

Betterhomes.

Q3 2021

2021

# Dubai Real Estate Market Report.

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

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Well, that was quite a summer for Dubai and the real estate market. In my time in the UAE, I've never seen the roads busier or the malls fuller, and there is a renewed optimism in the air. After the unfortunate COVID-19 period, I feel the roaring '20s are finally starting to kick off, and Dubai will be at the heart of the action!

Over the summer, records continued to be set for real estate, with new highs for transaction volumes and prices. We saw strong domestic demand, international investors and plenty of high net worth individuals relocating to Dubai, resulting in sales and leasing prices in prime locations increasing at speed. However, prices as a whole still have some way to go before reaching previous highs.

But, after a frantic 12 months, there was a feeling in September amongst many brokers that the market was pausing for breath. Slightly fewer buyers, more sellers and a sense that some of the aspirational asking prices hitting the market weren't being achieved. Whereas a few months ago, a seller could ask 15-20% more than the last sale in their community, buyers simply weren't biting at that sort of uplift. As a result, motivated sellers have been adjusting asking prices accordingly, and when they do, there is plenty of demand. But do I think this signals that prices have reached their peak? Absolutely not. The recent UBS Real Estate Bubble Report placed Dubai as the best valued global real estate market in the world. With a worldwide audience reinvigorated by Dubai at the moment, I expect prices will continue to rise for the foreseeable future, albeit at a slower rate than we have seen over the past year.

The big news this month was, of course, the start of Expo 2020. I am regularly being asked, what is my view of the market post Expo? And my answer is simple: I don't see Expo as a driving factor to those professionals who are moving to Dubai or those investors buying Dubai real estate. Yes, it is a fantastic event that will attract plenty of visitors, some of whom will undoubtedly invest. Still, the fundamentals driving Dubai migrations and the resurging market (business, COVID-19 responses here and abroad, taxes, lifestyle, safety) go beyond Expo. They will be with us long after The World's Greatest Show has come to an end.

So, expect the Dubai real estate market to continue to go from strength to strength for the next few years and beyond.



**Richard Waind**

Group Managing Director

# Residential Sales.



# Real estate market sets **new records** as transactions and prices continue to climb in Q3.

The Dubai real estate market continued to set new records in Q3 with 15,406 transactions registered by the Dubai Land Department (DLD), 81% up from Q3 2020, and 48% up from Q3 2019. The summer defied the traditional view that it is a quieter time in the market, with plenty of activity in both off-plan and secondary markets. Total transactions for the year now stand at 74% higher than they did at the same in 2020, and 51% higher than the same period in 2019, pre-pandemic.

The rise in the value of the property sold in Q3 outpaced transactions, with a 128% increase year on year, reflecting price increases that have been experienced in many areas since the bottom of the market last summer.

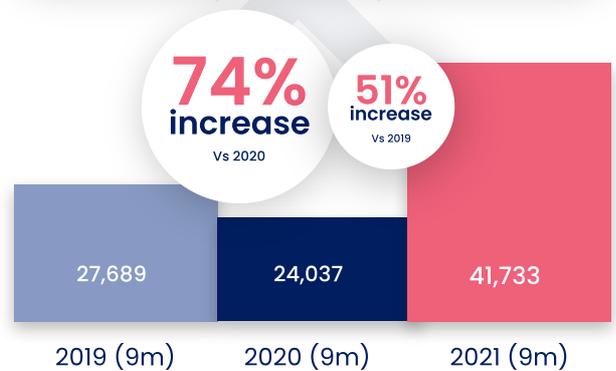
Dubai's COVID-19 response and business-friendly approach have continued to positively impact the real estate market, with plenty of domestic and international demand. The swift vaccine rollout, visa reforms and 100% business ownership rules, have all contributed to attract new investors and residents to Dubai; a trend that seems to be gathering pace.

Record low interest rates have also continued to fuel demand, and the summer saw a further drop in mortgage rates offered by local banks who are competing for customers. However, mortgage buyers should keep a close eye on developments in the US where COVID-19 stimulus from the Federal Reserve looks set to be rolled back as the economic outlook improves. We can expect interest rates to start the slow rise back from today's record lows at some time in 2022, so mortgage buyers would be advised to secure a deal before that happens and fix their interest rate for the next few years at least.

