



MO'ASHER

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

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MO'ASHER DUBAI HOUSE PRICE INDEX

September 2020 was a very strong month for Dubai residential real estate. In September we had 3,894 property sales transactions which was 55.3 percent higher than the month of August and 63.9 percent higher than the month of July. The total value of the transactions was AED 8.943 billion which is 89.5 percent higher than the month of August 2020 and 39.1 percent higher than September 2019. Weekly sales transactions have been increasing at an average rate of 27.6 percent weekly for the past 4 weeks.

46 percent of the sales transactions in September were off plan transactions compared to 54 percent in the secondary market transactions properties which is a rise in the off plan sector by 15 percent compared to August 2020. Looking at the number of transactions in each segment, the off plan transactions grew by 129.2 percent and the secondary transactions grew by 23.5 percent compared to August 2020. The value of off plan properties transacted grew by 155.7 percent and the value of secondary property transacted grew by 74.2 percent compared to August 2020.

As was predicted the v shape recovery in the real estate sector is proved with September results and we started to see the same level of both transaction volume and values.

Q3 2020 had a total of 8,675 property sales transactions which is 55.1 percent higher than Q2 2020. The total value of the transactions in Q3 reached AED 18.146 billion which is 65 percent higher than the Q2 2020. This brings the overall total for Sales transaction this year to 24,473 with a total value of AED 50.62 billion.

The breakdown of the transactions for Q3 was 37.3 percent off plan and 62.7 percent secondary which is a rise in the secondary sector by 21.7 percent when compared to Q2 2020.

Key Findings

- The Dubai Real Estate market recorded 3,849 sales transactions in September 2020 worth AED 8.943 billion
- In September 2020, real estate sales transactions grew by 55.3 percent compared to August and averaged 872 properties sold in Dubai every seven days.
- In September 2020, the Dubai overall Index reached 1.095, the Dubai apartment Index reached 1.153 and the Dubai villa/townhouse Index reached 0.998
- In Q3 2020, the Dubai overall Index reached 1.136, the Dubai apartment index reached 1.197 and the Dubai villa/townhouse Index reached 0.983.

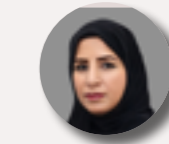
"In September we started to see prices stabilize in prime areas and in some areas start to rise. This is due to the lack of supply in prime areas with high demand.



Lynnette Abad

Director, Research and Data
Property Finder Group

"Dubai saw a 55.3% growth in number of sales transactions in September 2020 compared to August and witnessed 8,675 sales transactions in Q3 2020 worth AED 18.146 billion."

