MO'ASHER

The Official Sales Price Index for the Emirate of Dubai

APRIL 2020

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H.E. Sultan Butti bin Mejren
Director General of the Dubai
Land Department

"We have inked a landmark deal with Property Finder to collectively enhance and increase real estate investment to Dubai. Under this partnership, we created Mo'asher, Dubai's own House Price Index, the official real estate index designed to provide customers with better insights and to support them in taking well-informed property buying decisions, thus encouraging more investment resultantly empowering the real estate sector in the Emirate. The index seeks to organise and streamline the property industry in Dubai and to make transactions more transparent and seamless."

Majida Ali Rashid
Promotion and Real Estate
Investment Management Sector
Dubai Land Department

"The monthly publication Moa'sher, Dubai House Price Index, will utilise Property Finder's proprietary asking price data coupled with Dubai Land Department's transaction data, which will allow the market to see how data can enhance transparency within the real estate sector. This collaboration is part of our continuous efforts to reach an increased level of transparency in the real estate industry. It is part of our vision to increase customer and investor confidence, and thus support the vision of our wise leadership to make Dubai the smartest and happiest city in the world."

Michael Lahyani
Founder and Chief Executive
Officer of Property Finder

"Property Finder and the Dubai Land Department share the same vision in further professionalising the real estate market. Considering that Property Finder is the largest portal not only in the UAE but across the wider MENA region, we have access to the largest set of proprietary data on asking prices and a number of other metrics that inform the property picture. With the immense amount of data we are able to access, we created a new entity that is the authority on data under Property Finder called Data Finder. Data Finder is powering Mo'asher, the first official Dubai House Price Index.

After the creation of Data Finder, launching Mo'asher with the Dubai Land Department was our first priority in providing enhanced data transparency to the market. With this successful launch, we have started working with other government entities in the United Arab Emirates in order to replicate and tailor an emirate wide house price index to further enhance our goal of informing and educating our consumers.

Considering how the rest of the region looks to Dubai for inspiration, Mo'asher will serve as a model for how Property Finder Group's other markets can convey important statistics on their property market to the public. The willingness of Dubai government to partner with the private sector to create the Moasher initiative is an important first step in showcasing the level of transparency that should be the standard across the region."

MO'ASHER DUBAI HOUSE PRICE INDEX

Welcome to the second edition of Mo'asher, Dubai's official sales price index. We have been working on improving the index and extending it to a yearly and quarterly index which you will see in this edition. The quarterly index you will see here is for Q1 2020 and the monthly index for 2020 is until April. The base year for Mo'asher is 2012. The base month for the monthly index is January 2012 and the base quarter for the quarterly index is Q1 2012.

To give a little history and how trends have changed over the last few years, according to the data from Dubai Land Department, Dubai registered a total of 40,517 sales transactions in 2019 which represents a growth of 18 percent in the volume of registered property sales transactions compared to 34,414 registered sales transactions in 2018.

Looking at the data quarterly, since the highs of Q2 2009 when the Dubai property sales market transacted 37,556 sales transaction, the next peak was in Q4 2013 with 20,935 sales transactions when the Dubai real estate market rebounded from the 2007 financial crisis, followed by Q1 2017 with 15,179 sales transactions. The only peak after 2017 was visible in Q4 2019 with 12,448 sales transactions where we started to see transaction volumes increase month-on-month due to the market picking up ahead of EXPO2020.

In H2 of 2019, we started to see sales volumes increase month-on-month. This trend continued until February 2020. In the first quarter of 2020, there was a 16% rise in overall transactions compared to the first quarter of 2019 and February 2020 saw an enormous 40% hike in transactions compared to February 2019.

In March 2020, we started to see a slight decline in sales transactions, in which 3,120 sales transactions were recorded, due to the start of the Covid-19 situation and they continued to decline into April.

In April 2020, we saw 1,808 sales transactions recorded, despite being on full lockdown, the Dubai Land Department successfully managed to continue transacting properties digitally.

Key Findings

- In April 2020 the Dubai overall index stands at 1.115 and the index sales price was AED 1,078,398. This is 11.5% higher than the index base year which is January 2012

- In H2 of 2019, we started to see sales volumes increase month-on-month. This trend continued until February 2020. In the first quarter of 2020, there was a 16% rise in overall transactions compared to the first quarter of 2019 and February saw an enormous 40% hike in transactions compared to February 2019

- In March 2020, we started to see a slight decline in sales transactions, in which 3,120 sales transactions were recorded, due to the start of the Covid-19 situation and they continued to decline into April

"Since the end of 2019, prices started to stabalise and in some areas we started to see a slight increase. The data that we see in Mo'asher is a clear indicator of this."

