

A wide-angle photograph of the Dubai skyline at sunset. The Burj Khalifa is on the left, and the Dubai Clock is prominent in the center-right. The sky is a mix of blue and orange. A dark semi-transparent banner is at the bottom.

Property Review

# Dubai Real Estate Market Report

Q4 2019







## PROPERTY MANAGEMENT

Your gateway to stress-free  
property ownership in Dubai

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The property management team at MMP / Your Place have a wealth of experience and an in-depth knowledge of successful asset management, building transparency and effective property management methods which enable us to provide our Clients with a comprehensive management service.



**Guaranteed  
Rental Income**



**Property Marketing  
& Listing**



**Finding Reliable  
Tenants**



**Regular Property  
Inspections**



**Rent  
Optimisation**



**We Are Always  
Available**

# DUBAI | HISTORIC OVERVIEW

## RECESSION

2009-2011

- The Dubai Real Estate market has gone through significant fluctuations over the years. Following the introduction of a decree allowing International Freehold Ownership in 2002, the market recorded rapid growth up until Q1 2009.
- This period was marked by large scale developments and project launches. The Real Estate market was fuelled by both strong demand from a rapidly expanding economy and workforce (leading to double digit Rental growth and Investor returns) and, more problematically, Investor speculation.
- With the onset of the global financial crisis, loss of confidence, erosion of capital and drying-up of liquidity, speculators were driven from the market. This resulted in significant value contractions and ultimately the collapse of fundamentals underpinning the Real Estate market.
- MMP/YP also recorded noticeable Tenant migration from neighbouring Emirates due to decreased Rental rates in Dubai.
- Sales activity remained subdued although transaction levels picked up slightly by the end of 2011. Many projects were delayed, put on hold or cancelled.

## RECOVERY & GROWTH

2012-2013

- The market began to show signs of recovery in 2012 when the Euro Crisis and Arab Spring conflict led to Dubai being an attractive alternative and 'safe' haven to invest and live in.
- In November 2013, Dubai was awarded to host Expo 2020, which led to growth in market confidence, a rise in new project launches and increased Sales prices and Rental rates.
- Whilst increased job security and market confidence created demand for Tenants to upgrade, rapid Rental growth also restricted Residents to move within Dubai and thus resulted in an upsurge in relocations to the Northern Emirates in search of more affordable housing.
- In anticipation of the growing Investor demand, the Dubai Government doubled the land registration fee to 4%, and introduced new loan-to-value rules to limit property speculation.

## STABILISATION

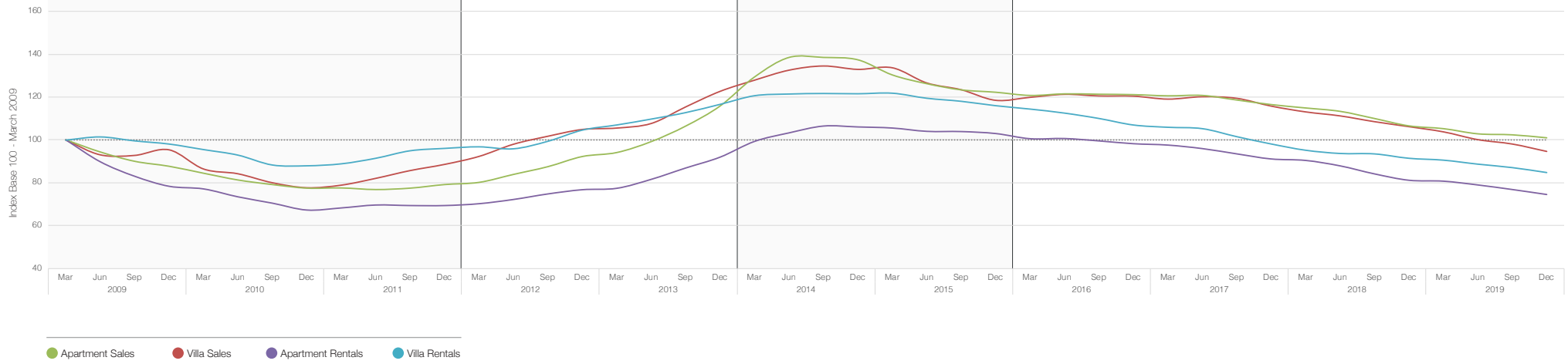
2014-2015

- The market peaked in Q2 2014 and corrected thereafter due to a combination of factors such as the reduction in LTVs, low oil prices and a strong US Dollar.
- Rental rates remained broadly stable as the handover of new supply was slower than anticipated.
- Due to the substantial number of launches witnessed in the previous years, concerns of an oversupply and lack of demand particularly for high end properties motivated Developers to focus on the mid and affordable housing sector, and to offer incentives such as extended payment plans during the post-completion stage.
- Lower deposits also made off-plan Sales a more attractive option compared to the minimum 25% down payment required for a mortgaged property.

