

Ready vs. Off-Plan: The Real Winner in Dubai's Real Estate Market

There is a general myth in Dubai Real Estate Market that off-plan properties have a higher capital appreciation than ready properties. The goal of our report is to put this myth to the test. We have analyzed more than 100,000 transactions over the last year to provide this analysis.

30 May 2024

INTRODUCTION

Dubai's real estate market has been a focal point for investors worldwide, offering a diverse range of investment opportunities in both off-plan and ready properties. This report aims to analyze the performance of these two property categories in terms of capital appreciation over the last 12 months. By examining a comprehensive dataset of over 100,000 transactions, we seek to test the common myth that off-plan properties consistently outperform ready properties in Dubai's real estate market.

Our Analysis covers the period from from May 2023 till April 2024.

IMPORTANCE OF THE ANALYSIS

This analysis is crucial for investors, as it provides data-driven insights into the actual performance of off-plan and ready properties. The findings will enable investors to make informed decisions when allocating their funds and developing investment strategies. By addressing the prevalent myth about off-plan properties' superior performance, this report offers a more accurate picture of the market dynamics, helping investors optimize their portfolios and manage risk effectively.

DUBAI CITY WIDE ANALYSIS

To understand the overall market trend, we analyzed more than 100,000 transactions across Dubai. The analysis was split into different property types, including studios, 1-bedroom, 2-bedroom, 3-

bedroom, and 4-bedroom units. The city-wide capital appreciation for off-plan and ready properties is summarized in the table below:

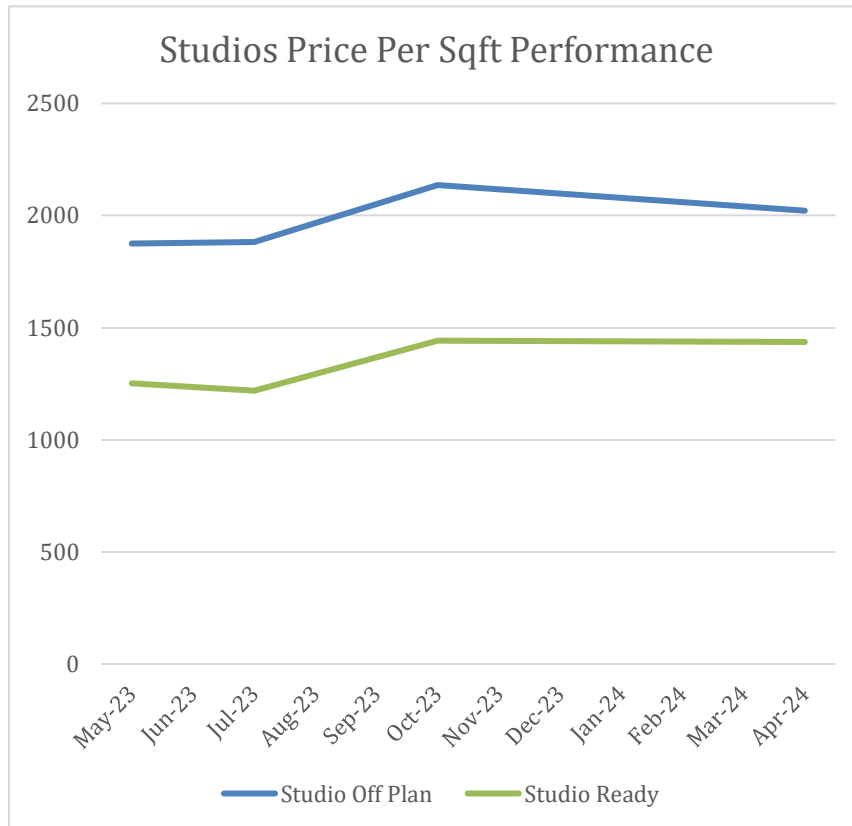
Property Type	Off-Plan Properties	Ready Properties
Studio	7.75%	14.85%
1 Bedroom	0.96%	8.74%
2 Bedroom	-10.25%	9.38%
3 Bedroom	2.78%	9.74%
4 Bedroom	-14.38%	-5.54%

