



# Dynamic Price Index

February 2020

## Pace of decline displays steady trend since December as transactions rise

Since December 2019, the pace of the residential property price decline has steadied slightly, with prices lower by just over AED 4 per sq ft from AED 871 to AED 867 in February. The volume of sales transactions has also increased since December, with February recording 4,338 transactions, up 46.6% from December and 43.1% from January.

These findings were revealed in the Property Monitor Dynamic Price Index (DPI), which tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for February 2020 decreased by 0.72 index points from 121.77 in January 2020 to 121.05, representing a month-on-month decline of 0.59%.

Prices in February stand at AED 867 per sq ft, the lowest level since October 2012 when prices were AED 864 per sq ft.

Whilst property prices are lower, the volume of sales transactions is increasing, with February recording higher transactions than earlier February months since 2017. A total of 4,338 sales were recorded during the month with off-plan (Oqood) registrations representing 63.5% of total transactions. Of these, 38.9% sales were attributed to Emaar Properties, followed by Damac Properties and Dubai Properties.

Feedback from brokers indicates that activity in the terms of offers being made has also increased during the first two months of the year. However, given that past periods have taken a pause in the downward trajectory but not reversed, we would be keenly watching out for stronger and consistent indications of price stabilisation.

**MoM Change**  
**-0.59%**

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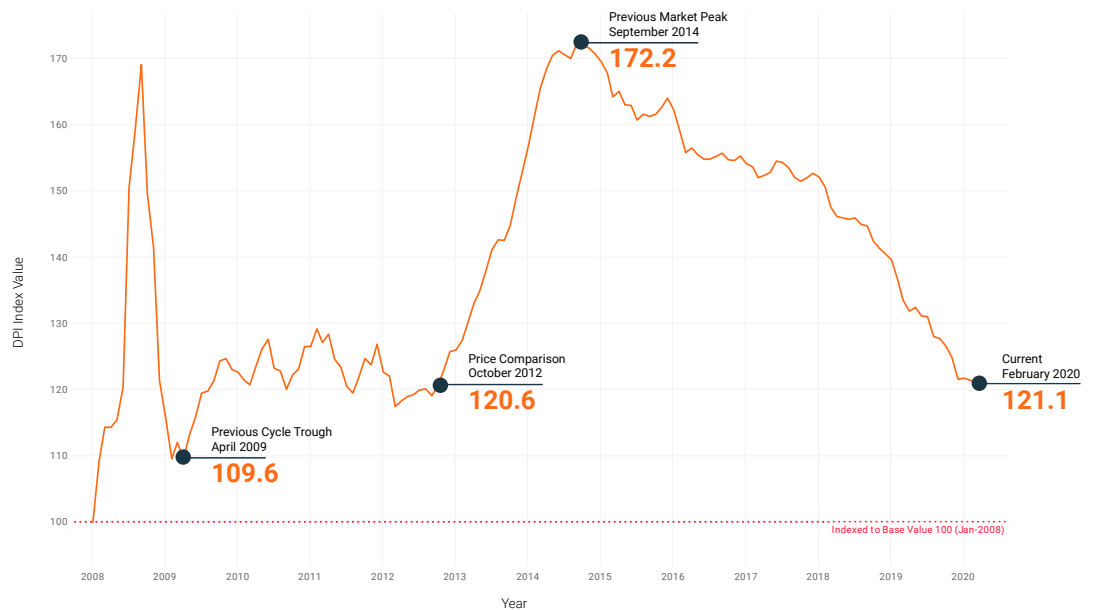
**QoQ Change**  
**-3.09%**

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**YoY Change**  
**-11.39%**

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**Price Per Sq Ft**  
**AED 867**



Note: The Property Monitor Dynamic Price Index (DPI) family are calculated using a moving average algorithm of median prices and the Dutot price index formula with cleansing of extreme values and outliers. The indices are published at the end of each calendar month and are subject to backward revision should any new datapoint or datasets become available.



The past few months have witnessed geopolitical tensions flare up in the region and the spread of the COVID-19 in key source countries and locally. The UAE has been resilient, displayed by positive real estate activity, but with a rapidly developing global health situation, stakeholders across levels are moving cautiously and devising their response strategies. Taking cues from the US Federal Reserve's emergency response to the COVID-19 outbreak, the UAE Central Bank has also followed suit with a 0.5% cut in key interest rates. In all likelihood, depending on how long it takes to find a cure, there will be a short-to-medium term impact of lower Chinese investment and tourism activity, given that the country is also the biggest trade partner to the UAE.

External factors aside, the market appears to continue benefitting from incentives offered by developers, including attractive post-handover payment plans, which were likely devised given the UAE Central Bank's loan to value (LTV) restrictions on mortgages. However, these incentives, along with concessions relating to DLD transfer fees, service charges etc. must be accounted for, as overlooking them creates a gap in recorded transaction prices versus actual market value of the property, presenting valuation challenges for surveyors.



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Year-on-year property values have fallen by 11.39% and when comparing YoY price movement for previous February periods the price decline trend showed signs of acceleration, with a 2% decline in February 2018, followed by a 9.3% decline in February 2019.

With the latest reading, property prices in the emirate declined for all but three months of the last 24 months. A reading below 121 was last seen in October 2012 just before the upward trend began.

From the previous market peak of September 2014 property prices are down nearly 30% and are 10.5% away from the previous market low seen in April 2009.

Whilst this is a broader market trend, it is important to note with an emirate-wide level index that within the individual communities, subcommunities, and building levels, there are segments that are performing above and below that of the wider market.

	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Feb 2020	121.05	-0.59%	-3.09%	-11.39%	867
Jan 2020	121.77	0.11%	-3.83%	-12.79%	872
Dec 2019	121.64	-2.62%	-4.79%	-13.46%	871
Nov 2019	124.92	-1.35%	-2.45%	-11.63%	895
Oct 2019	126.63	-0.88%	-3.37%	-11.12%	907
Sept 2019	127.76	-0.23%	-2.60%	-11.74%	915
Aug 2019	128.05	-2.28%	-3.32%	-11.67%	917
Jul 2019	131.04	-0.10%	-0.65%	-10.22%	939
Jun 2019	131.17	-0.97%	-1.73%	-10.00%	939
May 2019	132.45	0.42%	-3.04%	-9.25%	949
Apr 2019	131.90	-1.18%	-5.53%	-9.77%	945
Mar 2019	133.48	-2.29%	-5.03%	-9.57%	956

## About Property Monitor

Property Monitor is the region’s leading real estate intelligence platform and the only data source powered by RICS-accredited professionals, bringing unprecedented transparency and accuracy to local property markets. Through Property Monitor, market stakeholders can directly access real-time, transparent and accurate intelligence, unmatched anywhere else in the region. The platform empowers investors, property specialists and banking professionals with authoritative data, analytics and insights that closely correlate with market movements, empowering confident and informed property-related decisions.



## Methodology and Disclaimer

The Property Monitor Dynamic Price Index family (DPI) are calculated using a moving average algorithm of median prices and the Dutot price index formula with cleansing of extreme values and outliers. The Indices are published at the end of each calendar month and are subject to backward revision should any new datapoint or datasets become available. This is a unique feature of the Property Monitor DPI as it always uses the fullest data set available and takes into account data which was not available at the point of original index compilation. Detailed index methodology, notes, and disclaimer are available at [propertymonitor.ae](http://propertymonitor.ae)



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