



Dubai Residential

Mind the Gap

Evaluating the Difference Between Listings and Transactions

Executive Summary

- **Citywide Listings vs Transactions**

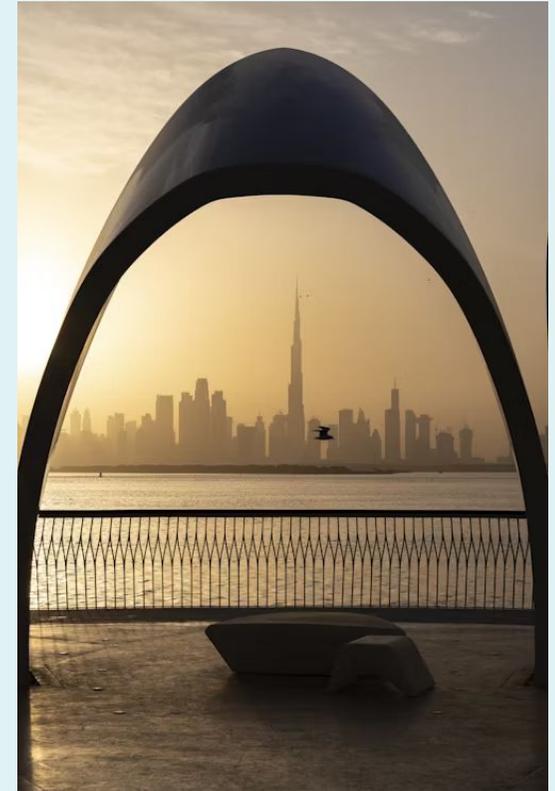
On a citywide level, we are seeing the gap between listings and transactions begin to narrow as markets normalize. Based on the findings of two peer-reviewed academic papers, we can see that, post-COVID, the Dubai apartment market was largely a buyer's market, and the Dubai villa market was predominantly a seller's market. Both trends are now seeing a reversal, and a trend in the opposite direction.

- **Luxury Analysis**

Using Palm Jumeirah as a proxy for the wider luxury market, we can see that both apartments and villas experienced periods wherein they could be classified as seller's markets. However, they are now normalizing and increasingly moving towards becoming buyer's markets.

- **Mid Market Analysis**

Using Jumeirah Village Circle as a proxy for the mid-market returns a mixed bag of results. Smaller apartments and villas appear to be trending in favor of buyers, but larger apartments (three and four bedrooms) are shifting the other way. JVC on the whole appears to be more out of step with the general market trends. This discrepancy is likely due to activity occurring in newer mid-market communities and projects, which warrant their own separate investigation.



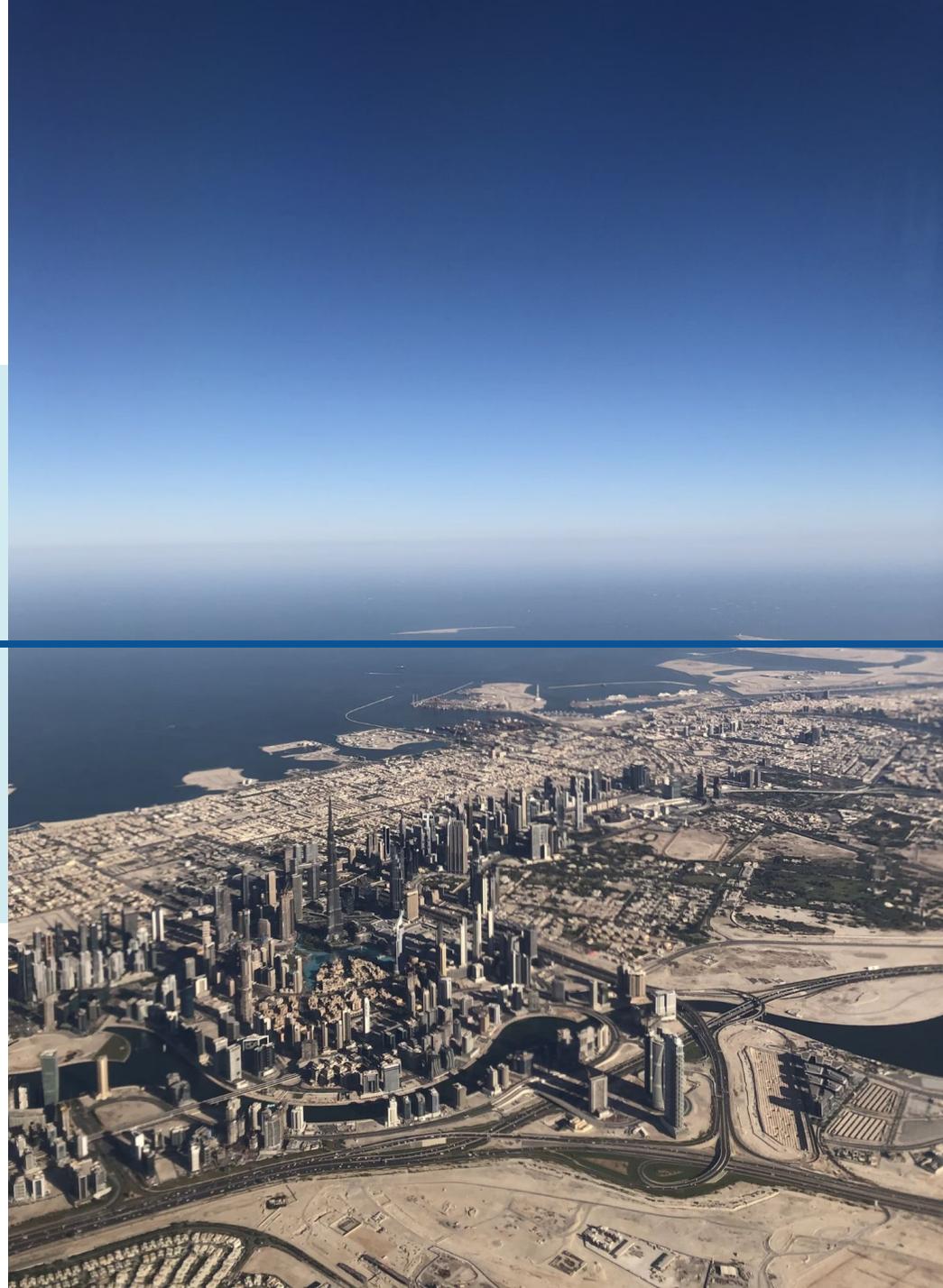
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Citywide Listings vs Transactions

