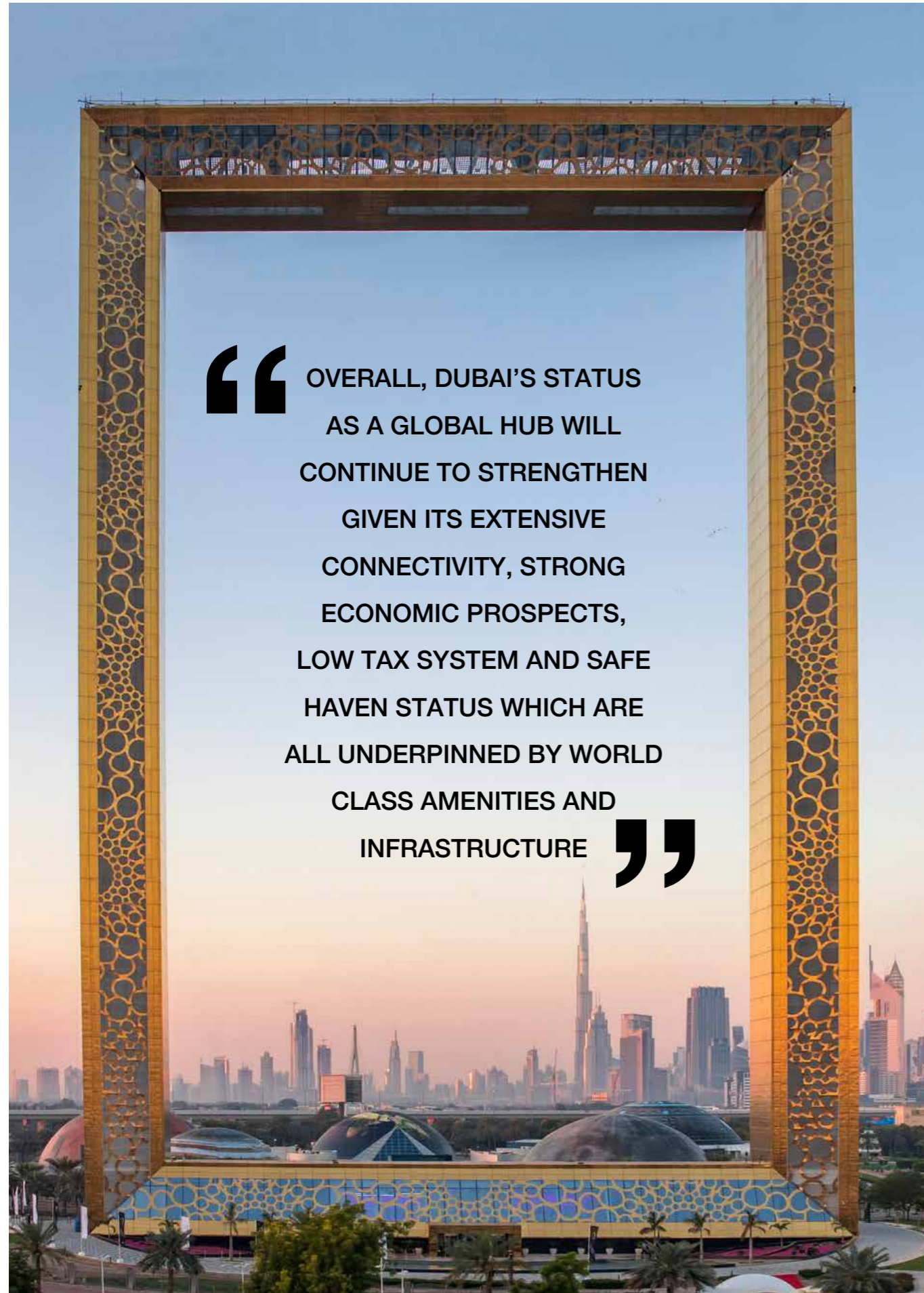


RESEARCH



# THE HUB REPORT 2018

DUBAI'S TRANSFORMATION AS A GLOBAL HUB



“ OVERALL, DUBAI’S STATUS AS A GLOBAL HUB WILL CONTINUE TO STRENGTHEN GIVEN ITS EXTENSIVE CONNECTIVITY, STRONG ECONOMIC PROSPECTS, LOW TAX SYSTEM AND SAFE HAVEN STATUS WHICH ARE ALL UNDERPINNED BY WORLD CLASS AMENITIES AND INFRASTRUCTURE ”

The Dubai Frame

## KEY FINDINGS

Dubai’s transformation and development as a city over the last decade is certainly unmatched on a regional basis and arguably even on a global basis. In the 2015 edition of The Hub Report Knight Frank highlighted how Dubai had established its position as a regional hub; a juncture between East and West, with its economy centred on the growth in logistics, tourism, financial and business services – all encompassed within a luxurious lifestyle destination. Since then Dubai has long surpassed (figure 1) its regional peers and its global hub status, and the UAE’s, is now undisputable. To highlight this, Knight Frank has compared seven key global hub cities, across four sectors and a range of indicators to showcase Dubai’s global standing.

### INDUSTRIAL AND LOGISTICS

As part of the UAE’s economic diversification plan (UAE Vision 2021) and Dubai’s Industrial Strategy 2030, the development of the industrial sector is seen as strategically important goal for the sustained long term success of economy. Over the 10 years to 2017 the sector recorded anaemic growth of 10.7% in Dubai compared to the Hong Kong (42.0%), Singapore (59.6%) and Shanghai (85.8%). To support the sector’s growth Dubai has invested heavily in transport and infrastructure improvements over these years, which as a result is now ranked the third best in the world. Dubai’s expected industry growth rate of 57.4% over the 10 years to 2027, is expected to

outpace those in our selected global hub cities.

### FINANCIAL AND BUSINESS SERVICES

The domestic financial and business services sector grew 55.6% in the last decade with only Shanghai (114.3%) outperforming Dubai. Over this time period Dubai has seen itself become a recognised global financial centre; with The Dubai International Financial Centre recently being ranked among top 10 global financial centres in The Banker’s International Financial Centre rankings. These achievements are underpinned by a zero tax environment/ low rate of tax for financial and oil companies. Currently it takes just eight days to start a business which is marginally longer than the United States (six days) and the UK (five days), although it is four times more than Hong Kong’s figure. Finally the UAE has a well-regarded ease of doing business ranking, which has moved up from 26th to 21st out of 190 countries over the last year. Continuing developments in improving business legislations and a maturing market means that this score is likely to continue to improve.

### HOSPITALITY

In the hospitality sector, the total number of hotel room keys per person is significantly higher at 29.9 per 1,000 people in Dubai, compared to our selected hub cities. Although this is not a surprise given the disparity in populations between

Dubai and these cities. It does however highlight the number of keys which have been delivered over the last two years, at which point the figure was recorded at 27.9 and when Dubai had 200,000 fewer people. The surge in the number of keys delivered has primarily been driven by increasing demand, from both new and existing source markets. Dubai International Airport, the world’s largest airport by international traffic, recorded 83.7 million passengers in 2016, up 26% from 2014.

### RESIDENTIAL

Finally, in the residential sector, Dubai’s market has experienced a slowdown since 2015 with prime prices falling by 3.8% in the year to Q3 2017, among our selected cities only London (-4.6%) has seen greater price falls. We are seeing prices beginning to moderate in some prime areas, however, across submarkets where significant levels of supply are forecast to be delivered we are likely to see an increasingly fragmented market develop in terms of price performance. Despite this Dubai has remained attractive to investors and occupiers alike, in the 18 months to June 2017, 217 nationalities purchased real estate in Dubai.

Overall, Dubai’s status as a global hub will only continue to strengthen given its extensive connectivity, strong economic prospects, low tax system and safe haven status all underpinned by world class amenities and infrastructure..

