



Luxury, Luxury, Luxury - Record setting AED 420m apartment sale; all-time high for sales above AED 10m; and monthly price appreciation increases pace again—the Dubai real estate market is on fire.

Median prices in July



Apartments
AED 1,200,000



Townhouses
AED 2,411,888



Villas
AED 8,000,000

Rate of property price appreciation reaches second-highest level in 2 years

All-time record set for sales transactions in July with market firmly on pace to reach 120K sales by year end

Ultra-luxury villas drive market share of AED 10m+ properties to new heights

Mortgage activity jumps over 17% on the back of bulk portfolio mortgages, with new purchase and refinancing also remaining at record highs

Gross rental yields plateau, holding relatively steady at mid-6%

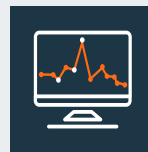
The only thing hotter than the weather in July is the Dubai real estate market, buoyed by the unwavering strength of the high-end market. After going into contract in late May this year, the most expensive apartment ever sold in Dubai—Penthouse 1402 at Jumeirah Marsa Al Arab—has closed and transferred for a whopping AED 420 million. July also saw sales of residential properties over AED 10m reaching unprecedented levels: doubling their market share month-on-month to 5.4%; and recording a total of 555 sales, out of which 305 were for ultra-luxury villas at the newly launched District One West community.

Meanwhile, following a brief period of stabilisation last month, emirate-wide property prices experienced a significant upswing, marking a 2.17% growth in July, which is the second-highest rate of price increase seen in the past two years. According to the Property Monitor Dynamic Price Index (DPI), Dubai property values currently stand at AED 1,192 per square foot, and are now only 3.4% lower than the previous market cycle's peak in September 2014..

The total volume of sales transactions increased 6.6% month-on-month, reaching a total of 11,228 sales and marks the highest volume ever for the month of July. This further perpetuates the pattern of volatility in monthly transaction volumes that has been witnessed since February this year, frequently showcasing substantial shifts in the range of approximately 1,000 to 4,000 sales per month.

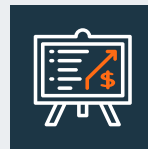
SNAPSHOT

July 2023



+2.17%

Dynamic Price Index
Monthly Change



AED 1,192/sq ft

Dynamic Price Index
Current Property Price



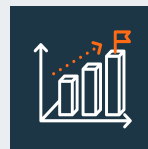
11,228

Number of Monthly
Transactions



6.64%

Gross Rental Yield



AED 420m

Highest Recorded Sale
*5 B/R Penthouse
Jumeirah Marsa Al Arab,
Umm Suqeim*



AED 200k

Lowest Recorded Sale
*Studio
Emirates Cluster Building,
International City*

“ As the weather cools, will we see some of the steam that’s been driving the market evaporate, or will the market continue to set more records and reach new heights? Absent any extraordinary pressures or events, the latter is most likely, with transaction volumes remaining high as a result of the increasing number of new project launches and seemingly endless demand driving sales absorption. ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

Nonetheless, average monthly transaction volumes for 2023 are exceeding any previously recorded figures, setting the market on track to outperform the highest ever annual sales record established in 2009. We anticipate that we’ll see nearly 120,000 sales recorded by the end of the year. Residential transactions, encompassing apartments, townhouses, and villas, accounted for the majority at 91.4% (10,261 sales transactions). The highest transacted commercial property types were hotel apartments (3.6%), office spaces (1.9%), and land sales (1.8%).

A total of 5,247 off-plan Oqood transactions were registered in July, increasing by 0.8% month-on-month and an impressive 77.4% on a yearly basis. Oqood transactions now account for 46.7% of the market, while Title Deed sale volumes grew to 53.3%. Although the market may appear to be slightly tilted in favour of completed properties over off-plan, after a correctional adjustment by the Property Monitor team for registration technicalities within the Dubai Land Department (DLD), several villa and townhouse sales, presented as completed with issued Title Deeds, were identified as under construction and sold off-plan. In reality, off-plan transactions have held a dominant market share since Q4 2021, currently standing at 60.4%, up from 55.6% last month.

