



Dubai Residential

The Metro Effect

Examining how Metro Proximity Affects
Apartment Demand

Executive Summary

- Price Analysis

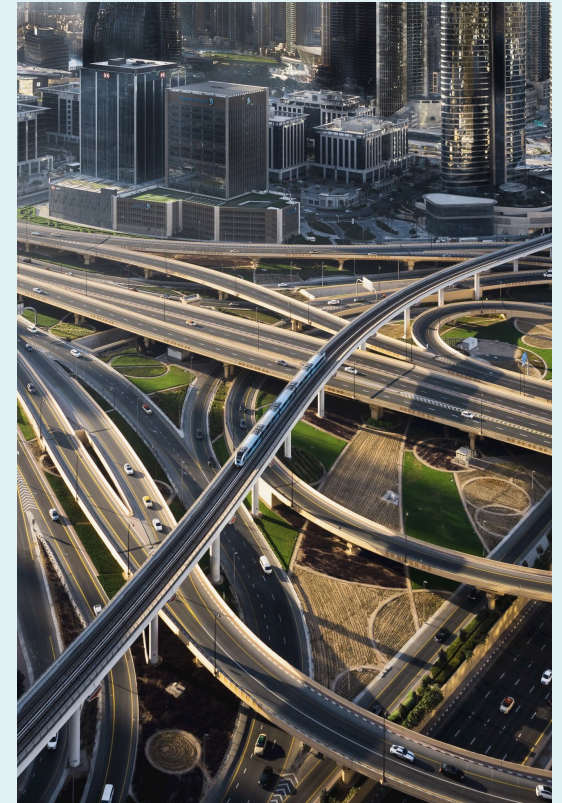
A cursory price analysis suggests that proximity to the metro has no bearing on sales price in the secondary market. Buildings close to metro stations across a sample of different communities consistently show a lack of any significant price premiums. In fact, in some cases, prices in such buildings have even trended lower than community averages.

- Sales Volume Analysis

On the other hand, a comparison of sales velocities between apartments closer to the metro and apartments further from the metro reveals contradictory patterns. Across the board, buildings closer to metro stations tend to have lower annual sales volumes than their counterparts further away, suggesting that the owners of such apartments have a lower willingness to sell due to some non-material premium associated with owning an apartment near the metro.

- Rent Price Comparison

The gap in prices that one might expect to show up in sales prices does in fact appear in rent prices. Apartments nearer to the metro appear to consistently command higher rents, both in communities where the metro station is a relatively newer amenity and communities where the metro station has been present for a significant period of time.



Contents

- 1. Price Analysis**
- 2. Sales Volume Analysis**
- 3. Rent Price Comparison**

Price Analysis

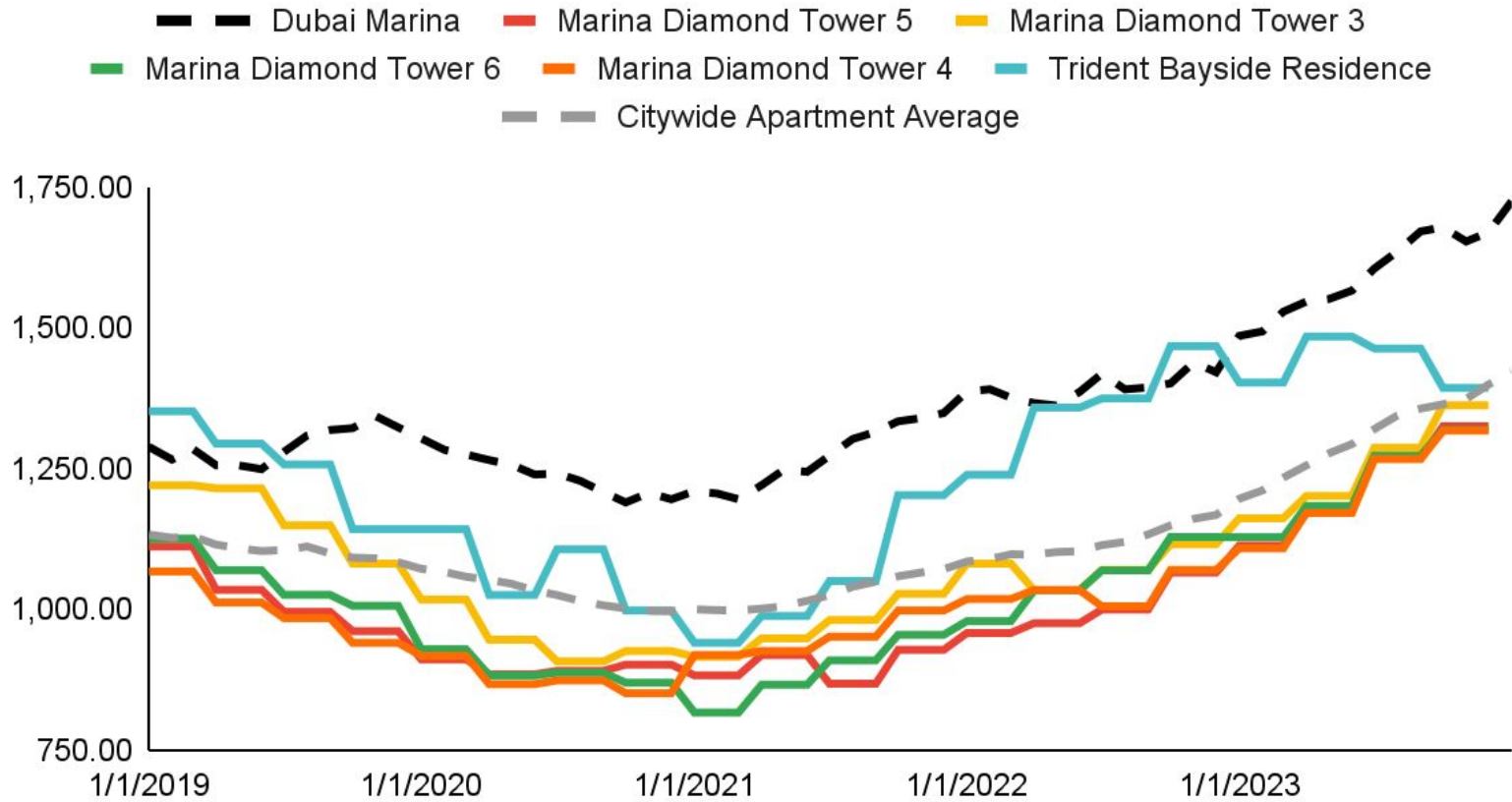
“Money is just a way of keeping score.”

