DESTINATION DUBAI

The ultimate guide to global demand for Dubai real estate

2nd edition

2024

THE DESIGN INSPIRATION: DESTINATION DUBAI 2024

This year our cover page has been inspired by the sweeping curves of Dubai's Museum of The Future. The 325.6 ft-tall elliptical building spread over 300,000 sq ft has already earned the accolade of being described as one of the world's most beautiful buildings.

Dubai's blend of tradition and innovation is elegantly showcased in the Museum of the Future's design, highlighting the Emirate's cultural roots and its futuristic ambitions. The building, a marvel of modern engineering, features three quotes from Sheikh Mohammed the Ruler of Dubai, rendered in beautiful Arabic calligraphy—a nod to Dubai's heritage and a testament to its commitment to technological progress and a vision to create a lasting legacy.

This vision has inspired the design of our report, mirroring Dubai's approach to blending tradition and heritage with innovative strategies in urban and cultural development.

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FOREWORD

Dubai's real estate market has sustained its growth trajectory over the last 12 months, with demand, prices and rents across all sectors still trending upwards. International buyers have continued to target the most affluent areas in the city. This has not only driven up prime residential values, but also thrust a new neighbourhood to 'prime' residential status, which we reveal in our 2024 Destination Dubai report.

Dubai has also cemented its position as the world's busiest US$ 10 million+ home sales market, overtaking stalwarts like London and New York.

There is no doubt that Dubai's live-work-play lifestyle has attracted global attention in the wake of the pandemic. And this attention has been matched by the unrelenting demand for real estate in the emirate, particularly by the global wealthy.

A similar story is unfolding in the office market. The city has virtually run out of Grade A space, with just 1.8 million sqft launched and under construction and due to be delivered by the end of 2028, most of which is already committed.

And after recording its best-ever year in 2023, welcoming 86.9 million passengers, Dubai International Airport has retained its status as the world's busiest international airport for the 10th year in a row and is now the second busiest airport in the world, when factoring for both international and domestic travel. Unsurprisingly, this has spurred the highest-ever number of inbound tourists, which stood at almost 17.2 million in 2023, making Dubai the third most-visited city in the world.

The attractiveness of Dubai to international buyers and investors has morphed over the last 22 years since the residential property market was unlocked for international buyers in 2002. The initial speculative nature of the residential market has now given way to a market that continues to demonstrate signs of maturing, with micro-market drivers from world-class schools, healthcare and shopping malls to macro-economic policy decisions, chiefly the recent raft of residential visa options designed to attract and retain talent, all working together to raise Dubai's global standing.

The economics powering the city's growth have also remained robust, with employment growth accelerating to an eight-year high in February, fuelling even more market confidence.

It is against this backdrop that we wanted to better understand the depth of international buyer demand for real estate in the emirate. To achieve this, we spoke with high-net-worth-individuals (HNWI) across the world, as well as GCC-based HNWI expats and we present our findings in our second and 2024 edition of Destination Dubai.

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

James Lewis
Managing Director, MEA

DISCOVER MORE

Downtown Dubai and Business Bay

INTRODUCTION

DUBAI'S ECONOMIC BACKDROP

Dubai's economic outlook was bolstered with the 2023 unveiling of the Dubai Economic Agenda, known as D33. This visionary initiative outlines a transformative US$ 8.7 trillion roadmap, aiming to double the emirate's foreign trade and position Dubai as the world's fourth most prominent financial centre by 2033, coinciding with the 200th anniversary of Dubai's founding. In any emerging market, sentiment plays a hugely underestimated role in driving not only economic growth, but real estate activity as well. And the same is true for Dubai.

A vision for the future

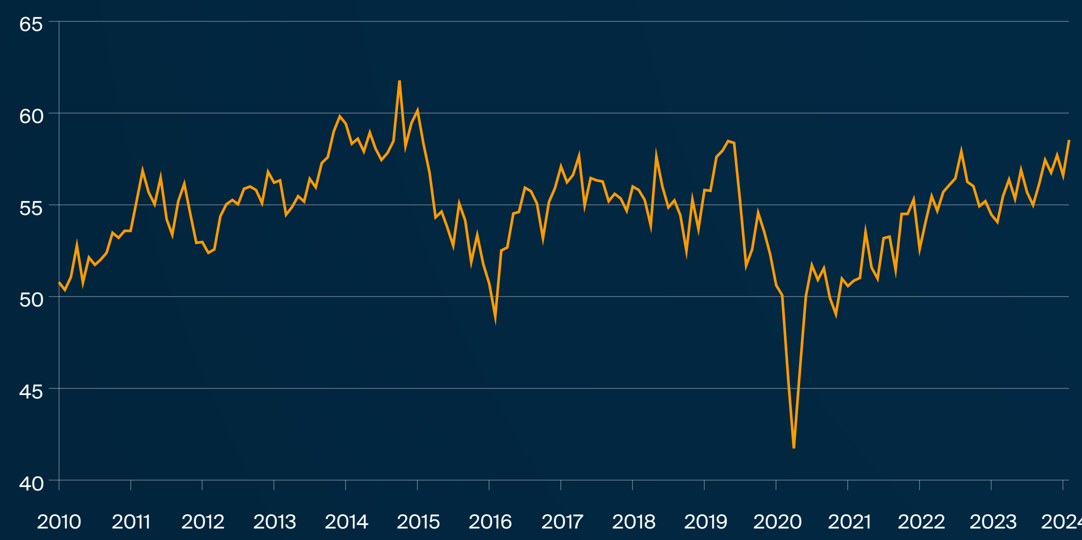
The ambitious plans unveiled by the government for both 2033 and 2040 set out a vision to more than double the city's population to 7.8 million by 2040, up from 3.6 million today. To accommodate this growth, we estimate that the city will need an extra 70,000 homes a year between now and 2040. Our forecasts show that the city will see just 22,000 homes a year completed over the next five years, highlighting not only the scale of the opportunity, but also the demand-supply imbalance that will likely continue driving up residential values.

Meanwhile, economic growth too has remained robust, with sentiment in the non-oil sector soaring to a five-year high earlier this year, accompanied by the highest level of job creation rates in eight years during February.

This positivity is filtering through to the real estate market with heightened demand across all sectors and a supply-demand imbalance that is catalysing price growth and rent escalations. The prime residential and Grade A office markets are particularly impacted.

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

The Burj Al Arab and Burj Khalifa, seen from the Palm Jumeirah

OUR SURVEYS

Knight Frank's Destination Dubai surveys were conducted in partnership with YouGov. We conducted two surveys – one of global HNWI across Asia, the UK, Europe and North America and a second survey of GCC-based expat HNWI. For both sets of HNWI, we set a minimum net worth threshold of US$ 2 million, excluding the value of their main home, or primary residence. The goal of our surveys was to understand the attitudes, appetites and aspirations of global HNWI when it comes to investing in property in Dubai.

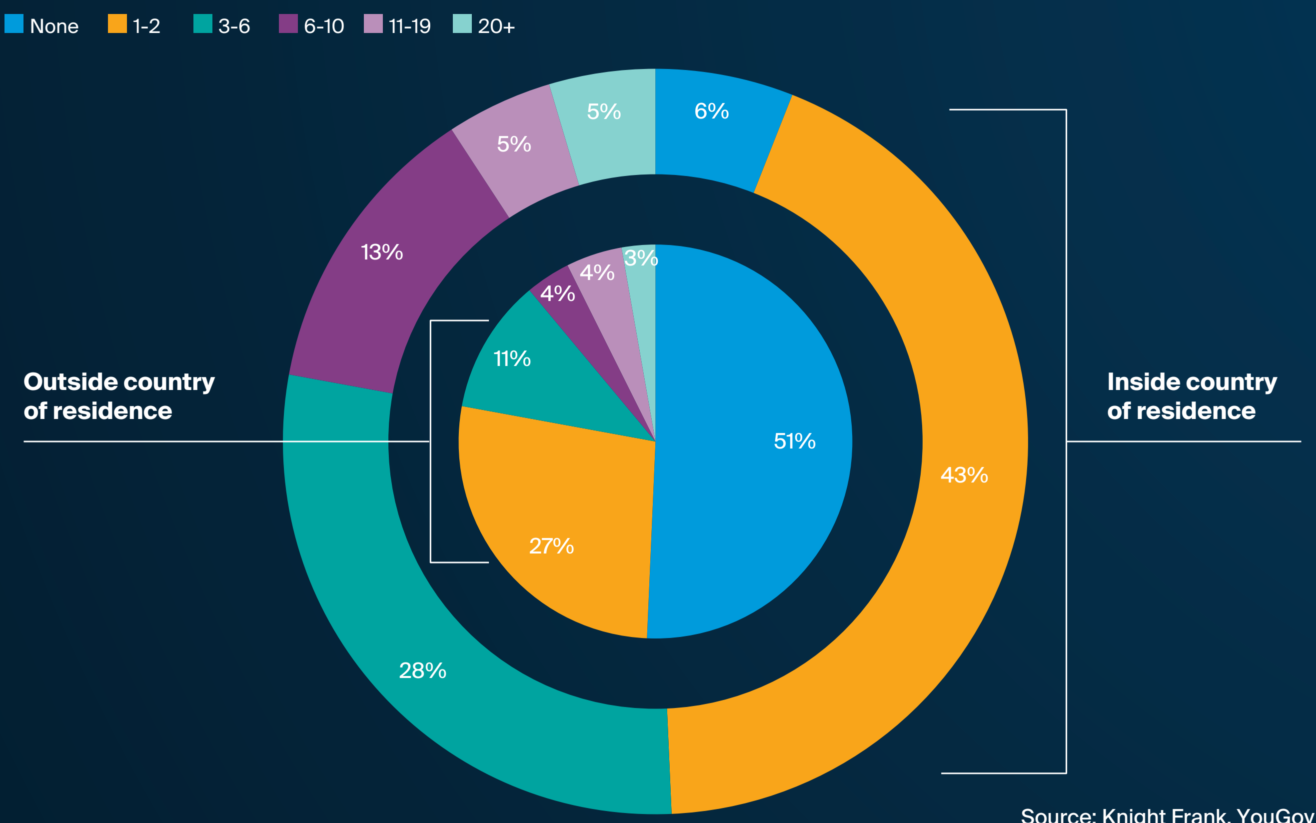
Survey 1

217 high-net-worth-individuals (HNWI), with a personal net worth of over US$ 2 million (excluding the value of their main home), from 11 counties (UK, USA, Singapore, France, Italy, Switzerland, Hong Kong, Canada, India, China, KSA) were polled about their real estate aspirations in Dubai, as well as Abu Dhabi and Ras Al Khaimah.

217	11	US$ 20 million	US$ 3.6 bn
Number of respondents	Countries covered	Average net worth	Combined net worth

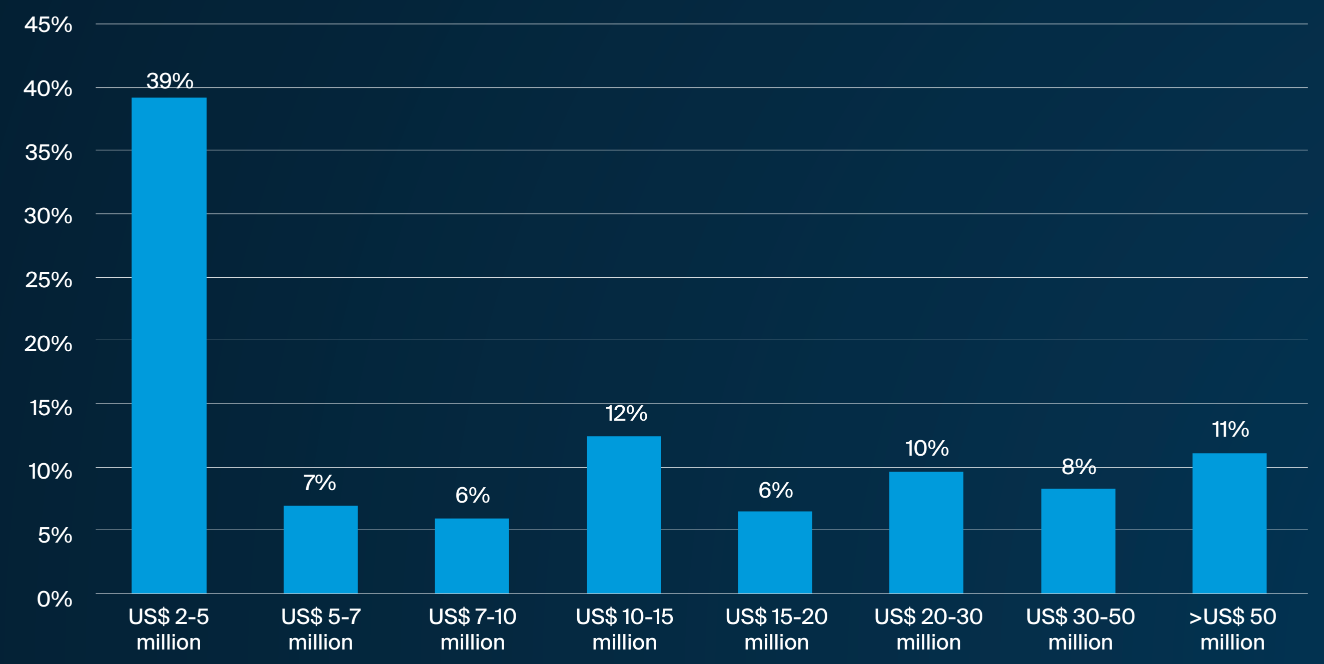
Source: Knight Frank, YouGov

Size of residential property portfolio



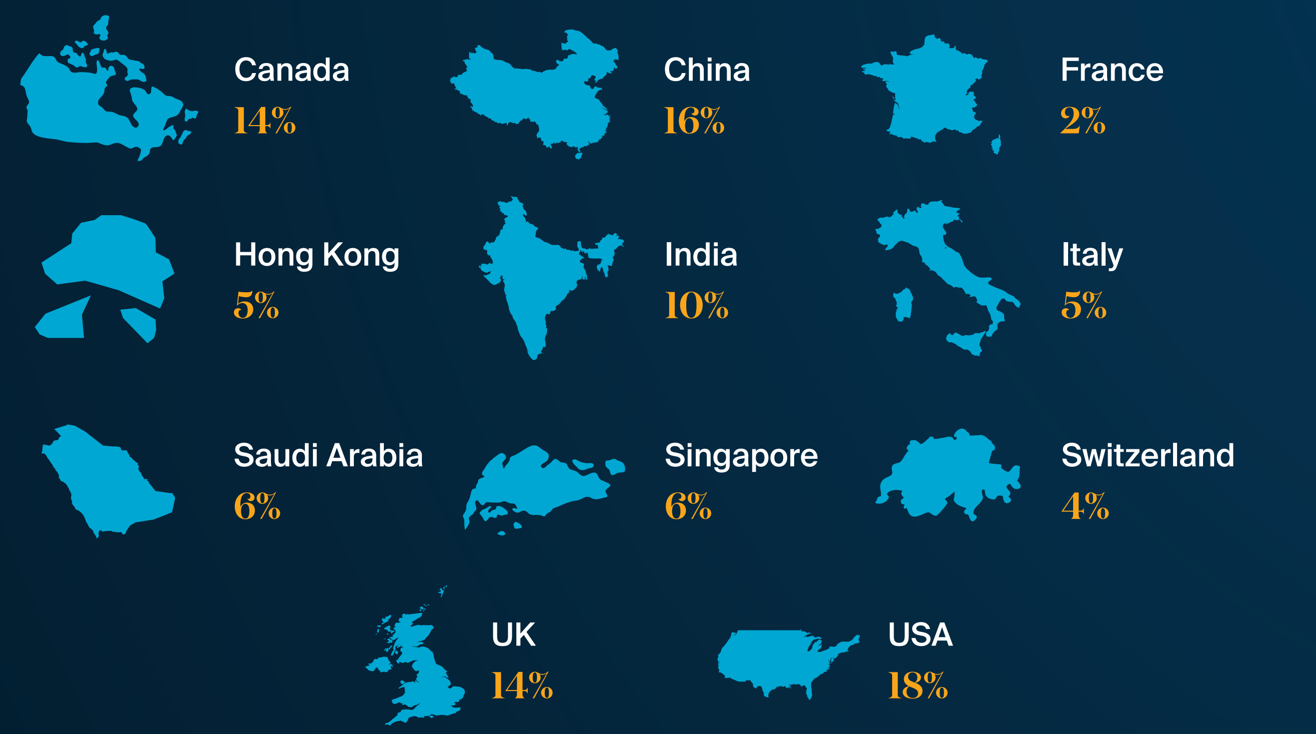
Source: Knight Frank, YouGov

Respondents' net worth



Source: Knight Frank, YouGov

Respondents' country of residence



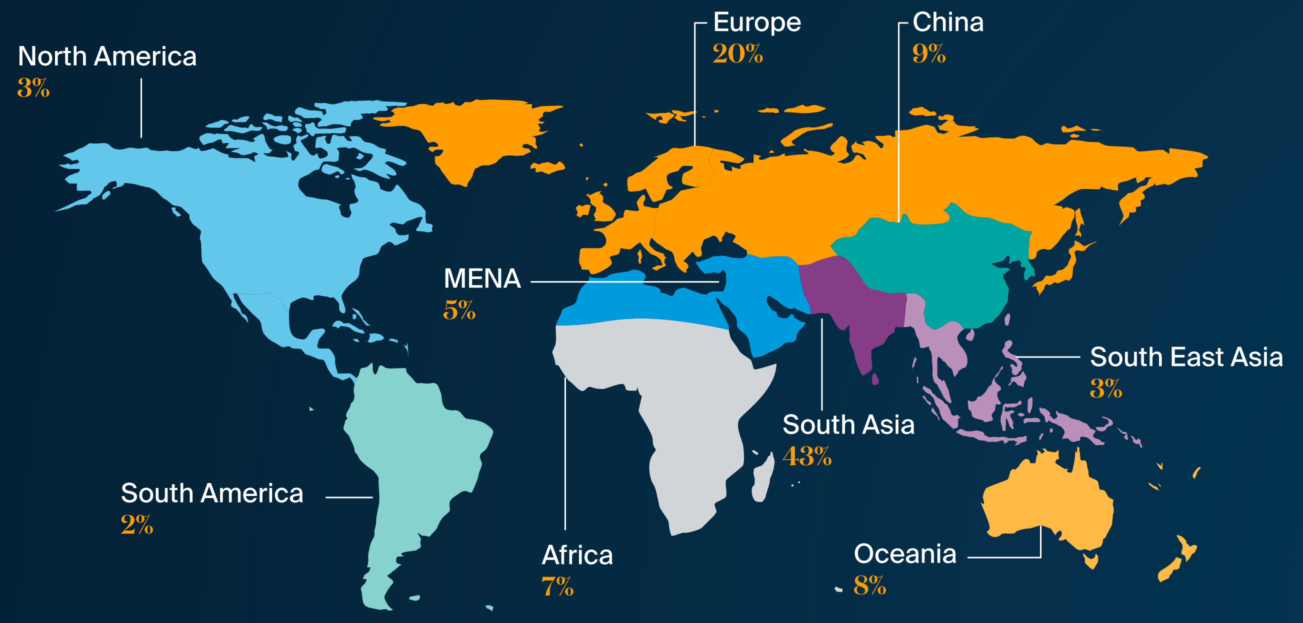
Source: Knight Frank, YouGov

OUR SURVEYS

Survey 2

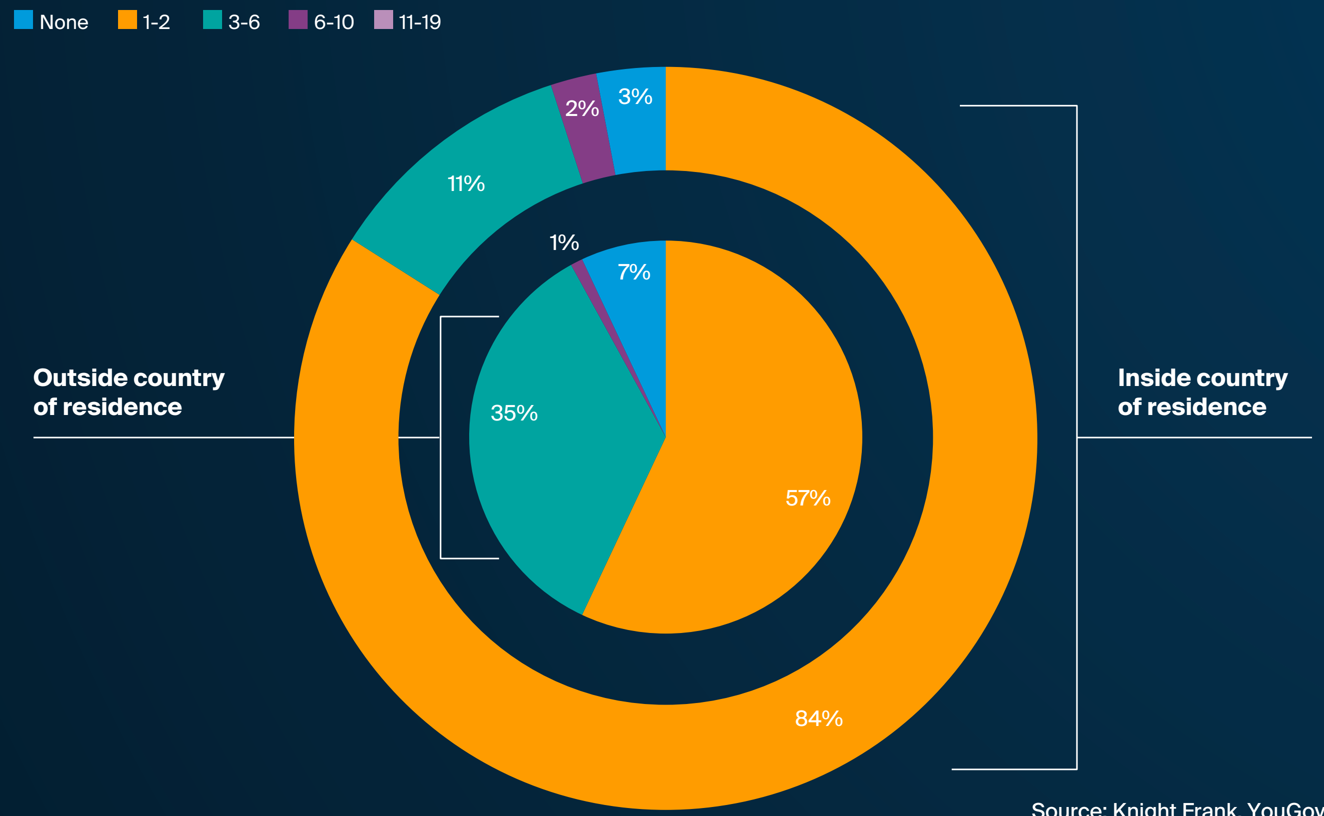
In our second survey, we spoke with 100 GCC-based HNWI expat residents to investigate their appetite towards real estate acquisitions in Dubai, as well as Abu Dhabi and Ras Al Khaimah.

Respondents' region of birth



Source: Knight Frank, YouGov

Size of residential property portfolio

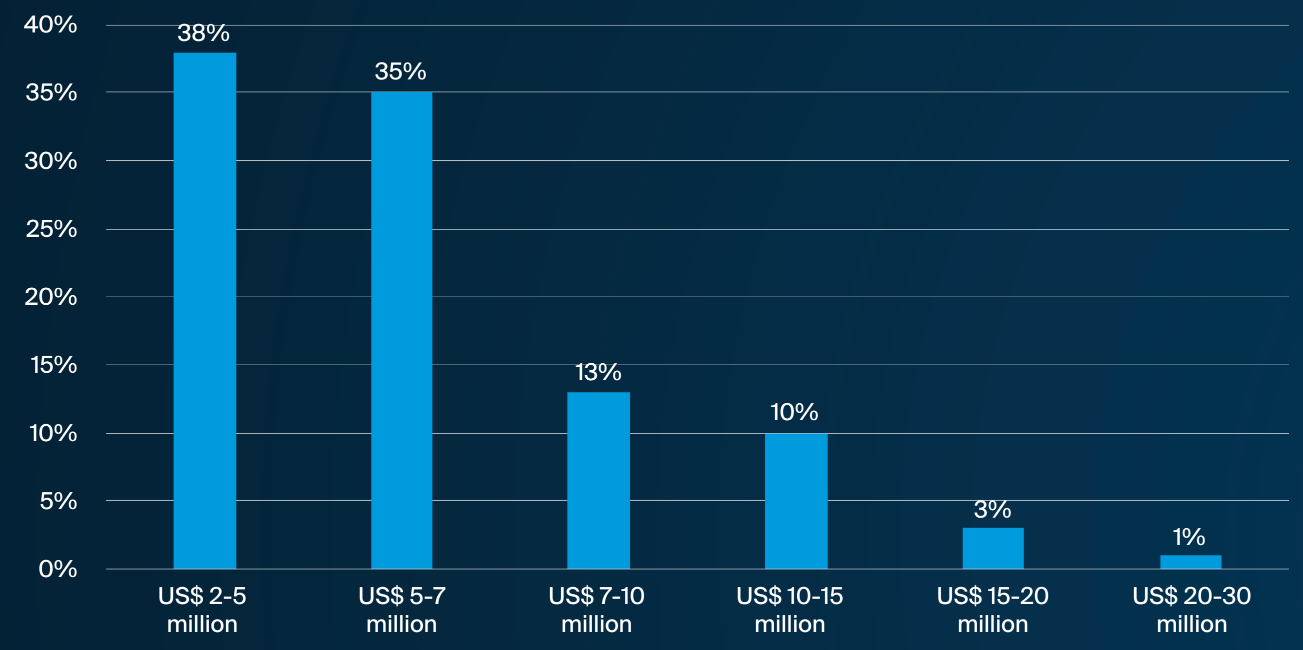


Source: Knight Frank, YouGov

100	6	US$ 8 million	US$ 660 million
Number of respondents	Countries covered	Average net worth	Combined net worth

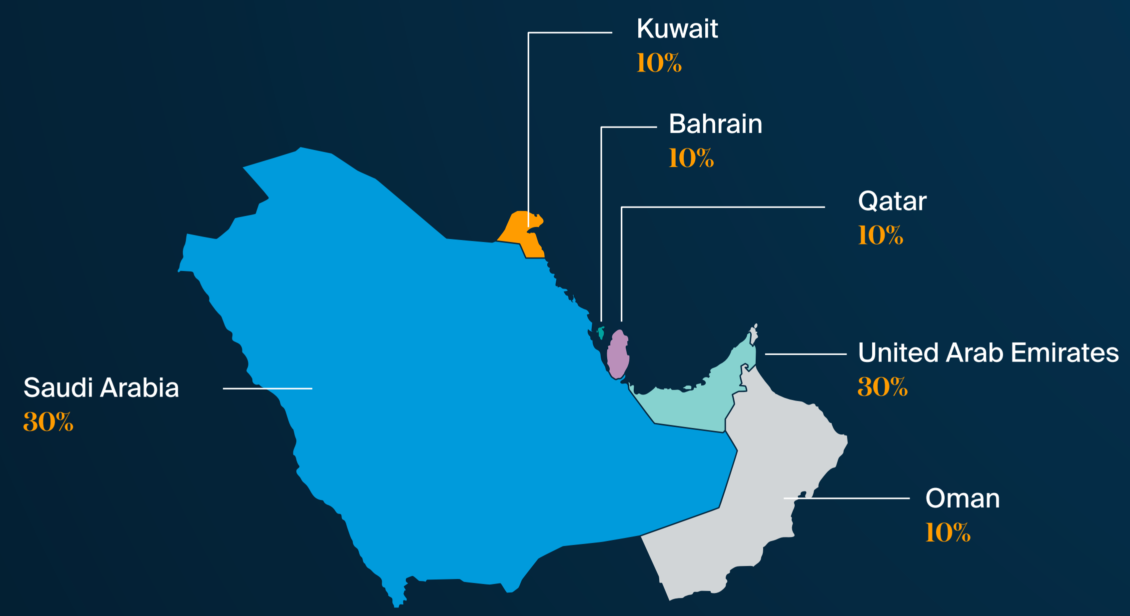
Source: Knight Frank, YouGov

Respondents' net worth



Source: Knight Frank, YouGov

Respondents' country of residence



Source: Knight Frank, YouGov

DESTINATION UAE

AN EMERGING GLOBAL CAPITAL OF CAPITAL

Real estate markets in the UAE have enjoyed record levels of demand over the last four years, with Dubai, and more recently, Abu Dhabi, registering significant capital value growth and rental increases across virtually all real estate sectors.

Investor friendly climate

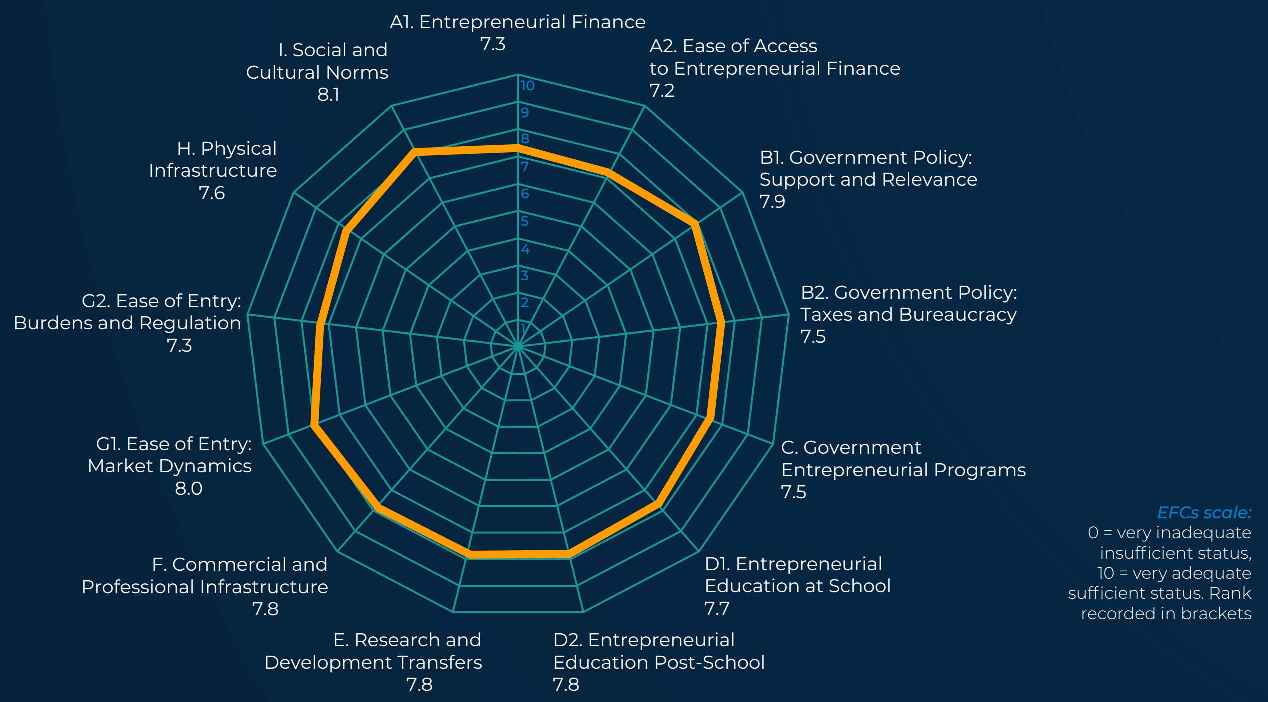
The UAE's long-standing policy of being an investor-friendly hub in the Middle East continues to pay dividends. Dubai was recently crowned the third best city to work in, behind London and Amsterdam, while Abu Dhabi placed fifth (Boston Consulting Group).

In addition, the country has been named the number one nation in the world for establishing a business for the third consecutive year by the GEM 2023/2024 Global Report.

The UAE ranked first globally in 12 out of the 13 criteria assessed by the GEM, including entrepreneurial finance, ease of access to entrepreneurial finance, supportive government policies, taxes & bureaucracy, government entrepreneurial programs, entrepreneurial education in schools, entrepreneurial education post-graduation, the transfer of knowledge & research, commercial and professional infrastructure, ease of market entry: market dynamics, burdens and regulation, and social & cultural norms. The only category the Emirates did not rank first globally was for physical infrastructure.

During 2023, the UAE was also named as the second largest global recipient of FDI into greenfield projects by the UNCTAD, attracting a record US$ 22.7bn, representing a 28% rise on 2022. The US attracted the highest level of FDI investment, although the total was 3% lower, year-on-year.

EXPERT RATINGS OF THE ENTREPRENEURIAL FRAMEWORK CONDITIONS IN THE UAE



Source: Global Entrepreneurship Monitor 2023/2024 Global Report

The Address Dubai Marina as seen from Blue Waters island

AN EMERGING GLOBAL CAPITAL OF CAPITAL

Global appeal

Not only does the country's pro-business mindset contribute to its attractiveness as a property investment destination, but softer factors such as the climate, safety and security and rule of law all add to its allure.

During the pandemic, these pull factors were further bolstered by the raft of residency visa options introduced by the government, designed to attract and retain talent. These include the UAE's Golden Visa, which grants a renewable 10-year residency visa to individuals (and their families) who invest a minimum of AED 2 million (US$ 545,000) in real estate or meet other criteria.

These drivers, combined with arguably some of the world's most luxurious and affordable beachfront real estate continue to amplify the Emirates' global appeal, in particular to the global wealthy, who have been especially active in Dubai's prime residential and US$ 10 million+ home markets.

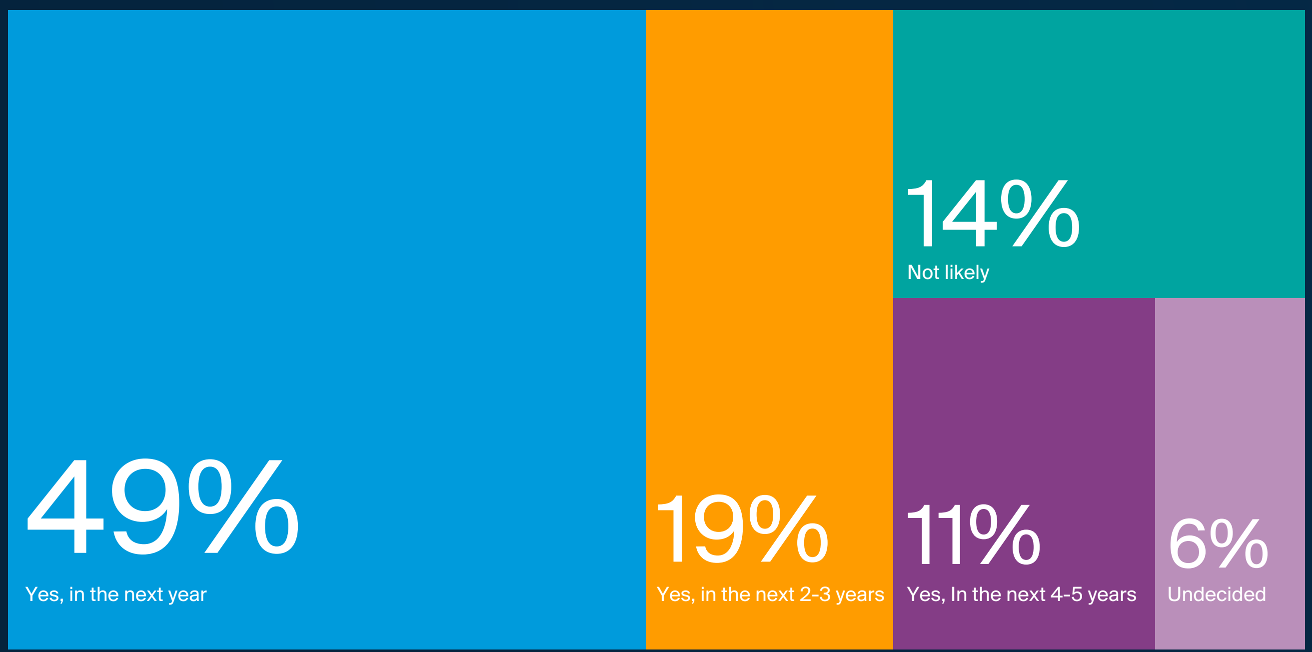
Indeed, in our survey of global HNWI, 49% of those with a personal net worth in excess of US$ 20 million (UHNWI), would like to make a real estate investment in the UAE this year. A further 30% would like to acquire property in the country over the next 2-5 years.

Similarly, 54% of those with a net worth of between US$5-20 million would like to buy a property in the Emirates this year.

Just 14% of GCC-based expat HNWI stated they had no interest in purchasing a property in the Emirates, with 45% interested in making a purchase within the next three years.

