



Property prices decline further in July, on track to breach April 2009 lows

Median apartment price in July at AED 799,888 and villa price at AED 2,475,000

At the current pace of decline, prices will potentially breach previous market lows by Q3 2020

Share of completed property transactions expanded further versus off-plan, helped by developer sales

Dubai property prices continued to demonstrate a weakening trend in July 2020, with prices declining close to 2.7% compared to a 2.1% decrease in June. Now on par with levels last recorded in May 2009, current property prices are down 33.7% from the market peak in September 2014 and only 4.2% away from the previous market trough of April 2009. If the current pace sustains, property prices will reach, and potentially surpass, the price floor set in the previous market cycle by the end of Q3 2020.

Transaction volumes continued to recover on a monthly basis. Transactions in July stood at 2,496, up 7.2% from June, marking two consecutive months of robust growth. The latest figures further support signs of an early stage recovery in terms of transactional activity, however, they remain lower on a year-on-year and year-to-date comparative basis.

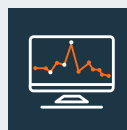
Secondary market transactions continued to display strength in July. The share of completed property transactions increased to over 70% compared to less than 30% for off-plan. This number has steadily increased over the months, from 53.1% in June and 33.7% in May, bringing the weighting of completed property transactions well above the 2019 average of 44.5%. Developer sales of completed properties, where there is an excess of unsold inventory, has contributed to the increase in the number of Title Deed registrations versus Oqood (off-plan).

Mortgage transactions in July, comprising initial mortgages as well as refinancing, continued to benefit from the low interest rate environment. In July there were a total of 1,467 mortgage transactions up 15.2% from 1,273 in June. Driving this overall growth in activity is the significant increase in the volume of mortgages for ready apartments and villas—mortgages climbed 37.3% on a monthly basis and 21.3% year-on-year for this segment.

Gross rental yields remain relatively stable in the mid-six percent range, considerably higher compared to other global cities, making Dubai investment favourable.

