



Off-plan resales continue to grow with activity skewed towards properties closer to handover. Speculative purchasing not yet apparent.

Median prices in February



Apartments
AED 1,080,000



Townhouses
AED 2,174,944



Villas
AED 5,599,444

Prices rise 0.58% in February with continued moderate price appreciation expected

All-time February record for sales transactions, up 43.8% YoY

Off-plan resales accounts for 28% of sales, no cause for concern as early-stage flipping not significant

Mortgage volumes remain high, driven by rise in bulk portfolio loans

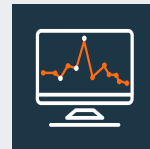
Gross yields holding firm at 6.6% - are they beginning to plateau?

Property price growth in Dubai continued in February with monthly gains of 0.58% recorded, representing the smallest monthly increase since July last year, surely a welcomed point for many home buyers. Dubai property values currently stand at AED 1,102 per sq ft according to the Property Monitor Dynamic Price Index (DPI), up just over AED 100 per sq ft compared to the same time last year, and back to a level not seen since December 2013 during the last market upswing.

Since the market bottomed out in November 2020, overall property price growth has now reached 30.5%, averaging 0.60% per month this year, 0.92% in 2022, and 1.33% 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 somewhat abruptly in September 2014. At an emirate-wide level, property values now sit 10.7% below the previous market peak. Should the market continue to appreciate at a sustainable pace, we continue to believe the market has further to run and that the overall growth period will surpass that of 2014 before finding a new level.

SNAPSHOT

February 2023



+0.58%

Dynamic Price Index
Monthly Change



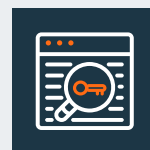
AED 1,102/sq ft

Dynamic Price Index
Current Property Price



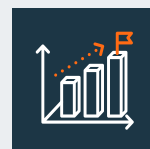
9,128

Number of Monthly
Transactions



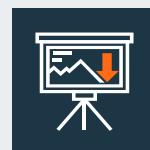
6.64%

Gross Rental Yield



AED 410m

Highest Recorded Sale
Apt 2501 – 9 Bedroom
Bulgari Lighthouse,
Jumeirah Bay



AED 100k

Lowest Recorded Sale
Apt 308 – Studio
Building N13 Persian Cluster,
International City

“ Off-plan resale activity is an important metric to watch... Whilst growing each month, this current level of activity is skewed towards properties that are within a year of anticipated completion, and the premium that sellers are making on such sales are relatively commensurate with overall market appreciation and the price of available ready comparable properties.

Should activity move towards properties that are further away from handover, caution should be taken as this is likely driven by speculators looking for a quick flip at prices that may not be in line with market values at handover. ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

The total volume of sales transactions fell sharply in February, declining by 8.2% to 9,128 sales, however, still reached a level that marks the strongest February on record, eclipsing the record set only last year by a staggering 43.8%. This decline was anticipated as monthly volumes have been on an upwards trajectory for the past two quarters and it was inevitable that the pace would eventually be curtailed. Residential transactions—those for apartments, townhouses, and villas—accounted for 89.9% (8,203 sales transactions) of the total, with hotel apartments (4.8%), office (2.1%), and land sales (2%) being the highest transacted commercial property types.

A total of 4,551 off-plan Oqood transactions were registered in February, decreasing by 10.2% month-on-month yet increasing by a noteworthy 76.7% on a yearly basis. Oqood transactions now account for 49.9% of the market, while Title Deed sale volumes rose to 50.1%. As we have previously reported, first impressions may point to a market that is split relatively evenly between off-plan and completed properties. However, 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 in fact under construction having been sold off-plan—the accurate breakdown of market share is 58.9% in favour of off-plan.

