Knight Frank

THE PRIVATE CAPITAL REPORT

The ultimate guide to private real estate investment in the Middle East

2025

FOREWORD

In the Middle East, we are witnessing a defining era of wealth creation and real estate investment. The region's sustained economic growth, underpinned by ambitious national visions and strategic policy reforms, has reinforced its position as a global investment hub.

While the seven main powerhouse sovereign wealth funds in the Gulf – which together control over US$ 7.3 trillion in global assets – often dominate global headlines, private capital and family enterprises in the region are an integral component of the wealth creation story for the Middle East.

The UAE, Saudi Arabia and other key markets also continue to attract significant international capital, driven by business-friendly environments, a thriving luxury property sector and a growing appetite for prime residential assets.

Real estate remains at the heart of wealth strategies for ultra-high-net-worth individuals (UHNWI), both as a store of value and as a means of wealth preservation. Across the MENA region, demand for prime and super-prime homes has reached unprecedented levels, fuelled by both local and international buyers seeking security, stability and long-term growth. Our research highlights the resilience of luxury residential markets, with Dubai leading the charge as one of the world's top-performing property markets.

Beyond real estate, the diversification of wealth portfolios into alternative asset classes – from private equity and technology investments to sustainable and impact-driven ventures – is becoming increasingly evident. The intersection of wealth, sustainability and philanthropy is also gaining prominence, reflecting a generational shift in how wealth is being managed and transferred.

The global private capital landscape is undergoing a profound transformation, shaped by shifting economic dynamics, evolving investor priorities and an increasing focus on resilience and diversification. And real estate markets around the MENA region are becoming a key component not only in the portfolios of regional high-net-worth individuals (HNWI), but the global super-rich too.

They are increasingly being drawn to the region not only by attractive investment returns, but also because of the lifestyle appeal. Cities such as Dubai, Abu Dhabi and Doha have quickly emerged as powerful magnets for the global elite, with real estate markets in these locations experiencing record international demand.

It is against this backdrop that it gives us great pleasure to welcome you to our inaugural Private Capital Report. Our unique report investigates US$ 9.36bn in private capital trends across the dynamic property markets in the MENA region, offering insights into how HNWI, both domestic and international, are navigating the opportunities and challenges of today's regional markets. We look closely at property markets in Dubai, Saudi Arabia, Qatar and Egypt.

We hope you enjoy discovering our market-leading insights and welcome the opportunity to discuss our analysis with you in more detail.

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SOURCES OF WEALTH CREATION IN THE GULF

By Buthainah Albaity, Partner - Head of Private Capital and Family Enterprises, Nicholas Spencer, Partner - Private Capital and Family Enterprises & Henry Faun, Partner - Private Office

As we witness the rise of ultra-high-net-worth individuals (UHNWI) in the region, there is also a notable trend in the growth of family offices. These vehicles, which serve to manage wealth across generations, have become a critical part of the financial landscape. Countries across the region are in fierce competition to attract these offices, recognising their potential to drive investment, innovation and long-term economic sustainability.

The great wealth transfer

Then there is the great wealth transfer that will unfold over the next two decades – according to UBS, an estimated US$ 84 trillion will shift from one generation to the next. In the Middle East, this transfer is already underway. For example, in Saudi Arabia, a significant proportion of family businesses are currently transitioning from second to third-generation leadership. In many cases, however, businesses have yet to experience a single succession, as they remain relatively young in terms of generational turnover.

The pioneering Middle Eastern families who started their family offices decades ago initially established their main family offices overseas. However, now the need is driven mainly by the desire to ensure the financial sustainability of the family. Historically, wealth in the Middle East was closely tied to geographic location: trade for regions like Iraq, Egypt and the Gulf, with cities like Makkah and Madinah being vital hubs; agriculture for fertile countries like Egypt, Iraq and the Levant; and oil and gas for Iraq and the GCC. As a result, family enterprises coalesced around businesses that supported these industries.

Next gen growth sectors

As GCC governments recognised and embarked on economic diversification efforts, sectors such as technology, tourism, renewable energy and entertainment have emerged as new growth pillars, with GCC governments largely giving the private sector (mostly family businesses) a more active role.

The rise of the next generation, whose interests often differ from traditional family businesses, has led to them being embraced and integrated through mentor and investor roles, ensuring wealth continuity across generations.

Additionally, new investment vehicles, such as cryptocurrencies and AI-driven technologies, have also become prominent.

Regional family office wealth centres

Within the region, Dubai and Abu Dhabi have the most advanced family office regulations and are becoming very desirable locations not only for families from within the region, but also internationally.

Family offices are increasingly turning to the DIFC (Dubai International Financial Centre) and ADGM (Abu Dhabi Global Market) for wealth structuring. These jurisdictions offer trust structures based on English common law, providing legal certainty, asset protection and governance flexibility. Unlike local civil law systems, the DIFC and ADGM allow families to structure wealth according to their wishes.

Trusts established in these jurisdictions enable smooth wealth transfer, confidentiality and efficient cross-border asset management. Indeed, our clients often acquire, hold and manage their global real estate portfolios even beyond the Gulf, in the UK, Europe and the US, through the DIFC and ADGM structures.

Succession planning challenges

Despite this, some Middle Eastern family offices continue to face a number of challenges. The hurdles to overcome are largely centred around how to structure their wealth and also ensure smooth succession.

Many offices operate informally, relying on family businesses as wealth-holding vehicles rather than structured family offices. The lack of formalisation complicates decision-making and exposes assets, including real estate, to potential disputes.

Additionally, regional regulations vary in the Gulf, making it complex to create a uniform structure for wealth and real estate management for UHNW families with cross-border assets.

Succession planning – in both leadership and ownership – is another key challenge. In the Gulf, cultural norms often delay these transitions, as discussions about legacy and leadership are sensitive.

As a result, many families struggle with preparing the next generation for leadership and/or becoming responsible owners. This can mean assets may be held in disputed situations for lengthy periods should contention arise.

To address these challenges, families resort to establishing a family office and formal family governance structures. On one hand, family governance stipulated in a clear family constitution can help families navigate decision-making, resolve conflicts and establish guidelines for the family. Family constitutions are now being recognised as legal documents in the UAE and Saudi Arabia, for instance.

On the other hand, traditional Middle East family offices can ensure better governance, long-term wealth preservation and structured succession planning, mitigating many of the region's traditional wealth management risks.

Abu Dhabi Global Market has emerged as a regional hub for family offices alongside the DIFC

THE EMIRATES EFFECT: REDEFINING GLOBAL WEALTH MIGRATION

Contributor: Dominic Volek, CA(SA), FIMC, Group Head of Private Clients and a member of the Executive Committee, Henley & Partners

As global millionaire mobility reaches historic highs, the UAE stands out with its exceptional ability to attract and retain the world's wealthiest citizens. Data from Henley & Partners paints a clear picture: in 2024 alone, the Emirates welcomed 7,200 millionaires, building on an influx of 4,700 in 2023 and 5,200 in 2022. This surge follows a decade of strategic positioning that has transformed the UAE from a regional financial hub into a global wealth nexus. With millionaire growth of 98% over the past decade – making it the second-fastest growing wealth market worldwide – the Emirates has developed a winning formula combining fiscal advantages, lifestyle appeal and visionary governance.

A global wealth magnet

In a world characterised by political volatility and economic uncertainty, wealthy individuals increasingly seek geographic diversification – not merely as a safeguard, but as a strategic imperative. The UAE, with Dubai at the forefront, has capitalised on this trend with remarkable acumen, positioning itself at the crossroads of wealth flows between East and West.

As at the end of December 2024, the total number of millionaires in the UAE stood at 130,500, securing its position as the 14th-largest private wealth market globally. Perhaps even more telling is the presence of 325 resident centi-millionaires (individuals with US$ 100 million+ in liquid investable wealth) and 28 billionaires – figures that have surged by 110% over the past decade.

Just as significant as attracting wealth is the UAE's emphasis on retention – an often overlooked yet essential element of sustained wealth planning. From extended residency options to a safe, cosmopolitan environment and stable regulatory framework, the UAE is fostering conditions that encourage wealthy families not just to relocate, but to remain and reinvest.

A coordinated approach

The UAE's magnetism stems from a deliberate strategy, combining structural advantages with lifestyle benefits. Its zero income, capital gains and inheritance taxes create a fertile ground for wealth preservation and growth.

The government's Golden Visa initiative, for instance, offers a long-term renewable residence visa to individuals who meet specific eligibility criteria. One such pathway is through real estate investment, with a minimum required value of AED 1 million (five-year visa) or AED 2 million (ten-year visa) – an option that has been effective in facilitating a transition from short-term visitors to long-term residents.

This wealth migration is delivering substantial economic dividends. Beachfront homes in Dubai, for instance, now rival prime assets in luxury markets like Cannes and Milan.

Beyond real estate, relocating millionaires boost local stock markets and create jobs across Dubai's financial services, luxury retail and technology sectors. This wealth influx powers its continued diversification beyond the emirate's historic petroleum foundations.

The UAE's proposition is not limited to financial incentives – it also includes quality-of-life benefits that resonate with discerning global citizens: first-class healthcare, over 200 international schools, year-round leisure activities and expansive global connectivity through world-leading airlines like Emirates and Etihad.

We forecast a record-breaking 142,000 millionaires changing their domicile globally in 2025, the UAE stands poised to capture a significant share of this wealth migration wave – strengthening its status as a wealth hub that has successfully transitioned from regional player to global force.

UAE wealth in numbers (as at December 2024)

130,500
Millionaires (US$ 1 million+)
makes the UAE the 14th largest wealth market in the world

98%
Millionaire growth over the past decade (2014 to 2024)
makes the UAE the 2nd fastest growing wealth market in the world over this period

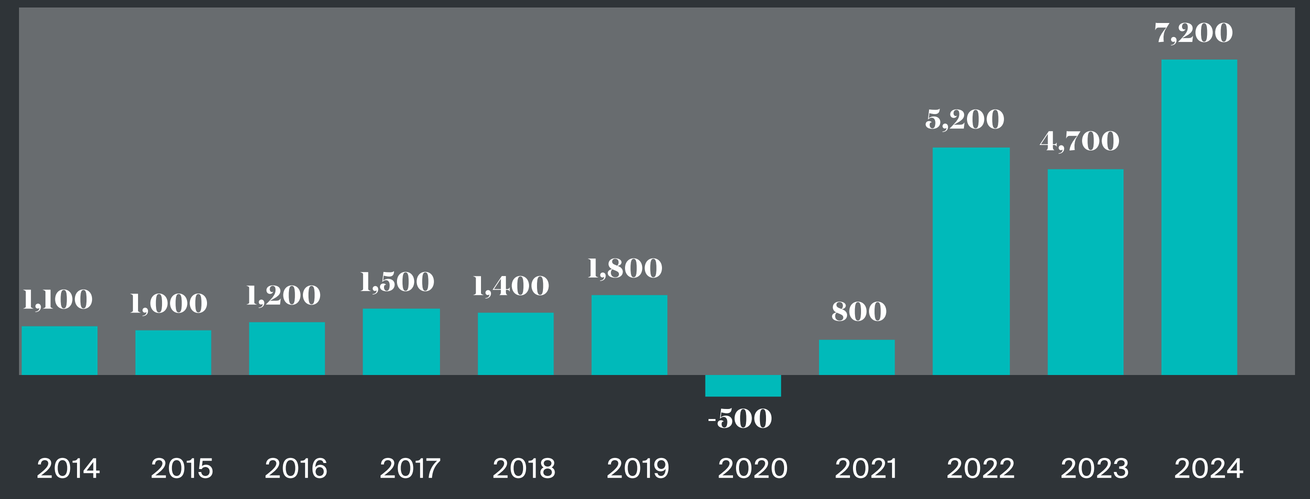
325
Centi-millionaires (US$ 100 million+)

