

Betterhomes.

Q1 2022



Dubai Real Estate Market Report.

bhomes.com

April 2022

Contents.

3 Residential Sales.

11 Residential Leasing.

15 About Betterhomes.

The Dubai real estate market has continued to build on the gains of 2021, with transactions in Q1 beating all previous records at 17,896. Rising demand and supply constraints in the secondary and rental markets have seen prices continue to rise and off-plan perform very well, and Dubai recorded its highest ever sale of a single private home at AED 280 million (\$76 million).

While the original recovery of demand seen at the start of this price cycle was driven by existing residents taking advantage of the value in the market, recent demand has largely been driven by the influx of new residents to Dubai. Population fell by 8% at the peak of the pandemic but has rebounded by over 18% to stand at 3.5 million at the start of 2022.

These new residents, many expats attracted by the pandemic response in Dubai, have especially placed pressure on mid and upper leasing markets where we have seen substantial price increases. Occupancy levels across freehold Dubai now stand well above pre-pandemic levels, although old parts of Dubai continue to lag behind and landlords in older, leasehold areas are increasingly needing to look to upgrade their properties, or offer discounts, to attract new tenants.

Overseas investors have also continued to drive demand as Dubai has increasingly become considered a safe haven destination in the face of Covid, tax rises and global instability. Visa reform, social reforms and a general open-arms approach to new residents are in stark contrast to many traditional expat cities around the world and it is likely that this recent influx will continue for some time while Covid continues to cause serious issues in the far east, and tax rises and geopolitics continue to loom large in Europe.

Finally, the DLD took very strong steps to increase transparency in the market this month as they made all historical transaction data available on their website. Homeowners and investors can now arm themselves with the most up-to-date data in order to make an informed decision before buying. Bravo, DLD!



Richard Waind

Group Managing Director

Poised to see confident gains

Consistent with the increased transactions and values last year, 2022 is shaping up to be a great one for Dubai's property sector. In its first quarter, the residential property market only kept moving forward with a marked uptick in sales transactions and values.

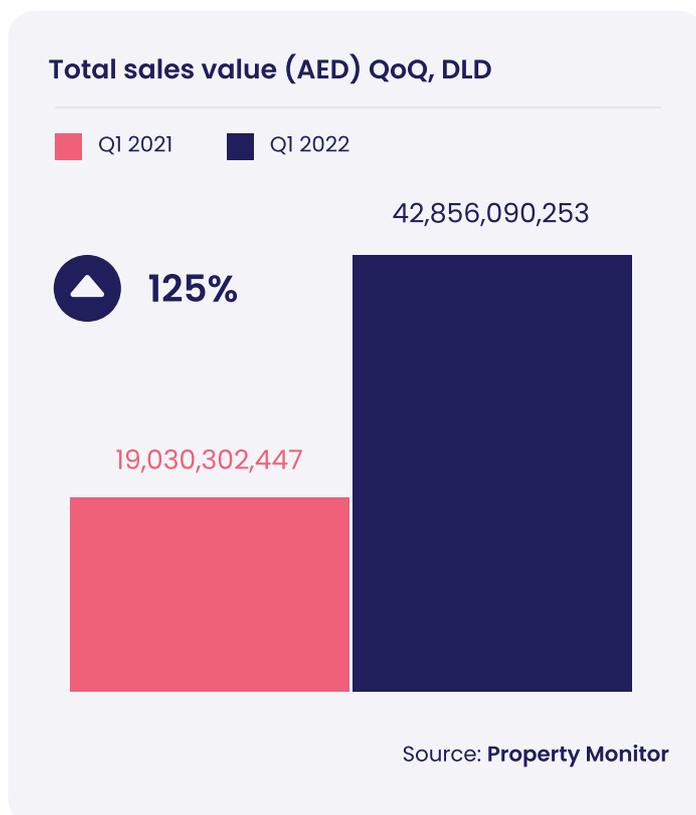
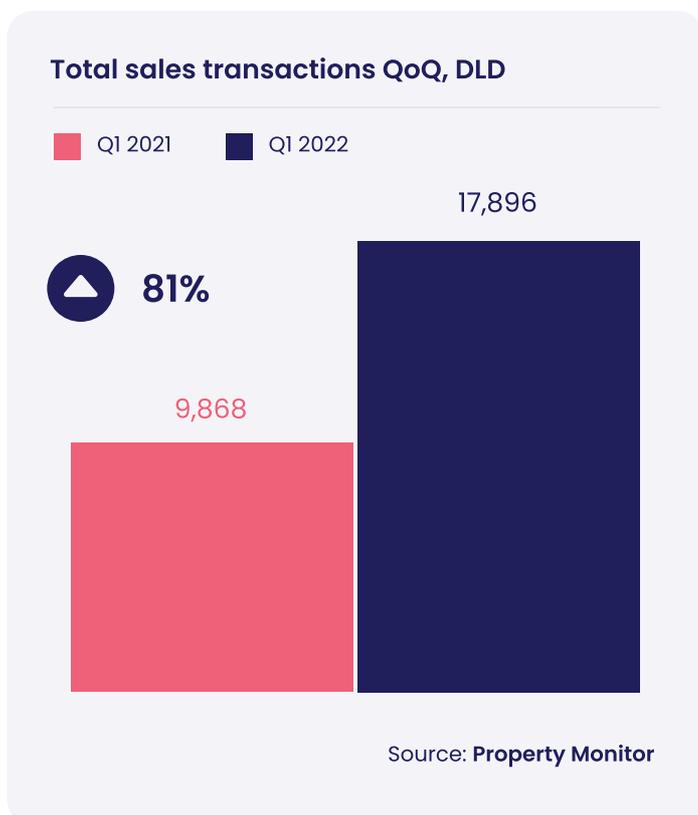
DLD figures showed the real estate market's continued growth with an 81% increase in transactions quarter-on-quarter. Prices have also continued to increase, albeit at a slightly slower rate than 2020, pushing the value of property sold in Q1 to a record \$11.7 billion, a 125% increase compared to the same period in 2021.

