



## Property prices at 11-year low, inch towards AED 800 per sq ft

**Median apartment price in August at AED 743,237 and villa price at AED 2,600,000**

**Mortgages jump over 51% year-on-year for ready apartments and villas**

**Sales of units in AED 1M–1.5M price tier stabilise and increase marginally**

Property prices in Dubai continued their expected downwards trend in August declining almost 1.4% on a monthly basis. Albeit this was at a slower pace compared to the earlier summer months where declines of 2.1% and 2.7% were recorded for June and July, respectively.

At AED 807 per sq ft presently, property prices sit just below similar rates last recorded in May 2009. They are now 34.6% away from the market peak in September 2014, and only 2.8% from the previous market trough of April 2009. As previously forecast, it is highly probable that we will breach previous market lows this quarter and reach new historic lows in November this year for both apartments and villas.

Transaction volumes in August tallied 2,462 which represents only a very slight decrease from 2,496 in July. Historically, August has been a slow month for transactions being the peak of summer in Dubai with many residents and citizens travelling overseas and visitors waiting until the cooler months to travel. Nevertheless, the figures this year are much better than might have been expected. August 2020 compares favourably to both, 2019 when a monthly decline in sales volume of 48.5% took place, and also 2018 when a decline of 39.9% in sales transactions was registered. Pent-up and unfulfilled demand during the restrictive months of the pandemic also contributed to the robust performance of August sales. This is a bright picture of demand even against the backdrop of steadily declining property prices.

Transactions for completed properties continued to maintain their newfound strength with Title Deed transactions accounting for 68.4% of all sales in August, largely in line with the 70.1% recorded for July. A trend appears to be emerging with a shift towards completed property over the historically dominant off-plan, which has held a 5-year average of 53.9% in its favour.

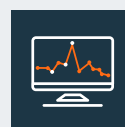
Two factors are contributing to this emerging trend. The oversupply situation was exacerbated by the disruption in transaction activity during the early months of the pandemic with developers now considering changes in their launch calendars. Developers are also increasingly facing the reality of projects going through the 3-4 year development cycle but not selling out by the time of handover. This is leading them to sell unsold units on project completion, which are subsequently recorded as Title Deed transactions.

Low interest rates continued to drive mortgage transactions in August, with the latter comprising initial mortgages as well as refinancing. August recorded a total of 1,734 mortgage transactions, up 18.2% from July. High volumes of mortgages for ready apartments and villas was the primary factor contributing to the overall growth in activity. Mortgages climbed 10.4% on a monthly basis but a strong 51.1% year-on-year for this segment.

Gross rental yields remained relatively stable in the mid-6% range, indicating a fall in rents that is in line with property prices. Yields remains considerably higher in Dubai compared to other global cities, increasing its appeal as a safe haven for investors.

