

An aerial photograph of Dubai, United Arab Emirates, showing the city's skyline and the Burj Al Arab hotel. The image is split vertically: the left side is a faded, blue-tinted view of the city, while the right side is a clear, high-angle view of the Burj Al Arab hotel and the surrounding city. The hotel is a prominent white, sail-shaped structure on a small island in the water. The city extends to the horizon under a hazy sky.

Dubai Residential

Old is Gold

Examining the Rental Market for Apartments

Executive Summary

- Volume Concentrations

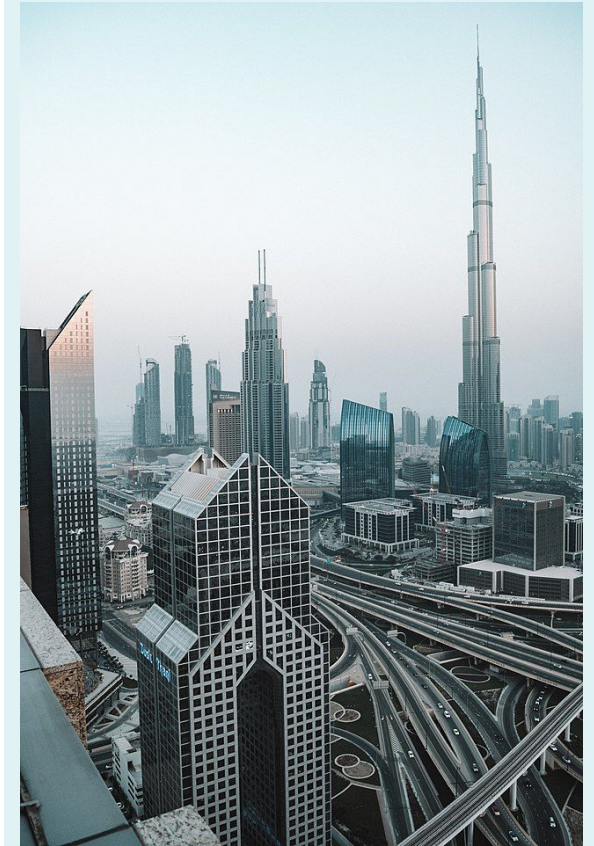
In the post-COVID period, the largest concentration of Ejari transactions have been in the middle markets, and specifically in 1 and 2 bedroom apartments.

- Top Performing Communities

Looking at the best performing communities in terms of price appreciation per year, there are two marked shifts in the trends that appear. There is a clear shift away from the dominance of luxury communities, as the middle markets have turned out increasingly strong performances up to July of this year. Newer communities have also started to rise to the top, despite older communities still dominating.

- New versus Renewed Contracts

Comparing the mean values for a set of communities, we can see that newer communities have generally seen better price performance across both new and renewed contracts than older communities. However, when we look at the median Ejari values for the same set of communities, we see that new communities have mostly surpassed their pre-pandemic benchmark, but renewed contracts are yet to match the levels we saw before the outbreak of COVID.



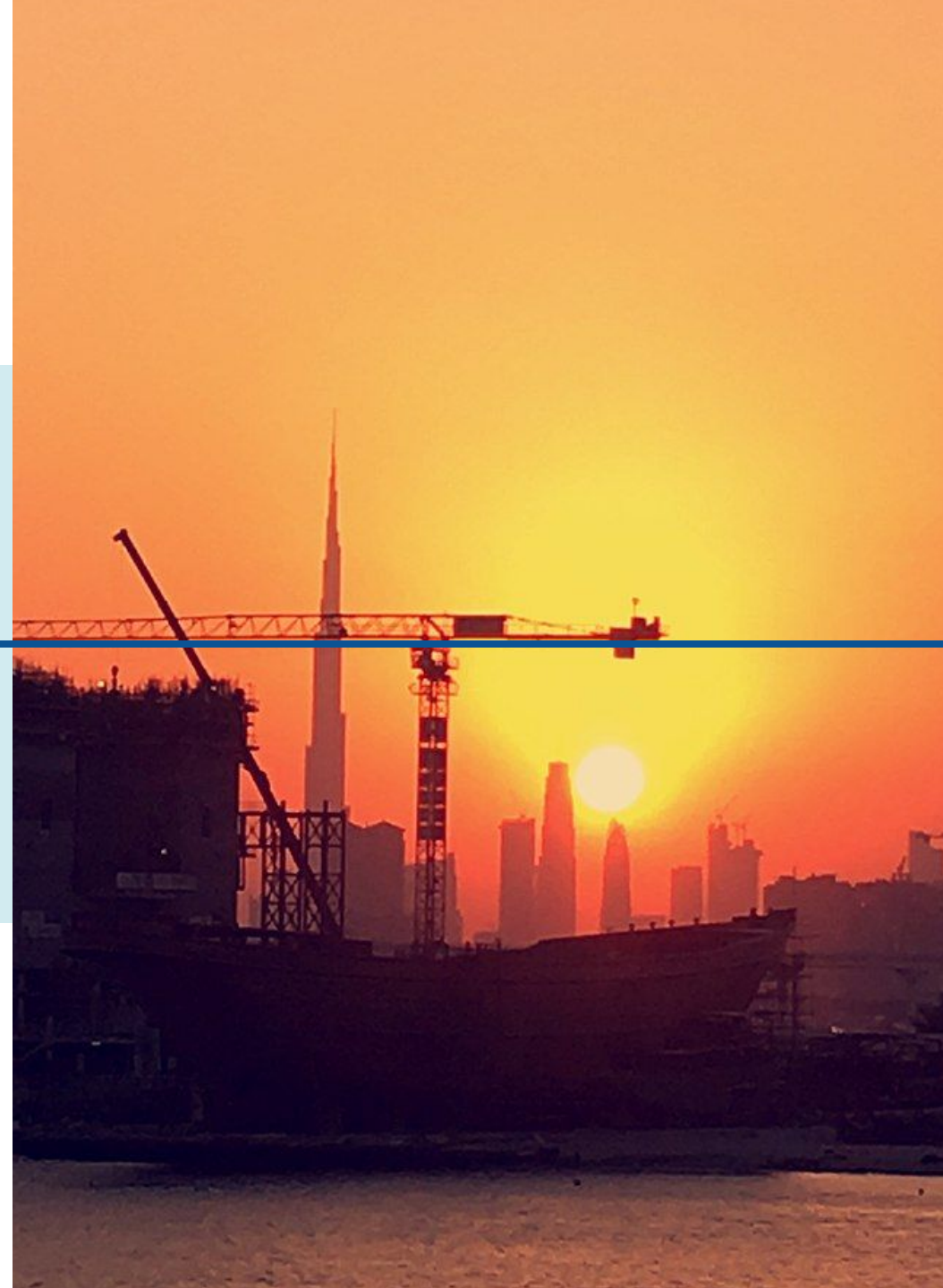
Contents

- 1. Volume Concentrations**
- 2. Top Performing Communities**
- 3. New versus Renewed Contracts**

Volume Concentrations

“Understanding of life begins with the understanding of patterns.”

