



Colliers International House Price Index

DUBAI | THIRD QUARTER | 2009

EXECUTIVE SUMMARY

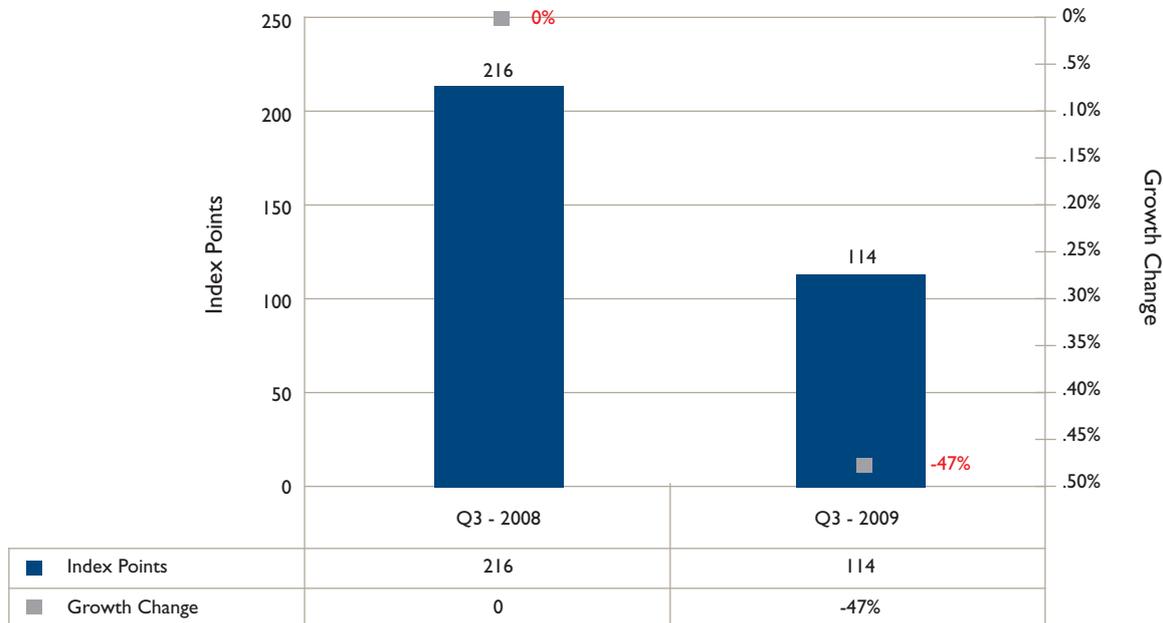
- Increase in the overall index of 7% between Q2 2009 and Q3 2009.
- YOY decline of 47% between Q3 2008 and Q3 2009.
- Blended average rate for residential property in Q3 2009 up from AED 949/ft² (AED 10,215/m²) in Q2 2009 to AED 1,016/ft² (AED 10,936/m²).
- Apartment prices increased by 6% in Q3 2009 compared to Q2 2009.
- Villa prices increased by 9% in Q3 2009 compared to Q2 2009.
- Townhouse prices increased by 7% in Q3 2009 compared to Q2 2009.
- The number of transactions increased 64% in Q3 2009 compared to Q2 2009.
- Apartments constituted 45% of the total transactions.
- Villas constituted 30% of the total transactions.
- Townhouses constituted 25% of the total transactions.



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ANNUAL OVERALL DUBAI FOREIGN OWNERSHIP INDEX



The Annual Overall Foreign Ownership Index continued to reflect a decline in residential property prices over the twelve month period since Q3 2009. The index has declined 102 basis points, from 216 points in Q3 2008 to 114 points in Q3 2009, which represents a reduction of 47%. The blended average house price for Q3 2009 is approximately AED 1,016 per ft² (AED 10,936/m²) compared to AED 1,916/ft² (AED 20,623/m²) in Q3 2008.

Notwithstanding the year-on-year decline in house prices, the past quarter (Q3 2009) has seen the index increase marginally by 7%. Average house prices in selected areas have increased from AED 949/ft² (AED 10,215/m²) in Q2 2009 to AED 1,016/ft² (AED 10,936/m²) in Q3 2009.

Colliers research indicates that the areas that have experienced growth during the quarter are developments that offer residents added value in the form of leisure amenities, convenience retail, landscaped gardens, community cohesion etc. This was evident in developments such as the Springs, Meadows, Greens, Arabian Ranches and others.

It has been concluded that the increase in prices in these areas can be attributed to the following circumstances:

- **Investors and Occupiers:**

As property prices declined during the first half of 2009, units in these developments began to represent good investment opportunities to both owner occupiers and investors.

- **Availability of Finance:**

To financial institutions, the greater demand in these developments represented a reduced risk profile, compared to other developments. With their improved liquidity positions, financial institutions have increased their lending in these areas. The availability of mortgage finance to prospective purchasers further stimulated demand, to the point where the increased demand started to exercise upward pressure on prices.

