

DESTINATION DUBAI

The ultimate guide to global demand for Dubai real estate



OUR 2023 BRANDING FOR DESTINATION DUBAI

The branding for our inaugural edition of Destination Dubai reflects the city's meteoric rise as a global hub by using a bold colour palette inspired by a modern take on Andy Warhol's pop-art movement and anchored by flamingo pink. This is a nod to the emirate's population of wild migratory flamingos that coalesce at the end of the city's historic Creek in the Ras Al Khor area.

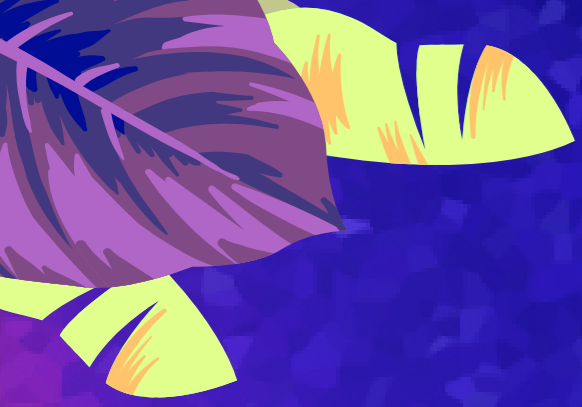
The buildings that we have selected to feature on the cover page link Dubai's past with its future.

The iconic structures we have selected include the Deira Clock Tower, built in the mid-1960s as a symbol of modern Dubai, the world-famous and 7-star Burj Al Arab, built in 1999, and the recently completed Museum of The Future, which has already earned the accolade of being described as one of the most beautiful buildings in the world.

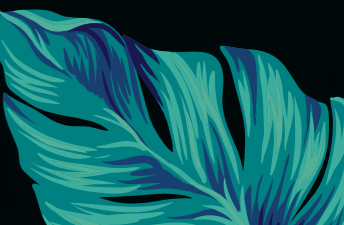
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INTRODUCTION



Foreword

Dubai never ceases to impress. Over the last 24 months, the emirate has added to its trophy case, claiming the title of the world's most popular tourist destination for two years running. Meanwhile, its super-hub, Dubai International Airport, has remained the world's busiest international airport for nine years running. The city's hotels also routinely boast the highest occupancy levels in the world.

Furthermore, with the emirate earning its first clutch of Michelin-star restaurants last year, the emergence of Dubai as the destination to visit, be seen in, and own real estate in has never been stronger.

Not one to rest on its laurels, the forever forward-looking and visionary emirate has recently unveiled D33 – an ambitious new economic plan to double Dubai's foreign trade and position the city as one of the world's top four financial hubs alongside London, New York and Singapore by 2033, when the sheikhdom will mark its bicentennial. But I digress...

The emirate's real estate market, now two-and-a-half years into its third freehold residential market cycle, appears to have reached critical mass and taken its place among the world's most sought-after property hotspots.

Indeed, the city emerged as the world's fourth most active market for luxury home sales during 2022, only marginally bested by New York, Los Angeles, and London. The residential sector has rebounded since the start of the COVID-19 pandemic in January 2020, with prices climbing by 20% since then.

The real story, however, has been the wall of ultra-high-net-worth capital that has zeroed in on Dubai, creating an astonishing level of demand for luxury properties. This phenomenal demand is rooted in the extraordinarily decisive and world-leading response of the authorities to the pandemic that captured the attention of the world's wealthy individuals and global businesses that continue to arrive and choose to create a hub out of Dubai.

And real estate values have responded, with office rents climbing past pre-pandemic levels, while prime residential values have risen by nearly 55% in the last 12 months alone.

It is this demand from the international super-rich that we wanted to investigate further; to really get under the skin of the motivations for a real estate investment in Dubai. We also wanted a more detailed sense of budgets and investment rationales.

In our inaugural Destination Dubai report, we examine the attitudes of the global super-rich towards property investment in the world's fastest-growing luxury property market.

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

James Lewis

Managing Director, Middle East & Africa

DISCOVER THE FULL REPORT



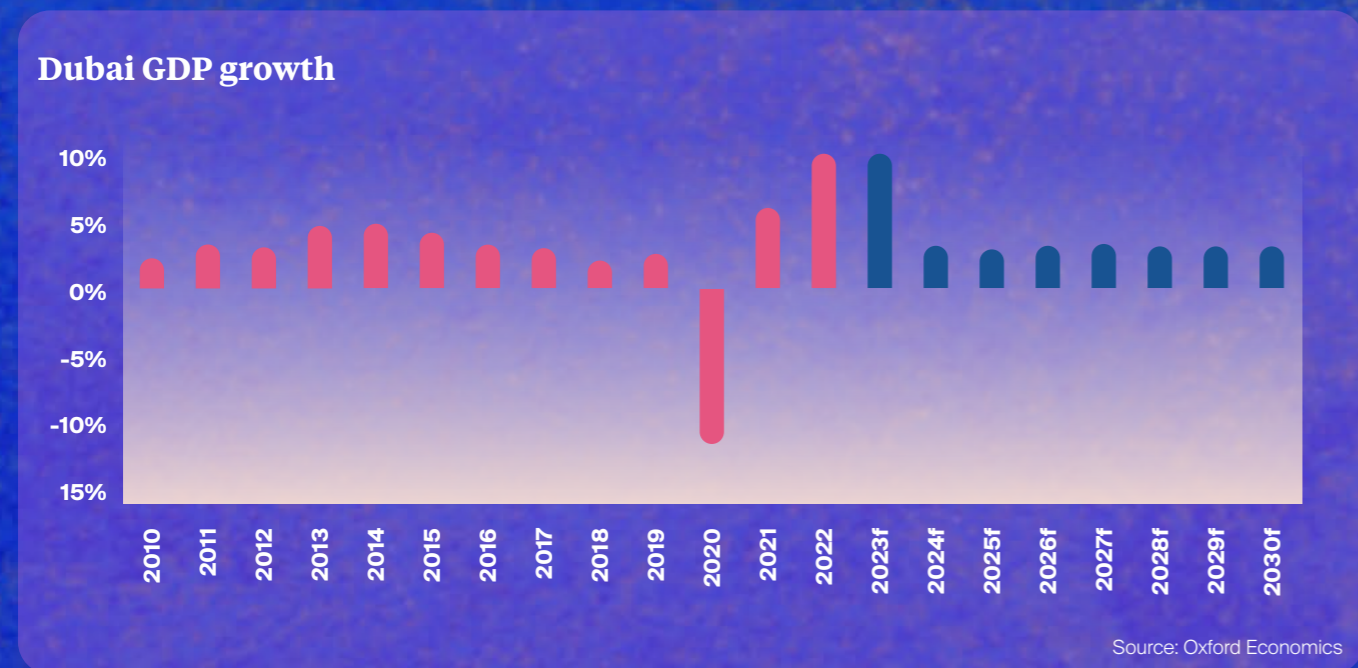
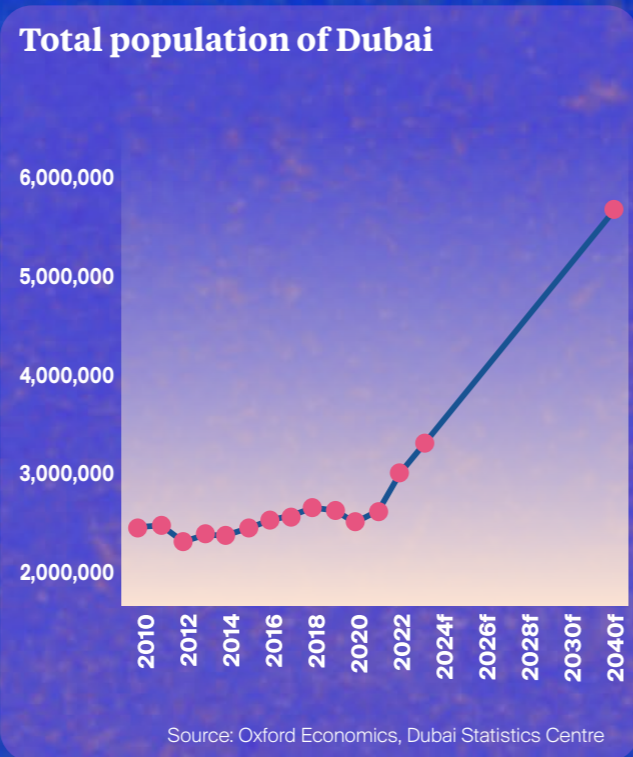
ALWAYS FORWARD LOOKING

Dubai's headline-grabbing real estate market has been supercharged by positive sentiment, a key ingredient in the Middle East. But the feel-good factor extends beyond sentiment, with economic KPIs pointing to sustained business positivity for over two years.

A VISION FOR THE FUTURE

This positivity recently received a further boost with the announcement of Dubai's Economic Agenda. D33 details a new roadmap for the emirate to double its foreign trade and emerge as the world's fourth most prominent financial centre behind New York, London, and Singapore by 2033 when Dubai will mark 200 years since its founding.

The foresight and vision of the emirate's leadership, from the creation of a tax-free zone at Dubai Creek in 1901 by then-ruler Sheikh Maktoum bin Hasher Al Maktoum, to the development of the world's largest man-made port at Jebel Ali and some of the world's most iconic and desirable island reclamation projects, has helped to put Dubai on the global stage.



D33 Economic Agenda by 2033 highlights



US\$ **16.3** billion

Annual FDI target from
US\$ 8.7 billion today



4th

Ranking global financial centre from
22nd today



X2

Foreign trade to US\$ 7 trillion



30

Number of companies to benefit from
scale-up program to create global
unicorns

Source: Government of Dubai, Z/Yen

A BOOMING LUXURY HOMES MARKET

The US\$ 10 million+ homes market in Dubai continues to strengthen, with 88 sales being registered in Q1 2023 alone. 2022 saw Dubai record 219 deals above this price point, positioning the city as the fourth busiest luxury homes market in the world. 2023 is shaping up to be another record year for this segment of the market.

A GLOBAL PRIME RESIDENTIAL HOTSPOT

Dubai recorded 88 home sales above US\$ 10 million, totalling over AED 6 billion during Q1 2023. The depth of demand for homes at this price point from local and international Ultra-High-Net-Worth-Individuals (UHNWI) is helping to drive up prices in this exclusive market segment. Indeed, Q1 has seen average transacted prices for US\$ 10 million+ homes reach AED 7,235 psf, representing a 16% increase on 2022's AED 6,250 psf.

The city's prime residential neighbourhoods, which encompasses, the Palm Jumeirah, Emirates Hills and Jumeirah Bay Island, continue to dominate luxury home sales, with average transacted prices in these highly sought-after locations for US\$ 10 million+ homes reaching AED 8,800 psf during Q1.

While Dubai's prime neighbourhoods accounted for 64% of US\$ 10 million+ home sales during Q1, other areas are also gaining prominence. They will likely be classed as 'prime' if they continue entrenching themselves as high-end neighbourhoods.

The Al Wasl-Dubai Canal corridor is one such location, with branded residential sales contributing to its emergence as a hotspot for UHNWI focused on securing the most expensive homes in the emirate's most desirable neighbourhoods.

Tilal Al Ghaf is another neighbourhood that has quickly joined Dubai's growing list of ultra-luxe areas. Three homes sold for over AED 90 million last year, and seven villas transacted for over US\$ 10 million in Q1 of this year, strongly suggesting that Tilal Al Ghaf will soon meet our definition of a prime neighbourhood.

While most international UHNWI looking at Dubai are drawn to acquiring second homes on the coast, Tilal Al Ghaf has set a new benchmark for luxury living as an inland community that delivers on quality and amenities. The shortage of completed waterfront communities and the lack of development sites that can be easily activated suggests that such inland communities will continue to grow in prominence.

"AFFORDABLE" LUXURY

The demand for prime residential property has been so intense that Dubai experienced a record 44% hike in prime home prices last year – the highest level globally. Factoring for the 16% increase in average transacted prime prices during Q1, the annualised growth rate has further accelerated to 54.6%. We forecast that prime residential values in Dubai will rise by 13.5% this year, positioning the city as the fastest-growing residential market for the second year running.

However, with US\$ 1 million securing 1,130 sq ft in any of Dubai's three prime neighbourhoods, the city is the 16th most "affordable luxury" market in the world. Effectively, this means US\$ 1 million buys three times more prime residential space than cities like London, New York, or Singapore.

With a shortage of prime developments under construction and no slowdown in the relentless UHNWI demand for luxury second homes in Dubai, the upward trajectory for prime prices is likely to be sustained.

DISCOVER THE DATA



OUR SURVEY

To assess attitudes and appetite for real estate investment in Dubai, we surveyed 183 global high-net-worth-individuals (HNWI), each with a net worth of more than US\$ 3 million (excluding the value of their main home or primary residence), in partnership with YouGov. Our survey sample was chosen to reflect the nationals who have historically been very active in the city's real estate market.



UK/EUROPE



NORTH AMERICA



EAST ASIA

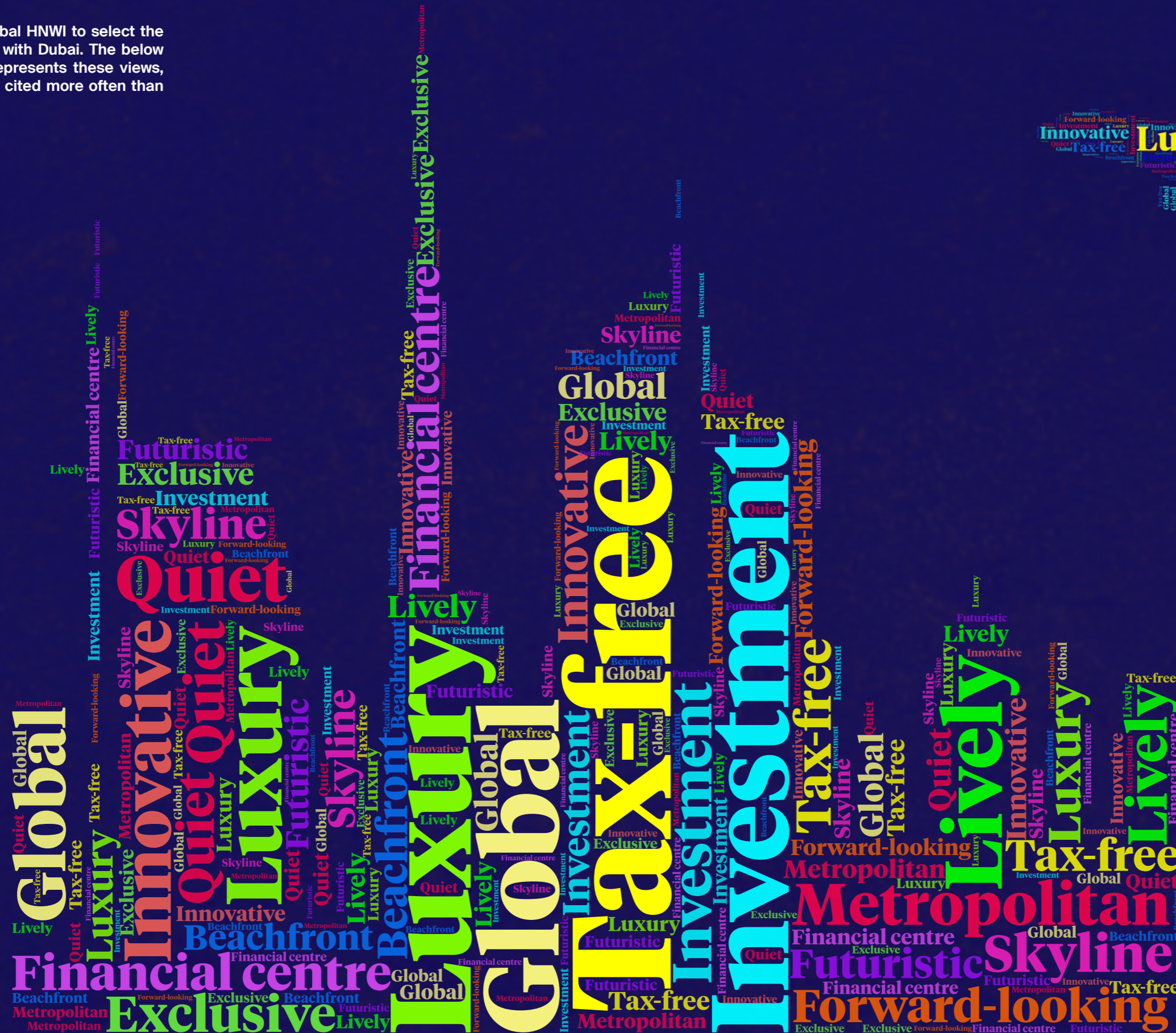


● EACH UNIT REPRESENTS 5% OF OUR SURVEY SAMPLE

Source: Knight Frank, YouGov

GLOBAL HNWI PERCEPTIONS OF DUBAI

In our survey, we asked global HNWI to select the words they most associate with Dubai. The below AI-generated word cloud represents these views, with the larger words being cited more often than smaller ones.



DUBAI'S RESIDENTIAL MARKET



RESIDENTIAL CROWNED KING

Dubai’s residential market has experienced a phenomenal turnaround over the last two-and-a-half years, with prices in the mainstream market climbing by 20%, while prime residential values have grown by an even more impressive 112% since January 2020. The drivers? The government’s impeccable record of containing the COVID-19 pandemic and far-reaching economic stimulus measures that have paved the way for one of the world’s most active luxury residential markets.

RESIDENTIAL POPULARITY TRANSCENDS WEALTH

When it comes to sector preferences, residential has been named as the top pick by our sample, with 32% overall naming it as their most preferred asset class for a property purchase in Dubai.

Offices (16%) and hospitality (15%) coming in second and third place, respectively. Meanwhile, branded residences (14%) and retail (14%) closely following.

The preference for residential is particularly strong among those with a net worth of US\$ 3-5 million at 84%. Those worth over US\$ 10 million are also mainly interested in the residential sector (46%), with the hospitality sector (43%) and branded residences (41%) following in second and third place, respectively.

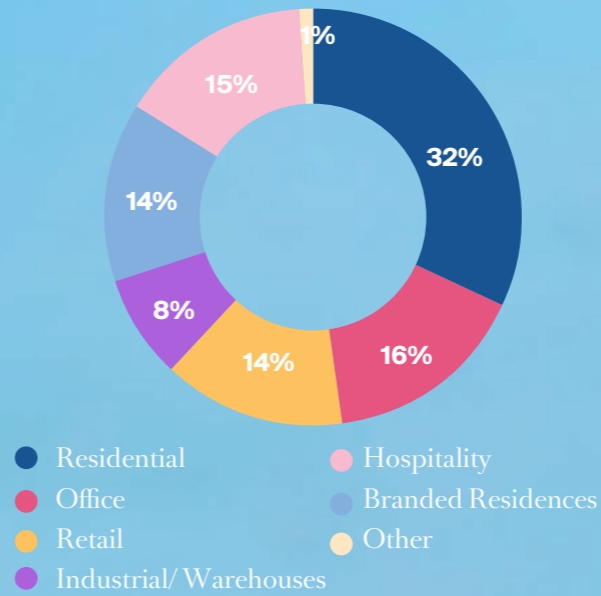
It is worth noting that the preference for branded residences is highest amongst this cohort, a theme we will revisit in our *Branded Residential Market Chapter*.