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 4,570 in July, representing a market share of 40.7%, decreasing by 7.2% month-on-month and wiping out the preceding three months of steady growth. While overall resale activity decreased, so too did the portion of off-plan resales—down 1.9% in July—falling to 20.5%. Speculative activity is slowly making up a greater portion of off-plan resales, however most of these resales remain skewed towards properties that are within a year of anticipated completion. With new project launches showing no signs of slowing, and off-plan asking prices not aggressively increasing, there is set to be an ample pipeline of units direct from developer available for the foreseeable future, leaving little to be gained from buying a unit that’s being flipped soon after its initial purchase. It will, however, continue to make sense for those properties that are closer to handover being resold, and the buyer fairly paying a premium in exchange for a property that can be occupied in the near future.

Despite the continued high interest rate environment, mortgage transaction volumes increased by 17.4% in July, with a total of 3,199

loans recorded, marking the third highest monthly volume of mortgage transactions ever witnessed in the Dubai market. An in-depth look at these mortgage transactions reveals that the highest growth segment was for bulk mortgages—those taken by developers and larger investors with multiple units—which grew by 9.2% to 35.5% in July. The 1,134 bulk loan transactions were spread across several projects, most notably portfolio mortgage registrations at Nad Al Sheba Villas in Nad Al Sheba 3, with 909 loans and a total value just shy of AED 2 billion. This is followed by a portfolio of 30 villas and townhouses throughout The Springs and Meadows for a total value of ~AED 107 million. Meanwhile, loans for refinancing and equity release saw their market share drop by 4.6% to 29%. The remaining 35.5% (down 4.6% from last month) of loans taken were new purchase money mortgages, with the average amount borrowed being AED 1.74m at a loan-to-value ratio of 76.1%. While the market share for new purchase and refinance loans declined in July, the amount of loans taken for each remains at historically high levels across all residential property types, indicating strength in the overall mortgage market.

