

STRICTLY CONFIDENTIAL



Dubai: The Path of Symbiosis

This document is provided by Unitas Consultancy solely for the use by its clients. No part of it may be circulated, quoted, or reproduced for distribution outside the organization without prior written approval.

Executive Summary

- This report dissects the structure and internal dynamics of Dubai Marina, as its importance for one of the hot spots for external investors grows (attributes 16% of total value of Dubai freehold transactions in 2014). The supply dissection reveals that the community is skewed towards high net worth individuals as only 5% of the properties are below 1m.
- An analysis between Emaar properties and Private Sector Developers (PSD's) in Dubai Marina reveals that in a downturn the former is a more liquid asset compared to the latter. Moreover, a price index of between both segments show that Emaar properties have outperformed PSD's by 26 points. On an historical average psf basis Emaar properties trade at a premium of 185 aed/sqft to PSD's, or approximately 20% above the PSD index on a consistent basis
- An price analysis between JLT and Marina, shows that JLT has outperformed PSD Marina, but has underperformed Emaar properties. This outperformance has meant that JLT prices are virtually identical to that of PSD Marina, indicating that the less preferred location has been more than compensated by qualitative factors such as superior build quality and a better planned community.

Table of Contents

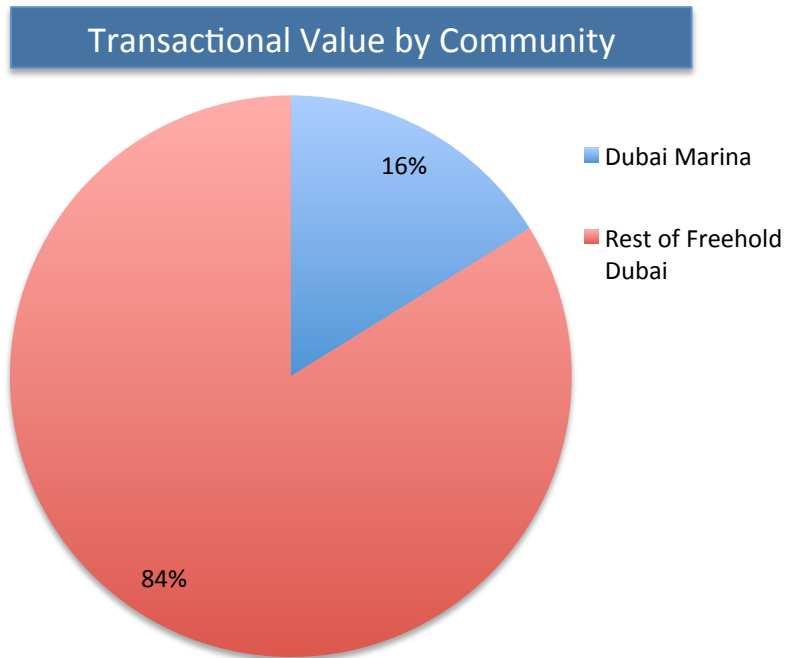
A)	Topography of Dubai Marina	4
B)	Emaar vs. Private Sponsored Developers	7
C)	JLT vs. Marina	11
D)	Conclusions	14

Topography of Dubai Marina



“You can have data without information, but you cannot have information without data” -
Daniel Keys Moran

Dubai Marina's Contributes to Highest Value of Transactions in 2014



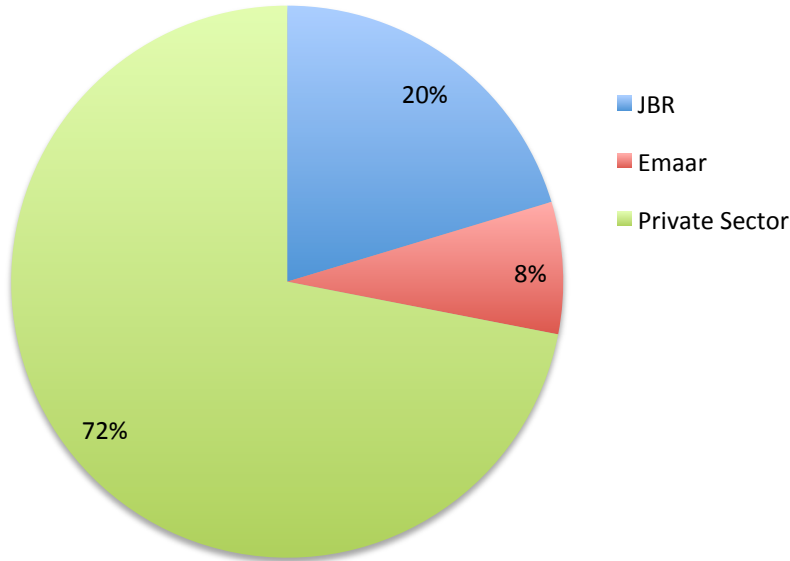
Reidin.com

Community	Top 5 Communities By Transactional Value
Dubai Marina	4,660,501,614
Downtown Dubai	3,468,023,138
Business Bay	2,054,366,060
Jumeirah Lake Towers	2,042,663,848
Palm Jumeirah Apartments	1,793,519,278

Dubai Marina records the highest value of transactions in 2014, surpassing Downtown and Palm Jumeirah, making it the top investment destination in Dubai (accounts for 16% of total freehold transactional value).

