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Betterhomes.

H1 2022



Dubai Real Estate Market Report.

bhomes.com

July 2022

Contents.

1	Introduction	3
2	Market Headlines	4
2.1	DLD sales transaction volumes and values	4
2.2	DLD prices	5
3	Demand	6
3.1	Betterhomes buyer demand by area	6
3.2	Betterhomes buyer demand by segment	6
3.3	Betterhomes data on investors and end users	7
3.4	Betterhomes data on mortgage and cash buyers	7
3.5	Betterhomes data on buyer nationality	8
4	Supply	9
4.1	DLD supply data on new launches and handovers	9
4.2	Betterhomes data on new listings in the secondary market	9
5	Off-plan	10
5.1	Betterhomes data on off-plan transactions	10
5.2	Upcoming off-plan launches	10
6	Luxury Market	10
6.1	DLD data on luxury properties	10
6.2	Top luxury communities by sales transactions, PRIME by Betterhomes	10
7	Leasing	13
7.1	Betterhomes rental prices and volumes	13
7.2	Betterhomes occupancy rates	13
7.3	Number of cheques	14
8	Methodology	16

1. Introduction

As Christina Aguilera closed the Expo in fantastic style, the world had seen what an amazing show the UAE could put on. Dubai and the real estate market had enjoyed a fantastic six months, but as Expo closed, many questioned if the market would then lose momentum as the visitor numbers fell. The answer to that has been emphatically, no! The first half of 2022 has seen new records set and new heights reached for the Dubai property market. Across all sectors we have seen transaction growth, and while the rate of price rises have fallen to more sustainable levels than we saw in 2021, prices have continued in their upward trajectory. Supply constraints in the secondary market have shown signs of easing this last 6 months as sellers have looked to realise recent price increases. Further, developers have responded to the improved market conditions by increasing launches and bolstering the off-plan market.

Globally, many real estate markets are showing signs of slowing down in the face of rising inflation and the inevitable response in the form of rising interest rates. It is important that we do not repeat the mistakes of the past and believe the UAE is impervious to these factors; however, I am confident that our market is uniquely placed to weather any short term storm and, as we have shown throughout the pandemic, could well be a net beneficiary of global uncertainty. High oil prices improved the UAE's fiscal position. And while rising interest rates will undoubtedly have an impact, our market is less exposed to mortgages than in the majority of the world, and the typical Dubai consumer is perhaps in a better position to tolerate this normalisation of rates. Rising taxes, inflation and geopolitical instability in the West, and continuing Covid restrictions in the East, are likely to continue to push more expats to relocate to the UAE. Dubai will continue to reform employment and visa regulations to attract talent, and the DLD has taken great steps this last six months by making available all real estate data to consumers, improving transparency, and giving investors greater confidence to invest.

Over the second half of the year, we can look forward to cooler weather and the World Cup, which is bound to again bring many new visitors to these shores. We will see interest rates continue to rise over the coming months, and we expect both rents and sales prices to continue to go up modestly for the remainder of the year. But historically, rates and prices still remain low, while yields and capital growth are strong, so for those taking a long-term view, Dubai real estate remains one of the best investment opportunities available.



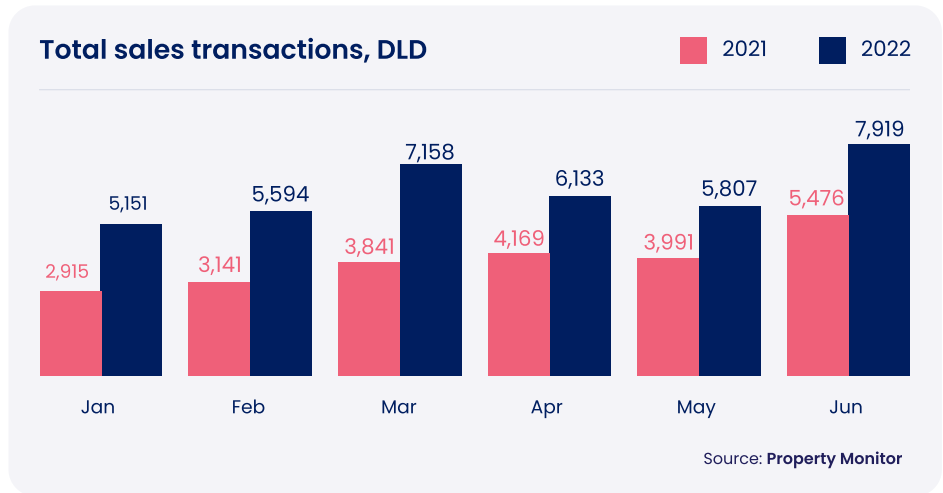
Richard Waind

Group Managing Director

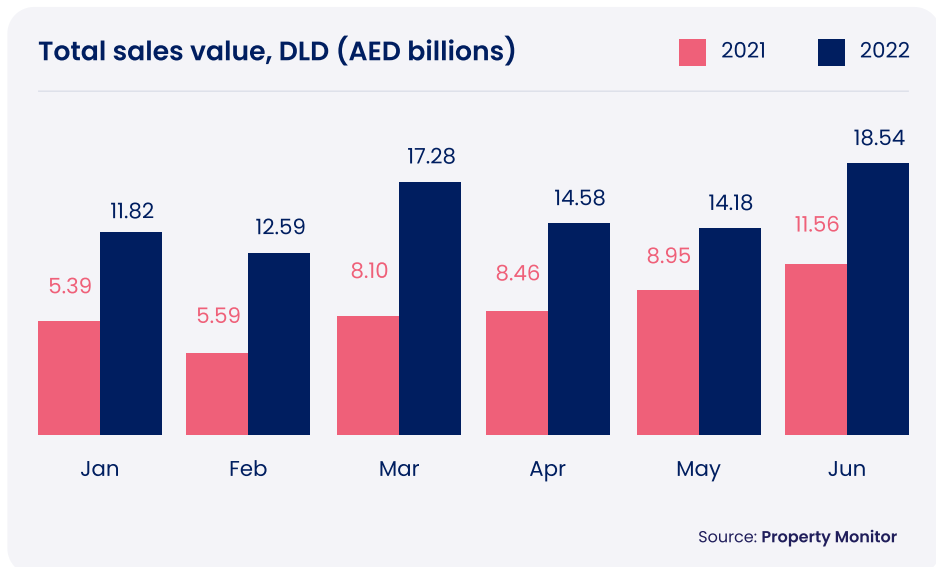
2. Market Headlines

2.1. DLD sales transaction volumes and values

According to DLD figures, 37,762 units were sold in Dubai in the first half of 2022, up 60% on the same period of 2021, setting a new record for transaction levels in the emirate. Fears of a post-Expo slowdown in the market seem to have been premature, with second quarter sales outpacing the first, and June setting a new monthly record of 7,919 transactions.

