



MPM
Properties المقارية

PART OF ADIB GROUP من مجموعة مصرف أبوظبي الإسلامي



REAL ESTATE MARKET OVERVIEW DUBAI Q1-2022

FOREWORD

MPM Real Estate Services comprises a comprehensive real estate and advisory platform providing the full range of professional services from a single provider. Our services include:-

- Strategic development advisory
- Asset management
- Project management
- Valuation
- Agency
- Market research
- Property management
- Facilities management

REPORT HIGHLIGHTS

Residential

- In Q1 2022, close to 10,000 residential units were handed over taking the total residential stock of Dubai to c. 670,000 units. The supply continues to be dominated by apartments, which made up 83% of quarterly supply, while villas/townhouses made up 17%.
- Approximately 3,000 units were handed over in Dubailand area accounting for 30% of the supply followed by Jumeirah Village Circle/ Jumeirah Village Triangle which saw addition of 2,100 units, about 22% of the quarterly supply while Dubai Creek Harbour and Meydan/Mohammed bin Rashid City accounted for a share of 8% each.
- The non-freehold areas accounted for 28% of the supply. Few of the key projects to be completed include the phase 1 of Wasl Green Park in Ras Al Khor area which saw addition of 1,766 units while close to 500 units were added in Muhaisanah 4 from the Mohammed bin Rashid Housing establishment.
- As per the projects announced and under construction, approximately 48,000 new units (apartments/townhouse/villa) are expected to be completed during the period Q2 2022 to end 2024.
- A total of AED 28.78 billion worth of residential properties (apartments, villas, townhouses, serviced/hotel apartments, villa plots) were transacted in Q1 2022 across c.10,850 properties, which in value terms is 27% higher than the previous quarter. The villa/townhouse segment continues to dominate the residential transactions, with a combined value of AED 15.11 billion, (a share of 53%) while apartments/hotel/service apartments saw transactions worth AED 10.83 billion (38%) and rest were for villa development plots.
- The capital values for the residential apartments across selected locations increased by 3.1% quarter-on-quarter and 12.3% year-on-year. The highest increase was recorded across waterfront developments of Palm Jumeirah and Jumeirah Beach Residences, which saw values increasing annually by 19% and 22% respectively. A similar upward trend was observed within selected villa/townhouse communities, with average sale rates rising by 6.2% quarter-on-quarter and 25% over one year.
- The residential sector has seen renewed rental activity for smaller units of studios and one bedroom, which were otherwise concentrated towards villas/townhouses and larger apartments. New employment opportunities and the influx of foreign workers against the backdrop of positive economic prospects and more flexible government regulations to attract foreign talent are leading the way for increased demand for small units.
- Average apartment rents recorded a marginal increase by 2.5% during the quarter and 2% annually. Much of the increase was recorded across freehold developments while rents in leasehold areas continue to remain under stress. The performance by unit sizes indicate that the highest quarterly rise was for studios which saw rents increasing by 3.3% followed by one bedroom at 3.7%, three bedroom 2.2% and two bedroom 1.5%.

- The villa and townhouse segment continues to experience an appreciation in rents over the past 15 months, an increase in demand and relatively low supply is influencing the increase in rents. Average rents increased by 8.4% quarter-on-quarter and 28% year-on-year.

Office

- During the quarter, only 140,000 sq.ft. of new office space was added taking the total office inventory of Dubai to 104.5 million sq.ft. Looking at the ongoing construction activity and timelines provided by the developers, the market is expected to see further addition of 1.7 million sq.ft. of office space during the course of 2022.
- The market is witnessing a steady increase in leasing enquiries and occupation, which is leading to a marginal upward movement in office rents by 1% during the quarter.
- The strata office transactions witnessed a steady increase in transaction volume and value since the beginning of 2021. New commercial laws and relaxation of movement restrictions have improved investor confidence, leading to renewed business activity. During Q1 2022, c. 730,000 sq.ft. of office space was transacted at a combined value of AED 723 million compared to AED 600 million in Q4 2021, an increase by 21% quarter-on-quarter while year-on-year the increase was 72%.
- Average office sales rates recorded a marginal increase of 1% quarter-on-quarter and 3% year-on-year. Within the selected office developments, the highest increase in the capital values was recorded in Dubai Marina which saw rates increasing by 7% year-on-year. Limited office space and comparatively high occupancy rates is influencing the appreciation of sale rates.
- Approximately 5.1 million sq.ft. of new office space is expected to be added to the existing stock during the period Q2 2022 to 2024.

Retail

- Approximately 2.0 million sq.ft. GLA of new retail space entered the market in the first quarter of 2022, increasing Dubai's total retail inventory to 45.9 million sq.ft. GLA. The supply during the quarter largely emerged from projects that were held back due to the pandemic. Further 2.5 million sq.ft. GLA of retail space is scheduled for completion in 2022, including supply from projects that were delayed over the past two years.
- Overall, retail activity remains robust during the quarter with shopping malls recording improved footfall levels as a result of increased consumer confidence and a strong increase in tourism figures at the backdrop of Expo 2020.
- As per the timelines announced by the developers, approximately 7.0 million sq.ft. GLA of new retail space is expected to enter during the period Q2 2022 – 2024. However, it has been noticed that several projects are experiencing construction delays which could see a relatively large share of this supply will move to 2025.

