

Residential Market Monthly

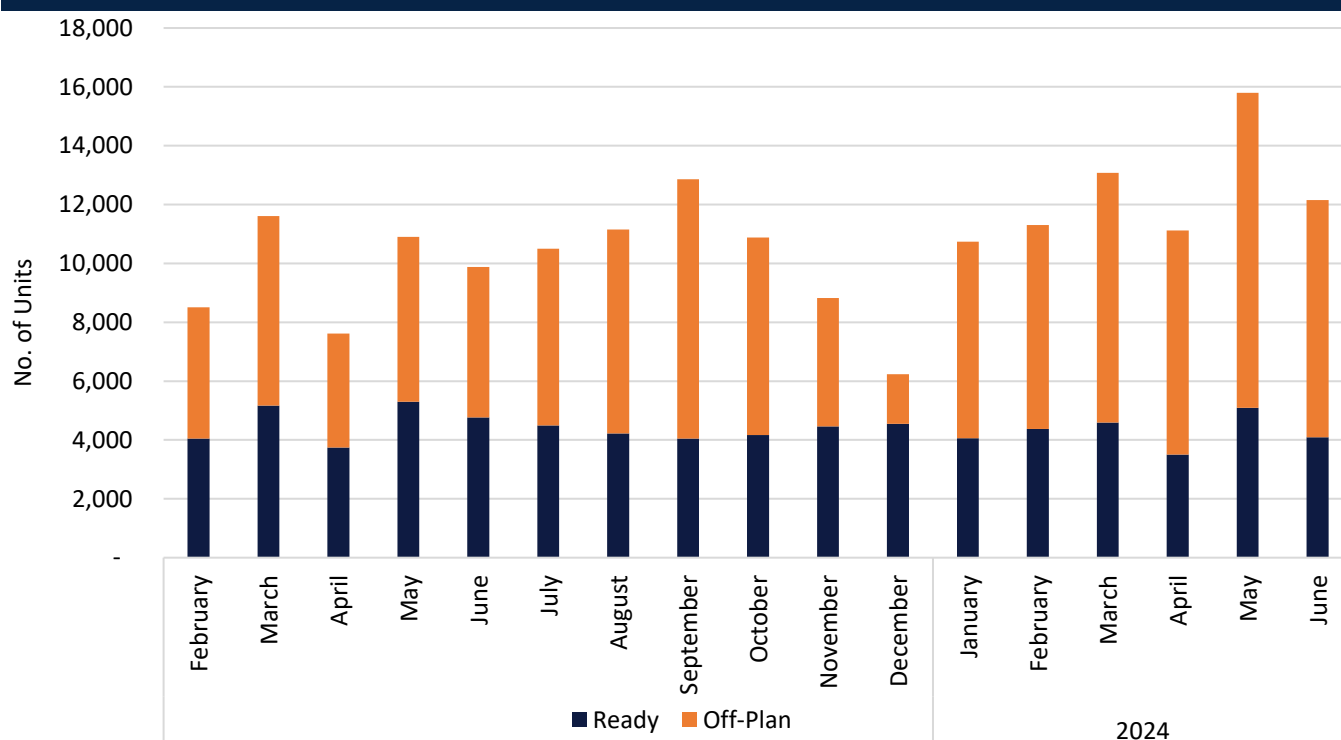
Real Estate | 25 July 2024

A total of 12,150 residential units were sold across Dubai in June. When compared to May, transaction volumes dropped by 23% m/m. However, occupier sentiments are still positive, and overall transactions are up by approx. 23% y/y over the 9,880 units sold in June 2023.

More than 66% of all units sold in June were under construction (off plan). Demand for off plan units has gradually increased since the start of the year. Close to 65% of all units sold throughout H1 2024 have been off plan, a 12% y/y growth when compared to H1 2023.

The first half of 2024 has seen the highest number of residential units sold in Dubai in six months. More than 74,100 units were transacted during H1 2024, a growth of 29% y/y. Five years ago, in 2019, this number was only 17,100 units, highlighting the growth in transaction volumes post the Covid-19 pandemic.

Monthly residential transaction trend



Source: Reidin, ENBD Research



The H1 transaction number is also significant as the total residential units sold across Dubai far exceeds the transaction volumes recorded across other global cities. In Singapore, for example, a total of 17,700 units were sold throughout 2023, while Dubai saw an average 12,300 monthly residential sales in H1 2024.

