

AirDXB Group DUBAI REAL ESTATE MARKET REVIEW Q1 2024



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Group



Welcome to the AirDXB Group Dubai Real Estate Market Review Q1 2024 Report. This report provides insights on trends and statistics impacting the Dubai real estate sector, covering the three key sub-sectors: transactions, short-let investments and long-term rentals.

KEY UPDATES FROM THE MARKET Q1 2024

The government are making key updates to real estate regulations in order to safeguard the industry and to enhance transparency in the market for sellers, buyers, landlords and tenants alike. One such step is the introduction of QR codes to verify property listings. All real estate agencies are required to register their properties with the Dubai Land Department and obtain a unique reference number for each property. This gives buyers and tenants greater confidence in their investment decisions and should ensure faster sale and contract agreements for sellers and landlords.

Another key development this quarter is the new rule regarding eviction notices. These are now attached to the property rather than the landlord, meaning that once served an eviction notice, even

if an existing landlord sells the property, the terms of the notice still stand, including timeline for the tenant to vacate. This means the new owner gets full control of their property faster and will make the sale process much more efficient.

In the long-term rental market, the Real Estate Regulatory Authority (RERA) issued a new rule allowing landlords to adjust rental prices at the time of tenancy renewal in order to align with current market value, ie rental increases are no longer capped at 5%. With landlords able to increase rents by up to 20%, we may see a drop in tenancy renewals in areas that are affected by the price surge with people choosing to move further afield for better value. This may in-turn stabilise the rental situation and mitigate price increases in already expensive areas. We expect this regulatory change will also result in a spike in the transactional market as property ownership becomes an even more attractive investment opportunity.

The market is showing no signs of slowing down. Dubai's population saw a surge of 25,700 in Q1 2024, expanding to a total of 3.7 million people. From a short-term perspective, this is good news for the rental market, however it also remains positive for the transactional market, as there will be more buyers pushing demand long-term. The UAE Central Bank has stated they predict inflation to rise to 2.5% in 2024, which is still below the global average. These macroeconomic factors, combined with various others, are bolstering the Dubai real estate market and making it lucrative for the foreseeable future.

The short-let market continues to prosper. As property investors are becoming more knowledgeable in alternative ways to earn returns, we are seeing an increase of stock in the Dubai market, plus an increase in market revenue. The Dubai short-let market is unique to other markets, as professionally managed properties stand-out for their hotel standards and high quality of furnishings and amenities, as well as guest care and experience. Similar to RERA, Airbnb are introducing safeguarding protocols to ensure listings are verified and therefore genuine, as well as other steps to reduce cancellations and improve guest experiences. As a SuperHost, we welcome these changes which can only help better serve the community.

We provide a monthly update on all things Dubai real estate – [check out the AirDXB Group Newsroom here](#)

We also have an excellent Podcast for those wishing to understand all things about short-let investment & real estate – voted in the Top 25 Best Dubai Real Estate Podcasts in 2024 by Feedspot! [Access the Hassle-Free Hosting Podcast here](#)

For real-time Dubai real estate updates, connect with us [on LinkedIn](#).



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THE DUBAI REAL ESTATE TRANSACTION MARKET

Key trends in buying and selling property in Q1 2024

Gone are the staggering YoY percentage increases in sales value which we saw in Q4 2023. December 2023 saw a 58.3% increase in sales value in comparison to December 2022. Whereas January 2024 and February 2024 saw approximately 20% less in their YoY comparative percentage increases, and March 2024 saw a minor 8.1% increase in sales value in comparison to March 2023. In fact, Q1 2024 has shown the lowest percentage increase (for the first quarter) in three years. This shows that the market is stabilizing in terms of sale prices and that drastic fluctuations have gone for now. This is good news for buyers as a stable market makes for easier predictions and less risk. The good news for sellers is, the market is stabilizing at a high price and therefore returns continue to be strong.



The primary market is booming. Across the quarter, off-plan sales volumes are higher than that of ready properties. 2023 saw a 63% increase in off-plan sales in comparison with 2022, and buyer appetite is continuing into 2024, with 63% of all sales coming from the primary market, contributing to 62% of the market value. This isn't surprising given, according to PropertyFinder, there are nearly 900 new projects in Dubai currently under construction. It is interesting to see that not all these new projects are based in new areas, in fact, traditional hot spot areas are seeing activity too. For example, there are 19 new projects underway in Downtown Dubai, and 27 new projects in Palm Jumeriah. Why is off-plan popular? It provides flexibility with payment milestones, more value for your AED [a good sale

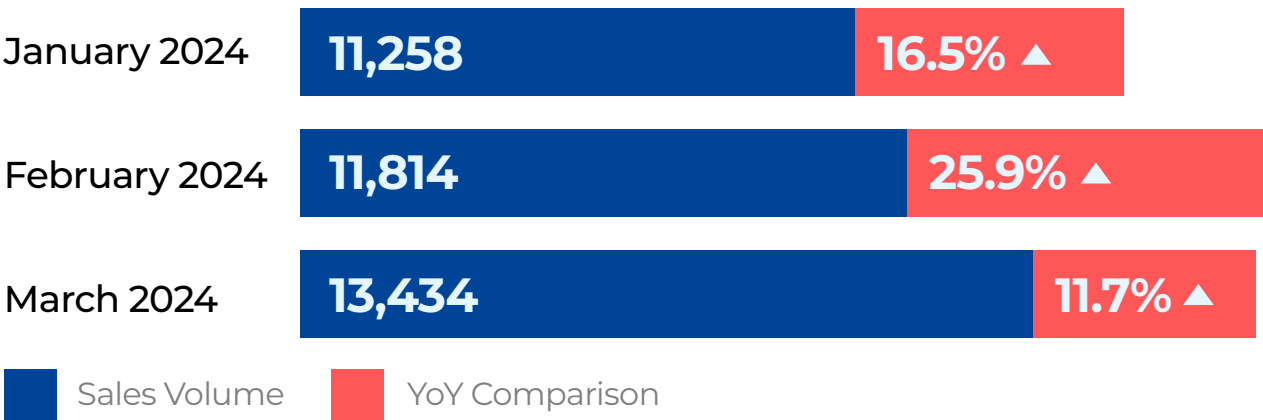
price] and a brand new turnkey property at move-in.

Business Bay and Dubai Marina are top performers this quarter, making the top 5 list for both sales volume and value. Dubai Marina continues to be a popular investment area as there are still many buildings which offer both affordability in terms of purchase price and high financial returns on both the short-let and long-term rental markets. Of course, there are also numerous luxury options as well for the high-end buyer looking for beachside living. Business Bay remains a popular area for those needing to be close to Downtown Dubai, but who are seeking more value. There is also continued investment by developers in the area with 54 new projects currently under construction, so a long-term investment plan will perform very well here. We continue to love JVC for value for money and return on investment, however, like most popular areas, numbers are slowly increasing here. Invest now while there are still deals to be made.

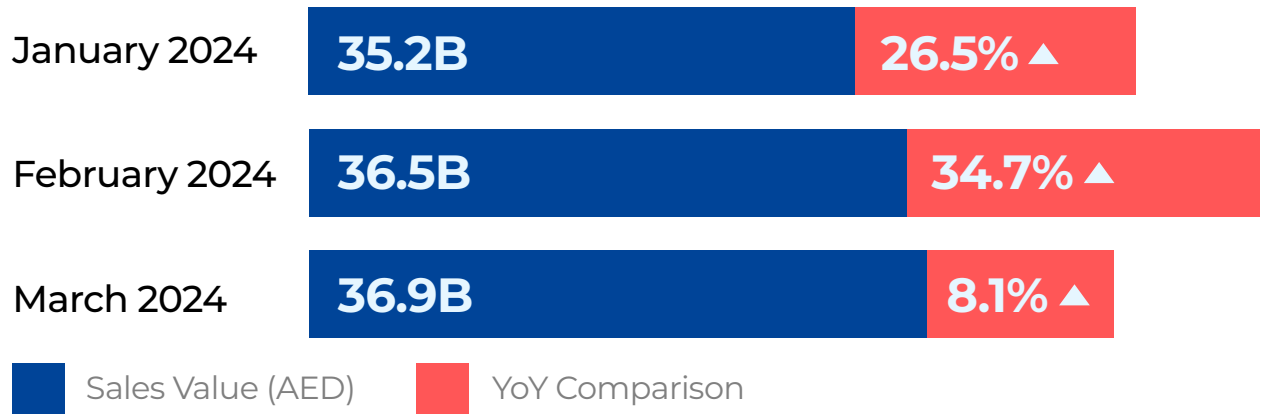


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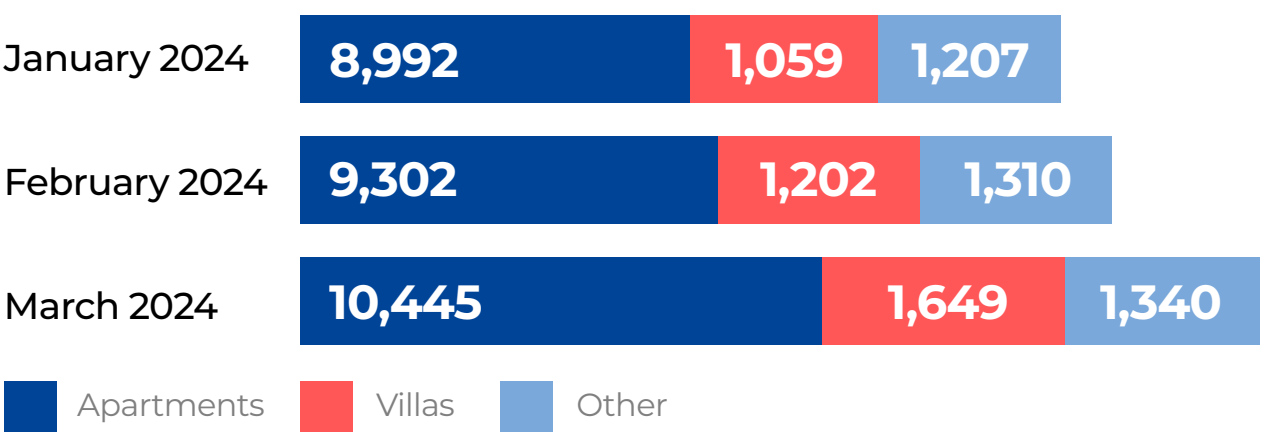
Total property sales transactions