SNAPSHOT

July 2020



-2.68%

DPI MoM Change



AED 818

DPI AED/sq ft



2,496

Number of Monthly Transactions



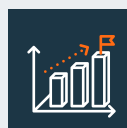
6,936

Number of Unique Active Listings for Sale



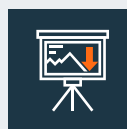
6.60%

Gross Rental Yield



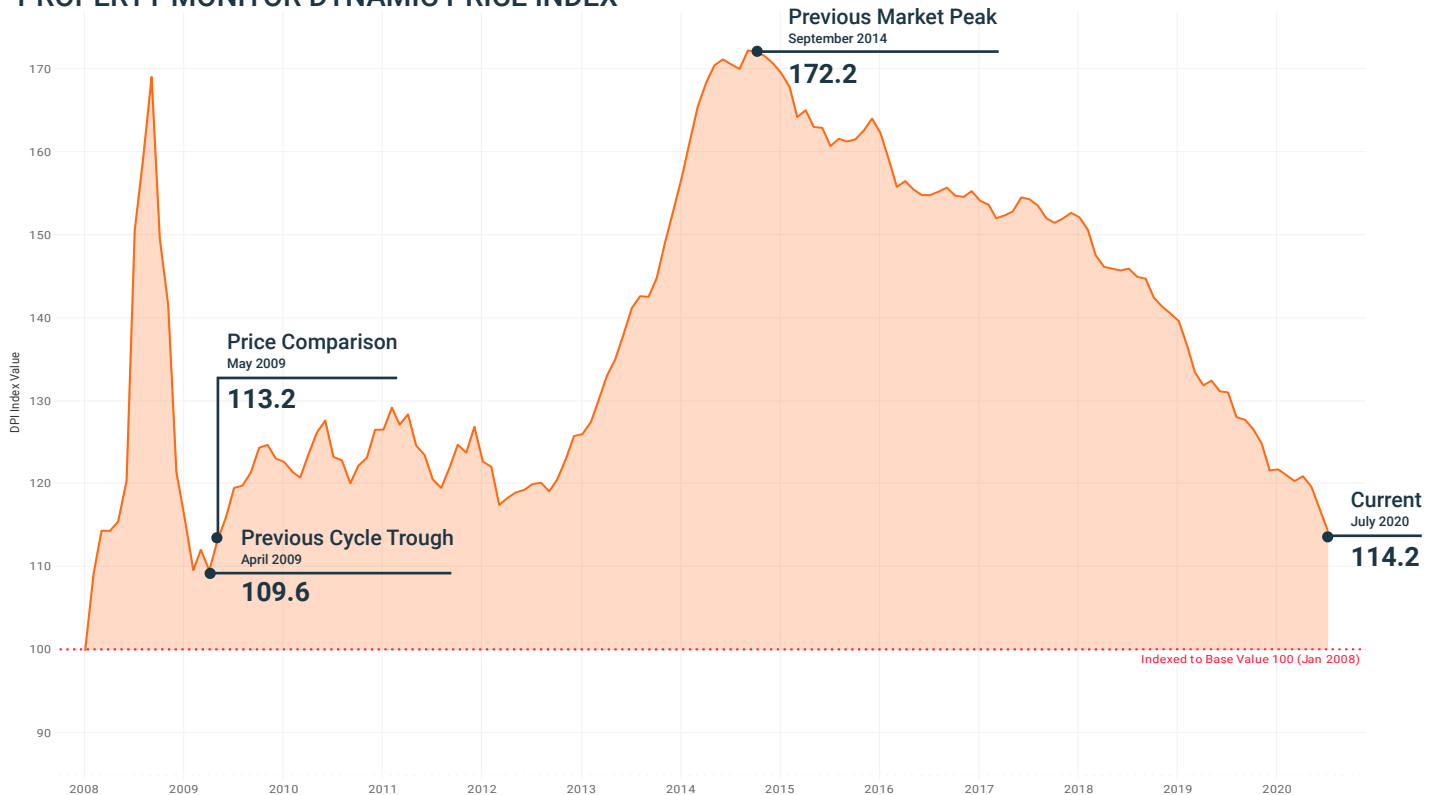
AED 33M

Highest Recorded Sale
Villa K-TP-01
K Frond, Palm Jumeirah



AED 145K

Lowest Recorded Sale
Apt 606 - Studio
Global Golf Residences 2, Sports City

PROPERTY MONITOR DYNAMIC PRICE INDEX


-2.68%
MoM Change


-5.57%
QoQ Change


-12.84%
YoY Change


AED 818
Price Per Sq Ft

DPI MONTHLY OVERVIEW

Months	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Jul 2020	114.21	-2.68%	-5.57%	-12.84%	818
Jun 2020	117.36	-2.07%	-2.49%	-10.53%	841
May 2020	119.84	-0.92%	-1.01%	-9.52%	858
Apr 2020	120.95	0.49%	-0.68%	-8.30%	866
Mar 2020	120.36	-0.57%	-1.05%	-9.83%	862
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

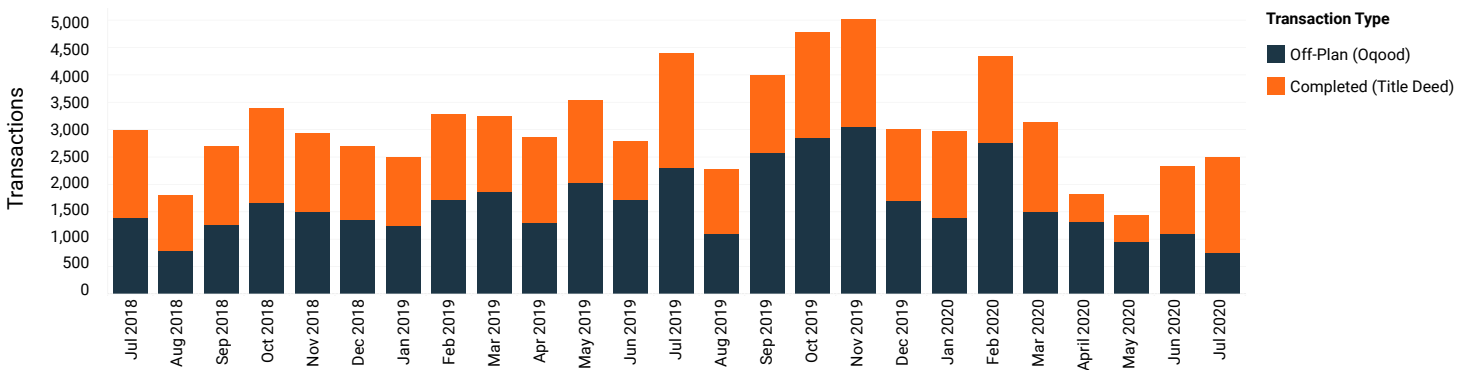
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for July 2020 decreased by 3.15 index points to 114.21 from 117.36 in June 2020, representing a month-on-month decline of 2.68% and a year-to-date decline of 5.11%