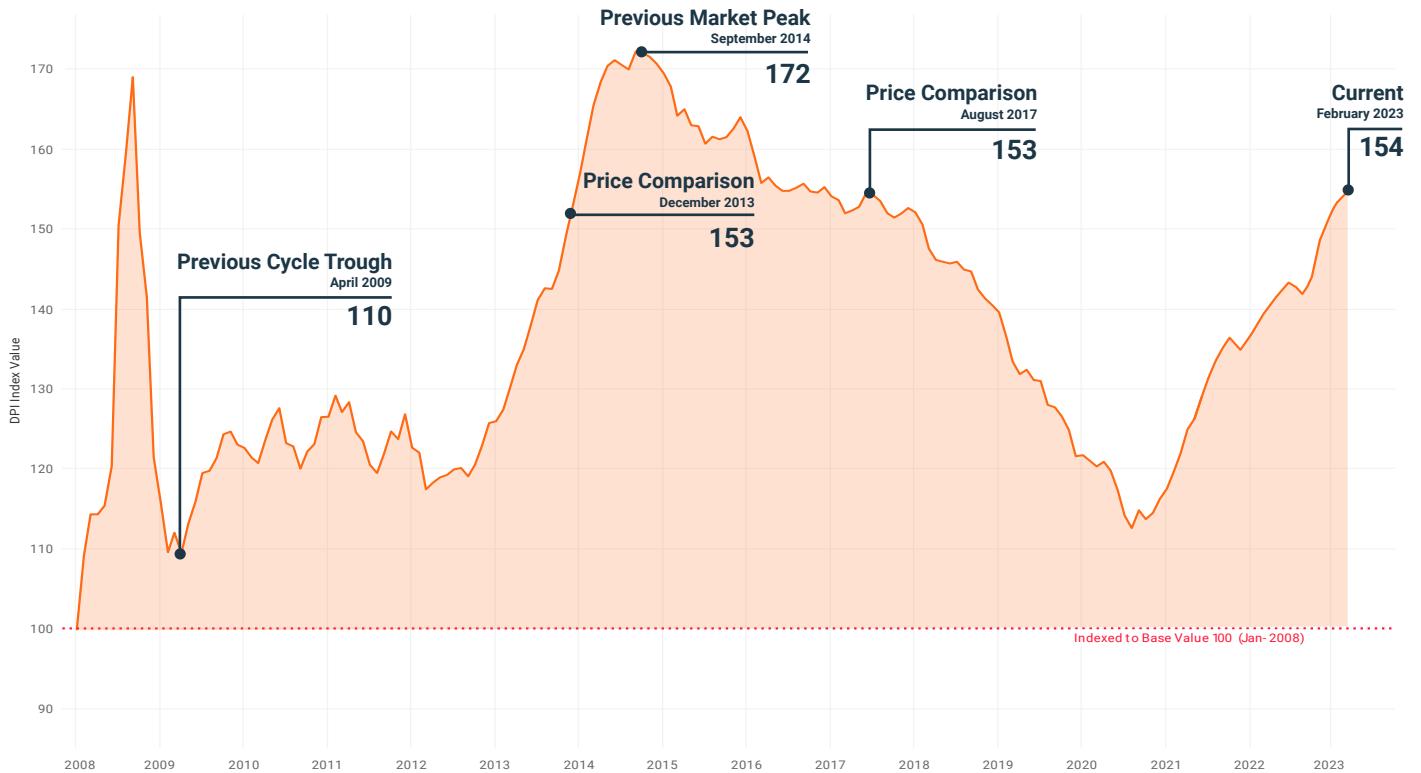
Meanwhile, resale transactions—any subsequent sale of a property that follows the initial first-time sale from the developer for an off-plan or completed project—stood at 4,230 in February, representing a market share of 46.3%, increasing 9.1% month-on-month. With this increase in overall resale activity, the portion of off-plan resales continues to grow—up an additional 1.8% in February—reaching 28.3%. Off-plan resale activity is an important metric to watch in the growth phase of the market, as it serves as an indicator of speculative activity which can drive prices up at an accelerated pace that is not sustainable. Whilst growing each month, this current level of activity is skewed towards properties that are within a year of anticipated completion, and the premium that sellers are making on such sales are relatively commensurate with overall market appreciation and the price of available ready comparable properties. Should activity move towards properties that are further away from handover, caution should be taken as this is likely driven by speculators looking for a quick flip at prices that may not be in line with market values at handover.

New off-plan development project launches continue full steam ahead with just under 5,200 off-plan units added to the market for sale at an anticipated combined gross sales value of ~AED 20.7 billion. Apartments represent 78% by volume of this new inventory, while villas and townhouses represent 11.3% and 10.7% respectively. Year-to-date new project launches are just shy of 15,000 units and have surpassed AED 45 billion in aggregate sales value.

