



REAL ESTATE MARKET REVIEW

# UAE Real Estate Market Review Q2 2024

**Activity in the UAE's real**  
First Leaf Real Estate  
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first half of 2024, however  
supply constraints are  
becoming evident.

FIRST LEAF REAL ESTATE  
JULY 2024





# Activity in the UAE's real estate sector recorded

resolute growth in the first half of 2024, however supply constraints are becoming evident

**3.8%**

YoY conjecture expansion in GDP in 2024

**54.6%**

UAE PMI perusing in June 2024, down from 55.3 a month sooner

**8.1%**

Yo Y YTD to June 2024 increase in UAE's RevPAR

**1.7%**

YoY YTD to June 2024 expansion in lodging inhabitation rates

**21.1%**

Expansion in normal private rents in Dubai

**4.7%**

Expansion in prime office rental rates in Dubai

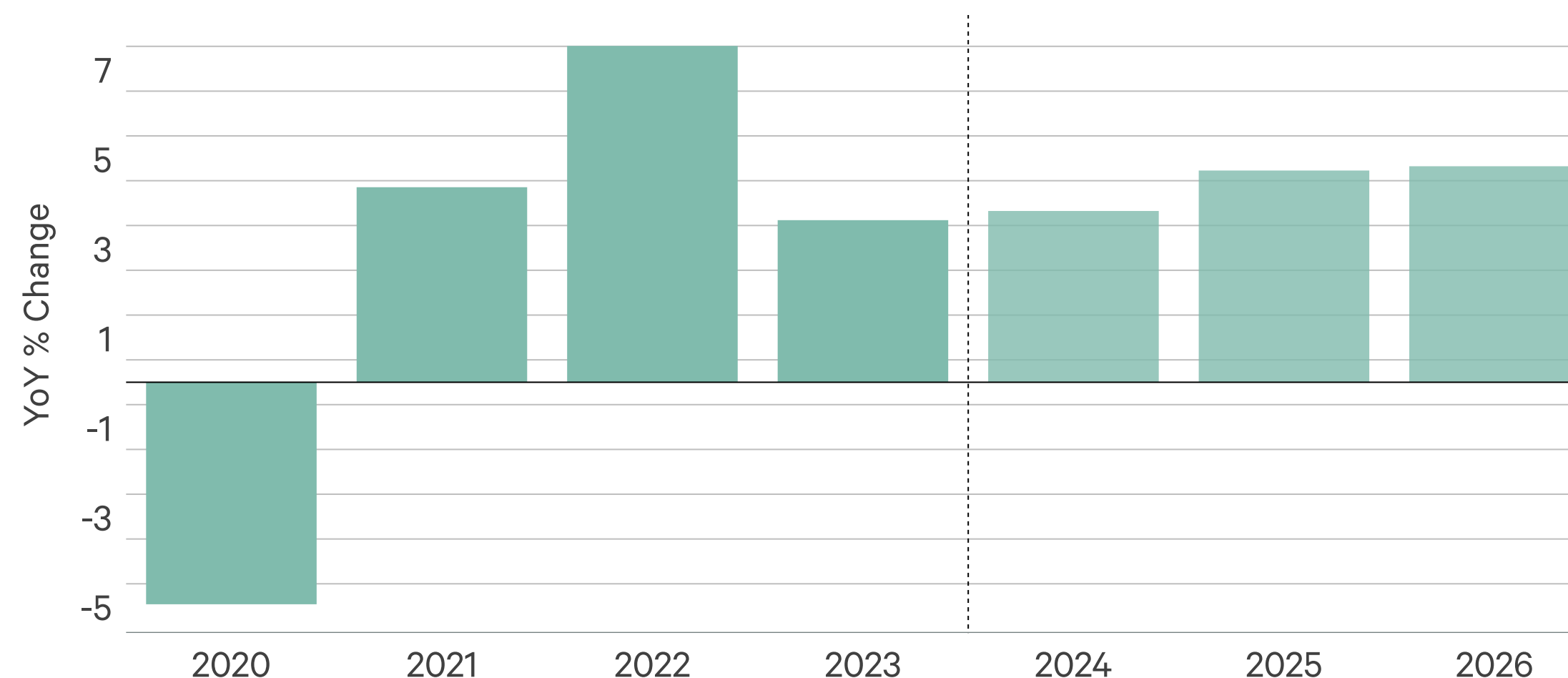
## ACROECONOMIC OVERVIEW

- The UAE's GDP is forecast to grove by 3.8% in 2024.
- Its hydrocarbon Gross domestic product is supposed to record a development pace of 1.3% in 2024.
- Over this period, the UAE's non-hydrocarbon area is supposed to enlist a development pace of 4.6%.
- Title expansion is supposed to reach 2.7% in 2024.

The UAE's GDP is expected to grow by 3.8% in 2024, based on data from Oxford Economics, imperceptibly down from the 3.9% pace of development figure in the past quarter. This slight relaxing in the development rate is driven by the continuation of OPEC+ oil supply cuts, where, as a result, the country's hydrocarbon sector is expected to grow by 1.3%, down from the 2.5% growth rate conjecture a quarter prior. Over this period, the non-hydrocarbon area is supposed to register development of 4.6%, up from the 4.3% conjecture distributed in the past quarter.

The UAE's Purchasing Managers' Index, which tracks the performance of the non-oil private economy, enlisted a perusing of 54.6 in June 2024, down from 55.3 which was enrolled a month sooner. Albeit this perusing remains immovably inside expansionary domain, it is the

FIGURE 1: UAE, Gross Domestic Product



Source: FIRST LEAF REAL ESTATE Research/ Oxford Economics/ Macrobond

## MACROECONOMIC OVERVIEW

most fragile found over the most recent 16 months, generally owing to a balance in yield development. As per S&P Worldwide, the result development rate was the most reduced enrolled starting from the beginning of 2023 in spite of the critical ascent in business movement. A sharp increase in new orders level has been seen, ascending at the quickest pace since Spring, on the rear of the developing interest levels. A significant expansion in overabundances of work has likewise been accounted for because of the development prodded by the raised interest levels, the long strains in the Red Ocean affecting stock chains. Over the most recent month, work enlisted lasting effect of April’s floods, and geopolitical pressures in the Red Ocean affecting stockpile chains. Over the most recent month, business enrolled the softest pace of growth in the last five months as cost pressures restricted firm’s attempts to increase their capacity.

Dubai’s PMI declined from 54.7 in May 2024 to 54.3 in June 2024; this is the weakest reading recorded since February 2023. Notwithstanding new orders developing at a hearty speed, action levels enlisted the slowest development in north of three years. Close by this, the most keen ascent in input costs found in the beyond two years was kept in June, compelling organizations to expand their costs for the second continuous month.

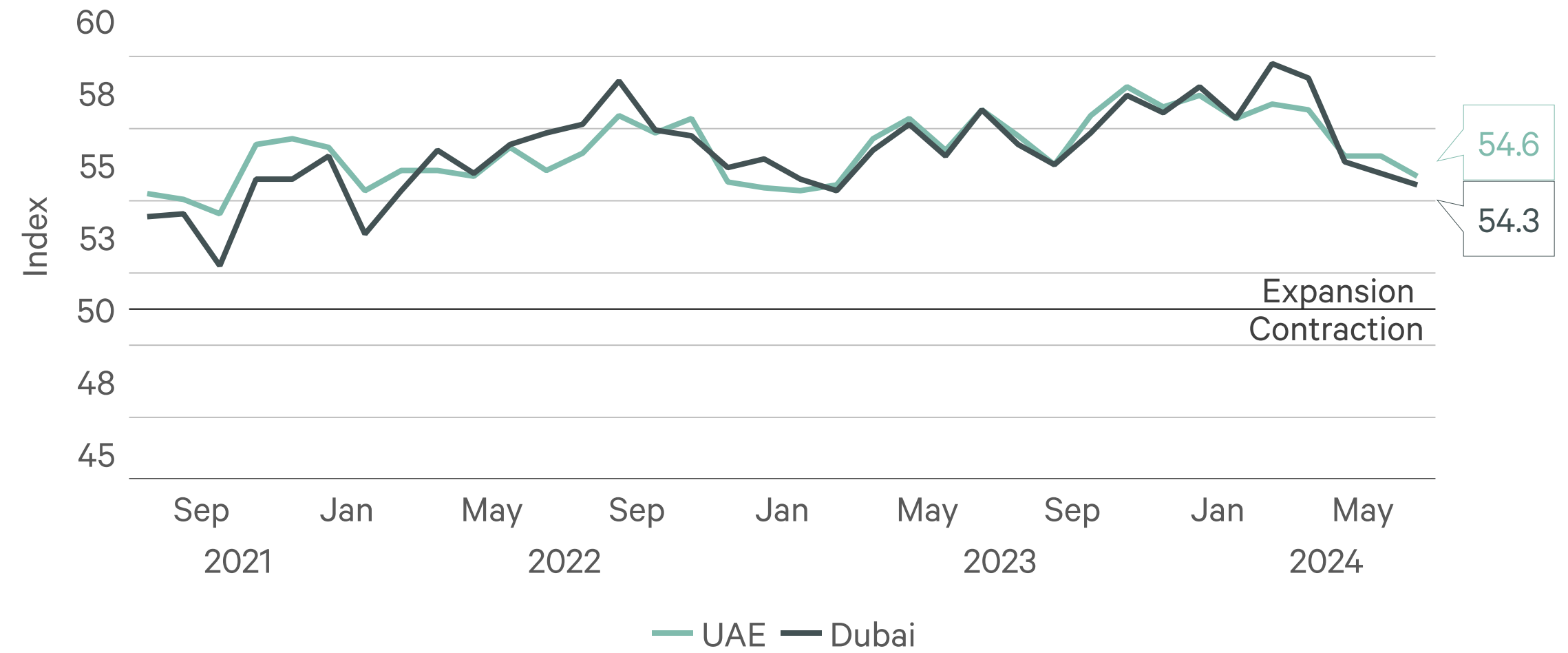
Despite the increasingly uncertain global and regional macroeconomic backdrop, the UAE’s strong economic position continues to underpin robust levels of inbound investment, and we expect that the current market fundamentals supported by the UAE’s strong fiscal position and ease of doing business will continue to prevail over the upcoming period.

