaction volume continued to rally upwards during the last nine months, as we saw off-plan sales increase 7.6% YoY, however, ready property sales fell 1.2% YoY, but stabilised since Q1



### Infrastructure

- An estimated 80% of roadworks to and from Jewel of the Creek project completed
- Construction contract awarded for road projects in Al Khawaneej corridor and Musrif Park
- Dubai - Al Ain Road improvement projects approved
- New Dubai - Sharjah alternative route finished construction

### Retail

- Dubai Retail launched phase 1 of its 1.3% sq m (15,000 sq ft) community centre project in Remraam
- Anchor tenant Carrefour in Cityland Mall was opened
- Phase 1 of Reel Cinema megalex at Al Ghurair Centre finished construction
- Amazon.co.uk officially launched, replacing Souq.com and introduced Prime membership

### Sales

- The highest share (28%) of ready villa purchases priced between AED 1M - AED 2M since 2016, and a significant share of 9.6% of villas priced above AED 10 million
- There were 374 office sales transactions during the second quarter, 3.4% lower than the previous quarter
- Overall transacted office prices were 10.9% lower than last year, and down 2.1% QoQ

### Legal

- DIFC enacted new employment and insolvency laws
- UAE unveiled golden card permanent residency law
- New family sponsorship policy implemented

### Market Sentiment

- As capital values continued to soften, there was a relatively strong quarterly sales volume performance for 9 months in a row

### Transportation

- Roads and Transport Authority introduced nine new bus routes around the city
- DMCC and Ibn Battuta metro stations resumed operations
- Eid holidays witnessed metro ridership of 3.9 million passengers

### Economy

- Dubai Islamic Bank revealed plans to acquire Noor Bank
- JAFZA announced to pump back AED 1.3 billion of cash and bank guarantees to the city's economy
- ADCB and UNB formally merge to form UAE's third largest lender with Al Hilal Bank
- Oil prices averaged USD 65.1 per barrel, declined 9% annually

## Q3 2019 REVIEW

### VPI

- The third quarter ValuStrat Price Index (VPI) for residential properties displayed an overall 11.2% annual fall in capital values, with quarterly declines decelerating to 2.6%. This downward trend resulted in 31.1% citywide capital value loss since the peaks of mid-2014.
- The residential rental VPI in Dubai stood at 72.6 points, declining 27.4% since 2014, softening 1.7% quarterly and 7.9% annually. Dubai's net yields averaged 5.7%, with apartments at 6% and villas at 4.8%
- VPI for Dubai's office capital values dipped 2.5% since last quarter to 67.6 ValuStrat Price Index (VPI) points, this translates to capital values being 32.4% lower than the same period during the index base year 2015, and 16.3% lower than the same period last year

### Tourism

- Dubai cruise season ended with record 51% YoY growth
- Mastercard Global Destination Cities Index ranked Dubai as first in terms of spending
- Dubai Global Village Platinum pass sold out

### Hotel

- Waldorf Astoria DIFC opened
- Emaar launched Ease holiday home management platform
- Address Fountain Views unveiled

### Sales

- Compared to last quarter, off-plan sales jumped 14.3%, and ready home transactions leaped 28%, which is surprising given the quiet summer months that included Eid holidays
- A record share (64%) of ready villa purchases priced between AED 1M - AED 2M, as well as 54% of all ready apartment sales were priced less than AED 1 million

### Residential

- DLD launched official Dubai House Price Index - Mo'asher
- China's top online real estate platform Fang launched a UAE web address
- More than 800 units sold in Sobha Hartland

### Transactions

- Residential capital values per square foot approached 2012 levels prompting 40% annual rise in off-plan sales and 36% growth in ready home sales
- There were 5,329 off-plan transactions and 3,439 ready home cash sales worth a total of AED 12.5 billion, up 7% quarterly

### Industrial

- Lootah introduced lease-to-own industrial warehouses in Senaeayt at Dubai Industrial Park
- Most industrial property prices remained stable
- Rental rates saw marginal declines



### Infrastructure

- Roads and bridges leading to Expo 2020 site were opened costing AED 1.3 billion to construct
- Tripoli Street project aimed to reduce commute between Dubai and Sharjah was opened
- Al Qudra - Lehabab Roads Intersection Project announced to have reached 65% completion
- RTA announced completion of Al Yalayas, Al Asayel roads development project
- Network of road and bridges to Dubai Hills mall reached 45% completion as per RTA