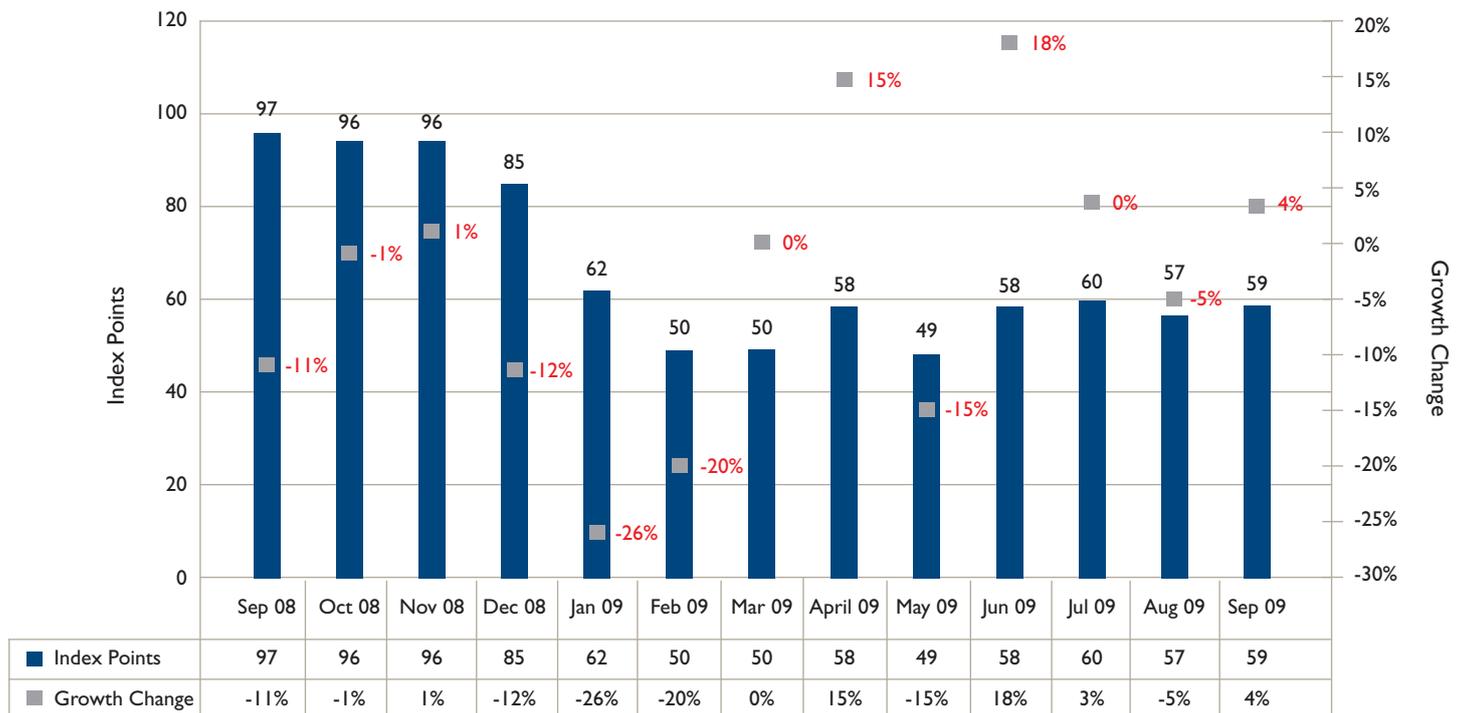
- **Perceived change in Sentiment**

Improved business activities, outside the real estate and construction sector, coupled with a better perception of job security have improved market sentiment amongst potential purchasers.

- **Transparency and Delays:**

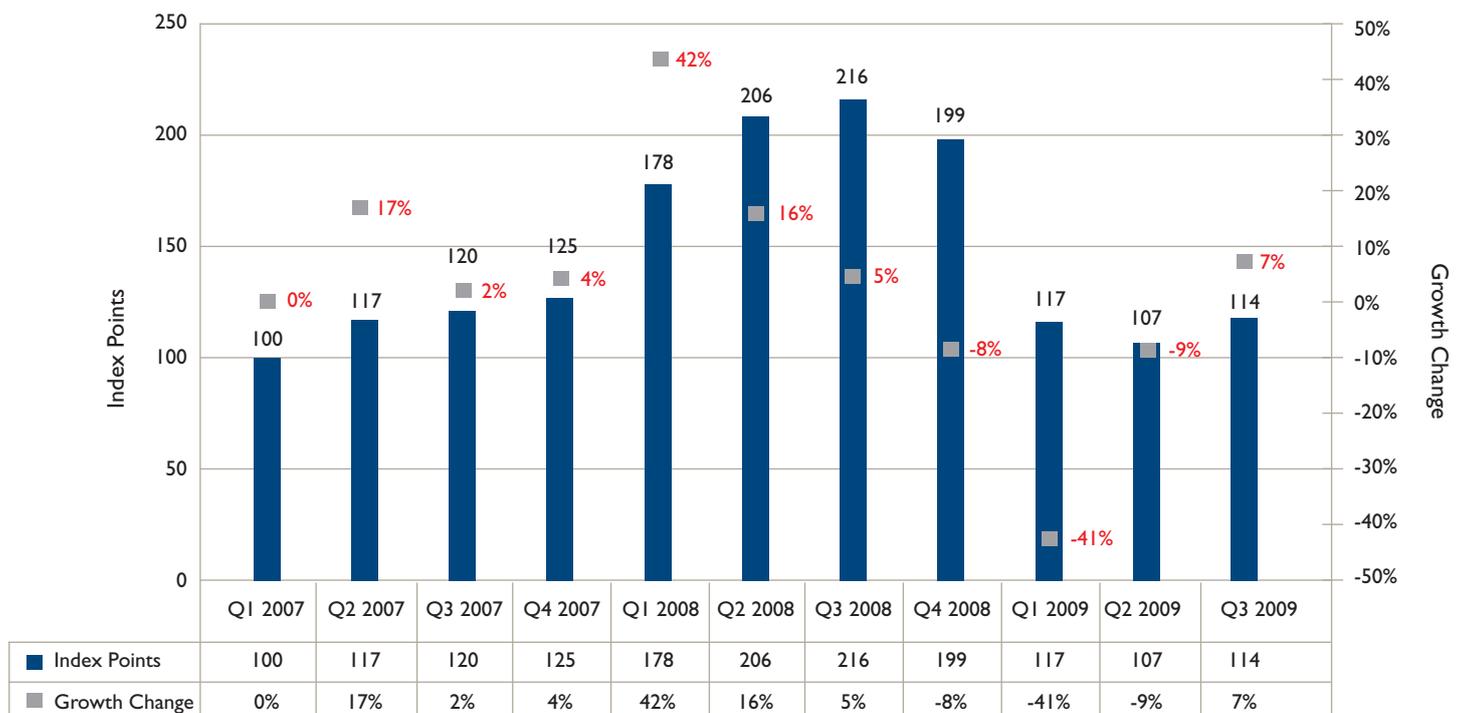
The ability of investors to monitor the physical progress of developments over the past three to six month has provided a clearer picture on the actual delays and postponements of projects and has, therefore, enhanced transparency in the market and stimulated demand for well-progressing projects.