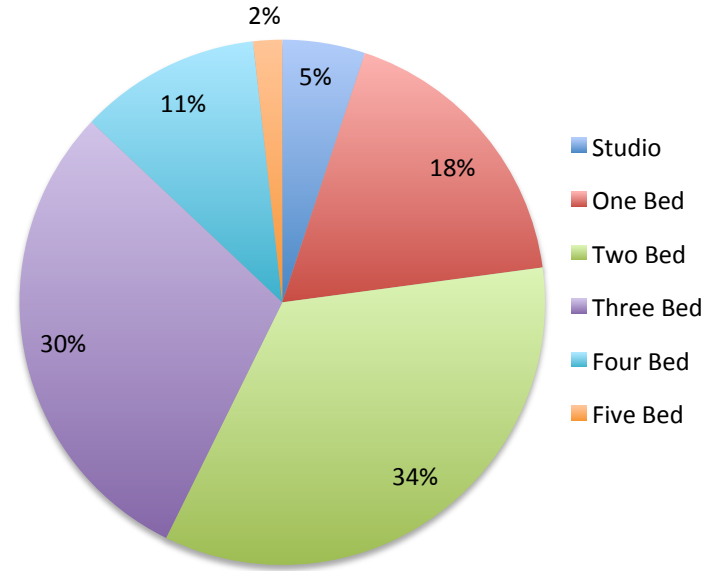
Dubai Marina's Structure Analysis

Supply of Units by Developer



Reidin.com

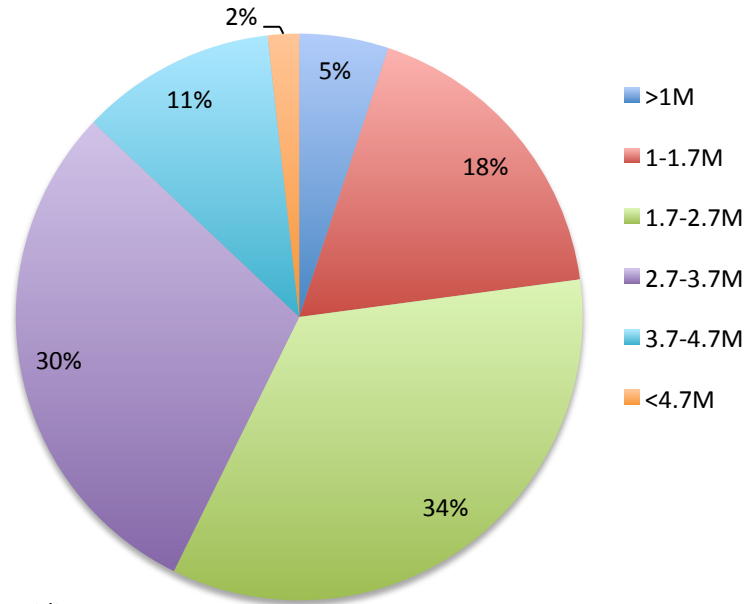
Supply of Units by Type



Dubai Marina is a mixed use development, where GSD's (Government Sponsored Developers) account for 28% of the supply of residential units, where the balance comprises of PSD's (Private Sponsored Developers). The bulk of the units are in the one, two, and three bedroom segment, making it accessible for bachelors, couples and families. With 75% of the units being 2,3 and 4 bedroom units, the structure of the Marina is primarily catered towards families.

