



New project launches continue at record pace with developers releasing over 9,500 units in January and bolstering overall housing stock by 8% over the last 12-months. UAE lenders drop mortgage rates and see a surge in loan activity.

Median prices in January



Apartments

AED 1,293,694



Townhouses

AED 2,114,730



Villas

AED 5,519,888

Residential property price growth continues, values up 0.6% in January

Volume of sales transactions slow, yet set all-time January record

Off-plan resales increase to nearly 26%, has speculative purchasing returned?

New project launches show no signs of slowing down, with developers bringing over 9,500 units to market

Mortgage volumes reach highest level in 18-months as local lenders reduce rates

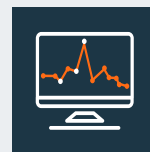
The Dubai real estate market kicked off the year with continued, albeit moderated, growth in property prices by recording a 0.62% increase in January. Dubai property values currently stand at AED 1,096 per sq ft according to the Property Monitor Dynamic Price Index (DPI), back to a level not seen since December 2013 during the last market upswing and in August 2017 on the downcycle.

In the 27-month period since the market bottomed out in November 2020, overall property price growth has now reached 29.9%, averaging 0.92% per month in 2022 and 1.33% per month in 2021. The diminishing monthly rate of price appreciation can be viewed as a positive sign, especially when compared to the previous market cycle—where the recovery and growth phases only lasted 24-months—and price appreciation was averaging 1.6% per month before topping out in September 2014.

After surpassing 10,000 transactions in November 2022, the total volume of sales transactions declined for a second month in a row, falling a further 0.6% in January to 9,080 sales. However, transactions for the month still reached a level that marks the strongest January on record, eclipsing the record set only last year by over 3,000 transactions. Residential transactions—those for apartments, townhouses, and villas—accounted for 90.3% (8,195 sales transactions) of the total, with hotel apartments (4.2%), offices (2.1%), and land sales (2%) being the highest transacted commercial property types.

SNAPSHOT

January 2023



+0.62%

Dynamic Price Index
Monthly Change



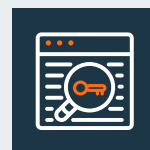
AED 1,096/sq ft

Dynamic Price Index
Current Property Price



9,080

Number of Monthly
Transactions



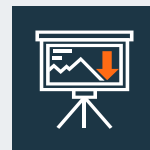
6.65%

Gross Rental Yield



AED 125m

Highest Recorded Sale
*Villa F91 – 6 Bedroom
Fronf F, Palm Jumeirah*



AED 150k

Lowest Recorded Sale
*Apt 914 – 1 Bedroom
Royal Residence, International City*

“ **The portion of off-plan resales continues to grow, shooting up significantly in January to 25.9% (from 19.7%). Off-plan resales can be an indicator of an increase in speculative activity, particularly if it’s in the early days of construction, well before handover. Early-stage ‘flipping’ can cause price appreciation to accelerate at a pace that is not sustainable, which can ultimately lead to a shortening of the upward phases of the market cycle, and runs the risk of a bubble bursting scenario unfolding** ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

A total of 4,509 off-plan Oqood transactions were registered in January, decreasing by 3.1% month-on-month, yet increasing by a noteworthy 66.4% on a yearly basis. Oqood transactions now account for 49.7% of the market, while Title Deed sale volumes rose to 50.3%. As we’ve previously reported, first impressions may point to a market that is split relatively evenly between off-plan and completed properties, after we adjust for registration technicalities with the Dubai Land Department (DLD)—where several villa and townhouse sales are presented as being completed and with Title Deeds issued, when they are in fact under construction having been sold off-plan—the accurate breakdown of market share is 59.1% in favour of off-plan. This key market insight, exclusively provided by Property Monitor experts, is important to track and assists in understanding the changing market dynamics.

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 3,636 in January, representing a market share of 40%, falling 1.3% month-on-month. While overall resale activity has declined, the portion of off-plan resales continues to grow, shooting up significantly in January to 25.9% (from 19.7%). Off-plan resales can be an indicator of an increase in speculative activity, particularly if it’s in the early days of construction, well before handover. Early-stage ‘flipping’ can cause price appreciation to accelerate at a pace that is not sustainable, which can ultimately lead to a shortening of the upward phases of the market cycle, and runs the risk of a bubble bursting scenario unfolding.

