

Residential

UAE Residential Market Review Q4 2024

VIEWPOINT

Strong performance continues to be seen in the UAE's residential market on the back of strong demand levels.

CBRE RESEARCH
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Key Takeaways

- Average apartment prices in Abu Dhabi’s residential market increased by 1.1% in the year to Q4 2023, whereas average villa prices remained almost unchanged from the comparable period a year earlier.
- Dubai’s residential sales market continues to register strong levels of price growth, where average prices increased by 20.1% in the year to December 2023, up from the 18.9% growth registered a month earlier. Over this period, average apartment prices rose by 19.8%, and average villa prices rose by 21.8%.
- Abu Dhabi transaction volumes marking a year-on-year increase of 40.3%, this growth has been supported by a 41.0% increase in off-plan transactions and a 38.1% increase in secondary market transactions.
- In 2023, a total of 118,993 residential transactions had been registered in Dubai; this is the highest total recorded to date, surpassing the 2022 record figure by 29.6%. Off-plan sales grew by 31.9% throughout this period, and secondary market sales increased by 26.3%.
- Abu Dhabi rental growth, down by 12.6% compared to a year earlier, this slowdown in growth has been underpinned by an 18.4% decline in renewed rental registrations and a 2.2% drop in new rental contracts registered. In Dubai, a year-on-year increase has been largely driven by a 24.6% growth in renewed contracts registered, whilst new registrations dropped by 11.8%.

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The UAE’s residential market continues to showcase strong levels of demand, which is helping maintain strong performance.

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Taimur Khan
Head of Research



Abu Dhabi Residential Market

In Abu Dhabi, the total volume of residential transactions reached 11,235 in 2023, up by 77.8% from the year prior.

This increase has been underpinned by a 104.0% growth in off-plan market sales and a 27.7% increase in secondary market sales. In Q4 2023, a total of 3,107 transactions were registered, marking a year-on-year growth of 40.3%. Over this period, off-plan transactions grew by 41.0%, and secondary market transactions rose by 38.1%.

In Abu Dhabi, in the last quarter of 2023, average apartment prices in Abu Dhabi increased by 1.1%, whilst average villa prices remained almost unchanged from the comparable period a year earlier.

In the rental market, average apartment rents registered a year-on-year increase of 2.0%. Over this period, average villa rents marginally increased by 0.8%. Based on the rental transactions that occurred in Q4 2023, the average annual apartment rents stood at AED 64,996, and average villa rents stood at AED 163,098.

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Based on transactional data recorded during Q4 2023, average apartment prices in Abu Dhabi stood at AED 15,785 per square metre, and villa prices stood at AED 12,914 per square metre.

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Abu Dhabi Residential Market

Average apartment rents in Abu Dhabi increased by 2.0% and average villa rents marginally increased by 0.8% in the year to the last quarter of 2023. Considering recent rental registrations that occurred in Q4 2023, average apartment and villa annual rents reached AED 64,996 and 163,098, respectively.

On the supply front, a total of 2,961 units have been delivered in Abu Dhabi in 2023, with 59.4% of this stock being delivered in Shams Abu Dhabi and Najmat Abu Dhabi.

In this year ahead, an additional 4,438 units are expected to be completed, with 69.1% of this new stock expected to be delivered in Yas Island and Al Maryah Island.

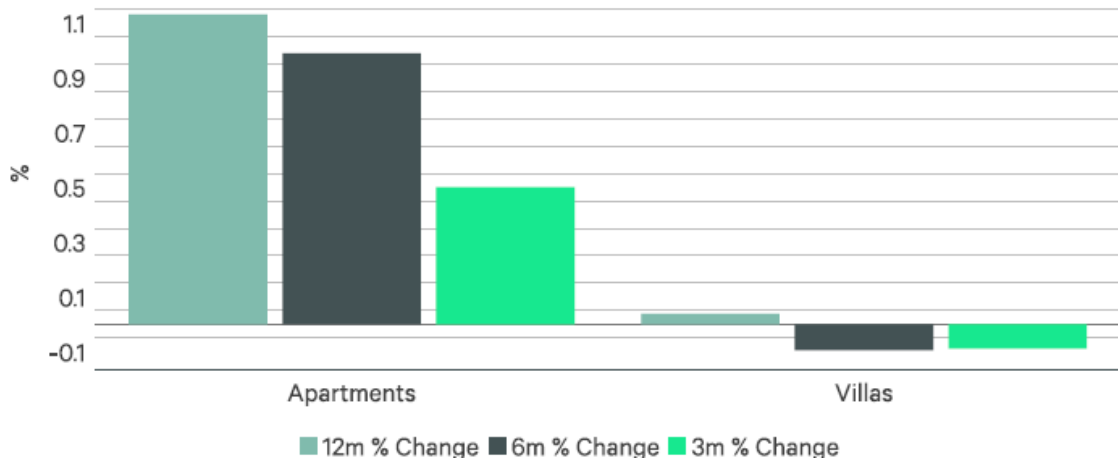
Average apartment price growth in Abu Dhabi, in the year to December 2023

1.1%

Average villa price in Abu Dhabi, in the year to December 2023 remained almost unchanged.