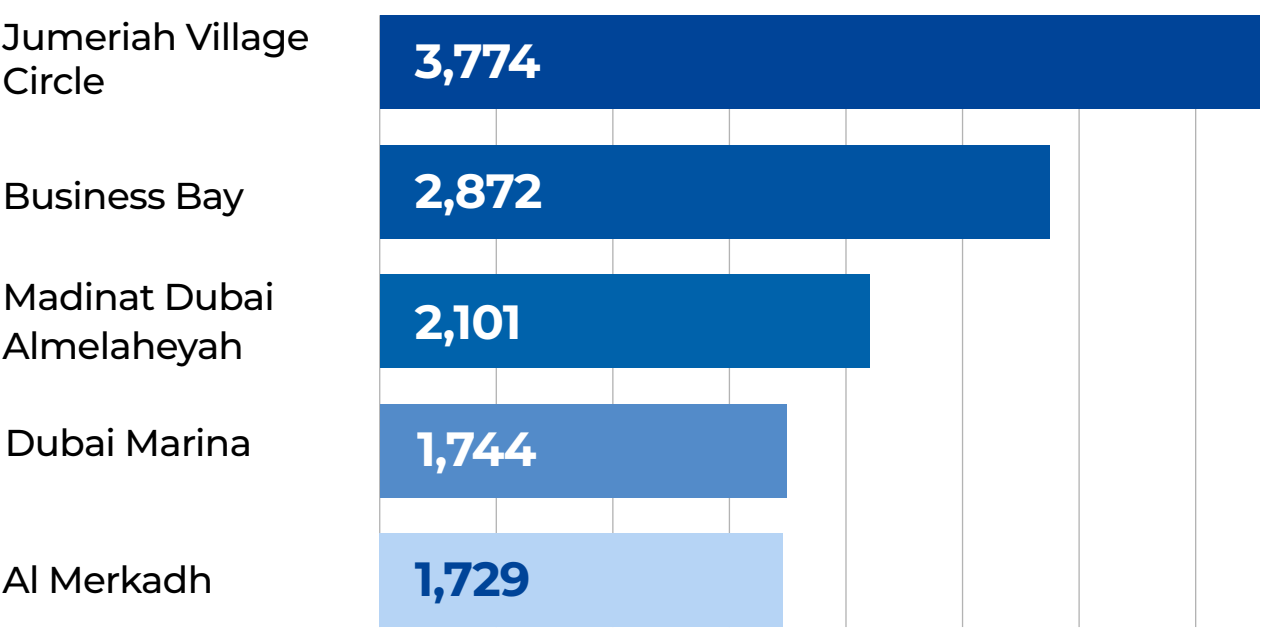
Total property sales value



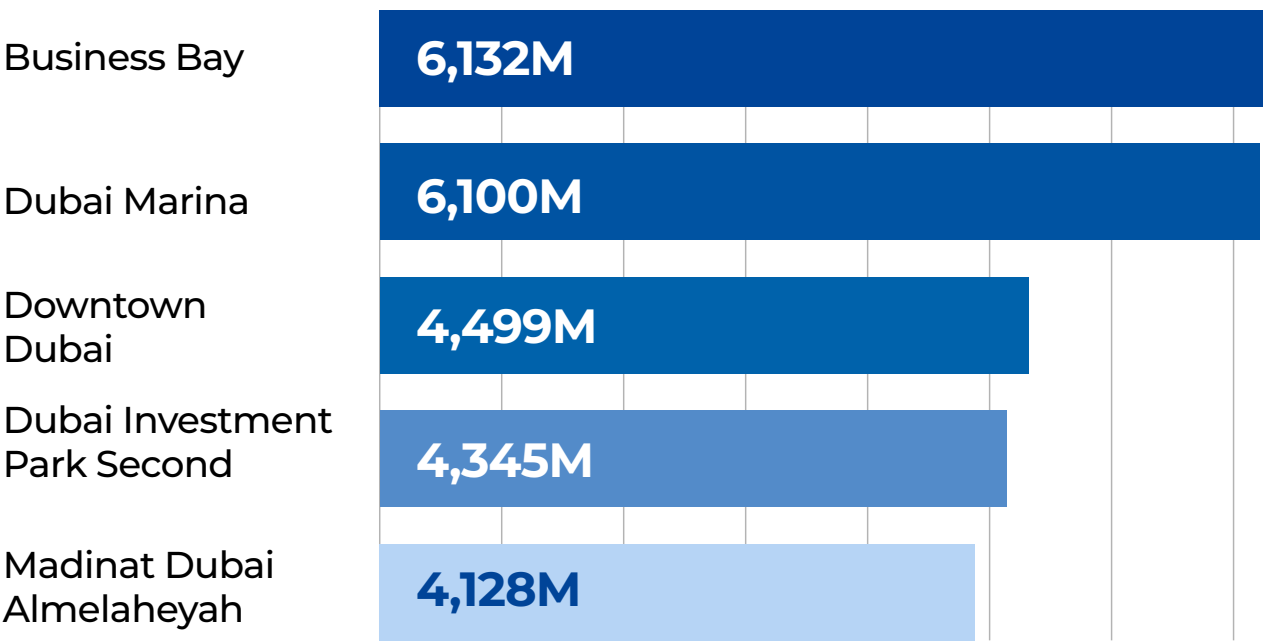
Type of properties by volume



Top 5 performing locations by sales volume in Q1 2024

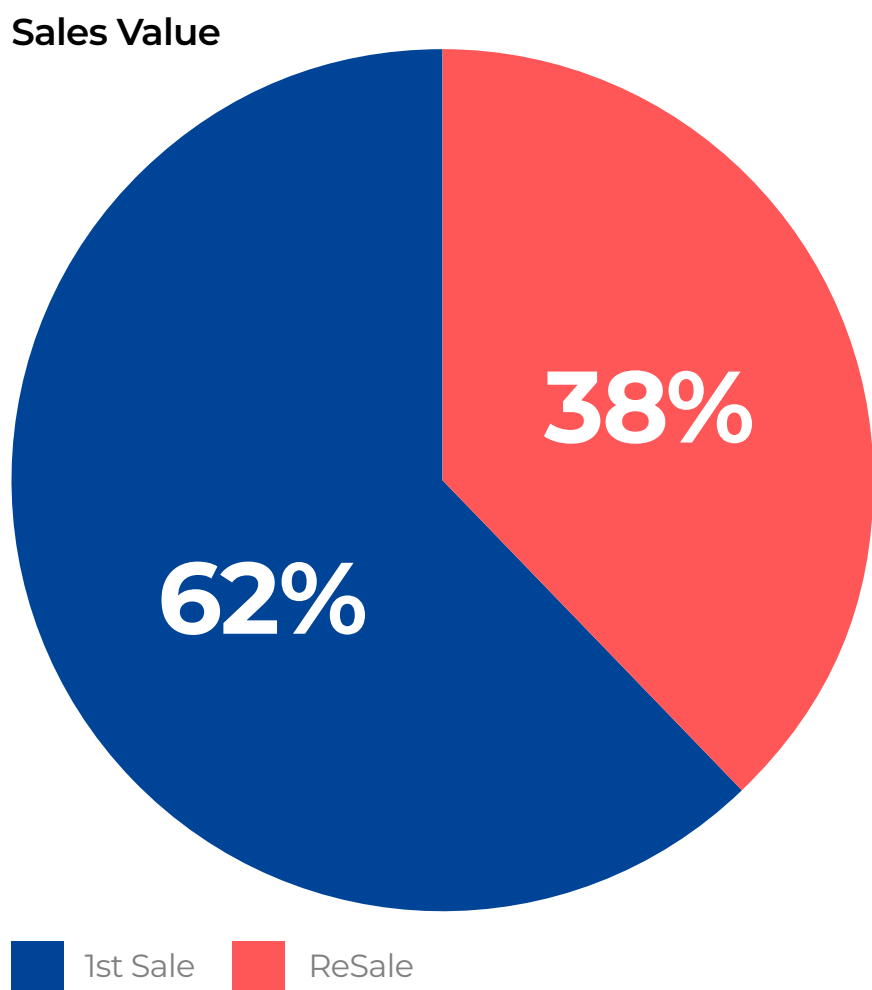
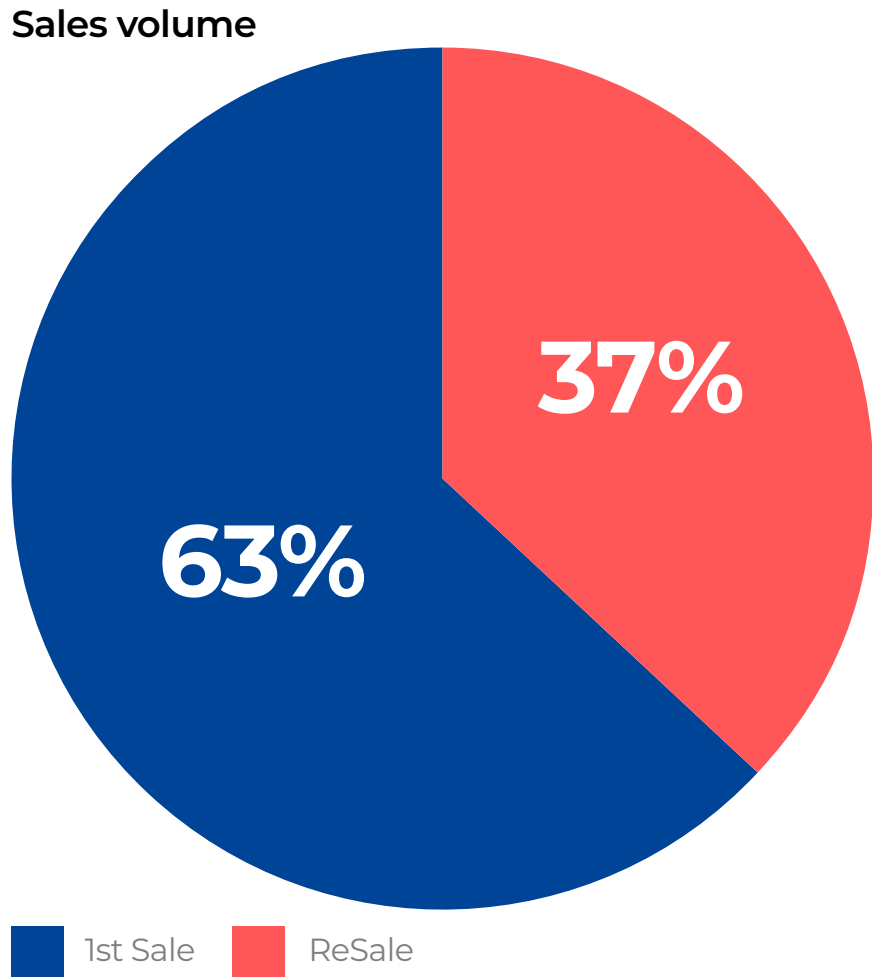