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FIGURE 2: UAE, Purchasing Managers’ Indices



Source: First Leaf Real Estate Research/ Macrobond

FIGURE 3: UAE, Key Economic Indicators, YoY % Change

	2020	2021	2022	2023	2024	2025	2026
GDP	-5.0%	4.4%	7.5%	3.6%	3.8%	4.8%	5.1%
Hydrocarbor GDP	-3.8%	-1.1%	8.5%	-3.1%	1.3%	7.2%	7.8%
Non-Hydrocarbor GDP	-5.4%	6.5%	7.1%	6.2%	4.6%	4.1%	4.2%
Inflation	-2.1%	0.2%	4.8%	1.6%	2.7%	2.2%	2.0%

Source: First Leaf Real Estate / Oxford Economics.

## ABU DHABI OFFICES

Leasing activity in Abu Dhabi’s occupier market remained steadfast over the second quarter of the year, where the total number of rental registrations stood at 9,942, marking an increase of 15.9% compared to the year prior. This has been largely underpinned by a 37.3% increase in new rental contracts registered, whereas renewed registrations declined by 10.5%.

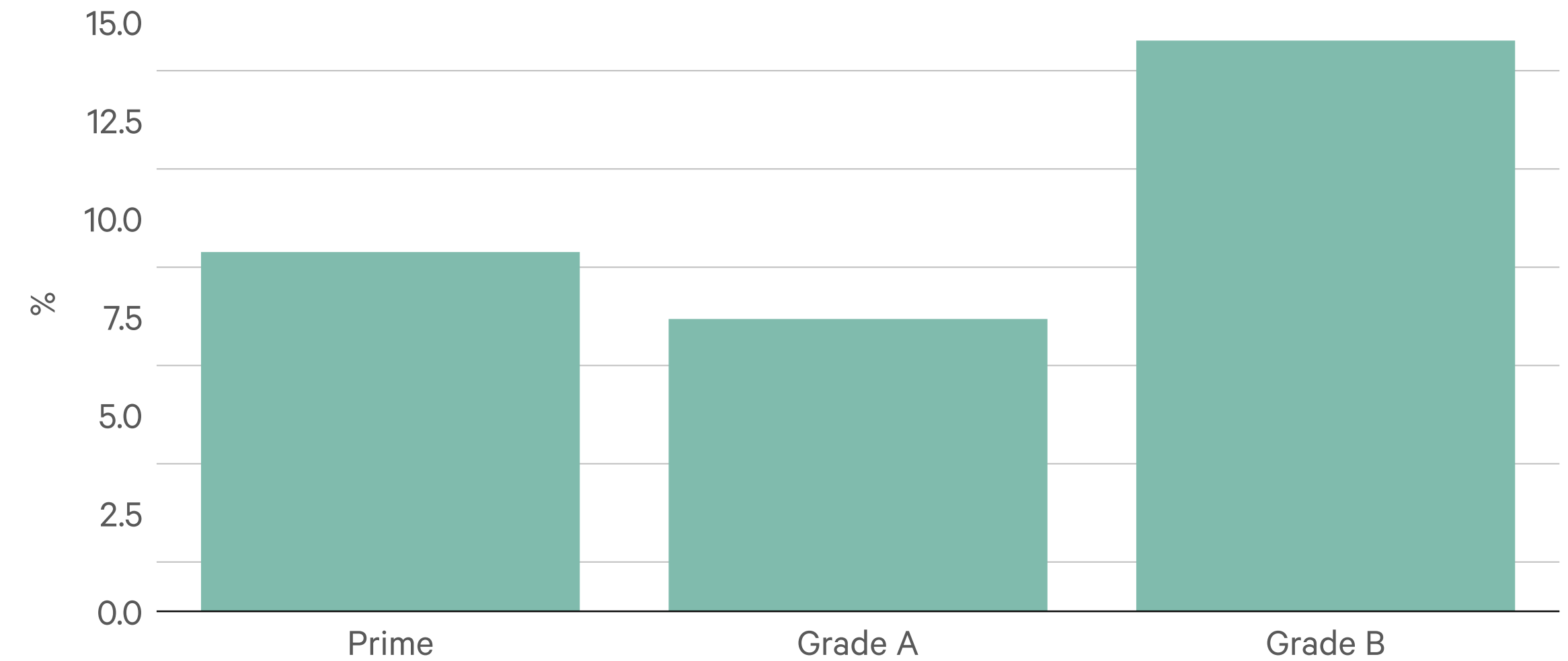
By far most of occupational demand within Abu Dhabi’s occupier market remains tied to government and semi-government-related substances, basically in on-shore areas. Over the past quarter, some of these substances have solidified their word related impression, which is expected to give extra accessibility to the market in the short run. Request from the confidential area has additionally been on the ascent, where a rising number of organizations across a few businesses have been hoping to expand their presence inside the capital, for some worldwide corporate occupiers, this addresses their most memorable port of section to the area. Nonetheless, the predetermined number of improvements in the pipeline versus the developing interest levels for high quality and reasonable resources has brought about an obvious deficiency of such stock inside both the on-shore and seaward business sectors, with institutional-quality resources being at or exceptionally near full inhabitation. The ongoing business sector basics have prompted an inexorably property manager inclined toward market, where motivators remain somewhat obliged.

On the rear of these increased interest levels, the typical inhabitation pace of institutional grade resources that First Leaf Real Estate screens expanded from 88.0% in Q2 2023 to 94.7% in Q2 2024. As a consequence of the ongoing business sector background and uplifted degrees of assimilation, rental execution inside abu dhab's office market kept on improving, where in the second quarter of 2024.

normal rents inside the Prime, Grade A, and Grade B portions of the market enlisted

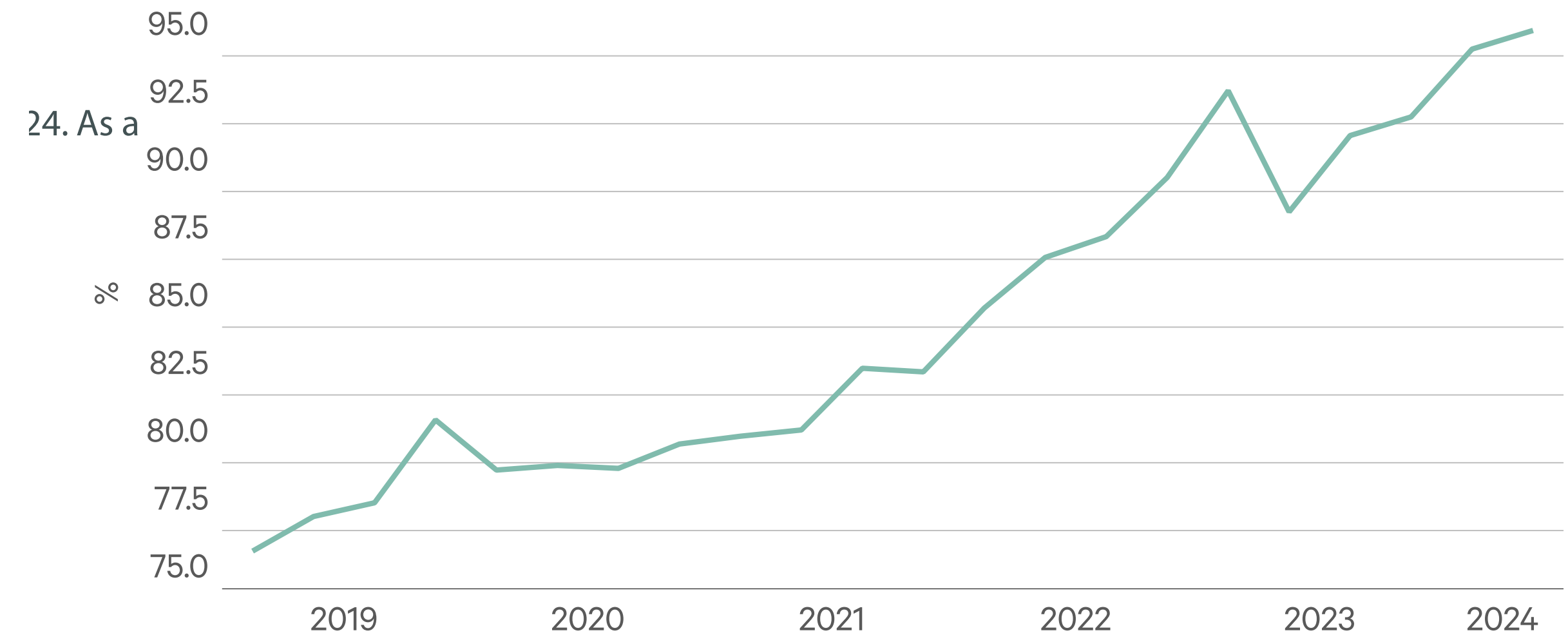
Given the degree of interest and the absence of forthcoming advancements in the short term, execution inside abu dhabi's occupier market is supposed to stay strong in the second a big part of the year. Prime and Level A resources are supposed to keep on beating the more extensive market, especially as interest for such stock proceeds to offset accessible inventory essentially

