

Mashreq Property

Wealth Gauge

Volume 23 | November 2015

Economic Overview

In spite of the dip in Global Oil prices the GDP for 2015 grew at 3.5 %. The UAE economic growth is expected to slow down and grow at 2.9 % in 2016 driven by deceleration in the oil sector and a moderation in government spending. However With a stable political background, a world-class infrastructure and with a strong economic outlook UAE's economy still offers abundant investment opportunities. With Dubai hosting the Expo 2020 the economic benefits would trickle down and will be spread over the long run.

The overall Consumer Price Index (CPI) reached 126.97 in October 2015 with reference to the base year (2007 – 100) it decreased by 0.47 % compared to its value at the end of September 2015 and increased by 3.60 % compared to its value at the end of October 2014. (Source: National Bureau of Statistics)

Real Estate Sector Highlights

- The downward trend in residential performance continued in the Fourth quarter with sale prices falling further and rents registering marginal declines. This is primarily attributed to macro economic factors such as falling oil prices , slowdown in Russian and Chinese Economies , higher inflation levels. A stronger dollar has also made properties expensive for both local and overseas investors, resulting in a decline of the volume of transactions and a drop in price levels.
- Q3 saw the delivery of 1,700 units thereby increasing the total residential supply to 452,000 units. A number of projects initially scheduled for handover in Q4 of 2015 has been delayed to 2016/17 as the market continues to soften and developers phase projects in line with demand.
- Saudi Arabia-based Al Sharq Investment and Qatar's Saleh Al Hamad Al Mana Co (Al Mana) have joined hands to develop a 1 million square foot plot on Palm Jumeirah's West Crescent, next to Kempinski Hotel and Residencies under the project name Alef Residences. The developer would develop 104 homes on a 505,000 square feet of land on the palm shaped island . The company announced that apart from residential units, it would construct a hotel to utilise the remaining land.
- The developer said Alef Residences would contain eight clusters in two buildings and each cluster would offer two apartments per floor along with five penthouses at the top of both buildings. The apartment size would range from 4,800 square feet to 15,000 square feet and priced between AED 12 million to AED 13 million (AED 45 million to AED 50 million for penthouses). The developer said project's features would include lounges, a gym, a food and beverage unit, a cinema and spa treatment rooms with expected completion by 2017.
- Dubai Land Department (DLD) and Dubai Electricity and Water Authority (DEWA) have joined hands to make moving to new apartments or villas easier for Dubai residents. They have launched a new initiative -Takamul -under which residents would be able to instantly open a DEWA account at DLD's Real Estate Regulatory Agency accredited offices.
- All residents, while moving to new apartments or villas in Dubai, have to get Ejari from relevant government offices. While going for their mandatory Ejari registration, under Takamul, Dubai tenants would be allowed to apply for water and electricity connection at the same time without having to visit the DEWA office. Previously, tenants had to visit the DEWA office after completing Ejari. Now, all the tenants

have to do, is submit a copy of the Emirates Identity Card and a copy of the lease contract issued by the house owner to RERA during Ejari and subscribe for Dewa. The applicants would then receive an email from DEWA including a web link allowing them to pay the initial Refundable deposit of AED 4,000 for villas and AED 2,000 for apartments online.

- Fast-becoming a popular residential community for people arriving in Dubai, the Dubai Sports City will be adding a new luxury villa complex in the town's lush Victory Heights district early next year. The Fortuna Village, which is part of Dubai Sports City's plans of building modern residential projects, will add 30 four-bedroom villas built around the 18-hole Els Club Golf Course. The units in Fortuna Village will be handed over by June 2016.
- Developer Damac has confirmed to launch 94-level Damac Heights tower in Dubai Marina. Once completed, it could be the country's seventh tallest residential tower at a height of 335 metres, featuring 94-levels and costing Dh2.4 billion. It would place behind Dubai's Burj Khalifa (828m), Princess Tower (413m), 23 Marina (392m), Abu Dhabi's Burj Mohammed Bin Rashid (381m), and in Dubai Marina the Elite Residence (380m) and The Torch (337m).

Mashreq Property Pricing Index

At Mashreq we have been tracking the property prices by indexing them community wise on a scale of 100. Index of Median prices, Base = 100 (October 2008)

Basis the Mashreq Property Price Indexing, the percentage change over a period of time has been indicated both for Villas & Apartments for major communities.