FACTS & FIGURES



TOTAL STAFF

120+

PROPERTY MANAGEMENT STAFF

70+



ADVISORY STAFF

30+

LEASING & SALES STAFF

25+



OCCUPANCY RATE

94.7%



LARGEST
ABU DHABI
MAINLAND
PORTFOLIO



LANDLORD CLIENTS

1,400

UNITS UNDER MANAGEMENT

14,000+



DEDICATED VALUATION
PROFESSIONALS

20+



COMBINED MARKET VALUE OF PROPERTIES
VALUED SINCE JANUARY 2012

100+bn



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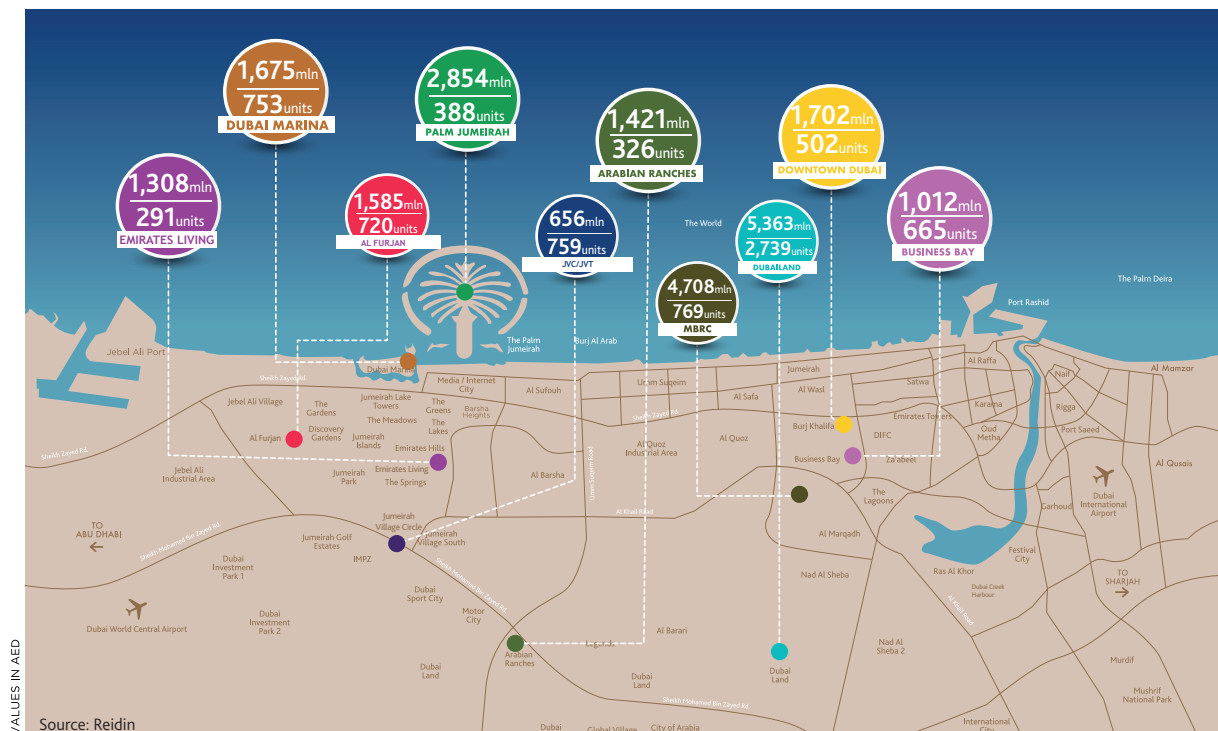
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REAL ESTATE TRENDS

DUBAI LAND TRANSACTION



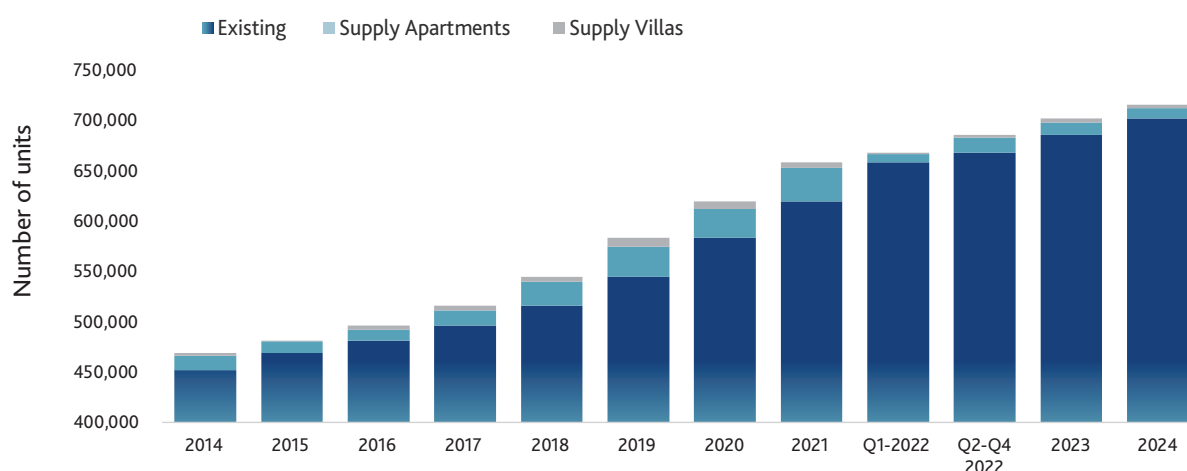
TOP RESIDENTIAL INVESTMENT LOCATIONS - Q1 2022



RESIDENTIAL MARKET

- In Q1 2022, close to 10,000 residential units were handed over taking the total residential stock of Dubai to c. 670,000 units. The supply continues to be dominated by apartments which accounted for 83% of the quarterly supply while villas/townhouses accounted for a share of 17%.
- During the quarter, close to 3,000 units were handed over in Dubailand area accounting for 30% of the supply. Other active developments within the freehold locations include Jumeirah Village Circle/ Jumeirah Village Triangle which saw addition of 2,100 units, about 22% of the quarterly supply followed by Dubai Creek Harbour and Meydan/Mohammed bin Rashid City accounting for a share of 8% each.
- The non-freehold areas accounted for 28% of the supply. Few of the key projects to be completed include the phase 1 of Wasl Green Park in Ras Al Khor area which saw addition of 1,766 units while close to 500 units were added in Muhaisanah 4 from the Mohammed bin Rashid Housing establishment.
- As per the projects announced and under construction, approximately 48,000 new units (apartments/townhouse/villa) are expected to be completed during the period Q2 2022 to end 2024. However, as noticed over the past few years, a significant portion of this supply is likely to be pushed further to 2025. Few of the key projects that are expected to be handed over during the course of 2022 include Wasl Village in Al Qusais Industrial area 5 wherein 43 low rise buildings are under construction, the development is expected to add 2,000 units to the market

RESIDENTIAL SUPPLY BY UNITS - (2014 - 2024)



