

Property Review

# Dubai Real Estate Market Report

Q2 2020



YourPlace.



# 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 MARKET OVERVIEW

## SUPPLY

New Apartment supply slowed markedly in Q2 2020 with the handover of 4,200 units, compared to over 5,750 in the first quarter of the year. Similarly, new Office supply fell short of last quarter's output, with the delivery of 0.3 million sq.ft. of Office space compared to 0.5 million sq.ft. in Q1.

Interestingly, Villa stock increased marginally, from 2,150 units in Q1 to 2,300 dwellings in Q2 2020.

Despite post-completion linked payment plans that previously encouraged Developers to complete projects in a timely manner, new supply is likely to fall short of earlier estimates.

Recent research revealed that approximately 20% of previously tendered or under construction projects have been put on hold, temporarily or indefinitely, and our projections have been revised accordingly.

Whilst these figures represent a notable decline on previous projections, it is still a significant volume, particularly given the current situation.

Although Real Estate demand is likely to slow based on current uncertainties, it is reasonable to assume that the number of new project announcements will be very limited until economic conditions and market sentiment improve. This may aid in the absorption of pent-up demand in the medium to long term.

## RENTAL RATES

The rate of decline for Apartment, Villa and Office Rental rates over Q2 2020 was more or less similar to previous quarters, recording quarterly drops of 4%, 3% and 5%, respectively.

Annual changes were also broadly aligned with preceding trends and amounted to 13%, 10% and 13%, respectively. Your Place anticipates that this pattern is likely to prevail, or even intensify due to the expected volume of additional supply combined with a potentially sharp drop in demand in the short to medium term due to the impact of COVID on employment.

There has been a marked rise in the number of small (circa. 100 - 500 sq.ft.), fully furnished / fitted / serviced offices available for Lease, especially in areas with a large amount of strata title space, such as Business Bay and Jumeirah Lakes Towers. Incentives offered are extensive and include items such as free licenses, rent-free periods (up to 12 months), zero commission, free chiller, free parking, flexible payment options, etc.

Despite discounts and incentives offered by Residential and Commercial Landlords, we expect a reduced number of new Leases and renewals in the short term as Tenants adopt a wait and see approach.

Whilst prolonged economic challenges and the general level of employment uncertainty have and will result in Residents downsizing and seeking value-for-money accommodation, preliminary data suggests an increase in enquiries for larger (competitively priced) units with extensive facilities. This is predominantly due to the rise in 'work from home' policies implemented by companies, often on a permanent basis.

In addition, there may well be a trend for more flexible Residential options in terms of Lease terms and more limited upfront capital requirements due to shorter term employment opportunities and in order to address concerns over job security.

In any event, monthly payments by direct debit / credit cards will become the market norm and the Property Management structure will need to be able to address these requirements going forward in terms of enhanced level of Tenant management and responsive maintenance services to retain Tenants, in which MMP / Your Place have actively been practicing over the past 2 years.

## SALES PRICES

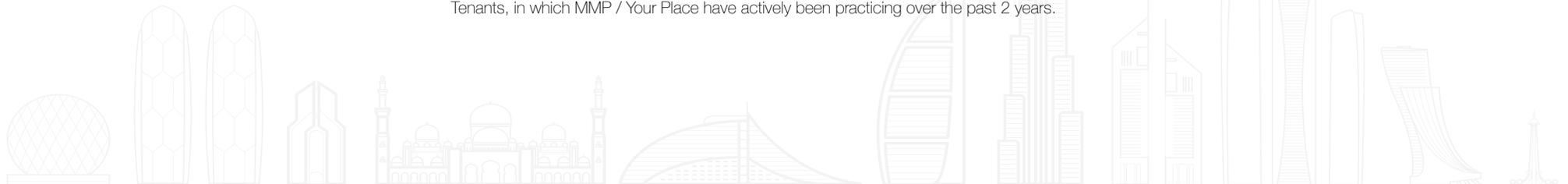
Whilst there is definite traction in the market, sales prices for Apartments, Villas and Offices contracted by 4%, 4% and 2% compared to the previous quarter, and recorded annual declines of 11%, 11% and 9%, respectively.