## SOFTENING

2016-2019

- 2016 and 2017 recorded a significant amount of new project launches and deliveries resulting in steady declines in Sales prices and Rental rates. Whilst new project announcements eased off in 2018 and 2019, additional supply continued to have a downward effect on rates.
- The number and range of incentives increased as Landlords tried to retain Tenants and increase take-up, whilst Developers tried to motivate Buyers.
- A market driven by Tenants and Investors and an increased number of people looking for value-for-money options resulted in affordable developments outperforming luxury accommodation in terms of transaction activity.
- Developers increasingly offered smaller, off-plan units at lower price points with flexible post-completion payment plans, which resulted in an increase in first-time Buyers and End-users as home ownership became more accessible to people who were previously unable to jump on the property ladder due to high down payments.
- Initially, this resulted in a drop in demand for completed properties, but the slowdown in new project launches and the increased affordability led to a rise in transaction volumes in the secondary market.



# DUBAI SUPPLY ANALYSIS

	COMPLETED IN Q1 - Q3 2019	COMPLETED IN Q4 2019	EXPECTED IN 2020
<b>APARTMENTS</b> NO.OF UNITS	15,600	8,000	39,000
<b>VILLAS</b> NO.OF UNITS	4,700	2,700	10,600
<b>OFFICES</b> NO.OF UNITS MILLION SQ.FT.	1.77	1.24	2.4





# DUBAI

## HIGHLIGHTS AND OUTLOOK

	2019 HIGHLIGHTS	2020 OUTLOOK
SUPPLY*	<ul style="list-style-type: none"> <li>A total of 31,000 Residential units were handed over in 2019, comprising approximately 23,600 Apartments and 7,400 Villas, with communities such as Damac Hills, Dubai Hills Estates and Akoya Oxygen accounting for the bulk of completions.</li> <li>The Commercial sector recorded the delivery of circa 3.1 million sq.ft. of new Office space.</li> <li>Whilst construction activity for committed projects continued, the pace of new launches, particularly from secondary Developers, eased over 2019 in response to lower demand and growing supply.</li> </ul>	<ul style="list-style-type: none"> <li>New supply for 2020 is estimated at close to 50,000 units and 2.5 million sq.ft. of Office space, although, similar to previous years, some of this is expected to spill over into 2021.</li> <li>We will continue to see project launches from Master Developers with construction-linked and post-completion payment plans.</li> <li>Calls from industry leaders/experts for a short term curb on new projects in order to restore the supply-demand balance are expected to increase.</li> </ul>
RENTAL RATES	<ul style="list-style-type: none"> <li>Although Dubai's Real Estate market continued to mature throughout 2019 in line with increased transparency and improved regulatory conditions, Rental reductions remained commonplace in the majority of developments.</li> <li>However, these lower Rental rates also enabled more Tenants to upgrade in terms of size, quality and/or location.</li> <li>Apartments, Villas and Offices recorded average declines of 11%, 10% and 12%, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>With more supply expected for handover in 2020, retention will become increasingly important and can be achieved through competitive rates/incentives and proactive/professional Property Management.</li> <li>Nonetheless, further pressure on Rental rates across all asset classes is expected for the year as economic uncertainties limit newcomers to the market.</li> </ul>
SALES PRICES	<ul style="list-style-type: none"> <li>Apartment, Villa and Office Sales prices continued their downward trajectory during 2019, declining by an average of 13% to 15%.</li> <li>Increased affordability opened the market to a wider Investor pool and facilitated a rise in End-users and first time Buyers.</li> <li>MMP/Your Place noted a marked rise in enquiries with focus on affordable properties. In fact, according to Dubai Land's Department (DLD) data, transaction volumes recorded an 11-year high in 2019.</li> <li>In fact, according to Dubai Land's Department (DLD) data, transaction volumes recorded an 11-year high in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>Whilst Rental rates are expected to contract further, Sale price declines are likely to ease in 2020, particularly for newly launched projects, as development costs are approaching the lowest practical level.</li> <li>Secondary property prices are, however, expected to record additional drops.</li> <li>Developers, banks and other financial institutions will need to lower entry points to boost Sales.</li> </ul>

\* It is important to note that whilst a number of projects may have received completion certificates, MMP/Your Place does not consider a project delivered until the handover process has been initiated, or the units are available for lease in the open market.

