

Market Report UAE H1 2024

Hamptons
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The UAE's real estate market in the first half of 2024 continued its ascent, albeit at a more measured pace compared to the explosive growth witnessed in 2023. This report delves into the key trends, driving forces, and potential challenges shaping this dynamic market.

Sales Surge and Price Appreciation

Dubai emerged as the frontrunner, recording a phenomenal first half with over 80,000 property transactions exceeding AED 232 billion. This translates to a significant increase in sales volume compared to the same period in 2023. Notably, off-plan sales thrived, accounting for over 65% of all transactions, indicating strong investor confidence in the Emirate's future potential.

Adding to this, a limited supply of readily available properties, particularly in Dubai, is creating a scenario where demand outstrips supply, leading to price increases. This trend is expected to continue in the near future unless there is a significant influx of new project completions.



Emerging Challenges

Despite the positive outlook, some potential challenges warrant attention. The rise in global interest rates in H1 2024 could dampen investor sentiment and limit access to mortgages, potentially slowing market growth momentum. This is particularly concerning for first-time buyers who may find it more challenging to secure financing.

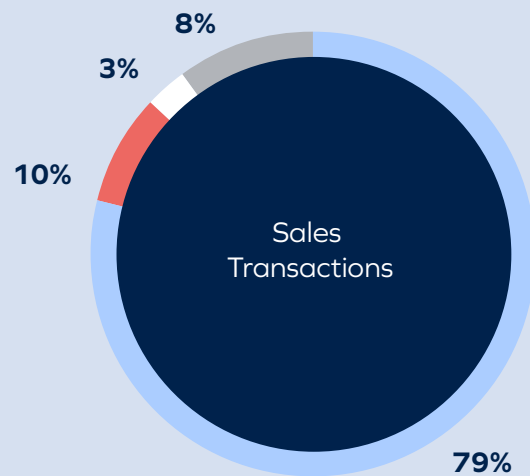
Another concern lies in the future supply pipeline. While off-plan sales are robust, ensuring a consistent stream of new project launches beyond 2026 is crucial to meet the rising demand fueled by population growth and investor interest. Without a healthy supply pipeline, the current seller's market could exacerbate price hikes, potentially creating a bubble in the long run.

A Look Ahead

The UAE's real estate market in H1 2024 displayed remarkable resilience and growth. Investor confidence remains high, fueled by supportive government policies and a thriving business environment. While rising interest rates pose a potential challenge, the limited supply of properties is expected to keep prices stable in the near future.

However, for the market to maintain this trajectory in the long term, a focus on maintaining a healthy supply pipeline that caters to diverse needs and price points is essential. Additionally, close monitoring of interest rate fluctuations and their impact on buyer affordability will be crucial for navigating the market effectively.





● Apartments ● Villas ● Commercial ● Plots

H1 - 2024 transactions amounted to almost 20,000 more than the same period in 2023 and most notable is that apartment sales transaction increased by just under 17,000, an increase of 28% YoY.

Villa sales however, did not fair as well with a drop of over 5,200 transactions, a drop of 46% from the same period in 2023.

May 2024 emerged as the busiest month yet this year, boasting a staggering 17,539 transactions. This impressive number surpasses the volume seen in any previous month of 2024. Every single month so far in 2024 has already eclipsed the transaction volume recorded in the first half of 2023, highlighting a significant surge in activity compared to last year.

Sales Transaction

2023 v/s 2024

	H1 - 2023		H1 - 2024		
	Transactions	Value (AED)	Transactions	Value (AED)	Value Change %
Apartments	46,110	92,600,000,000	62,964	118,300,000,000	27.75%
Villas	11,606	50,500,000,000	8,104	27,400,000,000	-45.74%
Commercial	1,809	3,200,000,000	2,091	4,266,700,000	33.33%
Plots	1,615	33,400,000,000	6,864	83,300,000,000	149.4%
Total	61,140	179,700,000,000	80,023	232,300,000,000	29.27%

Sales Transactions Value

2023 v/s 2024

2023	Value	2024	Value	
January	27,900,000,000	January	34,800,000,000	25%
February	26,700,000,000	February	36,700,000,000	37%
March	34,100,000,000	March	36,600,000,000	7%
April	26,500,000,000	April	32,000,000,000	21%
May	34,200,000,000	May	45,800,000,000	34%
June	30,400,000,000	June	46,400,000,000	53%
Total for H1	179,700,000,000	Total for H1	232,300,000,000	29%

Sales Transactions Volume

2023 v/s 2024

2023	Volume	2024	Volume	
January	9,875	January	11,258	14%
February	8,999	February	11,814	31%
March	12,139	March	13,434	11%
April	8,068	April	11,608	44%
May	11,639	May	17,539	51%
June	10,420	June	14,370	38%
Total for H1	61,140	Total for H1	80,023	31%

New Rental Transactions

The Dubai rental market in the first half of 2024 displayed remarkable growth, characterized by a significant increase in transaction volume, record-breaking monthly figures, and rising rental prices across all property segments.

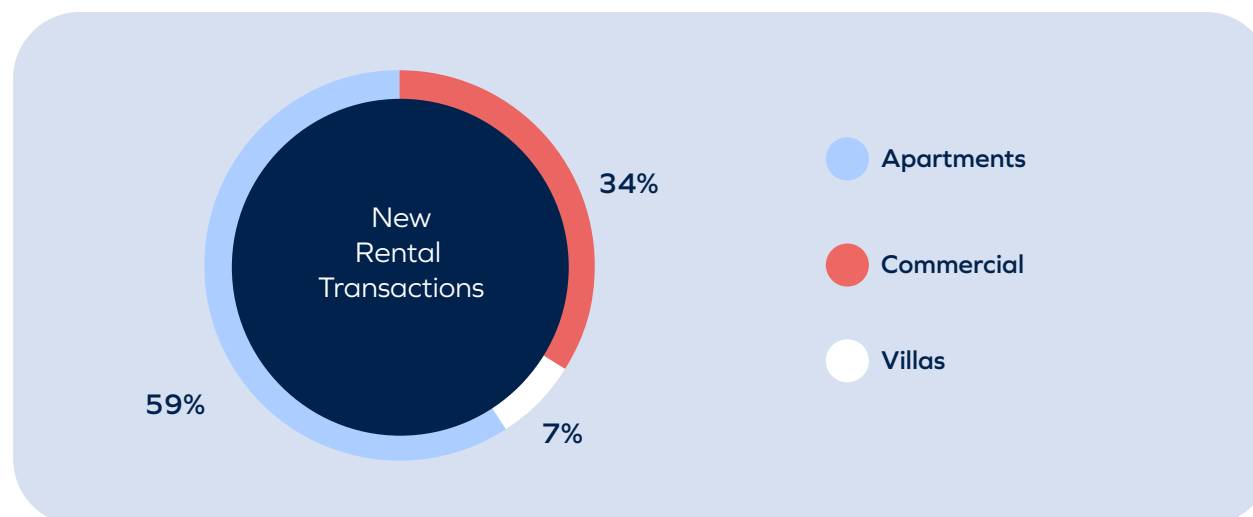
A total of 453,800 new rental transactions were recorded in H1 2024, signifying a dynamic market with strong tenant demand. This is compared with 415,400 new rental transactions in the same period of 2023, exhibiting an increase of over 9%.

May 2024 emerged as the busiest month, witnessing the highest number of new rental transactions for the year so far, potentially driven by pent-up demand or seasonal trends.

Rental prices witnessed an upward trajectory across all property segments, affordable, mid-tier, and luxury.

This indicates a robust market where rising demand is pushing up rental costs. Villas and townhouses saw a particularly strong surge in demand, with average rental prices experiencing a significant increase of 23% compared to H1 2023.

