RESEARCH

MARKET IN MINUTES

Dubai Residential Market

Q2 2026

savills

Key Stats

35,884 TOTAL RESIDENTIAL
TRANSACTIONS IN Q2 2026 (-19% Q-O-Q)

READY MARKET VOLUMES
STABILISED AT C.2,800 TRANSACTIONS PER MONTH

5,335 RESIDENTIAL
UNITS LAUNCHED DURING Q2

27,300 RESIDENTIAL UNITS HANDED OVER
MARKING THE HIGHEST QUARTERLY DELIVERY VOLUME IN RECENT YEARS

Market Dynamics

Pricing performance became more fragmented during Q2, with larger adjustments in handover projects than established communities.

By the end of Q2, refinancing accounted for approximately 70% of valuation activity, overtaking sale-related valuations.

Forward Signal

01 Deferred project launches and longer delivery timelines (from ~3 to ~4 years) are expected to stagger future supply, reducing near-term absorption pressure despite healthy current handovers.

02 Despite reporting lags, current evidence suggests the market is normalising rather than undergoing a broad-based correction. Fewer new launches in Q2 are also likely to soften transaction volumes in Q3.

Q2 2026 marked, as expected, a notable shift following several quarters of exceptional transaction activity. Residential transaction volumes moderated as buyers became increasingly selective amid rising supply, greater housing choice and ongoing regional uncertainty. Although intermittent ceasefire discussions and geopolitical developments contributed to a more measured investment environment, Dubai's long-term market fundamentals remained firmly intact.

The quarter was also characterised by several positive structural developments that reinforced long-term confidence.

The approval of Dubai's AED 34 billion Metro Gold Line is expected to support future residential growth across key development corridors, while recent enhancements to the UAE's property-linked residency framework—including more flexible investor visa eligibility and the removal of the previous equity requirement for property-based Golden Visa applications—further strengthened Dubai's attractiveness to international investors. In parallel, the UAE's decision to exit OPEC+ signalled greater long-term economic flexibility and support for future growth.

Against this backdrop, Q2 2026 closed with approximately 35,884 residential transactions, representing a 19% quarter-on-quarter decline. Overall market activity moderated during the quarter, with transaction volumes declining across both market segments. While the primary market continued to be supported by a high volume of developer-led registrations, these registrations likely overstated underlying sales momentum. At the same time, the secondary market recorded a more significant decline, indicating that market conditions softened more broadly during the quarter.

Macroeconomic Overview

The UAE's economic outlook has moderated since the beginning of the year, with geopolitical tensions, softer business sentiment and disruption to regional trade weighing on activity. Oxford Economics has progressively revised lower its 2026 GDP growth forecast from 4.8% to a contraction of 1.2%, reflecting weaker trade, tourism and supply chain activity.

Despite these near-term headwinds, the medium-term outlook remains positive. Oxford Economics forecasts GDP growth of 6.3% in 2027 and 7.1% in 2028, supported by higher oil production, resilient non-oil activity, continued government investment, the UAE's diversified economy and business-friendly policy environment following its decision to exit OPEC+. As trade flows, travel activity and business confidence normalise, the economy is expected to return to a stronger growth trajectory, supporting residential demand, continued investment and the gradual absorption of new supply over the medium term.

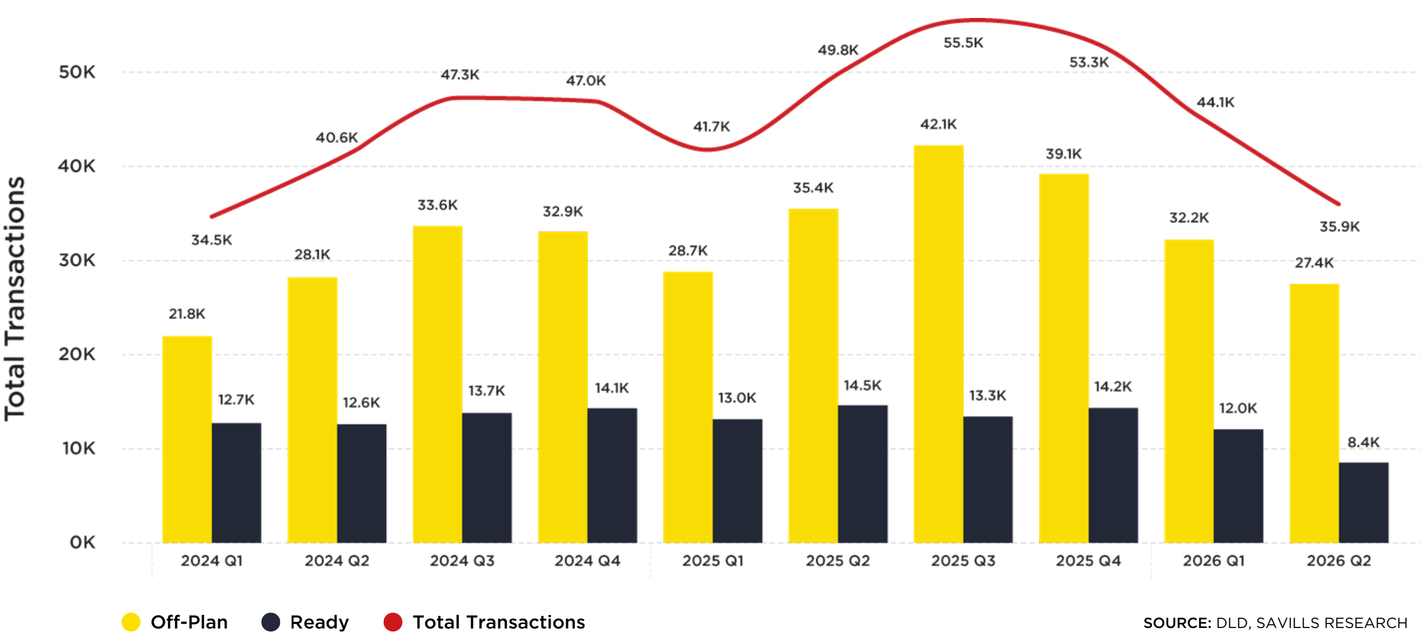
Quarter in Review – Underlying Market Trends Continue to Emerge

