

STRICTLY CONFIDENTIAL



Dubai: Sell in May and Go Away

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Executive Summary

- The relationship between price change and transactional volume in the market helps define the best time to buy and sell a property. The months with the highest transactional volume along with the greatest price action would be the best month to sell a property, while the optimal time to buy would be in diametrically opposite conditions where liquidity and price action points would be at a nadir.
- A price analysis over the last 8 years reveals that the largest percentage change has historically been from March to October. Whereas, November to March have been the months with the lowest average monthly rises.
- A transactional analysis over the same time reveals the market is the lowest during the months of January to March and August to October. Whereas, the highest months of liquidity in the market is from March to July. This trend is common amongst apartments and villas alike.
- A bivariate analysis of transactional activity and price action suggest that the best month to buy a property is in October through February, while the optimum time to sell is in May through July.

Table of Contents

A) Market Price Change Analysis

B) Market Liquidity Analysis

C) Identifying the Crossover

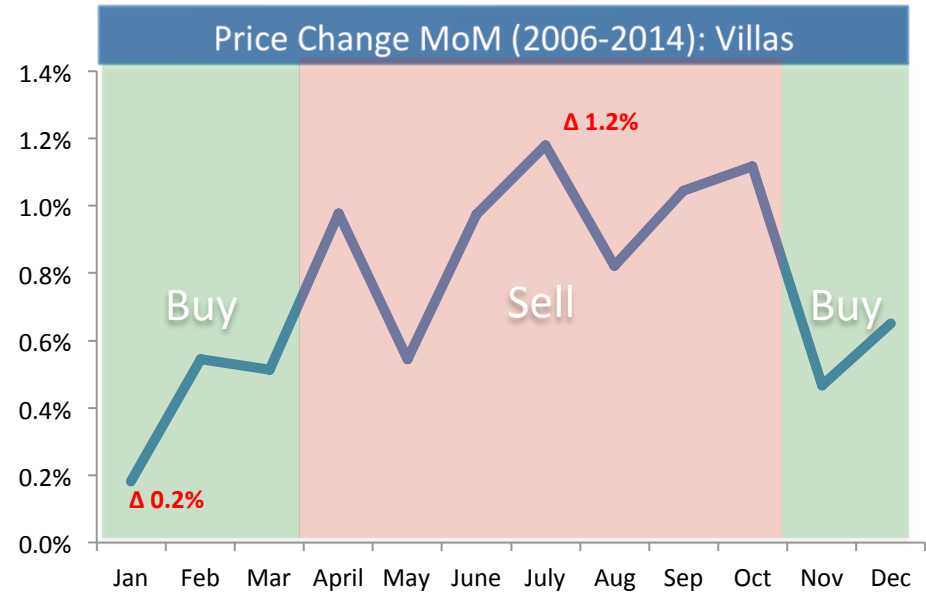
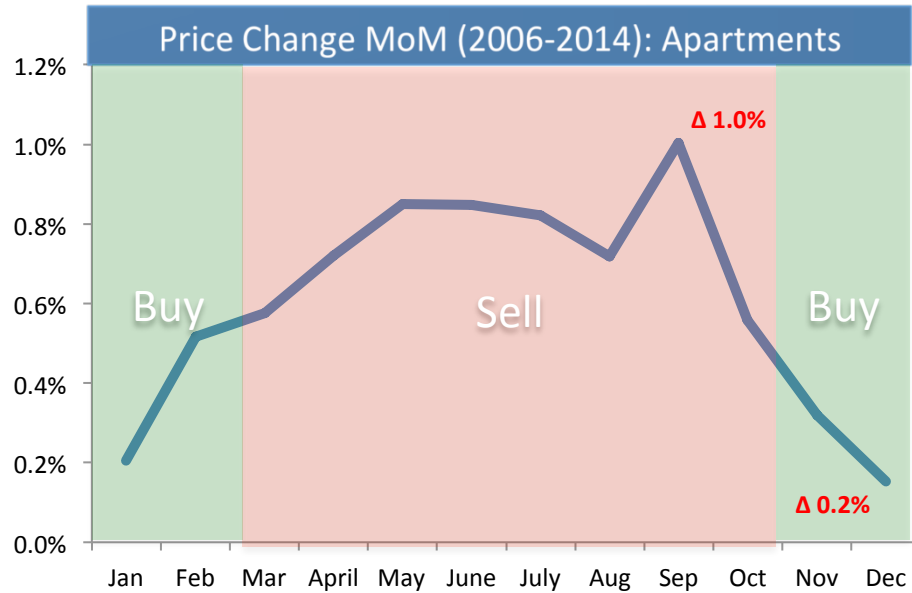
D) Conclusions

