

Dubai Real Estate Market

_____ 2021 Review

1st Quarter

REAL ESTATE PERFORMANCE

VPI Residential Capital Values



0.8%
Q1 Q-o-Q

VPI Residential Rental Values



-0.2%
Q1 Q-o-Q

VPI Office Capital Values



0.1%
Q1 Q-o-Q

Source: ValuStrat

KEY INDICATORS

Source: REIDIN, DTCM, ValuStrat

Residential Off-Plan Sales Ticket Size

1.36m
AED



8.2%
Q-o-Q

Residential Off-Plan Sales Volume

3,646
Transactions



8.9%
Q-o-Q

Residential Ready Sales Ticket Size

2.19m
AED



0.9%
Q-o-Q

Residential Ready Sales Volume

6,146
Transactions



17.4%
Q-o-Q

Residential Rents

76,910
AED p.a.



-0.2%
Q-o-Q

Hotel Occupancy

65%
YTD February 2021



-17.0%
Y-o-Y

Hotel RevPAR

254
(AED) YTD February 2021



-34.0%
Y-o-Y

Office Sales Ticket Size

1.07m
AED



-21.7%
Q-o-Q

Office Sales Volume

392
Transactions



41.0%
Q-o-Q

Office Asking Rents

835
AED/sq m p.a.



0.1%
Q-o-Q



Increase



Stable



Decline


RESIDENTIAL

The ValuStrat Price Index (VPI) is a valuation-based index that tracks change in capital values for a representative fixed basket of properties.

The VPI showed an average quarterly improvement of 0.8%, as the first three months of the year saw accelerated positive trends for the first time since 2014. All established freehold villa locations monitored by the VPI saw capital values improve since the last quarter, ranging from 1.8% to 5.4%. However, only half of apartment locations improved in value, some areas saw declines of up to 2.8%.

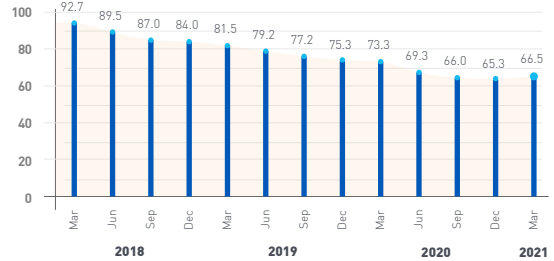
On an annual basis, all locations witnessed price drops, some in single digits. Best performing freehold areas were International City, Arabian Ranches, The Meadows, The Lakes and Palm Jumeirah. Citywide, residential capital values were 10.9% lower than the same period last year.

The Dubai VPI for residential rental values stood at 61.9 points, remained stable quarterly for the first time in two years. The average residential annual rent in Dubai was AED 76,910, apartments at AED 55,000 and villas at AED 211,485. Dubai's residential net yields averaged 6.1%, with apartments at 6.4% and villas at 4.9%.


OFFICE

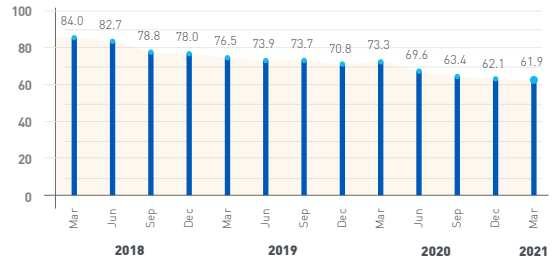
The citywide ValuStrat Price Index – Dubai Office Q1 2021, remained relatively stable on a quarterly basis, grew a marginal 0.1% QoQ at 59.5 points. On a location level, Dubai International Financial Centre, Jumeirah Lake Towers, and Downtown Dubai gained 6.8%, 2.3%, and 3.8% respectively. On office type and quality level, shell & core grade A offices saw the highest quarterly growth of 7.7% with no change annually.

