



SPECIAL ADDENDUM TO THE MONTHLY REPORT

Onwards and upwards! Dubai real estate market continues to break new ground with confirmed new records for average property prices and sales transaction volumes.

Shortly after the release of the October report, just over 10,400 additional transactions were posted by the Dubai Land Department (DLD) for sales that had occurred throughout September and October 2023. All of these transactions were for the sale of off-plan properties which, as we suspected, experienced an unusual delay in appearing in the official registration data.

Given the magnitude of transactions involved, there are significant deviations between some of the initial report findings and those calculated after factoring in the delayed data. This addendum to the October 2023 Monthly Market Report highlights and contrasts these changes, and should provide clarity on the current standing and performance of the Dubai real estate market.

Dubai Property Price Growth

According to the Property Monitor Dynamic Price Index (DPI), property values increased by 1.97% in September and 1.14% in October. These revised figures now place average property prices at an all-time high of AED 1,256 per sq. ft., surpassing the previous high earlier than reported, with the new record being set in September.

September monthly price

1.97% VS 1.35%

October monthly price growth

1.14% VS 0.14%

Sales Transaction Volume

The volume of sales transactions in October decreased by 8.4% month-on-month, yet still recorded as the highest level for any October on record by more than 3,000 sales. Similarly, September witnessed the highest level of transactions ever recorded for the month, and not just the month of September but for any month on record with a new all-time high of 13,241 sales.

September

13,241 VS 7,846

October

12,133 VS 7,123

After adjusting for these changes in monthly sales volumes, the year-to-date total for transactions now registers at 110,434 sales as of month-end October, and 98,301 for a month earlier. With these adjustments, September 2023 now marks a milestone month with a new all-time annual transaction record being set, overtaking the previous record of 97,981 set in 2009.

YTD September

98,301 VS 92,906

YTD October

110,434 VS 100,029

Sale Registration Type

One of the most significant deviations resulting from the delayed availability of the transactions is the level of Oqood registrations, and the assumptions that one may have drawn relating to the off-plan market. Initial data showed only 2,330 Oqood registrations in September and 1,524 in October, corresponding to month-on-month declines of 28.7% and 8.3% respectively, and abruptly turning the market share in favour of Title Deed transactions, with Oqood falling from a 3-year high of 58.4% market share in August to just 21.4% in October. The amended data paints a vastly different picture, one of stability and strength in the off-plan market, with market share remaining in Oqood registrations at 53.9% at the end of October with 6,534 sales recorded.

September Oqood

7,725 VS 2,330 | 58.3% market share VS 29.7%

October Oqood

6,534 VS 1,524 | 53.9% market share VS 21.4%

Sale Recurrence

Previously recording a significant decline in market share in both September and October, the percentage of initial developer sales reverts back after adjustments to align with the trend experienced throughout the year, with such sales largely dominating the market.

It should, however, be noted that initial sales have still experienced declines over the last two months, yet not a levels that indicate any significant changes in the market or a concerning rise in speculative activity.

September Initial Sales:

7,842 VS 2,762 | 35.2% market share VS 59.2%

October Initial Sales:

6,050 VS 1,524 | 21.4% market share VS 49.9%



Reaching for new heights: Dubai property transactions set a new annual record; prices reach parity with previous market peak; yet a surprising decline in off-plan sales registrations.

Median prices in October



Apartments

AED 1,150,000



Townhouses

AED 2,425,000



Villas

AED 8,250,000

Rate of property price appreciation slows to 0.14% as it reaches the previous market peak

Sales transaction volumes continue decline, down 9.2% month-on-month, yet bring the total transactions for the year to the highest level on record

Off-plan/Oqood sales registrations paint a different picture to market sentiment and secondary evidence

New development project launches continue with confidence, bringing an additional 11,500 units to market

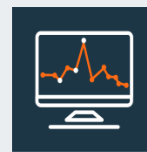
Gross rental yields continue to hold relatively steady at 6.7%. Have they topped out and will new handovers drive them down?

