



Transactions rise to pre-COVID levels amid scattered recovery in prices

Overall prices rise 1.98% in September, temporarily arresting the long-term decline

Median apartment price in September at AED 824,196 and villa price at AED 2,478,000

Transaction volumes jump 56.6% from August to record second strongest month this year

Outlook remains uncertain as price rise is driven by a handful of attractive communities

Median property prices in Dubai registered a near 2% rise in September on a monthly basis, taking a breather from the rapid descent of previous months towards all-time lows. Presently at AED 823 per sq ft, property prices remain on par with levels last recorded between May and June 2009. They are now down 33.3% from the market peak of September 2014, and just 4.8% off the level set in the previous market trough of April 2009.

Whilst this positive monthly trend is encouraging, it is likely premature to consider the market as having reached the bottom of the ongoing long-term fall, where more structural issues and economics are at work – we remain bearish overall in the short-to-medium term.

Analysed at a community level, there are positive indicators for a handful of communities where the rate of price depreciation has slowed or even started to turn positive over the last quarter. This is largely limited to the well-established villa and townhouse communities of Emirates Living, Jumeirah Golf Estates, Jumeirah Islands, Jumeirah Park and DAMAC Hills, where demand is outstripping supply. Quality resale homes are selling quickly and, in several cases, bidding wars have been reported.

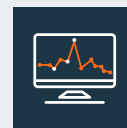
Transaction volumes in September stood at 3,856 recording a 56.6% jump from August and representing the second strongest month this year after February. Although this number displays impressive month-on-month movement, September transactions are down 3.9% compared to September 2019 and are also cumulatively lower by 13.8% year-to-date versus the same period in 2019. Given the effects of the COVID-19 pandemic, this in itself is not a surprise. Transaction volumes nearly always increase after August as a seasonality trend is followed in Dubai, where sales activity gains pace between September and November after the slower summer months.

In contrast to the trend of previous months, September transfers of completed properties only narrowly beat off-plan accounting for 53.9% of all sales transactions completed. In recent months, the volume of off-plan transactions has significantly decreased, largely due to limited new projects being announced, as developers instead focus on completing projects already in their pipeline. With prices at current levels developers are facing the fact that the margin between construction and sell-out value likely poses more risk than reward. Despite this, Majid Al Futtaim successfully launched and sold out phase 3 of Elan at its Tilal Al Ghaf development in September, with the majority of properties available in the historically preferred price tier of AED 1M–1.5M.

Mortgage activity in September, comprising initial mortgages as well as refinancing across all property types, was on par with August with 1,734 mortgage transactions recorded, whilst year-on-year mortgage volumes increased by 7.4%. Driving this growth in borrowing are the loans taken to finance villa purchases, where the volume of mortgages recorded grew by 47.6% month-on-month and 162.7% year-on-year.

