



PROPERTY MONITOR
Powered by Cavendish Maxwell



12 MONTH
REVIEW

Dubai Residential Market Report

Special Edition

Foreword

Property Monitor is the UAE's only real estate intelligence platform offered by RICS accredited property professionals, Cavendish Maxwell. It gives us great pleasure to be working alongside Cityscape as their official data partner for the 16th edition of Cityscape Global.

Our data and intelligence service is aimed at increasing transparency in the UAE marketplace. Agencies, developers, banks and consultancies can access real-time data, across multiple data points, and expert intelligence in order to make more informed decisions, based on actual transactions, valuations and trends.

Property Monitor offers users the ability to search up-to-date residential sales and leasing transactions, off-plan sales, commercial transactions, valuation data as well as our professional opinion on achievable prices, across all major areas of Dubai and Abu Dhabi.

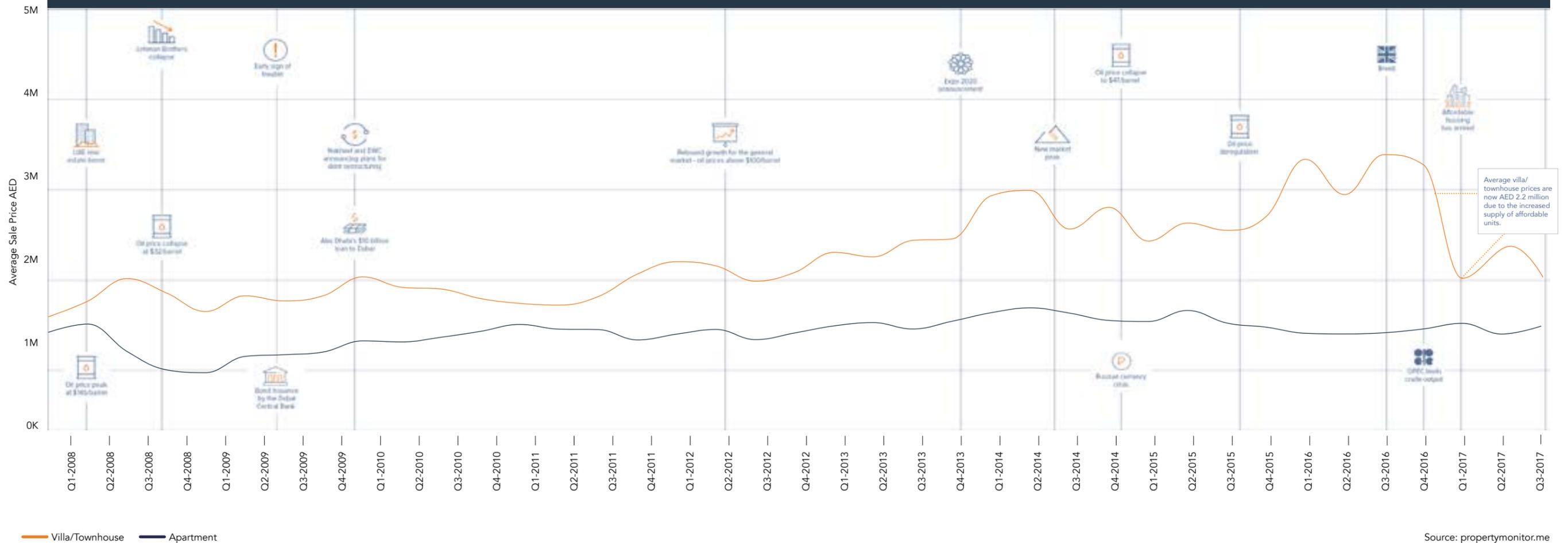
Contents

- Dubai House Price Index
- Price performance
- Rent performance
- Transactions overview
- Supply overview

Dubai House Price Index

The era of "build and they will come" is making way for properties that are more responsive to end-user demand and catering to a wider base of buyers, as seen in the entry of lower priced villas during the first half of this year.

Dubai House Price Index - Sales Price (AED) from the period January 2008 to August 2017



Note: Dubai House Price Index tracks residential property transactions across the Emirate to derive average sales prices for apartments and villas/townhouses taking into account new supply that gets added each quarter.

