Residential

UAE Residential Market Review Q1 2024

VIEWPOINT

The UAE's residential market started the year on a relatively strong note, where the elevated demand levels continue to drive performance.

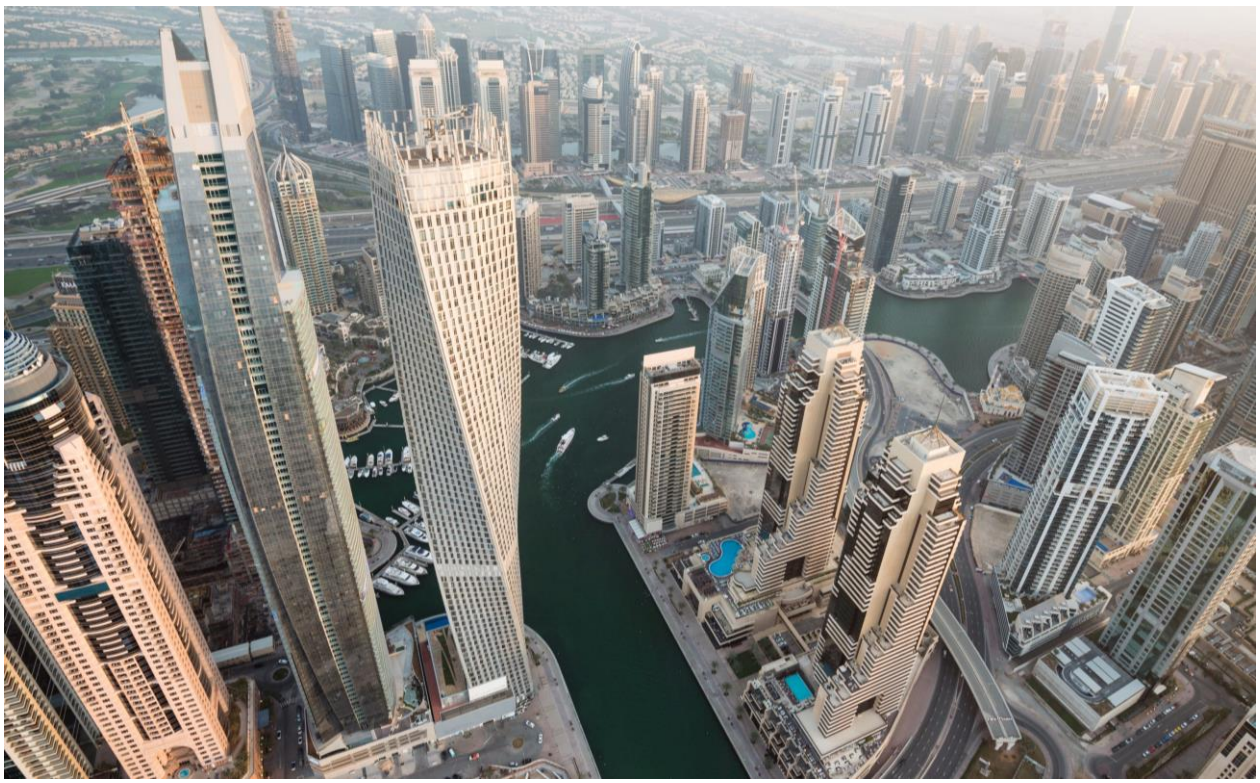
CBRE RESEARCH
MAY 2024

Key Takeaways

- During the first quarter of 2024, the total volume of transactions in Abu Dhabi's residential market reached 2,795, up by 22.6% from the year prior.
- In the year to Q1 2024, average apartment prices in Abu Dhabi increased by 4.3%, and average villa prices increased by 2.3%.
- Price growth has continued to accelerate in Dubai's residential market in the first quarter of 2024, with average prices increasing by 20.7% in the year to March 2024, up from 20.3% in February 2024. Throughout this period, average apartment prices increased by 20.4%, and average villa prices increased by 22.1%.
- In the first quarter of 2024, the total transaction volumes in Dubai's residential market reached 35,310. This is the highest total ever recorded in the first quarter of the year, marking an increase of 20.5% from the year prior. Over this period, off-plan transactions rose by 23.9%, and secondary market transactions rose by 15.2%.

> The strong levels of activity and high absorption levels, which have reduced available supply, will continue to support price growth in both Abu Dhabi and Dubai over the remainder of the year.

