

Betterhomes.

Q3 2022



Dubai Real Estate Market Report.

bhomes.com

October 2022

Contents.

Introduction

3

Residential Sales

4

2 Market headlines

4

2.1 DLD sales transaction volumes and values

4

2.2 DLD prices Median price change over the last three months

5

3 Demand

6

3.1 Betterhomes buyer demand and transactions

6

3.2 Betterhomes transaction data, QoQ

6

3.3 Betterhomes data on investors and end users

6

3.4 Betterhomes data on mortgage and cash buyers

7

3.5 Betterhomes data on non-resident buyer nationality

7

4 Supply – Listings data

8

4.1 Betterhomes data on new listings in the secondary market

8

5 Off-plan

8

5.1 Betterhomes data on off-plan transactions

9

5.2 Top 5 most transacted off-plan projects

9

5.3 Upcoming Off-Plan launches - Done

9

6 Luxury Market

9

6.1 DLD data on luxury properties

9

6.2 Top 5 luxury communities by sales transactions for Q3, PRIME by Betterhomes

10

Leasing

11

7.1 Betterhomes rental prices and volumes

11

7.2 Average rental prices

11

7.3 Betterhomes occupancy rates

12

7.4 Number of cheques

12

7.5 Short-term Rentals

12

Methodology

13

1. Introduction

Despite rising interest rates and the strong dollar, the Dubai real estate market continued its relentless growth throughout the summer, posting a record quarter for transactions at the Dubai Land Department. Betterhomes similarly witnessed a record summer for new sales agreed, so expect to see those healthy DLD numbers continue through to the end of the year.

While there are still pockets of runaway prices, on the whole prices have stabilised over the past quarter and we now seem to be in a period of strong transactions and sustainable price growth – long may it continue!

Dubai's recent population growth continues to put pressure on today's rental inventory and we are seeing rapid price increases in the most popular areas, with occupancy across Dubai at a 5 year high. This is welcome news to investors, but squeezed tenants are having to look further afield for better value, and overall transiency in the rental market has dropped significantly as tenants look to stay put and renew, rather than face today's prices.

With the World Cup around the corner our Short Term Rentals Team is gearing up for a record quarter, and I think Dubai could experience a mini-Expo effect with so many football fans in the region, many of whom will use Dubai as a base. Expect lots more activity therefore from overseas buyers in the coming months and a very strong quarter to top off what has already been a record year for Dubai real estate.



Richard Waind

Group Managing Director

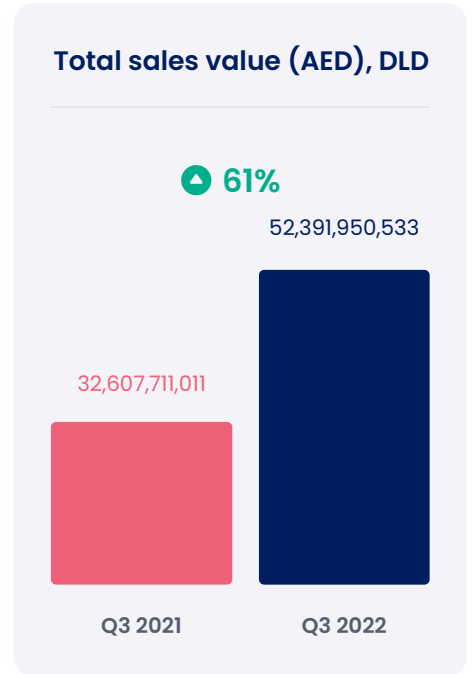
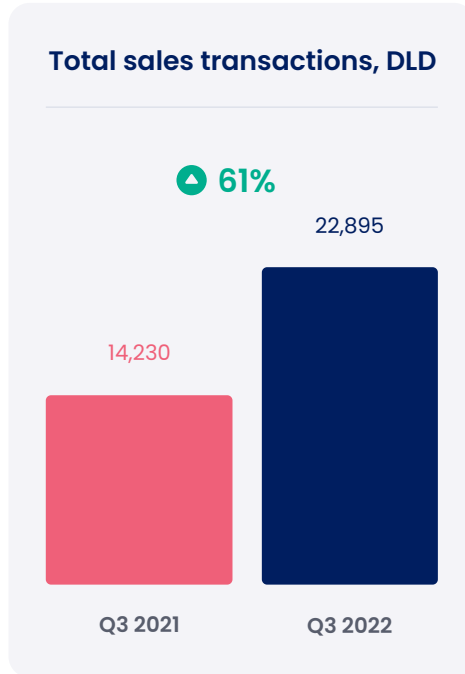
Residential Sales