TRENDS	SALES PRICES	RENTAL RATES	PROJECT LAUNCHES	INCENTIVES	SUPPLY	DEMAND - OFF PLAN	DEMAND - COMPLETED
2019	▼	▼	●	▲	▲	●	●
2020	▼	▼	●	▲	▲	●	▲

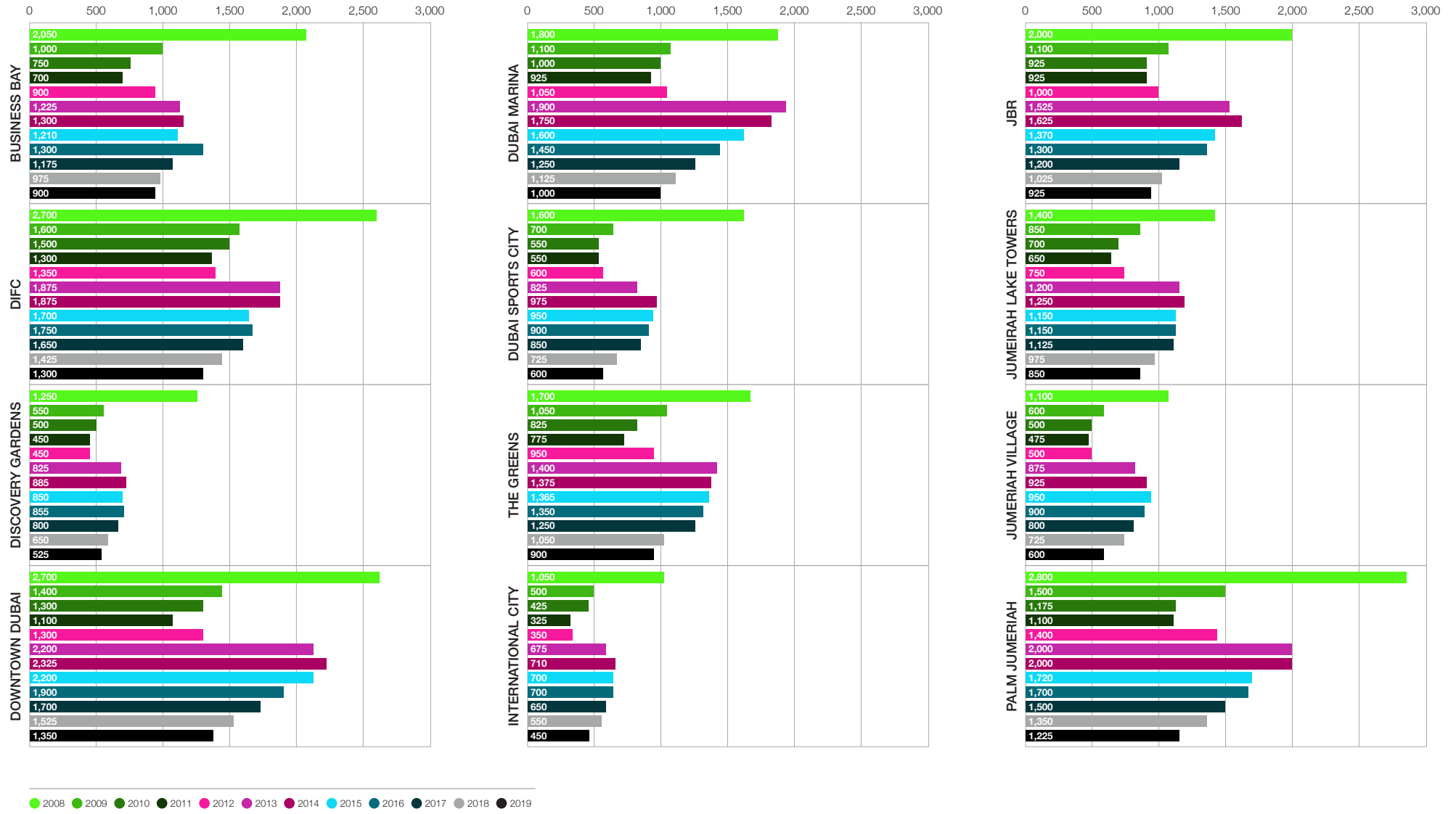
# DUBAI APARTMENT RENTAL RATES

(All figures in AED 000's p.a)

