

Dubai Commercial Real Estate

Market Report

FY 2023

January 2024

a Betterhomes. group company.

Foreword

It is with great pleasure and anticipation that I welcome you to this insightful journey through the pages of our final report for 2023. As the Managing Director of CRC, it is both an honor and a privilege to share with you the highlights, challenges and strategic initiatives that have shaped our trajectory in the dynamic landscape of commercial real estate.

The past year has been a period of remarkable growth and adaptation for CRC, as we navigated the intricacies of an ever-evolving market. Our commitment to excellence, innovation and client satisfaction remains unwavering and this report serves as a testament to the collective efforts of our dedicated team.

In these pages, you will find a detailed analysis of our sales and leasing performances, providing a comprehensive overview of the trends that have defined the commercial real estate sector, not only for CRC but also within the broader context of Dubai's market dynamics.

Witnessing an impressive 75% growth in Dubai's Commercial Market transacted value in 2023, signifies far more than mere numbers; it underscores a substantial increase in the monetary value of real estate transactions within our portfolio.

This robust growth is a powerful testament to the buoyancy of the market we operate in and signifies heightened property values, reflecting the inherent strength and resilience of the real estate sector.

As we embrace the achievements of the past year and anticipate the promising trajectory ahead, I am confident that CRC is well-positioned to continue its growth journey in 2024.



Behnam Bargh
Managing Director, CRC

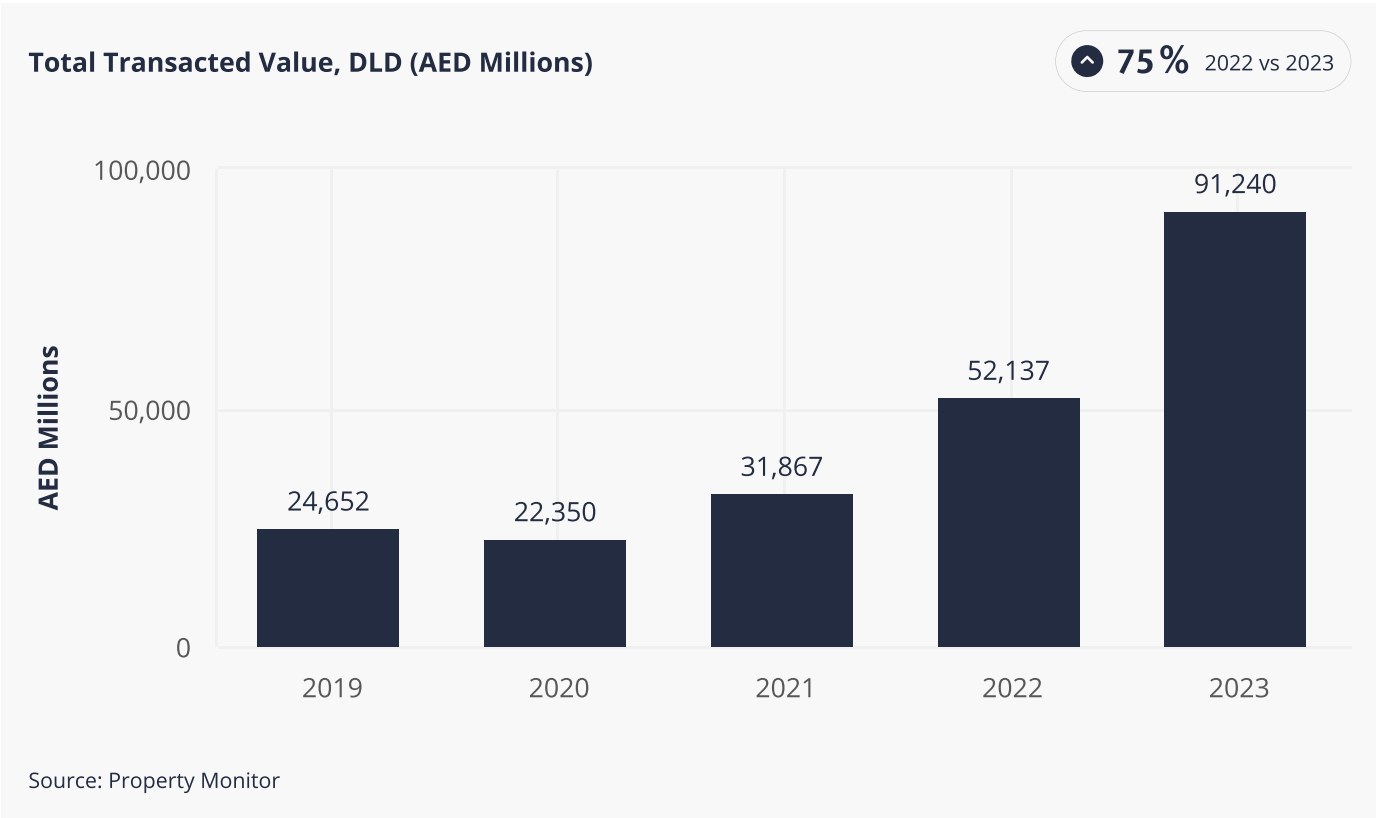
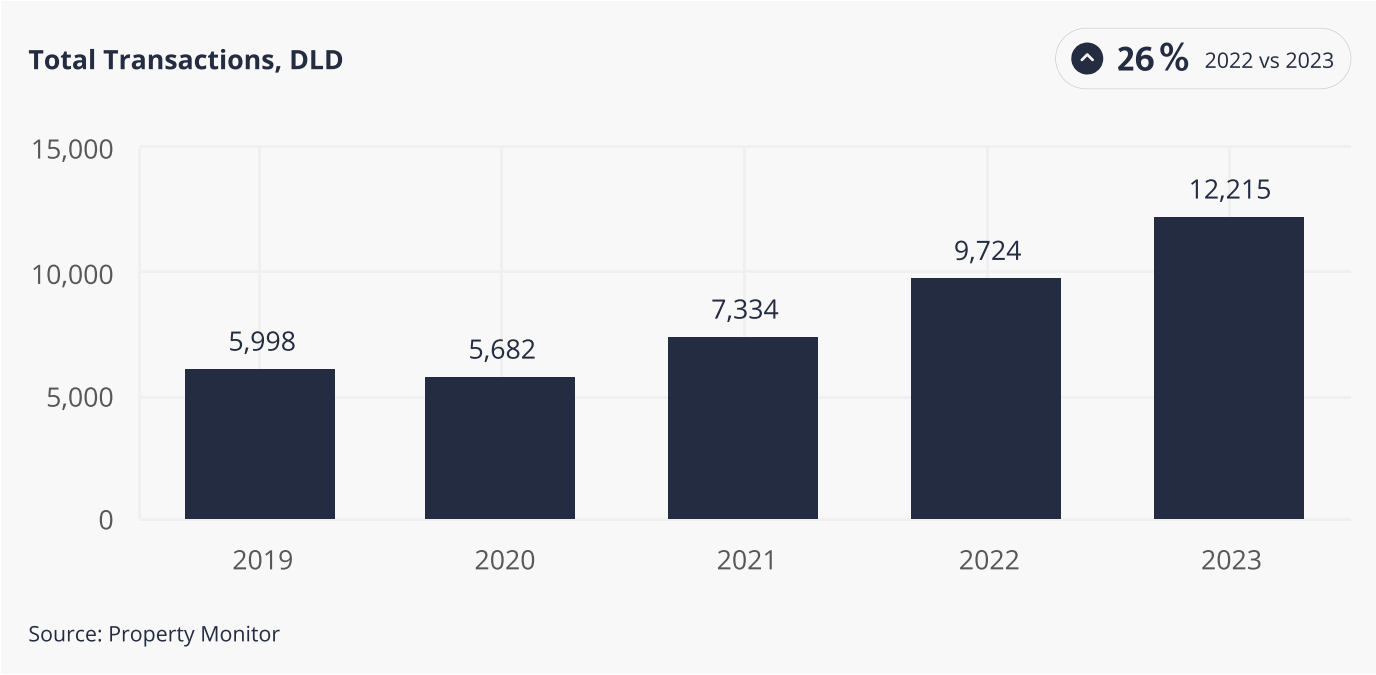
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Commercial Sales | Dubai

