



# UAE Real Estate Report

H1 2025 Review and H2 2025 Outlook

August 2025

المركز  
MARKAZ

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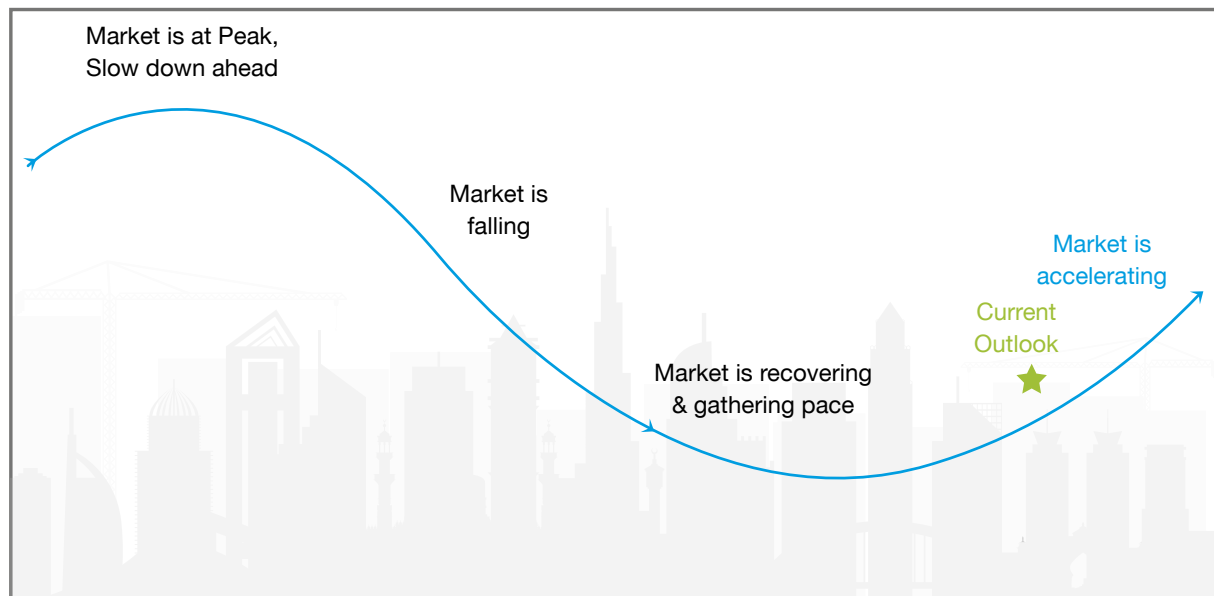
## 1. Executive Summary

- Real estate transactions in the UAE reached AED 239 billion (USD 65 billion) in Q1 2025 as prices and rental yields recorded an increase on an annual basis in Q1 2025 across residential and office real estate segments.
- UAE real estate market remained strong in 2024 as indicated by the positive trend in value and volume of real estate transactions, which rose by 20% y/y and 36% y/y respectively. Demand for residential, commercial and hospitality sectors remained strong, supported by the flexible visa policies, no capital gains tax and influx of ultra-high-net worth individuals.
- UAE's real GDP is anticipated to grow by 4.0% y/y in 2025 compared to 3.8% y/y in the previous year supported by the pickup in oil sector activity and strong non-oil economic growth. Real oil GDP is expected to remain stable at 2.2% y/y in 2025 due to the gradual reversal of OPEC+ production curbs and ongoing investments in the sector. UAE's non-oil GDP growth is likely to remain robust at 4.6% y/y in 2025 supported by the growth in tourism, transport, real estate and construction sectors.
- Inflation in Dubai continued to moderate during January-April 2025 supported by the decline in food and transport prices amid elevated housing costs. Consumer price inflation eased to 2.31% y/y in April 2025, softening from 2.89% y/y in December 2024. Inflation is likely to moderate in H2 2025 supported by lower transport and food prices amid stabilisation of housing costs.
- The Central Bank of UAE (CBUAE) is expected to cut interest rates in tandem with the US Federal Reserve (Fed) in H2 2025. According to U.S FOMC Projections in March 2025, the Fed is expected to reduce interest rates by 50 bps in H2 2025. The relatively lower interest rates are likely to bode well for demand for mortgages and commercial real estate in H2 2025 and beyond.
- The value of real estate transactions in Dubai increased by 20% y/y to AED 761 billion (USD 207.2 billion) in 2024. The number of real estate transactions increased by 36% y/y to around 226,000. Dubai attracted around 110,000 new investors to its real estate sector, recording an increase of 55% y/y in 2024. Real estate transactions in the UAE totaled to over AED 239 billion (USD 65 billion) in Q1 2025. The Dubai Land Department reported AED 142 billion in sales from 45,077 transactions, a 30% y/y increase in value of transactions. The outlook for the residential, office and hospitality real estate segments in H2 2025 remains

positive on the back of strong demand, interest rate cuts, influx of tourists and limited supply.

- Dubai and Abu Dhabi continue to offer higher rental yields for investors compared to other global real estate markets. The rental yields in Dubai have grown to 7.6% as of May 2025, outperforming the rental yields in other established global real estate markets such as Singapore (3.2%), New York (5.3%) and London (3.1%). Rental rates in Dubai are expected to stabilise with new supply entering the market, increasing choices for tenants.
- Overall, based on our assessment of various macroeconomic factors, we believe that the real estate sector in UAE is expected to continue to accelerate in H2 2025, with stable rise in land prices and rentals in Dubai and Abu Dhabi.

## UAE Real Estate Market Outlook







Source: Marmore Research

Note: Grey colored box indicates the current outlook of the real estate market

## UAE Macroeconomic Views

Economic Factors	Our take	Our View
 Oil (Real) GDP Growth	Strong	The unwinding of OPEC+ oil production cuts and investments in the sector support oil GDP growth. The completion of the Dalma and Upper Zakum field projects by 2026 is likely to increase the production capacity of ADNOC closer to its production capacity target of 5 million bpd by 2026.
 Non-Oil (Real) GDP Growth	Strong	Government reform and investment initiatives, strong tourism inflows, growth in transport and real estate sectors, higher public spending and pipeline of infrastructure projects bode well for sector growth.
 Fiscal Position	Moderate	Fiscal surplus is expected to narrow in 2025 due to lower oil prices and rise in infrastructure spending by the government. However, the contribution from non-oil tax revenues is likely to result in lower fluctuation in fiscal surplus over the near term.
 Investments	Moderate	Foreign investor interest coupled with the government's favorable policies and flexible visa policies could sustain the momentum for foreign direct investments in H2 2025. UAE targets to increase its foreign direct investments from USD 31 billion in 2023 to USD 65 billion by 2031.
 Money Supply, M2	Moderate	Broad money (M2) is expected to grow at 8.4% y/y in 2025 amid easing inflationary pressures and interest rate cuts.
 Inflation	Moderate	Inflation in the UAE is expected to ease gradually in H2 2025, driven by the decline in transport and food prices. However, rising rentals and tariff driven higher input costs could pose a threat to easing inflation.

Economic Factors	Our take	Our View
 Interest Rate	Neutral	The Central Bank of UAE (CBUAE) is expected to reduce interest rates by 50 bps in H2 2025 in line with the U.S Fed. However, higher inflation risks due to tariffs related uncertainty could impact the monetary easing cycle of U.S Fed and subsequently CBUAE due to the currency peg.
 Yearly Population Growth	Neutral	Government initiatives to attract expatriates such as long-term visa policies and business-friendly reforms support stable growth in UAE population in the near term.
 Job creation	Moderate	The sustained momentum in project awards, resilient growth in the non-oil economy and the line-up of infrastructure projects support job creation in the near-term.
 Government reforms	Moderate	The expansion of Freehold zones in Dubai to increase foreign direct investment, streamlining of registration process and the introduction of Smart Rental index have been notable real estate reforms in the recent term.

Source: Marmore research

## 2. UAE: Macroeconomic Update

### a. UAE's non-oil sector to record robust growth

UAE's economy is expected to record a real GDP growth of 4.0% y/y in 2025 compared to 3.8% y/y in the previous year driven by the pickup of oil sector activity and robust growth in the non-oil sector. Real oil GDP is expected to remain stable at 2.2% y/y in 2025 compared with a subdued growth of 1.0% y/y in 2024. The gradual easing of OPEC+ production curbs coupled with ongoing investments in the oil sector is supportive of the growth in the hydrocarbon sector. In December 2024, OPEC+ agreed to gradually unwind the voluntary portion of its total production cuts—amounting to 2.2 million barrels per day (bpd) by the end of September 2026. The plan initially called for monthly increases of approximately 138,000 bpd starting in April 2025. However,

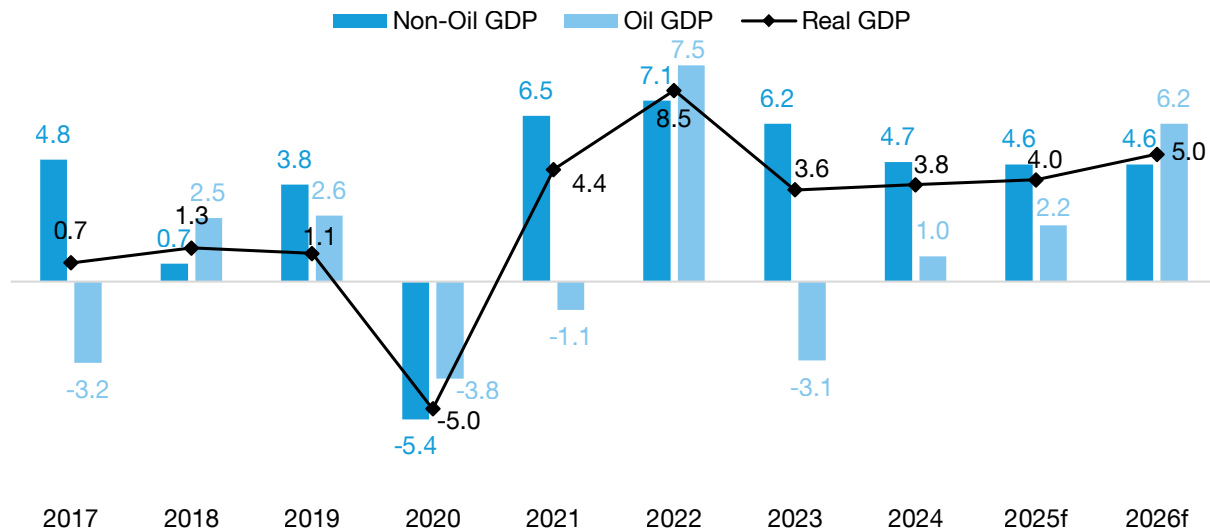
OPEC+ later opted to speed up the process, implementing a production increase of 411,000 bpd in both May and June 2025. As a result, the combined output rise for April, May, and June is likely to reach 960,000 bpd, equivalent to 44% of the 2.2 million bpd total cut being reversed. UAE is expected to have produced 3.015 million bpd in May 2025 and likely to increase production to 3.092 million bpd in June 2025. Reuters reports that OPEC+ is likely to speed up its oil output increase and could restore around 2.2 million bpd to the market by November 2025. In addition, the completion of the Dalma and Upper Zakum field projects by 2026 is anticipated to increase the production capacity of ADNOC closer to 5 million bpd by 2026.

