A STUDY ON THE MILLENIAL FIRST TIME HOMEBUYER SEGMENT

In a millennial dominate market such as Dubai, dubizzle commissioned a third party research & consultancy firm, Ventures ME, to conduct a study to unveil the sentiment of this segment towards; buying a home locally & globally, the reasons behind this and awareness of new home search methods.
Introduction

The country’s leading property classifieds platform with over 1.5 million month active users to property alone - has released a research study on the millennial home buying segment. Findings were derived with the backing of dubizzle’s wealth of data and by face-to-face interviews conducted by a third party research firm, Ventures ME, showcasing the perception towards home buying in Dubai, decision making factors, favourability towards new home buying search methods and the awareness of new concept homes.

dubizzle & data transparency

In 2015, dubizzle, was listed in the top five most searched UAE brands (*Google Trends Report for 2015) and ranked as the eight most visited website in the UAE (*according to SimilarWeb in April 2016), with over 5 million monthly active users per month. Last year, dubizzle reached almost 60% of the Internet population penetration in the UAE, where an individual visited the site, on average, four times a month for an average time of 16.5 minutes per visit. As well as this, the platform gets over 60,000 new ads posted live every day across all verticals. With such heavy usage of the platform by residents of the UAE, dubizzle’s data reports reflect market price trends and changing preferences within various industries (property, motors, jobs and pre-loved goods) as a reflection the publics search patterns and choices made on the platform; this helps provide guidance to the public to make more well-informed decisions.
Reason behind conducting the study and sample criteria

According to the Dubai Statistics Centre as of 2015, the median age of residents in Dubai lies between 30 and 34 years, that equates to approximately 500,000 residents within this segment out of a 2.5 million population; 20%. If we expand that bracket further and taken into consideration the full rather of expats that fall within a millennial label 25 to 39, that equates to 1.2 million, 48% of the total population of Dubai.

![Population and Vital Statistics](image)

(Source: Dubai Statistics Centre)

Millennials are also referred to as generation Y and are individuals born during the early 1980s through to 2000.

Bearing in mind the above, Dubizzle decided to delve deeper into the sentiment of this segment towards first-time home buying in the UAE and the reasons behind it by conducting a 3rd party face-to-face research study of residents in the UAE spanning both Abu Dhabi and Dubai; an equal split. The sample earn anywhere between AED 20,000 to + AED 35,000 a month where 31% were middle management level and 13% were owners of their own business.

Summary on methodology used

The sample of millennials were chosen based on a screening criteria to make sure each individual was relevant for the study. Criteria included - income, age, time spent working in the UAE, & those who were actual residents. The data received from the face to face interviews were collected on tablets to minimize data entry error and monitor both the quality of data and the field progress routinely. The questionnaire was designed jointly by both parties, dubizzle and Ventures Middle East.
Section 1

Dubai, a millennial market – 44% intend to buy a home in the city within the next 3 years

44% of millennial expats surveyed said they wanted to buy a home in the UAE in the next 3 years. Whereas 59% of the sample pool said they wanted to buy outside the UAE in the next 3 years. The 59% who said they wanted to buy outside the UAE, preferably in their home country was quite simply because they didn’t know how long they wished to stay in the UAE. There was however a crossover in regard to certain individuals considering to buy both abroad and the UAE within next 3 years, with the intention that the UAE would serve an ideal base during the prime years of their careers.

When asked about the importance of buying a home in the UAE, Westerners and Arab expats scored higher than Asian expats who would rather buy a property back in their home country.

Methodology: Objective, Questions Asked, and Results

Objective: to gauge the intention of first time homebuyers to purchase in the UAE.
Directed to all respondents who participated in this survey “Are you intending to purchase a residential property here in the UAE anytime from now until the upcoming 3 yrs.?” For those who answered “NO (66%)” we asked them for the reasons why. The same sets of questions were asked for those intending to buy residential property outside UAE.

Section 2

Reasons by Nationality for wanting to purchase in the UAE

Western Expats

Western expats see the UAE as a good place to make a healthy living tax-free, and have a more luxurious lifestyle than they would back home if they held the same job. They can contribute a decent share of their wallet to purchasing a home as well as have enough to live a comfortable life with the perks of putting aside a budget for entertainment.