The upswing in the property market was driven by high liquidity, low-interest rates, and migration to the UAE. Over the past 18 months, Dubai has seen more expats move to its shores for safety reasons, tax efficiency, and a supportive business environment. While other global cities have become insular, Dubai opened its arms and welcomed people and businesses from across the world.

The combination of these factors worked to lift homebuyer sentiment in the sector. Despite headwinds posed by inflation, Covid variants, geopolitical instability, and a significant rise in interest rates, Dubai's real estate market witnessed a strong momentum.

The first few months of the year were characterized by increasing domestic and international demand for all types of residential assets. In Dubai, appetite and buyer confidence remained strong, especially among high-net-worth investors.

Other notable observations include a surge in off-plan transactions, accounting for almost half of the total sales for the quarter according to DLD. Meanwhile, Betterhomes data revealed a continued appetite for high-end properties and a renewed interest in apartment-type units in sales.



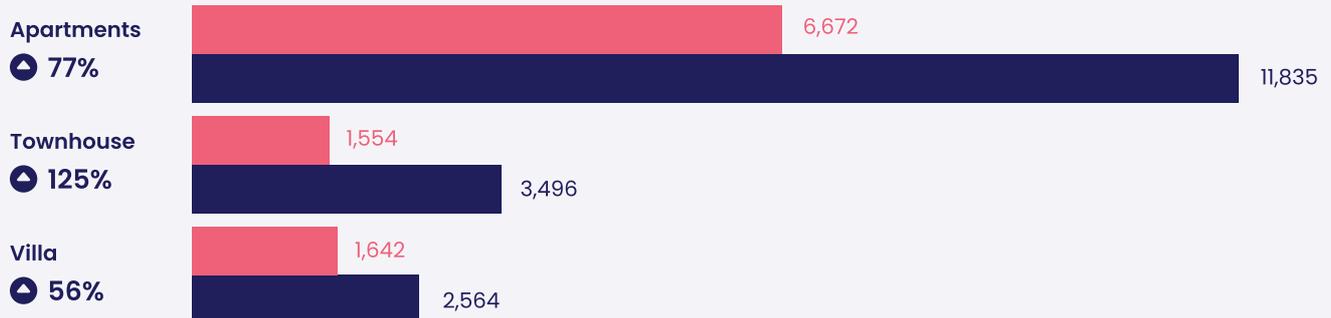
Townhouses are the new hot property

Transactions grew in Q1 across all segments driven by strong end user and investor demand, but townhouses have led the way. The post-pandemic trend for end users in 2020 and 2021 was towards villas offering more living space, home offices and outside space. As villa values have increased, townhouses have become increasingly popular, offering the benefits of a house at more affordable prices, resulting in a 125% increase in sales volumes. Developers have been quick to recognise this trend and have launched a number of successful townhouse communities in Q1, resulting in a 207% increase in off-plan sales.