FIGURE 1

### DUBAI AND THE UAE’S REGIONAL COMPARISON – KEY INDICATORS

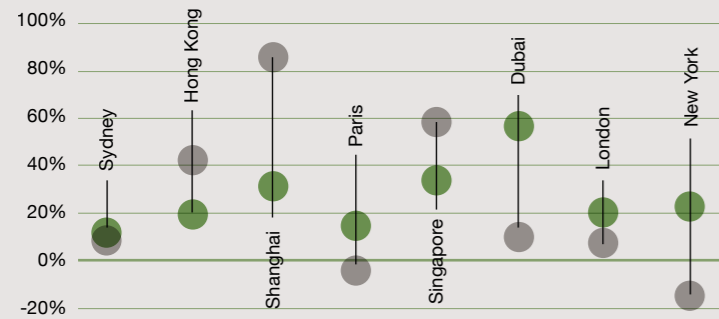
Indicator	Dubai	Rank of next highest Gulf Cooperation City or Country
Ease of doing business (Rank)	21st	Bahrain - 66th
Number of days required to start a business	8 days	Oman - 6 days
Sea Ports, output, in millions of twenty-foot equivalent unit	15.7 (Jebel Ali )	7.6 (Saudi Arabia)
International passenger numbers (Millions)	83.7 (Dubai International Airport)	37 (Hamad International Airport - Qatar)

Source: Knight Frank Research



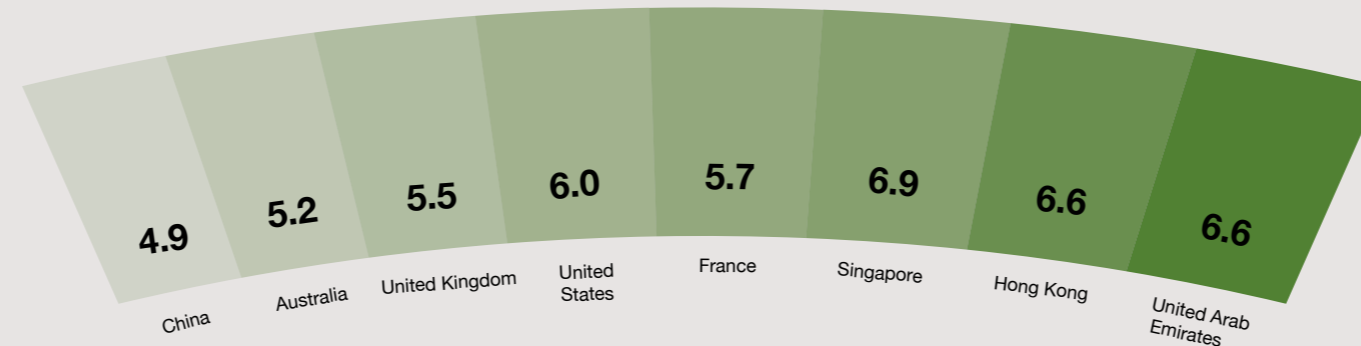
# MANUFACTURING & LOGISTICS

## INDUSTRY GROSS VALUE ADDED % CHANGE, CONSTANT PRICE LOCAL CURRENCY



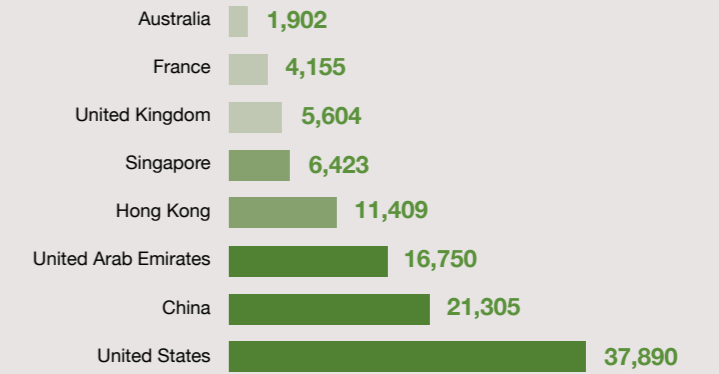
Sources: Knight Frank Research, Oxford Economics

## QUALITY OF OVERALL TRANSPORT INFRASTRUCTURE, 2017-2018 (7=BEST)



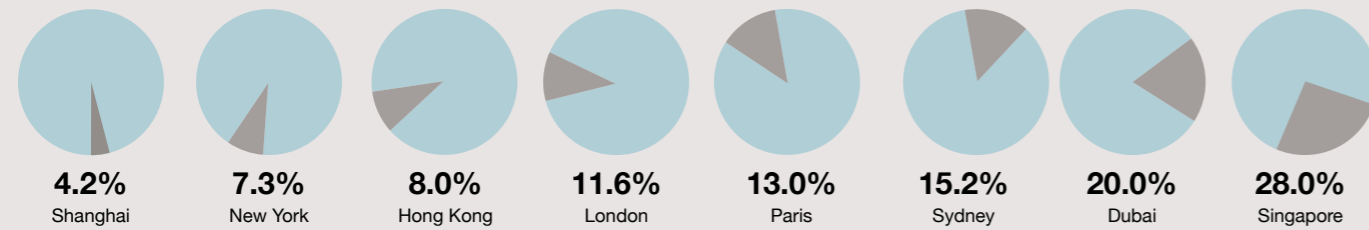
Sources: Knight Frank Research, World Economic Forum

## AIR TRANSPORT, FREIGHT, (MILLION TON-KM, 2016)



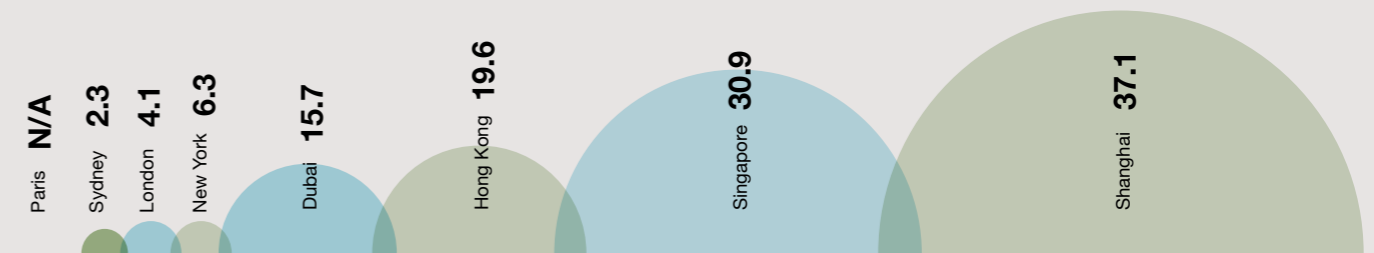
Sources: Knight Frank Research, World Bank

## INDUSTRY OUTPUT AS A PROPORTION OF TOTAL GDP, 2017



Sources: Knight Frank Research, Oxford Economics  
Note: Industry consists of the extraction, manufacturing, utilities and construction sectors

