

Dubai, UAE
Market Outlook
2026

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DUBAI MARKET OUTLOOK 2026

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

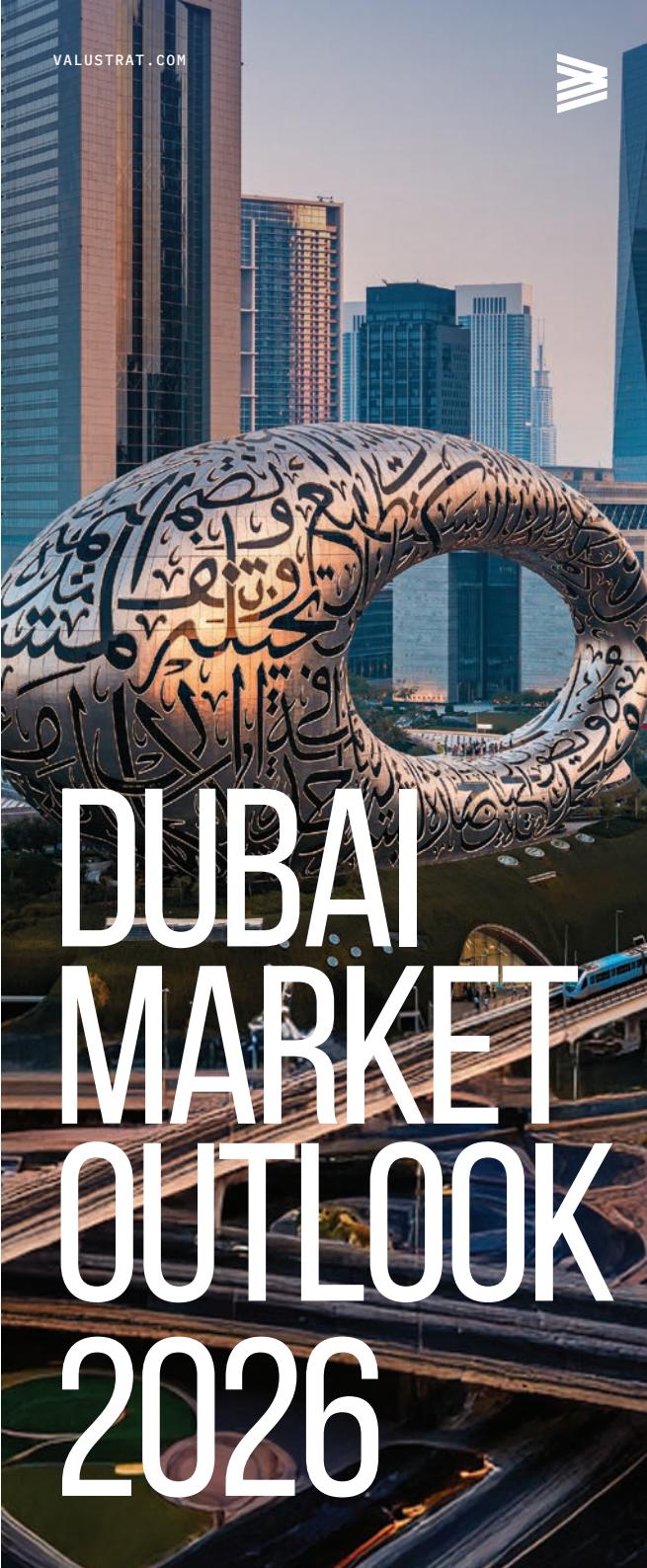


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FOREWORD



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Research

Dubai's real estate market enters 2026 with strong fundamentals, shaped by robust macroeconomic performance, demographic growth, and strategic infrastructure investments. The emirate's economy is forecast to expand by 5%, supported by non-oil sectors such as tourism, real estate, construction, and financial services. Inflation is projected to remain modest at 2%, ensuring a stable operating environment for businesses and investors. Population growth remains a key driver, with Dubai's resident population projected to reach 4.7 million by year-end 2026, while peak-hour population levels could climb to 6.5 million, underscoring rising urban density and demand for housing and services.

