



MARCH 2025

# REAL ESTATE MARKET PULSE

ABU DHABI & DUBAI





# FOREWORD

**Over the last few years, the UAE real estate market has witnessed robust growth, with both Abu Dhabi and Dubai achieving record breakthroughs in performance rates, visitor inflow and transaction volumes.**

By looking at the market's evolution over the past five years, and the current demand and supply trends faced by Abu Dhabi and Dubai today, we look to outline the key trends shaping real estate into 2025 and beyond.

The major themes that shape the market's outlook for both cities revolve around sustained and stable growth across core asset classes over the medium term. This growth is driven by strong diversification efforts, pro-active regulations, and increased international interest from visitors, investors, developers and brands.

Abu Dhabi saw significant progress, driven by more flexible freehold laws and accelerated development in key areas. The shift signals a more open and dynamic market, reinforcing the city's growing international profile as an emerging hub for investment, tourism and entertainment.

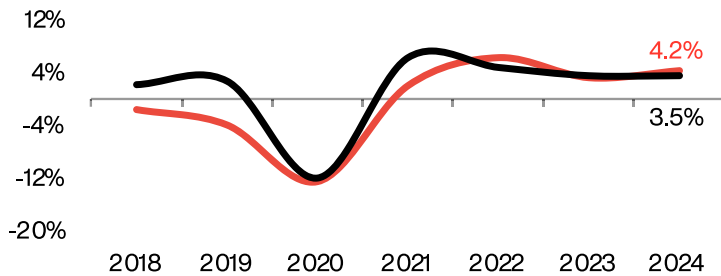
Dubai has maintained economic momentum and remains on track to meet its long-term economic goals. Core real estate sectors continue to absorb excess demand as more residents and businesses move into and invest in the city.

# MACROECONOMIC OVERVIEW

## GDP Rate (2018 – 2024)

(Percentage change YoY %)

■ AD ■ DXB



### Increased Growth In Freehold Areas

Abu Dhabi's freehold residential sector has experienced significant growth since pandemic restrictions were lifted in 2022, with the highest transaction activity concentrated in areas along the city's islands and near the airport.



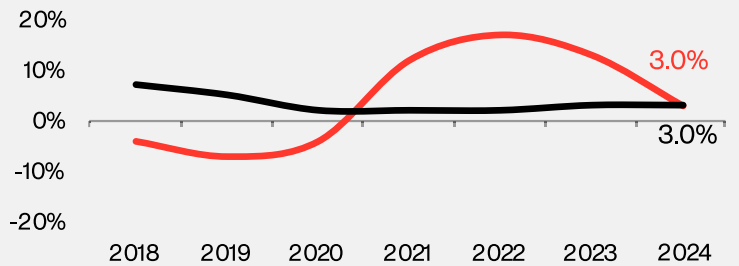
### Island-Development Focus

Abu Dhabi's urban strategy prioritizes development across its major islands, which will play a key role in future market performance. Plans include high-end apartment and villa communities anchored by key assets, such as ADGM in Maryah Island and the cultural and entertainment hubs of Saadiyat and Yas Islands.

## Population Rate (2018 – 2024)

(Percentage change YoY %)

■ AD ■ DXB



### Visa Reforms Boosting Net Migration

The 2019 Golden Visa program has driven migration to the UAE, particularly among high-skilled professionals and the global investors, encouraging more expatriates to stay long-term. This has contributed to greater population stability, even during periods of economic uncertainty.



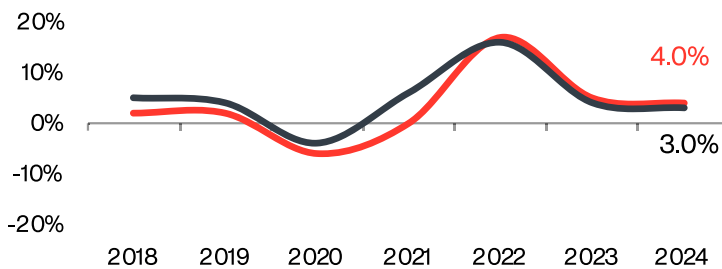
### Infrastructure Capacity Initiatives

Urban planning initiatives, such as Plan Abu Dhabi 2030 and Dubai 2040 Urban Master Plan, aim to enhance the infrastructure and expand real estate capacity, ensuring both cities can sustainably accommodate population growth.

## Employment Rate (2018 – 2024)

(Percentage change YoY %)

■ AD ■ DXB



### Ease of Doing Business

Streamlined government regulations and digitization efforts between 2019 and 2022 accelerated employment growth and stabilized the job market, attracting both global multinationals and startups to the UAE.



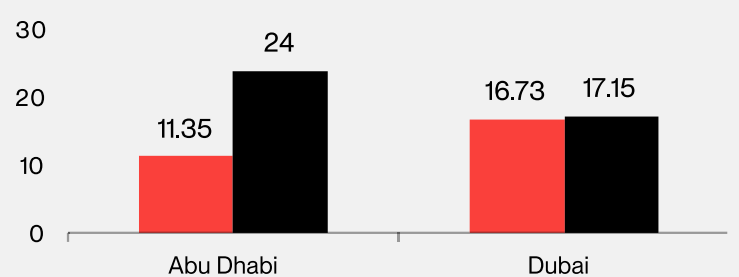
### Increased Diversification Efforts

Abu Dhabi and Dubai's strategic focus on expanding successful non-oil sectors, such as real estate and tourism, along with increased investment in future-focused industries, is expected to further stabilize employment opportunities.