SALE RATES

- A total of AED 28.78 billion worth of residential properties (apartments, villas, townhouses, serviced/hotel apartments, villa plots) were transacted in Q1 2022 across c.10,850 properties, which in value terms is 27% higher than the previous quarter. The villa/townhouse segment continue to dominate the residential transactions, with a cumulative value of AED 15.11 billion, (a share of 53%) while apartments/hotel/service apartments saw transactions worth AED 10.83 billion (38%) and rest were for villa development plots.
- About 80% of the total quarterly transaction value was recorded across 10 locations with Dubailand recording transactions worth AED 5.4 billion (19% of the total transaction value) followed by Mohammed bin Rashid City (MBRC)/ Meydan development accounting for a share of

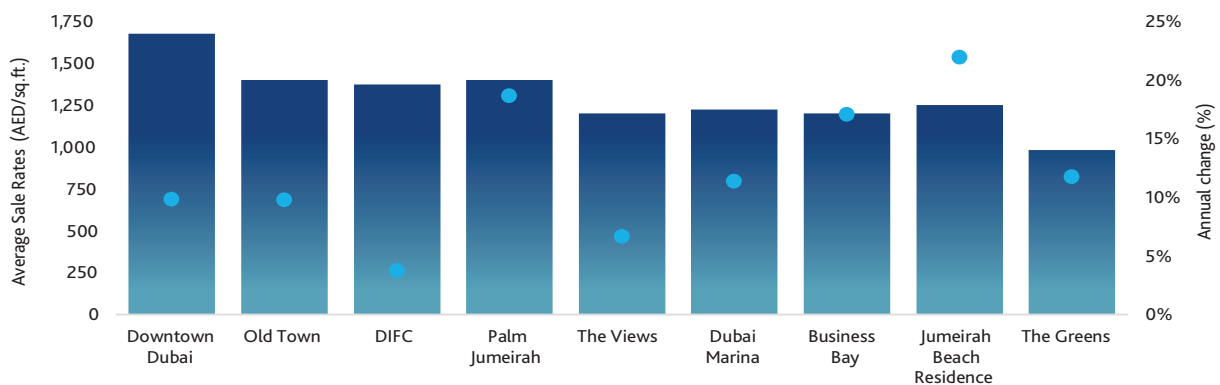
16.4% (AED 4.71 billion) and Palm Jumeirah with a value of AED 2.85 billion (9.9%). Other active developments include Downtown Dubai AED 1.70 billion, Dubai Marina/Jumeirah Beach Residence AED 1.67 billion and Al Furjan AED 1.59 billion.

- Within villa/townhouse segment, properties valued at AED 3.0 million and below continue to remain the most transacted properties accounting for 62% of the total villa transactions followed by AED 3.0 to 6.0 million with a share of 25%.
- The luxury/high-end segment with property value of AED 25 million and above accounted for a cumulative sales value of AED 1.66 billion. Few of the key transactions in this segment include a villa transaction of AED 280 million on Palm Jumeirah, one of the most expensive villas to be sold on Palm Jumeirah. Other transactions on Palm Jumeirah during the quarter include two five-bedroom villas with a transaction value of AED 87 million and AED 62 million each. Emirates Hills also remained an active development recording four villas with a transaction value of AED 50 million and above. The most expensive villa to be

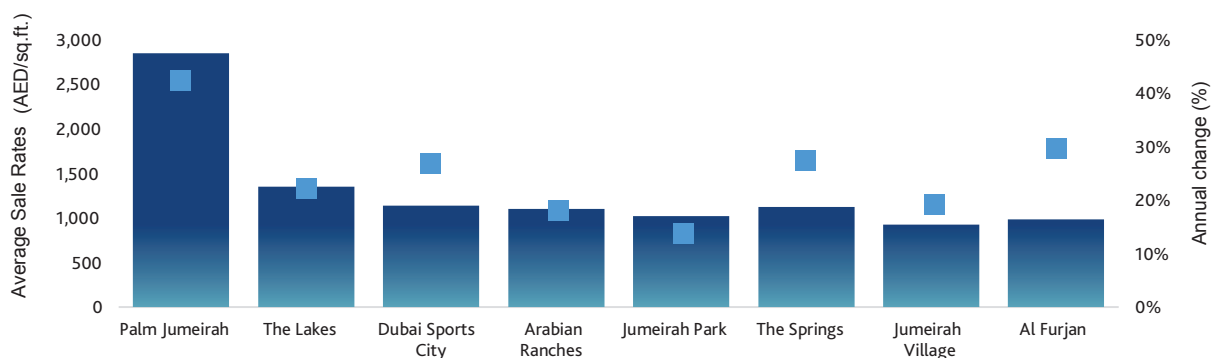
sold in Emirates Hills was a five bedroom plus villa in L sector at AED 75 million.

- The off-plan segment continues to remain robust with an increase in transaction value and volume. During Q1 2022, 8,556 off-plan properties were transacted compared to 7,780 transactions in Q4 2021, an increase in volume by 10% quarter-on-quarter. However, the cumulative value of transactions dropped marginally by less than 4% from AED 16.61 billion in Q4 2021 to AED 15.98 billion in Q1 2022.
- The capital values for the residential apartments across selected location increased by 3.1% quarter-on-quarter and 12.3% year-on-year. The highest increase was recorded across waterfront developments of Palm Jumeirah and Jumeirah Beach Residences which saw values increasing annually by 19% and 22% respectively. Similar upward trend witnessed within the selected villa/townhouse communities with average sale rates rising by 6.2% quarter-on-quarter and 25% year-on-year.

