



Although the market remains strong, the froth has come off in the summer heat. A second consecutive month of price declines as both sales and mortgage transactions volumes fall

Median prices in July



Apartments  
AED 1,229,349



Townhouses  
AED 1,825,000



Villas  
AED 4,150,000

Property prices decline for the second consecutive month, falling by 0.58%

New record set for highest residential sales transaction – AED 302.5 million

Unseasonable slow-down, yet market still records the second strongest July transactions volumes on record

Mortgages volumes fall 26.5% amidst rising interest rates

Gross rental yields strong as sales prices growth slows

Dubai property prices have recorded a decline for the second month in row, falling by 0.58% in July after a 0.31% fall in June. This is the first time during the current market cycle where consecutive month-on-month declines have occurred, and only the third negative month since the market bottomed out in November 2020. However, it is important to keep a sense of perspective and these two monthly declines of less than 1% in total, represent some of the 'froth' coming off the market after a very strong run which still leaves prices 7.6% higher than they stood 12 months ago. Dubai property values now stand at AED 1,012 per sq ft according to the Property Monitor Dynamic Price Index (DPI).

This slowing of price growth is, in our view, a likely a sign of a market that is now trending towards sustainable long-term growth whereby the market experiences both monthly increases and decreases in property values while maintaining a general positive trajectory at a modest pace. It is also evidence that Dubai cannot be totally insulated from the wider world economic perspective despite its many unique advantages and counter-cyclical drivers of growth. We do not predict short-term large-scale falls in prices despite pressure on mortgage rates and the strong supply of new project launches adding to available inventory.

As property prices show signs of weakening so have the volume of sales, with transactions in July falling by 18.8% month-on-month to 7,195 registrations. Residential transactions—those for apartments, townhouses, and villas—accounted for 87.8% (6,315 sales transactions) of the total, with hotel apartments (5.1%), office (3.3%), and land sales (1.7%) being the highest transacted commercial property types. Despite a significant monthly decline, transactions for the month still reached a level that marks the second strongest July on record, however, in a year where transactions are consistently reaching the highest or second highest monthly volumes this may at a first look be a point of indifference.

SNAPSHOT

July 2022



-0.58%

Dynamic Price Index  
Monthly Change



AED 1,012/sq ft

Dynamic Price Index  
Current Property Price



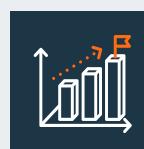
7,195

Number of Monthly  
Transactions



6.4%

Gross Rental Yield



AED 302.5m

Highest Recorded Sale  
Villa G29-31 | "Casa del Sole"  
Fronde G, Palm Jumeirah



AED 115k

Lowest Recorded Sale  
Apt 109 – Studio  
Building K1, Greece Cluster,  
International City

**“ Bull runs cannot continue indefinitely, and as previously forecast we anticipate that the music will begin to slow and the real estate market with it—we’ve been dancing a nice fast-paced Salsa so far and we are heading towards a gentle Waltz in the coming months. ”**

**ZHANN JOCHINKE**  
Chief Operating Officer  
Property Monitor

At a longer-term view of market seasonality, July is historically one of the strongest months for transactions during the Q2 and Q3 period and a slowdown at this stage of the market cycle could have greater relevance and be an early marker of a bull-run coming to an end.

Year-to-date there have been 50,151 transactions registered (87.9% of which were residential), an increase of 57% over the first seven months of last year and equal to 81.8% of the entire annual transaction volume of 2021. High transaction volumes indicate a positive demand-side dynamic, something which Dubai has been able to cultivate through its effective handling of the COVID-19 pandemic, the myriad of government initiatives geared to drive population growth and subsequent investment activity, as well as a broader economic outlook that appears favourable over comparable global cities.

