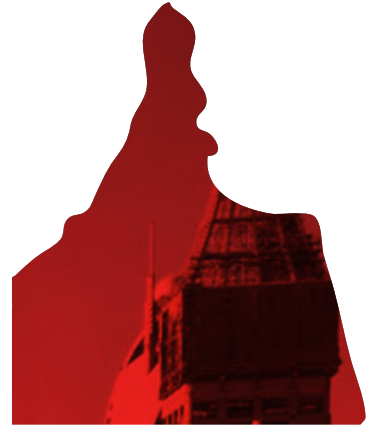
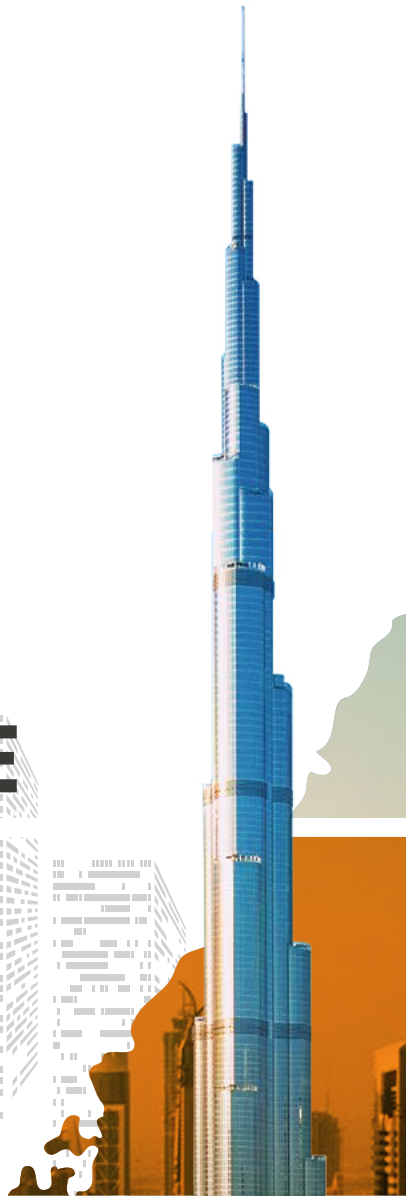




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Dubai **REAL ESTATE** Market

Overview
Q1 2019



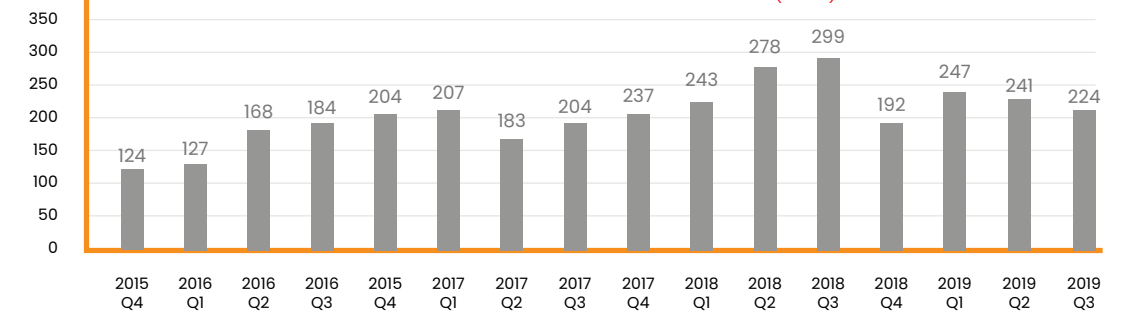
Macroeconomic Overview of Dubai

The overall real GDP of UAE is expected to grow by 2.4% in 2019 (up from previous expectation of 2%) driven mainly by the growth in the non-oil sector, which is projected to reach 1.4% in 2019 compared to 1.3% in 2018. The oil sector is expected to grow by 5% in 2019 compared to 2.8% in 2018. The improved outlook for growth is due to expected rise in public and private spending, higher investment and continued regional economic recovery, in light of the monetary policy easing in the US.

As the global economic and regional political conditions remain unstable, it is causing great market uncertainty which will affect the current market situation further. However, the UAE & Dubai government have launched various initiatives to increase demand, these announcements and regulation changes will be a positive boost to the overall economy.

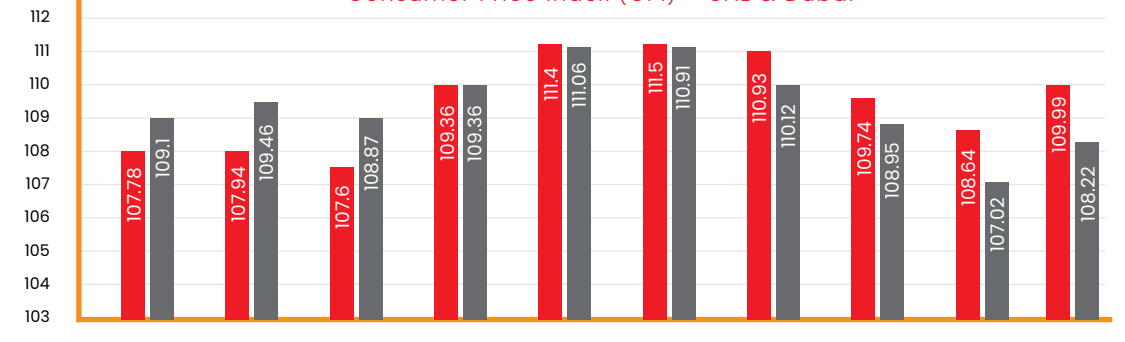


1 Brent OPEC Oil Basket Price in UAE (AED)



Source: Oilprice.com

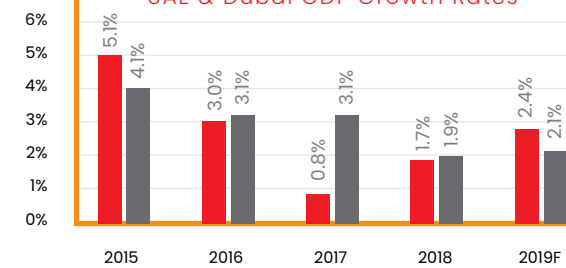
Consumer Price Index (CPI) – UAE & Dubai



