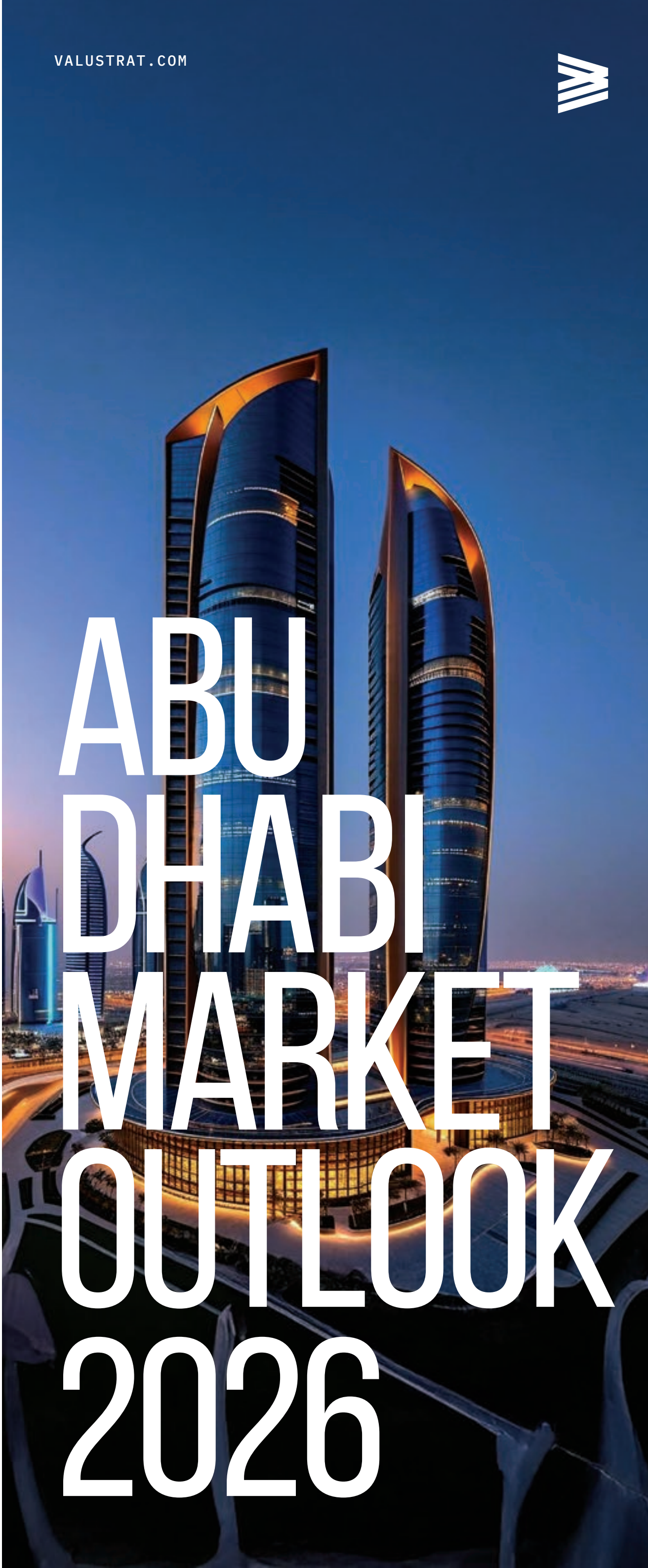
Abu Dhabi, UAE
Market Outlook
2026



This outlook report contains research on Abu Dhabi's residential, office, retail, hospitality and industrial real estate markets.

TABLE OF CONTENTS

FOREWORD

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Abu Dhabi enters 2026 with stable macroeconomic foundations and positive market sentiment, providing a supportive backdrop for the emirate's real estate sectors. Strong non oil activity and continued population growth underpin demand across residential, commercial, industrial, retail and hospitality assets. These structural drivers, combined with measured levels of upcoming supply, position Abu Dhabi for another year of steady market performance and sustained investor interest.

The residential sector is set to continue its upward trajectory in 2026. Capital value growth is expected to accelerate 16% compared to 13% the previous year, supported by resilient demand, improving confidence and ongoing market maturity. A shift in performance dynamics is emerging, with apartments projected to outperform villas in terms of capital appreciation. Demand for modern apartment communities continues to strengthen as buyers prioritise value, convenience and lifestyle features.

Rental performance is also expected to remain positive. Average residential rents are projected to increase by 6% in 2026, with apartments recording stronger rental growth as villa rents approach affordability ceilings. Although the development pipeline for 2026 includes a sizable number of units, actual handovers are anticipated to be significantly lower, consistent with historical delivery patterns. This suggests continued supply tightness across several submarkets, supporting further upward pressure on both prices and rents.

