



Déjà vu... It's "May Mayhem": Sales transactions surge to nearly 12,000 units, repeating the huge monthly increase witnessed in March. Off-plan sales boom, with new releases sending prices skyrocketing by 2.51%, the highest monthly rise recorded since April 2021.

Median prices in May



Apartments
AED 1,200,759



Townhouses
AED 2,300,000



Villas
AED 5,350,000

Transaction volumes up nearly 80% Year-on-Year and more than 46% up Month-on-Month

Prices surge 2.51% in May, the strongest monthly growth in over 2 years

Off-plan sales boom in tier 2 communities with prices per square foot dramatically higher than ready property values

Ultra-luxury off-plan apartments push the high-end higher—now representing 23.6% market share

Mortgage activity trends towards refinance and equity release as bulk portfolio loans continue to decline

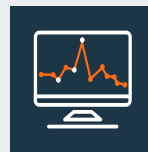
Gross rental yields remain steady in mid-6% range with villa yields rebounding slightly after reaching 9 month low

Here we go again. The pace of Dubai property price appreciation has skyrocketed to its highest rate in over 2 years, increasing by 2.51% in May, turbo-charged by off plan. This unexpectedly big monthly rise matches the red-hot pace of April 2021, which was the highest recorded in the current market upcycle - and previously last witnessed in March 2014 just before the market entered a six-year downcycle. This 'May Mayhem' gives pause for thought, as Dubai property values currently stand at AED 1,153 per sq ft, measured by the independent Property Monitor Dynamic Price Index (DPI), and now sit just a shade over AED 80 per sq ft beneath the September 2014 peak of the last market cycle.

Over the last two quarters of 2022 and the first quarter of 2023, we saw monthly price growth significantly moderate and saw signs of a market that was moving towards healthy and sustainable expansion. However, as we have entered Q2 2023, price growth has rapidly gained momentum increasing by just under 4% in two months. The immediate question that enters the mind is "should this be real cause for concern?"

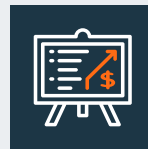
SNAPSHOT

May 2023



+2.51%

Dynamic Price Index
Monthly Change



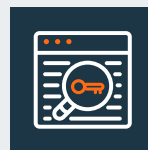
AED 1,153/sq ft

Dynamic Price Index
Current Property Price



11,749

Number of Monthly
Transactions



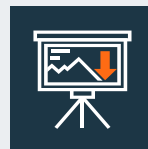
6.70%

Gross Rental Yield



AED 135m

Highest Recorded Sale
*Mansion Villa 2
Bvlgari Ocean Mansions,
Jumeirah Bay Island*



AED 76k

Lowest Recorded Sale
*Apt 106
Building X02 England Cluster,
International City*

“ Given the record high number of new developments launched in recent months, and an outlook of several more upcoming throughout the year, we may see the pace of price appreciation continue to trend high and be driven by the off-plan segment. ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

There is no simple definitive answer. In the unique Dubai market, investors and buyers have learned to ‘expect the unexpected’, and to get some context it’s important to understand what’s been the catalyst behind this recent skyrocket. When we dig into the data, we quickly uncover that the resurgence of off-plan project launches has significantly contributed to the substantial increase in transaction activity and subsequent positive price reaction across several areas of Dubai. This is particularly prevalent with new development projects in tier 2 communities, seeing average price per square foot values recording intentional highs in contrast to the existing residential supply in the community. For example, Arjan which has had multiple successful project launches by developers such as ORO24 and Samana, have achieved an average of AED 1,267 per sq ft in 2023, whereas existing ready projects are trading at an average of AED 851 per sq ft. Given the record high number of new developments launched in recent months, and an outlook of several more upcoming throughout the year, we may see the pace of price appreciation continue to trend high and be driven by the off-plan segment. At the same time, price growth in the ready property market can be expected to be relatively muted in comparison, particularly in the villa and townhouse segment where a general plateau in price has already been observed following their rapid rise at the onset of the market recovery.