OVERALL MONTHLY INDEX (WEIGHTED)



Whilst the overall index for the quarter shows an average increase in property prices of 7% for the quarter, the monthly index shows that prices increased by 3% in July, declined by 5% in August and then again increased by 4% in September.

QUARTERLY OVERALL DUBAI FOREIGN OWNERSHIP INDEX



Property prices increased by 7% on average in Q3 2009, increasing the index basis to from 107 points to 114 points. This is discussed in greater detail under the commentary for the Annual Overall Foreign Ownership Index. The only difference between the Annual Index and the Quarterly Index is that the Annual Index tracks the year-on-year performance of the market whereas the Quarterly index views the market more closely and tracks the quarterly market shifts.

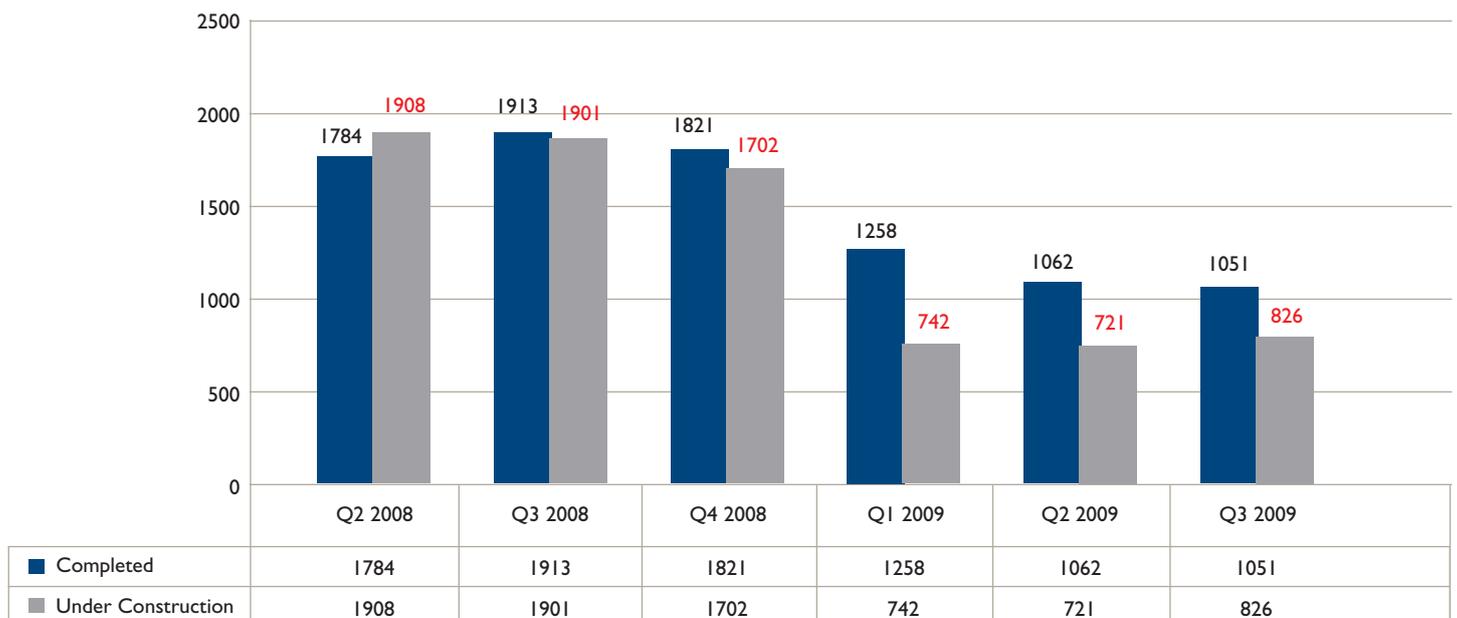
DUBAI FOREIGN OWNERSHIP INDEX – COMPLETED VERSUS INCOMPLETE PROJECTS.

In most, if not all property markets throughout the world there are property categories that achieve better selling prices than others. Whilst it is necessary to average out prices across a market to track the general trends in that market, the HPI must also track the effect of certain unique influences that impact the Dubai market overall.

In Dubai, as in other markets, there is a price differential between a properties that are complete and occupiable as opposed to properties that are still under construction or in their planning phase. The HPI needs to track the trends in these markets and record them. Also, in Dubai, is the large Downtown Burj Dubai development, which for a variety of reasons was attracting better prices than other projects.

The HPI accordingly analyses the trends for prices achieved for completed properties as opposed to properties still under construction. It looks at the trends, inclusive of the Burj Dubai results and excluding the Burj Dubai results.