A total of 2,958 off-plan Oqood transactions were registered in July, decreasing by 15.4% month-on-month however increasing by 62.5% on a yearly basis. Title deed sales volumes decreased at an even greater pace for the month, with transactions shrinking by 21.1%. Title deed registrations now represent just under 59% market share, and while this may give the appearance of completed properties sales maintaining strength and leading the market it is misleading. Several off-plan villa and townhouse transactions—for properties that are under construction—are registered as title deed transactions for parcels of ‘land’ by the Dubai Land Department. If we adjust for these registration technicalities the accurate breakdown of market share is 52.7% in favour of properties under construction having been sold off-plan. This is major market dynamic to monitor particularly as the bottoming out and recovery of the market was driven by a fundamental shift to purchasing completed properties over those sold off-plan and under construction, a shift that has begun to revert. Meanwhile, resales 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 3,053 in July representing a market share of 42.4%, down 1.1% month-on-month.

After a brief rally last month, mortgages volumes fell 26.5% in July—their highest monthly decline since April 2020 when mobility restrictions were in place—with a total of 1,710 loans recorded. The drop off in mortgages comes as no surprise as the borrowing power for many is deteriorated by ever increasing interest rates. Following the US Federal Reserve implementing its second 75 basis point increase, the UAE Central Bank followed suit with the same increase to the local base rate – its overnight deposit facility. The outcome of such now places the typical adjustable (variable) rate mortgage at 3.19% and a 3-year fixed rate at 3.99%, the later being close to 1.5% higher than just one year ago. What this means for the average borrower is that for every AED 1m of loan value, their monthly mortgage repayments would be approximately AED 792 higher relative to the rates available last year.

With the likelihood of further interest rate increases throughout the remainder of the year, we anticipate overall mortgage volumes to continue to decline and for the resale and ready property market to experience downwards pressure.

Breaking down the mortgage market shows that 50.3% of loans taken were new purchase money mortgages generally for residential properties that were also transferred during July, with the average amount borrowed being AED 1.8m at a loan-to-value ratio of 76.9%. A further 40.1% of loans (down 3.3% from last month) were for refinancing or new mortgages taken out in the months post transfer, while the remaining 9.6% of loans (down 0.7% from last month and 28.4% from the same time last year) were bulk mortgage registrations—those taken by developers and larger investors with multiple units.

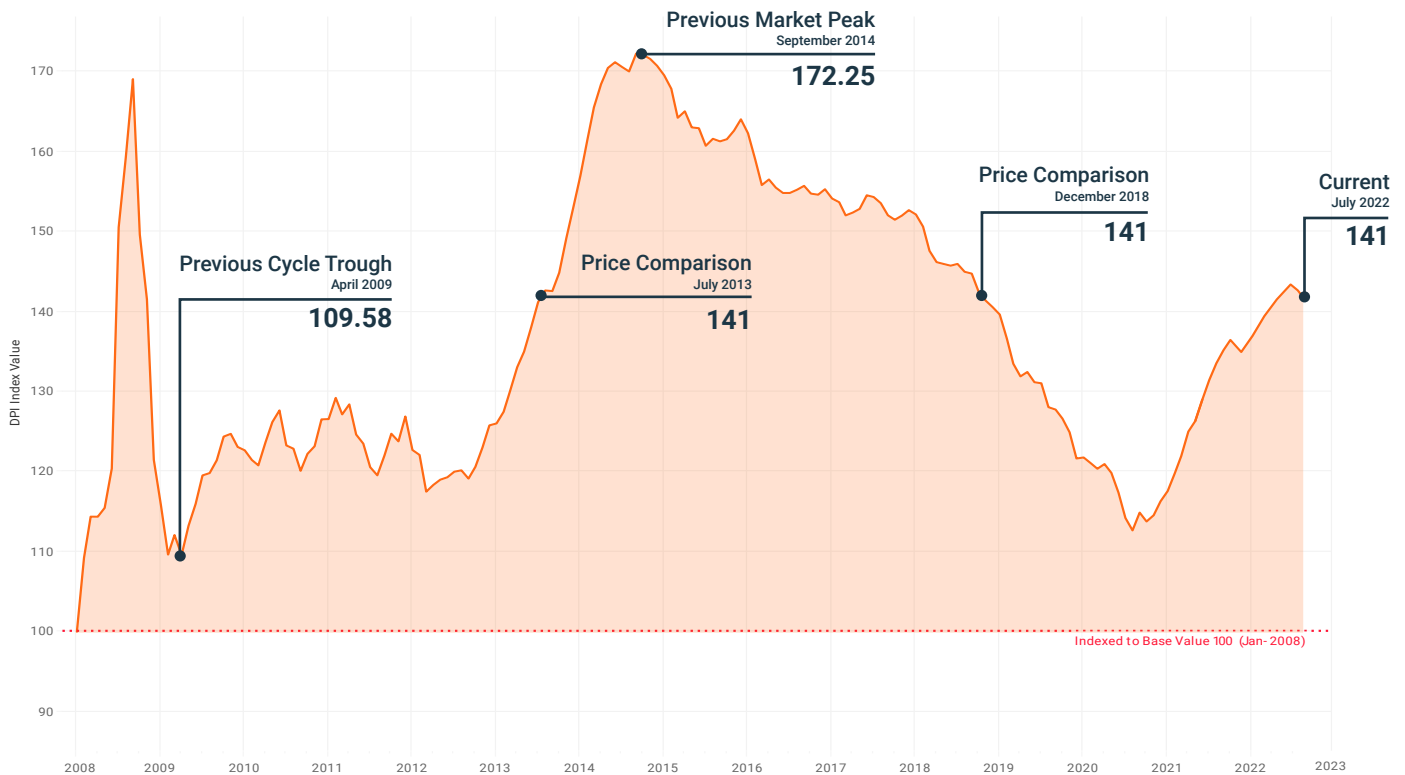
In July, Emirate-wide average gross rental yields rose to 6.4%, with yields for villas and apartments increasing marginally by 0.05% and 0.03% reaching 4.82% and 6.85% respectively, while gross yields for townhouses decreased 0.10% to 5.41%. With rental rates maintaining growth and sales price appreciation faltering, we expect to see continued improvement in yields in the coming months particularly as rental inventory remains tight in popular communities and more would-be homebuyers turn their attention to the rental market.

