



Colliers International House Price Index

DUBAI | FIRST QUARTER | 2010

EXECUTIVE SUMMARY

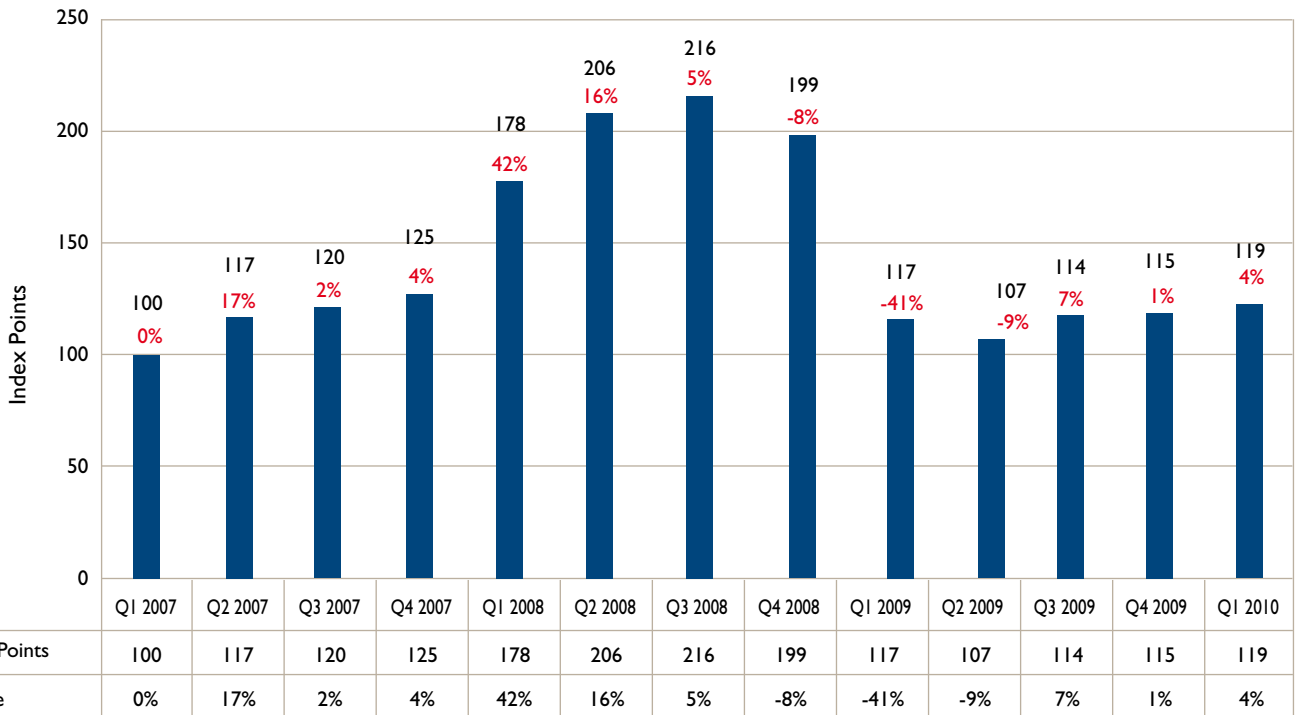
- Increase in the overall index of 4% between Q4 2009 and Q1 2010.
- YOY increase of 2% between Q1 2009 and Q1 2010.
- Blended average rate for residential property in Q1 2010 is up from AED 1,022/ft² (AED 11,000/m²) to AED 1,061 per ft² (AED 11,420/m²)
- Apartment prices increased by 6% in Q1 2010 compared to Q4 2009.
- Villa prices increased by 2% in Q1 2010 compared to Q4 2009.
- Townhouse prices decreased by 4% in Q1 2010 compared to Q4 2009.
- Apartments constituted 33% of the total transactions.
- Villas constituted 46% of the total transactions.
- Townhouses constituted 21% of the total transactions.
- A new contributing member, Standard Chartered Bank, has joined the HPI.



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DUBAI HOUSE PRICE INDEX : QUARTERLY



The Quarterly Dubai House Price Index has registered an increase for the third consecutive quarter.. The index increased by 4 basis points from 115 points in Q4 2009 to 119 points in Q1 2010, which represents an increase of 4%. The blended average house price for Q1 2010 is approximately AED 1,061 per ft² (AED 11,420/m²) compared to AED 1,022/ft² (AED 11,000/m²) in Q4 2009.

In addition to the increases in value over the last three quarters, the index has also shown a year-on-year increase of 2%, the first annual increase in value since the downturn hit the property sector in Dubai. It is nevertheless anticipated that given the concerns of oversupply in the market, the index will experience fluctuations in value going forward.

Despite the stability that the market appears to have achieved following a rise in value for three consecutive quarters, a number of concerns remain:

- **Over-supply:**

It is estimated that 41,000 residential units (both freehold and non-freehold) will enter the market by the end of 2010. Most of this supply will be positioned in the low to mid income segment of the market. On the other hand, demand

is not expected to match the growth in supply, creating downward pressure on property prices. It remains unclear, however, if the future supply will have a negative impact on established projects, as they offer a greater resilience to market conditions.