– Fritijof Capra

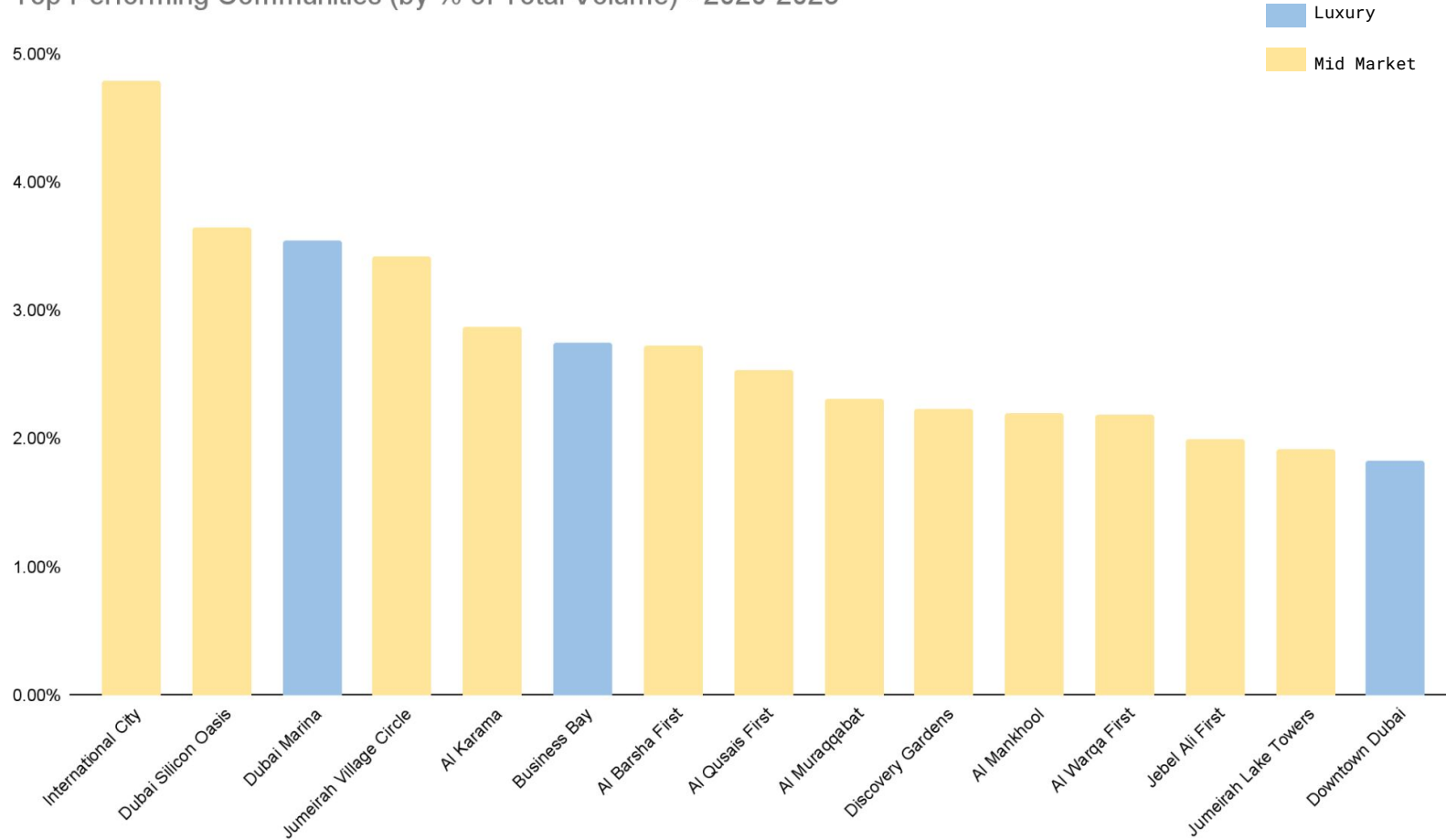


Mid Market Apartments Account for Majority of Transaction Volume

GCP

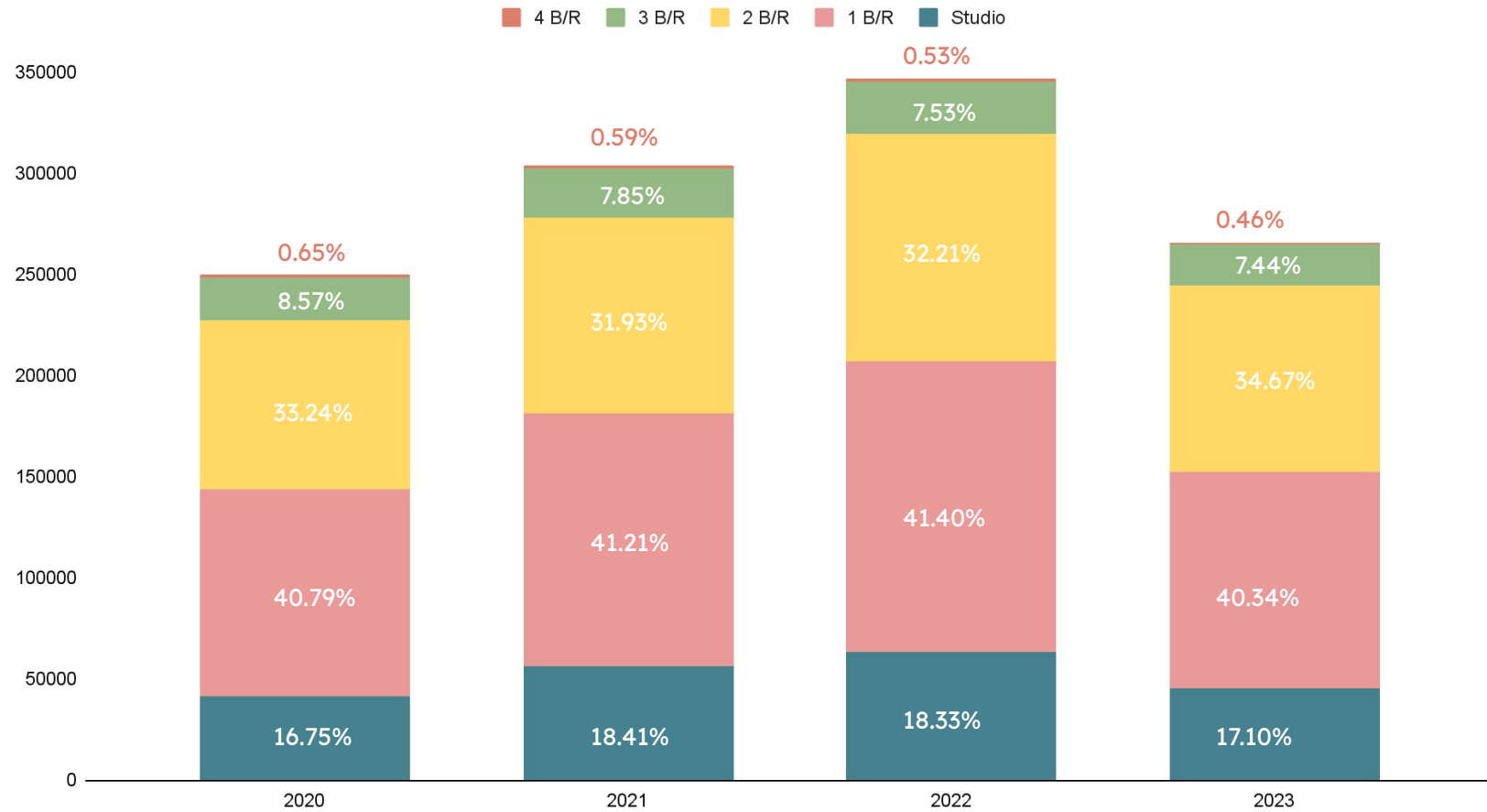
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Top Performing Communities (by % of Total Volume) - 2020-2023



As expected, the mid market has dominated the majority of the transaction volumes over the last three and a half years. Unsurprisingly, International City comes out on top of market share, accounting for 4.8% of all Ejari contracts between January 2020 and July 2023.

Off Plan Apartments Account for Majority of Transaction Volume



1 and 2 bedroom apartments have also dominated market share across communities, accounting for over 70% of all Ejari contracts every year since 2020. 4 bedroom apartments are largely found in the luxury communities, hence their consistency in making up less than 1% of Ejari contracts.

Top Performing Communities (mean price change)

“I am careful not to confuse excellence with perfection. Excellence I can reach for; perfection is God's business.”

– Michael J Fox



Best Performing Communities by Ejari Price Appreciation - 2021

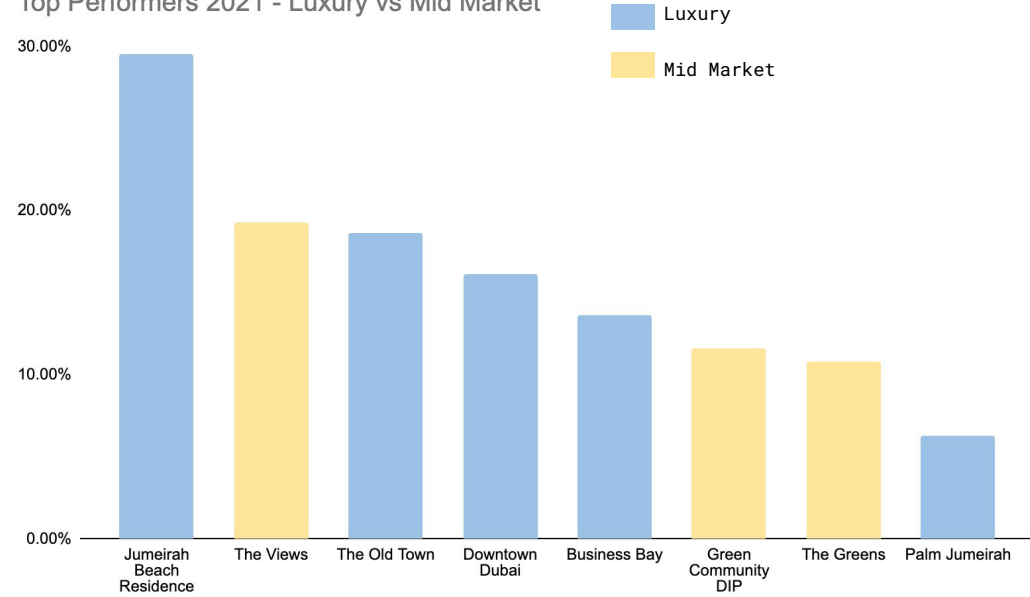
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2021 was a mixed year, with many communities still reeling from the effects of the pandemic and declining in value. However, among the communities that showed faster recovery, the top performers are shown on the right.

