

Residential Market Cost Insight Report



The Residential Market Cost Insight Report provides an in-depth analysis of the UAE residential market for Q3 2024, offering insights into current construction cost trends and key cost drivers for both apartment and villa projects.

The UAE is expected to see another moderate rise in Tender Price Inflation (TPI) for 2024 after an increase of circa 3.5% in 2023. The current forecast for TPI in 2024 (F) is circa 3%.

3% - 4%

Forecasted UAE TPI for 2024

Market Insights



Supply Spike

Dubai and Abu Dhabi will add 42,000 new units in 2024, mostly apartments, signalling aggressive market growth.

42,000 new units in 2024 in Dubai and Abu Dhabi



Cost Pressure

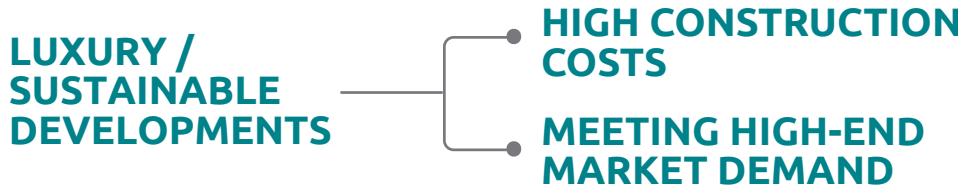
Land prices in Dubai have surged by 17% year-on-year, pushing developers to explore secondary locations to manage rising costs.

17% YOY increase in Dubai land prices



Innovation Push

A shift towards luxury, sustainable developments is driving up construction costs but meeting high-end market demand.



Early project involvement of cost management is now more crucial than ever given the rise in construction costs over the past number of years.

Source: Constructionweekonline

Residential Apartment Cost Data

Cost range per m²

AED 5K/m² - AED 7.5K/m²

(Mid to Mid-high Specifications)

AED 7.5K/m² - AED 10K/m²

(Mid-high to High Specifications)

Cost range per unit

AED 2.1M - AED 3.9M

(Driven by factors like finishes, façade choices, and building systems)