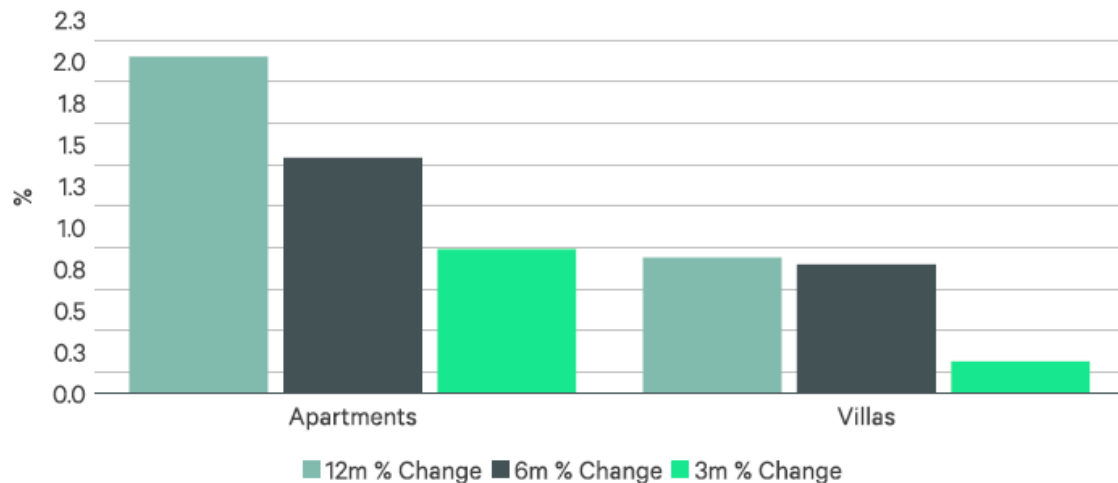
-0.1%

Figure 1: Abu Dhabi, Residential Price Performance, % Change to Q4 2023.



Source: CBRE Research/ Quanta

Figure 2: Abu Dhabi, Residential Rents Performance, % Change to Q4 2023



Source: CBRE Research/ Quanta

Dubai Residential Market

In **Dubai**, average residential prices rose by 20.1% in the year to December 2023, where over this period, average apartment and villa prices increased by 19.8% and 21.8%, respectively.

As at December 2023, average apartment prices reached AED 1,399 per square foot, and average villa prices reached AED 1,686 per square foot. Compared to the highs witnessed in late 2014, these average apartment sales rates are still 5.9% below this peak, although a number of key and prime submarkets have long surpassed their 2014 benchmark. That being said, average villa sales rates currently sit at 16.7% above their 2014 levels.

In the rental market, although demand remains relatively elevated, we continue to see further moderation. The rate of rental growth has softened throughout the year, where in the year to December 2023, average residential rents in Dubai increased by 18.9%, down from the 19.2% growth registered in November 2023. Over the same period, average apartment rents grew by 19.3%, and average villa rents by 16.1%.

Data from Dubai Land Department revealed that in the last quarter of 2023, the total number of tenancy contracts registered reached 588,609, marking a 7.3% increase compared to the year prior. This year-on-year increase has been largely driven by a 24.6% growth in renewed contracts registered, whilst new registrations dropped by 11.8%. This decrease in new registrations has resulted from the strong rate of rental growth that we have seen over the course of 2023, where tenants are choosing to remain within their existing accommodation in a bid to manage their rental increases, given the protection that is provided by the RERA rental regulations.

In terms of supply, a total of 39,190 residential units are estimated to have been delivered in 2023, with 34.4% of this supply being located in Meydan One, Downtown Dubai and Business Bay. A further 68,880 units are expected to be handed over in 2024, where 22.7% of this stock is scheduled to be delivered in Business Bay, District Seven, and Damac Lagoons.