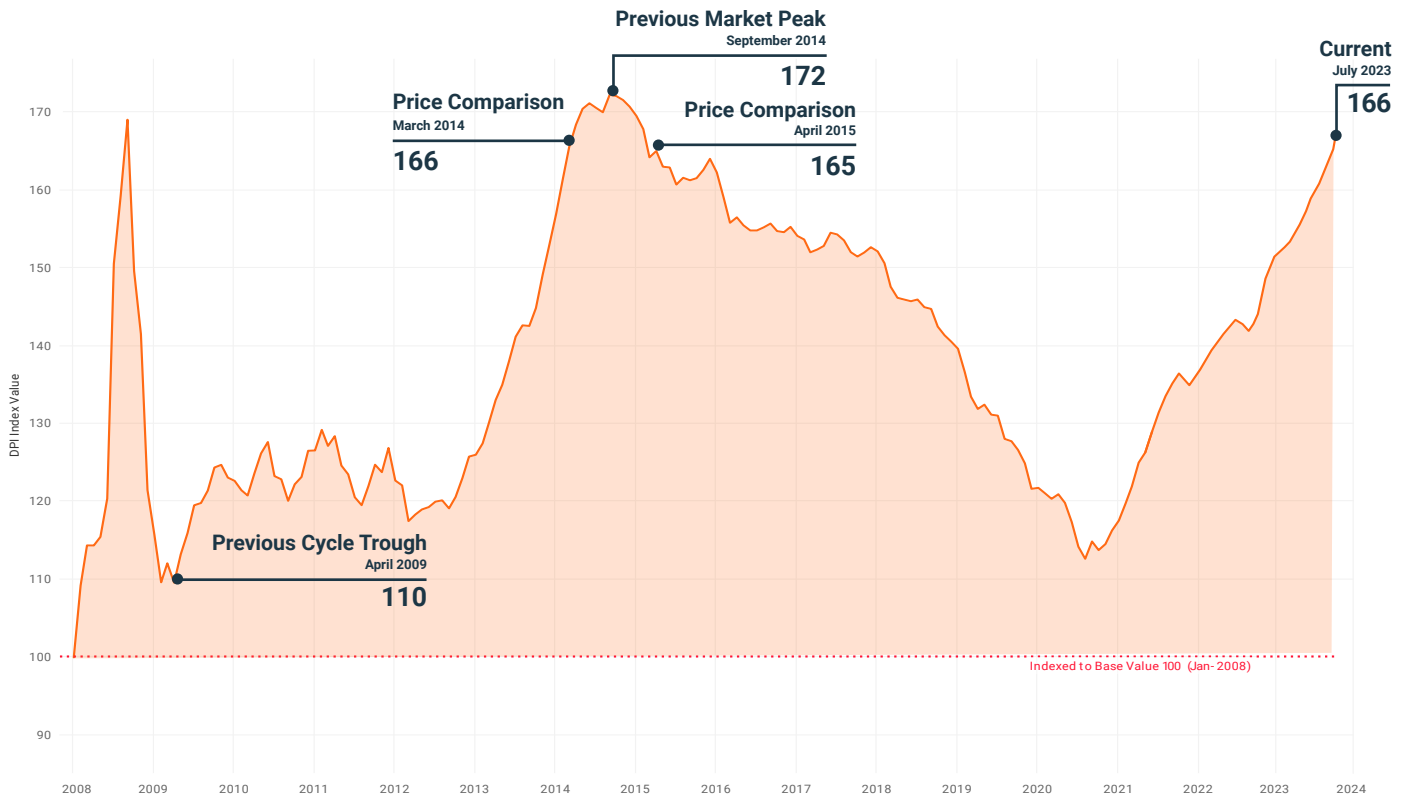
Average gross rental yields for residential properties in the emirate continued to remain relatively stable in July, decreasing by just 0.03% to 6.64%. Yields for both apartment and townhouses saw modest declines down 0.05% to 7.06% and 0.06% to 6.07% respectively, whilst yields for villas experienced a marginal gain, up 0.09% to 4.88%. The marginal shifts in yields and general plateauing align with our forecasts, largely due to several communities seemingly hitting the apex in attainable rental rates, and sales prices leveling off at the same time in certain areas. These areas primarily include those that experienced significant price appreciation in the initial stages of the market recovery. A reprieve for renters is on the horizon, though it might not immediately translate into drastically reduced rents. Instead, the upcoming quarter is likely to see a cessation in rampant rental price increases, followed by a gradual decrease as we approach the year’s end.

As we enter the second half of the year, with both the weather and real estate market scorching hot, what’s ahead in the coming months? As the weather cools will we see some of the steam that’s been driving the market evaporate, or will the market continue to set more records and reach new heights? Absent any extraordinary pressures or events, the latter is most likely with transaction volumes remaining high as a result of the increasing number of new project launches and seemingly endless demand driving sales absorption. The off-plan market is back, and back in an unprecedented fashion. As interest from abroad widens with the return of buyers from the Far East, it is unlikely we will see a slowdown by developers any time soon, however no bull run lasts forever and a shift is inevitable, so better to play it safe.

For investors, it’s important to keep in mind that selling out a project doesn’t guarantee future success, and markets can move in both directions during a 2-4 year construction period. Temper expectations for capital appreciation and yields to accommodate any potential slowdown in the market a few years from now.

For end-users, the most important consideration will generally be monthly affordability, and if you’re buying off-plan, carefully assess the payment plan of the project, plan ahead for any installments and, if you’re counting on taking a mortgage out to cover a balloon payment upon completion, run your numbers at various interest rates. The market may be hot but be sure to keep a cool head.

