



Year-to-date sales eclipse 2021 totals as the market powers on and prices surge. New high-end and luxury development launches shift off-plan sales into a high gear, sending rental yields and sales levels racing towards near all-time highs.

Median prices in September



Apartments

AED 1,257,944



Townhouses

AED 1,817,000



Villas

AED 4,700,000

Monthly property price appreciation jumps to highest level since June last year, increasing 2.06%

Transactions in first three quarters of 2022 surpass the volumes seen in the whole of 2021, with 3 months to spare

Off-plan sales dominate the market for the first time in 28 months, while new project launches remain super-charged

Mortgages volumes fall, as rates increase continue to erode purchasing power

Gross rental yields strengthen across the board reaching highest level in over 3 years

Market headwinds strengthen and the outlook for 2023 remains more subdued

After the post-pandemic rapid pace of price appreciation slowing down over the past year, Dubai property prices surged by just over 2% in September. Property values now stand at AED 1,047 per sq ft according to the Property Monitor Dynamic Price Index (DPI), a level not seen since April 2018 when the market was enduring a period of a long market downturn.

After reaching a peak growth rate of 2.51% in April 2021 monthly price appreciation slowed, progressively tapering down to small, sub 1% incremental ups and downs and a 12-month moving average of +0.7%. As previously reported, this is a much-welcomed sign of a market that is trending towards price stability and sustainable long-term growth.

Whilst the jump in September runs contrary to this outlook, a deeper and more granular look at the price increases at property type and community level shows that apartment sales, particularly those in Arjan, Business Bay, and Dubai Residence Complex, increased at significant pace and have contributed to the uptick in September. With this in mind, the sudden bump in September is likely a second phase of the market upcycle that is being driven by recovery in apartment prices as the villa and townhouse market continues to plateau after storming ahead and leading the recovery from the bottom of the market 23 months ago.

While property prices have increased, and year to date transactions have already eclipsed the whole of 2021, the total volume of sales transactions actually fell back, declining by 11.1% month-on-month to 8,686 registrations. Residential transactions—those for apartments, townhouses, and villas—accounted for 91.9% (7,979 sales transactions) of the total, with hotel apartments (3.2%), office (2%), and land sales (1.8%) being the highest transacted commercial property types.

However, in a sign of continuing strength, transactions for the month still reached a level that marks the strongest September on record and the third highest month this year behind those record-breaking months in August and June 2022.

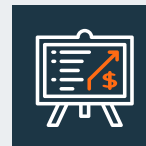
SNAPSHOT

September 2022



+2.06%

Dynamic Price Index
Monthly Change



AED 1,047/sq ft

Dynamic Price Index
Current Property Price



8,686

Number of Monthly
Transactions



6.51%

Gross Rental Yield



AED 145m

Highest Recorded Sale
Villa N103
Fronde N, Palm Jumeirah



AED 100k

Lowest Recorded Sale
Apt G12 – Studio, Building U-10
Italy Cluster, International City

“ **The completed and resale property market will likely see transacted sales prices for townhouses and villas stabilise with some level of negotiability on asking prices emerge, while apartments in tier 1 and tier 2 communities are expected to see additional price growth after trailing their single-family counterparts thus far.**

ZHANN JOCHINKE
Chief Operating Officer
Property Monitor

Year-to-date there have been 68,612 transactions registered (88.8% of which were residential), an increase of 114.8% over the three quarters of last year and equal to 111.9% of the entire annual transaction volume of 2021. At the current annualised pace, sales transaction volumes will reach just over 90,000 and record the second highest year in Dubai market history.

A total of 4,447 off-plan Oqood transactions were registered in September, increasing by just under 1% month-on-month however by 76% on a yearly basis. Meanwhile, Title Deed sale volumes significantly decreased for the month with transactions shrinking by 21%. Oqood registrations now represent 51.2% market share rising from 45.1% last month and reaching their highest level since May 2020. While initial Oqood registrations are often considered representative of the off-plan market, 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 60.1% in favour of properties under construction having been sold off-plan. This is a significant milestone and a reversal of the market trend—favoring ready property—that began following the gradual lifting of COVID-19 movement restrictions.