TYPE	1 BEDROOM													2 BEDROOM													3 BEDROOM													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019				
HIGH END TO LUXURY																																								
DIFC	-	-	-	73	80	103	113	113	105	100	90	85	-	-	-	115	130	158	173	158	160	145	120	110	-	-	-	145	170	198	235	230	190	190	175	150				
DOWNTOWN DUBAI	133	85	70	58	80	98	118	115	115	95	83	73	185	120	100	100	135	160	170	175	160	130	115	105	275	165	150	150	180	228	245	240	225	190	170	158				
PALM JUMERIAH	200	113	90	90	95	135	150	135	130	110	98	90	228	145	120	120	140	175	208	198	175	155	138	128	300	200	170	170	190	223	243	255	235	200	180	158				
SHEIKH ZAYED ROAD	160	83	70	68	83	98	113	100	95	90	80	73	203	130	105	100	110	148	148	130	125	115	110	98	290	175	120	120	135	195	200	175	165	150	125	115				
MID TO HIGH END																																								
BUSINESS BAY	-	-	55	45	60	90	93	93	85	70	65	58	-	-	85	70	85	130	135	135	125	105	90	90	-	-	115	100	125	178	180	185	170	150	140	120				
DUBAI MARINA	130	78	63	63	75	105	113	98	90	70	68	58	180	110	90	80	100	140	158	143	125	105	98	90	245	160	125	115	135	178	210	205	190	155	145	130				
GREENS	120	65	58	55	65	85	83	95	95	75	68	58	160	88	78	75	100	135	148	143	130	115	100	93	180	130	115	105	130	155	173	175	175	145	135	120				
JUMEIRAH BEACH RESIDENCE	115	85	73	70	80	108	118	115	105	95	80	70	168	118	95	90	100	135	163	148	140	115	103	93	203	148	115	110	140	175	200	193	185	160	140	125				
JUMEIRAH LAKE TOWERS	110	65	50	45	55	83	90	90	75	65	58	55	160	85	65	65	75	110	133	125	115	95	83	70	210	118	85	85	100	148	168	153	150	130	110	100				
AFFORDABLE																																								
DEIRA	88	48	40	37	35	68	65	65	60	50	43	43	103	55	55	53	53	85	90	90	85	70	63	55	138	83	75	70	75	135	133	113	115	95	88	85				
DISCOVERY GARDENS	100	58	45	38	45	70	70	72	65	55	49	40	135	85	70	53	70	83	80	80	85	85	83	75	-	-	-	-	-	-	-	-	-	-	-	-				
DUBAI SPORTS CITY	-	-	-	35	40	59	65	74	65	55	48	40	-	-	-	45	55	88	98	105	90	75	69	60	-	-	-	-	-	-	-	-	125	100	85	75				
INTERNATIONAL CITY	70	44	27	23	24	43	46	50	45	40	35	30	93	63	39	53	38	65	63	65	63	55	53	45	-	-	-	-	-	-	-	-	-	-	75	70				
JUMEIRAH VILLAGE	-	-	-	35	45	70	65	73	60	55	50	40	-	-	-	53	70	95	103	105	95	80	70	58	-	-	-	80	90	120	130	138	135	110	100	80				
DUBAI AVERAGE	118	68	57	53	61	85	91	90	85	74	65	58	157	96	82	75	88	118	127	127	118	102	91	83	216	131	114	107	128	159	170	172	162	142	127	114				
ANNUAL % CHANGE	-42%   -16%   -7%   15%   39%   7%   -1%   -6%   -13%   -12%   -10%												-   -39%   -14%   -8%   16%   35%   8%   0%   -7%   -14%   -11%   -9%												-   -39%   -13%   -6%   19%   24%   7%   2%   -6%   -13%   -11%   -10%															
% CHANGE SINCE PEAK (2008)	-51%												-47%												-47%															
% CHANGE SINCE MARKET LOW (2011)	9%												11%												7%															
% CHANGE SINCE 2ND PEAK (2014)	-36%												-35%												-33%															

# DUBAI APARTMENT SALES PRICES

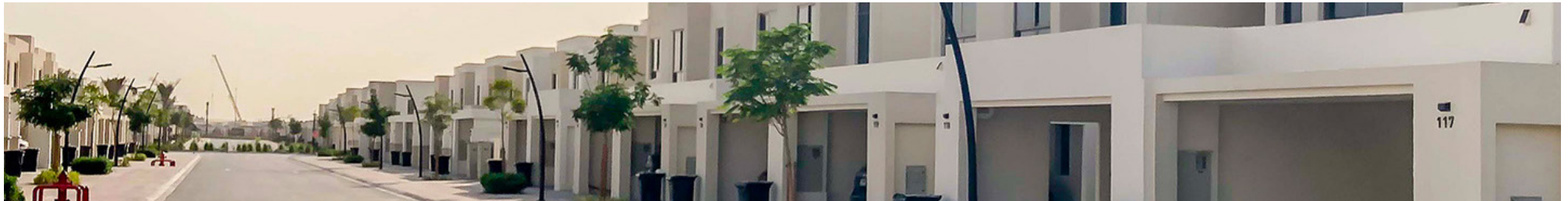
AED x sq.ft



# DUBAI VILLA RENTAL RATES

(All figures in AED 000's p.a)

