



Dubai Residential

Prick of Noon?

Evaluating the Luxury Villa Market in Palm Jumeirah and Palm Jebel Ali

Executive Summary

- **Citywide Comparison**

Palm Jumeirah and Palm Jebel Ali have occupied a significant portion of the luxury villa sales market since January 2021, and as such can be used to gauge the overall health of the citywide luxury villa market. Between the two, Palm Jumeirah is responsible for more transactions at the AED 10 million and above mark. However, this swings to Palm Jebel Ali if the threshold is raised to AED 20 million and above.

- **Palm Jumeirah Analysis**

Since January 2021, Signature Villas and Garden Homes comprise over three quarters of all Palm Jumeirah Villa sales. This demonstrates their suitability to be used as case studies to examine activity at all levels of the luxury market, as between the two, they encompass a wide range of price points (all the way up to eye watering sums like AED 600 million). Both communities have seen a simultaneous decrease in both overall transaction volumes as well as sales exceeding the community average price.

- **Palm Jebel Ali Comparison**

Palm Jebel Ali had a strong initial sales performance post-launch in H2 of 2023. In fact, there was a visible dip in Palm Jumeirah villa sales in the first few months following the launch of Palm Jebel Ali. However, transactions have dropped across the first half of 2024 and are continuing to trend downwards.



Contents

1. **Citywide Comparison**
2. **Palm Jumeirah Analysis**
3. **Palm Jebel Ali Comparison**

Citywide Comparison

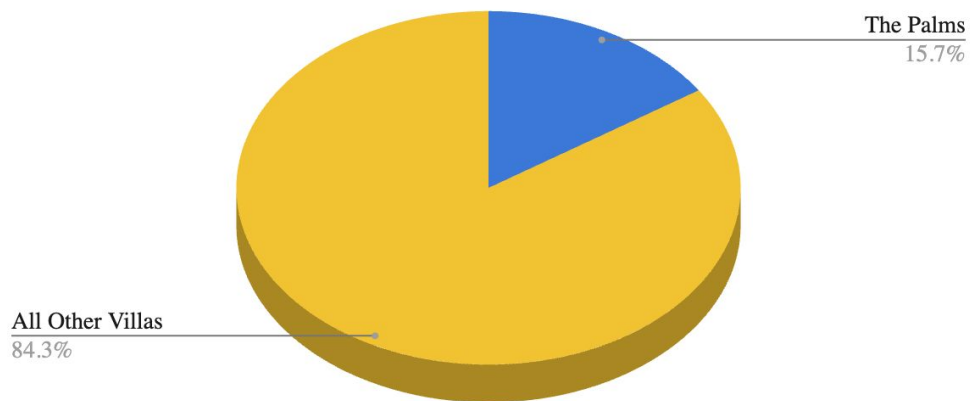
“The City is what it is because because our citizens are what they are.”

– Plato.

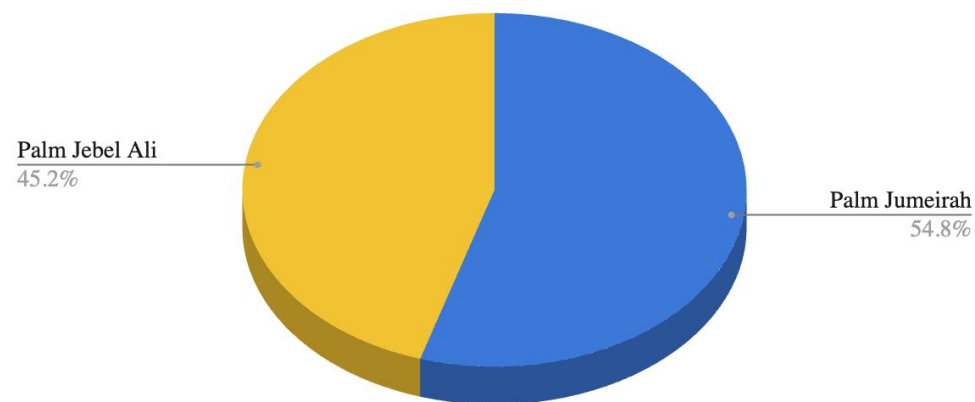


AED 10M+ Villa Sales

AED 10M+ Villa Sales Jan 2021 - July 2024



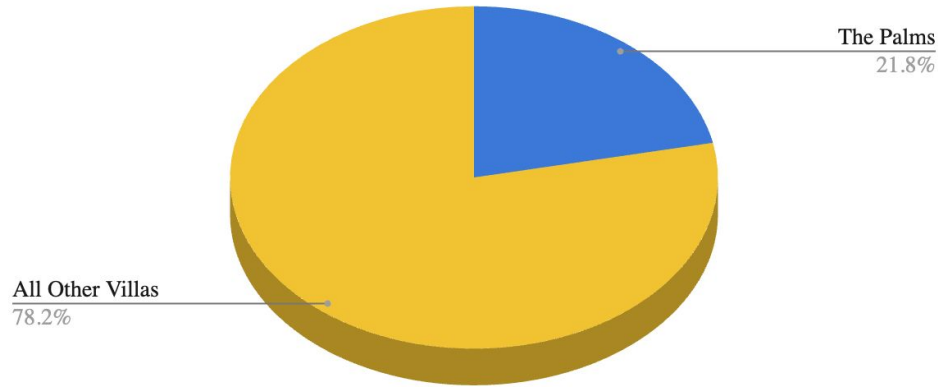
AED 10M+ Villa Sales Jan 2021 - July 2024