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 3,123 in September representing a market share of 36.0%, edging up 1.9% month-on-month. While up slightly on a monthly basis, resale's market share remains on an overall slowdown which given the growing strength in the off-plan market—which is largely initial sales driven—will continue in the coming months.

New off-plan development project launches soared in September adding a further 3,633 units to the market for sale at an anticipated combined gross sales value of ~AED 8.93 billion. Apartments represent 90.9% by volume of this new inventory while townhouses and villas represent 7.4% and 1.7% respectively. High-end projects—those with price per square foot sales values between the 85th to 94th percentile—accounted for 53.7% of new launches, and Ultra-luxury projects—those with price per square foot sales values above the 97th percentile—accounted for an additional 32.1% of new launches, demonstrate that several developers are keen to capture the rapid rise in demand at the upper end of the market. Year-to-date new project launches are just shy of 33,500 units and nearly AED 92 billion in aggregate sales value.

After momentarily increasing last month, mortgages volumes decreased 8.7% in September with a total of 1,970 loans recorded. This is in line with expectations as September also marked the month of the US Federal Reserve's third 75 basis-point increase in the Fed Funds Rate,

and subsequently the same increase in the local UAE overnight deposit facility (ODF) to a base rate of 3.15%.

This now puts the average 3-year fixed rate mortgage at 4.49%, 2% 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 1,072 higher relative to the rates available last year.

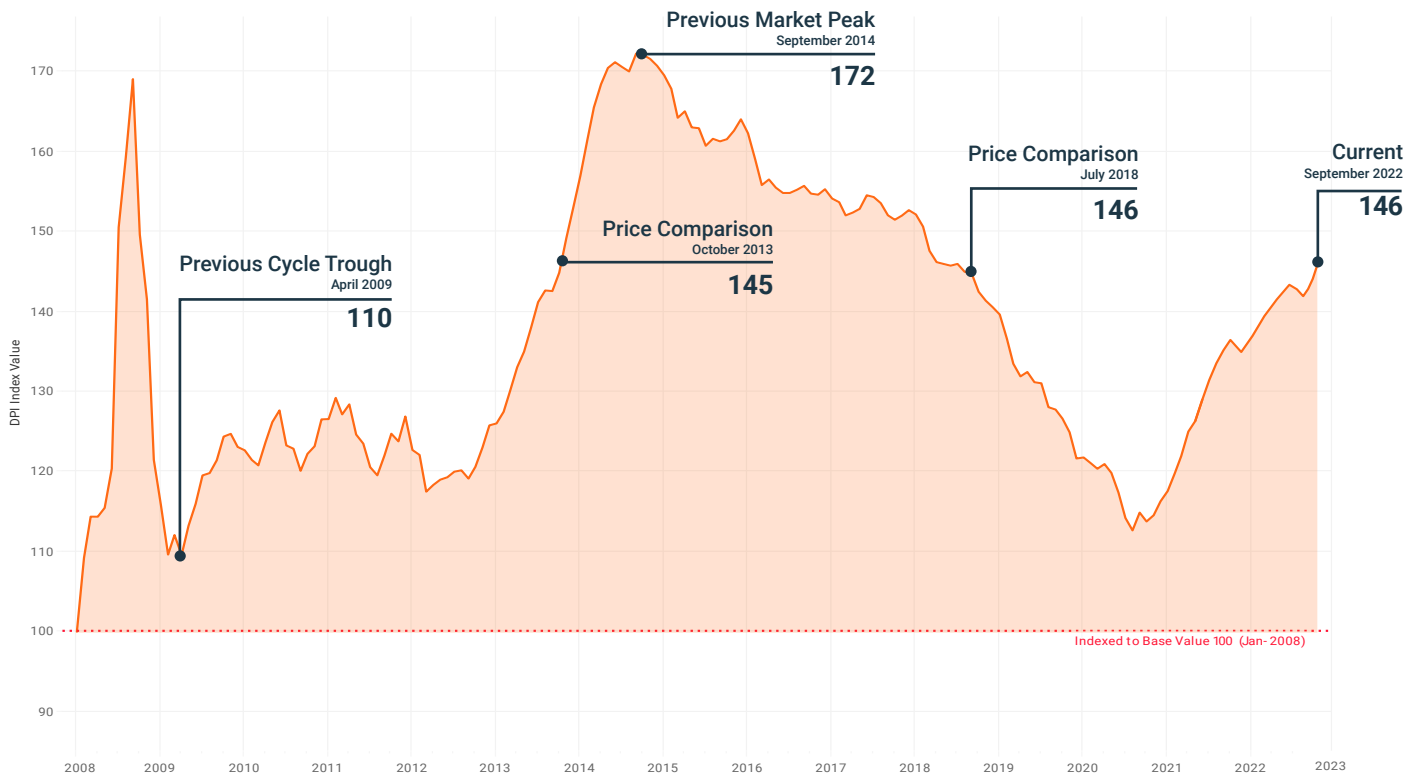
Breaking down the mortgage market further, shows that 39.6% of loans taken were new purchase money mortgages with the average amount borrowed being AED 1.66m at a loan-to-value ratio of 77.2%. A further 45.2% of loans (up 2.6% from last month) were for refinancing, while the remaining 15.2% of loans (down 1% from last month) were bulk mortgage registrations—those taken by developers and larger investors with multiple units. These bulk registrations were spread across several projects, most notably Al Barari (AED 190m), FIVE Jumeirah Village (AED 161m), and Lakeview Apartments in Green Community (AED 37m).