## SNAPSHOT

August 2020



**-1.36%**

DPI MoM Change



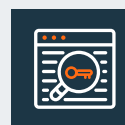
**AED 807**

DPI AED/sq ft



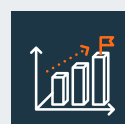
**2,462**

Number of Monthly Transactions



**6.49%**

Gross Rental Yield



**AED 58.66M**

Highest Recorded Sale

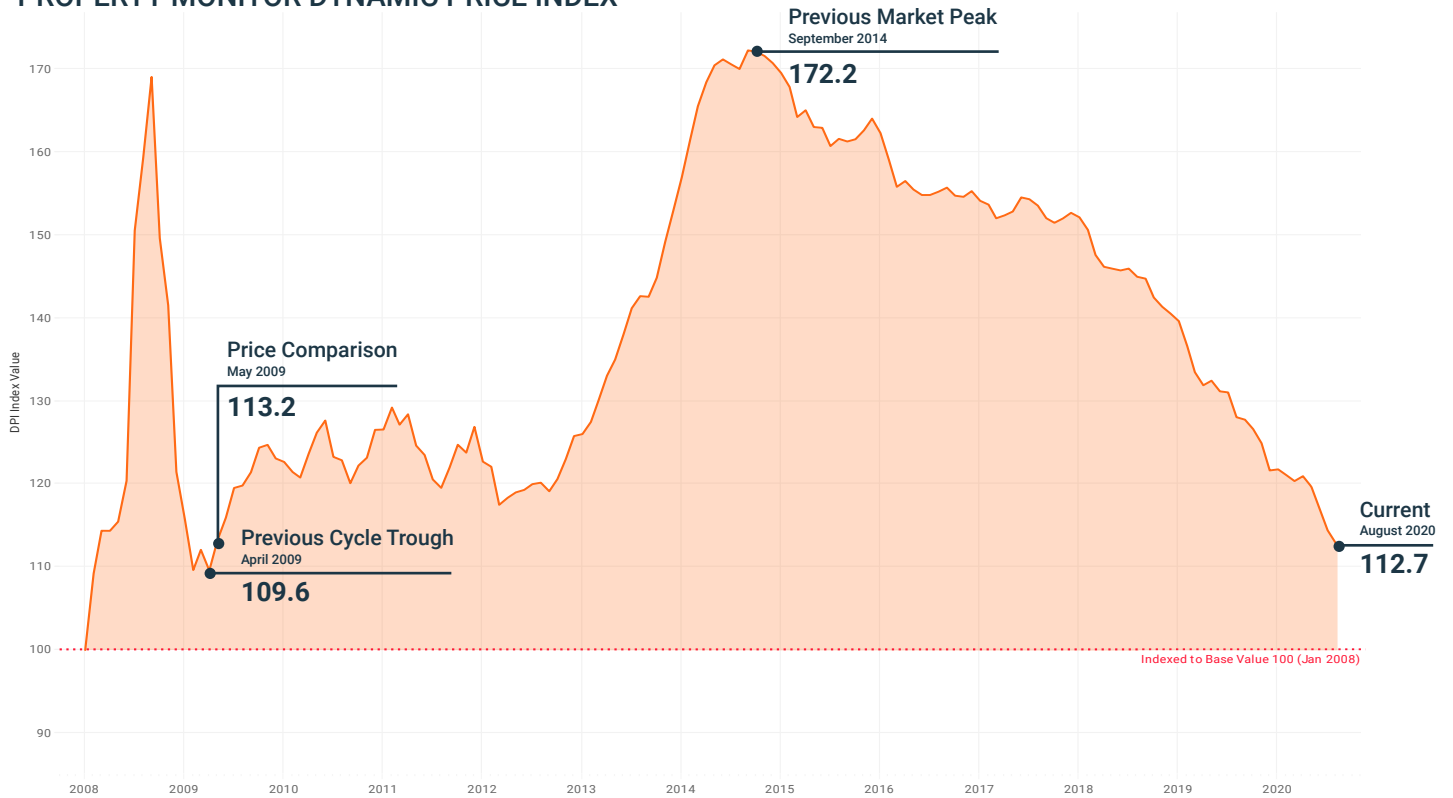
*Apt 7301 – 6 Bedroom  
Il Primo, Opera District, Downtown Dubai*



**AED 100K**

Lowest Recorded Sale

*Apt 211 - Studio  
Emirati Cluster Bldg 8, International City*

**PROPERTY MONITOR DYNAMIC PRICE INDEX**


**-1.36%**  
MoM Change


**-5.99%**  
QoQ Change


**-12.02%**  
YoY Change


**AED 807**  
Price Per Sq Ft

**DPI MONTHLY OVERVIEW**

Months	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
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
Aug 2019	128.05	-2.28%	-3.32%	-11.67%	917