PROPERTY MONITOR DYNAMIC PRICE INDEX





+2.17%
MoM Change



+5.98%
QoQ Change



+17.72%
YoY Change



AED 1,192
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
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
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

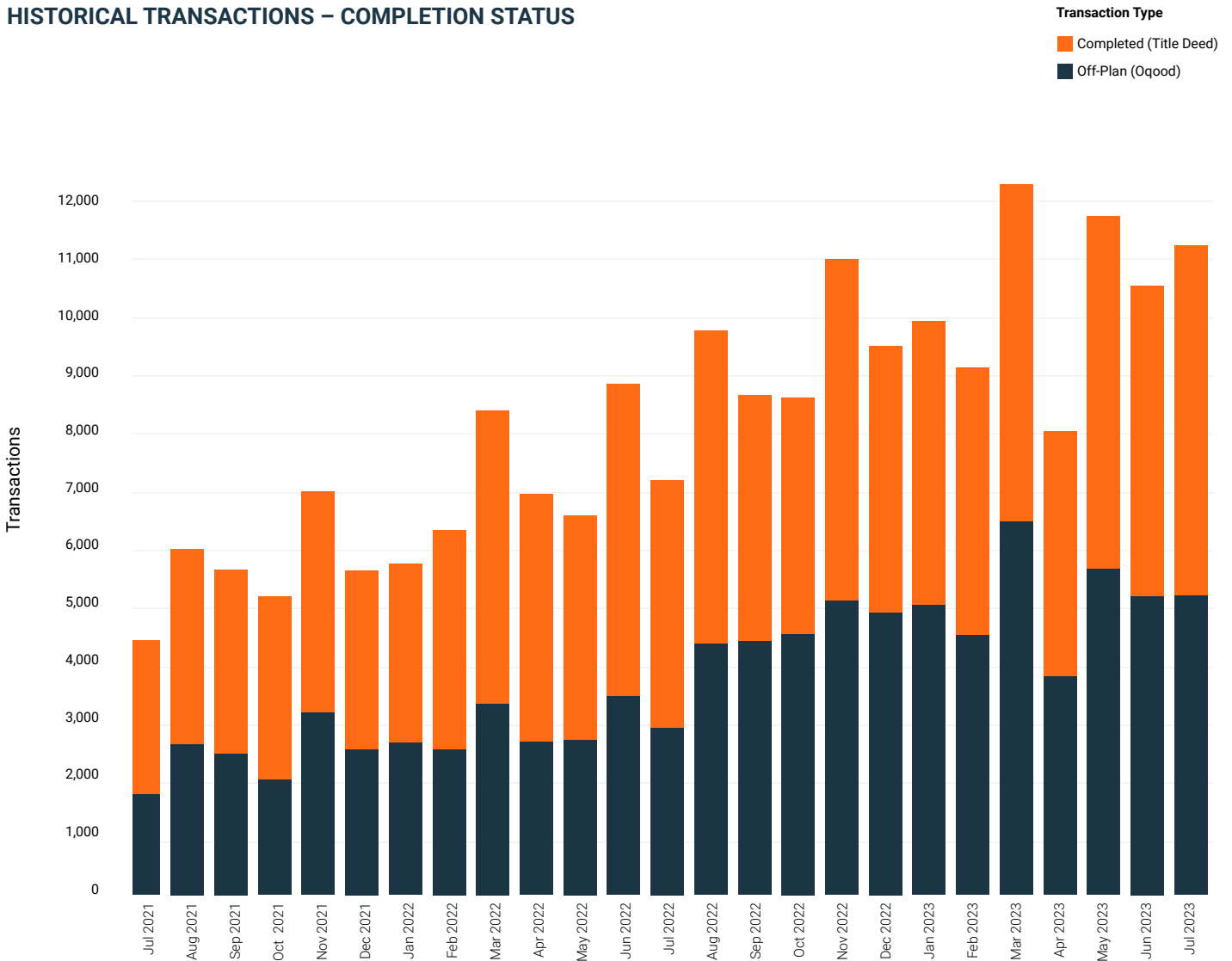
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for July, 2023 increased by 3.53 index points to 166.48 from 162.95 in June 2023, representing a month-on-month increase of 2.17%.