In September, Emirate-wide average gross rental yields grew by 0.25% to 6.51%, with yields for all three residential property types increasing: apartments up by 0.09% to 6.90%, townhouses up by 0.14% to 5.78%, and villas up by 0.04 to 5.08%. Yields for residential properties have now reached pre-pandemic levels and match those last seen back in July 2019. This comes as no surprise, given that vacancy rates continue to trend lower, and many would-be homebuyers are forced to turn to the rental market as purchasing is put further out of reach for many owing to the nearly two year run of property price appreciation and an increasingly unfavorable mortgage interest rate environment. We expect to see further upwards pressure on rental rates in the coming months, with the only respite in sight being tied to the handover of projects that are nearing completion.

As we enter the fourth quarter, we predict that the Dubai property market, and its various community sub-markets, will continue their divergence with two main markets running in parallel—new development off-plan sales market, and the completed / resale property market. The health and prospects of these two main markets will be further differentiated and separated by unit typology—apartments, townhouses, and villas. It won't be a one size fits all market and a rising tide of slow and steady price appreciation will not lift all boats by an equal amount.

The completed and resale property market will likely see transacted sales prices for townhouses and villas stabilise with some level of negotiability on asking prices emerge, while apartments in tier 1 and tier 2 communities are expected to see additional price growth after trailing their single-family counterparts thus far. The most significant headwind for the resale market ultimately remains affordability and international demand factors, centered around the trajectory of interest rates and recession in developed markets. We foresee rates continuing to rise well into the first two quarters of next year.

Meanwhile, in our view, the outlook for the new development sales market will continue its resurgence and maintain leading market share with an increasing number of end-users and investors opting to purchase off-plan. The extent to which the off-plan market continues to grow and remain attractive to buyers will rely largely on the pressures and headwinds facing the completed and resale property market remaining constant, as well as developers ensuring that their pipeline of units adequately reflects the demand of buyers. Developers will need to pay particular attention to the shortage of certain property types across the spectrum of price points. With the majority of new project launches currently favoring apartments in the upper end price tiers there may be a gap already emerging, one which is hopefully grasped as an opportunity and acted on.

