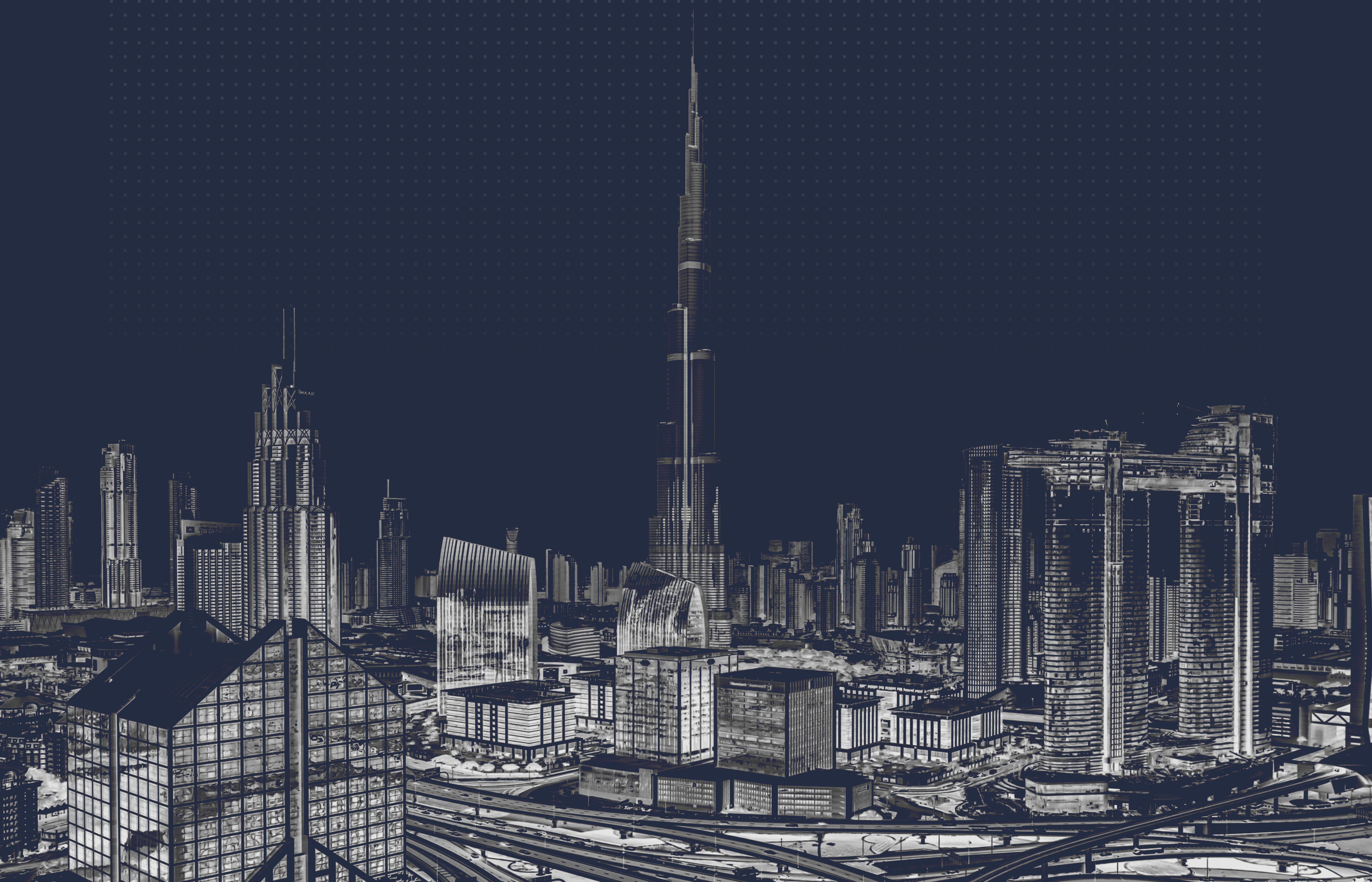




Commercial Property Market Report

Q1 2022



April 2022

a Betterhomes. group company.

Foreword

The first quarter of 2022 proves that the Dubai Real Estate market continues to soar. The commercial real estate market’s remarkable post-pandemic recovery resulted in one of the strongest quarters in the last several years.

In 2021, the commercial real estate market experienced a rebound that surpassed expectations with increased transactions and demand across the board. The growth continues moving forward into 2022, with confidence building among investors and end-users in the market.

New policies issued by the government at the beginning of 2022, such as modifying the working week to Monday - Friday to align with the rest of the world, have made Dubai even more attractive to investors looking to grow or expand the business.

The commercial property market right now is the strongest since 2016, with office, warehouse and retail units in high demand for both sales and leasing. CRC, in particular, recorded a significant spike in buyer leads for retail units this quarter, with this trend expected to continue into the next quarter. We also expect a surge in demand in this segment as we introduce the newly opened furniture specialised mall, Art of Living, situated on Umm Suqeim road.

Overall, it can be expected that the commercial property market will continue on an upward trajectory, supporting growth in Dubai’s property market and the economy as a whole.