In July, 2023, property prices stood at AED 1,192 per sq ft, down 3.35% from the market peak in September 2014 and are 51.92% 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 17.72% in July, and now marks 30 straight months of year-on-year increases, while on a year-to-date basis, prices have increased by 9.14% in July, 2023 compared to 3.74% in July, 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS

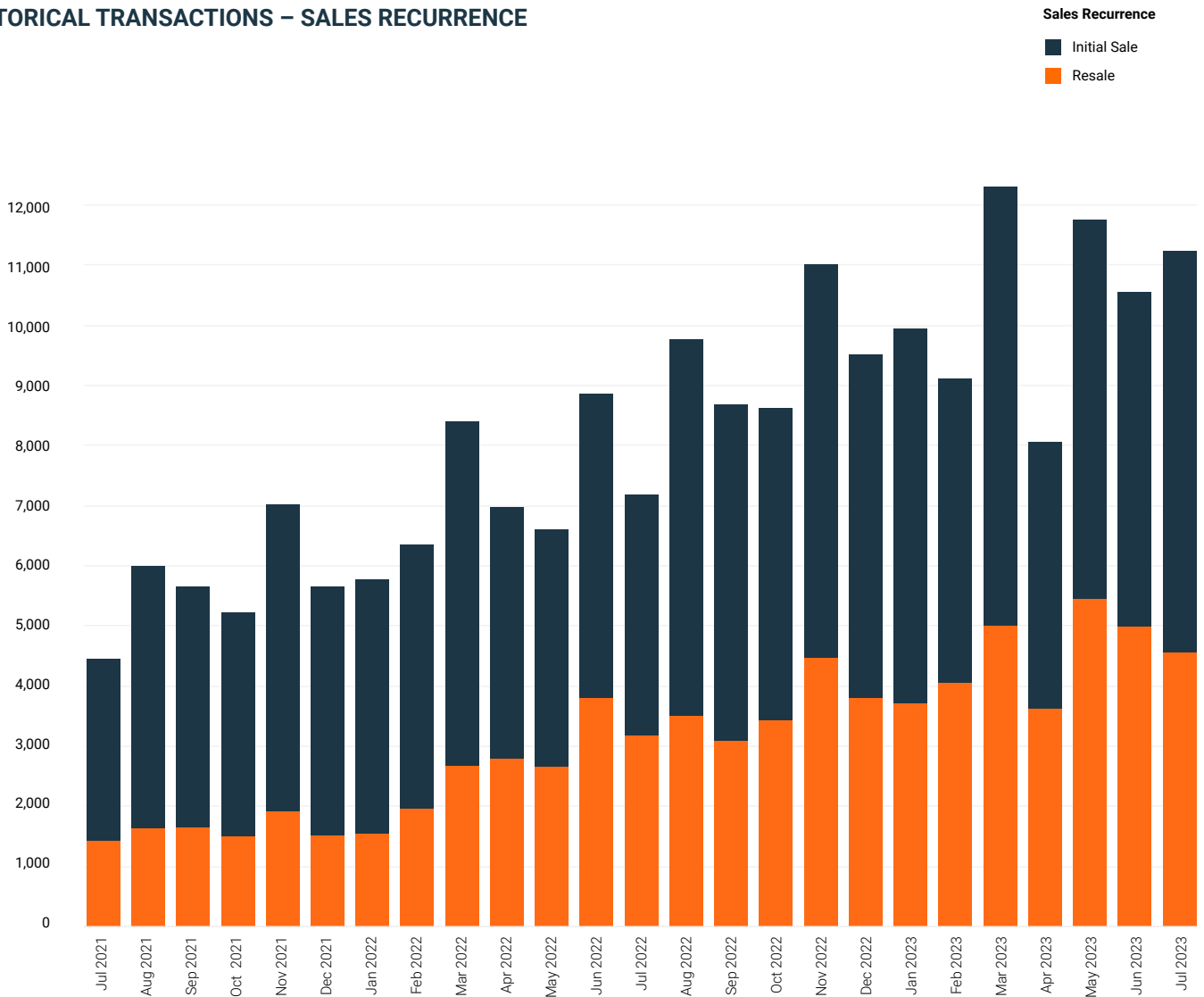


Sales transaction volumes in July, were 11,228, increasing by 6.6% month-on-month. During the month, the split between Oqood and Title Deed property transactions remained in favour of the latter, with Title Deed registrations accounting for 53.3% of all transactions, up 2.7% month-on-month. After adjusting for registration technicalities where several off-plan villa and townhouse transactions are shown as Title Deed, the true breakdown of market share is 60.4% in favour of properties under construction having been sold off-plan (normally represented purely by Oqood transaction volumes).

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 15.6%. They recorded 813 transactions spread across a myriad of their projects, most notably Creek Waters 2 (210) at Dubai Harbour, Seapoint (126) at EMAAR Beachfront in Dubai Harbour, and May (125) in Arabian Ranches III.

