



# Dubai Residential

## Curiouser and Curiouser

Analyzing Payment Plans and Plot Sales

# Executive Summary

## - **Payment Plan Breakdown**

Over the last three years, Dubai has seen a shift in citywide payment plan trends for off plan sales. Post handover payment plans have been more generous from private sector developers, and this has contributed to the surge in off plan sales, which now account for two-thirds of all citywide sales.

## - **Ready and Off Plan Price Gap**

Looking at a sample of communities, we can see that the price gap between off plan and ready sales has been steadily growing over the past three years. This trend appears to hold true across both apartment and villas, as well as across both luxury and mid-market communities.

## - **Plot Sales Value**

Plot sales have consistently accounted for a disproportionate fraction of citywide sales value (relative to the fraction of citywide sales volume they constitute). This explains the surge in developments but equally indicates an increase in the pipeline of supply in the coming years. This suggests that off plan prices will begin to mean revert as the market receives this greater volume of supply, reversing the aforementioned trend of diverging ready and off plan prices.



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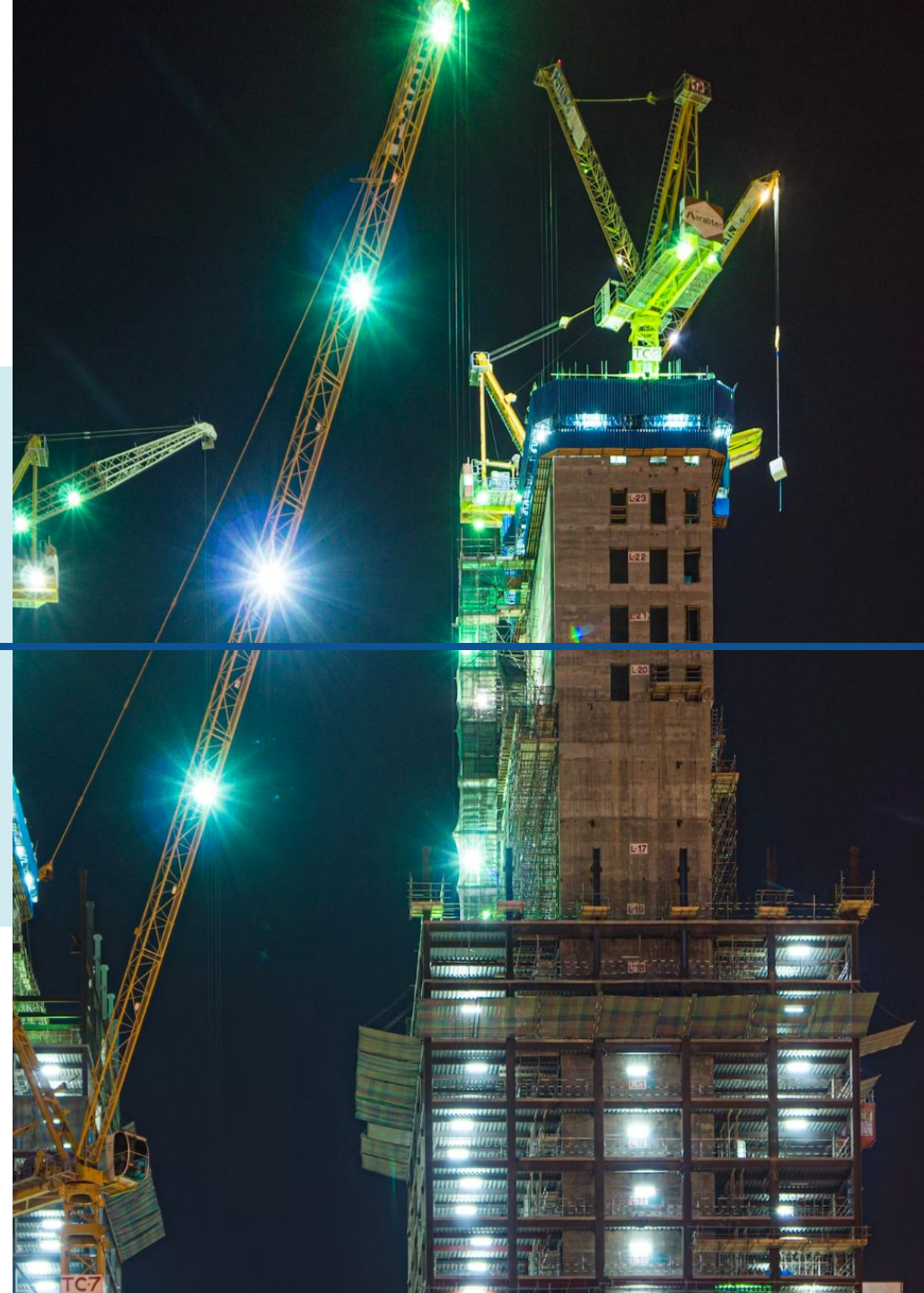
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# Payment Plan Breakdowns

