



Summer slowdown? Not for the Dubai real estate market. Off-plan sales cement market dominance; property prices soon surpass previous market peak; and more new records soon to be set.

Median prices in August



Rate of property price appreciation continues up just shy of 2% MoM: now a mere 1.4% below the previous market peak

All-time record set for sales transaction in August and YTD sales up 42% year-on-year

Off-plan sales reach highest market share since beginning of COVID-19 pandemic

Gross rental yields holding relatively steady at mid-6%, have they topped out and will new handovers drive them down?

The typical seasonality of the Dubai market—which historically sees temperatures rise and real estate activity cool in the Summer—was well and truly amiss this year, with the period experiencing continued high price growth and record sales transaction volumes.

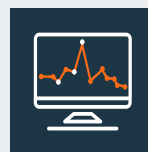
According to the Property Monitor Dynamic Price Index (DPI), Dubai property prices grew by just under 2% in August and currently stand at AED 1,216 per square foot. Prices are now just a mere 1.4% lower than the peak of the previous market cycle (and the all-time high) of AED 1,234 per square foot.

The total volume of sales transactions increased 8.1% month-on-month, reaching a total of 12,134 sales and marks the highest volume ever for the month of August. Residential transactions, encompassing apartments, townhouses, and villas, accounted for the majority at 91.1% (11,053 sales transactions). The highest transacted commercial property types were hotel apartments (4.1%), office spaces (2.1%), and land sales (1.9%).

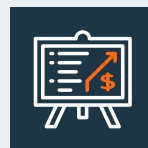
Year-to-date there have been 85,060 sales transactions recorded, a 41.9% increase over the same period last year and a 125.4% increase of that for 2021. Average monthly transaction volumes for 2023 are far exceeding any previously recorded figures, setting the market on track to outperform the highest ever annual sales record established in 2009. We anticipate that we'll see over 120,000 sales registered by the end of the year and that the record set in 2009 will be broken as early as next month, leaving a full quarter ahead of us.

SNAPSHOT

August 2023



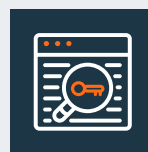
+1.97%
Dynamic Price Index
Monthly Change



AED 1,216/sq ft
Dynamic Price Index
Current Property Price



12,134
Number of Monthly
Transactions



6.74%
Gross Rental Yield



AED 209m
Highest Recorded Sale
*10 Bedroom Villa
Sector E,
Emirates Hills*



AED 100k
Lowest Recorded Sale
*Studio Apt
Persia Cluster Building N-09,
International City*

“ 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. The restraint currently being witnessed in the market will likely not last, and inevitably a growing number of investors will roll the dice on what may seem like easy short-term gains, however this strategy should always be assessed with a high degree of caution and understanding of the risks involved. Bull markets do not run forever and flipping off-plan can be a dangerous game of hot potato. ”

ZHANN JOCHINKE
Director of Market Intelligence & Research
Cavendish Maxwell

New development project launches, and the sale of off-plan properties have been significant drivers for the amplitude of transaction activity this year. In August, a total of 7,085 off-plan Oqood transactions were registered, increasing by a remarkable 35% month-on-month and 60.6% on a yearly basis. Oqood transactions now account for 58.4% of the market, while Title Deed sale volumes fell to 41.6%. Market share is now clearly in favor off-plan properties over completed, and after a correctional adjustment by the Property Monitor team for registration technicalities within the Dubai Land Department (DLD)—relating to how several villa and townhouse sales are recorded with Title Deeds, when they are indeed under construction and sold off-plan—this lead is further pronounced and in reality, off-plan transactions currently represent 64.7% of the market. Off-plan sales last held a dominant market share of this level only briefly in April 2020 when the COVID-19 pandemic limited the ability to transact completed properties due to mobility restrictions and the temporary closure of Trustee offices.