Average apartment prices across Dubai have continued to trade within a close range of AED 1.2 million to AED 1.4 million over the last 12 months, while average prices for villas have moved down from AED 3.7 million in August 2016 to AED 1.98 million in August 2017. Lower priced villas, some at starting prices of AED 1 million, have primarily contributed to this change and more units in this category are expected to be added to the market.

Meanwhile, consumer demand continues to shift in favour of communities with existing infrastructure and amenities, with developer track record becoming a key factor in maintaining price and rent levels. Developers have begun responding to this reality through differentiation at several levels of their product offering, ranging from launch price to unit sizes, payment plans, development phasing and more.

Average sale price from July - August 2017

AED 1.98 million
VILLAS/TOWNHOUSES

AED 1.35 million
APARTMENTS

Price performance

Price declines continued during the first eight months of this year, with twelve month declines averaging 1.45% for apartments and 1.29% for villas/townhouses.

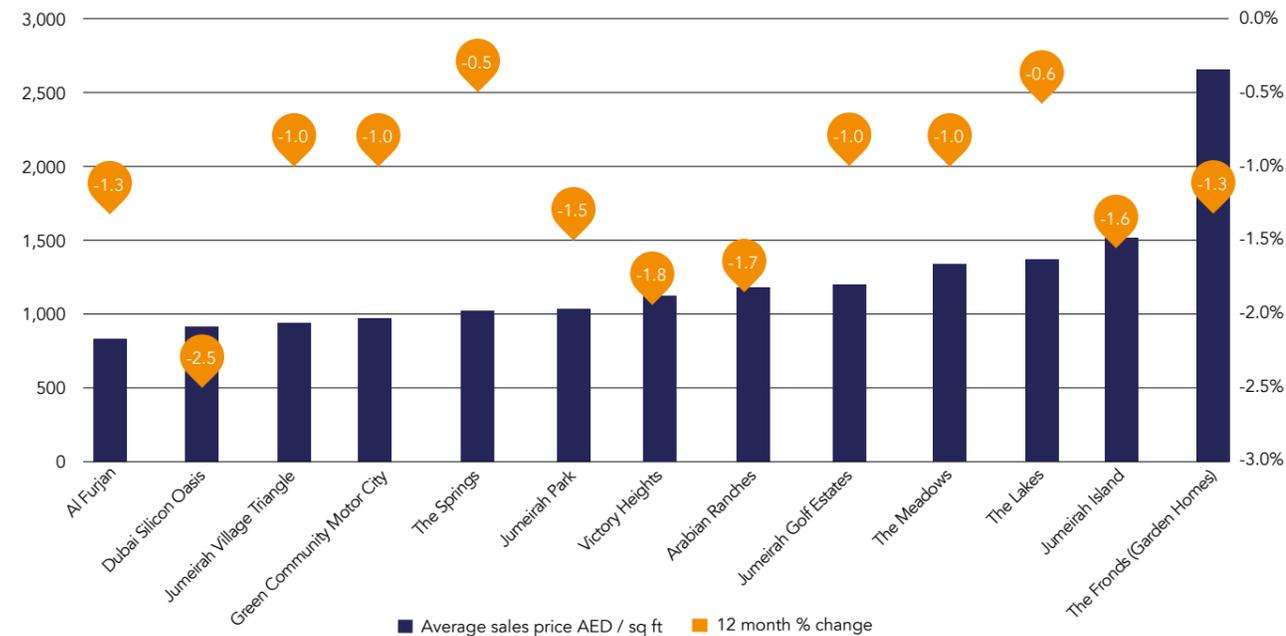
Prices for properties in established communities with limited upcoming supply, such as Dubai Marina and DIFC, have held stronger than emerging neighbourhoods with significant upcoming supply, such as Dubai Sports City and Jumeirah Village Circle.

Current price levels have encouraged buyer activity, especially from end users, with year-to-date transactions surpassing 2016 levels, in particular for under-construction properties. Dubai Land Department data puts total off-plan transactions for apartments and villas between January to August 2017 at 16,173 versus 9,878 transactions over the same period in 2016.