UAE's non-oil GDP growth is likely to remain robust at 4.6% y/y in 2025 underpinned by continued reform and investment initiatives, strong international competitiveness, robust tourism inflows and real estate market performance, higher public spending and pipeline of infrastructure projects. The UAE posted an 11.7% y/y increase in project awards during Q1-2025 totaling USD 26.1 billion, up from USD 23.4 billion in Q1-2024. The tourism sector is likely to be a key driver of non-oil economic growth as Dubai attracted 18.7 million international tourists in 2024, marking a 9.0% y/y growth. There were 1.84 million tourist arrivals in Dubai during April 2025, an increase on the previous month's 1.49 million arrivals and up 22.7% y/y. The transportation and storage sectors are expected to record strong growth supported by the freight volumes at DXB and cargo volumes at Jebel Ali. Despite the impact of U.S trade tariffs on global shipping, Jebel Ali is likely to benefit from transport links, disruptions in regional trade routes, coupled with the development of the domestic manufacturing sector. In March 2025, the UAE Cabinet approved a new National Investment Strategy that targets to raise annual FDI inflows from USD 31 billion in 2023 to USD 65 billion by 2031, focusing on growing industry, logistics, finance, renewable energy and IT. However, the imposition of 25% tariffs on aluminum and steel imports from the UAE by the U.S could weigh on its non-oil exports. Tariff-induced disruption in global trade and higher interest rates for a longer period due to global economic uncertainty could pose potential downside risks to non-oil sector growth.

Global economic growth is forecast to moderate to 2.8% y/y and 3.0% y/y in 2025 and 2026 respectively on rising economic and trade uncertainty, according to International Monetary Fund (IMF). Following U.S President Donald Trump's tariff escalations and reciprocal tariffs from trade partners, the IMF has downgraded its global real GDP growth forecast for 2025 from 3.3% y/y in January 2025 to 2.8% y/y in April 2025. Growth in the U.S is expected to slow to 1.8% y/y on account of greater policy uncertainty, trade tensions, and softer demand momentum. Global headline inflation

is expected to decline to 4.3% in 2025 and 3.6% in 2026 amid elevated trade policy uncertainty. The monetary policy easing cycle of the U.S FED is likely to be at a gradual pace owing to rising risks of higher inflation and slower growth due to trade tariffs.

### Oil and Non-Oil Real GDP growth (y/y %)

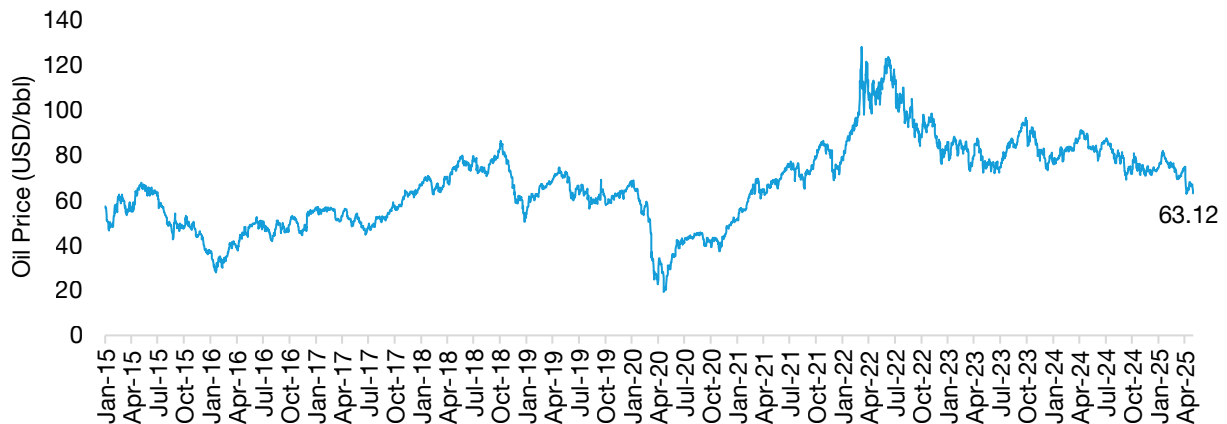


Source: IMF, Regional Economic Outlook (REO) – April 2025

The UAE’s non-oil foreign trade of goods grew by 13.8% y/y to AED 2.8 trillion in 2024 supported by the signing of CEPAs (Comprehensive Economic Partnership Agreements). Non-oil exports rose by 29.3% y/y, while re-exports grew by 3.8%, and imports increased by 13.5% y/y in 2024, according to the Central Bank of UAE. China was the major trading partner with 11.5% of total trade, followed by India (8.5%) and Saudi Arabia (5.4%). The key traded commodities were gold, telecommunication equipment, and motor vehicles.

The UAE signed five new CEPA deals in Q1 2025, bringing the total number reached under its CEPA program to 27. Malaysia, New Zealand, Kenya, Ukraine and the Central African Republic signed deals in Q1 2025. CEPA with countries such as India, Indonesia, Turkey and Cambodia are already in effect. 14 CEPA discussions are undergoing technical or ratification procedures and agreements with Armenia, Kazakhstan, Kyrgyzstan and Russia are anticipated to be signed soon. The UAE is in the final stages of negotiations with several major economies, including Japan and European Union.

## Daily Brent Oil Prices (Jan 2015 – April 2025)

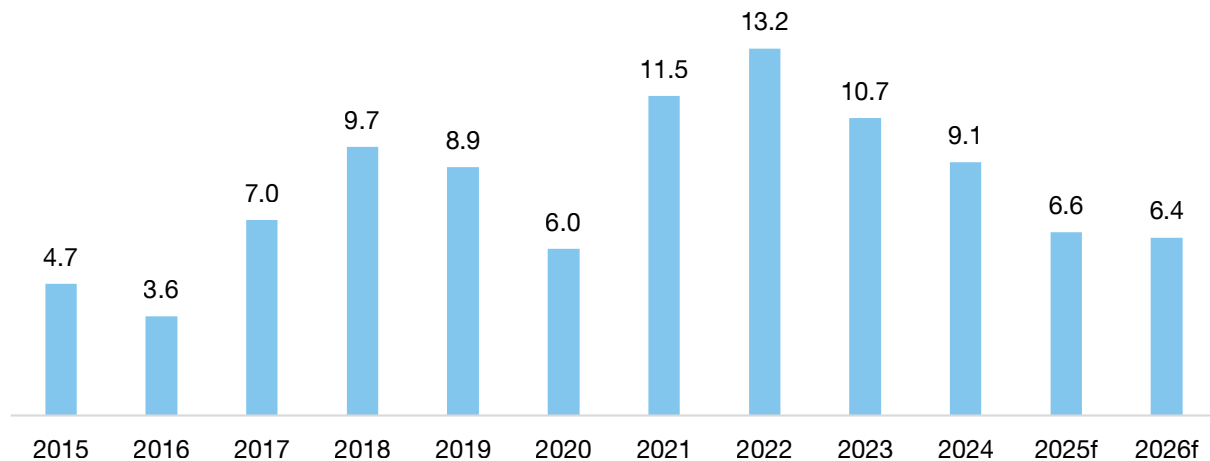


Source: Refinitiv

Brent crude oil prices remained volatile between January and April 2025, declining by 15.4% during this period due to output increases from OPEC+ and ongoing demand concerns in the U.S. and China amid trade tariff uncertainties. The average spot price of Brent crude oil was USD 66.4 per barrel in April 2025 down from the average price of USD 78.4 per barrel in January 2025 following the announcement of tariffs on all its trading partners by the U.S. on April 2, 2025. In April 2025, OPEC+ announced a production increase of 411,000 barrels per day (bpd) for May, up from the previously planned 135,000 bpd, as Saudi Arabia reportedly pushed for higher production increases to penalize Iraq and Kazakhstan for producing above their agreed output limits. Weak economic data from major economies such as the U.S. and Germany further fueled fears of slowing oil demand. Escalation in trade tensions between the U.S. and China—the world’s two largest economies—also contributed to demand concerns, exerting additional downward pressure on oil prices.

Global oil demand is expected to average at 103.90 million bpd in 2025, according to International Energy Agency’s (IEA) oil market report released in May 2025. However, the pace of global oil demand growth is projected to slow from 990,000 bpd in Q1 2025 to 650,000 bpd for the remainder of the year as economic headwinds and record EV sales weigh on demand. Electric car sales are likely to exceed 20 million in 2025 and account for around a quarter of global car sales, as per the agency. The IEA expects global oil supply to rise by 1.6 million bpd this year, up 380,000 bpd from the previous forecast in April 2025 as OPEC+ members unwind output cuts. Brent crude oil prices are expected to average USD 62 per barrel in H2 2025 and USD 59 per barrel in 2026, according to U.S Energy Information Administration (EIA). Any escalation in global geopolitical tensions and slower unwinding of OPEC+ output cuts could provide a tailwind to oil prices in H2 2025.

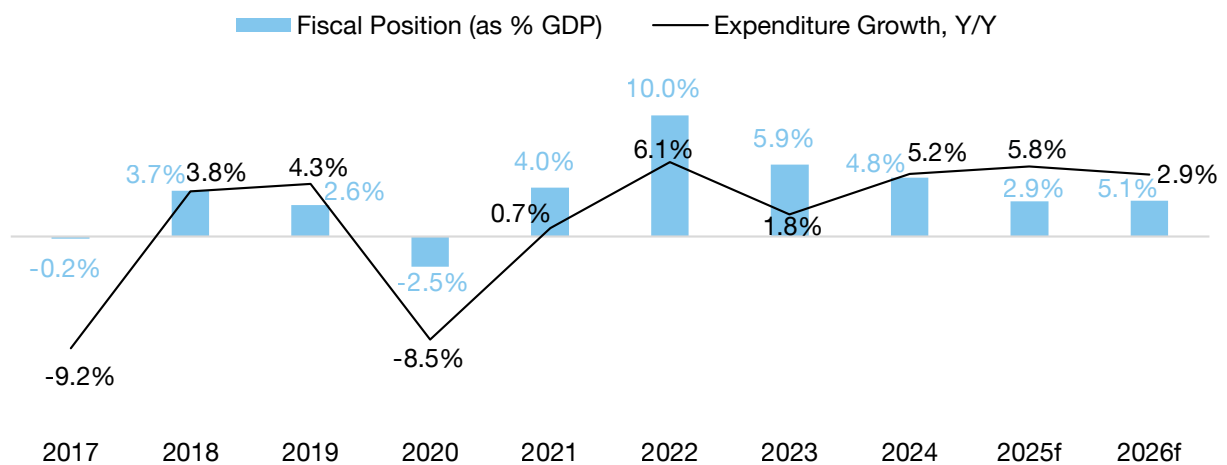
### Current account surplus (as % of GDP)



Source: IMF, Regional Economic Outlook (REO) – April 2025

UAE’s current account surplus as % of GDP is likely to narrow from 9.1% in 2024 to 6.6% in 2025 due to lower oil prices, slower external demand, and the impact of the US’s 25% tariffs on iron, steel and aluminum, to which the UAE is exposed as the fourth largest supplier of aluminum to the U.S.