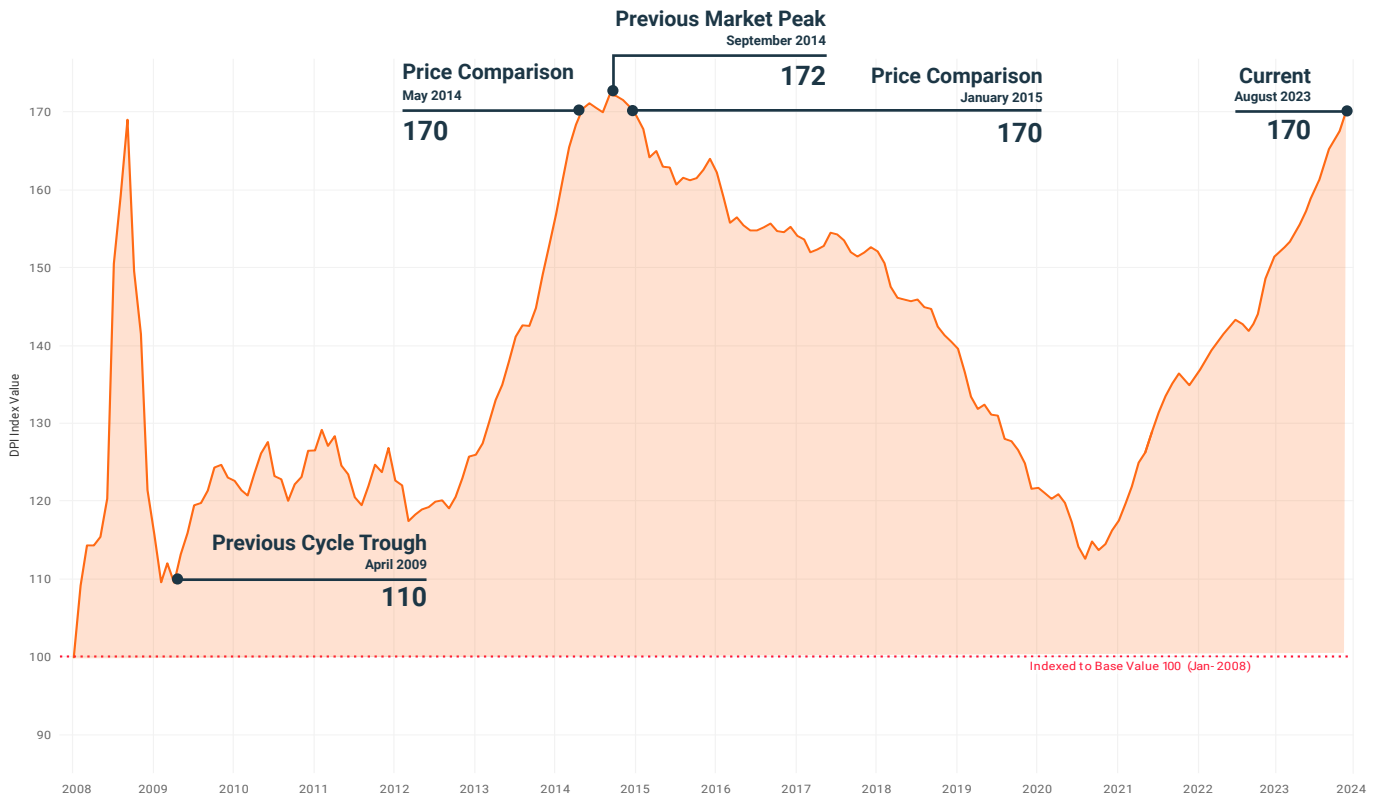
Meanwhile, resales transactions—any subsequent sale of a property that follows the initial first-time sale from the developer, for an off-plan or completed project—stood at 4,620 in August representing a market share of 38.1%, decreasing by 2.6% month-on-month. While overall resale activity decreased, the portion of off-plan resales increased marginally—up 1.3% in July—rising to 21.8%. 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. The restraint currently being witnessed in the market will likely not last, and inevitably a growing number of investors will roll the dice on what may seem like easy short-term gains, however this strategy should always be assessed with a high degree of caution and understanding of the risks involved. Bull markets do not run forever and flipping off-plan can be a dangerous game of hot potato.

Mortgage transaction volumes decreased by 7.8% in August with a total of 2,951 loans recorded. Bulk mortgage loans mortgages—those taken by developers and larger investors with multiple units—were a significant contributor to this decline, seeing their market share drop by 14.7% to 20.8%. The 613 bulk loans issued for the month were spread across several projects, most notably portfolio mortgage registrations at Sol Avenue in Business Bay (323), Rokane G24 in International City (77), and Micasa Avenue (62) in Al Furjan. Meanwhile, loans for refinancing and equity release saw their market share grow by 7.2% to 36.2%. The remaining 43% (up 7.5% from last month) of loans taken were new purchase money mortgages with the average amount borrowed being AED 1.73m at a loan-to-value ratio of 76.3%. 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. While interest rate hikes have been paused, it remains unclear if further rate hikes are potentially on the horizon. For now, it appears that monetary policy measures implemented in the US have achieved some of their desired impact, inflation is tapering down and the days of aggressive rate increases are behind us, however, we anticipate that rate reductions will not transpire in the near future, likely at the earliest mid-2024.