Apartment price performance



Villa/townhouse price performance



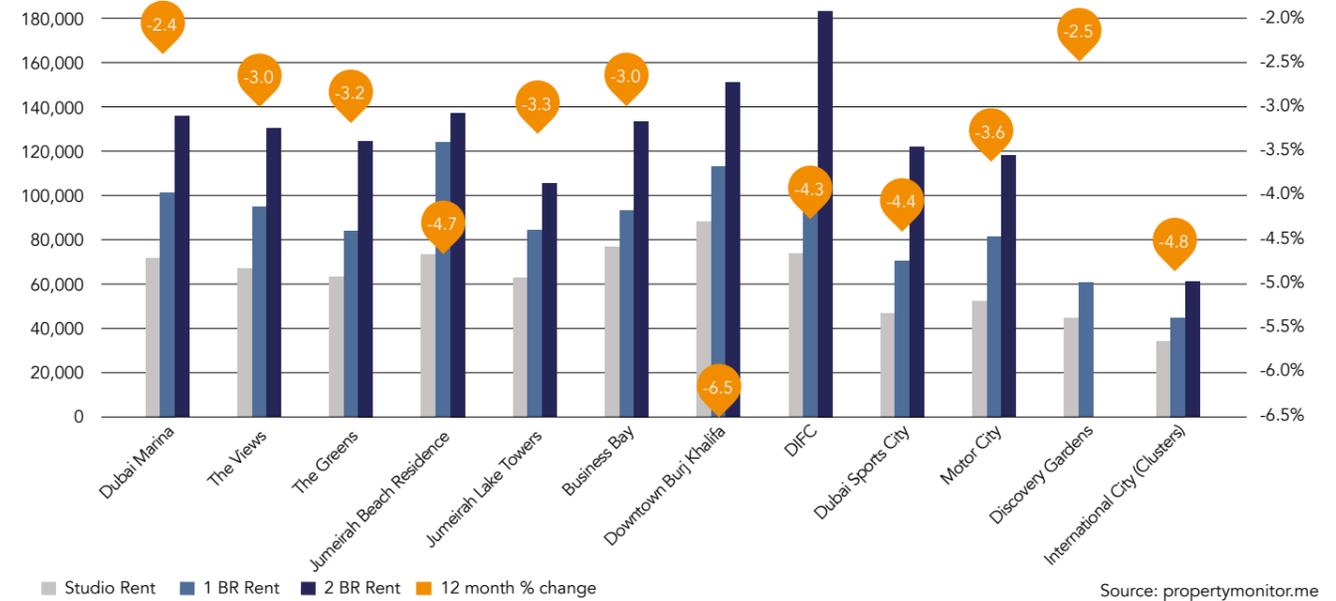
Rent performance

Rent declines for residential properties in Dubai continued this year, with 12 month declines averaging 3.4% for apartments and 4.7% for villas/townhouses.