### General Government Fiscal Position (% GDP) & Expenditure growth (y/y %)



Source: IMF, Regional Economic Outlook (REO) – April 2025

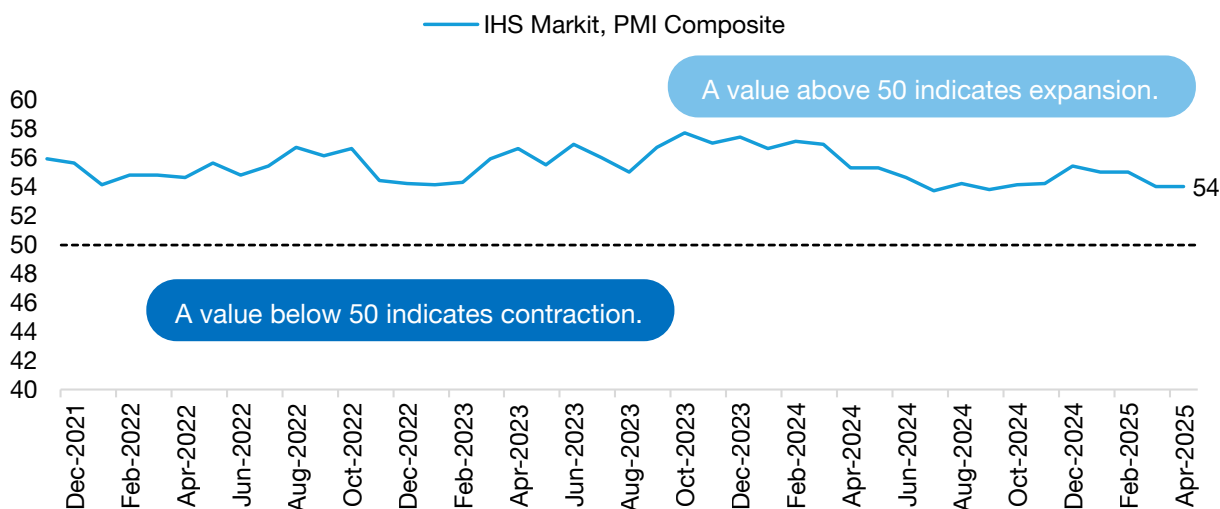
UAE’s fiscal surplus is estimated to narrow to 2.9% of GDP in 2025 and 2026 from 4.8% of GDP in 2024 owing to lower oil prices, though higher oil production quotas could support hydrocarbon revenue. Government expenditure is expected to increase by 5.8% y/y in 2025 compared to 5.2% y/y in 2024 on higher allocations for infrastructure, diversification initiatives and social benefits in the federal budget. Dubai’s three-year budget spanning 2025-27 has been approved with total expenditure of AED 272 billion (USD 74 billion) over the three years. For 2025, AED 86.3 billion of spending has been allocated, recording a 9% y/y growth in spending compared to the AED 79.1 billion

allocated for 2024 in the previous budget. Despite the rise in infrastructure spending, UAE’s fiscal surplus is likely to remain broadly stable supported by the non-oil tax revenues.

### b. Leading indicators depict a positive outlook

The non-oil private sector activity, as measured by PMI, stabilized in 2024 and the expansionary trend continued during January-April 2025. Business output continued to expand, yet at a moderate pace during the first four months of 2025. New orders growth moderated from the levels in 2024, driven by slower growth in domestic orders. UAE’s non-oil private sector activity expanded at a steady pace in April 2025, with IHS Markit UAE Purchasing Managers’ Index at 54.0 in April 2025, unchanged from the level in March 2025 and remains above the threshold level of 50. Despite a slight moderation from the 55.4 recorded in December 2024 and the average level in Q1 2025 (54.7), the levels remain in the growth territory. New orders expanded at a faster pace in April, driven by new export orders and supported a moderate uptick of business expectations. Overall input costs increased in April owing to higher raw materials and transport costs. With their costs rising, businesses continued to raise their selling prices for customers as output prices increased for the fourth consecutive month in April 2025. The backlog of work accumulated during the month due to an increase in new work.

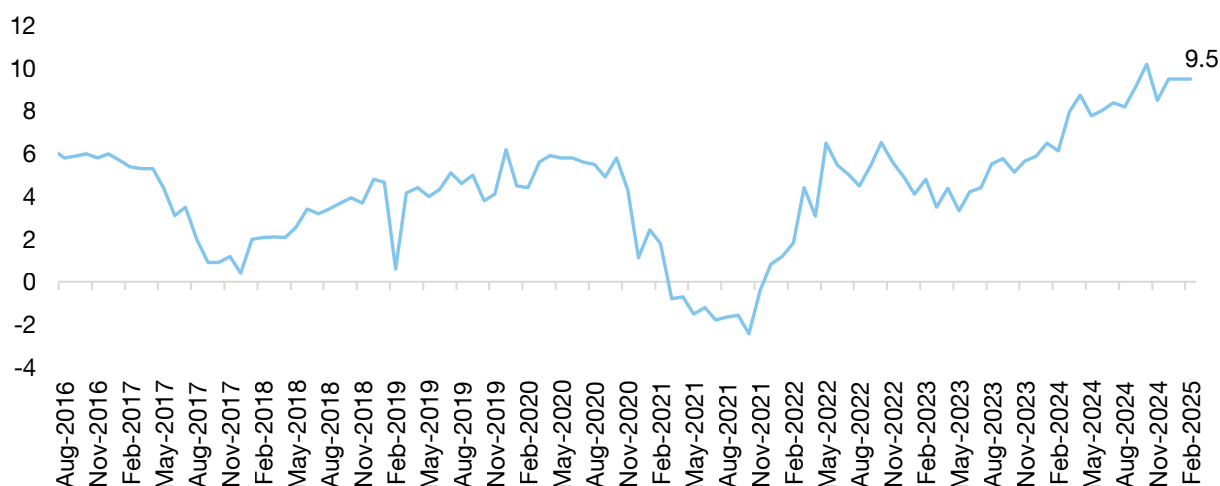
### IHS Markit PMI Composite Index



Source: Refinitiv

The existing sales pipelines are expected to support output growth over the second half of 2025. Business confidence improved for the third consecutive month in April 2025 and was the highest recorded in the first four months of 2025. The market conditions are likely to remain resilient and would support activity going forward in H2 2025.

## Banking, Loans & Advances (YoY change, %)



Source: Central Bank of UAE, Refinitiv

Credit growth remained strong at 9.5% y/y in February 2025, unchanged from the growth levels recorded in December 2024 and higher than 6.2% y/y growth in February 2024. Retail and private corporate sectors contributed to credit growth during February 2025. Domestic retail credit growth remained broad-based, across mortgages, personal loans, and car loans. Credit growth in UAE averaged 8.3% y/y in 2024 amid the 100-bps interest rate cuts in the second half of 2024. Further interest rate cuts in H2 2025 are likely to provide a tailwind for credit growth across individuals and business segments.

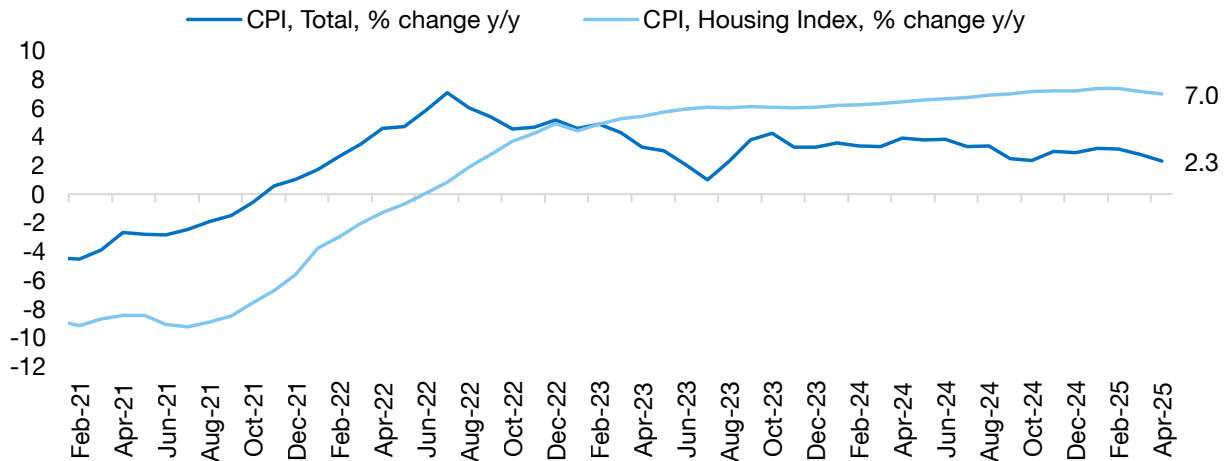
### c. Inflation in UAE to moderate, tempered by lower transport costs

Inflation in Dubai continued to ease during January-April 2025 supported by the decline in food and transport prices amid still elevated housing costs. Consumer price inflation eased to 2.31% y/y in April 2025, softening from 2.79% y/y in the previous month and 2.89% y/y in December 2024. Housing, water, electricity, gas component of the index, the largest component by weight (40%) recorded an increase of 7.02% y/y during April 2025 compared to 7.23% y/y during December 2024. Housing rents have been moderating, with the general average at 9.8% y/y in April, the slowest pace since December 2021. Food and beverages prices (weightage of 12% in the index) fell by 0.15% y/y in April 2025 compared to 1.26% y/y increase in December 2024. Transport costs, with a weightage of 9.32% in the index, declined sharply by 7.64% y/y in the month compared to a 4.90% y/y decline in December 2024. The slower pace of increase in rents suggest some easing of pressures from housing costs on headline inflation in H2 2025. Food prices are likely to moderate in H2 2025 given the recent launch of a digital platform price tracker by the UAE's Ministry of Economy which will

enable government officials to monitor the prices of a range of essential commodities including food staples eggs, rice, sugar, poultry, bread, and wheat across different retailers.

Following a brief period of deflation in Abu Dhabi during September-November 2024, prices have witnessed mild rebound from December 2024. Steep decline in transport prices and easing of housing component prices led to disinflation during the end of 2024. Inflation in Abu Dhabi accelerated at 0.8% y/y in February compared to 0.2% y/y in January on the back of an increase in housing costs. Housing, water, electricity, and gas components of the index with the weightage of 33% of the index rose by 2.1% y/y during the month compared to 1.0% y/y in the previous month. The pace of decline in the transport costs slowed down, with transport costs declining by 2.4% y/y compared to 5.1% y/y decline in the previous month. Inflation in UAE is expected to average at 2.1% in 2025 with transport prices likely to trend lower in H2 2025. However, high input costs due to trade tariffs could lead to spike in regional inflation in UAE during the remainder of the year.

### Dubai Consumer Price Index, Inflation (% change y/y)



Source: Dubai Statistics Centre

The housing, utilities and fuel component that accounts for approximately more than 40% of the Dubai CPI has continued to remain in the positive territory during January-April 2025 yet moderating at a slower pace. The momentum in Dubai real estate is likely to continue in H2 2025 due to safe haven status, favourable tax environment, relaxation of visa rules by the UAE government, and influx of people coupled with affordability. As of 2024, Dubai’s population has exceeded 3.8 million, reflecting a 5% year-on-year increase, according to Deloitte.

