



In spite of record transaction volumes, prices fall for the first time this year. New development launches surge to new heights as an end to the current boom market cycle comes into view

Median prices in June



Property prices decline for the first time this year, falling by 0.31%

Off-plan market adds nearly 5,200 units, ~AED 13 billion worth of new inventory

Second strongest June transaction volumes on record, ninth highest month of all time

Mortgage volumes rally, up 40.5%, despite largest rise in interest rates in decades

Gross rental yields reach pre-pandemic levels

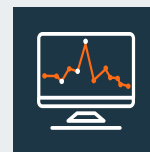
Following three months of Dubai property price growth slowing to sub-1% month-on-month gains, prices have now recorded their first monthly decline in 2022, falling by 0.31% in June. This is only the second time during the current market cycle where prices have fallen, the other being November last year. Dubai property values now stand at AED 1,019 per sq ft according to the Property Monitor Dynamic Price Index (DPI). The slow-down and cooling of price appreciation should not be an immediate cause for concern at this stage, rather a welcome sign of a healthy market that can move forward at a sustainable pace whilst continuing to grow. This also fits with our understanding of the broader Government objective of a transparent and well-ordered Dubai marketplace, where values are underpinned by quality new development and stability.

While property prices have dropped slightly, the volume of transactions has grown with surprising strength, reaching the ninth highest monthly level and the second strongest June on record, with 8,865 sales being registered. This represents a 34.2% and 38.8% increase on a month-on-month and year-on-year basis respectively. Residential transactions—those for apartments, townhouses, and villas—accounted for 89.3% of the total (7,919 sales transactions), with hotel apartments (4.1%), land sales (2.7%), and office (2.6%) being the highest transacted commercial property types.

Year-to-date there have been just under 43,000 transactions registered (88% of which were residential), an increase of 56% over the first two quarters of last year and 70% of the entire annual transaction volume. This continued robust performance shows that

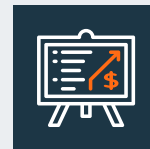
SNAPSHOT

June 2022



-0.31%

Dynamic Price Index
Monthly Change



AED 1,019/sq ft

Dynamic Price Index
Current Property Price



8,865

Number of Monthly
Transactions



6.37%

Gross Rental Yield



AED 126.25m

Highest Recorded Sale
*Villa G19 | Custom Villa
Fronde G, Palm Jumeirah*



AED 125k

Lowest Recorded Sale
*Apt 103 – 1 Bedroom
Mazaya 3, Queue Point, Liwan*

“ **The Dubai property market’s resilience in the face of rapidly rising interest rates, inflation that seems to be on a runaway, and the strength of the Dirham due to the US dollar peg continues to wondrously amaze and battle any headwinds and downside risks thrown at it.** ”

ZHANN JOCHINKE
Chief Operating Officer
Property Monitor

demand for property in Dubai is incredibly high and that the myriad of government initiatives to drive investment have been successful.

New off-plan development project launches continue to surge with a record monthly number of 5,175 new units entering the market for sale at an anticipated combined gross sales value of ~AED 13 billion. Apartments represent 81.7% by volume of this new inventory and townhouses 18.3%, with no new villas being launched in June. Within the apartment launches are three ultra-luxury projects—Address the Bay in Dubai Harbour, One Zaabeel Residences, and One & Only Private Homes at One Zabeel—where price per square foot values range between 3,800 to 5,500. Year-to-date new project launches have now surpassed 21,000 units and more than 57 billion in aggregate sales value, with the volume of launches in June accounting for just over 24% of these.

A total of 3,496 off-plan Oqood transactions were registered in June, increasing by 17.6% month-on-month and 44.5% on a yearly basis. Title deed sales volumes increased at an even greater pace for the month, with transactions growing by 47.8% and reaching a total market share of 60.6%. While this gives the appearance of a very robust completed property market it is misleading as several off-plan villa and townhouse transactions—for properties that are under construction—are registered as title deed transactions for parcels of ‘land’ by Dubai Land Department. If we adjust for these registration technicalities the accurate breakdown of market share is 53.6% in favour of properties under construction having been sold off-plan. Meanwhile, resale transactions—any subsequent sale of a property that follows the initial first-time sale from the developer, for an off-plan or completed project—stood at 3,862 in June representing a market share of 43.6%, up 3.1% month-on-month.