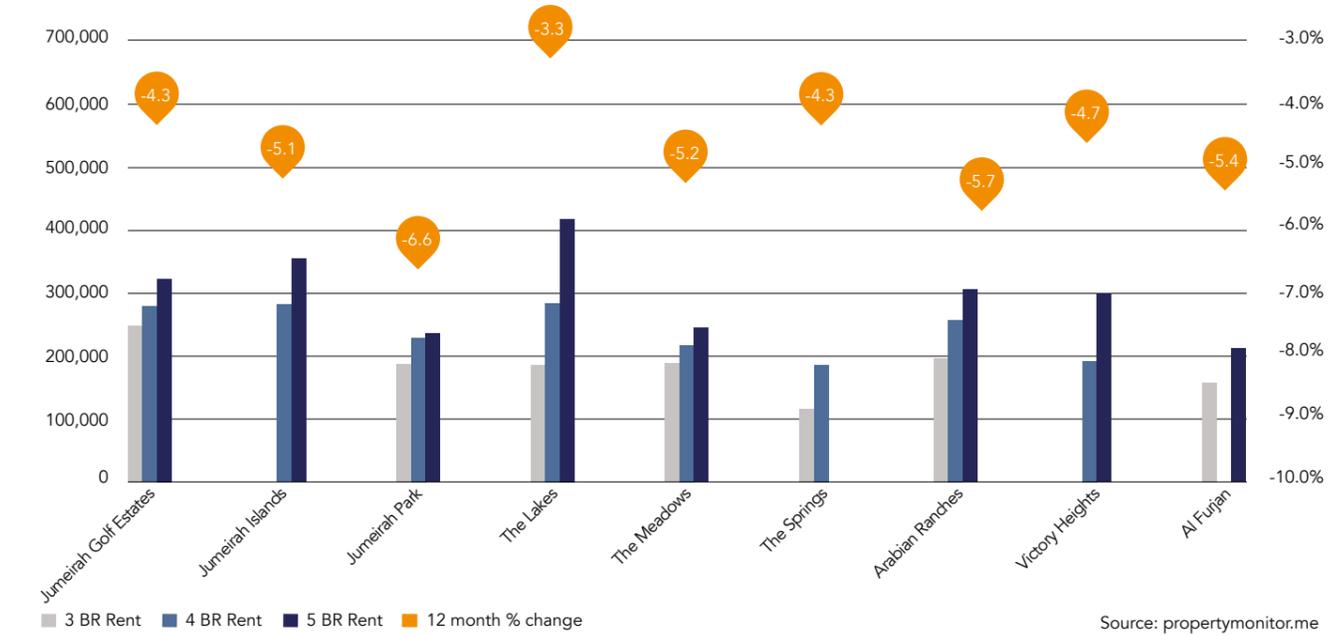
The introduction of lower priced villa inventory in the market, through communities such as Reem Mira and offerings in Dubailand, is expected to put pressure on larger apartment units as softening rents could fuel migration to these new villa communities. Additionally, a sizeable volume of new supply, currently under construction in GCC freehold locations such as Al Barsha 2 and 3, Al Barsha South and Al Warqa'a, will put further pressure on the declining villa rentals. Meanwhile, larger villa units will continue to face occupancy pressure. This pressure comes from senior executives who historically occupied these units, as they are now opting for smaller units due to reduced housing allowances.

To avoid long vacancy periods, landlords have been offering incentives such as payment through multiple cheques and first month rent-free. The scheduled upcoming supply is expected to continue impacting rents in the emirate. Alongside this, pressure on occupancy and the upcoming introduction of VAT, will affect household income levels and hence rent contributions.

Apartment rent performance



Villa/townhouse rent performance



Transactions overview

Off-plan sales account for majority of the total transactions between January to August 2017

July 2017 was a highly active month for off-plan apartment transactions with a total of 2,221 transfers. February 2017 was also particularly active for off-plan villa/townhouse transactions with new launches in Dubailand and communities in Reem Mira accounting for the majority of transactions during the month.

June had the lowest amount of secondary market transactions in the past two years with 704 sales. Mid-income buyers who are new to the market have opted for off-plan units as they are more affordable, whereas most units in the secondary market are still selling at a premium. This is one of the reasons why we are seeing a low number of transactions across Dubai for secondary transactions.

The current momentum in sales activity is driven by a larger proportion of end users than before, particularly first-time buyers, who are entering the market enthused by low prices and encouraged by attractive payment plans offered by some developers. The introduction of new innovative mortgage products by some local banks has also contributed towards this increased activity. Prices and accessibility criteria for home mortgage, traditionally the two biggest barriers for new entrants to the property market, have been lowered, thus resulting in an uptick in market activity.