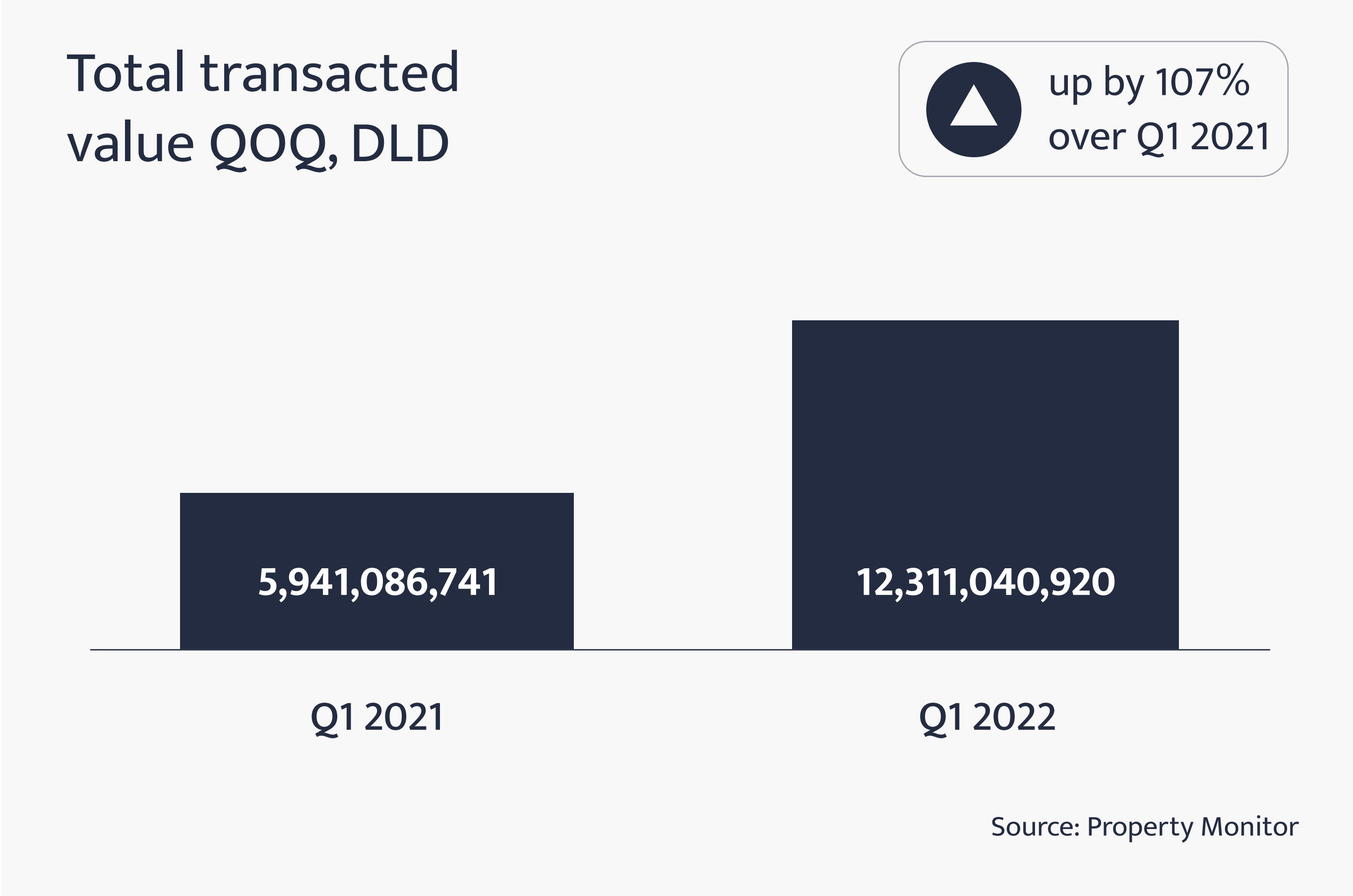
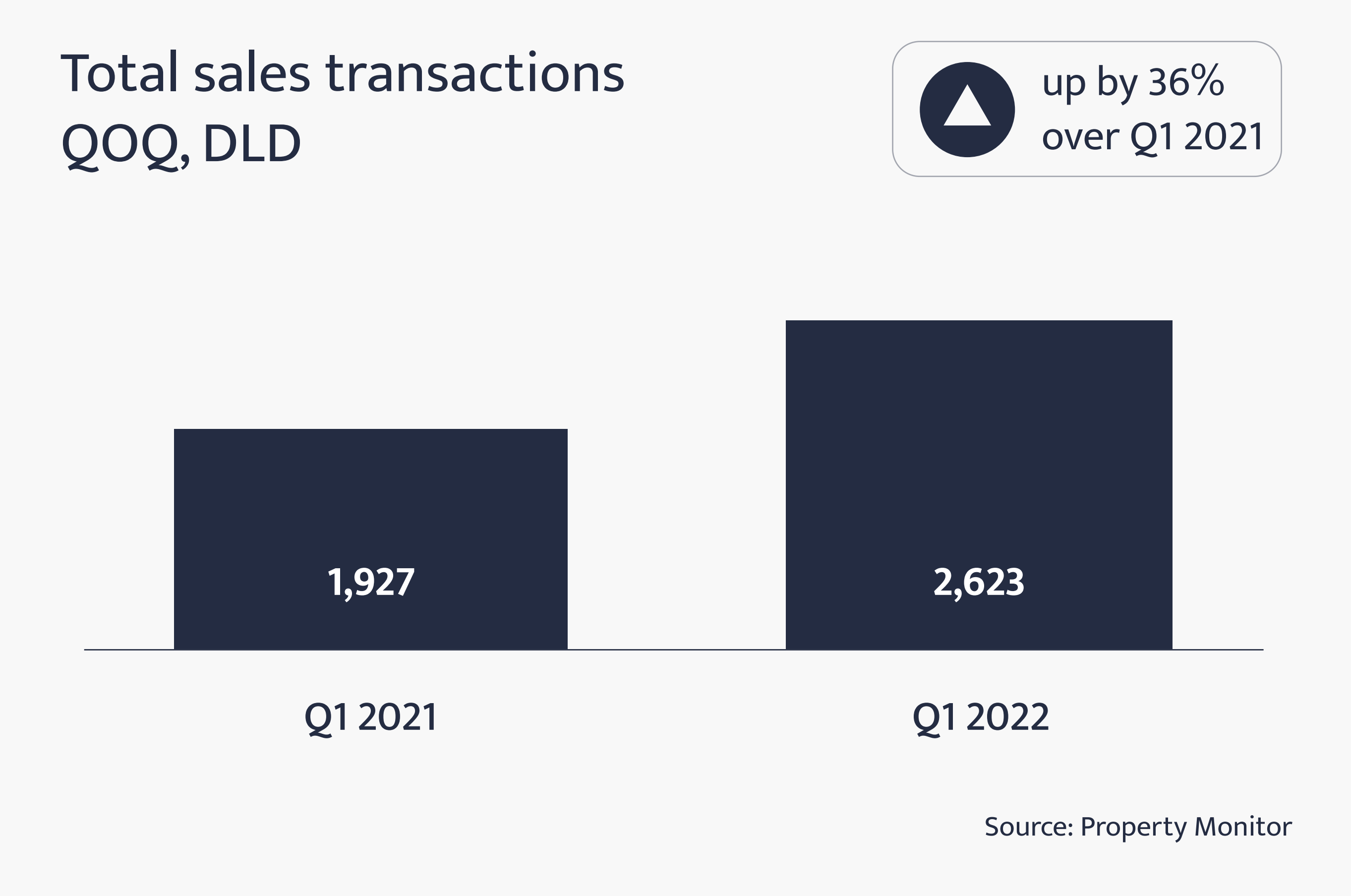


