



# Annual Report Real Estate Sector Performance 2019

## Our Vision

**To make Dubai the  
world's first real estate  
destination in  
innovation,  
confidence  
and happiness**





## A comprehensive and rich report for all of us

It is my pleasure to present to you 'The Annual Report: Real Estate Performance 2019' that is broken down into four robust chapters, covering a variety of sections that will grant you a deeper insight into the performance of the market during 2018.

We aimed with this report for it to be a reference where researchers may find all sorts of information enhanced by illustrative means, indicating the prestigious position of our economic sector and its renewed momentum that promises further progress and success, thanks to the co-operation of Dubai Land Department with many public and private sectors in line with the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, to position Dubai as an economic capital capable of competing with major economic cities.

This report, with its detailed analysis of the sectorial performance, is an invaluable tool for investors who want to know the status of Dubai's real estate market, and the investment horizons it presents them with, through incentive packages that are consistently being revealed by the government to reinforce the UAE's position as a premier investment destination and the ideal choice for those wishing to live, work, and visit.

We wish you an interesting review of this report and hope to meet you all with next year's edition where we will reveal more of our successes and achievements on the path of excellence for Dubai to be number (one).

**HE Sultan Butti bin Mejren**  
Director General of DLD



## A group effort to achieve our vision

Dubai Land Department (DLD) is proud to strengthen its relationships with all relevant parties, including developers, investors, and customers by keeping them updated on the latest developments in the sector, enabling them to make the right decisions based on updated data.

Through this approach, DLD strives to transform its values into practices, in line with its relentless efforts to establish transparency in all its operations and the regular disclosure of its performance, especially as it has been publishing daily, weekly, monthly, and quarterly reports in the buildup to its comprehensive annual report.

This approach stems from our belief in the importance of the Emirate's real estate sector and its role in supporting the local economy as well as in diversifying sources of income. This in addition to its direct relationship with other economic sectors that makes it a real mirror for its growth and development and an ideal catalyst for sustainability.

As we put this group effort in the hands of all those interested in our real estate sector, we hope that everyone will find through it a valuable tool to help them monitor the performance of the sector and work with us to reach the highest levels among international markets, whether by making suggestions, offering feedback or consultation to help overcome any problem they may be monitored, or help us disseminate its data and results more broadly.

I hope you all benefit from this report

**HE Juma bin Humaidan**  
Deputy Director of DLD



## Transparent communication

Dubai Land Department (DLD) works to perform activities embodied by its various operations as part of its belief in the central role played by the real estate sector, which is one of the leading growth activities that has contributed to the creation of quality transformations across economic sectors.

As a result, Dubai has been able to attain an innovative global position, having caught the attention of major global business index development organisations, earning a superior ranking among the world's leading investment destinations.

The real estate sector reflects the progress achieved by the Emirate in all fields, imposing on us a new kind of challenge. On the one hand, we must continue this momentum that we have achieved through promotional initiatives at the local and international levels by organising exhibitions and shows in many of the most prominent Arab and international capitals. On the other hand, we strive to ensure transparent communication and full openness to all investors and other real estate-related parties.

This is a core message that we seek to convey through this report, emphasising the fact that Dubai is continuing its mission with determination in line with the visions of our wise leadership by applying innovation in all aspects of the real estate market's operations.

In conclusion, we would like to thank all those who contributed to the success of the report and wish all those interested an enjoyable read.

**Majida Ali Rashid**

CEO, Promotion and Real Estate Investment Management sector at DLD



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## About the Report



The Real Estate Performance Report 2019 is a comprehensive report that provides a complete overview of real estate performance in 2018 through the analysis of the sector performance according to macroeconomic indicators as well as the sector performance indicators.

The report provides a reference for all real estate stakeholders, through which they can follow and compare the performance of the sector over years and compare it with the other cities in a transparent manner.

The report consists of four chapters; The first chapter deals with the economic growth and the role of the real estate sector in this growth while the second chapter deals with the analysis of the performance indicators of the sector. The third chapter is a thematic chapter deals with one of the important issues of the sector; In the previous year report, it dealt with the real estate sector regulatory environment and the most recent real estate initiatives and products, while this year it deals with the real estate sector competitiveness; and The last chapter deals with the economic growth expectations as well as the performance of the real estate sector for the next year.



## Executive Summary

The real estate sector in Dubai has led the economic growth of the Emirate for the last decades, and effectively enhanced the position on the Emirates worldwide and positively contributed to the economic growth of the Emirate, so that Dubai has become one of the most attractive investment destination all over the world.

The real estate sector in Dubai has achieved a remarkable progress in the global competitiveness indicators. In the Ease of Doing Business Report 2019, the United Arab Emirates has achieved an outstanding performance and advanced 10 positions in a list of 190 countries around the world, reaching 11th place in the world, compared to the 21st place in the world in 2018. This improvement in the ranking of the United Arab Emirates represented by Dubai as the largest business city was a result of improving in a number of sectors on top of which is the real estate sector represented in "Registering a property" indicator, which made a progress in three places and ranked the seventh place in the world in 2019 compared to the 10th place in 2018.

In the Global Real Estate Transparency Index, the Emirate of Dubai has also achieved a continuous improvement in its position and in the value of the Global Transparency Index from 2014 to 2018. Dubai ranked 40th in 2018 compared to 49th in 2014 and 48th in 2016. Dubai ranking improvement was the result of a series of initiatives that have been implemented to serve the real estate sector, including the Building Classification Survey Project, a project that addresses the classification of all buildings in Dubai according to the best international standards and practices in this field, in addition to the improvement in the regulatory procedures of the sector and the smart applications which were provided to serve all the parties in the real estate sector such as the unified lease contract and other initiatives, as well as the improvements made

to the rental increase calculator where the commercial properties were included.

The real estate sector is connected with most of other economic sectors in the Emirate of Dubai, by integration relations since the real estate sector represents one of the inputs for almost all other economic sectors, in addition to being one of the outputs of other economic sectors.

The value of the gross domestic product (GDP) in the Emirate of Dubai reached AED 398 billion in 2018 compared to AED 390 billion in 2017 with GDP growth rate of 1.9% in 2018. And to stimulate the GDP growth, the Government of Dubai launched a series of initiatives that will promote the growth process and increase the economic activities in the emirate by reducing the cost of doing business and providing facilities to entrepreneurs, in addition to modifying the length of stay and providing long-term residence of up to 10 years for investors and those with outstanding skills in an effort to attract competencies in the scientific and practical fields and to support demand in local market.

The real estate sector significantly contributed to the GDP growth; and the improvement in economic growth rates in the emirate was accompanied by an improvement in the real estate sector performance and we can clearly see this through the contribution of the real estate activities in the GDP which reached 7.2% in 2018 compared to 6.9% in 2017 and 6.8% in 2016, while the construction sector contribution in GDP reached 6.4% in 2018 compared to 6.2% in 2017 and 6.2% in 2016.

As for the real estate sector performance, the value of the real estate transactions reached AED 223 billion in 2018, with a total number of transactions reached almost 53,000 in 2018. The real estate transactions for residential properties were the largest percentage in terms of the real estate

transaction number with 61% of the total number of the real estate transactions during 2018, and in terms of distribution of the value of the transactions according to the use of the property, the commercial properties were the largest proportion in terms of transaction value, although the largest percentage of the number of the transactions were on residential properties, which shows the difference in the value of both commercial and residential properties in Dubai. The real estate transactions on commercial properties represented almost 68% of the total transaction value in 2018, while the real estate transactions on residential properties represented 11% of the transactions value in 2018.

Additionally, the value of the real estate investments reached AED 80 billion in 2018 with a number of investments reached more than 41,000 made by more than 31,000 real estate investors from all over the world. The

Emirate of Dubai witnessed a remarkable improvement in the value of the direct foreign investments. According to Dubai FDI, direct foreign investments reached AED 28.2 billion during the first nine months of 2018 compared to AED 27.3 billion total direct foreign investment for the whole of 2017 and AED 21.8 billion during the first nine months of 2017, with a growth rate of 29% as per Dubai FDI Monitor report.

Moreover, results of the real estate investments indicate an increasing growth in the number of corporate investors compared to individual investors. The percentage of the individual investors decreased from 62.8% in 2017 to 59.8% in 2018, while the percentage of corporate investors increased from 37.2% in 2017 to 40.2% in 2018. This increase in the percentage of corporate investors reflects the ability of the real estate sector to provide investment options that attract corporate





investors and effectively contribute in providing huge real estate investments in the real estate sector.

Business Bay area has been ranked as the highest place in the Emirate of Dubai in terms of the number of the real estate transactions. The number of the real estate transactions in the area reached more than 4,000 transactions. It has also maintained the highest place in terms of value of transactions and exceeded AED 11 billion.

New investors represent 66% of the total number of investors in 2018 while active investors represent 34% of the total number of investors, and in terms of the value of the investments, new investors represent 57% of the total value of the investment in 2018 while active investors represent 43% of the total value of the investments.

Individual investors from UAE represented the first place in terms of the value of the real estate investments with investments worth more than AED 10 billion, and in the second place, investors from Republic of India with investments worth over AED 8 billion in 2018.

In terms of the real estate projects activity, the number of the completed projects reached 62 projects in 2018. The building projects in 2018 represented the largest percentage of these projects with 74% of the total projects completed in 2018 while villas projects represented 15% of and villa complexes represented 11%.

The number of the new projects started in 2018 reached 84 projects that varied in use and types as units, villas, buildings and plots. The units represented the highest percentage of the new properties in 2018 with number of units reached more than 20,000 units.

In terms of the projects under construction, the number of the projects under construction registered in Dubai Land Department (DLD) in the freehold areas only reached 102 projects in 2018 according to the project registration date and number of the units expected to be added

from these projects reached 130,000 new units which shall be added according to the expected dates of completion of those projects.

Analysis for the residential sector shows that the number of completed residential units in the freehold areas only and in accordance with the projects registered in DLD reached 7469 residential units (excluding villas and villa complexes), with a total area exceeded 893,000 square meters in 2018.

As for the demand side, which is expressed by both sales and rents, the data indicates that the sales represented the largest percentage of the real estate transactions with more than 63% of the total number of transactions in 2018 and represents the largest percentage of the transactions value as well with more than AED 74 Billion in 2018.

In terms of rents, the growth in the population and the growth in the number of employees in Dubai has been reflected in the number of leased units and the number of lease contracts in the Emirate of Dubai. The number of new lease contracts reached 246,509 new contracts, while the renewed lease contracts reached 251,409 renewed contracts in 2018, and from 2013 to 2016, new lease contracts were decreasing steadily against an increase in the renewed lease contracts, while from 2017 until 2018, both the number of new and renewed lease contracts increased. However, new lease contracts growth rate was higher than the renewed lease contracts which reflects the additional demand on the residential and non-residential units in the sector with the price correction in rents started from 2014 in the Emirate of Dubai.





# Introduction



The real estate sector in Dubai has led the economic growth for the last decades, and effectively enhanced the position of the Emirate worldwide and positively contributed to the economic growth, so that Dubai has become one of the most attractive investment destination all over the world.

The real estate sector is related with most of the economic sectors by integration relations since the real estate sector represents one of the production inputs process of most of the economic sectors, in addition of being one of the outputs of the production of other economic sectors.

Given the importance of this sector and its interrelationship with other economic sectors, this report focuses on analyzing the performance of the real estate sector in Dubai in terms of the real estate sector growth, the volume of its contribution to GDP growth and its relationship with other economic sectors in addition to analyzing the performance of the real estate sector during 2018 and the most important operational indicators of the performance of the sector in terms of transactions and the real estate investments, as well as highlighting the competitiveness of the real estate sector in the international indicators, and providing an analytical view of the performance of the sector expected in 2019.

The report is divided into four chapters, the first chapter deals with the growth of the real estate sector and its role in the economic growth in terms of real estate growth rates, value added of the sector and its contribution to the growth of the GDP of the Emirate of Dubai. The chapter presents an analysis of the relationship of the real estate sector with other economic sectors such as retail and tourism sector as well as some other economic indicators.

The second chapter deals with a detailed analysis of the performance of the real estate

sector using the sector operating indicators. The chapter analyzes the real estate transactions and investments during 2018, compares the same with previous years, analyzes the real estate transactions and identifies the most important features of the real estate investor in the Emirate of Dubai. The report also includes an analysis of demand and supply in the real estate sector, both commercial and residential, in terms of new projects begun in 2018, projects handed over during the year, and the projects still under construction. It also includes an analysis of sales and rents done during the year and analysis of sub-sectors in the real estate sector, such as residential, retail, office and hotel sectors.

In the third chapter, the report analyzes the competitiveness of the real estate sector in the Emirate of Dubai by analyzing the performance of the sector in the light of some indicators of competitiveness and global transparency, identifies the performance of the sector according to such indicators and compares the real estate sector in other countries. The chapter analyzes the performance of the real estate sector in two of the most important indicators of global competitiveness, namely: The World Bank's Ease of Doing Business Index and the Global Real Estate Transparency Index issued by Jones Lang La Salle.

The final chapter of the report examines the real estate sector performance expectations during 2019 in terms of economic growth expectations in the Emirate of Dubai and United Arab Emirates compared to the expected growth in the various countries, the expectations of the real estate transactions under the performance of the sector during the first five months of 2019 and the expectations of the real estate projects expected to enter the real estate market during the coming period.



## Chapter 1

# Real Estate sector growth and the economic growth

Gross domestic product (GDP) of Dubai reached AED 398 billion in 2018 compared to AED 390 billion in 2017 with a growth rate of 1.9%, and the real estate sector effectively contributed in supporting the economic growth of the emirate as both construction and real estate services achieved a remarkable growth during 2018 where the real estate sector growth rate reached 7% in 2018 compared to a growth rate of 4.4% in 2017 and the construction sector also reached a growth rate of 4.5% compared to a growth rate of 2.7% in 2017.





## Dubai Economic growth

Over the past decade, Dubai has achieved unprecedented economic growth rates driven by the growth of the real estate sector in the emirate beside the growth of other economic sectors. Although this growth has slowed in recent years, starting from 2014 due to the decline in international trade and instability in oil prices, the economic performance of

the emirate is still ahead of many developed countries.

The economic growth rate, measured by GDP growth rate at constant prices, reached 1.9% in 2018 and the value of the GDP in the Emirate of Dubai reached AED 398 billion in 2018.

Figure 1.1 World Economy and Developed Economies Growth Rate



Source: International Monetary Fund statements  
Dubai: Dubai Statistics Center  
E Estimated Figures based on IMF expectations

As part of its drive to support the pace of economic growth, Government of Dubai launched a series of initiatives that will promote the growth process and increase economic activity in the emirate by reducing the cost of doing business, providing facilities to entrepreneurs and projects owners, providing a long term residence visa up to 10 years for investors and those with outstanding skills, in order to attract the competencies in the scientific and practical fields by the Emirate of Dubai and supporting demand in the local market.

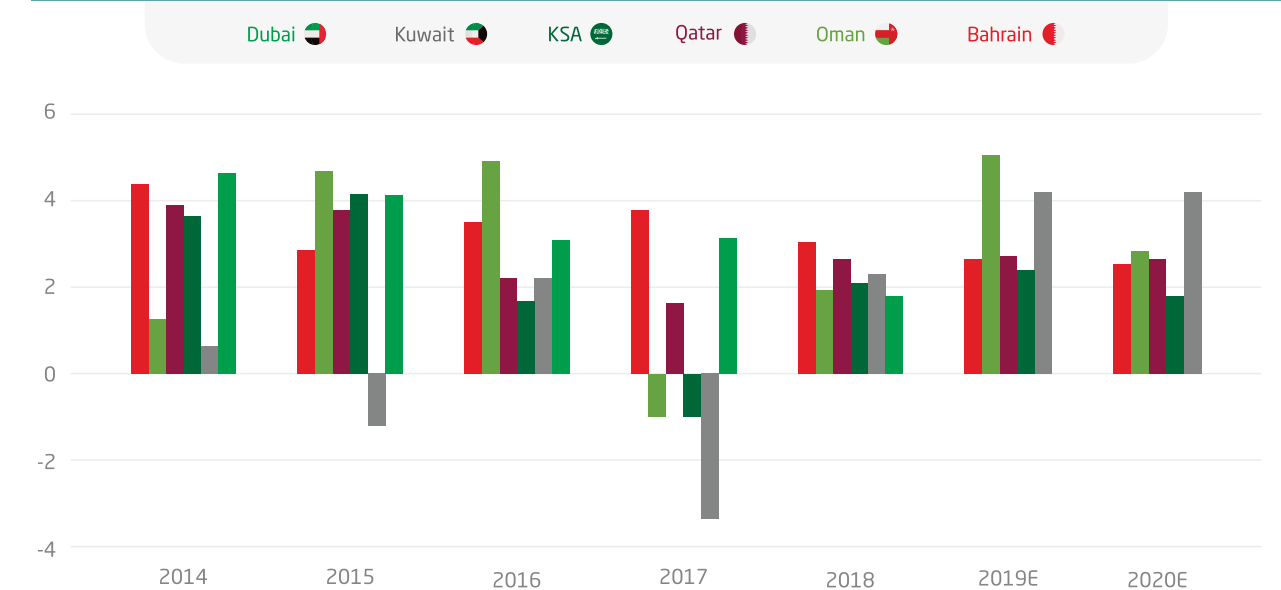
In the coming years, economic growth rates of Dubai are expected to recover, especially as Expo 2020 Dubai, which is attended by more than 200 countries worldwide, is approaching and is expected to attract more than 20 million tourists during its tenure. In addition to the structural changes undertaking to diversify

the emirate's economy and to maintain its competitiveness.

In the region and the GCC countries, the economy of Dubai has achieved a high growth rates compared to other GCC countries. In 2017, the GDP growth rate in the Emirate of Dubai reached 3.1%, while the growth rate in Kingdom of Saudi Arabia and Oman regressed to -0.9% and reached 1.6% in Qatar, unlike Kingdom of Bahrain in which GDP growth rate reached 3.8% in 2017 according to IMF estimates.

In 2018, growth rates in both Dubai and the GCC get closer significantly and the real GDP growth rate ranged between 1.9% in both Dubai and Oman and 3.2% in Bahrain, the highest among the GCC countries.

Figure 1.2 GCC Growth Rate



Source: IMF statements  
Dubai: Dubai Statistics Center  
E Estimated Figures based on IMF expectations



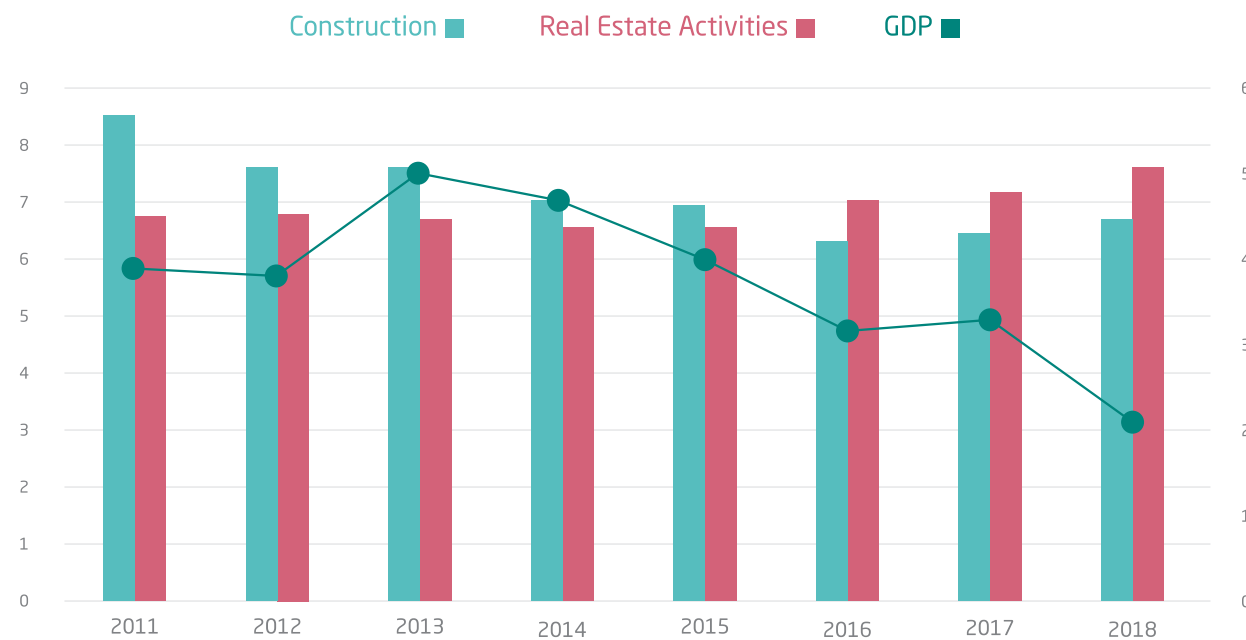


### Contribution of the real estate sector in economic growth

Real estate sector in Dubai represented the economic growth trends over the past years, and has contributed effectively to the growth of the Emirate's GDP. The improvement in the economic growth rates of the emirate was accompanied by a recovery in the performance of the real estate sector.

The contribution of the real estate activities in the GDP of the Emirate of Dubai reached 7.2% in 2018, compared with 6.9% in 2017 and 6.8% in 2016, while the contribution of the construction sector to GDP reached 6.4% in 2018, compared to 6.2% in 2017 and 6.2% in 2016.

Figure 1.3 Real Estate Sector contribution in GDP growth

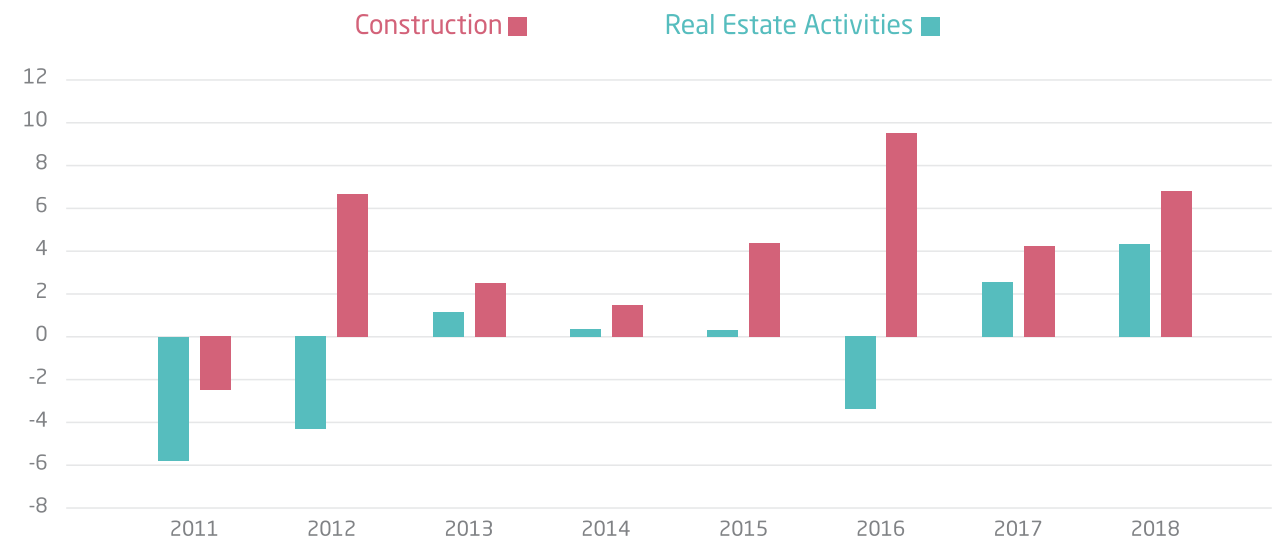


Source: Dubai Statistics Center

Construction and real estate services sectors achieved a remarkable growth in 2018 as the real estate activities sector growth rate reached 7% in 2018, compared to a growth rate of 4.4% in 2017. In addition to that, the construction

sector as well achieved a remarkable growth in 2018, reaching 4.5% compared to a growth rate of 2.7% in 2017, according to Dubai Statistics Center data.

Figure 1.4 Construction and Real Estate Services Sectors growth rate

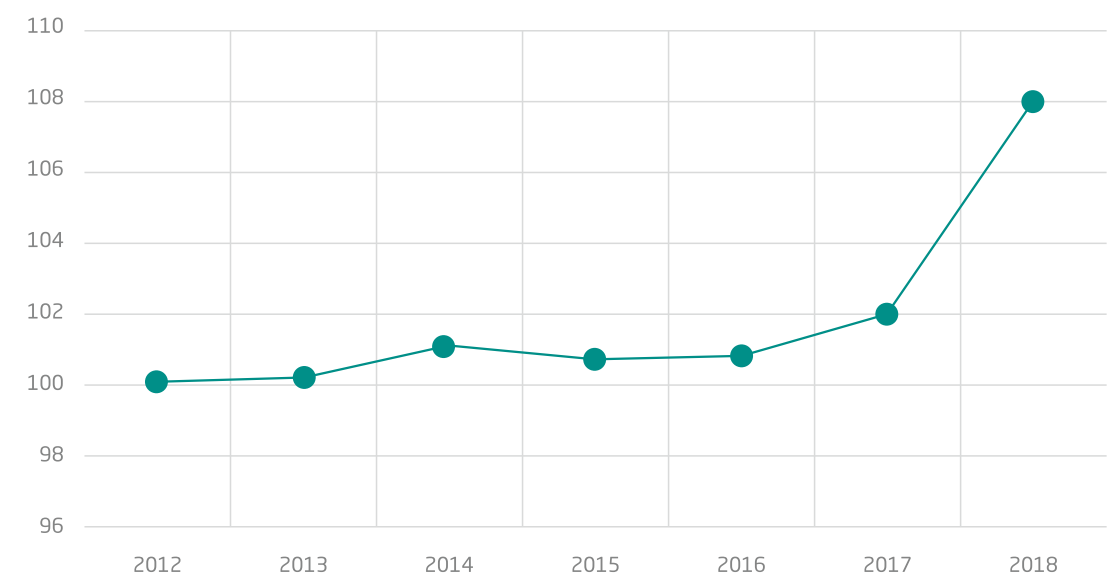


Source: Dubai Statistics Center

The positive growth rates of construction and real estate services sectors in 2018 and 2017 reflected on the prices of the building materials reflected by the construction costs index,

which witnessed a remarkable rise in 2018, reaching 107.74 in an increase of nearly 6 points from the 2017 construction costs index which reached 101.9.

Figure 1.5 Construction Cost Index



Source: Dubai Statistics Center

## Real estate sector and population growth

The real estate sector is closely linked to population growth as the population represents the direct demand side of the residential sector, as well as representing the indirect demand in the retail and non-residential sectors in general.

Data from Dubai Statistics Center indicates that the number of residential units grew by approximately 5% in 2017 compared to number of the residential units in 2016. This growth is in response to population growth in the Emirate

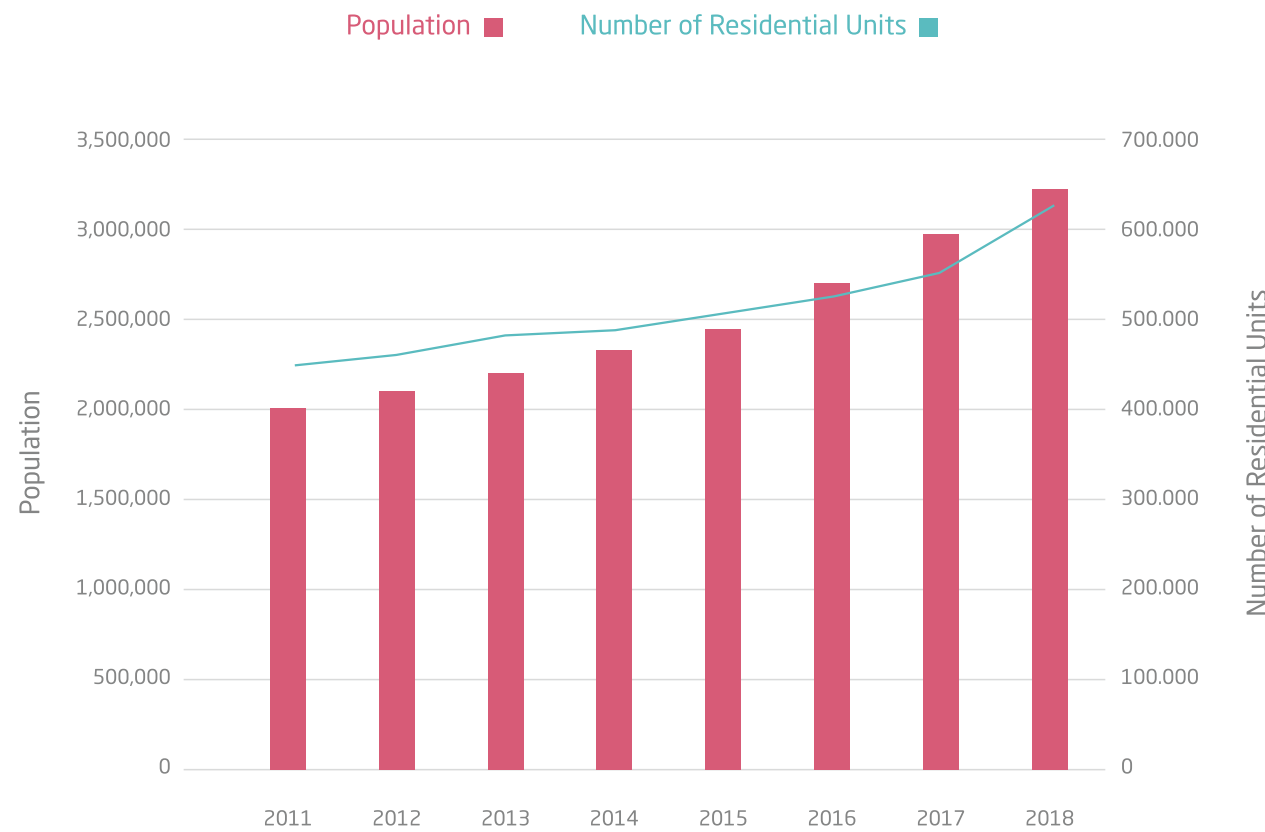
of Dubai, which grew by 10% approximately in 2017, Compared to 2016.

In 2018, the population grew by 7%, according to the estimates of Dubai Statistics Center and the growth rate of the residential units reached 12%, with number of units reached 621,368 residential units according to Dubai Statistics Center data as shown in figure (1.6).

Population growth represents part of the indirect demand for non-residential units which represents the real estate demand in non-residential sector such as offices, shops, industrial and other demands derived from the demand

of goods and services in other economic sectors. The same reflected in the number of new and renewed licenses issued by Dubai Economy, which reached approximately 160,000 licenses in 2018.

Figure 1.6 Number of Residential Units and Population Growth



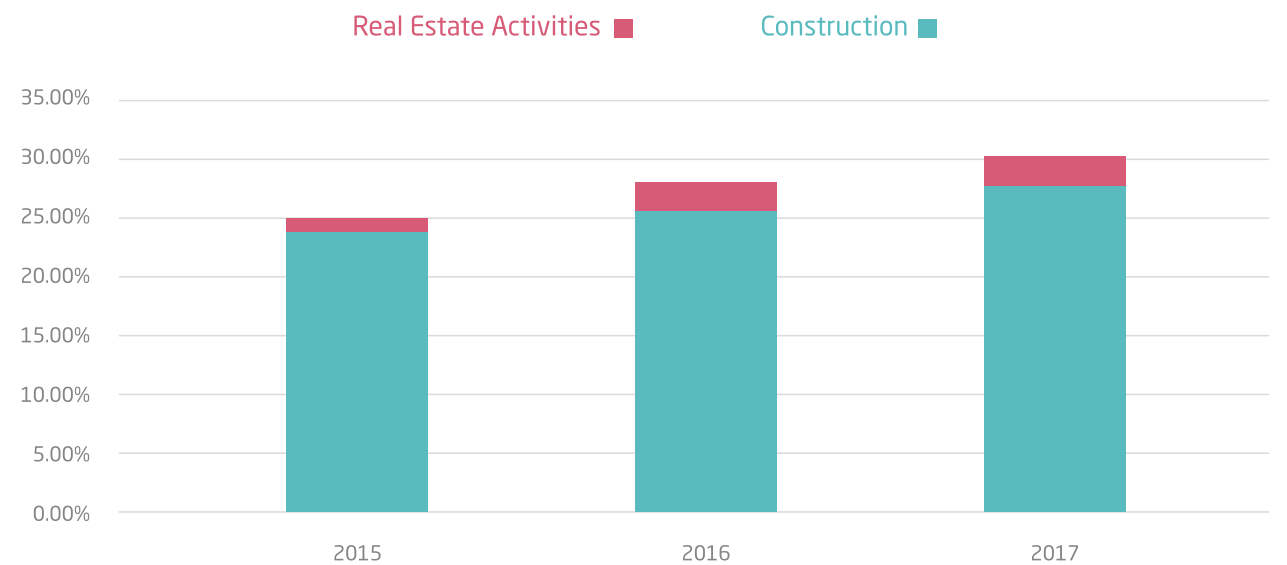
Source: Dubai Statistics Center

## Real estate sector growth and number of workers

The construction sector in the Emirate of Dubai has the largest number of workers compared with the other economic sectors with a 27.6% of the total workforce in the Emirate of Dubai in 2017, compared with 25.6% in 2016. As for

the real estate services sector, the number of workers as a percentage of the total workforce reached 2.6% in 2007, compared with 2.3% in 2016.

