# MO'ASHER

**The Official Rental Performance Index for the Emirate of Dubai**

AUGUST 2022



بروبرتي فايندر **Property Finder**

# MO'ASHER

The Official Rental
Performance Index for
the Emirate of Dubai
**AUGUST 2022**

دائرة الأراضي والأملاك
Land Department

# CONTENTS

# MO'ASHER
# THE OFFICIAL RENTAL PERFORMANCE INDEX

### Key Findings For August 2022

- August 2022 recorded 47,212 rental leases.

- 60.53 percent were new leases while 39.47 percent were renewals.

- 87.27 percent were annual contracts while 12.73 percent were non-annual leases.

- 28.16 percent were commercial leases while 70.92 percent were residential leases.

### August 2022 Mo'asher results

- Overall monthly Index recorded 0.983 and an index price of AED 53,902.

- Apartments monthly Index recorded 0.988 and an index price of AED 49,195.

- Villas/Townhouses' monthly Index recorded 0.891 and an index price of AED 137,034.

"The annual leases still support the positive performance of the real estate sector in the Emirate of Dubai, about 47,212 contracts were registered during the month of August, as the new contracts supported the performance of rentals with a 19.43% growth on a monthly basis."

**Fouad Bekkar**
VP of Data & AI
Property Finder Group

"The registered rental leases in August 2022 had witnessed a 10.57 percent increase in rental contracts by reaching 47,212 contracts compared to July 2022, Supported by the new contracts which increased by 19.43 percent compared to July 2022."

**Latifa Ibrahim Ahmed**
Senior Director of Real Estate
Studies & Research Dept
Dubai Land Department

In August, the total rental contracts reached 47,212 registered leases of which 60.53 percent were new contracts while 39.47 percent were renewed. Annual contracts acquired 87.27 percent of the total contracts while 12.73 percent were non-annual.

The registered leases for residential purposes acquired around 70.92 percent of the total contracts, while 28.16 percent were registered for commercial purposes.

August's rental contracts witnessed a 10.57 percent increase compared to July 2022, supported by the new contracts which increased by 19.43 percent compared to July 2022. Alongside the annual contracts grew by 12.29 percent compared to July 2022 and 4.4 percent Year-on-Year, while the rental leases for commercial purposes witnessed an increase of 21.34 percent compared to July 2022. moreover, the rental leases for residential purposes increased by 7.45 percent compared to July 2022.

### Top Areas by Ejari Registrations

The top areas according to Ejari Registrations for the most rental transactions in August 2022 were Jabal Ali First (1,579 contracts), Al Warsan First (1,499), Al Barsha South Fourth (1,405), Business Bay (1,399), Eyal Nasser (1,343), Marsa Dubai (1,322), Nadd Hessa (1,237), Mirdif (1,109), Al Barsha First (1,078), and Al Thanyah Fifth (968).

### Top Areas by Demand

According to Property Finder's proprietary data, the top searched areas for apartment rentals in August were Dubai Marina, Downtown Dubai, Business Bay, Jumeirah Village Circle, and Jumeirah Lake Towers. The top searched areas for villas/townhouses were Dubai Hills Estate, Jumeirah, Al Barsha, Akoya, Arabian Ranches, and the Springs.