Transaction activity moderated during Q2 2026, with total residential transactions declining by approximately 19% quarter-on-quarter. Despite a significant slowdown in new project launches, the off-plan market accounted for 76% of all residential transactions, up from 73% in Q1 2026. This was partly supported by the continued registration of off-plan sales agreed in previous quarters, reflecting the inherent lag between sale execution and government registration.

In contrast, the ready market experienced a more pronounced slowdown, with transactions declining by approximately 30% quarter-on-quarter and its share of total activity falling from 27% in Q1 to 24% in Q2. That said, ready market transaction volumes have remained broadly stable since March at around 2,800 transactions per month, indicating that the pace of market adjustment may be moderating.

Developer registration activity was also highly concentrated, with nine projects, including Azizi Venice, Binghatti Skyflame, Lunaya by Zaya, Creek Bay Tower, Serenz Tower, Azizi Arian, Valencia Tower and Sobha Central, accounting for approximately 30% of all developer registrations. As many of these projects were launched in previous quarters, a significant proportion of recorded activity reflects delayed registrations rather than new sales. The headline 20% decline is likely to understate the moderation in underlying market activity during the quarter.

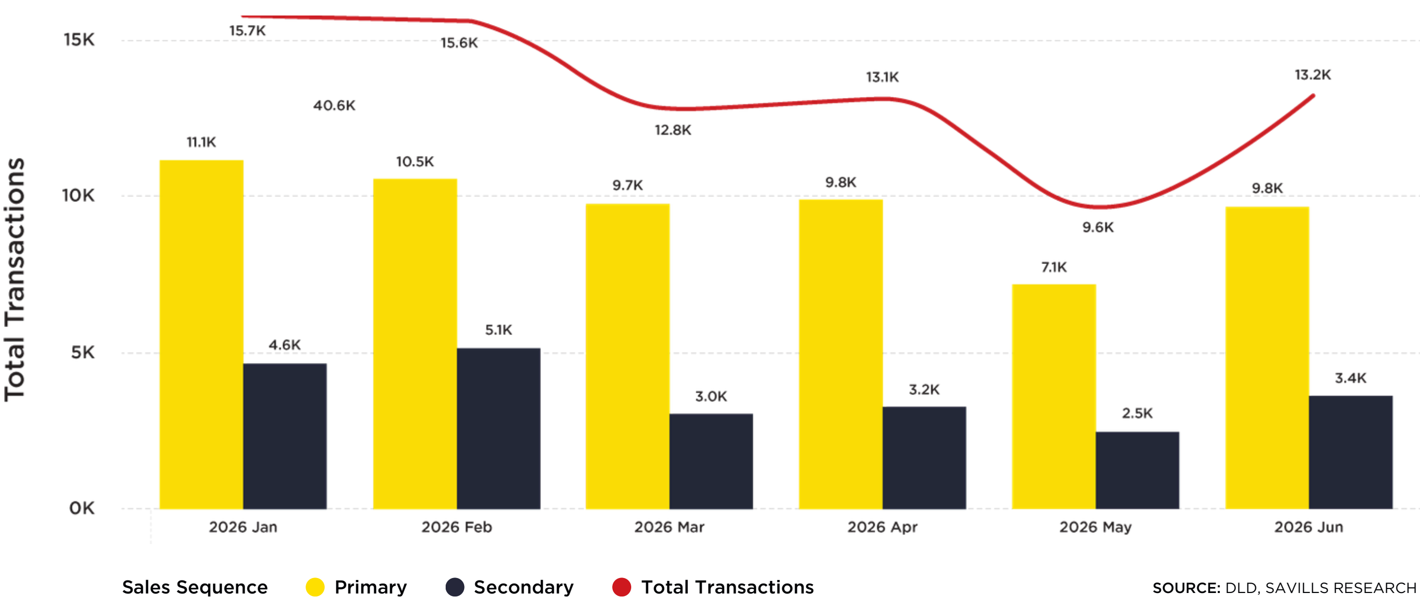
DUBAI RESIDENTIAL TRANSACTION TREND



SOURCE: DLD, SAVILLS RESEARCH

The same pattern was evident across both primary and secondary markets, although the pace of decline differed significantly. Primary market transactions declined by approximately 16% quarter-on-quarter, while secondary transactions contracted by around 29%, indicating that the current market adjustment has been concentrated within the resale segment.

TRANSACTION VOLUMES BY SALES SEQUENCE



SOURCE: DLD, SAVILLS RESEARCH

Secondary ready transactions accounted for 23% of total activity in January but declined to around 19% in March before recovering marginally to 21% in June. In contrast, the primary off-plan segment remained broadly stable, representing 67% of transactions in January, 72% in March and 69% in June.