Capital Appreciation Comparison Ready VS Offplan

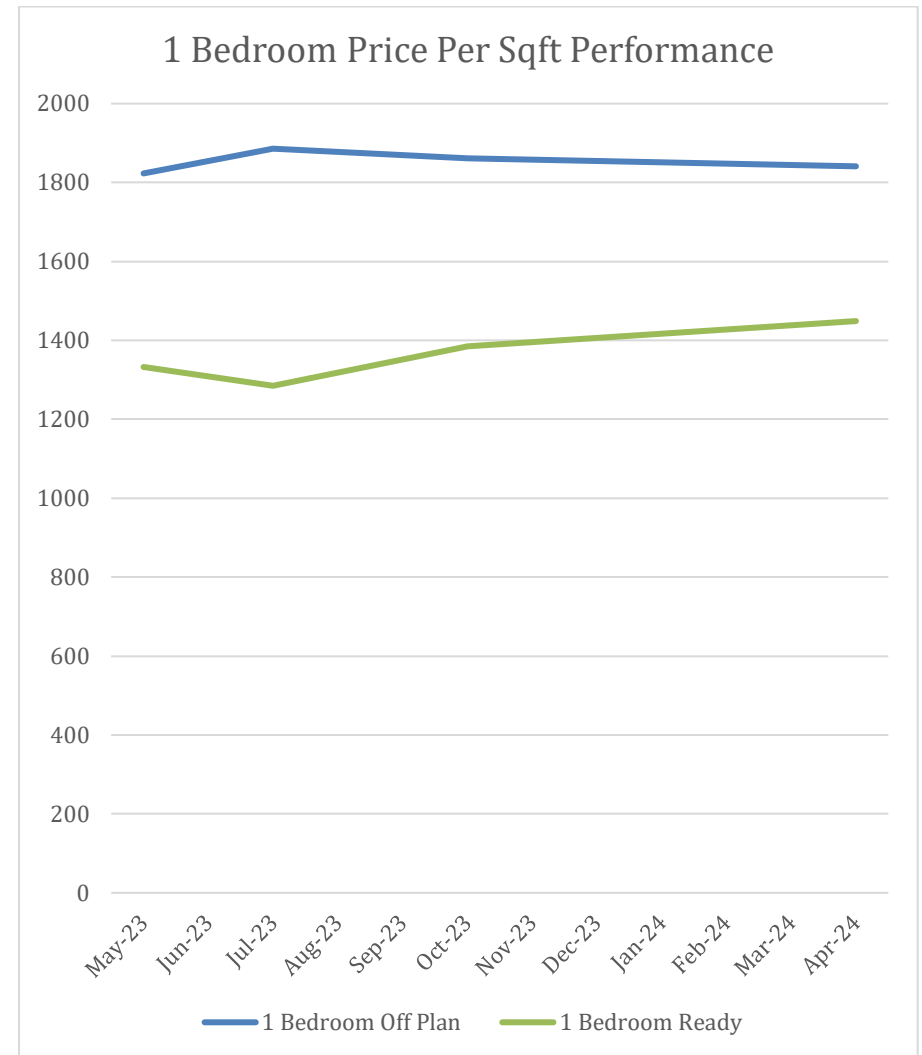


The city-wide analysis revealed that, contrary to popular belief, ready properties generally outperformed off-plan properties in terms of capital appreciation. As shown in the above data, ready properties experienced higher appreciation rates compared to off-plan properties across all property types, with the exception of 4-bedroom units.

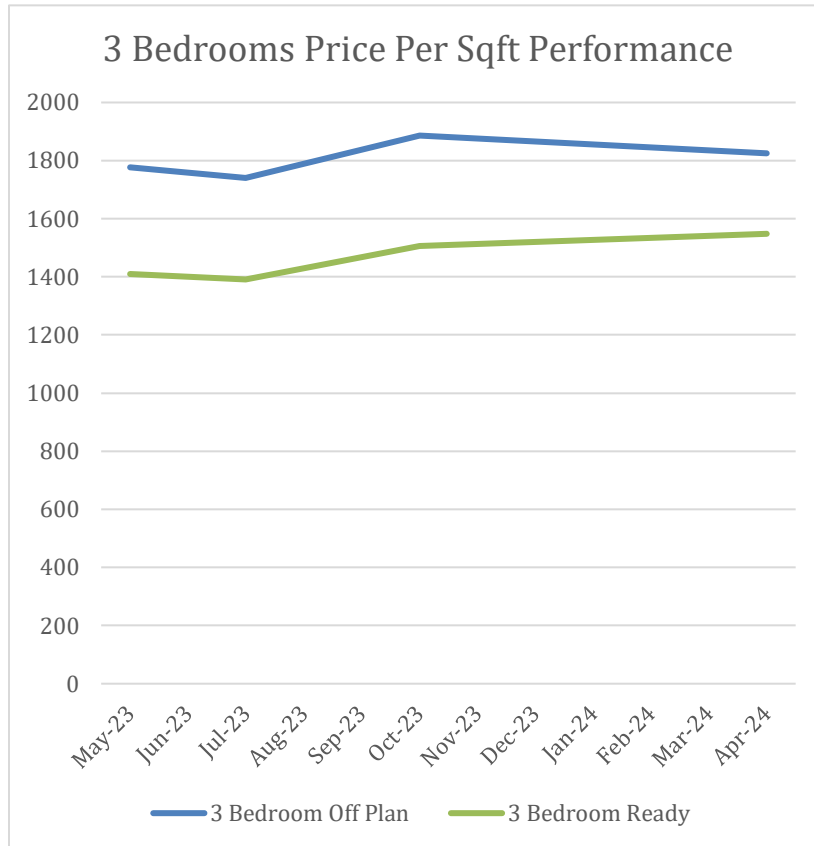
STUDIOS PERFORMANCE CITY WIDE



1 BEDROOM PERFORMANCE CITY WIDE



3 BEDROOMS PERFORMANCE CITY WIDE

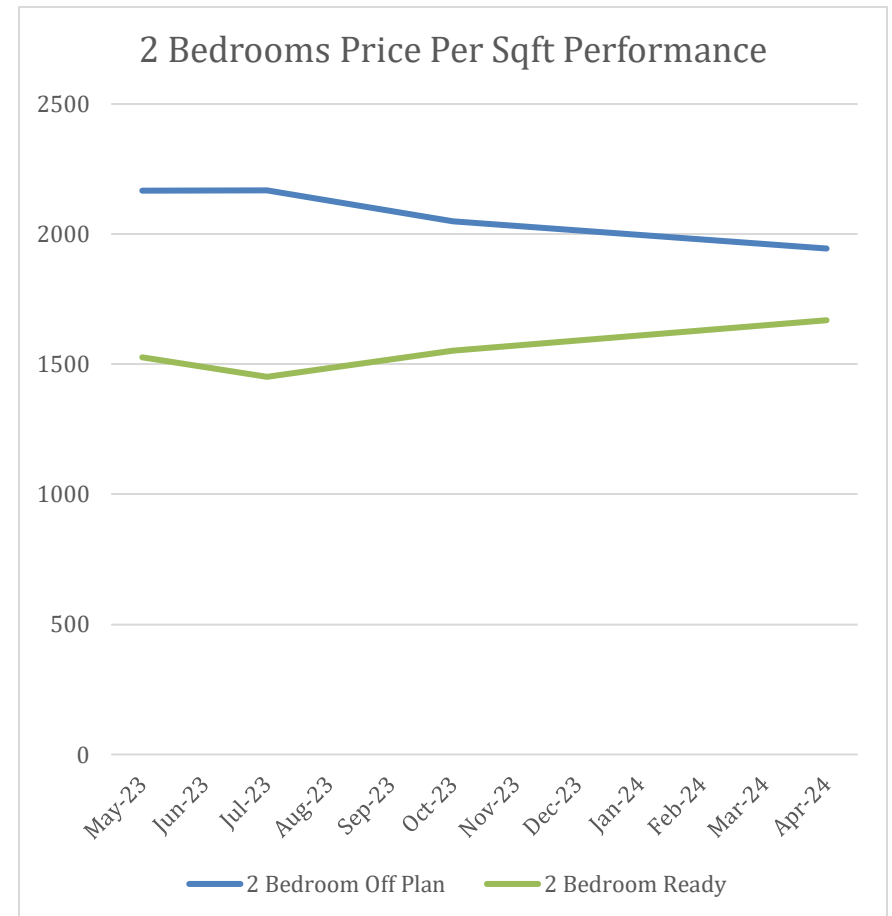


Studios, 1 bedrooms and 3 bedroom units ready properties outperformed off-plan properties by about 8% in the Dubai city wide analysis.