“Nothing in life is to be feared, it is only to be understood. Now is the time to understand more, so that we may fear less.”

– Marie Curie



Citywide Apartment Analysis



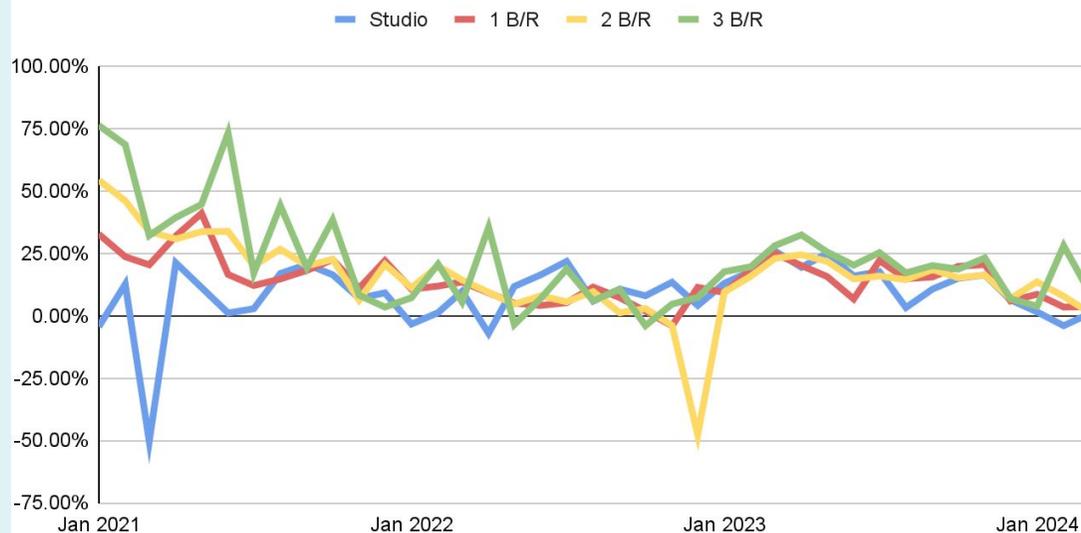
According to a 2021 UK study published in *Quantitative Finance and Economics*¹, transaction prices tend to exceed ask prices during booms. Additionally, a 2013 Swiss study published in the *Journal of Housing Economics* found that list prices tend to exceed sales prices in down or normal markets.

In the citywide apartment space, we can see that the difference between listings and transactions has narrowed over the past three years. Whereas ask prices generally far exceeded final sales prices in the immediate post-COVID period (thus indicating that the apartment market was a buyer's market), we are now seeing that discrepancy begin to normalize.

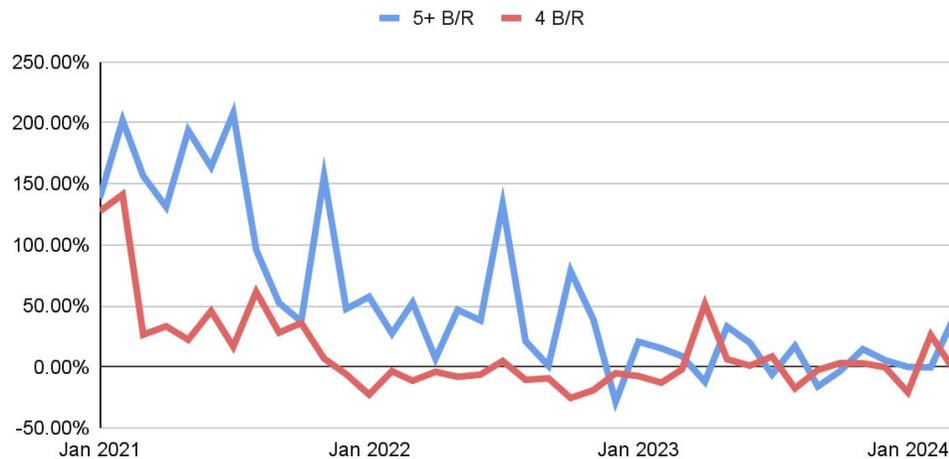
¹<https://www.aimspress.com/article/id/6012a9cbba35de2549c92b74>

