

# Dubai Real Estate Market

\_\_\_\_\_ 2021 Quarterly Review

# 4th Quarter

## REAL ESTATE PERFORMANCE

### VPI Residential Capital Values

**76.3**

Base: Jan 2014=100


**5.1%**  
 Q-o-Q

### VPI Residential Rental Values

**67.3**

Base: Q1 2014=100


**6.7%**  
 Q-o-Q

### VPI Office Capital Values

**69.7**

Base: Q1 2015=100


**6.4%**  
 Q-o-Q

Source: ValuStrat

## KEY INDICATORS

Source: REIDIN, DTCM, ValuStrat

### Residential Off-Plan Sales Ticket Size

**2.12m**  
 AED

**8.4%**  
 Q-o-Q

### Residential Off-Plan Sales Volume

**7,107**  
 Transactions

**11.5%**  
 Q-o-Q

### Residential Ready Sales Ticket Size

**2.53m**  
 AED

**9.9%**  
 Q-o-Q

### Residential Ready Sales Volume

**8,129**  
 Transactions

**22.6%**  
 Q-o-Q

### Residential Rents

**83,619**  
 AED p.a.

**6.7%**  
 Q-o-Q

### Hotel Occupancy

**66%**  
 YTD Nov 2021

**27.0%**  
 Y-o-Y

### Hotel RevPAR

**275**  
 (AED) YTD Nov 2021

**60.0%**  
 Y-o-Y

### Office Sales Ticket Size

**1.09m**  
 AED

**-12.9%**  
 Q-o-Q

### Office Sales Volume

**538**  
 Transactions

**44.2%**  
 Q-o-Q

### Office Asking Rents

**918**  
 AED/sq m p.a.

**6.6%**  
 Q-o-Q


Increase



Stable



Decline

## RESIDENTIAL

Exceeding previous forecasts, the valuation-based house price index VPI, expanded 16.6% annually to 76.3 points. However, on a quarterly basis it sustained a similar rate as seen during Q3 with an increase of 5.1%.

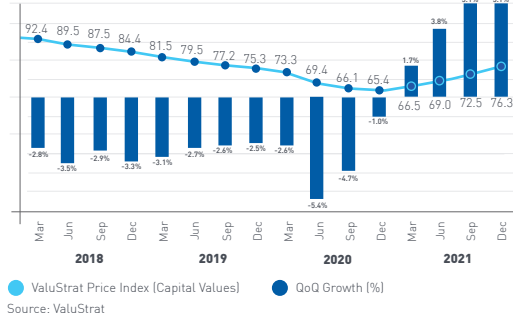
On the submarket level, villas and townhouses soared 31.6% YoY, 8.3% QoQ. Apartments improved just 6.9% YoY, 2.7% QoQ. Highest villa price gains were registered in Arabian Ranches (34.1%), Jumeirah Islands (33.9%), The Lakes (31.2%) and Palm Jumeirah villas (27.6%), the latter exceeding mid-2014 peak levels. Highest performing apartment areas in terms of capital gains

were Palm Jumeirah apartments (17.3%), Jumeirah Beach Residence (14.6%) and Burj Khalifa (8.7%).

Dubai residential rents witnessed the highest increases since 2014. The VPI for residential rental values grew 18.9% YoY, 6.7% QoQ, to reach 67.3 points, as compared to 100 points during the base year 2014. As expected, villas and townhouses lead the growth up 26.8% YoY, 6.3% QoQ. Apartments lagged with improvements of 14.3% YoY, 6.9% QoQ. Dubai's citywide residential net yields fell slightly to an average of 5.9%, apartments with 6.2% and villas at 3.7%.