Head of Research



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Abu Dhabi Residential Market

The total volume of transactions in Abu Dhabi's residential market stood at 2,795 in the first quarter of the year, registering an increase of 22.6% compared to the year prior. This increase has been underpinned by an 18.1% rise in off-plan sales and a 34.5% rise in secondary market sales.

Abu Dhabi's average apartment prices increased by 4.3% in the year to Q1 2024, and average villa prices increased by 2.3%. Based on recent transactional data, average apartment prices in Abu Dhabi's residential market stood at AED 14,922 per square metre in the first quarter of 2024, and average villa prices stood at AED 13,379 per square metre over the same period.

In the rental market, a total of 46,130 residential rental contracts were registered in Abu Dhabi in the first quarter of 2024, marking a drop of 10.9% from the year prior. This decline has been driven by a 15.5% decline in the number of renewed rental contracts registered and a 2.4% drop in new rental registrations over the same period.

"Based on recent transactional data, average apartment prices in Abu Dhabi's residential market stood at AED 14,922 per square metre in the first quarter of 2024, and average villa prices stood at AED 13,379 per square metre over the same period."

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Abu Dhabi Residential Market

In the year to Q1 2024, average apartment rents in Abu Dhabi increased by 4.5%, and average villa rents increased by 1.1%. Considering rental registrations undertaken in the first quarter of the year, average apartment rents in Abu Dhabi reached AED 64,550 per annum and average villa rents reached AED 159,753 per annum.

On the supply front, only 80 units have been delivered in Abu Dhabi in the first three months of the year, with all of this new stock being in Al Raha Beach. An additional 8,660 units are expected to be completed by year-end, with 55.8% of this scheduled stock located in Yas Island, Al Sowwah, and Al Shamkha.

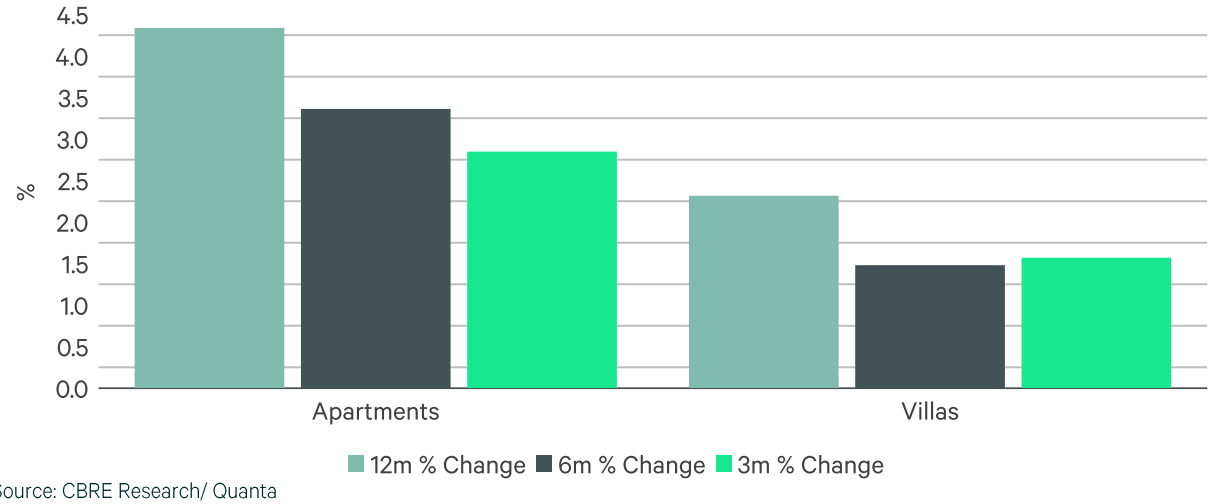
Average apartment price growth in Abu Dhabi, in the year to Q1 2024