VPI - DUBAI RESIDENTIAL CAPITAL VALUES

 16 Apartment and 10 Villa Locations
 [Base: Jan 2014=100]


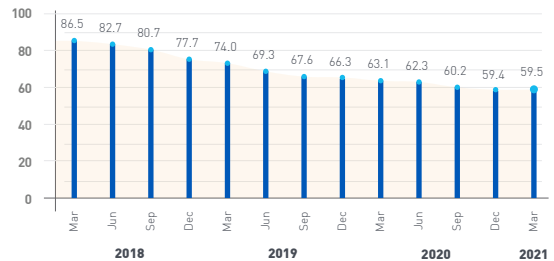
Source: ValuStrat

VPI - DUBAI RESIDENTIAL RENTAL VALUES

 16 Apartment and 10 Villa Locations
 [Base: Jan 2014=100]


Source: ValuStrat

VPI - DUBAI OFFICE CAPITAL VALUES

 5 Office Locations
 [Base: Q1 2015=100]


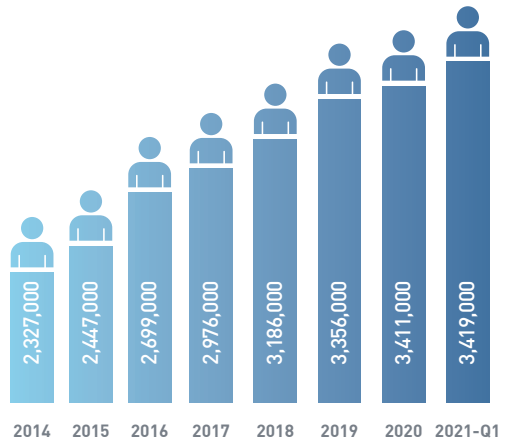
Source: ValuStrat

 For more details, please visit www.valustrat.com/vpi

MACRO-ECONOMIC SNAPSHOT

- Dubai government announced 2021 budget amounting to AED 57.1 billion
- Breakdown of government expenditures consists of 41% for infrastructure and transport, 31% for social development and 22% for security, justice, and safety
- The government expects public revenue to reach more than AED 52 billion. This comprises of 4% from oil activities, non-tax at 59% and tax revenues to contribute 31%
- S&P ratings announced the city's real GDP retreated 10.8% in 2020, with pre-COVID levels of growth may be not experienced again till 2023
- Dubai Fateh Crude Oil spot price stood at USD 60.37 per barrel in February, up 10.8% YoY
- The Dubai Financial Market (DFM) general index was up 0.9%, stemming from recent unveiling of 2040 urban masterplan
- Some key outcomes of the Dubai 2040 Urban Masterplan included five urban centres, 120% increase in population which could require additional 550,000 housing units, increase tourism, commercial, educational and healthcare areas

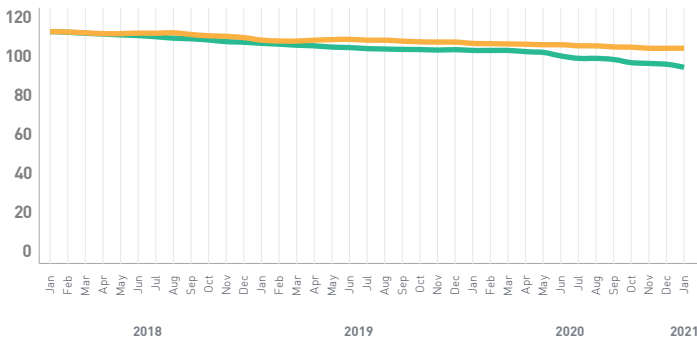
DUBAI POPULATION



Source: Dubai Statistics Centre

CONSUMER PRICE INDEX VS. HOUSING INDEX

January 2017 – YTD



- General Index (2014=100)
- Housing, Water, Electricity, Gas and Other Fuels

Source: Dubai Statistics Centre

- Dubai International Airport (DXB) handled 17.9 million passengers in 2020, down 64% YoY. There was a total of 183,993 flights in 2020, dropping 51.4% YoY as the pandemic brought global travel to a near standstill
- Dubai's population stood at 3,419,452, with a slower 5-year average growth rate of 4.9%
- As of January 2021, the annual inflation rate fell 4.4% and dipped less than a percent when compared to previous month
- Housing and Other Utilities Expenses Index dropped 8.8% YoY and 1% MoM at 90.48 points