FIGURE 4: Abu Dhabi, Office Rents, YoY % Change to Q2 2024



Source: First Leaf Real Estate Research

FIGURE 5: Abu Dhabi, Offices, Average Occupancy Rate, %



Source: First Leaf Real Estate Research

## DUBAI OFFICES

Renting movement Dubai's occupier market has seen a huge flood during the second quarter of 2024, where the quantity of rental enrollments expanded by 38.4% contrasted with the earlier year, arriving at a sum of 41,495, with 95.3% of these exchanges being under 2,000 square feet of room. On a title level, this development has been essentially determined by a 50.7% year on-year expansion in the quantity of new agreements enrolled, arriving at a sum of 31,642 in Q2 2024. Over this period, the quantity of restored enrollments remained at 9,853, denoting an increment of 9.7% from the earlier year.

Movement levels began from a large number of areas, and Free Zone areas have been the focal point of occupier interest. Dubai's business occupier market keeps on opposing the to some degree questionable worldwide scenery, where we are proceeding to see a rising number of new and existing officeholders hoping to lay out and build their headcount in Dubai. Nonetheless, the restricted accessibility of value resources and developing interest levels keep on supporting a definitely landowner inclined toward market. The ongoing business sector elements are putting further stresses on corporates, especially global firms, which now and then might be tested to stick to the tight choice timetables set via property managers. This shortage of empty quality stock and the proceeding with pattern of trip to quality in the midst of half and half work arrangements additionally implies that a few firms are investigating diminishing their all out consumed space. Adaptable and adjusted office administrators have likewise seen solid degrees of interest over this quarter, prominently from SMEs, given the raised level of adaptability and customized arrangements given by such suppliers.

The typical inhabitation pace of institutional-grade resources that First Leaf Real Estate tracks came to 91.4% in Q2 2024, insignificantly down from 91.5% a year sooner. This slight relaxing in the inhabitation level has been generally inferable from new stock coming into the market. That being said, regardless of this very slight balance in title inhabitation, rental development stayed vigorous over this quarter, with normal Prime, Grade A, Grade B, and Grade C rates enrolling separate increments of 4.7%, 19.9%, 20.9%, and 15.0% contrasted with the earlier year. As at Q2 2024, normal rents inside the Prime, Grade A, Grade B, and Grade C market portions remained at AED 256, AED 198, AED 165, furthermore, AED 133 for every square foot each year, separately.

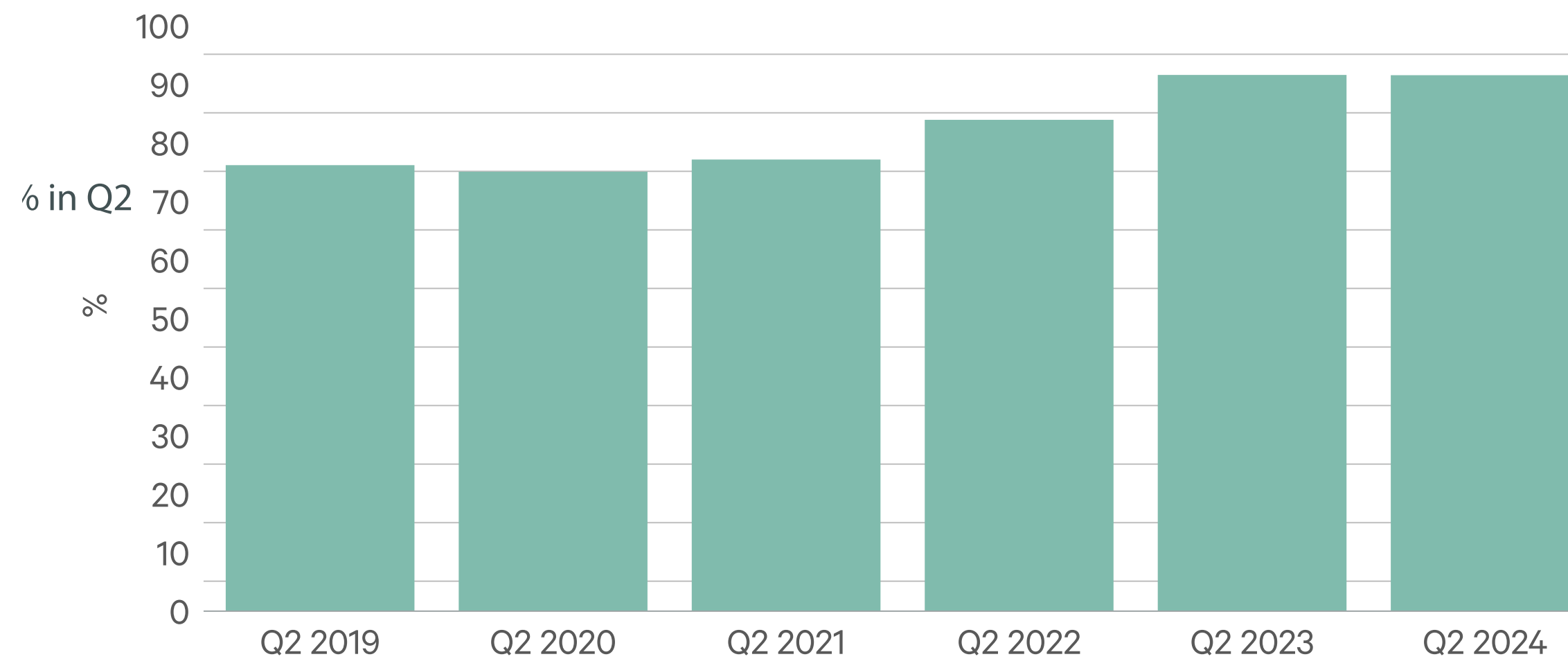
Looking forward, execution inside Dubai's occupier market is supposed to stay undaunted. especially given the predetermined number of improvements ready to go and new stock conveyed progressively being pre-rented.

FIGURE 6: Dubai, Office Rents, YoY % Change to Q2 2024



Source: First Leaf Real Estate Research/ Macrobond

FIGURE 7: Dubai, Offices, Average Occupancy Rate, %



Source: First Leaf Real Estate Research

## ABU DHABI RESIDENTIAL

In the second quarter of 2024, a sum of 2,108 private deals exchanges were kept in Abu Dhabi, enlisting a noticeable downfall of 22.8% contrasted with a year sooner. This log jam in action levels has been basically determined by a reduction of 41.9% in off-plan exchanges, while optional market exchanges rose by 38.7%. In the principal half of the year, the all out volume of exchanges remained at 5,104, up by 1.8% from the year earlier. Over this period, in spite of optional market deals expanding by 38.7%, off-plan deals enlisted a drop of 10.7%.