Total number of sales transactions QoQ, DLD



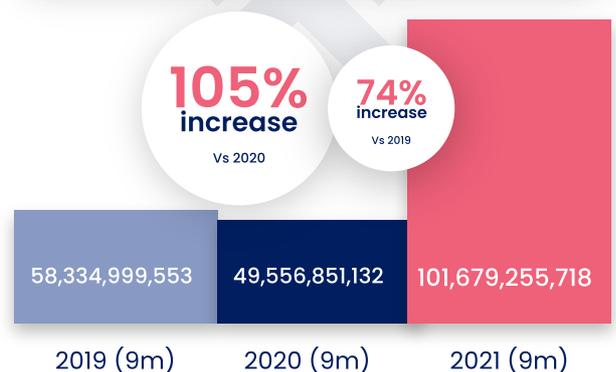
Total number of sales transactions - 9 months, DLD



Total sales value QoQ, DLD (AED)



Total sales value - 9 months, DLD (AED)

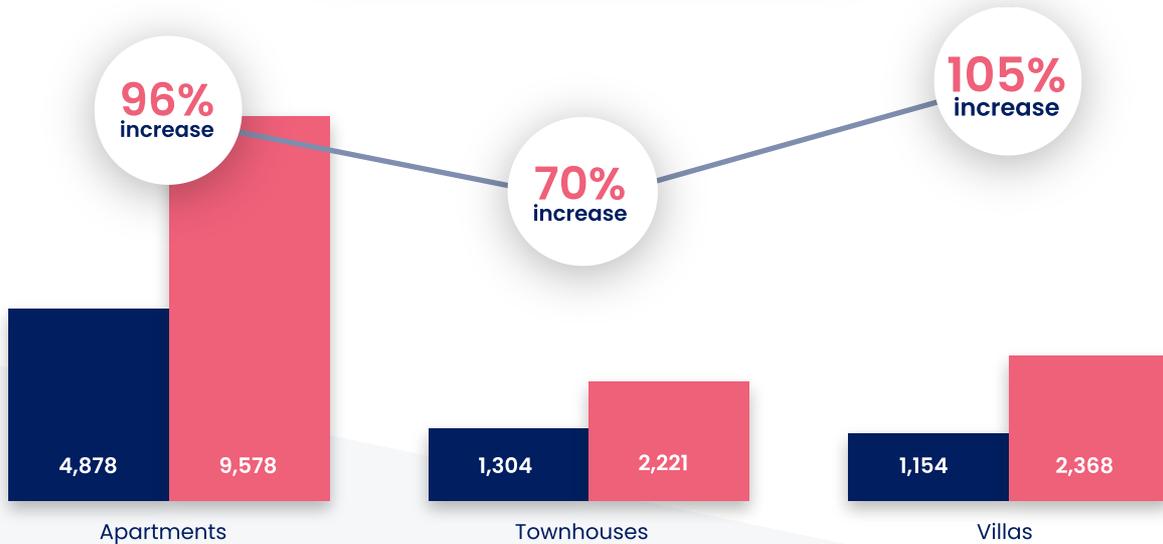


Source: Property Monitor

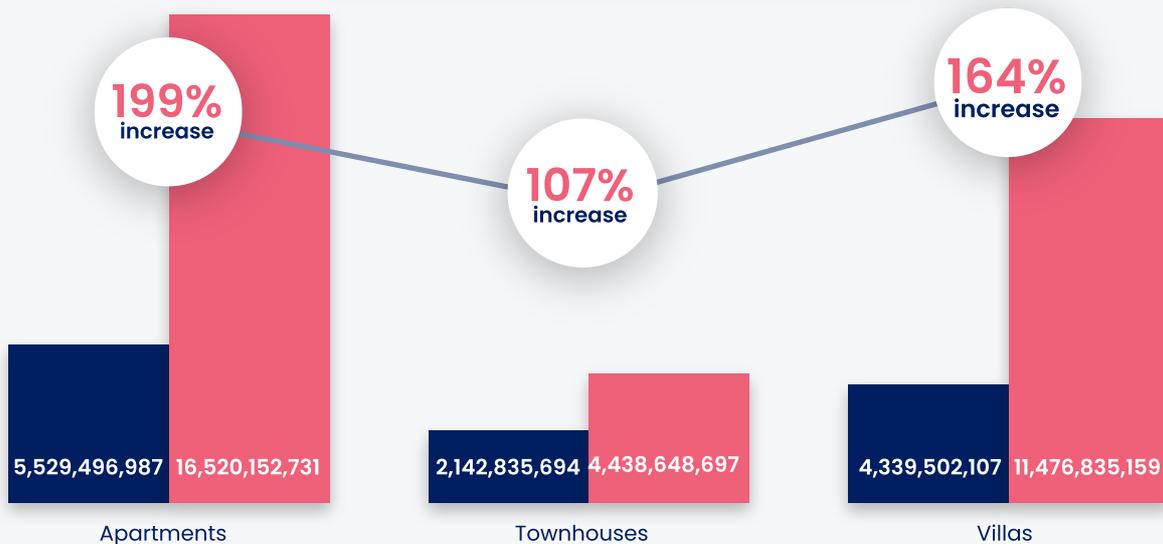
Over the last twelve months, much of the uplift in activity has been focused on villas and townhouses with those who can afford it opting for larger properties with outside space. That trend continued in Q3, with completed villa transactions up 105% against the same period last year.

