



# Colliers International House Price Index

DUBAI | FOURTH QUARTER | 2009

## EXECUTIVE SUMMARY

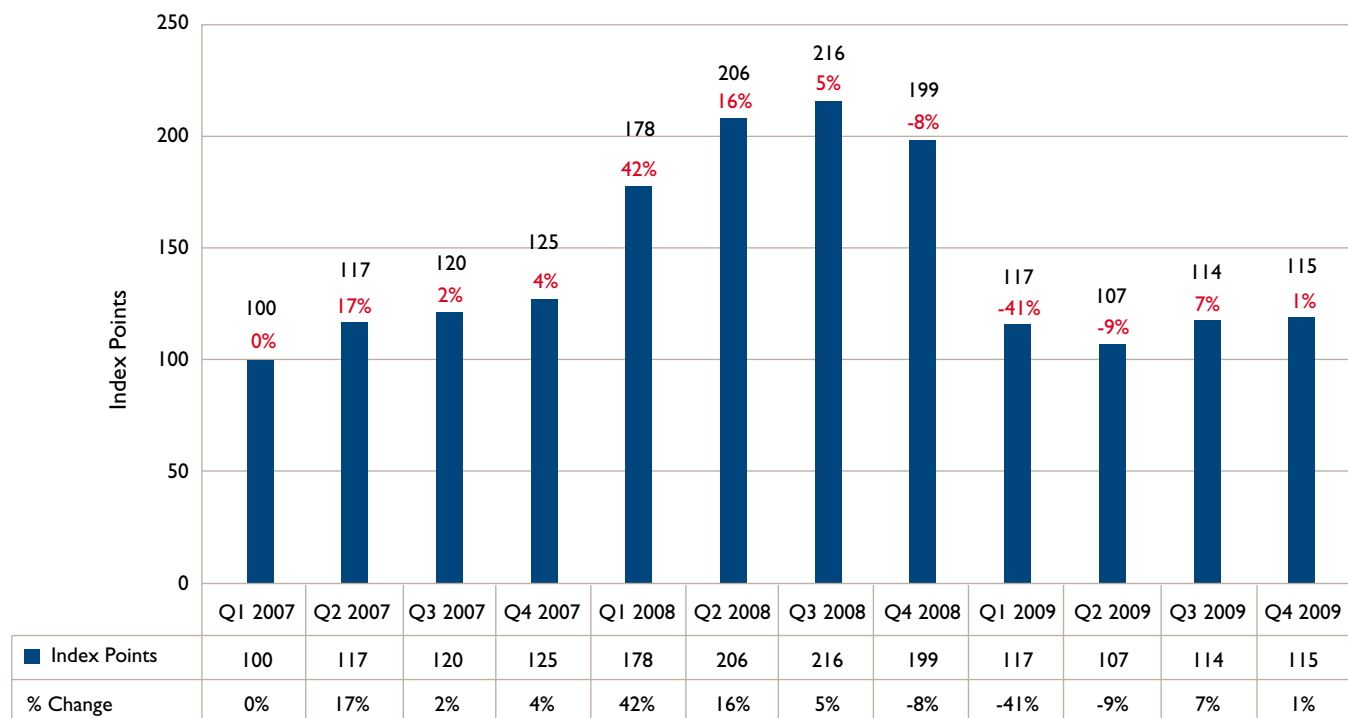
- Increase in the overall index close to 1% between Q3 2009 and Q4 2009.
- YOY decline of 42% between Q4 2008 and Q4 2009.
- Blended average rate for residential property in Q4 2009 is up from AED 1,016/ft<sup>2</sup> (AED 10,936/m<sup>2</sup>) to AED 1,022 per ft<sup>2</sup> (AED 11,000/m<sup>2</sup>)
- Apartment prices decreased by 4% in Q4 2009 compared to Q3 2009.
- Villa prices increased by 7% in Q4 2009 compared to Q3 2009.
- Townhouse prices increased by 10% in Q4 2009 compared to Q3 2009.
- The number of transactions declined by 15% in Q4 2009 compared to Q3 2009.
- Apartments constituted 48% of the total transactions.
- Villas constituted 35% of the total transactions.
- Townhouses constituted 17% of the total transactions.
- Victory Heights development has been added to the index, increasing the number of developments covered in the index to 15.



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## DUBAI HOUSE PRICE INDEX : QUARTERLY



The Quarterly Dubai House Price Index has registered a slight increase in residential property prices over Q4 2009. The index has increased 1 basis point, from 114 points in Q3 2009 to 115 points in Q4 2009, which represents an increase close to 1%. The blended average house price for Q4 2009 is approximately AED 1,022 per ft<sup>2</sup> (AED 11,000/m<sup>2</sup>) compared to AED 1,016/ft<sup>2</sup> (AED 10,936/m<sup>2</sup>) in Q3 2009.

The index results over the past two quarters, namely an increase of 7% in Q3 followed close to a 1% increase in Q4 2009, seem to provide early indications of market prices having reached resistance levels to severe fluctuations. Supported by the previous 6 months of data it is felt that current prices may be reaching underlying market values.