– H. L. Hunt



Dubai Marina Apartments Price Trends

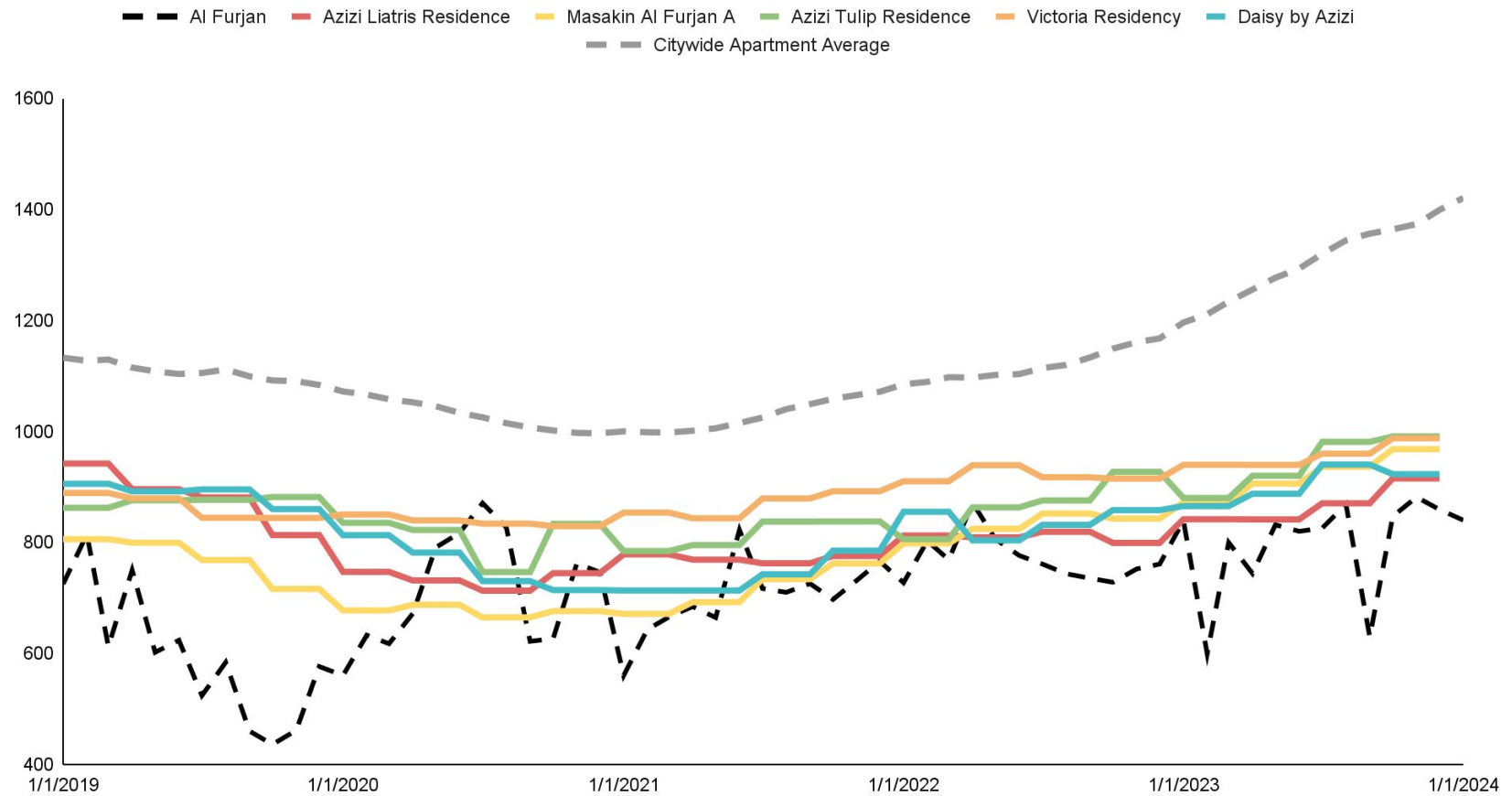
Dubai Marina Apartments AED/SqFt



Dubai Marina shows that apartments close to the metro do not exhibit any trends that would suggest that proximity to the metro has any exacerbatory effects on their sales price. If anything, the above graph could be used to support the opposite hypothesis.