The total volume of sales transactions rocketed in May, increasing by a momentous 46.1% month-on-month to 11,749 sales. This comes just two months after the market recorded its fourth-highest monthly sales volume ever with just over 12,300 sales, yet directly follows a month where volume dropped to ~8,000 sales. This volatility correlates with shortened working hours and vacation periods in April owing to the holy month of Ramadan. When averaged out over the 3-month period volumes fall much closer inline with over trend of the market. Residential transactions, encompassing apartments, townhouses, and villas, accounted for the majority at 89.5% (10,520 sales transactions). The highest transacted commercial property types were hotel apartments (4.5%), office spaces (2.8%), and land sales (1.8%).

In May, a total of 5,698 off-plan Oqood transactions were registered, marking a 47.5% month-on-month increase in volume, with Oqood transactions slightly increasing market share, now representing 48.5% of the market. Meanwhile, Title Deed sale volumes also witnessed an increase, rising by 44.8% and now account for 51.5% of all sales transactions. Although the market may appear to be slightly tilted in favour of completed properties over off-plan, a correctional adjustment

by the Property Monitor team for registration technicalities within the Dubai Land Department (DLD), reveals that several villa and townhouse sales, presented as completed with issued Title Deeds, are indeed under construction and sold off-plan. In reality, off-plan transactions have held a dominant market share since Q4 2021, currently standing at 54.8%.

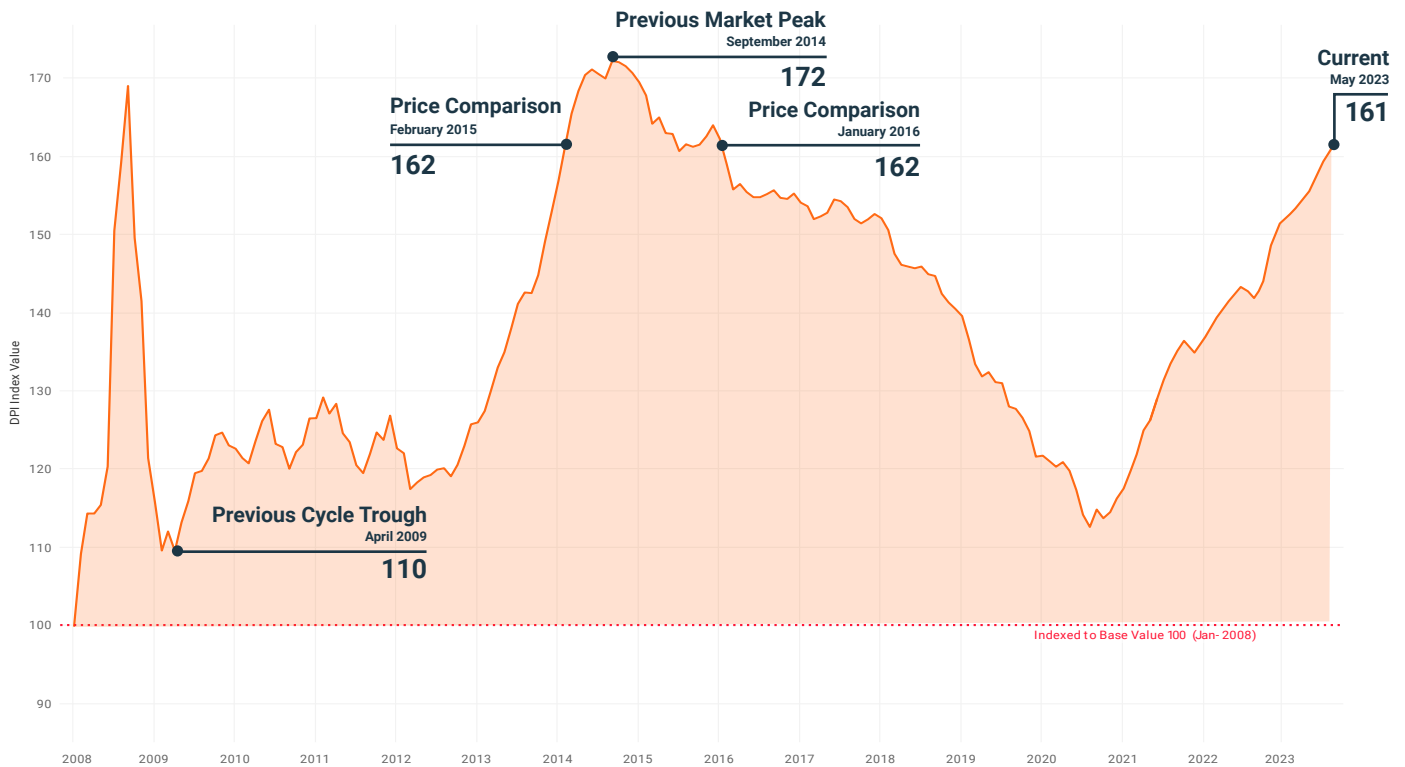
Meanwhile, resales transactions—any subsequent sale of a property that follows the initial first-time sale from the developer for an off-plan or completed project—stood at 5,496 in May representing a market share of 46.8%, increasing by a further 2.1% month-on-month following a 3.9% increase in April. With this increase in overall resale activity, the portion of off-plan resales also continued to decrease—down 0.3% in April—falling to 21.1% after reaching a high of 28.3% in February this year. Whilst off-plan resale activity has itself recently shown a slowdown, when we look at the 12-month moving average, such activity has now reached an all-time high of 20%. We continue to stress that closely monitoring this activity remains important as off-plan resales can be an indicator of increasing speculative activity, particularly if it’s in the early days of construction, well before handover. For now, whilst the current level of activity is skewed towards properties that are within a year of anticipated completion, this helps to support a view that there is no immediate cause for alarm. But seasoned investors will be watching carefully as the next few month’s data unfolds.