This suggests that while buyer activity in the resale market has moderated, primary market transaction volumes have remained comparatively stable. However, this stability has been supported by developer registrations and delayed recording of earlier sales rather than sustained momentum in new project launches.

Composition of Total Transactions

		January 26	March 26	June 26
Primary	Off-Plan	67%	72%	69%
	Ready	4%	4%	4%
Secondary	Off-Plan	6%	5%	6%
	Ready	23%	19%	21%

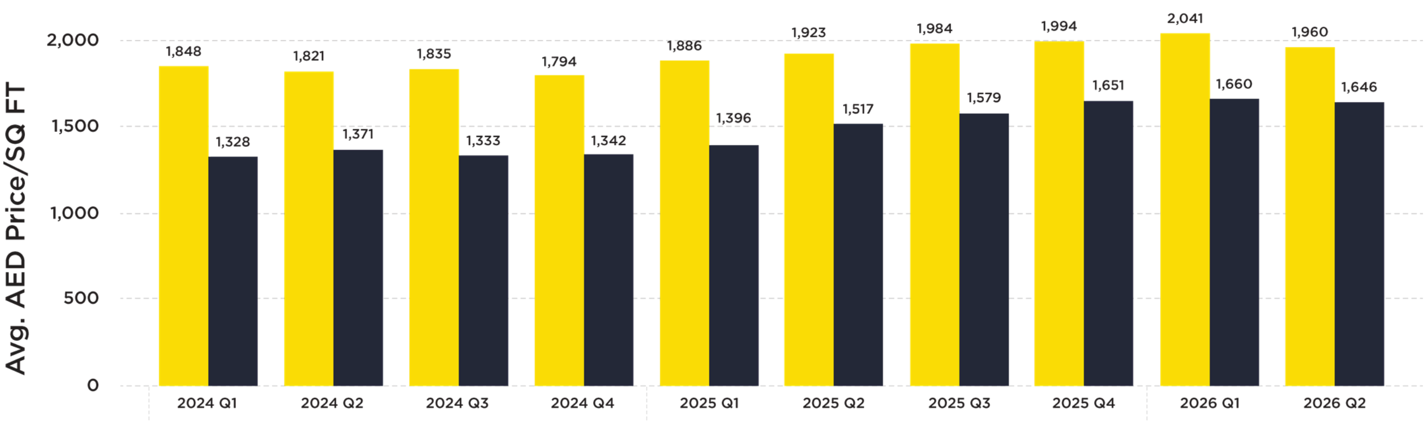
SOURCE: DLD, SAVILLS RESEARCH

The mortgage segment further reinforces this trend, with mortgage-backed transactions declining from 1,888 in January and 1,519 in March to 1,247 in June. This represents a reduction of approximately 34% from January levels (or 18% from March), indicating a notable slowdown in mortgage activity. Given that mortgage transactions are closely associated with end-user demand, the trend suggests a more cautious approach among owner-occupiers, particularly within the ready residential market.

From a pricing standpoint, average residential rates per sq f. moderated quarter-on-quarter during Q2 2026 following the peak recorded in Q1. Based on DLD transaction data, apartment prices averaged AED 1,960 per sq ft, down from AED 2,041 in Q1 2026 (approximately -4.0% quarter-on-quarter), while villa and townhouse prices eased marginally to AED 1,646 per sq ft, compared with AED 1,660 in Q1 (approximately -0.8% quarter-on-quarter). While the DLD averages provide a useful indication of market direction, they are influenced by transaction mix and registration timing. Our internal like-for-like analysis therefore provides additional insight into underlying pricing movements, as they can be influenced by changes in the mix of properties transacting and the timing of transaction registrations. Our internal analysis of more than 500 like-for-like residential transactions—comparing similar units within the same developments—indicates underlying pricing adjustments of approximately 5–7% during the quarter, with selected locations recording declines of up to 10%. This suggests that the moderation in market pricing was more pronounced than implied by the headline DLD averages. Despite the quarterly correction, average prices remain above Q2 2025 levels, with apartments up approximately 1.9% year-on-year and villas/townhouses approximately 8.5% higher.

