

A wide-angle photograph of the Dubai skyline across the water. The Burj Khalifa is the tallest building on the right. In the foreground, there are palm trees and a rocky shoreline. The sky is blue with some clouds.

# Dubai Residential

## Size Matters

An Analysis of the Off Plan Apartment Market

# Executive Summary

## - Off Plan Holds a Greater Share of Transaction Volumes

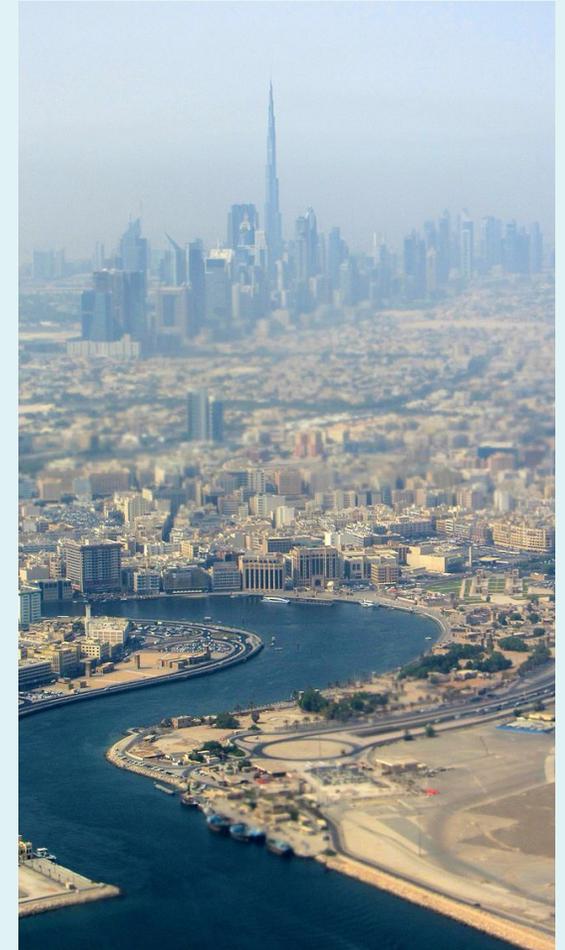
Looking at the apartment market since January 2020, off plan apartments comprise a greater portion of sales than their ready counterparts. Within the off plan data, luxury makes up over 60% of transactions, with the top performers including familiar names such as Palm Jumeirah and Downtown Dubai, but also some newer ones, such as Dubai Harbour.

## - The Narrowing Gap Between Off Plan and Ready Prices

Off plan prices have consistently been higher than ready prices, and both have been steadily increasing since January 2020. However, the rate of increase for ready apartments seems to slightly outpace the rate for off plan apartments, implying a narrowing in prices.

## - Newer Communities Averaging Smaller Apartment Sizes

Newer communities such as Sobha Hartland, Dubai Harbour and Meydan One (as well as others) have lower median apartment sizes almost across the board. On average, newer off plan apartments are 41.79% smaller, similar to what we see in international markets.



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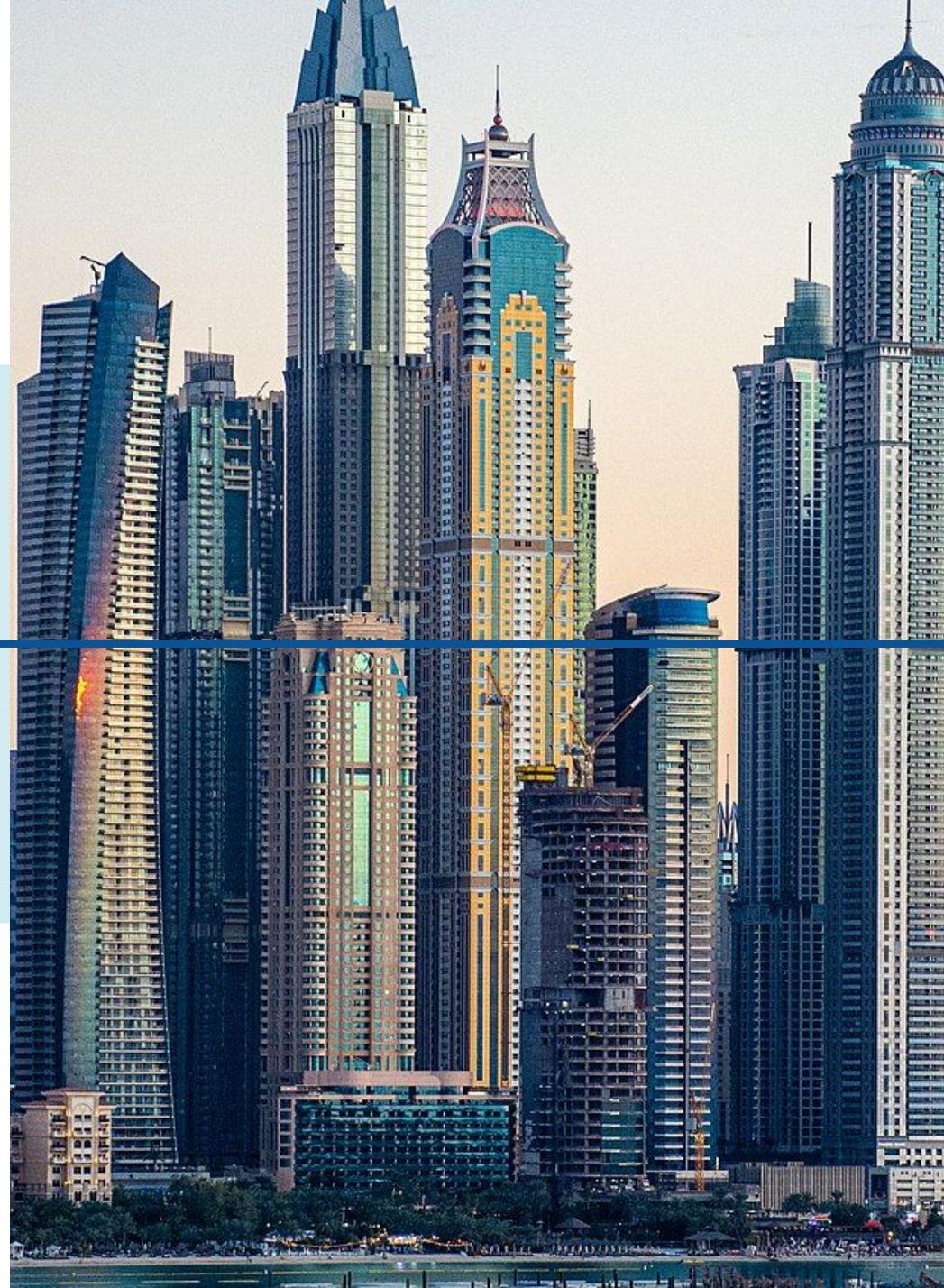
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## Transaction Volume Breakdown