Figure 1.7 Share of workers in construction and real estate activities sectors



Source: Dubai Statistics Center



## Chapter TWO

# Real Estate Sector Performance



In 2018, the total transactions reached AED 223 billion, with total sales of AED 74 billion. Meanwhile, the total mortgages reached AED 120 billion in 2018 compared to AED 137 billion. Additionally, the top three areas for transactions in 2018 were Business Bay, Palm Jumeirah and Dubai Marina.

Dubai's real estate sector is considered as one of the key sectors attracting new investors as it continuously offers a variety and innovative investment opportunities. Such opportunities are attractive to real estate investors around the world to support their existing investments and to enable them to start new ones.

Real estate investments reached AED 80 billion in 2018. Moreover, investments numbers in 2018 exceeded 41,000 real estate investments, by more than 31,000 real estate investors from around the world. New investors represented the largest percentage of investors. The year 2018 witnessed a significant increase in the corporate investment value compared to individual investments. The average corporate investment value reached approximately AED 7 million per investment compared to an average investment value of AED 1.2 million per investment for individuals.



## Dubai Real Estate Market Performance

The Real estate transactions is considered as one of the key indices used to indicate the dynamism and growth of the sector by linking

them with the macro indices of the sector growth as well as number of investors.

## Real Estate Transactions

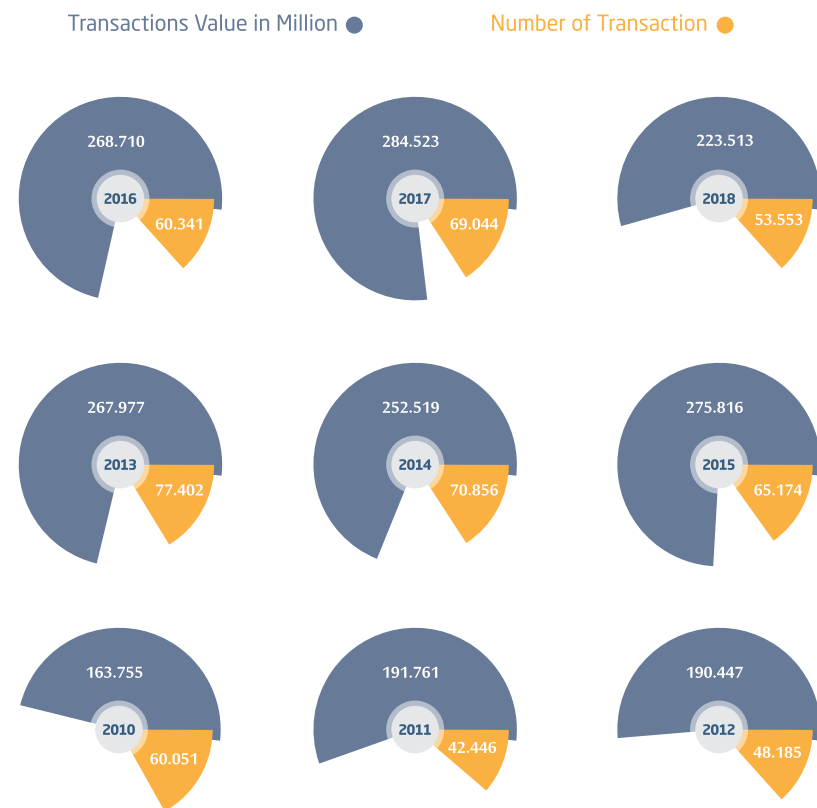
### Number and value of transactions

Real estate transactions reached AED 223 billion in 2018 compared to AED 284 billion in 2017 and number of transactions retreated to approximately 53,000 transactions in 2018 compared to 69,000 transactions approximately in 2016 as shown in figure 2.1.

a remarkable growth in 2018, by reaching 7% in the real estate services sector compared to a growth rate of 4.4% in 2017. The construction sector also achieved a positive growth rate of 4.5% in 2018, compared to a growth rate of 2.7% in 2017, as shown in figure 1.4.

The macro results of the sector performance indicate that the real estate sector has achieved

Figure 2.1 Real Estate Transaction Number and Value



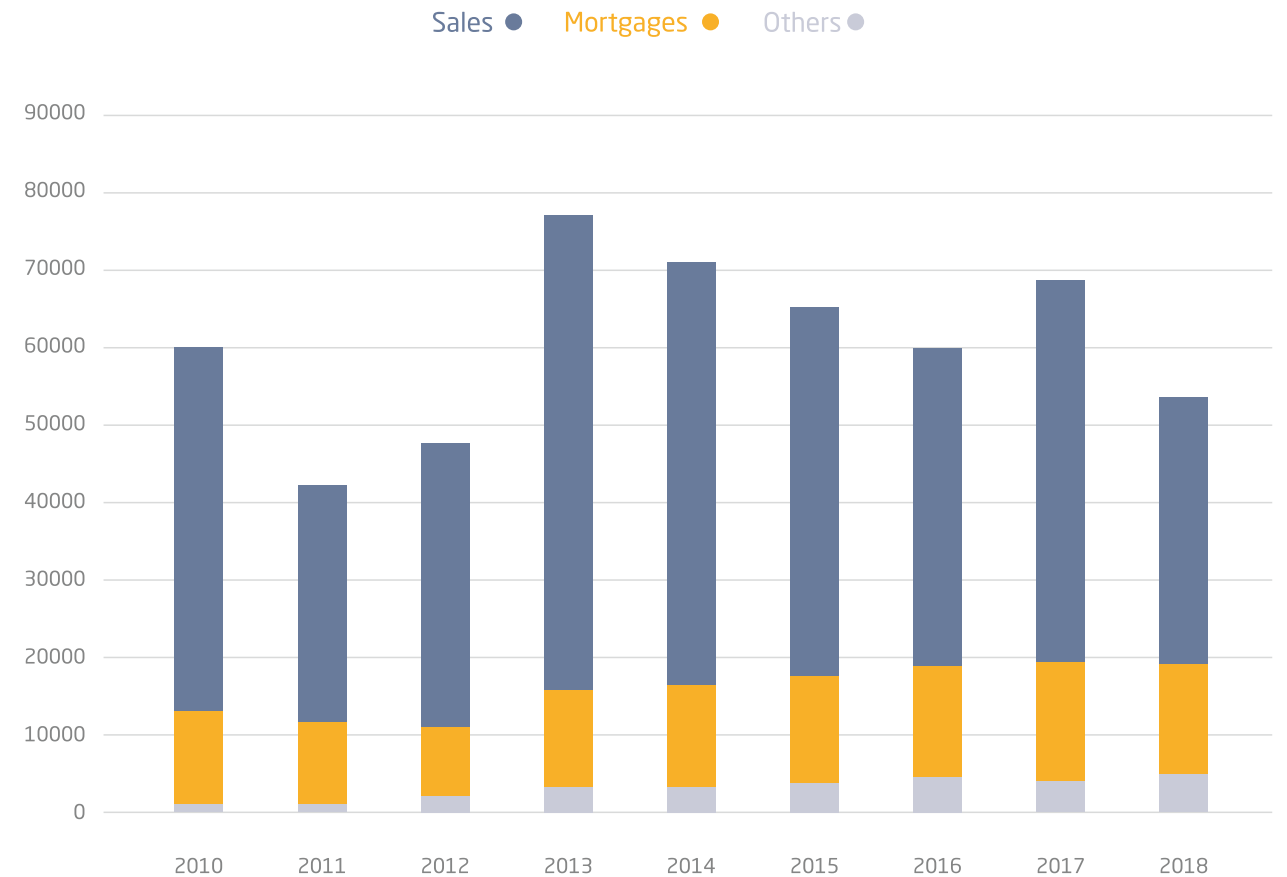
Source: Dubai Land Department

## Real Estate Transactions by transaction type

Figure 2.2 shows the continuous growth in the sales number compared to the mortgage transactions. The sales transactions number reached

approximately 34,000 transactions in 2018, compared to 14,000 mortgages transactions.

Figure 2.2 Real Estate Transactions Number by Procedure Type



Source: Dubai Land Department



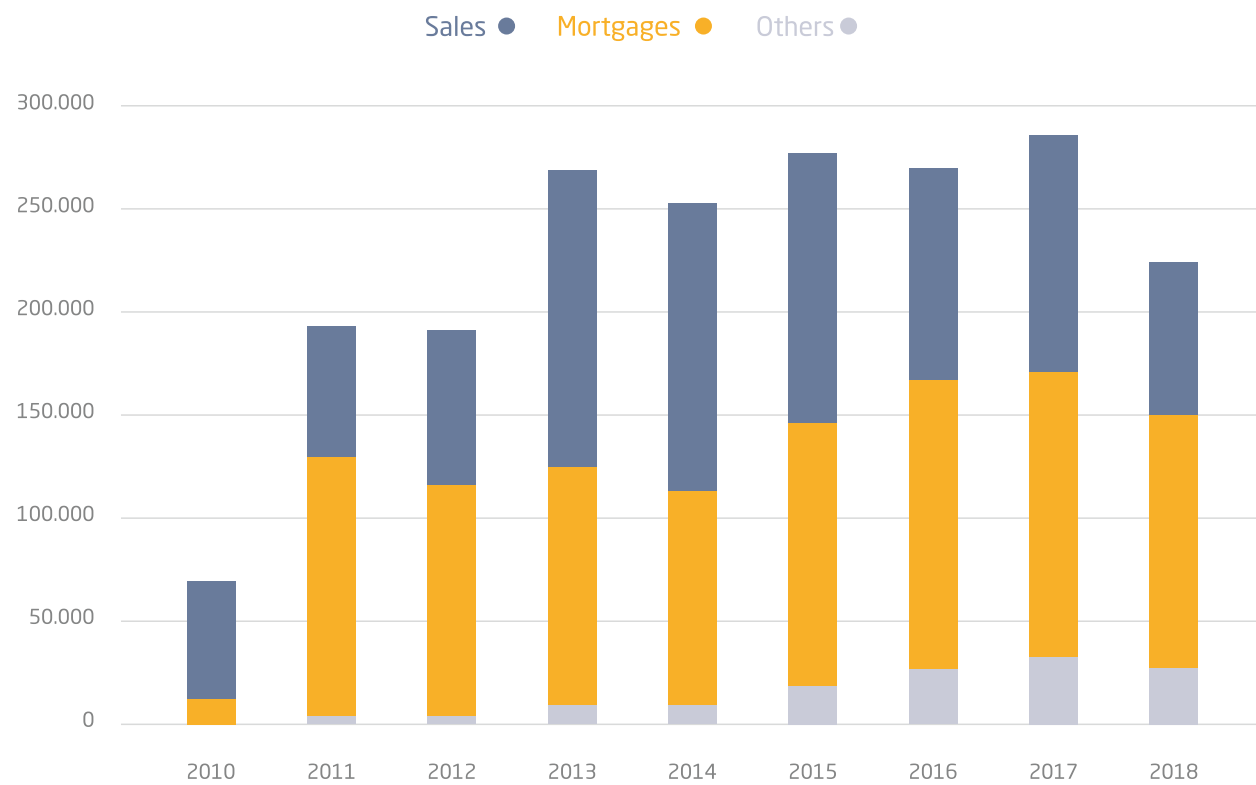


Such decline in sales and mortgages numbers was reflected on the value of each as the value of the sales reached AED 74 billion in 2018 compared to AED 114 billion in 2017 while mortgages value reached AED 120 billion in 2018 compared to AED 137 billion in 2017.

Despite the decline in both sales and mortgages value, the mortgage value is still greater than real estate sales value, despite

the real estate sales number is greater than the mortgages number. This highlights the importance of the real estate finance of high value units which real estate investors in Dubai prefer to finance by mortgage, which represents a small part of the cost of investment, compared to the return of investment rate (ROI) in the real estate sector in Dubai.

Figure 2.3 Real Estate Transactions Value by Procedure Type



Source: Dubai Land Department

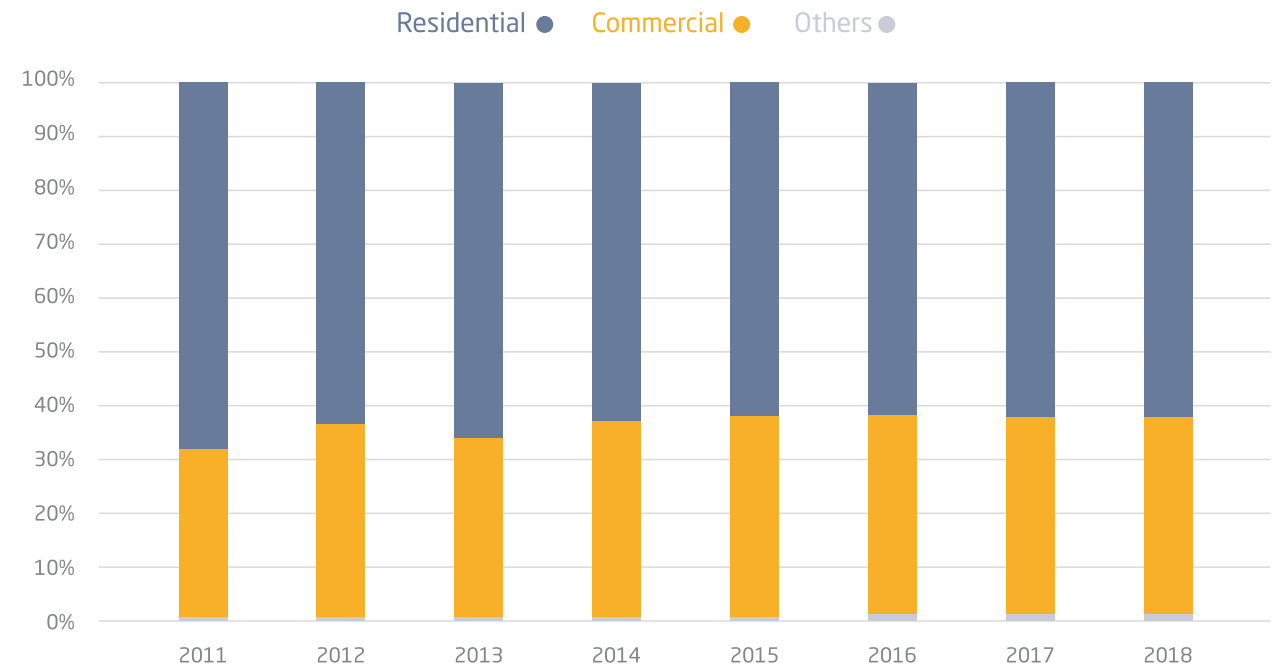
## Real Estate Transactions by property use

Real estate transactions on residential properties represented the largest percentage in terms of transactions number. Transactions on residential properties share reached 61% of the total number of transactions in 2018 and this rate has not changed from the previous year which reached 61% as well, while number transactions on commercial properties reached 37% in 2018.

Moreover, the other transactions acquired a small share not exceeding 3% of the total number of transactions in 2018, as shown in Figure (2.4).

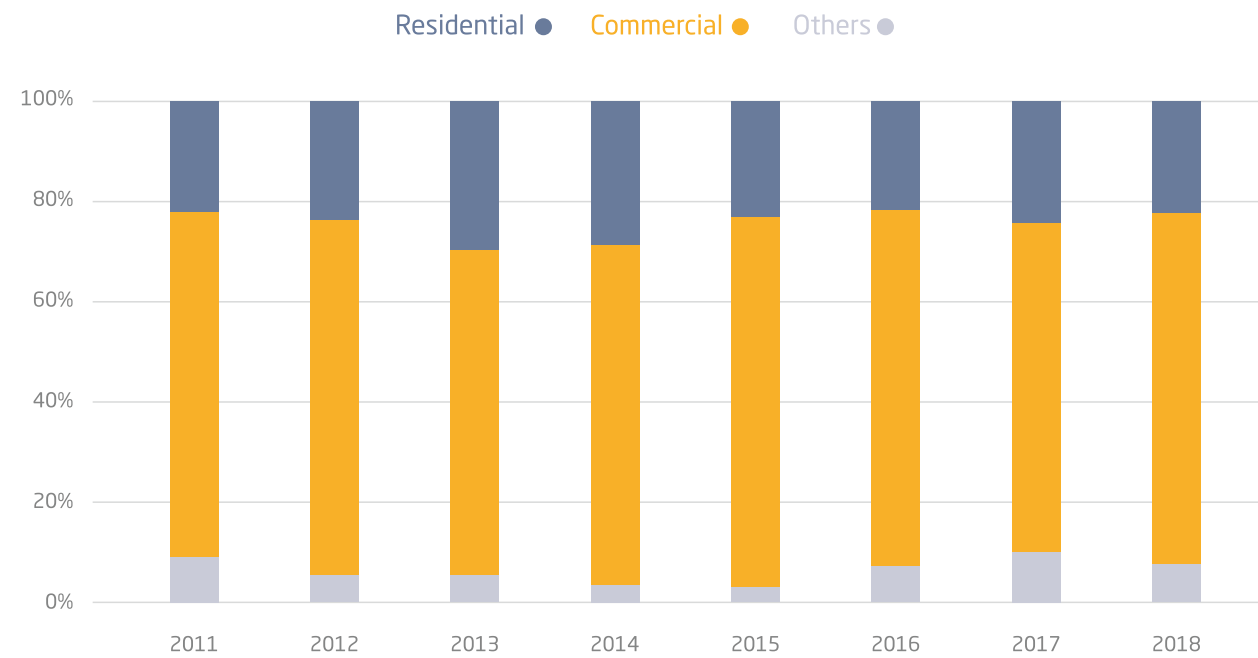
In terms of transactions value by property use, commercial properties represented the largest share of transactions, which indicates the difference in the value of both commercial and residential properties in Dubai. Additionally, the transactions on commercial properties represented 68% of total transactions value in 2018. While transactions on residential properties represented 11% of real estate transaction value in 2018. Moreover, the transactions on other properties represented 21% of total transactions value.

Figure 2.4 Real Estate Transaction Distribution by property use



Source: Dubai Land Department

Figure 2.5 Real Estate Value Distribution by property use



Source: Dubai Land Department

## Number of real estate transactions by investor category

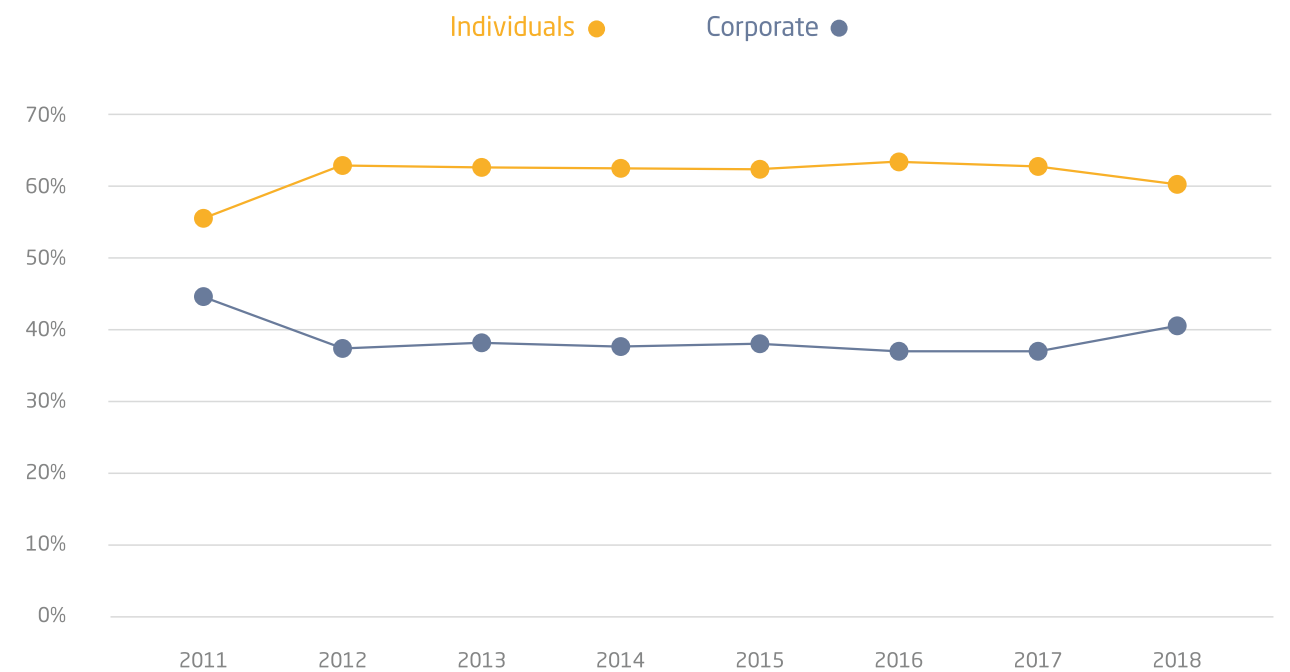
Real estate investors in Dubai are divided into two main categories: individuals and corporate. Figure 2.6 shows the distribution of real estate transactions in Dubai by investor category.

The figure shows that the largest percentage of real estate investors since 2011 were individuals, representing approximately 60% of the total number of real estate investors in Dubai. The corporate category represents approximately 40% of the real estate investors in 2018.

The figure also shows the incremental growth in the percentage of corporate compared to

individuals since, the percentage of individuals decreased from 62.8% in 2017 to 59.8% in 2018. While the percentage of corporate investors increased from 37.2% in 2017 to 40.2% in 2018. This increase in the corporate investors percentage represents the ability of the real estate sector to provide investment options that attract corporate investors and effectively contribute to attracting large real estate investments into the real estate sector in Dubai.

Figure 2.6 Number of Real Estate Transactions by investor category



Source: Dubai Land Department



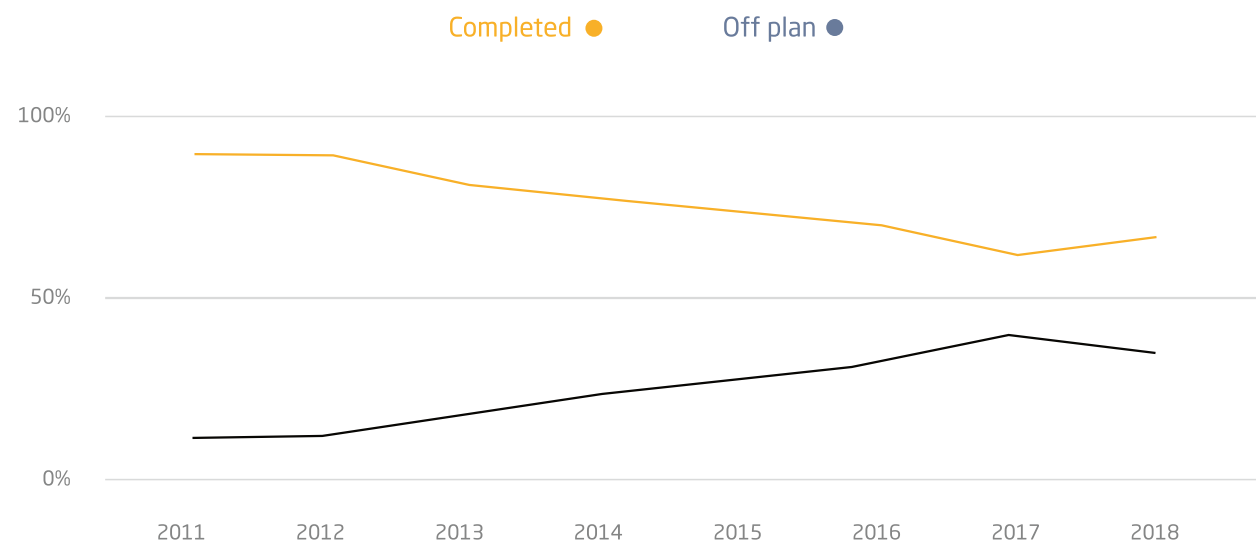


## Real Estate Transactions by property status (completed / under construction)

Figure 2.7 shows the distribution of the transactions number in terms of property status at the procedure completion date. The figure also shows the upward trend of the under-construction property transactions compared to the transactions on completed properties until 2017. The percentage of transactions on

under-construction properties reached 38% in 2017, compared to 31% in 2016. However, this percentage decreased to 34% in 2018. Additionally, the percentage of transactions on completed properties during the same year increased to 66% compared to 62% in 2017.

Figure 2.7 Number of Real Estate Transactions by property status at the procedure date

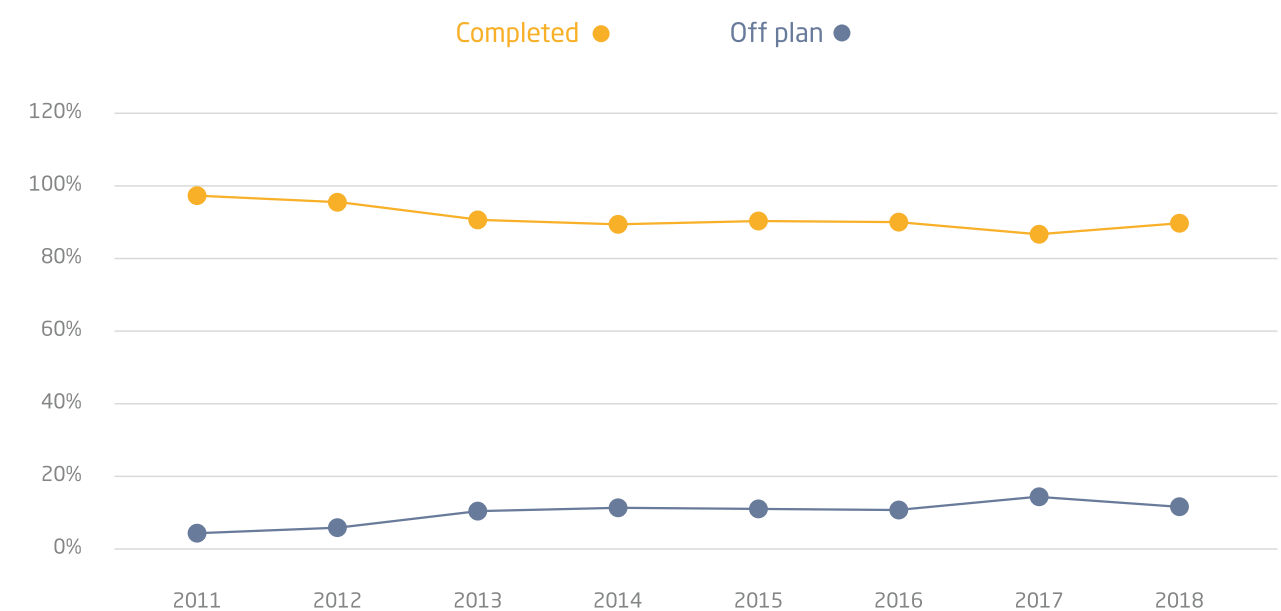


Source: Dubai Land Department

In terms of transaction values, Figure 2.8 shows the distribution of the transaction values by property status at the procedure completion date. The Figure shows the stability of the percentage of transactions value on under-construction properties, compared to transactions Off-Plan during the period from 2011 to 2018, despite the continuous increase in the number of transactions on under-construction properties. This could

be due to the decline in the prices of under-construction properties, as well as the housing policy adopted by most real estate developers. Moreover, the value share of transactions on completed properties ranged from 87% to 97% during the period from 2011 to 2018. In addition, the percentage of transactions value on under-construction properties during the same period ranged from 3% in 2011 to 14%.

Figure 2.8 Value of Real Estate Transactions by property status at the procedure date



Source: Dubai Land Department





## Real Estate Transactions by community

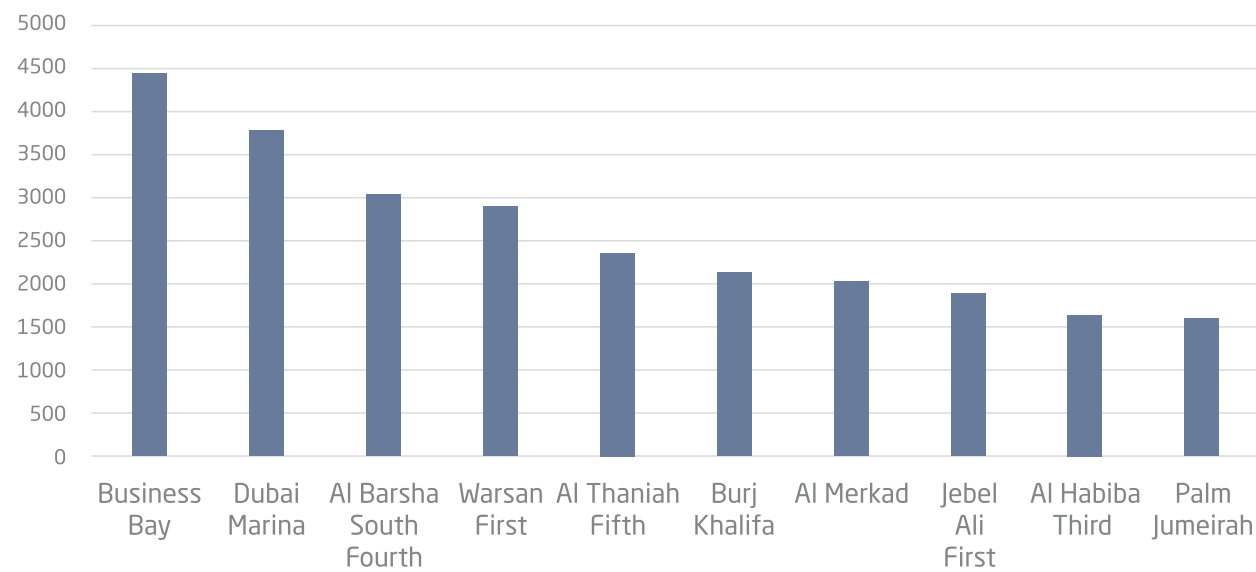
Figure (2.9) shows the top ten communities in Dubai in terms of the transactions number. Business Bay is ranked as the top in Dubai in terms of number of transactions; with a number of transaction exceeded 4000. It is followed by

Dubai Marina, Al Barsha South Fourth, Warsan, Al Thaniah Fifth, Burj Khalifa, Al Merkad, Jebel Ali and Al Habiba Third and Palm Jumeirah (comes at the 10th place).