### Retail

- Dubai Executive Council Chairman launched e-commerce strategy
- Azizi Development announced Azizi Retail division
- Dubai Duty Free started accepting Indian Rupee
- Reel Cinema megalex phase two opened in Al Ghurair Centre
- Meraas Holding and Brookfield Asset Management formed a joint venture to own and manage a number of retail assets

### Transportation

- Dubai Metro transported a total of 1.5 billion passengers in 10 years
- Dubai's RTA created a new ferry service between Dubai and Sharjah
- Self-driving transport project by RTA test drive begun
- Careem and RTA launched Hala taxi-hailing service
- A compact version of RTA bus named RTA Solo started to roll out across the city

### Law

- Sheikh Mohammed issued new law to integrate operations of DLD and RERA
- A new Higher Committee for Real Estate Planning was announced by HH Sheikh Mohammed bin Rashid Al Maktoum which aimed to restore supply and demand balance in the real estate sector
- Joint ownership of real estate to be regulated by a new decree
- Government announced partial deeds, by which multiple investors could acquire a unit

### Economy

- The US Federal Reserve reduced interest rates by a quarter-point for the second time since the 2008 financial crisis, the UAE Central Bank followed suit
- S&P Global announced Dubai's economy could grow marginally by 2.4% this year
- Oil prices averaged USD 59.7 per barrel, declined 18% annually

### Retail

- Dubai Executive Council Chairman launched e-commerce strategy
- Azizi Development announced Azizi Retail division
- Dubai Duty Free started accepting Indian Rupee
- Reel Cinema megalex phase two opened in Al Ghurair Centre
- Meraas Holding and Brookfield Asset Management formed a joint venture to own and manage a number of retail assets

### Infrastructure

- Roads and bridges leading to Expo 2020 site were opened costing AED 1.3 billion to construct
- Tripoli Street project aimed to reduce commute between Dubai and Sharjah was opened
- Al Qudra - Lehabab Roads Intersection Project announced to have reached 65% completion
- RTA announced completion of Al Yalayas, Al Asayel roads development project
- Network of road and bridges to Dubai Hills mall reached 45% completion as per RTA

### Retail

- Dubai Executive Council Chairman launched e-commerce strategy
- Azizi Development announced Azizi Retail division
- Dubai Duty Free started accepting Indian Rupee
- Reel Cinema megalex phase two opened in Al Ghurair Centre
- Meraas Holding and Brookfield Asset Management formed a joint venture to own and manage a number of retail assets

### Transportation

- Dubai Metro transported a total of 1.5 billion passengers in 10 years
- Dubai's RTA created a new ferry service between Dubai and Sharjah
- Self-driving transport project by RTA test drive begun
- Careem and RTA launched Hala taxi-hailing service
- A compact version of RTA bus named RTA Solo started to roll out across the city

### Infrastructure

- Roads and bridges leading to Expo 2020 site were opened costing AED 1.3 billion to construct
- Tripoli Street project aimed to reduce commute between Dubai and Sharjah was opened
- Al Qudra - Lehabab Roads Intersection Project announced to have reached 65% completion
- RTA announced completion of Al Yalayas, Al Asayel roads development project
- Network of road and bridges to Dubai Hills mall reached 45% completion as per RTA

### Retail

- Dubai Executive Council Chairman launched e-commerce strategy
- Azizi Development announced Azizi Retail division
- Dubai Duty Free started accepting Indian Rupee
- Reel Cinema megalex phase two opened in Al Ghurair Centre
- Meraas Holding and Brookfield Asset Management formed a joint venture to own and manage a number of retail assets

### Transportation

- Dubai Metro transported a total of 1.5 billion passengers in 10 years
- Dubai's RTA created a new ferry service between Dubai and Sharjah
- Self-driving transport project by RTA test drive begun
- Careem and RTA launched Hala taxi-hailing service
- A compact version of RTA bus named RTA Solo started to roll out across the city

### Law

- Sheikh Mohammed issued new law to integrate operations of DLD and RERA
- A new Higher Committee for Real Estate Planning was announced by HH Sheikh Mohammed bin Rashid Al Maktoum which aimed to restore supply and demand balance in the real estate sector
- Joint ownership of real estate to be regulated by a new decree
- Government announced partial deeds, by which multiple investors could acquire a unit

### Economy

- The US Federal Reserve reduced interest rates by 25 basis points, the UAE Central Bank followed suit
- UAE Central Bank increased the upper age limit towards mortgage lending to 70 years from 65 as long as the client is self employed
- Oil prices averaged USD 58.9 per barrel, declined 9% annually