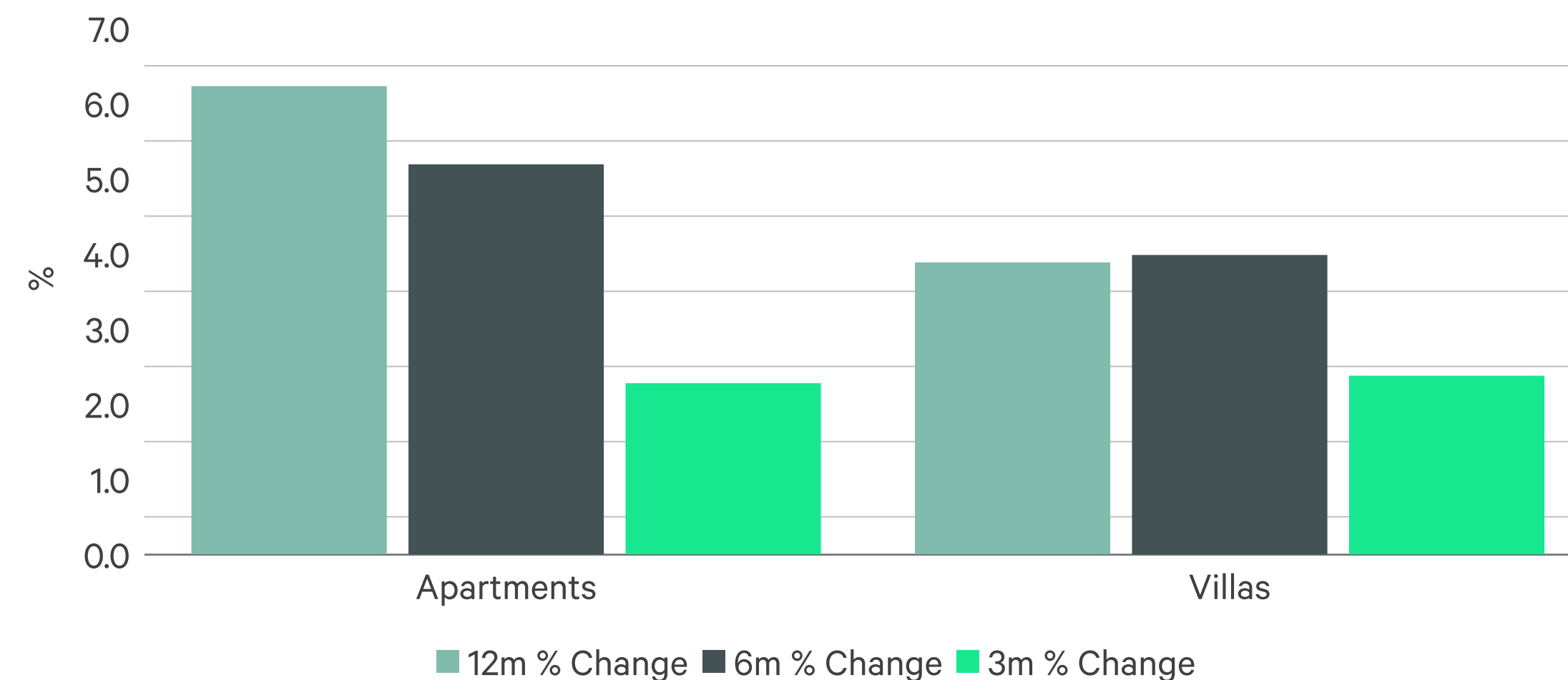
In the second quarter of 2024, Abu Dhabi's typical loft costs enrolled a year-on year increment of 6.2%, and normal estate costs developed by 3.9% over a similar period. In view of deals exchanges that happened in Q2 2024, normal loft costs arrived at AED 13,405 for every square meter, and normal estate costs arrived at AED 12,070 for every square meter.

In Abu Dhab's rental market, in the second quarter of 2024, the absolute number of rental enlistments remained at 41,368, somewhere around 9.5% contrasted with the earlier year. Over this period, new agreements enlisted dropped by 0.4% and restored enrollment declined by 14.4%. In the year to date to June 2024, a sum of 87,467 tenant agreements were enlisted in Abu Dhab's private market, denoting a downfall of 10.4% year-on-year. This stoppage has been supported by a 1.4% decrease in new enrollments and a 15.2% drop in the quantity of new contracts enrolled.

Abu Dhabis normal condo rents expanded by 6.6% in Q2 2024 contrasted with a year sooner furthermore, normal manor rents became by 2.5%. In light of rental enlistments, as of Q2 2024, normal yearly condo and manor rents in Abu Dhabi remained at AED 66,375 and AED 166,261, separately.

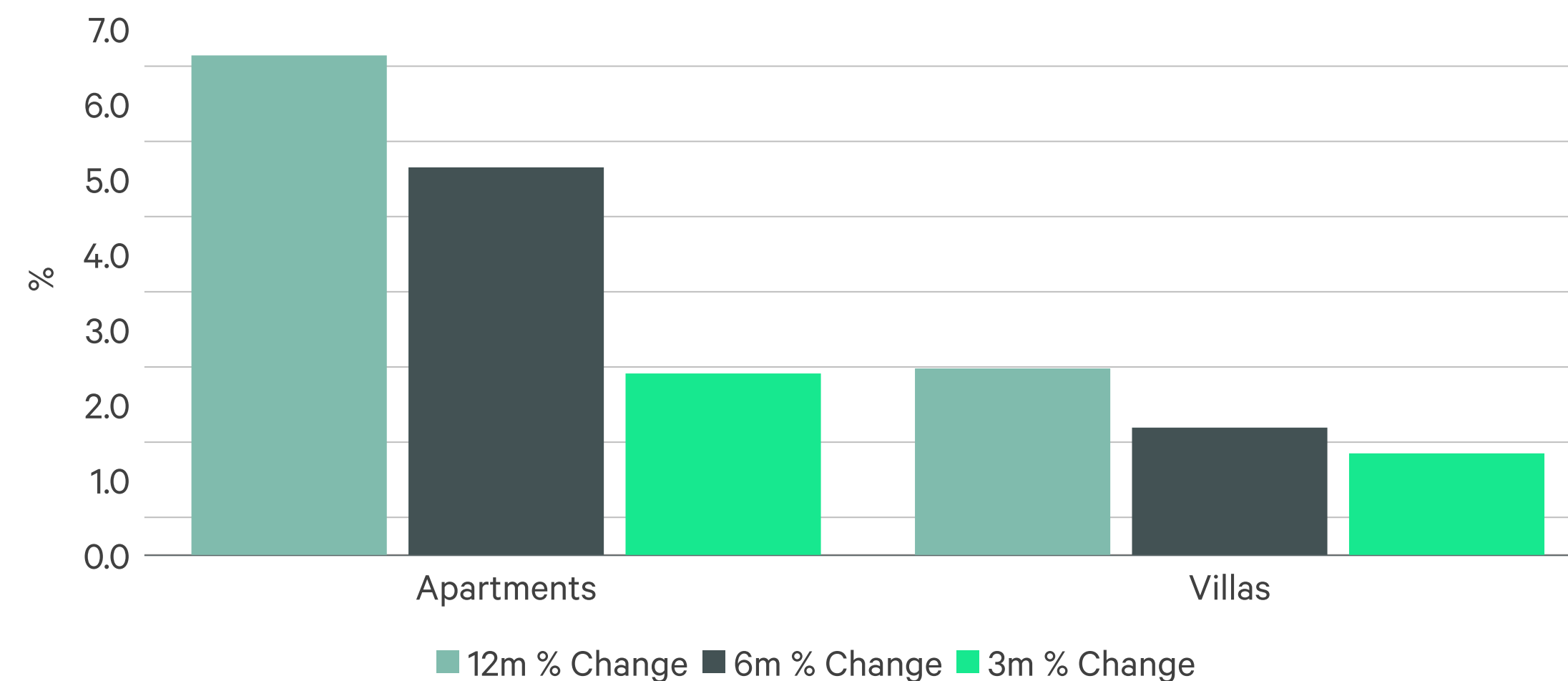
In the primary portion of the year, new stockpile conveyed in Abu Dhabi totalled 1,445, with 88.7% of this stock finished in Al Maryah Island and Yas Island. Over the rest of the year, a further 6,791 units are planned for conveyance, with 42.3% of this impending stock being in Al Sowwah also, Yas Island