Despite the high interest rates environment, the volume of mortgage transactions remained high in February with a total of 2,477 loans recorded, their second highest monthly level since August 2021. A more detailed look at the mortgage market reveals that the highest growth segment was for bulk mortgages—those taken by developers and larger investors with multiple units—increasing their market share by 2.3% month-on-month to 38.4%. The 951 loan transactions were spread across several projects, most notably Garden View Villas (392) in The Gardens, Al Ghaf Residence (142) in Arjan, and Warsan 1 (114). Meanwhile, refinancing and equity release also increased their market share, growing by 1.5% to 35.7%. The remaining 25.9% (down 3.8% from last month) of loans taken were new purchase money mortgages, with the average amount borrowed being AED 1.72m at a loan-to-value ratio of 77.2%.

In February, emirate-wide average gross rental yields for residential properties held relatively firm, decreasing by just 0.01% month-on-month to 6.64%. Yields for apartments saw a minor decrease of 0.01% falling to 7.02%, while villa yields fell to their lowest level in seven months down 0.22% to 4.88%. There was no change for townhouses with yields holding at 6.31%. The fall in villa yields can be attributed to sale values remaining high with a bid-ask spread yet to narrow significantly and rental rates appearing to have reached their peak after rapidly increasing over the past 18-24 months. In general, our expectations for yields are for some minor fluctuations over the first two quarters of the year, followed by downwards pressure with rental prices cooling off as several projects, particularly apartments, finish construction and handover, increasing the available supply.

PROPERTY MONITOR DYNAMIC PRICE INDEX





+0.58%
MoM Change



+2.40%
QoQ Change



+10.06%
YoY Change



AED 1,102
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Feb 2023	153.89	0.58%	2.40%	10.06%	1,102
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

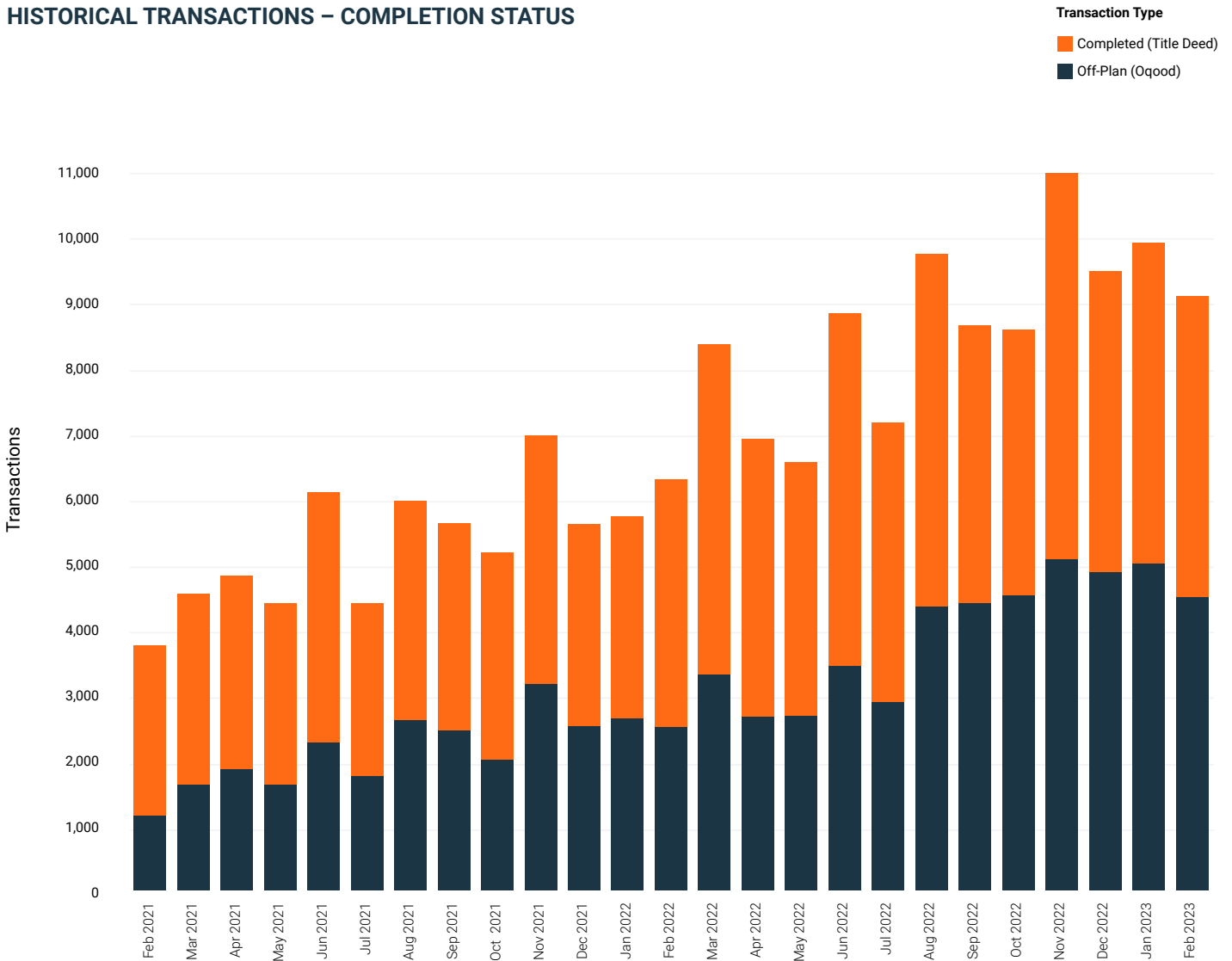
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of February 2008.