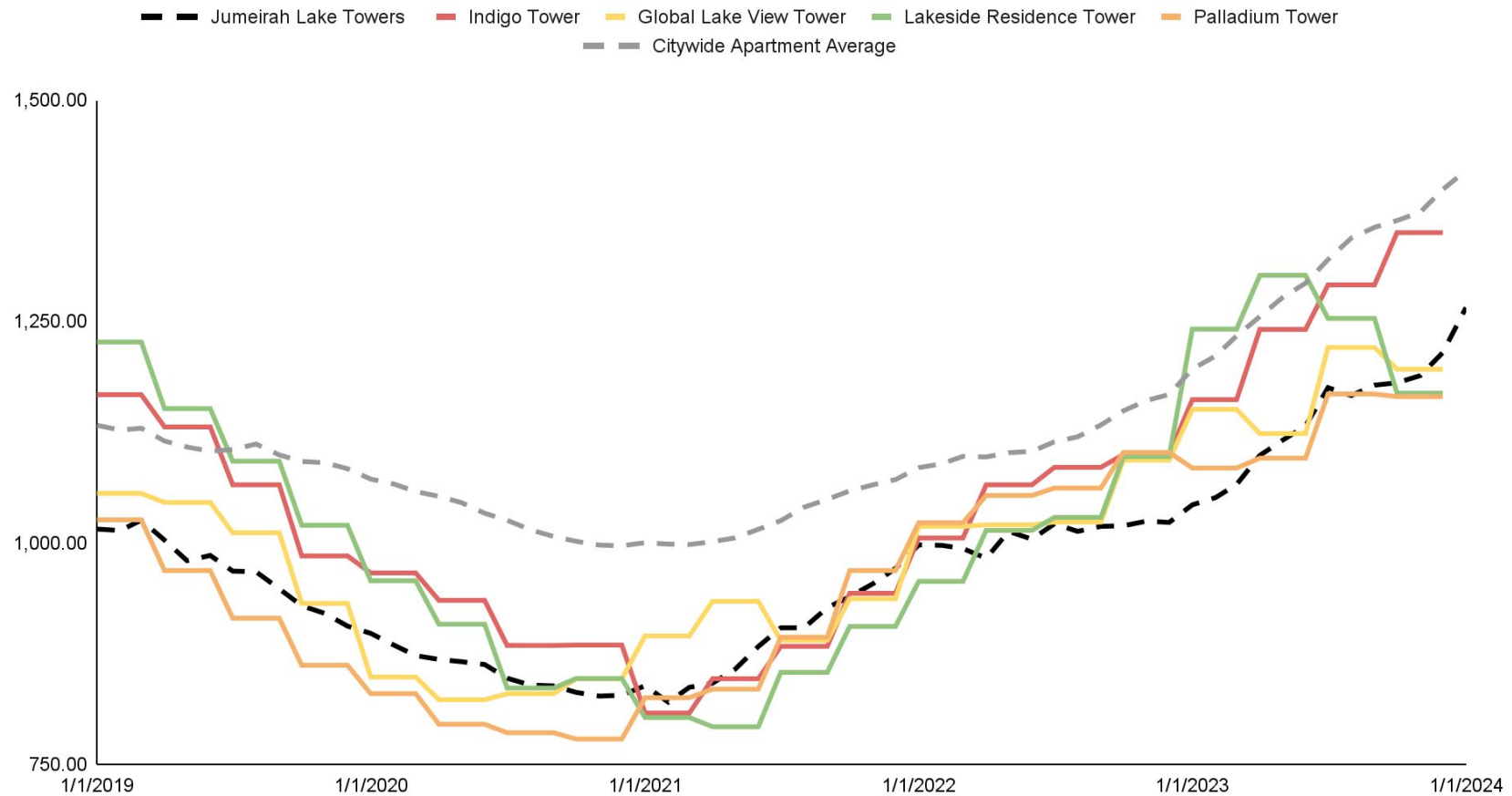
Al Furjan Apartments Price Trends

Al Furjan Apartments AED/SqFt



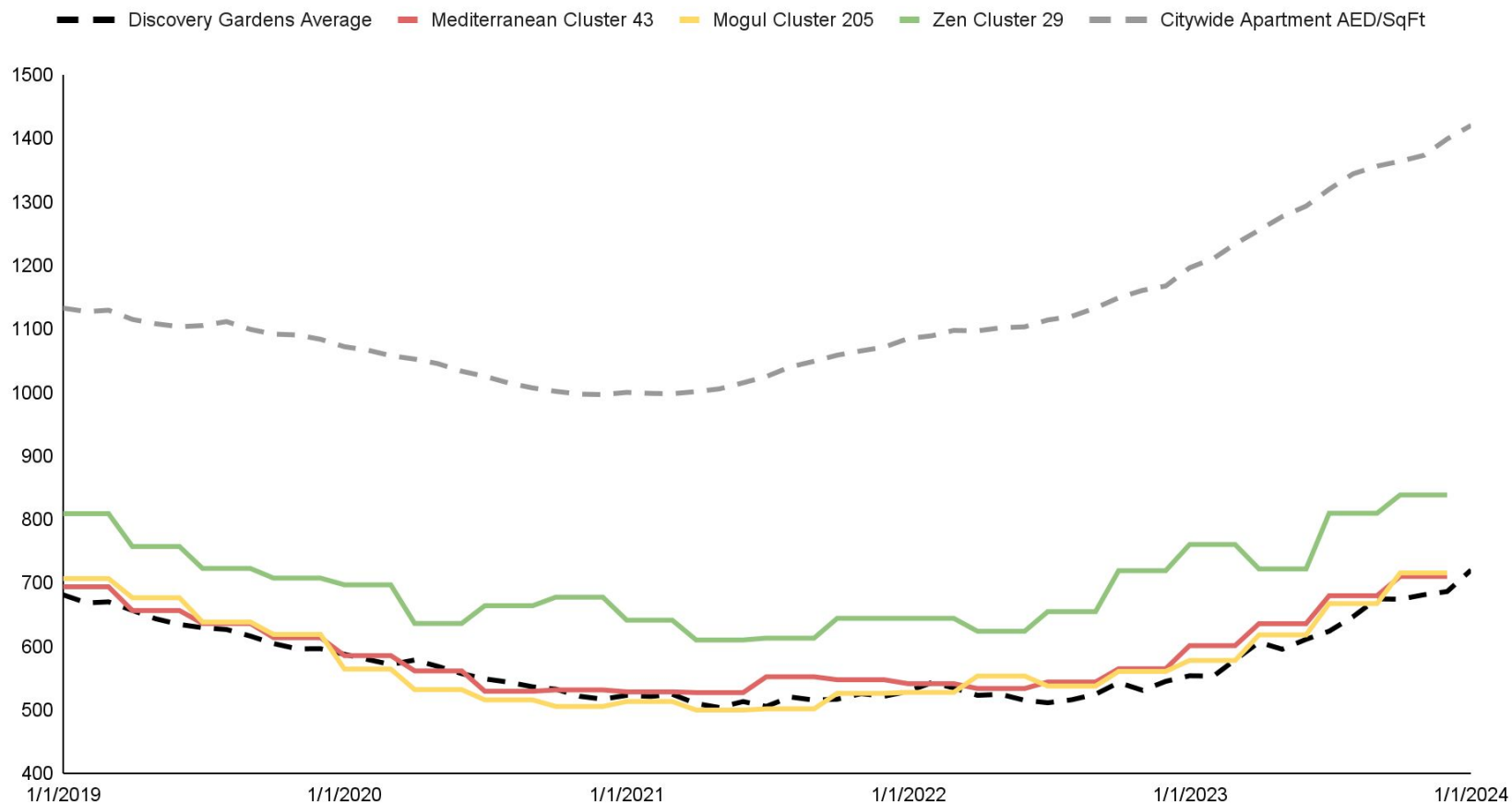
Similar patterns are evident in Al Furjan. Although apartments closer to the metro station have tended to command higher prices than the Al Furjan average, they are still far below the citywide apartment average.