	H1 - 2023 Transactions	H1 - 2024 Transactions	Volume Change %
Apartments	253,900	269,600	6.18%
Villas	29,300	30,000	2.39%
Commercial	132,200	154,200	16.64%
Total	415,400	453,800	9.24%



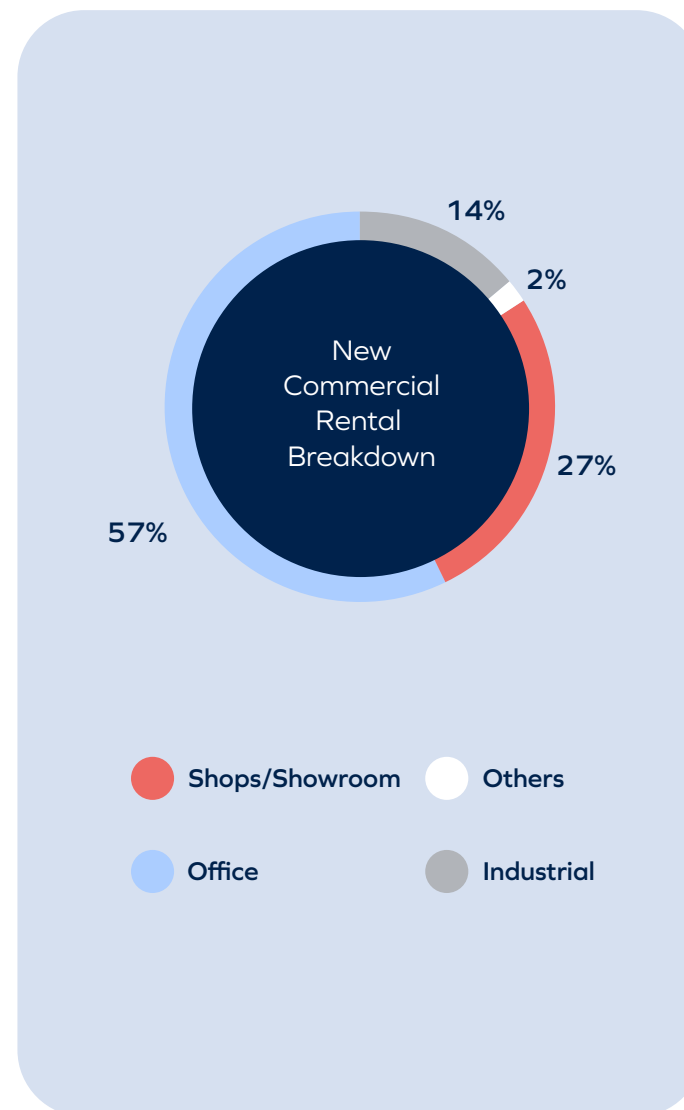
New Commercial Rental Breakdown

News reports suggest a positive outlook for the Dubai commercial rental market in H1 2024, with an increase in leasing activity compared to the same period in 2023.

There are indications of stabilized or slightly increasing rental prices for commercial properties in certain areas. This suggests a market in recovery, largely driven by rising demand for office space that totaled 88,500 rental transactions in H1 2024 and amounting to 57% of all new commercial rentals.

New Commercial Rental Transactions

Shops/Showroom	42,200	27%
Office	88,500	57%
Industrial	20,700	13%
Others	2,736	2%
Total	154,136	100%



Off Plan v/s Secondary

The Dubai property market in H1 2024 witnessed a clear dominance of off-plan sales compared to secondary properties.

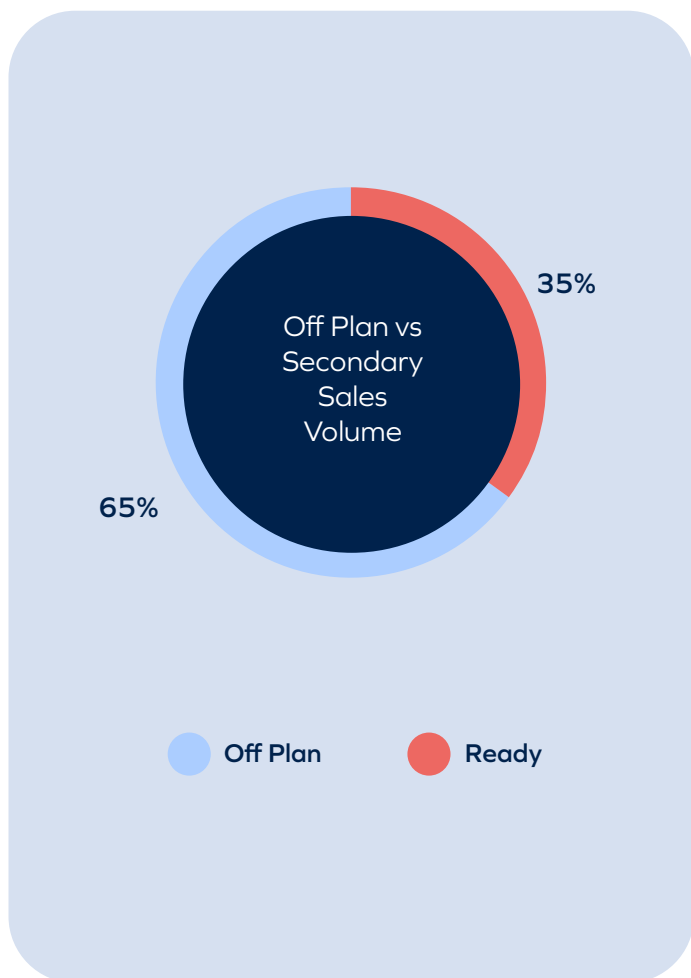
Off-plan sales surged in H1 2024, reaching a incredible 48,768 transactions, indicating strong investor confidence in Dubai's future growth.

This surge is attributed to several factors, including:

- **Increased affordability:** Many off-plan projects fall within under AED 3 million range, attracting first-time investors.
- **Attractive payment plans:** Developers offer flexible payment plans, easing the financial burden for investors.
- **High rental yields:** Off-plan properties offer the potential for high rental returns upon completion, making them appealing for investment.
- **Undersupply in secondary market:** A lack of readily available properties in the secondary market may be pushing some buyers towards off-plan options.



Off Plan v/s Secondary Sales



	2023		2024	
	Off-Plan	Ready	Off-Plan	Ready
January	5,813	3,514	6,938	4,074
February	5,168	3,361	6,937	4,363
March	7,051	4,507	8,483	4,592
April	4,342	3,287	7,628	3,494
May	6,140	4,820	10,722	5,076
June	5,598	4,308	8,060	4,089
Total	34,112	23,797	48,768	25,688