### VPI - DUBAI RESIDENTIAL CAPITAL VALUES

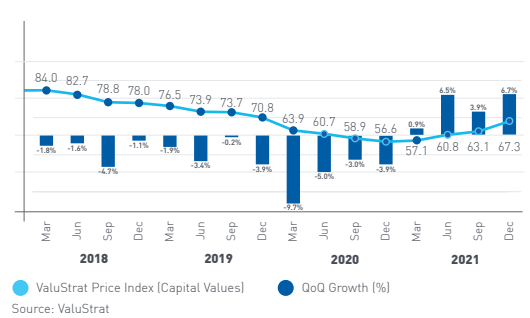
21 Apartment and 13 Villa Locations  
[Base: Jan 2014=100]



Source: ValuStrat

### VPI - DUBAI RESIDENTIAL RENTAL VALUES

21 Apartment and 13 Villa Locations  
[Base: Q1 2014=100]



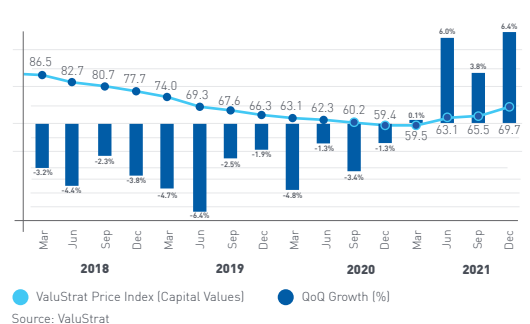
Source: ValuStrat

## OFFICE

Dubai office capital values increased 17.3% YoY and 6.4% QoQ. The VPI registered 69.7 points in Q4 2021, surpassing pre-pandemic times, but still 30.3% lower than 2015. Office space in Jumeirah Lake Towers and Dubai International Financial Centre (DIFC) recorded their highest annual price gains of 19.1% and 18.9% respectively. Due to high demand, capital values of grade A shell and core commercial space soared 26.9% when compared to the same period the previous year.

### VPI - DUBAI OFFICE CAPITAL VALUES

5 Office Locations  
[Base: Q1 2015=100]



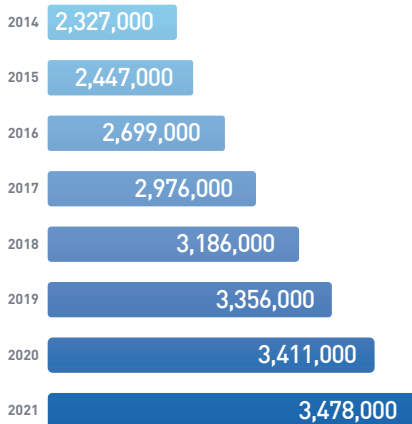
Source: ValuStrat

For more details, please visit [www.valustrat.com/vpi](http://www.valustrat.com/vpi)

## MACRO-ECONOMIC SNAPSHOT

- Dubai government announced 2022 budget of AED 60 billion with primary allotments to social, health, educational and cultural services
- The government is expecting to generate 57% from non-tax revenues, 31% from tax revenues, 6% from government investments and another 6% from its oil-related activities for its public revenue breakdown
- Dubai government announced its 2022 economic forecast with an expected 4% expansion, primarily attributable to successful pandemic response and management
- S&P expects the city's economy to expand modestly by 3.5% this year, mainly due to high vaccination rate and investor-friendly reforms. However, they noted that subdued global travel and tourism could drag on the economy until late 2022
- The Dubai Financial Market (DFM) Index grew 14% stemming from recent reports of IPO plans for state-owned establishments including Emirates Group, Dubai Electric and Water Authority (DEWA), Empower, Salik and Tecom Group

