



Dubai bucks the world trend as sales boom with a near 2% monthly price rise - and no immediate property price falls in prospect. The new development off-plan market returns to dominance with no supply slowdown in sight.

Median prices in October



Apartments

AED 1,420,000



Townhouses

AED 2,095,000



Villas

AED 4,740,800

As the USA, China and European markets feel the pain, Dubai powers on with a monthly property price rise of 1.77%

Second highest year ever for sales transaction volumes now in sight

Clear signs that this is now a second phase of growth driven by apartments. But the market cannot sustain this pace

Initial developer sales continue to dominate the market and off-plan resales also on the rise

Gross rental yields hold firm at 6.5%

Mortgages volumes increase with bulk transactions as new purchase loans fall

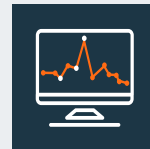
The pace of price appreciation in the Dubai property market continued to power on with surprising strength last month, recording a 1.77% increase in October. Dubai property values now stand at AED 1,065 per sq ft according to the Property Monitor Dynamic Price Index (DPI), a level not seen since the time of the last market upswing in November 2013 and then re-visited later in March 2018 on the way back down, in the subsequent steep and pro-longed downturn. The current market problems in North America, China and Europe and currently not affecting the Gulf where demand remains robust despite the rising interest rates as a consequence of the dollar-dirham peg.

Following on from the 2.06% increase last month—which was the highest monthly growth rate since mid-2021—this latest continued evidence of strong upward price pressure posted in October appears to be the formation of a trend, that points to a second wave of price appreciation. This is being driven by the recovery in apartment prices, particularly those in Dubai Studio City, Business Bay, Palm Jumeirah, and City Walk. This second phase of growth comes as we reach a point 24 months since the market bottomed out in late 2020. It can be seen as a significant milestone as 24 months was the total duration of the previous market recovery and growth phases, before entering a long 6-year down cycle. It's important to note that no two market cycles are the same. Our analysis indicates that we are witnessing a multi-phase cycle, with each phase being driven by different market segments combined with more moderate price appreciation compared to the previous 2 year 2013-2014 upcycle. We believe this will likely result in a more sustainable and longer growth period that extends into mid-late 2023.

While monthly property price growth continues, the volume of sales transactions remains at par with last month, declining a mere 0.7% to 8,626 registrations. Residential transactions—those for apartments, townhouses, and villas—accounted for 92% (7,935 sales transactions) of the total, with hotel apartments (3.4%), office (1.9%), and land sales (1.7%) being the highest transacted commercial property types.

SNAPSHOT

October 2022



+1.77%

Dynamic Price Index
Monthly Change



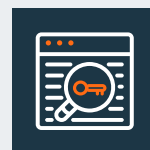
AED 1,065/sq ft

Dynamic Price Index
Current Property Price



8,626

Number of Monthly
Transactions



6.50%

Gross Rental Yield



AED 600m

Highest Recorded Sale
Villa N-Tip
Fronde N, Palm Jumeirah



AED 105k

Lowest Recorded Sale
Apt 215 - Studio, Building Y-25
England Cluster, International City

“ **With no current signs of a slowdown in new development project launches, the uptake of this new inventory will continue to be an area that needs to be closely monitored. While the data points to a market that has so far been able to absorb the high volume of new units available, almost every market cycle is pushed from growth to decline by an imbalance in supply and demand, with supply increasing too rapidly.**

ZHANN JOCHINKE
Chief Operating Officer
Property Monitor

Year-to-date there have been 77,238 transactions registered (89.2% of which were residential) equal to 126% of the entire annual transaction volume of 2021. At the current annualised pace, sales transaction volumes will reach just over 92,000 and record the second highest year in Dubai market history. In a year where nearly every month sales volumes have reached historic levels—as the highest or second highest on record—the question can be asked... How much longer can the breakneck pace of sales continue?