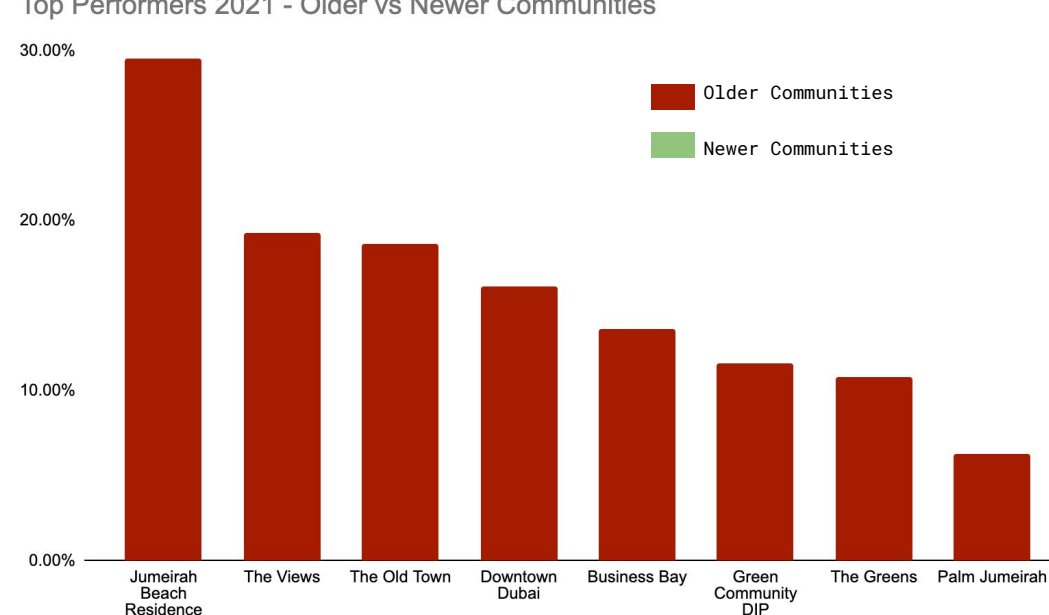
Two clear trends emerge here. The first is that luxury communities seemed to show better price appreciation than the mid market. The other is that older communities recovered far better from the pandemic in the first year than newer communities. As shown in the bottom chart, no newer communities were among the top performers.

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Top Performers 2021 - Luxury vs Mid Market



Top Performers 2021 - Older vs Newer Communities

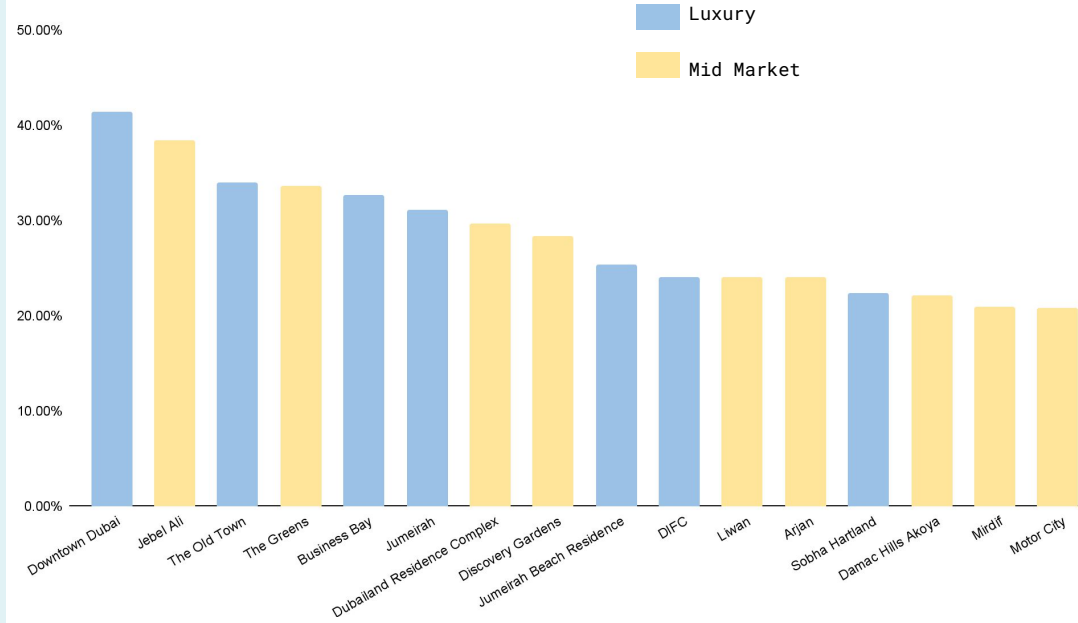


Best Performing Communities by Ejari Price Appreciation - 2022

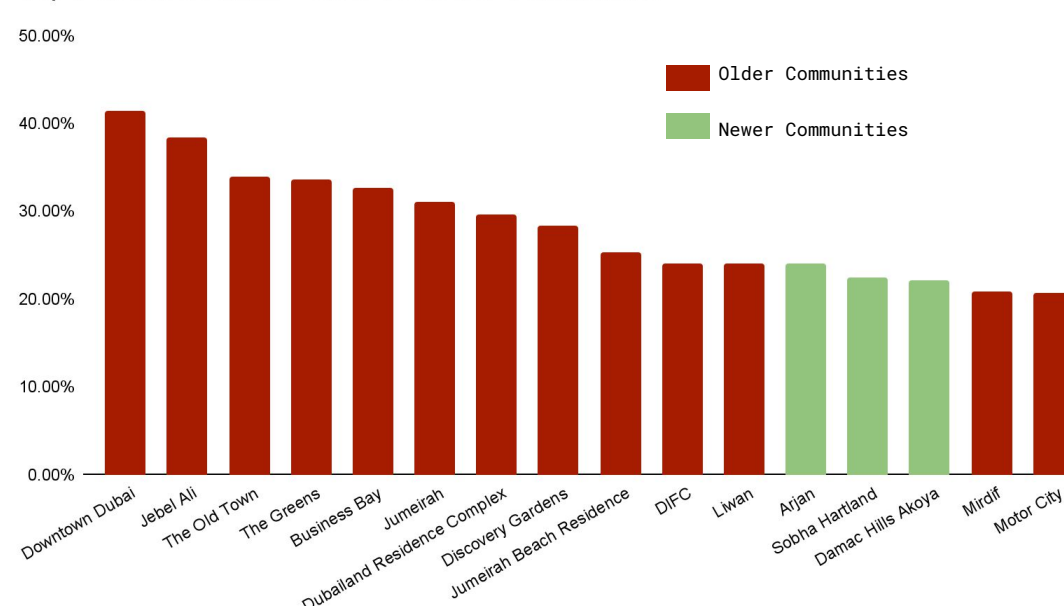


Both trends start to shift in 2022. As more communities start to pick up the pace, there is a more even split between luxury and mid market communities in the top performers. Moreover, three newer communities also break into the list in Arjan, Sobha Hartland and Damac Hills Akoya.

Top Performers 2022 - Luxury vs Mid Market



Top Performers 2022 - Older vs Newer Communities



Best Performing Communities by Ejari Price Appreciation - 2023

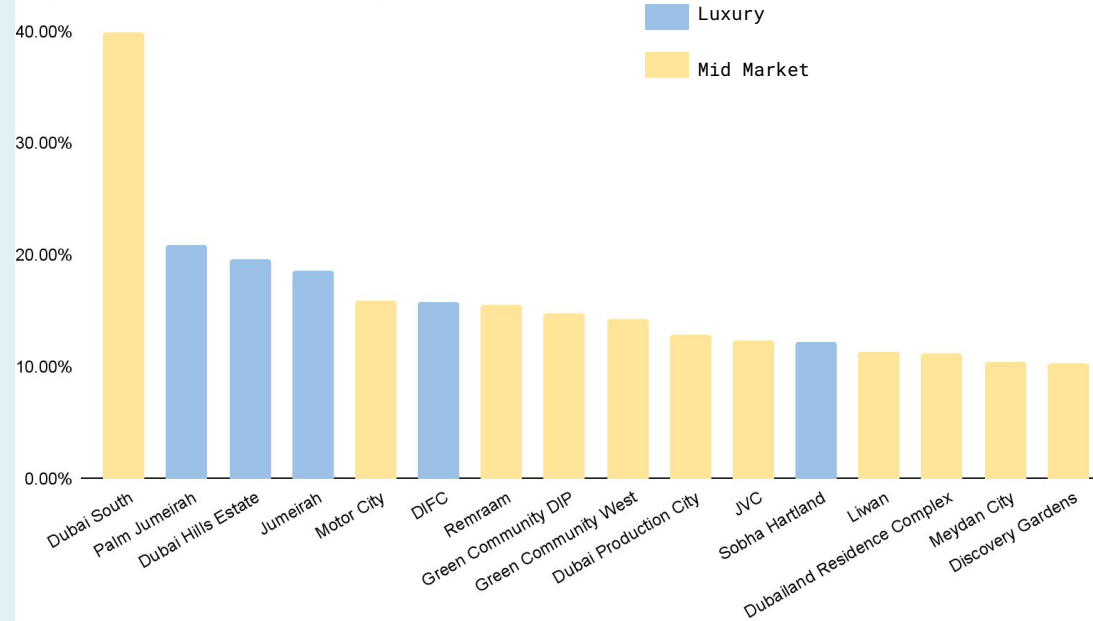
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In 2023, the picture is almost the inverse of 2021. The mid market now makes up the majority of the top performing communities, with Dubai South as the cream of the crop exhibiting nearly double the growth of its nearest competitor in Palm Jumeirah.

