MO'ASHER

The Official Sales Price Index for the Emirate of Dubai

SEPTEMBER 2021

MO'ASHER

The Official Sales Price Index for the Emirate of Dubai

SEPTEMBER 2021

CONTENTS

MO'ASHER
DUBAI HOUSE PRICE INDEX

Key Findings For September 2021

- 5,762 sales transactions worth AED 16.2 billion

- AED 16.2 billion is the highest value of sales transactions in a month since December 2013

- 56 percent of sales transactions were in the secondary/ready market and 44 percent were off-plan

Key Findings For September 2021

- Q3 2021 had 15,926 transactions worth AED 42.35 billion

- Quarter-on-Quarter increase in sales transaction value was 14.91 percent, increase in sales transaction volume was 1.84 percent

- 56.6 percent of sales transactions were in the secondary/ready market and 43.38 percent were off-plan

Mo'asher Results

- Overall monthly Index recorded 1.115 and an index price of AED 1,065,816

- Overall quarterly Index recorded 1.128 and an index price of AED 1,053,263

- Apartments monthly Index recorded 1.14 and an index price of AED 954,524

- Apartments quarterly Index recorded 1.134 and an index price of AED 946,644

- Villas/Townhouses monthly Index recorded 1.098 and an index price of AED 1,940,843

- Villas/Townhouses quarterly Index recorded 1.124 and an index price of AED 1,954,802

"To date, off-plan sales had the highest value of sales transactions the Dubai Real estate market has seen in over eight years (since December 2013). Off-plan sales started to increase considerably in 2021 and the amount of sales transactions between secondary and off-plan are now about 50/50.."

Lynnette Sacchetto
Director, Research and Data
Property Finder Group

"June 2021 compared to June 2020 has increased by 173.46 percent in terms of volume and 204.55 percent in terms of value and when compared to June 2019, June 2021 has increased by 140.87 percent in terms of volume and 179.13 percent in terms of value."

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

The growth of the monthly sales transactions and their values leading up to EXPO202 has been exceptional, but none as significant as September 2021. Last month not only had the highest value of real estate sold in a single month since December 2013 but also crossed the AED 100 billion mark in sales transactions for the year.

September 2021

September 2021 had 5,762 transactions worth AED 16.2 billion, making it the best August on record in the past 8 years.

Including September 2021, this brings the year to date total to 43,299 sales transactions worth AED 104.3 billion. In just 9 months, the value of real estate sales transactions is 45.15 percent more than 2020 as a whole and is already the highest yearly sales figure since 2017.

In September 2021, 56 percent of all transactions were for secondary/ready properties and 44 percent were for off-plan properties. When we look at the volume of transactions, the off-plan market transacted 2,530 properties worth a total of AED 5.1 billion. This is the highest value of off-plan sales transactions the Dubai Real estate market has seen in over 8 years. The Secondary market transacted 3,232 transactions worth AED 11.1 billion.

Q2 2021

Q3 2021 has been the best Q3 recorded in the history of Dubai

real estate in terms of sales transaction value and the best Q3 for sales transaction volume since 2009.

Q3 2021 when compared to Q3 2020 showed an increase of 85.36 percent in sales transaction volume and an increase of 135.42 percent in transaction value. To put it in perspective, when we compare to pre-covid times such as Q3 2019, Q3 2021 showed an increase of 64.51 percent in transaction volume and an increase of 138.81 percent in transaction value.

In Q3 2021, 56.6 percent of all transactions were for secondary/ready properties and 43.38 percent were for off-plan properties. When we look at the volume of transactions, the off-plan market transacted 6,909 properties worth a total of AED 13.5 billion and the secondary market transacted 9,017 properties worth a total of AED 28.85 billion.

Comparing this to Q2 2021, the volume of off-plan transactions increased by 14.67 percent and the secondary/ready property sales transactions decreased 6.02 percent. The value of off plan sales transactions increased by 47.11 percent and the value of secondary sales transactions increased by 4.24 percent.

We have seen a surge in off-plan sales transactions this quarter which is reflected in the ratio of secondary to off-plan transactions which grew from 38.5 percent of the total sales volume in Q2, by almost 5 percent to 43.4 percent in Q3.