KEY COST DRIVERS

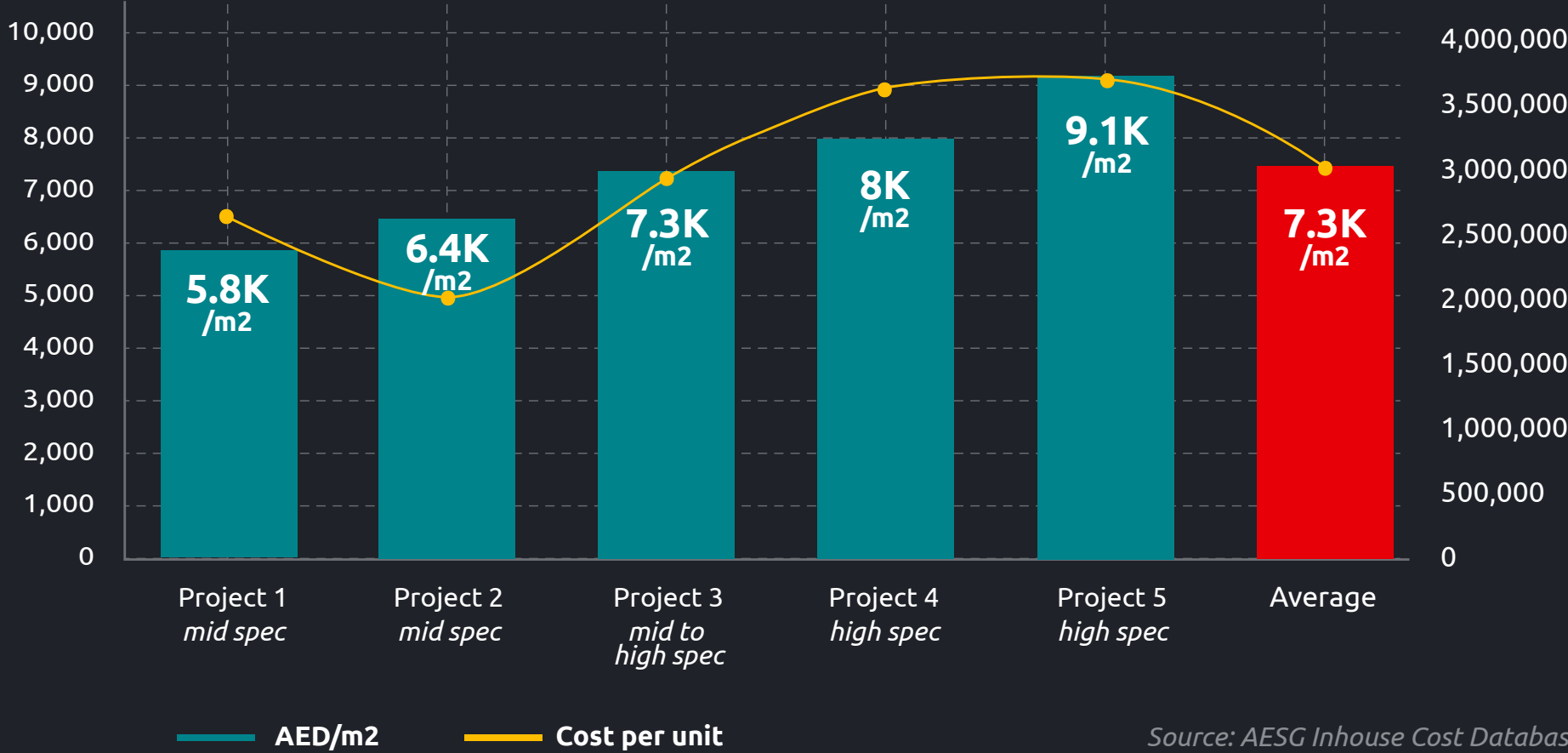
Net to Gross Efficiency
Maximising usable space

Façade Selection
Balancing aesthetics with energy efficiency

Floor to Ceiling
Higher ceilings add luxury but increase costs

Floor Design
Efficient designs can minimise construction expenses

UAE Apartment Projects



Source: AESG Inhouse Cost Database

Residential Villa Cost Data

Cost range per m²

AED 4.5K/m² - AED 6.5K/m²

(Mid to Mid-high Specifications)

AED 7K/m² - AED 10.5K/m²

(Mid-high to High Specifications)

Cost range per unit

AED 2.8M - AED 3.9M

(Driven by factors like finishes, façade choices, and building systems)