## Visitor Growth (2019 – 2023)

(Visitors in Millions)

■ 2019 ■ 2023



### Tourism Sector Rebound

Built up demand following extended lockdowns drove Abu Dhabi's visitor numbers in 2023 to %111 of 2019 levels, while Dubai also recovered to pre-pandemic levels, with a %3 increase in visitors compared to 2019.



### Hospitality Market Growth

International brands have established or begun developing a diverse range of hospitality offerings, allowing Abu Dhabi and Dubai to adequately capture inbound tourism demand and sustain continued growth.



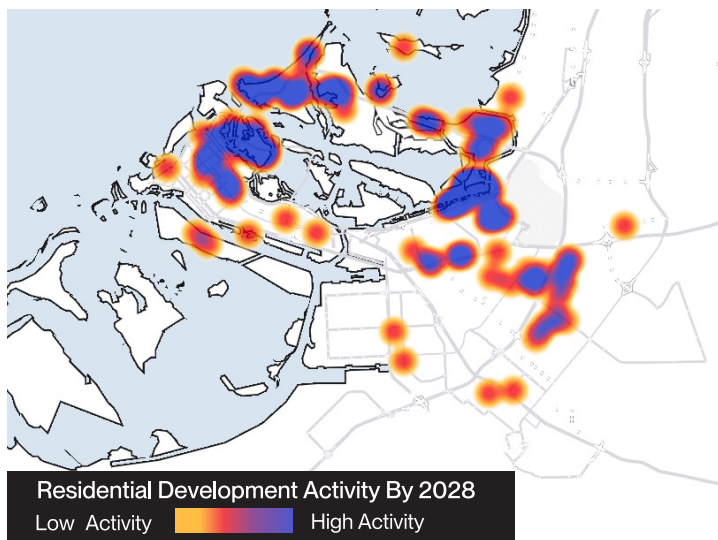
# ABU DHABI MARKET EVOLUTION AND OUTLOOK

2019 - 2028





# RESIDENTIAL MARKET ABU DHABI



## Key Trends (Summary)



### Increased Growth In Freehold Areas

Abu Dhabi's freehold residential sector has experienced significant growth since pandemic restrictions were lifted in 2022, with the highest transaction activity concentrated in areas along the city's islands and near the airport.



### Island-Development Focus

Abu Dhabi's urban strategy prioritizes development across its major islands, which will play a key role in future market performance. Plans include high-end apartment and villa communities anchored by key assets, such as ADGM in Maryah Island and the cultural and entertainment hubs of Saadiyat and Yas Islands.



### Limited Off-Plan Launches

Housing demand in Abu Dhabi is forecasted to outpace supply, based on the current off-plan pipeline. Developers are likely to accelerate launches in 2025 to capitalize on growing market momentum.

## Market Outlook (Summary)



### Demand for Prime Locations

Luxury apartments and villas in areas, such as Saadiyat and Yas Islands, have seen experienced increased sales performance and high investor interest attributed to their prime locations and waterfront elements. This trend has further encouraged development activity in these areas.



### Growth of Branded Residences

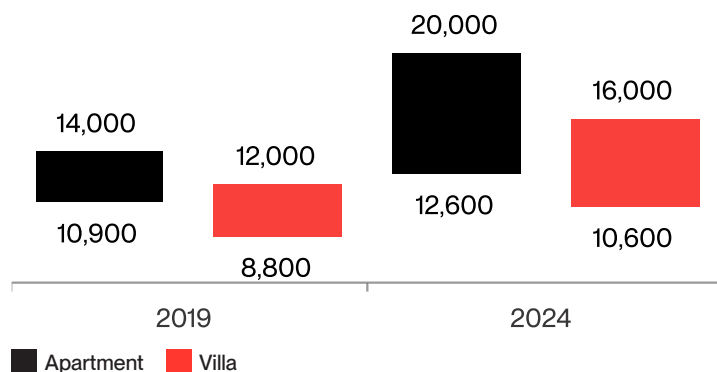
Branded residences are an emerging trend in Abu Dhabi, offering luxury living tied to established brands. Still in its early stages, this segment is gradually gaining momentum and is expected to mature through various sector joint ventures. This growth also encourages non-branded projects to remain competitive in the luxury segment.



### Positive Trajectory Expected

Based on current trends, the residential sector is forecasted to continue experiencing growth across demand and supply dynamics. Performance is expected to rise, particularly in newly developing areas along the city's islands and outskirts.

## Marketwide Average Sales Rate Range (2019 vs 2024) (in AED per Sqm)



When evaluating average sales rates across mid to high-end segments, Abu Dhabi's residential market has rebounded strongly, with 2024 sales rates exceeding pre-pandemic levels. Villa prices have surged, driven by increasing demand for premium, low-density communities, particularly in rapidly growing areas such as Yas Island and Saadiyat Island.