In terms of transaction values, Figure 2.10 shows the top ten communities in Dubai in terms of transaction values. The same figure shows that Business Bay community maintained the first place in terms of transaction values after it exceeded AED 11 billion. Palm Jumeirah ranked in the second place with a value of more

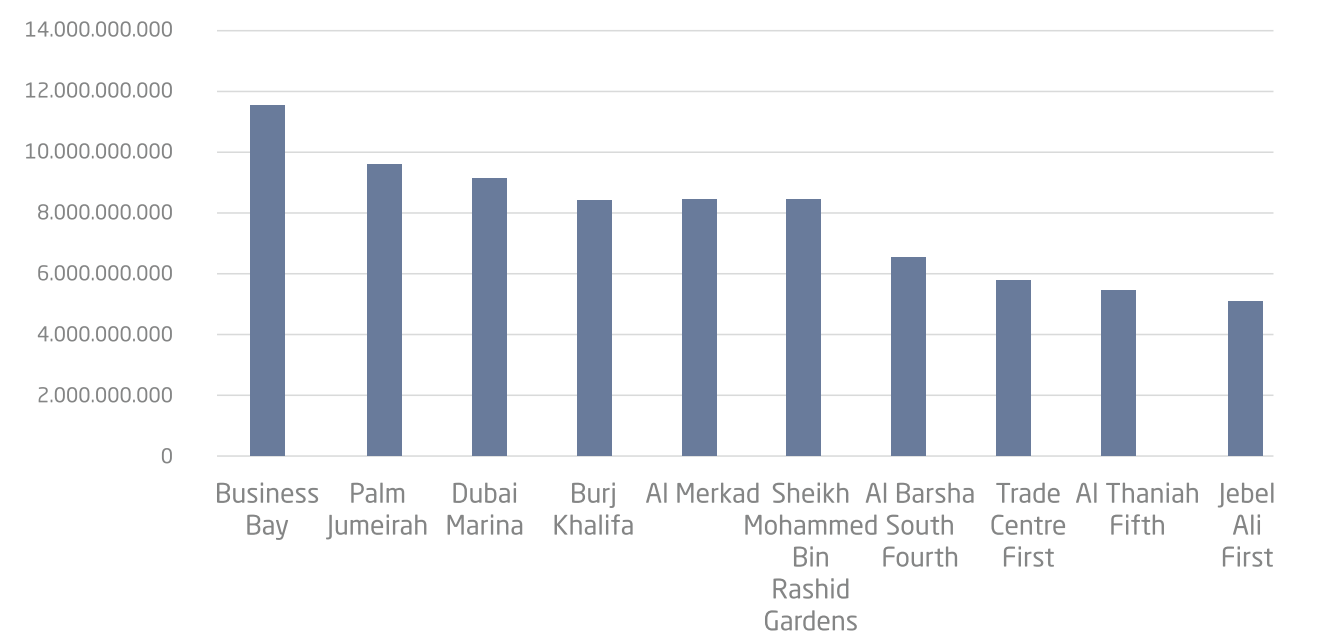
than AED 9 billion, followed by Dubai Marina with a value of more than AED 9 billion as well, followed by Burj Khalifa, Al Merkad, Sheikh Mohammed Bin Rashid Gardens, Al Barsha South Fourth, Business Bay, Al Thaniah Fifth. Jabal Ali First came in 10th place.

Figure 2.9 Top 10 communities in terms of Real Estate Transactions Number



Source: Dubai Land Department

Figure 2.10 Top 10 communities in terms of Real Estate Transactions Value



Source: Dubai Land Department



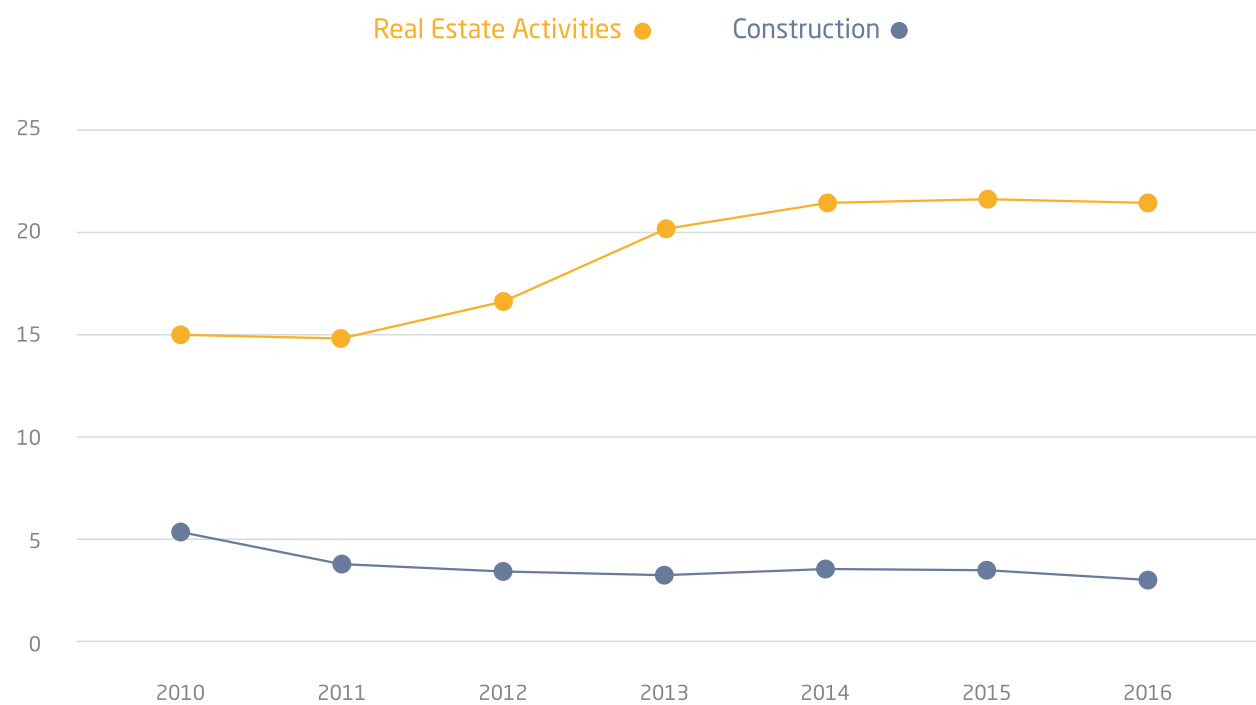


## Investments

Investment is the growth cornerstone for any country's economy and reflects the economy's ability to generate income and production, as well as the economy's ability to generate profit and support all economic indices of the country. All countries are looking forward to provide an attractive investment environment and maintaining existing investments, and as for all the economic sectors; investments for the real estate sector are much more important and Dubai Land Department constantly takes the necessary procedures and laws to regulate the real estate market and improve the sector investment environment.

Data derived from Dubai Statistics Center indicate that the contribution of the real estate sector to the share of foreign direct investment has increased in recent years. According to the latest published data regarding the real estate sector's share to foreign direct investment in Dubai, the contribution of real estate activities in foreign direct investment reached 22% in 2016. The contribution of the construction sector reached 3% during the same year as shown in figure 2.11.

Figure 2.11 share of Construction and Real Estate activities Sectors of Foreign Direct Investment



Source: Dubai Statistics Center

## Real Estate Investments

The value of real estate investments reached AED 80 billion in 2018, while the number of real estate investments increased to more than 41,000 real estate investor from around the world, as shown in figure (2.12).

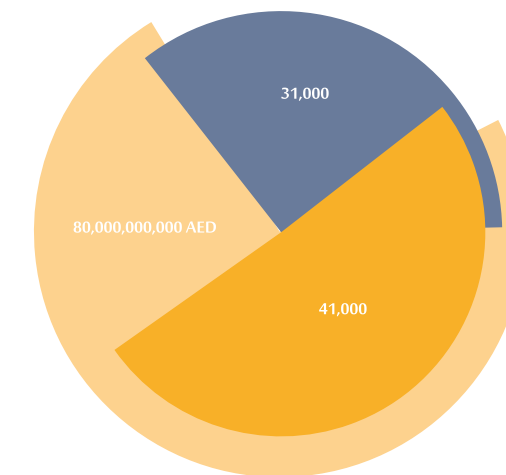
Dubai has witnessed a remarkable improvement in the value of foreign direct investment flowing into Dubai. In accordance with data from Dubai Foundation for Developing Investment (Dubai FDI), foreign direct investment reached AED 28.2 billion in the first nine months of 2018, compared to AED 27.3 billion, the total value

thereof in Dubai in 2017, and AED 21.8 billion during the first nine months of last year, with a growth of 29% according to data of Dubai Observatory for Foreign Direct Investment.

Within 2019 and 2020, real estate investments are expected to grow significantly due to "Dubai Expo 2020", which is expected to attract more investments into the real estate sector and to add a new segment of real estate investors to the sector.

Figure 2.12 Real Estate Investments

Investments Value (in Millions) ● Number of Investors ● Number of Investments ●



Source: Dubai Land Department

## New and active investors

The real estate sector in Dubai is one of the main sectors attracting new investors as it offers a variety and renewable investment opportunities. Such opportunities are considered by real estate investors around the world as opportunities to support their investments and to start new investments in Dubai.

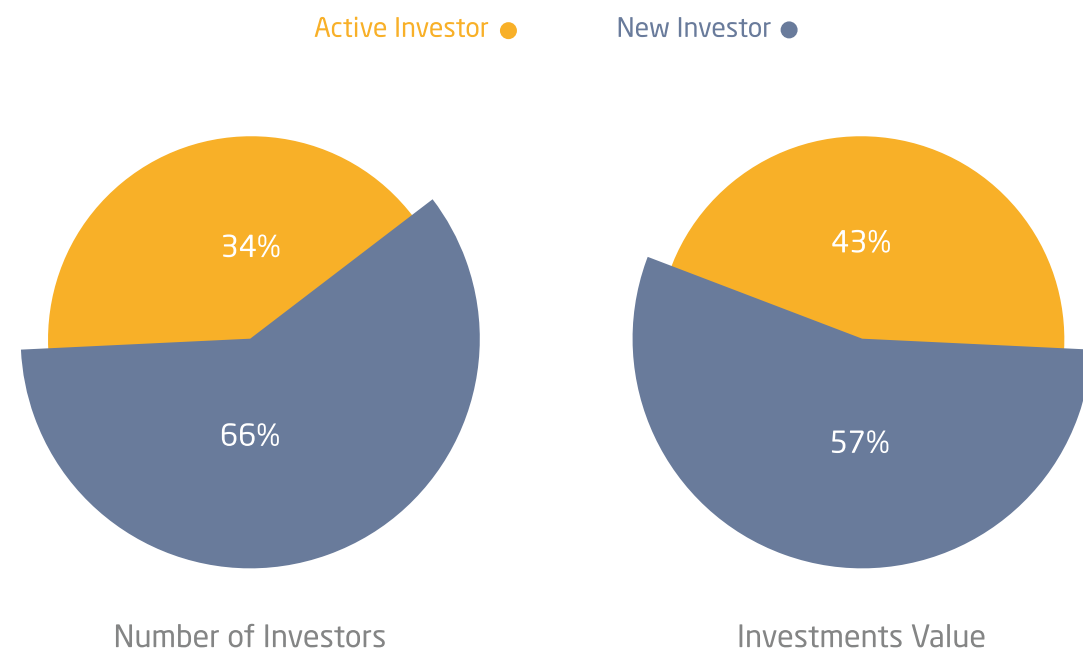
Furthermore, active investors increase the value of their investments compared to new investors, given the standard rates of return

offered by Dubai real estate market. Figure 2.13 shows the number of new and active investors and the value of their investments in the real estate sector in Dubai.

The same figure shows that new investors represent 66% of the total number of investors in 2018 while active investors represent 34%. In terms of the value of investments, new investors represent 57% of the total value of investments in 2018 while active investors represent 43%.



Figure 2.13 share of New and Active Investors by number and value of investments in 2018



Source: Dubai Land Department

## Investments Distribution by investor category

The real estate investor in Dubai is divided into two main categories: Individual Investors and Corporate Investors. The type of real estate investment varies according to the investor category since the characteristics of each of them vary, as well as the volume and value of their investments in the real estate sector in Dubai.

Figure 2.14 shows the distribution of the number of real estate investments by investor category. From the figure, it is clear that the percentage of individual investors exceeds the percentage of corporate investments from 2012 to 2018. However, the percentage of corporate investments increased in 2018 compared to 2017, as it reached 9% of the total number of real estate investments number in 2018, compared to 7% in 2017.

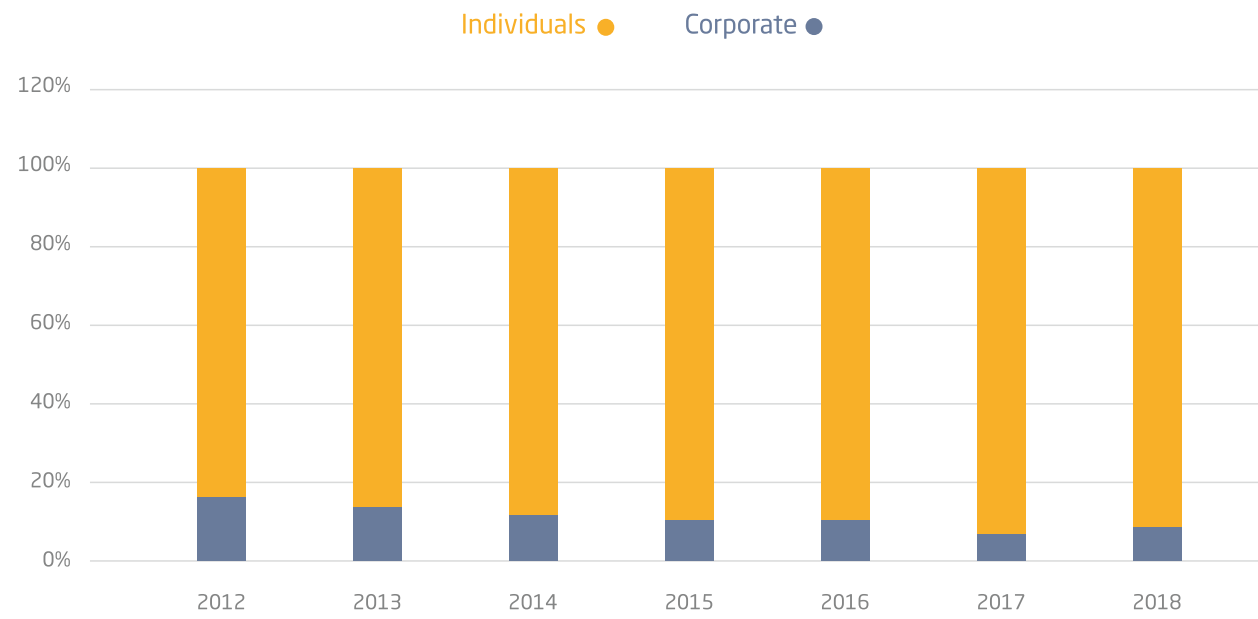
In terms of the value of investments, figure 2.15 shows the distribution of investments values between individual investors and corporate investors. The figure shows that the value of corporate investments percentage was higher than individual investments in terms of the number of investments, whereas it reached 31% in 2018, compared to 28% in 2017 which

is considered as an indication that the value of corporate investments is often greater than the individual investments, which is asserted by figure 2.16, which shows the average value of individual investments, compared to the average value of the corporate investments.

The figure shows that the average value of corporate investments is greater than the average value of individual investments, reaching AED 7 million per investment in 2018 compared to the average value of individual investments which reached AED 1 million during the same year.

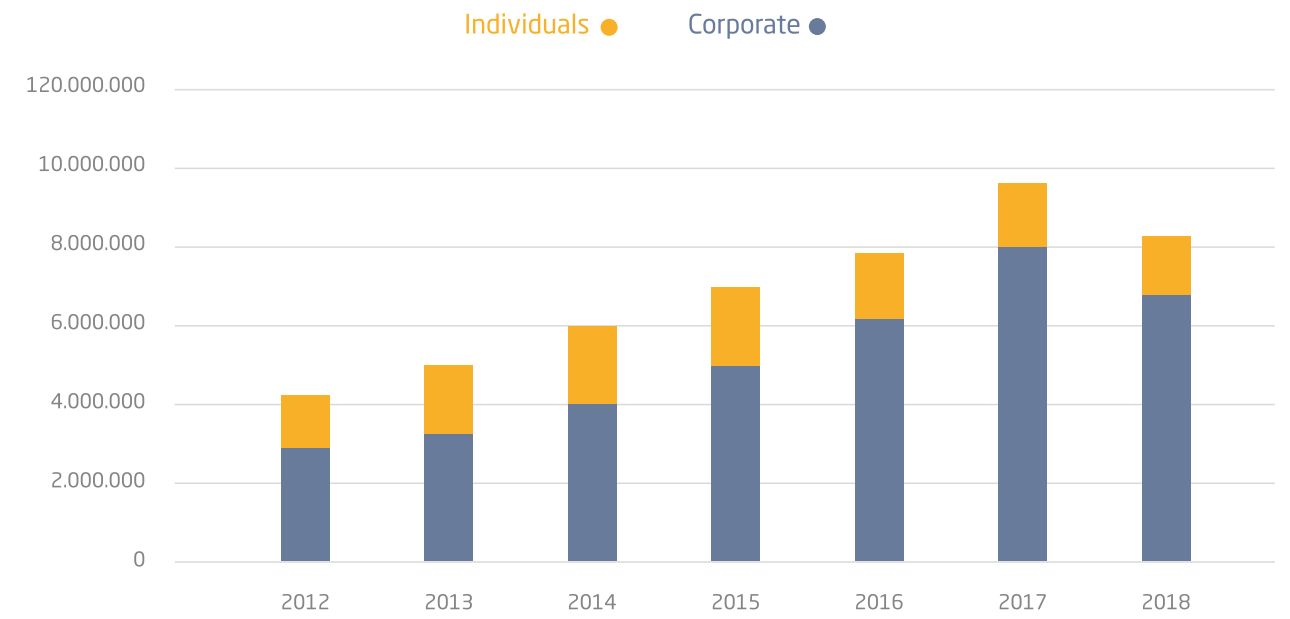
Under more analysis of individual and corporate investments, figure 2.17 shows that the largest percentage of the value of corporate investments was in commercial properties, while individual investments ranged between commercial and residential properties by the same percentage. The percentage of corporate investments in commercial properties reached 61%, compared to 15% in residential properties, while the percentage of individual investments in residential properties reached 47% compared to 48% on commercial properties in 2018.

Figure 2.14 Number of by Investor's Category



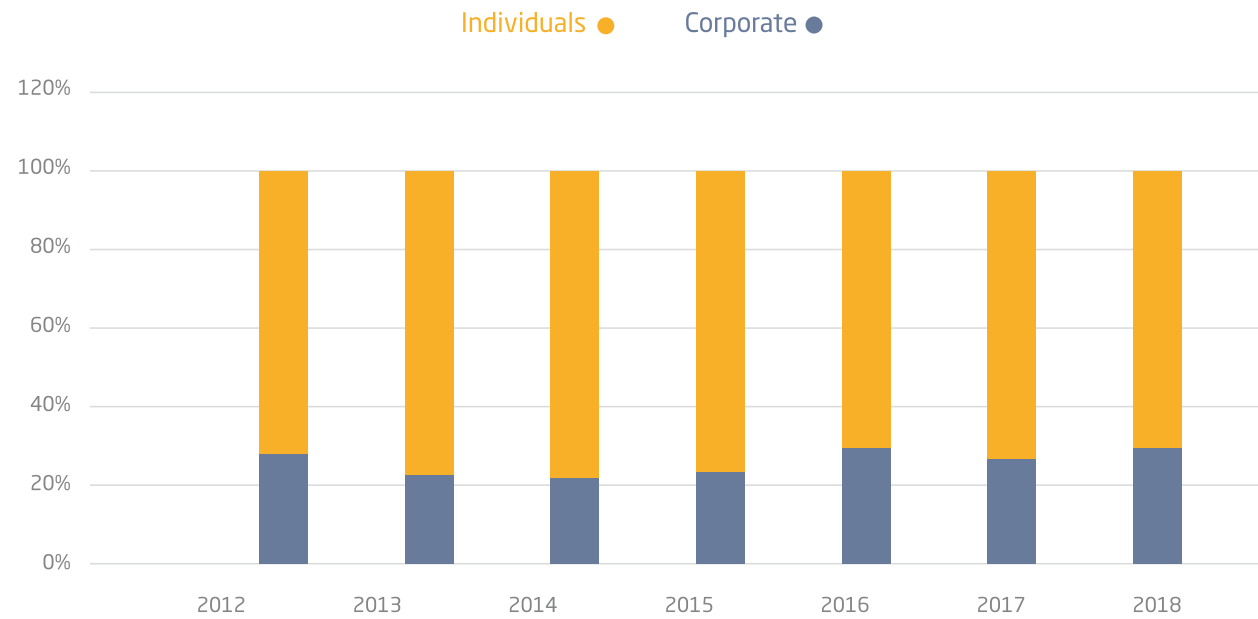
Source: Dubai Land Department

Figure 2.16 Average Value of Individuals and Corporate Investments



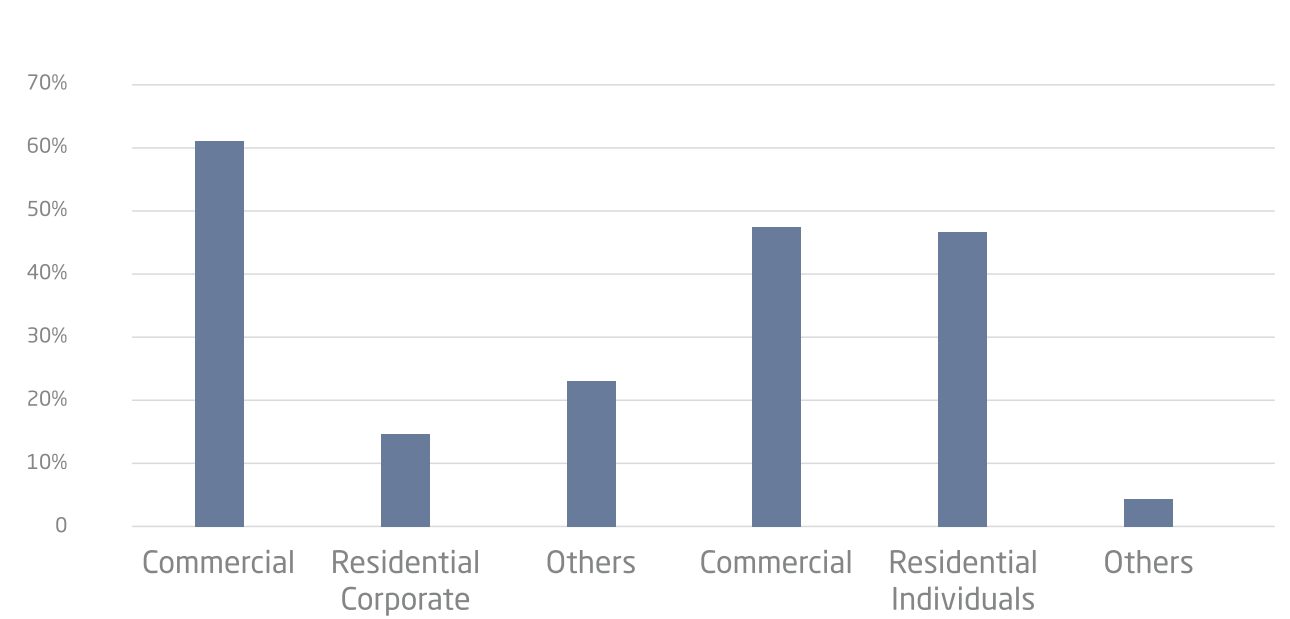
Source: Dubai Land Department

Figure 2.15 Investments Value by Investor's Category



Source: Dubai Land Department

Figure 2.17 Value of investments by investor type and property use



Source: Dubai Land Department

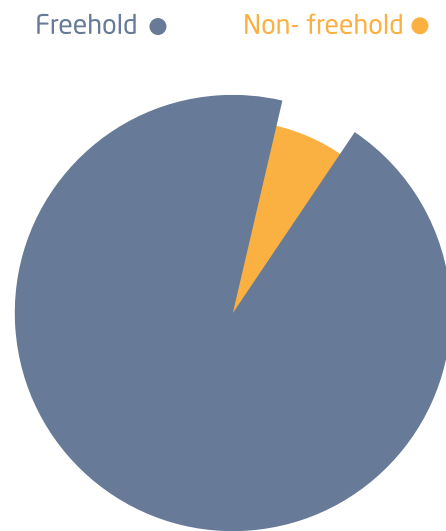


## Investments Distribution by property status

Figure (2.18) shows the distribution of the number of real estate investments between the freehold and non-freehold communities. Investments in the freehold communities

represented 94% of the total number of real estate investments in 2018 while investments in non-freehold communities represented 6%.

Figure 2.18 Number of Investments by property status in 2018

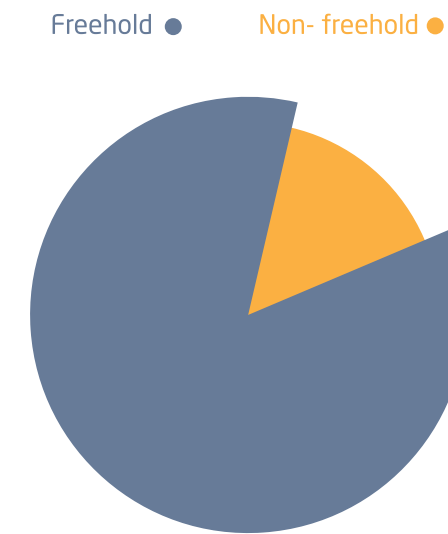


Source: Dubai Land Department

in terms of the real estate investments values, investments in freehold communities also achieved the highest percentage of real estate

investments values in 2018 reaching 85% while investments in non-freehold communities reached 15%.

Figure 2.19 Investments Value by ownership type in 2018



Source: Dubai Land Department



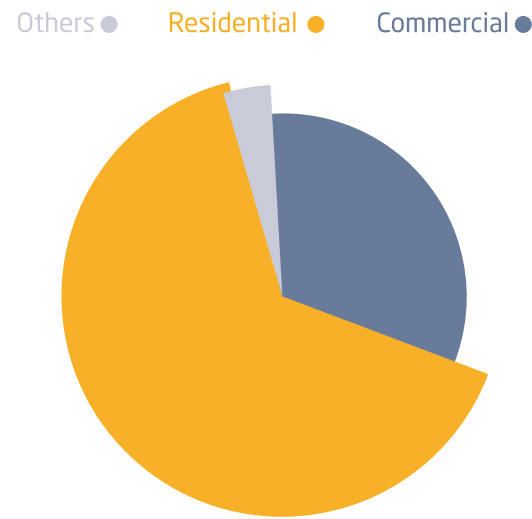


## Investments Distribution in terms of property use

Figure (2.20) shows that investments in residential properties represented 65% of the total number of real estate investments in 2018 while investments in commercial properties represented 32% and investments in other properties reached only 3%. However, in terms of the value of investments, investments

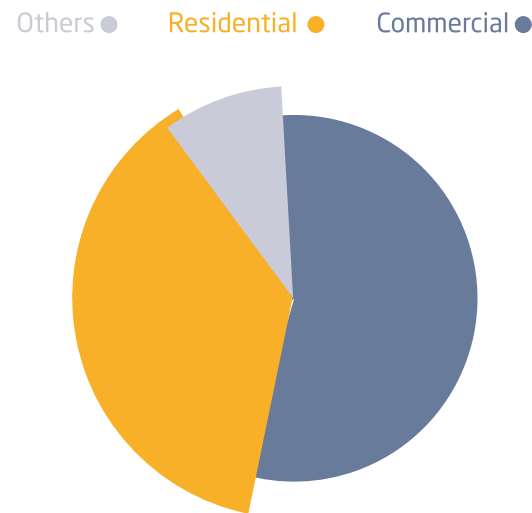
in commercial properties reached the largest percentage of real estate investments in 2018 reaching 52% while investments in residential properties represented 38% and investments in other properties reached 10% as shown in Figure (2.21)

Figure 2.20 Number of Investments by property use in 2018



Source: Dubai Land Department

Figure 2.21 Investments Value by property use in 2018



Source: Dubai Land Department

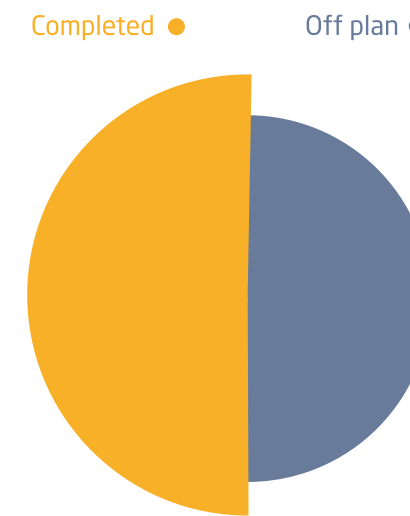
## Investments Distribution by property status

Figure (2.22) shows the distribution of the number of real estate investments by property status. The figure shows that approximately 50% of the investments were in completed properties, compared to 50% in under-construction properties (Off-Plan).

share of investments in completed properties, compared to investments in under-construction properties whereas the percentage of investments in completed properties reached 71% of the total value of investments, while the under-construction properties investment reached 29%.

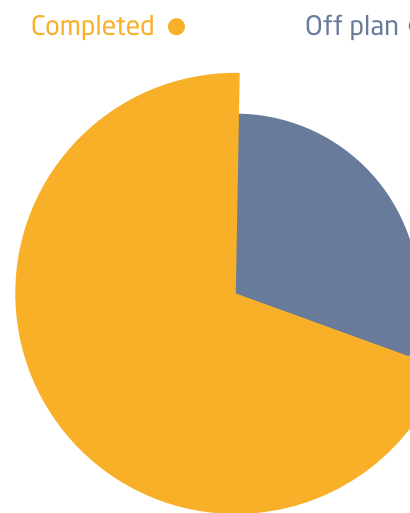
in terms of the value of investments, figure (2.23) shows a significant difference in the

Figure 2.22 2.20 Number of Investments by property status in 2018



Source: Dubai Land Department

Figure 2.23 Real Estate Investments Value Distribution in terms of property status in 2018



Source: Dubai Land Department

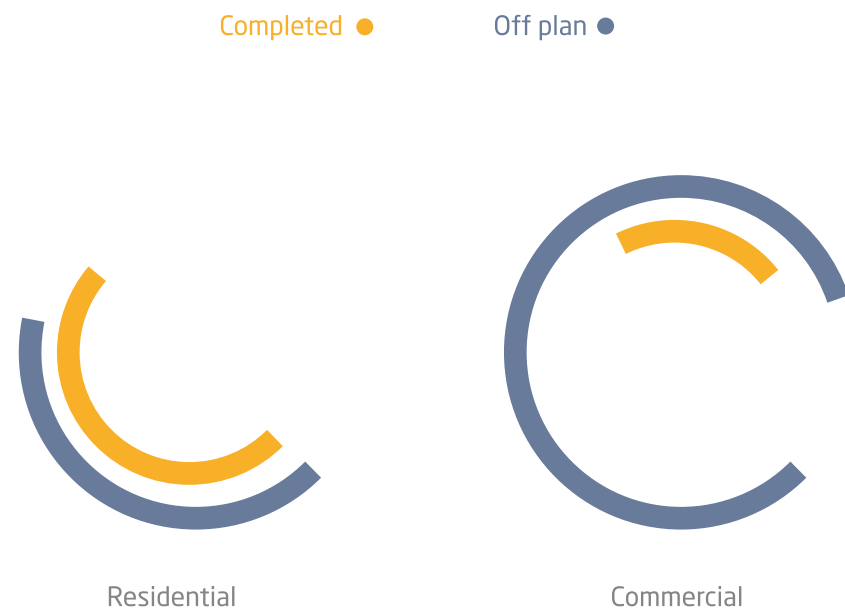


## Real Estate Investments Distribution by property use and status

According to property use and status, Figure (2.24) shows that the largest share of real estate investments value for commercial properties was for completed properties, while the largest share of investments value in residential properties were for under-construction properties which highlights the special nature of residential investments and commercial investments. It can be said that

the investor in commercial properties, which is often a corporate as per the analysis, aims to invest in completed properties to benefit from high rental rates while the residential properties investor, who is often an individual, invests in properties under construction due to their low value compared to commercial properties and completed properties.

