

Dubai Property Price Analysis - Jan 2015



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The past six months the [UAE property market](#) has been challenged by a changing macroeconomic environment marked by a sharp decline in oil prices and significant appreciation of the US Dollar against other currencies amongst them the Euro, the British Pound, the Indian Rupee, and the Russian Ruble. The country's forecasted GDP however has not been modified; it is expected to reach a 4.5% growth this year.

In the **residential property market** a slowdown was recorded during the last quarter, the activity in the sector at the beginning of the year remains quite; the macro environment as well as the oscillations of the **Dubai Financial Market** during the same period refrained investors from investing in what they consider an unstable market. On the other hand foreign owners are willing to **sell properties** they own in the UAE to benefit from the current favorable exchange rate, bringing additional supply to the property market.

The off-plan market remains active with developers bringing new supply consisting of commercial, residential and hospitality projects. Mid-income residents are taken more in consideration by developers who offer them flexible payment plans and cheaper properties.; this focus seems to be working out well as witnessed by Danube that unveiled Glitz in January, its tantalizing payment plan of 10% upon registration, 15% two month later and 1% monthly during 75 months allowed the developer to sell the project in only a few hours the day of the launch.

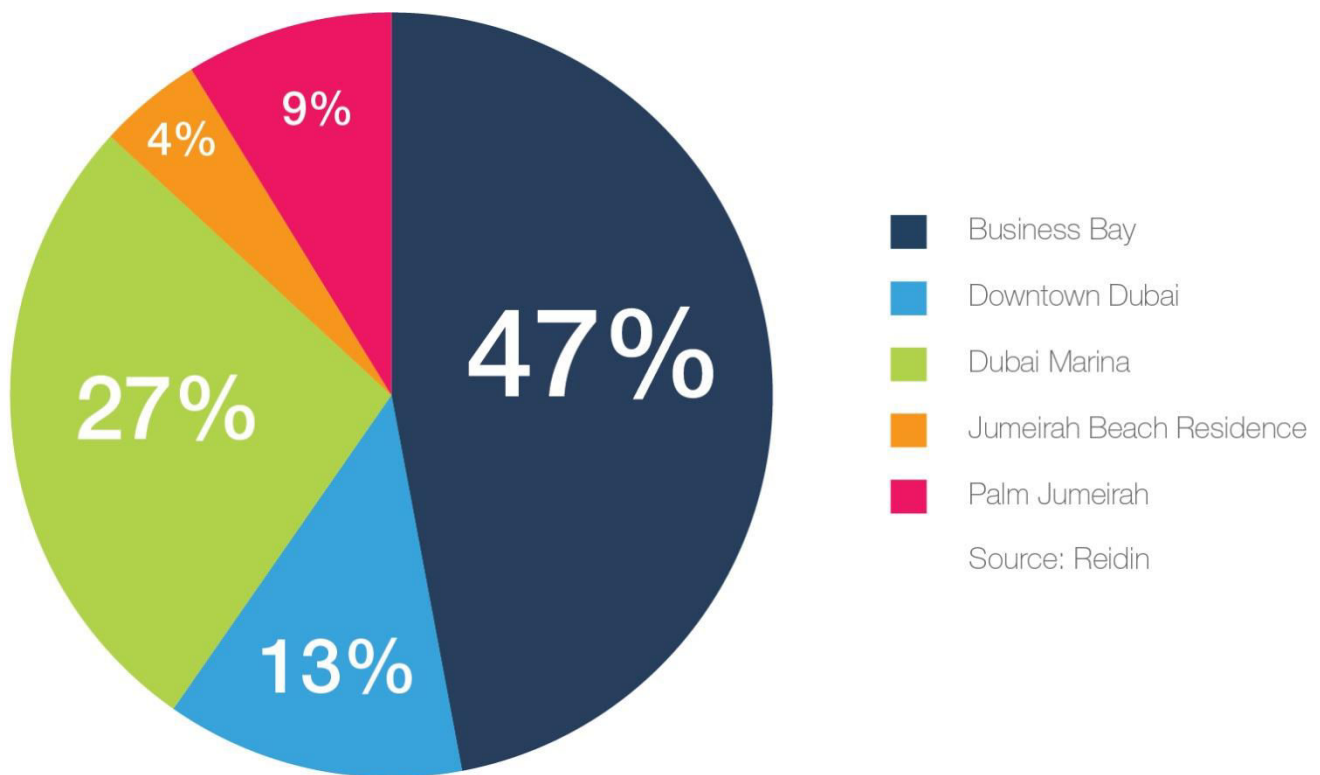
The completed residential buildings show decrease in prices month-on-month in the majority of Dubai communities, as recorded by the Dubai Land Department in January; the results year-on-year depend on location with prime communities presenting positive figures. However the price drop in closing prices remains healthy and stabilizes the property market; the major changes can be seen in the asking prices that have unsustainably risen during the last quarter of 2013 and the first half of 2014.

