



MO'ASHER

The Official Rental Performance
Index for the Emirate of Dubai

JULY 2023



CONTENTS

MO'ASHER - THE OFFICIAL RENTAL PERFORMANCE INDEX	3
DUBAI RENTAL PERFORMANCE INDEX - MONTHLY	4
TOP AREAS	6
METHODOLOGY	8

MO'ASHER
THE OFFICIAL RENTAL PERFORMANCE INDEX

Key Findings

- July 2023 recorded 48,496 rental leases.
- 55.54% were new leases while 49.46% were renewals.
- 91.88% were annual contracts while 8.12% were non-annual leases.
- 28.62% were commercial leases while 70.10% were residential leases.

Mo'asher Results:

- Overall monthly Index recorded 1.061 and an index price of AED 57,255.
- Apartments monthly Index recorded 1.067 and an index price of AED 52,513.
- Villas/Townhouses' monthly Index recorded 0.970 and an index price of AED 148,707.

In July 2023, Dubai's rental market rose by 13.58% by recording 48,496 contracts in comparison to July 2022. This was driven by contract renewals which experienced a 27.79% increase compared to the same period from the previous year.

Fouad Bekkar

VP of Data & AI
Property Finder Group



The annual contracts still support the positive trend of the real estate market. They dominated the rental market by 91.88%, in July 2023, a 21.43% increase compared to July 2022.

Latifa Ibrahim Ahmed

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



July 2023

In July, the total rental contracts reached 48,496 registered leases of which 50.54% were new contracts while 49.46% were renewed. Annual contracts accounted for 91.88% of the total contracts while 8.12% were non-annual.

The registered leases for residential purposes recorded 33,994 contracts to contribute to around 70.10% of the total contracts, while 28.62% were registered for commercial purposes.

In July 2023, the rental contracts witnessed a 13.58% increase, supported by the renewed contracts which increased by 27.79% compared to July 2022. Annual contracts saw a growth of 21.43% compared to July 2022. While the rental leases for commercial purposes witnessed a significant increase by 26.69%, the rental leases for residential purposes witnessed an increase of 9.09% compared to July 2022.

Top Areas by Ejari Registrations

The top areas according to Ejari Registrations for the most rental transactions in July 2023 were Jabal Ali First (1,628 contracts), Al Warsan First (1,564), Al Mararr (1,476), Business Bay (1,294), Al Barsha South Fourth (1,277), Naif (1,239), Nadd Hessa (1,123), Marsa Dubai (1,103), Al Qusais First (1,078) and Al Barsha First (1,037).

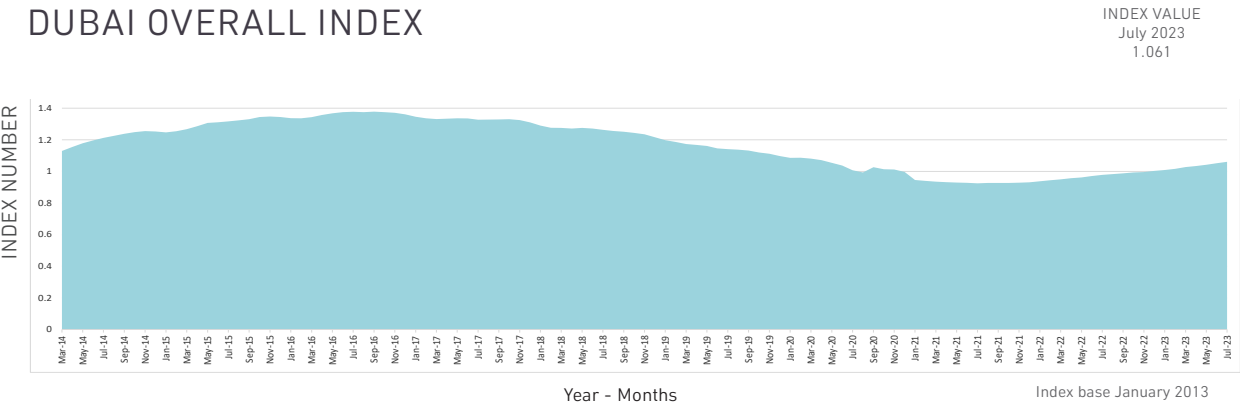
Top Areas by Demand

According to Property Finder's proprietary data, the top searched areas for apartment rentals in July were Dubai Marina, Jumeirah Village Circle, Business Bay, Downtown Dubai, and Deira. The top searched areas for villas/townhouses were Dubai Hills Estate, Damac Hills 2 (Akoya), Al Barsha, Jumeirah, Damac Hills (Akoya by Damac), Arabian Ranches and Mirdif.

