



UAE Market Overview Report

February 2024





Continued population growth aids positive outlook for the UAE in 2024

Our latest construction market outlook report analyses the latest economic and market data and anticipates the impact of trends on the construction industry – both in the near and longer-term.

As we enter 2024, the market remains optimistic. The UAE continues to thrive as the country works towards its 'We the UAE 2031' vision, aiming to double gross domestic product (GDP) to AED 3 trillion and generate AED 800 billion in non-oil exports.

Continuing growth

The UAE is positioning itself as a leading economic power by creating an economy that is growing at an exceptional rate, is diversified and is of high value in new strategic growth areas. This has been aided by high oil prices, government stimulus spending, and the country's safe haven appeal driving population growth.

The 2024 economic outlook remains positive, with expected GDP growth of 4% driven by sustained public infrastructure investments, and expansion of non-oil sectors such as tourism, financial services and technology. However, risks remain around potential oil price declines, inflationary shocks, or regional conflicts.

Meeting the challenge

The construction industry is facing some challenges in 2024. The ongoing Red Sea shipping crisis may cause an increase in cost and delivery times. Clients affected by this supply chain disruption may need to consider sourcing alternative suppliers, routes, or even air freight to ensure the timely arrival of resources, although this may come at a cost. The use of improved logistics solutions, using analytics and real time tracking to anticipate and mitigate for potential disruption can help clients save time and make the best use of resources. We expect the demand for tools and analytical insight like this to increase in the long term if this crisis continues.

There is also an ongoing skills shortage, and workforce retention is challenging as the UAE competes with Saudi Arabia for top talent. Clients are reviewing their recruitment and retention strategies and looking to new markets for talent. To keep top talent in the UAE salary packages will need to match and or be attractive enough to retain staff.

Sustainable focus

After the recent COP 28 summit in the UAE, sustainability is still at the forefront of people's minds. Incorporating sustainability measures early in the design process is crucial to mitigate additional costs from actions that may be needed to achieve environmental assessment goals later. New approaches are needed to respond to these challenges. Initiatives, such as using prefabricated, modular building components, could bring sustainability benefits, shorten construction timelines, and help to avoid supply chain delays.

We expect more use of AI technology and modern methods of construction this year, delivering rapid evolution of the construction industry.



Doug McGillivray

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Economic Overview

As the new year starts, economic growth continues to increase due to strong domestic activity. Tourism, construction, and real estate related developments are expected to push non-hydrocarbon GDP growth to 4% in the coming year. Business-friendly reforms and the UAE's safe haven status continue to encourage foreign inflows of capital and labour.

The phased introduction of a corporate income tax that began in June 2023 will continue to support higher non-oil revenue over the medium term.

Global uncertainty could lead to slower growth, perhaps due to higher interest rates, geopolitical developments, or a decline in oil demand. However, higher oil prices and healthy fiscal buffers may mitigate these risks.

Key figures



The forecast GDP is driven mainly by government initiatives that support growth and economic diversification. Initiatives in the form of visa programmes, 100% foreign ownership of companies and new trade agreements will contribute to reaching 4% GDP in 2024. In Dubai, the government is implementing the D33 Economic Agenda, which focuses on innovative projects, foreign investment, and trade. In Abu Dhabi, the government is focusing on doubling manufacturing capacity with key stakeholders like ADNOC investing in hydrogen.



We expect tender price inflation of between 2-3% in 2024. Key commodities continue to be a driving factor in the Tender Price Index, coupled with a busy market and the appetite of certain projects and contractors.

Building asset costs

Building type	Building cost			
	AED		\$	
	Low	High	Low	High
Hotel				
Budget	6,200	7,000	1,689	1,907
Mid-market	7,400	10,000	2,016	2,725
Up-market	10,000	15,900	2,725	4,332
Resort	11,700	15,900	3,188	4,332
Commercial				
Low-rise office (shell & core)	3,600	4,900	981	1,335
Mid-rise office (shell & core)	4,600	6,600	1,253	1,798
High-rise office (shell & core)	5,600	8,700	1,526	2,371
Fit out-basic	3,800	5,900	1,035	1,608
Fit out-medium	5,900	7,200	1,608	1,962
Fit out-high	7,200	18,100	1,962	4,932
Residential				
Low-rise	3,600	5,500	981	1,499
Medium-rise	3,800	5,900	1,035	1,608
High-rise	5,400	8,300	1,471	2,262
Villas	3,600	15,500	981	4,223
Retail				
Community	4,600	6,000	1,253	1,635
Regional mall	4,800	6,200	1,308	1,689
Large regional mall	5,500	7,600	1,499	2,071
Schools				
Primary, secondary, academy	5,100	7,900	1,390	2,153

Exchange rate to 1 USD is 3.67 AED.