Therefore with the current market conditions landlords who seriously want to sell their properties are willing to reduce their asking price to attract buyers; however the asking price is not a reliable measure of the real estate activity, unlike the selling price. Overall the Emirate, the volume of sale transactions increased both month-on-month and year-on-year to reach levels experienced during the first quarter of 2014.

Prime Areas – Apartment Segment

Among the five communities selected (Business Bay, Downtown Dubai, Dubai Marina, Jumeirah Beach Residence and Palm Jumeirah) Business Bay shows the highest number of sales transactions amounting to nearly a quarter of the total volume recorded in these areas; Downtown Dubai, Palm Jumeirah and Jumeirah Beach Residence share the remaining quarter.

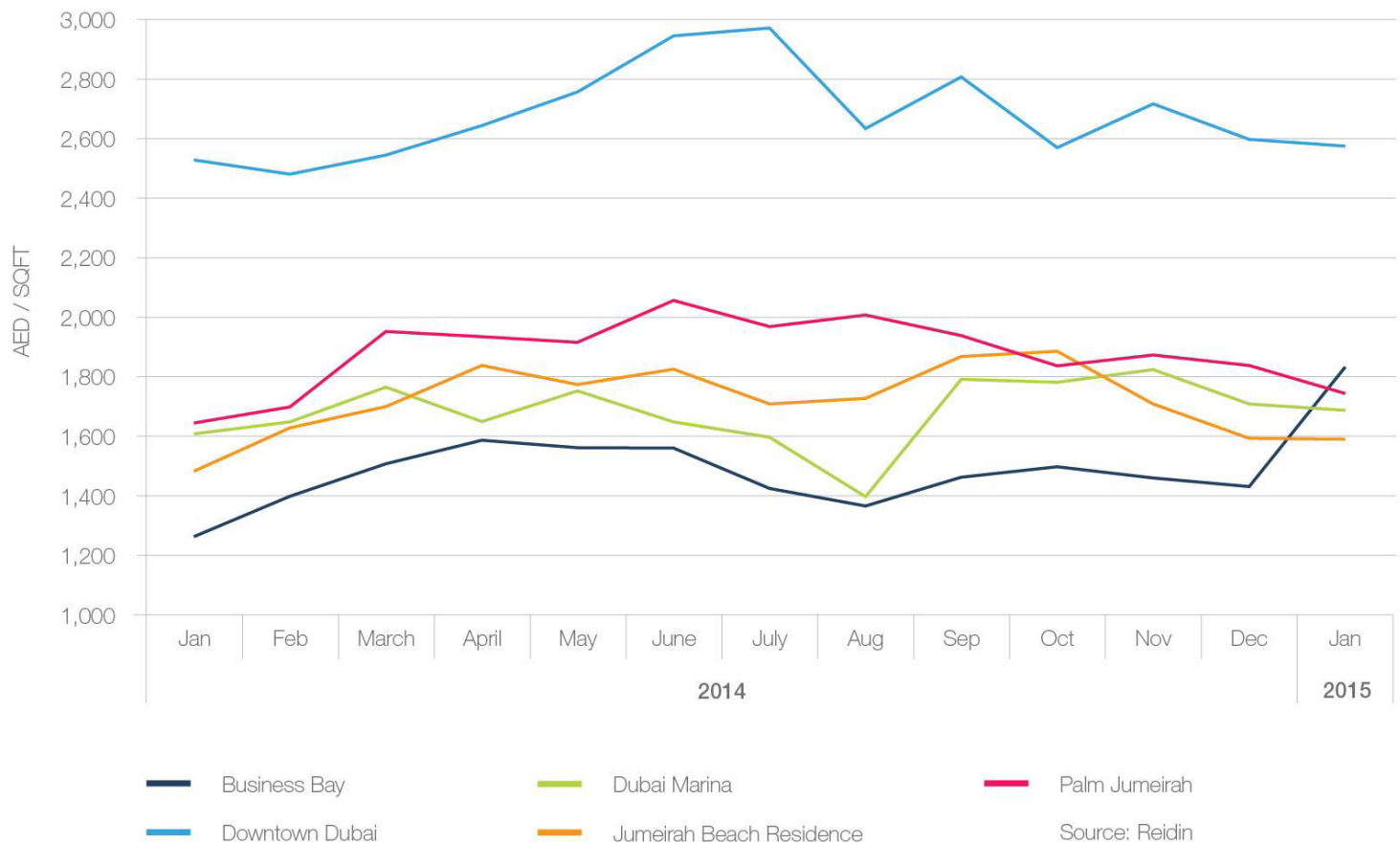
