

Dubai Residential Market Review



Q3 2024

Residential market special edition

knightfrank.ae/research



FOREWORD

During 2024, residential values in Dubai have sustained their upward trajectory, with prices rising by 4.3% during Q3, leaving them 19.9% higher than this time last year.

The total deal value in the first three quarters of 2024 exceeded AED 306.3bn — a 36% increase over the same period in 2023. In Q3 alone, the sales value reached AED 116.8bn, a historical high.

As we close in on five full years of price increases in the city's third freehold residential market cycle, we wanted to reflect on the growth so far as well as the drivers underpinning the market.

One of the critical influencing factors for Dubai's residential property market has been the city's emergence as a hot-spot for global high-net-worth-individuals (HNWI), who continue to actively target the city's most luxurious homes for personal use.

This has not only driven the volume of US\$ 10 million+ properties available for sale in the city down by 65% over the last 12-months, but it has also fuelled record-breaking transactions. The 22,000 sq ft Como Residences penthouse on the Palm Jumeirah which sold for AED 500 million (US\$ 137 million) in December 2023, for instance, has claimed the title of the most expensive home ever sold in the city.

Predicting house price increases in a market as young as Dubai is challenging and the way our Residential Agency team has approached our 2025 predictions is by carefully examining all the key performance indicators that usually underpin house price growth, including, but not limited to:

- i. Transaction volumes;
- ii. The ratio of off-plan to secondary market sales;
- iii. The proportion of cash to mortgages sales;
- iv. Projected future supply;
- v. Projected future demand

Our Residential Agency's mainstream and prime residential market predictions remain consensus based, and our opinion is driven by the data available to us at the time of publication and factors for potential downside risks, which we detail in our report.

I invite you to explore our findings and analysis in more detail and welcome the opportunity to discuss our outlook with you in more detail.



Faisal Durrani
Partner – Head of Research, MENA



Average prices rise by 4.3% in Q3 2024

Villa prices up 94% since Q1 2020

Residential values across Dubai rose by 4.3% during Q3 2024. This growth leaves prices 55% higher than in Q1 2020 and 11% above the 2014 peak of AED 1,487 psf.

At a segment level, apartment prices climbed by 4.1% to AED 1,598 psf during Q3 2024, with values now 50% higher than Q1 2020. Apartment prices have surpassed their 2014 peak of AED 1,495 psf, currently standing 7.7% above the previous high.

Meanwhile, villa prices saw a robust 5.5% rise between Q2 and Q3, reaching an average of AED 1,954 psf. This reflects a remarkable 94% uplift on Q1 2020 levels.

Villas have shown the most substantial growth, now sitting 34.3% above their 2014 peak of AED 1,455 psf.

This property type is experiencing robust growth as Dubai cements itself as a global luxury real estate hub with growing demand from international HNWI in particular.

Luxury villa prices double in 10 years

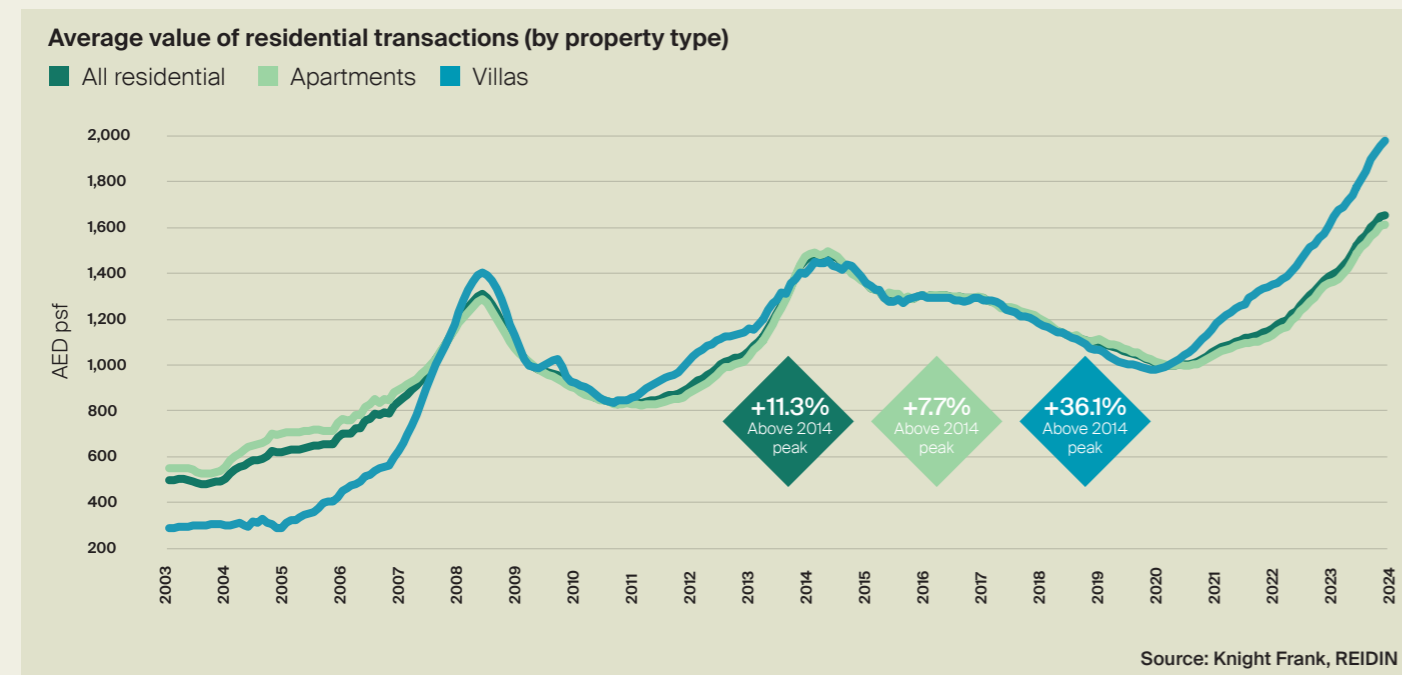
The luxury villa market has been a standout performer, particularly in waterfront or prestigious locations like the Palm Jumeirah and Jumeirah Islands, where values are now almost double 2014 levels.

Despite modest quarterly increase (5.3%), villas on the Palm Jumeirah remain the most expensive in the city, trading for

an average of AED 5,394 psf. Jumeirah Islands (AED 3,108 psf), however, which recently ascended to prime status, has experienced the highest rate of villa price growth over the last 12 months at 47.3%.

Similarly, the most significant growth for apartments has occurred in neighbourhoods like the Palm Jumeirah (50.6% growth since 2014), Jumeirah (43.7%) and Business Bay (27.9%).

As we have noted in our previous reports, Business Bay benefits from its proximity to Downtown and a wide range of luxury residential developments (both branded and non-branded) along the Dubai Canal, including the likes of the recently completed Missoni by Dar Global (465 units). And through Al Wasl, the now under-construction Rings by PMR, designed by Foster & Partners, which includes 8 sky mansions and 4 sky palaces, is expected to further boost values in the area. Business Bay (AED 2,026 psf) and Jumeirah (AED 2,670 psf) remain 27.4% and 4.3% cheaper than Downtown (AED 2,791 psf).



Price performance in key submarkets

Apartments	2024 Q3 average AED psf	3-month change	12-month change
Business Bay	2,023	0.7%	9.9%
Damac Hills	1,343	3.2%	18.0%
Discovery Gardens	963	10.4%	47.4%
Downtown Dubai	2,806	2.8%	13.7%
Dubai Creek Harbour	2,309	1.0%	9.1%
Dubai Hills Estate	2,235	1.8%	14.5%
Dubai South	1,836	5.0%	25.2%
International City	1,186	5.8%	12.4%
Jumeirah	695	2.7%	11.5%
Jumeirah Beach Residence	1,867	3.8%	9.9%
Jumeirah Lake Towers	1,579	10.1%	35.2%
Jumeirah Village Circle	1,241	2.9%	16.1%
Meydan City	1,628	6.0%	19.8%
MBR City	2,041	0.5%	7.6%
Palm Jumeirah	2,820	2.8%	17.1%

Source: Knight Frank, REIDIN

Villas	2024 Q3 average AED psf	3-month change	12-month change
Al Barari	1,736	5.1%	31.0%
Al Furjan	1,301	8.3%	27.2%
Arabian Ranches	1,851	10.3%	35.0%
Damac Hills	1,580	5.8%	24.3%
District One	2,526	6.8%	11.8%
Dubai Hills Estate	2,334	7.4%	21.7%
Dubai South	1,187	5.6%	32.9%
Emaar South	1,106	9.5%	29.7%
Emirates Hills	2,860	-0.2%	12.3%
Jumeirah	3,002	3.3%	22.3%
Jumeirah Golf Estates	2,049	2.7%	26.9%
Jumeirah Islands	3,108	10.0%	47.3%
Jumeirah Village Circle	991	0.3%	34.1%
Jumeirah Village Triangle	1,415	-0.1%	19.2%
Living Legends	1,078	5.1%	34.7%
MBR City	2,066	3.5%	14.3%
Palm Jumeirah	5,394	5.3%	9.0%
The Springs and The Meadows	1,898	7.8%	27.5%

Source: Knight Frank, REIDIN

Housing demand continues to climb

Record transaction volumes

Dubai's residential market continues to experience exceptional demand, as evidenced by the surge in property transactions throughout 2024. In Q3 2024, the number of transactions reached a record-breaking 47,269, the highest quarterly figure on record. This marks a 41.8% increase compared to the same period in 2023.

In the first three quarters of 2024 alone, 121,978 home sales were registered, surpassing the total number of transactions recorded for the entirety of 2023.

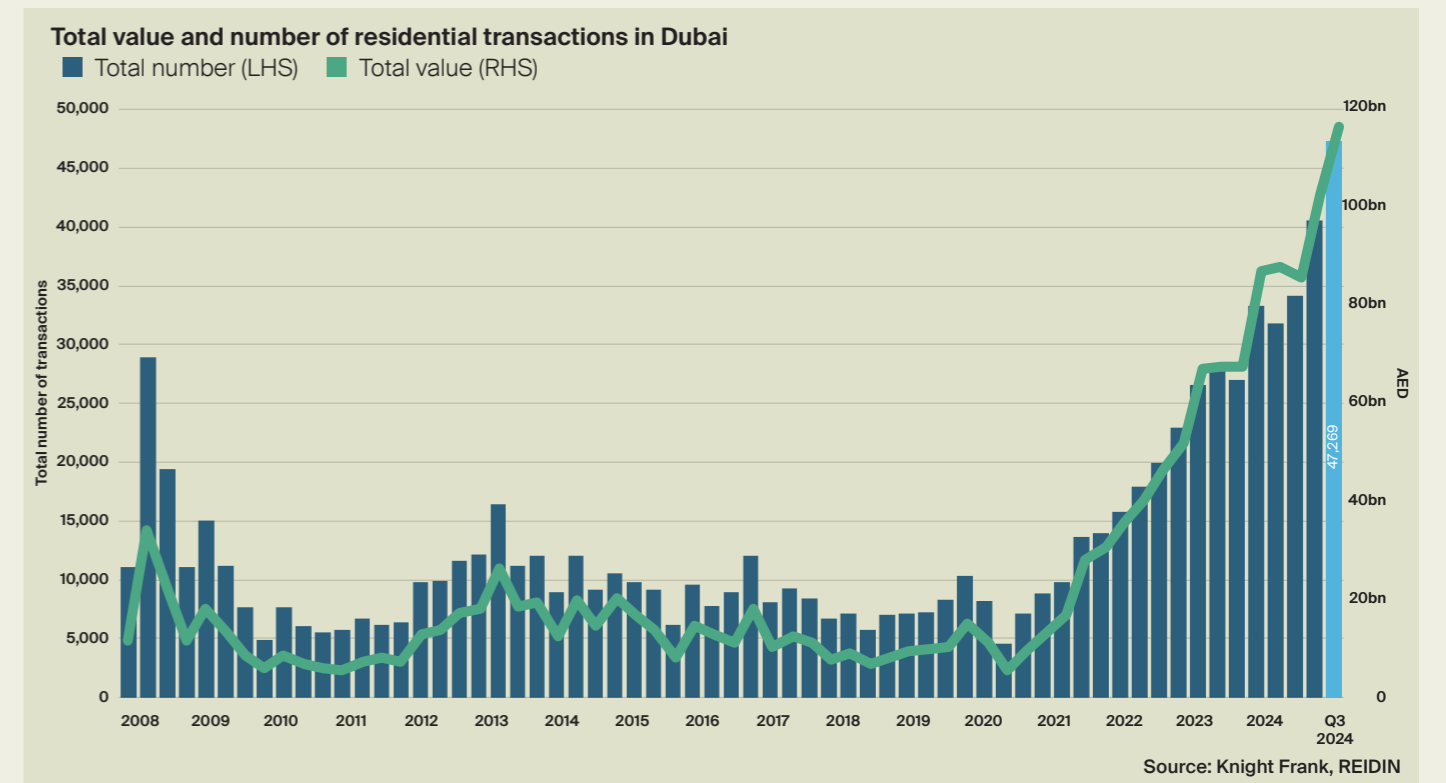
Off-plan sales climb further

Off-plan transactions have been a key driver of this growth. In Q3 2024, off-plan transactions accounted for 71% of the total number of sales and 72% of the total value of home sales (AED 86.4bn), as investors increasingly sought to capitalise on new developments.

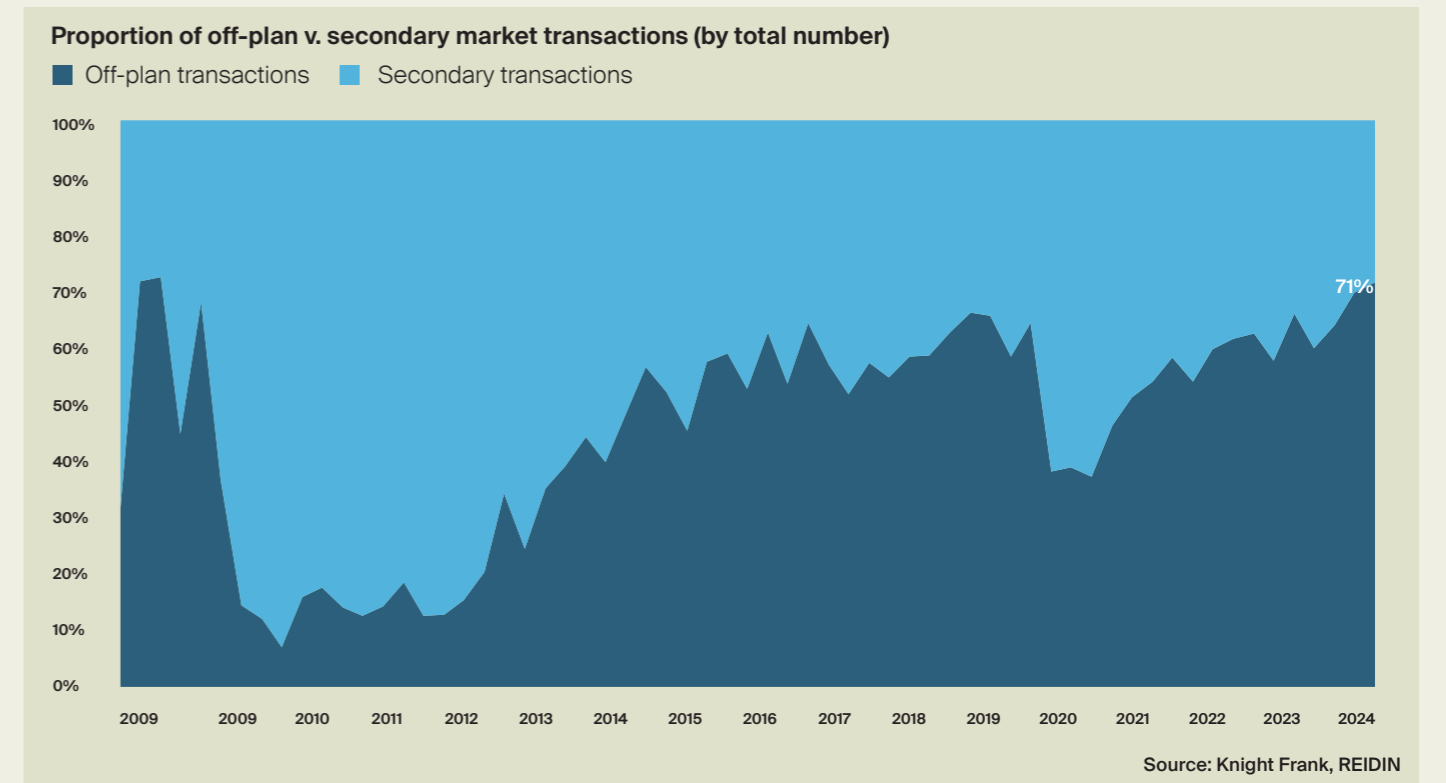
This upward trend was particularly notable in 2023 and 2024, during which over 60% of the total value of transactions were linked to off-plan sales. This shift underscores a renewed focus on long-term investment opportunities, and of course the spike in off-plan homes launched over the last two years. We return to this theme later in our report.