New off-plan development project launches remain at record highs, with just over 9,500 off-plan units added to the market for sale at an anticipated combined gross sales value of ~AED 24.8 billion. Apartments represent 73.7% by volume of this new inventory, while townhouses and villas represent 25.8% and 0.5% respectively. Over the last 12-months, new project launches exceeded just over 60,000 units and AED 173 billion in aggregate sales value, leading to an 8% increase in the total number of residential dwellings.

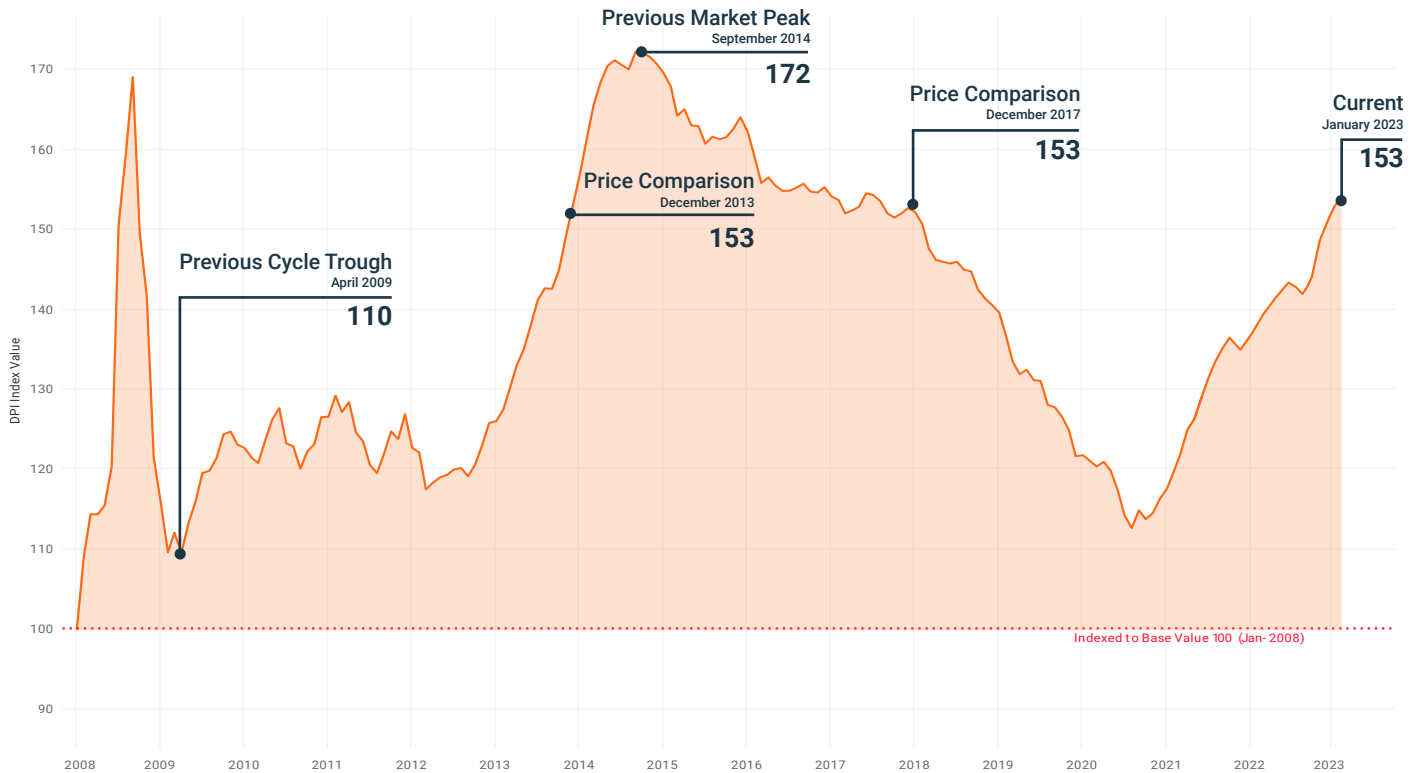
Despite ongoing interest rates hikes, several lenders in the UAE recently lowered rates on 3-year and 5-year fixed products by anywhere from 30-50 basis points, and as a result the volume of mortgage transactions increased in January, up by 5.6% month-on-month to 2,421 loans recorded, reaching their highest monthly level since August 2021.

