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**Middle East Real Estate Predictions  
2025 | Dubai market review**



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# Executive summary

## Dubai real estate market performance

The Dubai real estate market performance has been robust across all sectors, fueled by the continued preferred safe haven status of the Emirate amidst geopolitical and economic headwinds in other global investment markets.

Key economic and demographic statistics indicate growth over the previous year. As of 2024, the population for Dubai crossed 3.8 million, growing by 5% year-to-date. The number of tourist arrivals saw a 9% increase in overnight visitors compared to 2023, totaling 18.7 million overnight visitors. Gross Domestic Product (GDP) for H1 2024 grew by 3.2% reaching AED 231 billion. The transport and storage sector outperformed all other industries with a 13.6% expansion over this period.



### Hospitality

Dubai's hospitality market maintained an upward trajectory throughout 2024, buoyed by record number of overnight visitors, high-profile events and sustained investment in tourism infrastructure. The sector is set to benefit from a further diversified hotel offering, enhanced technological integration, and a focus on sustainability and personalized guest experiences.



### Residential

The residential market has continued an upward trajectory recording unprecedented transaction levels in 2024 along with an increase of 20% and 19% year-on year for sales prices and rents respectively as of Q4 2024. The increase in villa price has outpaced prices for apartments, while rent growth has moved in tandem when compared to pre-pandemic levels. This trend is expected to continue during the first half of 2025, albeit the pace of growth may stabilize towards the year end as new supply is launched.



### Offices

Office rents have registered an increase of 17% in 2024 compared to 2023. There is likely to be continued demand for premium office space in prime locations such as Downtown Dubai and the Dubai International Financial Centre (DIFC). While prime locations may see steady or increasing rents, the adoption of hybrid work models and demand for cost-effective alternatives could influence rent dynamics in secondary and suburban areas.



### Retail

One of the key objectives of the Dubai 2040 Urban Master Plan is retail community and neighborhood centers, ensuring that daily goods and services are within close reach to residents. The outlook for Dubai's retail sector remains optimistic with retail sales projected to grow by 6% between 2025 to 2027.



### Industrial and logistics

The industrial real estate market in Dubai is expected to continue to expand in the short and medium term, based on the expected growth of the economic sectors driving the demand for industrial space. Among the industrial zones in the south of Dubai, the highest rental rates were observed in JAFZA, Dubai South, and DIP.



# Dubai's hospitality market





In 2024, Dubai's hospitality market achieved a 9% increase in overnight visitors, reaching 18.7 million, driven by international events and the introduction of innovative hospitality concepts

Dubai hospitality market overview

Dubai's hospitality market reached new milestones in 2024, with a 9% increase in overnight visitors compared to the previous year, totaling 18.7 million overnight visitors. This growth reflects Dubai's ongoing efforts to position itself as a top global destination, underpinned by the Dubai Economic Agenda D33. The rebound in visitor numbers, particularly from key source markets like Europe, the GCC, and Asia, has directly impacted hotel performance.

A packed calendar of international events in 2024, such as the FIFA Beach Soccer World Cup, Coldplay concerts and GITEX, brought a surge of travelers attending these events. Many of these visitors stayed only for a short duration for these occasions, leading to a concentration of shorter, high-occupancy periods. Events like these have led to a 1 percentage point increase in occupancy in 2024.

The Average Daily Rate (ADR) has increased marginally to AED 690 in 2024, while occupancy remained relatively stable at 78%. The increase in ADR and occupancy levels in 2024 has resulted in a minor increase in RevPAR compared to the previous year.

This sustained positive trend in Dubai's hospitality market performance can be attributed to the Emirate's strategic tourism initiatives, which have further enhanced its appeal as a global tourism hub.

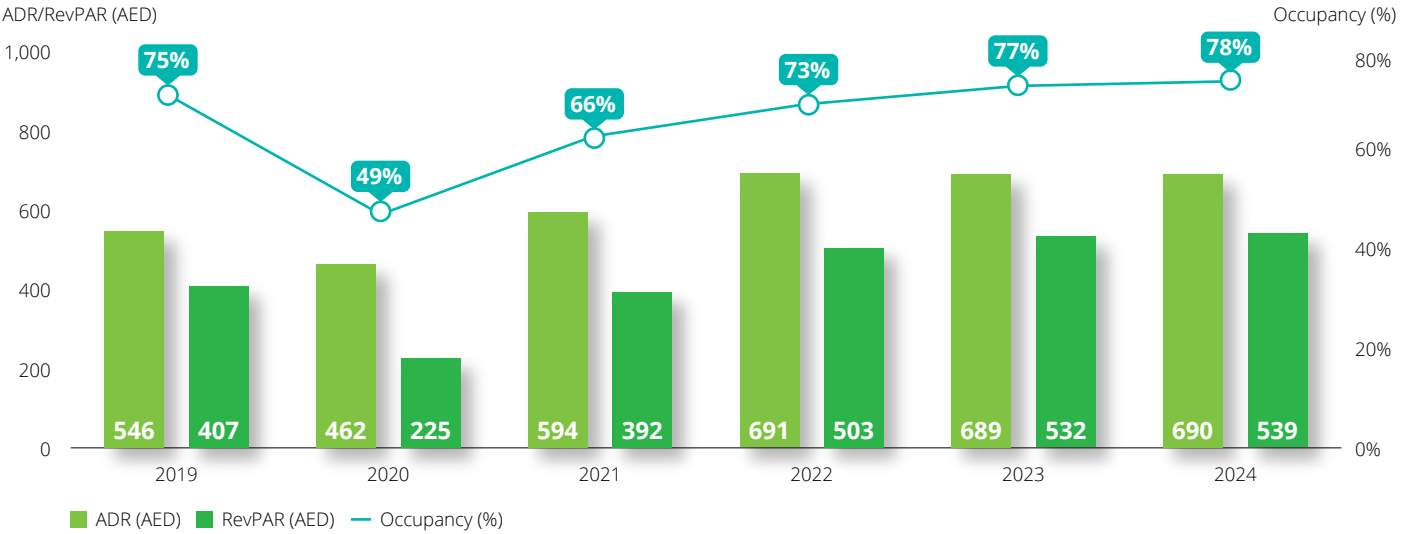
This year also saw the introduction of several innovative concepts aimed at enhancing Dubai's tourist experience. Major hotel brands such as Mama Shelter and Siro made their debut in 2024, contributing new options to the City's diverse hospitality offerings.

