

## Property prices still offer profits to long-term investors

By

Karen Remo-Listana on Monday, December 14, 2009

Investors who bought property in Dubai not later than two years ago still stand to make a profit despite the current low prices, the chief/owner of a Dubai-based brokerage firm said.

"People who are suffering the most are those who bought properties last year on a mortgage because prices were extremely high and mortgage [rates] were high as well," Laura Martorano, CEO of Leo Sterling, told **Emirates Business**. "But people who bought before 2007 have not lost. Even if they sell they will still make a profit," she said.

Martorano said property prices in Dubai were not affected by the recent Dubai World debt restructuring talks. "We were closing transactions with a few owners in JBR and they are sticking to their own price and we closed it on their price," she said.

"Prices in a ready market will not change much because there is competition. In a ready market, about 60 per cent of the purchases are cash purchases. Therefore, these people may not necessarily be so desperate as opposed to the 40 per cent who have mortgages and bank loans," she added.

Property transactions in Dubai, however, have fallen in November compared to figures posted in the previous month, according to official data.

The number of land sales fell by 11 per cent from 208 in October to 186 in November, while the value of transaction deals fell by 47 per cent from Dh1.84 billion to Dh970 million in the same period.

Data from Dubai Land Department show the number of villa sales have increased by 24 per cent from 88 to 109 but there was a 41 per cent decline in the value from Dh290m in October to Dh170m in November.

Flat sales saw a 4.8 per cent increase in number from 1,354 to 1,420 but values took a 7.7 per cent dive from Dh1.3bn to Dh1.2bn.

Dubai's average monthly market index in November has also seen a 6.98 per cent contraction to 2,124.98 from 2,284.42 in the past month.

October also reported other positive indicators – average monthly market index posted 11.25 per cent hike and trade as per issued Dubai certificates of origin rose by 10 per cent in volume and nine per cent in value.

Despite all the negative economic indicators, Martorano is convinced that Dubai will continue to thread a bright future.

"Trust me. A lot of people have not discovered Dubai yet and when they come here for the first time they see it has a future," she said. "A lot of people like myself, successful developers, businesses people or entrepreneurs are staying."