



Dubai Residential

A Tale of Two Communities

Examining the Divergent Prices of International City and Dubai Silicon Oasis

Executive Summary

- **Sales Trends Analysis**

Looking at the sales figures for both International City and Dubai Silicon Oasis reveals that International City dominates in terms of sales volumes. However, despite having comparable average prices per square foot in 2010, Silicon Oasis since has diverged upwards, especially post-COVID. The sales indices also show that International City prices have remained overall stagnant (having had declined for most of the last fifteen years), while Silicon Oasis' has soared over the same time period.

- **Rental Trends Analysis**

In rents, International City still dominates volumes, and in fact does so by even more than in sales. While Silicon Oasis has consistently exceeded International City in terms of rental prices and has also outperformed in terms of its rental index, the two have seen convergence post-COVID.



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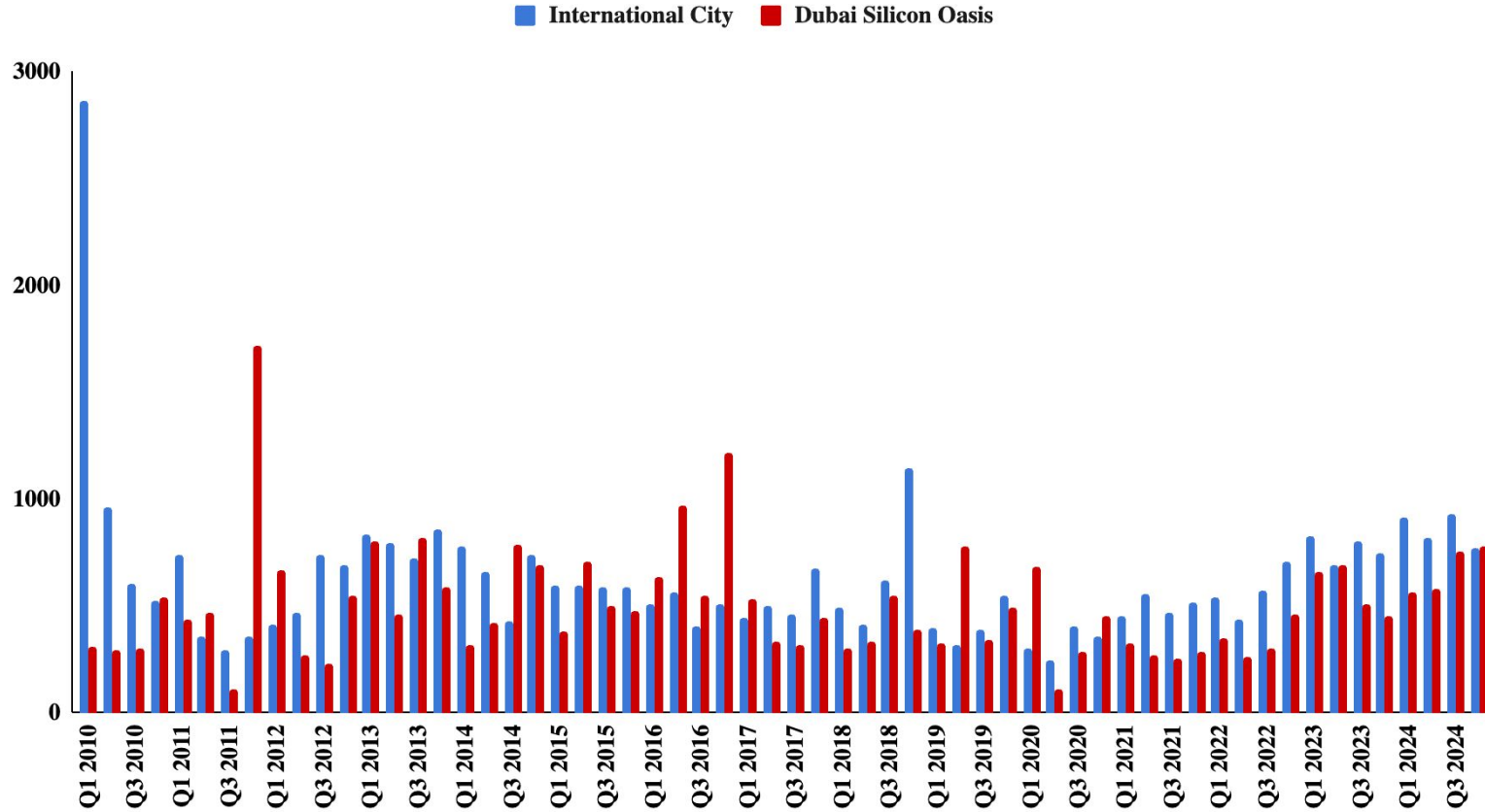
Sales Trends Analysis