Review of 2023 and 2024 performance

Year	Occupancy	ADR (AED)	RevPAR (AED)
2024	78%	690	539
Trend	↑	↑	↑
2023	77%	689	532

Source: STR Global

Dubai hotel market performance, 2019 to 2024



Source: STR Global

Consistent recovery and growth

Dubai's tourism market continues to lead the region and holds its own globally, achieving an ADR of USD 188 and an occupancy rate of 78% in 2024. This balance of strong rates and occupancy reflects Dubai's dynamic ability to attract a diverse range of visitors.

Globally, while cities like Paris and London lead on pricing, Dubai's offering blends luxury and accessibility. By continuously diversifying its market segments, catering to both leisure and MICE travelers, Dubai sustains its position as a tourism leader globally.

This success is driven by increased domestic tourism, a high volume of international visitors attracted by year-round events, and the introduction of key hospitality developments like Marsa Al Arab, Atlantis The Royal, SIRO, and One & Only One Zabeel.

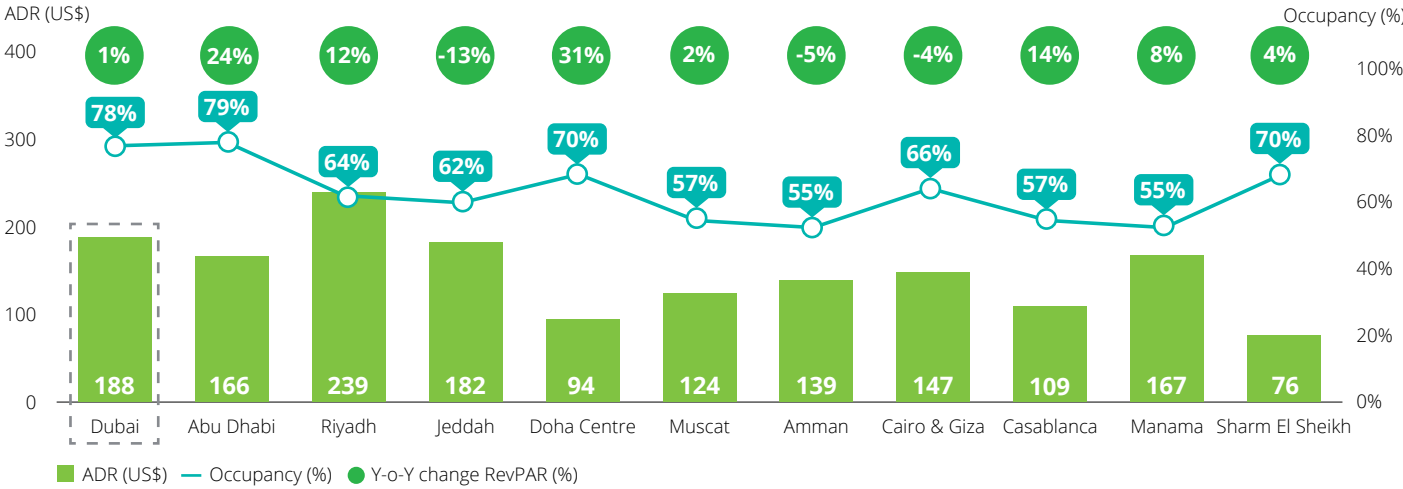
Key hospitality trends in 2024 and beyond

As Dubai's hospitality market continues to grow and remain competitive with other global and regional tourism destinations, several key trends are emerging for 2024 and beyond. One trend is the expansion of branded residences, with options like Mama Shelter adding unique and contemporary offerings.

Additionally, there is a focus on providing unique F&B concepts within hotels and serviced apartments in Dubai. This approach is adopted to stay competitive in the ever-evolving hospitality market. The partnership between Rikas and Accor exemplifies this trend, showcasing a move towards distinctive F&B offerings within hotels.