Mortgages volumes jumped 40.5% in June to their highest monthly volume since August 2021, with a total of 2,327 loans recorded. This comes in the

wake of US Federal Reserve implementing its most aggressive interest rate increase in almost 30 years, raising the rate by 75 basis points to a target rate of 1.75%. Analysis of the mortgage data shows that mortgage activity rose by 42.3% in the week immediately following the announcement then begun to taper down. This temporary jump is as we predicted in our April report whereby new borrowers looking to finalize deals and existing borrowers looking to refinance would act with urgency and lock in low fixed rates before rates become less favorable. With the likelihood of further, and potentially even more aggressive, interest rate increases on the horizon, we anticipate overall mortgage volumes to revert towards the long-term, pre-COVID-19 pandemic, average of 1,200-1,300 loans per month.

Breaking down the mortgage market shows that 46.3% of loans taken were new purchase money mortgages generally for residential properties that were also transferred during June, with the average amount borrowed being AED 1.87m at a loan-to-value ratio of 75.9%. While the average loan amount and LTV have remained relative stable, the percentage of mortgages for new purchases jumped 9.5% after tapering down each month from a high of 48.4% in February. A further 43.4% of loans (up 10.2% from last month) were for refinancing or new mortgages taken out in the months post transfer, while the remaining 10.3% of loans (down 19.7% from last month) were bulk mortgage registrations—those taken by developers and larger investors with multiple units—and were spread across several projects, most notably The Centurion Residences and Centurion Onyx where 39 and 33 loans were respectively recorded.

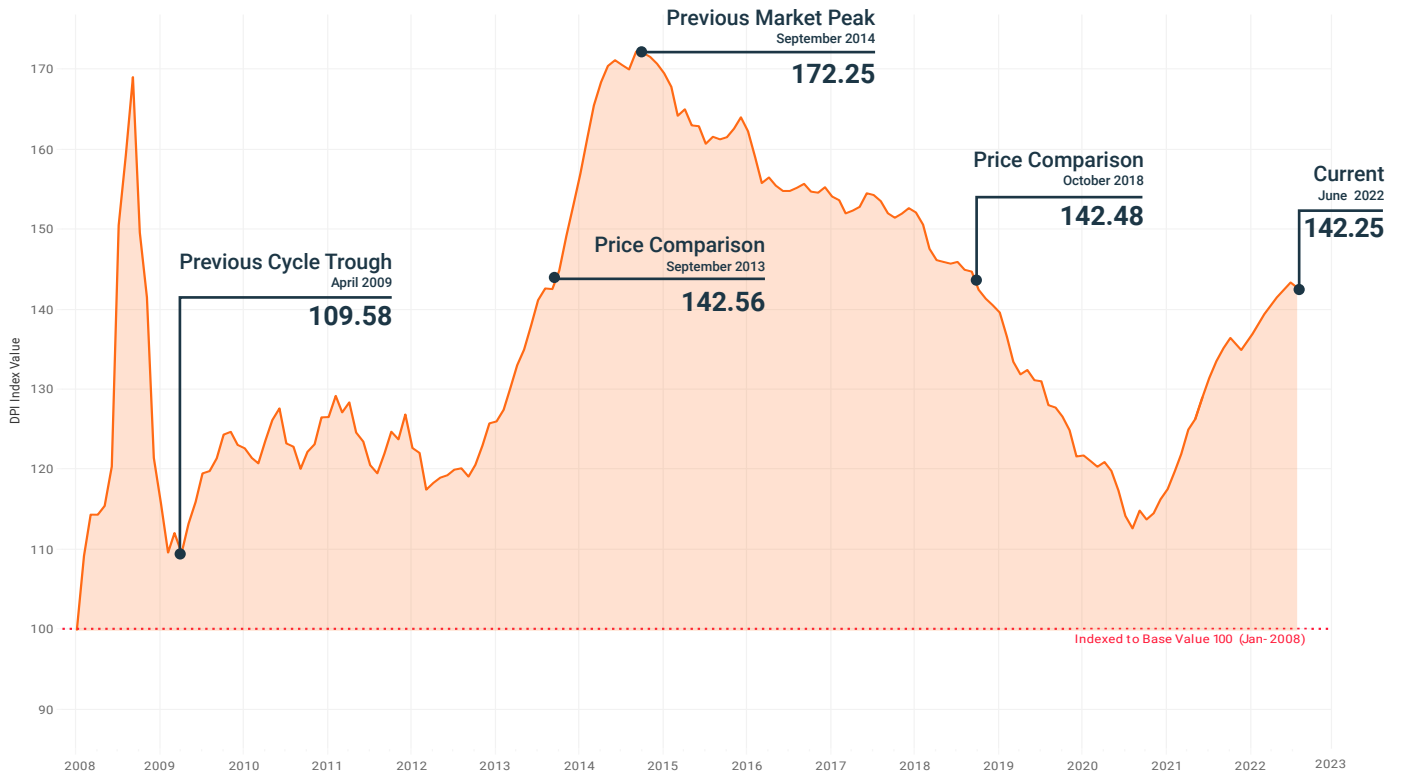
In June, Emirate-wide average gross rental yields rose to 6.37% reaching their highest level since October 2019, with yields for townhouses experiencing the highest increase rising from 5.40% to 5.51%, while gross yields for apartments increased 0.70% to 6.82% and villas declined by 0.09% falling to 4.77%. As the pace of sale price appreciation slows and rental rates gather steam it is likely that we will see further growth in yields over the coming months.