This shift in behaviour is also evidenced in our recently published *Destination Dubai 2024* report, which found that 64% of global HNWI are interested in purchasing in Dubai purely for investment reasons, however 43% of those with personal wealth in excess of US\$ 15 million would like to buy a home in the city for personal use, mirroring our own experience in the market.

Demand for the most expensive homes largely stems from genuine end-users, which is one of the key defining features of the current market cycle, reversing a two-decade old trend of 'buy-to-flip' activity, which underpinned price volatility in the past.



Marina Walk, Dubai Marina



JVC dominates off-plan sales

Emaar leads off-plan sales

Our analysis shows that Emaar accounted for almost a quarter (23.7%) of the total value of off-plan transactions in the city between January and September, amounting to just over AED 50.8bn.

Damac Properties (8.8%) and Sobha Real Estate (8.2%) round off the top three. Together, these three developers account for over 40% of the total value of off-plan sales.

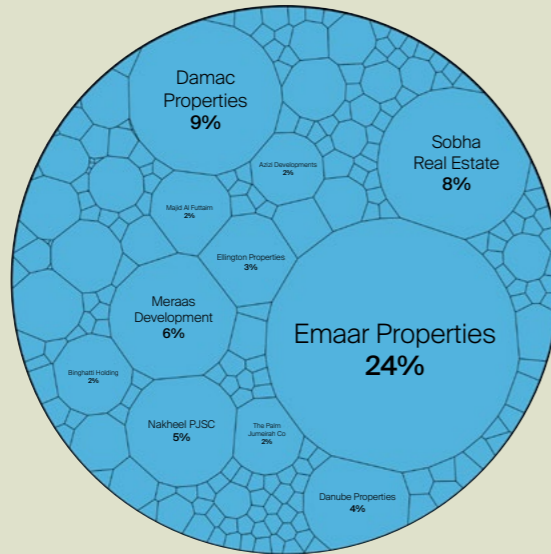
In terms of submarkets, Jumeirah Village Circle (JVC) (8,915 sales) stands out, accounting for 10.7% of the total number of off-plan sales with 8,915 transactions between Q1-Q3 2024.

Business Bay and Dubai Hills Estate follow, representing 5.7% and 5.1% of the total number of off-plan sales, respectively.

Dubai Hills Estate, while ranked third in terms of the number of sales for the first nine months of 2024, leads the city's league table for the total value of deals at AED 12.5bn. JVC ranks third with AED 8.72bn in sales, closely followed by Dubai South at AED 8.62bn.

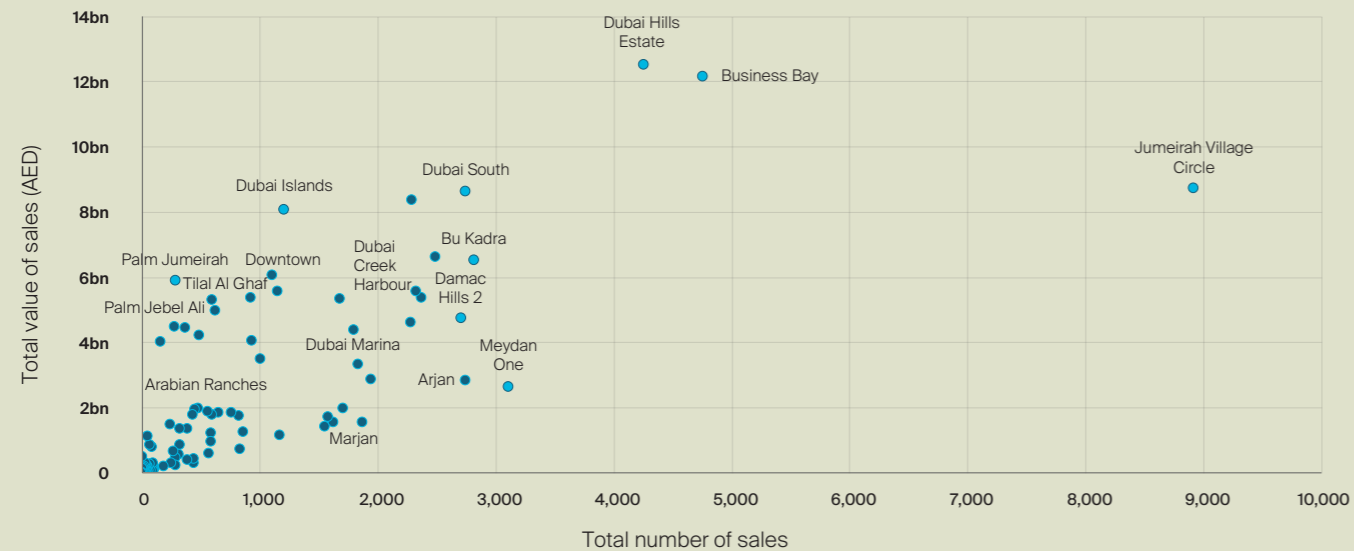
Overall, these areas reflect investor preference for both emerging and well-established neighbourhoods.

Proportion of off-plan sales by developer (by total value) (Q1-Q3 2024)



Source: Knight Frank, REIDIN

Off-plan sales by community (Q1-Q3 2024)



Source: Knight Frank, REIDIN



DIFC Living construction site

Mortgage uptake rises in secondary market

Cash still king

Cash purchases during Q1-Q3 2024 accounted for 88.7% of the total value of all transactions during the first nine months of the year, mirroring the 89.9% figure from 2023 and highlighting the ongoing depth of international capital chasing assets in the emirate.

Separately, mortgage-linked purchases, particularly in the secondary market, have grown steadily this year.

We believe this to be a reflection of both the steady handover of off-plan purchases made 18-24 months ago, which only qualify for a mortgage on completion, in addition to the gradual ebbing of interest rates in the UAE, which have tracked lower, easing by 50 basis points between January and September to a headline rate of 4.90%.

The total number of mortgaged sales in the secondary market reached over 14,000 in the first three quarters of 2024 — more than double the figure for 2021. During Q3 alone, there were 5,762 new purchases secured with a mortgage. The total value of mortgaged sales in the secondary market between January and September stood at AED 34.6bn, compared to AED 271.7bn of cash purchases.

Mortgaged sales triple in secondary market

Over the past two years, the share of mortgaged purchases in the secondary market has risen from 23% to 43%, with approximately 5,700 out of 13,500 secondary sales in Q3 2024 being mortgaged purchases.

Overall, Jumeirah Village Circle (3,461 sales), Business Bay (2,620) and Dubai Marina (2,220) have been the top three areas for the total number of secondary sales in Q1-Q3 2024.

Villa communities such as Villanova, Reem, and Damac Hills 2 also show a high proportion of mortgaged sales. This could be reflective of these submarkets' appeal to families living and working in Dubai, who are seeking completed homes in more affordable areas of the city. Indeed, the average transacted price for a villa in these three locations during Q3 stood at AED 840 psf, compared to AED 3,300 psf for a villa on the Palm Jumeirah, or AED 5,284 psf for a home in Emirates Hills.

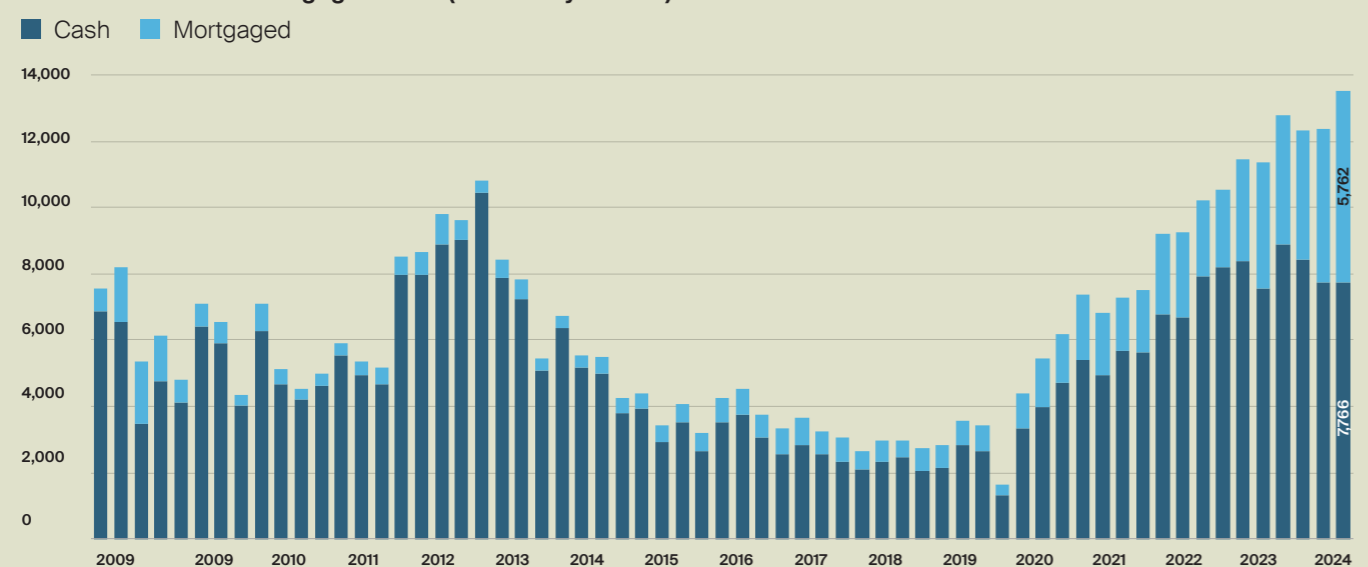
In contrast, Mirdif and International City have a significantly higher proportion of cash buyers at 91.2% and 92.9%, respectively, perhaps reflecting the relatively lower price of housing in these areas. In International City, for instance, the average sale price of an apartment during Q3 was AED 573 psf, which is 64% lower than the average for the city as a whole.

The average loan to value ratio in Dubai so far this year stands at 76.8%, compared to 75.9% in 2023.

Community	Number of ready property sales	Number of mortgaged sales	Share of mortgaged sales
Reem	204	173	84.8%
Villanova	414	335	80.9%
Emaar South	409	293	71.6%
Damac Hills 2	909	645	71.0%
Town Square	766	507	66.2%
Al Furjan	1,081	675	62.4%
Damac Hills	628	283	45.1%
Dubai Hills Estate	1,105	428	38.7%
Jumeirah Lake Towers	1,330	489	36.8%
Dubai Marina	2,220	763	34.4%
Jumeirah Village Circle	3,461	1,167	33.7%
Downtown	1,899	470	24.8%
Business Bay	2,620	638	24.4%
Dubai Sports City	1,059	256	24.2%
Meydan One	683	133	19.5%
International City Phase 2 & 3	559	89	15.9%
Mirdif	274	22	8.0%
International City	1,526	109	7.1%

Source: Knight Frank, REIDIN

Number of cash vs. mortgaged sales (secondary market)



Source: Knight Frank, REIDIN

Rents continue tracking upwards

Villa rents rise 16% in 12-months

The median annual rent for a 3-bedroom villa in Dubai currently stands at AED 145,000, up from AED 125,000 in Q3 2023, reflecting a 16% increase over the last 12-months.

Jumeirah Village Circle (AED 93 psf p.a.) has registered the steepest increase in 3-bedroom villa rents, while Arabian Ranches (AED 82 psf p.a.) has recorded the smallest increase over the course of the last 12-months.

2-bedroom apartments currently let for a median annual rate of AED 70,000, compared to AED 63,000 at this time last year.

The most expensive neighbourhood to rent a 2-bedroom apartment is Jumeirah (AED 164 psf p.a.), while International City (AED 62 psf p.a.) is the most affordable location in the city.

Al Barari records steepest rental increases in the city

Similarly, when examined at an AED per square foot, per annum basis, the Palm Jumeirah (AED 143 psf p.a.) commands the highest prices for villa rentals.

It is also worth mentioning that Al Barari (AED 108 psf p.a.), a community on our prime neighbourhoods watch list, has experienced a 29% rise in villa rents over the last 12-months – the highest for any villa community in the city.

Despite this, Jumeirah and Downtown share the top spot for the highest overall rents at 164 AED psf p.a.

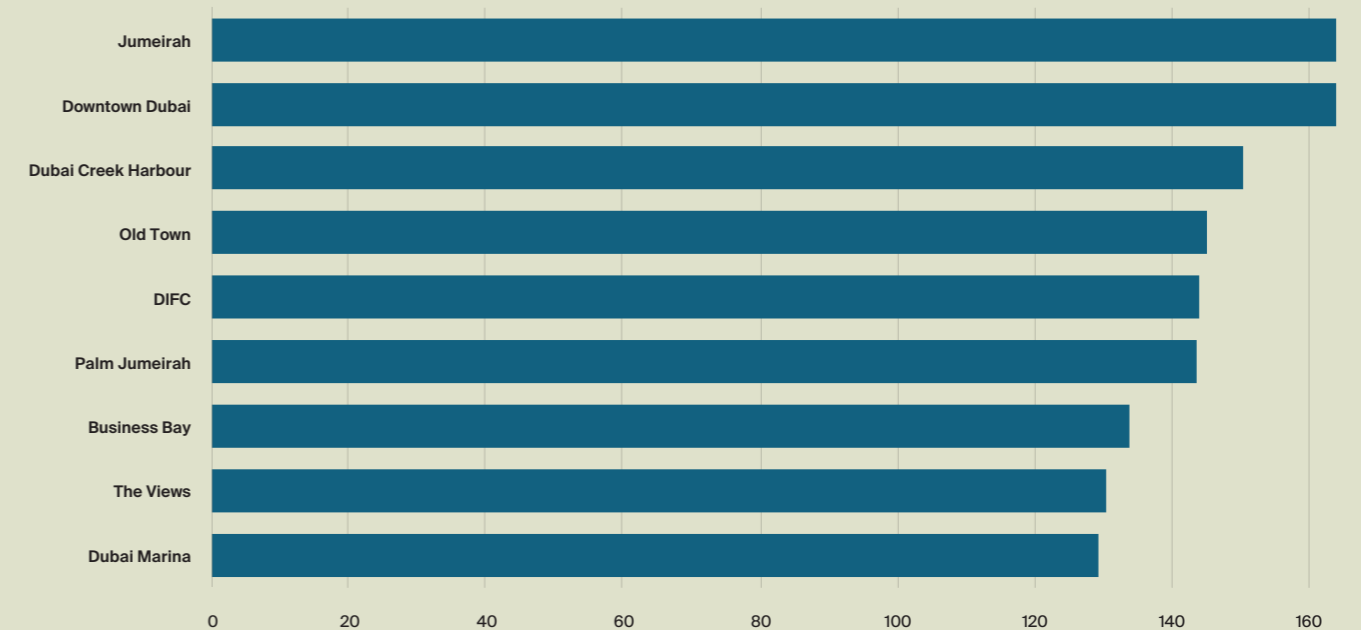
City-wide rents up 18%, while yields tighten

Overall, city-wide lease rates are up 18% year-on-year. In 2024, implied single-let apartment rental yields averaged 7.6%, with Q3 stable at 7.4%, the same as last year.