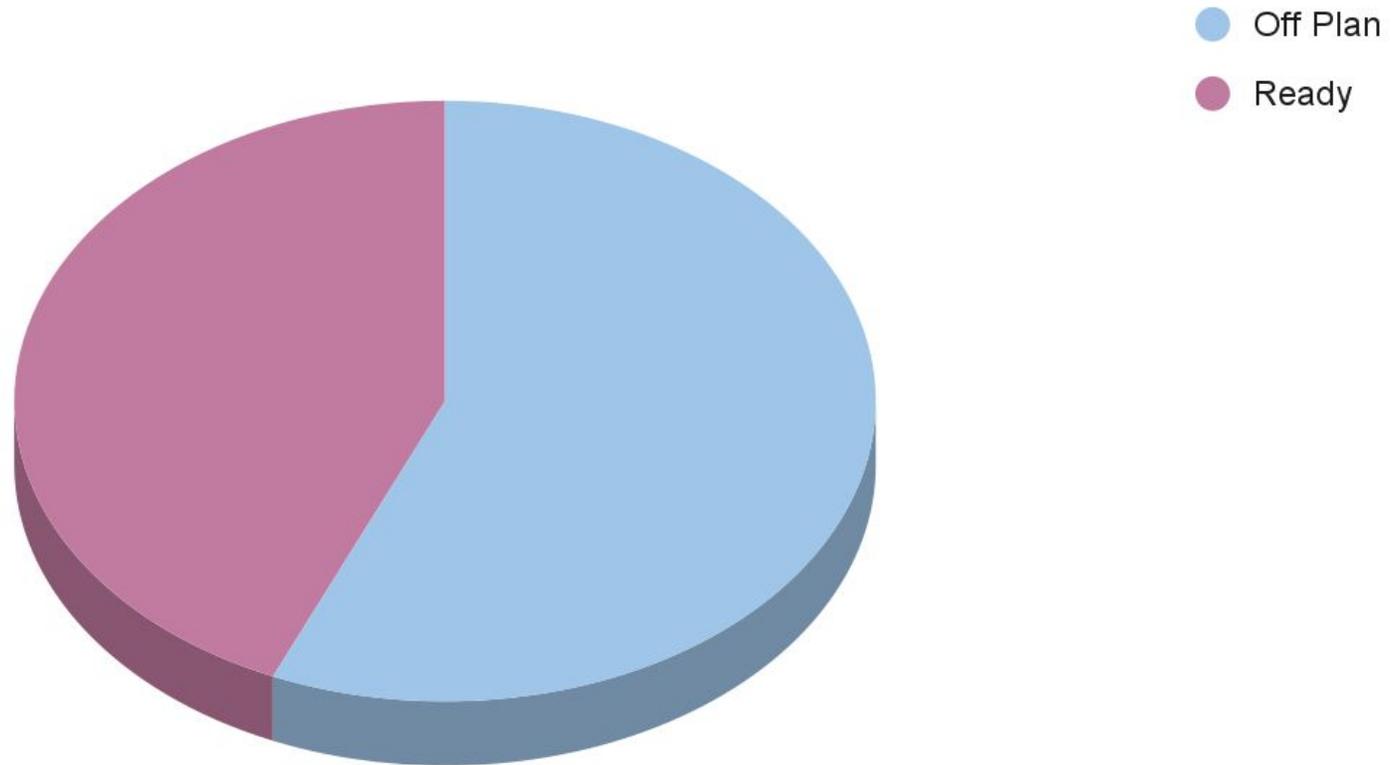
**“The best way to predict the future is to create it.”**

- Abraham Lincoln



# Off Plan Apartments Account for Majority of Transaction Volume

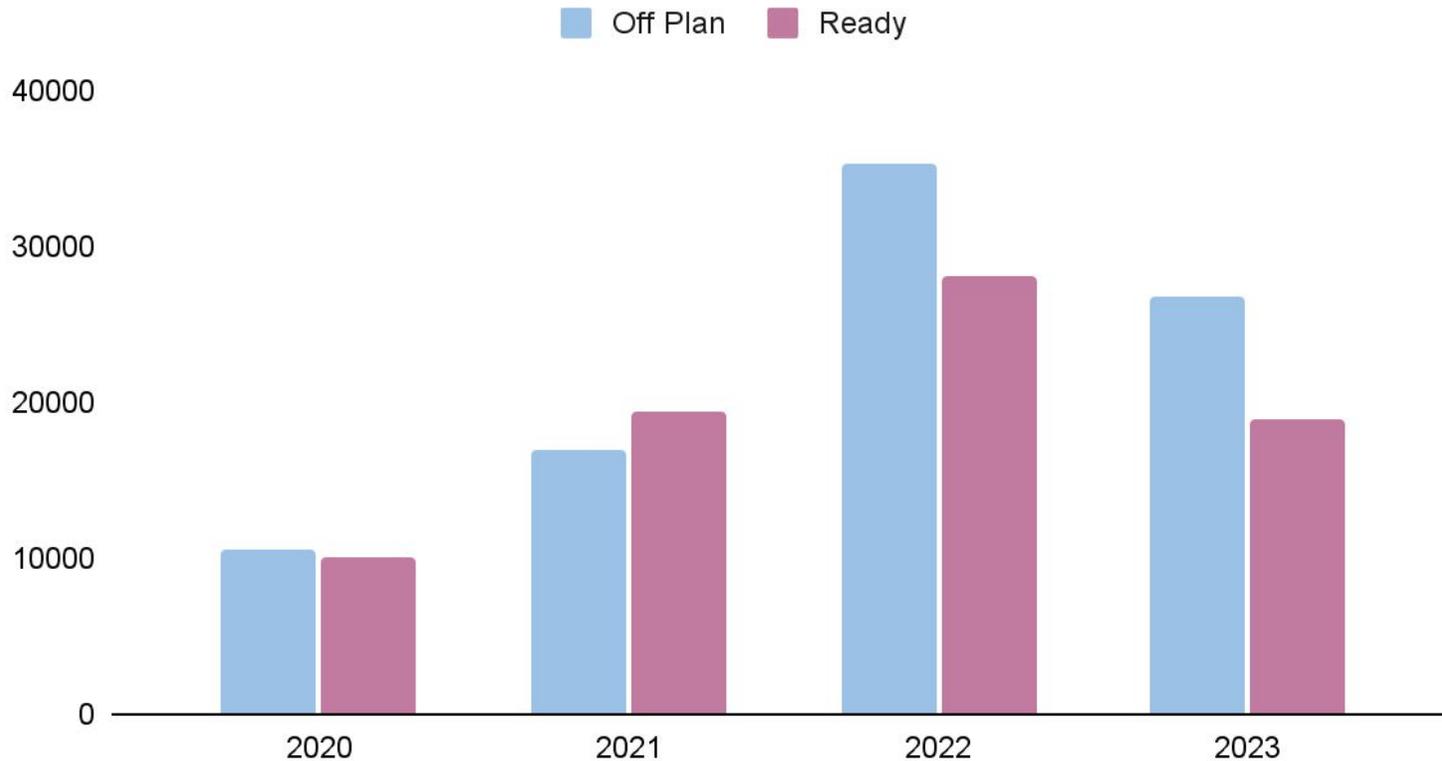
## Off Plan vs Ready Apartments (Jan 2020 - YTD)



Looking at the entirety of the apartment market post-Jan 2020, it is immediately apparent that there has been a slightly greater demand for off plan rather than ready apartments. Across the period from January 2020 to July 2023, 53.8% of all apartment transactions in Dubai have been off plan.

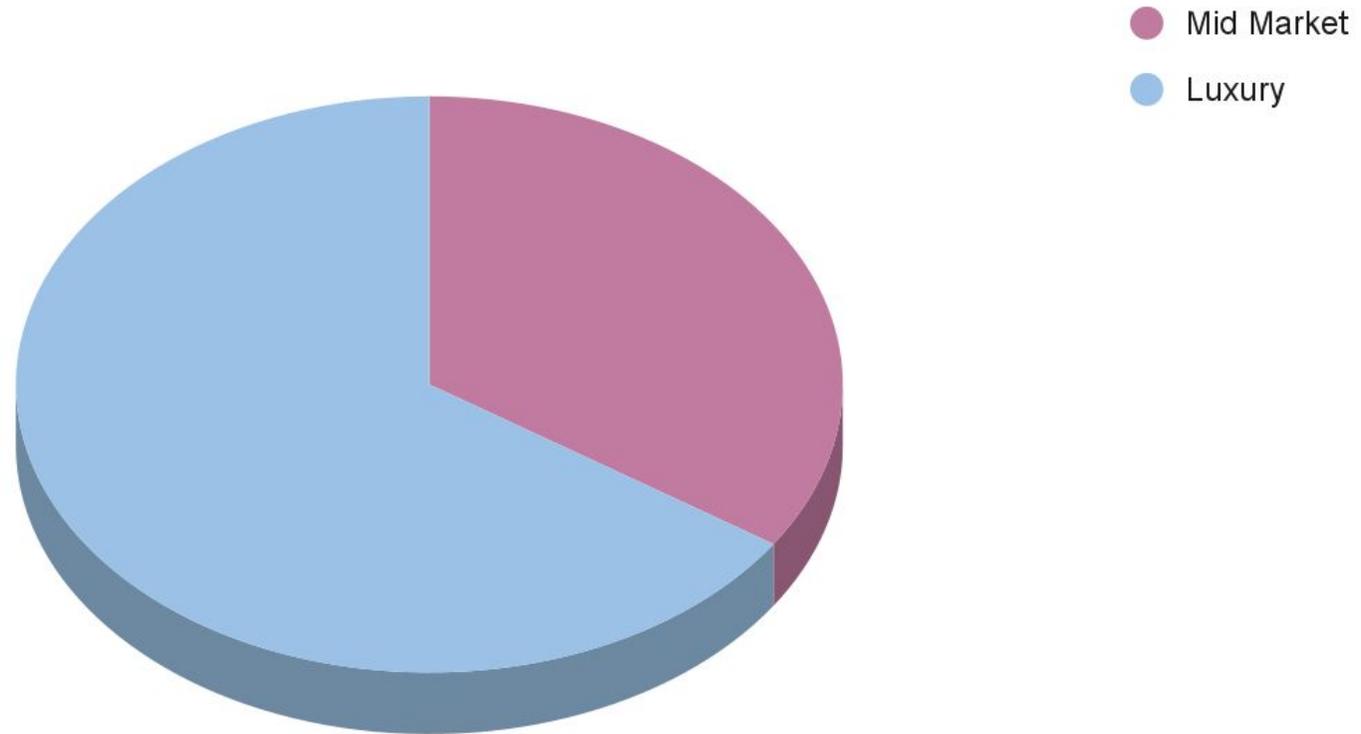
# Off Plan Apartments Account for Majority of Transaction Volume

