Betterhomes.

H1 2021



Dubai Real Estate Market Report.

bhomes.com

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In the first half of 2021, the Dubai property market saw transaction levels at their highest for over a decade. Domestically, low-interest rates and improving job sentiment, coupled with a focus on the "home" brought on by the pandemic, have led to a surge in demand from residents. Internationally, Dubai's COVID-19 response and business-friendly approach have won many admirers. As a result, investors have returned in large numbers, looking to take advantage of both improving capital growth prospects and attractive rental yields, which remain higher than most established markets. The luxury segment over AED 10 million has also enjoyed a record period as high-net-worth individuals, many from Europe and driven by concerns over the fiscal response to COVID-19 bailouts, look to settle in Dubai. The UAE government's approach to attracting the best and brightest expats with golden visas and business reforms also had a positive impact.

Buyer activity has been particularly acute in the established villa communities where we have seen double-digit price rises in the first half of the year and the return of gazumping, much to the frustration of many. After six years of falling prices, it is difficult not to have sympathy with sellers now looking to maximise their sales. While prices remain well below previous highs, there remains lots of value for buyers. In this fast-paced, rising market, any prospective buyer needs their mortgage in place before starting their search and must be able to move quickly if they aren't to miss out.

Do I expect prices to continue to climb? With the US Fed reserve indicating that interest rates will remain at their current low levels well into 2022 and the supply of new units peaking and expected to drop from next year, it is hard not to see prices continuing on an upward trajectory for the next couple of years. Established villa communities and popular coastal communities, in particular, will continue to attract plenty of buyers with relatively minimal new supply being added in the coming years and could therefore see a further strong price increase. However, with rental prices lagging sales prices in many places, we see investor margins are being squeezed, especially in periphery communities with lots of new apartment supply, so I expect we will continue to see some winners and some losers in terms of prices across the market.



Richard Waind

Group Managing Director

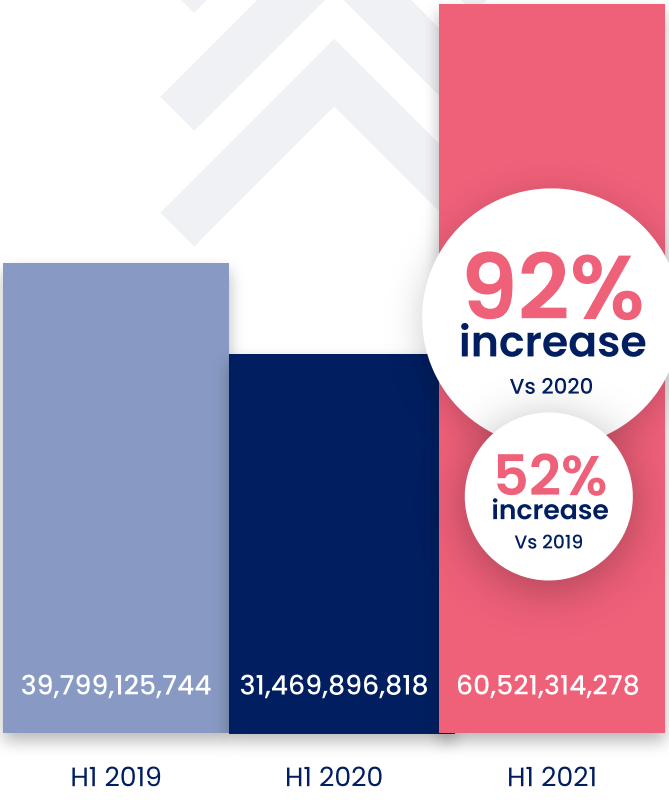
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Dubai Real Estate transactions hit a 10-year high.

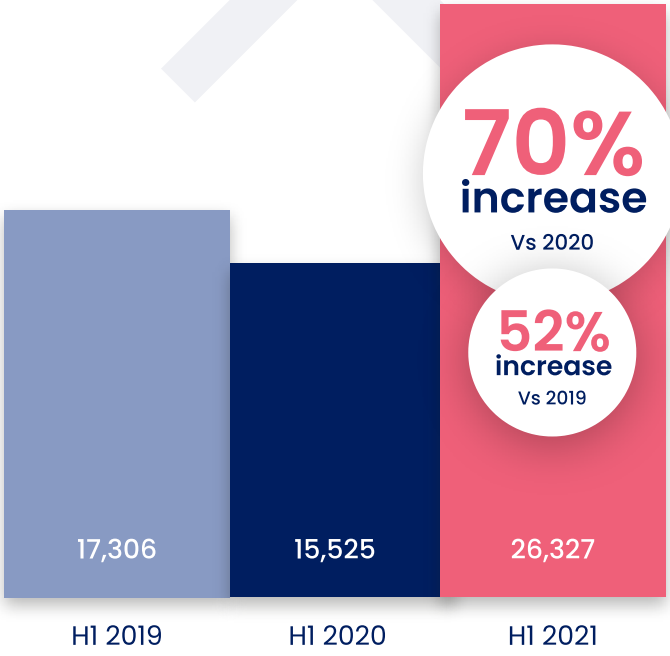
Dubai's real estate market is back in the global spotlight as one of the hottest property markets in the world as individuals and investors flocked in droves to purchase high-end properties in H1 2021. At Betterhomes, tremendous growth was achieved with the total value and the number of transactions growing steadily from quarter to quarter.