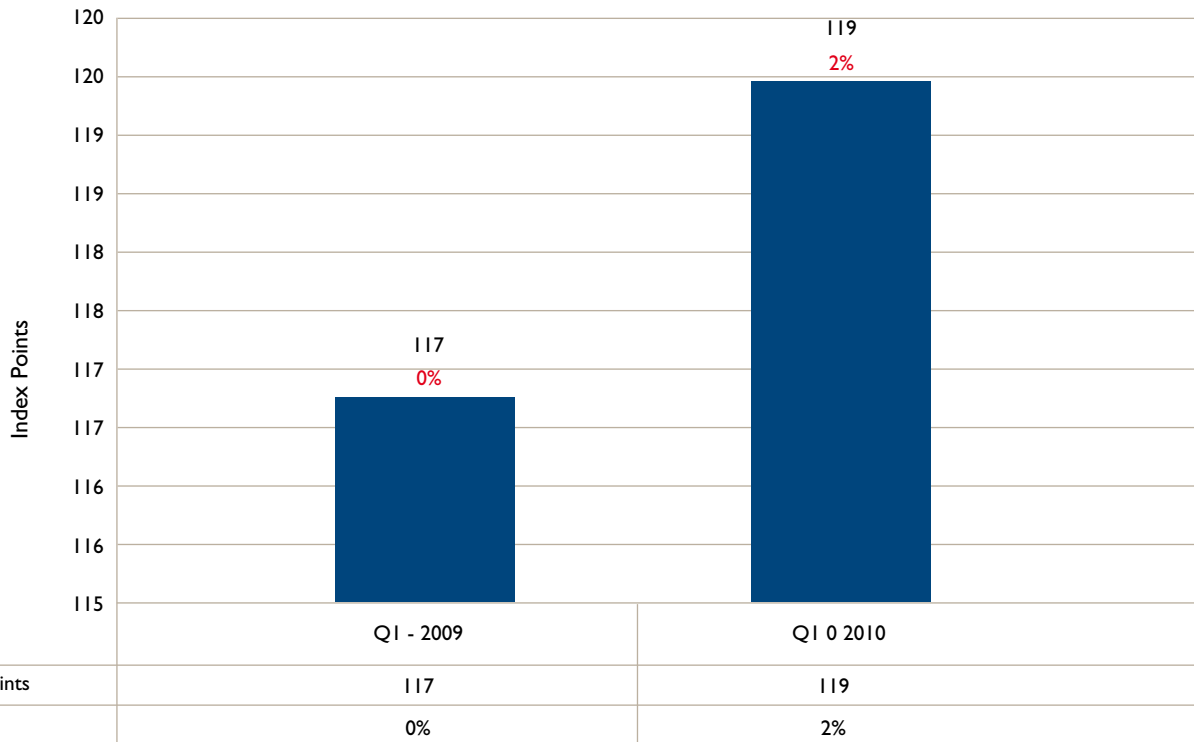
- **End-users demand:**

With the change in ownership structure from speculative investors to end-users, the liveability aspect of a development is clearly driving demand. Projects that offer the community feel are more demanded and, therefore, are showing greater signs of stability.

- **Finance:**

Numerous banks and financial institutions have, during Q1 2010, revised upward the Loan to Value Ratio (LTV) and lowered interest rates. The LTV of leading mortgage providers has increased to 75%-90% with interest rates varying between 6.5% to 8.5%. Nevertheless, banks remain selective in offering finance, providing it against specific projects (mainly completed or near completion) and only to borrowers who can meet the strict lending criteria adopted by most banks.

DUBAI HOUSE PRICE INDEX: YEAR ON YEAR



The Annual Dubai House Price Index has, for the first time since the beginning of the downturn, increased compared to Q1 2009. The index has increased 2 basis points, from 117 points in Q1 2009 to 119 points in Q1 2010, which represents an increase of 2%. The blended average house price for Q1 2010 is approximately AED 1,061 per ft² (AED 11,420/m²) compared to AED 1,037/ft² (AED 11,162/m²) in Q1 2009.

PRICE COMPARISON: COMPLETED VS. INCOMPLETE PROJECTS

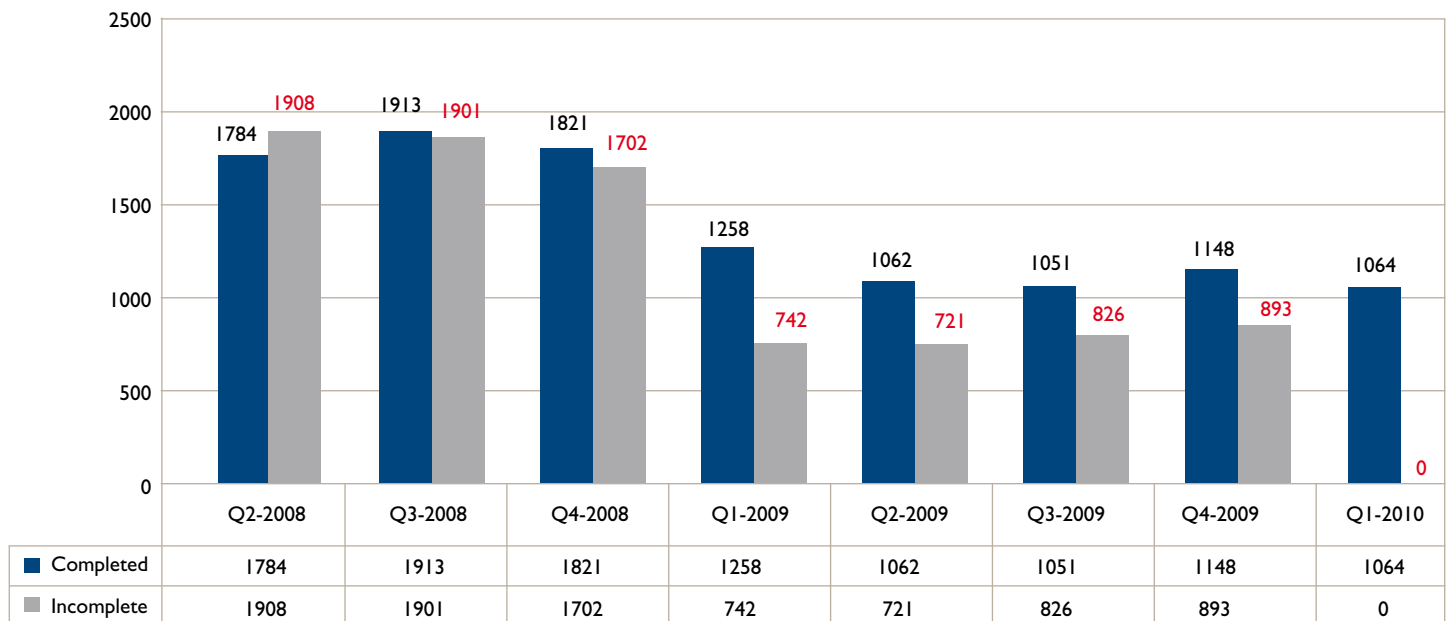
In most, if not all property markets throughout the world there are property categories that achieve better selling prices than others. Whilst it is necessary to average out prices across a market to track the general trends in that market, the HPI must also track the effect of certain unique influences 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 Dubai development, which for a variety of reasons is attracting better prices than other projects. Because of the size and the value differential, Downtown Dubai does have a skewing effect on the overall house prices in Dubai.

