

Betterhomes.

Dubai Real Estate

# Market Report

Q1 2023

# Introduction

Any fears that Dubai's real estate market would slow down in 2023 were put to bed in Q1, with the market recording record transaction volumes, up 58% on Q1 2022. Despite the continued upward trajectory of interest rates, and the wobbles seen in the banking sector in March, the market has remained incredibly resilient, bucking global trends and attracting an ever-widening global audience.

Domestically, demand remains strong. Rising rents and the fear of receiving an eviction notice are increasingly being cited by residents as the main reasons to get on the property ladder. Mortgage buyers at Betterhomes increased in Q1, although their share of sales fell as off-plan sales in the wider market eclipsed secondary market sales for the first time since before the pandemic.

Supply remains tight in both the sales and rental markets, meaning little relief from price increases for buyers and tenants. Affordability considerations have tempered the rate of increase at a macro level, although the luxury segment continues to power ahead. With approximately 35,000 new homes being delivered in 2023, we don't expect there to be a sufficient increase in ready supply to materially impact prices until late 2024 or into 2025.

Looking ahead to Q2, new deals agreed at Betterhomes were up 37% in Q1 as compared to Q4 2022, so we can expect the DLD to report further transactional growth in the coming months. Strong GDP numbers, resilient oil prices and tax-efficient rental returns at 6%+ are likely to ensure that the current market dynamic continues for the foreseeable future. With the prospect that interest rates have now peaked and could be set to fall towards the end of the year, a key headwind to the market could be reversed, further supporting demand beyond 2023.



