Dubai's off-plan sales record a surge in first quarter

POST-HANDOVER PAYMENT PLANS, FOREIGN BUYERS PLAY MAJOR PART

DUBAI

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A construction site in Dubai. Post-handover payment plans continue to average three to five years with most of the leading developers.

Off-plan sales are blooming again in Dubai — March's tally of 1,845 units handily beats the 1,713 transactions registered with Dubai Land Department in February. More importantly, these two months are way better than any monthly tally since May 2018 (when 2,007 units got transacted).

The buying momentum is prompting developers to bring forward their launch or new release schedules. Sobha Realty, in fact, has now released all 390 units in its second high-rise — part of a twin-tower project — in Mohammad Bin Rashid Al Maktoum City. Base price is Dh820,000 against Dh796,195 in the first tower.

This comes just weeks after the first tower's units were launched and got sold out, according to the developer. The Creek Vistas project is scheduled for completion in the third quarter of 2021.

And foreign investors too remain active in the market — a two-day tour of Dubai organised last month by one of China's leading real estate portals, uooulu.com netted nearly Dh20 million from the sale of 15 units. There were 40 members in the travel group. But for a two-day tour to net Dh20 million does bode well, with more developers and estate agents here working to get their China sales pitch right.

Even established locations are feeling the return of the off-plan buyers' interest — Downtown is one such location, and so is Arabian Ranches, where a new set of homes went on sale and managed a fairly robust response.

So what explains the first quarter 2019 resurgence in sales after what was an exceptionally difficult 2018? Are the stretched post-handover payment plans finally hitting their mark vis-a-vis buyers?

Figures

In all, the first quarter of 2019 saw 4,918 off-plan deals being registered, according to Reidin-GCP data, against 4,644 units a year ago. But off-plan sales had started tailing off from the second quarter of 2018 and experienced an exceptionally weak fourth quarter.

It should be against this that the first quarter of 2019 numbers should be judged. And this time, the uptake definitely seems to have the momentum.

"Yes, the resurgence has been brought on by the payment plans — especially in those areas such as Downtown where aggressive post-handover plans were not so prevalent," said Sameer Lakhani, Capital Partners. "A most recent example of that being the Forte Tower.

"The numbers for the coming months should be looking as healthy; sales such as those of the recent Arabian Ranches' units are yet to be registered. The off-plan momentum should continue until Ramadan (in May-June) ... at the very least." (Off-plan sales registered during March recorded a value of Dh2.78 billion, slightly down from February's Dh3.07 billion, according to Reidin-GCP data.)

Post-handover payment plans continue to average three to five years with most of the leading developers. Some have been testing what the response could be for periods that go all the way to eight and 10 years, and in one instance, even 15 years.

New and old

In March, the best performing locations were a mix of the new and the old. The Dubai Hills Estate community, which has reached key project milestones and will see the opening of a new mall this year, had 829 registrations in the year to end March, while the Downtown came second with 609 units, and Business Bay with 407.

What the market wants to see now is whether developers will maintain the place of new releases, or wait until current demand absorbs quite a bit of the stock that was released in the last six months. Because for developers with completed projects will also need to ensure they sell off all units within three years of completion. If not, those units will be subject to the 5 per cent VAT regime.

Now, that's a cost developers will not want to be carrying around.

The Al Qana project is a partnership between Abu Dhabi Municipality and Al Barakah International Investment.

ABU DHABI

WATERFRONT DESTINATION TAKING SHAPE

The "Al Qana" waterside destination in Abu Dhabi's famed Khor Al Maqta area is set for a fourth quarter 2020 opening. It will comprise seven districts set around 2.4 kilometres of waterfront walkways.

The project represents a public-private partnership featuring Abu Dhabi Municipality and Al Barakah International Investment. Once open, the destination will have a collection of waterside eateries, cinemas, the Middle East's largest aquarium, a yacht marina, and a VR (virtual reality) park. Al Qana is the first-ever build-operate-transfer (BOT) model implemented by the Abu Dhabi Municipality

According to Stuart Gissing, General Manager of Al Qana, "Our distinctive districts concept and ideal location are already attracting major regional and international concepts, including food and beverage, leisure and entertainment brands looking to become part of the city's next waterfront lifestyle hub."

— M.N.