In July 2020, property prices stood at AED 818 per sq ft, down 33.69% from the market peak in September 2014 and are now 4.22% away from the market trough of April 2009, representing the weakest month of this market cycle. Property prices are now at levels last recorded in May 2009 when they were AED 811 per sq ft.

On a yearly basis, prices have declined by 12.84% in July 2020. This is notably above the trend of July 2019 where a year-on-year decline of 10.22% was recorded, and also higher than the 12-month average of -11.02%.

HISTORICAL TRANSACTIONS



There were 2,496 transactions recorded in July representing a 7.2% month-on-month increase. In June, transactions had recorded a stronger recovery, jumping 62.6% from May as movement restrictions eased. Despite the monthly uptick, July transactions remain lower by 43.3% compared to July 2019 and down 17.8% year-to-date versus the same period in 2019.

The split between off-plan and completed property transactions widened further in favour of completed properties in July, with Title Deed transactions accounting for 70.1% of all transactions, up from 53.1% in June.

Whilst this may suggest that the secondary resale market has considerably strengthened, a deeper analysis reveals that a large number of Title Deed transactions were, in reality, first-time sales directly from developers for inventory in completed projects that were otherwise unsold during the construction and Oqood registration stages. Nshama and their Town Square master development is a primary example of this occurrence, where over 97% of their first-time sales transactions were for Title Deed registrations as opposed to Oqood.

In July 2020, the bulk of off-plan market transactions was by Emaar Properties at 29.9%, with a high volume of transactions registered across their various projects in Dubai Creek Harbor, most notably Creek Beach and Palace Residences. First Group was next at 6.9% with the majority of their Oqood registrations recorded at Ciel Tower in Dubai Marina. They were followed closely by DAMAC Properties at 6.4% with a significant volume of transactions in Golf Vita, DAMAC Hills, and Paramount Tower Residences, Business Bay.

TOP 5 COMMUNITIES BY TRANSACTION VOLUME

Resale Apartments

Rank (this month)	Rank (last month)	Rank (last year)	Community	# Transactions	Studio (Median Price)	1BR (Median Price)	2BR (Median Price)	3BR (Median Price)
1	3	17	Town Square	195	355,888	644,388	870,888	1,050,888
2	4	3	Dubai Marina	98	510,000	799,750	1,175,000	1,846,000
3	6	5	Jumeirah Village Circle	58	380,000	547,500	837,000	1,100,000
4	8	7	Downtown Burj Khalifa	53	925,000	1,217,500	1,831,450	3,262,500
5	5	6	Dubai Sports City	45	375,000	384,100	675,000	800,000