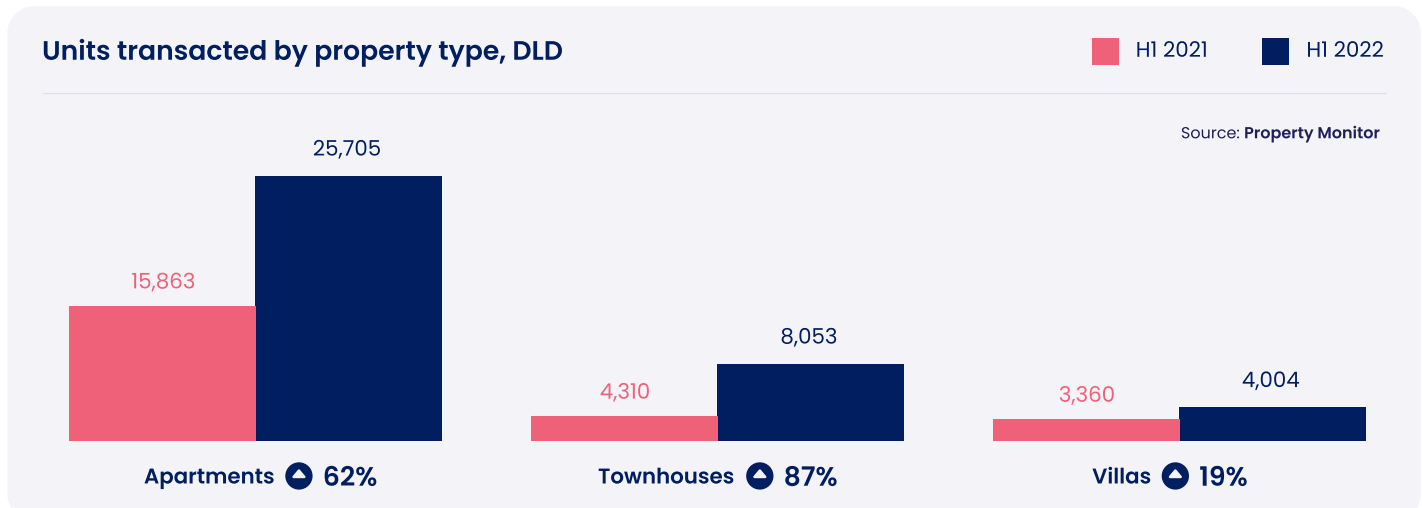


The value of property sold rose at a faster rate than transitions over H1, up 85% compared to H2 2021, a sign that prices have continued their upward trajectory and an indication of the health within the luxury segment.



The market has faced growing headwinds in the form of rising interest rates and a strengthening dollar, but has so far proven to be robust with little sign of slowing. Strong capital growth and high yields continue to attract investors while recent visa reforms linking long-term visas to a property purchase of AED 2 million or more, have further bolstered domestic demand. With healthy GDP growth, lower inflation than many counterparts, and a strong fiscal position bolstered by the current oil price, Dubai looks in a good position to continue to attract expats from other countries, and we expect to see activity levels in the real estate market continue to perform well over the second half of 2022.

All segments of the market saw growth in the first half of the year with townhouses seeing the greatest increase in transaction, up 87% year-on-year. Offering ample living space with plenty of outdoor area, townhouses are the more affordable choice for end users and investors, who in some cases have seen villa prices rise out of their reach. Developers have also increasingly seen townhouse communities as the way to go, such as the newly launched California Village, as smaller plots sizes and denser housing offer greater returns.

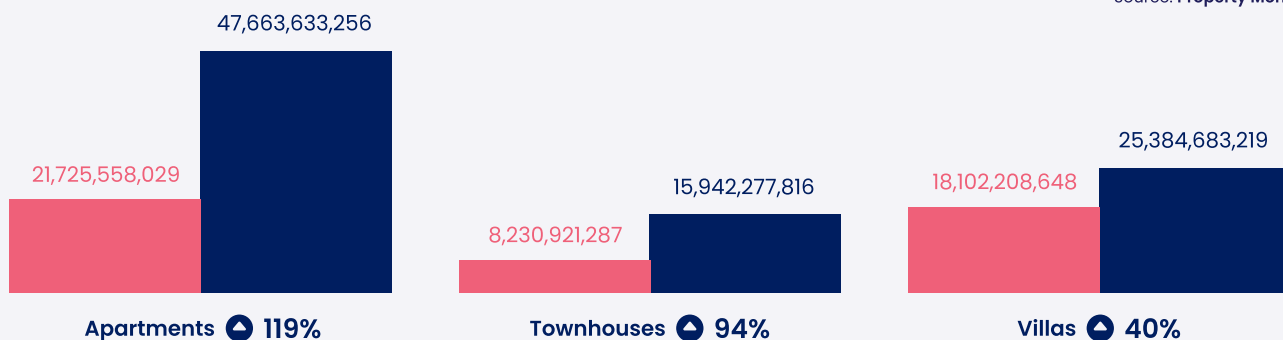


With 25,705 transactions, the most active segment of the market was apartments, totalling 62% of all sales. This was largely driven by an increase in off-plan apartment launches, and again buyers looking for greater value in the face of recent price rises in the villa market.

Total value by property type, DLD (AED)