We see that ready properties might be catchin up to off-plan prices due to many factors such as immediate availablility, less risk in the buying

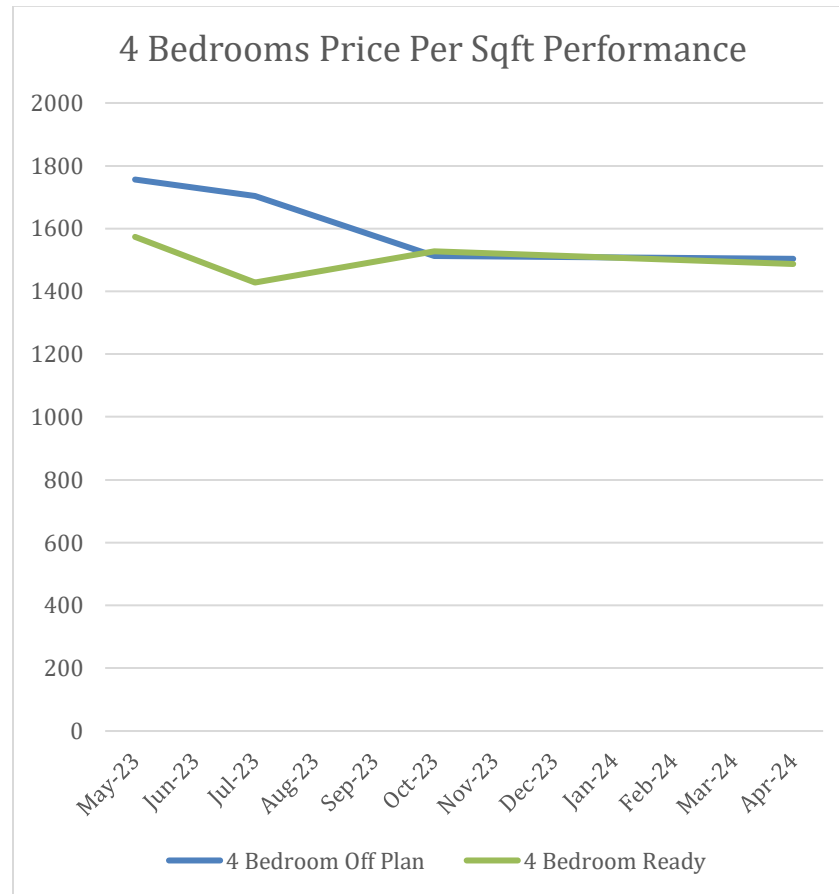
process and the immediate returns that can be availed by renting out the ready property

2 BEDROOMS PERFORMANCE CITY WIDE



When we look at the performance of 2 bedrooms we see that ready properties outperformed off-plan properties by a large 19% gap. Two bedroom ready properties look to be converging with off plan prices.

4 BEDROOMS PERFORMANCE CITY WIDE



By analyzing the 4 bedrooms units performance we see a convergence in the price per square foot between ready and off plan properties, but still ready properties were able to outperform off-plan properties when analyzing city wide capital appreciation performance.

POPULAR AREAS ANALYSIS

Our analysis of the 11 most popular areas in Dubai, revealed varied performance between off-plan and ready properties. In areas such as Al Furjan, Dubai Marina, Dubai Silicon Oasis, and Dubailand, ready properties generally outperformed their off-plan counterparts across most unit types. However, off-plan properties showed strong appreciation in areas like Business Bay, Dubai South, and JVC.

The performance of different unit types varied within each area. For instance, in Dubai Hills, ready 1-bedroom properties appreciated by 26.13%, while off-plan studios saw a 31.22% increase. Similarly, in JLT, ready properties experienced substantial appreciation across all unit types, while off-plan properties saw declines or more modest growth. The table below highlights our findings:

These findings highlight the importance of considering area-specific trends when making investment decisions. By analyzing the performance of different property types within popular areas, investors can identify opportunities that align with their investment strategies and risk profiles. However, it is crucial to consider these findings alongside long-term market trends, infrastructure