The Dubai property market’s resilience in the face of rapidly rising interest rates, inflation that seems to be on a runaway, and the strength of the Dirham due to the US dollar peg, continues to wondrously amaze and battle any headwinds and downside risks thrown at it. This phenomenon, whilst great for the market, cannot continue indefinitely and inevitably the music will begin to slow and the real estate market with it. We continue to predict gentle price growth viewed over the year as a whole, with the market most likely settling to a new cycle of broadly stable prices by the year end. It is important to note that inflationary pressures, the Ukraine conflict, rapidly rising interest rates and the strength of the US Dollar are all ‘wildcard’ factors that could blow this forecast quickly off course with some short-term volatility.

If, as we anticipate over the coming months, prices begin to plateau coming into late Q4, it is almost certain that additionally the record number of transactions occurring each month will begin to decline particularly in the resale market. New development project launches are a key indicator to watch closely going forward, on the back of a record month for new project launches. Amidst an increasing number of developers bringing more supply into the market, the supply-demand balance needs to be aligned, with developers correctly gauging the product mix that can be absorbed by the market now and in the future at handover.

We will be watching new project supply carefully over the coming months alongside the strength of broker’s inventory as key market signals. Watch this space as wildcards tend to be dealt at the most inopportune moments.

PROPERTY MONITOR DYNAMIC PRICE INDEX



-0.31%
MoM Change

+1.19%
QoQ Change

+10.26%
YoY Change

AED 1,019
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Jun 2022	142.25	-0.31%	1.19%	10.26%	1,019
May 2022	142.70	0.74%	2.06%	12.97%	1,022
Apr 2022	141.65	0.76%	2.45%	13.31%	1,014
Mar 2022	140.58	0.54%	3.17%	15.28%	1,007
Feb 2022	139.82	1.12%	3.48%	16.71%	1,001
Jan 2022	138.27	1.47%	1.32%	17.60%	990
Dec 2021	136.26	0.85%	0.80%	17.17%	976
Nov 2021	135.11	-0.99%	1.18%	17.95%	968
Oct 2021	136.46	0.95%	3.81%	19.94%	977
Sep 2021	135.18	1.22%	4.78%	17.66%	968
Aug 2021	133.54	1.60%	5.72%	18.54%	956
Jul 2021	131.45	1.89%	5.15%	15.09%	941
Jun 2021	129.01	2.13%	5.79%	9.92%	924