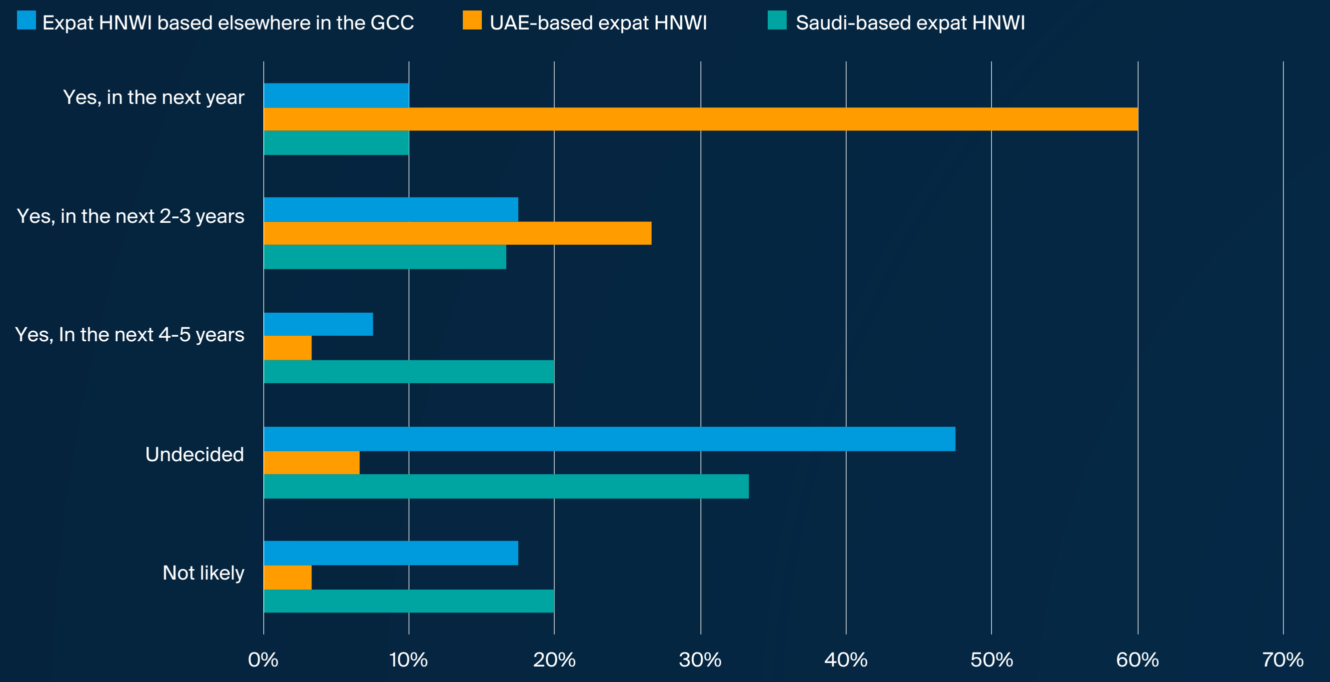
East Asian HNWI are keenest to buy real estate in the Emirates, with 74% likely to do so within the next five years. 37% would like to make an acquisition during 2024.

Likelihood of making a property purchase in the UAE among global UHNWI



Source: Knight Frank, YouGov

Likelihood of making a property purchase in the UAE among GCC-based HNWI



Source: Knight Frank, YouGov

The gateway to the UAE Presidential Palace, Qasr Al Wattan, in Abu Dhabi

A GLOBAL INVESTMENT MAGNET

Real estate is seen as a good investment

Residential markets in the UAE have experienced robust growth over the last four years. In Abu Dhabi, average prices have risen by 37% since Q1 2020, while in Dubai residential values have climbed by 9% in the 12-months to the end of Q1 2024 and by 39% since Q1 2020. Homes in Dubai are on average 16% more expensive than they were during the last market peak in 2014.

Residential prices in the nation's capital, Abu Dhabi, are now just 1.3% below their 2014 peak.

Rents in both cities have grown at virtually the same rate, which has left residential yields for single let units at an average of 6.3% and 5.7% for apartments in Dubai and Abu Dhabi, respectively.

On the global stage, residential yields are higher than you would expect in other major global cities, which contributes to the attractiveness of UAE cities as investment destinations.

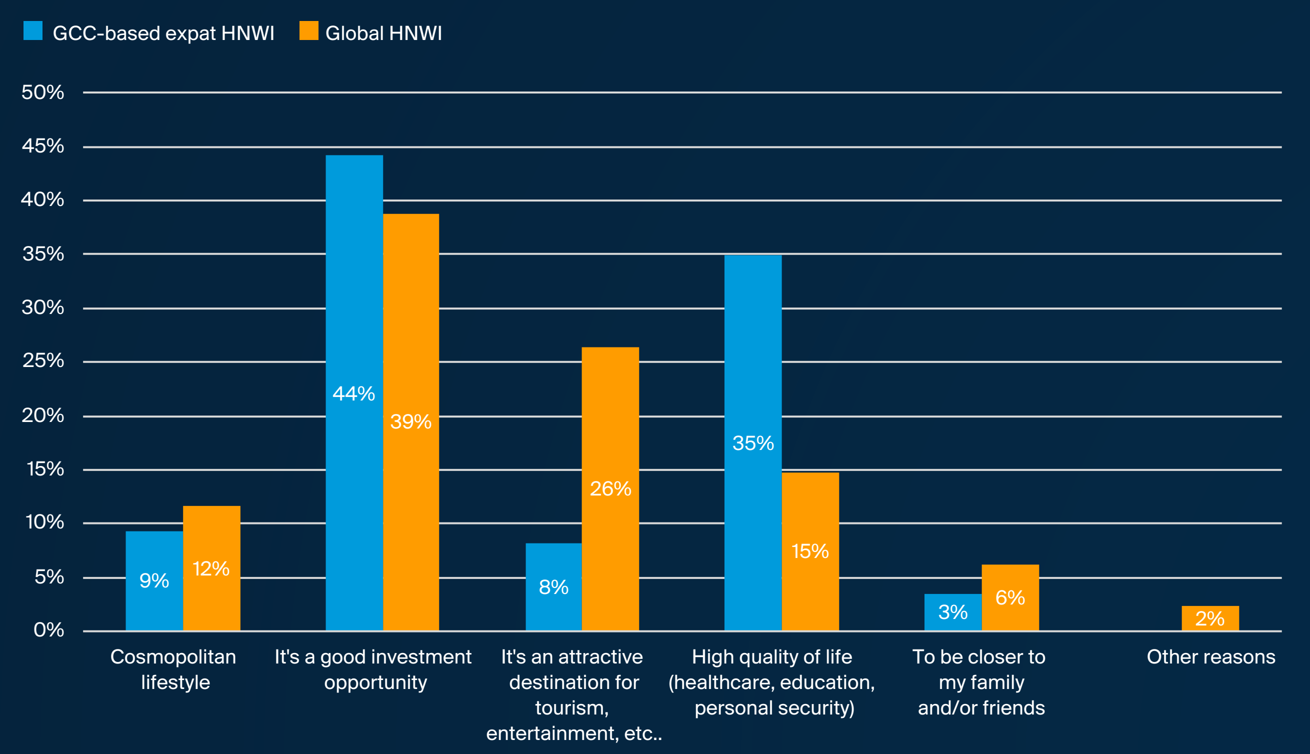
Indeed, the perception of property in the Emirates being 'a good investment opportunity' ranks as the number one motivator for 39% of global HNWI contemplating a property acquisition in the country. The second most important pull-factor is the fact that 26% of this cohort view the UAE as an 'attractive destination for tourism and entertainment'.

Equally, 44% of GCC-based expats consider the UAE to be 'a good investment opportunity', however for this group, the high quality of life (healthcare, education and personal security) emerges as a the second most important motivator at 35% but rises to 44% for expats based outside the UAE and Saudi Arabia.

"Residential yields are higher than you would expect in other major global cities, which contributes to the attractiveness of UAE cities as investment destinations.

Dubai Marina at dusk

Main motivators for investing in the UAE



Source: Knight Frank, YouGov

> Residential yields are higher than you would expect in other major global cities, which contributes to the attractiveness of UAE cities as investment destinations.

RESIDENTIAL SECTOR DOMINATES

Residential in pole position

Noting the above, it is no surprise that the vast majority (76%) of our GCC-based expat HNWI respondents are focused on acquiring residential real estate in the Emirates. Interestingly, just over a third (34%) are interested in the country's healthcare sector. Branded residences (28%) round off the top three sector preferences for HNWI expats around the GCC.

For global HNWI, while the residential sector in the UAE remains the most likely target asset class (58%), branded residences emerge as the second most preferred sector (41%), followed by offices (36%).

While the residential sector is a clear favourite, irrespective of personal wealth levels, its appeal does appear to decline as net worth rises. 74% of those with a net worth of US$ 2-5 million would like to acquire residential real estate in the UAE, but this slips to 56% amongst those HNWI with wealth in excess of US$ 15 million.

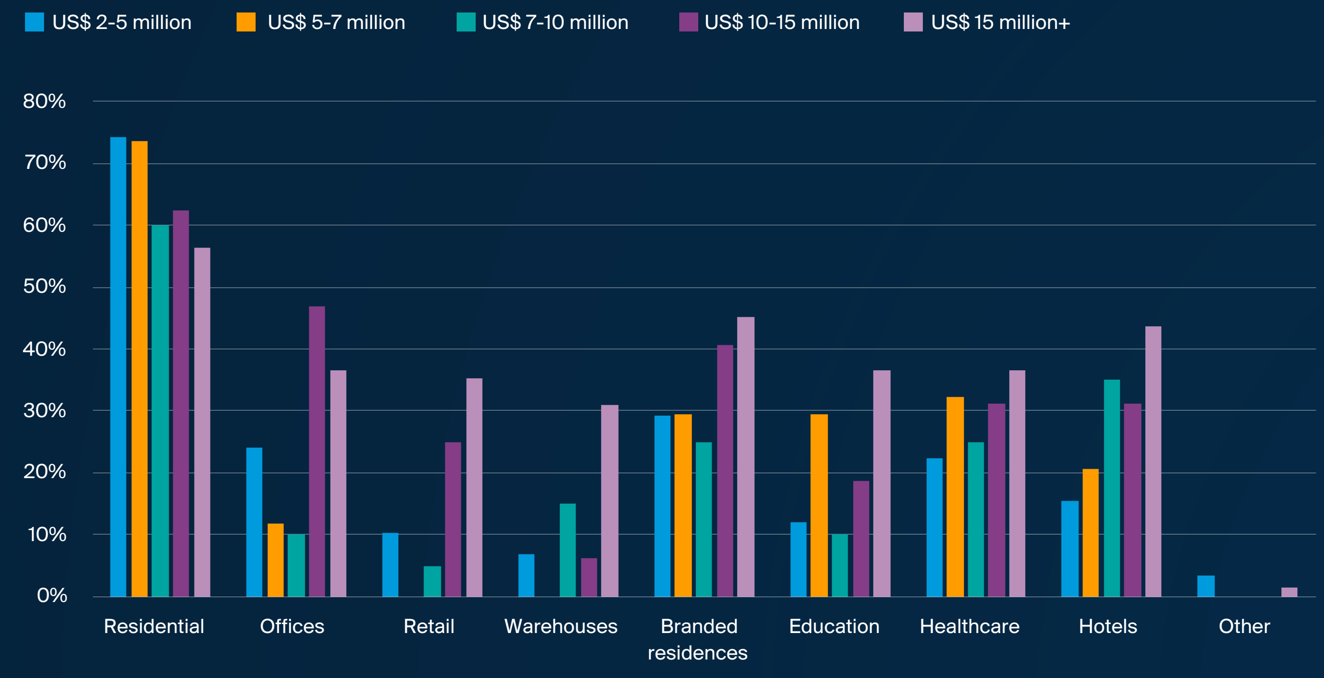
This apparent change in attitudes towards the residential sector amongst the world's wealthy may not necessarily indicate a lack of appetite for residential real estate, but perhaps a greater desire to diversify their portfolios.

Branded residences for instance are the next most preferred sector (45%), followed by the hospitality sector (44%), which rounds out the top three most preferred sectors by this group.

NEED TO KNOW

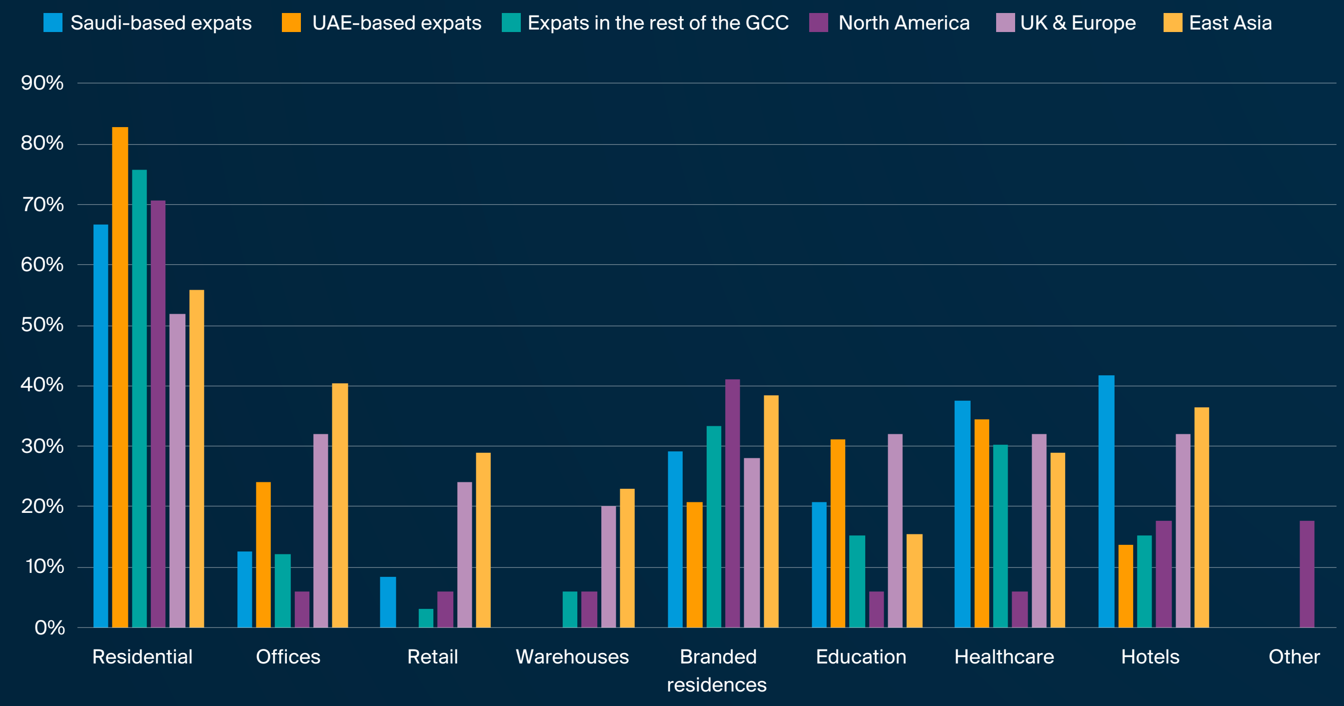
- **49% of those with a personal net worth in excess of US$ 20 million (UHNWI) would like to make a real estate investment in the UAE this year**
- **54% of those with a net worth of between US$ 5-20 million would like to buy a property in the Emirates during 2024**
- **44% of GCC-based expats consider the UAE to be 'a good investment opportunity'**
- **The perception of property in the Emirates being 'a good investment opportunity' ranks as the number one motivator for 39% of global HNWI**
- **58% of global HNWI would like to purchase residential real estate in the UAE, rising to 76% amongst GCC-based expat HNWI**

UAE real estate investment sector preferences (by net worth)



Source: Knight Frank, YouGov

UAE real estate investment sector preferences (by HNWI location)

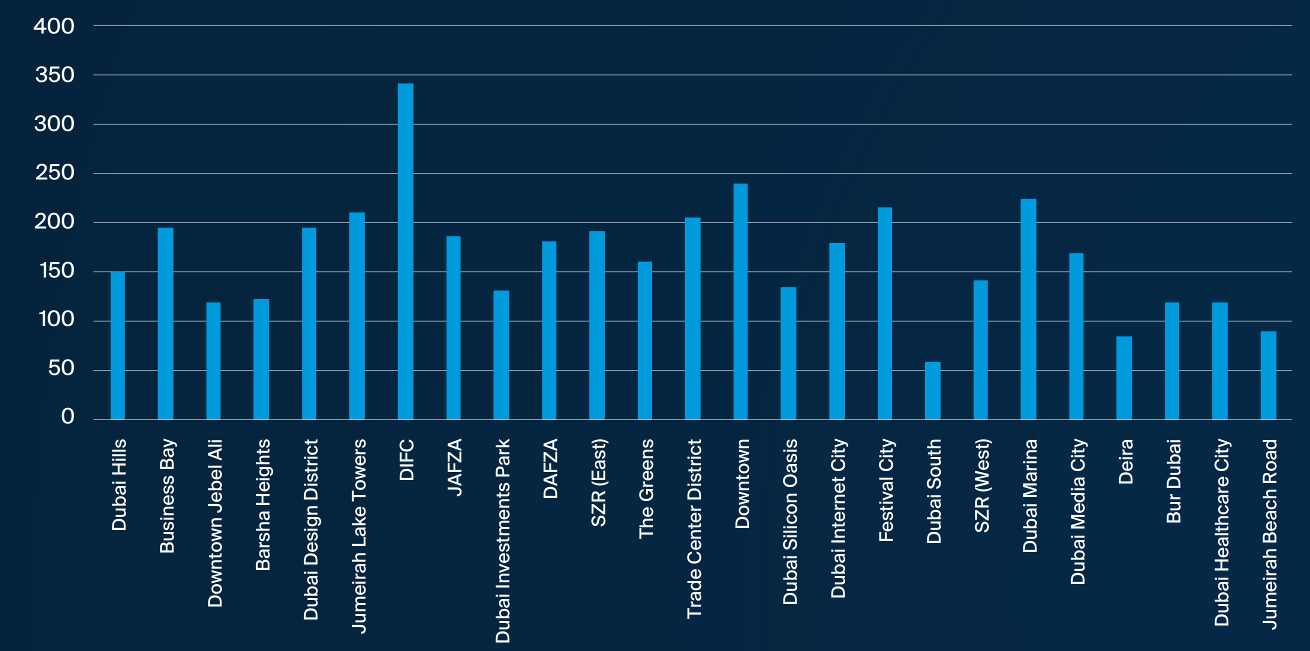


Source: Knight Frank, YouGov

THE DUBAI OFFICE MARKET

Below we take a closer look at Dubai's office market performance during the first three months of 2024.

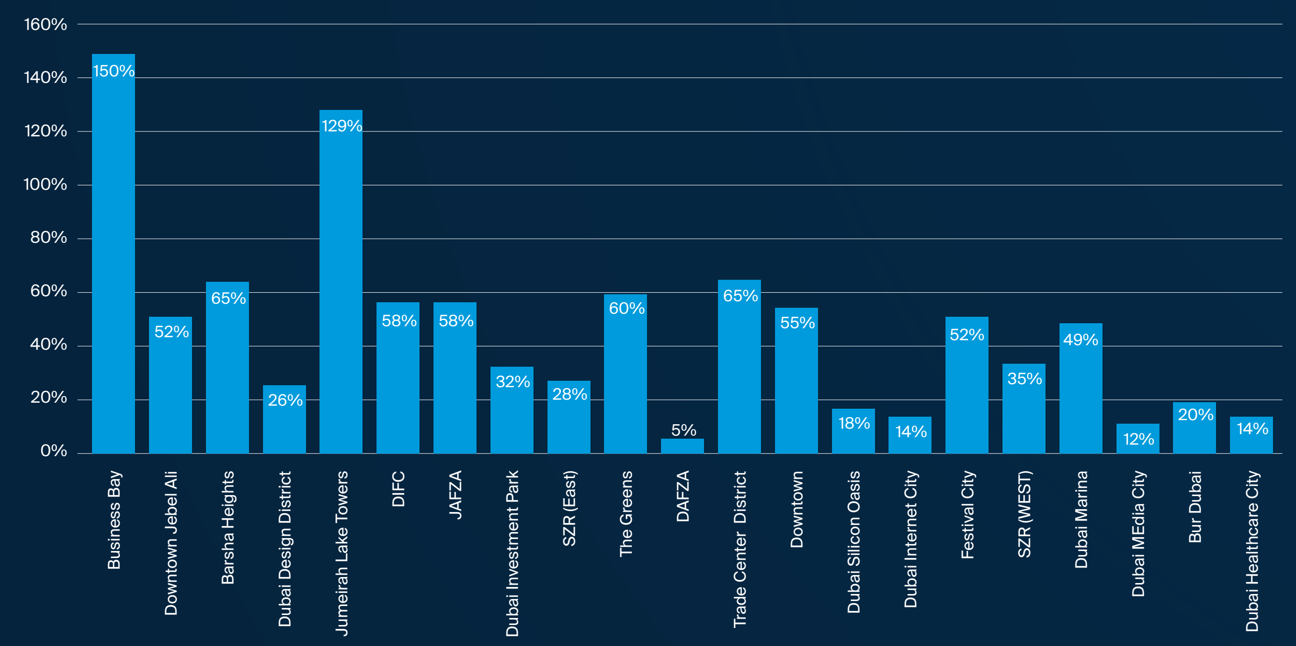
Prime office rents (Q1 2024)



Rates are based on new contract prices in prime projects

Source: Knight Frank, REIDIN

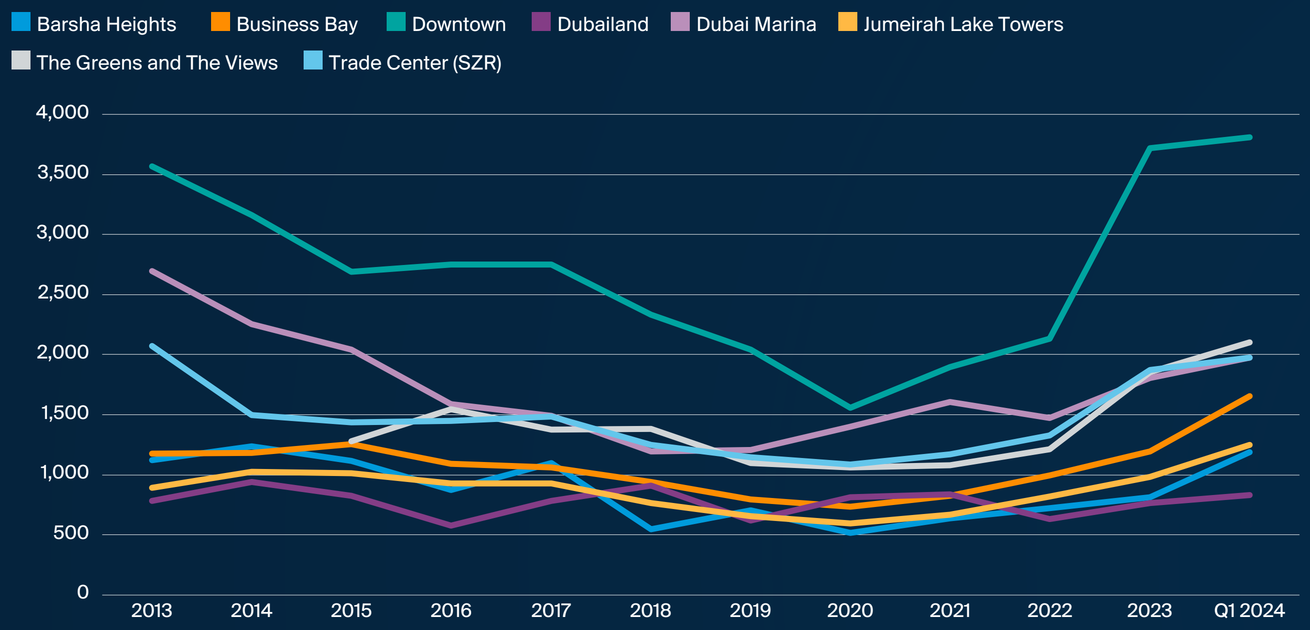
Change in office rent since January 2020 (Q1 2020 V Q4 2023)



Source: Knight Frank, REIDIN

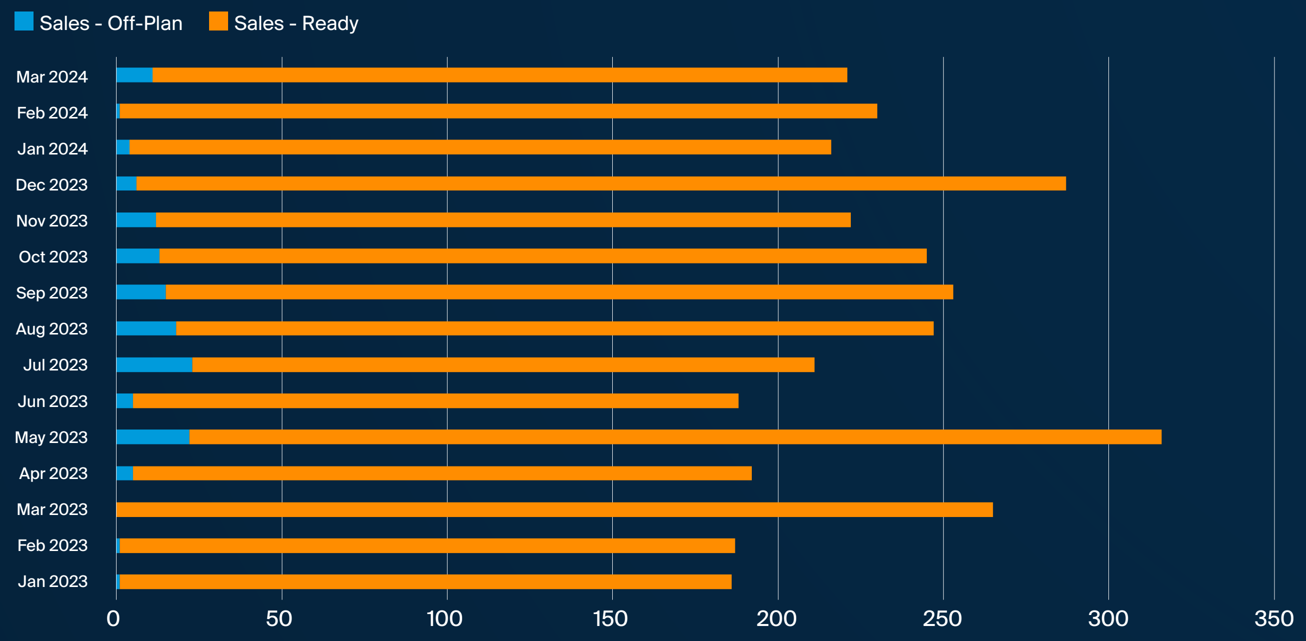
NEED TO KNOW

Historical average transacted price by submarket
AED psf



Source: Knight Frank, REIDIN

Sales volume ready V off plan (Q1 2023-Q1 2024)



Source: Knight Frank, REIDIN

DESTINATION DUBAI

PERCEPTIONS OF DUBAI

In both our surveys of GCC-based expat HNWI as well as global HNWI, we probed on perceptions of Dubai. Our graphic represents these views of the city, with the larger words being cited more often than the smaller ones. Those with a net worth of under US$ 5 million associate 'luxury' the most with the city, while 'investment' is the first thing that comes to mind for those with personal wealth in excess of US$ 5 million.

DUBAI: THE JEWEL IN THE CROWN

At 67%, Dubai took pole position in our 2023 Destination Dubai report for the most preferred UAE emirate for real estate investments amongst global HNWI. This figure has jumped to 73% this year, highlighting the city-state's enduring and growing appeal amongst the world's wealthy.

Bound for Dubai

While 73% of global HNWI have their sights set on Dubai for a real estate acquisition, this figure is somewhat lower amongst GCC-based HNWI expats (57%).

Overall, the depth of demand for an asset in Dubai is highest amongst HNWI with a net worth of US$ 10-15 million (75%), followed by those with a net worth in excess of US$ 15 million (70%). This mirrors our own experience in the market, with global HNWI actively snapping up Dubai's most luxurious homes. Indeed, this insatiable demand has been a critical driver of Dubai's meteoric rise as the world's busiest US$ 10 million+ homes market. We explore this theme later in the report.

At a geographic regional level, East Asians (China/Hong Kong/Singapore) have the highest level of interest in purchasing real estate in Dubai (77%).

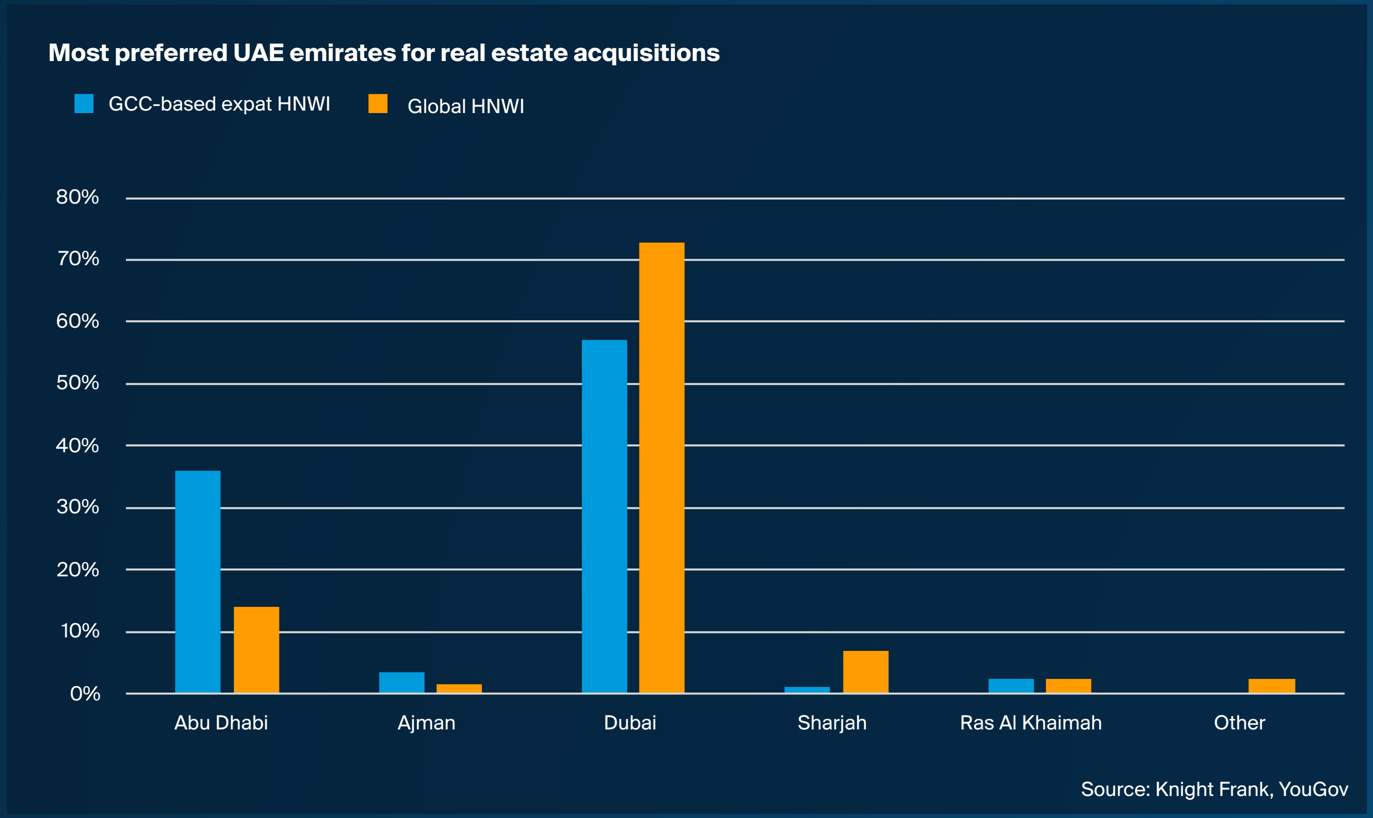
Abu Dhabi rising

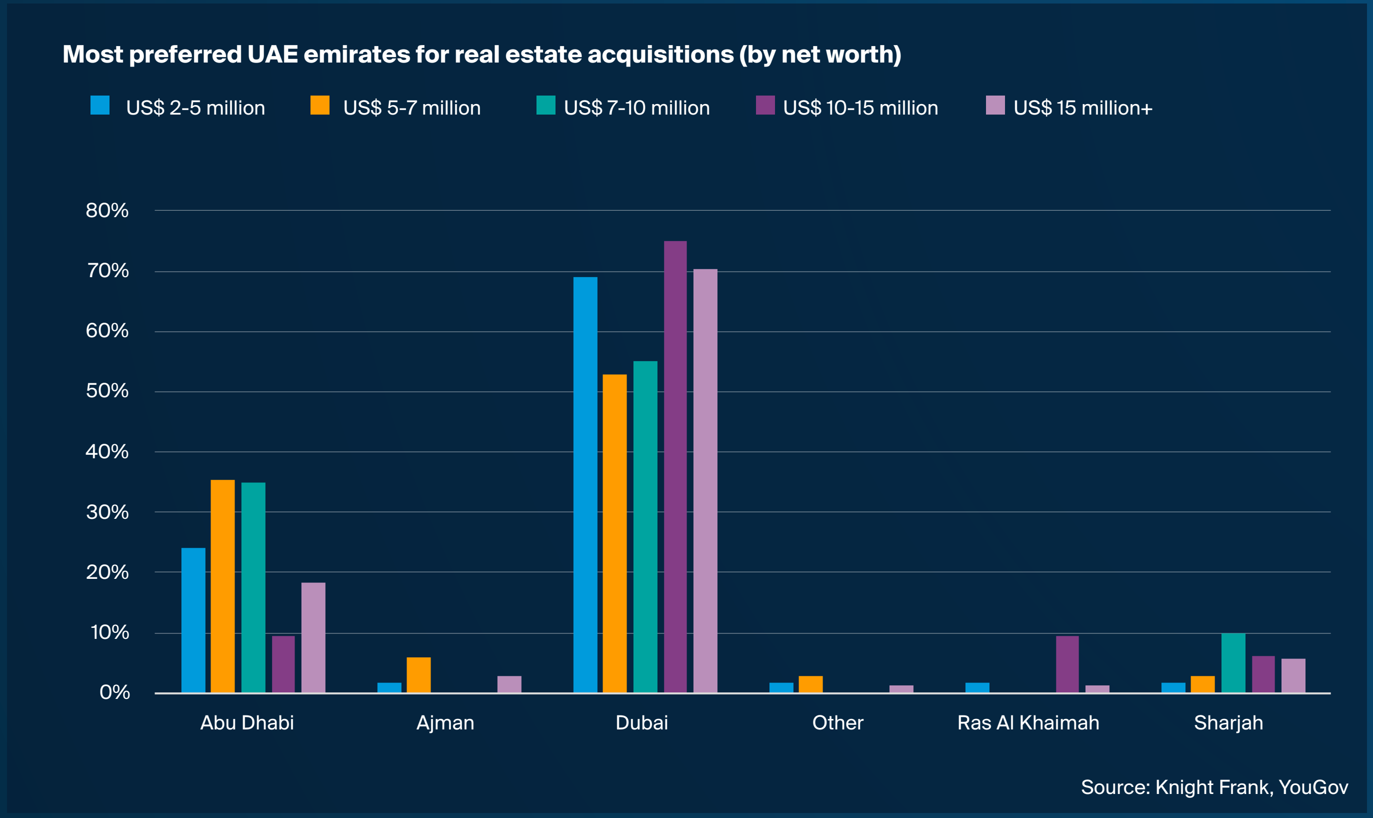
The UAE capital, Abu Dhabi, commands the appeal of 36% of the GCC-expat HNWI community, which is significantly higher than it is amongst the global HNWI cohort (14%). In either case, Abu Dhabi ranks as the second most popular property investment target amongst both our survey samples.

At 3%, Ajman has emerged as the third most preferred emirate in the UAE for GCC-based HNWI expats, while for global HNWI, Sharjah is named as their third most likely investment target (7%), edging out Ras Al Khaimah which stood in third place in in our 2023 Destination Dubai report.

When combining the results of both our surveys together, Dubai remains the number one target emirate in the UAE (67%), while Abu Dhabi is ranked second (23%). Sharjah, at 5%, is the country's third most likely property investment target.

Panoramic view of Business Bay





DEMAND FROM THE UBER-WEALTHY

A core component of Dubai's third freehold residential market cycle has been the insatiable demand from international HNWI, who have relentlessly pursued the city's most expensive homes. Indeed, this seemingly never-ending appetite from the world's wealthy helped to position Dubai as the world's most active US$ 10 million+ homes market in 2023 and history looks set to repeat itself this year.

Unrelenting demand

On average, just under half (46%) of the HNWI we surveyed in the GCC and around the world expressed a desire to invest in Dubai's real estate market; however, the appetite to make a property purchase is higher amongst GCC-based expats (53%), than it is for global HNWI (44%).