However, the apartment sector also enjoyed a resurgence with a 96% increase in volumes compared to Q3 2020. The increase in apartment sales can be attributed to a number of recent successful off plan launches, and a renewed appetite for apartments from investors who recognise the value that remains in today's apartment prices.

Sales transactions by property type QoQ, DLD



Total sales value of sales transactions by property type QoQ, DLD (AED)



Q3 2020
  Q3 2021
  % change

Source: Property Monitor

# Prices continue to rise in prime locations.

Prices for villas in prime communities have seen substantial rises from their record lows last summer. Palm Jumeirah (55%), Jumeirah Islands (54%) and Emirates Living (52%) lead the way as buyers, predominantly end users, have sought lifestyle purchases in well established communities.

While apartment price rises have lagged those of villas over the last year, many prime areas have seen double digit price growth, with Palm Jumeirah again leading the way with a 26% increase. Price rises seen in the apartments sector have been less uniform than in the villa sector, with some communities such as Discovery Gardens (-2.45%), Dubai South (-12.9%), Silicon Oasis (-8.05%) and International City (-5.67%) all seeing prices decline over the last year.

## Median price change in the past 12 months



Villas/Townhouses



Apartments

Source: Property Monitor

## The number of transacted units increased at Betterhomes

31% ↑ (Q3 2020 - Q3 2021)

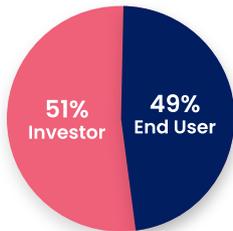
65% ↑ (2020 (9M) - 2021 (9M))

There are signs that the pace of recent price rises is starting to slow as the supply and demand dynamic shifts in reaction to recent price increases. Betterhomes saw an 8% drop in the number of new buyers registering in the month of September, and a 14% drop in the number of buyers for villas specifically. August and September also saw an increase in the number of new instructions coming on to the market, with many sellers setting ever more aspirational prices. With slightly fewer buyers able or willing to meet sellers expectations, and more sellers entering the market, we are starting to see greater balance between parties, and while record prices are continuing to be set, the rate of those rises are slowing. Sellers who wish to secure a sale are becoming more open to negotiation.

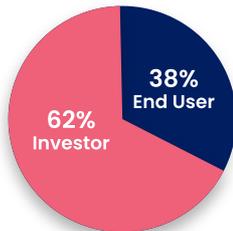
# Investors **dominate** as Expo begins.



Buyer types at Betterhomes

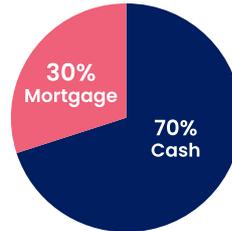


Q3 2020



Q3 2021

Mortgage buyers at Betterhomes



Q3 2020



Q3 2021

While Q3 2020 was dominated by domestic end user demand in the wake of lockdown, Q3 2021 has seen a move in the market towards investors, both locally and internationally. Of the new transactions agreed at Betterhomes in Q3 2021, 62% of successful buyers identified themselves as investors, up from 51% a year ago. Strong ROI, rising rents, and Dubai's COVID-19 recovery fuel investor demand again, and we can expect that to continue. When it comes to property financing, we have seen an increase in the number of mortgage purchases, up from 30% to 37% of all purchases this past quarter as buyers continue to take advantage of low interest rates.