Jumeirah Lake Towers Apartments Price Trends



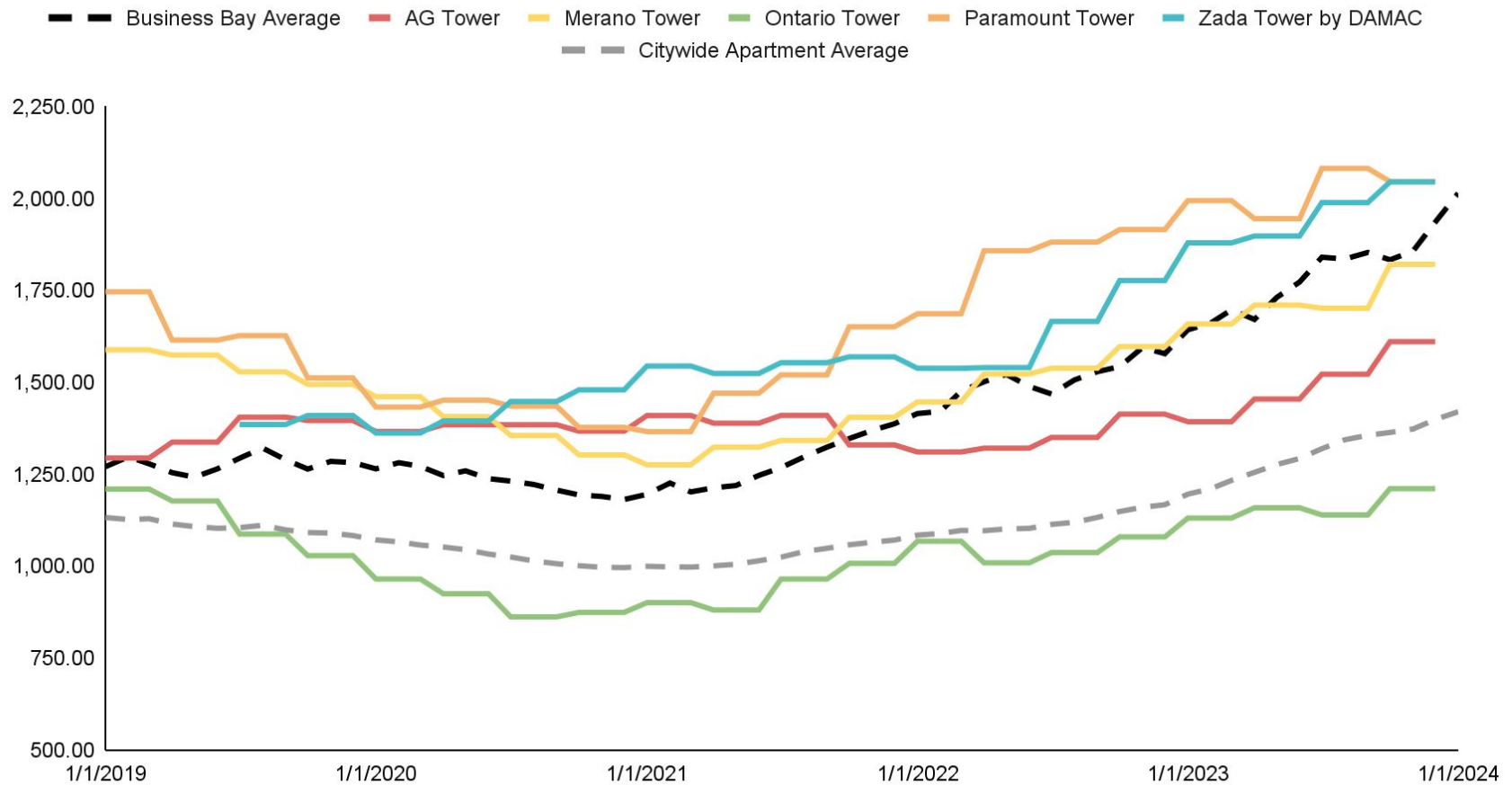
Jumeirah Lake Towers apartments display similar inconsistencies, with the prices for the buildings close to the metro tending to follow the overall community trend, indicating that proximity to the metro does not have a significant enough bearing on these buildings to separate them from the rest of the community.

Discovery Gardens Apartment Sales Index



Discovery Gardens largely exhibit the same trend, with the price trends of the apartments close to the metro aligning closely to that of the wider community. Furthermore, the lack of a significant price gap only supports the hypothesis that proximity to the metro has no effect on sales price.

Business Bay Apartments Price Trends



Business Bay apartments are more of a mixed bag, showing that apartments close to the metro can sell both at a discount and a premium to the Business Bay average as well as the citywide average. This data is inconclusive at best, implying that proximity to the metro has no effect either way on price.

Sales Volume Analysis

“A man travels the world over in search of what he needs and returns home to find it.”

