MO'ASHER

The Official Rental Performance Index for the Emirate of Dubai

FEBRUARY 2023

Property Finder

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THE OFFICIAL RENTAL PERFORMANCE INDEX

Key Findings

- February had a total of 47,056 rental contracts, of which 55.39 percent were new, and 44.61 percent were renewals.

- 90.59 percent were annual contracts, while 9.41 percent were non-annual contracts.

- 69.69 percent were registered for residential purposes, while 24.46 percent were for commercial purposes.

Mo'asher Results:

- The overall monthly index recorded 1.016 and an index price of AED 54,883.

- Apartments' monthly index recorded 1.025 and an index price of AED 50,845.

- Villas/Townhouses' monthly index recorded 0.929 and an index price of AED 142,697.

"In February, the Emirate of Dubai registered 47,056 contracts compared to 59,390 registered contracts in January 2023 as an expected slowdown due to the market seasonality."

Fouad Bekkar
VP of Data & AI
Property Finder Group

The annual contracts dominated the total rental contracts in February 2023 by registering 91 percent of the total contracts compared to 77 percent in February 2022."

Latifa Ibrahim Ahmed
Senior Director of Real Estate Studies & Research Dept
Dubai Land Department
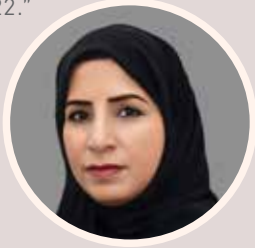
In February 2023, Dubai's rental market recorded a decrease of 20.77 percent compared to January 2023. The rental market in Dubai is known to be seasonal and most of the renewal contracts have been registered in January with 47,056 leases. In February, 55.39 percent were new contracts while 44.61 percent were renewals. The annual contracts contributed to 90.59 percent of the total contracts, while 9.41 percent were non-annual. On the other hand, the rental contracts for residential purposes contributed to 69.69 percent of the total contracts with 32,791 contracts, while 29.46 percent were registered for commercial purposes.

The annual contracts' contribution in February 2023 increased by around 13.8 percent to represent 90.59 percent of total contracts compared to 76.82 percent in February 2022. In comparison, the residential contracts' contribution decreased by 2.5 percent to represent around 69.7 percent of the total contracts compared to 72.2 percent for the same period.

Top Areas by Ejari Registrations

According to Ejari Registrations, the top areas for the most rental transactions in February 2023 were Jabal Ali First (1,714), Business Bay (1,651), Al Warsan First (1,499), Saih Shuaib 2 (1,379), and Hor Al Anz (1,359).

Top Areas by Demand

According to Property Finder proprietary data, the top searched areas in February 2023 for apartments were Dubai Marina, Jumeirah Village Circle, Downtown Dubai, Business Bay, and Jumeirah Lake Towers. And the top searched areas for villas/townhouses were Dubai Hills Estate, Akoya (Damac Hills 2), Al Barsha, Jumeirah and Damac Hills.