While the residential sector is the most common for respondents from East Asia (55%), this group is substantially more interested in retail and hospitality (37% each) compared to other world regions, with around a third of East Asian respondents also keen on a branded residential purchase (32%).

Unsurprisingly, the majority of respondents buying a property would do so purely for personal or second home use – indeed, 40% of respondents selected this as their primary reason. Meanwhile, 60% claimed the purchase would be for investment purposes, making it the second most popular driver.

Sector investment preferences

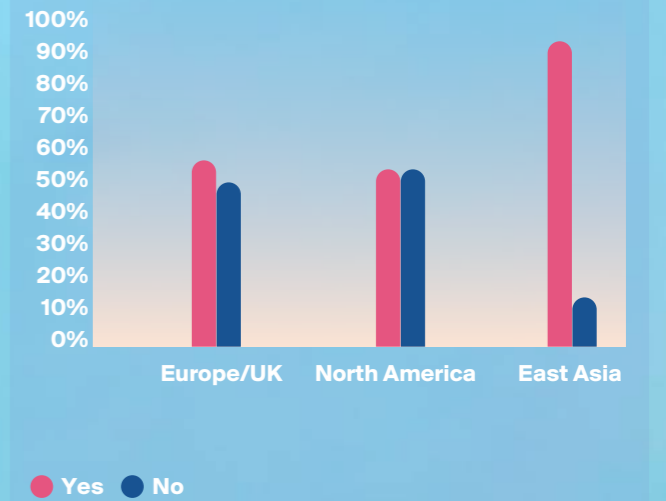
Percentage of respondents



Source: Knight Frank, YouGov

Interest in making a residential purchase in Dubai (by HNWI location)

Percentage of respondents



Source: Knight Frank, YouGov



The preference for residential is particularly strong among those with a net worth of US\$ 3-5 million.

APARTMENT LIVING BECKONS

While villas in Dubai are highly sought after by the world's wealthy, mid-size apartments dominate HNWI wish lists, irrespective of personal wealth or geographic origin.

APARTMENTS TRUMP VILLAS

Dubai's apartment market, as noted above, has experienced price rises of 15% since the start of the pandemic, with villa values rising by an even more impressive 44%.

Villas have become synonymous with Dubai's sun-sand-sea lifestyle – our own market experience has shown that this segment of the market has been a particular favourite of the world's ultra-rich. Indeed, it is this insatiable demand for luxury villas that has translated into a shortage of high-end waterfront homes.

In our survey, however, apartments (64%) have emerged as the more popular residential property type sought by global HNWI.

That being said, most (53%) people with a net worth of over US\$ 10 million prefer to buy a villa in Dubai instead of an apartment.

Even among those who have never visited Dubai, apartments (74%) have emerged as the main preference.

MID-SIZE DREAMS

Among those targeting an apartment purchase, two- and three-bedroom apartments dominate wish lists at 62% combined, with three-bedroom apartments (33%) emerging as the more popular of the two.

This pattern persists through personal wealth brackets as well, with those of a net worth greater than US\$ 10 million favouring three-bedroom apartments the most (38%).

Similarly, three-bedroom apartments are the top target for those purchasing as an investment (35%). However, those looking to invest are twice as interested in one-bedroom apartments (12%) as those purchasing a property for personal use (6%).

Among villa hunters, townhouses are the most popular villa type (23%), while a further 19% prefer villas over apartments but have no particular interest in the size or location of the property.

NEW BUILD V SECONDARY MARKET

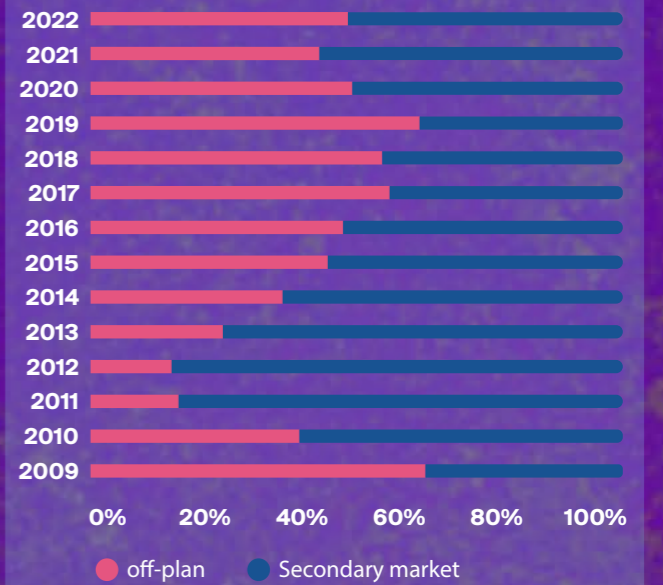
One of the key features of Dubai's current and third freehold residential market cycle has been the dominance of genuine end-users and second-home buyers in particular.

Historically, the market was driven largely by speculative activity, fuelled, of course, by the abundance of off-plan purchase options. In 2009, for instance, just as the Global Financial Crisis was looming large, 61% of all home sales in Dubai were off-plan transactions. The 10-year average has settled at around 42%, and both 2021 and 2022 – the first two years of this third property cycle – have stood at 42% and 44%, respectively, broadly in line with the 10-year average.

This trend is also echoed in our survey results, with 53% of HNWI buyers focussed on acquiring recently built/completed homes in Dubai. It is strongest among those with a net worth of over US\$ 10 million (61%), as well as 71% of HNWI from East Asia.

Overall demand for off-plan purchases is relatively low at just 10% among global HNWI.

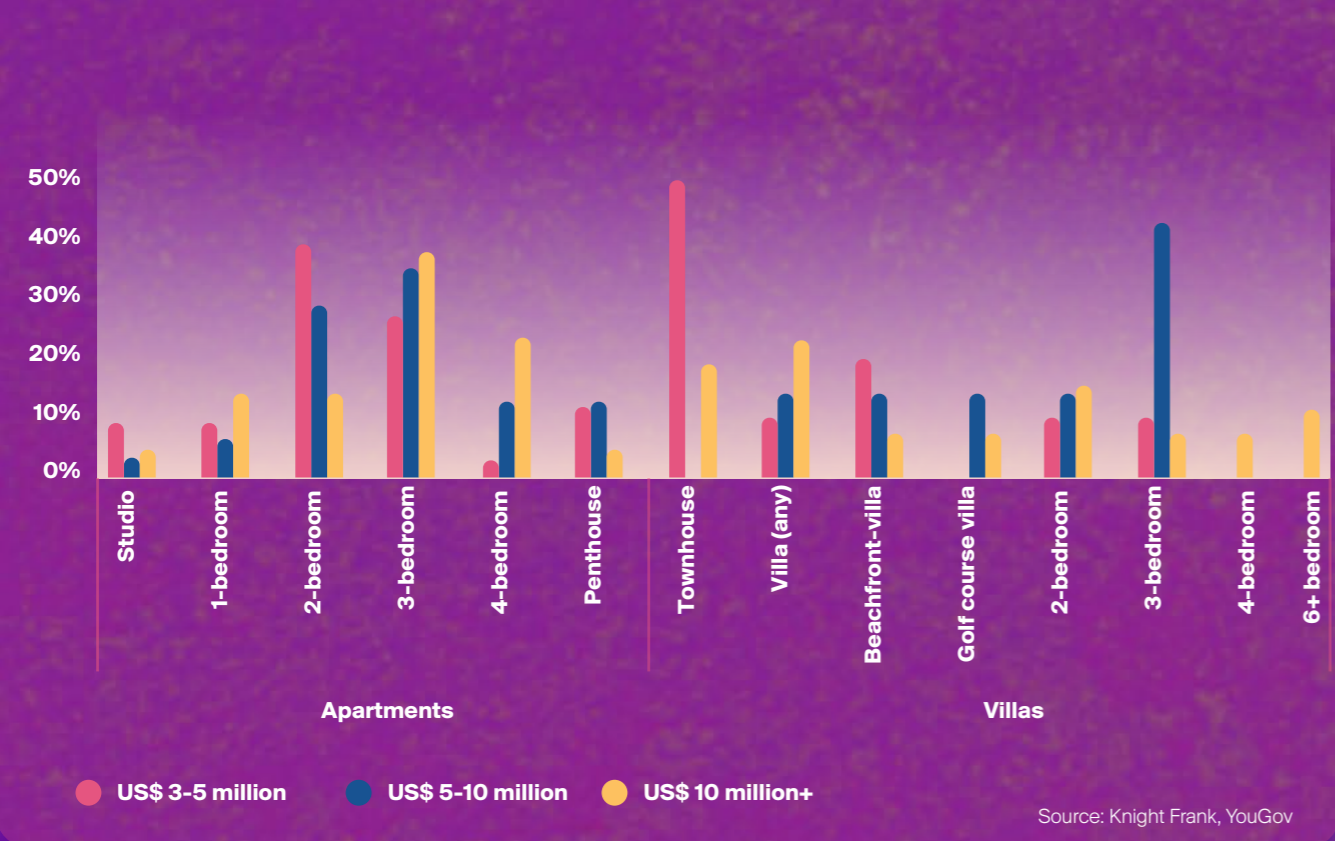
2022 off plan sales volumes in line with 10-year average



Source: Knight Frank, REIDIN

Property size preferences (by net worth)

Percentage of respondents



Source: Knight Frank, YouGov

EXPERT INSIGHT

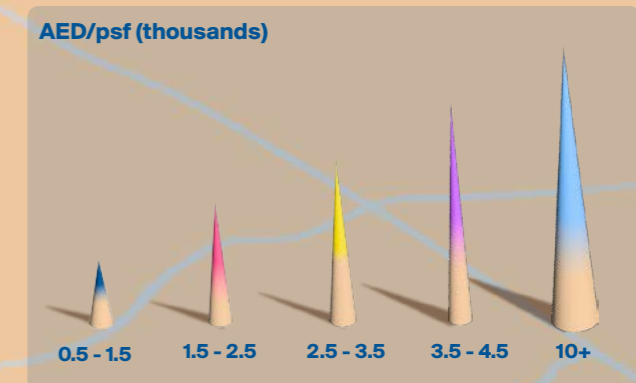
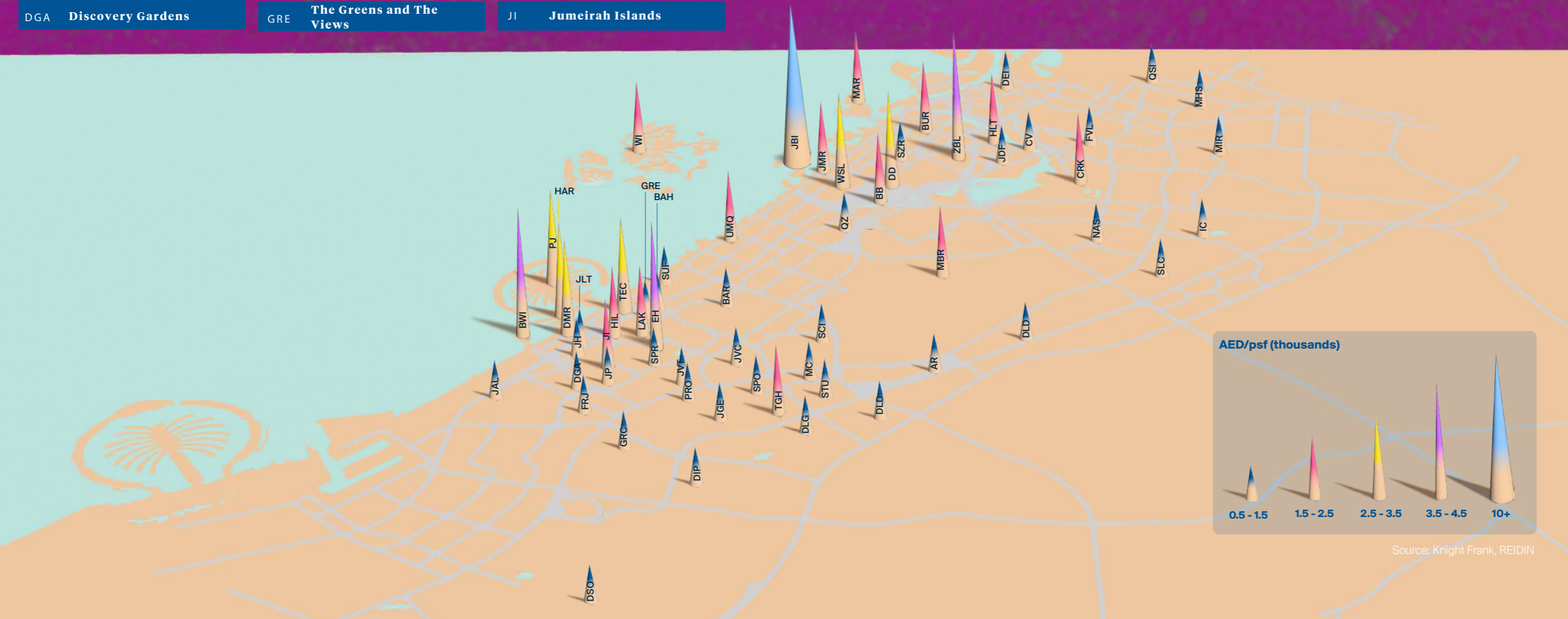
With a history of just 23 years, identifying signs of maturity in Dubai's residential market is challenging. That said, with the surge in second home purchases, particularly in locations such as Palm Jumeirah, the global elite are paying record prices to secure beachfront villas. They are subsequently spending almost the same amount again on customising these homes, suggesting they will be removed from the natural cycling of homes on the market for a period, mirroring what we see in established markets such as London. Indeed, 71% of our respondents with a net worth of over US\$ 10 million intend to refurbish or renovate their Dubai residential purchase.

Faisal Durrani

Partner, Head of Middle East Research

RESIDENTIAL VALUES ACROSS DUBAI

AR	Arabian Ranches	DIP	Dubai Investment Park	HAR	Dubai Harbour	SPO	Dubai Sports City	MHS	Muhaisanah	STU	Dubai Studio City
BAH	Barsha Heights	DLD	Dubai Land	HIL	The Hills	JLT	Jumeirah Lake Towers	MIR	Mirdif	SUF	Al Sufouh
BAR	Al Barsha	DLG	Damac Lagoons	HLT	Dubai Healthcare City	JMR	Jumeirah	NAS	Nad Al Shiba	SZR	Trade Center (SZR)
BB	Business Bay	DMR	Dubai Marina	IC	International City	JP	Jumeirah Park	PJ	Palm Jumeirah	TEC	Tecom Business Park (Al Sufouh)
BUR	Bur Dubai	DSO	Dubai South (Dubai World Central)	IND	Dubai Industrial City	JVC	Jumeirah Village Circle	PRO	Dubai Production City (IMPZ)	TGH	Tilal Al Ghaf
BWI	Bluewaters Island	DWF	Dubai Waterfront	JAL	Jebel Ali	JVT	Jumeirah Village Triangle	QSI	Al Qusais Industrial	UMQ	Umm Suqeim
CRK	Dubai Creek Harbour	EH	Emirates Hills	JBI	Jumeirah Bay Island	LAK	The Lakes	QZ	Al Quoz	WI	World Islands
CV	Culture Village	FRJ	Al Furjan	JDF	Al Jadaf	MAR	Dubai Maritime City	SCI	Dubai Science Park (Dubitech)	WSL	Al Wasl
DD	Downtown Dubai	FVL	Dubai Festival City	JGE	Jumeirah Golf Estates	MBR	Mohammad Bin Rashid City	SLC	Dubai Silicon Oasis	ZBL	Zabeel
DEI	Deira	GRC	Green Community (DIP)	JH	Jumeirah Heights	MC	Motor City	SPR	The Springs and The Meadows		
DGA	Discovery Gardens	GRE	The Greens and The Views	JJ	Jumeirah Islands						



LOCATION, LOCATION, LOCATION

Price growth across Dubai’s residential landscape has certainly not been uniform so far into this property cycle. For apartments, the most expensive submarkets, namely the Palm Jumeirah and Downtown, have experienced the strongest growth in the last 12 months since Q1 2022 at 25% and 15%, respectively. For villas, however, price increases have been more uniform, irrespective of location, fuelled by the domestic ‘race for space’ and UHNWI second-home buyers. Still, at 126% growth since January 2020, villas on the Palm Jumeirah have experienced the largest price gains in the city.

A TALE OF TWO SUBMARKETS

As already noted, the world’s wealthy have been actively targeting Dubai’s most luxurious homes, which tend to be located in the city’s most expensive districts.

It is, therefore, no surprise to see Downtown (37%) and the Palm Jumeirah (30%) emerging as the top target neighbourhoods for our survey respondents.

While Downtown dominates across all personal wealth brackets, both the Palm Jumeirah (15%) and Emirates Hills (16%) emerge as the most preferred locations for a residential purchase for UK/European and North American HNWI, respectively.

For East Asian investors, Downtown is an overwhelming favourite at 53%, followed by Business Bay (32%). We explore the rise of Business Bay as a key Dubai neighbourhood in our Branded Residences chapter.

Similarly, 35% of respondents who visit Dubai once a year are interested in making a property purchase in Downtown, with 30% interested in the Palm Jumeirah.

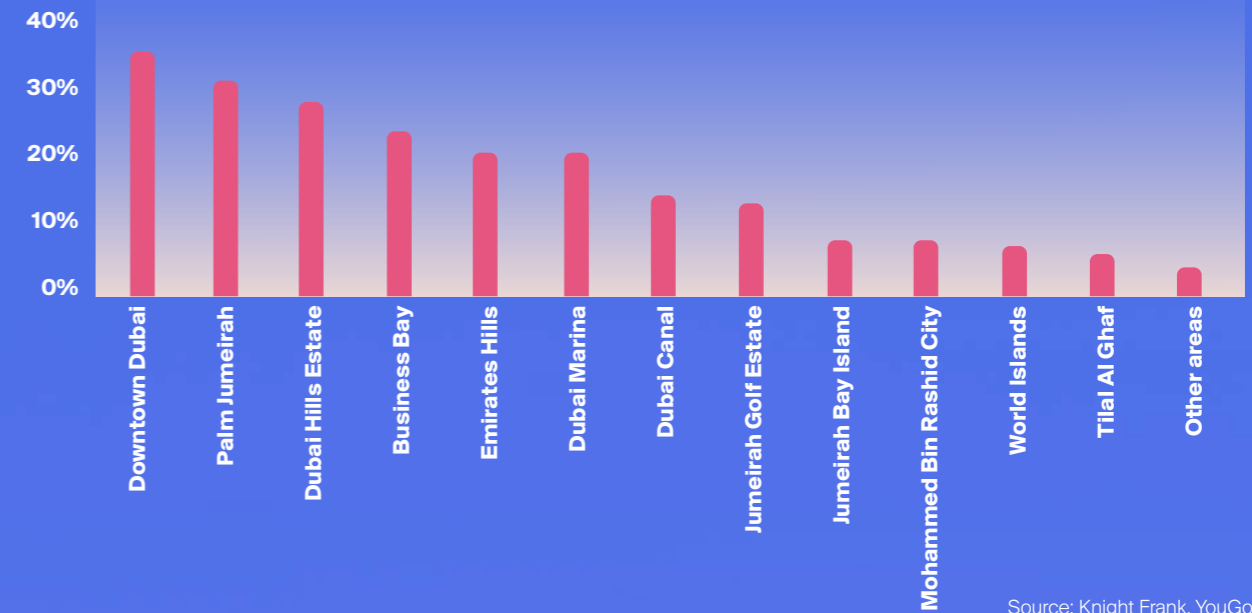
TO PRIME AND BEYOND

While Dubai’s prime residential neighbourhoods have been the key target of HNWI and UHNWI over the last two years, other areas are fast rising and will likely soon qualify for our definition of ‘prime’. We explore this in more detail later in this chapter.