**“Change is inevitable. Growth is optional.”**

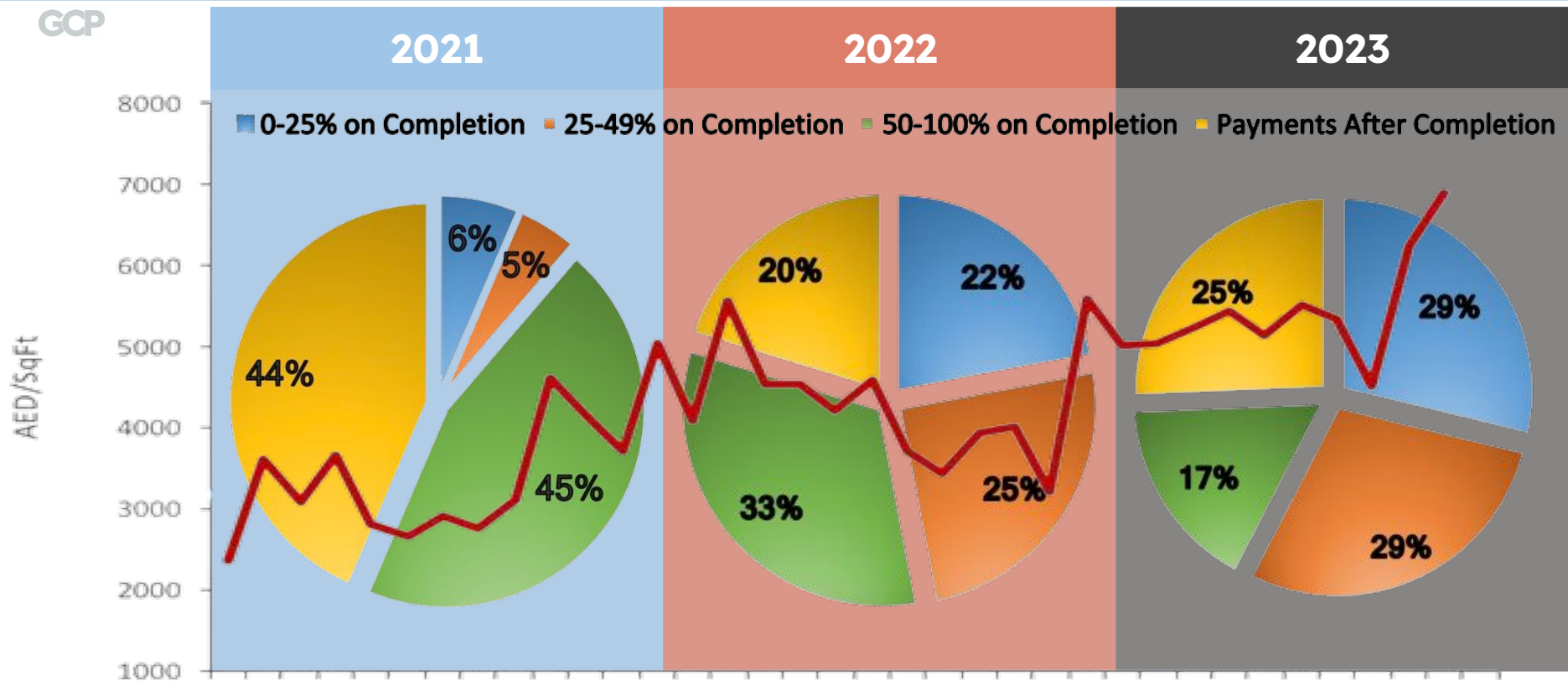
– John C. Maxwell



# Payment Plans Versus Citywide Average Price

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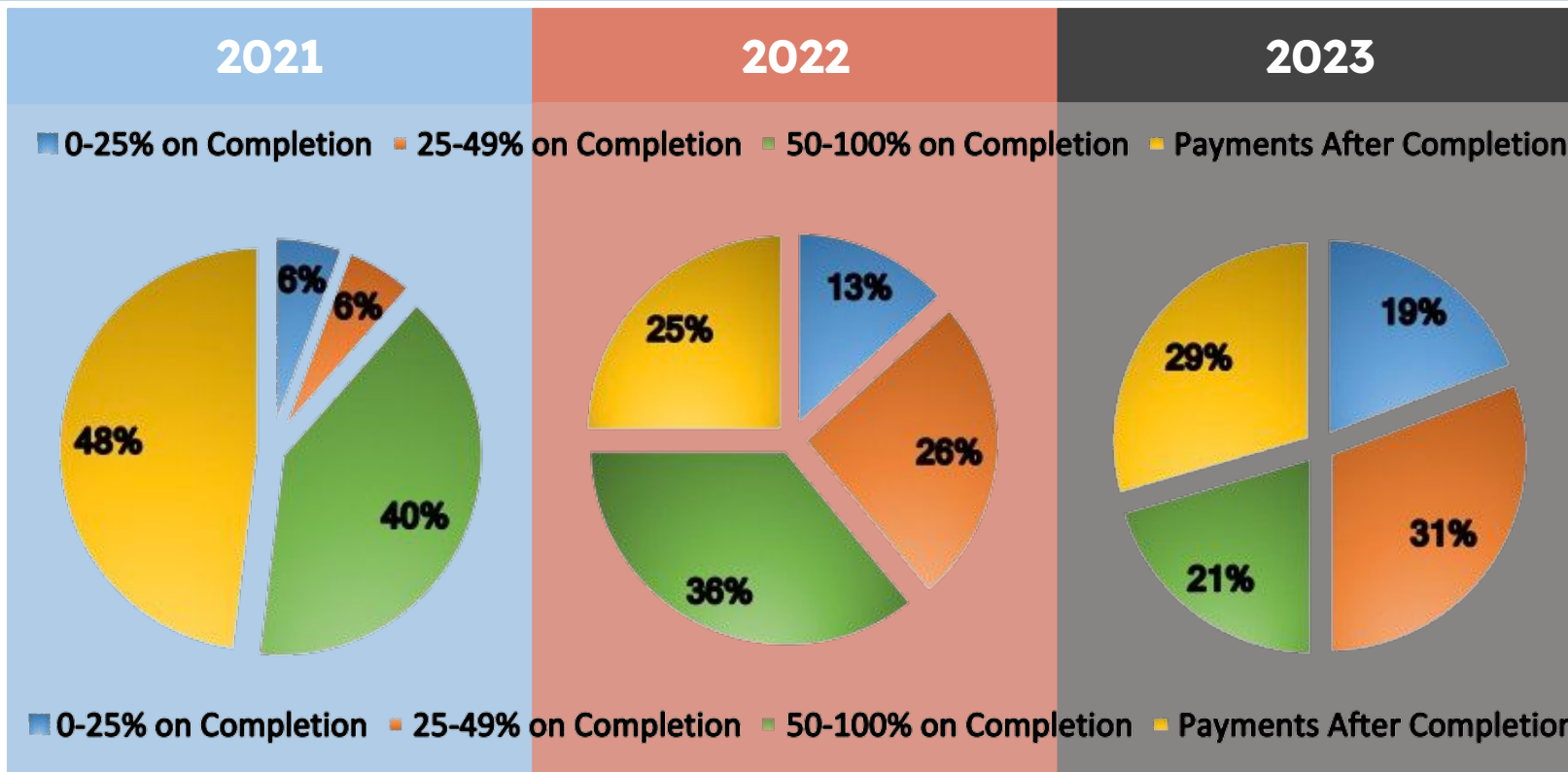


Over the last three years, the citywide average price per square foot for off plan properties has increased. Over the same time period, payment plan trends have shifted away from post-handover payments and 50-100% on completion plans, which accounted for 89% of payment plans between them in 2021, but now make up just 42%. The trend has since shifted towards plans that involve a greater portion of the payments being made during construction, rather than on or after completion.