Sales Transaction Volume by Prime Area



In January the highest sale price increase was recorded in Business Bay, the number of transactions follows a similar trend with a six-fold rise month-on-month. These changes rely mainly on the handover from developers to end-users and investors of some properties located in the area among them Bay Square developed by Dubai Properties Group, ENI Coral Tower by Emirates National Investment, and Damac that continues to hand over keys of Executive Bay.

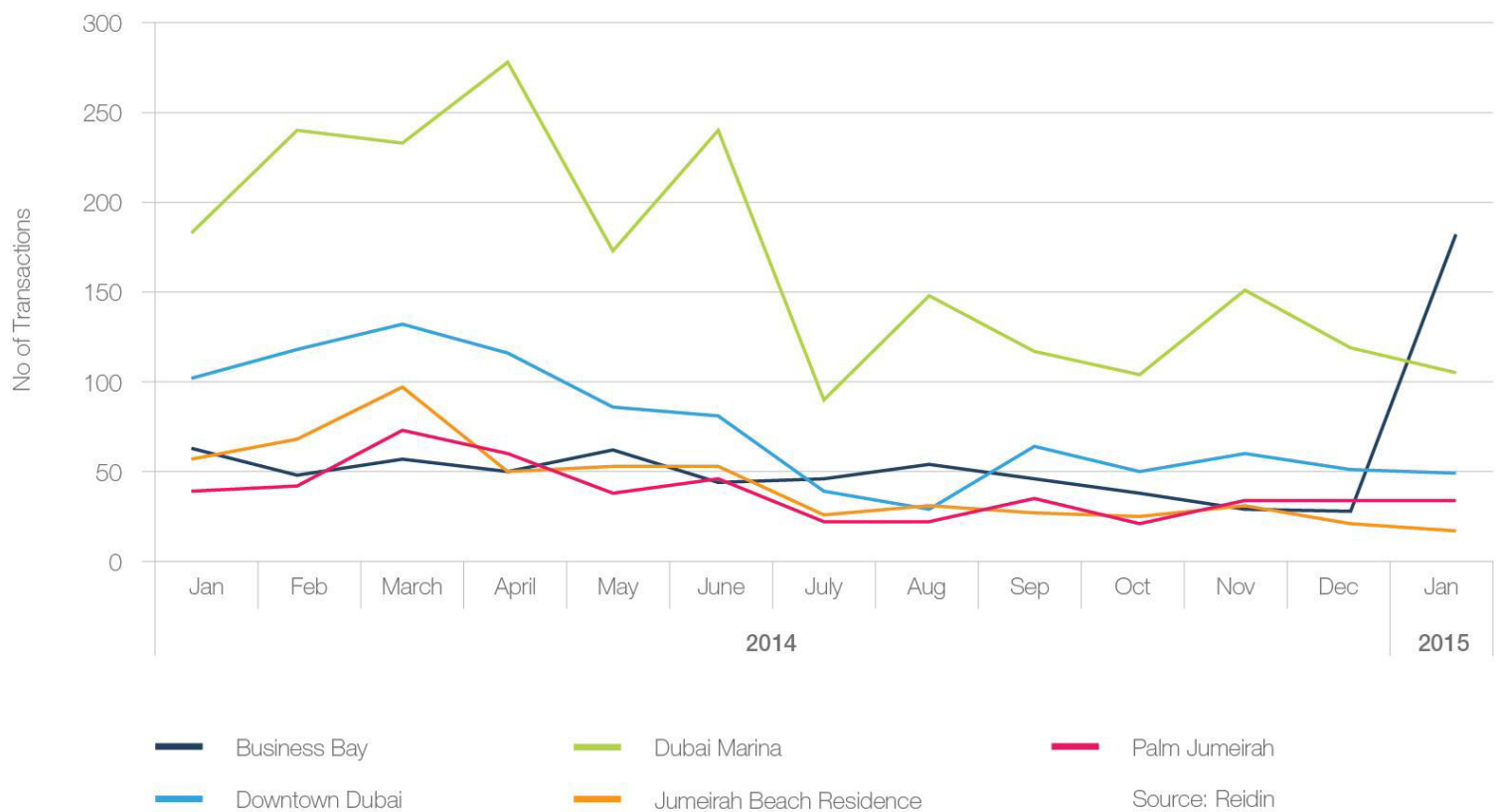
In Downtown Dubai sale rates remain stable month-on-month and year-on-year with prices reaching similar amounts as experienced during the first quarter of 2014. Transaction volume as well stabilized month-on-month, however according to Dubai Land Department's record it slowed down year-on-year.