دائرة الأراضي والأملاك
Land Department

Property
Finder
برويرتي
فايندر

DUBAI RENTAL PERFORMANCE INDEX MONTHLY

DUBAI OVERALL INDEX

INDEX VALUE
February 2023
1.016
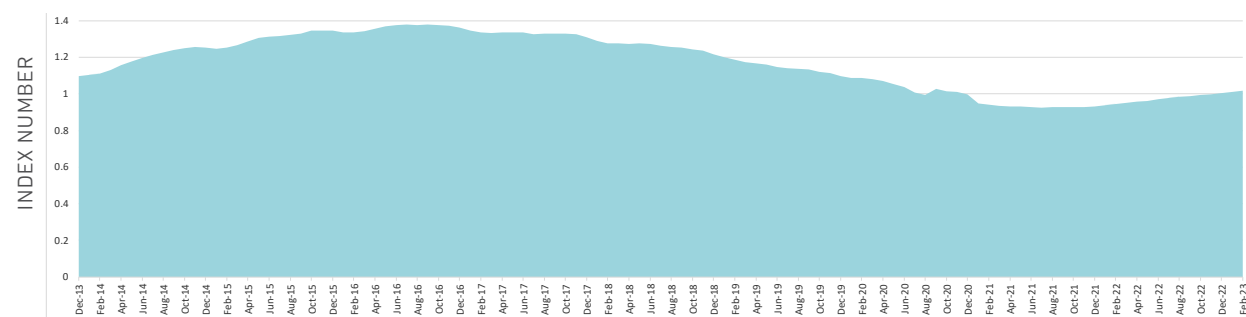
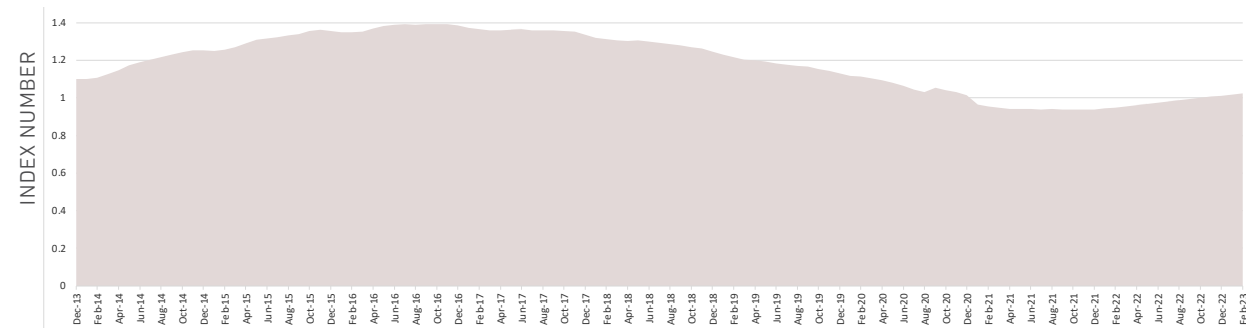

Year - Months   Index base January 2013

DUBAI OVERALL MONTHLY INDEX

In February 2023, the Overall monthly Index recorded 1.016 and an index price of AED 54,883.

Month-on-Month	+ 0.59%
3 Month Change	+ 2.01%
6 Month Change	+ 3.36%

DUBAI APARTMENTS INDEX

INDEX VALUE
February 2023
1.025

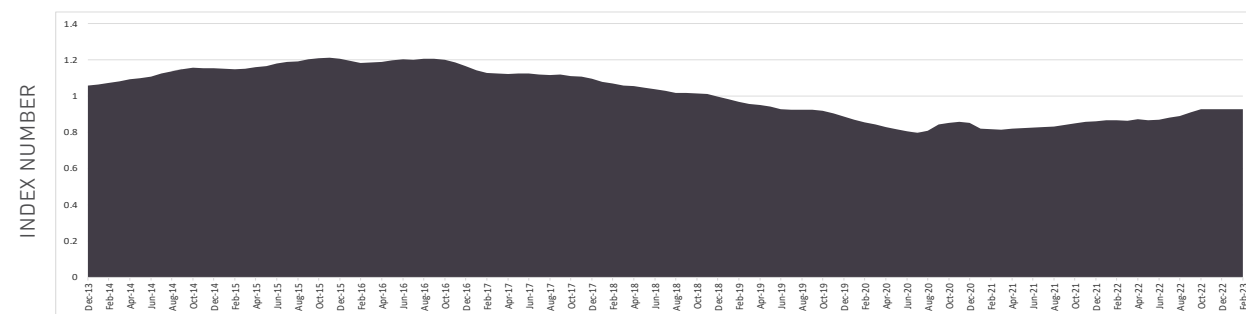Year - Months   Index base January 2013

DUBAI APARTMENTS MONTHLY INDEX

In February 2023, the Apartments monthly Index recorded 1.025 and an index price of AED 50,845.

Month-on-Month	+ 0.69%
3 Month Change	+ 1.89%
6 Month Change	+ 3.64%

DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
February 2023
0.929

Year - Months   Index base January 2013

DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In February 2023, the Villas/Townhouses monthly Index recorded 0.929 and an index price of AED 142,697.