A total of 4,578 off-plan Oqood transactions were registered in October, increasing by just under 3% month-on-month however by 120.3% on a yearly basis. Meanwhile, title deed sale volumes continued to decrease with transactions for the month shrinking by 4.5%. Oqood registrations now represent 53.1% market share rising from 51.21% last month and remain at their highest level since May 2020, when the market share was 66.3%. 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 60.2% in favour of properties under construction having been sold off-plan.

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 3,467 in October representing a market share of 40.2%, jumping 4.2% month-on-month. This jump in resale activity can be likely attributed to an increase in secondary sales of off-plan properties where the initial buyers, in most cases, are cashing out with a premium in hand. Anecdotal evidence points to the fresh buyers of these properties being those that have been unable to secure a ready property in their desired price range, and who have less of an appetite to wait for the delivery of one of the many newly launched projects from this year. While up on a monthly basis, resale's market share remains on an overall slowdown which, unless the resale activity of off-plan projects continues, will progress further in the coming months.

New off-plan development project launches soared in October adding a further 3,431 units to the market for sale at an anticipated combined gross sales value of ~AED 12.3 billion. Apartments represent 56% by volume of this new inventory while townhouses and villas represent 31.3% and 12.6% respectively. Year-to-date new project launches are just shy of 37,000 units and have surpassed AED 104 billion in aggregate sales value.

In October mortgage transaction volumes spiked to their highest level since September 2021, reaching 2,386 loan registrations for the month.

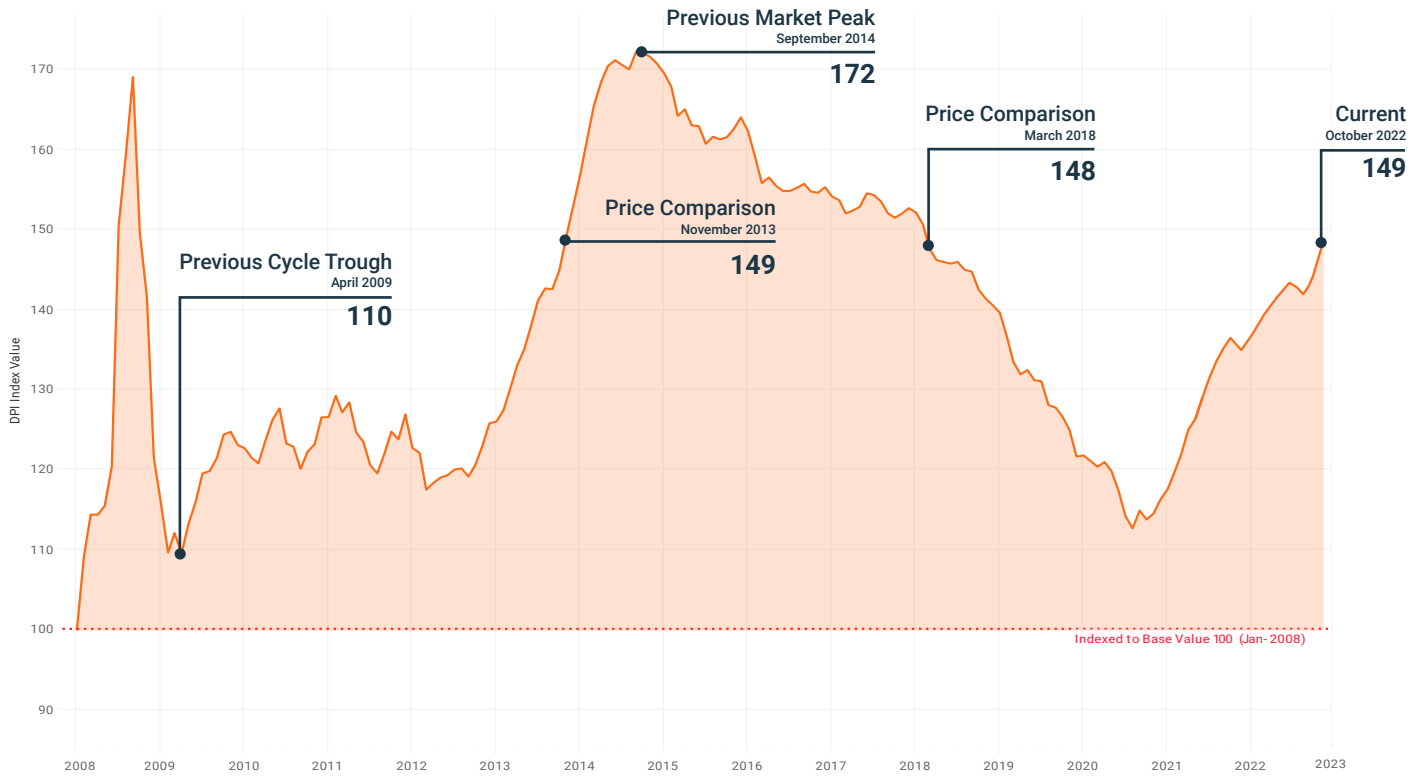
In the face of ever-increasing interest rates and borrowing costs this comes as a surprise and only upon deeper investigation makes sense. During the month there was a considerable increase in bulk mortgage registrations—those taken by developers and larger investors with multiple units—representing 35.8% of all loans for the month up 20.6% month-on-month. These bulk registrations are often portfolio loans and mortgage transfers, and while containing multiple properties as a single transaction are recorded separately thereby driving the transaction count higher. Over 800 such loans were recorded in October with the bulk of registrations spread across several projects, most notably 330 transactions in Al Barari (AED 13.5b), 228 transactions at Orchid Residence in Dubai Science Park (AED 117m), 70 transactions at Orra Harbour Towers in Dubai Marina (AED 61m), and 14 transactions at the W Residences on Palm Jumeirah (AED 393m).