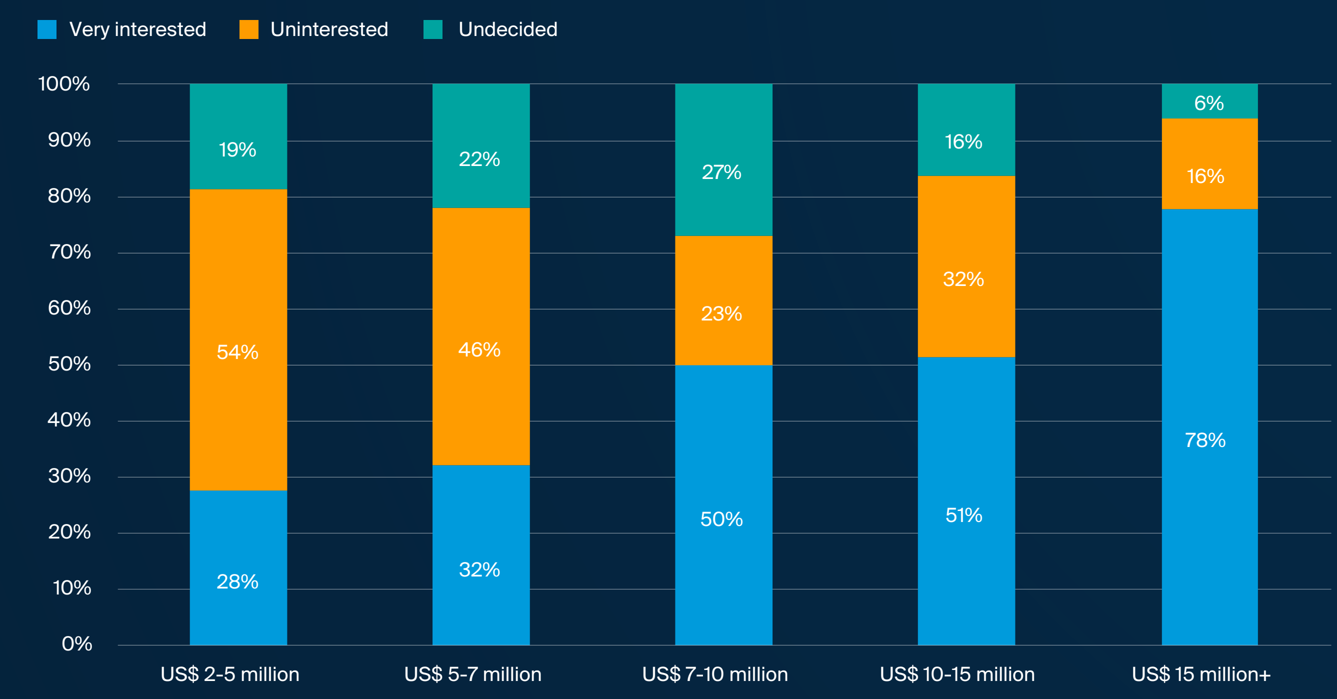
There is also a clear correlation between the desire to make a property purchase in Dubai and personal net worth. For instance, just 28% of those with a personal net worth of US$ 2-5 million would like to buy real estate in Dubai, but this climbs to 78% for those with a net worth of over US$ 15 million, mirroring our own experience in the market.

Later in this chapter we take a closer look at the upper end of Dubai's residential market, and the performance of prime residential values.

Better the devil you know

Our data also reveals a link between those who are familiar with Dubai and their desire to purchase real estate in the emirate. 88% of those familiar with Dubai declared an appetite own property in the city, while just 53% of those less familiar with Dubai said they would be interested in a property purchase, while only 5% of those who have never visited Dubai showed any interest.

Interest in purchasing real estate in Dubai (by net worth)

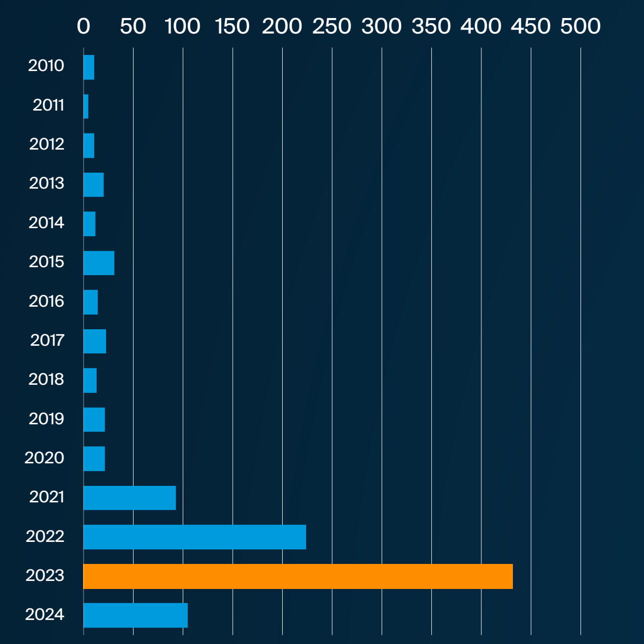


Source: Knight Frank, YouGov

Luxury villas on Dubai's Palm Jumeirah

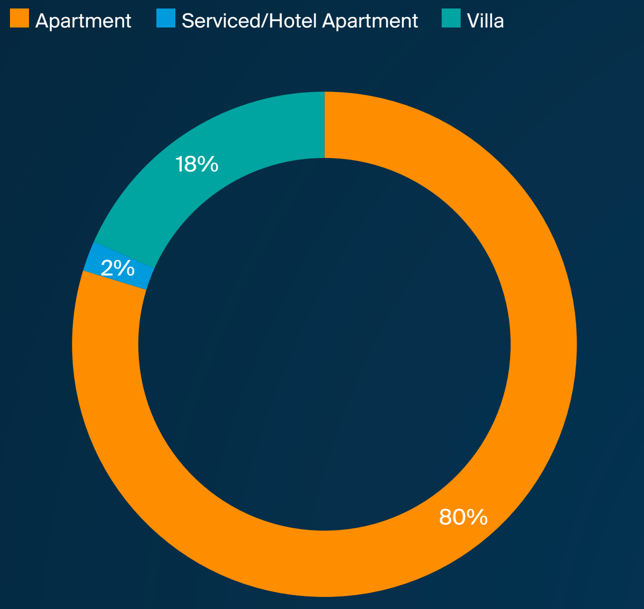
UNDERSTANDING DUBAI'S RESIDENTIAL MARKET

Number of US$10 million+ transactions



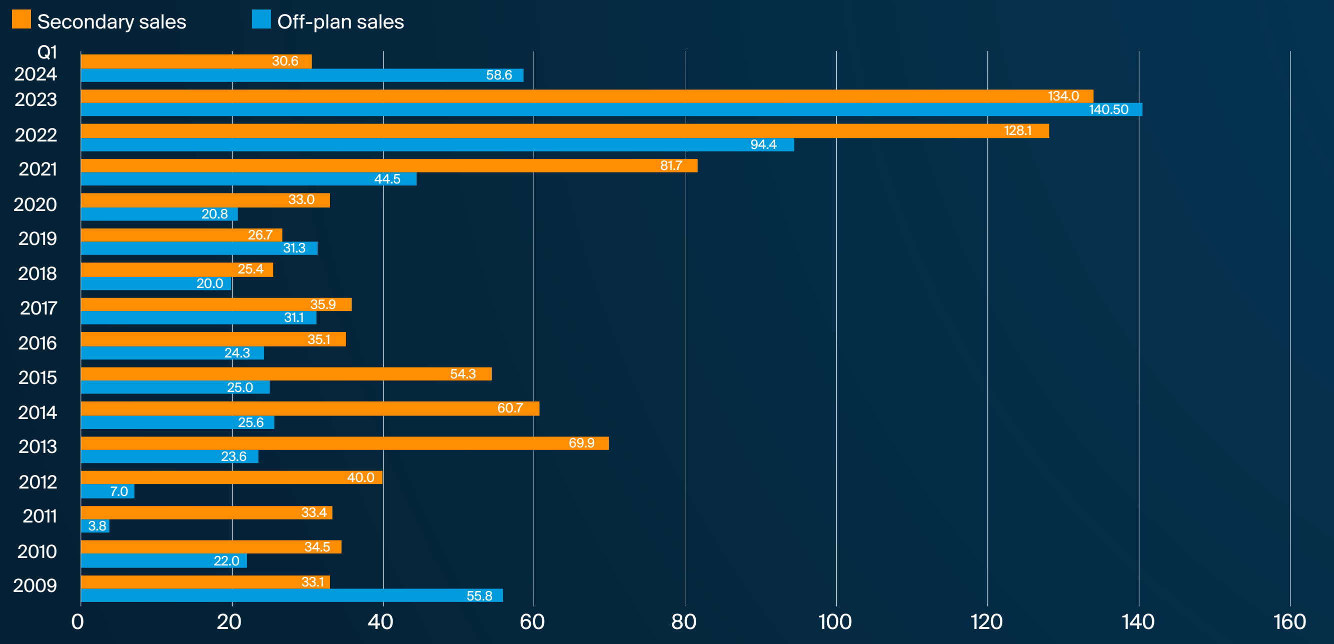
Source: Knight Frank & REIDIN

Launched and under construction projects by unit type (2024-2029)



Source: Knight Frank & REIDIN

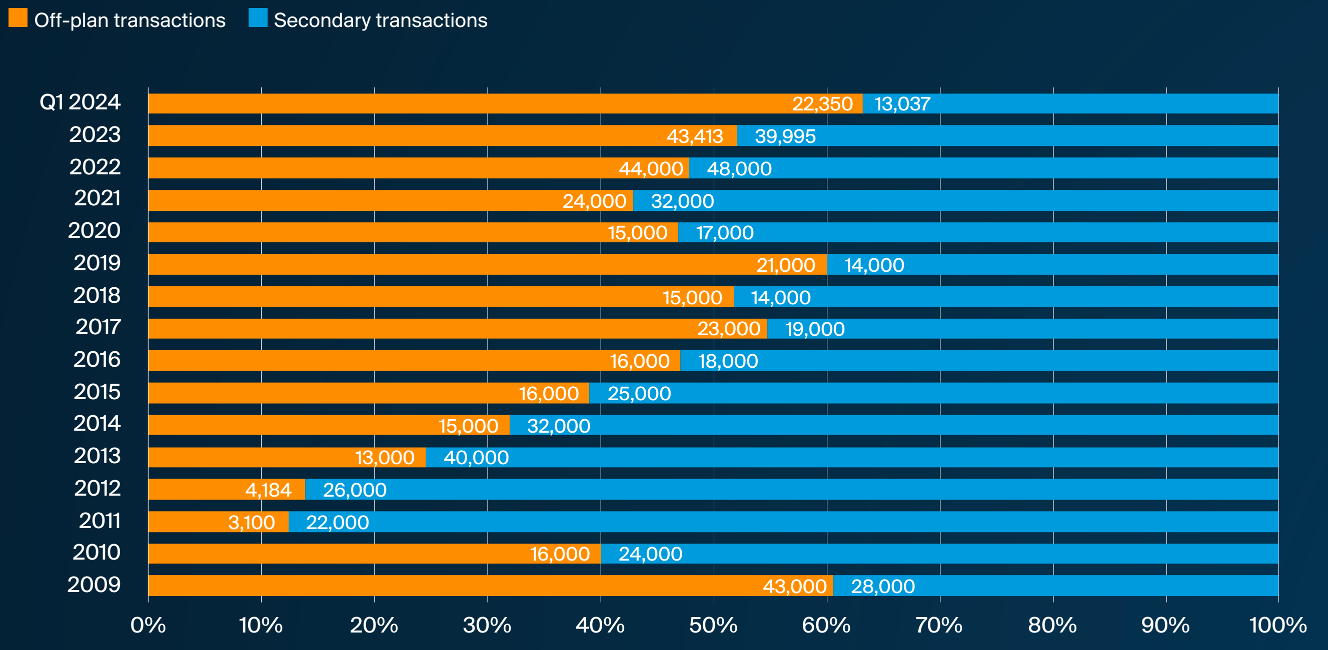
Dubai residential off-plan vs. secondary sales (by value)
AED billions



Source: Knight Frank & REIDIN

NEED TO KNOW

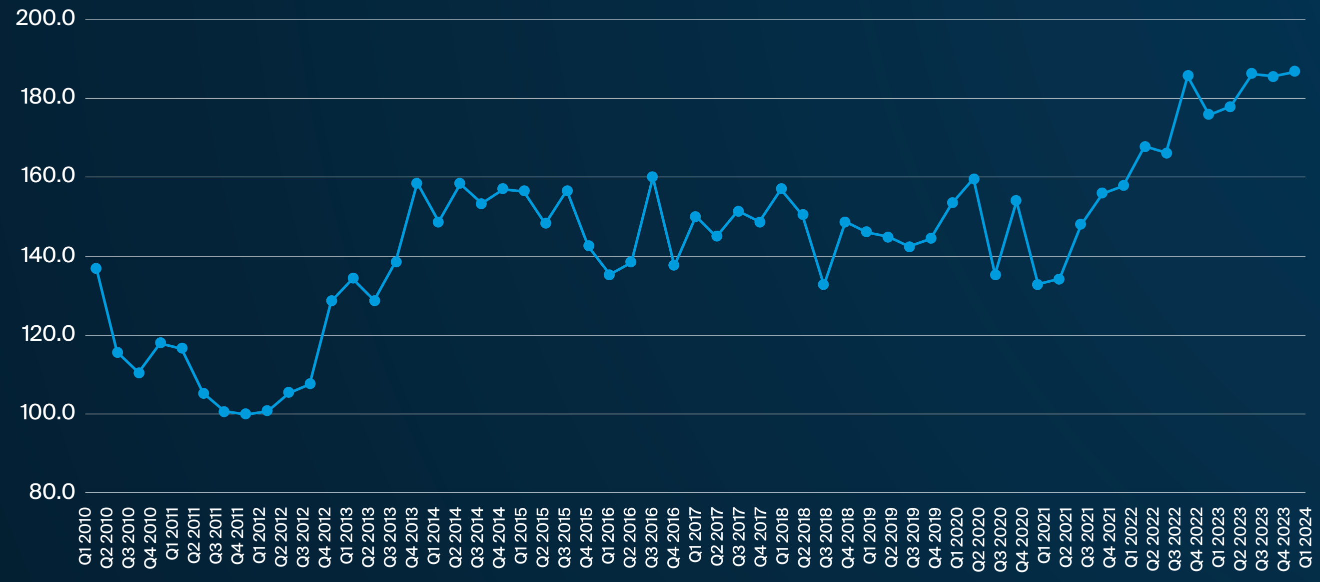
Dubai residential off-plan sales vs. secondary sales (total transactions)



Source: Knight Frank & REIDIN

Mainstream Index 2010-2023
100=Q3 2011

This index includes Al Barari, Al Furjan, Business Bay, Damac Hills, Damac Lagoons, Discovery Gardens, Downtown Dubai, Dubai Creek Harbour, Dubai Hills Estate, Dubai Marina, Dubai Silicon Oasis, Dubai South, Emirates Hills, Golf Estates, Jumeirah Islands, Jumeirah Lake Towers, Jumeirah Village Circle, Palm Jumeirah, Tilal Al Gaf.



Source: Knight Frank & REIDIN

PRICE PERFORMANCE ACROSS DUBAI'S RESIDENTIAL MARKET

NEED TO KNOW

Area	Type	Q1 2024 Sales Price	% Change Q-Q
Al Barsha	Apartments	1012	0.2%
Al Barsha	Villas	973	0
Al Furjan	Apartments	957	2.3%
Al Furjan	Villas	1142	10.1%
Al Khail Heights	Apartments	639	5.3%
Arjan	Apartments	943	10.4%
Arabian Ranches	Villas	1715	6.9%
Bluewaters Island	Apartments	5111	9.6%
Business Bay	Apartments	1765	8.5%
Barsha Heights (Tecom)	Apartments	930	4.2%
Dubai Hills Estate	Apartments	2034	4.7%
Dubai Hills Estate	Villas	2090	10.0%
Dubai Investments Park	Apartments	641.33	0%
Dubai Investments Park	Villas	1001	3.6%
DAMAC Hills	Apartments	1167.33	5.9%
DAMAC Hills	Villas	1393	5.6%
Dubai Silicon Oasis	Apartments	668	3.8%
Dubai Silicon Oasis	Villas	984	2.2%
Dubai South	Apartments	779	0%
Dubai South	Villas	1046	15.4%
Dubai Science Park (DuBiotech)	Apartments	923	3.2%
Dubai Science Park (DuBiotech)	Villas	1399	1.0%
Downtown Dubai	Apartments	2196	4.7%
Dubai Creek Harbour	Apartments	2128	5.9%
Discovery Gardens	Apartments	726	9.9%
Dubai Harbour	Apartments	3491	1.0%
Dubai Marina	Apartments	1532	7.3%
Dubai Festival City	Apartments	1140	7.0%
Dubai Residence Complex	Apartments	658	1.2%
Dubai Sports City	Apartments	770	3.0%
Dubai Production City	Apartments	909	0%
Dubai Studio City	Apartments	782	2.1%

Area	Type	Q1 2024 Sales Price	% Change Q-Q
Culture Village	Apartments	1389	4.5%
City Walk	Apartments	2084	5.0%
Emirates Living	Apartments	1453	11.0%
Emirates Living	Villas	1676	4.6%
Falcon City of Wonders	Villas	927	4.2%
Jumeirah Islands	Villas	3014	1.9%
International City	Apartments	523	1.5%
Jumeirah Park	Villas	1479	9.2%
Jumeirah Beach Residence	Apartments	1488	6.0%
Jumeirah Beach Residence	Villas	973	0
Jumeirah Golf Estates	Apartments	1179	2.0%
Jumeirah Golf Estates	Villas	1465	-0.2%
Jumeirah Lakes Towers	Apartments	1159	5.4%
Jumeirah Village Circle	Apartments	1009	5.8%
Jumeirah Village Triangle	Apartments	852	3.6%
Jumeirah Village Triangle	Villas	1276	4.9%
Liwan	Apartments	552	7.2%
Living Legends	Apartments	630	2.7%
Living Legends	Villas	1092	4.4%
Mudon	Villas	1397	5.9%
Mohammed Bin Rashid City	Apartments	1735	0%
Mohammed Bin Rashid City	Villas	1525	0%
Motor City	Apartments	734	4.6%
Motor City	Villas	1198	1.6%
Meydan	Apartments	1316	1.6%
Meydan	Villas	1332	0%
Nad Al Sheba	Villas	1362	0%
Palm Jumeirah	Apartments	2066	4.4%
Palm Jumeirah	Villas	7562	6.5%
Town Square	Apartments	947	1.8%
Town Square	Villas	994	5.2%
Remraam	Apartments	721	2.7%
Reem Townhouses	Villas	1059	3.8%
The Villa	Villas	1208	4.5%
Tilal Al Ghaf	Villas	1601	6.9%
The Hills	Apartments	2027	4.3%
Victory Heights	Villas	1254	0%

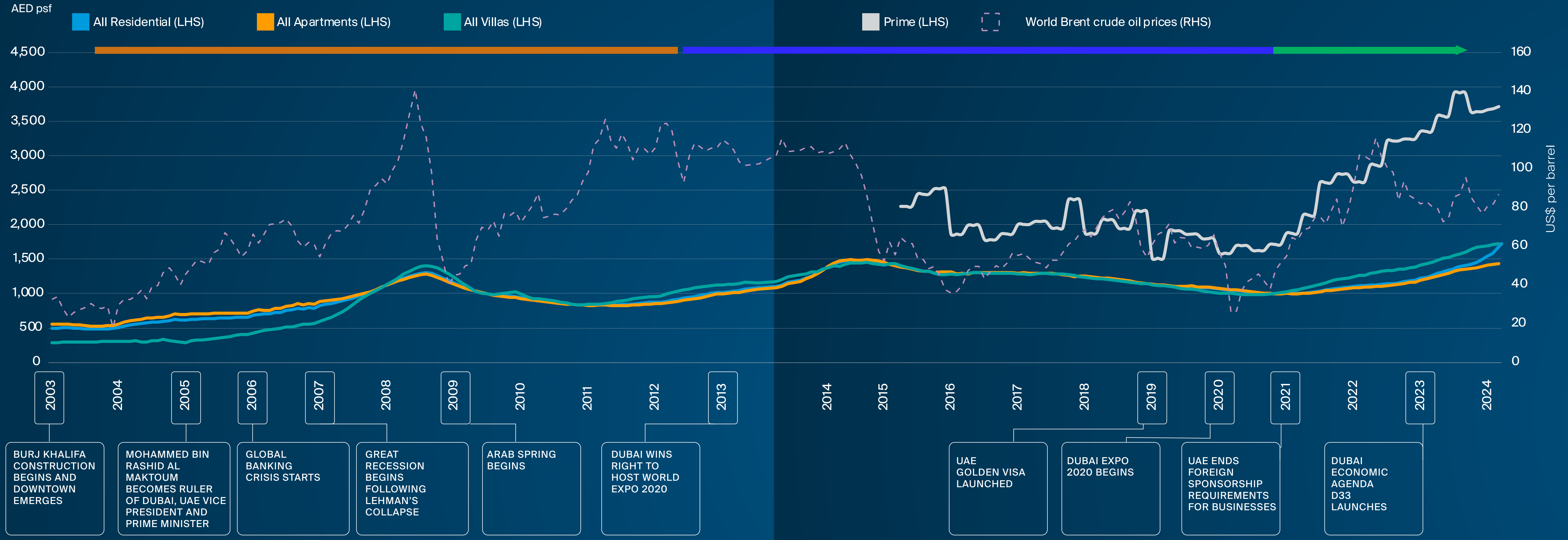
Q1 2024 Sales Price (apartments) · Q1 2024 Sales Price (villas) · % Change Q-Q (apartments) · % Change Q-Q (villas)

Source: Knight Frank, REIDIN

NEED TO KNOW

UNDERSTANDING DUBAI'S RESIDENTIAL MARKET CYCLES

AVERAGE TRANSACTED PRICES - DUBAI



Name of cycle	EMERGENT "GOLD RUSH" (2003-2010)	THE XIPO) FACTOR (2011-FEB 2020)	THE COVID COMEBACK (MAR 2020-DATE)
Values at cycle start (AED psf)	500	831	1,050
Duration (years)	8	9.1	4
Period of increasing values (years)	5.7	3.8	4
Cycle high (AED psf)	1,309	1,487	1,725
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, Various

+198%
House price growth since 2003

THERE'S NO PLACE LIKE HOME

During 2023, Dubai's residential market registered a record 119,000 home sales, totalling almost AED 350bn. During the first 100 days of 2024, a further 34,000 deals worth AED 101.5bn were completed. The AED 100bn figure was reached 15 days earlier than it was in 2023, underscoring the resilience of market activity as we enter the fifth year of price growth in the city's third freehold residential market cycle. While Business Bay (2,600 sales totalling AED 5.8bn) topped the league table for most active areas between January and March, the Palm Jumeirah remains the emirate's busiest luxury homes market.

Different strokes

The results of our two surveys have yielded very different target neighbourhoods for a residential property acquisition in Dubai.

Overall, Dubai Marina (34%), Downtown Dubai (33%) and Business Bay (27%) rank as the top three target locations for our GCC-based expat and global HNWI.

For GCC-based expat HNWI however, the popularity of Dubai Marina is even higher (47%), while Business Bay and Downtown Dubai are named as their second favourite neighbourhoods to acquire residential property (39% each). Dubai South / Expo City is ranked third at 29%. Demand for residential real estate in Dubai South amongst this group is almost twice as high as it is amongst global HNWI (15%).

Global HNWI prefer Downtown Dubai (30%) over other locations in the city, while Dubai Marina (25%) and Business Bay are their second and third favourite neighbourhoods for a residential purchase, respectively.

Downtown Dubai is most popular among global HNWI with a net worth of between US$ 10-15 million and those worth in excess of US$ 15 million. For the latter group, while Dubai Marina is again a sought-after residential purchase location (28%), homes on the Dubai Canal rank as their third top pick in the city, presumably due to the high concentration of branded residential developments clustered in that part of Dubai. We will return to the theme of branded residences later in the report.

Dubai Canal

Top home purchase locations for HNWI

34% Dubai Marina	33% Downtown Dubai	27% Business Bay
20% Dubai South / Expo City	20% Dubai Canal	19% Dubai Hills Estate
16% Palm Jumeirah	15% Emirates Hills	13% Juimeirah Bay Island
9% Jumeirah Golf Estates	9% The World Islands	9% Al Qudra
7% Tilal Al Ghaf	7% MBR City	6% Emaar South / Emaar Valley

*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

IN FOCUS: DUBAI MARINA

NEED TO KNOW

Below we take a closer look at Dubai Marina, the number one target location for a residential property purchase by both GCC-based expat HNWI and global HNWI.

2,519
Total number of residential units under construction

676
Total number of branded residential units under construction

32,631
Total number of existing units

AED 11.4bn
Total value of sales transactions between Q1 2023 to Q1 2024

AED

5,605
Total volume of sales transactions between Q1 2023 and Q1 2024

2,750
Average sales price (AED psf)

4,700
Highest transacted price (AED psf)

AED 16.5 million
Most expensive residential unit sold in Q1 2024

Apartment in **Le Reve Tower**, 6,298 sqft

6,519 sqft
Largest unit sold in Q1 2024

6,519 sqft, 5 B/R apartment in **Al Yass Tower**

Source: Knight Frank, REIDIN

AED 3.5 million
Most expensive branded residential unit sold in Q1 2024

Apartment in **Ciel Tower**, 1,001 sqft

AED 9,842
Highest price achieved for a branded residential unit (AED psf)

Studio apartment in **Ciel Tower**

Price changes in the last 12-months

Rental values
+12.9%

Sale prices
+11.7%

20,000
Total number of rental transactions (Q1 2023-Q1 2024)

AED 2.5bn
Total value of rental transactions (Q1 2023-Q1 2024)

Source: Knight Frank, REIDIN

Dubai Marina

SIZE MATTERS

Villas gaining in popularity

While the desire to own an apartment in Dubai amongst all GCC-based expat HNWI survey respondents stands at 63%, the appetite amongst global HNWI is lower at 52%, down on the 64% figure we recorded last year. 58% of East Asian HNWI would like to purchase an apartment in Dubai, instead of a villa.

HNWI expats based outside the UAE and Saudi Arabia have a higher preference for owning an apartment in Dubai (67%).

Similar to last year however, the aspiration to buy a villa in Dubai rises with levels of net worth, growing from 30% for those with a net worth of US$ 2-5 million to 48% for those with personal wealth levels of over US$ 15 million.

This figure climbs further still to 59% amongst our global HNWI respondents with a net worth of over US$ 20 million.

Demand for villas and apartments amongst global HNWI looking to make a property purchase for personal use is almost evenly split, with 51% preferring villas, and 49% preferring apartments. For global HNWI seeking an investment property in Dubai however, the desire to own an apartment is higher (57%).

Property size preferences

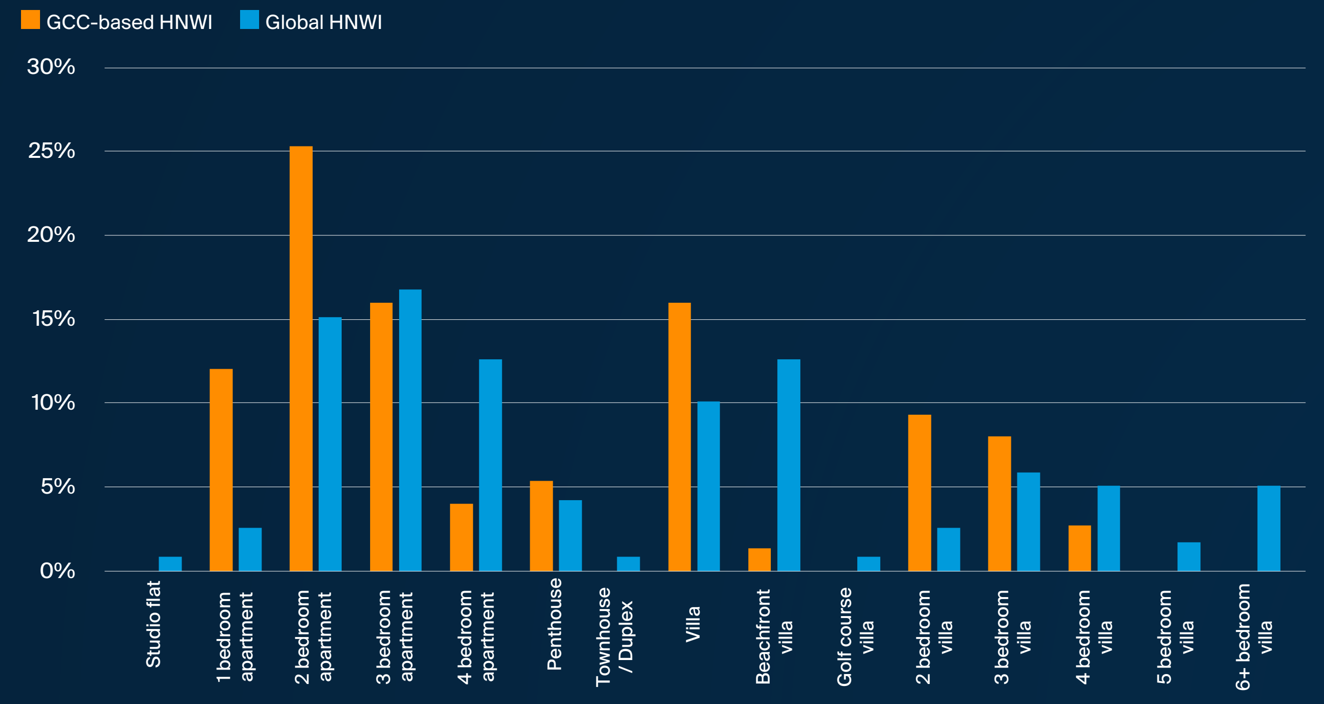
When asked about property size preferences, the top two property sizes in demand amongst global HNWI planning to make an investment purchase in Dubai were 2-bedroom apartments (18%) and 3-bedroom apartments (21%).

In contrast, global HNWI looking to buy a home for personal use plan to secure more spacious homes, with 4-bedroom apartments (16%) and 4-bedroom villas (10%) emerging as the most popular. For this cohort, beachfront villas (13%) are also the most sought after.

Global HNWI have been focused on Dubai's most luxurious homes, and in particular, stand-alone, beachfront properties. This insatiable demand has propelled Dubai's emergence as the busiest US$ 10 million+ homes market in the world. We expect the shortage of waterfront homes and rapidly diminishing number of ready to activate waterfront plots to continue sustaining upward pressure on waterfront home values, albeit price growth is likely to moderate in line with the rest of the city as we enter the fifth year of Dubai's freehold residential market cycle.

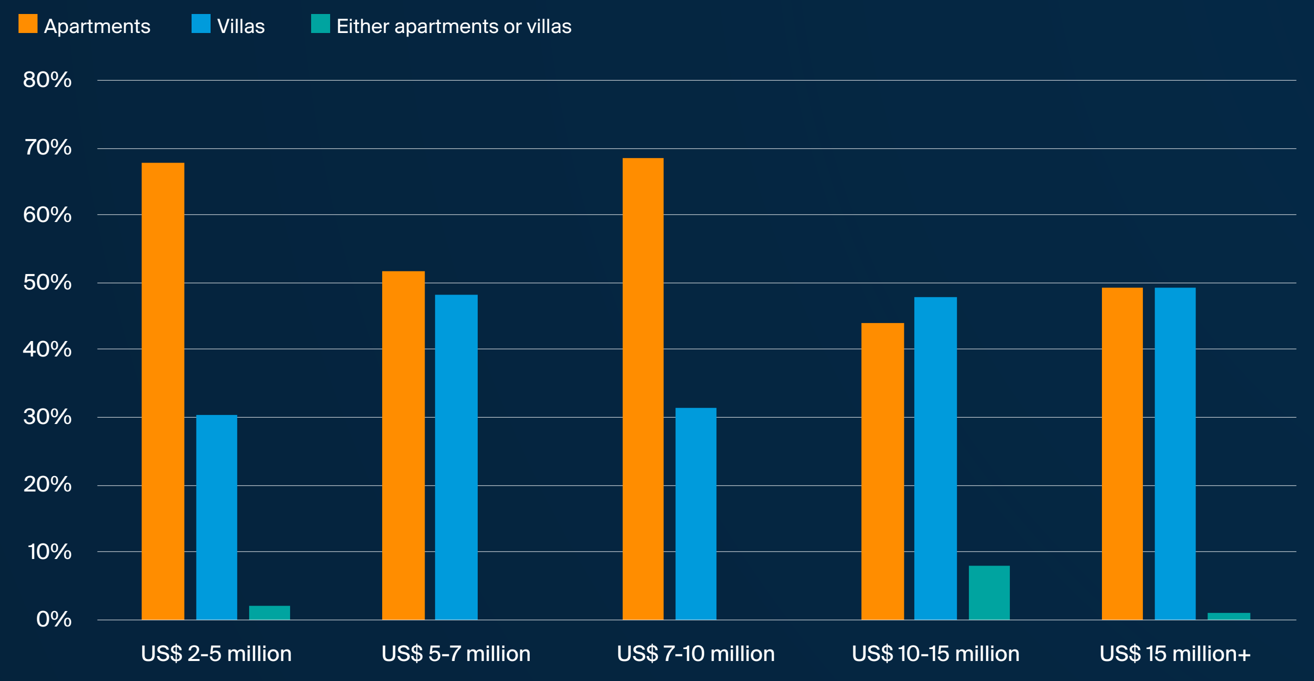
Faisal Durrani
Partner – Head of Research, MENA

Dubai property size preferences for HNWI



Source: Knight Frank, YouGov

Property purchase preferences (by net worth)



Source: Knight Frank, YouGov

JUMEIRAH ISLANDS: THE NEW PRIME ON THE BLOCK

The definition of a prime residential market in many major global cities is usually straightforward as the most expensive areas of cities tend to sit at the heart, or just adjacent to city centres. In Dubai, a city with no less than five central business districts, the task of identifying what constitutes as prime is more challenging.

How we define 'prime'

To identify the city's prime neighbourhoods, we looked at all residential transactions that have occurred since 2002 and ring-fenced the locations where 10% of the total value of all deals in a particular neighbourhood took place at over AED 10 million. This had to be sustained for three years in order to demonstrate an area's ability to hold its value.

Until the end of 2023, only three areas qualified: The Palm Jumeirah, Jumeirah Bay Island and Emirates Hills.

But now, a new prime neighbourhood has emerged: Jumeirah Islands.

Prime resurgence

After growing by 16.3% in 2023, following an extraordinary 44.4% increase during 2022, Dubai's prime residential market has grown by 18.2% over the last 12 months to March 2024. While these startling growth rates are phenomenal, it doesn't take away from the fact that Dubai's luxury homes market still remains one of the most affordable in the world.

Indeed, US$ 1 million secures some 980 sq ft of prime residential space in Dubai, compared to just 366 sq ft in New York, 355 sq ft in London, or 172 sq ft in Monaco.

Furthermore, average transacted prime prices as at the end of Q1 2024 stood at AED 3,754 psf, or around US$ 1,023 psf.

Jumeirah Islands: Dubai's latest neighbourhood to ascend to 'prime' status

IN FOCUS: JUMEIRAH ISLANDS

Below we take a closer look at Jumeirah Islands, the latest Dubai neighbourhood to ascend to prime status, alongside the Palm Jumeirah, Emirates Hills and Jumeirah Bay Island.