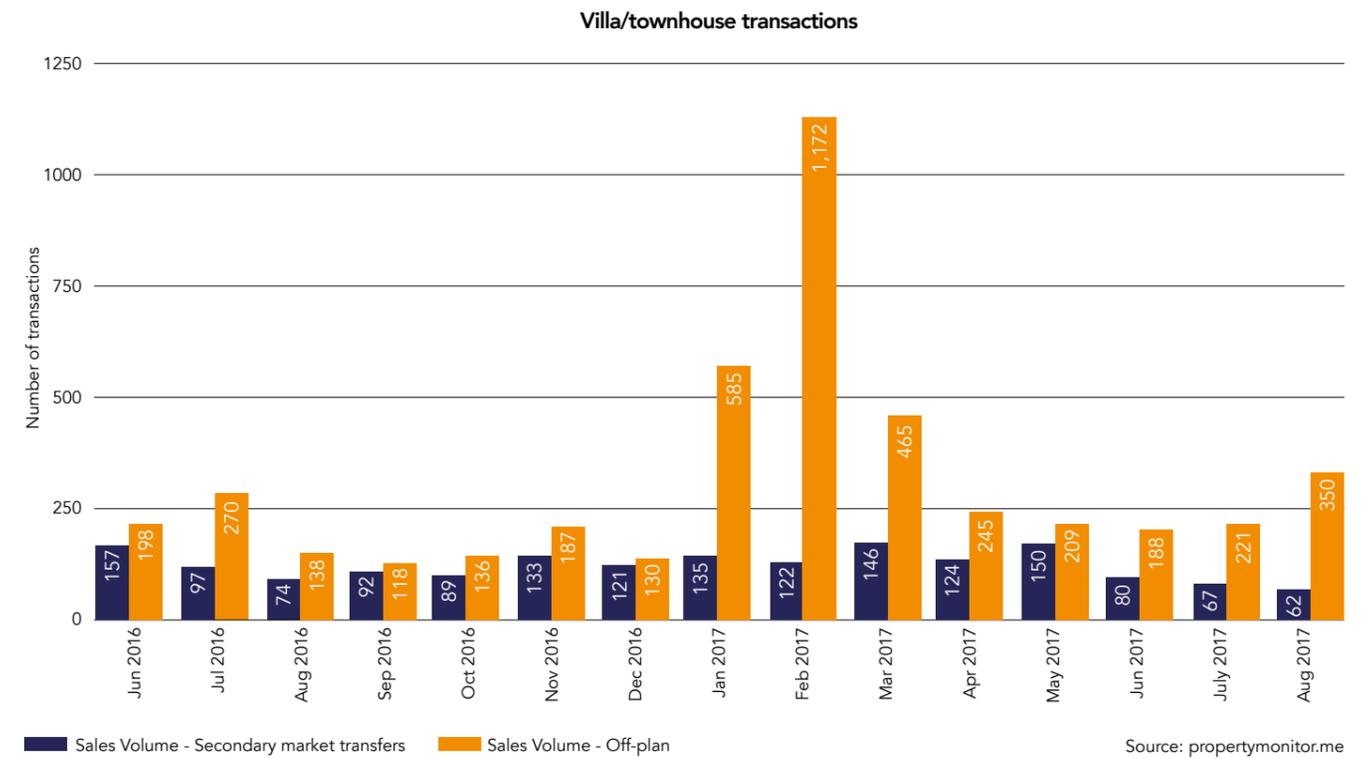
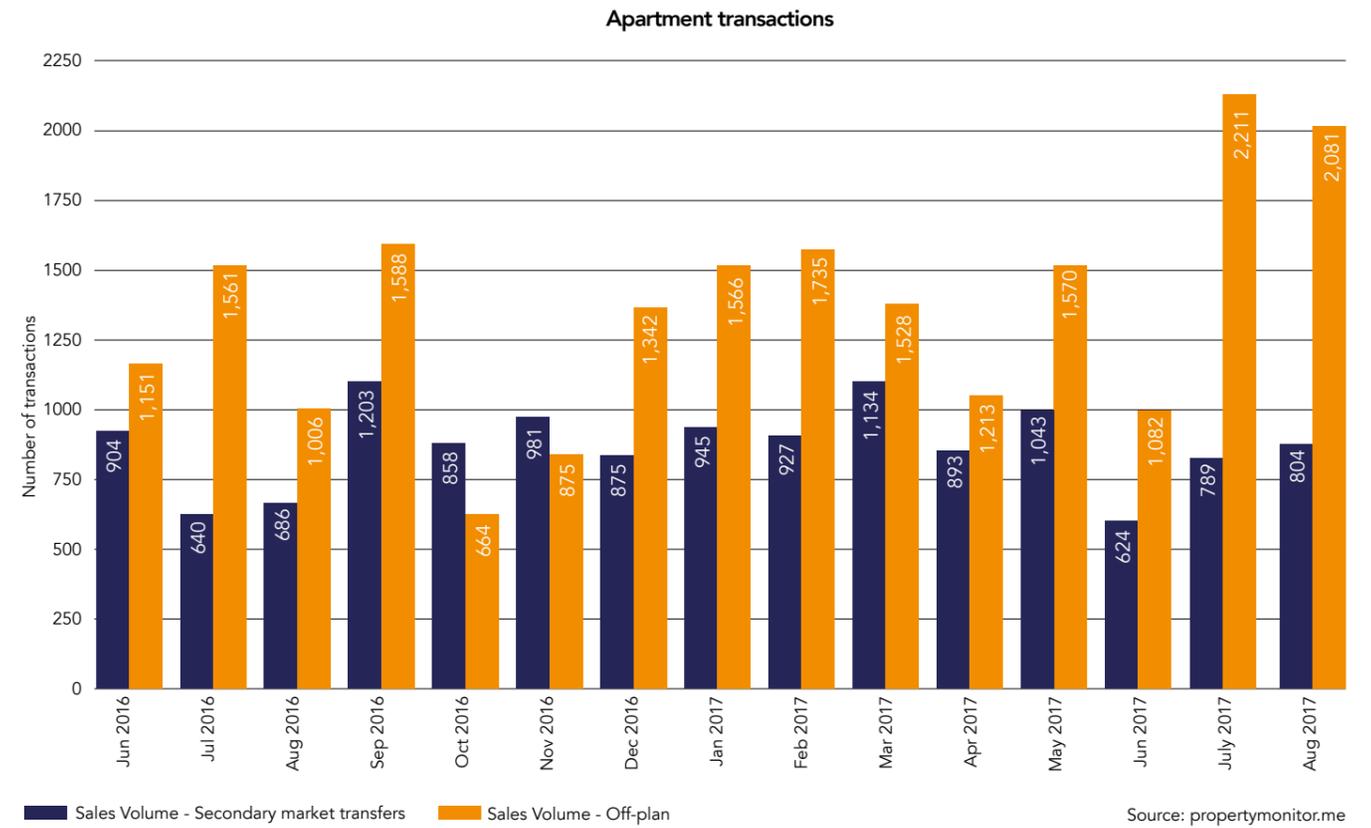
Sales volume Jan - Aug 2017