— UAE CPI — Dubai CPI

Source: Dubai Statistics Center, National Bureau of Statistics

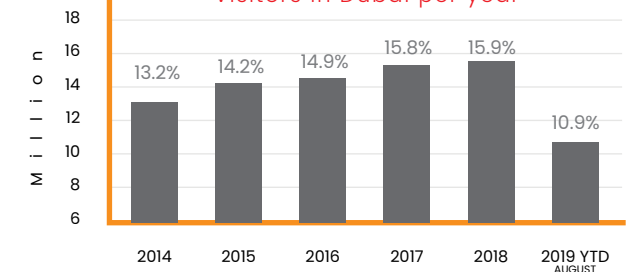
UAE & Dubai GDP Growth Rates



— UAE GDP — Dubai GDP

Source: Ministry of Economy, Central Bank, DED

Visitors in Dubai per year



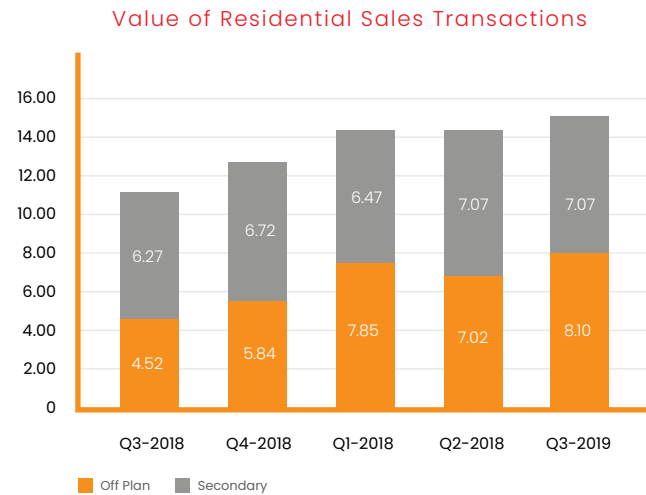
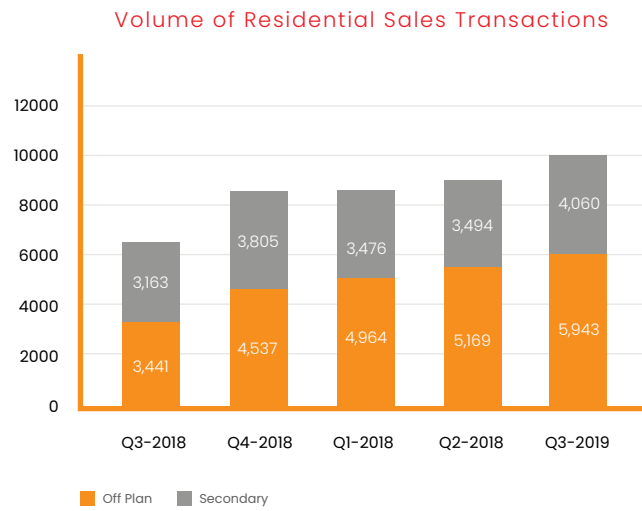
Source: Dubai Statistics Center, National Bureau of Statistics

Dubai Residential Sales Transactions (Volume & Value)

Off-plan Sales transactions contributed around 59% of the overall sales activity in the first 9 months of this year. Even though the number of new launches has reduced this year the off-plan segment can be seen holding ground, mainly due to incentives offered by Developers.

On a quarterly basis, the volume & value of off-plan residential transactions have increased by 15% and 12% respectively. In the secondary market, the volume of transactions has increased by 16% while no significant changes can be seen in the value of transactions.

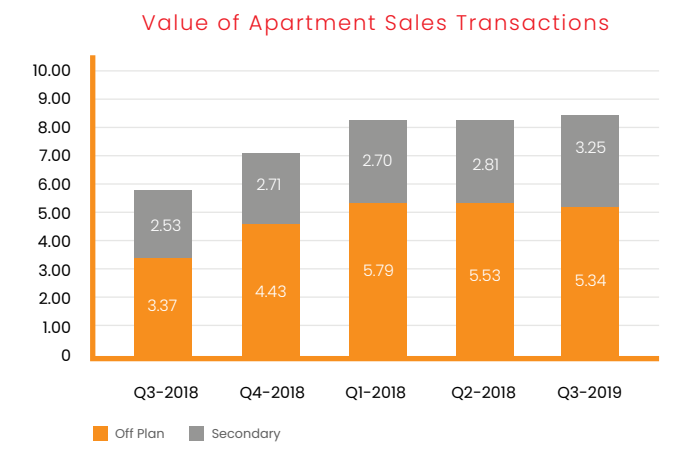
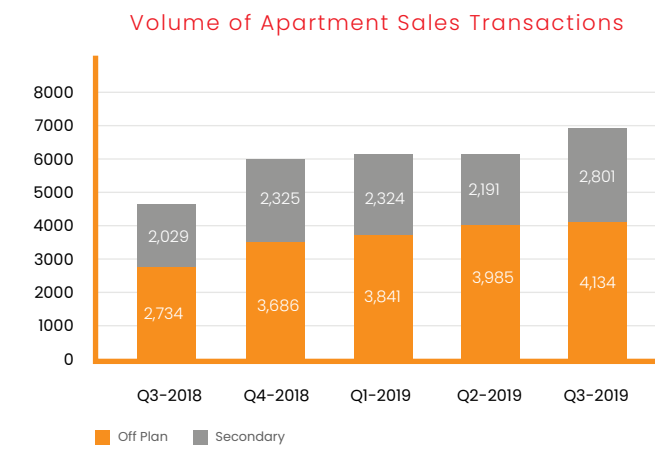
Investor confidence has improved in the third quarter of 2019.



Dubai Apartment Sales Transactions (Volume & Value)

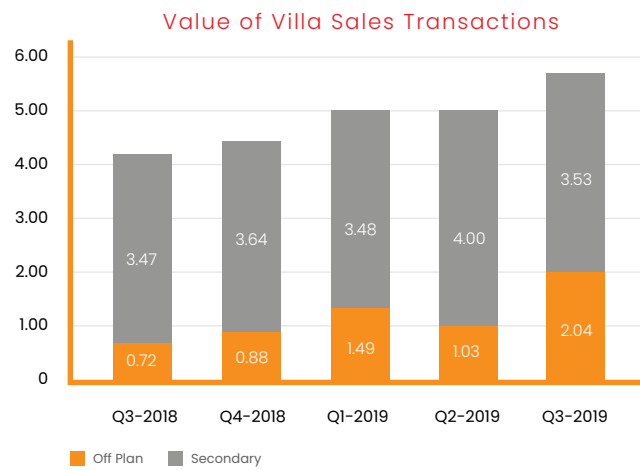
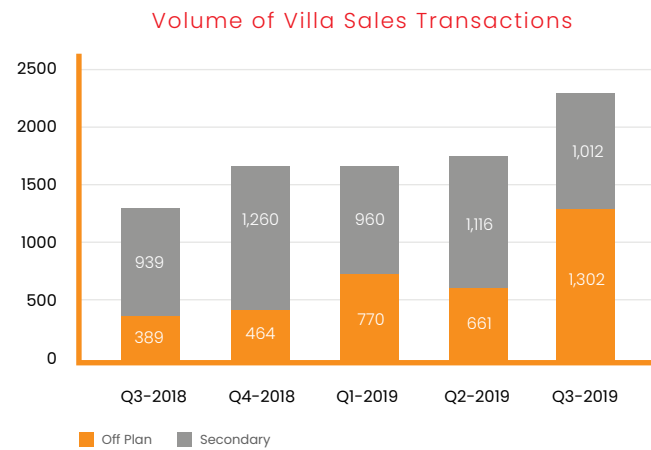
The value of secondary apartment sales transactions can be seen increasing steadily since the third quarter of 2018. Volume and value of secondary sales transactions are up by 28% and 16% respectively on a quarterly basis. Falling prices have attracted many first-time buyers.

While, the volume of off-plan apartment sales transactions is up by 4% on a quarterly basis. The value of transactions during the same period are down by 3%.