²https://www.researchgate.net/publication/257470188_List_Price_and_Sales_Prices_of_Residential_Properties_during_Booms_and_Busts

Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Breakdown by Bedrooms

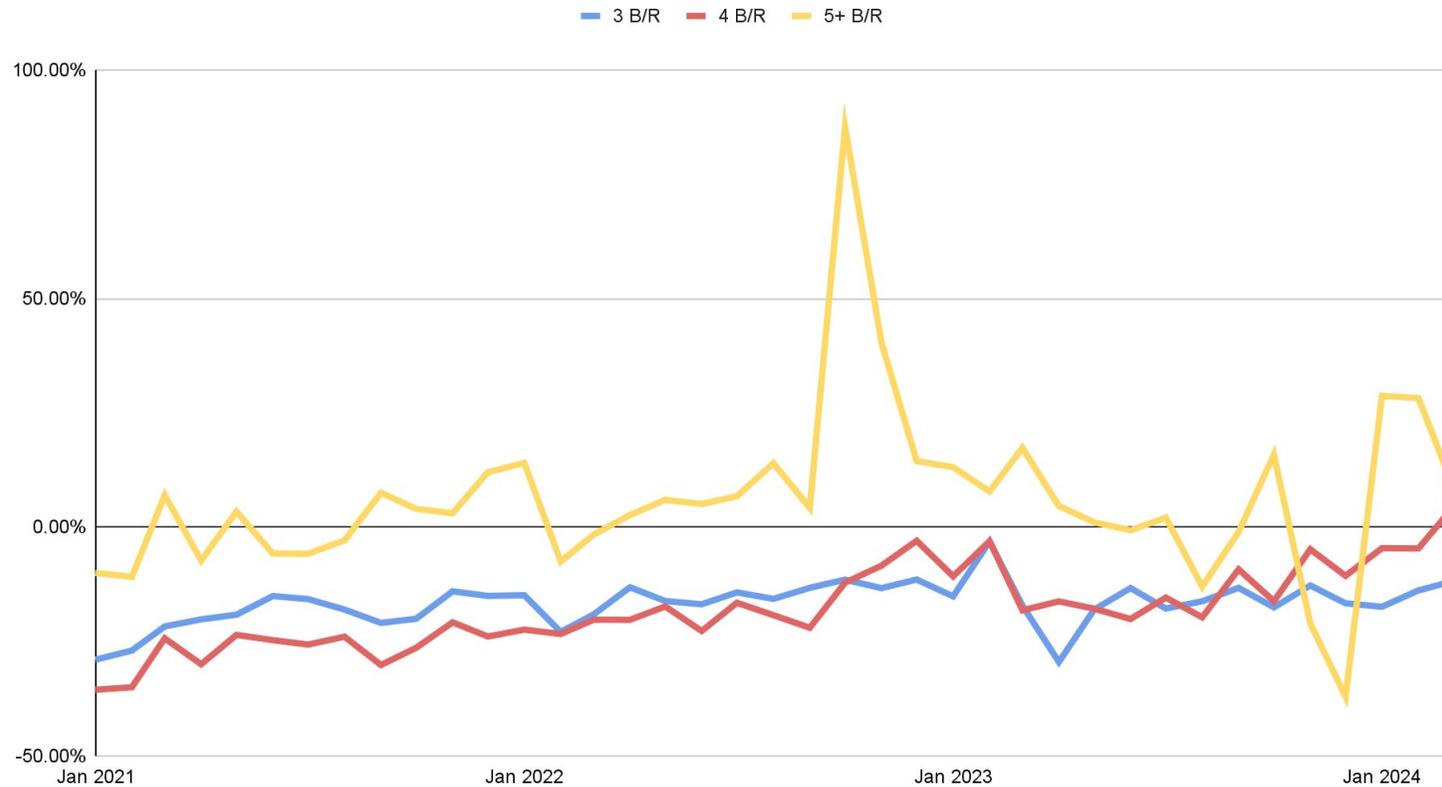


4 and 5+ B/R Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt)



Citywide Villa Analysis

Villas Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Breakdown by Bedrooms



Villas have generally outperformed sellers' expectations in the last three years. The graph above shows that listing prices for three and four bedrooms citywide have been (on average) lower than their final sales values, and are now trending towards ask prices surpassing transaction values. Based on the aforementioned Swiss and UK academic studies, this would suggest that the market for three and four bedroom villas citywide have experienced their post-COVID seller's market, and are now normalizing.

Luxury Analysis

“If a man does not keep pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music which he hears, however measured or far away..”