The residential sector is expected to maintain its upward trajectory, albeit at a slower pace. Capital gains are projected at 10% for 2026, down from 19.8% in 2025, signalling market normalisation after years of rapid growth. Villas and townhouses will continue to outperform apartments, with price growth of 17.7% versus 7.4%, driven by scarcity and lifestyle preferences. Demand remains strongest for single-family homes, which account for less than 20% of total stock, while some villa communities have seen prices triple since the pandemic. The supply pipeline is estimated at a record 131,234 units, predominantly apartments (81%), though actual deliveries may fall short due to persistent construction delays. Rental growth is expected to stabilise at 0%, reflecting price ceilings and shifting dynamics in the leasing market.

Dubai's office market continues to experience unprecedented demand, fuelled by corporate expansions and new business formations. Capital values and rental rates are projected to grow by 15%, moderating from 2025 levels but still robust, as supply constraints persist in prime locations.

Dubai is set to rank among global cities with the highest number of hotel keys, reinforcing its status as a leading hospitality hub. Occupancy is projected at 78%, supported by seasonal travel patterns and Ramadan coinciding with cooler months, which should help sustain performance during typically low-demand periods. In the industrial sector, demand is expected to outpace supply, driving price growth.

In summary, Dubai's real estate market in 2026 will be shaped by strong economic growth, strategic infrastructure investments, and evolving sectoral dynamics. While residential price growth moderates, villas remain highly sought after. Office and hospitality segments continue to thrive amid global business inflows and tourism demand, while retail faces structural shifts toward e-commerce. These trends underscore Dubai's resilience and its positioning as a global hub for trade, tourism, and investment.

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
- Dubai approved its largest-ever budget cycle for 2026–2028, with planned expenditures of AED 302.7 billion and revenues of AED 329.2 billion, prioritising infrastructure, social development and public services in line with the Dubai Plan 2033. For 2026, expenditures were set at AED 99.5 billion against projected revenues of AED 107.7 billion, supporting infrastructure, health, education, transport and digital services, while targeting an operating surplus and long-term fiscal stability
- Dubai's resident population is forecast to reach approximately 4.7 million by year-end 2026, while peak-hour population levels are projected to climb to around 6.5 million

2026 Outlook Dubai Macro-Economic

UAE Projected GDP Growth Rate

↑ **5.0%**

UAE Projected Inflation Rate

↑ **2.0%**

Projected Population Usually
Residing in Dubai

4.7M

Projected Population Dubai
during peak hours

6.5M

SOURCE: IMF, DUBAI STATISTICS CENTRE, VALUSTRAT

RESIDENTIAL



2026 Outlook Dubai Residential

Projected New Residential Homes

50,000

Projected Residential Occupancy

90%

Projected Residential Capital Gains

↑ 10.0%

Projected Residential Rental Growth

0.0%

SOURCE: REIDIN, VALUSTRAT

- Supported by economic growth, rising demand, positive sentiment, and increasing market maturity, Dubai's residential market is expected to maintain its upward trajectory in 2026, though at a slower pace
- The pipeline of new residential supply for 2026 is estimated at a record 131,234 units, comprising approximately 81% apartments and 19% villas and townhouses. However, these projections remain subject to downward revisions, consistent with prior years, due to persistent construction delays
- Overall market growth is expected to decelerate, with capital gains projected at approximately 10% by year-end 2026, marking a more tempered performance compared to the 19.8% growth recorded in 2025
- Villa price growth is projected to continue outperforming apartments, forecast to increase 17.7% in 2026, compared with 7.4% for apartments
- The rental market is expected to stabilise, having reached price ceilings
- Sales transaction activity is anticipated to taper, driven by fewer off-plan project launches over the next 12 months
- Demand remains strongest for single-family homes, villas and townhouses, which account for less than 20% of total residential stock. Some villa communities have seen prices triple, and in certain cases, even quadruple since the pandemic

OFFICES



2026 Outlook Dubai Office

Projected New Office Space

1.6M
[GLA SQ FT]