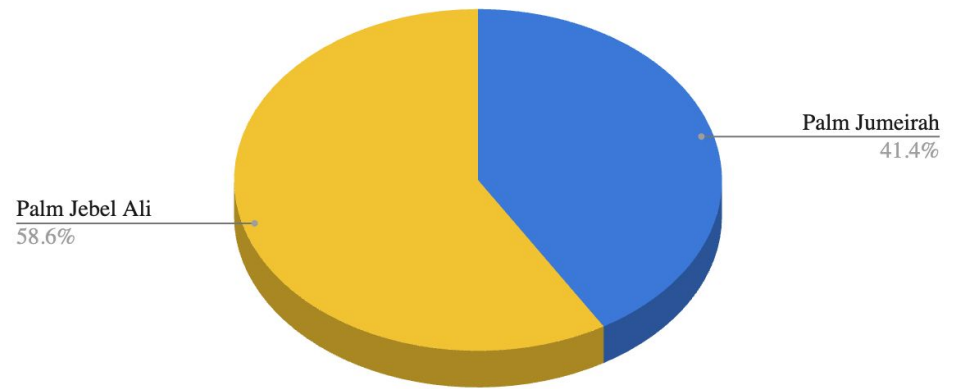
The chart on the left shows that Palm Jumeirah and Palm Jebel Ali villa sales account for a significant portion of all citywide villa transactions exceeding AED 10 million over the last three and a half years. This proves their suitability as a proxy for the wider luxury market. When it comes to the split between the two Palm islands, Palm Jumeirah has a slight edge, comprising just over half of the AED 10 million and above villa sales between the two.

AED 20M+ Villa Sales

AED 20M+ Villa Sales Jan 2021 - July 2024



AED 20M+ Villa Sales Jan 2021 - July 2024



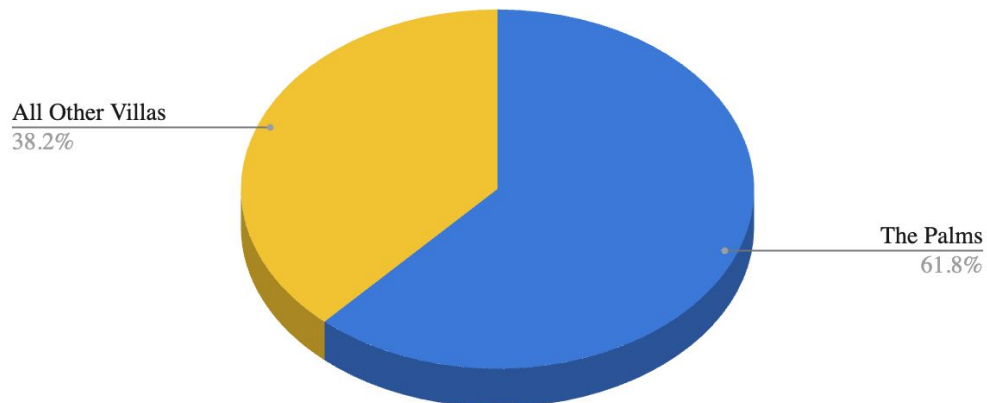
When it comes to villas sold for AED 20 million and above, the two Palms have been responsible for over a fifth of all citywide sales. This time, Palm Jebel Ali is responsible for more of these higher ticket transactions, likely owing to the price floor of AED 18 million set at its launch.