■ H1 2021 ■ H1 2022

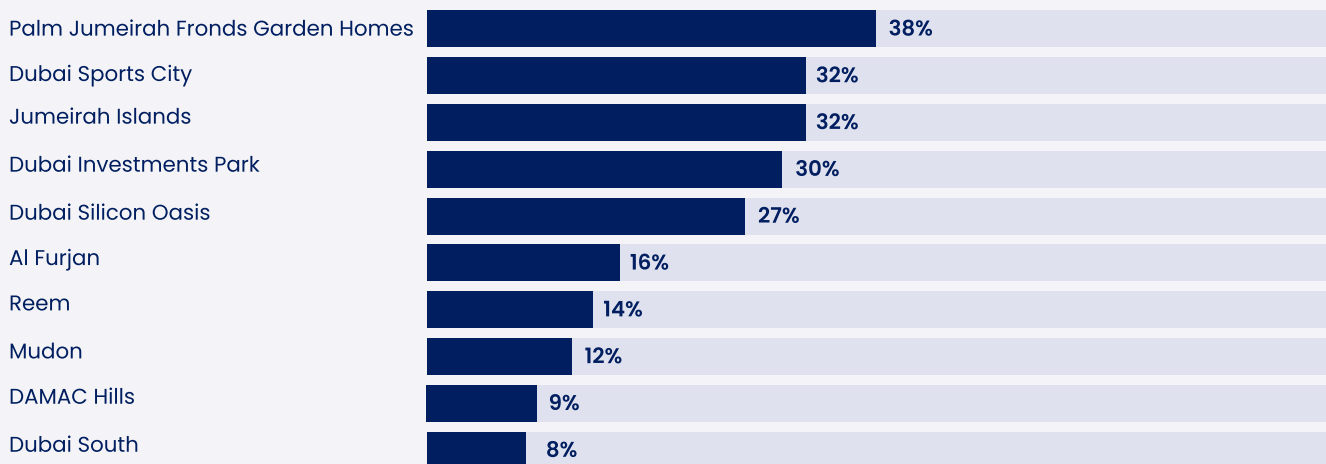
Source: Property Monitor



2.1 DLD prices

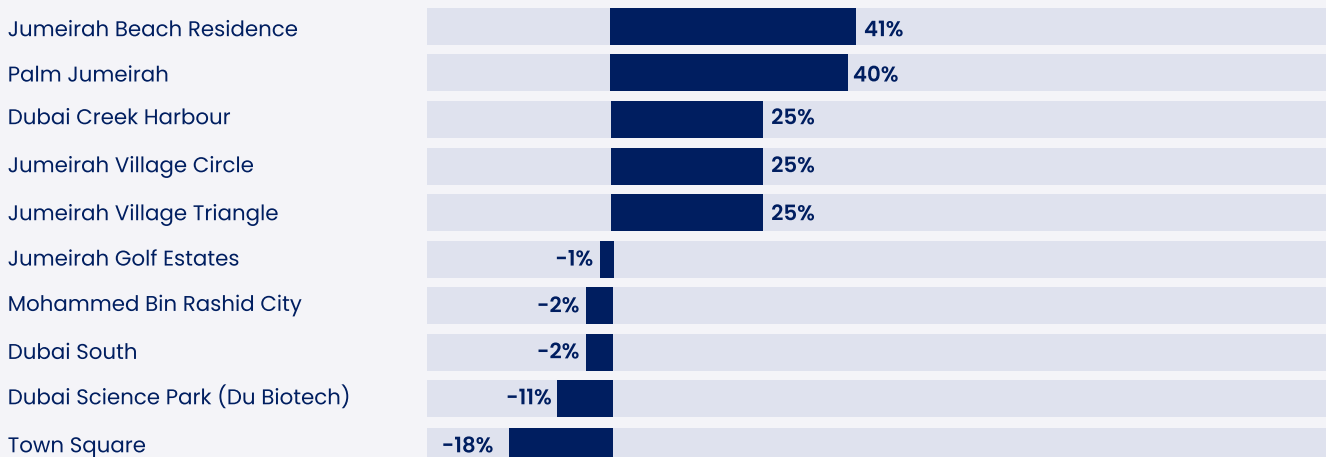
Villas/Townhouses — Median price change over 12 months, DLD

Source: Property Monitor



Apartments — Median price change over 12 months, DLD

Source: Property Monitor



3. Demand

3.1 Betterhomes buyer demand by area

Despite concerns that the end of the Expo may see demand dropping, Betterhomes registered a 23% increase in buyers in H1 2022, with buyer numbers peaking in April and May. Geopolitical uncertainty in Europe and mortgage buyers looking to get in before the well signposted interest rate rises were some of the reasons for this increase.

Newly signed MOUs in Betterhomes in Q2 2022 further demonstrate the recent market momentum, with MOUs signed up 222% compared to Q1 this year and 138% compared to the same period in 2021. New MOUs signed in Q2 are likely to transact in Q3 and we can expect to see strong DLD transaction data through the summer as a result.

Top communities by sales transactions, Betterhomes

Apartments

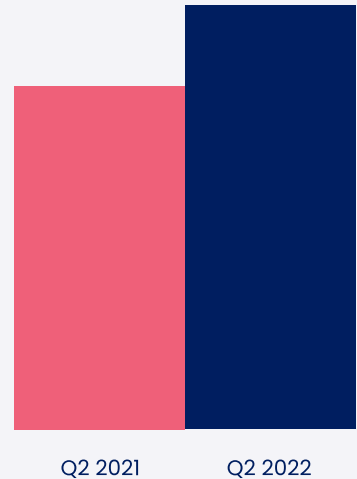
Dubai Marina
Business Bay
Jumeirah Lake Towers
Palm Jumeirah
Jumeirah Village Circle

Villas/townhouses

The Springs
Arabian Ranches
Jumeirah Village Circle
Meadows
DAMAC Hills

Signed MOUs QoQ, Betterhomes

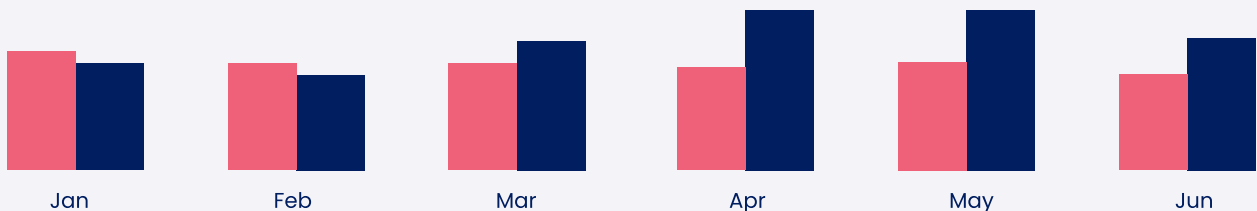
▲ 138%



Buyer demand increased by 23% in H1 2022, compared to H1 2021 and peaked in both April and May.

Buyer leads, Betterhomes

▲ 23% 2021 2022



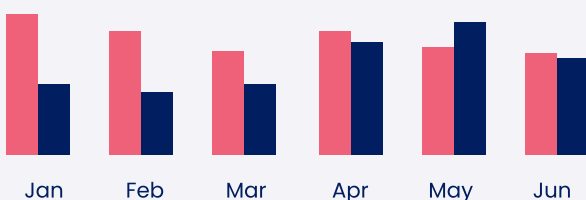
3.2 Betterhomes buyer demand by segment

Betterhomes witnessed a drop in new buyers registering for villas in H1 by 22%, as higher villa prices reduced the active audience for that segment. Although it should be noted that demand for villas has also increased as the year has progressed.

Townhouses saw the highest buyer demand in May with an overall 45% increase compared to H1 2021 and apartments followed with a 34% increase in buyer demand.