AED 10 million+ market

92
Number of transactions 2023-Q1 2024

70%
Percentage of transactions

AED 1.5bn
Total value of transactions

1.7 bn AED
Total value of sales transactions (Q1 2023 - Q1 2024)

AED

132
Total volume of sales transactions (Q1 2023 - Q1 2024)

2,630
Average transacted price in Q1 2024 (AED psf)

4,730
Highest price achieved (AED psf)

AED 25 million
Most expensive villa sold in Q1 2024

4-bedroom, 5,285 sqft

8,542 sqft
Largest villa sold in Q1 2024

5-bedroom villa

Source: Knight Frank, REIDIN

NEED TO KNOW

Price changes in the last 12-months

Rental values
72.9%

Sales prices
67.5%

AED 108 million
Total value of rental transactions (Q1 2023 - Q1 2024)

250
Total value of rental transactions (Q1 2023 - Q1 2024)

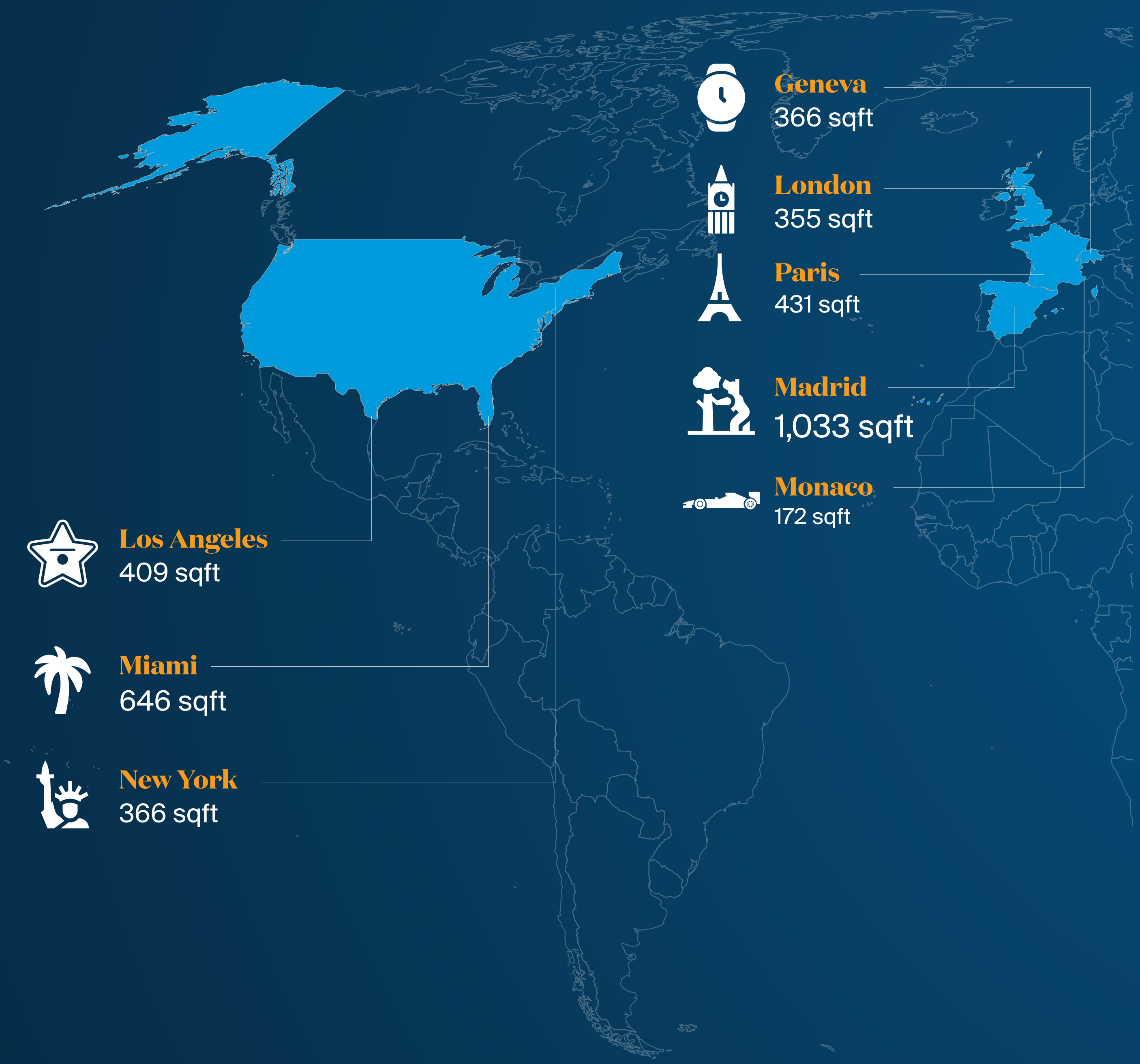
834
Total number of rental transactions

Source: Knight Frank, REIDIN

Jumeirah Islands

AFFORDABLE LUXURY

Our graphic below highlights Dubai's relative affordability on a global scale, showing how many square feet of residential space can be secured for US$ 1 million in key global gateway cities around the world.



NEED TO KNOW

> US$ 1 million secures some 980 sq ft of prime residential space in Dubai, compared to just 366 sq ft in New York, 355 sq ft in London, or 172 sq ft in Monaco

Source: Knight Frank

DUBAI'S US$ 10 MILLION+ HOMES MARKET

105 homes priced in excess of US$ 10 million were sold across Dubai during the first three months of 2024, up 15% on Q1 2023. The level of deal activity in Dubai continues to strengthen, particularly at the top end of the market, where demand from high-net-worth-individuals vying for the city's most expensive homes persists.

Luxury homes selling out

The focus of the global wealthy on Dubai is best reflected in the rapid decline in the number of US$ 10 million+ homes listed for sale, which has fallen by 59% across the city over the last 12 months to just 864 homes.

The total value of luxury homes sold during Q1 of 2024 stands at US$ 1.73 billion, which is up 2.2% on Q1 2023.

Last year, Dubai recorded 431 home sales above US$ 10 million, nearly 80% higher than the next nearest contender – London (240). New York, with 211 sales rounded off the top three most active luxury homes markets in the world in 2023.

The Palm Jumeirah registered deals worth US$ 628 million during Q1, dominated by US$ 10 million+ transactions, which accounted for 36.3% of sales by total value. Jumeirah Bay Island (11.1%) and Dubai Hills Estate (7%) followed in second and third place, respectively.

While the Palm Jumeirah (39) also led the pack in terms of the total number of US$ 10 million+ homes sold (39), the Palm Jebel Ali (10) and Business Bay (7) registered more high-end home sales than Jumeirah Bay Island, or Dubai Hills Estate.

Dubai Hills Estate

Away from the headline-grabbing Palm Jumeirah, Jumeirah Bay Island and Emirate Hills, other areas are also fast rising in prominence amongst luxury home buyers, with Dubai Hills Estate, for instance, standing out as a market to watch.

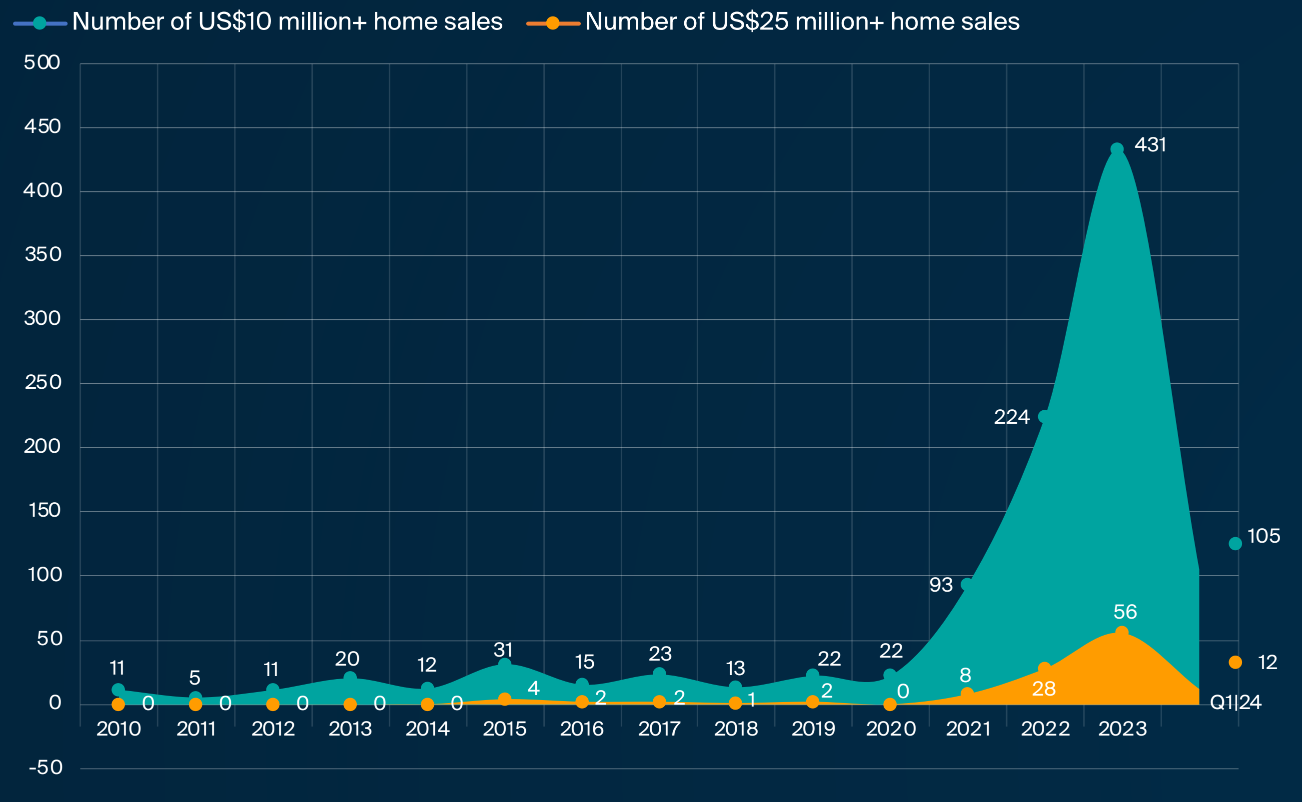
Dubai Hills Estate has quietly for some time been rising up the ranks as not only one of Dubai's most sought-after markets for domestic buyers, but now luxury home buyers are increasingly active here now, too.

> **The relative proximity to both Downtown and New Dubai, combined with excellent neighbourhood facilities and amenities and of course its abundance of green space is quickly making Dubai Hills Estate one of Dubai's most desirable neighbourhoods. The growing demand has put pressure prices, with a rise of almost 18.6% in the last 12 months, while the number of homes available for sale fell by 75% to just over 1,000 units in March 2024.**
>
> **Will McKintosh**
> **Regional Partner and Head of Residential Agency, MENA**

Luxury home sales on the Palm Jebel Ali commenced late last year

DUBAI'S US$ 10 MILLION+ HOMES MARKET IN NUMBERS

Number of US$ 10+ million and US$ 25+ million homes sold in Dubai (2010-Q1 2024)



Source: Knight Frank, REIDIN

Dubai Hills Estate

NEED TO KNOW

Total number of US$10 million+ homes sold globally (2023)

Rank	City	Number of US$ 10 million+ sales
1	Dubai	431
2	London	240
3	New York	211
4	Hong Kong	163
5	Los Angeles	161
6	Sydney	113
7	Singapore	111
8	Miami	106
9	Palm Beach	84
10	Orange County	72

Rank City Number of US$ 10 million+ sales

Source: Knight Frank, REIDIN

DUBAI'S US$ 10 MILLION+ HOMES MARKET IN NUMBERS

Number of US$ 10 million+ home sales in Dubai during Q1|24

Location	Number of sales
Palm Jumeirah	39
Palm Jebel Ali	10
Business Bay	7
Al Wasl	6
Jumeirah Bay Island	6
District One (MBR City)	5
Dubai Hills Estate	5
Tilal Al Ghaf	5
Downtown	4
Palm Deira	4
Al Jadaf	2
Jumeirah Golf Estates	2
Emirates Hills	4
Al Quoz Second	3
District Eleven (MBR City)	2
World Islands	1

Source: Knight Frank, REIDIN

NEED TO KNOW

Total value of US$ 10 million+ homes sold in Dubai

Share	Total value	Location
36.3%	628 million	Palm Jumeirah
11.1%	191 million	Jumeirah Bay Island
7.0%	121 million	Dubai Hills Estate
6.5%	112 million	Al Wasl
6.4%	110 million	Palm Jebel Ali
5.6%	97 million	District One (MBR City)
5.5%	95 million	Tilal Al Ghaf
4.9%	84 million	Business Bay
3.1%	53 million	Downtown Dubai
2.6%	45 million	Palm Deira
1.2%	21 million	District Eleven (MBR City)
1.2%	21 million	Jumeirah Golf Estates
3.3%	56 million	Emirates Hills
2.9%	50 million	Al Quoz Second
1.4%	24 million	Al Jadaf
1.2%	21 million	World Islands

Number of US$ 10 million+ sales
Total value of sales (US$)
Location

Source: Knight Frank, REIDIN

ULTRA RICH EYE SECOND HOMES IN DUBAI

Our survey of global HNWI last summer revealed that two-thirds of our respondents were looking at Dubai as a second-home destination. Noting that we have reduced our threshold for HNWI to US$ 2 million this year (from US$ 3 million in 2023), there is a change in the planned use of a property acquisition in Dubai. While this change likely stems from the plethora of off-plan sales launches over the last 12 months, the super-rich are still focused on Dubai as a second home location.

Investment mindset

85% of GCC-based expat HNWI intend to use their residential property in Dubai as an investment, with nearly half (47%) planning to use their acquisition as a buy-to-let.

For those GCC-based HNWI expats outside the UAE and Saudi Arabia, the likelihood of acquiring a buy-to-let property in Dubai is even higher at 87%. Similarly, 60% of East Asian HNWI would like to secure an investment property in Dubai for use as a buy-to-let, and/or purely for capital gains, and/or for portfolio diversification. Overall, just under a third (31%) of all our HNWI respondents plan to purchase a home in Dubai for personal use (a main residence, a second home, a holiday home, etc.).

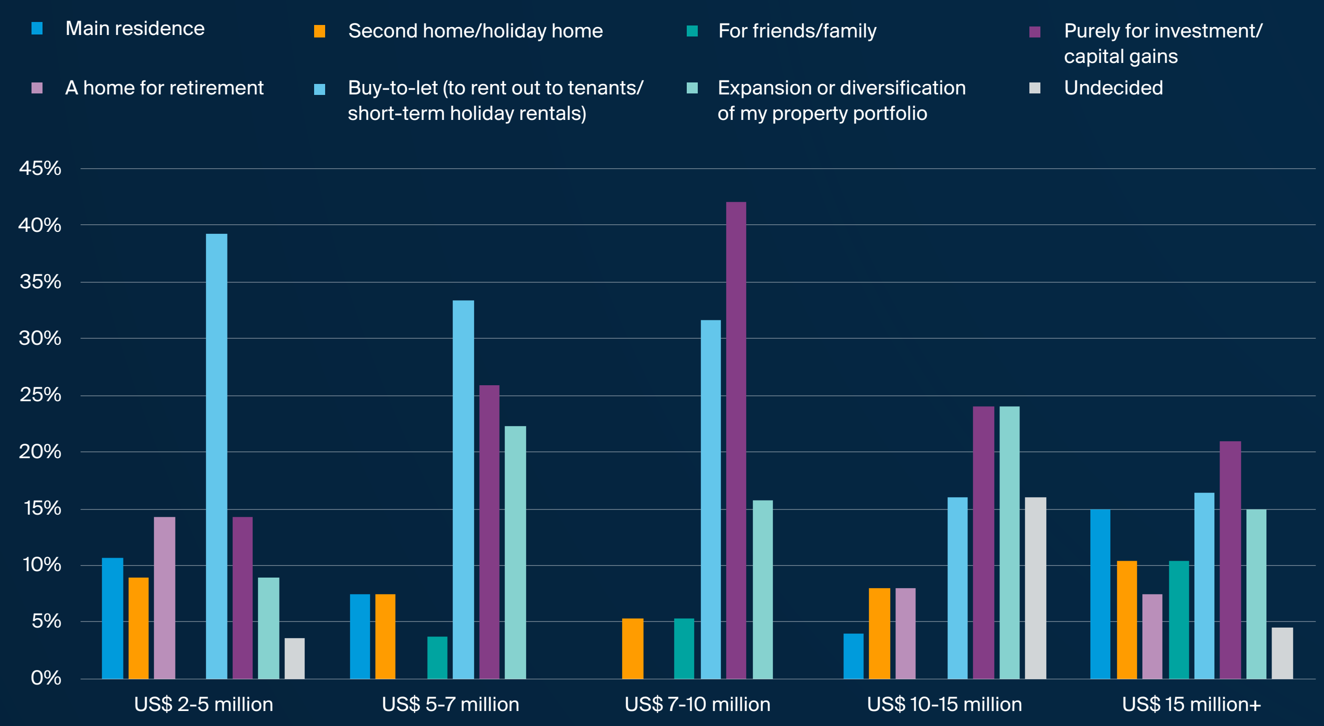
In contrast, 16% of those with a net worth of over US$ 20 million, would like to secure a home in Dubai for use as a main residence, 14% are looking for a second home, or holiday home, while 8% of this cohort would like a retirement home.

Retirement homes

A retirement home (14%) in the city is the second most likely use of a home purchase in Dubai for those with a net worth of US$ 2-5 million (14%), behind a pure buy-to-let (39%).

35% of those who frequently visit Dubai are interested in making their next property purchase in the city a main residence and/or a home for retirement.

Planned property use (by net worth)



Source: Knight Frank, YouGov

The Dubai Marina skyline

MAKING A HOUSE A HOME

Over the last 18-24 months, the volume of off-plan development launches has surged as developers race to keep pace with domestic and international demand for homes in Dubai. Indeed, we are tracking some 34,000 homes due to be delivered by the end of 2028 that have been launched, but construction is yet to start. Despite the flurry of new home launches, the bulk of our HNWI survey respondents would like to purchase a completed property.

The urgency of demand

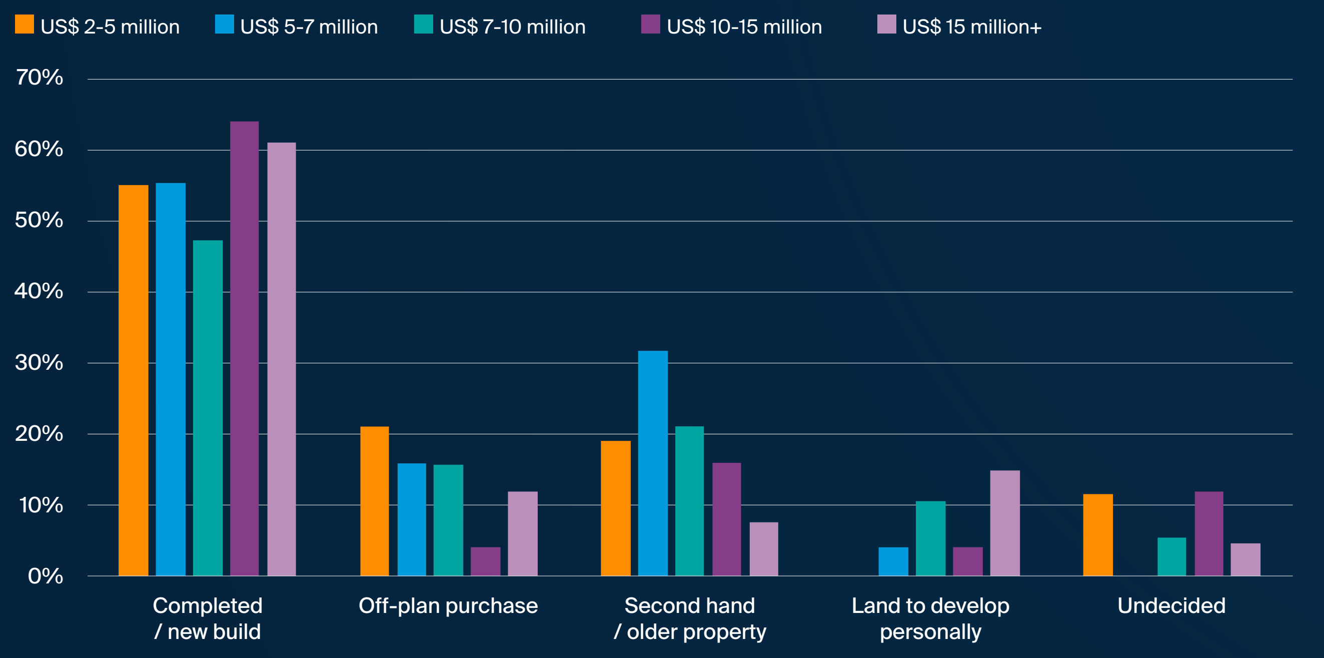
Just over half (53%) of our GCC-based expat HNWI survey respondents would like to purchase a completed, or new-build property. This rises to 58% amongst global HNWI (65% for Europeans, 58% for East Asians, and 53% for HNWI based in North America).

When it comes to the secondary market, or second-hand stock, 20% of GCC-based expat HNWI are keen, while only 13% of global HNWI are willing to consider this as an option.

Of note is the fact that nearly two-thirds (63%) of global HNWI with a net worth of over US$ 20 million are interested in completed/new build properties. And nearly a fifth (18%) are interested in buying land in Dubai to personally develop. This figure is more than twice as high as the number of respondents in other net worth subgroups. This strongly suggests the ongoing desire of the ultra-rich to either make Dubai their permanent base, or to build second homes and/or holiday homes that suit their specific tastes.

This points to a new opportunity for developers, which we will revisit in the Opportunities chapter towards the end of the report.

Residential market entry preferences (by net worth)



Source: Knight Frank, YouGov

Customisation and personalisation

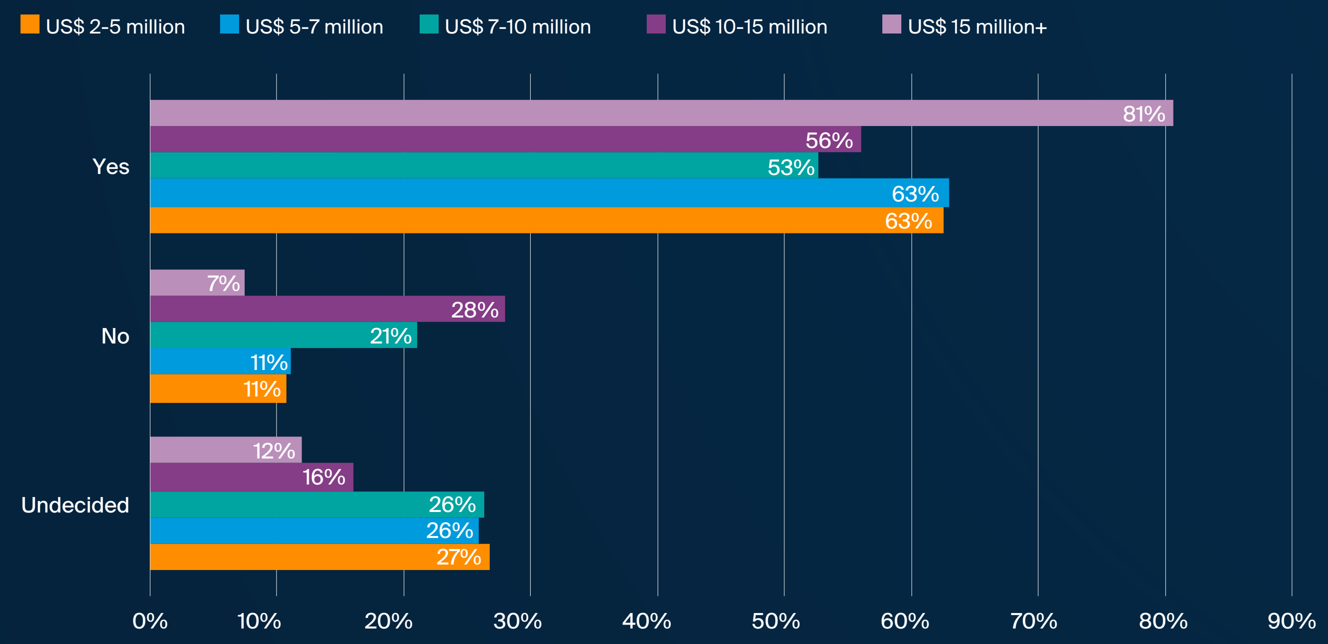
Similarly, there is an overwhelming desire amongst all our HNWI survey respondents to customise their home purchases, with just over two-thirds (67%) declaring an intent to refurbish any property purchased. Notably, only 13% said they do not intend to refurbish their purchases, while 20% are undecided.

The desire to customise and refurbish peaks at 81% amongst our wealthiest respondents, with a net worth of over US$ 15 million.

This chimes with our own market experience, particularly in prime locations such as the Palm Jumeirah, where buyers are not only paying record prices to secure homes but are spending the same amount again on refurbishment/customisation as they turn their acquisitions into main residences, holiday homes and/or second homes.

> “There is an overwhelming desire amongst all our HNWI survey respondents to customise their home purchases.

Likelihood of refurbishing a property acquisition in Dubai (by net worth)



Source: Knight Frank, YouGov

DUBAI ESSENTIALS

Dubai's residential market has evolved over the last two decades to offer 'destination communities', each with unique offerings and pull factors, designed to cater to the city's international expat community. While many facilities and amenities such as schools, community malls, clinics and sports facilities have become the norm, there has been a rise in demand for homes with access to green space, or parks. This trend appears to have become supercharged in the wake of the pandemic and is also seen from HNWI respondents in both our surveys.

Personal wellbeing takes pole position

Once again, access to green space, or parks has emerged as the number one consideration for HNWI looking to buy a property purchase in Dubai, with 88% of all our respondents citing this as the most critical selection criterion. The two groups for whom this is the most important are those with a net worth of US$ 5-7 million and those worth over US$ 15 million (90%).

The focus on facilities and amenities connected to personal wellbeing is further cemented by the second most important consideration to our HNWI respondents: 'proximity to a hospital / healthcare centre' (86%).

Global HNWI interested in making a property purchase in Dubai for personal use place a higher weight on quality of life, with more respondents labelling 'proximity to a hospital / healthcare centre' (59%) and 'proximity to parks and green spaces' (45%) as 'very important', when compared to investment-driven HNWI respondents.

Notably, nearly all (97%) of GCC-based expat HNWI rated this as an important factor in their property selection.

> **"Once again, access to green space, or parks has emerged as the number one consideration for HNWI eyeing up a property purchase in Dubai. Indeed, 88% of HNWI have named this as a potential deal breaker when weighing up property options in the city. The growing global focus on personal well-being is also exemplified in the desire of HNWI to be located within close proximity to a clinic, or hospital, which has emerged as the second most important property selection criterion."**
>
> **Shehzad Jamal**
> **Partner - Strategy & Consultancy, MEA**

Most important factors to HNWI when selecting a home in Dubai

1	Proximity to parks and green spaces	88%
2	Proximity to a hospital / healthcare centre	86%
3	Beach access	84%
4	Sea views	82%
5	Proximity to a regional mall	81%
6	Skyline views	75%
7	Proximity to high-quality schools	73%
8	Proximity to Dubai Metro stations	68%
9	Pet friendly	62%
10	Golf course views	58%

*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

DUBAI ESSENTIALS

The beach life

Rounding off the top three most important factors for our HNWI is beach access (84%). Global HNWI planning to buy a home in Dubai for personal use are especially interested in beachfront properties, with 86% declaring it an important consideration. Notably, and 90% of this group also cite sea views as being a critical factor.

JBR Beach at Jumeirah Beach Residence was recently named by Beach Atlas as the 8th best beach in the world for 2024. JBR Beach undoubtedly has added to the appeal of Dubai Marina as a property investment hotspot, as evidenced by its emergence as the most desirable neighbourhood in Dubai amongst our HNWI for a residential purchase.

Top 10 beaches in the world

Source: Beach Atlas 2024

JBR beach in Dubai has been ranked the 8th best in the world by Beach Atlas

DUBAI'S MAGNETIC ATTRACTION

Dubai's prosperity has been fuelled by its transformation into a global commercial hub over the last 50 years. This, coupled with investments in infrastructure, and a focus on social mobility, has fostered rising standards of living and exceptional public safety. In addition, Dubai is one of the world's most connected cities. It is within an 8-hour flight radius of two-thirds of the world's population.
We surveyed both GCC-based expat HNWI and global HNWI to understand what it is about the city that makes it so appealing to them.

Infrastructure and universal appeal are key

Overall, the city's high-quality infrastructure (54%) ranks as the number one factor that makes Dubai attractive as a place to acquire real estate, according to the 317 HNWI that we surveyed. Indeed, the UAE's infrastructure quality was ranked fourth globally in the World Economic Forum's (WEF/Davos) 2023 competitiveness report published this January.

Dubai's position as a global tourist destination (52%) is the second biggest consideration to HNWI. The emirate has experienced a meteoric rise from being a small fishing village in the early 1800s to the world's third most visited city, with 17.2 million arrivals in 2023 (behind London at 18.8 million visitors and Istanbul, which welcomed 20.2 million tourists (Euromonitor, Government of Dubai).

For global HNWI with a net worth of over US$ 20 million, the emirate's high-quality infrastructure (63%) and wide range of real estate projects (55%) are the top two features making Dubai attractive for a property purchase.

The former also ranks as a key consideration for global HNWI considering making a personal home purchase in Dubai for use as a main residence, holiday home and/or a second home.

Top factors that make dubai an attractive location for a real estate purchase for HNWI

54% High-quality infrastructure

52% Global tourist destination

44% Wide range of real estate investment options

41% No income tax

40% Better value for money

39% Ease of purchase

28% Market transparency

23% Wide range of residential visa options

*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

HEY BIG SPENDER

Last year, we identified US$ 2.5bn of potential global private capital that was waiting in the wings, ready to be deployed into Dubai's residential market, amongst just 187 HNWI. This year, among 100 GCC-based HNWI expats and 217 global HNWI, we have identified a staggering US$ 4.2bn of new private capital targeting Dubai's residential market.

Deep pockets

The average allocated budget for a home purchase in Dubai by GCC-based expat HNWI is US$ 3.1 million. Planned spending by this group is concentrated under the US$ 5 million mark, with 61% prepared to spend up to US$ 2 million, and the remainder prepared to go further and commit between US$ 2-4.9 million.

> "We have identified a staggering US$ 4.2bn of new private capital that is taking aim at Dubai's residential market."

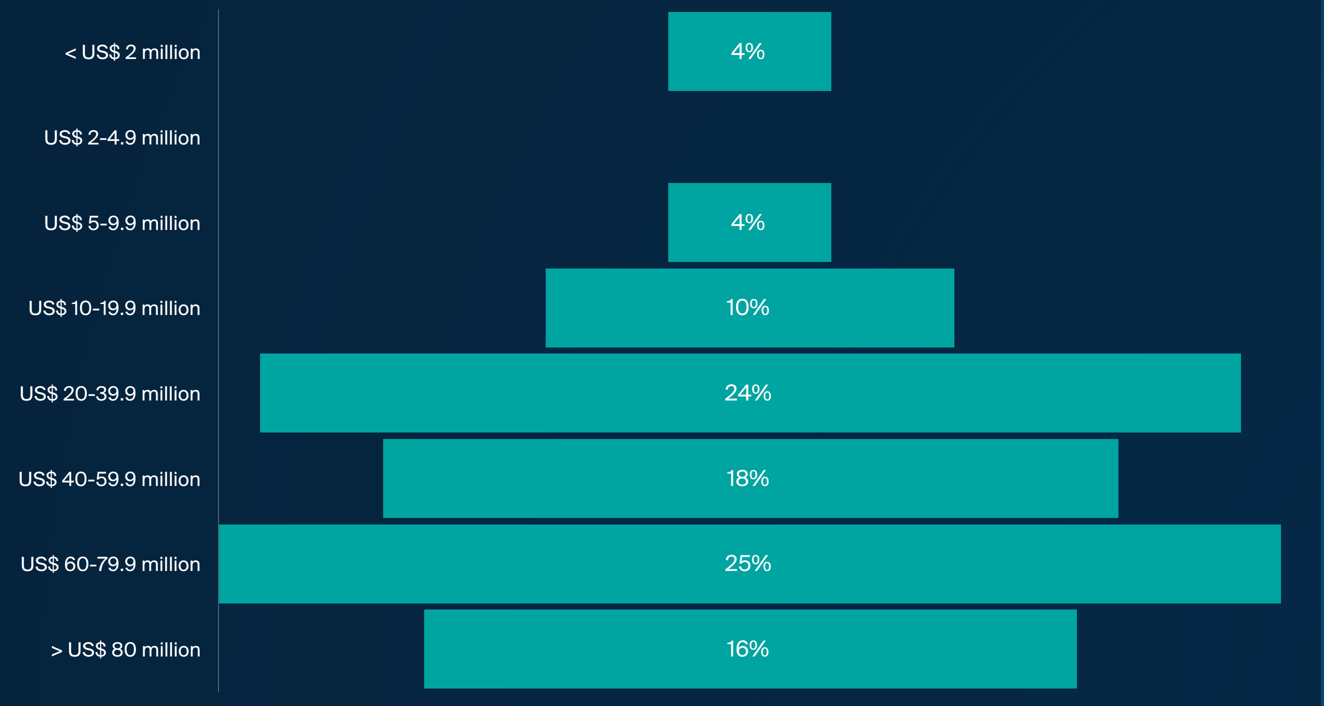
Our cohort of global HNWI have a very different mindset and much deeper pockets, with a fifth (20%) willing to put upwards of US$ 60 million toward a home in Dubai (8% of whom are prepared to spend over US$ 80 million). This figure jumps to 35% for global HNWI looking to purchase a home in the emirate for personal use. The average budget for this group stands at US$ 46.8 million. Global HNWI with a net worth of over US$ 20 million are primed to spend an average of US$ 58.5 million on a home in Dubai.

The average budget for a residential purchase in Dubai by global HNWI is US$ 36.5 million.

At the other end of the spectrum, 26% of global HNWI who are solely focussed on acquiring a residential investment in Dubai are planning to spend less than US$ 5 million.

City Walk

Planned residential budgets for UHNWI (net worth >US$ 20 million)



Source: Knight Frank, YouGov

NEED TO KNOW

- 85% of GCC-based expat HNWI intend to use their residential property in Dubai as an investment, with nearly half (47%) planning to use their acquisition as a buy-to-let
- 16% of those with a net worth of over US$ 20 million would like to secure a home in Dubai for use as a main residence
- 53% of GCC-based expat HNWI would like to purchase a completed, or new-build property
- Nearly a fifth (18%) of UHNWI (net worth > US$ 20 million) are interested in buying land in Dubai to personally develop
- Access to green space, or parks has emerged as the number one consideration for HNWI eyeing up a property purchase in Dubai
- High-quality infrastructure ranks as the number one factor that makes Dubai attractive an a place to acquire real estate (54%)

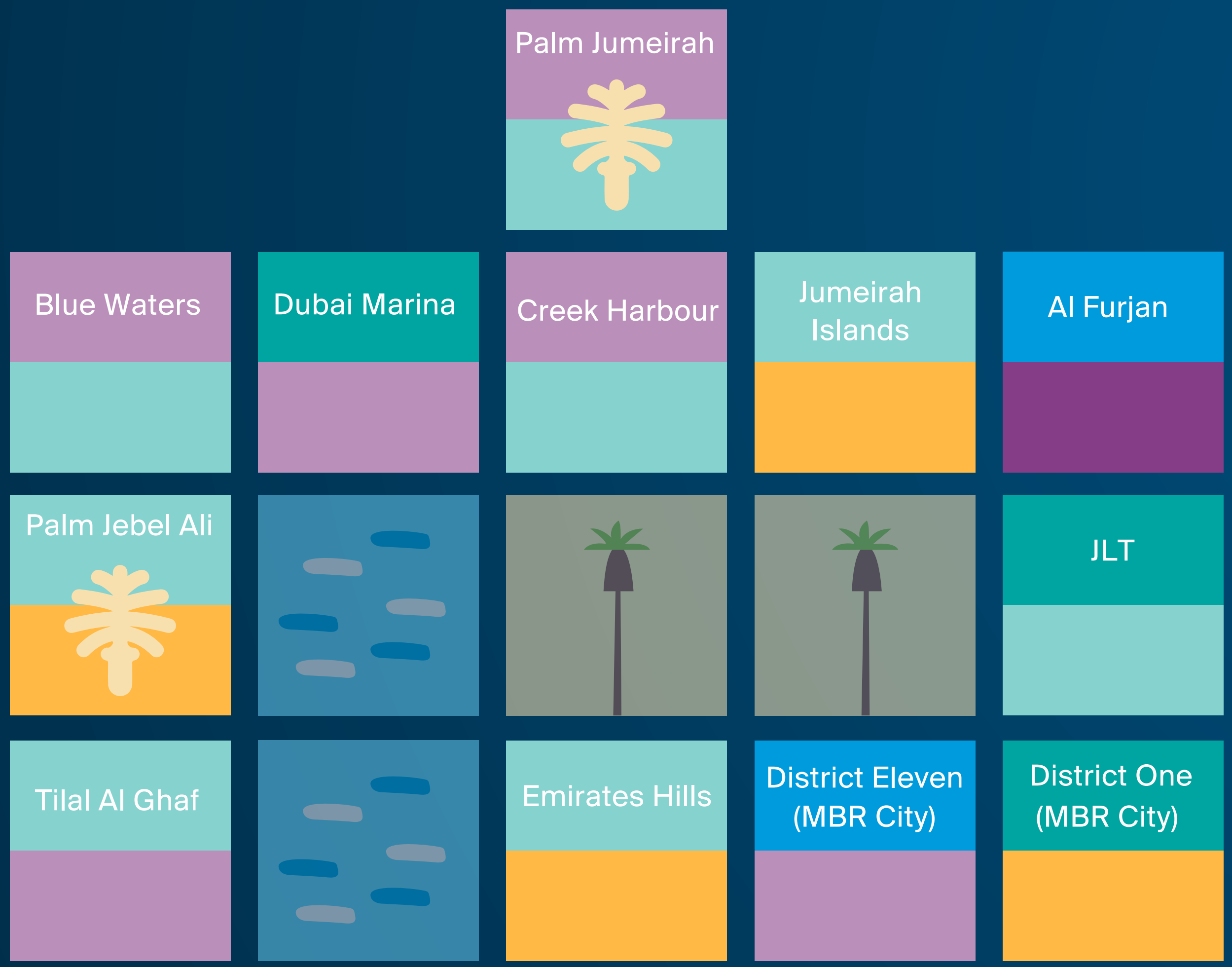
HOW AFFORDABLE IS DUBAI?