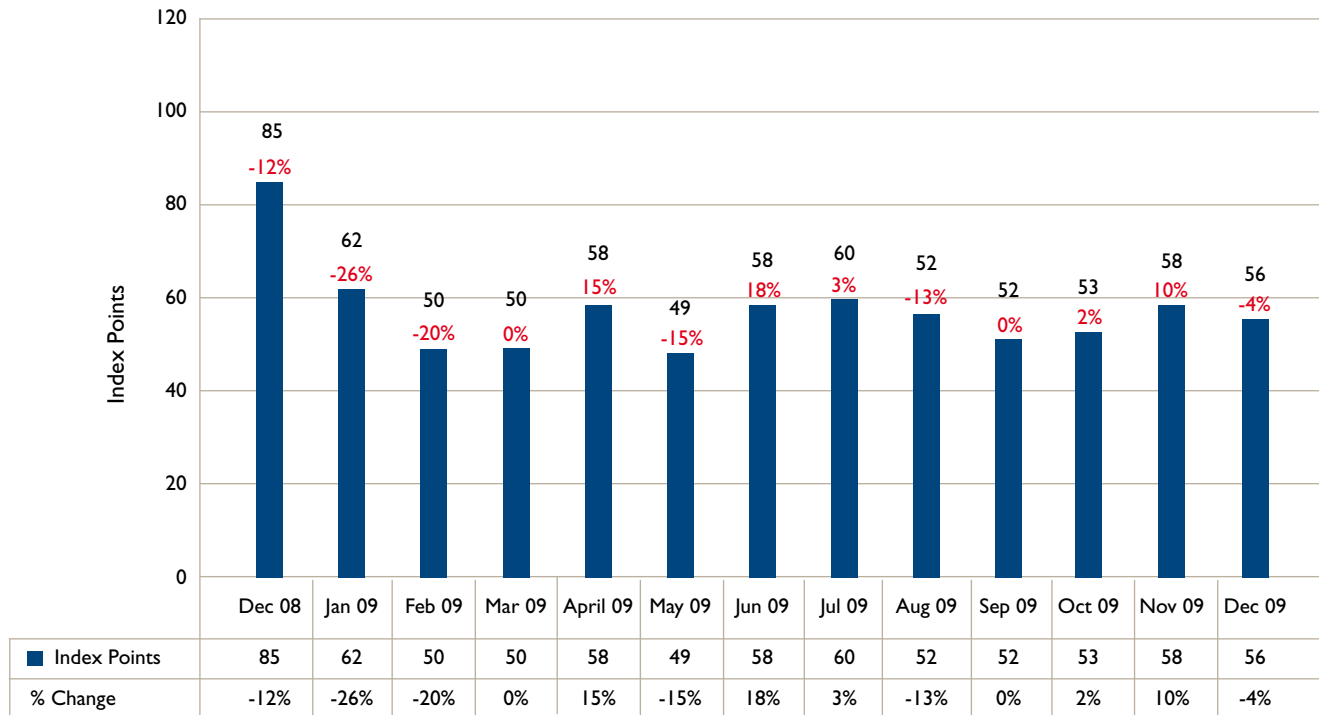
Whilst the market appears to have reached an overall level of stability over the preceding two quarters there are still a number of factors that need to be considered;

- **Ongoing Market Variations:**  
Within a stable market different property types fluctuate marginally month to month and quarter to quarter. As can

be seen from this quarter's results over those of the last quarter's there continues to be a variance in the performance of the villa, townhouse and apartment sectors' as the market continues to cope with a variety of influencing factors.

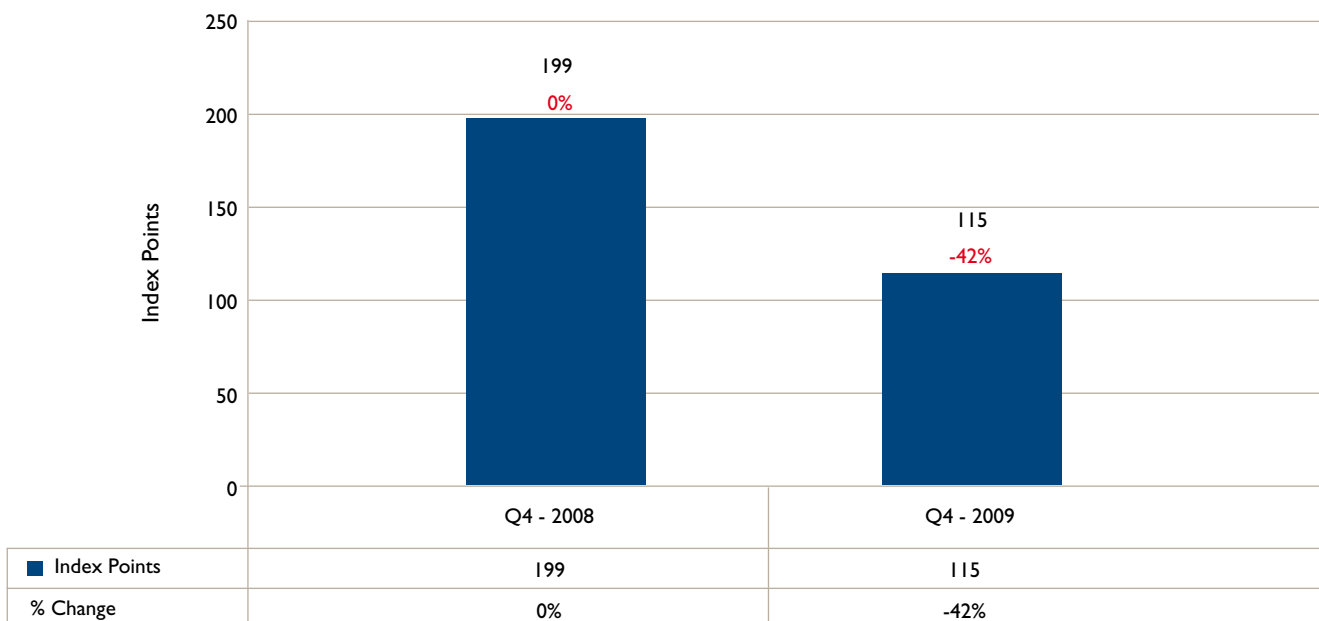
- **Finance:**  
The availability of finance for a specific sector, development or developer has in turn stimulated demand for properties contained within the confines of these parameters and therefore caused marginal fluctuations in price.
- **Purchaser Sentiment:**  
December, representing one third of the quarter was influenced by the anticipated seasonal slowdown and by the well publicised Dubai debt issues.
- **Supply:**  
The on-going variance in supply within the three main property segments continues to impact on the monthly and quarterly property results.