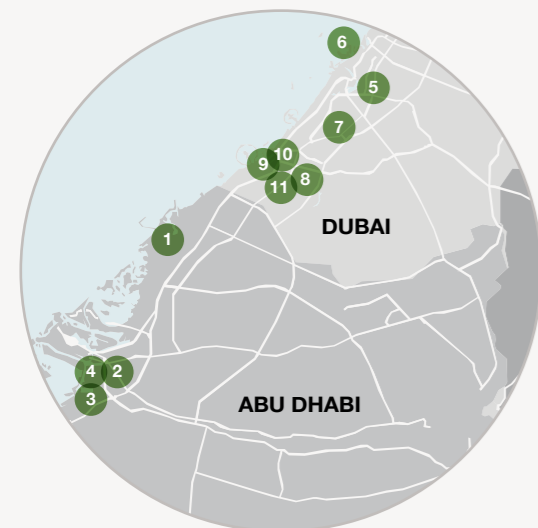
## SEA PORTS, GLOBAL PORT OUTPUT, IN MILLIONS OF TWENTY-FOOT EQUIVALENT UNIT



Sources: Knight Frank Research, JOC, Ports Australia

# INDUSTRIAL & LOGISTICS PROPERTY SECTOR

## ABU DHABI AND DUBAI OVERVIEW

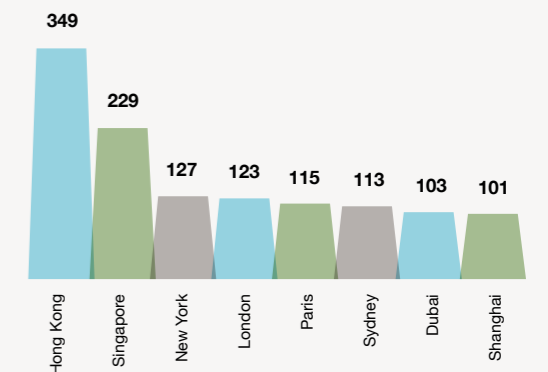


	1	2	3	4	5	6	7	8	9	10	11
	ABU DHABI				DUBAI						
Location	Khalifa Industrial Zone Abu Dhabi (KIZAD)	Abu Dhabi Airport Free Zone	Industrial City of Abu Dhabi	Mussafah	Dubai Airport Free Zone	Dubai Maritime City	Al Quoz	Dubai Industrial Park	JAFZA	Jebel Ali Industrial Area	Dubai South
Established	2010	2006	2004	1998	1996	2007	1973	1997	1985	1995	2006
Status	Free zone	Free zone	Non Free zone	Non Free zone	Free zone	Non Free zone	Non Free zone	Non Free zone	Free zone	Free zone	Non Free zone / Free zone
Total area (km <sup>2</sup> )	100	12	40	N/A	0.7	2.3	27	52	56	22	146
Average lease rate - warehouse (USD/m <sup>2</sup> /annum)	117	234	122	110	108 - 132	117	136	102	94 - 161	68 - 95	84
Time to airport	30 mins to both Abu Dhabi International and Al Maktoum International Airports	Located next to Abu Dhabi International Airport	15 mins to Abu Dhabi International Airport	17 mins Abu Dhabi International Airport	Located next to Dubai International Airport	35 minutes to Dubai International Airport	25 minutes to Dubai International Airport	15 minutes to Al Maktoum International Airport	25 minutes to Al Maktoum International Airport	15 minutes to Al Maktoum International Airport	Located next to Al Maktoum International Airport

Source: Knight Frank Research

AUH - Abu Dhabi International Airport, DXB - Dubai International Airport, DWC - Al Maktoum International Airport (Dubai World Central)

## PRIME INDUSTRIAL RENTS\* (US\$/SQ M/ANNUM)

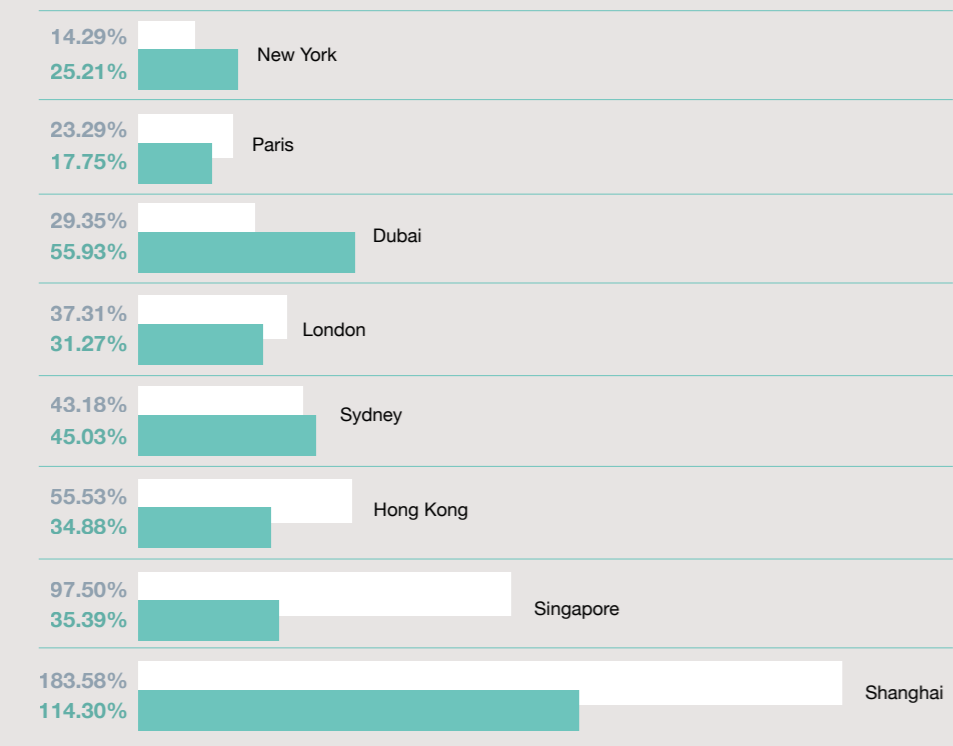


Source: Knight Frank Research

\* Data is latest available, currency conversion used is as the average of Q3 2017 period

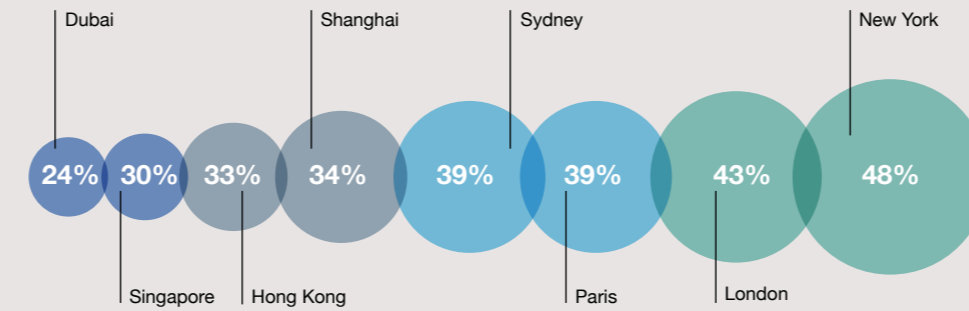
# FINANCIAL & BUSINESS SERVICES

FINANCIAL AND BUSINESS SERVICES, GROSS VALUE ADDED, % CHANGE



Sources: Knight Frank Research, Oxford Economics

FINANCIAL AND BUSINESS SERVICES AS A PORTION OF TOTAL GROSS VALUE ADDED (%)



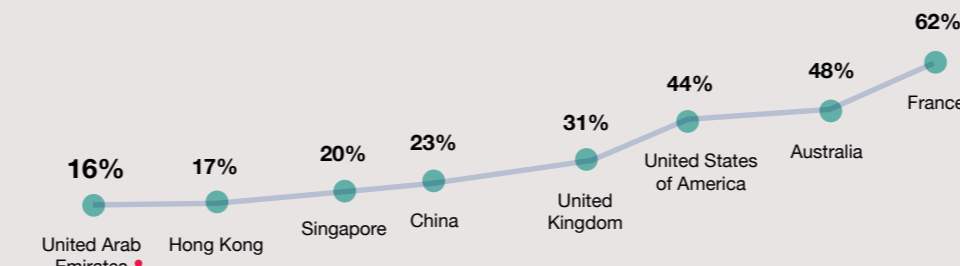
Sources: Knight Frank Research, Oxford Economics

DAYS REQUIRED TO START A BUSINESS, 2017



Sources: Knight Frank Research, World Bank

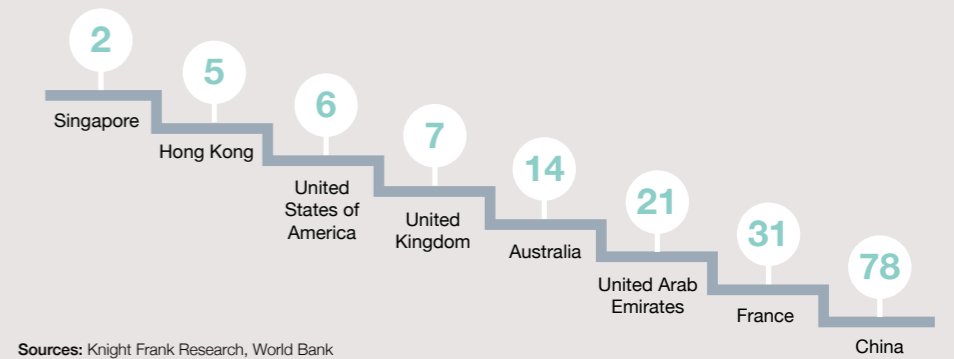
TOTAL BUSINESS TAX RATE (% OF COMMERCIAL PROFITS)



Source: The World Bank

Note: A percentage of foreign banks and oil companies' income in the UAE is taxable, otherwise 0%.

