

REAL ESTATE

Luxury real estate business booming in Dubai: report

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Christie's International's latest report asserts that local markets are being supported by the migration preferences of growing affluent populations. Image credit: Christie's International

By EMILY IRIS DEGN

A new report suggests that, amid a cross-category luxury "cooling," certain real estate markets are thriving.

A new report from Christie's International asserts that though the state of affairs differs between regions, the sector is largely being supported by the migration preferences of growing affluent populations. The global brokerage's [2023 Mid-Year Luxury Market Update](#) asserts that as the United Arab Emirates expects 4,500 millionaires to pour into the U.A.E this year, the company's Dubai chapter is already managing demand driven by immigration, recording a sales volume of almost \$50 billion during the first half of 2023 alone, a total reaching more than 75 percent of the \$64.66 billion brought in during the entirety of 2022.

"Impressively, 176 deals surpassed the \$10 million mark, far outperforming similar luxury markets like New York and Hong Kong," said Jackie Johns, managing partner at [Christie's International Real Estate Dubai](#), in a statement.

"This is due in no small part to the inherent ability of Dubai to accommodate growth, both financially but also in a very tangible manner," Ms. Johns said. "Dubai has solidified its position further in 2023's first half as a preeminent global luxury market."

For the report, Christie's International draws upon the insights of its affiliates spread across the United States, Europe, the Middle East, Australia and Japan.

Property sales picking up

As Christie's looks at how geopolitical factors, currency issues, interest rates and pandemic-related impacts are affecting the luxury market worldwide as part of its latest report, expert outlooks at the firm are a bit more upbeat than those released in recent years.



Christie's affiliates worldwide are "slightly more confident" about the luxury market than they were for the same period in 2022. Image credit: Christie's International

Overall, its affiliates worldwide are "slightly more confident" about the luxury market than they were for the same period in 2022 ([see story](#)). Those based in Asia-Pacific are noting that overseas buyers are increasingly eyeing currency fluctuations and reopened borders as advantages to moving into the area.

Japan especially is gaining ground, not only due to the country's monetary perks but also because of an appealing vacation home market, as second homes continue to win buyers over ([see story](#)).

"The biggest surprise of the first half of 2023 has been the devaluation of the Japanese yen," said Paul Butkovich, director of real estate sales at H2 Christie's International Real Estate, in a statement.

"With the weak yen in play, this is driving a lot of foreign investors to the Japan market as they see great value in the marketplace, especially if they are buying from Japanese [brokers]," Mr. Butkovich said. "Pent-up demand is also playing a role in propelling Japan's vacation home market, as the country only reopened its borders following COVID in the second half of 2022.

"We were predicting the wealthy Asian market would flood back to the ski resorts with expectations of acquiring lifestyle investment properties in the region, and that is exactly what they have been doing."

As its dollar struggles, Australia is also having a housing moment, with buyers flooding in as nearby China lifts travel restrictions. The quality of education, weather and political environment are cited as reasons behind the piqued interest in this market.



The coronation of King Charles III and bank holidays have stalled the U.K.'s spring surge in real estate. Image credit: Christie's

On the other side of the globe, Europe is being hit by high interest rates and growing political instability due to the war in Ukraine, though a lack of supply is turning out to keep luxury real estate lifted.

Uber-luxury markets like those throughout Paris and London's prime central locations are boosting off-market activity and pricing, though Christie's shares that the U.K. as a whole is seeing mixed approaches on the part of high-end buyers after a "late spring surge."

Timely trends

The last bit of the report turns to a set of emerging luxury real estate trends to watch in 2023, many of which have to do with sustainability.

Green neighborhoods are highlighted as noteworthy, as the practice is getting more prominent in major markets like

Dubai, Hokkaido and Sydney, especially. Experts attribute this to "post-pandemic changes in thinking" on the part of buyers.

Though nature has always played a part in real estate decisions, such as the preference for waterfront views, the relatively new trend of living closer to green areas appeases a contemporary need for private space. As a result, inland locales and spots near parks or protected land are expected to prosper, revealing that perhaps investment in habitat preservation would be a financially wise venture for real estate firms.



Greenspace is crowned as one of five emerging trends outlined by Christie's, half of which have to do with sustainability. Image credit: Christie's

Environmental decision-making as a whole is also coming more into play, with sustainability cited as another movement to watch.

Specifically, affiliates are stating that energy is vital to many buyers in key regions like the U.K. and again, Dubai, making properties with built-in renewable energy solutions and efficiency highly sought after. Developers are responding to this desire with the construction of communities that are biophilic in design and lush with greenery.