In 2023, the Dubai Land Department (DLD) experienced substantial growth in sales transactions, indicative of a thriving real estate market. The following sections provide a detailed breakdown of the key performance metrics for 2023 as compared to 2022.

The total number of sales transactions witnessed a significant uptick, increasing by 26%. This notable surge reflects heightened activity and a growing interest in real estate transactions during 2023. Additionally, the overall transacted value in 2023 surged by an impressive 75%, underscoring a substantial increase in the monetary value of real estate transactions. This robust growth is indicative of a buoyant market with heightened property values.

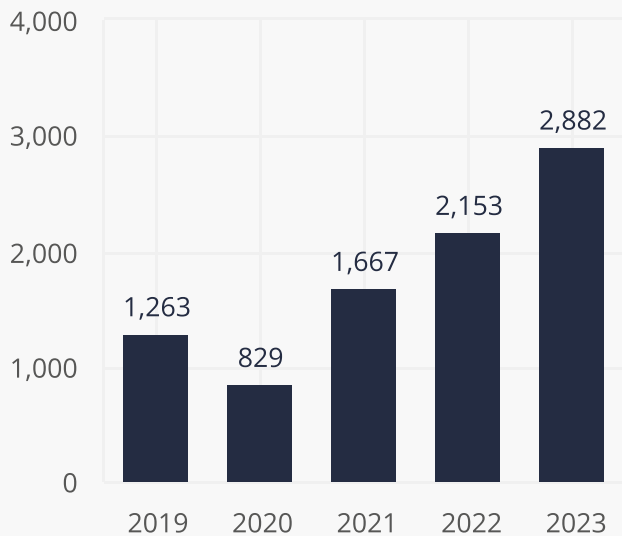


Commercial Sales | Dubai

Office sales experienced a noteworthy increase of 34%, indicating a growing demand for office spaces. Moreover, the transacted value for office properties rose by 48%, suggesting both increased transaction volumes and higher values in this segment.