"There are two tragedies in life. One is to lose your heart's desire. The other is to gain it."

- George Bernard Shaw



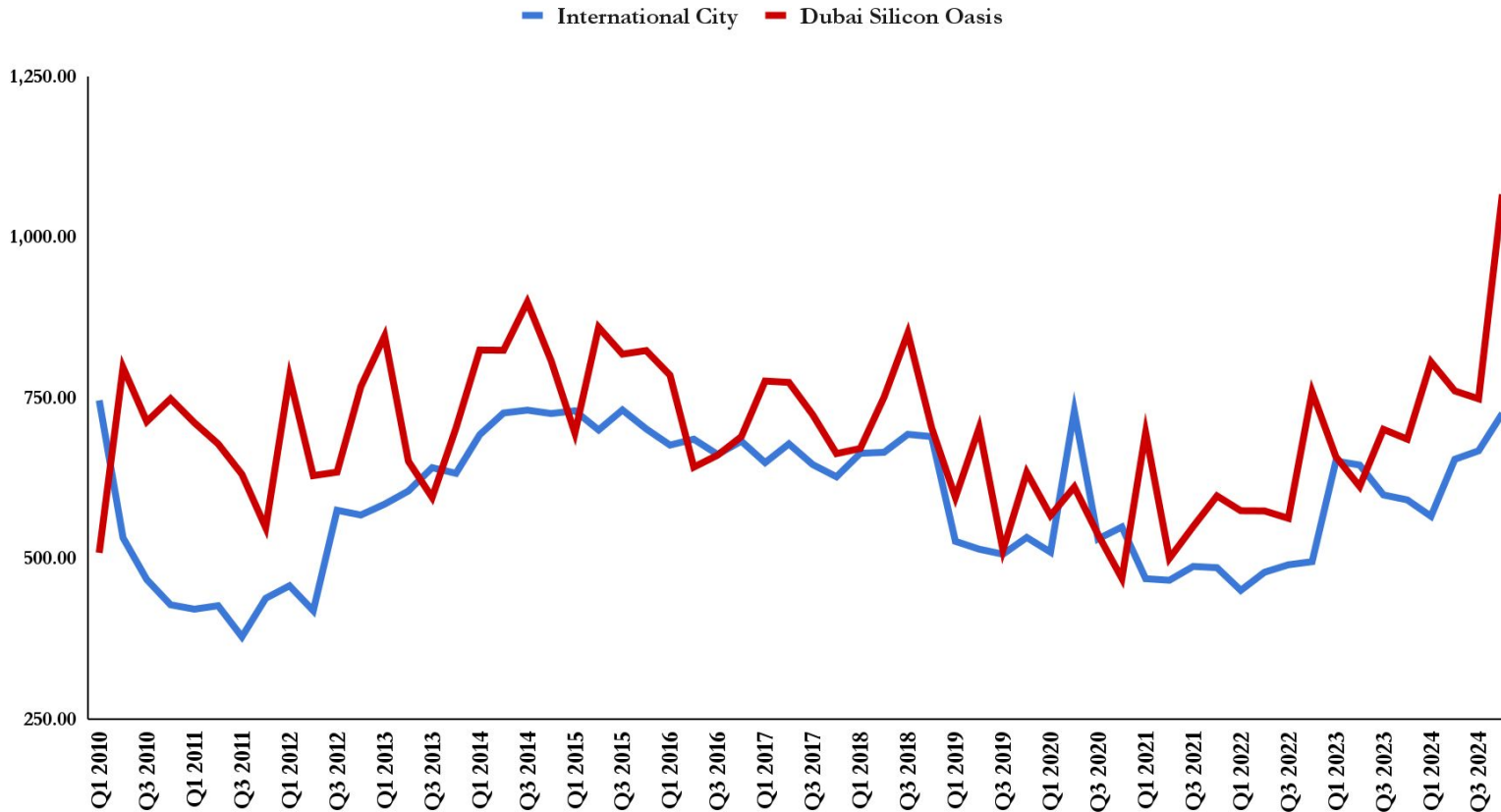
International City and Dubai Silicon Oasis Sales Volume 2010 - 2024