2. Market Headlines

2.1. DLD sales transaction volumes and values

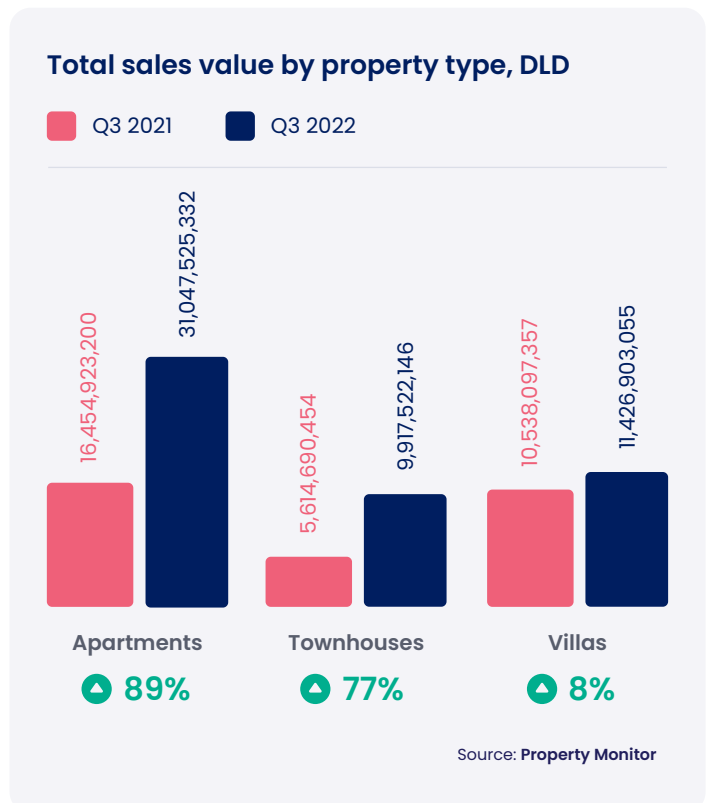
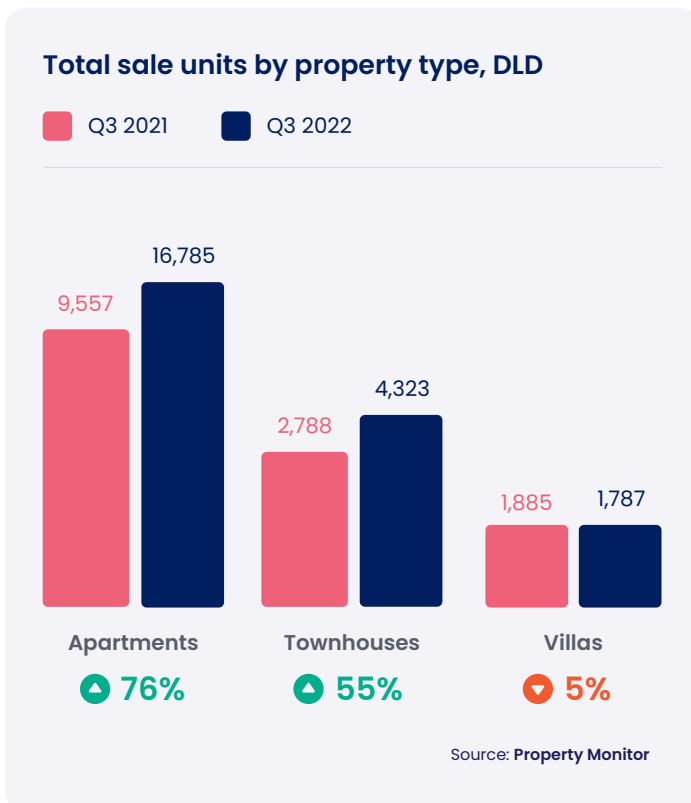
Dubai's real estate market posted a record quarter for completed transactions, with 22,895 units sold, up 61% from Q3 2021. Attracting both local and international buyers, Dubai continued to out perform almost all other international markets as the post covid migration to the UAE continues apace.

Interestingly the value of property sold in Q3 also rose at 61%, suggesting prices over this period on a macro level were stable and sustainable, although pockets of rapid growth do continue in certain key communities.



The apartment segment has performed particularly well, enjoying a 76% increase in transactions year on year. Apartments did not see the initial price rises experienced by villas in 2021, but they are making up for it now with end users and investors busily buying both off plan and ready apartments.

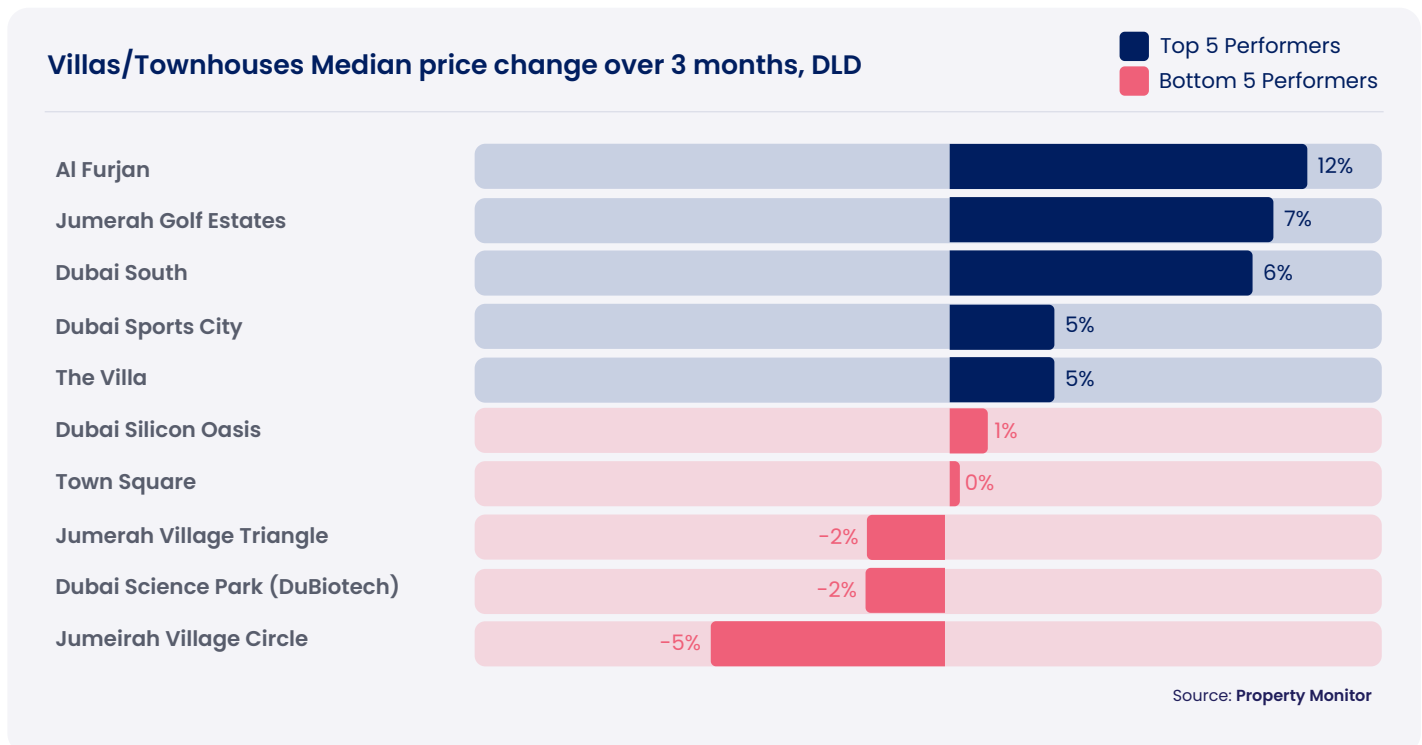
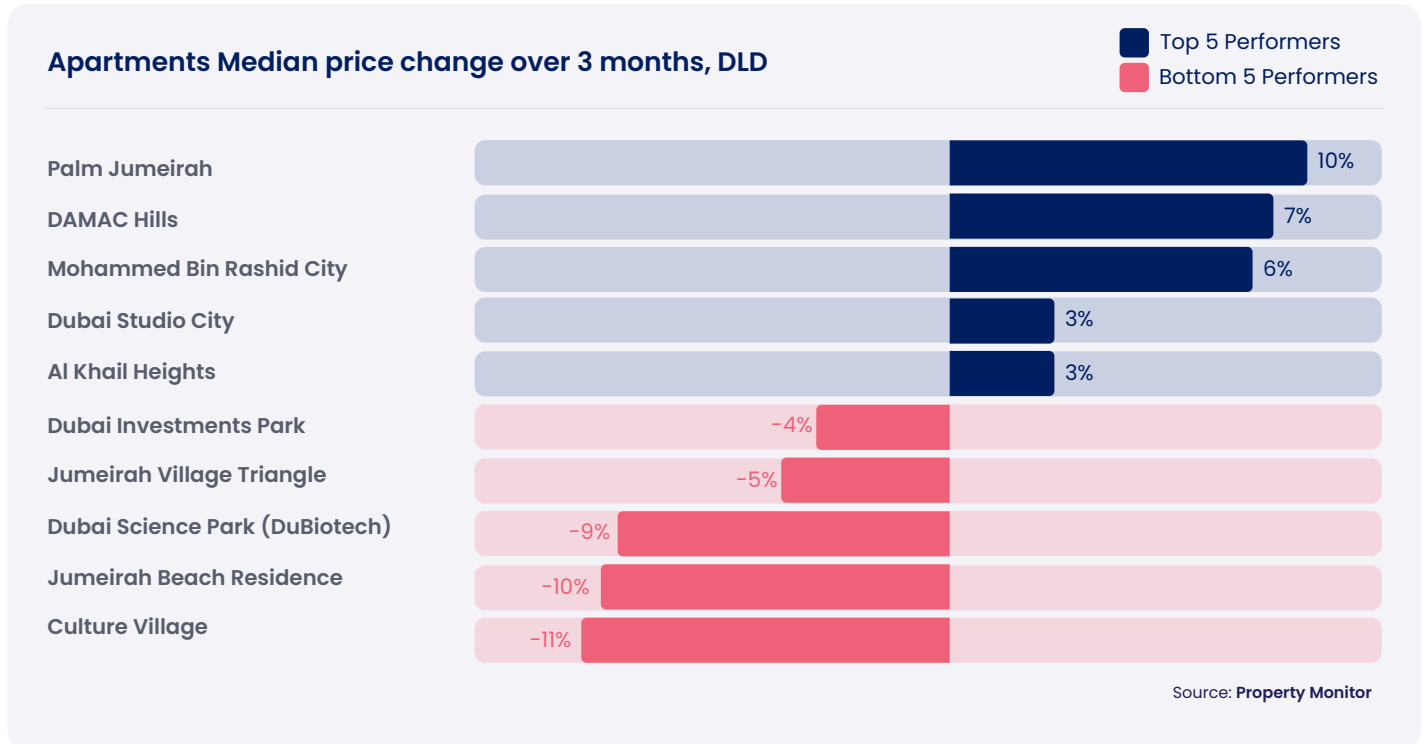
Villas on the other hand saw total transaction volumes fall by 5%, the first such fall registered since 2020. Villas have enjoyed tremendous growth over the last two years and we are now seeing some resistance from buyers to chase ever rising prices, especially as interest rates have increased.