# Private Sector Offers More Developer Finance

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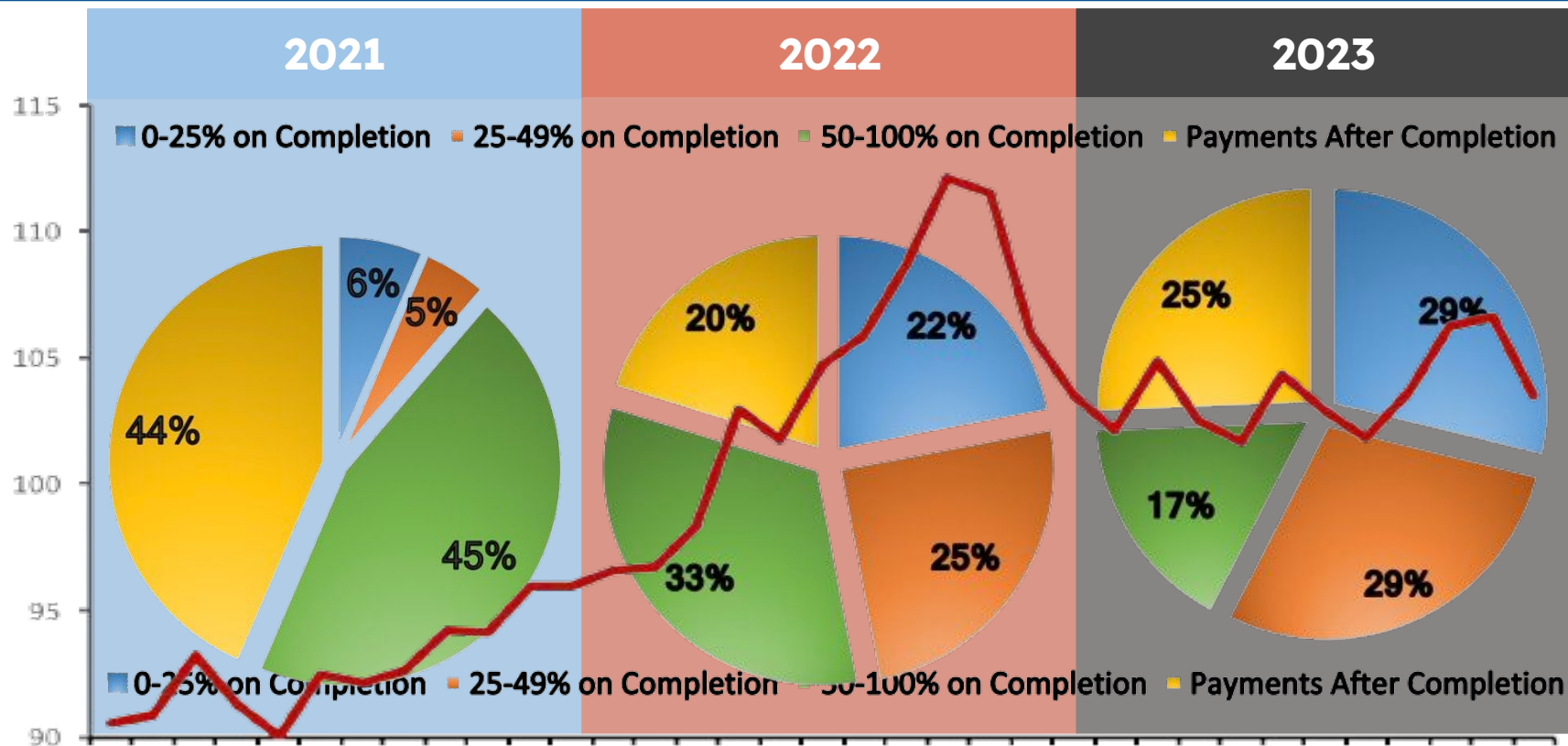


The private sector overall has been more willing to offer post-handover options, with 29% of private developer payment plans this year including some degree of post-handover payments, compared to the citywide total of 25%.

# Payment Plans Versus USD Index

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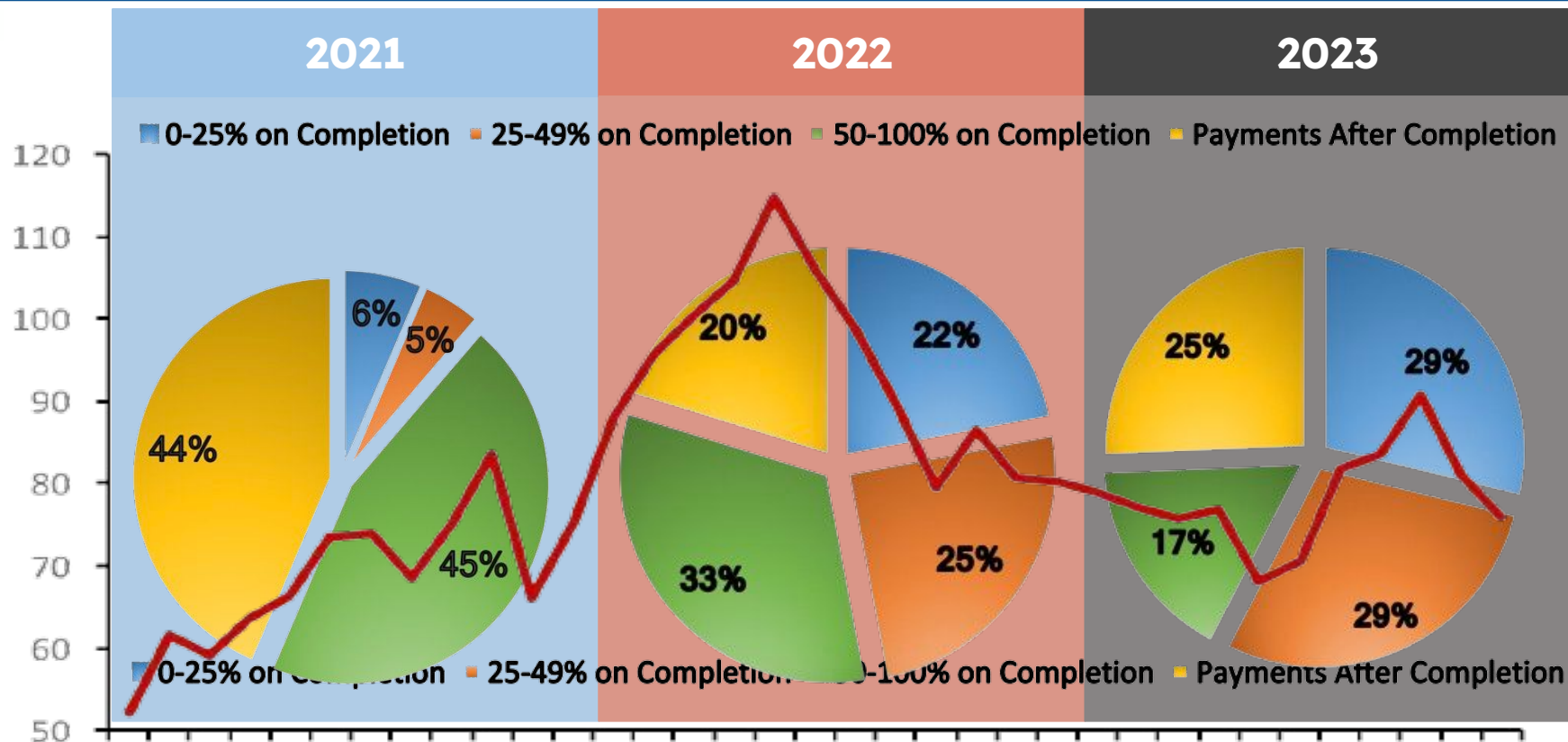


The US dollar index has also seen an overall increase since 2021, reaching its peak index value of 112.12 in September 2022. The sharp surge from January 2021 to September 2022 (during which the dollar index saw a 23.8% spike) coincided with post-handover payment plans halving in citywide frequency. However, as the dollar index has fallen from 2022 to 2023 (currently sitting at 101.83 as of December 22nd), post handover plans have seen a slight resurgence.