4.3%

Average villa price growth in Abu Dhabi, in the year to Q1 2024

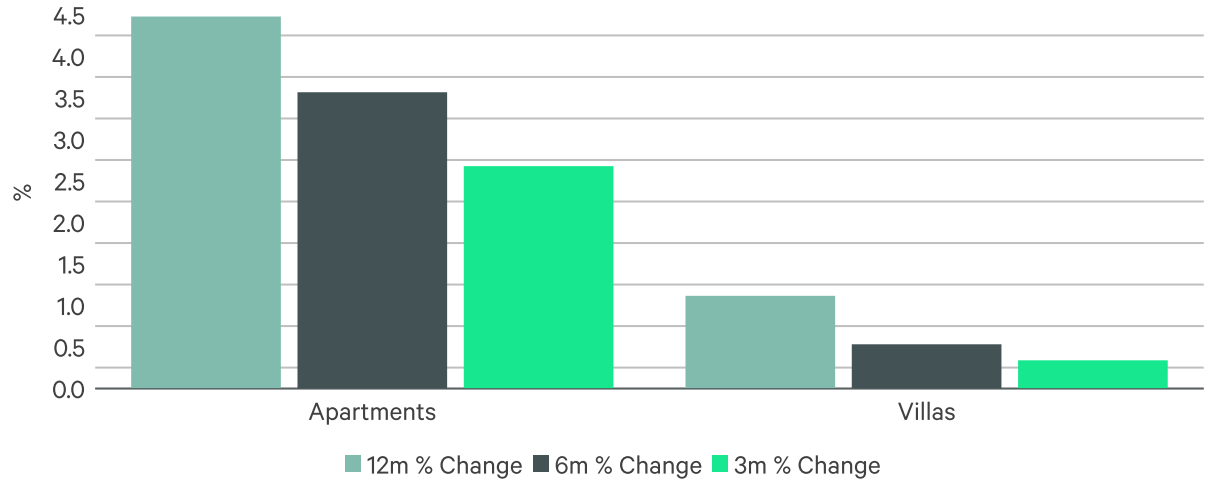
2.3%

Figure 1: Abu Dhabi, Residential Price Performance, % Change to Q1 2024.



Source: CBRE Research/ Quanta

Figure 2: Abu Dhabi, Residential Rents Performance, % Change to Q1 2024.



Source: CBRE Research/ Quanta

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Dubai Residential Market

Price growth has continued to accelerate in Dubai's residential market in the first quarter of 2024, with average prices increasing by 20.7% in the year to March 2024, up from 20.3% in February 2024. Throughout this period, average apartment prices increased by 20.4%, and average villa prices increased by 22.1%. In March 2024, average apartment prices stood at AED 1,486 per square foot, and average villa prices stood at AED 1,776 per square foot. Although headline average sales rates are still marginally below the 2014 highs by 0.1%, a number of key residential neighbourhoods have long outperformed their 2014 figures. Average villa sales rates, on the other hand, are above their 2014 baseline by 22.9%.

Rental growth rates accelerated in 2024, following the moderation witnessed over the course of 2023. In March 2024, average residential rents in Dubai registered a year-on-year increase of 21.2%, up from the 20.4% growth registered a month earlier. Over this period, average apartment and villa rental rates grew by 22.1% and 14.5%, respectively. As at March 2024, the average annual apartment and villa asking rents stood at AED 123,429 and AED 344,658, respectively.

Data from the Dubai Land Department revealed that, in the year to date to March 2024, the total number of rental registrations stood at 159,941, marking an increase of 5.8% from the previous year. This growth has been underpinned by a 12.3% growth in renewed rental registrations, whereas new contracts registered recorded a decline of 4.1%, as the current market fundamentals in Dubai's residential market have increased the prevalence of tenants to renew their existing residential leases as they are not prepared or able to pay the higher rates that are evident on new leases, or there is a distinct lack of available stock particularly in prime and core residential areas.

Average apartment price growth in Dubai, in the year to March 2024

20.4%

Average villa price growth in Dubai, in the year to March 2024

22.1%

Total volume of residential transactions in Dubai, in the year to date to March 2024

35,310

Average residential rental growth in Dubai in the year to March 2024

21.2%

In terms of supply, in the first quarter of 2024, a total of 6,526 units were delivered in Dubai, with 59.7% of this stock being located in Meydan One, Jumeirah Village Circle, and Al Furjan. Over the remainder of the year, a further 46,086 are expected to be handed over, with 31.4% of this stock scheduled for delivery in District Seven, Damac Lagoons, and Business Bay. That being said, given historic materialisation rates, we expect that a limited portion of this upcoming stock will come online as planned.

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Dubai Residential Market

Another record has been witnessed in Dubai's residential market, with the total volume of transactions reaching the highest monthly figure on record in March 2024, where 13,047 residential sales transactions were recorded, marking a year-on-year growth of 13.2%. Off-plan sales increased by 20.2% throughout this period, and secondary market sales increased by 2.2%. In the first quarter of 2024, the total transaction volumes reached 35,310. This is the highest total ever recorded in the first quarter of the year, marking an increase of 20.5% from the year prior. Over this period, off-plan transactions rose by 23.9%, and secondary market transactions rose by 15.2%.