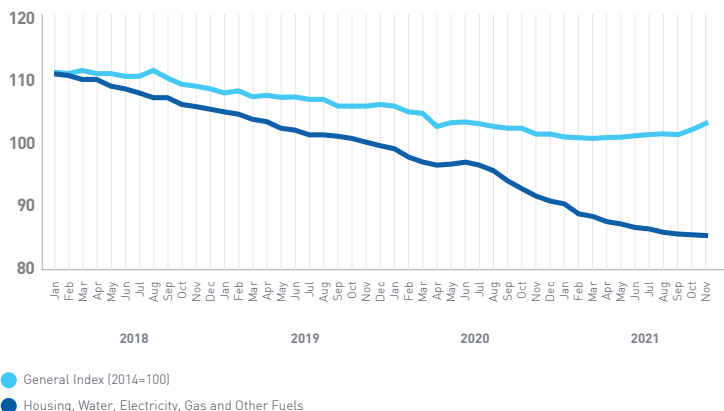
## DUBAI POPULATION



Source: Dubai Statistics Centre

## CONSUMER PRICE INDEX VS. HOUSING INDEX

January 2018 – YTD



Source: Dubai Statistics Centre

- Dubai crude oil (Fateh) stood at USD 79.8 per barrel, up 87.4% YoY as of November
- Dubai International Airport (DXB) handled 20.7 million passengers during YTD October, up 20% when compared to the same period last year
- Dubai's population stood at 3,478,300 with a 5-year average growth rate of 5.3%
- As of November, annual and monthly inflation rates increased less than 1%
- Housing and Other Utilities Expenses Index fell 6.73% YoY and saw less than a percent change compared to the previous month

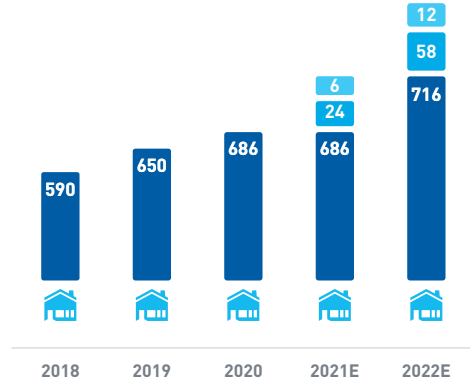


## RESIDENTIAL SUPPLY

- Total estimated completions as of the fourth quarter stood at 24,196 apartments and 5,767 villas, equivalent to 53% of preliminary estimates for this year
- Notable apartment completions were DAMAC Hills Bellavista (1,555 units), Sunrise Bay Emaar Beachfront (879 units), Hera Tower Dubai Sports City (529 units) and Creek Gate Dubai Creek Harbour (490 units). For villas, Villanova Amaranta 1 (565 units), Akoya Oxygen Zinnia (499 units) and Casa Via Serena 3 (494 units)
- For 2021, completed apartments were mostly in Dubailand with 26%, Jumeirah Village Circle took 17%, and 12% in Business Bay. More than 82% of villas finishing construction this year were in Dubailand specifically in Akoya Oxygen, Serena, Town Square and Villanova
- Key off-plan projects announced during Q4 included Waves Grande The Waterfront District Sobha Hartland (432 units), Skyz Tower Arjan (808 units), Riveria Beachfront (420 units), Prime Residency 3 Al Furjan (292 units) and Jebel Ali Village (274 units)

## 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

- Q4 2021 recorded the highest residential quarterly transaction sales volume in history, 7,107 off-plan sales, up 112.3% YoY totalling AED 15 billion and 8,129 ready sales growing 55.2% YoY with a total value of AED 20.6 billion
- Demand for larger living space continued as average areas of homes purchased in 2021 increased to 191 sq m (2,056 sq ft), that's compared with 177 sq m (1,905 sq ft) in 2020, and 142 sq m (1,528) sq ft in 2019
- Ticket sizes of off-plan homes leaped 68.3% YoY to AED 2.1 million, ready-to-move-in properties grew 16.8% YoY to AED 2.5 million
- The citywide average transacted price during 2021 was AED 11,334 per sq m (1,053 per sq ft)

## READY SALES VOLUMES



55.2%  
Last Year



22.6%  
Last Quarter

## OFF-PLAN SALES VOLUMES



112.3%  
Last Year



11.5%  
Last Quarter

Source: REIDIN, ValuStrat



## RESIDENTIAL RENTS

- Overall citywide residential asking rents leaped 18.9% YoY, a record increase not seen since available data was first recorded
- On a quarterly basis, residential asking rents were up 6.7%, wrapping-up a four consecutive quarterly increase this year
- Compared to the same period last year, listed rents for apartments were up 14.3%, the highest annual increase ever recorded since 2014 while villas headlined with a double-digit growth of 26.8%
- Average annual rents for 2-bedroom villas stood at AED 117,000, 3-beds at AED 166,000, and 4-bedroom villas at AED 235,000
- The average rent per annum for a studio apartment was AED 38,000, 1-bed at AED 57,000, 2-beds at AED 81,000, and 3-bedroom apartments reached AED 126,000
- Residential occupancy in Dubai was estimated at 83% this quarter