 **4,321**
VILLAS/TOWNHOUSES

 **20,144**
APARTMENTS



Dubai Land Department Transactions



Residential supply

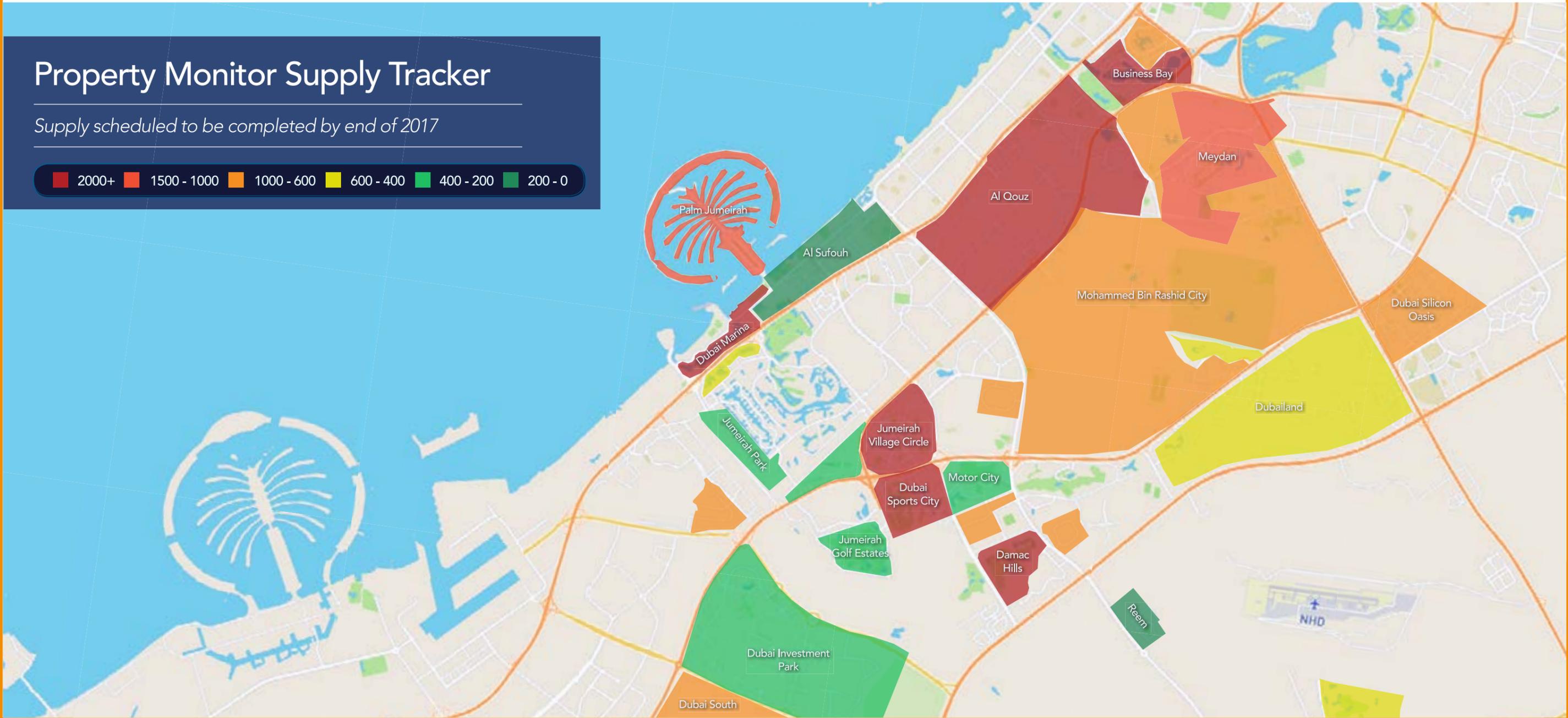
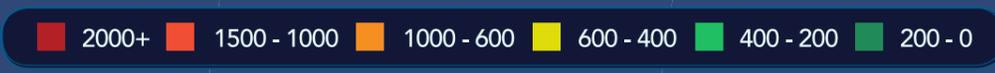
Approximately 5,600 residential units have been handed over across Dubai during the first half of 2017.