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

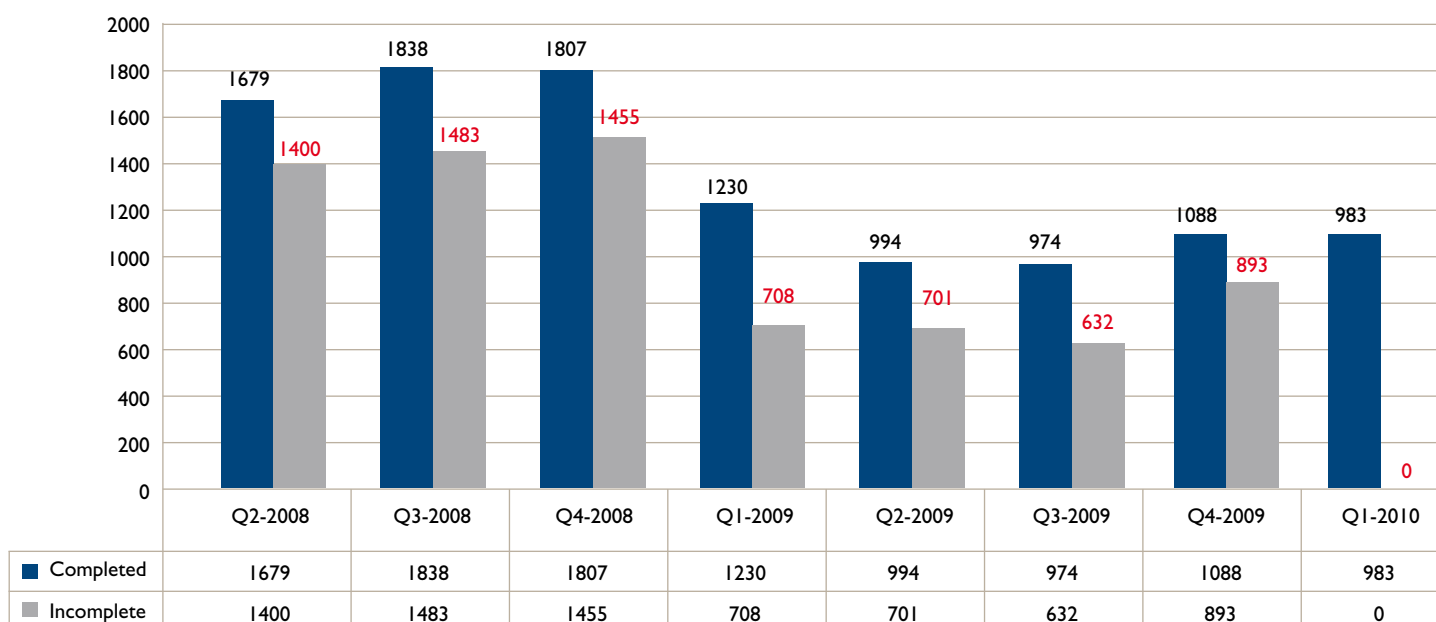
Including Downtown Dubai



The average price for completed properties decreased from AED 1,148/ft² (AED 12,357/m²) to AED 1,064/ft² (AED 11,452/m²) in Q1 2010, which represents a decrease of 7%. The index in Q1 2010 has not registered any transactions for properties under construction (further to six months from completion). Financial institutions have continued an informal policy of only granting loans against properties that are nearing completion.

PRICE COMPARISON: COMPLETED VS. INCOMPLETE PROJECTS

Excluding Downtown



When excluding Downtown from the price comparison, the average rate per ft² of completed properties decreased by 10% from AED 1,088/ft² (AED 11,711/m²) in Q4 2009 to AED 983/ft² (AED 10,581/m²).