2.2 DLD prices – Median price change over the last three months

The market as a whole saw prices almost flat over the three months of summer. But as always there are winners and losers, and Palm Jumeirah apartments saw the strongest price growth of 10% over the three month period. The Palm continues to attract a huge amount of interest and prices on one of the man-made wonders of the World show no signs of slowing at the moment. The imminent relaunch of Palm Jebel Ali looks set to add some excitement in to the market in Q4 this year.

Throughout Q3, villas and townhouse prices in Al Furjan experienced a 12% increase, followed by a 7% rise in Jumeirah Golf Estates. However, Jumeirah Village Circle, a popular and affordable community amongst families, has witnessed a 5% drop in prices.



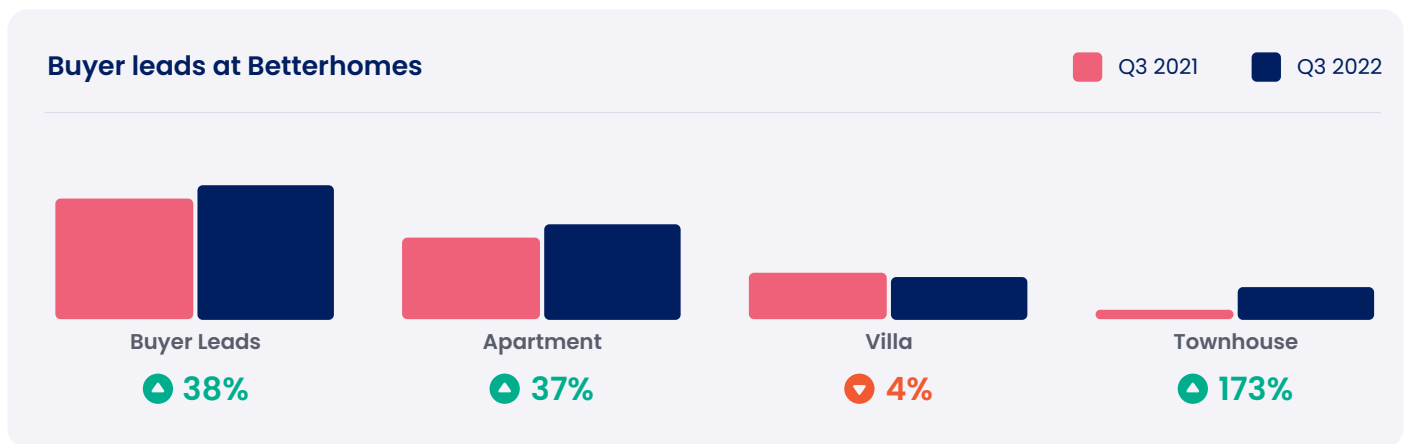
The recent UBS Global Real Estate Bubble Index placed Toronto, Frankfurt and Zurich at the top of their list, indicating these cities were a high “Bubble Risk” at current values. Conversely Dubai sits second to bottom, with the lowest risk of prices being a bubble risk and stating Dubai’s current prices offer investors “fair value”. This gives confidence to investors that Dubai real estate remains one of the most attractive asset classes in the world right now.

3. Demand

3.1 Betterhomes buyer demand and transactions

The hot summer months did see new buyer registrations at Betterhomes drop by 20% from Q2, but the summer of 2022 saw buyer activity up 38% from Q3 2021, despite the challenges of rising interest rates.

Again, apartments have lead the way with a 37% increase in new buyers registered, whereas villas saw a 4% drop in new buyer activity, again a reflection of increased prices in the villa segment squeezing out some buyers.