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In the aftermath of COP 28, we anticipate many clients' striving to adopt more sustainable designs. This shift to more sustainable design methodologies will undoubtedly increase the building assets costs but can bring to life benefits around decarbonisation.

Doug McGillivray
Managing Director – Southern Gulf

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Unit rates

Item	Unit	AED	\$	Item	Unit	AED	
Concrete blinding, C15	m³	380	104	Epoxy coatings	m²	60	17
Concrete, C40	m³	450	123	Gypsum board ceilings	m²	120	33
Concrete, C60	m³	480	131	Suspended ceiling system	m²	150	41
Shuttering	m²	120	33	UPVC drainage pipe, 80mm dia	Lm	90	25
Reinforcing bars	Kg	4.5	2	UPVC drainage pipe, 110mm dia	Lm	110	30
Reinforcing mesh	m²	25	7	HDPE rainwater/waste pipe, 80mm	Lm	80	22
Structural steel	Tonne	12,500	3,406	HDPE rainwater/waste pipe, 110mm	Lm	100	28
Metal deck	m²	200	55	Polybutylene water pipe, 15mm dia	Lm	40	11
Waterproofing	m²	50	14	Polybutylene water pipe, 25mm dia	Lm	60	17
Roof insulation	m²	50	14	Polybutylene water pipe, 75mm dia	Lm	80	22
Blockwork, solid, 100mm thick	m²	120	33	Copper pipe, 54mm dia	Lm	200	55
Blockwork, solid, 200mm thick	m²	150	41	Copper pipe, 76mm dia	Lm	260	71
Blockwork, hollow, 100mm thick	m²	100	28	Copper pipe, 108mm dia	Lm	360	99
Blockwork, hollow, 200mm thick	m²	120	33	Black steel, chilled water pipe, 20mm dia	Lm	90	25
Lightweight partitions, gypsum board/timber studs, 100mm thick	m²	300	82	Black steel, chilled water pipe, 50mm dia	Lm	180	50
Lightweight partitions, gypsum board/timber studs, 150mm thick	m²	320	88	Black steel, chilled water pipe, 65mm dia	Lm	200	55
Lightweight partitions, gypsum board/timber studs, 200mm thick	m²	350	96	Carbon steel chilled water pipe, 40mm dia	Lm	160	44
Glazed partitions	m²	1,500	409	Carbon steel chilled water pipe, 65mm dia	Lm	200	55
Aluminium/glazing, stick system	m²	2,200	600	Carbon steel chilled water pipe, 80mm dia	Lm	260	71
Aluminium/glazing, unitised	m²	2,400	654	Ductwork, gauge 22	kg	32	9
Aluminium louvers	m²	1,500	409	Ductwork, gauge 26	kg	36	10
Aluminium mashrabiya	m²	1,500	409	Cable, 2x4C 240mm² XLPE/LSF/SWA/Cu + 2x1C 120mm² LSF/Cu G/Y	Lm	1,000	273
Standing seam roof system	m²	600	165	Cable, 4C 240mm² XLPE/LSF/SWA/Cu + 1C 120mm² LSF/Cu G/Y	Lm	500	137
EIFS cladding system	m²	350	96	Cable, 2C 16mm² XLPE/LSF/SWA/Cu + 1C 16mm² LSF/Cu G/Y	Lm	50	14
Plaster finish	m²	50	14	Cable (fire rated), 3x4C 240mm² XLPE/LSF/SWA/Cu + 3x1C 120mm² LSF/Cu G/Y	Lm	1,500	409
Paint finish	m²	25	7	Cable (fire rated), 2x4C 240mm² XLPE/LSF/SWA/Cu + 2x1C 120mm² LSF/Cu G/Y	Lm	1,000	273
Sand/cement screeds	m²	75	21	Cable (fire rated), 4C 240mm² XLPE/LSF/SWA/Cu + 1C 120mm² LSF/Cu G/Y	Lm	500	137
External wall insulation	m²	50	14				
External wall waterproofing	m²	50	14				

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UAE commodity prices

Cost information on commodity prices as of 30 November 2023. Prices quoted in AED.