KEY COST DRIVERS

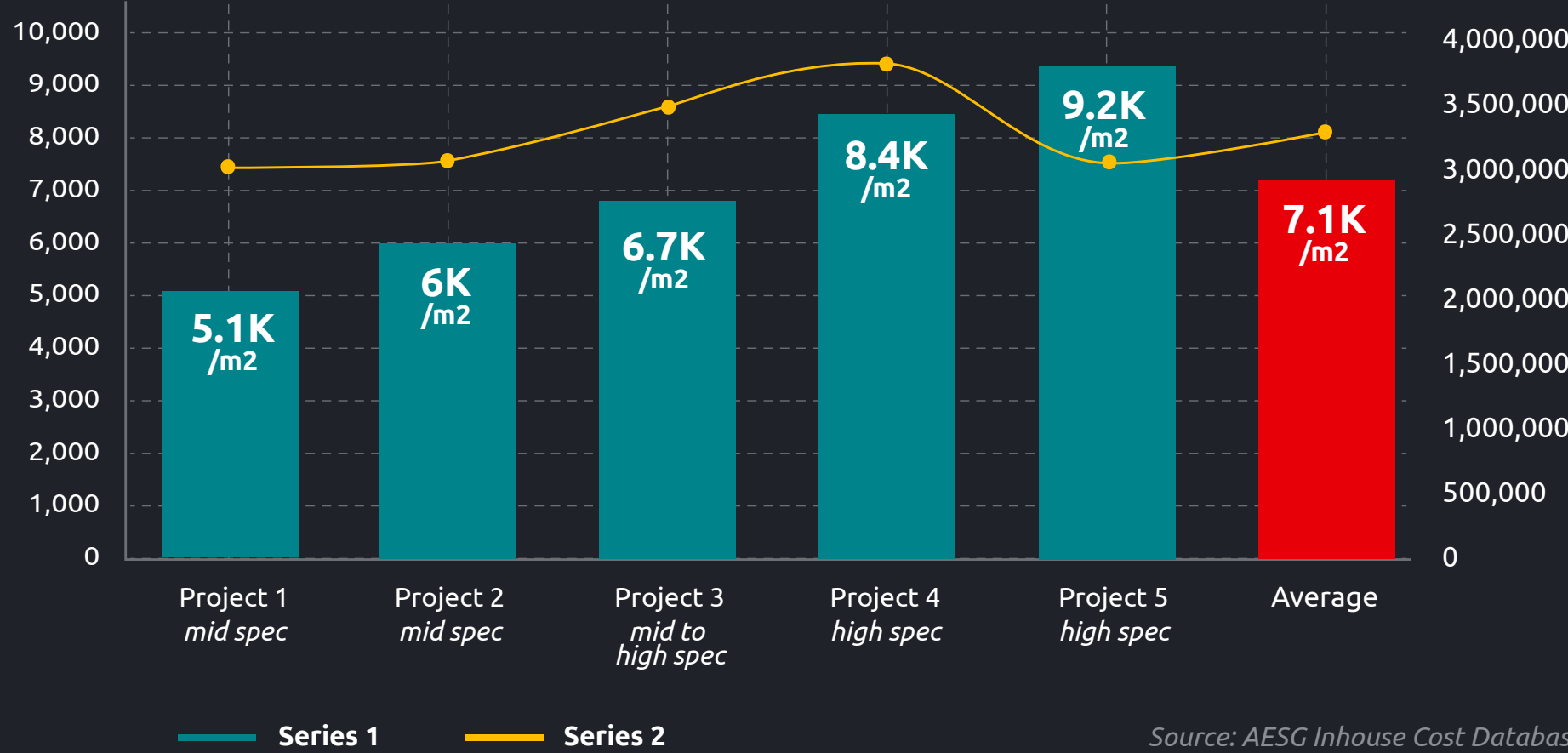
Volume & Degree of Repetitiveness
Drives scale economies and influences value for money appropriateness of alternative construction methodologies (Offsite - Pre-cast concrete walls, unitised bathroom, kitchen, cabinetry etc.)

Number of Typologies
Differing layouts / arrangements / façade types & articulation / ID palette

Structural Solution
Foundation design, structural frame & wall arrangement/dimensions & amount of external structural works (Bin stores, parking bay, boundary walls etc.)

Sustainability / Smart Home Criteria
Modern methods of living standards & expectations, product placement & sales strategy

UAE Villa Projects



Source: AESG Inhouse Cost Database



Key Notes

- The areas are based on RICS GIA unless otherwise stated. All project cost data are based on projects in the UAE and adjusted for tender price inflation.
- The rates are based on indicative ranges as per contract and final account values. All rates are based on typical UAE build costs as traditional procurement with main contract preliminaries and OH&P.
- Apartment and villa typologies in the above data are representative of typical standard masterplans constructed in the UAE.
- General exclusions are as follows: land costs, marketing, utilities and infrastructure outside the plot boundary, finance costs, any legal fees, local authority and municipality costs, future inflation costs beyond Q3 2024, client insurances, Specialist AV/TV and IT equipment, VAT or any other taxes, profession or development management fees, waste management, risk and contingencies and LEED Gold or above sustainability standards.
- The above costs are based on medium to high specifications and exclude luxury to ultra luxury finishes.

Need tailored cost insights for your next residential project?

Our team is ready to help you optimise costs while ensuring top-quality outcomes. Reach out to our Residential Cost Management Expert for a personalised consultation.



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