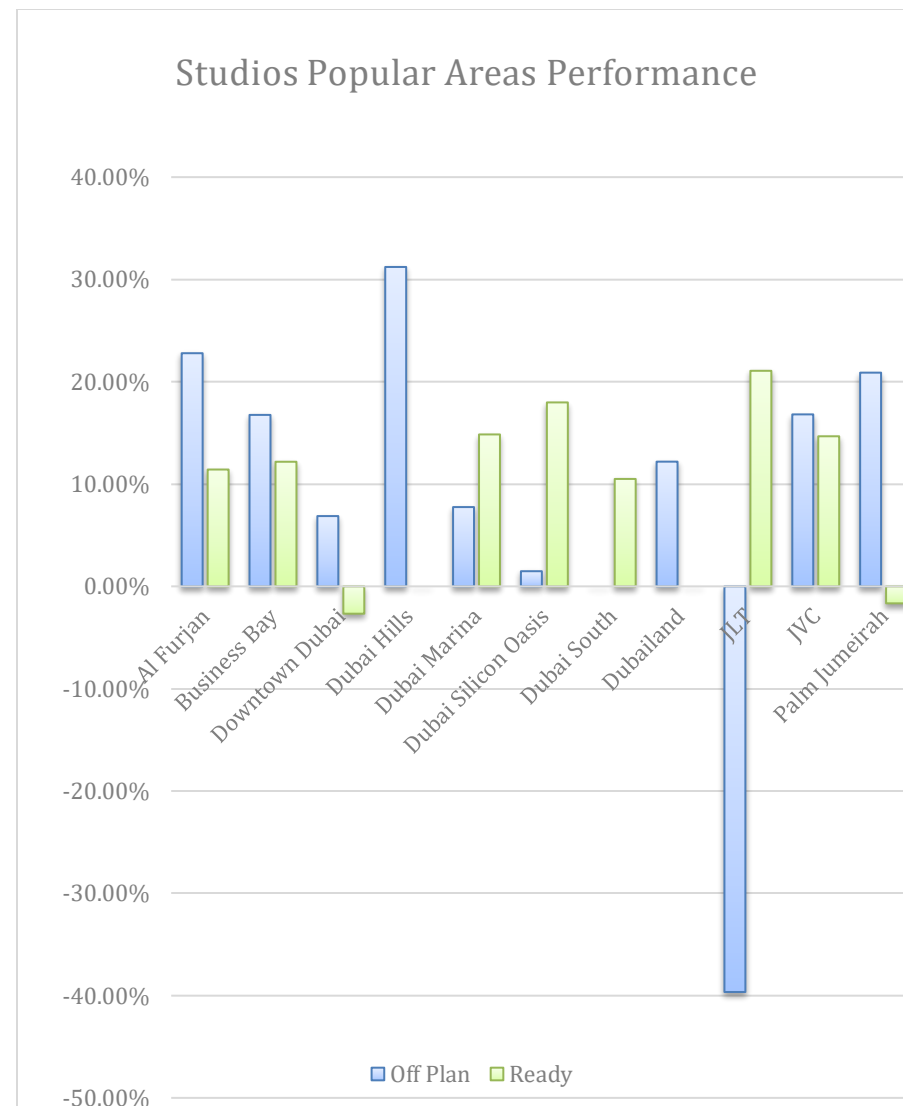
developments, and other factors that may influence the future performance of these areas.

STUDIOS PERFORMANCE POPULAR AREAS

Area	Off Plan	Ready
Al Furjan	22.79%	11.42%
Business Bay	16.76%	12.18%
Downtown Dubai	6.87%	-2.67%
Dubai Hills	31.22%	0.00%
Dubai Marina	7.75%	14.85%
Dubai Silicon Oasis	1.48%	17.98%
Dubai South	0.00%	10.50%
Dubailand	12.19%	0.00%
JLT	-39.65%	21.07%
JVC	16.81%	14.67%
Palm Jumeirah	20.89%	-1.66%

Looking at the performance of studio ready properties versus off-plan studio properties in popular areas, we see different performance variations. Our analysis indicates that smaller apartments performed very well in off-plan projects.

As you can see in the table above and the figure on the right, studios sold in off-plan projects actually outperformed in many different areas in Dubai. We conclude that this outperformance is due to the fact that new launches may be selling at higher prices. We noticed that the areas where there was outperformance had a significantly larger number of off-plan projects compared to other areas.



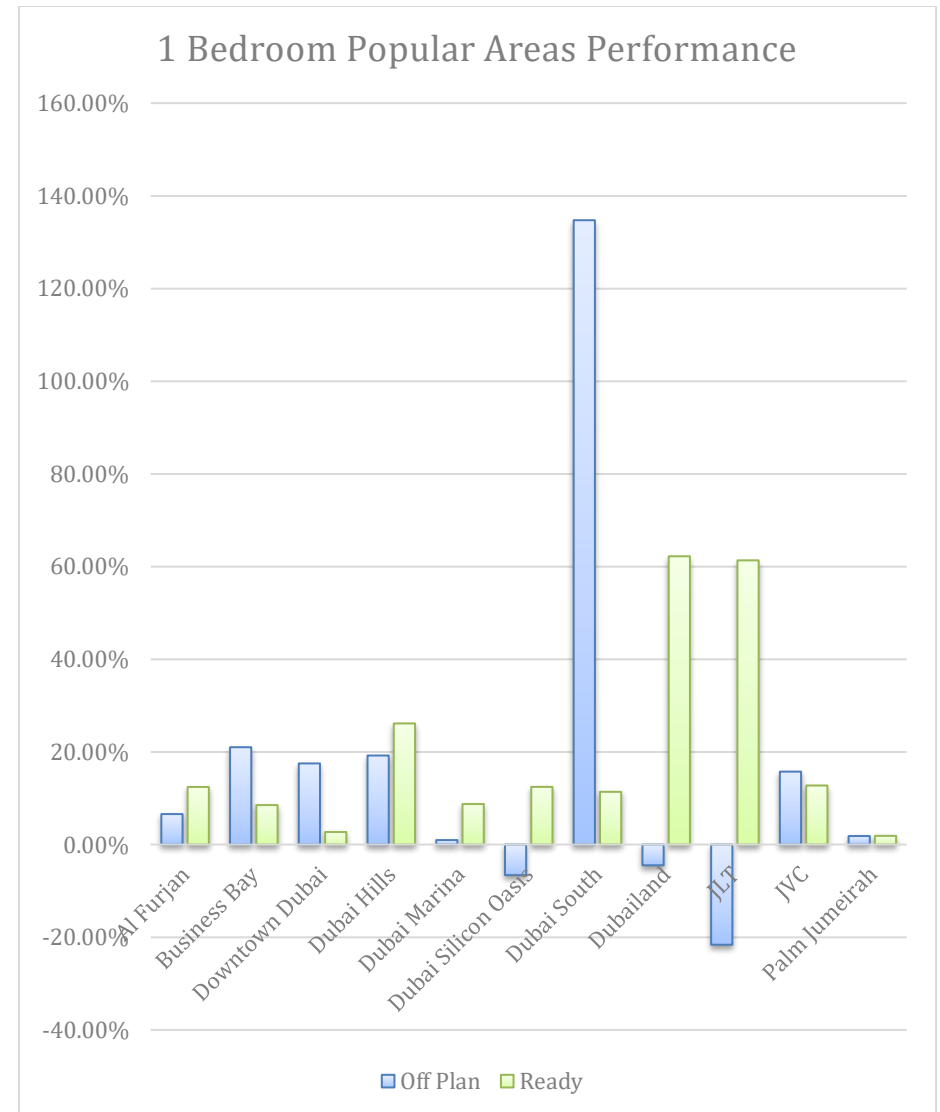
1 BEDROOM PERFORMANCE POPULAR AREAS

Area	Off Plan	Ready
Al Furjan	6.57%	12.42%
Business Bay	21.00%	8.51%
Downtown Dubai	17.50%	2.70%
Dubai Hills	19.21%	26.13%
Dubai Marina	0.96%	8.74%
Dubai Silicon Oasis	-6.60%	12.44%
Dubai South	134.73%	11.37%
Dubailand	-4.48%	62.20%
JLT	-21.63%	61.33%
JVC	15.73%	12.74%
Palm Jumeirah	1.83%	1.87%

The table and figure on the right show that with regards to the popular areas one bedroom ready properties generally outperformed their off-plan counterparts.