DUBAI SALES PRICE INDEX
MONTHLY

DUBAI OVERALL INDEX

INDEX VALUE
SEPTEMBER 2021
1.115

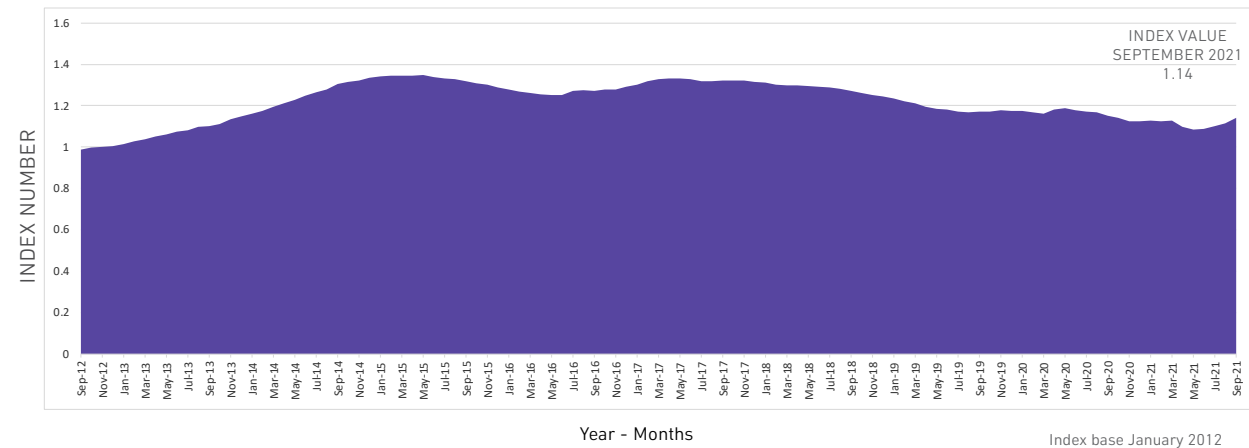INDEX NUMBER

Year - Months

Index base January 2012
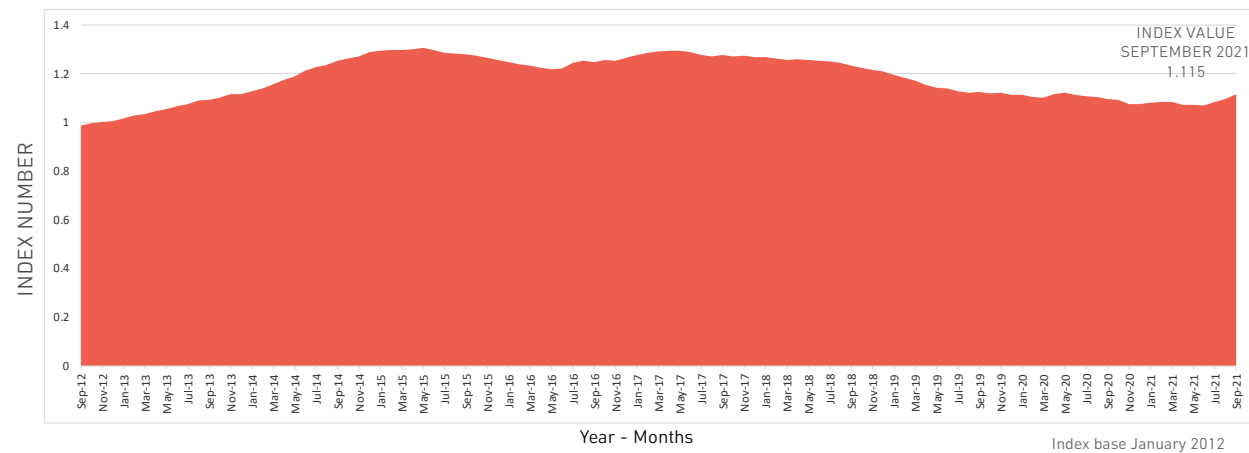
DUBAI OVERALL MONTHLY INDEX

In September 2021 the overall monthly Index recorded 1.115 and an index price of AED 1,065,816.