Expo launched on the 1st October with all the fanfare and excitement you would expect from the Greatest Show on Earth. Early visitor numbers have been extremely encouraging with 400,000 visitors in the first 10 days, one in three of which have visited from abroad. This influx of international visitors over the winter months is likely to have a further positive impact in to Dubai real estate.



## Decrease in buyer leads at Betterhomes in Q3 2021

**-8%**  (Q3 2020 - Q3 2021)

Apartments  
**-7%**  (Q3 2020 - Q3 2021)

Villas  
**-14%**  (Q3 2020 - Q3 2021)

Townhouses  
**-3%**  (Q3 2020 - Q3 2021)

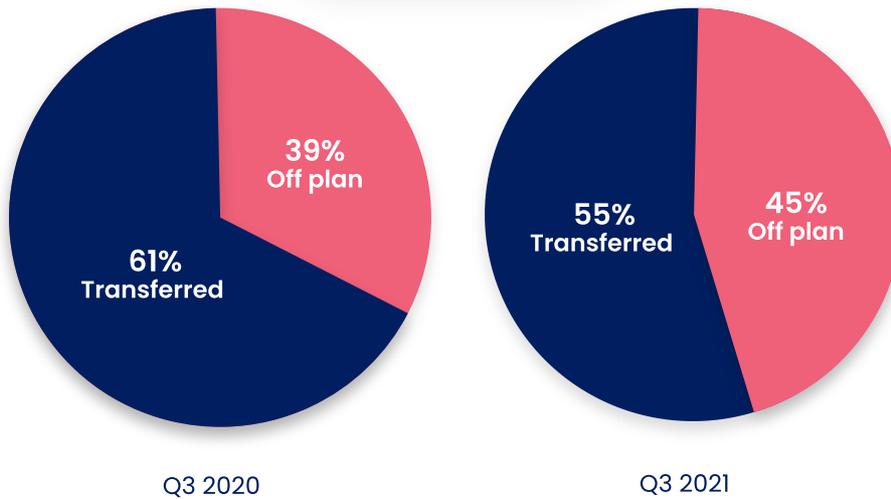
# Off-plan transactions going towards pre-pandemic levels.

Another impact of increasing prices in the secondary market is an increasing demand for off-plan properties. Buyers seeking to upgrade their homes but outpriced in the current secondary market are eyeing new developments with lower prices and favourable payment plans offered by many developers. Buyers in Dubai are certainly turning more towards off-plan investments, with the number of off-plan transactions increasing from 39% to 45% QoQ. Transactions are set to reach the pre-pandemic level of 57% recorded in Q3 2019.

Off-plan transactions have continued to recover after a challenging 2020. Off-plan grew from 39% to 45% of the total market in Q3, with increasingly confident developers bringing a number of successful launches to Dubai. Investors have been joined by end users, some of whom have been priced out of the secondary market by recent price rises and the 20-40% loan to value requirements for mortgages. An increasing number of end users are securing a new home at today's prices direct from a developer and are using the construction period to save and put down the required deposit through instalments.