Mortgage transaction volumes increased by 18.9% in May with a total of 2,881 loans recorded. Loans for refinancing and equity release were a significant driver of this growth, increasing their market share by 9.6% to 40.3% and now account for the majority of the transaction activity. Meanwhile, bulk mortgages—those taken by developers and larger investors with multiple units—fell sharply by 19.2% to 20.1% in May, losing their majority share of the market. The 579 loan transactions were spread across several projects, most notably portfolio mortgage modifications at Orchard Residence (156) in Dubai Science Park, portfolio mortgage registrations at Da Vinci Tower (96) in Business Bay, and mortgage transfers at Marina Sail (49) in Dubai Marina. The remaining 39.6% (up 9.6% 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 76.9%.

Average gross rental yields for residential properties in the Emirate continued to remain stable as a whole in May, increasing by just 0.02% to 6.72%. Yields for apartments and townhouses saw modest declines of 0.02% and 0.07% respectively, dropping to 7.15% and 6.27%. However, villa yields rebounded after hitting their lowest level in nine months in April, increasing by 0.23% to 4.81%.

Forward looking into the summer months of the year we anticipate that, given supply already in the pipeline and the international picture, the diverging tale of two markets will continue. With off-plan maintaining its dominance for the foreseeable future, while the ready property market will largely continue to plateau across the majority of property types and prices points, save for the exception of the ultra-high-end which has become a micro market of its own. Investment into the Dubai property market from abroad should see a further boost from the Far East, with purchases by Chinese investors slowing gathering momentum yet remaining short of the top spot which they held prior to the COVID-19 pandemic. As the weather heats up so will the market.