Average gross rental yields for residential properties in the Emirate continued to remain relatively stable in August, increasing by just 0.1% to 6.74%. Yields for all three residential property types saw modest increases with apartments up 0.1% to 7.16%, townhouses up 0.35% to 6.42%, and villas up 0.09% to 4.97%. 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 levelling off at the same time in certain areas. With several new development project edging towards completion the rental market is poised to see an increase in available inventory towards the end of the year and with that a likely cessation in rampant rental price increases followed by a gradual decrease in rents going into 2024.

With four months remaining in the year and given the seemingly insatiable demand for off-plan projects, it is near certainty that we will see several new records set in the Dubai real estate market, however it's tough to call which record will be the first to fall. Emirate-wide average property prices are less than 1.5% away from the historical peak of September 2014 and if price appreciation tracks with the current trend a new high will be reached either next month or the following. YTD sales transaction volume has already surpassed the YTD equivalent of any year before and now sits just 13,000 sales away from entering full-year record territory. With over 55,000 new units entering the market for sale through new off-plan project launches already in 2023, coupled with a consistent undersupply of suitably priced ready properties available, the market share for off-plan is also well positioned to continue its dominance and break records. And finally, the crown for the most expensive residential property sale could be claimed at any moment with several properties currently on the market at asking prices well above the current record holder of AED 600m. Which will be first? Will all have new records set? Or will the market take a turn and start to cool off?

PROPERTY MONITOR DYNAMIC PRICE INDEX





+1.97%
MoM Change



+5.43%
QoQ Change



+18.57%
YoY Change



AED 1,216
Average Property Price Per Sq Ft

DPI MONTHLY OVERVIEW

Month	Index Value	MoM Change	QoQ Change	YoY Change	Index Price (AED/sq ft)
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
Sep 2022	146.12	2.06%	2.72%	8.10%	1,047
Aug 2022	143.17	1.24%	0.33%	7.21%	1,025

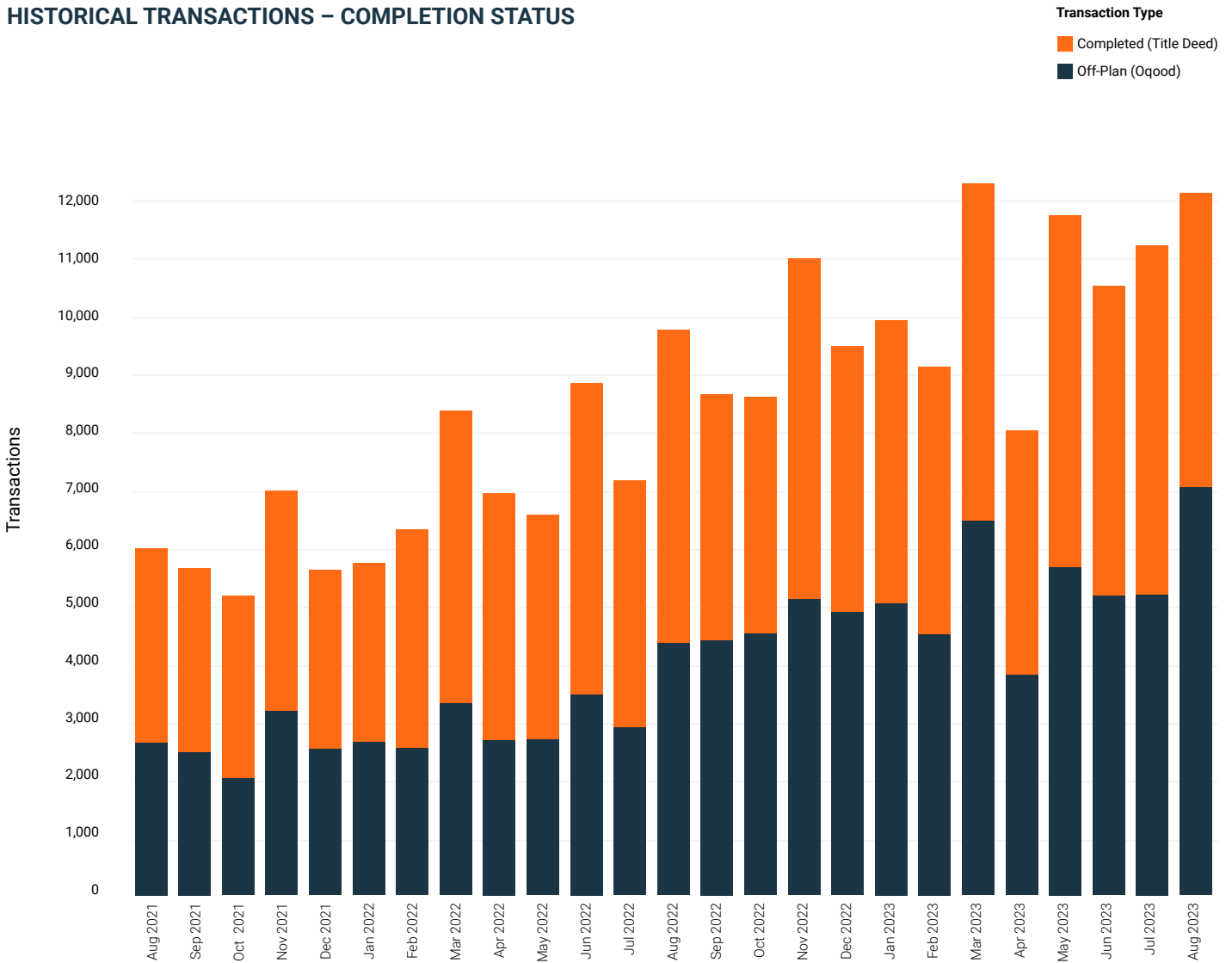
The Property Monitor Dynamic Price Index (DPI) tracks trends of residential property prices throughout 42 key communities in Dubai and is indexed to a base period of January 2008.