Breaking down the mortgage market further, shows that 20% (down from 39.6% last month) of loans taken were new purchase money mortgages with the average amount borrowed being AED 1.98m at a loan-to-value ratio of 77.2%. The remaining 44.2% of loans (down 1% from last month) were for refinancing or equity releases.

In October, Emirate-wide average gross rental yields held firm at 6.50%, down by a mere 0.01% month-on-month, with yields for apartments down by 0.04% to 6.87%, townhouses up by 0.19% to 5.97%, and villas up by 0.03 to 5.12%. Yields for residential properties remain in line with pre-pandemic levels and match those last seen back in July 2019, we expect to see further growth in yields in the short-term as vacancy rates remain low and demand remains strong. With several projects nearing completion and handover in the coming quarters, the mid-term outlook could see some cooling in rental prices and in turn put some downwards pressure on yield growth as a significant portion of demand should be absorbed.

As we move through the final quarter of the year and round out what has been an incredibly robust time for the Dubai real estate market, we predict that the market will remain healthy. However, we inevitably foresee transaction volumes slowing, particularly in the completed segment of the market. With no current signs of a slowdown in new development project launches, the uptake of this new inventory will continue to be an area that needs to be closely monitored. While the data points to a market that has so far been able to absorb the high volume of new units available, almost every market cycle is pushed from growth to decline by an imbalance in supply and demand, with supply increasing too rapidly. By the years' end we will likely have seen close to fifty thousand new residential units enter the market for sale, a record rate which will need to be met by similar record increases in population growth and economic expansion by the time of handover. Price growth in the completed property market, coupled with rising mortgage rates, has served to cool the segment with buyer and seller expectations slowly coming closer together and resultant development of a sustainable marketplace with little concern towards oversupply. How supply across the off-plan and completed segments evolves will be central to the longevity of the Dubai's current bull run.

There is also the wider international dimension to keep in mind. Dubai cannot be insulated forever from the current recessionary real estate trends seen elsewhere in the world, as investor sentiment is contagious. For now, however, the market powers on and 2023 seems likely to start on a positive note. Our predictions for the year ahead will take shape in the coming few weeks as we take the temperature of the market and pay close attention to the performance of some key bell-weather communities which are always in demand.