Betterhomes saw an 82% increase in the number of units sold in H1 2021 alone. If we look at the entire market, there was a 70% increase with 26,327 properties sold in H1 2021. That is 52% more than H1 2019 if we look into the market before the pandemic hit.

Total property value sold, DLD (AED)



Total number of units sold, DLD

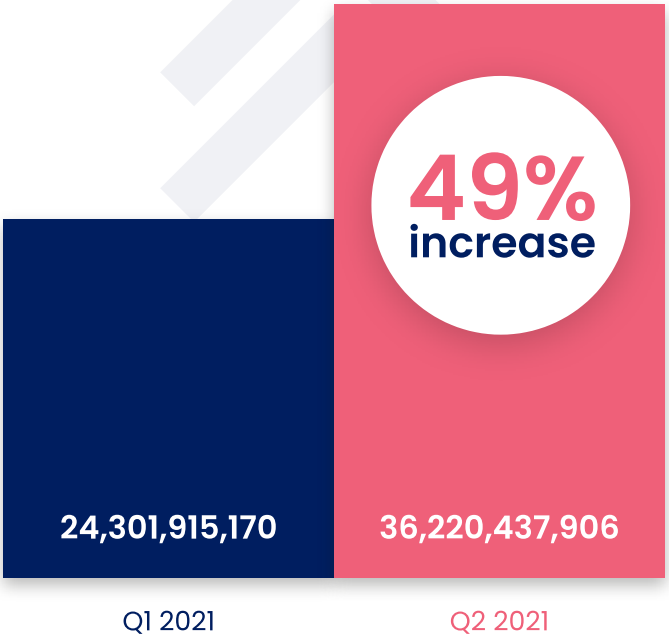


Source: Property Monitor

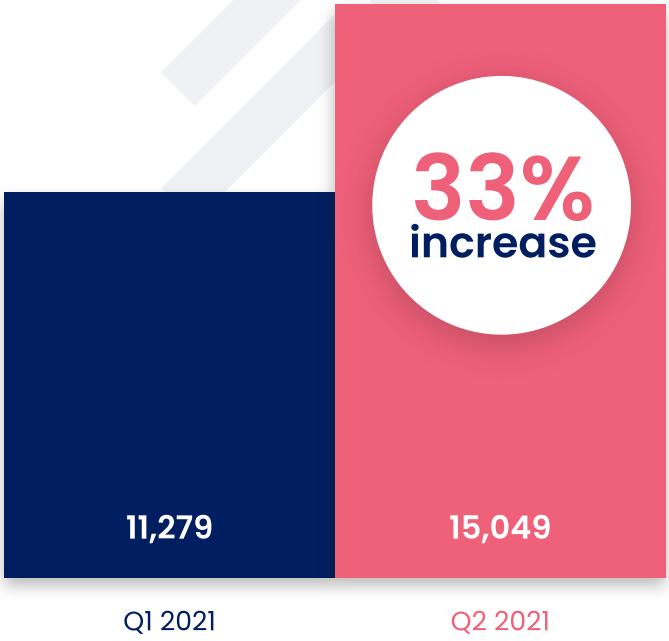
The market continued to gather pace with Q2 sales volumes 33% higher than Q1 2021. Sellers benefited immensely from the home buying and property investments that occurred in the wake of the pandemic.

The most notable change was in the value of transactions, which was much higher compared to H1 2020, reflecting the demand for massive luxury properties. The value of the properties sold in Dubai increased by 92% in H1 2021 and continues to grow from quarter to quarter.

Total property value sold - quarterly, DLD (AED)



Total number of units sold - quarterly, DLD



Source: Property Monitor

Total number of units sold at Betterhomes
(H1 2020 - H1 2021)