*Richard Waind*

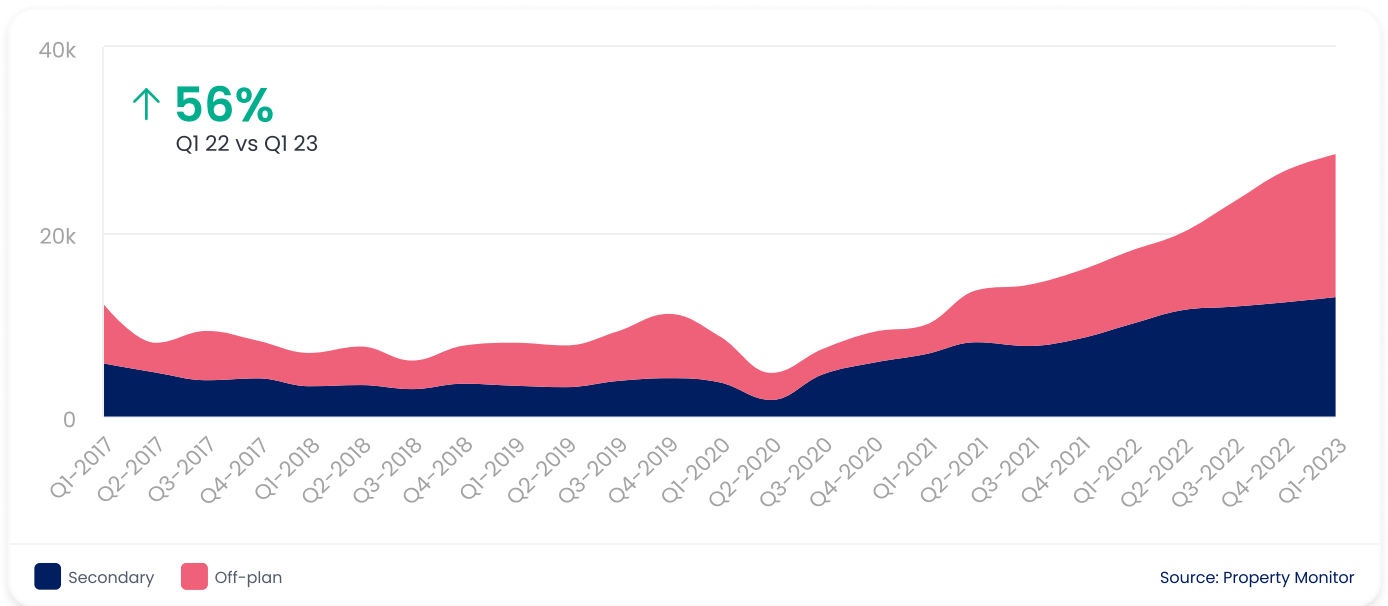
Group Managing Director

# Sales transactions

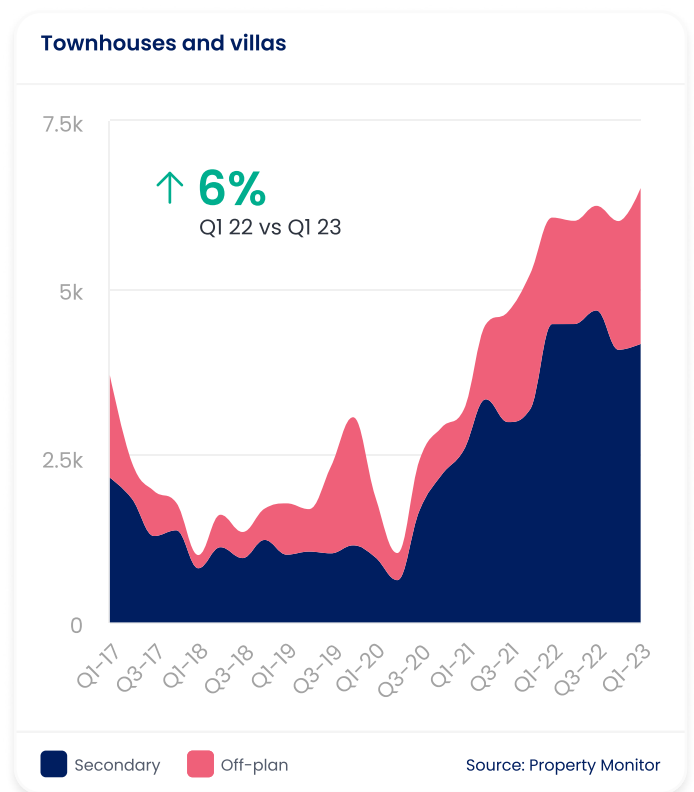
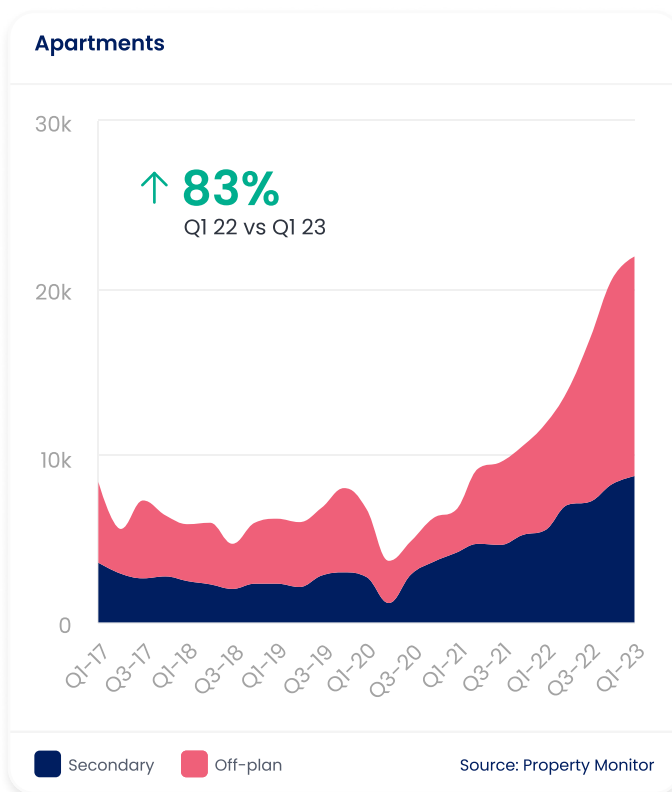
Dubai's real estate market continued to break records in the first quarter, with 27,846 residential sales transactions. This was 56% higher than Q1 22 and a 7% increase on the previous quarterly record set in Q4 22. Apartments accounted for the majority of this growth, up 83% quarter-on-quarter. Sales transactions in townhouses and villas grew by a modest 6%, largely due to limited supply in the secondary market and a lack of new villa community launches.

Positive market conditions continue to incentivise developers to launch new projects, whilst investors remain attracted to off-plan payment plans in this higher interest rate environment. This has led to the sustained growth in the off-plan market, which accounted for 54% of all transactions in the first quarter.

## Total Sales Transactions, Dubai Land Department (DLD)



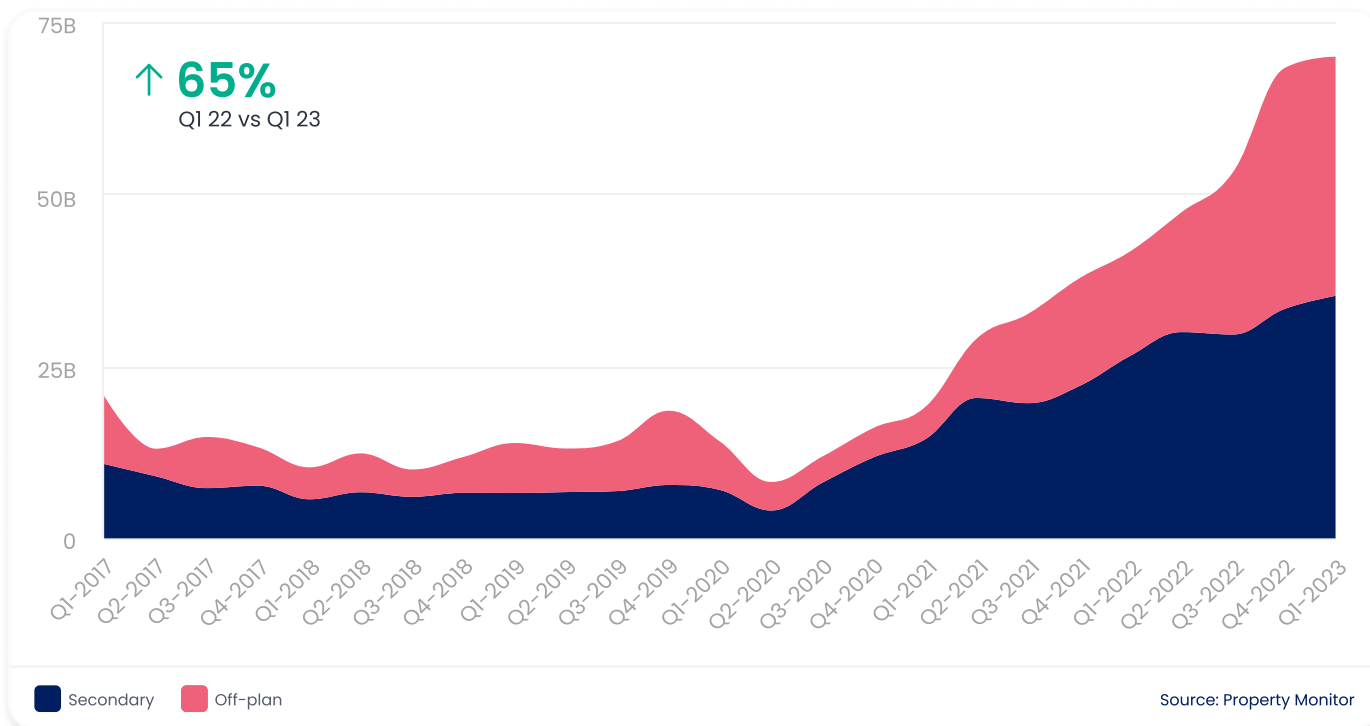
## Total sales transaction volumes by property type, DLD