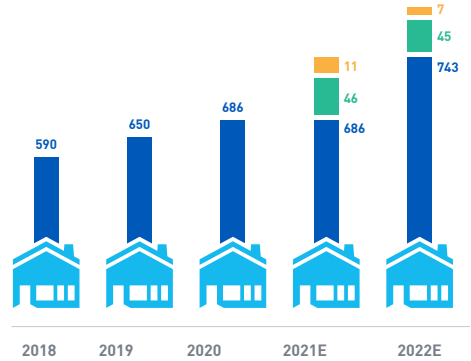


RESIDENTIAL SUPPLY

- 2020 saw the completion of total 36,015 units of which 27,435 were apartments and 8,580 were villas/townhouses
- Notable completed projects were Harbour Views (764 units), Wasl1 Park Gate Residences (746 units), Noor Townhouses (745 units) and Maple 3 Dubai Hills Estate (546 units)
- For 2021, estimated upcoming supply currently stands at 46,316 apartments and 10,563 villas/townhouses
- More than fifty percent of new build properties will be located in Dubailand, Jumeirah Village Circle, Downtown Dubai, and Dubai Creek Harbour
- Approximately 7,294 units finished construction during the first quarter, equivalent to more than twelve percent of total expected supply this year
- Key off-plan projects announced included The Pulse Villas Dubai South (268 units), Joya Blanca Arjan (313 units) and La Rosa IV Villanova

RESIDENTIAL SUPPLY

2018-2022
('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



RESIDENTIAL SALES

- The first quarter of 2021 saw the highest recorded number of home sales transactions since 2010
- This quarter witnessed the sales of more than 6,000 ready homes worth AED 13.5 billion and 3,600 off-plan properties worth AED 5 billion
- Annually, non-mortgage sales volumes of ready homes grew 76.1%, however off-plan sales declined 30.2%
- When compared to the previous quarter, ready home sales were up 17.4% and off-plan sales were 8.9% higher
- Ready homes ticket sizes grew 0.9% QoQ, and off-plan homes leaped 8.2% quarterly to AED 2.3 million and 1.4 million, respectively
- The median transacted price for ready apartments stood at AED 9,171 per sq m (AED 852 per sq ft), up 9.8% QoQ, 1.5% YoY
- For ready villas, the median transacted price was AED 9,580 per sq m (890 per sq ft), up 15.3% QoQ and 13.7% YoY

READY SALES VOLUMES



76.1%
Last Year



17.4%
Last Quarter

OFF-PLAN SALES VOLUMES



-30.2%
Last Year



8.9%
Last Quarter

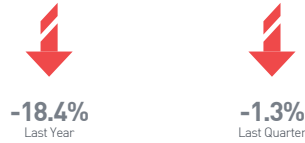
Source: REIDIN, ValuStrat



RESIDENTIAL RENTS

- Overall residential asking rents fell 11% YoY
- On a quarterly basis, residential asking rents were relatively stable and saw less than a per cent decline
- Compared to the same period last year, listed rents were down 18.4% for apartments and jumped 3.9% for villas, a record increase since our base year
- Average annual rents for 2-bed villas stood at AED 103,000, 3-beds at AED 150,000, and 4-bedroom villas at AED 212,000
- Average rents per annum for studio apartments were AED 35,000, 1-bed at AED 52,000, 2-bed was AED 78,000, and 3-bedroom apartments were AED 114,000
- Residential occupancy in Dubai is estimated at 80%