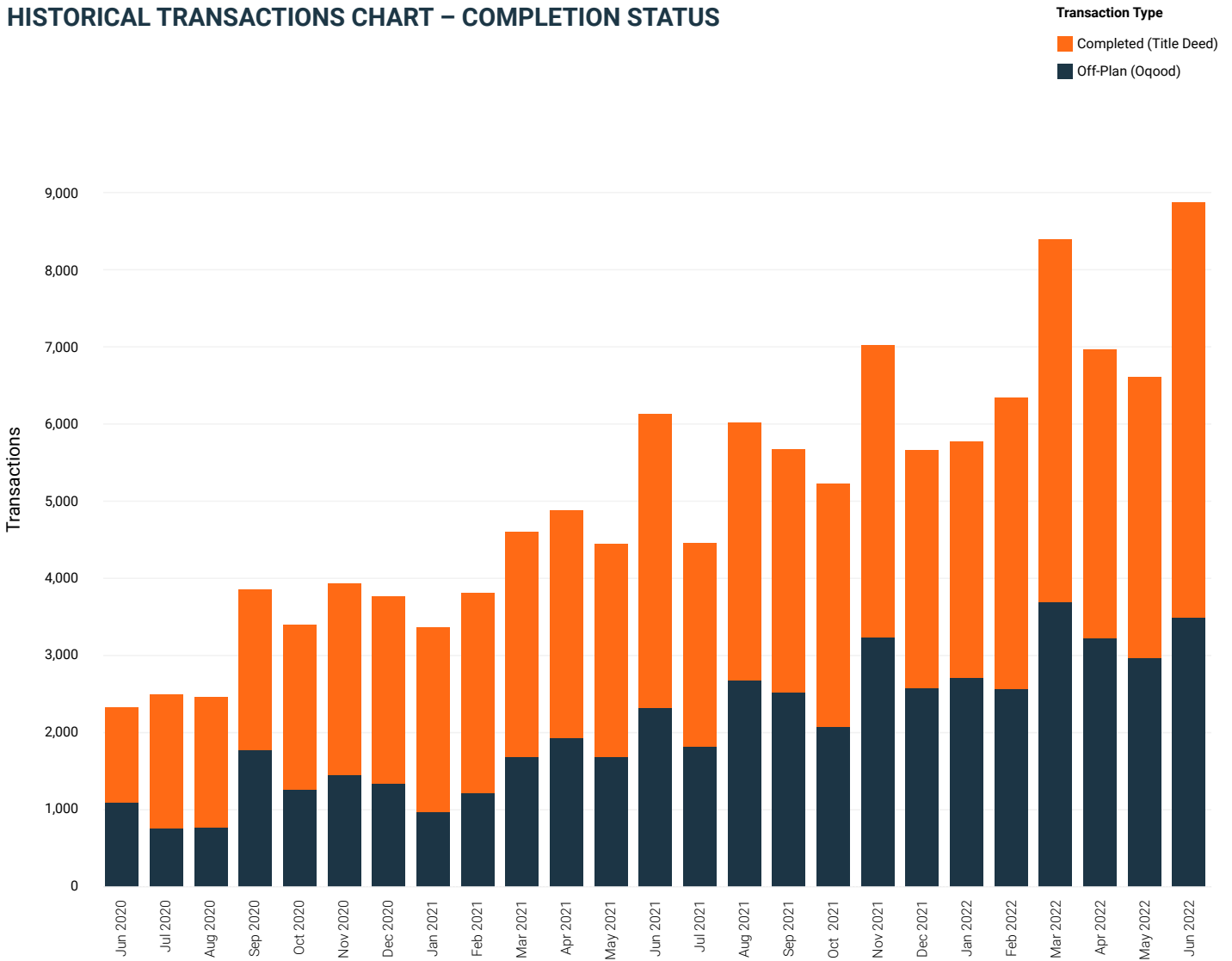
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for June 2022 decreased by 0.45 index points to 142.25 from 142.70 in May 2022, representing a month-on-month decrease of 0.31%.

In June 2022, property prices stood at AED 1,019 per sq ft, down 17.4% from the market peak in September 2014 and are 29.8% above the market trough of May 2009. Property prices were last at these levels during the recovery phase of the previous market cycle between July and August 2013.

