



بنك الإمارات دبي الوطني  
Emirates NBD

Sector  
Economics  
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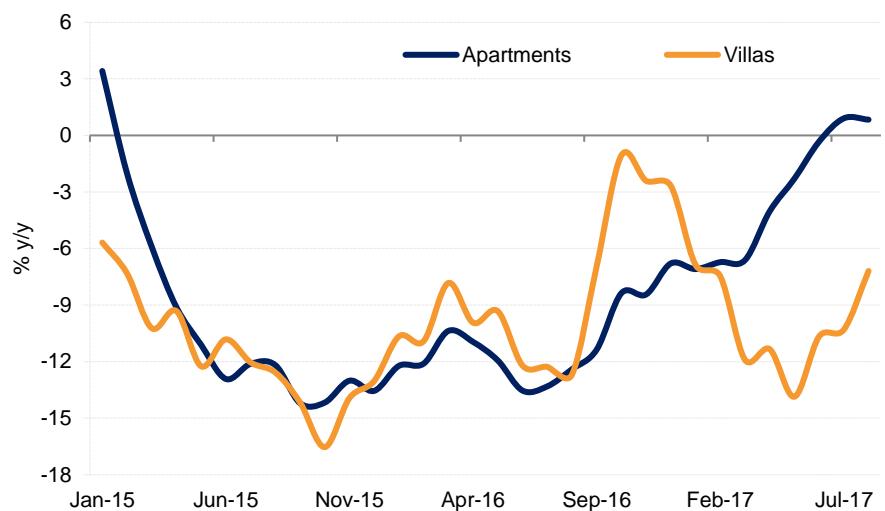
# Jan-Aug 2017 Dubai Real Estate Update

## Dubai apartment prices show signs of stabilisation in 2017

Residential property prices continued to decline in Jan-Aug 2017, according to the latest data from Phidar Advisory. However, apartment prices have fared much better than villas. Phidar Advisory's Dubai 9/5 House Price Index, which is based on DLD data but includes only nine apartment communities and five villa communities in investor zones in Dubai, showed that the apartment price decline slowed sharply in 2017, recording positive growth for a second consecutive month in August, up 0.8% y/y, compared with -7.1% y/y in January. Villa prices fell -7.2% y/y in August. Apartments account for about 90% of residential real estate transactions in Dubai.

The medium priced segments of the apartment market have coped better than the luxury (premium) segment. Low and mid-range (standard and standard-plus) apartments recorded positive growth in August, up by 0.5% and 2.4% y/y, respectively. Separately, premium villas saw price declines slowing, down -4.9% compared with -16.5% the same month last year. While there is evidence that residential real estate prices may be stabilizing, higher interest rates, declining rents and increasing supply are likely to remain headwinds for the sector this year. The strength of the USD still remains a constraint on demand, particularly for foreign investors.

## Dubai residential property prices



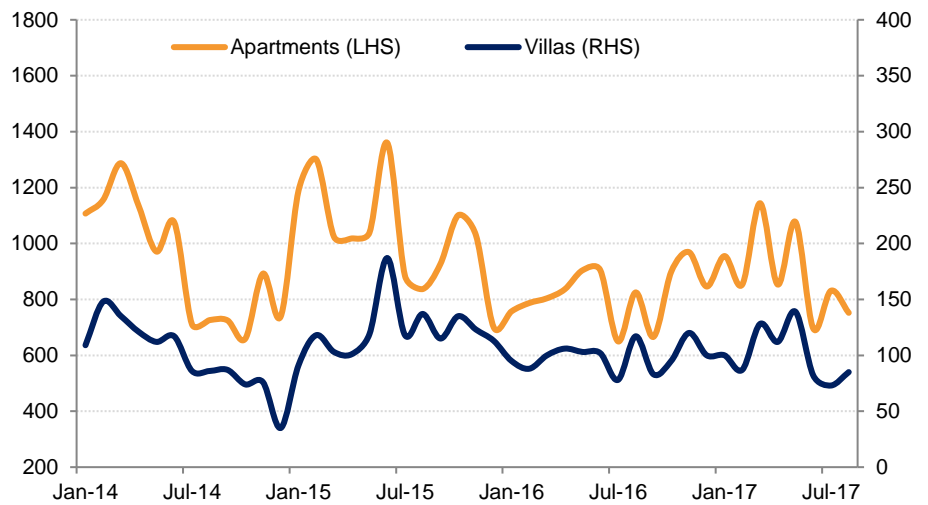
Source: Phidar Advisory, Emirates NBD Research