## APARTMENT ASKING RENTS



14.3%  
Last Year



6.9%  
Last Quarter

## VILLA ASKING RENTS



26.8%  
Last Year



6.3%  
Last Quarter

Source: REIDIN, ValuStrat

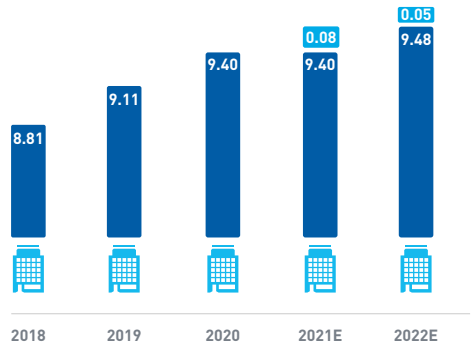


## OFFICE SUPPLY

- VISA inaugurated its 9,290 sq m (100,000 sq ft) GLA regional headquarters in Dubai Internet City
- Total completed projects this year stood at approximately 47,187 sq m (506,640 sq ft) GLA comprising of seven office developments
- Central Park Towers in DIFC launched a newly fitted floor of workspace for leasing with approximate unit measurements ranging between 96 sq m (1,030 sq ft) to 465 sq m (5,000 sq ft)

## OFFICE SUPPLY

2018-2022  
(Million sq m GLA)



● Existing Stock ● Expected Supply

Source: REIDIN, MEED Projects, ValuStrat



## OFFICE SALES

- Office sales transaction volumes during Q4 2021 were 8.6% higher when compared to the previous quarter and jumped 45.7% compared to last year
- The median transacted price stood at AED 7,718 per sq m (AED 717 per sq ft), increased 10.3% annually but was 4.8% lower than the previous quarter
- In terms of volume, Jumeirah Lake Towers (JLT) was the most popular choice for office sales with a share of approximately 48%, followed by Business Bay with 40% of overall transactions this quarter. As per the total value, 40% was in Business Bay while 33% came from JLT
- The average size of offices sold in Business Bay was 112 sq m (1,205 sq ft) and 105 sq m (1,132 sq ft) in Jumeirah Lake Towers
- 47,395 sq m (510,153 sq ft) of total Gross Leasable Area was sold during Q3, amounting to an estimated investment value of more than AED 442 million

### OFFICE SALES VOLUME



**45.7%**  
Last Year



**8.6%**  
Last Quarter

### OFFICE TRANSACTED PRICES



**10.3%**  
Last Year



**-4.8%**  
Last Quarter

Source: REIDIN, ValuStrat



## OFFICE RENTS

- Median office asking rents saw sustained increases both yearly and quarterly after periods of decline, jumping 10.1% and 6.6%, respectively
- Asking office rents this quarter fully recovered from declines seen during the pandemic
- The citywide median asking rent for a typical office size stood at AED 918 per sq m (AED 85 per sq ft)
- Highest office rents were found in Dubai International Financial Centre (DIFC) at AED 1,832 per sq m (AED 170 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 1,101 per sq m (AED 102 per sq ft) for typical office areas of less than 93 sq m (1,000 sq ft)
- Office occupancy in Dubai was estimated at 77.5%