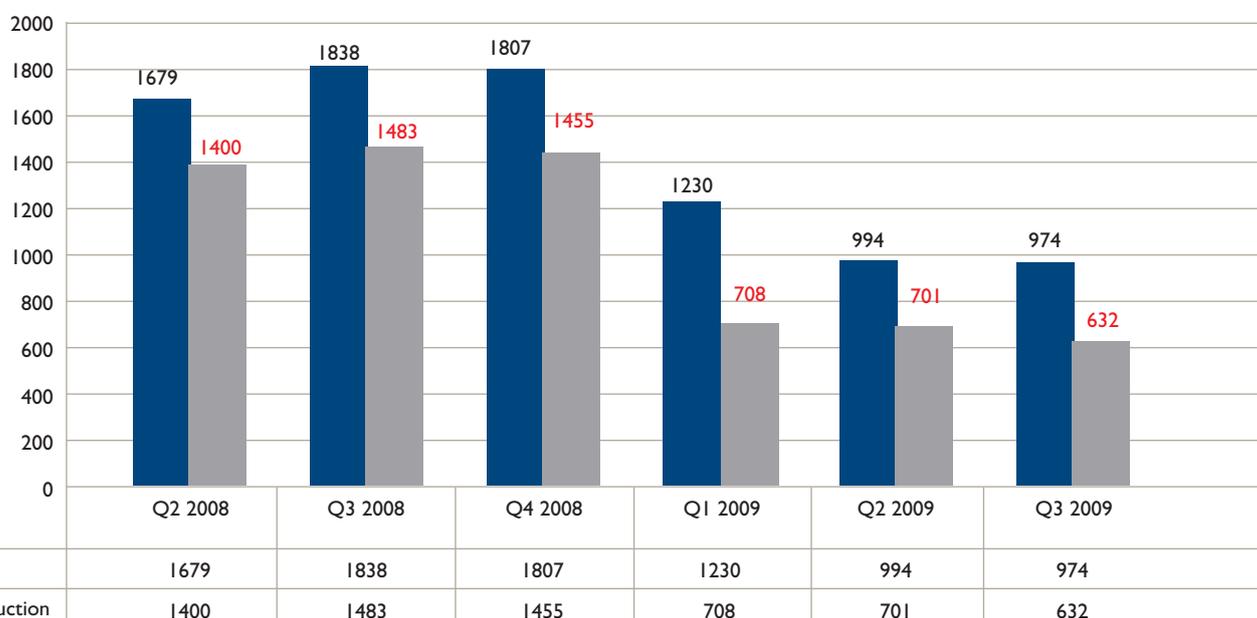
Including Downtown Burj Dubai



The average price for completed properties reduced from AED 1,062/ft² (AED 11,431/m²) to AED 1,051/ft² (AED 11,312/m²) in Q3 2009, which represents a decrease of 1%. Average prices for properties still under construction increased by 14% to AED 826/ft² (AED 8,891/m²) in Q3 2009 compared to AED 721/ft² (AED 7,760/m²) in the previous quarter. The increase in the selling price of properties still under construction can be attributed to increased selling prices being achieved in Burj Dubai Downtown. Also, whilst financial institutions had previously stopped granting any loans against incomplete properties, there appears to have been a shift in policy during the quarter whereby they started to grant loans against properties that were 70% complete or within six months from completion. This returned some buoyancy to this market segment.

DUBAI FOREIGN OWNERSHIP INDEX – COMPLETED VERSUS INCOMPLETE PROJECTS.

Excluding Downtown Burj Dubai



The effect of the Downtown Burj Dubai development on the overall market is such that on exclusion of the development from the analysis, the average rate per ft² for completed properties declined 2% from AED 994/ft² (AED 10,699/m²) in Q2 2009 to reach AED 974/ft² (AED 10,484/m²) in Q3 2009. The average rate per ft² for properties under construction declined by 9.8% to reach AED 632/ft² (AED 6,802/m²) in Q3 2009.

OVERALL COMPARISON

Completed vs, Under Construction (Including Downtown Burj Dubai)

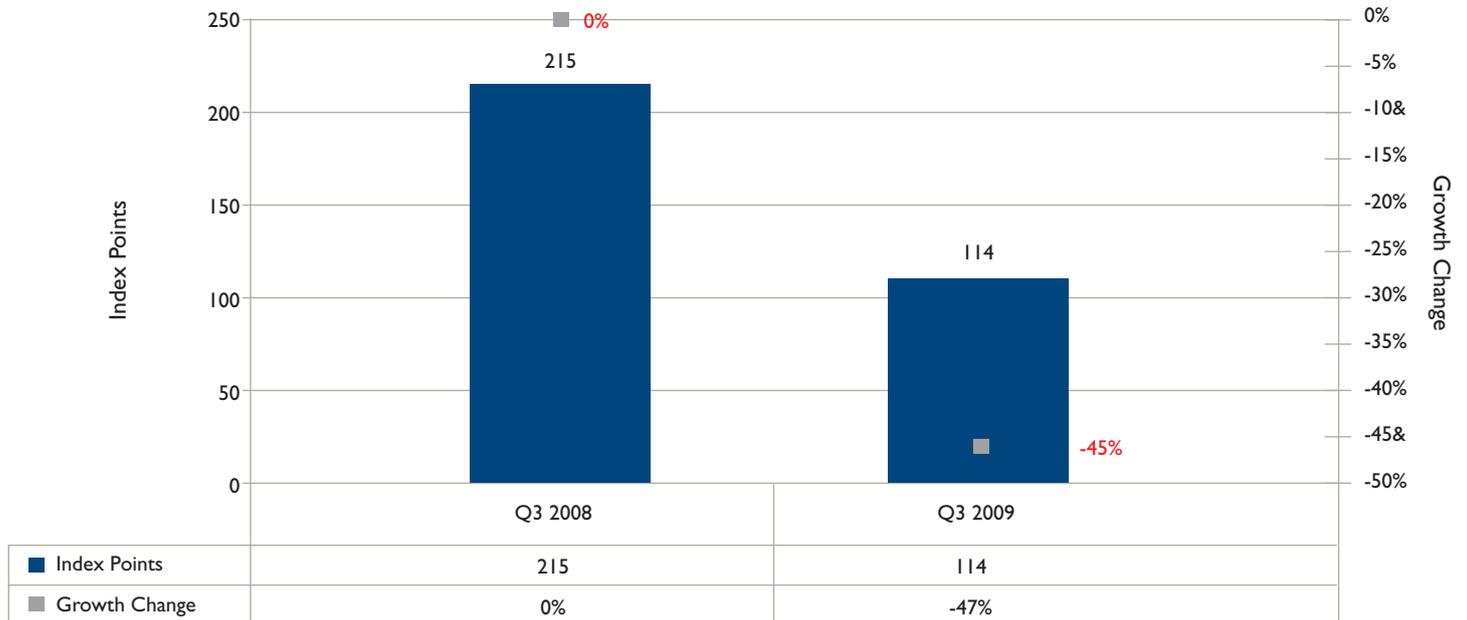
Time Period	Completed		Under Construction	
	Rate/ft ²	Change	Rate/ft ²	Change
Q2 – 2008	1,784	-	1,908	-
Q3 – 2008	1,913	7%	1,901	- 0.4%
Q4 – 2008	1,821	-5%	1,702	-10.4%
Q1 – 2009	1,258	-31%	742	-56%
Q2 – 2009	1,062	-16%	721	-3%
Q3 – 2009	1,051	-1%	826	15%