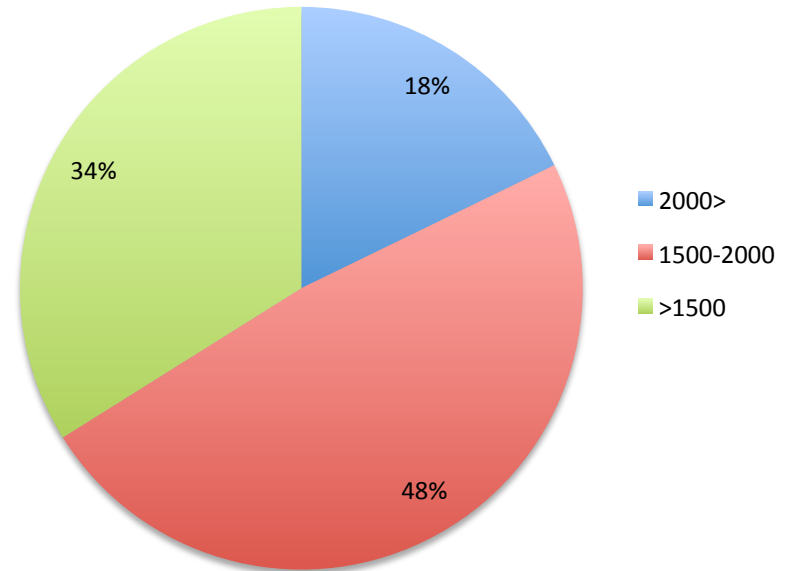
Dubai Marina is for the Affluent Class

Units by Value



Reidin.com

Units by Aed/Sqft



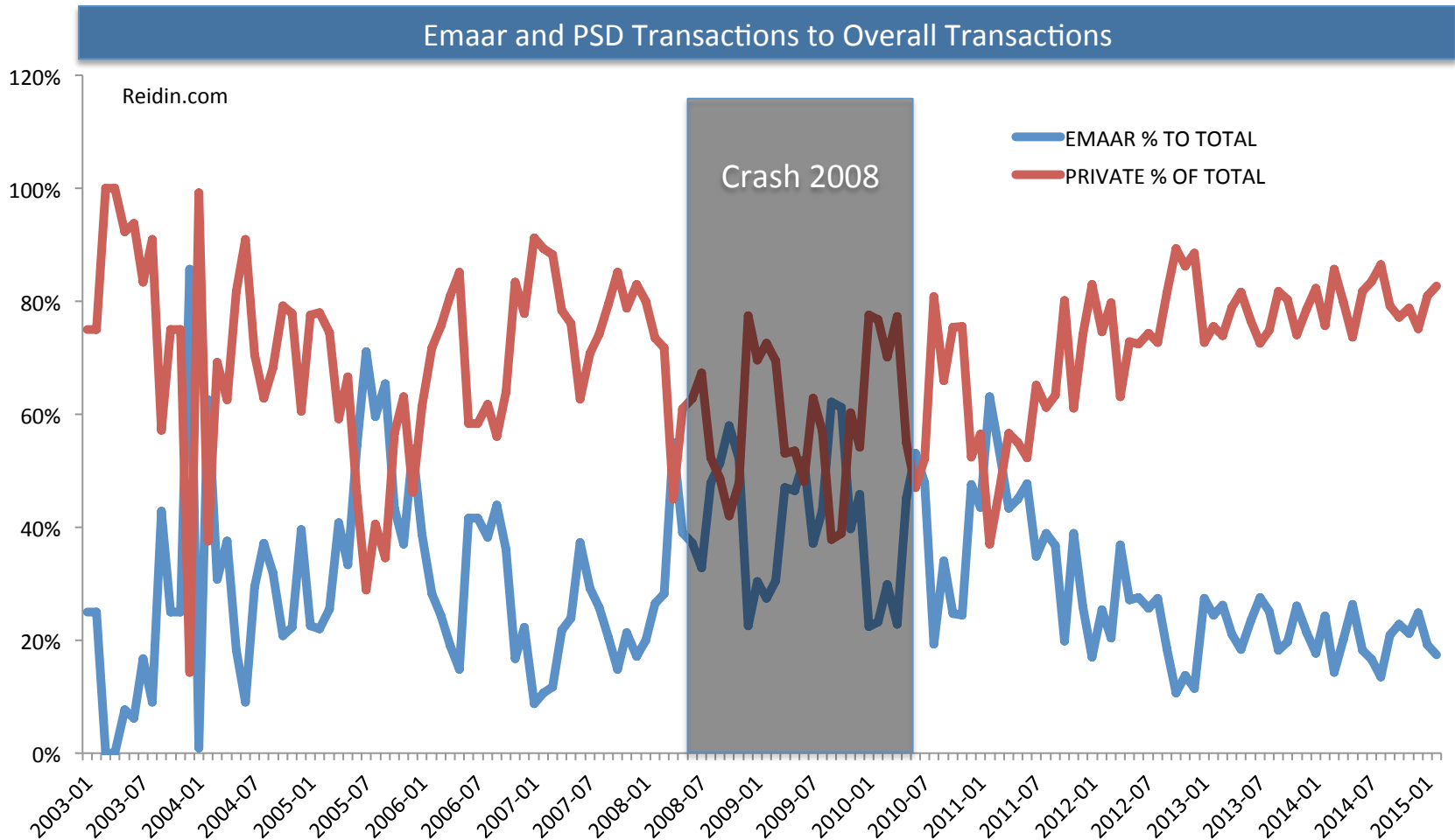
A price analysis of supply shows that 64% of the supply is either in the high-end or prime segment. Only 5% of the supply less than 1 m, making it inaccessible for the median salary income to mortgage.