AVERAGE APARTMENT SALE RATES - Q1 2022



AVERAGE VILLA SALE RATES - Q1 2022

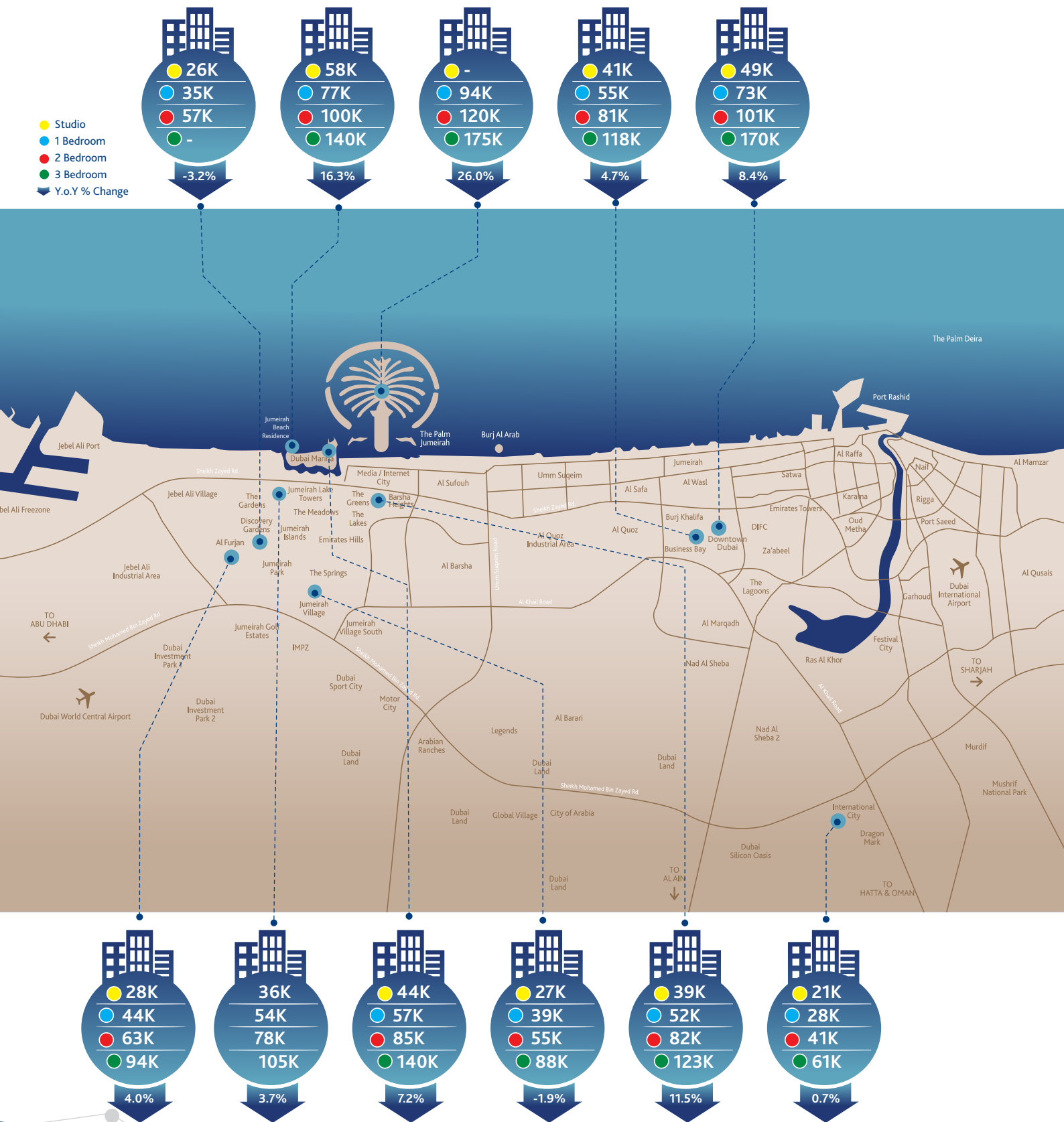


RENTAL RATES

- The residential sector is witnessing renewed leasing activity for smaller units of studio and one-bedrooms which was otherwise concentrated towards villas/townhouses and larger apartments. New job opportunities and influx of foreign workforce at the backdrop of positive economic outlook and relaxed government regulation towards attracting foreign talent is paving way for a rise in demand for smaller units. Generally, the accommodation preferences of new entrants in their initial stages remain towards smaller units before switching to larger apartments.
- Average apartment rents recorded a marginal increase by 2.5% during the quarter and 2% annually. Much of the increase was recorded across freehold developments while rents in leasehold areas continue to remain under stress. The performance by unit sizes indicate that the highest quarterly rise was for studios which saw rents increasing by 3.3% followed by one bedroom at 3.7%, three bedroom 2.2% and two bedroom 1.5%.
- Within the freehold areas, the highest annual rental increase of 26% was recorded for apartments on Palm Jumeirah while Jumeirah Beach Residence saw an increase of 16.3% year-on-year. Two-bedroom apartments in Jumeirah Beach Residence saw rents increasing from an average of AED 85,000 per unit per annum in Q1 2021 to AED 100,000 per unit per annum in Q1 2022, an increase of 18% year-on-year, the demand for larger apartments in established communities is driving the rental growth. Similar trends were noticed in the Greens area with rents rising by 11.6% annually while Downtown Dubai and Dubai Marina recorded an increase by 8.4% and 7.2% respectively.
- Areas such as Discovery Gardens and Jumeirah Village Circle continue to record rental decline, however, the decline gap has reduced despite addition of new properties, especially in Jumeirah Village Circle.
- The villa/townhouse segment continue to see rental appreciation for the past 15 months, increase in demand and relatively low supply is influencing upward rental movement. Average rents increased by 8.4% quarter-on-quarter and 28% year-on-year. Although, rental appreciation was recorded across all villa/townhouse communities, but the incremental rise across freehold areas remains relatively higher than the non-freehold areas.
- During the quarter, several villa communities have recorded a double-digit quarterly increase which is largely due to limited demand and strong occupier preferences for the developments. A four-bedroom villa in the Meadows saw rents increasing from an average of AED 265,000 per unit per annum in Q1 2021 to AED 295,000 per unit per annum in Q1 2022, an increase of 11% quarter-on-quarter. Similarly, trends were noticed for properties in the Springs, Jumeirah Islands, Mohammed bin Rashid City (MBRC) and Meydan.