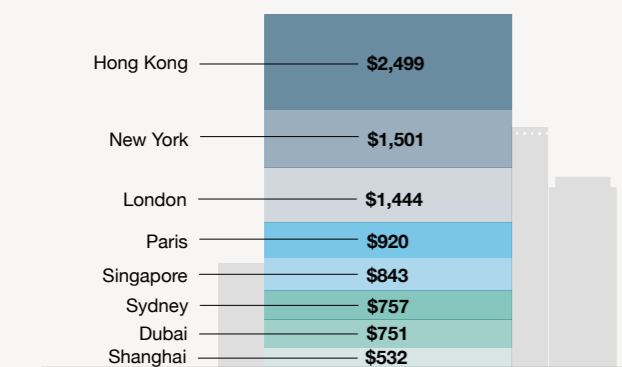
EASE OF DOING BUSINESS RANKINGS, 2018



Sources: Knight Frank Research, World Bank

# OFFICE PROPERTY SECTOR

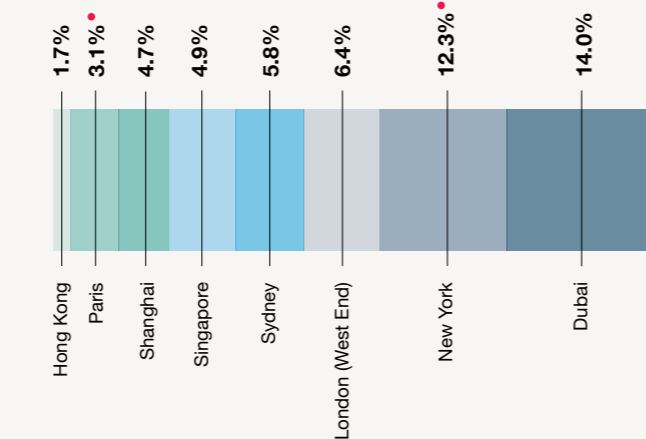
PRIME RENTS, Q3 2017 (US\$/SQ M/ANNUM) \*



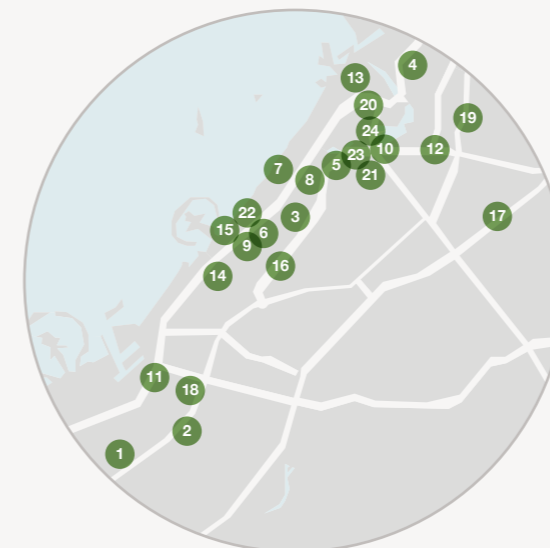
Source: Knight Frank Research

\* Data is latest available, currency conversion used is as the average of Q3 2017 period

PRIME VACANCY RATES, Q3 2017



Note: Central Business District rate

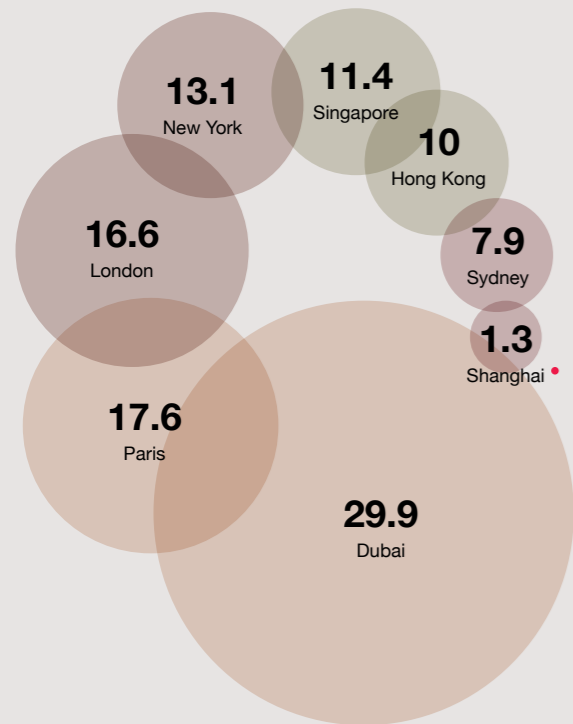


INDICATIVE RENTS IN DUBAI, Q3 2017 (USD/SQ M/ANNUM)

Dubai South	1	191	Bur Dubai	13	413
Dubai Investments Park	2	205	Marina	14	429
Barsha	3	274	Dubai Media City	15	432
Deira	4	282	TECOM	16	457
Business Bay	5	282	Silicon Oasis	17	475
TECOM C	6	283	Downtown Jebel Ali	18	476
Jumeirah Beach Road	7	312	DAFZA	19	501
Sheikh Zayed Road (West)	8	348	Sheikh Zayed Road (East)	20	521
The Greens	9	356	Dubai Design District	21	528
Trade Centre District	10	393	Dubai Internet City	22	557
JAFZA	11	410	Downtown Burj Khalifa	23	579
Dubai Healthcare City	12	412	DIFC	24	752