## Off Plan and Ready Yearly Transaction Volumes



With the exception of 2021, off plan has exceeded ready transaction volumes every year. So far in 2023, transaction volumes have already surpassed 2020 and 2021 levels, as Dubai emerged from the shock of COVID-19 and looks to surpass its previous levels.

## Off Plan Apartment Market Makeup (Jan 2020-YTD)

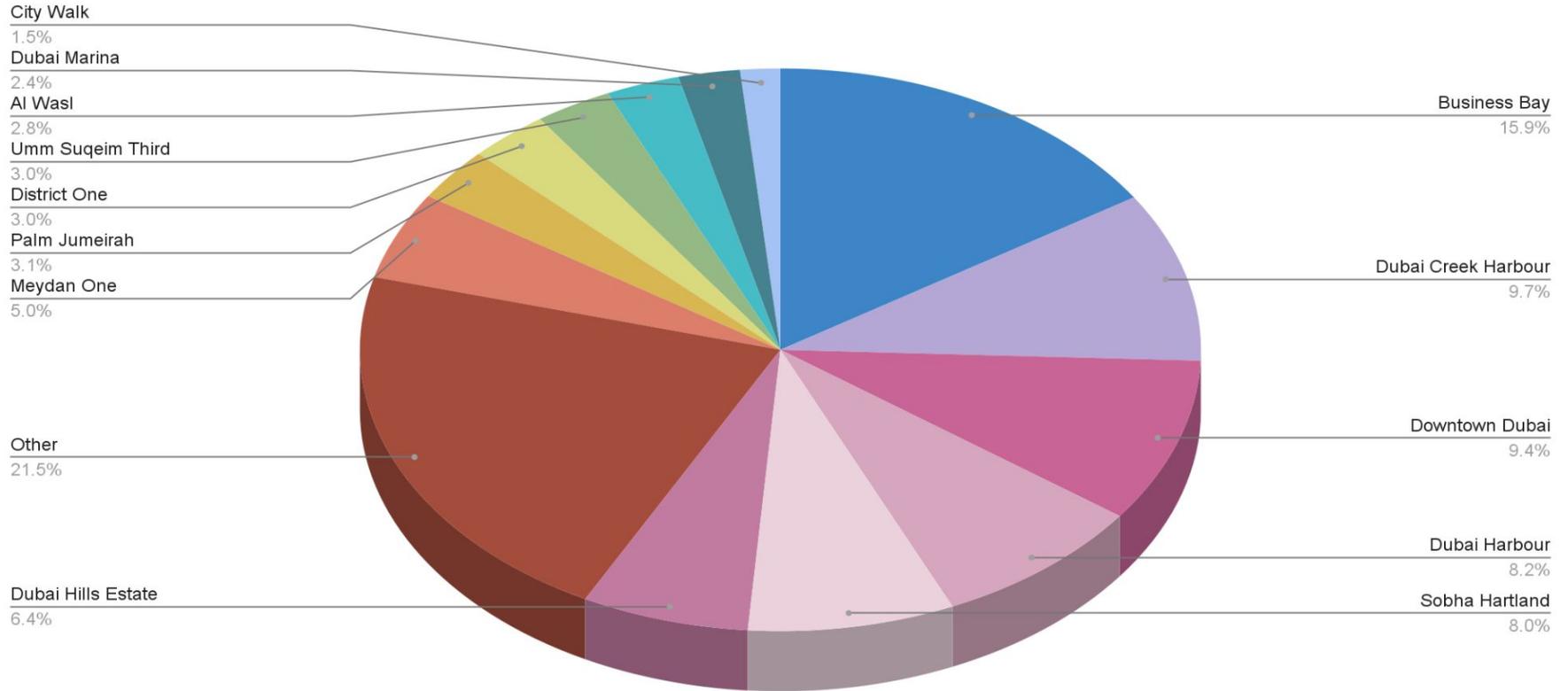


When drilling down further into the off plan market, luxury properties have clearly dominated. 61.6% of all off plan apartment transactions between January 2020 and July 2023 have been in luxury communities.

# Looking Within Off Plan - Luxury

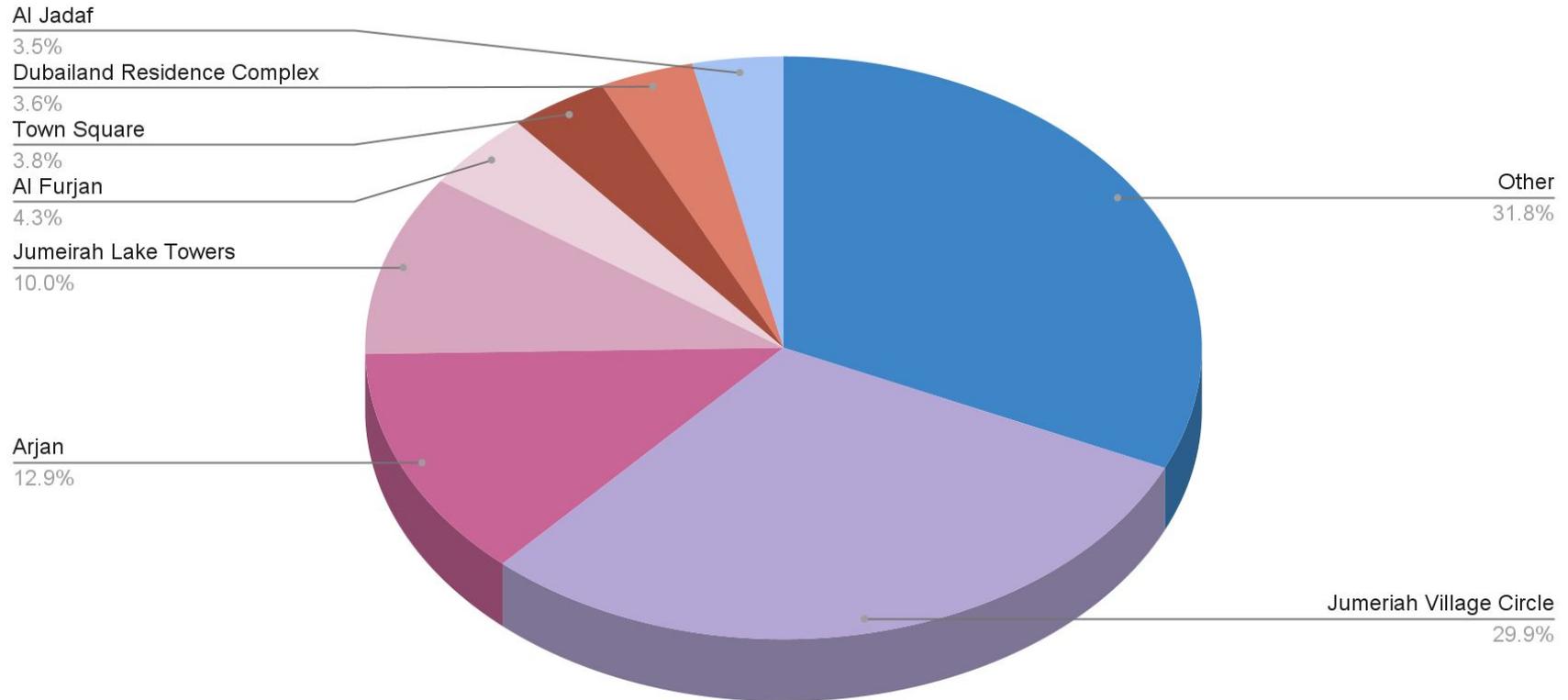
GCP Off Plan Apartment Transaction Volume - Luxury

REIDIN



Drilling down even further, we can see that Business Bay, Downtown Dubai and Dubai Creek Harbour have accounted for the largest portions of the luxury off plan apartment transactions.