Pricing performance has become increasingly fragmented, driven by local supply dynamics and handover activity. Since February 2026, communities such as Dubai Hills Estate and Arabian Ranches 3, where significant new supply has recently entered or is approaching the market, have recorded price adjustments of around 10% for comparable properties. In contrast, more supply-constrained communities such as Reem Mira have remained relatively resilient, highlighting the growing divergence in pricing performance across Dubai's residential market.

AVERAGE RATE PER SQ FT TREND



SOURCE: DLD, SAVILLS RESEARCH

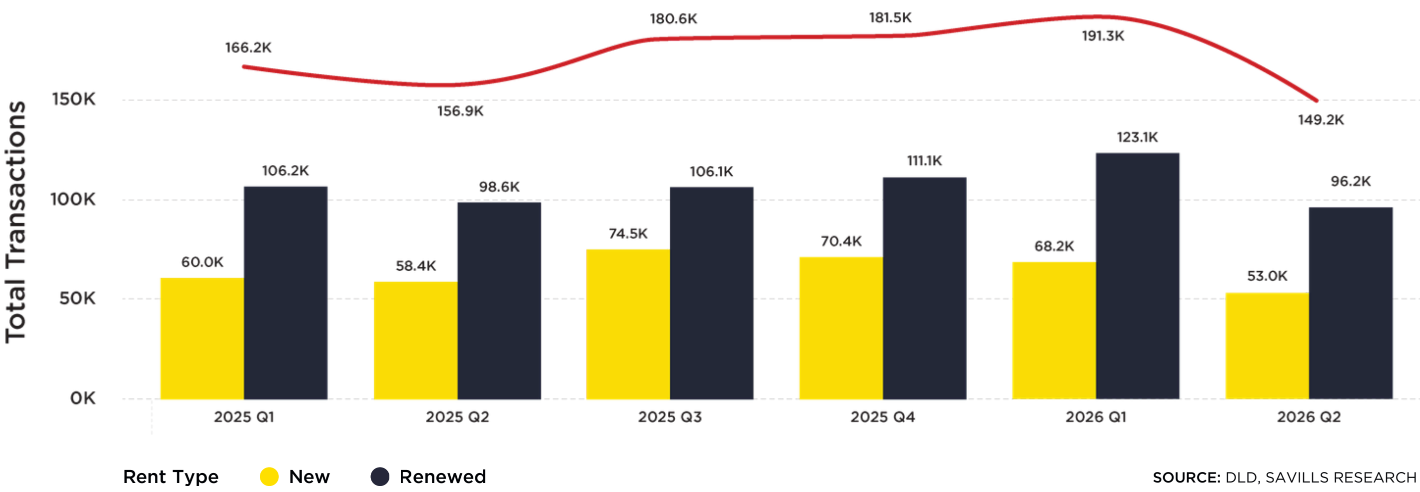
Valuation instruction volumes reflected a notable shift in market activity over the course of the quarter. Following a subdued start to the quarter, activity recovered through May and June, driven primarily by refinancing-related valuations. Refinancing instructions increased from approximately 30% of total valuation volumes historically to around 70% by quarter-end, while sale-related instructions declined to 30%. This trend provides further evidence of a more cautious transaction environment, with many existing owners choosing to optimise financing arrangements rather than dispose of assets. The increase in refinancing activity also suggests continued confidence in the market's longer-term prospects rather than widespread financial distress.

Rental Market Enters a Rebalancing Phase

Dubai's residential leasing market entered a rebalancing phase during Q2 2026, with annual lease registrations recorded through the Ejari system declining by approximately 22% quarter-on-quarter. Both new lease registrations and renewals fell at a similar pace, while the market composition remained broadly unchanged at 35% new leases and 65% renewals. Rental rates across a sample of major residential communities declined by an average of 8–10%, with the largest adjustments occurring in locations experiencing significant new supply. Whilst part of the moderation reflects normal seasonal trends, it also indicates a more competitive leasing environment following several years of sustained rental growth.

The moderation in rental levels was driven by increasing residential supply, greater tenant choice and growing competition from serviced apartments and short-term rental products. ICP data indicates that new residence permit issuances declined by approximately 15% quarter-on-quarter, consistent with softer employment growth and fewer new employment-related arrivals. As many newly issued residence permits are employment-related and typically translate into new leasing demand, this is likely to have contributed to weaker Ejari registrations during Q2 2026. Although market performance continues to vary by community, landlords are operating in a more competitive leasing environment for occupiers, resulting in more realistic pricing and a gradual rebalancing of the residential leasing market.