Figure 2.24 Investments Value by property use and status in 2018



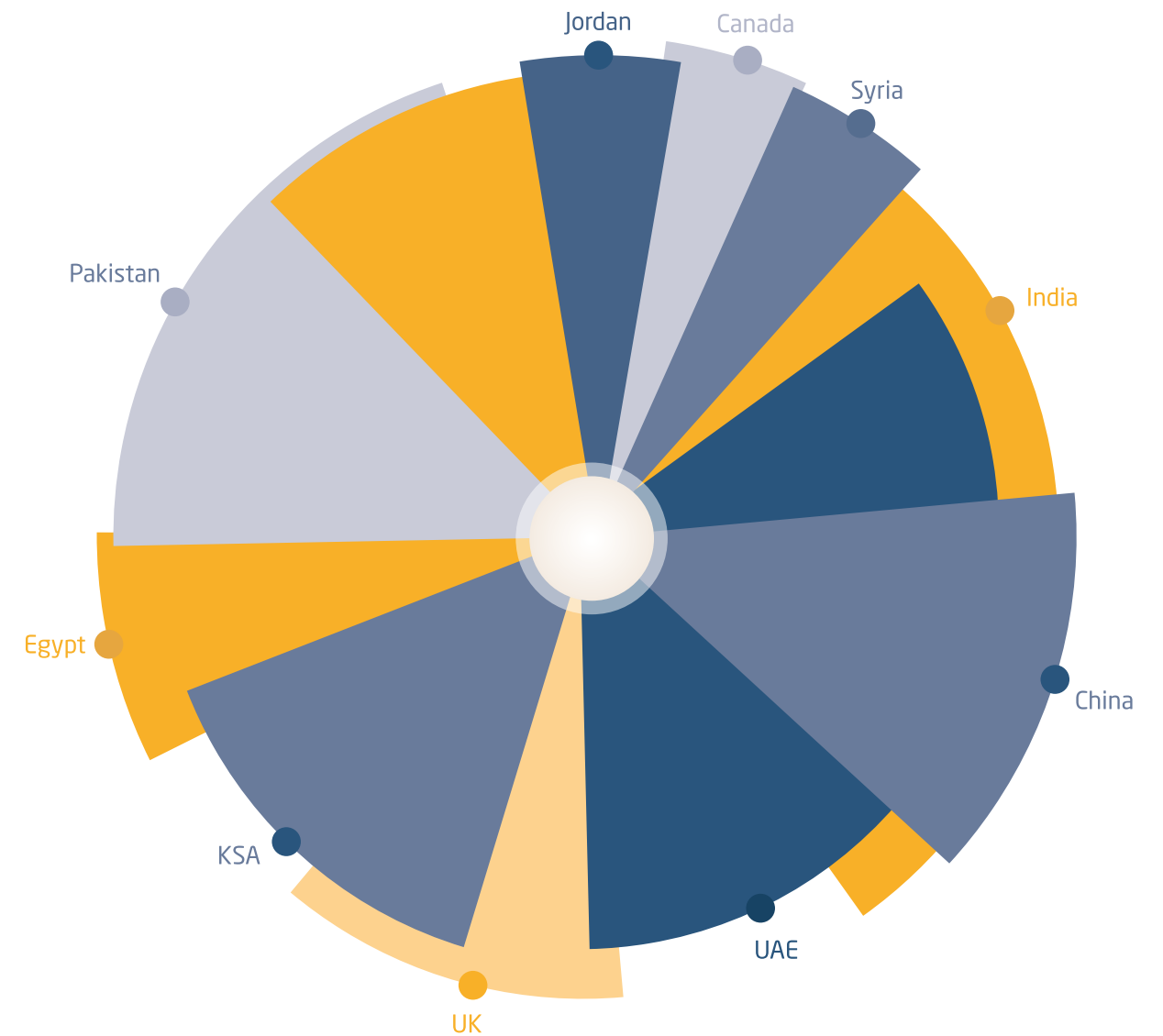
Source: Dubai Land Department

## Distribution of the investments by nationality (for Individuals only)

Figure 2.25 shows the distribution of the number of individual's real estate investments by the top 10 nationalities investing in the real estate sector in 2018. According to the figure, it can be seen that investors from the Republic of India ranked the first place in terms of

number of investments, which exceeded 6,000 real estate investments during 2018, followed by UAE nationals, with number of investments exceeded 5,000 in 2018.

Figure 2.25 Top 10 Nationalities in terms of Number of Investments 2018

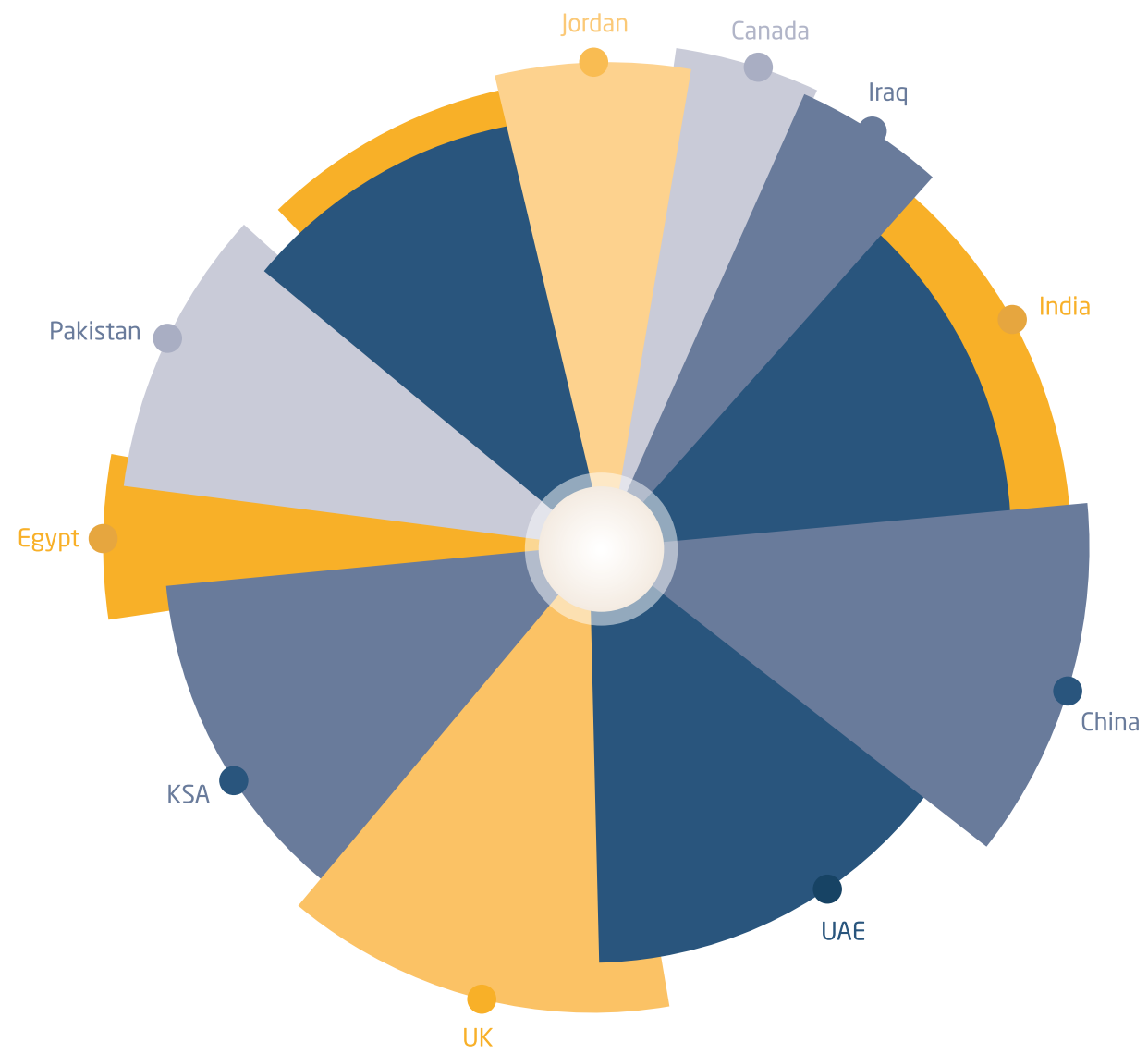


Source: Dubai Land Department  
Represents individual's investments only

Although investors from the Republic of India ranked the first in the number of investments, UAE investors ranked the first in terms of the value of investments by more than AED 10

billion and investors from the Republic of India came in second place with over AED 8 billion in 2018.

Figure 2.26 Top 10 Nationalities in terms of Investments Value 2018



Source: Dubai Land Department





## Real Estate Supply and Demand Analysis

The analysis of the supply and demand aspects in the real estate sector is one of the most important features of the real estate sector performance in Dubai whereas it shows the current investment opportunities in the real

estate sector, in addition to the new properties that will be added to the real estate market during the coming period, as well as analysis of investors and tenants' demand for real estate products.

### Supply side analysis

This section focuses on analyzing the current and future supply in the real estate sector in terms of completed projects which representing an addition to the real estate sector in 2018

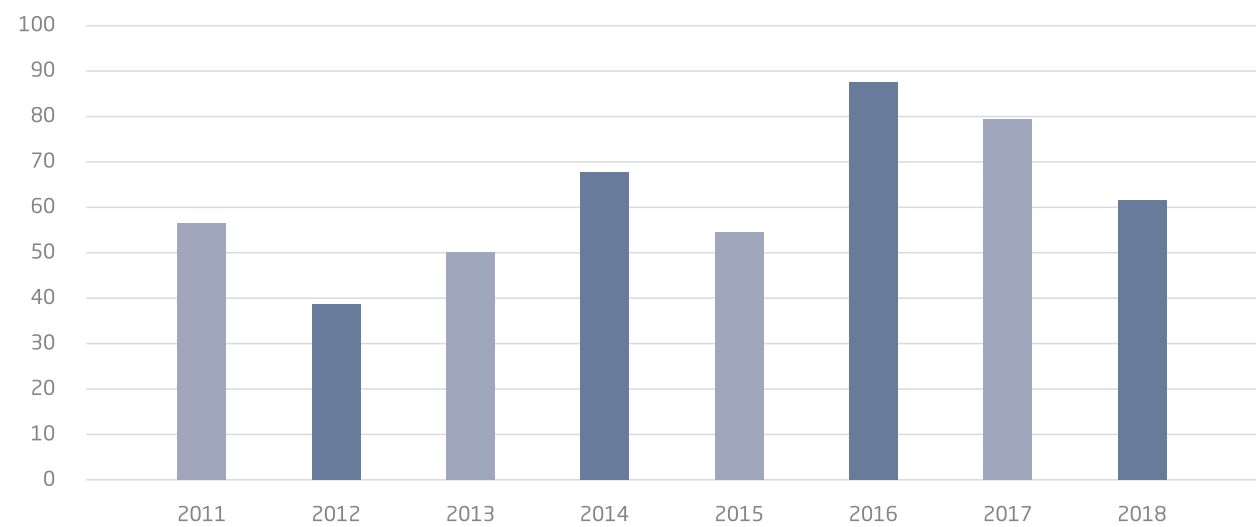
and the new projects started in 2018 and will represent an addition to the real estate sector in the coming years.

### Completed Projects

Figure (2.27) shows the number of completed projects in terms of the project end date registered in DLD. It shows that the number of projects completed in 2018 reached 62 projects, compared to 80 projects completed

in 2017 and 88 projects in 2016. The three years witnessed the largest percentage of the completed projects in Dubai, as "Dubai Expo 2020" approaches.

Figure 2.27 Number of Completed projects by Project End Date

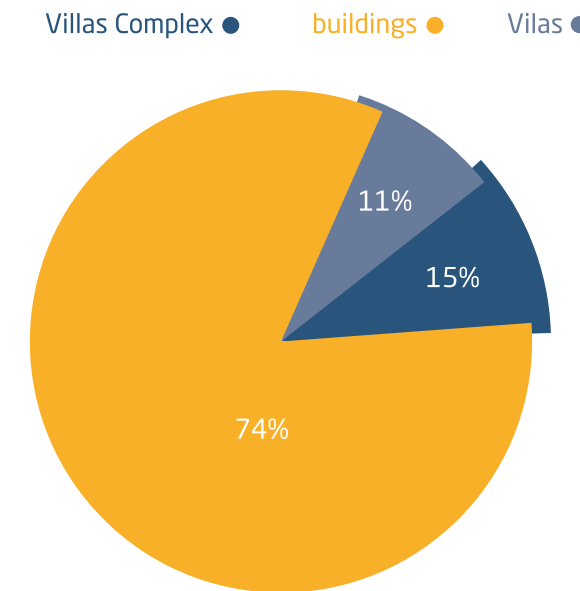


Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD

And by project classification, building projects completed in 2018 represented the largest percentage of projects completed during the year in a percentage of 74% of the total projects

While villa projects represented 15% and villa complexes 11% in 2018, as shown in figure 2.28.

Figure 2.28 Number of Completed projects by project classification 2018

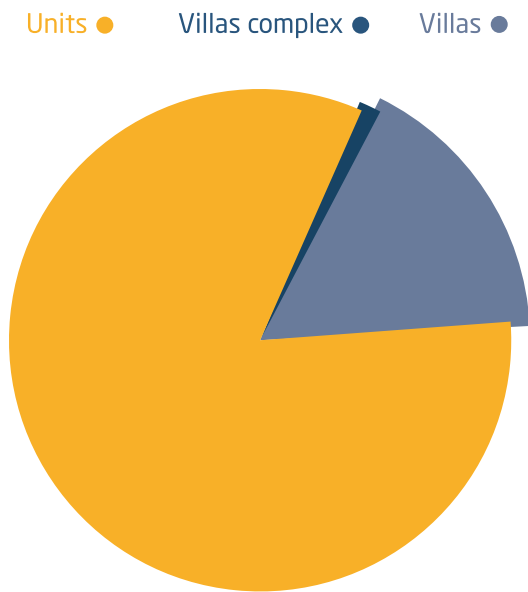


Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD



In terms of the type of property, the units represented the largest percentage of projects completed in 2018, while villas represented the second largest percentage and villa complexes represented a small percentage of properties completed in 2018.

Figure 2.29 - Completed Projects Distribution in 2018 in terms of property type



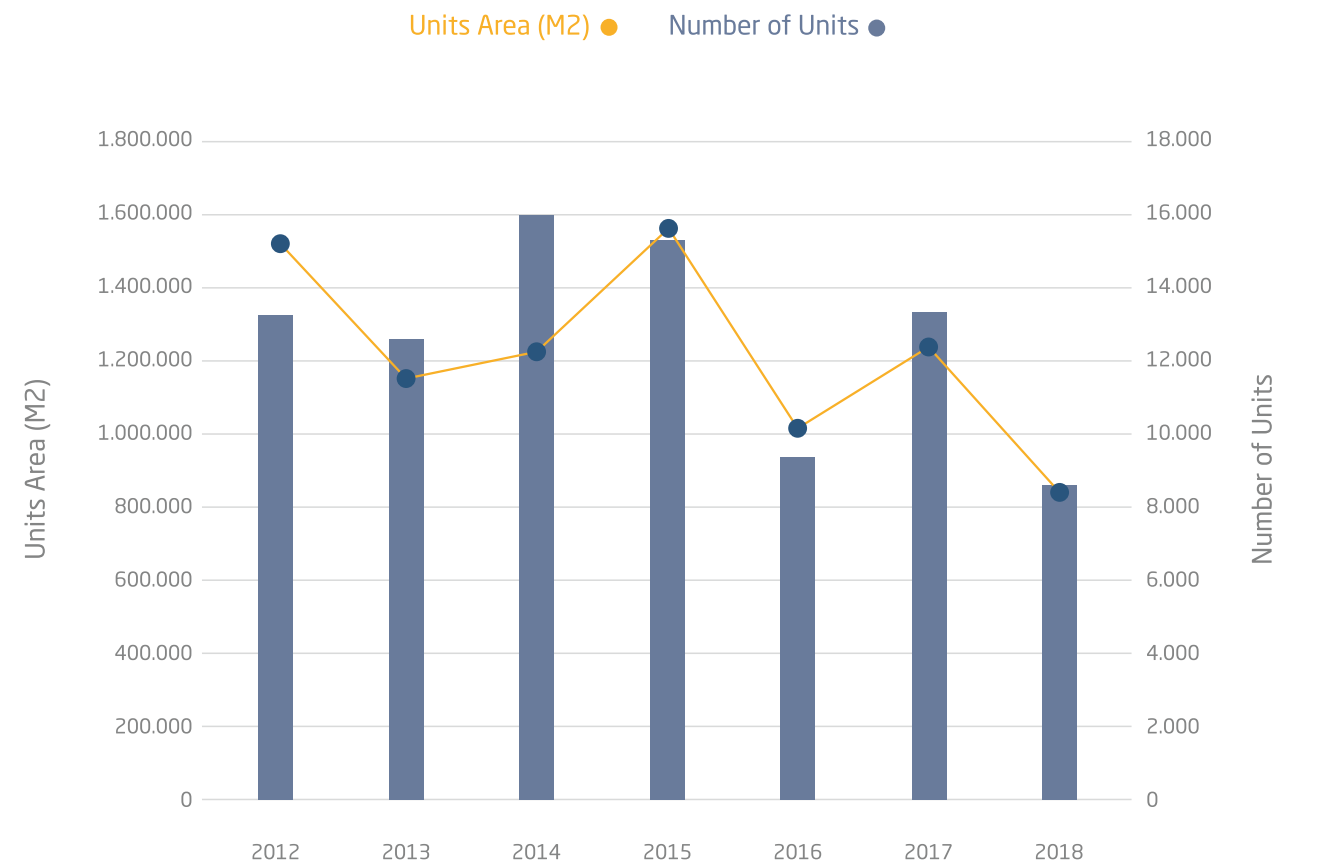
Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD



## Number of completed units

Figure 2.30 shows the number and areas of units added to the real estate sector from the completed projects each year. It also shows in 2018, with a total area exceeding 851,000 square meters, compared with 12,000 units added in 2017, with a total area exceeded one million square meters.

Figure 2.30 Number and Area of Completed Units by Project Completion Year



Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD and which units were added

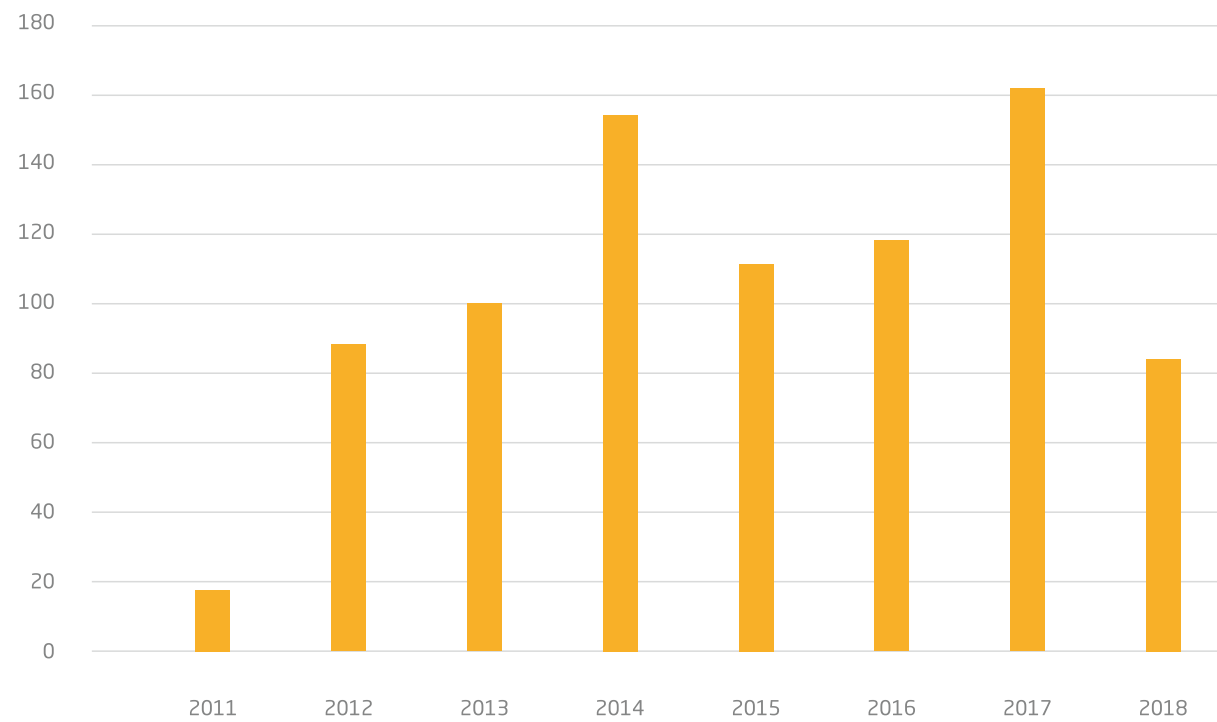


## New Projects

The new projects, started in 2018, represent the future supply expected to be added to the real estate sector in the coming years. 2017 and 2014 represent the highest years in terms of new projects according to the project start year registered in Dubai Land Department.

Moreover, the number of the new projects started in 2018 reached 84 projects, with different uses and types of units, villas, buildings and lands while the number of new projects started reached 163 projects in 2017 and reached 119 projects in 2016, as shown in figure 2.31.

Figure 2.31 Number of New Projects by Project Start Date

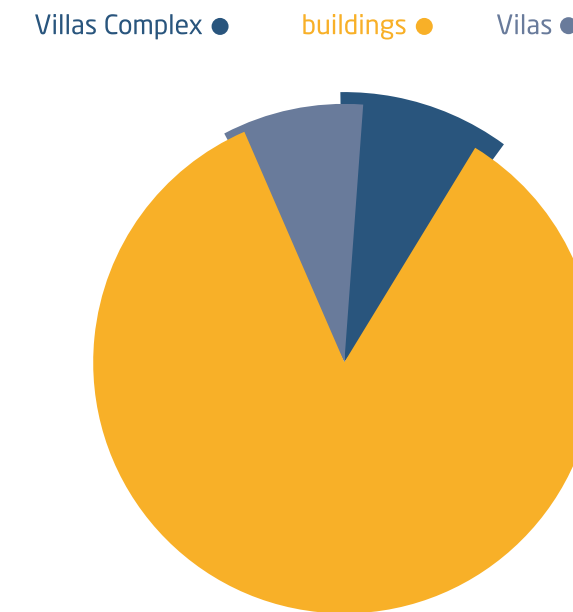


Source: Dubai Land Department  
 Represents projects in freehold communities only, registered with DLD  
 Represents new projects started during the year regardless of the current status of the project

Figure 2.32 shows that the majority of the new projects started in 2018 were building projects represented 79% of the total number

of new projects in the same year, while villas projects represented 10% and villas complexes represented 12%.

Figure 2.32 Number of New Projects by Project Classification 2018

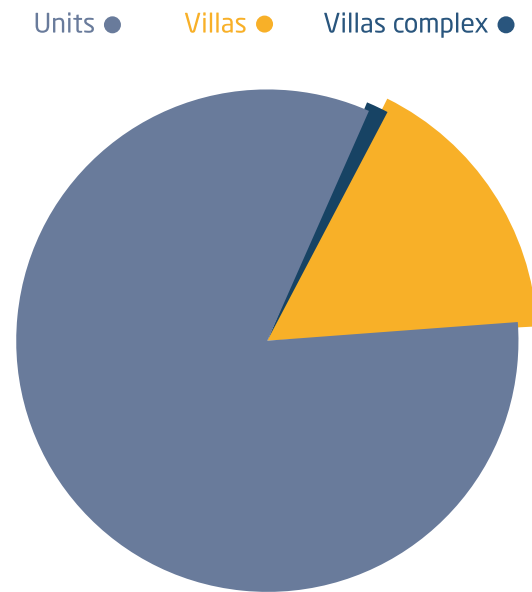


Source: Dubai Land Department  
 Represents projects in freehold communities only, registered with DLD  
 Represents new projects started during the year regardless of the current status of the project



In terms of the property type, the units represented the largest percentage of new projects in 2018 with a number of units exceeded 20,000 units and the villas represented a considerable percentage as well, while the villa complexes represented a small number compared to the number of units and villas.

Figure 2.33 - New Projects Distribution in 2018 in terms of Property Type



Source: Dubai Land Department  
 Represents projects in freehold communities only, registered with DLD  
 Represents new projects started during the year regardless of the current status of the project

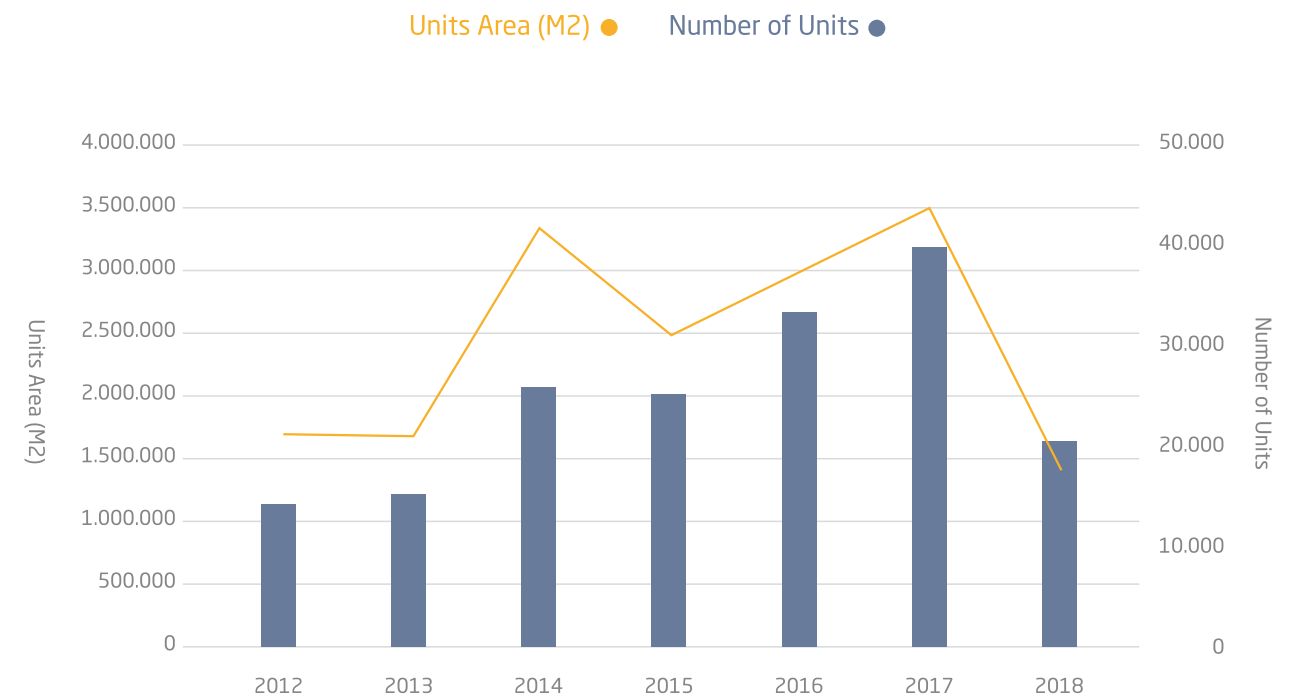


## Number of new units

The number of new units expected to be added to the real estate market from the new projects, regardless of the current project status, reached 20,000 units in projects started in 2018, compared to 40,000 units in projects started in

2017 while the area of the new units started in 2018 exceeded 1 million square meters, compared to more than 3 million square meters in 2017, as shown in figure 2.34.

Figure 2.34 Number and area of New Units by Project Start Year



Source: Dubai Land Department  
 Represents projects in freehold communities only, registered with DLD and which units were added  
 Represents new projects started during the year regardless of the current status of the project



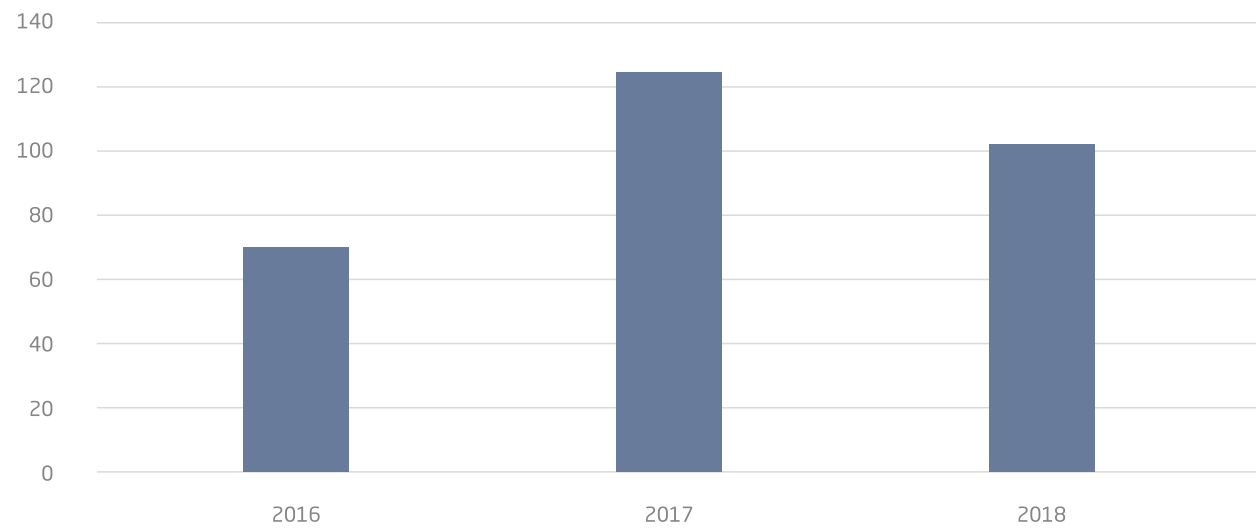
## Under-construction Projects

The under-construction projects represent the future supply in the real estate sector, whereas they will add to the real estate stock during the coming years according to the project end date.

The number of under-construction projects registered with DLD in the freehold communities

only reached 102 projects in 2018 according to the project registration date while there were 125 projects in 2017 and 70 projects in 2016, as shown in figure 2.35.

Figure 2.35 Number of Under- construction Projects by Registration Date



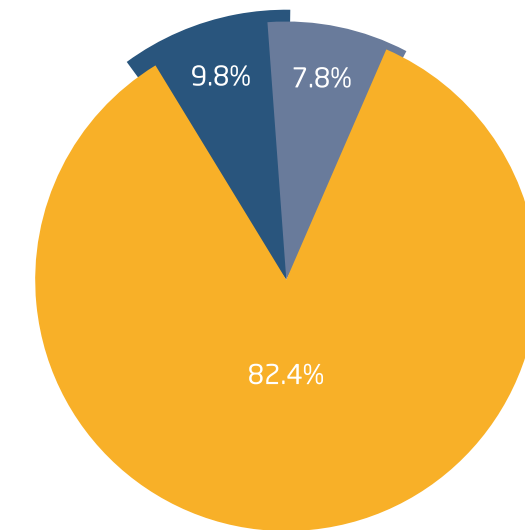
Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD

In terms of project classification, figure 2.36 shows the distribution of the active projects in 2018 in terms of the project registration date in DLD, and the figure shows that 82%

of the projects were buildings, compared to approximately 8% for villas and about 10% for villa complexes.

Figure 2.36 Number of Under- construction Projects by Project Classification 2018

Villas Complex ● buildings ● Vilas ●

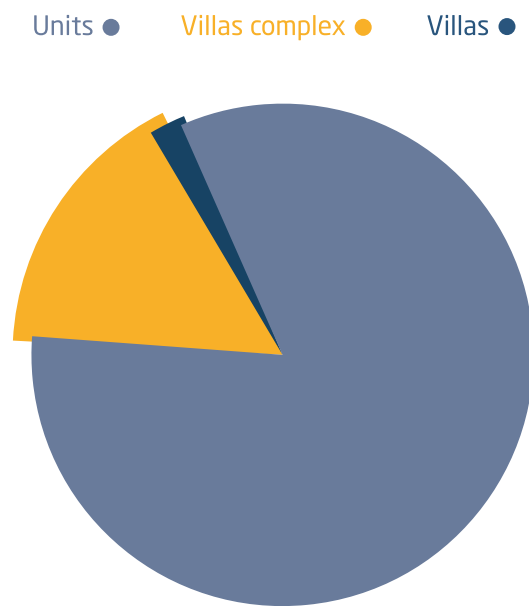


Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD



In terms of the property type, figure 2.37 shows that the majority of the properties in under-construction projects registered in 2018 were units with 26,000 unit, compared to 4,800 villas and 309 villa complexes.