Dubai Villas Sales Transactions (Volume & Value)

The launches of new villa projects have boosted the volume and value of off-plan villa transactions in the third quarter of 2019, volume and value of transactions have drastically increased by 97% and 98% respectively.



Dubai Residential Sales Transactions (Changes)



Residential Sales Changes

Qtr	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Volume of Transactions					
Off-Plan	-31% ↓	32% ↑	9% ↓	4% ↑	15% ↑
Secondary	-4% ↓	20% ↑	-9% ↓	1% ↑	16% ↑
Value of Transactions					
Off-Plan	-33% ↓	29% ↑	34% ↑	-8% ↓	12% ↑
Secondary	0% ↔	7% ↑	-4% ↓	9% ↑	0% ↔

Apartment Sales Changes

Qtr	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Volume of Transactions					
Off-Plan	-31% ↓	35% ↑	4% ↑	4% ↑	4% ↑
Secondary	-7% ↓	15% ↑	0% ↔	-6% ↓	28% ↑
Value of Transactions					
Off-Plan	-33% ↓	32% ↑	31% ↑	-4% ↓	-3% ↓
Secondary	-7% ↓	7% ↑	-1% ↓	4% ↑	16% ↑

Villa Sales Changes

Qtr	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Volume of Transactions					
Off-Plan	-17% ↓	19% ↑	66% ↑	-14% ↓	97% ↑
Secondary	-2% ↓	34% ↑	-24% ↓	16% ↑	-9% ↓
Value of Transactions					
Off-Plan	-28% ↓	21% ↑	70% ↑	-31% ↓	98% ↑
Secondary	5% ↑	5% ↑	-4% ↓	15% ↑	-12% ↓

Dubai Residential Sales Transactions (Y-O-Y Changes)



Residential Sales Changes Y-O-Y

Qtr	Q1 2018 - Q1 2019	Q2 2018 - Q1 2019	Q3 2018 - Q3 2019
Volume of Transactions			
Off-Plan	7% ↑	3% ↑	73% ↑
Secondary	-10% ↓	6% ↑	28% ↑
Value of Transactions			
Off-Plan	30% ↓	7% ↑	79% ↑
Secondary	-4% ↑	13% ↑	13% ↑

Apartment Sales Changes (Y-O-Y)

Qtr	Q1 2018 - Q1 2019	Q2 2018 - Q2 2019	Q3 2018 - Q3 2019
Volume of Transactions			
Off-Plan	9% ↑	0% ↔	51% ↑
Secondary	-12% ↓	1% ↑	38% ↑
Value of Transactions			
Off-Plan	32% ↑	11% ↑	59% ↑
Secondary	-14% ↓	3% ↑	28% ↑

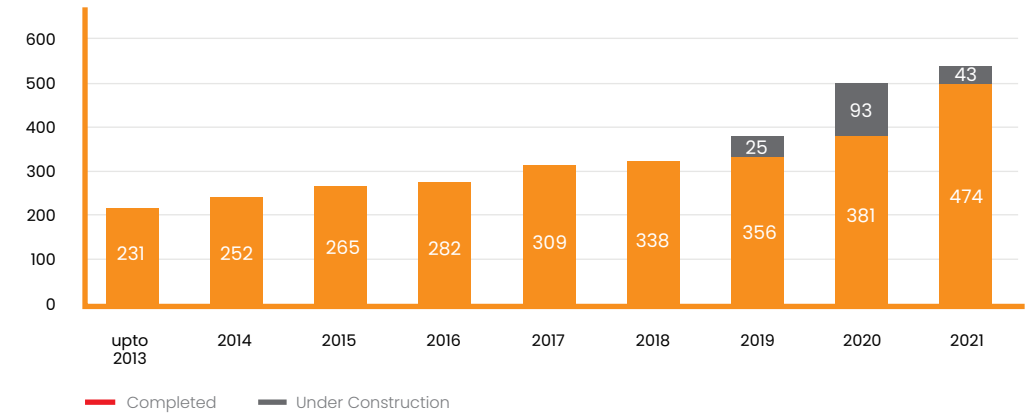
Villa Sales Changes (Y-O-Y)

Qtr	Q1 2018 - Q1 2019	Q2 2018 - Q2 2019	Q3 2018 - Q3 2019
Volume of Transactions			
Off-Plan	301% ↑	42% ↑	235% ↑
Secondary	4% ↑	17% ↑	8% ↑
Value of Transactions			
Off-Plan	186% ↑	2% ↑	181% ↑
Secondary	9% ↑	21% ↑	2% ↑

Dubai Residential Supply

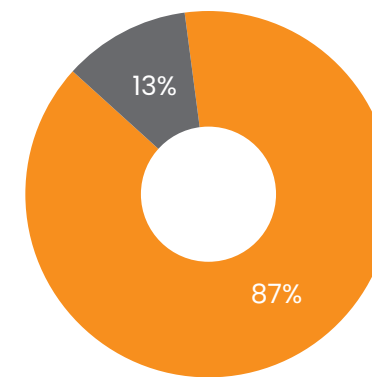
The creation of the real estate planning committee by Sheikh Mohammed bin Rashid Al Maktoum in September 2019 will play a key role in balancing the gap between demand and supply. As per announcements by developers, around 117,900 residential units are expected to enter the market by the end of 2020 (however, the actual materialization rate will be lower).

Residential Supply (Dubai)



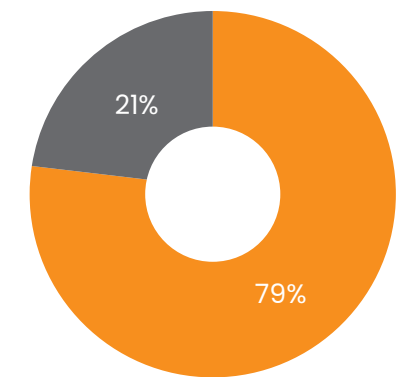
JVC, Dubai Land and Dubai World Central accounted for the highest number of delivered units. The top 3 areas contributed around 51% to the total supply

Dubai Residential Supply by Type [Completed]



■ Apartments / Serviced apartments
■ Villas

Dubai Residential Supply by Type [Under-Construction]



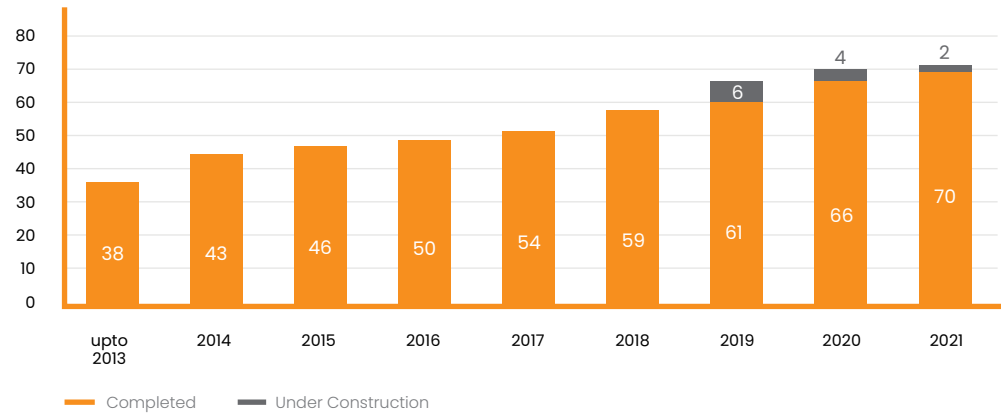
■ Apartments / Serviced apartments
■ Villas