DAMAC Properties was next at 12.9% of all off-plan transactions, with most of their sales activity occurring at Mykonos (292) in DAMAC Lagoons, and Camelia (138) in DAMAC Hills 2. This was followed by Danube taking a 7.7% market share with sales activity highly concentrated in Viewz (374) in Jumeirah Lakes Towers.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In July, 2023, the market share of initial developer sales grew 7.2% to 59.3% versus resale transactions. The 12-month rolling average now stands at 58.4% for initial sales and 41.6% 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.

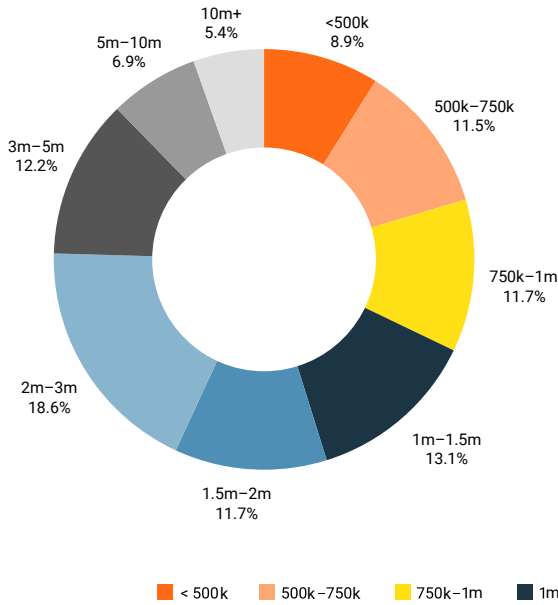
Mohammed Bin Rashid City was the most popular master development for initial sales, where 13.6% (885) of all such transactions occurred. District One West topped the leaderboard at 425 registrations—over 90% of the project's units—and was followed by Opal Gardens in District 11 with 169 sales.

Taking second place was Jumeirah Village Circle, where initial sales held a 10.7% market share with 694 transactions recorded. Binghatti Onyx and Westwood Grande II were the clear leaders for the month registering 182 and 89 initial sales respectively.

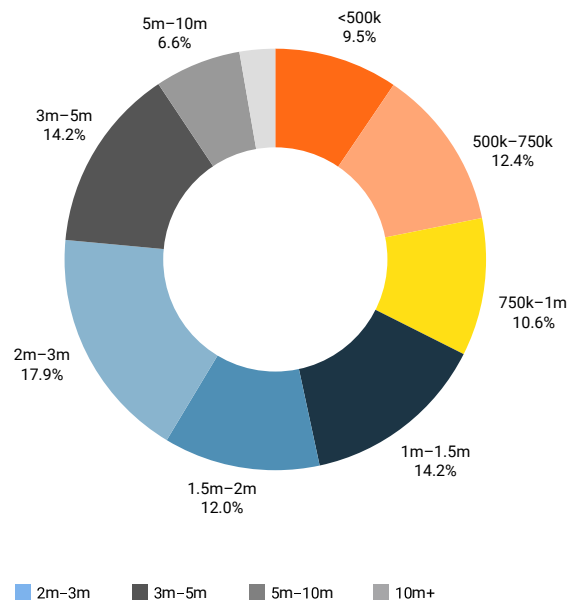
Coming in third for July, was Sobha Hartland which claimed 7.2% market share with a total of 467 sales. Crest Grande led with 178 sales and was followed by Sobha Hartland Waves Opulence (99) and The Highbury (95).