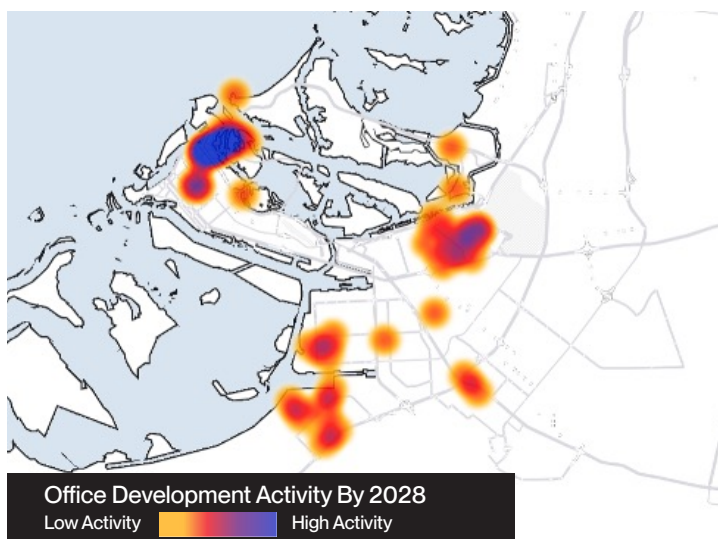
The rise in sales rates have also influenced developer strategies, prompting a shift towards luxury segments. As a result, more high-end offerings including branded residences, waterfront homes and gated developments, are entering the market.

Source: WSP Research & Analysis, Department of Culture and Tourism, MEED Projects.

# OFFICE MARKET ABU DHABI



## Key Trends (Summary)



### Increase of Grade A supply

The concentration of office construction in Al Maryah Island and along the Corniche reflects efforts to meet the growing demand for Grade A office space, which is currently outpacing supply.



### Growth in Key Economic Zones

Increased activity in Yas Island and peripheral areas suggests targeted development for key sectors such as media, gaming and technology, aligning with broader economic diversification goals.



### Emerging Office Nodes

New office clusters southeast of downtown signal a shift towards decentralization, helping to ease Central Business District (CBD) congestion while supporting business growth near residential areas. The 2023 expansion of ADGM licensing to Al Reem Island is also expected to contribute to this trend as development accelerates in the district.

## Market Outlook (Summary)



### Grade A Supply Deficit

Low supply of high-quality office space, coupled with record high occupancy levels in established areas, is expected to push lease rates higher. Meanwhile, Grade B continues to remain stable in the medium term.



### Moderate Growth In Medium Term

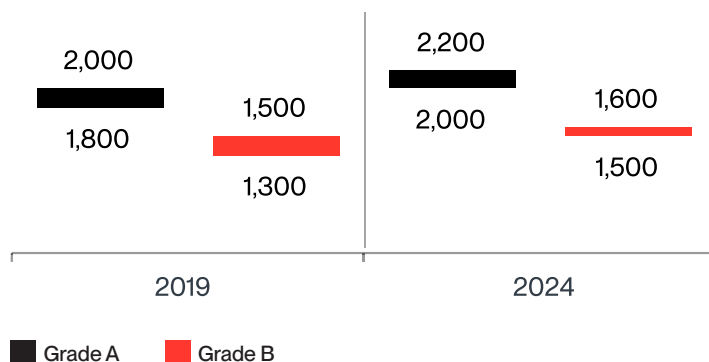
Abu Dhabi's office market is expected to experience sustained growth, provided foreign direct investment and economic diversification efforts continue at the current pace. The ongoing supply deficit is also likely to support lease rate growth in key business hubs.



### Developers Responding to Tenant Preferences

While ADGM remains the primary hub for financial services tenants, Abu Dhabi's increased economic diversification is leading to the rise of alternative office destinations that is taken up by other industries like tech start ups and media services. This shift is also encouraging developers to adjust fit-outs, layouts and amenities of their supply pipelines to meet the evolving needs of new tenants.

## Office Lease Rate Range (2019 vs. 2024)<sup>1</sup> (in AED per Sqm Per year)



Overall office lease rates in Abu Dhabi have shown consistent and stable growth, returning to pre-pandemic levels across all grades, indicating a full market recovery.

Grade A lease rates have surpassed pre-pandemic levels, outpacing lease rate levels driven by a supply deficit and rising demand for high-quality office spaces.

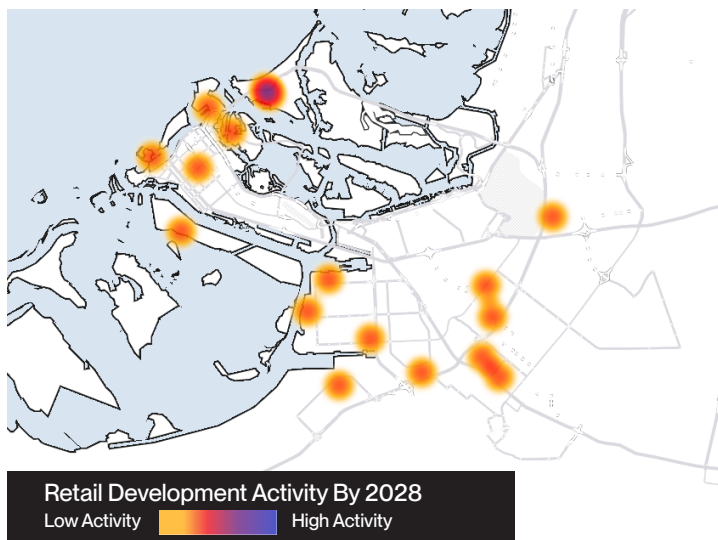
Grade B office spaces have also recorded steady gains, reflecting broader market resilience and sustained demand across various segments.