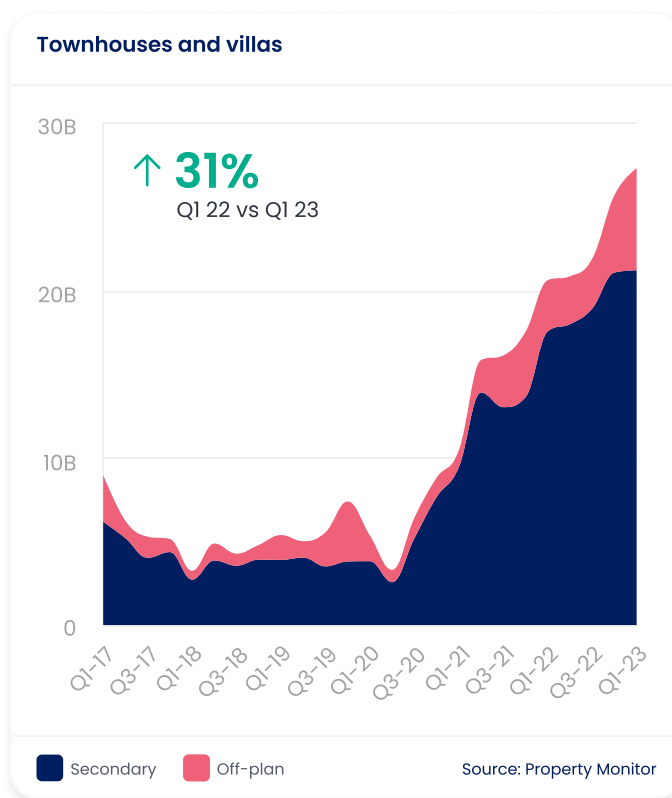
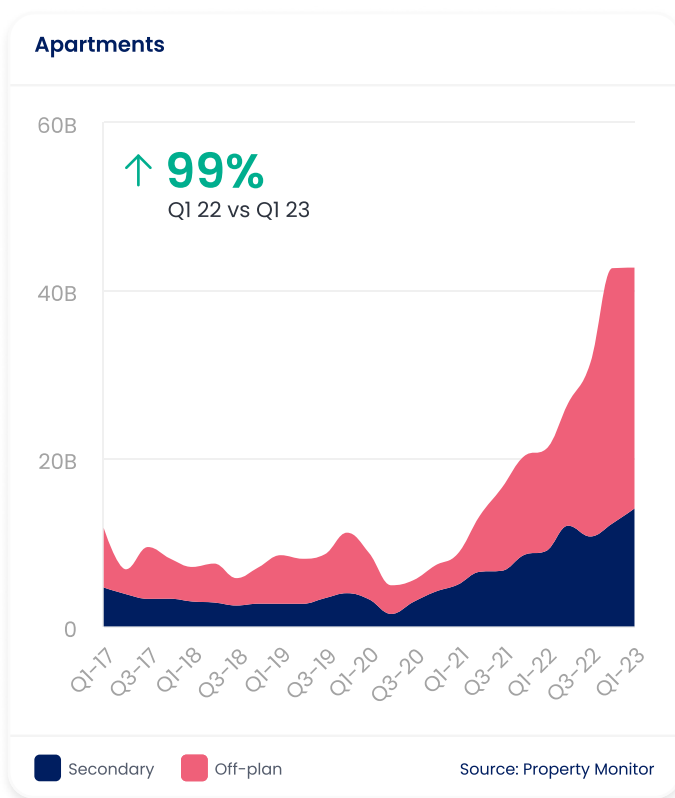
# Prices

The total value of property sold in Dubai stood at AED 68.8 billion in Q1, up 65% quarter-on-quarter. A 99% increase in the transacted value of apartments was the main driver, with townhouses and apartments growing by a respective 28% and 33%. Whilst rising interest rates are having some dampening effect on prices, the growth in transacted value exceeded the growth in sales transactions, giving a strong indication that prices continue to rise.

Total sales transaction value (AED), DLD



Total sales transaction value by property type (AED), DLD



# Average sales price (sq. ft.), DLD

In the first quarter, strong demand continued to drive prices higher in apartment communities across Dubai. Al Habtoor City recorded the strongest growth, with apartment prices up a sizeable 24% to AED 1,818 per sq. ft. Barsha Heights and Living Legends also recorded double digit price growth, up 11% and 10% respectively.

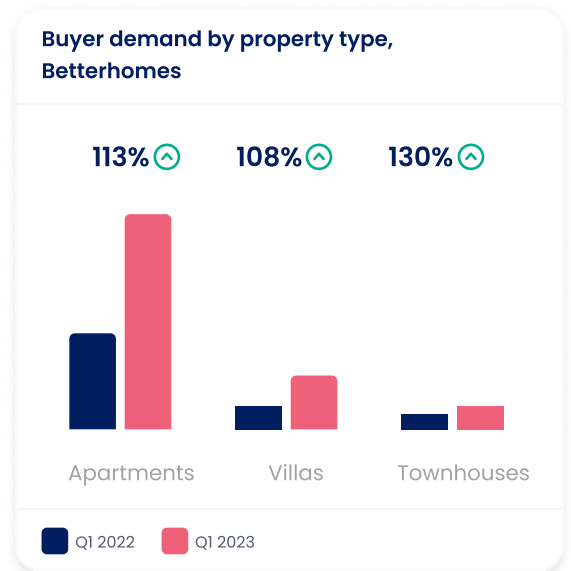
Whilst Nad Al Sheba saw modest growth in villa sales prices of 4% in 2022, it was the fastest growing community in Q1, with prices rising 8% to AED 722 per sq. ft. Continued demand for mid-to-high end villas led to sustained price growth in popular communities like Jumeirah Islands, MBR City, Arabian Ranches and Dubai Hills Estate, which all saw 5-8% price growth.