Item / Company	Supply rate	Quarterly averages					
		Sep 2023	% Diff. from prev. month	Oct 2023	% Diff. from prev. month	Nov 2023	% Diff. from prev. month
Concrete (C45)							
Supplier A	Per m³	300	0.00%	300	0.00%	300	0.00%
Supplier B	Per m³	350	0.00%	350	0.00%	350	0.00%
Supplier C	Per m³	300	0.00%	300	0.00%	300	0.00%
Supplier D	Per m³	285	0.00%	285	0.00%	350	18.57%
Supplier E	Per m³	300	0.00%	300	0.00%	300	0.00%
Average		307.00	0.00%	307.00	0.00%	320.00	4.06%
Steel Reinforcement							
Supplier A	Per ton	2,300	0.00%	2,300	0.00%	2,300	0.00%
Supplier B	Per ton	2,450	0.00%	2,450	0.00%	2,300	-6.52%
Supplier C	Per ton	2,400	0.00%	2,400	0.00%	2,400	0.00%
Supplier D	Per ton	2,500	0.00%	2,500	0.00%	2,500	0.00%
Average		2,413	0.00%	2,413	0.00%	2,375	-1.58%
Steel Reinforcement							
Supplier A	Per bag	14.50	-3.45%	14.50	0.00%	14.50	0.00%
Supplier B	Per bag	15.50	0.00%	15.50	0.00%	15.50	0.00%
Supplier C	Per bag	14.00	0.00%	14.00	0.00%	14.00	0.00%
Average		14.67	-1.14%	14.67	0.00%	14.67	0.00%
Diesel Fuel							
Online	Per liter	3.40	13.24%	3.57	4.76%	3.42	-4.39%



Global commodity prices

World Bank Commodities Price Data (The Pink Sheet)

Commodity	Unit	Quarterly Averages				
		Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023
Energy						
Coal, Australia	\$/mt	413.3	370.4	237.6	164.7	151.9
Coal, South Africa	\$/mt	259.6	191.8	151.2	111.8	98.1
Crude oil, average	\$/bbl	96.4	85.3	79.0	76.6	85.3
Crude oil, Brent	\$/bbl	99.2	88.4	81.4	78.2	86.8
Crude oil, Dubai	\$/bbl	98.3	84.6	79.6	77.9	86.7
Crude oil, WTI	\$/bbl	91.8	82.9	76.1	73.8	82.5
Natural gas, Index	2010=100	396.8	255.9	124.6	89.3	91.2
Natural gas, Europe	\$/mmbtu	60.16	36.93	16.84	11.33	10.76
Natural gas, U.S.	\$/mmbtu	7.93	5.47	2.65	2.16	2.59
Liquefied natural gas, Japan	\$/mmbtu	21.28	20.67	18.21	13.49	12.58
Timber						
Logs, Africa	\$/cum	352.6	357.1	375.6	381.2	381.0
Logs, S.E. Asia	\$/cum	215.4	210.7	224.9	217.0	206.1
Plywood	¢/sheets	395.1	386.5	412.6	398.1	378.0
Sawnwood, Africa	\$/cum	564.0	562.2	582.1	599.8	606.8
Sawnwood, S.E. Asia	\$/cum	641.5	639.4	662.1	682.2	690.1
Other Raw Materials						
Cotton	\$/kg	2.74	2.22	2.17	2.07	2.11
Rubber, RSS3	\$/kg	1.62	1.49	1.61	1.54	1.51
Rubber, TSR20	\$/kg	1.45	1.30	1.39	1.34	1.34
Metals and Minerals						
Aluminum	\$/mt	2,355	2,336	2,405	2,266	2,160
Copper	\$/mt	7,758	8,025	8,944	8,474	8,368
Iron ore	\$/dmt	105.7	99.2	126.1	112.0	115.2
Lead	\$/mt	1,976	2,105	2,137	2,119	2,172
Nickel	\$/mt	22,104	25,514	26,070	22,366	20,392
Tin	\$/mt	23,722	21,604	26,339	26,181	26,797
Zinc	\$/mt	3,273	3,012	3,137	2,540	2,436



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Global commodity prices are determined by a complex interplay of factors, such as supply and demand, geopolitical events, natural disasters and government policies.

Due to its reliance on imports the UAE is impacted considerably by increases. The current Red Sea shipping crisis is problematic for supply chains, causing increased costs and shipping times.”

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Disclaimer

Our comparative cost indices review current material and labour prices in the UAE. We base this index on market saturation, labour rates, commodity pricing and current economic conditions.

These are indicative building costs that will change depending upon scale, design, specification, procurement route, contract route, inflation and other factors. The information provided is for general informational purposes only and is not intended as legal, financial or professional advice. The user should not rely on the information provided as a substitute for obtaining professional advice from a qualified professional. The user bears sole responsibility for their own actions and decisions based on the information provided. We shall not be liable for any damages or losses resulting from the use of the information provided herein.



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