Dubai's prime residential market at US$ 1,023 psf may seem reasonable to HNWI targeting the city for a residential acquisition, particularly when compared to other global gateway cities. However, for the residents of Dubai, affordability has been challenged by the sharp increase in prices. Indeed, average house prices in Dubai have risen by 39% since January 2020.

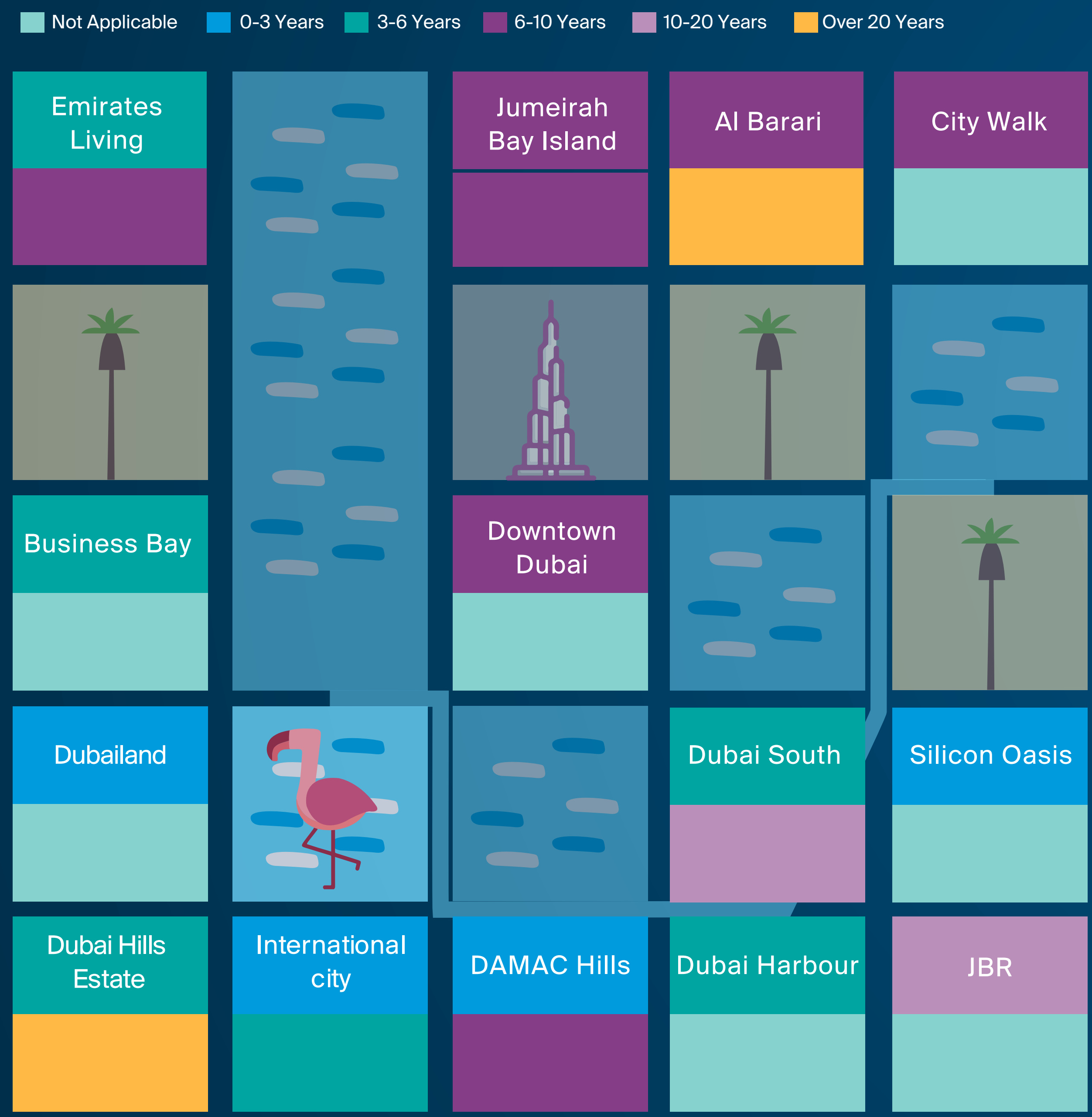
Affordable to most...

Below we depict the annual income multiplier, i.e., the number of years of annual income in order to purchase an apartment, or a villa in some of Dubai's most well-known neighbourhoods, assuming an average annual income of AED 452,000 (Oxford Economics). What the graphic suggests is that the bulk of the city remains relatively affordable, with most locations requiring six or less years of annual income in order to purchase a home.

Globally, an income multiplier of six or less is usually classed as affordable. There are some notable exceptions of course: villas on The Palm Jumeirah (84 years of income), Emirates Hills (102 years of income), villas on Jumeirah Bay Island (131 years of income) and Jumeirah Islands (29 years of income). By no coincidence, these submarkets form the basis of our definition of prime Dubai.



NEED TO KNOW



Source: Knight Frank, REIDIN

DUBAI'S RESIDENTIAL MARKET OUTLOOK

NEED TO KNOW

Dubai's third freehold residential market cycle remains firmly in its growth phase. Cash purchasers dominate activity, with the buyer pool we are working with still exceptionally diverse. Stock in the prime markets is restricted and demand for luxury beachfront homes is high, as the sell-out success of the initial tranche of villas on the Palm Jebel Ali demonstrates. And this mismatch is likely to continue sustaining price growth until supply outstrips demand, or there is a major global economic shock. Neither of these scenarios appear imminent in the short to medium term.

2024 outlook

Our outlook for 2024 is based on four of the key fundamentals that have influenced house prices in Dubai during this market cycle. These indicators include transaction volumes, the growing preference for ready properties, the high proportion of cash buyers, and supply limitations.

Dubai's prime market, which encompasses the neighbourhoods of the Palm Jumeirah, Emirates Hills, Jumeirah Bay Island and now Jumeirah Islands, collectively experienced price growth of 18.2% in the 12 months to the end of March 2024.

This year, we forecast a further 5% increase for prime values, positioning Dubai as the third fastest-growing prime residential market in the world behind Auckland (10%) and Mumbai (5.5%). Meanwhile, we expect the mainstream market to grow by 3.5%, after prices across the city climbed by 19.4% last year.

> "This year, we forecast a further 5% increase for prime values, positioning Dubai as the third fastest growing prime residential market in the world.

Ain Dubai, Bluewaters island

DUBAI'S RESIDENTIAL MARKET OUTLOOK

NEED TO KNOW

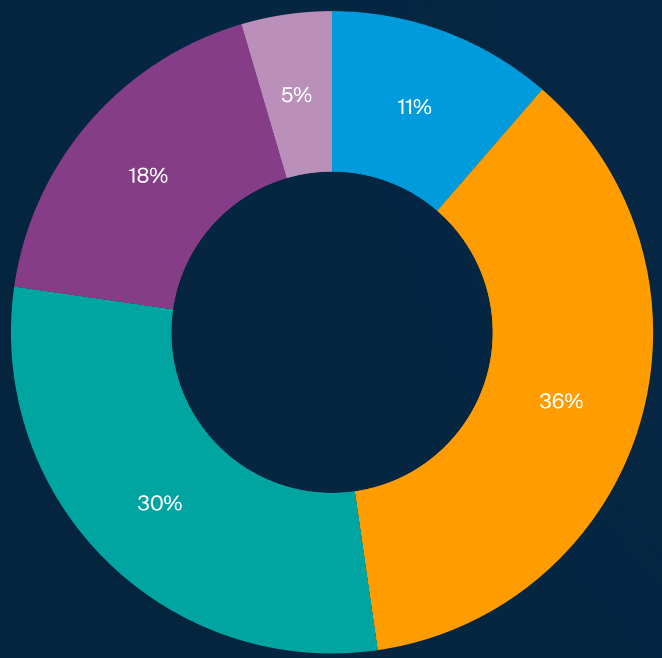
Growth expected to moderate

This year, we forecast a further 5% increase for prime values, positioning Dubai as the third fastest growing prime residential market in the world. While this may, on the surface at least, appear to be a significant decline on the 44.4% prime price growth registered in 2021, it is simply a reflection of some of the extraordinary growth in 2021 slowly working its way out of our 12-month growth calculations.

Our HNWI survey respondents are more optimistic in their outlook, with the bulk (36%) expecting price growth of between 5-10% within the first 12 months of securing a home in the city, albeit this is closer to our forecast for prime residential prices, rather than the mainstream market. The most positive outlook for the market sits amongst those with a net worth of over US$ 15 million, with 57% of this group expecting price rises of between 10-20% within one year of their purchases.

12-month price growth expectations by HNWI

2-5% 5-10% 10-15% 15-20% 20% +



Source: Knight Frank, YouGov

Address Beach Resort

DUBAI'S RESIDENTIAL MARKET OUTLOOK

Transaction volumes

During Q1 2024, 35,000 homes were sold across the emirate, worth AED 88.8bn, which builds on the record 120,000 sales worth nearly AED 350bn during 2023. For comparison, Q1 2023 registered 29,000 transactions, totalling AED 71.5bn.

Off Plan vs. Ready Sales

A key defining feature of Dubai's previous freehold residential market cycles was the dominance of the off-plan sales market. Indeed, in 2009, off-plan sales accounted for 62% of all sales by volume. The long-term average for this segment of the market is 42% of total sales volumes. During 2023, off-plan sales accounted for 51% of sales by total volume, positioning it above long-term levels; predictable given the recent significant increase in new product launches, but still well shy of pre-GFC levels (62.7% in 2009).

Cash buyers' dominance

The bulk of the market (82% during 2023) was driven by cash, rather than mortgaged purchasers. This continues to shield the market to an extent from the rampant rise in the cost of borrowing (interest rates have jumped from 1.5% in early 2021 to 5.4% to end of March 2024), as evidenced by the record level of sales in 2023 and of course, the emergence of Dubai as the busiest US$ 10 million+ homes market in the world. Cash buyers accounted for 73% of the market in 2021 and 80% in 2022. The rising proportion of cash buyers is also reflective of the rise in off-plan sales – as you cannot secure a mortgage on an off-plan purchase.

Upcoming supply

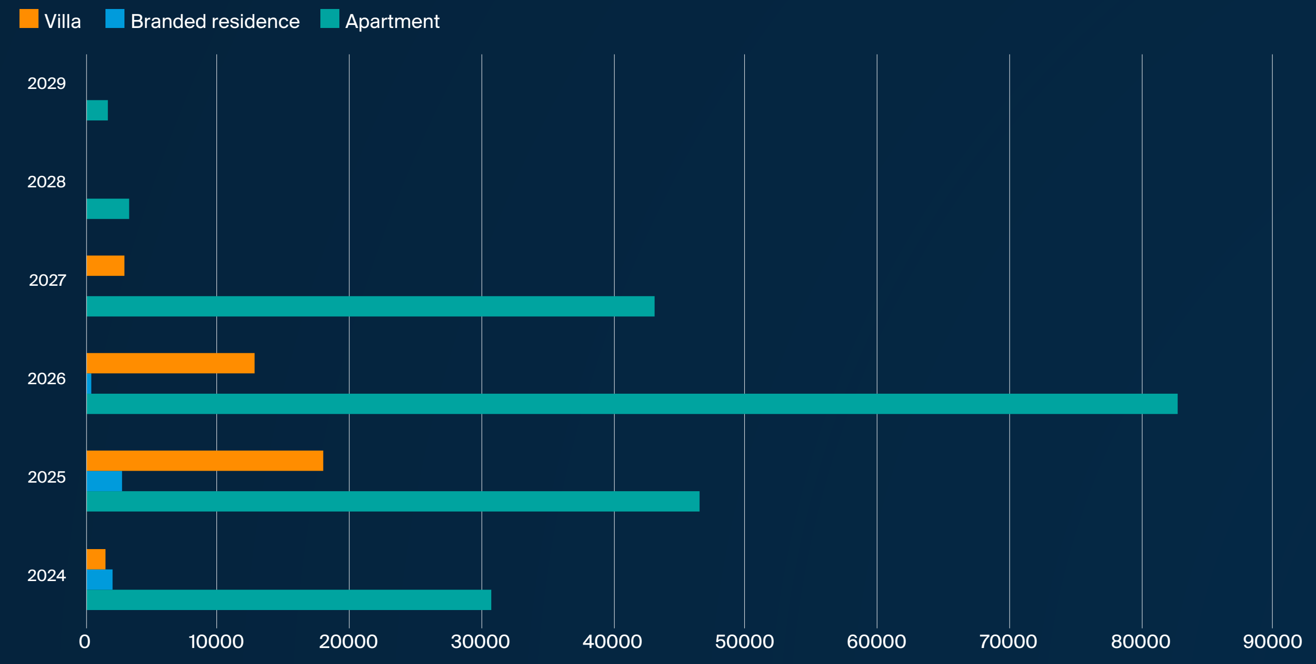
We are tracking 261,243 homes that are currently under construction or have been announced and are due to be delivered by the end of 2029. This equates to an average of approximately 43,500 homes per year for the next six years – well above the historic level of completions of around 30,000 units. We do expect the number of announced pipeline projects to continue to increase over 2024, decreasing the supply gap.

On the demand side, the government is forecasting population growth of 7.8 million by 2040, up from 3.6 million or so by end of March 2024. By our estimate, to accommodate the growth, the emirate requires 70,000 homes per year between now and 2040.

The challenge is even more acute in prime neighbourhoods where just 368 homes are currently planned or under construction. This is where the bulk of UHNWI demand is concentrated, strongly hinting at continued price growth in this segment of the market.

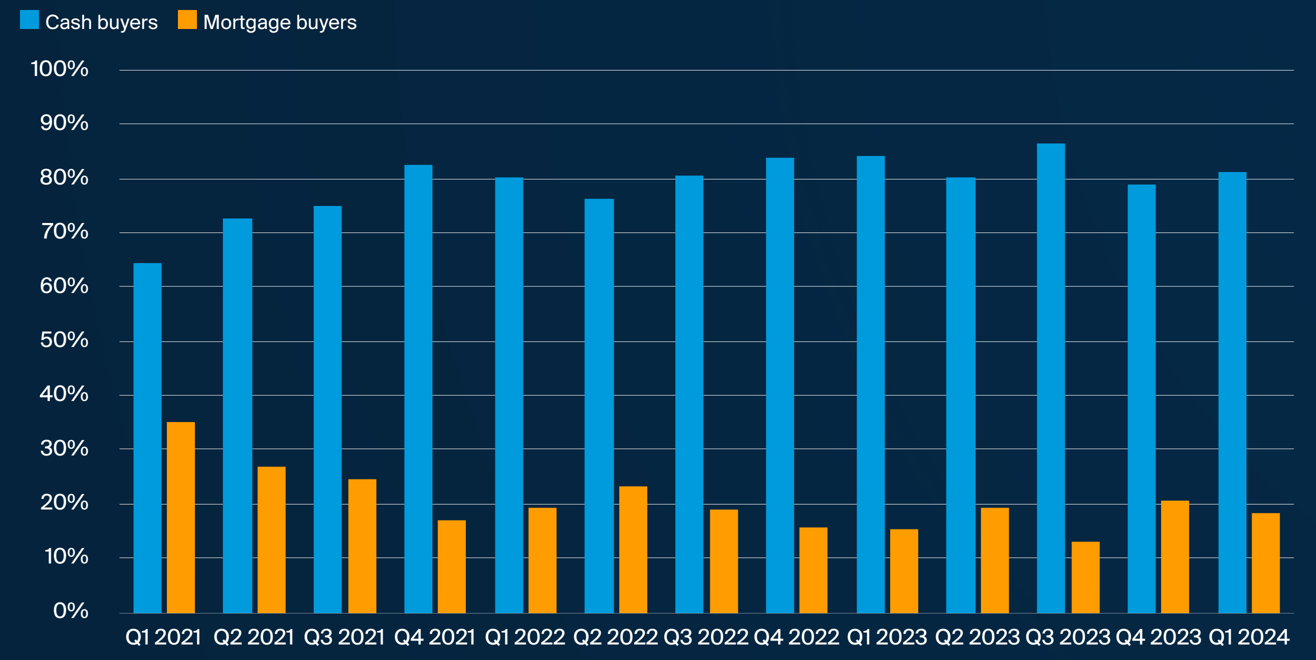
NEED TO KNOW

Dubai residential supply forecast (2024-2029)



Source: Knight Frank, MEED, REIDIN

Proportion of cash vs mortgaged buyers



Source: Knight Frank & REIDIN

NEED TO KNOW

DUBAI'S RESIDENTIAL MARKET OUTLOOK

Risks

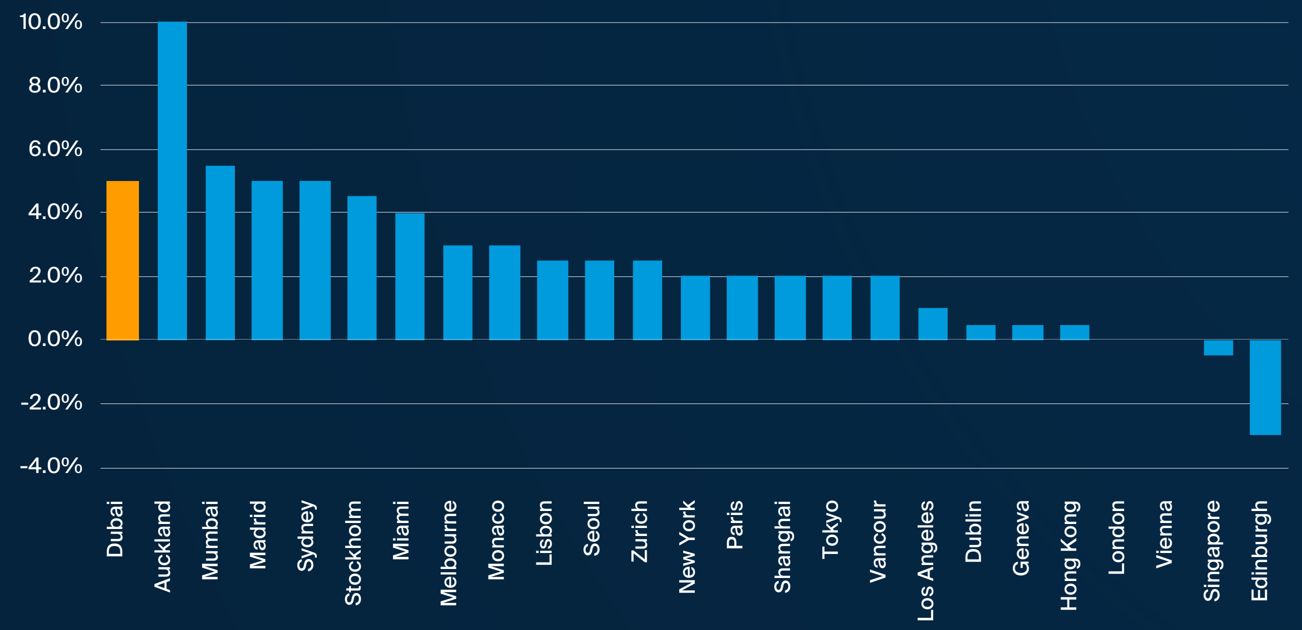
Our forecasts are not without risk. Very real downside risks stem from the regional conflict. Should the conflict widen, an oil price spike may ensue. In turn this may drive up global inflation. The IMF estimates a 10% rise in oil prices rise would temper global economic growth by 0.15%, while boosting global inflation by 0.4%.

The knock-on impact could be adjustments to monetary policies by global Central Banks – higher interest rates could be on the cards as a lever to reign in any inflationary spikes. This could filter through to the property market in the form of higher borrowing costs, impacting purchasers, including those looking to refinance purchases. Developers too may be forced to reign in plans due to higher development financing costs.

Indeed, the issue of a 'rise in global inflation' (18%) also tops the list of concerns amongst all our HNWI survey respondents. Those with a net worth of between US$ 7-10 million (23%) are particularly concerned about this issue. For GCC-based expat HNWI, the issue is even more acute, with almost a third (32%) citing this as their primary concern for the market.

The regional conflict (17%) is seen as the next most significant risk to Dubai's residential market, alongside a global economic slowdown (17%).

Global prime residential market forecasts 2024



Source: Knight Frank & REIDIN

Ain Dubai in Bluewaters Island

DUBAI'S BRANDED RESIDENTIAL MARKET

BRANDED RESIDENTIAL BONANZA

The branded residential sector has grown exponentially across Dubai over the last few years. The popularity of the sector, especially with the global HNWI community, has fuelled a growing supply pipeline of just over 4,600 units which are expected to be delivered in the next five years, making Dubai a global hotspot for branded residential development. It builds on the city's position of hosting the highest number of branded residential operators in the world.

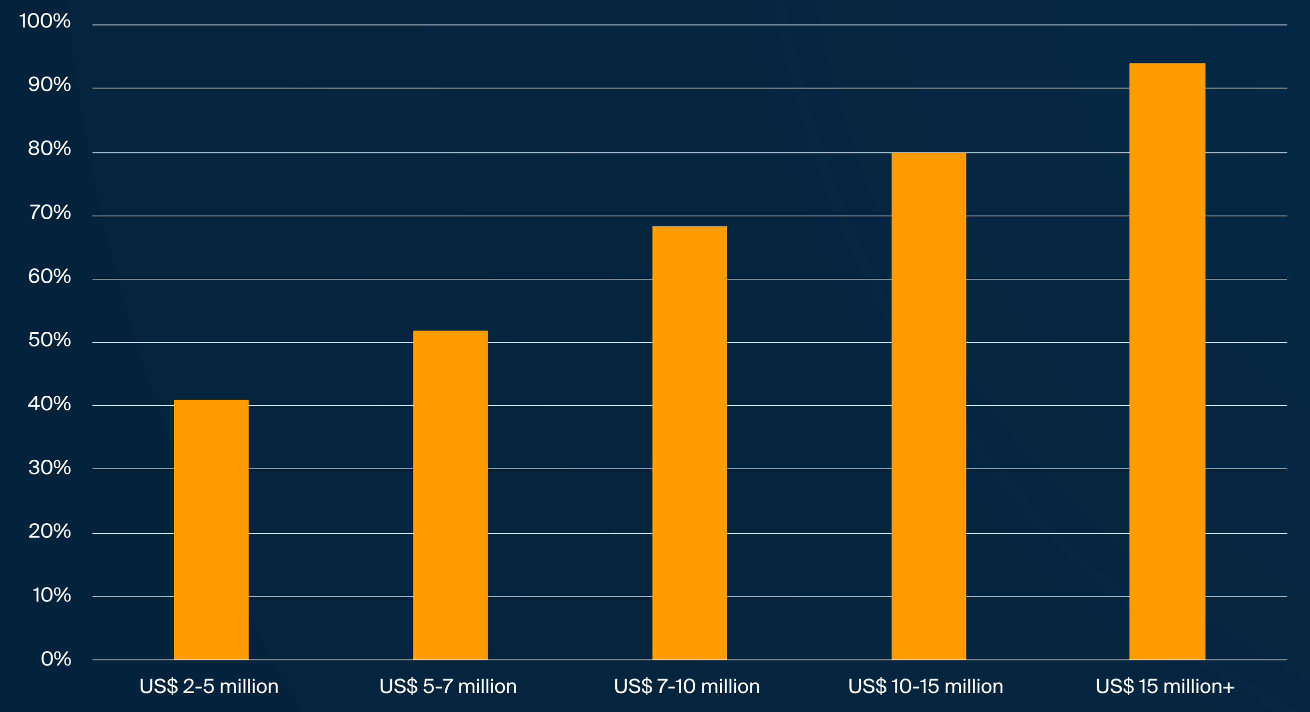
Appetite for branded residences grows

In our survey of global HNWI during 2023, we found that 59% of our survey respondents were keen to secure buy a branded residence in Dubai. For 2024, this desire has grown to 69%. There is also a very clear link between personal net worth and the appetite to own a branded residential property, which rises from 41% for those with a net worth of US$ 2-5 million to a high of 94% for those with a net worth of more than US$ 15 million.

The likelihood of acquiring a branded residential property in Dubai is highest amongst our global HNWI survey respondents (83%), when compared to GCC-based HNWI expats (46%).

Among our global HNWI respondents, East Asians (91%) have the strongest desire to own a branded residential property in Dubai.

Likelihood of buying a branded residence in Dubai (by net worth)



Source: Knight Frank, YouGov

Nesting

As noted above, one of the hallmarks of Dubai's current property cycle has been the sharp increase the number the of purchasers buying property for use as their primary home, holiday home, or second home, instead of the highly speculative deal activity that punctuated the emirate's two previous market cycles.

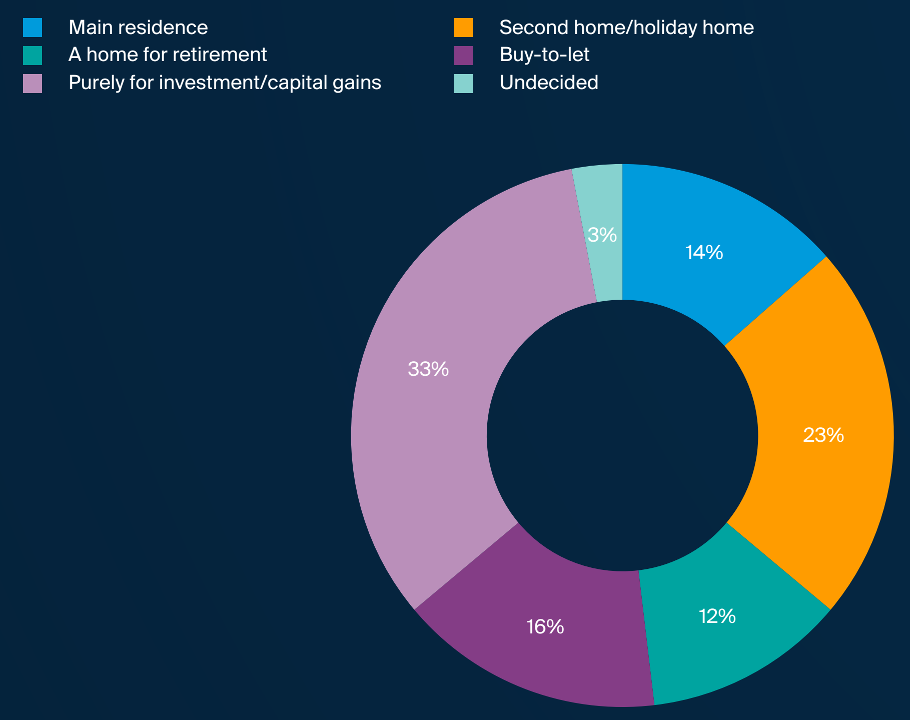
This longer-term mindset is also prevalent with our HNWI survey respondents, 14% of whom would like to secure a branded residence as a main residence. Nearly a quarter (22%) of those with a net worth of over US$ 15 million would like a branded residence in Dubai to use as their primary home.

23% would use it as a holiday home, or second home, while 12% would treat it as a retirement home.

Those with an investment mindset plan to use their branded residential purchase as a buy-to-let (16%), or 'purely for investment / capital gains' (33%).

56% of those considering Dubai for a property investment would like a branded residence purely for capital value gains. This most likely stems from the fact that branded residential properties in Dubai traded for a premium of 86% compared to the mainstream market in 2023, well above the global norm of 30-35%.

Planned HNWI use of a branded residence in Dubai



Source: Knight Frank, YouGov

BRANDED RESIDENTIAL BONANZA

High expectations

Just over a third (36%) of our HNWI survey respondents believe that any branded residential purchase in Dubai will appreciate in value by 5-10% during the first year of acquisition. This expectation is highest amongst those with a net worth of US$ 10-15 million (50%).

A further 30% of GCC-based HNWI expats and global HNWI expect prices for any branded residential purchase will rise by 10-15% within 12 months.

Unsurprisingly, 59% of the HNWI we polled cite ‘high yield / investment potential’ as the number one driver behind wanting to buy a branded residence in Dubai, alongside ‘service provision and physical amenities’ (59%), as well as ‘brand identity’ (58%).

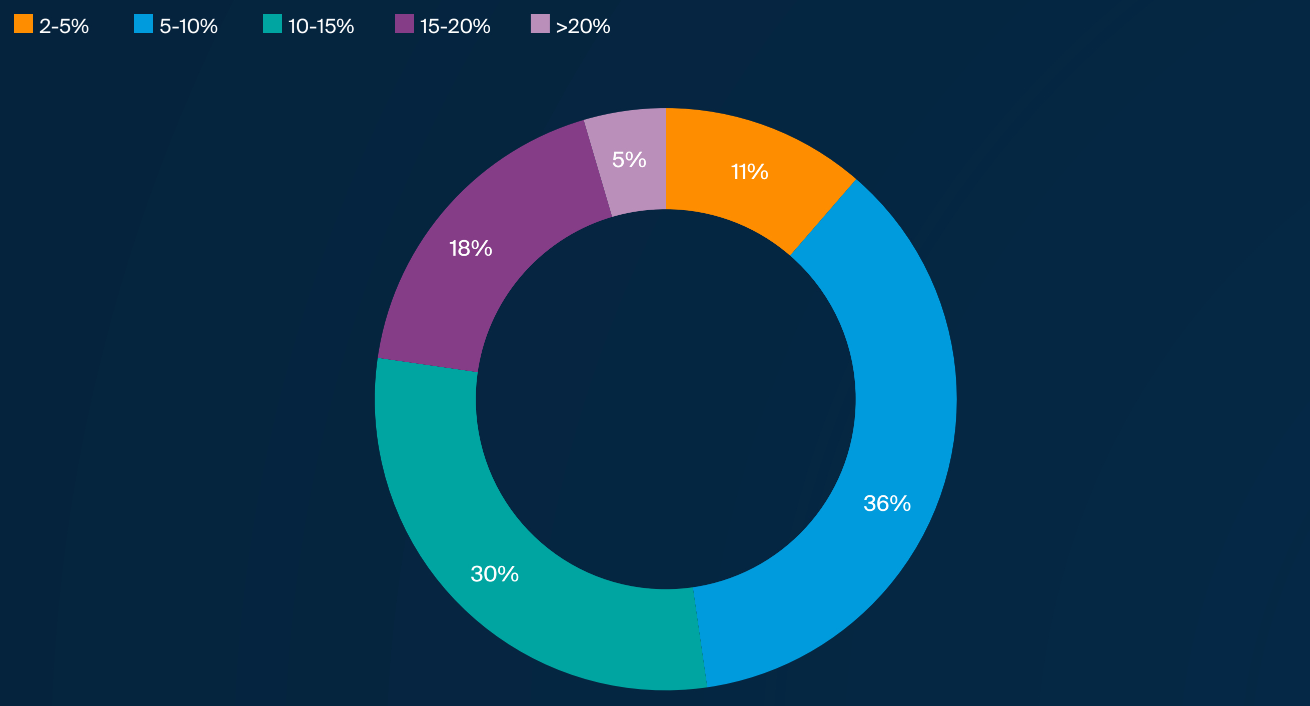
Ultra-rich have different motivators

For those with a net worth of over US$ 15 million, ‘service provision and physical amenities’ (75%) is the most critical factor, closely followed by ‘brand identity’ (63%).

Branded residences represent a relatively easy way to access the ‘Dubai Life’ and are always accompanied by access to world-class facilities, amenities and property management, usually courtesy of an adjoining luxe hotel.

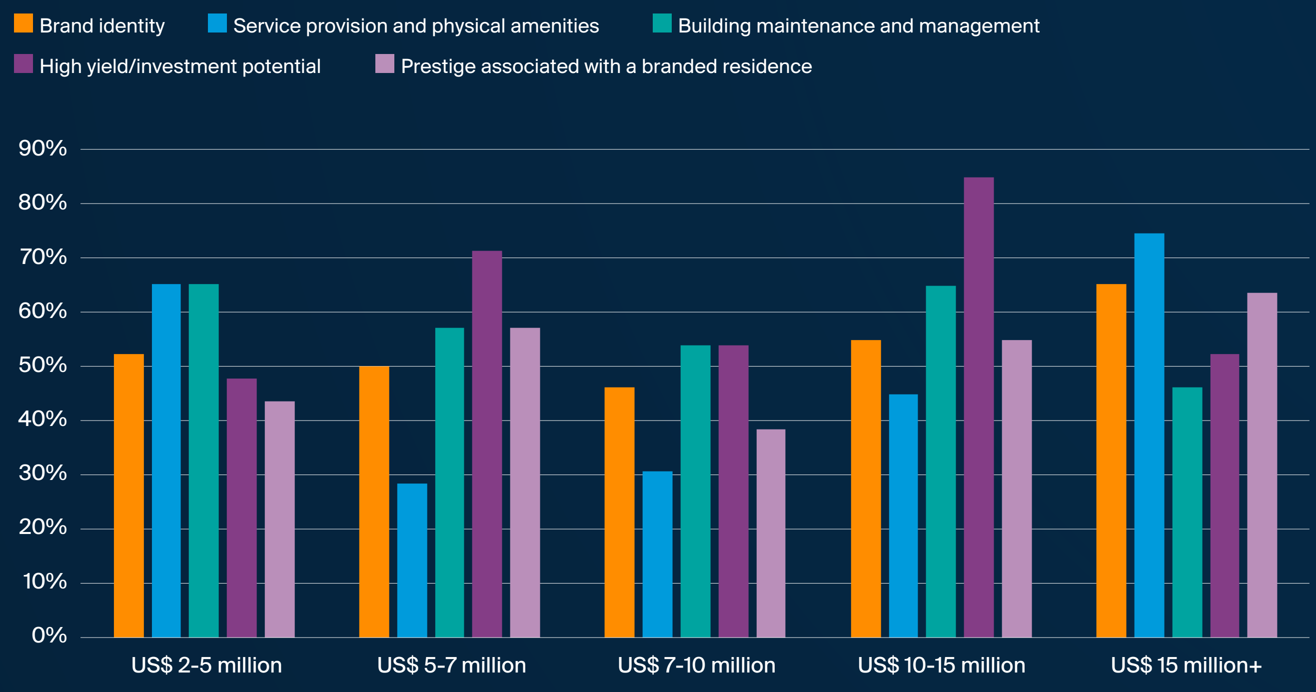
Address Sky View, Downtown Dubai

HNWI price growth expectations for branded residences in Dubai



Source: Knight Frank, YouGov

Branded residential drivers (by net worth)



Source: Knight Frank, YouGov

BRANDED RESIDENTIAL BUDGETS

Global affluence

When it comes to budgets, the bulk of GCC-based expat HNWI appear to want to spend relatively low amounts on branded residential real estate in Dubai.

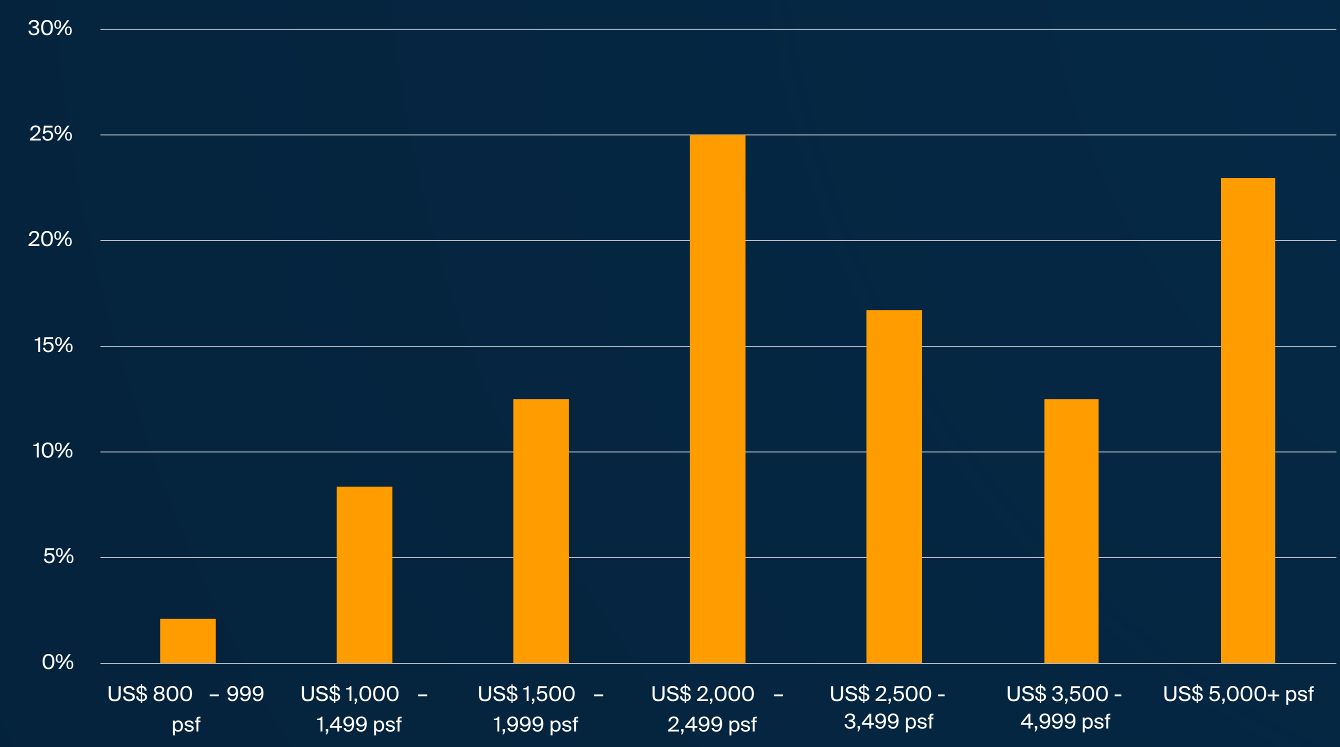
In fact, 91% of this group would be prepared to spend between US$ 600-999 psf on a branded residential property in Dubai. The average budget for this group stands just shy of US$ 950 psf.