APARTMENT ASKING RENTS



VILLA ASKING RENTS



Source: REIDIN, ValuStrat

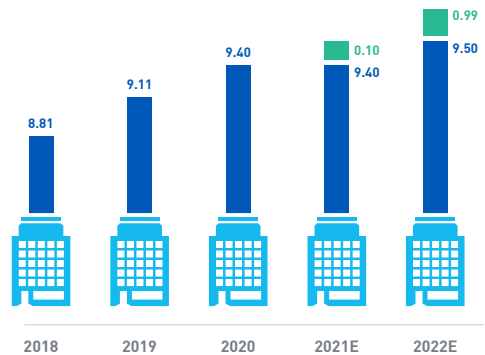


OFFICE SUPPLY

- Construction of an estimated 289,796 sq m (3.1 million sq ft) GLA of workspace was completed in 2020
- Available data on remaining office space under construction is estimated at 99,111 sq m (1.1 million sq ft) GLA, expected for delivery this year
- These could include the new VISA building with an estimated 2,084 sq m (22,431 sq ft) GLA and will serve as a purpose-built regional headquarters
- As of 2020, the city is estimated to have 160,000 sq m (1.7 million sq ft) of space dedicated for flexible workspace, with growth accelerated by the pandemic

OFFICE SUPPLY

2018-2022
(Million sq m GLA)



● Existing Stock ● Expected Supply

Source: REIDIN, MEED Projects, ValuStrat



OFFICE SALES

- Office sales transaction volumes during Q1 2021 were 41% higher when compared to the previous quarter and up 45.7% in a year
- Office ticket sizes were 16.2% higher than last year, but 21.7% lower than Q4 2020
- The median transacted price stood at AED 7,013 per sq m (AED 652 per sq ft), stable quarterly and 9% lower than last year
- Business Bay was the most popular choice for office sales with a share of 43%, followed by Jumeirah Lake Towers (JLT) with 39% of overall transactions this quarter
- The average size of offices sold in Business Bay was 106 sq m (1,143 sq ft) and 107 sq m (1,448 sq ft) in Jumeirah Lake Towers
- 49,849 sq m (536,575 sq ft) of total Gross Leasable Area was sold during Q1, amounting to a total estimated investment value of AED 420 million

OFFICE SALES VOLUME



45.7%
Last Year



41.0%
Last Quarter

OFFICE TRANSACTED PRICES



-9.0%
Last Year



0.2%
Last Quarter

Source: REIDIN, ValuStrat



OFFICE RENTS

- Median office asking rents were relatively stable quarterly but saw a 3.2% annual decline
- Asking rents for this quarter were 13.7% lower than two years ago
- The citywide median asking rent for a typical office size stood at AED 835 per sq m (AED 78 per sq ft)
- Median asking rents commanded by Dubai International Financial Centre (DIFC) were at AED 1,650 per sq m (AED 153 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 815 per sq m (AED 76 per sq ft) for typical office areas of less than 93 sq m (1,000 sq ft)
- Office occupancy in Dubai was estimated at 77.6%