Projected Office Occupancy

90%

Projected Office Capital Gains

↑ 15.0%

Projected Office Rental Growth

↑ 15.0%

SOURCE: REIDIN, MEED PROJECTS, VALUSTRAT

- Dubai's office market to continue to experience unprecedented demand, driven by corporate expansions and the establishment of new businesses
- Office capital value growth is expected to moderate to around 15% in 2026, down from 20% in 2025. Rental growth is also likely to slow to about 15% as prices approach market ceilings, with Grade A offices continuing to outperform due to supply constraints
- Based on developer estimates, 153,122 sq m (1.65 million sq ft) of GLA is expected to be added during 2026, bringing Dubai's total office stock to 9.94 million sq m (107 million sq ft)
- Dubai's reputation as a business-friendly destination and the influx of global talent remain key drivers of demand
- Prime office locations are anticipated to see heightened activity, reinforcing Dubai's status as a leading commercial hub

HOSPITALITY



2026 Outlook Dubai Hotel

Projected New Hotel Keys

3,923

Projected Average Occupancy
2026

78.0%

Projected Average Daily Rate
2026

567
AED

Projected Revenue per Available
Rate 2026

442
AED

SOURCE: MEED PROJECTS, DET, VALUSTRAT

- Dubai is positioned to rank among the global cities with the highest number of hotel keys, reinforcing its status as a leading hospitality hub
- Dubai has 11 hotel projects under construction with 3,923 total keys to be added during 2026. Notable upcoming projects Six Senses The Palm with 162 keys, Marbella Resort Hotel with over 150 rooms and Baccarat Dubai with 144 rooms and suites
- Nakheel will soon complete Rixos Dubai Islands, the first luxury hotel and residences on the islands
- Occupancy levels are expected to improve during the typically low-demand warmer months, aided by Ramadan coinciding with the cooler season
- Four to five-star hotels are expected to 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

OTHER SEGMENTS

2026

Industrial

- RTA is advancing energy-efficient and environmentally responsible transport and logistics projects through the Commercial Transport and Logistics Strategy, targeting a 30% reduction in greenhouse gas emissions by 2030, while integrating cleaner vehicles, route optimisation, efficiency improvements, and IoT-enabled machinery monitoring to enhance performance, reliability, and sustainability across Dubai's infrastructure and logistics networks
- There are ongoing challenges in the supply of high-quality stock due to the market's self-developed nature and limited speculative construction by developers, despite recent expansion announcements
- Demand is likely to outpace supply leading to continued price growth

Infrastructure

- Dubai's 2026 budget prioritises infrastructure with an allocation of 48%, part of a record AED 302.7 billion three-year spending plan (2026-2028), focusing heavily on transport, utilities, and renewable energy to drive economic growth and achieve the D33 agenda
- 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; Dubai's station is planned to be located in Jumeirah Golf Estates, strengthening inter-emirate connectivity

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: Sobha Harland Mall, South Bay Mall, and Liwan Mall
- Dubai Mall and Mall of the Emirates are expected to complete expansion plans
- The share of revenue coming from online transactions locally and globally is expected to increase with Dubai's e-commerce sales projected to hit AED 63.2 billion by 2027
- 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 100+ page Dubai report includes citywide analysis of freehold districts, including the ValuStrat Price Index, transaction volumes, service charges, Price to Rent Ratios and Net Yields.

About VPI

The ValuStrat Price Index (VPI) regularly marks to market a sample of properties that represent more than 90% of the Dubai residential and commercial markets 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 50 defined areas in Dubai including non-freehold areas. Only completed and under construction projects are included. The new supply data does not include announced projects, and projects in design phase. The new supply database does not take into account most private building projects. Prices are calculated from actual transactions. Rental data is derived from a carefully cleansed database of listings that don't include duplicates, potential errors and outliers.

Residential
Capital Value

Monthly

Residential
Rental Value

Quarterly

Office
Capital Value

Quarterly

Industrial Logistics
Capital Value

Quarterly

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SINCE 1977

Strategy determines outcome. No matter what industry you're in, we're here to help you win.



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