

# Quote in Al Arabiya: Residents fear rising living costs as Dubai property rents spiral

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The majority of Dubai residents are concerned about increasing living costs, a survey has found, at a time of rising inflation and spiraling property rents.

A survey by Dubai's Department of Economic Development (DED) found that 54 percent of respondents are worried about the rising cost of living, which has coincided with a strengthening economy.

According to the report, 31 percent of consumers said they are looking to cut back on some expenses, according to the DED's survey of 2,000 Dubai residents aged between 20 and 59, which was conducted in the first quarter of 2013.

These include utility charges, telephone bills, as well as delaying adaptation of technology upgrades, the DED said in its consumer confidence survey.

Leading economists said that rent increases also play a large factor in the rising cost of living.

"For Dubai and the Emirates generally, the average [rent] expenditure comprises around 30 percent of the total [household] budget," said Dr. Nasser Saidi, former Lebanese economic minister and former chief economist at the Dubai International Financial Center. "Therefore when rentals rise or fall it has a major impact in terms of consumer price index for most households."

Dubai rents rose by 10 percent in the first quarter of this year, according to a recent report by real estate specialist Jones Lang LaSalle (JLL). In signs that the emirate's property market is on the road to recovery, JLL said that rental costs

had spiked in popular areas, although those in other locations remain stable.

The consumer price index in Dubai crept up by 0.6 per cent in March compared with the same period last year, according to data from Dubai Statistics quoted by The National.

Despite Dubai residents' concerns over the rising cost of living, the DED survey found that there was a notable jump in optimism about the wider economy.

The level of positive consumer sentiment reached 90 percent in the first quarter of 2013, compared with 74 percent in the fourth quarter of 2012, the DED survey found.

In an interview with Al Arabiya, Dr. Saidi stressed that the weightings assigned to the cost-of-living index needed to be clarified.

"The last time we had a weighing of the index was over four years ago. You need to do a regular household survey [to know] what households are spending on, [but] we haven't had that," he said.

"If you look at expatriates in in Dubai, what they're spending on average [for] housing and rent is going to be much higher than nationals'. So when you look at those numbers you have to ask what they reflect. Is it the household budget for expatriates, and which expatriates? Or is it the household budget for nationals in the UAE?," Dr. Saidi said.

While the cost of housing is a concern for residents in Dubai and the UAE, other basic needs comprise larger worries for residents of other Arab countries.

"In 2010, when [Egypt's] troubles first started, food-price inflation was rising close to 30 percent," said Dr. Saidi.

In a country like Egypt, the cost of living and social unrest are closely related, he added.

"Given that Egyptians have a lower per-capita income, they tend to spend a lot more on food. So, for your average household, spending on food was close to 60 percent of their total household budget. When prices rose 30 percent, that's... a major contributory factor to the problems we saw in Egypt," said Dr. Saidi.