82%

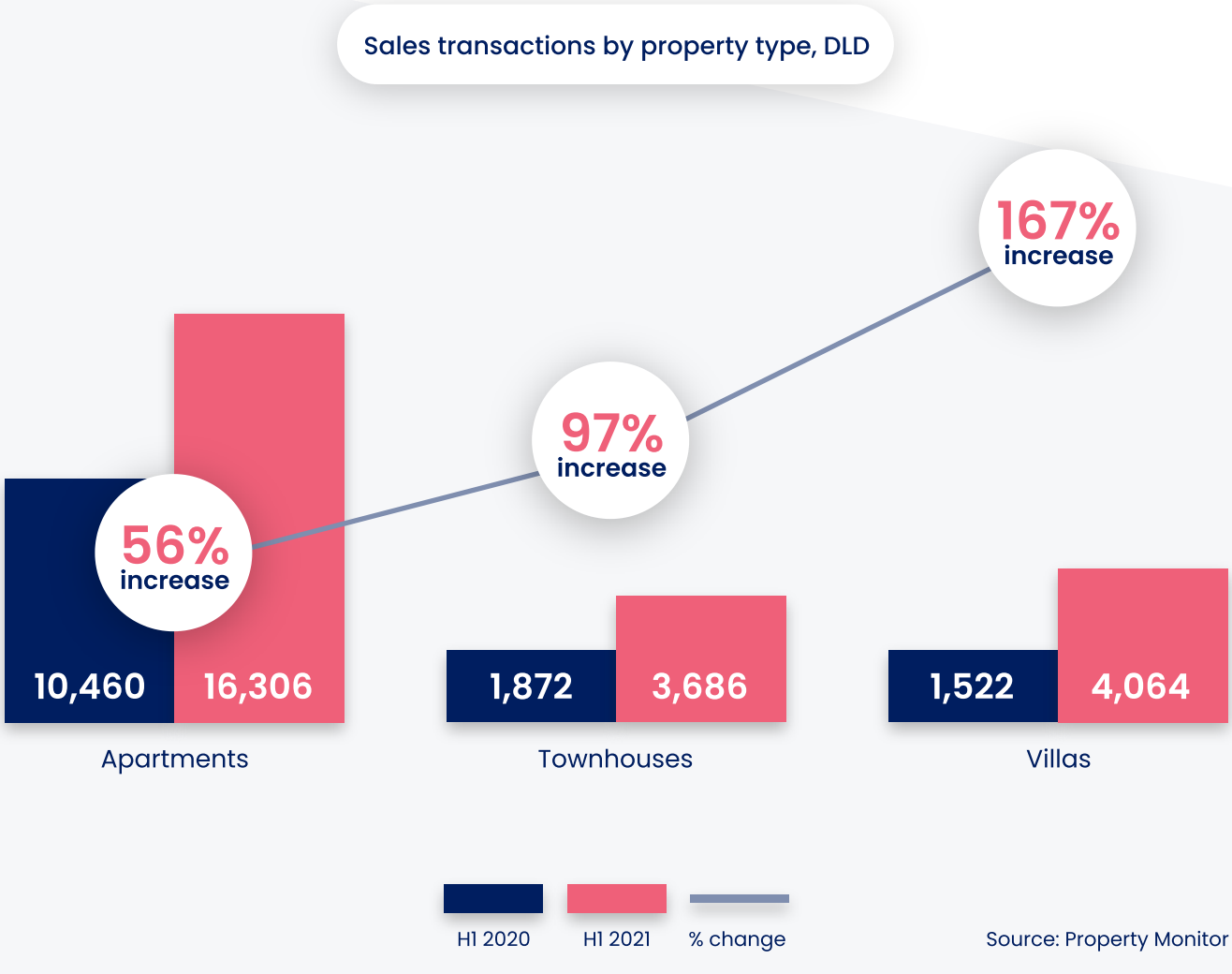
Total buyer leads at Betterhomes
(H1 2020 - H1 2021)

112%

Everyone's talking about villas in Dubai's suburbs.

Although Betterhomes recorded significant growth across all property types, transactions in the villa communities saw the highest growth in H1. The surge in inquiries for villas for rent and sale began last year during the lockdown. People realized the need for additional space for everyday life at home. Juggling work, leisure, and recreation while raising children from an apartment proved to be the tipping point for many buyers and tenants.

If we look at the numbers, villa transactions increased by a whopping 167%. Meanwhile, townhouse transactions increased by 97%. At Betterhomes, the number of buyer leads for villas/townhouses jumped by 123% and the number of villas/townhouses sold increased by 146%. Four-bed villas proved popular in this category with a 26% increase in transactions. The size of villas/townhouses sold decreased by 10% due to reduced inventory and availability in the market during this period.



Buyer leads at Betterhomes

(Villas/townhouses)

121%
increase

Invoiced transactions at Betterhomes

(Villas/townhouses)

146%
increase



Although the performance of apartments was not as high, the demand remained strong with a 102% increase in the number of registered buyers at Betterhomes. Betterhomes recorded a rise of 64% in the number of transactions for H1 2021. The most popular property type was a 3-bed apartment with a 20% increase, followed by a 1-bed apartment with an 8% increase. Buyers, especially end-users, started investing in bigger apartments with enough space for a home office, home gym, and other areas required since the pandemic. As a result, clients opted for 3-bed flats, resulting in a 24% increase in the average size of apartments sold.

Buyer leads at Betterhomes

(Apartments)

106%
increase

Invoiced transactions at Betterhomes

(Apartments)

64%
increase



Residential property prices growing throughout H1.

In H1 2021, Dubai's property market tipped in favour of sellers, especially for villas and townhouses where we witnessed a decline in available inventory for sale in all major communities. As a result, sales prices surged for the first time in the past six years and they are not expected to slow down any time soon. According to Betterhomes data, the average price of villas/townhouses per sq.ft. increased by 24% while the average price per sq.ft of apartments increased by 3%. Since buyers started investing in bigger units, the average transaction price rose significantly higher in H1 2021. For apartments, Betterhomes recorded a 40% increase in the average transaction price. There are several possible explanations for this outcome, but it most likely boils down to the fact that after the pandemic people realised they required more space at home.