A more detailed look at the mortgage market reveals that the highest growth segment was for loans for refinancing and equity release, increasing their market share by 2.9% month-on-month to 34.2%, while bulk mortgages—those taken by developers and larger investors with multiple units—fell slightly to 36.1% (down 0.5%), while the remaining 29.7% (down 2.4% from last month) of loans taken were new purchase money mortgages with the average amount borrowed being AED 1.84m at a loan-to-value ratio of 76.4%.

In January, Emirate-wide average gross rental yields for residential properties held relatively firm, increasing by just 0.01% month-on-month to 6.65%. Yields for apartments and townhouses both saw minor increases, rising by 0.02% and 0.01% to 7.03% and 6.31% respectively, while villa yields decreased by 0.09% to 5.31%. These yield results are in line with our predictions made last month for residential yields to experience small-to-moderate growth as we head into 2023. Furthermore, we expect to continue to see some downwards pressure on yields further into the year, with rental prices cooling off as several projects handover, bringing much needed ready supply to the market.

Looking forward, while we believe the market has further to run and that prices in 2023 will end the year higher than current levels, we anticipate continued moderation in price appreciation and gradual tapering down of transaction volumes through the year. The ongoing shift towards off-plan sales dominating the market seems set to continue for the foreseeable future, with project launches moving full steam ahead and buyer demand remaining high.

PROPERTY MONITOR DYNAMIC PRICE INDEX



+0.62%
MoM Change

+2.88%
QoQ Change

+10.66%
YoY Change

AED 1,096
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Jan 2023	153.00	0.62%	2.88%	10.66%	1,096
Dec 2022	152.05	1.17%	4.06%	11.59%	1,089
Nov 2022	150.29	1.06%	4.97%	11.23%	1,076
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

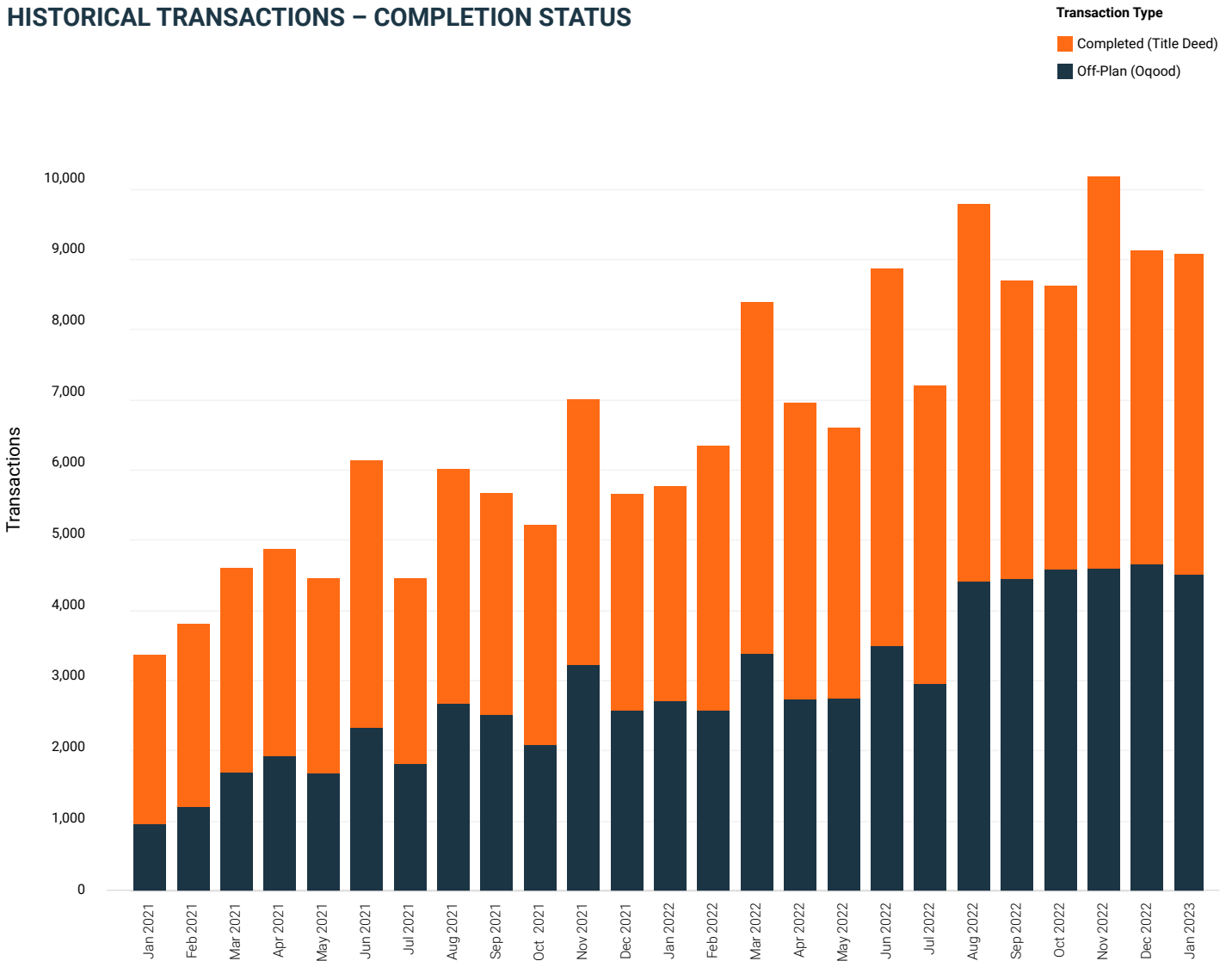
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for January 2023 increased by 0.95 index points to 153.00 from 152.05 in December 2022, representing a month-on-month increase of 0.62%.

