



# Colliers International House Price Index

DUBAI | SECOND QUARTER | 2010

## EXECUTIVE SUMMARY

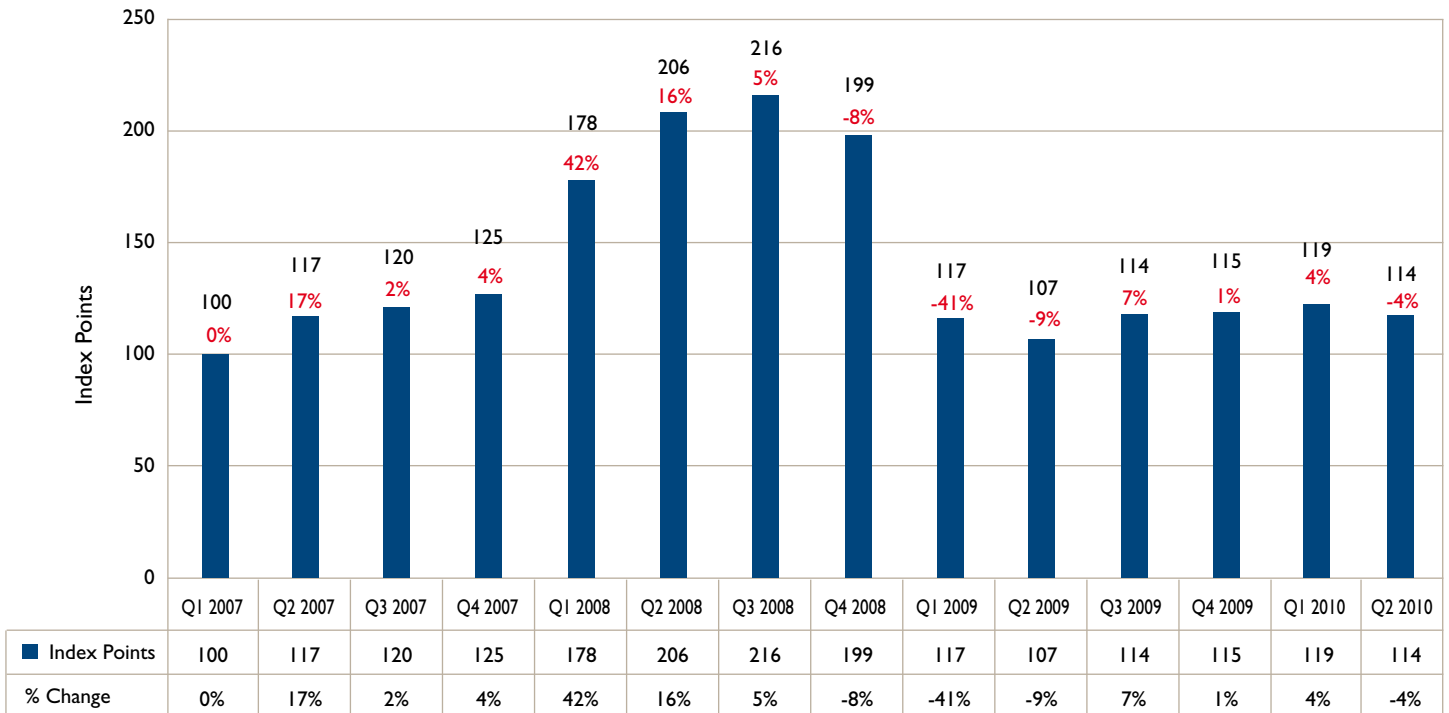
- A decrease in the overall index of 4% between Q1 2010 and Q2 2010.
- YOY increase of 7% between Q2 2009 and Q2 2010.
- Blended average rate for residential property in Q2 2010 is down from AED 1,061 per ft<sup>2</sup> (AED 11,420/m<sup>2</sup>) to AED 1,014 per ft<sup>2</sup> (AED 10,915/m<sup>2</sup>)
- Apartment prices decreased by 5% in Q2 2010 compared to Q1 2010.
- Villa prices decreased by 3% in Q2 2010 compared to Q1 2010.
- Townhouse prices decreased by 8% in Q2 2010 compared to Q1 2010.
- Apartments constituted 34% of the total transactions.
- Villas constituted 49% of the total transactions.
- Townhouses constituted 17% of the total transactions.
- The number of transactions increased 15% in Q2 2010 compared to Q1 2010



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## DUBAI HOUSE PRICE INDEX : QUARTERLY



The Quarterly Dubai House Price Index has registered a decrease this quarter. The index decreased by 5 basis points from 119 points in Q1 2010 to 114 points in Q2 2010, which represents a decrease of 4%. The blended average house price for Q2 2010 is approximately AED 1,014 per ft<sup>2</sup> (AED 10,915/m<sup>2</sup>) compared to AED 1,061/ft<sup>2</sup> (AED 11,420/m<sup>2</sup>) in Q1 2010.

