

Market Update Report

Studio in Studio One, Dubai Marina

Property Details

Name	Studio One Unit no. 610
SPV no.	SC-141
Location	Dubai Marina
Area (Sqft)	366
Type	Holiday Home
Transaction Date	15/2/2021



Market Performance

This property was initially purchased for AED 500,500 (AED 1,367 PSF) and has provided a total net income of AED 78,274 till July 2022, leading to an annualized return of 11.15%. In the last 12 months, the property has provided an income of AED 63,400, representing a net yield of approximately 13% (63,400 /500,500) to original purchase price.

In the last 180 days, there have been sixteen studio transactions in the building averaging AED 710,000. However, the independent market value estimate for the property is deemed to be AED 630,000, providing a significant capital appreciation of 26% on original purchase price. Based on an ADR of 350 and 85% occupancy the rent, net of service charges and other expenses, is expected to be AED 70,400. Based on the original purchase price the net yield comes out to be 14.1%.

The graph below shows movement in building's sale prices. Despite the decline in the overall market, prices for the building have remained relatively stable with peak of AED 1,633 PSF in September 2018. The prices eventually decreased bottoming at AED 1,403 in March 2021.

In the subsequent period, due to the government's swift public health and economic response, tourism and economic activities resuming, the performance of real estate market recovered. We witnessed a significant 25% price appreciation for the subject building with the average price reaching AED 1,752 PSF in June 2022.

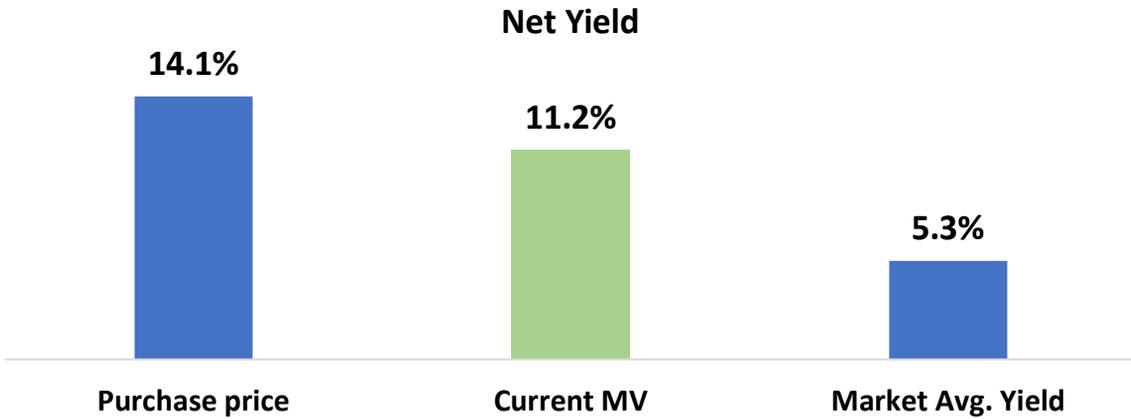
The market expects real estate prices to remain on a positive trajectory given the robust economic performance of UAE and the region, as well as significant events such as the Qatar Worldcup 2022 in November and the Global Climate Summit expected in 2023.



Based on current projections of an ADR of AED 350 and 85% occupancy rate, we expect the net income to be AED 70,400.

The following shows your net yield based on:

- 1: The initial purchase price and projected net income
- 2: Current market value and projected net income
- 3: Market average



As the market value of the property has appreciated, the net yield based on current market value will be 11.2% when compared to 14.1% at original purchase price. In both cases, the yield is significantly higher than the market average of 5.3%.

If last 12 months performance is considered, the Property has outperformed the market by generating yields which are 7.4% more than the market average of 5.3% and thus achieving a net yield of 12.7% on the original purchase price. The above average return was achieved due to various asset management strategies including utilizing the property as holiday home in order to take advantage of influx of tourist, especially post COVID-19, coming to visit various tourist attraction in the area such as Dubai Marina Walk, Dubai Marina Mall and others.

The graph below shows movement in building's rental prices. Like sale price trend, rental rates for the building were able to withstand the deteriorating real estate market. They decreased slightly from AED 118 in December 2019 to AED 100 PSF in March 2021. The property has since witnessed sustained appreciation of 23% reaching AED 123 PSF in June 2022.

The property has already delivered AED 78,274 in net income in just one and a half years, approximately 16% of the original property value, despite the covid lockdowns. With the real estate market fully recovered from the pandemic and market correction, the performance can be assumed to improve, which could potentially have a positive impact on the property value in the future.