– Henry David Thoreau



Palm Jumeirah Apartment Analysis

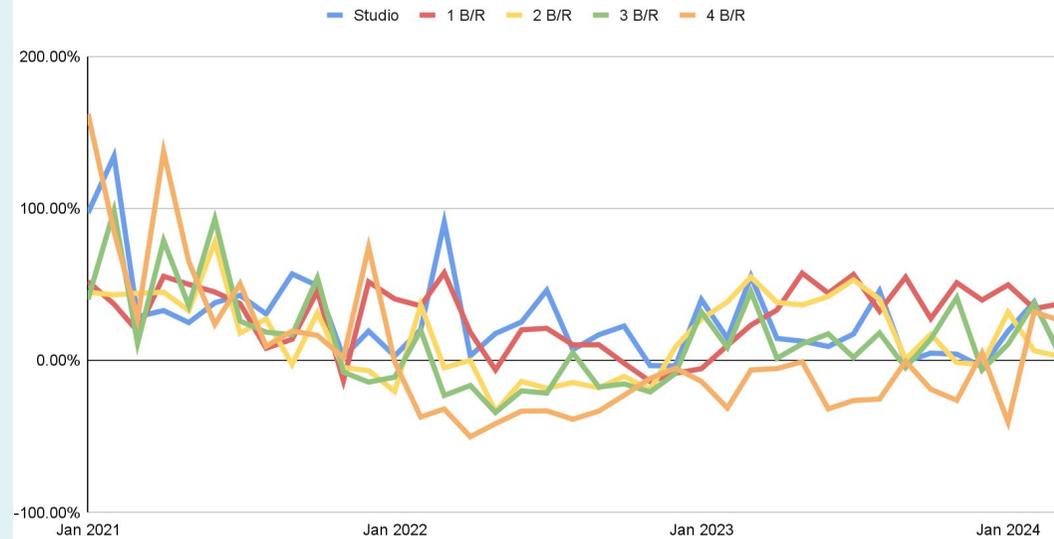


For the majority of apartment sizes, listing prices dipped below final sales values for the majority of 2022, which implies that it was a seller's market for luxury apartments at the time. Now, we are seeing ask prices once again surpass sales values, indicating that the luxury apartment market is normalizing, and is once again headed for a buyer's market.

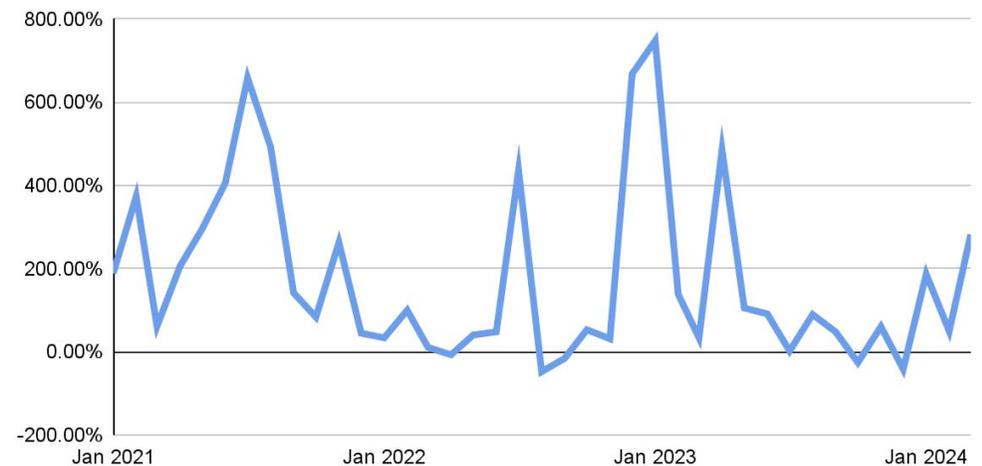
The five bedroom and above apartment market in Palm Jumeirah has seen fluctuations at a much larger scale, and did not operate as a seller's market to the same degree as other apartment sizes in 2022. Nonetheless, the market for larger luxury apartments also seems to be trending towards a buyer's market now.



Palm Jumeirah Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Breakdown by Bedrooms