Lynnette Abad
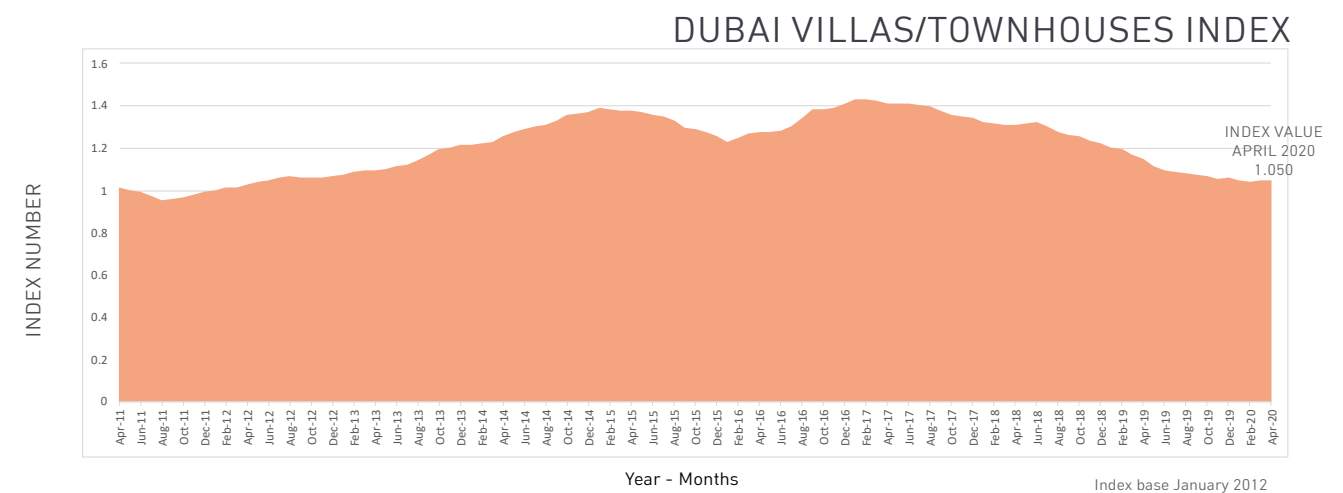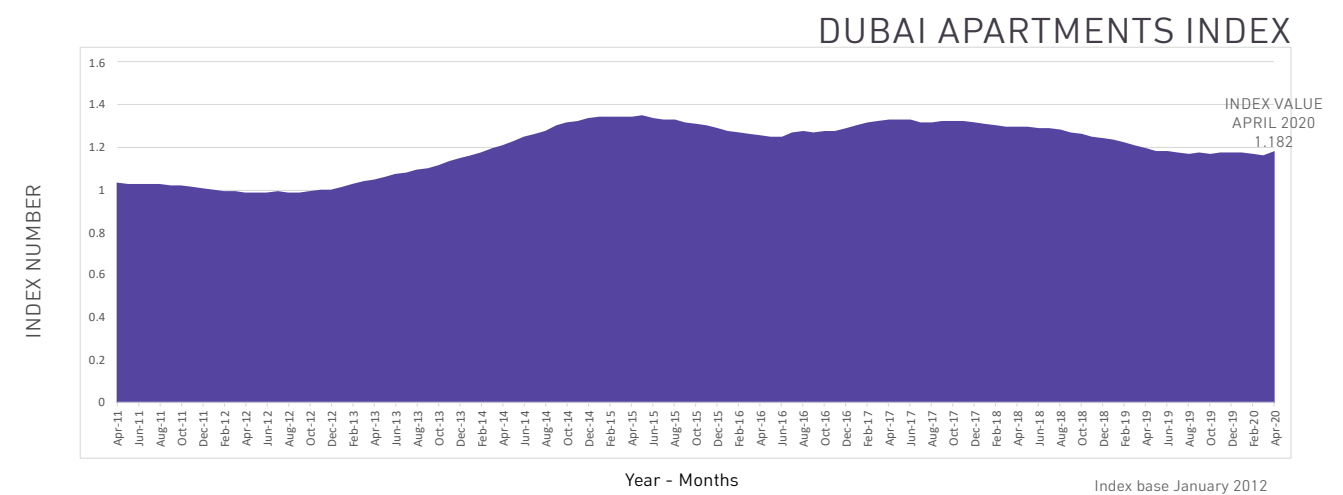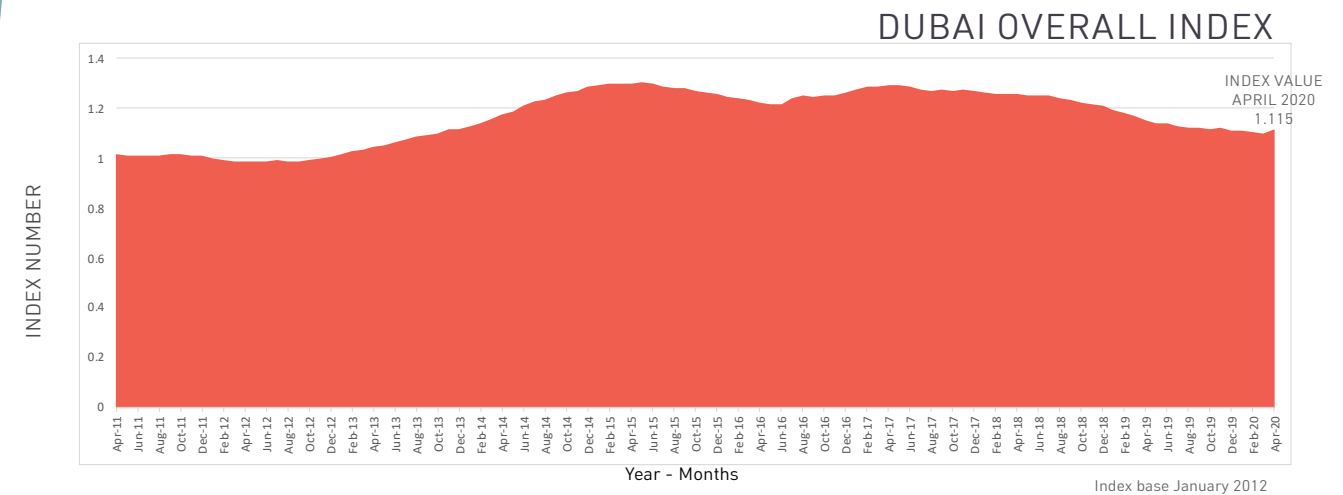Director, Research and Data
Property Finder Group