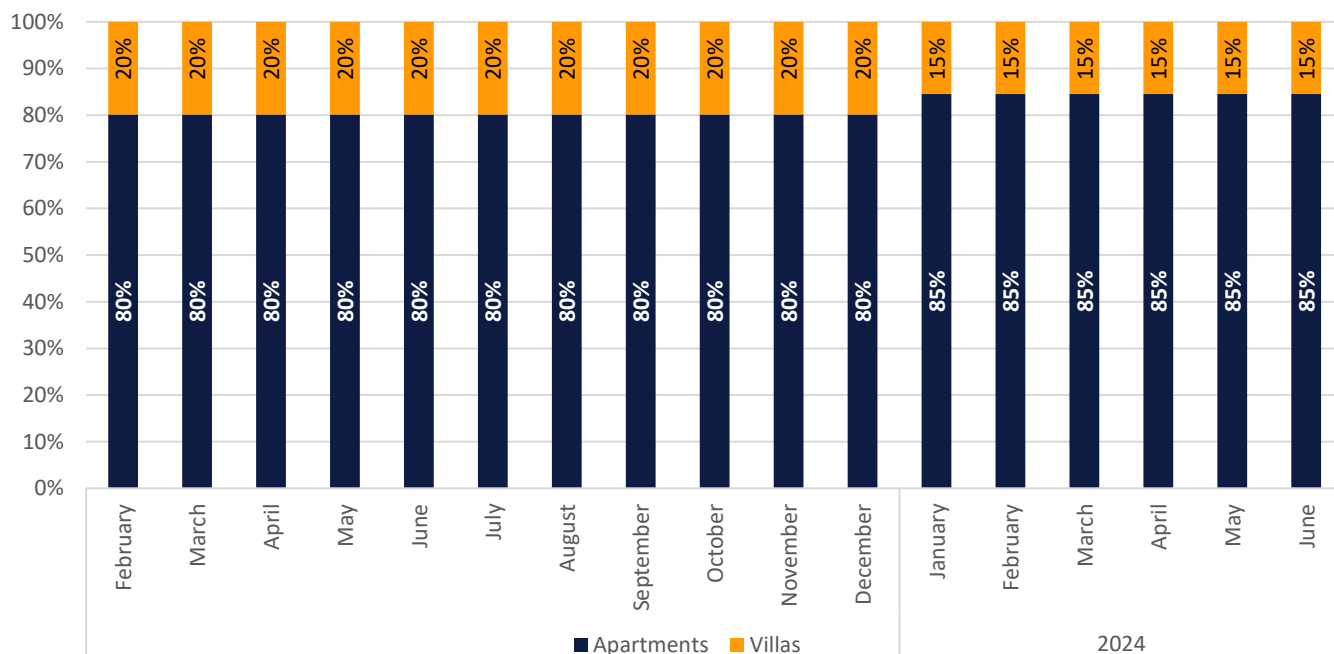
Primary sales drive most of the demand.

Primary sales (units sold for the first time) formed 59% of the overall transactions. There has been a slowdown in secondary sales (re-sales) over the last few months as new project launches have increased and demand has shifted towards these new developments. Both end-users and investors seem to prefer newly launched projects due to the limited upfront financial commitment needed to purchase such units and better specifications and facilities offered by most of the recently launched developments.

Apartment units have seen the highest number of transactions. More than 85% of all units sold in June were apartments. A total of 8,990 apartment units were transacted across the city. For the first time this year, Business Bay has surpassed Jumeirah Village Circle (JVC) to emerge as the most in demand micro-market for apartment units. Business Bay (990 units), JVC (895 units), Meydan (530 units), Arjan (450 units) and Dubai Sports City (335 units) were the top five micro-markets for apartment transactions in June. In H1 2024, more than 61,000 apartment units have been sold, compared to 46,000 units transacted in H1 2023, a growth of 33% y/y.



Demand across apartments and villas



Source: Reidin, ENBD Research

Demand for villa projects remained largely stable. More than 2,900 villa units were sold in June, growing by 6% m/m. Recently launched projects such as Haven by Aldar, The Acres by Meraas, Damac Hills 2, Emaar South and Damac Lagoons have seen most of the transactions in June. A total of 13,150 villa/townhouse units have been sold in H1 2024 compared to 11,600 units in H1 2023.

Transaction volumes grew threefold in Dubai South

The Dubai South micro-market has seen renewed occupier interest after the Dubai government announced its plans to expand and transfer operations from Dubai International Airport (DXB) to the Al Maktoum International (DWC) airport. Investment activity in the micro-market has picked-up on the back of this announcement. Only 410 units were sold in the micro-market in H1 2023, but this number has jumped to 1,300 units in H1 2024. Villa/townhouse developments were the most preferred and saw 70% of the overall transactions in June. Because of increased occupier interest, new project launches in the micro-market have gained traction and more than 4,000 units were launched in H1 2024.