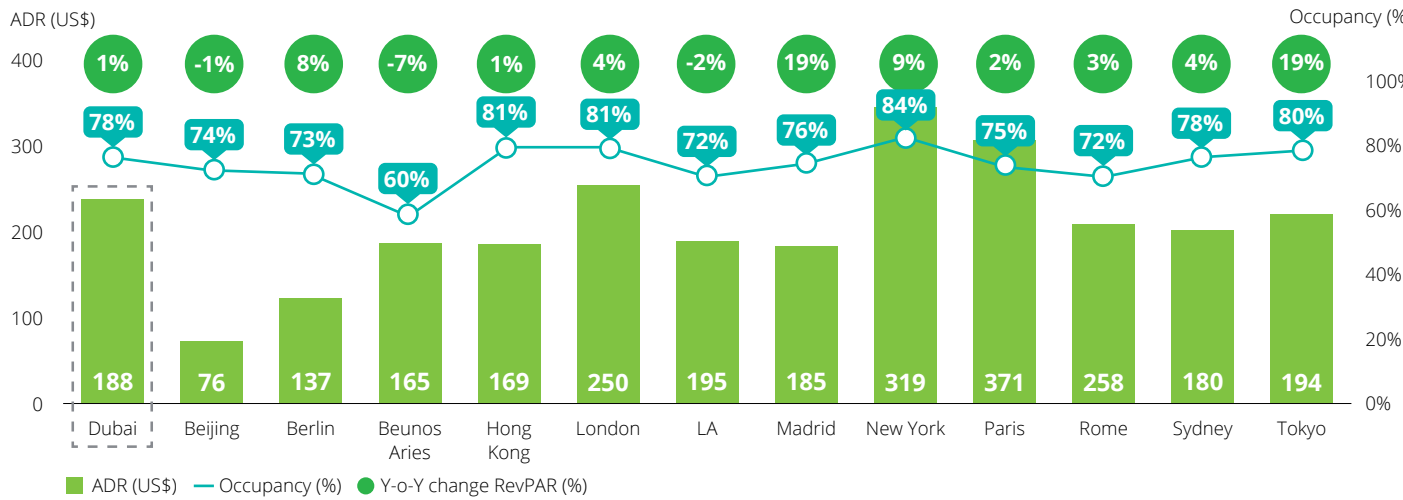
Another emerging trend is the focus on conversions and rebranding. This growing trend in the region involves revitalizing aged hospitality assets through conversion and rebranding efforts.

Dubai ADR and occupancy vs regional markets, 2024



Source: STR Global

Dubai ADR and occupancy vs international markets, 2024



Source: STR Global



# Dubai's residential market





The residential market has sustained an upward trajectory, marked by unprecedented sales transaction levels in 2024, along with a y-o-y increase of 19% and 20% for sales prices and rents respectively as of Q4 2024.

Review of 2024 performance

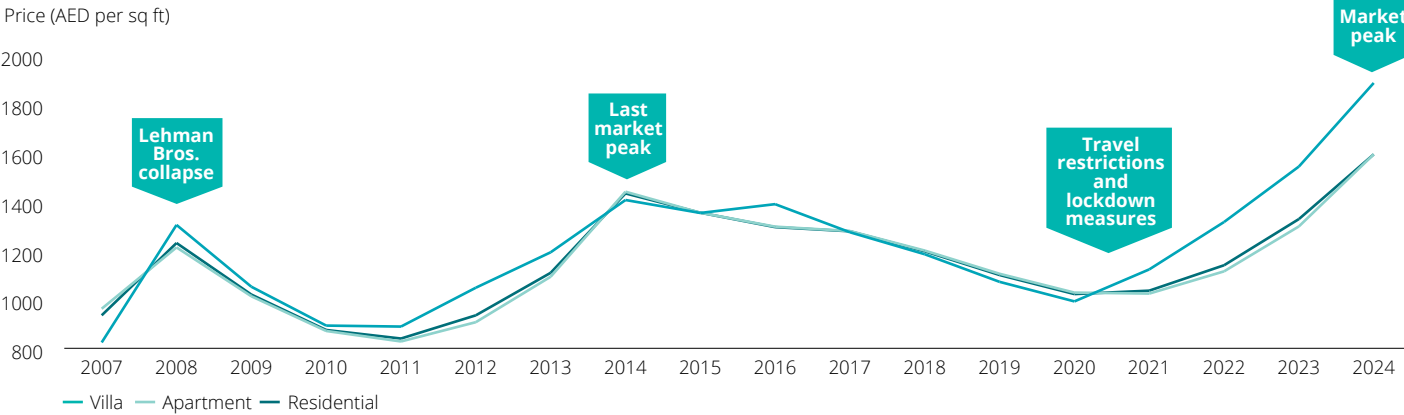
The average sales prices for residential property in Dubai increased by approximately 20% between 2023 and 2024, reaching AED 1,597 per sq ft in December 2024. Average rents have also increased by approximately 19% over the same period, rising to AED 110 per sq ft as of December 2024. Gross yields in 2024 reflect 6.7%, compared to 6.2% in 2023 as rental growth has outpaced growth in prices.

The average trend masks a much more varied sub-market picture with Dubailand, Jumeirah Lakes Towers and Dubai South being the top three areas for sales price growth y-o-y. During 2024, both prices and rents surpassed the last market peak of 2014.