Top 5 performing locations by sales value in Q1 2024 (AED)



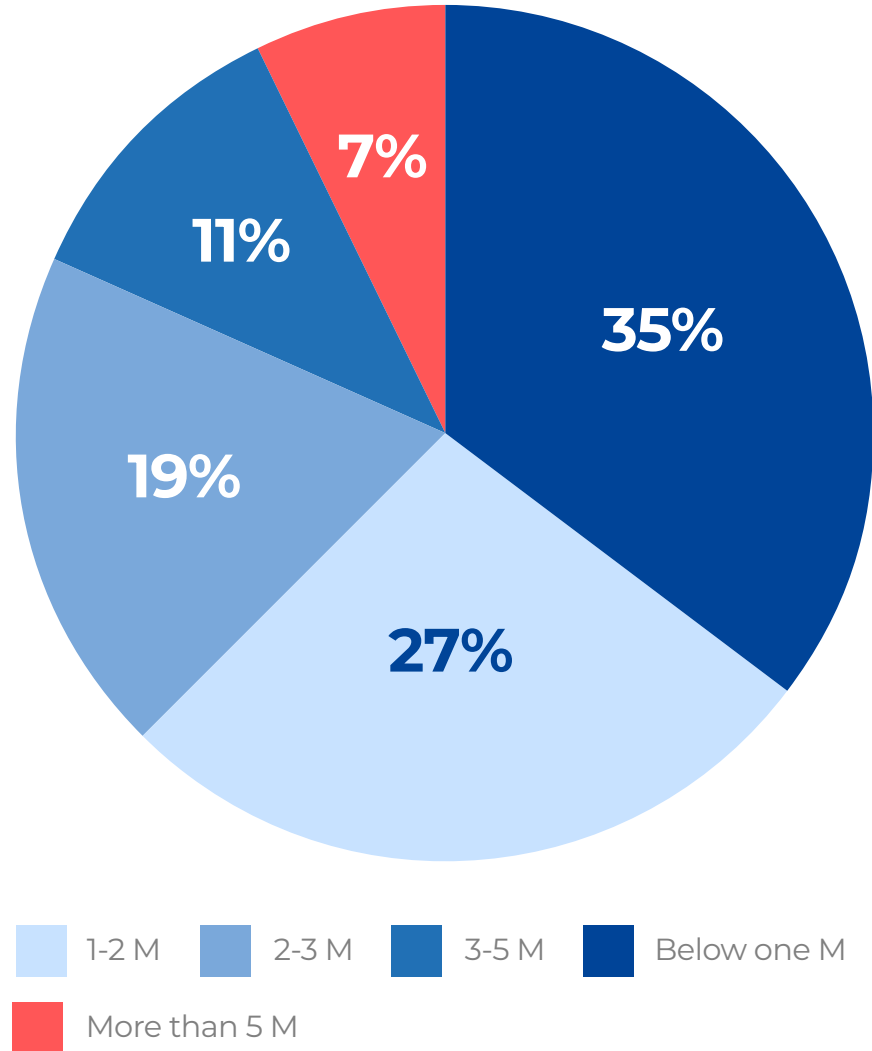
1st Sale vs. ReSale in Q1 2024

The 1st Sale vs. ReSale property comparison does not consider plots transactions



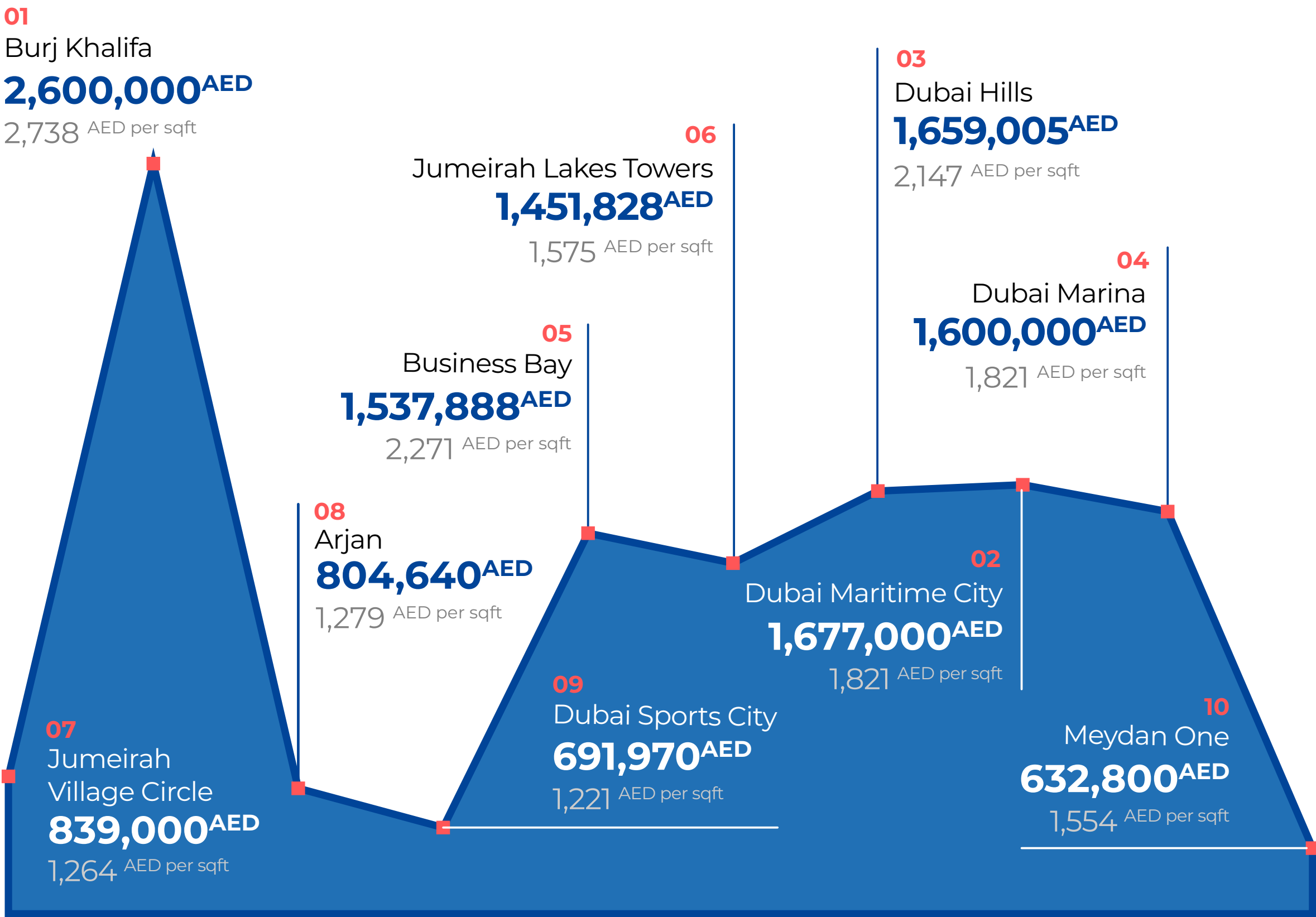
Property sales by price-range in the Q1 2024