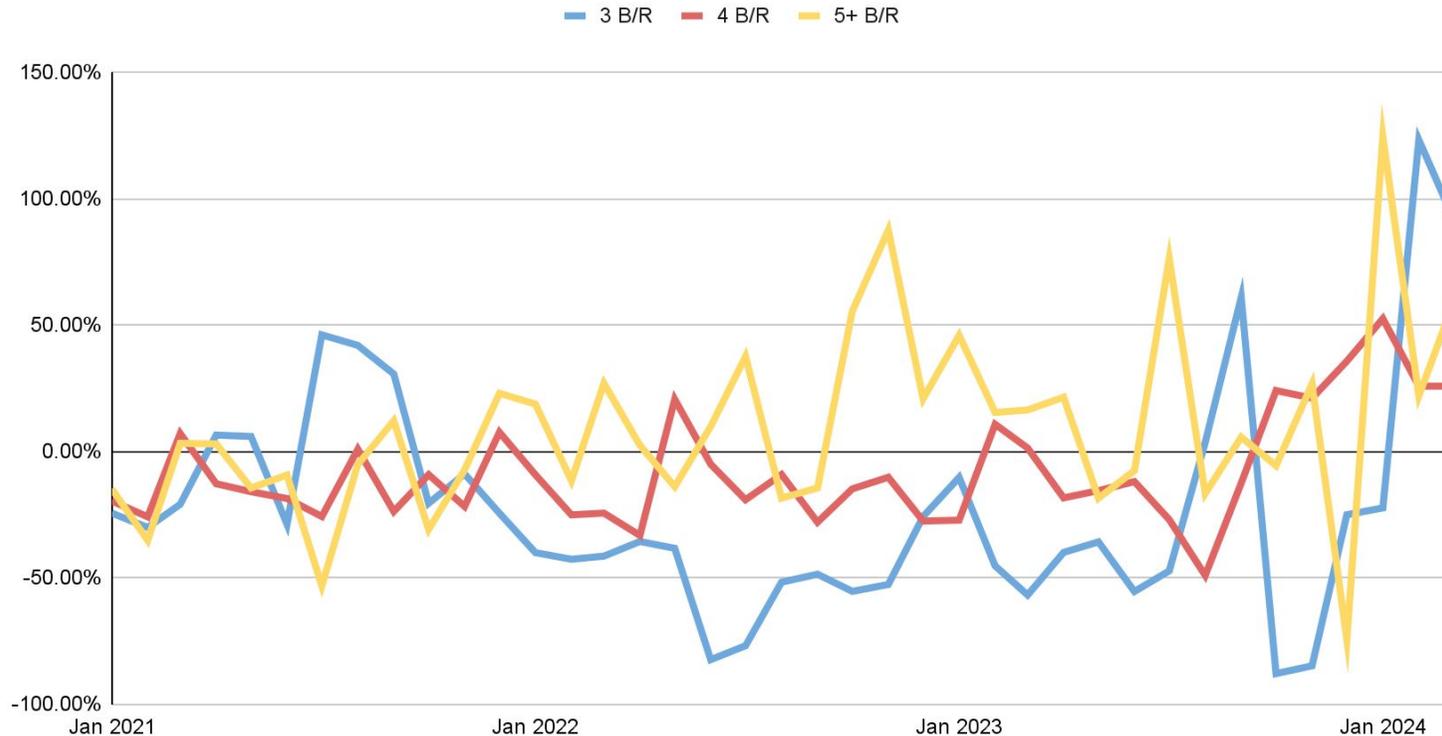


Palm Jumeirah 5 B/R+ Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt)



Palm Jumeirah Villa Analysis

Palm Jumeirah Villa Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Breakdown by Bedrooms