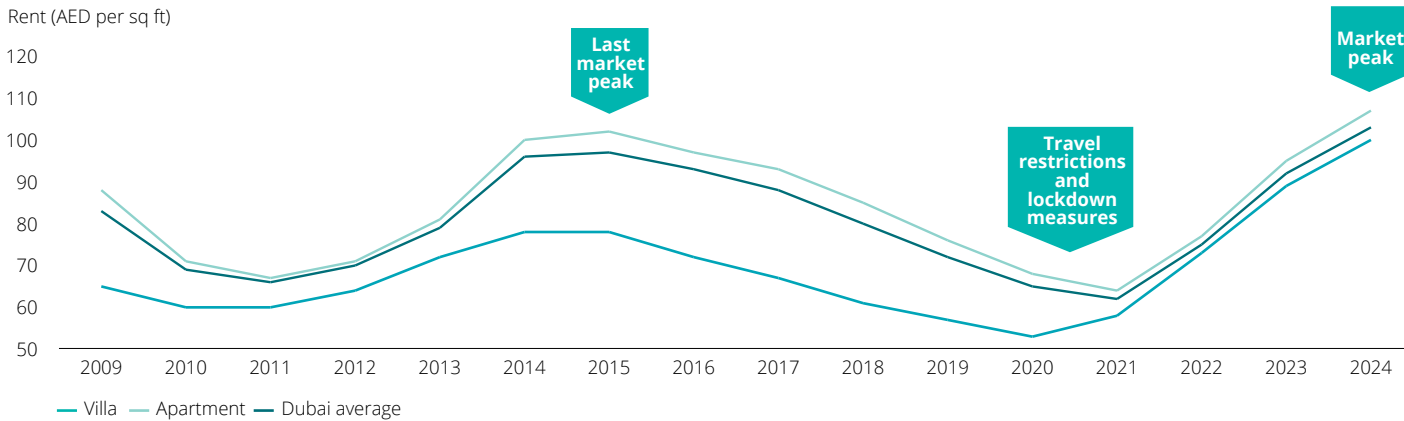
By comparison, rent increases y-o-y were highest in Dubailand, Meydan and International City ranging from 39% to 46% in these locations, while the lowest increase was in Dubai Creek Harbour at 3%. Rental transaction volumes have increased by 1.3% in 2024 when compared to 2023. Secondary market properties constituted 44% of the total transactions in 2024 compared to 41% in 2023, with Jumeirah Village Circle, Business Bay, and Dubai Marina recording the highest number of transactions.

The market continues to be dominated by cash buyers while demand for affordable villas and townhouses from existing residents has driven rental activity in this segment. Villa price growth has outpaced prices for apartments while rent growth has moved in tandem when compared to pre-pandemic levels as shown below. This trend is expected to continue during 2025, albeit the pace of growth may stabilize towards year-end as new supply is launched.

Dubai residential sales prices, Q1 2007 to Q4 2024

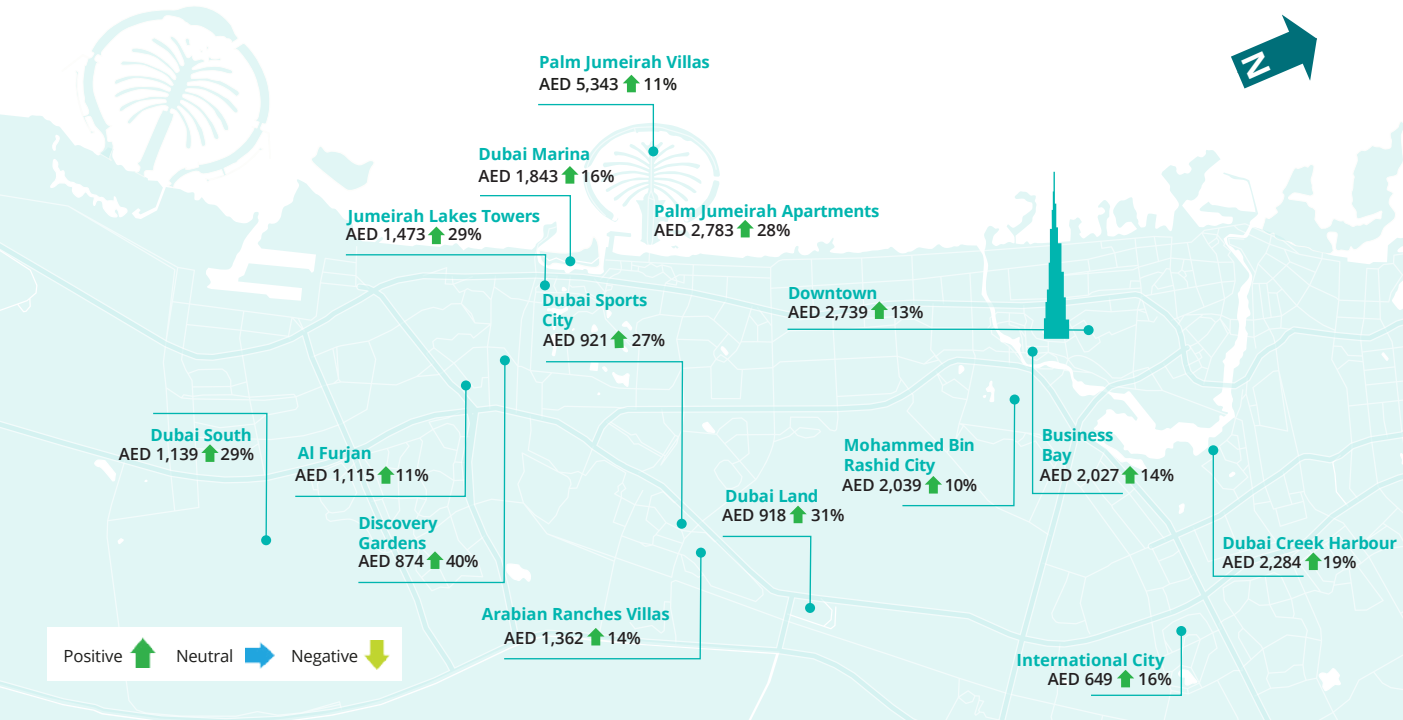


Dubai residential rents, Q1 2007 to Q4 2024



Source: REIDIN

Dubai residential sales prices by location, Q4 2024



Source: REIDIN Note: Sales prices are quoted in AED per sq ft with Y-o-Y change in %