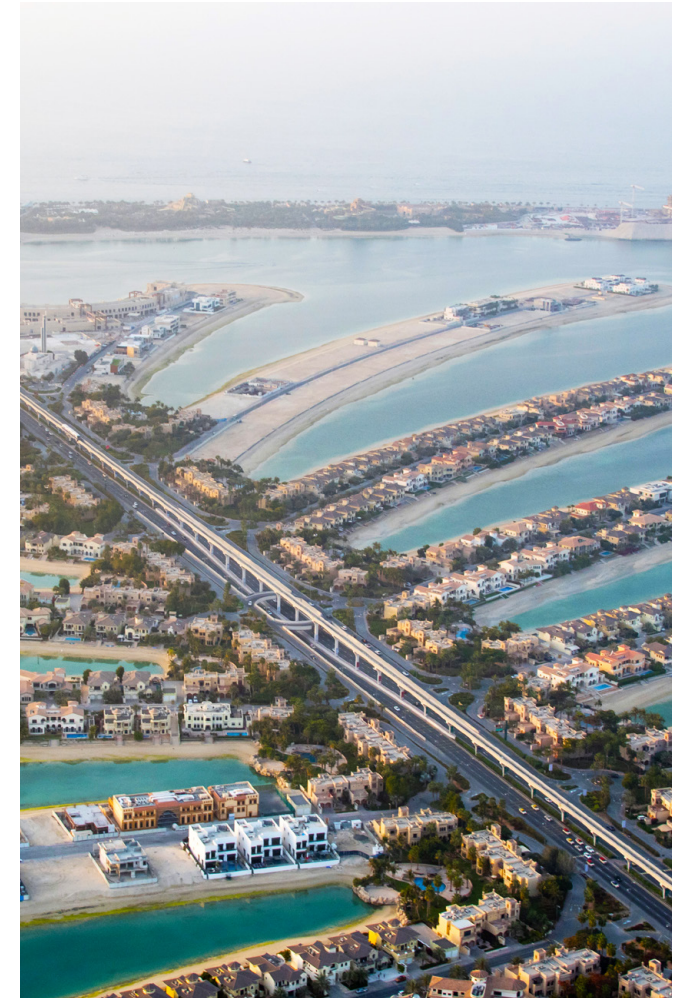
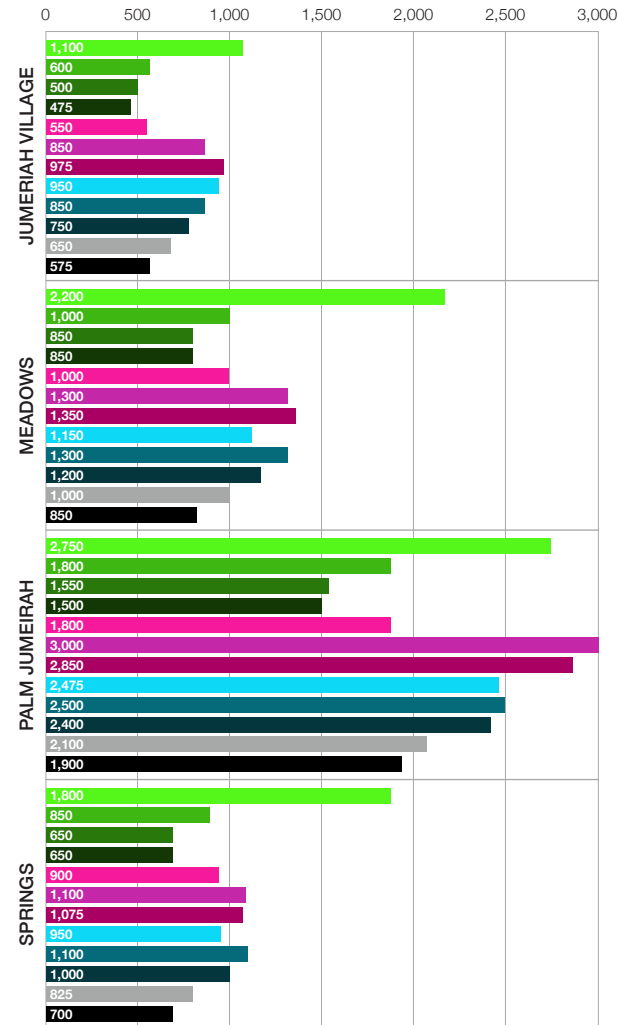
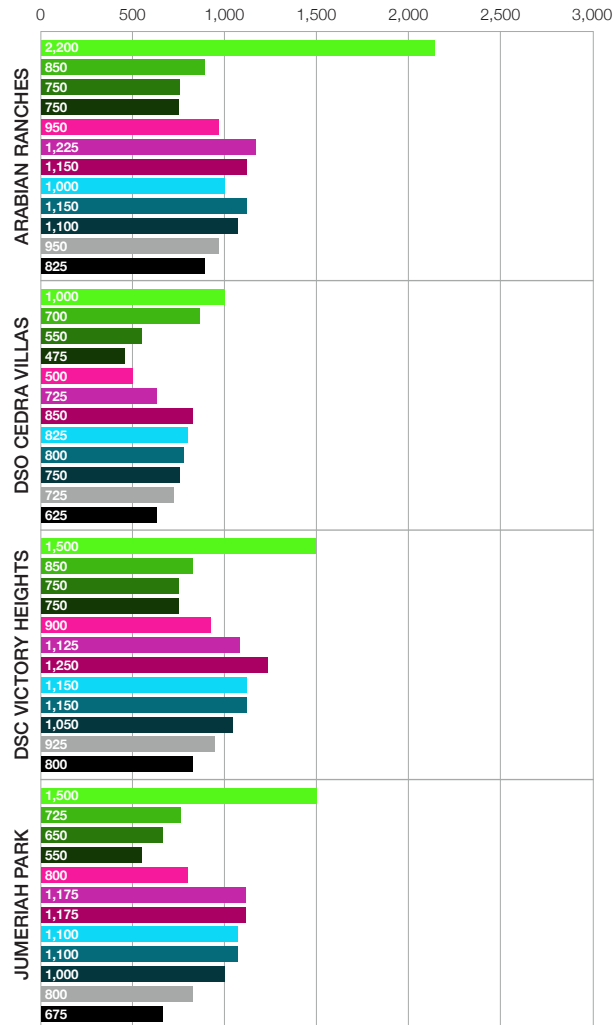
TYPE	3 BEDROOM													4 BEDROOM													5 BEDROOM													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019				
HIGH END TO LUXURY																																								
ARABIAN RANCHES	275	140	125	125	155	213	215	203	195	155	145	130	335	180	160	160	220	285	300	243	235	190	183	173	425	265	250	250	285	365	343	303	285	250	220	205				
DUBAI SILICON OASIS (CEDRE )	-	-	-	150	175	220	223	205	170	165	150	135	-	-	-	170	200	230	225	213	195	170	168	143	-	-	-	180	260	275	253	235	200	190	190	170				
DUBAI SPORTS CITY (VICTORY)	-	-	-	150	155	205	195	180	175	155	150	125	-	-	-	165	180	220	250	215	210	180	175	158	-	-	-	220	275	320	350	305	300	245	220	200				
JUMEIRAH	325	160	140	140	155	295	215	190	190	175	163	150	400	190	160	160	185	238	275	253	210	195	185	170	450	225	200	200	220	310	350	285	270	230	215	195				
JUMEIRAH PARK	-	-	-	-	-	195	220	218	210	175	165	153	-	-	-	-	-	250	290	245	245	200	188	183	-	-	-	-	-	295	340	290	275	255	230	225				
JUMEIRAH VILLAGE	-	-	-	90	125	155	163	160	160	145	120	95	-	-	-	110	150	165	178	170	170	145	125	108	-	-	-	145	165	180	210	208	185	160	150	140				
MEADOWS	325	180	180	180	210	230	238	233	210	195	190	165	350	240	200	200	225	250	275	260	260	225	210	180	425	265	225	225	265	285	310	285	285	250	230	210				