Month-on-Month	+ 1.73%
3 Month Change	+ 4.21%
6 Month Change	+ 2.76%

DUBAI APARTMENTS INDEX

INDEX VALUE
SEPTEMBER 2021
1.14

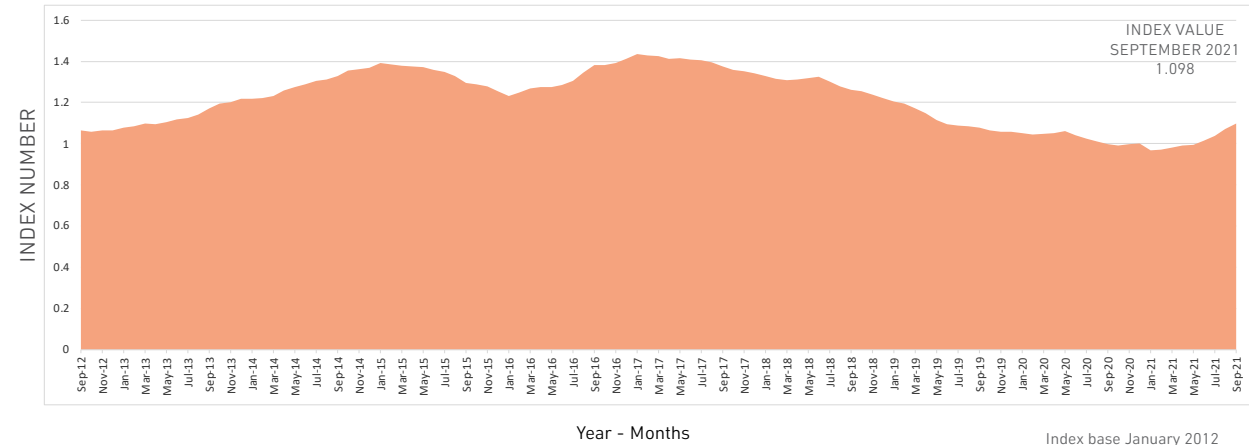INDEX NUMBER

Year - Months

Index base January 2012

DUBAI APARTMENTS MONTHLY INDEX

In September 2021 the Apartments monthly Index recorded 1.14 and an index price of AED 954,524.

Month-on-Month	+ 2.15%
3 Month Change	+ 4.78%
6 Month Change	+ 0.97%

DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
SEPTEMBER 2021
1.098

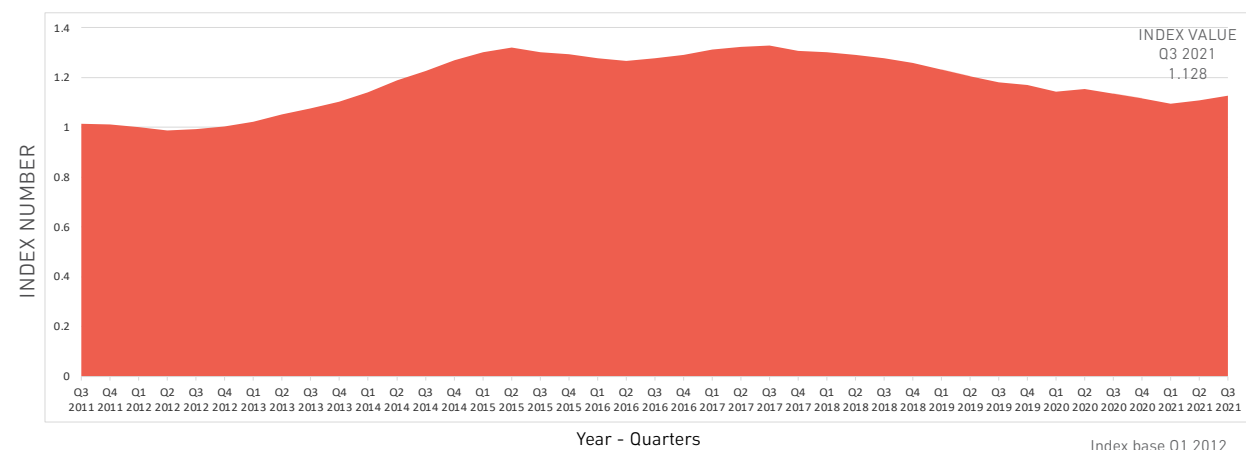INDEX NUMBER

Year - Months

Index base January 2012

DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In September 2021 the villas/townhouses monthly Index recorded 1.098 and an index price of AED 1,940,843.