After 9 years, average Dubai property prices have reached parity with the previous all-time market high, increasing 0.14% in October. According to the Property Monitor Dynamic Price Index (DPI), Dubai property prices currently stand at AED 1,234 per square foot, the same value that was recorded in September 2014 at the peak of the previous market cycle. The upward phases of the current market cycle have spanned 36-months so far, with overall price growth of 41.8%—increasing at a moderate rate of 1.2% per month on average. In contrast to the previous market cycle—one that experienced a period of aggressive price increases in excess of 2% per month—which lasted only 24-months and saw average monthly appreciation of 1.6%, what we are experiencing now shows greater signs of stability with less speculative activity. Absent any major disruptive events, this looks set to continue well into the new year.

While price appreciation continues to climb, the total volume of sales transactions witnessed a second month of notable declines, down 9.2% month-on-month and falling to a total of 7,123 sales. This is the lowest level since May 2022, a time when we were just coming out of COVID-19 mobility restrictions and the ability to transact had been diminished. Residential transactions, encompassing apartments, townhouses, and villas, accounted for the majority of sales at 86.2% (6,142 transactions). The highest transacted commercial property types were hotel apartments (4.4%), land sales (4.0%), and office spaces (3.4%).

SNAPSHOT

October 2023



+0.14%

Dynamic Price Index
Monthly Change



AED 1,234/sq ft

Dynamic Price Index
Current Property Price



7,123

Number of Monthly
Transactions



6.67%

Gross Rental Yield



AED 220m

Highest Recorded Sale
Apt 2001 | 5 Bedroom
AVA, Palm Jumeirah



AED 100k

Lowest Recorded Sale
Apt 403 | Studio
Emirates Cluster Building 22,
International City

“ **The current market cycle has experienced 36 months of upward phases, resulting in an overall price growth of 41.8%. This growth has been gradual, averaging a monthly increase of 1.2%. In comparison to the previous market cycle, which lasted 24 months and had an average monthly appreciation of 1.6%, the current situation indicates greater stability. There is less speculative activity, and barring any significant disruptive events, it appears poised to extend well into the new year.** ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

Year-to-date there have been 100,029 sales transactions recorded, a 29.5% increase over the same period last year and reaching a level that marks a new annual record for the Dubai market. We continue to anticipate that we'll see over 120,000 sales registered by the end of the year, although the significant decline in total sales transactions in recent months could, when taken at face value, lead many to believe this will not be the case.

Over the past 2 months, the volume of transactions posted by the Dubai Land Department (DLD) has declined by almost a third, from a monthly average of ~10,500 sales to just over 7,000. A deeper analysis into this decline looking at the type of registration—either Oqood which is largely representative of initial off-plan developer sales, or Title Deed which in most cases would represent the sale of completed properties—shows that the drop off has only occurred in Oqood registrations, with Title Deed sales remaining relatively constant at over 5,000 sales per month. A default reaction to this could be to assume that demand in the off-plan market has weakened, however from both quantitative and qualitative evidence obtained directly from the market's biggest developers and leading brokerages, it can easily be argued that the data is incomplete or suffering from an unusual delay.

With consistent new development project launches and the sale of off-plan properties being significant drivers for the record high transaction activity experienced this year, it's hard to imagine that the winds that have been driving this market segment could be sucked out almost instantaneously.

While there is a lag between the time a developer commences sales to those deals being registered—a 60-day grace period permitted by the DLD—it's not enough alone to account for such a dramatic, simultaneous, wide-reaching reduction across the off-plan market. The Property Monitor team has been looking into this and at this stage, we do not believe that there is cause for concern—in all likelihood, the level of off-plan sales has not declined to any material extent indicative of a market shift. We expect to see the pending transactions appear in the registrar's data over the coming months, and if developers' behavior is any indication, it will be for a large amount of deals that have already been signed, and then some.