Average price/sq.ft for villas/townhouses

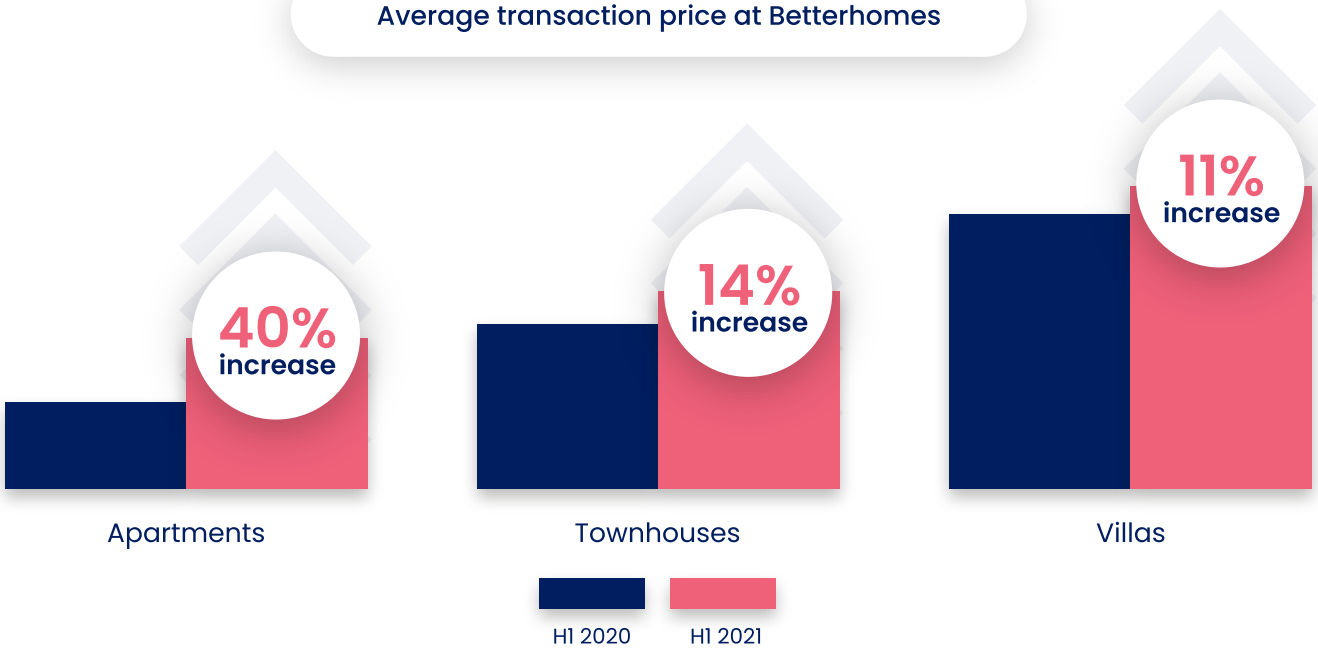
24% increase



Average price/sq.ft for apartments

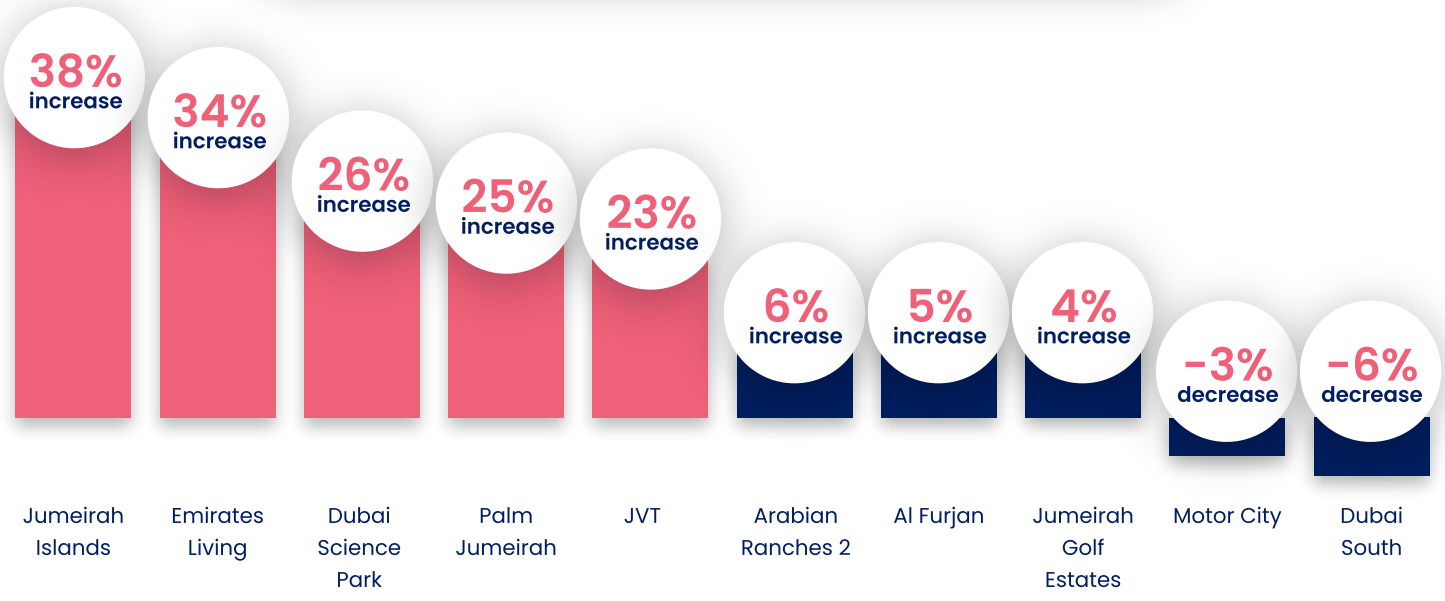
3% increase

Average transaction price at Betterhomes



There are apparent winners and losers when it comes to property prices in different communities in Dubai. Some areas achieved tremendous growth over the past several quarters while others didn't fare as well. If we look at apartments over the past 12 months, communities with the highest median price per sq.ft. increase were Dubai Investment Park, followed by Town Square, JVT, and JVC, while Dubai South and Al Habtoor City had the highest dip in prices. When it comes to villas, Jumeirah Islands and Emirates Living took the lead with double-digit growths.