AED 20M+ Villa Sales Since Palm Jebel Ali's Launch

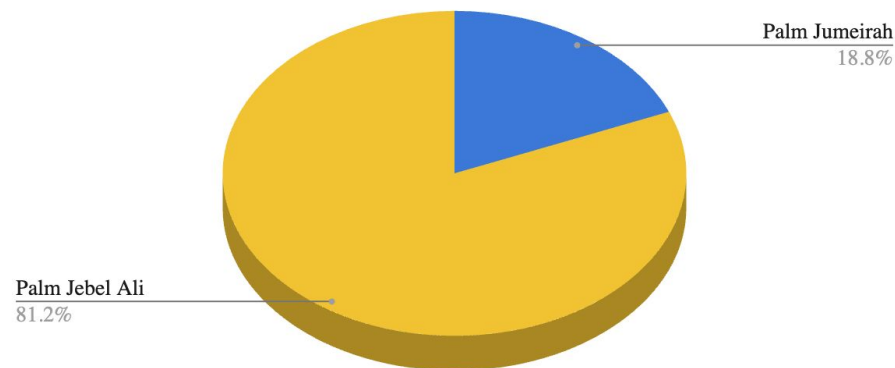
GCP

REIDIN

AED 20M+ Villa Sales - Since Palm Jebel Ali's Launch



AED 20M+ Villa Sales - Since Palm Jebel Ali's Launch

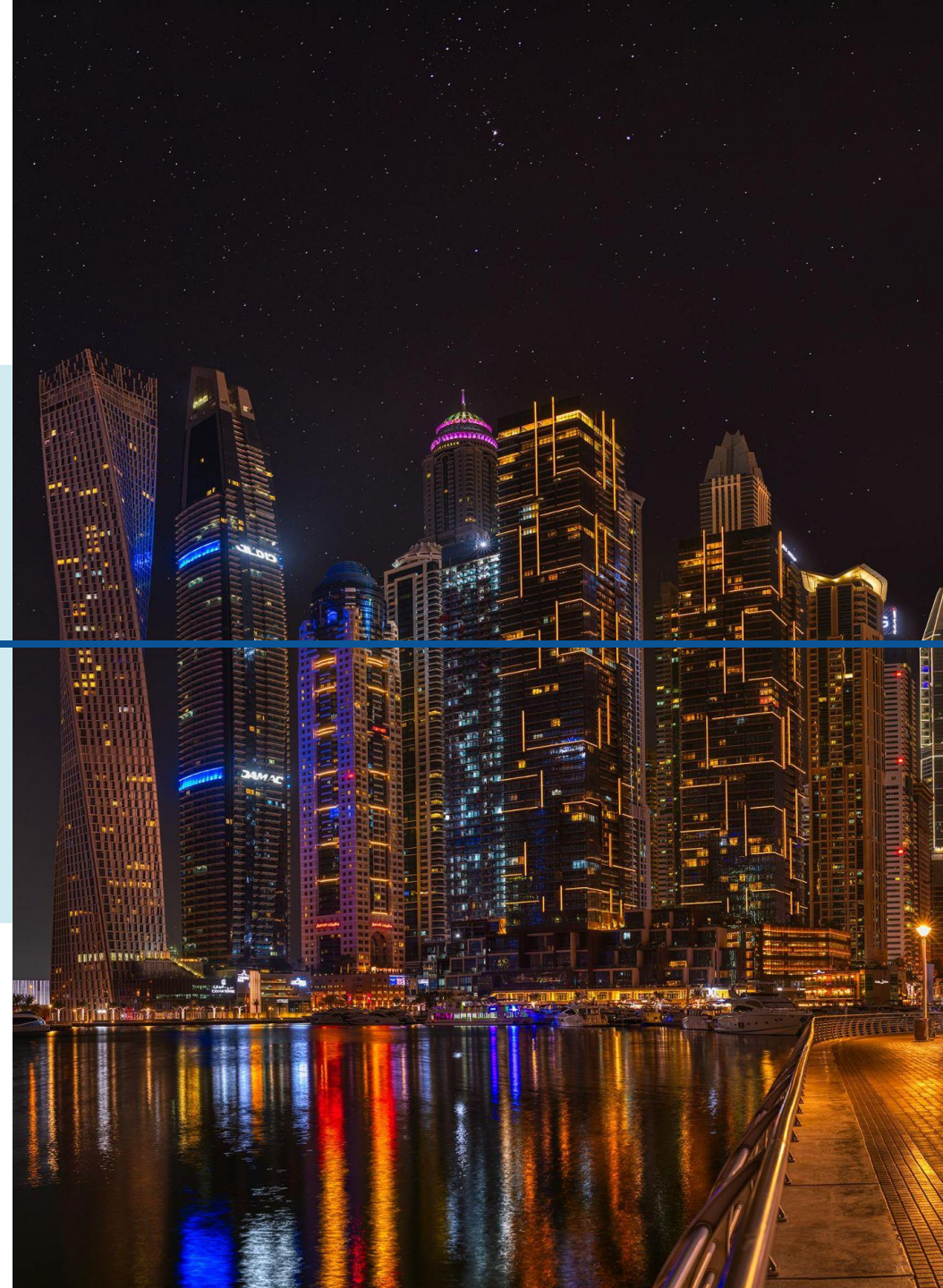


If we narrow the time frame to only include sales after Palm Jebel Ali's launch, we can see that the market share for the two Palm Islands broadens even further to nearly two thirds. Moreover, Palm Jebel Ali's share of sales between the two Palm Islands surges past 80%, demonstrating that its launch likely dampened Palm Jumeirah sales. Furthermore, it indicates the burgeoning appetite for new luxury villa sales, hence the tilt towards off plan even in the luxury market.

Palm Jumeirah Analysis

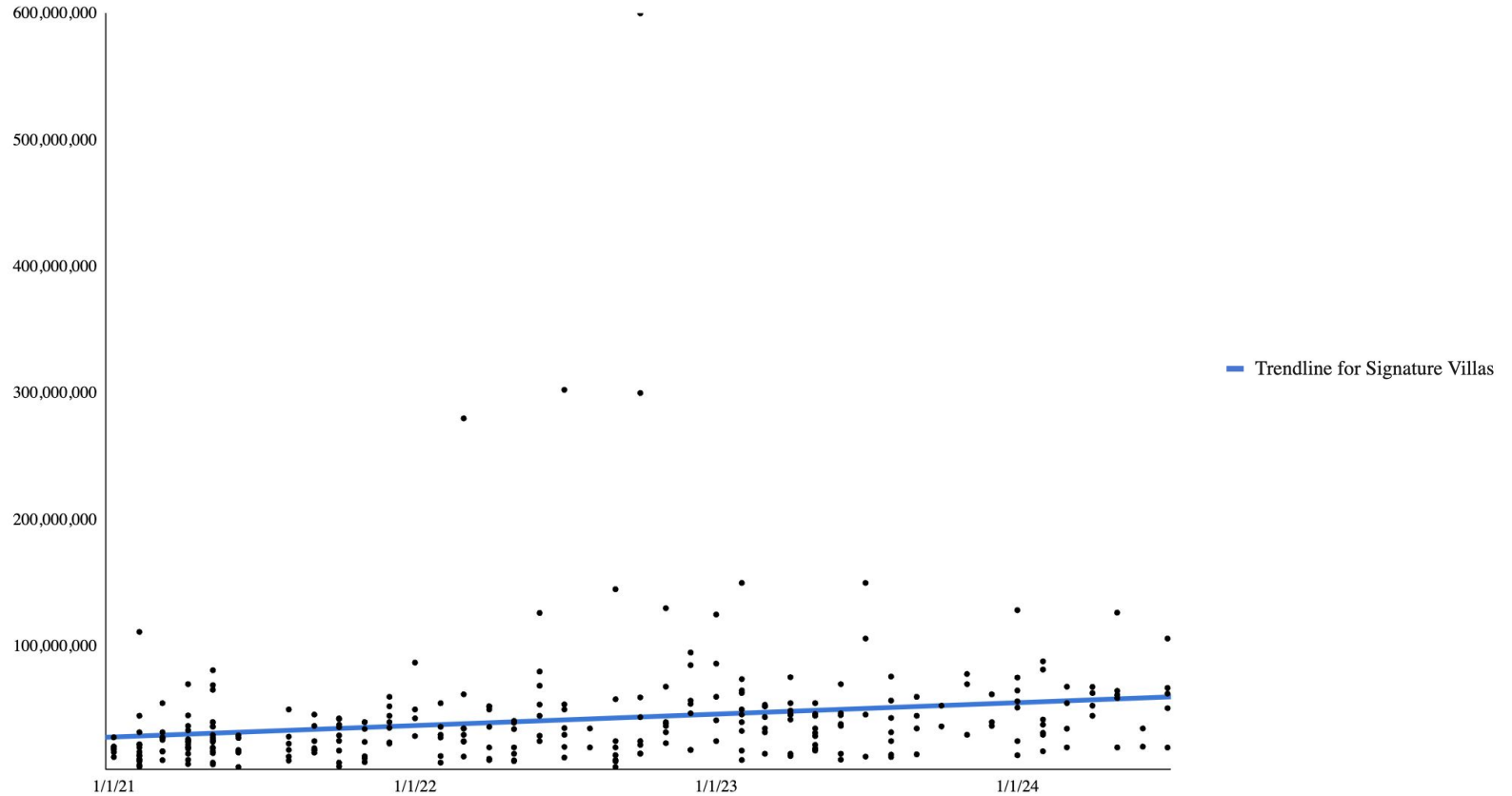
“If I have 1,000 ideas and only one turns out to be good, I am satisfied.”