"Despite being on full lockdown in April, the Dubai Land Department successfully managed to continue transacting properties digitally."

Latifa Ibrahim Ahmed
Senior Director of Real Estate
Studies & Research Dept
Dubai Land Department

DUBAI SALES PRICE INDEX – MONTHLY

DUBAI OVERALL INDEX

INDEX VALUE
APRIL 2020
1.115

INDEX NUMBER — Year - Months

Index base January 2012

DUBAI APARTMENTS INDEX

INDEX VALUE
APRIL 2020
1.182

INDEX NUMBER — Year - Months

Index base January 2012

DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
APRIL 2020
1.050

INDEX NUMBER — Year - Months

Index base January 2012

DUBAI SALES PRICE INDEX

DUBAI OVERALL MONTHLY INDEX

The overall Dubai index data shows that we have seen a gradual rise in the index value from Q2 2012 from 0.988 and index sales price of AED 951,745. This was the time where there was a general rebound in the real estate market from the financial crisis in 2007 and oil prices were above $100. The overall Dubai index continued to rise to Q2 2015 when it touched its peak at 1.321 and index sales price of AED1,217,537.

The index value started declining after touching it's peak in Q2 2015, however the overall Dubai index turned positive in Q2 2016 and started climbing until it reached the maximum point for the index in Q3 2017 at 1.33 and index sales price of AED1,244,973. This is also the same quarter where affordable housing was introduced into Dubai's real estate market.

Since then, there has been a gradual decline that has continued and currently holds the index at 1.144 and index sales price of AED1,070,973 in Q1 2020. This is still 14.4% higher than the index base which was Q1 2012.

Month-on-Month	+1.88%
3 Month Change	+0.6%
6 Month Change	+1.19%

DUBAI APARTMENTS MONTHLY INDEX

We have seen a gradual rise in the index value from Q2 2012 from 0.988 and index sales price of AED921,075 all the way to Q2 2015 when it touched its peak at 1.35 and index sales price of AED1,173,280.