Despite the remarkable resilience of the Dubai property market, multiple signs of cooling off are emanating as headwinds persist related to general cost of living, inflation, and interest rates. Bull runs cannot continue indefinitely, and as previously forecast we anticipate that the music will begin to slow and the real estate market with it—we’ve been dancing a nice fast-paced Salsa so far and we are heading towards a gentle Waltz in the coming months.

There are several important factors to watch carefully over the remainder of the year and into next with one of the most significant being absorption. Strong demand represented in historically high transaction volumes has so far been able to take up the record number of new development off-plan project launches as well as sensibly priced resale inventory. Should transaction volumes decline, and inventory from either the new project or ready property segments increase at a pace that is not supported by the market, a transition towards a downturn could be accelerated. Monthly index price movements remain important however so long as the rate of change is low—sub-1% in either way—and in a general upward direction, short-term changes in property prices alone can be viewed as a secondary indicator of true market health.

To mitigate supply-based issues of market cycles past, developers must pay close attention to demand at a hyper-specific level, consciously and cautiously gauging the product mix (property type, unit size, community location, price point, and overall quality) that can be absorbed by the market now and in the future at handover. Particularly for investors of off-plan properties what the market looks like at handover is critical, buying something that is in high demand now only to have several thousand comparable units’ handover and enter the rental market at the same time will adversely affect achievable rental rates and subsequent returns. However, this may provide opportunity if there is a continued shortage of ready property available for sale and allow an investor who may have been focused on longer-term rental income to take advantage of short-term capital gains.

