

حكومة دبي

GOVERNMENT OF DUBAI



تسجيع وإدارة
الإستثمار العقارى
REAL ESTATE INVESTMENT PROMOTION

دائرة الأراضي والأملك
Land Department



MO'ASHER

The Official Sales Price Index
for the Emirate of Dubai

June 2020

بروبرتي
فايندر Property
Finder

MO'ASHER

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for the Emirate of Dubai

JUNE 2020

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MO'ASHER DUBAI HOUSE PRICE INDEX

The purpose of Mo'asher was to achieve transparency in Dubai's real estate market. We are pleased to announce that since its release, Dubai has moved from the 40th position into the 36th position in JLL's Global Real Estate Transparency Index 2020. According to JLL's report, Mo'asher constitutes an important step forward for Dubai, as it means the establishment of a single index that is widely used by all market participants. In the Middle East & North Africa, UAE continues to advance as the rest of the region lags and Dubai registers further improvement in market data availability and is on the cusp of 'Transparent'.

Feeling the effects of the lockdown

Dubai was in full lockdown in April, partially in May and didn't start opening up fully until June. Hence, the entire Q2 was affected by COVID-19. When it comes to real estate sales transactions, Dubai saw 5,605 sales transactions in Q2 2020 worth AED 11.05 billion. The secondary market saw 40 percent of the transactions in Q2 while off-plan accounted for 60 percent of the transactions. In June, the volume of sales transactions was 2,361 worth AED 4.9 billion and the secondary market, for the first time since the lockdown began had higher sales transactions in the secondary market than off-plan transactions at the end of Q2.

A strong June laid the foundation for a faster recovery and we are seeing patterns of a V-shaped recovery, which is characterized by a rapid rise following a decline, as we are back to the transaction levels of February and early March 2020.

In Q2 2020 Mo'asher show a 0.79% rise compared to Q1 same year with an index Value of AED 1.07 million and 15.3% compared to the base year Q1 2012 .

The monthly index scored 1.113 in June 2020 compared to 1.121 in May 2020 with an index value of AED 1.06 million.

Key Findings

- Dubai has moved up the ranks in JLL's Global Real Estate Transparency Index 2020 from 40th position to 36th. According to the report, the most significant initiative launched in 2019 was the creation of an official transaction-based index, Mo'asher, by the Dubai Land Department (DLD) in partnership with Property Finder.
- In June real estate sales transactions grew by 64 percent with an average of around 570 properties sold in Dubai every seven days.
- For the first time since the lockdown, the secondary market had higher volumes of sales transactions than off-plan transactions at the end of Q2.
- In Q2 2020, the Dubai overall index rose by 0.79%, the Dubai apartment index rose by 0.58% and the Dubai villa/ townhouse index remained unchanged.

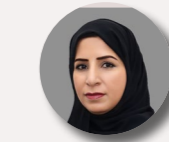
"Thanks to Mo'asher, Dubai has strengthened its position as the most transparent real estate market in the MENA region"



Lynnette Abad

Director, Research and Data
Property Finder Group

"Dubai saw a 64% growth in number of sales transactions in June 2020 compared to May and witnessed 5,605 sales transactions in Q2 2020 worth AED 11.05 billion."