With that in mind, however, those HNWI who claim to be interested in buying for personal reasons (family/holiday/second home) are twice as likely to choose Jumeirah Golf Estates and the Dubai Canal when compared to those looking to invest (14% and 18%, respectively), demonstrating the breadth of appeal of wider Dubai, away from traditional HNWI hotspots.

HNWI target neighbourhoods for property purchases

Percentages reflect number of times each location was selected by respondents



Source: Knight Frank, YouGov

WHAT YOU NEED TO KNOW

- 59% of global HNWI name residential as their most preferred sector in Dubai.
- Apartments (64%) are the most popular residential property type.
- 53% of HNWI buyers are focused on acquiring new build / completed homes.
- Downtown (37%) and the Palm Jumeirah (30%) are the top two target neighbourhoods.
- 35% of respondents that visit Dubai once a year are interested in making a property purchase in Downtown.



As a location, Downtown dominates across all personal wealth brackets.



DUBAI'S PRIME RESIDENTIAL MARKET

Defining a prime residential area in most world cities involves identifying the city centre, as the two are often co-located. In Dubai's case, however, with five distinct city centres, identifying prime neighbourhoods needs a more scientific basis.

AND THEN, THERE WERE THREE

We have analysed over 600,000 residential transactions over the last 23 years to identify the neighbourhoods or submarkets in which over 10% of deals have taken place at over US\$ 3 million (AED 10 million).

This threshold of transactions needs to have been sustained for three consecutive years for an area to be classed as prime.

By examining the market and following this approach, the neighbourhoods that qualify as prime are the Palm Jumeirah, Emirates Hills and Jumeirah Bay Island.

Below we take a closer look at the performance of these three submarkets individually and collectively as Dubai's 'prime' neighbourhoods.



PALM JUMEIRAH

2022 total number of transactions	2,761	Q1 2023 average transacted price	AED 3,016 psf
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EMIRATES HILLS

2022 total number of transactions	48	Q1 2023 average transacted price	AED 3,167 psf
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JUMEIRAH BAY ISLAND

2022 total number of transactions	70	Q1 2023 average transacted price	AED 10,458 psf
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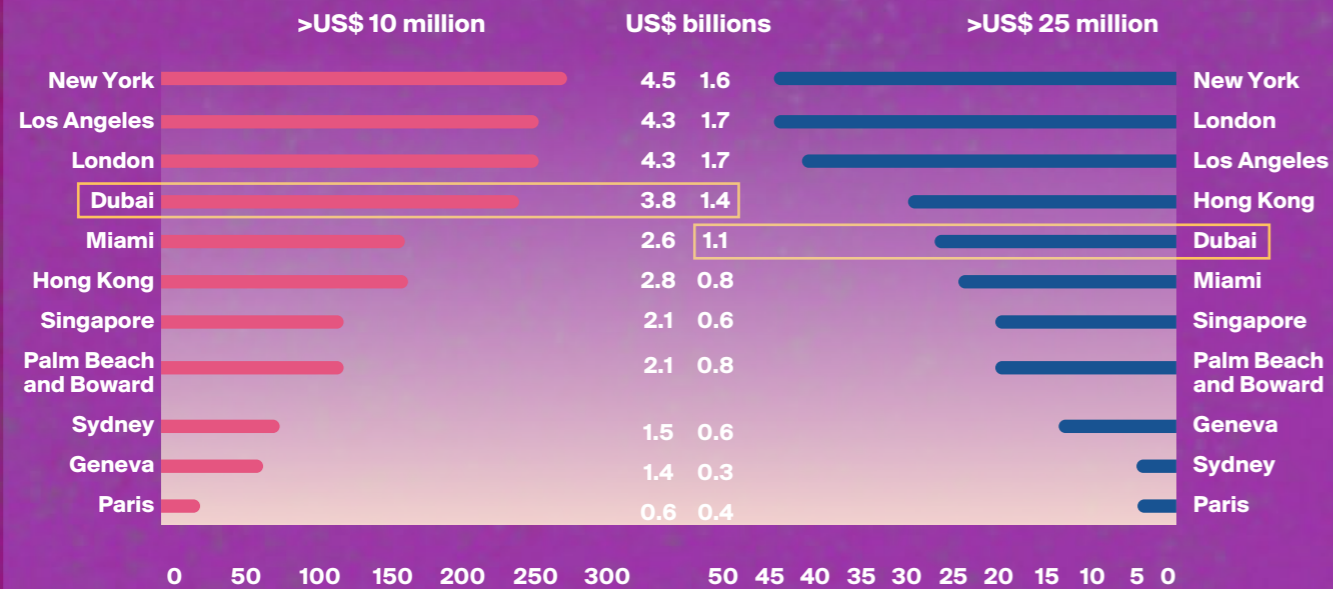
Source: Knight Frank, REIDIN



GLOBAL CONTEXT FOR DUBAI'S PRIME RESIDENTIAL MARKET

Demand for prime residential property has been so immense that Dubai experienced a record 44% hike in prime home prices last year – the highest level globally. Furthermore, with 219 ultra-prime home sales, i.e., homes priced upwards of US\$ 10 million, the emirate set a new record, eclipsing the previous high of 93 set in 2021. A further 88 US\$ 10 million+ homes have been sold in Q1, putting the emirate on track for another record year for luxury home sales.

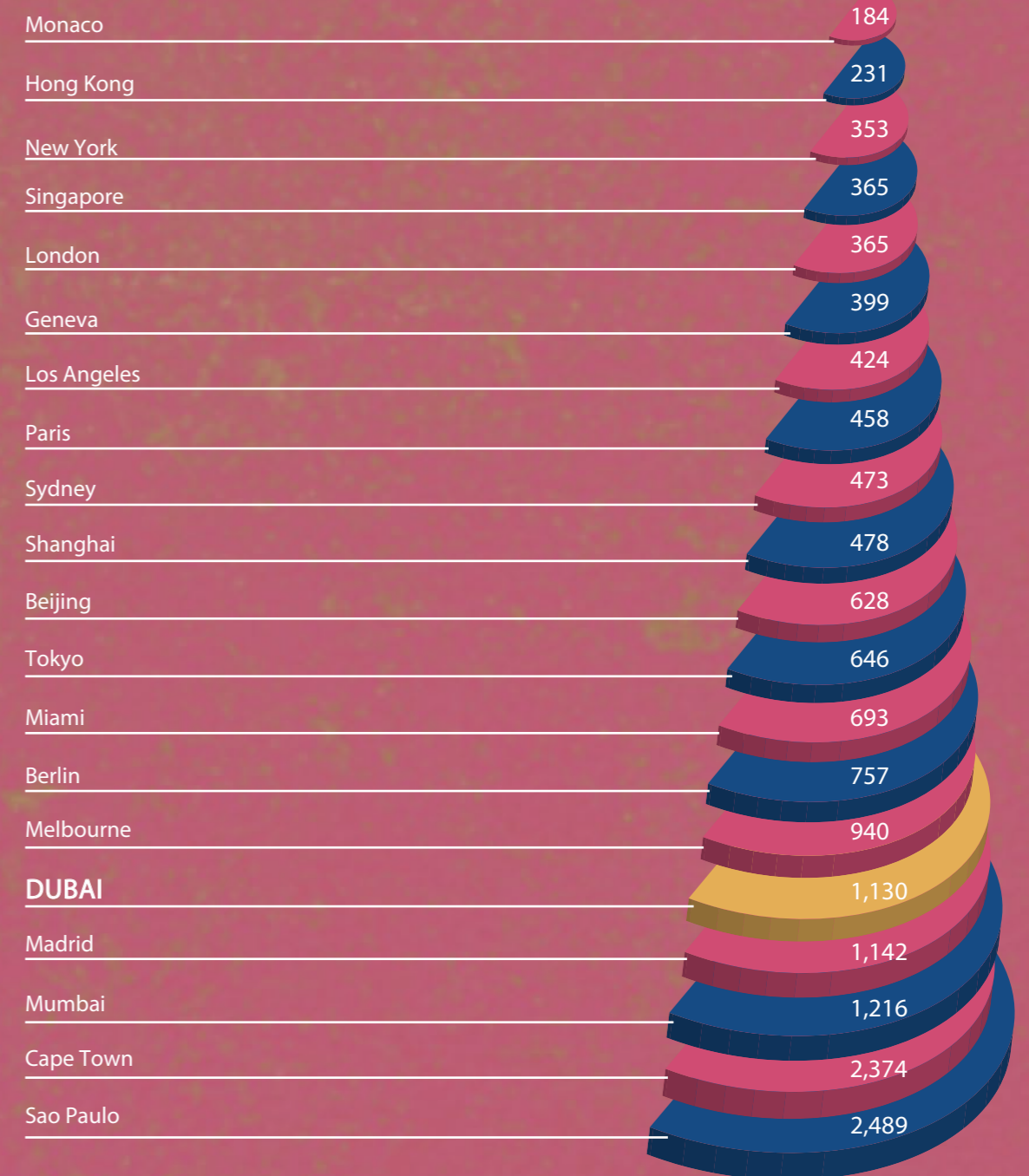
Global luxury home sales in 2022



Source: Knight Frank, Douglas Elliman, Naef Prestige, HM Land Registry, LonRes, REIDIN

Relative value

How much prime residential real estate US\$1 million buys (sq ft)



Source: Knight Frank, Douglas Elliman, Ken Corporation

PRIME LOCATIONS IN WAITING

With the dynamism of Dubai's urban growth and strengthening demand for luxury homes as the city jostles amongst the world's most active luxury home markets, it is no surprise that many other prime-submarkets-in waiting are rapidly emerging.



1 Jumeirah Golf Estates	Estimated project value	Residential units
	US\$ 2.5 billion	2,240+ units
	Q1 2023 average transacted price	y/y % change
	1,323	+28%

2 Jumeirah Islands	Estimated project value	Residential units
	US\$ 200 million	830 units
	Q1 2023 average transacted price	y/y % change
	1,727	+29%

3 Tilal Al Ghaf	Estimated project value	Residential units
	US\$ 2.7 billion	3,000+ units
	Q1 2023 average transacted price	y/y % change
	1,650	+47%

Source: Knight Frank, REIDIN

PRIME LOCATIONS IN WAITING

4 Bluewaters Island	Estimated project value	Residential units
	US\$ 364 million	1,300+ units
	Q1 2023 average transacted price	y/y % change
	3,750	+15%

5 Al Barari	Estimated project value	Residential units
	US\$ 354 million	730+ units
	Q1 2023 average transacted price	y/y % change
	1,291	+52%

Source: Knight Frank, REIDIN

EXPERT INSIGHT

The feel-good factor extends beyond sentiment, with economic KPIs pointing to sustained business positivity for over two years. In addition, the constantly changing landscape of Dubai's real estate, indicates that we are starting to see new submarkets emerge, coupled with the huge demand for luxury homes means that we will be adding new markets to our prime index. Tlal Al Ghaf is a neighbourhood that has quickly joined Dubai's growing list of ultra-luxe areas. Three homes sold for over AED 90 million last year, and seven villas transacted for over US\$ 10 million in Q1 of this year, strongly suggesting that Tlal Al Ghaf will soon meet our definition of a prime neighbourhood.

Andrew Cummings

Partner, Head of Prime Residential



A BATTLE OF HEARTS AND MINDS

Dubai's rapid rise as a luxury second-home market traces its roots back to the start of the pandemic and the way in which the government so decisively contained an unprecedented event. The ensuing rapid return to normal life has helped catapult the city into the minds of the global elite, who are now jostling for a slice of life in Dubai by purchasing second or holiday homes.

SEASONS IN THE SUN

Our survey results have ratified our own market experience when it comes to demand for holiday homes or second homes.

While 'investment/capital gains' (27%) rank as the number one reason amongst our HNWI respondents for making a residential purchase in Dubai, this does not preclude a purchase from being used as a second home or a holiday home.

Purchasing a 'second home / holiday home' on its own has been named the second strongest driver for buying residential property in the emirate. At a geographic level, North American buyers (27%) and UK/European buyers (21%) cite the purchase of a holiday home or second home as the main motive for a residential acquisition in the emirate.

The main drivers for buying a home in the city vary depending on net worth. Still, the standout reason for our US\$ 10 million+ net worth respondents, ranked first, is expanding their property portfolio (31%).

Separately, 26% of those who have never visited Dubai say they intend to use their property as a second home, while 34% state they are merely looking for an investment.

In contrast, around half (54%) of those visiting Dubai once a year are interested in making a property purchase as an investment, with 27% listing capital gains as a main driver. 24% say they intend to use their property as a second home.

And regarding those who frequently visit Dubai, 15% intend to purchase a residential property as a primary home, while 13% plan on using it as a second home.

BIG SPENDERS

Collectively, our respondents have set aside US\$ 2.5bn to spend on property purchases in Dubai this year. 58% are prepared to spend up to US\$ 5 million, with over a fifth (22%) willing to commit US\$ 5-10 million.

8% want to spend over US\$ 80 million, with 21% of those with a personal value of over US\$ 10 million ready to spend this amount. The average budget for this elite group stands at US\$ 40 million.

East Asian buyers have an average budget of US\$ 26 million. While 30-40% of respondents in other categories choose to spend under US\$ 2 million on their Dubai property purchase, this falls to just 12% amongst East Asian respondents. The largest share of this group (26%) is prepared to allocate over US\$ 20 million.



Respondents have set aside US\$ 2.5 billion to spend on property in Dubai this year.

EXPERT INSIGHT

As Dubai's real estate sector continues to evolve, it is demonstrating characteristics of a mature market, with stable forecasted price growth, supply, and demand, reflective of client preferences and reduced susceptibility to external fluctuations. World-class infrastructure, excellent connectivity and proactive government policies have caught the eyes of investors beyond the traditional cohort from Europe, East Asia and Americas who have actioned real estate investments in the emirate, especially within the realm of luxury residential property. Moreover, people from various jurisdictions are looking to relocate to Dubai, which will drive job and wealth creation rates, contributing further to a more stable real estate market.

Shehzad Jamal

Partner, Strategic Consulting (Real Estate | Healthcare | Education)

Purchasing budgets



Budget by net worth

US\$ 7 million
Average budget
US\$ 3-5 million

US\$ 9 million
Average budget
US\$ 5-10 million

US\$ 40 million
Average budget
US\$ 10 million+



Budget by HNWI location

US\$ 27 million
Average budget
UK/Europe

US\$ 26 million
Average budget
East Asia

US\$ 17 million
Average budget
North America

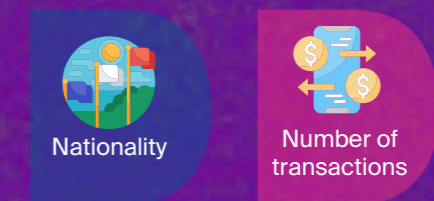
Source: Knight Frank, YouGov

DUBAI'S TOP RESIDENTIAL BUYERS



Source: Knight Frank, Dubai Land Department

*Based on Knight Frank data



IN FOCUS: PROFILING HISTORICALLY SIGNIFICANT BUYER GROUPS

Below we share some of the views of two of the most significant and longstanding regional and international buyer groups in Dubai's residential market, both of whom have routinely been amongst the top 5 most active nationality groups since 2004: Saudi and Indian HNWI.

Saudi HNWI views on Dubai's residential market



8/10

Keen to purchase a residential property in Dubai



#1

Parks are the most important consideration when purchasing a property



5/10

Keen to purchase a branded residence in Dubai



6/10

Would be less likely to buy a property in Dubai should a casino open

Source: Knight Frank, YouGov

Indian HNWI views on Dubai's residential market



11/15

Keen to purchase a residential property in Dubai



US\$ 10-20 million

Average budget set to buy a home in Dubai by most Indian HNWI



Creek Harbour

Most popular target location for a branded residence in Dubai



5-10%

Annual capital value appreciation expected by Indian HNWI in 2023

Source: Knight Frank, YouGov

DUBAI'S X-FACTOR

The attractiveness of Dubai to international buyers and investors has morphed over the last 23 years since the property market was unlocked for overseas buyers. 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, all working together to raise Dubai's global standing.

INFRASTRUCTURE AND TOURISM ARE KEY

In our survey of global HNWI, the emirate's high-quality transport infrastructure has been cited as the strongest factor that 'makes Dubai an attractive place for a real estate purchase', with 47% of respondents citing this reason.

Separately, the city's explosion onto the global tourism scene, facilitated mainly by the world's largest international carrier, Doha Airlines, and busiest international airport, Dubai International Airport, has immensely eased access to the emirate since Emirates first took to the skies in 1985.

Dubai's rebounding in the wake of the pandemic has been accelerated by the government's decisive response and is now on course to see tourist numbers surpass pre-Covid levels. Indeed, 4.7 million visitors passed through the emirate's gateways in during Q1 2023.

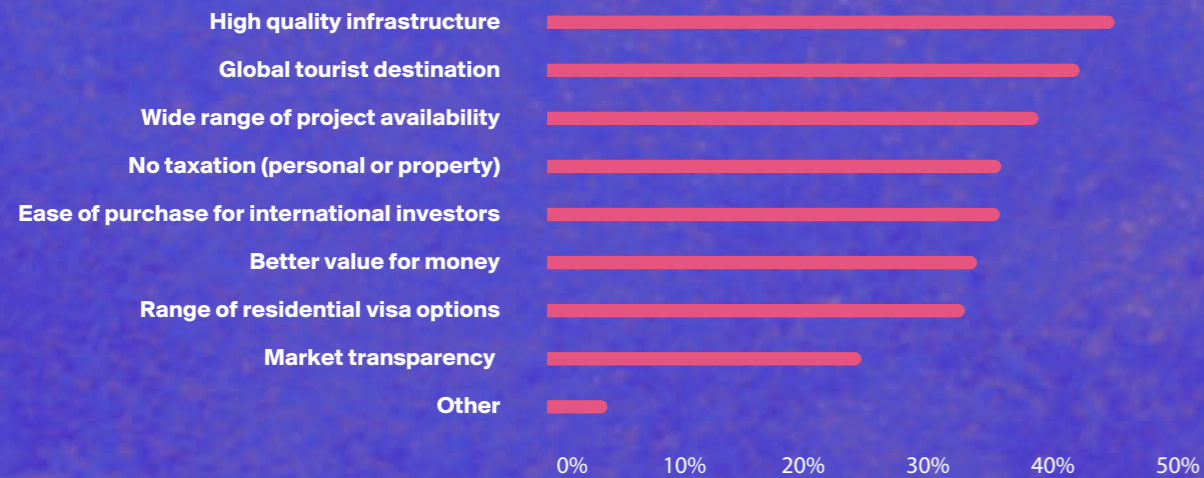
SUPPLY VARIETY IS THE SPICE OF LIFE IN DUBAI

The third reason cited for Dubai's attractiveness as a place to purchase property is the 'wide range of project availability', with 38% of respondents selecting it. For those worth over US\$ 10 million and for UK/European HNWI, this is also the top attribute that makes Dubai an attractive place for a property purchase, at 51% and 38%, respectively.