110%
Centi-millionaire growth over the past decade (2014 to 2024)

28
Billionaires (US$ 1bn+)

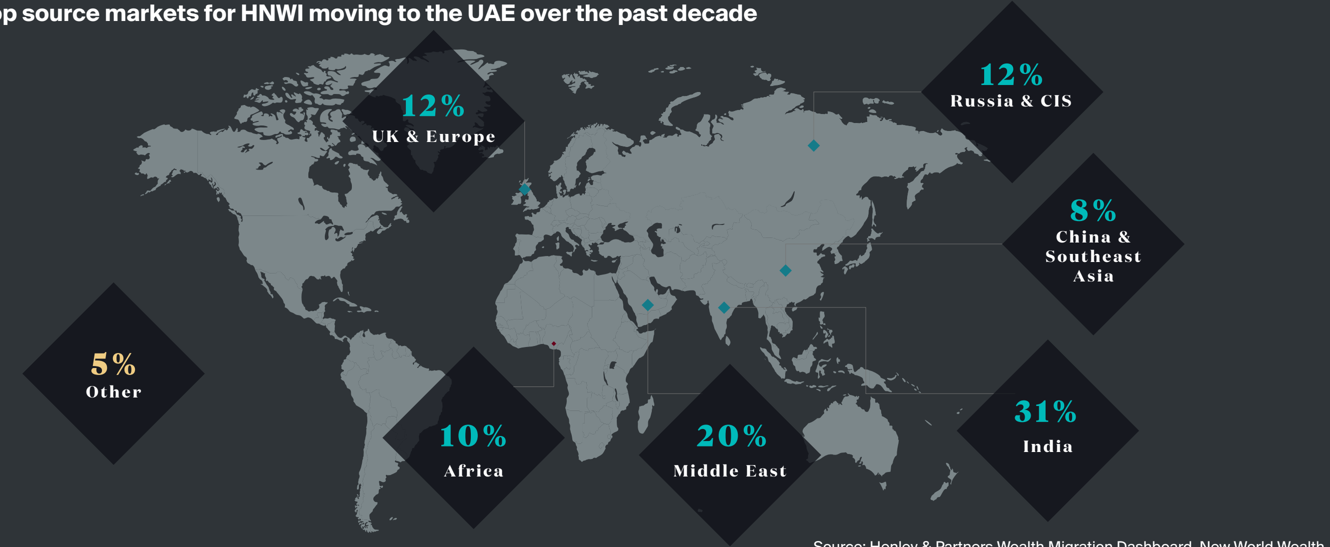
Source: Henley & Partners Wealth Migration Dashboard, New World Wealth

Millionaire net migration into the UAE



Source: Henley & Partners Wealth Migration Dashboard, New World Wealth

Top source markets for HNWI moving to the UAE over the past decade



Source: Henley & Partners Wealth Migration Dashboard, New World Wealth

> The UAE's proposition is not limited to financial incentives – it also includes quality-of-life benefits.

GCC PASSPORT POWER

Contributor: Dr. Juerg Steffen, FIMC, Chief Executive Officer, Henley & Partners

Henley & Partners offers a unique suite of three interactive indexes that provide the most comprehensive analysis of global passport strength and visa-free access. Covering all passports worldwide, these indices explore both the mobility privileges granted to passport holders and the openness of national borders to international visitors.

The Henley Passport Index is the original, most authoritative passport ranking, which compares the visa-free access of 199 passports to 227 destinations. The index is based on exclusive data from the International Air Transport Association (IATA), supplemented by Henley & Partners' in-house research.

The Henley Openness Index ranks all countries and territories according to the number of nationalities they allow to enter without a prior visa.

The Henley Passport Power Index combines Henley Passport Index data and World Bank GDP figures, ranking passports according to the share of global GDP accessible to their holders visa-free, revealing that a powerful passport is a conduit to international investment and business opportunities.

The UAE: A global mobility success story

Examining the UAE passport through the lens of the three global mobility indexes produced by Henley & Partners reveals a remarkable upward trajectory and provides fascinating insights into the country's global and regional standing.

Over the past decade, all GCC countries have improved their rankings on the Henley Passport Index, reflecting growing diplomatic engagement across the region. The UAE has led the way, making the most significant gains of any passport worldwide – rising from 42nd place in 2015 to 8th position today, with visa-free access to 184 destinations out of 227.

The UAE is one of the most open GCC countries, allowing visa-free access to nationals from 89 countries, and its Henley Openness Index score remains broadly in line with its regional peers, reflecting a balanced approach to inbound mobility.

On the Henley Passport Power Index, the UAE ranks 28th worldwide, scoring 66.17%, meaning Emirati citizens can access economies that collectively produce two-thirds of the world's GDP without requiring a visa in advance. This is largely driven by visa-free agreements with key markets such as Europe's Schengen Area and China. Among GCC nations, only Qatar ranks slightly higher, as its citizens enjoy visa-free access to both China and the USA, but not the Schengen area.

GCC passport strength

	Henley Passport Index[1]	Henley Openness Index[2]	Henley Passport Power Index[3]
Country	Number of destinations (out of 227) accessible visa-free	Number of passports with visa-free access to country	Percentage of global GDP accessible visa-free
Bahrain	87	72	15.33%
Kuwait	98	58	15.83%
Oman	85	80	15.66%
Qatar	111	96	68.33%
Saudi Arabia	86	73	15.74%
UAE	184	89	66.17%

Sources: 1 Henley Passport Index, April 2025, 2 Henley Openness Index, April 2025, 3 Henley Passport Power Index, April 2025

> The UAE is one of the most open GCC countries, allowing visa-free access to nationals from 89 countries.

DUBAI'S REAL ESTATE: A GLOBAL WEALTH MAGNET

Dubai has cemented its position as a premier destination for HNWI seeking real estate for personal use, or for investment purposes, with a distinct focus by the global elite on making the city a permanent base or a second home. Our 2024 Destination Dubai report revealed an astounding US$ 4.4bn earmarked for investment in Dubai's residential market by global HNWI, a rise of 76% on 2023, highlighting the seemingly limitless international demand from the super-rich for a home in the city.

Extraordinary demand

In our second annual 2024 Destination Dubai report, we surveyed 317 HNWI, including 217 international and 100 GCC-based expat HNWI, to understand their investment attitudes and aspirations when it comes to property in Dubai.

Demand from HNWI and UHNWI is what truly dictates how prices across the mainstream market behave. Last year, total residential transactional volumes approached a record 170,000 deals, worth around US$ 115bn, yet US$ 10 million+ home sales accounted for only about 6% of this figure, by total value of sales.

We found that the appetite for a real estate purchase in Dubai grew exponentially with levels of personal wealth, rising from 28% of those worth US$ 2-5 million, topping out at 78% for those with personal wealth levels in excess of US$ 15 million, mirroring our own market experience. If that wasn't impressive enough, GCC-based HNWI expats told us that they plan to spend US$ 3.1 million on a home in Dubai, while global HNWI have an average budget of US$ 36.5 million.

What is truly extraordinary, however, is the average budget for UHNWI considering a Dubai property purchase. One in four are prepared to spend US$ 60-80 million on a home in the city, while a further 16% would like to spend over US$ 80 million. The average budget for this exclusive cohort stands at US$ 58.5 million.

Why Dubai?

Dubai's rise as a premier investment destination has been carefully orchestrated by the government over the past five decades, culminating in one of the most desirable residential markets in the world, as evidenced by the record sales volumes registered over the past five years. The city's strategic global location at the crossroads of Asia, Africa and Europe makes it an ideal hub for international business and travel. Indeed, Dubai International Airport has been the busiest international airport for 11 years running and is now the world's second busiest airport overall when factoring for both domestic and international travel. Near constant government investment in infrastructure and connectivity have facilitated the emergence of a robust foundation for economic growth and high living standards.

Dubai's prosperity has been fuelled by its transformation into a global commerce hub over the last 50 years.

This, coupled with investments in infrastructure and a focus on social mobility, has fostered a continuously rising standard of living and exceptional public safety. In addition, Dubai is one of the world's most connected cities. It is within an eight-hour flight of any Middle Eastern country and a six-hour flight of major gateway cities in the Indian Subcontinent and Africa.

Overall, the city's high-quality infrastructure (54%) ranks as the number one factor that makes Dubai an attractive place to acquire real estate, according to the 317 HNWI that we surveyed.

Dubai's position as a global tourist destination (52%) is the second biggest consideration for HNWI contemplating a property purchase in the emirate. With 18.2 million arrivals in 2024, Dubai ranks as the seventh most visited city globally. The city also enjoys the highest global hotel occupancy levels, which averaged 78.2% in 2024. This influx of tourists not only boosts the economy, but also underscores the city's vibrant, cosmopolitan appeal.

The rise of destination communities

Dubai's residential market has evolved to cater to its international expat community through the development of 'destination communities'. These communities are designed to meet the unique demands of its largely expat-dominated population, offering an array of exclusive features. While amenities like quality schools, shopping malls, golf courses and sports facilities have become the new normal, there has been a growing demand for homes with access to green spaces and wellbeing centres.

In fact, 88% of global HNWI view access to parks and greenery as a 'must have' when considering property options in the city. Proximity to a hospital or healthcare centre has been ranked the second most important factor, reflecting a global shift towards personal wellbeing. It will be interesting to observe how this translates into residential developments as the city continues to evolve. For now, Aldar's Athlon and Emaar's Heights at Dubai South are blazing a trail in this direction by developing residential communities centred on personal wellbeing.

Access to the beach has become the third biggest selection criterion. This should come as no surprise, though, given that Dubai is synonymous with beachfront living and now boasts the eighth best beach in the world – JBR beach – according to Beach Atlas 2024.

Affordable luxury

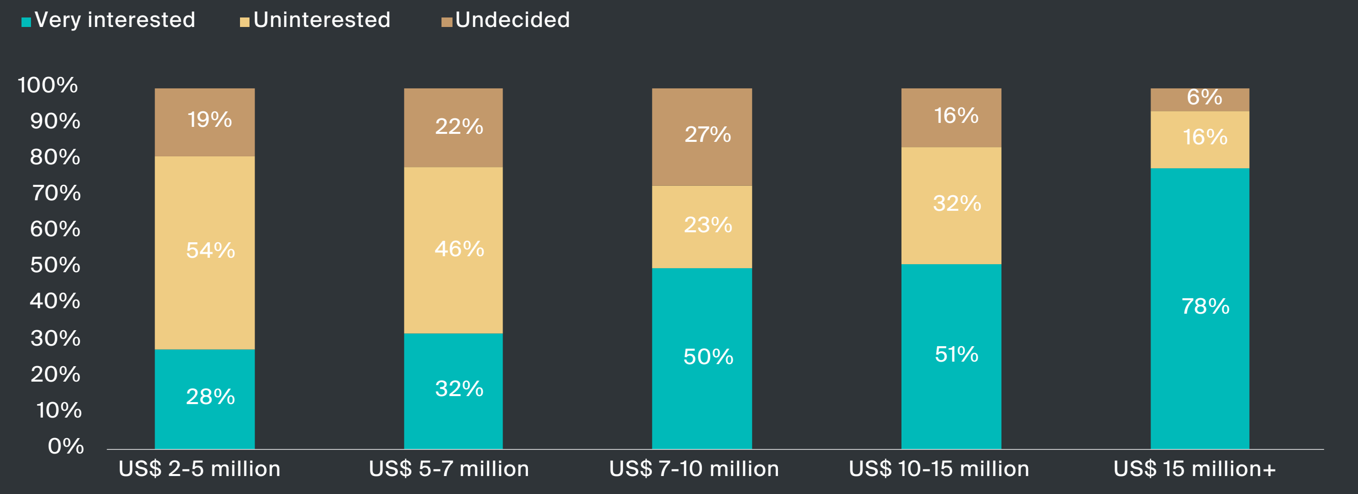
Despite the soaring prices, Dubai remains one of the most affordable luxury markets globally. For instance, US$ 1 million secures approximately 840 square feet of prime residential space in Dubai, compared to 366 square feet in New York or London and just 204 square feet in Monaco. This affordability, combined with the city's high standard of living and safety, makes it an attractive destination for HNWI.