RENTAL TRANSACTION VOLUMES, Q2 2026



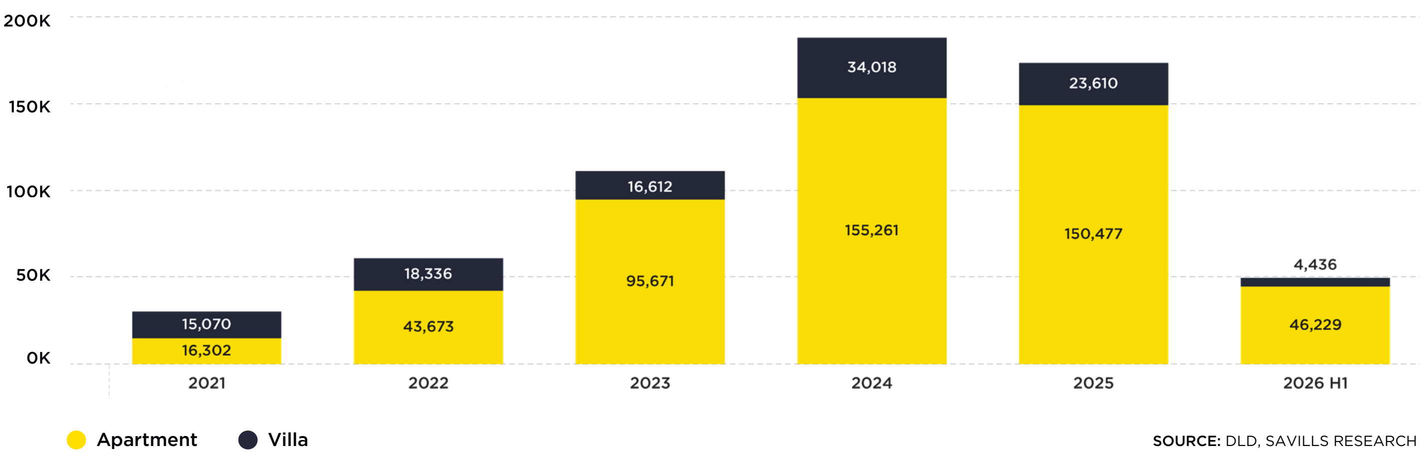
SOURCE: DLD, SAVILLS RESEARCH

Supply

Launch activity moderated significantly during Q2 2026, with approximately 5,335 residential units introduced across a limited number of projects, compared with over 45,000 units launched in Q1. Developers adopted a more selective and phased release strategy amid moderating market conditions, with launches including Faro by Emaar, Enchante by Grid in Dubai South and Cheval Residences Dubai Islands, alongside several boutique developments.

Despite the lower launch volumes, Emaar announced a transformational AED 200 billion master-planned development spanning approximately 4.5 million sq m and designed to accommodate around 150,000 residents. While delivery will take place over the coming years, the announcement highlights developers' continued commitment to large-scale, master-planned communities despite a more measured pace of launches during the quarter.