### OFFICE MEDIAN ASKING RENTS



**10.1%**  
Last Year



**6.6%**  
Last Quarter

Source: REIDIN, ValuStrat

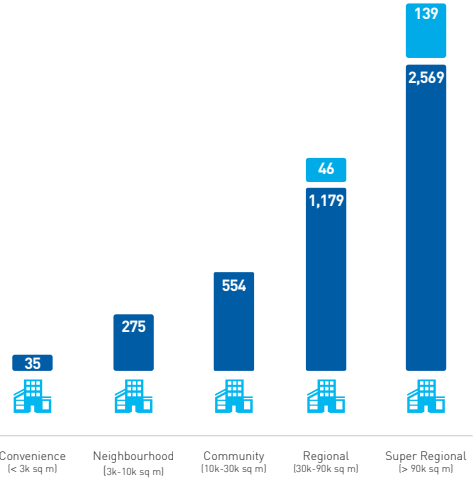


## RETAIL SUPPLY

- For this year, approximately 588,510 sq m (6.33 million sq ft) GLA of retail space was delivered, as per available data
- Andalusia Courtyard Mall in Majan area, Wadi Al Safa 3 was opened featuring 33 shops enclosed in an estimated 6,503.2 sq m (70,000 sq ft) GLA
- Mirdif Avenue Mall, a new neighbourhood shopping centre with approximately 13,949 sq m (150,146 sq ft) GLA finished construction
- Select Group announced a new waterfront mixed-use project Peninsula in Business Bay set to include a community mall with estimated 6,132 sq m (66,000 sq ft) GLA

## MALLS AND SHOPPING CENTRES

('000 sq m GLA)



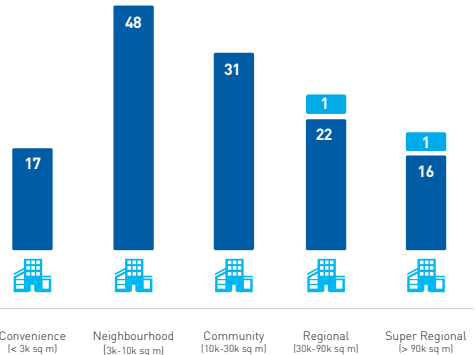
● Retail Completed  
 ● Retail Under Construction  
 Source: REIDIN, ValuStrat



## RETAIL PERFORMANCE

- Emaar Malls footfall recovered 21% YoY to 68 million and occupancy remained stable at 91%, as of the first nine months of 2021
- The e-commerce subsidiary of Emaar Malls contributed 31% of total revenue, up 7.7% YoY for the same period
- Dubai Duty Free achieved AED 87 million during its anniversary sale, up 25% YoY when compared to the same period last year

## NUMBER OF MALLS AND SHOPPING CENTRES



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



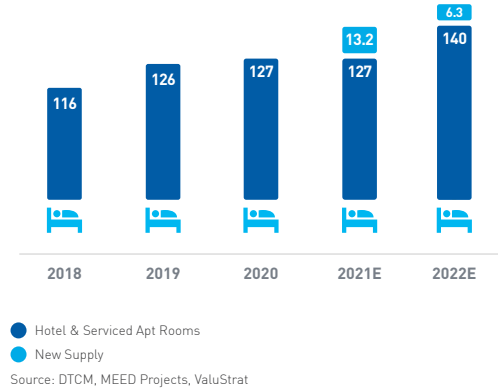


## HOTEL SUPPLY

- As of November, the city had a total of 110,853 hotel rooms and 25,177 hotel apartments, as per Department of Tourism and Commerce Marketing (DTCM)
- During the last three months, an estimated 3,565 hotel keys and hotel apartments were added to the hotel stock bringing the total deliveries this year to 13,312 keys
- 2,346 keys entered the hotel market during Q4 from the opening of nine hotels. Notable inaugurations were Th8 Palm Jumeirah (121 rooms), Centara Mirage Resort Deira Islands (607 keys), Dubai Edition Hotel Downtown (275 suites), 25hours Hotel One Central Trade Centre (434 rooms), Aloft and Element Dubai Airport (319 keys)
- Available data on new project announcements made during the quarter included W Hotel Mina Seyahi (318 suites), Kempinski Floating Palace (156 rooms) and Six Senses The Palm Jumeirah (60 keys)

## HOTEL ROOM SUPPLY

2018 - 2022  
('000 KEYS)