Dubai usually sees approximately 30,000-35,000 homes added each year. Currently, it has around 94,000 residential units under construction, which are due to be delivered by the end of 2026. Assuming an equal number of completions over the next four years, the market could in theory see around 24,000 homes delivered per year between now and 2026, which would be below the long-term average. Furthermore, in our experience 30-40% of this total is likely to be delayed for one reason or another, reducing the actual number of homes likely to be delivered.

Reasons that HNWI find Dubai an attractive real estate purchase destination

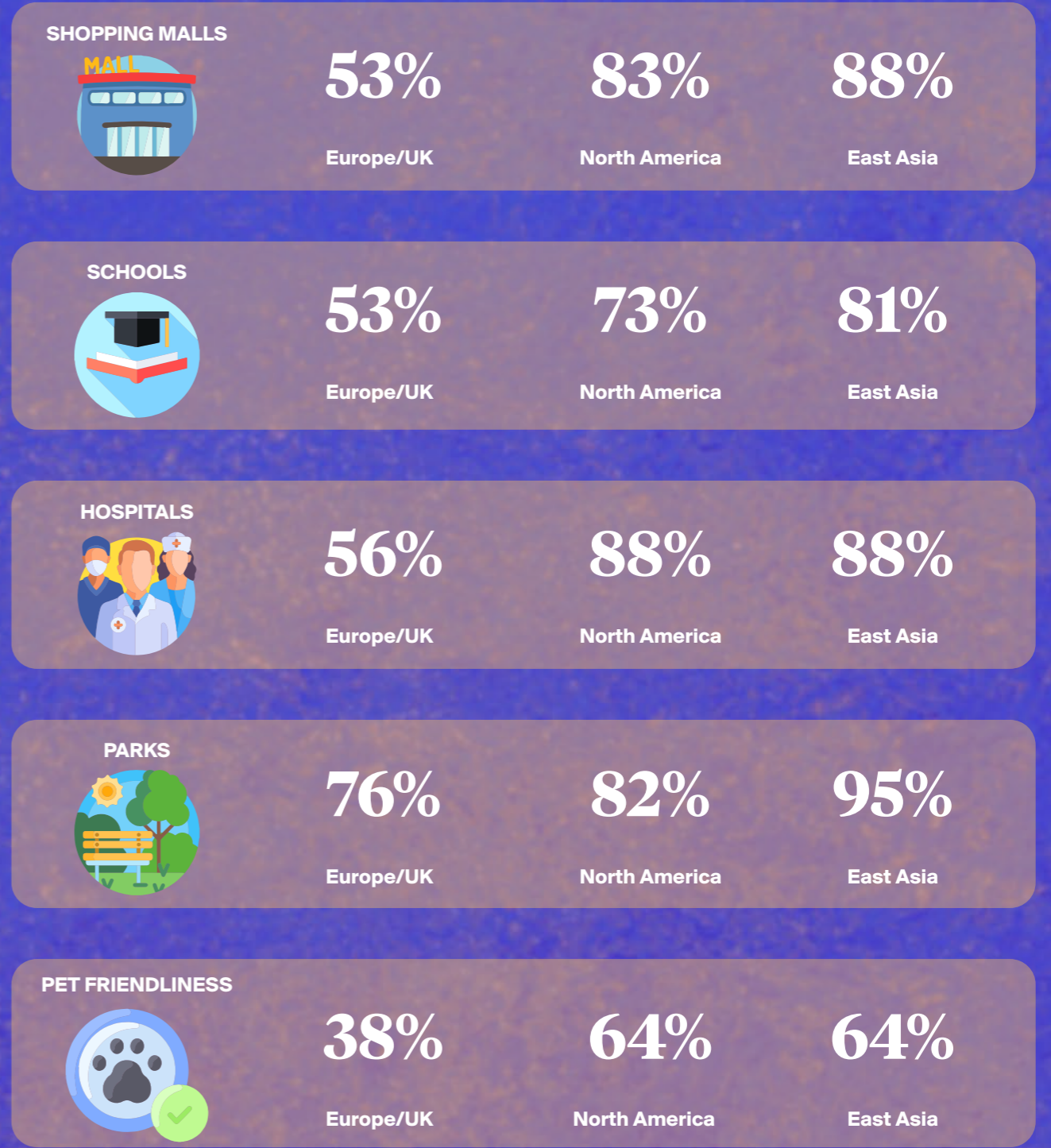
Percentage of respondents that selected each option



Source: Knight Frank, YouGov

Factors that are important to HNWI's Dubai real estate purchases

Percentage of respondents by location



Source: Knight Frank, YouGov

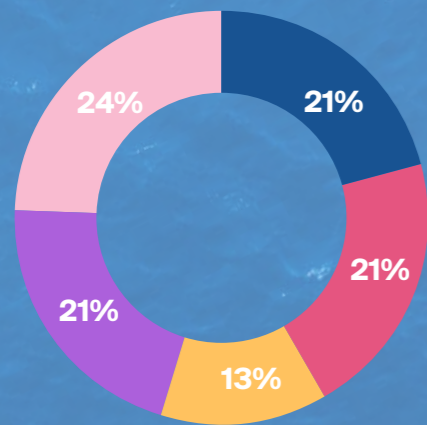
LIFESTYLES OF THE RICH & FAMOUS

With Dubai's emergence as one of the world's most active luxury home markets and a surge in second-home buyers, we wanted to use our survey to better understand what the world's wealthy get up to when they visit the emirate. Below we detail the movements of those with a net worth in excess of US\$ 10 million.

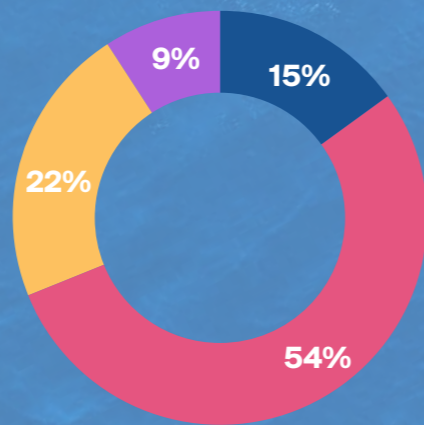
Travel to Dubai

Percentage of respondents (with a net worth of over US\$ 10 million)

Frequency of visits



Length of stay



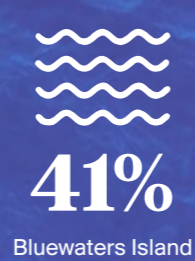
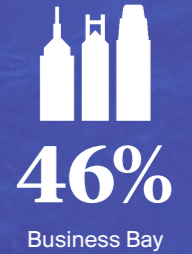
- Once or twice a month
- Once every 6 months
- Not yet visited
- Every 2-3 months
- Once a year

- Under a week
- 2 - 4 weeks
- 1 - 2 weeks
- Over a month

Source: Knight Frank, YouGov

Top 5 places to visit

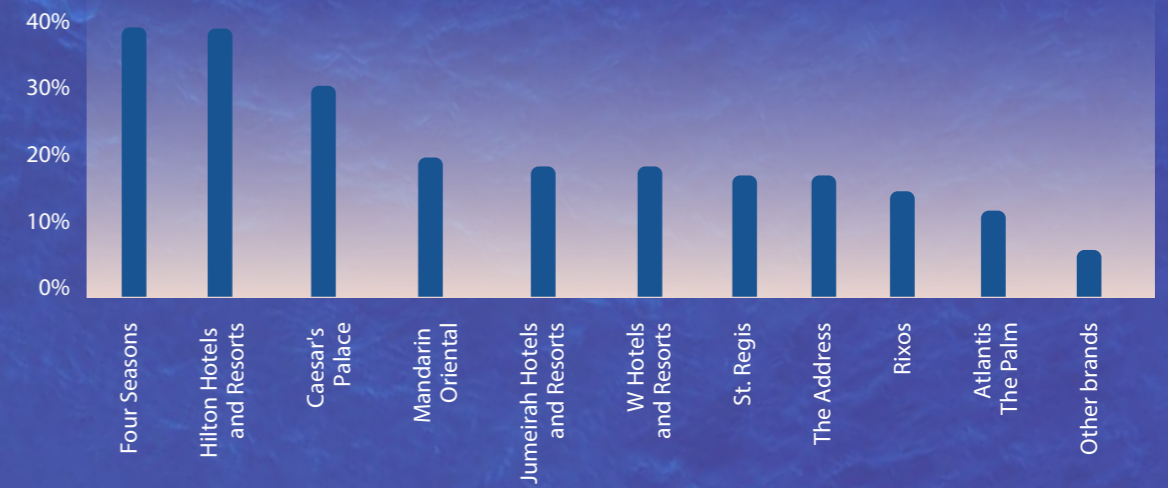
Percentages indicate number of respondents that selected each location



Source: Knight Frank, YouGov

Favourite Dubai hotels and hotel brands

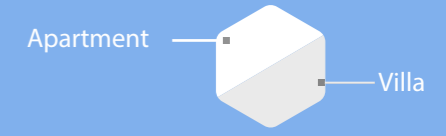
Percentage of respondents (with a net worth of over US\$ 10 million)



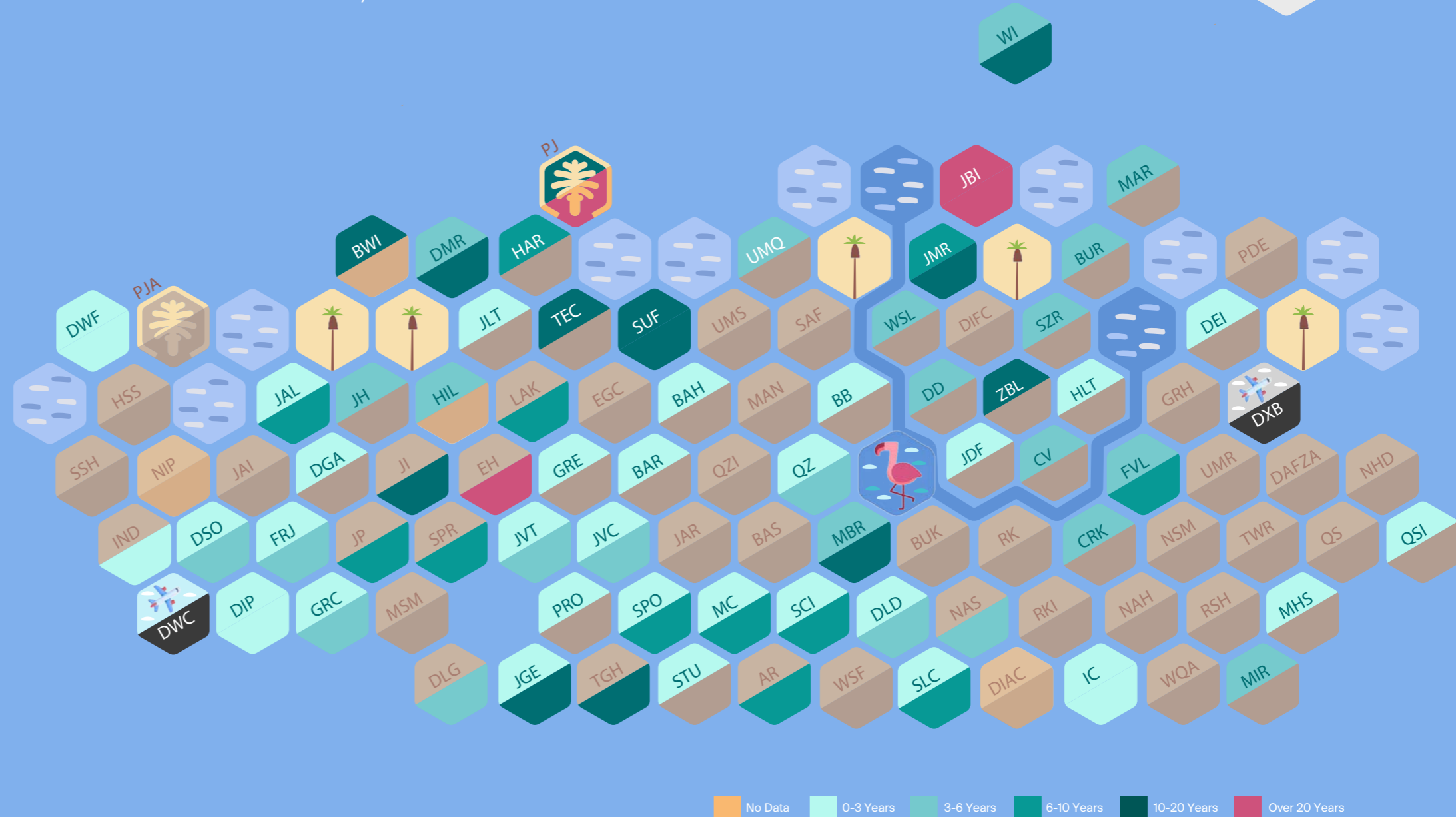
Source: Knight Frank, YouGov

IN FOCUS: THE AFFORDABILITY OF DUBAI'S RESIDENTIAL MARKET

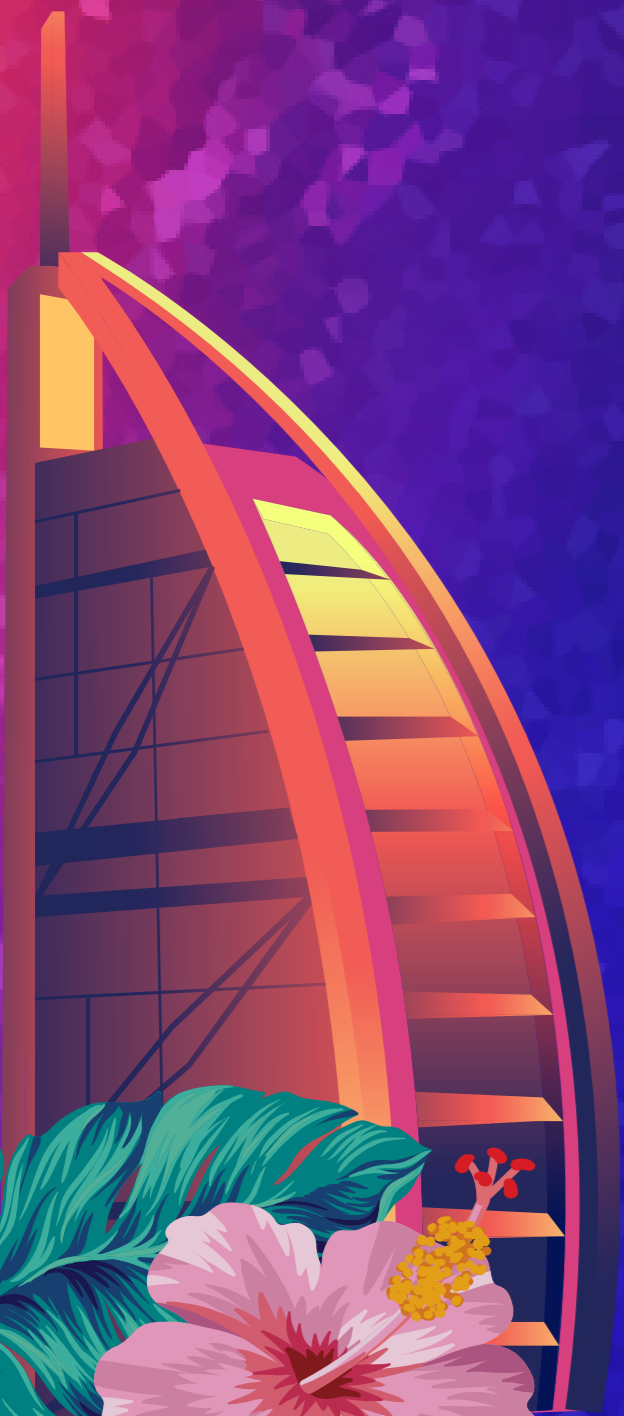
Residential values in Dubai's mainstream market remain 15% below the last market peak in 2014, albeit villas have surpassed their previous market high. With rising interest rates, the upward creep in inflation and rising base rates, households have undoubtedly seen their outgoings increase over the last two years. The wave of international UHNWI-linked capital targeting the city has primarily driven this solid price growth. When it comes to affordability, however, for most of the city, the ratio of household incomes to house prices remains 'affordable', i.e., below the internationally accepted ratio of six times the annual household income, excluding the locations we class as prime, as illustrated below.



AR	Arabian Ranches	JL	Jumeirah Islands
BAH	Barsha Heights	JLT	Jumeirah Lake Towers
BAR	Al Barsha	JMR	Jumeirah
BB	Business Bay	JP	Jumeirah Park
BUR	Bur Dubai	JVC	Jumeirah Village Circle
BWI	Bluewaters Island	JVT	Jumeirah Village Triangle
CRK	Dubai Creek Harbour	LAK	The Lakes
CV	Culture Village	MAR	Dubai Maritime City
DD	Downtown Dubai	MBR	Mohammad Bin Rashid City
DEI	Deira	MC	Motor City
DGA	Discovery Gardens	MHS	Muhaisanah
DIP	Dubai Investment Park	MIR	Mirdif
DLD	Dubai Land	NAS	Nad Al Shiba
DLG	Damac Lagoons	NJ	Nad Al Shiba
DMR	Dubai Marina	PJ	Palm Jumeirah
DSO	Dubai South (Dubai World Central)	PRO	Dubai Production City (IMPZ)
DWF	Dubai Waterfront	QSI	Al Qusais Industrial
EH	Emirates Hills	QZ	Al Quoz
FRJ	Al Furjan	SCI	Dubai Science Park (Dubitech)
FVL	Dubai Festival City	SLC	Dubai Silicon Oasis
GRC	Green Community (DIP)	SPO	Dubai Sports City
GRE	The Greens and The Views	SPR	The Springs and The Meadows
HAR	Dubai Harbour	STU	Dubai Studio City
HIL	The Hills	SUF	Al Sufouh
HLT	Dubai Healthcare City	SZR	Trade Center (SZR)
IC	International City	TEC	Tecom Business Park (Al Sufouh)
IND	Dubai Industrial City	TGH	Tilal Al Ghaf
JAL	Jebel Ali	UMQ	Umm Suqeim
JB	Jumeirah Bay Island	WI	World Islands
JDF	Al Jadaf	WSL	Al Wasl
JGE	Jumeirah Golf Estates	ZBL	Zabeel
JH	Jumeirah Heights		



Source: Knight Frank, REIDIN & Oxford Economics



BRANDED RESIDENCES



THE HIGH LIFE

Away from the mainstream and prime residential markets, the branded residential sector in Dubai has been quietly surging, with the city recently claiming the crown for hosting the most branded residential completed and under construction projects in the world. The abundance of branded residences in the city has helped to lift their overall share of all apartment sales to 21.4% in 2021 and 19.2% last year, with sales totalling US\$ 6.9 billion (AED 25.4 billion).