At an emirate-wide level, the index value for February 2023 increased by 0.89 index points to 153.89 from 153.00 in January 2023, representing a month-on-month increase of 0.58%.

In February 2023, property prices stood at AED 1,102 per sq ft, down 10.7% from the market peak in September 2014 and are 40.4% 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 year-on-year basis, prices have increased by 10.1% in February 2023 and now mark 24 straight months of year-on-year increases, while at a year-to-date basis, prices have increased by 1.21% in February 2023 compared to 2.60% in February 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



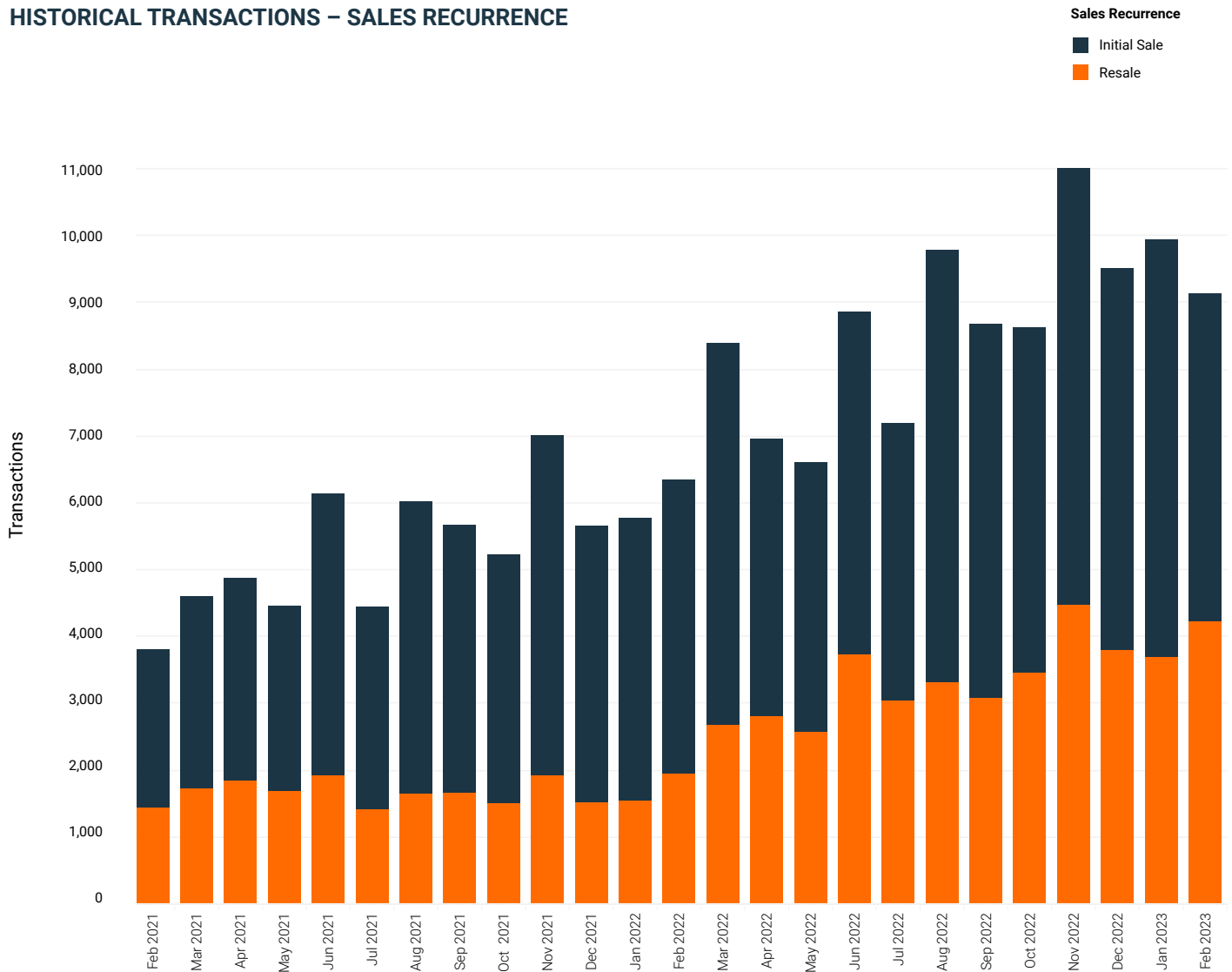
Transaction volumes in February reached 9,128, decreasing by 8.2% month-on-month yet still registering as the highest February ever. During the month, the split between Oqood and Title Deed property transactions once again reversed trend back in favour of the latter, with Title Deed registrations accounting for 50.1% of all transactions, up 1.1% 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 58.9% 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 developers' off-plan registrations, taking a dominant market share of 16.2%. They recorded 661 transactions spread across a myriad of their projects, most notably Anya (247) in Arabian Ranches III, Farm Gardens (79) in The Valley, and Creek Edge Tower 1 (73) in Dubai Creek Harbour.