Villas have continued to do extremely well, especially in the luxury segment, with unit sales for villa properties up by 56% and values up by 97% compared to the same quarter last year. Well-priced villas are being sold almost as quickly as they came on the market as buyers compete amid a limited supply. However, with villa prices up by over 40% in the last 18 months in many communities, buyers are becoming less willing to accept double-digit increases from the most recent sales, and increasingly we are seeing villas that are overpriced remaining on the market. Villa prices have increased at a more modest and more sustainable rate in Q1, for example Arabian Ranches recording a 1.34% increase in prices, Emirates Living a 0.94% increase, and Jumeirah Park 2.05%.

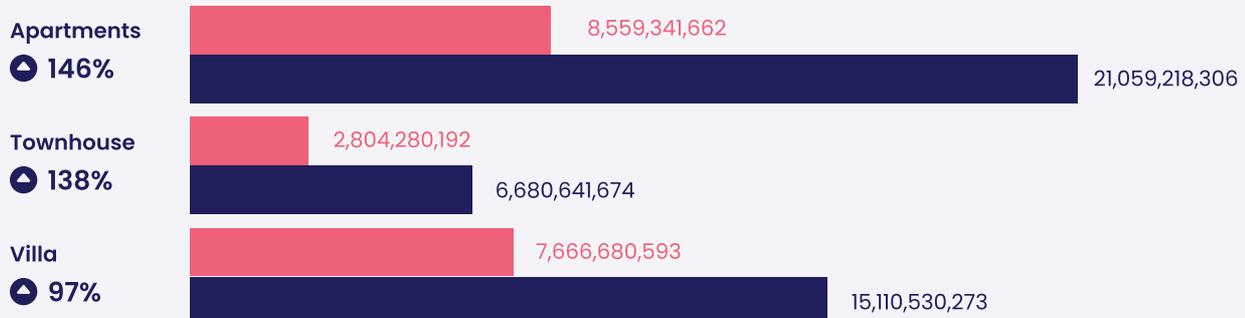
Total number of units sold by property type QoQ, DLD

Q1 2021 Q1 2022



Total sales value by property type QoQ, DLD

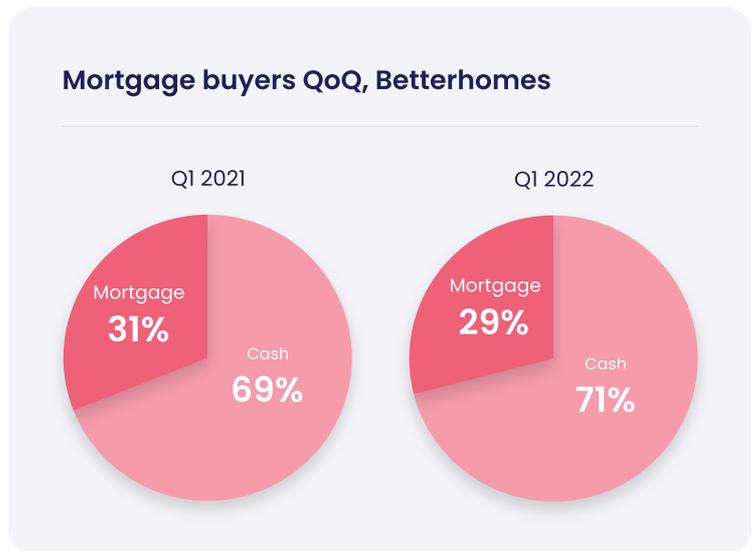
Q1 2021 Q1 2022



Source: Property Monitor

The cash versus mortgage dynamic largely remained unchanged. At Betterhomes, the number of mortgage-backed buyers was almost the same as last year. From 31% in January to March last year, 29% of transactions were financed with mortgage loans this quarter.

But buyers need to move quickly to avoid elevated financing costs. In March, the US Federal Reserve increased the base interest rate by 0.25% and the UAE central bank followed suit. We expect monetary policy to continue to tighten this year as inflation soars across the globe, and the employment numbers out of the US continue to be strong. Mortgage buyers can expect further rate increases which will impact affordability and repayments, although it should be remembered rates are rising from an all-time low.