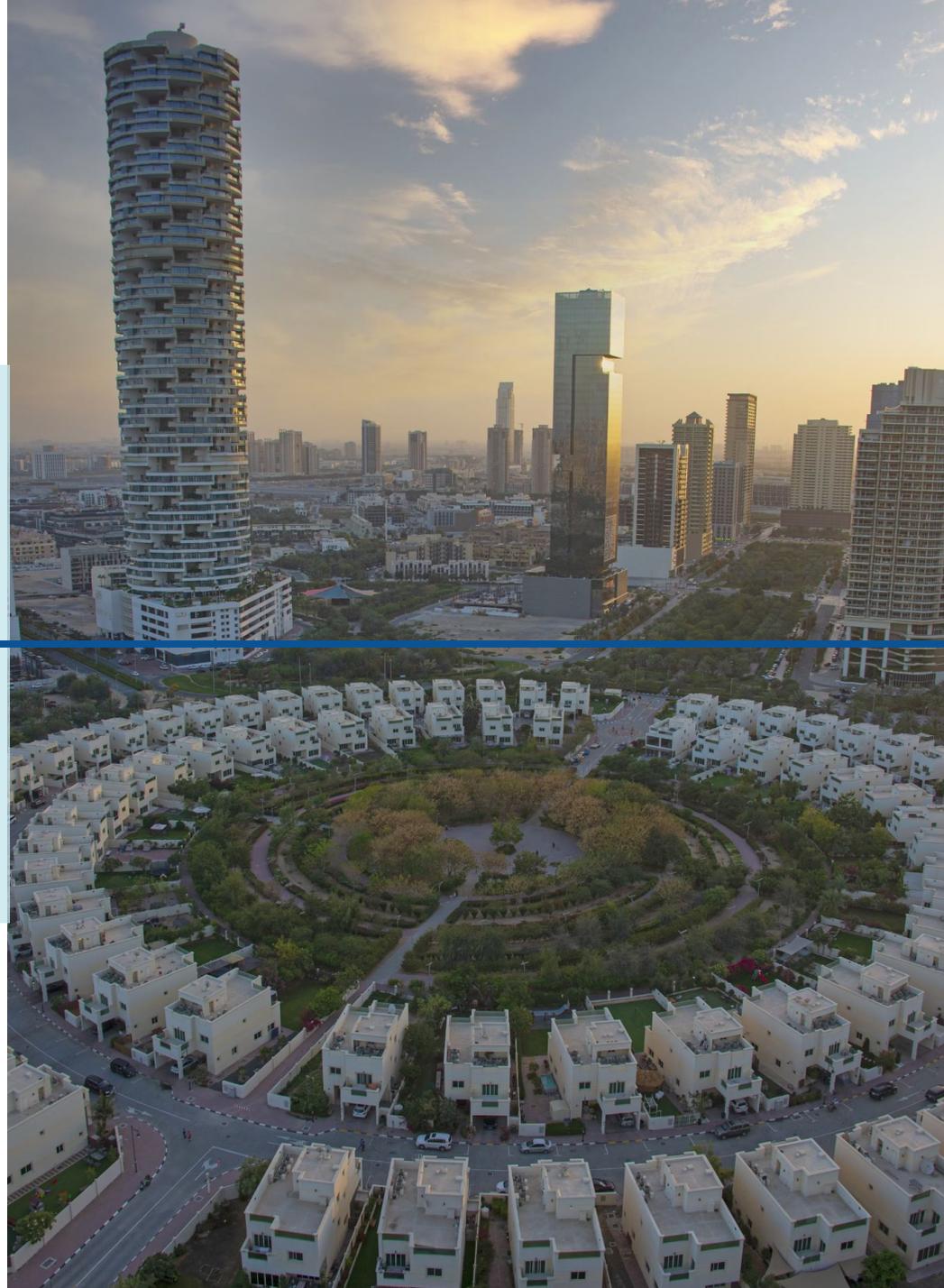


The Palm Jumeirah villa market shows much of the same. Post-COVID, the luxury villa market was heavily skewed in favor of sellers, with average sales prices surpassing listing prices by as much as 87.9%. Now, however, we are starting to see the market normalize and revert back to a buyer's market. Going forward, we can expect to see subdued price growth in these markets, as sellers increasingly switch to an auction model when buyers are unwilling to meet their initial asking price (as we are seeing through the discrepancies between listings and sales prices in Palm Jumeirah).

Mid Market Analysis

“Do not wait to strike till the iron is hot; but make it hot by striking.”

- William Butler Yeats

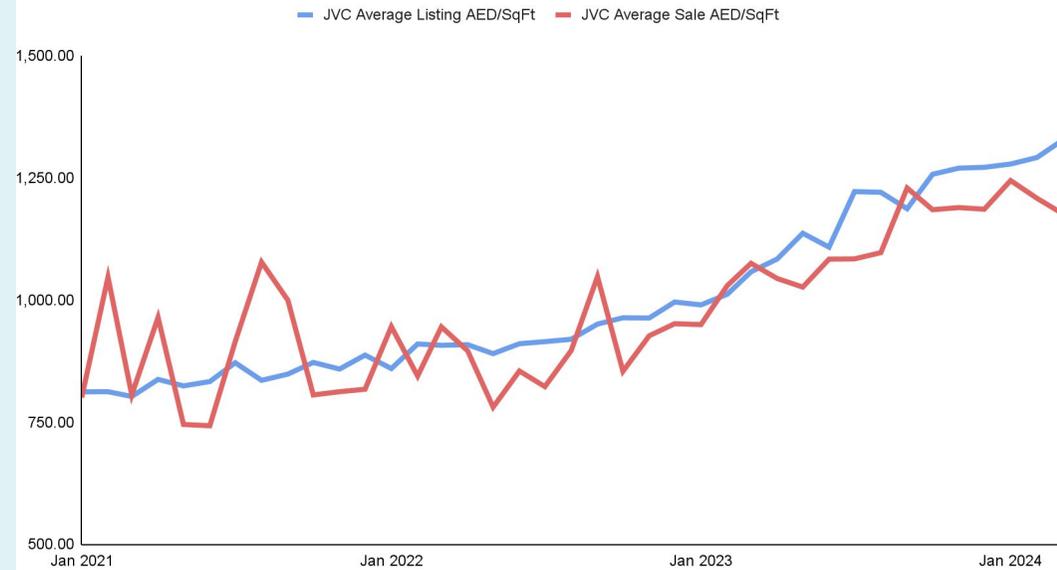


Examining Jumeirah Village Circle

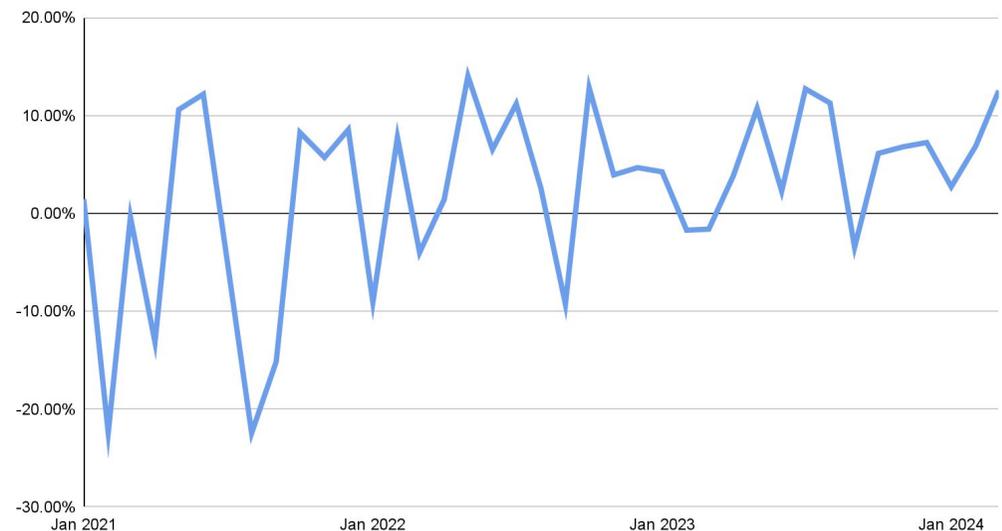


Although Jumeirah Village Circle has seen fluctuations in both directions, the general trend seems to be skewing more towards listings consistently higher than their final transaction prices. This is a sign that the mid-market is cooling down. Based on the second graph to the right, it would appear that JVC functioned as a seller's market in 2021 and early 2022, as listing prices were generally exceeded by sales values. Now, however, we see the trend reversing as sales values are being surpassed by asking prices, which indicates that that market is normalizing and reverting back to a buyer's market.