Mashreq Property Price Index													Change in Last Month		Change in Last 3 Months		Change in Last 12 Months		Per Sq. Ft (Aed)
Location	14-Dec	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun	15-Jul	15-Aug	15-Sep	15-Oct	15-Nov	Change	% change	Change	% change	Change	% change	
Arabian Ranches	81	80	79.4	77.9	77.5	76.7	76.4	76.1	75.4	75.1	74.7	74.2	▼	-0.6%	▼	-1.5%	▼	-8.0%	1207
Burj Khalifa Tower	52	52	51.7	50.9	50.9	49.8	49.5	47.2	47.2	46	44.5	44.4	▼	-0.4%	▼	-6.0%	▼	-14.1%	3150
Burj Dubai Downtown	104	104	104.4	103.8	104.1	103.8	103.3	102.9	102.6	102.5	100.6	100.4	▼	-0.1%	▼	-2.1%	▼	-3.8%	2737
Business Bay	72	72	71.8	71.3	71.1	70.5	70.3	70	69.6	69.5	69.4	68.6	▼	-1.1%	▼	-1.4%	▼	-4.9%	1270
DIFC	55	54	53.7	53	53	52.9	52.9	52.9	52.6	52.2	52	52.0	◄►	0.0%	▼	-1.2%	▼	-5.8%	1743
Dubai Land	75	74	74.2	73.3	73.2	72.8	72.8	72.4	71.7	71.3	70.8	70.6	▼	-0.3%	▼	-1.6%	▼	-6.1%	902
Dubai Marina	84	84	84	83.8	83.8	82.6	82.5	82.2	81.4	80.9	80.3	79.7	▼	-0.7%	▼	-2.2%	▼	-5.0%	1673
Greens	70	70	69	68.3	67.2	66.6	65.7	64.9	64.9	65.2	65.2	65.2	◄►	0.0%	▲	0.5%	▼	-7.1%	1239
International City	74	74	73.9	73.2	71.8	71.8	71.5	71.5	71.5	71.5	71	71.0	◄►	0.0%	▼	-0.7%	▼	-3.9%	639
Jumeirah Beach Residences	81	80	78.2	78	78	77.7	76.8	76.8	76.8	76.7	76	76.0	◄►	0.0%	▼	-1.1%	▼	-6.2%	1501
Jumeirah Lake Towers	61	61	61.3	60.9	60.9	60.9	60.7	60.4	60.4	59.6	59.1	59.5	▲	0.6%	▼	-1.4%	▼	-3.2%	997
Jumeirah Island	98	98	96.1	95.3	95.1	94.4	94.2	93.7	93.1	92.7	91.6	91.6	◄►	0.0%	▼	-1.7%	▼	-6.5%	1694
Jumeirah Park	75	74	74.1	71.2	70	69.9	69.9	69.9	69.2	67.7	67	67.3	▲	0.4%	▼	-2.7%	▼	-10.5%	1069
Jumeirah Village	103	101	101.2	101.5	100.9	100.5	100.5	100.5	100.3	100.3	99	99.1	▲	0.1%	▼	-1.2%	▼	-3.7%	892
Old Town Burj Dubai	76	73	72.8	71.8	71.7	70.8	70.6	70.6	70	70	69.8	69.8	◄►	0.0%	▼	-0.3%	▼	-8.0%	1989
Palm Jumeirah	132	130	130.4	125.8	125.8	124.6	124.4	124.4	124.4	123.5	122.3	122.3	◄►	0.0%	▼	-1.7%	▼	-7.0%	2721
Springs/ Meadows	77	76	76.2	74.3	73.2	71.1	70.4	69.7	69.7	69.2	68.5	68.4	▼	-0.3%	▼	-1.9%	▼	-11.3%	1196
Culture Village	179	179	187.1	194.3	202.9	207.1	206.4	206.4	203.4	202	202	202.0	◄►	0.0%	▼	-0.7%	▲	13.1%	1768
Reem Island	115	115	115.1	114.6	113.4	113.4	112.9	112.4	112.4	112.1	111.8	108.1	▼	-3.3%	▼	-3.8%	▼	-6.1%	1283
Dubai Silicon Oasis	117	117	117.1	116.3	116.3	114.9	114.9	114.5	114	114	113.6	113.6	◄►	0.0%	▼	-0.3%	▼	-2.9%	871
Dubaiotech Park	23	23	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	22.8	◄►	0.0%	◄►	0.0%	◄►	0.0%	256
Furjan	103	103	102	99.3	97.7	97.7	97.7	97.1	94.8	94.8	94.3	93.6	▼	-0.7%	▼	-1.3%	▼	-8.9%	860

Villa and Apartments:

