



بنك الإمارات دبي الوطني
Emirates NBD

Sector
Economics
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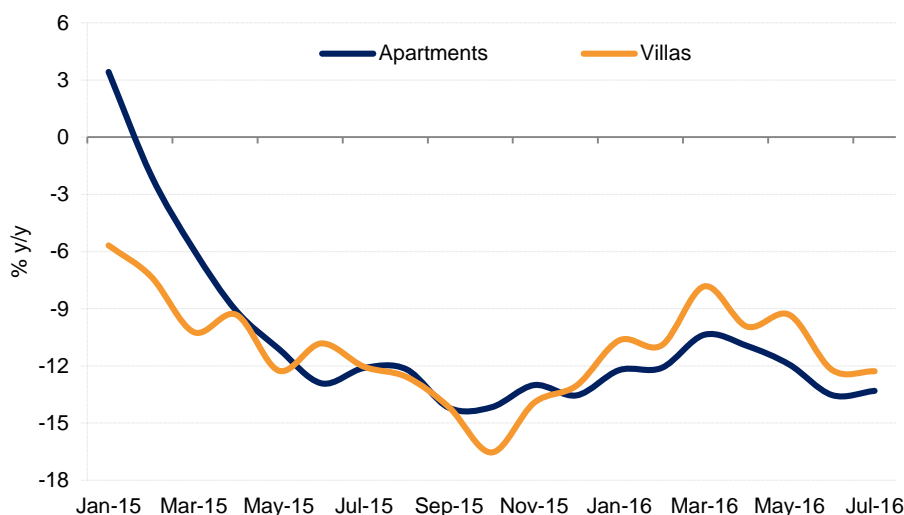
Dubai Real Estate Update: July 2016

Dubai residential property prices still easing

Residential property prices, as measured by 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, have continued to ease in July 2016 with apartment prices down -13.3% y/y and villa prices down -12.3% y/y. Apartments account for about 90% of residential real estate transactions in Dubai.

With the luxury (premium) and middle (standard plus) segments being hit the hardest, the low-range (or standard) segment in the villas sector was more resilient (-2.2% y/y) than low-range apartments (-8.3% y/y) in July 2016. With the summer months typically quieter in terms of real estate activity, we would be unsurprised to see some softness in the monthly transaction and price data over that period. **The strength of the USD is a further constraint on demand, particularly for foreign investors.**

Dubai residential property prices



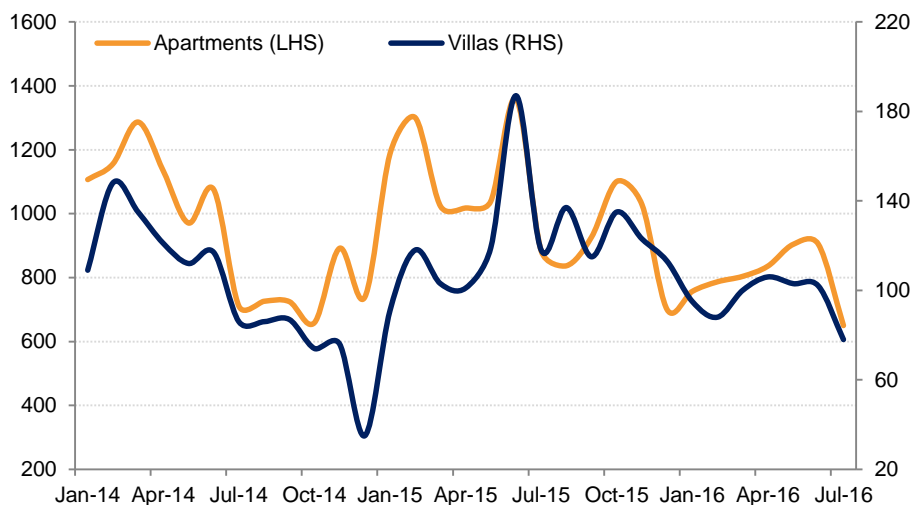
Source: Phidar Advisory, Emirates NBD Research

Transaction volumes declined in July

We have noted in previous reports that the decline in residential real estate prices over the last year has been accompanied by lower transaction volumes. This has been particularly evident in the villa sector. Overall, total transaction volumes declined by -27.7% m/m in July. **On an annual basis, the total number of sales was also down -27.3% y/y in July due to lower villa transactions (-33.9% y/y).** The number of apartment sales recorded in June was also down by -26.5% y/y.