# Payment Plans Versus Oil Prices

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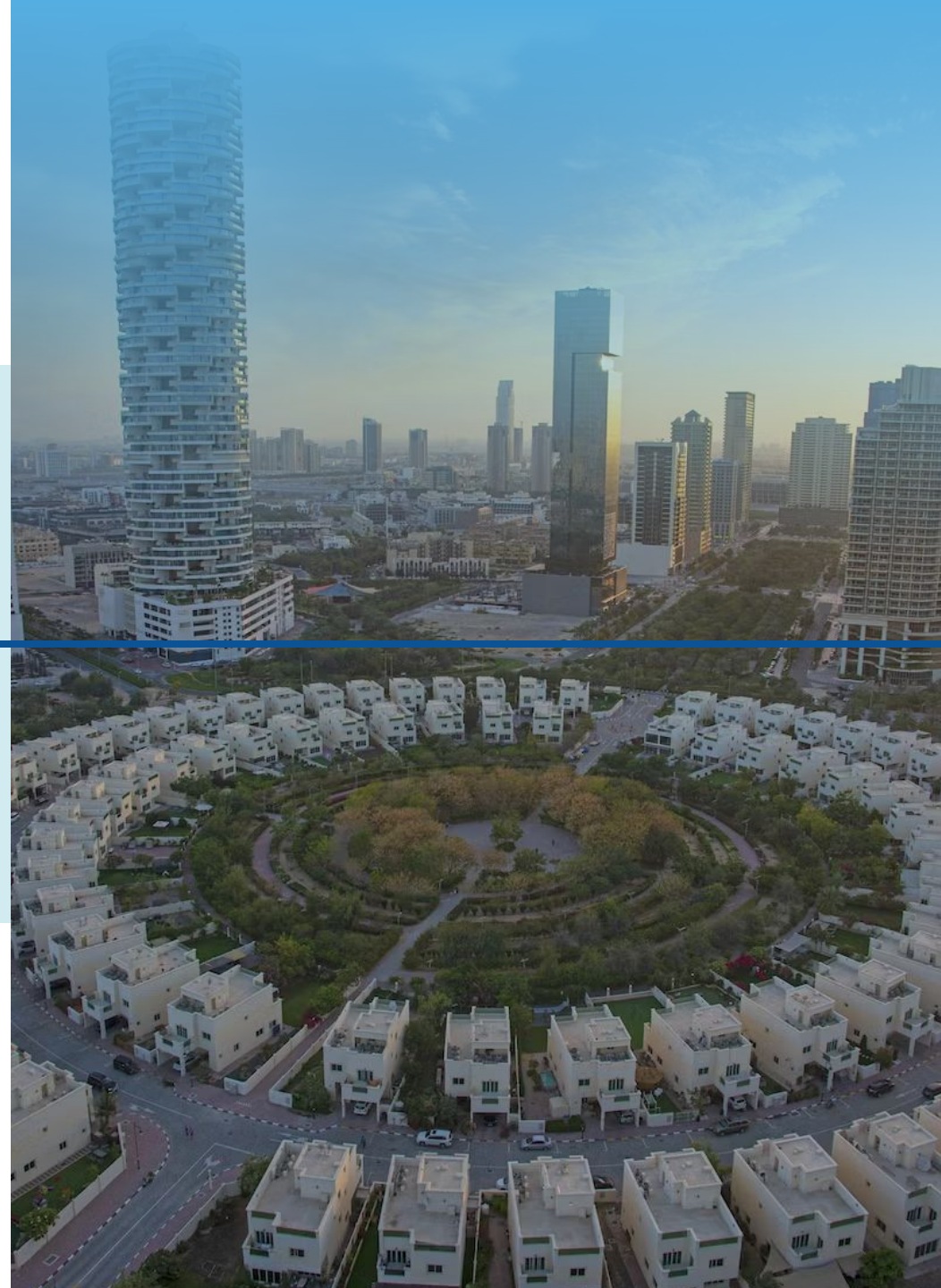
Declining crude oil prices have long been tied to the levels of liquidity in the market place but there appears to be little correlation between the structure of payment plans and oil prices.



## Ready and Off Plan Price Gap

**“March on. Do not tarry. To go forward is to move toward perfection. March on, and fear not the thorns, or the sharp stones on life's path.”**

– Khalil Gibran



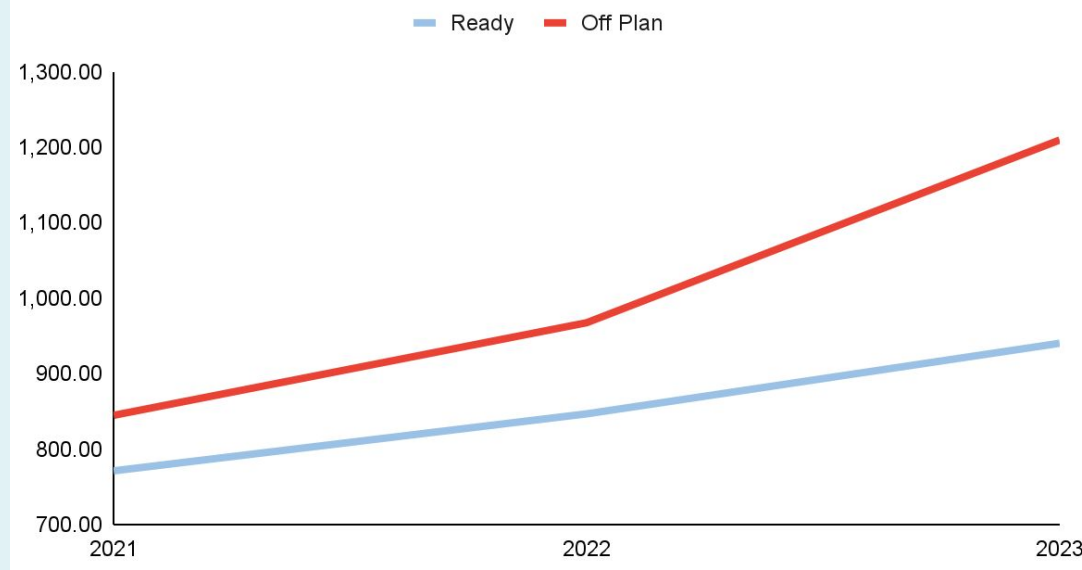
# Widening Price Gap - Apartments (Mid Market)