Future prospects

Dubai is no longer an emerging market. The growing list of prime residential neighbourhoods is testament to this maturity. In addition to the existing areas of the Palm Jumeirah, Emirates Hills, Jumeirah Islands and Jumeirah Bay Island, we are now closely monitoring Tilal Al Ghaf, Jumeirah Golf Estates, Al Barari and Blue Waters for an upgrade to prime status.

Separately, buyers are not only paying record prices for homes but are also investing similar amounts in refurbishments. This trend indicates a longer-term 'buy-to-hold' or 'buy-to-live' mindset. Indeed, as we recently documented in our Q1 2025 Dubai Residential Market Review, the number of homes across the city has declined sharply over the last 12 months, particularly for homes priced at over AED 2 million. We explore this further below.

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



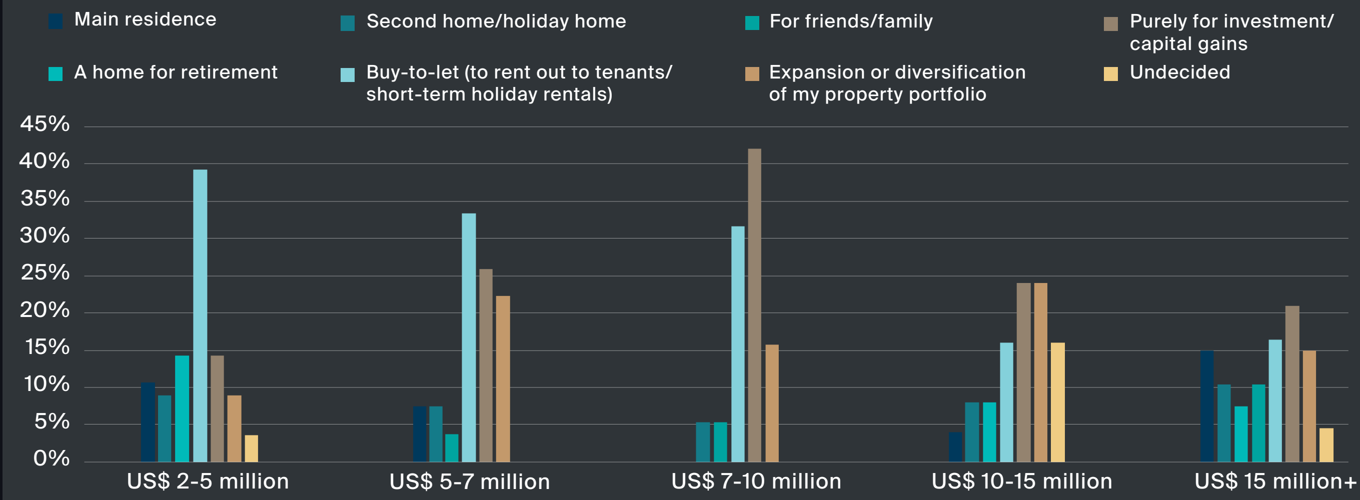
Source: Knight Frank, YouGov

Top target neighbourhoods

*Percentages indicate number of times each option was selected

Source: Knight Frank, YouGov

Planned property use (by net worth)



Source: Knight Frank, YouGov

DUBAI'S LUXURY HOMES SHORTAGE

Dubai's luxury residential market reached new heights in 2024, setting a fresh record for US$ 10 million+ home sales. The emirate registered 435 home sales exceeding US$ 10 million, edging past the 434 transactions recorded in 2023, further entrenching the city's position as the deepest US$ 10 million+ homes market globally for two years running. As the city's population continues to swell – 170,000 residents were added last year – the number of homes available for purchase on the market continues to dwindle, especially in the luxury price bracket. This phenomenon is being driven by an influx of wealthy buyers and their families, who are relocating to the city. These genuine end-users far outweigh the speculative market activity that punctuated previous market cycles, with developers now racing to meet the burgeoning demand.

High-end homes in short supply

While demand for luxury residences continues to soar, the availability of prime homes is in steady decline, as supply struggles to keep pace with the rapid absorption of stock. Since mid-2023, the number of available luxury listings has steadily contracted, reflecting both strong end-user and investor demand from Dubai's elite and a growing influx of global HNWI.

The supply squeeze is most pronounced at the top end of the market. Listings for homes priced between AED 5-10 million, for instance, declined by 19% year-on-year, while availability in the AED 25-50 million range dropped by 30%. At the ultra-prime level – above AED 50 million – home listings have almost halved, highlighting the scarcity of premium homes.

New supply trends

Our analysis of new home completions in Dubai's residential market underscores the tightening supply of luxury homes, particularly in the prime and ultra-prime segments. In 2024, the total number of homes completed fell by 28% year-on-year, marking a significant slowdown in new stock entering the market. Notably, 60,000 residential units were slated for completion in 2024; however, just 31,500, or 52.5% of that figure, were delivered.

While overall supply contracted, the distribution across price bands highlights a shift in developer priorities. The AED 1,000-1,500 psf segment was the only price bracket to see an increase in deliveries, with apartment supply rising by nearly 50% and villa supply more than tripling.

Conversely, supply in higher price bands contracted sharply. In the AED 2,000-3,000 psf range, which includes many prime and high-end properties, new deliveries fell by 57% year-on-year. A similar trend was observed in the AED 3,000-5,000 psf segment, where supply was down 39%.

The most pronounced shortfall, however, was in the ultra-luxury sector. In 2023, virtually no new villas were delivered in the AED 5,000+ psf category. In 2024, just 16 villas entered the market at this price level, further underscoring the scarcity of Dubai's most exclusive residential offerings.

Most important factors to HNWI when selecting a home in Dubai

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

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

Source: Knight Frank, YouGov

Jumeirah Islands: premium homes are in short supply across Dubai.

THE RISE OF PROPERTY MILLIONAIRES IN DUBAI

Dubai has firmly established itself as a global wealth hub, attracting high-net-worth individuals seeking both luxury and investment opportunities. The latest freehold property cycle has been particularly notable for the surge in luxury home sales, which has reshaped the dynamics of the city's residential market. To understand the amount of wealth held in property in the city, we have developed a valuation model to estimate the price of every freehold property annually, based on the rate of increase of its home neighbourhood. We examined homes priced at over US$ 1 million in 2024 to gauge the number of 'property millionaires' in the city.

Property wealth surge

The post-pandemic recovery, coupled with renewed investor confidence, saw the share of property millionaires in the emirate nearly double – from 6.8% in 2019 to 12.6% in 2021 – surpassing the previous market peak of 10.9% recorded in 2014. By 2023 and 2024, more than 14% of all property deals in Dubai exceeded the US$ 1 million mark.

A similar trajectory has been observed in the ultra-prime segment, where transactions exceeding US$ 10 million have also gained momentum. In 2019, these deals accounted for just 0.07% of the total market, rising to 0.2% by 2021, underscoring Dubai's increasing appeal among global investors.

While the volume of ultra-prime sales has grown, escalating property values have also played a role in pushing more homes above the US$ 1 million threshold, creating a fresh wave of property millionaires.

Accidental millionaires

By tracking the appreciation of individual homes over time, we have identified a segment of 'accidental millionaires' – homeowners who initially purchased properties below US$ 1 million, but which have since appreciated past this milestone due to price inflation.

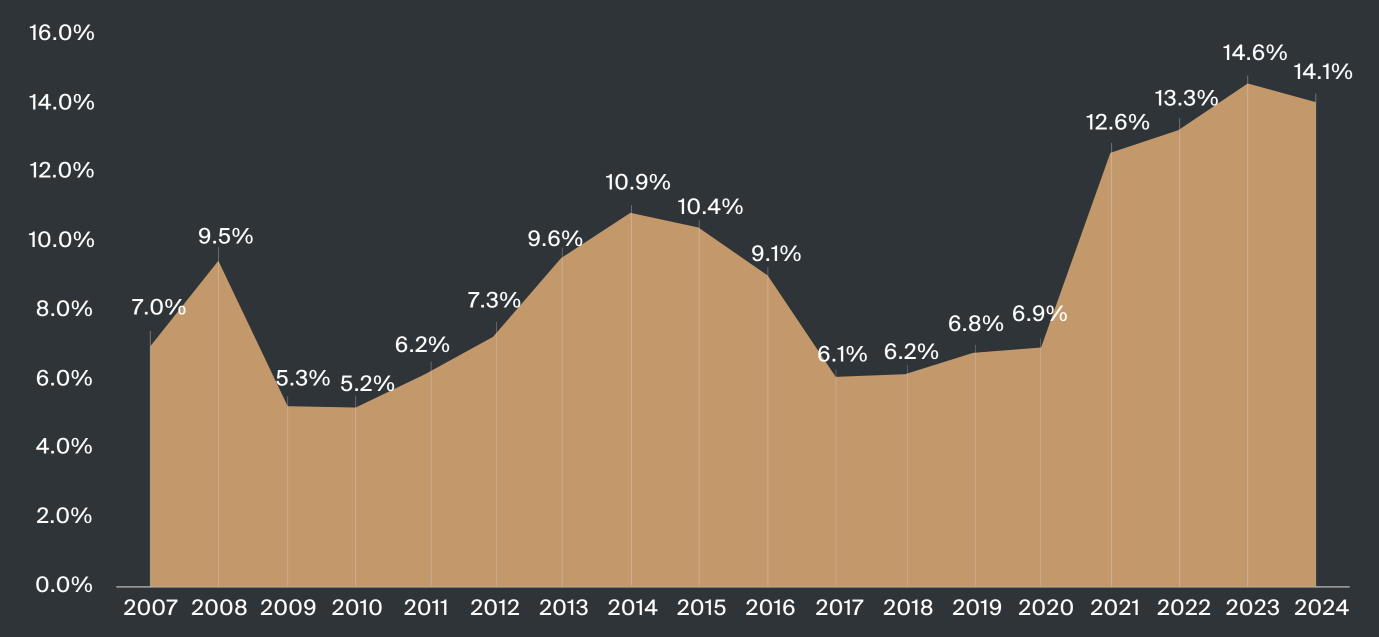
This analysis considers only properties that remain in the same ownership, allowing for a clearer picture of wealth generation through residential real estate holdings.

Our findings indicate that, as of 2024, approximately 110,500 residential units in Dubai – representing 17.5% of the 631,000 total homes sold since 2002 – are now valued at over US$ 1 million.

The collective value of these properties is estimated at close to AED 1.2 trillion (US$ 314 bn). Notably, 39,000 of these units are held by 'accidental millionaires', revealing the substantial wealth created through real estate ownership in Dubai over the past two decades.