Going back to 2010, International City has generally seen higher sales volumes on a quarterly basis compared to Dubai Silicon Oasis.

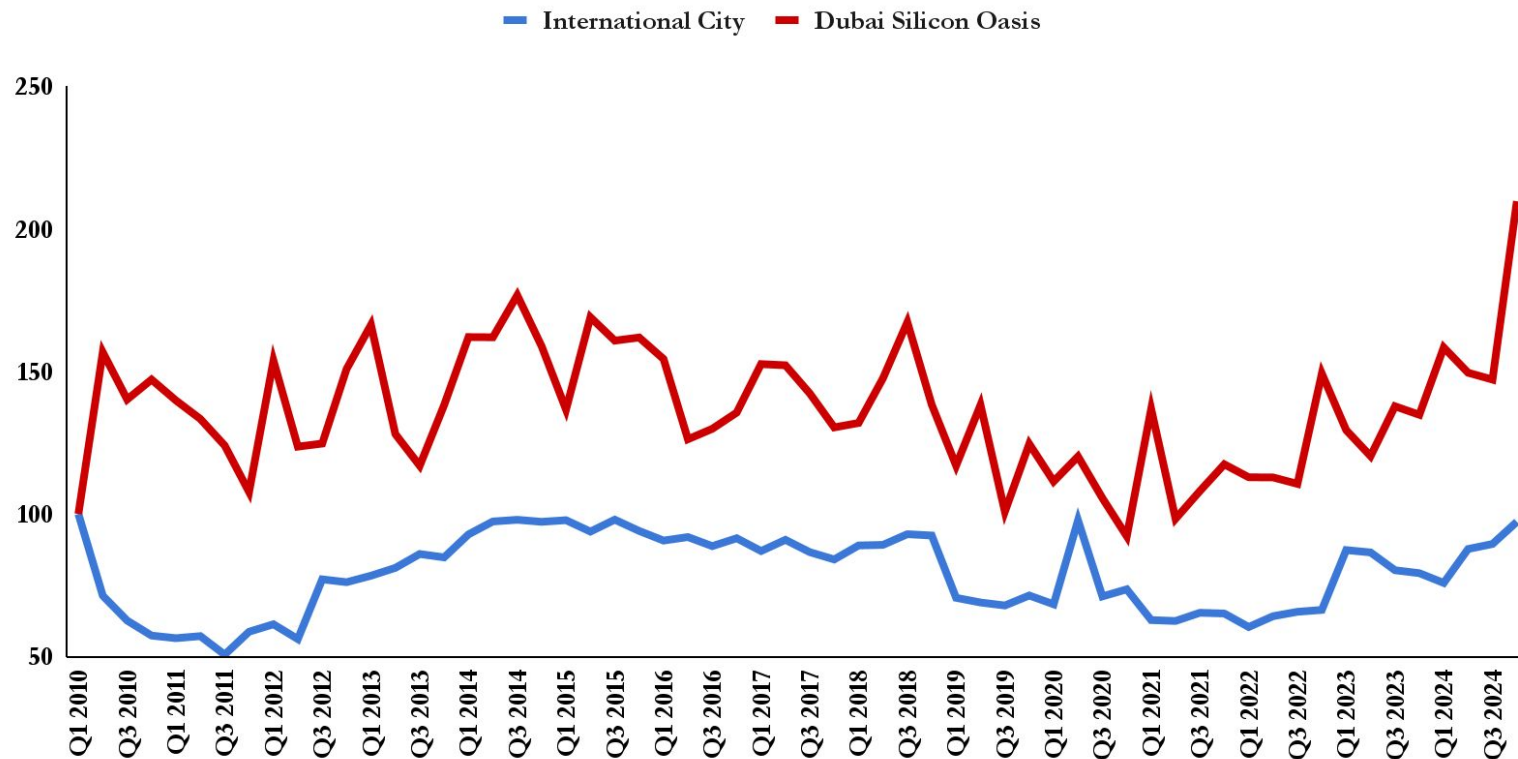
Sales Price Trends

International City vs Dubai Silicon Oasis AED/SqFt Q1 2010 - Q4 2024



Despite seeing generally lower sales volumes, Dubai Silicon Oasis has had a higher average sales price per square foot nearly every quarter going back to the beginning of 2010. The gap between the two communities was at its widest in Q4 of 2010, when average prices per square foot were 75% higher in Silicon Oasis than in International City. As of Q4 2024, the gap sits at 47%.

International City vs Dubai Silicon Oasis Sales Price Index (Base = Q1 2010)