OVERALL COMPARISON

Completed vs. Incomplete (Including Downtown)

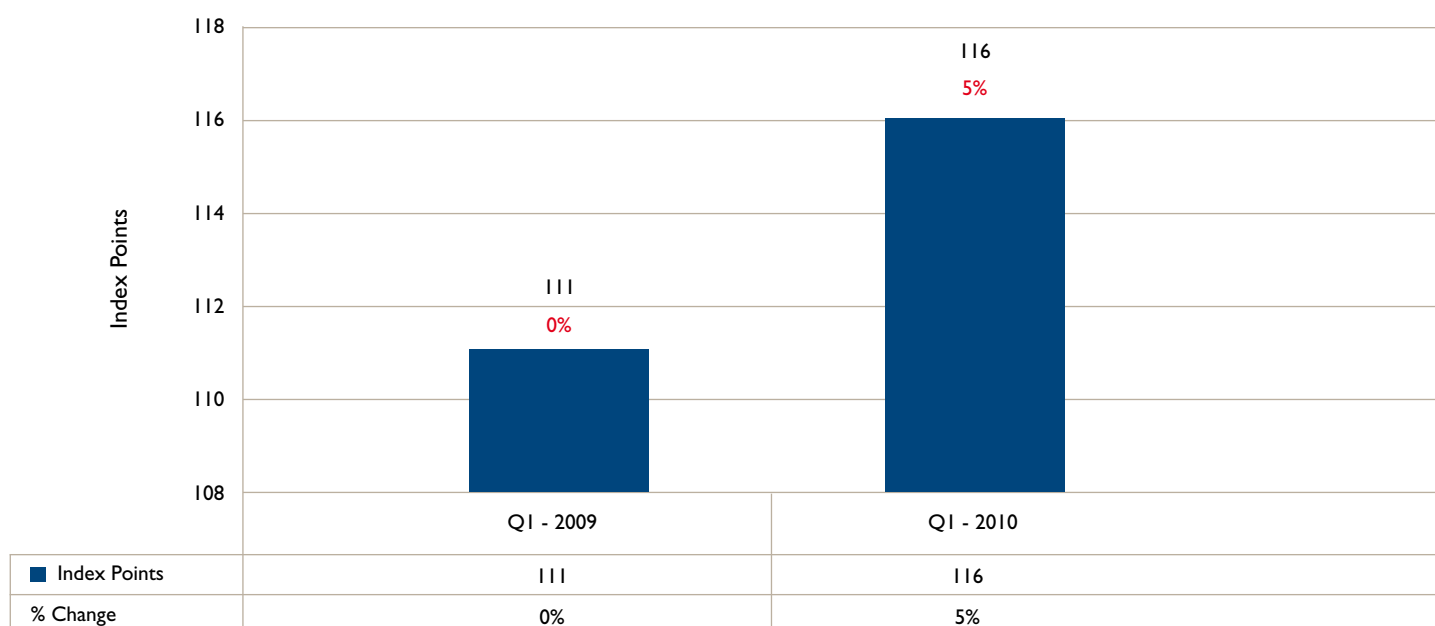
Quarter	Completed		Incomplete	
	AED/ft ²	% Change	AED/ft ²	% Change
Q3 – 2008	1,913	7%	1,901	- 0.4%
Q4 – 2008	1,821	-5%	1,702	-10.4%
Q1 – 2009	1,258	-31%	742	-56%
Q2 – 2009	1,062	-16%	721	-3%
Q3 – 2009	1,051	-1%	826	15%
Q4 – 2009	1,148	9%	893	8%
Q1 – 2010	1,064	-7%	-	-

Completed vs. Incomplete (Excluding Downtown)

Quarter	Completed		Incomplete	
	AED/ft ²	% Change	AED/ft ²	% Change
Q3 – 2008	1,838	9%	1,483	6%
Q4 – 2008	1,807	-1.6%	1,455	-1.8%
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%
Q4 – 2010	983	-10%	-	-