# TOURISM

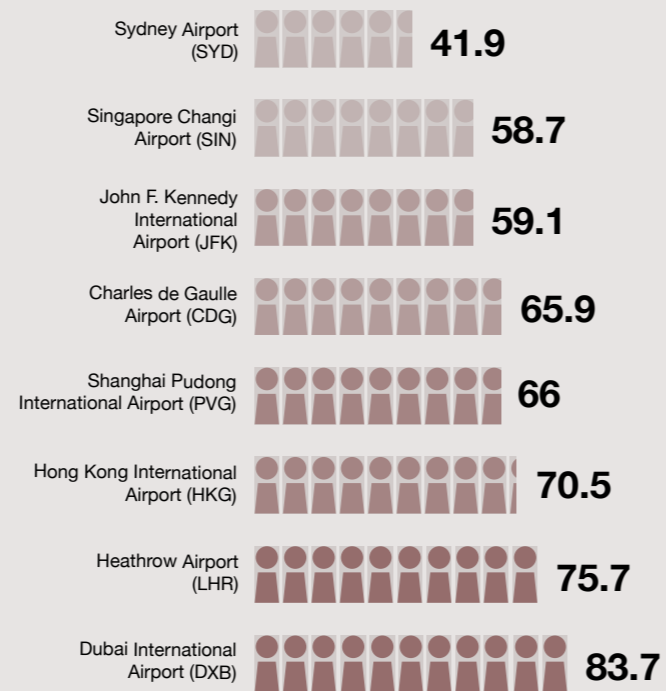
HOTEL KEYS PER 1,000 POPULATION, 2016



Source: Knight Frank Research

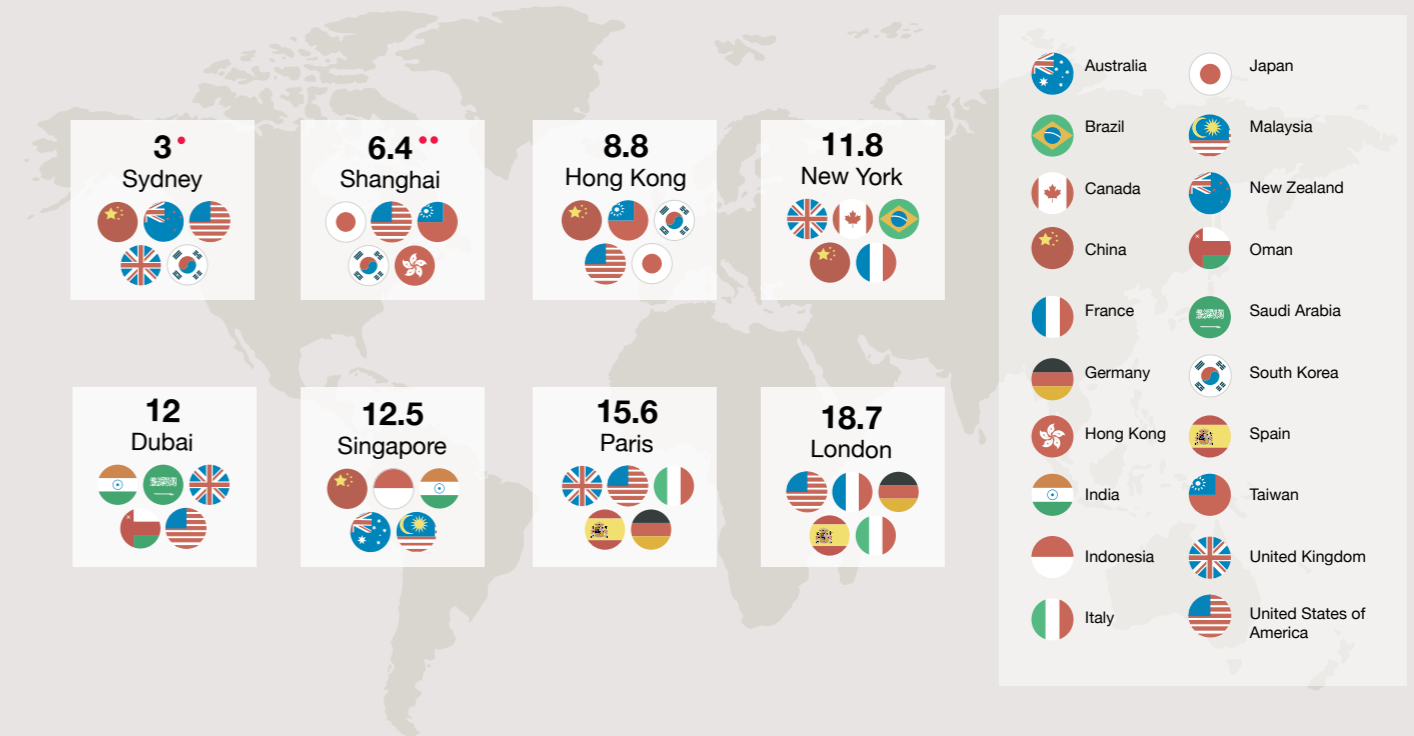
• Data only available for 5-star hotels

INTERNATIONAL PASSENGER TRAFFIC (MILLIONS), 2016



Source: Knight Frank Research

MAJOR SOURCE MARKETS AND TOTAL NUMBER OF OVERNIGHT VISITORS (MILLIONS), 2016



Sources: Knight Frank Research, Mastercard Global Destinations Cities Index

• Data to year end March 2016 •• Top five visitor groups

# HOSPITALITY SECTOR

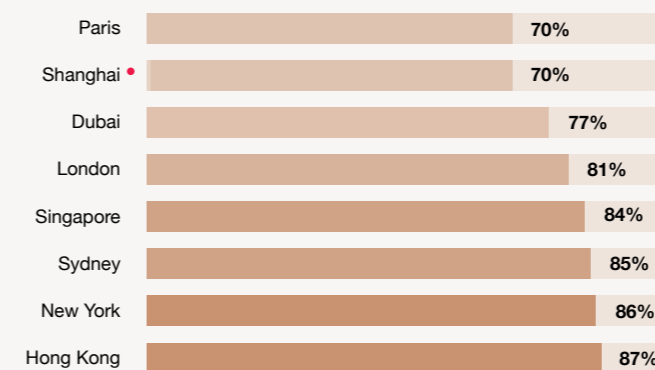
AVERAGE LENGTH OF STAY (NIGHTS), 2016



Source: Knight Frank Research

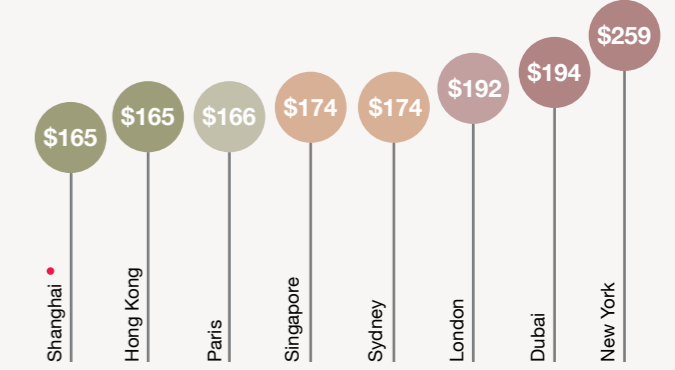
• Includes hotels and serviced apartments •• 2015 data

AVERAGE OCCUPANCY (%)



Source: Knight Frank Research

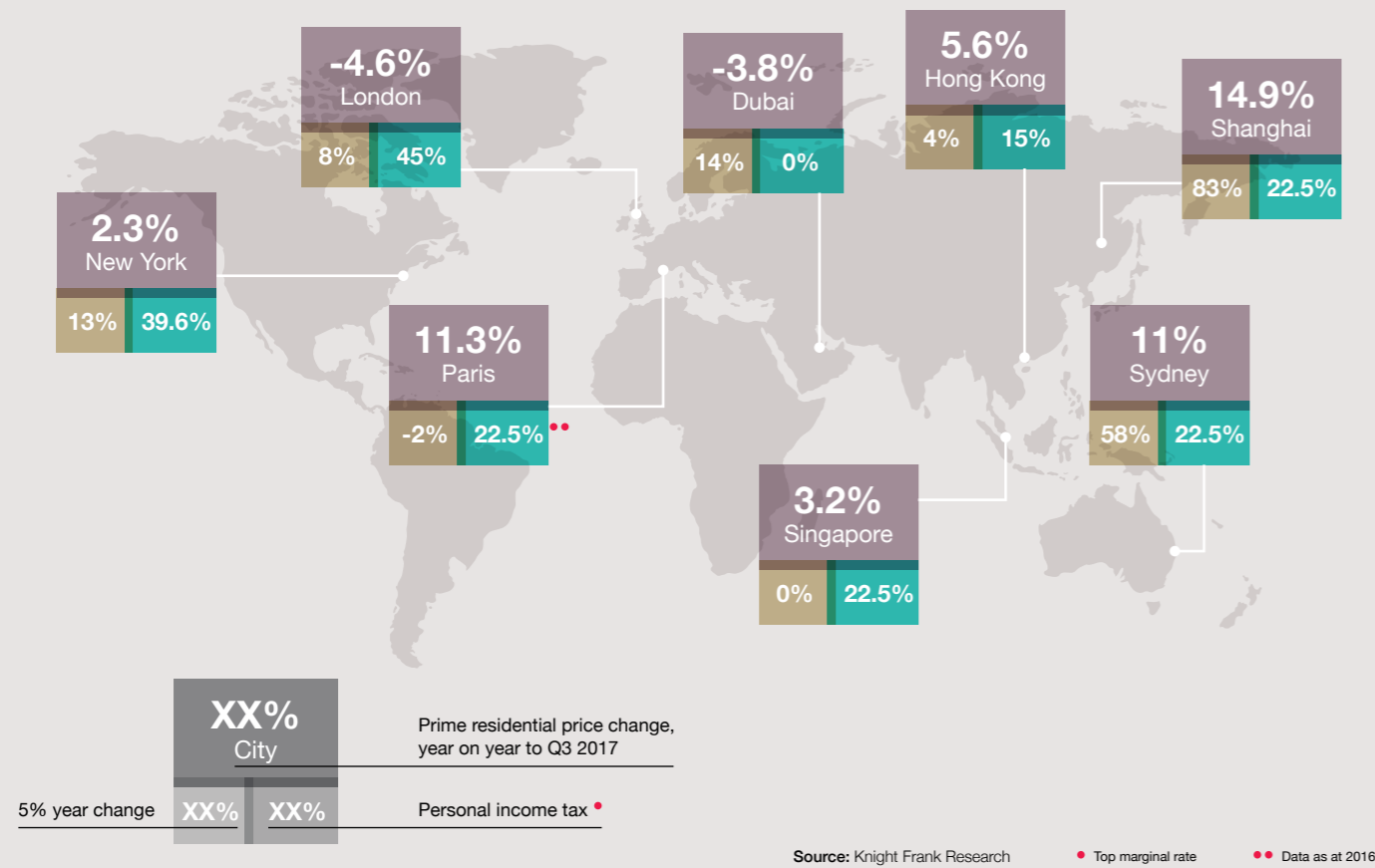
AVERAGE DAILY RATE (US\$)