Prime Area AVG Sale Rate



Downtown Dubai is a well-connected fully serviced landscaped area renowned as one of the most bustling communities counting numerous dining and shopping options and offering perfect life-balance to its dwellers. The world-renowned Burj Khalifa, the Dubai Mall and the dancing fountains count as the masterpieces of the community as well as the city making Downtown Dubai a must-see for any visitor; therefore in an overall quiet market this area keeps buyers' interest high. Recall that during the first half of the year majority of communities showed rising rates, which gradually decreased during the second half of the same year.

Prime Area Sales Transactions



Dubai tram construction work finished last November, tourists and residents benefit from the brand new transportation that links JBR, Dubai Marina, Knowledge Village and the Palm monorail bringing value to the community, as reflected in the sale price rise in the area year-on-year; month-on-month rates remain stable. The sale transaction volume in this well-integrated district experiences slowdown, however these figures do not encompass off-plan projects. Plot owners continue to develop their land; Dubai Marina currently counts over 25 projects under construction.

Month-on-month sale prices stabilized in Jumeirah Beach Residence (JBR), while they rose by over 7% year-on-year. The volume of transactions on the other hand dropped in January compared to the previous month and the same period last year. Despite the slowdown, this beachfront community is one of Dubai's most visited districts; tourists and residents enjoy countless dining options on The Walk and The Beach, leisure time at the brand new cinema as well as family recreational facilities.

The largest man-made island Palm Jumeirah shows stable transaction volume for apartments since September 2014 also the slightest slowdown year-on-year among the residential prime areas we selected was recorded in Palm Jumeirah. The transactions recorded in January by Dubai Land Department present a decrease in the sale price per square foot month-on-month, while owners benefit from a rise compared to the same period last year. The island is one of Dubai's essential landmarks from which visitors and residents enjoy lavish views of the Dubai skyline and the Persian Gulf. Developers do their best to constantly improve the area by adding new residential, hospitality and retail properties to the market; completion of majority of the projects currently under construction is scheduled throughout 2016, including Club Visa Mare, Palm Views and Palm Tower by Nakheel, The 8 by IFA Hotels and Resorts and Viceroy Hotel by Skai.