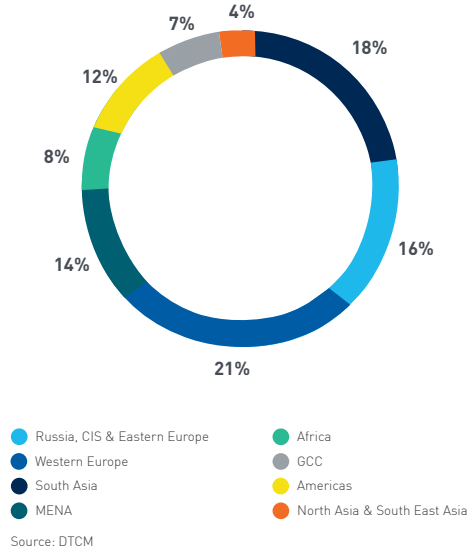


## HOTEL PERFORMANCE

- Total international guests stood at 6.02 million for YTD November. The citywide average occupancy reached 66%, up 27% YoY when compared to normal circumstances and grew nearly 47% YoY set against COVID-19 adjusted performance, as per DTCM
- The Average Daily Rate (ADR) was at AED 418, jumped 27.1% YoY and Revenue per Available Room (RevPAR) leaped 60% YoY to AED 275
- Dubai's top three source markets were tourists from Western Europe (21%), South Asia (18%), and Russia, CIS, and Eastern Europe combined (16%)
- According to short-term and holiday home operators, 22021 witnessed solid growth and recovery in the segment with occupancy recorded upwards of 70% and expected to peak at 95% in the coming months. Currently, Dubai has over 10,000 active listings
- As of 20th December, EXPO 2020 registered more than 7 million ticketed visitors and virtual audience reached 31.6 million since opening day
- Two new attractions, Ain Dubai and Madame Tussauds Dubai officially started accepting visitors

## SOURCE OF DUBAI VISITORS BY REGION

YTD November 2021

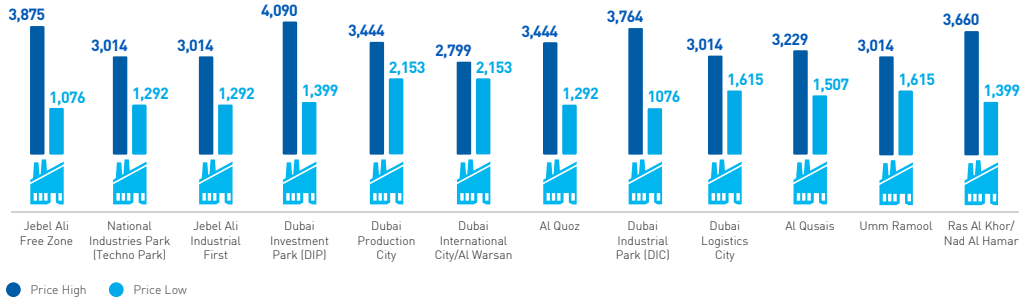


## INDUSTRIAL INVESTMENT / SUPPLY

- Dubai Autodrome launched Business Park phase 2, which includes seven warehousing units each measuring 450 sq m (4,843 sq ft)
- Dubai Industrial City announced to build a state-of-the-art food manufacturing and distribution facility spreading across an area of 88,257 sq m (949,990 sq ft) equivalent to AED 735 million investment, along with three factories covering an area of 22,000 sq m (236,806 sq ft) worth AED 100 million
- A 92,903 sq m (1 million sq ft) facility in Jebel Ali was rented by a used-car sales firm for a contract value of more than AED 40 million
- The net project value of projects completed this year is estimated at AED 1.2 billion from 14 developments

### INDUSTRIAL PRICES

(AED/sq m)