Emaar vs. Private Sponsored Developers (PSD's)



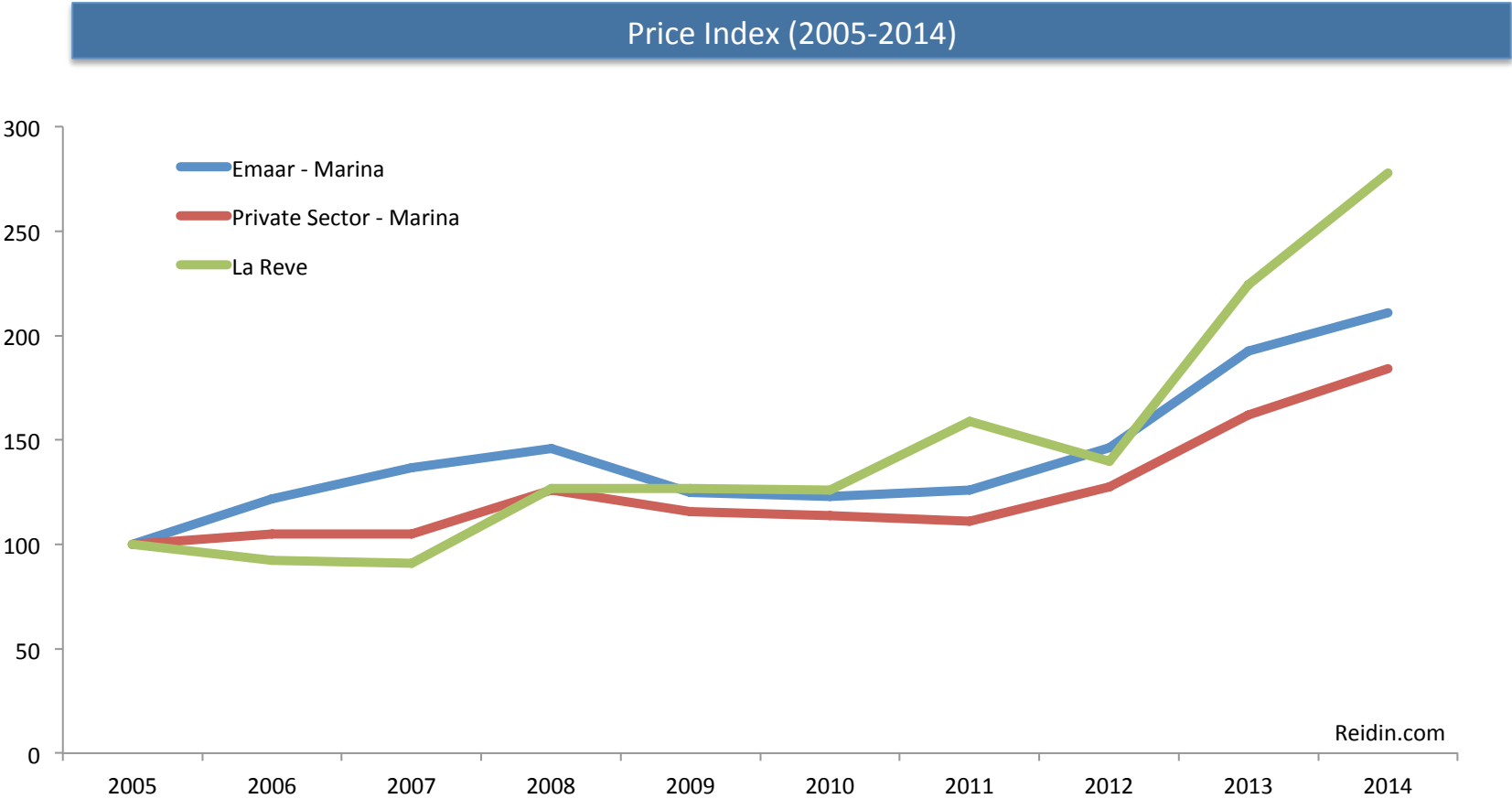
“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.”
— Jeff Bezos