FIGURE 8: Abu Dhabi, Residential Price Performance, % Change to Q2 2024



Source: First Leaf Real Estate Research/ Quanta

FIGURE 9: Abu Dhabi, Residential Rents Performance, % Change to Q2 2024



Source: First Leaf Real Estate Research/ Quanta

## DUBAI RESIDENTIAL

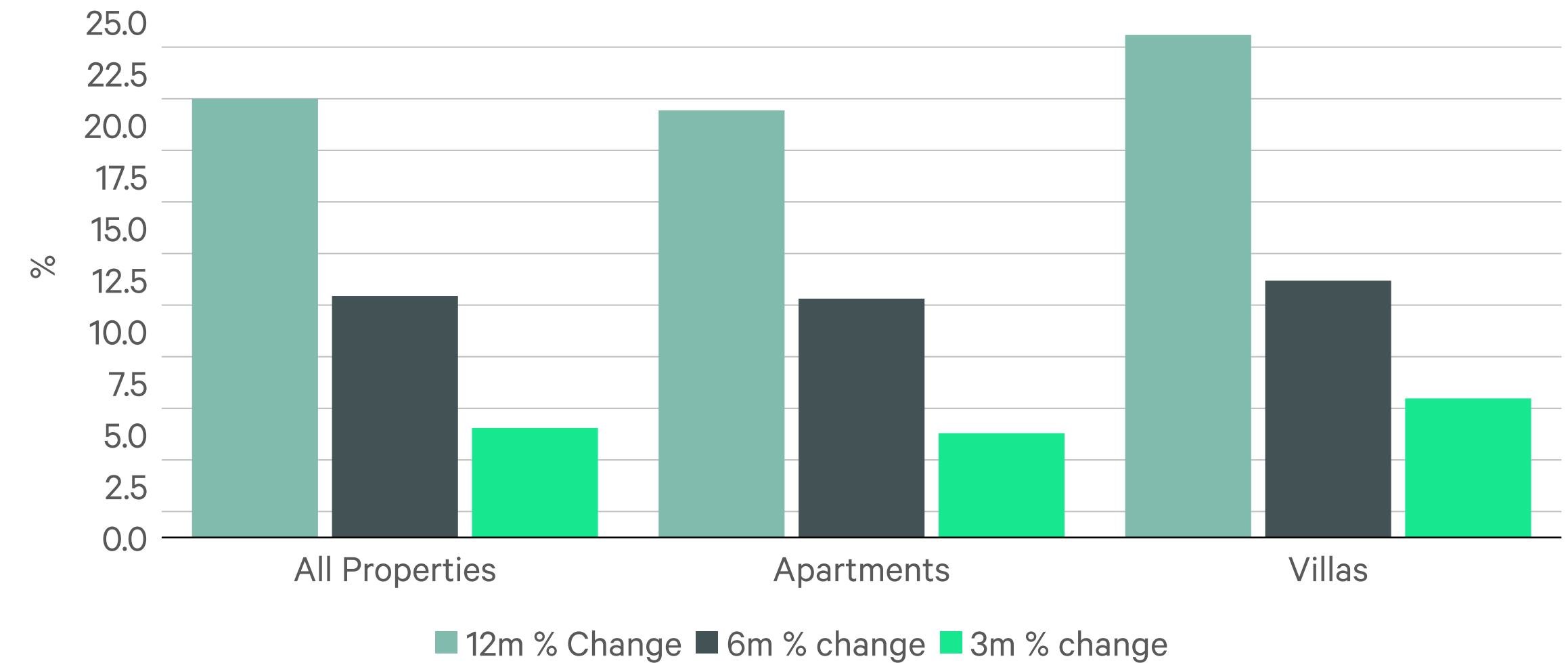
Solid execution levels keep on being seen in to June 2024, normal costs enrolled an increment of 21.3% contrasted with the year earlier, up from the 20.1% development enlisted a month sooner. This increment has been supported by an ascent of 20.7% in normal condo costs and a 24.3% expansion in normal estate costs. As at June 2024, normal loft and manor costs arrived at AED 1,561 and AED 1,896 for each square foot, separately. Palm Jumeirah enrolled the most elevated deals rates per square foot in both the loft and manor sections of the market, with normal rates arriving at AED 2,831 and AED 5,153, separately.

The rate at which rents keep on developing stayed unfaltering, where normal private rents developed by 21.1% in the year to June 2024. This increment has been driven by a 22.2% development in normal condo rents and a 12.7% expansion in normal estate rents. As at June 2024, the normal condo and estate rents remained at AED 127,969 and AED 354,512 for each annum, separately. Over this period, the most noteworthy loft and manor yearly leases were individually tracked down in Palm Jumeirah, with asking rents remaining at a normal of AED 279,826, and in Al Barari, with rents arriving at a normal of AED 1,344,844.

In light of information from the Dubai Land Division, in the principal half of the year, a sum of 299,564 tenant agreements were enrolled, up by 52.5% from the 2019 figure, and 5.8% from the equivalent period in 2023. This year-on-year increment has been fundamentally upheld by a 11.9% increment in the complete number of reestablished agreements enrolled, while new enlistments declined by 3.7%, where we are proceeding to see occupants deciding to restore their current leases instead of renting new units inside which would in all likelihood be at essentially greater expenses.

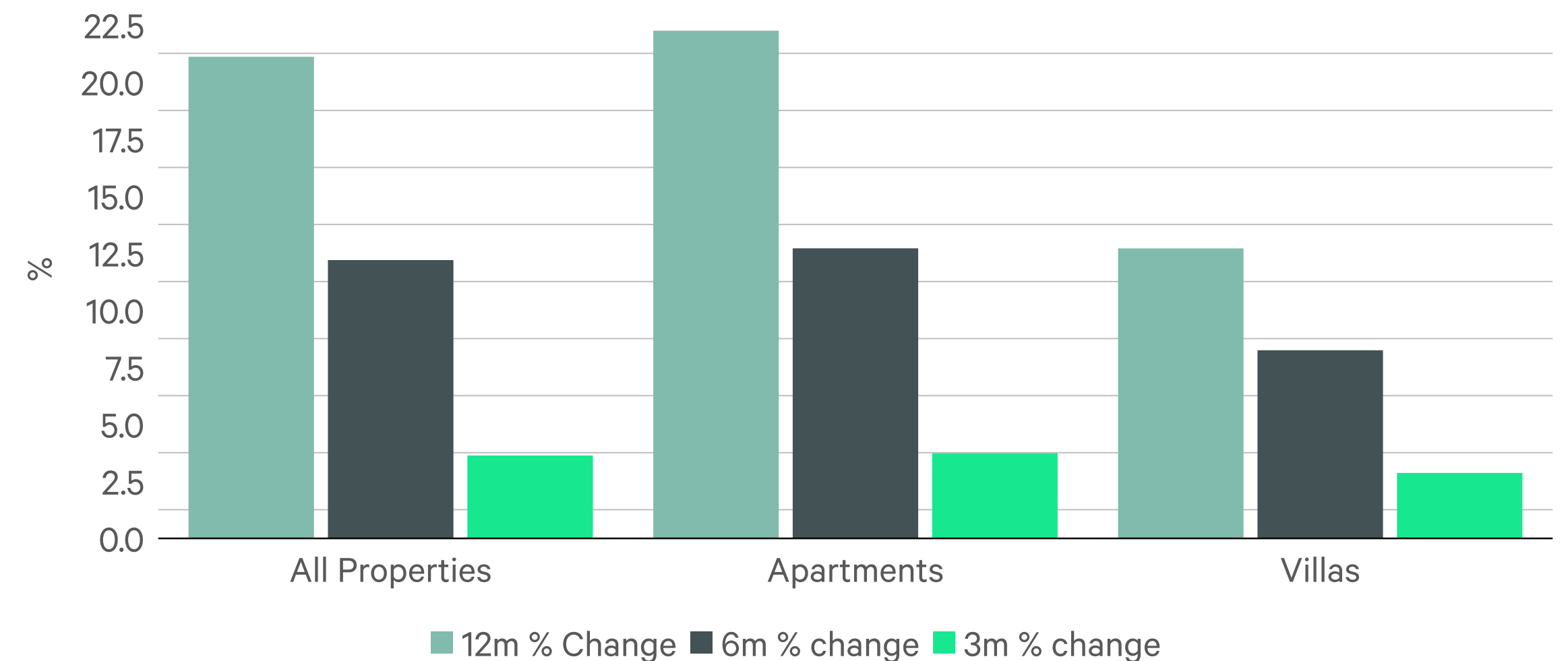
On the stockpile front, in the year to date to Q2 2024, 12,249 units have been conveyed in Dubai, where 44.4% of these units were finished in Meydan One, Al Furjan, and Jumeirah Town Circle. In the last part of the year, a sum of 40,582 units are planned for conveyance, where 29.9% of this forthcoming stock is supposed to be finished in Locale Seven, Business Cove, and Damac Tidal ponds; notwithstanding, according to verifiable standards, we anticipate that a portion of these fruitions should be driven into the next year.