Abu Dhabi Residential

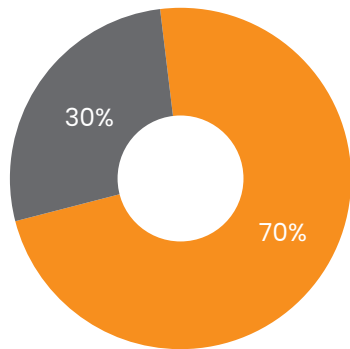
Supply

Around 2,100 residential units have entered the Abu Dhabi real estate market so far this year. 5,600 units are in the pipeline in the remainder of 2019 as per announcements made by developers.

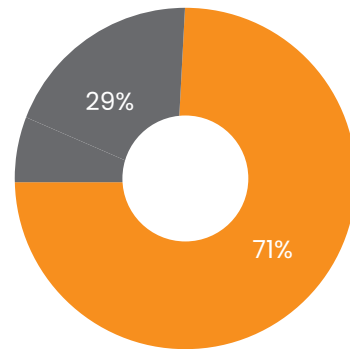
Residential Supply (Abu Dhabi)



Abu Dhabi Residential Supply by Type [Completed]



Abu Dhabi Residential Supply by Type [Under-Construction]



Almost 31% of the existing residential supply in Abu Dhabi consists of Villas. However, a decline in the contribution of villas can be seen in the under-construction segment.

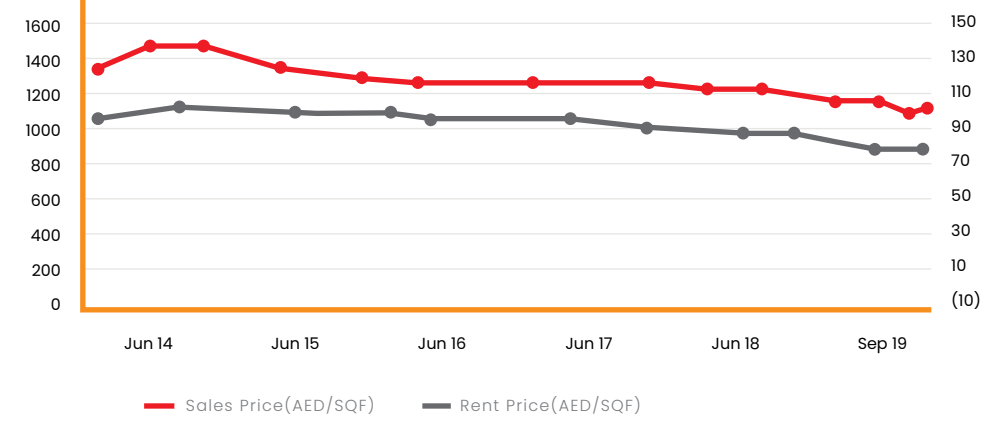


Dubai Apartment

Sales & Rental Price Series

(Value & Changes)

Dubai Apartment Price Trends



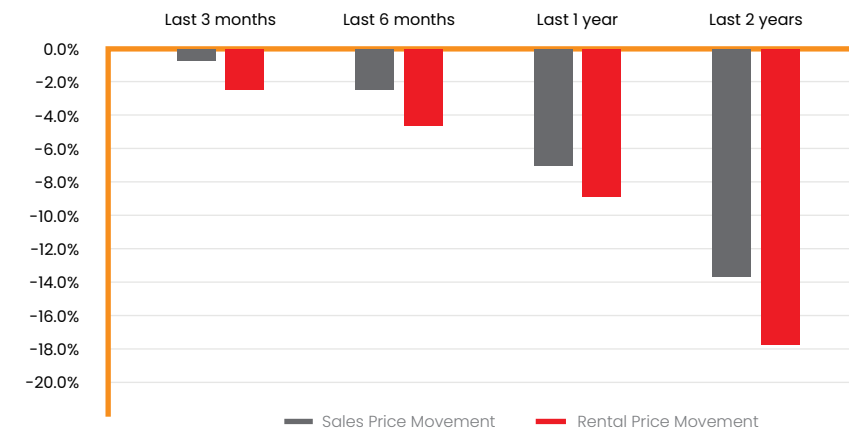
Sales and Rental price in Dubai have fallen further in the third quarter of 2019 as well.

Sales and Rental prices in the apartment segment have declined by 0.4% and 2.7% respectively. When compared to the peak in 2014 sales prices in the apartment segment are down by 26%.

Homebuyers and tenants have more bargaining power currently due to the inflow of new residential supply, which has led to further price declines.



Dubai Apartment Price Movements

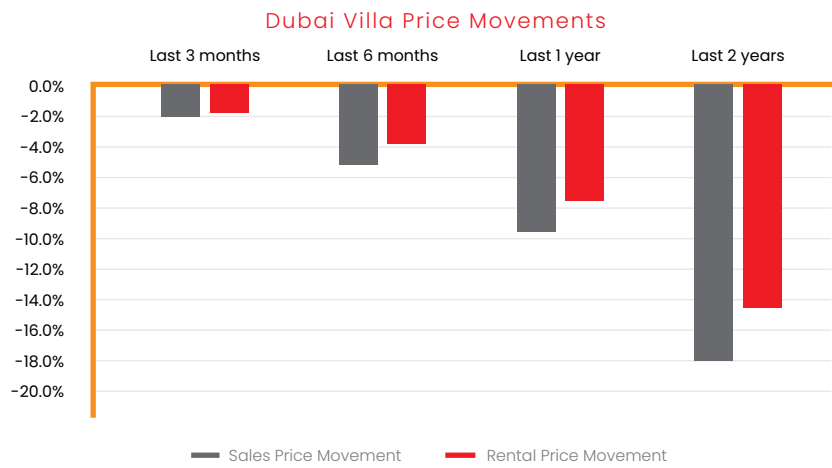
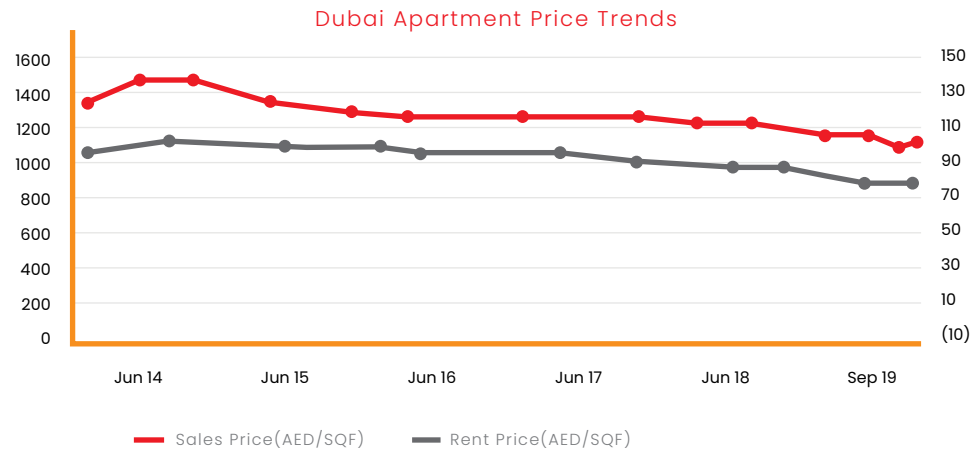


The addition of new residential supply remains the primary drive for price declines.