Source: WSP Research & Analysis, Quanta, MEED Projects.

<sup>1</sup> Provided rates are based off a basket of benchmark projects by positioning.



# RETAIL MARKET ABU DHABI



## Key Trends (Summary)



### Supply Deficit Pushing Rates Higher

A limited retail supply pipeline and low vacancies in super-regional malls has driven lease rates higher. Competition for prime retail spaces among major international brands continues to intensify.



### Greater Mixed-Use Integration

Developers are increasingly incorporating retail into mixed-use developments, integrating residential, office, and entertainment spaces to meet evolving consumer preferences.



### Consumer Spending Concentrated in Super Regional Malls

The resurgence of the tourism sector, along with expanded employment opportunities, has contributed increased footfall and higher consumer spending in super regional malls.

## Market Outlook (Summary)



### Demand for Quality Retail Space

Developers are prioritizing quality over quantity, focusing on enhancing and optimizing existing retail spaces in prime locations rather than introducing large-scale supply. This approach aligns with consumer preferences for high-quality retail spaces.



### Growth in Mixed-Use Retail

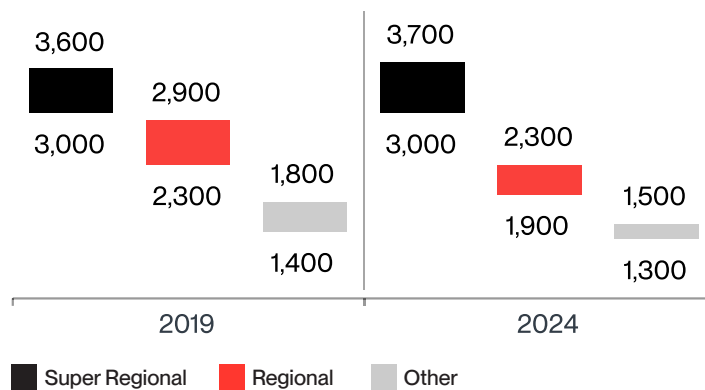
Shifts in urban planning has driven momentum towards integrating retail spaces within mixed-use projects, particularly in high-density zones, rather than relying on standalone retail outlets.



### Retail Recovery Still In Progress

While super regional malls have returned to performance levels comparable to 2019, smaller retail formats are still recovering. Demand for space in key retail hubs driven by new brands entering Abu Dhabi, is expected to improve long-term market growth.

## Retail Lease Rate Range (2019 vs. 2024)<sup>1</sup> (in AED per Sqm per Year)



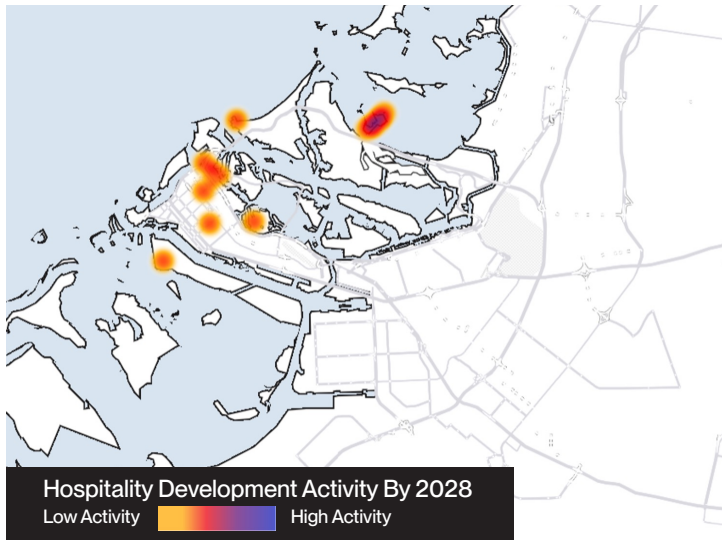
- Abu Dhabi's retail lease rates in 2024 generally remain below pre-pandemic levels, with regional and other retail experiencing seeing slight declines
- In contrast, lease rates in super-regional malls have risen back to pre-pandemic rates driven by their prime locations, high foot traffic, and the growing consumer preference for experience-driven retail and premium shopping destinations.

Source: WSP Research & Analysis, Quanta, MEED Projects.

<sup>1</sup> Provided rates are based off a basket of benchmark projects by positioning.



# HOSPITALITY MARKET ABU DHABI



## Key Trends (Summary)



### Development Activity in Business Hubs

Al Maryah Island and the Corniche are witnessing new hotel developments, strengthening their status as key business hubs. At the same time, their retail, dining, and waterfront attractions are drawing increasing numbers of leisure travellers.