FIGURE 10: Dubai, Residential Price Performance, % Change to June 2024



Source: First Leaf Real Estate Research/ REIDIN

FIGURE 11: Dubai, Residential Rents Performance, % Change to June 2024



Source: First Leaf Real Estate Research/ REIDIN

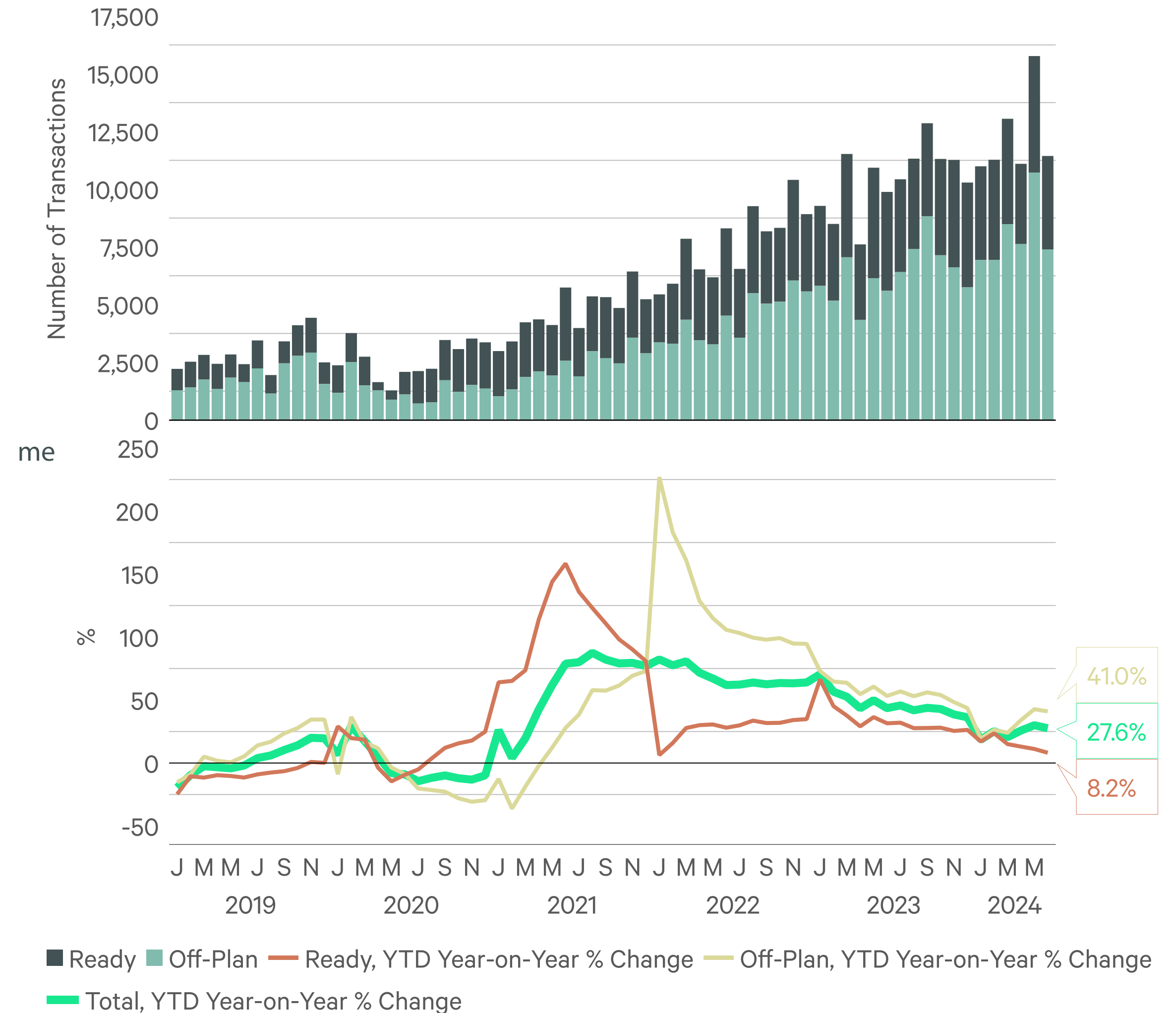
## DUBAI RESIDENTIAL

In June 2024, the quantity of the exchanges in Dubai's residential market added up to 11,438, stamping an increment of 15.8% contrasted with the year earlier. This development has been supported by a 31.9% expansion in off-plan exchanges, while optional market exchanges enlisted a downfall of 5.4%. In the year to date to June 2024, a sum of 73,618 private exchanges have been enlisted in Dubai, the most on record during the main portion of a year, while enrolling a year on-year increment of 27.6%. Off-plan deals expanded by 41.0% all through a similar period, and auxiliary market deals rose by 8.2%.

Deals volumes of private properties above AED 5 million and AED 10 million in Dubai kept on expanding, recording sums of 5,727 and 2,014 in the year to date to June 2024, enlisting individual increments of 22.5% and 41.5%. Off-plan deals have basically upheld movement levels, representing 63.1% and 65.5% of complete exchanges kept in both market fragments. That being said, this has not been the situation in the customary prime and super-prime locations\* that First Leaf Real Estate tracks. In the main portion of the year, deals exchanges inside the prime fragment of the market enlisted a decay of 11.7% contrasted with the earlier year, coming to a complete of 919 exchanges. Inside the super-prime market section, a sum of 454 exchanges were kept in the year to date to June 2024, somewhere near 18.9% from a year sooner. These stoppages have been driven by decreases in both the off-plan and optional market deals owing to the restricted accessibility of stock inside the better quality portion of the market that proceeds to influence movement levels. Seeing deals rates, as at Q2 2024, normal prime costs remained at AED 4,784 for every square foot, up by 13.8% from a year sooner, and normal super-prime costs arrived at AED 5,127 for every square foot, enrolling a year-on-year increment of 13.4%.

Execution inside Dubai's private market is supposed is to stay solid over the forthcoming enough said. In both the deals and rental business sectors, we anticipate that that rates will proceed should increase, but we won't witness this at a similar speed, especially as the market has begun appearing a few indications of dependability, where in the main portion of the year, paces of 88.1% of deals postings and 73.8% of rental postings have stayed unaltered, up from 79.6% and 72.9% over the equivalent period a year sooner

FIGURE 12: Dubai, Residential Transactions





## UAE HOSPITALITY

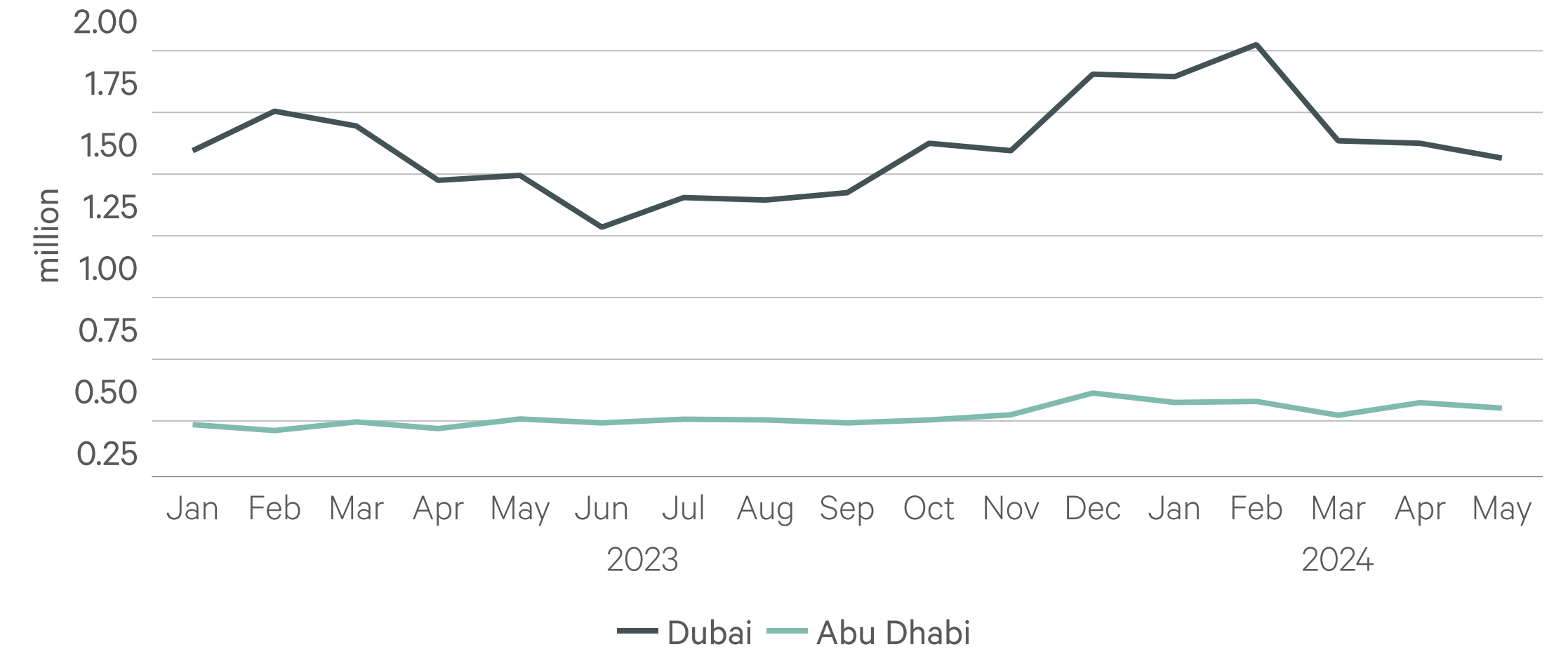
On a worldwide level, in the year to date to June 2024, the quantity of day to day flights came to an normal of 125,004, up by 10.0% contrasted with the year earlier. Furthermore, in the year to date to May 2024, in view of information from IATA, the Traveler Burden Variable (PLF) remained at 81.8%, enlisting an increment of 1.6% contrasted with the earlier year. The accessible seat kilometers (ASKs) developed by 12.4% over this period.

In Abu Dhabi, the quantity of lodging visitors flooded to 2.18 million in the year to date to May 2024, enlisting a 21.4% year-on-year development. Over this period, the quantity of worldwide guests in Dubai expanded by 9.9%, arriving at a sum of 8.12 million.

These strong levels of appearance keep on supporting the hearty execution inside the USR's friendliness market. Year-on-year, in the year to date to June 2024, the normal inhabitation rate the nation over enlisted an increment of 1.7 rate focuses, where presently most of areas have outperformed their 2023 inhabitation levels. Over this period, the UAE's ADR expanded by 5.8%, driven by the rising ADR levels in Abu Dhabi, Ras Al Khaimah, Dubai, Sharjah, Ajman, and Fujairah, which recorded development paces of 12.3%, 10.7%, 4.6%, 3.9%, 1.7%, and 0.6%, individually contrasted with the year earlier. Likewise, we have seen RevPARs inside these areas register individual increments of 24.0%, 10.5%, 4.7%, 11.5%, 2.9%, and 15.0% over the same period.

In spite of the fact that exhibition was supposed to mellow throughout the mid year, the market proceeded to show strength. In the last part of the year, an obvious development in the area's KPIs is expected because of various major forthcoming occasions, which are supposed to drive the solid appearance levels.