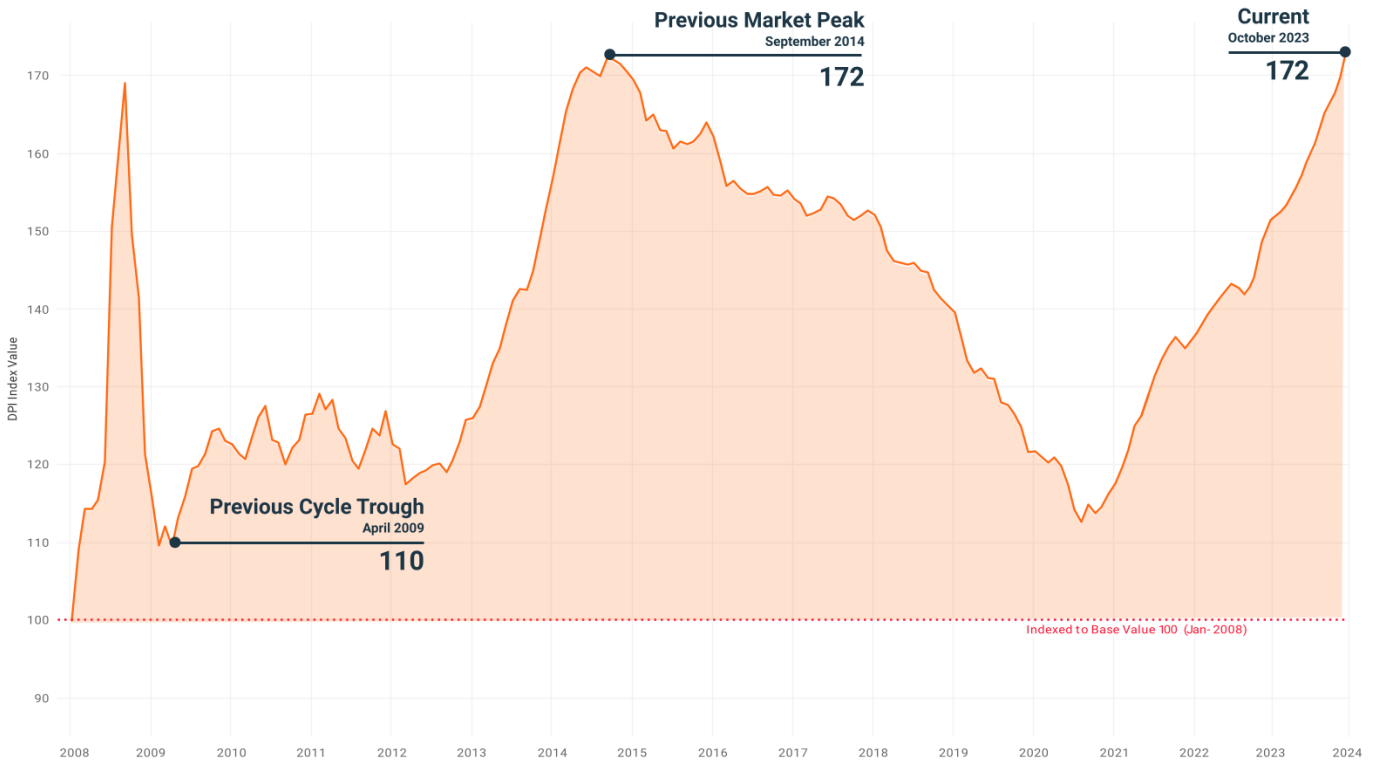
New off-plan development project launches remain at record highs, with just over 11,500 off-plan units added to the market for sale with an anticipated combined gross sales value of ~AED 25 billion. Apartments represent 81.2% by volume of this new inventory, while townhouses and villas represent 17.2% and 1.6% respectively. Year-to-date, new project launches have exceeded just over 77,000 units and AED 230 billion in aggregate sales value, eclipsing the 2022 year-end numbers by more than 20,000 units and AED 70 billion in value. With over 100 additional projects in the planning phases being tracked by the Property Monitor team, we anticipate that new launches will maintain their historically high levels for at least the remainder of the year and well into 2024.

Mortgage transaction volumes decreased by 16.1% in October with a total of 2,706 loans recorded. Bulk mortgage loans mortgages—those taken by developers and larger investors with multiple units—were a significant contributor to this decrease, seeing their market share shrink by 20.1% to 9.6%. The 259 bulk loans issued for the month were spread across several projects, most notably portfolio mortgage registrations in Qsar Sabah (114) in Dubai Production City, Majestic 1 (57) in International City II, and Burlington Tower (11) in Business Bay.