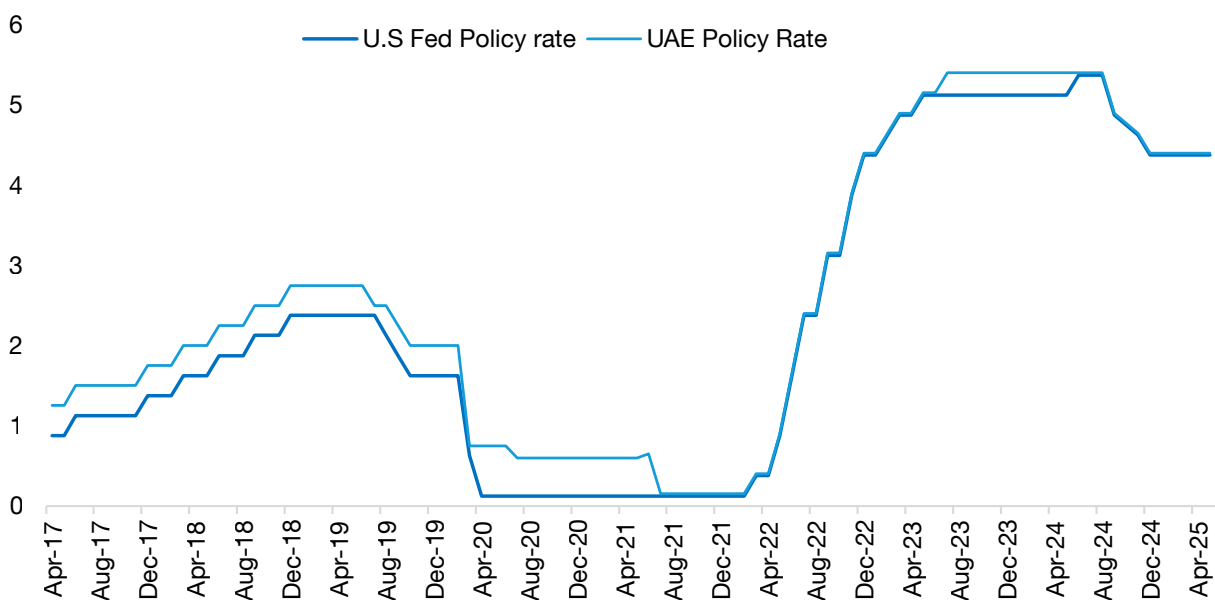
#### d. Trade policy uncertainty weighs on monetary easing cycle of U.S Fed

The policy rate moves of Central Bank of UAE (CBUAE) mirrors that of U.S. FED owing to the currency peg. Following U.S Fed’s 100 bps rate cut over September – December 2024, CBUAE had also lowered its overnight deposit facility rate by 100 bps to 4.4%. The CBUAE maintained its overnight deposit facility rate steady at 4.4% during January-May 2025, following the path of U.S FED. Risks of rising inflation and slower growth amid policy uncertainty could be attributed to the gradual pace of monetary easing by the U.S FED.

Interest rates remained at the same level in UAE between January and May 2025, which kept the mortgage rates relatively high during the period, leading to slower mid-market and affordable housing sales. Despite the impact of interest rates on mortgages, demand from cash buyers has remained relatively stable. Higher interest rates have led to a rise in rents due to a decline in demand for direct home purchases. Sales in the luxury real estate market has been relatively steady owing to limited supply and strong international demand.

According to the U.S FOMC projections in March 2025, the U.S FED is likely to reduce interest rates by 50 bps in H2 2025. However, the magnitude of interest rate cuts in the second half of the year hinges on the progress towards the target inflation rate of 2% and economic growth. However, the relatively lower interest rates compared to 2024 is expected to augur well for the UAE real estate sector due to increase in demand for mortgages, personal loans and higher business investments.

#### UAE Policy Rate (Overnight deposit facility Rate, %)



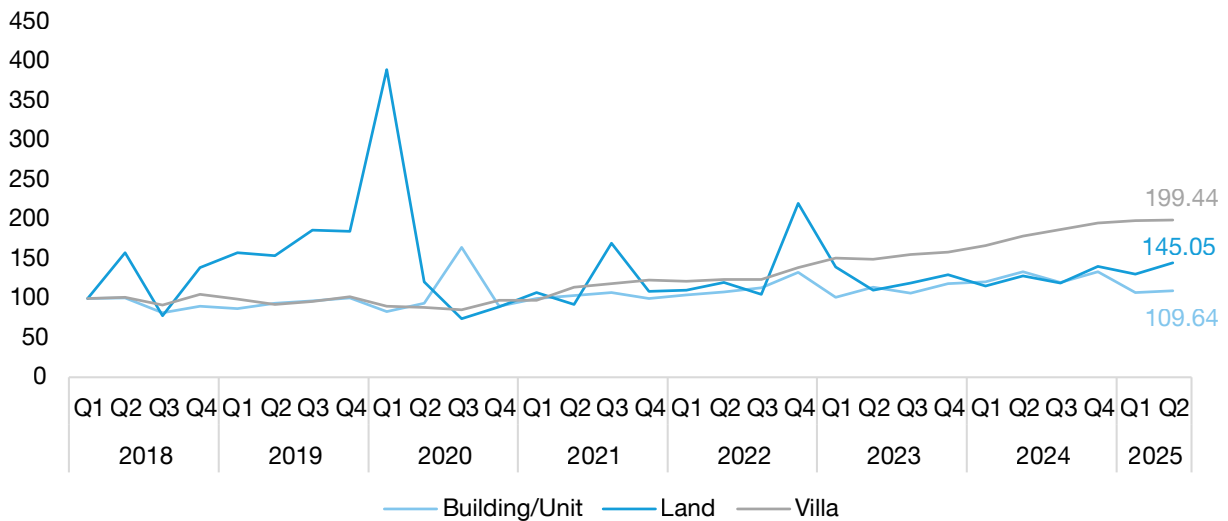
Source: Refinitiv

### 3. UAE Property Performance

#### a. Property prices witness sustained growth

Property prices in the UAE have recorded a positive trend since 2021 supported by investor friendly policies, strong demand and relaxation in visa and business policies. In Q4 2022, Dubai average building/unit prices grew 33% y/y while average land prices grew 102% y/y. In Q4 2024, property prices increased in Dubai on an annual basis. Building/unit and land prices increased by 12.9% y/y and 8.2% y/y respectively. Villa prices increased by 23.0% y/y during the quarter; the highest annual increase registered across the quarters in 2024. Robust demand for apartments driven by affordability, rise in manufacturing and industrial activity could be attributed to the rise in property prices. The positive trend in land and villa prices has continued in Dubai, which grew by 12.9% y/y and 19.1% y/y respectively in Q1 2025. The rise in villa prices over the past quarters could be attributed to the surge in demand for luxury villas, driven by the influx of high-net-worth individuals (HNWIs).

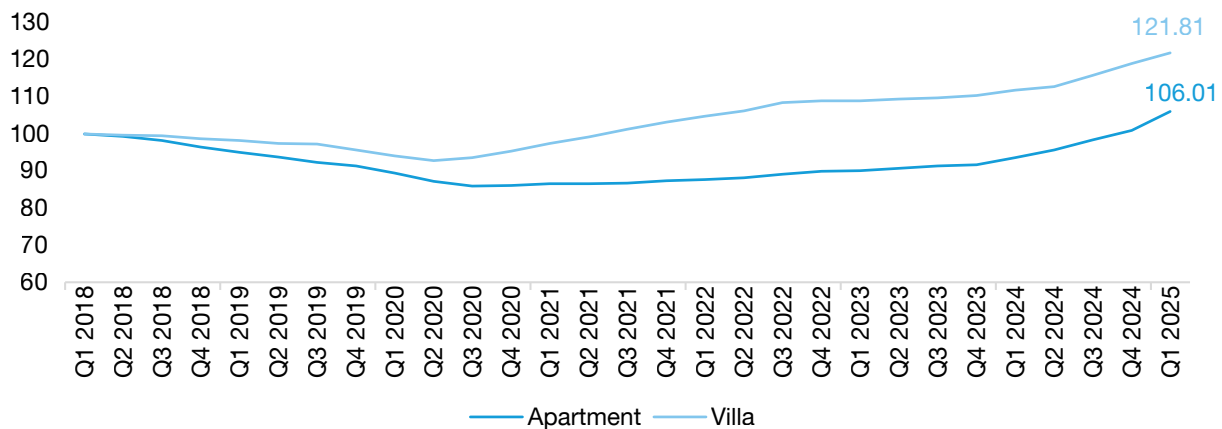
#### Dubai Real Estate Price Index (2018 Index value=100)



Source: Dubai Land Department (DLD) Note: Q2 data as of May 28, 2025.

Despite the positive trend on annual basis, building/unit and land prices in Dubai declined by 19.6% q/q and 7.0% q/q in Q1 2025. However, villa prices recorded a subdued growth of 1.6% q/q to a reading of 198.24 from 195.17 in Q4 2024.

### Abu Dhabi Real Estate Price Index (2018 Index value = 100)



Source: Abu Dhabi Real Estate Centre (ADREC)

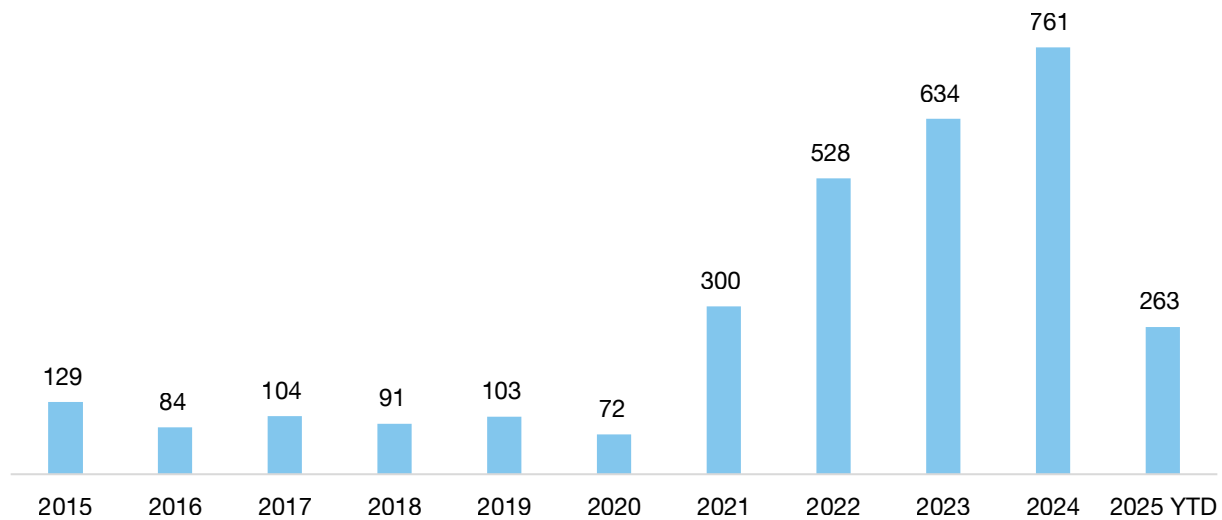
The growth in Abu Dhabi apartment and villa prices has remained in positive territory since Q3 2021. The Abu Dhabi apartment price index increased 13.3% y/y from a reading of 93.59 in Q1 2024 to 106.01 in Q1 2025. The Abu Dhabi villa price index rose by 9.1% y/y to a reading of 121.81 from 111.67 in Q1 2024. The Abu Dhabi apartment and villa price index has also increased on q/q basis, by 5.1% q/q and 2.4% q/q in Q1 2025.