In the first quarter of 2024, the total number of sales transactions above AED 5 million and AED 10 million registered increases of 27.2% and 42.5% to reach respective totals of 2,817 and 1,010. These increases have been largely driven by significant levels of off-plan sales; however, within the traditional prime and super-prime locations* this same trend has not been witnessed. In Q1 2024, the total number of transactions within the prime market segment stood at 458, registering a decline of 2.1% compared to the year prior.

> Looking ahead, we expect Dubai's residential sales market to maintain its upward trajectory. Prices in both the apartment and villa segments of the market will continue to grow, however, not at the same pace.

Figure 3: Dubai, Residential Price Performance, % Change to March 2024

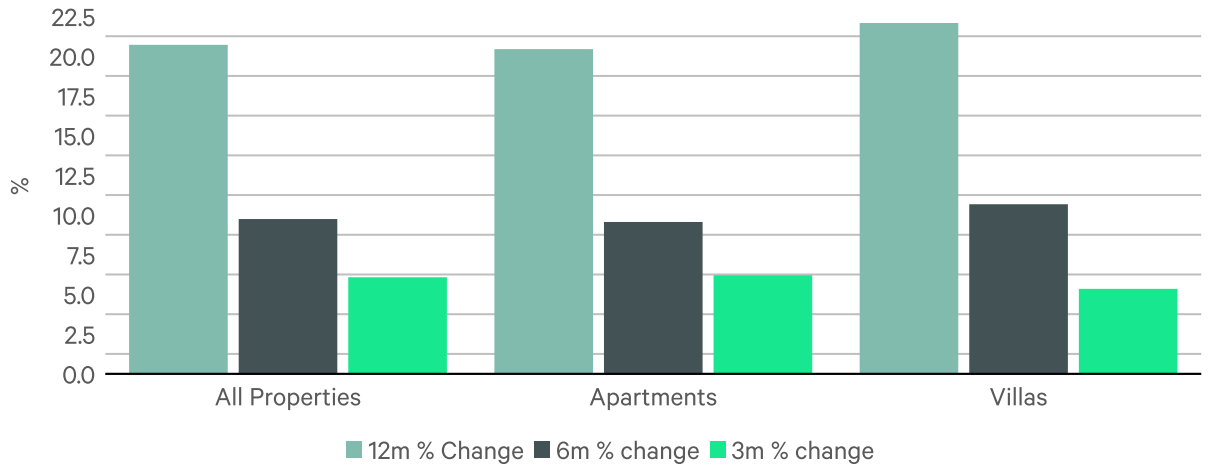
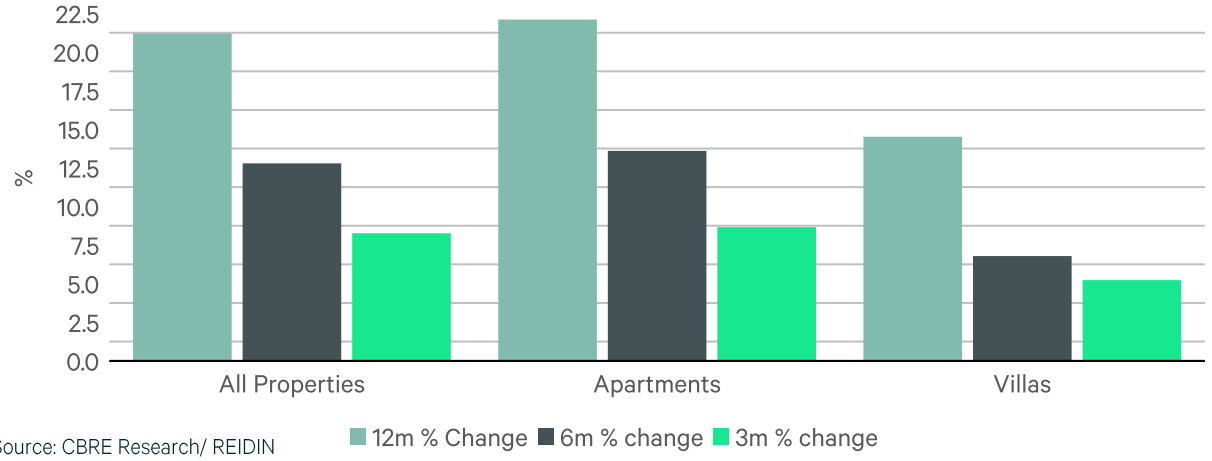


Figure 4: Dubai, Residential Rents Performance, % Change to March 2024



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Dubai Residential Market

Throughout this period, super-prime transactions recorded a drop of 16.5% year-on-year to stand at a total of 227. These declines witnessed in both markets have been largely underpinned by significant declines in off-plan sales. This resulted from the high levels of demand for off-plan properties and the limited level of upcoming supply. In terms of performance, in the first quarter of 2024, average prime prices registered a year-on-year increase of 16.0%, standing at an average of AED 4,661 per square foot, and average super-prime prices grew by 14.8% over this period, reaching AED 4,978 per square foot.