MIRDIF	240	100	80	80	90	138	133	130	120	105	93	88	260	120	110	105	115	165	155	150	150	130	115	100	275	165	125	125	140	175	175	175	170	150	135	115				
PALM JUMERIAH	375	270	275	275	325	350	350	333	320	275	245	215	550	340	315	315	400	495	485	420	400	390	350	315	800	450	450	450	500	723	725	675	600	500	465	440				
SPRINGS	250	125	105	105	140	163	195	180	180	145	135	123	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
THE LAKES	-	-	-	170	200	220	228	223	220	190	175	158	-	-	-	260	280	290	283	275	270	245	235	220	-	-	-	-	340	350	350	400	363	350	330	260				
UMM SUQEIM	325	160	140	135	160	215	250	195	190	180	170	155	400	190	160	160	180	290	275	260	240	220	210	183	490	230	210	210	230	313	305	290	270	245	235	220				
DUBAI AVERAGE	314	179	162	152	179	213	225	206	195	175	152	133	388	223	204	186	219	361	271	244	231	206	183	165	482	274	246	224	259	311	314	290	274	245	222	206				
ANNUAL % CHANGE	-	-43%	-9%	-6%	18%	19%	5%	-8%	-5%	-11%	-13%	-13%	-	-43%	-8%	-9%	18%	19%	4%	-10%	-5%	-11%	-11%	-10%	-	-43%	-10%	-9%	15%	20%	1%	-8%	-6%	-11%	-9%	-7%				
% CHANGE SINCE PEAK (2008)	-56%												-58%												-57%															
% CHANGE SINCE MARKET LOW (2011)	-9%												-7%												-5%															
% CHANGE SINCE 2ND PEAK (2014)	-38%												-38%												-36%															