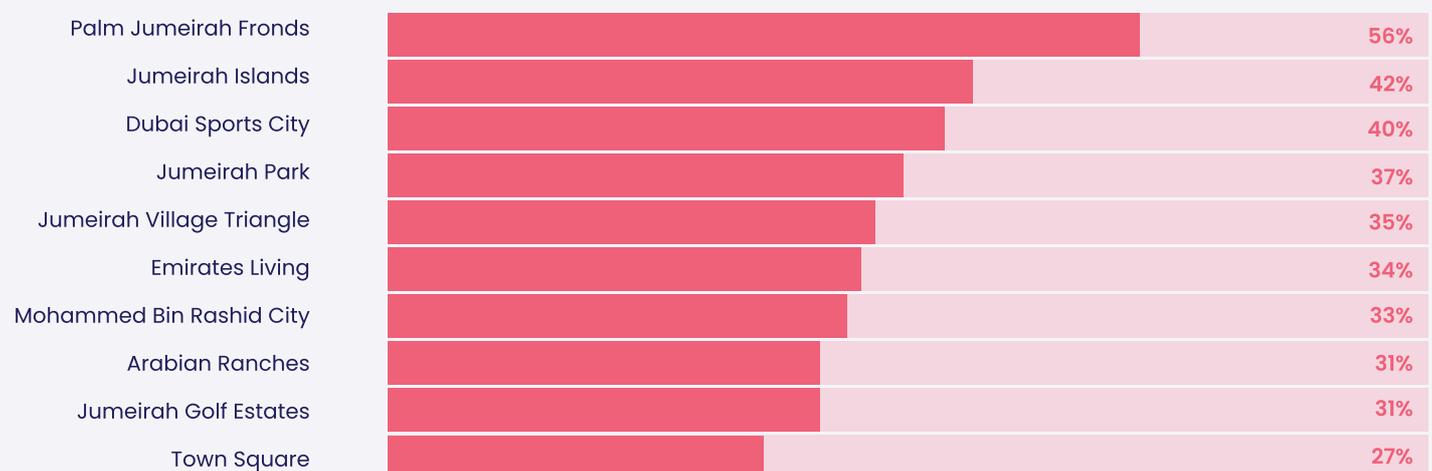


Apartments back in the game

With prices of villa properties beyond the reach of many, there was notable activity in the market for apartments, especially from investors. The volume of apartments sold increased by 77% in Q1 and contributed to 79% of all units sold in Q1.

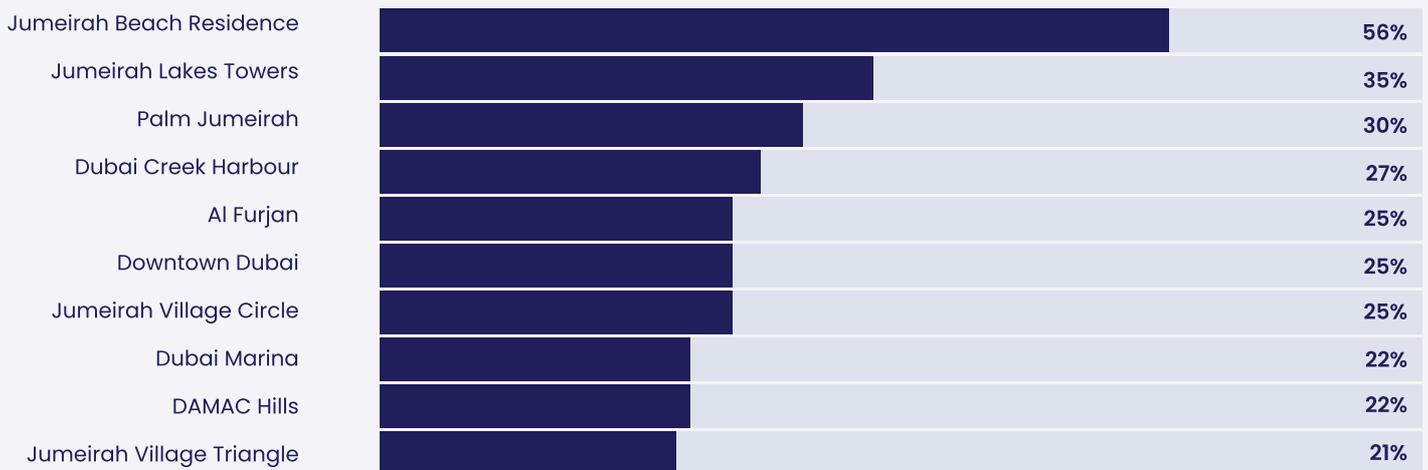
Waterfront apartments in particular have done extremely well, with international investors looking for a pied-à-terre, competing with short-term rental investors. JBR, The Palm, and Port de la Mer are particular hotspots for short-term rental investment and have seen strong price growth in response.