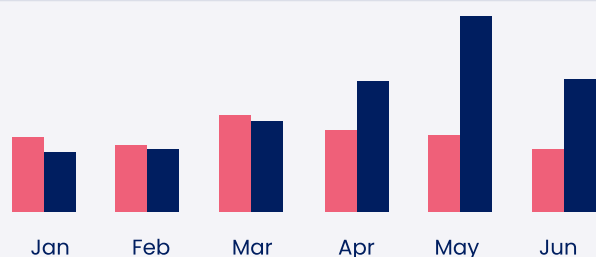
Villa buyers, Betterhomes

▼ 22% 2021 2022



Townhouse buyers, Betterhomes

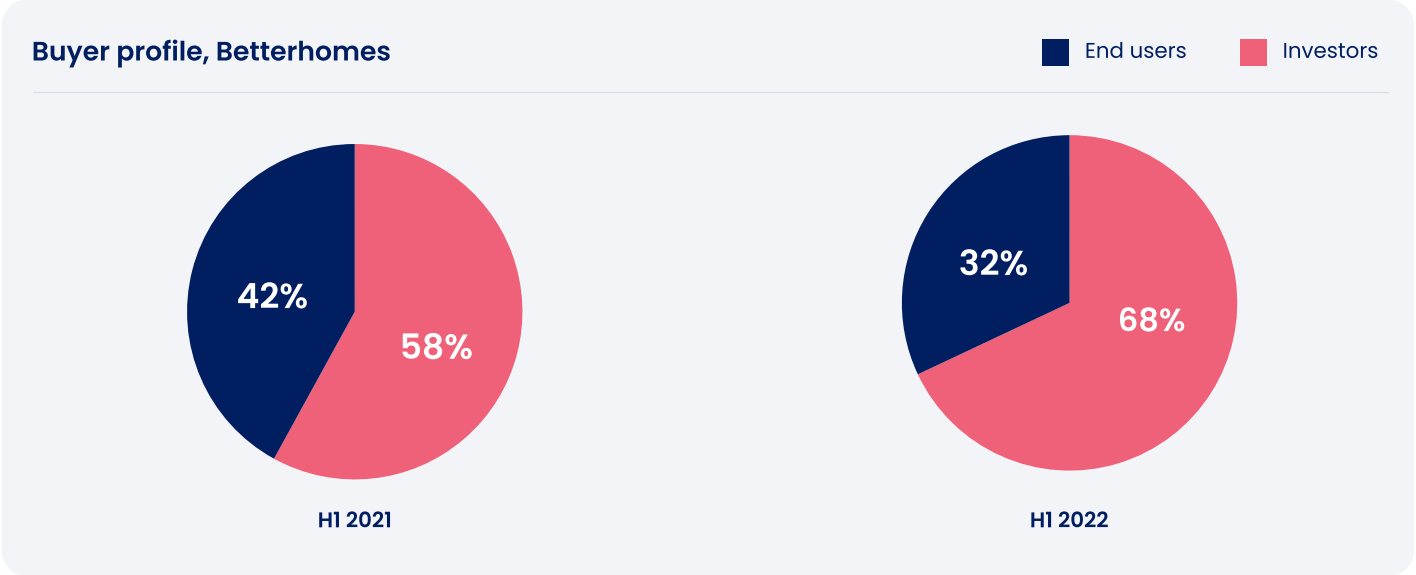
▲ 45% 2021 2022



3.3 Betterhomes data on investors and end users

Investors dominated the market in H1 2022, making up 68% of all transactions. A significant growth in transactions was seen in the off-plan market, which has traditionally favoured investors over end users looking for a home to live in today. We have also witnessed growth in overseas investment into UAE real estate as current returns are attractive, especially in the face of recent volatility in the equities and crypto markets globally.

While the recent long term visa linked to a property purchase of AED 2 million has been universally well received, we would urge that more could be done to attract end users and in particular first-time buyers. End users create stability and a maturity to the market which should be encouraged. In the face of rising interest rates and property prices, help in the form of DLD fee reductions, and reduced loan-to-value requirements, for first-time buyers could be considered to bolster this segment of the market.

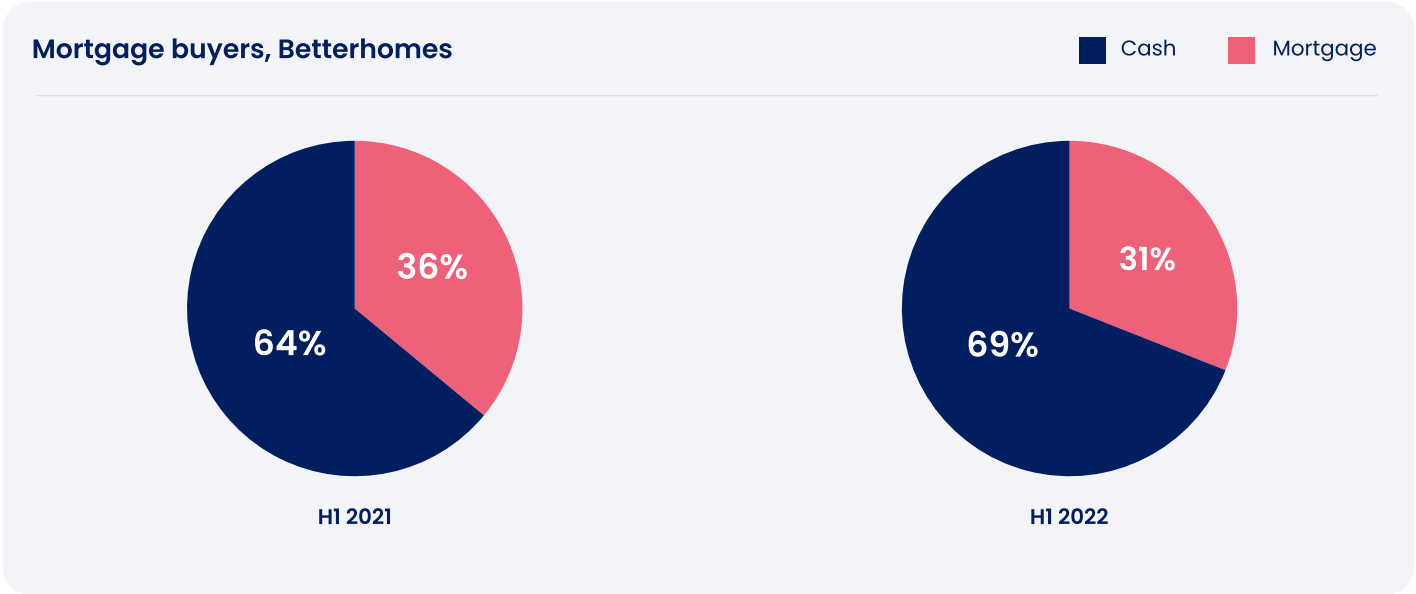


Apartments remained the first choice for investors, whilst villas were popular with end-users.

3.4 Betterhomes data on mortgage and cash buyers

Inflation across the globe has seen central banks tightening monetary policy, and the UAE, pegged to the US dollar, has seen interest rates increase by 1.75% in the first half of 2022. While overall mortgage transactions at Betterhomes have increased, the percentage of mortgages deals as a proportion of the market has fallen, as cash investors have been dominant.

As 31% of transactions are financed through mortgages, the Dubai market is less exposed to increasing interest rates than most markets, but with further rate rises on the near horizon, we expect interest rate increase will continue to have a dampening effect on price increases in the short to medium term.



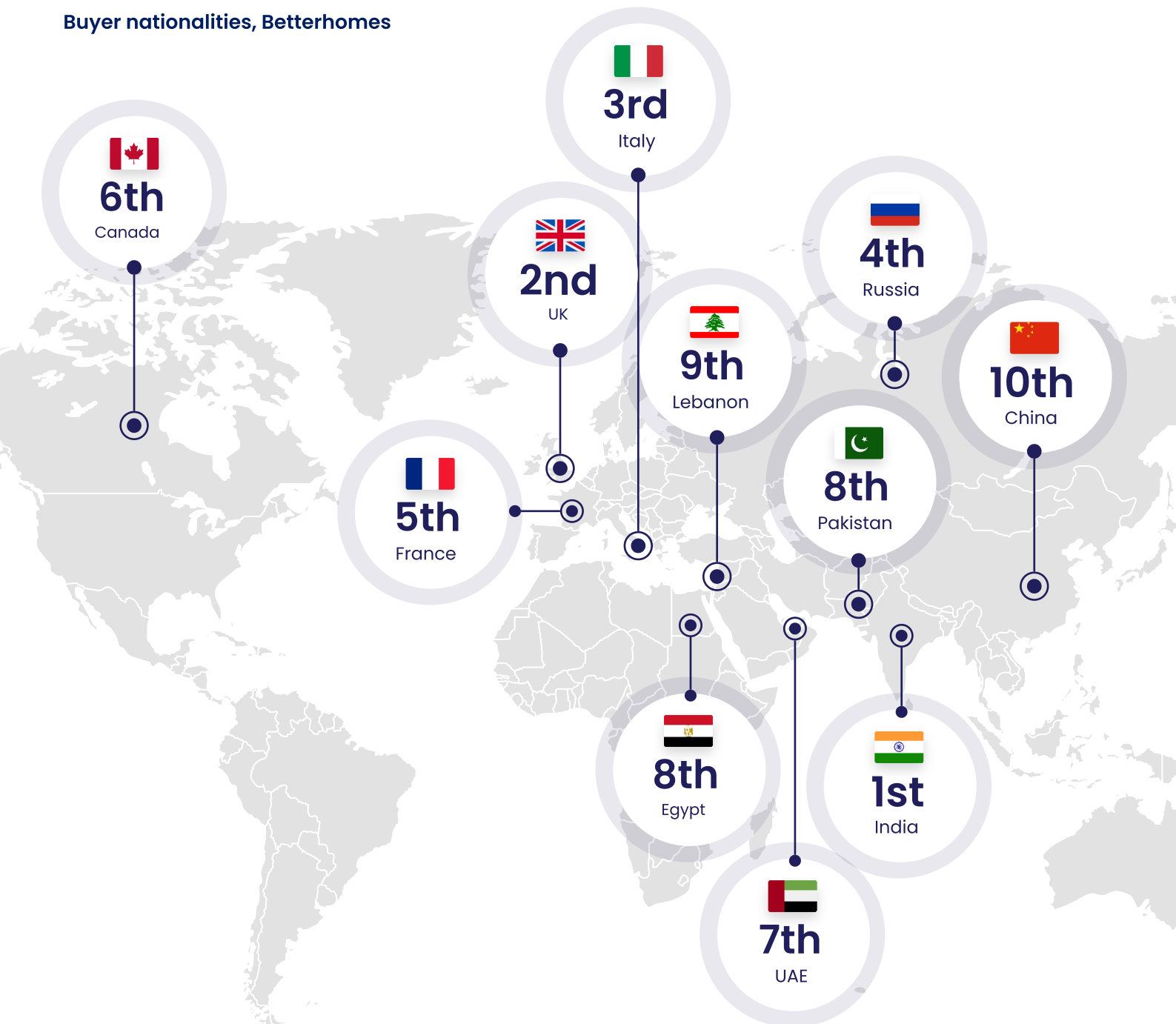
3.5 Betterhomes data on buyer nationality