Meanwhile, loans for refinancing and equity release saw their market share increase by 10.7% to 41.5%. The remaining 48.9% (up 9.4% from last month) of loans taken were new purchase money mortgages with the average amount borrowed being AED 1.78m at a loan-to-value ratio of 75.7%. Loans for new purchases and refinancing remain at historically high levels across all residential property types, this indicates continued strength in the overall mortgage market despite relatively high interest rates.

Average gross rental yields for residential properties in the Emirate continued to remain relatively stable in October, decreasing by just 0.04% to 6.67%. Yields for all three residential property types saw modest declines with apartments down 0.05% to 7.0%, townhouses down 0.11% to 6.41%, and villas down 0.02% to 4.96%. The marginal shifts in yields and general plateauing align with our forecasts, largely due to several communities seemingly hitting the peak in attainable rental rates, and sales prices leveling off at the same time in certain areas. With numerous new development projects edging towards completion, the rental market is poised to see an increase in available inventory in the coming months and with that we should also see a gradual decrease in rents going in 2024.

PROPERTY MONITOR DYNAMIC PRICE INDEX





+0.14%
MoM Change



+3.48%
QoQ Change



+15.85%
YoY Change



AED 1,234
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
Oct 2023	172.28	0.14%	3.48%	15.85%	1,234
Sep 2023	172.04	1.35%	5.58%	17.74%	1,232
Aug 2023	169.76	1.97%	5.43%	18.57%	1,216
Jul 2023	166.48	2.17%	5.98%	17.72%	1,192
Jun 2023	162.95	1.20%	5.24%	14.55%	1,167
May 2023	161.02	2.51%	4.63%	12.84%	1,153
Apr 2023	157.08	1.45%	2.67%	10.89%	1,125
Mar 2023	154.84	0.62%	1.83%	10.15%	1,109
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

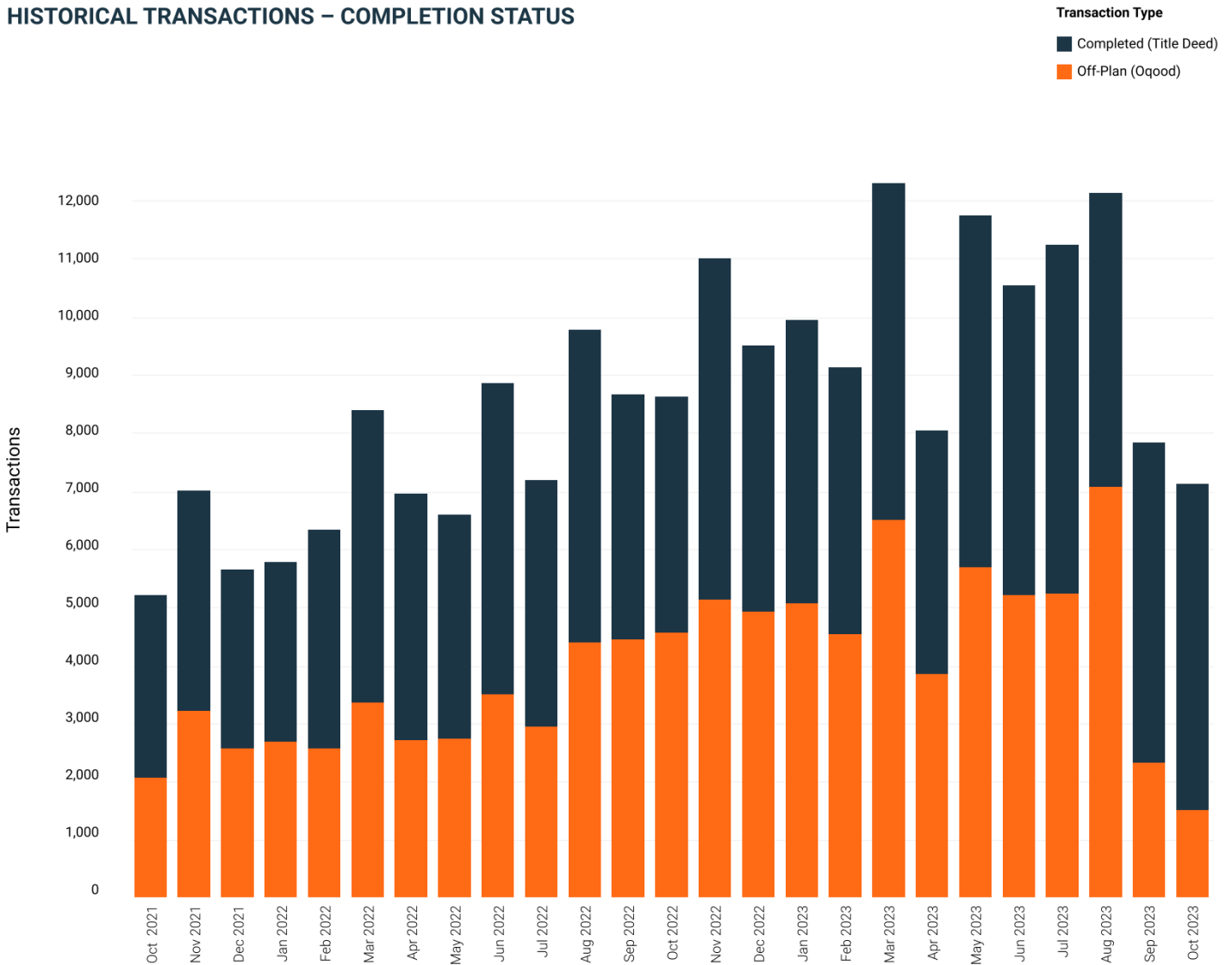
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for October 2023 increased by 0.23 index points to 172.28 from 172.04 in August 2023, representing a month-on-month increase of 0.14%.