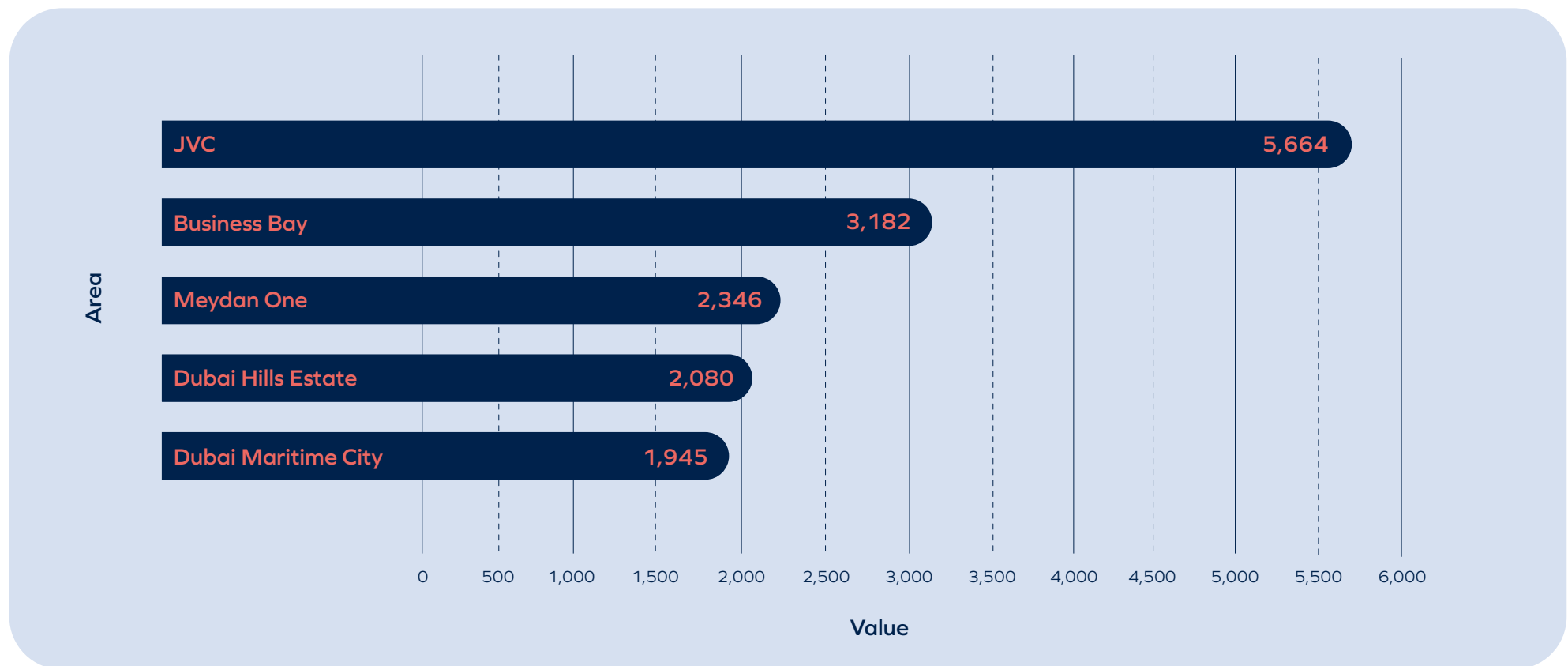
Top Performing Areas

Areas like Dubai South, DAMAC Hills 2, and The Valley by Emaar witnessed significant investor interest due to their affordability and close proximity to upcoming developments and will continue to do so throughout the year into next.

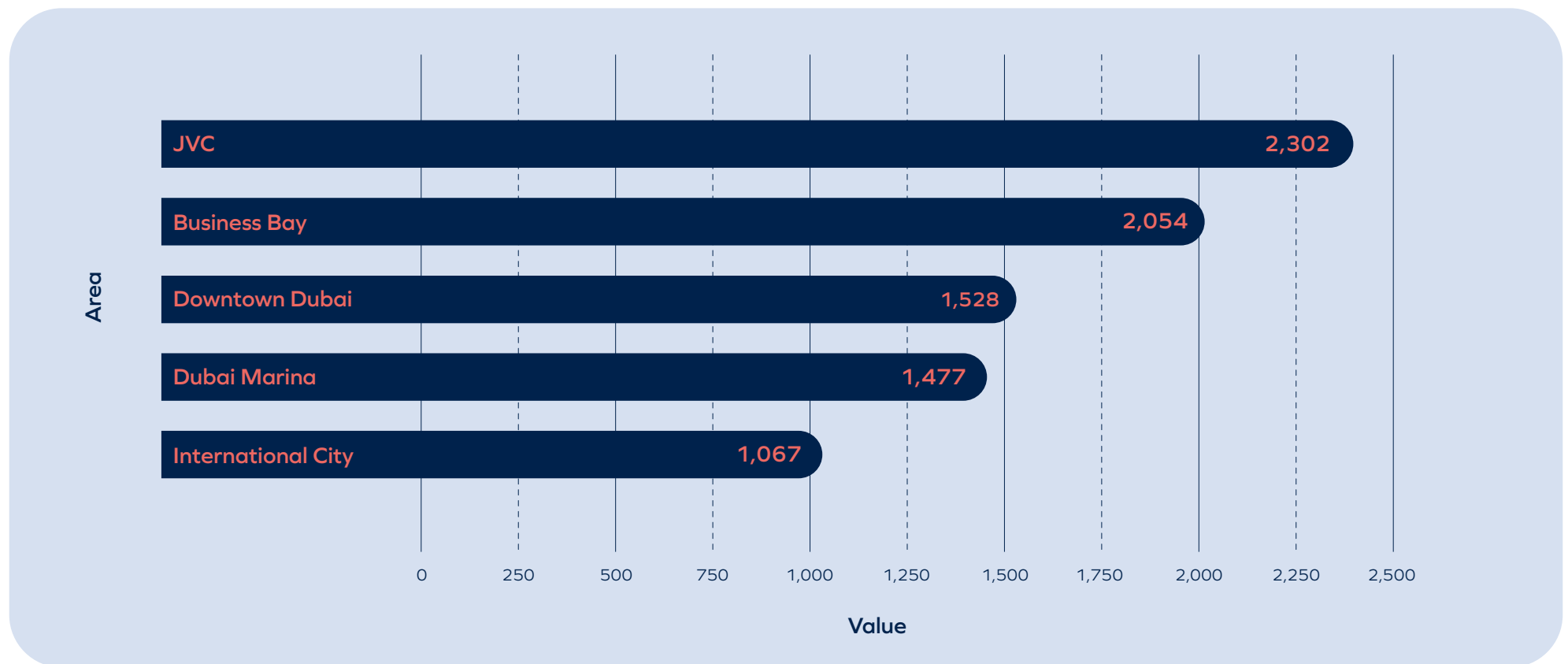


Top 5 Performing Areas - Off Plan Sales

The Dubai property market in H1 2024 witnessed a clear dominance of off-plan sales compared to secondary properties. Off-plan sales surged in H1 2024, reaching a incredible 48,768 transactions, indicating strong investor confidence in Dubai's future growth.