# Looking Within Off Plan - Mid Market

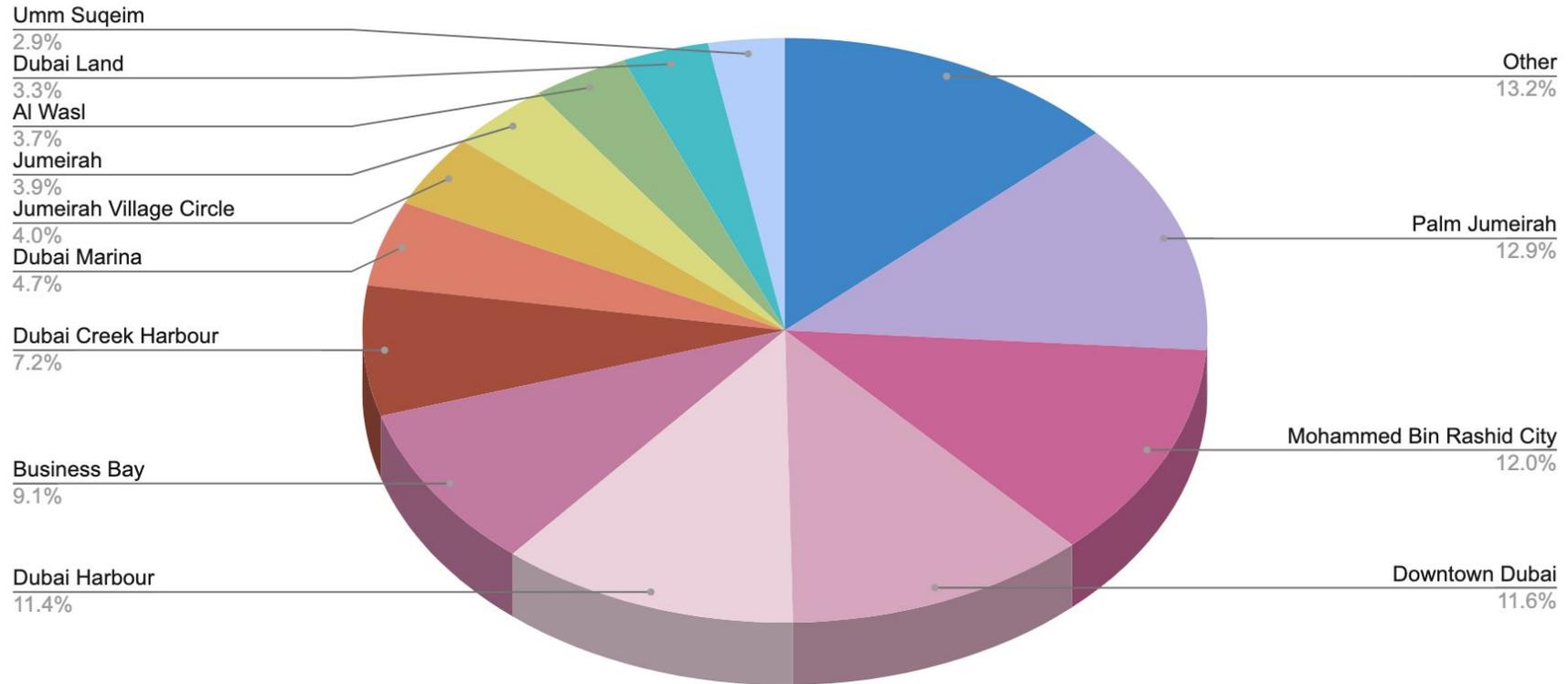


In the mid market for off plan apartments, Jumeirah Village Circle stands out as the clear top performer, accounting for nearly 30% of all transactions, with Jumeirah Lake Towers and Arjan being the other two areas with clearly high demand.

# Looking Within Off Plan - Value Breakdown

GCP Off Plan Apartments Total Value by Community (Jan 2020-YTD)

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Palm Jumeirah, Mohammed Bin Rashid City, Downtown Dubai and Dubai Harbour stand out as the largest contributors to the total value of real estate transactions since January 2020, which, all in all, add up to over 187 billion AED. All four of the aforementioned communities are part of the luxury market, with all of them averaging at least 1,800 dirhams per square foot for off plan apartments over the last three and a half years.

## Off Plan and Ready Apartments Price Comparison

**“Change is inevitable. Growth is optional.”**

– John Maxwell

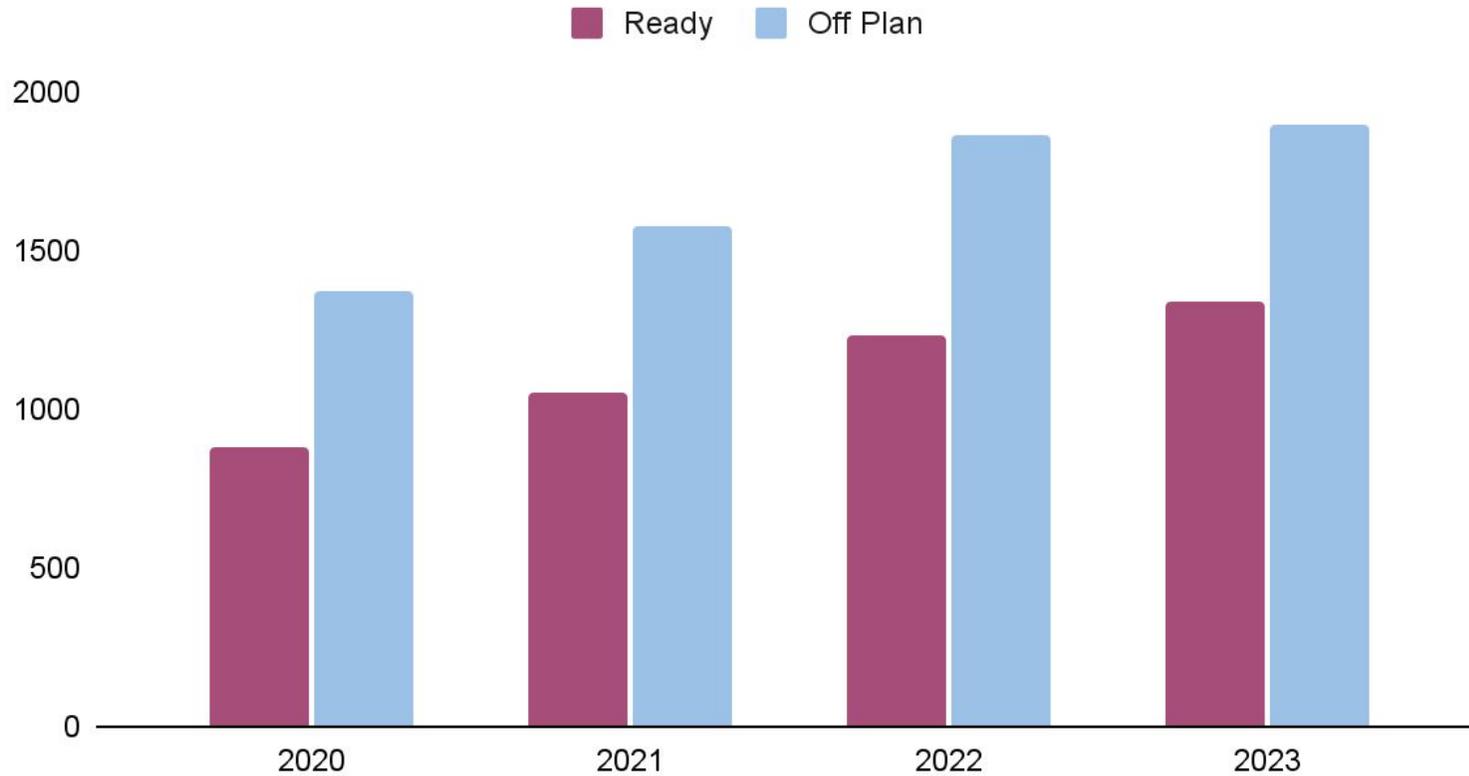


# Average AED per Square Foot for Off Plan and Ready Apartments

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## Ready and Off Plan Average AED/SqFt