PROPERTY MONITOR DYNAMIC PRICE INDEX


+1.77%
MoM Change

+5.15%
QoQ Change

+8.98%
YoY Change

AED 1,065
Average Property Price Per Sq Ft
DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Oct 2022	148.71	1.77%	5.15%	8.98%	1,065
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

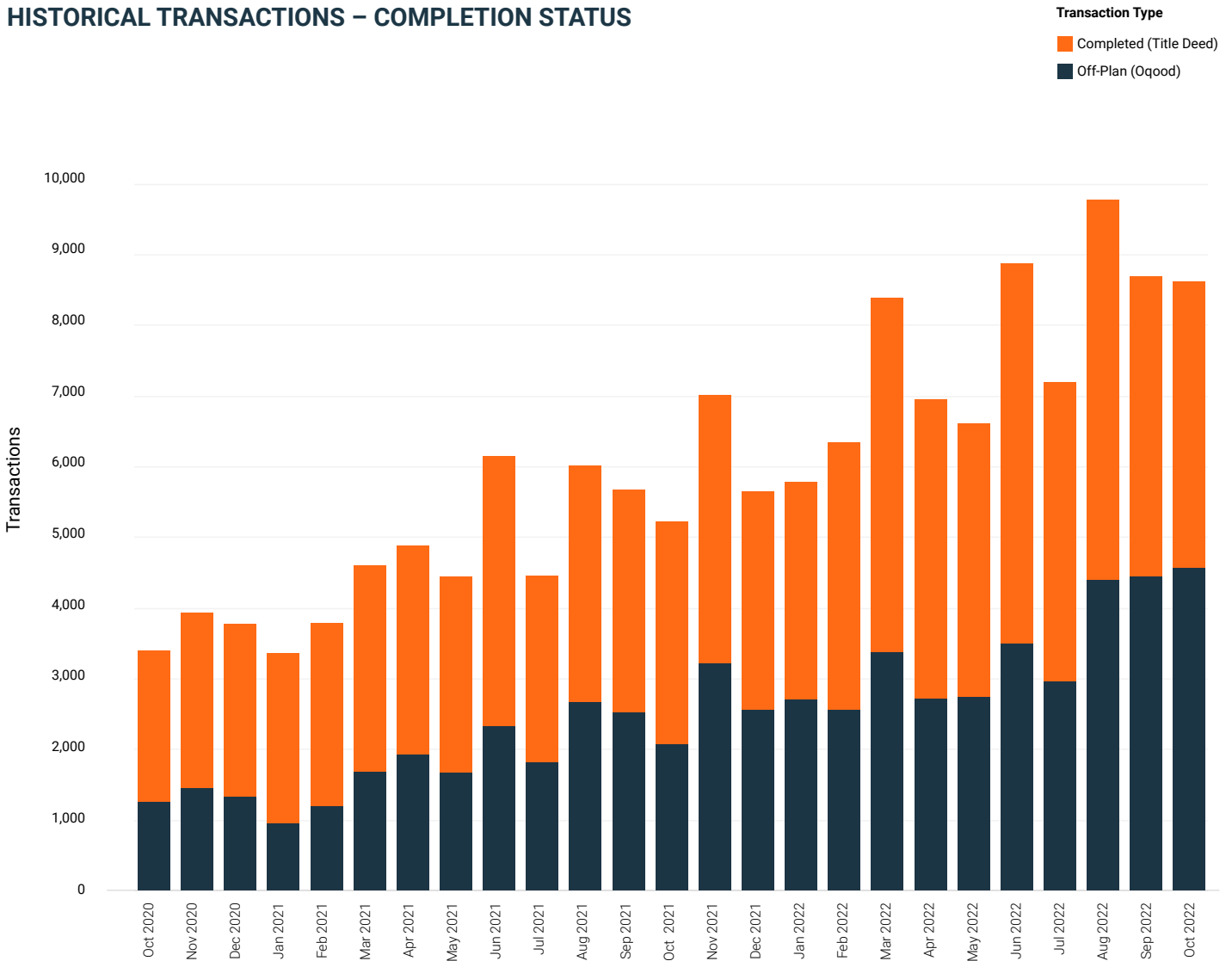
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for October 2022 increased by 2.59 index points to 148.71 from 146.12 in September 2022, representing a month-on-month increase of 2.06%.