Median price change in the last 12 months, DLD - Villas/townhouses



Source: Property Monitor

Median price change in the last 12 months, DLD Apartments



Source: Property Monitor

Average selling price changes QoQ, Betterhomes

Q1 2021 Q1 2022



Buyer leads QoQ, Betterhomes

▼ 11%

Q1 2021 vs Q1 2022

Buyer leads (apartments) QoQ, Betterhomes

▲ 8%

Q1 2021 vs Q1 2022

Off-plan properties took off

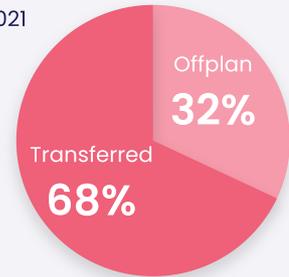
Positive trends in the off-plan property market continued into 2022 with a 16% increase in sales versus the first quarter of 2021, accounting for 48% of total transactions in the market, as developer launches helped ease the lack of supply in the secondary market.

New projects appealed to both resident and non-resident investors. Resident investors looked mainly into villas and townhouses in high-demand areas. These buyers were willing to pay the premium, confident in the high returns, whether re-selling or renting, for these properties.

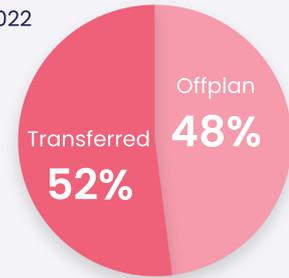
Non-resident investors, on the other hand, favored high-end properties, opting for beachfront properties and apartments. In prime areas, main developers were outdoing each other with high-end luxury projects. In emerging areas, sub-developers are offering units with more space in order to generate more demand.

Off-plan vs transferred QoQ, DLD

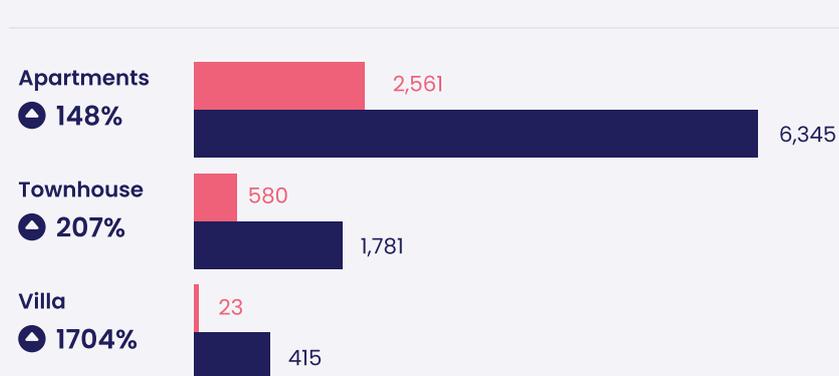
Q1 2021



Q1 2022



Off-plan sales transactions QoQ, DLD



Off-plan sales value YoY, DLD



Top off-plan projects launched in Q1 2022

Apartments

1. Park Gate Residences, Wasl Properties
2. St. Regis Downtown, Emaar
3. Myrtle - Central Park, Meraas
4. MJL - Jadeel, Dubai Properties
5. Six Senses Residences, Select Group