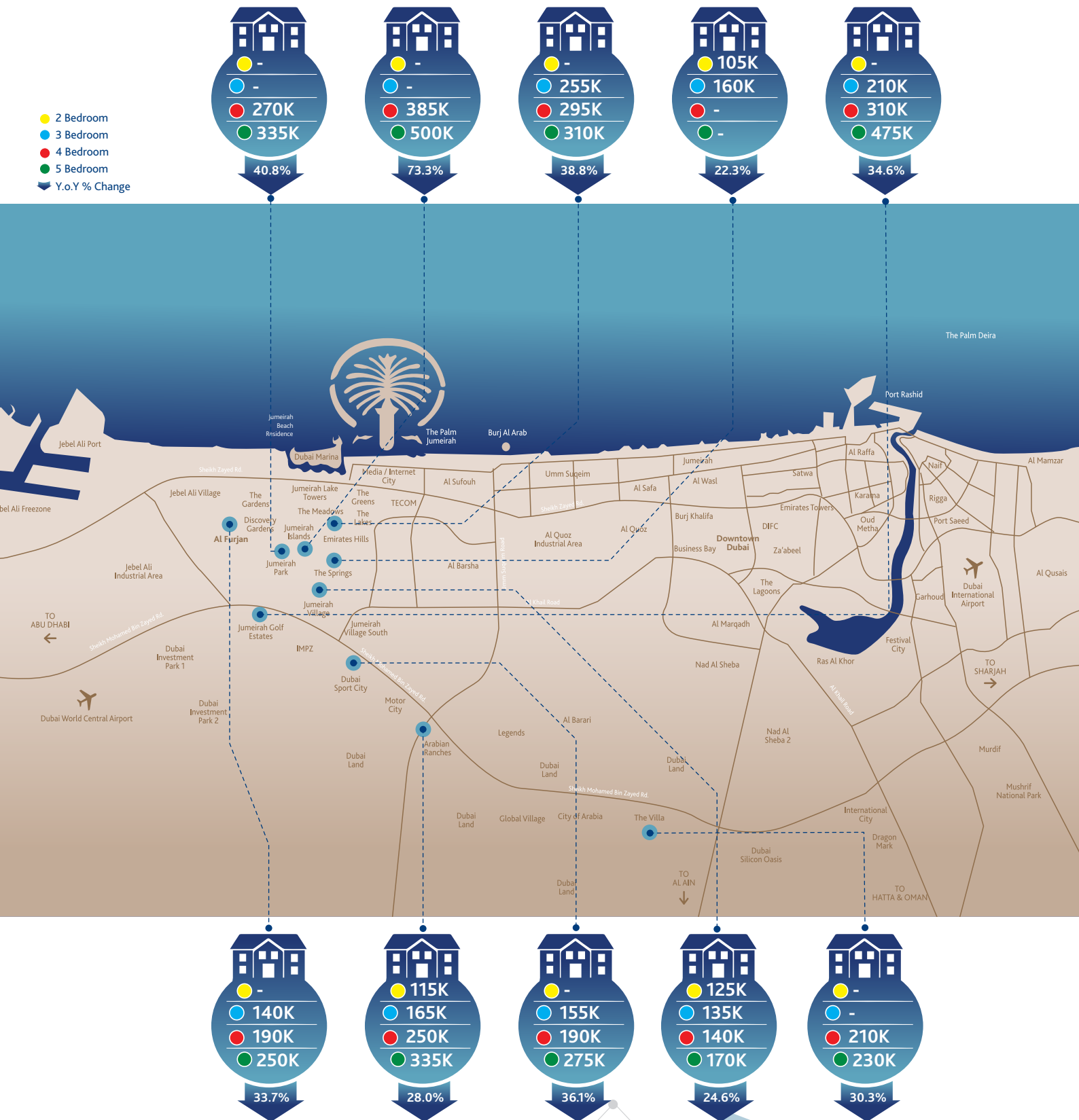


AVERAGE APARTMENT ANNUAL RENTS – Q1 2022



AVERAGE VILLA ANNUAL RENTS – Q1 2022

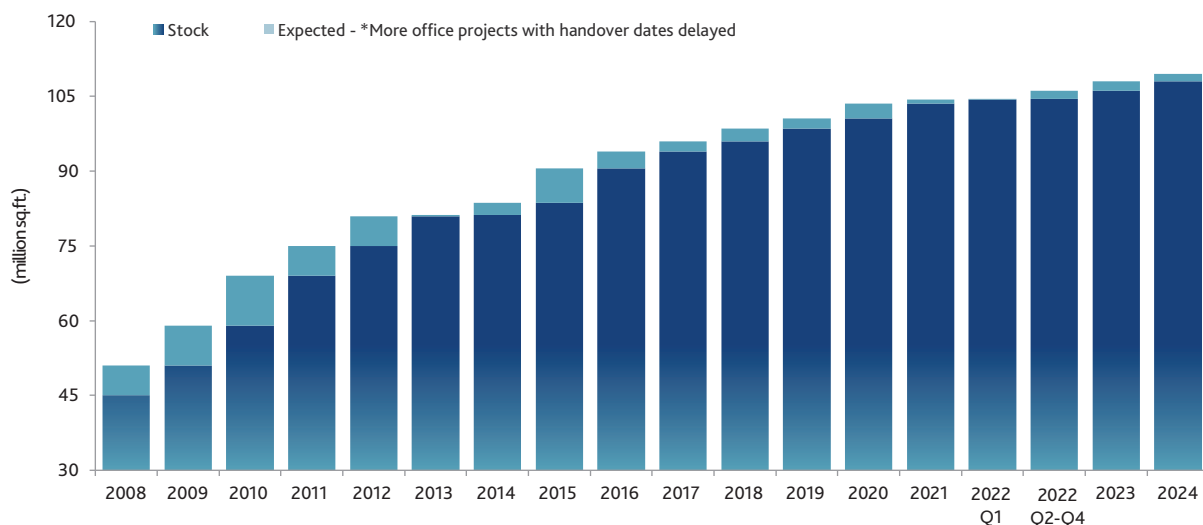
- 2 Bedroom
- 3 Bedroom
- 4 Bedroom
- 5 Bedroom
- ▼ Y.o.Y % Change