Interestingly Dubai South had a high performance in off plan prices mainly due to many new launches in that area.

Again we notice the same trend that when off plan projects outperformed ready properties the reason being is the vast amount of new launches in the area which were selling at higher prices due to many factors.



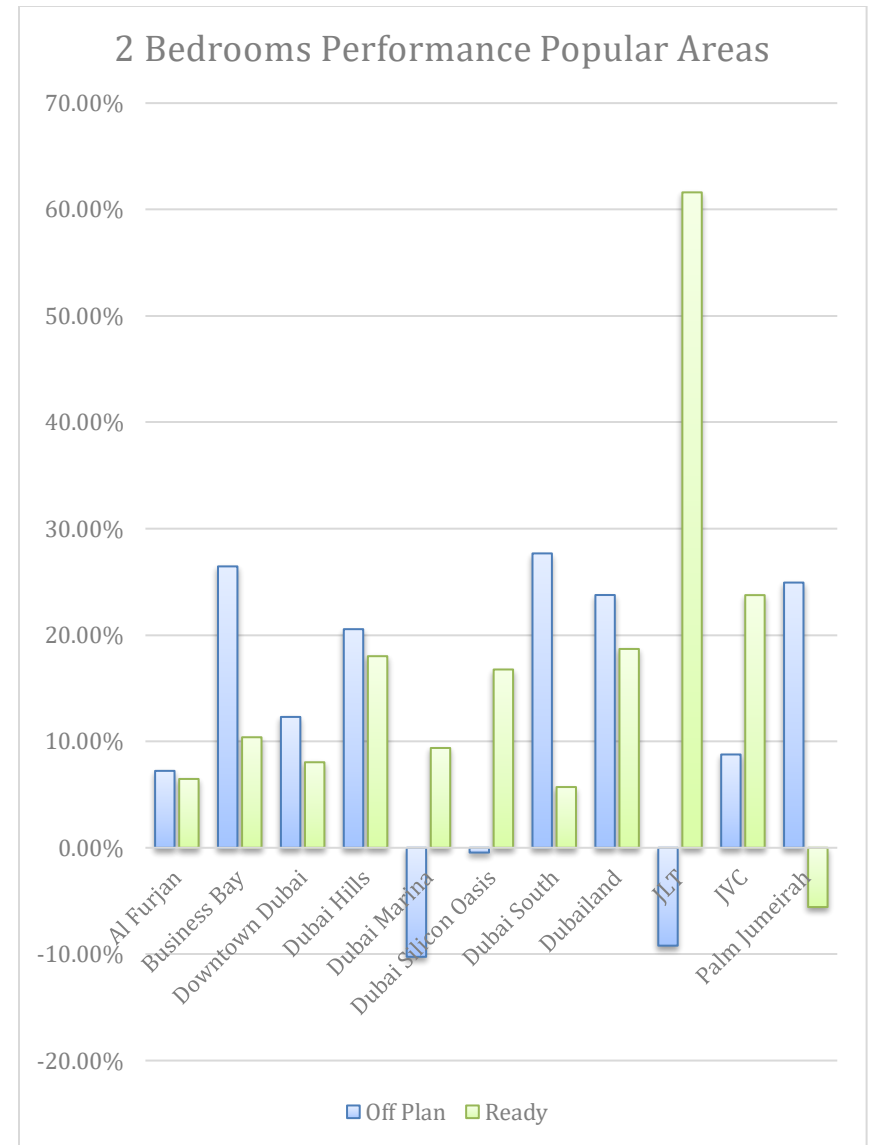
2 BEDROOMS PERFORMANCE POPULAR AREAS

Area	Off Plan	Ready
Al Furjan	7.23%	6.47%
Business Bay	26.45%	10.39%
Downtown Dubai	12.30%	8.04%
Dubai Hills	20.55%	18.01%
Dubai Marina	-10.25%	9.38%
Dubai Silicon Oasis	-0.45%	16.76%
Dubai South	27.67%	5.71%
Dubailand	23.76%	18.69%
JLT	-9.20%	61.61%
JVC	8.77%	23.75%
Palm Jumeirah	24.93%	-5.57%

The table and figure on the right show that with regards to the popular areas two bedrooms off-plan properties generally outperformed their two bedrooms ready properties counterparts.

Interestingly Dubai South had a high performance in off plan prices mainly due to many new launches in that area.

Also JLT two bedroom ready properties demonstrated a strong outperformance compared to off plan properties. In many areas the performance of the ready properties versus the offplan properties