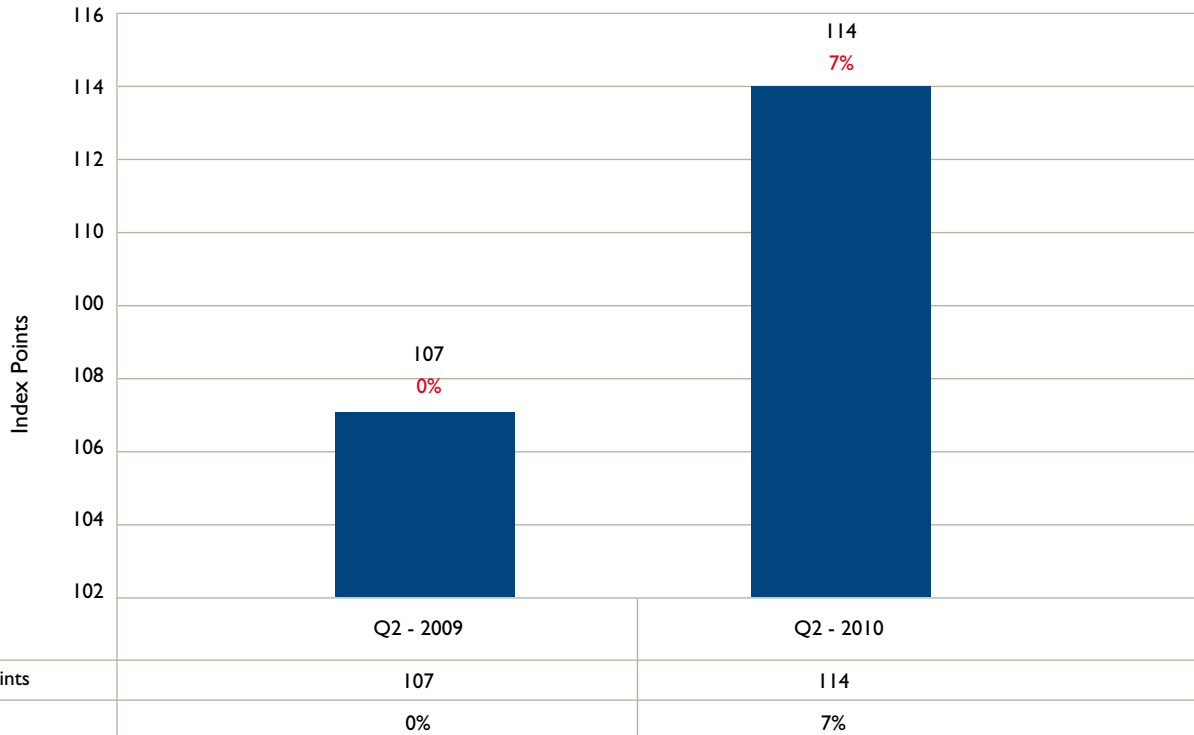
Although a 4% decrease was recorded quarter on quarter, the year on year index recorded a positive 7% increase as Q2 2010 is compared to the lowest period of the HPI since inception - Q2 2009.

When compared to Q2 2007, the index is 3% lower in value, however, when compared to the peak, which was recorded in Q3 2008, the index is 47% lower in value. The index, in the past four quarters, has been experiencing minor variations around the same values. The standard deviation (widely used as a measure of variability or dispersion) recorded for the past four quarters was 2.14 index points, or 1.8% from the average (mean) value of 115 index points.

The decline in the index value can be ascribed to:

- Over-supply:**  
 The new supply released into the market has had a downward pressure on prices. Demand depressed due to cautious market sentiment and, although improving, the restricted availability of mortgage finance.
- Continuous Fall in Rent:**  
 With rents still on the decline both investors and owner occupiers are discouraged from entering the market. Investors through the difficulties of assessing revenues and owner occupiers as renting remain a viable option.
- Finance:**  
 Banks have remained cautious and selective in mortgage finance. Finance is provided, largely, to selected projects and borrowers have to pass the rigid approval process before their mortgage applications are approved.

