

حكومة دبي

GOVERNMENT OF DUBAI



تسجيع وإدارة
الإستثمار العقارى
REAL ESTATE INVESTMENT PROMOTION

دائرة الأراضي والأملك
Land Department



MO'ASHER

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

بروبرتي
فايندر Property
Finder

MO'ASHER

The Official Sales Price Index
for the Emirate of Dubai

MAY 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 sales house index increased by 12.1% in May 2020 compared to the base year 2012, and recorded a growth of 0.5% compared to April 2020.

The Dubai Land Department recorded a total of 1,440 sales transactions worth AED 2.47 billion with 66.5% in the off-plan segment and 33.5% in the secondary segment. This brings the year-to-May total to 13,590 sales transactions worth AED 27.8 billion.

Once we saw the lockdown ease in Dubai, real estate transactions immediately picked up. In May, we saw pent up demand similar to what we see after Ramadan, summer and winter holidays as sales and rental enquiries were significantly above the same week last year across all unit types.

Currently, the Dubai real estate market is going through a V shaped recovery and when analysing the various indexes for May 2020, we are seeing the same V shaped pattern in recovery.

The index that held strength throughout the Covid-19 situation was the Dubai Villas/Townhouses Index. The reason was very clear in consumer demand at the start of the pandemic, people instantly saw the value in outside, personal space and villa/townhouse demand rose significantly week on week. This trend is still moving upward today.

The index prices are higher in April and May compared to March mainly due to supply. Sellers are waiting for this period to pass and prices during the lockdown basically stabilized to the same levels before the lockdown. Summer will be a very telling time as most will not travel for holidays and there are many active buyers in the market due to the relaxed mortgage cap and the best mortgage products and interest rates we have seen in 15 years.

Key Findings

- Monthly sales price index reached 1.121 in May 2020 compared to 1.115 in April.
- In May 2020, the Dubai Land Department recorded a total of 1,440 sales transactions worth AED 2.47 billion with 66.5% in the off-plan segment and 33.5% in the secondary segment.
- The index that held strength throughout the Covid-19 situation was the Dubai Villas/Townhouses Index.
- The index prices are higher in April and May compared to March mainly due to supply and gaining more negotiation power.

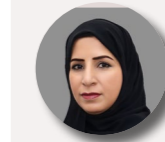
"Currently, the Dubai real estate market is going through a V shaped recovery and when analysing the various indexes for May 2020, we are seeing the same V shaped pattern in recovery."



Lynnette Abad

Director, Research and Data
Property Finder Group

"The index that held strength throughout the Covid-19 situation was the Dubai Villas/Townhouses Index."