PROPERTY MONITOR DYNAMIC PRICE INDEX





**-0.58%**  
MoM Change



**-0.16%**  
QoQ Change



**+7.59%**  
YoY Change



**AED 1,012**  
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Jul 2022	141.42	-0.58%	-0.16%	7.59%	1,013
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

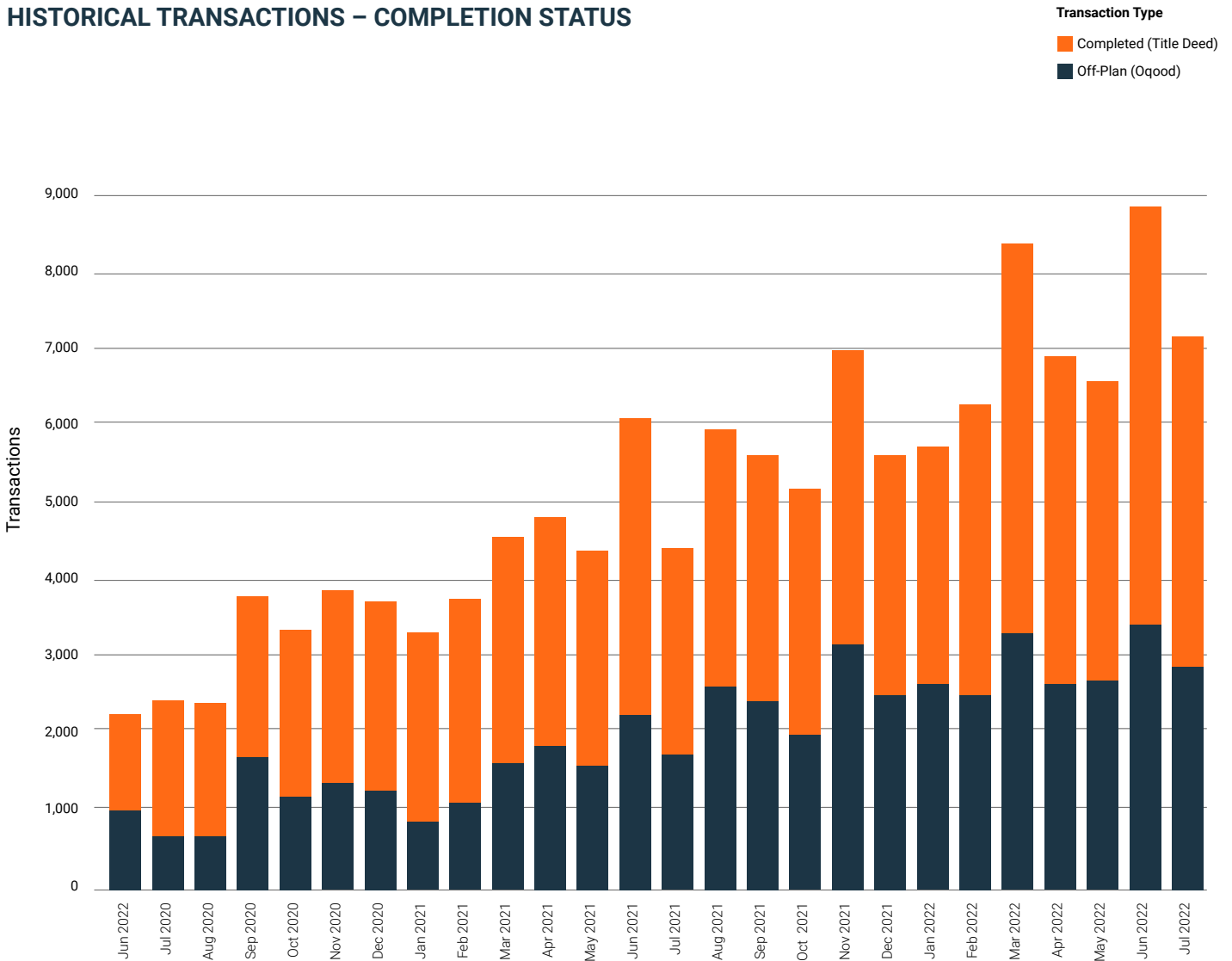
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for July 2022 decreased by 0.83 index points to 141.42 from 142.25 in June 2022, representing a month-on-month decrease of 0.58%.

In July 2022, property prices stood at AED 1,012 per sq ft, down 17.9% from the market peak in September 2014 and are 29.1% above the market trough of April 2009. Property prices were last at these levels during the recovery phase of the previous market cycle in July 2013.

