

INTRODUCTION

Dubai is in many ways unique: a city known worldwide for its scale, size and growth but still with a residential population of only 2 million. It is a city of truly international dynamism characterized by extraordinary global connectivity. Dubai's vision has historically been expressed largely in terms of ambitious economic and demographic growth targets.

Dubai has deliberately pursued a high growth strategy, by ensuring that its infrastructure and real estate is developed ahead of end user demand. This "build it and they will come" mentality saw property as a key part of nation building and the city ensured that there were few constraints to potential development in terms of land supply, zoning restrictions or delays in addressing the concerns of neighbouring land owners. The development of Free Trade Zones and the opening up of the real estate market to foreign ownership in particular, resulted in a massive development boom in Dubai in the mid 2000's, culminating in estimates that 50% to 60% of all the world's construction cranes were located in the city in 2006/7.

This unprecedented period came to an abrupt end with the global financial crises in 2008/2009. The now unattainable high levels of debt required to fund the rapid expansion of the city and the previous reliance upon overseas capital, resources and expertise, resulted in a sharp contraction in the Dubai economy and a significant loss of population and employment in 2008-2009, with a resulting major impact upon the local real estate market.

The withdrawal of capital, for example, saw average residential prices decline by more than 40% between October 2008

and December 2010 with Dubai experiencing the greatest fall in real estate values anywhere in the region. At the height of the downturn in 2010, investors were overwhelmingly negative towards the Dubai's real estate market, favoring Saudi Arabia, Egypt, Doha and Abu Dhabi, with around 45% of investors expecting no recovery in the Dubai market for at least 24 months.

Three years later, both the economy and the real estate market are recovering strongly and there are many signs that the city is regaining much of its previous vibrancy. Population and employment growth are both running at around 5% per annum while the average price of residential accommodation grew by more than 20% in 2013.

Interestingly, the model for Dubai's future remains largely unchanged, if a little more refined and targeted; it provides a low tax environment that is open to overseas capital and labour flows, high levels of spending on global marketing and a continued emphasis on investment in the physical and social fabric. The city vision remains that of being a true global gateway.

The success of Dubai in pursuing this very different city building approach is now markedly evident in levels of investment confidence and the matching capital it is attracting. Dubai's



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recapturing of momentum is highlighted by its placing third in a recent survey of dynamism and momentum across 111 global cities undertaken by Jones Lang LaSalle.

In 2013 investor sentiment was stronger towards Dubai than any other market in the Middle East. Its status as a 'safe haven' within a volatile region, its relatively high levels of transparency and regulation (compared to other markets in the region) and the ease of investment for both regional and global players have combined to make Dubai once again, the preferred destination for property investment with, according to the Dubai Land Department, an increase in total investment in real estate from AED32 billion (\$8.8 billion) in 2009 to more than AED161 billion (US\$44 billion) in 2013.

CONCLUSION

In summary, many visitors remark that the drive down Sheik Zayed Rd (Dubai's main thoroughfare) is reminiscent of SimCity. Dubai is now taking the virtual analogy to the next level and is developing a city for the global citizen rather than the local population. Dubai is perhaps the most virtual city in the world, driven by high levels of capital inflow and visitors, rather than a large local population.



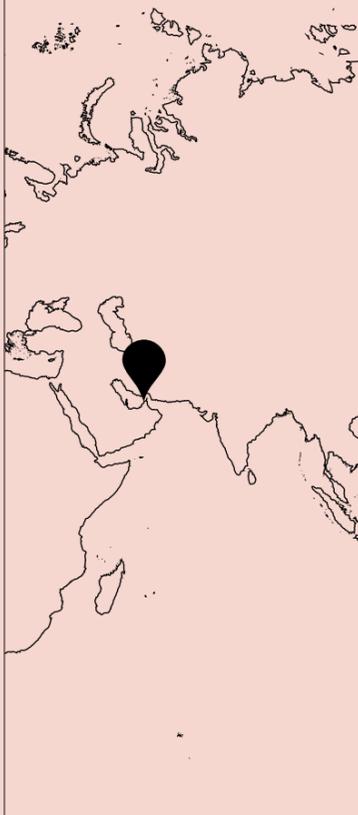
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CREDITS AND LINKS

Jones Lang LaSalle



DUBAI



COORDINATES
25°15'00"N 55°18'00"E
 AREA (federal district)
1,588 sq mi
 POPULATION
2,106,177
 DENSITY
1,199.6 sq mi



The model for Dubai's future remains largely unchanged: low tax environment that is open to overseas capital and labour flows, high levels of spending on global marketing and investments in the physical and social fabric



Since 2013, Dubai's population and employment rates are growing by 5% per year



Since 2013, the average price of a residential unit in Dubai grew by more than 20%

SOURCES

1, 2, 3 Wikimedia Commons

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DUBAI, United Arab Emirates

THE WORLD'S MOST VIRTUAL CITY

In collaboration with MIT

SA+P
 senseable city lab:::