In contrast, global HNWI are more likely to splash out on a branded home in the emirate, with nearly a fifth (17%) ready to spend over US$ 5,000 psf. This figure rises to 23% for those with a personal value of more than US$ 20 million.

When the survey results are segmented by planned use of a Dubai property acquisition, the average budget for a branded residential property stands at US$ 2,846 psf for global HNWI considering an investment purchase, but climbs to just over US$ 4,000 psf for those planning to buy a branded residence in Dubai for personal use.

> **Branded residential properties in Dubai traded for a premium of 86% compared to the mainstream market in 2023.**

Branded residential budgets for UHNWI (net worth > US$ 20 million)



Source: Knight Frank, YouGov

NEED TO KNOW

- **69% of all the HNWI we surveyed would like to purchase a branded residence in Dubai**
- **83% of global HNWI would like to buy a branded residence in Dubai**
- **East Asians (91%) have the strongest desire to own a branded residential property**
- **22% of those with a net worth of over US$15 million would like a branded residence in Dubai to use as their primary home**
- **56% of those considering Dubai for a property investment would like a branded residence purely for capital value gains**
- **36% of our HNWI survey respondents believe that any branded residential purchase in Dubai will appreciate in value by 5-10% during the first year of acquisition**

Branded residential home interior in Dubai

NEED TO KNOW

DUBAI'S BRANDED RESIDENTIAL MARKET IN NUMBERS

Branded residences offer access to a luxury lifestyle that is now synonymous with Dubai and luxury branded residential operators such as the Ritz Carlton, Bulgari, Dorchester Collection, and the Four Seasons are all moving to capitalise on the demand for high-end homes in Dubai. The depth of demand for such homes is reflected in the achievement of a record AED 13,800 per square foot for a Bulgari Lighthouse apartment on Jumeirah Bay Island. Below we take a closer look at the performance of Dubai's branded residential market.

Project	Location	Developer	Number of units	Avg. AED/psf	Starting unit price	Delivery Date
Armani Beach Residence	Palm Jumeirah	ARADA	53	7,906	AED 21 million	2026
ORLA, Dorchester	Palm Jumeirah	Omniyat Properties	89	8,934	AED 26.7 million	2026
AVA, Dorchester	Palm Jumeirah	ARADA	171	6,960	AED 45 million	2025
Six Senses Residences	Palm Jumeirah	Select Group	162	5,936	AED 9.8 million	2025
Cavalli Casa Tower	Dubai Marina	Damac	436	2,623	AED 1.75 million	2026
Ciel Tower	Dubai Marina	First Group	240	7,523	AED 700,000	2024
Mercedes Benz Places	Downtown	Binghatti	150	4,790	AED 8.8 million	2026
St. Regis Residences	Downtown	Emaar	432	2,905	AED 2.75 million	2026
Baccarat Residences	Downtown	Shamal Holding	49	8,423	AED 18 million	2026
Bugatti Residence	Business Bay	Binghatti	182	7,731	AED 19 million	2026
Jumeirah Living	Business Bay	Select Group	82	3,885	AED 7.4 million	2025
Ritz-Carlton Residences	Business Bay	Khamas Group	66	3,871	AED 6 million	2026
Burj Binghatti Jacob & Co.	Business Bay	Binghatti	299	2,574	AED 8.2 million	2026
Marriot Residences	Jumeirah Village Circle	Khamas Group	289		AED 22 million	2025
Viewz by Danube	Jumeirah Lake Towers	Danube Properties	643	2,149	AED 1.5 million	2026
Kempinski the Creekside	Creekside	Swiss Property	285	2,924	AED 2.2 million	2025
Ritz-Carlton Creekside	Creekside	MAG Property Development	66	4,400	AED 11 million	2027
Address Hillcrest Villas	Dubai Hills Estate	Emaar	138	5,397	AED 21.6 million	2026
Address Residence The Bay	Dubai Harbour	Emaar	452	3,680	AED 2.4 million	2026
Bvlgari Lighthouse	Jumeirah Bay	Meraas	31	8,359	AED 64 million	2026
Cavalli Couture	Dubai Canal	Damac Properties	70	4,275	AED 16.5 million	2025
Cavalli Tower	Media City	Damac Properties	438	4,185	AED 1.75 million	2025

Developer · Number of units · Avg. AED/psf · Starting unit price · Delivery Date

DUBAI'S HOSPITALITY MARKET

A HAVEN FOR TOURISTS

Dubai, as a global destination, is known for its luxury accommodation with an estimated 28,000 5-star hotel rooms, and 14 Michelin-star restaurants. The emirate currently has just over 154,000 hotel keys, higher than London, or New York and has been named the most popular tourist destination by Trip Advisor for two years running (2023 and 2024), while hotel occupancy levels have been the amongst highest in the world, averaging 77.4% during 2023.

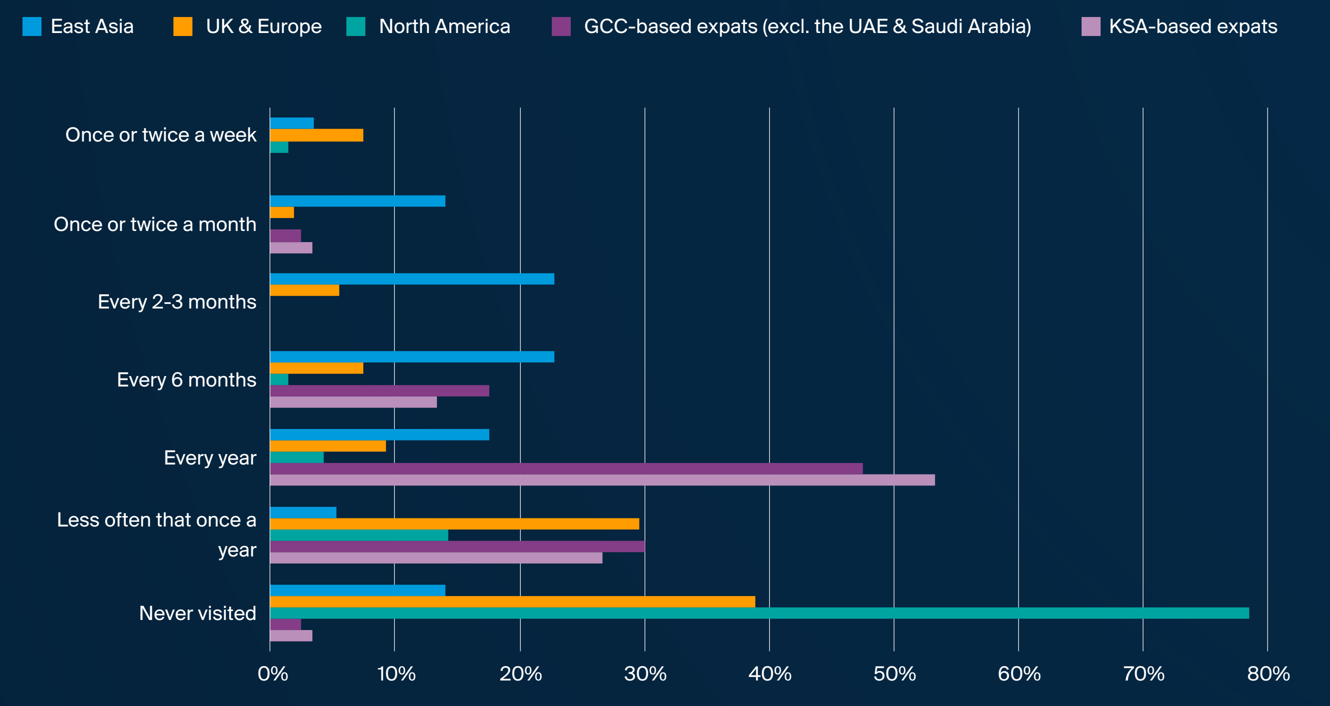
Familiar territory

Given this backdrop, it comes as no surprise to find that GCC-based expat HNWI are relatively familiar with Dubai, with 85% saying they have visited at least once, and 14% saying they visit multiple times per month. Curiously, 39% of our global HNWI respondents claim to have never visited Dubai, yet 56% are interested in purchasing real estate in the emirate, highlighting the power of 'brand Dubai' in drawing in global HNWI capital.

For UHNWI (net worth > US$ 20 million), Dubai is indeed a magnet, with 30% of this elite group claiming to visit the city multiple times each month.

At a geographic level, excluding UAE-based HNWI expats, the highest frequency of visitors comes from East Asia, with nearly a fifth (18%) of this group visiting the emirate several times a month.

Frequency of visits to Dubai by HNWI location



Source: Knight Frank, YouGov

The interiors of the Burj Al Arab

A HAVEN FOR TOURISTS

A home from home

When it comes to the duration of each visit, just over half (51%) of all the HNWI we surveyed stay for between 1-2 weeks. Once again, at a geographic level, East Asian HNWI appear to spend the greatest amount of time in the city, with 65% staying for 1-2 weeks, compared to 42% of European HNWI, or 33% of North American HNWI.

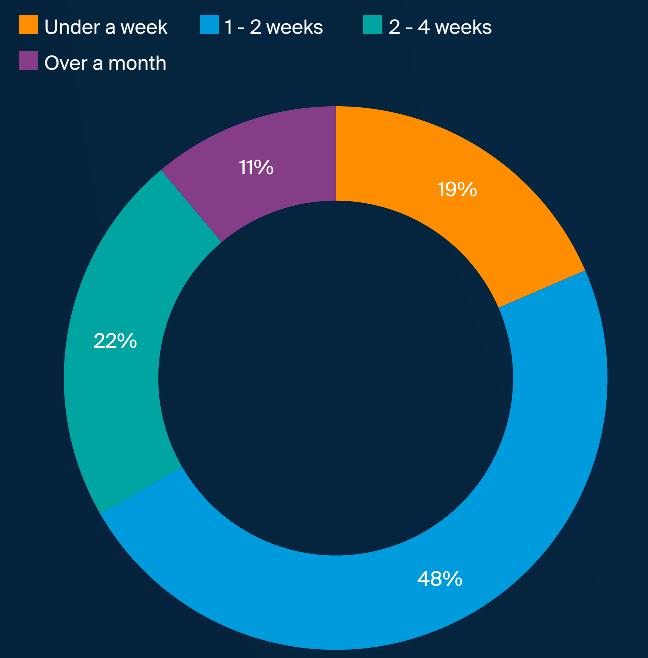
Those with the highest levels of net worth stay in the city the longest. Just 3% of those with a net worth of under US$ 5 million indulge in month-long stays. This figure rises to 11% of those with a net worth of over US$ 20 million.

During their stay, the most preferred neighbourhoods to visit vary between GCC-based expat HNWI and global HNWI, with the former preferring Dubai Marina (66%) over other locations in the city, while the latter like to frequent Downtown (55%) most often.

Favourite neighbourhoods also vary by levels of personal wealth, with Downtown (60%) being the top choice for those with a net worth of under US$ 5 million.

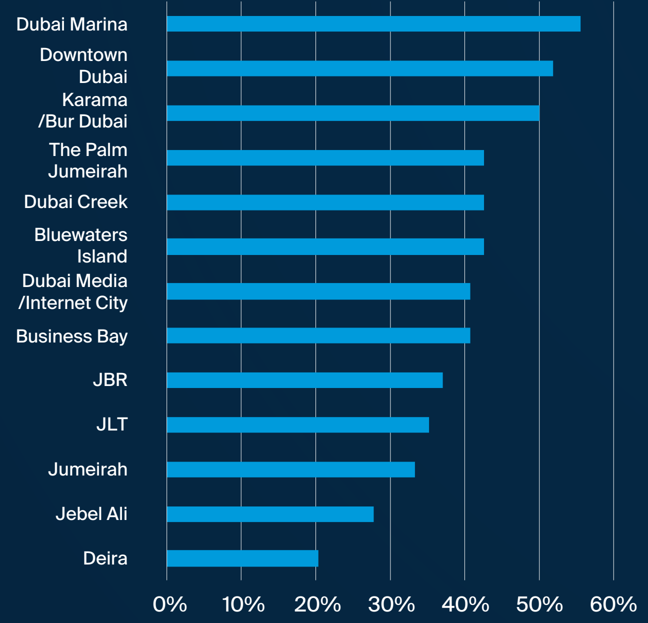
Interestingly, it appears that the lure of the old-world charm found in Karama as well as the textile souks of Bur Dubai are tough to resist for UHNWI, with 50% naming these old-Dubai neighbourhoods as their third favourite locations to visit in the city, preceded by Dubai Marina (56%) and Downtown (52%).

Duration of visits to Dubai by UHNWI (net worth > US$ 20 million)



Source: Knight Frank, YouGov

Favourite locations to visit for UHNWI (net worth > US$ 20 million)



*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

Dhows at Dubai Creek

LIFESTYLES OF THE RICH AND FAMOUS

With over 154,000 hotel rooms and year-round international concerts, events and sporting tournaments, Dubai caters to a wide variety of tourists and budgets. In our two surveys of GCC-based expat HNWI and global HNWI, we probed on their favourite hotel brands and activities in the city, alongside trying to understand their entertainment budgets. We have visualised these results below.

Favourite luxury hotel brands in Dubai

	GCC-based expat HNWI	Global HNWI
Marriot	44%	37%
The Address	40%	8%
Atlantis	41%	16%
Jumeirah Hotels	36%	19%
Hilton Hotels and Resorts	34%	41%
Radisson	27%	15%
Four Seasons	24%	35%
Mandarin Oriental	17%	22%
Rotana Hotels	9%	14%
Accor	13%	17%
IHG	7%	22%
Five	1%	13%

*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

Entertainment budgets for HNWI (per person)

AED 500-1,000	26%
AED 100-500	25%
AED 1,000-2,000	16%
AED 2,000-3,000	14%
AED 3,000+	11%
Unsure	4%
Expect it to be free	3%

Source: Knight Frank, YouGov

Favourite entertainment and events in Dubai

	US$ 2-5 million	US$ 5-7 million	US$ 7-10 million	US$ 10-15 million	US$ 15 million+
Sports events (F1, football matches, Rugby Sevens, cricket)	31%	38%	46%	35%	51%
Music festivals/concerts	31%	54%	27%	35%	41%
Theme parks/carnivals (Winter Wonderland, City Walk)	30%	44%	65%	43%	48%
Educational events (book fairs, museums)	16%	16%	19%	19%	40%
Cultural events	23%	30%	35%	30%	37%
Nature/adventure (hiking, stargazing, camping)	35%	32%	23%	46%	42%
Water activities	20%	34%	31%	35%	43%
Local festivities	24%	32%	27%	35%	37%

*Percentages indicate number of times each option was selected by HNWI respondents

Source: Knight Frank, YouGov

Average entertainment budget by net worth (per person)

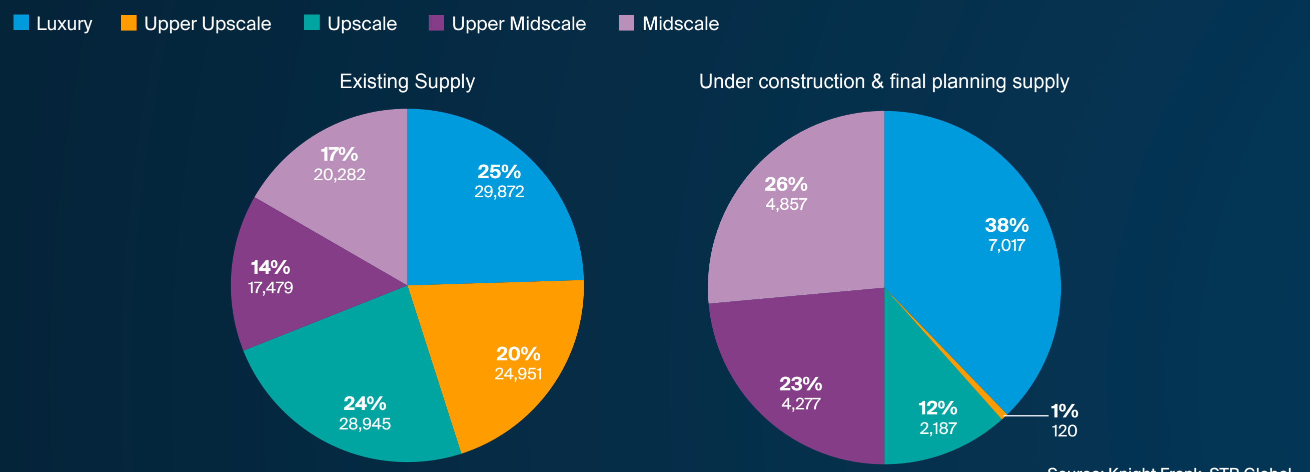
<US$ 5 million	AED 1,488
US$ 5-20 million	AED 2,090
>US$ 20 million	AED 3,191

Source: Knight Frank, YouGov

HOSPITALITY MARKET IN NUMBERS

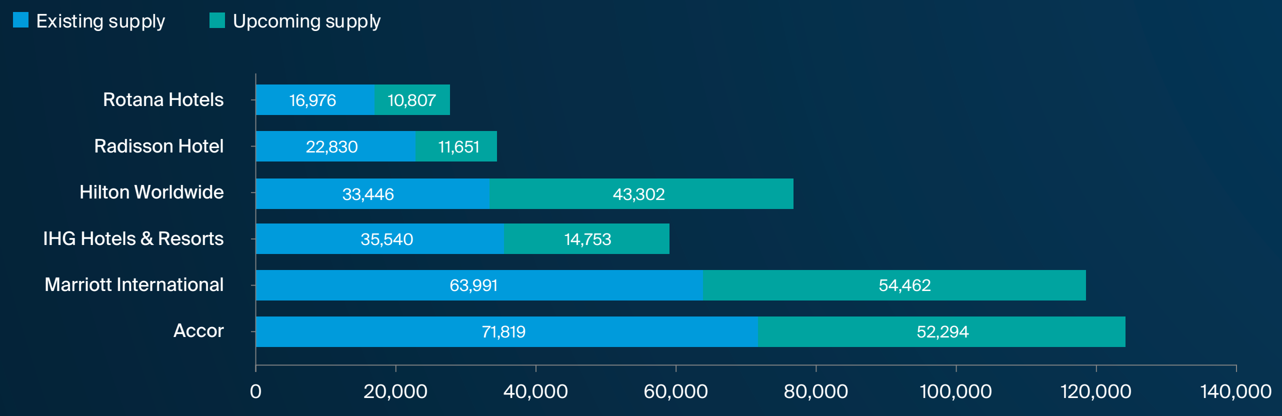
Dubai's emergence as a prominent global tourist destination can be attributed primarily to the significant contributions of the world's largest international carrier, Emirates Airlines. Since its inaugural flight in 1985, Emirates has played a pivotal role in facilitating convenient access to the emirate, contributing to its rapid ascent on the international tourism stage. Dubai International Airport has been the world's busiest international gateway since 2013 and is hosted 86.9 million passengers in 2023. Below we take a closer look at the hospitality landscape across the UAE and Dubai.

Current and future hotel room supply



Source: Knight Frank, STR Global

UAE's top 6 hotel operators

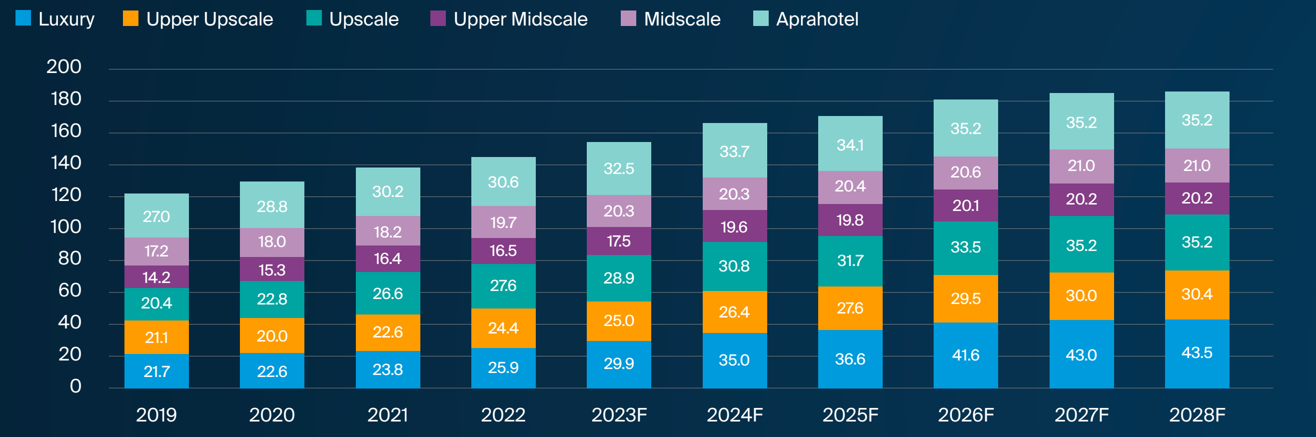


Source: Knight Frank, STR Global

NEED TO KNOW

Hotel room supply by star rating

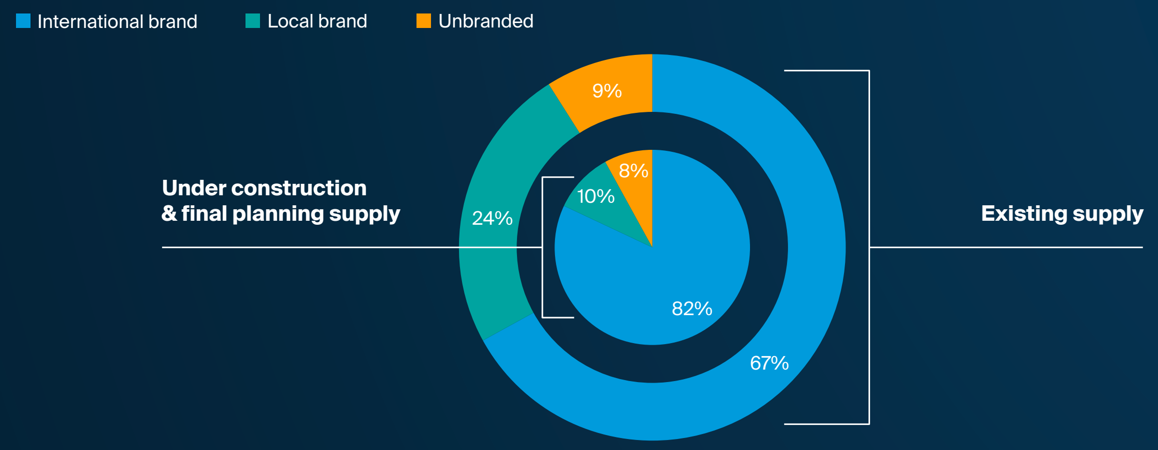
No. of rooms (thousands)



Assumed realisation %: under construction (95%), final planning (73%), planning (50%), unconfirmed (25%)

Source: Knight Frank, STR Global

UAE's supply breakdown by operator classification

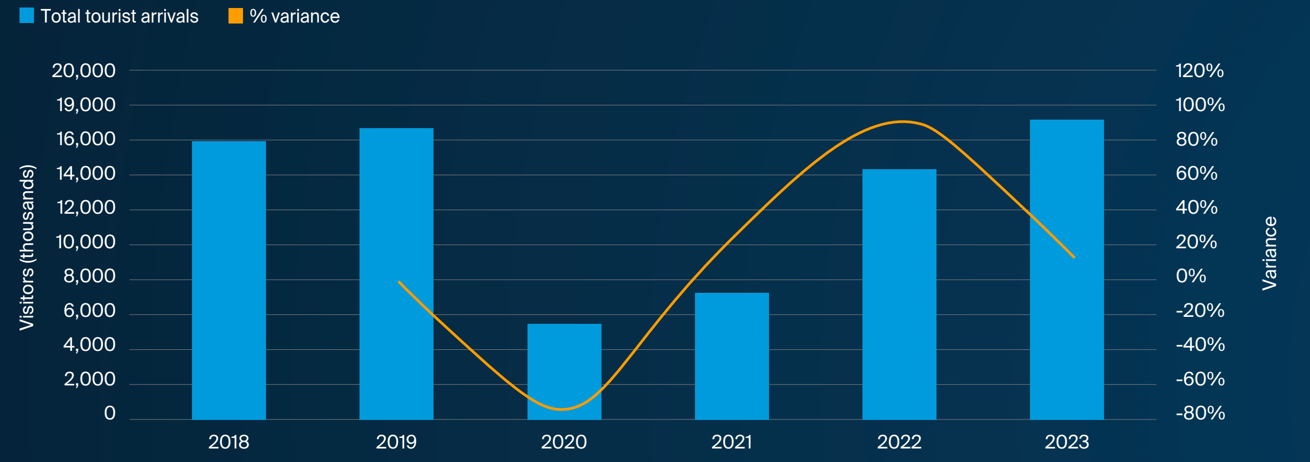


Source: Knight Frank, STR Global

HOSPITALITY MARKET IN NUMBERS

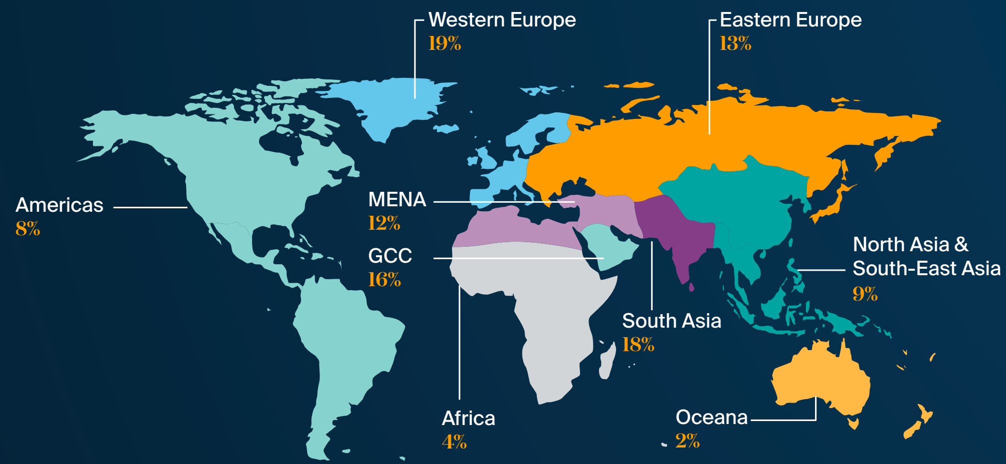
Dubai's global appeal, world class attractions, infrastructure and plethora of outstanding accommodation options looks set to be further bolstered by the addition of 2,044 keys this year, driving the city's total hotel supply to 156,000 keys.

Hospitality market performance



Source: Knight Frank, STR Global

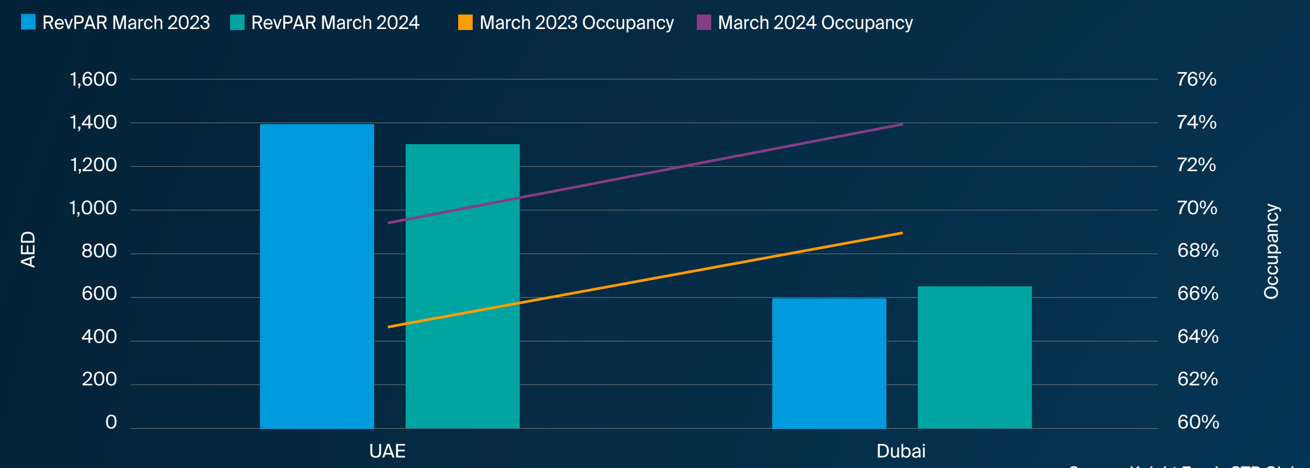
Dubai's source of visitors by region - YTD June 2023



Source: Knight Frank, Government of Dubai

NEED TO KNOW

Hospitality market performance



Source: Knight Frank, STR Global

Hotel inventory by category and performance KPIs - 2023

Categories	No. of establishments	Total available rooms (supply)	% if inventory	Avertage occupancy
5 Star	161	52,118		84%
4 Star	197	43,792		89%
1-3 Star	275	29,037		87%
Hotel Apartment (Deluxe / superior)	83	13,764		88%
Hotel Apartment (Standard)	110	12,558		89%
2024 Feb	**826** Establishments	151,269		87%
2023 Feb	**813** Establishments	148,450		84%

Source: Knight Frank, STR Global

DESTINATION ABU DHABI

CAPITAL FOCUS: ABU DHABI

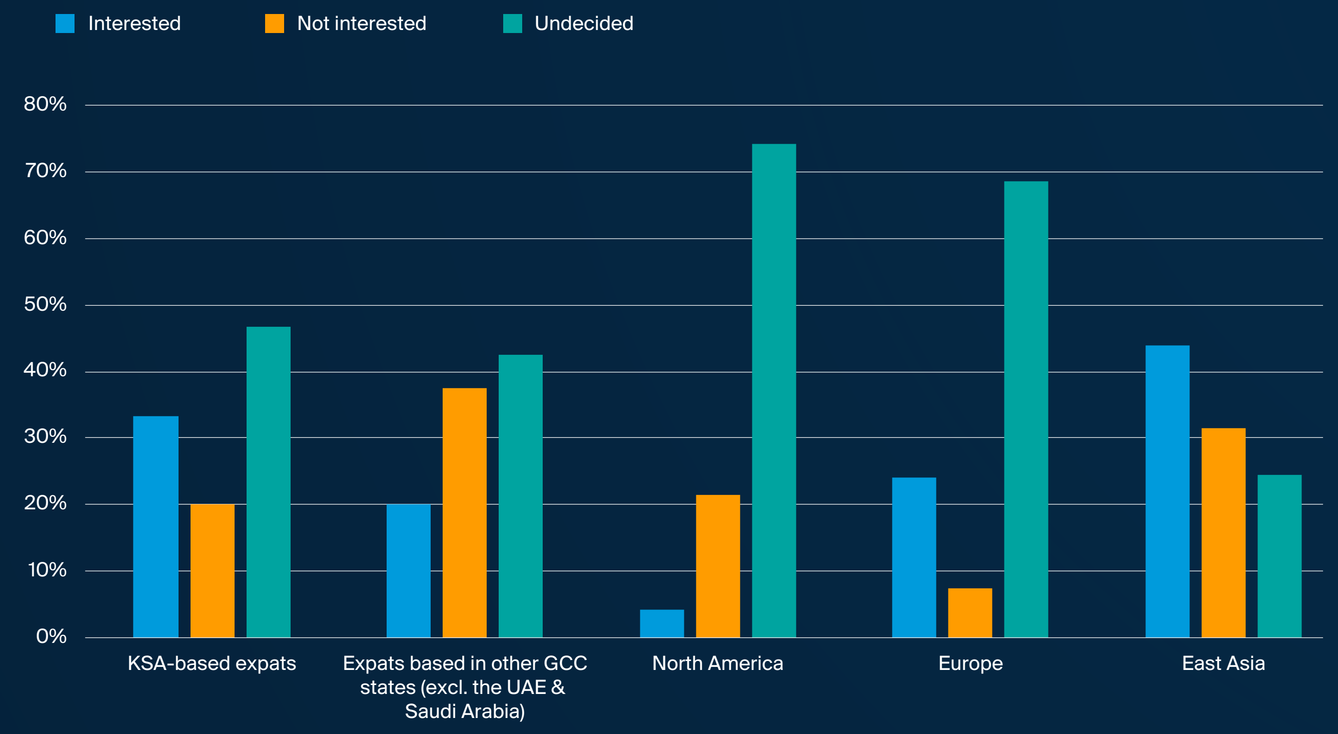
The property market in the UAE capital, Abu Dhabi, has been far less effervescent than that of Dubai, with residential prices remaining relatively stable over the last four years, which has in part encouraged domestic buyers to transition from renting to owning. With average house prices standing at around AED 1,000 psf, Abu Dhabi is also approximately a-third cheaper than Dubai. Over the last 6- to 12- months, there has been a rise in deal activity in the city, not least because of rising demand from international buyers and investors.

Modest interest

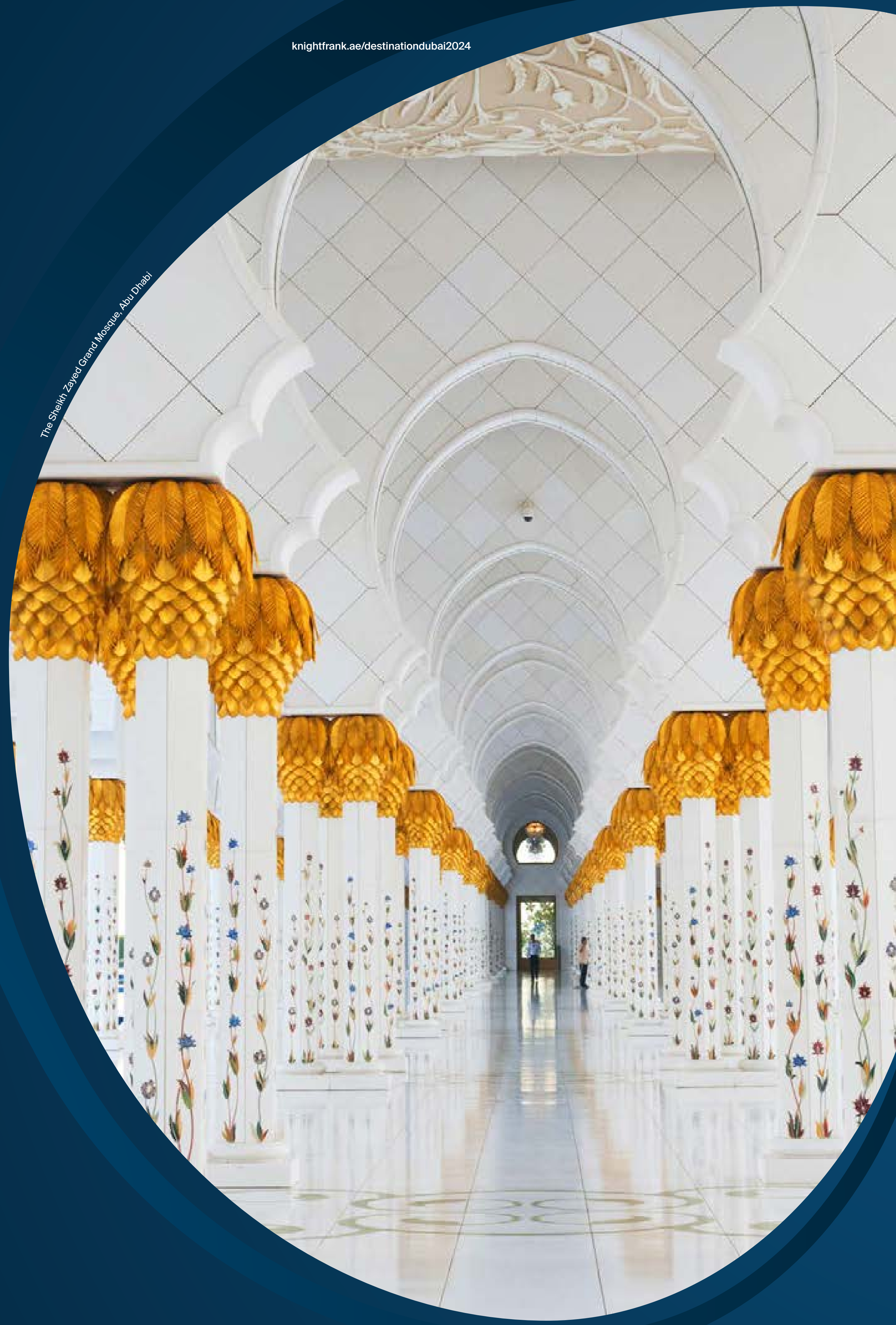
Overall, our HNWI respondents from both our surveys demonstrated a modest appetite to purchase real estate in the UAE capital, with 23% indicating a desire to do so. However, this apparent dampened level of enthusiasm changes quickly as personal net worth increases, rising from 14% for those with a net worth of US$ 2-5 million to 57% for those with personal wealth in excess of US$ 15 million.

