



Dubai Property Prices Drop 23% From Record, HSBC Says (Update1)

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By Haris Anwar

Jan. 21 (Bloomberg) -- Dubai property prices dropped 23 percent last month from a record high in September after banks cut lending and sellers offered discounts as a result of the global economic slowdown, according to an HSBC Holdings Plc survey.

The average price of villas in Dubai fell 30 percent and for apartments 20 percent from September, according to the survey, which for the first time captured actual real-estate transaction prices in Dubai.

Developers in Dubai have cut jobs and canceled projects to cope with a slowdown in demand and credit shortage after more than one trillion dollars in worldwide writedowns and losses at financial institutions.

Since the September high, "the discount of agreed to advertised prices has deepened, indicating market distress," HSBC analysts including Majed Azzam and David Lepper said in the report released today. "Early 2009 data suggests further weakness," the report added.

The bank added that fourth-quarter real-estate sales volume however showed a healthy trend with 5,800 transactions booked, 226 percent more than for the same period a year earlier.

The bank recorded 1,782 transactions in the first two weeks of January, or 6 percent more than for all of December and 175 percent more than from December 2007.

Property prices in December also remained 19 percent on average higher compared with a year earlier and the number of transactions suggests "that while the market is difficult, volumes and pricing are not as bad as implied by the stock market," HSBC said in the report.

The **Dubai Financial Market General Index** lost 10 percent this month after a 72 percent slide last year. **Emaar Properties PJSC**, the United Arab Emirates' biggest real estate developer, slumped 7.3 percent today after HSBC cut the builder's price estimate by 39 percent to 8.5 dirhams "to reflect the likelihood of further market weakness."

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Last Updated: January 21, 2009 05:17 EST



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