Abu Dhabi's office market continues to experience strong demand momentum as the emirate attracts new businesses and existing occupiers expand or consolidate operations. Grade A space remains particularly constrained, with limited new supply scheduled for delivery in 2026. This imbalance is expected to reinforce rental growth of up to 20%, especially in prime and well connected business districts. Prices are also anticipated to rise, reflecting confidence in the market's long term fundamentals and sustained interest in high quality workspaces. With occupiers increasingly prioritising building quality, efficiency and location, competitive pressure for Grade A stock is likely to remain elevated throughout the year.

The hospitality sector is positioned for a positive year ahead, supported by an expanding pipeline of four and five star hotels. New openings in 2026 will enhance Abu Dhabi's tourism portfolio and support the emirate's long term strategy to attract a growing number of domestic and international visitors. Key performance indicators, including occupancy, ADR and RevPAR, are expected to show further improvement, aided by favourable seasonality and increasing tourism activity. The mid affordable segment is likely to continue benefiting from strong domestic demand, while luxury and upscale hotels gain from rising international visitors.

MACRO ECONOMIC SNAPSHOT

- The UAE economy is expected to accelerate to around 5% growth in 2026, supported by strong non-oil sectors including tourism, real estate, construction and financial services, alongside a rebound in hydrocarbon output as OPEC+ production increased, according to the IMF
- As per the IMF, UAE inflation is expected to remain modest, averaging around 2% during 2026
- According to Standard Chartered, as global trade routes realign, the UAE has strengthened its role as a key gateway across Asia, the Middle East, Europe and Africa, with total foreign trade projected to approach USD 1 trillion by 2026, while non-oil sectors were expected to grow around 4.5%, supported by population inflows, a resilient domestic economy and sustained demand across tourism, logistics, financial services and real estate
- Abu Dhabi's population is expected to reach 4.5 million in 2026
- The UAE approved a record federal budget for 2026 with revenues of AED 92.4 billion, nearly 30% higher than 2025, aimed at balanced development and institutional financial sustainability, alongside an AED 1.05 trillion outward FDI balance in 2024, up 9% YoY

2026 Outlook
Abu Dhabi Macro-Economic

UAE Projected GDP Growth Rate

↑ **5.0%**

UAE Projected Inflation Rate

↑ **2.0%**

Projected Population in Abu Dhabi

4.5M

Projected UAE Federal Revenue AED

92.4B

SOURCE: IMF, STATISTICS CENTRE ABU DHABI, VALUSTRAT

RESIDENTIAL

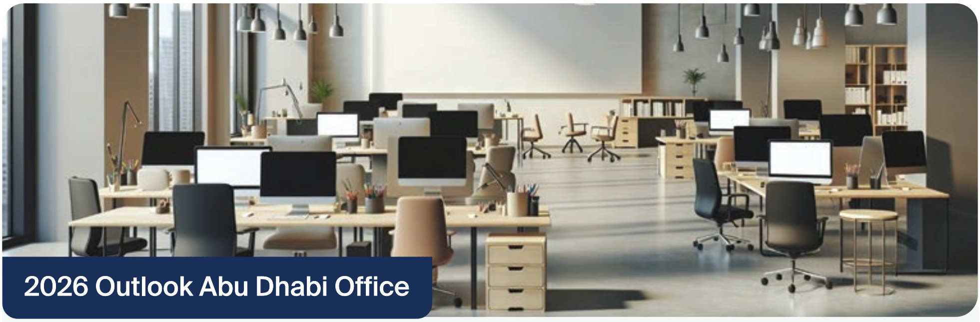
2026 Outlook Abu Dhabi Residential

Projected New Residential Homes	Projected Residential Occupancy	Projected Residential Capital Gains	Projected Residential Rental Growth
6,500	90%	↑ 16.0%	↑ 6.0%

SOURCE: REIDIN, VALUSTRAT

- Supported by robust economic growth, rising demand, improved market sentiment, and continued market maturity, Abu Dhabi's residential sector is expected to extend its upward momentum through 2026
- Overall market price growth is forecast to accelerate, with capital values projected to rise by 16% in 2026, up from 13% recorded in the previous year
- Apartments are expected to begin outperforming villas in terms of capital appreciation, marking a shift in market dynamics
- Rental rates are projected to increase by around 6% in 2026, with apartment rents growing at a faster pace as villa rents approach affordability ceilings
- The 2026 residential supply pipeline is estimated at 16,362 units, comprising roughly 64% apartments and 36% villas and townhouses. However, consistent with historical trends of construction delays, actual deliveries are expected to be lower, with approximately 6,500 units projected to be completed by year-end