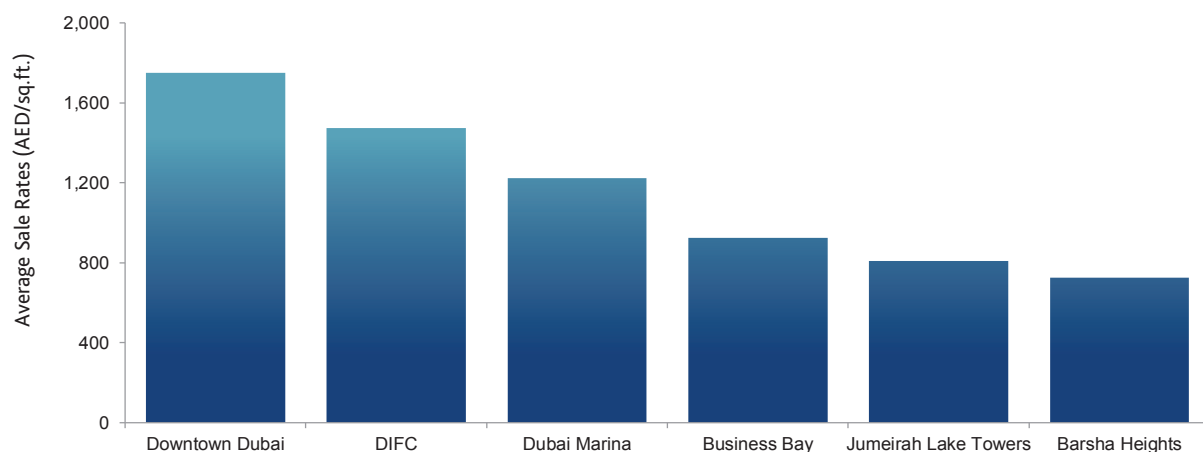
OFFICE MARKET

- During the quarter, only 140,000 sq.ft. of new office space was added taking the total office stock of Dubai to 104.5 million sq.ft. Looking at the ongoing construction activity and timelines provided by the developers, the market is expected to see further addition of 1.7 million sq.ft. of office space during the course of 2022. Over the past few years, the office supply remained stable in the range of 2-3 million sq.ft. per annum, which is due to relatively weak demand and developers focus primarily being towards residential developments.
- The market is witnessing a steady increase in leasing enquiries and occupation which is leading to a marginal upward movement in office rents by 1% during the quarter. The recent regulatory changes to the commercial law is having positive impact on the office market resulting in an improvement in office absorptions. However, the market is experiencing a shift in occupier preferences towards fitted-out space, as new occupiers are looking at reducing upfront fit-out costs.
- The strata office transactions witnessed a steady increase in transaction volume and value since the beginning of 2021. New commercial laws and easing of movement restrictions has improved investor confidence resulting in renewed commercial activity. During Q1 2022, c. 730,000 sq.ft. of office space was transacted at a value of AED 723 million compared to AED 600 million in Q4 2021, an increase by 21% quarter-on-quarter while year-on-year the increase was 72%.
- The transaction activity largely remained towards office sizes of less than 2,500 sq.ft accounting for 89% of the total quarterly transactions. The office sizes of less than 1,500 sq.ft. remained the most sort after office accommodation among start-ups accounting for 69% of the total quarterly transactions followed by office sizes of 1,500 to 2,500 sq.ft. which accounted for 20%. Competitive sale rates and relative ease to lease smaller space is attracting investors and occupiers towards commercial office market.
- During the quarter, over 50% of the office transactions were recorded across the two key strata office locations of Business Bay and Jumeirah Lakes Towers. Business Bay area remained the most active area with a cumulative transaction value AED 273.5 million (37.8% of the total quarterly transactions) across 261,758 sq.ft. The demand for smaller office spaces is assisting in upward movement of capital values. Average transaction value per sq.ft. in the area moved from AED 961 per sq.ft. in Q4 2021 to AED 1,045 per sq.ft. in Q1 2022.
- About 173,000 sq.ft. of office space was transacted in Jumeirah Lakes Towers at a cumulative value of AED 146 million. Average value per sq.ft. in the development increased from AED 655 per sq.ft. in Q4 2021 to AED 844 per sq.ft. in Q1 2022.
- Other office developments with notable transactions include the Onyx Towers in the Greens which registered transactions worth AED 104 million across 88,550 sq.ft. while Downtown Dubai saw transactions worth AED 82.41 million across 38,250 sq.ft space, calculating to a value of AED 2,150 per sq.ft. and Dubai Marina saw approximately 36,500 sq.ft. of space being transacted at a cumulative value of AED 42 million.
- Average office sales rates recorded a marginal increase of 1% quarter-on-quarter and 3% year-on-year. Within the selected office developments, the highest increase in capital values was recorded in Dubai Marina which saw rates increasing by 7% year-on-year. Limited office space and relatively high occupancy rates is influencing in appreciation in sale rates.
- Approximately 5.1 million sq.ft. of new office space is expected to be added to the existing stock during the period Q2 2022 to 2024. The future supply largely comprises of owner-occupied space and limited speculative space. Few of the projects for owner occupation projects currently under construction include Empower HQ and DEWA HQ in Al Jaddaf area

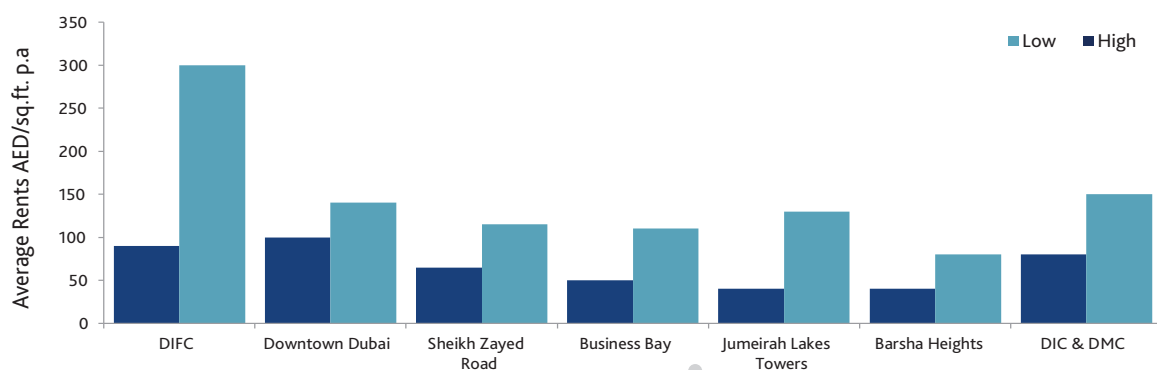
DUBAI OFFICE STOCK GROWTH (2008-2024)