In January 2023, property prices stood at AED 1,096 per sq ft, down 11.2% from the market peak in September 2014 and are 39.6% above the market trough of April 2009. Property prices were last at these levels during the expansion phase of the previous market cycle in December 2013.

On a year-on-year basis, prices have increased by 10.7% in January 2022 and now mark 23 straight months of year-on-year increases, while on a year-to-date basis, prices have increased by 0.62% in January 2023 compared to 1.47% in January 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



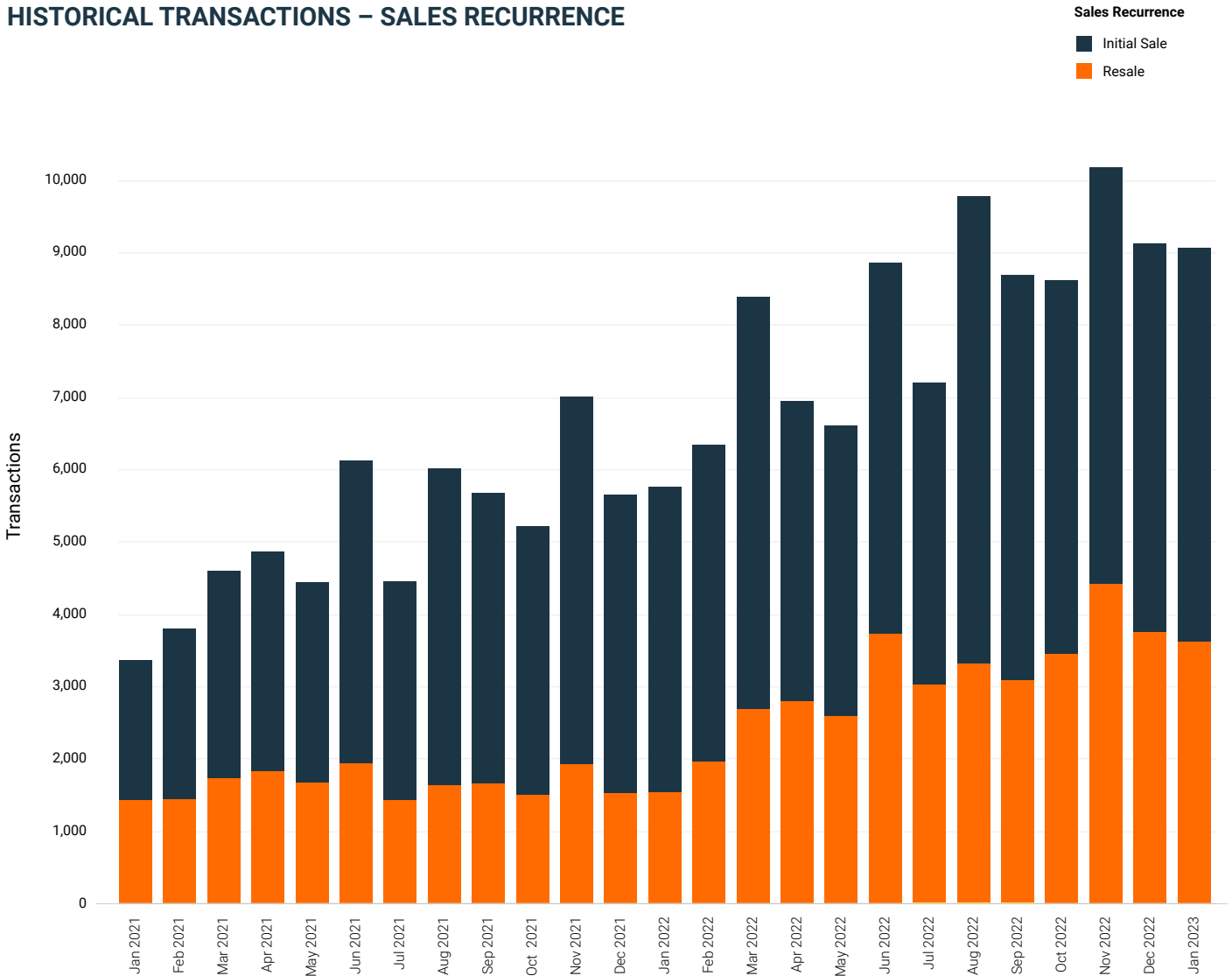
Transaction volumes in January reached 9,080 decreasing by 0.6% month-on-month yet still registering as the highest January ever. During the month, the split between Oqood and Title Deed property transactions once again reversed trend back in favour of the latter with Title Deed registrations accounting for 50.3% of all transactions, up 1.3% month-on-month. After adjusting for registration technicalities where several off-plan villa and townhouse transactions are shown as Title Deed, the true breakdown of market share is 59.1% in favour of properties under construction having been sold off-plan.