- George A. Moore

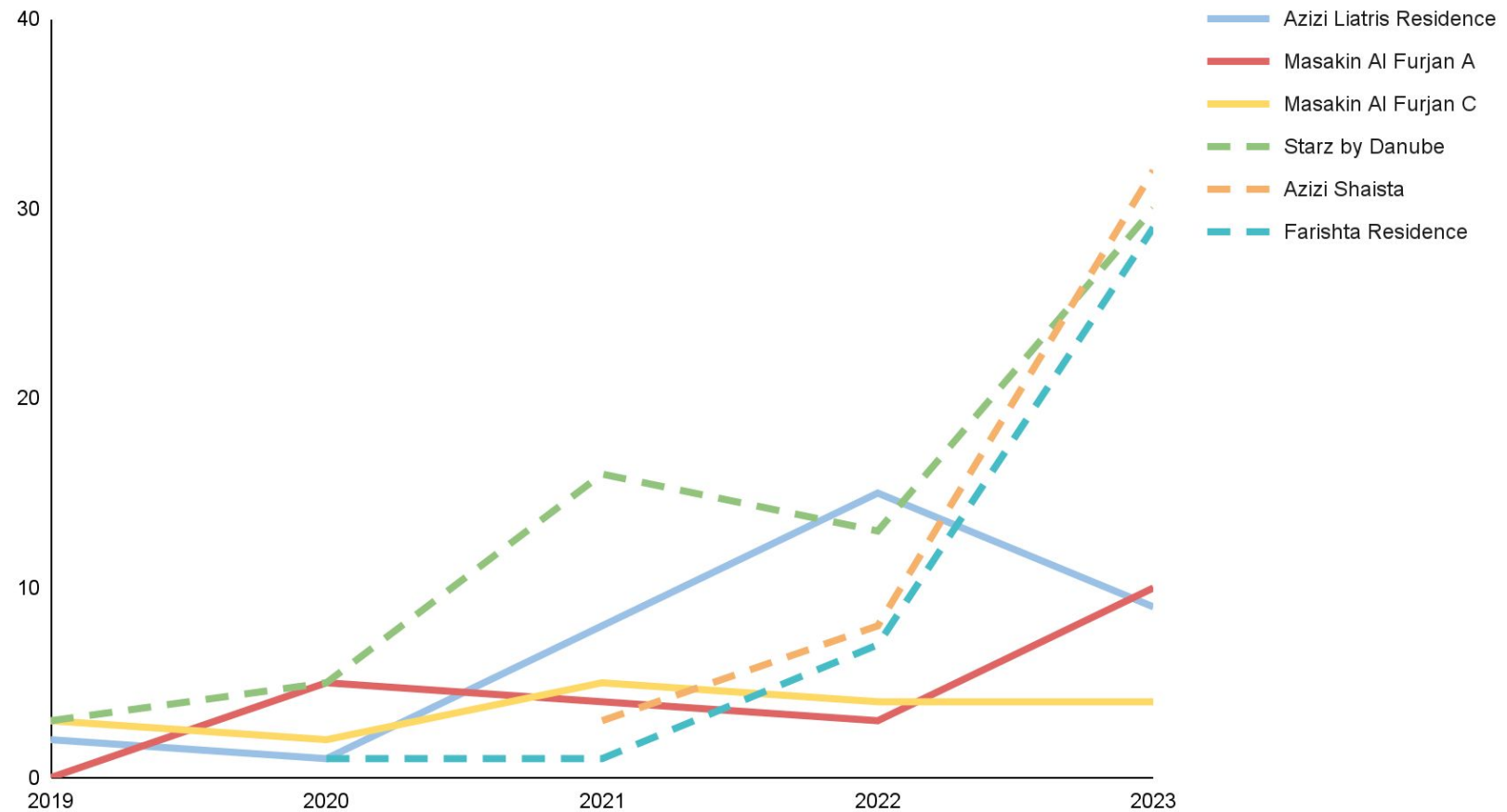


Al Furjan Apartment Sales Velocity

GCP

Al Furjan Apartment Sales Volumes 2019-2023

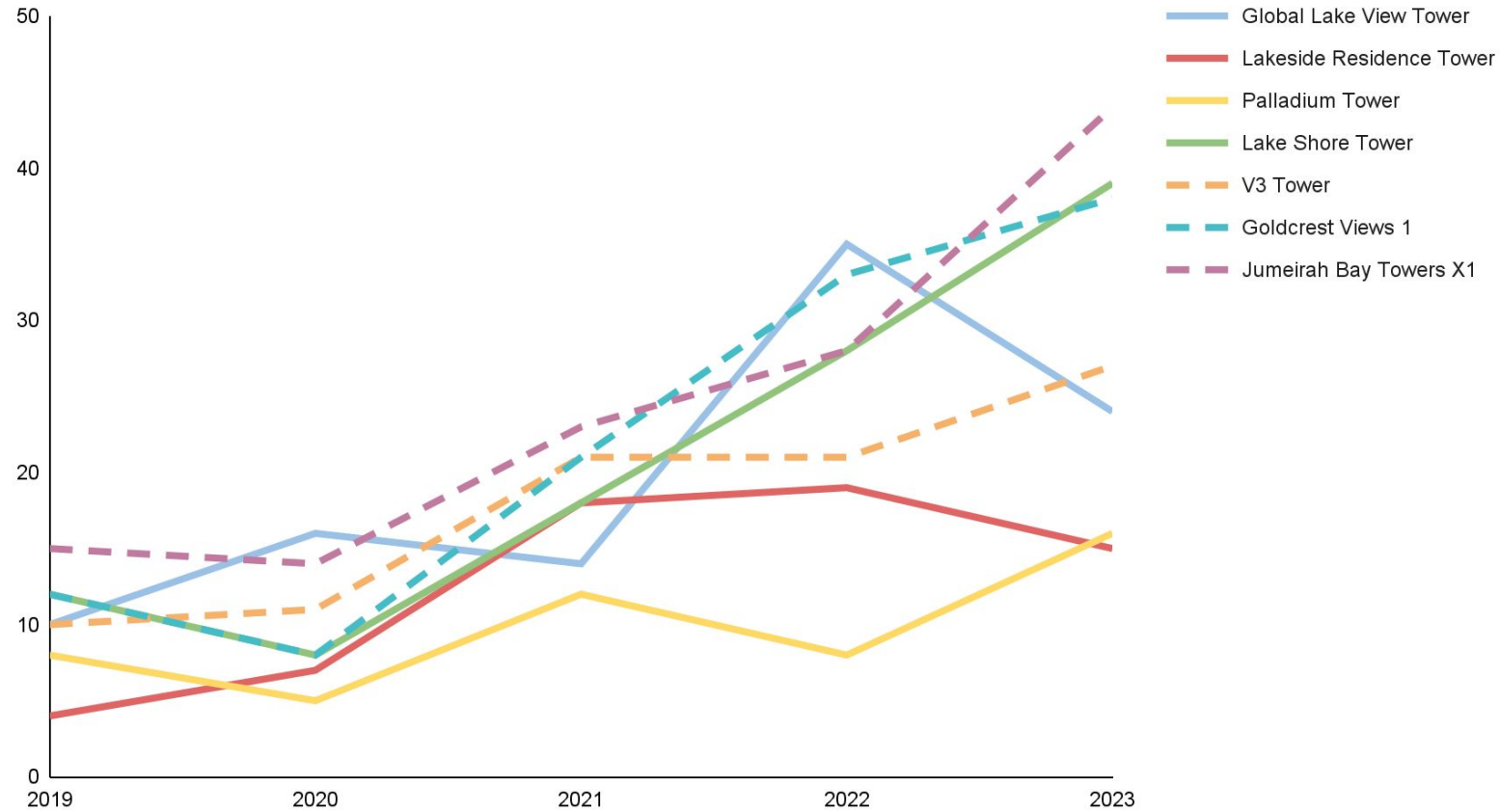
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As we can see in Al Furjan, apartment buildings further from the metro station (seen in the graph above as the dashed lines) have tended to have higher sales velocities than apartments closer to the metro station (seen in the graph above as the solid lines). This implies that proximity to the metro lowers willingness to sell; a trend indiscernible from sales price data.

Jumeirah Lake Towers Sales Velocity

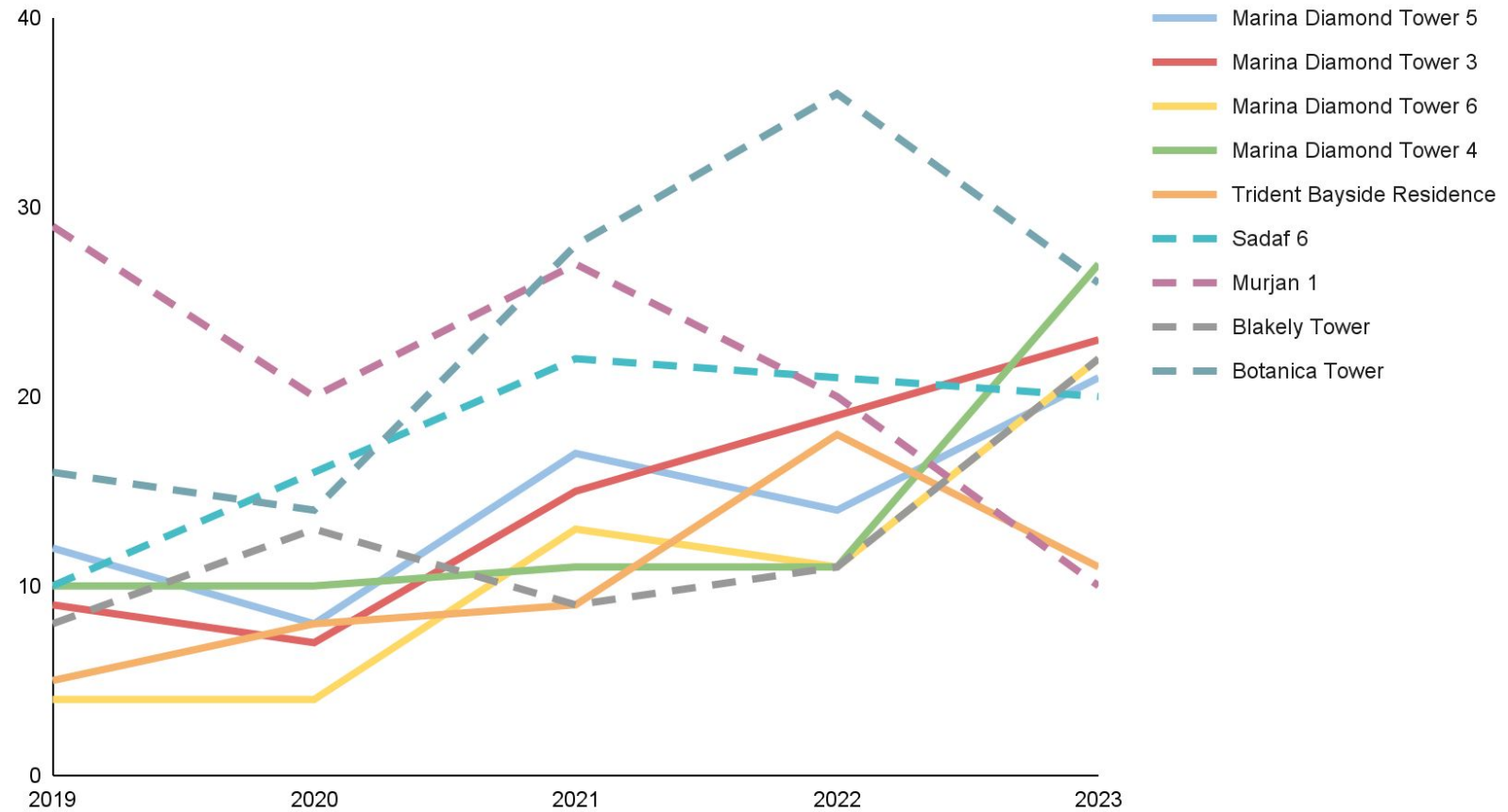
Jumeirah Lake Towers Apartment Sales Volumes 2019-2023