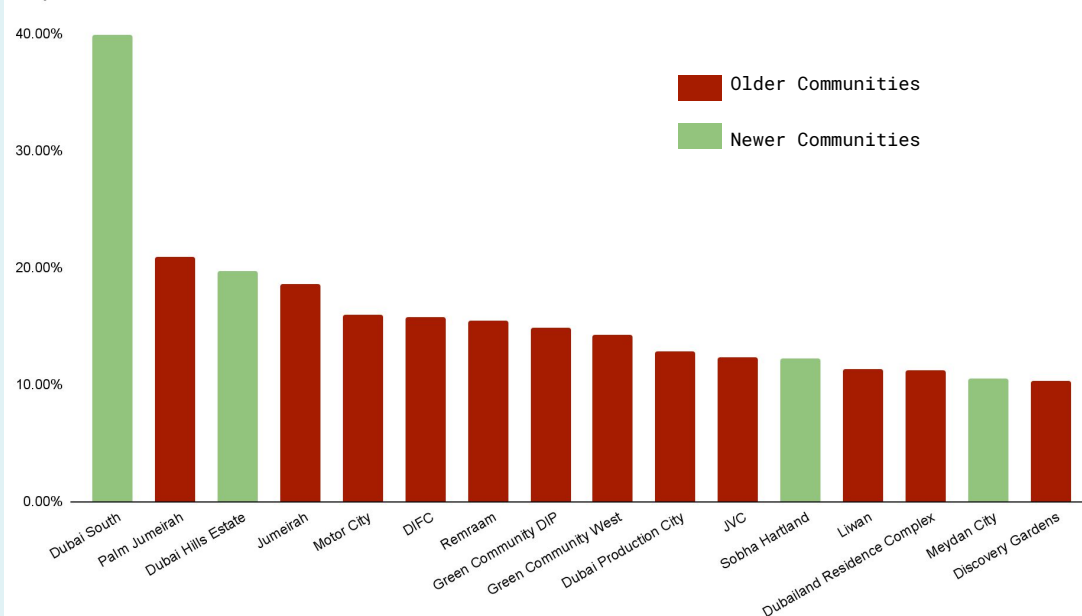
Dubai Hills Estate and Meydan City are another two newer communities that have shown significant growth this year. Along with Dubai South and Sobha Hartland, they make up a quartet that prove that newer communities can compete with their older and more established peers, beating out the likes of Business Bay and Jumeirah Beach Residence to make the list of top performers.

Top Performers 2023 - Luxury vs Mid Market

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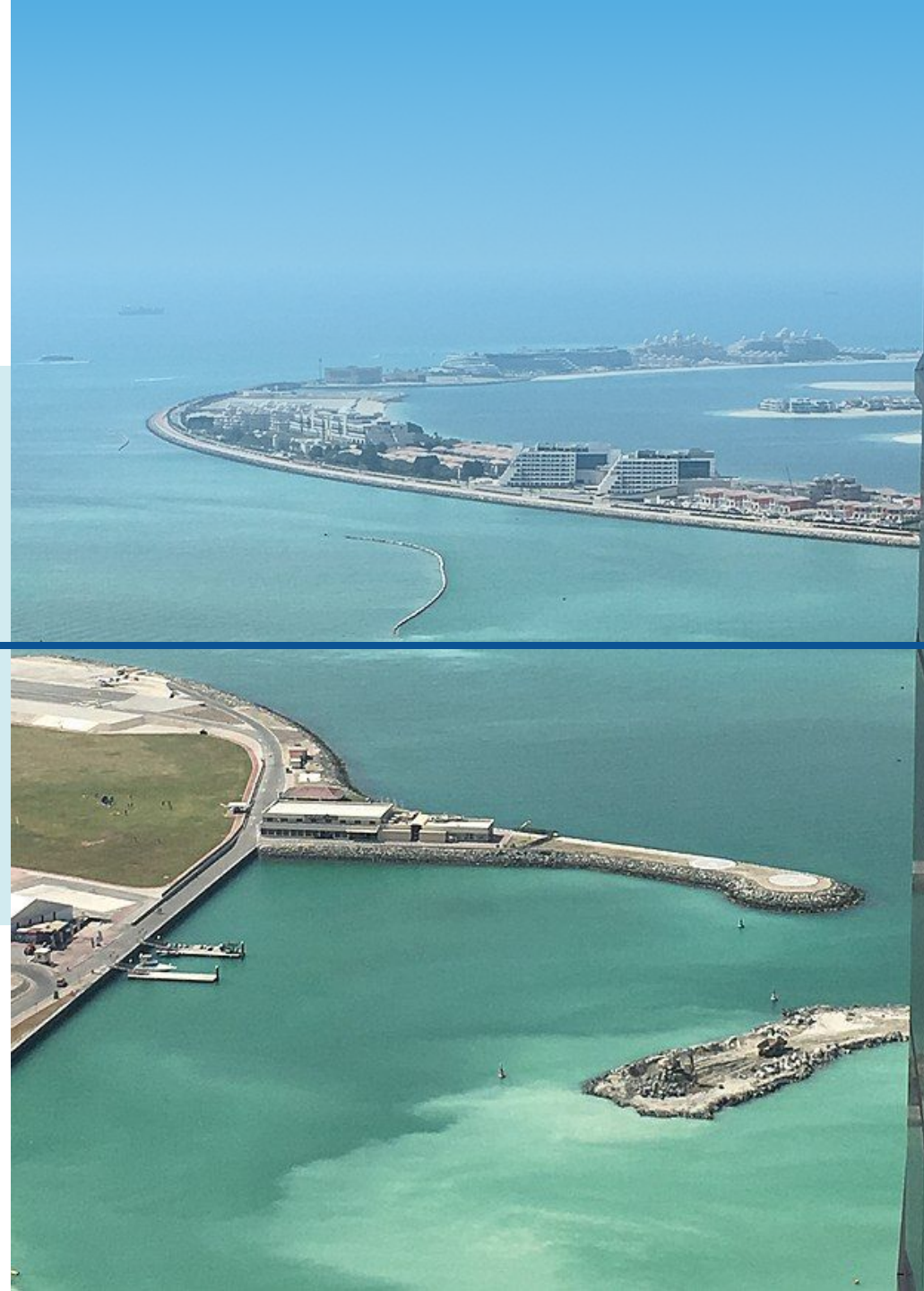
Top Performers 2023 - Older vs Newer Communities



New versus Renewed Contracts

"The beginning is the most important part of the work."

-Plato



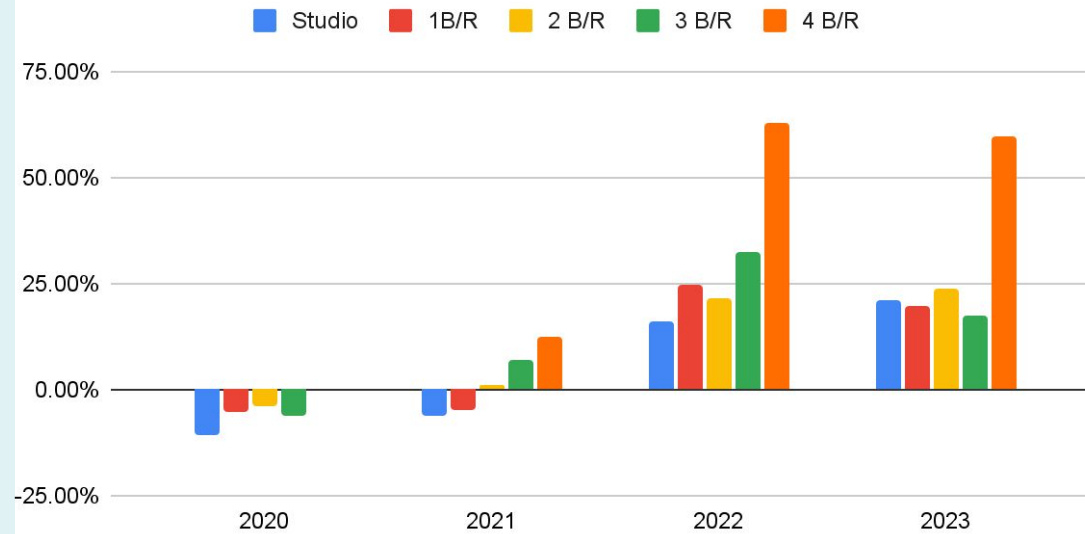
Mean Price Changes in New Ejari Contracts