During the month, EMAAR Properties reclaimed the top spot in the off-plan market with the bulk of developer off-plan registrations, taking a market share of 19.1%. They recorded 821 transactions spread across a myriad of their projects, most notably The Cove II in Dubai Creek Harbour (332), Park Horizon in Dubai Hills (191), and Seascape in Mina Rashid (95).

DAMAC Properties was next at 18.8% of all off-plan transactions, with the bulk of their sales activity occurring at Chic Tower in Business Bay (162), Monte Carlo in DAMAC Lagoons (137), and Elegance Tower in Downtown Dubai (105). This was followed by Nshama taking a 6.5% market share with the vast majority of sales activity occurring at Liva in Town Square (264).

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 5,444 initial developer sales recorded in January, 18.7% were in completed projects.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In January 2022, the market share of initial developer sales grew by 1.3% to 60.0% versus resale transactions. The 12-month rolling average now stands at 60.7% for initial sales and 39.3% for resales, the latter of which, after reaching 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.

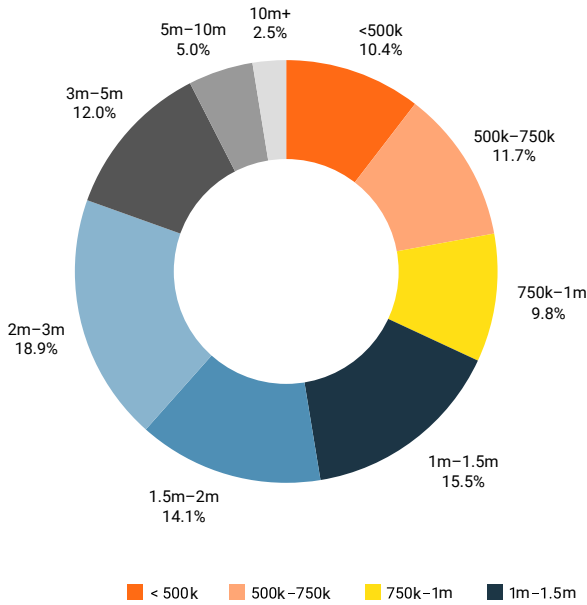
Business Bay was the most popular master development for initial sales, where 11.6% (616) of all such transactions occurred. Peninsula Four 'The Plaza' topped the leaderboard at 207 registrations and was followed by Chic Tower with 162 sales.