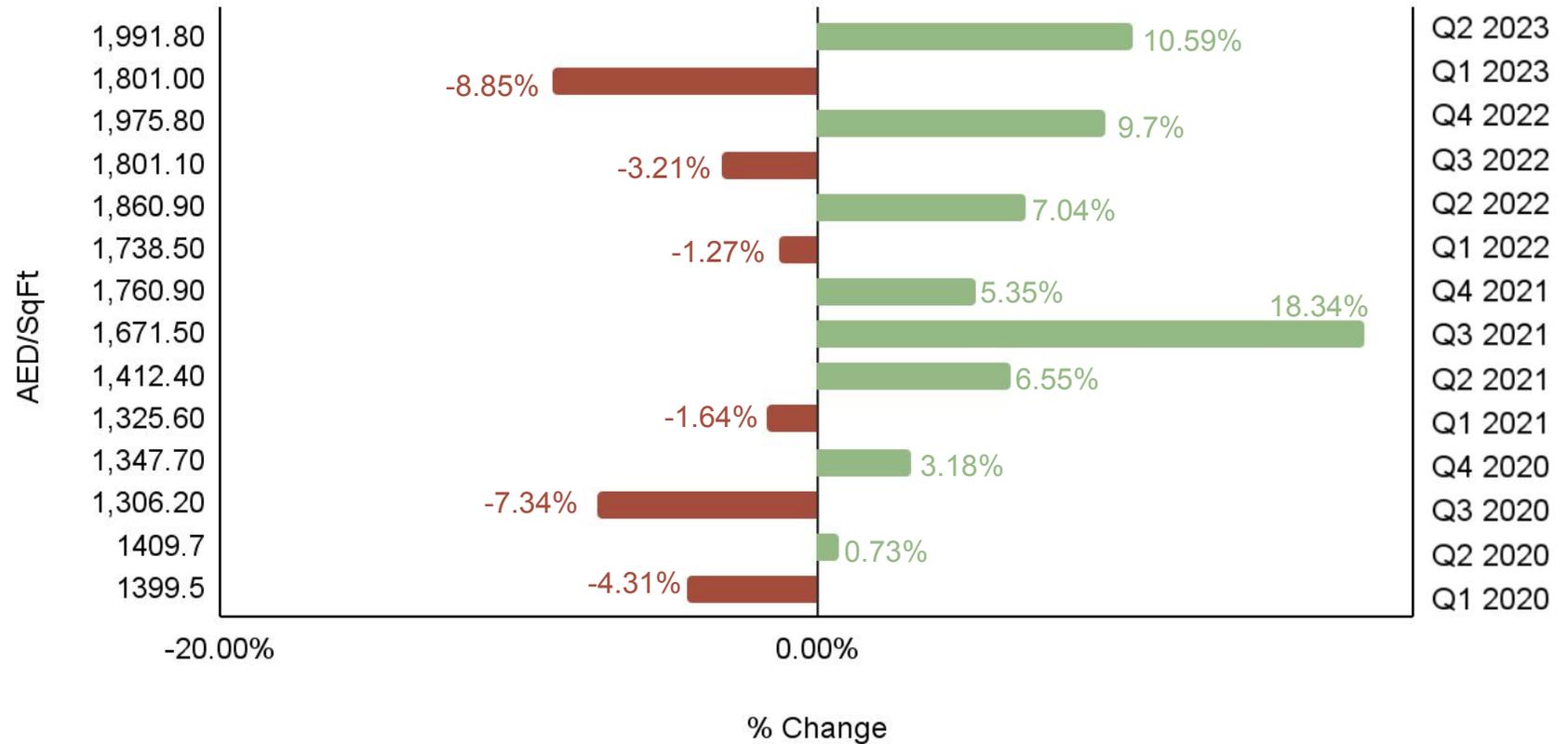
Off plan prices have been consistently higher than ready prices, and both have experienced overall increases post-COVID.

# Off Plan Apartments Quarterly Average Prices

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## Off Plan Apartments Quarterly AED/SqFt Change



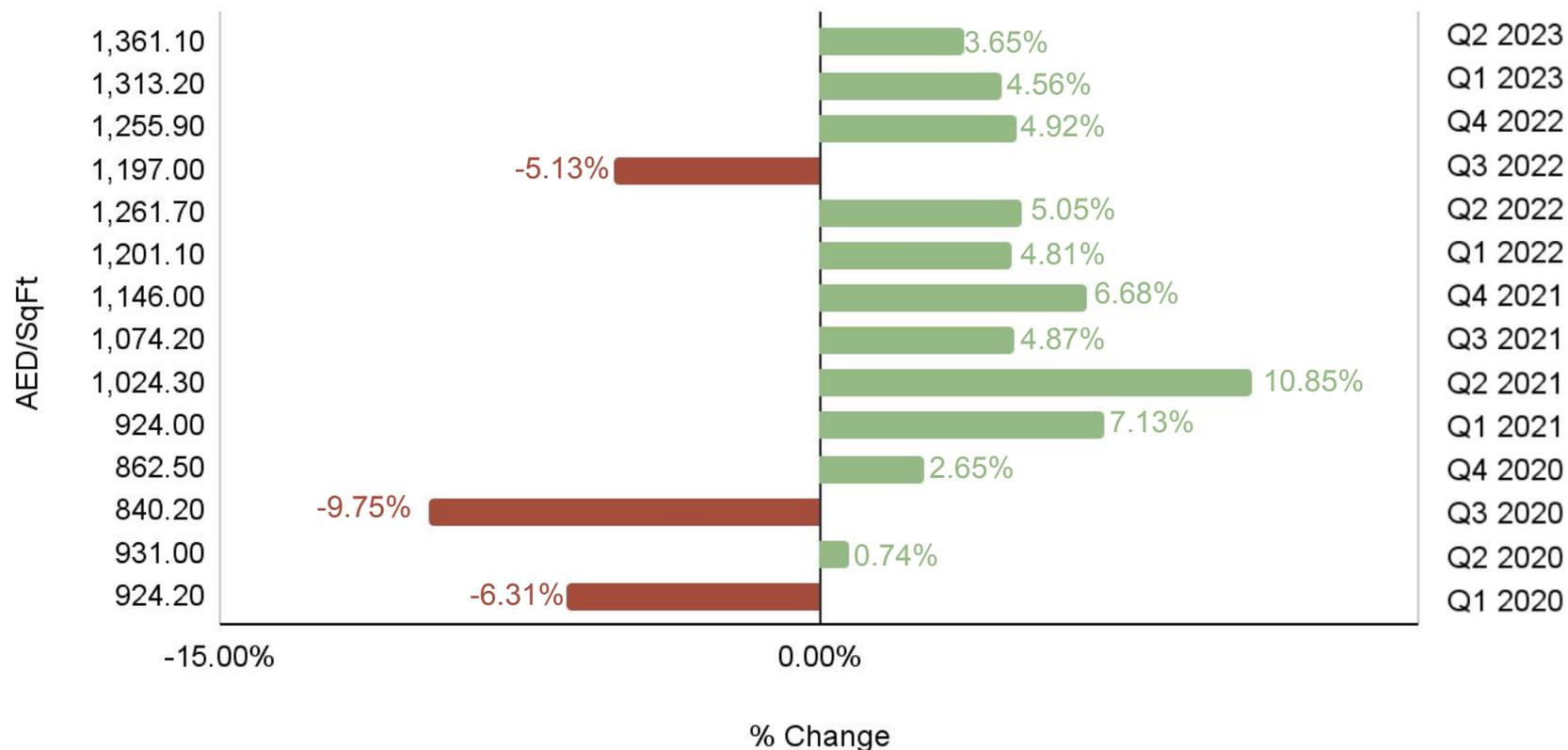
However, the quarterly breakdown, for off plan apartments specifically, is not so consistent. The average price per square foot data shows erratic changes across the last 14 quarters.