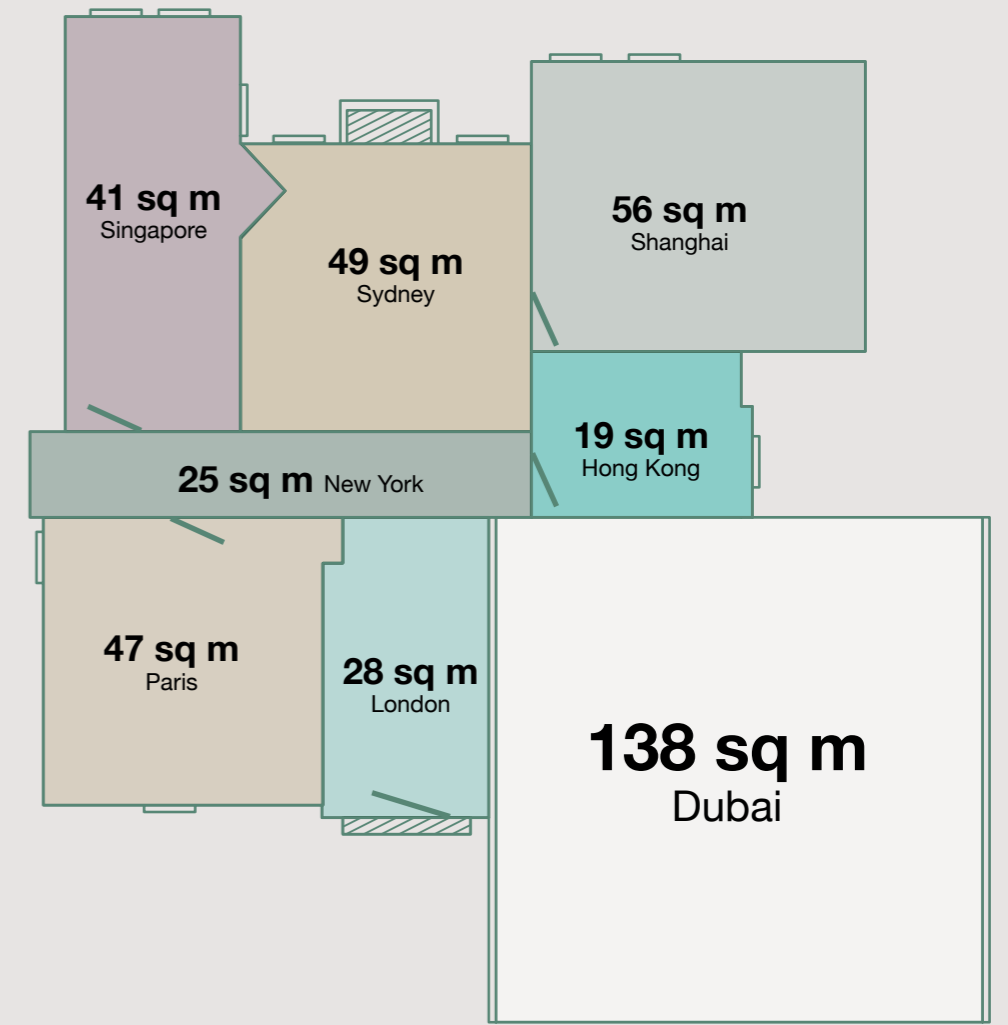
• Data only available for 5-star hotels

# RESIDENTIAL PROPERTY SECTOR

## PRIME GLOBAL CITIES INDEX



# HOW MANY SQUARE METRES DOES US\$1M BUY YOU?



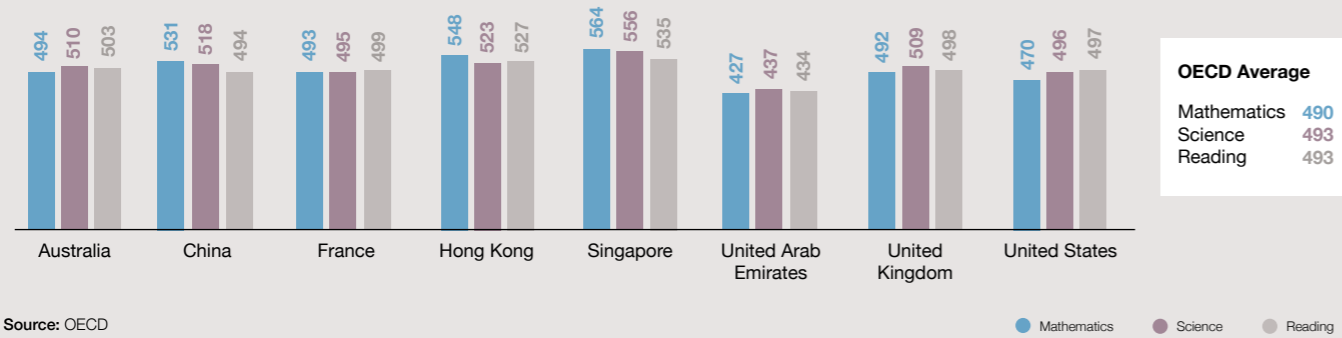
# LIFESTYLE

Metric	Dubai	Hong Kong	London	New York	Paris	Shanghai	Singapore	Sydney
Hours of sunshine per year	3,481	1,936	1,410	2,535	1,662	1,978	2,022	2,592
Number of international schools	16	150	12	9	13	17	11	3
Average cost of a litre of petrol (US\$)	\$0.46	\$1.90	\$1.62	\$0.73	\$1.17	\$1.06	\$1.44	\$0.80
Mercer quality of life ranking (2017)	74	71	40	44	38	102	25	10
Distance to the airport (km)	10	36	24	28	5	47	28	8

Source: Knight Frank Research

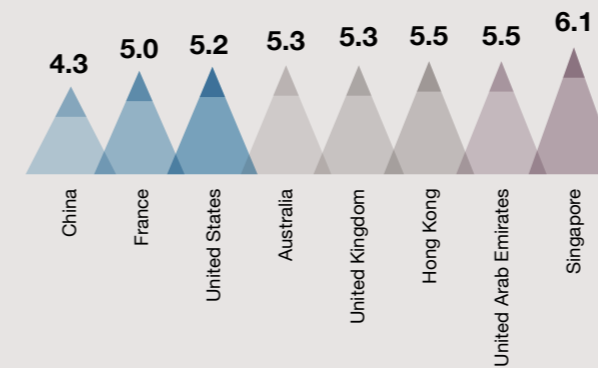
# EDUCATION

## PROGRAMME FOR INTERNATIONAL STUDENT ASSESSMENT (PISA) RESULTS, 2015 (MEAN SCORE)



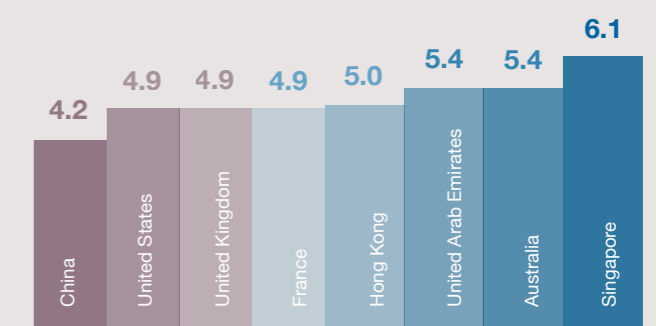
Source: OECD

## QUALITY OF EDUCATION, 2015/2016 (7=BEST)



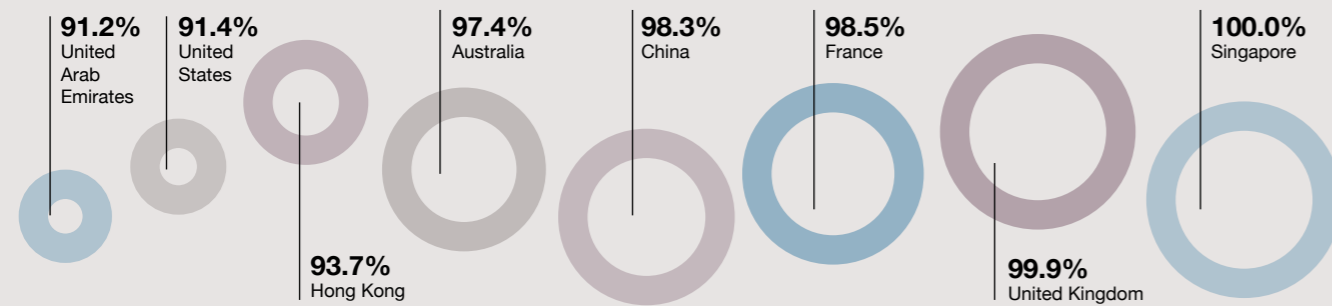
Source: World Economic Forum Competitiveness Rankings