Median price changes in the past 12 months for villas/townhouses



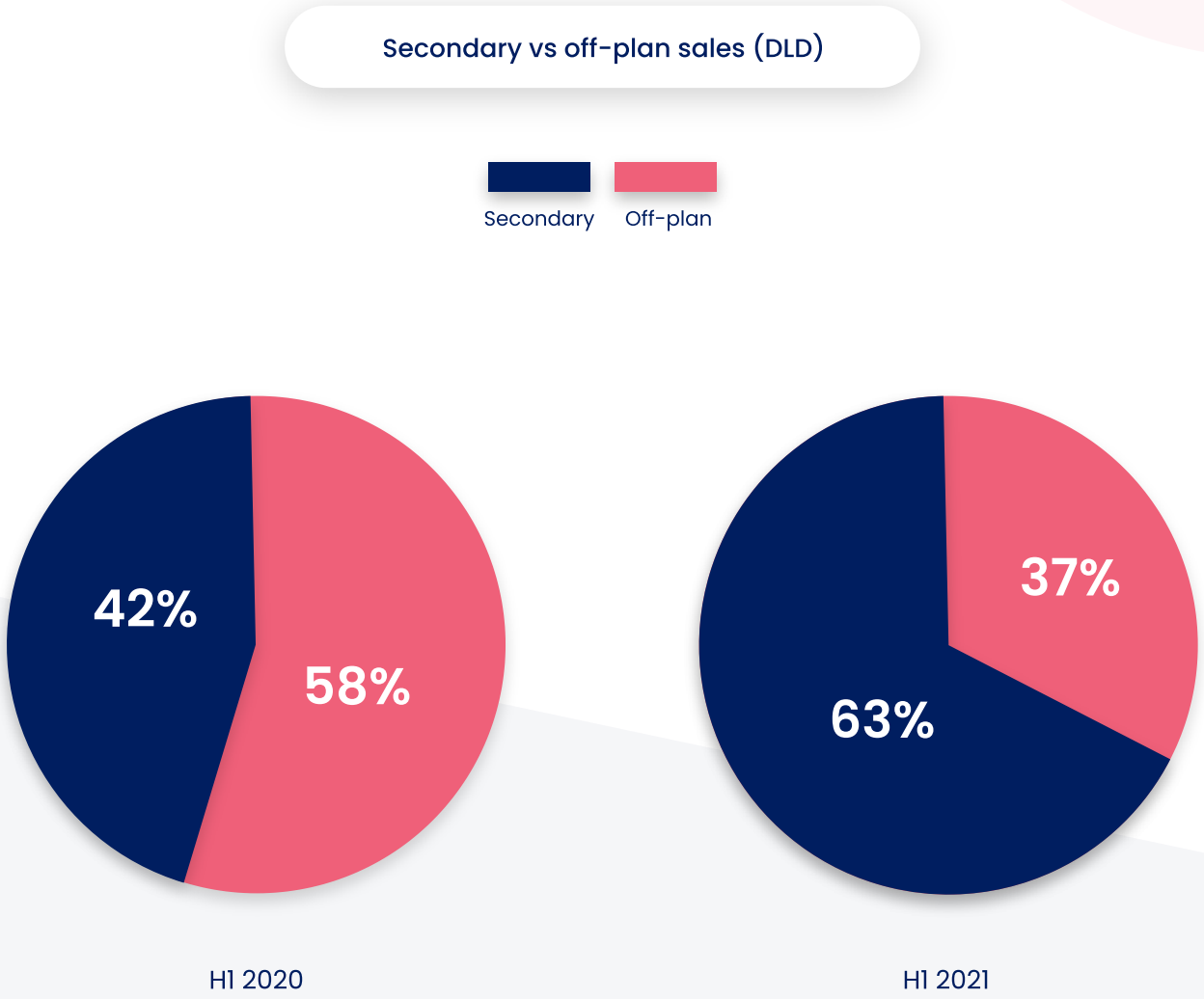
Source: PropertyMonitor/DataFinder

Median price changes in the past 12 months for apartments



Source: PropertyMonitor/DataFinder

Off-plan sales slowly stabilising in the market.



Source: Property Monitor