## DUBAI HOUSE PRICE INDEX: MONTHLY (WEIGHTED)



Whilst the overall index for the quarter shows an average increase in property prices of 1% for the quarter, the monthly index shows that prices increased by 2% in October, by 10% in November and then decreased by 4% in December.

## DUBAI HOUSE PRICE INDEX: YEAR ON YEAR



The Annual Dubai House Price Index continued to reflect a decline in residential property prices over the twelve month period since Q4 2008. The index has declined 84 basis points, from 199 points in Q4 2008 to 115 points in Q4 2009, which represents a reduction of 42%. The blended average house price for Q4 2009 is approximately AED 1,022 per ft<sup>2</sup> (AED 11,000/m<sup>2</sup>) compared to AED 1,770/ft<sup>2</sup> (AED 19,052/m<sup>2</sup>) in Q4 2008.

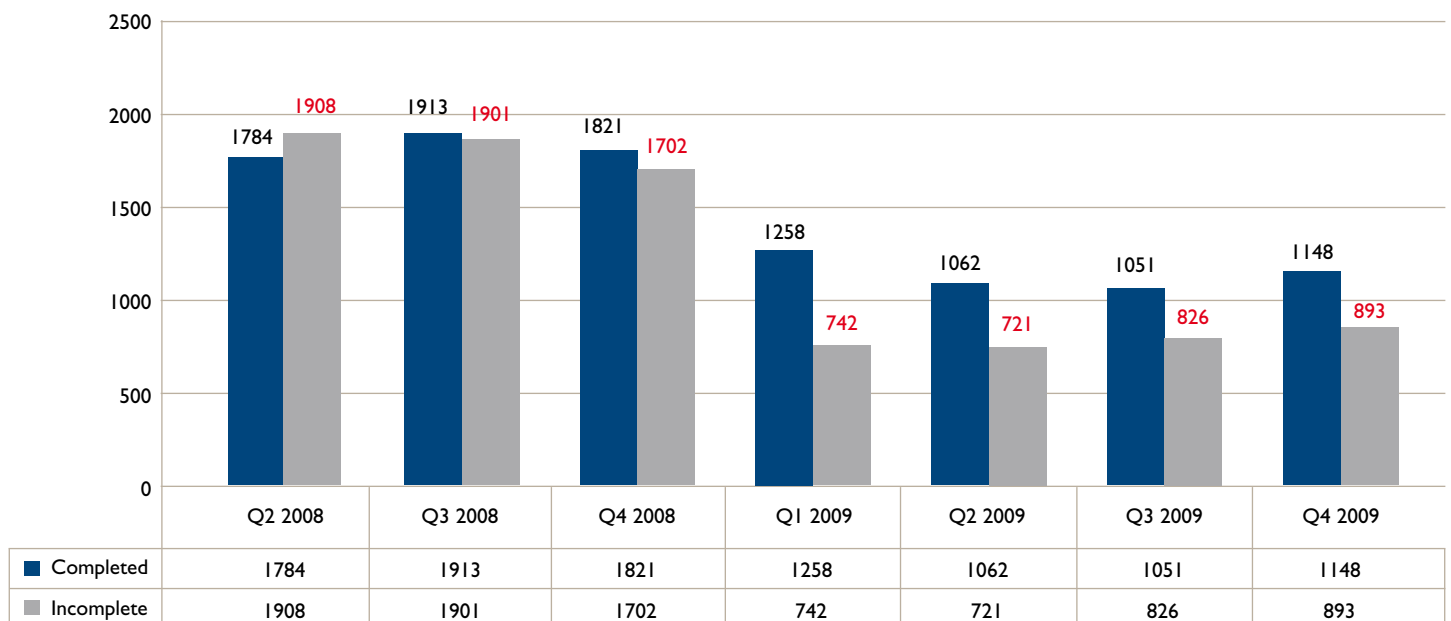
## PRICE COMPARISON: COMPLETED VS. INCOMPLETE PROJECTS

In most, if not all property markets throughout the world there are property categories that achieve better selling prices than others. Whilst it is necessary to average out prices across a market to track the general trends in that market, the HPI must also track the effect of certain unique influences that impact the Dubai market overall.

In Dubai, as in other markets, there is a price differential between a properties that are complete and occupiable as opposed to properties that are still under construction or in their planning phase. The HPI needs to track the trends in these markets and record them. Also, in Dubai, is the large Downtown Burj Khalifa/Dubai (Downtown) development, which for a variety of reasons was attracting better prices than other projects.

The HPI accordingly analyses the trends for prices achieved for completed properties as opposed to properties still under construction. It looks at the trends, inclusive of the Downtown results and excluding the Downtown results.