## QUALITY OF PRIMARY EDUCATION, 2015/2016 (7=BEST)



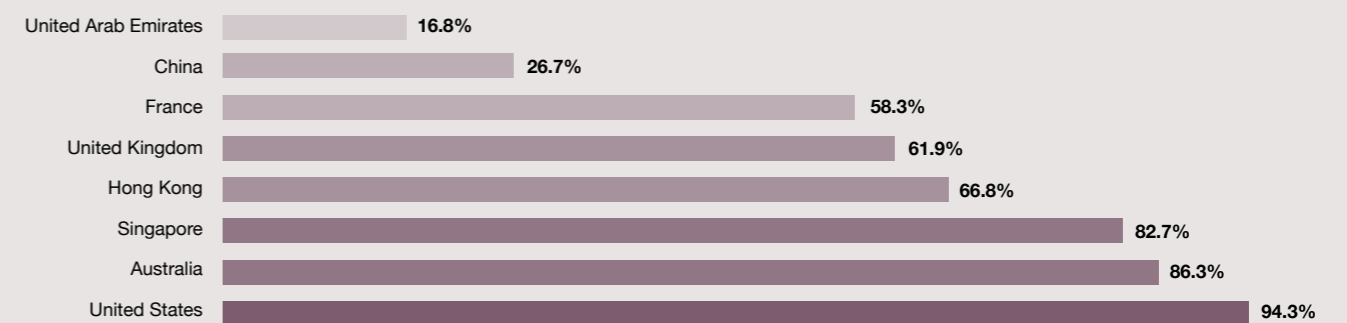
Source: World Economic Forum Competitiveness Rankings

## PRIMARY EDUCATION ENROLLMENT RATE, 2015/2016



Source: World Economic Forum Competitiveness Rankings

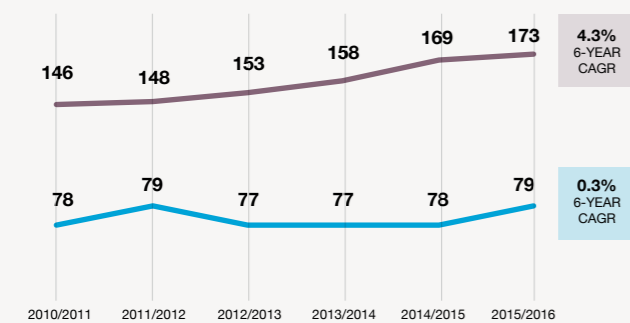
## TERTIARY EDUCATION ENROLLMENT RATE, 2015/2016



Source: World Economic Forum Competitiveness Rankings

# DUBAI FOCUS

## HISTORICAL GROWTH OF PUBLIC VS PRIVATE SCHOOLS, DUBAI



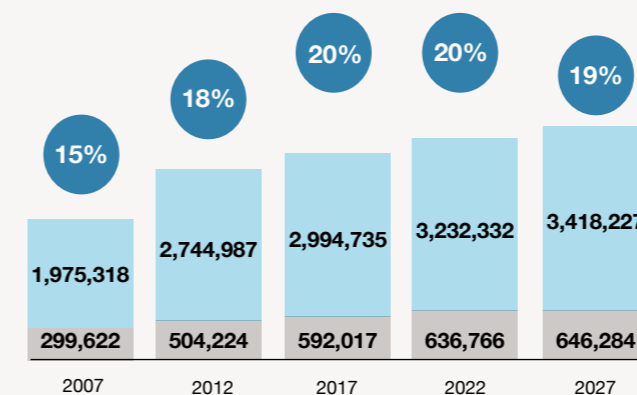
Sources: Dubai Statistics Center, KHDA 2015/2016

## CURRICULA, DUBAI (2015/2016)

CURRICULUM	PRIVATE SCHOOLS	STUDENTS	STUDENTS SHARE
UK	65	84,612	32%
Indian	32	78,716	30%
US	31	48,493	18%
Private MOE	11	14,353	5%
IB	11	15,161	6%
French	5	5,902	2%
Others	18	18,062	7%
<b>TOTAL</b>	<b>173</b>	<b>265,299</b>	<b>100%</b>

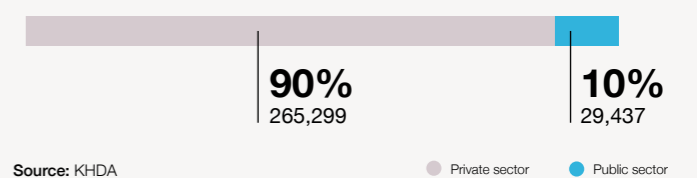
Source: KHDA

## FORECASTED GROWTH IN NURSERY & K-12 MARKET SEGMENT



Sources: Knight Frank Research, Oxford Economics

## STUDENT ENROLLMENT-PRIVATE VS PUBLIC, DUBAI (2015/2016)



Source: KHDA

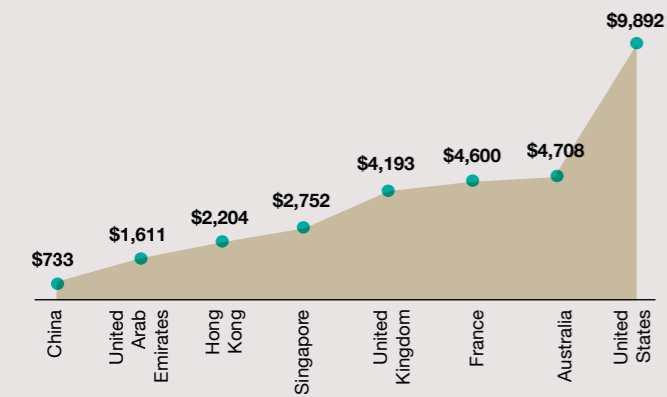
## FORECASTED DEMAND OF STUDENT SEATS, DUBAI,

**60,000**  
additional seats by 2020

Source: Knight Frank Research, KHDA

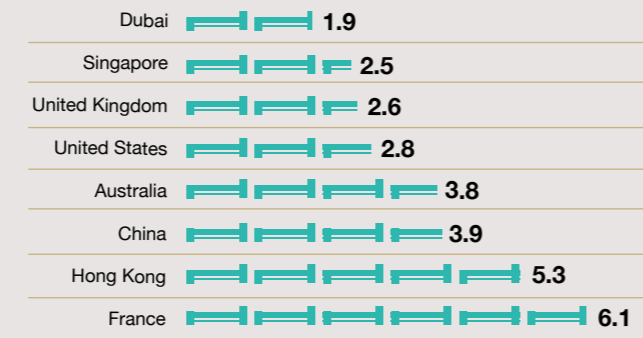
# HEALTHCARE

## HEALTHCARE SPENDING AND RESOURCES, US\$



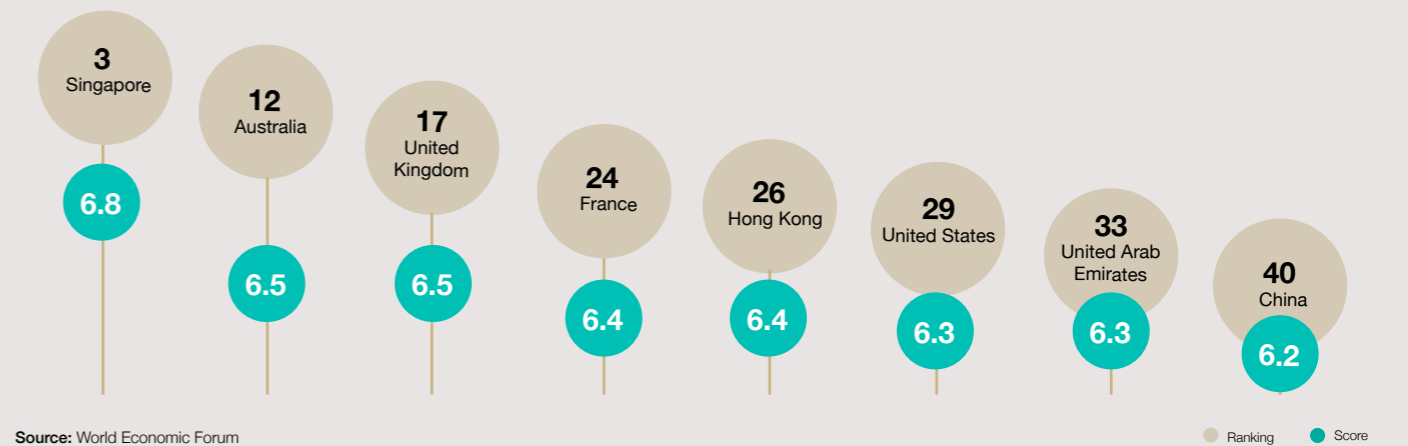
Sources: OECD, World Bank. All data pertains to year 2016 (or the nearest year)