– Alfred Nobel.



Signature Villas Sales Distribution

Signature Villas Trendline vs Actual Transactions

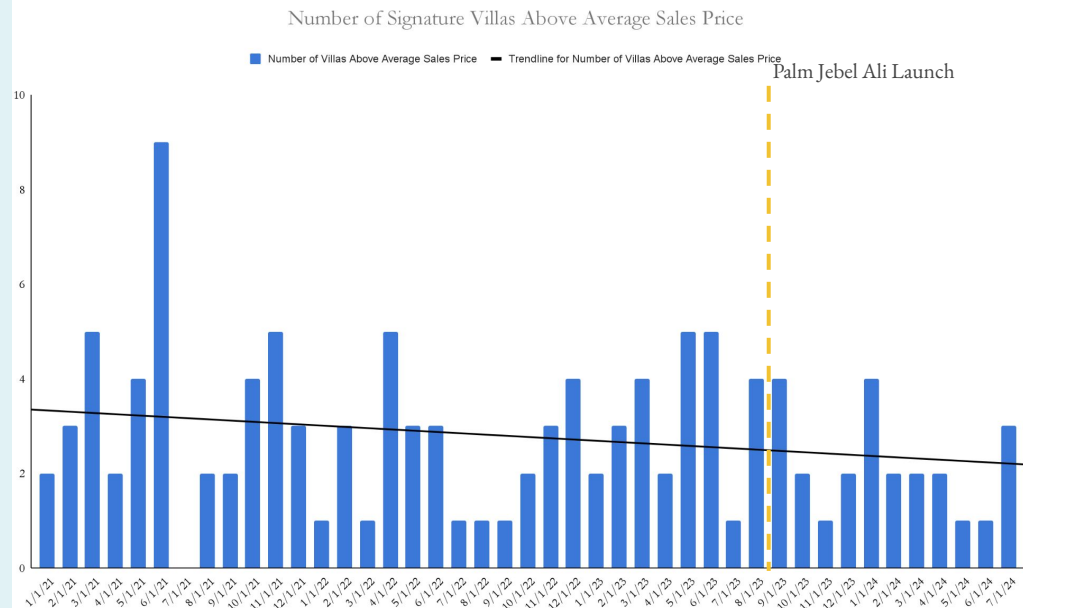
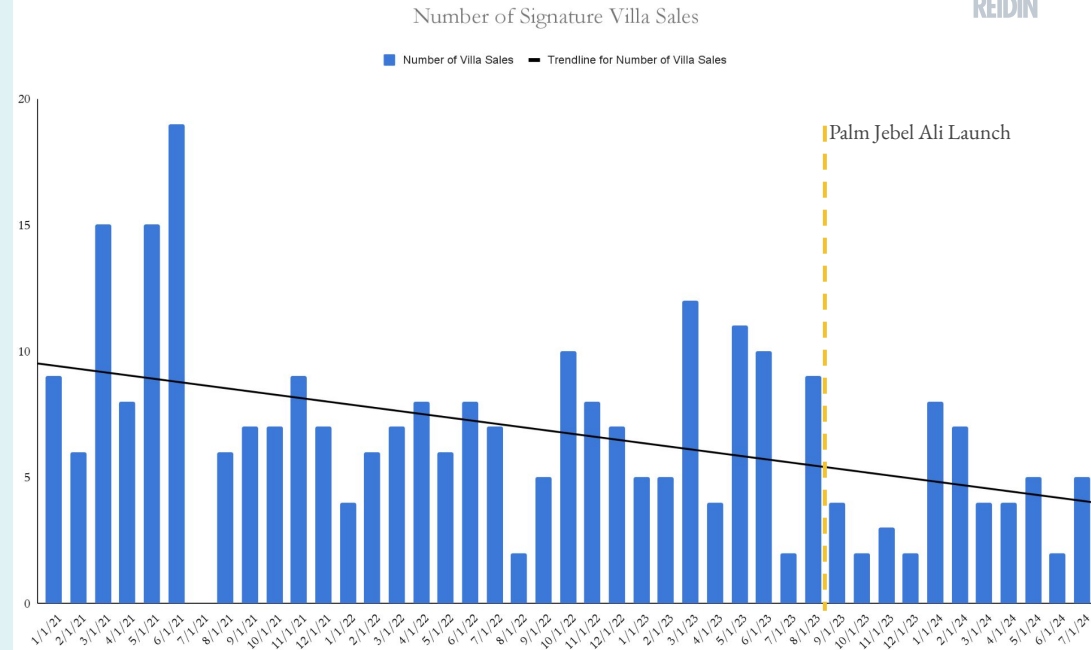