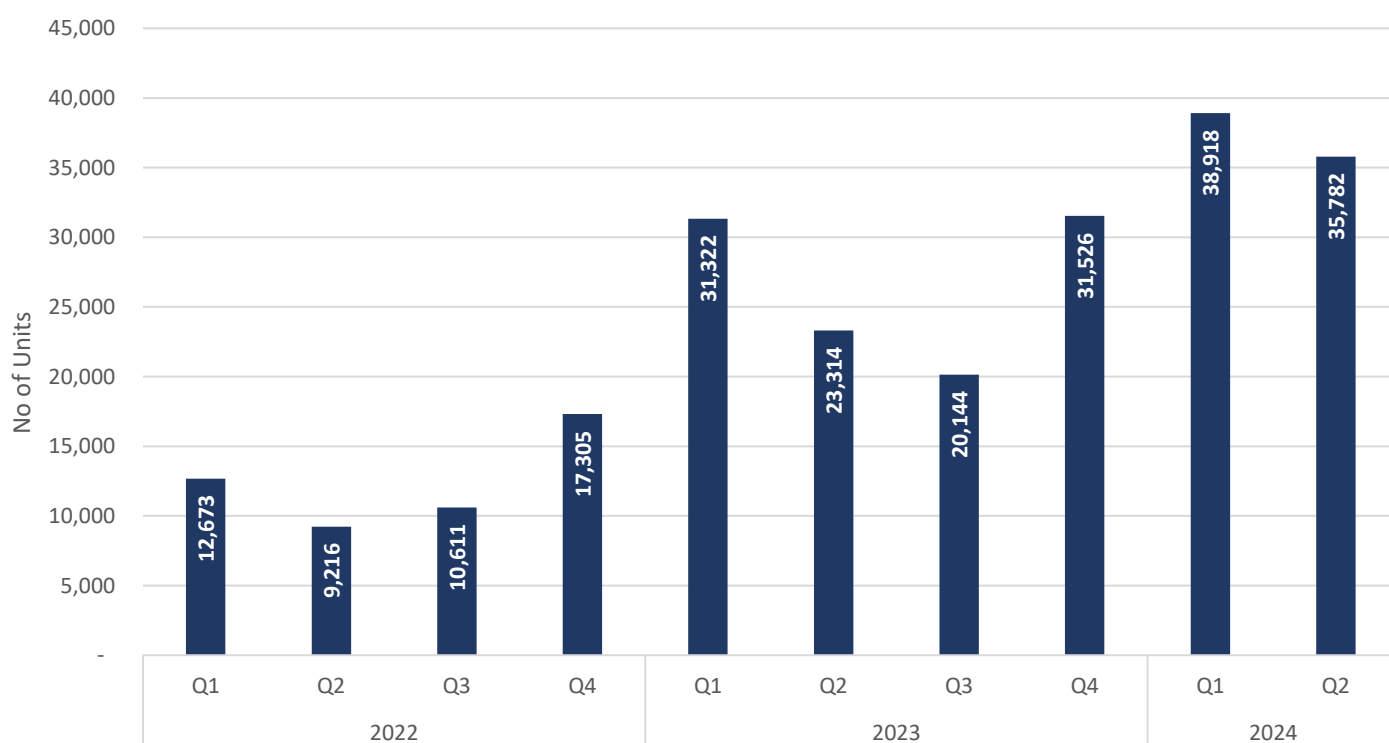
Supply of new units at an all-time-high.

In H1 2024 a total of 74,700 units have been added to the city. This is the highest number of new units launched across Dubai. 38,918 units were launched in Q1, and 35,782 units were launched in Q2 2024. Ten developers have launched 50% of the new units in H1 2024. New project launches were led by Emaar Properties

which has launched close to 9,000 units so far this year. Prominent project launches by the developer include The Valley (3,100 units). The developer has also launched new phases/developments across its existing communities. Close to 1,700 new units were launched across Dubai Creek Harbour community, with the introduction of projects such as AEON Tower 1 and 2, Palace Residence Creek Blue, among others.

Sobha Real Estate was the other active developer in terms of new project launches. Across various developments throughout the city, the developer introduced close to 4,800 units. Prominent projects include Sobha Orbis Tower A, B and C, Skyscape Avenue, Riverside Crescent, etc.

