

Is now the time to get on Dubai's luxury property ladder?



e.com/2016/06/20/kempinski-shines-in-lithuanias-vilnius/

Despite falling housing prices across the UAE, the demand for high-end properties remains steady. But fears about oil prices and the real estate market are driving down the prices in some of the best neighbourhoods in town—a boon for savvy home buyers, *writes Jennifer Bell*.

As the tremors caused by the sudden fall to earth of previously soaring and seemingly stable oil prices continue to be felt, you could be forgiven for thinking that, as far as the UAE is concerned, it's a case of business, and pleasure, as usual.

On the surface, Dubai continues to gleam and glide, with the trappings of affluence continuing to be pursued and displayed, and the emirate giving the impression of riding out the hydrocarbon storm with ease.

But while oil's nosedive might not have led to panic stations being sounded within Dubai's prime property market, drastic price-slicing and desperate attempts to find buyers for the city's most exclusive addresses, even its seemingly buoyant housing sector cannot fail to be touched by a dramatically altered economic landscape.

The question is whether that touch is best described as a slight nudge, or a sharp jab — and whether resilience in Dubai's luxury housing sector is reality, or façade. Andrew Cleator, luxury sales director at Luxhabitat, the only high-end property brokerage in UAE with the most exclusive portfolio of luxury villas, apartments and penthouses for sale and rent in Dubai, said the high end of Dubai's real estate market has certainly fared better during the oil price crisis than the low-mid sector, a scenario in which a number of factors are in play, but mainly due to the end buyers' profile and requirements.

“Over the last six months, we have witnessed strong demand for luxury penthouses and more recently waterfront properties like Palm Jumeirah,” he said, pointing to recent sales figures that run into millions of dirhams.

The properties behind these figures, all in Luxhabitat's portfolio, include a five-bedroom penthouse in Princess Tower and a three-bedroom apartment in Park Island (both in Dubai Marina), three sales of four-bedroom luxury villas in The Fronds, and several multi-bedroom properties in Oceana Residences, all located in Palm Jumeirah.

“Despite this, the prices for property on sale in typically expensive neighborhoods haven't retained their value,” explained Mr Cleator, meaning that some price revisions have had to be made.

“Without a doubt all prices in Dubai, regardless of the neighbourhood, have dipped in the last nine months,” he said.

“Depending on actual neighborhoods, I would say that, across the board, this decrease is anywhere between 10 per cent to 30 per cent.”

While house prices in Dubai have defied gravity seen in the 2008 financial crisis, the market has already been weakening due to the imposition of mortgage caps and a hike in property transaction fees.

And Mr Cleator believes the gap between asking prices and actual sales prices is now visible in Dubai

Palm Jumeirah performed best last year
— it accounted for 21.8 per cent of the
total, with these properties maintaining
a eye-catching average asking price of
Dh6.4m

“For some time, the gap was substantial, but recently sellers have reacted after realising that if they are serious to sell, they must adjust their expectations,” he said.

“This has resulted in the gap closing, with more realistic asking prices being evident.” Luxhabitat estimates that, within Dubai’s prime property sector, the price per-square-foot figure has fallen from Dh1,796 in 2014 to Dh1,481. Since 2014, there has also been a 17.5 per cent drop in the price trend for prime residential properties, bringing the prices for these homes closer to those seen within the residential market as a whole.