In October 2022, property prices stood at AED 1,065 per sq ft, down 13.7% from the market peak in September 2014 and are 35.7% above the market trough of April 2009. Property prices were last at these levels during the recovery phase of the previous market cycle in November 2013.

On yearly basis, prices have increased by 9% in October 2022 and now mark 20 straight months of year-on-year increases, while at a year-to-date basis, prices have increased by just 7.6% in October 2022 compared to just over 16% in October 2021.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



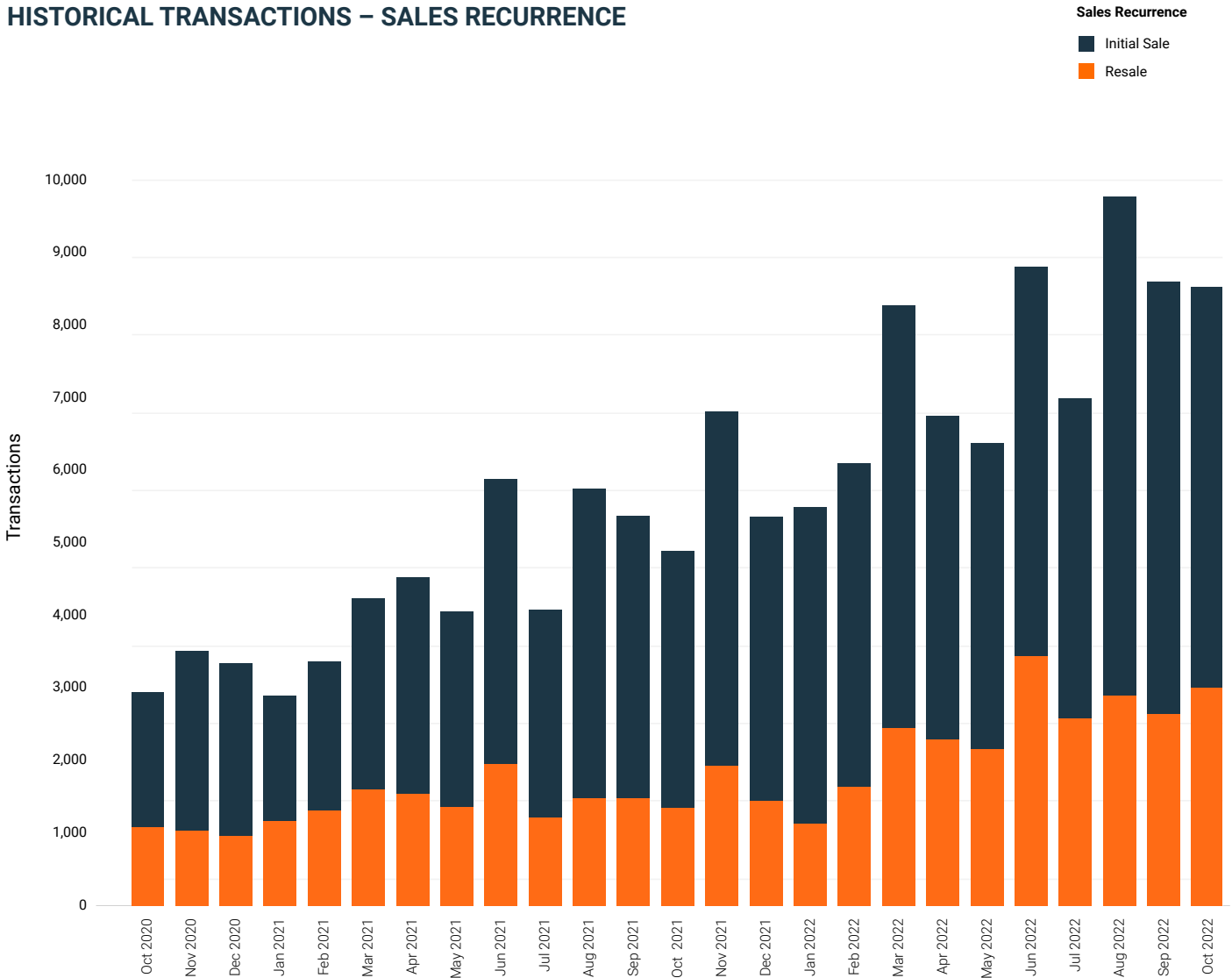
Transaction volumes in October stood at 8,626, decreasing marginally by 0.7% month-on-month and registered as the second highest October ever and twelfth highest for any month on record. During the month, the split between off-plan and completed property transactions continued to grow in favour of the former with Oqood registrations accounting for 53.1% of all transactions, up 1.9% month-on-month. This is the second month in a row that Oqood registrations have accounted for greater than 50% of the market, something not seen in over 2 years, and with sales from over 35,000 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.