SUPPLY BREAKDOWN BY LAUNCH YEAR



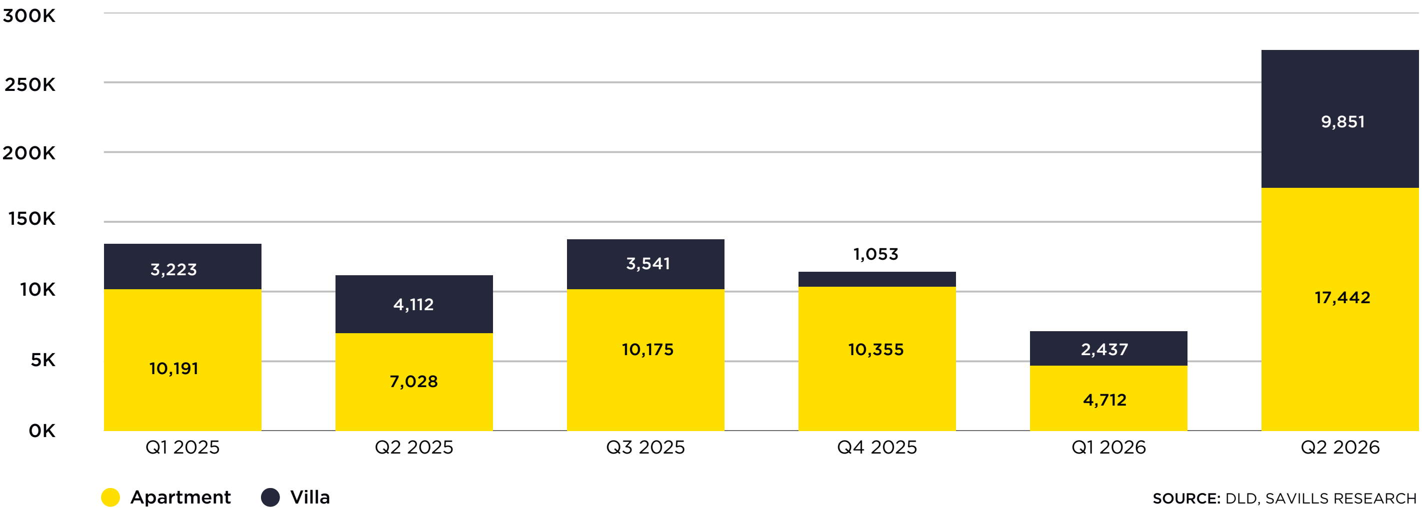
SOURCE: DLD, SAVILLS RESEARCH

Residential handovers accelerated significantly during Q2 2026, with approximately 27,300 units completed, representing the highest quarterly delivery volume in recent years. Apartments accounted for approximately 17,400 units (64%), while 9,900 villas and townhouses (36%) were delivered, substantially increasing the volume of ready residential stock. Notably, villa and townhouse handovers reached an unusually elevated level this quarter, marking one of the strongest quarterly delivery volumes for this segment in recent years and contributing to a broader increase in the availability of ready family housing. Major completions during the quarter included LUCE on Palm Jumeirah, St. Regis The Residences, Financial Centre Road, Castleton at Central Park, Sunridge by Emaar, Raya Townhouses and The Valley – Elora, alongside projects such as DAMAC Lagoons – Costa Brava 2, Belmont Residences and Thyme.

The significant increase in completions is expected to improve buyer choice while contributing to greater pricing differentiation in communities experiencing elevated levels of new supply.

While handover activity remained healthy during Q2, developers have increasingly postponed the launch of new projects and extended delivery timelines for upcoming developments. Projects that were previously expected to be completed within approximately three years are now generally anticipated to be delivered over a four-year horizon. This staggered delivery profile should help distribute future supply over a longer period, reducing near-term absorption pressure and supporting a more balanced market over the medium term.