India topped Betterhomes' list of top buyers by nationality. Dominant in the list are Europeans with the United Kingdom, Italy, Russia and France making it to the top five. Buyers from the UK and France saw double-digit growths at 18% and 42%.

The war in Ukraine, domestic tax concerns and an increasingly mobile workforce are some of the key reasons given for the increased migration of Europeans from their home countries. For those already living abroad, we have also seen many global expats relocate to Dubai from the Asia Pacific as a result of continuing Covid restrictions.

Chinese buyers continued to drop in our rankings in the face of continued Covid lockdowns and now just made it into the top 10.

Buyer nationalities, Betterhomes



4. Supply

4.1 DLD supply data on new launches and handovers

DLD recorded 63 new project launches in the first half of 2022. In comparison, there were only 39 projects launched in H1 last year.

As per DLD open data, over 27,000 new units were handed over this year, compared to over 29,000 new units in the first half of 2021. It is possible the peak supply from the previous construction boom may have passed, as we witness a drop in handover numbers over the next year.

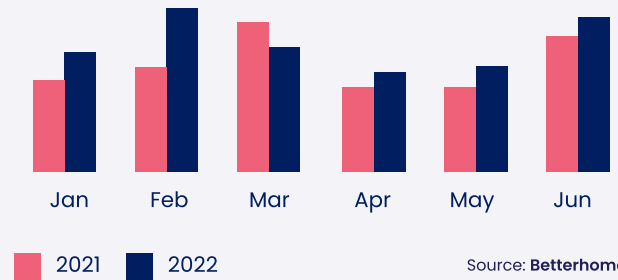
4.2 Betterhomes data on new listings in the secondary market

As Dubai's property market rose significantly throughout H1 2022, the overall supply of secondary homes jumped 36% compared to last year, as many sellers aimed to take advantage of the rise in property prices.

Townhouses saw the highest rise in listings by 141%, followed by apartments with an 18% increase, while villa listings saw a modest growth of 2%.

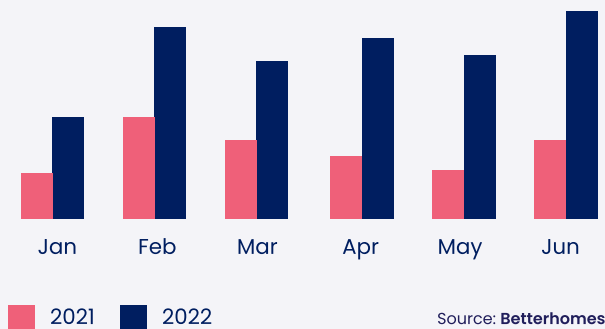
Apartment listings published

▲ 18%



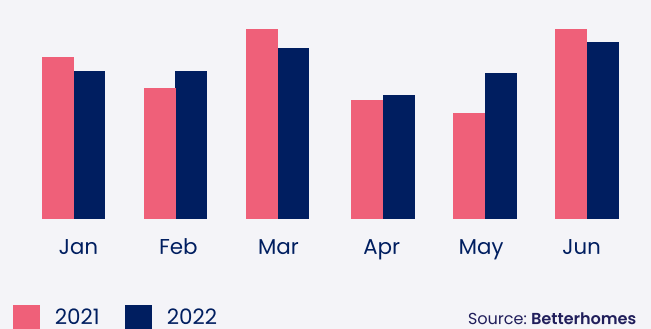
Townhouse listings published

▲ 141%



Villa listings published

▲ 2%

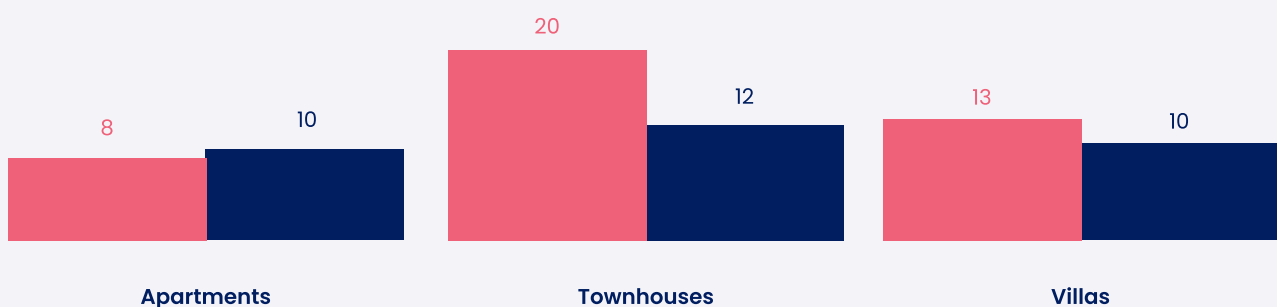


With the current market strengthening, we have seen a rationalisation in demand per unit. Townhouses recorded an average of 20 buyer inquiries per unit in the first half of 2021, compared to 12 buyers per unit for H1 this year. Similarly, villas saw a drop in buyer demand from 13 to 10 per unit. While demand is still firmly outstripping supply, it is doing so at a more sustainable rate, reflected in the price growth this year.

Buyer inquiries per unit, Betterhomes

■ H1 2021

■ H1 2022



5. Off-plan

5.1 Betterhomes data on off-plan transactions

The first half of 2022 recorded an 86% increase in off-plan transactions and a 146% increase in value transacted, compared to H1 2021, primarily driven by appetite from investors resulting from the higher number of project launches. Notable launches include Address The Bay by Emaar, Al Jazi MJL by Meeras, and Palm Gate by Nakheel.

H1 2022 saw an average of two project launches per week, with some developers like Emaar and Dubai Properties selling out within hours of their launch, reflecting the growth in demand for off-plan properties. Overall, we expect a steady rise in off-plan sales for the rest of the year, while lower price bracket launches continue to dominate the markets.