During the month, EMAAR Properties dominated the off-plan market with the bulk of developers’ Oqood (off-plan) registrations, taking a commanding market share of 19.01%. They recorded just over 960 transactions spread across a myriad of their projects—most notably Beachgate by Address at Emaar Beachfront Dubai Harbour with 161 sales recorded. This was followed by Island Park Towers in Dubai Creek Harbour with 115 transactions and Address Hills Crest in Dubai Hills with 71.

DAMAC Properties was next, at 8.9% of all off-plan registrations with the bulk of their sales occurring at Aykon City 3 (359) in Business Bay. This was followed by Meraas taking at 8.3% market share with the greatest activity at Al Jazi in Madinat Jumeirah Living (309) and Castleton at Central Park in City Walk (70).

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 5,159 initial developer sales recorded in October, 12.9% 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



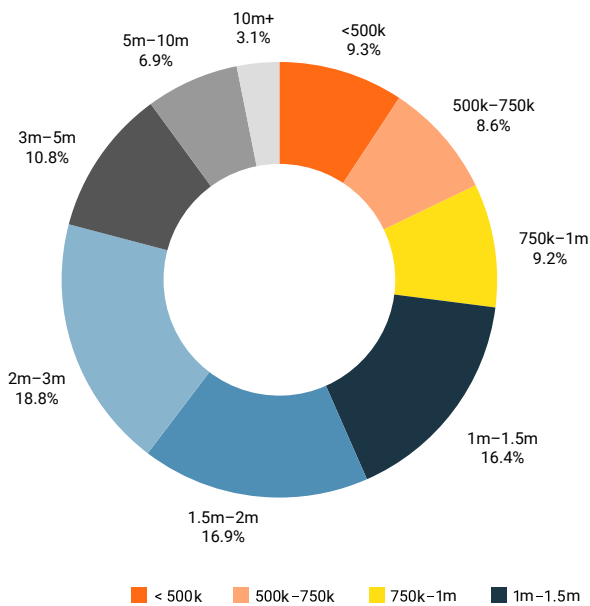
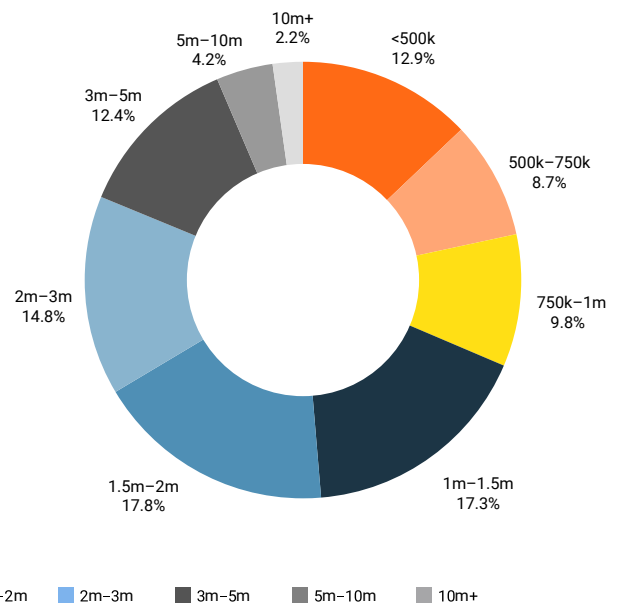
In October 2022, the market share of initial developer sales fell marginally by 4.2% to 59.8% versus resale transactions. The 12-month rolling average now holds for third month at 62.8% for initial sales and 40.2% for resales, the latter of which, after reach a high of 51.8% in January 2021 has been 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 15.1% (775) of all such transactions occurred. Akyon City 3 topped the leaderboard at 359 registrations and was followed by Peninsula Three (285), and then Paragon by IGO (39).