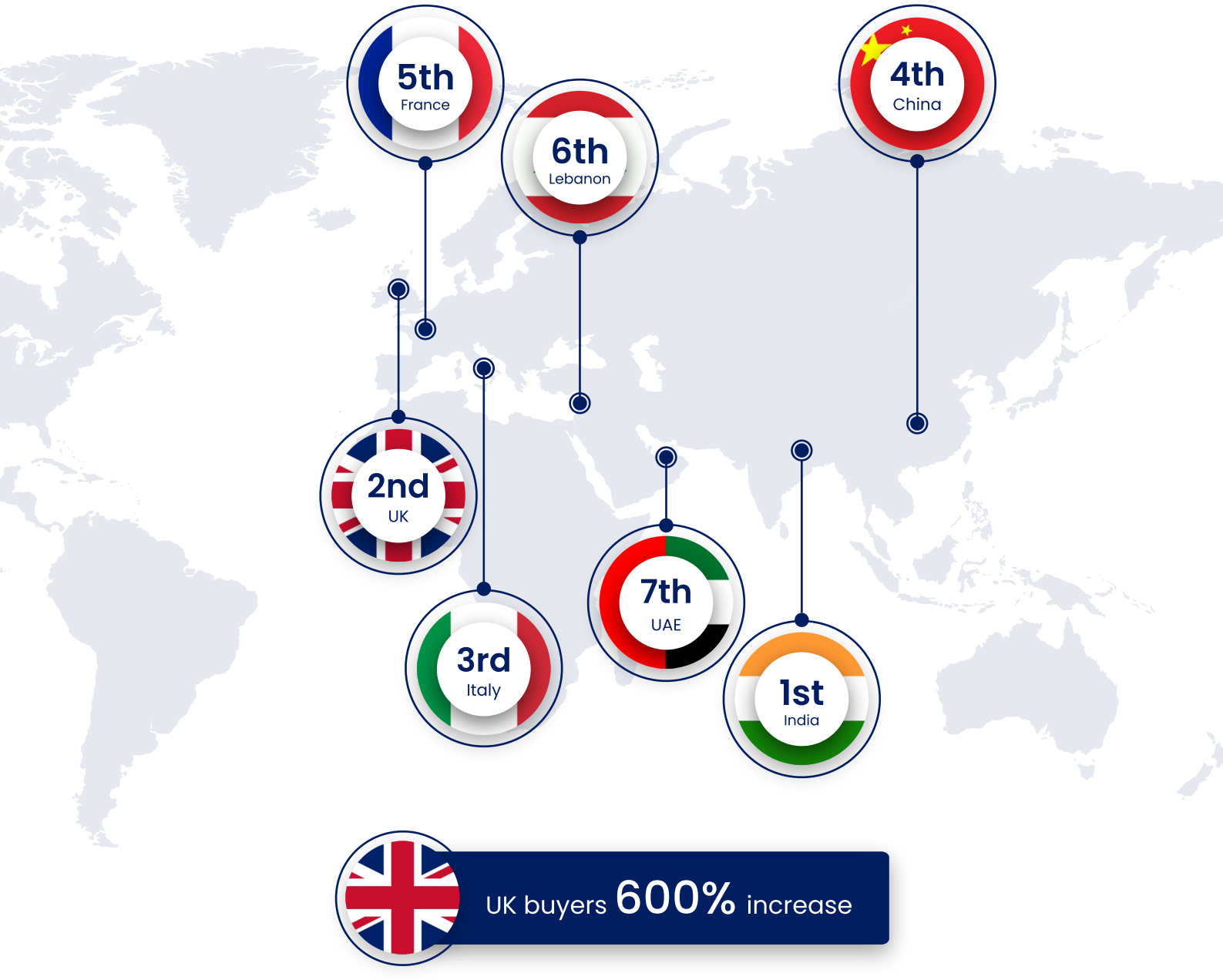
Off-plan sales stabilised in the market but still significantly lagged behind secondary market sales. Over the last four quarters, off-plan sales remained at similar levels. In H1 2021, off-plan sales accounted for 37% of total sales. Developers remain hesitant to release big launches due to oversupply in the market.