POPULARITY RIDING HIGH

As a residential subsector, the who's who of luxury brands ranging from The Dorchester to the Ritz Carlton and The Four Seasons, to Mama Shelter and Mr. C, the popularity of branded residences as an asset class is high amongst our survey respondents too.

Overall, 52% say they will likely purchase a branded residential property in Dubai this year. This figure rises to 69% for those with a personal wealth of over US\$ 10 million.

When it comes to East Asian respondents, an extraordinary 85% (50 percentage points above all other regions) intend to purchase a branded residence in Dubai during 2023.

And the popularity of branded residences is further highlighted by the depth of demand from those who visit Dubai more than once a year, with 87% of this cohort keen to buy a branded home in the city this year.

Filtering by investment motive reveals yet another fascinating trend: 74% keen on an investment purchase would be likely to target a branded residence in Dubai, while a slightly lower 61% would consider a branded residence if buying purely for personal use.

INVESTMENT POTENTIAL

'High yield / investment potential' is ranked as the most common reason to make a branded residence property purchase at 58%.

Undoubtedly, with branded residences commanding a sales premium of up to 30% in Dubai their appeal continues to rise. In fact, 63% of HNWI respondents from East Asia cite the 'high yield / investment potential' as the main driver for purchasing a branded residence.

'Prestige' (53%) and 'brand identity' follow closely in second and third place, respectively, as top reasons to want to purchase a branded home in Dubai.

Those worth over US\$ 10 million value all branded residential attributes equally ('brand identity', 'services and physical amenities', 'high yield / investment potential'), with a slight preference for 'maintenance and management' (59%) as well as 'prestige' (59%).

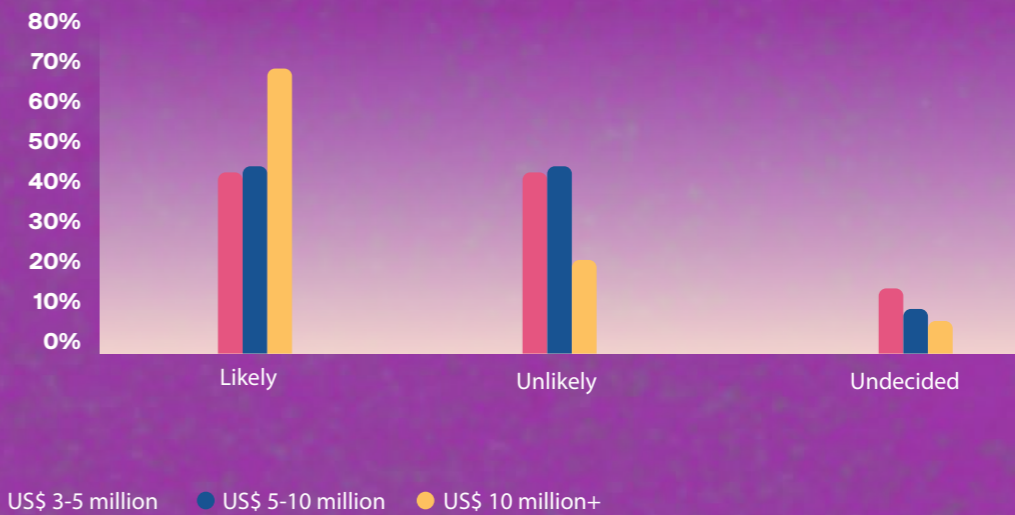
Separately, 60% of those frequently visiting Dubai (more than once a year) say they would be interested in purchasing a property in a branded residence for the 'prestige' factor.



An extraordinary 85% of East Asian respondents intend to purchase a branded residential property in Dubai this year.

Likelihood of purchasing a branded residence in Dubai this year (by net worth)

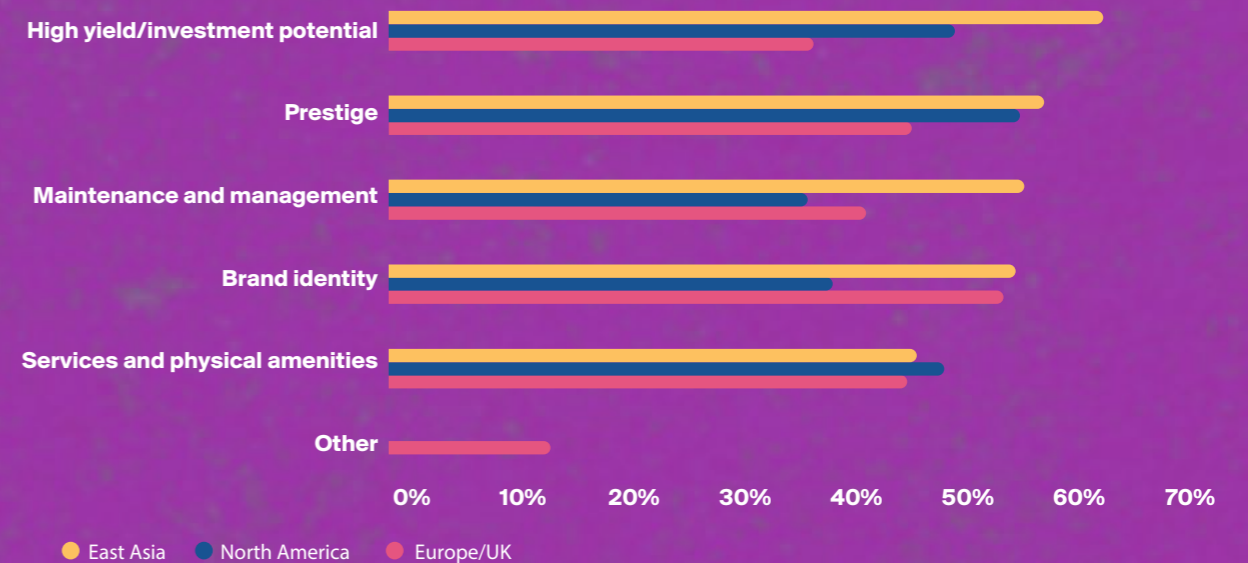
Percentage of respondents



Source: Knight Frank, YouGov

Top drivers to purchase a branded residence in Dubai (by HNWI location)

Percentage of respondents



Source: Knight Frank, YouGov

HIGH CONFIDENCE LEVELS

The high level of attraction and affinity towards branded residences as an asset class comes through strongly in our survey results. Confidence in the sector is also abundant, as indicated by expectations around capital value growth.

FURTHER EVIDENCE OF DUBAI'S SECOND HOME STATUS

When asked outright why they intend to purchase a branded residential property in Dubai, 45% of HNWI respondents say the purchase will be 'purely for investment / capital gains'. A further 30% are keen on making the purchase 'second home / holiday home'.

Contrary to other subgroups, almost a quarter (22%) of those worth over US\$ 10 million intend to use their branded residence as a 'main residence', once again highlighting Dubai's emergence as a highly sought after second home destination.

In addition, 68% of those interested in making a purchase for personal reasons intend to use the branded residence as a 'main residence' (16%) or as a 'second home / holiday home' (52%).

EXPECTATIONS MATCH REALITY

Dubai's residential market has registered price growth of nearly 13% on an annualised basis as at the end of Q1 2023. When asked about expectations around price appreciation during 2023 for branded residences in Dubai, the majority of respondents (37%) say they believe branded residences will appreciate by a further 5-10% this year.

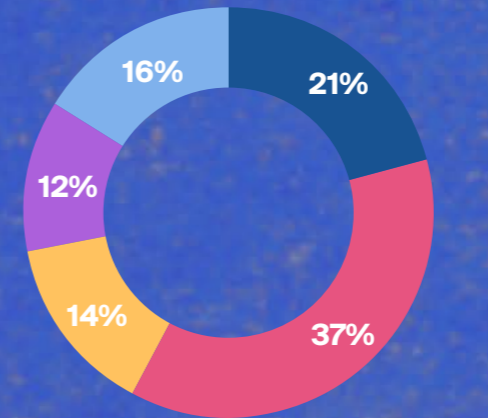
Almost irrespective of personal wealth, or geographic location, all respondents cited this range as the most likely outcome during 2023.

Similarly, when asked about budgets, 24% of HNWI respondents would be prepared to spend upwards of US\$ 2,000 psf on a branded residential purchase in Dubai. This figure rises to 44% for those with a net worth of over US\$ 10 million.

HNWI respondents from the UK/Europe claim to have the highest budgets, with 48% ready to commit over US\$ 2,000 psf, compared to 20% of North American HNWI and 28% of East Asian HNWI.

2023 branded residential capital value growth expectations

Proportion of respondents

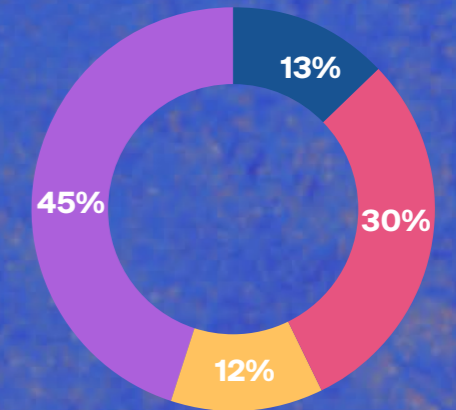


● 2-5% ● 5-10% ● 10-15% ● 15-20% ● 20%+

Source: Knight Frank, YouGov

Branded residential purchasing rationale

Proportion of respondents

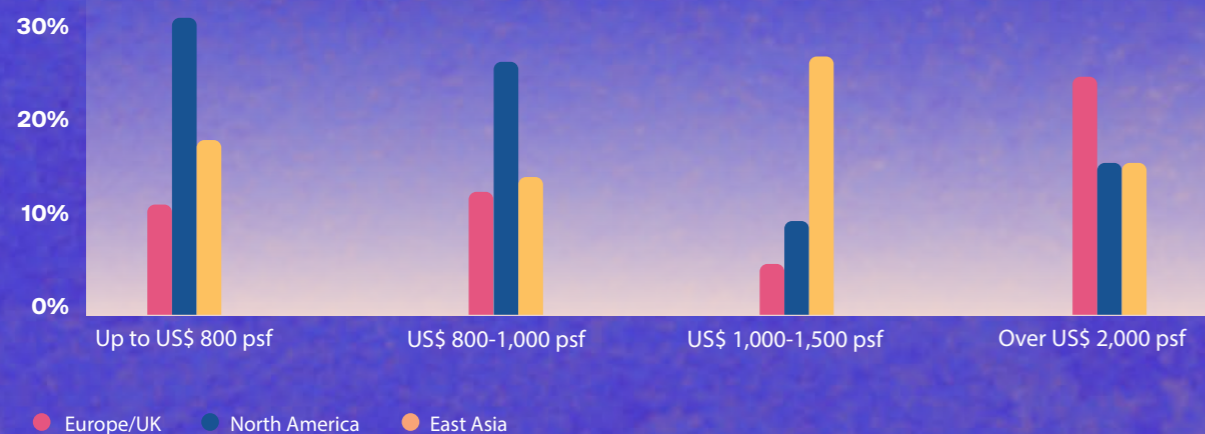


● Main residence
● Second home/holiday home
● Buy-to-let
● Purely for investment/capital gains

Source: Knight Frank, YouGov

Branded residential purchase budgets (by HNWI location)

Percentage of respondents



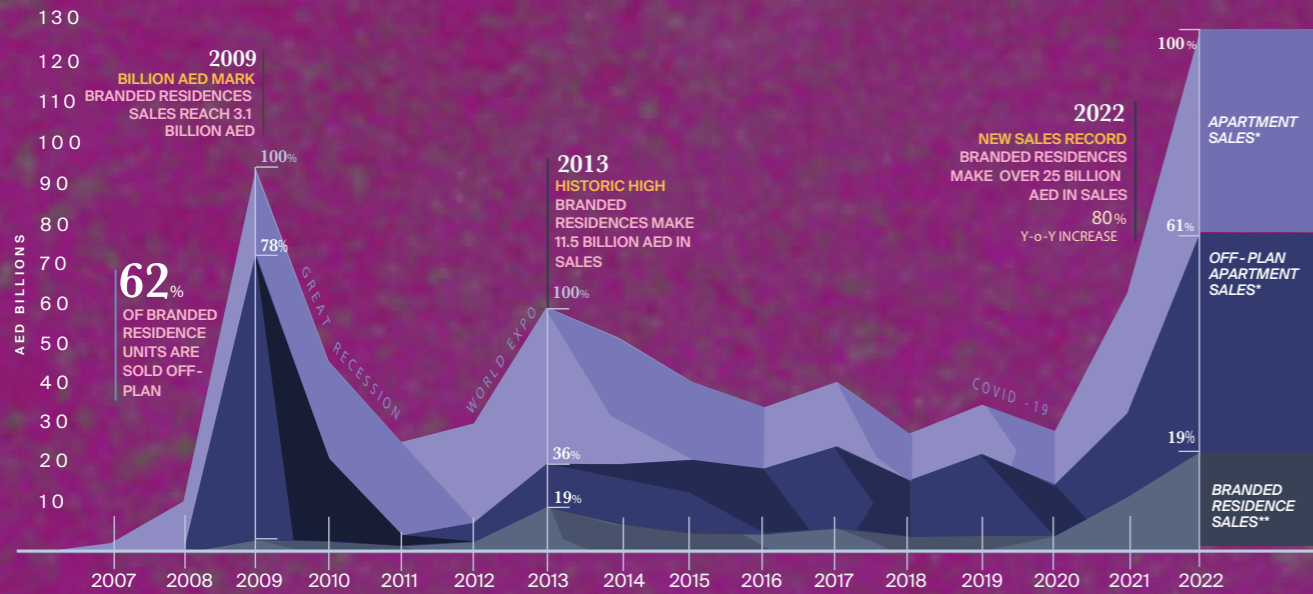
● Europe/UK ● North America ● East Asia

Source: Knight Frank, YouGov

WHAT YOU NEED TO KNOW

- 52% of HNWI are likely to purchase a branded residential property in Dubai this year.
- 69% of those with a personal wealth of over US\$ 10 million would like to purchase a branded residence this year.
- 'High yield / investment potential' is ranked as the most common reason to make a branded residence property purchase (58%).
- 30% are keen on purchasing a branded residence as a 'second home / holiday home'.
- 24% of HNWI respondents would be prepared to spend upwards of US\$ 2,000 psf on a branded residential purchase.
- HNWI respondents from the UK/Europe claim to have the highest budgets, with 48% ready to commit over US\$ 2,000 psf.

DUBAI'S BRANDED RESIDENTIAL MARKET



AED
25.4
BILLION IN SALES*
2022

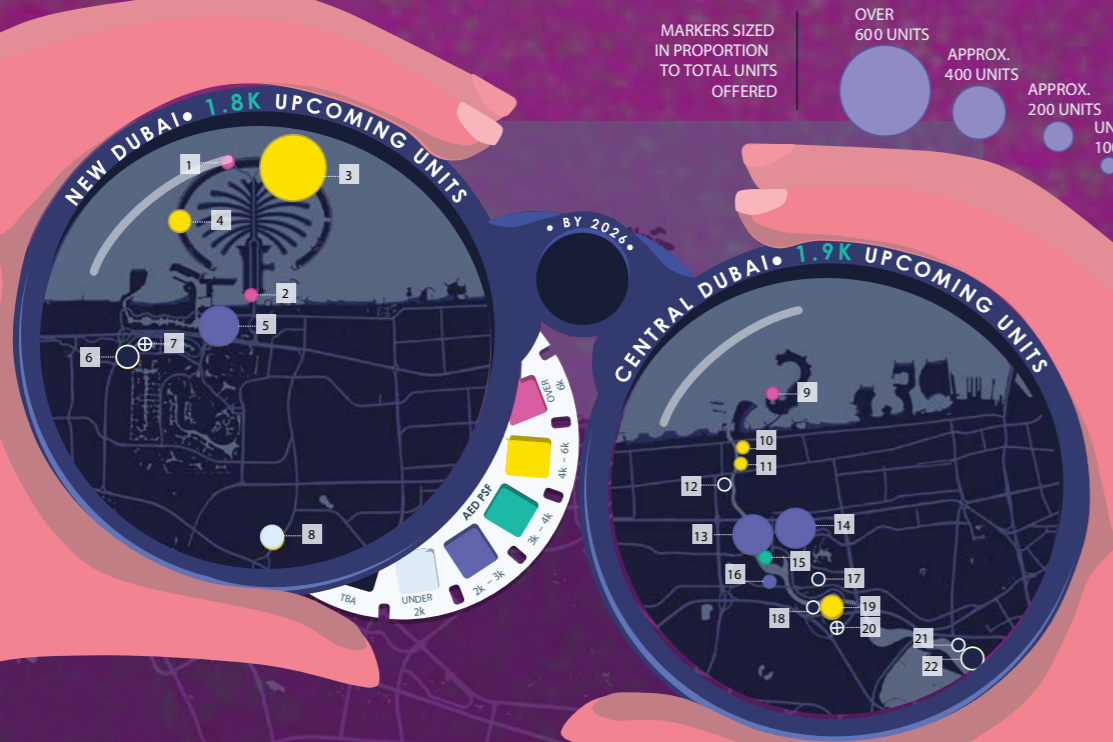
AED
14k
BACCARAT RESIDENCES
SOLD FOR A RECORD
PRICE PSF IN Q1|23

AED
13.8k
BVLGARI LIGHTHOUSE APT.
SOLD AT RECORD PSF
2023

Branded residential transactions in Dubai (apartments)



Source: Knight Frank, REIDIN



- 1. ORLA, Dorchester
- 2. AVA ,Dorchester
- 3. Atlantis the Royal
- 4. Six Senses Residences
- 5. Cavalli Tower
- 6. SO/ Residences
- 7. Viewz by Danube
- 8. Marriott Residences
- 9. Bvlgari Lighthouse
- 10. Four Seasons Residences
- 11. Mr. C Residences
- 12. Cavalli Couture
- 13. Missoni (Urban Oasis)
- 14. St. Regis Residences
- 15. Jumeirah Living
- 16. Mama Residences
- 17. Baccarat Residences
- 18. Ritz-Carlton Residences
- 19. The Lana, Dorchester
- 20. Burj Binghatti Jacob & Co.
- 21. Ritz-Carlton Creekside
- 22. Kempinski the Creekside

* sales refer to registered sales
** branded residences mentioned are freehold developments and not mandated as hotel inventory

Source: Knight Frank, REIDIN

EXPERT INSIGHT

Branded residences are becoming popular in Dubai due to the increase in demand from international clients. HNW clients are looking for turnkey products where they can quickly move in. It becomes an appealing offering when the residence they're considering to purchase is associated with a luxury brand which they become associated with. Especially, when this is coupled with high-end services being offered at the property by the brand. Another factor is the vast majority of HNW clients are currently purchasing in Dubai to relocate to the city or use the residence as a second home. Meaning, luxury which is associated with high end brands, is high on demand.