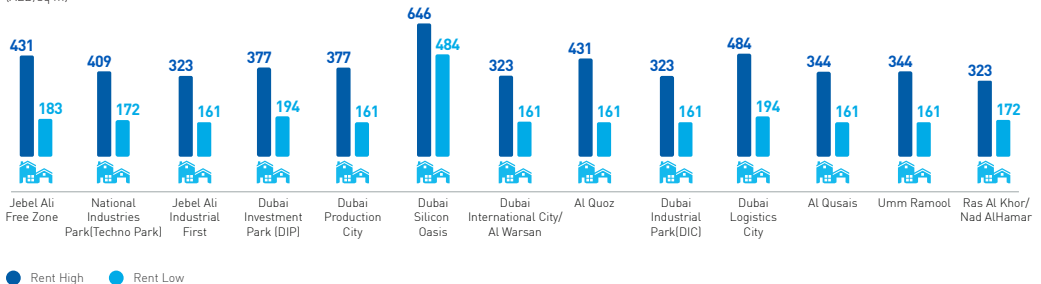
Source: ValuStrat

## INDUSTRIAL PERFORMANCE

- Jebel Ali Freezone, Dubai Industrial Park, Al Qusais and Ras Al Khor witnessed asking price increase at the low-end, ranging from 8.3% up to 25%. Other locations remained stable.
- Cold storage facilities and modern high standard built industrial properties commanded higher rates
- Asking rental rates at the low-end in some locations saw quarterly declines ranging between 6% to 16% and at the high-end in two locations saw increases of about 5% to 19%. Quoted asking rents generally ranged between AED 161 per sq m to AED 646 per sq m (AED 15 to 60 per sq ft) depending on factors related location, size, condition, lease terms, and building age

### INDUSTRIAL RENTAL RATES

(AED/sq m)



Source: ValuStrat



dubaieye  
103.8

23rd December 2021

### **Haider Tuaima talks about Dubai's Real Estate Market performance during 2021**

Haider Tuaima, Head of Real Estate Research talks about Dubai's Real Estate Market performance during 2021 and expectations for 2022.



7th November 2021

### **Dh7.5m Emirates Hills villa becomes Dubai's most expensive rental**

The average villa landlord asked for 14.1 per cent more in rent in Q3 2021 than they did in the same period in 2020, while the average apartment rent rose by only 2.6 per cent, according to leading real estate consultancy ValuStrat.

## **Khaleej Times**

21st October 2021

### **Expo 2020's impact on Dubai property to be evident in Q4 2021 onwards**

2021 looks likely to be the best year in a decade in terms of residential investments, as September transactional volumes already exceeded all annual totals since 2010, said leading real estate consultancy and advisory firm ValuStrat. It said residential capital values saw gains of nearly 10 per cent annually to reach 72.5 points in the third quarter of 2021 as compared to 100 points in January 2014.

## **العربية**

Al Arabiya News Channel

28th December 2021

### **Rents are still low in Dubai..for these reasons**

Haider Tuaima said in an interview with Al-Arabiya, that the offices witnessed a sharp decline in rents during 2020, but they compensated for this decline in 2021, and the rent price per square meter is currently at 918 dirhams, compared to 800 dirhams per square meter during the pandemic.



4th November 2021

### **RICS Tech Partner discussion with ValuStrat – AVM**

Declan King, Saadain Lari, and Haider Tuaima from ValuStrat spoke to Andrew Knight discussing Automated Valuation Models (AVMs) and their experience of markets in the Middle East and the UK.

## **مباشرة** MUBASHER

8th October 2021

### **20% increase in villa prices in Dubai**

Recent data issued by the leading real estate consultancy ValuStrat showed that villas led the rise in residential real estate prices in Dubai during September 2021; As their prices increased by about 20% compared to the prices of villas in the emirate during September 2020.





ValuStrat is a leading international consulting firm headquartered in Dubai providing Advisory, Valuations, Research, Transaction Advisory, 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 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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The ValuStrat Price Index (VPI) for Dubai's residential capital values is constructed to represent the monthly price change experienced by typical residential units. The VPI for Dubai's residential rental values represents the quarterly rental change experienced by typical residential units. The VPI for Dubai's office capital values is developed to correspond to the quarterly price change experienced by typical office space. The VPI is a valuation-based index model that applies weighted averages using data samples that represent up to 95% 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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