However, several proved so successful they sold out in several hours. Tilal al Ghaf, La Rosa, District One Villas and Madinat Jumeirah Living are just some examples of successful off-plan projects that generated significant demand from investors in the local market.

UK buyers flooded Dubai's residential property market.

Betterhomes Q1 2021 report showed a substantial increase in the number of European buyers at Betterhomes. The trend continued throughout H1 2021. The number of buyers from the UK increased significantly, jumping from 10th place in H1 2020 to 2nd place in H1 2021.

Whether buying a home, holiday home or property investment, UK buyers seized the opportunity to purchase properties while the prices are still growing. These buyers are mostly expats living in the country, highly motivated by low-interest rates, optimistic business sentiment, and an active job market in the UAE.



Average sales price in H1 2021 (AED/sq.ft)

Apartments Villas/townhouses



Source: Property Monitor

Top transacted communitites at Betterhomes

Apartments - **Dubai Marina**

Villas - **Springs**

High rental returns in villas and townhouses.

The residential leasing market in Dubai has followed a similar trend to sales in H1 with tenant leads and rental transactions up significantly compared to the previous year. The number of leasing transactions increased by 31% while the number of leads increased by 47% compared to H1 2020.

As with sales, the desire for outside space and home offices has been a key driver for larger units. Three-bed apartments and villas were particularly in high demand. Many villa communities experienced a sharp decline in rental supply this year as tenants competed to snap up available units, which has in turn pushed prices up.



Leasing transactions at Betterhomes
(H1 2020 - H1 2021)

31%

32% increase
3-bedroom villas

117% increase
3-bedroom apartments

23% increase
2-bedroom townhouses

29% increase
2-bedroom apartments

Tenant leads
(H1 2020 - H1 2021)

47% increase

Apartment leads
(H1 2020 - H1 2021)

62% increase

Villa/townhouses leads
(H1 2020 - H1 2021)

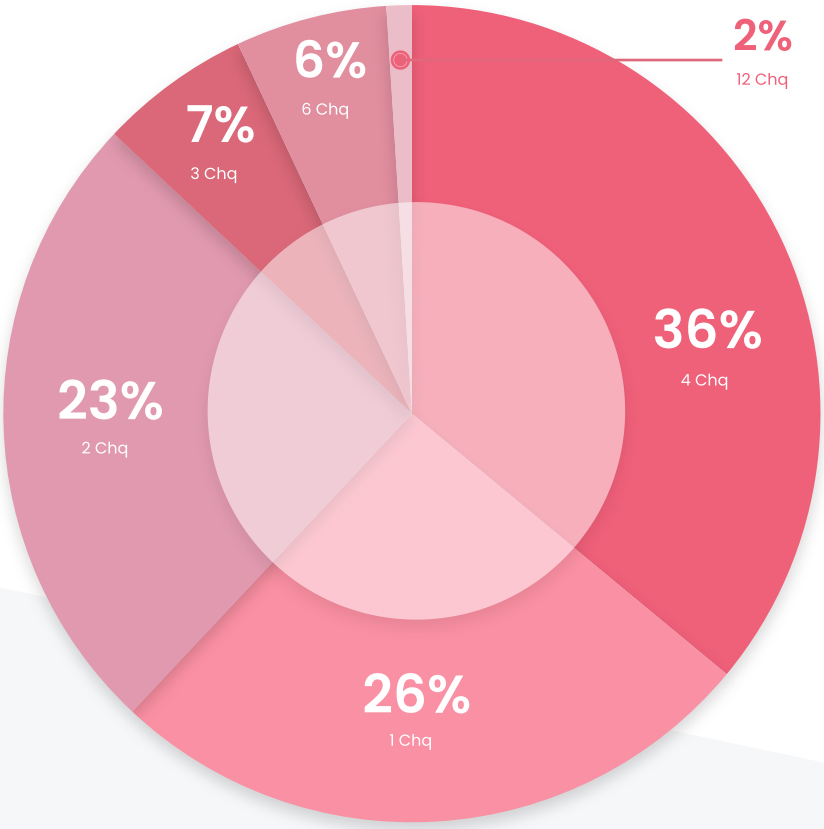
20% increase

Rents on the rise in villa communities.

Rising rental prices in villas and townhouses have not gone unnoticed by investors. Since they typically have lower service charges than apartments, investors went for smaller villas and 2 or 3-bed townhouses with high rental demand and attractive yields.

Rental prices of villas followed market trends and increased by 14%, primarily due to a decline in the inventory in certain communities. Meanwhile, rents slightly decreased for apartments by 4%. Tenants still preferred four-cheque contracts (36%), followed by one-cheque contracts (26%), which hasn't changed much over the last few quarters.