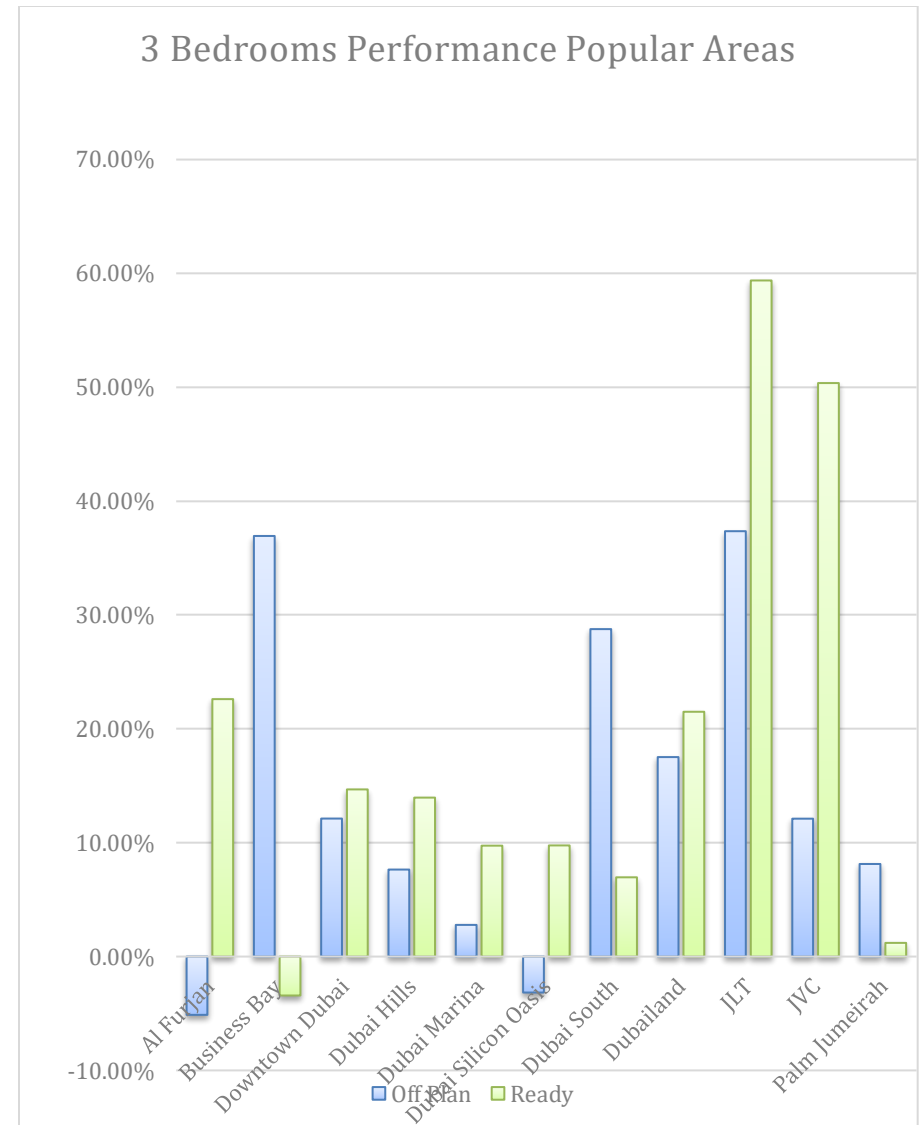
3 BEDROOMS PERFORMANCE POPULAR AREAS

Area	Off Plan	Ready
Al Furjan	-5.12%	22.61%
Business Bay	36.94%	-3.42%
Downtown Dubai	12.12%	14.68%
Dubai Hills	7.64%	13.96%
Dubai Marina	2.78%	9.74%
Dubai Silicon Oasis	-3.16%	9.76%
Dubai South	28.76%	6.96%
Dubailand	17.52%	21.50%
JLT	37.36%	59.38%
JVC	12.11%	50.37%
Palm Jumeirah	8.13%	1.20%

The table and figure on the right show that with regards to the popular areas three bedrooms ready properties generally outperformed their 3 bedrooms off-plan properties counterparts. One important point to mention here is that the analysis includes both three bedroom villas and apartments.

Interestingly JLT and JVC displayed a high performance in three bedroom ready properties amounting to more than 50%.

Business Bay again displayed a strong outperformance in three bedroom off plan properties due to the many “Branded” residences launches in that area.