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Commercial Sales | Dubai

Q1 2022 has followed on from the trends we saw in 2021, with prices, demand and transactions continuing to rise. The commercial property market has experienced a 107% increase in sales value for Q1 2022 compared to Q1 2021.



OFFICE AND RETAIL SALES CONTINUE TO RISE

The Dubai property market had a total sales value of nearly AED 56 billion in the first quarter of 2022, according to DXB Interact, a record breaking quarter compared to previous years. At CRC, our invoiced transactions rose 62% in Q1 2022 over Q1 2021.

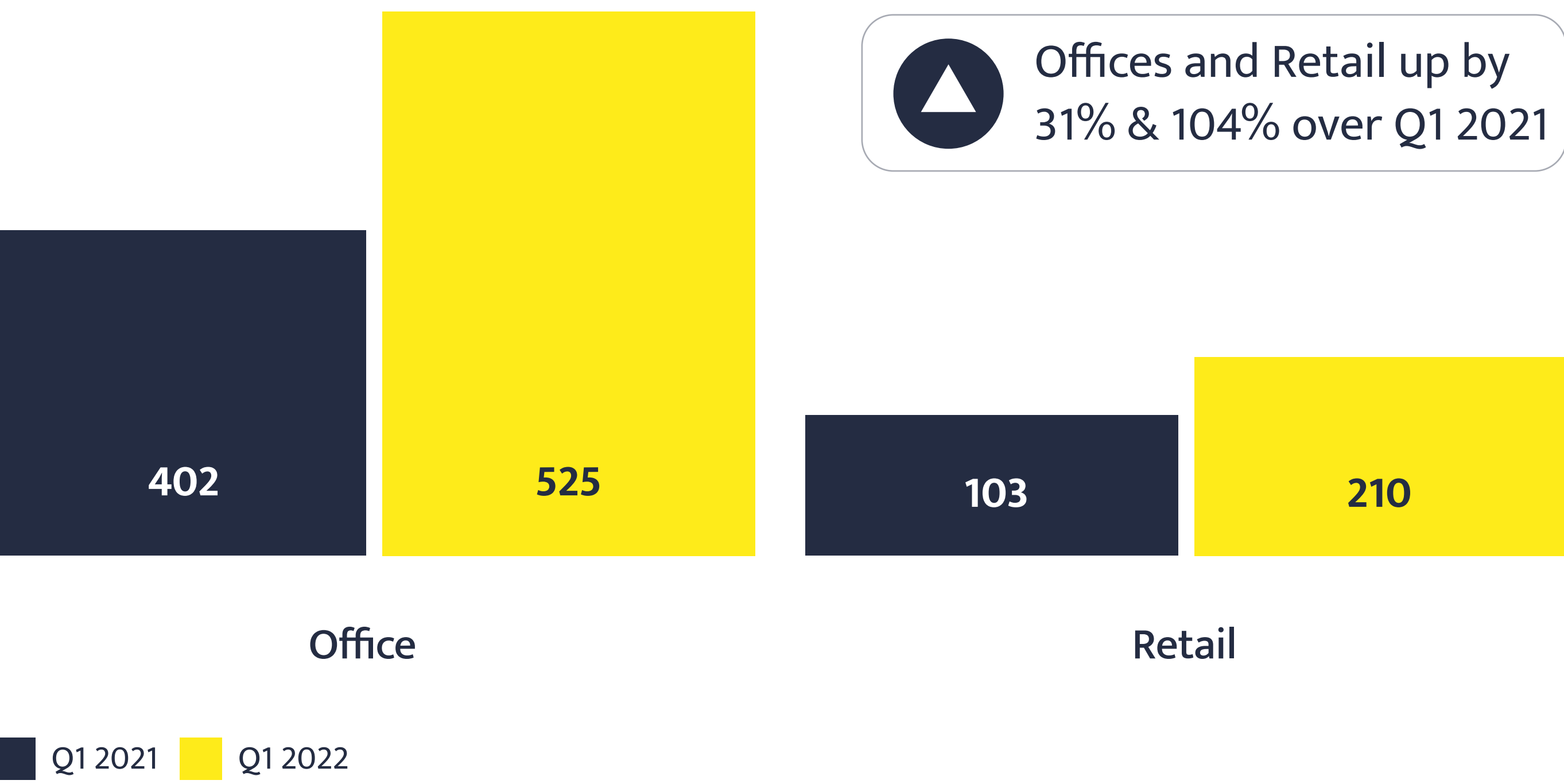
Office and retail sales remain at the forefront of the growth, with offices experiencing a 31% increase and retail a 104% increase for units sold over Q1 2021. The total sales value also continues to rise, as offices have seen a 71% increase and retail units a 49% increase over Q1 2021. As Dubai opened back up to the world and the majority of restrictions were lifted, the trust in the commercial property market recuperated, resulting in increased demand for properties for sale. This demand has been steadily growing since 2021 and has outgrown the supply of office spaces. This is precisely the case when it comes to Grade A buildings, which are in low supply, and therefore have significantly increased in price. New developments have been halted during the pandemic, and there haven't been any notable new releases in the commercial property market in the previous years. With the limited spaces available, it is expected these prices will increase even further in the upcoming months. This demand is visible in the fact that commercial properties, in many cases, are being sold at CRC even before officially hitting the market.