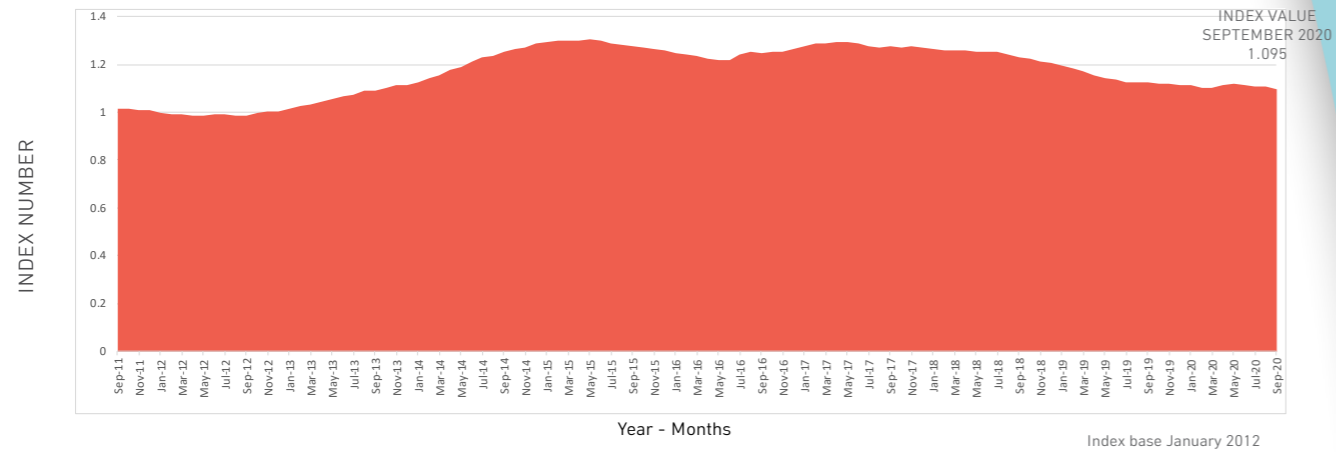


Latifa Ibrahim Ahmed

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

DUBAI SALES PRICE INDEX - MONTHLY

DUBAI OVERALL INDEX



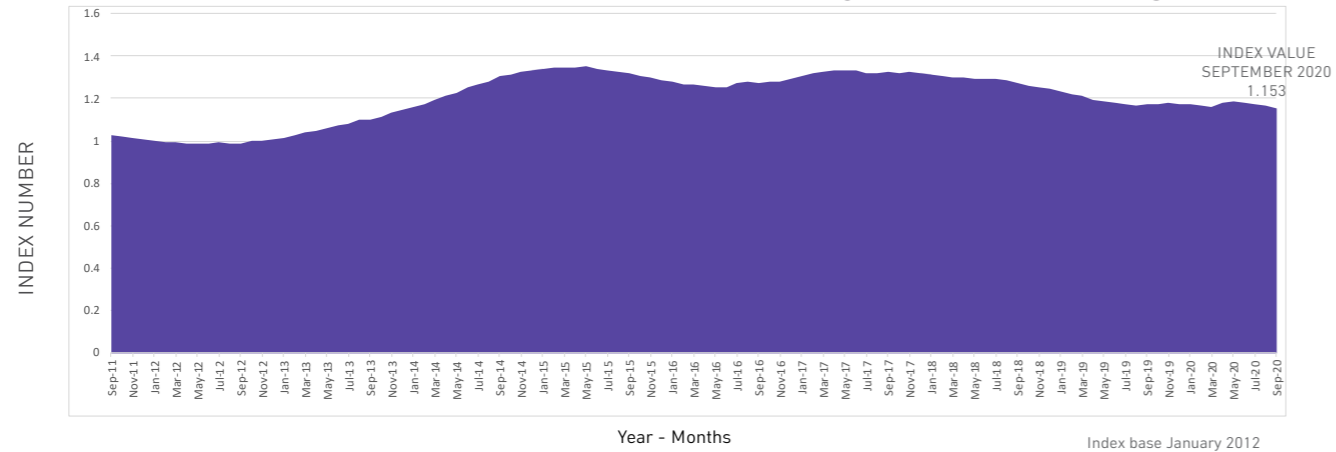
DUBAI SALES PRICE INDEX

DUBAI OVERALL MONTHLY INDEX

In September 2020 the monthly index recorded 1.095 and an index value of AED 1,040,950. This is an decrease of 0.45% in the past six months and a decrease of 0.9% month-on-month. However if we look at the quarterly index and compare Q2 and Q3 the index number has decreased by 1.47% from 1.153 to 1.136 with an index value of AED 1,053,963.

