



MO'ASHER

The Official Sales Price Index
for the Emirate of Dubai
OCTOBER 2020

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MO'ASHER DUBAI HOUSE PRICE INDEX

October 2020 was another strong month for Dubai residential real estate. In October we had 3,395 property sales transactions worth AED 6.93 billion. This brings the overall total for Sales transaction this year to 27,815 with a total value of AED 57.43 billion.

As per Property Finder data, 665 secondary or ready to move in villas/townhouses were transferred in the month of October which is 7.2 percent higher than the second highest month, September 2020 with 605 transactions. This figure is 34 percent higher than the 3rd highest month ever, July 2020 with 496 transactions. For the past four months we have had the highest number of transactions for villa/townhouses consistently, each month being at an all time high with the record broken the very next month. This consistent growth started after May 2020 which had 110 transactions and since then has grown by over 500 percent.

Prices for villa/townhouses became more affordable over the years making it an extremely attractive option for real estate investors. Since the pandemic started, many started to spend more time in their homes. This prompted a new trend and people started to want more space and outside spaces for their family. People also started to migrate away from densely populated city centers and towards the suburbs. All of this has led to an all time high for transaction volumes in Dubai for Villas/Townhouses.

Dubai overall index has remained stable at 1.092 point. The Dubai apartment and villa/townhouse index remained stable as well due to more affordable units coming into the ready market.

The top areas for secondary (ready) Villa/Townhouses in October 2020 were Nadd al Sheba(11.8 percent), Town Square(7.8 percent), International City(6.7 percent), Arabian Ranches (6.4 percent) and Dubai Hills Estate (5.9 percent). 39 percent of the transactions were for 4-bedroom units, 34.7 percent for 3-bedroom units and 14.8 percent for 5-bedroom units.

Looking at proprietary data from Property Finder, the search trends shows that the top five locations for consumers searching for villa/townhouses were Dubai Hills Estates, Arabian Ranches, Palm Jumeirah, Damac Hills and Mohammed bin Rashid City. Keywords such as 'upgraded', 'pool' and 'furnished' were the top three keywords in the month of October 2020.

Overall for the month of October, 1013 villa/townhouses were transferred in both the off plan and secondary market. A total of 2,031 apartments were transferred with 1,128 in the secondary market and 903 in the off plan market.

Another highlight for the month of October was the sale of 11 luxury apartments over three projects on Palm Jumeirah and Downtown worth over AED 15 million each for a total of AED 220.7million . The most expensive apartment was an AED 30 million apartment in One at Palm Jumeirah. All these units were north of 5,000 sq ft with the largest touching 15,000 sq ft in The W residences worth AED 22.73 million.

Key Findings

- The Dubai Real Estate market recorded 3,395 sales transactions in October 2020 worth AED 6.93 billion
- October was a recording breaking month for Secondary Villa/Townhouses with 665 units transferred.
- 1,013 villa/townhouses were transferred in October and a total of 2,031 apartments were transferred

Mo'asher Results

- Dubai overall monthly Index recorded 1.092 and an index value of AED 1,033,936
- Dubai Apartments monthly Index recorded 1.143 and an index value of AED 976,755
- Dubai Villas/Townhouses monthly Index recorded 0.991 and an index value of AED 1,626,295

"The demand for ready to move in Villa/Townhouses is at an all time high. We have seen growth by over 500 percent in transactions since May 2020."



Lynnette Abad

Director, Research and Data
Property Finder Group

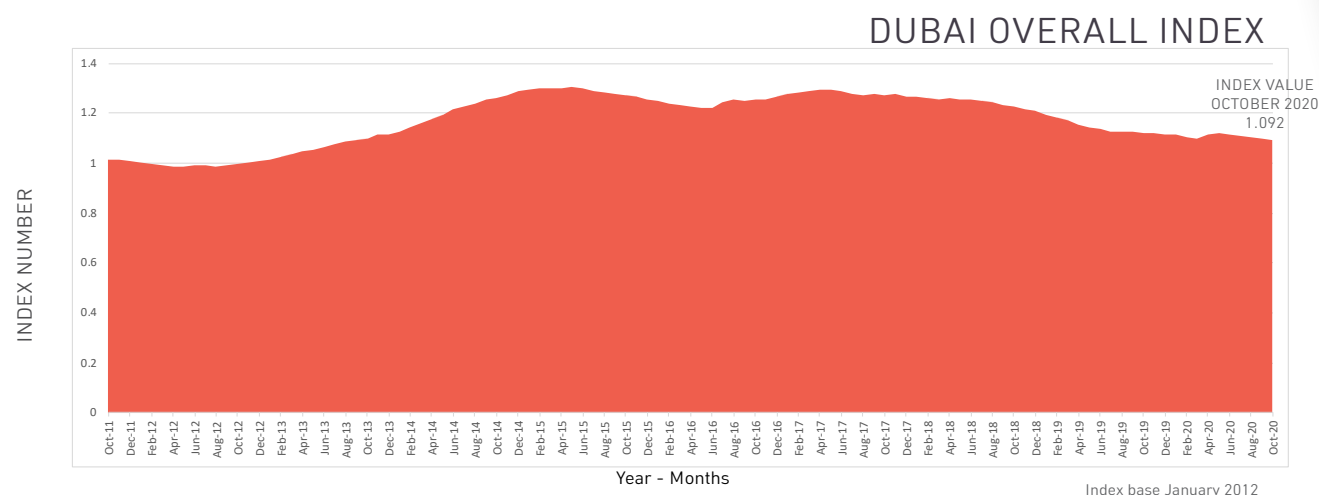
"October 2020 was another strong month for Dubai residential real estate. In October we had 3,395 property sales transactions worth AED 6.93 billion. "