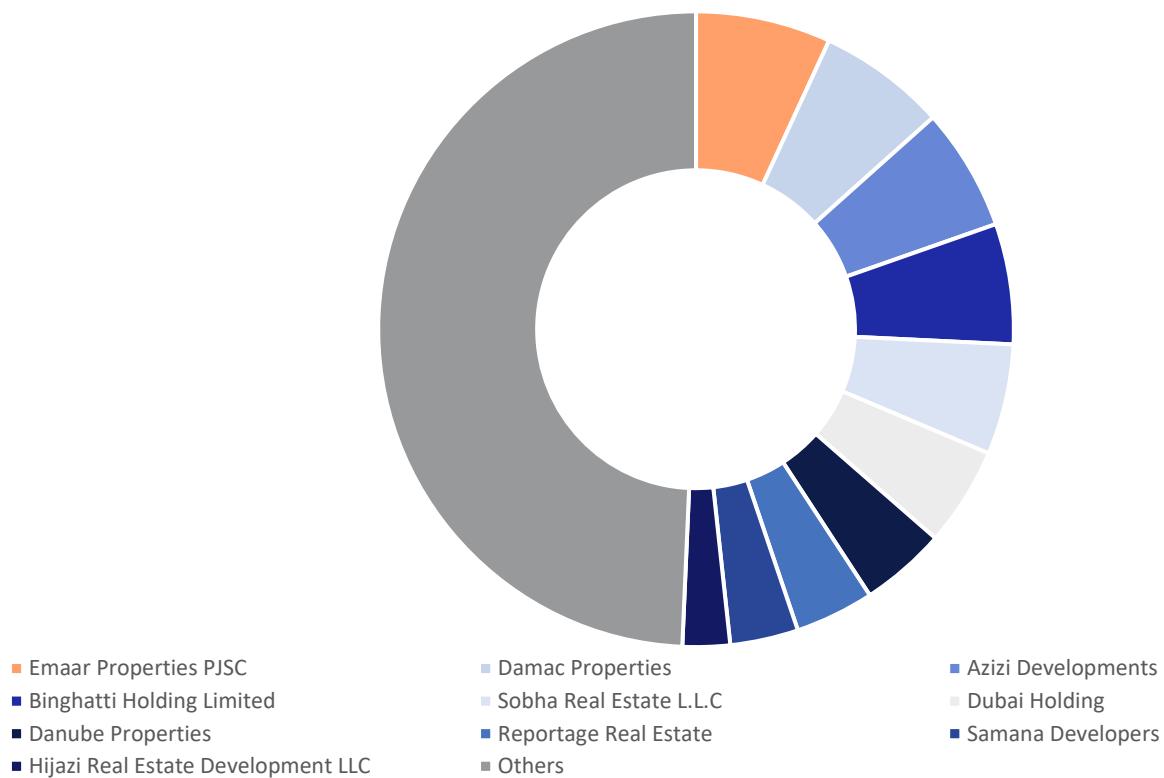
Units launched across Dubai.