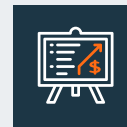
SNAPSHOT

September 2020



+1.98%

DPI MoM Change



AED 823

DPI AED/sq ft



3,856

Number of Monthly Transactions



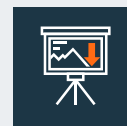
6.52%

Gross Rental Yield



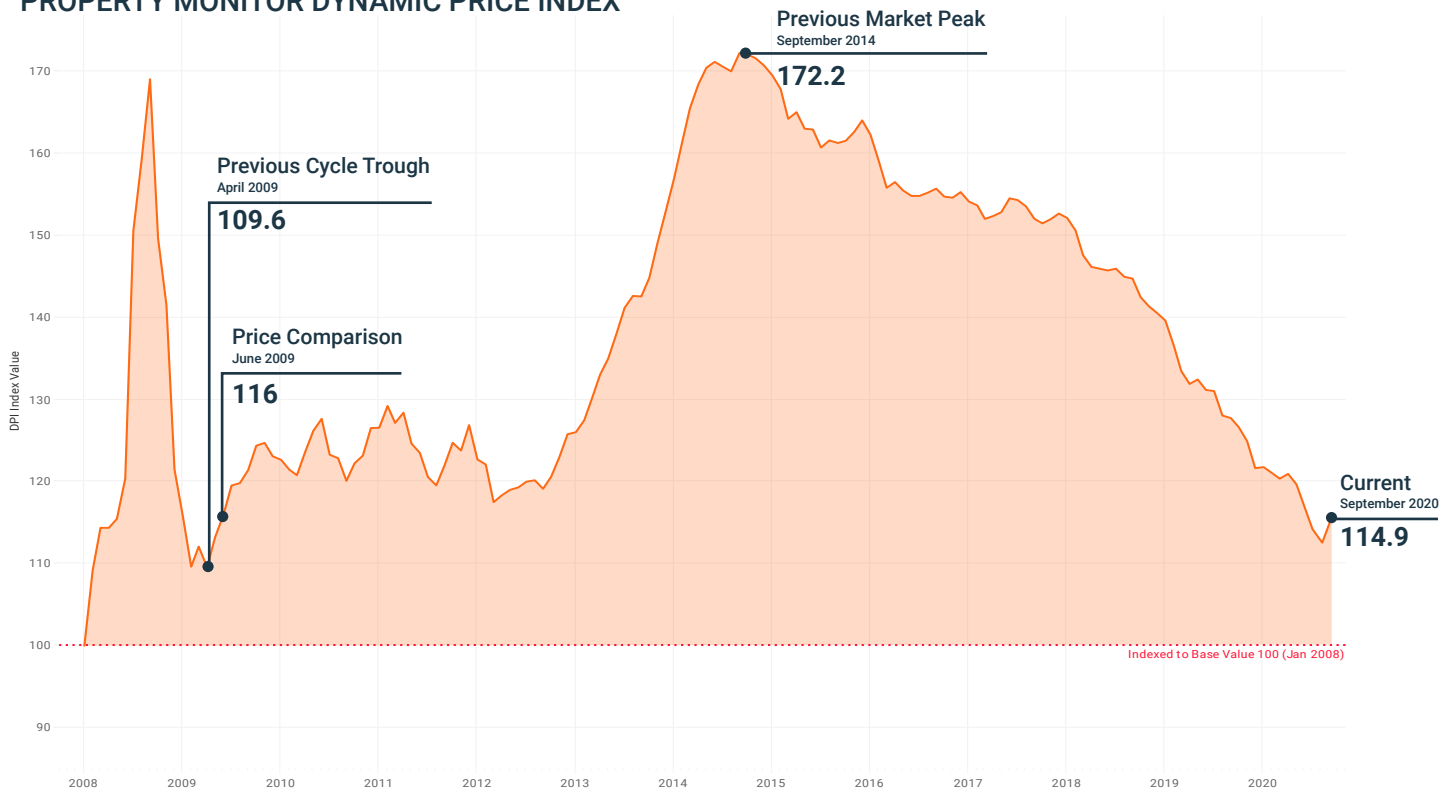
AED 36.8M

Highest Recorded Sale
*Villa E184 – 6 Bedroom, Sector E,
Emirates Hills*



AED 115K

Lowest Recorded Sale
*Studio, Bldg Z03 England Cluster,
International City*

PROPERTY MONITOR DYNAMIC PRICE INDEX


+1.98%
MoM Change


-2.11%
QoQ Change


-10.08%
YoY Change


AED 823
Price Per Sq Ft

DPI MONTHLY OVERVIEW

Months	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Sep 2020	114.88	1.98%	-2.11%	-10.08%	823
Aug 2020	112.66	-1.36%	-5.99%	-12.02%	807
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

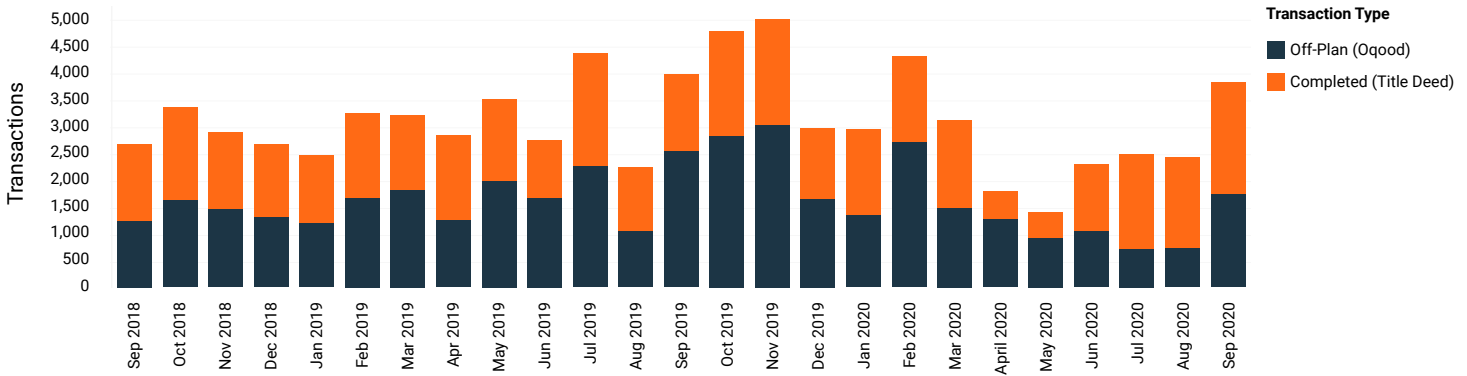
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for September 2020 increased by 2.23 index points to 114.88 from 112.66 in August 2020, representing a month-on-month gain of nearly 2% and a year-to-date decline of 10%.