PROPERTY MONITOR DYNAMIC PRICE INDEX


+2.06%
MoM Change

+2.72%
QoQ Change

+8.10%
YoY Change

AED 1,047
Average Property Price Per Sq Ft
DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Sep 2022	146.12	2.06%	2.72%	8.10%	1,047
Aug 2022	143.17	1.24%	0.33%	7.21%	1,025
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

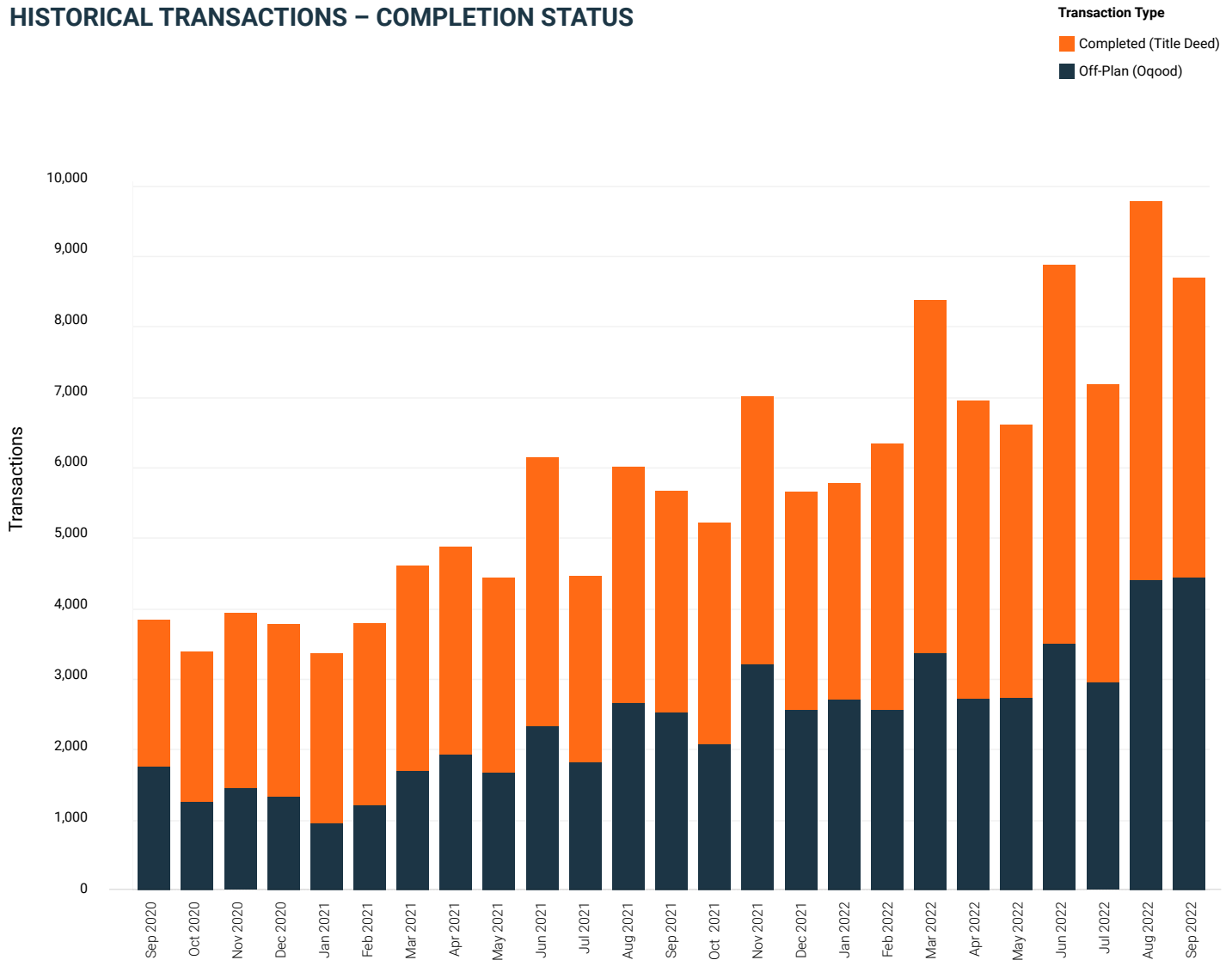
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for September 2022 increased by 2.95 index points to 146.12 from 143.17 in August 2022, representing a month-on-month increase of 2.06%.