OFFICE MEDIAN ASKING RENTS



-3.2%
Last Year



0.1%
Last Quarter

Source: REIDIN, ValuStrat

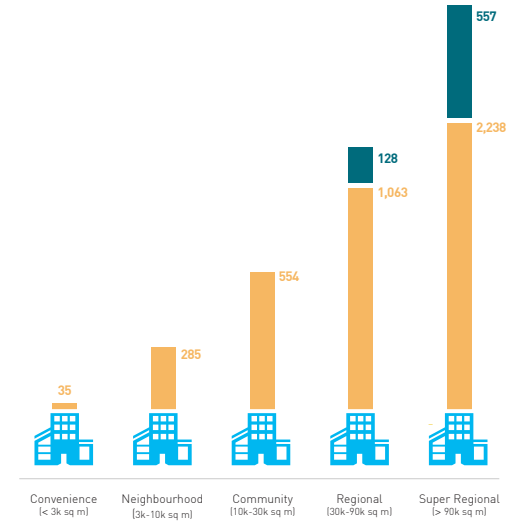


RETAIL SUPPLY

- 2020 saw an estimated construction completion of 1.13 million sq m (12.2 million sq ft) GLA of shopping space, much of which is expected to open this year
- These included The Circle Mall JVC with 2,894 sq m (31,151 sq ft) GLA, Al Warqa City Mall with 43,671 sq m (470,070 sq ft) GLA and The Agora Mall Jumeirah with 507,975 sq m (5.5 million sq ft) GLA, to name a few
- Nakheel Malls in partnership with DP World announced wholesaling hub Souk Al Marfa, stretching 1.9km in Deira Islands and expected to open in Q2 2021
- In light of the slowdown in construction activities, we do not expect a significant injection, or announcements, of new mall projects this year. Also considering that bulk of expected supply already finished construction during late last year

MALLS AND SHOPPING CENTRES

('000 sq m GLA)



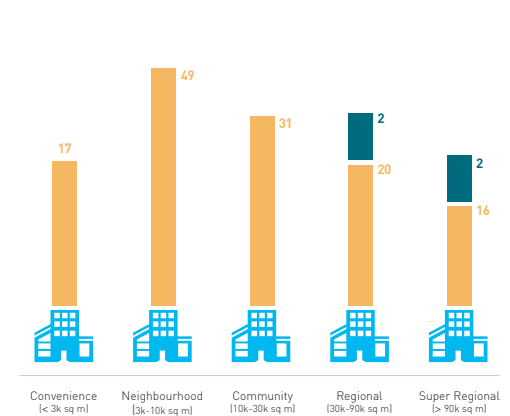
● Retail Completed
 ● Retail Under Construction
 Source: REIDIN, ValuStrat



RETAIL PERFORMANCE

- During full year 2020, Emaar Malls announced annual occupancy rate reached 91% with footfall experiencing gradual improvement during the last two quarters as the city started to emerge out of imposed lockdowns and curfews
- Earlier in March, Emaar Malls announced plans to merge with Emaar Properties, aimed to reinforce its positions as the region's largest integrated and diversified real estate company
- As per Majid Al Futtaim's February 2021 results presentation, the firm's mall portfolio in the Dubai achieved 92% occupancy rate. Overall footfall fell 30% YoY to an estimated 140 million during 2020

NUMBER OF MALLS AND SHOPPING CENTRES



● Retail Completed
 ● Retail Under Construction
 Source: REIDIN, ValuStrat

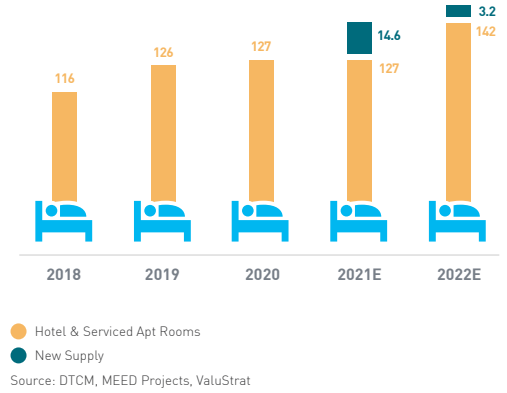


HOTEL SUPPLY

- As of YTD February, the city had a total of 103,110 hotel keys and 25,910 hotel apartments
- An estimated 14,587 hotel rooms and hotel apartments are expected to be added by end of 2021
- Notable upcoming hotels include Kempinski Business Bay (277 keys), Hyatt Centric La Mer (156 rooms), Corinthia at Meydan Beach (300 keys) and Viceroy Hotel Business Bay (447 rooms)
- During Q1, approximately 1,286 keys joined the hotel stock from the opening of five hotels which were Occidental Al Jaddaf (365 rooms), Avani Palm View Dubai Hotel and Suites Palm Jumeirah (264 keys), La Quinta by Wyndham Bur Dubai (100 rooms), Revier Dubai Business Bay (230 keys) and DoubleTree by Hilton M Square Bur Dubai (327 rooms)
- An additional 2,450 hotel keys from 11 projects finished construction