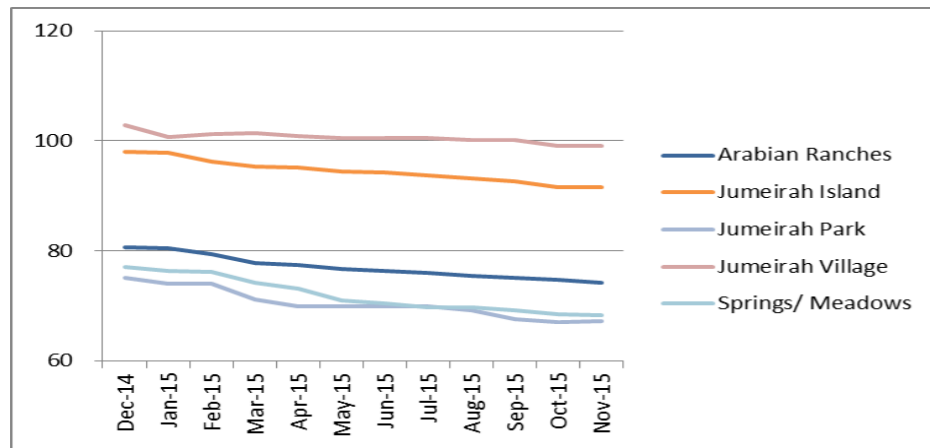
The property prices for the month of Nov'15 have corrected by 0.3% on an average as compared to 0.8% last month across all major locations. A similar trend has been observed over the last six months. The cumulative percentage change since March 2013 is at 19.3%. The numbers indicate a stabilizing trend in property prices across all major locations.

Over a period of last 12 months (i.e. since Dec-14), Villa community in Spring & Meadows have witnessed a decrease in property prices by 11.3 %, followed by Jumeirah Park which has witnessed a decrease of 10.5 %

Over a period of last 12 months (i.e. since Dec -14), Apartments in Burj Khalifa have witnessed a decrease in property prices by 15 %, followed by Jumeirah Beach Residence which has witnessed a decrease of 8 %

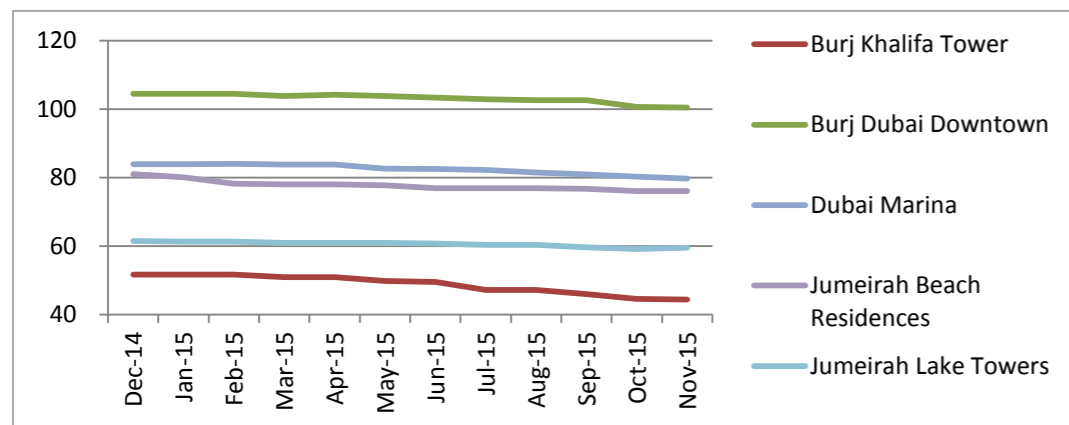
Property Price Watch

Villa Price Trend



Mashreq Property Price Index													Change in Last Month		Change in Last 3 Months		Change in Last 12 Months		Per Sq. Ft (Aed)
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Arabian Ranches	81	80	79.4	77.9	77.5	76.7	76.4	76.1	75.4	75.1	74.7	74.2	▼	-0.6%	▼	-1.5%	▼	-8.0%	1207
Jumeirah Island	98	98	96.1	95.3	95.1	94.4	94.2	93.7	93.1	92.7	91.6	91.6	◄►	0.0%	▼	-1.7%	▼	-6.5%	1694
Jumeirah Park	75	74	74.1	71.2	70	69.9	69.9	69.9	69.2	67.7	67	67.3	▲	0.4%	▼	-2.7%	▼	-10.5%	1069
Jumeirah Village	103	101	101.2	101.5	100.9	100.5	100.5	100.5	100.3	100.3	99	99.1	▲	0.1%	▼	-1.2%	▼	-3.7%	892
Springs/ Meadows	77	76	76.2	74.3	73.2	71.1	70.4	69.7	69.7	69.2	68.5	68.4	▼	-0.3%	▼	-1.9%	▼	-11.3%	1196