Emaar Properties Sell Quicker in a Downturn



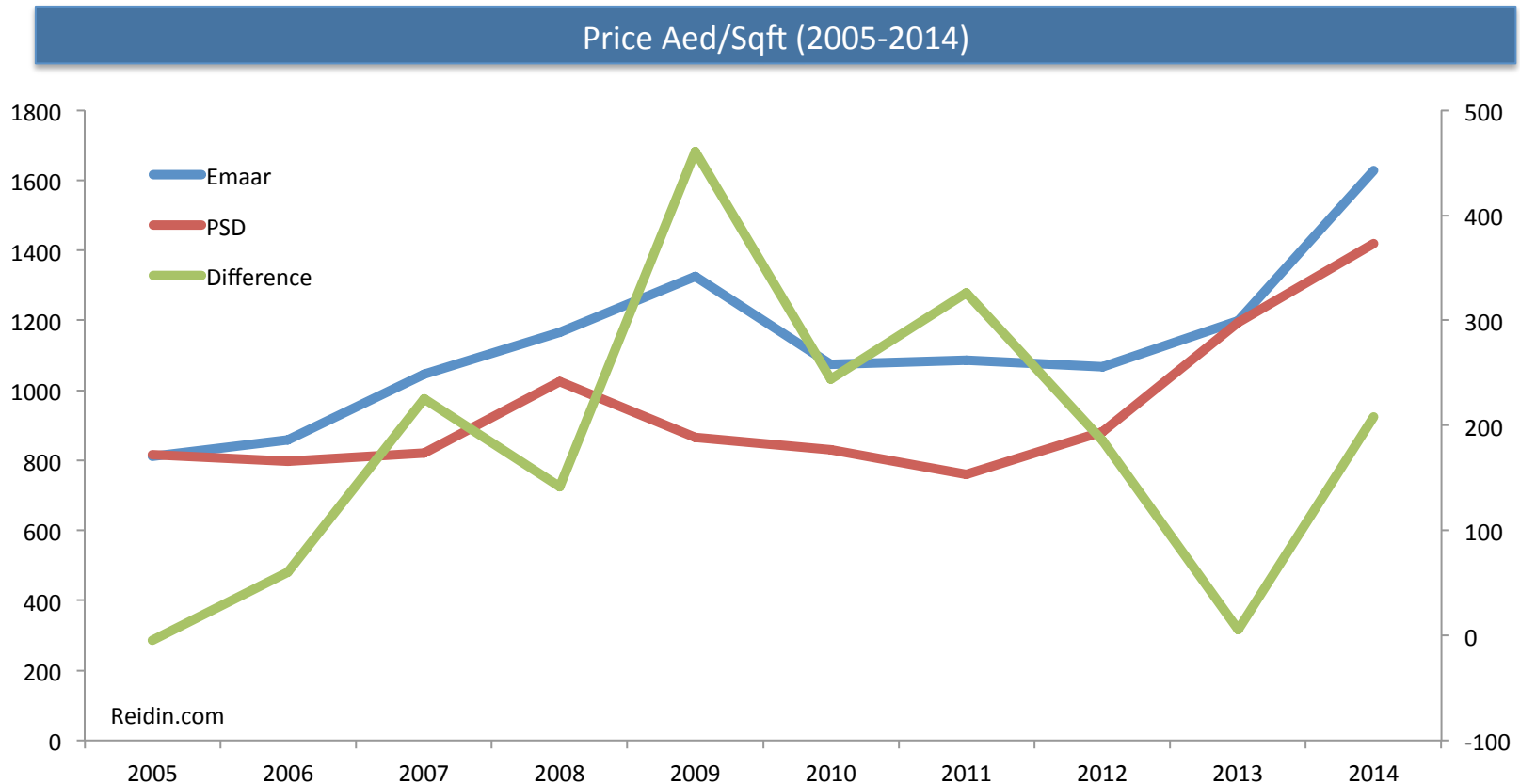
A transactional volume analysis shows that within Dubai Marina, units developed by Government sponsored Developers (GSDs) are a more liquid asset relative to PSD's in a downturn. Only attributing 8% of supply, Emaar properties contributed more than 50% of volume during the crash of 2008-2010.

Emaar Properties Outperform PSD's (Exceptions do Exist!)



A price index of Emaar buildings and PSD's show that the former has had superior growth rates over the last 9 years. However, there are exceptions to the case such as La Reve, which has outperformed the market by more than 25% implying that luxury products are favored in this community and is in consonance with the overall theme of the district.

Private Sector Developers Provide Good Value if the Discount Exists



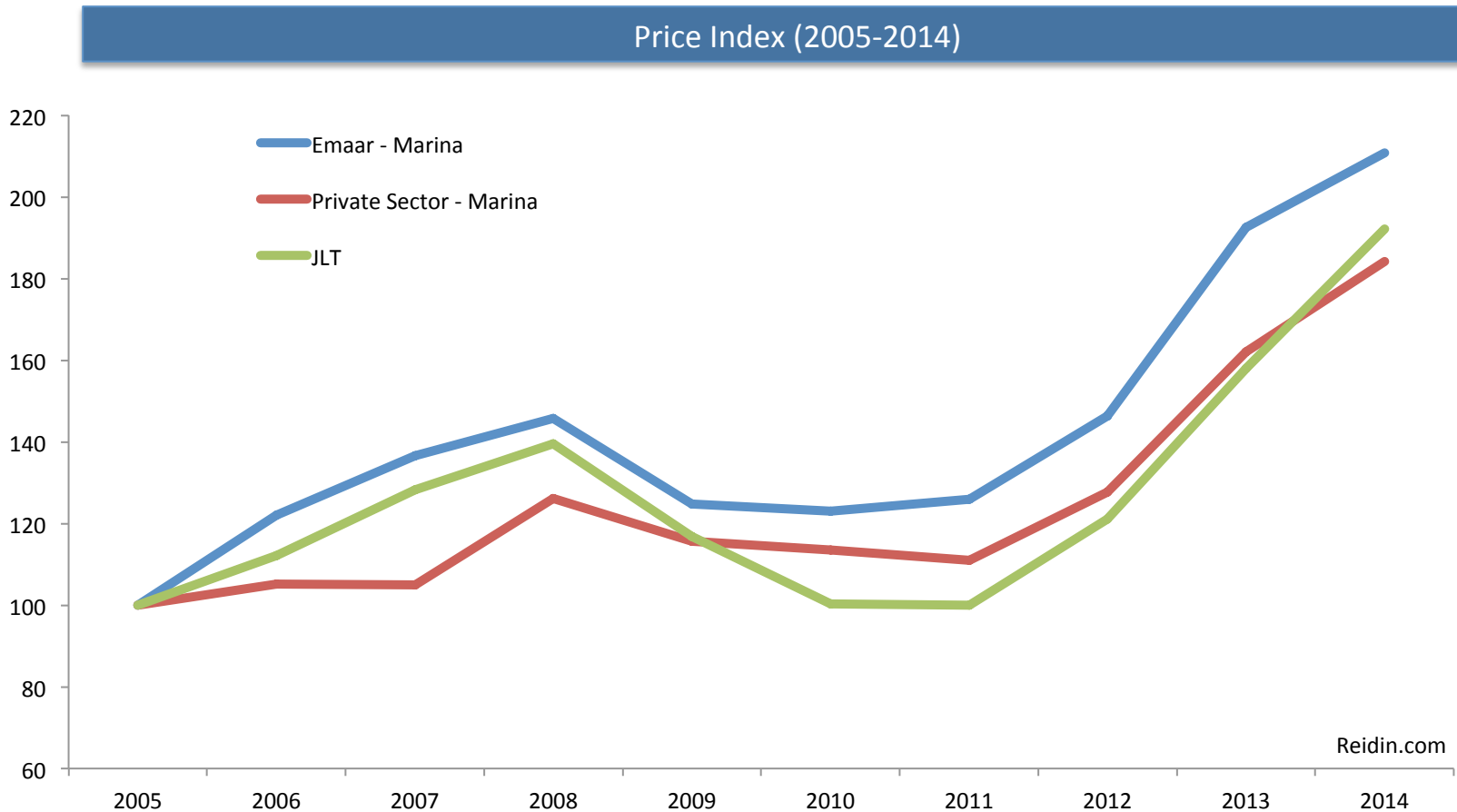
A aed/psf comparison shows that historically there has been a 185 aed/sqft (approximately 20%) difference between Emaar and private sector developers. This discount has been more or less constant throughout the years for which the analysis has been done, and where PSDs have offered product with more than this discount level, subsequent price action reveals that they have outperformed the GSD price index.