Metric	Apartment rent (AED per sq ft per year)	Apartment sales price (AED per sq ft)	Villa rent (AED per sq ft per year)	Villa sales price (AED per sq ft)	Dubai average rent (AED per sq ft per year)	Dubai average sales price (AED per sq ft)
2023	AED 95	AED 1,302	AED 89	AED 1,547	AED 92	AED 1,332
2024	AED 113	AED 1,556	AED 100	AED 1,889	AED 110	AED 1,597
Y-o-Y trend	19% <span>▲</span>	19% <span>▲</span>	12% <span>▲</span>	22% <span>▲</span>	19% <span>▲</span>	20% <span>▲</span>





# Dubai's office market





Office rents have exceeded pre-pandemic levels registering an increase of 12% in 2024 compared to 2023. Demand for Grade A office space remains strong, with premium towers such as ICD Brookfield in DIFC maintaining higher than 95% occupancy.

Review of 2024 performance

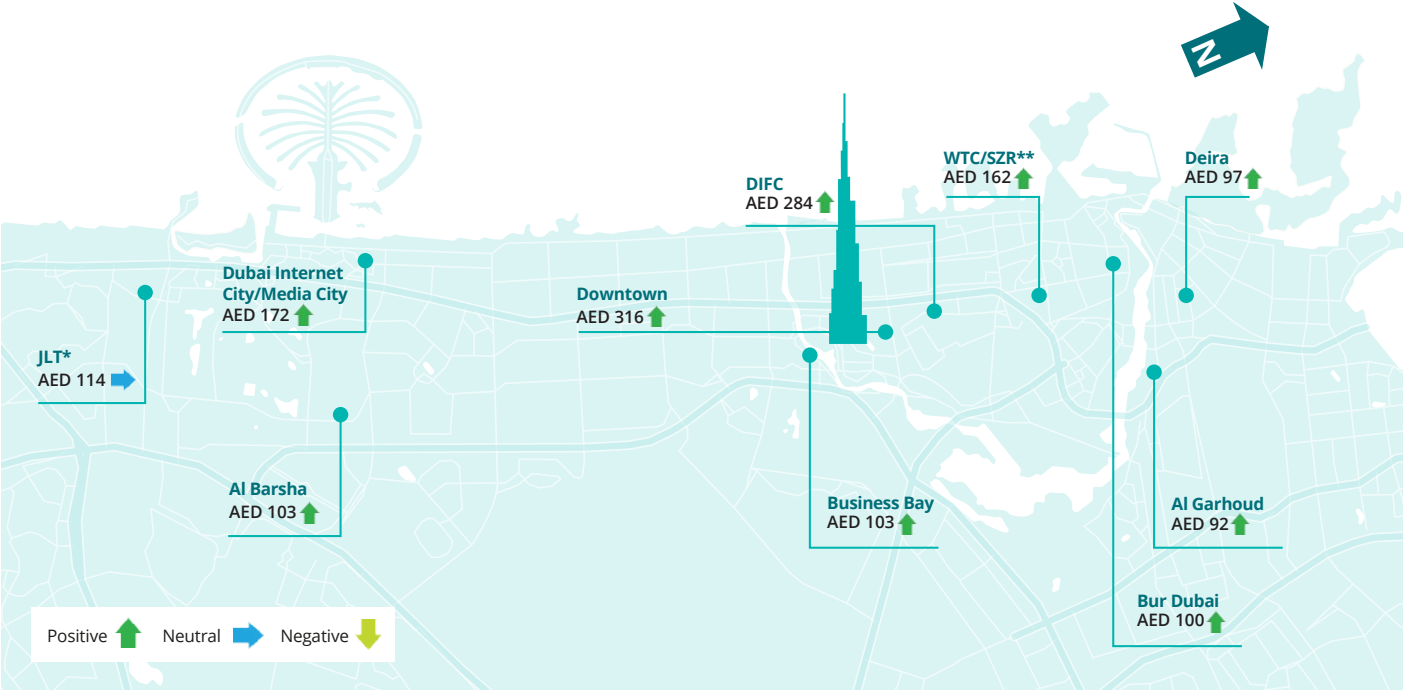
Office rents in 2024 have increased by 12% and have surpassed pre-pandemic levels by 40%, reflecting Dubai’s robust position as a preferred destination among global corporations looking for a regional footprint. Despite the introduction of corporate tax in 2023, the impact on occupier requirements and office market performance has been limited, and demand remained strong in 2024.

The Dubai Government has approved a budget of AED 272 billion from 2025 to 2027, in line with future goals to support sustainable economic growth, improve community well-being, and bolster Dubai’s standing as a place of innovation and opportunity. 30% of the total government expenditures is allocated to social development, targeting key areas such as healthcare, education, and housing, and a significant 46% is allocated to the construction of infrastructure, which includes utilities, energy transportation, and aviation sector growth. These investments are expected to reflect positively on office demand in the near-term.

Upcoming Grade A supply includes the 947,224 sq ft under-construction tower in DIFC bought by Aldar for AED 2.3 billion. The tower is scheduled for completion in 2028 and will have 40 floors of retail and commercial space.