Completed vs, Under Construction (Excluding Downtown Burj Dubai)

Time Period	Completed		Under Construction	
	Rate/ft ²	Change	Rate/ft ²	Change
Q2 – 2008	1,679	-	1,400	-
Q3 – 2008	1,838	9%	1,483	6%
Q4 – 2008	1,807	-1.6%	1,568	5.7%
Q1 – 2009	1,230	-32%	708	-51%
Q2 – 2009	994	-19%	701	-1%
Q3 – 2009	974	-2%	632	-9.8%

TYPE OF PROPERTY INDEX

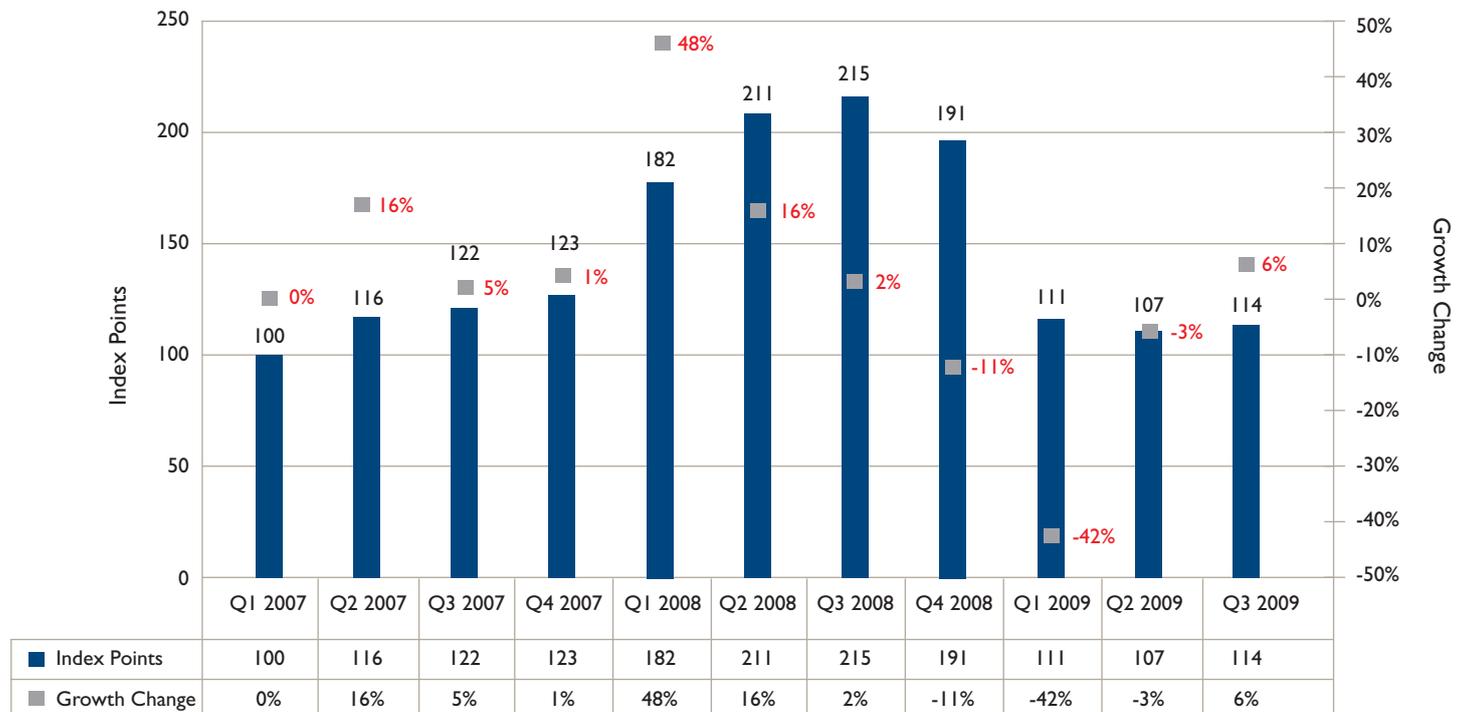
ANNUAL OVERALL APARTMENT INDEX



The Annual Overall Apartment Index declined by 47% in Q3 2009, compared to Q3 2008. The index declined to 114 points from 215 points. The blended average rate per ft² for apartments in Dubai in Q3 2009 was AED 1,156 (AED 11,431/m²).

Apartments constituted 45% of the total mortgaged properties used to collate this Index.