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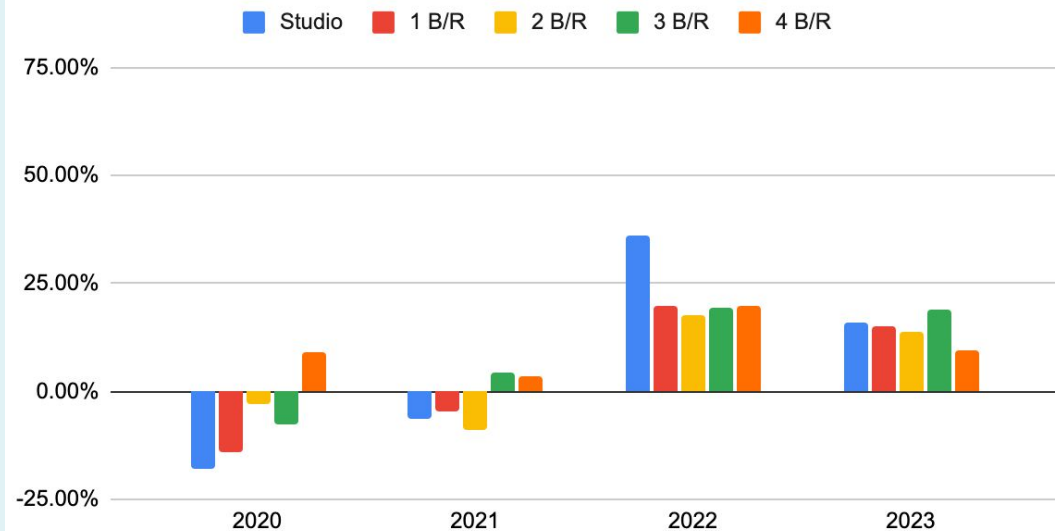
In the new Ejari contract space, newer communities have consistently shown greater price appreciation than their older counterparts, especially in the 4 bedroom space over the last two years. More importantly, the newer communities have consistently shown better growth in the 1 and 2 bedroom apartments, which we know is where the bulk of the transactions have occurred over the past 3 and a half years.

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Price Change in New Ejari Contracts in New Communities by Apartment Size



Price Change in New Ejari Contracts in Older Communities by Apartment Size



Mean Price Changes in Renewed Ejari Contracts

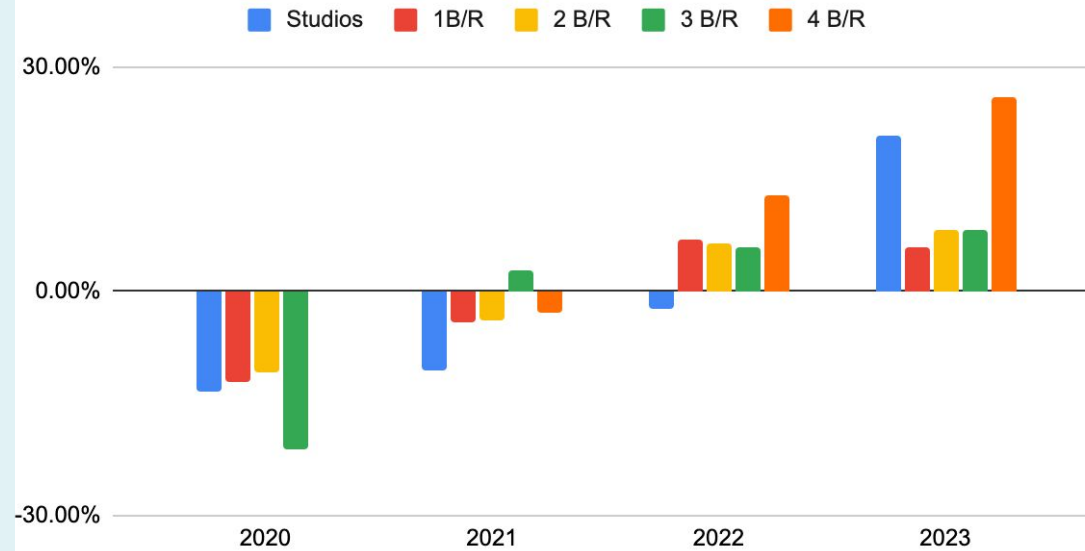
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The pattern is not so obvious in renewed Ejari contracts. Newer communities had a superior 2021 and 2022 overall, but 2023 so far has proved to be more of a mixed bag. Studios and 4 bedrooms have seen greater growth in newer communities, but in the 1, 2 and 3 bedroom apartments - which, combined, account for 82.45% of all apartment transactions this year - the older communities have seen slightly more appreciation.

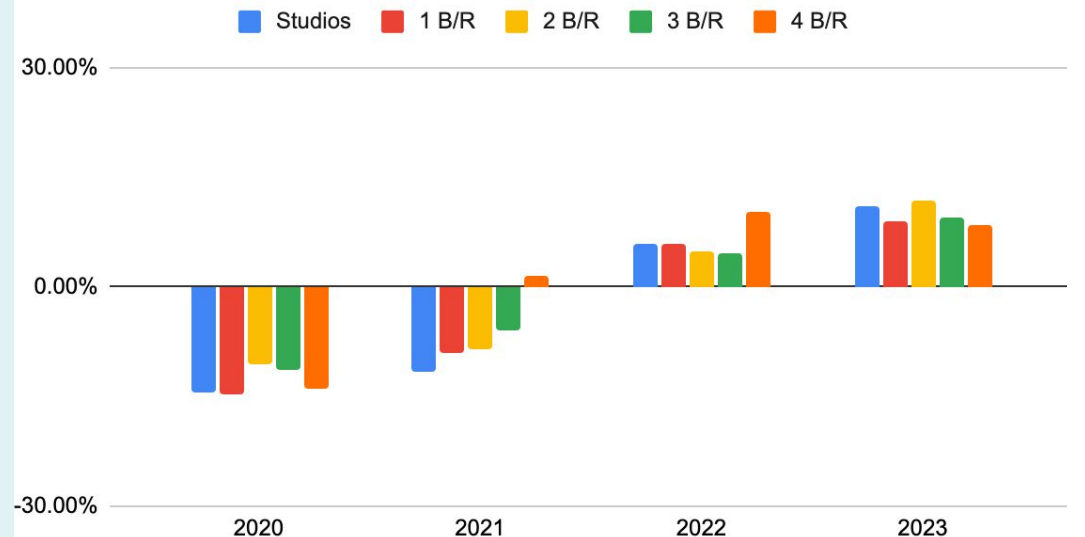
Studio and 4 bedroom apartments in new communities have seen 20.89% and 26.08% growth respectively, compared to 11.03% and 8.55% in older communities. Meanwhile, 1, 2 and 3 bedroom apartments have seen 5.78%, 8.3% and 8.23% growth respectively in new communities, compared to 8.97%, 11.75% and 9.52% in older communities.

Price Change in Renewed Ejari Contracts in Newer Communities by Apartment Size

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Price Change in Renewed Ejari Contracts in Older Communities by Apartment Size



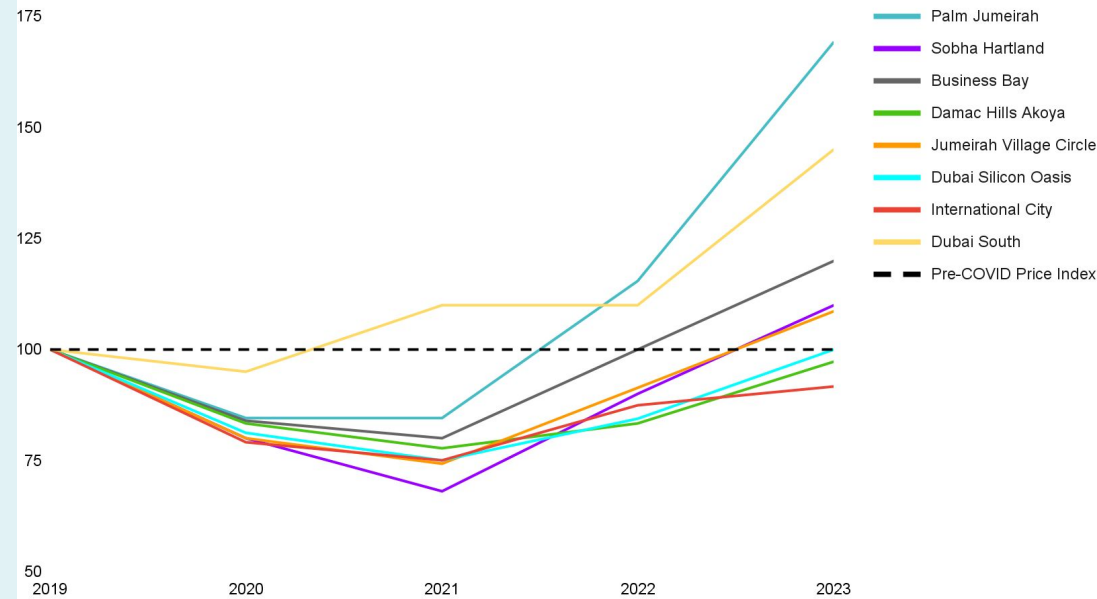
Median Price Changes in Studio Ejari Contracts