### Integration of Natural Landscapes

Hospitality projects near Ramhan Island are leveraging waterfront and mangrove surroundings, indicating a continued emphasis on high-end nature-based and wellness accommodations.



### Gradual Revitalization of Downtown Abu Dhabi

Ongoing development in downtown Abu Dhabi signals a steady push to enhance the area's hospitality offerings. This growth is driven by rising tourist arrivals and increasing demand from both business and leisure stays.

## Market Outlook (Summary)



### Expansion of Infrastructure Projects

Major infrastructure projects, such as the expansion of Abu Dhabi Airport, and the development of the Etihad Railway Network, are set to enhance connectivity and accessibility, further boosting tourism to Abu Dhabi.



### Differentiation to Drive Growth

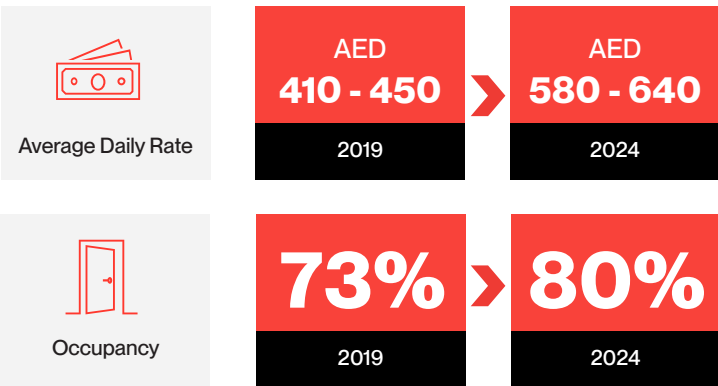
Abu Dhabi's efforts to introduce unique tourism assets and demand generators distinct from those in competing cities are expected to drive long-term hospitality sector growth, strengthening its position as premier travel destination.



### Diversification of Hospitality Offerings

Abu Dhabi is increasingly focusing on differentiating its tourism offerings through events, conferences, festivals and nature preservation. This strategy has driven the development of alternative premium hospitality options, such as cultural resorts, eco-tourism accommodations and experimental hotels, aimed at attracting a broader range of visitors and setting Abu Dhabi apart from other destinations in the UAE.

## Average Daily Rate & Occupancy (2019 vs. 2024) (in AED / %)



- Average Daily Room Rates (ADRs) have recovered from pre-pandemic levels, indicating not just recovery but sustained growth. This surge is driven by pragmatic tourism strategies and market repositioning which have boosted occupancy to approximately 80% in 2024.
- This growth reflects Abu Dhabi's efforts to attract higher levels of tourism through various initiatives and events, leading to an increase in both, visitors and spend.

Source: WSP Research & Analysis, Department of Culture and Tourism, MEED Projects.



# DUBAI MARKET EVOLUTION AND OUTLOOK

2019 - 2028

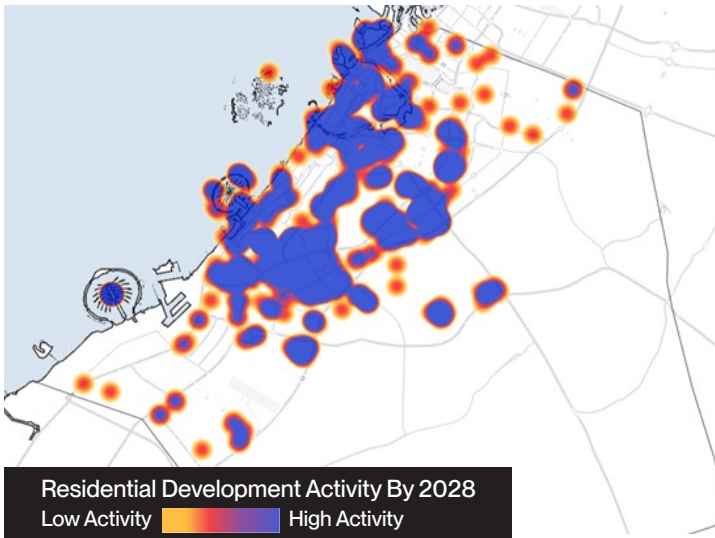




# RESIDENTIAL MARKET DUBAI



## Key Trends (Summary)



### Regulatory Changes to Boost Stability

New government initiatives such as the Smart Rental Index, are expected to enhance rental market stability, while encouraging developers and building owners to renovate existing projects. Moreover, the introduction of new freehold areas such as Sheikh Zayed Road and Al Jaddaf may also encourage increased sales activity in these areas.



### Focus On Off-Plan Sectors

Increased investor confidence in the market has spurred a shift in favor of off-plan transactions, growing from ~%50 in 2020 to %66 in 2024. This trend is expected to continue in the medium term.



### Development Moving Further Inland

Aligned with the 2040 Urban Master Plan, development is expanding further inland towards areas, such as MBR City and Dubai South. Established developers are leveraging longstanding super plots, while new local and international players are integrating their projects within masterplanned communities.

## Market Outlook (Summary)



### Shift In Payment Plan Terms

During the previous downturn, developers introduced attractive and flexible payment plans to remain competitive. However, today, due to strong demand, current payment plans have become more restrictive with shorter repayment periods.