This sales value proportion does not include the mortgage transactions

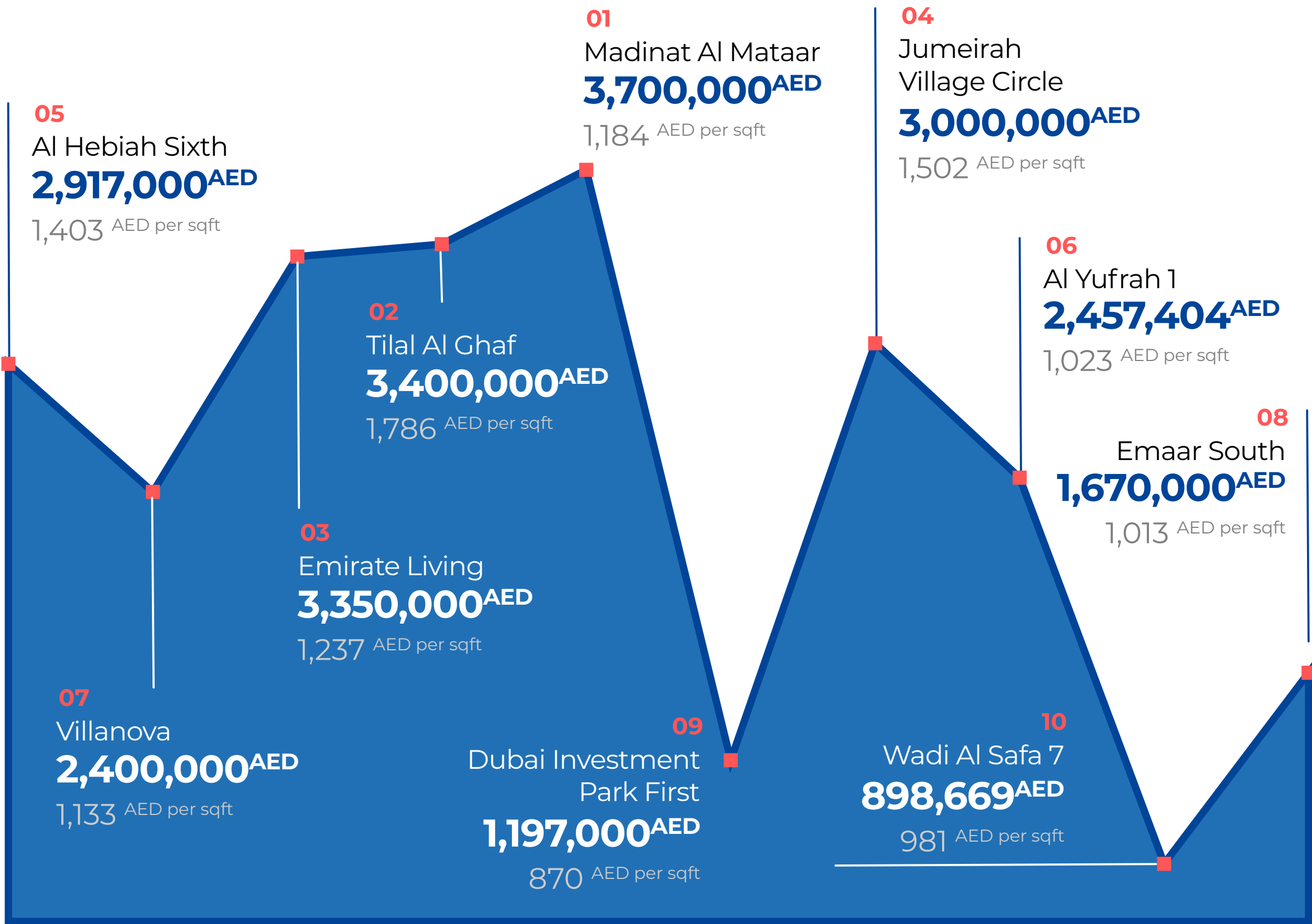




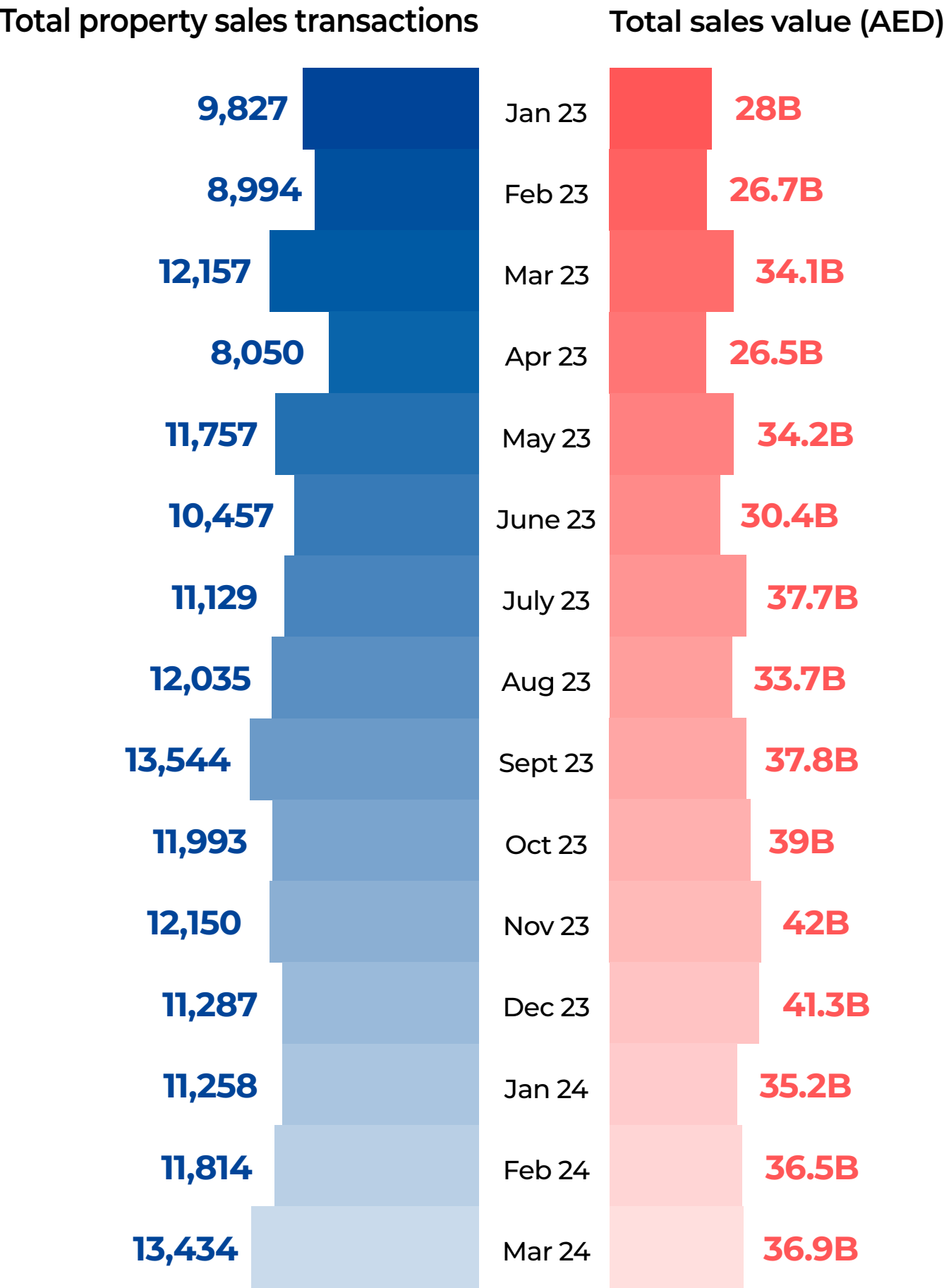
Apartment average prices in the top 10 areas



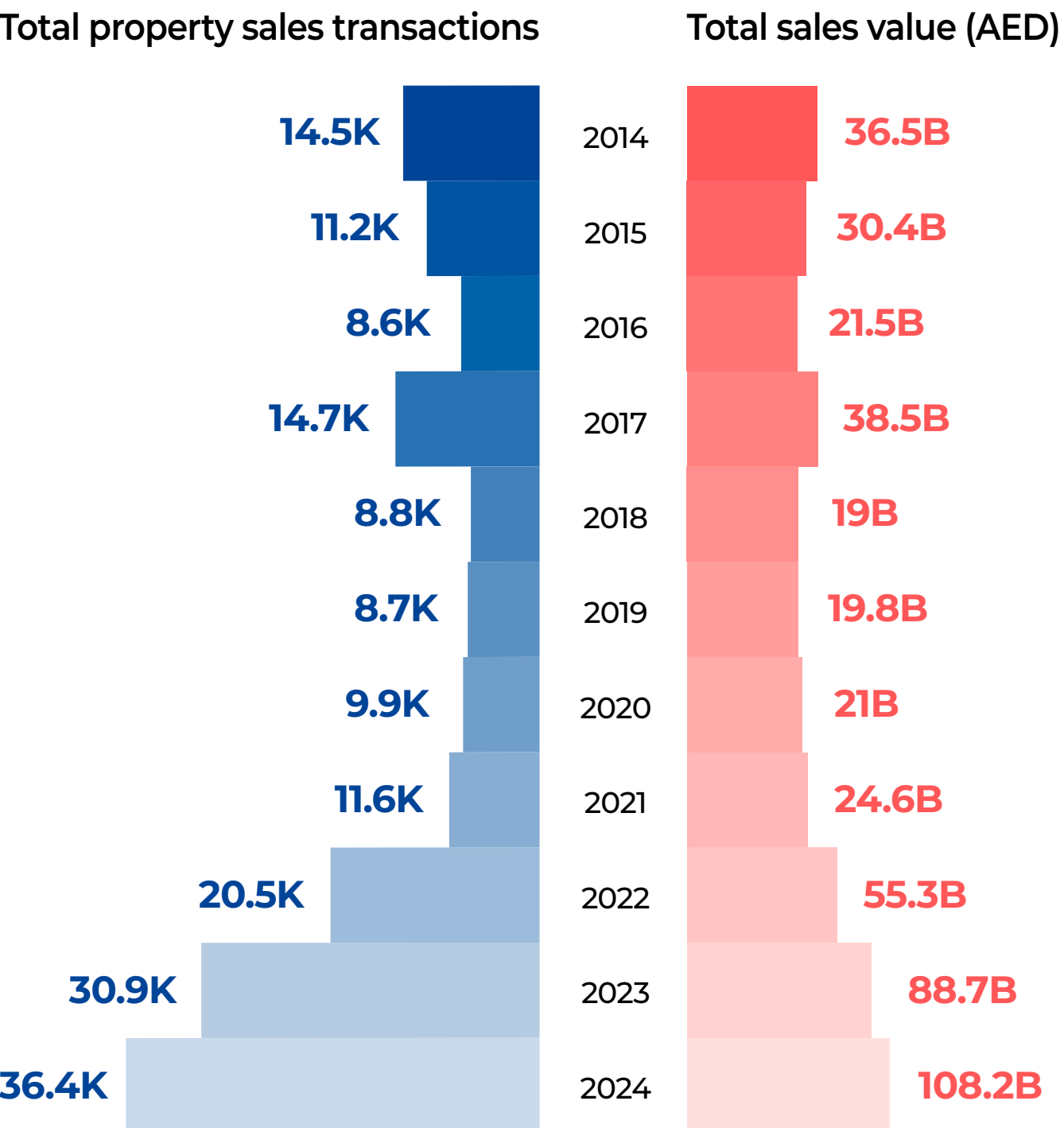
Villa average prices in the top 10 areas