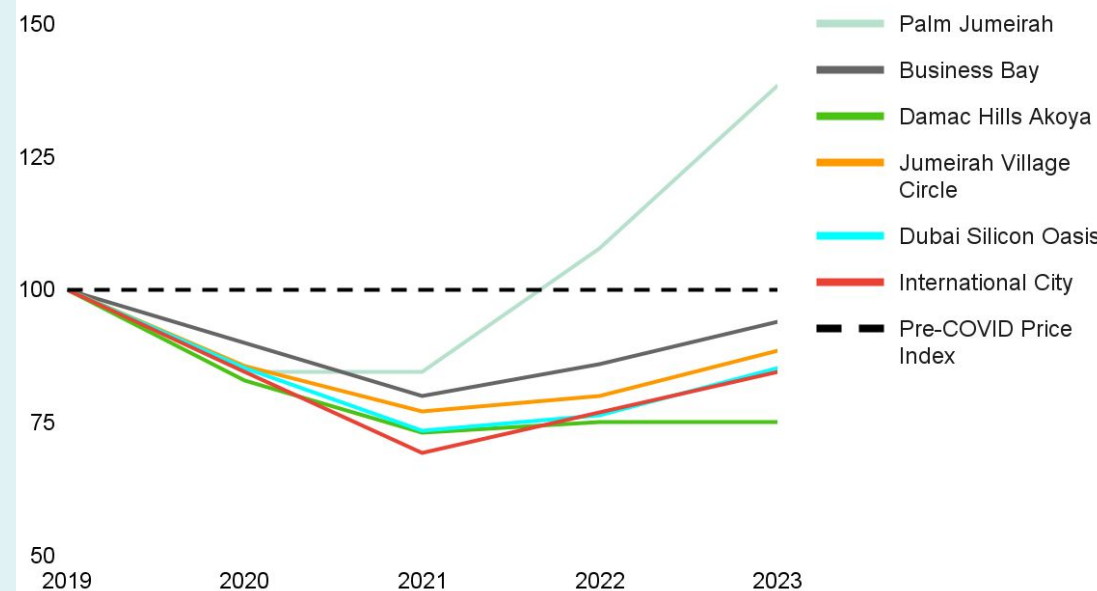
Looking at an index of median prices for various communities since 2019 reveals something interesting. In new Ejari contracts for studio apartments, most communities have recovered or surpassed their 2019 levels. Palm Jumeirah has experienced the most dramatic growth, with Dubai South not far behind. The only two communities yet to return to pre-pandemic prices are International City and Damac Hills Akoya - both mid market communities.

In the renewed contracts, we see a completely different picture. Palm Jumeirah, a consistently exceptional community when it comes to price performance, is the only community to have surpassed its pre-COVID price index.

Median New Ejari Values per Year by Community - Studio



Median Renewed Ejari Values per Year by Community - Studio



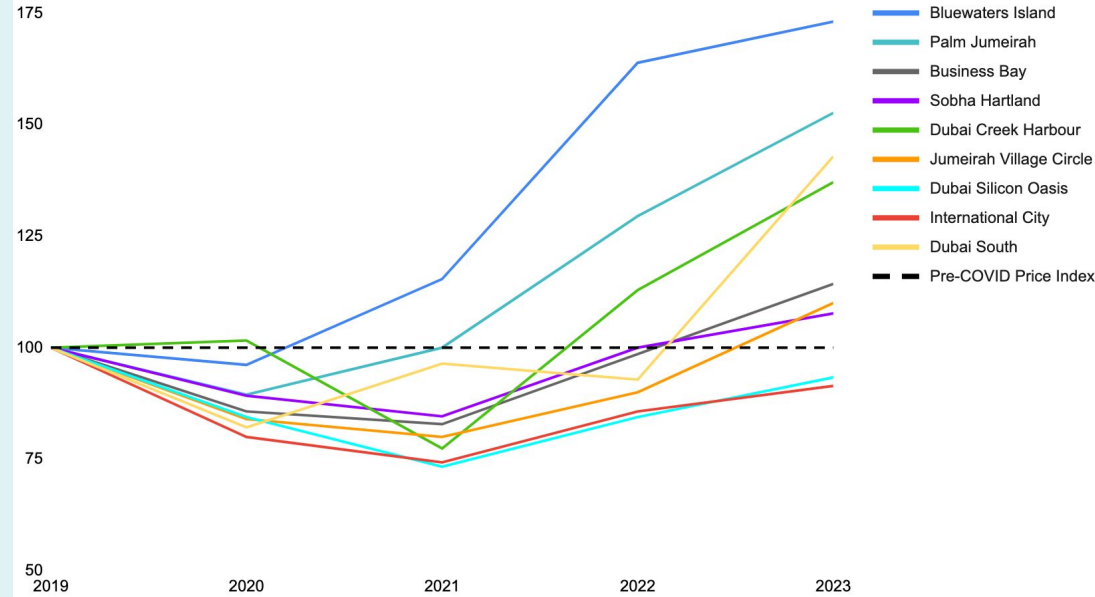
Median Price Changes in 1 Bedroom Ejari Contracts



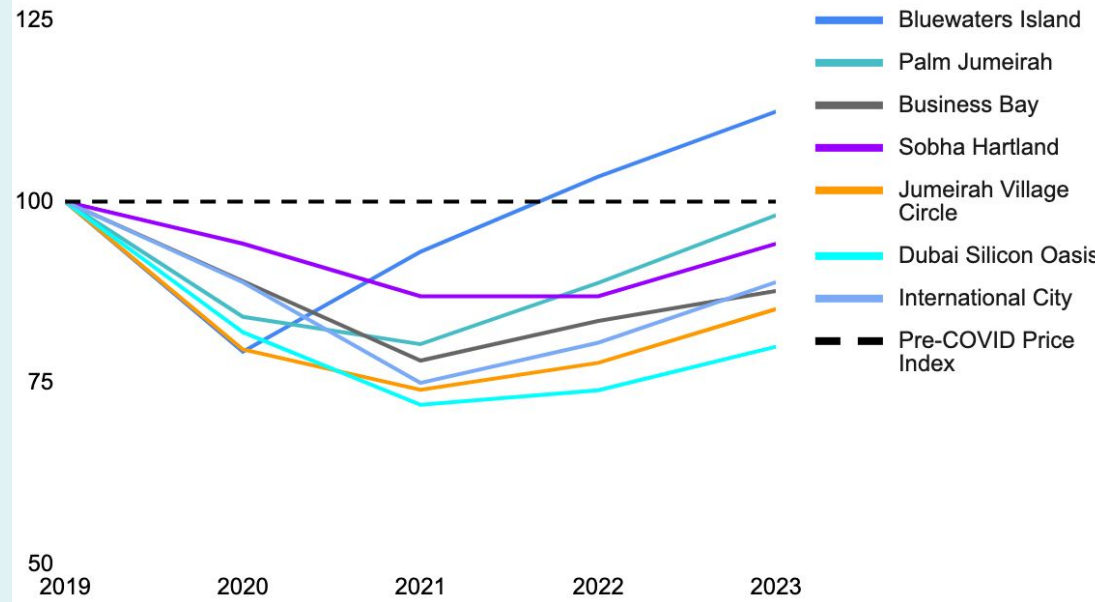
We see a similar pattern in the 1 bedroom apartment space. This time, Palm Jumeirah and Dubai South are outpaced by Bluewaters Island in new Ejari contracts, and International City again is yet to return to its pre-COVID levels. This time, it is joined by Dubai Silicon Oasis, another older, mid market community.

In the renewed contracts, Bluewaters is the only community to have surpassed its 2019 index value. Palm Jumeirah is close to matching its own 2019 index value, standing at 98.13 as of July 31st.