In September 2022, property prices stood at AED 1,047 per sq ft, down 15.2% from the market peak in September 2014 and are 33.3% above the market trough of April 2009. Property prices were last at these levels during the recovery phase of the previous market cycle between October and November 2013.

On yearly basis, prices have increased by 8.1% in September 2022 and now mark 19 straight months of year-on-year increases, while at a year-to-date basis, prices have increased by just 5.7% in September 2022 compared to just under 15% in September 2021.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



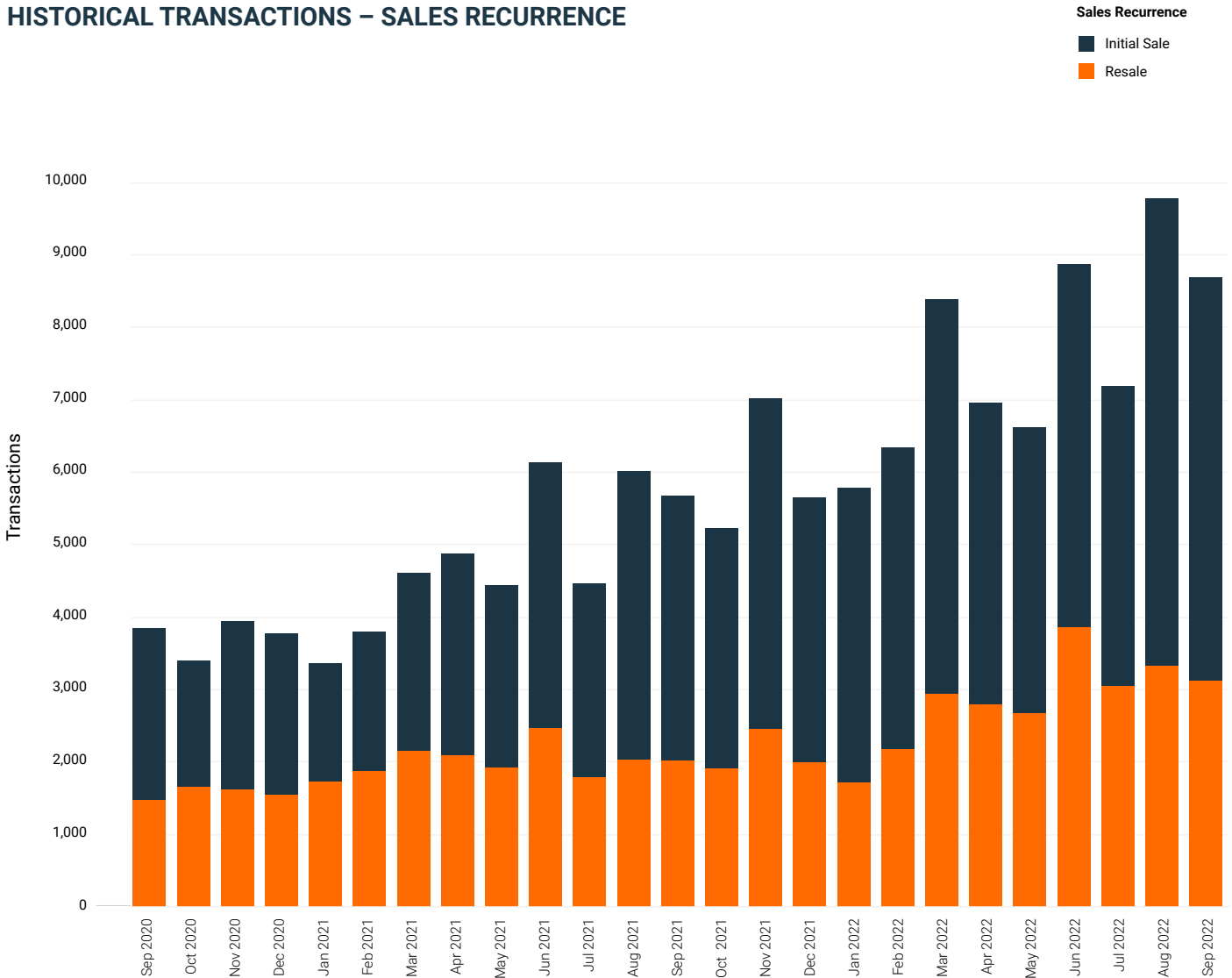
Transaction volumes in September stood at 8,686, decreasing by 11.1% month-on-month and registered as the highest September ever and eleventh highest for any month on record. During the month, the split between off-plan and completed property transactions flipped in favour of the former with Oqood registrations accounting for 51.2% of all transactions, up 6.1% month-on-month. This is the first time in over 2 years that Oqood registrations have accounted for greater than 50% of the market, and with sales from over 30,000 units in newly launched projects starting to reach registration at the DLD we expect off-plan sales to hold their market leading position well into the future.