The index value started declining again after touching the peak but turned positive in Q1 2016 and started climbing until it reached the maximum point for the index in Q3 2017 at 1.364 and index sales price of AED1,186,265.

Since then, there has been a gradual decline that has continued and currently holds the index at 1.206 and index sales price of AED1,026,644 in Q1 2020. Still 20.6% higher than the index base which was Q1 2012.

Month-on-Month	+2.06%
3 Month Change	+0.71%
6 Month Change	+1.48%

DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

We have seen a gradual rise in the index value from Q3 2011 from 0.982 and index sales price of AED1,564,472 all the way to Q2 2015 when it touched its peak at 1.274 and index sales price of AED 2,139,367.
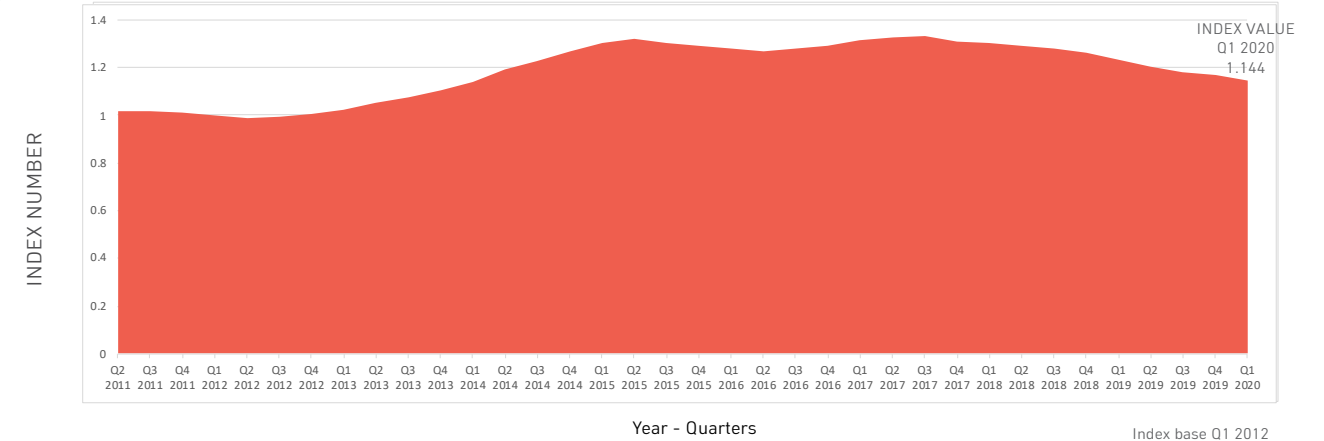
The index value started declining again after touching the peak but turned positive in Q2 2016 and started climbing until it reached the maximum point for the index in Q4 2016 at 1.336 and index sales price of AED 2,256,570.

Since then it has stabilized and we only saw slight fluctuations in the index number until Q3 2017, at this point of time the first affordable villa project was introduced into the market and many more followed since pushing the villa index in a downward trend that has continued and currently holds the index at 0.991 and index sales price of AED 1,633,233 in Q1 2020. This places the index for the first time since Q4 2011 at 0.9% less than the index base which was Q1 2012.
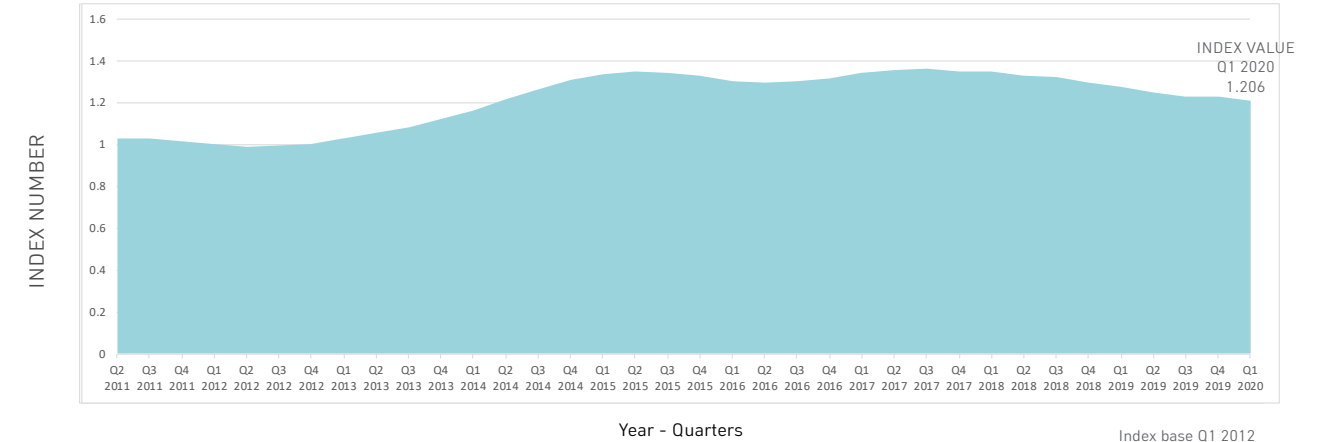
Month-on-Month	+0.11%
3 Month Change	-0.50%
6 Month Change	-2.78%