Average apartment price growth in Dubai, in the year to September 2023

19.8%

Average villa price growth in Dubai, in the year to December 2023

21.8%

Total volume of residential transactions in Dubai, in the year to date to December 2023

118,993

Average Dubai residential rental growth, in the year to December 2023

18.9%



Dubai Residential Market

In December 2023, activity levels softened amidst a contraction in the off-plan market, where a total of 6,216 transactions were registered in Dubai’s residential market, down by 30.3% from the year prior.

This softening has been driven by a 69.7% drop in off-plan sales, whilst secondary market sales increased by 35.3%.

That being said, despite this monthly slowdown, in 2023, the total volume of transactions reached 118,993. This is the highest figure ever recorded over this period, surpassing the 2022 record total by 29.6%. This period, off-plan transactions increased by 31.9% and secondary market transactions increased by 26.3%.

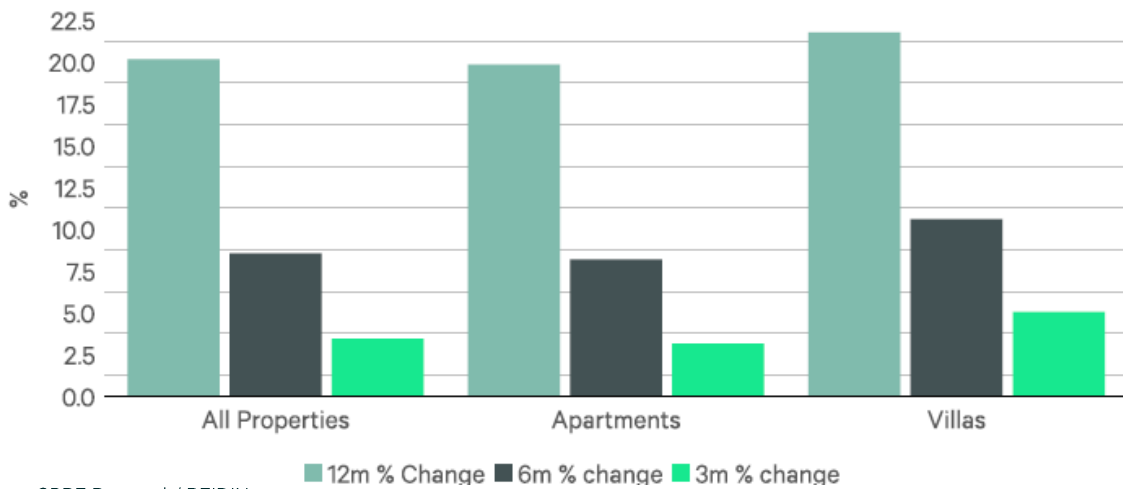
Given the current market fundamentals, we expect that the 2024 total transaction volumes will likely surpass the 2023 total.



Looking ahead, the moderation trend witnessed in the rental market will likely be maintained, particularly as rental growth in a number of key residential communities is tapering off.

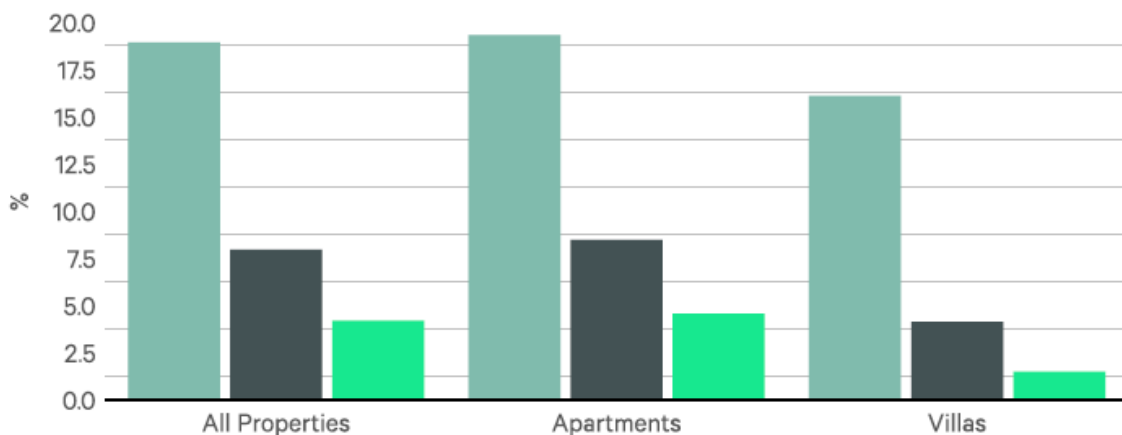


Figure 3: Dubai, Residential Price Performance, % Change to December 2023



Source: CBRE Research/ REIDIN

Figure 4: Dubai, Residential Rents Performance, % Change to December 2023



Source: CBRE Research/ REIDIN

Dubai Residential Market

Within the prime segment of the market, the number of transactions above AED 5 million totaled 1,968, down by 15.5% compared from the previous year. Over the same period, the total number of sales transactions within the super-prime market segment (10 million and above) dropped by 3.1% to reach a total of 1,003. In the last quarter of 2023, average prime prices registered a year-on-year growth of 22.5%, reaching an average of AED 4,604 per square foot. Over this period, average super-prime stood at AED 4,900 per square foot, up by of 20.4% compared to the year prior.