### Demand for Affordable Housing

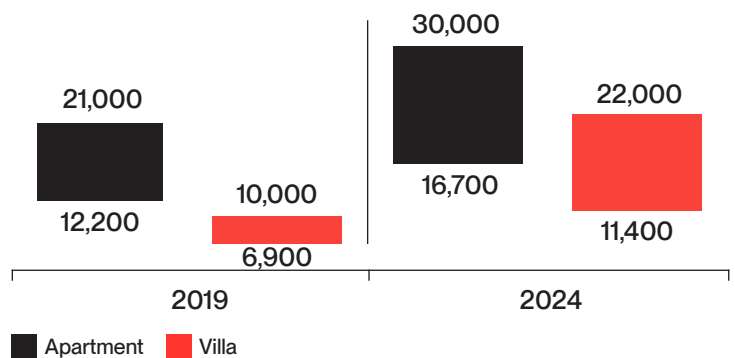
The surge in property prices over recent years has driven increased interest on affordable housing options catering to a broader range of income levels and end users. With affordable to mid end projects filling a growing market gap, this segment is expected to see continued demand, contributing to price stabilization.



### Sustainable Growth in Medium Term

Following a period of exponential growth in sales rates and transaction volumes, Dubai's residential market is expected to stabilize at a healthy level in the medium term. New regulations, such as the Smart Rental Index and increase in freehold districts are anticipated to contribute to a stable rental market and steady supply pipeline.

## Marketwide Average Sales Rate Range (2019 vs 2024)<sup>1</sup> (in AED per Sqm)



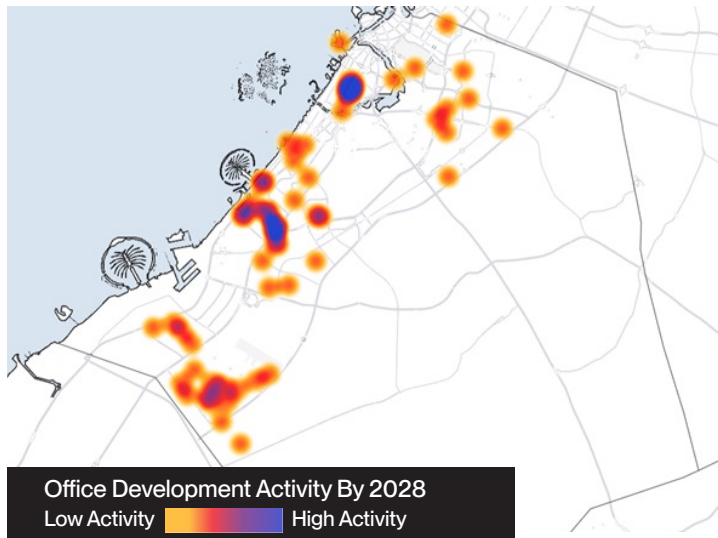
- When evaluating performance across mid to high-end segments in Dubai, average sales rates have soared past 2019 levels. Villas have experienced the strongest growth driven by buyer demand for more spacious homes in communities with integrated amenities.
- Strong investor interest and high population growth have heightened competition for high-quality projects, accelerating price growth across the market.
- Rises in sales rates have also increased interest for affordable housing options further inland.

Source: WSP Research & Analysis, DXB Interact, Dubai Land Department, MEED Projects.

<sup>1</sup> The sales ranges displayed indicate the average sales rates observed for mid to high end projects across the Abu Dhabi market, with luxury/ultra luxury positioned projects seen to achieve higher sales rates.



# OFFICE MARKET DUBAI



## Key Trends (Summary)



### Grade A Expansion in Core Hubs

High concentration of construction around DIFC and Internet City highlights efforts to meet rising demand for Grade A office space, reinforcing these areas as key financial and technology hubs.



### Growth in Dubai South and Industrial City

Expanding office development in Dubai South and Dubai Industrial City support Dubai's role as a commercial hub, particularly for SMEs and logistics firms. Many of these new spaces are integrated with warehouses to enhance functionality.



### Diversification Across Submarkets

The spread of office projects across inland areas signal a push for decentralization, catering to niche corporate demand beyond traditional business districts and layouts.

## Market Outlook (Summary)



### Focus on Wellbeing

In response to post-pandemic priorities, new office developments are increasingly integrating natural lighting and wellness amenities, as occupiers place greater emphasis on employee well-being and productivity.



### Emergence of Flexible & Boutique Spaces

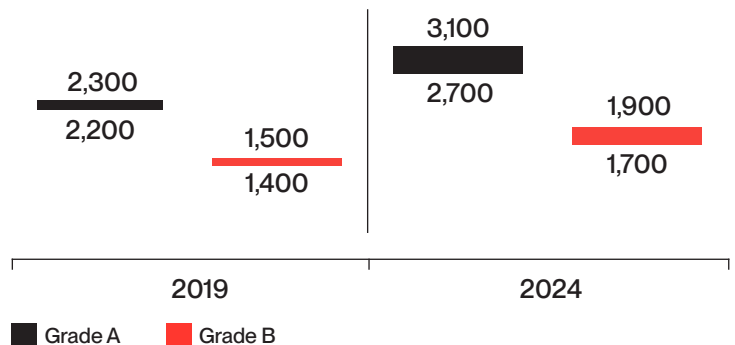
There is rising demand for flexible and boutique office spaces, driven by startups, SMEs, and multinational firms seeking agile work environments.