PROPERTY INDEX BY TYPE

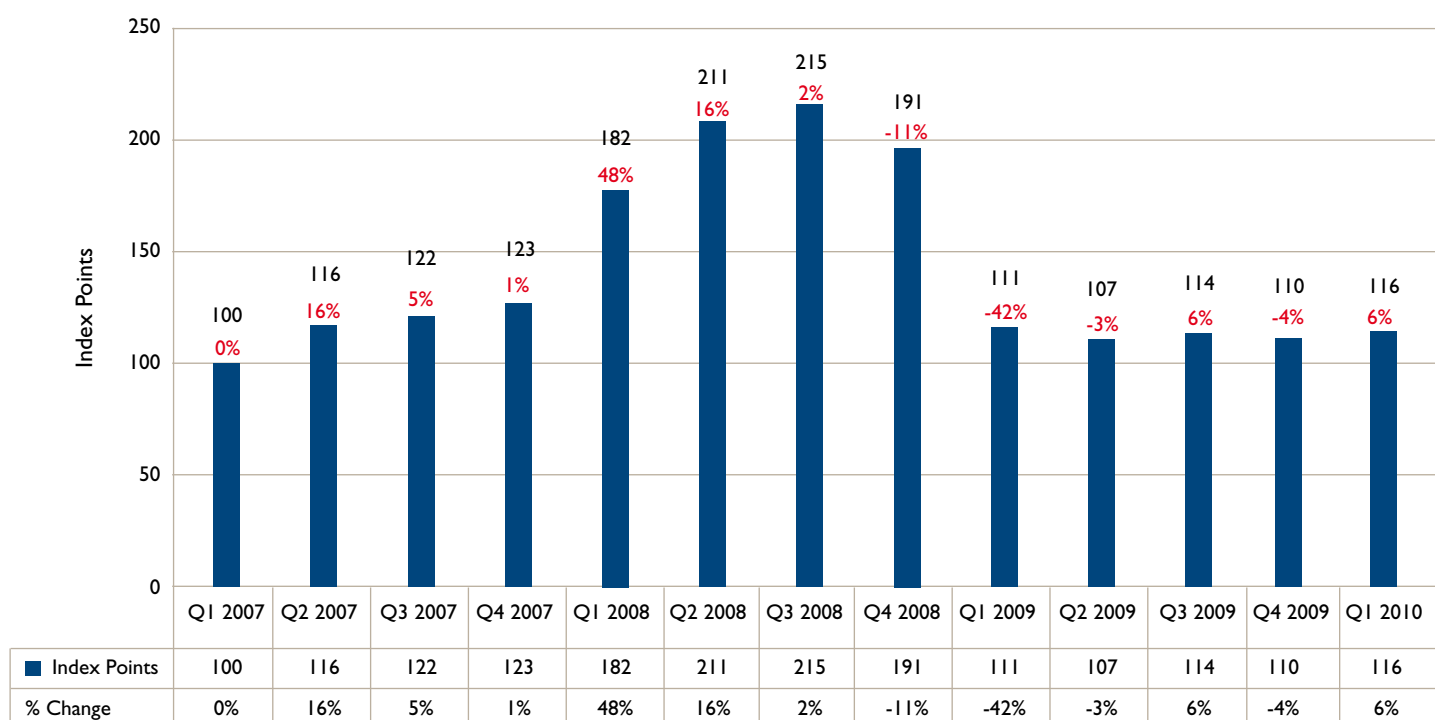
APARTMENT INDEX: YEAR ON YEAR



The Annual Overall Apartment Index increased by 5% in Q1 2010, compared to Q1 2009. The index increased to 116 points from 111 points. The blended average rate per ft² for apartments in Dubai in Q1 2010 was AED 1,177 (AED 12,669/m²).

Apartments constituted 33% of the total mortgaged properties used to collate this Index.

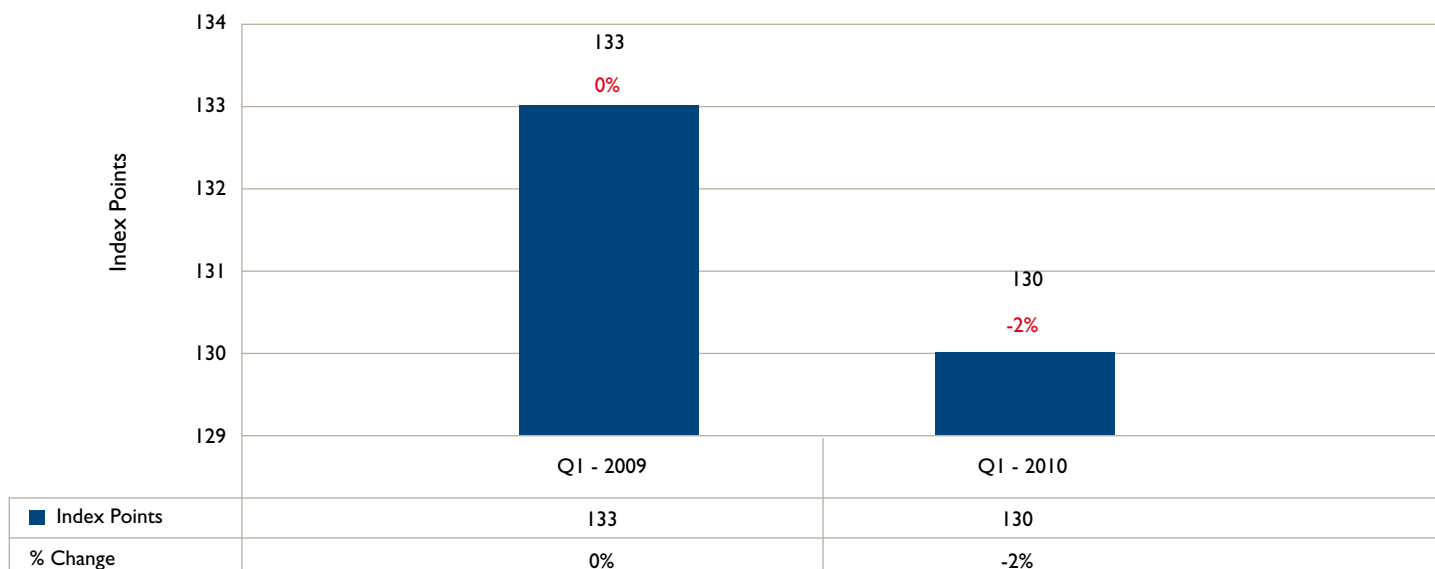
APARTMENT INDEX: QUARTERLY



The Quarterly Overall Apartment increased by 6% in Q1 2010 compared to Q4 2009. The index increase was driven by price increases in Jumeirah Beach Residence and Downtown Dubai.

The blended average rate per ft² for apartments in Dubai in Q1 2010 was AED 1,177 (AED 12,669/m²).