Month-on-Month	+ 2.43%
3 Month Change	+ 8.39%
6 Month Change	+ 11.84%

DUBAI SALES PRICE INDEX
QUARTERLY

DUBAI OVERALL INDEX

INDEX VALUE
Q3 2021
1.128

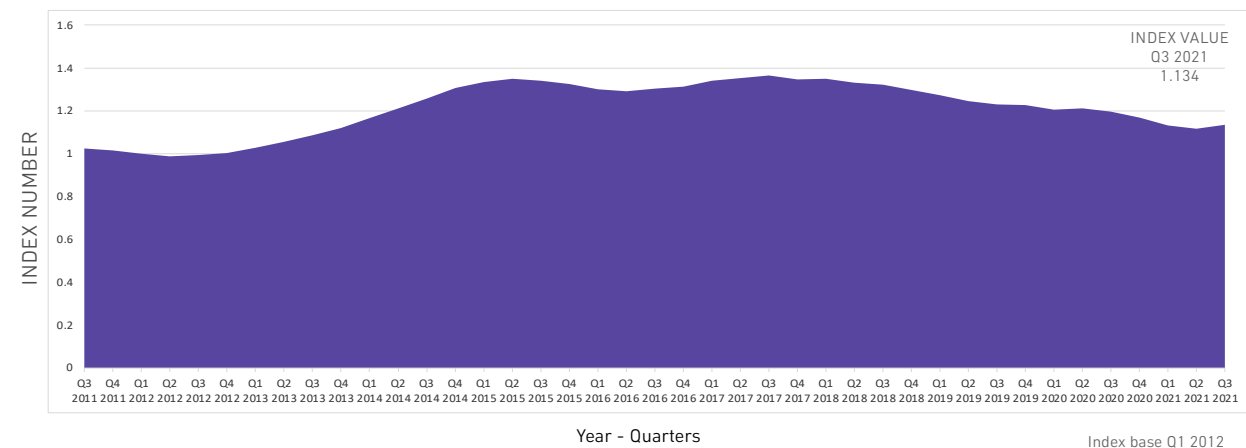Year - Quarters

Index base Q1 2012

DUBAI OVERALL QUARTERLY INDEX
In Q3 2021 the Overall quarterly Index recorded 1.128 and an index price of AED 1,053,263.

Quarter-on-Quarter	+ 1.81%
6 Month Change	+ 3.01%
9 Month Change	+ 0.98%

DUBAI APARTMENTS INDEX

INDEX VALUE
Q3 2021
1.134
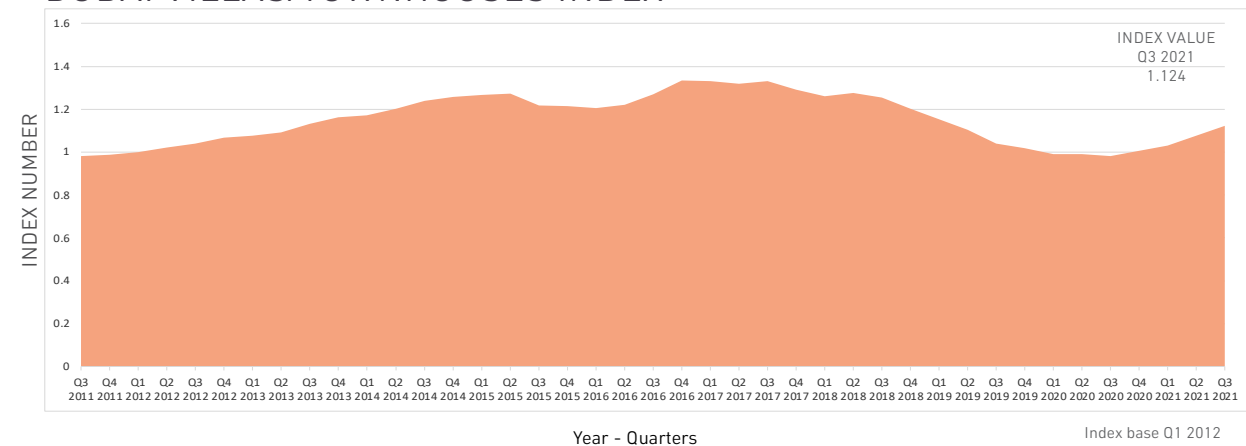
Year - Quarters

Index base Q1 2012

DUBAI APARTMENTS QUARTERLY INDEX
In Q3 2021 the apartments monthly Index recorded 1.134 and an index price of AED 946,644.

Quarter-on-Quarter	+ 1.43%
6 Month Change	+ 0.09%
9 Month Change	- 3.08%

DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
Q3 2021
1.124

Year - Quarters

Index base Q1 2012

DUBAI VILLAS/TOWNHOUSES QUARTERLY INDEX
In Q3 2021 the Villas/Townhouses yearly Index recorded 1.124 and an index price of AED 1,954,802.

Quarter-on-Quarter	+ 4.46%
6 Month Change	+ 9.02%
9 Month Change	+ 11.84%

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.

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