Office Total Transactions, DLD

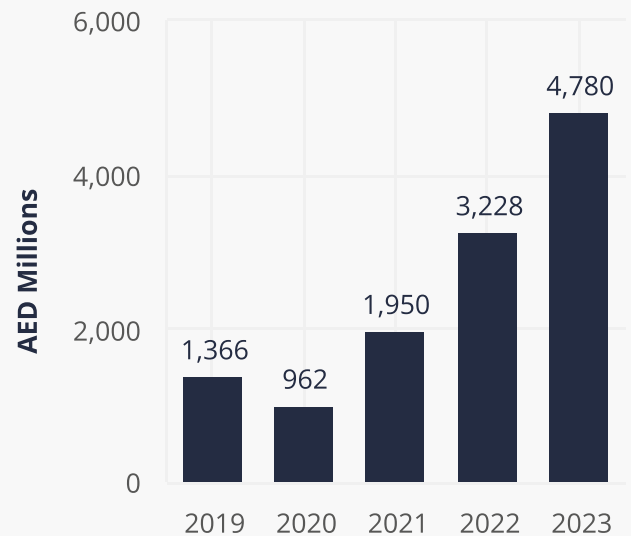
▲ 34% 2022 vs 2023



Source: Property Monitor

Office Total Transacted Value, DLD

▲ 48% 2022 vs 2023

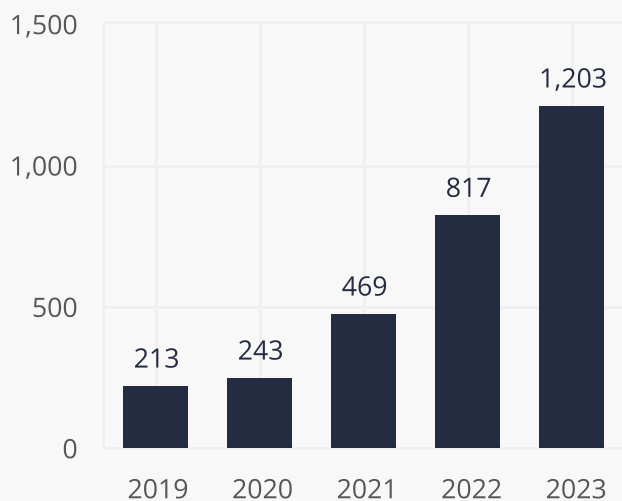


Source: Property Monitor

Additionally, the retail property market demonstrated a strong performance, with sales increasing by 47% and the transacted value soaring by an impressive 74%. These figures signal a positive trend and heightened interest in retail spaces during the specified period.