PROPERTY MONITOR DYNAMIC PRICE INDEX





+2.51%
MoM Change



+4.63%
QoQ Change



+12.84%
YoY Change



AED 1,153
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
May 2023	161.02	2.51%	4.63%	12.84%	1,153
April 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
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

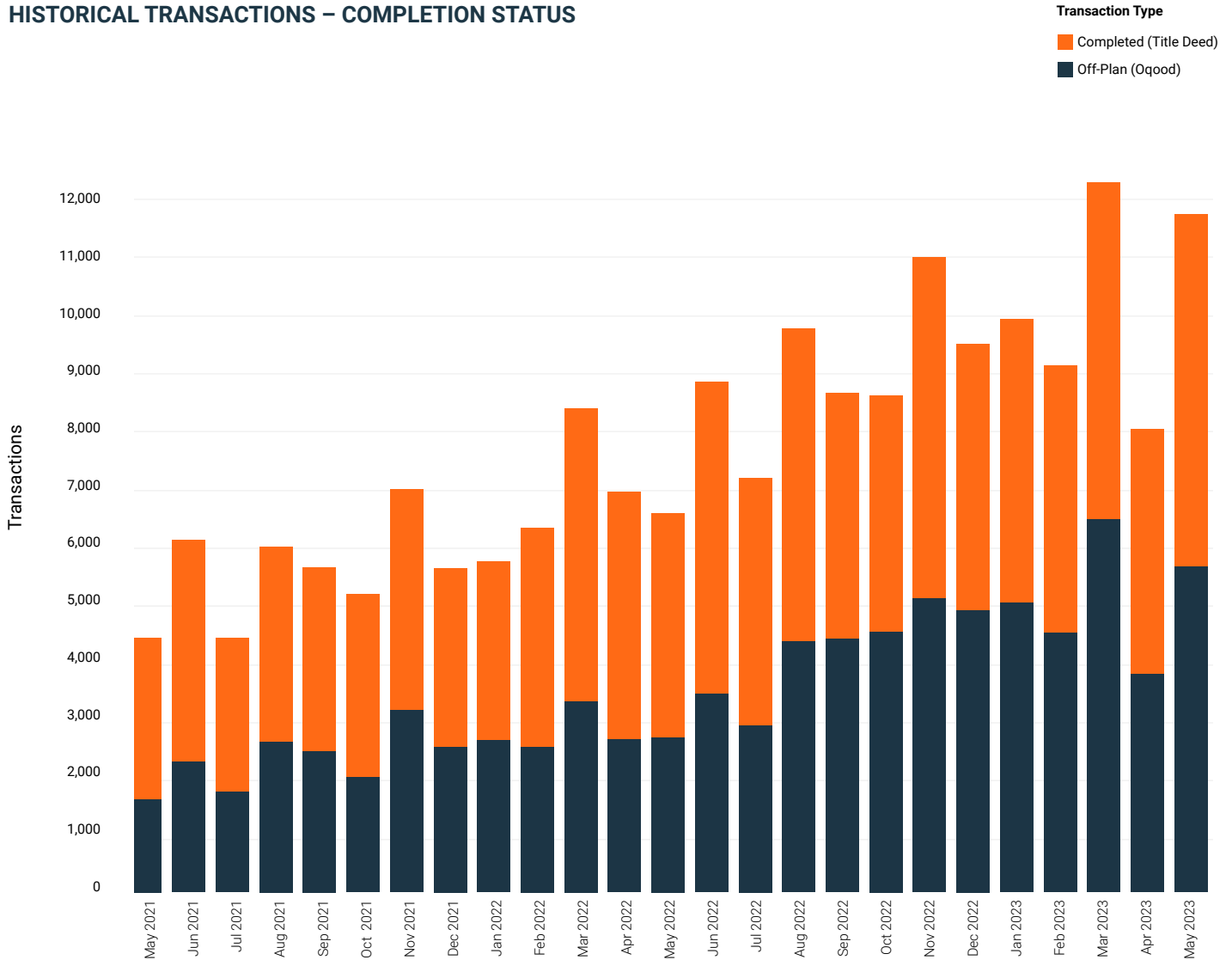
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of February 2008.

At an Emirate-wide level, the index value for May 2023 increased by 3.94 index points to 161.02 from 157.08 in April 2023, representing a month-on-month increase of 2.51%.