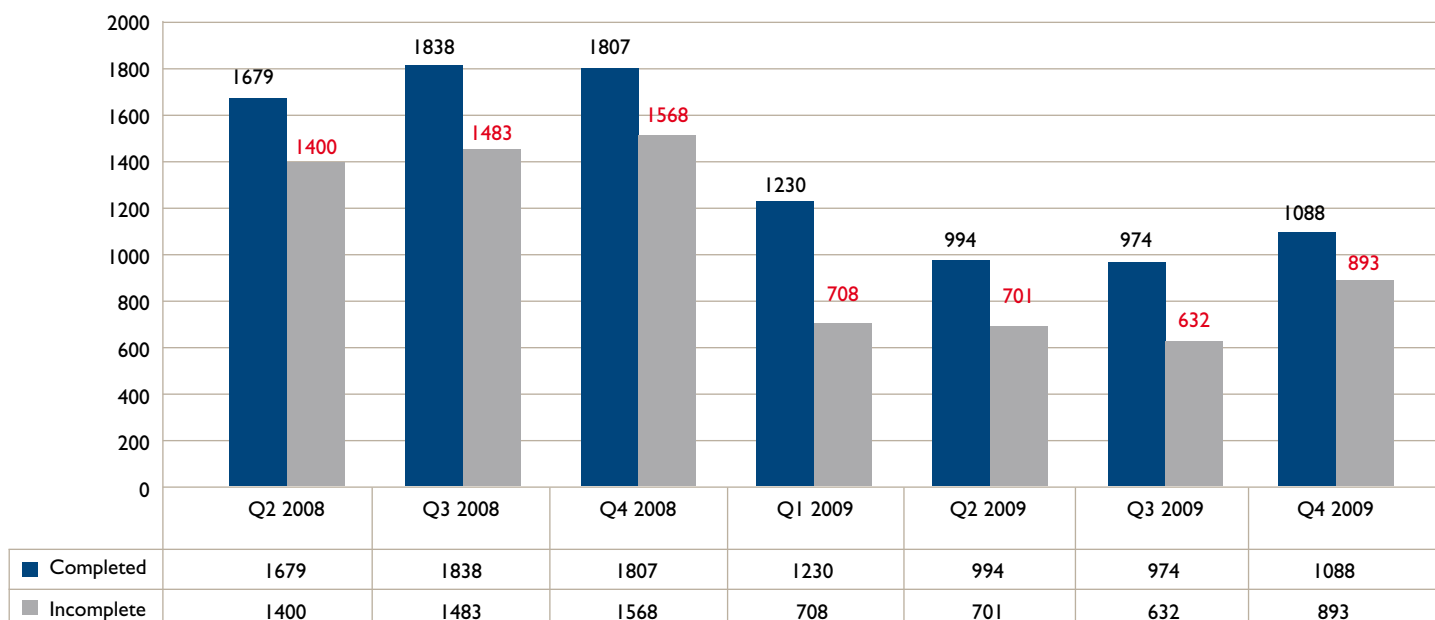
### Including Downtown Burj Khalifa/Dubai (Downtown)



The average price for completed properties increased from AED 1,051/ft<sup>2</sup> (AED 11,313/m<sup>2</sup>) to AED 1,148/ft<sup>2</sup> (AED 12,357/m<sup>2</sup>) in Q4 2009, which represents an increase of 9%. Average prices for properties still under construction increased by 8% to AED 893/ft<sup>2</sup> (AED 9,612/m<sup>2</sup>) in Q4 2009 compared to AED 826/ft<sup>2</sup> (AED 8,891/m<sup>2</sup>) in the previous quarter. The increase in the selling price of properties still under construction can be attributed to increased selling prices being achieved in Jumeirah Village, Victory Heights and Dubai Marina. Financial institutions have continued to grant loans against properties that are 70% complete or within six months from completion. This returned some buoyancy to this market segment.

## PRICE COMPARISON: COMPLETED VS. INCOMPLETE PROJECTS

## Excluding Downtown



When excluding Downtown from the price comparison, the average rate per ft<sup>2</sup> of completed properties increased by 11.7% from AED 974/ft<sup>2</sup> (AED 10,484/m<sup>2</sup>) in Q3 2009 to AED 1,088/ft<sup>2</sup> (AED 11,711/m<sup>2</sup>). The upward trend was also recorded for incomplete properties, where average rate/ft<sup>2</sup> increased AED 632 (AED 6802/m<sup>2</sup>) to AED 893/ft<sup>2</sup> (AED 9,612/m<sup>2</sup>)

## OVERALL COMPARISON

## Completed vs. Incomplete (Including Downtown)

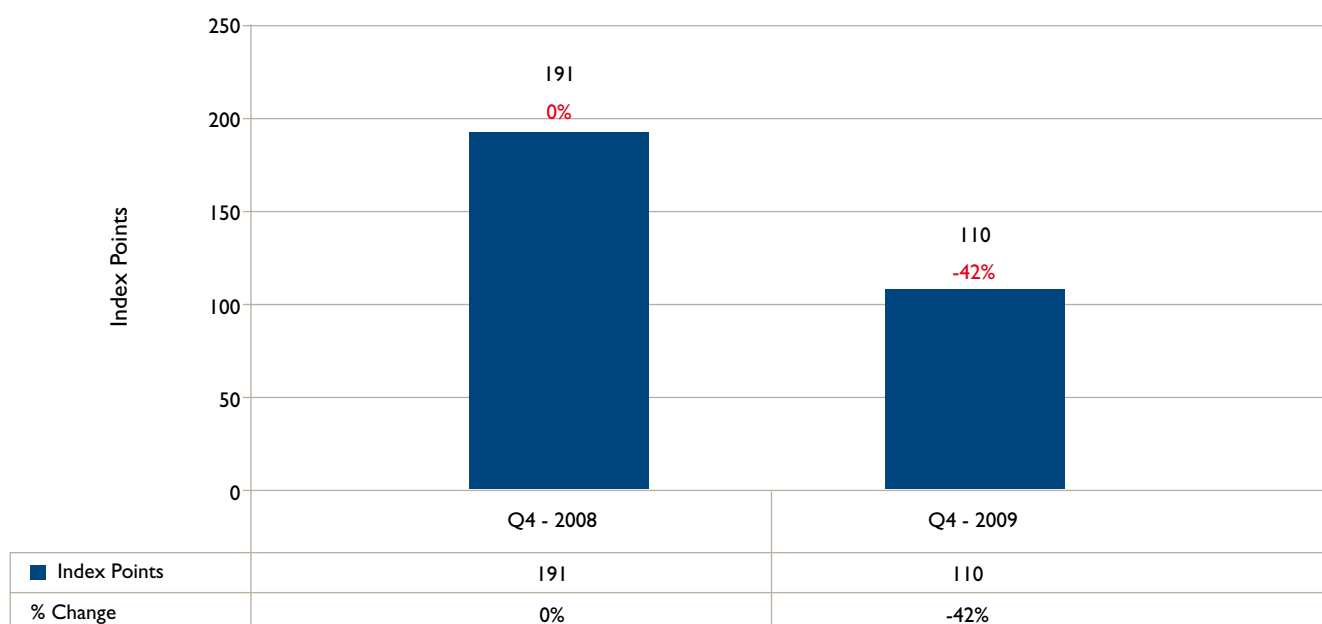
Quarter	Completed		Incomplete	
	AED/ft <sup>2</sup>	% Change	AED/ft <sup>2</sup>	% Change
Q2 – 2008	1,784	-	1,908	-
Q3 – 2008	1,913	7%	1,901	- 0.4%
Q4 – 2008	1,821	-5%	1,702	-10.4%
Q1 – 2009	1,258	-31%	742	-56%
Q2 – 2009	1,062	-16%	721	-3%
Q3 – 2009	1,051	-1%	826	15%
Q4 – 2009	1,148	9%	893	8%