Median New Ejari Values per Year by Community - 1 B/R



Median Renewed Ejari Values per Year by Community - 1 B/R



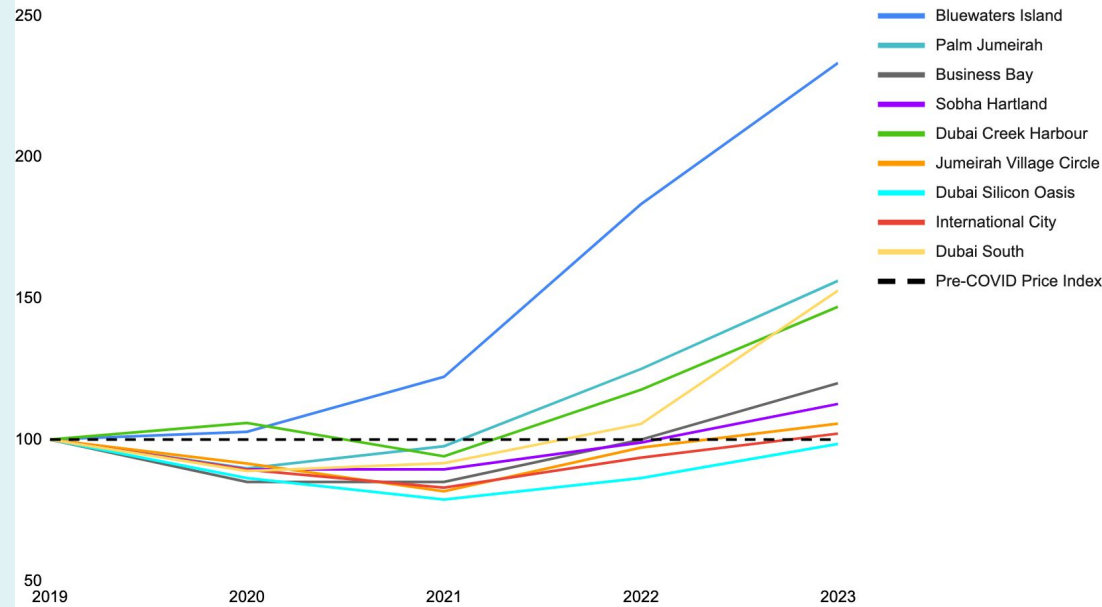
Median Price Changes in 2 bedroom Ejari Contracts



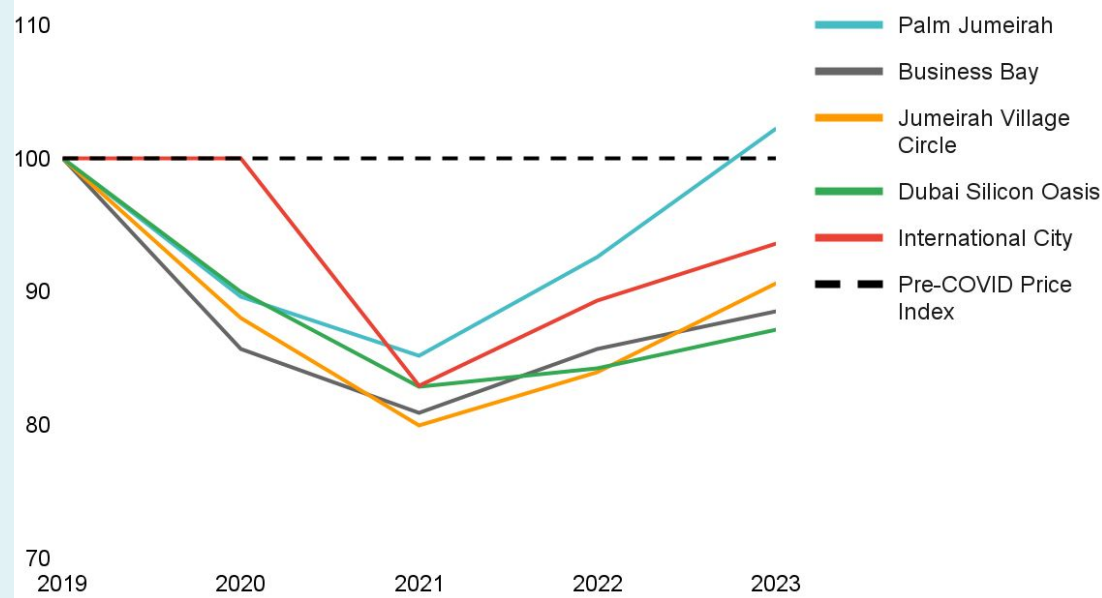
In 2 bedroom apartments, Bluewaters again clearly dominates the new Ejari contracts, with Palm Jumeirah and Dubai South a distant second and third this time. International City has crept past its 2019 median price index for the first time, while Silicon Oasis still remains under its pre-pandemic median index value.

Palm Jumeirah is the only community to have renewed contracts surpass 2019 levels.

Median New Ejari Values per Year by Community - 2 B/R



Median Renewed Ejari Values per Year by Community - 2 B/R



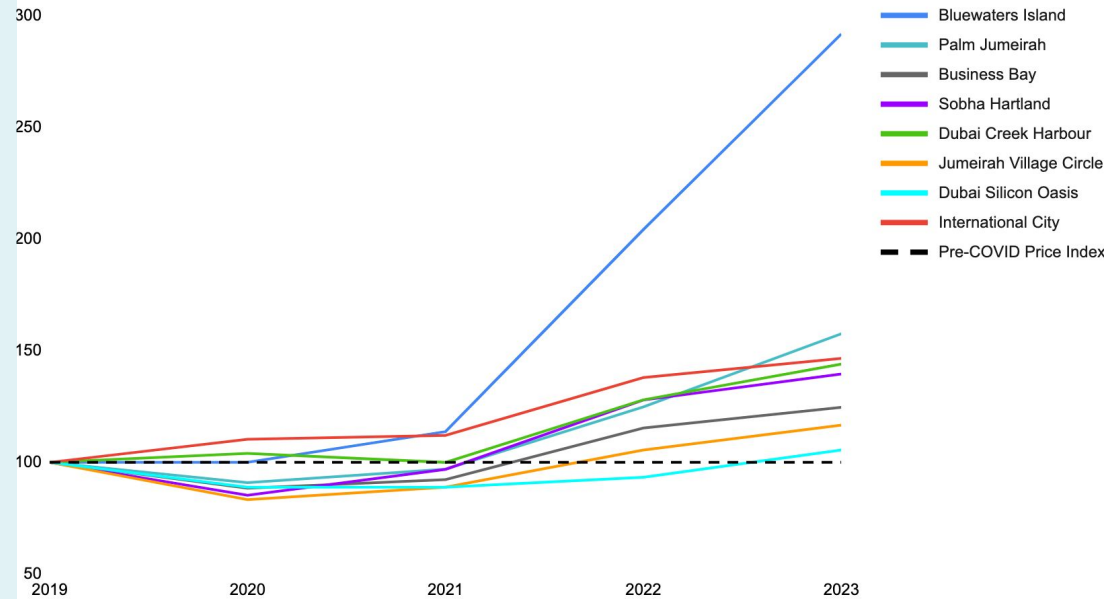
Median Price Changes in 3 bedroom Ejari Contracts



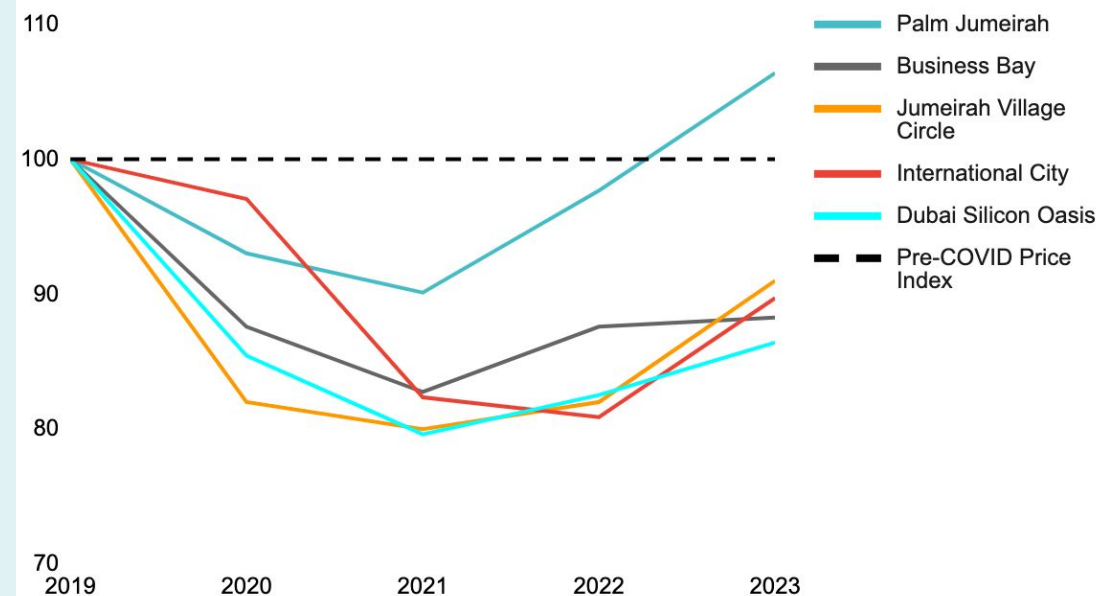
In 3 bedroom apartments, Bluewaters Island's dominance is even more staggering, with the median price this year reaching almost triple that of its 2019 value. Dubai Silicon Oasis is also above its pre-pandemic level for the first time, marking the first instance where none of the sample communities have failed to surpass pre-COVID levels in new Ejari contracts.