### b. Dubai real estate records AED 761 billion in transactions

The value of real estate transactions in Dubai rose by 20% y/y to AED 761 billion (USD 207.2 billion) in 2024. The number of real estate transactions increased by 36% y/y to around 226,000. Dubai’s property sales reached AED 522 billion through 180,000 transactions, while mortgages totaled AED 187 billion from 35,000 deals. Dubai attracted around 110,000 new investors to its real estate sector, recording an increase of 55% y/y in 2024.<sup>1</sup> Rising demand and positive government policies, coupled with numerous projects in pipeline for deliveries within 2027, the outlook for Dubai real estate market remains positive.

<sup>1</sup> Government of Dubai

## Dubai, Value of Sales Transactions (AED billion)



Source: Dubai Land Department, data as of 28th May 2025

Real estate transactions in the UAE totaled to over AED 239 billion (USD 65 billion) in Q1 2025, continuing the growth momentum driven by strong investor demand, flexible regulations, and an expanding pipeline of projects. The Dubai Land Department reported AED 142 billion in sales from 45,077 transactions, a 30% y/y increase in value. The ready property segment recorded 20,034 transactions worth AED 87.5 billion. Off-plan sales also remained robust, accounting for 25,440 transactions valued at AED 55.2 billion. This trend indicates sustained demand from investors supported by a shift from renting to owning amid rising rental prices. Mortgages reached AED 41 billion from 10,949 transactions, up 27% y/y in volume of transactions.<sup>2</sup>

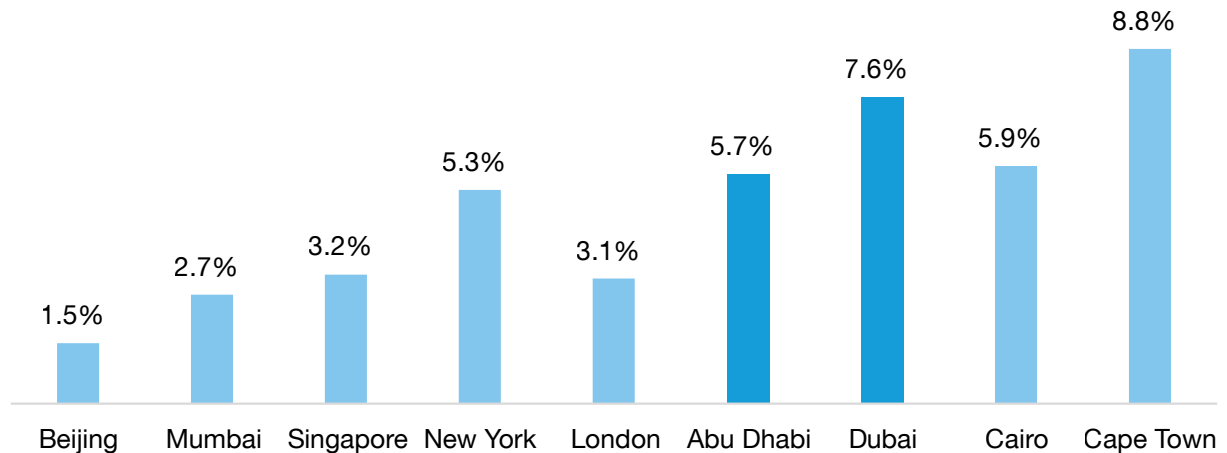
### c. Attractive Rental Yields & Affordability

Dubai and Abu Dhabi continue to offer higher rental yields for investors compared to other global real estate markets. The rental yields in Dubai have grown to 7.6% as of May 2025, outperforming the rental yields in other established global real estate markets such as Singapore (3.2%), New York (5.3%) and London (3.1%). The consistent rise in rental yields combined with the increase in prices improves the returns to the investors.

<sup>2</sup> WAM

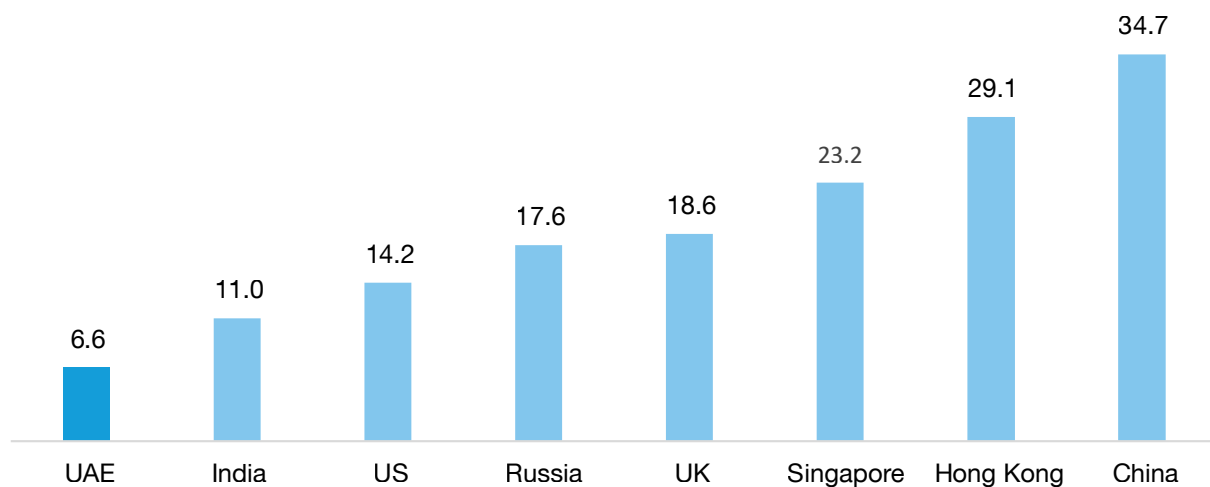
Rental rates have also increased in Dubai, with villa and apartment rents up by 5.1% y/y and 10% y/y respectively as of Q1 2025, according to ValuStrat. The rise in residential rents could be attributed to high occupancy rates which was estimated at 90% as of Q1 2025 amid inflow of expats into Dubai. In Abu Dhabi, villa rents rose by 6.3% y/y while apartment rents increased by 11.6% y/y in Q1 2025 with average residential occupancy rate at 88.1%.

### Residential rental yields (%)



Source: Numbeo; Data as of May 2025

### Residential Market Price-to-Income Ratio (Years)



Source: Numbeo; Ratio of median apartment prices to median familial disposable income has been expressed as years of income

The UAE ranks relatively high in terms of affordability on a global scale. The UAE has a lower price-to-income ratio when compared to other global markets. This affordability combined with a steady income stream of rental yields make the UAE real estate market an appealing option for investors.

#### d. UAE Office Real Estate – Optimistic outlook

As of Q1 2025, the average occupancy rate in Dubai's office segment rose to 94%, up from the 90% levels witnessed in 2023. Average occupancy rate in Abu Dhabi across the wider office market continued to rise and averaged at 96%, driven by strong demand from government and semi-government entities and technology companies looking to expand their presence in Abu Dhabi.<sup>3</sup>

#### New Construction and Rentals

- Dubai's total office stock is estimated at 9.58 million sq m (103 million sq ft), as of Q1 2025. In Abu Dhabi Q1 2025 office stock is estimated at 3.9 million sq m (42 million sq ft) of Gross Leasable Area (GLA).<sup>4</sup>
- The prices of Grade A shell and core office spaces and Grade B shell and core office spaces in Dubai grew by 34.5% y/y and 36.6 y/y respectively in Q1 2025, according to ValuStrat.
- Office rents in Dubai grew by 20.2% y/y in Q1 2025 compared to 22.5% y/y in Q4 2024. DIFC recorded the highest average asking rents for smaller office spaces (74-93 sq m) at AED 4,219 per sq m followed by Business Bay at AED 2,196 per sqm.<sup>5</sup>
- In Abu Dhabi, the average rentals in the office segment grew by 13.0% y/y and 1.6% q/q in Q1 2025, sustaining the momentum recorded in the previous quarters. Prime rentals were higher at 15% y/y due to dearth of quality supply.<sup>6</sup>
- The tenant demand in Abu Dhabi remains strong with ADGM Square and Al Maryah Tower fully occupied in Q1 2025 driven by the strong non-oil activity in the region.
- The fourth quarter of 2024 recorded 695 office sales transactions in Dubai, up 20% y/y and 63.9% q/q. The average transacted price increased to AED 17,943 per sq m, up 15% y/y and 6.3% q/q. Business Bay accounted for 41% of the transactions during the quarter followed by Jumeirah Lake Towers at 31%.<sup>7</sup>

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<sup>3</sup> CBRE Research

<sup>4</sup> ValuStrat

<sup>5</sup> ValuStrat

<sup>6</sup> CBRE Research

<sup>7</sup> ValuStrat

## Outlook

- The rental yields and occupancy rates in Dubai office segment is likely to rise in H2 2025 supported by robust demand from occupiers coupled with undersupply of quality accommodation across prime and central areas. Supply is expected to be tight till 2027 on the backdrop of limited supply pipeline and volume of demand.
- Government and semi-government entities are likely to drive demand in Abu Dhabi office market in the near term, with preference for standalone buildings. The technology sector is strengthening its presence in the city, however activity levels remained constrained due to restricted Grade A office options in the prime areas.
- Anticipated office deliveries in Dubai include Dubai CommerCity and TECOM. Roughly, 0.2 million sq m GLA is likely to be added in Dubai in 2025, according to ValuStrat. Azizi Developments launched Azizi Emerald, a 7,896 sq m commercial building with 11 floors of office space in Dubai Healthcare City, set for completion in 2027.
- Upcoming office handovers in Abu Dhabi include SAAS Properties commercial office building with 25 floors and the office part of Radiant Square, both located in Reem Island. These projects are expected to be handed over in H2 2025. Aldar's Properties is expected to complete the HB Office Tower on Yas Island by the end of the year.

### e. UAE Residential Apartment Real Estate – Positive outlook

Residential rental growth in Dubai averaged at 11% y/y in Q1 2025, with over 11% y/y for apartments and 9% y/y for the villas. However, the average residential rentals have moderated from 16% y/y in Q4 2024 and the highs recorded in 2023. The total residential sales value in Dubai grew by 29% y/y to reach AED 115 billion in Q1 2025 driven by the 35% y/y increase in off-plan transactions. Off-plan property sales reached AED 79 billion and ready property sales totaled to AED 36 billion driven by investor demand. Dubai residential volume of transactions increased by 23% y/y to 43,000 in Q1 2025, with off-plan transaction volume rising by 33% y/y.

