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## REAL ESTATE



## Property buyers are returning to Dubai as prices continue to drop

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Filed on April 17, 2019 | Last updated on April 17, 2019 at 08.14 am



(Photo by Kiran Prasad)

**Dubai property sales pick up on attractive prices as market passing through correction phase.**

Real estate across Dubai is becoming more attractive for buyers, as sales volumes for both off-plan and ready-home properties picked up in the past six months, possibly due to downward price corrections in the market, a report has found.

The latest ValuStrat report on Dubai's real estate market showed that off-plan sales recorded a strong 21.1 per cent year-on-year sales volume growth in the past six months, while ready-home sales volumes rose 8.5 per cent, as better deals were available on attractive payment plans.

"As capital values softened by an average of one per cent month for the last 16 months, a six-month streak in buying activity has been observed for both off-plan and ready homes," Haider Tuaima, head of Real Estate Research at ValuStrat, told Khaleej Times on Tuesday.

On a quarter-to-quarter basis, residential off-plan sales volumes were up 4.8 per cent with 4,418 transactions during the January-March 2019 quarter, while average ticket size surged 24.6 per cent to Dh1.59 million. Residential ready-home sale ticket sizes also improved by seven per cent in the first quarter to Dh1.64 million, but sales volume dropped by 0.9 per cent to 2,677 transactions.

"Residential ticket sizes have registered an upward trend. Interestingly, ready villas are becoming more attainable to owner-occupiers as we found that a quarter of all ready-villa sales were priced between Dh1 million and Dh2 million," Tuaima said.

The first quarter ValuStrat Price Index (VPI) for residential properties attributed the pick-up in off-plan sales volume to a price softening as the market is passing through a correction phase. The index registered 12.4 per cent year-on-year decline in price of residential properties while on quarter-to-quarter basis decline is 3.2 per cent.

"This downward trend resulted in 27.1 per cent citywide capital value loss since the peaks of mid-2014. All established freehold locations monitored by the VPI witnessed price drops since the last quarter, ranging from 1.8 per cent to 5.2 per cent," according to the report.

On an annual basis, five out of 26 locations saw single-digit decline. Villas in Palm Jumeirah, Emirates Hills and Al Furjan have become more affordable, while apartments in Dubai Sports City and Jumeirah Village Circle also witnessed a decline in prices.

Capital values dropped by more than 16 per cent annually for villas in Jumeirah Islands, while apartments in Palm Jumeirah, International City, Discovery Gardens, Business Bay and The Greens also registered a significant decline in the first quarter of 2019, the report said.

"Currently it's a buyers' market," Tuaima said. "Depending on location, quality, ready or off-plan, mortgage or cash payments, etc., ready home buyers have an upper hand in negotiating the asking price. Developers are also offering very competitive payment plans for off-plan properties that span beyond handover date."

Responding to a question, he said that this trend is expected to continue in the short term as Dubai's real estate market cycle has been going through a correction phase for just under the last five years.

In another analysis based on data by Property Monitor, Luxhabitat said that Dubai's residential market registered an uptick in terms of volume and number of units sold in first quarter of this year. It reported a 10 per cent surge in property sales to Dh20.4 billion in the January-March 2019 quarter from Dh18.5 billion in the fourth quarter of last year.

Francis Alfred, managing director and chief executive officer at Sobha Realty, said that the downward correction in Dubai's property market will help attract more buyers in the months to come.

"We believe the current real estate scene in Dubai is optimistic for prospective buyers. It was recently ranked among the top 10 cities that offer one of the best rental returns globally," Alfred told Khaleej Times on Tuesday. "We are confident that the decline in average sale and rent prices in Dubai during the first quarter of 2019 will further encourage interest of the real estate buyers. This trend will have an encouraging impact on Sobha Hartland, as Sobha Realty registered a record Dh500 million in sales bookings for first quarter of 2019, creating a higher demand for luxury residential housing in the emirate."

Sofya Shamuzova, chief executive of Stars Dome Realty and RusBiz Real Estate, said that the prices of residential properties in Dubai have actually been stable or "have bottomed out" as some call it since February 2019.

"In a market as dynamic and a city that is always growing, spurts of over supply are commonplace. However such scenarios are temporary and the demand will surely catch up owing to the upcoming series of business-friendly events including Expo 2020, which will be an on ground affair starting fourth quarter of 2019 through to 2021 essentially," she said.

Elaborating on the reason behind the downtrend in the market, she said that investors are evaluating their odds against other investment destinations, which are again being addressed by the government through value added regulations including the 10-year visa and free of cost trade licence renewals in some emirates.

"Now, it is definitely the time to buy for farsighted investors looking for above average returns," she said.