We can see that this trend also generally holds true in Jumeirah Lakes Towers. Apartment buildings further from the metro generally tend to see higher turnover rates among occupants almost across the board every year going back to 2019.

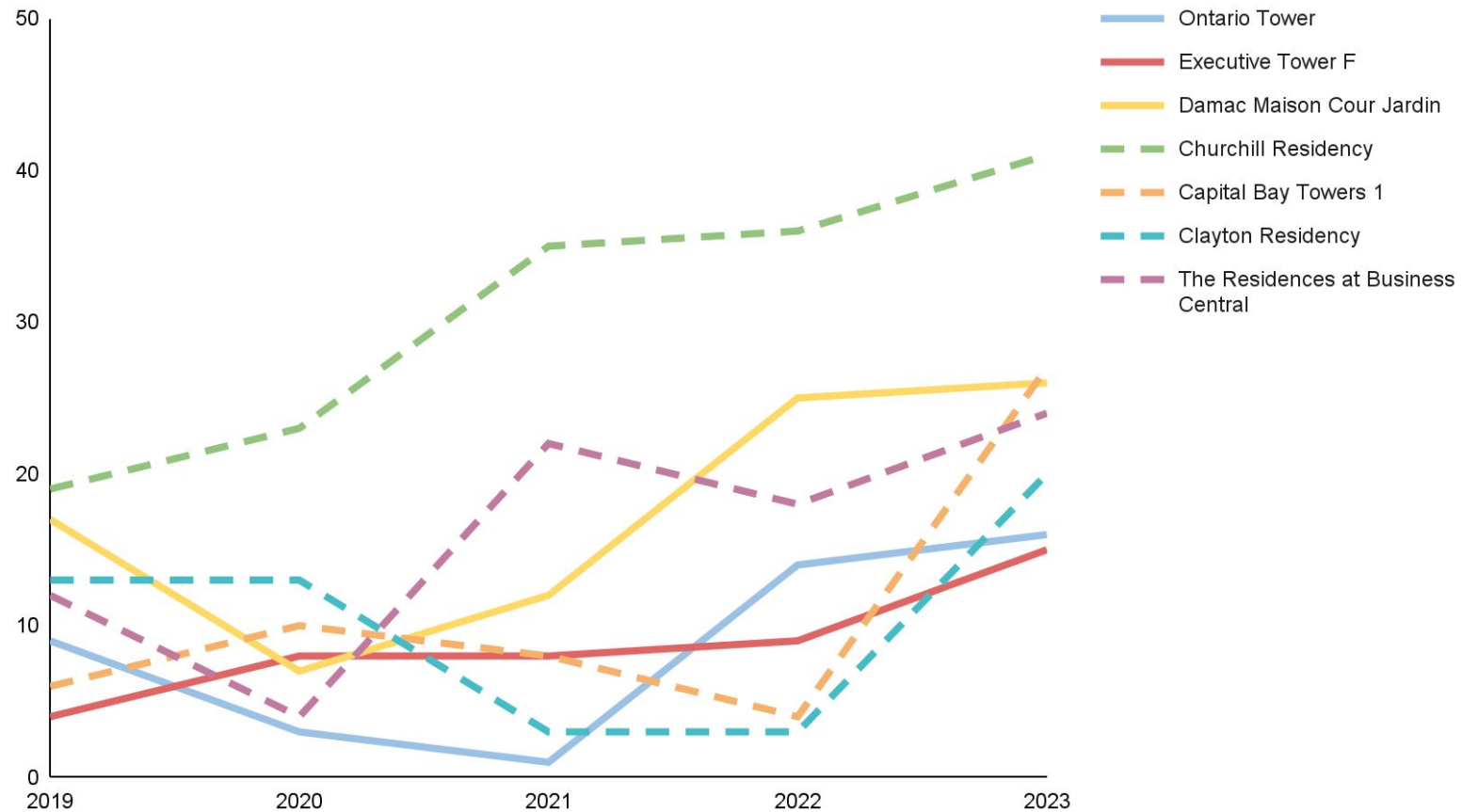
Dubai Marina Apartments Sales Velocity

Dubai Marina Apartment Sales Volumes 2019-2023



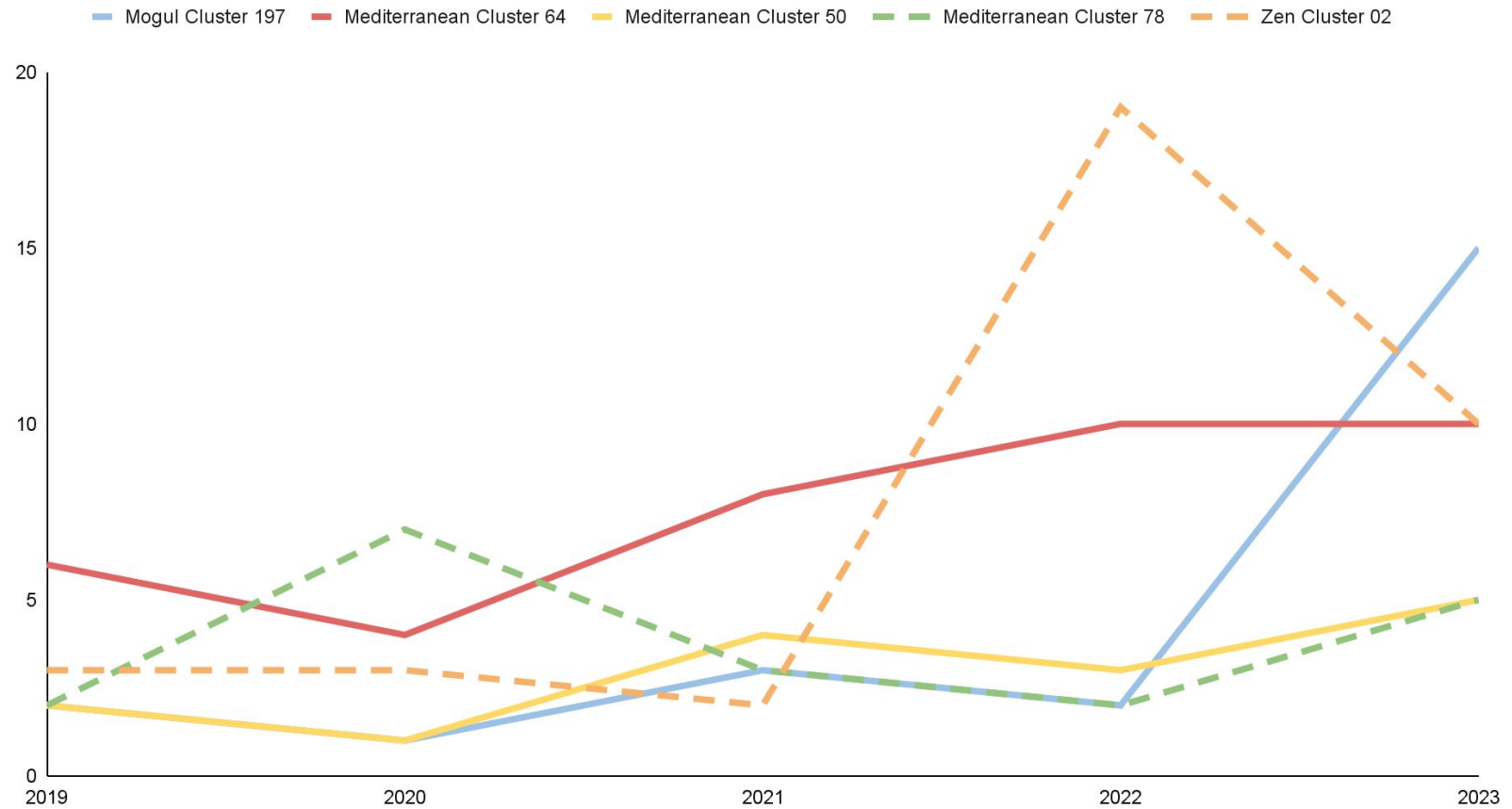
The pattern continues to hold true in Dubai Marina, although the trajectories were reversed in 2023 with apartments closer to the metro station seeing upticks in sales velocity, while buildings further from the metro saw their sales velocities decline (although it is unclear to what extent this is attributable to apartments closer to the metro being relatively older builds).