In specific to British expats, the Brexit has stirred up many questions as to the impact it has left on this segment’s intent to purchase UAE property as opposed to shipping money home due to the exchange rates. Our survey revealed higher scores for Westerners (inclusive of British expats) more than other nationalities when asked how important they felt it was to purchase a home locally here in the UAE. With the UAE dirham having risen approximately 20% against the British pound since the June 23 2016 referendum, even though British expats may earn more pounds to the Dirham, the emerging investors within the millennial category still sees it of value to purchase locally.
relatively soon given the flattening out of the sale price per sq. ft. prices in Dubai’s property market, making it a ripe time to consider property purchase if the individual is keen to call the UAE home for a while.

**Arab Expats**

A knock-on effect caused by the Arab spring over the past decade has left Arab expats (outside the GCC country group) a dominant property buyer segment here in the UAE.

According to the H1 report released by the DLD, Arab expats contributed to a total investment value in property of AED 7 billion from 7,577 deals. Jordanians (765 transactions,) Egyptians (710 tractions) followed by Lebanese (432 transactions.)

dubizzle’s research study confirms that the UAE remains a prominent choice for Arab millennial expats to purchase property in the UAE with 54% of our sample stating that their country was not a safe place, “risky” to invest in and/or that they did not want to go back to their home countries to live long-term, 41% of who were Arab expats.

**Asian Expats**

The survey also revealed that the first time buyer Asian expat (predominantly Indian expats) millennial segment on the contrary were more in favour of purchasing their first property back home.

The more established Indian expat who already has property/properties back home would purchase in the UAE due to the UAE’s convenient geographic proximity to the homeland India and well as it being able to provide an ideal business environment to set up shop for new business entrepreneurs. The DLD’s 2016 H1 report states that Indians after UAE locals were the second biggest segment of property investors contributing 7.27 billion worth of transactions.

**Methodology: Objective, Questions Asked, and Results**

Objective: To understand different reasoning/perspectives based on ethnicity of wanting to buy a home in the UAE. Asian expats predominately Indians, more than Arabs and westerners considered it important to buy a property in their home country and scored higher on a 10 point scale when asked “How important is it to you to buy a residential property in your home country?”

**Section 3**

**Reasons for not wanting to purchase in the UAE**

Quite simply, those who did not want to purchase here, did not know if they wanted to spend the rest of their life here in the UAE, hence the purchase of a property meant to them commitment that they didn’t see as worthwhile. 47% of those who said they did not want to purchase a home in the UAE identified this as the main reason.
34% of this group are planning to buy in their home country within the next 3 years, predominantly Indian expats.

25% of this group said that home purchase was too early, that instead they wanted to invest their money in their own business or other businesses with ideas they support. This is a positive hopeful ripple effect caused by the political unrest in several neighbouring Arab countries leading to the start uprising as well as the close proximity of the UAE to key trade and business hubs in India. The millennial segment is cause-driven, hungry to impact change in the world furthered by exponential technology growth and a generation that’s more receptive to big-impact ideas. For the property segment this means a start-up commercial property investor and renter today could potentially become an individual that grows into a home owner locally over time, post the initial 3 t 4 year challenge associated with breaking even and making a start-up successfully see the light.

Methodology: Objective, Questions Asked, and Results

Objective: To understand different reasoning/perspectives based on ethnicity of not wanting to buy a home in the UAE.

We asked all those who are not intending to buy a property in the UAE why aren’t they willing to do so. “Why aren’t you intending to buy a residential property in the UAE?”

The respondents were given the freedom to give any answers they want, instead of limiting the responses to a predetermined multiple choice. The biggest two barriers were the uncertainty if millennials will spend the rest of their lives in the UAE (47%) followed by the intention of buying a house in home country (34%), high prices of homes in the UAE (34%) and wanting to launch their own start-up first and would rent till they were established (25%).

Section 4

Self-research (non-influenced by others) for this segment is the most important factor during the home search decision making process

32% of the segment intending to buy claimed un-aided independent self-search as being the most important factor to reply on when making their final decision. This includes reading up on the economy, market, and communities to gather facts themselves and form an opinion. Followed by this they would confide in family and friends, after which they would firm up their perceptions by cross-referencing credible websites and apps. The least important but the most mentioned factor was agent advise - 59% mentioned that they need to get agent advise to validate the perceptions they have pre-formulated by their own research, influence of friends and family and information found of preferred websites and apps.

Methodology: Objective, Questions Asked, and Results

Objective: To understand what most influences this segment’s decision-making when it come to home buying.

Millenial who intended to by in the UAE were asked “when searching for a property to purchase here in the UAE, which of the below will you rely on to make the decision”

- Self-Research – Read about communities & the market
Friends, colleagues, and family advise
- Information available on Relevant Property Websites and Apps
- Real estate agencies advice

The most mentioned was the agent’s advice. However when we asked respondents to rank them according to importance the Self-Research was the most important factor scoring 38% and Real estate agencies scoring 12%.