DUBAI SALES PRICE INDEX - QUARTERLY

OVERALL DUBAI

INDEX VALUE
Q1 2020
1.144

Index base Q1 2012

DUBAI APARTMENTS

INDEX VALUE
Q1 2020
1.206

Index base Q1 2012

DUBAI VILLA/TOWNHOUSES

INDEX VALUE
Q1 2020
0.991

Index base Q1 2012
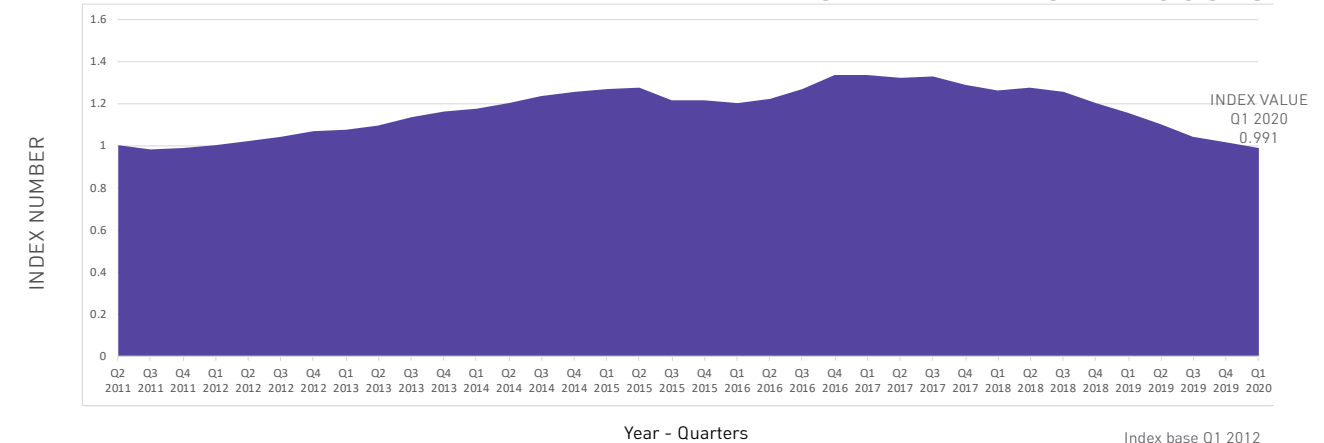
DUBAI SALES PRICE INDEX - YEARLY