Business Bay Apartments Sales Volume



We see almost the opposite trend in Business Bay (relative to Dubai Marina). While apartment buildings closer to the metro have still had generally lower sales velocities, they saw a slowdown in sales velocities in 2023, while buildings further from the metro seemed to experience an acceleration in sales.

Discovery Gardens Apartments Sales Velocities



Discovery Gardens has shown more of a mixed bag (especially from 2021 onwards). However, the general trend of apartments closer to the metro selling less often has generally held true.

Rent Price Comparison

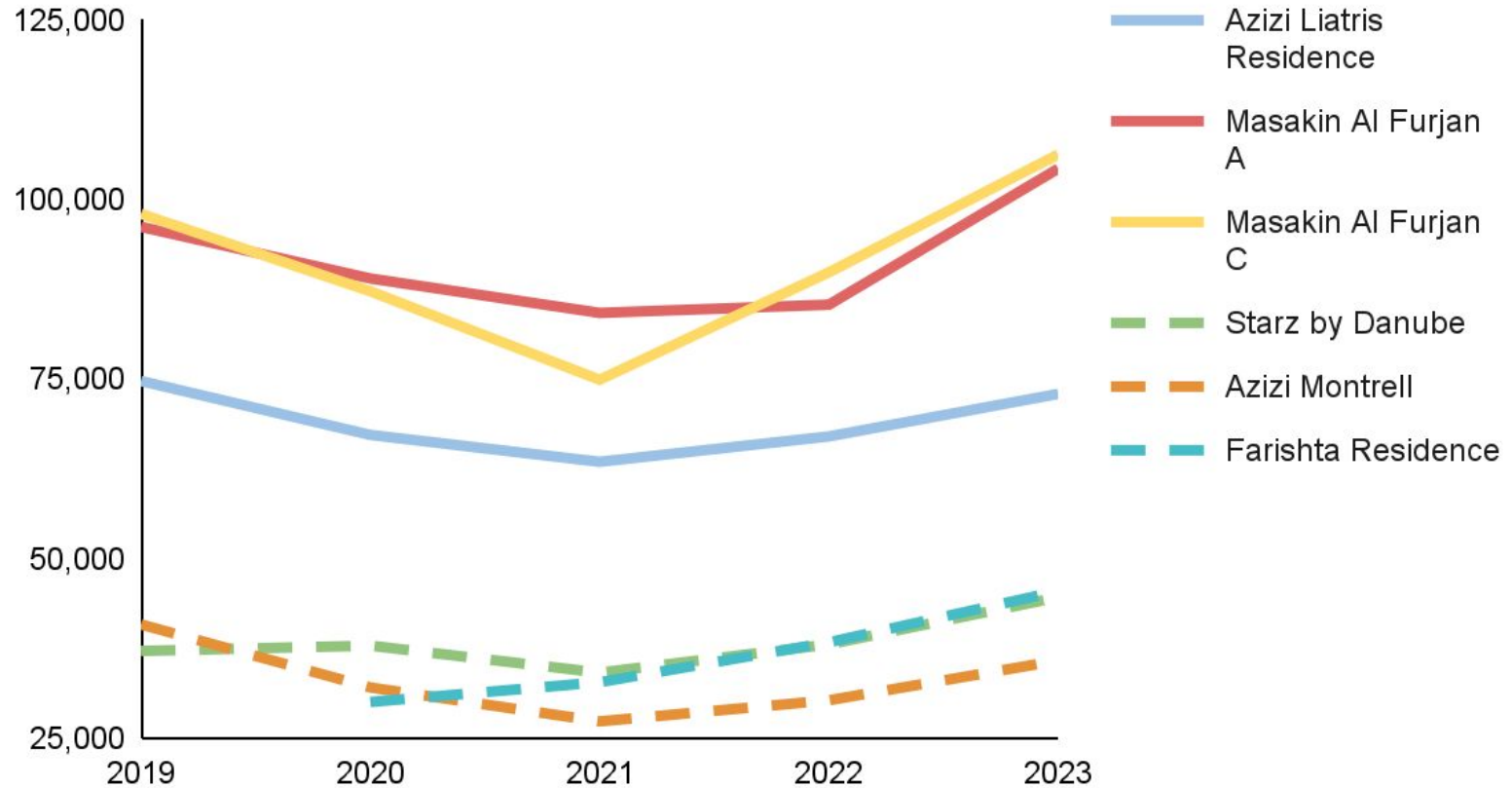
“Truth becomes untruth if uttered by your enemy.”