However, the volume of residential transactions in Abu Dhabi declined by 31% y/y to 2,500 in Q1 2025 driven by the 46% y/y drop in off-plan sales activity. The value of transactions also remained subdued during the quarter due to lag in registrations and

peak activity in early 2024. However, ready transactions increased by 10% y/y owing to increased investor interest to purchase completed properties.<sup>8</sup>

The rising rental rates and increased property values in locations like Reem Island and Al Markaziyah West could be attributed to the launch of new projects in Al Hosn and redevelopment of the area. Similarly, areas such as Yas Island and Saadiyat Island, where new developments are underway, are also experiencing an upward trend in both rentals and average sale prices of properties. Al Reem Island, Al Khalidyah and Al Muroor have emerged as prime destinations for apartments. Apartment communities, including Al Reem Island, Baniyas and Masdar City delivered strong rental yields ranging from 5.57% to 7.60% in Q1 2025.<sup>9</sup>

### New Construction and Rentals

- In Dubai, the citywide residential ValuStart price index grew by 25.9% y/y during Q1 2025. Prices of properties in Plam Jumeriah, The Greens, Burj Khalifa, Motor City and Burj Khalifa have witnessed strong increase. Villa values increased by 30.3% y/y in Dubai and Jumeriah Islands recorded a sharp rise of 42% y/y in the value of villas during the quarter. The annual gains in value of villas also remained significant in Palm Jumeirah (41.5%), Emirates Hills (30.5%), and The Meadows (29.6%), while Mudon recorded the modest gains at 9.3% y/y during Q1 2025.
- Apartment values in Dubai increased by 21.4% y/y with the value of apartments in The Greens recording an increase of 27.4% y/y. Dubailand Residence Complex (25.5%), Palm Jumeirah (25.2%), Town Square (24.4%), and The Views (24.3%). International City (14.9%) and the Burj Khalifa (17.4%) also reported strong increases in the value of apartments during the quarter.<sup>10</sup>
- Villa asking rentals in Dubai grew by 5.1% on an annual basis in Q1 2025, bringing the average yearly rent to AED 424,600. Apartment asking rents increased by 1.6% q/q and 10% y/y, reaching an average annual rent of AED 94,400. The implementation of Dubai's Smart Rent Index in January 2025 has helped control rental rate increases. This new index intends to protect tenants from unjustified rental hikes, especially in lower-quality housing segments.
- Residential market gross rental yields reached 7% in Dubai as of Q1 2025. Apartment gross yields reached 7.43% while villa rental yields was recorded at 5.28%. The stability in rentals was driven by the residential occupancy rate in Dubai which was estimated at 90% as of Q1 2025.<sup>11</sup>

<sup>8</sup> CBRE Research

<sup>9</sup> Bayut

<sup>10</sup> ValuStrat

<sup>11</sup> REIDEN

- Dubai had 89,695 new residents added in Q1 2025, an average of approximately 1,000 people per day. However, the entire net population increase for 2024 was 170,478 people, averaging less than 500 per day.<sup>12</sup>
- Average apartment price in Abu Dhabi registered a y/y increase of 12% while average villa values increased by 14% y/y in Q1 2025. Average apartment values reached AED 13.2K per square meter, while average villa values were recorded at AED 11.6K per square meter, registering a y/y increase of 12% and 13%, respectively.<sup>13</sup>
- In Abu Dhabi, annual gains for the values of villas were the highest at Saadiyat Island with 21.2% y/y , followed by Al Raha (8.2%) and Mohammed Bin Zayed City (4.7%). Al Reef villa prices rose 2%, while Hydra Village remained flat. Among apartments in Abu Dhabi, Al Reef witnessed the highest annual gains at 7.5%, followed by Saadiyat Island 6.2% and Al Muneera Island 5.7%.
- In Abu Dhabi, villa rents rose by 6.3% y/y while apartment rents increased by 11.6% y/y in Q1 2025.
- Abu Dhabi residential market gross rental yields reached 6.9% in Q1 2025 while apartment and villa rental yields recorded at 7.5% and 4.92% respectively.<sup>14</sup>
- In terms of supply, the estimated number of additions to the Dubai market in 2025 stands at 61,580 homes, with 70% being apartments, and 30% villas/townhouses. By 2029, 141,404 apartments and 29,649 villas & townhouses are expected to be handed over in Dubai. Of these projects, 12% are located in Jumeirah Village Circle, with another 7% located in Business Bay followed by Jumeirah Lake Towers with 5%. Scheduled project completions in Abu Dhabi for 2025 stand at 13,941 residential units.

## Outlook

- In the Dubai residential market, property prices and rentals are likely to sustain the growth momentum supported by continued demand owing to the availability of golden visas and affordability coupled with limited supply. The supply pipeline also remains strong particularly across emerging waterfront locations such as Dubai Islands and Maritime City, and affordable established communities like JVC, Al Furjan, Dubai Land Residence Complex, Meydan, and Majan.

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<sup>12</sup> ValuStrat

<sup>13</sup> CBRE Research

<sup>14</sup> REIDEN

- Dubai's rental market recorded a 2.7% y/y increase in total contract volume. Renewals comprised 63.9% of contracts, with new contracts accounting for the remaining 36.1%. Rental contracts in Abu Dhabi decreased by 12.7% y/y in Q1 2025. High rents are driving tenants to renew existing leases rather than relocate. However, as rental rates stabilise and new supply rises, tenants are likely to find economically viable relocation opportunities.<sup>15</sup>
- Abu Dhabi witnessed the completion of 90 apartments and 189 villas during Q1 2025, representing just 2% of the expected residential pipeline for 2025. Roughly, 13,949 units are set for completion in 2025. The strong pipeline of projects indicate the robust demand in Abu Dhabi.

#### f. UAE Retail Real Estate – Positive net demand to continue from renewals

Market conditions in the UAE remains positive for retail real estate with growing demand and limited supply pipeline in the short-term. Growth in population and inbound tourism is driving consumer spending, supporting the growth of the retail sector. The growth of e-commerce is reshaping the retail landscape, with companies now reorienting their business strategy to provide omnichannel services, where the brick and mortar stores and e-commerce platforms are designed to work seamlessly. Hence, the demand for retail real estate continues to remain strong. The Dubai 2040 Master Plan seeks to enhance community-based retail hubs to improve convenience and accessibility.<sup>16</sup>

#### New Supply & Rentals

- With demand continuing to outpace supply, the rental growth remains strong despite tenants challenging higher increases. In Abu Dhabi, rents have increased by 8% y/y at the end of Q1 2025 while Dubai witnessed a 6% y/y increase.<sup>17</sup>
- In Abu Dhabi, The Grove project is scheduled for completion by end 2025 in the Cultural District on Saadiyat Island. Its retail area totals around 75,000 square meter with 51,000 square meter of gross leasable area for the initial phase, split between traditional retail and other alternative uses. The wider commercial component project will also include offices which adds another 40,000 square meters of GLA across different phases.<sup>18</sup>

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<sup>15</sup> JLL

<sup>16</sup> Deloitte

<sup>17</sup> CBRE Research

<sup>18</sup> CBRE Research

- The retail pipeline in Dubai remains quite limited in the short term, with around 250,000 sqm GLA expected during 2025 and 2026 combined across a broad range of neighbourhood, community and regional centres. For Abu Dhabi, the figure is much lower, with around 150,000 sqm expected during the same period.<sup>19</sup>
- The next major retail handover for Dubai is expected to be the 47,000 sqm Nad Al Sheba Mall, which is scheduled later to open in April 2025.<sup>20</sup>

## Outlook

- Demand for retail spaces in the UAE continues to outpace demand while rental growth is being sustained in spite of the pushback in increases by the tenants. Considering the limited supply in the short term pipeline, growth in rents is expected to sustain in the near term.
- From the demand side, tourism continues to play a significant role as the UAE continues to work on improving tourist attractions and hosting major global events. Despite higher interest rates, consumer spending has remained strong in 2024 and is expected to sustain in 2025 as well.

### g. UAE Hospitality Real Estate – Strong tourism continues to support demand

The hospitality industry continued to witness increased demand during 2024 and the first half of the year, supported by the increase in tourism. In 2024, Dubai witnessed an increase of 9.0% year-on-year (YoY) in the number of tourists that visited the city, which totaled 18.7 million international visitors. International visitors in January and February 2025 reached 5.31 million, which was 4% higher than the same period in 2024. Tourism continues to be a strong contributor to the UAE economy, contributing roughly 12% of overall GDP.

## Supply & Occupancy

- In Q1 2025, On a year-to-date basis, Dubai's hotel market saw average occupancy rates of around 81.5%, down from 82.6% in 2024, against a larger room supply. During the same period Abu Dhabi saw a 4% increase in the total number of overnight visitors and wider improvements to hotel performance, including strong growth in ADRs and RevPAR which rose 25% in year-to-date March performance. Occupancy rates averaged 82% for Abu Dhabi city properties.<sup>21</sup>

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<sup>19</sup> CBRE Research

<sup>20</sup> CBRE Research

<sup>21</sup> CBRE Research

- Revenue per available room (RevPAR) in Dubai witnessed an increase less than 1% to AED 528/room/night from AED 527/room/night in 2024.<sup>22</sup>

## Outlook

- Dubai is set to add 5,344 rooms to its pipeline by the end of 2025.<sup>23</sup> Dubai is no longer expanding its rooms to accommodate tourists but is building projects like the Dubai Waterfront Resort & Marina which is set to bring a new level of opulence and leisure to the city, thereby attracting more number of visitors to such places.<sup>24</sup> Abu Dhabi is set to add 2,300 new hotel rooms by the end of 2025, bringing the total past the 36,000 mark<sup>25</sup>. Newer tourist attraction projects such as the Dubai Crocodile Park, Zayed National Museum, Disneyland Abu Dhabi, Sky Spiral Tower and Rainforest Dome among others are expected to help in sustaining the inflow of tourists.

### h. UAE Industrial Real Estate and Warehouses – Positive demand supported by CEPA agreements and UAE’s increasing role as a transshipment hub

The UAE’s industrial real estate market continues to attract interest from investors and developers, supported by the strong growth in the non-oil sector and the progress made with the CEPA agreements. The UAE having signed 26 CEPA agreements with countries that have an emerging presence in global trade, including India, Turkey and Indonesia. The increase in trade has led to a strong upward rental trends across all locations, with sustained occupier demand.

## Supply & Occupancy

- In Q1 2025, Dubai’s warehousing rents have risen by more than 20% y/y compared to the same quarter in the previous year. Abu Dhabi witnessed a 14% increase driven by higher rents in Khalifa Economic Zones Abu Dhabi (KEZAD). The occupancy rates have also grown for the country’s industrial facilities along with land, in line with the rising rental rates. This mirrors the strength of the non-oil economy, and the growing presence of UAE as a transshipment hub amidst the global trade turbulence.<sup>26</sup>

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<sup>22</sup> CBRE Research

<sup>23</sup> STR

<sup>24</sup> UAE Stories

<sup>25</sup> Aletihad

<sup>26</sup> CBRE Research

- The UAE's import and export trade are expected to experience an 8% and 5% growth in imports and exports respectively in 2025. This reiterates the country's status as a key trade and logistics hub. Highest rental rates were recorded in JAFZA, Dubai South and Dubai International Park (DIP). Warehouse rental rates surged by 28% year-on-year in JAFZA.<sup>27</sup>

## Outlook

- Considering the volatile global trade landscape, UAE has emerged as a strategic hub to diversify business operations and a transshipment hub for countries affected by higher tariffs. In addition, UAE's efforts to diversify their own trade also ensures a sustained increase in trade activity, which bodes well for industrial real estate demand.