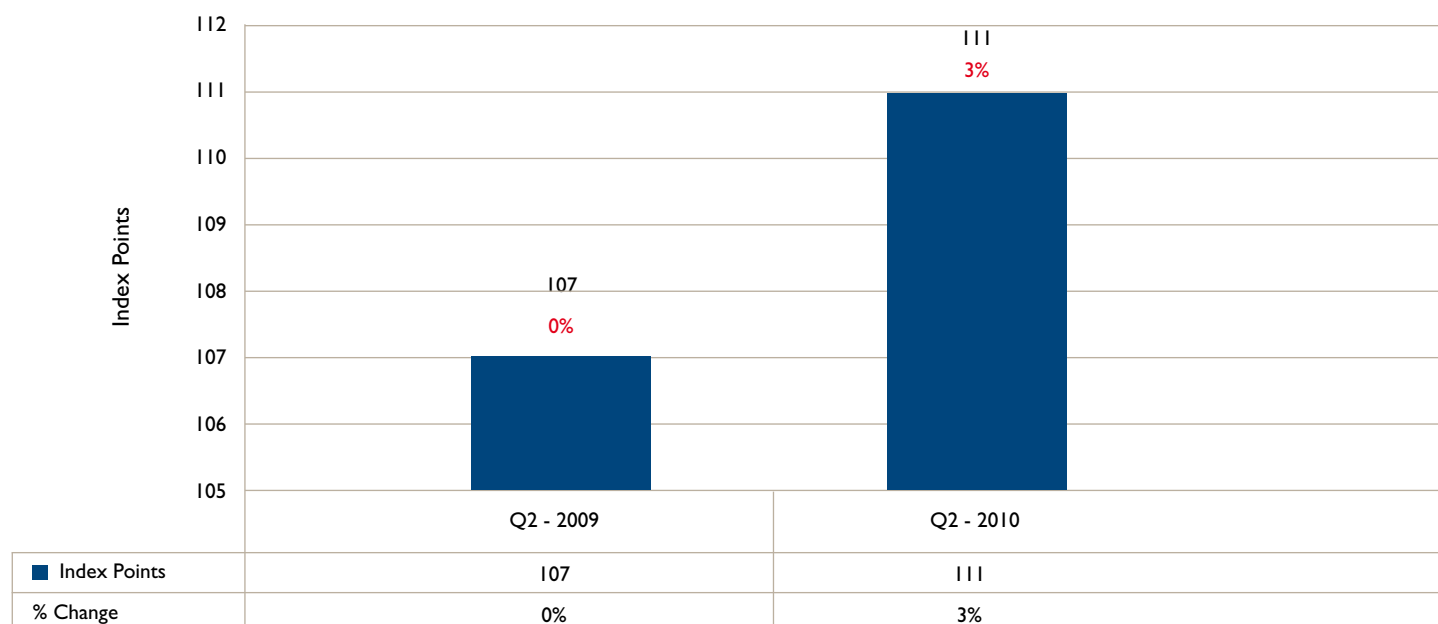
## DUBAI HOUSE PRICE INDEX: YEAR ON YEAR



The Annual Dubai House Price Index has, for the second consecutive quarter, increased compared to Q2 2009. The index has increased 7 basis points, from 107 points in Q2 2009 to 114 points in Q2 2010, which represents an increase of 7%. The blended average house price for Q2 2010 is approximately AED 1,014 per ft<sup>2</sup> (AED 10,915/m<sup>2</sup>) compared to AED 949/ft<sup>2</sup> (AED 10,215/m<sup>2</sup>) in Q2 2009.