3.2 Betterhomes transaction data, QoQ

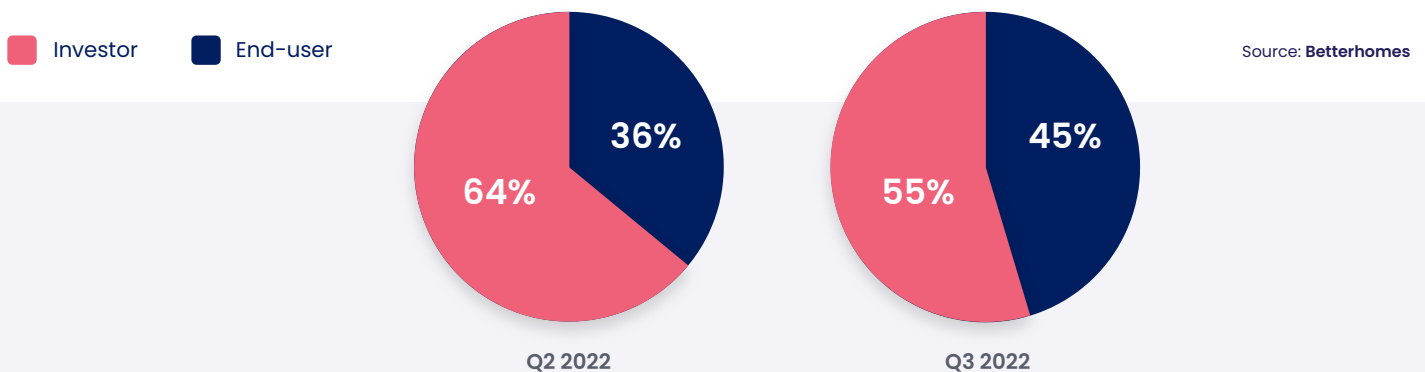
Q3 2022 has been the strongest summer at Betterhomes, with a new record number of MOU signed. Apartments and townhouses transactions rose by 31% and 63%, respectively, with a 13% and 22% rise in prices compared to Q3 2021. Villa transactions remained the same, although average transactions prices rose by an outstanding 78%.

Strong new sales activity through Q3 will ensure the DLD data for transactions in Q4 remains very healthy.

3.3 Betterhomes data on investors and end users

Due to rising rental costs and changes in mindset, families and individuals with a long-term plan of living in the UAE are now opting to purchase a property rather than paying their landlord's mortgage.

In addition, the new visa reforms allow end users who previously depended on their employer for a visa to stay within the country with an investor visa, which offers a 5-year renewable visa for property investments exceeding AED 2 million. This is mirrored in the 9% rise in end-user property buyers compared to investors over the previous quarter.

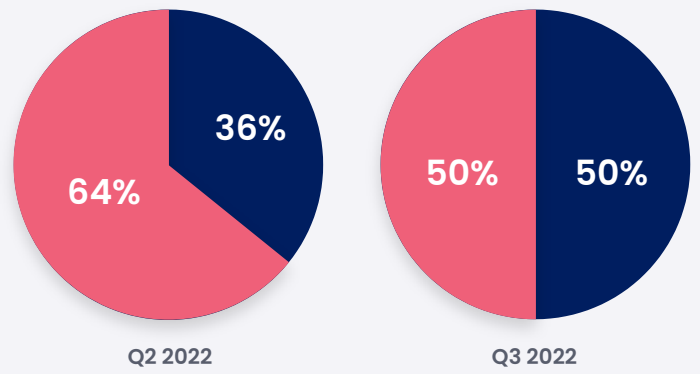


Cash Buyers Mortgage Buyers

3.4 Betterhomes data on mortgage and cash buyers

With a steady rise in interest rates in the last six months and an indication of further increase in Q4, buyers were keen during the summer to lock in mortgage rates. This is reflected in the 14% rise in mortgage buyers in the third quarter this year compared to the second quarter.

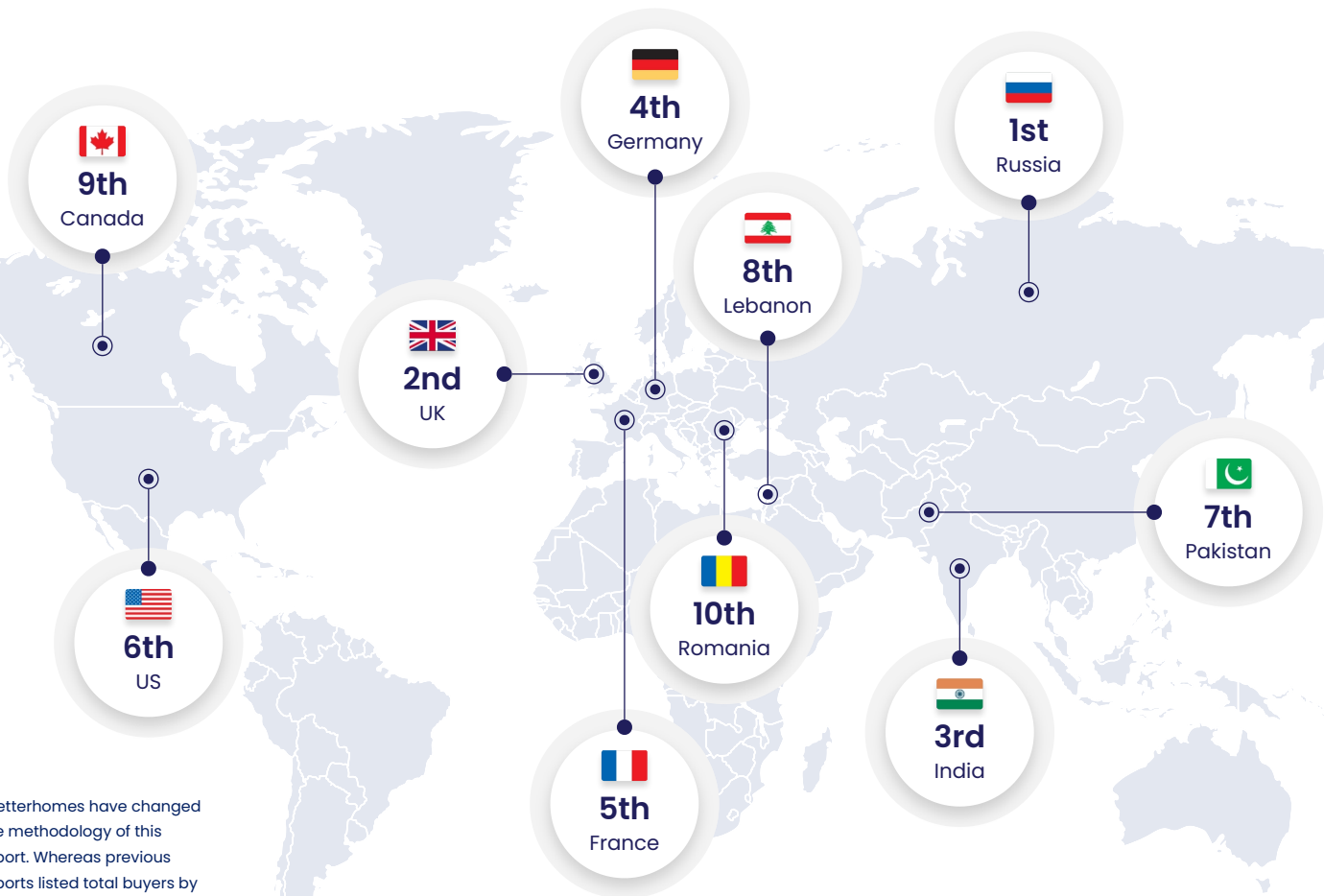
At Betterhomes, the average mortgage transaction sits just over AED 2M, which is a 29% increase over Q3 2021.