## 4. UAE Real Estate – Recent Major Laws/News

### Expansion of Freehold Zones in Dubai<sup>28</sup>

Freehold zones in Dubai allow foreign investors and expatriates to own 100% of the property without any restrictions in designated areas. Popular freehold areas include Downtown Dubai, Dubai Marina, Palm Jumeirah, Business Bay and Jumeirah Village Circle. With the revision to policy, the government is seeking to expand the freehold zones in order to attract more foreign investors into areas beyond traditionally popular districts. Investors who purchase property for AED 750,000 or more qualify for long-term residency visas. The Dubai Land Department (DLD) has also streamlined the registration process so that it would be easier for international buyers.

This step could increase the value of properties in Dubai as demand from international buyers is likely to surge. With the increase in demand for properties, the rental yields are also likely to be appreciated. For instance, a property worth AED 2 million in Downtown Dubai five years ago has witnessed an appreciation of 30% in value fueled by infrastructure developments and strong investor demand.

### Dubai Real Estate Tokenization Sandbox

Powered by the Dubai Land Department (DLD) and the Virtual Assets Regulatory Authority (VARA), this project places DLD as the first real estate registration entity in the Middle East to adopt blockchain-based tokenization which enables fractional ownership, expanding access and shaping a smarter and more inclusive real estate

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<sup>27</sup> Deloitte

<sup>28</sup> Shapoorji Pallonji

market. This project is open to a spectrum of participants such as individual investors, institutional investors and Real estate funds, proptech and fintech start-ups, real estate developers, virtual assets firms, international entities and property management companies.<sup>29</sup>

XRP Ledger was selected as the blockchain of choice for Prypco Mint and the platform has integrated directly with DLD to synchronize digital and traditional real estate ledgers ensuring coordination between the on-chain and conventional property registration system. It is estimated that the tokenized assets would represent up to 7% of Dubai's real estate market by 2033.<sup>30</sup>

### Executive Council Resolution No. (11) of 2025

This resolution passed on 17th March 2025 states that any Dubai business which is recognized by a freezone authority can get a licence to operate outside their designated zones from the Dubai Department of Economy and Tourism (DET). This resolution, however, does not apply to those institutions licensed by the DIFC Free Zone.<sup>31</sup> By reducing barriers to market entry, the country seeks to become more competitive and helps companies reduce significant costs. This resolution enables entities to set up offices outside the freezone while maintaining that status.<sup>32</sup>

### DLD and AFZA Partner to Boost Real Estate Investments

Dubai Land Department (DLD) and Ajman Free Zones Authority (AFZA) have signed a joint Memorandum of Cooperation that shall unlock simplified pathways for companies registered in AFZA to secure freehold ownership of land and property, streamlining the registration process. The Memorandum aims to establish a clear legal and regulatory framework to enable AFZA-registered companies to seamlessly integrate real estate assets under their corporate umbrellas, streamlining procedures within established frameworks.

### Dubai Land Department signs MoU to promote Real Estate

Dubai Land Department (DLD) launched a new real estate alliance to support the Dubai Real Estate Promotion Strategy 'Real Estate i.' As part of this initiative, DLD has signed a memorandum of cooperation with four of the emirate's leading real estate developers: Danube Properties, Intiaz Developments, MAG Lifestyle Development', and Fakhruddin Properties Development. As part of this agreement, Dubai Land Department is committed to organizing and supporting international events and exhibitions, providing comprehensive data and insights on real estate opportunities in Dubai, and launching promotional campaigns across media channels and social platforms to strengthen Dubai's presence in the global real estate market.

<sup>29</sup> Dubai Land Department

<sup>30</sup> CCN.com

<sup>31</sup> A&A Associates LLC

<sup>32</sup> CBRE Research

## ADGM launches game changing ‘Virtual Sell and Purchase’ service for its real estate sector<sup>33</sup>

The ‘virtual sell and purchase’ service launched by ADGM seeks to streamline property transactions by enabling multiple steps to be completed virtually by buyers, sellers and associated banks. Key procedures simplified by this initiative are the discharge of mortgage, register a transfer and register a mortgage, by consolidating them into a single digital service. It enables the parties involved in a transaction to complete their part of the transaction remotely. This eliminates the need for physical meetings and document handovers which reduces the processing time while maintaining the highest standards of security and compliance.

## Dubai’s off-plan sales plummet but continue to dominate market activity in March 2025<sup>34</sup>

Dubai’s off-plan sales dipped 7.4% compared to February but rose 19.3% year-on-year in March. Despite the decline, off-plan properties constitute almost 70% of all monthly residential transactions. Jumeirah Village Circle headed the off-plan sales activity, followed by Business Bay, Damac Island City, Dubai Production City and Dubai Maritime City. Dubai Production City and Uptown Motor City registered new records for the highest monthly volume of off-plan sales. The volume of secondary home transactions fell by 2.4% month-on-month but rose 1.1% year-on-year. The ValuStrat Price Index posted its slowest monthly growth in nearly two years at 1.6%, indicating the market may be entering a period of moderation after steep gains.

Villa capital values increased 2% monthly, with an annual increase of 30.3%, led by Jumeirah Islands, Palm Jumeirah, Emirates Hills and The Meadows. Apartment prices rose by 1.2% monthly, recording an annual growth of 21.4%. The highest yearly capital gains were recorded in The Greens, Dubailand Residence Complex, Palm Jumeirah, Town Square and The Views.

## Dubai Land Department launches Smart Rental Index 2025

The Smart Rental Index 2025 was launched by the Dubai Land Department (DLD) to represent a comprehensive system which combines modern technology with real estate expertise to render services that meet the need of all stakeholders in the real estate market. Aligning with Dubai’s Digital Strategy and the Dubai Real Estate Sector

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<sup>33</sup> Zawya

<sup>34</sup> Zawya

Strategy 2033 objectives, it improves transparency and fairness in determining rental values. The index covers all areas in Dubai.

The DLD has undertaken an initiative to enhance the real estate sector's efficiency and streamline procedure. The Dubai REST app for instance, enables the landlords and tenants to register, renew, cancel contracts directly via the app. Its interactive property management contracts allow companies and property owners to register and modify contracts via the smart app. The 'Model Tenant Classification' system is tool by DLD designed to classify tenants' credit rating and acquire credit report via the Ejari system and the smart app for interested parties.

## 5. Markaz Real Estate Outlook Index

'Markaz Real Estate Macro Index' helps investors in identifying the current state of real estate market using a list of economic indicators such as Oil and non-Oil GDP growth, inflation, new jobs generated etc.

The past seven years data along with estimates for 2025 and forecasts for 2026 were considered and a qualitative rating (strong, moderate, neutral, subdued & poor) was assigned considering the historical information and the current environment.

For each of the qualitative score, a quantitative score was assigned with 'Strong' being assigned a top score of '5' and 'Poor' assigned a value of '1'. A weighted average score was computed based on the weights as provided in the below table.

### Macro-Economic factors that matter

Economic Factors	Weightage Assigned	Rationale
GDP Growth (Oil & non-oil)	25%	Strong economic activity bodes well for real estate. Higher economic growth usually leads to demand for commercial real estate and growing incomes would spur activity on the residential segment.
Fiscal Position	10%	Expansionary fiscal policy signifies the active role of government to support the economy through increased investments. A positive for real estate and government spending entails improvement to physical & social infrastructure and unlocks the value of nearby lands.
Investments	10%	Investment serves as a proxy for project activity and infrastructure development that shall directly stand to influence the real estate markets through job creation and increased economic activity.
Money (M2) Supply Growth	5%	Higher growth in money supply is a leading indicator of economic activity.
Inflation	10%	Real estate acts as a natural hedge against inflation, as rents typically increase during times of inflation. Strong, stable inflation is generally positive for real estate.
Interest Rate	10%	An increase in interest rates translates into higher borrowing costs and could lower demand for real estate. It also impacts consumers' inclination to spend.
Population Growth	10%	Increasing population is directly related to real estate growth and residential demand
Jobs created	10%	Number of jobs created serves as a useful indicator for real estate demand.
Government reforms	10%	New laws and policies in the real estate sector directly impact housing demand and availability, market transparency and foreign investment.

Source: Marmore research

The state of real estate market was categorized into four distinct phases based on the score as below:

### Market Phases

Macroeconomic Scores	Score Interpretation
4.4 to 5.0	Market is at peak, slowdown ahead
3.5 to 4.3	Market is accelerating
2.8 to 3.4	Market is recovering & gathering pace
Less than 2.8	Market is falling

Source: Marmore research

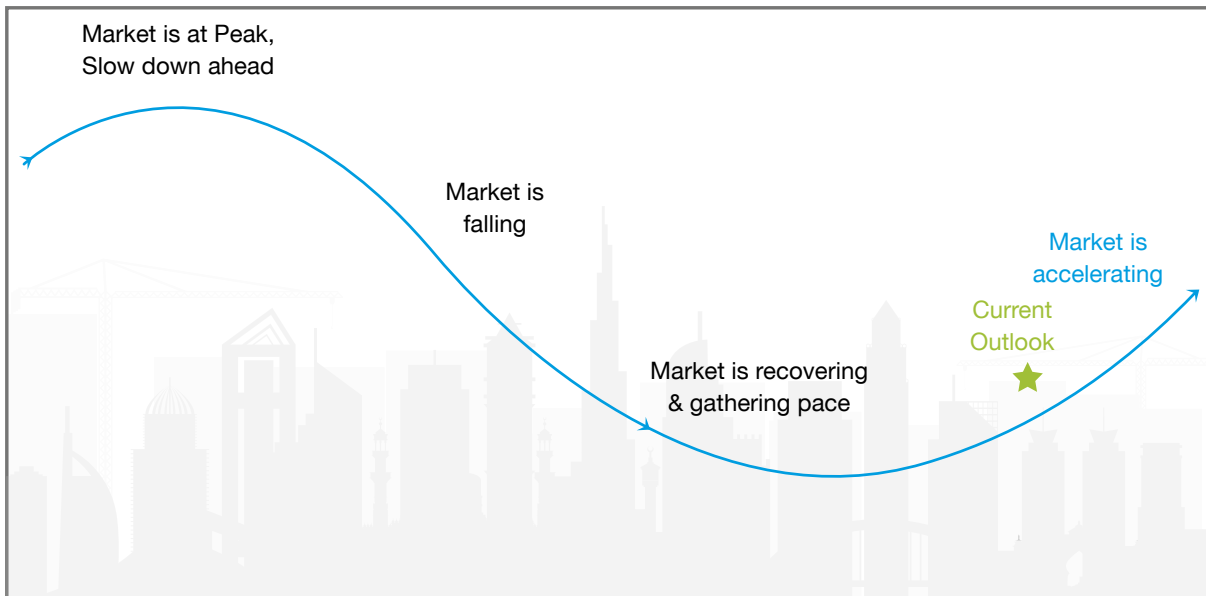
### UAE Macro-Economic Factor Assessment

Economic Factors	2021	2022	2023e	2024	2025e	2026f	Qualitative Take	Quantitative Score
Oil (Real) GDP Growth	-1.1%	8.5%	-3.1%	1.0%	2.2%	6.2%	Strong	5
Non-Oil (Real) GDP Growth	6.5%	7.1%	6.2%	4.7%	4.6%	4.6%	Strong	5
Fiscal Position, % of GDP	4.0%	10.0%	5.9%	4.8%	2.9%	2.9%	Moderate	4
Investments (as % of GDP)	25.8%	26.5%	27.1%	27.3%	28.1%	28.0%	Moderate	4
Money Supply, M2 (YoY)	5.7%	9.0%	18.8%	10.5%	8.4%	8.3%	Moderate	4
Inflation, %	-0.1%	4.8%	1.6%	1.7%	2.1%	2.0%	Moderate	4
Interest Rate %	0.4%	1.9%	5.3%	5.2%	4.3%	3.4%	Neutral	3

Yearly Population Growth	3.0%	7.6%	3.9%	3.0%	0.8%	1.0%	Neutral	3
Job creation ('000)	-18	340	293	283	179	184	Moderate	4
Government reforms	-	-	-	-	-	-	Moderate	4
<b>Overall Score</b>								<b>4.05</b>

Source: Refinitiv, IMF, Marmore

### Markaz Real Estate Outlook based on Macro Economic Indicators



Source: Marmore Research

Note: Grey colored box indicates the current outlook of the real estate market

While the broader outlook that the real estate market is accelerating remains consistent with our earlier view, the gradual reversal of the oil output cuts by OPEC+, leading to a higher production quota for the UAE, which has resulted in a higher quantitative score compared to our previous outlook edition. The quantitative score on interest rates has been retained owing to expectations of a slower rate cut cycle in H2 2025, in response to tariff related uncertainty.