The reduction of the LTV ratio by 5% and partial release of pent-up Buyer demand resulting from the lifting of movement restrictions resulted in an immediate bounce in sales activity towards the end of the second quarter.

However, there has been a significant drop in off-plan Sales launches, a trend we expect will continue for the short term.

Despite extensive Government initiatives on both Federal and Municipal level, oil price volatility and the threat of a breakdown in trade relations between China and the USA will continue to weaken global economic and therefore local recovery.

Whilst we initially expected the fall out of Covid-19 to manifest in Q2, we do not believe this to be the case just yet. Until greater stability returns to the market, it is difficult to predict when conditions will normalise and how transactional volumes and values will be affected. Moreover, it is difficult to anticipate whether long term changes to purchaser habits and change in work-place, work-life habits will manifest.



\* 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.

# DUBAI SUPPLY ANALYSIS

	COMPLETED IN Q1 2020	COMPLETED IN Q2 2020	PROJECTED H2 2020
<b>APARTMENTS</b> NO.OF UNITS	<b>5,750</b>	<b>4,200</b>	<b>12,650</b>
<b>VILLAS</b> NO.OF UNITS	<b>2,150</b>	<b>2,300</b>	<b>3,750</b>
<b>OFFICES</b> MILLION SQ.FT	<b>0.5</b>	<b>0.3</b>	<b>1.15</b>