After holding top spot for an impressive four months in row DAMAC Properties has been overtaken by EMAAR Properties, seeing EMAAR regain first place recording the highest volume of off-plan sales, at a market share of 22.5%. They recorded 1,225 transactions spread across several projects with the highest concentration of sales at Orania (212) in The Valley, followed by Lime Gardens (184) in Dubai Hills Estate and Creek Crescent (168) in Dubai Creek Harbour.

DAMAC Properties was next, at 11.7% of all off-plan registrations with the bulk of their sales occurring at Malta (181) in DAMAC Lagoons Aykon City 3 (139) in Business Bay. This was followed by Select Group taking at 8.9% market share with the greatest activity at their Peninsula Three (356) and Peninsula Five (53) projects 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 5,563 initial developer sales recorded in September, 14.1% 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



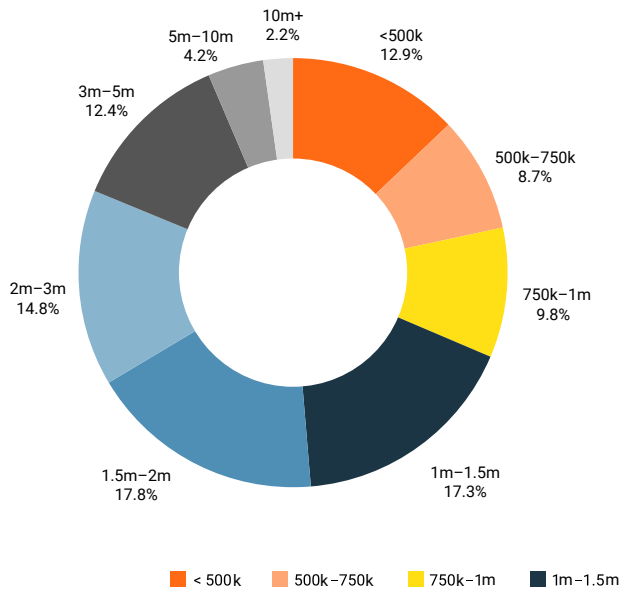
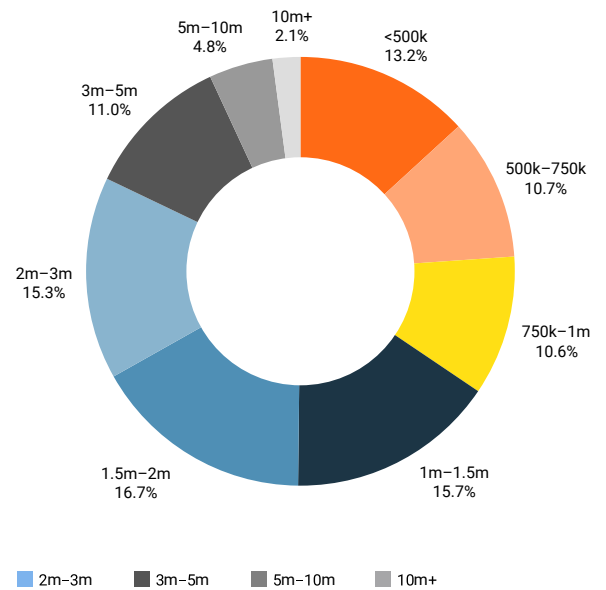
In September 2022, the market share of initial developer sales fell marginally by 1.9% to 64.0% versus resale transactions. The 12-month rolling average now holds for third month at 63.1% for initial sales and 36.9% for resales, the latter of which, after reach a high of 51.8% in January 2021 is continually trending back down towards the levels of 2019 and 2020, 33.2% and 33.8% respectively.