Villas

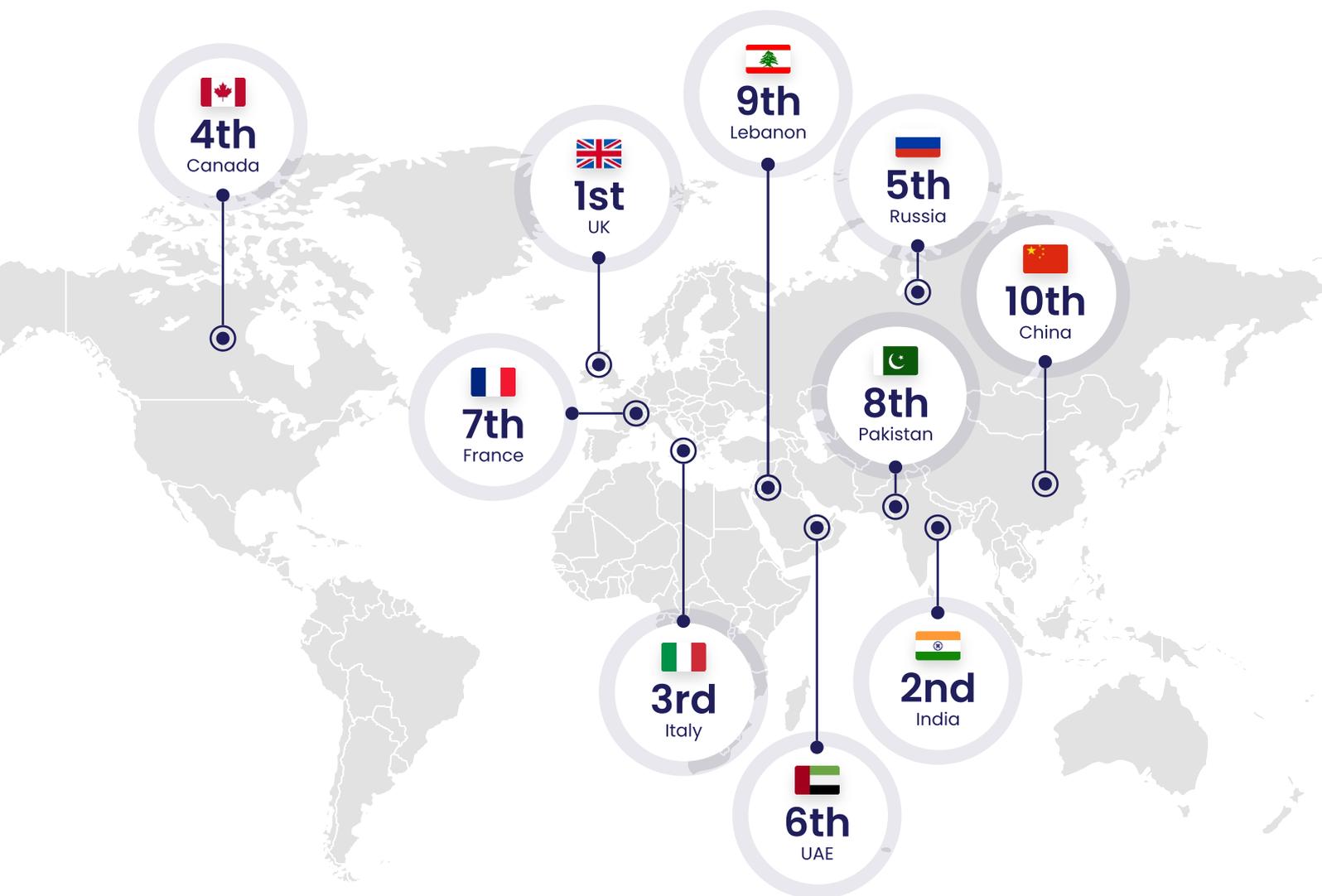
1. The Lagoons, Damac
2. Alaya Beach - Tilal Al Ghaf, Majed al Futtaim
3. Nad Sheba Gardens, Dubai Properties
4. Jebel Ali Village, Nakheel
5. Arabian Ranches 3 - Elie Saab 2 and Bliss 2, Emaar

Europeans drove up real estate sales

Overall, European nationals continued to dominate transactions in the market. Buyers from the UK topped the list for the quarter with almost double the numbers from the same period last year at 45%. Italy ranked third and France seventh. Meanwhile, buyers from Canada also made a significant increase in transactions at 117%. Russian buyers increased by 67% to be the 5th most prevalent in the market over Q1.

Chinese buyer numbers continued to dwindle as their zero-Covid policy continues to impact travel and investors.

Buyer nationalities at Betterhomes, QoQ



Europeans have been increasingly investing in Dubai in 2022

Q1 2021 vs
Q1 2022

▲ 45%
United Kingdom

▲ 117%
Canada

▲ 67%
Russia

Median sales price per sqft in Dubai in Q1 2022

Source: Property Monitor

■ Villa/Townhouse ■ Apartment



Downtown Dubai
✓ 1,631

Business Bay
✓ 1,361

Mohammed Bin Rashid City
✓ 1,302
Mohammed Bin Rashid City
✓ 1,797

Dubai Hills Estate
✓ 1,400
Dubai Hills Estate
✓ 1,383

Reem
✓ 813

Arabian Ranches
✓ 1,160

The Villa
✓ 910

Arabian Ranches 2
✓ 1,066

Mudon
✓ 1,016

Top communities by sales transactions, Betterhomes

Villas/townhouses 

1. Jumeirah Village Circle
2. Arabian Ranches
3. Meadows
4. Arabian Ranches 2
5. Al Furjan

Apartments 

1. Business Bay
2. Dubai Marina
3. Jumeirah Lake Towers
4. Palm Jumeirah
5. Jumeirah Village Circle

Residential Leasing

Average rental prices picked up on the back of an already tight housing market. According to Betterhomes, while apartments, townhouses, and villas rentals rose to 33%, 25%, and 64%, they saw a cutback in the number of inquiries and active listings hitting the market.