Athanasios Tsetsonis
Sector Economist
+971 4 230 7629
AthanasiosT@emiratesnbd.com

Dubai residential transaction volumes (whole of Dubai)



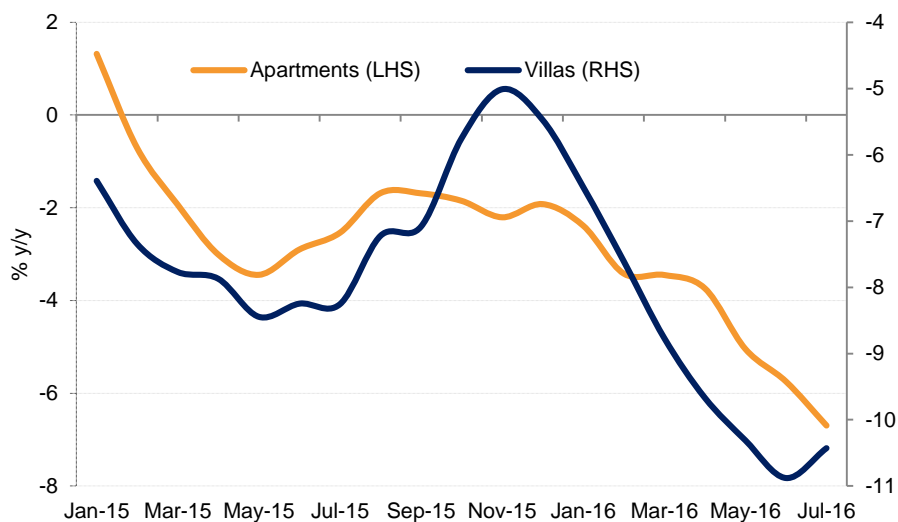
Source: Phidar Advisory, Emirates NBD Research

Looking at the areas included in Phidar Advisory's 9/5 Index, both apartment and villa transactions declined m/m in July, with most of the reduced activity in the luxury segments for apartments and the standard segment for villas. Overall, affordability is still a constraint but that there is demand for residential properties at the lower priced end of the market.

Rents declined further

Rents in the Dubai 9/5 Index areas have declined on an annual basis in July, more or less aligned with the annual fall in sales prices. Apartment rents were down -1.4% m/m (-6.7% y/y) in July while villa rents were also down -0.5% m/m (-10.4% y/y) last month. Yields on apartments eased slightly at 7.9% while yields on villas were unchanged at 4.8% in July compared to June. Rental yields are still relatively high while the softening of the rental market should keep putting downward pressure on sales prices.

Dubai residential rents



Source: Phidar Advisory, Emirates NBD Research

¹Phidar 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

²Phidar 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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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
 General Manager Wholesale Banking
 JonathanM@emiratesnbd.com

Aazar Ali Khwaja
 Group Treasurer & EVP Global Markets & Treasury
 +971 4 609 3000
 aazark@emiratesnbd.com

Tim Fox
 Head of Research & Chief Economist
 +9714 230 7800
 timothyf@emiratesnbd.com

Research

Khatija Haque
 Head of MENA Research
 +9714 230 7803
 khatijah@emiratesnbd.com

Jean-Paul Pigat
 Senior Economist
 +9714 230 7807
 jeanp@emiratesnbd.com

Aditya Pugalia
 Analyst
 +9714 230 7802
 adityap@emiratesnbd.com

Anita Yadav
 Head of Fixed Income Research
 +9714 230 7630
 anitay@emiratesnbd.com

Athanasios Tsetsonis
 Sector Economist
 +9714 230 7629
 athanasiost@emiratesnbd.com

Edward Bell
 Commodity Analyst
 +9714 230 7701
 edwardpb@emiratesnbd.com

Mohammed Al-Tajir
 Research Analyst
 +9714 609 3005
 mohammedtaj@emiratesnbd.com

Shady Shaher Elborno
 Head of Macro Strategy
 +9714 2012300
 shadyb@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
 Tariq Chaudhary
 +971 4 230 7777
 tariqmc@emiratesnbd.com

Saudi Arabia Sales
 Numair Attiyah
 +966 11 282 5656
 numaira@emiratesnbd.com

Singapore Sales
 Supriyakumar Sakhalkar
 +65 65785 627
 supriyakumars@emiratesnbd.com

London Sales
 James Symington
 +44 (0) 20 7838 2240
 jamess@emiratesnbd.com

Egypt
 Gary Boon
 +20 22 726 5040
 garybt@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
 +9714 609 4113
 ibrahims@emiratesnbd.com

Claire Andrea
 +9714 609 4143
 clairea@emiratesnbd.com

Investor Relations

Patrick Clerkin
 +9714 230 7805
 patricke@emiratesnbd.com