Retail Total Transactions, DLD

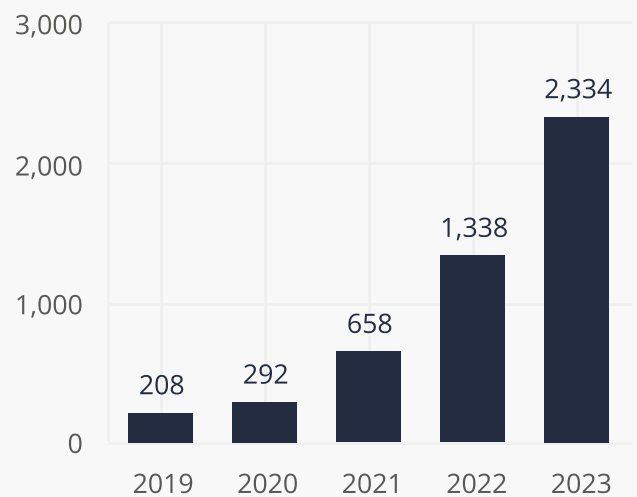
▲ 47% 2022 vs 2023



Source: Property Monitor

Retail Total Transacted Value, DLD

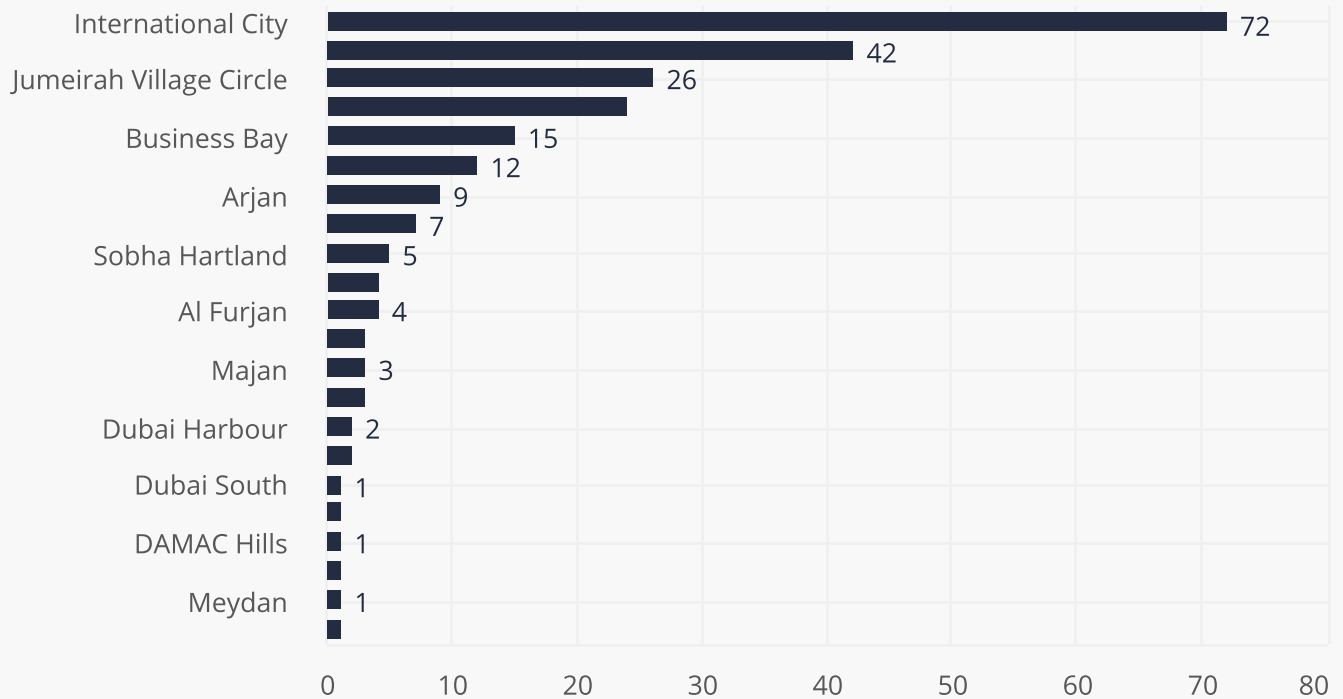
▲ 74% 2022 vs 2023



Source: Property Monitor

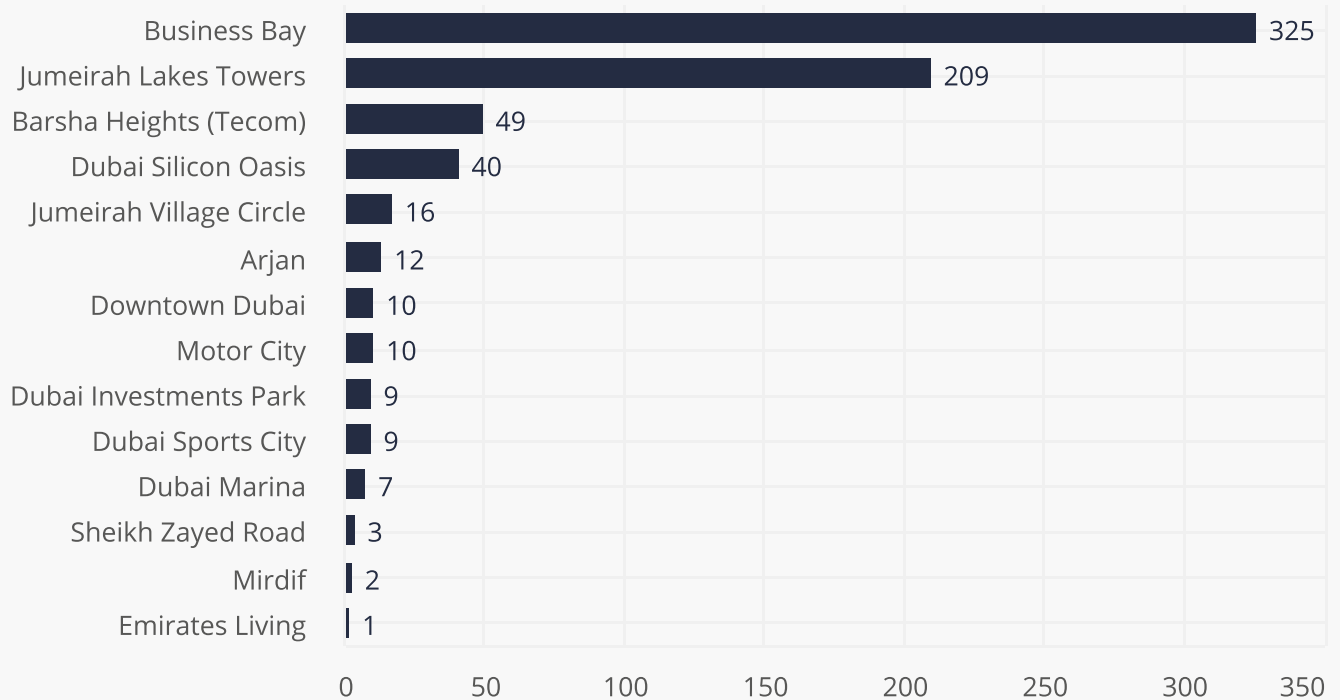
Commercial Sales | Dubai

Retail Transactions



Source: Property Monitor

DLD Office Transactions

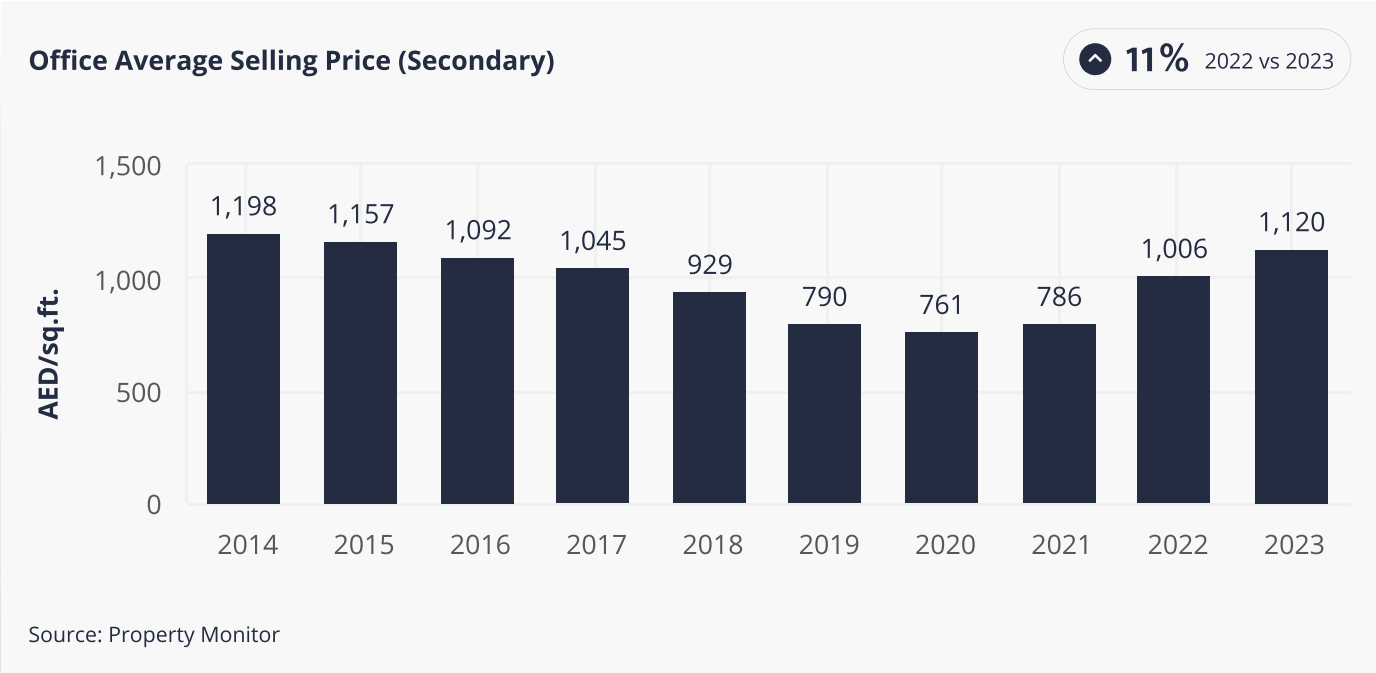


Source: Property Monitor

Commercial Sales | Dubai

Consequently, the pricing dynamics for secondary office spaces saw a steady climb, with sale prices increasing by 11%. This indicates a positive shift in the perceived value of secondary office properties in the market.