Looking at an index of sales prices to compare how the two communities have performed reveals a clear disparity. Whereas International City has generally seen price regression since 2010 and has remained relatively stagnant overall, Silicon Oasis' index has seen far greater growth, and rebounded especially well post COVID. While International City's sales price index currently sits at 97.27, Silicon Oasis' is at 209.7 after a strong Q4 this year propelled by the sales of new launches from the likes of Danube, Binghatti and others.

Rental Trend Analysis

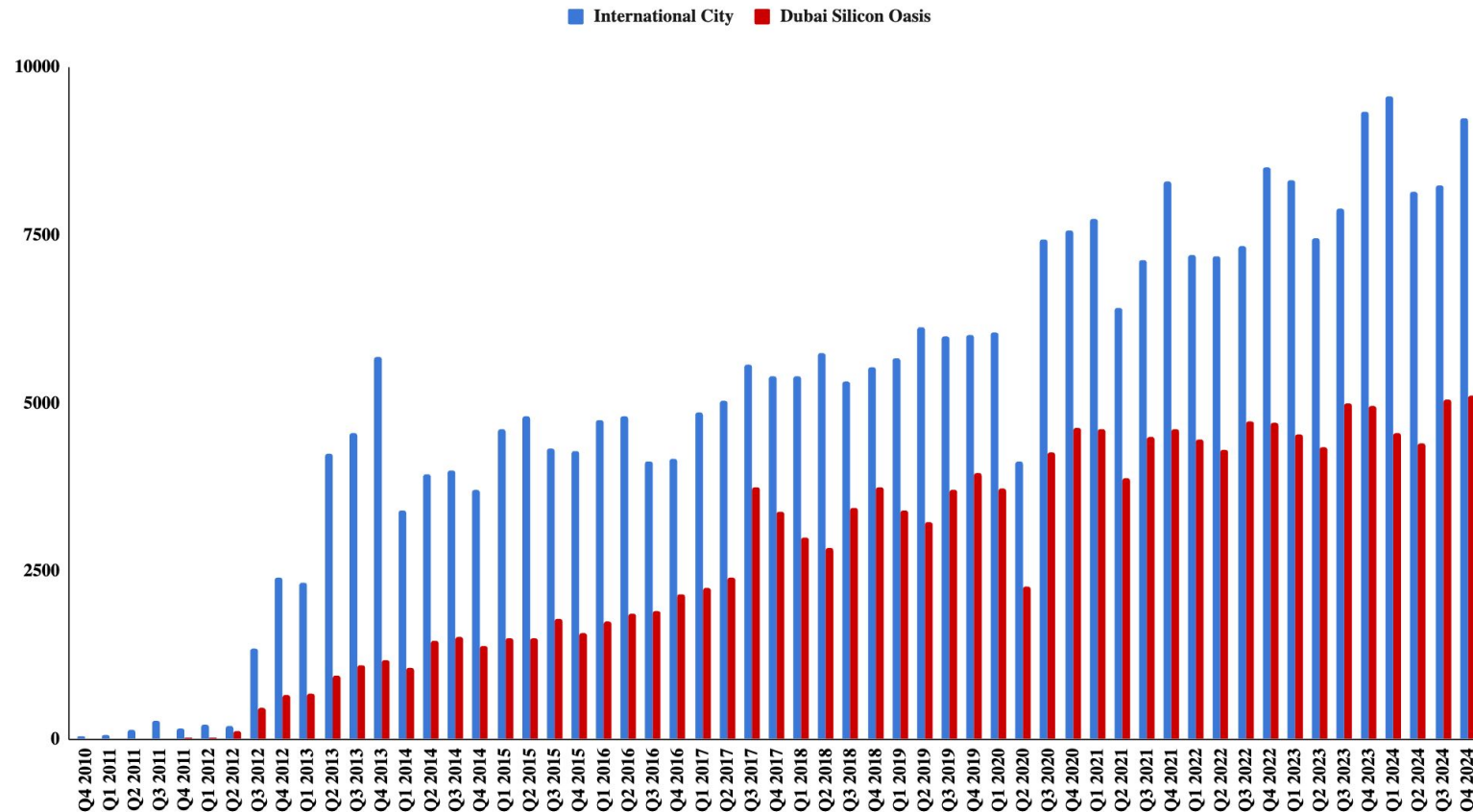
“Success is not final, failure is not fatal: It is the courage to continue that counts.”