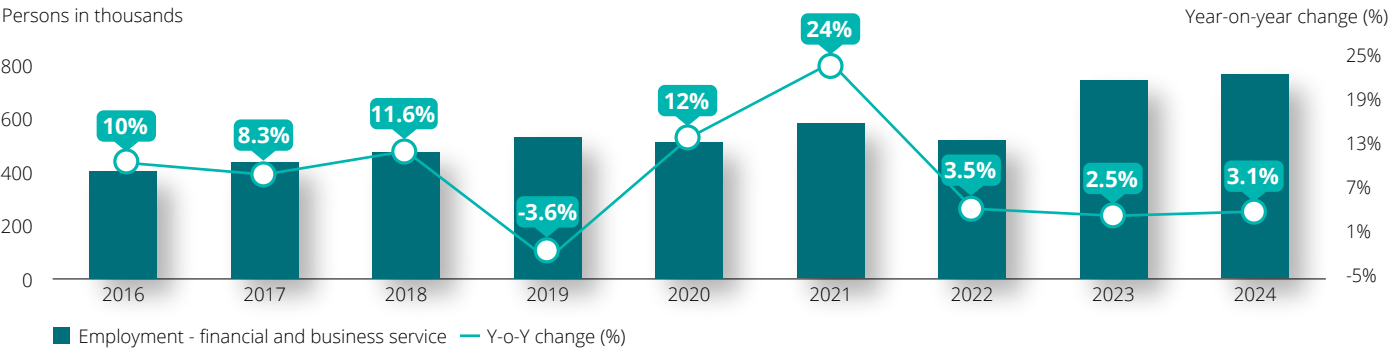
Notable office building transactions in 2024 included the AED 720 million sale of the Office Park in Internet City (Gross Leasable Area of 370,761 sq ft) by Emirates REIT to TECOM Group and the AED 505 million sale of the 230,000 sq ft Emaar Square Building 3 in Downtown Dubai to Driven Properties.

Despite heightened competition from Abu Dhabi and Riyadh, which are targeting similar regional and international occupiers as Dubai, the forecasts for economic growth in Dubai and continued initiatives for ease of doing business are positive factors for the office market performance going forward.



Rents are quoted AED per sq ft per year  
Rents are average achieved rents for shell and core offices exclusive of service charges  
\*Jumeirah Lakes Towers  
\*\*World Trade Centre/Sheikh Zayed Road

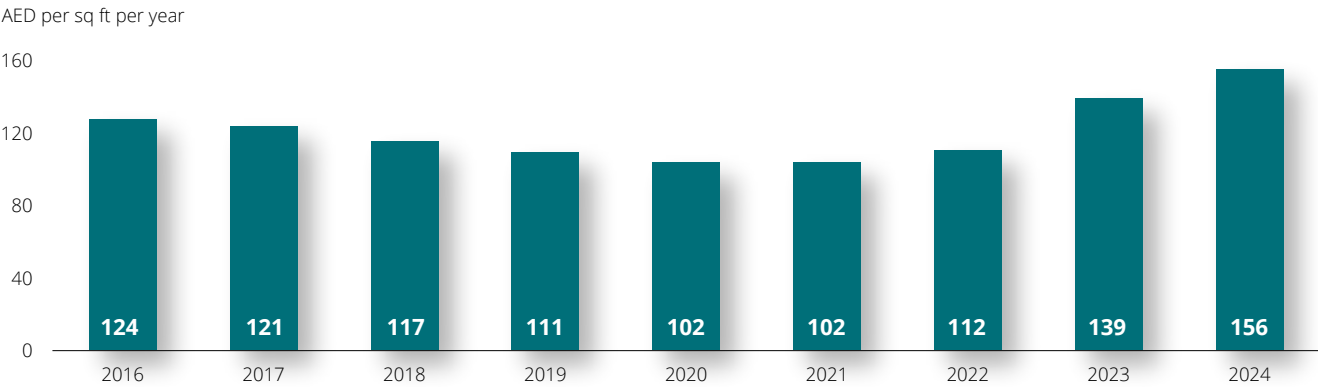
Dubai employment in financial and business services, 2016 to 2024



Source: Oxford Economics

Area	DIFC	Bur Dubai	Al Garhoud	Deira	WTC/ SZR	Al Barsha	Business Bay	Downtown	Dubai Internet City/Media City	JLT	Dubai average
2022	259	87	76	83	126	82	105	202	165	81	112
2023	270	95	82	87	145	92	134	255	168	114	139
Y-o-y trend	5% ↑	5% ↑	12% ↑	11% ↑	12% ↑	12% ↑	28% ↑	24% ↑	2% ↑	0% →	12% ↑
2024	284	100	92	97	162	103	103	316	172	114	156

Dubai average office rents, 2016 to 2024



Source: REIDIN  
Note: Rents quoted above exclude service charge





# Dubai's retail market





The outlook for Dubai’s retail sector remains optimistic with retail sales projected to grow by 6% between 2025 to 2027.

Review of 2024 performance

The retail sector in Dubai is a major driver of the economy which can be attributed to a multitude of factors including increased tourism, government initiatives, Dubai’s strategic location and a business-friendly environment.

Total retail expenditure is expected to expand, projecting a Compound Annual Growth Rate (CAGR) of 10% from 2024 to 2028. This is largely driven by the additional number of residents and tourists expected in Dubai by 2030.

The outlook also remains optimistic with retail sales in UAE and Dubai projected to reach AED 484 billion and AED 152 billion, respectively, in 2028. The growth is driven by Dubai’s ability to attract consumer goods companies looking to launch brands and products, particularly in electronics, clothing, and cosmetics/ toiletries categories.

As one of the main objectives of the Dubai 2040 Urban Master Plan is to upgrade Dubai’s urban areas, retail real estate development will progressively focus on residential areas and neighborhoods.