On yearly basis, prices have increased by 10.3% in June 2022 and now mark 16 straight months of year-on-year increases, while at a year-to-date basis, prices have increased by just 2.9% in June 2022 compared to 9.7% in June 2021. This slowing of price growth is a strong sign of a market that trending towards sustainable long-term growth.

HISTORICAL TRANSACTIONS CHART – COMPLETION STATUS



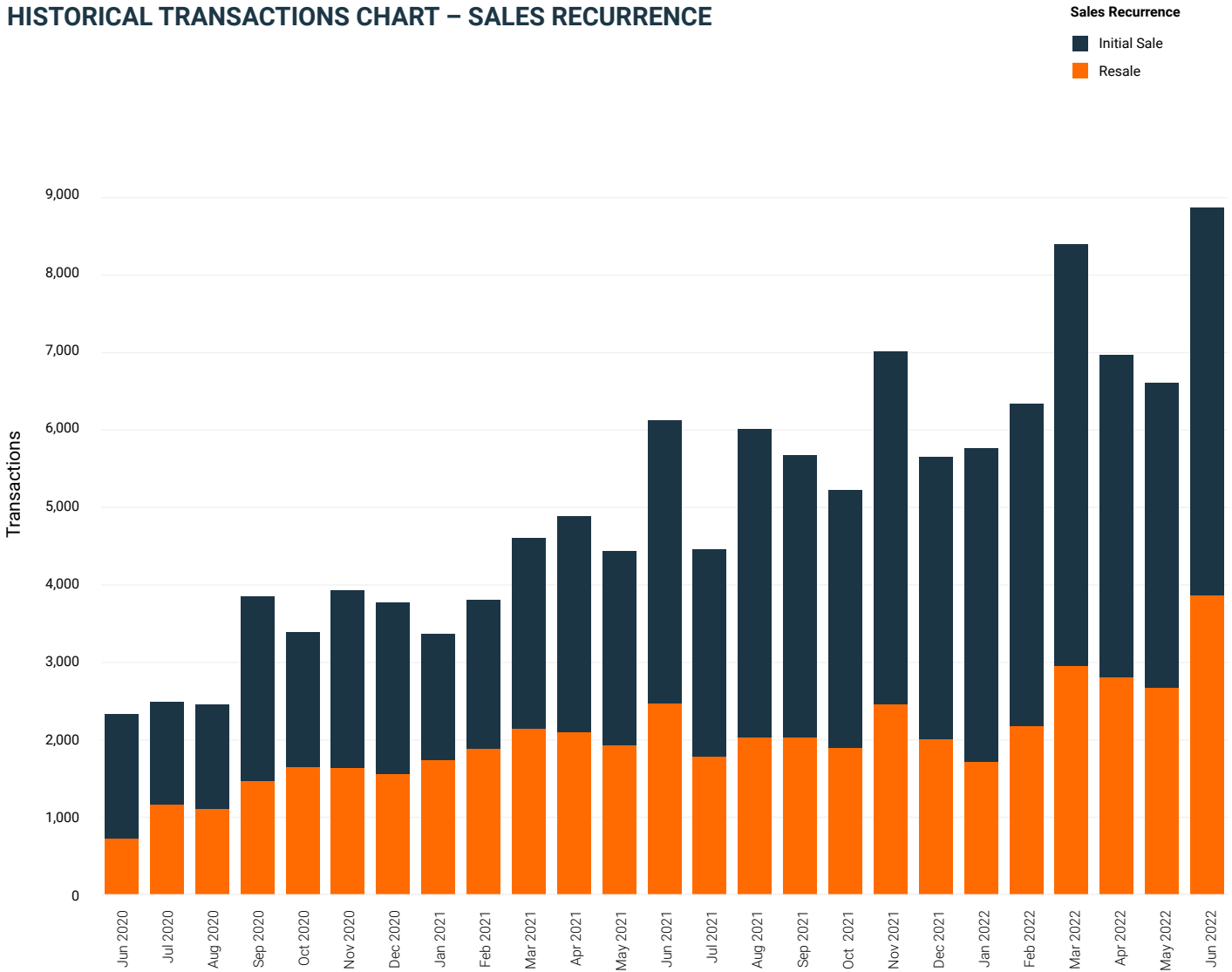
Transaction volumes in June stood at 8,865, increasing by an impressive 34.2% month-on-month, registering the second highest June on record, and the ninth highest monthly transaction volume of all time. During the month, the split between off-plan and completed property transactions remained in favour of the latter with Title Deeds accounting for 60.6% of all transactions, up 5.6% month-on-month. Completed properties have led the market for 25 months now, however, after reaching their record high in January 2021 of 71.5% have been declining, with the exception of sporadic short-term rises. The 12-month rolling average remains strong at 56.1% in June for completed properties, however with off-plan launches showing no sign of slowing this is likely to decline further in 2022.