- Winston Churchill



Ejari Registration Volume

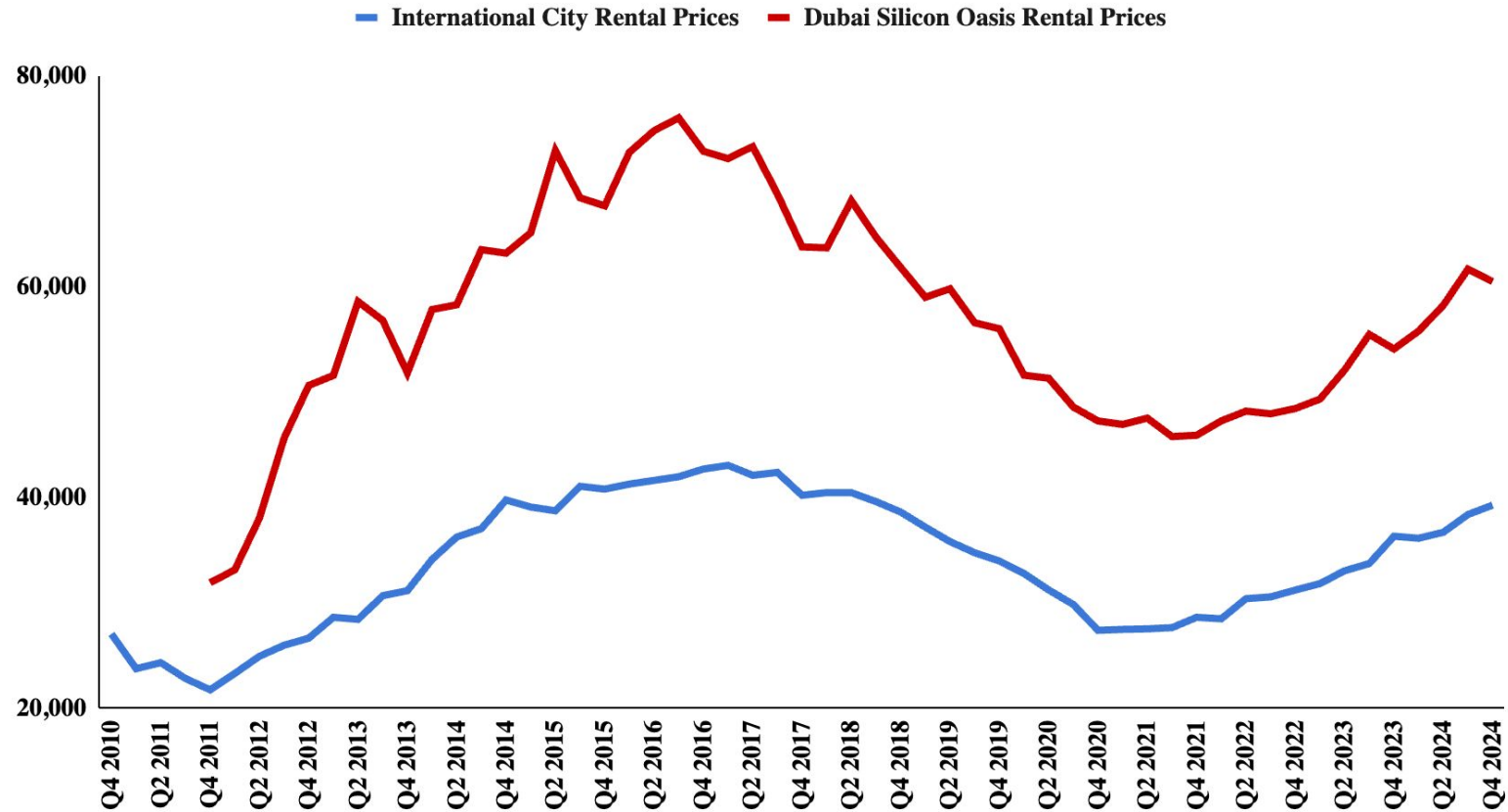
International City and Dubai Silicon Oasis Ejari Registration Volume