Latifa Ibrahim Ahmed

Senior Director of Real Estate
Studies & Research Dept
Dubai Land Department

DUBAI SALES PRICE INDEX - MONTHLY

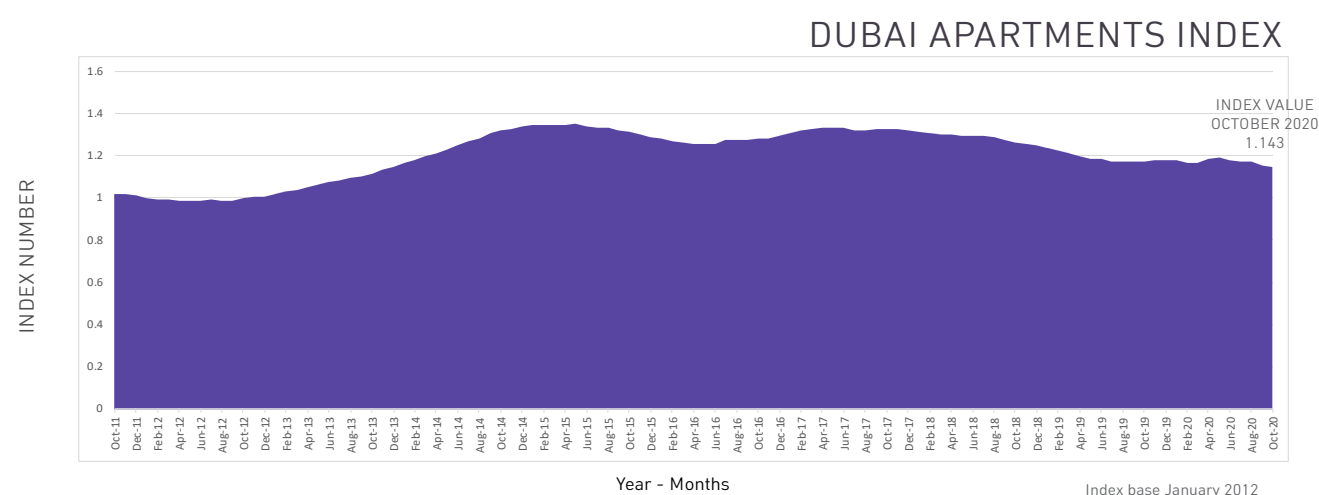


DUBAI SALES PRICE INDEX

DUBAI OVERALL MONTHLY INDEX

In October 2020 the monthly index recorded 1.092 and an index value of AED 1,033,936. This is a decrease of 2.06% in the past six months and a decrease of 0.27% month-on-month.

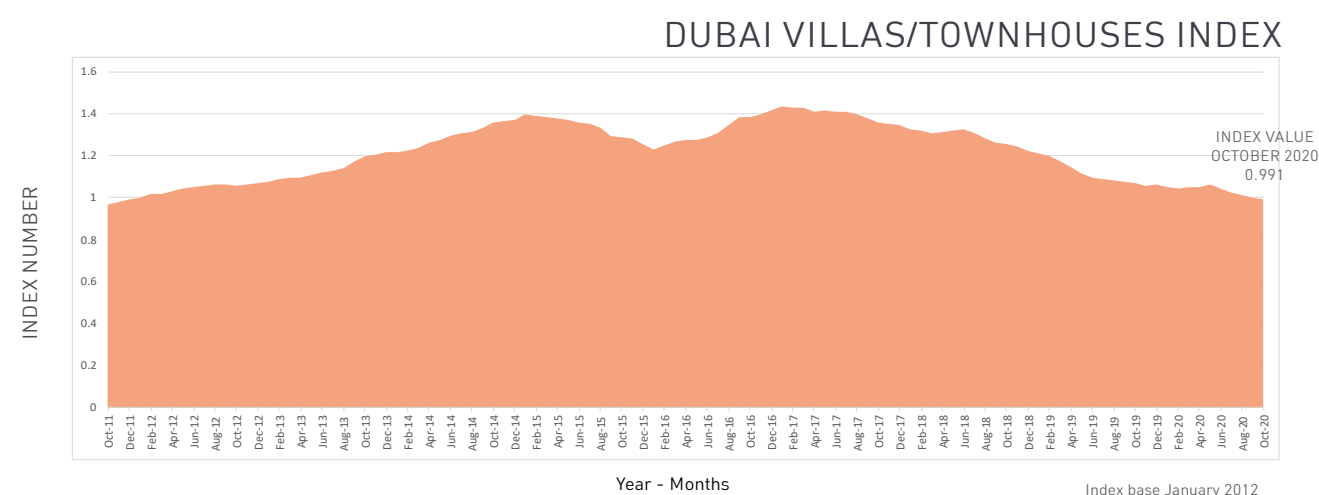
Month-on-Month	- 0.27%
3 Month Change	- 1.44%
6 Month Change	- 2.06%