5.2 Upcoming off-plan launches

Developer	Property name	Property type
Emaar	Lime Gardens	Apartment
Dubai South	South Bay	Townhouse
Ellington	Ellington Beach House	Apartment
Majid Al Futtaim	Alaya Gardens 2	Villa
DP/Meraas	Nad Al Sheba Gardens New Phase	Townhouse & Villas
DP/Meraas	New Building, Central Park	Apartment

6. Luxury market

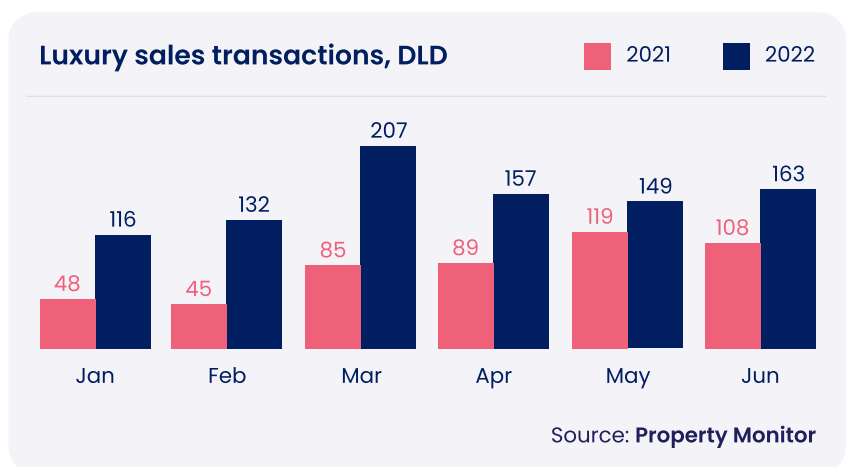
6.1 DLD data on luxury properties

Continuously attracting the wealthy around the globe, luxury property transactions in Dubai rose over 87% in relation to H1 last year. As per Henley Global Citizens Report, Dubai will be the number one benefactor of millionaires relocating from across the world in 2022.

Earlier this year, a custom-built, 33,300-square-foot megamansion sold for AED 280 million (USD 76.2 million) on Palm Jumeirah, setting a new record for the most expensive property sold in Dubai.

PRIME by Betterhomes enjoyed its best first half of the year with a 169% rise in the sale of luxury properties and a 98% rise in the average selling price in H1 2022 compared to H1 2021.

Recent notable releases such as AVA by Omniyat and Six Senses by Select Group are seeing units listed over AED8,000/sqft. Luxury properties in Dubai offer HNWIs world class properties with all the top amenities at four times less the price compared to other leading capital cities.



6.2 Top luxury communities by sales transactions, PRIME by Betterhomes

1. Palm Jumeirah
2. Tilal Al Ghaf
3. The Lakes
4. Meadows
5. Umm Sugeim
6. Mohammed Bin Rashid City
7. Nadd Al Sheba

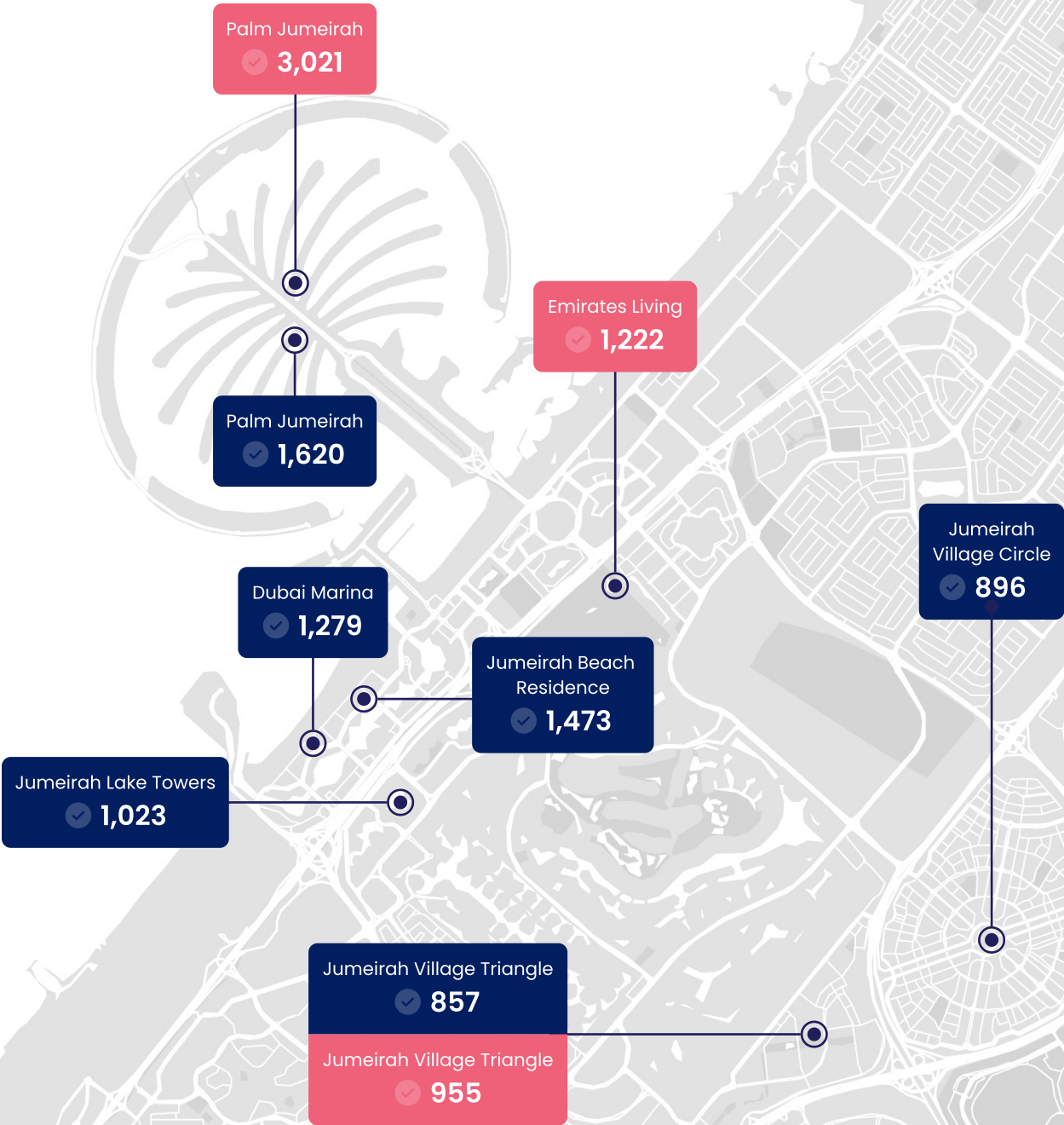
*Transactions over AED 10 million -
PRIME by Betterhomes