Source: Betterhomes

3.5 Betterhomes data on non-resident buyer nationality

Europeans have dominated the overseas buyer numbers throughout 2022. Global conflicts and the increased mitigation of Europeans have placed Russians at the top of our leaderboard as the number one non-resident buyers in Dubai. The United Kingdom holds a strong position at number two as more individuals see the value of buying real estate in Dubai and the various benefits it undoubtedly offers, such as safety, sunshine and endless opportunities. India is in third place, followed closely by Germany, France and the United States.

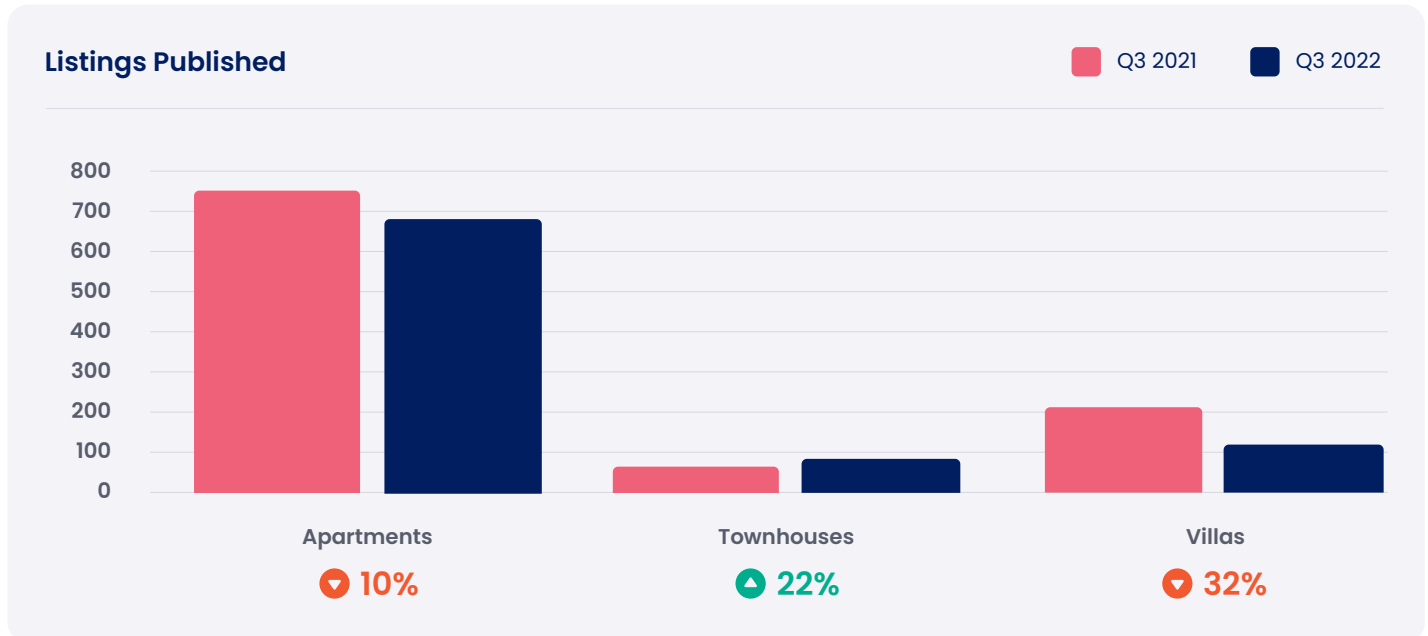


*Betterhomes have changed the methodology of this report. Whereas previous reports listed total buyers by nationality, this report now shows nationalities of non resident buyers only.

4. Supply – Listings data

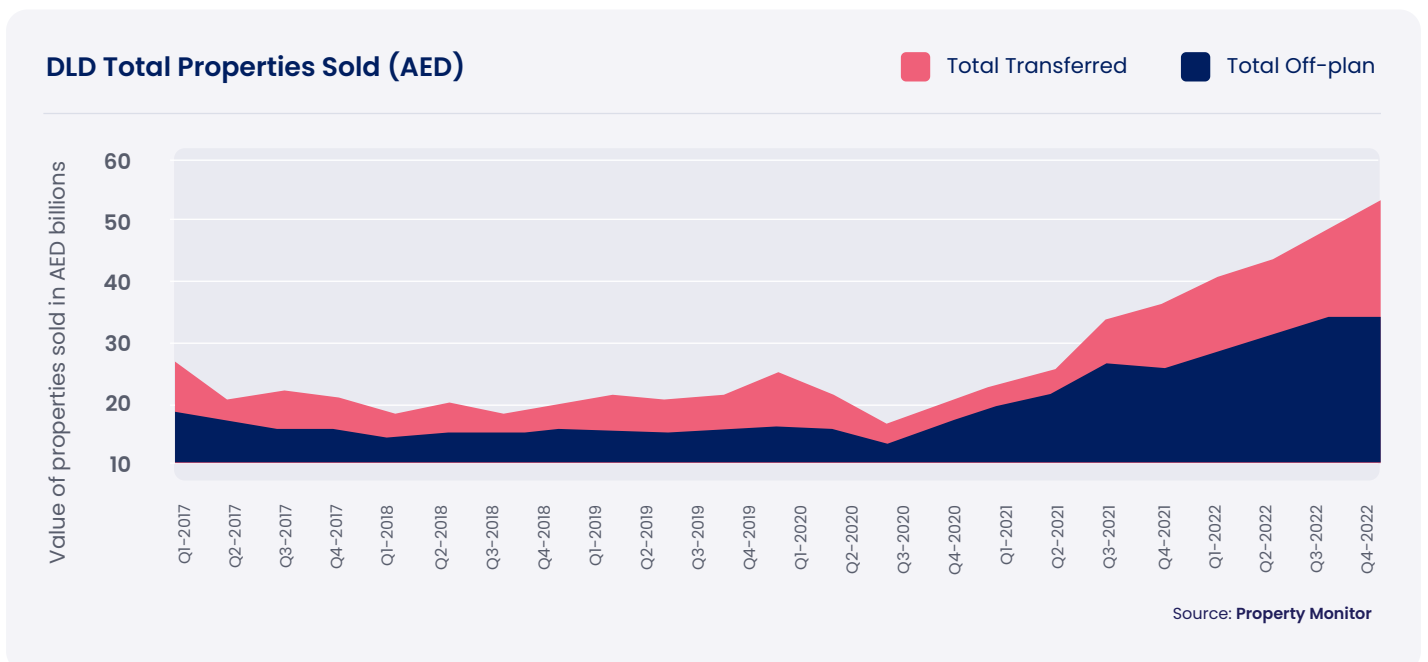
4.1 Betterhomes data on new listings in the secondary market