Invoiced transactions, CRC

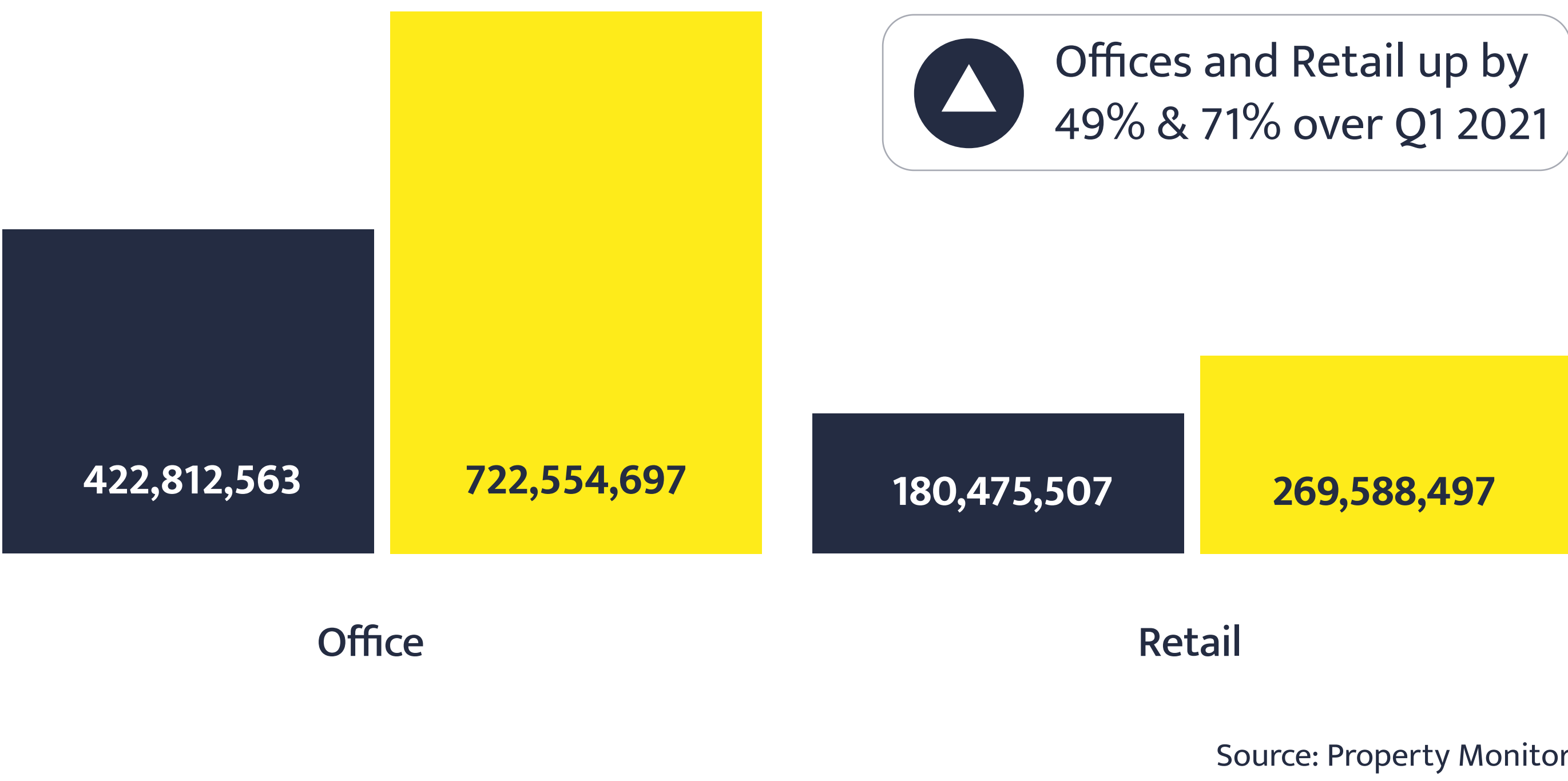
Q1 2021 vs Q1 2022

▲ up by 62%

Transactions by property type QoQ, DLD



Sales value by property type (AED) QoQ, DLD



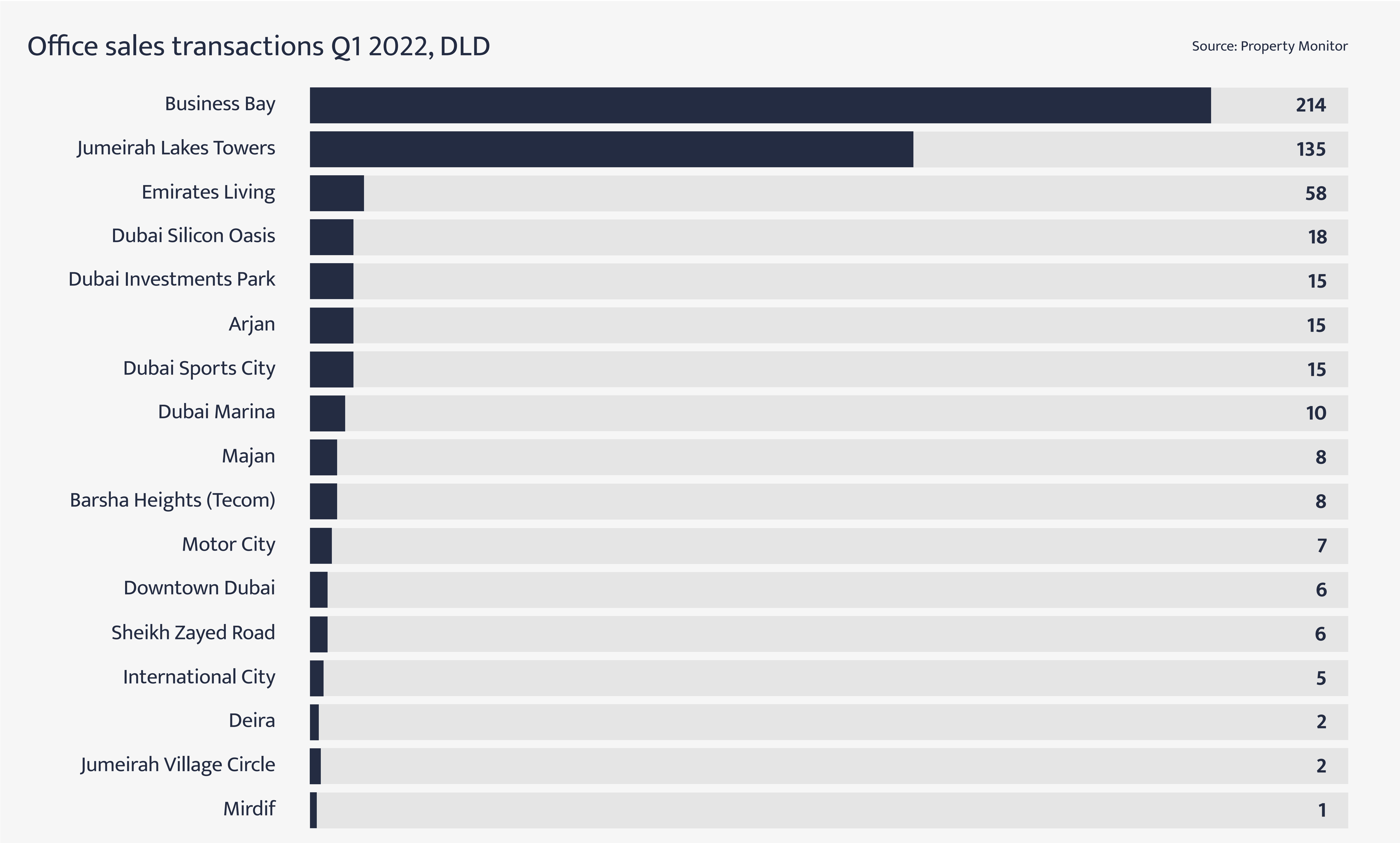
Undoubtedly, new policies like Dubai changing the working week to Monday - Friday to align with the rest of the world, has impacted the commercial real estate market, with investors becoming increasingly more attracted to the city's new reforms and booming economy. The resumption of global travel has also led to Dubai being named the top destination for tourists to visit in 2022, beating other popular hotspots such as London, Bali and Rome to the post. Dubai's high vaccination rates and strict implementation of precautionary measures such as sanitisation and social distancing, have made Dubai one of the safest destinations to travel to in the world.