AVERAGE OFFICE SALE RATES - Q1 2022



AVERAGE OFFICE RENTS - Q1 2022

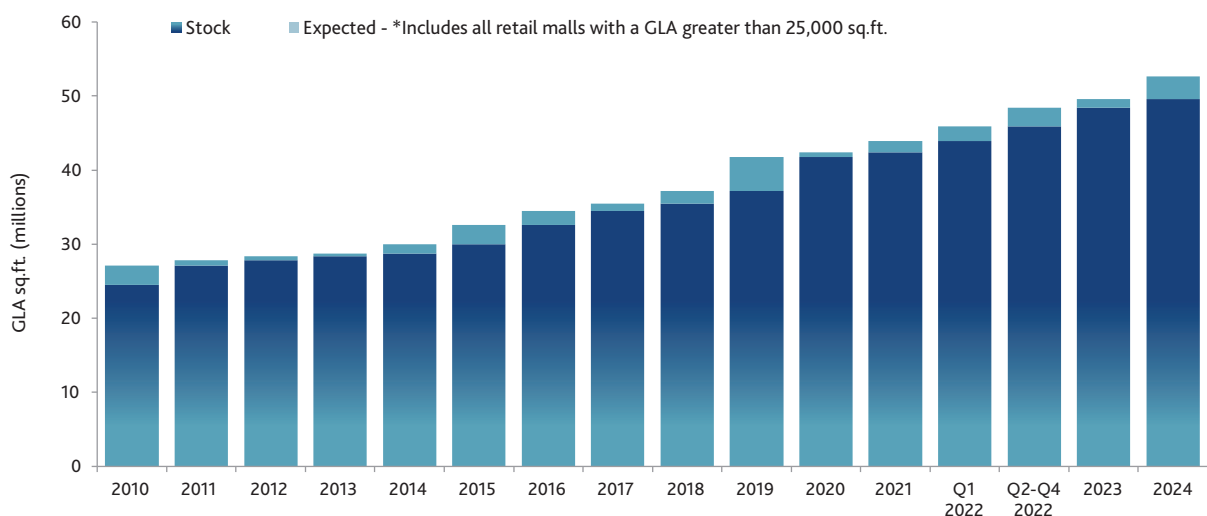


RETAIL

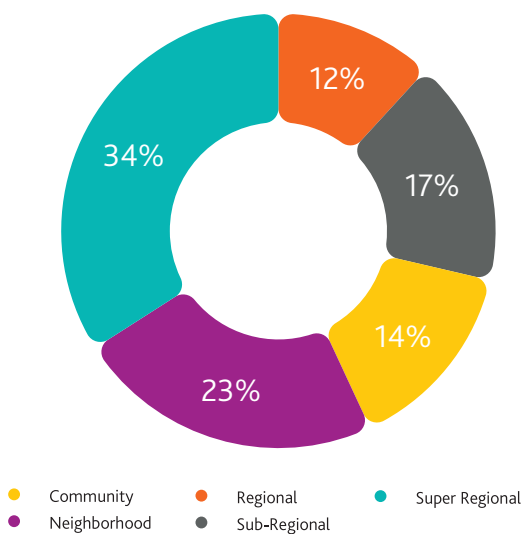
- Approximately 2.0 million sq.ft. GLA of new retail space entered the market in Q1 2022 taking the total retail stock of Dubai to 45.9 million sq.ft. GLA. The supply during the quarter largely emerged from projects that were held back due to the covid-19. Another 2.5 million sq.ft. GLA of retail space is scheduled for completion in 2022, including supply from projects that were delayed over the past two years.
- Overall, the quarter saw increased retail activity and improved footfall levels across the malls due to a rise in consumer confidence and a sharp increase in tourist numbers at the backdrop of Expo 2020. Further easing of covid restrictions and festive season of Ramadan, the retail sector is poised to experience a busy period with residents and visitors enjoying the seasoned retail offerings and also enjoying the gathering for suhoor and iftar that was otherwise restricted due to the covid-19.
- As per the timelines announced by the developers, approximately 7.0 million sq.ft. GLA of new retail space is expected to enter during the period Q2 2022 – 2024. However, it has been noticed that several projects are experiencing construction delays which could see a relatively large share of this supply will move to 2025. Few of the projects that are schedule to open in 2022 include the Art Centre mall in Al Barsha, Dubai Mall expansion and Dubai Expo mall in Dubai South.



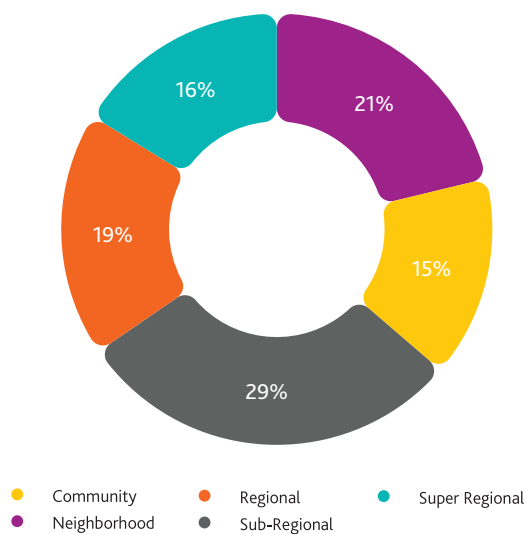
DUBAI RETAIL MALL STOCK (2010-2024)



