



HOME SENTIMENT SURVEY

Quarter 1 - 2020

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What is a Home Sentiment Survey?

A Home Sentiment Survey measures consumer sentiment towards the residential property market. It allows for the creation of an index, which is derived from regular surveys of a representative sample of homeowners and renters. The survey can determine sentiment regarding buying, selling, investing in, renting of and renovating property, as well as property market conditions in general.

Why do a Home Sentiment Survey?

Survey findings are useful in informing a variety of decisions made by stakeholders: from developers, government authorities, individual buyers, renters and investors.



Where did we collect data from?

- Received responses from residents of 7 MENA countries.
- Majority of responses for the first survey were for the UAE market.
- We will run the survey every quarter, and as the number of responses increases in other countries, we will be able to provide a more detailed overview of other markets.

Covid-19



- Data was collected during March 2020, prior to many of the regional restrictions that have now been put in place due to Covid-19.
- The survey will be run again at end of Q2 2020.

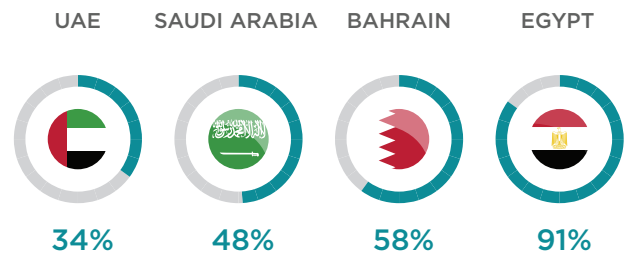
The Table below shows key findings for the MENA countries where we received a sufficient number of responses. Generally, it is clear from our findings that sentiment is significantly weaker in the Gulf than in Egypt. This reflects the relative strength of these MENA economies. In particular, demand in the Gulf has been weak in the past few years as the governments have sought to implement fiscal controls, lowering and in some cases eliminating deficits that arose after the oil price slumped in late 2014.

The clearest insight is provided by the first question, in which we asked respondents (both renters and owners) what their price expectations were for the coming six months. Only a minority of respondents in the UAE and Saudi Arabia thought prices and/or rents would either remain the same or increase. This compares to 91% of respondents in Egypt.



REAL ESTATE MARKET

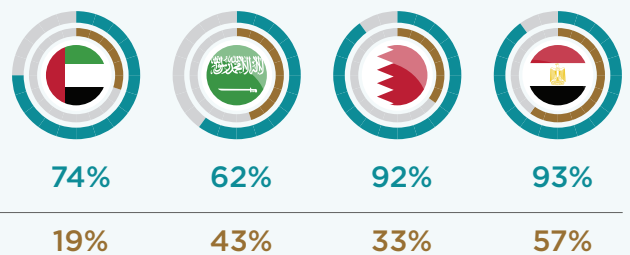
EXPECT PRICES TO REMAIN THE SAME OR GO UP IN THE NEXT 6 MONTHS



RENTERS

VIEW THEIR RENT AS EITHER FAIR OR GOOD VALUE

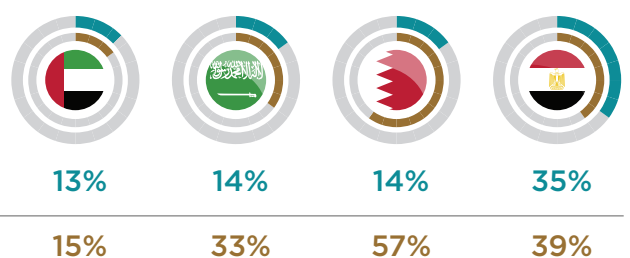
MORE LIKELY TO BUY IN THE NEXT 6 MONTHS THAN IN THE PREVIOUS 6 MONTHS



OWNERS

INTEND TO SELL IN THE NEXT 6 MONTHS

INTEND TO REFURBISH IN THE NEXT 6 MONTHS





Focus on UAE

Overall, sentiment towards the United Arab Emirates real estate market improved in the first quarter of 2020 (prior to the Covid-19 response measures), with the Peninsula Home Sentiment Index rising from 44 to 47.