# DUBAI RENTAL PERFORMANCE INDEX
## MONTHLY

## DUBAI OVERALL INDEX

INDEX VALUE
August 2022
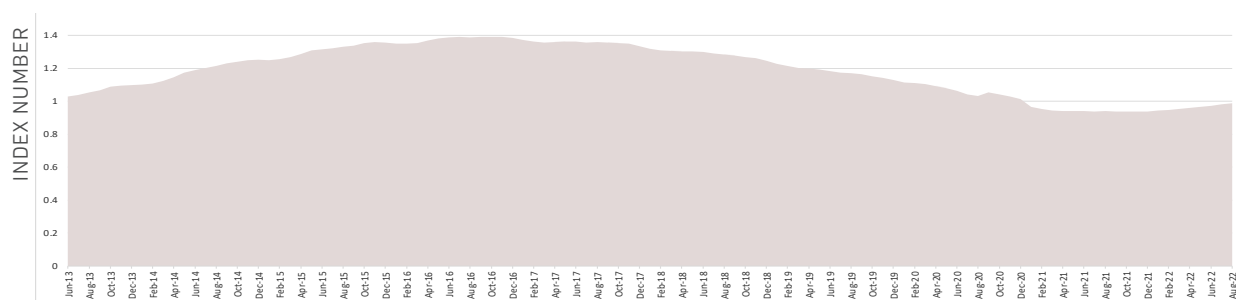0.983



INDEX NUMBER
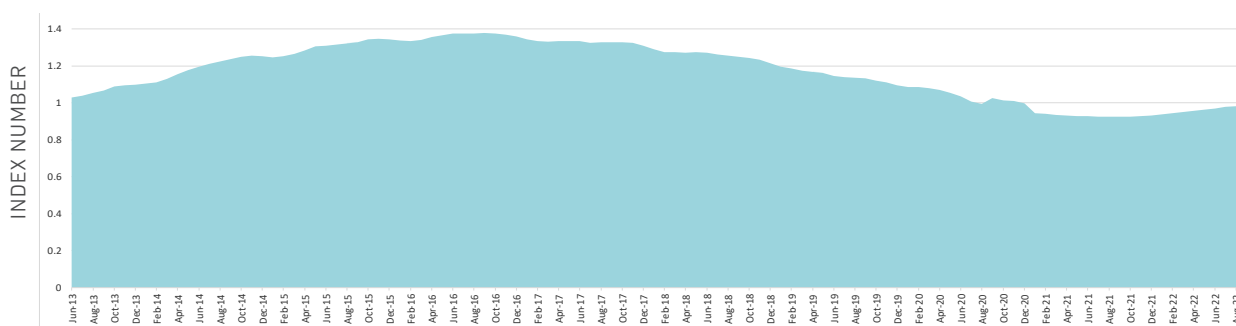
Year – Months

Index base January 2013

## DUBAI APARTMENTS INDEX
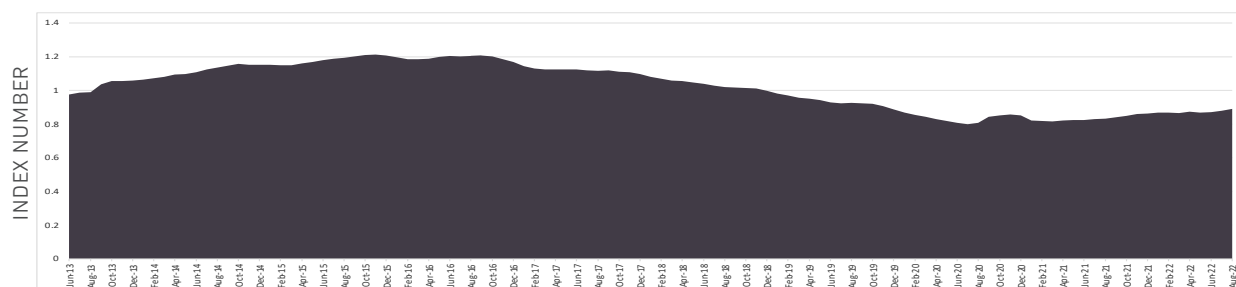
INDEX VALUE
August 2022
0.988



INDEX NUMBER

Year – Months

Index base January 2013

## DUBAI VILLAS/TOWNHOUSES INDEX

INDEX VALUE
August 2022
0.891



INDEX NUMBER

Year – Months

Index base January 2013

## DUBAI OVERALL MONTHLY INDEX

In August 2022 the Overall monthly Index recorded 0.983 and an index price of AED 53,902.

| | |
|---|---|
| Month-on-Month | + 0.51% |
| 3 Month Change | + 2.08% |
| 6 Month Change | + 4.13% |

## DUBAI APARTMENTS MONTHLY INDEX

In August 2022 the Apartments monthly Index recorded 0.988 and an index price of AED 49,195.

| | |
|---|---|
| Month-on-Month | + 0.71% |
| 3 Month Change | + 2.28% |
| 6 Month Change | + 4.22% |

## DUBAI VILLAS/TOWNHOUSES MONTHLY INDEX

In August 2022 the Villas/Townhouses monthly Index recorded 0.891 and an index price of AED 137,034.

| | |
|---|---|
| Month-on-Month | + 1.25% |
| 3 Month Change | + 2.77% |
| 6 Month Change | + 2.65% |

# TOP AREAS FOR RENTAL TRANSACTIONS AUGUST 2022

| Area | Transactions |
|---|---|
| Jabal Ali First | 1,579 Transactions |
| Al Warsan First | 1,499 Transactions |
| Al Barsha South Fourth | 1,405 Transactions |
| Business Bay | 1,399 Transactions |
| Eyal Nasser | 1,343 Transactions |
| Marsa Dubai | 1,322 Transactions |
| Nadd Hessa | 1,237 Transactions |
| Mirdif | 1,109 Transactions |
| Al Barsha First | 1,078 Transactions |
| Al Thanyah Fifth | 968 Transactions |