EXPO 2020 Dubai ran for a total of 6 months from October to March, officially closing its doors on 31st March 2022. Gulf News reported that during that time the site received more than 24 million visitors. According to the National News, now that it's over, the site is due to be turned into a new '15 minute city' and although some of the pavilions are staying put, the new development will also be home to new residential and commercial properties, which will be sure to impact the market in the coming years.

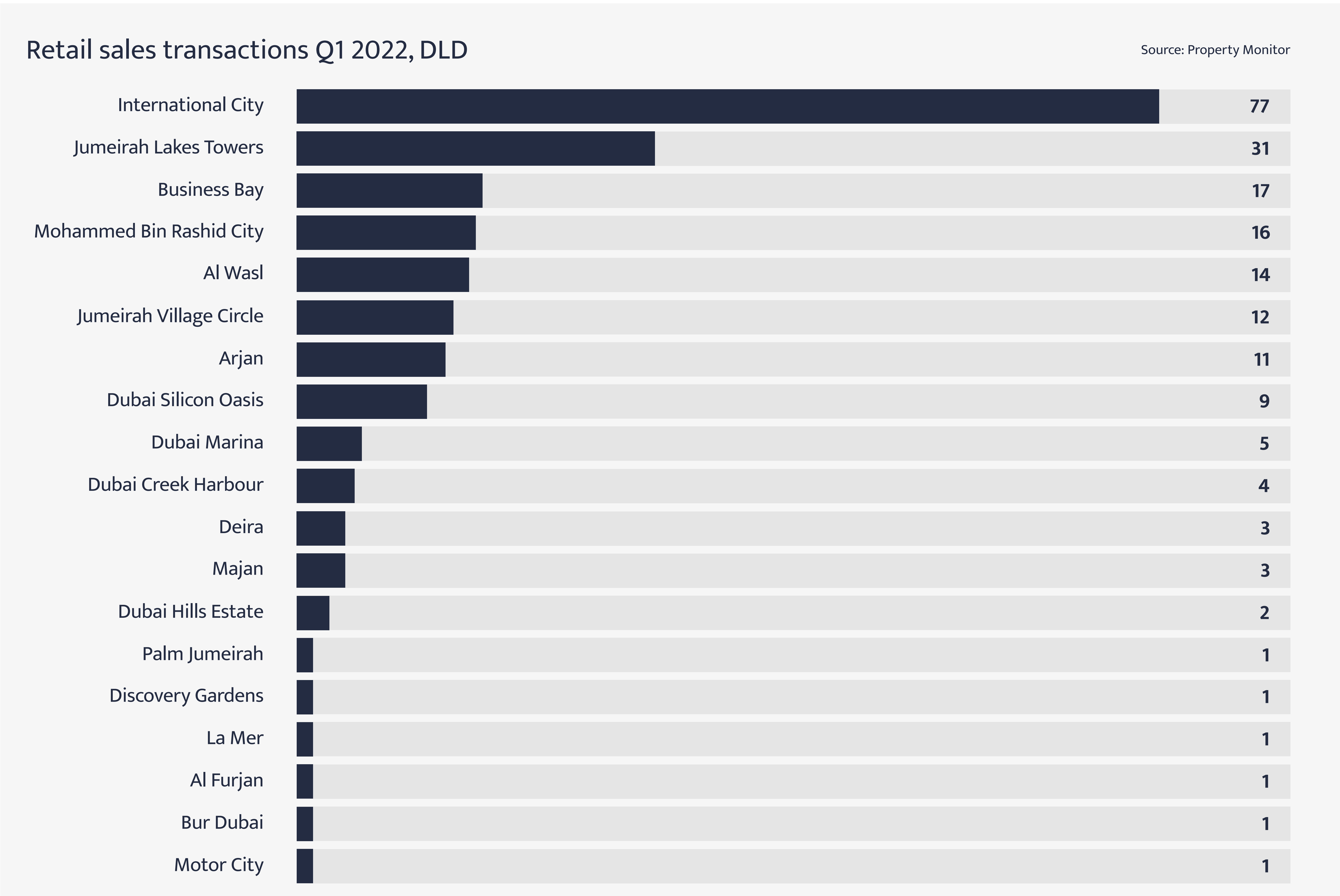
With this, there's no surprise the demand for both office and retail space is rife, as more people flock to the country to work, good quality office and retail space is becoming harder to lock down for lower prices, especially in prime locations.

