

Recovery Predicted for Dubai Real Estate Market

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Investment analysts have said Dubai's investment property prices could start a recovery process in 2010 if enough liquidity arrives in the market.

EFG Hermes also said price falls had first begun in September this year, and had since been falling between one and two per cent per month.

Both off plan and finished homes were falling in value, the company said, with developers now scaling back ambitious projects.

The company released figures which suggest the slump could end inside two years but may go on longer if buyer confidence continues to fall.

Ms Sana Kapadia, analyst at EFG Hermes, said:

"We don't really have an understanding of the full extent of how bad the current picture is, but from our own pricing index we have seen price declines starting in September 2008."

She added even if prices fall 15 to 20 per cent, many units would still be inaccessible to the wider market.

Dubai continues to undergo a price correction as other UAE states continue to show strong demand and rising values.

Ajman in particular has held up well, with Smart Towers, a residential scheme by Goldcrest Properties, selling its first phase in just 15 days.

Citigroup also recently said Abu Dhabi can expect a continuing growth of its rental market, where demand continues to outstrip supply.

One of the larger but less famous states, Sharjah, is also pushing on with development and recently hosted a successful real estate show.