

WHAT'S DRIVING PROPERTY SALES

Affordable prices | Upgrade to larger units | Shift to upscale locations

SOUGHT-AFTER AREAS FOR BUYING

- > Palm Jumeirah
- > Dubai Marina
- > Jumeirah Village Circle
- > Downtown Dubai
- > Dubailand



12%

Rise in value of real estate transactions in 2019



9.4%

Highest returns on investment offered by International City apartments



6.8%

Highest returns on investment offered by villas in Jumeirah Village Circle

Why real estate is becoming hot property

Luxury and suburban areas in Dubai gain traction with home buyers and investors

Issac John

DUBAI — Attractive property prices due to moderate declines, proactive government measures, a maturing market, and renewed interests from first-time home-buyers as well as investors appear to have given Dubai's real estate sector more reasons to be upbeat in the fourth quarter, according to property experts.

A steady but slow return to vibrancy is also discernable across

the market, which is reflected in the Dubai Land Department's (DLD) report that confirms that the value of real estate transactions in the emirate has grown by 12 per cent in 2019 compared to the same period last year.

As per Bayut's latest third-quarter market report, Dubai's property market presents good conditions for buyers, investors and renters in the final quarter of the year. While luxury and suburban areas gain traction with home buyers and investors, tenants are taking advantage of favourable prices to upgrade to established neighbourhoods.

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Pro-investor reforms and government funding of major infrastructure projects for Expo 2020 have boosted investor confidence

PNC Menon,
Founder and chairman of Sobha Group



Dubai Government is taking proactive steps to safeguard the interests of investors and tenants

Haider Ali Khan,
CEO of Bayut

KT GRAPHIC - SOURCES: Bayut, Dubai Land Department and KT Research

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Why real estate is hot property

"Communities such as Palm Jumeirah, Dubai Marina, Downtown Dubai and Jumeirah Village Circle are at the forefront for sales, while established areas like Al Nahda, Dubai Marina, Mirdif, Bur Dubai and Jumeirah lead the rental market," says the report.

Based on the comparison of third quarter prices with the second quarter, Bayut report suggest moderate declines in average price per square foot across the board for properties on sale. However, suburban areas such as Dubai Sports City and Dubai Silicon Oasis are gaining traction with investors, and have experienced only

minor price decreases. "This is in line with the demand for cost-effective properties, especially from first-time buyers, who made up 66 per cent of the total investors in the Dubai real estate market for 2018 as per DLD's finding," the report said.

PNC Menon, founder and chairman of Sobha Group, said given Dubai's status as a sought-after commercial and tourism hub and the maturing nature of the market, the real estate sector will continue to draw international investors. "Pro-investor reforms and government funding of major infrastructure projects for Expo 2020 have boosted investor confidence that is tangible in the resilient realty sector. For investors and end users there cannot be a more ideal time to buy."

Haider Ali Khan, chief executive of Bayut, in the final quarter, Dubai's property sector shows

sustained growth, with its contribution to the GDP increasing year-on-year according to data released by DLD.

"We have also observed record-breaking traffic on Bayut with the total views exceeding 88.5 million in the first half of 2019. This points to a steady interest from home buyers/investors in the Dubai property market."

Dubai Marina is the most popular area for apartment sales, while Palm Jumeirah continues to attract the highest number of buyers and investors for villas. Most areas have exhibited moderate declines between four to six per cent, with some suburban neighbourhoods such as International City, Dubailand and Mudon showing stability, said the Bayut report.

Niall McLoughlin, senior vice-president, Damac Properties, said investors in Dubai come from a variety of social and cultural back-

grounds, and their lifestyle requirements are very diverse.

"In newer areas like Al Qudra, there is an increase in the development of large master communities like Damac Hills and Akoya. The unique proposition of such locations includes tranquil, peaceful surroundings, with easy access to the city centre — and this is a key selling point for a certain section of the customer base. However, premium areas like Business Bay and Dubai Marina are appealing to a very different customer base who prefer the bustling city life, and proximity to the big malls and commercial developments.

"This is why Damac also has a large portfolio of residential and hospitality developments in these areas. As a result of market fluctuations, buyers now have the advantage of acquiring prime property at affordable prices, and as a real estate developer, we have a

large and diverse selection of inventory for people to take advantage of during this favourable situation," he said.

In terms of the average sales price per square foot for both apartments and villas, the luxury area of Palm Jumeirah experienced a notable decline. For apartment sales, the average price per square foot went down by eight per cent from Dh1,426 to Dh1,311, while for villa sales there was a decline of 6.6 per cent from Dh2,358 to Dh2,201 in the third quarter of 2019.

In terms of ROI, International City maintains the highest ROI of 9.4 per cent for apartments, while the affordable community of Jumeirah Village Circle offers rental yields of 6.8 per cent for villas.

Al Nahda and Dubai Marina remain their positions as the most popular areas among potential tenants looking for apartments,

and Mirdif takes the lead with those interested in villa rentals.

Khan said Dubai Government is taking proactive steps to safeguard the interests of investors and tenants and put forward policies to ensure value and competitiveness in the real estate sector. "Our data shows sales interest is also picking up in suburban neighbourhoods such as MBR City, JVC, Dubai Silicon Oasis and Dubai Sports City. All of these contributing factors, combined with attractive prices and payment plans, are creating healthy market conditions for potential home buyers/investors looking to capitalise on the high rental returns Dubai is known to offer."

He said off-plan sales are also on the rise as Dubai Land Department registered over 2,200 deals in July alone, which was incidentally one of the highest numbers we have seen since December 2017.

— issacjohn@khaleejtimes.com