Figure 2.37 - Under construction Projects Distribution registered in 2018 in terms of Property Type



Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD

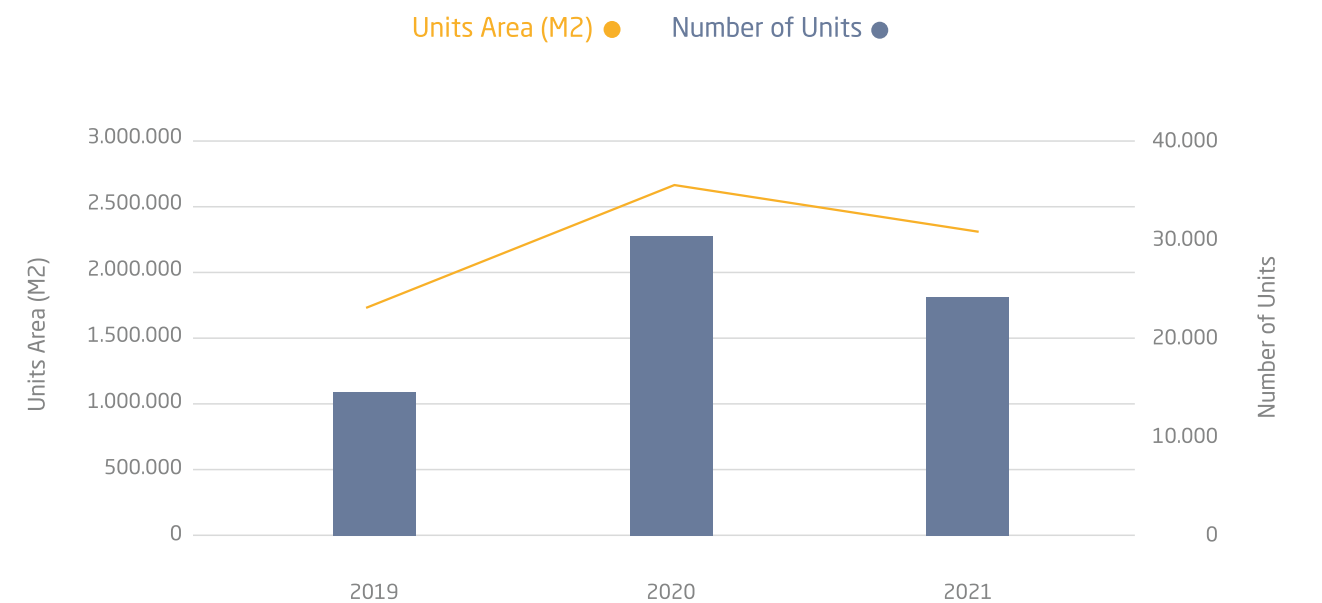


## Number of under-construction units

The number of units expected to be added from the under-construction projects reached 130,000 new units to be added according to the projects expected completion dates. Figure (2.38) shows the number of units expected to be delivered during 2019, 2020 and 2021. As shown in the figure during 2019, it is expected to add more than 14,000 new units, with a total area exceeding one million square meters

for the projects with a completion percentage of 85% and more, while the number of units to be added to the real estate sector varies in the subsequent years after 2019. It is expected that 30,000 units will be added in 2020, and 24,000 units in 2021.

Figure 2.38 number and area of Under construction by Project End Year



Source: Dubai Land Department  
Represents projects in freehold communities only, registered with DLD and which units were added





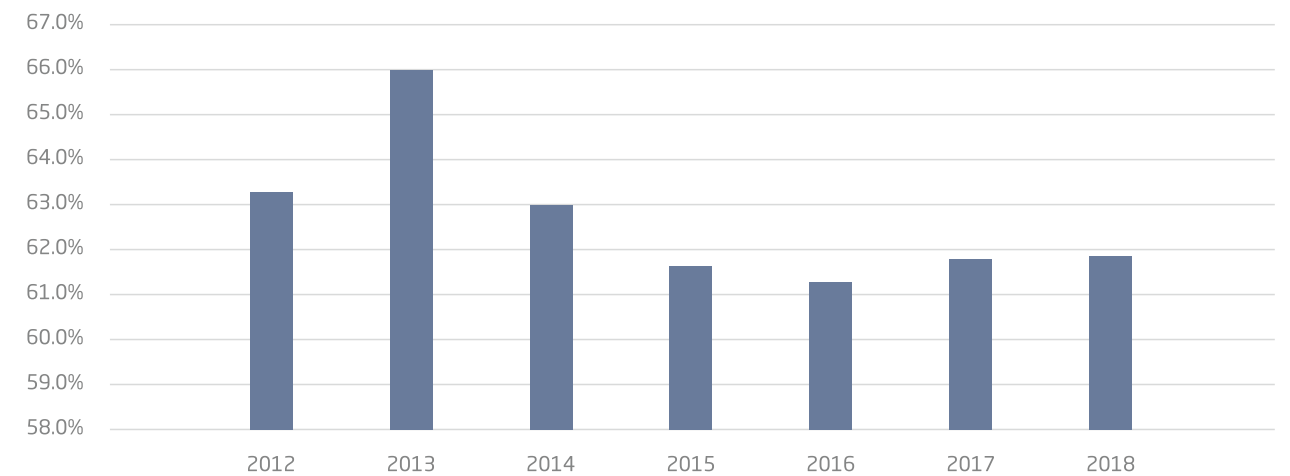
## Residential sector

In the real estate market, the residential sector is one of the most important sectors in Dubai and it is the main motive of demand therein as well. Demand for residential properties in the real estate sector is closely linked to the population growth in Dubai. The residential sector witnessed a remarkable growth over the past years and is expected to grow similarly in the coming years under strategic plans aim to increase local demand in Dubai.

made in residential properties during the period from 2012 to 2018. It shows the growth of transactions on residential units, whereas the percentage of transactions on residential properties reached 62% of the total number of transactions in 2018, similar to 2017. The number of transactions on residential properties reached almost 33,000 transactions in 2018, with a total value exceeding AED 48 billion.

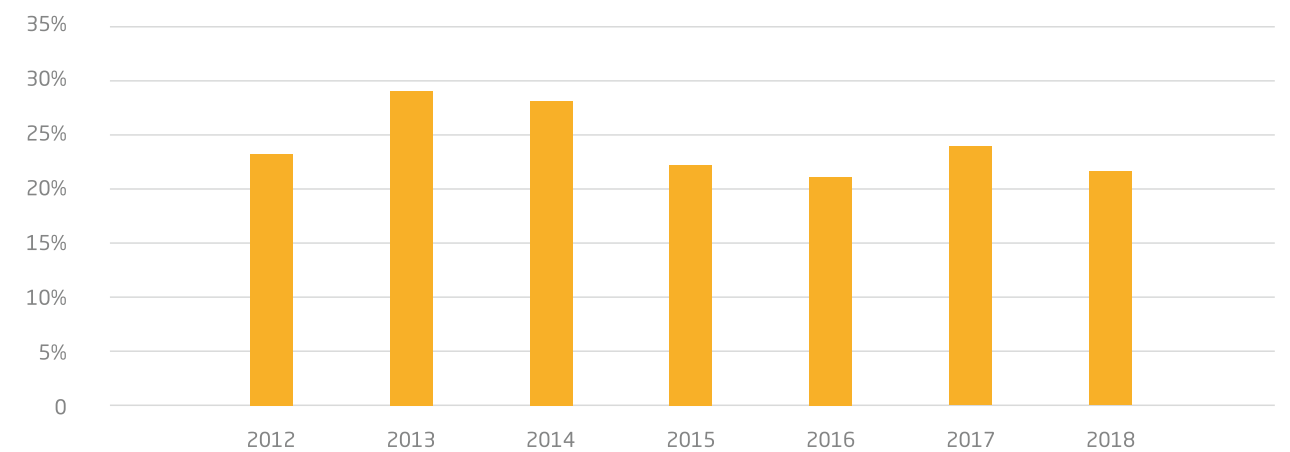
Figure (2.39) shows the number of transactions

Figure 2.39 Share of residential transactions of total number of transaction



Source: Dubai Land Department

Figure 2.40 Share of residential transactions of total transactions value



Source: Dubai Land Department

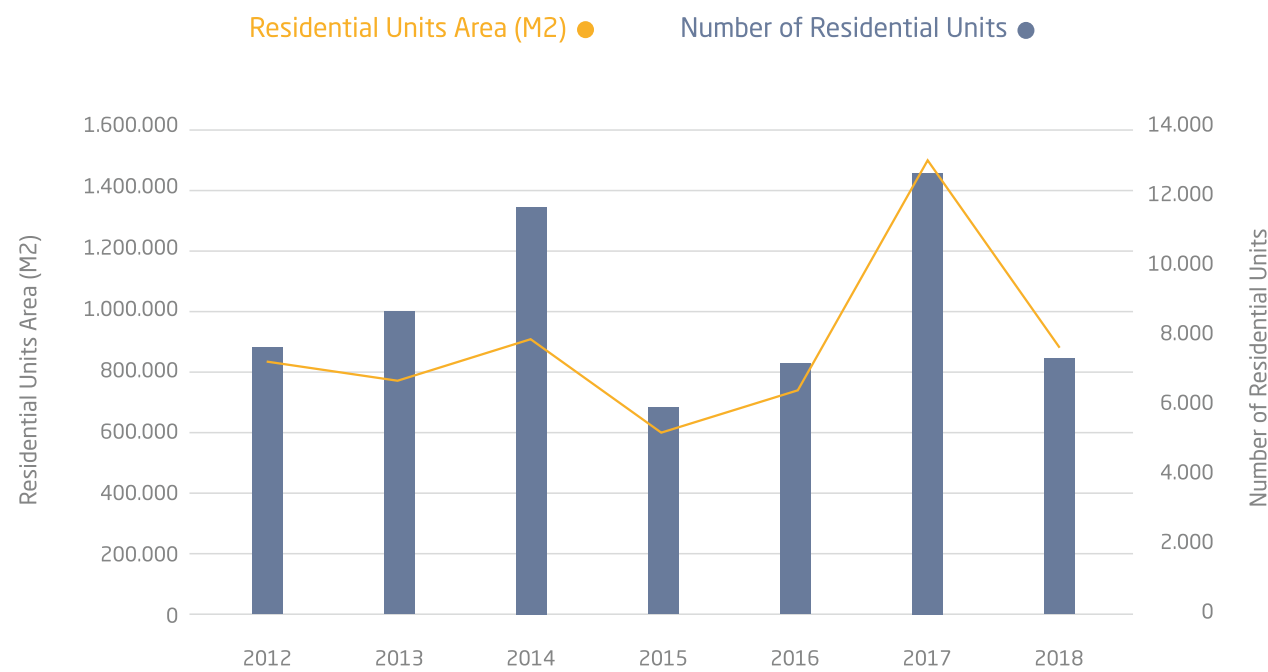


## Completed residential units

The number of completed residential units added to the real estate sector in the freehold communities only, which are registered in DLD reached 7,469 residential units (excluding villas and villas complexes), with an area exceeding

893,000 square meters, compared to 12,723 units added in 2017, with a total area exceeded one million square meters.

Figure 2.41 Units Number and Area of Completed Residential units by Project End year



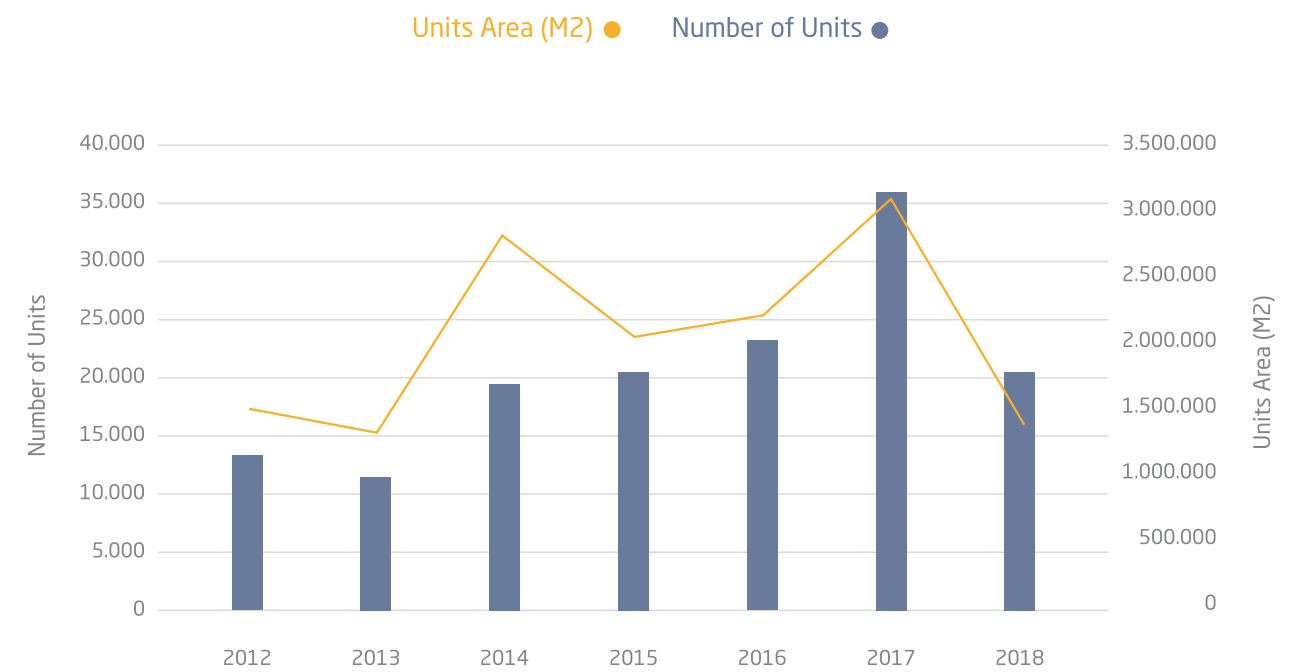
Source: Dubai Land Department  
 Represents units in the freehold communities only, registered with DLD which were added  
 Represents new units started during the year regardless of the current status of the project

## New residential units

Figure 2.42 shows the number and the area of new residential units started during the year, regardless of the current status of the project. The figure shows that the year 2018 witnessed the launch of 20,474 new residential units, with an area exceeding one million square meters,

compared to 2017, which witnessed the launch of 36,222 units, with a total area exceeded 3 million square meters and is expected to be added to the real estate sector in the next three years.

Figure 2.42 Number and area of New Residential Units by Project Start year



Source: Dubai Land Department  
 Represents units in the freehold communities only, registered with DLD which were added  
 Represents new units started during the year regardless of the current status of the project



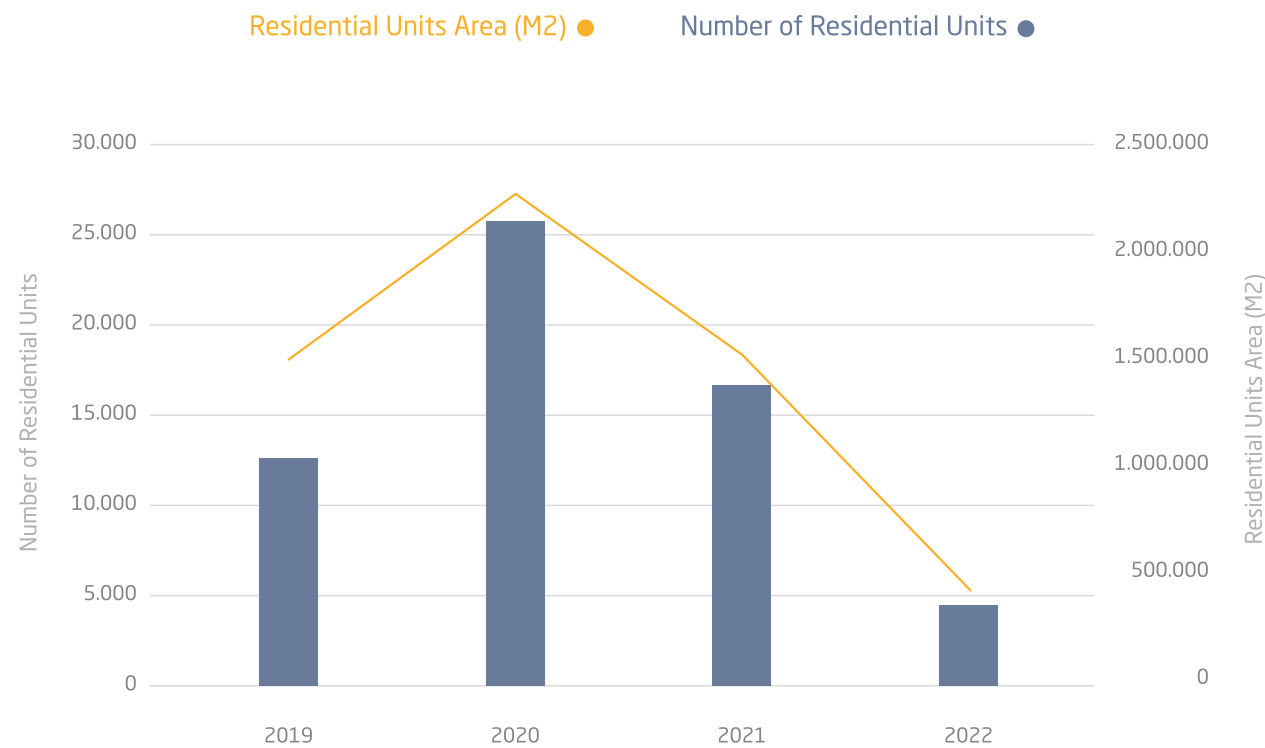


## Residential units under construction

For units under construction, figure 2.43 shows that, according to the project end date, more than 12,000 new residential units are expected to be added during 2019, with a total

area of more than 1 million square meters. It is expected to add approximately 26,000 units in 2020 and 16,000 units in 2021.

Figure 2.43 Units Number and Area under-construction Residential by Project End year



Source: Dubai Land Department  
Represents units in the freehold communities only, registered with DLD which were added

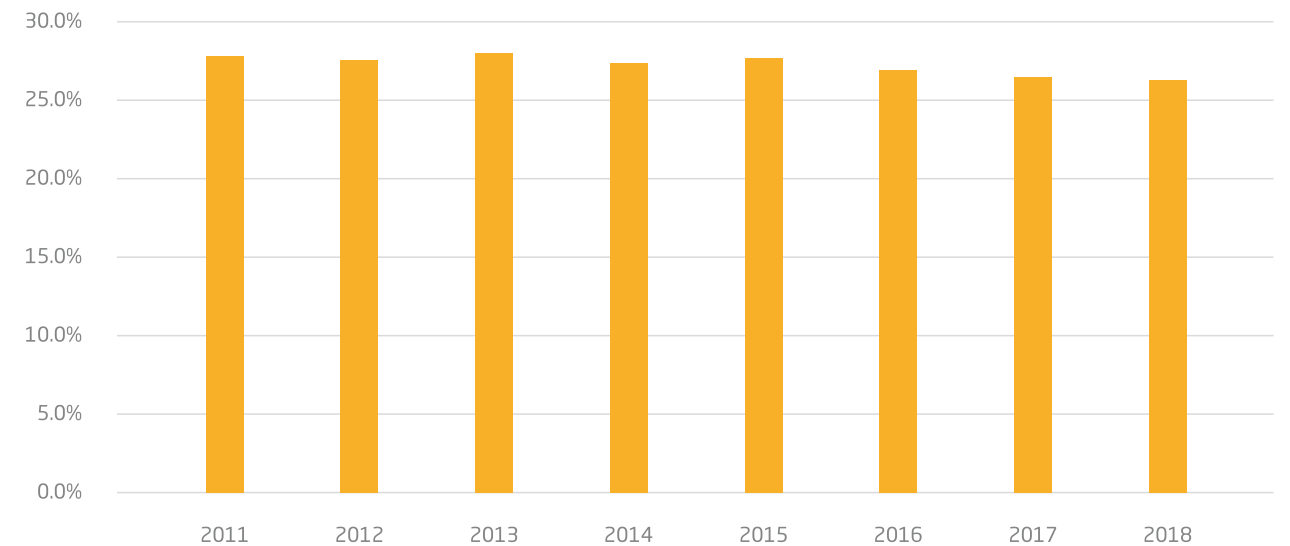
## Retail Sector

The retail sector is one of the most important sectors of Dubai economy. It has grown significantly over the past years and represents the most remarkable contributing sectors to GDP growth and is closely related to other economic sectors, including the real estate sector whereas demand of stores represents a demand driven from demand of goods and

services traded in the retail sector.

Figure 2.44 shows the retail sector contribution percentage to the GDP growth of Dubai. Its contribution to the GDP growth of Dubai reached 26.4% in 2018, compared to 26.6% in 2017.

Figure 2.44 Contribution of Retail Sector in Dubai GDP



Source: Dubai Statistics Center



## Completed retail stores

The total number of completed retail stores reached 170 stores with a total area of more than 30,331 square meters in 2018 while reached 376 stores in 2017 with a total area of 82,134 square meters, which is the largest area in all years, as shown in figure 2.45. This decline in both the number and area of completed retail

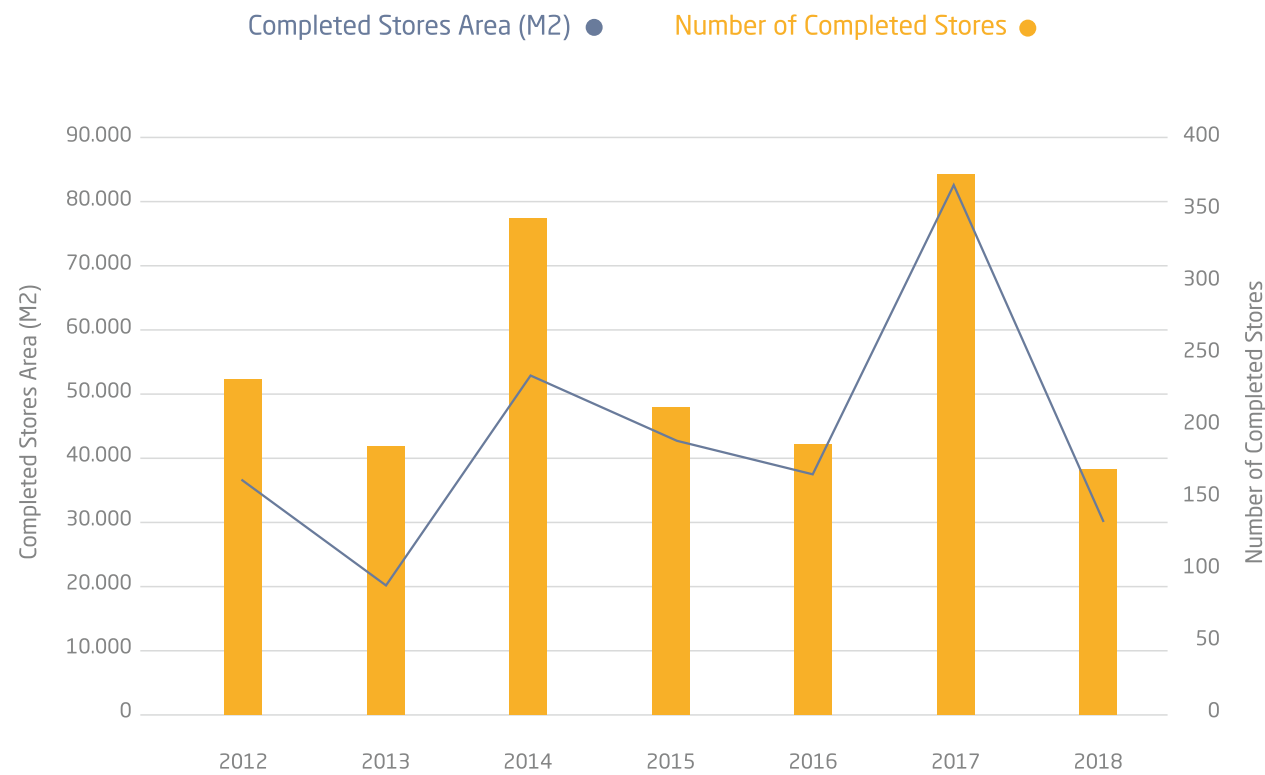
stores in 2018 is a result of supply and demand in the real estate sector, and an achievement of the balance between the demanded units and the supplied units in the retail sector in real estate sector.

## New Retail Stores

Figure (2.45) shows the number and area of retail stores started during each year, regardless of the current status of the project. For projects started in 2018, it is expected to add 415 stores with a total area of 54,344

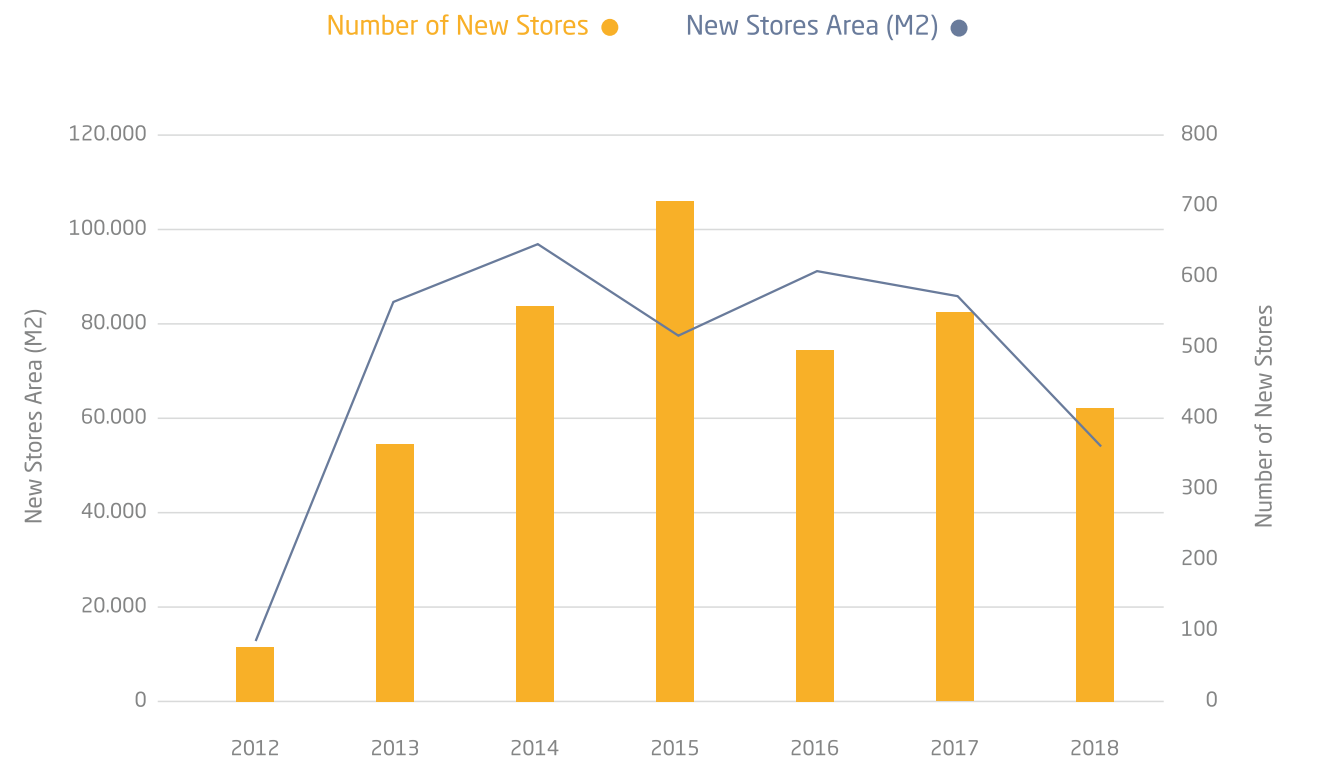
square meters compared to the number of stores expected to be added from the projects started in 2017 which reached 549 retail stores with a total area of 85,626 square meters.

Figure 2.45 Number and Area of Completed Retail Stores by Project End year



Source: Dubai Land Department  
Represents units in the freehold communities only, registered with DLD which were added

Figure 2.46 Number and Area of new Retail Stores by Project End year



Source: Dubai Land Department  
Represents retail stores in freehold communities only, registered with DLD which were added  
Represents the new retail stores started during the year, regardless of the current status of the project

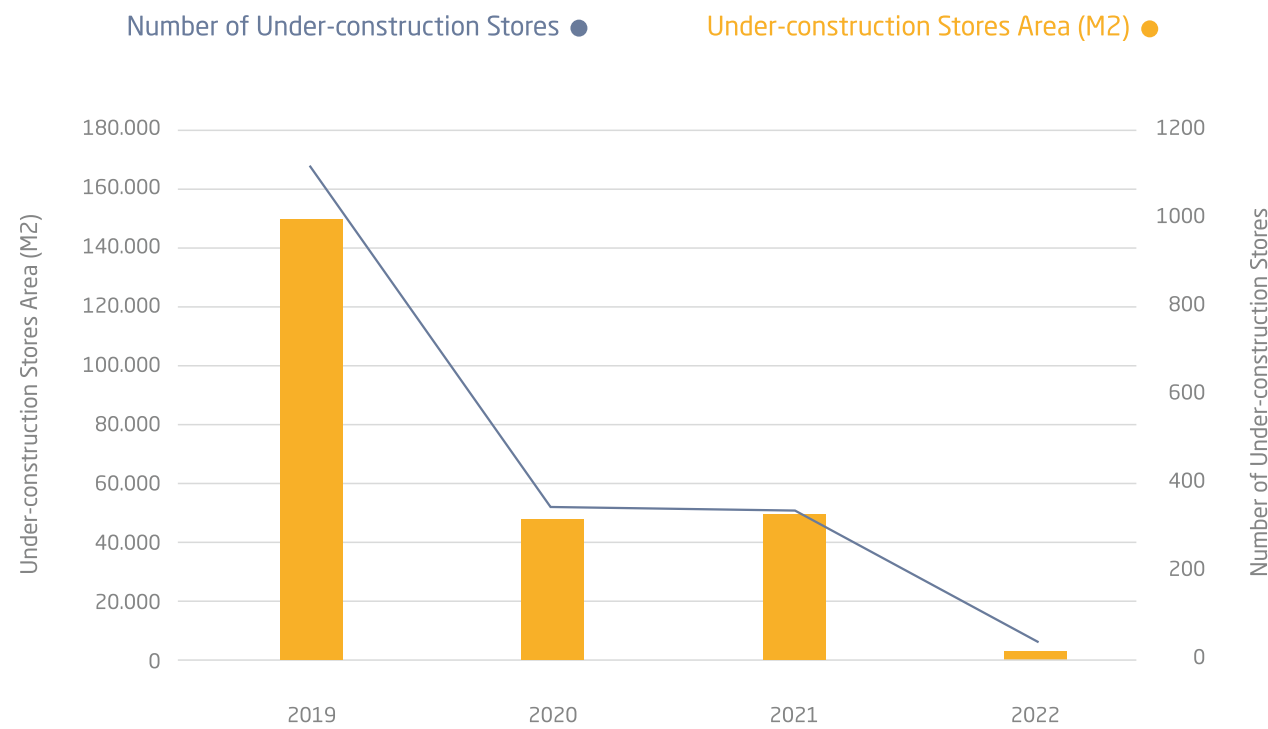


## Retail stores under construction

Figure (2.47) shows the number and area of retail stores expected to be added to the real estate sector in the coming years as per the project end year within the projects under construction until 2018. The figure shows that it is expected to add 1,001 new stores by the

end of 2019 with a total area of 16,671 Square meters. It is expected to add 318 stores in 2020 and 329 in 2021.

Figure 2.47 Number and Area of under-construction Retail Stores by Project End year



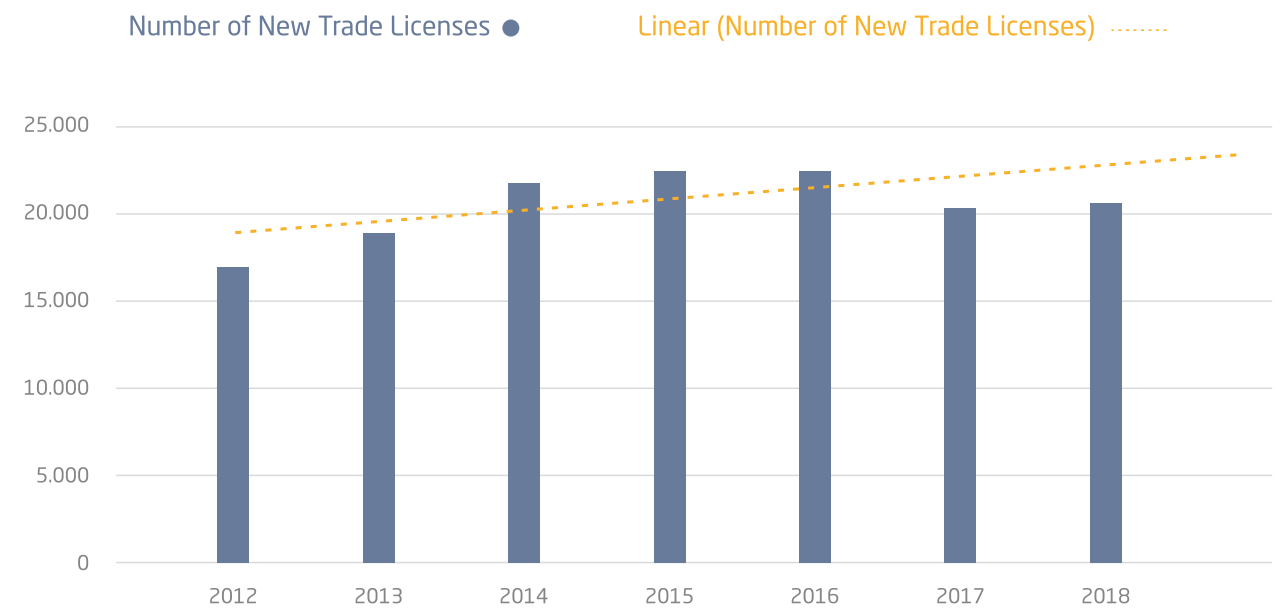
Source: Dubai Land Department  
Represents retail stores in freehold communities only, registered with DLD which were added

## Office Sector

Offices represent one of the important components of the real estate sector. It is the link between the real estate sector and the corporate sector. Offices represent one of the production input and its demand is driven from the demand of different businesses corporate and institutions. Dubai has witnessed a growth in the number and areas of offices in recent years in terms of the number of new and rentd offices.