### Retail

- Smart Dubai and Dubai Department of Economic Development launched partnership to manage data related to retail sector performance
- 102,193 sq m (1.1 million sq ft) GLA Nakheel Mall opened in Palm Jumeirah
- Festival Plaza in Jebel Ali expected opened and includes Dubai's second Ikea store
- Majid Al Futtaim renewed naming rights of two metro stations
- Chairman of DAMAC bought Italian fashion group Roberto Cavalli SpA
- Dubai Mall Zabeel extension was opened

### Tourism

- Emirates opened first check-in terminal for cruise tourists
- Jumeirah Beach Residence announced to have a free entry outdoor ice rink, as per DTCM
- Creation of a Dubai-inspired monopoly board game was announced
- Ripley's Believe it or Not! Museum opened in Global Village

### Industrial

- Landmark Group inaugurated a 45,032 sq m (700,000 sq ft) state-of-the-art distribution and warehousing facility in Jebel Ali Free Zone

### Hotel

- First Paramount Pictures Hotel opened
- Andaz branded hotel in Palm Jumeirah opened

### Transactions

- Excluding December sales, there were 5,473 off-plan transactions and 2,674 ready home cash sales worth a total of AED 12.9 billion, up 2.5% quarterly
- Overall cash sales volumes for 2019, both off-plan and ready homes, were already more than 25% higher than the previous year

# 2020

## VISION

- Upcoming hotels: The Royal Atlantis Resort and Residences, ME Dubai, Saffet Waik, Si Rangs The Palm, The Dorchester, and Legoland Hotel, to name a few
- Improved ADR and occupancy is expected as Dubai hosts the Expo 2020

### Infrastructure

- Route 2020 metro extension to be fully operational
- Completion of major road infrastructure around and leading to the Expo 2020 two square kilometre site

### Retail

- Upcoming malls: Dubai Hills Mall, Cityland Mall, Al Khail Avenue

### Economy

- IMF expects the city's GDP to expand by 3.3% in 2020, higher than the government's initial forecast of 2.1%

### Tourism

- Upcoming attractions: Museum of the Future, Jewel of the Creek, Mohammed Bin Rashid Library, Ain Dubai, Sky Walk at Address Sky View, Zombie Apocalypse Park and Madame Tussauds
- Expected tourist number to reach 25 million

### EXPO 2020

- The first expo hosted in region to officially kick off on 20th October 2020
- Official count to include 192 country pavilions

### Outlook

- A more positive market sentiment is expected due to direct and indirect drivers in including tourism, business and the overall economy as Expo 2020 kicks off during the fourth quarter
- 300,000 jobs likely to be created due to Expo 2020
- IMF's

# ValuStrat<sup>™</sup>

ValuStrat is the Middle East's leading provider of Advisory, Valuation, Research, Due Diligence and Divestment services across a diverse range of industry sectors. We have offices in Dubai, London, Jeddah, Riyadh, Karachi and Doha, offering comprehensive professional advisory throughout the MENA region. ValuStrat is a Royal Institution of Chartered Surveyors (RICS) Regulated Firm and the first company headquartered in all of MENA and Asia to be accepted into the prestigious RICS Tech Affiliate program.

ValuStrat's dedicated research department provides informed market commentary, bespoke research reports and Management Information Systems. Dubai Residential Market Report now available, a regular in-depth 100+ page subscription report containing citywide analysis of 26 freehold districts, including the ValuStrat Price Index, transaction volumes, service charges, price to rent ratios and net yields.



**VPI online [www.valustrat.com/vpi](http://www.valustrat.com/vpi)**

The ValuStrat Price Index for Dubai's office capital values is a valuation-based index constructed to represent the quarterly price change experienced by typical office space within Dubai. The ValuStrat Price Index for Dubai's residential capital values is a valuation-based index constructed to represent the monthly price change experienced by typical residential units within Dubai. The ValuStrat Price Index for Dubai's residential rental values is constructed to represent the quarterly rental change experienced by typical residential units within Dubai. The VPI applies weighted averages using data samples representing more than 90% of all property types across the city's freehold locations and is built by our expert RICS Registered Valuers.

Also accessible via



For more information visit us at [www.valustrat.com](http://www.valustrat.com)  
or contact us at [Dubai@valustrat.com](mailto:Dubai@valustrat.com)

**Advisory | Valuations | Research | Industrial Consulting | Due Diligence**  
**Dubai | London | Riyadh | Jeddah | Karachi | Doha**

**in |  | **