In summary, the 2023 DLD sales data highlights a vibrant and flourishing real estate landscape, with increased transaction volumes, escalating property values and heightened interest in both office and retail segments. These positive indicators underscore a robust and dynamic market scenario during 2023.



Commercial Sales | CRC

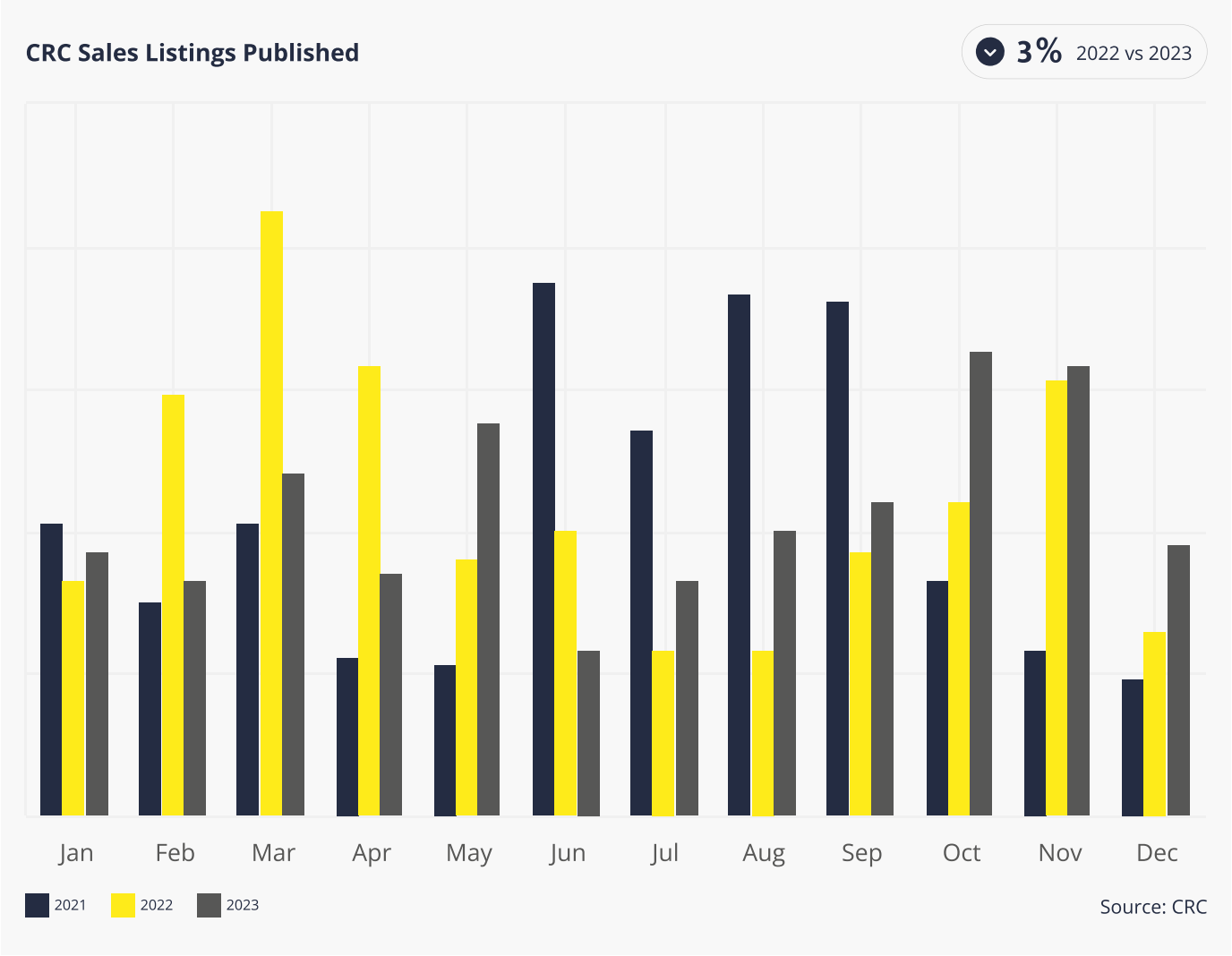
The sales performance of CRC in the fiscal year 2023 compared to the preceding year, 2022, presents a nuanced picture of stability and growth. The following section provides an in-depth analysis of the key sales metrics for CRC during this period.