Market Price Change Analysis



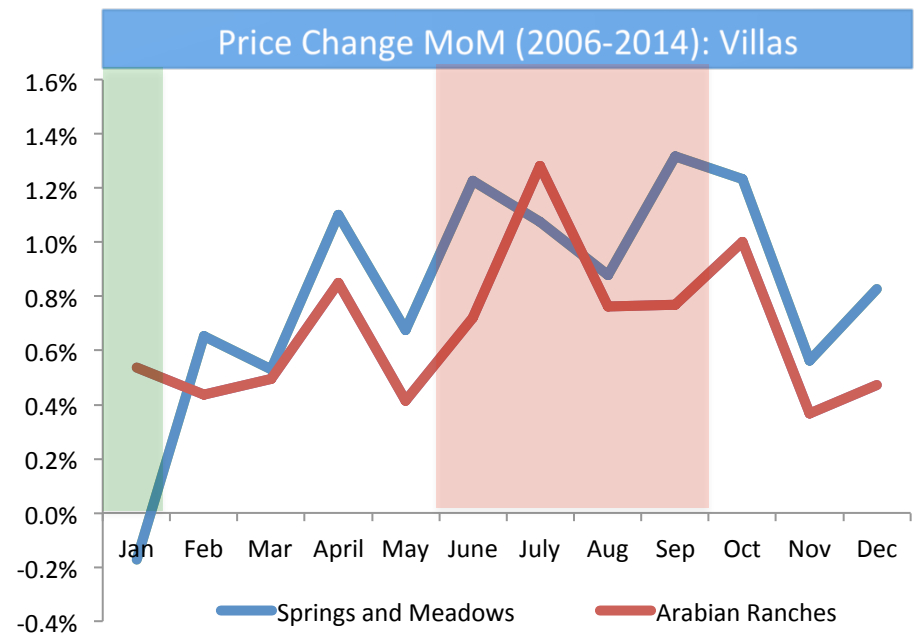
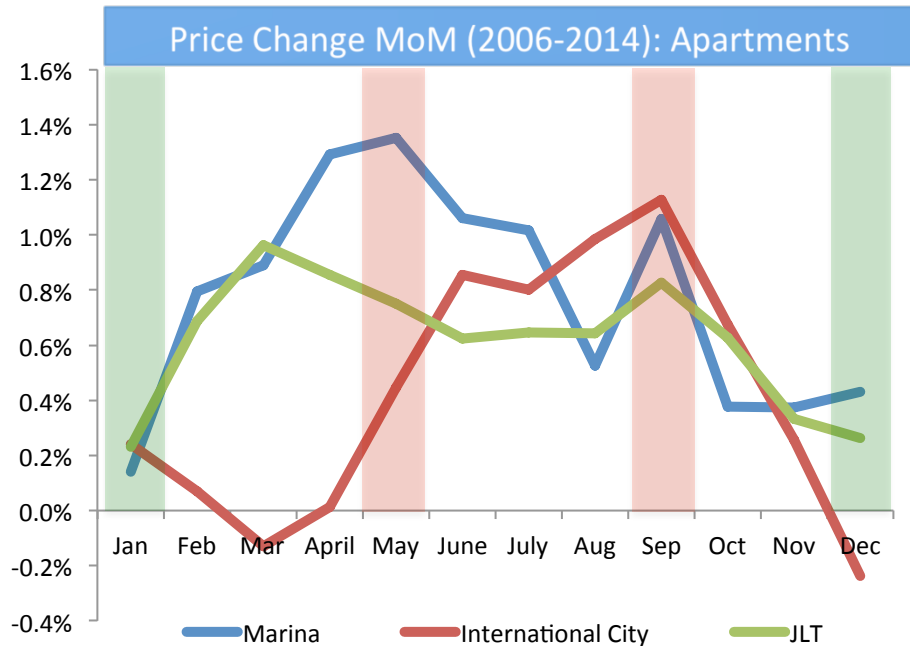
“To write it, it took three months; to conceive it three minutes; to collect the data in it all my life” -
F. Scott Fitzgerald

Monthly Price Fluctuations



A time series analysis of monthly returns for the last 8 years reveals that the best months to buy are from November to March as these have the lowest average monthly rises (with December being the best month for Apartments, and January being the best month for villas). On the other hand, March to October are the best months to sell as it has the greatest price impact (September being the best month for Apartments, and July for villas).

