L U X H A B I T A T

2018 Dubai Residential Market Report- A market shift towards quality

DUBAI, 14th JAN 2019

The most expensive unit sold was an Emirates Hills home sold for AED 90 million

An overall analysis of the Dubai residential market in 2018 revealed that **over 5,454 villas and 25,595 apartments were transacted within 2018** in the overall residential market. Volume of transactions in the secondary market was **AED 74.7 billion**, compared to **AED 82.6 billion** in **2017 (a 10% drop)**, according to analysis by Luxhabitat based on data by Property Monitor.

OFF-PLAN MARKET

Off-plan transaction volumes dropped 34% from the previous year to AED 23 billion. Opening the off-plan market in Jumeirah was a much needed bolster for the real estate market as it emerged as the top performing area in 2018. World islands, City walk, Port de la Mer, Jumeira Bay and Madinat Jumeirah all have contributed to sales in the area. Brigitte Tenbergen, Associate Director at Luxhabitat reiterates that the Jumeirah area has received an overwhelming amount of interest.

PRIME RESIDENTIAL MARKET

According to Luxhabitat's analysis, **the prime residential market in 2018 totalled AED 39 billion**, which is approximately 11% lesser than the previous year. Luxhabitat defines the prime residential market as a residential market composed of properties that lie on the high-end spectrum of the Dubai residential market. Luxhabitat recognises 15 key areas that form part of this classification; the areas are Al Barari, Arabian Ranches, Downtown Dubai, Dubai Marina, Dubai Creek Harbour, Business Bay,Emirates Hills, Jumeirah, Jumeirah Beach Residence, Mohammed bin Rashid city, Jumeirah Golf Estates, Jumeirah Islands, Jumeirah Lakes Towers, Palm Jumeirah, The Lakes, Meadows, & Victory Heights.

The top 3 areas in terms of sales volume were Business Bay (AED 6.9 billion), MBR City (AED 6.3 billion) and Downtown (AED 5.4 billion).

5 BEST PRIME RESIDENTIAL AREAS IN TERMS OF SALES VOLUME

Area	Sales Volume
Business Bay	6,979632,648
MBR City	6,397,010,155
Downtown Dubai	5,446,133,287
Dubai Marina	3,700,671,862
Palm Jumeirah	3,312,996,448

Source: Luxhabitat x Property Monitor Analysis, Jan 2019

TOP 10 RESIDENTIAL TRANSACTIONS

Development	Price	Average BUA (Built Up Area)
Emirates Hills Villa- Sector E	90,000,000	28,719
Bulgari Resort and Residences	60,000,000	14,331
Emirates Hills Villa- Sector E	52,000,000	-
Bulgari Resort and Residences	51,000,000	8,984
Palme Couture	47,046,070	13,584
Jumeira Bay island	41,100,000	-
Emirates Hills Villa- Sector L	40,000,000	-
Emirates Hills Villa- Sector E	40,000,000	-
Bulgari Resort and Residences	36,000,000	-
Palme Couture	35,000,000	10,087

Source: Luxhabitat x Property Monitor Analysis, Jan 2019

KEY OBSERVATIONS

1. The average price/ square foot for villas that transacted has increased, indicating interest for higher end and better quality units.
2. Demand for ready to move in secondary market villas has doubled as resident families look to move into villa communities. Arabian Ranches 2 seems to be a popular area, with a 47% increase in sales from the previous year, presumably owing to more launches in 2018.
3. Off-plan investments in apartments remained steady.
4. The data also indicates that it also more expensive to buy off-plan properties than in previous years, a 8.4% increase. However, it is deduced that the average size of off-plan units transacted has also reduced from an average BUA of 1,100 sqft to 917 sqft (6.2%). The gaps between the pricing of off-plan properties and secondary market properties is minimal. Developers will need to offer more incentives than at their current levels. As the supply increases, there is a larger pool of investments to choose from. 2019 looks to be a buyer’s market, with further price stabilisation.

LOOKING FORWARD TO 2019

Sales Director, Andrew Cleator said, “In my opinion 2019 will continue to be a buyer’s market with great opportunities for both investors and end users alike. Saying that price reductions have already started to wane with some areas showing signs of stabilising.

For sure this year we will see even more bullish developer sales incentives being offered. Last year we witnessed developers offering DLD fee waivers, free initial period service charges and very attractive post completion payment plans. The latter was partly due to the UAE central banks reluctance to increase the mortgage loan to value ratio, but I strongly believe this will be addressed in the coming months as part of the current government stimulus plan.

Other key drivers to positively affect the market in 2019 include the current interest from international buyers and institutional investors especially from China. In addition, the government has recently been strengthening diplomatic and international business ties with many countries to bolster both tourist and population numbers which is a must. This for sure helped the Emirati passport recently became the most powerful in the world.”

We at Luxhabitat have curated a list of 12 real estate experts to predict the UAE real estate market in 2019. View our article here.

About LUXHABITAT

LUXHABITAT is Dubai’s only high-end real estate company focused on marketing, selling and designing the most important real estate properties in the region. The company is focused on properties above AED5M and in 2017 had an average property transaction of AED5.7M. We are focused in sourcing the best quality properties in premium residential areas such as Emirates Hills, Palm Jumeirah, Al Barari, Jumeirah Islands, Jumeirah Golf Estates, Meadows, Lakes and Arabian Ranches; and also, the best apartments and penthouses in upscale buildings such as Le Reve, Index Tower, Six Towers, Burj Khalifa, The Address Hotels, among others. For more information, visit its award-winning website at www.luxhabitat.ae

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