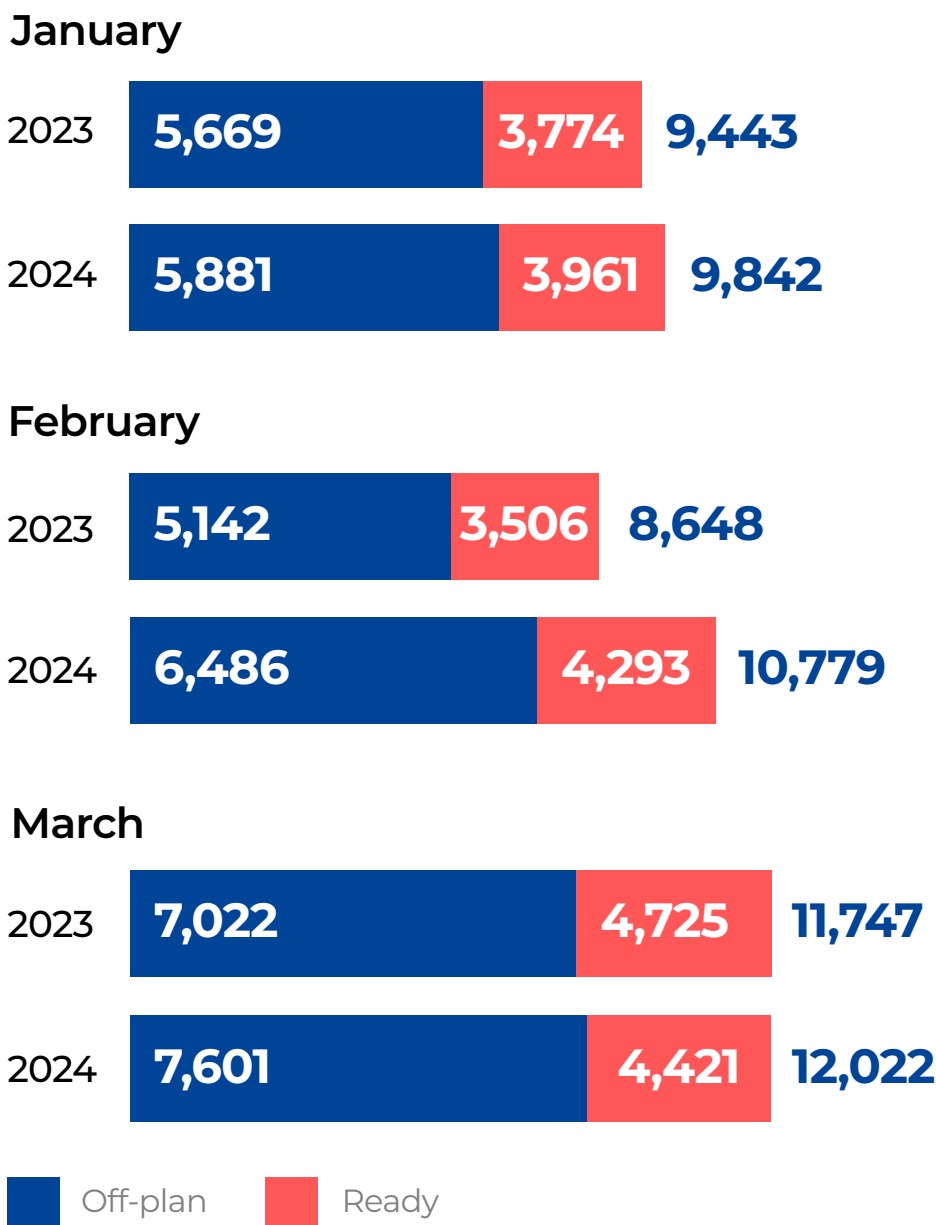
Dubai Real Estate Rolling Tracker



Q1 performance: 2014 – 2024



Monthly property sales volume off-plan vs. ready in all areas



Why is off-plan proving popular?

Pricing

Buying off-plan can mean a significantly lower market price, with flexible payment plans meanign you don't have to pay the full amount upfront.

Developer Promotions

Some developers offer to cover some of your legal costs, such as the 4% DLD fee.

Higher ROI

As purchase price is lower than market, capital appreciation is good, making off-plan a good investment.

Turnkey

Modern designs and brand new amenities mean you can often simply walk into your new home, no renovations needed.

Challenges

The demand normally outweighs supply, there can be a possibility the project doesn't complete making it a higher risk investment, and sometimes the delivered end product doesn't meet expectations.



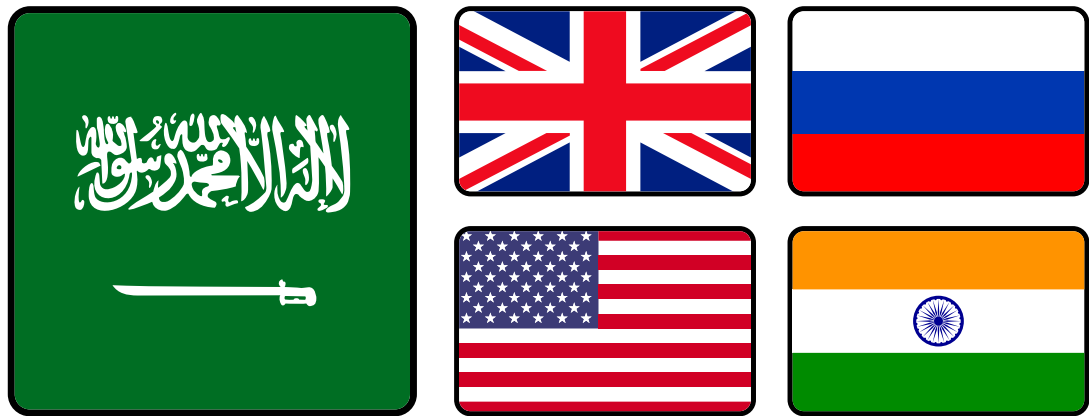
THE DUBAI SHORT-LET MARKET

Key trends in short-let investment in Q1 2024

Average daily rates remain at the higher level, which is good news for investors. In fact, the short-let market is performing very well in 2024 in regard to financial returns. YoY comparison for market revenue showed that Dubai short-let returns for professionally managed apartments was up 16% in January, 31% in February and 6% in March, 2024 vs 2023. Stock has also increased, which will have assisted in driving up these figures. There are currently 4,400 professionally managed short-let options and 24,301 total short-let options in Dubai: this is approximately a 25% or 39% increase in stock, respectively, in comparison to the same time period in 2023.

 **24,301 TOTAL SHORT-LET options in Dubai**

Market* occupancy rates fell significantly. YoY figures show that Q1 2024 occupancy levels for January fell by 27%, February by 29% and March by 35%, in comparison to the same months in Q1 2023. Ramadan had an impact on tourist numbers in March this year, as there are a lot of misconceptions, on an international level, about this period for holidaymakers, which therefore does see guest numbers drop. The New Year period extended longer into early January, with guests staying until around the 5th, which has also pushed further trips into later in the year for many travellers. This extension into early January did help bolster tourism figures, in fact the Dubai Department of Economy and Tourism released figures stating Dubai welcomed 3.67 million international tourists in January – February 2024, an increase of 18% for the same period in 2023. However, the short-let market didn't see occupancy levels in late January or February pick up generally, as we normally would. ***AirDXB is delighted to confirm – as is consistent with previous quarterly reports – that our occupancy rates remained first-in-market and always over 90%.**



The first quarter of 2024 saw the majority of our guests come from Saudi Arabia (11.13%), closely followed by the UK (8.96%), Russia (8.04%), USA (6.81%) and India (6.75%). While ranking place has changed slightly, these source countries have been in our top 5 consistently in recent years. This indicates that while nearby world events may be disturbing, they are not negatively impacting tourism appetite when travelling to the UAE. The DTCM Tourism Report showcased similar findings with 21% of total travellers coming from European countries. The report also mentions that hotels reached 87% occupancy in Q1 with an average stay of 3.8 nights. These insights, combined with our analysis, shows that the short-let market remains very competitive with the hotel sector for guest booking and interest.

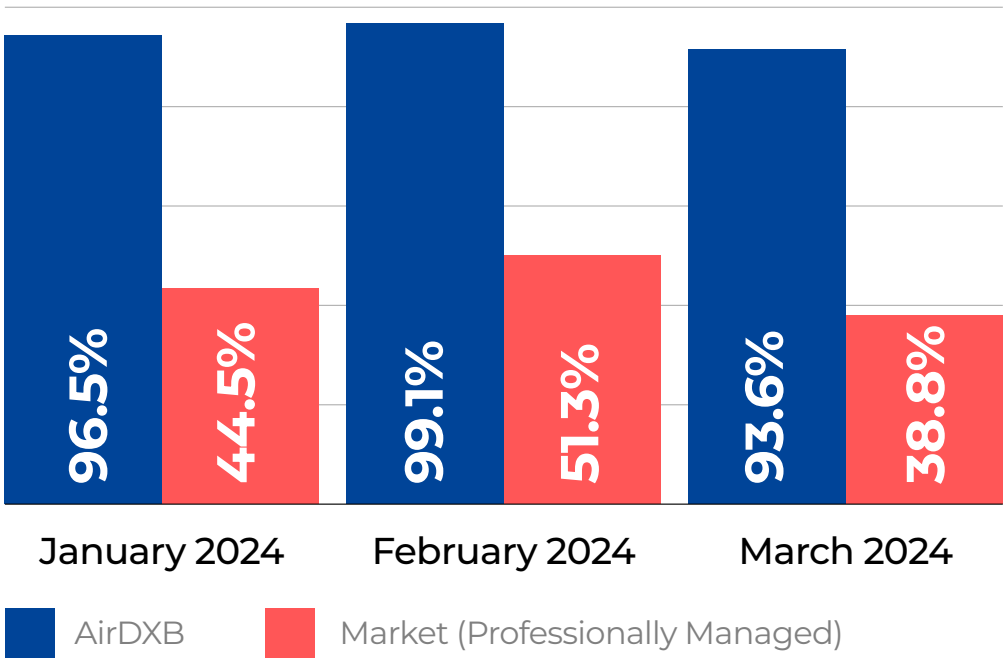


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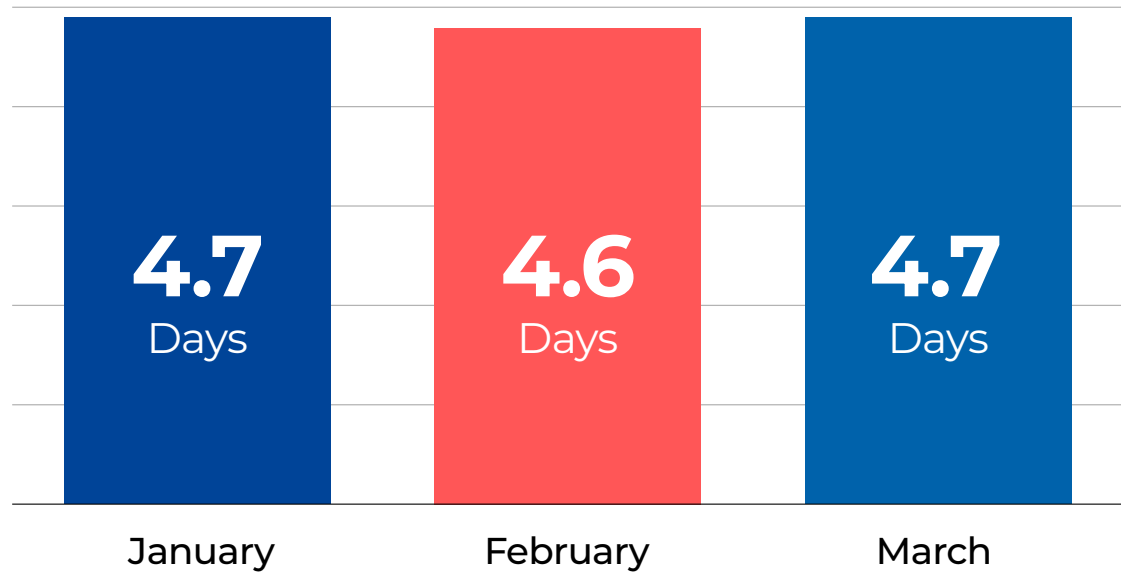
SPOTLIGHT ON: Your short-let investment in Dubai Hills

	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms
Transaction Price AED (Average)	838,521	1,475,653	2,275,873	3,451,077
Short Term Letting Rate AED (Average)	118,032	162,000	232,094	378,943
Running Costs (avg, AED)	29,508	40,500	58,024	94,736
Net Return AED	88,524	121,500	174,071	284,207