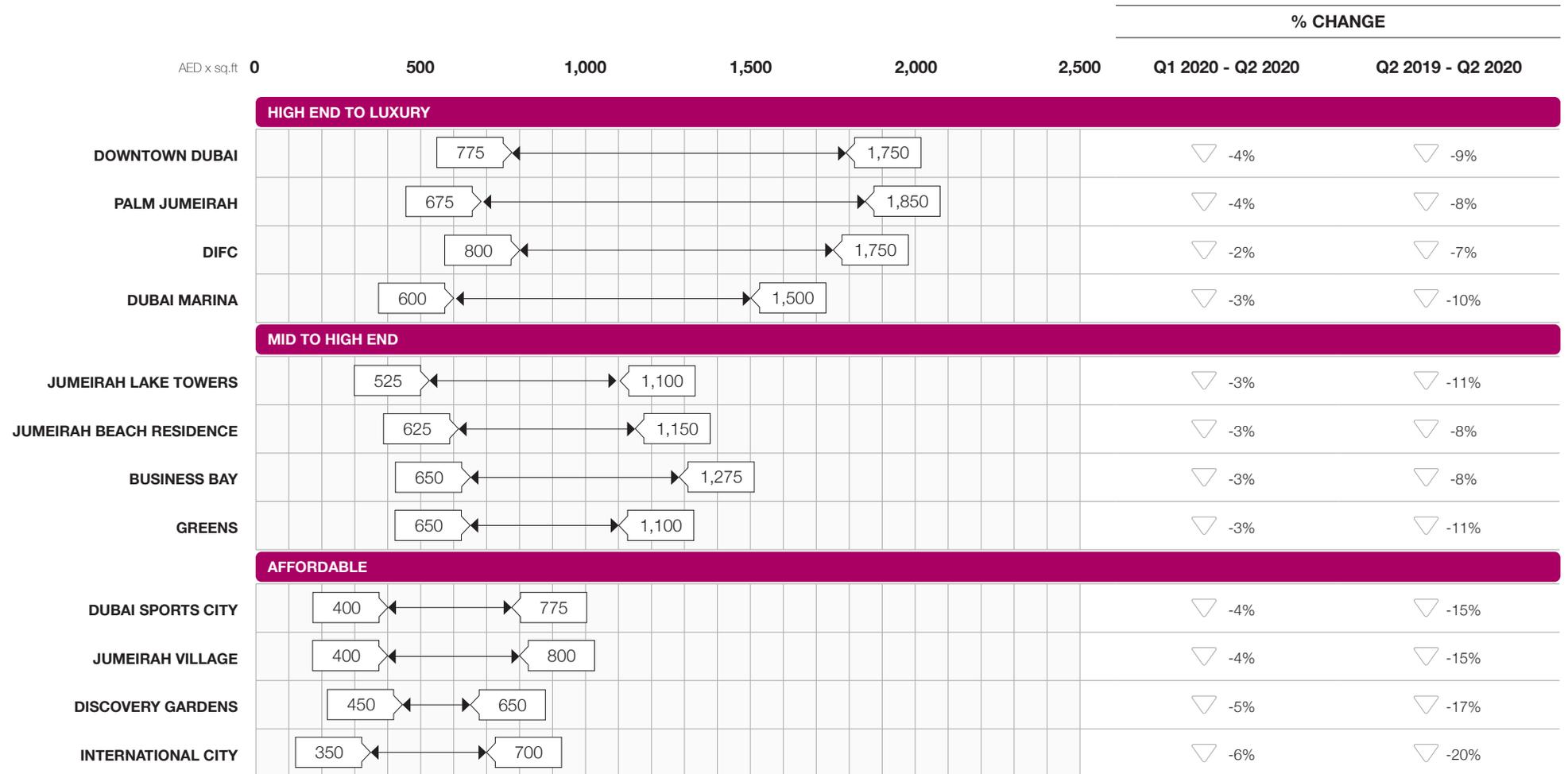
# DUBAI APARTMENT RENTAL RATES

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

AREA	STUDIO		1 BEDROOM		2 BEDROOM		3 BEDROOM		% CHANGE	
	From	To	From	To	From	To	From	To	Q1 2020 - Q2 2020	Q2 2019 - Q2 2020
<b>HIGH END TO LUXURY</b>										
DOWNTOWN DUBAI	35	65	60	100	70	140	95	205	-3%	-11%
PALM JUMEIRAH	50	70	60	110	85	155	110	190	-3%	-8%
DIFC	45	65	60	100	70	140	95	205	-3%	-11%
DUBAI MARINA	30	60	40	75	55	115	70	160	-5%	-12%
<b>MID TO HIGH END</b>										
JUMEIRAH LAKE TOWERS	30	45	38	65	45	85	60	120	-6%	-12%
JUMEIRAH BEACH RESIDENCE	45	60	55	75	70	100	90	135	-6%	-13%
BUSINESS BAY	30	48	40	65	60	95	95	125	-6%	-15%
GREENS	35	48	45	70	65	105	85	140	-6%	-12%
<b>AFFORDABLE</b>										
DUBAI SPORTS CITY	20	40	30	50	40	70	60	95	-6%	-16%
JUMEIRAH VILLAGE	23	33	30	45	45	70	65	90	-3%	-15%
DISCOVERY GARDENS	23	33	35	40	60	80	-	-	-4%	-10%
INTERNATIONAL CITY	15	25	23	33	35	50	65	80	-3%	-9%