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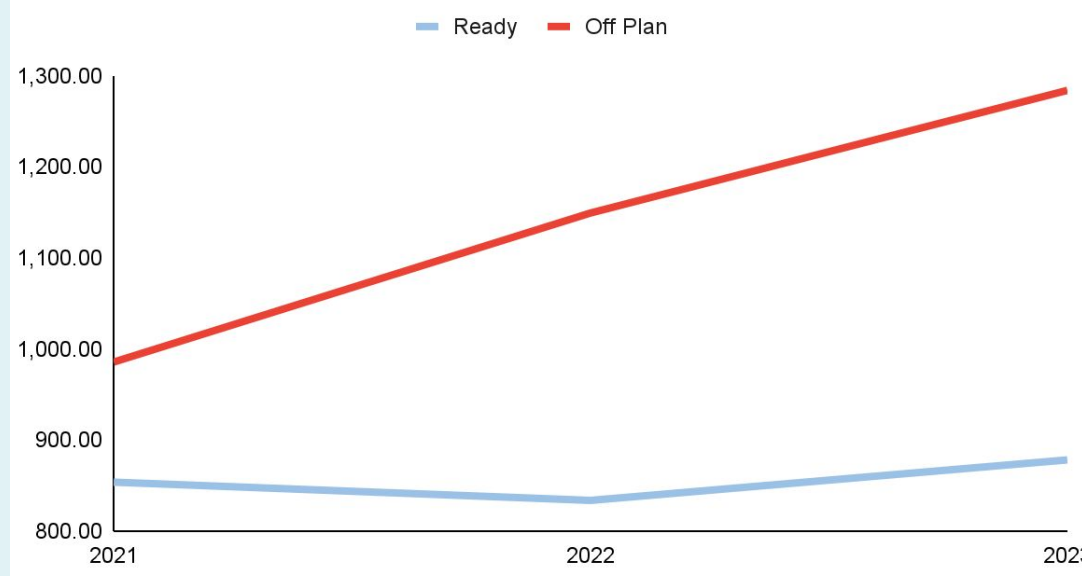
The average gap in price per square foot between off plan and ready properties has also been steadily increasing. Looking at two samples of mid market apartment communities, off plan properties were 9.54% and 15.44% more expensive in 2021 for Jumeirah Village Circle and Arjan respectively. Those gaps have now more than tripled to 28.65% and 46.19%.

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### Ready vs Off Plan Prices - JVC Apartments



### Ready vs Off Plan Prices - Arjan Apartments



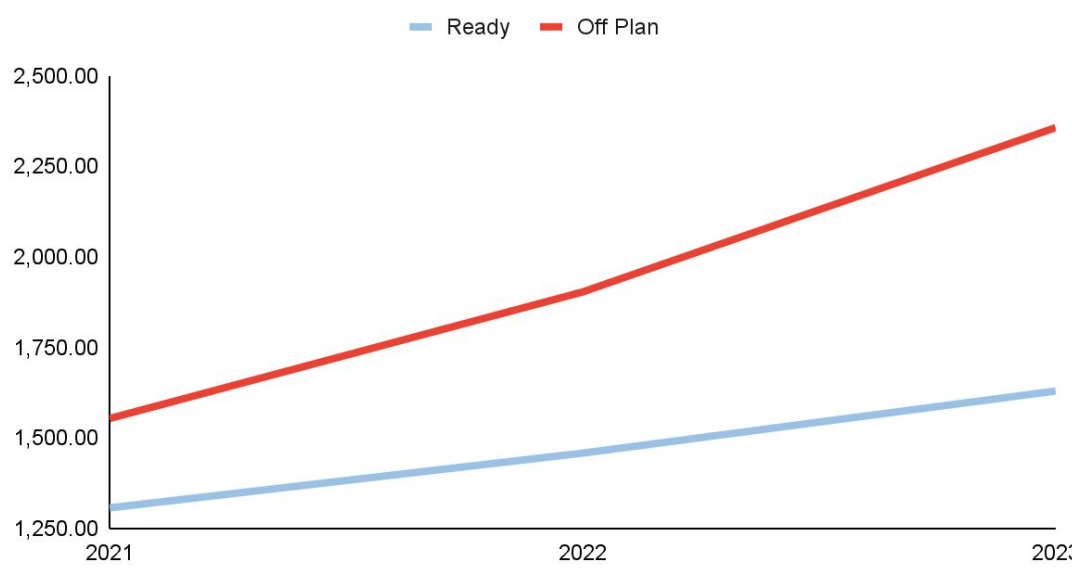
# Widening Price Gap - Apartments (Luxury)

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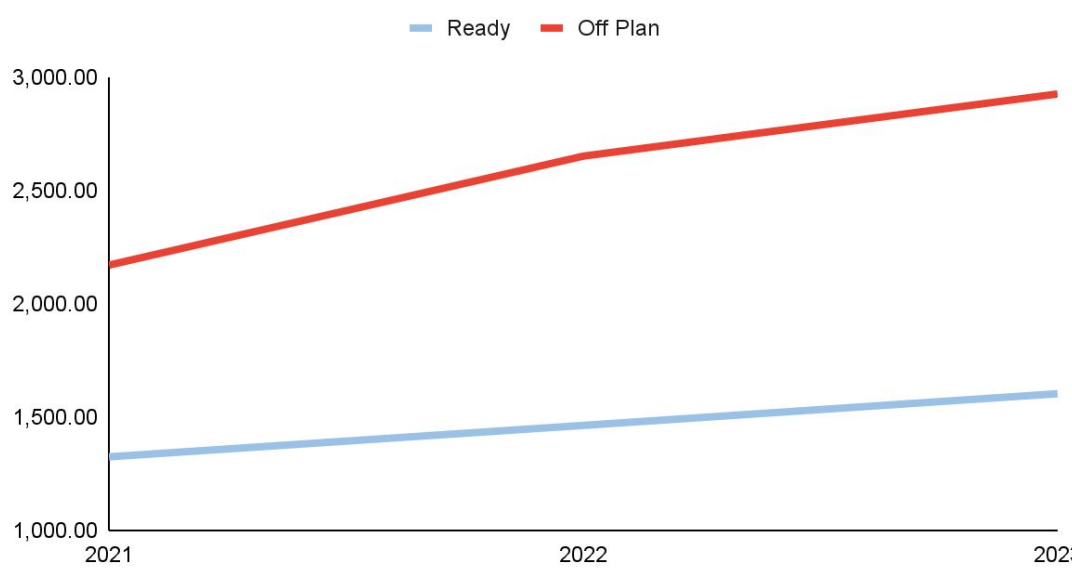
This effect seems to hold true for luxury apartments as well. In our sample communities of Business Bay and Dubai Marina, the gap between off plan and ready properties was 18.87% and 63.84% respectively in 2021. Both of those differences have since increased to 44.62% and 82.49% on average this year.

