

# Epitome of recovery in Dubai property market



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As predicted by real estate experts, 2013 is proving itself as the year of profound and robust recovery for the UAE real estate sector in general and that of Dubai in particular. The UAE has been showcasing an overall bullish market trend driven by the recovery of its property market.

However, the Dubai property market alone has a major and positive impact on the overall performance of the UAE's economy, as a rise in demand of properties for rent and sale was witnessed throughout 2012. This higher demand pushed the sales and rental prices up for both apartments and villas and as compared to their performance in Q4 2012 that registered a healthy trend.

According to Jones Lang LaSalle's report, as compared to the performance recorded in Q1 2012, the Dubai rental prices showed an increase of 10% in Q1 2013. The statistics depict an upward trend in the market and strengthen the fact that recovery, which was previously limited to few selective and prime areas in Dubai, is being spread evenly. A spike in the number of local and international investors interested in Dubai property sector is also witnessed. However, the major challenge for the market is to ensure that this recovery does not create a feeling of undue exuberance leading to another boom-and-bust cycle.

The market must learn from its past experiences and realise the fact that a long period of sustained growth is far better than a short period of unsustainable growth followed by an inescapable market crash. Let's take an overview of Dubai property market's recovery and its current situation.

## Experiencing an upturn

The Dubai market is experiencing an upturn when it comes to the performance of most of the sectors and it leads experts to conclude that the economy is gradually recovering. The real estate sector, which confined the market growth and overall economy during 2012, now shows clear signs that market is finally out of the worst and back on the path of recovery. The launch of several major new property projects, by the end of 2012, indicates the market's recovery. This gradual recovery has provided grounds for cautious optimism about the future success of the Dubai real estate sector in 2013.

According to Bayut.com, with increased activity in the property market, a hike in the number of closed property deals and transactions has also been noticed in the first quarter of 2013. More and more investors are taking interest in Dubai properties and eyeing it as a great investment option. However, when it comes to choosing the residential or commercial properties, "high quality" remains a key trend.

## International investors

Being enticed by the market's current performance, an increasing numbers of international investors are drawn to investing in Dubai property market. They are showing their confidence in the market with their money and, once again, the city is being emerged as "a favourite market" for property investment among major investors from across the globe.

Other than the stellar performance of Dubai's property market, several other factors, such as positive economic growth, improved sales and the rental prices of properties and Dubai's safe-haven status worked together to elevate investors' confidence. At the same time, the launch of major property developments pronounces the investors growing confidence in the market.

Dubai's property market is one of the very few real estate markets around the globe that imposes little or no restriction on foreign buyers. Every property project is not meant for foreigners to invest in; therefore countless "freehold" property developments have been designed and launched to cater to the needs of international property investors. Visa laws may restrict you from exploiting the market thoroughly otherwise there are no limitations and no lack of investment opportunities for foreigners. However, to get a residence visa on the basis of property investment, you must make an investment of at least AED 1 million.

In conclusion, I would like to mention that most of the property investors in Dubai right now are cash buyers and the widespread use of cash limits the chances of coming across another real estate bubble like the one experienced by the state back in 2008.

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