In September 2020, property prices stood at AED 823 per sq ft, down over 33% from the market peak in September 2014 and are now 4.8% away from the market trough of April 2009. Property prices are at now at levels last recorded between May and June 2009 when they were AED 811 and AED 831 per sq ft respectively.

On a yearly basis, prices have declined by 10.1% in September 2020. This is lower than the trend of September 2019 where a year-on-year decline of 11.7% was recorded, and also below the 12-month average of -11.3%.

HISTORICAL TRANSACTIONS



There were 3,856 transactions recorded in September representing a monthly increase of 56.6%. However, transactions remain lower by 3.9% compared to September 2019 and 13.82% on a year-to-date basis versus the same period in 2019.

After recording three months of strong performance in transaction volumes versus off-plan, completed properties only narrowly beat off-plan as the split between the two narrowed in September. Title Deed transactions accounting for 53.9% of all transactions after recording 68.4% in August, 70.1% in July and 53.07% in June. The stronger performance of off-plan is largely driven by the selling out of phase 3 of Elan at Majid Al Futtaim's master community Tilal Al Ghaf. A total of 428 transactions were recorded in September for the master community with 322 for Elan 3, which is reported to have sold out within 48 hours. The fact that the majority of its properties were available in the favourable price tier of AED 1M–1.5M likely helped their rapid uptake.

Transactions at Tilal Al Ghaf represent 24.1% of all off-plan transactions and 11.1% of total transactions for the month of September. The master community is one of the few notable launches in recent times to have witnessed robust demand. Going forward we anticipate such launches from developers to be limited in number as the focus has switched to completing and generating demand for existing supply. As a result, off-plan transaction volumes may slide in the upcoming months, once again widening the gap between completed and off-plan transactions.

In line with the trend of recent months, a significant portion of Title Deed transactions were initial sales registered directly by developers for unsold inventory in completed projects. An example is Nakheel where 96.9% of transactions were Title Deeds and occurred in their recently completed Nad Al Sheba Villas project in Nad Al Sheba 3. Similarly, Nshama and their Town Square master development recorded 86.9% of first-time sales transactions as Title Deed registrations as opposed to Oqood (off-plan), and Dubai Properties had 79.1% of their transactions registered for completed properties, primarily in Mudon. Following Majid Al Futtaim, Emaar took a 23.5% market share for off-plan transactions in September with the majority of their Oqood registrations recorded for the Joy and Sun phases in Arabian Ranches 3, Burj Royale in Downtown, and Palace Residences in Dubai Creek Harbour. They were followed by Sobha Group at 9.3% with a significant volume of transactions in Hartland Greens and Creek Vistas in Sobha Hartland, Mohammed Bin Rashid City. Seven Tides held a market share of 6.1% with over 100 transactions recorded across Se7en Residences, Palm Jumeriah and Seven City, Jumeirah Lakes Towers.

TOP 3 COMMUNITIES BY TRANSACTION VOLUME

Completed Apartments

Rank (this month)	Rank (last month)	Rank (last year)	Community	Total # Transactions	Studio (Median Price)	1BR (Median Price)	2BR (Median Price)	3BR (Median Price)
1	2	2	Dubai Marina	116	490,000	808,691	1,200,000	2,562,500
2	7	5	Jumeirah Village Circle	99	355,000	565,261	756,609	820,000
3	1	25	Town Square	92	280,000	713,888	942,888	1,260,888

Completed Villas

Rank (this month)	Rank (last month)	Rank (last year)	Community	Total # Transactions	2BR (Median Price)	3BR (Median Price)	4BR (Median Price)	5BR (Median Price)
1	1	26	Nad Al Sheba	87	-	-	2,398,000	2,748,000
2	2	1	Emirates Living	45	1,250,000	1,800,000	3,330,000	3,800,000
3	3	4	Arabian Ranches	44	1,462,500	2,265,000	3,687,500	4,100,000

Off-Plan Apartments

Rank (this month)	Rank (last month)	Rank (last year)	Community	Total # Transactions	Studio (Median Price)	1BR (Median Price)	2BR (Median Price)	3BR (Median Price)
1	2	1	Mohammed Bin Rashid City	198	735,625	1,097,830	1,817,029	2,588,125
2	7	4	Dubai Creek Harbour	115	-	1,060,888	1,779,888	2,819,888
3	1	9	Jumeirah Village Circle	105	460,777	706,777	1,013,777	1,220,000