On yearly basis, prices have increased by 7.6% in July 2022 and now mark 17 straight months of year-on-year increases, while at a year-to-date basis, prices have increased by just 2.3% in July 2022 compared to 11.8% in July 2021. Additionally, the last 3 months recorded a 0.16% decrease which is the first such quarterly decline since October 2020 which was the last month before the market bottomed out.

## HISTORICAL TRANSACTIONS – COMPLETION STATUS



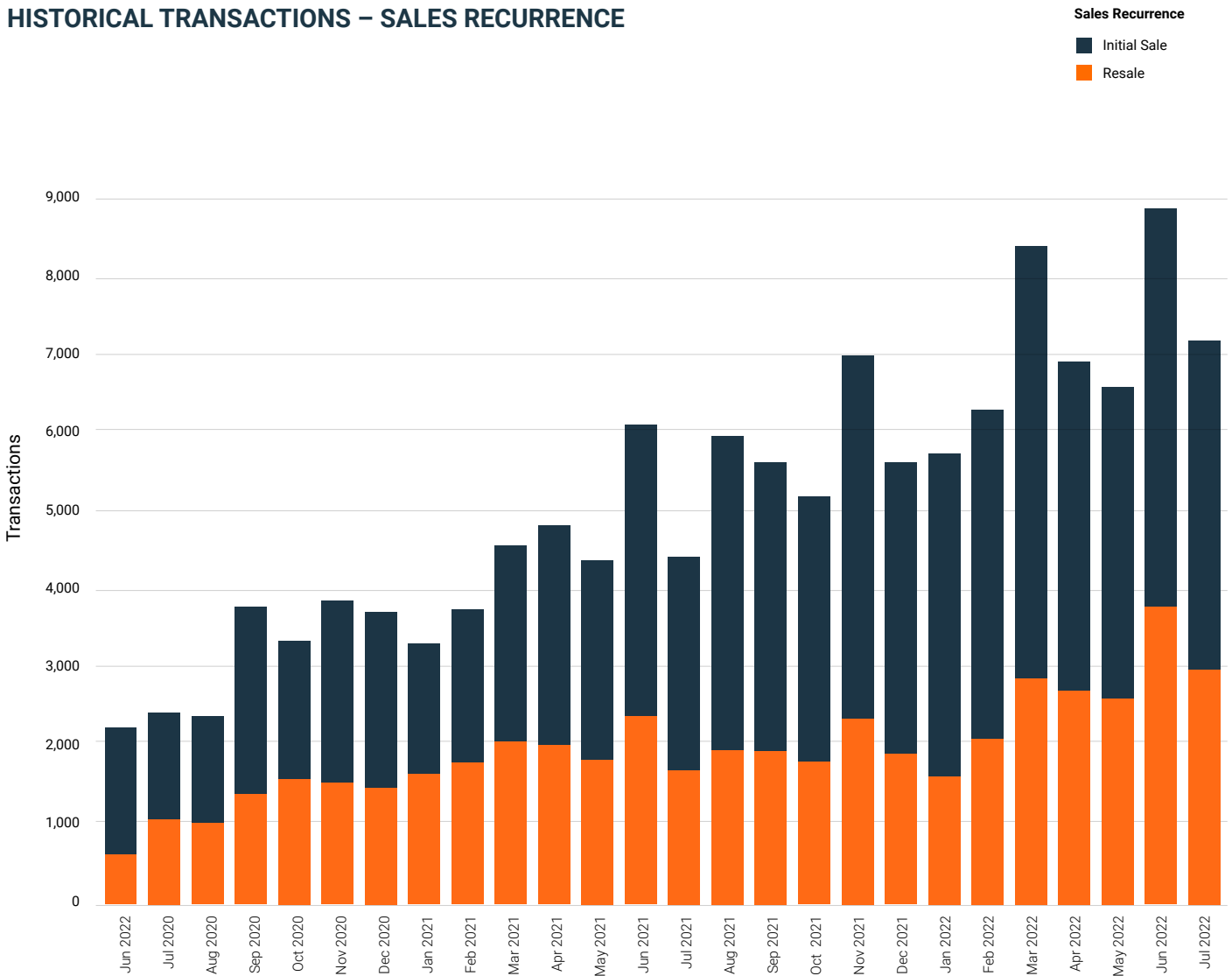
Transaction volumes in July stood at 7,195, decreasing significantly by 18.8% month-on-month however at the same time still registering the second highest July on record. During the month, the split between off-plan and completed property transactions remained in favour of the latter with Title Deeds accounting for 58.9% of all transactions, down 1.7% month-on-month. Completed properties have led the market for 26 months now, however, after reaching their record high in January 2021 of 71.5% have been generally declining except for sporadic short-term rises. The 12-month rolling average remains strong at 56.1% in July for completed properties, however with off-plan launches showing no sign of slowing this is likely to decline further in 2022.