TOP COMMUNITIES FOR OFFICE AND RETAIL SALES

Prime communities such as Business Bay and Jumeirah Lake Towers continue to lead from the front for office sales, followed by Emirates Living and Dubai Silicon Oasis.



For retail sales, International City, Jumeirah Lake Towers and Business bay came out on top for Q1 2022.



According to Zawya, Dubai issued 24,662 new business licences in Q1 2022. This substantial rise highlights the confidence among investors, who are looking to use Dubai’s booming economy to their advantage, investing in office or retail spaces in prime locations in order to expand and maximise business.

DEMAND GROWS FOR ALL TYPES OF PROPERTY

Increasing demand combined with the limited supply of Grade A commercial spaces is an ongoing trend visible through the first quarter of 2022. As businesses have successfully rebuilt after suffering from the impact of the pandemic, the objective is now to expand, the need for larger office spaces is rising, and as the occupancy of these spaces increases, so does the shortage in stock.

CRC recorded a huge 41% increase in buyer leads in Q1 2022 compared to Q1 2021. With offices up 24%, warehouses up 44% and retail experiencing a staggering 289% increase.



Commercial Leasing | Dubai

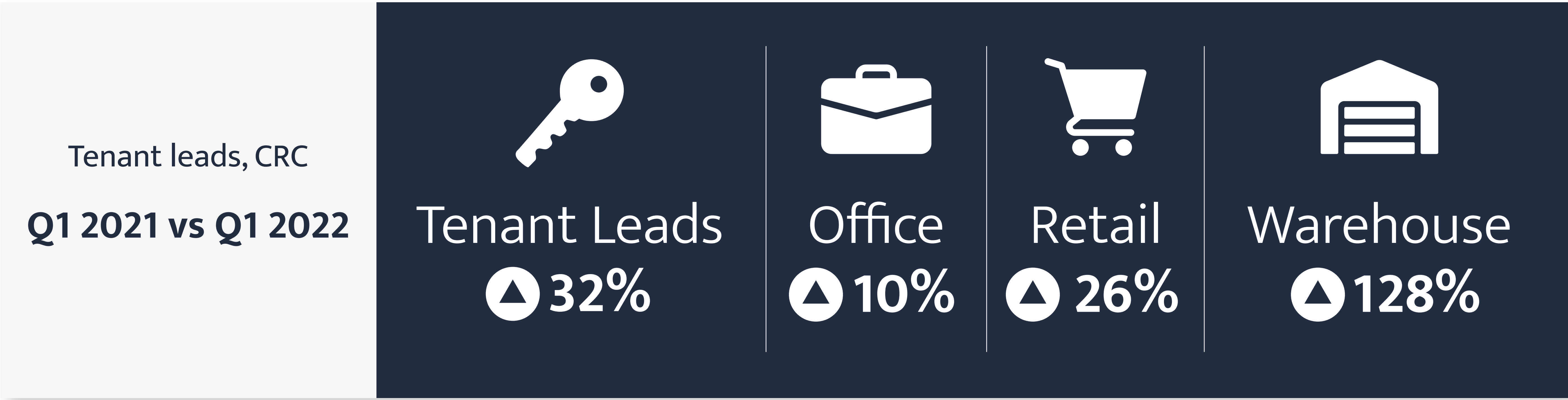
The commercial property leasing sector has maintained steady growth in the first quarter of 2022. The multitude of new businesses opening their doors across Dubai has increased rental prices throughout all sectors, creating greater demand for those seeking new premises for their growing businesses.

STEADY GROWTH FOR THE COMMERCIAL LEASING SECTOR

According to CRC data, the number of leasing transactions is up 7% for Q1 2022 vs Q1 2021, with the highest increase in the warehouse sector, which is 88%. The expansion of businesses in Dubai that need to store stock, is having a direct impact on warehouse leasing. The increase in stock equals the demand for bigger storage spaces, leaving companies no choice but to look for bigger warehouse units.



A SURGE IN DEMAND FOR WAREHOUSES



The overall number of registered tenant leads for CRC increased by 32% compared to the same period last year. In line with the spike in demand, the highest increase came in at 128% for warehouses. This quarter, we've witnessed a continuous demand for commercial property, as businesses that downsized during the pandemic started getting back to bigger office spaces. As well as retail and warehouse businesses benefitting from a surge in demand due to a boost in the economy.

AS DEMAND INCREASES, COMPANIES LOCK DOWN LEASES FOR LONGER

As businesses continue working hard to minimise costs, opting for well-fitted office spaces that don't require significant investments is a trend anticipated to continue through 2022, as opposed to the demand for shell and core units the market experienced a few years ago.

While prices rise and the demand grows, tenants who would previously shop around year on year, in order to secure high-quality units at the lowest price, are opting to lock down long term leases at lower rental values instead.