Tareq Darwish

Associate Partner, Head of Project Sales & Marketing

IN FOCUS: BUSINESS BAY

The 34% growth in residential prices in Business Bay since the start of the pandemic is part of a broader repivoting of the city’s centre of gravity towards Central Dubai, encompassing the DIFC, the Sheikh Zayed Road area between the Trade Centre and Dusit Thani, as well as Downtown. Business Bay has found itself on the doorstep of Dubai’s main business district and in very close proximity to arguably the emirate’s most lifestyle retail-rich neighbourhoods, such as Jumeirah and Al Safa.

EXCELLENT INFRASTRUCTURE

Excellent road infrastructure, courtesy of the Parallel Roads Project and much-improved access to Downtown and the DIFC, the emergence of a vibrant residential community (thanks to the delivery of almost 7,000 homes in 2019 and 2020), and prices that are, on average, 35% cheaper than Downtown are all contributing factors to the all-star status of Business Bay.

Developers are also concentrating their efforts on developing some of the city’s most expensive homes in Central Dubai in an attempt to satisfy the burgeoning demand for luxury homes.

Business Bay is also 35% cheaper than Downtown. It is attracting the attention of new-to-Dubai branded residential operators, including the likes of the Ritz Carlton, Mama Shelter and Mr. C, although the latter are further up the canal.

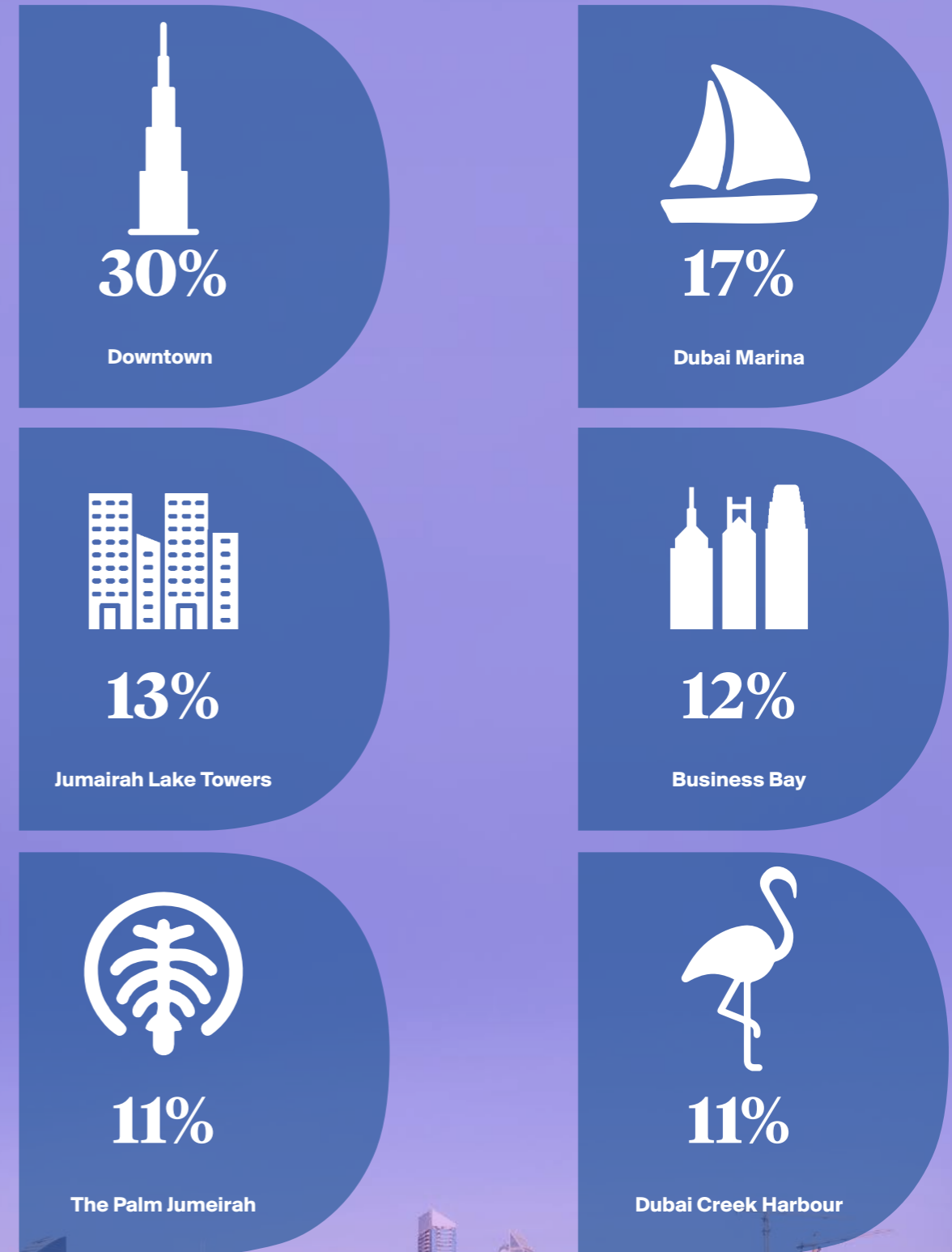
A BRANDED RESIDENTIAL HUB

The growing concentration of branded residential property in Business Bay adds to Dubai’s established position as one of the world’s largest branded residential markets. These luxury units are being rapidly snapped up as Dubai jostles for a position as one of the world’s busiest luxury markets. Indeed, with 219 home sales at over US\$ 10 million, Dubai emerged as the 4th busiest ultra-prime market last year behind New York (244), Los Angeles (225) and London (223).

It is no surprise that, as premium waterfront plots have all but been sold or developed, Dubai Canal has filled a gap in the market by providing added opportunities. Indeed, we expect the Marasi Drive area of Business Bay, specifically Canal fronting plots, to be a new hot spot in Dubai – particularly with investors, pied-de-terre buyers, and professional end-users working in DIFC and Business Bay.

It’s not just Business Bay but the wider Central Dubai area that has caught the attention of developers and buyers. In cities around the world, such as London, or New York, city centres are easily identifiable and often command the highest prices. What we are seeing now is the emergence of Dubai’s new centre. The type of developments and branded residential operators entering Central Dubai are helping to cement this.

Top-6 most popular branded residential markets



Source: Knight Frank, YouGov



APPEAL OF OTHER EMIRATES



DESTINATION UAE

While the results of our survey have demonstrated the depth of appetite for residential investment in Dubai, we have also used our survey to understand the broader appetite to invest elsewhere in the UAE. Aside from Dubai, the rest of the Emirates are becoming increasingly appealing to global investors, not only because of the relative proximity to Dubai, but also because of affordability and investment returns.

THE UAE'S GROWING ALLURE

Overall, 44% of our survey respondents say they are interested in making a real estate purchase in the UAE this year.

When we drill down to understand the depth of demand by personal wealth, we find that those with a net worth of over US\$ 10 million have the strongest desire to invest in the country (68%). This echoes the flavour of buyers that have been actively targeting second homes in Dubai since the start of the pandemic, which has helped to drive prime prices in Dubai up by 28% over the last 12 months while positioning the emirate as one of the most active luxury residential markets in the world.

At a geographic level, East Asian respondents are the most interested buyer group, with 77% of this cohort highly interested in investing in UAE real estate.

Meanwhile, European/UK respondents are the least interested in investing in UAE real estate, with only 35% of respondents in this category expressing interest.

It is worth noting that 92% of respondents who frequently visit Dubai are interested in purchasing a property in the UAE within the next 5 years.

IT'S NOW OR NEVER

In terms of investment horizons, over half (51%) of those looking to invest in the UAE claim they would like to make an investment this year. This figure rises to 65% for those with a personal wealth total of over US\$ 10 million, while European/UK respondents are the keenest to buy in 2023 (68%).

INVESTMENT, LIFESTYLE AND DUBAI

40% of respondents claim that their appetite to invest in the UAE is driven by the fact that they perceive it to be a 'good investment opportunity', while a further 37% link their interest to the attractiveness of the country in general, i.e., its vibrant and thriving tourism and entertainment sectors.

While the appetite amongst the global ultra-rich for real estate assets elsewhere in the UAE is clearly on the rise, at 67%, Dubai remains the most sought-after destination in the country, followed by Abu Dhabi (21%) and Ras Al Khaimah (5%).

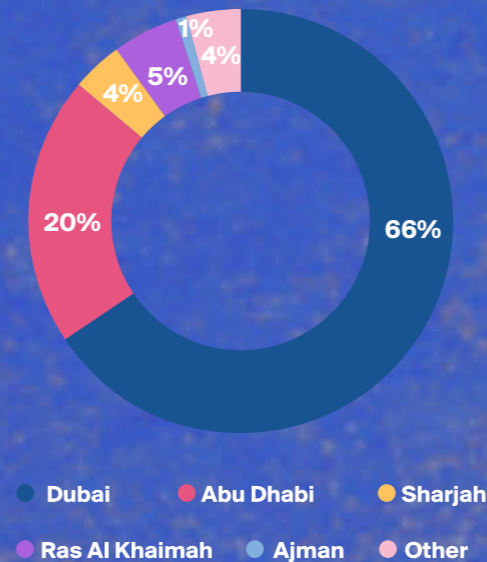
Dubai's relative attractiveness rises to 76% and 70% for those with a net worth of US\$ 3-5 million and US\$ 10 million+, respectively.

Frequency of visits to Dubai also appears to be a key driver, with 58% of respondents who visit the emirate once a year choosing the city as their preferred location for their UAE property purchase, around a third choosing Abu Dhabi (32%), and the remaining 10% choosing Ras Al Khaimah.

DISCOVER THE FULL REPORT



Target emirates for property purchases



Source: Knight Frank, YouGov



At 66% Dubai remains the most sought-after real estate destination in the country.

WHAT YOU NEED TO KNOW

- 77% of East Asian HNWI are interested in purchasing a property anywhere in the UAE, compared to 35% of European/UK HNWI.
- Of those interested in making a property purchase in the UAE, 51% are looking to transact within the next 12 months.
- 70% of those looking to purchase a property for investment purposes are interested in doing so within the next 5 years.

DESTINATION ABU DHABI

Over the last two decades, the Emirati capital Abu Dhabi has, positioned itself as a cultural hub while also creating world-class residential communities and business hubs such as Yas Island, Abu Dhabi Global Market, and Saadiyat Island, which have helped to propel the city into a global tourist and investment hot-spot.

ULTRA RICH APPEAL

At 21%, Abu Dhabi ranks second behind Dubai (67%) amongst our UHNWI survey respondents as their most preferred investment location in the UAE.

World-class museums on Saadiyat Island, such as the Louvre and the upcoming Guggenheim and Zayed museums, will help further bolster the emirate's appeal amongst travellers.

These cultural icons, along with Sheikh Zayed Grand Mosque and the national palace Qasr Al Watan, are helping to diversify the entertainment attractions that already count the emirate as home, such as Warner Bros World and Ferrari World, both of which are adjacent to the Yas Island F1 circuit (the host of the season-ending race since 2009).

We wanted to question global UHNWI on how these developments impact their perceptions and attitudes towards Abu Dhabi as an investment destination.

Overall, our survey has revealed that 45% of our respondents have indeed been influenced by the real estate, entertainment, and cultural real estate developments in Abu Dhabi.

Those with a net worth of between US\$ 3-5 million and US\$ 5-10 million appear to have been far less influenced by the transformation of Abu Dhabi, with 63% and 62%, respectively, of these groups claiming not to have had their view on investing in the city impacted, either positively or negatively.

In contrast, 57% of those with a net worth in excess of US\$ 10 million view the emirate as a more favourable investment locale.

EASTERN PROMISE

When it comes to geographic appeal, 70% of East Asian respondents say that recent developments in Abu Dhabi have positively affected their desire to purchase real estate in the emirate.

This compares to just 31% of those from North America and 19% from Europe and the UK.

LOVE THY NEIGHBOUR

Dubai's global appeal and its emergence as one of the world's most visited cities are undoubtedly helping galvanise interest in other emirates across the UAE. Indeed, our survey results confirm this, as 73% of frequent visitors to Dubai (more than once a year) are more likely to make a real estate purchase in Abu Dhabi following its recent developments.

Abu Dhabi

Quick facts

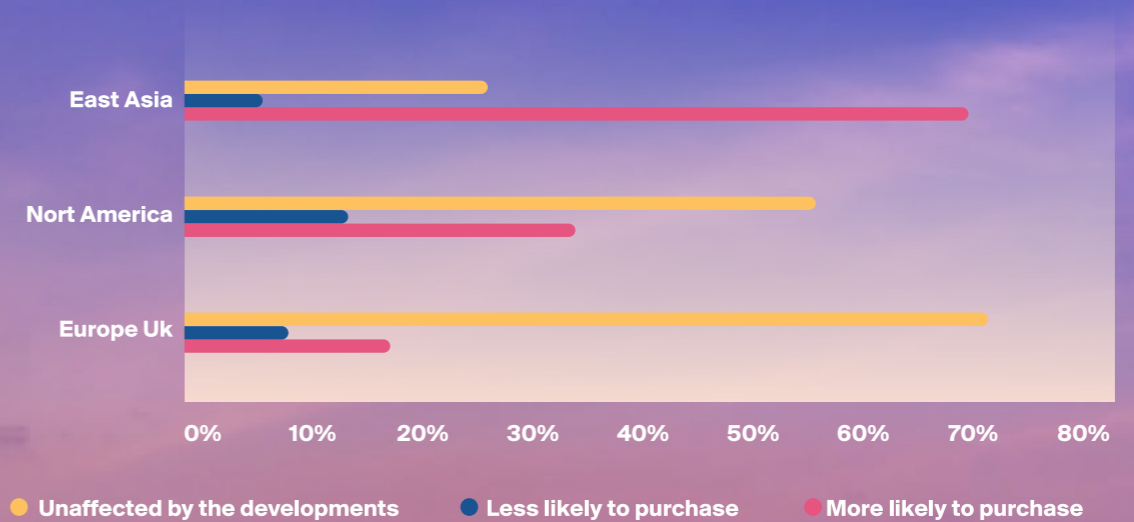
Population: 1.57 million
 GDP growth (2022): 8.8%
 Distance from Dubai: 140km
 Average residential price: AED 940 psm
 Average prime office rent: AED 1,870 psm



Source: Knight Frank, Oxford Economics, Statistics Centre Abu Dhabi, World Population Review

Influence of city's development on purchasing plans (by HNWI location)

Percentage of respondents



Source: Knight Frank, YouGov

DISCOVER THE DATA



DESTINATION ABU DHABI

RESIDENTIAL OFFERINGS CATCHING THE ATTENTION OF UHNWI

Of everyone we spoke to, nearly 74% are interested in making a real estate investment in Abu Dhabi, with the residential sector (24.5%) emerging as the most popular, closely followed by branded residences (14.2%) and the hospitality sector (11.5%).

The attraction of the residential sector also rises with net worth. For instance, those with a personal value of more than US\$ 10 million favour the residential sector (49%) and branded residential sector (42%) the most.

When asked about their preferred real estate sector in Abu Dhabi, respondents interested in purchasing for personal use in Dubai also named Abu Dhabi's residential sector as their most preferred one, at 61%.

Geographically, East Asian respondents remain the most interested in the residential sector in Abu Dhabi. While just over half of respondents from other regions have expressed an interest in investing in Abu Dhabi, 89% of East Asia respondents are interested in investing. More specifically, at 57%, most respondents living in East Asia are attracted to Abu Dhabi's residential offerings, with a further 49% keen on branded residences.

The apparent focus by developers on high-end residential developments such as those on Saadiyat Island is beginning to attract the attention of the international elite. Clearly, the fact that villas here trade for around AED 1,350 psf (US\$ 370 psf), compared to more than AED 4,450 psf (US\$ 1,215 psf) on Dubai's Palm Jumeirah, will only help to heighten the appeal.

ABU DHABI ISLAND MOST SOUGHT AFTER

At 19%, Abu Dhabi Island is the most common choice for a property purchase in Abu Dhabi, followed by Al Reem Island at 13%.

When asked where in Abu Dhabi they would most likely make their property purchase, 26% of East Asian respondent's name Abu Dhabi Island as their most preferred location in the emirate; with their second top choice being Saadiyat Island at 18%.

Separately, those interested in purchasing property for personal use are more likely to select Maryah Island (16%) than any other Abu Dhabi location. In contrast, those who would purchase for investment prefer Abu Dhabi Island for a property purchase at 25%.

BIG SPENDERS

When it comes to expected property purchase budgets, the vast majority (24%) are willing to spend between US\$ 1-2 million, with 19% willing to commit US\$ 2-5 million. A further 15% claim they will allocate over US\$ 5 million on an acquisition in Abu Dhabi.

Overall, 58% of respondents are willing to allocate over US\$ 1 million for a property in Abu Dhabi, with the average allocated budget being US\$ 2.8 million.

76% of East Asian respondents will set aside over US\$ 1 million, with almost 20% keen to spend over US\$ 5 million.

And of those that visit Dubai frequently (more than once a year), 50% are willing to allocate over US\$ 2 million for a property in Abu Dhabi, with the average allocated budget being US\$ 3.7 million.

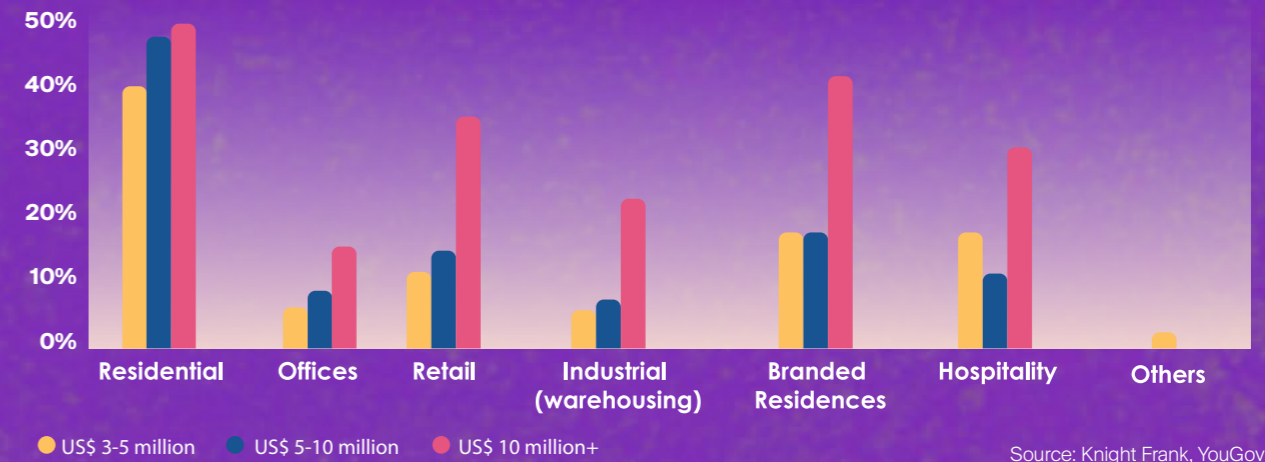
The continued demonstration of how Dubai positively influences views and attitudes towards Abu Dhabi is an area of opportunity that we will revisit in our *Opportunities chapter*.