Community-wise Breakdown



A community wise breakdown reaffirms the relationship from the previous slide; Dubai Marina and JLT experience the highest average monthly returns in May; whereas for International city there is a peak registered in September. On the trough, the latter witnessed a negative average price growth rate in December, whereas the former communities registered their lowest appreciation in January.

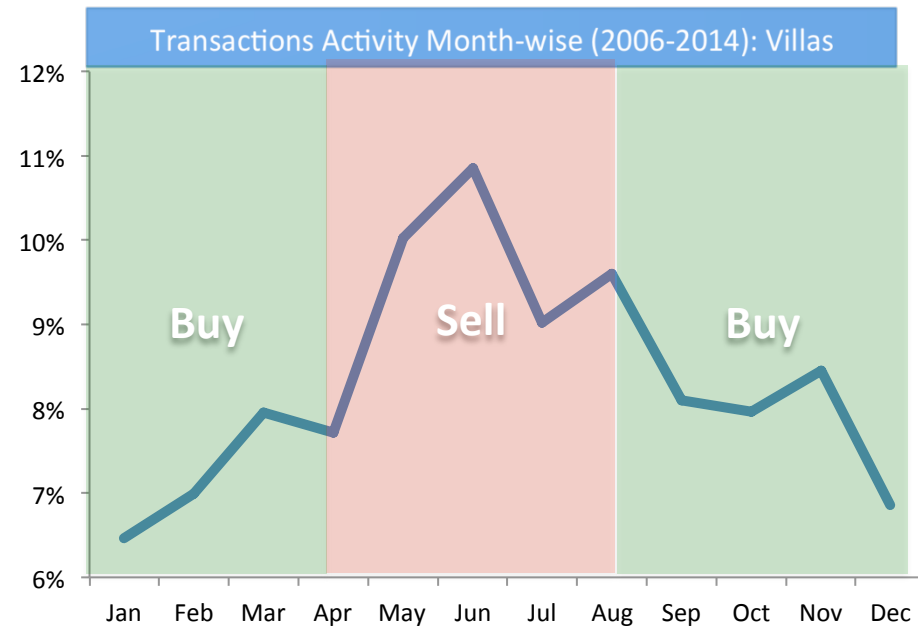
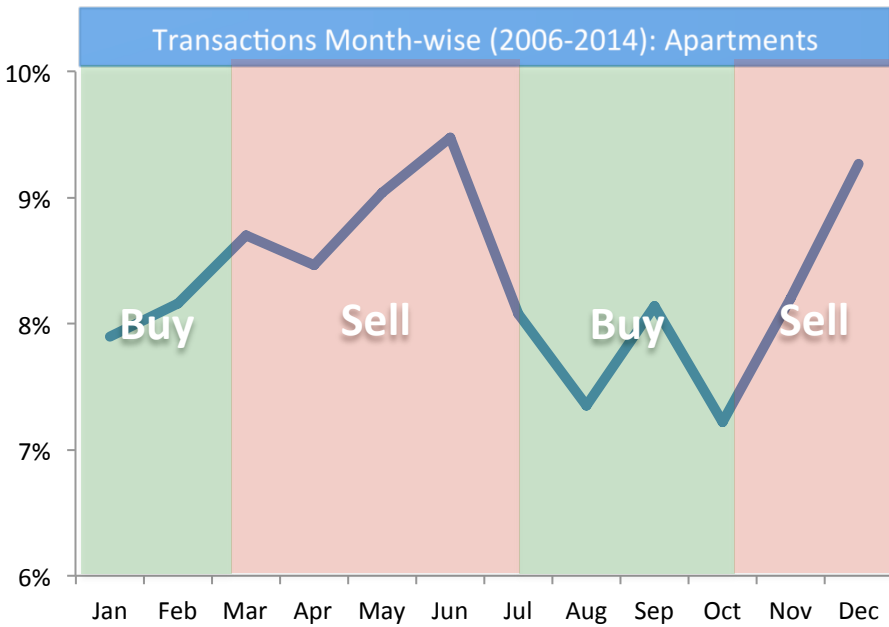
In the villa segment, again a similar trend is witnessed amongst investor behavior, with January appearing to be the best time frame to buy in the Springs and Ranches; June though to September appeared to be the optimal selling points.