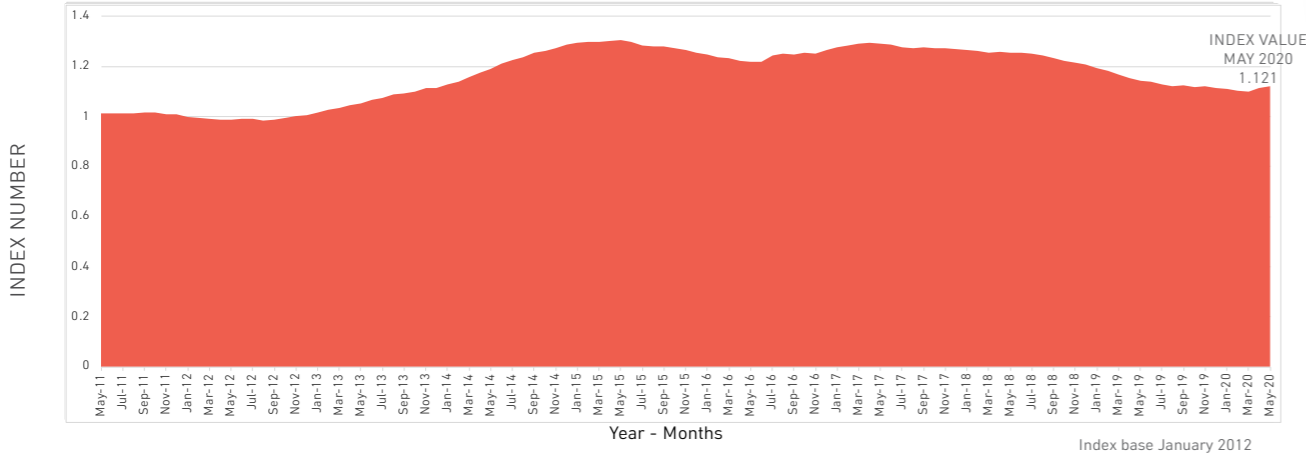
Latifa Ibrahim Ahmed

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

DUBAI SALES PRICE INDEX - MONTHLY

DUBAI SALES PRICE INDEX

DUBAI OVERALL INDEX

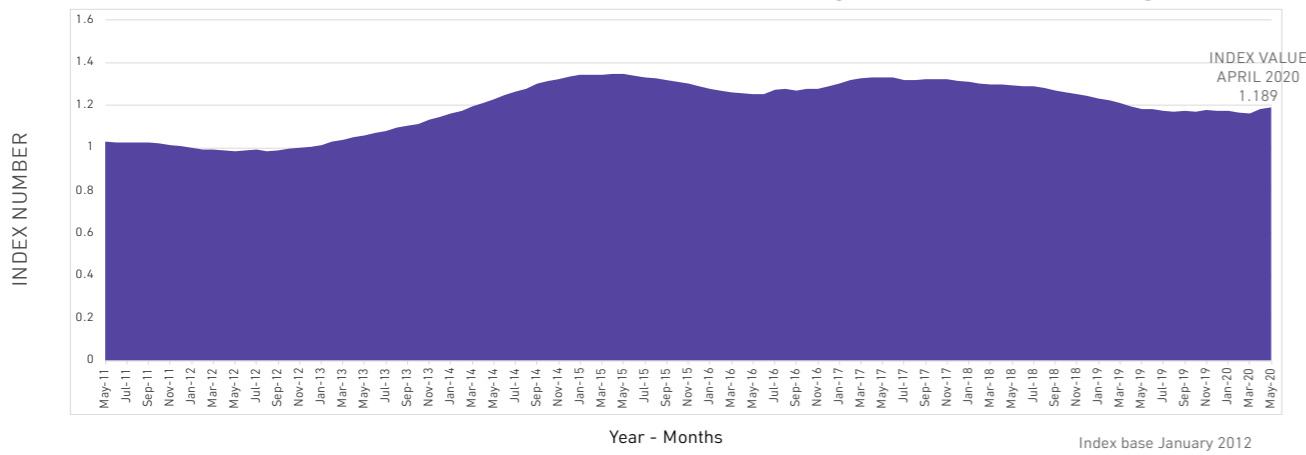


DUBAI OVERALL MONTHLY INDEX

The overall index for January 2020 was 1.112 and the Index price was AED 1,072,002. It fell to 1.104 in February 2020 and further declined in March 2020 to 1.100. However it started increasing again in April 2020 when it hit 1.115 and in May has become stronger with an Index number of 1.121 and an index value of AED 1,078,322. This is an increase of 0.8% since the beginning of the year and an increase of 0.54% month-on-month.

Month-on-Month	+0.54%
3 Month Change	+1.54%
6 Month Change	+0.63%

DUBAI APARTMENTS INDEX

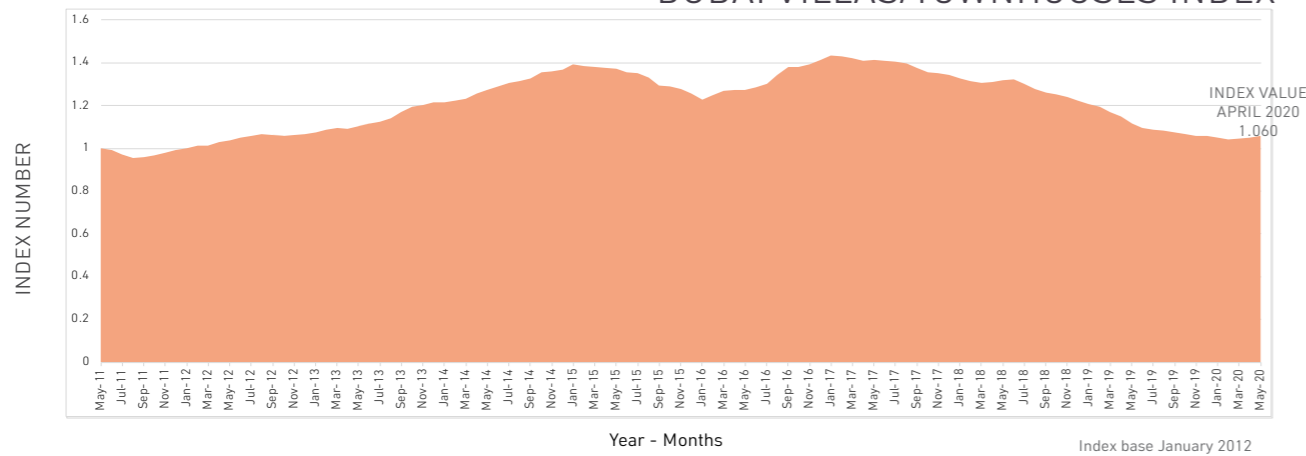


DUBAI APARTMENTS MONTHLY INDEX

The apartments index for January 2020 was 1.174 and the Index price was AED 1,024,429. It fell to 1.167 in February 2020 and further declined in March 2020 to 1.162. However it started increasing again in April 2020 when it hit 1.182 and in May has become stronger with an Index number of 1.189 and an index value of AED 1,031,855. This is an increase of 1.28% since the beginning of the year and an increase of 0.59% month-on-month.

Month-on-Month	+0.59%
3 Month Change	+1.89%
6 Month Change	+1.19%

DUBAI VILLAS/TOWNHOUSES INDEX



DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

The villas/townhouses index for January 2020 was 1.051 and the Index price was AED 1,635,573. It fell to 1.043 in February 2020 but rose back up in March 2020 to 1.047. The Index number kept in April 2020 when it hit 1.050 and in May has become stronger with an Index number of 1.060 and an index value of AED 1,651,574. This is an increase of 0.86% since the beginning of the year and an increase of 0.95% month-on-month.

Month-on-Month	+0.95%
3 Month Change	+1.63%
6 Month Change	+0.09%



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

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