Secondary vs Offplan

Source: Property Monitor



## Top off-plan projects launched in Q3 2021

### Villas

aura | تلال الغاف  
Tilal Al Ghaf

La Rosa  
— AT —  
VILLANOVA

### Apartments

cavalli  
TOWER  
DAMAC

EMAAR  
BEACHFRONT  
BEACH MANSION

URBANOASIS  
BY  
MISSONI

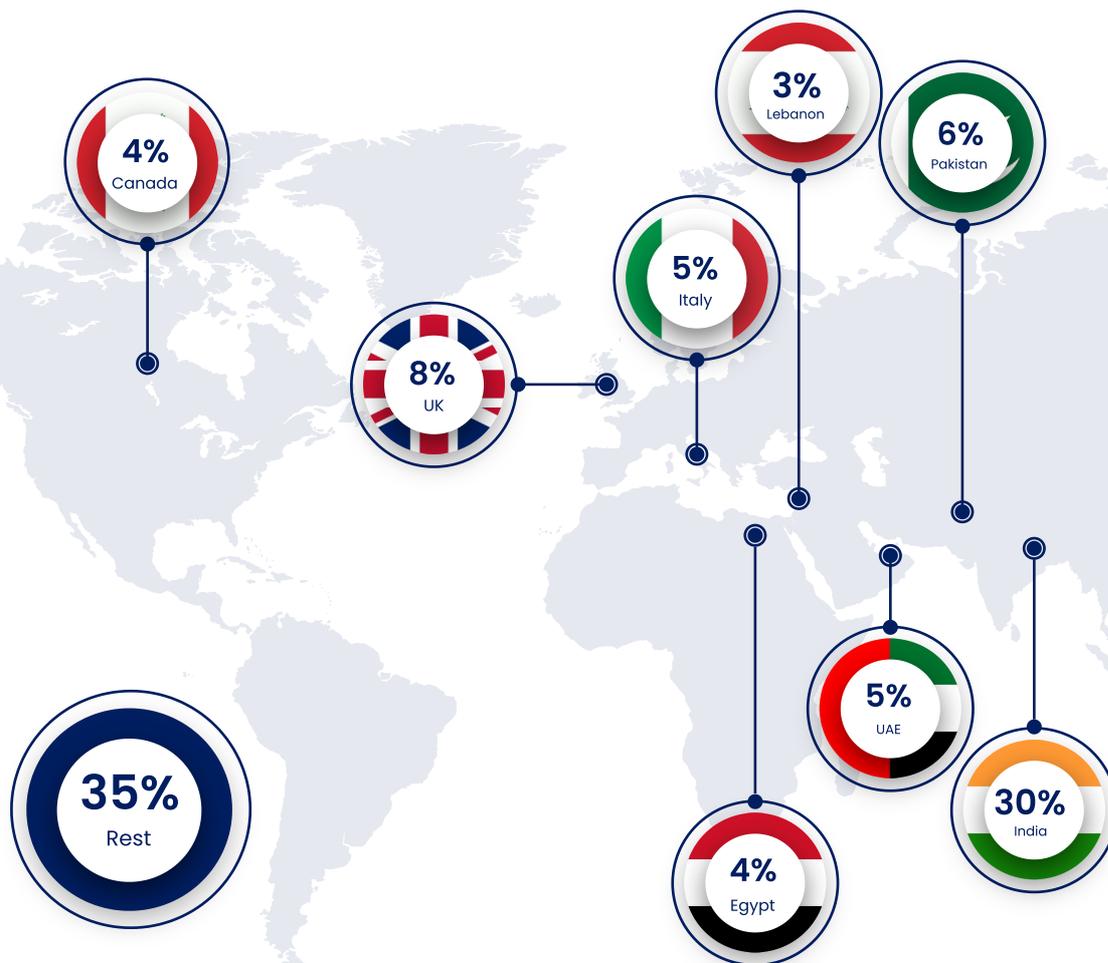
FIVE

# International COVID-19 responses are impacting buyer demographics.

Dubai continues to be an attractive market for international buyers, and as the world starts to come out of the Coronavirus era, investors are returning to Dubai in ever greater numbers. But domestic COVID-19 policies and travel restrictions are having an impact on who is investing. Last winter, we saw a large influx of European buyers as travel corridors first opened. We expect this trend to continue this winter as most European countries are now fully open to Dubai travel.

Investors from India and Pakistan have been particularly prevalent over Q3 since travel resumed with the subcontinent. However, we have seen a reduction of investors from the Asia Pacific, including China, where strict Coronavirus protocols and travel restrictions have reduced individuals' ability to travel.

## Buyer nationalities at Betterhomes in Q3 2021



# Median sales price in Q3 2021. (AED/sq.ft)

■ Apartments
 ■ Villas/townhouses



Source: Property Monitor

Top transacted communities at Betterhomes

Apartments - Dubai Marina

Villas - Springs

# Residential Leasing.



# Influx of residents boosts residential leasing market.

Dubai is experiencing a new wave of professional migration, which is impacting the leasing market. Lifestyle, business environment, tax and the covid response are the primary pull factors. Still, many expats relocating from The Asian Pacific, particularly Singapore and Hong Kong, cite increasing restrictions in their home countries as crucial reasons to relocate.

At Betterhomes, leasing transactions are up 21% for the year, 6% up over the summer months. While many new tenants to the market will look at well-established apartment communities such as Downtown, JBR or the Marina, the number of high net worth professionals and business owners relocating to Dubai has increased, resulting in a 63% increase in the number of rentals for villas with over 5 bedrooms. In September, Betterhomes recorded their highest ever annual rental deal, a villa in Emirates Hills leased at AED1,850,000 to an expat who recently arrived in the UAE.