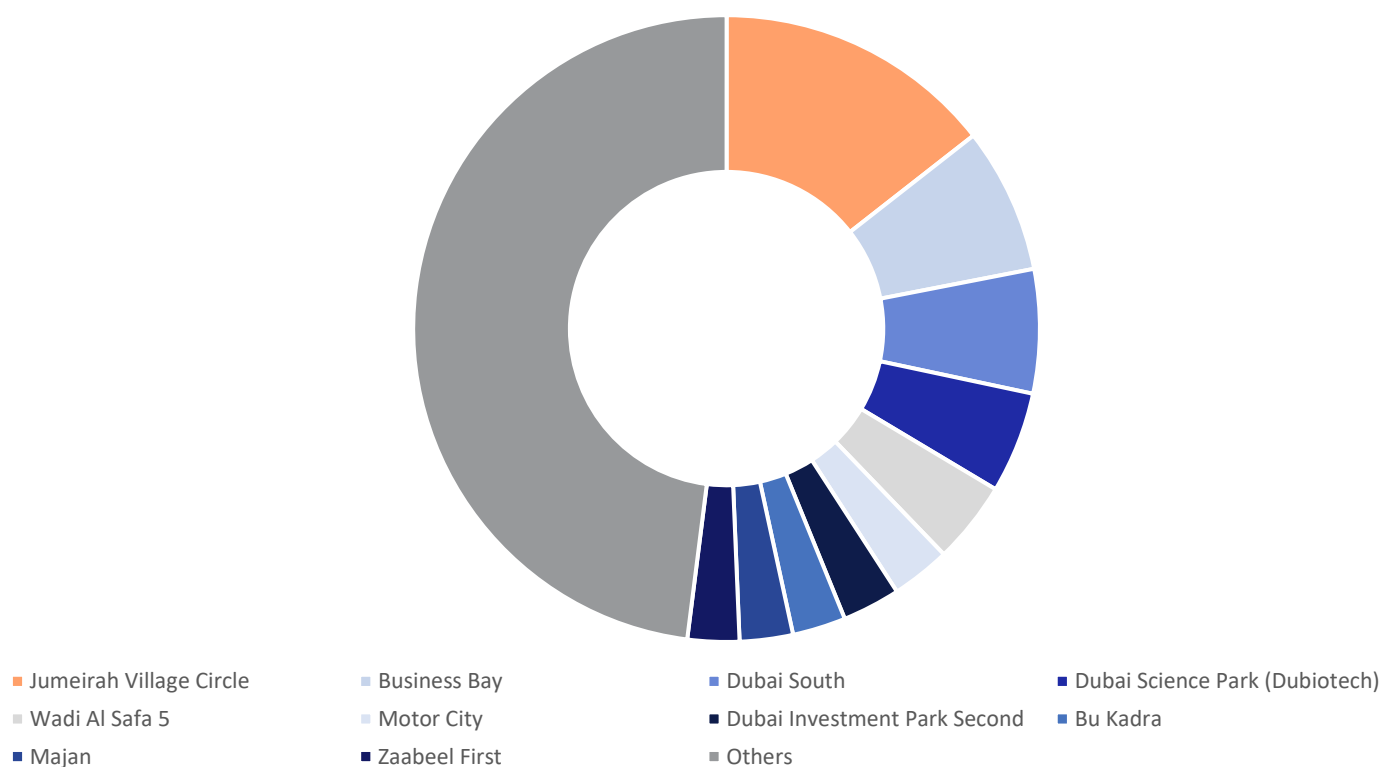
Source: Reidin, ENBD Research,

New project launches from stand-alone developers with limited development record in the city has also increased in H1 2024. More 7,000 units were launched by such developers largely across emerging locations.

Top developers based on new supply in 2024.



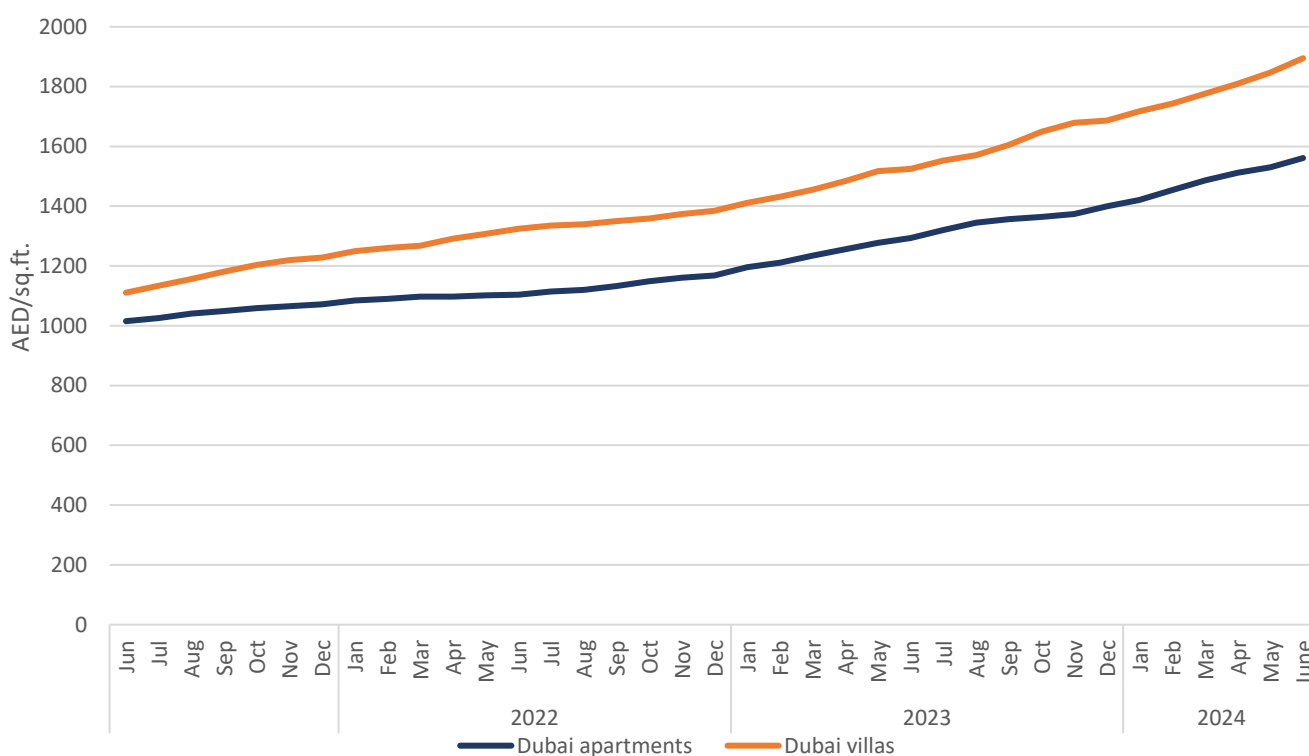
Top locations based on new supply in 2024.



Capital value growth continues.

Capital values continue to increase monthly. Prices have increased by 2% m/m across apartments and 3% m/m across the villa/townhouse developments in June. The average price across apartment developments is currently estimated at AED 1,560/sq.ft. while villa and townhouse developments on average command AED 1,895/sq.ft.