Dubai Villa

Sales & Rental Price Series

(Value & Changes) A similar movement can be seen in the villa segment as well.



An inverse movement can be seen in the villa segment, sales prices are dropping at a faster pace than rental prices. On a quarterly basis, sales and rental prices have dropped by 2.0% and 1.8% respectively.

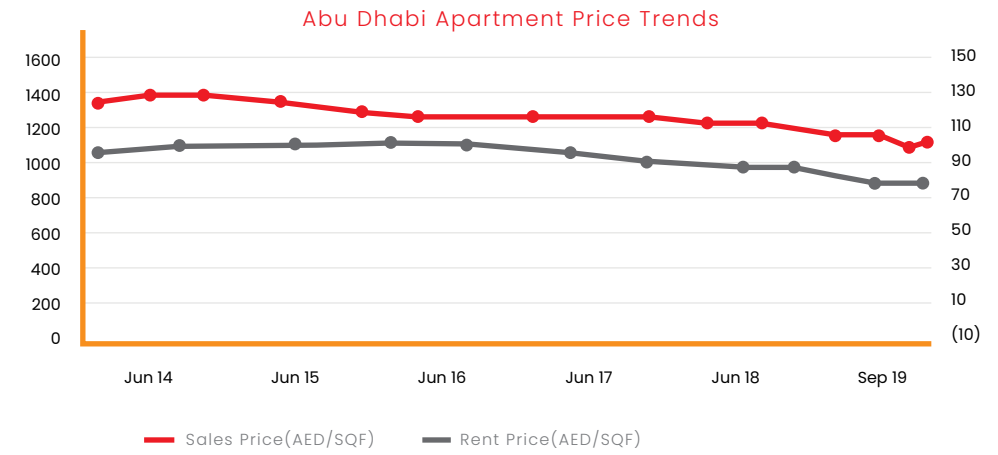
When compared to the peak in 2014 sales price in the villa segment are down by 28%. In order to maintain occupancy, landlords have become more flexible when it comes to payment terms.



Abu Dhabi Apartment

Sales & Rental Price Series

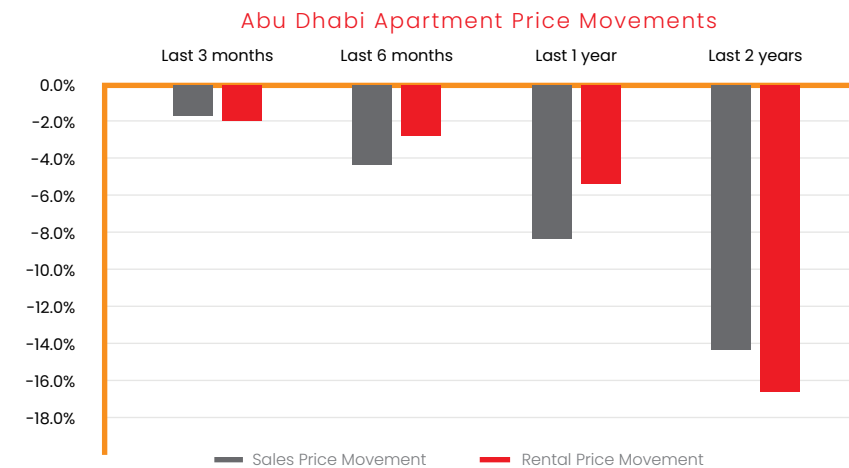
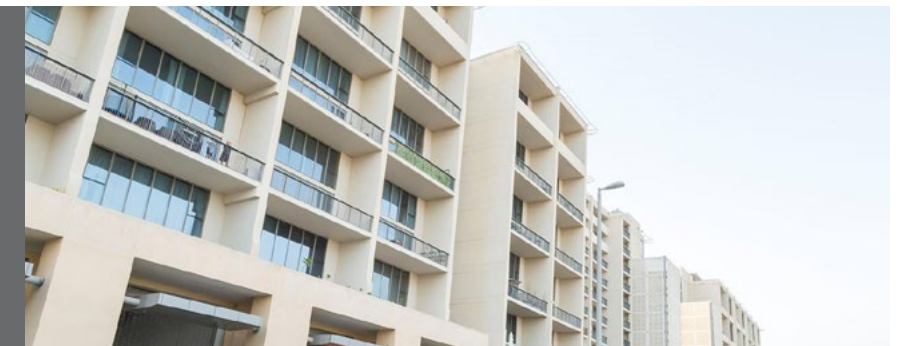
(Value & Changes)



The Abu Dhabi real estate market remained subdued during the third quarter of 2019.

On a quarterly basis, selling and rental prices in the apartment segment have declined by 1.8% and 1.9% respectively.

Incentives such as multiple cheque payments and rent-free periods have become a norm in the market, to ensure tenant retention.



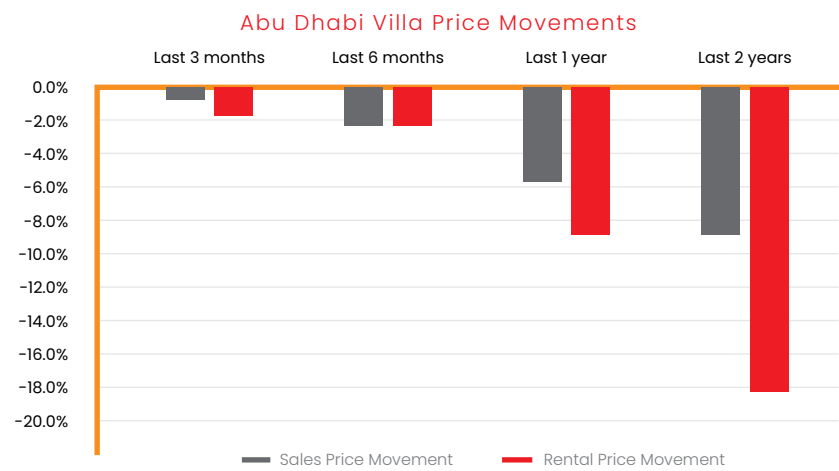
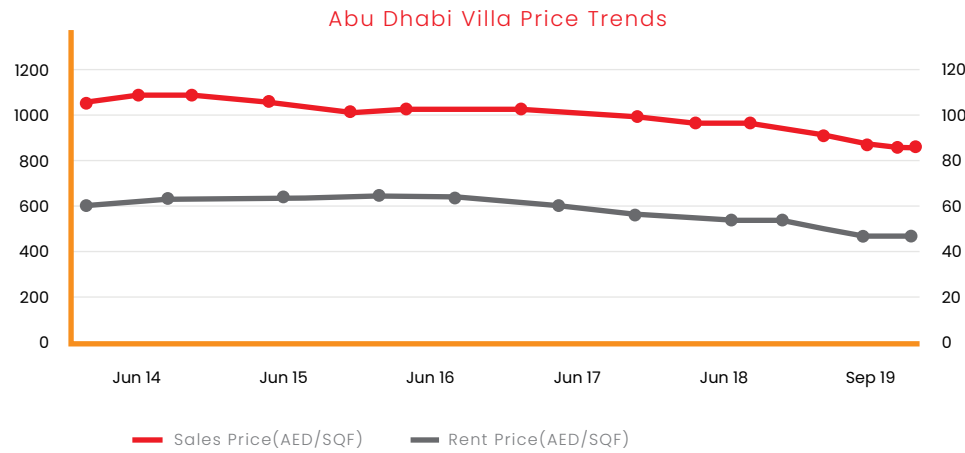
Sales and Rental prices in the apartment segment have dropped by 1.2% and 1.4% respectively in the first quarter of 2019.