DUBAI RENTAL PERFORMANCE INDEX MONTHLY



DUBAI OVERALL INDEX

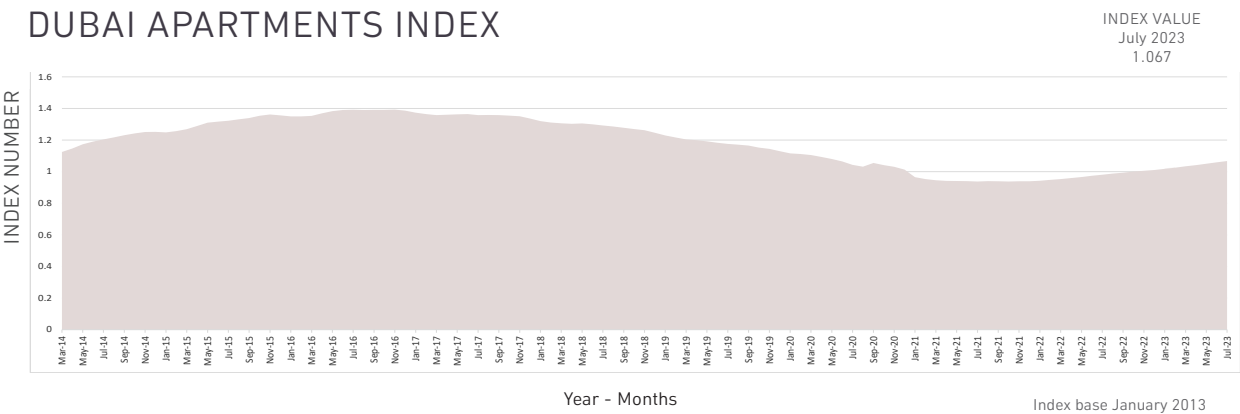


DUBAI OVERALL MONTHLY INDEX

In July 2023, the Overall monthly Index recorded 1.061 and an index price of AED 57,255.

Month-on-Month	+ 0.86%
3 Month Change	+ 2.61%
6 Month Change	+ 5.15%

DUBAI APARTMENTS INDEX

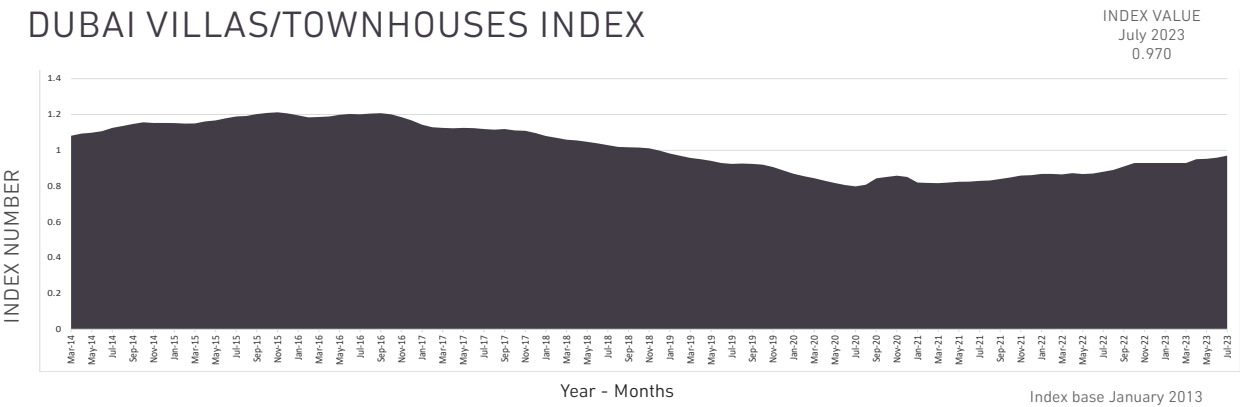


DUBAI APARTMENTS MONTHLY INDEX

In July 2023, the Apartments monthly Index recorded 1.067 and an index price of AED 52,513.