Jumeirah Lake Towers vs. Dubai Marina



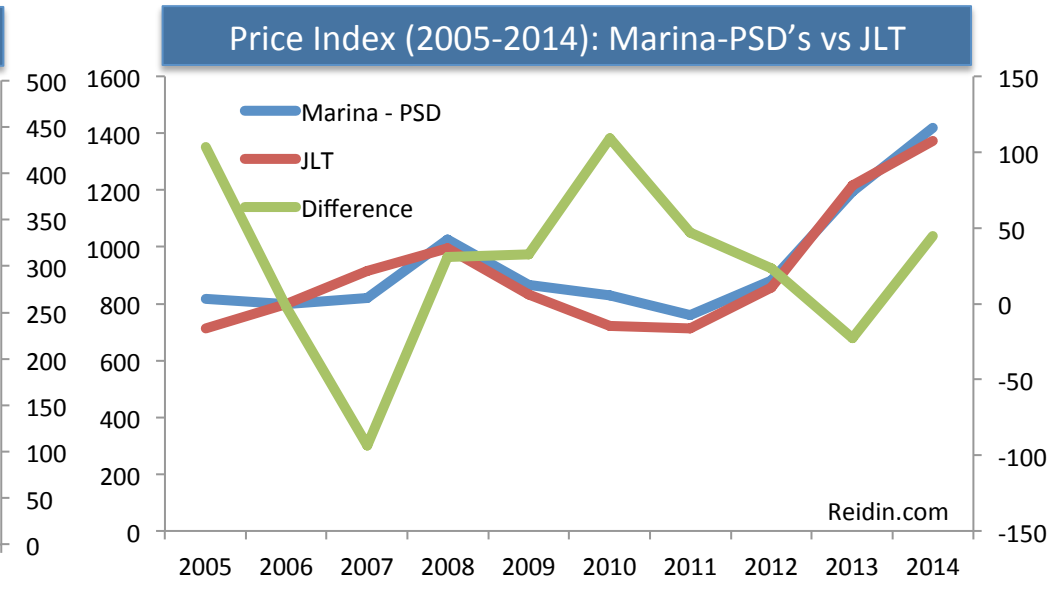
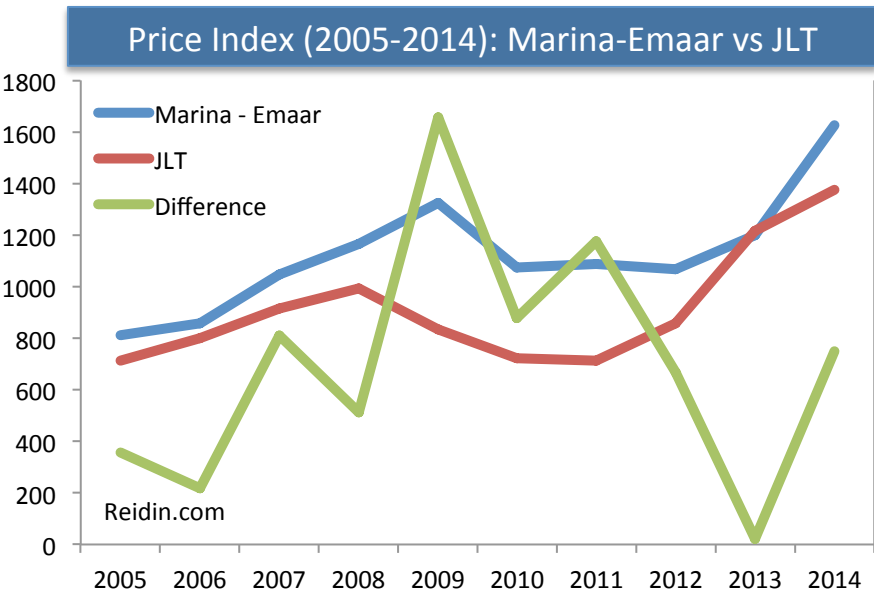
“Data is a precious thing and will last longer than the systems themselves” – Tim Berners-Lee