Retail sector trends

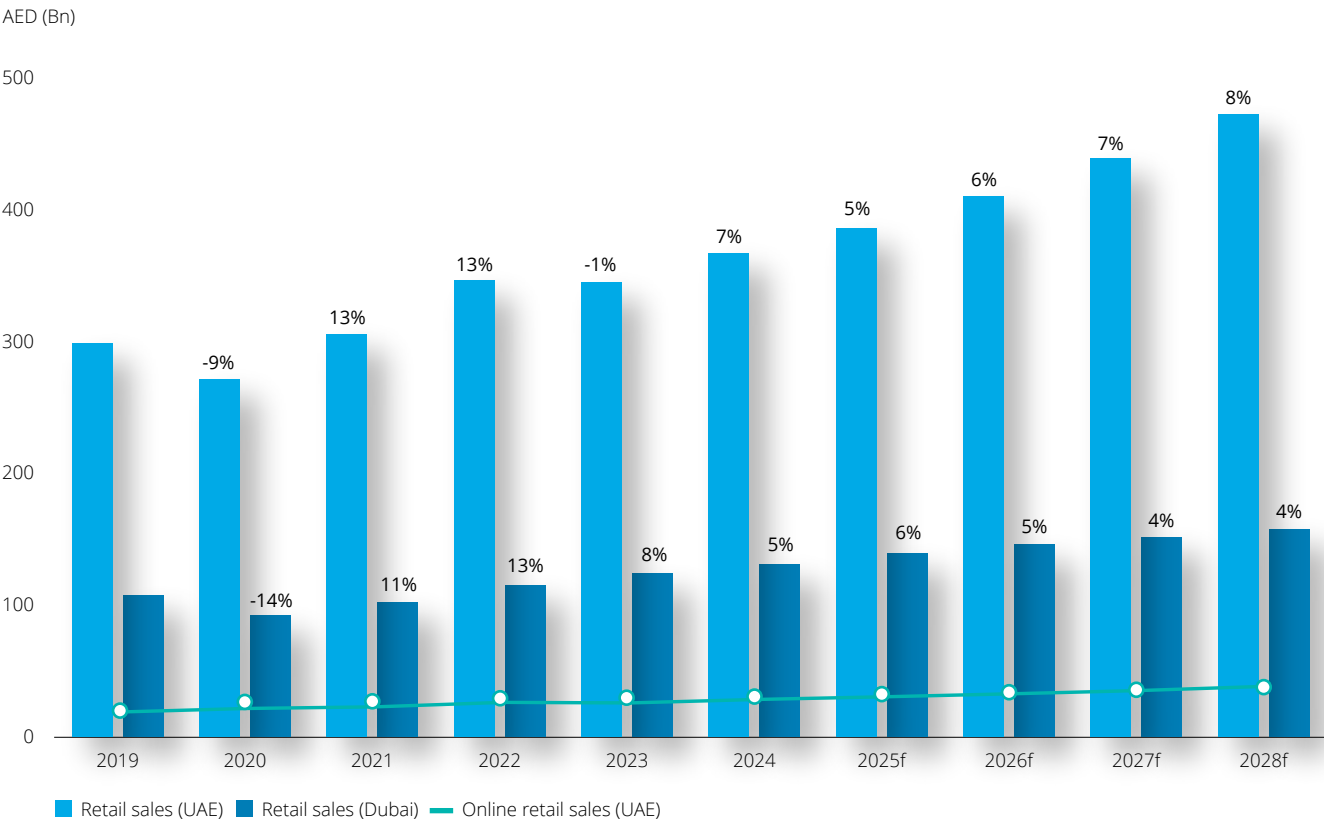
The shift towards online shopping is expected to continue, with more retailers investing in their digital presence and e-commerce platforms. This includes the integration of advanced technologies such as Artificial Intelligence (AI), Augmented Reality (AR), Virtual Reality (VR) and machine learning to personalize shopping experiences.

There is also an increasing focus on sustainability, with consumers becoming more environmentally conscious. Retailers may adopt more sustainable practices, such as reducing plastic use, offering eco-friendly products, and implementing recycling programs.

Moreover, the rise of online shopping has had a significant impact on the real estate sector, particularly in the retail and logistics segments. Retailers are adopting omnichannel strategies, integrating online and offline shopping experiences. This has led to the development of smaller, more flexible retail spaces that serve as showrooms, click-and-collect points, or experience centers.

The retail real estate market is experiencing a resurgence. Technology integration, innovative space utilization and customer-focused strategies are setting the stage for future expansion.

