MO'ASHER

The Official Rental Performance Index for the Emirate of Dubai

MAY 2022

بروبرتي فايندر Property Finder

MO'ASHER

The Official Rental Performance Index for the Emirate of Dubai
MAY 2022

CONTENTS

MO'ASHER
THE OFFICIAL RENTAL PERFORMANCE INDEX

Key Findings For May 2022

- May 2022 recorded 35,327 rental leases.

- 59.6 percent were new leases while 40.4 percent were renewals.

- 80.9 percent were annual contracts while 19.1 were for non-annual leases.

- 25 percent were commercial leases while 74 percent were residential leases.

May 2022 Mo'asher results

- Overall monthly Index recorded 0.962 and an index price of AED 52,013.

- Apartments monthly Index recorded 0.966 and an index price of AED 47,910.

- Villas/Townhouses monthly Index recorded 0.867 and an index price of AED 132,401.

"The registered rental leases in May 2022 witnessed a continuation in achieving positive accumulation by 2.1 percent in total rental contracts from January till May 2022 compared to the same period in 2021, driven by an increase in the renewal contracts and rental leases for commercial usage."

Fouad Bekkar

VP of Data & AI
Property Finder Group

"May 2022 still supports the growth stage of Dubai's real estate market by recording 35,327 rental leases. For the past five months, the rental contracts marked a 2.1 percent increase compared to the first five months of 2021. the annual rental leases represent around 81 percent while the non-annual represents 19 percent"

Latifa Ibrahim Ahmed

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

In May, the total rental contracts reached 35,327 registered leases of which 59.6 percent were new contracts while 40.4 percent were renewed. Annual contracts acquired 80.9 percent of the total contracts while 19.1 percent were non-annual.

The registered leases for residential purposes acquired around 73.8 percent of the total contracts, while 25.3 percent were registered for commercial purposes.

Comparing the overall performance of the first five months of 2022 to the same period in 2021, year-on-year, the total number of rental leases increased by 2.1 percent driven by the renewal contracts which increased by 4.4 percent compared to the first five months in 2021. In addition to an increase in the annual leases by 11.5 percent. As for the rental properties by usage, the commercial rental leases witnessed an increase of 8.47 percent compared to the first five months in 2021.

Top Areas by Ejari Registrations

The top areas according to Ejari Registrations for the most rental transactions in May 2022 were Jabal Ali First (1,398 contracts), Al Warsan First (1,285), Business Bay (1,029), Al Barsha South Fourth (958), Nadd Hessa (957), Marsa Dubai (946), Muhaisanah Fourth (934), Al Nahda Second (893), Al Thanyah Fifth (798), and Al Karama (776).

Top Areas by Demand

According to Property Finder's proprietary data, the top searched areas for apartment rentals in May were Dubai Marina, Downtown Dubai, Business Bay, Jumeirah Village Circle and Jumeirah Lake Towers. The top searched areas for villas/townhouses were Dubai Hills Estate, Jumeirah, Arabian Ranches, Mirdif and Al Barsha.