At an emirate-wide level, the index value for August 2023 increased by 3.28 index points to 169.76 from 166.48 in July 2023, representing a month-on-month increase of 1.97%.

In August 2023, property prices stood at AED 1,216 per sq ft, down 1.44% from the market peak in September 2014 and are 54.91% above the market trough of April 2009. Property prices were last at these levels during the expansion phase of the previous market cycle in May 2014.

On a year-on-year basis, prices have increased by 18.57% in August and now marks 31 straight months of year-on-year increases, while on a year-to-date basis, prices have increased by 11.11% in August 2023 compared to 4.98% in August 2022.

HISTORICAL TRANSACTIONS – COMPLETION STATUS



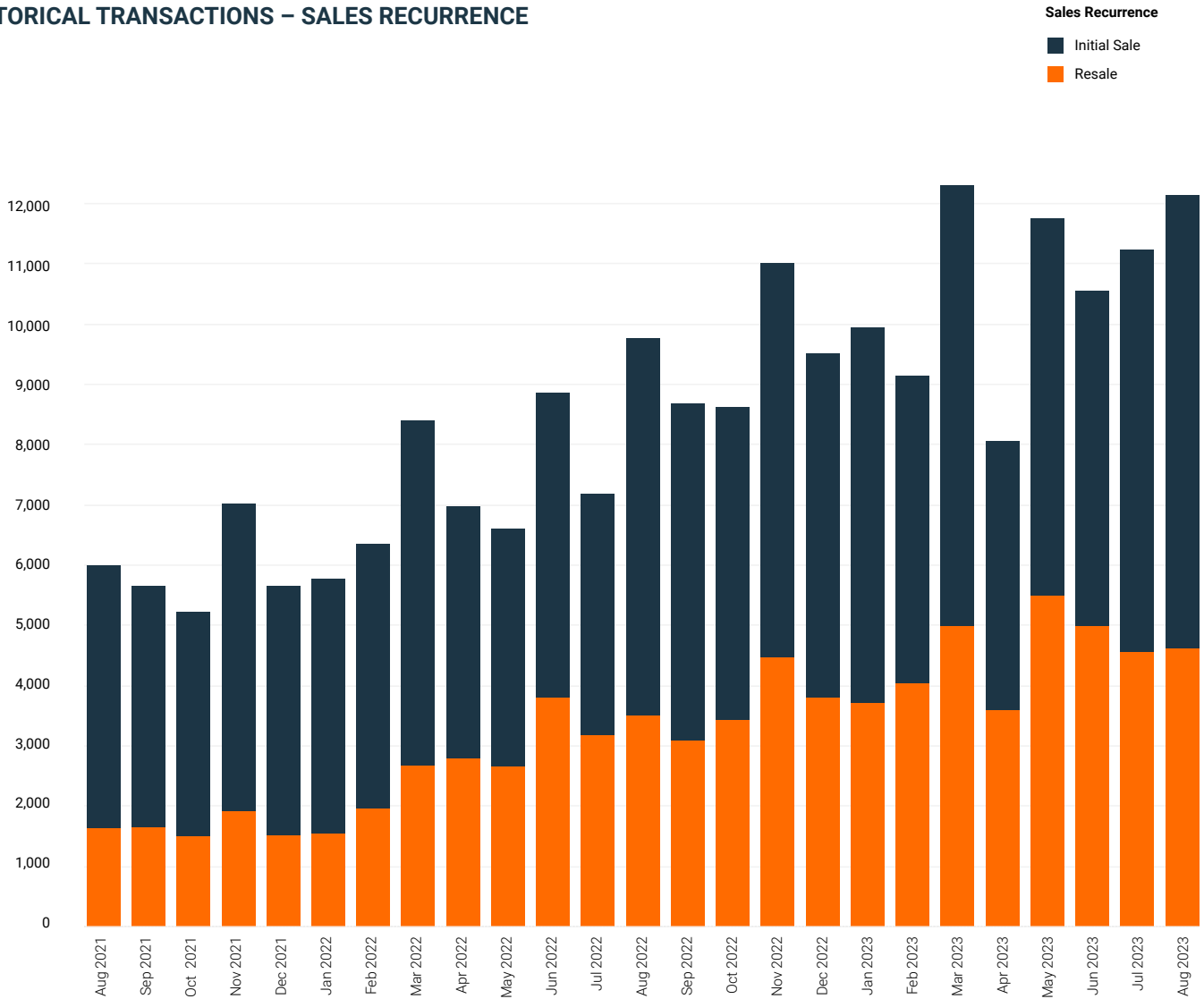
Sales transaction volumes in August were 12,134 increasing by 8.1% month-on-month and reaching their highest level for any August on record. During the month, the split between Oqood and Title Deed property transactions reverted, swinging towards the favour of the former, with Oqood registrations surging 11.7% month-on-month to account for 58.4% of all transactions. 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 64.7% 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 20%. They recorded 1,342 transactions spread across a myriad of their projects, most notably Rivana at The Valley where 410 townhouse sales were recorded—representing 85% of the total units in the project.