In a tie for second place, both with 7.6% market share and 402 transactions recorded, were Jumeriah Village Circle and DAMAC Lagoons. In Jumeriah Village Circle, Levanto by ORO24 dominated, registering 161 initial sales, and was followed by Luma22 with 46 and Maimoom Gardens with 29, while in DAMAC Lagoons the Monte Carlo sub-community led the way with 137 sales, and Marbella and Venice trailed with 105 and 53 sales respectively.

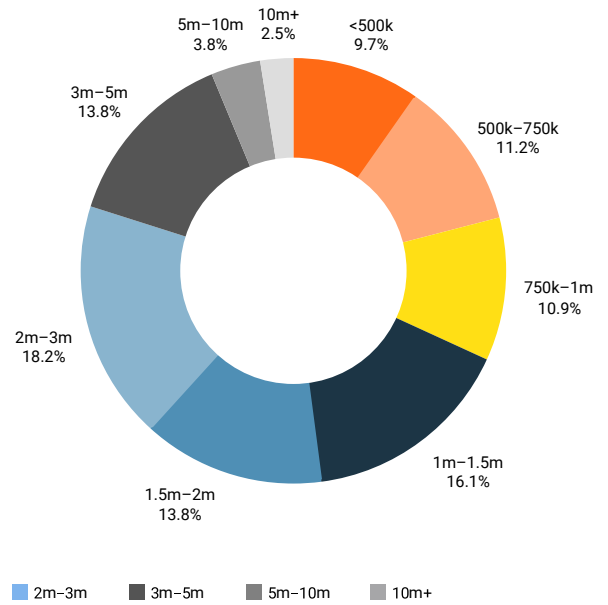
The top master developments for residential resale transactions were Dubai Marina with 7.3% of such transactions across multiple projects. The highest level of sales occurred at Stella Maris with 19 for the month.

This was followed by Business Bay at a 6.9% market share with Aykon City Tower C recording 33 transactions. Closing out the top 3 master developments for resale was Jumeirah Village Circle, holding 6.7% of the market with Bloom Towers recording 28 sales.

PRICE TIERS (AED) – JANUARY 2023



PRICE TIERS (AED) – DECEMBER 2022



PRICE TIERS (AED) MONTHLY COMPARISON

	January 2023	December 2022	MoM Change
<500k	10.4%	9.7%	0.66%
500k-750k	11.7%	11.2%	0.46%
750k-1m	9.8%	10.9%	-1.08%
1m-1.5m	15.5%	16.1%	-0.57%
1.5m-2m	14.2%	13.8%	0.38%
2m-3m	18.9%	18.2%	0.74%
3m-5m	12.0%	13.8%	-1.84%
5m-10m	5.0%	3.8%	1.23%
10m+	2.5%	2.5%	0.01%

Growing their share of the market at the fastest pace was the AED 5-10m price tier which increased by 1.2% in January to reach a total of 5.0%. This comes on the heels of the tier decreasing by a hefty 2.4% in December. This sudden resurgence was primarily driven by sales of villas at Farm Gardens in The Valley and Chorisia in Al Barari, where sales prices averaged AED 1,143 and 1,108 per sq ft respectively, as well as apartments in Palm Beach Towers where sales prices averaged AED 3,571 per sq ft. Meanwhile, the biggest market share loser was the AED 750k-1m tier, which decreased by 1.1% falling to 9.8%.

Also experiencing notable growth during the month were the adjacent AED 1.5m-2m and AED 2m-3m price tiers, which collectively grew by 1.1%. This growth can be largely attributed to the success of off-plan sales of apartments at The Cove II in Dubai Creek Harbour and Lamaa in Madinat Jumeirah Living, where sales prices averaged AED 2,088 per sq ft.

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 48.6%, growing by just under 0.6% from last month. The low-price tiers with property values under than AED 1m now represents 31.9% of the market, up by less than 0.1% from December, while the high-end price tiers—properties over AED 3m—now represents 19.5% of the market, down by 0.6% 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/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. As of 2022, we are proud to officially be part of the Cavendish Maxwell group of companies.

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



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