Single-let villas recorded lower implied yields, averaging 5.5% for the year and slightly dropping to 5.3% in Q3, down from 5.8% in Q3 2023, as sales prices accelerated faster than rents.

Top 10 apartment community rental rates (Q3 2024)

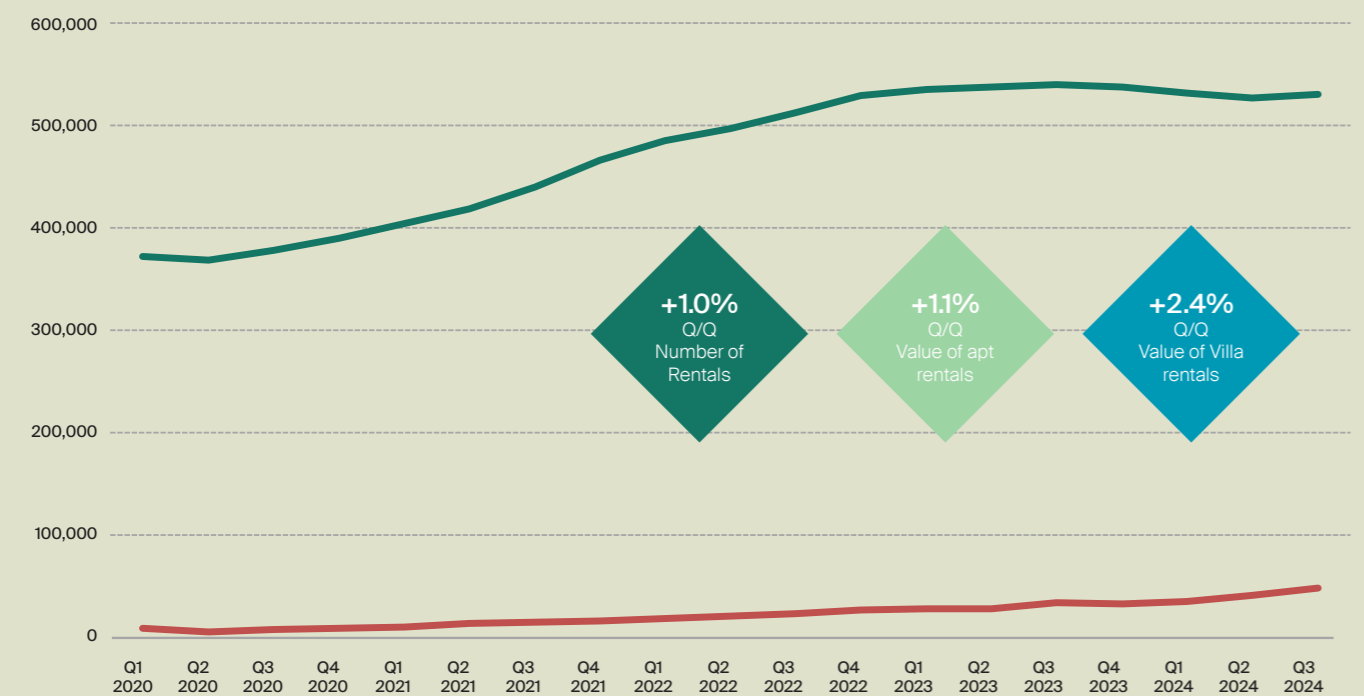
AED psf (per annum)



Source: Knight Frank, REIDIN

Number of registered residential rental contracts v total home sales in Dubai

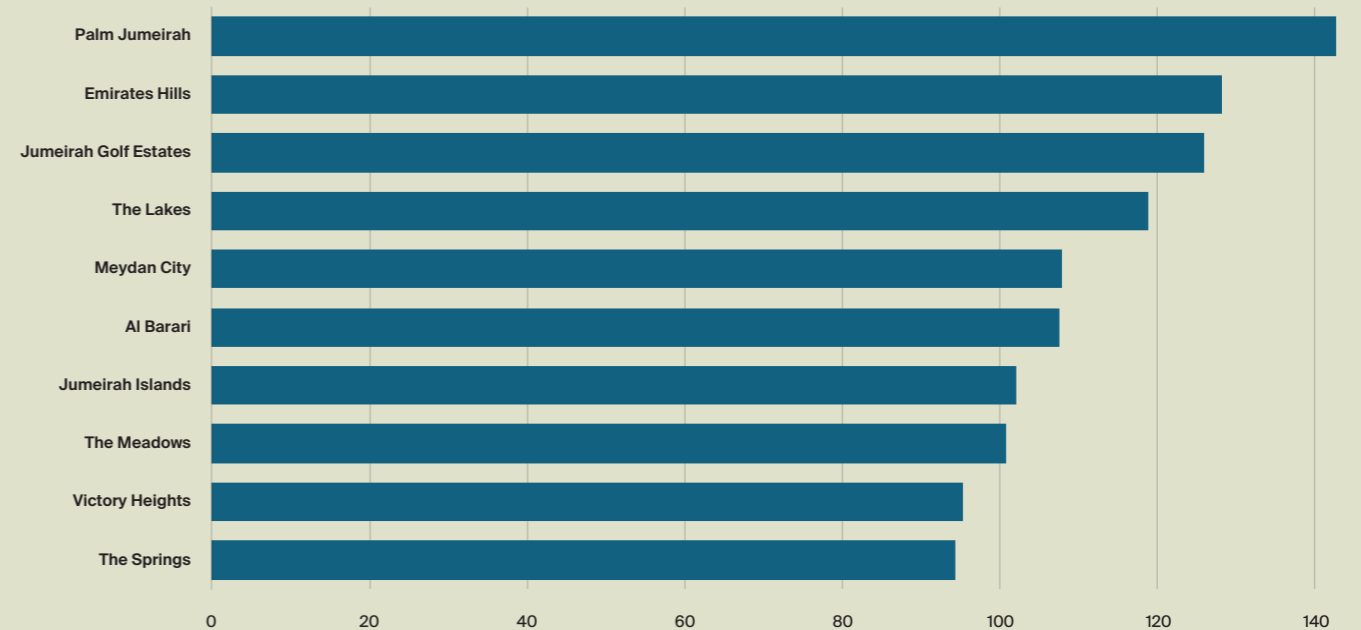
■ Number of registered rental contracts ■ Number of homes sold



Source: Knight Frank, REIDIN

Top 10 villa community rental rates (Q3 2024)

AED psf (per annum)



Source: Knight Frank, REIDIN

Prime home listings fall by 52%

431 prime deals in Q3

Dubai's prime residential market, which Knight Frank defines as the combined neighbourhoods of the Palm Jumeirah, Jumeirah Bay Island, Jumeirah Islands and Emirates Hills has recorded a diminishing number of homes available for sale.

Indeed, the number of home listings in the four prime areas declined by 52% during Q3 2024, when compared to the same period last year, highlighting that supply is failing to keep pace with the rapidity of sales.

As a result, despite continued interest from buyers, only 431 deals were registered in the city's prime locations during Q3 2024, compared to 489 during Q3 2023.

Rate of prime home sales accelerates

Our analysis also shows a 2-percentage point increase in the sales-to-listings ratio in Dubai's prime residential market, driven by intensifying demand as well as a decline in new listings.

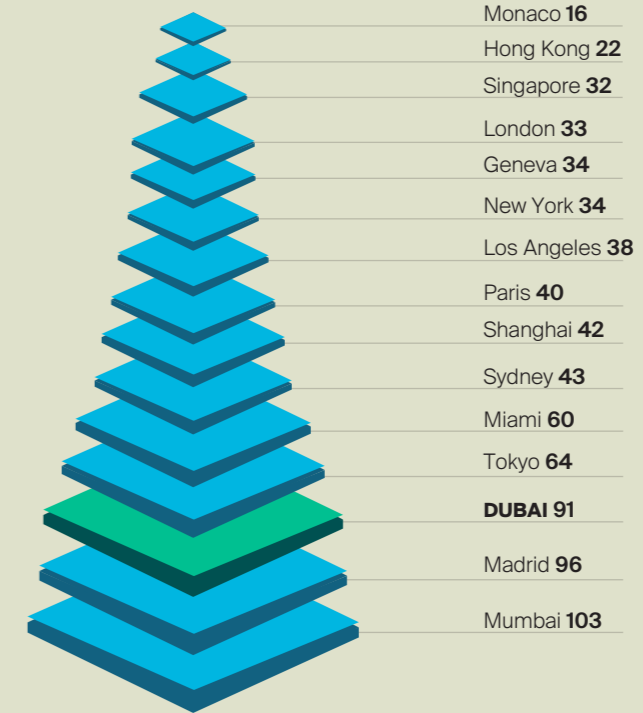
We revisit both of these themes in more detail later in our report.

The average transacted price for a home in Dubai's prime neighbourhoods stood at US\$ 3.5 million during Q3 2024. With 384 home sales, the Palm Jumeirah (90.4%) once again accounted for the lion's share of prime deals in Q3, followed by Jumeirah Islands (6.1%), Emirates Hills (2.2%) and Jumeirah Bay Island (1.4%).



Villas on one of the fronds of the Palm Jumeirah

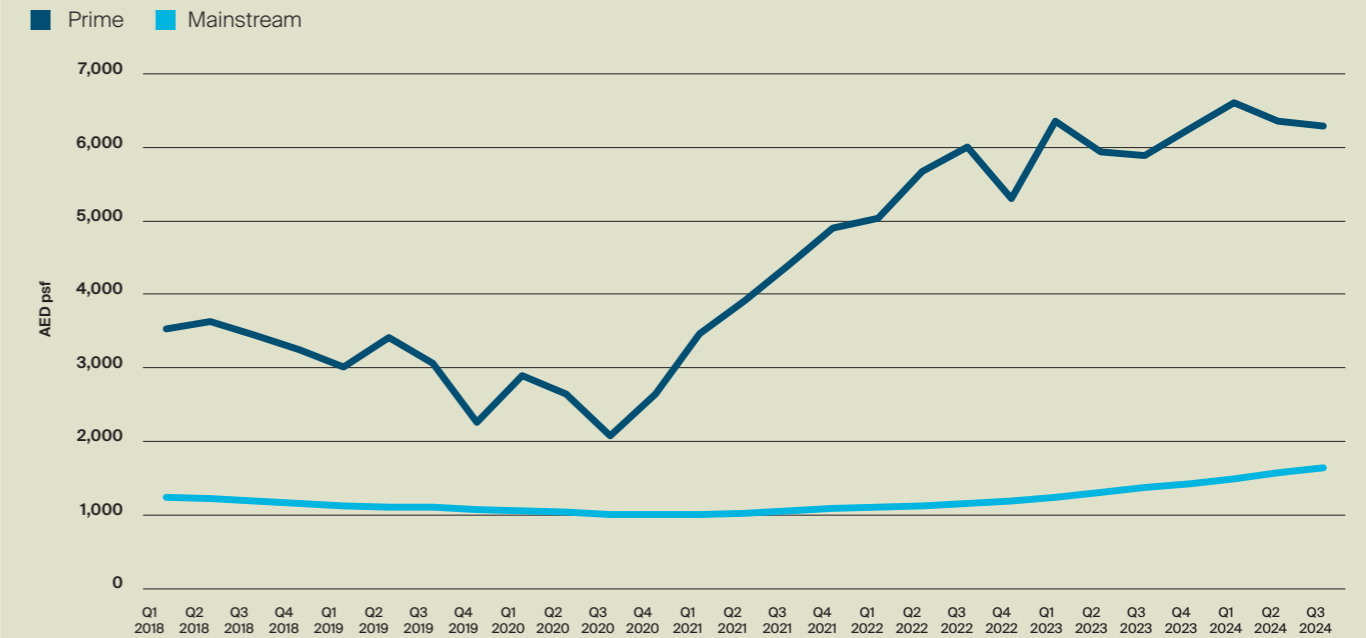
How many square metres of prime property US\$ 1 million buys in prime markets



Source: Knight Frank, REIDIN

Performance of sales prices

Prime Market: Palm Jumeirah, Jumeirah Bay Island, Jumeirah Islands, Emirates Hills



Source: Knight Frank, REIDIN

Booming US\$ 10 million+ homes market

One-third of luxury homes sold on the Palm Jumeirah

Provisional Q3 data for Dubai's residential market has shown there were 83 US\$ 10 million+ deals with an average sale price of US\$ 15.7 million.

The Palm Jumeirah remains Dubai's luxury sales hotspot, registering 22 deals worth over US\$ 10 million, totalling US\$ 489.68 million during Q3, equating to 37.5% of US\$ 10 million+ sales by total value.

Dubai Hills Estate (10.2%) and Palm Jebel Ali (7.5%) followed in second and third place, respectively.

The Palm Jumeirah remains the location of choice for both Dubai's elite and global high net worth individuals who continue to zero in on what is arguably the world's most iconic island.

When factoring for the fact that average transacted prices here for homes priced at over US\$ 10 million stands at US\$ 2,048 psf, it is easy to understand the value for money that Dubai presents to international buyers.

Palm Jebel Ali rising fast

With almost no development sites remaining, Dubai's latest island developments – the Palm Jebel Ali and Dubai Islands – are rapidly rising as new luxury home hotspots and will soon likely join our prime watch-list to sit alongside Tilal Al Ghaf, Jumeirah Golf Estates, Al Barari and Bluewaters.

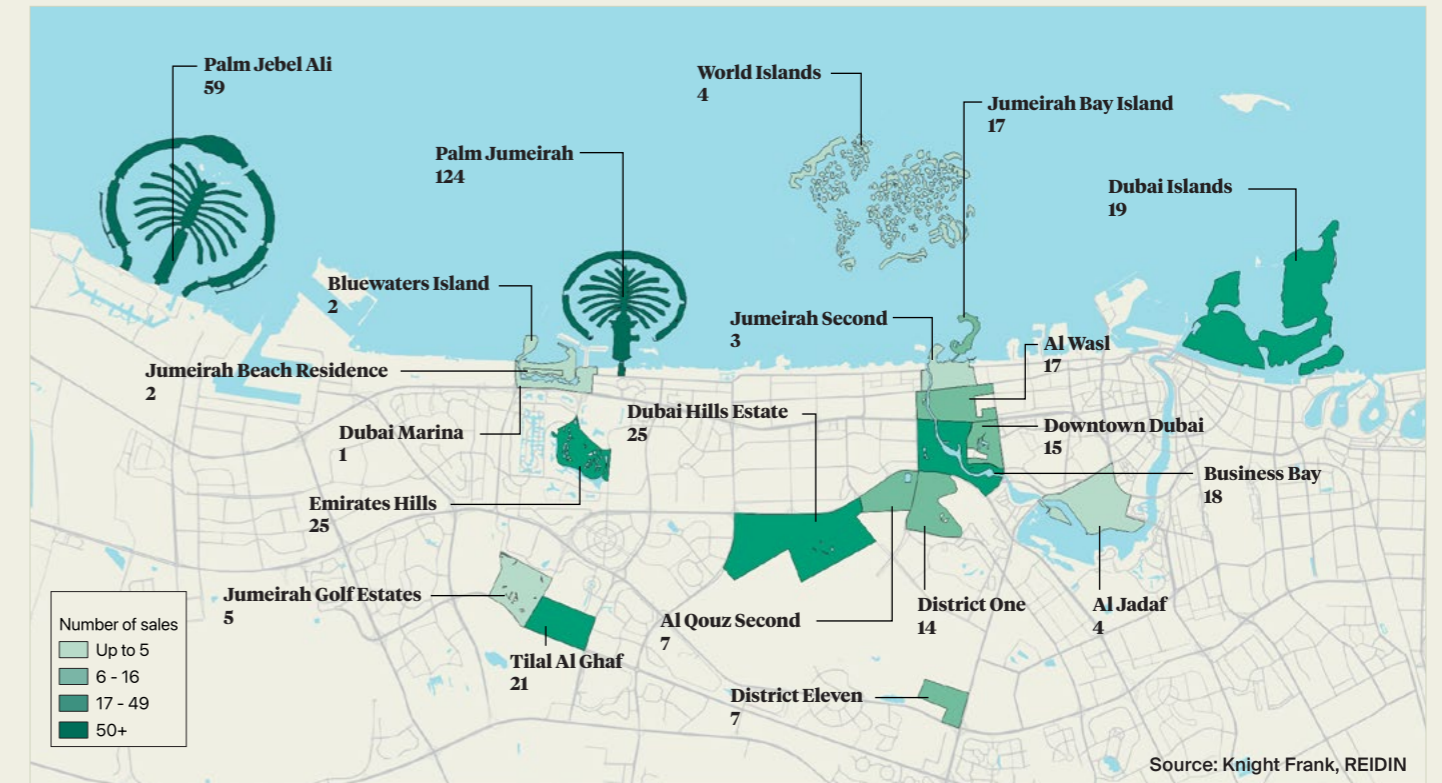
Our analysis shows that nine US\$ 10 million+ sales were recorded on the Palm Jebel Ali in Q3 2024, totalling US\$ 97 million. This brings the total value of sales for 2024 on Dubai's second palm-tree-shaped island to US\$ 1.1bn, representing 24.4% of the total value of luxury home sales in the city so far this year.