This was followed by 204 sales in Bayview at EMAAR Beachfront Dubai Harbour, then May at Arabian Ranches III and Creek Waters 2 at Dubai Creek Harbour, each with 111 sales.

DAMAC Properties was next at 11.3% of all off-plan transactions, with most of their sales activity occurring in Canal Heights I (271) and Canal Heights II (179) at Business Bay. This was followed by Sobha taking an 8.8% market share with sales activity highly concentrated in Crest Grande (219) in Sobha Hartland.

HISTORICAL TRANSACTIONS – SALES RECURRENCE



In August 2023, the market share of initial developer sales grew 2.6% to 61.9% versus resale transactions. The 12-month rolling average now stands at 58.1% for initial sales and 41.9% 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.

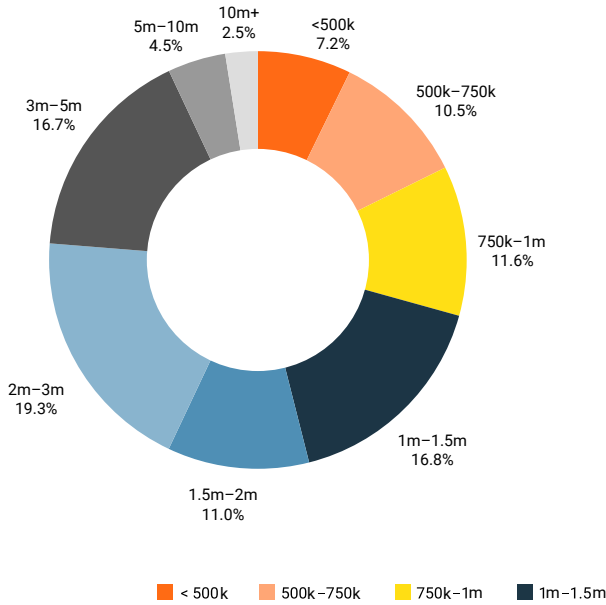
Business Bay was the most popular master development for initial sales, where 10.8% (794) of all such transactions occurred. Canal Heights I and Canal Heights II topped the leader board at 271 and 179 registrations respectively, then was followed by The Edge with 72 sales.