Notably, the total number of sales transactions remained unchanged, suggesting a stable sales volume. This steady performance indicates a consistent level of activity in CRC's real estate transactions between the two years.

A positive trend emerged in the form of a 4% increase in deals agreed, reflecting a modest uptick in customer commitment and interest in CRC properties. This growth in reservations indicates a favorable response to CRC's offerings in the real estate market.

Contrastingly, the number of published sales listings saw a marginal decline of 3%.

The marginal 3% decrease in published sales listings for CRC in 2023 compared to 2022 could be attributed, in part, to inventory constraints or a lack of available stock which we witnessed throughout the year. In dynamic real estate markets, the pace at which new properties become available for listing can vary, influenced by factors such as high demand, property development cycles or external market conditions.

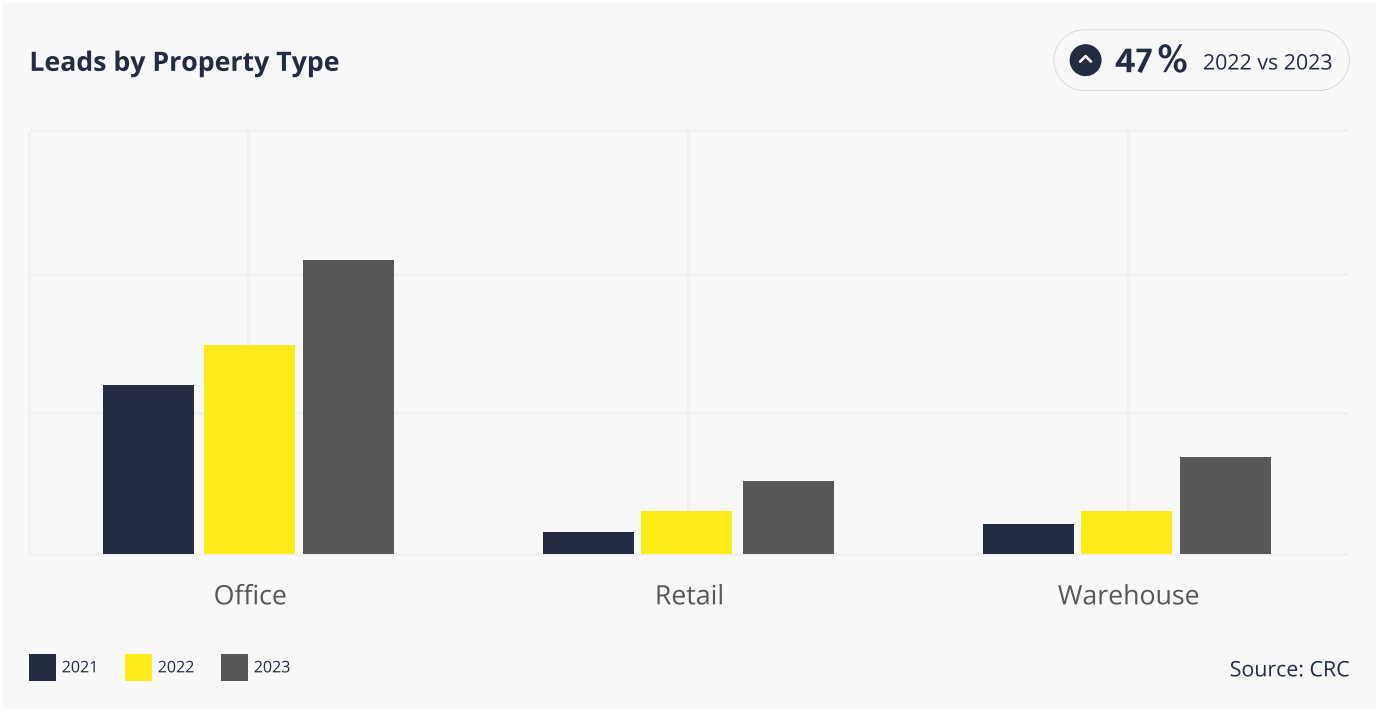


On the other hand, a substantial surge of 59% in buyer leads is a notable highlight, indicating a robust increase in potential customers expressing interest in CRC's offerings. This surge in buyer leads is a positive indicator of heightened market interest and engagement with CRC's real estate portfolio.

Commercial Sales | CRC

Office, Retail & Warehouse Leads

CRC experienced significant growth in leads across various property segments. Notably, office leads increased by 41%, retail leads by 66% and warehouse leads by an impressive 132%. These substantial increments highlight diverse opportunities and growing interest across different real estate categories.