JVC Average Listing vs Sale Price (AED/SqFt)



JVC Listing Prices % Difference Relative to Sale Prices (AED/SqFt)



JVC Apartment Analysis

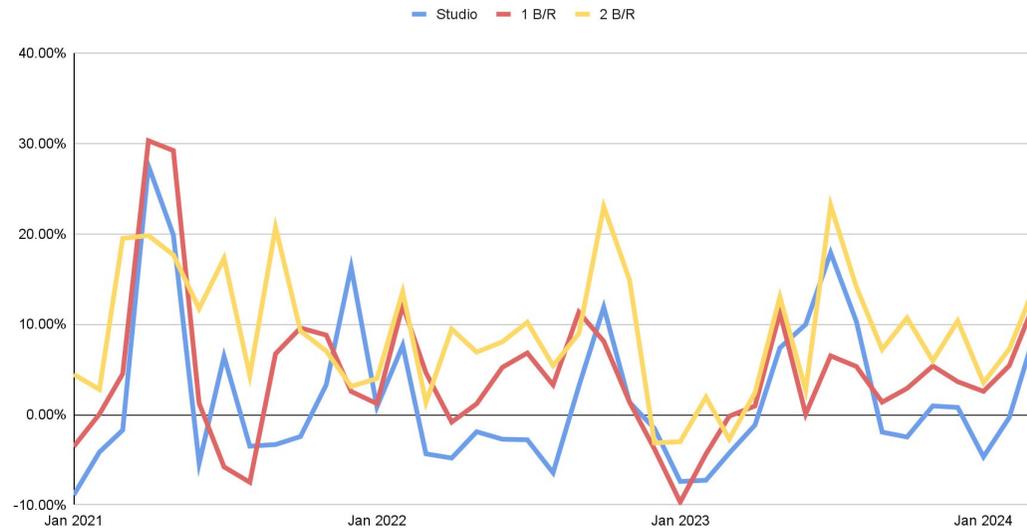
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Looking at the relationship between listings and transactions in JVC's apartment market seems to return a mixed bag, but ultimately points in the same direction. Post-April 2023, the trend has skewed (more consistently than before) towards listings higher than final transaction values. We can see that the market for the smaller apartments (i.e. studios, one bed and two bed apartments) has experienced boom periods post-COVID, such as between November 2022 and March 2023. However, we now see activity beginning to normalize as ask prices surge past sales values.

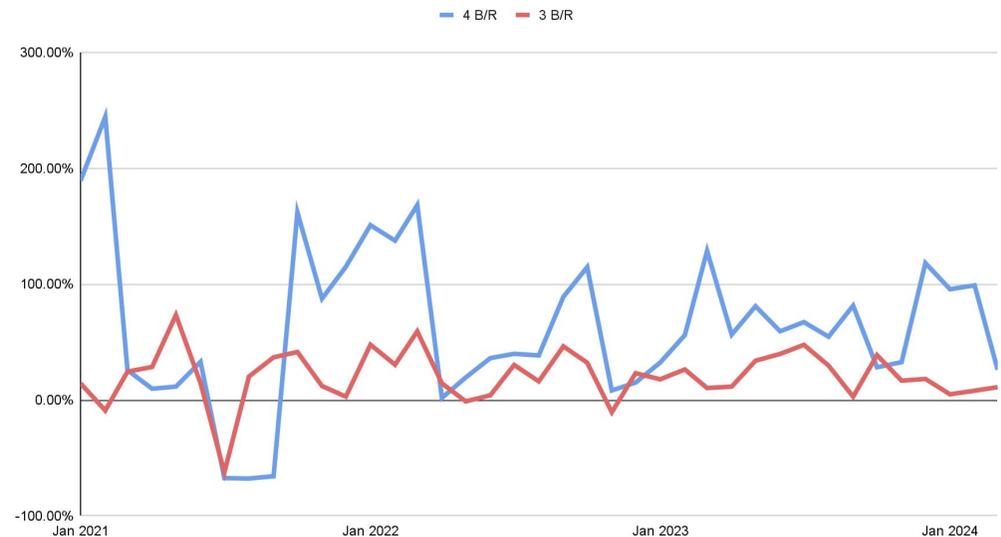
By contrast, the market for larger apartments in JVC has remained normal for the majority of the post-COVID period. The relative consistency of listing prices as higher than final sales prices is indicative of a normal market in the three and four bedroom apartment space. However, the trend appears to be moving back towards sales prices matching or exceeding ask prices, indicating fragmentation in the mid market.