## Completed vs. Incomplete (Excluding Downtown)

Quarter	Completed		Incomplete	
	AED/ft <sup>2</sup>	% Change	AED/ft <sup>2</sup>	% Change
Q2 – 2008	1,679	-	1,400	-
Q3 – 2008	1,838	9%	1,483	6%
Q4 – 2008	1,807	-1.6%	1,568	5.7%
Q1 – 2009	1,230	-32%	708	-51%
Q2 – 2009	994	-19%	701	-1%
Q3 – 2009	974	-2%	632	-9.8%
Q4 – 2009	1,088	12%	893	41%

## PROPERTY INDEX BY TYPE

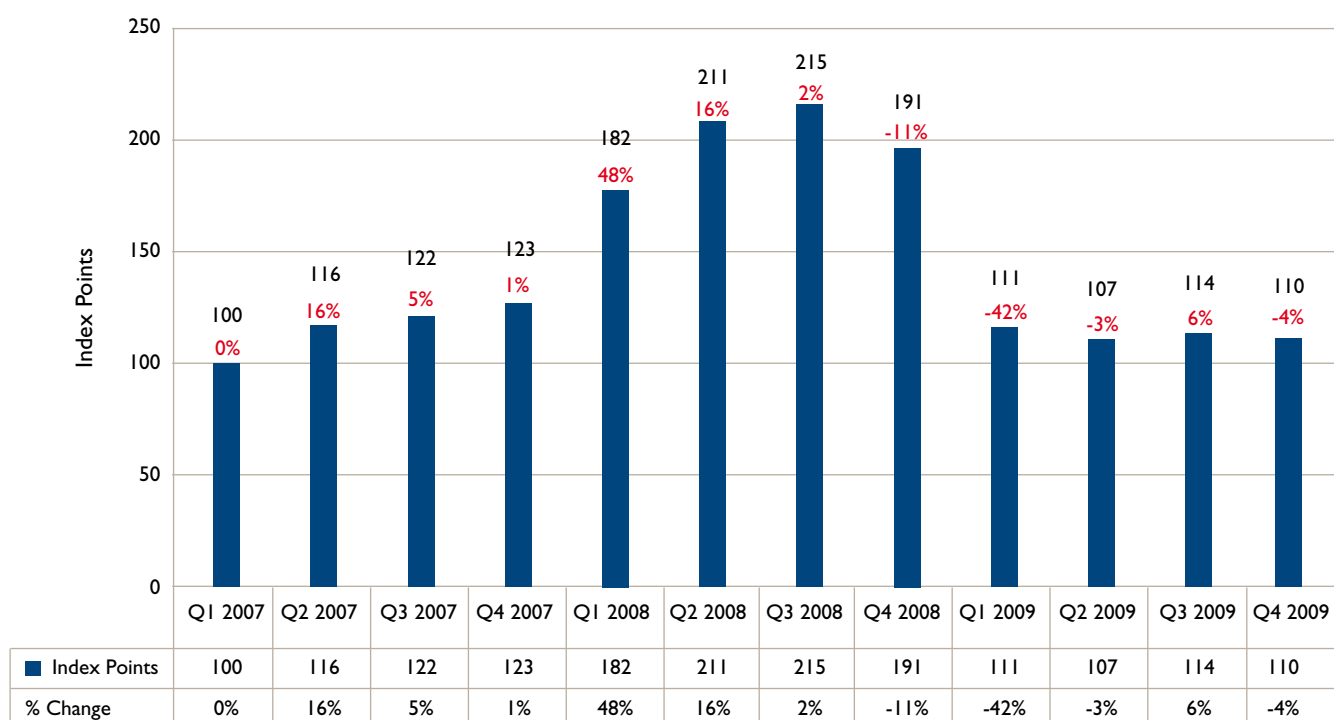
## APARTMENT INDEX: YEAR ON YEAR



The Annual Overall Apartment Index declined by 42% in Q4 2009, compared to Q4 2008. The index declined to 110 points from 191 points. The blended average rate per ft<sup>2</sup> for apartments in Dubai in Q4 2009 was AED 1,113 (AED 11,980/m<sup>2</sup>).

Apartments constituted 48% of the total mortgaged properties used to collate this Index.