VILLA INDEX: YEAR ON YEAR

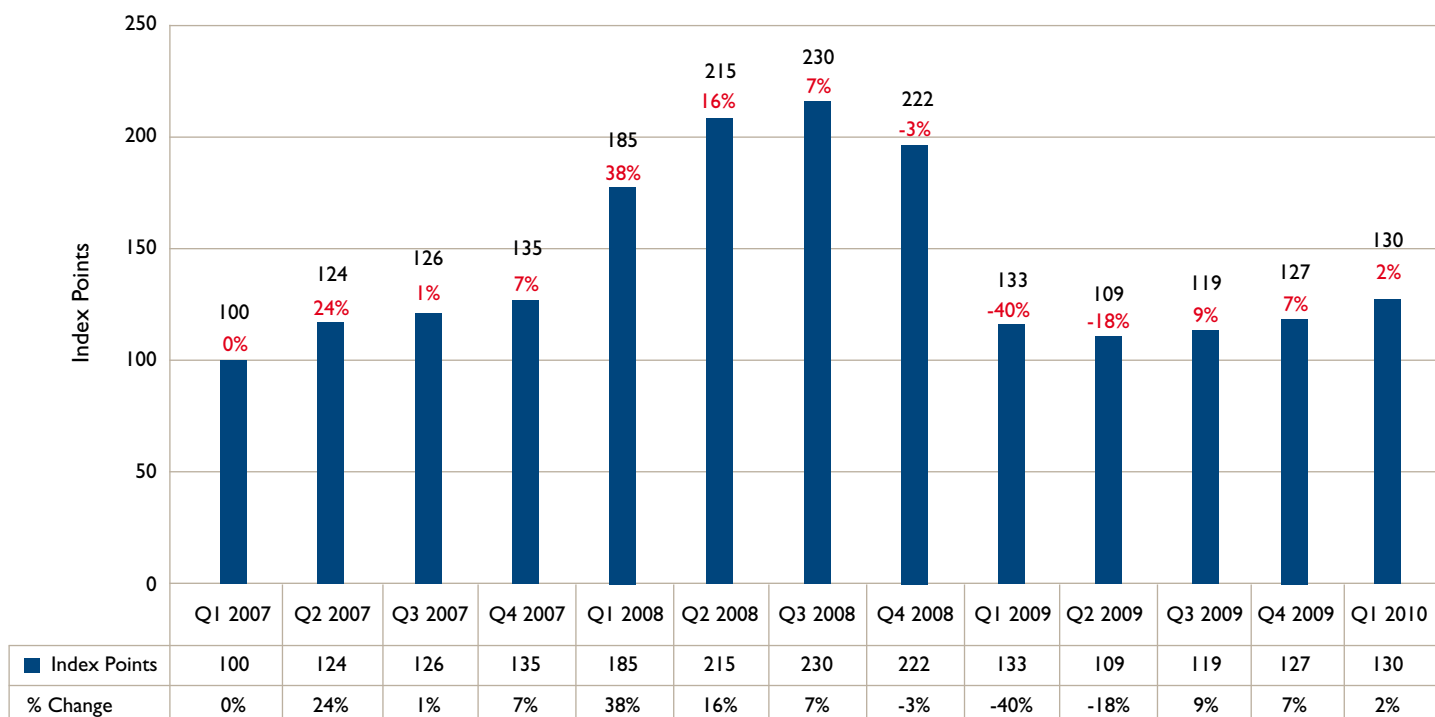


The Annual Overall Villa Index decreased by 2% in Q1 2010, compared to Q1 2009. The index fell to reach 130 points.

The average blended rate per ft² for villas in Dubai in Q1 2010 was AED 941 (AED 10,128/m²).

Villas constituted 46% of the total mortgaged properties used to collate this Index.

