



# MO'ASHER

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

# MO'ASHER

The Official Sales Price Index  
for the Emirate of Dubai

AUGUST 2020

## CONTENTS

MO'ASHER -  
DUBAI HOUSE PRICE INDEX 3

DUBAI SALES PRICE INDEX - MONTHLY 4

METHODOLOGY 6



## MO'ASHER DUBAI HOUSE PRICE INDEX

The Dubai Real Estate market recorded 2,480 sales transactions in August 2020 worth AED 4.72 billion. This is a rise of 13.4 percent in number of sales transactions compared to August 2019. From these transactions, 31.5 percent were off-plan whereas 68.5 percent were in the secondary market.

In previous years, the summer months were typically slower for real estate transactions in Dubai because of the summer holidays. This year, due to the Covid-19 situation, many residents chose not to travel. This, coupled with pent up demand and attractive pricing drove transactions higher.

We also started to see prices stabilize in some prime areas in Dubai, including some areas where prices are slightly rising. These are areas where supply is limited and demand is high. The trends of consumers looking for larger properties is also still going strong. Since the start of the pandemic, the ratio of transactions for 3, 4 and 5 bedrooms has increased by 9 percent, 20 percent and 15 percent respectively.

### Key Findings

- In August 2020, real estate sales transactions grew by 2.2 % month-on-month and averaged around 614 properties sold in Dubai every seven days.
- The Dubai Real Estate market recorded 2,480 sales transactions in August 2020 worth AED 4.72 billion
- 31.5 % of the transactions were off-plan whereas 68.5 % were for the secondary market
- In August 2020, the Dubai overall Index declined by 0.27%, the Dubai apartment Index declined by 0.26% and the Dubai villa/townhouse Index declined by 1.08%

"In August, we started to see prices stabilize in some prime areas in Dubai where supply is low and demand is high."



**Lynnette Abad**

Director, Research and Data  
Property Finder Group

"The Dubai Real Estate market recorded 2,454 sales transactions in August 2020 worth AED 4.73 billion "