As of August 2017, approximately 24,400 units are scheduled for handover for the remainder of the year, though actual completions may vary significantly. Historically there has been a considerable gap between the number of units announced for completion and actual handovers. Some projects are delayed as a result of financing issues, contractual disputes, and licensing and approval delays. Developers are also adopting staggered delivery schedules to align handovers with demand and project sales potential and to avoid flooding the market with units that cannot be absorbed. Developers are expected to continue phasing the delivery of projects by focusing on absorption of limited released units before more supply is brought to the market.

The key locations for upcoming supply this year are Dubai Marina, Damac Hills, Jumeirah Village Circle, Dubai Sports City, Al Qouz and Business Bay which all have over 2,000 units expected to be handed over by the end of 2017. The Property Monitor Supply Tracker shows that 85% of upcoming supply this year will be apartments and 15% villas/townhouses.

Property Monitor Supply Tracker

Supply scheduled to be completed by end of 2017



Property Consultants

Data Intelligence Platform

Middle East and Africa



Lynnette Abad BBA (Hons)
Partner, Head of Property Monitor
M: +971 50 894 7880
E: lynnette.abad@propertymonitor.ae



Paul McCambridge
Head of Sales of Property Monitor
M: +971 50 287 3811
E: paul.mccambridge@propertymonitor.ae



Manika Dhama BA (Hons), MBA
Senior Consultant, Strategic Consulting and Research
M: +971 50 482 7938
E: manika.dhama@cavendishmaxwell.com

Also contact us for:

Residential Valuation	Commercial Valuation
Strategic Consulting and Research	Investment and Commercial Agency
Machinery and Business Assets	Hotels, Hospitality and Leisure
Project and Building Consultancy	Education Valuation and Advisory

propertymonitor.me

 Property-Monitor

 PropertyMonitor

 PropertyMonitor

Dubai

2205 Marina Plaza
Dubai Marina
P.O. Box 118624
Dubai
United Arab Emirates

T: +971 4 453 9525
E: sales@propertymonitor.ae

Abu Dhabi

605 West Tower, Abu Dhabi Mall
Tourist Club Area
P.O. Box 126609
Abu Dhabi
United Arab Emirates

T: +971 2 448 4677
E: sales@propertymonitor.ae

Muscat

Villa 836, Way 3012
Al Sarooj
P.O. Box 3438
Muscat
Sultanate of Oman

T: +968 99 445 917
E: sales@propertymonitor.ae

