



Real estate trends in UAE

Unveiling the hottest trends shaping the future of real estate in UAE

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UAE's real estate surge fueled by attracting businesses, investments, and careers



- The United Arab Emirates (UAE) continues to be a magnet for a diverse array of nationalities seeking business, investment, and career opportunities, with the year 2023 marking an acceleration of this trend.
- Renowned for its strategic location, world-class infrastructure, and business-friendly policies, the UAE has established itself as a global hub for commerce and innovation.
- The country's commitment to economic diversification, exemplified by initiatives like the UAE Vision 2021 and the recently launched UAE Golden Visa program, has further enhanced its appeal.
- In 2023, the UAE witnessed an influx of professionals, entrepreneurs, and investors from various backgrounds, drawn by the promise of a dynamic market, tax incentives, and a vibrant lifestyle.
- The government's continuous efforts to foster a welcoming environment for foreign talent and capital have solidified the UAE's position as a key player in the global business landscape.
- [Conducive environment and favorable government policies have fueled UAE's real estate sector to record breaking heights over the last few years](#)

Below are the highlights that will shape the future of real estate in UAE in 2024

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Shift in investor profiles

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Villa market dynamics

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Cap Rate compression likely

Shift in investor profile

- While the Golden Visa rule for property investors was already gaining popularity, the UAE's decision to remove the previous one million Dirham minimum down payment requirement for the program is **expected to attract a more diverse range of real estate investors to Dubai**.
- According to a recent article in Arabian business, UAE's relatively lower cost of living, salary benefits, economic stability and security, coupled with its rising status as an emerging global hi-tech hub are **seen to attract most UK millionaires and professionals**
- On the other hand, according to Mr. Hussain Sajwani (Chairman DAMAC properties), there is a **significant slowdown in investments from Russian investors while Chinese investors are back** in the market.

So What?

While developers were still preparing for ways to attract Russian investors for their luxury developments, the wave seems to be slowing down – **it is already time to prepare for the next wave of investors**



Villa market dynamics

- In 2023, ready home sales in Dubai surged by 27%, setting a new record following a robust 31% growth in 2022. Meanwhile, off-plan sales, which had a 22% increase the previous year, witnessed an impressive 100% surge in the year before.
- The market's exponential rise was initially driven by the extraordinary demand for villas, sustaining a strong trend.
- The ValuStrat Price Index (VPI) reported a 25% annual increase in villa capital values and a staggering 62% to 128% surge since 2020. Noteworthy annual performers include Jumeirah Islands (32.2%), Palm Jumeirah (31.9%), Dubai Hills Estate (30.6%), and Mudon (27.2%)

So What?

Villa communities remain in high demand in the near future; however, it will be crucial to identify locations that are deemed acceptable by future investors.



Beyond Dubai and Abu Dhabi

- According to the Khaleej Times, [Sharjah's real estate sector is experiencing significant growth](#) due to factors like infrastructure development and new laws allowing non-GCC citizens to convert properties to freehold.
- Similarly, [Ras Al Khaimah is undergoing a notable transformation in its real estate landscape](#), making it appealing to investors.
- John Allen, CEO of valuation and advisory at Asteco, highlights the increase in large-scale [investments from both local and international hospitality players in Ras Al Khaimah](#), signaling a new phase of development that positively impacts the real estate market.

💡 So What?

Will the upcoming stage of real estate expansion emerge from regions beyond Dubai and Abu Dhabi? Can developers establish fresh partnerships to maximize this opportunity?



Cost of luxury set to increase

- 2024 presents an intriguing year for real estate in Dubai, with notable shifts in supply and demand dynamics.
- According to Driven Properties, Dubai's real estate market anticipates a significant slowdown in new unit deliveries compared to the previous year, with soaring migration demand likely to impact rental prices differently across market segments.
- Majority of properties set for completion in 2024 are in affordable & mid-market areas, which will lead to some stabilization in these segments
- Although, in the upper segment of the market, with supply still not meeting the demand equilibrium, prices may swing upwards.

💡 So What?

Strategically adjust pricing in the luxury segment where demand is projected to outpace supply



Cap Rate Compression likely

- Dubai, now a tier-1 city, aligns with global counterparts like Paris, London, and New York, featuring excellent infrastructure. **However, it faces higher cap rates in the global market assessment.**
- In 2024, cap rates in Dubai are expected to decrease as global investors reevaluate the risk in its real estate market, anticipating alignment with rates seen in other top-tier cities.
- Presently, **Dubai's cap rates hover around 6%**, notably higher than the average of approximately 3.35% observed in tier-1 cities globally. This pronounced disparity necessitates adjustments downward, aligning Dubai's cap rates more closely with those of its international peers. Such adjustments hold the potential to **catalyze increased asset valuation and yield enhancements for investors.**



So What?

Opportunity for **price reassessment** as international investors review cap rates in Dubai vs. other tier 1 cities.



Our tools to help real estate developers



Competitive Intelligence

A syndicated product where we leverage our broker network to get you quick intelligence on the latest launches in the real estate sector (presently focusing on Dubai & Abu Dhabi)



Location analytics

Gathering location intelligence before launch for an in-depth understanding of launches by competition, unit inventory, pricing, amenities/services offered, etc.



Home clinics

Holistic research program to improve/optimize proposed communities and fine-tuning the targeting & pricing strategies. The program provides early indicators on how consumers (future property intenders) could react to a future property launch

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