58% of respondents are willing to allocate over US\$ 1 million for a property in Abu Dhabi.

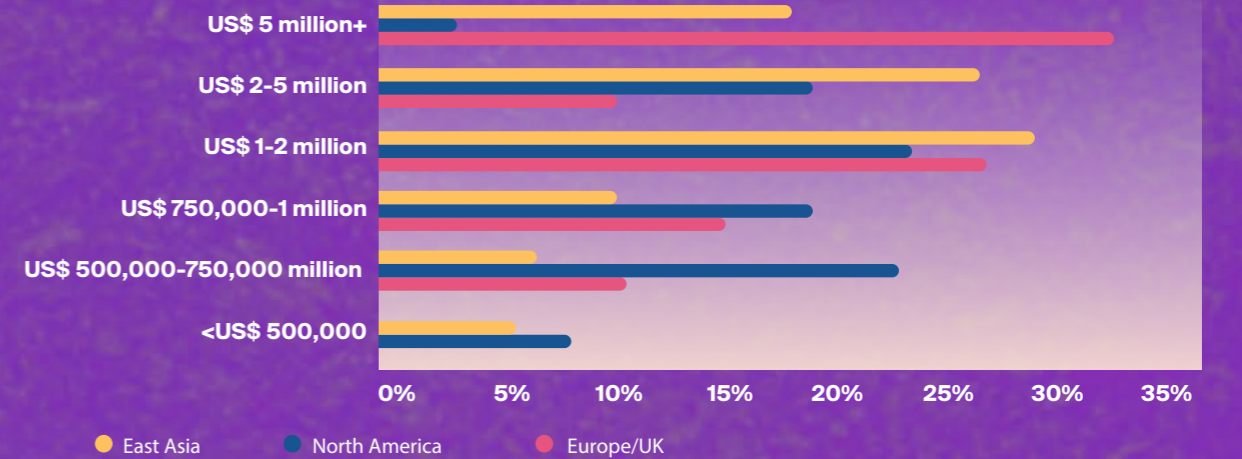
Real estate sector preferences (by net worth)

Percentage of respondents



Purchasing budgets (by HNWI location)

Percentage of respondents



WHAT YOU NEED TO KNOW

- 57% of those with a net worth in excess of US\$ 10 million view Abu Dhabi as a favourable investment location.
- 70% of East Asian respondents say that recent developments in Abu Dhabi have positively affected their desire to purchase real estate.
- 74% are interested in making a real estate investment in Abu Dhabi.
- 57% of respondents living in East Asia are attracted to Abu Dhabi's residential offerings.
- 58% of respondents are willing to allocate over US\$ 1 million for a property in Abu Dhabi.

DESTINATION RAS AL KHAIMAH

Since 2004, the UAE's northern most emirate, Ras Al Khaimah (RAK), has embarked on an ambitious plan to turn the city into a world-class tourism destination with a plethora of luxury hotels, golf courses and extreme sports attractions, positioning itself as an alternative getaway to Dubai, all of which has been driven by the Investment Development Office.

TO BOLDLY GO

In its effort to continue upping the ante, the RAK government recently established the Ras Al Khaimah Department of Entertainment and Gaming Regulation – a precursor to the announcement of the development of the Middle East's first casino.

In our survey of the world's ultra-rich, we wanted to get a better understanding of how the 1,500-room Wynn Resort, which is under construction, and the adjoining 18,500 sqm casino on Al Marjan Island, set to open in 2027, are being perceived globally. Over the course of the gaming industry announcement, we have been seeing increased investment activities and market sentiment from reputable developers that were not previously present in Ras Al Khaimah.

The majority of respondents (55%) claim that RAK's decision to open a casino has not affected their desire to purchase property in the emirate. A further 30% of respondents say that the casino would make them more likely to make a property purchase in RAK. Those with a net worth of over US\$ 10 million are more motivated to make a purchase in RAK (50%) than others.

When looking at the influence of the casino by geographic region, 60% of East Asian respondents say that the introduction of a casino to RAK has made them more likely to purchase property in the emirate – triple the percentage in other regional subgroups.

It is also worth noting that 42% of respondents expect a casino to open elsewhere in the UAE. This figure rises to 54% when considering those intent on making a residential purchase in Dubai.

RAS ALKHAIMAH

Quick facts

- Population: 400,000 (2021)
- GDP growth (2021e): 3.0%
- Distance from Dubai: 100km
- Average residential price: AED 600-800 psf
- Average prime office rent: AED 30-40 psf



Source: Knight Frank, RAK Media Office, S&P

EXPERT INSIGHT

As Dubai's real estate sector continues to evolve, it is demonstrating characteristics of a mature market, with stable forecasted price growth, supply, and demand, reflective of client preferences and reduced susceptibility to external fluctuations. World-class infrastructure, excellent connectivity and proactive government policies have caught the eyes of investors beyond the traditional cohort from Europe, East Asia and Americas who have actioned real estate investments in the emirate, especially within the realm of luxury residential property. Moreover, people from various jurisdictions are looking to relocate to Dubai, which will drive job and wealth creation rates, contributing further to a more stable real estate market

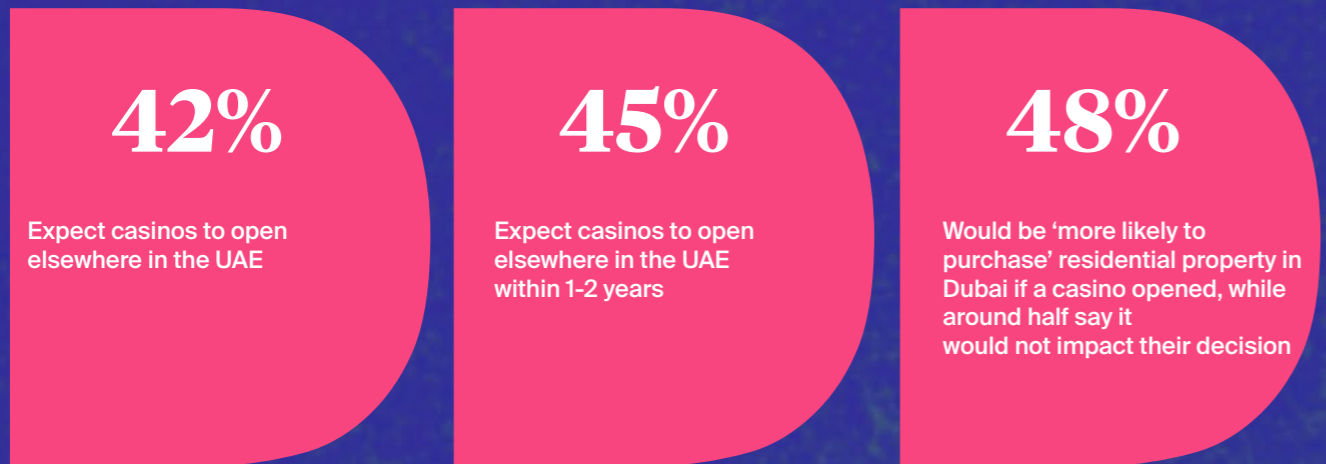
Shehzad Jamal

Partner, Strategic Consulting (Real Estate | Healthcare | Education)

CASINO BATTLE ROYALE

News of the RAK's debut on the gaming circuit has unsurprisingly fuelled speculation about the opening of casinos elsewhere in the UAE. Since Wynn's announcement in 2022, however, no other casino plans have been unveiled. Still, we wanted to use our survey to understand UHNWI attitudes towards casino developments in Dubai and how this may influence their investment decisions.

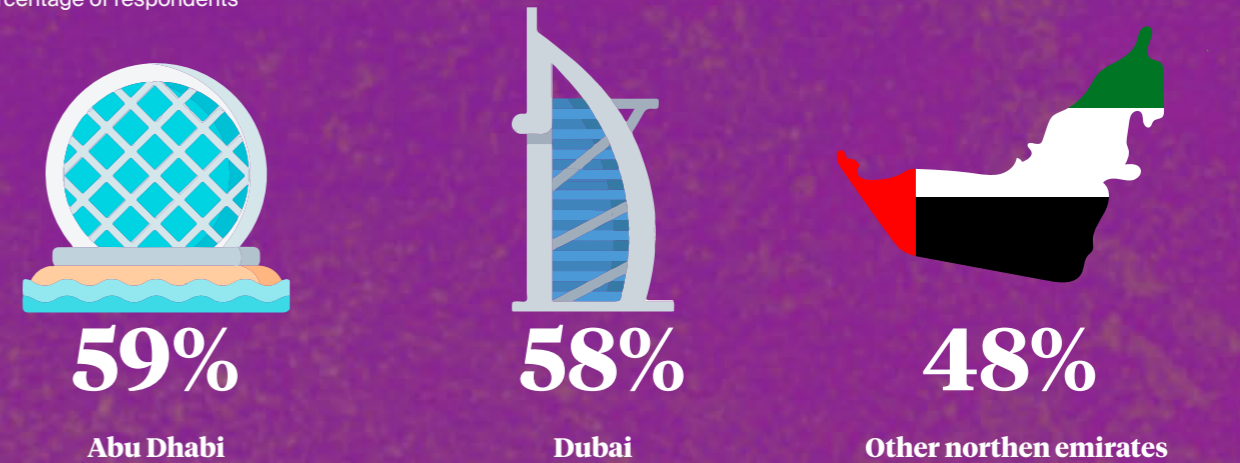
Views on casinos in the UAE



Source: Knight Frank, YouGov

Where will a casino likely open next?

Percentage of respondents



Source: Knight Frank, YouGov

Impact of a casino opening in Dubai

Percentage of respondents



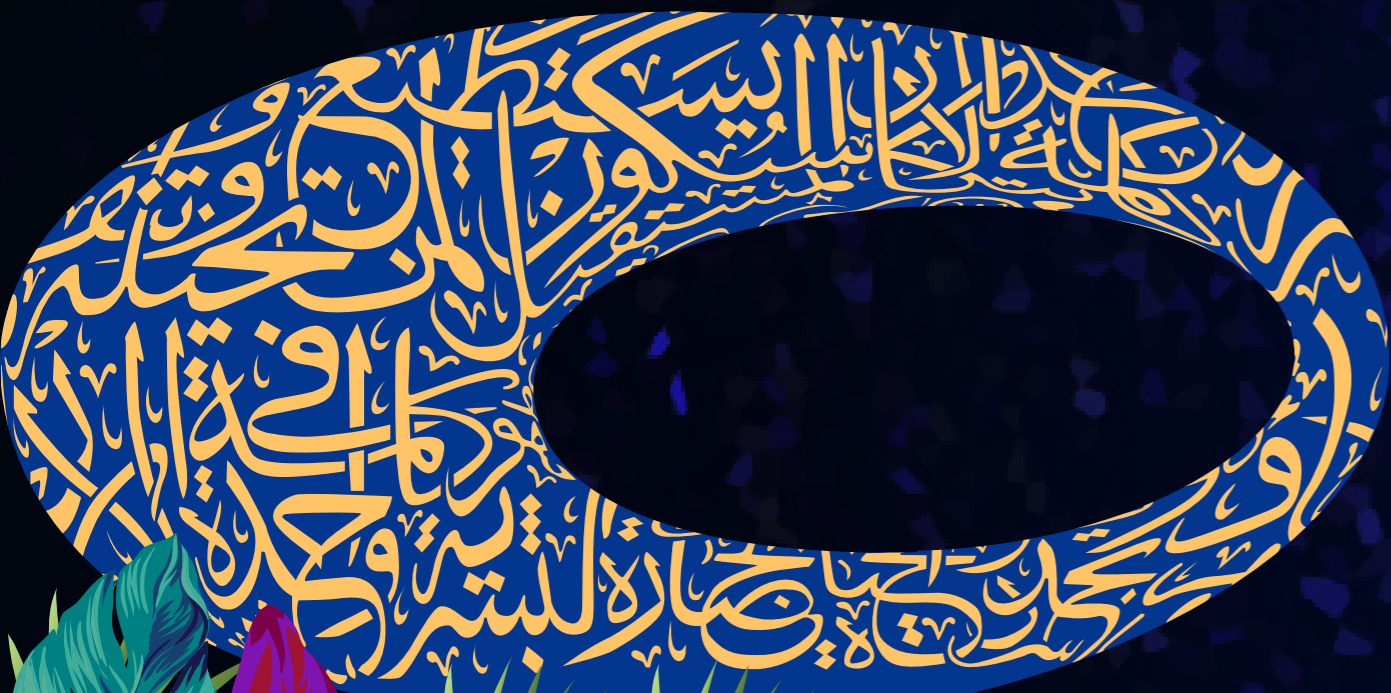
Source: Knight Frank, YouGov

Impact of casino opening in Dubai on decision to purchase residential property (by HNWI location)



Source: Knight Frank, YouGov

RESIDENTIAL MARKET OUTLOOK



THE GLOBAL OUTPERFORMER

Dubai's prime residential market continues to be a global outlier, with record price growth in 2022, albeit from a low base. Dubai's safe-haven status is fuelling prime values and an exceptionally diverse range of international ultra-high-net-worth individuals searching for luxury second homes, combined, of course, with the government's world-leading response to the pandemic, is spurring business confidence.

RELATIVE AFFORDABILITY AND LUXURY HOMES SHORTAGE

Adding to the city's appeal is its relative 'affordability', with prime homes transacting for around US\$ 900 psf, making Dubai one of the most 'affordable' luxury residential markets in the world. Overall residential prices trail 2014 peak levels by 15.2%.

Dubai's perennial challenge has been its 'build-it-and-they-will-come' mantra, which has resulted in more homes being built than the market is capable of absorbing. In this cycle, however, the number of new high-end homes planned is failing to keep pace with demand.

Our view for 2023 is that the mainstream market is likely to experience growth of 5-7%, while the prices in the prime market will expand at double this rate at about 13.5% – still the highest growth rate for any prime residential market globally.

Supply is the other critical factor in our 2023 outlook, with just 289 homes in Dubai's prime precincts expected to be delivered by 2025.

Developers have not responded to the buoyancy in demand as we have seen in past cycles. With supply remaining limited and demand for luxury waterfront continuing to strengthen, our 2023 prime residential forecast of 13.5% is supported by a clear demand-supply imbalance as well as a positive economic backdrop.

A return to steady and sustainable growth will instil confidence in homeowners and investors alike.

Our outlook is not without its risks. Dubai is a world city and as such, is to an extent vulnerable to global macroeconomic conditions. With increasing global economic uncertainty, Dubai is once again emerging as a safe haven destination, just as it did during the height of the COVID-19 pandemic.



Dubai is a world city and as such is to an extent vulnerable to global macroeconomic conditions.



GREAT EXPECTATIONS

Our global HNWI survey respondents also echo our views, with most expecting the residential market to register price rises of 5–10% this year, citing global headwinds as the primary risk to the emirate’s real estate market.

MARKET DYNAMICS APPEAR WELL UNDERSTOOD

Overall, our respondents expect residential prices to rise by an average of 12% this year, above our forecast for the mainstream market but broadly in line with our view for the prime market.

The largest group (36%) predict growth in 2023 will range between 5–10%, while 20% believe prices could rise by 10–15%. Nearly a fifth (18%) expect residential values to increase by over 20% this year.

18% of those who visit Dubai at least once a year forecast growth of 10–15% in 2023, while most of those who have never visited have slightly more tempered expectations of increases of 5–10% (37%).

GLOBAL AND SUPPLY RISKS DOMINATE MINDS

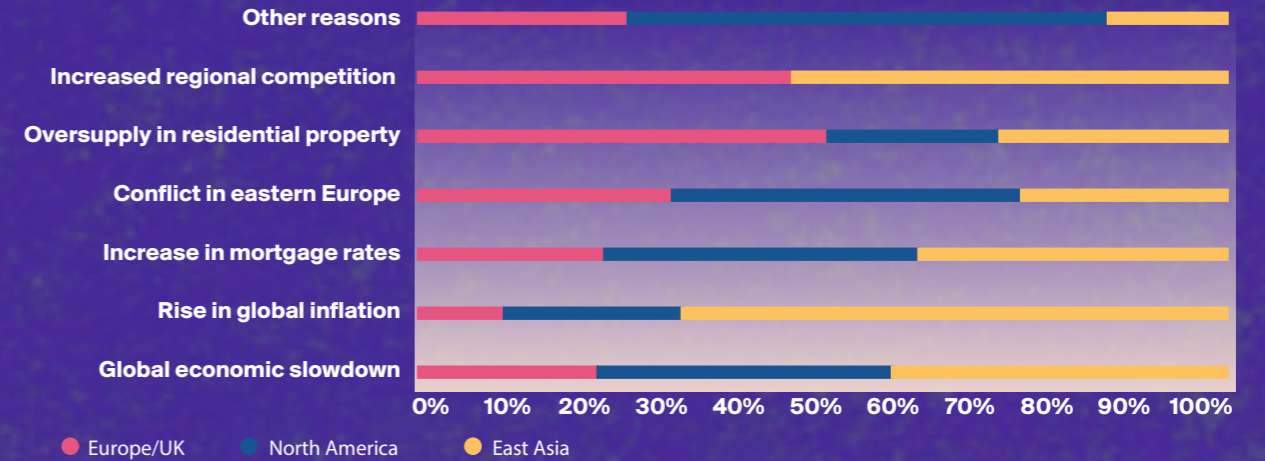
Our respondents listed a ‘global economic slowdown’ and the risk of ‘residential property oversupply’ as the top two downside risks facing Dubai’s residential real estate market at 22% each.

Oversupply fears appear to be of greater concern to Europe//UK HNWI as this is named as their top concern (34%), followed by a ‘global economic slowdown’ (16%) and the ‘conflict in eastern Europe’ (16%).

East Asian respondents believe external factors pose the greatest risk to Dubai’s residential market, with an ‘increase in global inflation’ (25%) and a ‘global economic slowdown’ (25%) being cited as their main areas of concern.