Since January 2021, the average sales price for Signature Villas has increased, but this is more attributable to the greater dispersion in transaction values rather than a consistent rise in transaction values. Overall transaction volume has also declined, further magnifying this greater dispersion.

Signature Villas Sales Volume

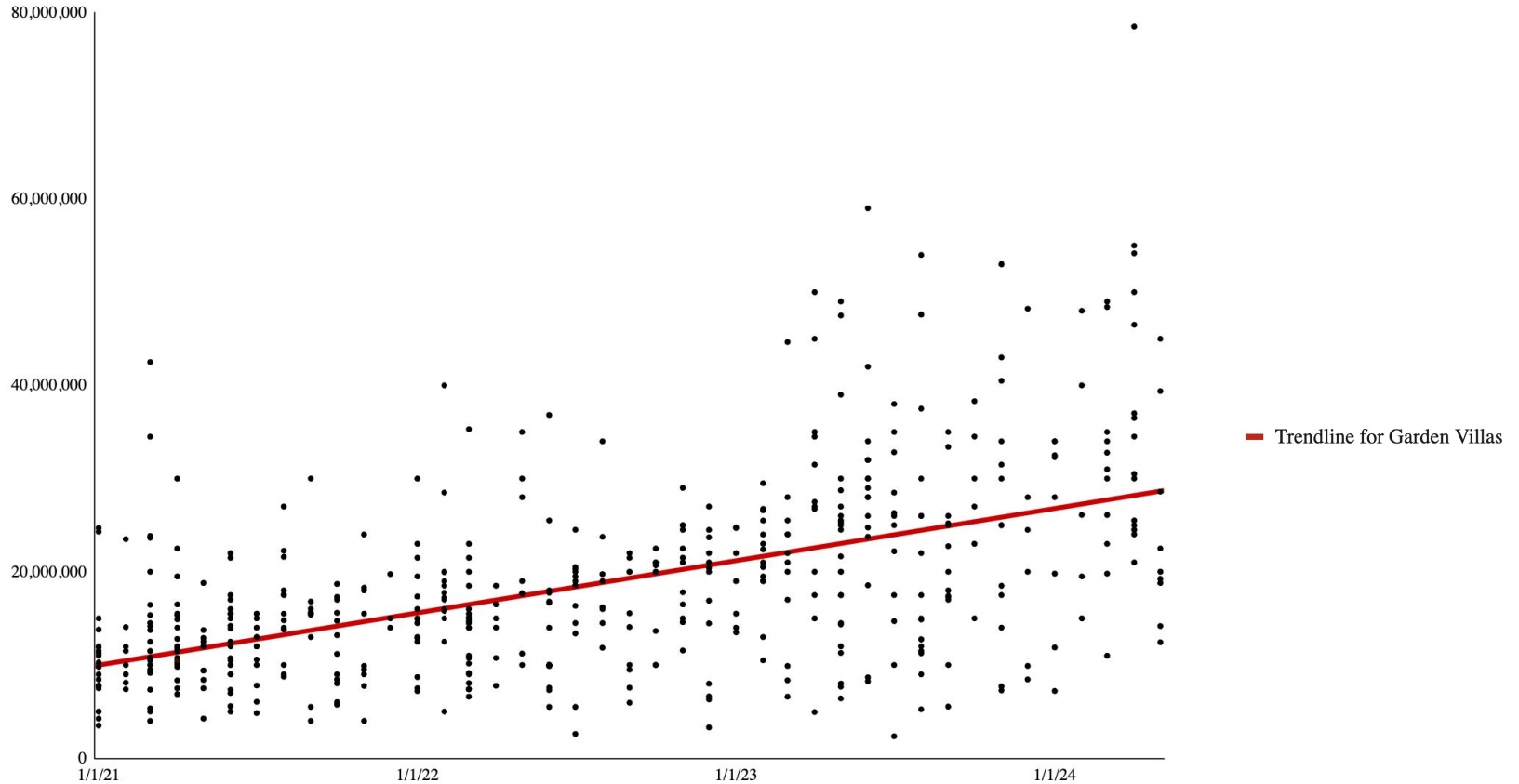
The declining slope of the trendline in the first graph to the right highlights this downtick in sales volume over the last 42 months. The drop off in the months following the launch of Palm Jebel Ali is especially notable

A similar decline is observable in higher ticket transactions, as seen in the negative slope of the trendline for transactions above the average Signature Villas value.