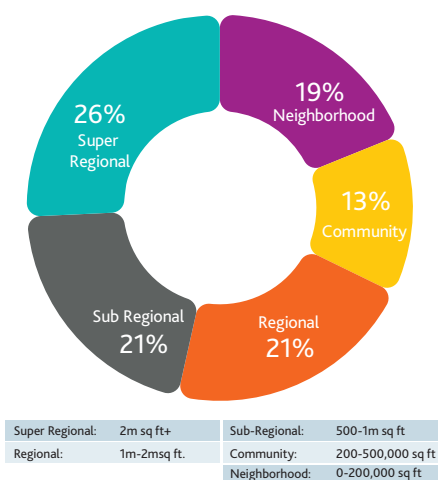
RETAIL SUPPLY PRE 2010



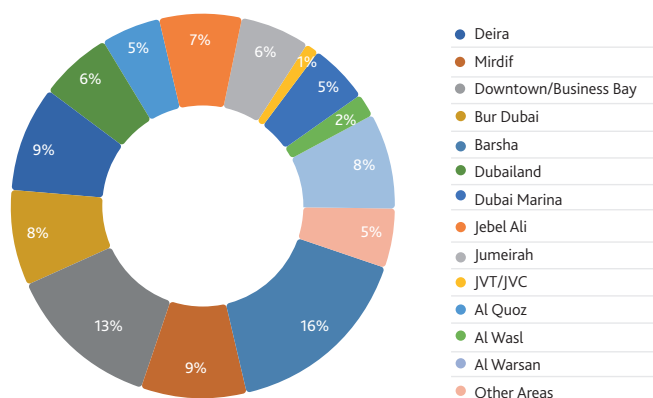
NEW SUPPLY DELIVERED - (2010 - Q1 2022)



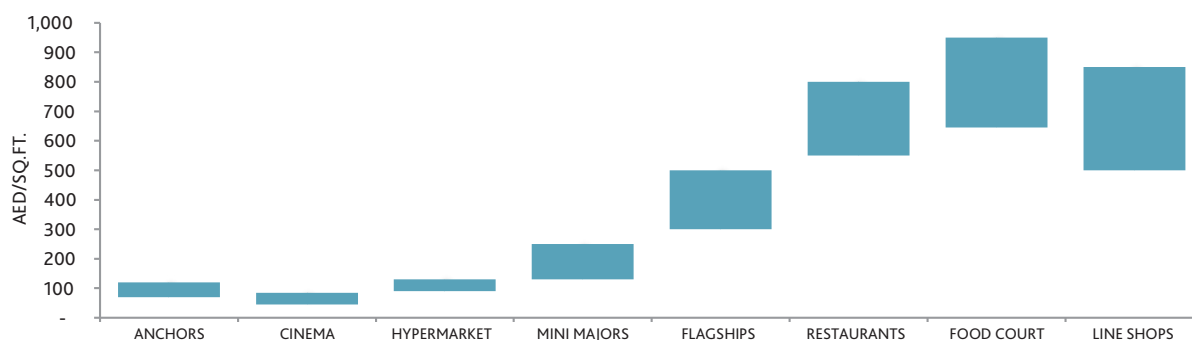
DUBAI RETAIL MALLS BY SIZE END Q1 2022



DUBAI RETAIL MALLS GLA BY AREA END Q1 2022



PRIME SHOPPING MALL AVERAGE RENTS Q1 2022



The rents quoted above are base rents excluding any turnover provisions and service charges



DEFINITIONS & METHODOLOGY

Research Study Area

- The geographic extent of the study area covers the key districts in Dubai.

may have been negotiated between the parties. The rents quoted are also exclusive of service charges.

Residential

- New residential developments are classified as delivered and thus entered into the new supply category when they are made available for occupation. This is verified via a combination of site inspections and discussion with the developer and hence our supply numbers do take into consideration the phased release of large projects.
- Rental and sales trend analysis is based on transactional data derived from the MPM Properties Agency team and data sourced from developers and owners.

Retail

- New retail developments are classified as delivered and thus entered into the new supply category when the first units are open and trading.
- Our classification of malls is based on our own assessment having regard to size and the catchment area which the mall typically penetrates.

Future Supply Projections

- Our future supply projections across all sectors are based on a combination of regular site inspections and discussions with developers.

Offices

- New office developments are classified as delivered and thus entered into the new supply category when they are available for tenant fit-outs.
- Given the general lack of transparency in the local market rents quoted are headline rents, thus exclude any rent free period of other financial incentives that



BESPOKE CLIENT RESEARCH

- The ADIB Real Estate Services team covers all sectors of the real estate market. We provide bespoke market research to our valued clients to meet their specific requirements.
- We provide reports, information and presentations derived from primary market data that directly assist

our clients to save or make money from real estate and shape strategies to enhance value.

- Regular site inspections and discussions with developer.



DISCLAIMER

The information contained in this report has been obtained from and is based upon sources that MPM Properties believes to be reliable, however, no warranty or representation, expressed or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. MPM Properties will not be held responsible for any third-party contributions. All opinions and estimates included in this report constitute MPM Properties, as of the date of this report and are subject to

change without notice. Figures contained in this report are derived from a basket of locations highlighted in this report and therefore represent a snapshot of the Dubai market. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, involve risk and uncertainty because they relate to future events and circumstances which are beyond MPM Properties' control. For a full in-depth study of the market, please contact MPM Properties team.

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INTEGRATED SERVICES COVERING THE FULL PROPERTY LIFECYCLE

Property Management	Valuation	Project Management and ESCROW
<p>Enhancing value for individual & institutional property owners:</p> <ul style="list-style-type: none"> Prompt leasing & debt collection Effectively market & lease vacant units Physical & technical maintenance of asset Maintain tenant satisfaction Timely lease renewals Manage risk, insurance & litigation Protect your interests and enhance value 	<p>Valuation reports for:</p> <ul style="list-style-type: none"> Mortgage & Finance Securing Project Funding Internal Accounting Mergers & Acquisitions Investment appraisal Litigation Inheritance <p>We cover all asset classes. Our reports are in compliance with the International Valuation Standards (IVS) and the RICS Professional Valuation Standards.</p>	<p>Complete Project Management services at planning & construction stage:</p> <ul style="list-style-type: none"> Engineering Review & Scheduling Cost Estimate & Procurement Project Monitoring Cost Control & Accounting Assist with Permits & Licensing Ensure appropriate fund movement for Escrow based on Project Assessment

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<p>We work with developers, commercial tenants, retailers and individuals, offering:</p> <ul style="list-style-type: none"> Launch Strategy Project Launch Handling Project Marketing Events Acquisitions Leasing Sales <p>We cover all sectors, including residential, commercial, industrial, retail, and land.</p>	<p>Bankable studies for your real estate and business needs:</p> <ul style="list-style-type: none"> Highest & Best Use Market & Financial Feasibility Development Strategy Market Research Corporate Real Estate Strategy Master-plan and design review



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