Off-Plan Villas

Rank (this month)	Rank (last month)	Rank (last year)	Community	Total # Transactions	2BR (Median Price)	3BR (Median Price)	4BR (Median Price)	5BR (Median Price)
1	1	1	Dubai South (Dubai World Central)	45	-	1,088,888	1,408,388	-
2	-	-	Arabian Ranches 3	8	-	1,300,888	1,719,888	-
3	3	3	Dubai Hills Estate	6	-	3,000,000	2,250,000	-



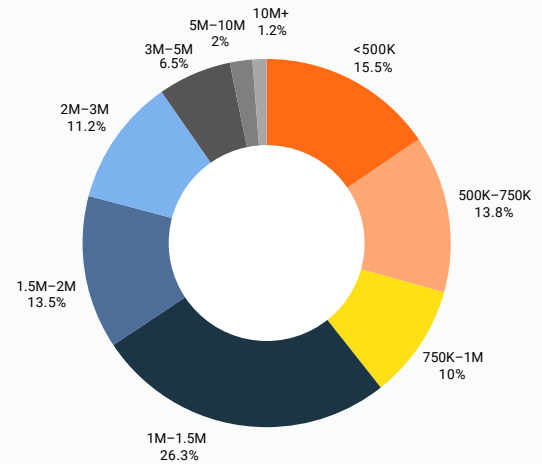
The shadow of COVID-19 hangs over the market, as it does throughout the developed world. Short-term boosts to liquidity and lending by central banks and regulators have undoubtedly helped to support prices and will continue to underpin asset prices - and possibly inflation yet to come. Investors value tangible 'safe-haven' assets and strong yields in a low interest rate environment – something which Dubai offers.

However, these short-term measures are unlikely by themselves to change the longer-term outlook. We believe prices will increasingly depend on the appeal of individual communities. Locations will be polarised and split between those enjoying favourable demand and others facing a bearish outlook. Buyers will choose with care and brokers will price accordingly.

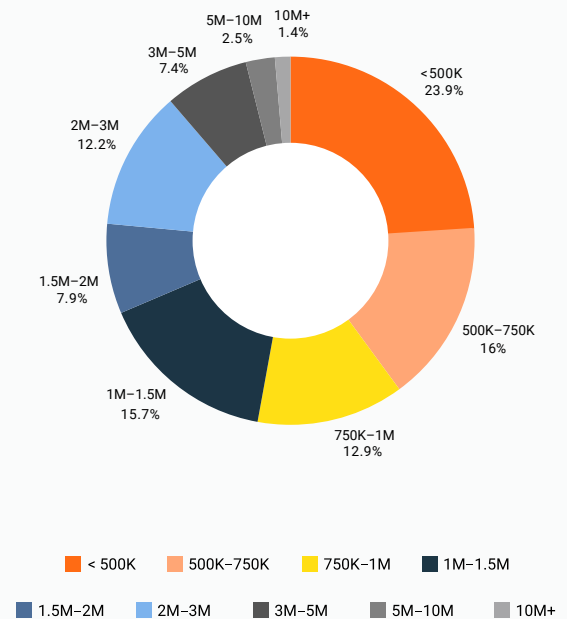
PRICE TIERS (AED) MONTHLY COMPARISON

	August 2020	September 2020	MoM Change
<500K	23.9%	15.5%	-8.45%
500K–750K	16%	13.8%	-2.20%
750K–1M	12.9%	10%	-2.92%
1M–1.5M	15.7%	26.3%	10.57%
1.5M–2M	7.9%	13.5%	5.61%
2M–3M	12.2%	11.2%	-1.02%
3M–5M	7.4%	6.5%	-0.91%
5M–10M	2.5%	2.0%	-0.54%
10M+	1.4%	1.2%	-0.15%

PRICE TIERS (AED) – SEPTEMBER 2020



PRICE TIERS (AED) – AUGUST 2020



In September, the historically dominant segment of the market—the AED 1M–1.5M price tier regained its position as the most active, increasing to 26.3% from 15.7% in August. The AED 1.5M–2M price tier also notably improved, growing to 13.5% in September from 7.9% in August. The increased activity in these two price tiers is a direct result of the Elan 3 release at Tital Al Ghaf where all transactions were recorded between AED 1.26M to AED 1.88M. Omitting the Elan 3 sales would display modest growth in these segments.

Meanwhile, the AED <500 price tier fell by 8.5% from the previous month, and activity in the AED 500K–750K and 750K–1M price tiers dropped by 2.2% and 2.9% respectively. The higher price tiers all witnessed minor decreases.

Overall, the lower price tiers, or properties under AED 1M, now collectively account for a little less than 40% of total market activity versus nearly 53% last month. The mid-tier between AED 1M–3M now represents 51%, and the high-price tiers with property values greater than AED 3M account for just below 10% of total market transactions.

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 Sq Ft

The exact middle recorded price per sq ft 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.

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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