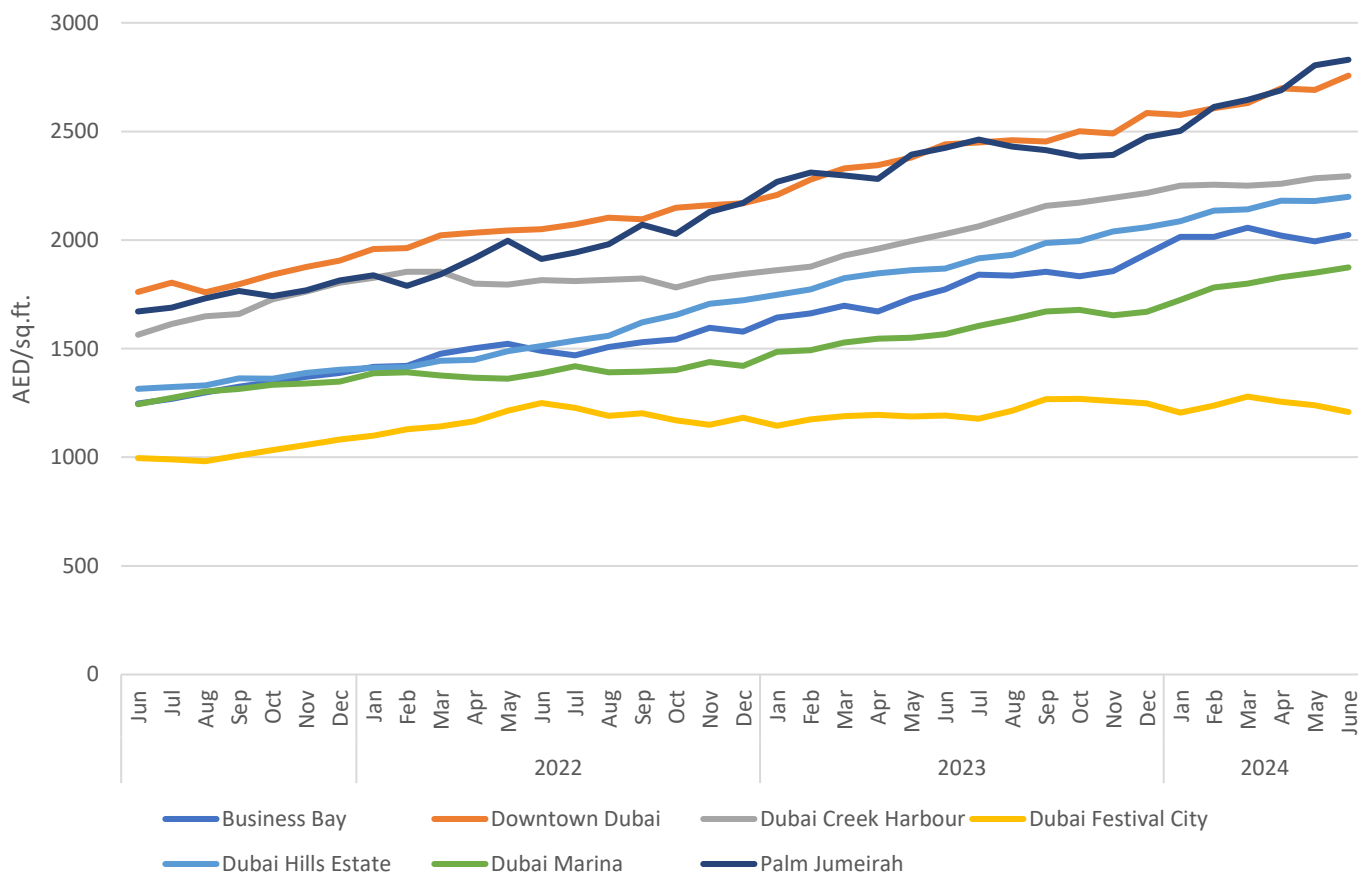
Average capital value trend across apartments and villas.