Taking second place was Jumeirah Village Circle, where initial sales held a 8.8% market share with 648 transactions recorded. The Autograph and The Vybe were the clear leaders for the month registering 78 and 63 initial sales respectively.

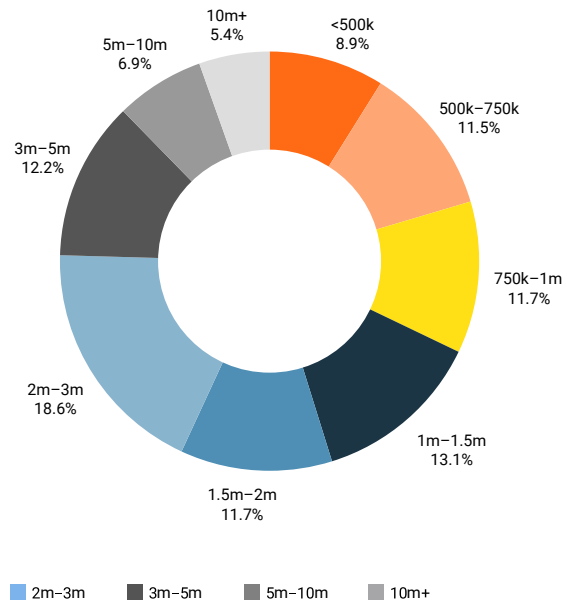
Coming in third for August was Arjan which claimed 7.9% market share with a total of 582 sales. Kyoto by ORO 24 dominated with 319 sales recorded and was followed by Samana Mykonos (78) and Samama Skyros (51).

The top master developments for residential resale transactions were Business Bay with 7.4% of such transactions spread across multiple projects, with the highest level of sales occurring at Peninsula Four The Plaza (21), Akyon City (17), and Zada Residences (15). This was followed by Jumeirah Village Circle with just over 6.9% market share with both Bloom Towers and Seasons being the highest transacted, recording 16 sales each. Closing out the top 3 master developments for resale was Dubai marina holding 4.7% of the market, with Escan Tower recording 10 sales for the month.

PRICE TIERS (AED) – AUGUST 2023



PRICE TIERS (AED) – JULY 2023



PRICE TIERS (AED) MONTHLY COMPARISON

	August 2023	July 2023	MoM Change
<500k	7.2%	8.9%	-1.70%
500k-750k	10.5%	11.5%	-1.00%
750k-1m	11.6%	11.7%	-0.10%
1m-1.5m	16.8%	13.1%	3.70%
1.5m-2m	10.9%	11.7%	-0.80%
2m-3m	19.3%	18.6%	0.70%
3m-5m	16.7%	12.2%	4.50%
5m-10m	4.5%	6.9%	-2.40%
10m+	2.5%	5.4%	-2.90%

Growing their share of the market at the fastest pace was the AED 3m-5m price tier which increased by 4.5% in August to reach a total of 16.7%. Growth of this price tier can be largely attributed to the success of two recently launched projects at different ends of quality PPSF categories: in the high-end quality price points for townhouses, sales at Rivana in The Valley averaged AED 984 per sq ft; while in the ultra-luxury price per sq ft category for apartment, sales in Bayview at Emaar Beachfront averaged AED 5,272 per sq ft. Meanwhile, the biggest market share loser was the AED 10m+ tier which—after soaring to an all-time record high last month—decreased by 2.9%, falling to 2.5%.

While the AED 3m-5m price tier was the clear growth leader for the month, the AED 1m-1.5m tier also experienced noteworthy growth with the tier increasing by 3.7%. Growth of this price tier was primarily driven by sales of luxury quality off-plan apartments at Canal Heights I and Canal Heights II in Business Bay, where price per square foot values were AED 2,811 and AED 2,889 with average unit sizes of 482 and 465 sq ft respectively. Also attributing to growth in this tier were apartment sales in the lower-mid market price points at The Hamilton in Town Square with prices averaging AED 1,005 per sq ft and an average unit size of 1,174 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 47%, growing by 3.6%. The low-price tiers with property values under AED 1m now represent 29.3% of the market, down by 2.8% from July, while the high-end price tiers—properties over AED 3m—now represent 23.7% of the market, down by 0.8% 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.