## PROPERTY INDEX BY TYPE

## APARTMENT INDEX: YEAR ON YEAR

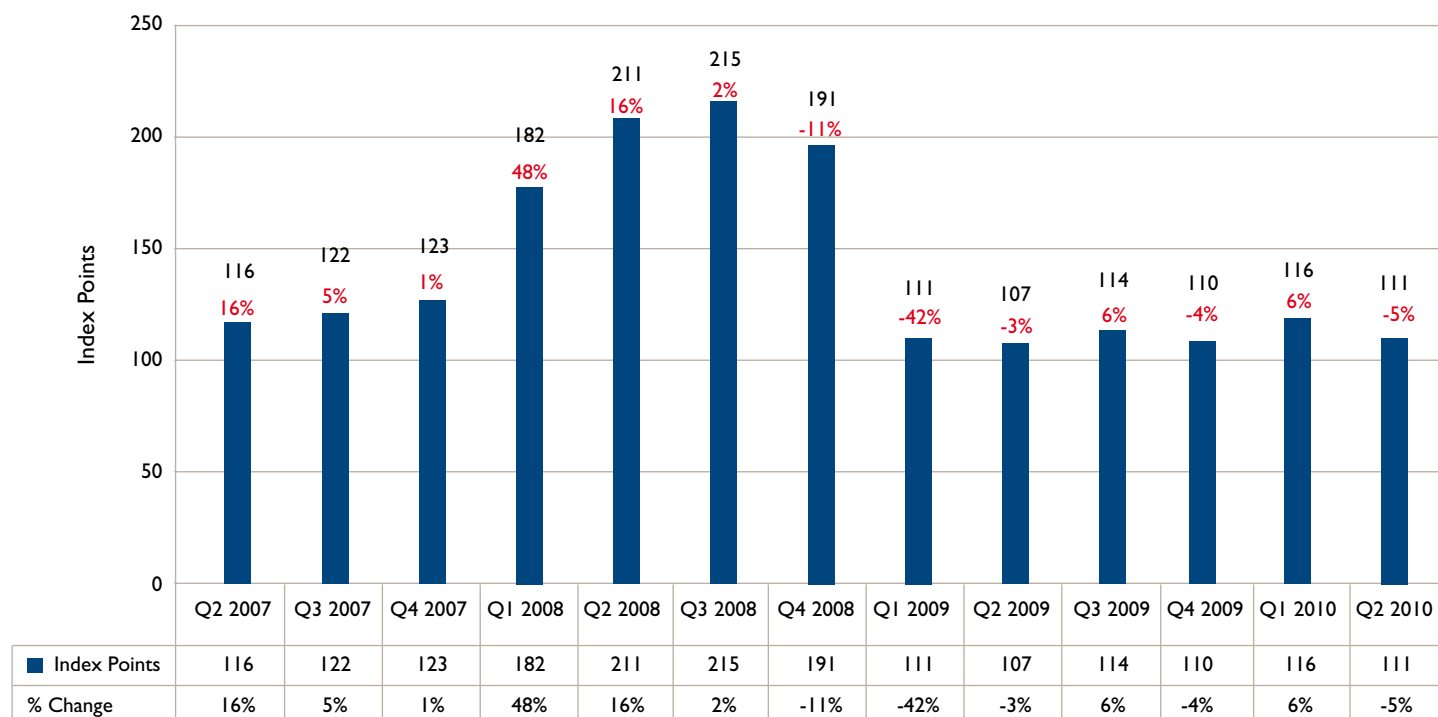


The Annual Overall Apartment Index increased by 3% in Q2 2010, compared to Q2 2009. The index increased to 111 points from 107 points.

The blended average rate per ft<sup>2</sup> for apartments in Dubai in Q2 2010 was AED 1,124 (AED 12,099/m<sup>2</sup>).

Apartments constituted 34% of the total mortgaged properties used to collate this Index.