For comparison, 68% of homes in central London are valued above US$ 1 million, while the figure for Manhattan is slightly lower at 63%.

Share of US$ 1+ million homes sold in Dubai



Source: Knight Frank, REIDIN

The Palm Jumeirah has the highest concentration of property millionaires in Dubai.

DUBAI EMERGES AS GLOBAL US$ 10 MILLION HOMES CAPITAL

For the last two years, Dubai has retained its title of being the most active US$ 10 million+ home sales market, eclipsing stalwarts like London and New York. During Q4 2024, the emirate registered an extraordinary 153 residential sales in excess of US$ 10 million – an all-time record. The seemingly relentless demand from the global super-rich continues to drive up home sales in this exclusive segment of the market, despite a sharp decline in home listings above US$ 10 million. During Q1, the city recorded 111 US$ 10 million+ sales, putting the city on track for another record year.

Dubai's US$ 10 million+ homes market kicked off 2025 with strong momentum, recording 111 sales in the first quarter. While the total is slightly below Q4 2024's record-setting 153 deals, it marks the highest Q1 result on record – and a 5.7% year-on-year increase from Q1 2024.

Dubai's luxury residential market continues to defy gravity. Demand, particularly from international buyers, remains unrivalled on the global stage. In 2024 alone, Dubai not only led the world in the number of US$ 10 million+ home sales, but also topped total transaction value, with 435 deals worth US$ 7.1bn. It has firmly established itself as the global epicentre for ultra-luxury real estate – surpassing legacy markets like New York, London and Hong Kong. It's a staggering achievement for a market that, until recently, was considered relatively young.

US$ 10 million+ homes market

The Palm Jumeirah retained its status as Dubai's premier ultra-prime location, recording 34 transactions in Q1 2025, accounting for 30.6% of the number of sales worth over US$ 10 million during Q1. The world-famous island registered US$ 10 million+ sales with a combined value of US$ 562.8 million, or 29.9% of the total value of US$ 10 million+ home sales in Q1.

Emirates Hills followed in second place with 15 sales, totalling US$ 356.7 million – 18.9% of the total value of US$ 10 million+ sales. The community also saw the most expensive deal of the quarter: a six-bedroom villa that was sold for US$ 106.3 million in January, after being bought for US$ 6.6 million in 2015. The sale represents an extraordinary 1,635% price increase, averaging almost 34.6% annual growth, well above the growth rate in the mainstream market of 27.6% over this period.

Other high-performing areas between January and March included Jumeirah Bay Island, Tilal Al Ghaf and Dubai Hills Estate, contributing 7%, 6.5% and 6.4% of the total value of US$ 10 million+ transactions, respectively.

Villas remained the dominant asset class, making up 69.4% of all Q1 luxury transactions by value – slightly up from 68.5% in 2024, and significantly above the 52% average in 2022-2023.

Dubai continues to lead the global luxury landscape. The city's appeal extends well beyond tax efficiency – buyers are investing in a lifestyle, not just a property. Newer communities like Tilal Al Ghaf and Palm Jebel Ali are seeing rising interest, but legacy districts like Palm Jumeirah and Emirates Hills remain timeless magnets for global capital.

In Q1 2025, the share of primary (off-plan) US$ 10 million+ sales declined to 43.2%, down from 52% in 2024, marking the lowest share since Q2 2022. This shift underscores the ongoing scarcity of new luxury inventory.

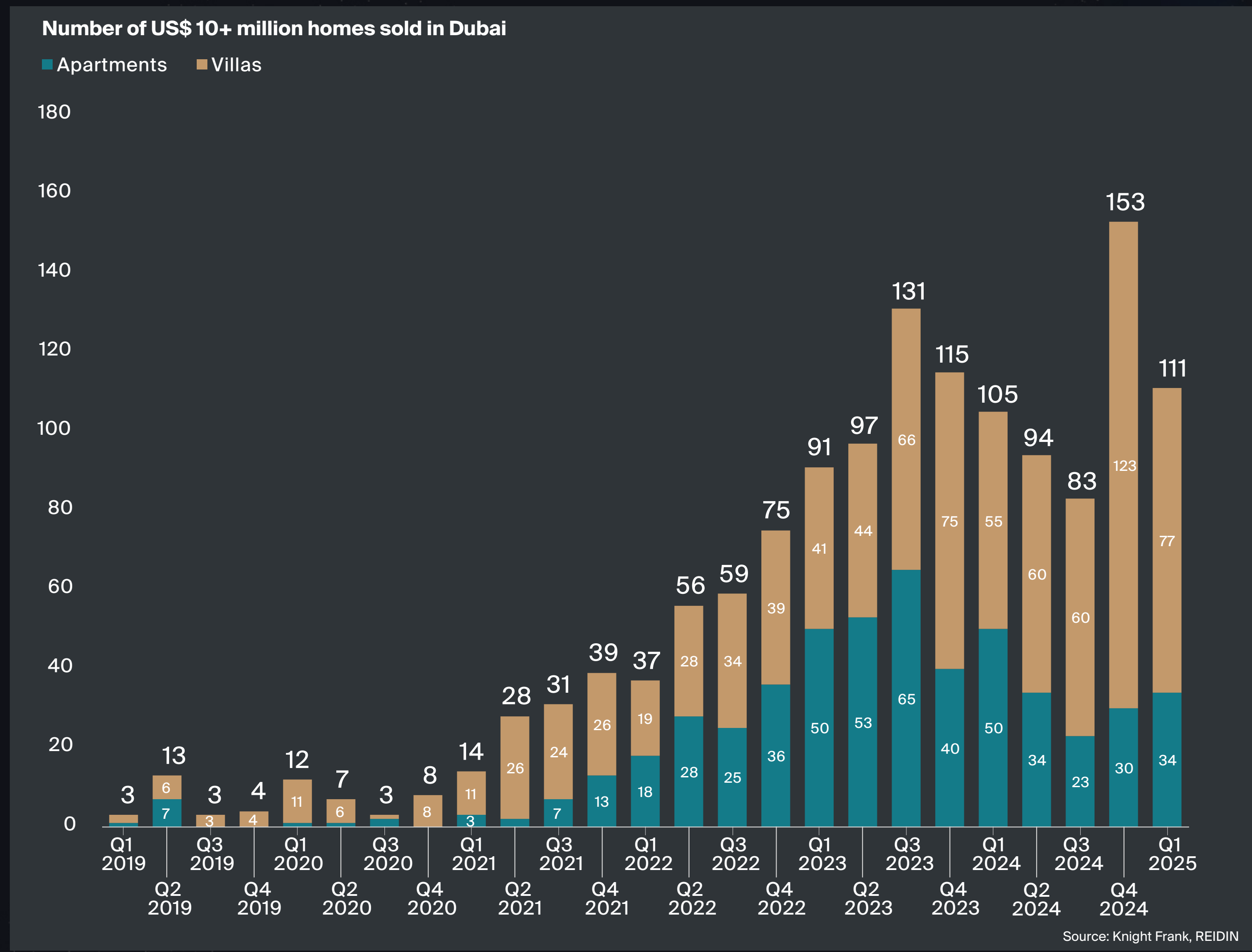
Omniyat Properties cemented its position as the leader in the ultra-luxury segment. The developer achieved 23.9% of the total value of sales above US$ 10 million in Q1 2025. Majid Al Futtaim followed with 14.2%, due to eight villa sales in Serenity Mansions at Tilal Al Ghaf. Nakheel was ranked third at 10.3%, according to Knight Frank's analysis.

US$ 25 million+ homes market

At the very top end, demand remains remarkably consistent. There were 12 transactions over US$ 25 million in Q1 2025, only slightly below the 15 deals in Q4 2024. These figures reflect continued appetite from global UHNWI seeking one-of-a-kind trophy homes.

Luxury listings

Following a sharp contraction through late 2023 and much of 2024, the supply of luxury homes has started gathering strength. For the first time since Q2 2023, the number of active listings priced above US$ 10 million surpassed 1,000 in Q1 2025 – an early signal that developers are beginning to respond to surging demand.



> **Dubai's US$ 10 million+ homes market kicked off 2025 with strong momentum, recording 111 sales in Q1 2025.**

GLOBAL MUSLIM HNWI EARMARK US$ 2BN FOR HOMES IN SAUDI HOLY CITIES

Unlike Dubai, access to property markets across Saudi Arabia remains a complex undertaking for international investors; however, this is gradually changing. To investigate the depth of pent-up demand from global investors, we spoke with 506 Muslim HNWI from nine Muslim-majority nations in our 2024 Destination Saudi report. The results were startling, with our survey respondents collectively willing to commit US$ 2bn towards residential real estate purchases in the Holy Cities of Makkah and Madinah.

Once-in-a-lifetime experience

1.8 million pilgrims performed Hajj during 2024. For many, this is a life-long ambition that is intrinsically attached to a desire to visit and/or live in Saudi Arabia. The fact that 84% of global HNWI are interested in purchasing in Saudi, preferably in one of the Holy Cities, underscores the depth of international buyer demand that is pooling on the sidelines, awaiting a suitable inlet. And the demand appears to be genuine, with 48% of those we surveyed looking to purchase a property in Makkah for use as a main residence.

Makkah (30%) emerged as the top target city for a real estate purchase amongst our global Muslim HNWI survey sample. Riyadh (25%) ranked second, while Madinah (19%) was named as the third most popular target location.

Overall, 82% of global Muslim HNWI buyers are keen to own real estate in Saudi Arabia, highlighting the level of appeal that already exists amongst potential international buyers.

Combined with last January's introduction of Premium Residency Visas, one of which is connected to property ownership, access to property investment through listed companies for international buyers, which was granted in January 2025, is a clear indication of the direction of travel and the strongest hint yet of authorities' plans around boosting inward international real estate investment.

The likely impact of the new Premium Residency Visas

The Premium Residency Visa linked to property ownership is likely to significantly impact the Saudi residential property market. We expect it to drive up demand for high-end properties, spur development of luxury real estate projects and contribute to the Kingdom's broader economic diversification efforts.

The untapped sources of significant capital from global Muslim HNWI represent an important demand dynamic that has the potential to alter the performance and behaviour of Saudi Arabia's residential market significantly.

Understanding the appeal of the Holy Cities

Demand drivers for buying a home in the Kingdom amongst the international HNWI we surveyed largely stem from the view that Saudi is a 'good investment opportunity' (60%). Clearly news of the explosive growth in home values since the unveiling of Vision 2030 in 2016 is has gone global and international HNWI are keen to be part of the growth story. Perhaps unsurprisingly, 'cultural and religious reasons' (45%) follow in second place, given the intangible attachment Muslims around the world have to the Kingdom.

Our research also reveals that 23% of global Muslim HNWI wanting to purchase in Makkah expect to be within walking distance of the Haram, Islam's holiest site. Some 63% expect direct views and to be within earshot of the Haram prayers.

Those interested in making a purchase in Madinah are slightly more relaxed in their expectations. While 40% expect to have some degree of access to the Prophet's Mosque (either walking or through public transportation), only 25% expect to be within walking distance, and under half (46%) expect direct views and to be able to hear the five daily calls to prayer.

Cash is king

A further indicator of the private demand that has amassed around the world for deployment into the Kingdom is the fact that two-thirds (66%) of our global HNWI are prepared to secure a home in Makkah solely using cash. Similarly, for those considering Madinah, 54% are keen to pay for the property in full at the time of purchase, with the rest seeking a payment plan.

The desire to purchase a property in either of the Holy Cities entirely using cash increases exponentially with personal levels of wealth, rising from 31% for those with a net worth of under US$ 500,000 to 78% for those worth more than US$ 3 million.