DUBAI APARTMENTS MONTHLY INDEX

In October 2020 the apartments index recorded 1.143 and an index value of AED 976,755. This is a decrease of 3.30% in the past six months and a decrease of 0.87% month-on-month.

Month-on-Month	- 0.87%
3 Month Change	- 2.39%
6 Month Change	- 3.30%



DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In October 2020 the villa/townhouse index recorded 0.991 and an index value of AED 1,626,295. This is a decrease of 5.62% in the past six months and a decrease of 0.70% month-on-month.

Month-on-Month	- 0.70%
3 Month Change	- 3.13%
6 Month Change	- 5.62%



METHODOLOGY

House price indices serve as important guides that consumers, financial institutions, governments and investors look to in order to understand the market movements of a particular city or country's housing market. An index will allow one to show the value of an asset over time by tracking its performance. An index is created by selecting a base year in a data set and then indexing that number as 100, which is the natural base for what all other price points will be measured against. When an index is updated monthly it will produce an updated average house price as well as the % changes in price for a given time period such as the last three months, six months or twelve months.

Mo'asher will be created using a hedonic regression model, which is a model that is based on attributes such as view, property size, number of bedrooms and other important features in a property that have an impact on its value. These methods utilize information on the relevant property characteristics to estimate quality-adjusted price indices using regression techniques, though it may prove difficult to sufficient control for location. One of the challenges of building a property price index is to isolate the effect of the properties price change over time. Nevertheless, this is challenging because the quality mix in the real estate market is diverse. The characteristics of every property is unique, and it is hard to keep track of individual property features because they continue to be upgraded or modified without informing the authorities.

HEDONIC IMPUTATION INDEX

Hedonic imputation indices use predicted prices, evaluated at fixed characteristics, based on the hedonic regressions for all time periods. In doing so, it is possible to evaluate the period t prices of properties sold in period 0. There are multiple imputation techniques, but three common ones are: Laspeyres, Paasche and Fisher.

LASPEYRES

The Laspeyres method imputes period t prices for the properties belonging to the base period sample S(0), evaluated at base period characteristics to control for quality changes. It is also known as a base period weighted index, and it provides a meaningful comparison over time. It helps answer the following question: what would be the relative price today of a real estate unit that was typically offered for sale in the base month?

The hedonic imputation Laspeyres index is an example of a single imputation index in which the observed prices are left unchanged. Using the Laspeyre method, assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price in period t is defined as:

$$P_{laspeyres}^{0t} = \frac{\beta_0^t + \sum_{k=1}^K \beta_k^t z_{nk}^0}{\beta_0^0 + \sum_{k=1}^K \beta_k^0 z_{nk}^0}$$

PAASCHE

The Paasche method imputes base period prices for the properties belonging to the period t sample S(t), evaluated at period t characteristics. It is also known as a current period weighted index, and reflects current trends. It helps answer the following question: what is the price of a typical real estate unit today relative to the price of the same unit in the base month?

The hedonic imputation Paasche index is an example of a single imputation index in which the observed prices are left unchanged. Assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price Paasche index is defined as:

$$P_{paasche}^{0t} = \frac{\beta_0^t + \sum_{k=1}^K \beta_k^t z_{nk}^t}{\beta_0^0 + \sum_{k=1}^K \beta_k^0 z_{nk}^t}$$

FISHER

The hedonic double imputation Fisher index is found by taking the geometric mean of the Laspeyres Price Index and the Paasche Price Index. It is deemed the ideal index as it corrects the positive price bias in the Laspeyres Price Index and the negative price bias in the Paasche Price Index.

Assuming that the log-linear hedonic model holds true for all t periods, the Fisher Price Index is defined as:

$$P_{fisher}^{0t} = \sqrt{[P_{laspeyres}^{0t} \cdot P_{paasche}^{0t}]}$$

The Dubai House Price Indices are calculated using the hedonic double imputation Fisher index.



Disclaimer

At present, we do not provide any accuracy metrics, and although all due care and statistical rigour is taken with the index generation, we do not claim any forecast accuracy. Property Finder and the Dubai Land Department reserve the right to adjust methodologies at any given time, and these changes will be published with appropriate user notes. Users seeking financial guidance from the DHPI do so at their own risk and should note that some external macroeconomic features will not be captured in the model.

The DHPI should not be used for any commercial purposes, including pricing and investment decision making or performance measurement.

You can download a copy of the index from www.datafinder.ae

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