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### Ready vs Off Plan Prices - Business Bay Apartments



### Ready vs Off Plan Prices - Dubai Marina Apartments



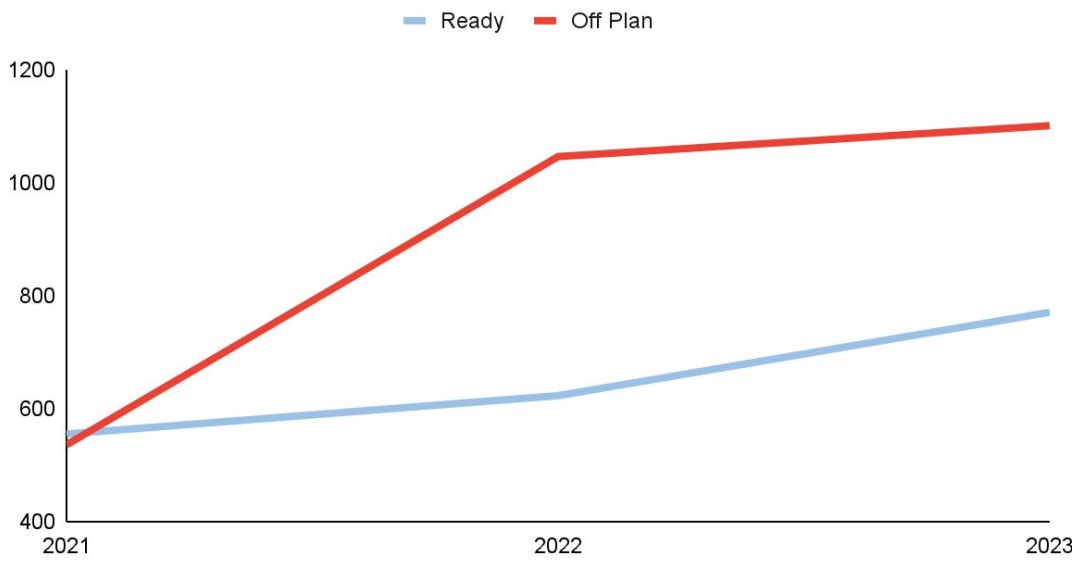
# Widening Price Gap - Villas (Mid Market)



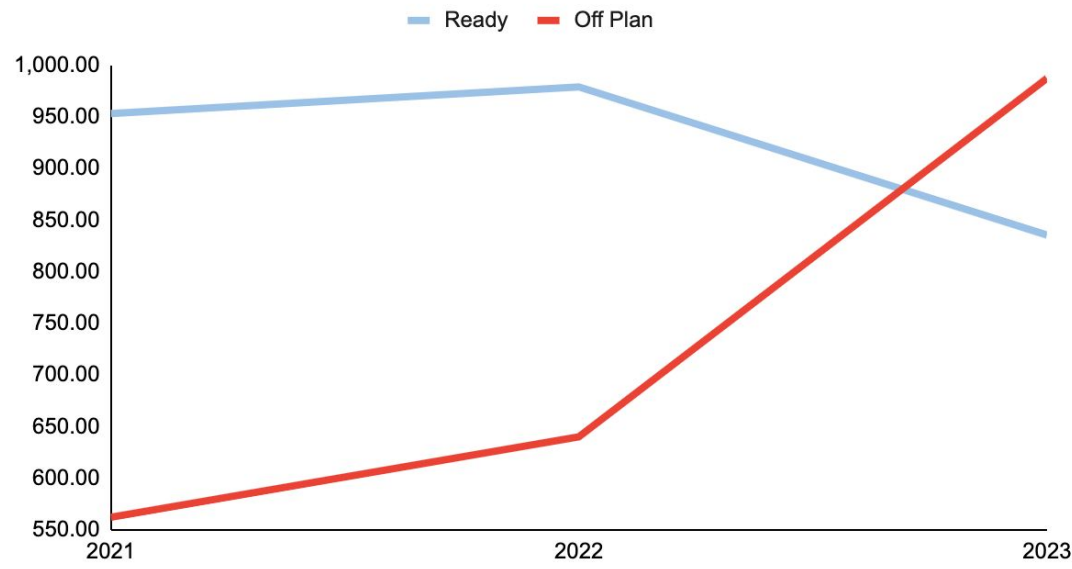
In the mid market villa space, ready properties looked to be more expensive than off plan in 2021. In our sample communities, ready villas were selling for 3.55% more than off plan in Jumeirah Village Circle, and 69.5% more in Dubai South on average in 2021. This trend has since reversed, and off plan properties now sell at a 42.86% and 18.15% premium for JVC and Dubai South respectively.



### Ready and Off Plan - JVC Villas



### Ready vs Off Plan Prices - Dubai South Villas



# Widening Price Gap - Villas (Luxury)

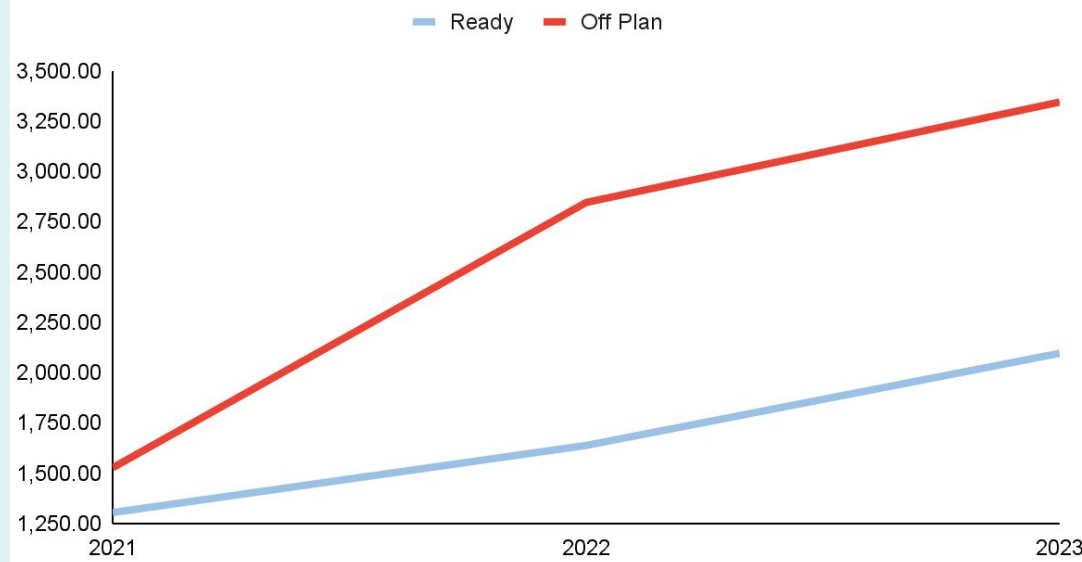


In the luxury villa space, the widening price gap is even more pronounced. In 2021, off plan villas sold at an average premium of 17.09% and 10.16% in Dubai Hills and Sobha Hartland respectively. In 2023, however, those premiums are now 59.57% and 89.01%, far more than triple what they were in 2021.