Last quarter's data showed transactions were down by 28%, while tenant leads were down by 21%. This drop in activity is largely due to a drop in leasing supply. Many landlords have exited the market, cashing in on higher sales prices, while the buyers have in large parts been end-users. Supply has been further curtailed by an increase in renewals as tenants looked to stay put rather than enter a market where they were likely to be paying more.

Further pressure has come from the influx of new residents to Dubai. We are increasingly seeing a shortage of quality leasing listings, and rents are rising across the most sought-after communities.

Occupancy rates on the rise

Another interesting observation in the market is the rise in occupancy rates at Betterhomes. After the pandemic caused a significant drop in occupancy rates in 2020, the numbers have been steadily increasing in freehold areas, from 79% in Q1 2021 to 93% in Q1 2022. Tenants preferred to stay in their current apartments, due to increasing prices in the rental market. Leasehold areas tell us another story where Betterhomes recorded a slight decrease in occupancy rates.

	Freehold	Q1 2020	Q1 2021	Q1 2022	Leasehold	Q1 2020	Q1 2021	Q1 2022
Leased		79%	84%	93%		93%	84%	89%
Vacant		21%	16%	7%		7%	16%	11%

Leasing transactions, Betterhomes



Q1 2021 vs Q1 2022

Leasing transactions by property type, Betterhomes



Apartment



Villa



Townhouse

Average rental price QoQ, Betterhomes



Apartment



Villa



Townhouse

Luxury leasing on the rise

By contrast, rental properties at the higher end of the spectrum saw the biggest movement. According to Betterhomes, luxury leasing took off in the first three months of this year.

Betterhomes noted a rising demand for properties boasting high-end amenities, designer furnishings, and high convenience in prime locations from a growing number of clients in the luxury rental market.

By the end of March this year, Betterhomes recorded an 850% increase in transactions commanding premium annual rents above the AED 500,000 threshold in leasing, and this trend is set to continue.