In October 2023, property prices stood at AED 1,234 per sq ft, equal with the market peak of September 2014 and are 57.21% above the market trough of April 2009. This is only the second time that property prices have reached this level, and in current market conditions are likely to see continued growth into the New Year.

On a year-on-year basis, prices have increased by 15.85% in October and now marks 36 straight months of year-on-year increases, while on a year-to-date basis, prices have increased by 12.59% in October 2023 compared to 8.81% in October 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS

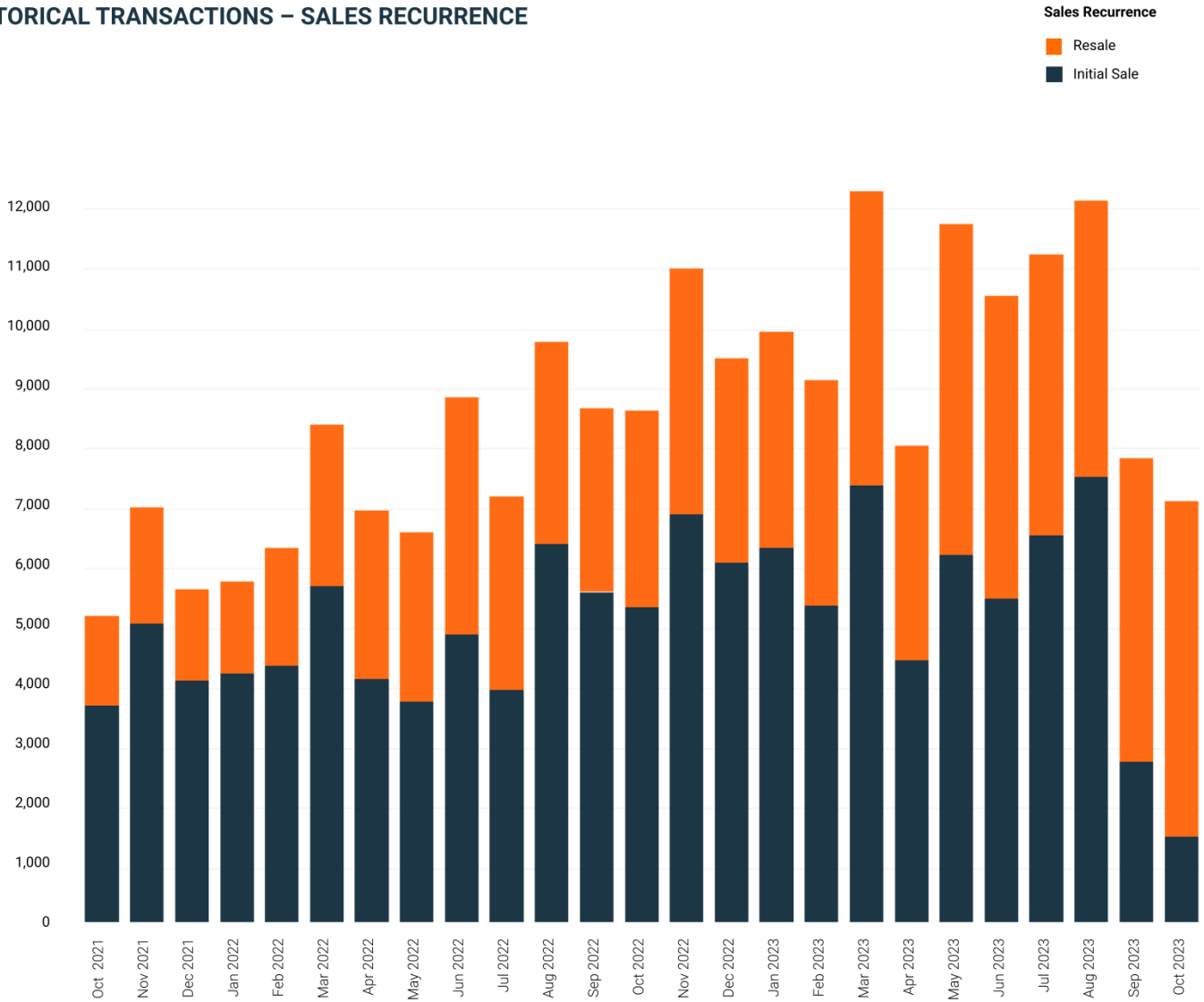


Sales transaction volumes in October were 7,123, decreasing by a further 9.2% after falling 35.3% in September. During the month, the split between Oqood and Title Deed property transactions was heavily weighted in favour of the latter, with Title Deed registrations surging 8.3% month-on-month to account for 78.6% of all transactions. This reversion towards Title Deed transactions dominating the market is more than likely temporary and owing to the suspected delay in Oqood registrations making their way through the system.