Top Office Sales Communities

- 1st - Jumeirah Lake Towers (JLT)
- 2nd - Business Bay
- 3rd - DIFC
- 4th - Motor City
- 5th - Barsha Heights (Tecom)



In summary, CRC's sales performance in 2023 showcases a blend of stability and growth. While the total sales transactions remained steady, increases in reservations, buyer lead and leads across specific property segments indicate positive momentum and expanding opportunities in CRC's real estate market presence.

Commercial Leasing | CRC

CRC's commercial leasing performance underwent a discernible evolution from the year 2022 to 2023, unveiling a landscape marked by subtle shifts and persisting trends. In this section, we delve into the intricacies of crucial leasing metrics, illuminating the dynamic facets characterising CRC's engagements in the commercial leasing realm.

A substantial increase of 35% in tenant leads is a positive indicator of heightened interest in CRC's leasing offerings. This surge in leads points to increased market visibility and a growing pool of potential tenants exploring CRC's commercial properties.

1. Office, Retail & Warehouse Leads

CRC witnessed growth in leads across various commercial property segments. Specifically, office leads increased by 44%, retail leads by 41% and warehouse leads by 1%. These increments highlight diverse opportunities and growing interest across different types of commercial spaces within CRC's portfolio.

2. Leasing Transactions

Despite an increase in tenant leads, leasing transactions experienced a moderate decline of 7%. This dip may be attributed to various factors such as negotiation complexities, market competition or other external economic influences impacting the leasing landscape in Dubai.

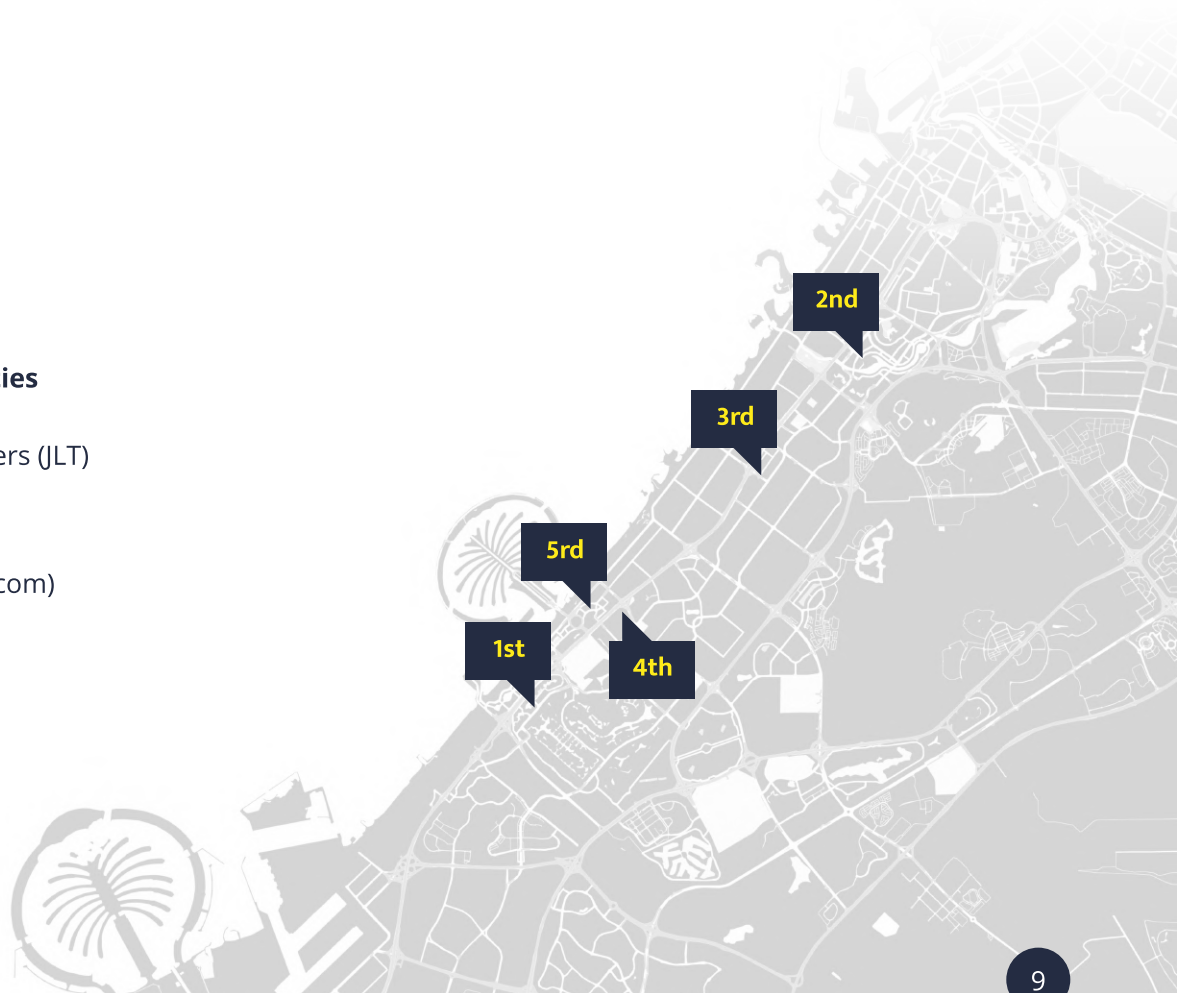
3. Leasing Reservations

A positive uptick of 7% in leasing deals agreed indicates a willingness among potential tenants to commit to CRC's commercial properties. This growth in reservations serves as a promising sign for the future leasing activity within CRC's portfolio.