Tenant leads, Betterhomes

21%

QoQ, 2022

Tenant leads by property type QoQ, Betterhomes

19%

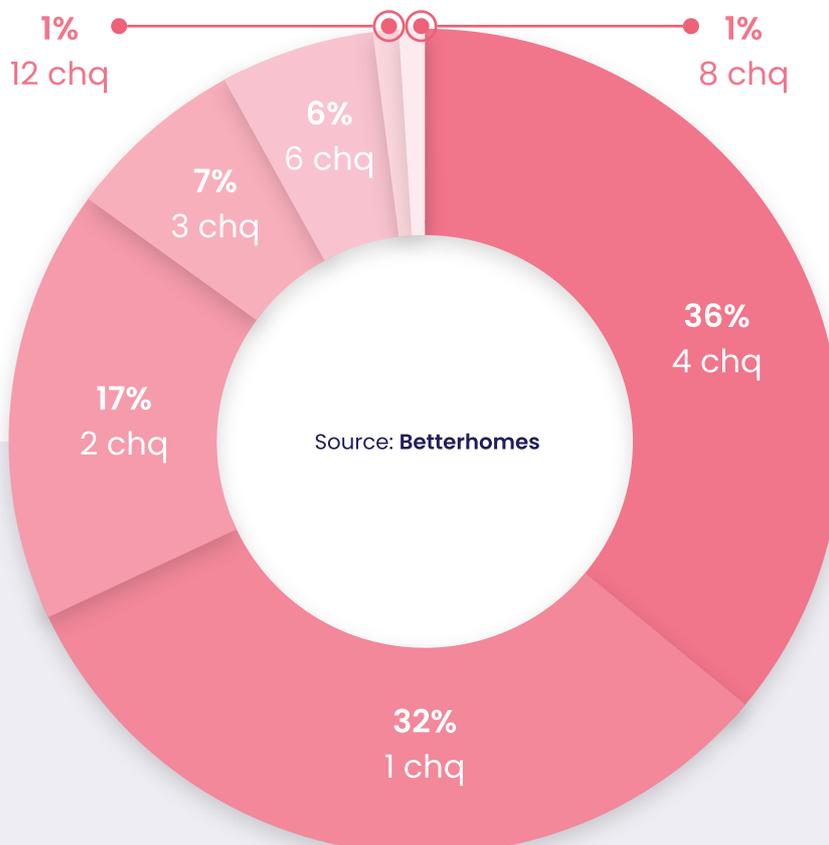
Apartment

40%

Villa

134%

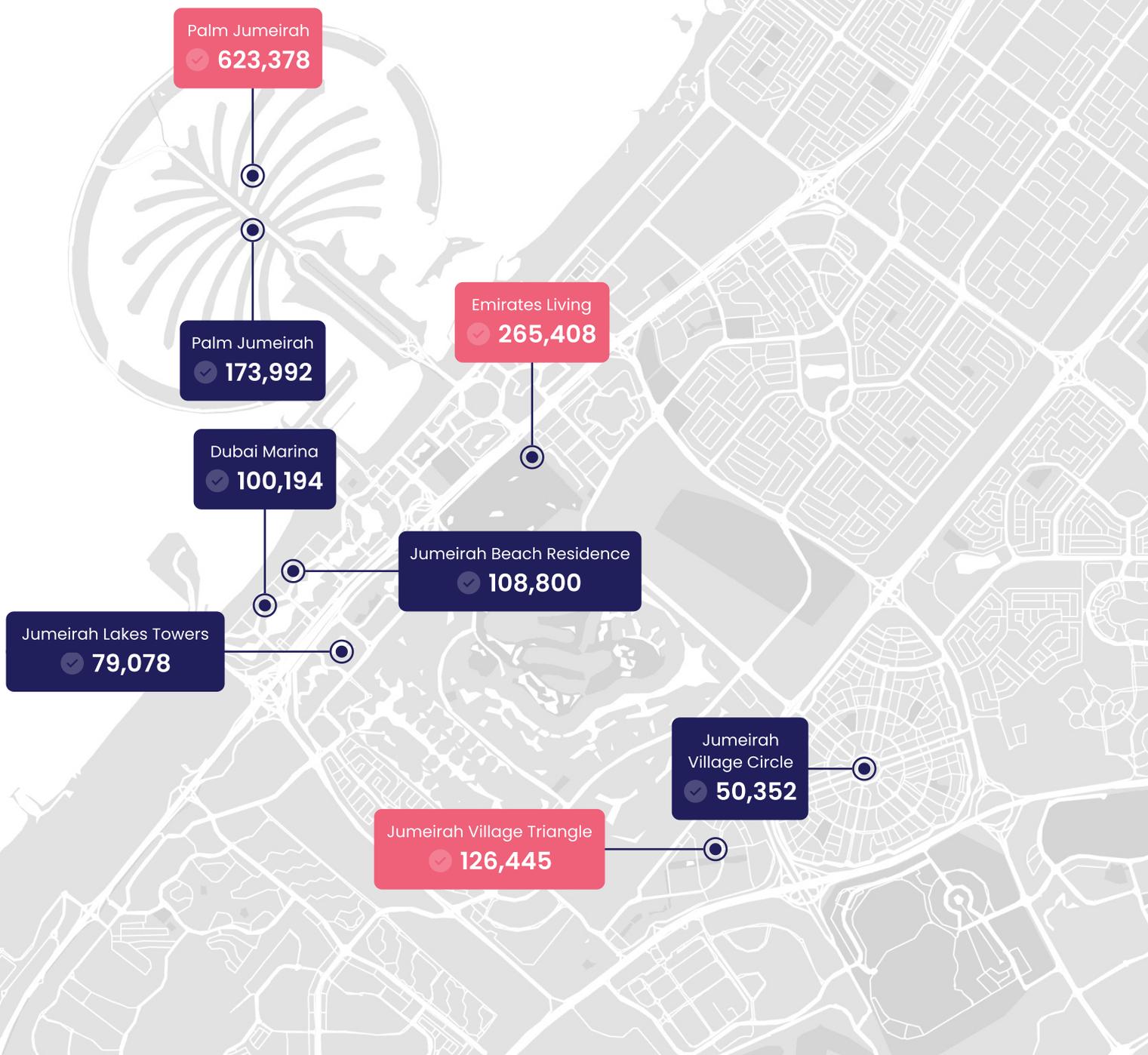
Townhouse



Median rental price in Dubai in Q1 2022

Source: Property Monitor

Villa/Townhouse Apartment



Downtown Dubai
✓ 111,370

Business Bay
✓ 96,573

Mohammed Bin Rashid City
✓ 102,582
Mohammed Bin Rashid City
✓ 275,280

Dubai Hills Estate
✓ 110,914
Dubai Hills Estate
✓ 189,703

Arabian Ranches
✓ 134,281

Reem
✓ 111,056

The Villa
✓ 191,250

Arabian Ranches 2
✓ 193,050

Mudon
✓ 199,273

Top communities by leasing transactions, Betterhomes

Villas/townhouses 

1. Springs
2. Damac Hills 2
3. Serena
4. Al Barsha
5. Arabian Ranches 2

Apartments 

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

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.

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