DAMAC Properties was next at 13.8% of all off-plan transactions, with the bulk of their sales activity occurring at Ibiza (102) and Monte Carlo (66) in DAMAC Lagoons, as well as Golf Gate (56) in DAMAC Hills. This was followed by Nshama taking a 9.2% market share, with sales activity occurring across three projects in Town Square: Maha Townhouses (167), Liva (131), and Ascot Residences (76).

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 4,898 initial developer sales recorded in February, 14.6% were in completed projects.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In February 2023, the market share of initial developer sales fell by 9.1% to 53.7% versus resale transactions. Despite the sizeable monthly decline, the 12-month rolling average stands at 60.0% for initial sales and 40% for resales, the latter of which, after reaching a high of 51.8% in February 2021, has been continually trending back down towards the levels of 2019 and 2020, 33.2% and 33.8% respectively.

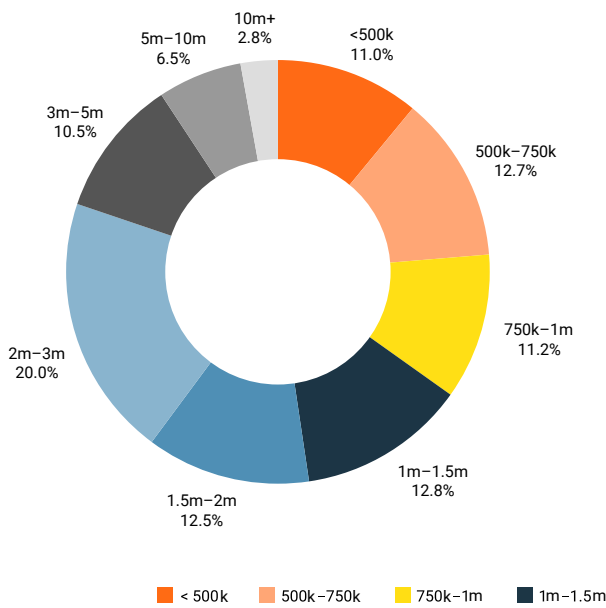
Jumeirah Village Circle was the most popular master development for initial sales, where 14.7% (690) of all such transactions occurred. Binghatti Corner topped the leaderboard at 151 registrations and was followed by Levanto by ORO24 with 103 sales.

Taking second place was Business Bay, where initial sales held 8.3% market share and 391 transactions were recorded. Peninsula Four “The Plaza” by Select Group was the most prominent project in the master development with 133 sales, the Chic Tower by DAMAC followed with 55, and DAMAC’s Aykon City 3 with 54 for the month.

