



MO'ASHER

The Official Sales Price Index
for the Emirate of Dubai

JULY 2020

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MO'ASHER DUBAI HOUSE PRICE INDEX

The Dubai Land Department in July 2020 recorded a total of 2,404 sales transactions worth AED 4.69 billion with 29.6% in the off-plan segment and 70.4% in the secondary segment. This brings the year-to-date total to 18,171 sales transactions worth AED 37 billion.

Over the past few months we noticed an interesting trend where the number of transactions in the secondary market are increasing at a significant pace, especially in the villa/townhouse segment where we had 493 sales transactions in July for ready villa/townhouse properties. This is historically the highest number of transactions recorded in a single month in this segment.

One of the reasons we are seeing this trend is due to the high demand for larger properties with more outside space. During the lockdown, search and demand data showed that people started looking for bigger properties. The search and demand data shifted from the traditional small family apartments to villa/townhouses. We can see in search and demand data this trend has grown significantly since the lockdown started and continues to have an effect on the market.

The number of transactions has increased significantly since the ease in the lockdown and despite the Eid holidays, the majority of people have chosen to stay in Dubai. In addition, attractive pricing has lured many investors and end-users and we have seen the number of transactions return to normal levels.

Another significant achievement in the month of July was the value of mortgages which totalled AED 18.26 billion for 1,153 total transactions. This is 3.09 times more in value compared to June 2020 and 3.36 times more in value compared to July 2019.

Key Findings

- In July, real estate sales transactions grew by 3.7 percent month-on-month and averaged around 600 properties sold in Dubai every seven days.
- The secondary market in July 2020 had higher volumes of sales transactions than off-plan transactions, a trend recorded since the end of Q2 2020
- In July 2020, the Dubai overall Index declined by 0.45%, the Dubai apartment Index declined by 0.69% and the Dubai villa/townhouse Index declined by 1.63%

"In July, we had 493 sales transactions for ready villa/townhouse properties which was historically the highest number of transactions in this segment for a single month."



Lynnette Abad

Director, Research and Data
Property Finder Group

"The Dubai Land Department recorded a total of 2,404 sales transactions worth AED 4.69 billion with 29.6% in the off-plan segment and 70.4% in the secondary segment in July 2020. "