Abu Dhabi Villa

Sales & Rental Price Series

(Value & Changes)

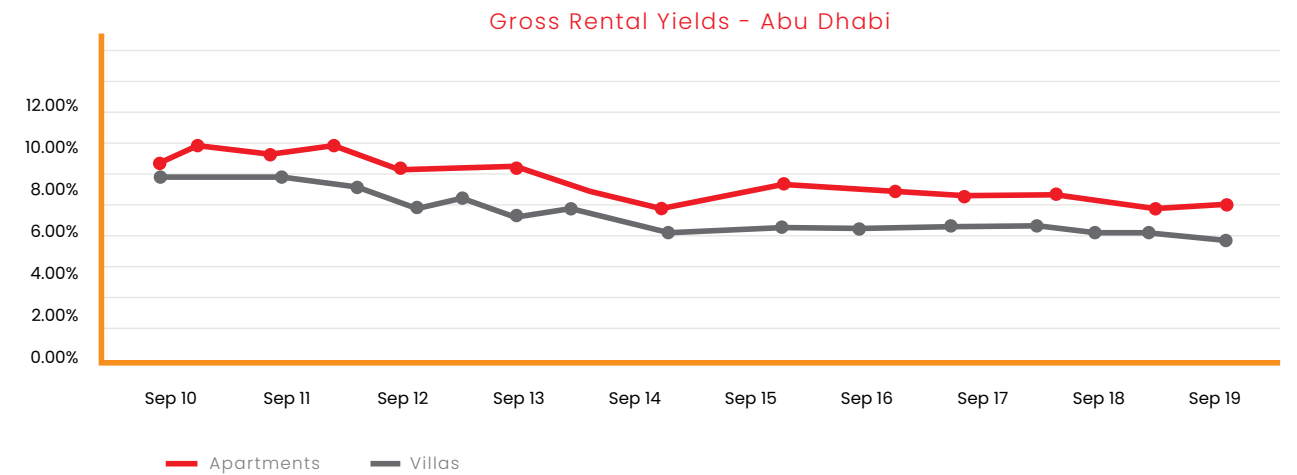
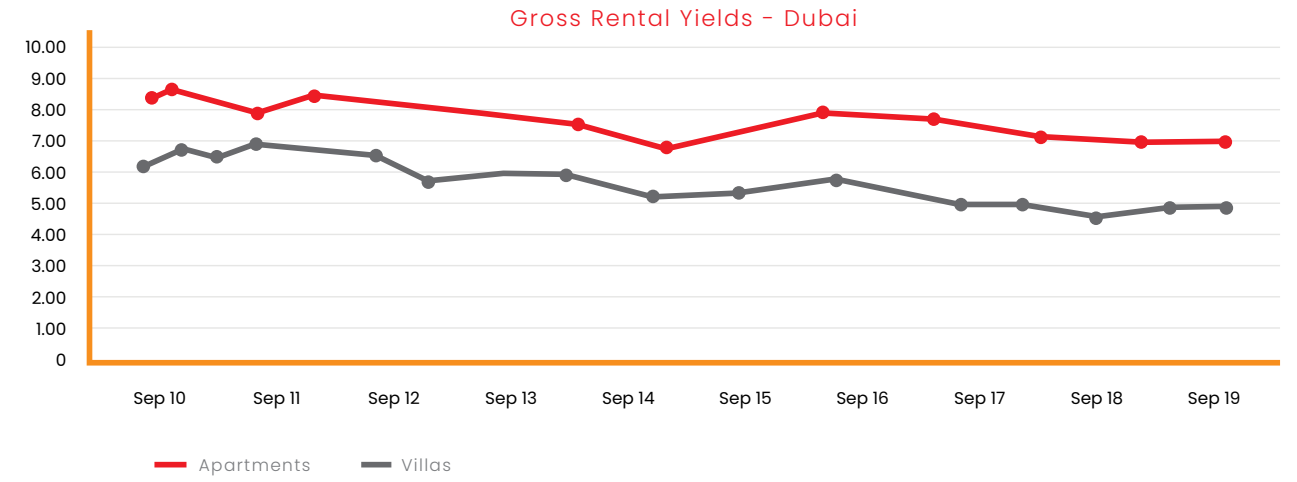
In the villa segment, sales and rental prices have further dropped by 0.9% and 1.6% respectively on a quarterly basis.



Dubai & Abu Dhabi

Gross Rental Yield

As of September 2019, the gross rental yields in Dubai for the apartment segment stands at 7.0% while the villa segment currently provides a yield of 5.5%. While, gross rental yields in Abu Dhabi for the apartment segment stands at 7.3% while the villa segment currently provides a yield of 5.7%.