Deep pockets

Overall, our global Muslim HNWI survey respondents have home purchase budgets that average US$ 4.7 million for either of the Holy Cities. Of those considering Makkah, 40% are prepared to spend upwards of US$ 5 million. For context, large four-bedroom villas in Makkah, beyond the Second Ring Road currently sell for around US$ 600,000, highlighting the strength of demand from global HNWI for a property in Makkah or Madinah.

The US$ 4.7 million average Muslim global HNWI budgets for homes in the Holy Cities will undoubtedly give further impetus to the giga project developers, many of whom are expected to begin marketing homes for upwards of US$ 1 million, which sits above the bulk of domestic Saudi budgets – two-thirds of Saudis have a home purchase budget of up to SAR 1.5 million.

Investors in the Holy Cities also have high capital value growth expectations, with 37% expecting annual price growth of 6-10% in Madinah, while separately nearly a third (31%) are expecting the same rate of increases in Makkah. Prices in Makkah have risen by an average of 5.5% over the last three years, compared to 5% in Madinah over the same period.

30% of global Muslim HNWI would like to own a home in Makkah

SAUDI ARABIA'S BUILD-TO-RENT OPPORTUNITIY

While global Muslim HNWI are actively waiting for the opportunity to be able to secure a home in the Kingdom, another investment opportunity is emerging directly as a result of the Kingdom's economic diversification efforts: the build-to-rent (BtR) market.

Demand from expats

In our 2025 Saudi Report, where we have investigated demand for home ownership and residential investment amongst 1,000 Saudi national households (including 100 Saudi-based expat households), we have found that 40% of expats (earning over SAR 30,000 per month) and 9% of Saudi nationals (overall) would rather rent, instead of own.

The high proportion of expats seemingly disinterested in home ownership may be linked to uncertain long-term residence commitments to the Kingdom and/or the complexities of buying a home in the Kingdom as an expat.

For all the households we surveyed, the high costs associated with home ownership, still being in 'deposit building mode' and the flexibility offered through renting were cited as the top three reasons for not wanting to make the transition to home ownership at the time our survey was conducted.

Our research shows that 50,000 internal migrants were created over the last five years, most of whom were drawn to Riyadh in search of better employment and career opportunities.

Furthermore, for young Saudi nationals, who are increasingly mobile in the Kingdom, seeking out the best career development opportunities, the likelihood of wanting to purchase a home on arrival in a new city is likely to be very low. Indeed, the opposite is likely to be true – the desire to rent while assessing their long-term position is likely to be much higher on the list of priorities.

Still saving to purchase?

Nearly 2 in 5 (37%) of the Saudi nationals and Saudi-based expats we surveyed are prepared to spend SAR 20,000–40,000 annually on renting a home. At this price level, even finding a one-bedroom in Riyadh or Jeddah is likely to prove challenging.

Such cost-conscious behaviour by the tenants we surveyed suggests either a desire to save their earnings (perhaps in order to build a home purchase deposit) and/or the fact that they are part of small family units (or even single occupants), who do not need the luxury (or cost) of leasing large family villas.

Villas have historically of course been the go-to home type for Saudi nationals, but this is changing. Rising house prices, shrinking household sizes, a higher desire to rent and an active pursuit of community style living is underpinning this transformation in demand.

Creating institutional-grade assets

For developers and/or family enterprises and/or those with substantive sums of private capital, we see two distinct areas of opportunity.

The first is to develop smaller homes (think studio and one-bedroom apartments) with the specific intention of renting them out; i.e., creating BtR stock. Not only are smaller units such as these scarce in the Kingdom, but they are seldom accompanied by an array of amenities and facilities for tenants.

The opportunity

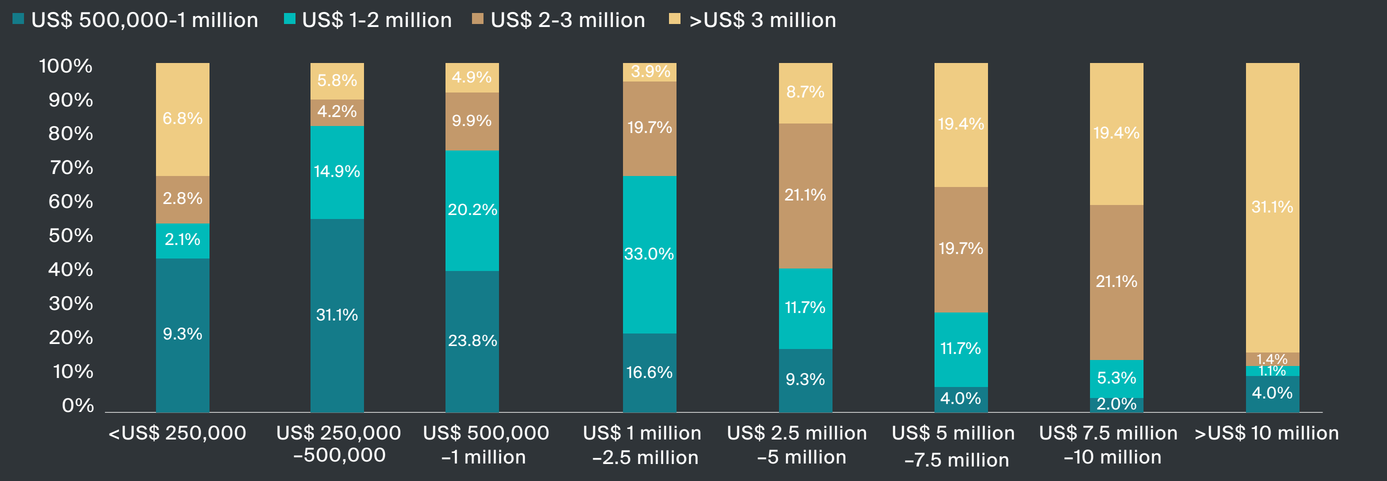
Expats moving to the Kingdom, at least in the first instance, are likely to gravitate to such accommodation, many of whom will be willing to pay a premium to secure such housing. Major global expat centres from Singapore to London and New York to Dubai have extensive ranges of purpose-built rental accommodation to cater to expats and their families.

Amenities often include onsite security, a concierge serve, a pool, a gym, ground-level convenience retail, bbq facilities, etc. This type of product remains in short supply in the Kingdom.

Such assets, when fully tenanted also attract institutional investor interest – such as KKR's acquisition of two of Quintains BtR residential blocks, comprising 490 units and 40,000 sqft of leisure and retail facilities at its flagship £2.8bn Webley Park site containing 8,400 BtR homes on an 85-acre site.

With 60% of the domestic population aged below 30, the scale of the opportunity is substantial.

Home purchase budgets for Global Muslim HNWI considering the Holy Cities (by net worth)



Source: Knight Frank, YouGov

Professionally managed BtR stock remains in short supply across Saudi Arabia.

US$ 953 MILLION IN PRIVATE CAPITAL TAKES AIM AT SAUDI BRANDED HOMES

Branded homes the world over offer instant access to a certain lifestyle while allowing owners and occupants to immerse themselves in the luxury of 'living a brand'. Gaining access to exclusive facilities and amenities, the ability to have the property added to a rental pool and the virtually guaranteed world-class property and facilities management add to the appeal. In Saudi, the branded residential market remains in its nascency, with 1,800 branded homes currently available across the Kingdom. This is, however, changing rapidly, with a further 2,500 branded residences planned or under construction and due for delivery by 2030. The surge in new supply is in response to growing demand, particularly from Saudi nationals.

Pent-up domestic demand

In our 2023 Saudi Report, we found SAR 3.57bn (US$ 953 million) of private capital actively circling the Kingdom's branded residential market. Saudi nationals alone are prepared to spend SAR 3.38bn (US$ 903 million) on branded homes in the country.

The likelihood of buying a branded residence is closely correlated with income and social status. As income rises, so does the probability of buying a branded residence. Indeed, 81% of Saudi nationals earning over SAR 50,000 a month are 'likely' to purchase a branded residence in the Kingdom. The group with the highest desire to own a branded residence in the Kingdom (at 89%) are Saudi nationals earning SAR 60,000-70,000 per month. Overall, two-thirds (66%) of Saudi nationals are interested in owning a branded home in the Kingdom.

Perhaps due to uncertain long-term residency plans and/or yet to emerge clarity on international home-ownership rules and regulations, Saudi-based expats with monthly incomes of over SAR 30,000 are least likely to purchase a branded home. Just 46% of this group say they are 'likely' to purchase a branded residential property.

Of our survey respondents, 36% are keen to purchase a branded home within the next two to five years, with a further 28% interested in obtaining a branded residence within the next one to two years.

Curiously, 55% of our survey respondents say they would prefer to own a branded home in a non-hospitality-linked development. This preference intensifies with income, rising to 76% among Saudi nationals earning SAR 60,000-70,000 per month. The lack of a wide range of true branded residential developments and indeed hospitality-linked branded residential options in the Kingdom may be the key driver behind this.

Types of branded homes

1) **Hospitality-linked branded residence:** These are residential developments that are connected to a hotel (usually a luxury hotel brand). Residents, through the virtue of owning a property in the development, gain access to all the hotel's facilities and amenities: the pool, gym, spa, room service, housekeeping, etc. In addition, residents/owners are often able to access exclusive facilities reserved just for them.

2) **Non-hospitality-linked branded residence:** These are usually fashion or automotive-linked brands. These non-hotel-linked brands also often provide access to amenities and some offer hospitality partnerships with the same positioning as the brand. They also usually include tailor-made services and members-only benefits. Non-hospitality brands tend to be more experimental with design and architecture, whereas hospitality brands follow the established look and feel of a hotel, with the former therefore very often seen to be more exclusive.

Non-hospitality branded residences

Branded residences are typically a result of collaborations between renowned brands (in the hospitality or non-hospitality sectors) and developers, pooling expertise in design and operations to craft exceptional properties, intertwined with a luxury lifestyle. Developers gain the rights to market and sell properties bearing the brand's typically prestigious trademark, with the brand often assuming oversight and service responsibilities to uphold exemplary standards. This partnership offers numerous advantages for owners, including the assurance of service and access to an unparalleled array of facilities.

Average purchasing budget for branded homes (by monthly income)

SAR 3.2 million
Saudi nationals (SAR 10,000–20,000)

SAR 3.6 million
Saudi nationals (SAR 20,000–30,000)

SAR 5.3 million
Saudi nationals (SAR 30,000–40,000)

SAR 5.3 million
Saudi nationals (SAR 40,000–50,000)

SAR 6.8 million
Saudi nationals (SAR 50,000+)

SAR 2.3 million
Saudi-based expats (SAR 30,000+)

Source: Knight Frank, YouGov

Family first

Both Saudi nationals and Saudi-based expats are keen, first and foremost, to buy a branded home for personal reasons, with 39% planning on using the acquisition as a main residence. This figure rises to 51% among Saudi nationals earning SAR 60,000-70,000 per month. A further 31% aspire to buy a branded home for their children or extended family. Those especially keen on accommodating their children and extended family in branded homes are Saudi nationals whose monthly income ranges from SAR 70,000 to SAR 80,000 (48%).

Just under a fifth (19%) would look to make the purchase purely for investment reasons.

Boosting demand

While two-thirds of Saudi nationals and Saudi-based expats are keen to purchase a branded residential property, there are ways in which this demand can be further bolstered.