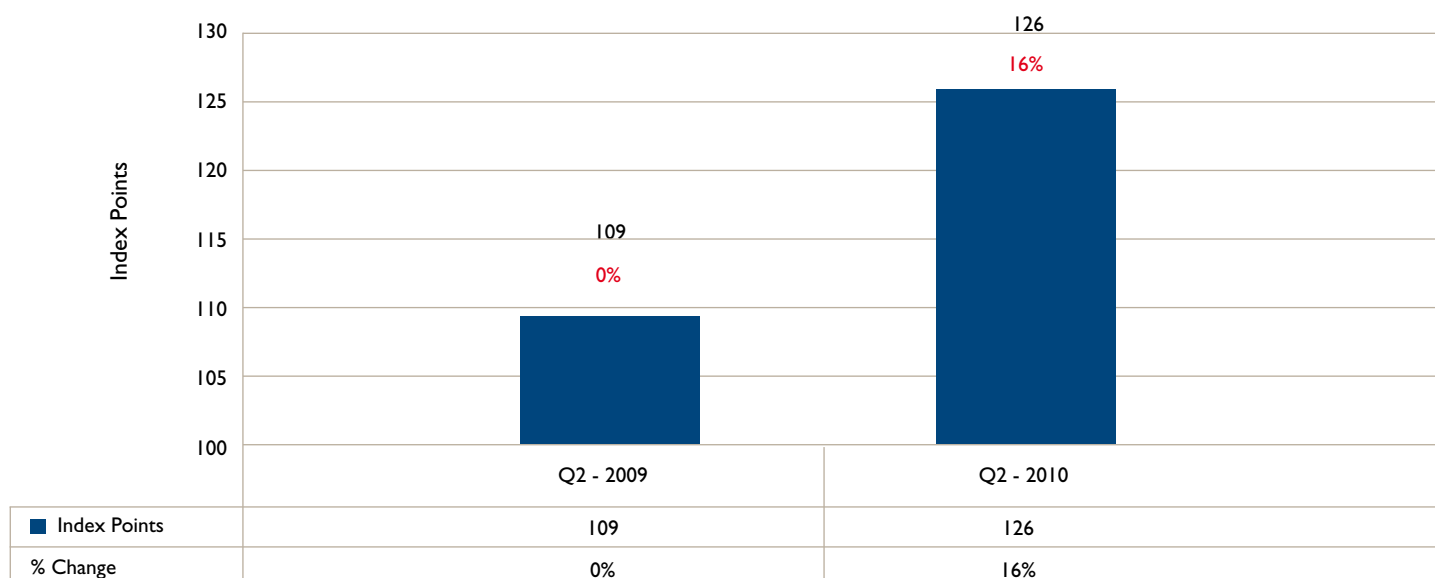
## APARTMENT INDEX: QUARTERLY



The Quarterly Overall Apartment index decreased by 5% in Q2 2010 compared to Q1 2010.

The blended average rate per ft<sup>2</sup> for apartments in Dubai in Q2 2010 was AED 1,124 (AED 12,099/m<sup>2</sup>).

