

# 2017

## WHAT'S IN STORE?

PROPERTY TIME ASKS THIS IMPORTANT QUESTION TO INDUSTRY EXPERTS AND THIS IS WHAT THEY FEEL ABOUT THE MARKET THIS YEAR.

*Compiled by Mary Grace Antonio*

### KALPESH SAMPAT

*COO, SPF Realty*



Looking at the rental aspect of the real estate sector we have seen a drop in rent prices of up to 4% in many areas this year and are expecting a further dip in the coming year purely based on the fresh supply of units handing over in 2017 in different parts of the town. The majority of these units will be suitable for mid- to

high-income households while very little new supply will be delivered for the mid- to low-income household brackets, which is always the most undersupplied bracket.

Most of the new units are being built outside the city's center. It is estimated that just 19 per cent of those homes – about 3,800 – are due to be

built in the central and most established parts of the city next year. This will be a relief for the landlords of units in the central and prime locations, as their property will be immune to a dip in rent due to a lack of fresh supply in the area.

The new supply will also push down sale prices in many of these new communities for



the first to second quarter. However, by the end of the third quarter, the prices are expected to stabilize to a healthy constant.

Despite seeing a price pattern with newly handed over communities where they initially drop and then stabilize, it is forecasted that in general the prices in Dubai real estate are to increase by the end of the year as the infrastructure spending on mega projects such as Al Maktoum Airport, Dubai Parks and Resorts, Dubai Creek Harbour and Bluewaters Island and Expo 2020 goes on full swing.

It is projected that the demand will shift to these newly established central parts of the town. This demand will create a more rapid price increase on the properties in the close proximity of these prime projects. Hence, location is yet again, the key to ensuring the correct investment and yield.

## ALDO DE JAGER

*Director of Sales,  
Elysian Real  
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Looking into predicting the real estate market for 2017 is like looking into a crystal ball and each person's view will be different. The view at Elysian is certainly a positive one.

Although we are not expecting headlines like seen in the past we do expect that the first quarter will be much the same as the last in 2016 with a slight increase as the year goes on.

However there is hope for the rest of the year as we look into all factors affecting the industry like politics, oil prices, and liquidity of the market as

well as supply and demand. It is our expectations that oil prices will increase slightly with the decision to limit production and thus stabilizing the market with more buying power and liquidity from the gulf countries. Politics also play role as it affects currencies as well as customer confidence and with the inauguration of the new US president we expect a slight drop in the dollar value which will encourage foreign investors to buy in Dubai.

With regards to supply there is definitely a push for more affordable housing and thus directly competing with the rental market and opening up opportunities for tenants to become home owners. And finally, as expo 2020 nears closer it will also push developers to launch more projects at the expo site and investors would like to buy into projects that will be handing over within 2 years. This will also increase jobs at all levels of income. Dubai is also creating major attractions and tourism is increasing year on year, with more people discovering Dubai we believe more interest from investors will follow a parallel line. So as we are finalizing our strategy for 2017 we are certainly planning expanding our own operations with the belief that it will be a good year for us.

## FADI NWILATI

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So what's in it for us here in Dubai during this Fire Rooster year? Just like a rooster walks with his head straight looking forward, we won't look back. Year 2017 is a new beginning that will bring in more stability, and should end with better year on year results. Although the global situation remains still, and perhaps not very positive, our region should begin to

flourish. For those considering to make property investments in Dubai in 2017, its time to close whatever analysis you have been conducting, and to go ahead with your real estate plans. Frankly speaking, real estate will be the most sound

and predictable investment to make in 2017 and the few years to come, especially when compared with alternative investments such as gold or stocks. Can you predict a 7% Yield on gold or stock in 2017? The short answer is no. But surely you can predict a 7% yield from rental income in a property in Dubai, can't you? Just like any real estate investment, you must first decide why you are buying (your purpose) and what your exit strategy is (your goal). Then you must do your homework, and do it yourself. Take it from someone who has been in the real estate industry in Dubai for over 10 years, not every property purchase is a winner. Even in boom years, I have witnessed investors make much lower returns than their peer investors, because of not being clear on their purpose and

exit strategy. Unless you know something unique, I do not know of any investments that you can make in 2017 in the EMEA region that will produce better results than buying property in Dubai. Having said this, one must also consider that having a single market prediction for Dubai's real estate market would be a prediction-in-error. Dubai's market is now split into different segments and thus, each segment should be analyzed independently from the other. It would be misleading to have a single outlook that applies to residential, commercial, retail, industrial, and hospitality properties, or to have a single indication of market movement that applies to both off plan and ready properties, and prime, mid segment and affordable properties.