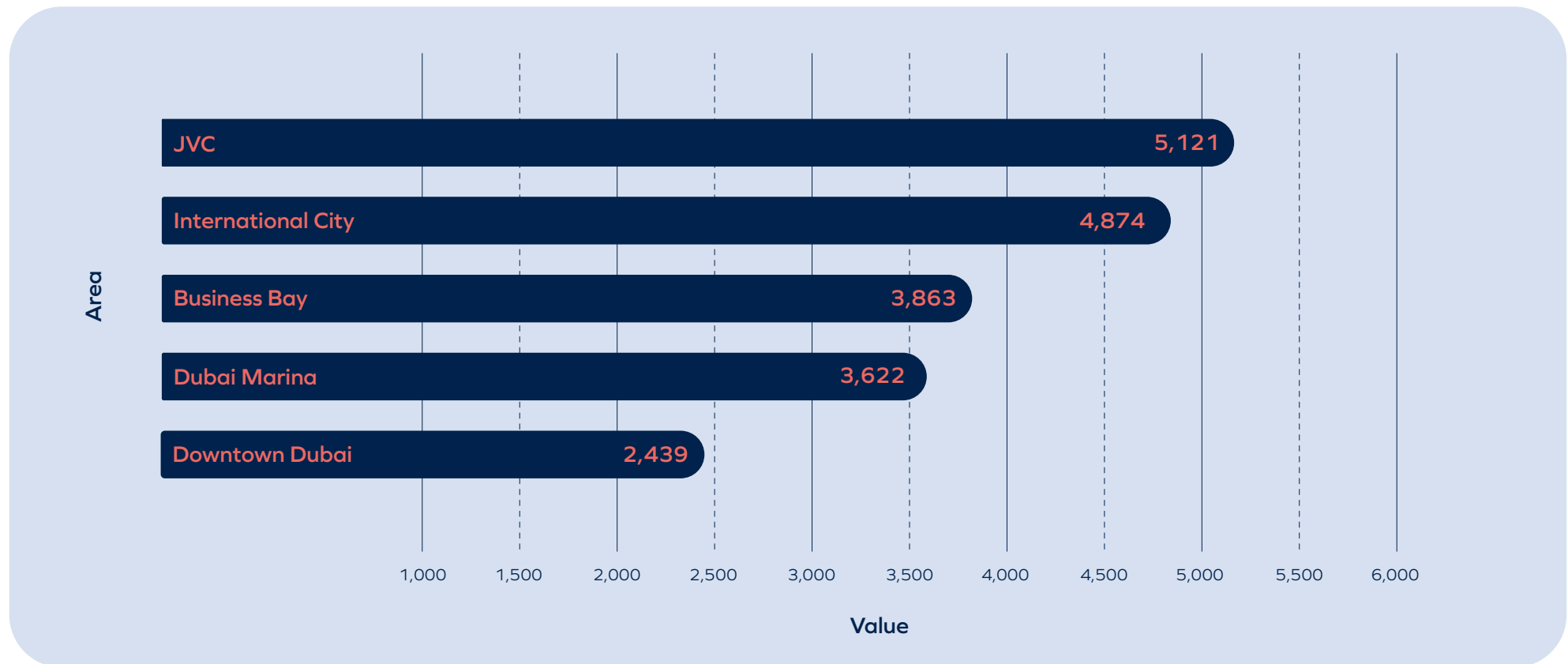


Top 5 Performing Areas - Secondary Sales



Top 5 Performing Areas - New Apartment Rentals

Incidentally, JVC also figured on top of the list for new apartment rentals, with a total of 5,121 new rentals in H1. International City came in second with 4,874 and Business Bay third with 3,863 new rental transactions.



Top 5 Performing Areas - New Villa Rentals

Villa rental transactions in H1 was dominated by Damac Hills 2 with a total of 1,229 new rental transactions with Mirdif, Villanova, Townsquare and The Springs making up the remaining top 5 list.



Mortgage v/s Cash Buyer

H1 2024

● Mortgage

● Cash Buyer

17,665 72,341

Dubai's property market in H1 2024 witnessed a continued dominance of cash buyers, while mortgage transactions showed signs of potential growth.



Mortgage v/s Cash Buyer

Cash purchases remained the primary mode of property acquisition in Dubai during H1 2024. Cash transactions account for roughly 75% of all property sales.

This dominance is attributed to a few factors:

High Net-Worth Individuals: Dubai attracts a significant number of wealthy international investors who prefer cash purchases.

Cultural Preference: Some investors might prefer the simplicity and speed of cash transactions.

Rising Interest Rates: The recent increase in global interest rates has made mortgages less attractive for some buyers.

Despite cash buyer dominance, mortgage transactions did show some positive signs in H1 2024. We may see a potential rise in mortgage usage due to:

Anticipated Interest Rate Reduction: There are hopes that interest rates could decrease in the latter half of 2024, enticing more buyers towards mortgages.

Increased Affordability: Lower interest rates could make mortgages a more viable option for a wider range of buyers.

Focus on First-Time Buyers: Government initiatives encouraging homeownership might increase mortgage uptake among first-time buyers.



Conclusion



Mirroring the sales surge, property prices witnessed a remarkable uptick. Dubai saw a significant increase, with average villa/townhouse prices soaring by a staggering 28% and apartments by a substantial 17%.

This price appreciation extended even to the affordable segment, with a jump of up to 17%, showcasing robust demand across various price points.

A deeper analysis reveals interesting tones within Dubai's market. Prime locations like Palm Jumeirah and Downtown Dubai witnessed the most significant price increases for both villas and apartments.

Equally, more peripheral areas experienced a more moderate rise, indicating a potential shift towards established, well-connected communities.

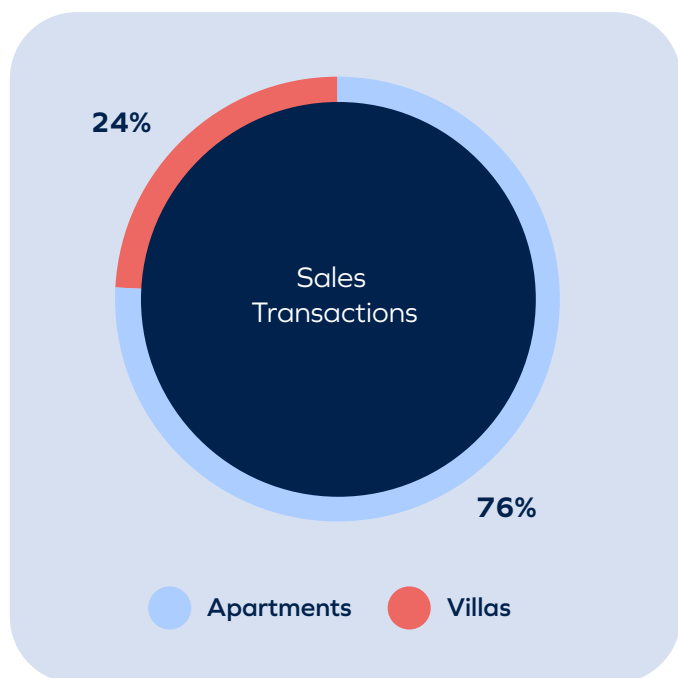
The rental market also displayed positive trends. With limited supply and high demand, rents in Dubai, particularly for prime and Grade B properties, climbed by 7% and 13% respectively. This trend is likely to continue in the near future, making rental yields attractive for investors.

While Dubai took center stage in the UAE's first half 2024 real estate boom, Abu Dhabi's market also displayed positive signs of growth, albeit at a more measured pace. This report explores the key trends, driving forces, and unique considerations shaping Abu Dhabi's property landscape.

Steady Growth and Strategic Shifts

Abu Dhabi's real estate market in H1 2024 witnessed a shift in buyer preferences. Unlike Dubai's surge in off-plan sales, Abu Dhabi saw a rise in demand for existing properties, particularly villas. Compared to Q1 2023, villa sales transactions experienced a modest 3% increase in value, while the number of transactions saw a 12% decline. This suggests a potential rise in villa sale prices throughout the year, as existing stock becomes more valuable.

Overall, Abu Dhabi recorded approximately 3,876 apartment sales transactions in H1 2024, reaching a collective value of AED 2.1 billion. In addition, a total of 1,246 villas were transacted in the same period.



H1 - 2024		
	Transactions	Value (AED)
Apartments	3,876	2,100,000,000
Villas	1,246	

Market Drivers

Similar to Dubai, Abu Dhabi benefits from the UAE's investor-friendly policies that attract businesses and high net worth individuals. However, Abu Dhabi's market appears to be taking a more cautious approach, with a focus on existing properties and long-term stability.

While Abu Dhabi's market displays positive trends, close monitoring of a few key factors is essential. The limited supply of readily available properties, particularly in specific segments, could lead to price increases in the future. Ensuring a consistent pipeline of new developments, especially catering to the growing demand for villas, will be crucial for maintaining a healthy market balance.