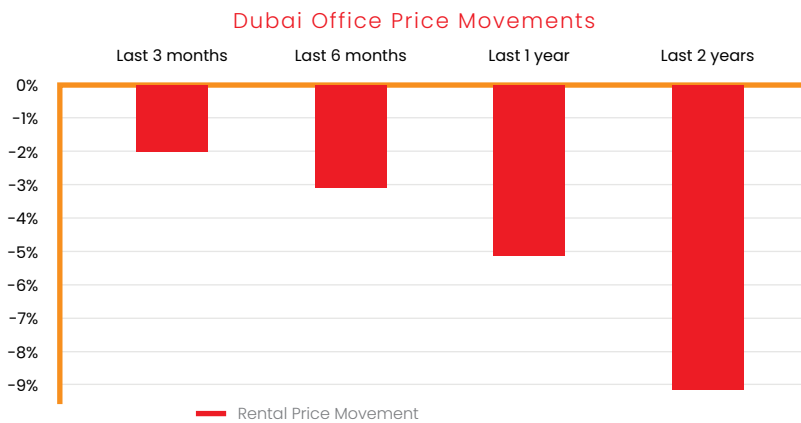
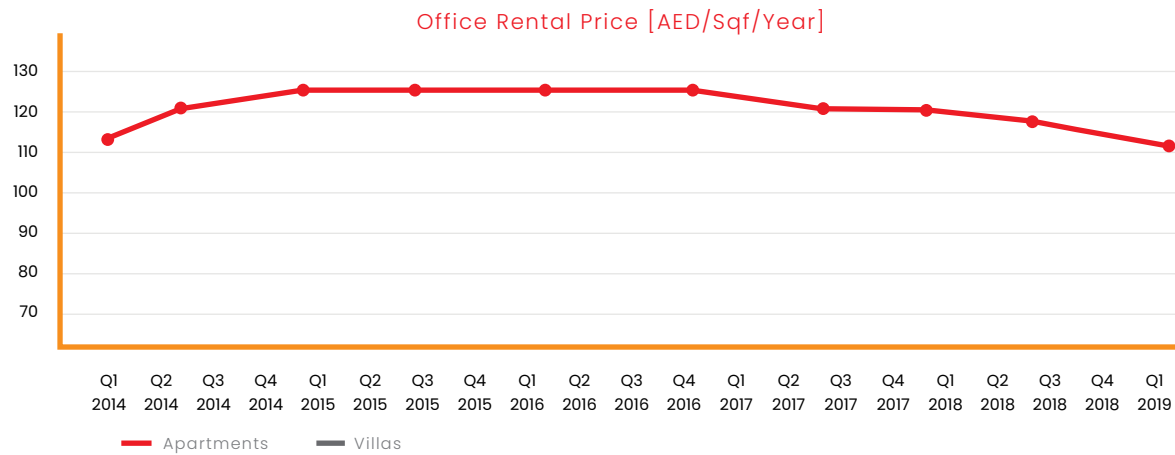


Despite price declines over the last few years, Dubai & Abu Dhabi still provide investors with higher yield when compared to other emerging markets.

Dubai Office Rental Price (Value & Changes)

Rent prices of office buildings continued to drop in the third quarter of 2019 as well owing to slow economic growth coupled with a demand supply mismatch. Tenants can be seen moving into A Grade office with reduced rentals.

The office market is expected to remain favorable for tenants as landlords continue to offer incentives such as rent-free months, fit-out contributions among other benefits.



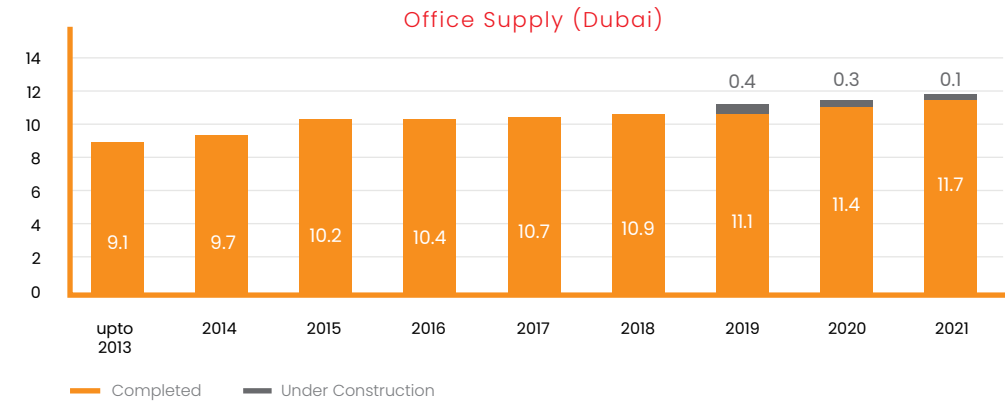
Rental prices in the Office segment have fallen by 5.3% in the last 1 year



Dubai Office Supply

Around 286,000 Sqm of office supply has been added in the first 9 months of 2019.

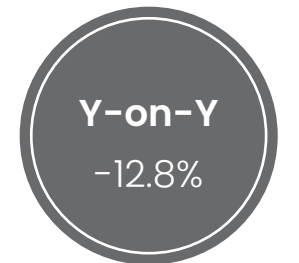
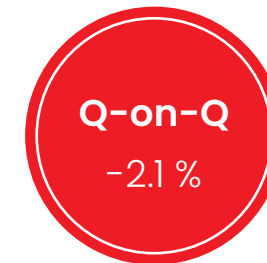
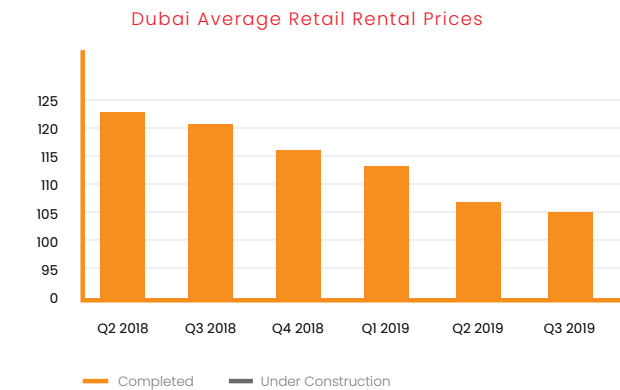
Approximately 69,800 Sqm of office GLA was added in Q3 of 2019. Around 622,000 Sqms expected to enter the Dubai real estate market by the end of 2020 which is likely to put further pressure on rentals.



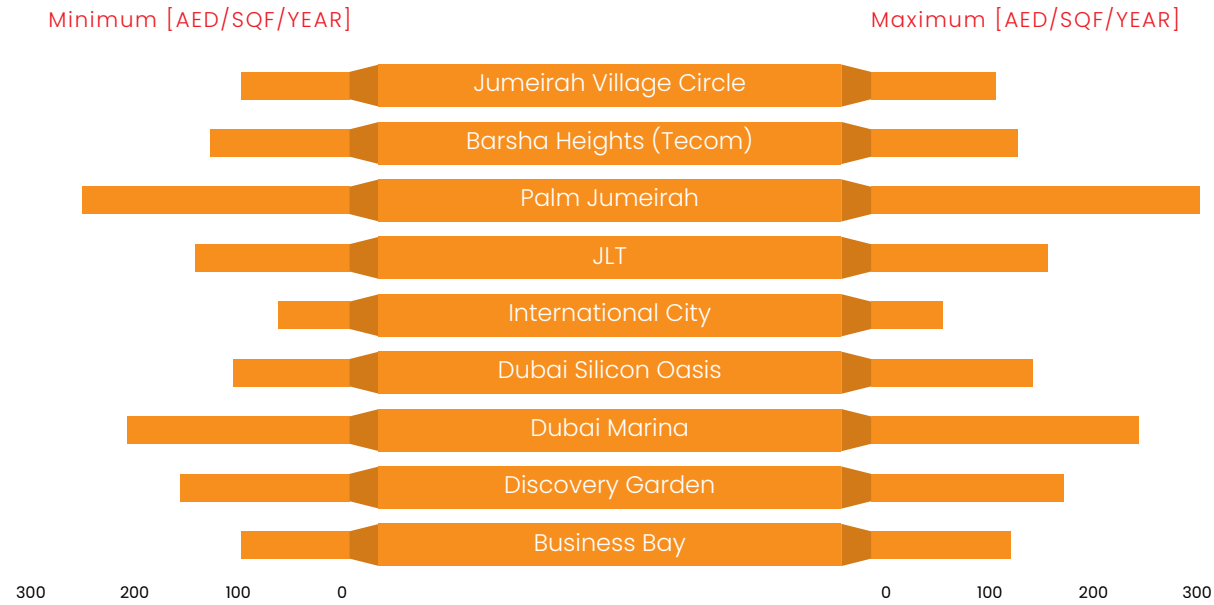
Dubai Retail Prices & Changes

The retail sector continues to feel downwards pressure mainly due to additional supply, reduced demand and a drop-in consumer spending.