Notably, office and retail reservations saw increases of 15% and 7%, respectively. These elevated reservation figures for specific property types signify a targeted appeal within CRC's commercial leasing portfolio.

Top Leasing Communities

- 1st - Jumeirah Lake Towers (JLT)
- 2nd - Business Bay
- 3rd - Sheikh Zayed Road
- 4th - Barsha Heights (Tecom)
- 5th - Dubai Media City



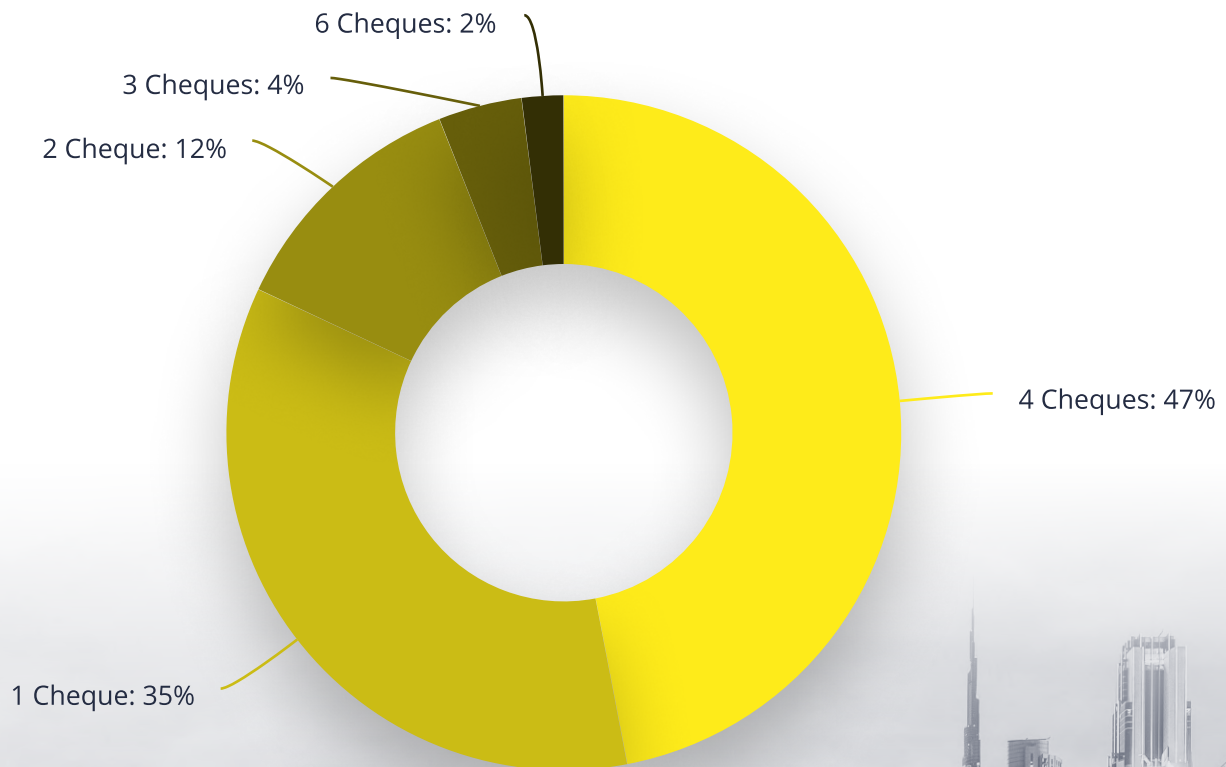
Payment Trends

The observed 16% decrease in 4-cheque payments within Dubai's commercial leasing sector for the fiscal year 2023 signals a notable transformation in tenant payment behavior.

This discernible shift indicates that tenants are strategically opting for smaller cheque numbers, reflecting a change in their payment preferences. The underlying rationale points towards landlords holding the upper hand in negotiations, as tenants adjust their payment structures to secure more favorable rental terms.

This trend highlights the dynamic nature of the leasing landscape, where tenants leverage their payment methods as a tactical tool in response to the prevailing market dynamics and landlord policies.

Overall, the decrease in four-cheque payments appears to be a deliberate and calculated move by tenants to navigate negotiations with landlords and obtain more advantageous leasing terms.

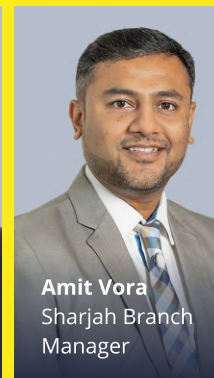




About CRC

CRC (Commercial Real Estate Consultants) is a real estate brokerage, specialised in commercial properties. Founded by some of the most innovative thinkers in the real estate business, CRC caters to international and local clients seeking increased value by selling, leasing or investing in commercial property.

Our team



With a team of over 50 property experts, we understand the commercial real estate business. Our consultants are handpicked and trained to the highest standards to represent our brand and your interests professionally.

As part of the well established Betterhomes group, CRC is an integral part of Dubai's real estate history, with over 36 years of industry experience. The group has grown over the years and diversified with several brands under its name, ranging from boutique real estate agencies, such as LivingAscot. and Linda's.

Leveraging best-in-class technology and support, we provide comprehensive options to strategic direction - now and long into the future. Whether you are looking to buy, sell, or lease a commercial property, get a property valuation, or find an investment advisor, we are here for you.

Services

Commercial sales

Commercial leasing

Investment advisory

Valuations services

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