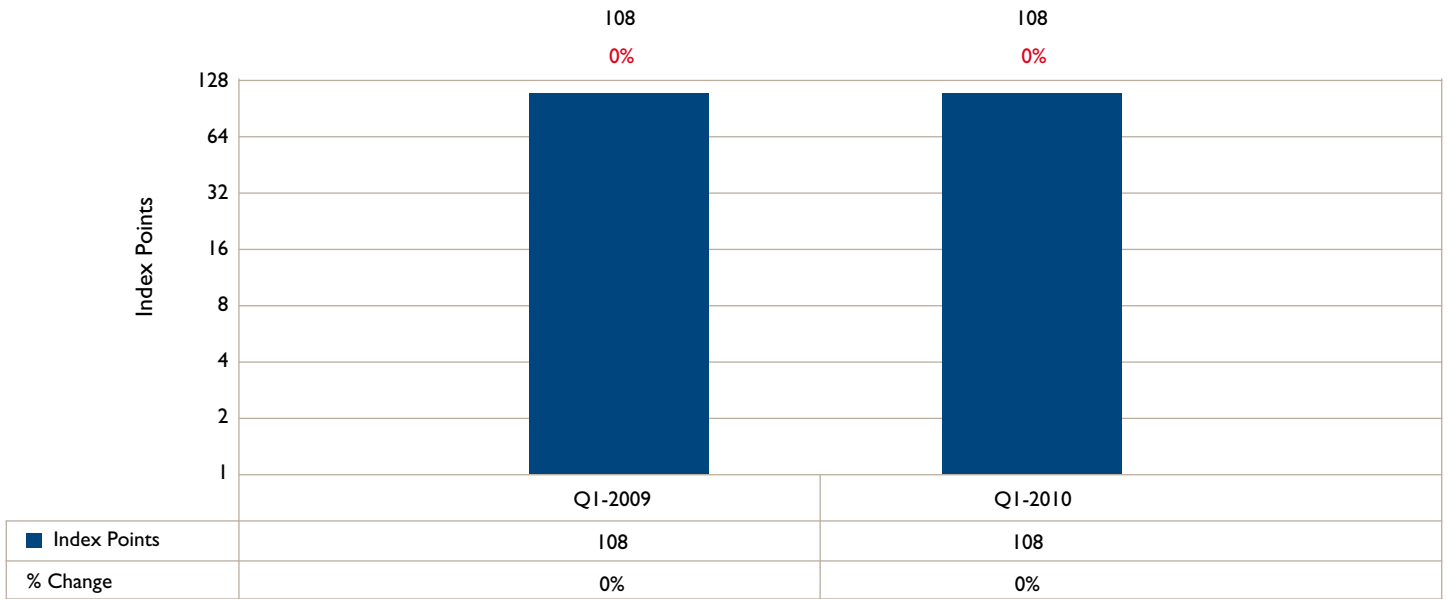
VILLA INDEX: QUARTERLY



The Quarterly Villa Index has slightly increased by 2% Q1 2010. The index reached 130 points compared to 127 in Q4 2009.

The average blended rate per ft² for villas in Dubai in Q1 2010 was AED 941 (AED 10,128/m²).

TOWNHOUSE INDEX: YEAR ON YEAR

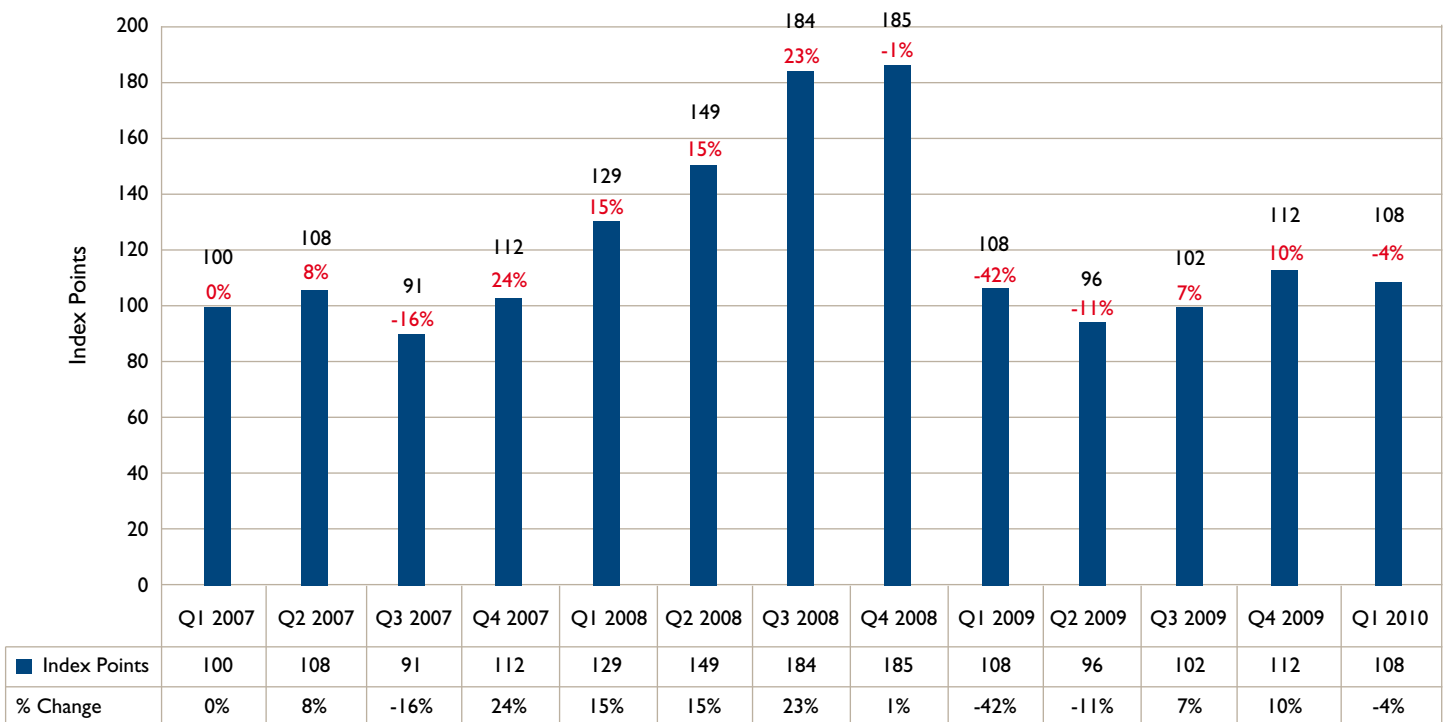


The annual Index showed no change in Q1 2010 compared to Q1 2009. The index stabilized at 108 points

The average blended rate per ft² for townhouses in Dubai in Q1 2010 was AED 859 (AED 9,246/m²).

Townhouses constituted 21% of the total mortgaged properties used to collate this index.

TOWNHOUSE INDEX: QUARTERLY



Townhouses were the only property type that registered a decrease in its values, despite the increasing number of transactions. Prices of townhouses in Q1 2010 declined when compared to the previous quarter. The index decreased 4% to reach 108 points compared to 112 points in Q4 2009.

The average blended rate per ft² for townhouses in Dubai in Q1 2010 was AED 859 (AED 9,246/m²).

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
- Standard Chartered Bank

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.