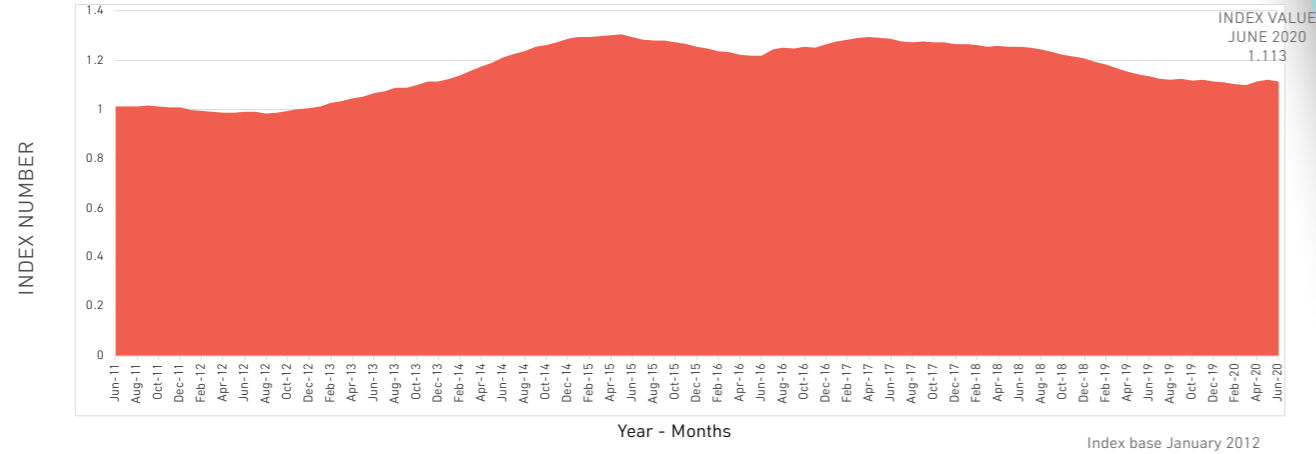


Latifa Ibrahim Ahmed

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DUBAI SALES PRICE INDEX - MONTHLY

DUBAI OVERALL INDEX



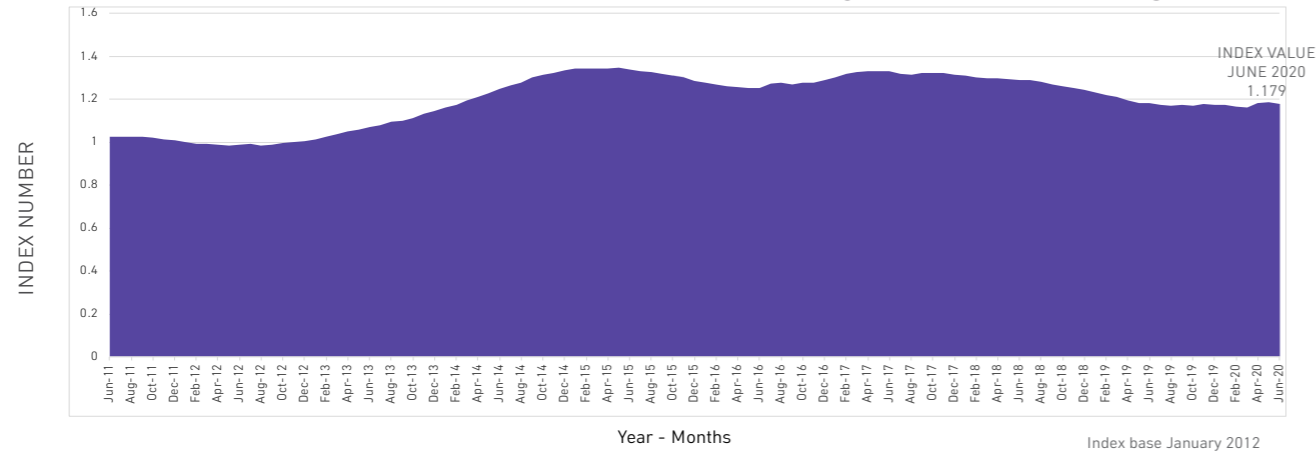
DUBAI SALES PRICE INDEX

DUBAI OVERALL MONTHLY INDEX

In June 2020 the monthly index recorded 1.113 and an index value of AED 1,066,791. This is a decrease of 0.09% since the beginning of the year and an decrease of 0.7% month-on-month. However if we look at the quarterly index and compare Q1 and Q2 the index number has increased by 0.8% from 1.144 to 1.153 with an index value of AED 1,072,450.