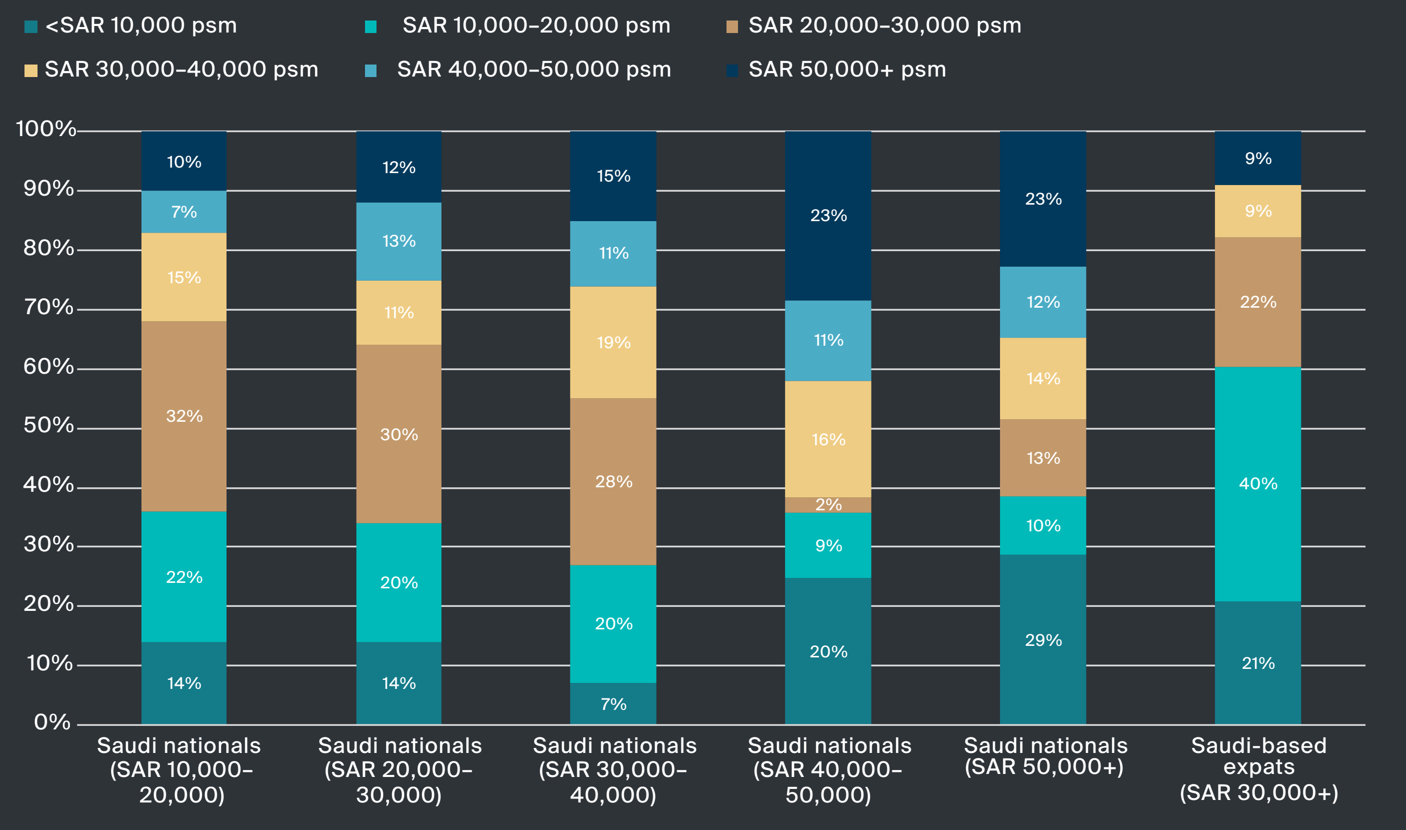
The high cost associated with purchasing a branded home may be a barrier for many Saudi households, particularly when you consider that the average monthly income of Saudi nationals in Riyadh stands at SAR 25,995, while in Jeddah the figure is lower still at SAR 15,577.

It is not surprising that the lack of branded property types and sizes has been cited as the second most important factor by potential buyers that needs to be addressed to make the sector more attractive. Over half of those earning SAR 60,000-70,000 per month cite this as their most important consideration, hinting at an opportunity for developers to deepen this segment of the market further.

Linked to this is the limited number of branded residential operators in the Kingdom at present. One-third of our survey respondents – both Saudi nationals and Saudi-based expats – say the shortage of branded residential operators is another area they would like to see addressed. Alongside the greater availability of financing from local banks (44%), this ranked jointly as the most important area of concern for Saudi nationals earning SAR 50,000-60,000 per month.

More brands are lining up and eyeing up opportunities across the Kingdom, which will no doubt help to satisfy the growing appetite for branded homes. They key for developers will be to offer branded homes that are on par with what is available in global gateway cities not just in terms of product, but the accompanying services, experience and of course pricing, all of which will be critical factors in determining success.

Budgets for purchasing a branded residence (by monthly income)



Source: Knight Frank, YouGov

QATAR'S PROPERTY MARKET EMERGING AS A TARGET FOR GCC HNWI

Elsewhere in the Gulf, the Qatari residential market has also begun to court the attention of GCC nationals and GCC-based expats, as evidenced by our recent flagship Destination Qatar report. Since the 2008 launch of the Qatar National Vision 2030, the country has undergone a phenomenal economic transformation, turbocharged by the US$ 330bn spend linked to the hosting of the 2022 FIFA World Cup, which has delivered a wide range of world-class infrastructure. This includes Doha's new US$ 16bn Hamad International Airport and the US$ 36bn 76km Doha Metro. The government has now unveiled its third National Development Strategy for 2024-2030. The ambitious vision aims to diversify Qatar's economy by reducing its reliance on hydrocarbon revenues and focusing on attracting FDI, while boosting Qatar's global competitive edge. Unsurprisingly, the real estate market's attractiveness has been transformed.

Understanding regional demand for property

In our flagship publication for the Emirate, Destination Qatar, we surveyed 502 GCC nationals and GCC-based expats, each with a minimum monthly income threshold of US$ 5,000. Our survey's main objective was to investigate regional attitudes, desires and aspirations to own real estate in Qatar and to visit the country for leisure, shopping and entertainment.

Residential sector backdrop

The housing market in Qatar has remained subdued over the past year, influenced by multiple factors. Residential property demand has been generally stable against a backdrop of rising supply. Indeed, the number of homes in Qatar today stands at around 394,000 and this is expected to swell to over 404,000 over the next two years. This supply-demand imbalance, combined with mortgage affordability issues, continues to exert downward pressure on property prices and rental rates, with the exception of high-end homes in Doha's most luxurious neighbourhoods.

Despite this, the residential sector is the most popular target asset class for GCC nationals and GCC-based expats. 65% of those we surveyed are keen on acquiring a residential property in Qatar within the next five years.

Qatar's residential sector has, for a long time, been dominated by domestic (Qatari) purchasers. In 2002, the market was opened to GCC nationals, and restrictions were further eased in 2018, allowing international buyers access to 99-year leasehold ownership. Consequently, over the last five years, Qatar's expat residents have shown a strong interest in home ownership, with home values rising by an average of 4.5% between 2018 and the end of H1 2024.

US$ 538 million of GCC private capital firepower

According to our survey results, the principal reason GCC nationals and GCC-based expats would like to own residential property in Qatar is purely for capital gains (37%), while the second biggest motivation is to secure a buy-to-let property (34%). Interestingly, this is also the biggest driver for expats living in Saudi as well as those in the UAE.

Overall, we were able to identify US$ 537.5 million of private capital around the GCC amongst our survey respondents that is actively seeking residential real estate in Qatar. For context, the total value of all residential sales in Qatar during 2024 stood at US$ 3.2bn.

This exceptional level of demand from private investors highlights the rapidity at which Qatar is starting to command the interest of GCC purchasers and investors.

Private GCC investors' budgets

69% of GCC nationals and GCC-based expats are willing to spend up to US$ 1 million on a residential acquisition in Qatar, with 7% prepared to spend over US$ 4 million. Amongst GCC nationals aged 25-34, more than half (55%), are willing to spend between US$ 500,000 and US$ 1 million on a home in Qatar.

47% of Emiratis are prepared to commit US$ 500,000 to US$ 1 million. For Saudi nationals, 28% would like to spend no more than US$ 500,000. Amongst GCC nationals, those aged 25-34 have the highest average budgets, at US$ 1.3 million. This falls to US$ 630,000 for GCC-based expats aged between 45 and 54. Overall, however, UAE nationals have the largest potential budgets for residential purchases in Qatar, averaging US$ 1.4 million.

Notably, the bulk of residential project launches that have been announced around Qatar fall within the US$ 500,000 to US$ 1 million price range, suggesting that residential units are being priced correctly. Our view is that all the right ingredients are in place to jump-start strong inflows of international private capital into the country's residential sector.

It is now a question of courting buyers in their markets and highlighting the advantages of purchasing in Qatar and the lifestyle that comes with a move to the country.

More branded residences

Alongside pure residential property, branded residences were named as the joint most popular real estate asset class for potential investors from around the region by both GCC nationals and GCC-based expats.

As in Saudi Arabia, branded residences in Qatar are a fairly new concept. However, this appears to be changing quickly with The St. Regis Marsa Arabia Island (263 units) opening in 2022, the Four Seasons Resort and Residences at The Pearl Island (161 units) opening in 2023, and Les Vagues by Elie Saab on Qetaifan Island North recently launching phase 3 (59 units).

A notable recent completion is the Swissôtel Corniche Park Towers Residences (121 units), due to complete in 2024, while JMJ Real Estate's Qetaifan Island North Project (293 units), designed by Zaha Hadid Architects, was released to the market in October 2024. These new projects will add to the small but fast-expanding luxury branded residential sector in Qatar.

With real estate budgets ranging from US$ 1.2 million for GCC nationals to US$ 915,000 for GCC-based expats, the branded residential sector's expansion appears almost inevitable if Qatar is to capture some of this apparent pent-up demand for branded homes in the country.

Qanat Quartier, The Pearl Qatar

THE ALLURE OF EGYPT TO GCC INVESTORS

Beyond the GCC, Egypt's real estate market is highly sought-after by GCC nationals, not least because of deep-rooted historic and cultural ties. With growing infrastructure, modern development projects and a rich cultural heritage, Egypt is further entrenching itself as a focal point in North Africa for private GCC investors. Indeed, the country's unique blend of lifestyle and investment opportunities paved the way for US$ 115bn in investments from GCC sovereign wealth funds between 2021 and 2023, led by the UAE, which during 2024 alone committed a further US$ 35bn.

Understanding the depth of demand

To assess the demand from GCC investors for real estate in Egypt, we carried out a survey of 258 GCC nationals with investable assets above US$ 100,000. Among our respondents, 36% have investable wealth above US$ 1 million, excluding the value of their main residence. The results can be viewed in our 2023 Destination Egypt report.

What we found is that the residential sector, at 68%, dominates investors' preferences, followed by branded residences (30%) and the retail sector (29%).

Notably, 53% of those surveyed who already own a home in Egypt are keen to make a second purchase. Separately, 94% of the GCC investors we spoke to with investable assets in excess of US$ 1 million would like to buy a home in Egypt.

Overall, GCC investors continue to favour Greater Cairo, with 73% of those surveyed citing the capital as their prime residential investment target. The North Coast (35%) and Sharm El Sheikh (31%) follow in second and third place, respectively.