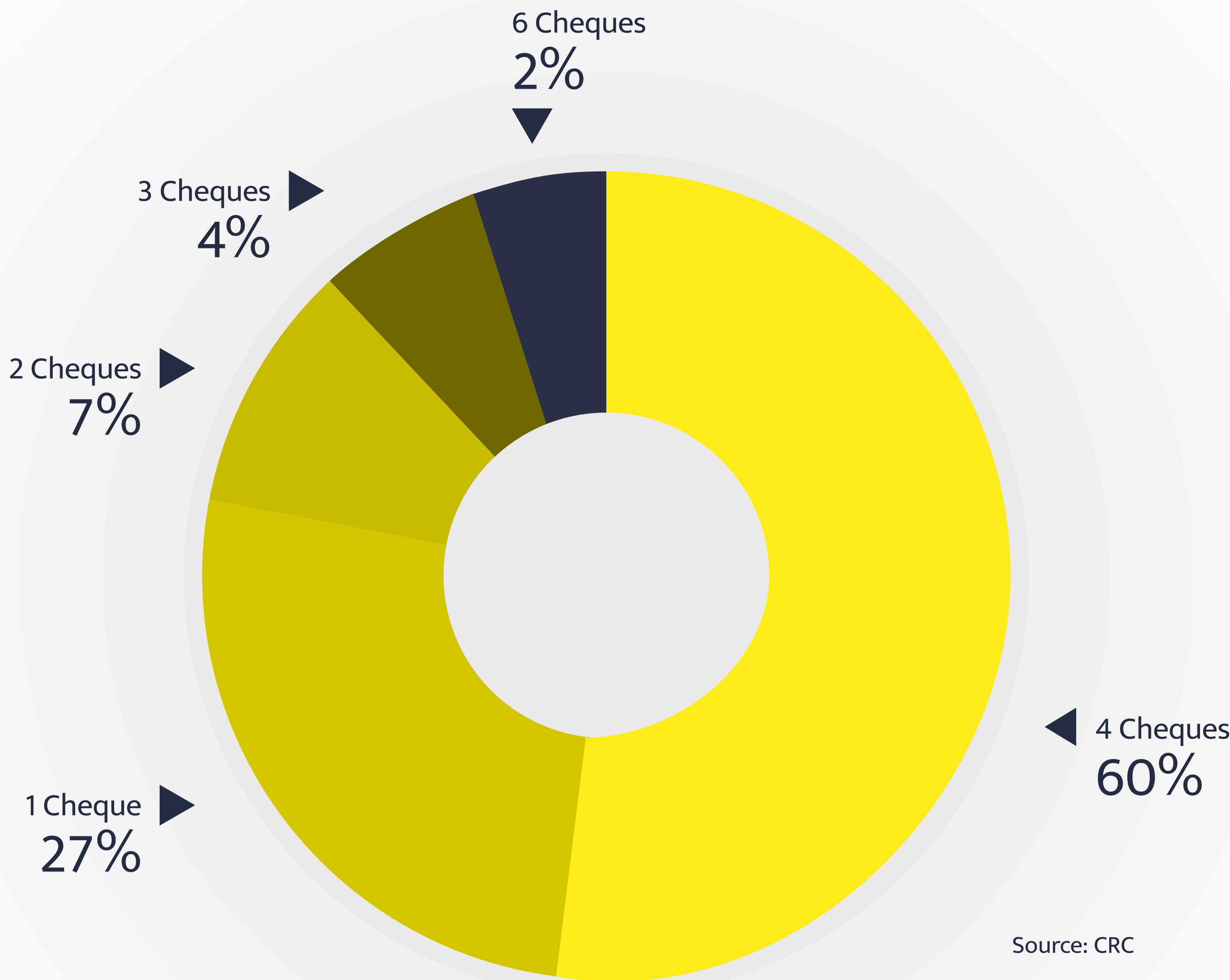
Seemingly, the trust in the market has bounced back in the first quarter of 2022, with CRC recording a 17% increase in payments with 4 cheques and 1 cheque payments decreasing by 7%.

Rental payments with 4 Cheque

▲ 17% increase

Rental payments with 1 Cheque

▼ 7% decrease



Source: CRC



About CRC



Our team



Ben Bargh
CRC Managing Director



Andrew Elliott
Head of CRC Dubai



Matthew Jabbar
Valuations Manager



Sam Lafi
Head of CRC Abu Dhabi

CRC (Commercial Real Estate Consultants) is a real estate brokerage, an affiliate of Betterhomes, specialised in commercial properties. Founded by some of the most innovative thinkers in the real estate business, CRC caters to international and local clients seeking increased value by selling, leasing or investing in commercial property.

With a team of over 40 property experts, we understand the commercial real estate business. Our consultants are handpicked and trained to the highest standards to represent our brand and your interests professionally.

As part of the well established Betterhomes group, CRC is an integral part of Dubai's real estate history, with over 36 years of industry experience. The group has grown over the years and diversified with several brands under its name, ranging from boutique real estate agencies, such as A&Co. and Linda's, to Bridgeway Trust which is focused on immigration advisory.

Leveraging best-in-class technology and support, we provide comprehensive options to strategic direction - now and long into the future. Whether you are looking to buy, sell, or lease a commercial property, get a property valuation, or find an investment advisor, we are here for you.

📍 Dubai

600 56 6224
info@crcproperty.com
Control Tower 33rd floor
Motor City

📍 Abu Dhabi

600 56 6224
info@crcproperty.com
Raha Beach
Al Zeina

Services

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