Just as International City far exceeds Silicon Oasis in terms of quarterly sales volumes, so too does it when it comes to rental volumes. In fact, International City dominates the rental comparison by an even greater magnitude, exceeding Silicon Oasis' rental volume by 80.6% in Q4 2024 - despite this quarter being an all-time record high for rental volumes for Silicon Oasis, and not even being International City's best quarter for rental volume this year.

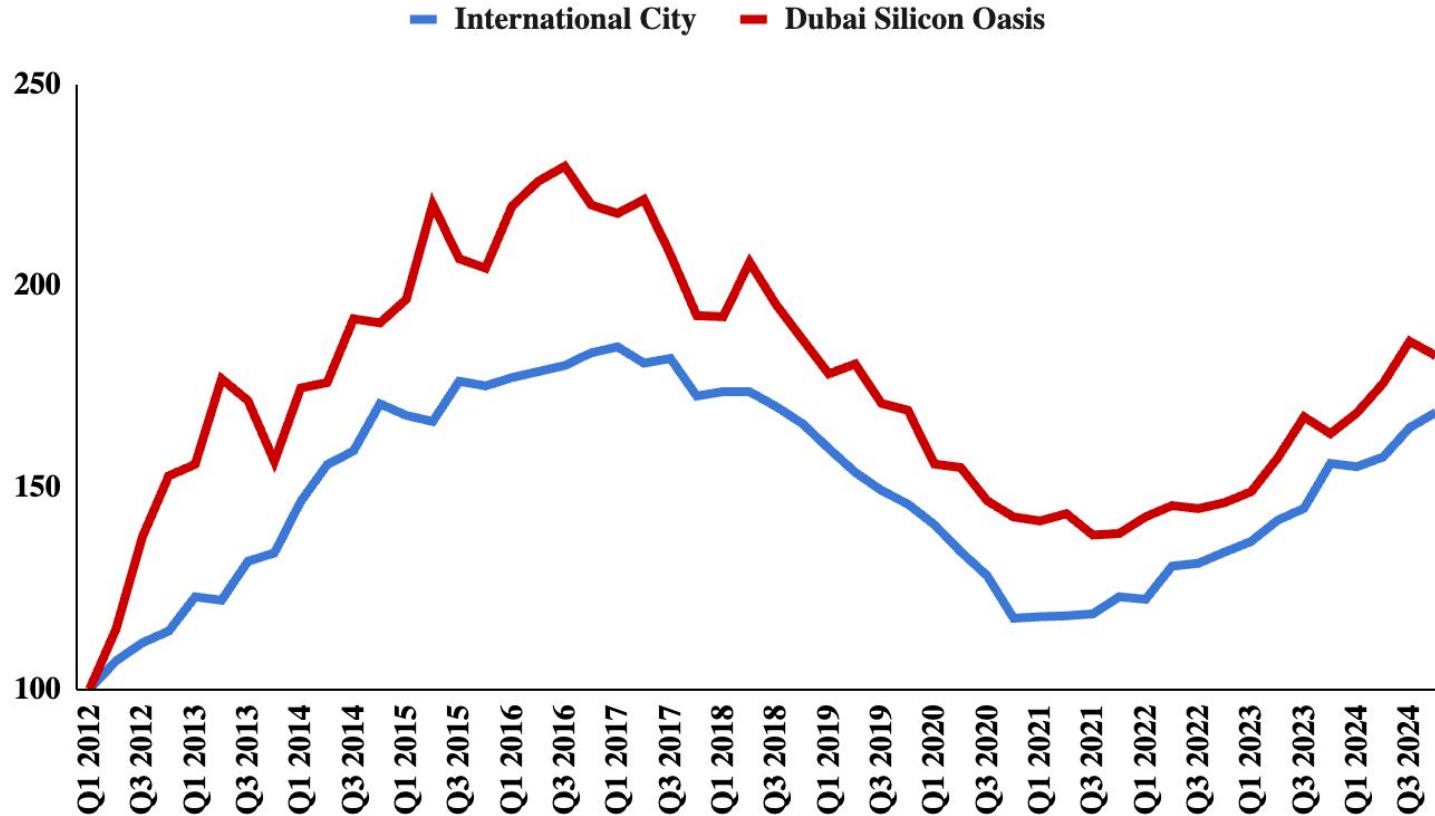
Rental Prices (Annual Ejari Value)