Garden Villas Sales Distribution

Garden Villas Trendline vs Actual Transactions



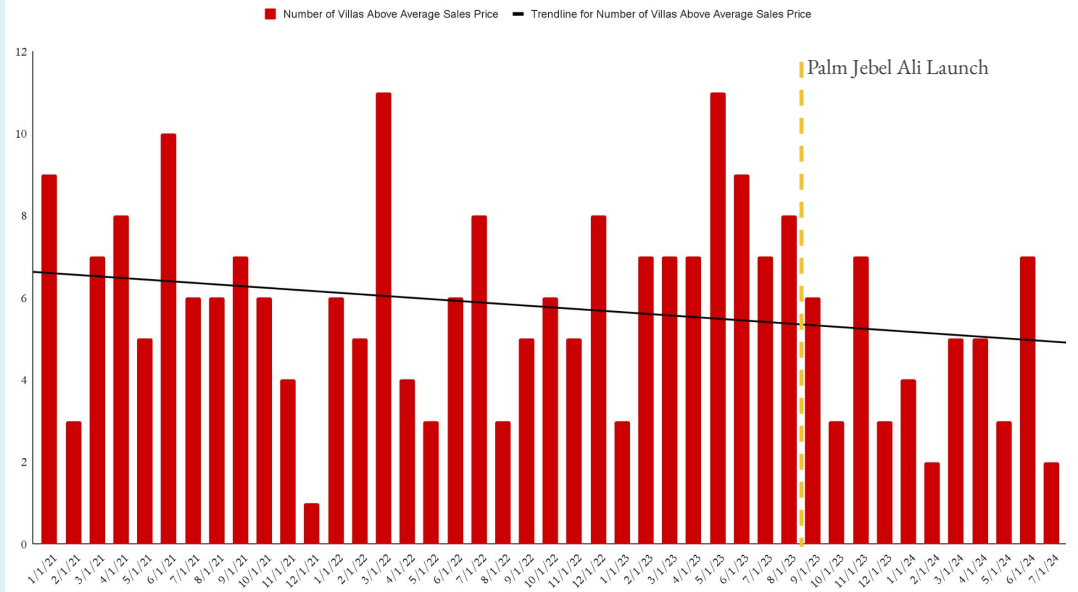
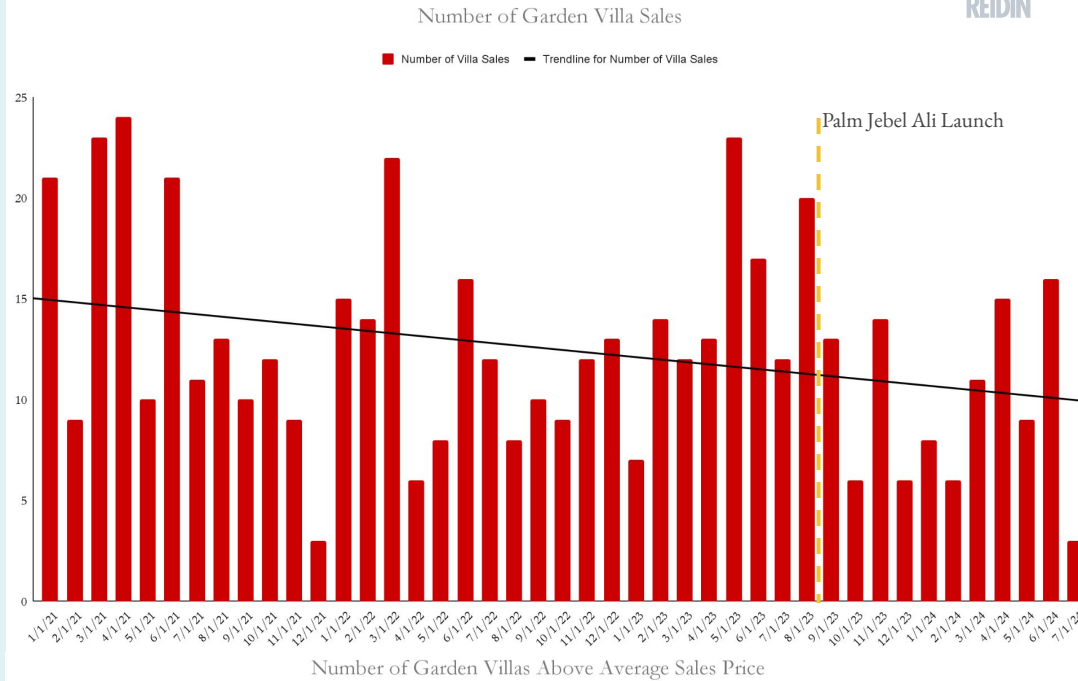
The increase in transaction value dispersion is also evident among Garden Homes sales. In the graph above, it is plain to see the growing spread in transaction values over the last three and a half years. Thus, the increase in average sales price can be deceiving if not viewed in this context, as it is being superficially boosted by a few anomalous high ticket items. All the while, a growing proportion of sales remain below the average sales price.

Garden Villas Sales Volume



The decline in overall transactions is once again evident in Garden Homes sales. Here, the drop in sales is less pronounced following the launch of Palm Jebel Ali as compared to Signature Villas. However, this is down to the higher prices in Signature Villas, causing it to be more of a (potential) direct substitute for Palm Jebel Ali villas.

The second graph to the right demonstrates the aforementioned growth in transaction values below the community average. This phenomenon is especially pronounced following the launch of Palm Jebel Ali.