The squeeze on stock levels in the secondary market has continued in Q3. Many landlords who wish to sell are finding tenants on lower rents understandably reluctant to leave, meaning 12 month notices are becoming the norm for many end user buyers to navigate when purchasing.



5. Off-plan

5.1 Betterhomes data on off-plan transactions



Given the UAE's proactive measures, updated regulations, golden visa initiative, and expected return on investment, it is no surprise that Dubai's off-plan sales hit a 12-year high in the third quarter of 2022 in terms of volume and value.

Off-plan transactions accounted for 49% of the overall market and we witnessed a remarkable 33% increase in the total number of off-plan sales from Q2 to Q3 2022. Overall, while lower price bracket launches continue to rule the markets, we anticipate a steady increase in off-plan sales for the remainder of the year.

5.2 Top 5 most transacted off-plan projects



Peninsula



St. Regis Residences



Torino Residences



Azizi Riviera



Creek Beach

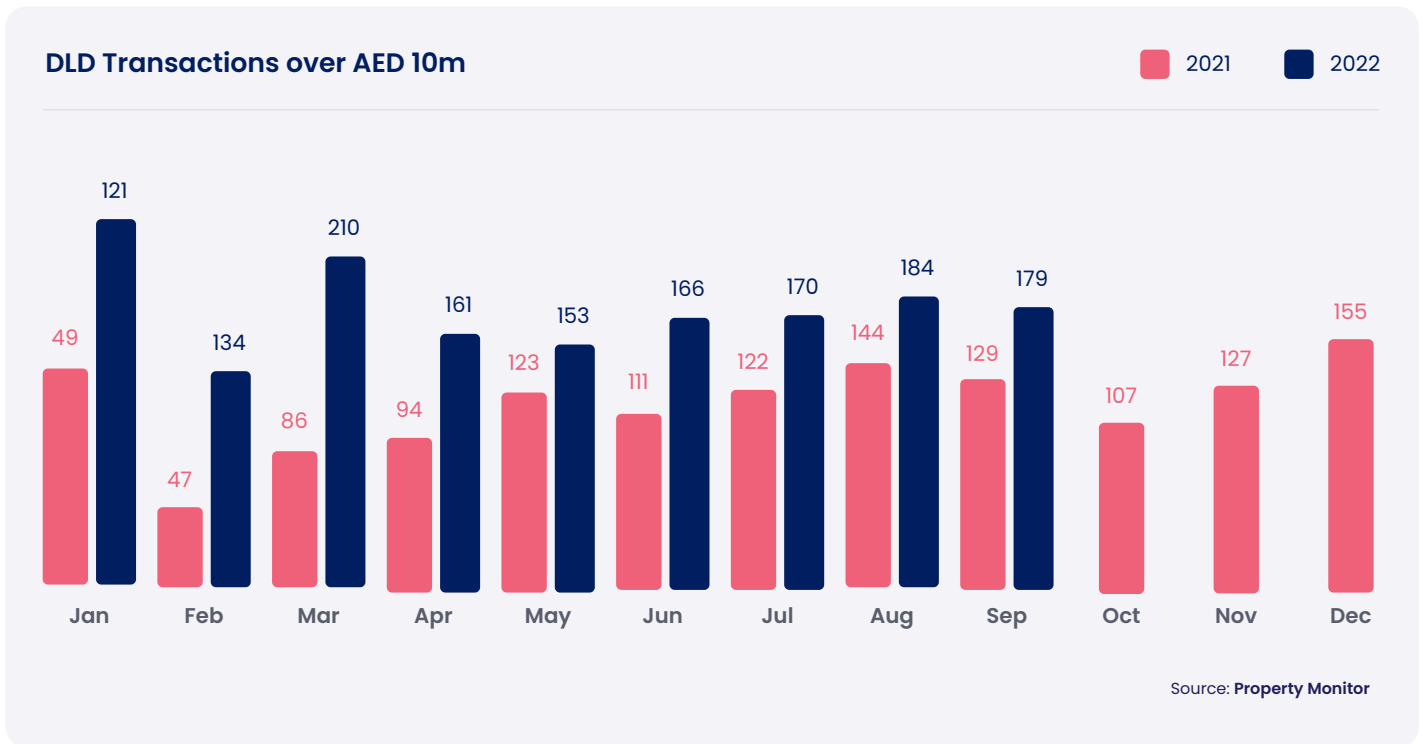
5.3 Upcoming Off-Plan launches



Developer	Community	Project Name	Property Type
Danube	TBA	Petalz	TBA
Damac	Business Bay	Chic Tower	Apartment
DP	Madinat Jumeirah Living	Lamaa	Apartment
Devmark	Business Bay	Mama Residences	Apartment
G & Co	Meydan	A Vie at the Fields	Townhouse
Meraas	Nad Al Sheba	Nad Al Sheba Gardens	Townhouse & Villa
Emaar	Arabian Ranches 3	Raya	Townhouse

6. Luxury market

6.1 DLD data on luxury properties



Over the last two years, Dubai has been rediscovered by the world's ultra wealthy and is now at the top of many ultra high net worth individuals shopping list as a country that offers security, safety and an attractive tax regime. The iconic Palm Jumeirah, Frond G, Dubai's "Billionaires' Row", witnessed a new record sale in September at AED302.5m, but in relation to prices in other leading world cities, luxury property in Dubai remains extremely attractive.