FIGURE 13: Abu Dhabi and Dubai Visitation Levels



Source: First Leaf Real Estate Research/ Department of Culture and Tourism Abu Dhabi/ Dubai Department of Economy and Tourism

FIGURE 14: UAE, Hospitality Market, KPIs, YoY % Change

	Year to Date- June 2024 vs June 2019			Year to Date- June 2024 vs June 2023		
	Occ PP Change	ADR % Change	RevPAR % Change	Occ PP Change	ADR % Change	RevPAR % Change
UAE	4.0%	23.2%	29.9%	1.7%	5.8%	8.1%
Abu Dhabi	5.7%	26.5%	36.5%	7.4%	12.3%	24.0%
Dubai	2.9%	20.4%	25.0%	0.1%	4.6%	4.7%
RAK	0.7%	5.9%	6.9%	-0.2%	10.7%	10.5%
Sharjah	6.4%	24.1%	35.6%	5.1%	3.9%	11.5%
Fujairah	16.3%	9.4%	41.3%	9.1%	0.6%	15.0%
Ajman	-	-	-	1.0%	1.7%	2.9%

Source: First Leaf Real Estate Research/ STR Global

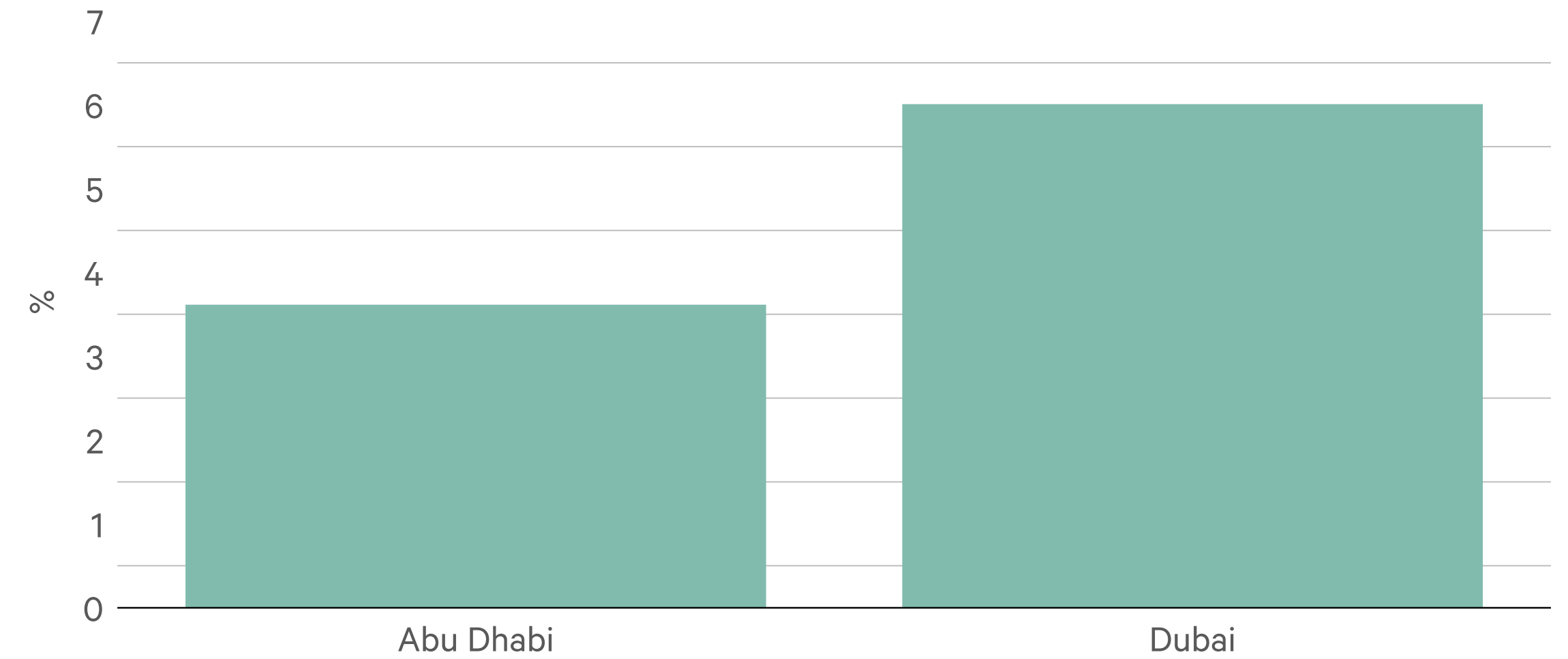
## UAE RETAIL

In Dubai's retail market, in the second quarter of the year, the all out number of retail rental enlistments remained at 17,509, enrolling a minimal increment of 0.1% contrasted with the past year. Over this period, restored tenant agreements expanded by 4.4%, while new enlistments declined by 8.6%. Close by the Food and Refreshment area, which stays the biggest wellspring of occupier interest in Dubai, interest from global authorized retailers has been on the ascent, where we are seeing a rising number of new and existing business sector players looking to grow their impression inside center areas. request stays focused towards prime resources; that being said, the absence of accessibility of such stock keeps on restricting movement levels. To balance this and take special care of this rising interest, various new plans and extension plans have been as of late declared, including however not restricted to the Dubai Shopping center Development, which is expected to add to the market around 240 extravagance stores and Food and Refreshment outlets.

In the second quarter of 2024, on a title level, movement levels in Abu Dhabi's retail market were stifled, where the complete number of rental enrollments declined by 10.2% contrasted with the earlier year, arriving at a sum of 7,048. Albeit new tenant agreements enlisted recorded a year on-year increment of 13.8%, recharged rental enrollments declined by 20.5% over this period.

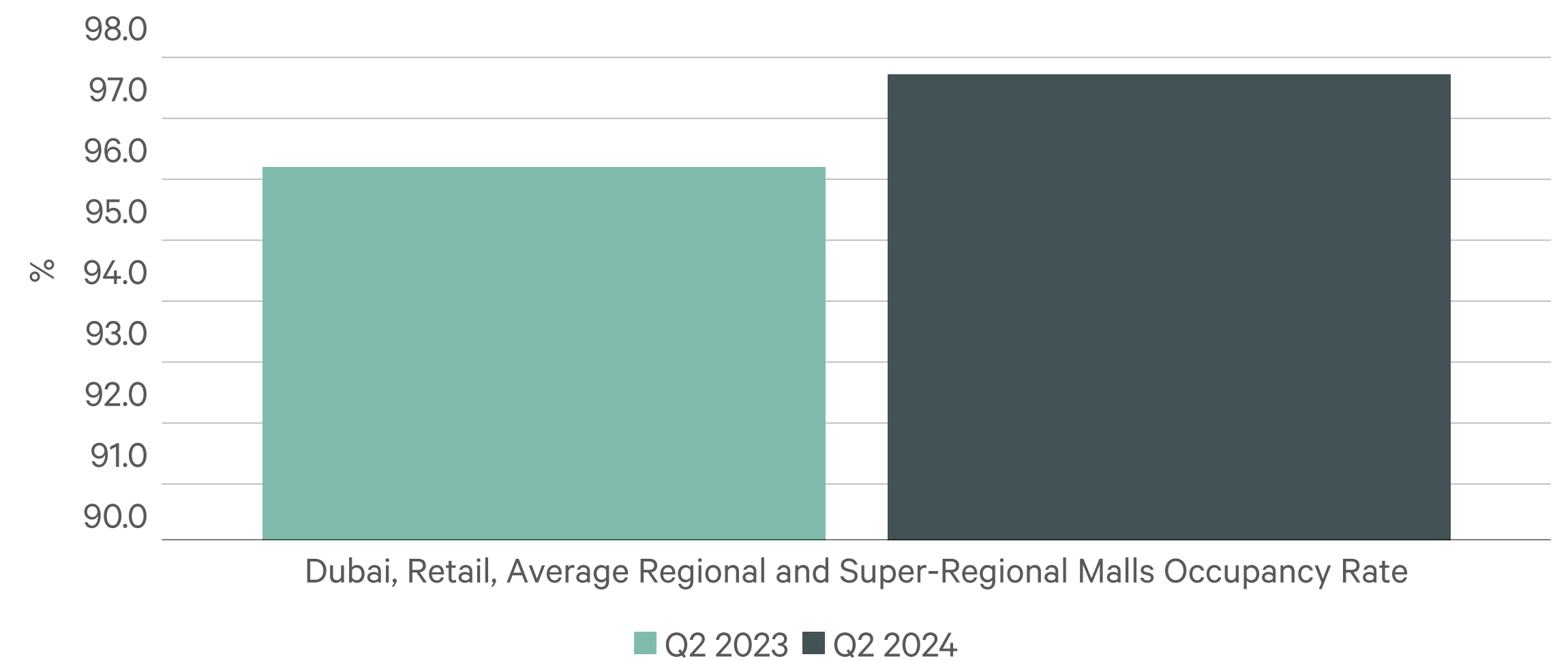
Rental execution stayed powerful in the two business sectors during the second quarter of 2024. Normal retail leases in Abu Dhabi expanded by 3.6% from the earlier year to remain at an normal of AED 2,150 for each square meter, and normal rents in Dubai expanded by 6.0% year-on year to arrive at a normal of AED 500 for each square foot. Pushing ahead and given the predominant market basics, extra expansions in rental rates are normal. Top notch resources are expected to keep on catching a huge portion of occupier interest, and with the two business sectors without the accessibility of such stock, we will probably see rates keep up with their vertical direction.