OFFICES



2026 Outlook Abu Dhabi Office

Projected New Office Space	Projected Office Occupancy	Projected Office Capital Gains	Projected Office Rental Growth
45K [GLA SQ FT]	93%	↑ 10.0%	↑ 20.0%

SOURCE: MEED PROJECTS, REIDIN, VALUSTRAT

- Abu Dhabi's office market is experiencing unprecedented demand, driven by corporate expansions and the establishment of new businesses
- Office prices are projected to rise at an accelerated pace of 10% in 2026, while rental values are expected to increase by more than 20%. Grade A offices are set to continue outperforming the market, driven by persistent supply constraints
- Based on developer estimates, 4,200 sq m (45,208 sq ft) of GLA is expected to be added during 2026, bringing Abu Dhabi's total office stock to 3.99 million sq m (43 million sq ft)

HOSPITALITY

2026 Outlook Abu Dhabi Hotel

Projected New Hotel Keys	Projected Average Occupancy 2026	Projected Average Daily Rate 2026	Projected Revenue per Available Rate 2026
309	82.0%	551 AED	452 AED

SOURCE: MEED PROJECTS, SCAD, VALUSTRAT

- Upcoming hotels include Mondrian Abu Dhabi, Olympia Resort Abu Dhabi and The Mangroves Abu Dhabi, LXR Hotels & Resorts
- Occupancy levels are expected to improve during the typically low-demand warmer months, aided by Ramadan coinciding with the cooler season
- Foreseeable improvement of key performance indicators such as RevPAR and ADR
- Four to five- star hotels may continue to take majority of share in upcoming hotel stock
- Local guests will retain their importance to affordable to mid-affordable hotels as key drivers of occupancy and hotel revenues
- Tourism numbers are steadily rising in the capital, in line with the Abu Dhabi Tourism Strategy 2030, which aims to attract 39.3 million visitors annually, expand hotel capacity to 50,000 rooms, and increase the sector’s contribution to GDP to AED 90 billion by 2030

OTHER SEGMENTS 2026

Industrial

- Recent institutional transactions highlight sustained investor confidence in Abu Dhabi's logistics sector, particularly for stabilised Grade A assets in well-connected industrial zones such as KEZAD. Limited new supply and demand from e-commerce, manufacturing and regional distribution continued to place upward pressure on rents, a trend expected to persist in the near term

Infrastructure

- Etihad Rail's passenger network is set to be delivered in phases through 2026, connecting 11 cities and regions via integrated stations across the UAE, with trains carrying up to 400 passengers each, strengthening inter-emirate connectivity and providing a safe, efficient alternative for intercity travel

- Abu Dhabi is advancing its urban transport infrastructure through the planned Light Rail and Tram network, with Line 4 set to connect Zayed International Airport to Yas Island, Al Raha and Khalifa City by 2030, improving access to key leisure, employment and residential districts while supporting long-term mobility and sustainability objectives

Laws and Regulations

- The UAE's Ministry of Finance has announced updates to the country's VAT law, effective from January 1, 2026. Recent VAT amendments (Federal Decree-Law No. 16 of 2025) streamlined compliance by removing self-invoicing requirements under the reverse charge mechanism, supporting a more efficient operating environment for businesses

Retail

- Upcoming shopping centres: Lulu Mall in Shakhbout City and Mina Zayed Wharf

- The share of revenue coming from online transactions locally and globally is expected to rise. The UAE e-commerce market is forecast to surpass AED 48.5 billion by 2028, with a projected penetration rate of 15.3%

- Brick and mortar mall operators could continue to suffer from downward pressures from burgeoning e-commerce sector causing lower rents and higher vacancy

Premium Subscription

ValuStrat offers premium subscription reports for clients granting them access to in-depth, statistical analysis of what is happening in residential real estate; allowing for more informed decision making and forward planning. The full in-depth Abu Dhabi report includes citywide analysis of investment zones, including the ValuStrat Price Index, service charges, Price to Rent Ratios and Yields.

About VPI

The ValuStrat Price Index (VPI) regularly marks to market a sample of properties that represent more than 90% of the Abu Dhabi residential market and is built by our expert RICS Registered Valuers.

Research Methodology
Every effort has been made to ensure the accuracy of this document. New supply data covers 62 defined districts in Abu Dhabi City including non-investment zones. Only completed and under construction projects are included. The new supply data does not include announced projects and projects in design phase. The supply database does not take into account most private building projects. Sales data is sourced from actual citywide transactions. Rental data is derived from carefully chosen listings that have been properly cleansed to exclude duplicates and outliers within predetermined areas and districts for office and residential properties.

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