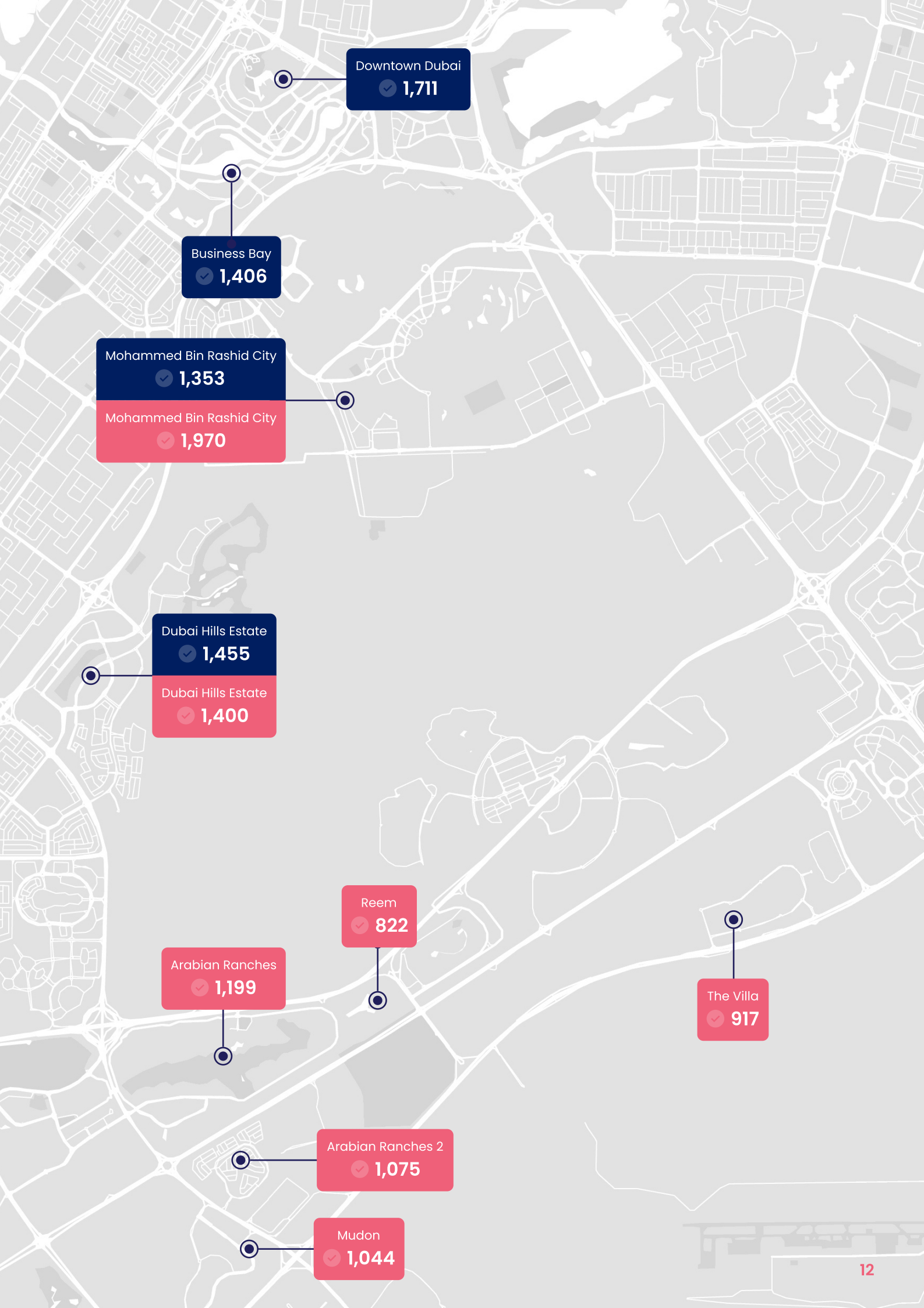
PRIME
by Betterhomes.

H1 2022 Dubai median sales price per sqft, DLD

Source: **Property Monitor**

■ Villa/Townhouse ■ Apartment





Downtown Dubai

✓ 1,711

Business Bay

✓ 1,406

Mohammed Bin Rashid City

✓ 1,353

Mohammed Bin Rashid City

✓ 1,970

Dubai Hills Estate

✓ 1,455

Dubai Hills Estate

✓ 1,400

Reem

✓ 822

Arabian Ranches

✓ 1,199

The Villa

✓ 917

Arabian Ranches 2

✓ 1,075

Mudon

✓ 1,044

7. Leasing

7.1 Betterhomes rental prices and volumes

Rents continued to notch double-digit jumps as landlords increased prices in the face of greater demand and a lack of available inventory, especially in popular villa communities. At Betterhomes, the average lease for apartments and townhouses climbed by 29% and 33%. Meanwhile, the average lease for villas rose by 64%.

The recurring storyline here is the lack of supply for villas as landlords continued to capitalise on the current momentum in sales, selling up and exiting the market.

Thwarted by higher prices and tight supply, more and more renters have chosen to stay put, negotiating and extending their current lease with their landlords, rather than entering the competitive leasing space. As a result, leasing transactions at Betterhomes declined by 25% and inquiries dropped by 17%.

Leasing transactions, Betterhomes

▼ 25%

HI 2021 vs HI 2022

Average rental price over H1 2021, Betterhomes

Apartments
▲ 29%

Townhouses
▲ 33%

Villas
▲ 64%

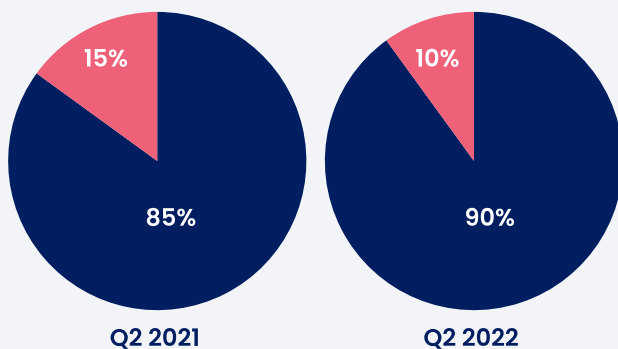
7.2 Betterhomes occupancy rates

Occupancy rates remained elevated in the first six months of the year. Starting strong in the first quarter, they continued to improve in the second quarter with no signs of tapering off. At Betterhomes, leased units in freehold areas increased to 90%, up by 5% and in leasehold areas, occupied units rose to 86%. Resulting in occupancy levels higher than pre-pandemic levels.