DUBAI HANDOVER BY QUARTER: 2026



SOURCE: DLD, SAVILLS RESEARCH

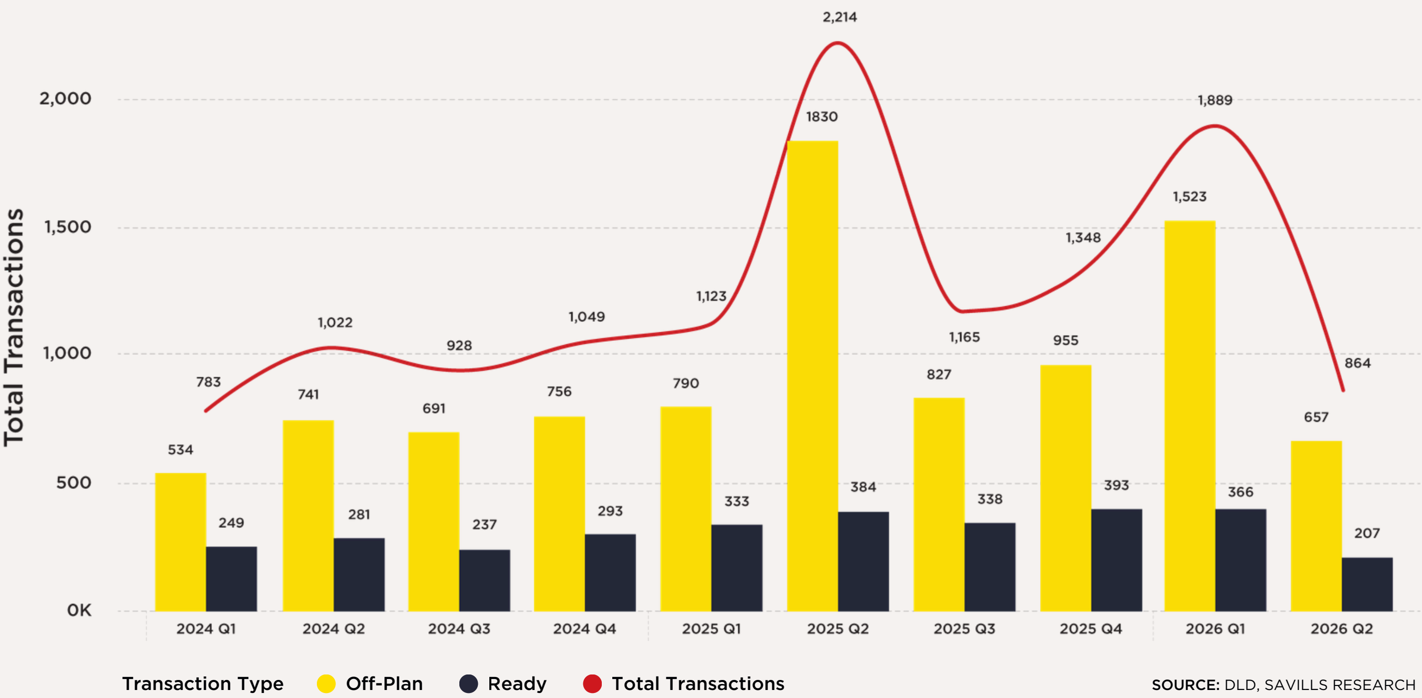
Prime Residential Market

The prime residential market moderated during Q2 2026, with transactions above AED 10 million declining by 54% quarter-on-quarter to 864 transactions. Unlike previous periods, the slowdown was evident across both primary and secondary markets, as well as across off-plan and ready properties, indicating a temporary pause in transaction activity. Despite lower volumes, activity remained concentrated within established prime destinations, with Dubai Hills Estate, Palm Jumeirah and Jumeirah Golf Estates accounting for a significant share of transactions, reflecting continued demand for high-quality master-planned communities.

Despite the moderation in transaction volumes, the quarter witnessed several landmark ultra-prime transactions, including a record-breaking AED 280 million villa sale on Jumeirah Bay Island, alongside numerous transactions exceeding AED 50 million across Palm Jumeirah and Aman Residences. These transactions highlight continued demand for trophy waterfront homes and premium branded residences at the very top end of the market.

Despite lower transaction volumes, the quarter demonstrated that demand for trophy assets and premium branded residences remains firmly established within Dubai's ultra-prime residential market.

TRANSACTION VOLUMES OVER AED 10M, Q2 2026



SOURCE: DLD, SAVILLS RESEARCH

Outlook

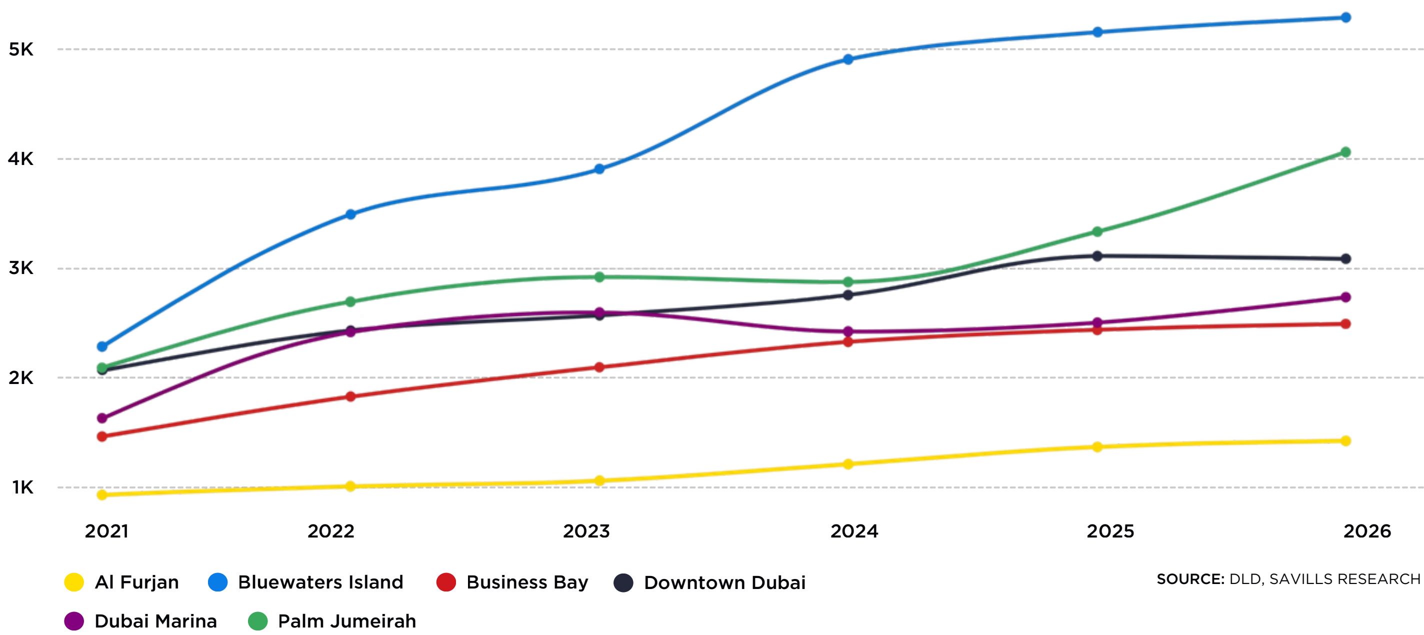
Following several years of rapid expansion, UAE population growth is forecast to moderate from 4.1% in 2022 to approximately 2.0% in 2026, resulting in a more measured pace of residential demand growth. Nevertheless, the UAE's structural demand drivers—including inward migration, infrastructure investment and residency reforms—remain supportive, while Oxford Economics expects economic growth to recover strongly in 2027 and 2028 following a softer 2026 outlook.