Month-on-Month	+ 0.00%
3 Month Change	+ 0.74%
6 Month Change	+ 6.40%

TOP AREAS FOR RENTAL TRANSACTIONS FEBRUARY 2023

Jabal Ali First	1,714 Transactions
Business Bay	1,651 Transactions
Al Warsan First	1,499 Transactions
Saih Shuaib 2	1,379 Transactions
Hor Al Anz	1,359 Transactions
Marsa Dubai	1,212 Transactions
Al Barsha South Fourth	1,128 Transactions
Al Mararr	1,102 Transactions
Nadd Hessa	1,086 Transactions
Al Karama	1,084 Transactions

AL MARARR

HOR AL ANZ

AL KARAMA

AL WARSAN FIRST

BUSINESS BAY

NADD HESSA

MARSA DUBAI

AL BARSHA SOUTH FOURTH

JABAL ALI FIRST

SAIH SHUAIB 2

METHODOLOGY

House price indices serve as important guides that consumers, financial institutions, governments and investors look to in order to understand the market movements of a particular city or country's housing market. An index will allow one to show the value of an asset over time by tracking its performance. An index is created by selecting a base year in a data set and then indexing that number as 100, which is the natural base for what all other price points will be measured against. When an index is updated monthly it will produce an updated average house price as well as the % changes in price for a given time period such as the last three months, six months or twelve months.

Mo'asher will be created using a hedonic regression model, which is a model that is based on attributes such as view, property size, number of bedrooms and other important features in a property that have an impact on its value. These methods utilize information on the relevant property characteristics to estimate quality-adjusted price indices using regression techniques, though it may prove difficult to sufficient control for location. One of the challenges of building a property price index is to isolate the effect of the properties price change over time. Nevertheless, this is challenging because the quality mix in the real estate market is diverse. The characteristics of every property is unique, and it is hard to keep track of individual property features because they continue to be upgraded or modified without informing the authorities.

HEDONIC IMPUTATION INDEX

Hedonic imputation indices use predicted prices, evaluated at fixed characteristics, based on the hedonic regressions for all time periods. In doing so, it is possible to evaluate the period t prices of properties sold in period 0. There are multiple imputation techniques, but three common ones are: Laspeyres, Paasche and Fisher.

LASPEYRES

The Laspeyres method imputes period t prices for the properties belonging to the base period sample S(0), evaluated at base period characteristics to control for quality changes. It is also known as a base period weighted index, and it provides a meaningful comparison over time. It helps answer the following question: what would be the relative price today of a real estate unit that was typically offered for sale in the base month.

The hedonic imputation Laspeyres index is an example of a single imputation index in which the observed prices are left unchanged. Using the Laspeyres method, assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price in period t is defined as:

$$P_{laspeyres}^{0t} = \frac{\beta_0^t + \sum_{k=1}^{K} \beta_k^t z_{nk}^0}{\beta_0^0 + \sum_{k=1}^{K} \beta_k^0 z_{nk}^0}$$

PAASCHE

The Paasche method imputes base period prices for the properties belonging to the period t sample S(t), evaluated at period t characteristics. It is also known as a current period weighted index, and reflects current trends. It helps answer the following question: what is the price of a typical real estate unit today relative to the price of the same unit in the base month?

The hedonic imputation Paasche index is an example of a single imputation index in which the observed prices are left unchanged. Assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price Paasche index is defined as:

$$P_{paasche}^{0t} = \frac{\beta_0^t + \sum_{k=1}^{K} \beta_k^t z_{nk}^t}{\beta_0^0 + \sum_{k=1}^{K} \beta_k^0 z_{nk}^t}$$

FISHER

The hedonic double imputation Fisher index is found by taking the geometric mean of the Laspeyres Price Index and the Paasche Price Index. It is deemed the ideal index as it corrects the positive price bias in the Laspeyres Price Index and the negative price bias in the Paasche Price Index.

Assuming that the log-linear hedonic model holds true for all t periods, the Fisher Price Index is defined as:

$$P_{fisher}^{0t} = \sqrt{\left[P_{laspeyres}^{0t} \cdot P_{paasche}^{0t} \right]}$$

The Dubai House Price Indices are calculated using the hedonic double imputation Fisher index.

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