Looking ahead, we expect Dubai's residential sales market to maintain its upward trajectory. Prices in both the apartment and villa segments of the market will continue to grow, however, not at the same pace. On the rental front, we forecast that residential rents will continue to increase. That being said, the rate of growth will likely moderate.

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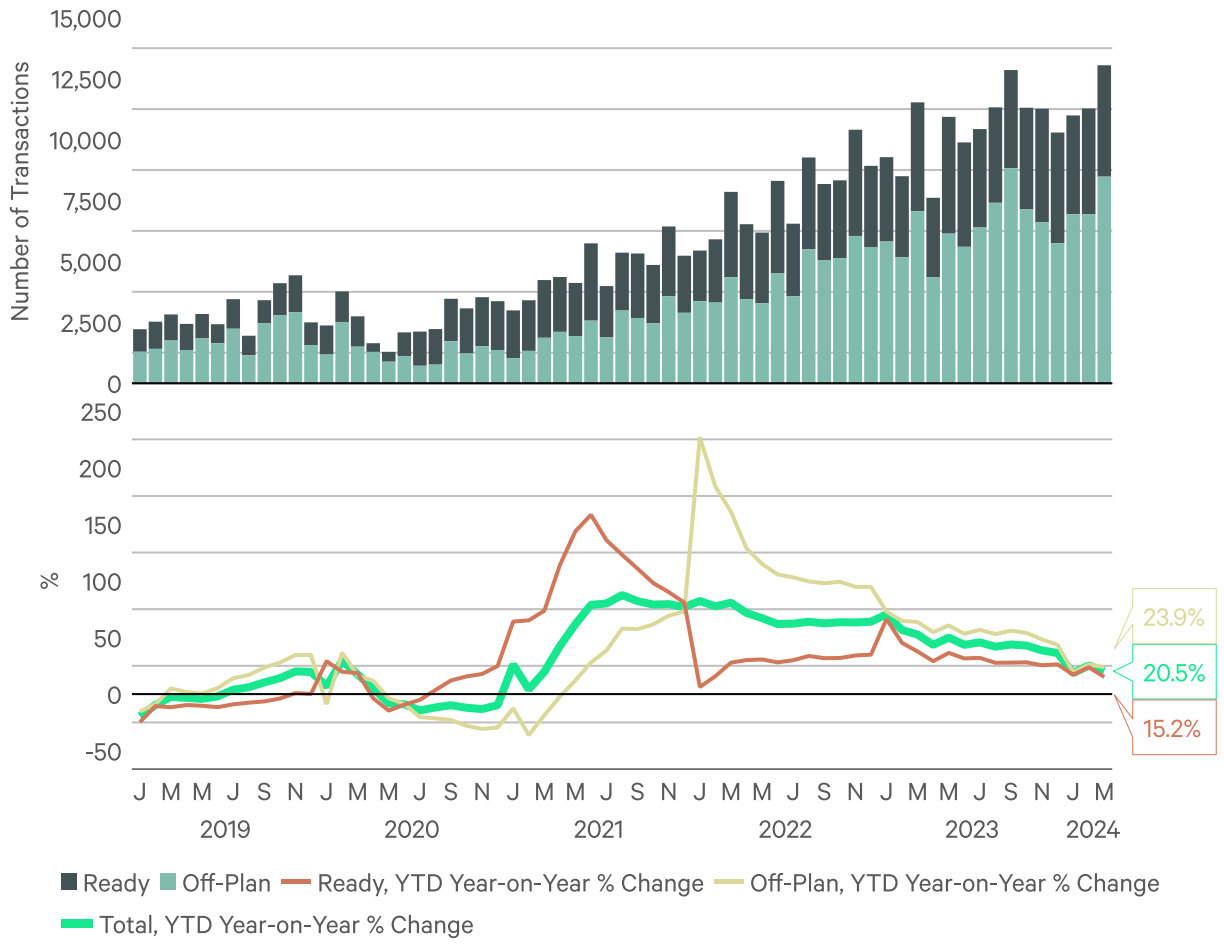
Figure 5: Dubai, Residential Transactions



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