It is however encouraging to note that the emirate's 'Visit Abu Dhabi' campaign appears to be paying dividends, with 50% of GCC-based expat HNWI and 67% of global HNWI with a net worth of over US$ 20 million indicating they have been positively influenced in the direction of visiting the city directly as a result of the global advertising efforts of the Department of Culture & Tourism.

HNWI appetite to purchase Abu Dhabi property (by HNWI location)



Source: Knight Frank, YouGov



The Sheikh Zayed Grand Mosque, Abu Dhabi

CAPITAL FOCUS: ABU DHABI

Understanding the lack of appetite

For our HNWI respondents, unspecified reasons (52%) emerged as the main barrier to purchasing real estate in Abu Dhabi, followed by the perception of low returns (14%), as well as a lack of market transparency and data (11%).

The latter was cited as the second most difficult barrier to overcome by the super-rich (net worth > US$ 15 million), 25% of whom claim there is not enough market transparency or data available to them. Ahead of this however is the perception that it is 'difficult to complete a purchase' (29%).

These views are in contrast to a rapidly evolving residential market landscape in the capital.

Indeed, during 2023, Abu Dhabi registered a record 15,653 property deals (up 73.7% on 2022) totalling AED 87.1bn, across all sectors and up on the AED 61bn figure reached in 2022. Notably, the capital welcomed 1,098 non-resident investors in 2023, which represents a 175% increase on 2022.

Rising demand from international buyers

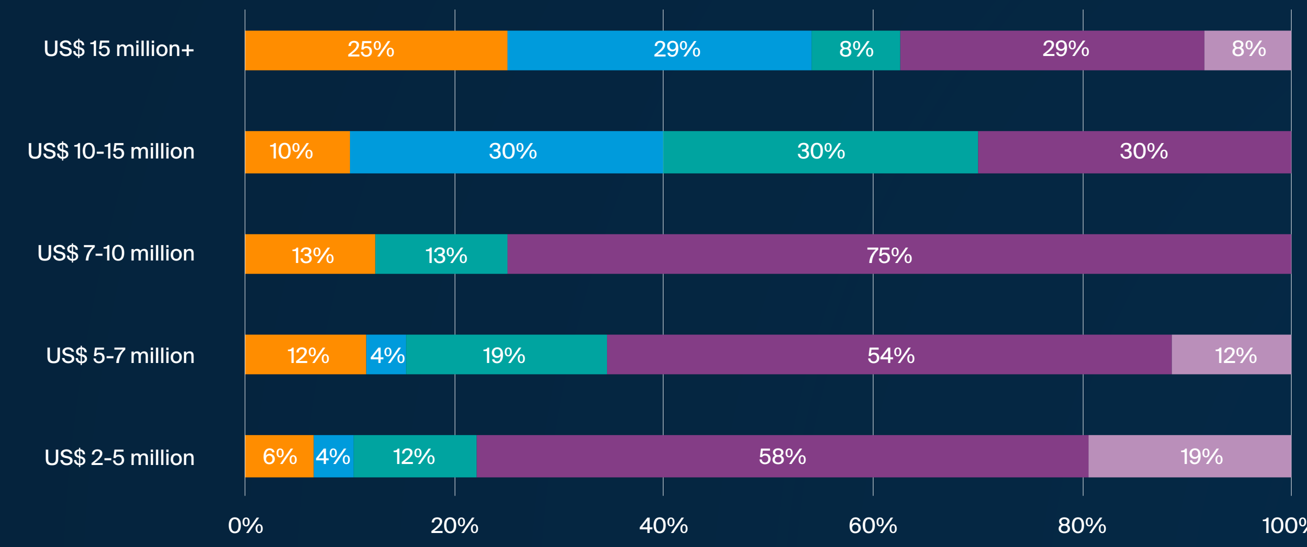
In the residential sector, the sale of a Nobu-branded 3-bedroom penthouse in March represented a significant milestone for Abu Dhabi's residential market.

This is not only because it is the most expensive property ever sold in the capital – both in terms of absolute price and price per square metre – but also because it signals Abu Dhabi's emergence as a magnet for global capital. Indeed, this is reflected in the total value of sales to international buyers not residing in the UAE which jumped from just 3% of all of Aldar's home sales in 2021 to 28% last year.

Apartment prices in Abu Dhabi currently hover around the AED 1,000 psf mark, so the Nobu apartment sale, notwithstanding that it is a single and exceptionally unique offering, has sold for nearly X8.5 times the cost of unbranded stock in the emirate. This is far higher than the average 86% premium being achieved in Dubai, which is itself well above the global branded residential premium of 30-35%.

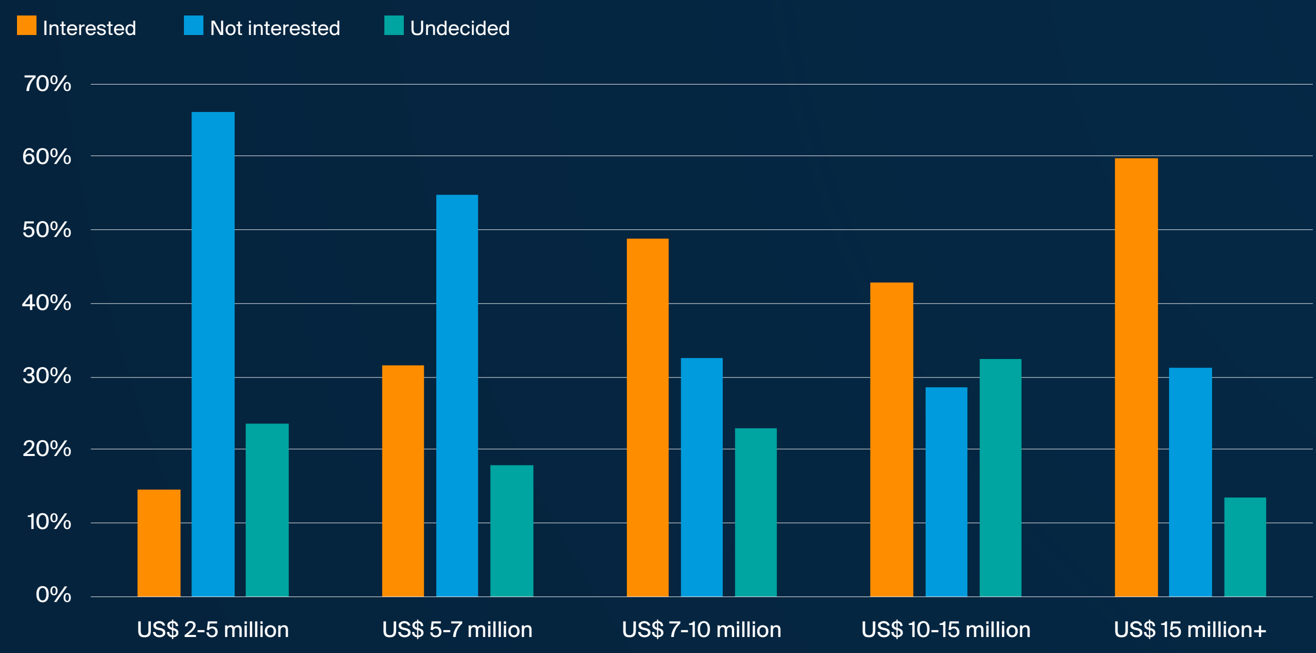
Al Raha Beach, Abu Dhabi

Perceived barriers for real estate purchases in Abu Dhabi (by net worth)



Source: Knight Frank, YouGov

HNWI appetite to purchase Abu Dhabi property (by net worth)



Source: Knight Frank, YouGov

CAPITAL FOCUS: ABU DHABI

Residential sector dominates interest

Overall, the residential sector has been ranked as the most preferred sector by HNWI in both our surveys (56%), with branded residences following closely behind in second place (35%).

In a similar pattern to Dubai, the healthcare (28%) and hospitality (28%) sectors rounded off the top three target property market sectors for both our HNWI groups. For GCC-based expat HNWI, the residential sector (58%) is also the most preferred (58%), followed by the healthcare (32%) and hospitality (27%) sectors.

While the residential sector also appeals most to global HNWI, branded residences at (42%) rank ahead of retail (28%) and hospitality (28%) assets.

> "Abu Dhabi Island commands the most interest in terms of locations for a property acquisition amongst both our HNWI groups despite not being designated as an investment zone for international purchasers.

Markets of interest

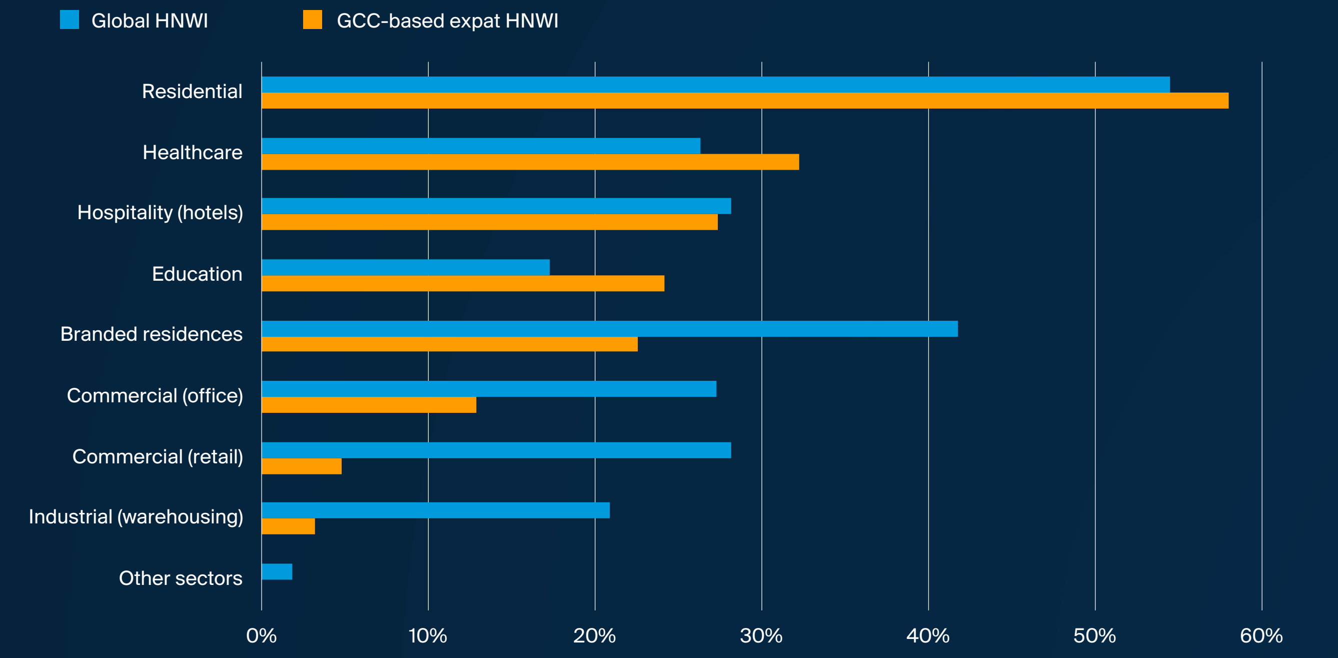
Abu Dhabi Island commands the most interest (21%) in terms of locations for a property acquisition amongst both our HNWI groups despite not being designated as an investment zone for international purchasers. Saadiyat Island, which is home to the F1 Grand Prix race each November, as well as the Louvre and Guggenheim museums is named as the second most likely target neighbourhood for a real estate purchase (16%).

Villas on Saadiyat Island have performed well over the last 12 months, with prices rising by 10% through to the end of Q1 2024. However, prices on Saadiyat Island have been hovering at a glass ceiling of around AED 1,500 psf for over three years, which may be why buyers are so keen on this location. Comparatively, villa prices on the Palm Jumeirah in Dubai currently stand at around the AED 7,000 psf mark.

GCC-based expat HNWI top location choices in Abu Dhabi include Saadiyat Island (32%) and Maryah Island (24%), while for global HNWI, Saadiyat Island (33%) emerged as the top pick (33%).

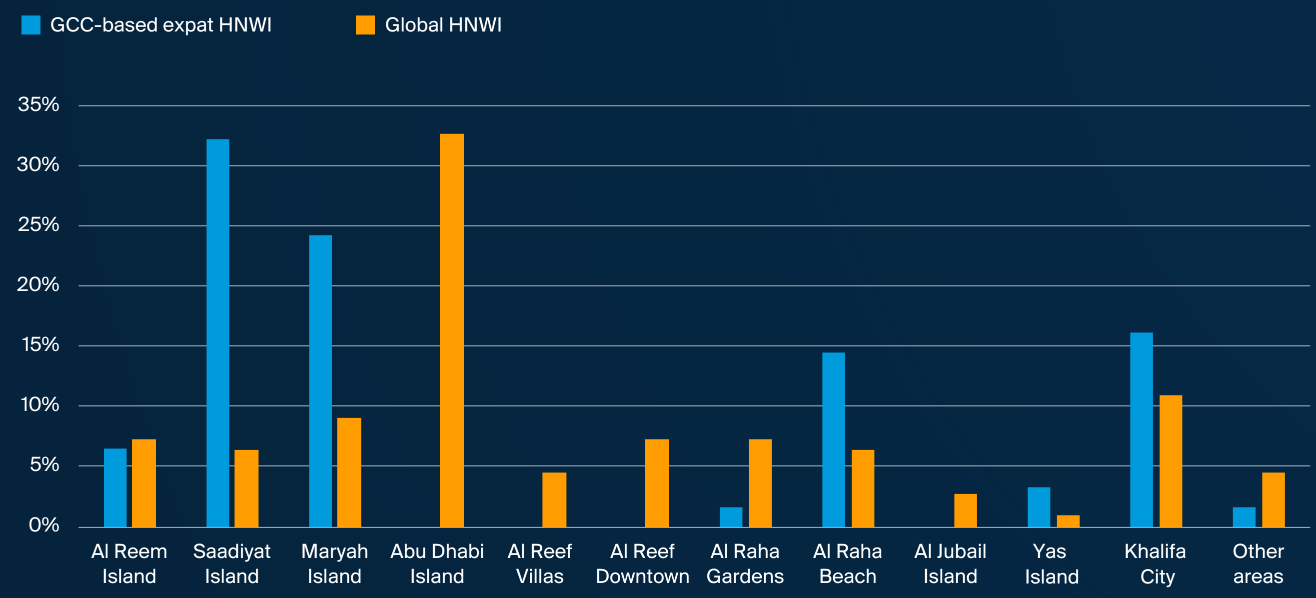
Yas Marina F1 circuit, Yas Island

Target Abu Dhabi real estate sectors for HNWI



Source: Knight Frank, YouGov

Top HNWI target areas for property purchases in Abu Dhabi



Source: Knight Frank, YouGov

PERCEPTIONS OF ABU DHABI

In both our surveys of GCC-based expat HNWI and global HNWI, we investigated perceptions of the UAE capital. Our graphic represents these views of the city, with the larger words being cited more often than the smaller ones. When asked about words associated with owning property in Abu Dhabi, amongst GCC-based expat HNWI, the top-three word choices were ‘investment’ (42%), ‘beachfront’ (40%) and ‘quiet’ (39%).

AN EMERGING HUB FOR PROPERTY INVESTMENT

For global HNWI, the top words correlated with Abu Dhabi are 'investment' (31%), 'global' (27%) as well as 'luxury' and 'exclusive' (25% each). Notably, for those with a net worth of over US$ 25 million, 'financial centre' (28%) was top of mind, perhaps stemming from Abu Dhabi Global Market's success in attracting hedge funds, asset managers and investment banks over the last 12 months. The financial centre has recorded a 32% year-on-year rise in the number registered firms, which stood at 1,825 at the end of 2023.

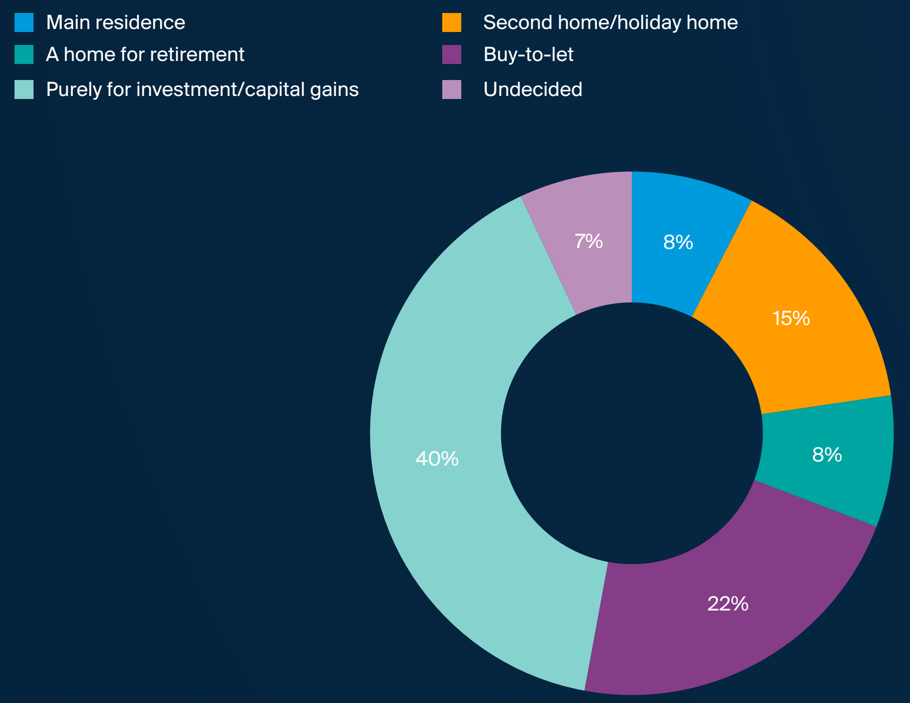
Investor mindset

As was the case with HNWI perceptions of Abu Dhabi, when asked about the planned use of any real estate purchase in the city, 40% of all our respondents claimed it would be 'purely for investment / capital value gains'.

In second place was securing a 'buy-to-let' (22%), suggesting that two-thirds of HNWI view Abu Dhabi purely as a real estate investment destination.

Just 15% said they would consider Abu Dhabi for a 'second home/holiday home', while a small proportion view the city as somewhere they would buy a 'main residence' (8%) or a 'retirement home' (8%).

Planned HNWI use of a property purchase in Abu Dhabi



Source: Knight Frank, YouGov

Etihad Towers, Abu Dhabi

AN EMERGING HUB FOR PROPERTY INVESTMENT

Cautious budgets

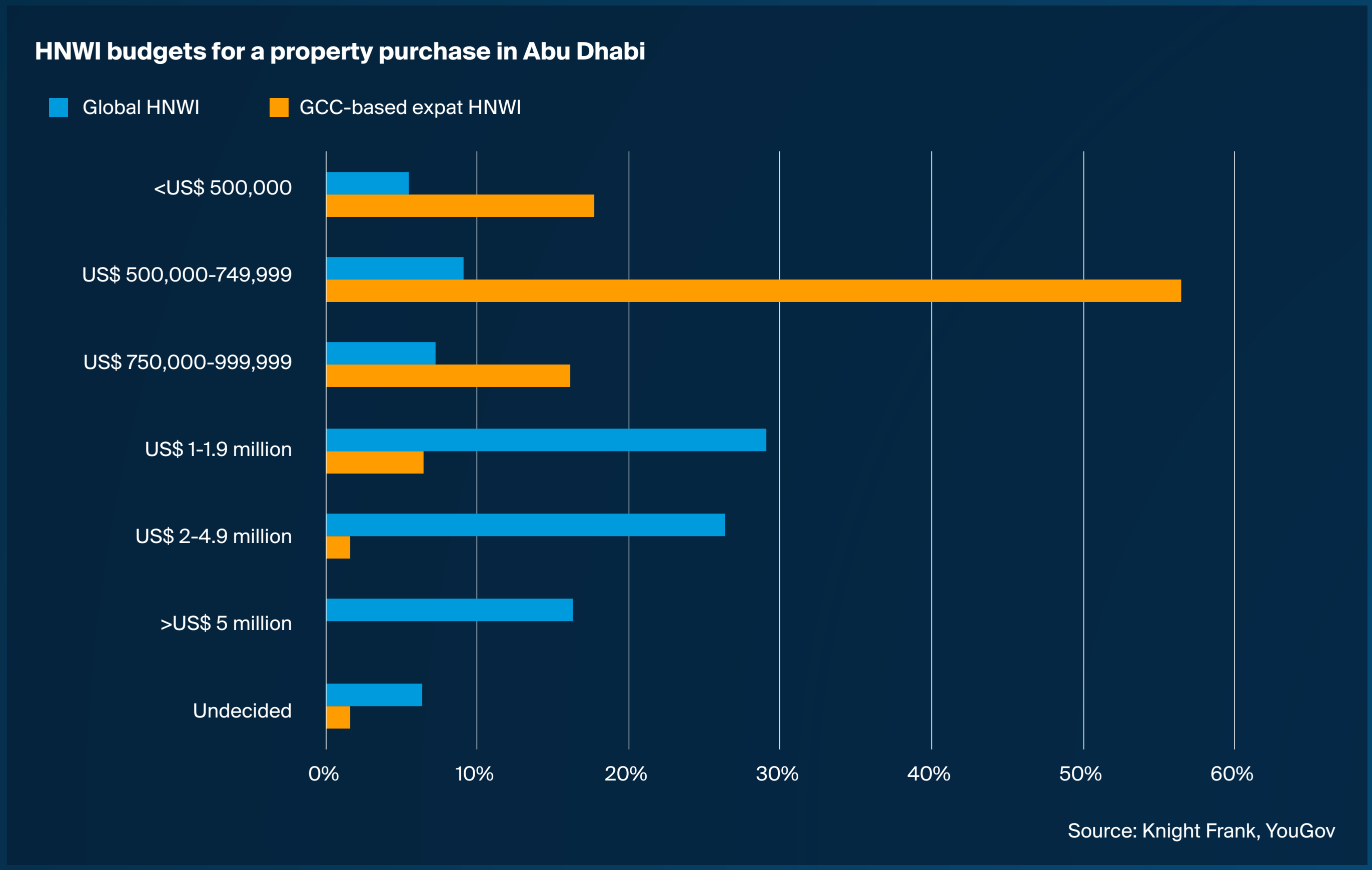
Reflecting the more modest appetite to purchase real estate in Abu Dhabi, our HNWI are prepared to spend smaller amounts, when compared to nearby Dubai.

GCC-based expat HNWI, for instance, have an average budget of US$ 900,000, with nearly three-quarters of this cohort (74%) willing to spend a maximum of US$ 750,000.

Global HNWI appear to have deeper pockets, with an average budget of US$ 3.4 million. Notably, 26% are prepared to spend between US$2-4.9 million on a property in Abu Dhabi. This segment of HNWI is underpinned by East Asian HNWI, 30% of whom would be ready to commit US$ 2-4.9 million on property in the UAE capital.

Combining all the top-line budgets of our 317 HNWI respondents reveals a potential pool of private capital to the tune of around AED 1.5bn (US$ 408.3 million) that is poised, waiting to be deployed into the city's property market.

Address Sky View, Downtown Dubai



NEED TO KNOW

- **33% of all the HNWI we surveyed would like to purchase real estate in Abu Dhabi**
- **67% of global HNWI with a net worth of over US$ 20 million indicated they have been positively influenced in the direction of visiting the city directly as a result of the 'Visit Abu Dhabi' campaign**
- **The perception of low returns (14%), as well as a lack of market transparency and data (11%) are among the main barriers towards investing in the city**
- **Abu Dhabi island (21%) commands the most interest in terms of locations for a property acquisition, despite not being a designated investment zone**
- **40% of HNWI claim any purchase in the capital would be 'purely for investment / capital value gains'**
- **Global HNWI have an average budget of US$ 3.4 million for a property purchase in Abu Dhabi**

DESTINATION
RAS AL KHAIMAH

THE UAE's LATEST GEM

Ras Al Khaimah's rugged natural landscape and adrenaline-fuelled attractions stand in stark contrast to Dubai's hyper-urban, skyscraper-studded skyline. RAK has quietly carved out a niche for itself over the last 10 years, emerging as an alternative tourist magnet to Dubai.

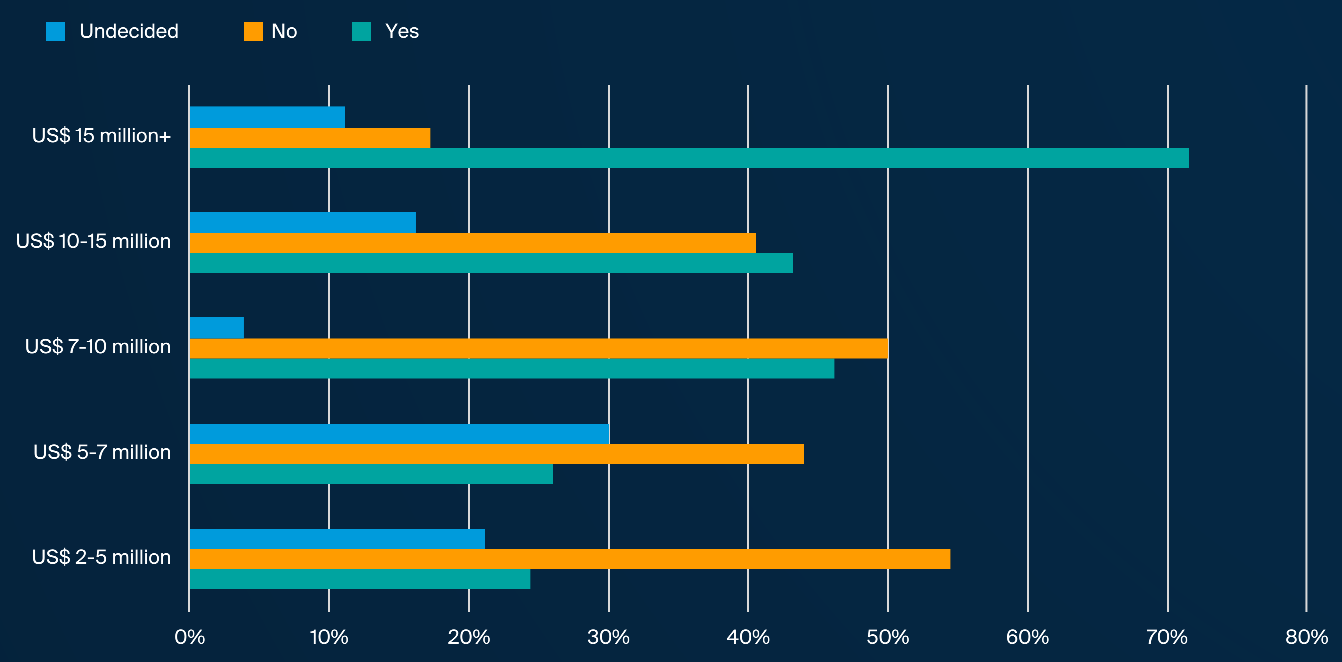
All eyes on RAK

Part of RAKs plans include the now-under-construction 1,500-room Wynn resort, complete with the region's first responsible gaming venue, set to open in 2027. The gaming venue has not gone unnoticed and is already courting the attention of the global elite.

We expect the Wynn hotel and responsible gaming resort to play a key role in driving holiday demand, as well as boosting the appetite for real estate.

46% of global HNWI feel that the emirate's transformation makes is a more attractive real estate market and this figure rises exponentially with personal levels of wealth, growing from just 20% of those with a net worth of under US$ 5 million to 75% of those with a net worth of over US$ 20 million.

Has RAK's attractiveness as a real estate investment market grown due to its increased tourism infrastructure? (by net worth)



Source: Knight Frank, YouGov

Al Marjan Island, Ras Al Khaimah

THE UAE's LATEST GEM

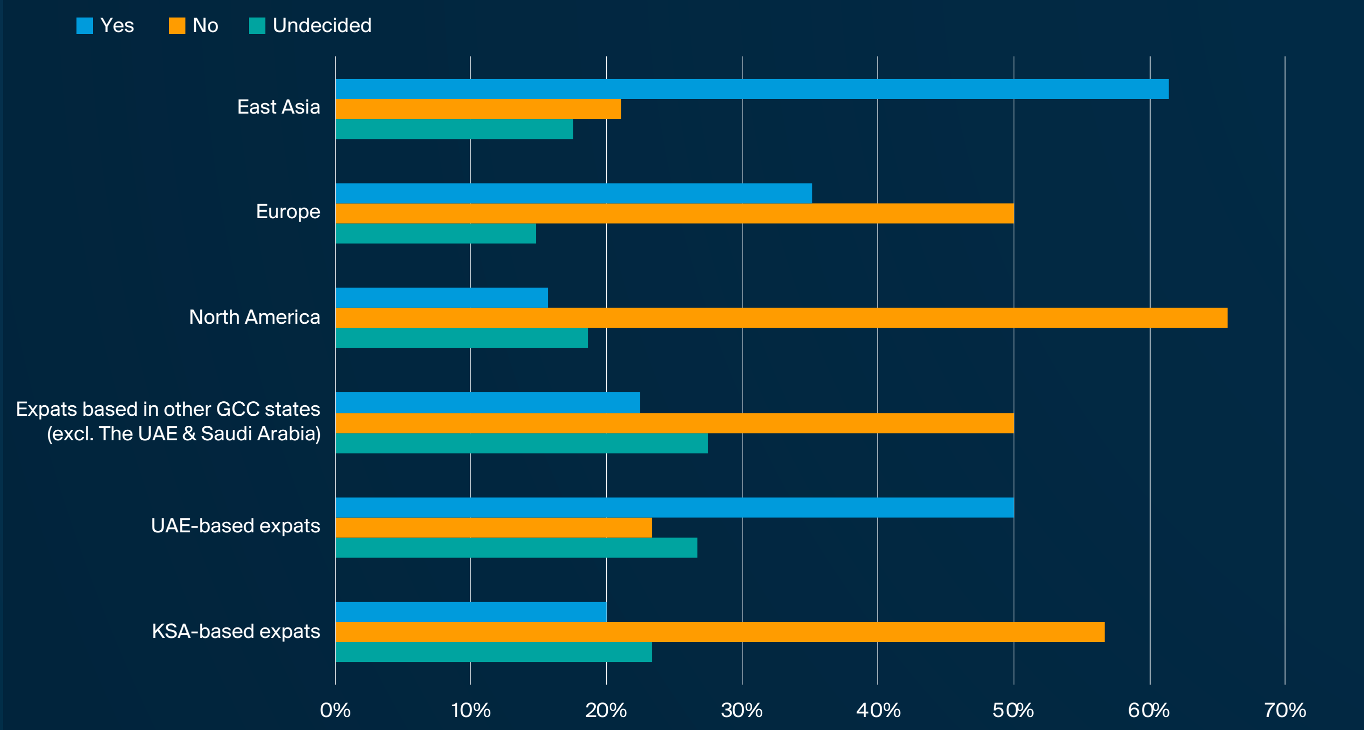
Ace in the hole

Similarly, 64% of our GCC-based expat HNWI now view RAK more favourably as an investment location directly as a result of the planned Wynn resort. Amongst our global HNWI survey respondents, this figure stands at 42%.

Across the various HNWI geographic locations, we have found that UAE-based HNWI expats (80%) and Saudi-based HNWI expats (60%) consider the arrival of the Wynn Resort most favourably in the context of viewing RAK as a real estate investment destination.

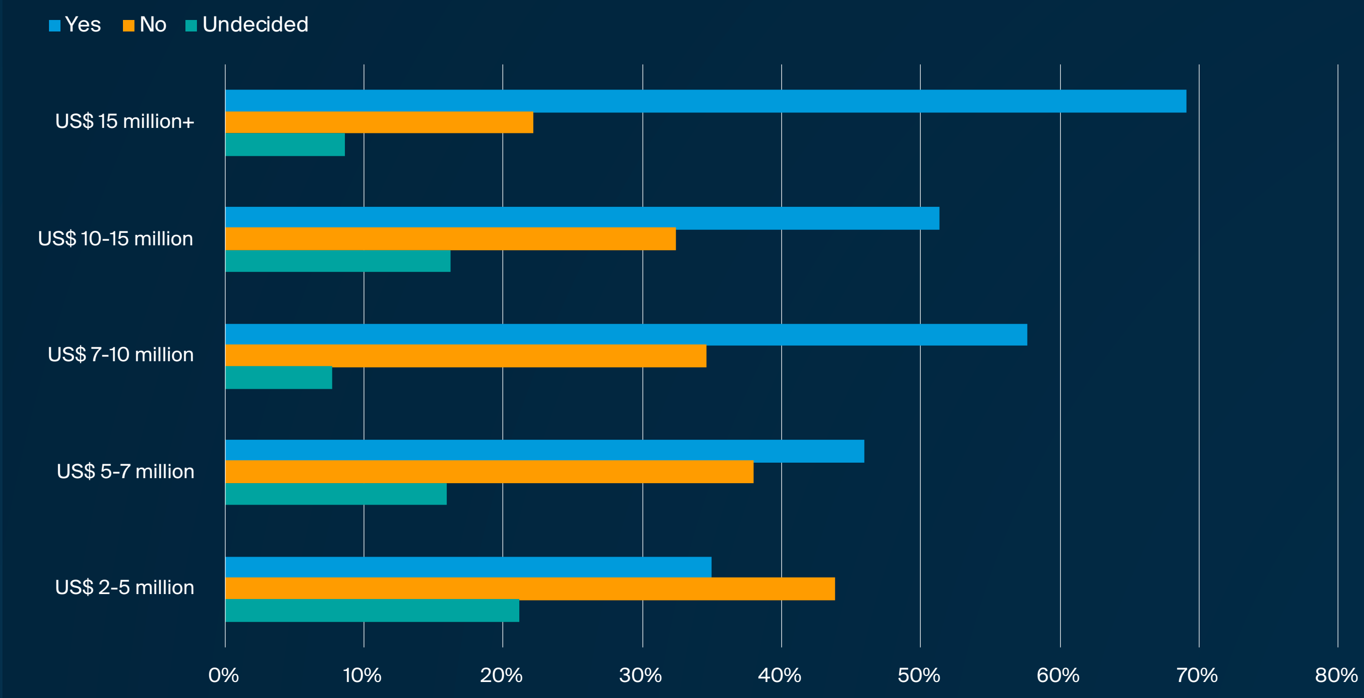
> **It's fair to say that the fortunes of Ras Al Khaimah are definitely improving, and the development of a widespread tourism and hospitality offering is shifting its appeal as an investment location in the minds of the world's wealthy.**
>
> **Aliaa Elesaaki**
> **Research Manager - Research, MENA**

Has RAK's attractiveness as a real estate investment market grown due to its increased tourism infrastructure? (by HNWI location)



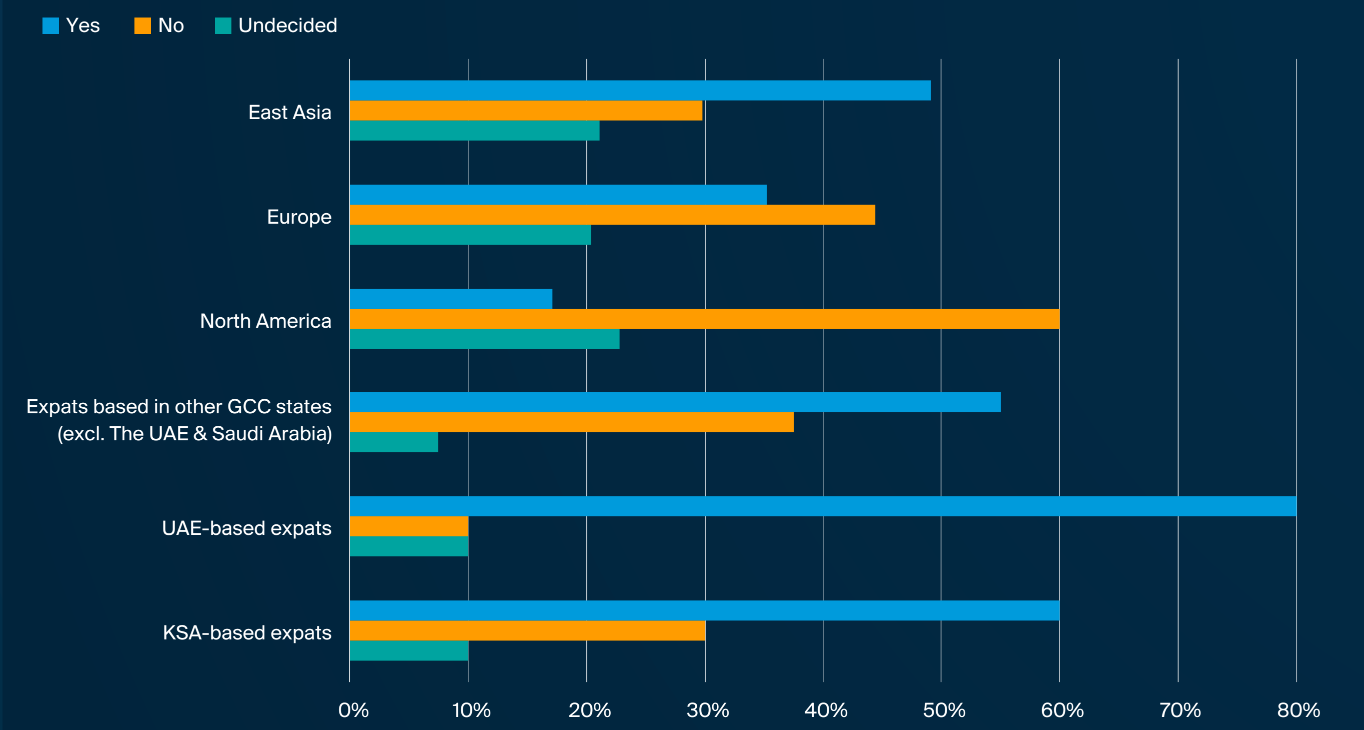
Source: Knight Frank, YouGov

Has RAK's attractiveness as a real estate investment market grown due the planned Wynn resort? (by net worth)



Source: Knight Frank, YouGov

Has RAK's attractiveness as a real estate investment market grown due the planned Wynn resort? (by HNWI location)



Source: Knight Frank, YouGov

THE UAE's LATEST GEM

Spending power to rival Abu Dhabi

When asked how much they would be willing to spend on property in Ras Al Khaimah, the largest group of HNWI (30%) we surveyed, said they would only commit up to US$ 500,000.