- George Orwell



Al Furjan Apartment Rents Comparison

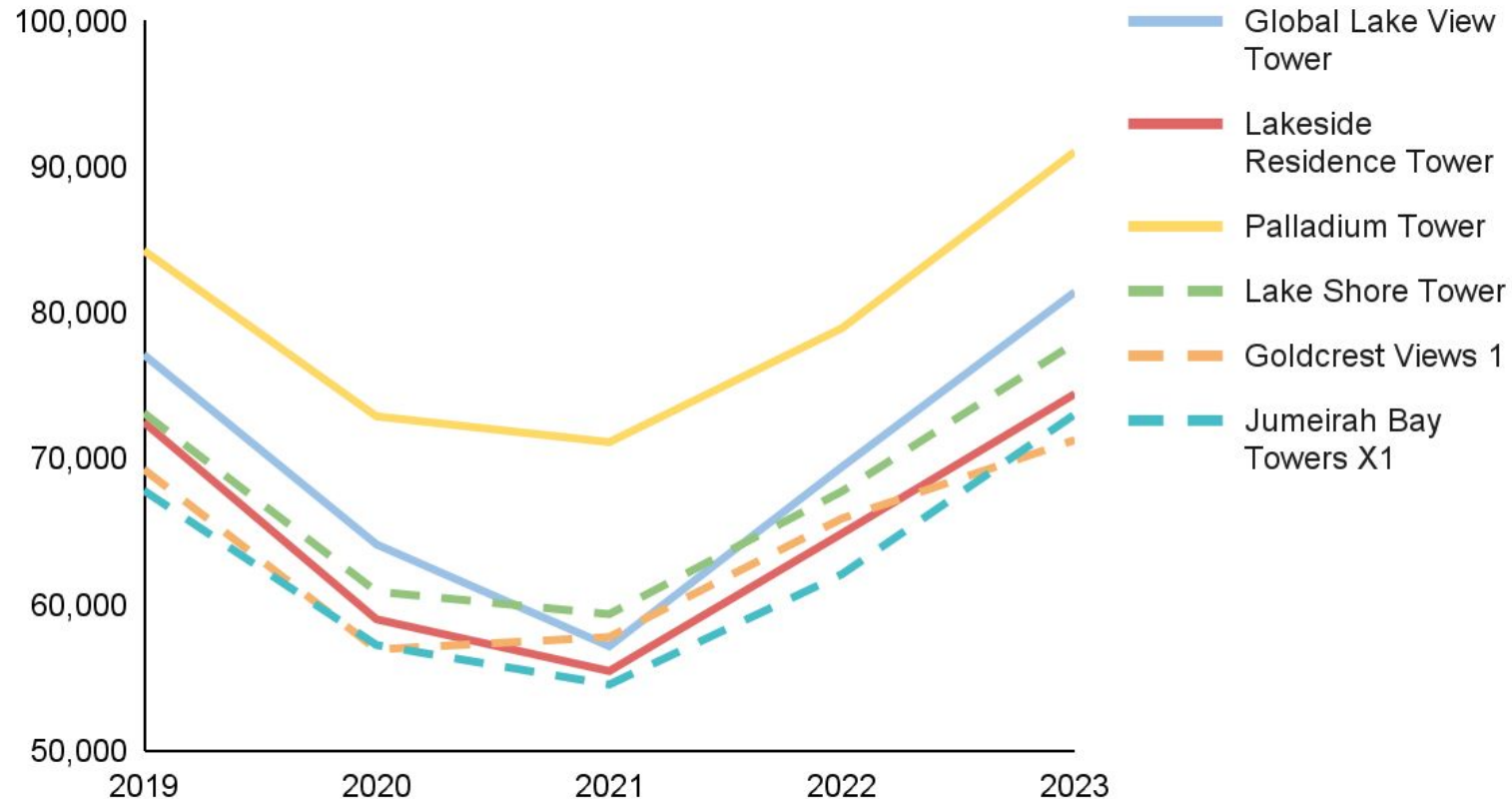
Al Furjan Apartment Rents 2019-2023



Although there may not be any significant difference in sales prices, rent prices are an entirely different story. As seen in the graph above, rental prices for apartments closer to the metro (indicated by the solid lines) are far higher than in buildings further from the metro (indicated by the dashed lines) in Al Furjan.

Jumeirah Lake Towers Apartment Rents Comparison

JLT Apartment Rents 2019-2023



We see a similar pattern in Jumeirah Lake Towers, a community wherein the metro station has been in place for nearly 14 years, compared to the Al Furjan metro station's three years. Despite rent prices having ample opportunity to normalize in those 14 years, the graph above illustrates that apartments closer to the metro station still tend to command higher rents than their counterparts further away.

Conclusions

Price Analysis

Simply taking into account price trends for apartments close to metro stations does not reveal any significant patterns. At best, the data is inconclusive, as shown in communities like Business Bay where average prices encompass too broad a spectrum to discern any causal relation. At worst, communities like Marina can support the hypothesis that proximity to the metro actually has the opposite effect on price (but this is likely more attributable to the older build quality of apartments closer to the metro in Dubai Marina).

Sales Volume Analysis

Across the board, apartments closer to the metro tend to have lower sales velocities than their counterparts further from the metro. This suggests that owners of apartments closer to the metro are less willing to sell as they perceive their proximity to the metro to be an advantage

Rent Price Comparison

Although sales prices across the last four years do not show any premium associated with apartments closer to metro stations, the same cannot be said for rent prices. Rent prices for apartments nearer to the metro are consistently higher, both in communities where the metro is a relatively new feature (e.g. Al Furjan) and communities where the metro station has been present for a significant enough period of time for prices to normalize (e.g. Jumeirah Lake Towers).

Conclusions

The conclusion should state "the velocity data indicates a market sense that public transport proximity effects play out over time. This indicates market maturity. Rents further buttress the effect on an annual basis; the longer term price implications remain to be seen but likely will follow tier one cities such as London and New York.

Correlations coefficients between price trends for buildings close to the metro and the community average can reach as high as 0.96 (in the case of Discovery Gardens), but is consistently above 0.5.



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