## VILLA INDEX: YEAR ON YEAR

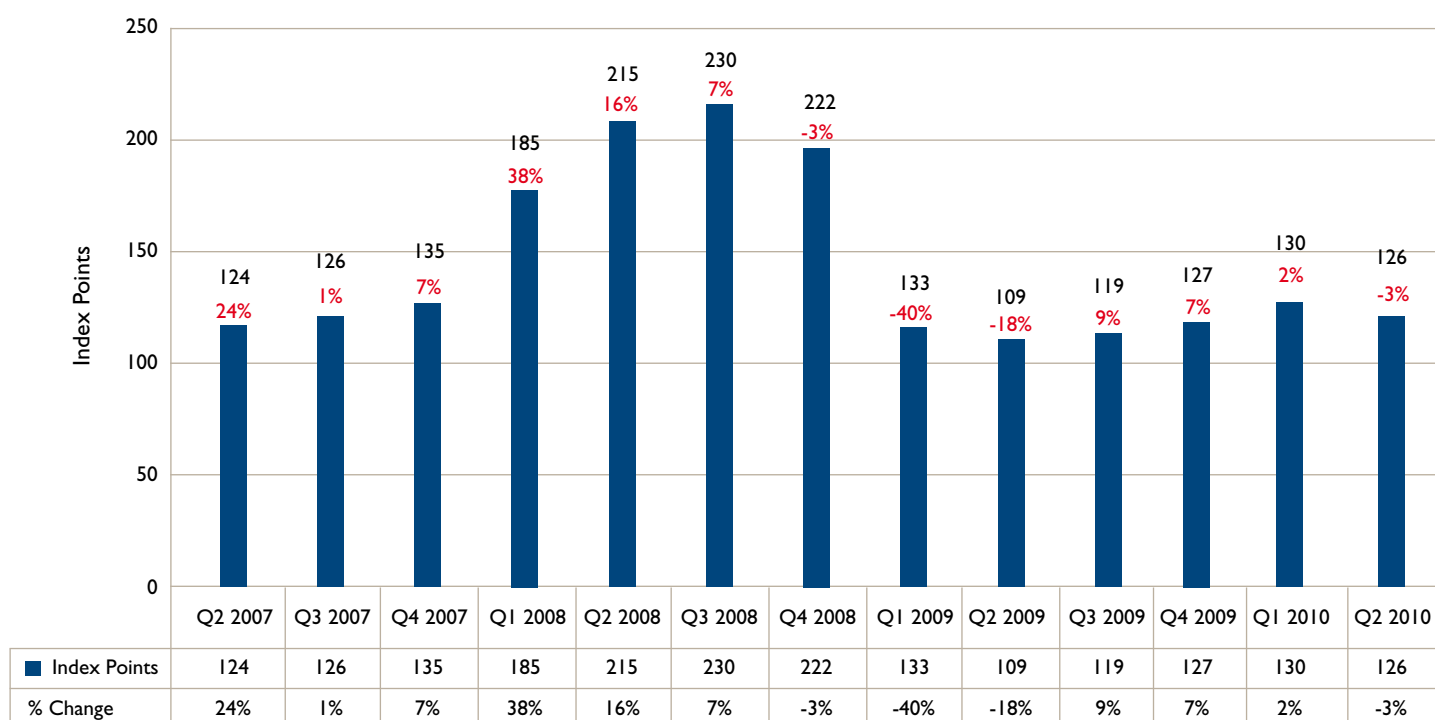


The Annual Overall Villa Index increased by 16% in Q2 2010, compared to Q2 2009. The index rose to reach 126 points.

The average blended rate per ft<sup>2</sup> for villas in Dubai in Q2 2010 was AED 913 (AED 9,828/m<sup>2</sup>).

Villas constituted 49% of the total mortgaged properties used to collate this Index.

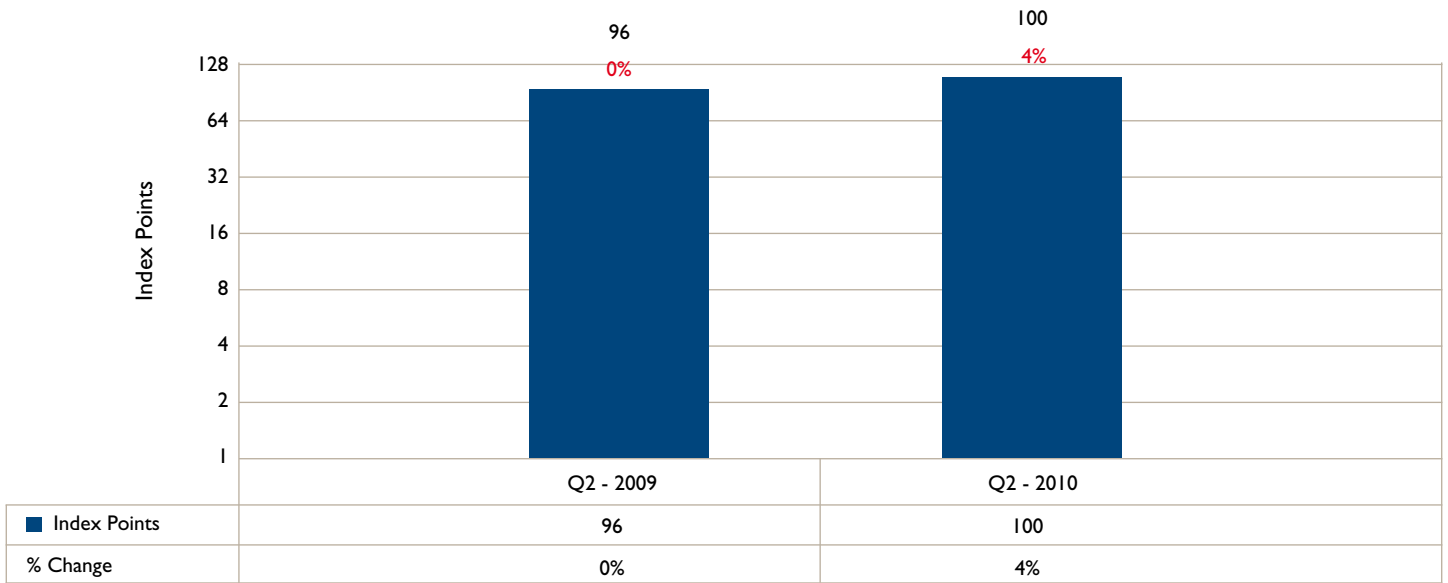
## VILLA INDEX: QUARTERLY



The Quarterly Villa Index has decreased by 3% Q2 2010. The index reached 126 points compared to 130 in Q1 2010.

The average blended rate per ft<sup>2</sup> for villas in Dubai in Q2 2010 was AED 913 (AED 9,828/m<sup>2</sup>).