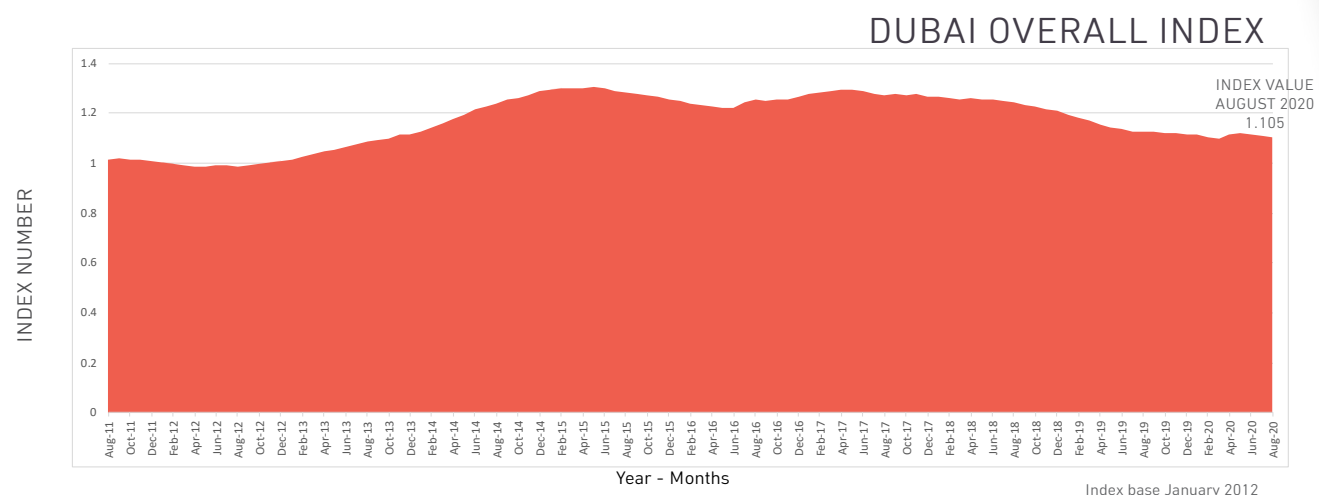


**Latifa Ibrahim Ahmed**

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



## DUBAI SALES PRICE INDEX - MONTHLY

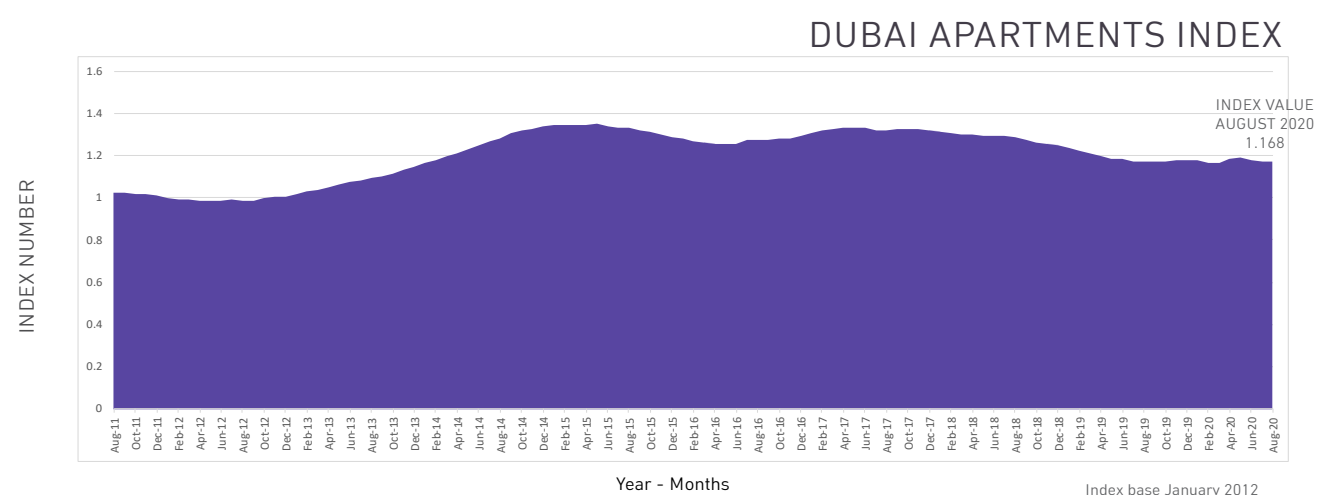


## DUBAI SALES PRICE INDEX

### DUBAI OVERALL MONTHLY INDEX

In August 2020 the Index number reached 1.105 with an Index price of AED 1,051,163. This is an increase of 0.091% in the past six months and a decrease of -0.27% month-on-month. However, if we look at the Index for the year, the Index number is still higher than what it was in February and March 2020.

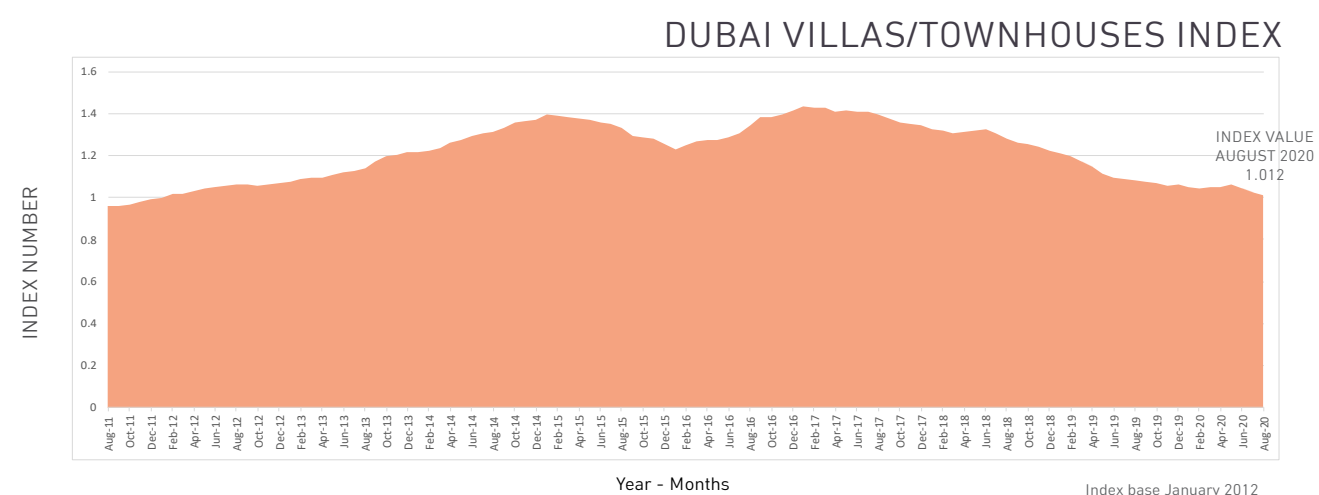
Month-on-Month	- 0.27%
3 Month Change	- 0.01%
6 Month Change	+ 0.09%



### DUBAI APARTMENTS MONTHLY INDEX

In August 2020 the Index number reached 1.168 with an Index price of AED 1,002,771. This is an increase of 0.086% in the past six months and a decrease of -0.26% month-on-month. However, if we look at the Index for the year, the Index number is still higher than what it was in February and March 2020.

Month-on-Month	- 0.26%
3 Month Change	- 1.76%
6 Month Change	+ 0.09%



### DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In August 2020 the Index number reached 1.012 with an Index price of AED 1,617,983. This is a decrease of -2.97% in the past six months and a decrease of -1.08% month-on-month.

Month-on-Month	- 1.08%
3 Month Change	- 4.52%
6 Month Change	- 2.97%



## 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 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](http://www.datafinder.ae)

## RESEARCH

### Lynnette Abad

Director  
Research and Data  
Property Finder  
[Lynnette@propertyfinder.ae](mailto: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](mailto:mahmoud.ahmed@rera.gov.ae)

## MARKETING

### Faisal Zaidi

Head of Marketing  
Research and Data  
Property Finder  
[faisal@propertyfinder.ae](mailto:faisal@propertyfinder.ae)

### Manal Mahmoud Haroun

Corporate Communication Officer  
Dubai Land Department  
[manal.haroun@dubailand.gov.ae](mailto:manal.haroun@dubailand.gov.ae)