Source: Reidin, ENBD Research



Apartment capital value trend across selected locations



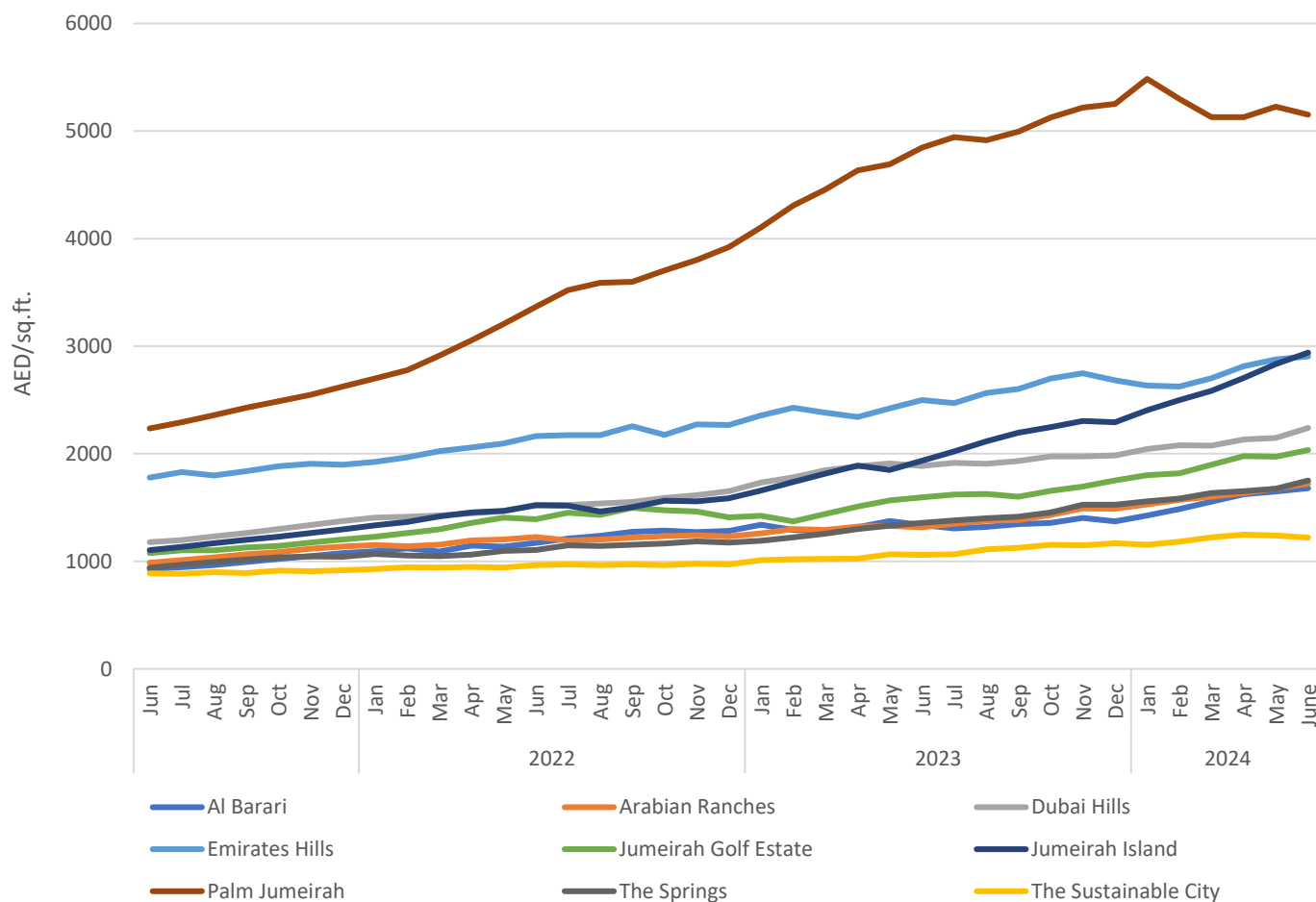
Source: Reidin, ENBD Research

At a micro-market level, price growth across apartments was seen in Business Bay and Downtown Dubai. Both these markets have seen a 2% m/m increase in prices in June. Across most other markets, average prices for apartment developments have remained largely stable or have seen a marginal increase m/m. However, when compared to June 2023, prices across apartment developments have increased by 20% y/y, followed by Dubai Hills Estate at 18% and Palm Jumeirah at 17%. Prices across other micro-markets such as Business Bay, Downtown Dubai, and Dubai Creek Harbour have increased by an average 13% y/y.

Like apartment developments, price points across villa/townhouses have increased across most markets. When compared to May 2024, prices have increased by an average 4% m/m across Dubai Hills, Jumeirah Islands and The Springs. However, the biggest annual increase in average price was seen across Jumeirah Islands. Average price points in this micro-market have increased by 52% y/y. Prices have also increased across other micro-markets such as Al Barari

(26% y/y), Arabian Ranches (31% y/y), Jumeirah Golf Estate (27% y/y) and the Springs (29% y/y).