A global leader for luxury sales

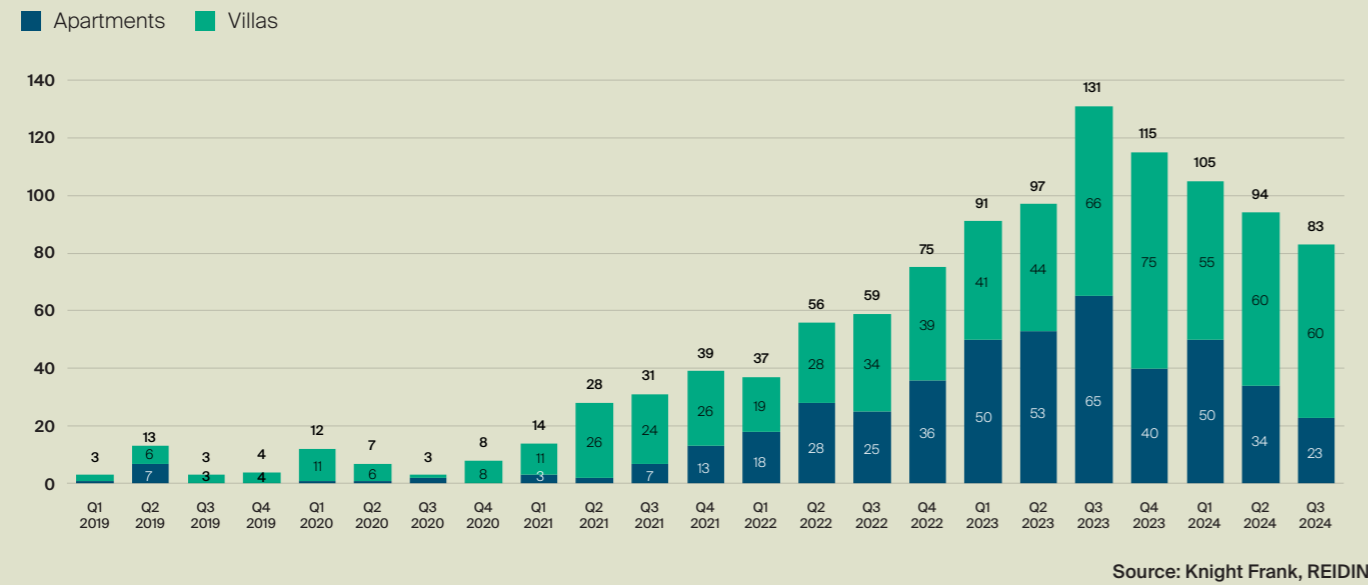
In Q2 2024, Dubai retained its position as the top market globally for the number of home sales over US\$ 10 million with 94 sales, with New York (72) and Hong Kong (61) ranking in second and third place, respectively.

In fact, even during the 12-months to the end of June 2024, Dubai registered 445 home sales, surpassing the combined total of luxury sales in New York (229) and London (214) over the same period.

Number of US\$ 10 million+ sales over the last 12 months



Number of US\$ 10 million+ homes sold in Dubai



Total number and value of US\$ 10 million+ home sales globally (Q2 2024)

Rank	City	Number of US\$ 10 million+ sales	Total value of US\$ 10 million+ sales
1	Dubai	94	US\$ 1.6bn
2	New York	72	US\$ 1.2bn
3	Hong Kong	61	US\$ 1.2bn
4	Miami	55	US\$ 1.2bn
5	Los Angeles	42	US\$ 780 million
6	Palm Beach	36	US\$ 758 million
7	London	36	US\$ 708 million
8	Singapore	29	US\$ 504 million
9	Geneva	27	US\$ 436 million
10	Orange County	18	US\$ 298 million
11	Paris	2	US\$ 57 million

Source: Knight Frank, REIDIN

Luxury supply halved

65% drop in US\$ 10 million listings

The number of homes priced at over US\$ 10 million available for sale in Dubai has been falling for over a year. It dropped from 1,325 listings in Q2 2023 to just 460 in Q2 2024, equating to a 65% decline over the last 12 months.

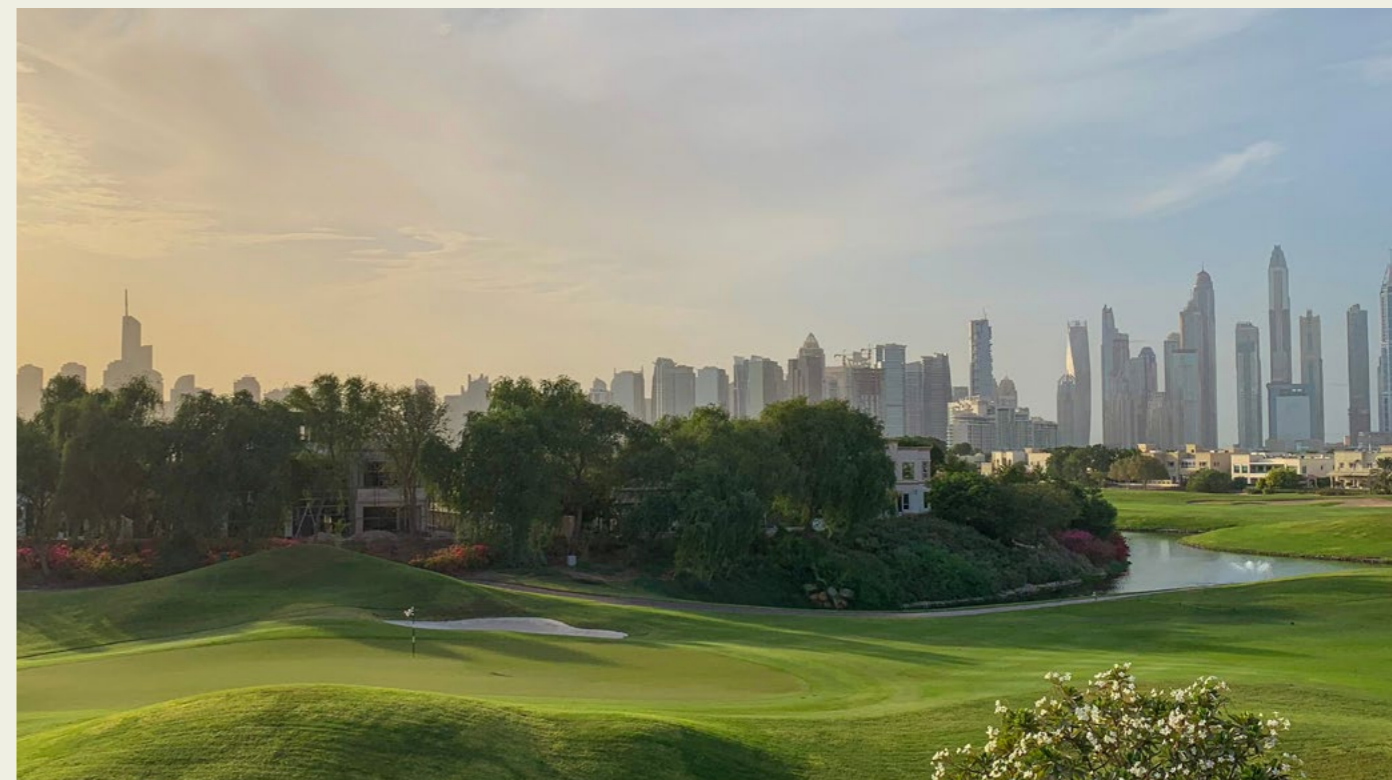
This decrease has been mainly driven by the near absence of US\$ 10 million+ villa listings. This is the segment of the market where we have found the highest level of demand from those wanting to purchase for personal reasons.

Indeed, this is reflective of our experience in the market, and also mirrors the findings of our [Destination Dubai 2024](#) report, which found that the highest proportion of international HNWI interested in purchasing a home in the city are those with a net worth in excess of US\$ 15 million.

Greener pastures

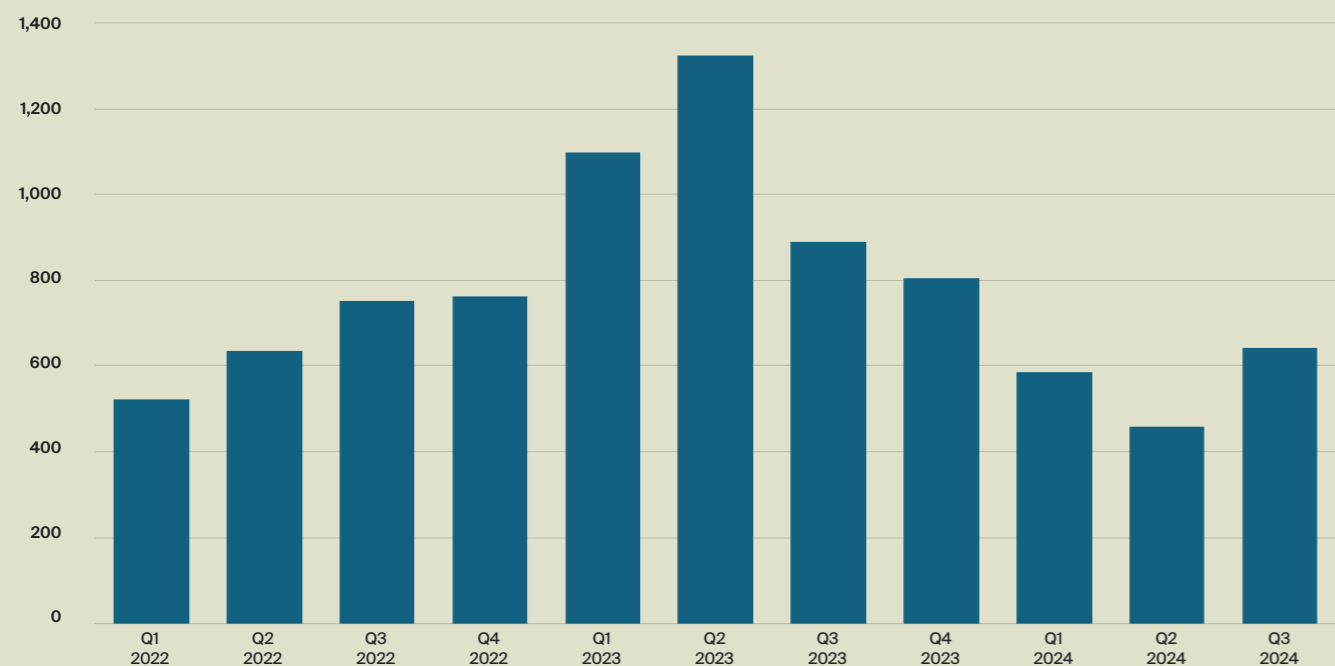
In addition, we have also found that access to green space, or parks ranks as the number one consideration for international HNWI considering a property purchase in Dubai.

Typically, this is only possible through the ownership of a villa, which again is contributing to the rapid decline in the number of single-family homes available for sale in the market.



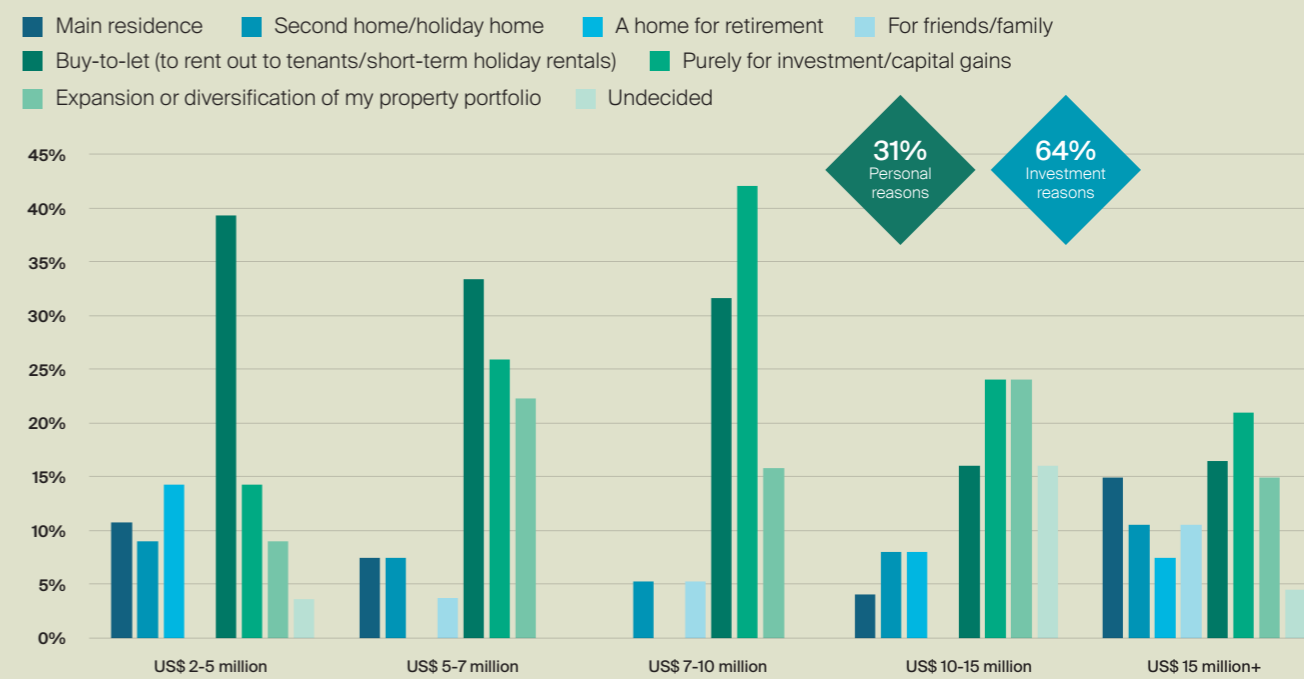
The Dubai Marina skyline seen from Emirates Golf Course

Number of US\$ 10 million+ listings in Dubai



Source: Knight Frank, REIDIN

Planned property use (by net worth)



Source: Destination Dubai 2024 by Knight Frank, REIDIN

Luxury listings decline sharply

Luxury homes sales accelerate

Although the total number of sales in the US \$10 million+ market have declined marginally in the last year, the ultra-luxury segment (US\$ 50 million+) remains vibrant, with demand outpacing supply. In 2024, properties priced between US\$ 50-100 million saw an impressive sales-to-listings ratio of 80%. These high-end listings are a mix of ready-to-move-in properties and off-plan projects, primarily located in Palm Jumeirah, Expo City, and Tilal Al Ghaf.