Top 5 Areas for Luxury Villas - Abu Dhabi

Popular Areas	ROI	Price Per Sqft	Transaction Price
		Avg. price/sq.ft change from H2 2023	Avg. price change from H2 2023
Yas Island	6.53%	1,332 5.87%	4,154,000 1.93%
Saadiyat Island	6.30%	1,491 3.33%	8,712,000 0.70%
Al Reem Island	5.87%	1,147 4.03%	4,265,000 8.00%
Al Jubail Island	8.79%	1,497 8.95%	7,980,000 10.43%
Al Matar	5.15%	1,394 0.46%	4,009,000 3.51%

Top 5 Areas for Affordable Villas - Abu Dhabi

Popular Areas	ROI	Price Per Sqft	Transaction Price
		Avg. price/sq.ft change from H2 2023	Avg. price change from H2 2023
Al Reef	6.07%	765 5.45%	2,119,000 0.85%
Al Shamkha	3.52%	828 1.50%	3,895,000 1.80%
Zayed City	2.75%	1,295 12.01%	3,507,000 3.57%
Hydra Village	7.10%	510 1.71%	976,000 0.61%
Al Ghadeer	7.32%	801 1.74%	1,893,000 1.33%

Top 5 Areas for Apartments - Abu Dhabi

Popular Areas	ROI	Price Per Sqft	Transaction Price
		Avg. price/sq.ft change from H2 2023	Avg. price change from H2 2023
Masdar City	7.47%	1,107 1.51%	837,000 2.69%
Al Reef	8.22%	687 3.64%	855,000 8.36%
Al Ghadeer	8.35%	813 9.92%	597,000 10.35%
Al Shamkha	2.29%	1,287 6.74%	801,000 1.39%
Baniyas	5.24%	733 2.00%	1,177,000 10%

Conclusion

Abu Dhabi's real estate market in H1 2024 displayed a focus on stability and long-term planning. While the pace of growth might be more moderate compared to Dubai, the market's fundamentals remain strong.

With its strategic location, focus on innovation, and commitment to sustainability, Abu Dhabi's real estate market is well-positioned to attract long-term investors and residents, ensuring continued growth in the years to come.



H1 2024 Report - Northern Emirates

The Northern Emirates, encompassing Sharjah, Ajman, Ras Al Khaimah, Umm Al Quwain, and Fujairah, often take a backseat to the high-profile markets of Dubai and Abu Dhabi. However, H1 2024 witnessed a shift in this narrative, with the Northern Emirates displaying promising signs of growth in their real estate sectors. This report explores the key trends, potential drivers, and unique considerations shaping this evolving market.

While data on the Northern Emirates real estate market is not as readily available as for Dubai and Abu Dhabi, anecdotal evidence suggests a rise in investor interest and property transactions in H1 2024. This growth is likely fueled by several factors.

Firstly, the affordability factor remains a significant advantage for the Northern Emirates. Property prices here are considerably lower compared to Dubai and Abu Dhabi, making them attractive to budget-conscious buyers and investors seeking higher rental yields.

Secondly, the focus on infrastructure development within the Northern Emirates is creating a more attractive proposition for residents and businesses. Investments in transportation networks, including road upgrades and improved connectivity to major cities, are enhancing accessibility and fostering economic growth.



H1 2024 Report - Northern Emirates

The affordability factor remains the primary driver for the Northern Emirates' real estate market. This attracts young professionals, families, and investors seeking value for their money. Additionally, the growing focus on infrastructure development and economic diversification initiatives within the Emirates is creating a more positive long-term outlook, potentially attracting a wider range of investors in the future.

Sharjah, the largest and most developed Emirate, might see continued demand for residential properties, particularly in areas with established infrastructure and proximity to workplaces.

Ajman and Umm Al Quwain, known for their scenic coastal locations, could witness increased interest in beachfront properties and tourism-related developments. Ras Al Khaimah, with its focus on adventure tourism and natural beauty, could see a rise in demand for vacation homes and serviced apartments. Fujairah, the quietest Emirate, might see a niche market emerge for those seeking a more secluded and relaxed lifestyle.



Oman

Market Insights H1 2024

Sultanate of Oman - H1 2024 Market Overview

The economic outlook for the Sultanate of Oman in 2024 is looking positive, with the country targeting at least 2.1% economic growth for the year which is slightly up from 1.6% in 2023. The trajectory growth is largely supported by high hydrocarbon growth, increased gas production and economic diversification. The IMF forecasts GDP growth at 2.7% by the end of 2024 following a slowdown in the previous year.

The Oman's real estate market in the capital the first half of 2024 generally continues at a steady growth, but the residential property market is experiencing a surge in demand and currently dominates the Oman market. with luxury waterfront properties in demand.

The residential segment is expected to grow at an annual growth rate of 3.7 from 2024 to 2029 resulting in a market volume of US\$358bn by 2029. The residential property market is being influenced by various trends and local special circumstances. The prospective purchasers' preferences are shifting towards modern and luxurious residential properties with high quality amenities such as green landscaped gardens, swimming pools, state of the art gyms with spars. There is also a growing demand for properties that are in prime and up and coming locations, close to commercial, retail and entertainment centers such as Al Khuwair and Al Ghubra or in mixed use developments.



Market Drivers for the Oman Property Market

The Oman government has implemented various initiatives to attract foreign investment and stimulate economic growth. These initiatives include the relaxation of property ownership laws for foreigners and the introduction of tax incentives for real estate developers.

Additionally, the government is investing in infrastructure projects, such as the development of new roads and airports, which further enhance the attractiveness of the real estate market. Underlying macroeconomic factors are driving the growth of the real estate market in Oman.

The country's stable political environment and strong economic growth have attracted both domestic and international investors. The government's focus on diversifying the economy away from oil has also contributed to the growth of the real estate market, as it has led to increased investment in sectors such as tourism and logistics. Furthermore, low interest rates and favorable mortgage terms have made it easier for individuals to purchase properties, stimulating demand in the market.

The Greater Muscat Structure Plan 2040

The 2040 vision for Oman and its influence in changing the dynamics of the property market plays a significant role in economic diversification into unknown territory such smart cities like Sultan Haitham City, and sustainability and modern technology that can be implemented in new conceptual world class designs like the “Yeti Sustainable City” masterplan, a joint venture between Oman Tourism Development Company (OMRAN) and Diamond Developers.

Old buildings are not versatile to adapt to changing demands and lack of land availability to expand in places like Ruwi, which is now becoming more known for its logistics and industrial destination. One of the key concepts behind the Greater Muscat Plan that will shape new developments will be the opportunity to implement modern day public state-of-the-art services, community & recreational spaces, and infrastructure such as road networks and high-speed rail links for future generations to come.