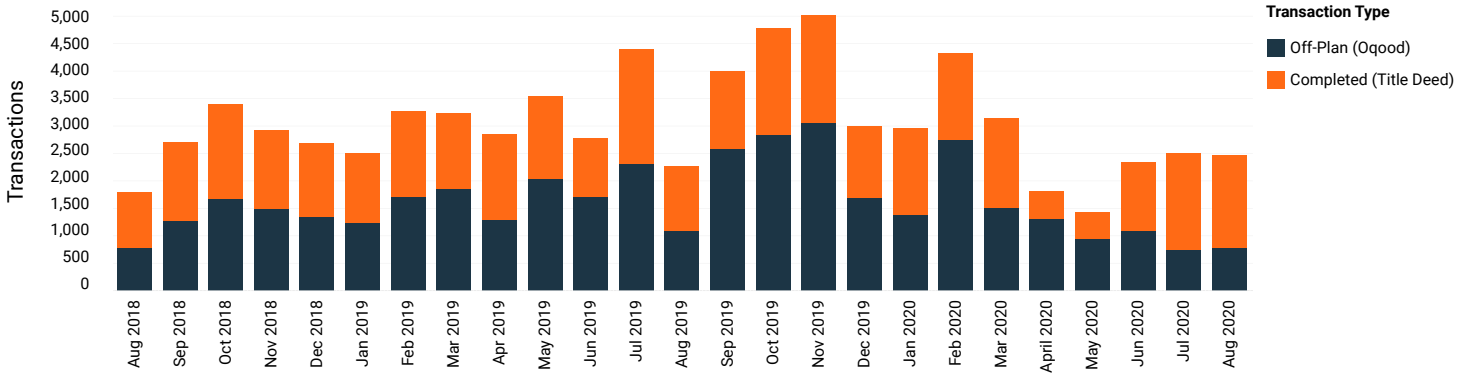
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for August 2020 decreased by 1.56 index points to 112.66 from 114.21 in July 2020, representing a month-on-month decline of 1.36% and a year-to-date decline of 6%.

In August 2020, property prices stood at AED 807 per sq ft, down 34.6% from the market peak in September 2014 and are now merely 2.8% away from the market trough of April 2009. Property prices are at 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% in August 2020. This is slightly higher than the trend of August 2019 where a year-on-year decline of 11.67% was recorded, and also above the 12-month average of -11.24%.

## HISTORICAL TRANSACTIONS



There were 2,462 transactions recorded in August representing a slight decrease from 2,496 in July. August transactions remain higher by 8.3% compared to August 2019. However, they are lower by 15.4% year-to-date versus the same period in 2019, considering the dip in activity in Q2 this year.

The pick-up in transaction activity post the summer months is generally evident in strong Sep–Nov performance before year end. However, with travel restrictions currently in place, this year many have stayed back in the emirate and the UAE in August, possibly upgrading homes and crystallising their purchase decisions. Attractive prices have significantly influenced property purchase choices and reflect in the healthy numbers for August.

The split between off-plan and completed property transactions remained in favor of completed properties for the third straight month, with Title Deed transactions accounting for 68.4% of all transactions after recording 70.1% in July and 53.07% in June. The number has been steadily rising in favour of completed property after May this year when it was a mere 33.73%.

Whilst this could be interpreted as the secondary resale market having strengthened, a deeper analysis reveals that a large number of Title Deed transactions were maiden sales directly from developers for unsold inventory in completed projects. An example of this is Nakheel where 96.1% of transactions were Title Deeds and occurred in their recently completed Nad Al Sheba Villas project in Nad Al Sheba 3, and Al Furjan Villas project in Al Furjan. Similarly, Nshama and their Town Square master development recorded 87% of first-time sales transactions as Title Deed registrations as opposed to Oqood.

In August 2020, the bulk of off-plan market transactions completed was by Emaar Properties with a market share of 14.2%. It comprised a high volume of transactions registered at Emaar Beachfront in Dubai Harbour, Creek Beach in Dubai Creek Harbour, and their various projects in Opera District. First Group was next at 7.4% with the majority of their Oqood registrations recorded at Ciel Tower in Dubai Marina and Dolphin Tower in Business Bay. They were followed closely by DAMAC Properties at 7.1% with a significant volume of transactions in Akyon City Towers, Business Bay.

## TOP 3 COMMUNITIES BY TRANSACTION VOLUME

### Completed Apartments (Title Deed)

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	1	23	Town Square	169	390,888	717,388	960,888	1,245,888
2	2	1	Dubai Marina	81	430,000	962,500	1,460,000	2,000,000
3	5	7	Dubai Sports City	61	256,000	401,564	600,000	1,000,000