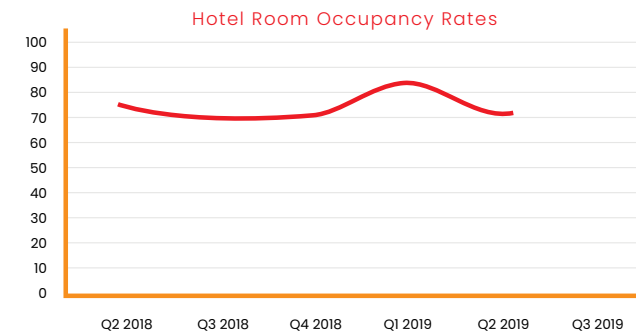
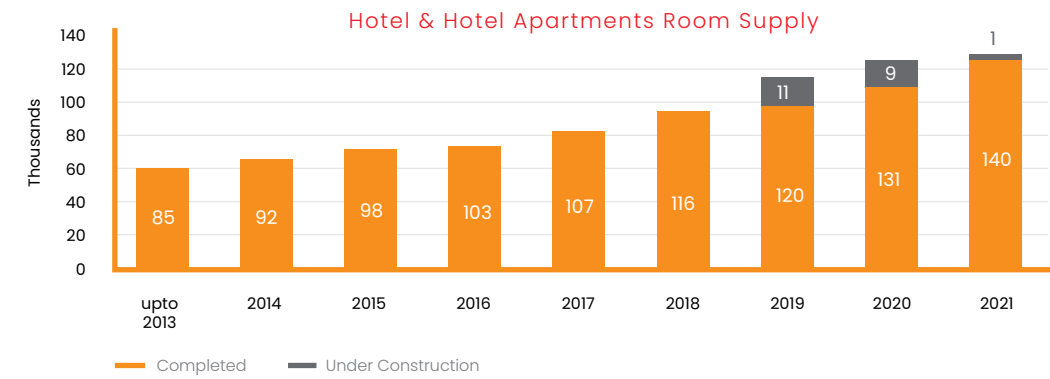
In the last 1 year, the average retail rental prices in Dubai have declined by 12.8%



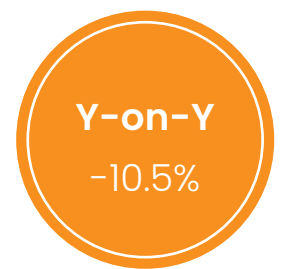
Dubai Area wise Rental Prices



Dubai Hospitality Market



Average Daily Rates (ADR)

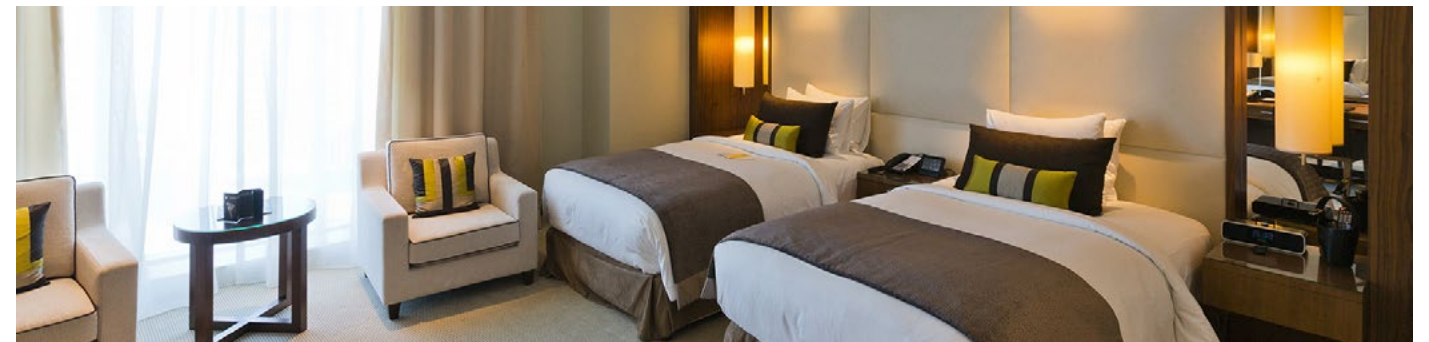
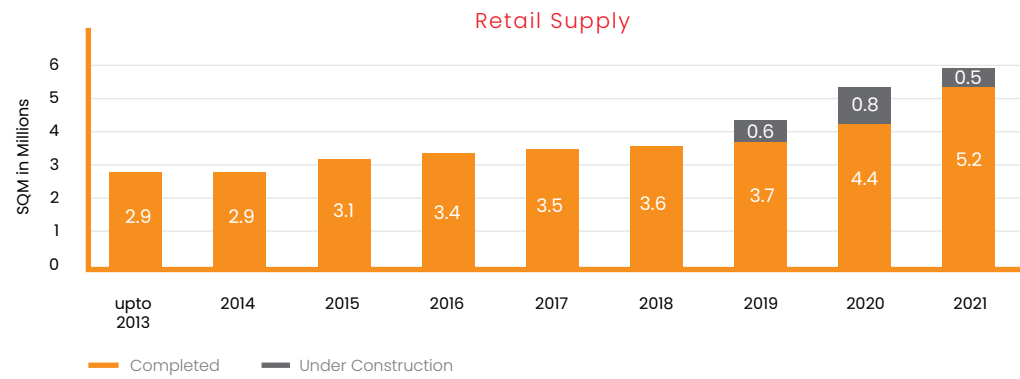


The Average Daily Rates continue to decline further by 10.5% on a yearly basis, from AED 704 in Q3 2018 to AED 630 in Q3 2019. New supply remains the primary driver behind the price declines which has made the overall market more competitive.

As of Q3 2019, the occupancy rate of hotels in Dubai stands at 73%.

Dubai Rental Supply

The retail sector in Dubai currently faces the highest gap between demand and supply, which has led to price declines. Around 600,000 SQM of retail space is expected to enter the market in 2019, however, the actual materialization rate will be lower to overcome the oversupply risk.



Dubai Industrial Market

Average Warehouse Rental Rates [AED/SQF/YEAR]

	Minimum	Maximum	Average
Dubai Investment Park	20	55	26.5
Al Quoz	25	60	34.6
Jebel Ali	20	35	28.5
Ras Al Khor	20	50	29

Average Labour Camp Rental Rates [AED/SQF/YEAR]

	Minimum	Maximum	Average
Al Quoz	160	240	190
Dubai Investment Park	120	190	143
Jebel Ali	155	230	194
Sonapur/Muhaisnah	140	210	181

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