This growth was greatly related to the growth in the number of new and renewed trade licenses in Dubai. The number of new licenses in Dubai reached 20,469 licenses issued by Department of Economic Development (DED) compared to the number of new licenses issued in 2017 which reached 20247 licenses as shown in figure 2.48.

Figure 2.48 number of New Trade Licenses



Source: Dubai Statistics Center  
Licenses issued by DED

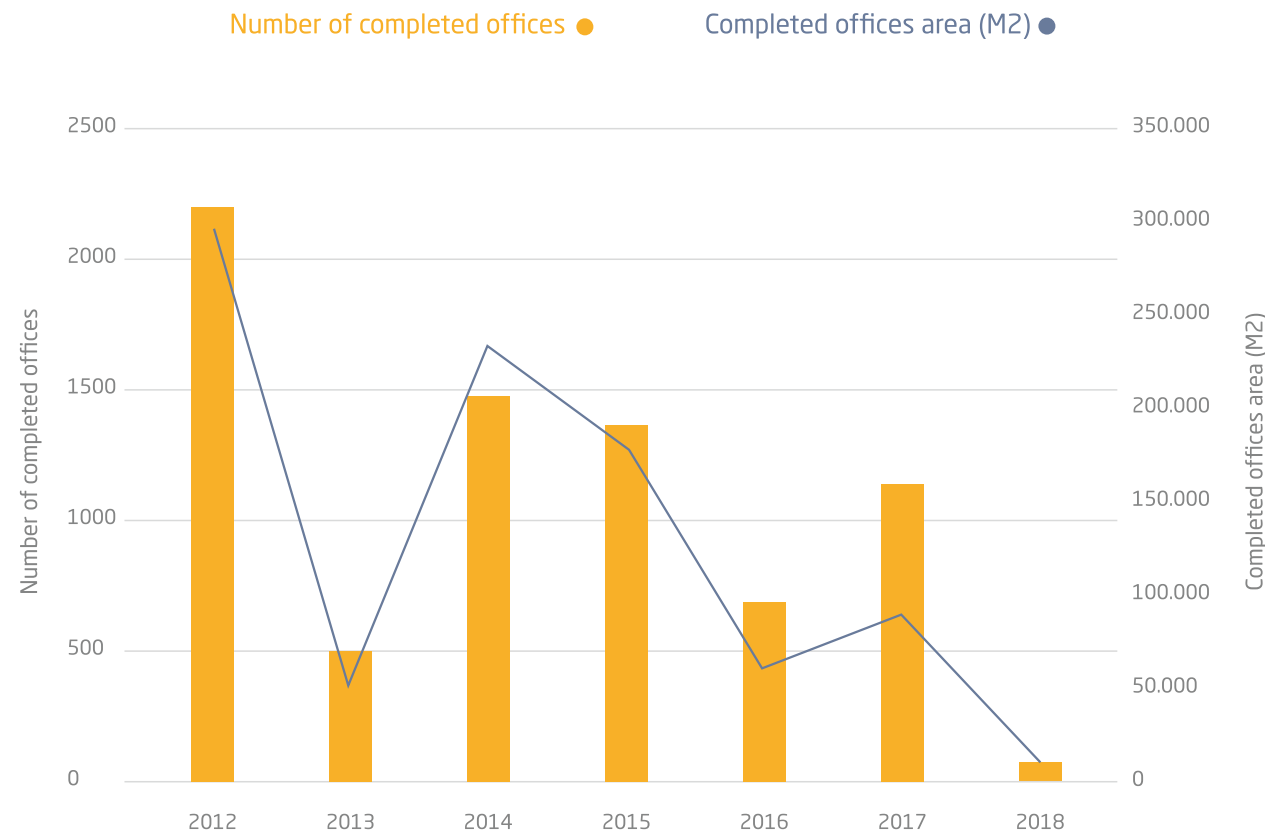


## Completed Offices

The number of offices completed declined significantly in 2018, compared to 2017 in terms of number and area, as a result of supplied offices in the real estate sector. The total number of offices completed in the freehold

communities in 2018 reached 86 offices with a total area of 8,706 square meters compared with 1139 completed offices in 2017, with a total area of 87,199 square meters, as shown in figure 2.49.

Figure 2.49 Number and Area of Completed offices by Project End year



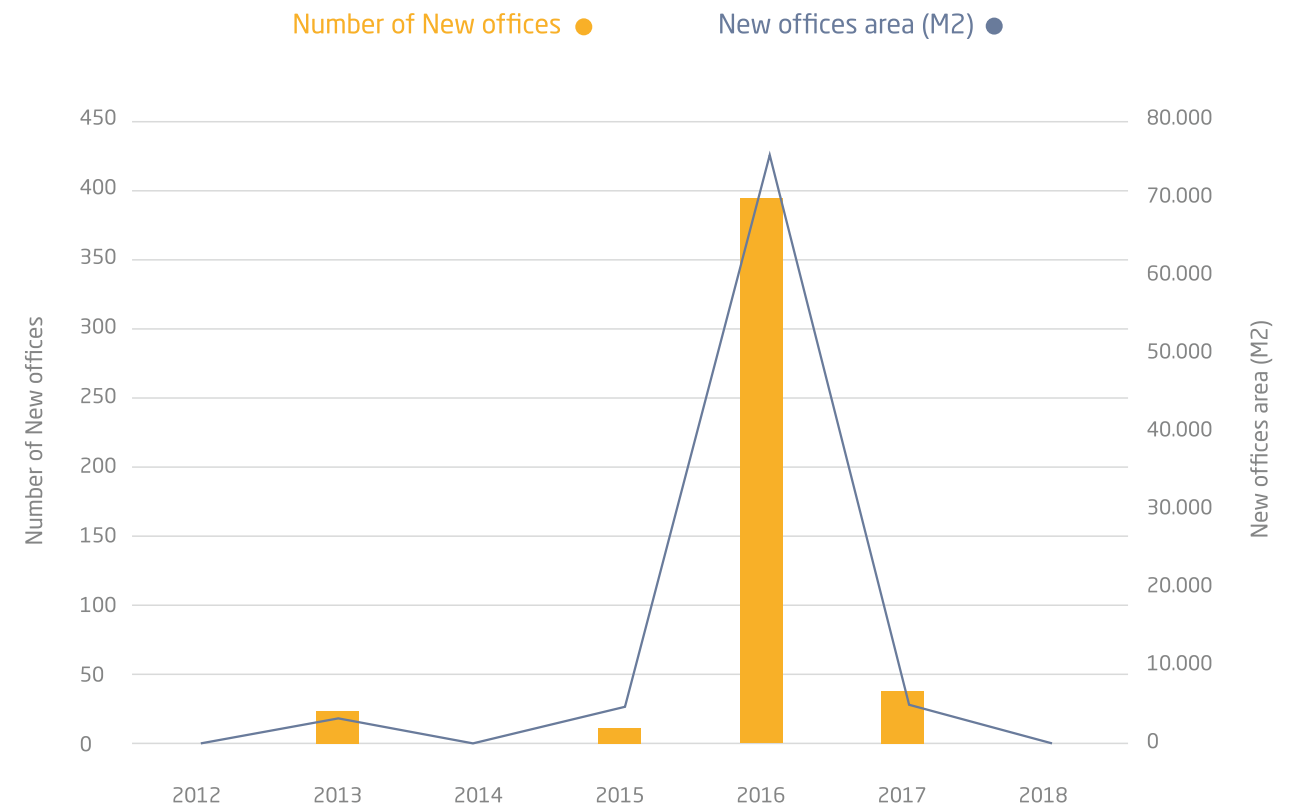
Source: Dubai Land Department  
Represents offices in the freehold communities only, registered with DLD which were added

## New Offices

New offices also witnessed a significant decline in 2018, as none of the new projects started in 2018 were office projects and no new offices will be added to the real estate sector in the projects started during 2018, compared to new

offices to be added to the real estate sector reached 40 offices only in the projects started in 2017 as shown in figure 2.50.

Figure 2.50 Number and Area of new offices by Project End year



Source: Dubai Land Department  
Represents offices in the freehold communities only, registered with DLD which were added  
Represents the new offices started during the year regardless of the current status of the project

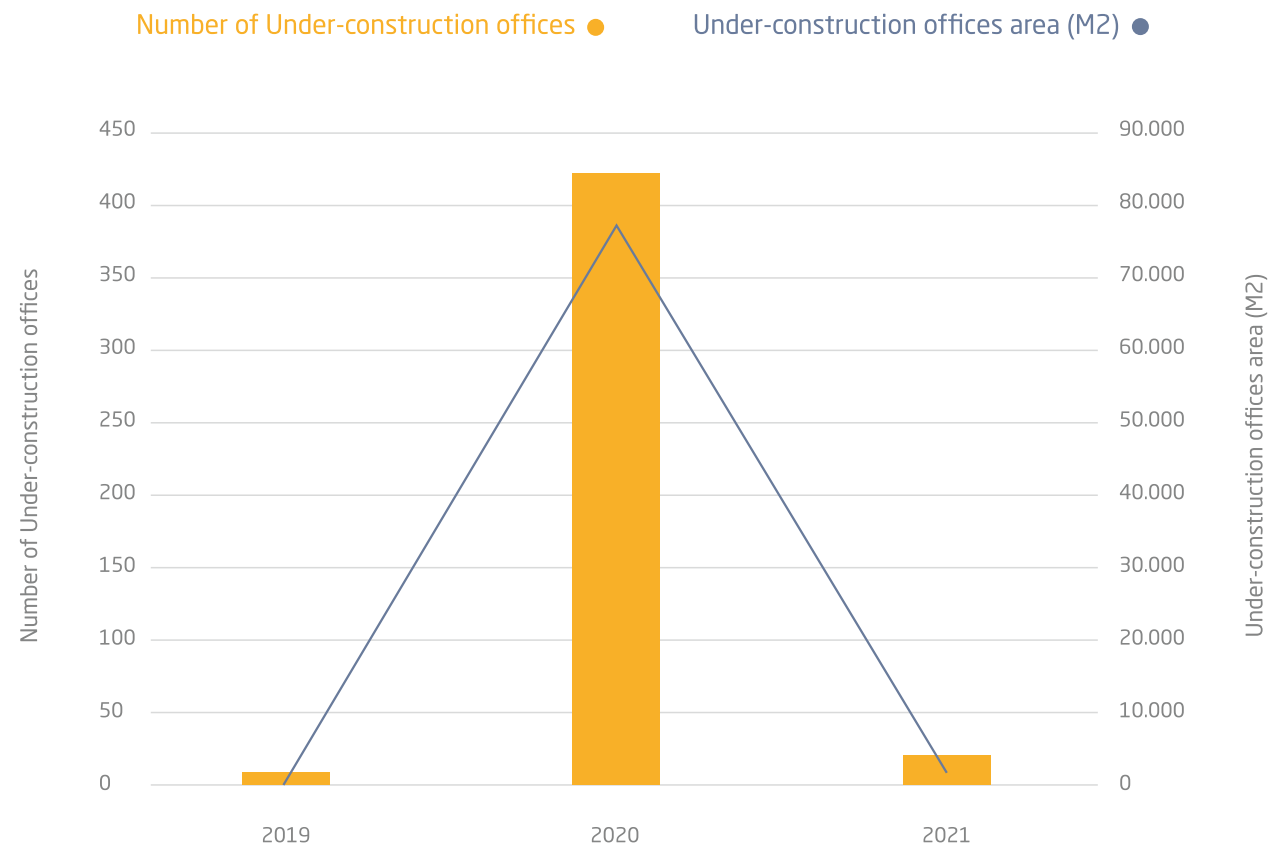


## Offices under construction

The total number of offices expected to be added to the real estate sector from the projects currently under construction in the freehold communities reached 458 offices with a total area of 81062 square meters, of which

11 only are expected to end in 2019, 425 are expected to end in 2020 and 22 are expected to end in 2021.

Figure 2.51 Number and Area of under-construction offices by Project End year



Source: Dubai Land Department  
Represents offices in the freehold communities only, registered with DLD which were added







## Hotel sector

The hotel sector is an important link between the real estate sector and the tourism sector in Dubai. The hotel sector represents one of the most important inputs which contributes in the growth of tourism and real estate sectors. The tourism sector in Dubai has witnessed a remarkable growth in previous years. It is expected that this growth will continue during the upcoming years, especially with the upcoming Dubai Expo 2020, which is expected to attract more than 20 million tourists from around the world.

The number of hotels in Dubai has grown in previous years. This growth continued in 2018 whereas the number of hotels reached 519 hotels, compared to 485 hotels in 2017, with a growth rate of approximately 7% and an increase of 34 new hotels added to the tourism sector, as shown in figure 2.52.

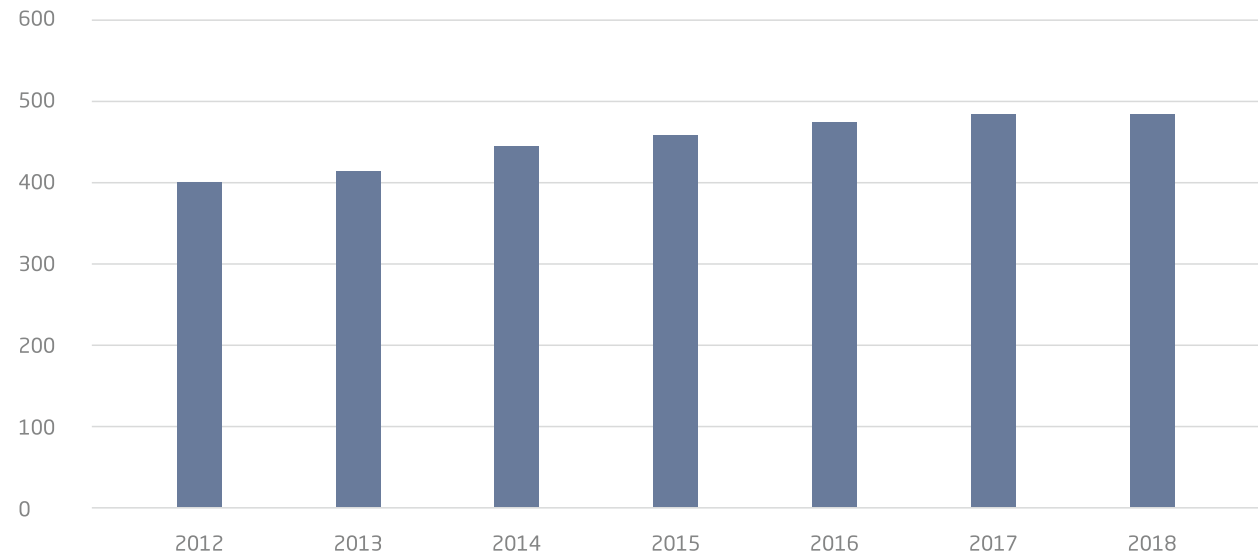
This increase in the number of hotels was reflected in the number of hotel rooms in Dubai

which reached 91,085 hotel rooms in 2018 compared with 82,733 in 2017, with a growth rate of approximately 11%. The number of hotel apartments also grew during 2018, with a total of 24,882 hotel apartments in 2018, compared to 24,698 apartments in 2017, with a growth rate of approximately 1%.

Not only the number of hotels and hotel apartments increased in 2018, but also the number of Dubai visitors has grown significantly over the same year, as shown in figure 2.55 whereas the number of Dubai visitors reached 15,920,000 visitors in 2018 compared to 15,790,000 in 2017 and 14,900,000 visitors in 2016.

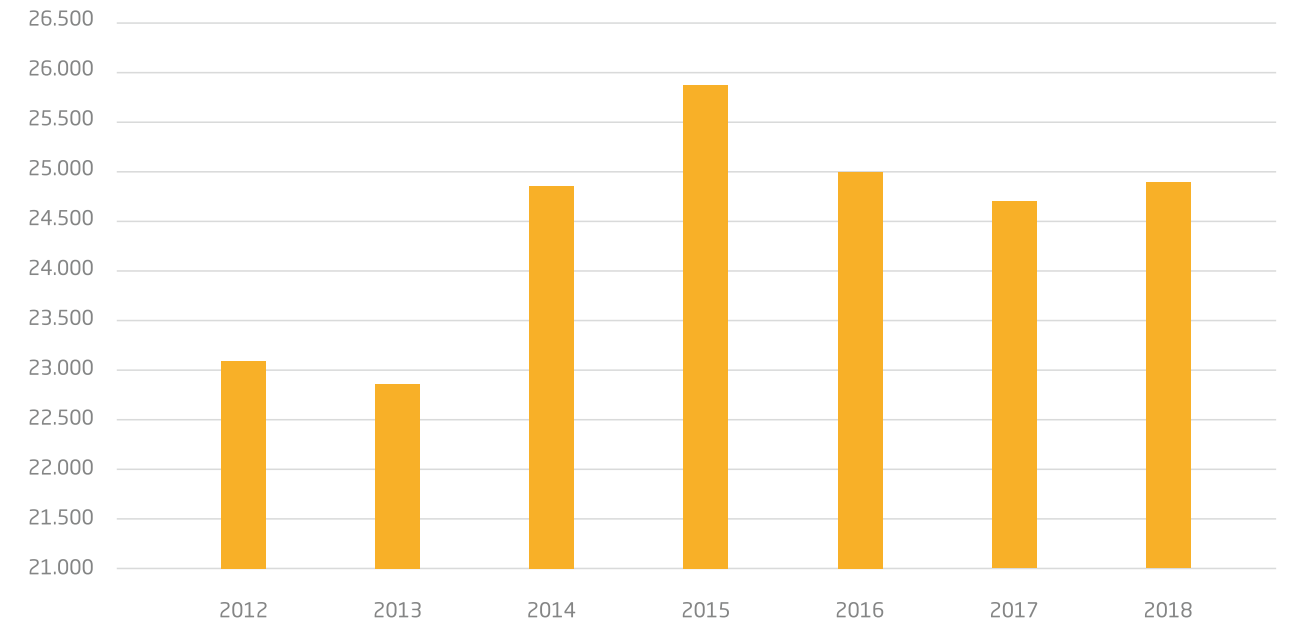


Figure 2.52 Number of Hotels



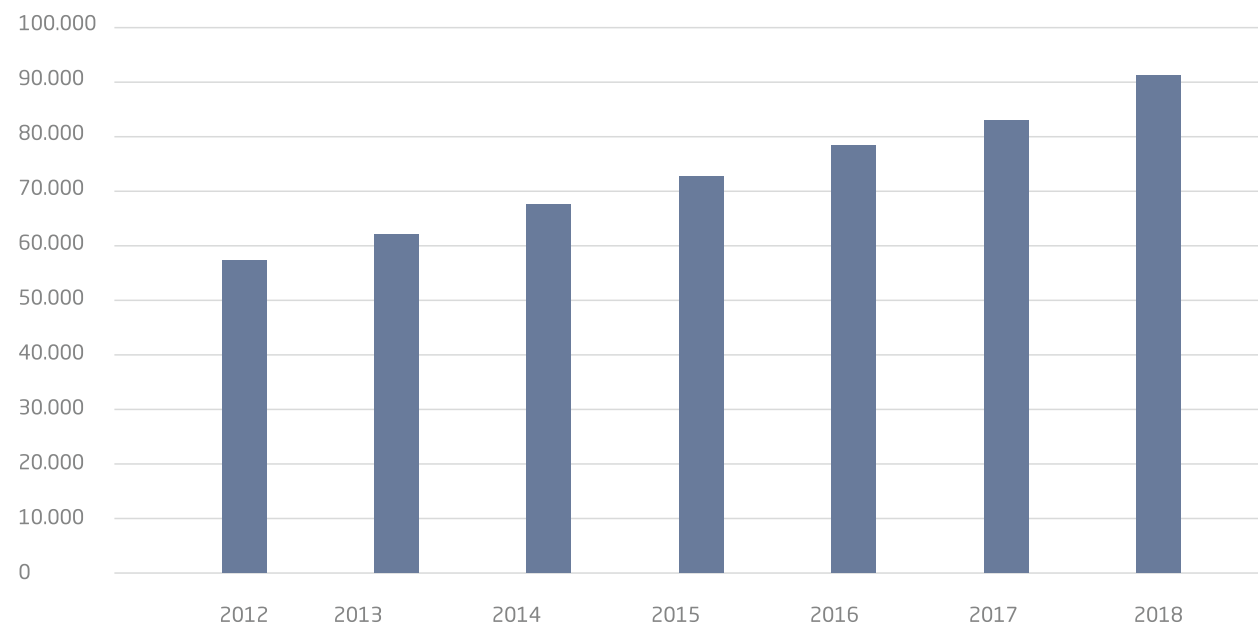
Source: Dubai Statistics Center

Figure 2.54 Number of Hotel apartments



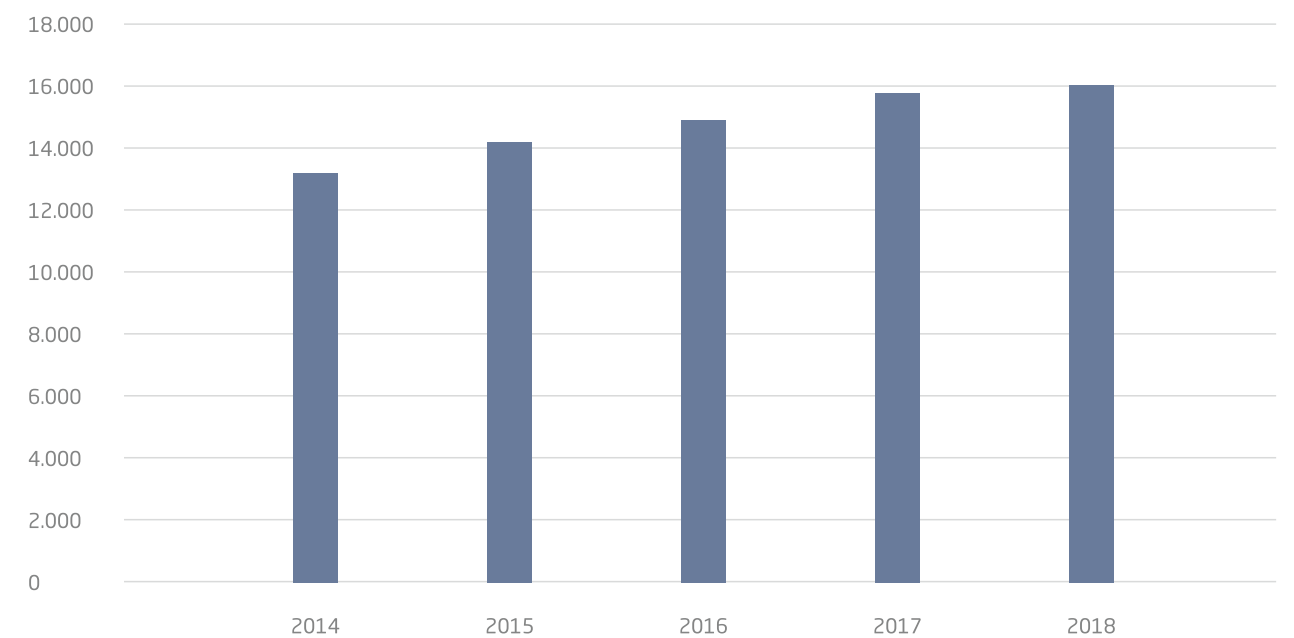
Source: Dubai Statistics Center

Figure 2.53 Number of Hotel Rooms



Source: Dubai Statistics Center

Figure 2.55 Number of Visitors



Source: Dubai Statistics Center

## Demand side analysis

### Sales

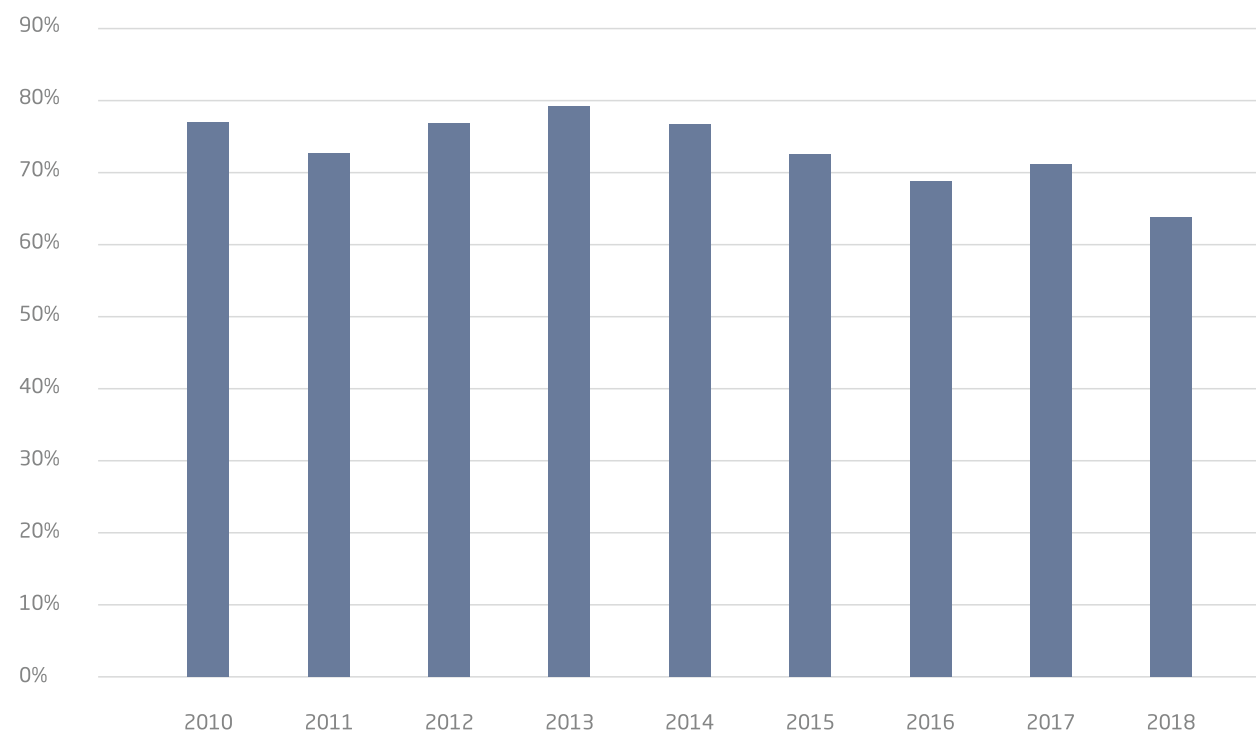
Sales represent a significant percentage of transactions in the real estate sector in Dubai, reaching more than 63% of the total number of transactions in 2018. Sales are one of the most important aspects of demand in the real estate sector. Figure (2.56) shows the development of the sales percentage to the total number of transactions. The figure shows that despite

the decline in the contribution of the sales in the total number of transactions from 71% in 2017 to 64% in 2018, however, the sales still represent the largest percentage of the number of transactions.

Sales also represent a large percentage of transaction values. The value of sales reached more than AED 74 billion in 2018, representing

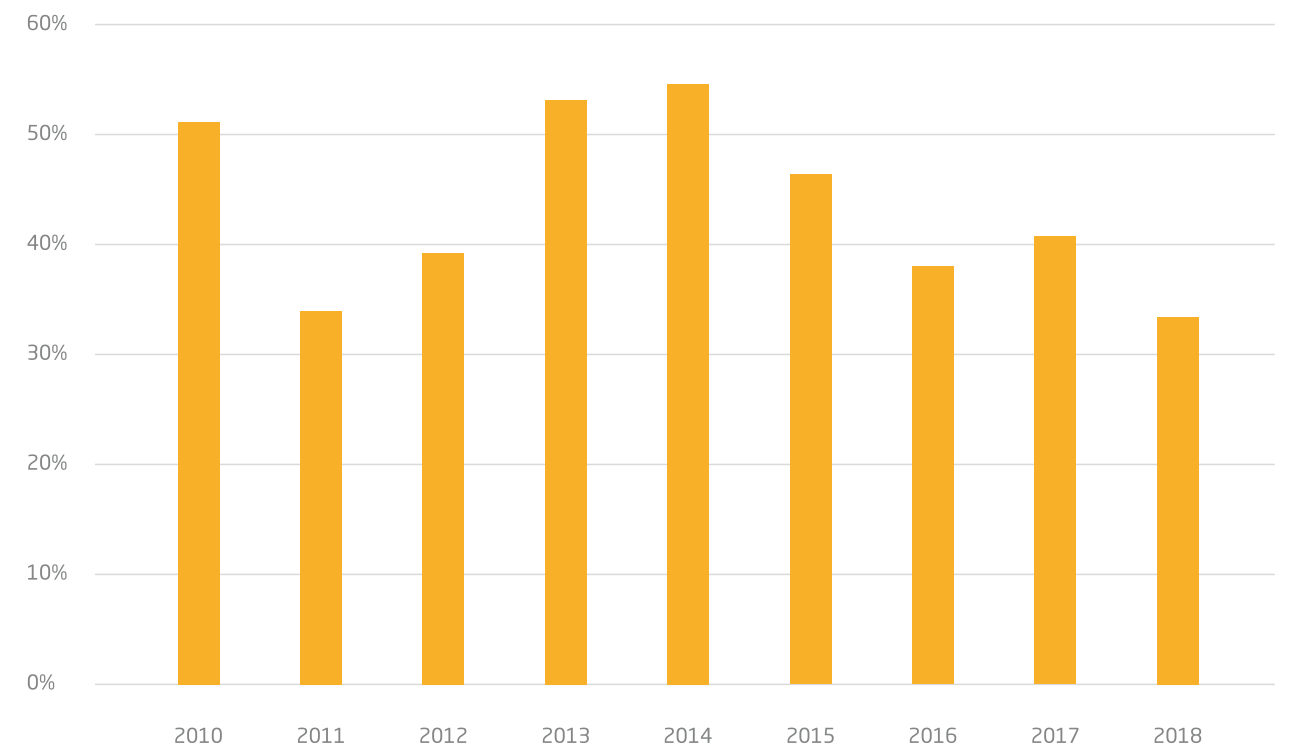
more than 33% of the total transactions value as shown in figure 2.57.

Figure 2.56 Share of number of sales transactions out of total number of transaction



Source: Dubai Land Department

Figure 2.57 Share of value of sales transactions out of total transaction values



Source: Dubai Land Department

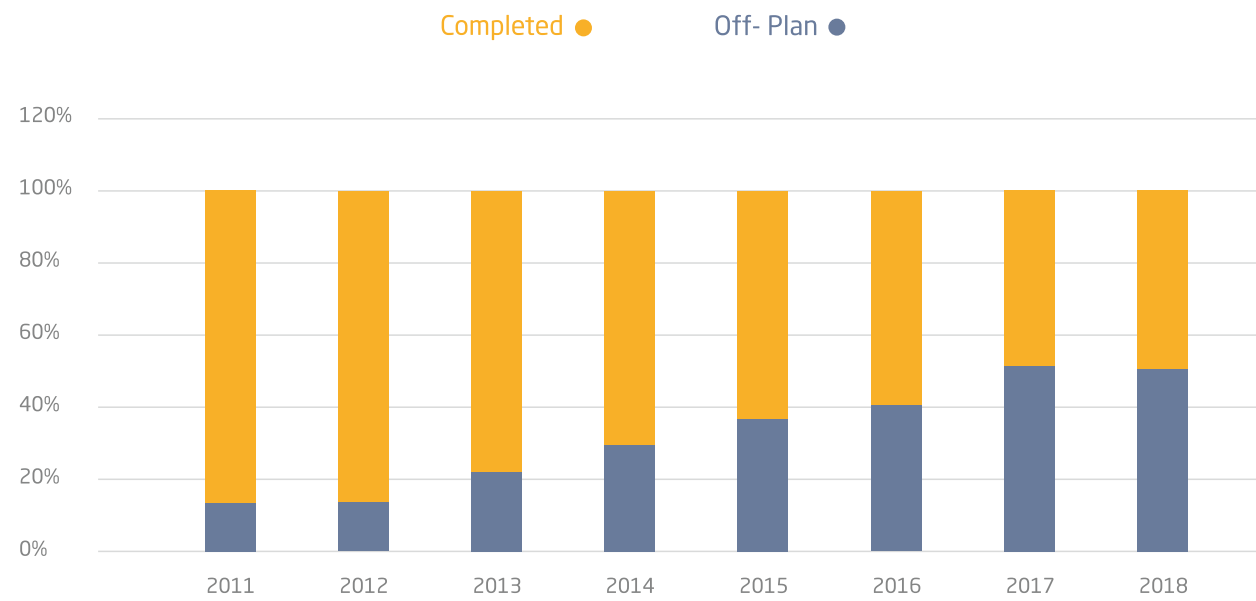


## Sales Distribution by property status on the procedure date

Figure (2.58) shows the distribution of real estate sales in terms of the status of the property. The figure shows the growth of the real estate off-Plan sales percentage compared

to completed properties. In 2018, the real estate off-Plan sales percentage reached 51%, which is the same percentage in 2017 compared to 40% in 2016.