OVERALL DUBAI

INDEX VALUE
2019
1.226

INDEX NUMBER

Yearly

Index base year 2012

DUBAI APARTMENTS

INDEX VALUE
2019
1.260

INDEX NUMBER

Yearly

Index base year 2012

DUBAI VILLA/TOWNHOUSES

INDEX VALUE
2019
1.129

INDEX NUMBER

Yearly

Index base year 2012
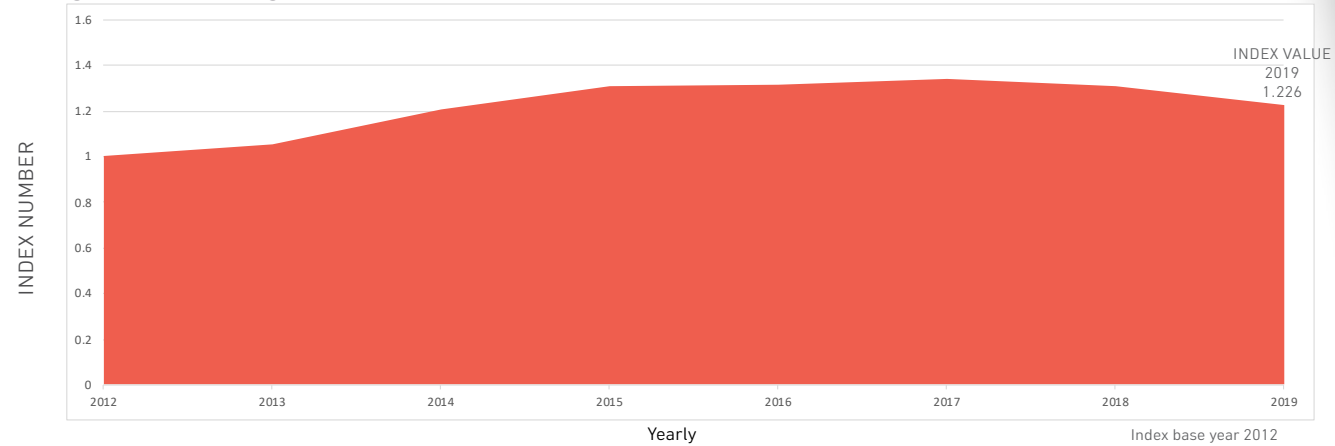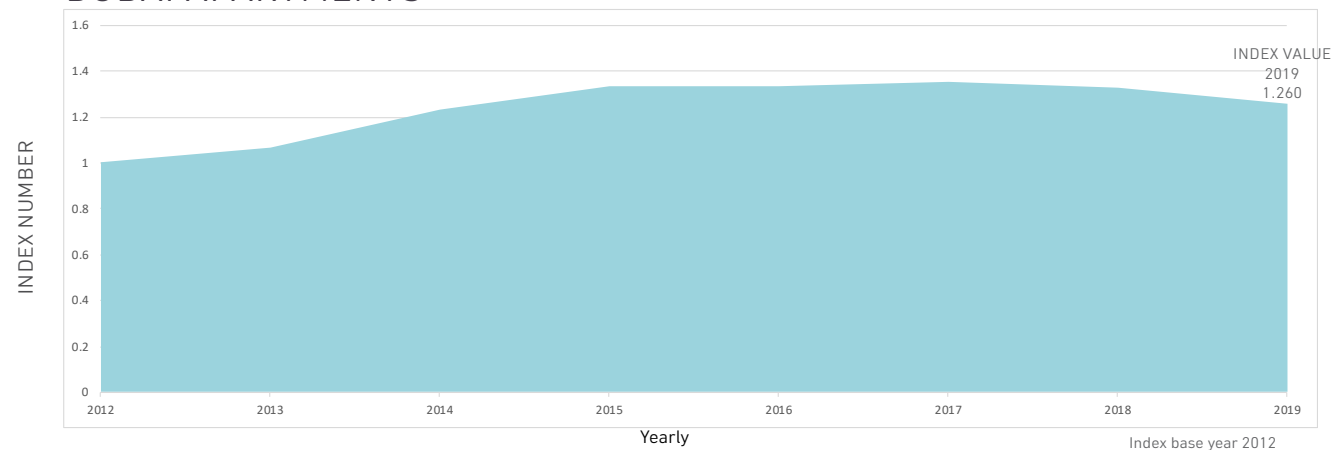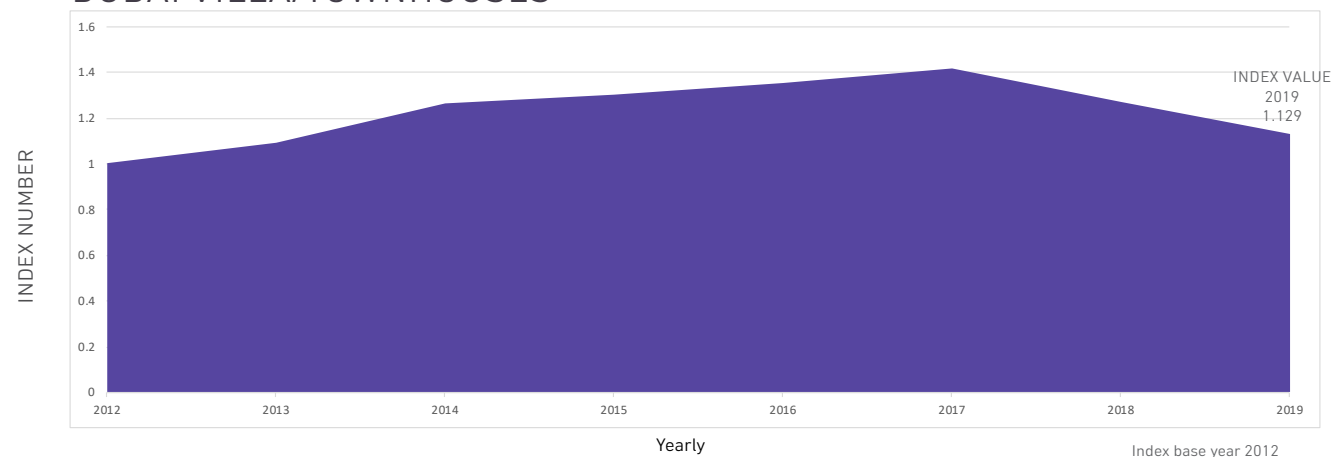
METHODOLOGY