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JVC Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Studio, 1 and 2 B/R

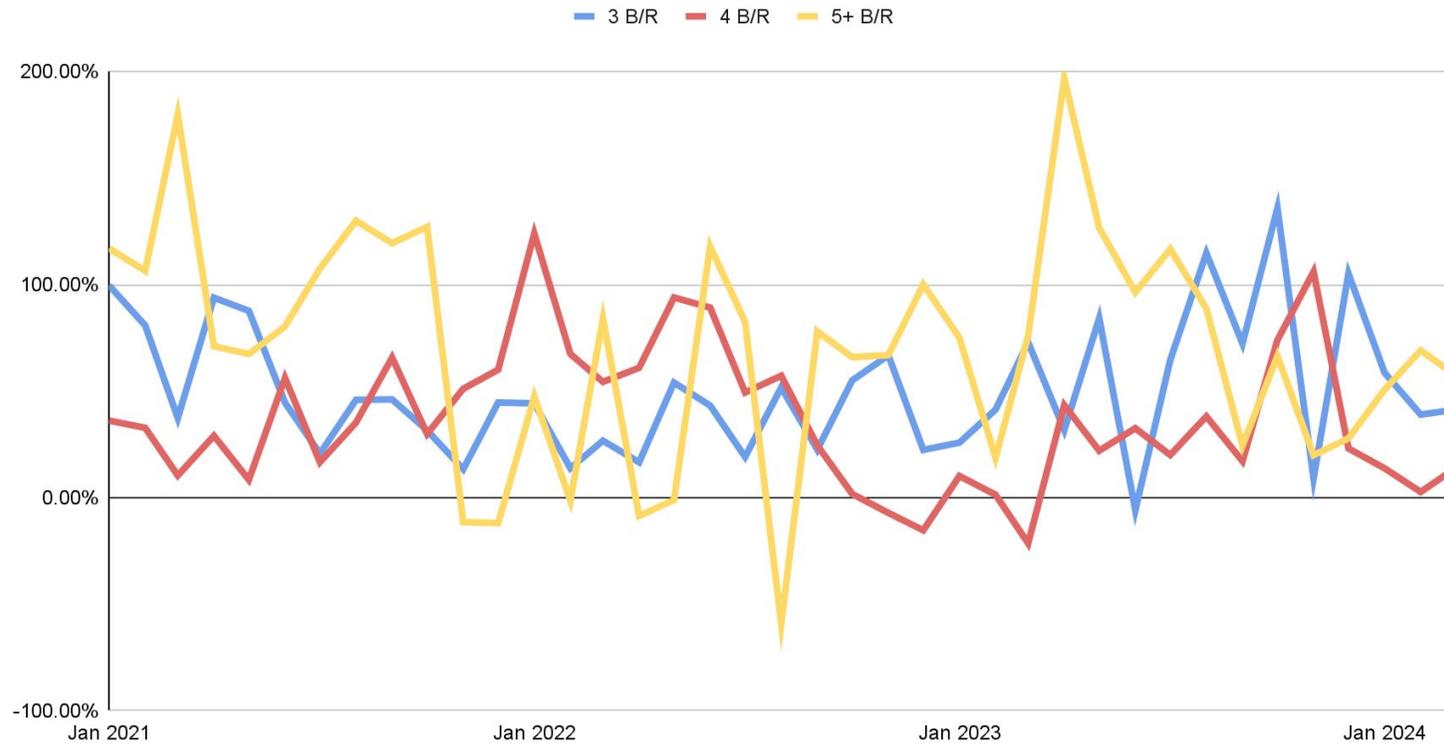


JVC Apartment Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - 3 and 4 B/R



Jumeirah Village Circle Villa Analysis

JVC Villas Listing Prices % Difference Relative to Sale Prices (AED/SqFt) - Breakdown by Bedrooms



The consistency of the listings prices above transaction values in JVC’s villa market indicates that the mid-market villa space operates as a normal market, and has consistently done so for the majority of the post-COVID period (in accordance with the findings of the 2013 Journal of Housing Economics Study).

Conclusions

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Citywide Listings vs Transactions

On the whole, the citywide gap between listing and transaction values has seen a net narrowing over the past three years. Based on findings from academic papers, we have seen that the general apartment market has been a buyer's market post-COVID, but is now beginning to normalize. Conversely, the general villa market has been mostly a seller's market, but is now trending in the direction of becoming a buyer's market.

Luxury Analysis

In Palm Jumeirah (which has historically been a good proxy for the wider luxury market), we are also seeing apartment prices normalize, but they are also beginning to trend towards becoming a buyer's market. In keeping with the citywide trend, Palm Jumeirah's villa market seemed to be a seller's market for much of the post-COVID period, but is also now beginning to trend towards becoming a buyer's market.

Mid Market Analysis

If Palm Jumeirah has historically been a good proxy for the luxury market, then Jumeirah Village Circle has been its equivalent in the mid market space. In JVC's apartments, however, there is inconsistency. The smaller apartments (studios, 1 B/R and 2 B/R) have fluctuated either side of parity, but are now trending towards becoming buyer's markets. By contrast, 3 and 4 bedroom apartments have consistently been buyer's markets post-COVID, but are now trending in the opposite direction. Villas, on the other hand, have largely remained a buyer's market, and look like they will remain that way.

Conclusions

Overall, in areas that are trending towards becoming buyer's markets (such as the luxury space, smaller mid-market apartments and mid-market villas), we can expect to see subdued price growth as sellers adopt auction-like models. However, the slight discrepancy between JVC's trends and citywide trends could suggest that JVC is no longer the best proxy for the mid-market (as we know that the bulk of transactions occur in the mid market). As such, it is likely that newer communities and projects (such as those in Arjan, Furjan and Majan) can fill the explanatory gap, and likely warrant their own independent analysis.

The citywide residential gap between listings and transactions reached its peak in May 2023, when properties were listed for 52.67% more than their final sales value (on average).



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purpose.”**

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The Ruler of Dubai, Prime Minister and Vice President of the UAE