Figure 2.58 Number of sales transactions by Property Status at procedure date



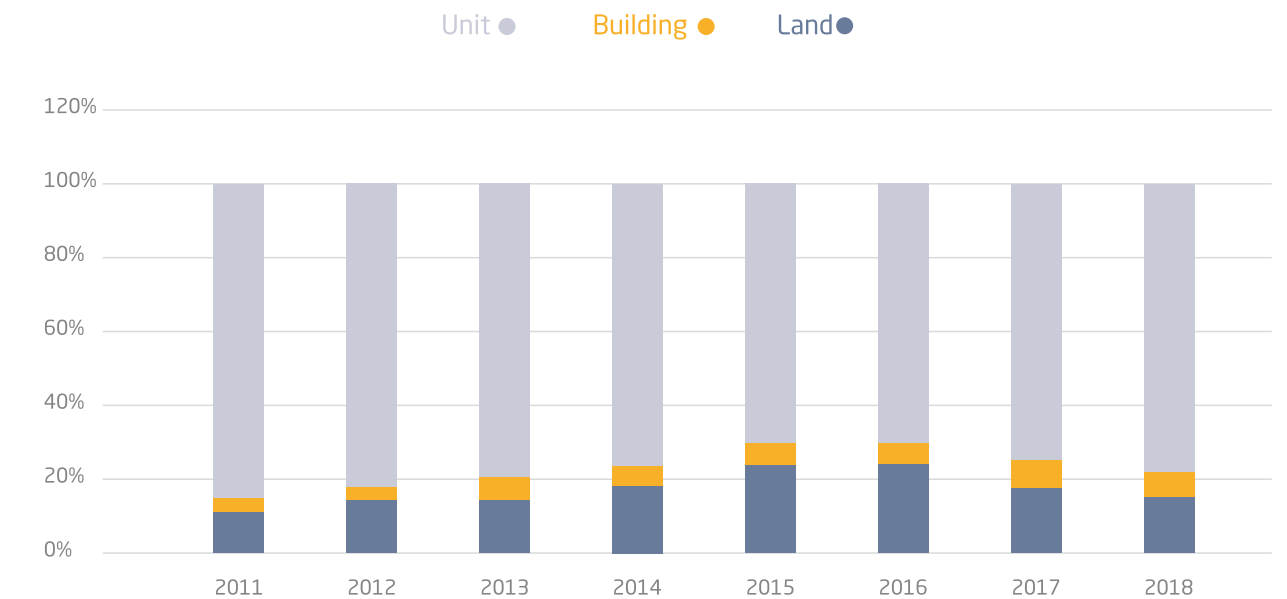
Source: Dubai Land Department

## Sales Distribution in terms of property type

Figure 2.59 shows the sales distribution in terms of property type. It is clear from the figure that the sales of the units represent the largest percentage of the sales during the period from 2011 to 2018. The percentage of unit sales reached 78% in 2018, compared

to 74% in 2017 and 70% in 2016. While land sales represent a considerable percentage of sales, representing 15% in 2018 compared to 17% in 2017.

Figure 2.59 Number of sales transactions by property type



Source: Dubai Land Department



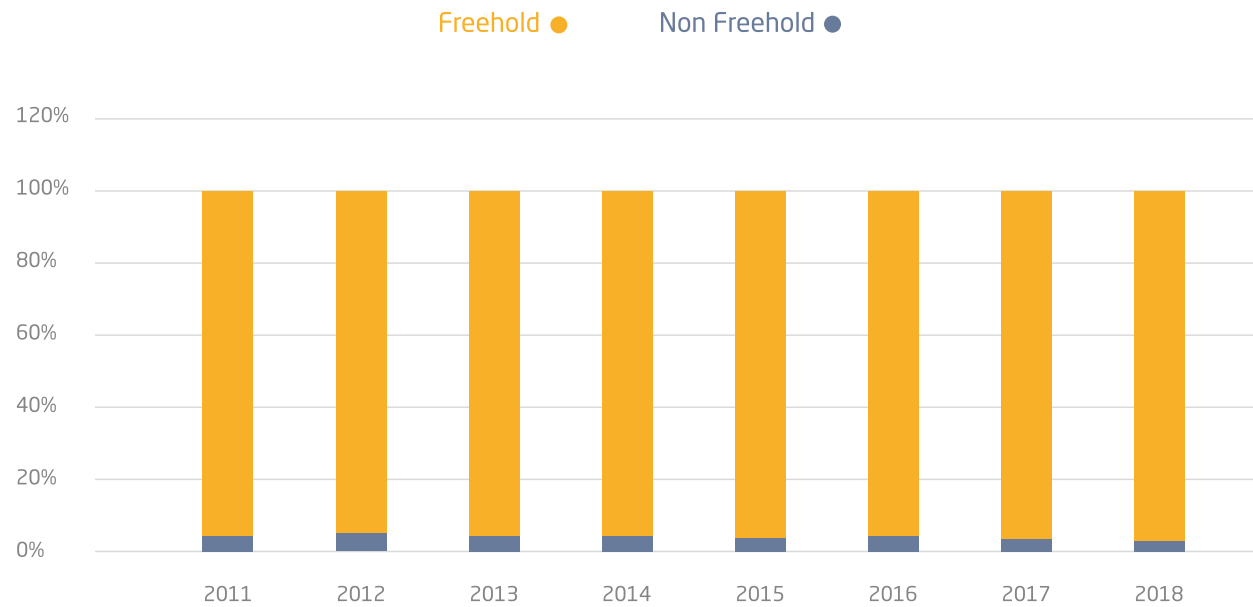


## Sales Distribution in terms of ownership type

Properties sales in the freehold communities represented 97% of total sales in 2018, with almost the same percentage since 2011. This

confirms the fact of the real estate development and diversity of real estate investors in the real estate sector in Dubai as shown in figure 2.60.

Figure 2.60 Number of sales transactions by ownership type



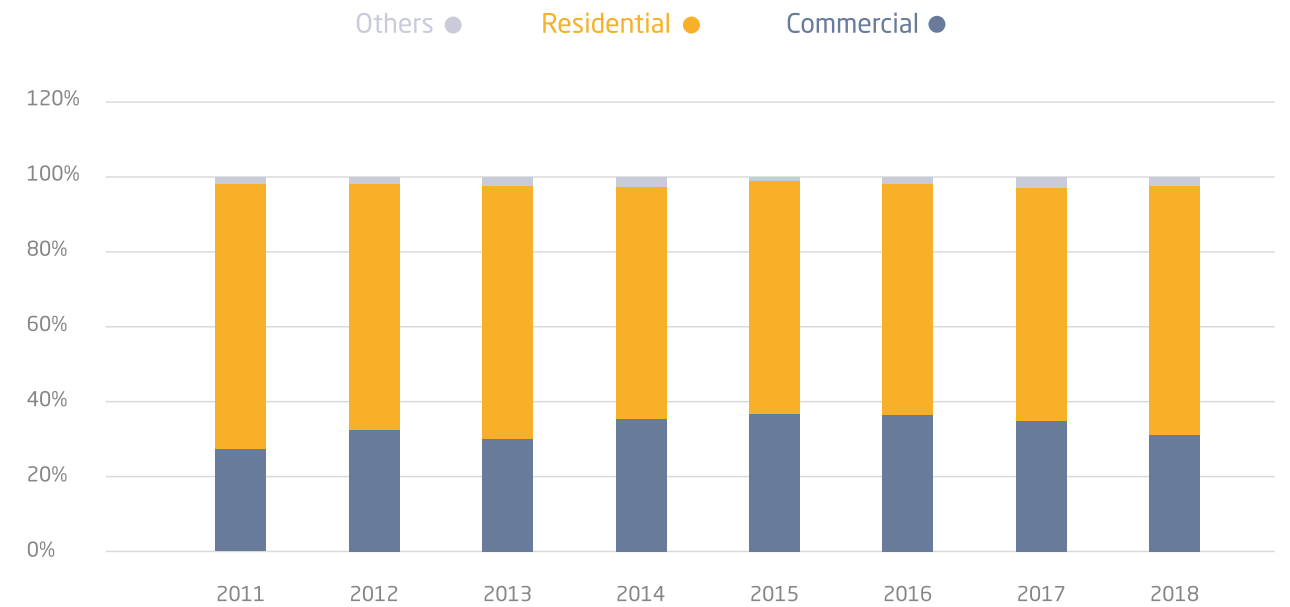
Source: Dubai Land Department

## Sales Distribution in terms of property use

In terms of property use, the sales of residential properties represented the largest percentage of sales during the period from 2011 to 2018 reaching 66% in 2018, compared to 32% for

commercial properties while sales of residential properties represented 62% in 2017, compared to 35% for commercial properties, as shown in figure 2.61.

Figure 2.61 Real Estate sales by property use



Source: Dubai Land Department



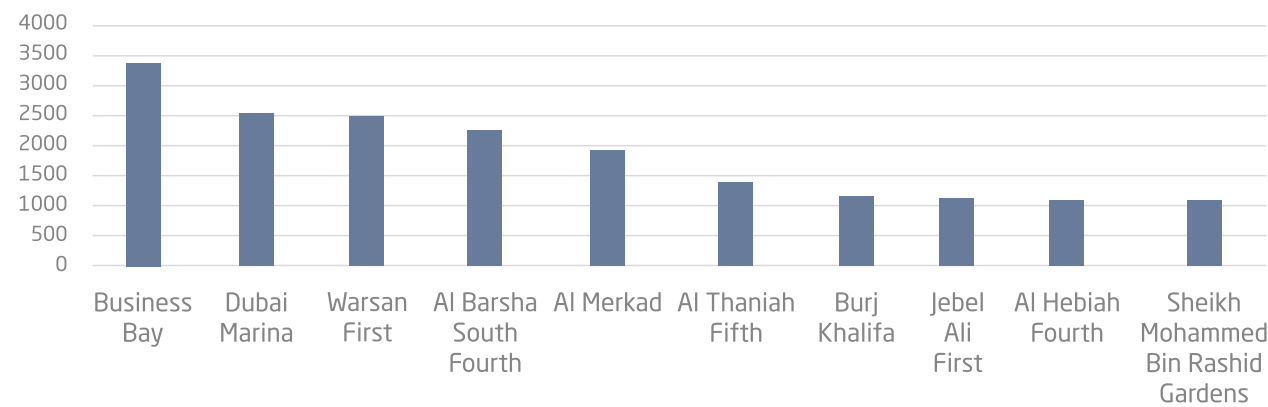


## Sales Distribution in terms of community

Figure 2.62 and figure 2.63 show the distribution of the number and value of real estate sales in terms of community. Figure 2.62 shows the top 10 communities in terms of the number of sales. While figure 2.63 shows the top 10 communities in terms of the value of sales. Business Bay community ranks the

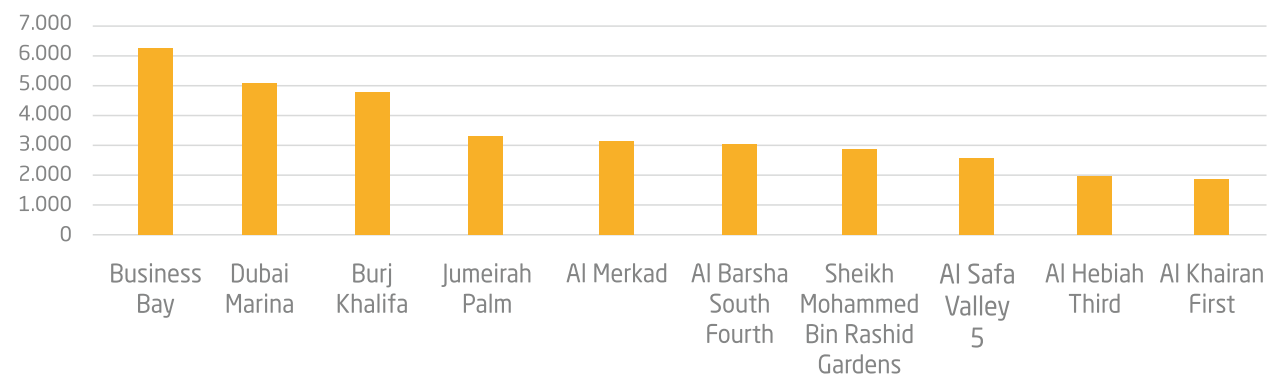
first place in terms of number and value of the sales reaching 3400 transactions with a total value exceeded AED 6 billion. Dubai Marina came second in terms of number and value of sales reaching about 2500 transactions with a total value exceeded AED 5 billion.

Figure 2.62 Top 10 communities in terms of number of sales transactions



Source: Dubai Land Department

Figure 2.63 Top 10 communities in terms of sales transactions value



Source: Dubai Land Department







## Rents

Rents are one of the important component of real estate demand and are an important link between the real estate sector and other economic sectors in Dubai. Demand of properties for rent is an important index

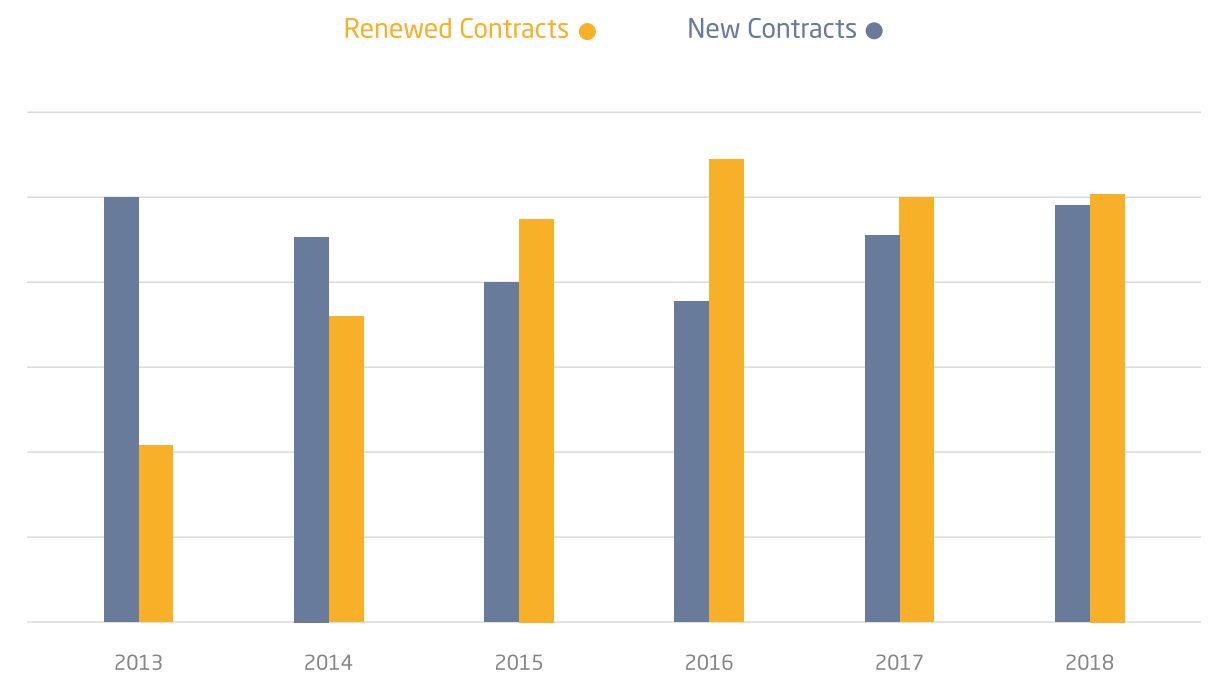
of economic activity in the State where the number of rent contracts and the number of rented properties reflect the volume of employment and population in Dubai.

## New and Renewed Rent Contracts

Growth in population and in the number of employees in Dubai was reflected on the number of rented units and rented contracts. Figure 2.64 shows the number of new and renewed rent contracts in 2018. The number of new rent contracts reached 246,509, while renewed rent contracts reached 251,409. The figure shows that from 2013 to 2016, new rent contracts have been steadily decreasing against an increase in renewed rent contracts.

From 2017 to 2018, the number of new and renewed rent contracts increased. However, the increase rate of new rent contracts is higher than renewed rent contracts, reflecting the additional demand of residential and non-residential units in Dubai, under the Rent Correction in Dubai.

Figure 2.64 Number of New and Renewed Contracts



Source: Dubai Land Department



In terms of rent contract term, the largest percentage of new and renewed rent contracts is annual rent contracts, although the percentage of new non-annual rent contracts is higher than the renewed rent contracts. New non-annual rent contracts percentage reached 13% of the

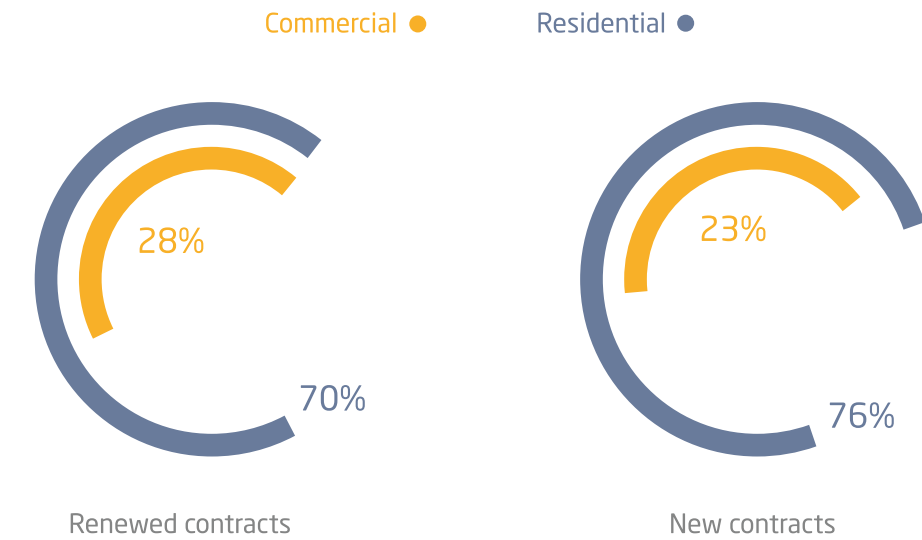
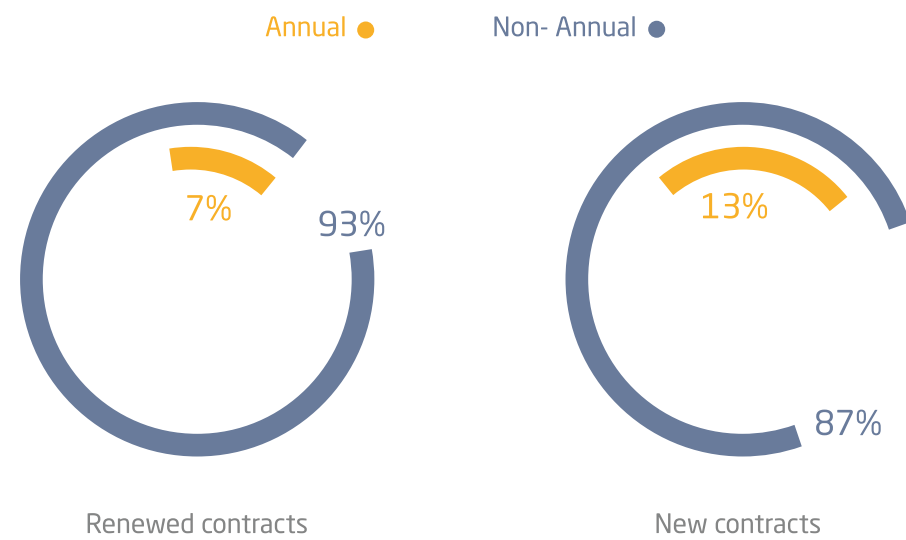
total number of rent contracts in Dubai in 2018, compared to 87% for annual rent contracts. As for renewed rent contracts, the non-annual rent contracts reached 7%, compared with 93% of annual rent contracts as shown in figure 2.65.

In terms of property use, rent contracts of residential properties represented the largest percentage of new and renewed rent contracts. However, the percentage of renewed commercial contracts was greater than residential contracts, whereas the first reached

28% compared to 23% in residential contracts as shown in figure 2.66. This is significantly due to the nature of commercial rent contracts requiring long-term rent contracts, given the high costs of moving the business from place to another.

Figure 2.65 number of New and Renewed Contracts by contract period 2018

Figure 2.66 number of New and Renewed Contracts by property use 2018



Source: Dubai Land Department

Source: Dubai Land Department





## Chapter three

# Real Estate Sector Competitiveness



In the Ease of Doing Business report 2019, the United Arab Emirates (UAE) showed impressive performance, improved 10 positions among 190 countries worldwide and ranked the 11th in the Ease of Doing Business Index 2019 compared to 21st place in 2018.

The improvement of the UAE's ranking represented by the Emirate of Dubai was a result of the improvement of a number of pillars, especially "Registering property", which achieved a remarkable progress with four positions and ranked the 7th position in 2019 compared to the 10th position in 2018.

The Emirate of Dubai is continuously improving its position in the Global Transparency Index from 2014 to 2018. Dubai ranked 40th in 2018 compared to 49th in 2014 and 48th in 2016, and is considered as one of the world's most improved economies in the Real Estate Transparency Index and ranked the 1st in the Middle East.





## The Ease of Doing Business Index

The Ease of Doing Business Index is an effective tool that provides objective measures of business regulations and enforcement across 190 countries in selected cities at the national and regional levels.

The Ease of Doing Business Index measures the efficiency of doing business process in each country, through a set of pillars that measure the time, cost and efficiency of the procedures in each country by collecting and analyzing the comprehensive quantitative data to make a comparison between the environments of government regulations governing business activities and economies over time. The Ease of Doing Business Index encourages economies to compete towards enhancing the efficiency of such systems and provides measurable benchmarks for reformation.



## Methodology

The Ease of Doing Business Index ranks the 190 different economies, which are included in the report, with two main scales. The first scale is the index score (distance from the upper limit / best practice). The second scale is ranking the first scale uses comparison between the situation of each country to the best practice related to the subject of comparison, which can be the practice of a specific state or practice carried out by one of the leading institutions of practice. While the second scale, which is relevant to ranking the ease of doing business to compare different economies and countries over time. Therefore, the improvement in the score of ease of doing business measures the improvement in the business environment in

each country over time. However, the ranking of ease of doing business reflects the relative improvement of each country relative to other countries. The World Bank's ease of doing business index covers 10 pillars in the largest business city in each country (excluding some countries with more than 100 million people which they calculate it for the biggest two cities). The ten pillars cover the regulatory and legal environment for doing business within each country, starting from business activity start in the country, until resolving insolvency. Diagram (1) illustrates the ten pillars that make up the ease of doing business index.

Data for each of the ten pillars are collected from several different sources to ensure the completeness and validity of the data collected. The data sources include the World Bank's regional staff in different countries of the world, the respective regulations and laws of each pillar in addition to a form filled by the private sector in each country and a form to be filled by the government entities responsible for each of the ten pillars.

It should be noted that a number of assumptions are made for each pillar, which relates to the transaction, for which time, procedures and cost are measured to consolidate the unit of measurement among the different countries of the world.

Diagram 1 - pillars of Ease of Doing Business Index





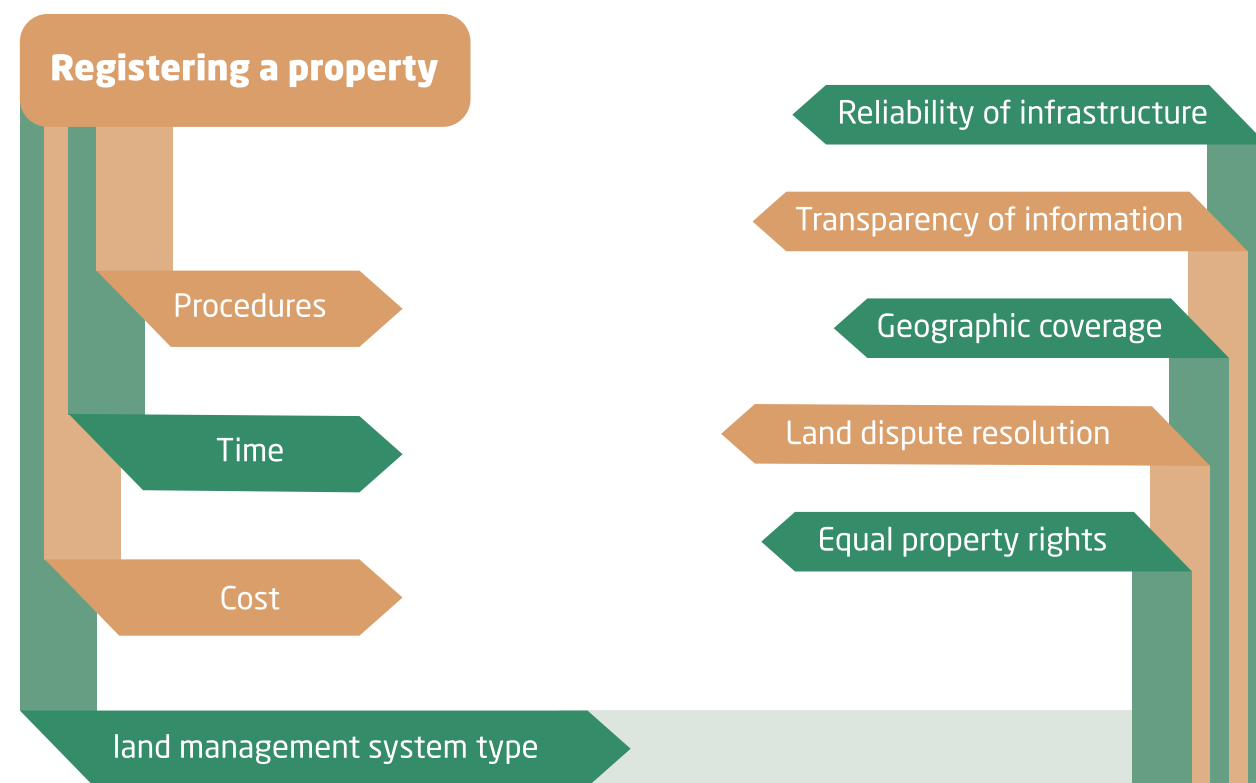
## Registering Property

This pillar records all procedures necessary for completing a property transfer process by a company to another, so that the new landlord can dispose the property by sale, mortgage or to expand its business.

It also measures the time and cost to complete

each of these procedures in addition the other index of land management system type. Diagram (2) illustrates the indicators used in Registering Property pillar.

Diagram 2 Sub-indices of Registering Property Pillar



In addition to the assumptions about the parties, there are other assumptions regarding the type of property to standardize the unit of measurement among the different countries in the ease of doing a business report. Diagram (3) illustrates the assumptions about the parties of the transaction used to measure registering a property pillar of all economies in the ease of doing a business report that both parties

should be limited liability companies based in Dubai (Dubai is the largest business city in the UAE, and is used by the World Bank for measuring the Ease of Doing Business Index of the UAE). In addition, both companies of the transaction should be owned by nationals of the State of the private sector, each with 50 national employees, works in general trade.

Diagram 3 Assumptions about the related parties in Registering a Property Pillar

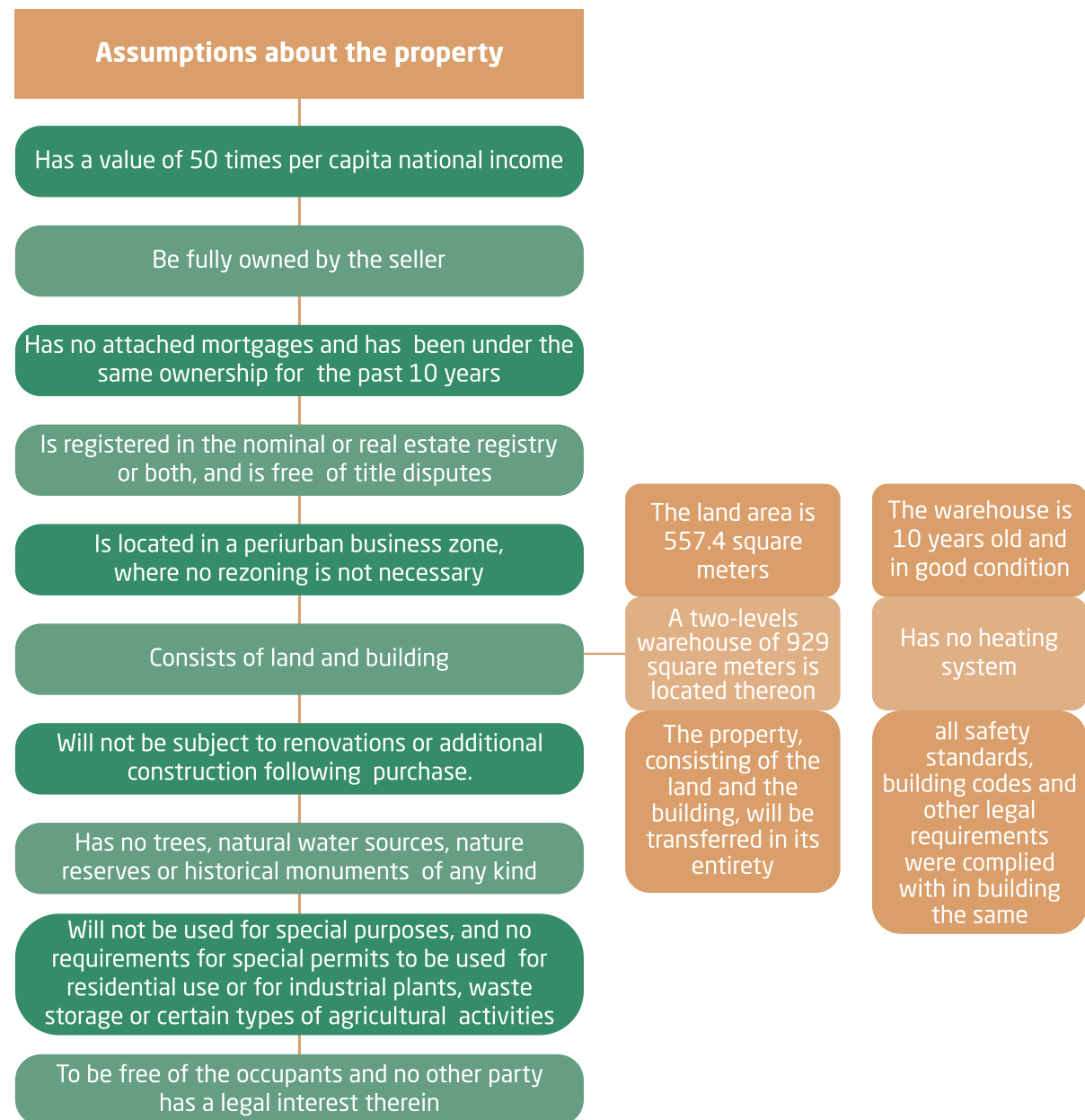




In addition to the assumptions about the parties, there are other assumptions related to the type of the property in order to standardize the unit of measurement among the different countries in the ease of doing business report. Diagram (4) shows the assumptions about the property in Registering a Property Pillar, some of which relate to the value of the property, others relate to the property use and others related to the property readiness for use. The property value under measurement in the ease of doing business index should equal 50 times the average per capita national income,

should be fully owned by the seller, should not bear mortgages, should be under the same ownership for the past 10 years, should be registered in registry, should be free of title disputes, should be located in a business zone, should consist of a land and a building, should not be subject to renovations nor construction works following the purchase, should be with no trees, wells or historical monuments of any kind, should not be used for special purposes require special permits, should be vacant, and no party holds a legal right therein.