CONTRIBUTORS' DETAILS

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TOP 5 DEVELOPMENTS BY PRICE:

Rank	Development
1	Palm Jumeirah - Villas
2	Downtown Dubai
3	Dubai Marina
4	Palm Jumeirah - Apartments
5	The Lakes - Villa

TOP 5 DEVELOPMENTS BY NUMBER OF TRANSACTIONS:

Rank	Development
1	Arabian Ranches
2	The Meadows
3	The Springs
4	Downtown Dubai
5	Dubai Marina

HSBC Bank Middle East Limited

Mr. Salman Ahmed

Product Head – Mortgages and Home Finance

Emirates NBD

Mr. Bassam Gabriel

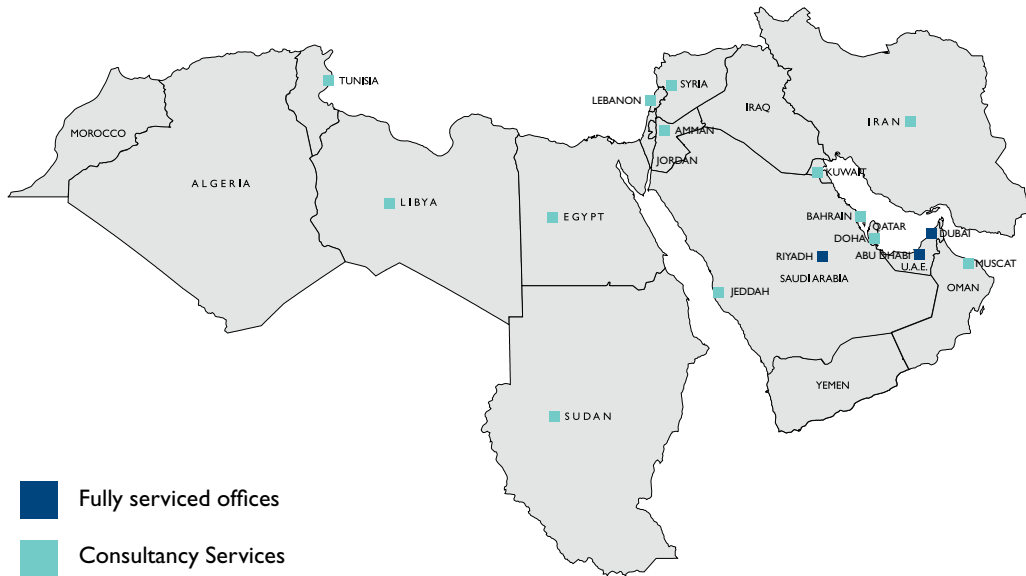
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Standard Chartered Bank

Syed Hammad Haider,

General Manager – Retail Banking Products

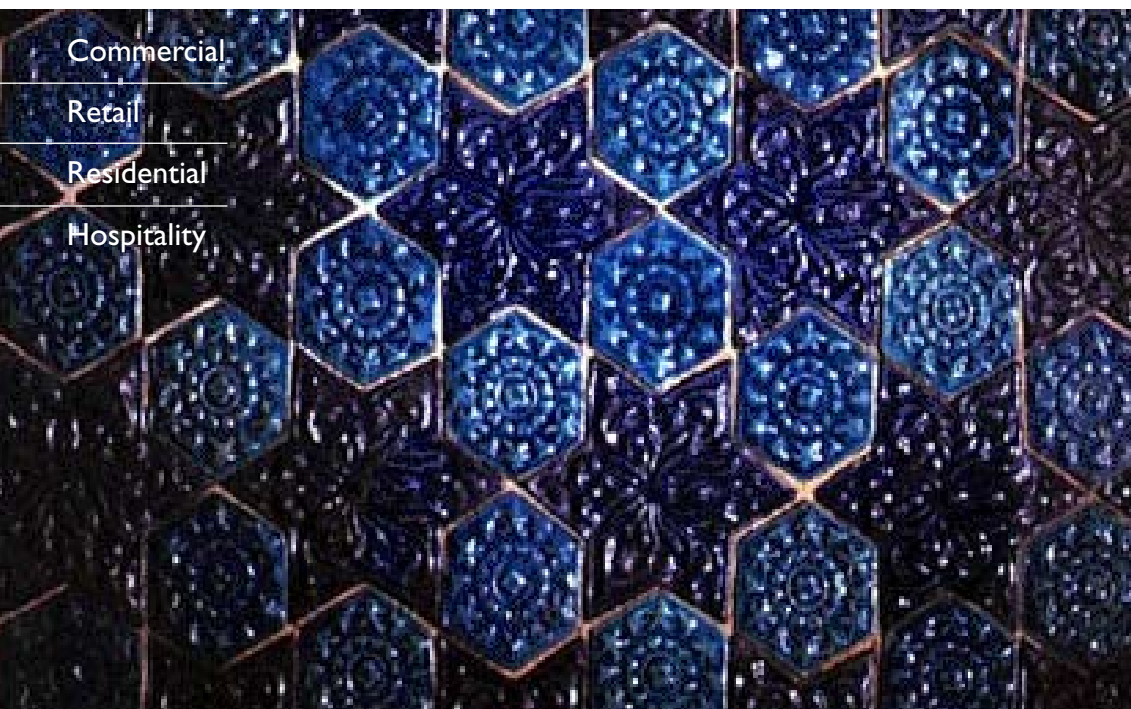
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This index overview is extracted from a comprehensive Dubai House Price Index available to subscriber banks and developers from Colliers International U.A.E.

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- Retail
- Residential
- Hospitality

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6 CONTINENTS

US\$2.0bn in revenues
868 million ft² under management
Over 11,000 Professionals

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