Business Bay was the most popular master development for initial sales, where 16.3% (909) of all such transactions occurred. Peninsula Three topped the leaderboard at 356 registrations and was followed by Akyon City 3 (139), and then Bingham Canal (76).

Taking second place was Dubai Hills Estate, where initial sales held 9% market share and 501 transactions were recorded. Lime Gardens was the most prominent project in the master development with 184 sales, then Park Field 2 followed with 139, and Park Field 1 with 76 for the month.

Coming in third for September was Arjan which claimed 7.4% market share with a total of 410 sales. Torino Residence by ORO 24 led the way in the community registering over 50% (207) of initial sales and was followed by Skyz with 73 sales, then by Prime Gardens with 34.

The top master developments for residential resale transactions were Dubai Marina with 8.11% of such transactions across multiple projects—the highest level of sales occurred at Marina Pinnacle with 13 sales. This was followed Jumeirah Village Circle at a 7.3% market share with Bloom Tower recording 24 transactions and closing out the top 3 master developments for resale was Downtown Dubai holding 6.3% of the market with Grande, Opera District recording 20 sales.

PRICE TIERS (AED) – SEPTEMBER 2022

PRICE TIERS (AED) – AUGUST 2022

PRICE TIERS (AED) MONTHLY COMPARISON

	September 2022	August 2022	MoM Change
<500k	12.9%	13.2%	-0.30%
500k-750k	8.7%	10.7%	-2.00%
750k-1m	9.8%	10.6%	-0.80%
1m-1.5m	17.3%	15.7%	1.60%
1.5m-2m	17.7%	16.7%	1.00%
2m-3m	14.8%	15.2%	-0.40%
3m-5m	12.4%	11.0%	1.40%
5m-10m	4.2%	4.8%	-0.60%
10m+	2.2%	2.1%	0.10%

Growing their share of the market at the fastest pace was the AED 1m-1.5m price tier which increased by 1.6% in September to reach a total of 17.3%, meanwhile the neighboring AED 1.5m-2m tier increased by 1% reaching 17.7% market share. Across these two price tiers growth can be largely attributed to the roust performance of Select Group and their Peninsula sub-community where sales prices in the apartment towers averaged AED 2,069 per sq ft. Meanwhile, the biggest market share loser was the AED 500k-570k tier which decreased by a 2% falling to 8.7%.

At the highest end of the market, the 10m+ price tier experienced a slight uplift of 0.1% reaching 2.2% total market share with 176 sales concluded in September, three of which were for properties in excess of AED 100m. Ongoing activity in this tier is incredibly strong and, both on an anecdotal and quantitative basis, only held back by the availability of supply.

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 49.8%, growing by 2.2% from last month. The low-price tiers with property values under than AED 1m now represents 31.4% of the market, down by 3.1% from August, while the high-end price tiers—properties over AED 3m—now represents 18.8% of the market, up by 0.9% 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.

Please get in touch with us for our detailed community reports and any other specific requirements you might have.



ZHANN JOCHINKE
Chief Operating Officer
zhann@propertymonitor.com

CONTACT US

+971 4 453 9525
info@propertymonitor.com
2205 Marina Plaza, Dubai Marina,
P.O. Box 118624, Dubai, United Arab Emirates

FOLLOW US ON



Disclaimer

All material presented herein is intended for information purposes only and has been compiled from multiple sources deemed reliable including; Dubai Land Department, Dubai Municipality, Property Monitor's vast proprietary database, as well as from publicly available datasets. Though information is believed to be correct, it is presented without any warranty or representations as to its accuracy and is subject to errors, omissions, changes or withdrawal notice.