Number of rental cheques



Source: Betterhomes



14%
increase

Rental prices for villas/townhouses

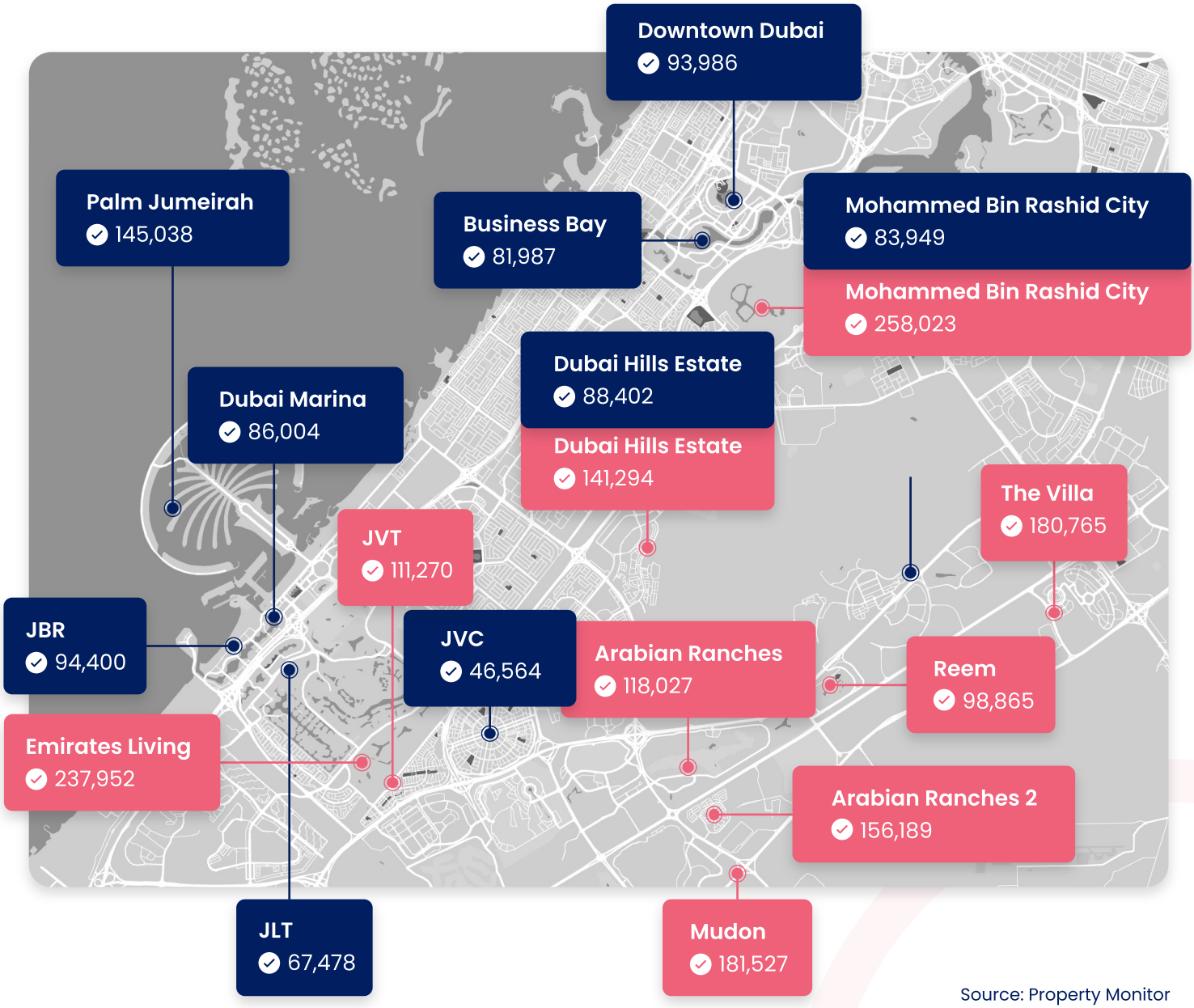


4%
decrease

Rental prices for apartments

Average rental price in H1 2021 (AED/sq.ft)

Apartments Villas/townhouses



Source: Property Monitor

Top transacted communitites at Betterhomes

Apartments - **Dubai Marina**

Villas - **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 H1 2021.

Meet the team.



Richard Waind
Group Managing Director



Diana Dzaka Bico
Head of Brand Marketing and Communications



Sidharth Appaiah
Business Analyst

Our services.

Residential sales

Villas and townhouses

Apartments

Residential leasing

Villas and townhouses

Apartments

Property management

Individual units

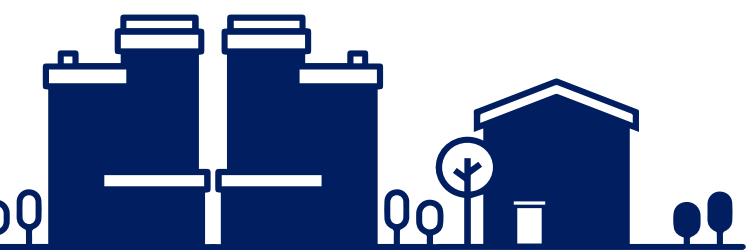
Buildings

Short term rentals

Holiday homes

Off-plan investments

UAE & UK off-plan



What makes us different?

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



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 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.

Betterhomes.

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Dubai Marina Office
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Rated 'Excellent' on Trustpilot



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