# Ready Apartments Quarterly Average Prices

GCP

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## Ready Apartments Quarterly AED/SqFt Change

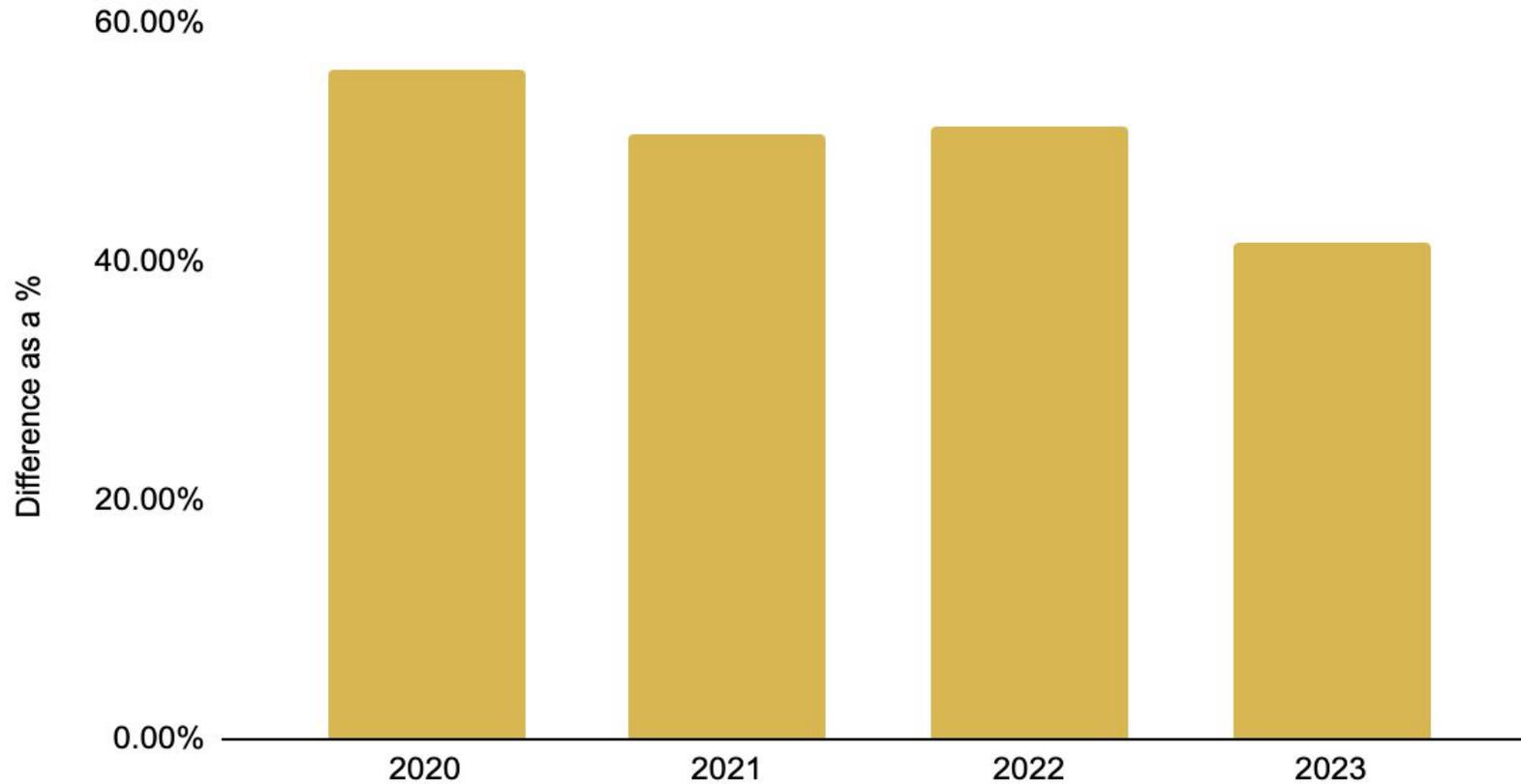


By contrast, ready prices seem to be more consistent. While there are still periods of significant depreciation, such as in Q3 of 2020, they have been rarer than in the off plan market.

# Average AED per Square Foot for Off Plan and Ready Apartments

## GCP Ready vs Off Plan Average AED/SqFt Difference (as a %)

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This greater consistency in ready prices' appreciation may explain the narrowing gap between them and off plan prices. While in 2020 off plan prices were 56% higher than ready prices, they are only 41.55% higher this year.

## Analysis of Newer Community Apartment Sizes

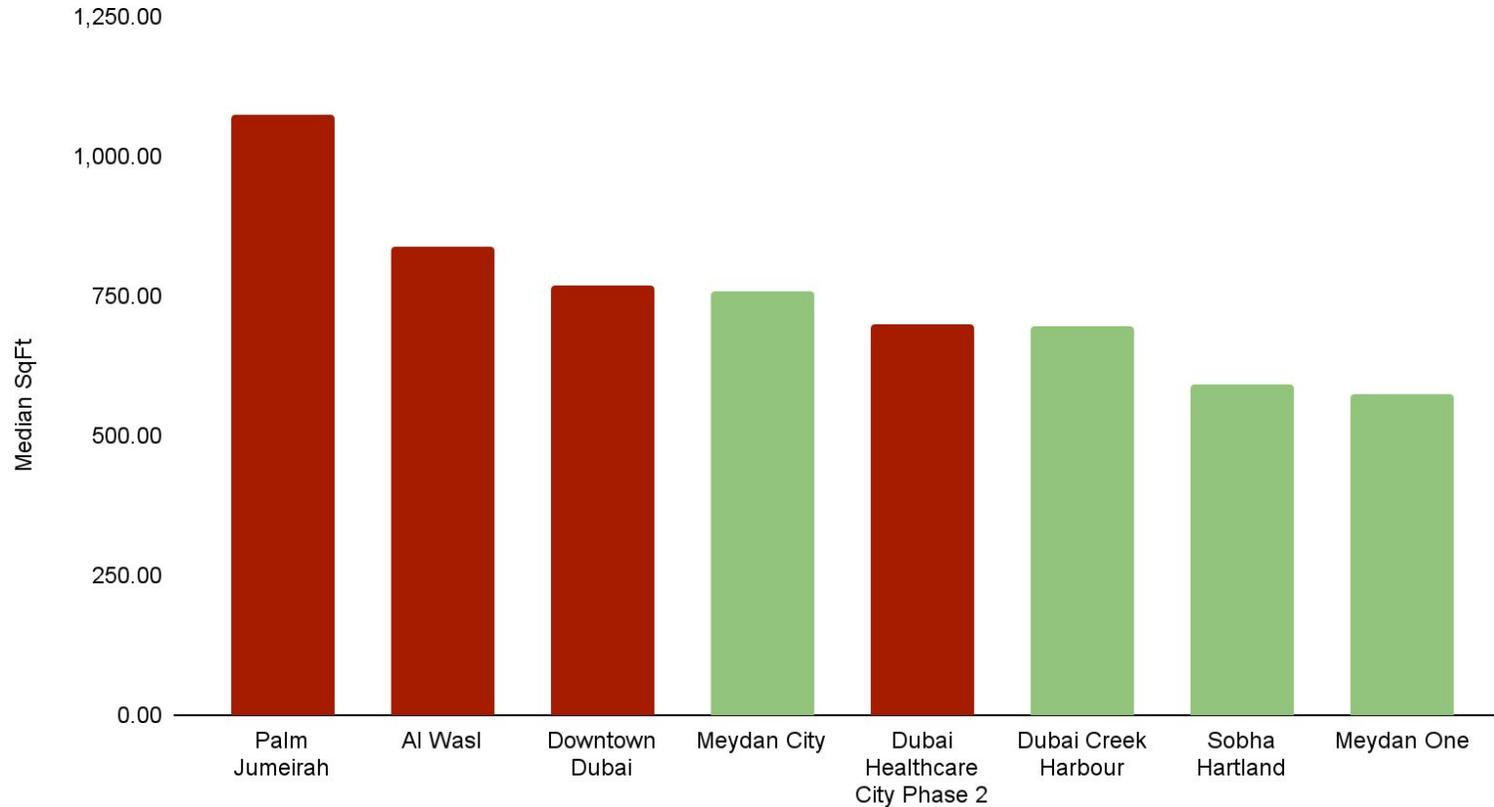
**“The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow.”**