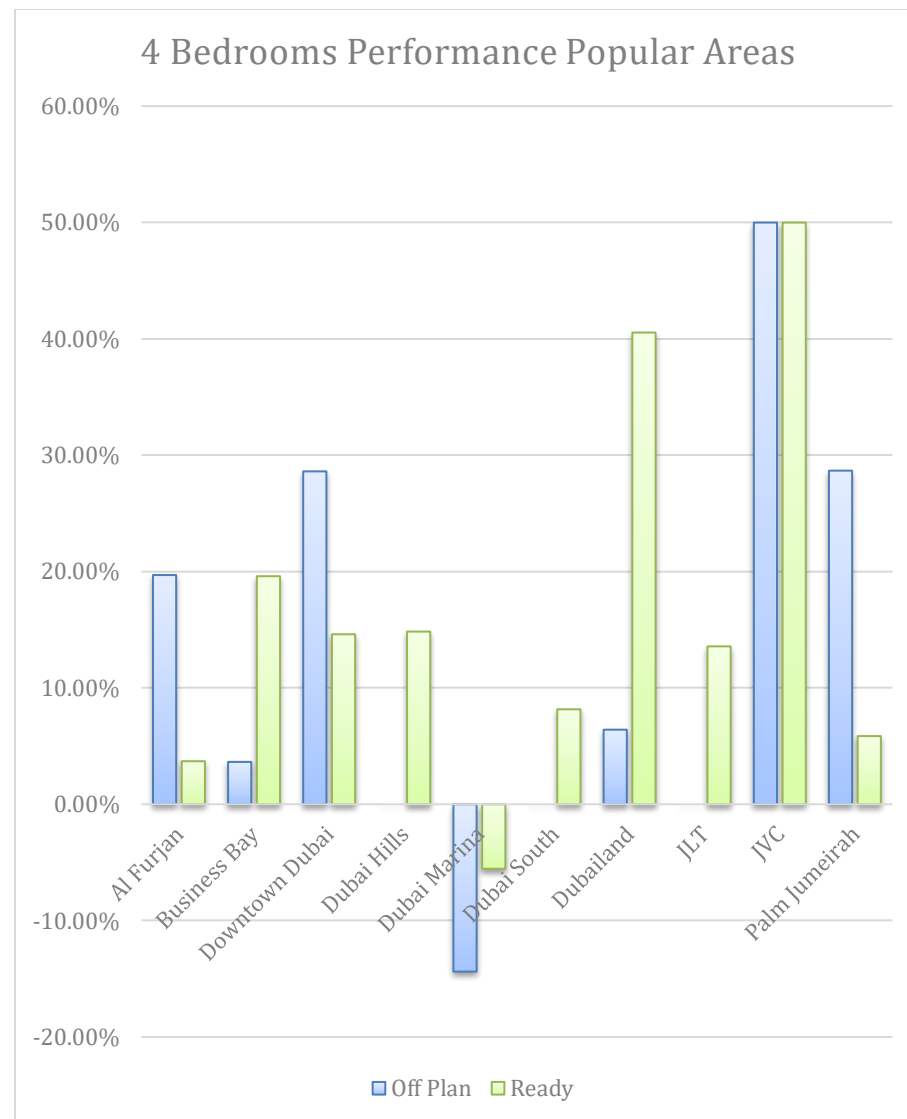
4 BEDROOMS PERFORMANCE POPULAR AREAS

Area	Off Plan	Ready
Al Furjan	19.70%	3.70%
Business Bay	3.64%	19.60%
Downtown Dubai	28.61%	14.61%
Dubai Hills	0.00%	14.84%
Dubai Marina	-14.38%	-5.54%
Dubai South	0.00%	8.16%
Dubailand	6.41%	40.54%
JLT	0.00%	13.57%
JVC	49.99%	49.99%
Palm Jumeirah	28.67%	5.86%

The table and figure on the right show that with regards to the popular areas four bedrooms ready properties generally outperformed their four bedrooms off-plan properties counterparts. One important point to mention here is that the analysis includes both four bedroom villas and apartments.

Interestingly the analysis provides us some important insights. Such as there was zero performance in four bedrooms in Dubai South and Dubai Hills because there were no new launches in those with regards to these bedrooms

There were some areas which showed zero performance in off plan properties mainly due to the low number of transactions in these areas.

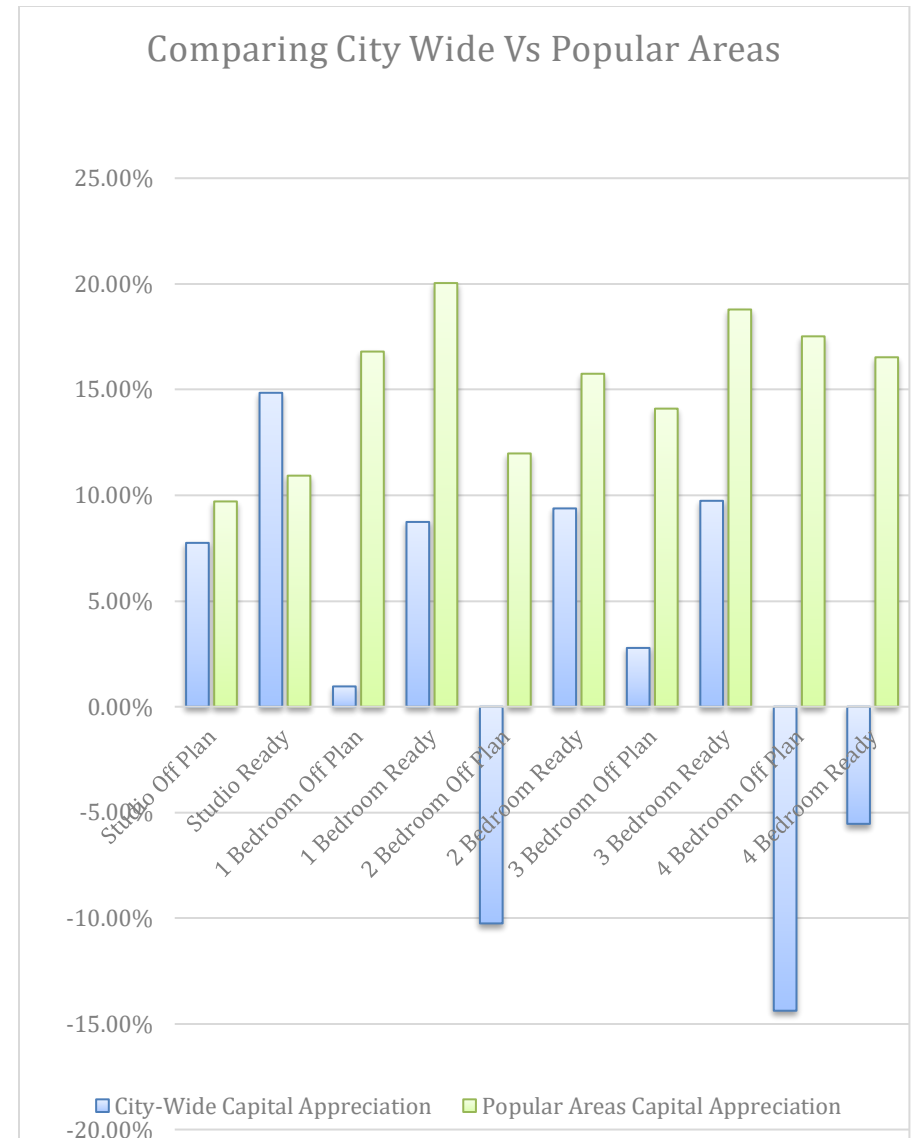


COMPARING CITY WIDE PERFORMANCE VERSUS POPULAR AREAS PERFORMANCE

After analyzing the city wide and the popular areas performance the last section of our analysis in the report will compare the city wide versus the popular areas performance.

The findings are very interesting as they prove that investors should always focus on investing in the popular areas due to their high demand and high performance.

Property Type	City-Wide Capital Appreciation	Popular Areas Capital Appreciation
Studio Off Plan	7.75%	9.71%
Studio Ready	14.85%	10.93%
1 Bedroom Off Plan	0.96%	16.80%
1 Bedroom Ready	8.74%	20.04%
2 Bedroom Off Plan	-10.25%	11.98%
2 Bedroom Ready	9.38%	15.75%
3 Bedroom Off Plan	2.78%	14.10%
3 Bedroom Ready	9.74%	18.79%
4 Bedroom Off Plan	-14.38%	17.52%
4 Bedroom Ready	-5.54%	16.53%



READY PROPERTIES OUTPERFORM

Ready properties perform better than off-plan: In both city-wide and popular areas, ready properties generally display higher capital appreciation percentages than off-plan properties. This indicates that investing in ready properties might be a more profitable strategy, as they tend to appreciate more in value.