## Leasing transactions at Betterhomes

6%  (Q3 2020 vs Q3 2021)

21%  2020 (9m) vs 2021 (9m)

## Reservations at Betterhomes Q3 2020 vs Q3 2021

15%  
increase

1-bedroom  
apartments

14%  
increase

2-bedroom  
apartments

44%  
increase

Studio

18%  
increase

3-bedroom  
villas

63%  
increase

5-bedroom  
apartments

When it comes to apartments, the most popular communities among tenants were Dubai Hills Estate, with the highest number of transactions, followed by Dubai Marina, which usually holds the number one spot when it comes to tenant leads and transactions, and Downtown Dubai. The most sought-after villa community among tenants in Q3 2021 is The Springs, followed by Al Barsha and Jumeirah.

Apartments  
tenant leads **13%**

(Q3 2020 - Q3 2021)

Villas  
tenant leads **-11%**

(Q3 2020 - Q3 2021)

Townhouses  
tenant leads **-23%**

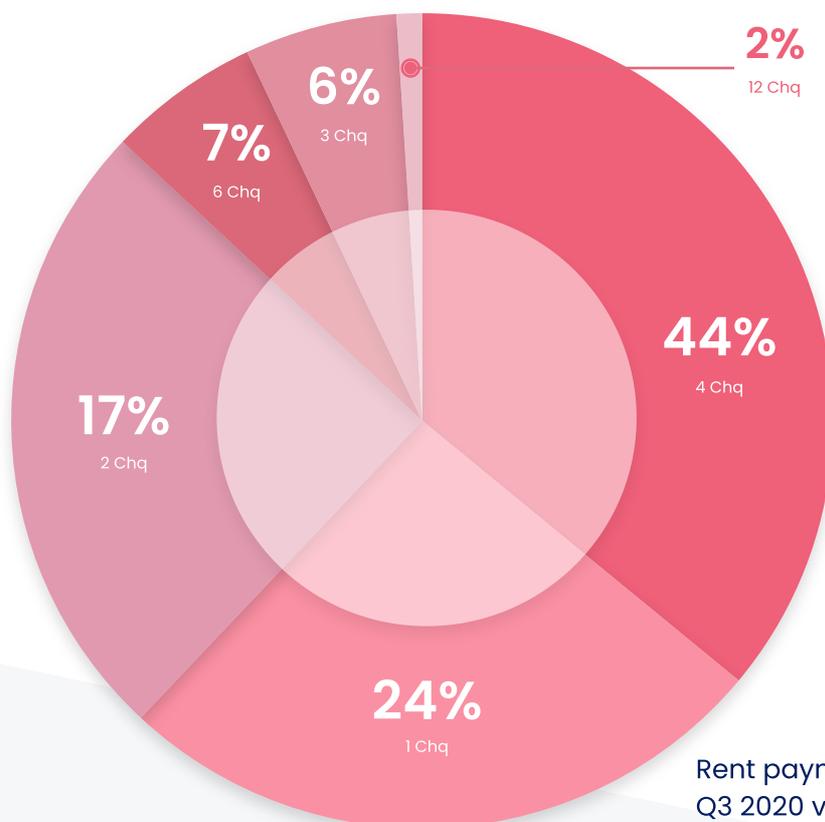
(Q3 2020 - Q3 2021)

# More flexibility in rental payments.

Dubai's real estate market is known for its standard practice of annual rent payments in one cheque in advance. However, this became a part of a broader debate in recent years, where many tenants favoured multiple cheque payments while landlords are looking for the security that comes with a full advance payment.

According to Betterhomes data, more tenants in Dubai choose payments with multiple cheques. They prefer to enjoy a specific dose of flexibility instead of committing to complete payments at the start of their contract. Betterhomes registered a 4% increase in rent payments with four cheques, now the most popular payment option.

Number of rental cheques



Increase

4%

Source: Betterhomes

# Median rents in Dubai in Q3 2021.

■ Apartments
 ■ Villas/townhouses



Source: Property Monitor

Top transacted communities at Betterhomes

Apartments - Dubai Hills Estate

Villas/townhouses - Springs

# 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 Q3 2021.

## 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?

## 35

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  
Sat - Thurs, 8am - 8pm  
Fri, 1pm - 6pm

## 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 35 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.

## 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

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Rated 'Excellent' on  Trustpilot