## Transaction volumes higher in Jan-Aug 2017 compared with Jan-Aug 2016

The slower contraction in residential real estate prices over the first eight months of 2017 has been accompanied by higher transaction volumes in all areas of Dubai. This has been particularly evident in the apartments sector. Overall transaction volumes increased by 9.8% y/y in Jan-Aug 2017 compared with -24.6% decline recorded in Jan-Aug 2016. Looking at the areas included in Phidar Advisory's 9/5 Index, overall transaction volumes have fallen by -14.3% y/y in Jan-Aug 2017, mainly driven by the significantly lower transaction volumes on villas. With most of the activity in the standard segments of the market, affordability is still a constraint, but that there is still demand for residential properties at the lower priced end of the market.

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### Dubai residential transaction volumes (whole of Dubai)

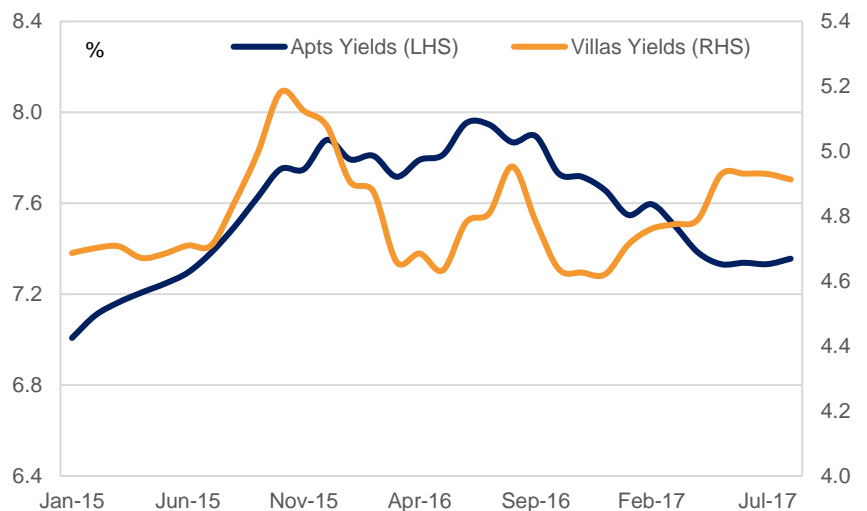


Source: Phidar Advisory, Emirates NBD Research

### Rental yields remain high in August 2017

Rents in the Dubai 9/5 Index areas have declined at a slower pace on an annual basis in August, more or less aligned with the annual fall in sales prices. Apartment and villa rents were down in August by -5.7% and -7.9% y/y, respectively. Yields on apartments fell in August at 7.4% compared with 7.9% the same month in 2016. Similarly, yields on villas also fell at 4.9% compared with 5.0% in August last year.

### Dubai residential yields



Source: Phidar Advisory, Emirates NBD Research

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**<sup>1</sup>Phidar Advisory's house price index covers nine established apartment developments and five established single family home (villa) communities in Dubai. Phidar uses four residential quality classifications: Luxury, Premium, Standard Plus and Standard. The areas included in the Dubai 9/5 Index are:**

## **Apartments**

### ***Premium***

Downtown - Residences  
Dubai Marina - Original 6

### ***Standard Plus***

Old Town  
South Ridge  
Palm Jumeirah - Shoreline  
Emirates Living - Greens  
Dubai Marina - MAG218, Marina Heights, Wave  
JBR

### ***Standard***

Dubai Marina - Marina Diamond 1-6  
DLT - Saba, V3, Paladium, Armada  
Motor City - Uptown Buildings  
Discovery Gardens - Mogul/ Med  
International City - Country Cluster

## **Villas**

### ***Premium***

Arabian Ranches Villas (eg Mirador)  
Palm Jumeirah - Garden villas

### ***Standard Plus***

Arabian Ranches Townhouses (eg Reem)  
Jumeirah Islands  
Lakes

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**<sup>2</sup>Phidar Advisory's commercial price index covers four established office locations in Dubai. Phidar uses three commercial quality classifications: Grade A, Grade B and Grade C. The areas included in the Dubai Index are:**

## **Offices**

### ***Grade A***

JLT Grade A

### ***Grade B***

Business Bay Grade B  
JLT Grade B  
Discovery Gardens Grade B  
TECOM Grade B

### ***Grade C***

JLT Grade C  
Discovery Gardens Grade C  
TECOM Grade C

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