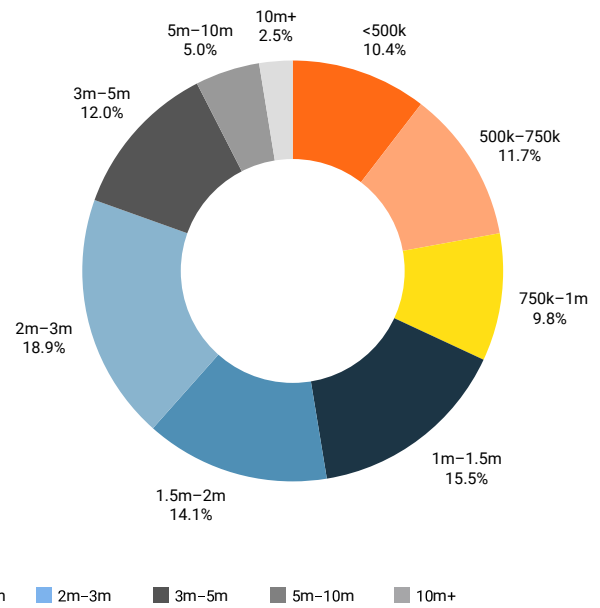
Coming in third for February was Town Square which claimed 7.9% market share with a total of 374 sales. Maha Townhouses dominated, registering 167 initial sales and was followed by apartments sales at Liva (131), and Ascot Residences (76).

The top master developments for residential resale transactions were Jumeirah Village Circle with 8.3% of such transactions across multiple projects, the highest level of sales occurred at Zaya Hameni with 10 for the month. This was followed by Dubai Marina at a 7.7% market share with Marina Pinnacle recording 14 transactions. Closing out the top 3 master developments for resale was Business Bay holding 6.8% of the market with The Pad recording 16 sales.

PRICE TIERS (AED) – FEBRUARY 2023



PRICE TIERS (AED) – JANUARY 2023



PRICE TIERS (AED) MONTHLY COMPARISON

	February 2023	January 2023	MoM Change
<500k	10.9%	10.4%	0.50%
500k-750k	12.7%	11.7%	1.00%
750k-1m	11.2%	9.8%	1.40%
1m-1.5m	12.8%	15.5%	-2.70%
1.5m-2m	12.5%	14.2%	-1.70%
2m-3m	20.0%	18.9%	1.10%
3m-5m	10.6%	12.0%	-1.40%
5m-10m	6.5%	5.0%	1.50%
10m+	2.8%	2.5%	0.30%

Growing their share of the market at the fastest pace for the second month in a row was the AED 5-10m price tier, which increased by a further 1.5% in February to reach a total of 6.5%, its highest level since October 2022. The continued growth of this price tier was primarily driven by sales of villas at Farm Gardens in The Valley where sales prices averaged AED 1,118 per sq ft, as well as apartments in Bluewaters Bay where sales prices averaged AED 3,411 per sq ft. Meanwhile, the biggest market share loser was the AED 1m-1.5m tier which decreased by 2.7% falling to 12.8%.

Also experiencing notable growth during the month were the adjacent AED 500k-750k and AED 750k-1m price tiers which collectively grew by 2.4%. This growth can be largely attributed to the success of several off-plan apartment projects in Jumeirah Village Circle, most notably Binghatti Corner, Maimoom Gardens, Oakley Square, and Levanto by ORO24 where average sales prices ranged between AED 893 to AED 1,425 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 45.3%, despite shrinking by 3.3% from last month. The low-price tier with property values under AED 1m now represents 34.8% of the market, up by 2.9% from January, while the high-end price tier—properties over AED 3m—now represents 19.9% of the market, up by 0.4% month-on-month.

Record Transaction

Date: 1 February 2023
Property: Apt 2501 – 9 Bedroom Penthouse Bvlgari Lighthouse, Jumeirah Bay
Price: AED 410m

Less than half a year since the sale of the ‘Super Penthouse’ at The Royal Atlantis for AED 163.4m claimed the top spot as Dubai’s highest ever apartment sale transaction, a new record has been set with the sale of what is likely to be a speculator home at the soon to be constructed Bvlgari Lighthouse.

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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After being processed and cleansed, transaction data for the monthly market report is extracted on the first day of each month and includes transactions as posted by the Dubai Land Departments as of midnight of the last day of the relevant reporting period. Comparison of the data, the periodic MoM and YoY periods, and other values printed in the monthly reports may not correlate from time-to-time, this is due to additional transactions being added to the underlying data which are post-dated or otherwise not released prior to publication.