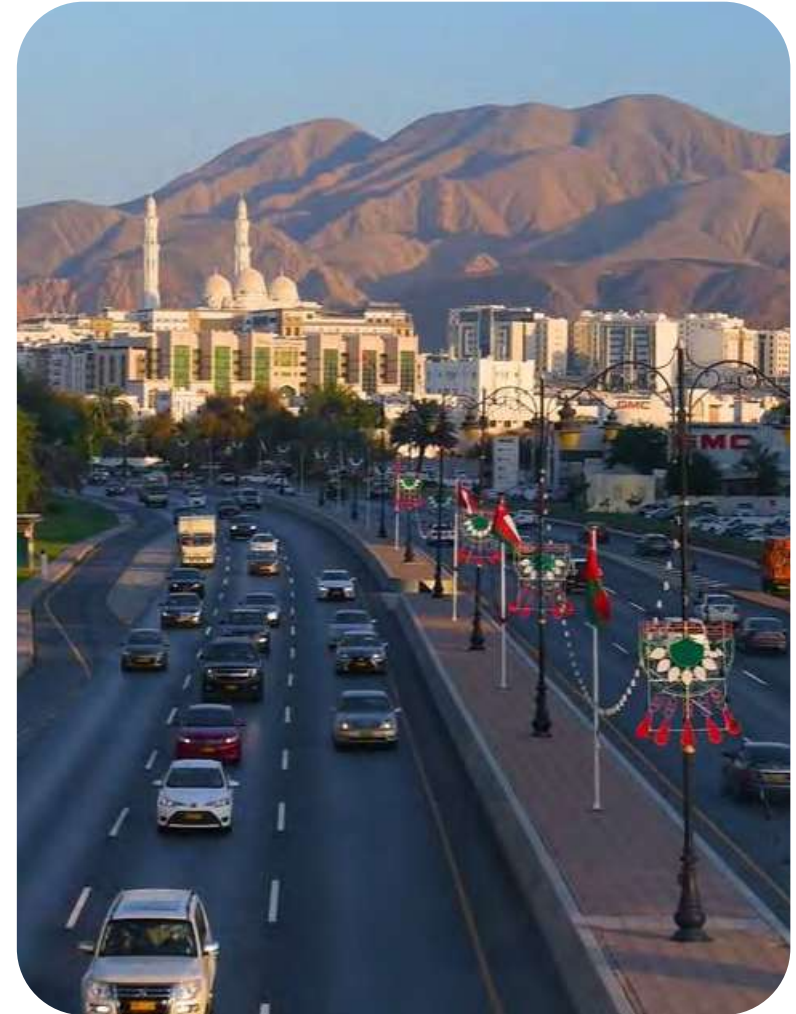
Market Drivers for the Oman Property Market

Changes in the demographics of residences and offices in the capital of Muscat

A study released by the National Study for Statistics & Information in Oman has shown a projection of significant growth in the capital city of Muscat, which has been rapidly growing year on year over the last 10 years.

However, the paradigm shift in demographics is moving away from the traditional locations of Ruwi, Al Qurum/Shatti Al Qurum. This is more noticeable towards the west side of the city in expanding urban locations such as Al Ghubra, Al Khuwair, Airport Heights. There has been a momentous change in the landscape on this side of the capital with the emergence of new mixed use and residential complexes, new HQs, hospitality, shopping malls, and the government's investment drive into improving public sector infrastructure.

Expansion on the west side of Muscat does not stop just at Al Ghubra, Al Khuwair but continues even further west towards to Al Maabilah, and of course the sprawling 1,480 hectares of undeveloped land designated for Sultan Haitham City or "Smart City" in what will be the Greater Muscat districts.



The Capital City of Muscat - A Look Ahead

Projects in the pipeline the prestigious Oman Business Gateway project on a Public Private Partnership (PPP) basis at Airport Heights is one for the future. This is a site of approximately fifty acres (approx. 200,000 sq m of land) and will be a combination of private and public sector office occupation in addition to retail, F&B, hospitality. Sultan Haitham City in Al Seeb, Grand Blue City in Barka, Muscat Village (OMRAN) and Yiti Sustainable City are several new projects to watch out for.

Top Performing Locations in Muscat

Al Qurum

This region encompasses a significant portion of Muscat and offers a variety of housing options. It consists of a mix of apartments, villas, and larger homes. With Sabco Centre and Al Qurum Complex nearby, Al Qurum is a prominent shopping area. Some sections of Al Qurum, where jet skiing and snorkelling are accessible, are also within a short walk of the beach. Al Qurum Natural Park, a vast green area with flower gardens, a pond, and a theme park, serves as a lovely place to stroll during the cooler months in Muscat.

Shatti Al Qurum

This affluent beachside area, which translates to “The Beach of Al Qurum,” has some sections that resemble Greek-style coastal towns owing to the white and blue villas.

The beach is situated a short distance away, and the area has some of Muscat’s best restaurants, bars, and cafes. Nearby are the Royal Opera House Muscat and the Opera Galleria, which feature cafes like Richoux and Fauchon and luxury stores such as Armani and Patek Philippe. As suggested, the area is likely one of the most expensive in rent and buy.

Al Azaiba

Residential villas and apartments are the most common form of property available in this fast-growing region of Oman. The area is also close to the beautiful beach and recently it has been one of the up-and-coming places to live. The Al Azaiba location is becoming a growing and increasingly common part of Muscat amongst expats and wealthy Omanis to settle down recently.

Al Mouj

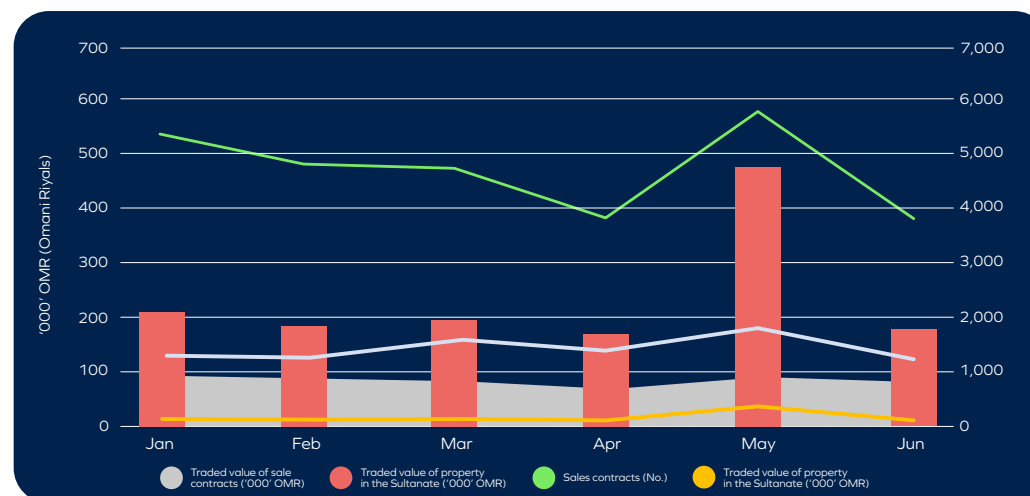
Al Mouj, or in English otherwise known as The Wave, is a gated community of residences with a significant expat population. It is an ideal location for families. It has its beach along with children’s playgrounds. It is also suitable for couples, as there are numerous restaurants and new hotels inside the complex, including the Kempinski. For the more daring, the beach has its sailing wharf and sailing facilities.

Expanding locations with modern facilities and new developments under construction include Al Khuwair, Ghubra, Airport Heights, Muscat Hills

Real Estate Activity In The Sultanate of Oman

The real estate activity in the Sultanate of Oman for H1, 2024 has increased, particularly the amount of property sales contracts as shown in graph 1 where it peaked in May 2024 at 6,638 and mortgage contracts peaking also in May at 2,114 with both figures being the highest volume this year.