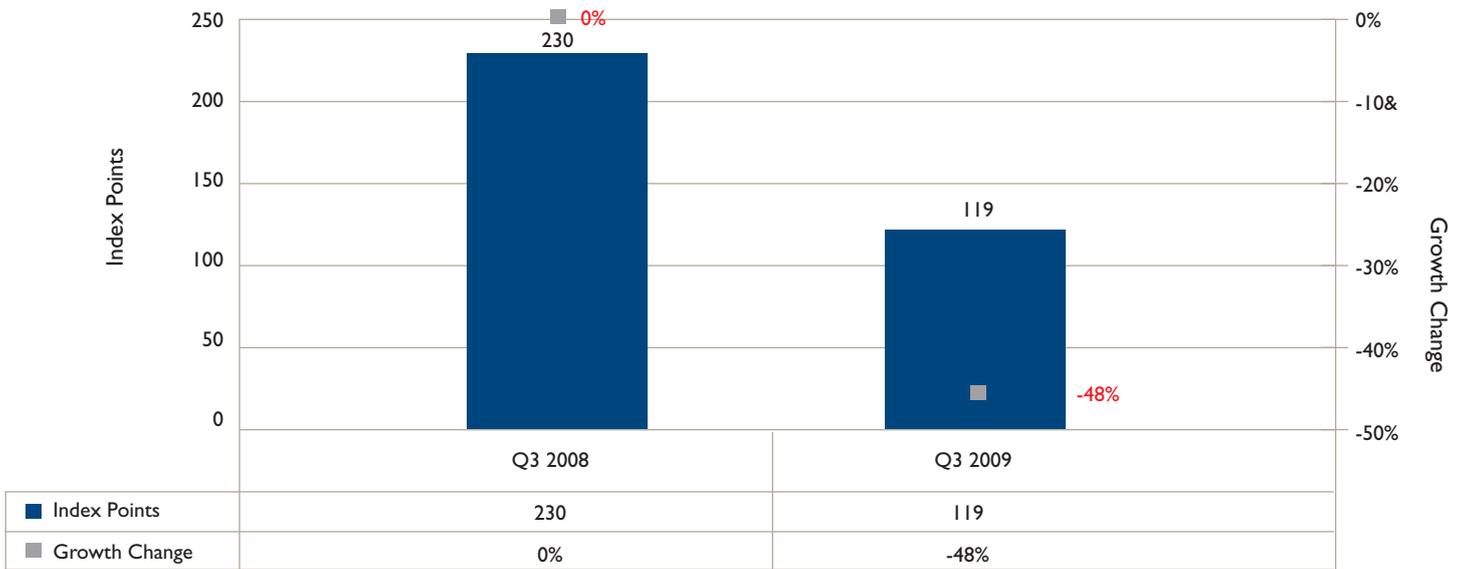
QUARTERLY OVERALL APARTMENT INDEX



The Quarterly Overall Apartment increased by 6% in Q3 2009 compared to Q2 2009. The index increase was driven by price appreciation in most of the developments covered by this index.

The blended average rate per ft² for apartments in Dubai in Q3 2009 was AED 1,156 (AED 11,431/m²).

ANNUAL OVERALL VILLA INDEX

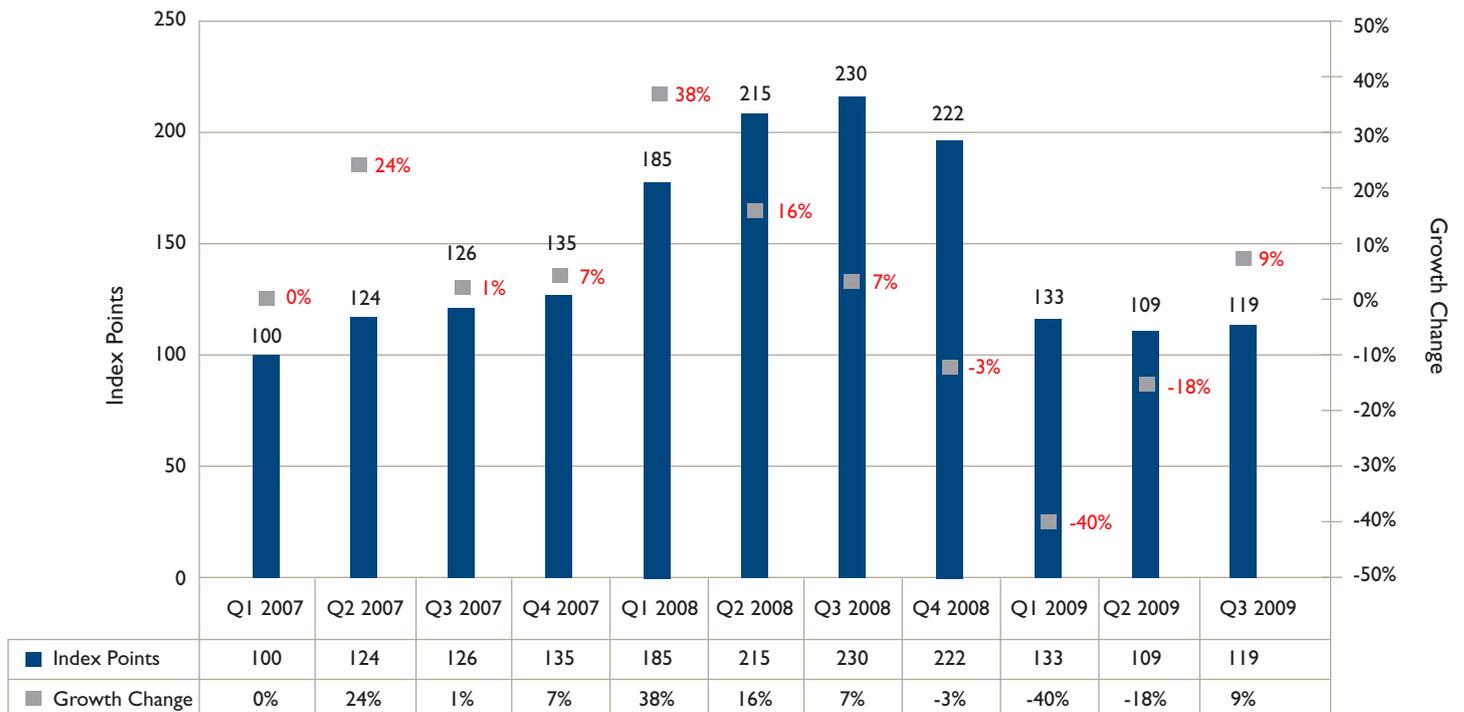


The Annual Overall Villa Index decreased by 48% in Q3 2009, compared to Q3 2008. The index fell to reach 119 points.

The average blended rate per ft² for villas in Dubai in Q3 2009 was AED 857 (AED 9,224/m²).