# DUBAI APARTMENT SALES PRICES



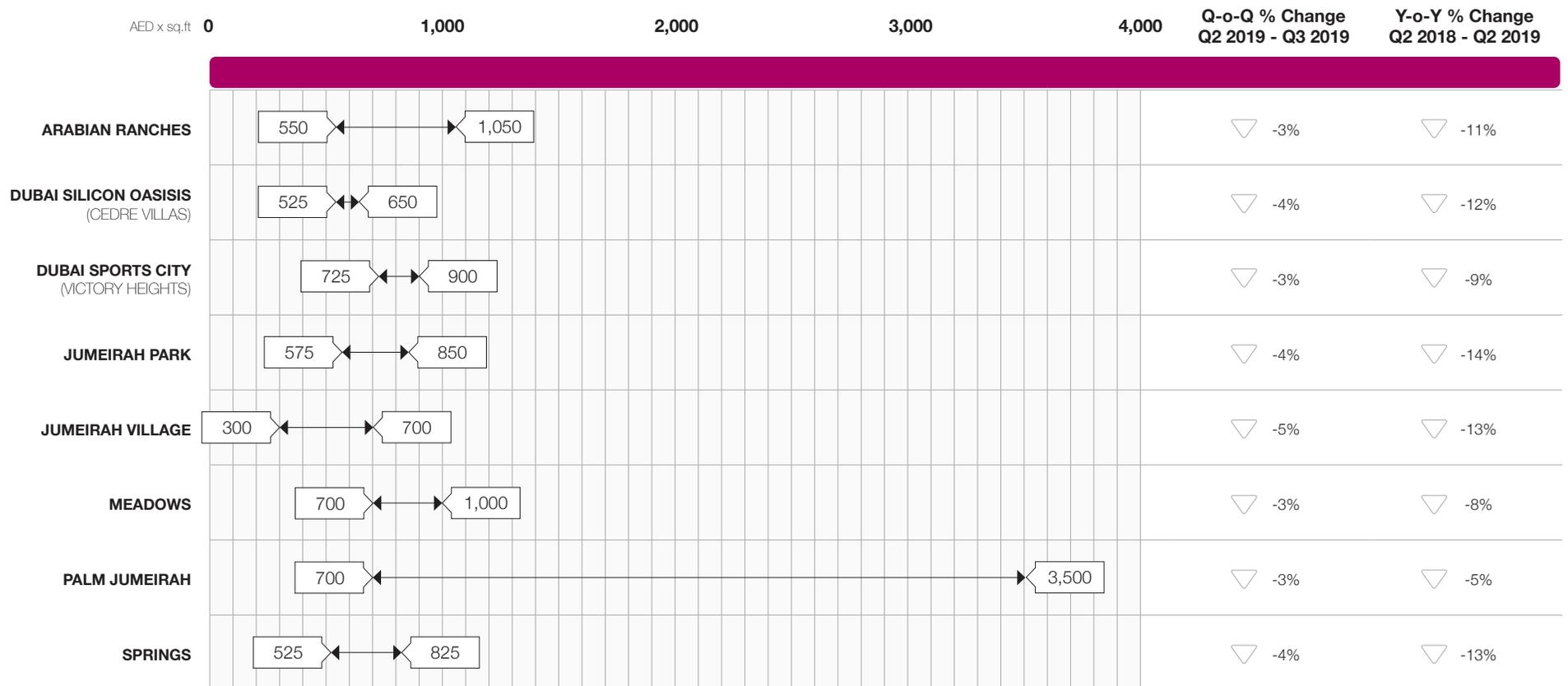
# DUBAI VILLA RENTAL RATES

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

AREA	2 BEDROOMS		3 BEDROOMS		4 BEDROOMS		5 BEDROOMS		% CHANGE	
	From	To	From	To	From	To	From	To	Q1 2020 - Q2 2020	Q2 2019 - Q2 2020
<b>HIGH END TO LUXURY</b>										
ARABIAN RANCHES	75	115	85	155	130	230	160	260	-3%	-6%
DUBAI SILICON OASIS (CEDRE )	-	-	125	138	130	140	150	160	-2%	-12%
DUBAI SPORTS CITY (VICTORY)	-	-	95	125	125	165	170	245	-5%	-13%
JUMEIRAH	-	-	105	185	120	210	130	240	-4%	-7%
JUMEIRAH PARK	-	-	130	165	150	200	200	250	-2%	-4%
JUMEIRAH VILLAGE	70	105	80	120	80	135	110	150	-3%	-11%
MEADOWS	-	-	140	180	160	200	175	250	-2%	-4%
MIRDIF	55	85	65	105	75	125	80	130	-1%	-10%
PALM JUMERIAH	-	-	160	250	220	380	275	650	-1%	-7%
SPRINGS	70	110	95	135	-	-	-	-	-5%	-9%
THE LAKES	-	-	135	170	170	240	240	275	-2%	-6%
UMM SUQEIM	-	-	110	190	130	230	150	280	-2%	-6%