A score of under 50 represents, on balance, more negative than positive sentiment. With a score of 47, the survey respondents, made up of both renters and homeowners, were signalling their expectation for the real estate market to fall between zero and 5% in the coming 6 months.

Sentiment towards the market is more positive among homeowners than renters. In the past 6 to 12 months, homeowners think the value of their homes decreased by around 10%. Whereas, in the next 6 months, they expect the value of their homes to fall only marginally. Sentiment among renters remains stable, with the expectation of a further 5% decline in rents as leases get renegotiated in the coming 6 months.



Key Findings:

Home Sentiment Index	Overall	Renters	Owners
Q4 2019	44	46	40
Q1 2020	47	45	49

Findings from both UAE Owners and Renters

While sentiment remains negative, there were indications that the outlook is improving.

28%
of responders

thought that the **market would fall by 5 to 10%** in the coming 6 months.

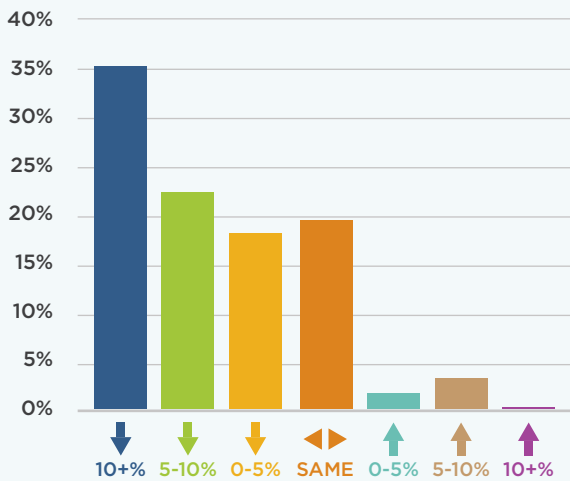
28%
of responders

thought that the **market would be stable** in the next 6 months.

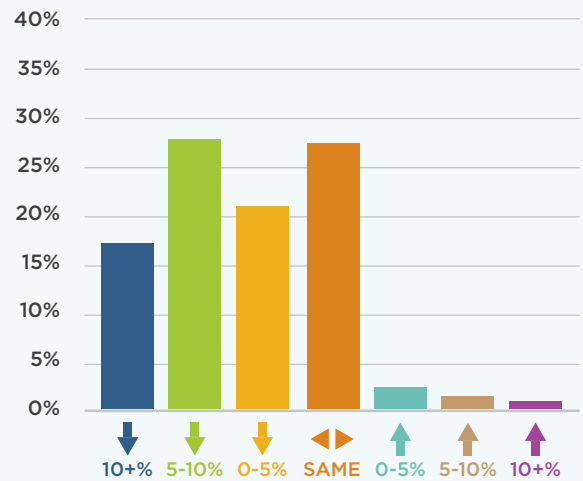
6%
of responders

expect the market to rise.

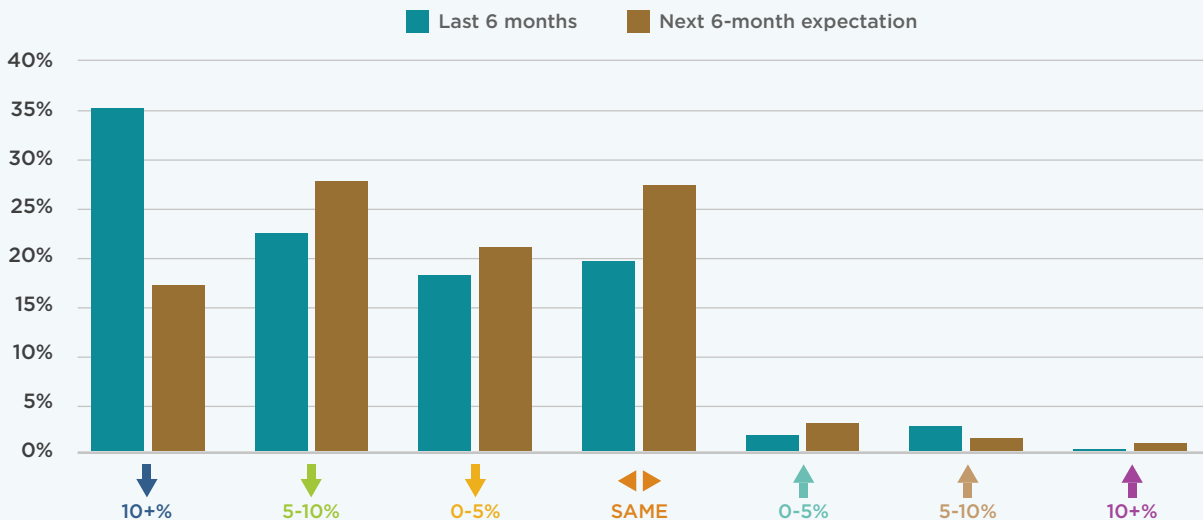
How did the real estate market perform in the **last 6 months?**