Villas constituted 30% of the total mortgaged properties used to collate this Index.

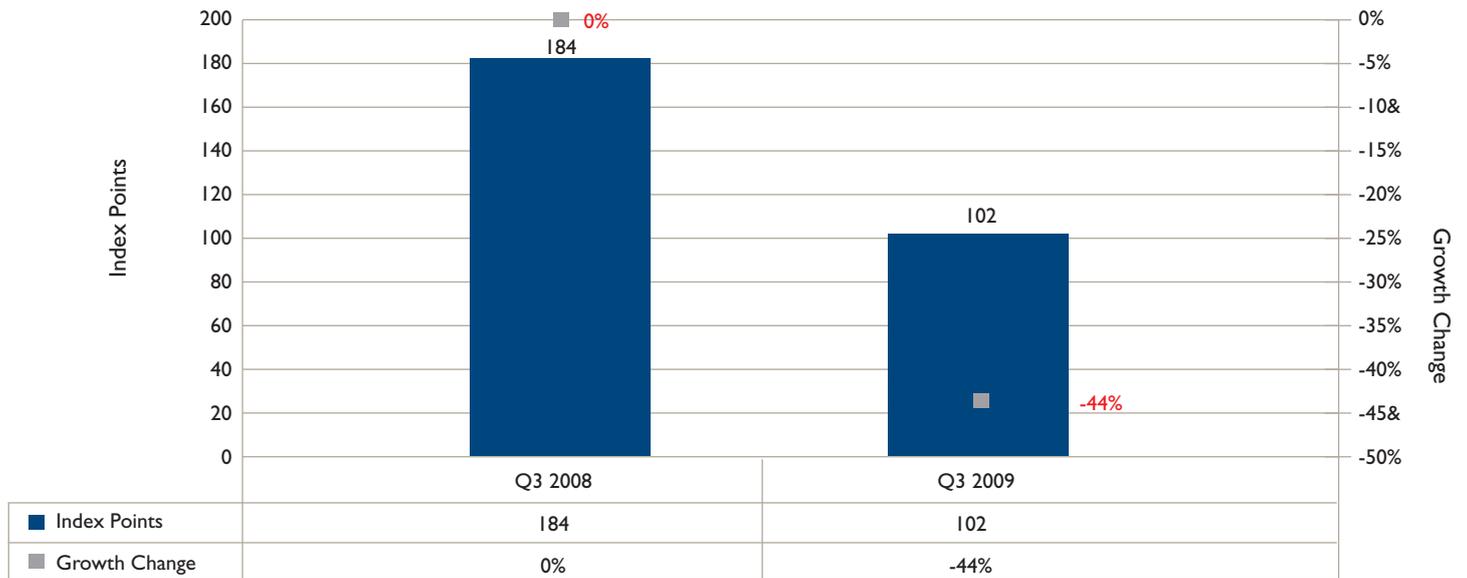
QUARTERLY OVERALL VILLA INDEX



The Quarterly Overall Villa Index increased in Q3 2009 to reach 119 index points. A 9% increase compared to Q2 2009.

The average blended rate per ft² for villas in Dubai in Q3 2009 was AED 857 (AED 9,224/m²).

ANNUAL OVERALL TOWNHOUSE INDEX

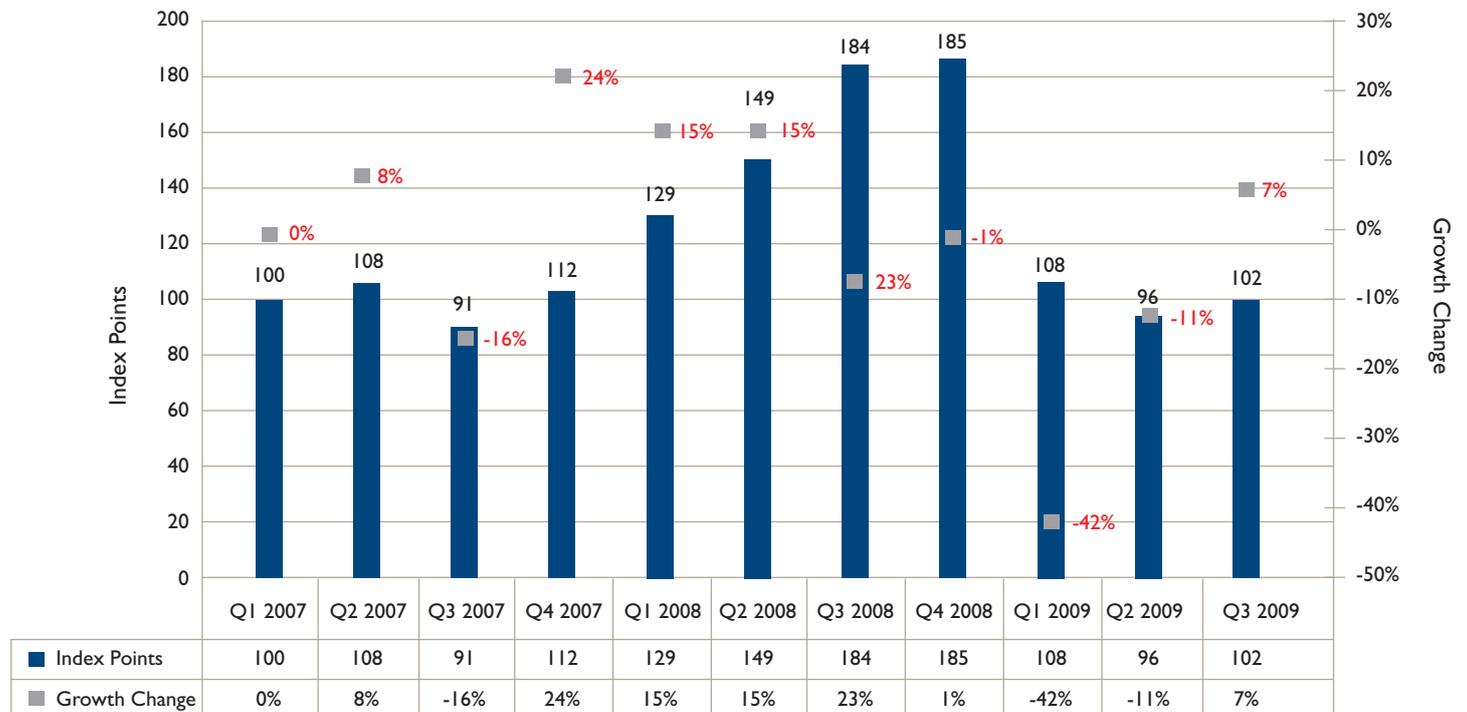


The annual Index decreased from 184 points in Q3 2008 to 102 points in Q3 2009, indicating a decline of 44%.