Off-Plan Apartments

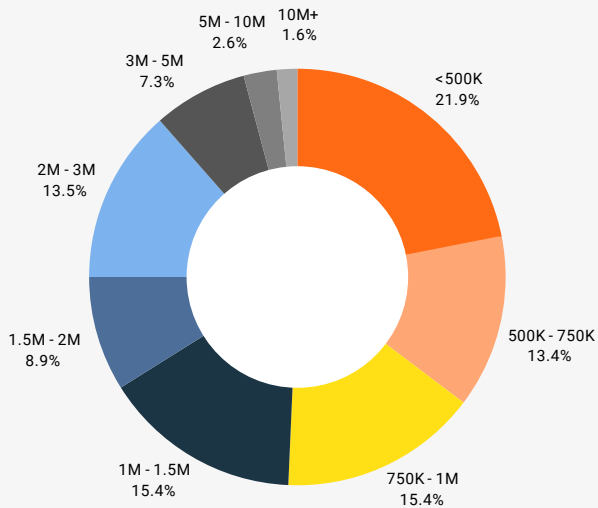
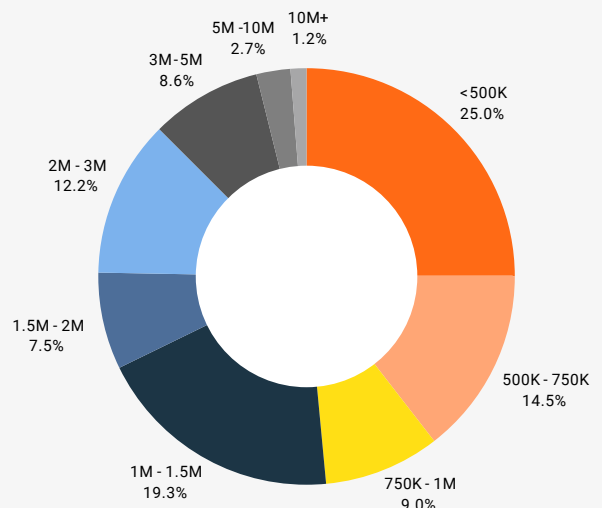
Rank (this month)	Rank (last month)	Rank (last year)	Community	# Transactions	Studio (Median Price)	1BR (Median Price)	2BR (Median Price)	3BR (Median Price)
1	2	6	Jumeirah Village Circle	108	447,000	717,452	1,200,000	980,000
2	6	2	Dubai Creek Harbour	104	-	1,030,888	1,920,888	2,384,888
3	1	3	Mohammed Bin Rashid City	78	531,900	967,463	1,939,157	2,882,037
4	4	17	International City	32	327,000	517,750	727,500	-
5	5	8	Business Bay	31	645,000	720,000	1,487,500	2,312,000

Resale Villas

Rank (this month)	Rank (last month)	Rank (last year)	Community	# Transactions	2BR (Median Price)	3BR (Median Price)	4BR (Median Price)	5BR (Median Price)
1	5	-	Nad Al Sheba	46	-	-	2,358,000	2,574,900
2	2	1	Emirates Living	41	1,202,500	1,972,840	3,150,000	7,900,000
3	1	2	Dubai Hills Estate	38	-	1,857,500	2,200,000	2,600,000
4	6	14	Al Furjan	28	-	2,575,881	2,882,319	-
5	NA	22	Dubai Industrial City	24	1,100,000	1,550,000	2,082,500	-

Off-Plan Villas

Rank (this month)	Rank (last month)	Rank (last year)	Community	# Transactions	2BR (Median Price)	3BR (Median Price)	4BR (Median Price)	5BR (Median Price)
1	1	1	Dubai South (Dubai World Central)	21	-	1,074,388	1,449,888	-
2	2	2	Dubai Hills Estate	16	-	3,093,888	2,174,388	3,273,888
3	NA	N/A	Palm Jumeirah	2	-	1,276,888	1,584,888	-
4	NA	N/A	Jumeirah Bay Island	2	-	1,100,000	1,497,944	-
5	3	N/A	Jumeirah Park	2	1,050,000	1,508,500	1,698,000	-