In May 2023, property prices stood at AED 1,153 per sq ft, down 6.5% from the market peak in September 2014 and are 46.9% above the market trough of April 2009. Property prices were last at these levels during the expansion phase of the previous market cycle in February 2014.

On a year-on-year basis, prices have increased by 12.84% in May and now marks 28 straight months of year-on-year increases, while on a year-to-date basis, prices have increased by 5.78% in May 2023 compared to 4.46% in May 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



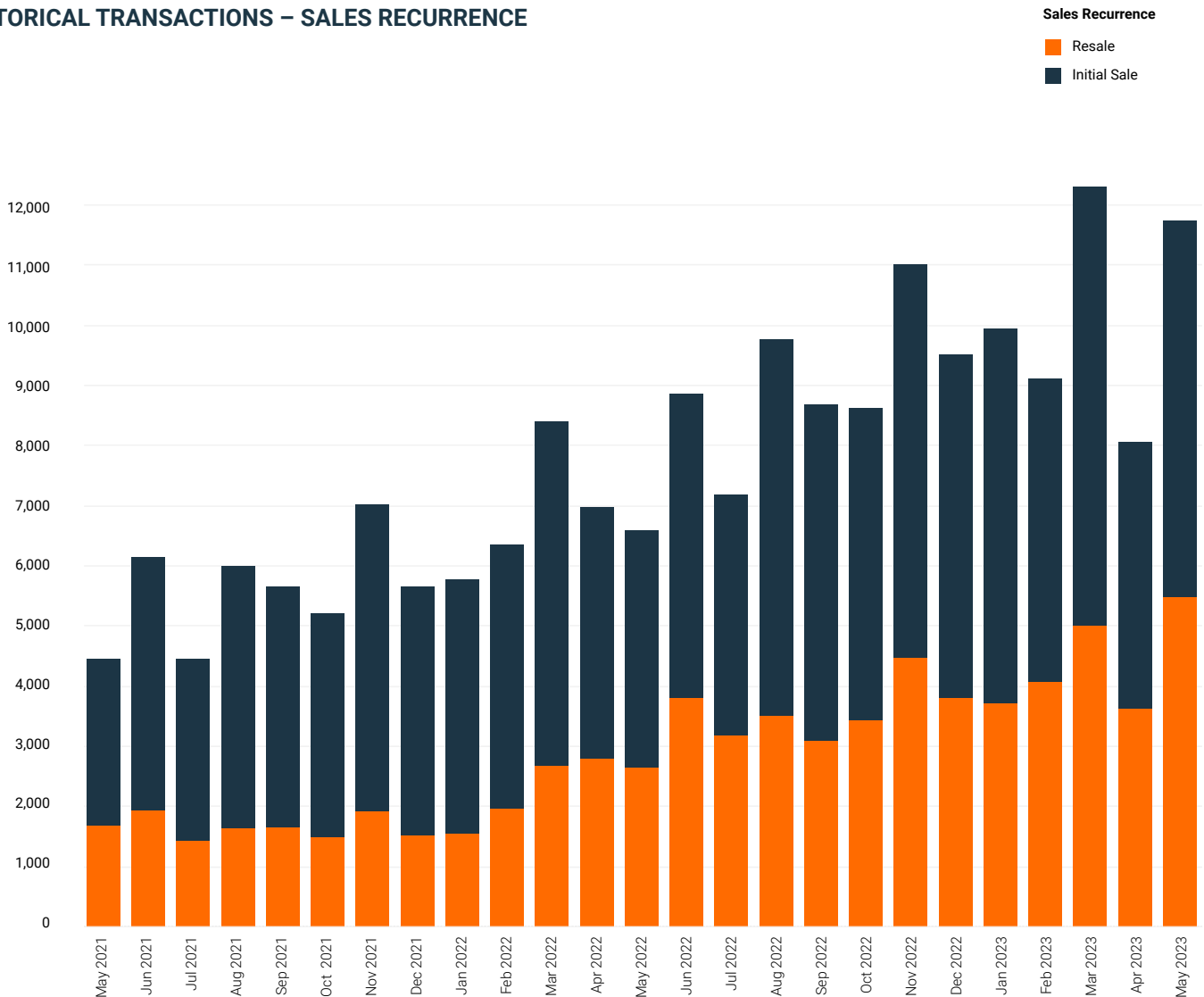
Sales transaction volumes in May were 11,749, increasing by 46.1% month-on-month. During the month, the split between Oqood and Title Deed property transactions remained in favour of the latter, with Title Deed registrations accounting for 51.5% of all transactions, down 0.5% month-on-month. After adjusting for registration technicalities where several off-plan villa and townhouse transactions are shown as Title Deed, the true breakdown of market share is 54.8% in favour of properties under construction having been sold off-plan.