Apartment Price Trend



Mashreq Property Price Index													Change in Last Month		Change in Last 3 Months		Change in Last 12 Months		Per Sq. Ft (Aed)
Location	14-Dec	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun	15-Jul	15-Aug	15-Sep	15-Oct	15-Nov	Change	% change	Change	% change	Change	% change	
Burj Khalifa Tower	52	52	51.7	50.9	50.9	49.8	49.5	47.2	47.2	46	44.5	44.4	▼	-0.4%	▼	-6.0%	▼	-14.1%	3150
Burj Dubai Downtown	104	104	104.4	103.8	104.1	103.8	103.3	102.9	102.6	102.5	100.6	100.4	▼	-0.1%	▼	-2.1%	▼	-3.8%	2737
Dubai Marina	84	84	84	83.8	83.8	82.6	82.5	82.2	81.4	80.9	80.3	79.7	▼	-0.7%	▼	-2.2%	▼	-5.0%	1673
Jumeirah Beach Residences	81	80	78.2	78	78	77.7	76.8	76.8	76.8	76.7	76	76.0	◄►	0.0%	▼	-1.1%	▼	-6.2%	1501
Jumeirah Lake Towers	61	61	61.3	60.9	60.9	60.9	60.7	60.4	60.4	59.6	59.1	59.5	▲	0.6%	▼	-1.4%	▼	-3.2%	997

Commercial properties – Offices:

Basis the Mashreq Property Price Indexing, the percentage change over a period of time has been indicated for Offices of major communities.

The commercial property prices for the month of Nov '15 have corrected by 0.2 % on an average, across all major locations as compared to the previous months. A similar trend has been observed over the last six months. The numbers indicate a stabilizing trend in property prices across all major locations.

Over a period of last 12 months (i.e. since Dec -14), Offices in Downtown have seen an increase of 11.8% where as Offices on Sheikh Zayed Road have seen a decrease of 3.8 %.

Mashreq Property Price Index														Change in Last Month		Change in Last 3Months		Per Sq. Ft
Location	14-Nov	14-Dec	15-Jan	15-Feb	15-Mar	15-Apr	15-May	15-Jun	15-Jul	15-Aug	15-Sep	15-Oct	15-Nov	Change	% change	Change	% change	
Business Bay - Grade A	100.6	99.9	98.6	97.1	97.3	95.8	95.9	95.9	95.9	96.8	97.1	96.4	96.5	▲	0.1%	▼	-0.3%	1305
Business Bay- Grade B	100.1	99.4	100.1	99.6	99.4	98.6	98.6	98.6	98.6	99.9	101.3	100.3	100.0	▼	-0.3%	▲	0.2%	1163
Jumeirah Lake Tower - Grade A	99.9	99.8	99.8	99.9	99.1	98.6	98.8	98.0	98.0	97.5	97.0	96.2	95.0	▼	-1.2%	▼	-2.6%	1356
Jumeirah Lake Tower - Grade B	101.0	100.6	100.7	100.7	100.5	99.8	100.0	99.4	99.4	100.5	100.2	99.6	98.2	▼	-1.5%	▼	-2.3%	1029
Downtown - Grade A	100.0	102.1	102.1	102.1	102.1	102.1	102.1	103.2	103.2	106.8	114.2	114.2	114.2	◄►	0.0%	▲	6.9%	2713
Downtown - Grade A+	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	◄►	0.0%	◄►	0.0%	4738
Dubai Marina - Grade A	100.4	103.5	103.5	103.5	103.5	103.5	103.5	103.5	103.7	102.2	102.9	102.3	101.9	▼	-0.4%	▼	-0.2%	1650
Sheikh Zayed - Grade A	99.3	99.1	99.1	99.1	99.1	97.0	97.0	97.0	97.0	95.5	95.5	95.3	95.3	◄►	0.0%	▼	-0.2%	1644
TECOM - Grade A	-	-	100.0	99.1	99.1	99.3	98.9	99.3	99.3	95.5	94.5	93.9	93.3	▼	-0.6%	▼	-2.3%	1002
Centurion Star	-	-	-	-	-	-	-	-	100.0	100.0	97.2	97.2	103.0	▲	6.0%	▲	3.0%	1714

Outlook

- We expect developers to continue launching new projects in the affordable category with attractive back loaded payment plans in 2016.
- The transaction activity is expected to remain subdued on account of cautious approach from purchasers and sellers alike.
- With price falls continue to outpace rental value declines, rental yields are significantly encouraging buyers for purchasing as an option versus Renting.
- With Fed intending to raise borrowing rates in U.S , UAE banks are likely to follow suit
- Demand for office space likely to remain flat in Q1, 2016.

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