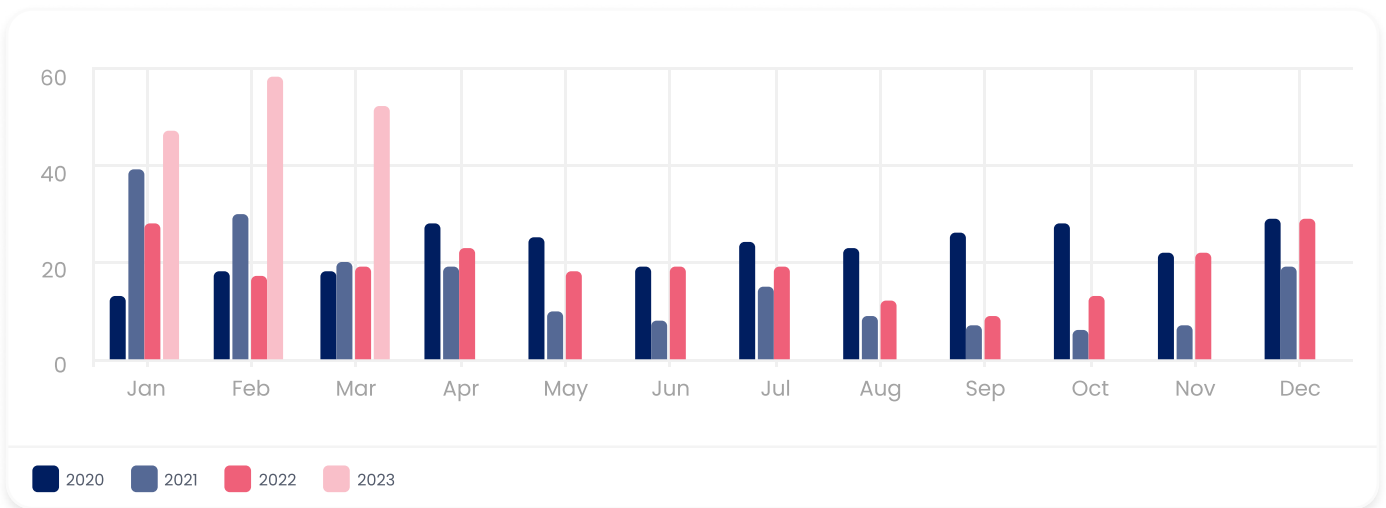
# Demand

The demand for real estate continues to buck international trends as Dubai attracts both overseas and domestic interest. Rising rents and the desire for security is pushing many renters into the sales market, while strong return on investment and market performance is attracting lots of demand from international investors. In the first quarter, 66% of buyers at Betterhomes were investors, up from 58% in the previous quarter.

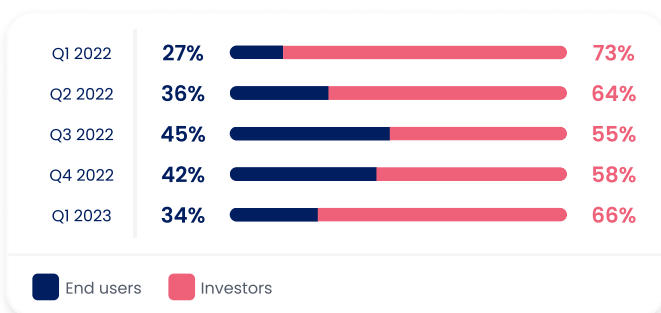
The number of mortgage deals in Betterhomes increased by 14% in the last quarter, showing strong appetite for borrowing in spite of rising costs. But, as a percentage of all transactions, mortgage deals fell from 45% to 34%, with a growing number of buyers favouring cash purchases or attractive payment plans in the booming off-plan sector.



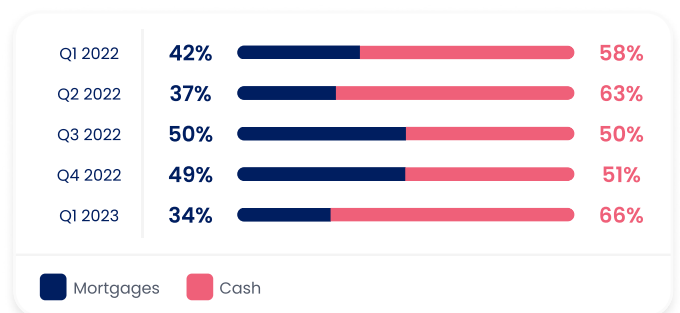
## Buyer - seller ratio, Betterhomes



## End users vs investors, Betterhomes



## Mortgage vs cash buyers, Betterhomes



# Top buyer nationality, Betterhomes

Dubai's real estate sector continues to see strong international demand from across the globe, as people seek a safe haven, tax efficiency and positive investment returns.