-Rupert Murdoch



# Newer 1 Bedroom Apartments Nearly 31% Smaller

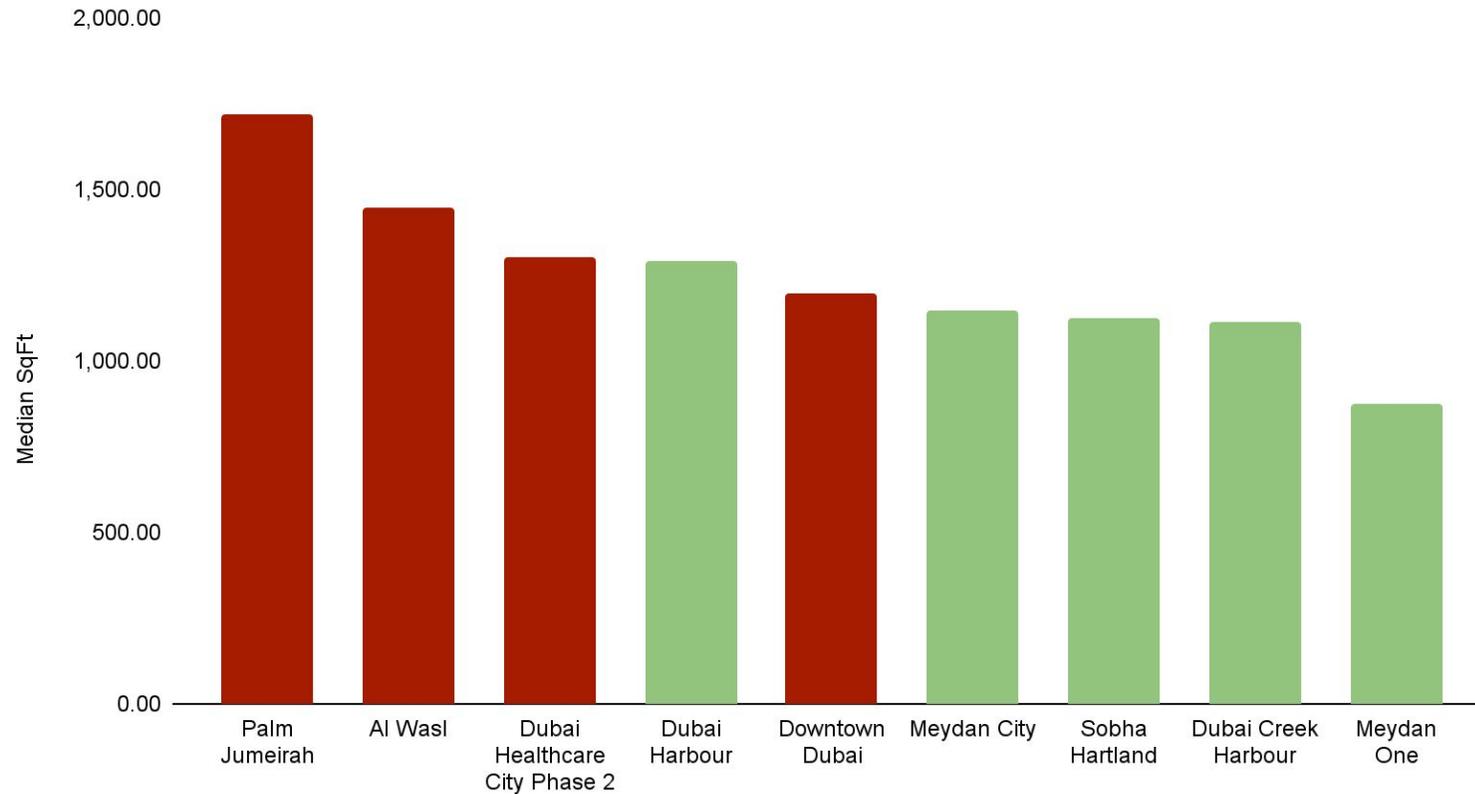
## 1 Bedroom Off Plan Apartments Median Size (SqFt)



In 1 bedroom apartments, the median for newer communities (those highlighted in green) is lower than those of older, more established communities like Palm Jumeirah. Meydan City is a slight anomaly, having a higher median size than Dubai Healthcare City Phase 2, but still fits the overall trend. The median apartment size of the older communities is, on average, 30.84% higher than the newer communities for 1 bedroom apartments.

# Newer 2 Bedroom Apartments Nearly 30% Smaller

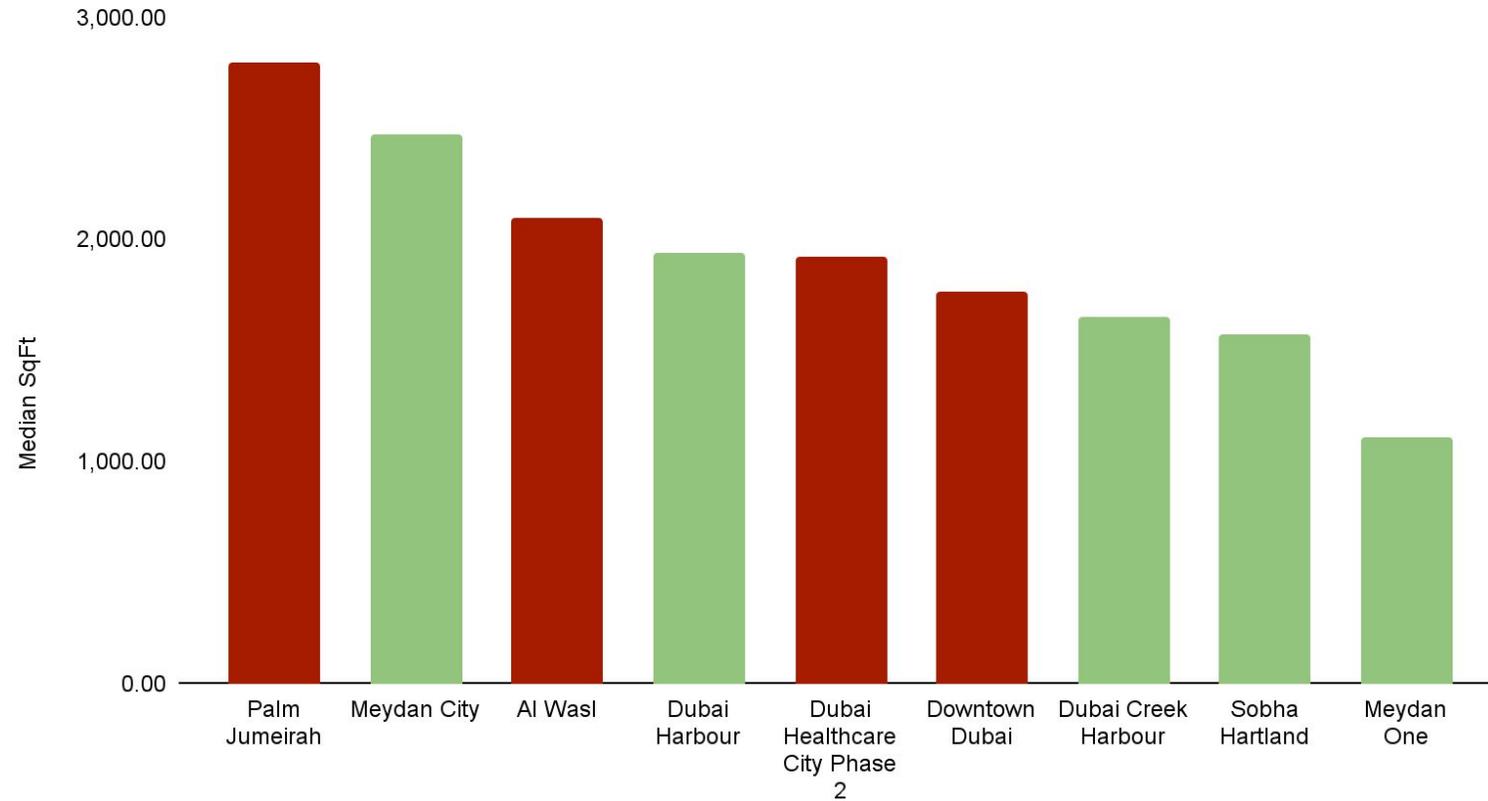
### 2 Bedroom Off Plan Apartments Median Size (SqFt)



We see a similar pattern in 2 bedroom apartments. This time, Dubai Harbour is a small outlier, having a higher median size than Downtown Dubai, but it too still fits the overall pattern. Here, the median apartment size of older communities is 29.61% higher than the median apartment size for newer communities.