## TOWNHOUSE INDEX: YEAR ON YEAR

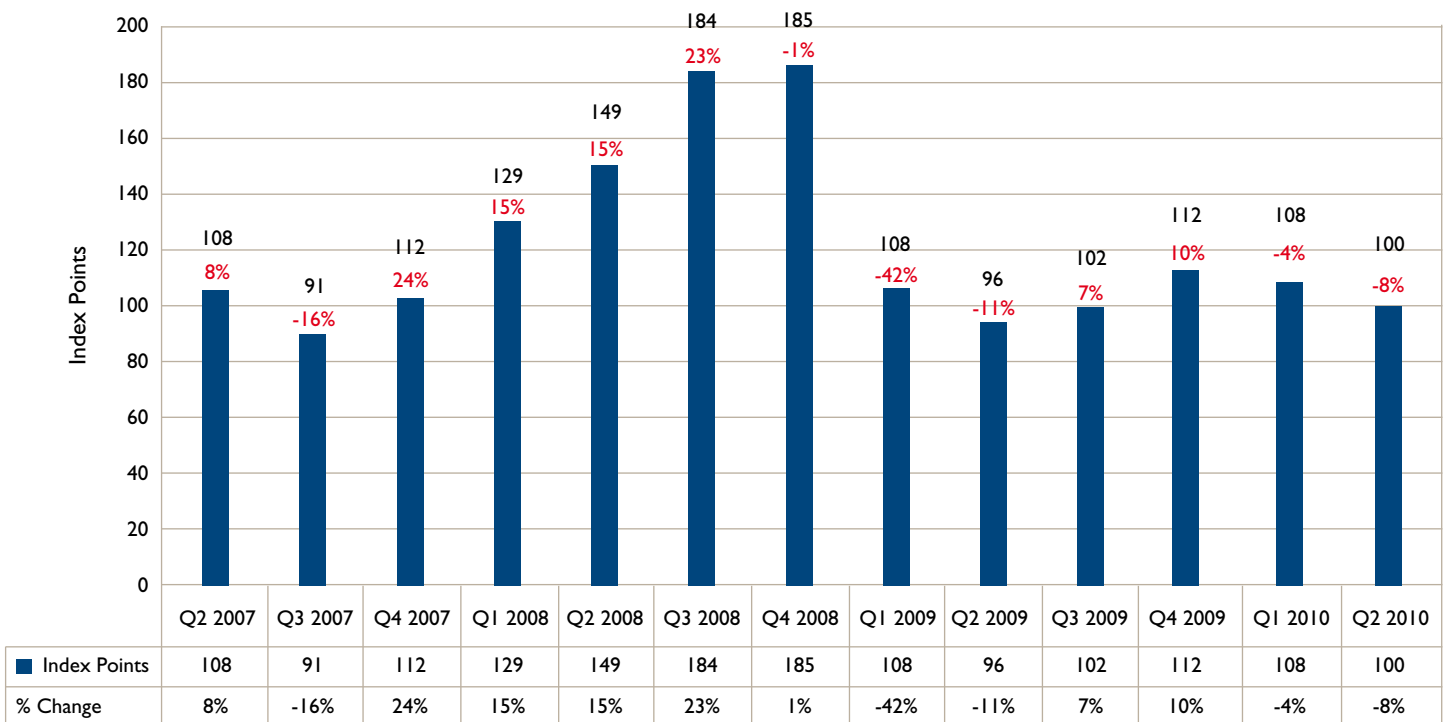


The annual Index has increased in Q2 2010 compared to Q2 2009. The index registered a 4% increase

The average blended rate per ft<sup>2</sup> for townhouses in Dubai in Q2 2010 was AED 790 (AED 8,504/m<sup>2</sup>).

Townhouses constituted 17% of the total mortgaged properties used to collate this index.

## TOWNHOUSE INDEX: QUARTERLY



Townhouses registered the largest decrease in values compared to other property types. The index decreased 8% to reach 100 points compared to 108 points in Q1 2010.

The average blended rate per ft<sup>2</sup> for townhouses in Dubai in Q2 2010 was AED 790 (AED 8,504/m<sup>2</sup>).

## ABOUT THE INDEX

The Colliers International House Price Index (HPI) was established in January 2008 by Colliers International U.A.E. and six leading banks / financial institutions in the Emirate of Dubai to provide statistics specifically designed to reflect the average growth / decline rate of house prices across certain foreign ownership areas of Dubai, United Arab Emirates. The data that forms the basis of the indices presented in this HPI has been provided by all the member financial institutions and relates to properties which have been mortgaged through these member institutions. The member banks / financial institutions associated with the Colliers International House Price Index are as follows:

- HSBC Bank Middle East Limited
- Barclays Bank PLC
- Amlak Finance PJSC
- Dubai Islamic Bank
- Emirates NBD
- Standard Chartered Bank

We have used the weighted average method to construct the Overall Index. Based on our coverage of 15 developments in Dubai, weighting has been apportioned on the basis of unit type (Apartment, Villa or Townhouse). Apartments, Villas and Townhouses have been weighted at 55%, 34% and 11% respectively in order to provide an accurate representation of market trends. The Recommended sample size for this HPI is 15 property transactions.