For the second month in row DAMAC Properties has claimed first place recording the highest volume of off-plan sales, with a market share of 20.5%. They recorded 995 transactions spread across several projects with the highest concentration of sales at Portofino (311), Nice (191) and Costa Brava (115) in DAMAC Lagoons, followed by Safa One (101) in Safa Park, and then by Aykon City (64) in Business Bay.

Emaar Properties was next, at 15.2% of all off-plan registrations with the bulk of their sales occurring at Creek Palace (155) in Dubai Creek Harbour, The St. Regis Residences Downtown (131), and Lotus Creek Beach (59) in Dubai Creek Harbour. This was followed by Azizi taking 4.9% market share with the greatest activity at their Farhad Azizi Residence project in Dubai Health Care City.

In the ongoing trend that emerged in 2020, a significant portion of title deed transactions were initial sales registered directly by developers for unsold inventory in completed projects. Out of a total of 5,003 initial developer sales recorded in June, 19.8% were in completed projects. It is important to note that several off-plan villa and townhouse transactions (for properties that are under construction) are registered as title deed transaction for parcels of 'land' by Dubai Land Department, these are omitted from this calculation to provide a true reflection of the sales of unsold inventory in completed projects.

HISTORICAL TRANSACTIONS CHART – SALES RECURRENCE



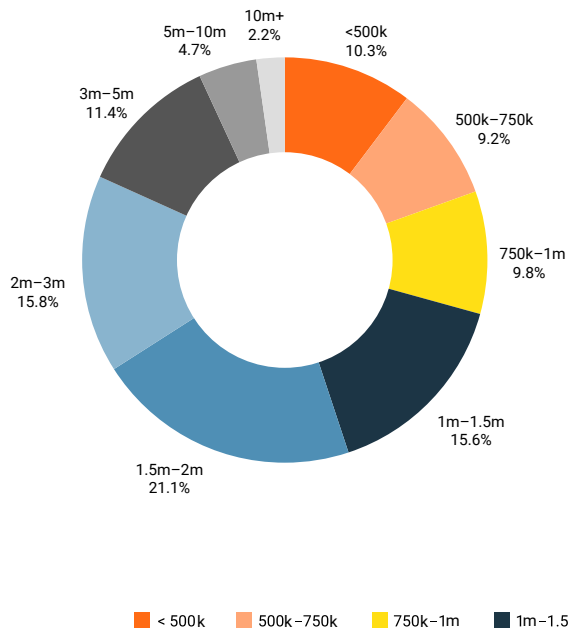
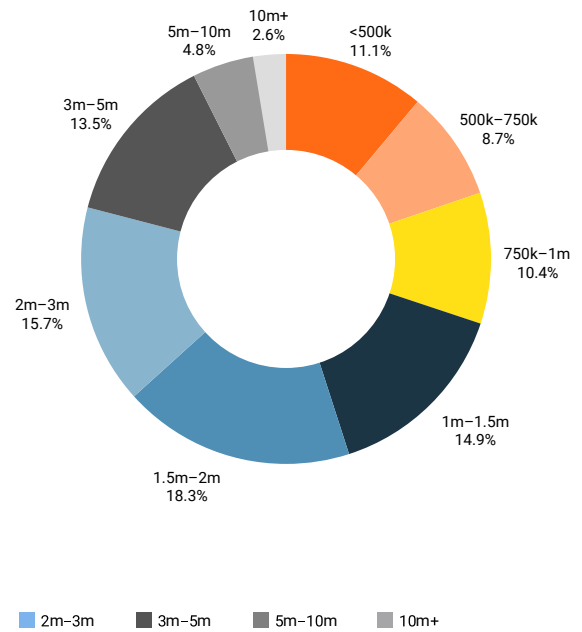
In June 2022, the market share of initial developer sales fell by 3.1% to 56.4% versus resale transactions. The 12-month rolling average now stands at 63.3% for initial sales and 36.7% for resales, the latter of which, after reach a high of 51.8% in January 2021 is continually trending back down towards the levels of 2019 and 2020, 33.2% and 33.8% respectively.