For an impressive third month in a row DAMAC Properties has claimed first place recording the highest volume of off-plan sales, with a market share of 28.6%. They recorded 933 transactions spread across several projects with the highest concentration of sales at Nice (179), Malta (108), Portofino (78) and Costa Brava (70) in DAMAC Lagoons, followed by Aykon City (93) in Business Bay and then by Safa One (79) in Safa Park.

Emaar Properties was next, at 19.5% of all off-plan registrations with the bulk of their sales occurring at The St. Regis Residences Downtown (174), Lotus Creek Beach (140) in Dubai Creek Harbour, and Golfville (100) in Dubai Hills. This was followed by Select Group taking 4.9% market share with the greatest activity at Peninsula Five (127) in Business Bay.

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 4,142 initial developer sales recorded in July, 19.1% 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 – SALES RECURRENCE



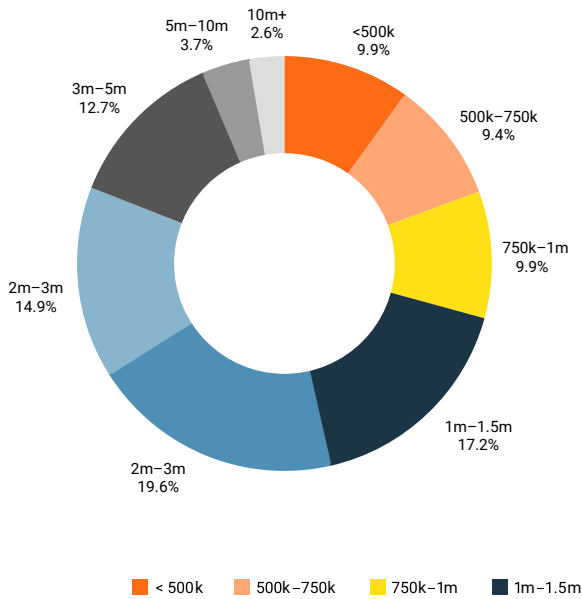
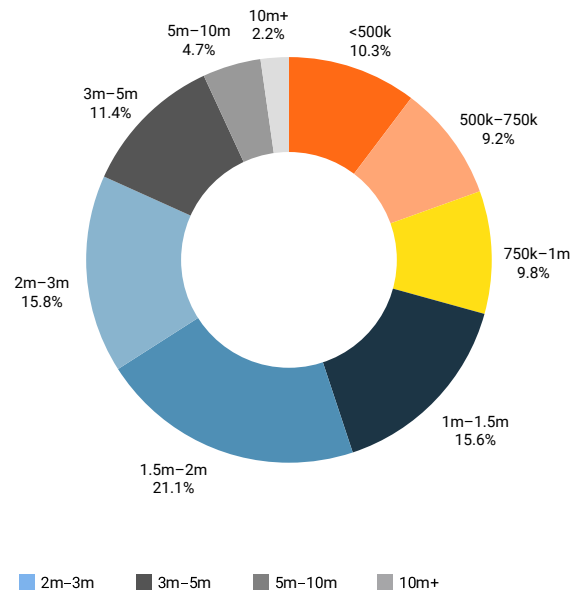
In July 2022, the market share of initial developer sales grew by 1.1% to 57.6% versus resale transactions. The 12-month rolling average now stands at 63.1% for initial sales and 36.9% for resales, the latter of which, after reaching a high of 51.8% in January 2021 is continually trending back down towards the levels of 2019 and 2020, 33.2% and 33.8% respectively.