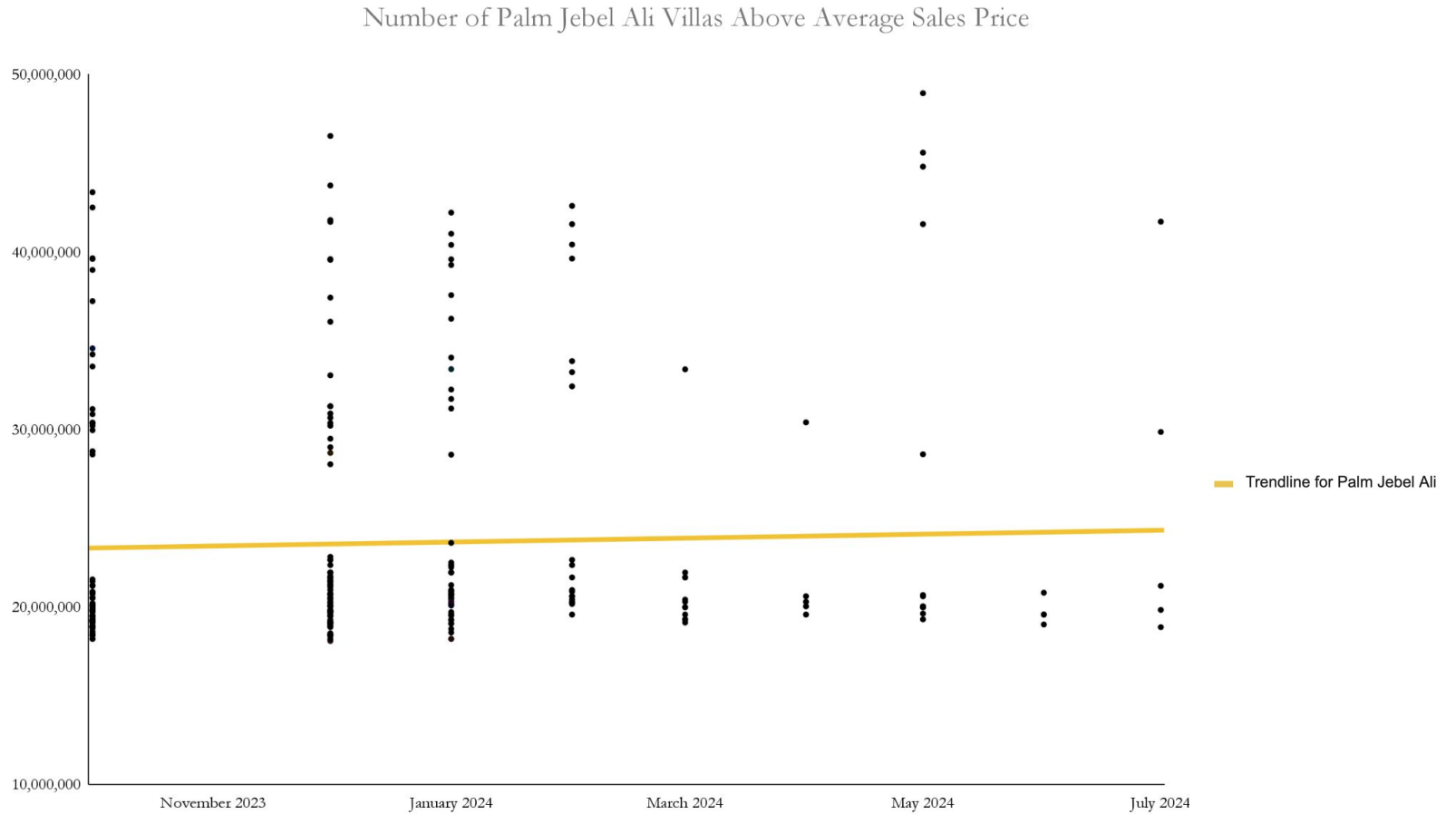
Palm Jebel Ali Comparison

“We take a natural interest in novelties, but it is against nature to take an interest in familiar things.”

– Mark Twain.