Market Liquidity Analysis



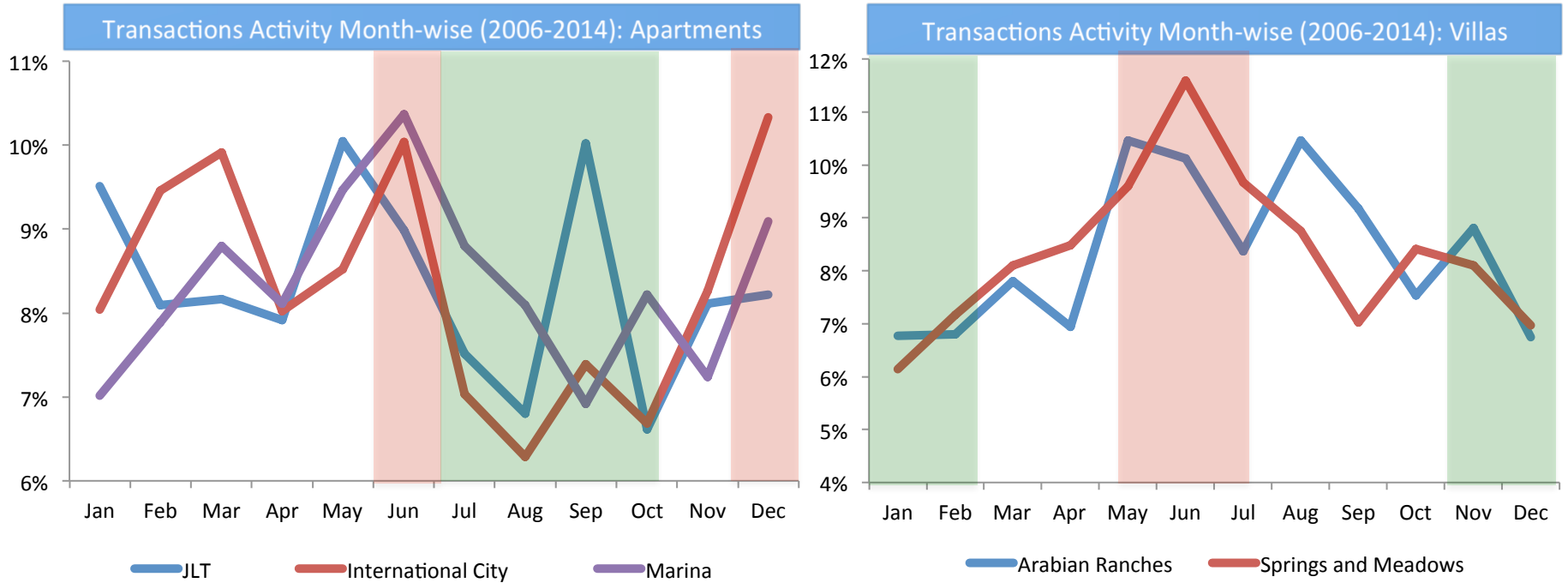
“Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value.” - Warren Buffett

Market Liquidity Analysis



A 8 year transactional activity month-wise trend reveals that the liquidity in the market is the lowest during the months of January to March and August to October. Whereas, the highest months of liquidity in the market is from March to July. This trend is common amongst apartments and villas alike.

Community-wise Breakdown



A community wise breakdown reveals that for the most part, liquidity in the markets are at their peak levels between the months of December and June, whereas transaction levels decline systematically from July to September/October levels. JLT appears to be the exception to this, registering a sharp average uptick for the month of September. In the villa segment, transaction volumes are less volatile, indicating less noise from “speculative” demand forces.