## HOSPITAL BEDS PER 1,000 PEOPLE (LATEST AVAILABLE)



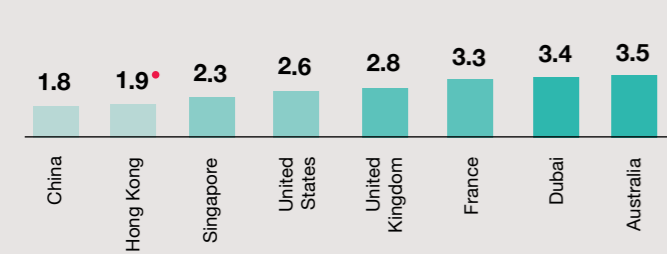
Sources: OECD, World Bank, HealthFacts Hk 2017, Singstats 2017. All data pertains to year 2015 (or the nearest year)

## OVERALL HEALTH RANKING, HEALTH & PRIMARY EDUCATION, 2015/2016 (7=BEST)



Source: World Economic Forum

## DOCTORS PER 1,000 PEOPLE (LATEST AVAILABLE)



Sources: OECD, World Bank, WHO and Singapore Ministry of Health. Excludes traditional / Chinese medicine practitioners

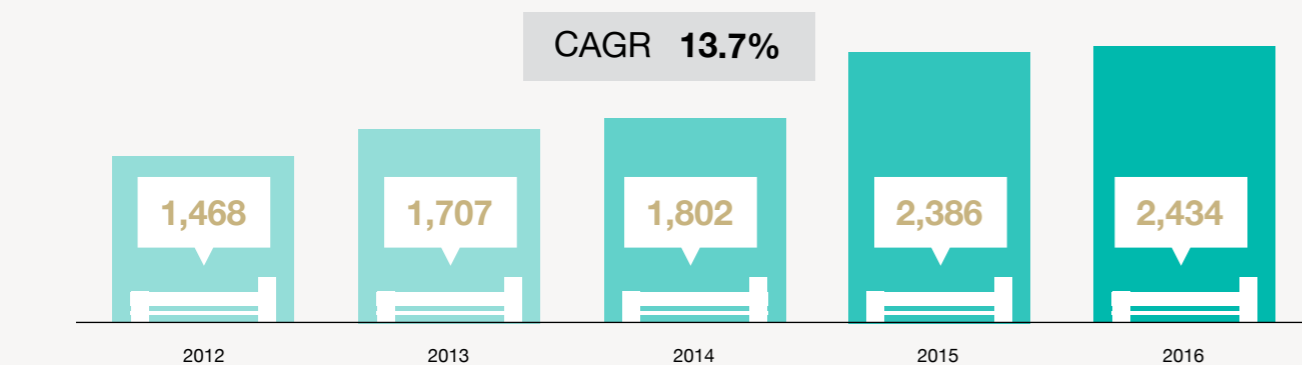
## MEDICAL TOURISM RANKING

Country	Global rank	SCORE	Destination environment rank	SCORE	Medical tourism industry rank	SCORE	Quality of facilities and services rank	SCORE
Australia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
China	23	64.78	21	59.42	23	68.41	21	67.17
France	7.0	71.22	6	66.88	13	71.92	8	74.86
Hong Kong	N/A	N/A	N/A	N/A	-	-	N/A	N/A
Singapore	4	73.56	3	73.26	15	70.79	6	76.63
Dubai	16	67.54	18	61.71	22	68.42	10	72.49
United Kingdom	2	74.87	2	77.3	17	70.38	5	76.94
United States	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Medical Tourism Index

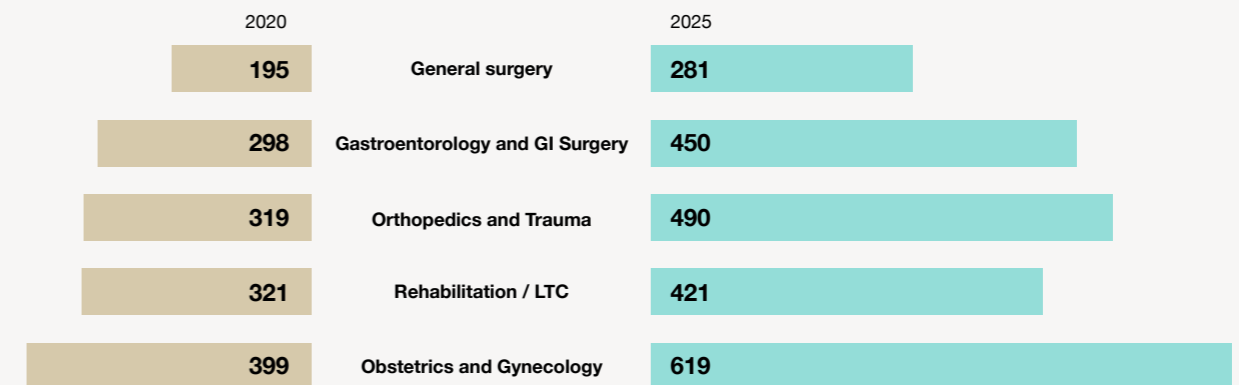
# DUBAI OPPORTUNITY

## DUBAI HISTORICAL HEALTHCARE BED GROWTH



Source: Dubai Health Authority. Private sector shows double digit growth and increasing market share

## FORECASTED GAP IN BEDS BY SPECIALTY



Source: Dubai Health Authority



## RESEARCH

**Taimur Khan**  
Senior Analyst  
+971 56 4202 312  
taimur.khan@knightfrank.com

## COMMERCIAL LEASING & AGENCY

**Matthew Dadd, MRICS**  
Partner  
+971 56 6146 087  
matthew.dadd@me.knightfrank.com

## MENA PROJECT MARKETING & DUBAI PRIME RESIDENTIAL

**Maria Morris**  
Partner  
+971 56 4542 983  
maria.morris@me.knightfrank.com

## HOSPITALITY

**Ali Manzoor**  
Associate Partner  
+971 56 4202 314  
ali.manzoor@me.knightfrank.com

## EDUCATION & HEALTHCARE

**Shehzad Jamal**  
Partner  
+971 56 4101 298  
shehzad.jamal@me.knightfrank.com

## MEDIA & MARKETING

**Nicola Milton**  
Head of Middle East Marketing  
+971 56 6116 368  
nicola.milton@me.knightfrank.com

## RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Dubai Office Report  
Q2 2017



Inside View Dubai  
2018



The World's Smartest  
City—Dubai



Abu Dhabi Office Market  
Review Q3 2017



UAE Hospitality Report  
2017



Dubai View 2017/2018



Private View 2017



The Wealth Report 2017



Global Cities 2018

Knight Frank Research Reports are available at [KnightFrank.com/Research](http://KnightFrank.com/Research)

### Regional offices in:

Botswana • Kenya • Malawi • Nigeria • Rwanda • Saudi Arabia • South Africa  
Tanzania • UAE • Uganda • Zambia • Zimbabwe



### Important Notice

© Knight Frank LLP 2018 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears.

Knight Frank UAE Limited (Dubai Branch) Prime Star International Real Estate Brokers (PSIREB RERA ORN: 11964 trading as Knight Frank with registration number 653414. Our registered office is: 5th Floor, Building 2, Emaar Business Park, PO Box 487207, Dubai, UAE.

Knight Frank UAE Limited (Abu Dhabi Branch) is a foreign branch, with registration number 1189910. Our registered office is Unit 103, West Tower, Abu Dhabi Trade Center, Abu Dhabi, PO Box 105374, Abu Dhabi, UAE.