DLD data clearly illustrates the substantial growth in the luxury market over the course of 2022, with an average rise of 64% in the number of monthly transactions compared to the previous year, following the success of Expo 2020 and the effective management of the pandemic.

PRIME by Betterhomes has witnessed a 73% increase in luxury property transactions and a 9% increase in the average selling price in the third quarter this year compared to 2021. We believe the fourth quarter will continue to see strong demand for prime properties, an influx of new HNWI, and more record-breaking sales, clearly indicating the health of the luxury market.

6.2 Top 5 luxury communities by sales transactions for Q3, DLD

PRIME
by Betterhomes.



Palm Jumeirah



Tilal Al Ghaf



Damac Lagoons



Mohammed Bin Rashid City



Downtown Dubai

*Transactions over AED 10 million - PRIME by Betterhomes

Residential Leasing

7.1 Betterhomes rental prices and volumes

The recent large migration of expats and their families to the UAE continues to impact average rental prices. GEMS Education announced in September that intake in their schools was up 7% year on year which is a great indication of the number of new families now calling Dubai home. At Betterhomes the average rental price of villas leased rose by 60% year on year, although that is both a reflection of increasing prices and the prevalence of more luxury villas being leased. The average leasing price of townhouses rose by 35%, and apartments also saw a surge in the average rental prices of 36% year on year.

Higher rental prices are resulting in a drop in transiency in the rental market. Tenants are looking to stay put in their current homes on lower rental contracts, while new tenants arriving in town are finding less and less options available. Betterhomes recorded a 57% increase in renewals year on year, while the number of new tenants looking to move has dropped by 19%.

Leasing Transaction at Betterhomes ▼ 28%

Average transaction prices % change Q3 2021 - Q3 2022

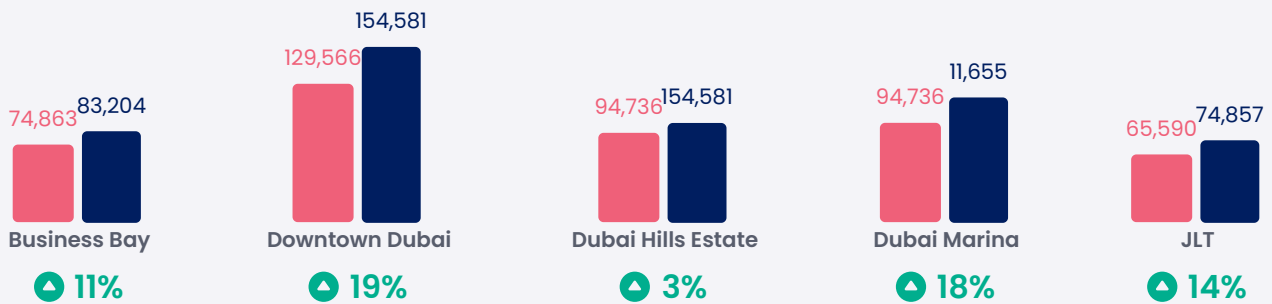


7.2 Average rental prices

According to DLD open data, villas and townhouses in areas such as Arabian Ranches and Emirates Living witnessed the average rental prices increase by 14% and 19% compared to Q3 last year, while Dubai Hills has proven increasing popular and recorded price increases of 31%. Apartments in Business Bay increased by 11%, JLT by 14% and Downtown Dubai by 19%.