# DUBAI VILLA SALES PRICES



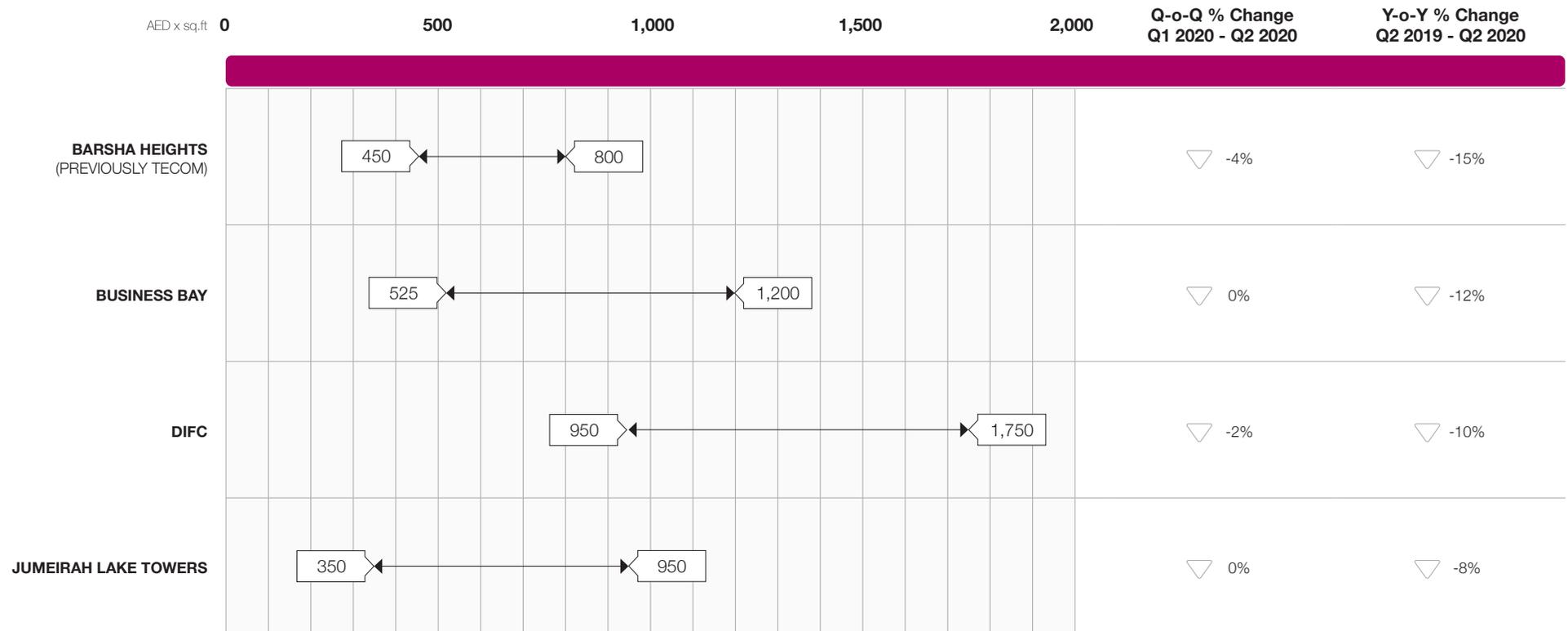
# DUBAI COMMERCIAL RENTAL RATES

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

AREA	AVERAGE RENTAL RATES		% CHANGE	
	From	To	Q4 2019 -Q1 2020	Q1 2019 - Q1 2020
<b>BARSHA HEIGHTS</b>	35	75	-8%	-20%
<b>BUR DUBAI</b>	40	90	-7%	-13%
<b>BUSINESS BAY</b>	35	80	-8%	-18%
<b>DIFC</b>	60	275	-8%	-15%
<b>JUMERIAH LAKE TOWERS</b>	25	85	-8%	-21%
<b>SHEIKH ZAYED ROAD</b>	50	120	-5%	-14%



# DUBAI COMMERCIAL SALES PRICES



# DUBAI LOCATIONS AREA MAP



- |                                  |                                     |
|----------------------------------|-------------------------------------|
| 1 Bluewater Island               | 40 Jumeirah Village Circle          |
| 2 JBR                            | 41 Dubai Hills Estate               |
| 3 Dubai Marina                   | 42 Living Legends                   |
| 4 Palm Jumeirah                  | 43 Al Barari                        |
| 5 Umm Suqeim                     | 44 Meydan                           |
| 6 Jumeirah                       | 45 Dubai Creek Harbour              |
| 7 Jumeirah Bay Island            | 46 Commercial District              |
| 8 City Walk                      | 47 Golf District                    |
| 9 Sheikh Zayed Road              | 48 Logistic District                |
| 10 La Mer                        | 49 Aviation District                |
| 11 Pearl Jumeirah                | 50 Al Maktoum International Airport |
| 12 Bur Dubai                     | 51 Expo 2020                        |
| 13 Dubai Maritime City           | 52 Residential District             |
| 14 Port Rashid                   | 53 Dubai Investment Park            |
| 15 Rigga Al Buteen               | 54 Green Community                  |
| 16 Deira                         | 55 Dubai Production City (IMPZ)     |
| 17 Downtown Jebel Ali            | 56 Jumeirah Golf Estates            |
| 18 Al Furjan                     | 57 Victory Heights                  |
| 19 Discovery Gardens             | 58 Dubai Sports City                |
| 20 Jumeirah Park                 | 59 MotorCity Towers                 |