Year	Months	Traded value of property in the Sultanate ('000' OMR)	Traded value of sales contracts ('000' OMR)	Sales Contracts (No.)	Traded value of mortgage contracts ('000' OMR)	Mortgage Contracts (No.)
2024	Jan	207.8	101	6,124	105.4	1,522
	Feb	187.1	95.2	5,419	91.1	1,467
	Mar	192.6	88.7	5,334	103.3	1,869
	Apr	172.6	74.5	4,508	97.4	1,624
	May	476.8	97.9	6,638	377.3	2,114
	Jun	172.6	88.3	4,573	82.1	1,432



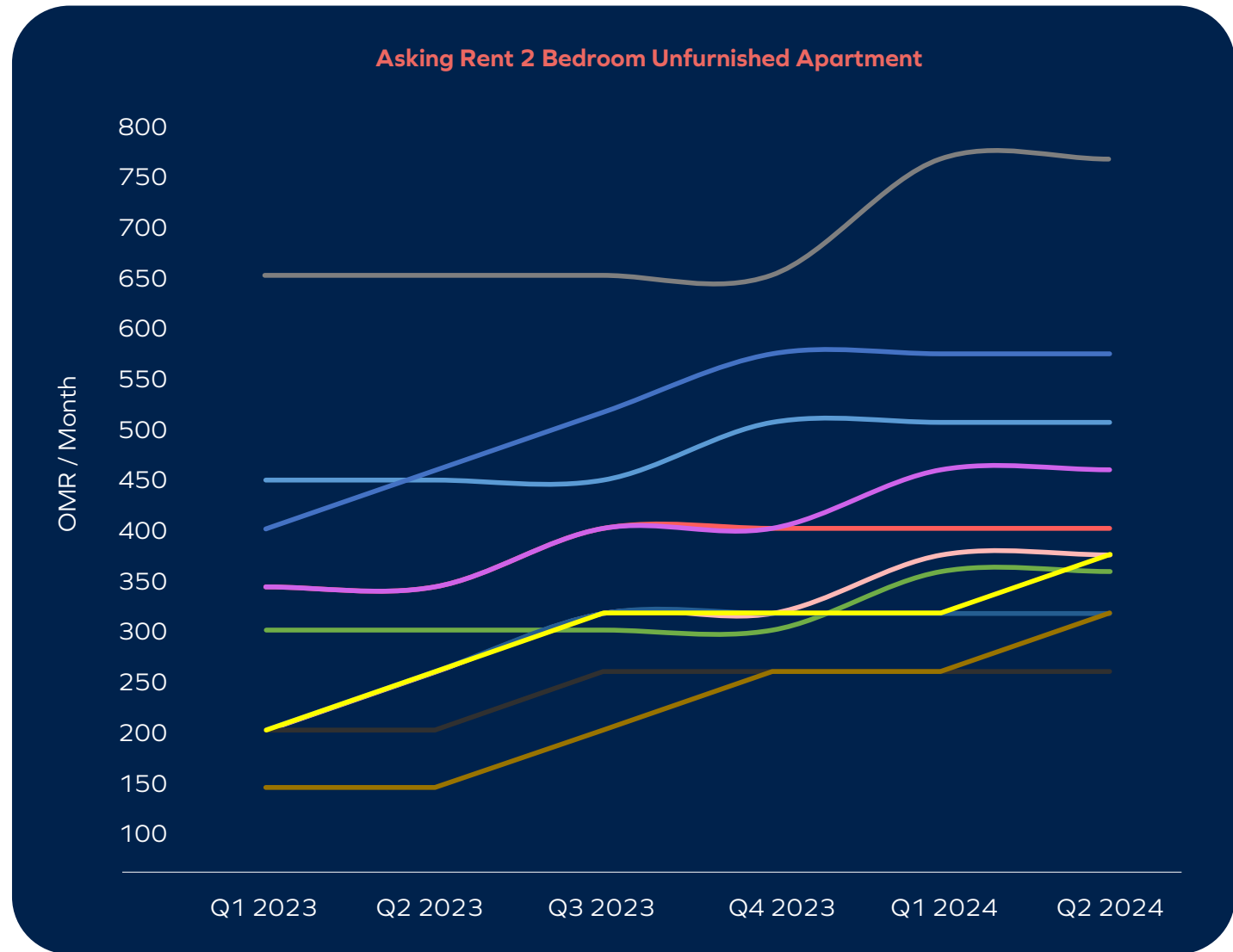
Residential Leasing Market

In terms of the residential leasing market, Al Mouj tops the charts with a steady increase in rent at OMR 750 per month, which is a rise of 15.4% from Q4 2023 at OMR 650 per month for a two-bedroom unfurnished apartment as shown in graph 2.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Madinal Al Irfan	450	450	450	500	500	500
Al Mouj Muscat	650	650	650	650	750	750
Al Mawaleh	200	250	300	300	350	350
Al Qurum	350	350	400	400	400	400
Madinat Qaboos	400	450	500	550	550	550
Al Khuwair	300	300	300	300	350	350
Al Ghubrah	200	250	300	300	300	300
Al Azaiba	350	350	400	400	450	450
Ruwi	200	200	250	250	250	250
Al Mabialah	150	150	200	250	250	300
Al Khoudh	200	250	300	300	300	350

Residential Leasing Market - Graph

- Madinat Al Irfan
- Al Mouj Muscat
- Madinat Qaboos
- Al Ghubrah
- Ruwi
- Al Khoudh
- Al Mawaleh
- Al Qurum
- Al Khuwair
- Al Azaiba
- Al Mabialah