JLT: The New Preferred Destination?



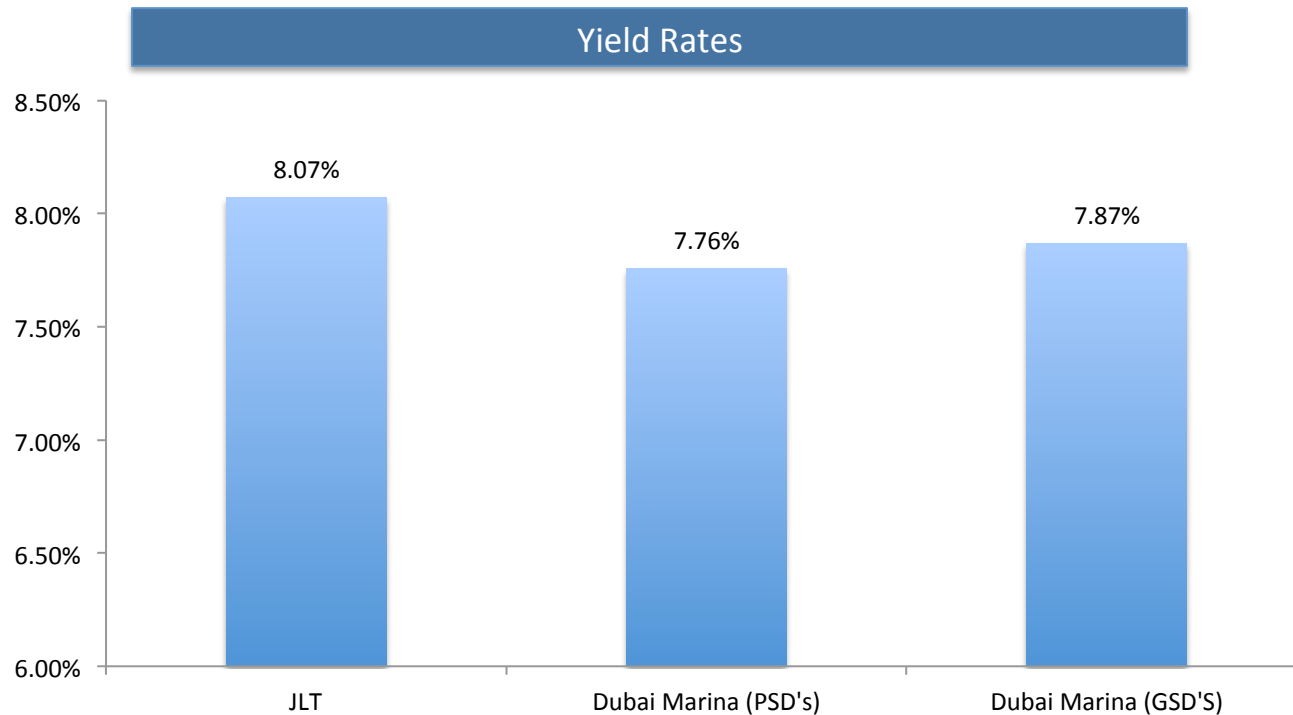
Dubai Marina has always thought to outperform JLT, however, over the last 9 years we can see that JLT has had superior price action to that of Marina PSD's, but have still underperformed the GSD price index.

JLT Running in Tandem with Marina Private Sector



The historical average difference between Emaar products in the Marina and JLT have been 195 aed/sqft, virtually identical to the discount between PSD and GSD price index in the Marina. This is the strongest indicator that a less preferred location is more than compensated by qualitative factors such as superior build quality and a better planned community. We opine that this trend will continue.

JLT's Outperformance has been Yield Driven



Even after the historical out performance, JLT 's rental yields are superior to that of Dubai Marina. This has been due to the preference that tenants have placed on JLT's community and traffic dynamics, implying that the trend of outperformance is expected to continue, especially in the era of the 'New Normal'

Conclusions

Dubai Marina records the highest value of transactions in 2014

There is a clear liquidity preference for GSD real estate in a downturn; moreover these outperform in the upturn as well!