| 21 Jumeirah Islands              | 60 Dubai Studio City                |
| 22 Jumeirah Lakes Towers         | 61 Damac Hills                      |
| 23 Springs / Meadows             | 62 Remraam                          |
| 24 Emirates Hills                | 63 Mudon                            |
| 25 The Lakes                     | 64 Arabian Ranches                  |
| 26 The Greens                    | 65 Dubailand                        |
| 27 Barsha Heights (Tecom C)      | 66 The Villa                        |
| 28 Al Barsha                     | 67 Liwan                            |
| 29 Business Bay                  | 68 Dubai Residence Complex          |
| 30 Downtown Dubai                | 69 Dubai Silicon Oasis              |
| 31 DIFC                          | 70 International City               |
| 32 Dubai Design District         | 71 International City Phase 2 & 3   |
| 33 Dubai Healthcare City Phase 2 | 72 Al Warqaa                        |
| 34 Culture Village               | 73 Mirdif                           |
| 35 Dubai Festival City           | 74 Uptown Mirdif                    |
| 36 Al Nahda                      | 75 Town Square                      |
| 37 Al Qusais                     | 76 Akoya Oxygen                     |
| 38 Muhaisnah                     |                                     |
| 39 Jumeirah Village Triangle     |                                     |

## About

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Manage My Property (MMP) is Dubai's leading Property Management company offering a full range of turnkey services related to Dubai property. Established in 2007 with an aim to give landlords a stress-free ownership experience our management solution covers all aspects of owning a property in Dubai.

The Property Management team at MMP has a wealth of experience and in-depth knowledge of successful asset management, advanced technology, and effective management solutions enable us to provide our clients with complete transparency and peace of mind.

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YourPlace.

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