How will the real estate market perform in the **next 6 months?**



Real estate, **past 6 months versus next 6-month** expectations



Findings from UAE Owners

The most significant improvement in sentiment came from homeowners.

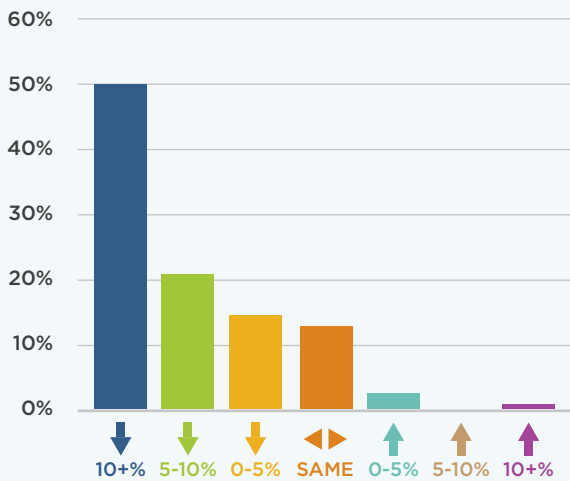
50% of responders thought the **value of their home had fallen by at least 10%** in the previous 6 to 12 months.

39% of responders said they **expected the value of their home to remain the same** in the coming 6 months.

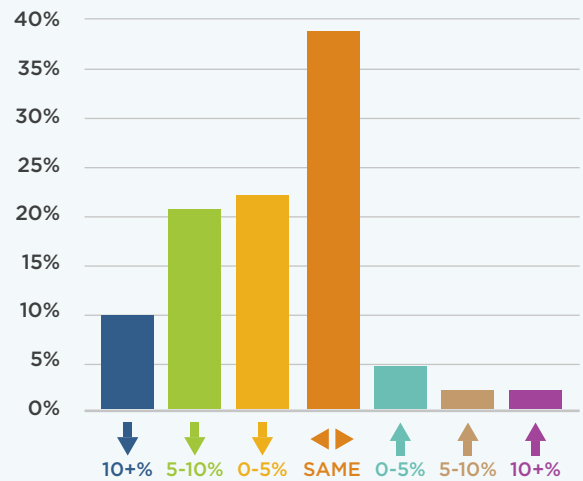
87% of homeowners are **not planning on selling their home** in the next 6 months;

Only 15% of homeowners are **planning to carry out any significant investment in terms of home improvements** in the next 6 months.