### Grade A Demand Driving Strong Growth

Short to medium term performance has been driven by a supply deficit, leading to significant growth in Grade A lease rates. The expansion of key business zones, including DIFC 2.0 and Innovation Hub Phase 3 is expected to absorb demand over medium to long term.

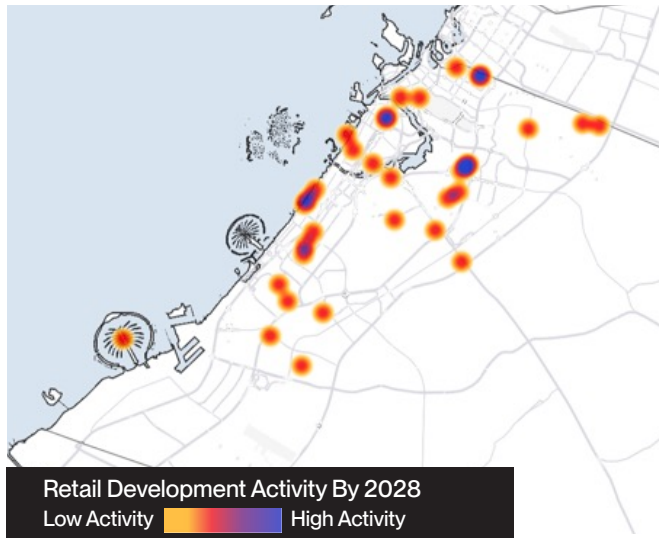
## Office Lease Rate Range (2019 vs 2024)<sup>1</sup> (in AED per Sqm)



- Office lease rates in Dubai have surpassed 2019 levels across all grades, indicating a full market recover.
- Grade A office spaces have seen the most notable increase, driven by a supply deficit coupled with rising demand for quality office spaces.
- Grade B office spaces have also recorded steady gains, reflecting broader market resilience.

Source: WSP Research & Analysis, Dubai Land Department, MEED Projects.  
<sup>1</sup> Provided rates are based off a basket of benchmark projects by positioning.

# RETAIL MARKET DUBAI



## Market Outlook (Summary)



### Demand for Quality Retail Space

High-end retail locations with premium spaces are experiencing increased demand, as tenants prioritize areas with high footfall. This has intensified competition among both regional and international retailers.



### Experiential and Luxury Retail

Consumers are increasingly drawn to experience-driven shopping, fuelling demand for entertainment, fine dining, and luxury retail in super-regional malls. Moreover, global retailers are entering the Dubai market at an accelerated pace, adapting to local preferences and diversifying the city's retail landscape.



### Prime Retail Centres Driving Growth

Occupancy rates in major retail outlets have reached record highs, with increased tenant competition for prime spaces allowing landlords to raise lease rates and secure more favourable contracts. The development of new urban centers could help absorb demand in the long-term, ensuring continued market growth.

## Key Trends (Summary)



### More Upgrades In Existing Stock

Developers are shifting focus towards optimizing and renovating existing retail spaces rather than pursuing large-scale expansions. This strategy aims to increase average consumer spending, drive footfall, enhance health and safety measures, and extend the economic lifespan of existing projects.



### Community-focused Retail

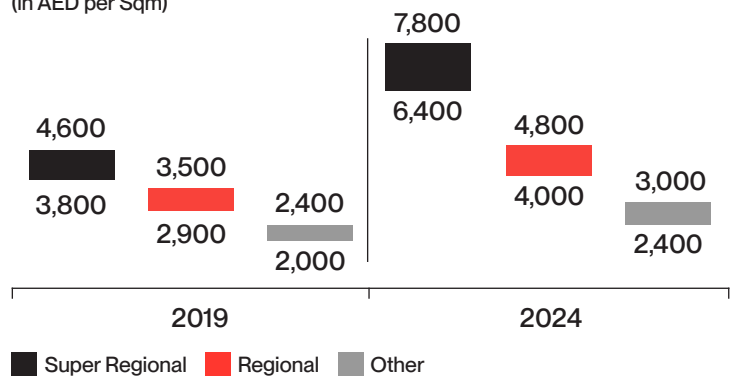
The rising demand for amenity-rich and self-sustaining master-planned communities has shaped the retail supply pipeline, which is now primarily composed of neighborhood and community retail centers designed to serve smaller, localized catchment areas.



### Shifting Consumer Demand

As Dubai solidifies its position as a global retail hub, consumer preferences are shifting towards experiential retail, with a growing emphasis on entertainment, and interactive shopping experiences. Retailers are also leveraging technology to enhance shopping experiences.

## Retail Lease Rate Range (2019 vs. 2024)<sup>1</sup> (in AED per Sqm)



• Dubai's retail lease rates in 2024 have surpassed previous highs, driven by strong demand for prime retail locations and sustained market growth fueled by increased consumer spending and rising tourist visits.