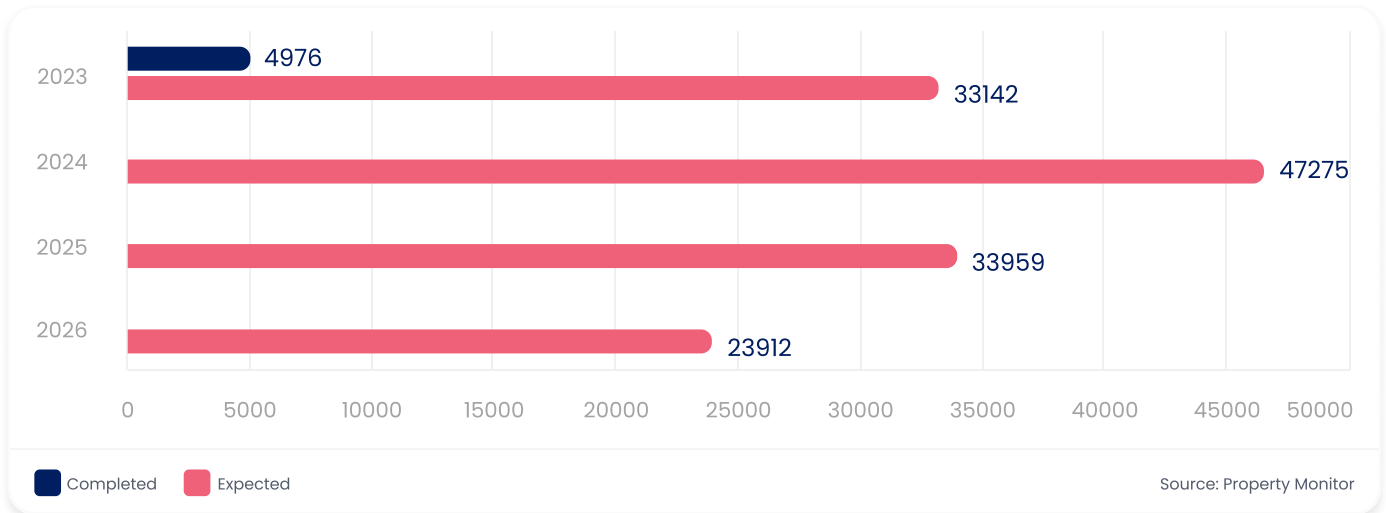
Buyers from the United Kingdom accounted for the most real estate transactions at Betterhomes in the first quarter, with growth of 60% year on year. This was closely followed by buyers from India, with 46% growth in the last year. Betterhomes also witnessed a large increase in the number of buyers from the Middle East and North Africa, in particular Lebanon, Egypt and Turkey.



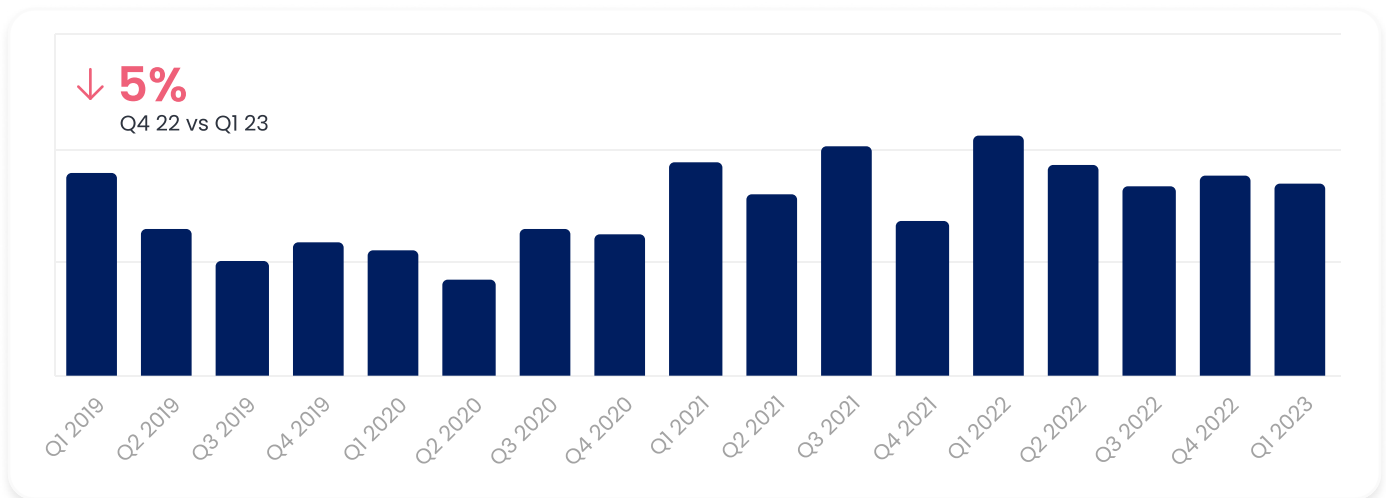
# Supply

The completion of approximately 5,000 new homes in the first quarter is significantly lower than the current market conditions require and is below the rate required to deliver the expected 33,142 homes in 2023. While there have been a large number of new launches in the last 18 months, new supply is likely to remain constrained, with much of the new inventory unlikely to be delivered until late 2024 and 2025. Supply in the secondary market is equally limited, with Betterhomes witnessing a 5% drop in new listings in the first quarter.