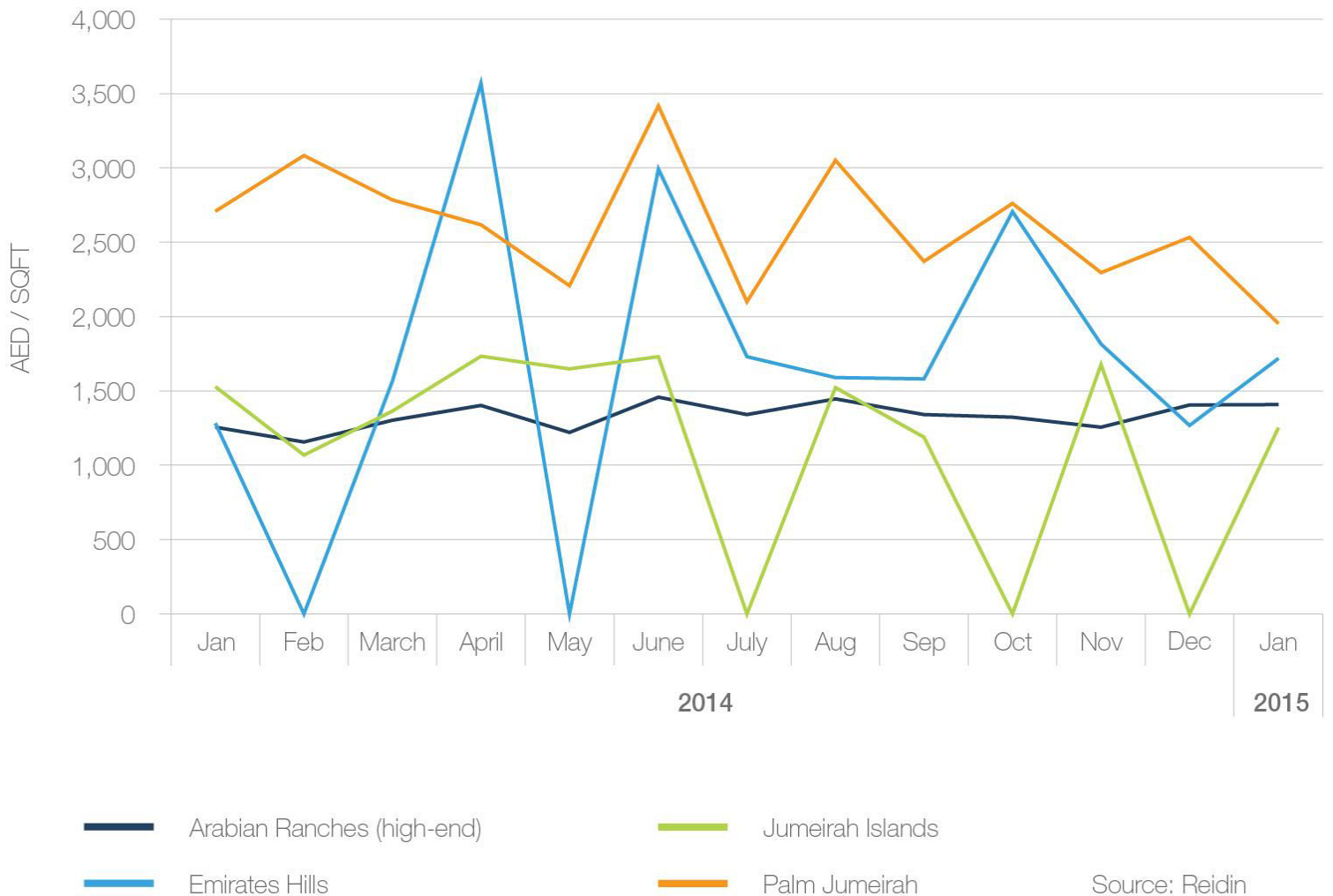
Prime Areas – Villa Segment

After a quiet end of the year the villa segment picks up in January with rising sale volume month-on-month. However the market is quieter compared to the same period last year as shown by the transactions recorded by Dubai Land Department. Overall the city villa prices have fairly risen year-on-year; buyers benefit from a quiet market to negotiate on their deal leading to a fair decline month-on-month.

In this market developers have started attracting investors and end-users to their off-plan projects by using different strategies such as reducing prices and including 4% transfer fees required to register the property in Dubai Land Department in the purchase price. Additionally developers increase their market shares by strengthening their relationship with real estate brokerage firms active in the market; advantages from which buyers are the direct beneficiaries.