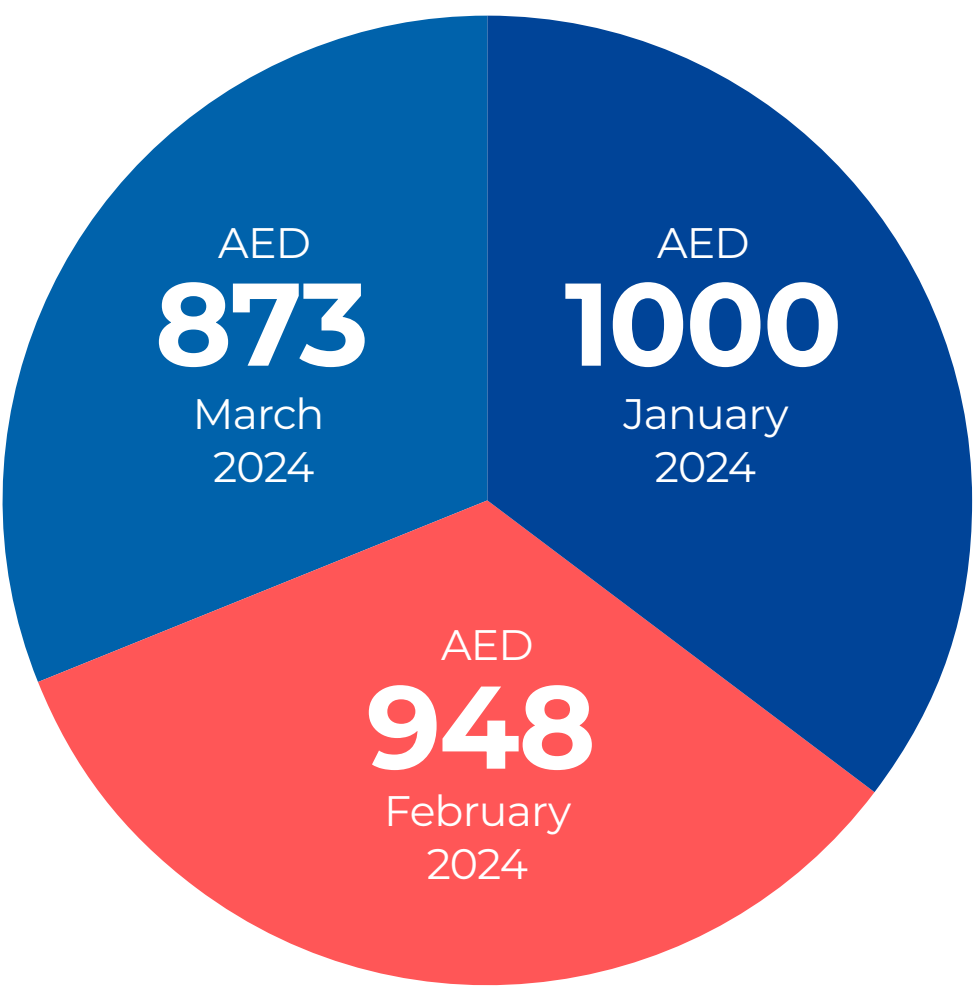
Occupancy rates in Q1 2024



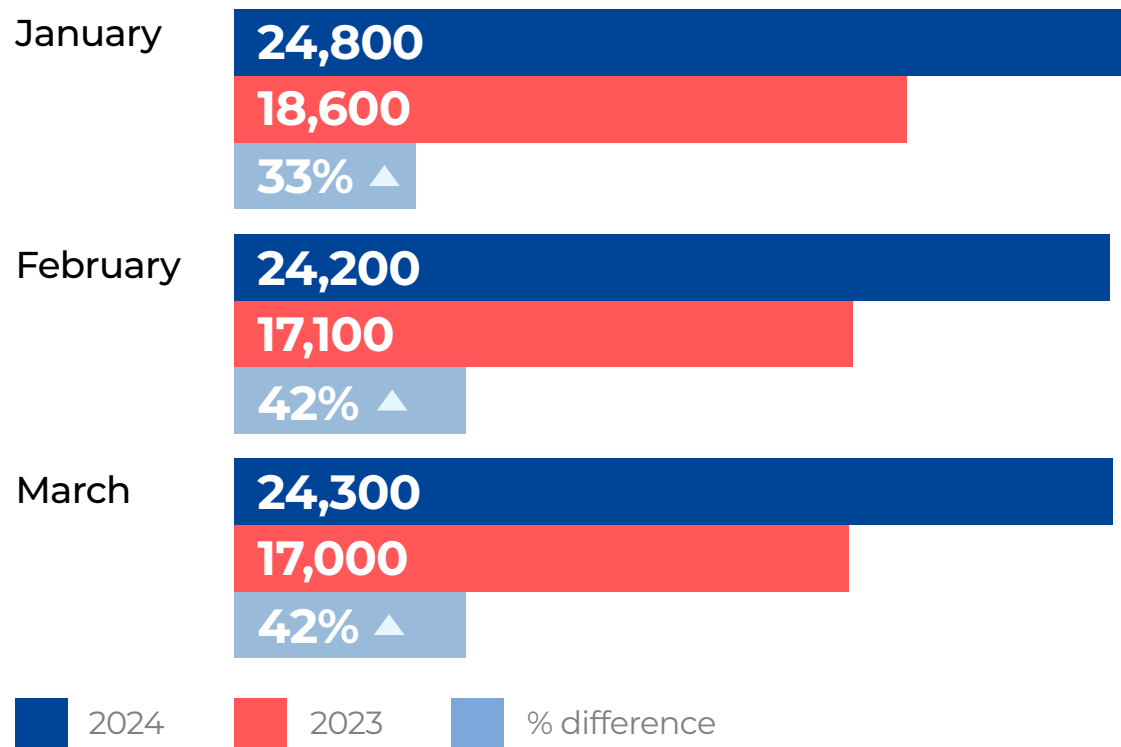
Average length of stay in Q1 2024



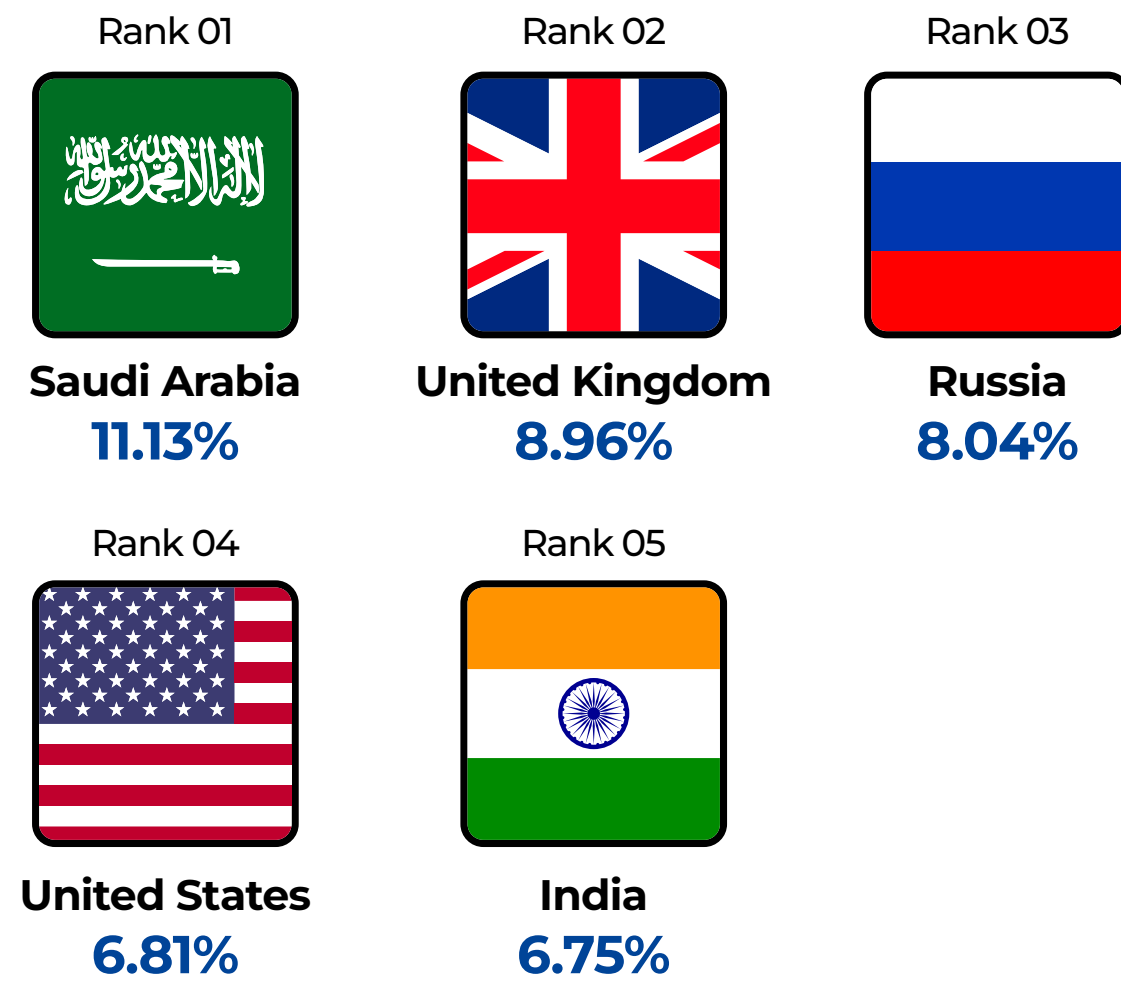
Average daily rates in Q1 2024



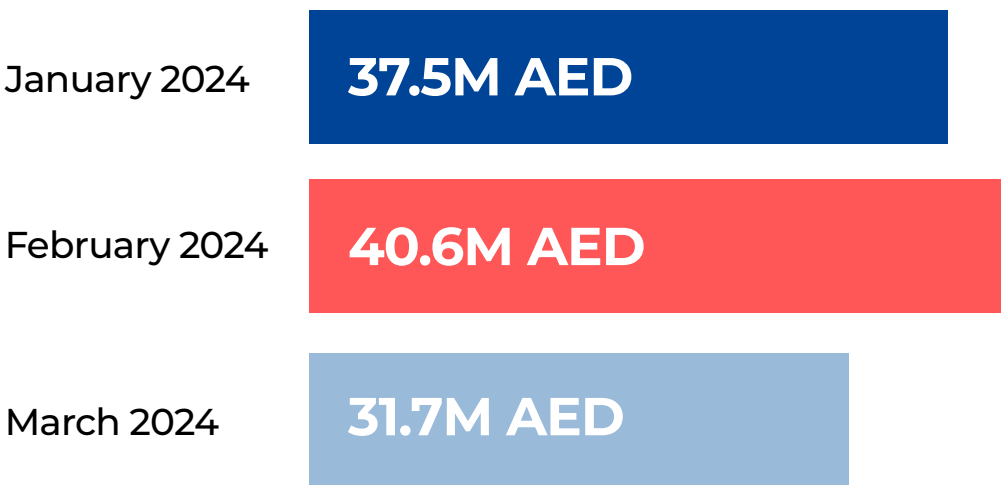
Total active listings in Q1 2024 vs. 2023



Where are guests travelling from in Q1 2024?