At the same time, a substantial residential supply pipeline remains under development. However, developers are increasingly extending delivery timelines, while new project launches have moderated, helping to stagger the release of future supply and ease near-term absorption pressure. Together, these trends are expected to support a more balanced supply-demand environment over the medium term.

Against this backdrop, Dubai's residential market is expected to transition into a period of normalisation, characterised by moderating transaction activity, elevated handover volumes and increasingly selective buyer behaviour. Pricing performance is expected to become more localised, although values are likely to remain broadly resilient overall. Prime and well-located assets are expected to outperform, while apartment-led markets with a higher concentration of new supply may experience greater pricing differentiation and moderation in rental performance.

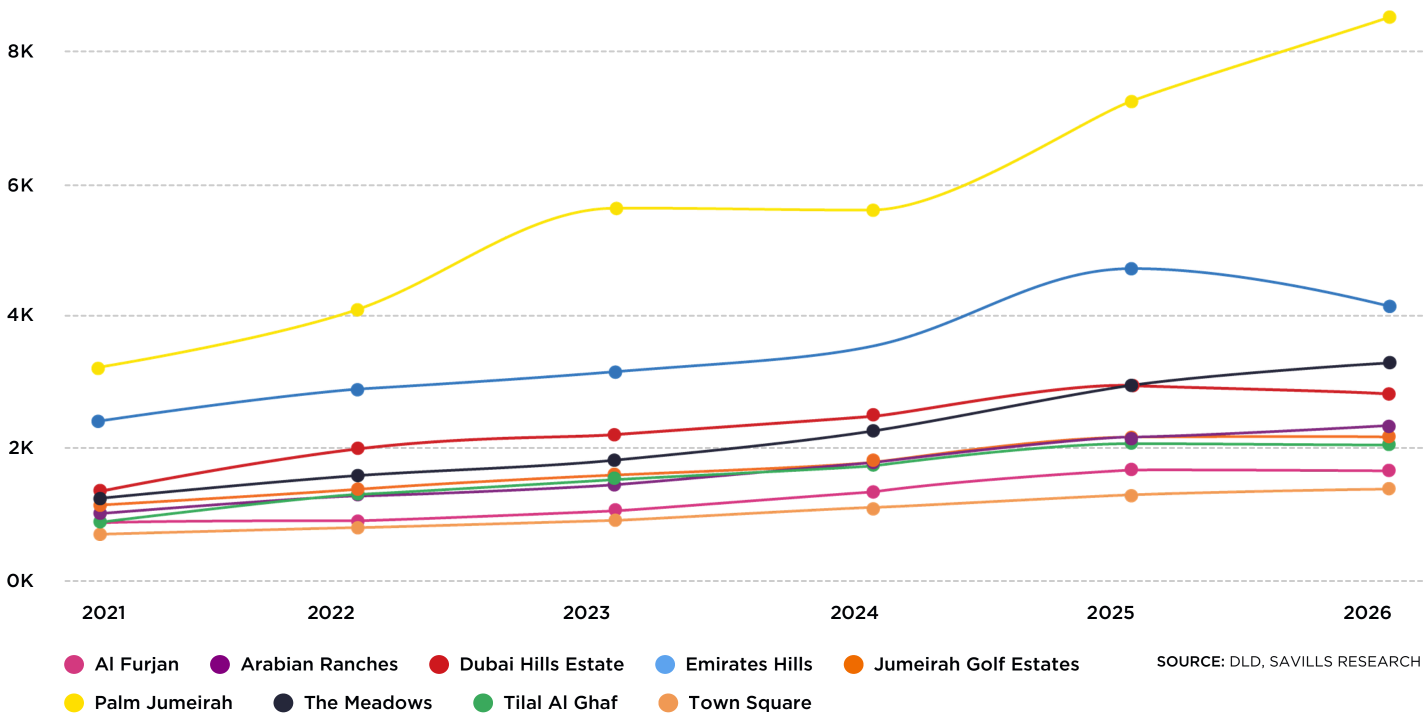
The rise in refinancing-related valuation activity relative to outright sales suggests that many existing owners remain confident in the market's long-term fundamentals, choosing to refinance rather than sell. Looking ahead, market performance will depend on the pace of demand absorption, the timing of future project deliveries and the resilience of buyer sentiment as the market transitions towards a more sustainable phase of growth.

AVERAGE AED/SQFT TREND - APARTMENTS



SOURCE: DLD, SAVILLS RESEARCH

AVERAGE AED/SQFT TREND - VILLAS



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