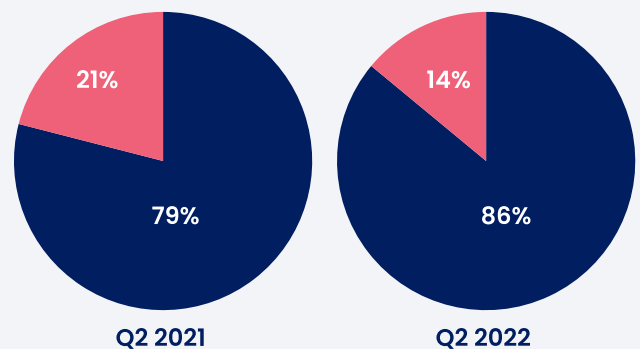
Occupancy rates QoQ, Betterhomes

■ Leased ■ Vacant

Freehold



Leasehold

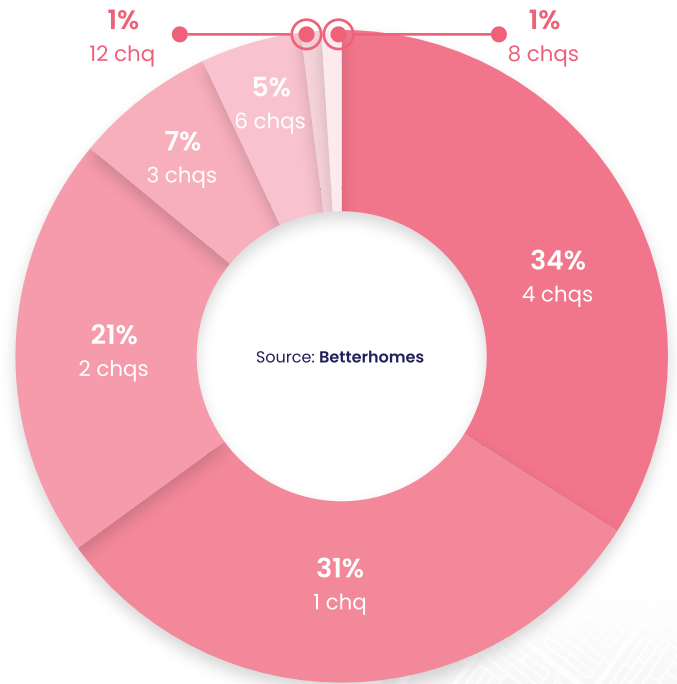


7.3 Number of cheques

Multiple-cheques remain the preferred payment method. At Betterhomes, more than a third of tenants chose to pay their annual rents in four instalments.

It is worth noting that there is a marked increase for one-cheque payments. At Betterhomes, the percentage of tenants opting for single checks for the full amount of their lease increased by 5% between January and June this year. Showing the market is becoming more competitive, as rising prices across the emirate likely spurred this growing trend. Renters secured contracts that offered favourable rates, even if it meant higher upfront costs.

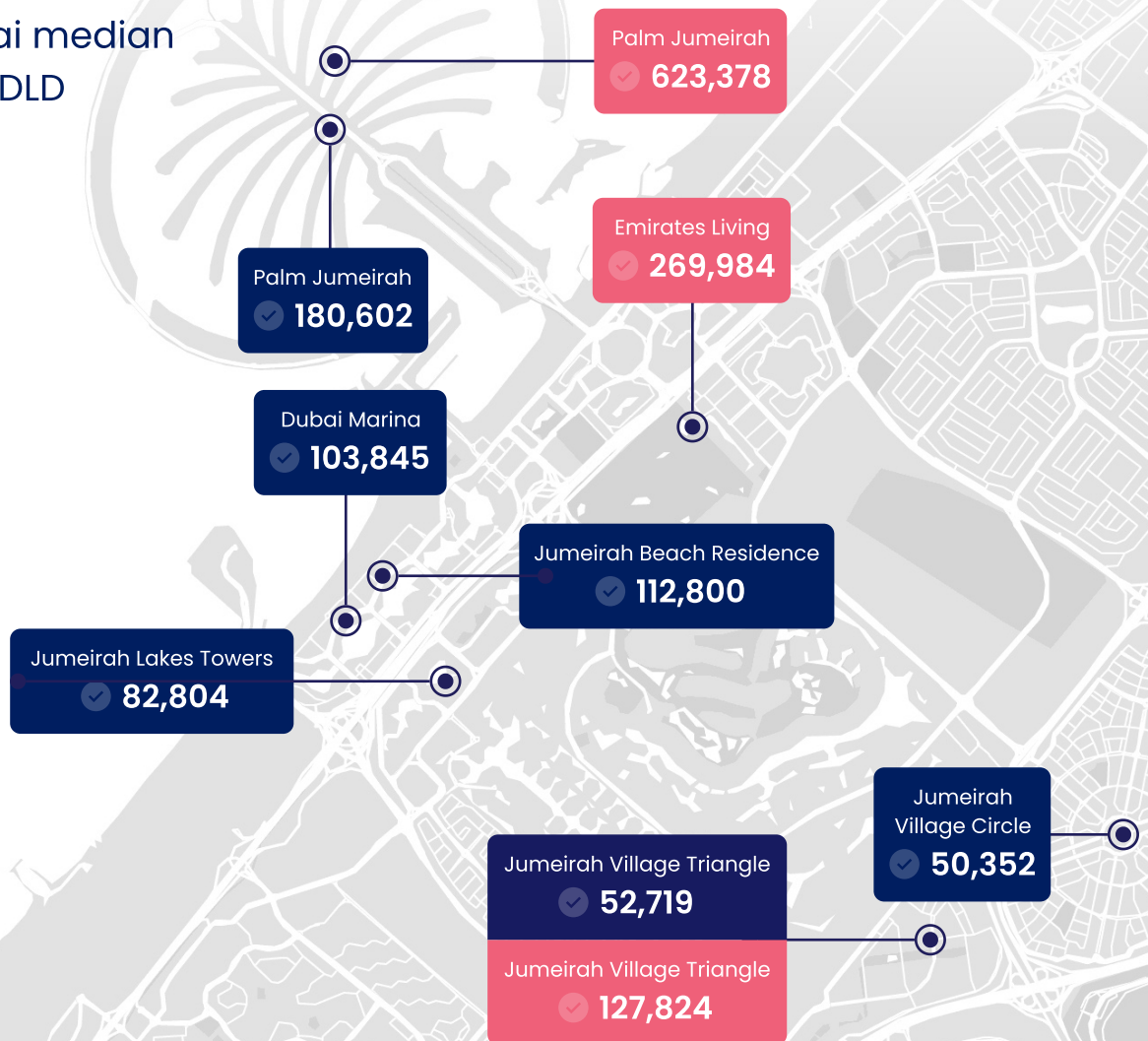
We are interested to see the change in rental payment patterns, after DLD struck a deal with Emirates NBD bank. Rental cheque payments will soon be automated and digitised using the Central Bank of the UAE's Direct Debit System (UAEDDS).



H1 2022 Dubai median rental price, DLD

- Villa/Townhouse
- Apartment

Source: Property Monitor



Downtown Dubai

✓ 116,594

Business Bay

✓ 98,562

Mohammed Bin Rashid City

✓ 107,516

Mohammed Bin Rashid City

✓ 320,183

Dubai Hills Estate

✓ 120,059

Dubai Hills Estate

✓ 191,921

Reem

✓ 111,485

Arabian Ranches

✓ 136,998

The Villa

✓ 200,250

Arabian Ranches 2

✓ 199,650

Mudon

✓ 211,344

Top communities by leasing transactions, Betterhomes

Villas/townhouses



1. The Springs
2. Town Square
3. Damac Hills 2
4. Umm Suqeim
5. Al Sufouh

Apartments



1. Dubai Marina
2. Downtown Dubai
3. Dubai Hills Estate
4. Business Bay
5. Jumeirah Lake Towers

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

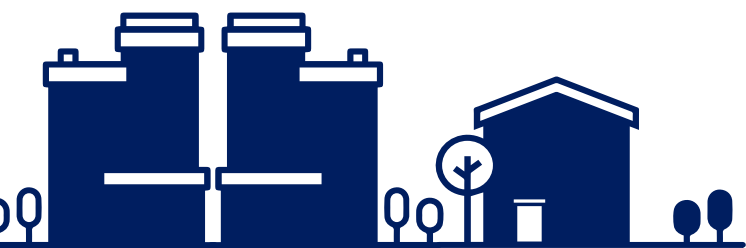


Holiday homes

Off-plan investments



UAE & UK off-plan



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



Technology

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.

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Motor City Office

Control Tower, office 3301, Motor City, Dubai

Dubai Marina Office

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