# DUBAI VILLA SALES PRICES

AED x sq.ft



# DUBAI COMMERCIAL RENTAL RATES

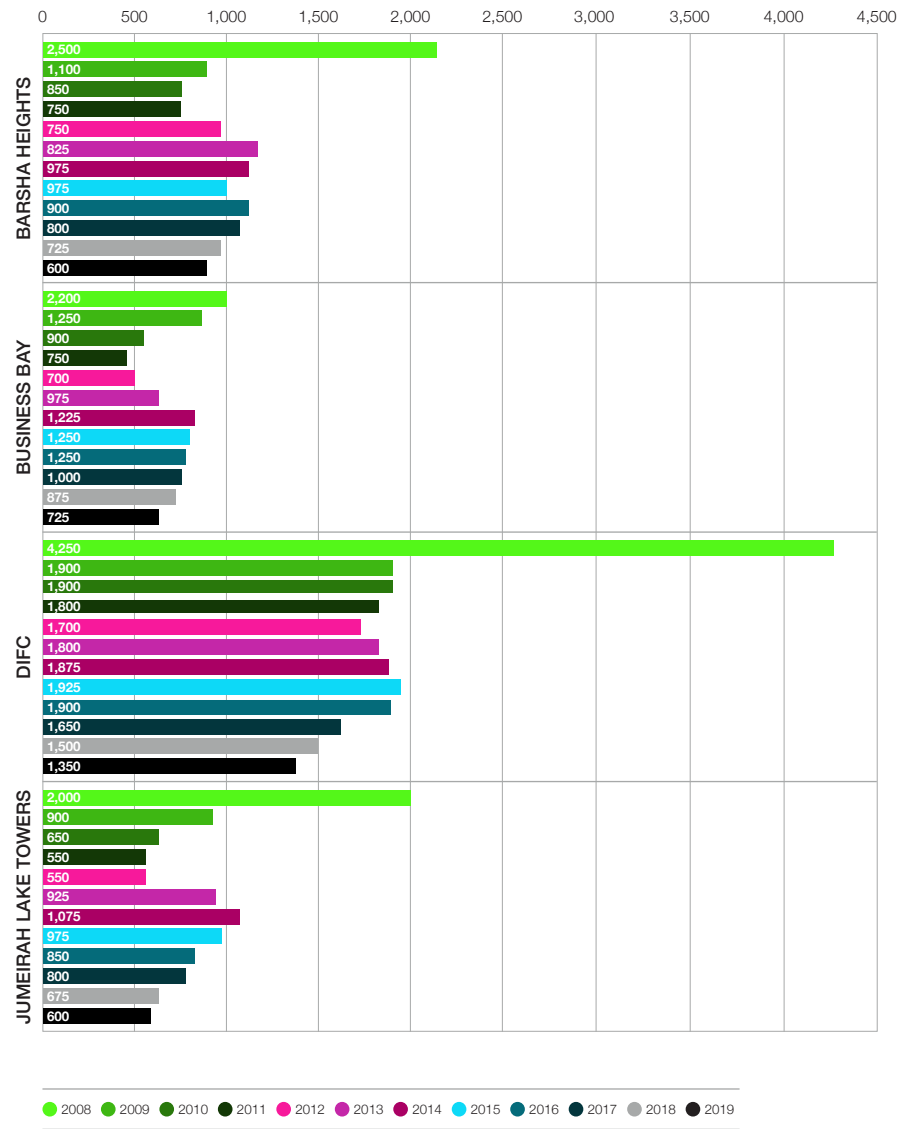
(All figures in AED 000's p.a)

AREA	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>BARSHA HEIGHTS</b>	350	105	75	60	55	85	100	110	48	95	85	68
<b>BUR DUBAI</b>	360	150	110	90	80	95	105	108	100	100	85	78
<b>BUSINESS BAY</b>	-	-	-	75	70	100	103	88	90	90	75	65
<b>DIFC</b>	525	370	230	220	225	220	235	255	250	245	215	195
<b>JUMERIAH LAKE TOWERS</b>	235	100	60	50	50	90	95	98	95	95	80	63
<b>SHEIKH ZAYED ROAD</b>	425	215	160	140	140	175	180	185	165	150	120	98
<b>DUBAI AVERAGE</b>	350	173	114	96	94	117	126	130	127	122	114	104
<b>ANNUAL % CHANGE</b>	-	-51%	-34%	-16%	-2%	24%	8%	3%	-2%	-4%	-7%	-12%
<b>% CHANGE SINCE PEAK (2008)</b>							-72%					
<b>% CHANGE SINCE MARKET LOW (2012)</b>							9%					
<b>% CHANGE SINCE 2ND PEAK (2014)</b>							-25%					