Total market revenue for professionally managed short-let apartments Q1 2024





THE DUBAI LONG-TERM RENTAL MARKET

Key trends in short-let investment in Q1 2024

THE TOP 5 AREAS FOR RENTAL RETURNS

10.02%

Dubai Investments Park

9.37%

International City

9.35%

Dubai Silicon Oasis

9.28%

Liwan

9.13%

Al Khali Heights

Rental yields for the long-term market remain consistent with 2023 and continue to showcase higher yields for apartments over villa/townhouses. The top 5 areas for rental returns this quarter where: Dubai Investments Park (10.02%), International City (9.37%), Dubai Silicon Oasis (9.35%), Liwan (9.28%) and Al Khali Heights (9.13%). It is noteworthy that these areas are all further out locations, indicating that the higher rents in hot spot areas are starting to spill over in previously low-cost areas, as demand for value and proximity to amenities increases, driving up prices.

However, the top 5 locations for both new and renewed rental contracts (ie most popular areas for rentals this quarter) showed that the Palm Jumeriah is making a comeback, ranked 4th with 84 new contracts and 5th with 111 renewed contracts. Could this be in response to long-term rents stabilizing and levelling off? It is possible. We believe that with the new RERA rental increases, areas such as the Palm, which were previously deemed too expensive, will again prove popular as rental prices increase in further-out locations making the difference less considerable.

It is probable that this is a temporary lull. With the population of Dubai ever increasing (now at 3.7 million people), we should expect to see a continued buoyancy in the long-term rental market: good news for landlords. For tenants, there continue to be more affordable options being built further in-land every day. What we are seeing in real time is the expansion of Dubai into a modern-day international city, similar to that of a London or New York, with different boroughs and suburban communities offering different types of living.

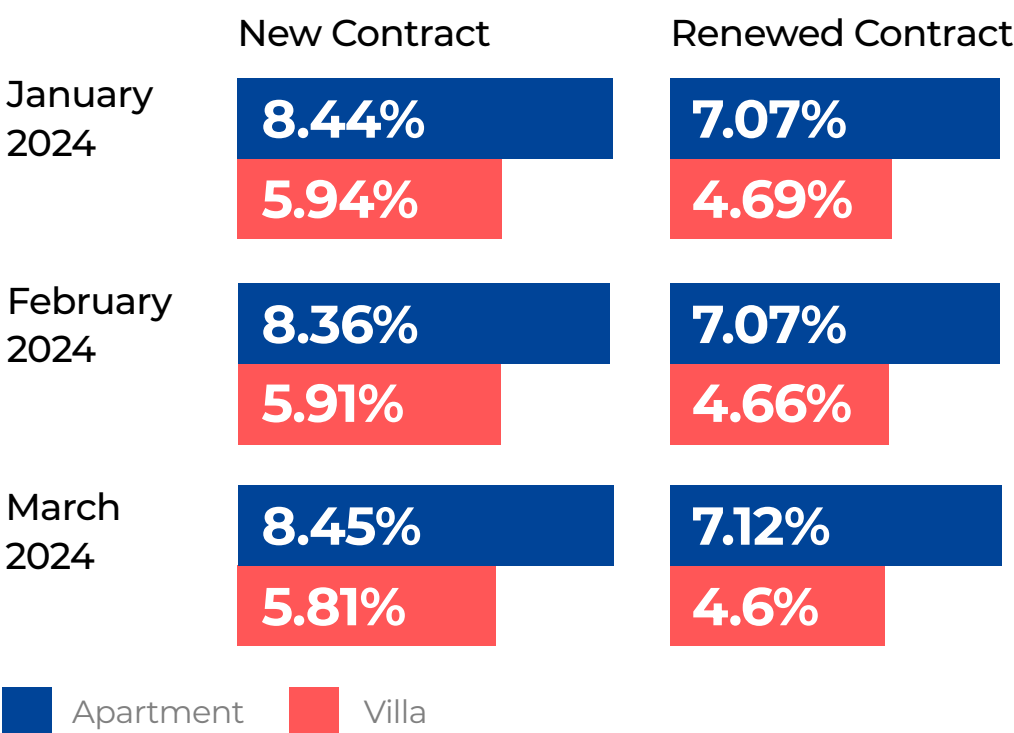


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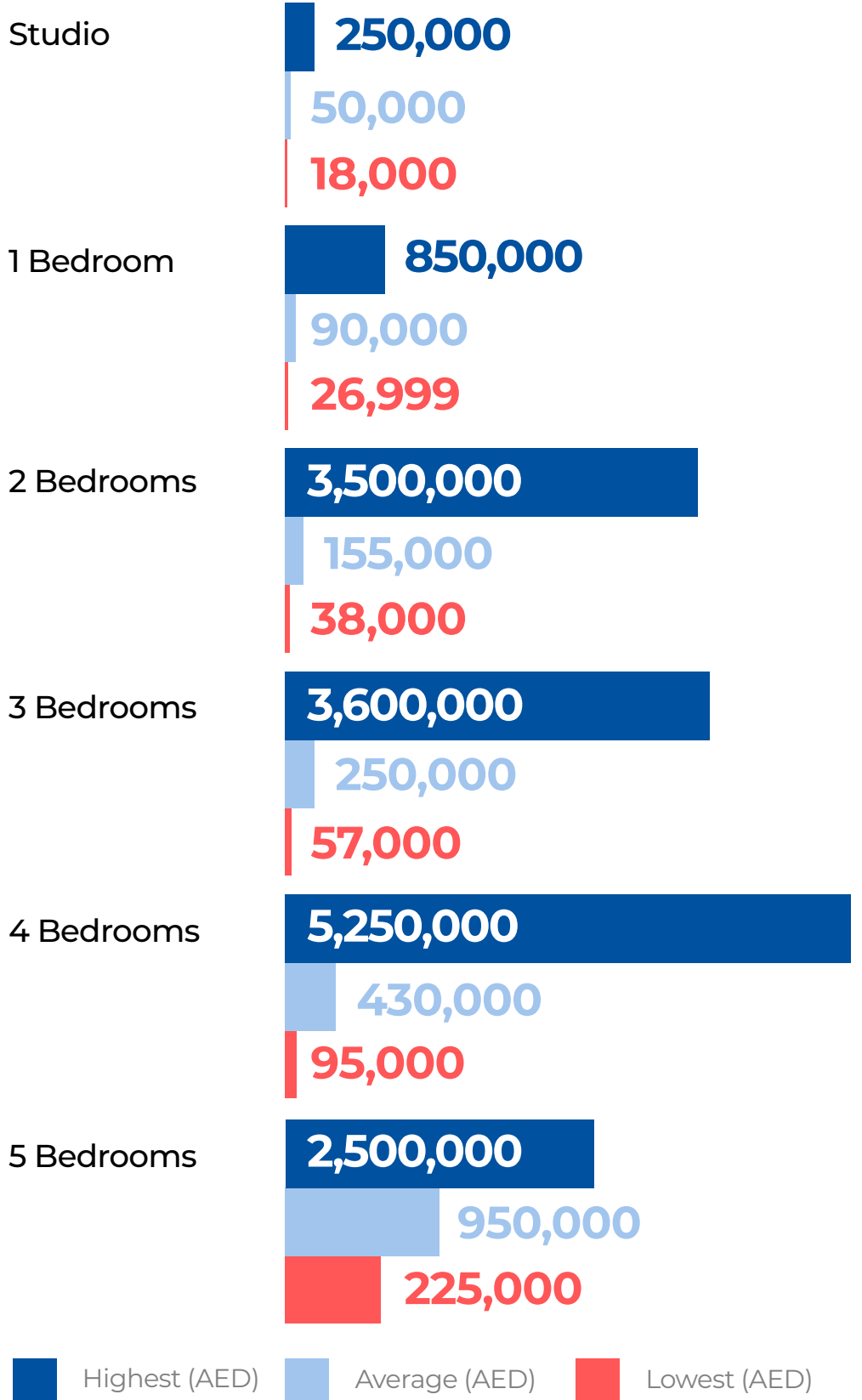
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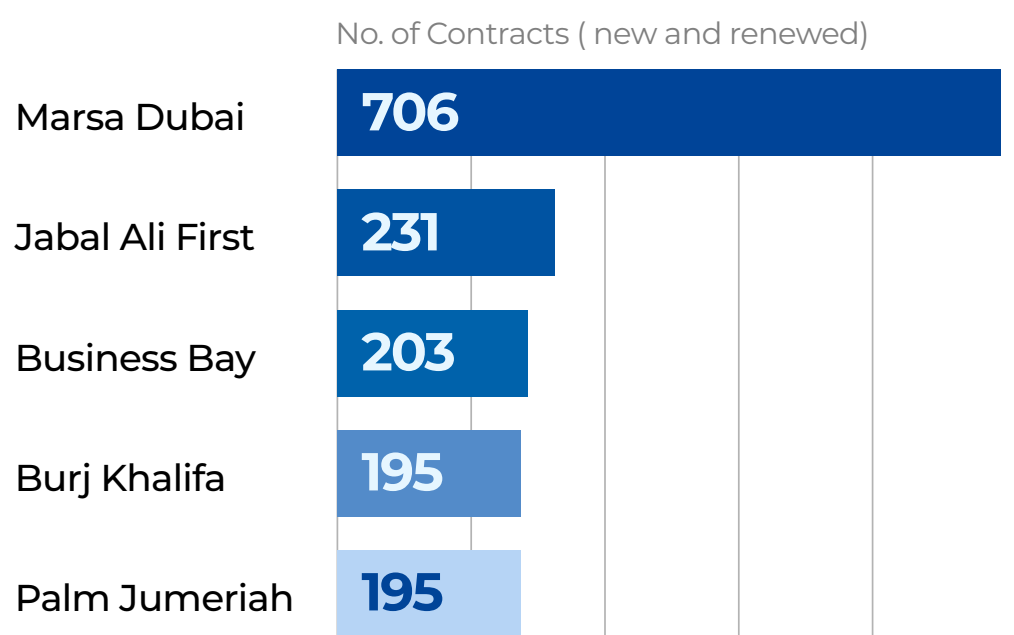
Dubai long-term rental yields Q1 2024