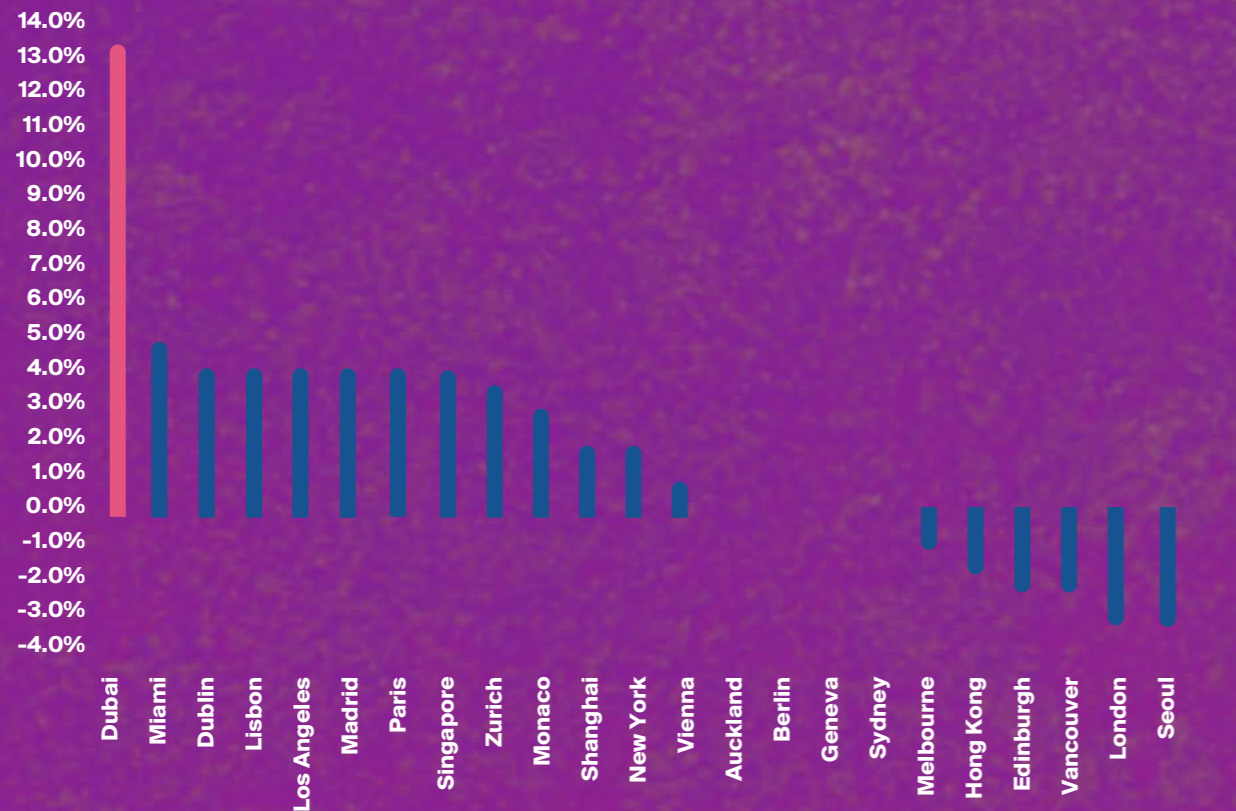
Biggest perceived risks to Dubai’s residential market (by HNWI location)

Percentage of respondents



Source: Knight Frank, YouGov

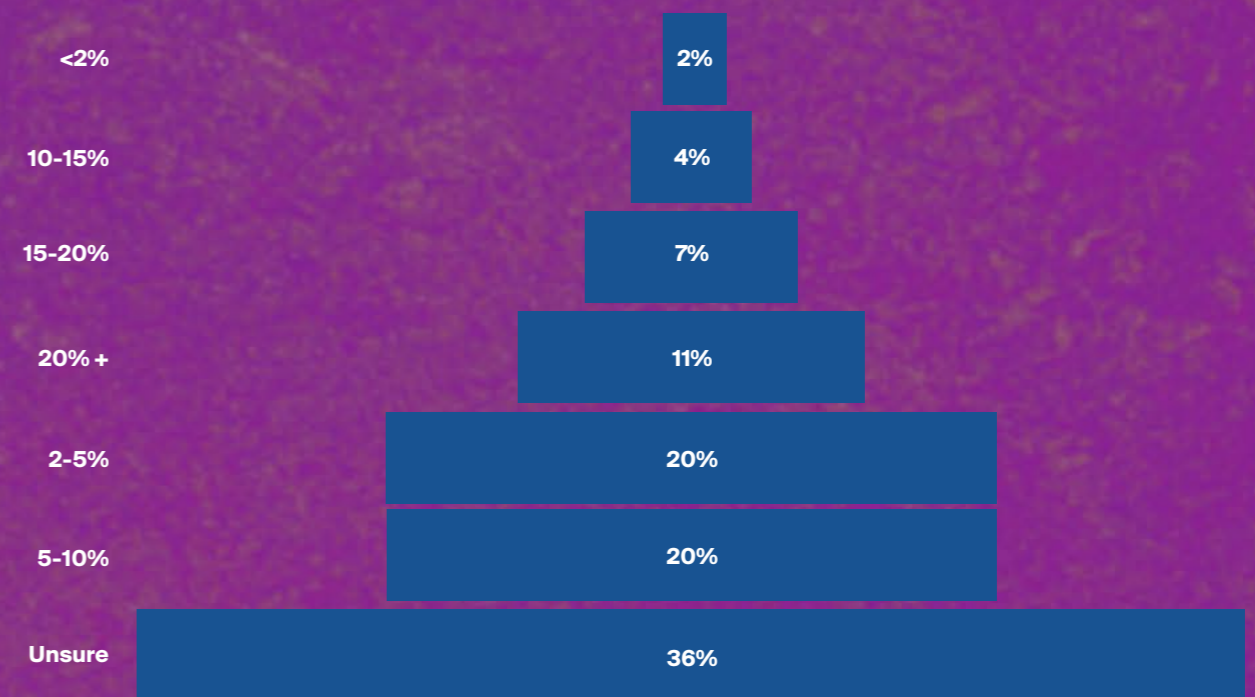
Global prime residential price growth forecasts for 2023



Source: Knight Frank, REIDIN, Douglas Elliman, Ken Corporation

Residential price growth expectations (by expected growth ranges)

Percentage of respondents



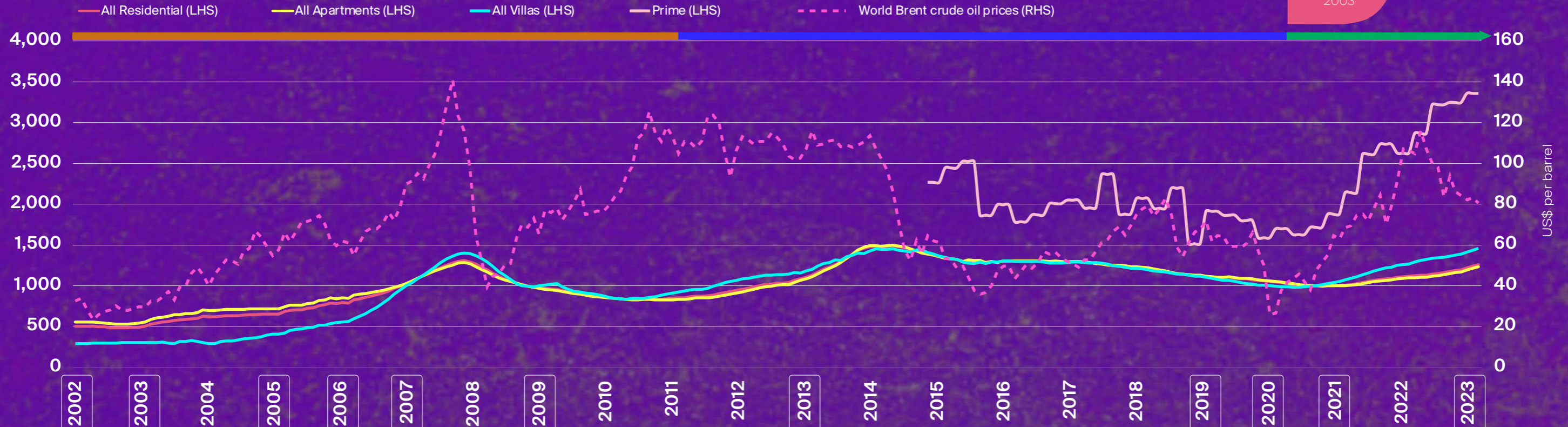
Source: Knight Frank, YouGov

DUBAI'S RESIDENTIAL PROPERTY CYCLES

Below we examine the performance of Dubai's three freehold residential property cycles.

AVERAGE TRANSACTED PRICES - DUBAI

AED psf



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DUBAI OPENS PROPERTY MARKET TO INTERNATIONAL INVESTORS	BURJ KHALIFA CONSTRUCTION BEGINS AND DOWNTOWN EMERGES	MOHAMMED BIN RASHID AL MAKTOUM BECOMES RULER OF DUBAI, UAE VICE PRESIDENT AND PRIME MINISTER		GLOBAL BANKING CRISIS STARTS		GREAT RECESSION BEGINS FOLLOWING LEHMAN'S COLLAPSE		ARAB SPRING BEGINS				DUBAI WINS RIGHT TO HOST WORLD EXPO 2020		UAE GOLDEN VISA LAUNCHED	DUBAI EXPO 2020 BEGINS		UAE ENDS FOREIGN SPONSORSHIP REQUIREMENTS FOR BUSINESSES			DUBAI ECONOMIC AGENDA D33 LAUNCHES	

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	3.1
Period of increasing values (years)	5.7	3.8	2.3
Cycle high (AED psf)	1,309	1,487	1,261
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

EXPERT INSIGHT

Dubai's residential property cycle has been greatly influenced by HNWI investment. The city has long been a magnet for foreign buyers, and wealthy individuals have been a major driver of the real estate market's growth. Home prices in Dubai have gone through three property cycles in the last 20 years. With two price peaks in 2008 and 2014, and we are currently in our third property cycle, where Dubai's residential market witnessed a spectacular price recovery since the pandemic. HNWI have played a significant role in this cycle, as they have been willing to invest large sums of money, driving up demand and therefore prices.

Alaa Aljarousha

Manager - Middle East Research

OPPORTUNITIES



FIVE OF A KIND

The results of our global survey of HNWI have revealed fascinating insights into the way in which the world's elite view Dubai's real estate market, as well as confirm our own experience in the market. The survey has also hinted at five distinct areas of opportunity that remain in the emirate's real estate market, which we detail below.

1. LUXURY (UNDER) SUPPLY

Dubai's emergence as a global hub for second home buyers has been reflected in the city's meteoric rise over the last two years as one of the world's most active US\$10 million+ homes markets.

Curiously, this segment of the market remains severely undersupplied. The pandemic undoubtedly stretched construction schedules; however, we are still only tracking 289 homes in the city's prime locations due to be completed by 2025, only 155 of which are villas.

Demand for the "Dubai lifestyle" is now synonymous with waterfront living. While the availability of waterfront plots in the three prime communities – the Palm Jumeirah and Jumeirah Bay Island – remain limited, the unrelenting demand is pointing to the need to perhaps redevelop some waterfront communities in older parts of the city, or indeed fast track development on reclaimed islands such as Dubai Islands, The World Islands, or indeed the Palm Jebel Ali.

Those with land holdings in these areas will almost undoubtedly see exceptional levels of interest in any projects unveiled here.

It is worth noting that our global HNWI survey sample also appears to favour apartments over villas by a ratio of around 3:2.

With land prices on island developments continuing to soar – indeed, a new record was set on Jumeirah Bay Island for the sale of a villa plot at AED 5,500 psf during April – the viability of island villa communities may be brought into question. However, demand for villas among those with a net worth of US\$ 10 million stands at 53%.

2. BRANDED RESIDENCES

The apparent tilt towards apartments over villas for those with a net worth of under US\$ 10 million can and continues to be satisfied, to an extent, through the city's growing range of branded residential offerings. Indeed, as noted above, Dubai now boasts the highest concentration of branded residences in the world.

What is interesting, however, is that while 52% of global HNWI are keen on acquiring a branded residence in Dubai, the bulk (45%) are only prepared to spend between AED 800-2,000 psf, suggesting that perhaps "mainstream HNWI" need a greater offering of more moderately priced branded residential schemes to help the sector to become even more entrenched.

This does not, of course, preclude the development of more luxurious schemes. Indeed, 27% of global HNWI with a net worth of over US\$ 10 million are interested in branded residences priced upwards of AED 2,500 psf.

In terms of location, while Downtown remains the most preferred branded residential location amongst our survey cohort at 30%, adjacent Business Bay, while rapidly developing, still has plots available that would be well-positioned to take advantage of the high standing of Downtown in the minds of global HNWI.

3. PARK LIFE

The abundance of green space, specifically parks, appears to be almost as desirable for global HNWI as having water views. Indeed, in our survey, of all the local amenity options offered, parks (85%) were an overwhelming favourite.

The desire to be co-located near a park in Dubai was highest amongst East Asian HNWI at 95%. With a shortage of waterfront plots, at least those that can be rapidly activated, combined with our expectation of a resurgence in buyers from mainland China this year, as Covid-related travel curbs have been eased and, to an extent, the "revenge spending" phenomenon plays out, developers could in theory "create" demand through the inclusion of parks or the positioning of parks as community anchors.

4. TO ABU DHABI AND BEYOND

While Dubai remains the epicentre of attention for global HNWI looking for real estate in the UAE, the appeal of other emirates also appears to be rapidly rising.

Abu Dhabi's concerted focus on developing itself into a cultural and arts hub to complement Dubai appears to be working in its favour, with 57% of global HNWI viewing the Emirati capital more favourably as a result. This figure rises to 70% amongst East Asian HNWI.

When it comes to committing to a real estate investment in Abu Dhabi, 74% are interested in exploring investment options, but the challenge, as has been the case historically, has been to convert this interest into transactions.

Our survey shows that a general misunderstanding of the residential offering and a general misconception of the market and its performance play significant roles in dampening demand. While a global information (correction) campaign will assist in rectifying this, there is an opportunity closer to home, so to speak. The appetite of frequent visitors to Dubai (more than once a year) to purchase real estate in Abu Dhabi stands at 73%, 50% of whom are willing to allocate over US\$ 2 million for a property in Abu Dhabi, with an average budget of US\$ 3.7 million.

There remains an opportunity to capitalise on this positive familiarity through perhaps more aggressive campaigns in Dubai, or indeed through the entry into the Dubai market to build greater credibility, a la Aldar's recent JV announcement with Dubai Holding for 9,000 homes in Dubai's suburbs.

5. A ROLL OF THE DICE

In the UAE's northernmost emirate, Ras Al Khaimah (RAK), plans are rapidly progressing to deliver the Middle East's first casino and 55% of global HNWI claim this has not impacted their view of investing in the emirate.

What is worth noting, however, is that 34% say they are more likely to invest in Dubai should a casino be commissioned, clearly adding another boost to demand for homes in Dubai among the world's wealthy. More specifically, 61% of East Asian respondents are more likely to invest in Dubai should a casino open in RAK. This suggests that RAK and Dubai stand to "benefit" from this landmark decision to build the region's first gaming venue(s).

DESTINATION DUBAI 2023 HIGHLIGHTS

Dubai's residential market



51%

of respondents are interested in buying a residential property in Dubai in 2023



33%

of respondents prefer buying 3 bedroom apartments

47%

of respondents chose high quality infrastructure as most commonly associated positive when investing in Dubai's real estate



37%

selected Downtown Dubai as their most preferred residential submarket



23%

of respondents are interested in buying townhouses/duplex

US\$ 20 million

overall average budget

Dubai market expectations

22%

of respondents chose global economic slowdown as potential investment risks



12%

overall average capital value growth expectations



Investment

Tax-free Luxury
words associated with owning residential property in Dubai

Branded residences in Dubai

52%

are interested in purchasing a branded residential property

US\$ 1,500 psf

average budget for a branded residence in Dubai

44%

of respondents favour Four Seasons over other brands in Dubai

Views on other emirates

US\$ 2.8 million

average budget for owning a property in Abu Dhabi

71%

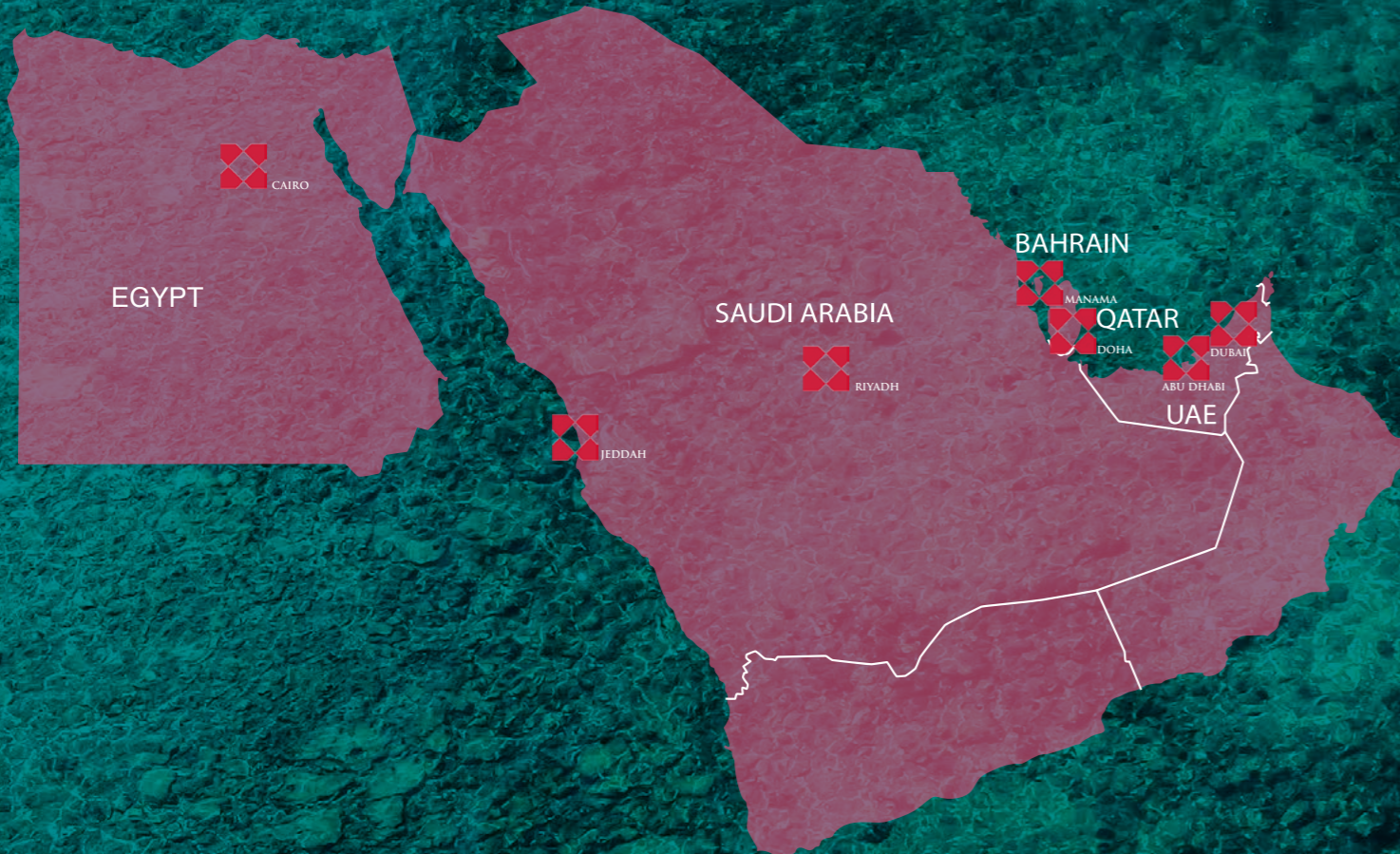
of respondents prefer the residential sector over other sectors in Abu Dhabi

30%

of respondents are more likely to purchase a property in RAK if a casinos open

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- Prime Residential
- Private Office
- Residential Project Sales and Marketing
- US Prime Residential

Explore Destination Dubai 2023

ANALYSIS

INSIGHTS

VIDEOS

DATA

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