SMALLER PROPERTIES OUTPERFORM IN POPULAR AREAS

Studios and 1-bedroom properties in popular areas show considerably higher capital appreciation percentages compared to their city-wide counterparts. This suggests that smaller properties in sought-after locations are in high demand and can potentially offer better returns.

ADVICE FOR INVESTORS

FOCUS ON READY PROPERTIES

Considering the overall trend of ready properties outperforming off-plan properties in terms of capital appreciation, investors should prioritize investing in ready properties, especially in popular areas.

CONDUCT AREA SPECIFIC RESEARCH

As the performance of properties varies across different areas, investors should thoroughly research area-specific trends,

infrastructure developments, and future growth potential before making investment decisions.

CONSIDER SMALLER UNITS

Studios and 1-bedroom properties in popular areas have shown significant capital appreciation compared to the city-wide average. Investors should consider these smaller units in sought-after locations for potentially higher returns.

DIVERSIFY YOUR PORTFOLIO

While focusing on ready properties in popular areas, investors should still maintain a diversified portfolio across different property types and locations to manage risk effectively.

LEVERAGE AI REAL ESTATE CONSULTANCY

Our AI-powered real estate consultancy services can help investors make data-driven decisions by providing in-depth market analysis, identifying lucrative investment opportunities, and offering personalized investment strategies tailored to individual goals and risk profiles.

CONCLUSION

This comprehensive analysis of Dubai's real estate market challenges the common myth that off-plan properties consistently outperform ready properties. By examining over 100,000 transactions across the city and in popular areas, the report reveals that ready properties generally exhibited higher capital appreciation rates compared to their off-plan counterparts.

The findings emphasize the importance of considering area-specific trends and property types when making investment decisions. While off-plan properties showed strong performance in some areas, ready properties proved to be a more reliable investment option overall.

Investors are advised to focus on ready properties, particularly studios and 1-bedroom units in popular areas, as they have demonstrated significant capital appreciation. However, a diversified portfolio and regular monitoring of market trends remain crucial for effective risk management and optimal returns.

As Dubai's real estate market continues to evolve, data-driven insights like those provided in this report will be invaluable for investors seeking to make informed decisions and maximize their investment potential. Our AI Real Estate Consultancy is well-positioned to assist investors in navigating this dynamic market by offering expert guidance, innovative tools, and personalized investment strategies based on cutting-edge AI technology and extensive market knowledge.

By leveraging our AI-driven consultancy services, investors can gain a competitive edge in Dubai's real estate market, identify the most

promising investment opportunities, and achieve their financial goals with greater confidence and efficiency.

Appendix:

Sample Transaction Data:

Date	Location	Price (AED)	Type	Beds	Built-up
30 Apr 2024	Oceanz 3 Du	1,950,000	Apartment	1	987
30 Apr 2024	Peninsula Fiv	2,200,000	Apartment	1	929
30 Apr 2024	7 Park Centra	918,000	Apartment	1	622
30 Apr 2024	7 Park Centra	918,000	Apartment	1	931
30 Apr 2024	Celadon 2 Al	2,200,000	Apartment	1	737
30 Apr 2024	Grove Buildi	1,375,000	Apartment	1	718
30 Apr 2024	Laurel Al Wa	1,818,000	Apartment	1	742
30 Apr 2024	Peninsula Tw	1,485,000	Apartment	1	674
30 Apr 2024	La Sirene To	1,831,000	Apartment	1	798
30 Apr 2024	Jadeel Buildi	2,280,000	Apartment	1	754
30 Apr 2024	Binghatti Az	800,000	Apartment	1	746
30 Apr 2024	Sobha One T	1,435,076	Apartment	1	675
30 Apr 2024	Sobha One T	1,455,099	Apartment	1	675
30 Apr 2024	The Edge To	1,200,000	Apartment	1	574
30 Apr 2024	Olivz by Dan	620,000	Apartment	1	636
30 Apr 2024	Bali Residen	825,000	Apartment	1	656
30 Apr 2024	Regalia by D	1,260,000	Apartment	1	736
30 Apr 2024	Orchid Duba	1,450,000	Apartment	1	688
30 Apr 2024	St. Regis The	2,210,000	Apartment	1	846
30 Apr 2024	Grove Buildi	1,400,000	Apartment	1	803
30 Apr 2024	Concept 7 Re	865,000	Apartment	1	710
30 Apr 2024	Parkside Hills	1,532,888	Apartment	1	691
30 Apr 2024	Ellington Hou	2,030,828	Apartment	1	817
30 Apr 2024	Golf Greens	1,321,000	Apartment	1	699
30 Apr 2024	Sobha One T	1,593,435	Apartment	1	671
30 Apr 2024	Sobha One T	1,625,175	Apartment	1	672
30 Apr 2024	Sobha One T	1,587,519	Apartment	1	676
30 Apr 2024	Lagoon View	1,302,840	Apartment	1	791
30 Apr 2024	Sobha One T	1,455,336	Apartment	1	675
30 Apr 2024	Red Square	795,639	Apartment	1	559
30 Apr 2024	Tower A Al V	2,103,000	Apartment	1	799
30 Apr 2024	Tower B Al V	2,188,000	Apartment	1	788
30 Apr 2024	Sobha One T	1,152,949	Apartment	1	552
30 Apr 2024	AG 9ine Dub	694,281	Apartment	1	604
30 Apr 2024	Lagoon View	1,157,310	Apartment	1	752
30 Apr 2024	Creek Beach	1,766,868	Apartment	1	696
30 Apr 2024	Creek Beach	1,802,485	Apartment	1	690

Methodology:

Data Preparation: The analyst began by loading transaction data for sales transactions from May 2023 till April 2024.

Capital Price Calculation: The average price per square foot was calculated for May 2023 till July 2023 and then compared with the average price per square foot from Feb 2024 till April 2024.

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