MARSA DUBAI

JABAL ALI FIRST
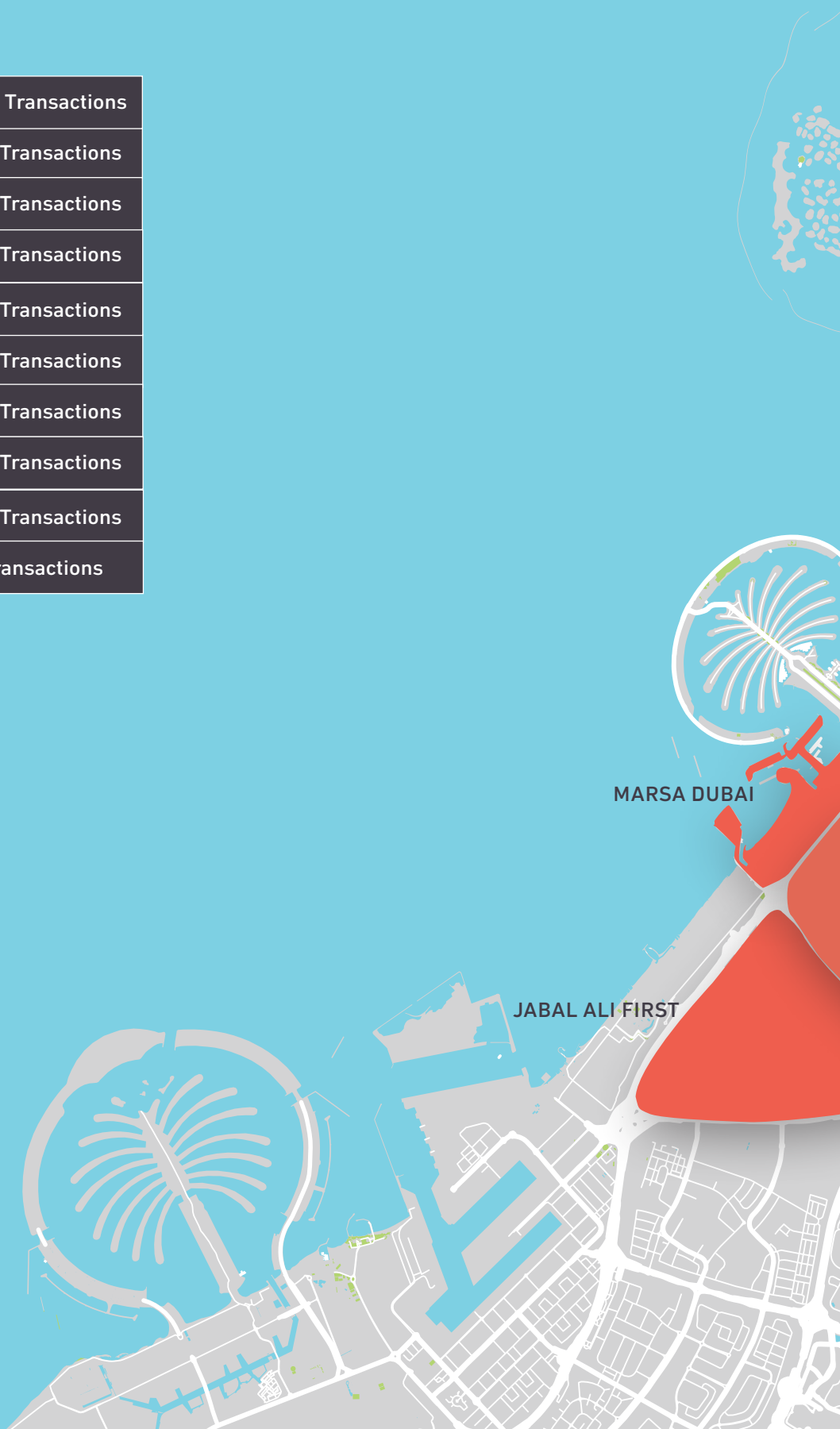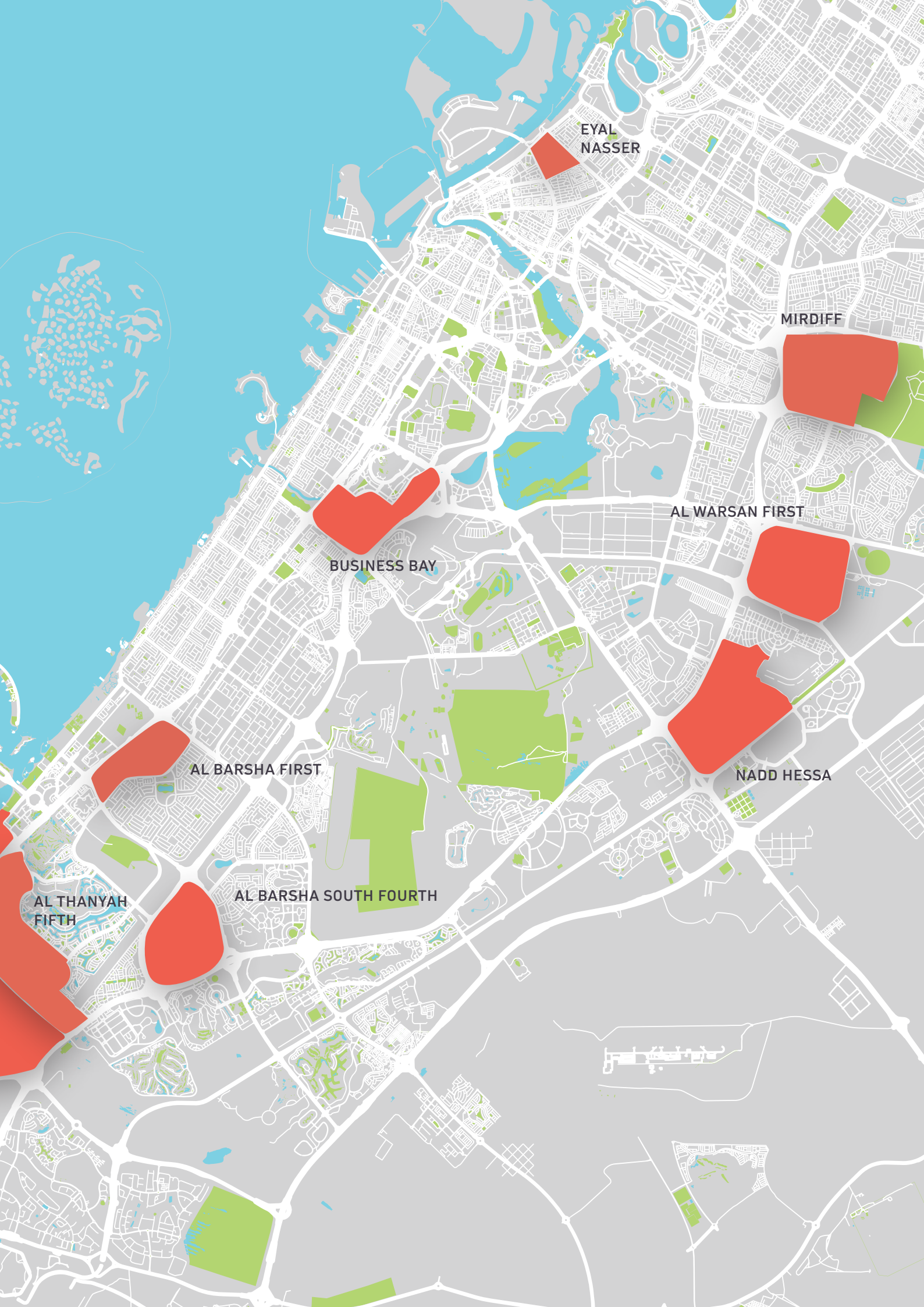
EYAL
NASSER

MIRDIFF

AL WARSAN FIRST

BUSINESS BAY

AL BARSHA FIRST

NADD HESSA

AL BARSHA SOUTH FOURTH

AL THANYAH
FIFTH

# 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.

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

## LASPEREYES

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 Laspeyre method, assuming that the log-linear hedonic model holds true for all t periods, the quality-adjusted price in period t is defined as:

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

## 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:

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

## 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:

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

## RESEARCH

**Fouad Bekkar**

VP of Data & AI
Property Finder
fouad@propertyfinder.ae

**Aasem Abou-Elezz**

Data & Market Insights
Manager
Property Finder
Aasem@propertyfinder.ae

**Ahmed Mohammed Aloqal**

Senior Statistical Analyst
Department of Real-Estate Studies and Research
Dubai Land Department
ahmed@dubailand.gov.ae

## MARKETING

**Raghad El Assi**

Head of PR and Corporate
Communications
Property Finder
raghad.elassi@propertyfinder.ae

**Manal Mahmoud Haroun**

Corporate Communication Officer
Dubai Land Department
manal.haroun@dubailand.gov.ae