Taking second place was Jumeirah Village Circle, where initial sales held 9.5% market share and 488 transactions were recorded. Binghatti Heights was the most prominent project in the master development with 159 sales, then Binghatti Luna followed with 119, and Samana Waves with 26 for the month.

Coming in third for October was Dubai Hills Estate which claimed 7.6% market share with a total of 391 sales. Hills Park led the way in the community registering over 160 initial sales and was followed by Address Hills Crest with 71 sales, then by Lime Gardens with 67.

The top master developments for residential resale transactions were Dubai Marina with just over 9% of such transactions across multiple projects—the highest level of sales occurred at Escan Tower with 20 sales. This was followed Downtown Dubai at a 6.5% market share with Address Residences Dubai Mall recording 17 transactions (under a bulk sale transaction) and closing out the top 3 master developments for resale was Business Bay holding 5.9% of the market with Vezul Residence recording 15 sales.

PRICE TIERS (AED) – OCTOBER 2022

PRICE TIERS (AED) – SEPTEMBER 2022

PRICE TIERS (AED) MONTHLY COMPARISON

	October 2022	September 2022	MoM Change
<500k	9.3%	12.9%	-3.63%
500k-750k	8.6%	8.7%	-0.10%
750k-1m	9.2%	9.8%	-0.62%
1m-1.5m	16.4%	17.3%	-0.92%
1.5m-2m	16.9%	17.7%	-0.79%
2m-3m	18.8%	14.8%	3.97%
3m-5m	10.8%	12.4%	-1.60%
5m-10m	6.9%	4.2%	2.71%
10m+	3.1%	2.2%	0.93%

Record Transaction

Date: 13 October 2022

Property: Villa PJFRNTP01, Frond N, Palm Jumeirah

Price: AED 600m

Just three months after the sale of Casa del Sole on Frond G Palm Jumeirah for AED 302.5m claimed the top spot as Dubai highest ever residential sales transaction, a new record has been set with the sale of this mega mansion on the tip of Frond N. Could we soon see the elusive AED 1 billion mark reached?

Growing their share of the market at the fastest pace was the AED 2-3m price tier which increased by just under 4% in October to reach a total of 18.8%, its highest level since January this year. This growth can be largely attributed to the success of off-plan sales for townhouses at Al Ranim in Mudon where sales prices averaged AED 975 per sq ft, as well as apartments at Akyon City 3 in Business Bay and Al Jazi in Madinat Jumeirah Living where sales prices averaged AED 2,431 and AED 2,038 per sq ft respectively. Meanwhile, the biggest market share loser was the sub AED 500k tier which decreased by a 3.6% falling to 9.3%.

At the highest end of the market, the 10m+ price tier grew by 0.9% reaching 3.1% total market share with a record breaking 248 sales concluded in October, including the highest residential sales transaction of all time with the N Frond Tip Villa on Palm Jumeirah trading for a whopping AED 600m. Heavily driving the number of transactions and overall market share for this high-end tier were off-plan sales for villas at Address Hillcrest in Dubai Hills and off-plan apartments at Serenia Living on Palm Jumeirah.

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 52.1%, growing by 2.3% from last month. The low-price tiers with property values under than AED 1m now represents 27.1% of the market, down by 4.4% from August, while the high-end price tiers—properties over AED 3m—now represents 20.8% of the market, up by just over 2% 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/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

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.



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