The year-on-year trends for listings and sales for properties priced over US\$ 10 million are shown below covering data up to Q3 2024. The number of sales between Q1-Q3 2024 have already reached over 60% of the total sales recorded in 2023, while listings are only at 50% of last year's figures. This indicates a higher sales-to-listings ratio in 2024, meaning more sales are occurring per available listing.

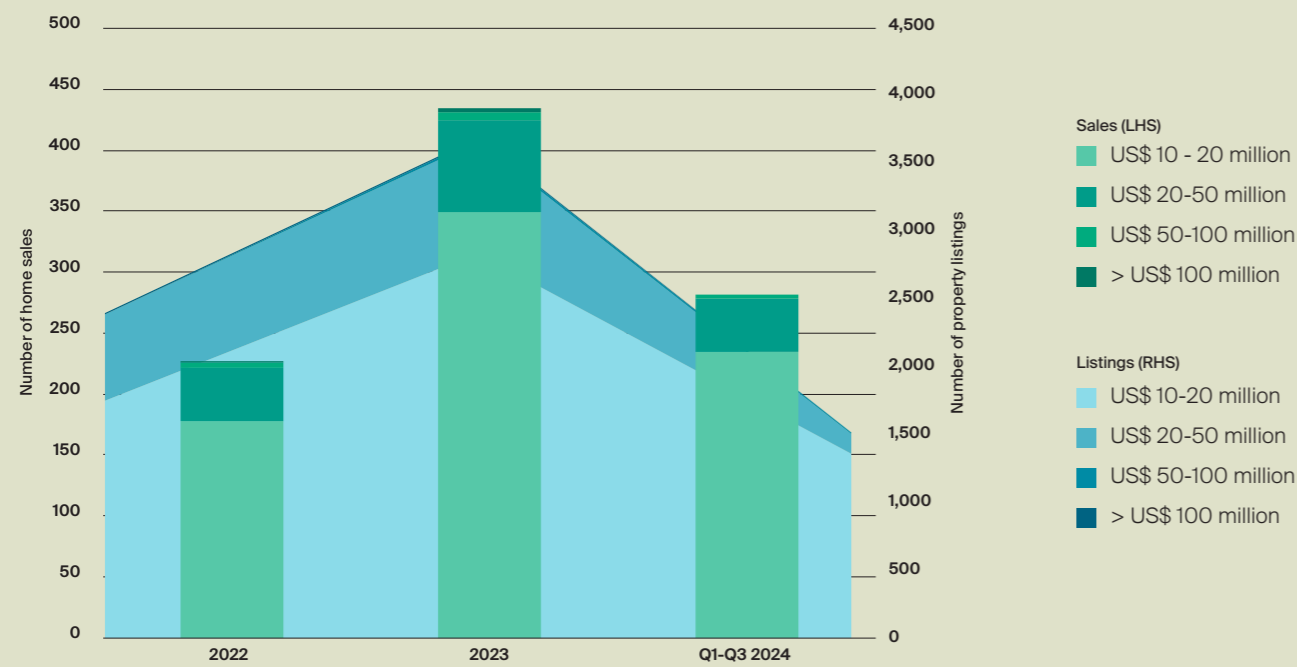
During 2022 and 2023, properties priced between US\$ 10-20 million accounted for 80% of the total number of sales, while the US\$ 20-50 million was responsible for a smaller 15% of the total number of transactions. This highlights the sustained demand for high-end properties, but the challenge lies in the limited number of homes available for sale in Dubai's ultra-luxury market. For example, in 2024, there have only been 9 listings for properties priced above US\$ 50 million, compared to 37 in 2023.

Listings in the US \$20-50 million market have seen a sharp drop over the last 12-months, declining from around 230 per quarter in 2023 to just 55 per quarter in 2024. This decline has unsurprisingly affected the total number of sales as reduced options have curbed buying activity. Indeed, there were just 6 sales of homes priced between US\$ 20-50 million during Q3 2024 compared to 19 in Q2. Notably, this is the only segment experiencing such a trend in sales.

In contrast, the US\$ 10-20 million price bracket has remained relatively stable, with 74 sales in each of the last two quarters.

Further up the price spectrum the number of sales between US\$ 50-100 million rose from 1 to 3 between Q2 and Q3 2024.

Comparison of sales and listings (Q1 2022 - Q3 2024)



Source: Knight Frank, REIDIN



City-wide fall in number of homes for sale

Sales-to-listing ratios on the rise

Across the city as a whole, the total number of listings has also been declining — from 143,000 units in Q4 2022 to below 100,000 in Q2 2024, equating to a 30% fall in the number of homes available for sale.

However, in the most recent quarter, the volume of supply rebounded, growing by a third within a single quarter, underpinned by new project launches and increased secondary resales in more affordable neighbourhoods including JVC, JVT and Dubai Investment Park. Examples of recent launches include Palatium Residences in JVC (147 units) and Verdana Residence in Dubai Investment Park (224 units).

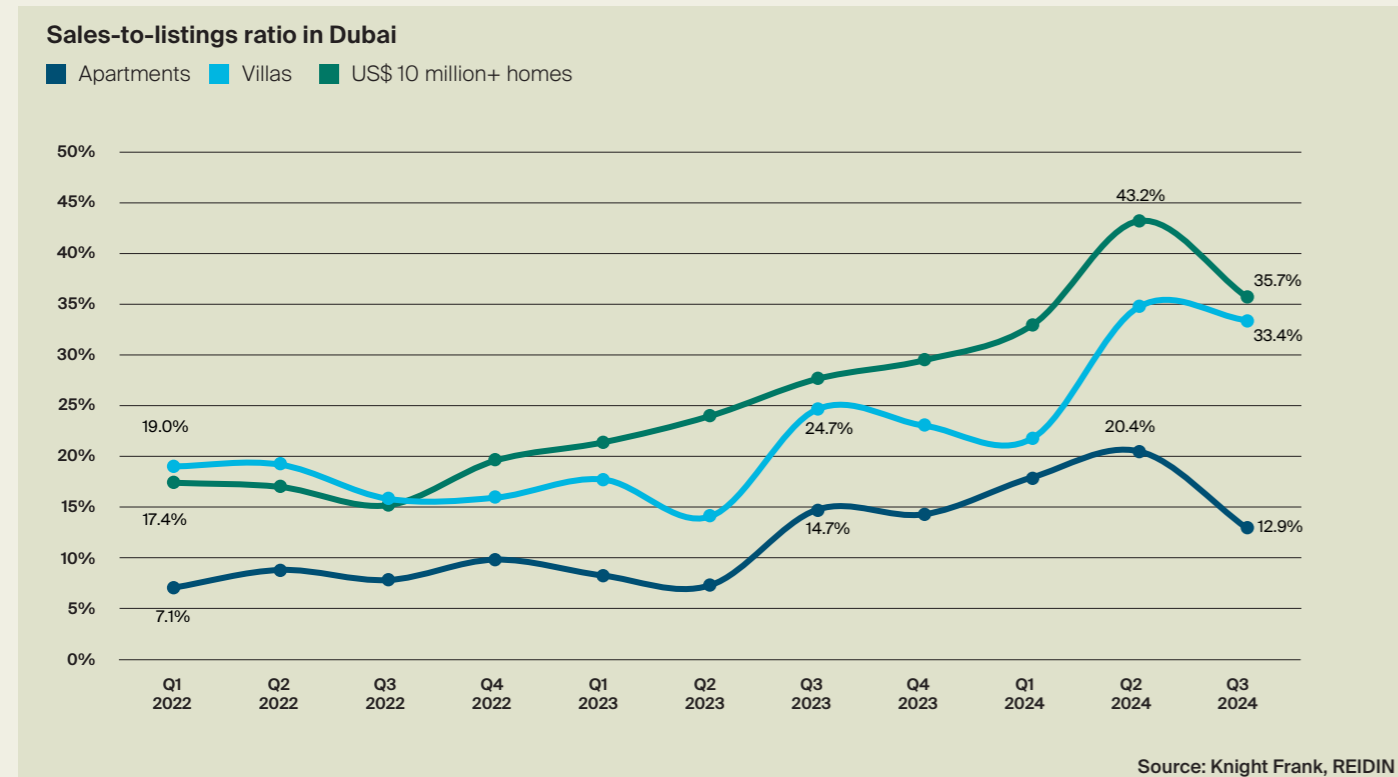
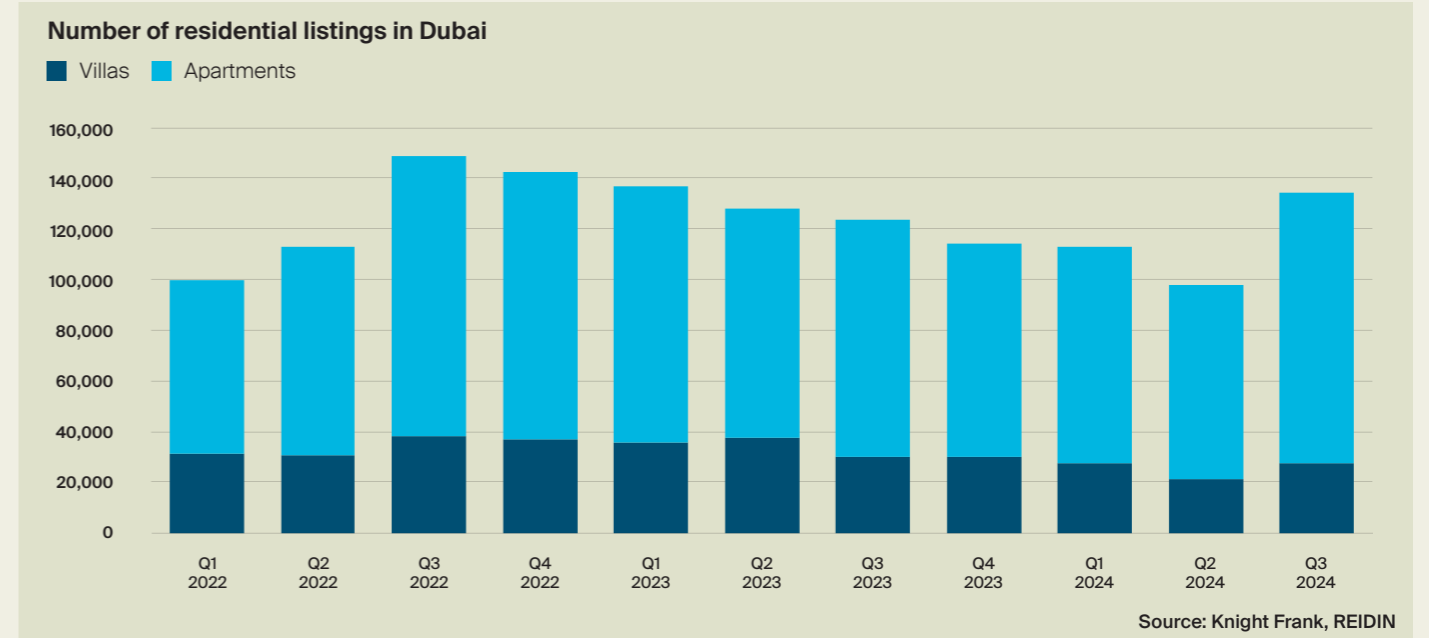
Despite this however, we have recorded a hastening in the speed at which homes are being sold around the city. We have calculated a sales-to-listing ratio, which helps us understand how quickly properties are being sold, relative to the number of homes available for sale.

This ratio is determined by dividing the number of transactions by the volume of listings. Higher ratios indicate a 'seller's market', where properties sell quickly, while lower ratios indicate a 'buyer's market', where properties sell more slowly.

In the second half of 2023, the ratio began to rise across all property types and segments.

In the luxury segment, where buyers tend to be more selective, the increase was even more significant. The ratio nearly tripled, rising from 7-8% throughout 2022 and the first half of 2023 to 20.4% as at the end of Q3 2024. Essentially, one in every five homes listed was sold between June and September 2024.

However, it should be noted that this is an indicative measure, as the homes listed and sold during the same period may not necessarily be the same properties.



Blue Waters Island

300,000 homes due by 2029

Villas still in short supply

Developers have been racing to satisfy the growing levels of demand for housing and our estimates now show that close to 300,000 homes are due to be built across Dubai between now and the end of 2029.

Apartments will account for 80.1% of the supply due by 2029, while 17.4% will be villas. Branded residences will account for another 2.4%.

The ongoing villa shortage in Dubai is expected to persist, with just 8,900 new villas expected by the end of 2024 and a further 19,700 – by the end of 2025.

The current schedule of completions suggests that deliveries will peak in 2026 (116,600 completions), however our experience has shown that c.30% of stock due in any given year is usually delayed, suggesting that this figure is unlikely to be achieved.

Completion levels to climb above historic levels

With 300,000 homes expected to be completed over the next six-years, this suggests an average of 50,000 unit deliveries per year between 2024-2029.

This is higher than the annual rate of 36,000 home completions in the city over the last 20-years.

Assuming delays of c.30% of stock recorded historically persist going forward, the city could see just 50,700 in 2025.

And the total number of homes delivered over the next six years could therefore in theory be lower at just 210,000 homes.

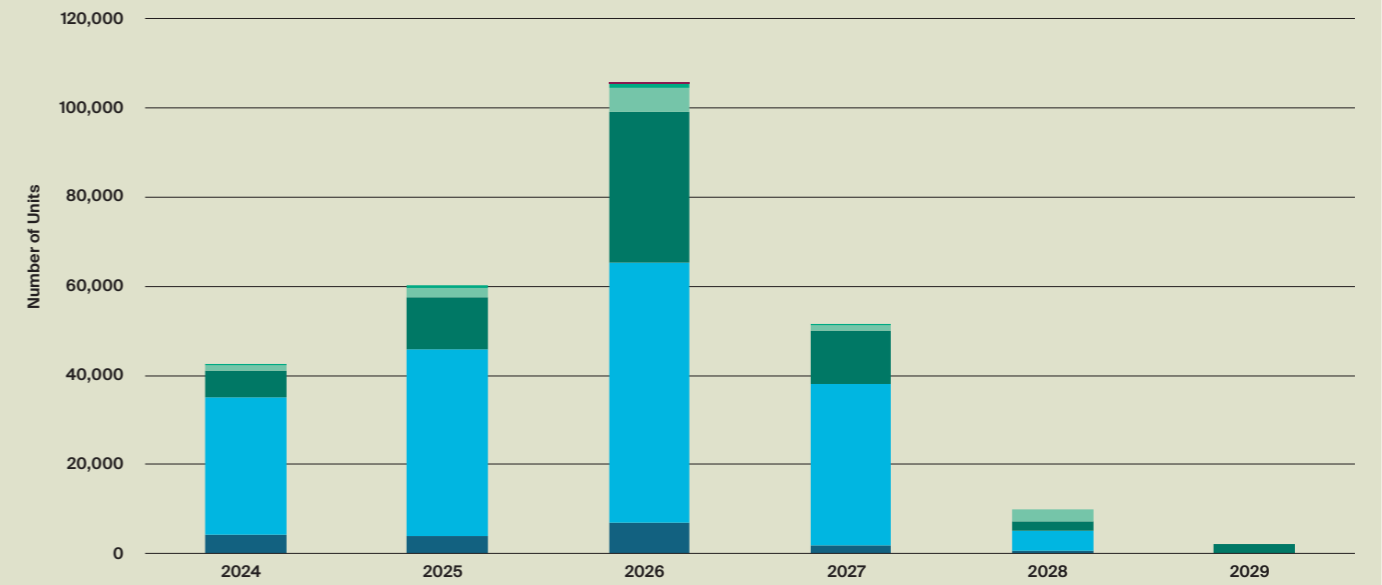
63% of future supply likely to fall within AED 1,000-2,000 psf

We have also examined Dubai's future supply by expected pricing. Our projections are derived from comparisons of developers, neighbourhoods, and property types against sales data from 2024 (not adjusted for inflation).