• New retail entrants are pushing rents higher, while existing tenants are renewing leases to maintain outlets. As such, super-regional malls have experienced the strongest growth, with lease rates rising well beyond 2019 levels. This trend is further amplified by the limited supply pipeline.

Source: WSP Research & Analysis, Dubai Land Department, MEED Projects.

<sup>1</sup> Provided rates are based off a basket of benchmark projects by positioning.



# HOSPITALITY MARKET DUBAI



## Key Trends (Summary)



### Focus On Established Areas

Development remains concentrated in prime locations, such as Downtown Dubai and Palm Jumeirah, reflecting sustained investor confidence. Developers continue to prioritize high-traffic areas with strong demand from luxury tourism and corporate travel.



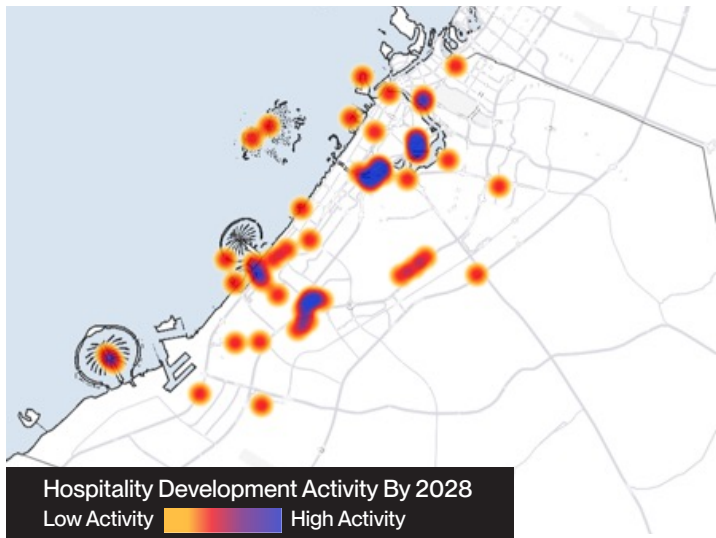
### Increased Hotel Acquisitions

Hotel asset acquisitions by developers and investors have gained momentum, forming part of a broader strategy to acquire and refurbish projects located in prime locations. This trend is driving further capital investment into the hospitality sector.



### Expanding Supply Will Intensify Market Competition

The increase in hotel projects across core and emerging areas will heighten competition, pushing operators to focus on differentiation and adapting to evolving guest preferences.



## Market Outlook (Summary)



### Expansion of Luxury & Lifestyle Hotels

Dubai is witnessing a surge in luxury and lifestyle hotel developments, catering to high-end travellers and experience-driven tourism. This reinforces the city's position as a global hospitality hub.



### Increasing Visitorship Capacity

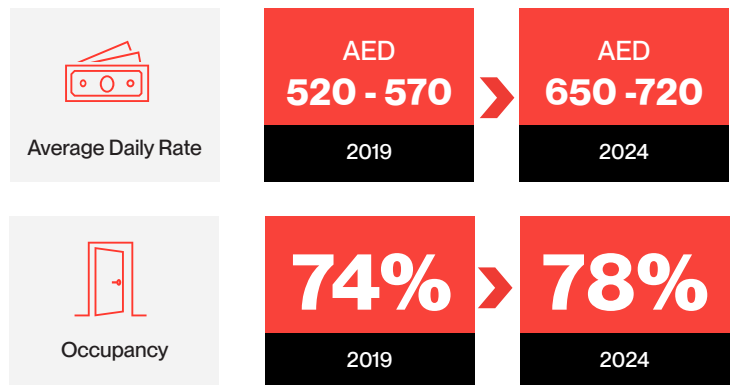
The expansion of Al Maktoum International Airport (DWC) to accommodate 150 million annual visitors, along with the development of new prime areas like Palm Jumeirah and Dubai Islands, is expected to increase the city's urban capacity and promote greater hospitality asset development.



### Rise in Tourist Spend

Average tourist spending is projected to rise as Dubai expands its portfolio of attractions and high-end destinations. With more tourists seeking luxury experiences and premium services, the hospitality sector is set to mature and experience moderate but sustained growth in the medium to long term.

## Average Daily Rate & Occupancy (2019 vs. 2024) (in AED per Sqm)



- The recovery in Average Daily Rate (ADR) from 2019 to 2024 reflects Dubai's positioning to be able to attract inbound tourists at attractive rates when compared to other major tourist hubs, while offering high quality hospitality experiences.
- Moreover, as a result, Dubai has also seen increased visitation throughout the year, reducing its reliance on the traditional Q4 high season. This allowed hotels to maintain elevated room rates throughout the year. The continued entry of luxury chains has further fuelled ADR growth, reinforcing Dubai's positioning as a premier global hospitality destination.

Source: WSP Research & Analysis, Dubai Department of Economy and Tourism, MEED Projects.

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## Market Volatility

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events, in addition to the ongoing effects of the global Covid19- pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Investment decisions should reflect this heightened level of volatility and caution is advised in this regard.

You should note that the conclusions set out in this paper are current as at the date outlined only. Where appropriate, we recommend that market conditions are monitored closely, as we continue to track how market participants respond to current events.

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Department of Municipalities and Transport  
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