The average blended rate per ft² for townhouses in Dubai in Q3 2009 was AED 813 (AED 8,751/m²).

Townhouses constituted 17% of the total mortgaged properties used to collate this index.

QUARTERLY OVERALL TOWNHOUSE INDEX



Prices of townhouses in Q3 2009 have increased when compared to the previous quarter. The index increased by 7% to reach 102 points compared to 96 points in Q2 2009.

The average blended rate per ft² for townhouses in Dubai in Q3 2009 was AED 813 (AED 8,751/m²).

ABOUT THE INDEX

The Colliers International House Price Index (HPI) was established in January 2008 by Colliers International U.A.E. and six leading banks / financial institutions in the Emirate of Dubai to provide statistics specifically designed to reflect the average growth / decline rate of house prices across certain foreign ownership areas of Dubai, United Arab Emirates. The data that forms the basis of the indices presented in this HPI has been provided by all the member financial institutions and relates to properties which have been mortgaged through these member institutions. The member banks / financial institutions associated with the Colliers International House Price Index are as follows:

- HSBC Bank Middle East Limited
- Barclays Bank PLC
- Amlak Finance PJSC
- Dubai Islamic Bank
- Emirates NBD
- Abu Dhabi Commercial Bank (ADCB)

We have used the weighted average method to construct the Overall Index. Based on our coverage of 14 developments in Dubai, weighting has been apportioned on the basis of unit type (Apartment, Villa or Townhouse). Apartments, Villas and Townhouses have been weighted at 55%, 34% and 11% respectively in order to provide an accurate representation of market trends. The Recommended sample size for this HPI is 15 property transactions.

CONTRIBUTORS' DETAILS

Dubai Islamic Bank

Mr. Mehmood Majid Palla
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Barclays Bank PLC

Mr. Salman Irshad
Head of Retail Credit (U.A.E)

Amlak Finance PJSC

Mr. Rajev Sehgal
Senior Vice President – Credit and Risk

Eng. Yasser Mohammed Asser
Assistant Vice President – Property Appraisal

Mr. Aiman Gamee
Junior Accountant - Property Appraisal

TOP 5 DEVELOPMENTS BY PRICE:

Rank	Development
1	Downtown Burj Dubai
2	Palm Jumeirah - Villas
3	The Lakes - Villas
4	Jumeirah Beach Residence
5	Palm Jumeirah - Apartments

TOP 5 DEVELOPMENTS BY NUMBER OF TRANSACTIONS:

Rank	Development
1	Arabian Ranches
2	Springs
3	Dubai Marina
4	Jumeirah Village
5	Downtown Burj Dubai

HSBC Bank Middle East Limited

Mr. Hassan Owais Kazmi
Vice President - Regional Head of Assets

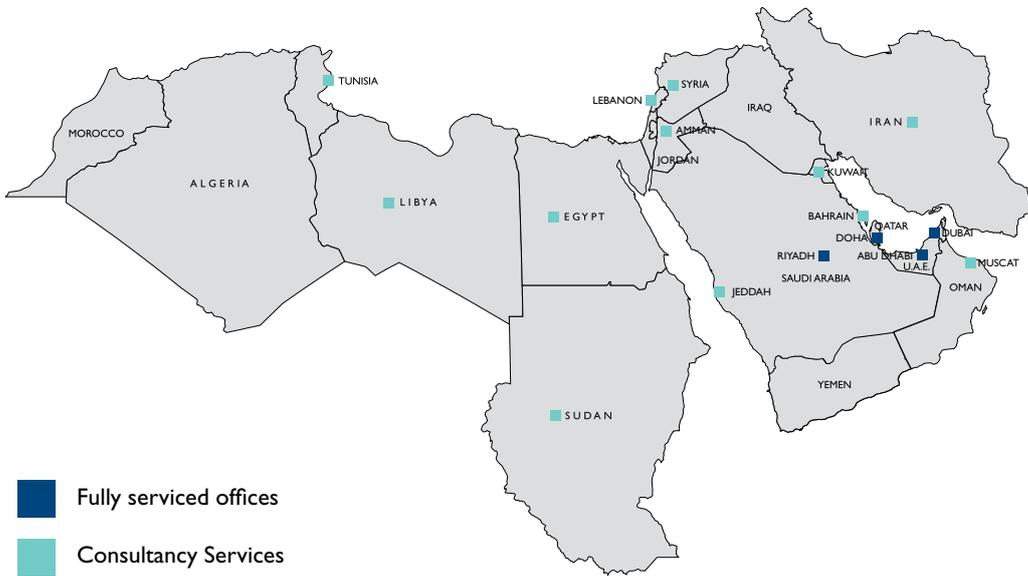
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US\$2.0bn in revenues
 868 million ft² under management
 Over 11,000 Professionals

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This index overview is extracted from a comprehensive Dubai House Price Index available to subscriber banks and developers from Colliers International U.A.E.

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- Property Management

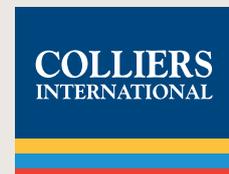


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