DUBAI RENTAL PERFORMANCE INDEX MONTHLY

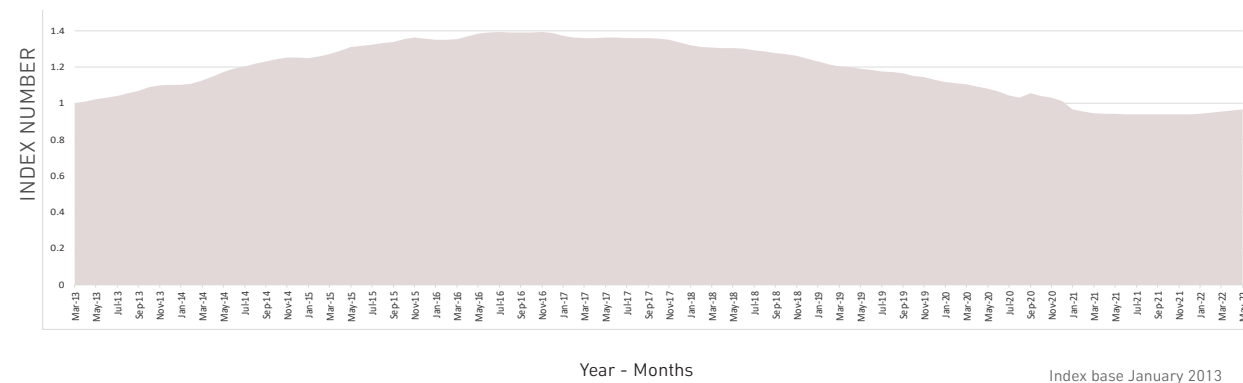## DUBAI OVERALL INDEX

INDEX VALUE
May 2022
0.962

Index base January 2013
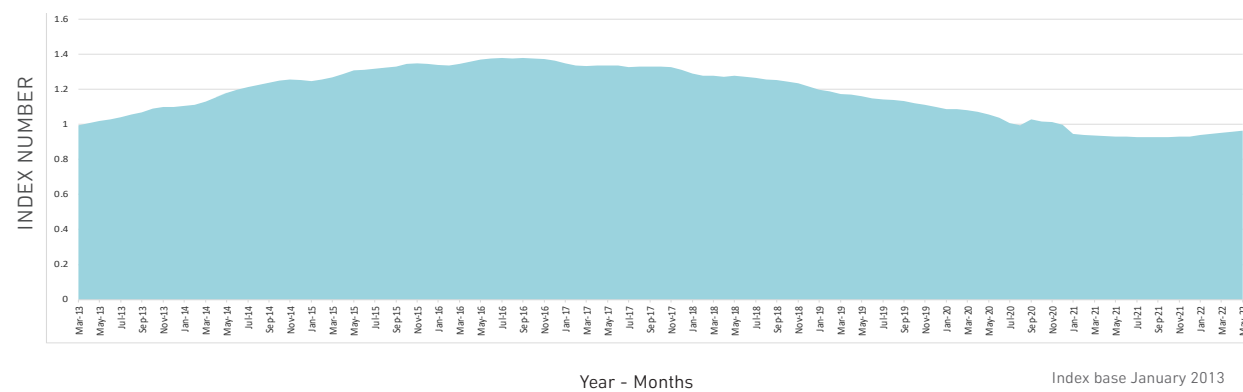
DUBAI OVERALL MONTHLY INDEX

In May 2022 the Overall monthly Index recorded 0.962 and an index price of AED 52,013.

Month-on-Month	+ 0.52%
3 Month Change	+ 1.91%
6 Month Change	+ 3.55%

DUBAI APARTMENTS INDEX

INDEX VALUE
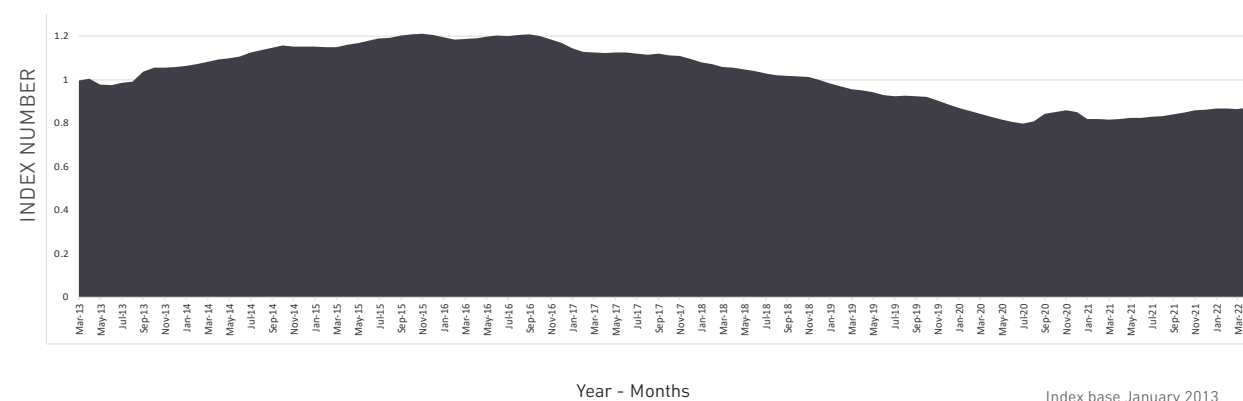May 2022
0.966

Index base January 2013

DUBAI APARTMENTS MONTHLY INDEX

In May 2022 the Apartments monthly Index recorded 0.966 and an index price of AED 47,910.

Month-on-Month	+ 0.63%
3 Month Change	+ 1.90%
6 Month Change	+ 2.99%

DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
May 2022
0.867

Index base January 2013

DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In May 2022 the Villas/Townhouses monthly Index recorded 0.867 and an index price of AED 132,401.