## CONTRIBUTORS' DETAILS

### Dubai Islamic Bank

Mr. Mehmood Majid Palla

Credit Policy Manager – Home Finance

### Standard Chartered Bank

Syed Hammad Haider,

General Manager – Retail Banking Products

### Amlak Finance PJSC

Mr. Rajev Sehgal

Senior Vice President – Credit and Risk

Eng. Yasser Mohammed Asser

Assistant Vice President – Property Appraisal

Mr. Aiman Gamee

Junior Accountant – Property Appraisal

## TOP 5 DEVELOPMENTS BY PRICE:

Rank	Development
1	The Palm Jumeirah - Villas
2	Downtown Dubai
3	The Palm Jumeirah - Apartment
4	Dubai Marina
5	The Lakes – Villas

## TOP 5 DEVELOPMENTS BY NUMBER OF TRANSACTIONS:

Rank	Development
1	Arabian Ranches
2	The Springs
3	Victory Heights
4	Downtown Dubai
5	Green Community

### HSBC Bank Middle East Limited

Mr. Salman Ahmed

Product Head – Mortgages and Home Finance

### Emirates NBD

Mr. Bassam Gabriel

Head – Mortgages

### Barclays Bank PLC

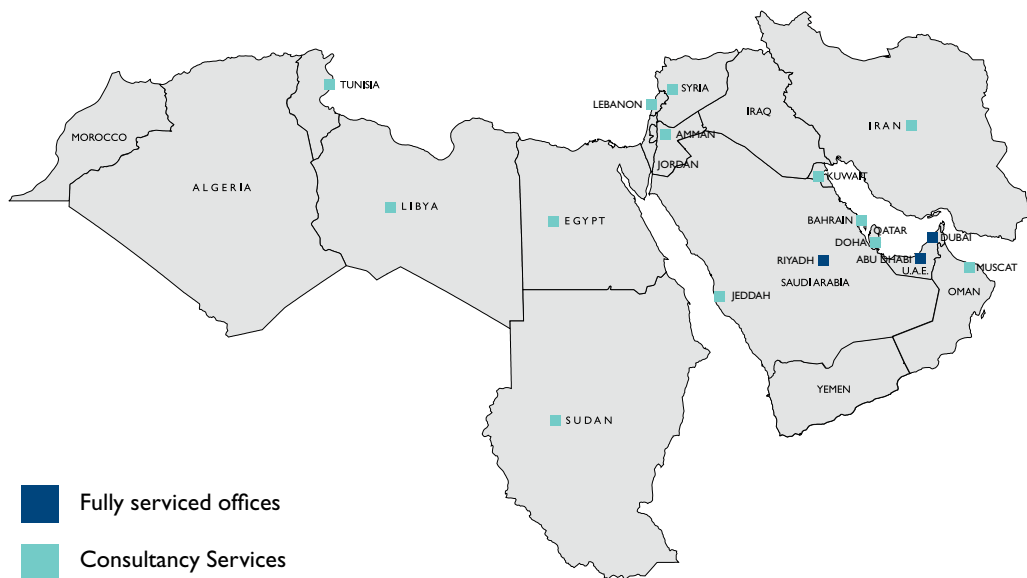
Mr. Salman Irshad

Head of Retail Credit - U.A.E

Mr. Faisal Iqbal

Head of Secured Lending Business - U.A.E

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This index overview is extracted from a comprehensive Dubai House Price Index available to subscriber banks and developers from Colliers International U.A.E.

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Commercial  
 Retail  
 Residential  
 Hospitality

OVER 480 OFFICES  
 MORE THAN 61 COUNTRIES  
 6 CONTINENTS

US\$2.0bn in revenues  
 868 million ft<sup>2</sup> under management  
 Over 11,000 Professionals

**CONTACT INFORMATION**

Dubai  
 PO Box 71591  
 UAE  
 Tel: +971 4 4234910  
 Fax: +971 4 4234909

John D. Davis  
 Chief Executive Officer

Ian Albert  
 Regional Director  
 Consultancy Services

Catherine Clarke  
 Associate Director  
 Consultancy Services

Saadallah Al Abed  
 Senior Consultant  
 Consultancy Services

[hpi@colliers-me.com](mailto:hpi@colliers-me.com)

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