The top master developments for residential resale transactions were Business Bay with 7.1% of such transactions spread across multiple projects, with the highest level of sales occurring at 15 Northside (19), Zada Residences (18), and Urban Oasis (16). This was followed by Jumeirah Village Circle with just over 6.9% market share with Shamil Waves being the highest transacted, recording 24 sales. Closing out the top 3 master developments for resale was Downtown Dubai holding 5.8% of the market, with Address Residences in Dubai Opera District recording 20 sales for the month.

PRICE TIERS (AED) – JULY 2023



PRICE TIERS (AED) – JUNE 2023



PRICE TIERS (AED) MONTHLY COMPARISON

	July 2023	June 2023	MoM Change
<500k	8.9%	9.4%	-0.50%
500k-750k	11.5%	12.4%	-0.90%
750k-1m	11.7%	10.6%	1.10%
1m-1.5m	13.1%	14.2%	-1.10%
1.5m-2m	11.7%	12.0%	-0.30%
2m-3m	18.6%	17.9%	0.70%
3m-5m	12.2%	14.2%	-2.00%
5m-10m	6.9%	6.6%	0.30%
10m+	5.4%	2.7%	2.70%

Record Transaction

Date: 6 July 2023
Property: Apt 1402 – 5 Bedroom Penthouse, Jumeirah Marsa Al Arab
Price: AED 420m
Broker: Taieser Al Saati
Brokerage: Luxhabitat Sotheby's International Realty

Less than half a year since the sale of the triplex penthouse at Bvlgari Lighthouse for AED 410M claimed the top spot as Dubai highest ever apartment transaction, a new record has been set with the sale of what is sure to be a one-of-a-kind majestic home at the currently under construction Jumeriah Marsa Al Arab.

Growing their share of the market at the fastest pace, and soaring to an all-time high, was the AED 10m price tier which increased by 2.7% in July, doubling the level recorded in June to reach a total of 5.4% with 555 sales recorded. The growth of this price tier was driven by the outstanding sales success of the recently launched District One West villas with 305 sales over AED 10m with an average price per square foot of AED 2,166. Additionally, a further 124 villa sales in the AED 5m-10m price tier were recorded at District One West also boosting the tiers' market share to a record high of 6.9%. Meanwhile, the biggest market share loser was the AED 3m-5m tier which decreased by 2% falling to 12.2%.

While the tiers for properties over AED 5m were the clear growth leaders for the month, the AED 750k-1m tier also experienced noteworthy growth with the tier increasing by 1.1%. This growth can be largely attributed to the success of two recently launched projects at different ends of quality PPSF categories: in the lower-mid market price points, sales at Binghatti Onyx in Jumeirah Village Circle averaged AED 1,219 per sq ft with an average unit size of 696 sq ft; while in the high-end price per sq ft category apartment sales at Viewz by Danube in Jumeirah Lakes Towers averaged AED 2,491 per sq ft with an average unit size of 407 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 43.4%, shrinking by 0.7%. The low-price tiers with property values under AED 1m now represent 32.1% of the market, down by 0.3% from June, while the high-end price tiers—properties over AED 3m—now represent 24.5% of the market, up by 1.0% month-on-month and reaching their second highest level only surpassed by July 2016 which reached 28.2%.

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

Disclaimer

All material presented herein is intended for information purposes only and has been compiled from multiple sources deemed reliable including: Dubai Land Department, Dubai Municipality, Property Monitor's vast proprietary database, as well as from publicly available datasets. Though information is believed to be correct, it is presented without any warranty or representations as to its accuracy and is subject to errors, omissions, changes or withdrawal notice.

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.