Month-on-Month	-0.90%
3 Month Change	-1.62%
6 Month Change	-0.45%

DUBAI APARTMENTS INDEX

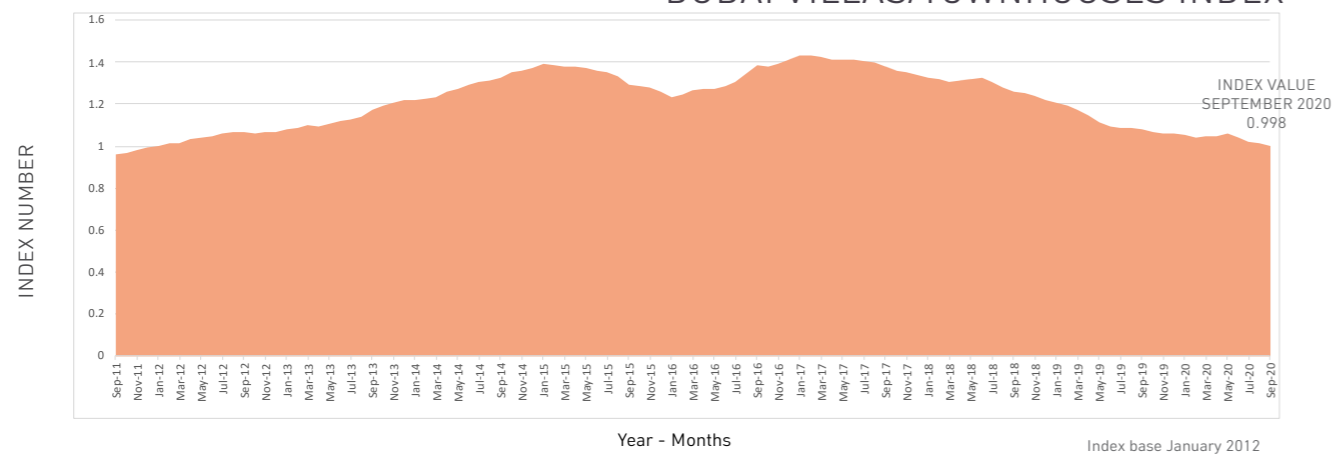


DUBAI APARTMENTS MONTHLY INDEX

In September 2020 the apartments index recorded 1.153 and an index value of AED 988,851. This is an decrease of 0.77% in the past six months and a decrease of 1.28% month-on-month. However if we look at the quarterly index and compare Q2 and Q3 the index number has decreased by 1.32% from 1.213 to 1.197 with an index value of AED 1,006,506.

Month-on-Month	-1.28%
3 Month Change	-2.21%
6 Month Change	-0.77%

DUBAI VILLAS/TOWNHOUSES INDEX



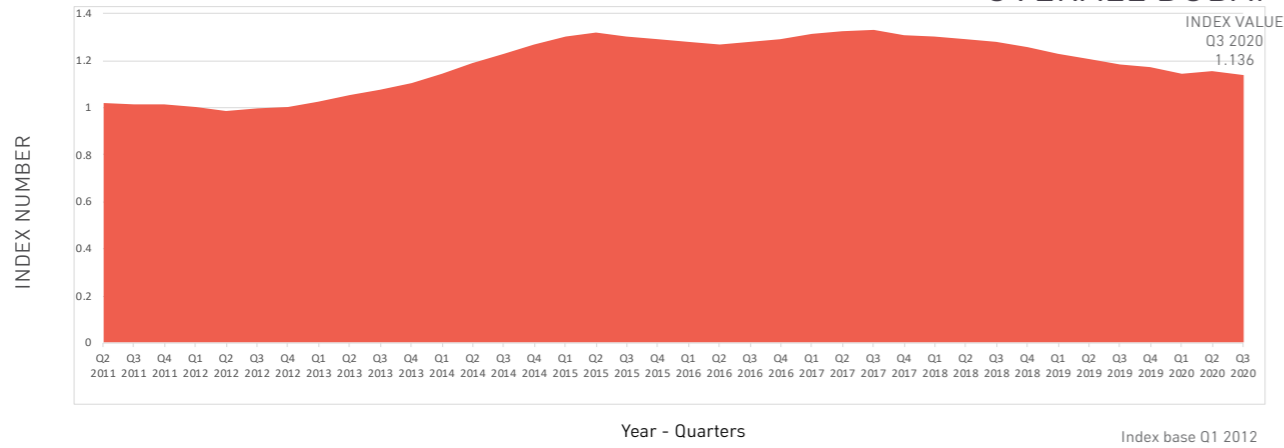
DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In September 2020 the villa/townhouse index recorded 0.998 and an index value of AED 1,610,700. This is an decrease of 4.68% in the past six months and a decrease of 1.38% month-on-month. However if we look at the quarterly index and compare Q2 and Q3 the index number has decreased by 0.81% from 0.991 to 0.983 with an index value of AED 1,632,247.