In the renewed space, however, it is much of the same. Palm Jumeirah remains alone as the only community to have risen above its 2019 value.

Median New Ejari Values per Year by Community - 3 B/R



Median Renewed Ejari Values per Year by Community - 3 B/R



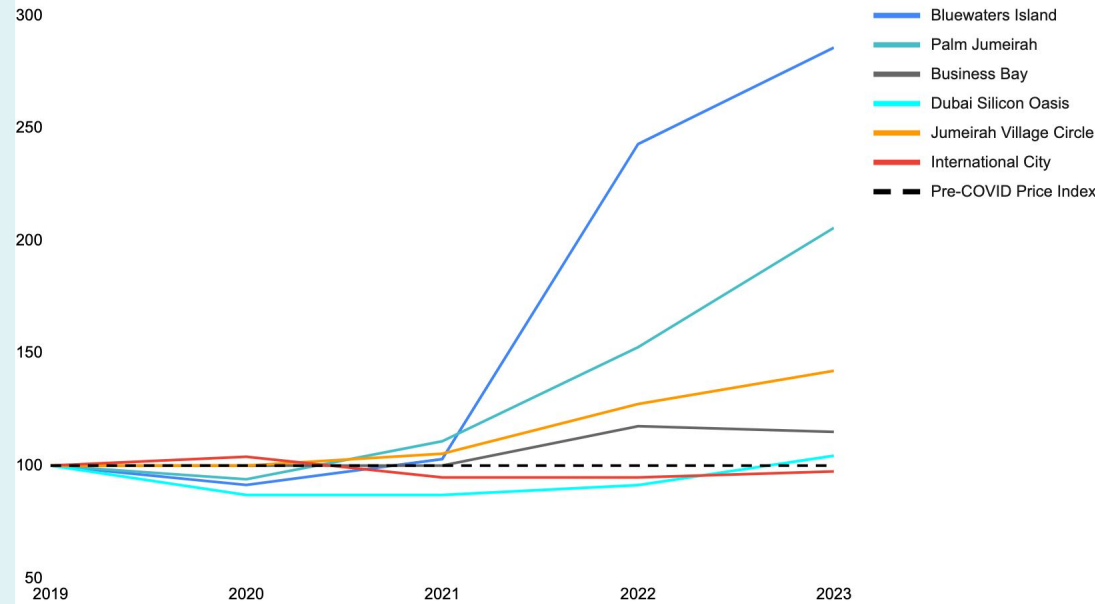
Median Price Changes in 4 bedroom Ejari Contracts



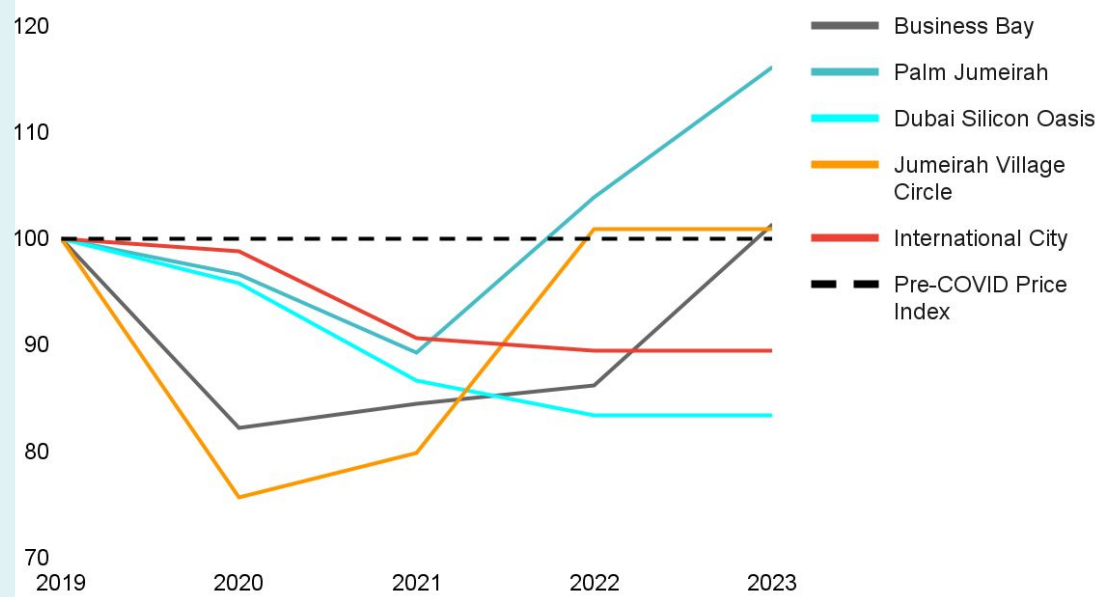
Given that 4 bedrooms are typically dominated by luxury, it is no surprise to see new Ejari contracts here dominated again by Bluewaters Island and Palm Jumeirah. International City lies just below pre-pandemic levels, while Dubai Silicon Oasis has just edged over its 2019 standard this year.

In renewed contracts, Palm Jumeirah once again tops the charts. Surprisingly, however, Jumeirah Village Circle's median price seems to have stabilized since last year above its pre-COVID standard, and Business Bay has also risen above its own 2019 value this year.

Median New Ejari Values per Year by Community - 4 B/R



Median Renewed Ejari Values per Year by Community - 4 B/R



Conclusions

- **Volume Concentrations**

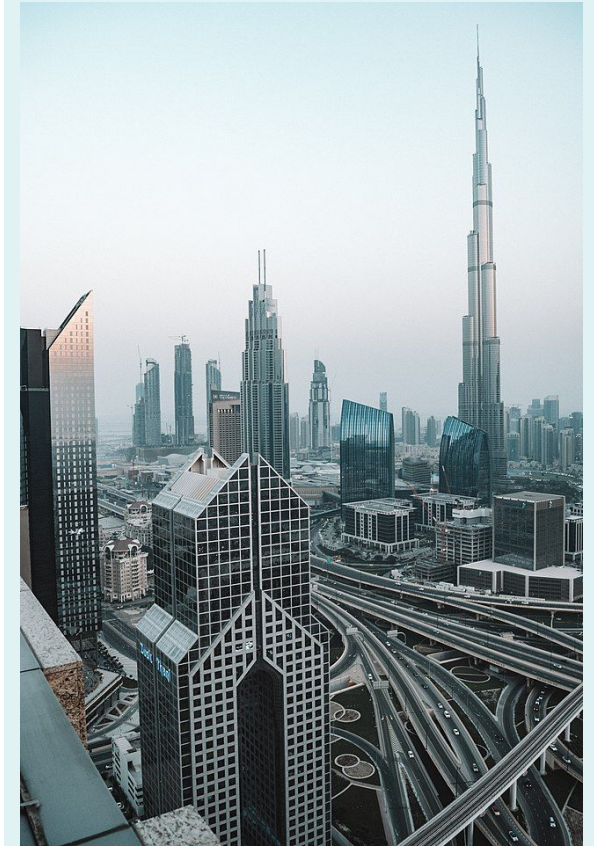
As is the case with sales, the mid market dominates the majority of the rental transactions over the last three and a half years. 1 and 2 bedrooms also consistently make up over 70% of transaction volumes every year.

- **Top Performing Communities**

As Dubai continues to look to expand beyond its core, and newer developments continue to seep into the market, we can see a marked shift away from the older communities among the best performers. Although older communities still dominate, we are starting to see newer communities come to the fore in terms of Ejari price appreciation. Additionally, as the demand for affordable properties continues to exceed luxury, we can also see greater growth in the value of the mid market contracts.

- **New versus Renewed Contracts**

Looking at the median values of Ejari contracts across a set of communities, two trends become apparent. New contracts have, for the most part, already matched or surpassed pre-pandemic levels. The instances where median prices have yet to do so, however, seem to consistently be in the mid market. By contrast, only high-end luxury communities, like Palm Jumeirah and Bluewaters Island, have consistently exceeded 2019 median levels in renewed contracts.





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-HH General Sheikh Mohammed Bin Rashid Al Maktoum
The Ruler of Dubai, Prime Minister and Vice President of the UAE