Month-on-Month	+ 0.76%
3 Month Change	+ 2.50%
6 Month Change	+ 4.81%

DUBAI VILLAS/TOWNHOUSES INDEX



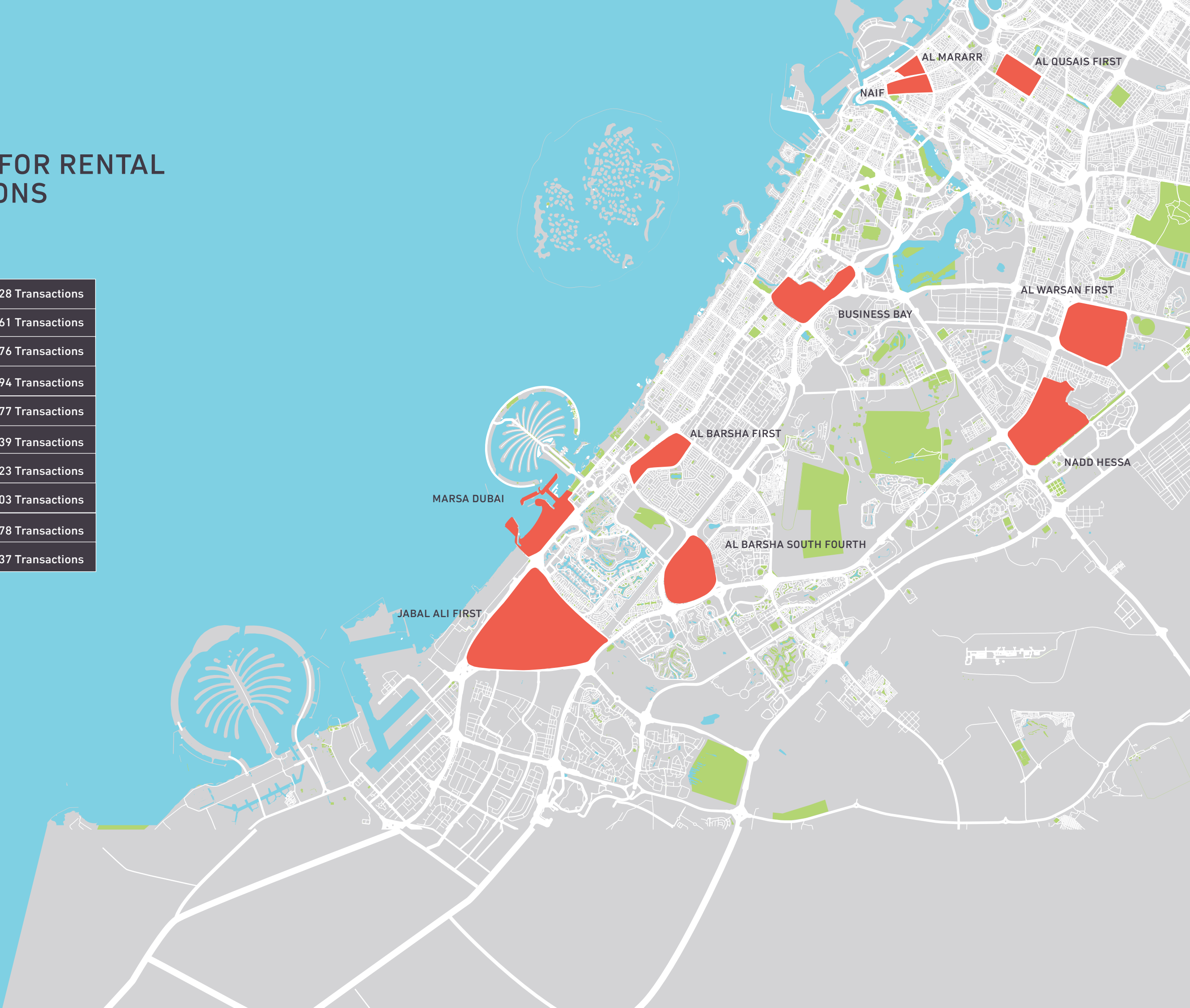
DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In July 2023, the Villas/Townhouses monthly Index recorded 0.970 and an index price of AED 148,707.

Month-on-Month	+ 1.15%
3 Month Change	+ 2.11%
6 Month Change	+ 2.32%

TOP AREAS FOR RENTAL TRANSACTIONS JULY 2023

Jabal Ali First	1,628 Transactions
Al Warsan First	1,561 Transactions
Al Mararr	1,476 Transactions
Business Bay	1,294 Transactions
Al Barsha South Fourth	1,277 Transactions
Naif	1,239 Transactions
Nadd Hessa	1,123 Transactions
Marsa Dubai	1,103 Transactions
Al Qusais First	1,078 Transactions
Al Barsha First	1,037 Transactions



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 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

Ahmed Mohammed Aloqal

Senior Statistical Analyst
Department of Real-Estate Studies and Research
Dubai Land Department
ahmed@dubailand.gov.ae

Manal Mahmoud Haroun

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