Month-on-Month	- 0.57%
3 Month Change	- 0.12%
6 Month Change	+0.93%

TOP AREAS FOR RENTAL TRANSACTIONS MAY 2022

Jabal Ali First	1,398 Transactions
Al Warsan First	1,285 Transactions
Business Bay	1,029 Transactions
Al Barsha South Fourth	958 Transactions
Nadd Hessa	957 Transactions
Marsa Dubai	946 Transactions
Muhaisanah Fourth	934 Transactions
Al Nahda Second	893 Transactions
Al Thanyah Fifth	798 Transactions
Al Karama	776 Transactions

AL NAHDA SECOND

MUHAISAN

AL KARAMA

AL WARSAN FIRST

BUSINESS BAY

NADD HESSA

MARSA DUBAI

AL THANYAH FIFTH

AL BARSHA SOUTH FOURTH

JABAL ALI FIRST
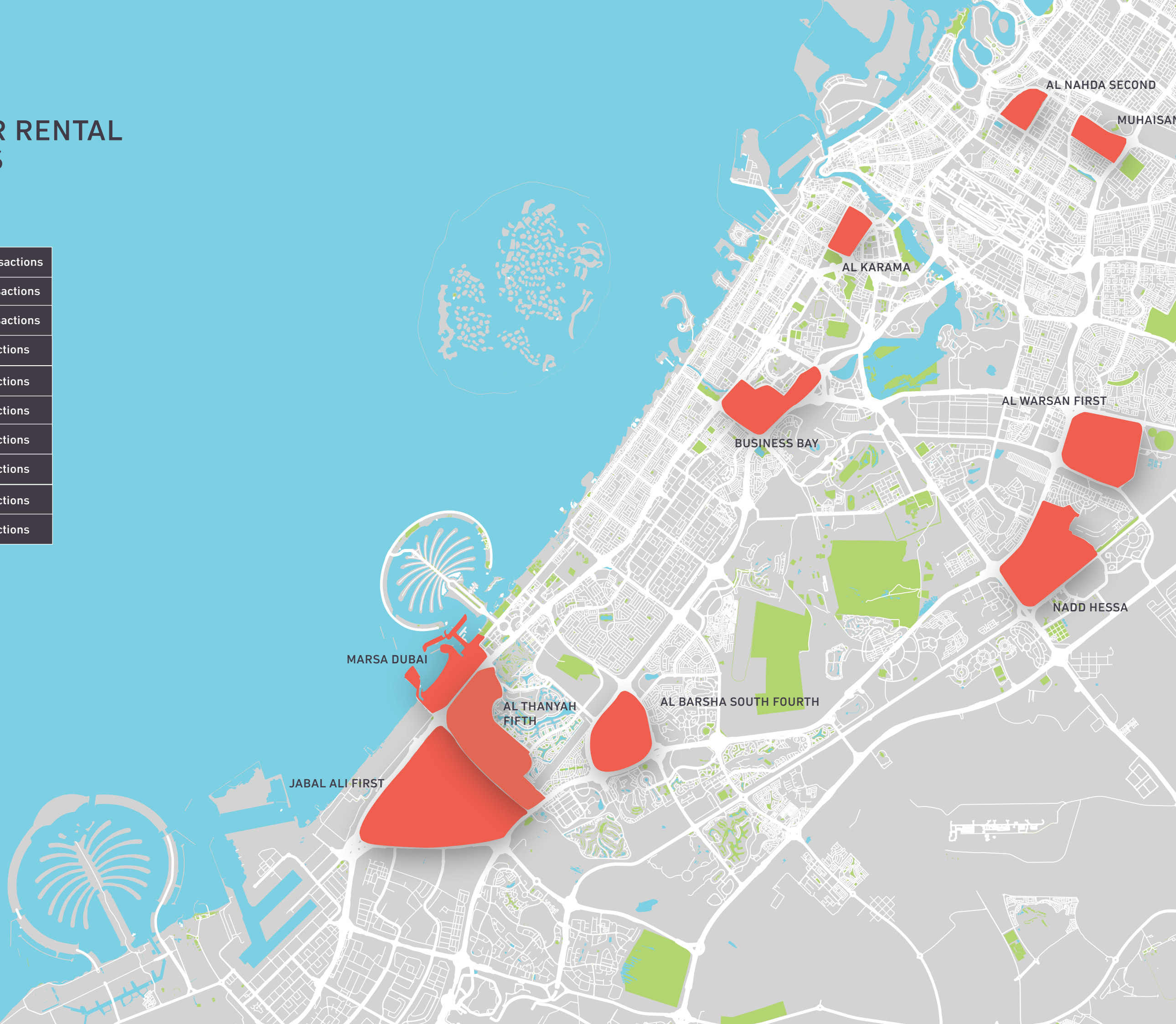
METHODOLOGY

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.

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

LASPEREYES

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:

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

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:

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

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:

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 RPPI do so at their own risk and should note that some external macroeconomic features will not be captured in the model.

The RPPI 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

Fouad Bekkar

VP of Data & AI
Property Finder
fouad@propertyfinder.ae

Aasem Abou-Elezz

Data & Market Insights
Manager
Property Finder
Aasem@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

Raghad El Assi

Head of PR and Corporate
Communications
Property Finder
raghad.elassi@propertyfinder.ae

Manal Mahmoud Haroun

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