

DUBAI Real Estate Flash Note

Capital Appreciation & Infrastructure (RTA & Urban Master Plan 2040)

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Prospective Expert Analysis

The "Infrastructure-First" methodology executed by the Dubai government provides a reliable framework for property investors.

Sectors designated along the upcoming Blue Line expansion—most notably Dubai Silicon Oasis and Dubai Creek Harbour—represent the clearest avenues for capital appreciation over the next five years.

Securing early positions in these growth corridors presents a highly favorable risk-adjusted return profile.



Introduction & Macroeconomic Context

Real estate valuation relies not only on a snapshot of current market conditions, but also on long-term urban planning metrics.

The **Roads and Transport Authority (RTA)** serves as the primary driver of infrastructure development in Dubai.

Under the **Dubai Urban Master Plan 2040**, the expansion of transit lines, highway interchanges, and airport hubs constitutes the primary catalyst for long-term real estate capital appreciation.

Detailed Analysis of Data & Key Figures

An analysis of major RTA infrastructure projects highlights key strategic insights for real estate investors:

• Flagship Project: The Metro "Blue Line" Average Daily Rate (ADR):

- Capital Investment: AED 18 billion
- Network Length: 30 km incorporating 14 new stations
- Directly Connected Communities: Dubai Creek Harbour, Dubai Festival City, International City, Dubai Silicon Oasis, Ras Al Khor, and Dubai Academic City
- Projected Capacity: 320,000 passengers daily by 2029
Dubai Marina / JBR: ~AED 600 to AED 950 / night

• Historical Impact of Metro Stations (RTA / Knight Frank Studies):

- Properties located within a 500-meter radius of an operational metro station historically command a +18% to +25% valuation premium over comparable non-connected assets.
- Rental rates in these transit-oriented developments are on average 12% higher, driven by strong demand from commuting professionals.

Concrete Case Study: Anticipating Capital Gains in Silicon Oasis (DSO)

Consider an anticipatory investment strategy in Dubai Silicon Oasis (a key sector along the future Blue Line route):

- **Current Baseline (Pre-Metro Infrastructure):**
 - Average Price per sq. ft.: AED 1,050 / sq. ft.
 - Acquisition of a 65 sq. m (700 sq. ft.) 1-bedroom unit: AED 735,000
- **Projection at Station Completion (2028–2029 Horizon):**
 - Progressive market price alignment with existing transit-connected corridors (e.g., Al Furjan / Discovery Gardens) toward ~AED 1,300 / sq. ft.
 - Projected Property Valuation: AED 910,000
 - Potential Gross Capital Gain: +AED 175,000 (+23.8%)
- **Holding Period Cash Flow (5-Year Horizon):**
 - During the construction phase, the asset yields a gross rental return of ~8% annually, fully self-leveraging the investment holding period.

Risk Analysis & Key Considerations

- **Investment Time Horizon:** Capitalizing on infrastructure developments requires a medium- to long-term holding period (4 to 6 years). Potential construction delays on transport networks can defer capital growth realization.
- **Construction Nuisance Risk:** Properties situated directly adjacent to heavy civil works may experience temporary rental yield compression during active construction phases.

Contact US : BearBull Global Investments Group | Dubai International Financial Centre (DIFC) | Al Fattan Currency House | Tower 1 | Unit 702 Dubai | United Arab Emirates | Tel +97142722719 | www.bearbull.ae

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