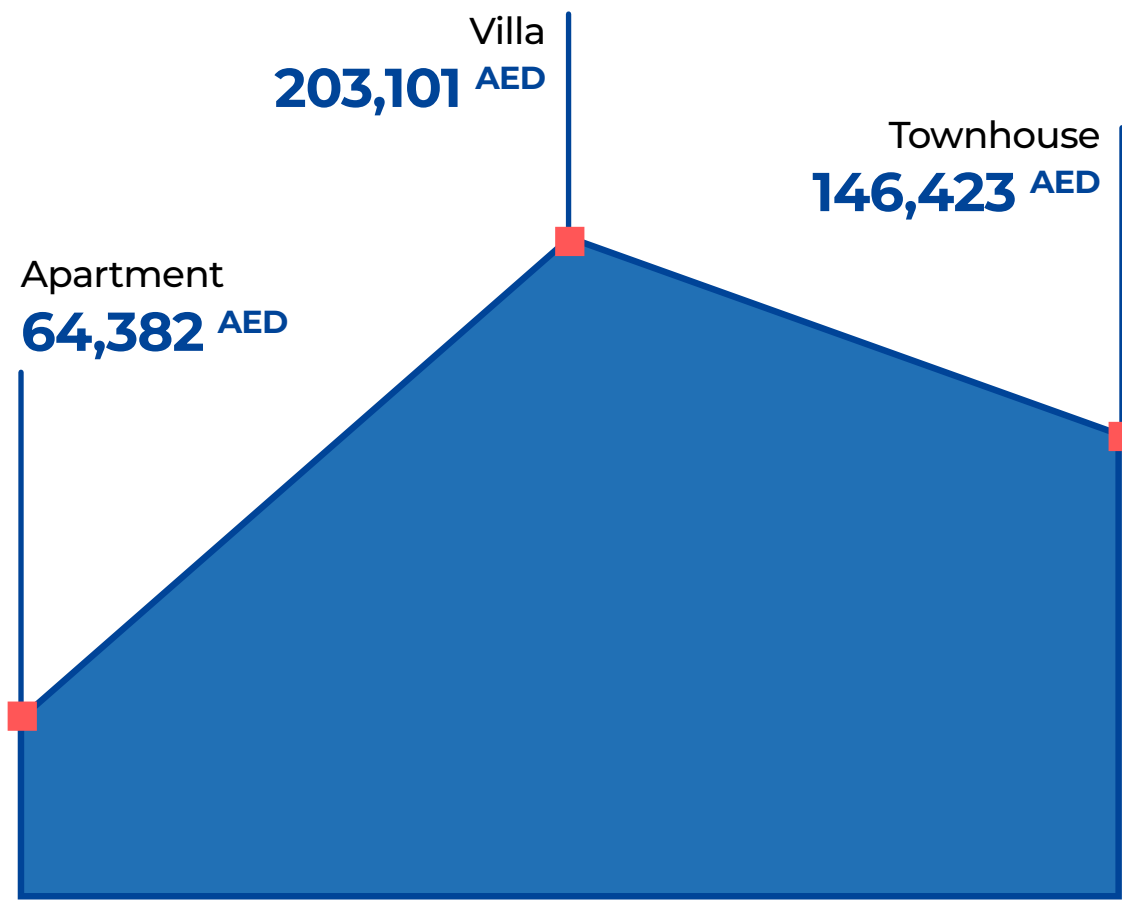
Long-term rental prices for apartments by bedrooms Q1 2024



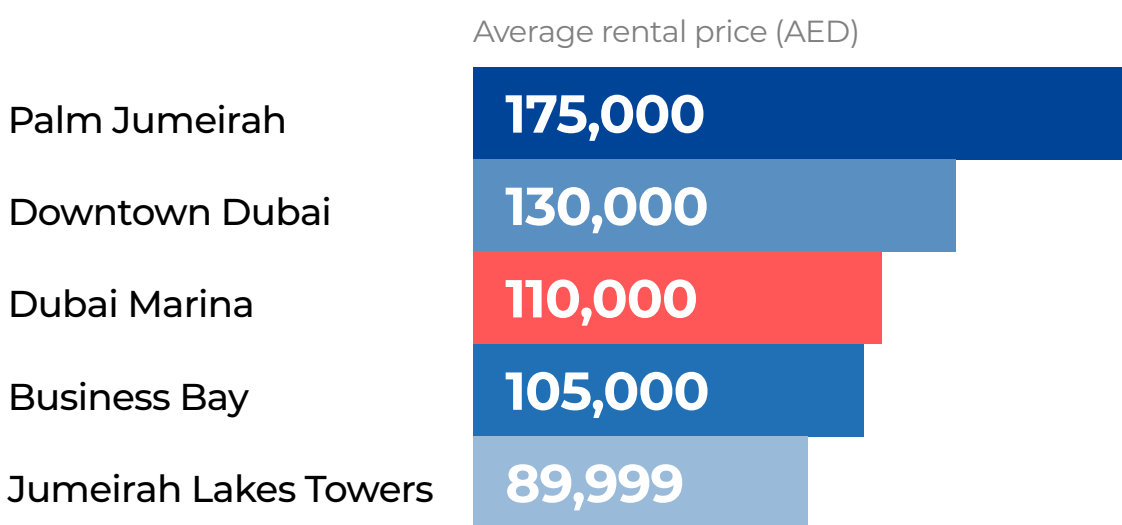
The most popular areas for long-term rentals Q1 2024 – Apartments



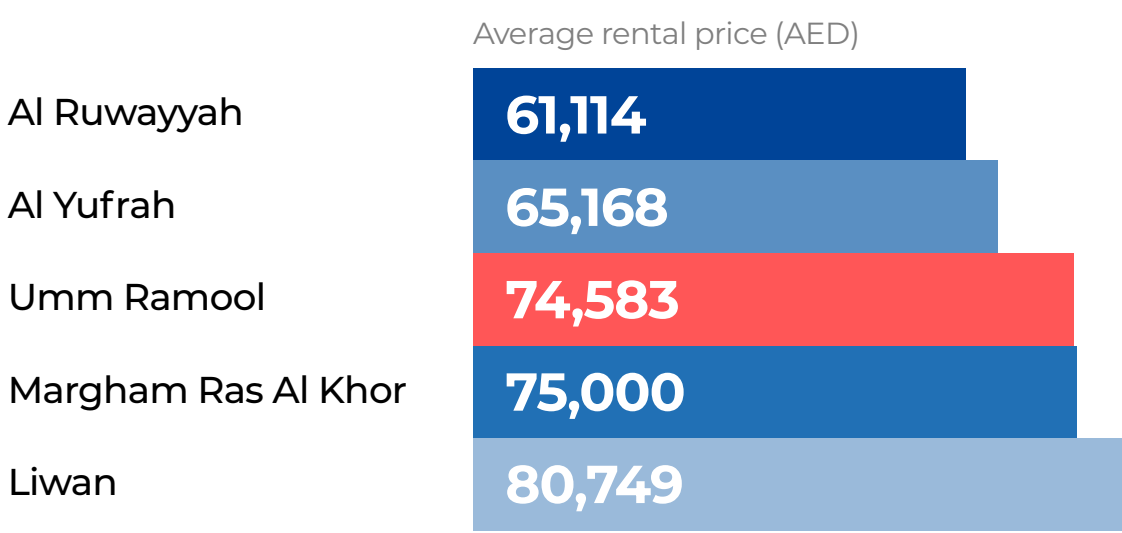
Average long-term rental prices in Dubai Q1 2024



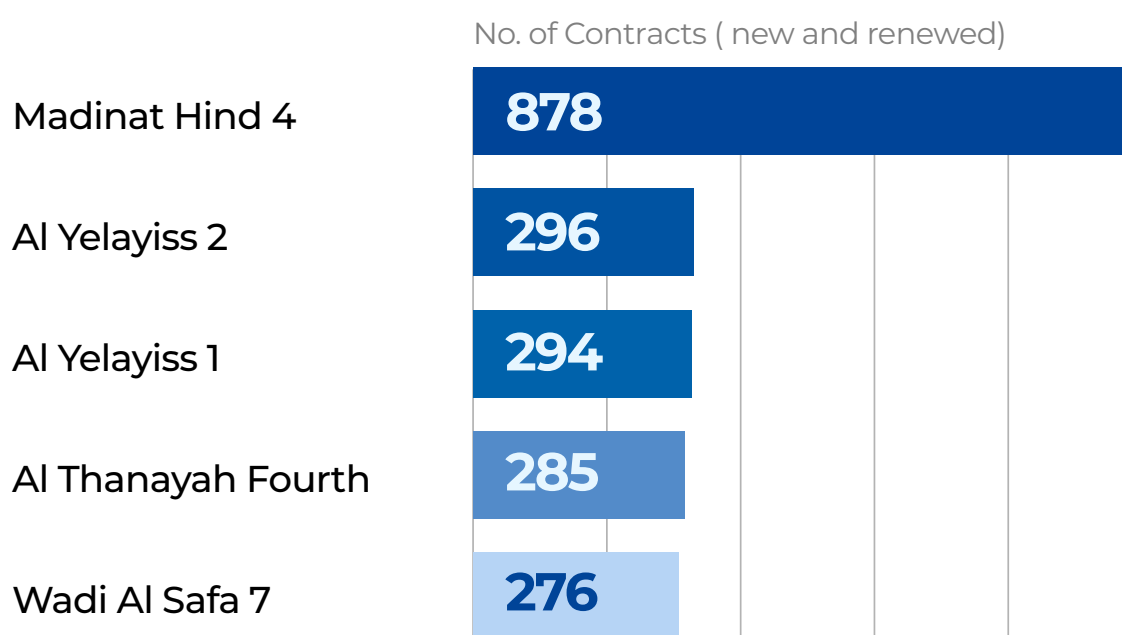
Average long-term rental prices for apartments in Dubai hotspots



The most affordable places to rent a villa or townhouse in Dubai



The most popular areas for long-term rentals Q1 2024 – Villas





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