### Completed Villas (Title Deed)

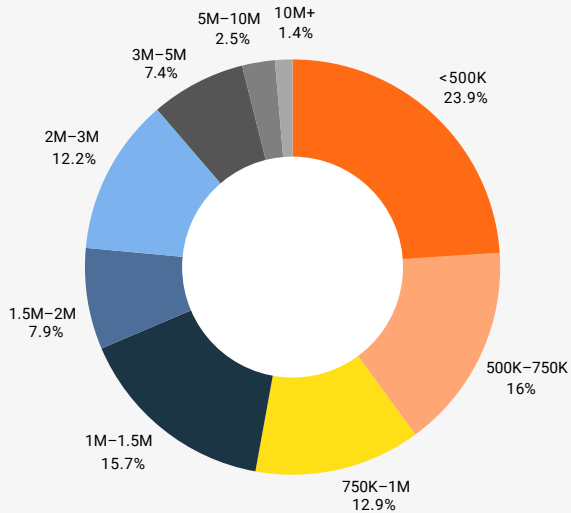
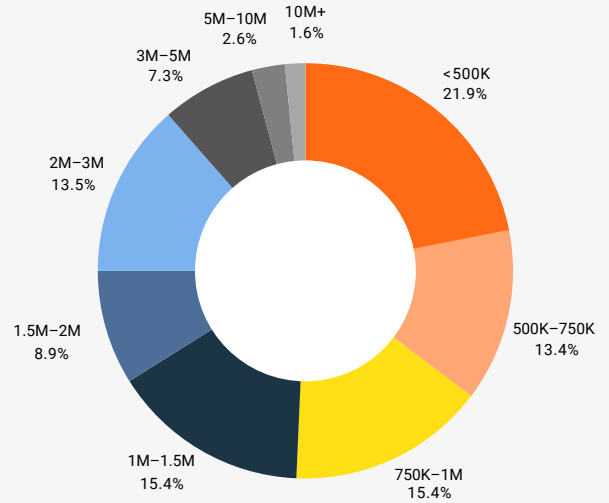
Rank (this month)	Rank (last month)	Rank (last year)	Community	Total # Transactions	2BR (Median Price)	3BR (Median Price)	4BR (Median Price)	5BR (Median Price)
1	1	-	Nad Al Sheba	75	-	-	2,398,000	2,918,000
2	2	1	Emirates Living	42	1,170,000	1,800,000	3,100,000	4,700,000
3	9	2	Arabian Ranches	29	1,400,000	2,522,500	-	3,600,000

### Off-Plan Apartments (Oqood)

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	1	9	Jumeirah Village Circle	114	477,162	754,914	1,024,130	-
2	3	6	Mohammed Bin Rashid City	55	505,470	1,034,903	1,660,250	1,435,560
3	21	8	Arjan	44	430,000	593,224	1,350,000	-

### Off-Plan Villas (Oqood)

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)	13	-	1,101,888	1,467,888	-
2	4	NA	Jumeirah Park	3	-	-	2,600,000	-
3	NA	4	Dubai Hills Estate	1	-	3,052,888	-	-

**PRICE TIERS (AED) – AUGUST 2020**

**PRICE TIERS (AED) – JULY 2020**


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

**PRICE TIERS (AED) MONTHLY COMPARISON**

	July 2020	August 2020	MoM Change
<500K	21.9%	23.9%	2.05%
500K-750K	13.4%	16%	2.6%
750K-1M	15.4%	12.9%	-2.48%
1M-1.5M	15.4%	15.7%	0.33%
1.5M-2M	8.9%	7.9%	-1.01%
2M-3M	13.5%	12.2%	-1.28%
3M-5M	7.3%	7.4%	0.11%
5M-10M	2.6%	2.5%	-0.06%
10M+	1.6%	1.4%	-0.25%

In August, the historically dominant segment of the market—the AED 1M–1.5M price tier—stabilised and even increased marginally to 15.7% from 15.4% in July. Meanwhile, the AED <500K and AED 500K–750K price tiers grew by 2% and 2.6% respectively. Growth in this segment can be attributed to sales in various projects in Town Square and Jumeriah Village Circle, Arjan, and Dubai Residence Complex.

Overall, the lower price tiers, or properties under AED 1M, now collectively account for a little over 53% of total market activity. This shift in price segmentation is intentional as well as by default. In recent years, developers have strategically launched projects that cater to the demand for affordable housing where the bulk of units available are in the AED <1M price tiers—Dubai South, Town Square, and Jumeirah Village Circle are some communities with these offerings. By default, due to the continued downtrend in property prices, units that may have previously fallen within the AED 1M–1.5M tier have now moved below the AED 1M price threshold which separates 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](http://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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