House price indices serve as important guides that consumers, financial institutions, governments and investors look to in order to understand the market movements of a particular city or country's housing market. An index will allow one to show the value of an asset over time by tracking its performance. An index is created by selecting a base year in a data set and then indexing that number as 100, which is the natural base for what all other price points will be measured against. When an index is updated monthly it will produce an updated average house price as well as the % changes in price for a given time period such as the last three months, six months or twelve months.

Mo'asher will be created using a hedonic regression model, which is a model that is based on attributes such as view, property size, number of bedrooms and other important features in a property that have an impact on its value. These methods utilize information on the relevant property characteristics to estimate quality-adjusted price indices using regression techniques, though it may prove difficult to sufficient control for location. One of the challenges of building a property price index is to isolate the effect of the properties price change over time. Nevertheless, this is challenging because the quality mix in the real estate market is diverse. The characteristics of every property is unique, and it is hard to keep track of individual property features because they continue to be upgraded or modified without informing the authorities.

HEDONIC IMPUTATION INDEX

Hedonic imputation indices use predicted prices, evaluated at fixed characteristics, based on the hedonic regressions for all time periods. In doing so, it is possible to evaluate the period t prices of properties sold in period 0. There are multiple imputation techniques, but three common ones are: Laspeyres, Paasche and Fisher.

LASPEREYES

The Laspeyres method imputes period t prices for the properties belonging to the base period sample S(0), evaluated at base period characteristics to control for quality changes. It is also known as a base period weighted index, and it provides a meaningful comparison over time. It helps answer the following question: what would be the relative price today of a real estate unit that was typically offered for sale in the base month?

The hedonic imputation Laspeyres index is an example of a single imputation index in which the observed prices are left unchanged. Using the Laspeyre method, assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price in period t is defined as:

$$P_{laspeyres}{}^{0t} = \frac{\beta_0{}^t + \sum_{k=1}^{K} \beta_k{}^t z_{nk}{}^0}{\beta_0{}^0 + \sum_{k=1}^{K} \beta_k{}^0 z_{nk}{}^0}$$

PAASCHE

The Paasche method imputes base period prices for the properties belonging to the period t sample S(t), evaluated at period t characteristics. It is also known as a current period weighted index, and reflects current trends. It helps answer the following question: what is the price of a typical real estate unit today relative to the price of the same unit in the base month?

The hedonic imputation Paasche index is an example of a single imputation index in which the observed prices are left unchanged. Assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price Paasche index is defined as:

$$P_{paasche}{}^{0t} = \frac{\beta_0{}^t + \sum_{k=1}^{K} \beta_k{}^t z_{nk}{}^t}{\beta_0{}^0 + \sum_{k=1}^{K} \beta_k{}^0 z_{nk}{}^t}$$

FISHER

The hedonic double imputation Fisher index is found by taking the geometric mean of the Laspeyres Price Index and the Paasche Price Index. It is deemed the ideal index as it corrects the positive price bias in the Laspeyres Price Index and the negative price bias in the Paasche Price Index.

Assuming that the log-linear hedonic model holds true for all t periods, the Fisher Price Index is defined as:

$$P_{fisher}{}^{0t} = \sqrt{\left[P_{laspeyres}{}^{0t} \cdot P_{paasche}{}^{0t} \right]}$$

The Dubai House Price Indices are calculated using the hedonic double imputation Fisher index.

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