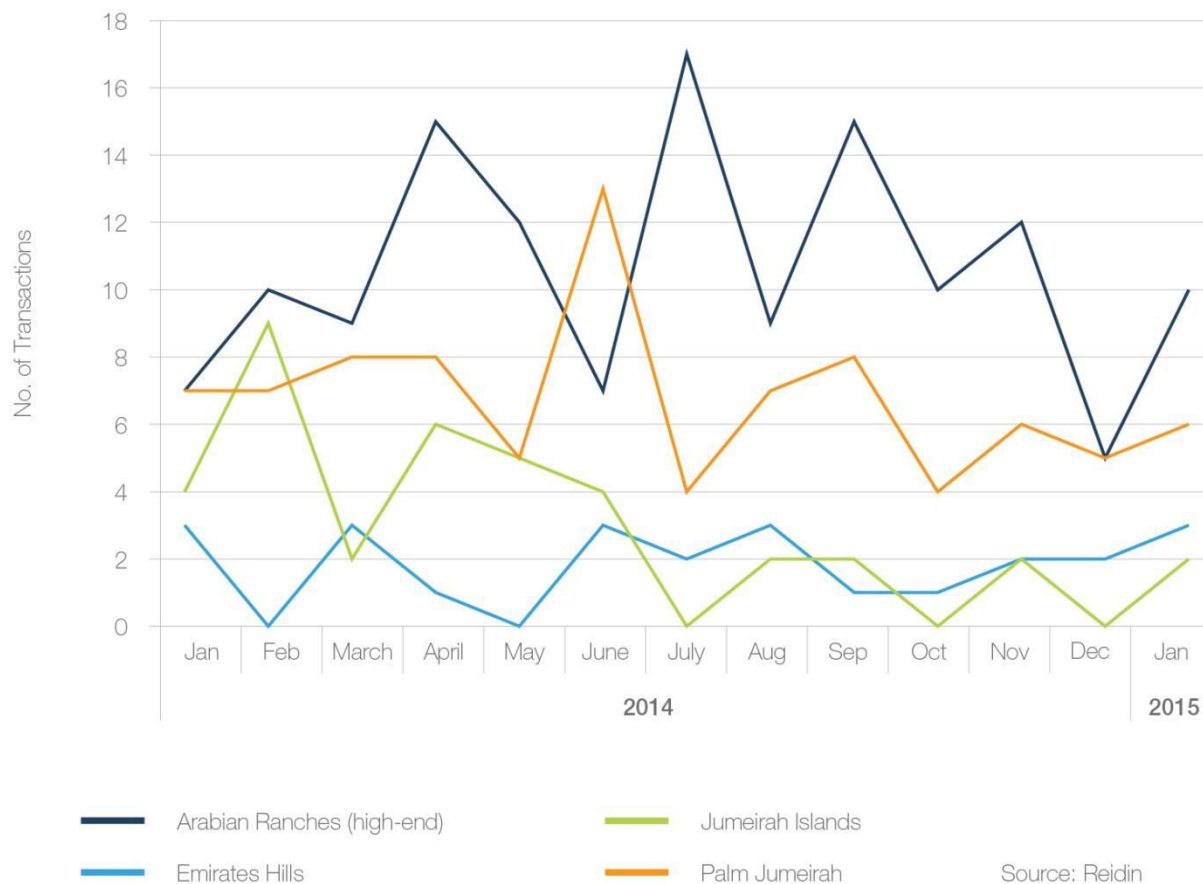
Arabian Ranches' activity was relatively high in January with a rising number of transactions month-on-month. Developed by Emaar this community keeps attracting investors and end-users with its villas surrounded by landscaped garden and green areas; residents enjoy numerous facilities and amenities within the development as well the ideal location which allows them to reach main landmarks in Dubai with relative ease.

Villa AVG Sale Rate (high-end)



The exclusive developments of Emirates Hills and Jumeirah Islands offering luxury villas in lush landscaped communities with impressive views of the Montgomerie Golf Course for the former and of crystal waterfalls for the latter have a limited volume of transactions recorded not allowing us to highlight any trend.

Villa Sale Transactions (high-end)



For more information about Real Estate market analysis and research, please contact **Estelle** at:

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