UAE and Dubai Retail sales, 2019 to 2028F



Source: EIU, OE





# Dubai's industrial and logistics market





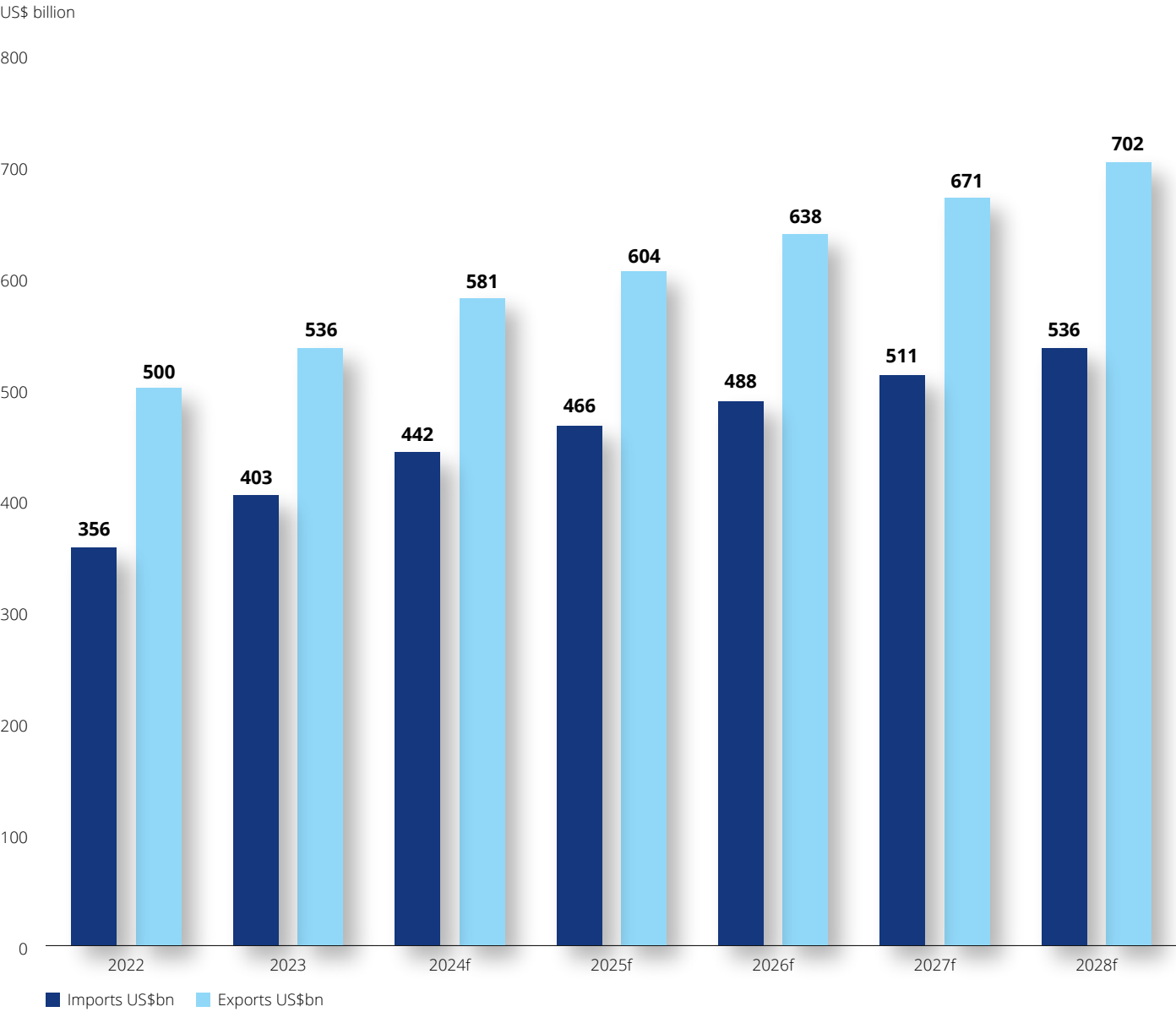
Warehouse rents in Dubai rose y-o-y underpinned by strong demand from various industries, including manufacturing, third-party logistics and e-commerce.

Review of 2024 performance

UAE imports and exports recorded an increase of 9.6% and 8.4% respectively y-o-y. This moderate expansion is being reflected in the high occupancy levels in the Dubai industrial sector, with institutional grade stock almost fully let and a constrained supply pipeline underpinning rental growth across key warehouse locations.

Among the industrial zones in the south of Dubai, the highest rental rates were observed in JAFZA (28% y-o-y growth), Dubai South, and DIP. The industrial real estate market in Dubai is expected to continue to expand in the short- and mid-term based on the expected growth in the economic sectors driving the demand for industrial space.

UAE imports and exports, 2022 to 2028f

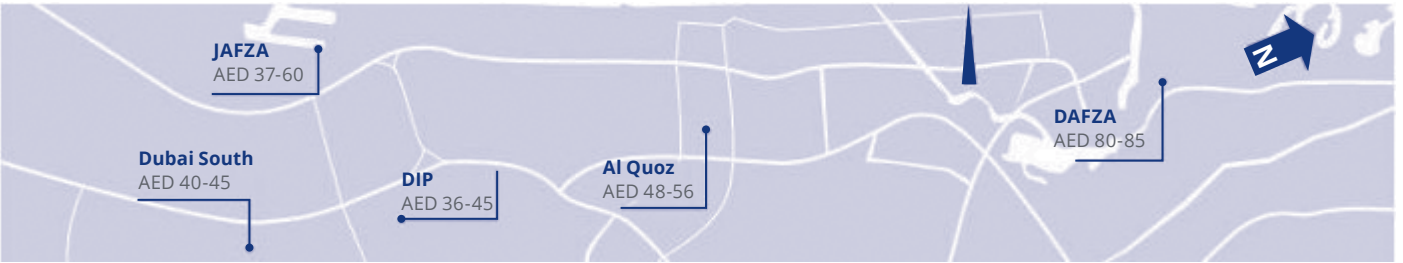


Source: Fitch Solutions; Note: f:forecast

Metric	DWC cargo throughput	DXB cargo throughput	Jebel Ali tonnage throughput	Road freight tonnes
2023	1.3 m	1.8 m	10.9 m	35.0 m
Y-o-y trend	8.2% <span>▲</span>	40.0% <span>▲</span>	7.4% <span>▲</span>	5.0% <span>▲</span>
2024f	1.4%	2.5%	11.7%	36.8%

Source: Fitch Solutions f: forecast

Dubai average warehouse rents, Q4 2024



Rents are quoted AED per sq ft per year  
Rents are average achieved rents for purpose built warehouses exclusive of service charges  
Source: Deloitte





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