## Expected supply



## New residential sales listings, Betterhomes



## Notable off-plan launches in Q2

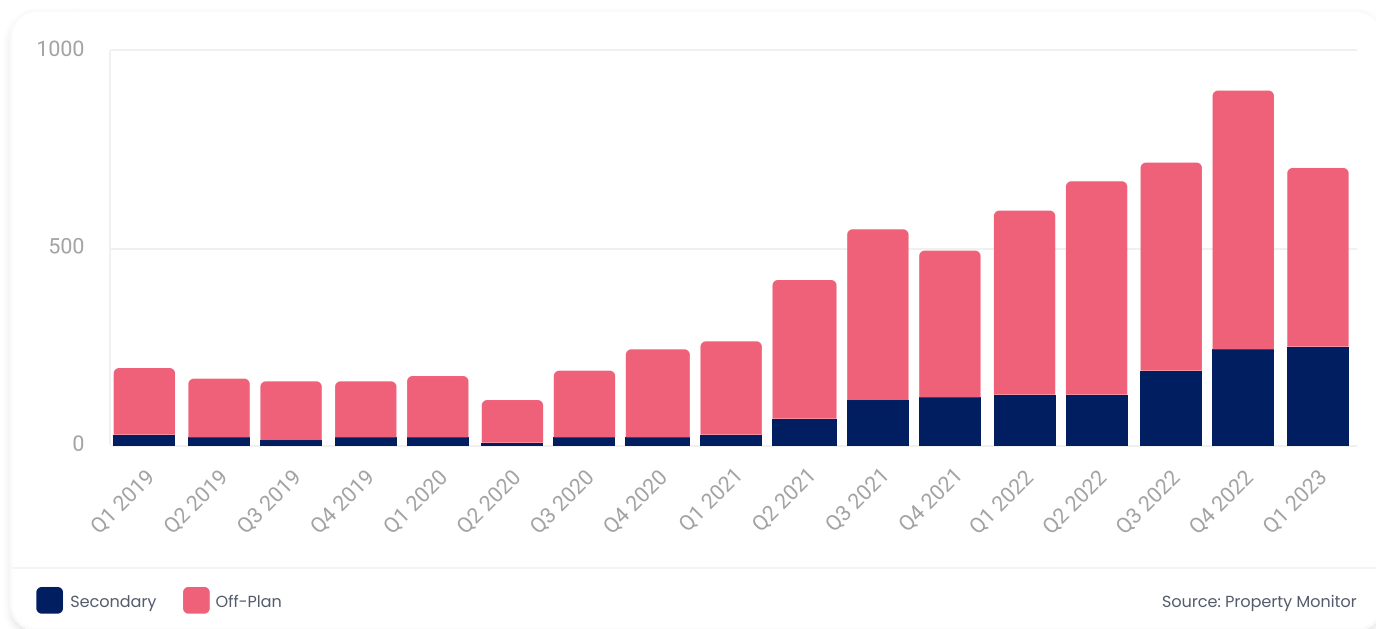
Developer	Community	Project Name	Property Type
Ellington	Business Bay	The Quavside	Apartment
Emaar	Dubai Hills Estate	Golf Grand	Apartment
Damac	Dubai Harbour	Damac Bay 2	Apartment
Emaar	Dubai Creek Harbour	Creek Waters	Apartment
Dubai Properties	Mudon	Mudon Al Ranim 5	Townhouse
Palma	La Mer South	La Mer Private Home	Villa
Omniyat	Pallm Jumeirah	Orla Infinity	Apartment



# Luxury market

After one of the strongest years ever for Dubai's luxury real estate market, there was a surprise decrease in luxury transactions in Q1, with the DLD registering a 22% drop in sales over AED 10 million compared to Q4 22. But, PRIME by Betterhomes registered a 300% increase in new luxury sales in the first quarter, suggesting that the drop in luxury transactions reported by the DLD was a blip rather than a trend.

## Luxury property transactions, DLD



## Volume of transactions over AED 10M, DLD



## PRIME

by Betterhomes.

In Q1, the world-renowned Palm Jumeirah recorded the most luxury off-plan transactions (over AED 10 million), closely followed by JBR, Downtown Dubai and Media City. Last year, Palm Jumeirah, Tilal Al Ghaf and Dubai Hills Estate witnessed the most luxury transactions in the secondary market and these popular communities remained in the top spots in Q1, a trend we expect to continue in the coming quarters.