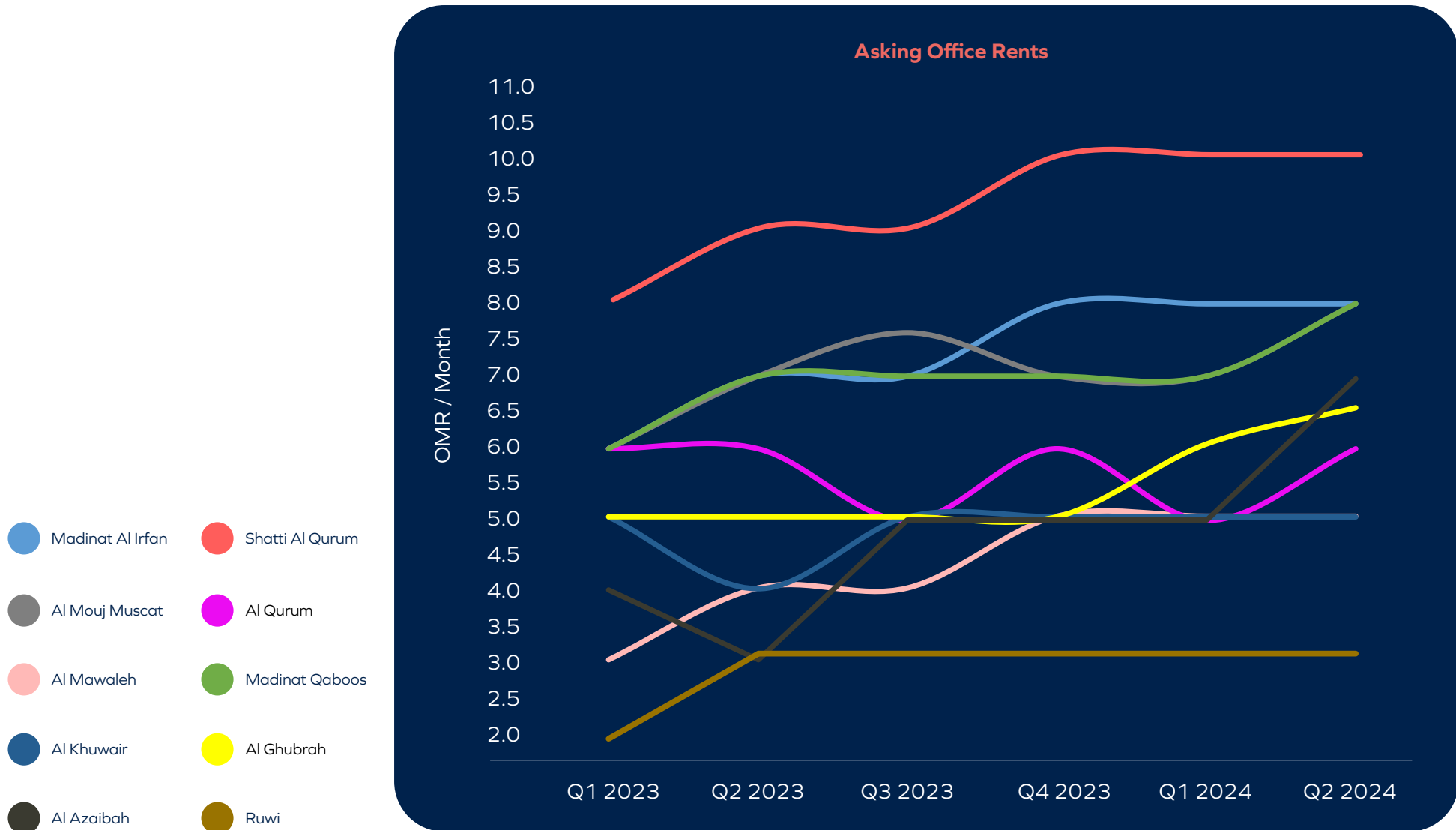


The Office Market

Shatti Al Qurum dominates the office market in Muscat peaking from Q4 2023 at OMR 10 per sq m per month but remains stable at this level going into H1 2024. The office market in Ruwi reflected an increase to OMR 3 per sq m per month in Q2, 2023 from OMR 2 per sq m in Q1, 2023 and has remained at OMR 3 per sq m for H1, 2024.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Madinal Al Irfan	6.0	7.0	7.0	8.0	8.0	8.0
Al Mouj Muscat	6.0	7.0	7.6	7.0	7.0	8.0
Al Mawaleh	3.0	4.0	4.0	5.0	5.0	5.0
Al Qurum	8.0	9.0	9.0	10.0	10.0	10.0
Madinat Qaboos	6.0	6.0	5.0	6.0	5.0	6.0
Al Khuwair	6.0	7.0	7.0	7.0	7.0	8.0
Al Ghubrah	5.0	4.0	5.0	5.0	5.0	5.0
Al Azaiba	5.0	5.0	5.0	5.0	6.0	6.5
Ruwi	4.0	3.0	5.0	5.0	5.0	7.0
Al Mabialah	2.0	3.0	3.0	3.0	3.0	3.0

The Office Market - Graph



UK

Market Insights H1 2024

The first half of 2024 has been one of recovery for Great Britain's housing market, with house price growth returning to positive territory. Small price falls have been replaced by annual price growth of 1-2%. Generally it's more affordable areas of the country which have seen the most price growth, as higher interest rates inhibit the ability of some buyers to purchase in more expensive places.

The North of the country has seen the most price growth, with values increasing between 2-4% reflecting the more limited stress higher interest rates have put on homeowners. Meanwhile, in the more expensive South, prices have slipped back, particularly in London. London homes fell in value by an average of 4% over the last 12 months to an average of £505,000.

The next cycle

With the rise in mortgage rates putting the breaks on the current house price cycle – we expect falling interest rates to kickstart the next cycle, led by London and the South. There remain large numbers of would-be first-time buyers who have faced 10 years of pre-pandemic rental growth in the space of 24 months keen to swap their landlord for a lender. While falling mortgage rates will keep a cap on rents, they're likely to bump up the pace of house price growth.



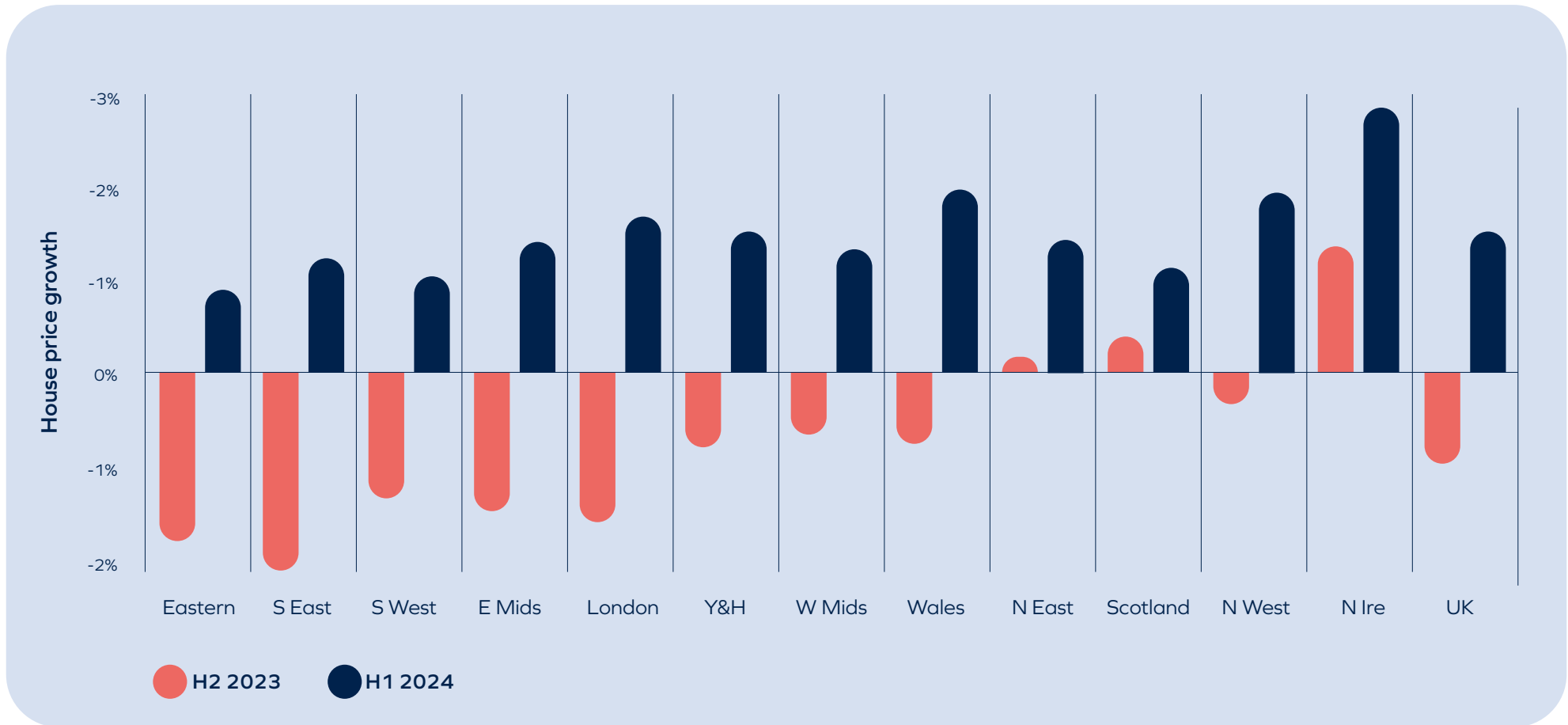


Rental market

In the rental market, growth rates are stabilising. The cost of a newly let home in Great Britain rose to an average of £1,337 pcm in May 2024, 6.3% more than the same time last year. This marked the third month in a row where year-on-year increases averaged around 6%. Meanwhile, rental growth for tenants renewing their contracts continued to rise, with average renewal rents up 8.8% year-on-year in May from 8.3% in April.

Inner London was once again the only area to see rents fall on an annual basis (-2.3%), for the second month in a row. The average tenant here agreed to rent a new home for £3,003 pcm in May, the lowest level for 14 months and £171 pcm cheaper than in November 2023 when rents in Inner London peaked. There were 20% fewer new tenants looking to rent a home in Inner London compared to the same month last year, the largest annual fall in any region.

House Prices rise in H1 2024 across all areas



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