Month-on-Month	-0.71%
Quarter-on-Quarter	+0.79%
6 Month Change	-0.09%

DUBAI APARTMENTS INDEX

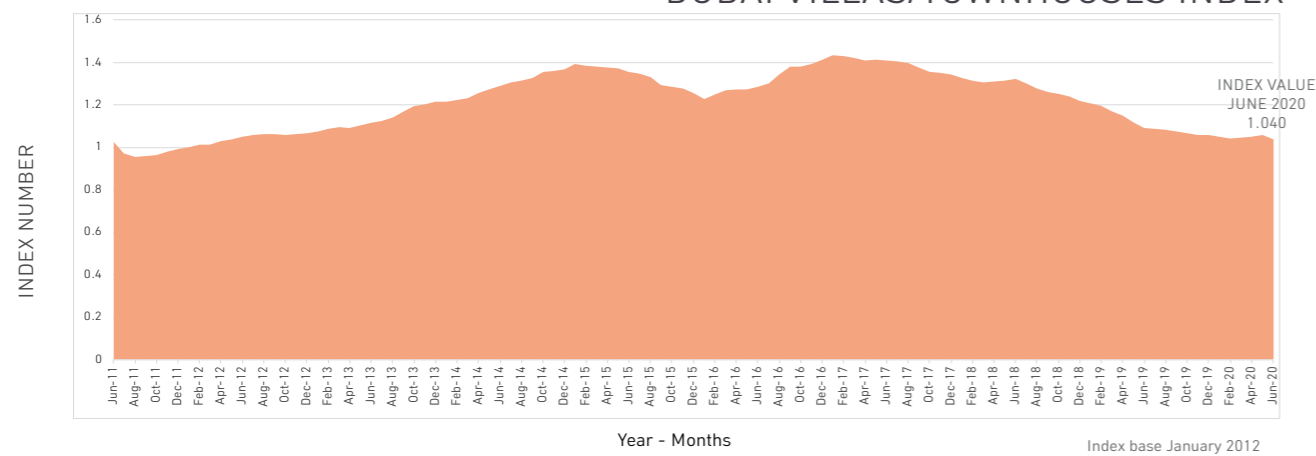


DUBAI APARTMENTS MONTHLY INDEX

In June 2020 the monthly index recorded 1.179 and an index value of AED 1,018,974. This is a decrease of 0.43% since the beginning of the year and an decrease of 0.84% month-on-month. However if we look at the quarterly index and compare Q1 and Q2 the index number has increased by 0.58% from 1.206 to 1.213 with an index value of AED 1,026,424.

Month-on-Month	-0.84%
Quarter-on-Quarter	+0.58%
6 Month Change	+0.34%

DUBAI VILLAS/TOWNHOUSES INDEX



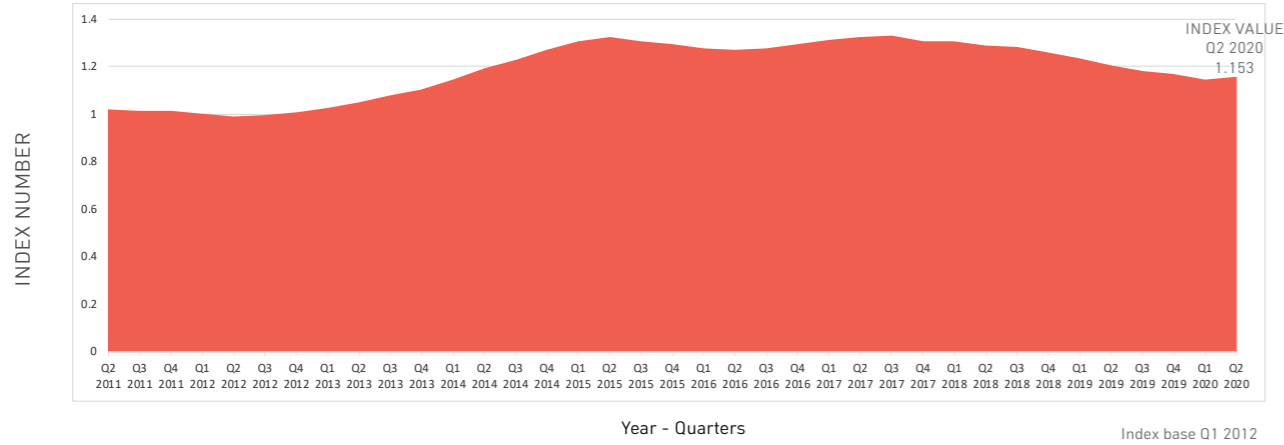
DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In June 2020 the the monthly index recorded 1.040 and an index value of AED 1,628,315. This is a decrease of 1.05% since the beginning of the year and an decrease of 1.89% month-on-month. However if we look at the quarterly index and compare Q1 and Q2 the index number has not changed at all and has stayed at 0.991 with an index value of AED 1,636,095.