HOTEL ROOM SUPPLY

2018 - 2022
('000 KEYS)

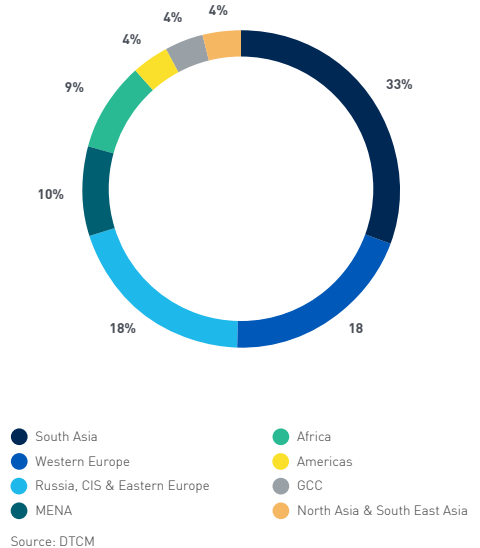


HOTEL PERFORMANCE

- Total international guests stood at 810,200 for the YTD February period, dropping by 75.2% YoY as global travel sentiment remained subdued
- The citywide occupancy reached 65%, down from 82% in the year prior
- The Average Daily Rate (ADR) was at AED 390, dropped 17% YoY and Revenue per Available Room (RevPAR) fell 34% YoY to AED 254
- Dubai's top three source markets were South Asia (33%), Western Europe (18%) and Russia, CIS & Eastern Europe (18%)
- The city received 221,000 guests from India, 34,000 visitors from the United Kingdom and 56,000 tourists from Russia which make up the top three visiting nationalities
- DXB Entertainments, owner of Dubai Parks and Resorts saw its visitors count decline 69% YoY to 802,121 during 2020. Foreign visitors stood at an estimated 288,740, down 7% when compared to a year ago
- Dubai Tourism announced the 10% municipality fee for newly developed three and four-star hotels be waived in an attempt to encourage development of these two categories

SOURCE OF DUBAI VISITORS BY REGION

YTD February 2021

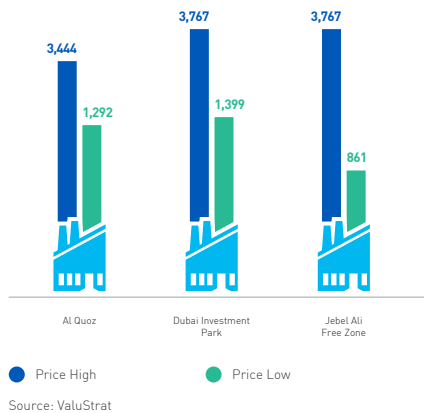


INDUSTRIAL INVESTMENT / SUPPLY

- Last year, Dubai saw an estimated completion of 127,580 sq m (1.4 million sq ft) BUA of industrial related projects
- A majority of these were in Dubai Industrial City (DIC) with 74,324 sq m (800,016 sq ft) BUA and National Industries Park (NIP) with 35,296 sq m (380,000 sq ft) BUA of warehousing and manufacturing facilities
- The total estimated net value of completed projects in 2020 was at AED 5.4 billion
- Preliminary estimates of upcoming supply this year stand at 17,000 sq m (182,986 sq ft) BUA
- Dubai South announced it was able to lease-out a total of 87,839 sq m (945,488 sq ft) during the height of the COVID-19 pandemic

INDUSTRIAL PRICES

(AED/sq m)