### Top luxury communities by sales transactions, Q1 2023

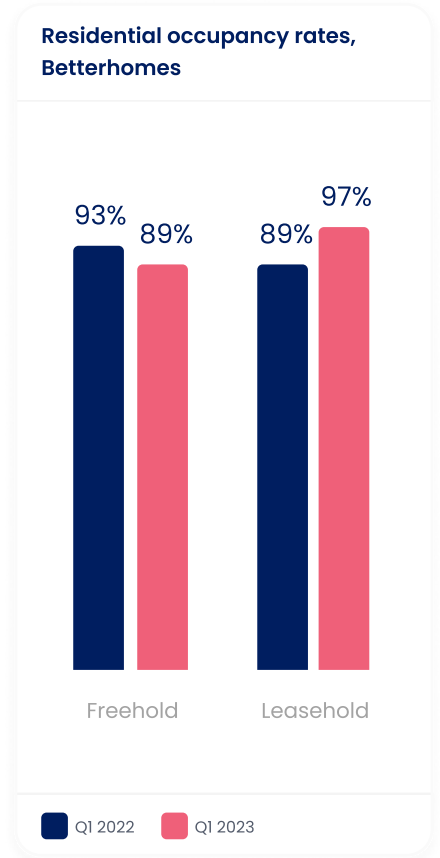
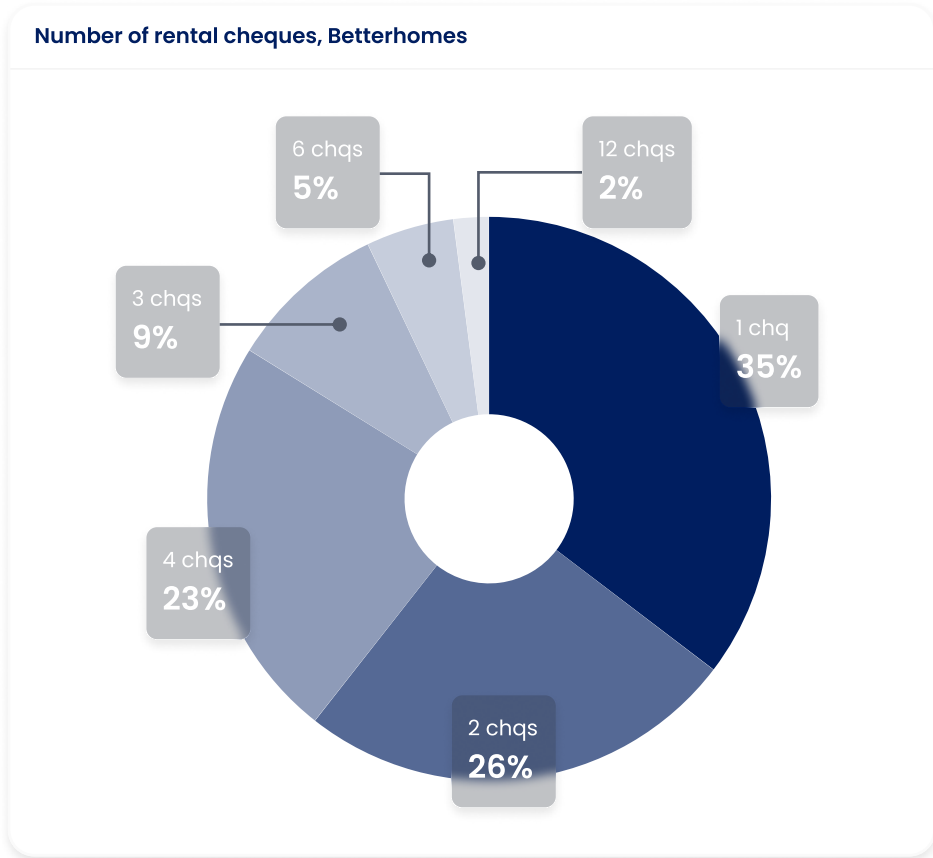
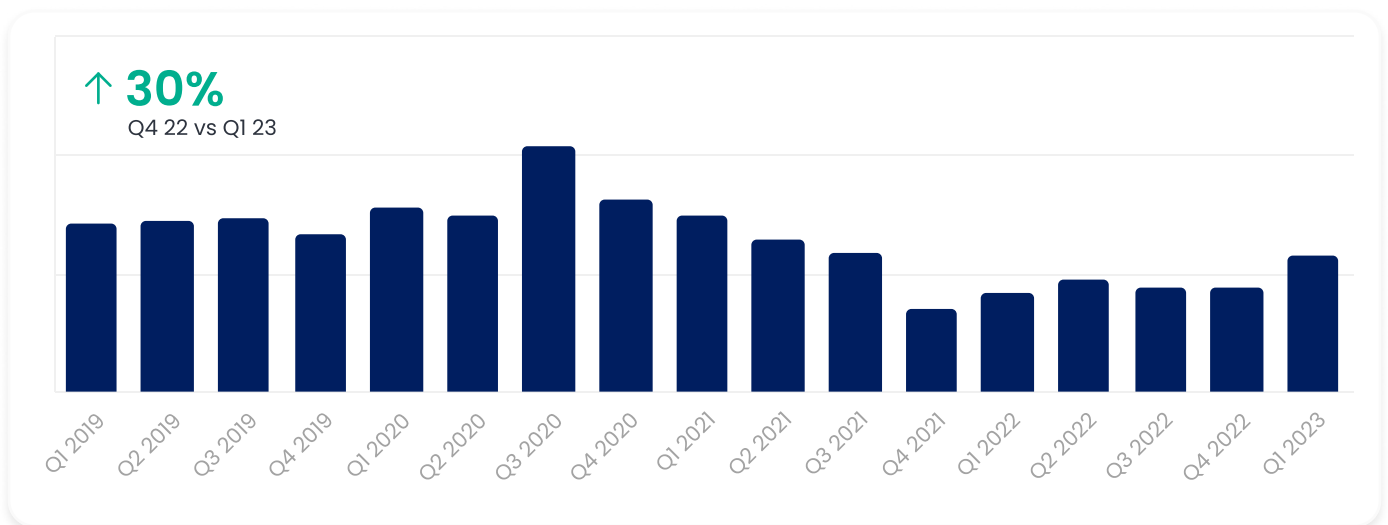
Off-plan	Trx	Secondary	Trx
Palm Jumeirah	41	Palm Jumeirah	97
JBR	39	Tilal Al Ghaf	64
Downtown Dubai	35	Dubai Hills Estate	57
Dubai Media City	32	DAMAC Lagoons	34
Dubai Water Canal	20	Mohammed Bin Rashid City	27

# Residential leasing

Whilst the number of leasing transactions was consistent with the previous quarter, tenant leads increased by 26%, showing strong demand in the market. Occupancy rates in freehold areas remained relatively stable, whilst the occupancy in leasehold areas hit a record high of 97%. Rental prices are a direct reflection of supply and demand, and while the rate of increase has slowed from a high of 35% last year, prices are still growing at an annualised rate of 16-20%. A 30% increase in new listings at Betterhomes, to the highest level since Q3 2021, should provide some relief to renters and help moderate further growth in rental prices in the near term.

One and two cheque payments continue to become more prevalent, up 8% and 58% respectively. Four and six cheque payments decreased by 37% and 16% respectively, as limited supply and strong demand continue to give landlords the power to negotiate favourable terms.

## Residential listings published, Betterhomes



# Average leasing price, Betterhomes

In the first quarter, strong growth in rental prices continued in villa communities across Dubai. Jumeirah Islands experienced the largest increase, with the average rent of villas up 16% to AED 375,694, whilst Damac Hills, Jumeirah Golf Estates, Meydan and Mudon all experienced growth of 7-9%.

The increase in rental prices was not limited to villas and townhouses, with continued growth seen in many apartment communities across Dubai. Al Khail Heights saw the largest increase in apartment rental prices, up 14%, with Jumeirah Golf Estates, Al Habtoor City and Dubai Creek Harbour also experiencing double digit growth.

■ Apartments
 ■ Villas



## Methodology

Residential real estate leasing and sales figures are derived from Betterhomes Group data, as well as from Property Monitor's intelligence platform with the full DLD information and statistics. To showcase the full size of the residential real estate market in Dubai, we used Property Monitor's data that include overall sales transactions. Our market experts have analysed our leasing and sales data to provide a comprehensive overview of the market in Q1 2023.