For Emirati nationals, the New Administrative Capital (42%), New Cairo (37%) and the North Coast (37%) are the most appealing places to purchase residential real estate. In contrast, Saudi nationals have a clear preference for beachfront locations, with Sharm El Sheikh (42%) and the North Coast (41%) dominating preferences. This preference has undoubtedly contributed to the emergence of the air route between Jeddah and Cairo as the second busiest in the world (by seat capacity) last year, just behind Hong Kong-Taipei.

The perfect second home destination?

Egypt's real estate market has become an increasingly attractive option for GCC investors, with 72% of those we surveyed citing the purchase of a second or holiday home as their primary motive for an investment in Egypt.

The North Coast is experiencing significant interest, especially from UAE, Saudi and Qatari nationals, with 40% showing interest in purchasing a home here. Notably, 44% of Saudi nationals are looking to make their next property purchase a beach house in Egypt, highlighting the growing allure of Egypt's coastal retreats.

GCC investors' interest in Egypt's second homes market underscores the country's appeal as a prime real estate destination. The combination of lifestyle benefits, potential for high rental yields, affordability and strong strategic ties to the GCC all add to the country's allure.

Buy-to-let investors

While 68% of GCC nationals are interested in purchasing homes either as primary residences or second homes, a significant proportion are also focused on buy-to-let investments.

Away from personal use motivations, the buy-to-let market is a significant draw for GCC investors. We found that 35% of GCC investors plan to rent out their property purchases when not in use, highlighting the appeal of a rental income. Expected rental yields vary, with optimistic projections from Qataris and Bahrainis (6-8%) and more conservative estimates from Omanis (2-4%). Current single-let residential yields range from 5-6% in Cairo, and 6-8% in the North Coast.

Market potential

While Egypt stands out as a beacon for GCC private capital, and notwithstanding the ongoing hostilities around the Levant region, there are other challenges that private GCC investors must contend with.

The demand for high-end homes is outstripping supply, creating a clear opportunity for developers. Aside from this, fluctuating economic conditions and the knock-on impact on the Egyptian pound need to also be considered. To an extent, the latter is offset by the relatively affordable prices for luxury residential real estate in Egypt, which can range from US$ 722 psf in Greater Cairo and climb as high as US$ 1,620 on the North Coast.

We expect that the strong interest from private GCC investors is likely to spur further developments in the residential and holiday home sectors. As developers and policymakers work to address the supply-demand gap, the market is expected to evolve, offering more opportunities for GCC investors.

In focus: Alamein City

Egypt has positioned its tourism and hospitality sector as one of its key growth pillars. Indeed, by 2030, authorities aim to attract over 30 million tourists and to increase the sector's revenues to more than US$ 30bn annually.

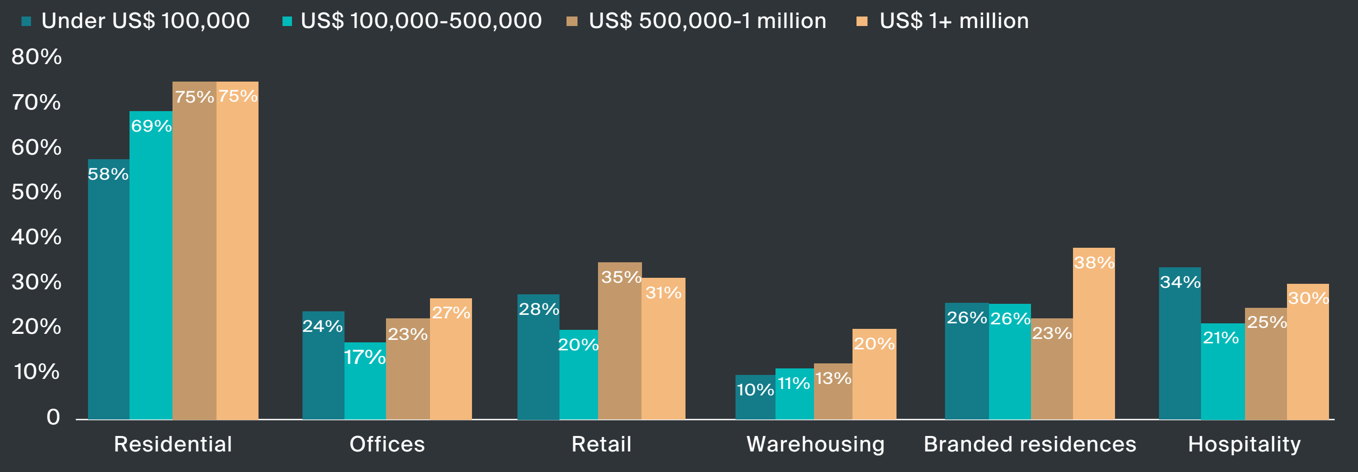
The government is placing extra emphasis on Alamein City, one of Egypt's planned '4th Generation Cities', designed with advanced urban planning and smart infrastructure, as a way to complement existing tourist hotspots like Sharm El Sheikh and Hurghada, and further helping to amplify demand from wealthy GCC holiday home buyers and visitors.

Alamein City is designed to be a modern, smart city that blends historical significance with futuristic urban planning, making it a key part of Egypt's vision for economic growth and sustainable urbanisation. Its coastal location, luxury real estate, tourism potential and infrastructure make it stand out among Egypt's new developments. Alamein City's masterplan includes a mix of residential units, including high-end villas and apartments as well as affordable housing, allowing it to cater to a range of budgets.

These long-term development goals are a strong signal from the authorities to help reposition what is fast emerging as one of Egypt's new tourism jewels as an all-year-round destination that is self-sustaining. Unlike many coastal destinations in Egypt, which are more seasonal in nature, Alamein City is being developed as a year-round tourist destination.

Real estate sector investment preferences (by investable wealth)

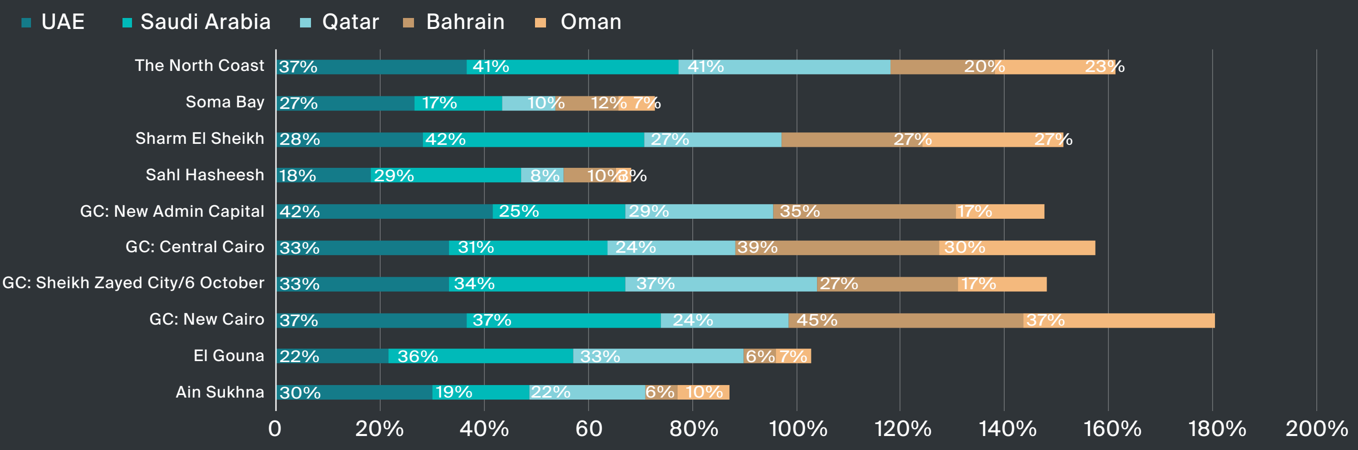
Percentage of respondents



Source: Knight Frank, YouGov

Location preference (by nationality)

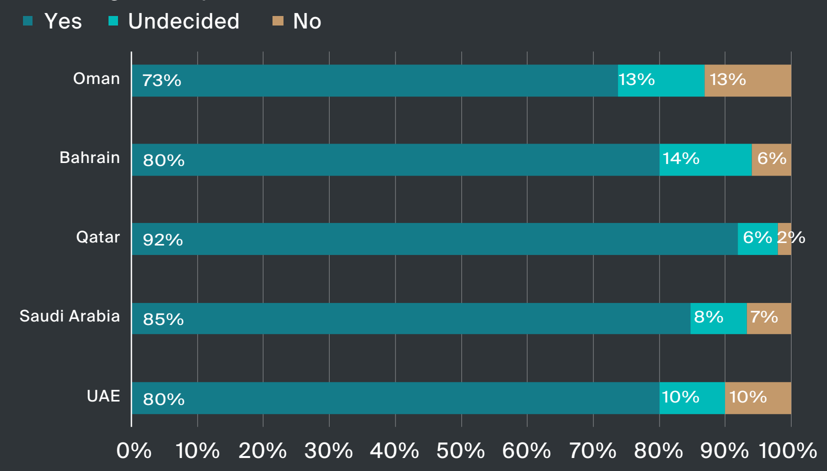
Percentage of respondents



Source: Knight Frank, YouGov

Likelihood of making a purchase (by nationality)

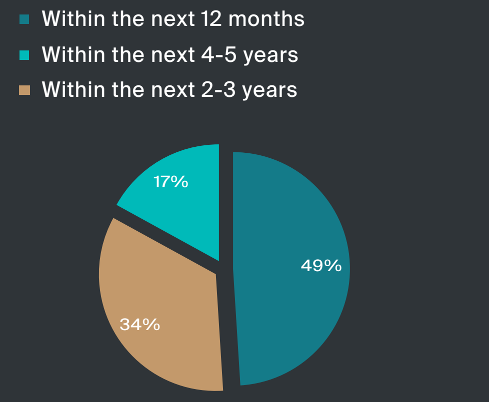
Percentage of respondents



Source: Knight Frank, YouGov

Timeframe to purchase

Percentage of respondents



Source: Knight Frank, YouGov

IN FOCUS: THE SHORTAGE OF PRIME GRADE A OFFICES IN THE UAE AND SAUDI ARABIA

Away from the dynamic residential markets across the MENA region, office markets in key urban centres such as Abu Dhabi, Riyadh and Dubai are experiencing a severe shortage of grade-A office supply, which has driven up rents, while occupancy levels are in excess of 95% in these cities. This narrative is in stark contrast to the story playing out in many major global gateway cities. Buoyant economies are stoking demand for office space from new market entrants as well as those looking to expand their footprints, creating a unique opportunity in the sector for private family enterprise wealth and, indeed, private capital.

The basis of demand

Cities such as Abu Dhabi, Dubai and Riyadh are anomalous on the world stage as they are all experiencing rising office rents, while grade-A occupancy levels are currently hovering at over 95% on average. The best illustration of the rising demand is the 64% jump in new office requirements last year to almost 1.3 million sq ft. Meanwhile, grade-A office rents in Riyadh have climbed by 66.5% over the last three years, with grade-A occupancy levels currently hovering at around 98%.

Grade-A offices are premium commercial spaces characterised by high-quality construction, modern design, state-of-the-art facilities and prime locations. These offices are typically sought after by top-tier companies aiming to attract and retain talent, as well as to enhance their corporate image.

In expat-dominated cities such as these, the desire to be back in the office is linked to the fact that some employees' social lives revolve around the office. Furthermore, commuters in the UAE and Saudi do not necessarily have the often unreliable, expensive and long commutes faced by their global counterparts.