During the month, EMAAR Properties took the top spot in the off-plan market with the bulk of developers’ off-plan registrations, taking a dominant market share of 16%. They recorded 818 transactions spread across a myriad of their projects, most notably Seapoint (255) at EMAAR Beachfront in Dubai Harbour, Anya 2 (203) in Arabian Ranches II, and Creek Waters (78) at in Dubai Creek Harbour.

DAMAC Properties was next at 12.1% of all off-plan transactions, with most of their sales activity occurring at DAMAC Bay by Cavalli (267) in Dubai Harbour, Harbour Lights (97) in Maritime City, and Ibiza (77) in DAMAC Lagoons. This was followed by Binghatti taking a 5.7% market share with sales activity occurring across several projects, with the highest concentration in Jumeirah Village Circle at Binghatti Emerald (173), Binghatti Corner (87), and Binghatti Crescent (17).

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 6,253 initial developer sales recorded in May, 15.6% were in completed projects.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In May 2023, the market share of initial developer sales fell 2.1% to 53.2% versus resale transactions. The 12-month rolling average now stands at 58.6% for initial sales and 41.4% 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.

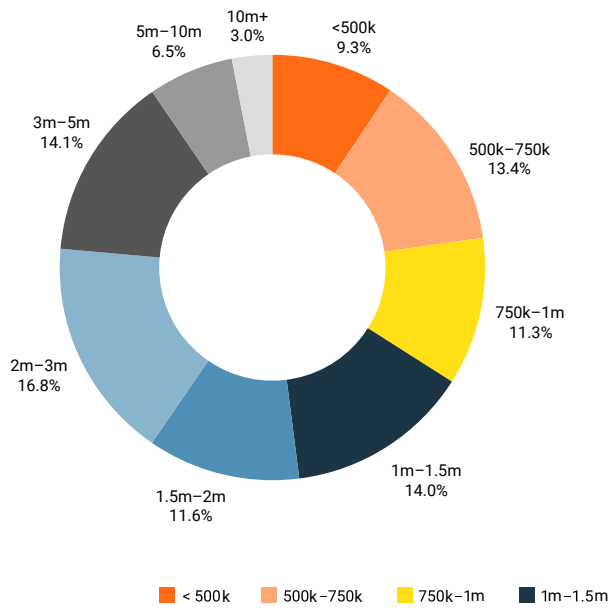
Jumeirah Village Circle was the most popular master development for initial sales, where 13.8% (831) of all such transactions occurred. Binghatti Emerald topped the leaderboard at 173 registrations and was followed by Westwood Grande by Imtiaz with 111, and Binghatti Corner with 87 sales.

Taking second place was Dubai Harbour, where initial sales held 9.3% market share and 560 transactions were recorded. DAMAC Bay by Cavalli and Seapoint were the clear leaders for the month, registering 267 and 255 initial sales respectively, then Address Residences The Bay followed with 31.