Business Bay was the most popular master development for initial sales, where 12.3% (509) of all such transactions occurred. Peninsula Five topped the leaderboard at 127 registrations and was followed by Akyon City (93), Ahad Residence (45), and then Peninsula One (30).

Taking second place was DAMAC Lagoons, where initial sales held 11.4% market share and just over 470 transactions were recorded. Nice was the most prominent project phase of the master development with 179 sales, then Malta followed with 108, and Portofino with 78 for the month.

Coming in third for July was Downtown which claimed 8.6% market share with a total of 358 sales. The St. Regis Residences Downtown led the way in the community registering 174 initial sales and was followed by Imperial Avenue with 86 sales, then by W Residences with 43.

The top master developments for residential resale transactions were Dubai Marina with 8.6% of such transactions across multiple projects—the highest level of sales occurred at Escan Tower (14). This was followed by Business Bay at a 6.5% market share with DAMAC Towers by Paramount recording 20 transactions and closing out the top 3 master developments for resale was Jumeirah Village Circle holding 6% of the market with Sobha Daffodil recording 22 sales which appears to be a bulk investor transaction.

**PRICE TIERS (AED) – JULY 2022**

**PRICE TIERS (AED) – JUNE 2022**

**PRICE TIERS (AED) MONTHLY COMPARISON**

	July 2022	June 2022	MoM Change
<500k	9.9%	10.3%	-0.40%
500k-750k	9.4%	9.2%	0.20%
750k-1m	9.9%	9.8%	0.10%
1m-1.5m	17.2%	15.6%	1.60%
1.5m-2m	19.6%	21.0%	-1.40%
2m-3m	14.9%	15.8%	-0.90%
3m-5m	12.7%	11.4%	1.30%
5m-10m	3.7%	4.7%	-1.00%
10m+	2.7%	2.2%	0.50%

Growing at the highest rate, and representing the second largest share of the market, was the AED 1m-1.5m price tier which increased by 1.6% in July to reach a total of 17.2% market share. Growth in this price tier can be largely attributed new project launches by EMAAR, particularly Lotus Creek Beach at Dubai Creek Harbour, and Golfville at Dubai Hills where sales averaged in the low-mid AED 1,600 per sq ft range. Meanwhile, the biggest market share loser for the month was the AED 1.5m-2m tier which decreased by 1.4% falling to 19.6%.

At the higher end of the market, the 3m-5m price tier experienced strong growth increasing its market share by 1.3% to 12.7% with the main drivers of growth again being new projects launched by EMAAR, namely The St. Regis Residences Downtown and Address Residences the Bay in Dubai Harbour. Demand for these branded residence projects has proven to be strong with average price per square foot values of AED 2,705 and AED 2,848 respectively, putting the projects well into the ultra-luxury quality segment of the market.

Also of note for the month is the continued strength in the AED 10m+ tier, which grew by 0.5% in July, reaching 2.7% market share. The make-up of this tier has changed towards apartment sales whereas in the earlier part of the market recovery period the price tier was heavily led by villa sales, a simply lack of supply for high-end villas has somewhat forced this change.

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 51.7%, shrinking marginally by 0.7% from last month. The low-price tiers with property values under than AED 1m now represents 29.2% of the market, down by 0.1% from June, while the high-end price tiers—properties over AED 3m—now represents 19.1% of the market, up by 0.8% month-on-month.

**Record transaction**

**Date:** 05 July 2022  
**Property:** Villa G29-31 "Casa del Sole", Frond G, Palm Jumeriah  
**Price:** AED 302.5m  
**Developer:** Alpago Group

Less than four short months after the AED 280m sale of villa N66-68 on Frond N Palm Jumeriah in March broke the record for the highest residential sales transaction—a record that stood for nearly seven years—a new record has been set with the sale of the one-of-kind dream home "Casa del Sole".

## 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/pmddpi.html](http://propertymonitor.com/pmddpi.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

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