Palm Jebel Ali Sales Distribution



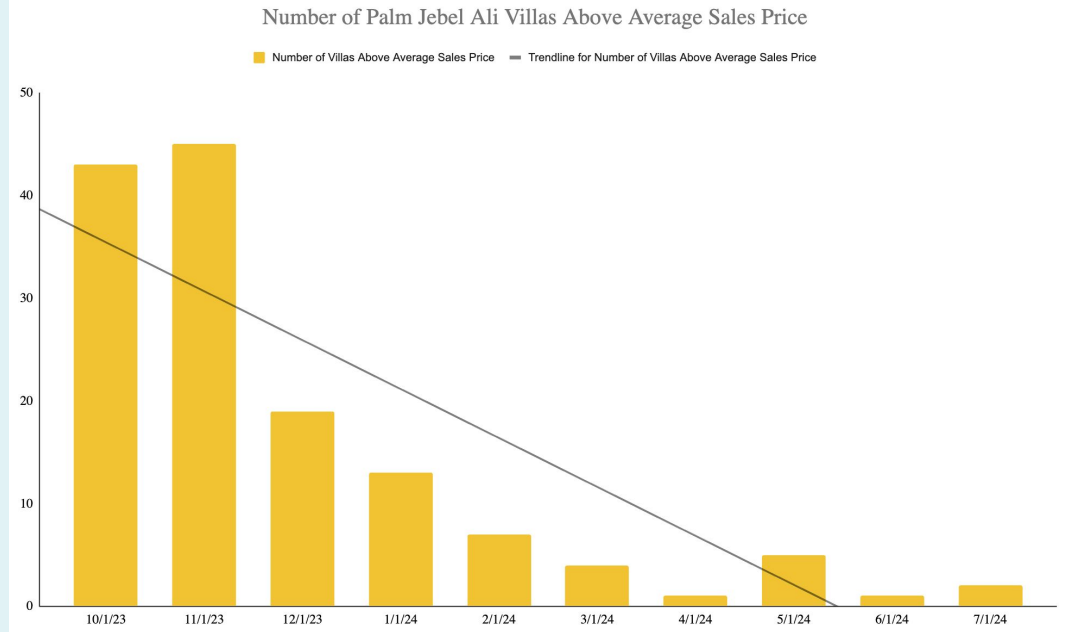
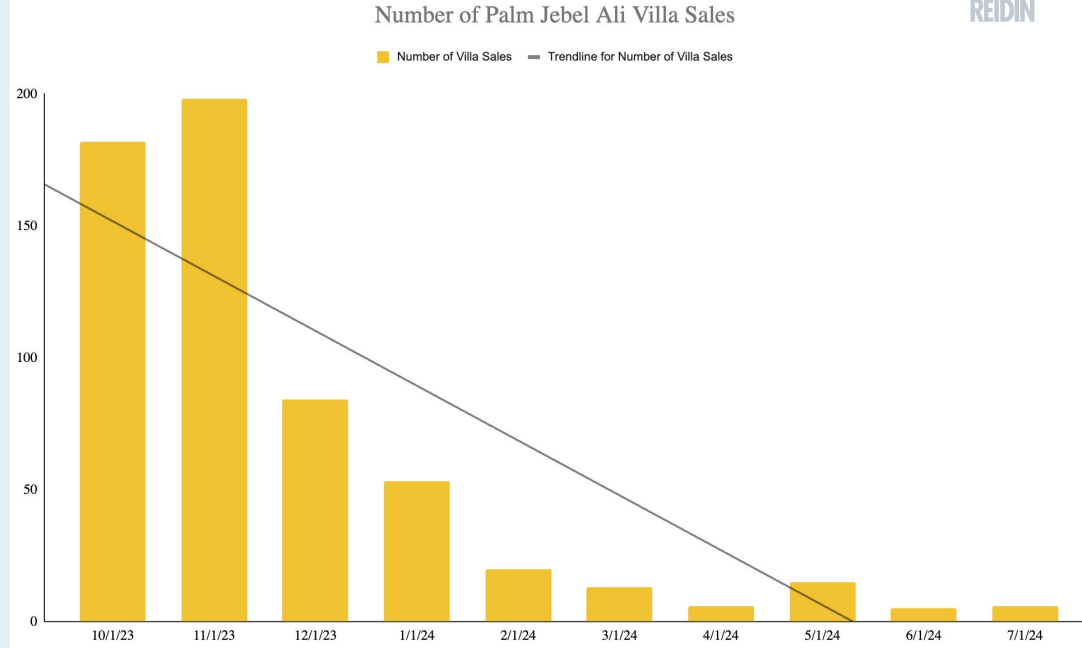
As seen in the graph above, Palm Jebel Ali sales have slowed down significantly after a strong few months post-launch. Similar to Palm Jumeirah, the rise in the average sales price is a consequence of the growing dispersion in transaction values as well as an overall decline in transaction volumes.

Palm Jebel Ali Sales Volume



This is corroborated by the two charts to the right. The first graph demonstrates the fall in total villa sales. Despite a strong opening, the steep downward slope of the trendline for Palm Jebel Ali's villa sales volume demonstrates the decline in demand.

This is further evidenced in the second graph. Villa sales above the community average have seen a sharp decline following an initial post-launch burst.



Conclusions

Citywide Comparison

Palm Jumeirah and Palm Jebel Ali collectively represent 15.7% of all citywide villa sales exceeding AED 10 million in value. This market share jumps to 21.8% of citywide villa sales exceeding AED 20 million in value. As such, their performance over the last three and a half years can be used to gauge the broader luxury villa market in Dubai.

Palm Jumeirah Analysis

Looking at Signature Villas and Garden Homes as proxies for Palm Jumeirah, we can see that transaction volumes have been declining of late, both at the overall and higher ticket levels.

Palm Jebel Ali Analysis

Despite initial optimism following a strong initial showing, Palm Jebel Ali has seen a significant drop in villa sales. Thus far in 2024, it has struggled to match its post-launch performance. Not only have transactions overall fallen, but higher ticket sales have suffered especially.

Conclusion

Falling transaction volumes (i.e. a shrinking sample set) in tandem with a greater dispersion in price values means that the rise in average prices is misleading. The decline in sales (both overall and those above community average prices) indicates that the luxury villa market might be cooling off, although the vast majority of the commentary suggests otherwise,

Signature Villas and Garden Homes have accounted for 77.44% of all Palm Jumeirah Villa Sales between January 2021 and July 8th 2024.

Luxury markets ranging from Canada to Hong Kong, both in past cycles, as well as in the present one have been leading indicators for the rest of the market and any softening of prices could be a leading indicator if history is to repeat itself.



Global Capital Partners Group believes in in-depth planning and discipline as a mechanism to identify and exploit market discrepancy and capitalize on diversified revenue streams.

Our purpose is to manage, direct and create wealth for our clients.

These research reports are authored by GCP.

Indigo Icon, 1708
Jumeirah Lake Towers,
P.O. Box 500231 Dubai,
United Arab Emirates
Tel. +971 4 447 7220
Fax. +971 4 447 7221
www.globalcappartners.com
info@gcp-properties.com



Reidin is the leading real estate information company focusing on emerging markets.

Reidin offers intelligent and user-friendly online information solutions that help professionals access data and information in a timely and cost effective basis.

Reidin is the data provider for these research reports.

Concord Tower, No. 2304
Dubai Media City,
P.O. Box 333929 Dubai,
United Arab Emirates
Tel. +971 4 277 6835
Fax. +971 4 360 4788
www.reidin.com
info@reidin.com

Our Aspiration and Motto

“No barrier can withstand the strength of purpose.”

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