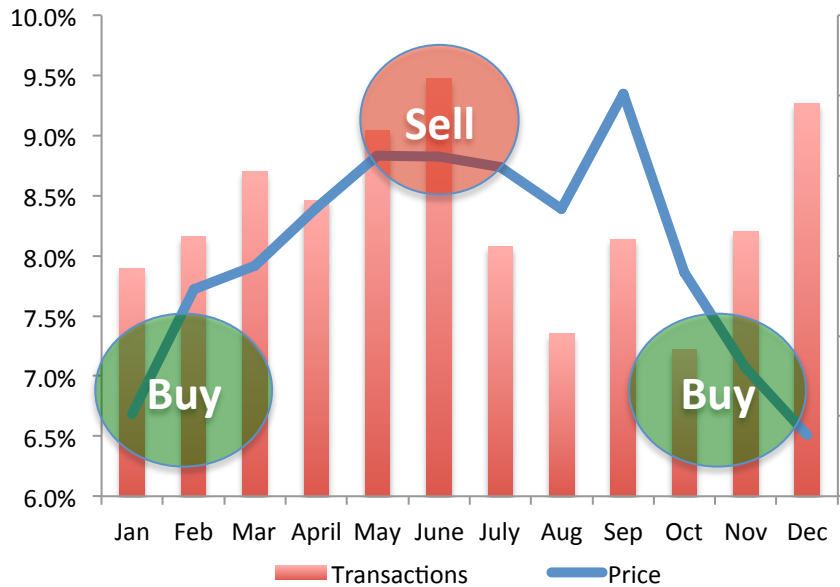
Identifying the Crossover



“If everybody is doing it one way, there's a good chance you can find your niche by going exactly in the opposite direction”
Sam Walton

The Summer Months, the Optimum Selling Point

Price and Transaction: Apartments



Price and Transaction: Villas



A bivariate analysis between the monthly price change and transactional activity (monthly transactions as percentage of overall yearly transactions) shows that the optimal time to purchase a property is in October through to February. Whereas May through to July are the most favorable time to sell. Whilst this is contrary to broker talk, data in the estate markets appear to mimic investor behavior witnessed in the capital markets, both domestically and abroad.

As securitization and investment funds enter the real estate landscape, these trends are likely to be capitalized on in future years; however a community wise analysis may well reveal further investor patterns.

Conclusions

The optimal time to purchase a property is in October through to February.. Whereas May to July are the most favorable months to sell

Data in the estate markets appear to mimic investor behavior witnessed in the capital markets, both domestically and abroad

Market Price Change Analysis

A monthly price change analysis over the last 8 years reveals that November to March witnessed the lowest amount of price action, making it the optimal time to buy a property. Whereas March to October incurred the largest amount of price action, making it the best months to sell.

A further in-depth analysis reveals that within the apartment segment December is the optimal time to buy, where as September is the best time to sell

On the other hand in villas January is the best month to buy, where as July is the best month to sell

Identifying the Crossover

In order to decipher the optimum point to sell and buy a property, a min max theory was applied to both variables.

June and July are the months with the highest price appreciation, along with the largest volumes making it the best times to sell

Whereas Jan-Feb and Oct-Nov, are the optimal levels to sell as the prices incur the least fluctuations along with the lowest amount of transactions.

Market Liquidity Analysis

In order to understand the buying and selling patterns of the real estate market, a month-wise transactional analysis was conducted. It revealed that the market liquidity was highest during the months March to July, while January to March and August to October were the lowest

A comparison between the liquidity levels of apartments and villas shows that the volatility is higher in the former, highlighting the speculative behavior present in both segments. Villas being the more favorable options between home-owners, and apartments being investor driven is clearly apparent in the buying patters.

Conclusion

Data indicates that transaction and price levels intersect in the months of may through to July as being the most optimal points for sale.

Purchase periods seem to be at positive levels in the months of October through to February, putting to rest the broker maxim that markets are ripe for sales in this point and purchase during the summer months

A granular analysis of community wise data may indeed unveil further investor patterns; however investor behavior patterns thus far mimic buy and sell patterns observed in capital markets, both domestically and internationally.



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“No barrier can withstand the strength of purpose”

HH General Sheikh Mohammed Bin Rashid Al Maktoum
The Ruler of Dubai and Prime Minister of UAE