International City Rental Prices and Dubai Silicon Oasis Rental Prices



Despite the dominance in volumes, International City has always remained below Silicon Oasis in terms of annual rental contract values. Silicon Oasis rental prices have exceeded International City's by as much as 106.17% (in Q2 2013), with the discrepancy currently at 54%.

Rental Index Q1 2012 - Q4 2024 (Base = Q1 2012)



The rental index shows a narrowing in rent price performance, especially this year. Unlike in sales, International City has shown strong rent price performance, especially post COVID - to the extent that the gap between the indices was only 8.28% in Q4 2024.

Conclusions

Sales Trends Analysis

In terms of sales volumes, International City has generally exceeded Silicon Oasis', especially post-COVID. The inverse is true, however, when it comes to sales prices per square foot. Although in 2010 the two communities had comparable prices, they have since diverged, with Silicon Oasis consistently seeing higher average prices - especially this year, where we have ended with a nearly 50% price discrepancy between the two for Q4.

Rental Trends Analysis

A similar story shows up in rents - while International City has dominated the sales volumes, Silicon Oasis has always commanded higher annual rental values. Curiously, however, the gap here has narrowed post-COVID, which shows itself particularly in the rental indices.

Conclusion

The divergent evolutions of International City and Silicon Oasis illustrates that, despite two communities being targeted at similar income demographics initially, the long-term evolution of their pricing nature is unpredictable. Since rents are converging, we know that this divergence in sales price must thus be attributable to so-called "soft" factors - hospitals, schools, local shopping centers, fitness facilities etcetera. This poses interesting questions for current mid market communities that are seeing prices rise moving forward - JVC being the obvious example. As affordability continues to be of greater focus in Dubai's property market (see our previous report "All About Affordability" for more), it will no doubt be closely observed whether these communities see prices normalize or continue to rise.

Dubai Silicon Oasis has only seen higher quarterly sales volumes than International City 16 times out of the past 60 quarters, and only twice post-COVID.

It appears as if DSO is emerging not only as a business hub but also an end user dominated market because of the infrastructure and lifestyle amenities, whereas International City remains an investor dominated area, explaining the disparity between rental and price performance.



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