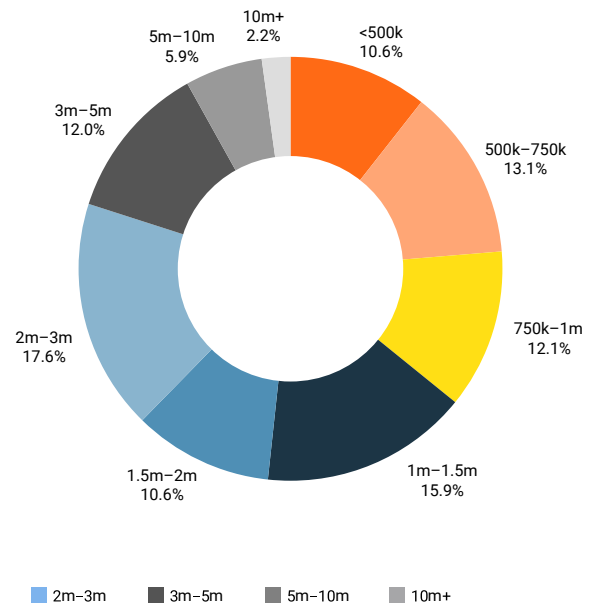
Coming in third for May was Arjan which claimed 6.7% market share with a total of 403 sales. Vincitore Volare and Elano by ORO24 were the most popular in the master development with 149 and 141 sales respectively, then were followed by Elevate by Prescott which recorded 36 sales for the month.

The top master developments for residential resale transactions were Downtown with 7.2% of such transactions across multiple projects, with the highest level of sales occurring as off-plan resales at Imperial Avenue with 37 for the month. This was followed by Jumeirah Village Circle with just over a 6.8% market share with Bloom Towers and G24 Tower both recording 15 transactions. Closing out the top 3 master developments for resale was Dubai Marina holding 6.8% of the market, with Marina Pinnacle recording 15 sales.

PRICE TIERS (AED) – MAY 2023



PRICE TIERS (AED) – APRIL 2023



PRICE TIERS (AED) MONTHLY COMPARISON

	May 2023	April 2023	MoM Change
<500k	9.3%	10.6%	-1.30%
500k-750k	13.4%	13.1%	0.30%
750k-1m	11.2%	12.1%	-0.90%
1m-1.5m	14.0%	15.9%	-1.90%
1.5m-2m	11.7%	10.6%	1.09%
2m-3m	16.8%	17.6%	-0.80%
3m-5m	14.1%	12.0%	2.10%
5m-10m	6.5%	5.9%	0.60%
10m+	3.0%	2.2%	0.80%

Growing their share of the market at the fastest pace was the AED 3m-5m price tier which increased by 2.1% in May to reach a total of 14.1%. Growth of this price tier was primarily driven by sales of ultra-luxury off-plan apartments in Dubai Harbor at DAMAC Bay by Cavalli and Seapoint EMAAR Beachfront where average prices of AED 3,683 and 4,227 per sq ft were respectively achieved. Meanwhile, the biggest market share loser was the AED 1m-1.5m tier which decreased by 1.9% falling to 14.0%.

Also experiencing notable growth during the month were the adjacent AED 5m-10m and AED 10m+ price tiers which collectively grew by 1.4%, and respectively reached their 4th highest and 3rd highest level to-date. As with the AED 3m-5m tier, this growth can be largely attributed to the success of the same ultra-luxury off-plan projects as well as those of Bluewaters Bay on Bluewaters Islands, Ellington Beach House and Luce on Palm Jumeirah, where average sales prices recorded were AED 3,919, AED 4,820, and AED 4,002 per sq ft respectively.

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 42.5%, shrinking by 1.6%. The low-price tiers with property values under AED 1m now represent 33.9% of the market, down by 1.9% from April, while the high-end price tiers—properties over AED 3m—now represent 23.6% of the market, up by 3.5% month-on-month, and reaching their second highest level ever behind the 28.2% recorded July 2016.

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.



ZHANN JOCHINKE

Director of Market Intelligence & Research
Cavendish Maxwell
zhann.jochinke@cavendishmaxwell.com

CONTACT US

+971 4 453 9525
info@cavendishmaxwell.com
2205 Marina Plaza, Dubai Marina, P.O. Box 118624, Dubai, United Arab Emirates

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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.