FIGURE 15: UAE, Retail Rents, YoY % Change to Q2 2024



Source: First Leaf Real Estate Research/ Macrobond

FIGURE 16: Dubai, Retail, Average Regional and Super-Regional Malls Occupancy Rate, %



Source: First Leaf Real Estate Research

## UAE INDUSTRIAL

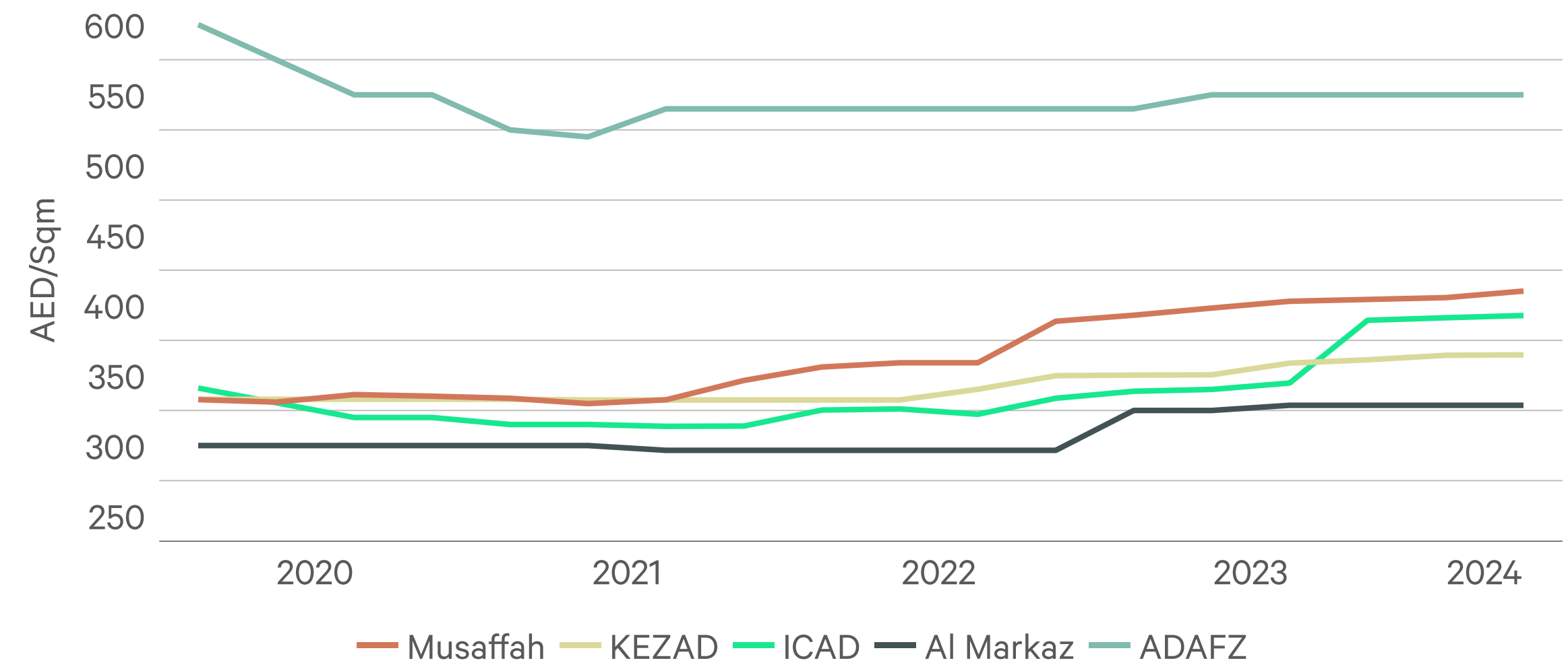
Movement levels inside UAE's modern and operations area remained to some degree stifled in Q2 2024. The absence of accessibility of value resources keeps on restricting business sector action, and as a result, we are seeing occupiers constrained to acknowledge landowners' terms with motivating forces being to a great extent restricted.

In Abu Dhabi, the complete number of rental enrollments declined by 4.1% contrasted with the year earlier. Over this period, new enlistments expanded by 3.1%, while reestablished agreements enrolled diminished by 8.4%. The assembling area stays the biggest wellspring of occupier movement in Abu Dhabi. The key interest drivers inside the capital keep on being serious power and work costs. To build the current limit, a few engineers have begun to embrace the development of new stock in both sea-ward and on-shore areas. Notwithstanding, even with these improvements coming on the web, supply will keep on falling behind interest.

In Dubai's modern and coordinated operations market, the complete number of rental enrollments remained at 2,394 in Q2 2024, denoting an increment of 2.5% from the earlier year. This development has been supported by a 3.0% ascent in new enlistments and a 2.3% ascent in reestablished tenant agreements enlisted over a similar period. The exhausted stock levels have driven numerous occupants to recharge their current rents and focus on longer rent terms to guarantee sureness. While there are critical improvement potential open doors inside the market, the absence of accessibility of overhauled lands stays a significant impediment to future turns of events.

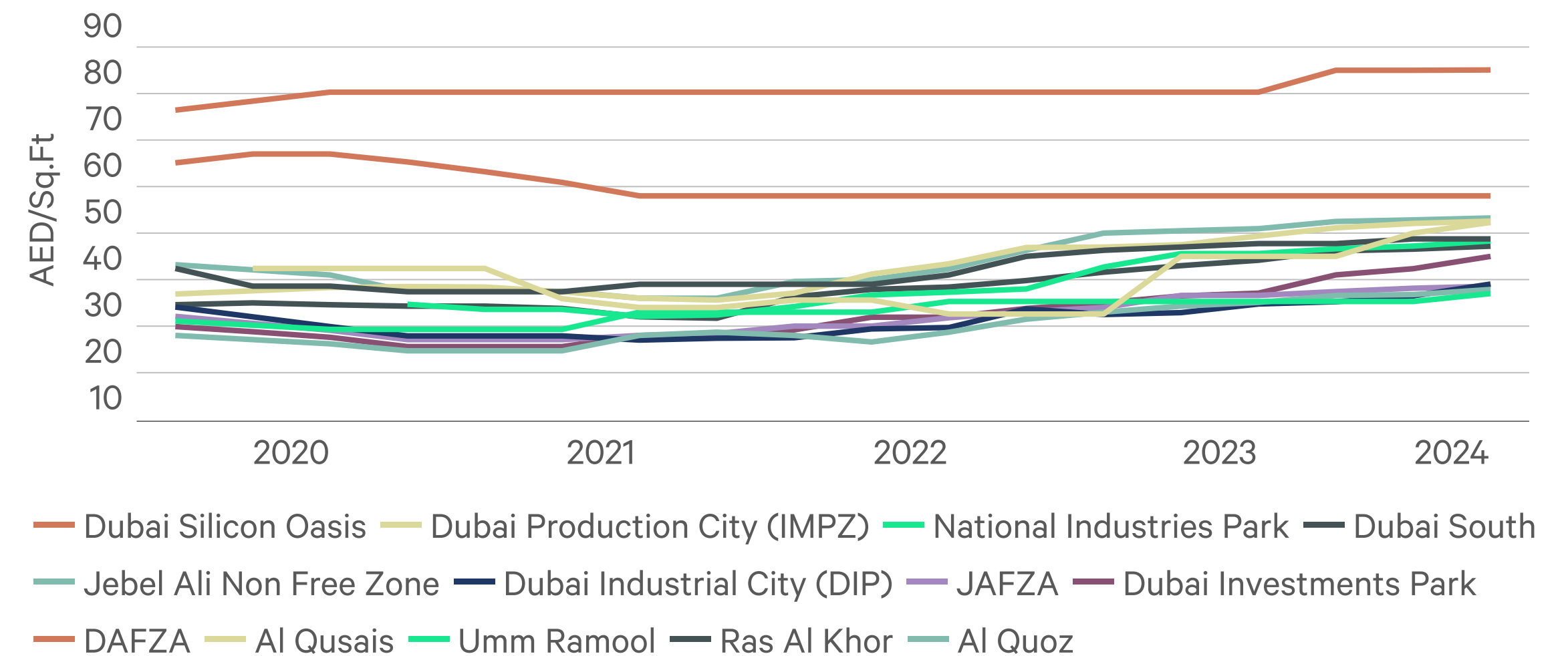
In Q2 2024, rents in Abu Dhabi's modern and coordinated factors market expanded by 4.7 contrasted with the year earlier, remaining at a normal of AED 409 for each square meter, and in Dubai, normal rents enrolled a development of 10.6% year-on-year to arrive at AED 45 for each square foot. The essentials supporting the two business sectors are supposed to keep on driving execution in the last part of the year. With request proceeding to dominate supply, and future stockpile conveyances remaining moderately restricted, rents are set for extra development over the impending time frame, yet not at the same speed, while new institutional-grade resources are supposed to arrive at extraordinary levels.

FIGURE 17: Abu Dhabi, Industrial Rents, AED/SQM



Source: First Leaf Real Estate Research

FIGURE 18: Dubai, Industrial Rents, AED/SQ.FT.



Source: First Leaf Real Estate Research



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