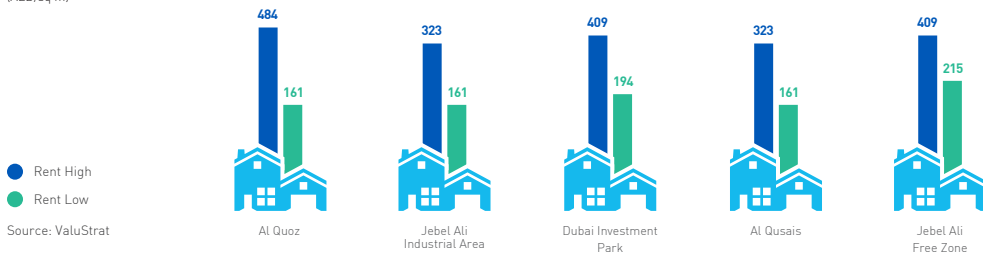


INDUSTRIAL PERFORMANCE

- Industrial property prices remained relatively stable for the first quarter with rates generally ranging between AED 861 to 3,767 per sq m (AED 80 to 350 per sq ft) in established industrial areas with modern and higher specification facilities priced at the upper range
- Cold storage facilities and modern high standard built industrial properties commanded higher rates
- Asking rental rates also remained relatively stable with quoted asking prices generally ranging between AED 161 per sq m to AED 484 per sq m (AED 15 to 45 per sq ft) depending on various factors such as location, size, condition and age of the building
- More transactional activity was noticeable for small and medium sized facilities in Jebel Ali Free Zone and Dubai Technology Park

INDUSTRIAL RENTAL RATES

(AED/sq m)





16th March, 2021

Buyers return but Dubai real estate faces long road to recovery

While prices of high-end villas have stabilized, apartment prices as a whole in the emirate were mostly still falling in February, a price index by real estate consultancy firm ValuStrat shows.



14th March, 2021

Dubai's residential capital values see mild growth in February

The residential capital values in Dubai for February grew by 0.7 per cent to 65.9 points, continuing the gradual growth trend since October last year. Annually, the valuation-based index was 11% lower than the previous year, according to UAE-based leading real estate consultancy firm ValuStrat.



19th February, 2021

'Hard Landing' for Dubai Property Means It's Now a Buyer's Market, Says UAE Developer Damac

Consulting firm ValuStrat in January reported that Dubai's residential property prices fell 12.3% from a year ago, though prices rose 0.1% from December.



1st February, 2021

Worst is over for Dubai real estate market

Haider Tuaima, Had of Real Estate Research at property consultancy ValuStrat, said the emirate's real estate sector will remain a sought-after destination for investors this year.

THOMSON REUTERS



11th January, 2021

Over 1,000 Dubai flats, villas sold for \$4.5mln in one week

Dubai's property market is starting to show signs of stabilising after years of steady decline. According to leading real estate consultancy firm ValuStrat's Price Index (VPI), capital values of homes "approached stabilisation" at the end of 2020, with some locations registering some minor increases due to high demand from price-conscious buyers.



7th January, 2021

Dubai property price declines slow to lowest rate in three years

According to the VPI, the only improvement in apartment prices was observed in International City but given the high demand due to record low prices per square foot, villas demonstrated higher resilience. Most villa freehold locations saw capital values stabilise this month, and, in some areas, continued to register minor monthly increases.



ValuStrat is a leading consulting firm headquartered in Dubai providing Advisory, Valuations, Research, Industrial Consulting and Due Diligence services across a diverse range of industry sectors since 1977. Offices in the UAE, UK, Saudi Arabia, Pakistan and Qatar serve over 1,000 corporate clients in the Middle East.

Client base includes financial institutions, local corporates, multinationals, governments, SMEs, family businesses and startups.

Some of the key sectors serviced by ValuStrat's consulting team include real estate, hospitality, healthcare, education, manufacturing, retail, entertainment, transport and FMCG. ValuStrat is a Royal Institution of Chartered Surveyors (RICS) Regulated Firm and the first company head quartered in all of MENA and Asia to be accepted into the prestigious RICS TechAffiliate program.



VPI Online 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.

Research Methodology

Every effort has been made to ensure the accuracy of this document. New supply data covers 38 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 that have been carefully cleansed to exclude duplicates, bulk sales and outdated 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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