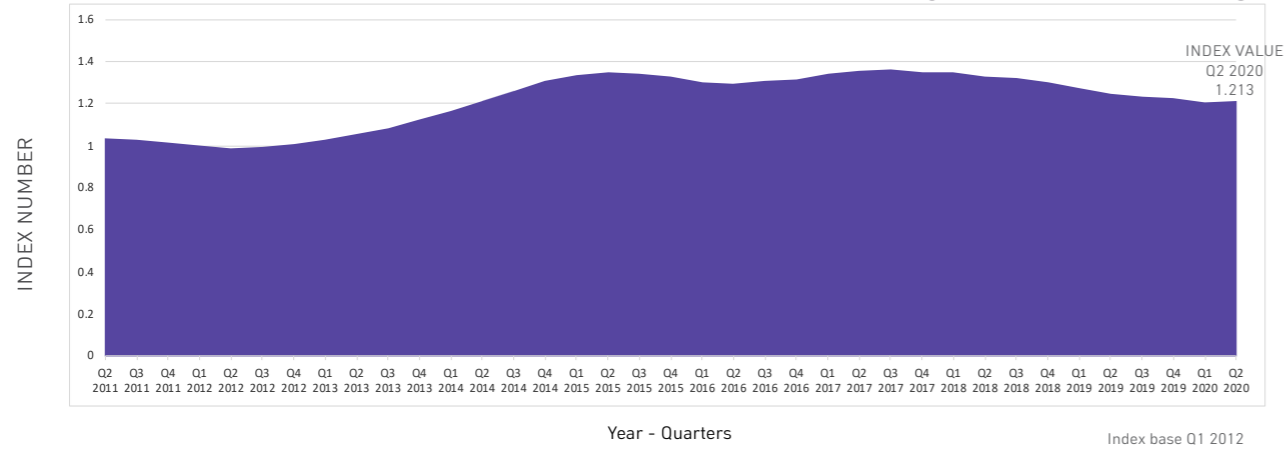
Month-on-Month	-1.89%
Quarter-on-Quarter	0%
6 Month Change	-1.79%

DUBAI SALES PRICE INDEX - QUARTERLY

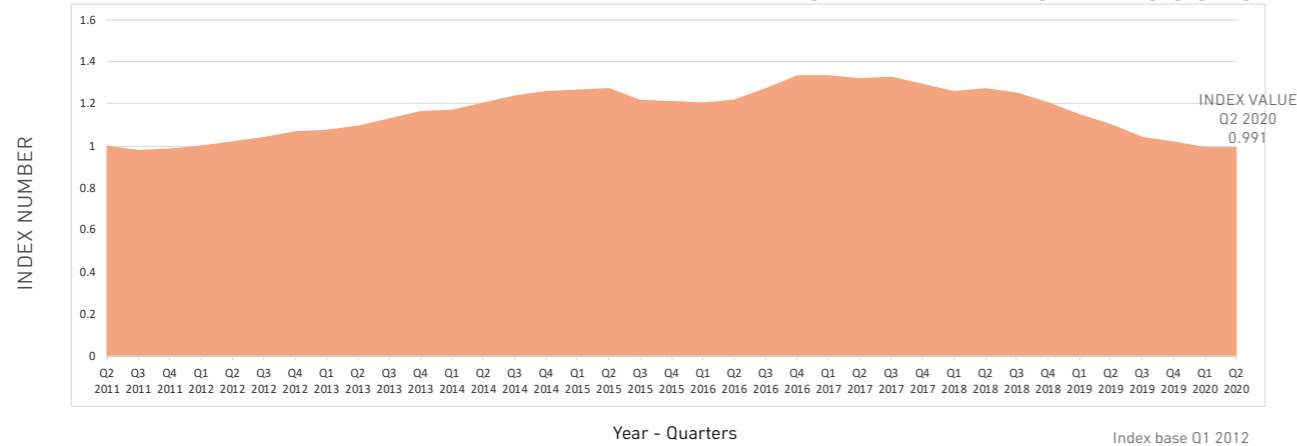
OVERALL DUBAI



DUBAI APARTMENTS



DUBAI VILLA/TOWNHOUSES



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 Laspeyres 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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