Average Rental Prices Apartments

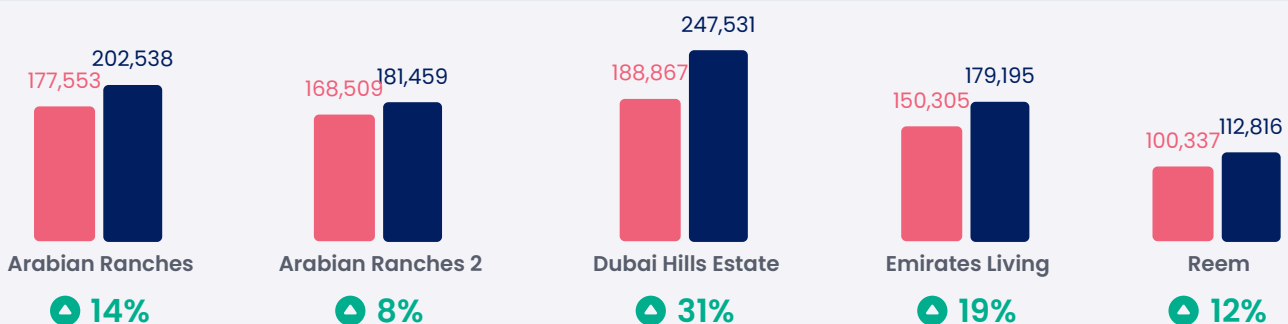
Q3 2021 Q3 2022



Source: DLD Open Data

Average Rental Price Villas / Towehouses

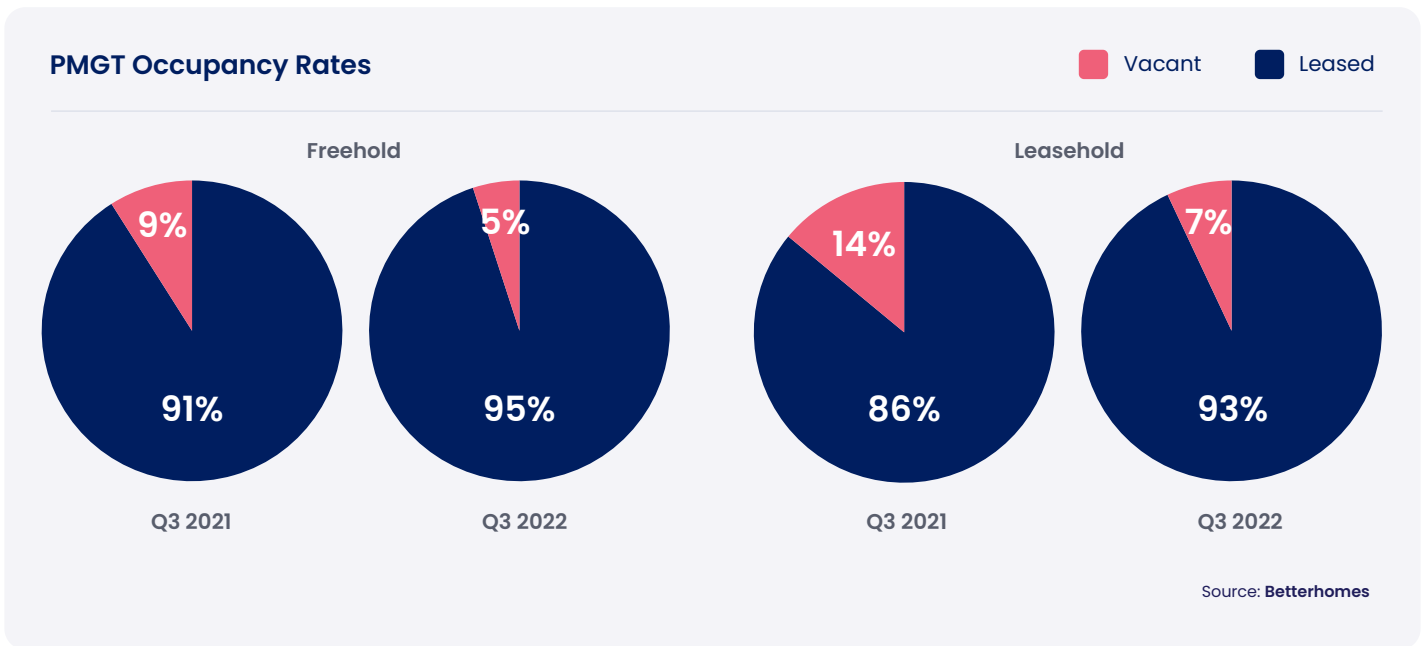
Q3 2021 Q3 2022



Source: DLD Open Data

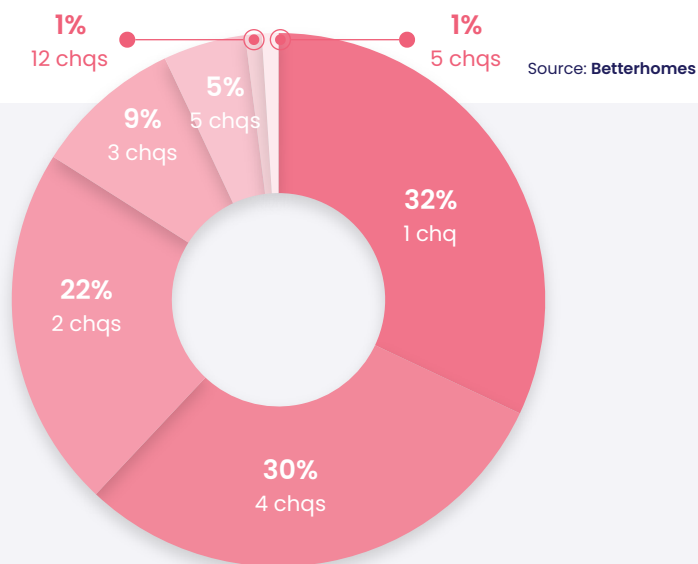
7.3 Betterhomes occupancy rates

The rising population is putting pressure on occupancy rates as they continue to increase in the year's third quarter. At Betterhomes occupancy stands at a 5 year high, leased units in freehold areas increased to 95%, up by 4% and in leasehold areas, occupied units rose to 93% resulting in a 7% increase compared to Q3 last year.



7.4 Number of cheques

In the current competitive market, one cheque payments are becoming more prevalent again, making up 32% of all Betterhomes transactions, up 8% year on year.



7.5 Short-term Rentals

With the FIFA World Cup on the horizon, Betterhomes has seen a surge in interest, directly impacting short-term rentals with a 14% increase in occupancy levels compared to the previous quarter.

As the world unites to watch the world cup, Dubai is prepared to absorb the additional tourists coming in and experience a mini expo-effect.

Methodology.

Residential real estate leasing and sales figures are derived from Betterhomes Group data, as well as from Property Monitor's intelligence platform with the full DLD information and statistics. To showcase the full size of the residential real estate market in Dubai, we used Property Monitor's data that include overall sales transactions. Our market experts have analysed our leasing and sales data to provide a comprehensive overview of the market in Q1 2022.

Meet the team.



Richard Waind
Group Managing
Director



Diana Dzaka Bico
Head of Brand
Marketing and
Communications



Sidharth Appaiah
Investments
Analysis Manager

Our services.

Residential sales



Villas and
townhouses



Apartments

Residential leasing



Villas and
townhouses



Apartments

Property management



Individual
units



Buildings

Short term rentals



Holiday homes

Off-plan investments



UAE & UK off-plan



Bh.

What makes us different?

36

Years of market experience

Homegrown since 1986.

250+

Betterhomes brokers

UAE's largest brokerage team across 4 offices

7000+

Managed units

We have the local knowledge that makes the difference

7

Days a week to serve you

We are open
Mon – Sat, 8am – 8pm
Sun – 9am – 8pm

350+

Strong workforce

3 offices in Dubai, 1 in Abu Dhabi and 45 different nationalities

1600+

Positive reviews on Trustpilot

We have been awarded 5 stars



We run Salesforce, Yardi and Great Plains. Yardi is the unrivalled leader and powers the largest portfolios in the world when it comes to property management.

Betterhomes is more than just a brokerage; it's a community itself, full of passionate and expert friends and neighbours.

Our agents live, breathe and work in their communities – that's why they're more than agents; they're locals. They know the best beaches for an early morning run, where to get the best coffee, and they'll show you the best places for you to live.

Trust.

With over 36 years in the UAE property market, we know the business of real estate.

Accessibility.

With our branches open six days a week and phone lines open seven days a week, we're always within reach.

Reliability.

Our property consultants are handpicked and trained to the highest standards to professionally represent our brand and your interests.

Largest reach.

We have the biggest selection of properties and clients in the country.

Local knowledge.

Our solid team of 200 agents boasts unrivalled community expertise across Dubai, Abu Dhabi and the GCC.

Comprehensive service.

From residential and commercial sales and leasing to property management, off-plan and short-term rentals, we've got you covered.



Betterhomes.

Head Office

Vision Tower 42nd floor,
Business Bay, Dubai

Motor City Office

Control Tower, office
3301, Motor City, Dubai

Dubai Marina Office

Marina Plaza, office 1901,
Dubai Marina, Dubai

Abu Dhabi Office

Block D1, Al Zeina, Al
Raha Beach, Abu Dhabi

T +971 4 409 0996 | E customercare@bhomes.com

Rated 'Excellent' on  Trustpilot



Dubai Real Estate
Market Report Q3 2022

[bhomes.com](https://www.bhomes.com)