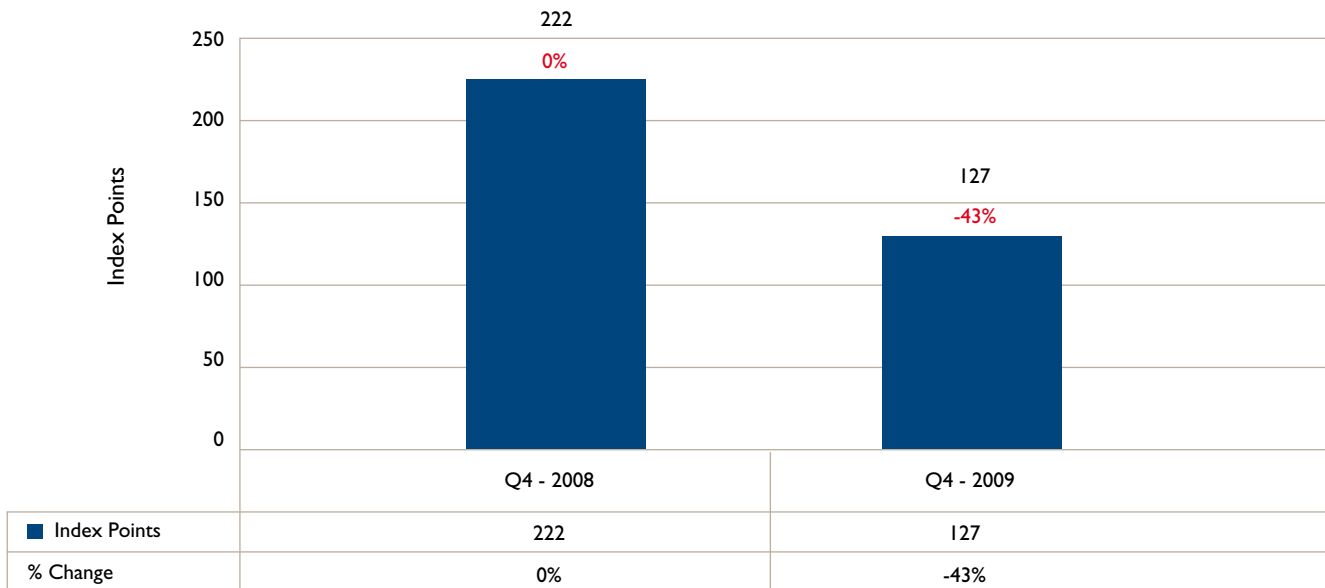
## APARTMENT INDEX: QUARTERLY



The Quarterly Overall Apartment decreased by 4% in Q4 2009 compared to Q3 2009. The index decrease was driven by price falls in Jumeirah Lake Towers and Jumeirah Beach Residence.

The blended average rate per ft<sup>2</sup> for apartments in Dubai in Q4 2009 was AED 1,113 (AED 11,980/m<sup>2</sup>).

## VILLA INDEX: YEAR ON YEAR

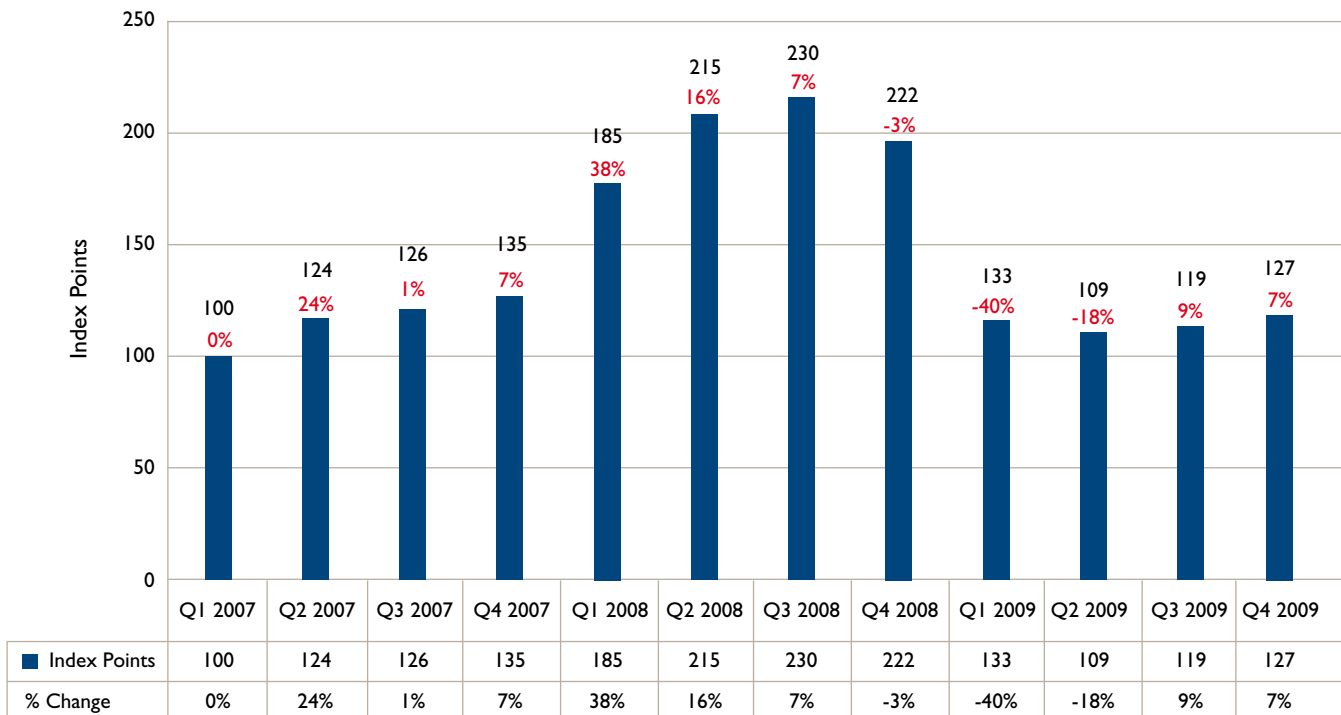


The Annual Overall Villa Index decreased by 43% in Q4 2009, compared to Q4 2008. The index fell to reach 127 points.

The average blended rate per ft<sup>2</sup> for villas in Dubai in Q4 2009 was AED 919 (AED 9,892/m<sup>2</sup>).

Villas constituted 35% of the total mortgaged properties used to collate this Index.