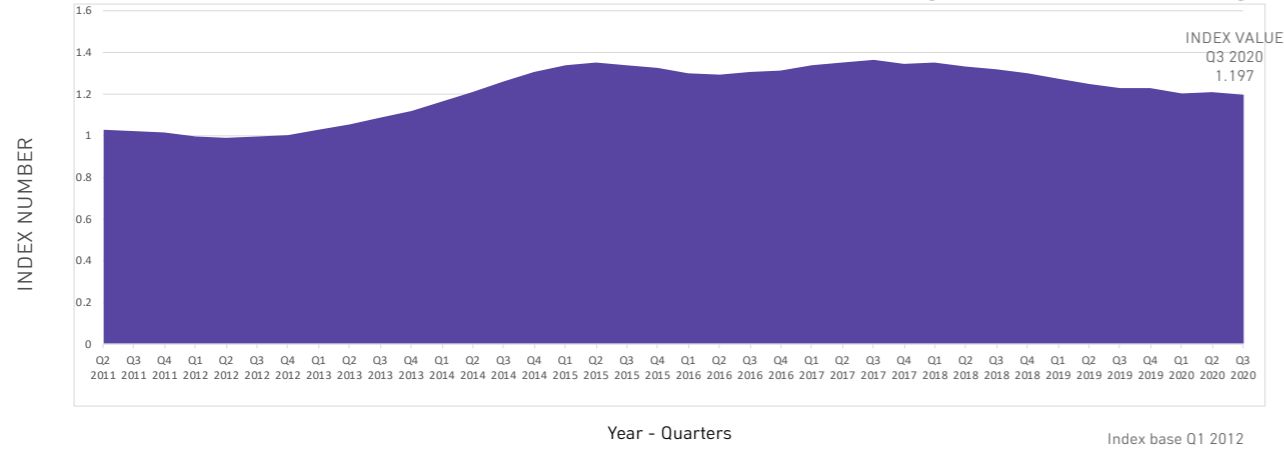
Month-on-Month	-1.38%
3 Month Change	-4.04%
6 Month Change	-4.68%

DUBAI SALES PRICE INDEX - QUARTERLY

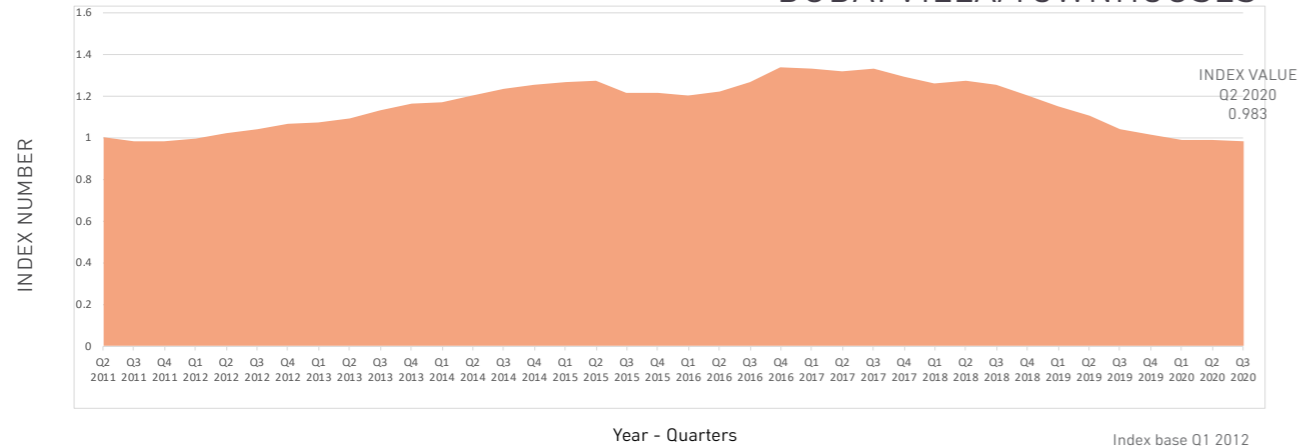
OVERALL DUBAI



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.

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:

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

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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