## Meet the team



**Richard Waind**  
Group Managing  
Director



**Daniel Hadi**  
Managing Director -  
Residential



**Diana Dzaka Bico**  
Head of Brand  
Marketing and  
Communications



**Sidharth Appaiah**  
Investments Analysis  
Manager



**Elsa Angelo**  
Public Relations  
Manager

## Our services

### Residential sales



Villas and townhouses



Apartments

### Residential leasing



Villas and townhouses



Apartments

### Property management



Individual units



Buildings

### Short term rentals



Holiday homes

### Off-plan investments



UAE off-plan

## What makes us different?

37

### Years of market experience

Homegrown since 1986.

250+

### Betterhomes brokers

UAE's largest brokerage team across 4 offices

7000+

### Managed units

We have the local knowledge that makes the difference

7

### Days a week to serve you

We are open  
Mon – Sat, 8am – 8pm  
Sun – 9am – 8pm

30,000+

### Homes Sold

300+ brokers offering residential sales services in Dubai and Abu Dhabi

2300+

### Positive reviews on Trustpilot

We have been awarded 5 stars



## Technology



We operate on Salesforce and GoYzer. Goyzer is a versatile and easy to use property management software which helps us in managing day to day operations.

Betterhomes is more than just a brokerage; it's a community itself, full of passionate and expert friends and neighbours. Our agents live, breathe and work in their communities – that's why they're more than agents; they're locals. They know the best beaches for an early morning run, where to get the best coffee, and they'll show you the best places for you to live.

#### Trust.

With over 36 years in the UAE property market, we know the business of real estate.

#### Accessibility.

With our branches open six days a week and phone lines open seven days a week, we're always within reach.

#### Reliability.

Our property consultants are handpicked and trained to the highest standards to professionally represent our brand and your interests.

#### Largest reach.

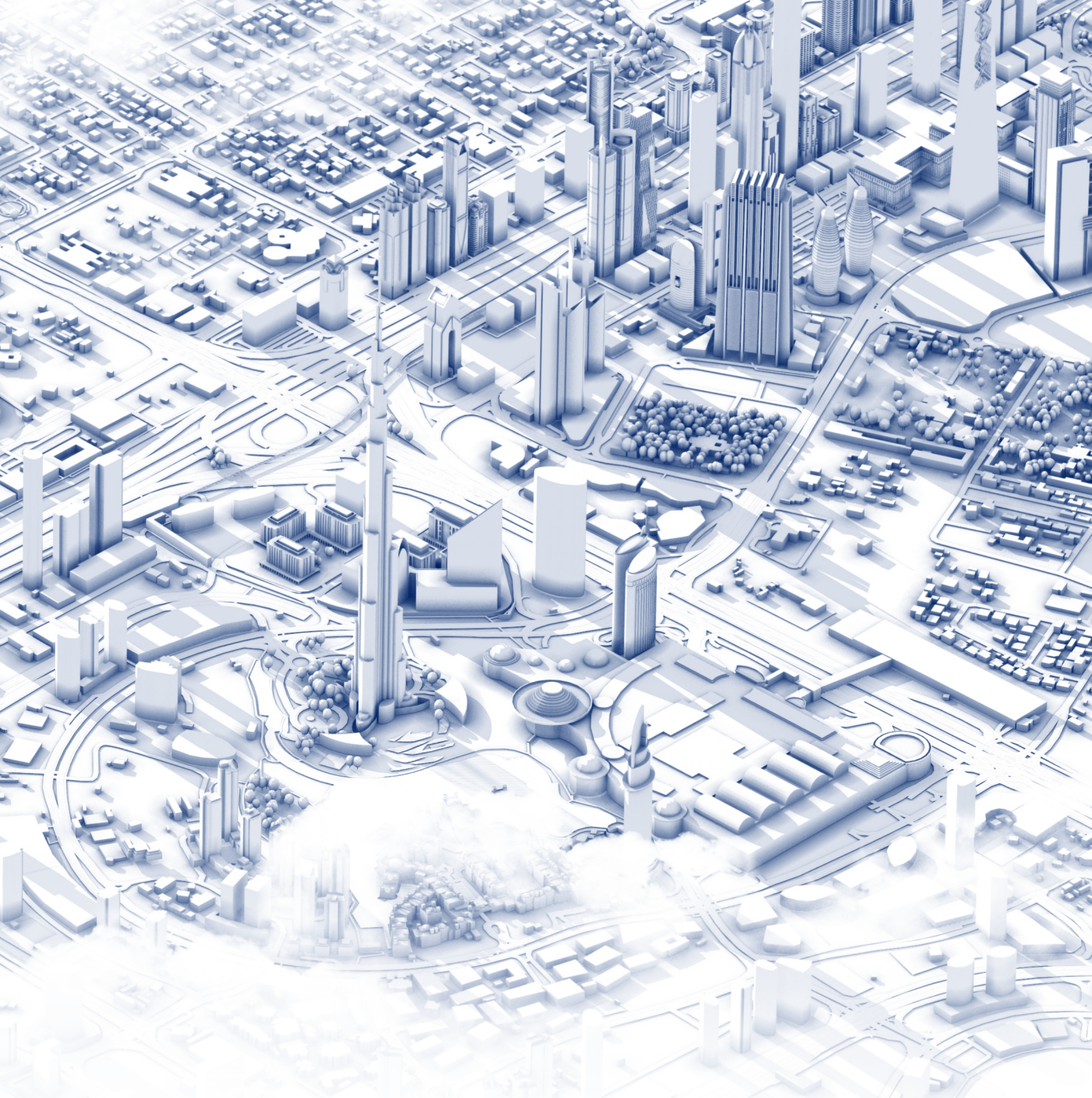
We have the biggest selection of properties and clients in the country.

#### Local knowledge.

Our solid team of 200 agents boasts unrivalled community expertise across Dubai, Abu Dhabi and the GCC.

#### Comprehensive service.

From residential and commercial sales and leasing to property management, off-plan and short-term rentals, we've got you covered.



# Betterhomes.

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Rated 'Excellent' on  Trustpilot



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