Most units (63%) are expected to fall within the AED 1,000-2,000 psf range, while just 2-5% will likely fall within the AED 3,000-5,000 psf bracket, with the latter accounting for approximately 12,000 units of the total 300,000 homes anticipated to enter the market by the end of 2029.

Understanding Dubai's supply pipeline (by expected price band)

■ <AED 1,000 psf
 ■ AED 1,000-2,000 psf
 ■ AED 2,000-3,000 psf
 ■ AED 3,000-5,000 psf
 ■ AED 5,000-10,000 psf
 ■ >AED 10,000 psf

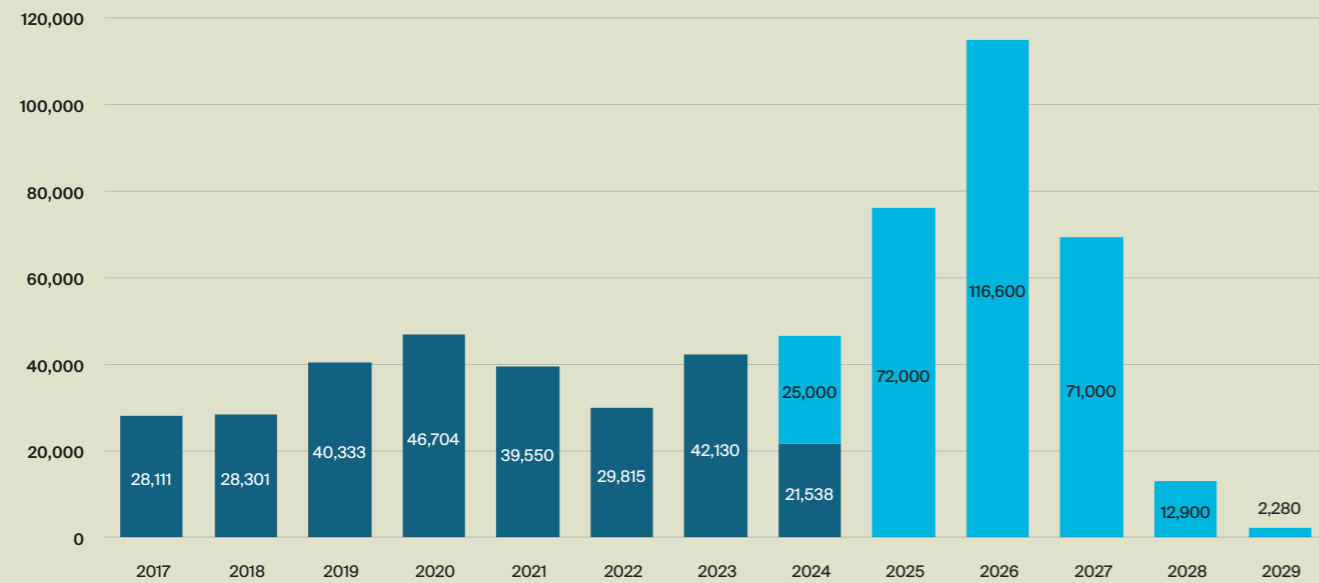


Source: Knight Frank, REIDIN

Dubai's residential supply

Number of homes

■ Existing
 ■ Under Construction

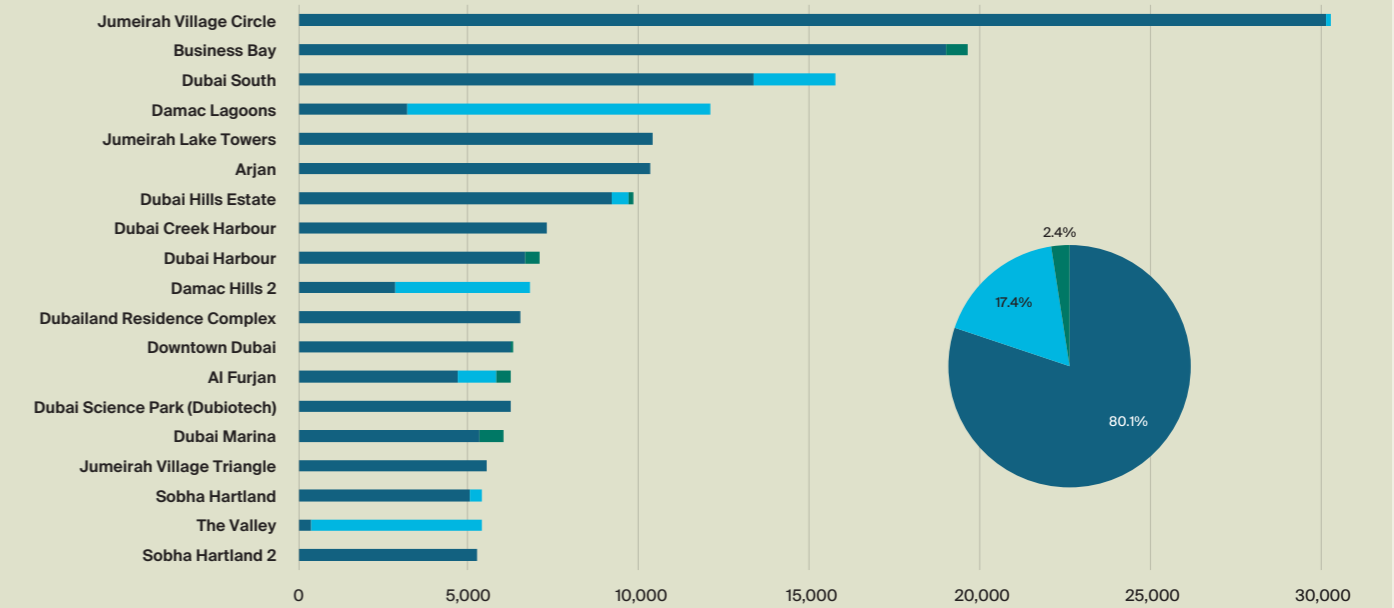


Source: Knight Frank, REIDIN

Dubai residential supply by submarket (2024-2029)

Number of units

■ Apartments
 ■ Villas
 ■ Branded residences



Source: Knight Frank, REIDIN

In Focus: Q3 construction starts

Our analysis shows over 14,000 units have become classified as "under construction" in Q3 2024. Of these, 91.4% are apartment launches, compared to only 8.6% for villas.

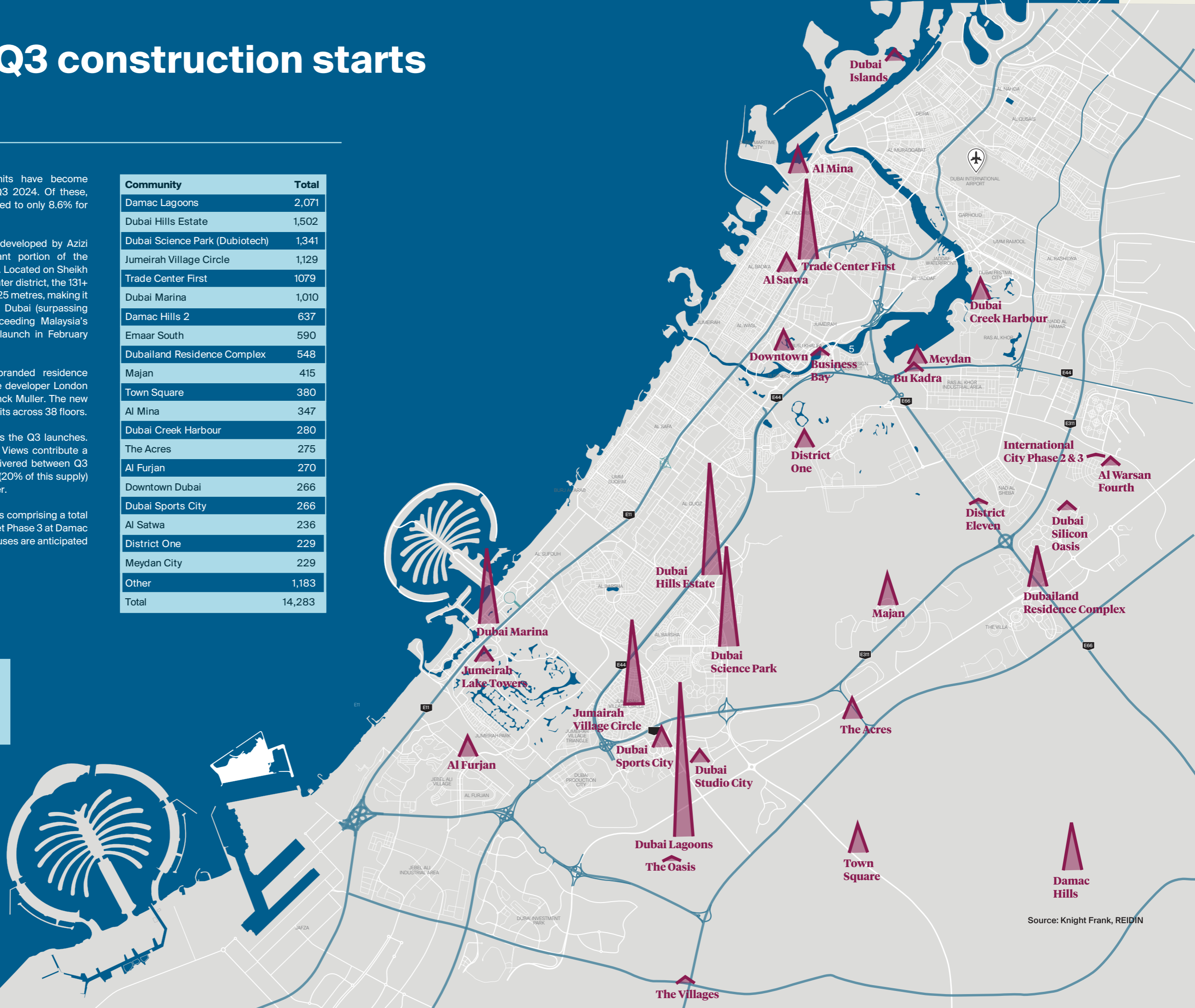
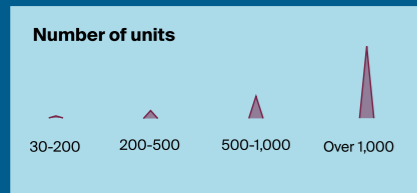
One of the major projects, Burj Azizi, developed by Azizi Developments, constitutes a significant portion of the projects launched in Q3 with 1,079 units. Located on Sheikh Zayed Road, in Dubai's World Trade Center district, the 131+ storey skyscraper will reach a height of 725 metres, making it the second tallest building not only in Dubai (surpassing Marina 101) but also in the world, exceeding Malaysia's Merdeka 118. Sales are scheduled to launch in February 2025.

Another notable project is a new branded residence collaboration between Dubai real estate developer London Gate and luxury Swiss watchmaker Franck Muller. The new tower in Dubai Marina will feature 722 units across 38 floors.

Community-wise, Damac Lagoons leads the Q3 launches. Several apartment buildings in Lagoon Views contribute a total of 2,071 units, expected to be delivered between Q3 2026 and Q3 2027. Of these, 401 units (20% of this supply) were sold during September and October.

Overall, there are just seven villa projects comprising a total of 1,231 units. The largest of these is Violet Phase 3 at Damac Hills 2, where 414 four-bedroom townhouses are anticipated to be completed by June 2027.

Community	Total
Damac Lagoons	2,071
Dubai Hills Estate	1,502
Dubai Science Park (Dubitech)	1,341
Jumeirah Village Circle	1,129
Trade Center First	1,079
Dubai Marina	1,010
Damac Hills 2	637
Emaar South	590
Dubailand Residence Complex	548
Majan	415
Town Square	380
Al Mina	347
Dubai Creek Harbour	280
The Acres	275
Al Furjan	270
Downtown Dubai	266
Dubai Sports City	266
Al Satwa	236
District One	229
Meydan City	229
Other	1,183
Total	14,283



Source: Knight Frank, REIDIN

Addressing the risk of a residential oversupply

Housing completions to rise above historic levels

With future supply likely to exceed the historical rate of annual completions, we wanted to examine the risk of an oversupply of homes in Dubai.

To do this, we have looked at three population growth scenarios: low (2.86% p.a.), medium (4.5% p.a.) and high (5.2% p.a.), between now and the end of 2040, which we explore below.

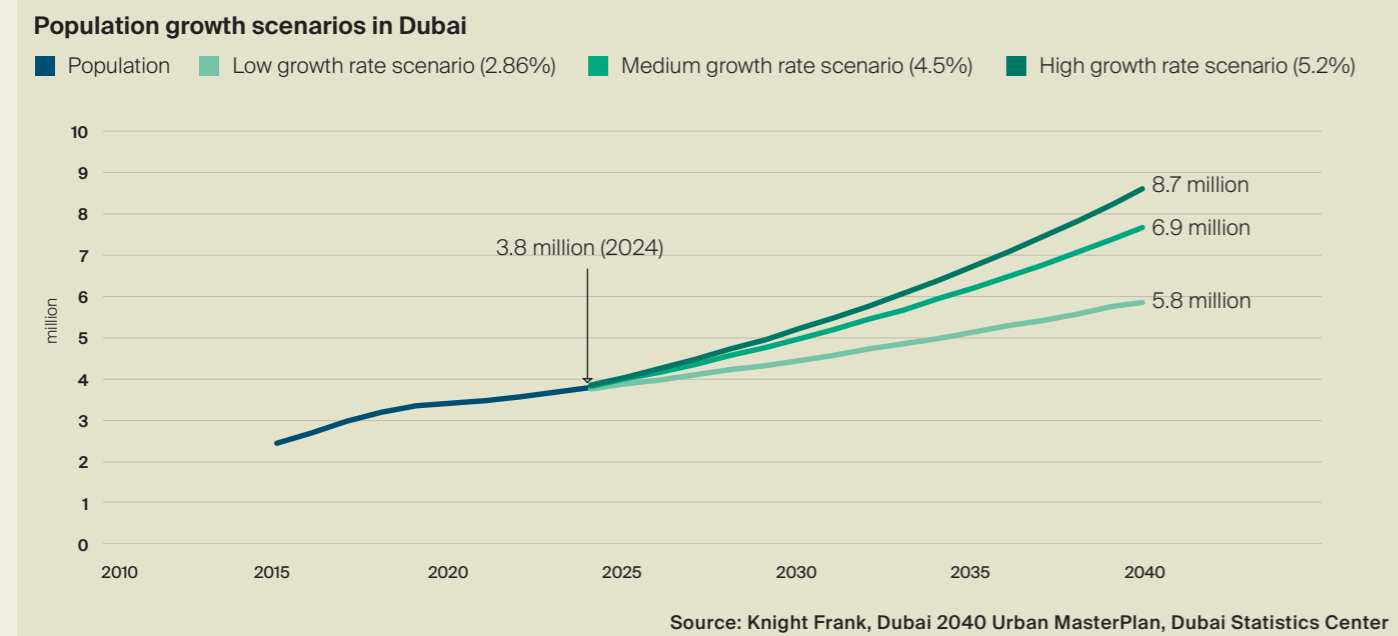
According to the Dubai 2040 Urban Master Plan, the city's population is expected to grow from 3.3 million in 2020 to 5.8 million in 2040, equating to a growth rate of 2.86%. We have assumed this to be as our low-growth scenario given the stronger rates of increase more recently.