During the month, DAMAC Properties took the top spot in the off-plan market with the bulk of developers’ off-plan registrations taking a dominant market share of 25.7%. They recorded 232 transactions spread across a myriad of their projects, most notably Morocco in DAMAC Lagoons where 100 sales were recorded. This was followed by 46 sales in Camelia at DAMAC Hills 2, and 27 sales at Verona DAMAC Hills 2.

Nakheel was next at 21.0% of all off-plan transactions, with nearly all of their sales activity occurring at Palm Jebel Ali, with 181 sales recorded in the relaunch of the master development project. This was followed by Azizi taking a 13.1% market share with sales activity highly concentrated throughout various buildings in Azizi Riviera.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In October 2023, the market share of initial developer sales fell a further 13.8% to 21.4% versus resale transactions. The 12-month rolling average now stands at 52.5% for initial sales and 47.5% for resales, the latter of which, after reaching a high of 51.8% in February 2021, has been slowly trending back down towards the levels of 2019 and 2020, 33.2% and 33.8% respectively.

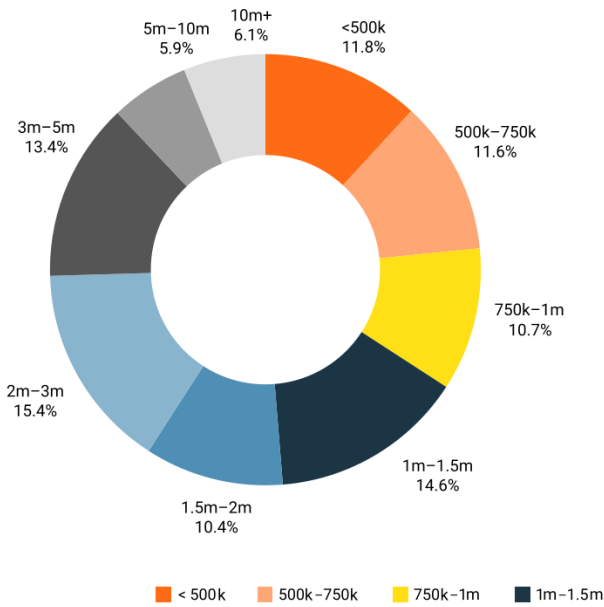
Palm Jebel Ali was the most popular master development for initial sales, where 13.2% (181) of all such transactions occurred. These sales were spread across ultra-luxury villas that were released in the first two phases in the relaunch of the project on Fronds K through P.