PRICE TIERS (AED) - JULY 2020

PRICE TIERS (AED) - JUNE 2020


■ <500K
 ■ 500K - 750K
 ■ 750K - 1M
 ■ 1M - 1.5M
 ■ 1.5M - 2M
 ■ 2M - 3M
 ■ 3M - 5M
 ■ 5M - 10M
 ■ 10M+

PRICE TIERS (AED) MONTHLY COMPARISON

	June 2020	July 2020	MoM Change
<500K	25.0%	21.9%	-3.10%
500K - 750K	14.5%	13.4%	-1.10%
750K - 1M	9.0%	15.4%	6.40%
1M - 1.5M	19.3%	15.4%	-3.90%
1.5M - 2M	7.5%	8.9%	1.40%
2M - 3M	12.3%	13.5%	1.20%
3M - 5M	8.6%	7.3%	-1.30%
5M - 10M	2.6%	2.6%	0.00%
10M+	1.2%	1.6%	0.40%

In July, the historically dominant segment of the market—the AED 1M to 1.5M price tier—witnessed a decline for the second month in a row, with its share of market falling 3.9%, from 19.3% to 15.4%. Meanwhile, the AED 750K to 1M price tier grew by 6.4%. Growth in this segment can be attributed to sales in various projects in Town Square and Creek Beach, Dubai Creek Harbour.

Overall, the lower price tiers, or properties under AED 1M, now collectively account for a little over 50% of total market activity. This shift in price segmentation is two-fold—by design and by default. By design, in recent years, developers have strategically brought to market projects that are geared towards the affordable housing segment where the bulk of units available are in the sub AED 1M price tiers: Dubai South, Town Square, and Jumeirah Village Circle are leading examples. By default, due to the continued downward trajectory of property prices, units that may have previously traded in the AED 1 to 1.5M tier have now fallen below the AED 1M price threshold, increasing the volume of properties in the lower price tiers.

METHODOLOGY AND METRICS

Dynamic Price Index

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 and notes are available at propertymonitor.ae/pmdpi.html

Completed Transaction

Consists of transactions that are recorded on the Dubai Land Department's official Title Deed register for all sales of completed property which has been issued a building completion certificate (BCC) and is available to purchase and occupy. Typically, it refers to the subsequent resale(s) of a property and transfer of ownership which takes place between two or more private parties, however, it may also include any initial first-time transfers between developers and buyers whereby a BCC has been issued and the developer had not previously sold the property.

Gross Rental Yield

Is the annual rent as a percentage of the purchase price or value of a property and is presented in this report as a value that represents the blended average rental yield of properties in Dubai across all communities.

Highest Recorded Sale

The single transaction of an apartment or villa that achieved the highest recorded transferred sales price during the month either in the off-plan or completed segment. Excludes plot/raw land only sales.

Lowest Recorded Sale

The single transaction of an apartment or villa that achieved the lowest recorded transferred sales price during the month either in the off-plan or completed segment.

Median Price Per Square Foot

The exact middle recorded price per square foot among all residential apartments and villas (townhouses are excluded) that transferred during the month that included square footage information recorded in transaction records of the Dubai Land Department.

Median Sales Price

The exact middle sales price among all recorded sales prices for residential apartments and villas (townhouses are excluded) that transferred during the month. In general, median values are more accurate than average values, which may be skewed by price outliers (a few sales that are extremely expensive or extremely inexpensive).

Off-Plan Transaction

Consists of transactions that are recorded on the Dubai Land Department's official interim register (Oqood) for all sales and purchase agreements and other contracts of sale pertaining to the transfer of a property which is in a new development project that has either yet to have construction commence or has yet to have construction completed. Typically, it refers to the initial first-time sale of a property between developers and buyers, however it also includes any subsequent transfers between the initial buyer and new buyer up until the property is issued a Building Completion Certificate (BCC) and then eligible for transfer by Title Deed.

Price Tiers

All recorded transactions, in the off-plan and completed segments for residential apartments and villas (townhouses are excluded) are placed into one of nine price tiers based on recorded transfer price. Values that fall on the exact tier upper limit, i.e. 500,000 are placed into the higher tier, in this case 500K-750K.

Unique Active Listings

Is the count of all currently listed residential properties (excluding off-plan units) that are unique. The full dataset of active listings is cleansed and duplicate listings for any individual property are merged and counted as a single active listing. Active listings are measured on the last calendar day of the month and provide a snapshot as of that day.

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.



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