Villa/townhouses capital value trend across selected locations



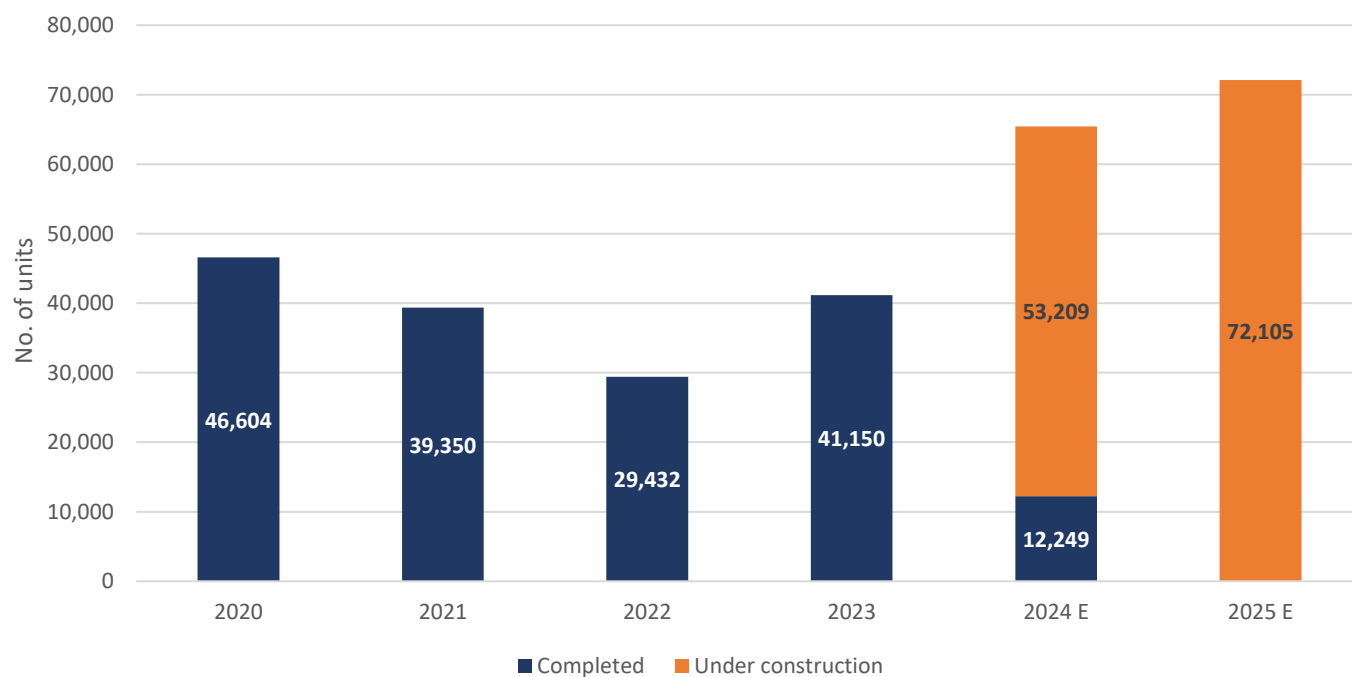
Source: Reidin, ENBD Research

Sizable number of unit handovers in the next 18 months.

The total units now under construction and due for handover by 2025 is estimated at 125,300. Based on earlier completion record, we estimate that close to 60% of these units will be delivered by their due date, while the others may be pushed to the next year. Assuming a 60% completion rate, the city could still witness close to 75,188 unit handovers in the next eighteen months.



Residential unit handovers



Source: Reidin, ENBD Research

Selected project launches in Q2 2024

Project Name	Developer	Location	Approx. No. of Units	Launch Timelines	Tentative Completion Timelines
Samana Lake Views 2	Samana Developers	Dubai Production City IMPZ	548	Q2 2024	Q4 2027
Verdana Residence 4	Reportage Real Estate	Dubai Investment Park First	306	Q2 2024	Q3 2027
Vitality Residence	Segrex Development LLC	Jumeirah Village Circle	165	Q2 2024	Q3 2027
Riva Residence	Vakson First Property Development	Dubai Maritime City	152	Q2 2024	Q3 2027
Fairways Residence	Prescott Real Estate	Dubai Sports City	118	Q2 2024	Q2 2027

Source: Reidin, ENBD Research

Selected transactions in June 2024

Location	Building/Property Name/sub-community	Type	No. of Beds	Price (AED)	Area (sq. ft.)	Transaction Type
Palm Jumeirah	Signature Villas Frond K	Villa	7-beds	42,198,000	11,200	Secondary
Palm Jumeirah	Rixos Bay Residences	Villa	4-beds	31,360,000	6,350	Secondary
Damac Hills	Cavalli Estate Villas	Villa	6-beds	24,290,000	5,630	Primary
District Eleven	Sobha Reserve	Villa	4-beds	8,049,900	5,053	Primary
Zabeel	Address Zabeel Tower 1	Apartment	2-beds	4,064,000	1,409	Primary

Source: Reidin, ENBD Research; Secondary Transaction indicates resale while primary transactions are units sold by the developer

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