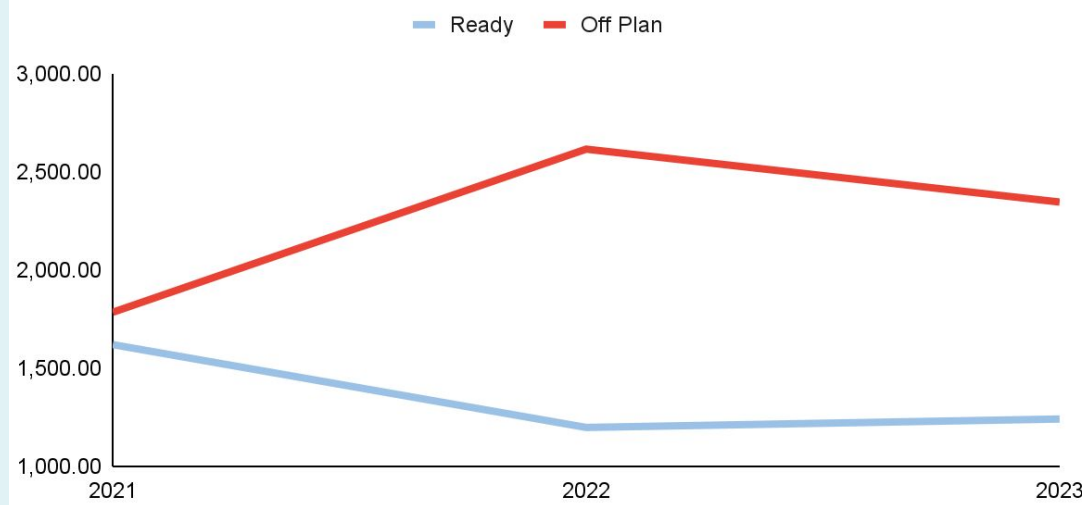
This divergence in off plan and ready prices is unlikely to sustain in the coming years. Buyers and investors can reasonably expect off plan prices to mean revert downwards, especially as the market receives more supply.



### Ready vs Off Plan Prices - Dubai Hills Villas



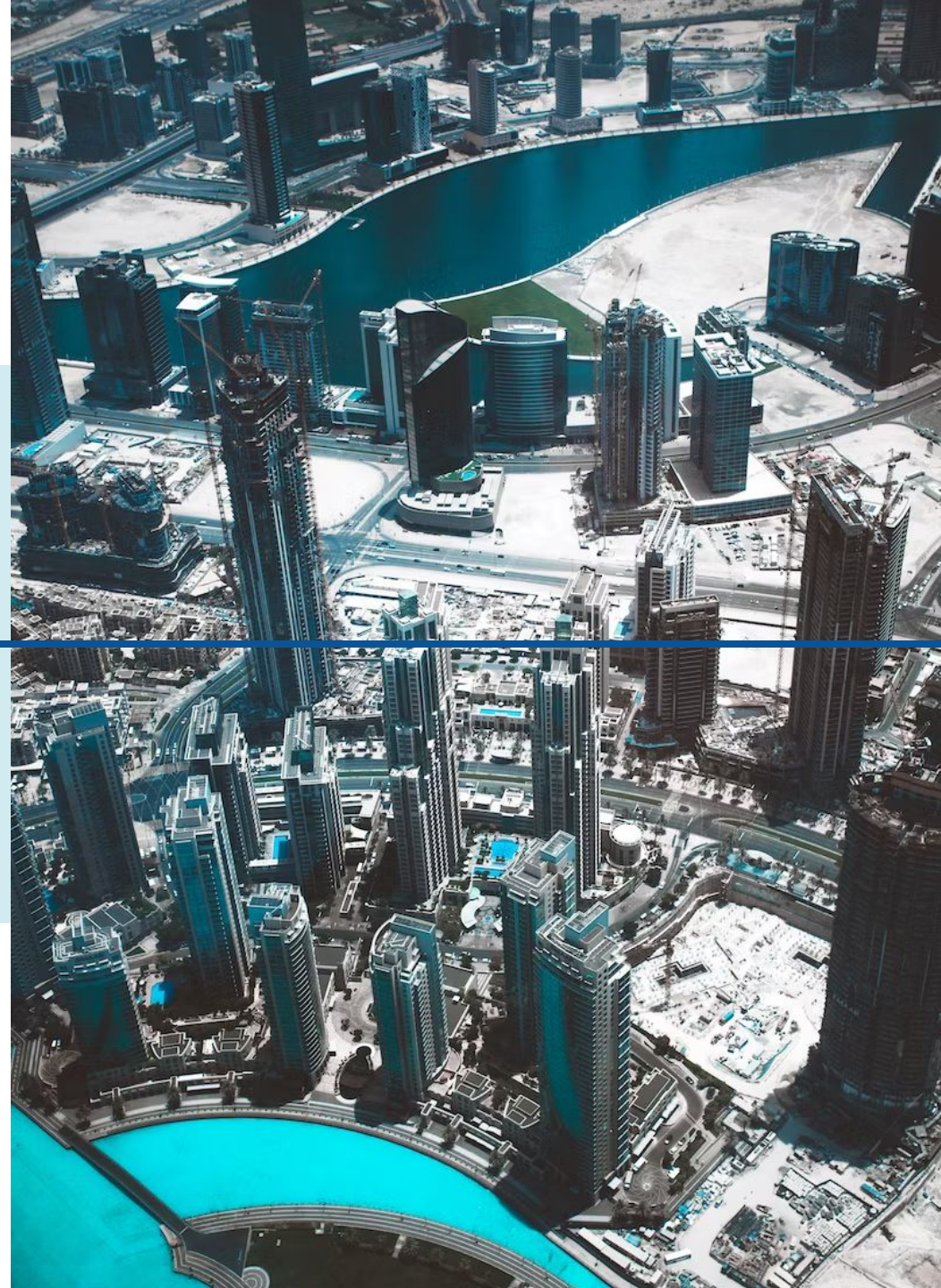
### Ready vs Off Plan Prices - Sobha Hartland Villas