It is also worth noting that the government expects the daytime population of the city to increase from 4.5 million in 2020 to 7.8 million by 2040.

Between September 2023 and September 2024, Dubai's population expanded by 4.5% to almost 3.8 million. We have assumed this rate of increase for our medium growth rate scenario.

Over the past eight years, Dubai's average population growth rate has been 5.2%, which we have assumed to be a high growth rate scenario.

Below we have modelled each of these annual growth rate outcomes through to 2040. Assuming an average household size of 3.5, these scenarios suggest a need for 30,000 to 57,000 new homes in 2025, compared to the projected 53,000 completions, suggesting a slight shortfall in homes next year.



Long-term housing shortfall?

Over the course of the next 16 years, our three scenarios suggest that Dubai will need in the region of 37,600-87,700 homes each year in order to accommodate the population growth predicted by our scenarios below.

Assuming historical delays of up to 30% of units each year persists, 210,000 units will realistically be completed over the next six years. This translates into 35,000 homes per year for the next six years, hinting at a likely long-term shortfall in housing, notwithstanding the cyclical nature of the market and risks to ongoing price appreciation.

While the shortfall suggests that upward pressure on house prices is likely to persist over the medium to long term, it is more than likely the market will experience one, if not two more property-price cycles between now and 2040.

In addition, not all homes built will be occupied by end users, some will become buy-to-let properties, while others may be second homes or holiday homes.



Macroeconomic risks

No property market outlook is without its risks and below we detail the biggest downside risks we are currently monitoring.

External risks top list of concerns

The past three years, 2021 through 2023, have seen the Dubai economy rebound from the effects of COVID-19. According to data from the Dubai Statistics Center, gross domestic product (GDP) was AED 53.4bn, or 14.2%, larger in 2023 than in 2020.

The sectors that have provided the largest contribution to the post-COVID rebound are the same over both the last three-years and the last 12-months, accounting for c.80% of output expansion over both periods. Notably, the real estate sector has played a significant role.

A number of external factors pose a risk to Dubai's economy, all of which could have a direct effect on aggregate demand. Reduced sentiment in the emirate, as a result of external pressures, could reduce consumer spending as well as activity in the real estate market; which could, in turn, further reduce investment spending in Dubai, weakening growth potential further. At present, however, lower government spending appears unlikely given the recent record AED 272bn spending planned in the budget announced for 2025-2027.

Global economic slowdown (high risk)

Macroeconomic risks to the real estate sector mainly derive from the knock-on effects from a general economic slowdown, soft-landing, or indeed a recession, any of which could both reduce population growth and undermine confidence in the residential market. To us this remains the most significant threat to the market.

Oil price volatility (medium risk)

Although Dubai produces very little oil, the emirate is exposed to risks deriving from lower global oil prices. While the UAE has very successfully reduced its fiscal reliance on oil in the past 10 years, a prolonged period of lower oil prices could reduce government spending plans across the Gulf. As a regional hub, Dubai could witness lower growth rates as a result.

The cause of lower oil prices, would most likely be a global slowdown, perhaps resulting from a so-called 'hard landing' in the United States. As an open, trading economy, lower growth rates would be expected to follow in Dubai. In such a circumstance, it is also possible that financial services, whether lending or asset management-based would slow, undermining another recent source of economic growth.

At the other end of the spectrum, an oil price spike linked to the ongoing regional hostilities could trigger a global economic slowdown. In Dubai, input cost pressures, particularly related to fuel prices, could weaken transportation margins and growth.

Elevated levels of global inflation would make interest rate hikes almost inevitable and this could curtail activity in the real estate market as higher borrowing costs for purchases and development would act as a significant dampener. That being said, with 88.7% of residential sales being driven by cash purchases this year, the market is to an extent shielded from any sudden interest rate hikes.

Regional competition (low risk)

Dubai, through its main port, Jebel Ali, continues to be the region's predominant logistics hub. Likewise, Dubai International Airport has helped to make Dubai the region's leading travel and tourism hub. DXB has been the busiest international airport for 10-years running and was the second busiest globally in 2023.

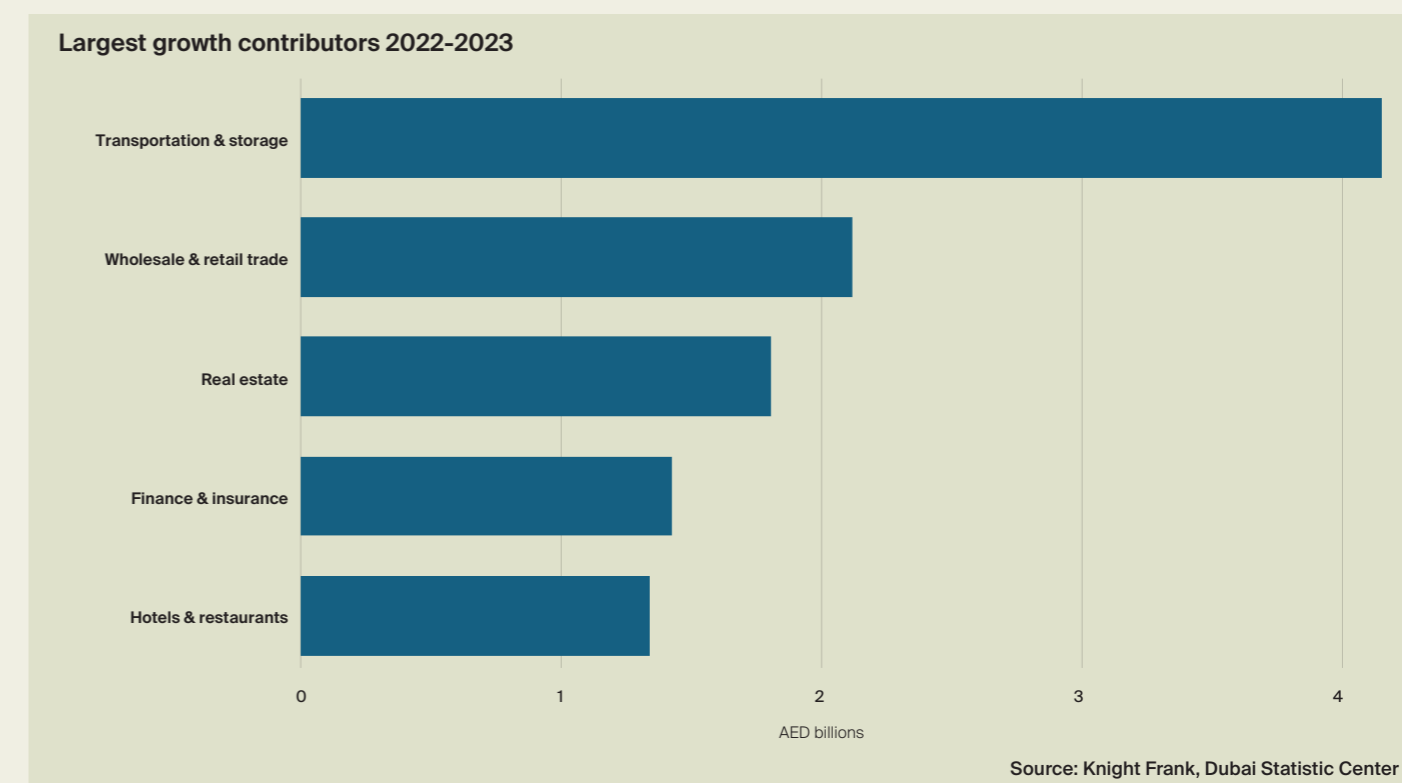
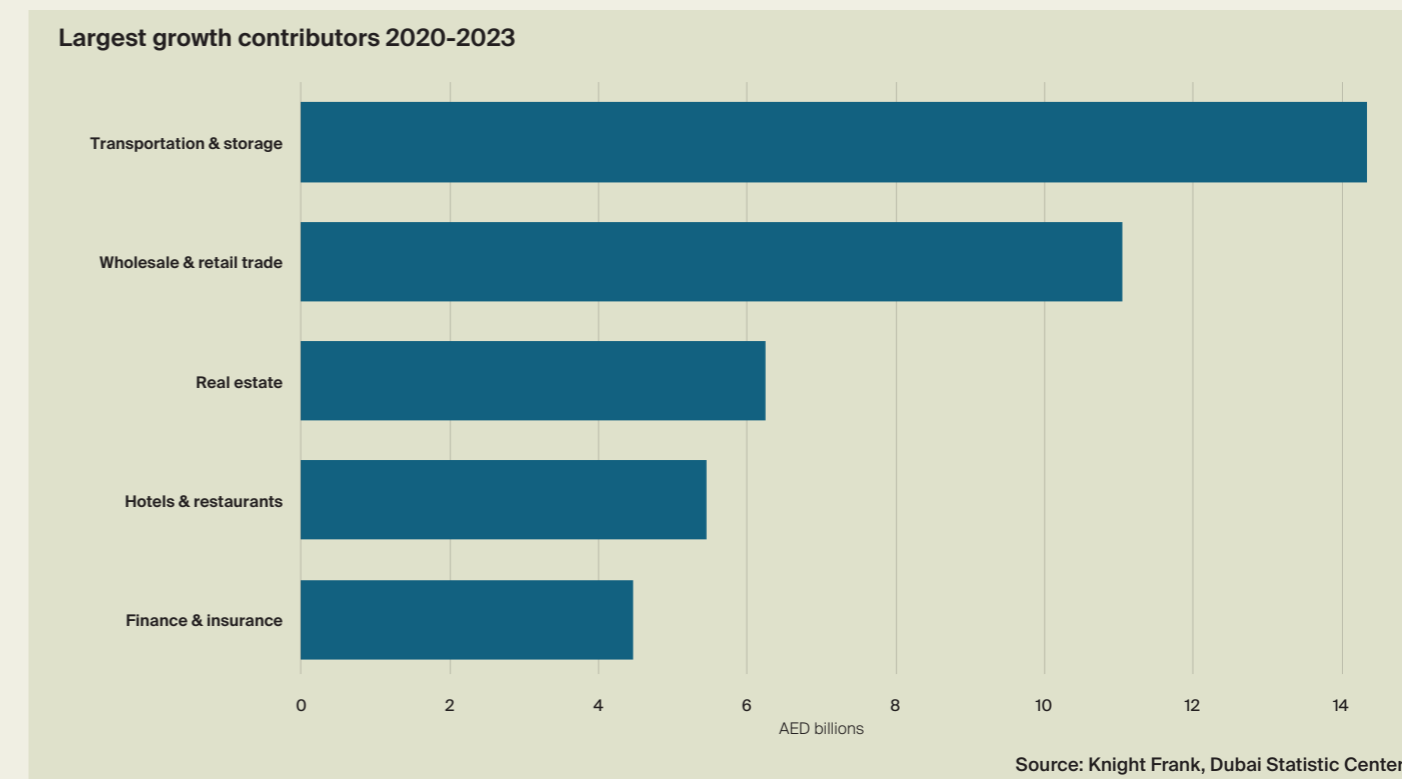
Any disruptions to the flow of goods around the world, and to and from the region, would have a significant negative impact on Dubai's economy.

Similarly, disruption to air traffic would have a dampening effect on travel and tourism.

While growth in the Gulf is, in general, very positive for Dubai's logistics industry, over the longer term, competition from new ports and airlines in the region could lower the growth potential of the sector in Dubai.

While other cities around the Gulf are heavily investing in reforming and reinventing their economies, we do not see this as an immediate threat to Dubai's position as the region's primary travel, tourism and trade hub. With a population of close to 60 million, the GCC region could easily accommodate a second global gateway city, be it Riyadh, or elsewhere.

Economic sectors driving Dubai's economic growth since 2020

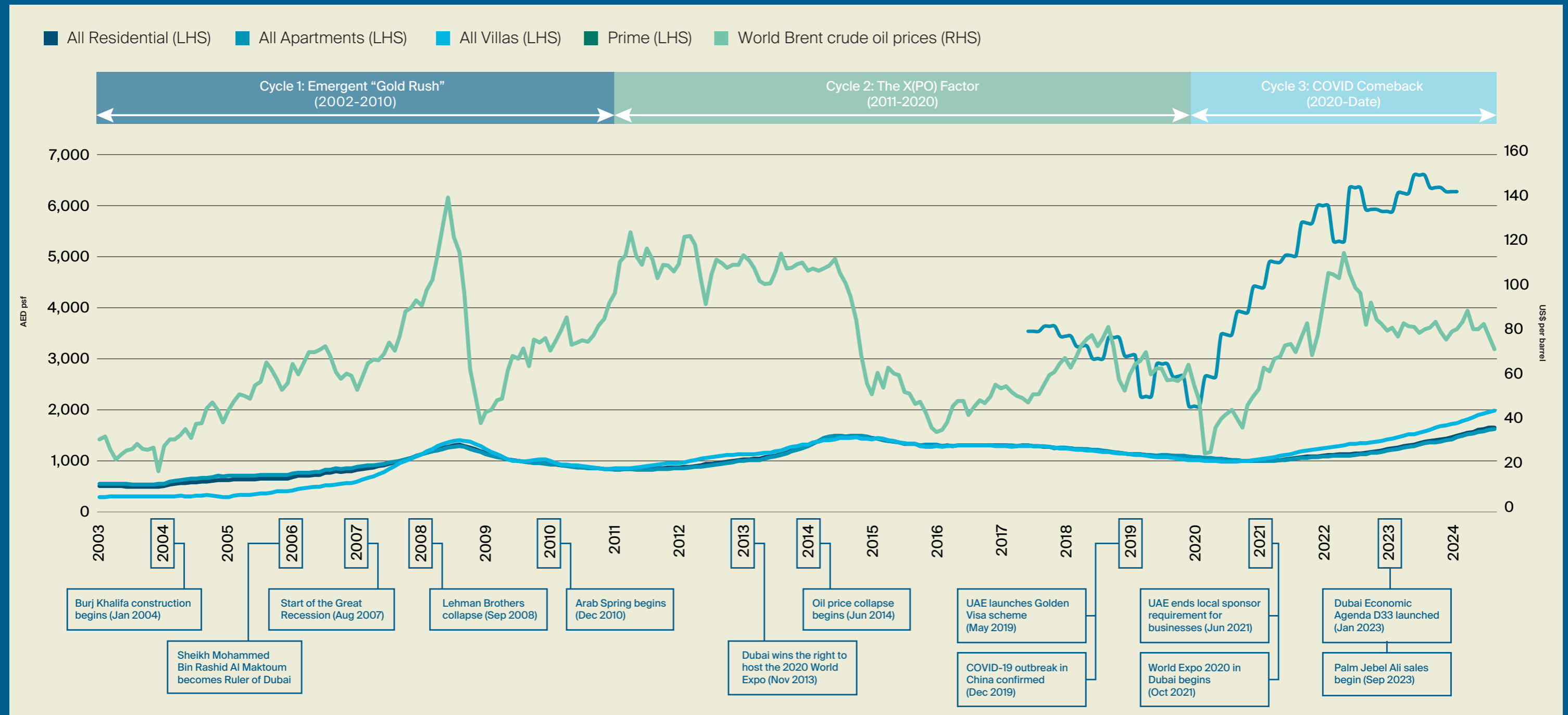


Dubai residential property cycles

To understand how values are likely to behave next year, we have also analysed the performance and behaviour of Dubai's three freehold residential cycles.

	Cycle 1: Emergent "Gold Rush" (2002-2010)	Cycle 2: The X(PO) Factor (2011-2020)	Cycle 3: COVID Comeback (2020-Date)
Values at cycle start (AED psf)	500	831	1,050
Duration (years)	8	9.1	4.5+
Period of increasing values (years)	5.7	3.8	4.5+
Cycle high (AED psf)	1,309	1,487	1,980
Period of decreasing values (years)	2.4	5.3	n/a
Cycle low (AED psf)	481	831	n/a
% change from start to finish	66.4%	27.3%	n/a
peak to peak % change	n/a	13.6%	n/a
peak to trough % change	-63.3%	-44.1%	n/a

Source: Knight Frank, REIDIN



Source: Knight Frank, REIDIN

Outlook for 2025

Mainstream market growth

To project price trends for Dubai's mainstream residential market in 2025, our Residential Agency team has closely examined historical market data and combined this with market experience to formulate an inhouse view.