# Newer 3 Bedroom Apartments 31% Smaller

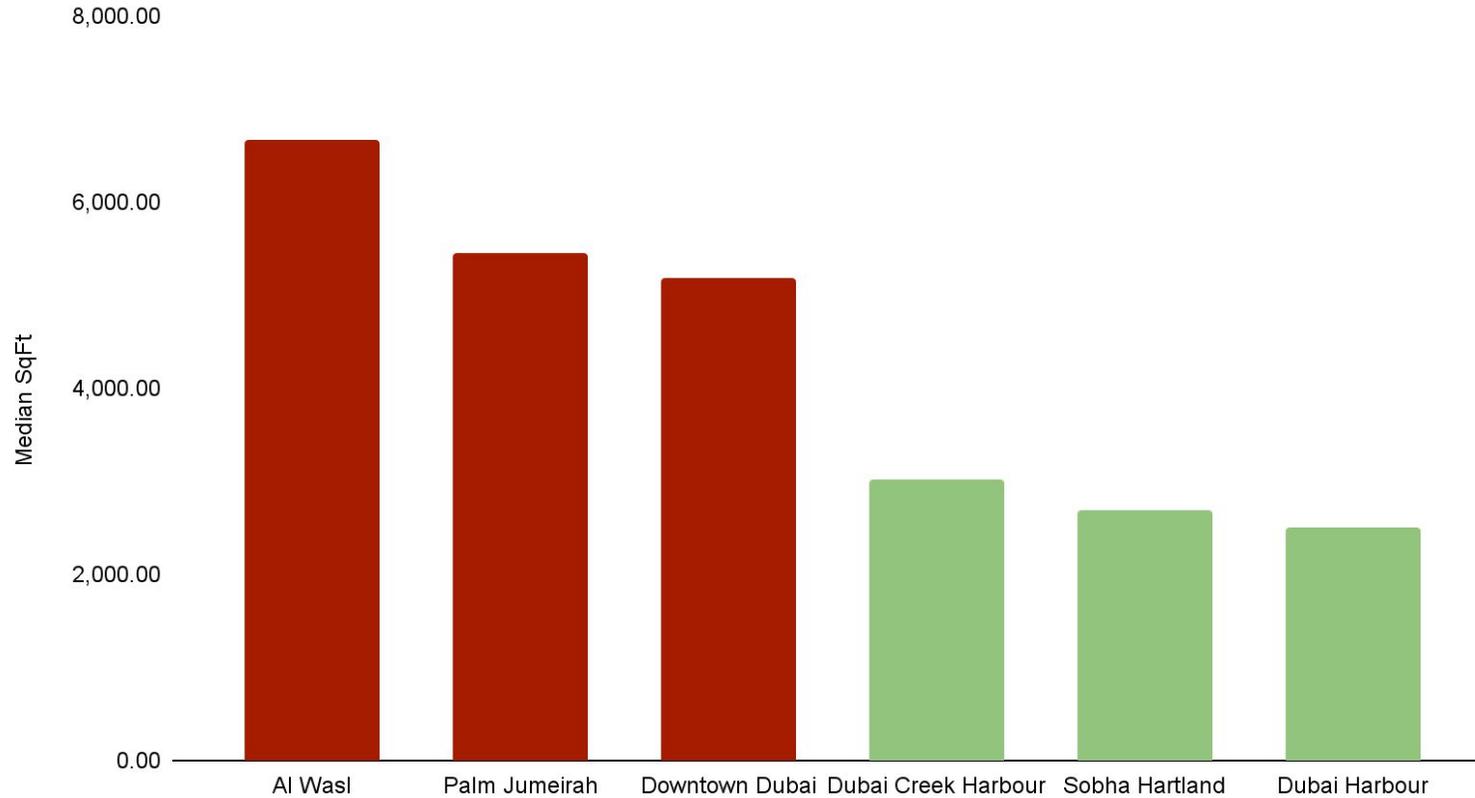
### 3 Bedroom Off Plan Apartments Median Size (SqFt)



On face value, there appears to be a breakdown in the trend of older apartments being larger on average. However, even in 3 bedroom apartments, the older communities have a 31.32% larger median size than newer communities.

# Newer 4 Bedroom Apartments Nearly 112% Smaller

### 4 Bedroom Off Plan Apartments Median Size (SqFt)



The trend of newer communities being smaller is nowhere better illustrated than in 4 bedroom apartments. On average, we see a 111.62% difference between the median apartment sizes of the older communities versus the newer communities.

# Conclusions

## - Off Plan Holds a Greater Share of Transaction Volumes

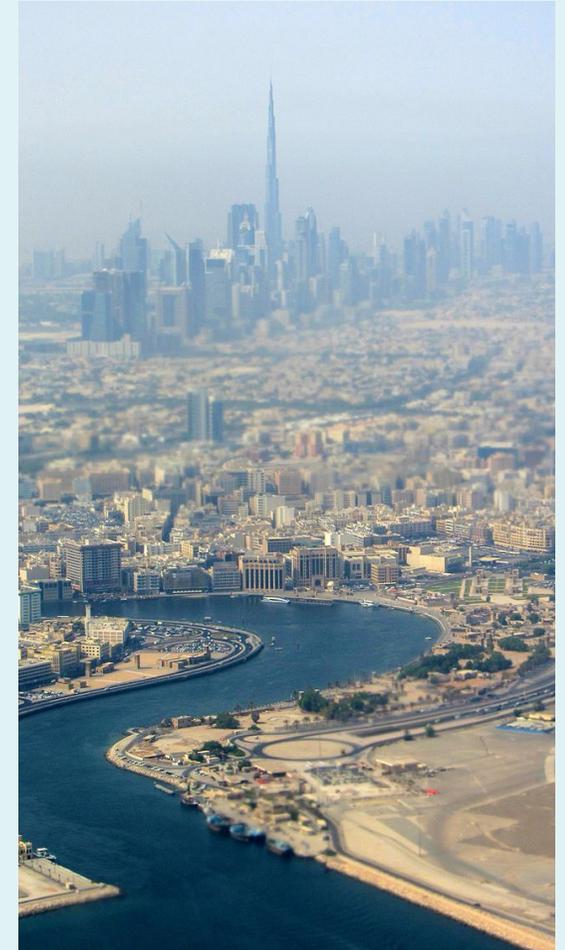
With more than 50% of apartment transactions being off plan over the last three and a half years, there is clearly long-term demand in the Dubai real estate space. This is especially true for the top performing luxury communities, including some newer projects like Dubai Creek Harbour, Dubai Harbour and Sobha Hartland.

## - The Narrowing Gap Between Off Plan and Ready Prices

Although both have seen overall price appreciation since 2020, the greater consistency of ready apartments price increases has allowed the gap to off plan prices to narrow by almost 15% over the past three and a half years. This may be the two prices exhibiting mean reversion, which would suggest to investors that they may have to hold their off plan assets that they acquired at higher prices for longer to realize significant returns.

## - Newer Communities Averaging Smaller Apartment Sizes

As has been the case in international markets, newer projects such as Sobha Hartland, Meydan One and Dubai Creek Harbour (among others) have smaller median apartment sizes than established communities. Overall, across 1-4 bedroom apartments, the older communities median off plan size is 41.79% larger on average than their newer counterparts. This indicates a higher value innate in the older communities.





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Indigo Icon, 1708  
Jumeirah Lake Towers,  
P.O. Box 500231 Dubai,  
United Arab Emirates  
Tel. +971 4 447 7220  
Fax. +971 4 447 7221  
[www.globalcappartners.com](http://www.globalcappartners.com)  
[info@gcp-properties.com](mailto:info@gcp-properties.com)



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Concord Tower, No. 2304  
Dubai Media City,  
P.O. Box 333929 Dubai,  
United Arab Emirates  
Tel. +971 4 277 6835  
Fax. +971 4 360 4788  
[www.reidin.com](http://www.reidin.com)  
[info@reidin.com](mailto:info@reidin.com)

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**“No barrier can withstand the strength of purpose.”**

-HH General Sheikh Mohammed Bin Rashid Al Maktoum  
The Ruler of Dubai, Prime Minister and Vice President of the UAE