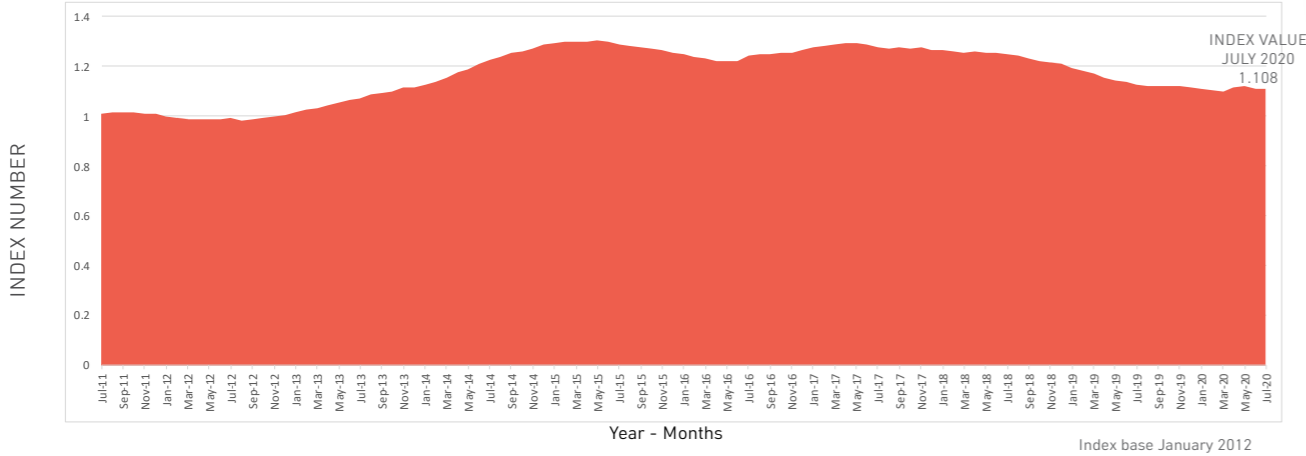
Latifa Ibrahim Ahmed

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

DUBAI SALES PRICE INDEX - MONTHLY

DUBAI SALES PRICE INDEX

DUBAI OVERALL INDEX

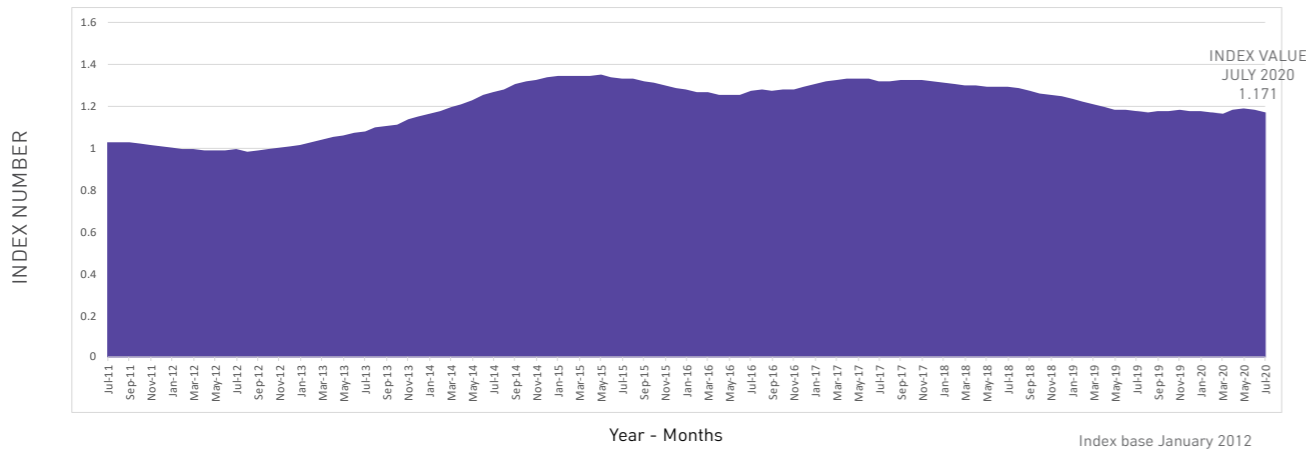


DUBAI OVERALL MONTHLY INDEX

In July 2020 Mo'asher, Dubai's sales price index, recorded an Index value of 1.108 compared to 1.113 in June with an Index price of AED 1,058,115. Compared to the last six months, July's Index decreased by 0.36%. However, if we look at the Index for the year, the Index number is still higher than what it was in February and March 2020 and the July index recorded 10.8% growth compared to the base year January 2012.

Month-on-Month	- 0.45%
3 Month Change	- 0.63%
6 Month Change	- 0.36%

DUBAI APARTMENTS INDEX

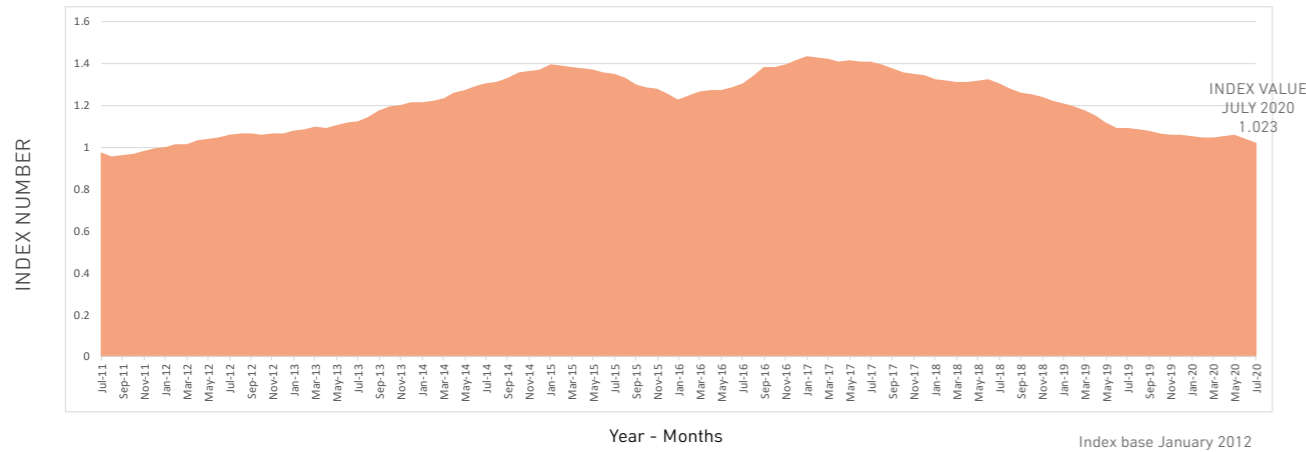


DUBAI APARTMENTS MONTHLY INDEX

In July 2020 the Index value was 1.171 compared to 1.179 in June 2020 and the Index price was AED 1,010,882. Compared to the last six months, the Index witnessed a decrease of 0.26%. However, if we look at the Index for the year, the Index number is still higher than what it was in February and March 2020.

Month-on-Month	- 0.68%
3 Month Change	- 0.93%
6 Month Change	- 0.26%

DUBAI VILLAS/TOWNHOUSES INDEX



DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In July 2020 the Index declined to an Index number of 1.023 compared to 1.04 in June 2020 and the Index price was AED 1,619,298. Compared to last six months, July's index decreased by -2.66%.

Month-on-Month	- 1.63%
3 Month Change	- 2.57%
6 Month Change	- 2.66%



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

RESEARCH

Lynnette Abad

Director
Research and Data
Property Finder
Lynnette@propertyfinder.ae

Mahmoud Ahmed Farghally

Research and Studies Specialist
Department of Real-Estate Studies and Research
Dubai Land Department
mahmoud.ahmed@rera.gov.ae

MARKETING

Faisal Zaidi

Head of Marketing
Research and Data
Property Finder
faisal@propertyfinder.ae

Manal Mahmoud Haroun

Corporate Communication Officer
Dubai Land Department
manal.haroun@dubailand.gov.ae