DAMAC Lagoons was the most popular master development for initial sales, where 13.5% (674) of all such transactions occurred. Portofino topped the leaderboard at 311 registrations and was followed by Nice (191), Costa Brava (115), and then Santorini (54).

Taking second place was Downtown, where initial sales held 12.7% market share and just over 630 transactions were recorded. W Residences was the most prominent project with 214 sales, then The St. Regis Residences Downtown followed with 131 sales, and Elite Downtown with 57 for the month.

Coming in third for June was Business Bay which claimed 7.5% market share with a total of 375 sales. Peninsula Five led the way in the community registering 99 initial sales and was followed by Ahad Residences with 38 sales, then by Reva Residences with 19.

The top master developments for residential resale transactions were Dubai Marina with 9.3% of such transactions across multiple projects—the highest level of sales occurred at Escan Tower (17). This was followed by Downtown at a 5.3% market share with Burj Royale recording 20 transactions, just shy of double any other project in the community. Closing out the top 3 master developments for resale was Dubai Hills holding 5.2% of the market with Maple Townhouses (29) and Sidra Villas (26) being the most sought-after projects.

PRICE TIERS (AED) – JUNE 2022

PRICE TIERS (AED) – MAY 2022

PRICE TIERS (AED) MONTHLY COMPARISON

	June 2022	May 2022	MoM Change
<500k	10.3%	11.1%	-0.80%
500k-750k	9.2%	8.7%	0.50%
750k-1m	9.8%	10.3%	-0.50%
1m-1.5m	15.6%	14.9%	0.70%
1.5m-2m	21.0%	18.3%	2.70%
2m-3m	15.8%	15.8%	0.00%
3m-5m	11.4%	13.5%	-2.10%
5m-10m	4.7%	4.8%	-0.10%
10m+	2.2%	2.6%	-0.40%

Representing the largest share of the market, the AED 1.5m-2m price tier increased its share further in June growing by 2.7 after declining 1.5% in June and 0.6% in May. Growth in this price tier can be largely attributed DAMAC Lagoons with sales averaging AED 794 per sq ft continuing to hit the mark and appeal to end-users and investors alike. Meanwhile, the biggest market share loser for the month was the AED 3m-5m tier which decreased by 2.1% reaching falling to 11.4%.

Despite achieving its second highest monthly volume of sales, with 176 transactions, the market share in the AED 10m+ tier saw its market share decline by 0.4% in June. While this price remains at historic highs in terms of transactions closed, its market share remains minimal and is overshadowed by the buoyancy of the core market and lower price tiers.

Condensing the individual 9 price tier segments to 3 main groups, properties in the mid-tier of AED 1m-3m again accounted for the largest share of the market at 52.4%, growing 3.4% from last month. The low-price tiers with property values under than AED 1m now represents 29.3% of the market, down by just under 0.1% from May, while the high-end price tiers—properties over AED 3m—now represents 18.3% of the market, down by 2.6% month-on-month.

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.com/pmndpi.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.

Initial Sale

The first sale of a property, usually directly from the developer or project sponsor to a buyer. Typically, an initial sale would occur during the construction phase of a project and get registered as an off-plan transaction with an Oqood. However, should the developer hold unsold units after the project is completed, an initial sale would be recorded with a Title Deed. An initial sale only occurs once and every subsequent sale thereafter is a 'resale'.

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.

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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