## UAE Markaz Real Estate Macro Index Scores (2024-2025)

Macro indicators	H2 2024	H1 2025	H2 2025
Oil Real GDP Growth	4	5	5
Non-Oil Real GDP Growth	3	4	5
Fiscal Position	4	4	4
Investments	4	4	4
Money Supply, M2 (YoY)	3	4	4
Inflation	4	4	4
Interest Rate	3	3	3
Population growth	4	3	3
Jobs created	4	4	4
Government reforms	4	4	4
<b>Overall Score</b>	<b>3.75</b>	<b>3.95</b>	<b>4.05</b>

Source: Marmore research

## Conclusion

The positive momentum in the UAE real estate sector is expected to continue in 2025 supported by the strong macroeconomic fundamentals and demand across the real estate sub-sectors. The volume and value of real estate transactions continued to increase in Q1 2025 in Dubai, driven by off-plan and ready properties transactions. The residential segment posted strong growth in Q1 2025, with a rise in prices and rentals across Dubai and Abu Dhabi. Villa and apartment asking rentals in Dubai grew by 5.1% y/y and 10% y/y respectively in Q1 2025. In Abu Dhabi, villa rents rose by 6.3% y/y while apartment rents increased by 11.6% y/y in Q1 2025. UAE's residential market is experiencing significant growth, driven by strategic government policies that have enhanced the country's appeal globally, resulting in increased immigration. Savills Dynamic Wealth Index has placed Dubai as the top global city for attracting individual wealth, driven by the quality-of-life proposition, low tax environment and the Golden Visa Programme. The prices of Grade A shell and core office spaces and Grade B shell and core office spaces in Dubai increased by 34.5% y/y and 36.6% y/y respectively in Q1 2025. The office market is likely to remain positive amid strong demand from businesses and the limited supply of quality office spaces. The retail sector is likely to sustain the rental growth due to limited supply in the near term. Hotel occupancy rates in Dubai and Abu Dhabi stood at 81.5% and 82% respectively in Q1 2025. Newer tourist attractions in Dubai and Abu Dhabi and rise in the inflow of tourists bode well for the hospitality sector outlook. UAE's port connectivity and bilateral CEPAs with multiple countries is likely to support the industrial real estate outlook in H2 2025.

UAE's economic growth is expected to remain strong in 2025 stemming from the gradual phase-out of the OPEC+ oil production cuts and robust non-oil sector. Growth in tourism, transportation and real estate sectors coupled with government initiatives and infrastructure projects support the positive outlook for the sector. Lower transport and food prices could help taper down inflationary pressures. Housing costs are likely to reduce, yet at a gradual pace. However, UAE's fiscal surplus is likely to narrow in 2025 amid lower oil prices and rise in infrastructure spending. The CBUAE is expected to cut interest rates in H2 2025, in line with the U.S Fed. The lowering interest rates is likely to augur well for commercial real estate and mortgage demand.

Strong non-oil GDP outlook, oil production expansion amid unwinding of production cuts, coupled with lower interest rates has caused an increase to the scores compared to previous outlook editions. Based on our assessment of various macroeconomic factors – oil and non-oil sector GDP growth, fiscal surplus and investments, we believe

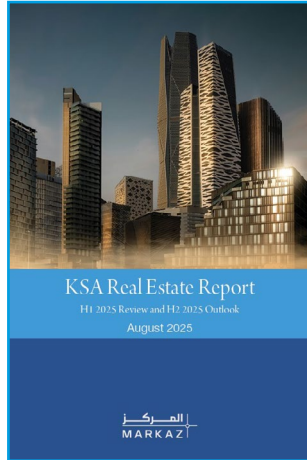
that the real estate sector in UAE is expected to accelerate at a stable pace in the second half of 2025.

### Summary – UAE Markaz Real Estate Macro Index

Macro indicators	Future Outlook (2024 & beyond)	Quantitative Score
 Oil Real GDP Growth	Strong	5
 Non-Oil Real GDP Growth	Strong	5
 Fiscal Position	Moderate	4
 Investments	Moderate	4
 Money Supply, M2 (YoY)	Moderate	4
 Inflation	Moderate	4
 Interest Rate	Neutral	3
 Population growth	Neutral	3
 Jobs created	Moderate	4
 Government reforms	Moderate	4
<b>Overall Score</b>	<b>Market is accelerating</b>	<b>4.05</b>

Source: Marmore Research

## Our Other Real Estate Reports



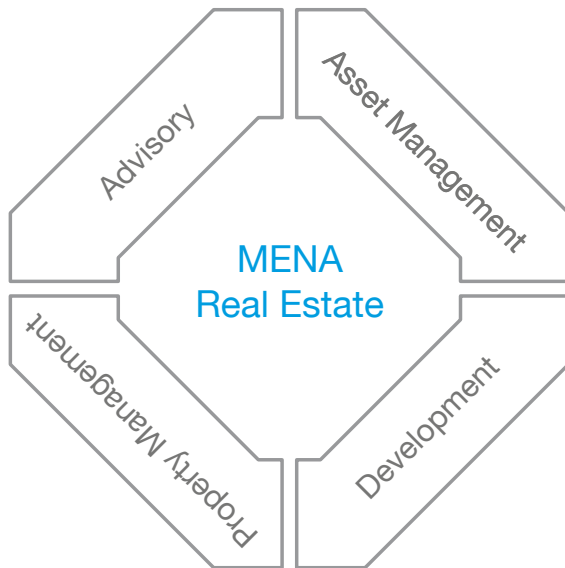
**KSA Real Estate Report H1 2025  
Review and H2 2025 Outlook**



**Kuwait Real Estate Report H1 2025  
Review and H2 2025 Outlook**

## Markaz Real Estate Capabilities: Management Team

With a team of 27 professionals, Markaz MENA Real Estate provides a fully integrated insights and services to managing real estate funds



### Team of 27

- Investment
- Project Management
- Financial Management
- Administration

### Kuwait HQ

- Riyadh KSA - 2006
- Khobar KSA - 2006
- Abu Dhabi - 2010
- Dubai - 2014

### Markaz provides great value through:

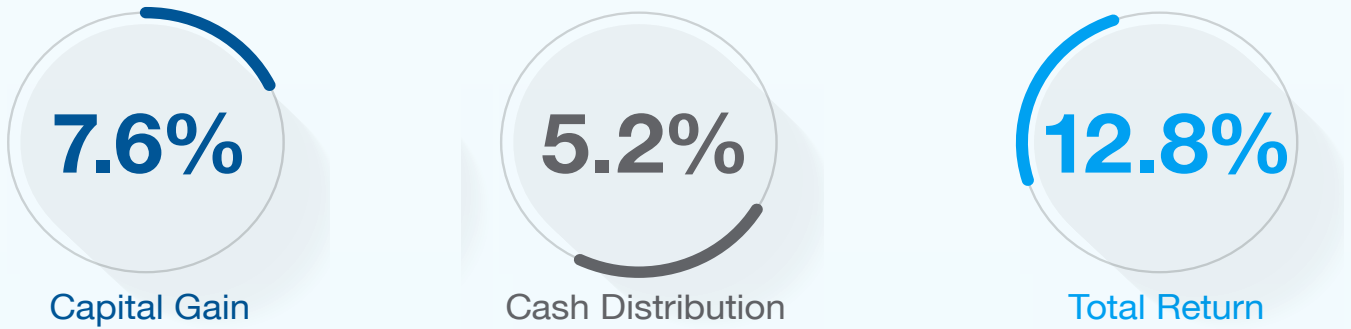
- Governance
- Experience
- On the ground presence
- Hands-On approach
- Developed Systems covering
  - Operations,
  - Maintenance,
  - Financial management, &
  - Administration
- Software Support

# Markaz Real Estate Fund (MREF)

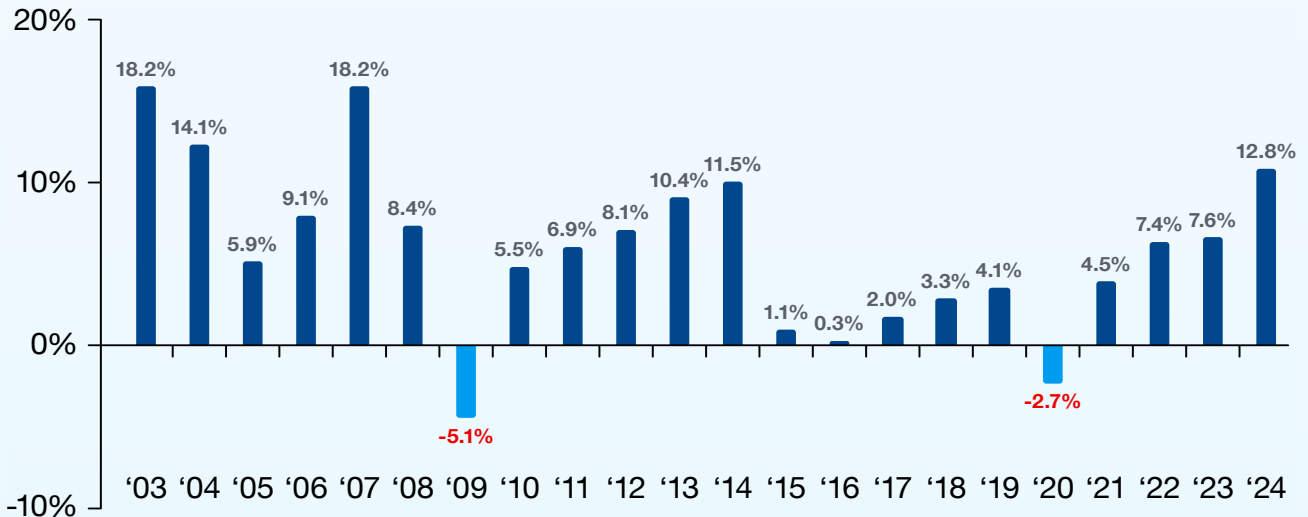
Shariah compliant fund, owns income-generating properties in Kuwait

## 12.8% Total Return in 2024

## 7.7% IRR per annum over 22 years



Annual Total Return (%)



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For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: [research@markaz.com](mailto:research@markaz.com); Tel: 00965 1804800.