DUBAI'S REAL ESTATE MOMENTUM CONTINUES IN 2022

A record number of transactions worth AED 114.5 billion were recorded in the first half of 2022 for the Dubai real estate market. June 2022 surpassed a 13-year record for sales volume, with over 41 percent growth over 2021. A total of 8,850 transactions worth AED 22.10 billion were recorded in June, making it the best month since 2009. Compared to 2021, June 2022 saw 42.6% more transactions and 55.4% more value. It is likely that Dubai's property market will perform even better in the second half of 2022.

Best performing areas

During the first half of the year, 5,880 transactions valued at AED 10.9 billion were recorded in the apartment segment, whereas around 2,000 transactions valued at AED 7 billion were recorded in the villa segment. The best performing areas based on sales according to Dubai Land Department's report are Business Bay, Dubai Harbour, Al Hebiah Fifth, Palm Jumeirah, and Burj Khalifa.

Commercial Real Estate

The Commercial Real Estate market has witnessed tremendous growth attracting many local and international business owners. Dubai has seen an increase in commercial activities as the city's economy returned to normal. Commercial property transaction volumes have increased by 38% for H1 2022 compared to H1 2021. Top communities for office and retail sales were recorded in Business Bay and Jumeirah Lake Towers, Emirates Living, Barsha Heights, and Dubai Silicon Oasis. Retail sales in H1 2022 were dominated by International City, Jumeirah Lake Towers, Business Bay, Muhammad Bin Rashid City, and Jumeirah Village Circle. In terms of leasing, most companies opt for long-term lease agreements to avoid rental price hikes.

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Real estate transparency

Dubai and Abu Dhabi's real estate markets were recognized as top global improvers in 2022 by JLL - a leading international real estate consultancy. JLL's Global Real Estate Transparency Index (GRETI) identifies Dubai as the most transparent real estate market in the Middle East and North Africa (MENA). The emirate ranks 31st globally, making it the only property market in MENA included in the 'transparent' tier.

Initiatives that helped gained Dubai's position include:

- Introduction of new sales and rental indices for commercial and residential markets
- Enhancements to REST platform and digital services
- Establishment of beneficial ownership register
- New regulations around market lending practices
- Sustainability reporting

Dubai real estate forecast

The real estate market in Dubai appears to be thriving despite global tensions and inflation. There is a possibility that geopolitical tensions could enhance the reputation of Dubai as a haven and boost demand for the city. There is a forecast that housing prices will rise by another 3% by the end of 2022 and by another 2.5% by the end of 2023. Reuters' survey states that Dubai's housing market is expected to rise by 5% in 2022, which is 2.5% higher than the forecast gathered three months ago. As for the real estate market, experts predict a 3% price increase in 2023. S&P's Dubai Property Market Rating 2022 predicts strong demand for off-plan properties and an increase in transaction volumes and a surge in new project launches, mainly villa developments, due to demand and inventory shortages. The report also sees continuing supply segmentation for prime Grade A offices to increase rents but puts pricing pressure in other areas. With Expo City opening in the third quarter of 2022, Dubai's property market is poised for a particularly successful second half.

The benefits of owning a property are numerous, but they come with risks and responsibilities as well. Acquiring a property comes in several stages and may require assistance from experts in property law. At Strohal Legal Group, we support clients in real estate transactions, project developments, and the utilization of real estate. In addition to the structuring and support of real estate transactions for buyers and sellers, we also advise on the financing of such transactions, optimal tax and corporate law structuring, obtaining public law permits, and drafting of the relevant contracts. We also advise private clients on all aspects of real estate law such as the purchase or sale of properties, renting of existing property or termination of a lease agreement. Our main areas of consulting are real estate acquisitions, retail, office, and other rental contracts, real estate-related litigation and judicial enforcement, and project development and financing.

Strohal Legal Group is an international business law firm focusing on the Gulf region (GCC) and Southeast Asia (ASEAN) advising clients on local and cross-border M&A transactions and corporate, business, and labour law matters, company establishments, energy & climate law as well as tax law matters. Through our country desks and partner firms in Austria, the Ukraine, and Russia, the firm is also well connected in Europe.