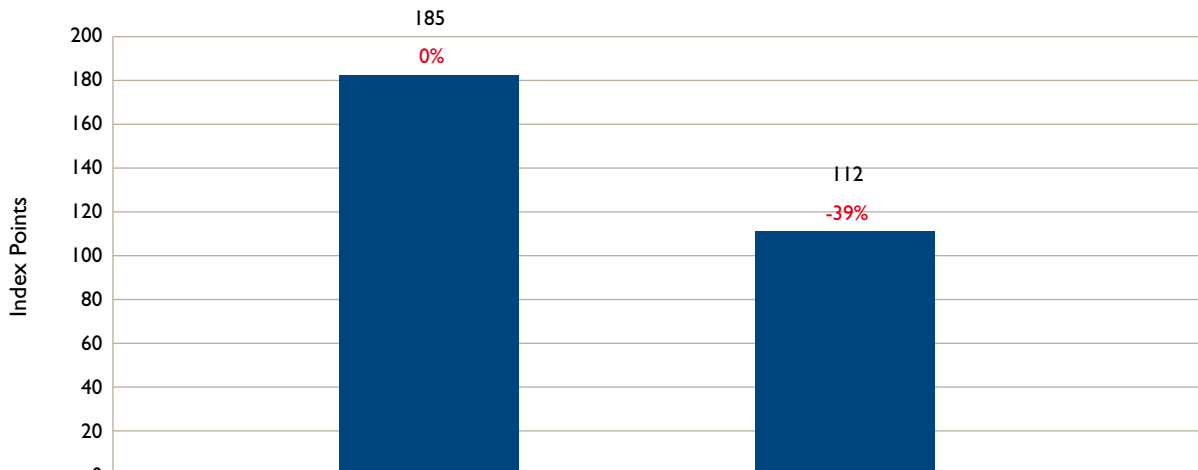
## VILLA INDEX: QUARTERLY



The Quarterly Villa Index increased in Q4 2009 to reach 127 index points. A 7% increase compared to Q3 2009.

The average blended rate per ft<sup>2</sup> for villas in Dubai in Q4 2009 was AED 919 (AED 9,892/m<sup>2</sup>).

## TOWNHOUSE INDEX: YEAR ON YEAR



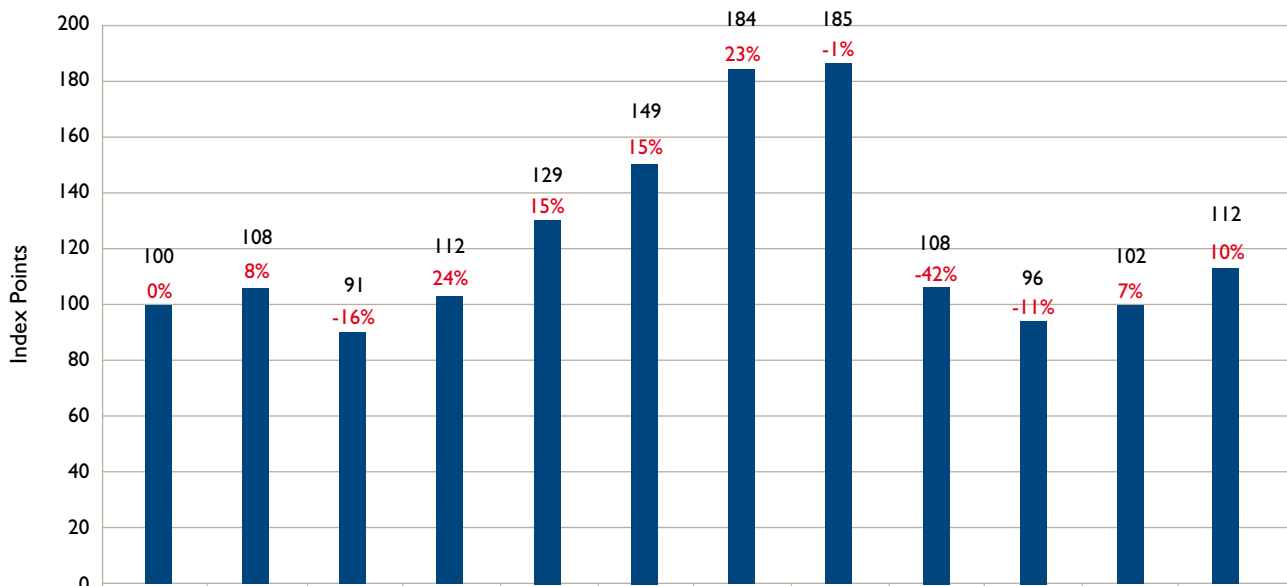
■ Index Points	185	112
% Change	0%	-39%

The annual Index decreased from 185 points in Q4 2008 to 112 points in Q4 2009, indicating a decline of 39%.

The average blended rate per ft<sup>2</sup> for townhouses in Dubai in Q4 2009 was AED 890 (AED 9,580/m<sup>2</sup>).

Townhouses constituted 17% of the total mortgaged properties used to collate this index.

## TOWNHOUSE INDEX: QUARTERLY



■ Index Points	100	108	91	112	129	149	184	185	108	96	102	112
% Change	0%	8%	-16%	24%	15%	15%	23%	1%	-42%	-11%	7%	10%

Prices of townhouses in Q4 2009 have increased when compared to the previous quarter. The index increased by 10% to reach 112 points compared to 102 points in Q3 2009.

The average blended rate per ft<sup>2</sup> for townhouses in Dubai in Q4 2009 was AED 890 (AED 9,580/m<sup>2</sup>).

## ABOUT THE INDEX

The Colliers International House Price Index (HPI) was established in January 2008 by Colliers International U.A.E. and six leading banks / financial institutions in the Emirate of Dubai to provide statistics specifically designed to reflect the average growth / decline rate of house prices across certain foreign ownership areas of Dubai, United Arab Emirates. The data that forms the basis of the indices presented in this HPI has been provided by all the member financial institutions and relates to properties which have been mortgaged through these member institutions. The member banks / financial institutions associated with the Colliers International House Price Index are as follows:

- HSBC Bank Middle East Limited
- Barclays Bank PLC
- Amlak Finance PJSC
- Dubai Islamic Bank
- Emirates NBD
- Abu Dhabi Commercial Bank (ADCB)

We have used the weighted average method to construct the Overall Index. Based on our coverage of 15 developments in Dubai, weighting has been apportioned on the basis of unit type (Apartment, Villa or Townhouse). Apartments, Villas and Townhouses have been weighted at 55%, 34% and 11% respectively in order to provide an accurate representation of market trends. The Recommended sample size for this HPI is 15 property transactions.