At the other end of the demand equation, business leaders in the GCC are pushing forward with expansion plans, as evidenced by our (Y)OUR SPACE – Middle East Focus report. To get a better understanding of regional attitudes towards workplace strategies, the future of work, the workplace and corporate real estate over the next three years, we spoke with C-suite business leaders in the UAE and Saudi. Together, the businesses we spoke with employ 350,000 people globally.

One of our key findings was that 57% of businesses in the UAE and Saudi expect to need more office space within three years, while 50% expect to grow the number of offices they occupy, signalling that demand is likely to persist in the medium-term, notwithstanding any major global economic shocks or 'black swan' events.

Traditional working styles dominate

Overall, 89% of organisations we spoke with in the UAE and Saudi expect some degree of flexibility in their future workstyles, with 43% expecting a hybrid work environment and 14% predicting mostly remote working. Just 7% expect to be fully flexible in three years' time, compared to 10% of small businesses.

Some 47% of companies in the UAE and Saudi with a city or country-wide remit expect an 'office-first' workstyle to prevail over the next three years. This lean towards more traditional working styles clearly hints at the strong appetite and backing for the office as the main place to conduct business. In contrast, 42% of businesses with an international footprint expect hybrid working to dominate in three years' time, mirroring global trends.

ESG commitments

Environmental, social and governance considerations are also impacting on demand. ESG is still a relatively nascent concept across the Middle East, but there are signs that the office market is responding to the global sustainability agenda. This is evident through a rising focus by occupiers on sustainable buildings, greater emphasis on energy efficiency and environmentally responsible practices in property construction, operation and management. This, we feel, is likely connected to global mandates to occupy green-rated buildings.

In markets such as Dubai, occupiers are happy to pay premiums for being in such buildings and while office buildings with internationally recognised ESG credentials (think LEED, WELL, WiredScore, etc) remain in short supply, premiums of 50% or more (compared to other non-ESG-rated buildings in the same submarket) are commonplace.

In parallel, catalysed by the links between attracting/retaining talent and occupying best-in-class space, occupiers continue to actively gravitate towards new grade-A developments, with domestic and international occupiers actively seeking efficiently managed, ESG-accredited and well-maintained offices.

Overall, in our survey of C-suite executives in the UAE and Saudi, we found that 95% of organisations believe their ESG policies will impact their future office selection; however, 67% believe less than 25% of their offices will be located in 'green buildings' in the next three years. This paradox is a clear opportunity to help close this gap, given the underlying demand for green-rated office buildings.

Green refurbishments

A potential area of opportunity may lie in the refurbishment of well-located grade-A- or grade B+ buildings that lack ESG credentials. Our estimates suggest that office refurbishment costs in Dubai range from AED 280-580 psf, with a further 40-50% uplift to achieve a LEED Silver certification. While these costs may appear prohibitive, the alternatives are limited to a change of use, a gradual decline in occupancy levels and/or rents, or a 'demolish and rebuild' route.

While the latter may appeal to some landlords, future development financing is likely to include carbon footprint clauses, which may bring further challenges as rebuilding often has a substantially larger carbon footprint than refurbishment. In some instances, of course, refurbishment may not be possible, not only because of the cost implications, but because the building superstructure may not be able to accommodate the retrofit required.

Amenity rich environments

In the changing landscape of office preferences, amenities have taken centre stage as a pivotal factor influencing occupier decisions. In the UAE and Saudi, occupiers have developed a distinct preference for recreational amenities, including food and beverage facilities (52%), gym amenities (48%) and wellbeing support facilities (46%).

Rather than viewing amenity provision as a loss of net leasable area, landlords need to view these facilities through the eyes of occupants. Placing the occupier at the heart of building design will be key to ensuring the longevity of occupiers' tenures.

Staff who are both happy and proud in their work environments are likely to be more productive, delivering greater business productivity in the long-term. This in turn is likely to result in a business renewing its lease, or indeed expanding in situ – a highly desirable scenario in a global environment where businesses will apply greater scrutiny to real estate decision-making in the future.

Riyadh's King Abdullah Financial District

IN FOCUS: THE EVOLUTION OF REAL ESTATE LENDING IN THE GCC

Contributed by Kapil Jobanputra, Managing Director and Jamie Odger, Vice President at Elaeo Partners

Leading institutions and family offices have typically benefited from supportive relationships with local and regional banks, which has enabled the financing of real estate portfolios – both within the region and internationally. As regional banks have continued to expand and institutionalise, there is increased focus on market due diligence on the asset level performance, rather than reliance on the broader enterprise credit worthiness and corporate guarantees.

This is leading to more attractive financing terms for high quality assets and projects, with reduced requirements for broader corporate recourse – a much-needed evolution for real estate finance in the GCC.

This shift is another sign of maturing markets and aligns with best practice lending in the US and the Europe, where asset level financing is widely available and encourages development and acquisition of institutional-grade assets for a wider range of sponsors.

Sukuk market – a key driver of liquidity in the real estate capital markets

The growth and maturity of the capital markets has enabled a series of recent sukuk issuances for real estate developers and corporates, with increasing appetite witnessed from European and Asian investors.

Sukuk structures have allowed private developers to raise efficient capital to acquire land banks, necessary to facilitate growth and capitalise on market opportunities. Established portfolios (such as the Dubai International Financial Centre) have also successfully tapped the capital markets to refinance secured facilities to optimise their capital structures.

Historically the real estate sukuk market was dominated by sizable incumbent Government Related Entities ("GREs"), such as Emaar and Aldar. However, an increasingly diverse range of global investors continue to appreciate the credit opportunity for private developers, amidst a strong market backdrop with robust fundamentals.

Relevance of private credit to the real estate sector in the GCC

GCC lending has been led by local and regional banks, with limited penetration from institutional credit funds / sources of alternate capital. With enhancing legal framework, bankruptcy laws and regulation, the interest from private credit is increasing.

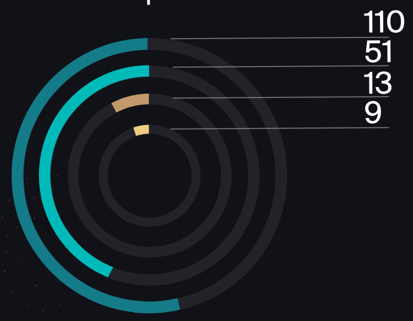
Whilst the cost of private credit capital is typically higher than traditional bank financing, alternate lenders can offer flexible solutions which bear characteristics of mezzanine or quasi-equity structures.

Key areas of due diligence are the improving regulatory framework, including enforcement processes, and the level of market stability and maturity.

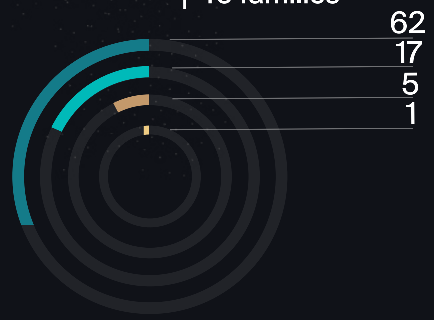
As the depth of the real estate capital markets continues to increase in the UAE and KSA, there is likely to be increased participation from global private credit funds as an alternative real estate funding source.

OUR PRIVATE WEALTH ACCESS

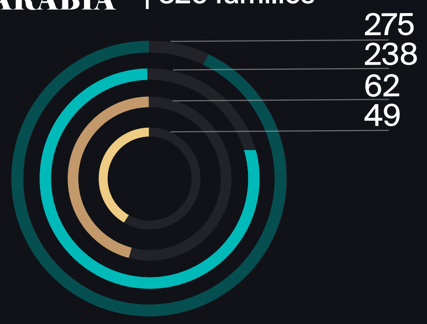
KUWAIT | 183 principals
107 families



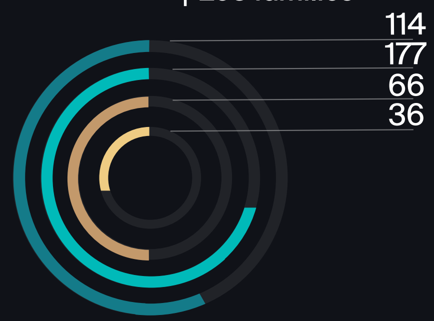
BAHRAIN | 85 principals
40 families



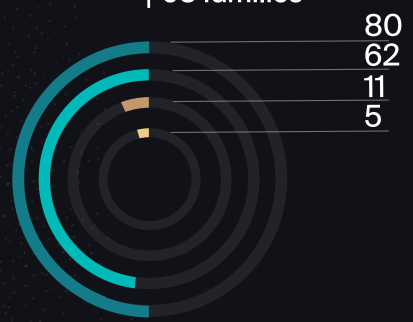
SAUDI ARABIA | 624 principals
320 families



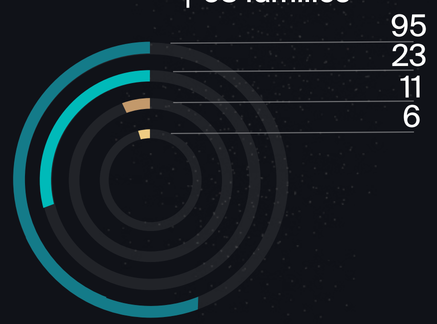
UAE | 393 principals
293 families



QATAR | 158 principals
98 families



OMAN | 135 principals
68 families



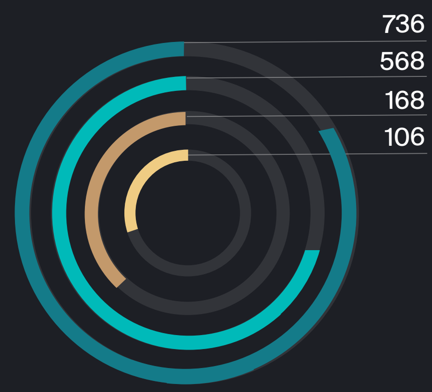
Source: Knight Frank, YouGov

Trading families in the Middle East

Identified over 1,500 UHNWI with an estimated net worth in excess of US$ 295bn

1,578 principals | 926 families

- US$ 50 million-US$ 99 million
- US$ 100 million-US$ 499 million
- US$ 500 million-US$ 999 million
- US$ 1bn+



Source: Knight Frank, YouGov

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OUR SERVICES

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Hospitality Valuation
PPP & Deal Advisory
Plant & Machinery Valuation
Residential Valuation

Strategy & Consulting

Education Consultancy
ESG Consultancy
Food & Beverage Consultancy
Healthcare Consultancy
Hospitality, Leisure & Tourism Advisory
Masterplan Advisory
Real Estate Strategy & Consultancy
Residential Consultancy
Retail Advisory
Research, Economics & Geospatial

Project & Development

Building Consultancy
Project & Development Services

Commercial Transactional

Capital Markets
Data Centres
Industrial & Logistics
Land Sales
Occupier Strategy & Solutions
Occupier/Landlord Strategy & Solutions
Offices
Retail

Residential Transactional

Exclusive Project Sales
Interior Services
International Project Sales
KSA Project Sales & Marketing
Mortgages
Prime Residential, UAE
Private Office
Qatar Residential
Private Capital & Family Enterprises

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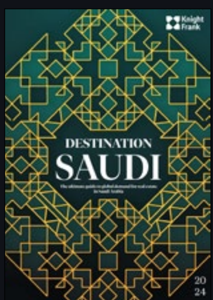
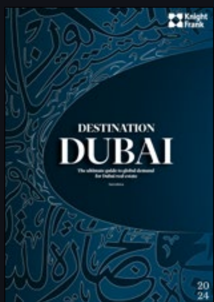


Destination Saudi 2024



Destination Dubai 2024

Destination Qatar 2024

Destination Egypt 2023

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