**Section 5**

**New home search methods**

When comparing virtual reality tours vs. actual physical property checks; the score averaged 36% / 63%. This indicates that between the two, millennial weighed 36% to millennial tours as being an feature to have on a property portal and that they would rather use 360 virtual reality tours to screen properties online and save time. 63% was attributed to physical checks being more important, more so after the screening process. Those that didn't weighed 360 virtual tours as less important are those who have never experienced the feature as a user to form an opinion and judge its benefits.

Dubizzle ran a test on 10 properties on the site. The results proved that there is a hunger for new home search features such as incorporation of 360 tours – also seen as time savers in the property screening process. Property ads with a 360 virtual tours instead of standard imagery, gained a 155% more click through rate and 54% more leads.

Dubizzle will shortly release their new 360 virtual tour creation service for property listers in October; that will allow users to experience a property completely in the comfort of their home by maneuvering through it at his/her own pace while being able to see its full detailed state. This will serve as a convenient short-listing method; where buyers will only contact agents if they are truly interested in investing time in a physical check of the property.

**Methodology: Objective, Questions Asked, and Results**

Objective: Is there an appetite and awareness for new home search methods?

We asked millennials “when comparing 360 virtual Tours (use portals where they post property with 360 degree visual tours) to Physical Check (where you actually go there and see the property for yourself), on a 100% scale what weight according to the importance would you give to each of the below approaches?

They average weights came as below:

- **360 virtual Tours**: 36%
- **Physical Check**: 63%
Section 6

Millennial home buying preferences: Communities and Property Types

Based on the fact that the millennial segment attributes to a large partition of the UAE’s population; dubizzle delved into user profiling by age group to see if the same was reflected on the portal. dubizzle’s data reflected that 55.5% of those looking to buy on dubizzle are of the millennial segment.
The millennial segment’s property buying preferences based on search volume numbers on dubizzle, are for 1 and 2 BR apartments in Dubai Marina, 1 BR apartments in JVC and 2 BR apartments in Dubai Land (Motor City, Sports City, etc.;) followed by 1 BR apartments in JLT and 2 & 4 BR homes on the Palm. The results reflect an appetite for affordable housing projects by this segment such as Jumeirah Village Circle and projects within Dubai Land, situated further inland from Dubai’s main artery, Sheikh Zayed Road, both district being in the top 3. Dubai Marina took the spotlight in terms of popularity, for premium upmarket property, as it does every quarter on Dubai for all age segments.

*dubizzle Data Extract*

Objective: To get a better understanding where this segment is looking and the property types they search for. The numbers collated and represented in the graphs above are based on logged in dubizzle users accessing our site via desktop and through the iOS app – this equates to approximately 20% of property seekers on the platform to give us a fair representation of user segmentation on the site.
About dubizzle
dubizzle.com is the leading free classifieds website for users in the United Arab Emirates. Since its launch in 2005, dubizzle.com has become the number one platform for users to buy, sell, or find anything in their community. A community where underused goods are redistributed to fill a new need, and become wanted again, where non-product assets such as space, skills and money are exchanged and traded in new ways that don’t always require centralized institutions or ‘middlemen’. dubizzle.com is headquartered in the UAE.

dubizzle is an OLX company
OLX is the world’s leading classifieds platform in growth markets and is available in more than 45 countries and over 50 languages. OLX connects local people to buy, sell or exchange used goods and services by making it fast, easy and free for anyone to post an ad through their mobile phone or on the web. Every month, hundreds of millions of people in local markets around the world are already using OLX’s online marketplace to find and sell a wide range of products, including furniture, musical instruments, sporting goods, cars, kids and baby items, motorcycles, cameras, mobile phones, property and much more. OLX operates in fast-growing markets around the globe, where OLX helps people improve their lives through smart person-to-person trade. OLX employs more than 1,200 committed employees worldwide located in places like Bangkok, Buenos Aires, Cape Town, Delhi, Jakarta, Lagos, Lisbon, Manila, Nairobi, Poznan, Rio de Janeiro and São Paulo.

About Ventures Middle East
Established in 2002, Ventures Middle East (VME) is an international management consulting company providing strategic business advisory services across the GCC and the wider MENA region. Since inception, our multinational executive leadership team empowers clients with access to an established business network, market insights and the competitive edge necessary for success. Our division Ventures ONSITE has the most comprehensive construction project tracking database. We cover all sectors and industries and provide unparalleled customized analysis and superior strategic insights. www.ventures-me.com

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