Taking equal second place was Mohammed Bin Rashid City, where initial sales held a 11.7% market share with 161 transactions recorded. Azizi Riviera dominated activity in the community registering 125 initial sales.

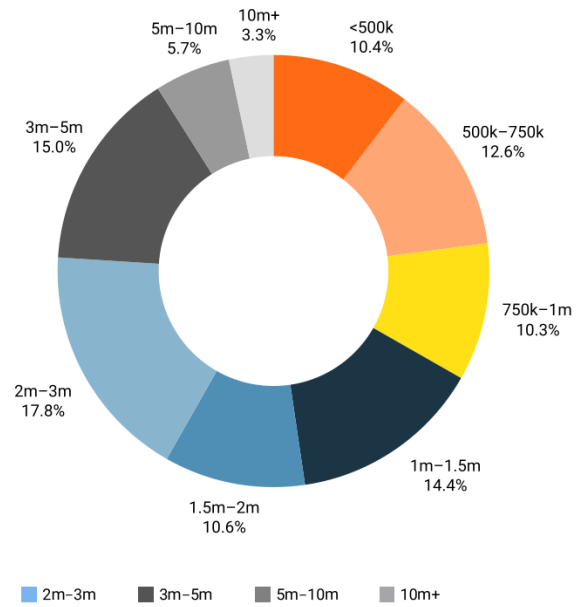
Sharing second place for October was DAMAC Hills 2 also with a 11.7% market share and a total of 161 sales. Camelia was the clear leader for the month with 46 sales recorded and was followed by Verona (27) and Amargo 2 (13).

The top master developments for residential resale transactions were Jumeirah Village Circle with 9.4% of such transactions spread across multiple projects, with the highest level of sales occurring at The Autograph (33) and Bloom Towers (21). This was followed by Business Bay with just over 6.7% market share with Regalia (20), Terraces Marasi Drive (16), and Zada Residences (14) being the highest transacted. Closing out the top 3 master developments for resale was Downtown holding 6.0% of the market, with Act One | Act Two recording 29 sales and Address Residences Dubai Opera recording 17 sales for the month.

PRICE TIERS (AED) – OCTOBER 2023



PRICE TIERS (AED) – SEPTEMBER 2023



PRICE TIERS (AED) MONTHLY COMPARISON

	October 2023	September 2023	MoM Change
<500k	11.8%	10.4%	1.40%
500k-750k	11.6%	12.6%	-1.00%
750k-1m	10.8%	10.3%	0.50%
1m-1.5m	14.6%	14.4%	0.20%
1.5m-2m	10.4%	10.5%	-0.10%
2m-3m	15.4%	17.8%	-2.40%
3m-5m	13.4%	15.0%	-1.60%
5m-10m	5.9%	5.7%	0.20%
10m+	6.1%	3.3%	2.80%

Growing their share of the market at the fastest pace was the AED 10m+ price tier which increased by 2.8% in October to reach a total of 6.1% and claim its highest level ever recorded surpassing the 5.4% record set earlier this year in July. The growth of this price tier can be largely attributed to the success of sales at the recently relaunched Palm Jebel Ali where ultra-luxury villa averaged AED 8,760 per sq ft. Meanwhile, the biggest market share loser was the AED 2-3m tier which decreased by 2.4%, falling to 15.4%.

Also experiencing notable growth during the month was at the opposite end of the spectrum in the <AED 500k price tier which grew by 1.4%. This growth can be largely attributed to the sales of studios throughout the Azizi Riviera master development where initial developer sales prices recorded average prices of AED 1,481 per sq ft while resales saw a slightly higher trading price of AED 1,529 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 40.4%, contracting by 2.3%. The low-price tiers with property values under AED 1m now represent 34.2% of the market, up by 0.9% from September, while the high-end price tiers—properties over AED 3m—now represent 25.4% of the market, up by 1.4% 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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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.