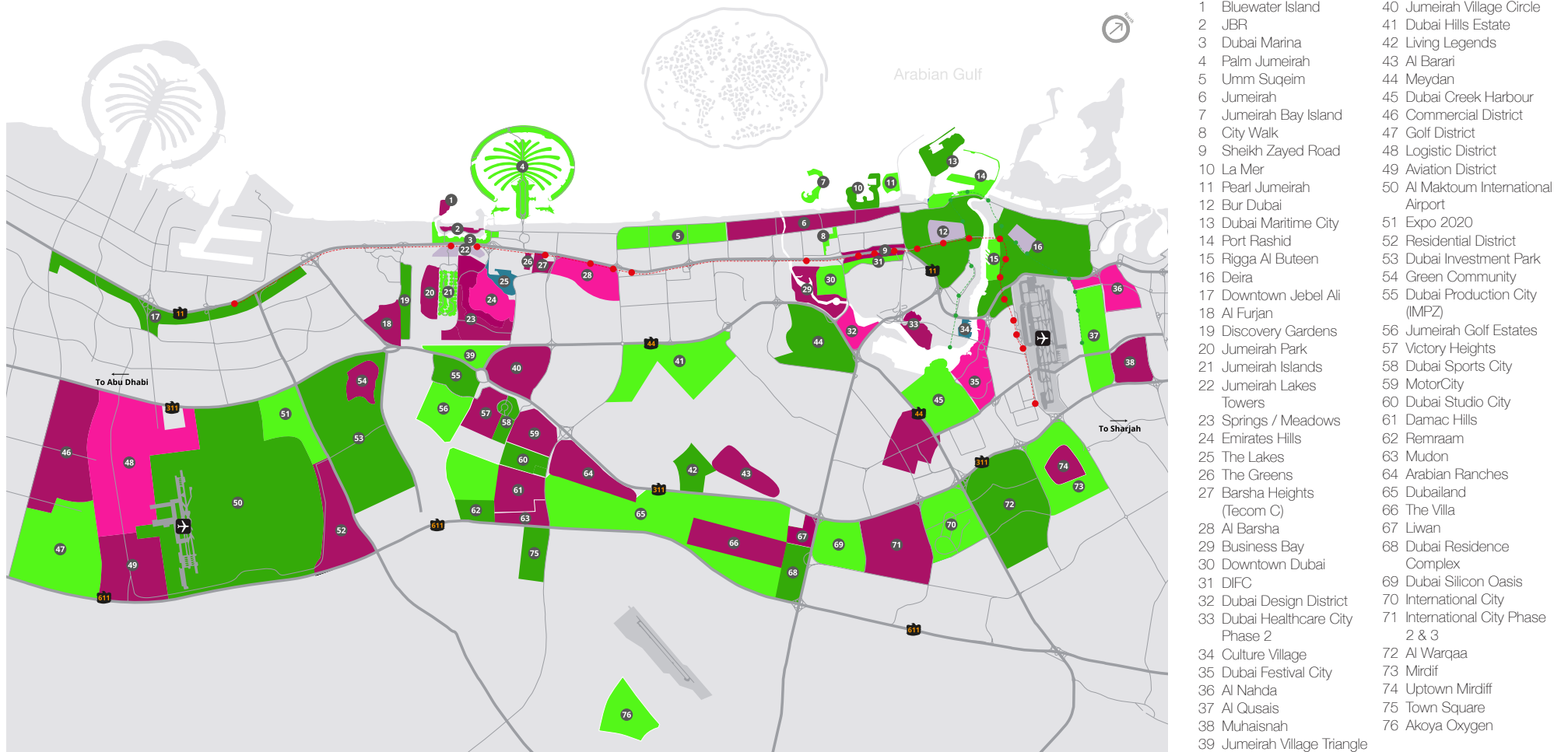
# DUBAI COMMERCIAL SALES PRICES

AED x sq.ft





# DUBAI LOCATIONS AREA MAP





## About

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Your Place / MMP, launched in 2007 was founded to provide a full 360 degree solution for property owners in Dubai giving you the opportunity to enjoy a stress-free investment.

Our Property Management solution covers all aspects of managing an investment property, from marketing, finding and screening tenants to maintaining your asset, and collecting and cashing the rent and handling any maintenance issues that arise.

Your Place / MMP's main focus is to ensure that each property owner is provided with professional property management services whilst having complete peace of mind.

Additionally Your Place are ISO 9001:2014 Management Certified

## Contact

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