## Plot Sales Value

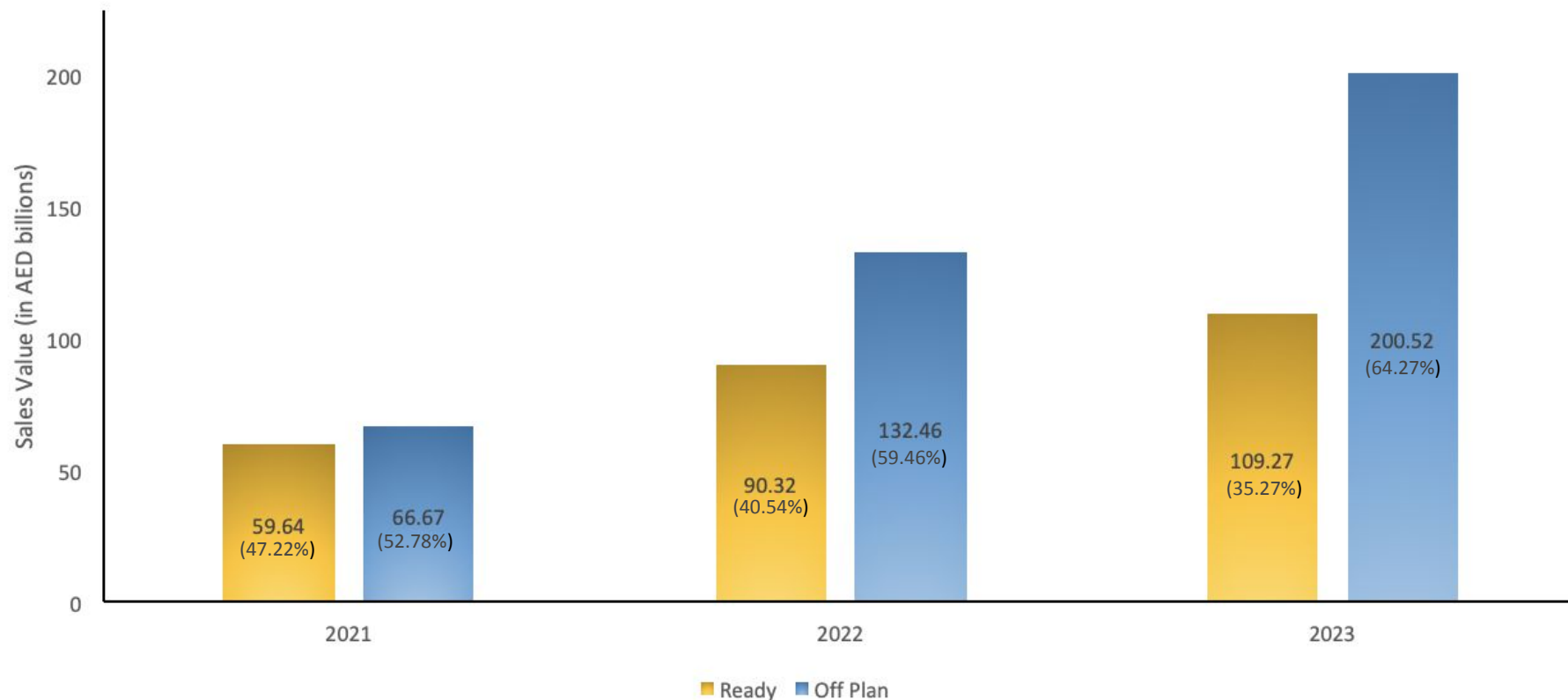
**“Men who wish to know about the world must learn about it in its particular details.”**

- Heraclitus



# Off Plan Sales Versus Ready Sales Value

### Ready vs Off Plan Sales Value



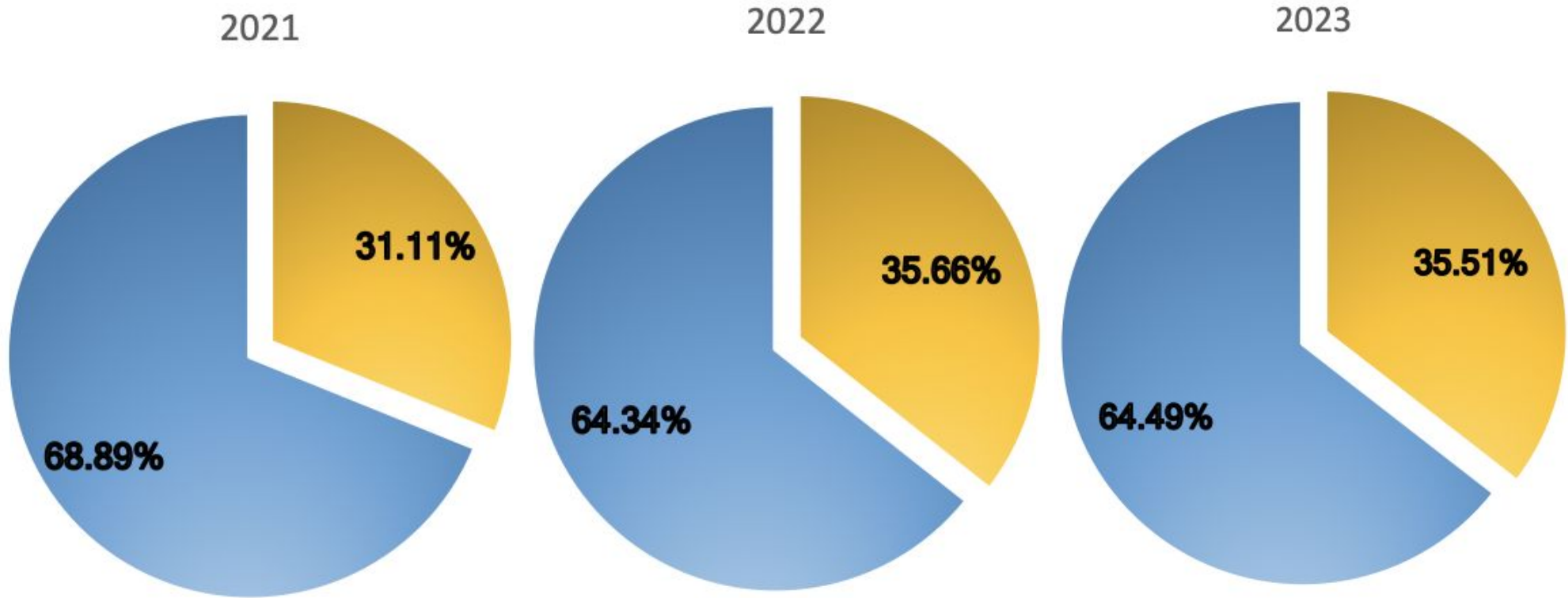
Looking at the citywide sales values, the gap between total ready and off plan sales values has become increasingly more pronounced since 2021. Ready sales have increased by 83.22%, while off plan transactions have increased by 200.76% over the same time period.

# Plots as a Percentage of Citywide Sales Value

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■ Plot Sales ■ Overall Sales



Plot sales have consistently accounted for a third of citywide sales values, despite not constituting even close to that in terms of sales volume. It is pertinent to remain cognizant of how this skews sales numbers for Dubai when viewed holistically, but also that it signals a shift towards off plan and future developments.



# Conclusions

## - **Payment Plan Breakdown**

Since January 2021, Dubai has moved away from post-handover payment plans, with preferences shifting towards a smaller portion being paid on completion. This has coincided with an overall rise in citywide off plan prices, as well as a rise in oil prices and the US dollar index. Among private sector developers, however, post-handover payment plans are slightly more common, and this greater ease of payment plans has stimulated the demand that has led to off plan sales now accounting for two-thirds of all citywide transactions.

## - **Ready and Off Plan Price Gap**

Both ready and off plan prices have been rising over the last three years. However, off plan prices have consistently outpaced their ready counterparts across both the mid market and luxury communities, as well as in both apartments and villas. In some communities, this effect is less pronounced, whereas in others we see the difference more than tripling. This effect is likely unsustainable, however, and therefore we can likely expect prices to mean revert, narrowing the gap.

## - **Plot Sales Value**

Plot sales have consistently accounted for approximately a third of citywide sales values since 2021, despite making up far less than a third of sales volumes. This further supports our hypothesis that off plan prices will mean revert downwards as the market receives an influx of supply.





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# Our Aspiration and Motto

**“No barrier can withstand the strength of purpose.”**

-HH General Sheikh Mohammed Bin Rashid Al Maktoum  
The Ruler of Dubai, Prime Minister and Vice President of the UAE