Our Residential Agency's inhouse view is based on all the factors and KPI's assessed throughout this report. And it must be noted that this view is based on a static point in time, informed by the data we have access to currently, while also factoring for potential downside risks to the market.

As noted above, house prices across Dubai grew by 5.3% during Q3 2024, leaving them 19.9% higher than this time last year. This impressive performance throughout 2024, has helped to sustain positive market sentiment, supported by strong demand fundamentals, heightened investor activity, and increased confidence in Dubai's real estate sector.

Dubai's economic stability, driven by strategic infrastructure investments and supportive government policies, has strengthened buyer confidence across the residential market. The continued influx of expatriates and high-net-worth individuals seeking homes has fuelled demand, particularly in established communities and new high-quality developments. This growing demand, coupled with relatively constrained supply, suggests a favourable trajectory for price appreciation as we move into 2025.

While some market headwinds, such as global economic uncertainties, may impact growth, the overall sentiment remains strong. Although the growth rate may moderate after recent years of significant increases, fundamental drivers—such as population growth, infrastructure investment, and Dubai's global appeal—are expected to sustain a positive market environment.

With these factors in mind, our Residential Agency's inhouse view is that prices in the mainstream market are likely to rise by 8% during 2025.

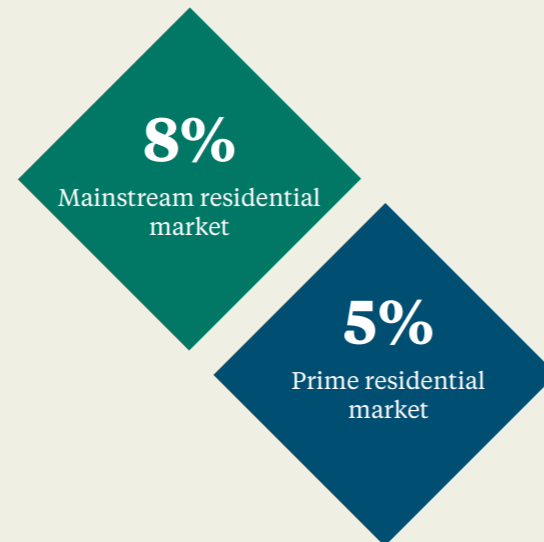
Prime market

After notable gains over the past year (6% in the last 12 months), Dubai's prime market is poised to close 2024 in line with our projection issued last Autumn of 5%. We remain optimistic for 2025, with expectations for continued growth, albeit at a more moderate pace than recent years. Indeed, after prime values expanded by 44.4% in 2022 and by 16.3% last year, our Residential Agency's inhouse view is that the rate of increases in the prime residential market will moderate to around 5% during 2025.

Dubai's prime market enjoys unique demand factors, including limited high-end property availability, heightened international investor interest, and the city's rising reputation as a premier destination for luxury living.

Overall, Dubai's prime residential market outlook remains highly favourable, underpinned by strong economic fundamentals, proactive government initiatives, and sustained demand. While we expect the prime residential market's growth rate to ease to more sustainable levels next year, we expect the market's inherent strength, buoyed by strong sustained demand, particularly from global HNWI to continue enhancing and reinforcing Dubai's appeal and its potential for long-term investment.

2025 consensus outlook



Source: Knight Frank



In focus: Dubai's property wealth

95,000 homes worth over US\$ 1 million

Dubai's emergence as the busiest market in the world for US\$ 10 million+ home sales prompted us to examine the city's property wealth in more detail.

To do this, we have developed a comprehensive valuation model that estimates the price of every freehold residential property annually, based on the growth rate of its parent neighbourhood.

We have focussed specifically on homes priced at over US\$ 1 million in 2024, to get a gauge of the number of "property millionaires" in the city.

By tracking the value of each home's price progress over time, we have also been able to identify "accidental millionaires", i.e., owners who bought properties for less than US\$ 1 million that are now worth more purely due to price inflation. We have only counted homes that have not traded hands.

Thus, this method has allowed us to better assess the wealth generated through held residential real estate ownership in Dubai.

Our calculations suggest that there are 95,000 units (out of 530,000 total sold units since 2002) in Dubai valued above US\$ 1 million in 2024, which equates to 17.9% of the total number of homes sold in the city. The total value of these homes is estimated to be AED 822bn, or US\$ 224bn.

“ The total value of freehold homes priced at over US\$ 1 million in Dubai currently stands at AED 822bn, accounting for 17.9% of the city's stock. ”

37,000 of these units are owned by 'accidental millionaires' (dark green and light blue bands in the chart overleaf).

The number of 'accidental millionaires' has crept up by an average of 79.5% over the past three years, which goes some way to explain the rapid decline in the number of homes available for sale in the city over the last three years, as well as the growing proportion of genuine end-users purchasing homes in the city.

Our analysis also suggests that the total value of all homes sold in Dubai since 2002 currently stands at AED 1.47 trillion, which is up 221% since 2020.

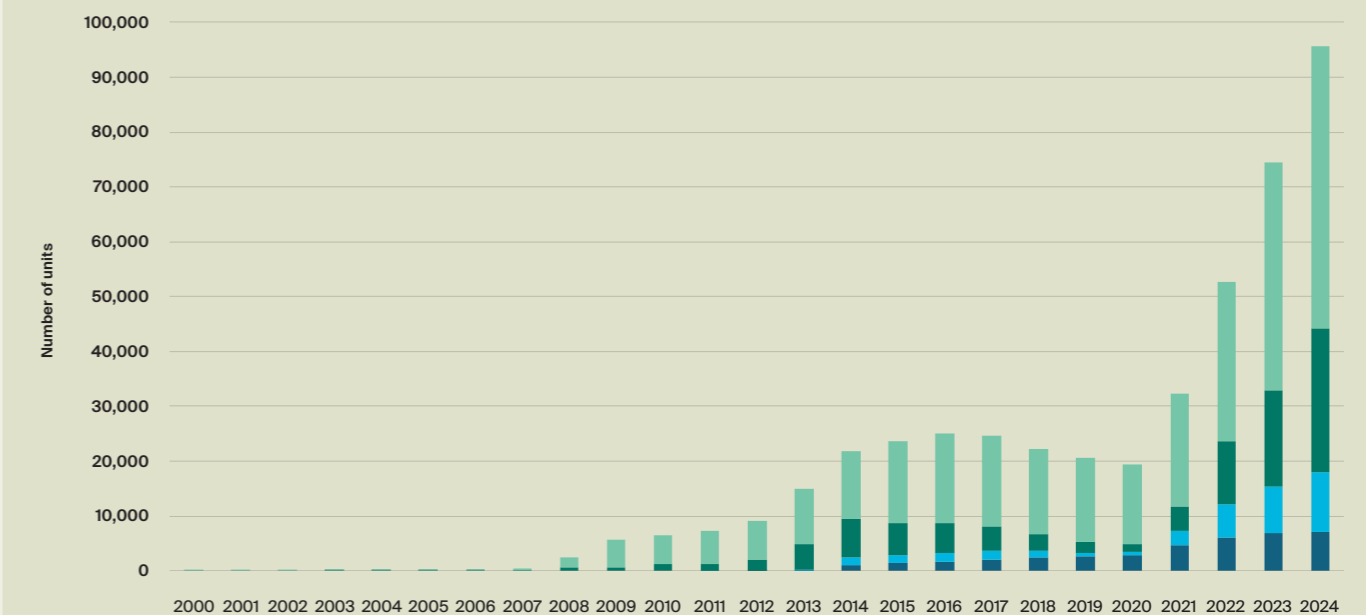
Luxury buy-to-lets

We have also analysed rental data to determine how many properties valued over US\$ 1 million were rented out to determine the size of the city's luxury buy-to-let market. In 2024, only about 19% of these units (18,000 units) (dark and light blue bands overleaf) were leased.

This suggests most homes are being held as primary residences, second homes, or long-term investments for capital gains, reflecting strong confidence in Dubai's residential market among the ultra-wealthy and echoing the findings of our recently published [Destination Dubai 2024 report](#).

The rise of 'property millionaire' homes in Dubai

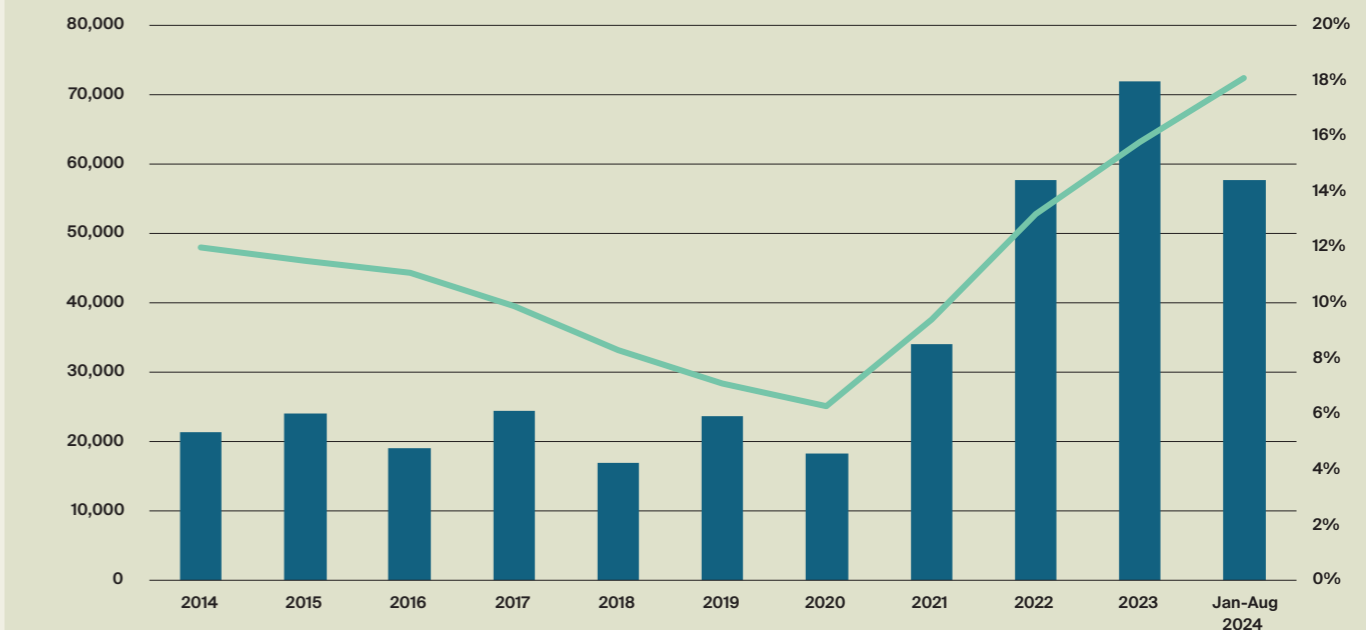
■ Leased already-bought PM ■ Leased accidental PM ■ Non-leased accidental PM ■ Non-leased already-bought PM



Source: Knight Frank, REIDIN

Proportion of homes valued at over US\$ 1 million

■ Number of unique home sales ■ Proportion of homes valued at over US\$ 1 million

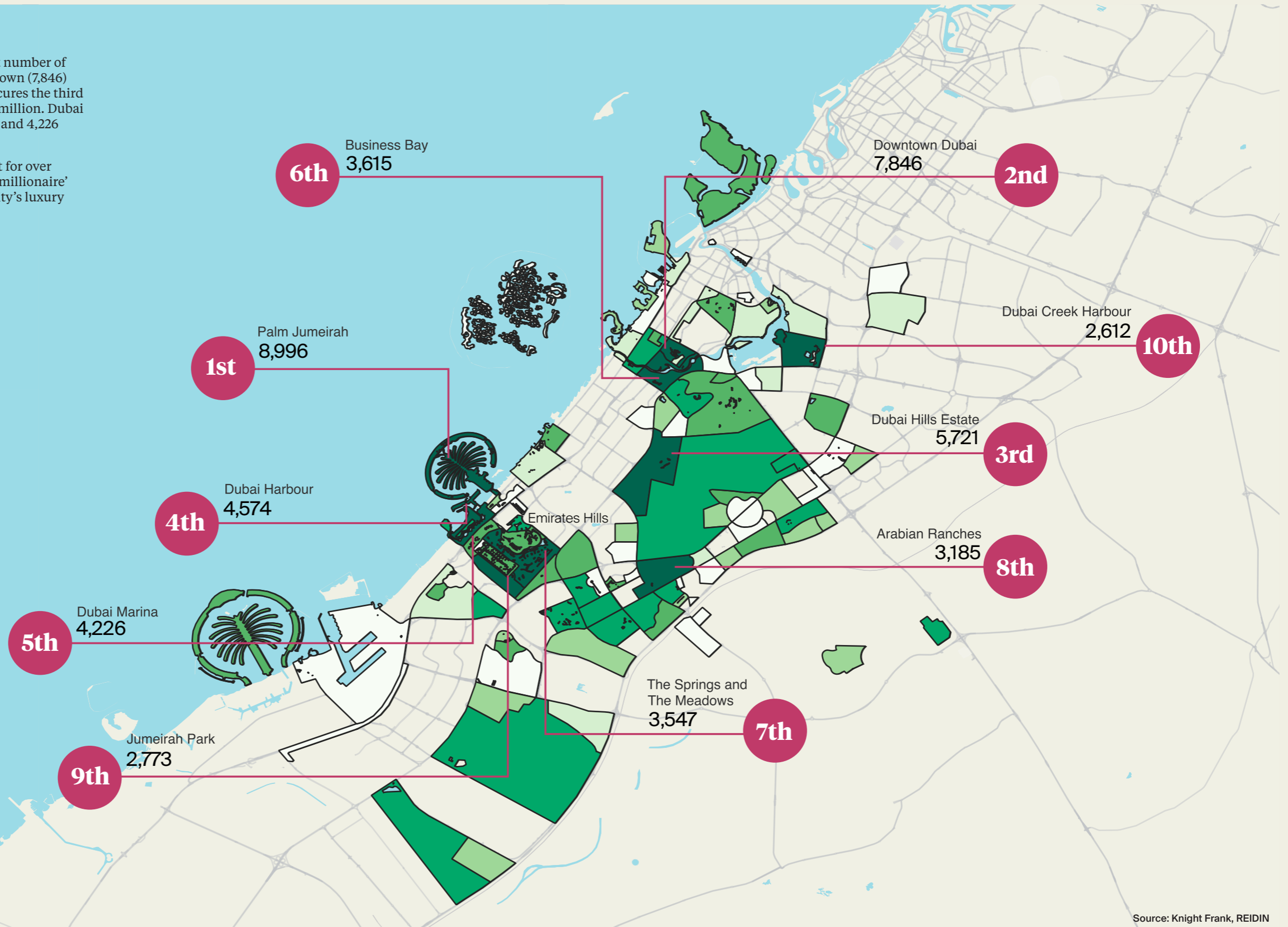


Source: Knight Frank, REIDIN

Concentration of US\$ 1 million+ homes across Dubai ranked by neighbourhood

Palm Jumeirah is the district with the highest number of units worth over US\$ 1 million – 8,996. Downtown (7,846) follows in second place. Dubai Hills Estate secures the third position with 5,721 units worth over US\$ 1 million. Dubai Harbour and Dubai Marina follow with 4,574, and 4,226 such homes respectively.

Collectively, the top ten communities account for over 47,000 such homes - almost 50% of 'property millionaire' homes in Dubai, a significant portion of the city's luxury residential market.



Source: Knight Frank, REIDIN

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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
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