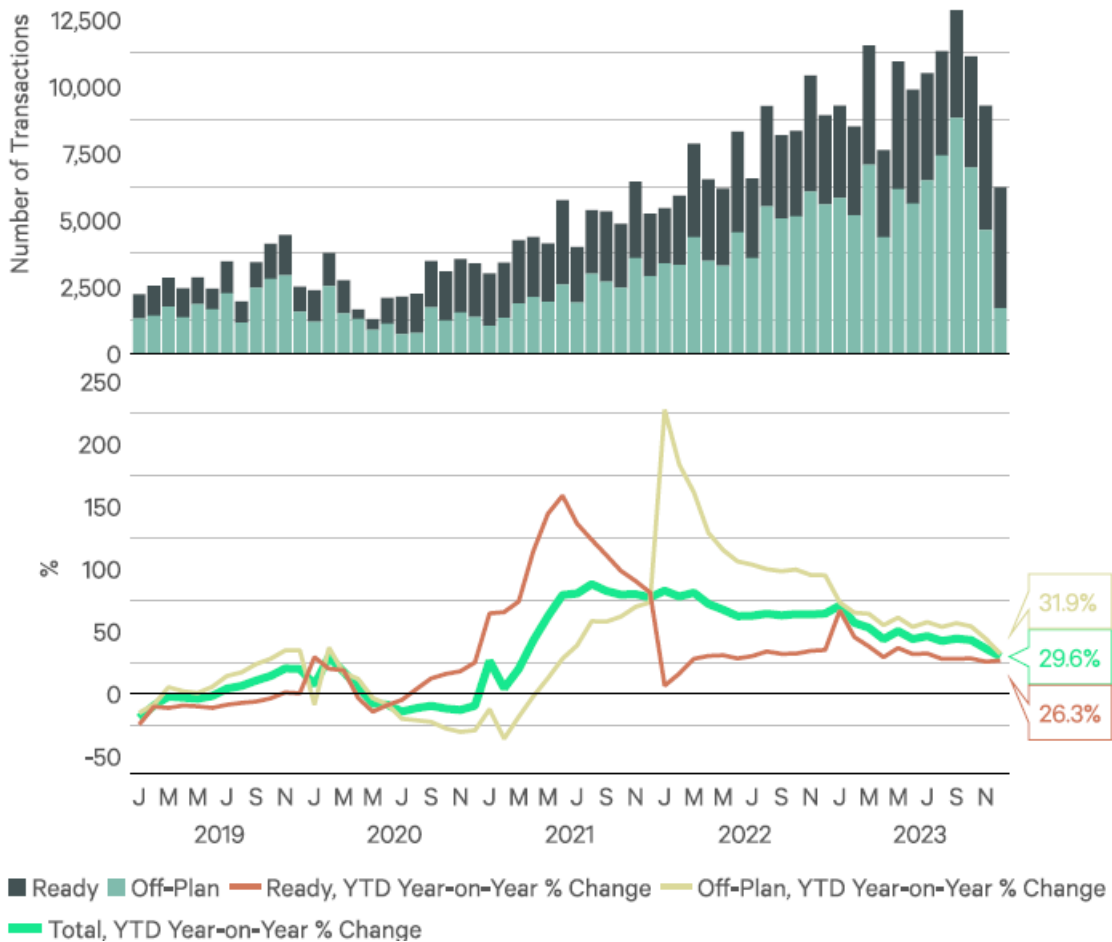
Looking ahead, price growth in both Dubai’s apartment and villa segments of the market are likely to remain relatively strong; however, we do expect that the rate of price growth will taper off. In the rental market, on the back of the prevailing market fundamentals, the lack of supply and heightened demand levels, we expect that residential rents in Dubai will maintain their upward trajectory; that being said, the rate of growth will likely moderate further.



In the sales market, we expect that residential rents in Dubai will maintain their upward trajectory; that being said, the rate of growth will likely moderate further.



Figure 5: Dubai, Residential Transactions



Source: CBRE Research/ REIDIN

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