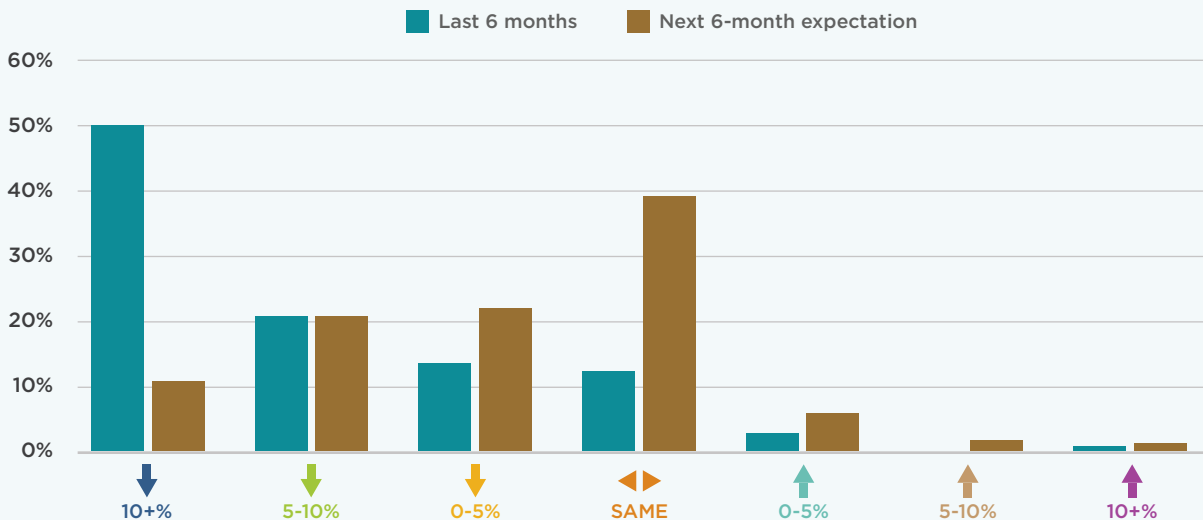
What do you estimate was the change in the value of your home in the **last 6 months**?



What change do you expect to the value of your home in the **next 6 months**?



Home values, **past 6 months versus next 6-month** expectations



Findings from UAE Renters

Expectations among renters broadly remain the same; although there are some positive signs for owners.

26%
of responders

who had renegotiated their lease in the last 6 months, **saw their rent fall by 10% or more.**

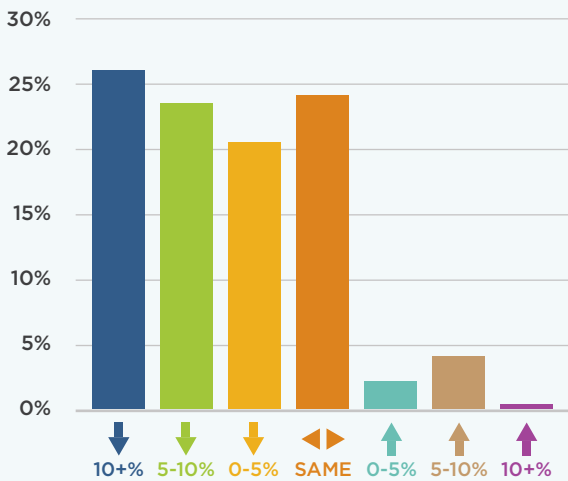
31%
of responders

expect their **rent to fall between 5 and 10%** in the next 6 months, as their leases come up for renewal.

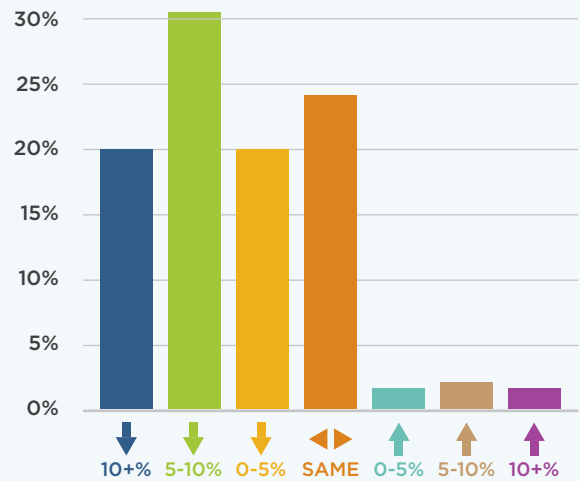
63%
of responders

think the **rent they pay is fair value** for the property they lease.

What happened to your rent in the **last 6 months?**



What change do you expect to your rent in the **next 6 months?**



Rents, past 6 months, vs next 6-month expectations





HOME SENTIMENT SURVEY

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