Diagram 4 Assumptions about the property in Registering a Property Pillar



The data are collected using the above four methods for the transactions on which the terms of the parties are applied, as well as the conditions of the property, a value is given to each item of time, cost, number of procedures

and the land management system type pillars and the value of the ease of doing business index is extracted after ranking the different countries according to the value of the index.

## Ease of Doing Business Index 2019

In the Ease of Doing Business Index 2019, the United Arab Emirates (UAE) showed impressive performance, improved 10 positions among 190 countries worldwide and ranked the 11th in 2019 compared to 21st globally in 2018.

especially the registering a property pillar, which improved by four positions and ranked the 7th globally in 2019 compared to the 10th in 2018. Diagram (5) illustrates the ranking of the UAE in the Ease of Doing Business Index 2019.

The improvement of the UAE's ranking, represented by the Emirate of Dubai, was a result of the improvement of a number of pillars,

Diagram 5 - The UAE ranking in the Doing Business Report 2019

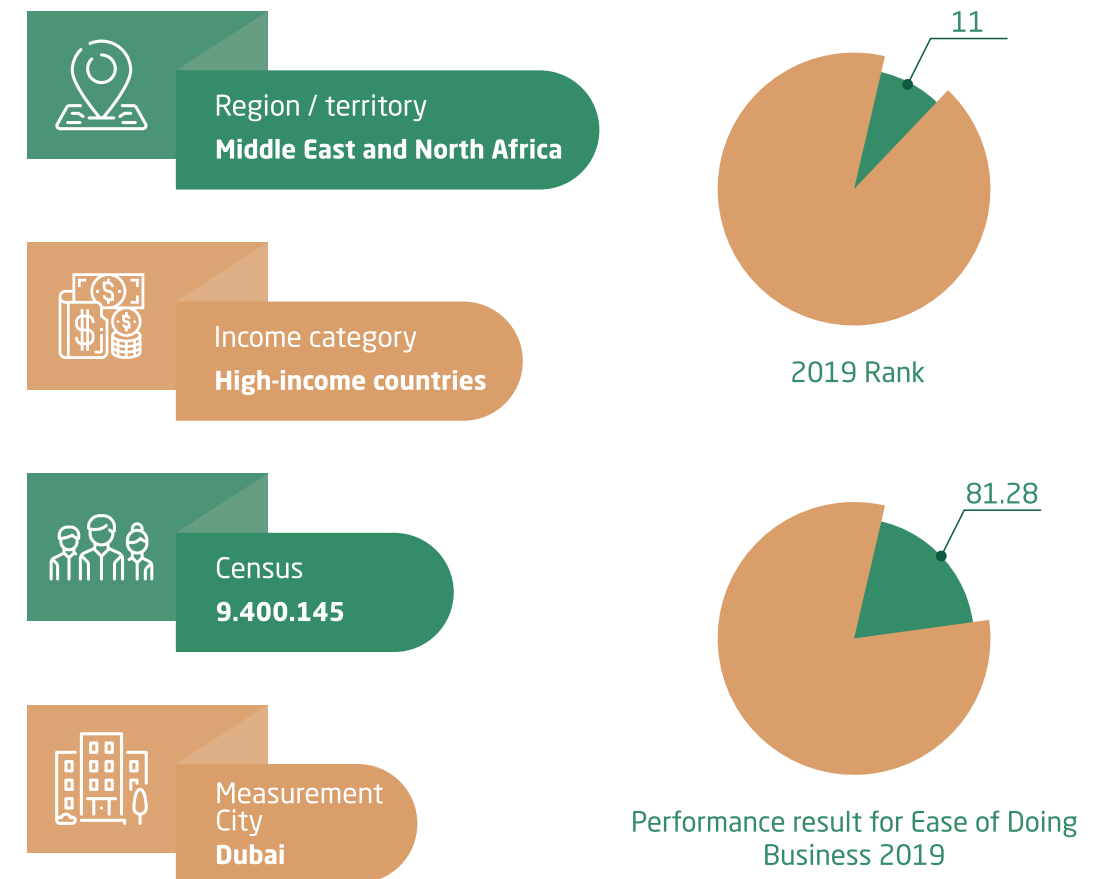
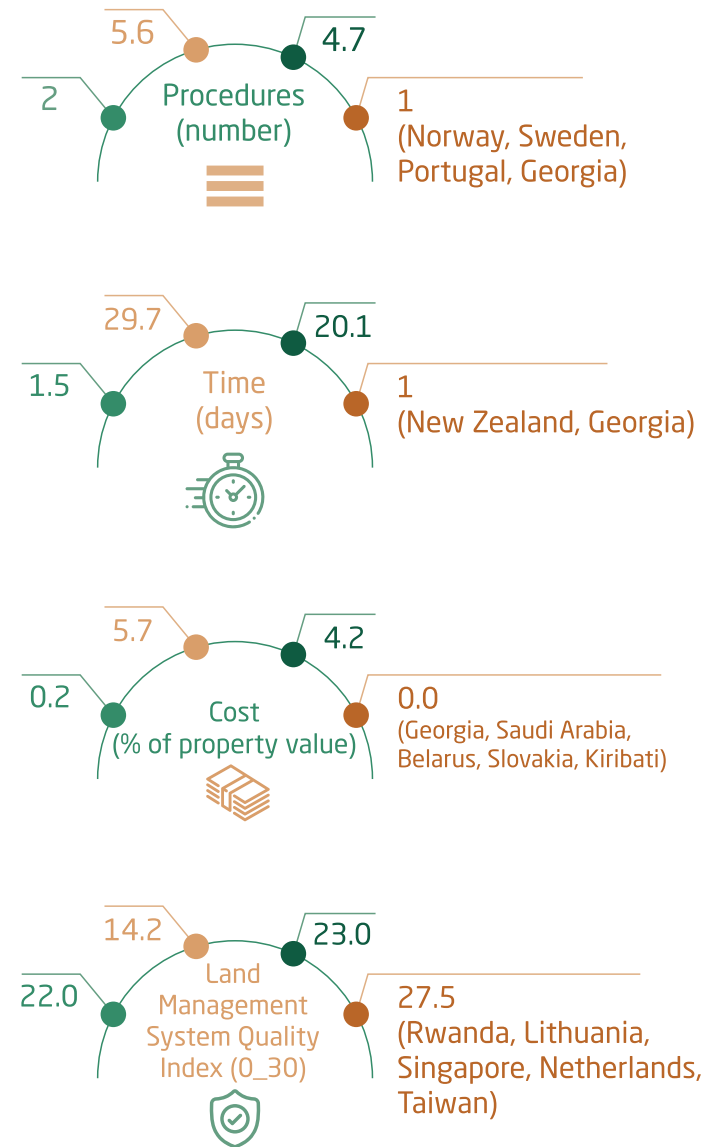


Diagram (6) shows the performance of the real estate sector in the Emirate of Dubai within Registering a property pillar in the ease of doing business index 2019. The real estate sector ranked the 7th in the world in 2019 compared to the tenth place in 2018. The Diagram shows the performance of the sub-indices of Registering a property pillar.

As shown in the Diagram, Dubai's real estate sector outperforms the Middle East and North Africa regions average. It also outperforms the OECD high-income countries performance average in all indices except for the quality of the land management system.

Diagram 6 - Performance of sub-indices of Registering a property pillar



- The United Arab Emirates
- The Middle East and North Africa Regions
- High-income Organization for Economic Cooperation and Development (OECD)
- Best performers in general







## Global Real Estate Sector Transparency Index

The real estate sector transparency index, by JLL in collaboration with LaSalle Investment Management, is one of the key indices for measuring the transparency of the real estate sector in more than 150 cities and 100 countries around the world. This index measures the degree of transparency of the real estate sector in each city/country using 186 indices divided into questions compiled by a questionnaire and data collected from the related cities and countries.

A report and an index are issued each two years. The first version was released in 1998, covering only 30 countries, and the last version was in 2018 and covered 100 countries and 158 city.



## Methodology

The Global Real Estate Sector Transparency Index consists of six main sub-indices that measure all aspects related with the transparency of the real estate sector:

- Performance measurement index
- Market Fundamentals index
- Governance of listed vehicles index
- Regulatory and legal framework index
- Transaction Process index
- Sustainability Index

Each of the six sub-indices used to calculate the Global Real Estate Sector Transparency Index is composed of a set of indices that measure all aspects of the sub-index, which in turn consist of more detailed indices. The index includes 186 sub-indices in 2018 compared to 139 sub-indices in 2016, as well as a wider geographic coverage in 2018 where the index includes 158 cities in 2018 compared to 109 in 2016.

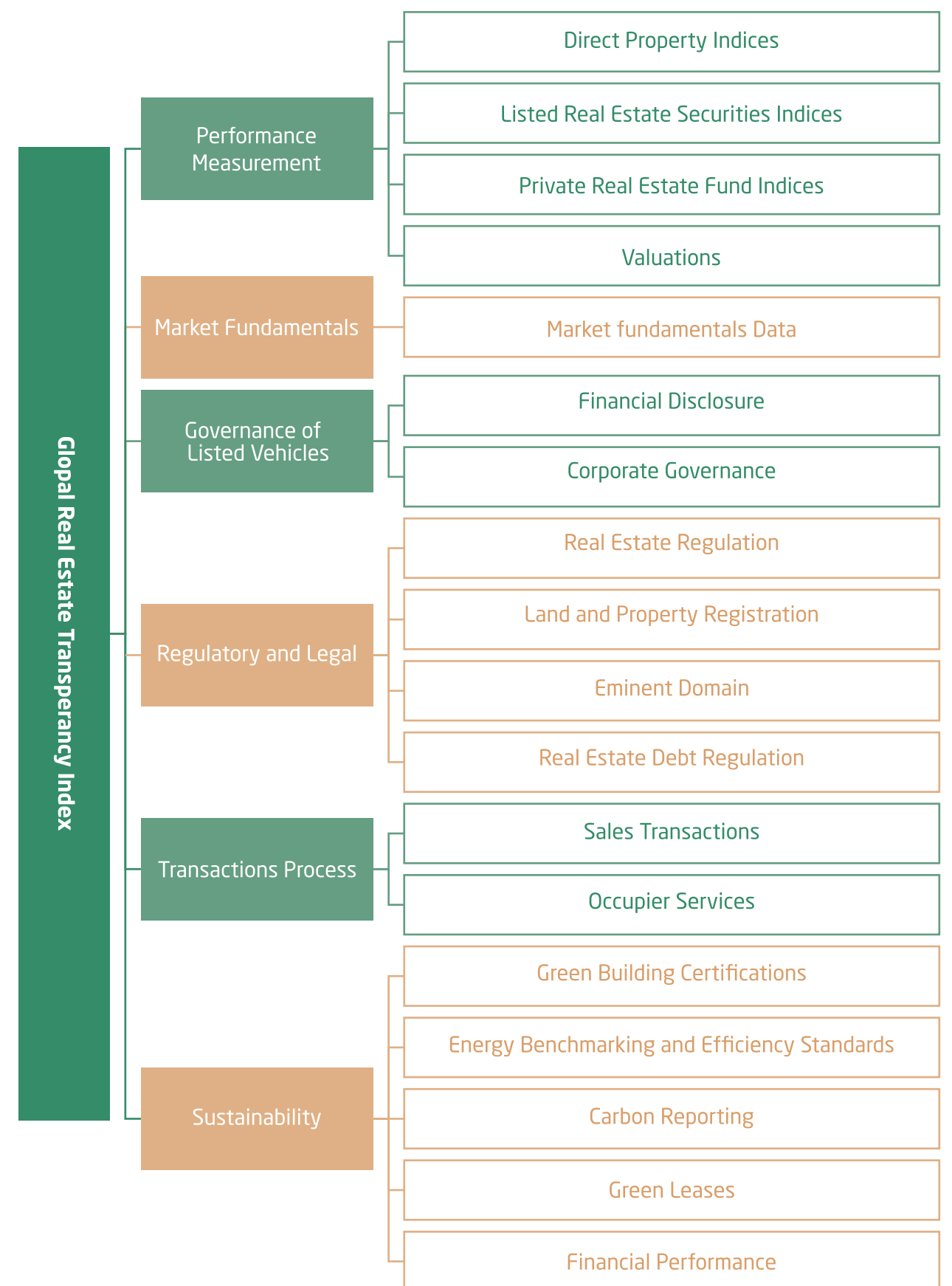
The index is based on two main sources of data; i.e. data collected from the country's institutions and entities (hard data), and a survey carried out on the business community to identify their views regarding the transparency of the

real estate sector in each country. The collected hard data represent 31% of the data used in the calculation of the general index, accounting for 61 indices out of a total of 186 indices. Each index is given a score of 1 to 5, where 1 represents the highest level of transparency, and 5 represents a lack of transparency.

In addition, the indices data collected from the questionnaire represent 69% of the total indices of which the Transparency Index is composed represents 125 indicators collected by the regional teams in each country. Each question is answered by giving a score from 1 to 5, where 1 represents the highest level of transparency and 5 represents the lack of transparency.

All hard data with the questionnaire results are composed in 14 indices to be used to calculate the above-mentioned six sub-indices. Diagram (7) shows the indices of which each sub-index is composed from.

Diagram 7- Global Real Estate Sector Transparency Index





The index is based on the scales determined for the six sub-indices before obtaining the total index value for each country as shown in the following table:

Table 1: Relative scale of sub-indices in the Global Real Estate Sector Transparency Index

Sub-indicator	Relative weight
Performance Measurement Index	28.50%
Market Fundamentals Index	16.50%
Governance of Listed Vehicles	10%
Regulatory and Legal مؤشرات الإطار القانوني والتشريعي	25%
Regulatory and Legal	15%
Sustainability Index	5%

After aggregating the value of each country's real estate sector transparency index, countries are divided into five groups: high transparent, transparent, semi-transparent, low transparent and opaque as shown in table (2):

Table 2: Transparency groups in the Global Real Estate Sector Transparency Index

Group	Index Value
Highly Transparent	From 1.00 to 1.96
Transparent	From 1.97 to 2.65
Semi-Transparent	From 2.66 to 3.50
Low Transparency	From 2.66 to 3.50
Opaque	From 4.17 to 5.00

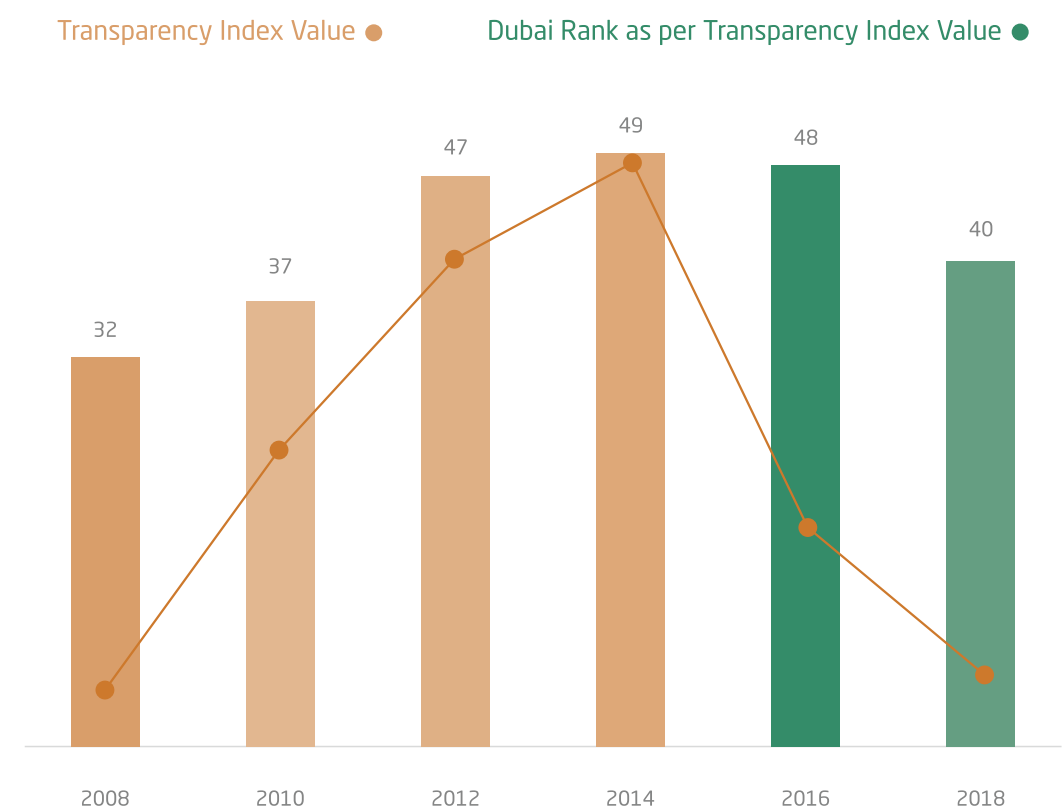
## Real Estate Sector Performance in the Global Real Estate Sector Transparency Index

The Emirate of Dubai is continuously improving its position in the Global Transparency Index since 2014 until 2018, where it ranked 40th in 2018 compared to 49th in 2014 and 48th in 2016 and it falls in the Semi-Transparent Countries.

transparent countries through its initiatives in cooperation in various fields, including the "Derayah" initiative aimed at spreading knowledge and enhancing data quality of the real estate sector needed by the real estate investors.

The Dubai Land Department's strategy aims to ensure that Dubai will fall within the highly

Figure 3.1 Dubai performance in the Global Transparency Index





The Emirate of Dubai is one of the world's most improved economies in the Global Real Estate Sector Transparency Index, ranking first in the Middle East, achieving 8 scores in 2018

compared to 2016. Dubai's ranking was 40th in 2018 compared to 48th in 2016, as shown in Table (3).

Table 3: Transparency ranking of the real estate sector in the Middle East

Transparency Score	International Ranking	State	Index Value
Semi-transparent	40	United Arab Emirates - Dubai	2.97
	54	KSA	3.32
	55	United Arab Emirates - Abu Dhabi	3.37
	57	Egypt	3.45
Low transparent	62	Bahrain	3.55
	63	Morocco	3.56
	68	Morocco	3.74
	70	Kuwait	3.84
	71	Qatar	3.9
	74	Iran	3.97
Opaque	75	Pakistan	3.99
	81	Lebanon	4.18
	82	Oman	4.19
	83	Tunisia	4.2
	87	Algeria	4.27
	95	Iraq	4.51
	99	Libya	4.63

The improvement in Dubai's ranking was a result of different initiatives that have been implemented to serve the real estate sector, including the Building Classification Project, a project to classify all buildings in Dubai as per the best international standards and practices in this field. In addition to the improvement of the Sector's regulatory procedures and smart

applications that have been introduced to serve all parties in the real estate sector, such as the standard lease and other initiatives, as well as the improvements of the rental increase calculator, where commercial properties were listed therein.





## Chapter Four

# Real Estate Sector Performance Expectation



The results of real estate sector performance within the first 5 months of 2019 indicate a significant improvement in the value of real estate transactions and investments. The value of real estate transactions in the Emirate of Dubai during the first five months of 2019 reached AED 106 billion compared to AED 95 billion in 2018, at a growth rate of 12%.

The first five months of 2019 witnessed the launch of 49 new real estate projects expected to represent a new addition to the real estate sector. These projects ranged in residential apartments, villas and villas complexes.



## Economic Growth Expectations

The global economic grew slowly over the past years as a result of many economic and political factors, which has had a negative impact on most of the world's economies and led to a decline in growth rates in many countries.

The International Monetary Fund (IMF)'s recent reports indicate that global economic growth has declined to 3.3% in 2019, compared to a growth rate of 3.6% in 2018. Global economic growth is expected to witness some improvement in 2020.

IMF data indicate an expected improvement in the growth rate of the UAE's economy to 2.8% in 2019, 3.3% in 2020 and 3% in 2021, which

is higher than the average growth rates in both developed and the Middle East and North Africa countries. as the expected growth rate reached 1.8%, 1.7% and 1.7% for the group of developed countries during 2019, 2020 and 2021 respectively, while the expected growth rate for the Middle East and North Africa reached 1.3%, 3.2% and 2.8% during 2019, 2020 and 2021 respectively.

With regard to Dubai's economy, it is expected to witness a boost in 2019 and 2020, as the Expo 2020 Dubai approaches. This is in addition to the economic incentives launched by Government of Dubai, which will bring a positive impact on many economic sectors of the Emirate specially the real estate sector.

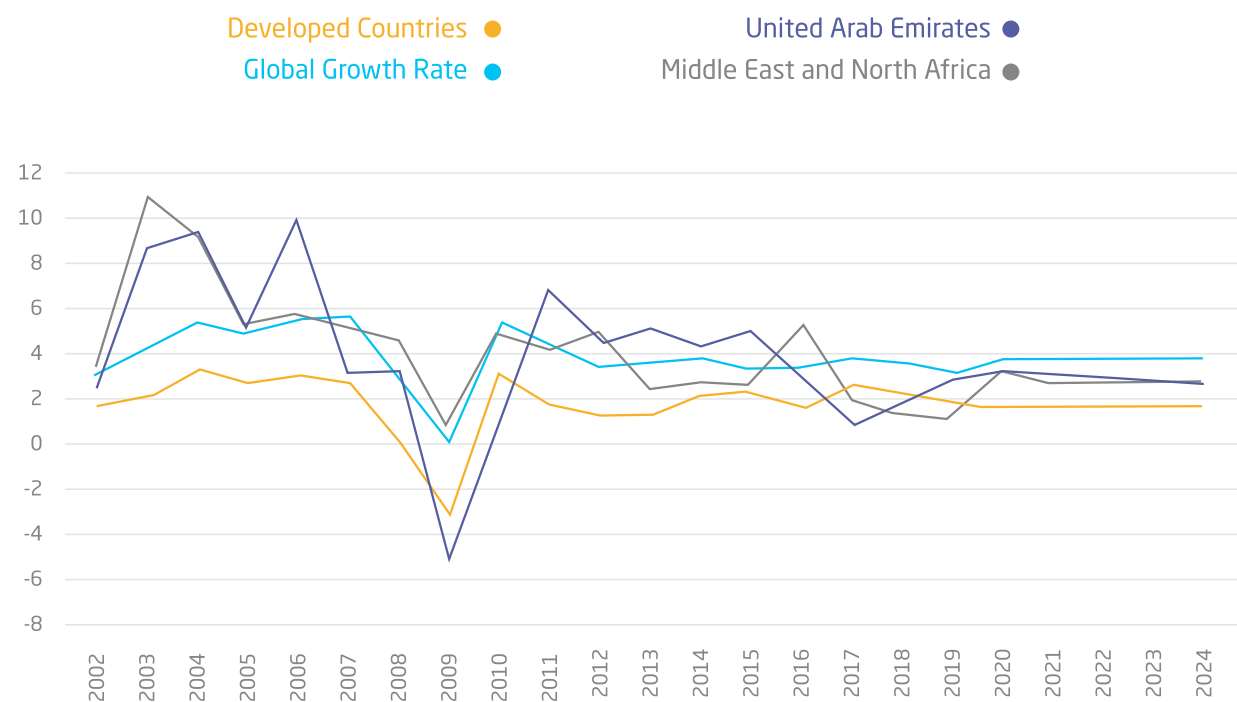
Expo 2020 Dubai, is the first international Expo exhibition to be organized in the Arab world. The exhibition will be held under the theme "Connecting Minds, Creating Future" expressing Dubai's strategies towards a bright future of cooperation.

The exhibition is expected to contribute significantly in increasing the flow of capitals into the Emirate of Dubai, with Dubai's

investments in infrastructure projects and preparations for the exhibition.

Moreover, it is expected that the exhibition will add a value to the economy of the Emirate of Dubai during the period from 2013 to 2031, with more than AED 122 billion according to the recent studies. This is in addition to creating new employment opportunities and direct and indirect investments to be added to its economy which will be significantly reflected in the real estate sector in terms of new investments and products added to the sector.

Figure 4.1 World economic Growth expectations



Source: International Monetary Fund (IMF)





## Real Estate Sector Growth Expectations

The improvement indices were shown in real estate sector performance in the first five months of 2019, which witnessed a remarkable growth in the real estate transactions value with AED 106 billion compared to AED 95 billion in 2018, with a growth rate of approximately 12%.

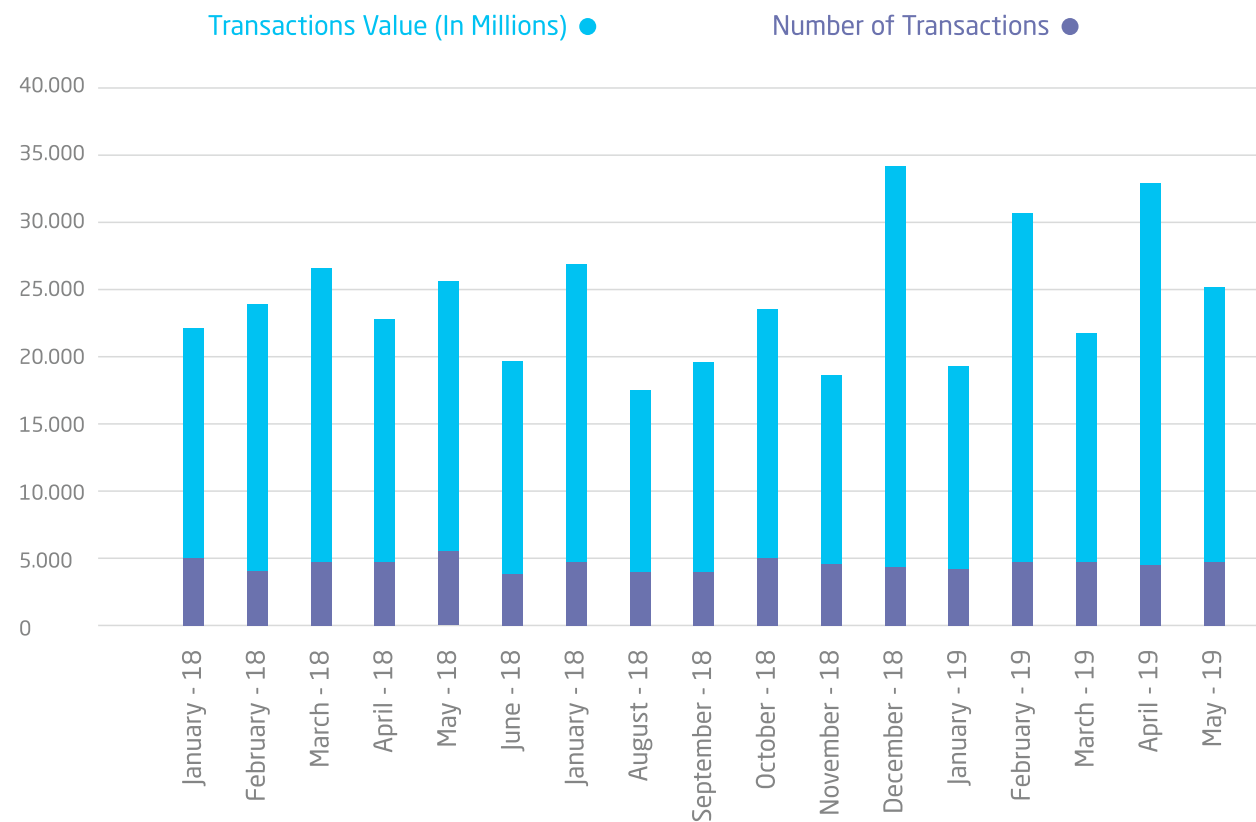
Figure (4.2) shows the number and the value of real estate transactions on a monthly basis during the period from January 2018 to May

2019, and the figure shows the growth of real estate transactions value by 58% in April 2019 compared to the same month of 2018 and the growth of real estate transactions value by 1% in May 2019 compared to the same month of 2018, and this growth is expected to continue for the coming months.

In terms of real estate projects growth, the first five months of 2019 witnessed the launch of 48 new real estate projects, which are expected to represent a new addition to the real estate sector. These projects ranged between residential apartments, villas and villas complexes. Upon completion, these projects are expected to add approximately 8,000 new residential units to the real estate sector with a

total area of more than 730,000 square meters while the residential apartments represent the largest percentage thereof, compared to retail stores, offices and other commercial units, where the number of residential units in the new projects reached 7,537 units with a total area of more than 668,000 square meters.

Figure 4.2 Real Estate Transactions Number and Value per month



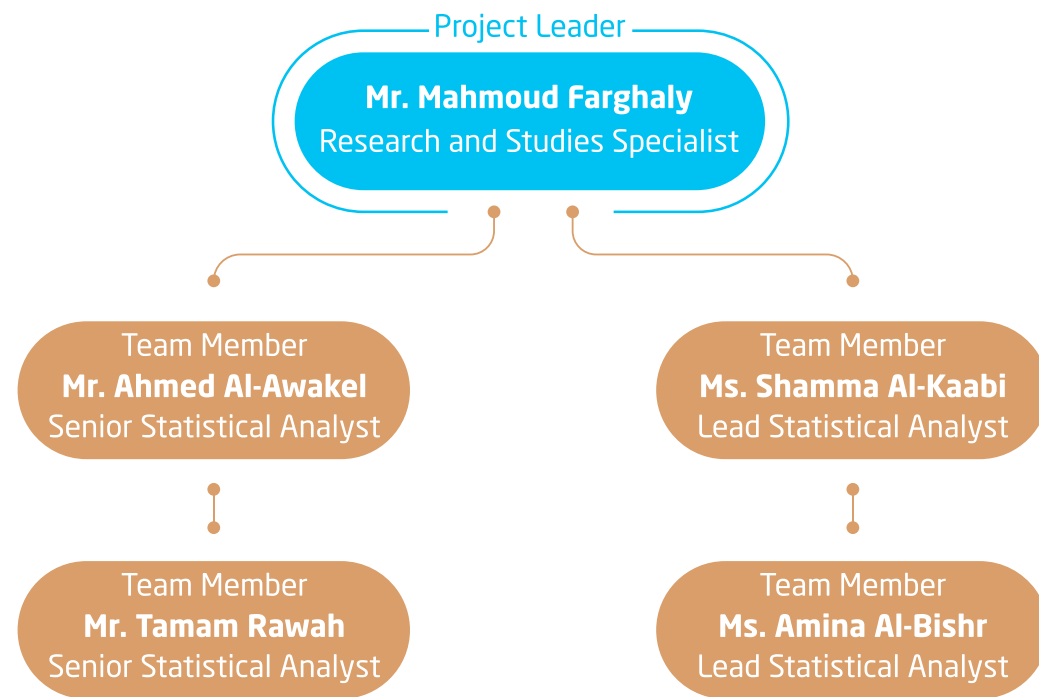
Source: Dubai Land Department (DLD)





## Team Work

This report was prepared by the team of the Real Estate Research and Studies Department at Dubai Land Department, under the guidance and support of the Executive Director of the Sector, **HE Majida Ali Rashed**, and under the leadership of the Director of Real Estate Research and Studies Department, **Ms. Latifa Ibrahim**.



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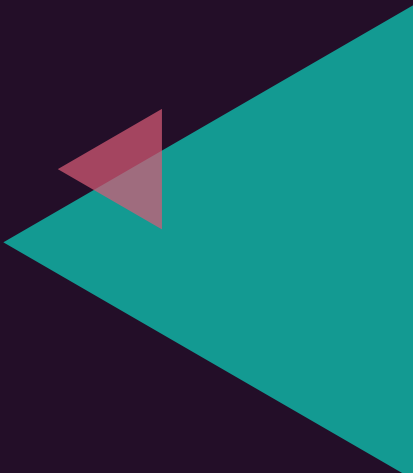
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DLD provides outstanding services to all its customers and develops the necessary legislation to propel the real estate sector in Dubai by organizing and promoting real estate investment, and spreading industry knowledge.



DLD seeks regional and worldwide innovation in real estate with the aid of its active sectors that include Real Estate Registration and Services, Real Estate Promotion and Investment Management, and Corporate Support, as well as with the aid of its active organizations that include the Real Estate Regulatory Agency, the Dubai Real Estate Institute, and the Rental Dispute Centre.

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