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Mr. Aiman Gamee

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## TOP 5 DEVELOPMENTS BY PRICE:

Rank	Development
1	Palm Jumeirah - Villas
2	The Lakes - Villas
3	Downtown Burj Khalifa/Dubai (Downtown)
4	Dubai Marina
5	The Greens/The Views

## TOP 5 DEVELOPMENTS BY NUMBER OF TRANSACTIONS:

Rank	Development
1	The Greens/The Views
2	Downtown Burj Khalifa/Dubai (Downtown)
3	Jumeirah Lake Towers
4	Jumeirah Village
5	Palm Jumeirah

### HSBC Bank Middle East Limited

Mr. Hassan Owais Kazmi

Vice President - Regional Head of Assets

### Emirates NBD

Mr. Bassam Gabriel

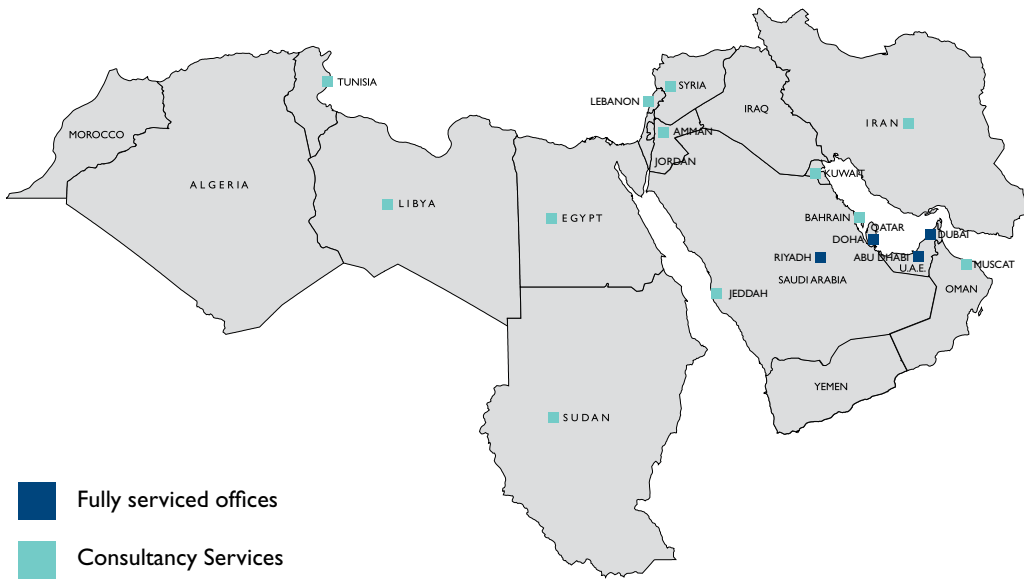
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US\$2.0bn in revenues  
868 million ft<sup>2</sup> under management  
Over 11,000 Professionals

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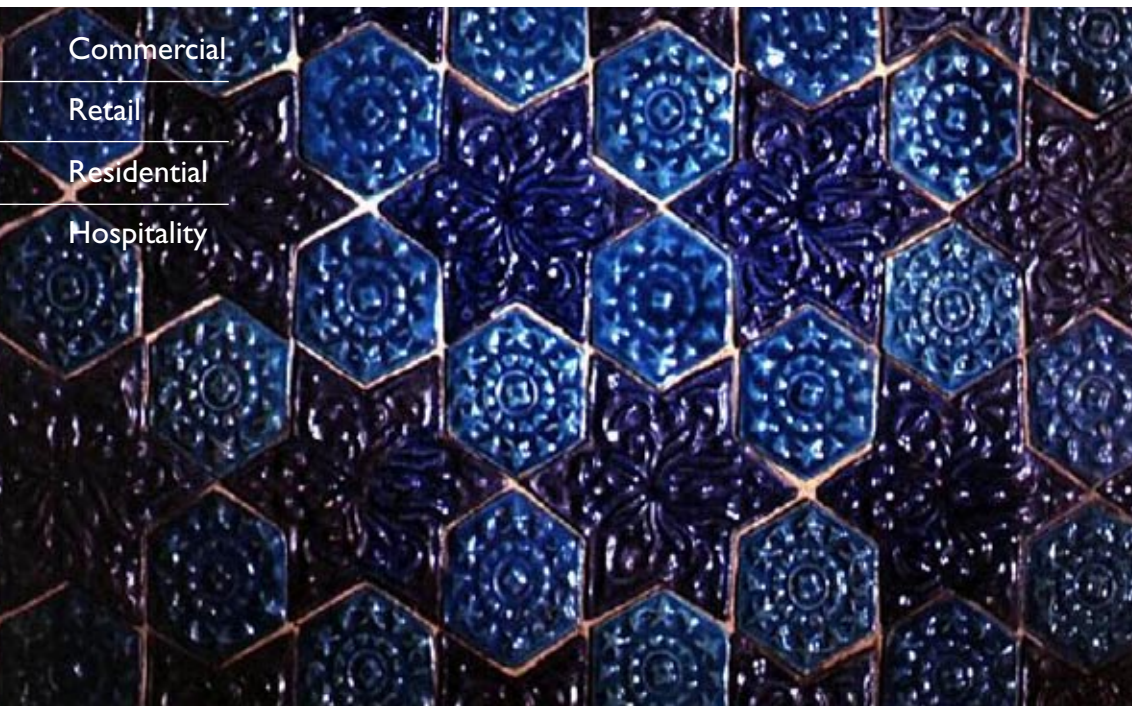
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This index overview is extracted from a comprehensive Dubai House Price Index available to subscriber banks and developers from Colliers International U.A.E.

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- Retail
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