Topography

Dubai Marina, is a community aimed at the affluent class of Dubai, where 66% of supply is above Aed 1500 psf and only 5% is below a value of 1 million.

The majority of the supply is of Private Sector Developers, as only 28% is attributed towards Government Sponsored Developers (Emaar and Dubai Properties).

Dubai Marina is an integral part in the real-estate market as it accounts for 16% of all transactional value.

JLT vs Marina

A price index comparison between JLT and Marina, reveals that GSDs continue to outperform JLT, whereas the latter has outperformed PSD Marina, illustrating that qualitative factors have been weighed by end users in explaining the price outperformance.

Given the superior rental yields at JLT, we opine that the price outperformance of JLT is expected to continue as Dubai continues its trajectory towards end users.

PSDs vs GSDs

A transactional activity analysis reveal the GSD properties are easier to sell in a downturn. In the crash (2008-2010), GSD properties accounted for more than 50% of transactional volume, where as in time of price growth (2002-2008, 2011-2015) it accounted for approximately 20%.

There is a 20% discount between PSD and GSD properties; a figure that has remained constant over the 9 year time horizon.

Outlook

The current lull in the markets, will likely continue to disproportionately weigh on PSD properties, as investors and end users alike will favor GSD properties in Marina.

Given the “New normal “ outlook that is firmly in place in the real estate markets, JLT prices will continue to outperform in the medium term as qualitative factors continue to dominate in the decision making criteria for home purchases.



GLOBAL CAPITAL PARTNERS

GCP believes in in-depth planning and discipline as a mechanism to identify and exploit market discrepancy and capitalize on diversified revenue streams.

Our purpose is to manage, direct, and create wealth for our clients.

GCP is the author for these research reports

Indigo Icon, 1708
Jumeirah Lake Towers,
PO Box 500231 Dubai,
United Arab Emirates
Tel. +971 4 447 72 20
Fax. +9714 447 72 21
www.globalcappartners.com
info@gcp-properties.com

REIDIN

Emerging Markets
Real Estate Information

REIDIN.com is the leading real estate information company focusing on emerging markets.

REIDIN.com offers intelligent and user-friendly online information solutions helping professionals access relevant data and information in a timely and cost effective basis.

Reidin is the data provider for these research reports

Concord Tower, No: 2304,
Dubai Media City,
PO Box 333929 Dubai,
United Arab Emirates
Tel. +971 4 433 13 98
Fax. +971 4 360 47 88
www.reidin.com
info@reidin.com

Research Database

Title	Report	Date
Dubai: Boom-Bust-ology	REIDIN - UNITAS Real Estate Market Reports	8-Mar-15
Dubai: Is Commercial Realty Commercially Viable?	REIDIN - UNITAS Real Estate Market Reports	2-Feb-15
Dubai: Shocks, Shifts & a Return to First Principle	REIDIN - UNITAS Real Estate Market Reports	19-Dec-14
Dubai: The Hunt for Yields	REIDIN - UNITAS Real Estate Market Reports	15-Dec-14
Dubai: Amidst a Slowdown, Underlying Strength	REIDIN - UNITAS Real Estate Market Reports	15-Nov-14
Dubai: Where to build?	REIDIN - UNITAS Real Estate Market Reports	22-Oct-14
Is there such thing as the "Cityscape Effect"?	REIDIN - UNITAS Real Estate Market Reports	18-Sep-14
Dubai: The Real Estate Value Guide	REIDIN - UNITAS Real Estate Market Reports	3-Sep-14
Dubai: The "New Normal"	REIDIN - UNITAS Real Estate Market Reports	8-Aug-14
Dubai: The Paradox of Affordable Housing	REIDIN - UNITAS Real Estate Market Reports	21-Jul-14
Dubai: A Tale of Two Markets	REIDIN - UNITAS Real Estate Market Reports	17-Jun-14
Dubai: The Trophy Buying Phenomena	REIDIN - UNITAS Real Estate Market Reports	22-May-14
Dubai: The Road Ahead	REIDIN - UNITAS Real Estate Market Reports	5-May-14
Dubai: Buy Land Where the City Ends	REIDIN - UNITAS Real Estate Market Reports	7-Apr-14
Dubai: A Closer Look into 2013 - Q1 2014	REIDIN - UNITAS Real Estate Market Reports	13-Feb-14
Dubai: What Now? - Q4 2013	REIDIN - UNITAS Real Estate Market Reports	28-Nov-13
Dubai: If You Build It They Will Come - Q3 2013	REIDIN - UNITAS Real Estate Market Reports	30-Sep-13
Dubai: The City is Built Upon it's Commerce - Q1 2013	REIDIN - UNITAS Real Estate Market Reports	11-Apr-13
Home Ownership: Dubai's Road to Prosperity 2013	REIDIN - UNITAS Real Estate Market Reports	12-Mar-13

Our Aspiration and Motto



“No barrier can withstand the strength of purpose”

HH General Sheikh Mohammed Bin Rashid Al Maktoum
The Ruler of Dubai and Prime Minister of UAE