Once again though, as we have seen repeatedly with the attitudes and aspirations of our GCC-based expat HNWI and global HNWI, budgets rise rapidly with levels of personal net worth. In this instance, 37% of those with a net worth of more than US$ 15 million would be willing to allocate US$ 2-4.9 million towards real estate in RAK and a further 21% would be prepared to spend more than US$ 5 million – the largest proportion amongst any other subgroup.

At a geographic level, East Asian HNWI appear to be most convinced by RAK's tourism and hospitality offering, with 28% citing a budget of US$ 2-4.9 million for property in RAK – the highest across all our HNWI regions.

On an individual level, GCC-based expats have the lowest budgets (US$ 700,000), while global HNWI budgets range from US$ 1.2 million for those with a net worth of less than US$ 5 million and climbs to US$ 3.9 million amongst the UHNWI (net worth > US$ 20 million). Combining all the budgets together of our HNWI survey respondents reveals a potential pool of private capital worth US$ 388.5 million that is taking aim at RAK.

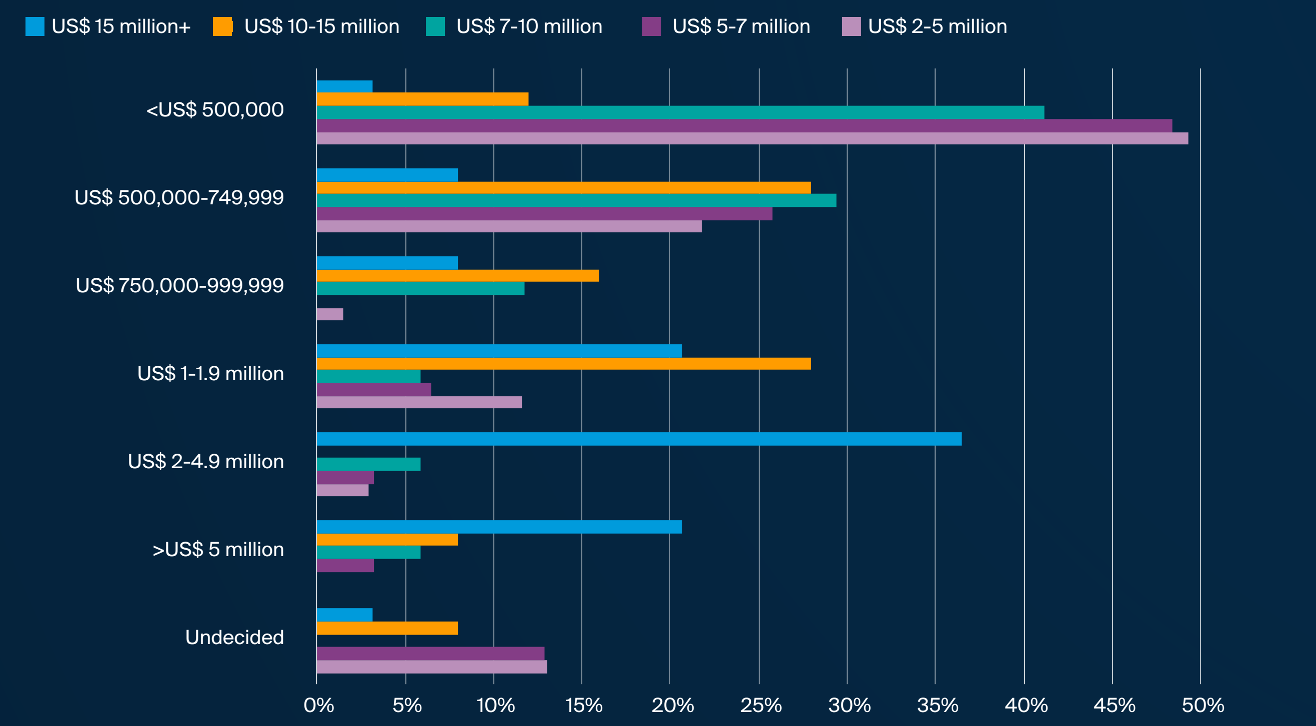
This is only 4.8% lower than the combined budget calculated for Abu Dhabi, highlighting how quickly RAK's appeal has grown globally both as a tourist destination and a property investment location.

Al Hamra Golf Course, Ras Al Khaimah

NEED TO KNOW

- **46% of global HNWI feel that Ras Al-Khaimah's transformation makes it a more attractive real estate market**
- **75% of those with a net worth of over US$ 20 million feel that the emirate's transformation makes is a more attractive real estate market**
- **64% of GCC-based expat HNWI view RAK more favourably as an investment location directly as a result of the planned Wynn resort**
- **21% of global HNWI with a net worth of over US$ 15 million would be prepared to spend more than US$ 5 million on property in RAK**
- **Global HNWI with a net worth of over US$ 20 million have a potential budget of US$ 3.9 million for a real estate acquisition in RAK**

HNWI budgets for a property purchase in RAK (by net worth)



Source: Knight Frank, YouGov

OPPORTUNITIES

OPPORTUNITIES

The unique data now available to us through our two surveys of global and GCC-based expat HNWI have helped us to identify six key areas of opportunity in Dubai's real estate market for developers and investors, which we outline below.

1) WORLD-CLASS PROPERTY AND FACILITIES MANAGEMENT

Within the Middle East, Dubai has blazed a trail when it comes to offering excellent facilities and property management. This has likely been borne out of the need to cater to a diverse international population, as well as non-resident investors who want assurances that their asset is being cared for in their absence.

With 47% of GCC-based expat HNWI (86% amongst those outside the UAE and Saudi Arabia) overtly declaring their intention to use any property acquisition in Dubai as a buy-to-let, the need to not only offer world-leading property management services, but management services to cater to the discerning tastes of the uber-wealthy has never been stronger.

To an extent, for the UHNWI (net worth > US$ 20 million) cohort, the availability of on-demand property and facilities management services through a branded residential purchase, for instance, has likely in part catalysed the boom in demand for branded residential stock in Dubai. Indeed, 83% of our global HNWI respondents (91% of East Asian HNWI) would like to secure a branded residential property in Dubai.

Notably, 'service provision' is ranked as the number one consideration for those with a net worth of over US$ 15 million.

Overall, just under a third (31%) of all our HNWI respondents plan to purchase a home in Dubai for personal use (a main residence, a second home, a holiday home, etc.).

In contrast, those with a net worth of over US$ 20 million, 16% would like to secure a home in Dubai for use as a main residence, 14% are looking for a second home, or holiday home, while 8% of this cohort would like a retirement home.

2) ULTRA-LUXURY BRANDED RESIDENCES

Dubai already boasts the highest concentration of branded residential operators in the world, as well as the most significant branded residential supply pipeline globally of around 3,000 units. Rising demand from the global HNWI community has fuelled this growth. And our survey results suggest the branded residential market in the city has room to grow further still.

Last year, 59% of global HNWI were keen to own a branded residential property in the emirate, but this year that level of demand has risen to 69%.

There is also a very clear link between personal net worth and the appetite to own a branded residential property, which rises from 41% for those with a net worth of US$ 2-5 million to a high of 94% for those with a net worth of more than US$ 15 million.

The recent AED 80 million (US$ 21.8 million or US$ 2,917 psf) sale of the Kempinski The Boulevard penthouse in Downtown by Knight Frank set a new record for the most expensive apartment sale in the area, highlighting the depth of demand from the ultra-rich for branded homes. As we noted above, 17% of global HNWI are prepared to spend over US$ 5,000 psf on a branded residential property in Dubai. This figure rises to 23% among UHNWI (net worth > US$ 20 million).

OPPORTUNITIES

3) ULTRA-LUXURY APARTMENTS

The AED 500 million (US$ 136 million) sale of the nearly 22,000 sq ft Como Residences Penthouse on Dubai's Palm Jumeirah in December 2023 set a new record for the most expensive penthouse sale in the city.
The sale also underscores the appetite among the global HNWI community to purchase luxury apartments in Dubai.

63% of GCC-based expat HNWI would like to own an apartment in Dubai, while 49% of global HNWI prefer an apartment over a villa. The most commonly demanded sizes are 2-bedroom apartments (18%) and 3-bedroom apartments (21%).
As noted above, we are tracking just 368 homes to be delivered in Dubai's prime neighbourhoods over the next five years. Of this total, 36% (132 units) are villas and 64% (236 units) are apartments, highlighting the clear opportunity in the market to introduce more ultra-luxury apartments, particularly in green settings.

Ultra-luxury apartments are in high demand

4) THE GRASS IS ALWAYS GREENER

The desire for access to green space and/or parks emerged as the number one consideration for global HNWI contemplating a home purchase in Dubai in 2023 and in 2024, this desire has strengthened.

Indeed 88% of the HNWI we polled cite proximity to parks or green space as their number one selection criterion when choosing a location for a home purchase in Dubai. The two groups for whom this is the most important are those with a net worth of US$ 5-7 million and those worth over US$ 15 million (90%).

With a 65km coastline that is mostly built out, Dubai is quickly running out of coastal development sites. As the global wealthy are increasingly focussed on securing homes with access to green space, it paves the way for the creation of new inland prime communities.

Locations such as Al Barari, Tilal Al Ghaf, and Jumeirah Golf Estates are on our watchlist to be upgraded to prime status, with Jumeirah Islands already transitioning to prime as at Q1 this year.

Even Dubai Hills Estate, which recorded five US$ 10 million+ home sales in Q1 2024 this year, is fast emerging as an inland luxury homes market. The relative proximity to both Downtown and New Dubai, combined with access to international schools, excellent neighbourhood facilities and amenities and of course its abundance of green space is quickly making Dubai Hills Estate one of Dubai's most desirable neighbourhoods. Prices have unsurprisingly responded to the growing demand, rising by almost 11% in the last 12 months, while the number of homes available for sale has fallen by 75% to just over 1,000 units this past March.

"88% of HNWI cite proximity to parks or green space as their number one selection criterion when choosing a location for a home purchase in Dubai.

> **88% of HNWI cite proximity to parks or green space as their number one selection criterion when choosing a location for a home purchase in Dubai.**

OPPORTUNITIES

5) HEALTH AND WELLBEING FOCUSSED LUXURY COMMUNITIES

The focus on facilities and amenities connected to personal wellbeing is further cemented by the second most important consideration to our HNWI respondents: ‘proximity to a hospital / healthcare centre’ (86%).

Global HNWI interested in making a property purchase in Dubai for personal use place a higher weight on quality of life, with more respondents labelling ‘proximity to a hospital / healthcare centre’ as ‘very important’ (59%), when compared to investment-driven HNWI respondents. Notably, nearly all GCC-based expat HNWI (97%) rated this as an important factor in their property selection.

Dubai has created a global reputation for developing ‘destination communities’, each with unique offerings ranging from extensive sports and wellbeing facilities, to higher-than-average green acreage.

Making access to world-class healthcare facilities the cornerstone of a residential community is something that has not been tested in the local market. However, given the demand from the global HNWI community, this is an exciting new opportunity for developers to consider particularly when the average budget for a residential purchase in Dubai by global HNWI is US$ 36.5 million, climbing to US$ 58.5 million for those with a net worth over more than US$ 20 million.

Health and wellbeing focussed luxury communities present a new opportunity for developers

6) DIY HOMES

One of the key findings of our survey of the HNWI community has been the desire to purchase land plots in Dubai to develop their own custom homes. For UHNWI (net worth > US$ 20 million), this appetite is especially strong, with nearly a fifth (18%) of global HNWI who fall into this group interested in buying land to personally develop. Notably this is more than twice as high as respondents in other net worth subgroups.

As we have experienced anecdotally and has been proven by our data, this strongly hints at the ongoing desire of the ultra-rich to either make Dubai their permanent base, or to build second homes and/or holiday homes in the emirate, customised to their specifications.

This behaviour pattern is matched by the fact that just over two-thirds (67%) of HNWI intend to refurbish any property purchased. The customisation and refurbishment mindset peaks at 81% amongst our wealthiest respondents, with a net worth of over US$ 15 million.

Both Abu Dhabi and Sharjah have multiple examples of master-planned residential projects where land plots, complete with infrastructure, were sold to end users and investors, with significant success. Examples include Sharjah's 25 million sq ft Tilal City, as well as Abu Dhabi's Nareel Island, which has plots ranging from 5,000-25,000 sq ft, starting from AED 5 million.

For comparison, a 24,500 sq ft villa plot on Jumeirah Bay Island sold for AED 125 million (US$ 34 million or AED 5,100 psf) last April.

> **“One of the key findings of our survey of the HNWI community has been the revealing of the desire to purchase land plots in Dubai to develop their own custom homes.**

DESTINATION DUBAI 2024: NUMBERS YOU NEED TO KNOW

BUDGETS & SPENDING POWER

73%
of global HNWI have their sights set on Dubai for a real estate acquisition

77%
of East Asians (China/Hong Kong/Singapore) would like to purchase real estate in Dubai

78%
of those with a net worth of over US$ 15 million would like to own a home in Dubai

US$ 3.1 million
average allocated budget for a home purchase in Dubai by GCC-based expat HNWI

US$ 36.5 million
average allocated budget for a home purchase in Dubai by global HNWI

US$ 58.5 million
average allocated budget for a home purchase in Dubai by global HNWI with a net worth of over US$ 20 million

US$ 4.4 bn
new private capital that is taking aim at Dubai's residential market

Top three target home purchase locations for HNWI

34%
Dubai Marina

33%
Downtown Dubai

27%
Business Bay

59%
of global HNWI with a net worth of over US$ 20 million would like to purchase a villa in Dubai

63%
of GCC-based expat HNWI would like to purchase an apartment in Dubai

16%
of those with a net worth of over US$ 20 million would like to secure a home in Dubai for use as a main residence

18%
of global HNWI are interested in buying land in Dubai to personally develop

54%
high-quality infrastructure ranks as the number one factor that makes Dubai attractive place to acquire real estate

58%
of global HNWI would like to purchase a completed, or new-build property

63%
of global HNWI with a net worth of over US$ 20 million would like to purchase a completed, or new-build property

67%
of HNWI intend to refurbish any home they purchase in Dubai

88%
Access to green space, or parks has emerged as the number one consideration for HNWI

BRANDED RESIDENCES

69%
of HNWI are keen on securing a branded residence in Dubai

22%
of those with a net worth of over US$ 15 million would like to secure a home in Dubai for use as a main residence

91%
of GCC-based expat HNWI are prepared to spend US$ 600-999 psf on a branded residence

23%
of global UHNWI (net worth > US$ 20 million) are prepared to spend over US$ 5,000 psf on a branded residence

Source: Knight Frank, YouGov

THE HOUSE VIEW

EXPERT INSIGHT

MASTER PLANNED COMMUNITIES AND THE SIGNIFICANCE OF SUPPORTING AMENITIES

The insights gleaned from our Destination Dubai report underscore a pronounced preference among buyers to invest in residential properties situated within master planned developments. These developments are often characterised by their public realm and amenities, as well as healthcare and educational facilities. The correct combination of these elements significantly contributes to the sales price, absorption rate, and overall appeal of residential communities.

Schools and hospitals as anchor amenities

Within the realm of social amenities, particularly schools and healthcare facilities, it is not uncommon for investors to overlook their inclusion or seek exemptions under the presumption that they entail lost gross floor area (GFA). However, within developments of scale, the incorporation of these asset categories creates neighbourhood, or community anchors. These sorts of amenities fulfil the fundamental needs of prospective residents, especially when situated within walking distance.

Furthermore, healthcare and education institutions generate direct employment opportunities. Putting this into perspective, a development featuring a school accommodating 2,000 students and a 100-bed hospital has the potential to create an additional 800 to 900 jobs.

Number of jobs created by community schools and hospitals

2,000 seat school	Employees	100-bed hospital	Employees
Teachers	145	Doctors	135
Administrative Staff	100	Nurses	255
		AHP's	150
		Administrative Staff	60
Total Staffing	245	Total Staffing	600

Source: Knight Frank

The ripple effect driven by community amenities

Empirical research indicates that professionals such as doctors, nurses, teachers, and school staff often prefer to reside proximate to their workplace. While it is acknowledged that not all employees may opt to reside within the immediate neighbourhood due to personal preferences or affordability constraints, this effect is counterbalanced by others who choose to relocate to such communities with their families, some of whom may be willing to pay a premium for easier access to these sorts of facilities.

An additional perspective to consider is the unique foot traffic generated by these developments, including visits from employees, students, patients, and caregivers daily, which in turn complements other offerings such as retail within the development.

Introducing such components within a development necessitates thoughtful consideration of their placement to ensure maximal value accrual and mitigate any potential counterproductive effects.

Shehzad Jamal
Partner - Strategy & Consultancy, MEA

EXPERT INSIGHT

DUBAI SOUTH CALLING

The historic twin announcements in April to transfer all operations from Dubai International to Al Maktoum International as well as the commencement of construction on the first phase of the new US$ 35bn airport marks in a momentous milestone in Dubai's epic rise over the last 50 years as a global commercial, trade, finance and tourism centre.

The decision by His Highness, Sheikh Mohammed Bin Rashid Al Maktoum, cements Dubai South's position not only as the city's fifth central business district, but arguably paves the way for its emergence as the emirates most important one.

With projections for one million residents in the immediate vicinity of the new airport, there will need to be a concerted effort by developers to accelerate construction plans to house the expected influx of residents.

The reactivation of the Palm Jebel Ali late last year and the near instant sell-out of the first tranche of villas, is a further signal of the rising prominence of southwestern Dubai as a focal point for economic activity.

How the supply story plays out will be one to watch, particularly as Dubai is only set to see 22,000 homes a year delivered over the next five years, well below the 70,000 units needed each year to accommodate a population of 7.8 million by 2040.

Purely in the basis of the expected demand-supply imbalance, prices in the medium-long term are likely to experience sustained upward pressure, especially around Dubai South.

Al Maktoum International Airport in numbers:

Development cost
US$ 35bn

Phase 1 completion
2033

Phase 1 passenger capacity
150 million

Total passenger capacity
260 million

Number of runways
5

Number of aircraft gates
400

Source: Government of Dubai

Faisal Durrani
Partner - Head of Research, MEA

EXPERT INSIGHT

WHY DUBAI REMAINS AN ATTRACTIVE LOCATION FOR HNWI BUYERS

Dubai's global reputation as a magnet for the global wealthy has increased exponentially over the last decade. A combination of world-class facilities and amenities, an unrivalled lifestyle, some of the best beach front real estate in the world and a government that is focused on attracting and retaining talent has helped to foster a pro-business environment and also the world's most active luxury homes market.

A hub for HNWI capital

The UAE's appeal as a location for real estate investments is enhanced not just by its pro-business mentality but also by more subtle elements like the climate, safety and security, and rule of law.

These pull factors were reinforced during the pandemic by the government's introduction of a variety of resident visa alternatives aimed at attracting and keeping talent. One of them is the Golden Visa for the UAE, which offers residents (and their families) a renewable 10-year residency permit if they meet certain requirements or invest a minimum of AED 2 million (US$ 545,000) in real estate.

Dubai is no longer an emerging market, but one that has emerged. The growing list of prime residential neighbourhoods is yet another sign of maturity bedding in and its only a matter of time before other areas such as Tilal Al Ghaf, Jumeirah Golf Estates, Al Barari and/or Blue Waters also make the transition to prime status.

These factors, along with probably some of the most reasonably priced beachfront real estate in the international market, continue to enhance the Emirates' attractiveness to the global elite. Indeed, as evidenced by the results of our Destination Dubai report, international HNWI demand for real estate in Dubai continues to strengthen.

Will Mckintosh
Regional Partner - Head of Residential, MENA

EXPERT INSIGHT

A BUYER'S GUIDE TO DUBAI

Since the residential real estate market was opened to international buyers in 2002, Dubai's appeal to international buyers and investors has increased over the course of the last 23 years.

A maturing market

After initially being highly speculative, the residential market is now showing signs of maturing. Micro-market drivers include top-notch healthcare, education, and retail establishments. Macro-economic policy decisions that are designed to attract and retain talent have also been implemented, including a range of new residential visa options. Indeed, this year marks the fifth year since the UAE Golden Visa was introduced, which grants a 10-year renewable residency to certain buyers and investors.

Other softer considerations such as the emirate's world-class infrastructure, favourable climate, alluring lifestyle, and favorable tax environment also add to Dubai's appeal as an investment destination.

Buyer considerations

A market as dynamic as Dubai presents investors with an array of options across a range of sectors with attractive yields. Below are a few key considerations for those contemplating a purchase in Dubai:

Understanding the market: Thorough research of current market trends, property price performance and planned future supply is crucial to make informed decisions and identify potential investment opportunities.

Sector selection: Every real estate sector in Dubai has its own merits from an investment perspective. Understanding your purchasing rationale, investment objectives, budget, and target location are good places to begin the process of identifying the sector that most resonates.

Developer reputation: Opting for renowned developers, with a history of delivering quality projects on time and tracking their successes should be a key factor in the decision-making process.

The t's and c's: Familiarisation with the legal framework governing property ownership and investment, including regulations related to international ownership, visa requirements, taxes, and fees will mean fewer surprises through the acquisition process.

Location, location, location: Factors to consider on location include proximity to amenities, transportation links, schools, healthcare facilities, and the potential for capital appreciation as a result of this proximity. Distinguished landmarks, parks, lakes, waterfront and/or golf course views also tend to attract a premium when compared to 'back-to-back' plots or plots backing onto noisy roads.

Imran Hussain
Partner - Head of Residential Valuations, MENA

EXPERT INSIGHT

SCARCITY OF STRATEGIC DEVELOPMENT LAND

The diminishing supply of strategic development land plots in Dubai is driving up prices, creating 'bidding wars', which, of course, is adding to the buoyancy already fuelled by the Emirate's residential market. It has been widely reported that the residential market has achieved record transaction volumes and prices, both fuelled by international demand and underpinned by a similar shortage of ultra-luxury homes. In turn, developers are responding, however, strategic development sites remain in short supply.

Waterfront premiums

Land pricing for waterfront plots in strategic locations has elevated to some of the highest levels in Dubai. Business Bay, once considered to be an inferior relation compared to Downtown Dubai, is now emerging on a par. This is evidenced through transaction levels now hitting AED 750 per sqft of GFA, two to three times more expensive than only a few years back. On the other side of the bridge in Al Wasl, a series a premium development, such as Muraba Veil, Mr C Residences and Cavalli Couture, have assimilated to benefit from these price trends.

Similarly, Dubai Harbour and Palm Jumeirah have experienced high land pricing as their last remaining plots are snapped up. Prices at the latter have recently been recorded at AED 1,400 per sqft of GFA.

As these districts become more established, fewer plots naturally become available, causing a supply imbalance. This has triggered the reactivation of waterfront projects in Palm Jebel Ali, Dubai Islands and Dubai Maritime City. Further afield this can also be witnessed in Ras Al Khaimah, albeit the lure of the Wynn Casino may have had a hand to play.

The land bank run

Further inland, and in response to the post-COVID race for space, developers have been land-banking much larger plots for residential villa projects.

These transactions are now larger than before, and payment plans have shrunk from balloon payments to front-loading, and now almost a single payment.

In February this year, a 59.6m sqft land plot sold for AED 3.58 billion, reflecting a rate of AED 60 per sqft of the plot area, a record for a plot of this size. Only a few months earlier, we recorded an 84 million sqft land plot on the other side of Emirates Road also selling. These developments will form some of the final pieces of the jigsaw on the E311/E611 corridor.

Naturally, activity will move towards Dubai South, where the recently announced expansion of Al Maktoum Airport will further fuel demand as an aerotropolis. This movement has already been anticipated with projects such as Emaar South, Discovery Dunes, and Azizi Venice already taking their seats for take-off.

Tim Holmes, MRICS
Partner - Head of Commercial Valuations, MENA

EXPERT INSIGHT

GETTING UNDER THE SKIN OF BRANDED RESIDENCES

Dubai residential market offering, particularly in the branded residential sector, stands out globally as being at the pinnacle of luxury real estate, as evidenced by the fact that branded residences in the emirate command the highest premiums in the world. And at 41%, branded residences are the second most sought-after real estate sector in the emirate for global HNWI, behind the mainstream residential market (58%), highlighting just how attractive this segment of the residential market is to the global wealthy. The appeal primarily stems from the ease of access to an unparalleled level of service and also access to world-class facilities and amenities.

Defining branded residences

Typically, branded residences are a result of collaborations between renowned brands and developers, pooling expertise in design and operations to craft exceptional properties, intertwined with a luxury lifestyle.
Developers gain the rights to market and sell properties bearing the brand's typically prestigious trademark, with the brand often assuming oversight and service responsibilities to uphold exemplary standards. This partnership bestows numerous advantages upon owners, including the assurance of impeccable service and access to an unparalleled array of facilities.

The Dubai premium

In 2012, Knight Frank reported that global luxury branded residences commanded an average price premium of 30% compared with non-branded schemes.

Remarkably, despite the numerous developments in the sector, this still remains the benchmark figure. Often – but not always – branded residences will sell for a premium above their non-branded counterparts.

This premium pricing is justified by the additional features that come with these properties: security; facilities; services; quality assurance provided by the brand; the ease of placing the property into a rental pool; and finally, the 'lock up and leave' nature of a well-managed property. However, this premium is not guaranteed, and developers need to work hard to justify its existence, especially with the increasing competition in this segment.

Buyers are increasingly looking into added services and amenities when buying their prime property, indeed our 2021 global study showed that more than one in three prime international buyers (39%) would be willing to pay a premium for a branded residence, according to our survey of more than 900 Knight Frank clients globally. That figure rises to 45% and 43% in Australasia and Asia respectively.

In Dubai, our data shows that branded residences traded for an 86% premium over the rest of the residential market during 2023, far higher than any other global destination, reflecting both the fact that Dubai has the highest concentration of branded residential operators in the world, but also the depth of demand for branded residences in the emirate.

Lars Jung-Larsen
Partner - Luxury Brands, MENA

EXPERT INSIGHT

UNDERSTANDING RESIDENTIAL CONSTRUCTION COSTS

One of the main challenges developers typically face is finding the right balance between construction costs and meeting the demand for affordable homes. In Dubai however, as our analysis has shown, the city remains largely affordable, with the bulk of neighbourhoods requiring an income multiplier of 12 years of the average annual salary in the emirate in order to afford a home purchase. What is interesting of course is the dearth of homes at the upper end of the price spectrum.

Knight Frank's P&DS team have examined construction costs per square metre for a range of fully finished residential projects to create a cost benchmarking analysis for the UAE's residential market. This examination, which is represented in the table below, shows a spectrum of fixed construction costs in AED/m2, ranging from low to high, throughout several residential types, covering various villa tiers, and identically for apartment complexes.

The main cause of the variation in construction costs, which fluctuate between lower to higher ranges, is the variances in each construction project. These variations include the project size, location, material selection, and design details. This benchmarking data is useful for industry stakeholders like developers, investors, and architects, offering a reference for informed project planning and financial management.

Key Assumptions

- General pricing data has been based upon benchmarking data prepared by Knight Frank for projects of similar nature and specifications.
- Rates per square metre are based on GIA.
- AED/m2 rates are current as of Q1 2024.
- The estimates assume a traditional procurement route for different project packages.
- The estimates are indicative and should not be relied on for detailed project-specific estimates which will require a further study into project parameters.
- The estimates are based on utilising common market used contracts such as FIDIC 1987, 1999 and 2017.
- Project-specific data such as location, contract type, and design might impact the cost of a project.
- No allowance has been made for soft costs, exemptions, building permit fees, pre-opening costs, etc.
- Estimates for residential units exclude furniture, white goods, planting/landscaping, IT equipment, and OS&E.

	Tier	Low AED/m2	High AED/m2
APARTMENT	Low-rise	3,700	5,900
	Mid-rise	4,600	6,600
	High-rise	5,900	8,800
VILLA	Standard	3,900	4,600
	Mid-market	4,300	6,100
	Upper mid-market	5,600	8,700
	Upmarket	9,200	11,200

Source: Knight Frank Project & Development Services

Mohamed Nabil
Regional Partner - Head of Projects and Development Services, MENA

EXPERT INSIGHT

A THRIVING OFFICE MARKET

Dubai's office market remains anomalous on the world stage, with rising rents, growing demand, and decreasing vacancy rates. The city's magnetism for international businesses is evident, particularly in the banking, fintech, media, and telecommunications sectors, where new companies are establishing regional offices, or continuing to expand existing footprints. The lack of long and expensive commutes as is often the norm is major global hub cities, combined with a high proportion of expat workers means the office, for many, is at the heart of social circles and so the 'great office reoccupation' post-Pandemic has been hugely successful.

Dubai's global appeal

Dubai continues to attract businesses and talent due to being a highly desirable place to live and work.
The city continues to experience an influx of new companies establishing regional offices in Dubai, with sectors such as banking, fintech, media, and telecommunications leading the charge. This is of course in addition to ongoing expansionary activity, which is contributing to overall requirement levels.
With demand vastly outweighing supply we are now seeing vacancy levels sitting at sub 3% in office assets across the Emirate, especially when it comes to prime Grade A space.
Even in the industrial and logistics sector, a similar story is playing out. We continue to see occupiers taking advantage of key existing and planned infrastructure, such as ports, railways and airports, taking up prime positions adjacent to key logistics nodes, especially in the Jebel Ali area. Indeed, the recent announcement of the commencement of construction of Dubai's new airport, Al Maktoum International, which will be the world's largest on completion, at Dubai South is certainly going to boost demand further in that part of the city, which is already home to the largest man-made harbour and the biggest port in the Middle East.

A live-work-play haven

Centrally located and within an 8-hour flight from two-thirds of the world's population, Dubai provides easy access to key global markets through the world's second busiest airport, Dubai International.
We see businesses relocating or expanding in the in the region for predominately three reasons: business opportunity, ease doing of business and a tax efficient environment. In our recent Super Wealth Hub series: Dubai edition, we developed a comprehensive method of assessing the habitability and attractiveness of the city, investigating six core areas, including Urban Prosperity, Governance & Talent, Legal Framework, Enterprise Excellence, Lifestyle, and Opulence. These indicators allowed us to evaluate Dubai on its 'live, work, and play' paradigm, with each individual component rated on scale of 0 to 1.
Dubai achieved significant scores in two key domains: Work and Live. In the realm of Work, Dubai stands out for its business-friendly environment, ease of doing business (0.92), ease of capital flow (0.85), and financial market competitiveness (0.82), cementing the city's globally renowned business and investor friendly status.
On the Live component, Dubai offers a high quality of life, as evidenced by high scored for average travel times (0.75) and purchasing power parity (0.80), both of which contribute to a comfortable and enviable cosmopolitan lifestyle for the city's residents and visitors.

Adam Wynne
Associate Partner - Occupier/Landlord Strategy and Solutions,
Co-Head of Industrial & Logistics, UAE

EXPERT INSIGHT

THE IMPORTANCE OF PROPERTY MANAGEMENT

As the UAE residential real estate market continues to achieve new sales records, the retail and office segments are experiencing a trickledown effect, with high-net-worth individuals and investors alike eyeing up other real estate sectors in the Emirates, as evidenced by the findings of our 2024 Destination Dubai research.

Protecting the value of an asset

One of the most important factors of course for investors based abroad is ensuring their assets are well looked after in their absence. Protecting these property investments through effective upkeep, efficient management, and bespoke stakeholder engagement is critical not only to ensure it remains on par with new stock coming to the market, but also to create and sustain a 'best-in-class' reputation.

> **We deliver innovative solutions to our clients in the UAE in the commercial, retail and industrial sectors.**

Proactive management

Proactive property management of commercial, retail & industrial portfolios is a cornerstone of Knight's rich history of success globally and most recently in the UAE. We have become trusted property management partners with one of the UAE's most iconic institutions, the Abu Dhabi National Oil Company (ADNOC) where we serve as property manager for more than 300 retail outlets throughout the Emirates. We provide a full range of property management services including:

- Digitalisation and modernisation of archiving systems for lease and tenant documentation
- Tracking and enhancing space utilisation
- Tenant management to include rent collection, lease renewals, and lease enforcement

Asset and facilities management consultancy

We take a structured and rigorous approach to the engagement and management of service providers. Our local market knowledge helps our clients avoid the pitfalls common with poor performing facilities and services not on par with top-tier locations. This ranges from:

- End-to-end tender process management
- Contract management and performance management of service providers
- Strict regulatory/statutory compliance management

In addition, we support clients with strategic planning in the operations of their assets throughout the property lifecycle, starting with pre-construction design reviews and operational assessments, all the way through to asset modernisation and replacement planning.

Onzie Jones
Partner - Property Asset Management, UAE & KSA

EXPERT INSIGHT

WHY BRANDED RESIDENCES ARE GOOD INVESTMENT IN DUBAI

Within the diverse landscape of the real estate & hospitality industry, branded residences stand out as a unique and luxurious offering in Dubai. Brands transform conventional houses or apartments into high-end experiences, offering a lifestyle synonymous with their name. This not only accelerates sales but also holds the potential for enhanced profitability.

An attractive investment proposition

The global branded residences market is set for remarkable expansion by 2027, with the Middle East leading the charge with an impressive 86% supply growth projection with Dubai leading the region.

In Dubai, the branded residential market presents a tantalising way not only to access the 'Dubai life', but also to secure what is regarded as a high investment potential product. Indeed, 69% of our global HNWI respondents are keen on securing a branded residence in Dubai, highlighting the depth of demand for this subsector.

Investor benefits

Investing in branded residences in Dubai could be a strategic move for investors, offering an array of compelling advantages. These properties, linked with esteemed brands, not only streamline residence management but also ensure a hassle-free experience as the brand takes responsibility for wear and tear.

This unique arrangement allows investors to solely focus on reaping the rewards through rental income. Furthermore, branded residences present a versatile investment proposition, catering to both short-term and long-term goals. Short-term rentals tap into the surging demand from experiential travelers, maximising immediate revenue streams, while long-term rentals provide steady tenures.

Investors also enjoy the added perk of personal usage for a specified time, enhancing the allure of branded residences as a well-rounded and flexible investment choice.

The premium brand association further contributes to long-term value appreciation and higher rental rates, making these properties an attractive investment avenue with a holistic advantage.

Turab Saleem
Partner - Head of Hospitality, Tourism & Leisure Advisory, MENA

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