UAE Real Estate Report

H2 2025 Review and H1 2026 Outlook

January 2026

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1. Executive Summary

- UAE's real estate market continued to grow in 9M 2025. The value of real estate sales transactions in Dubai rose by 28.3% y/y to AED 554.1 billion (USD 150.1 billion) in YTD-October 2025. Value of total real estate sales transactions in Abu Dhabi totaled to AED 58 billion in 9M 2025, marking a 75.8% y/y increase. The number of sales transactions also increased by 42.3% y/y to 15,800.

- In the first nine months of 2025, Dubai recorded 151,522 residential transactions (+20% y/y) valued at AED 408.7 billion (+29% y/y), with off-plan sales firmly leading market activity. Off-plan transactions accounted for 75% of total transactions, rising 27% y/y to 108,692 units, while values increased 35% y/y to AED 295.9 billion. In Abu Dhabi, market momentum strengthened sharply in Q3 2025, driven primarily by off-plan demand. Transaction volumes reached 6,610 deals (+79% y/y) valued at AED 21.2 billion (+106% y/y), with off-plan sales up 56% y/y.

- Demand for residential, commercial and hospitality sectors continued to be positive as indicated by increase in rents and high occupancy levels reported across segments. Attractive residency visa policies, no capital gains tax, sustained policy reforms, rising population and demand from high-net-worth individuals is supporting growth of real estate.

- UAE's real GDP is expected to grow by 5.0% y/y in 2026, up from 4.8% y/y growth in 2025, supported by ongoing unwinding production cuts and stable growth in the non-oil sector. Real oil GDP is expected to grow by 6.3% y/y in 2026, up from 5.3% in 2025. UAE' s non-oil GDP growth is likely to remain stable at 4.6% y/y in 2026 supported by positive performance in sectors such as real estate, ongoing reforms and infrastructure investments.

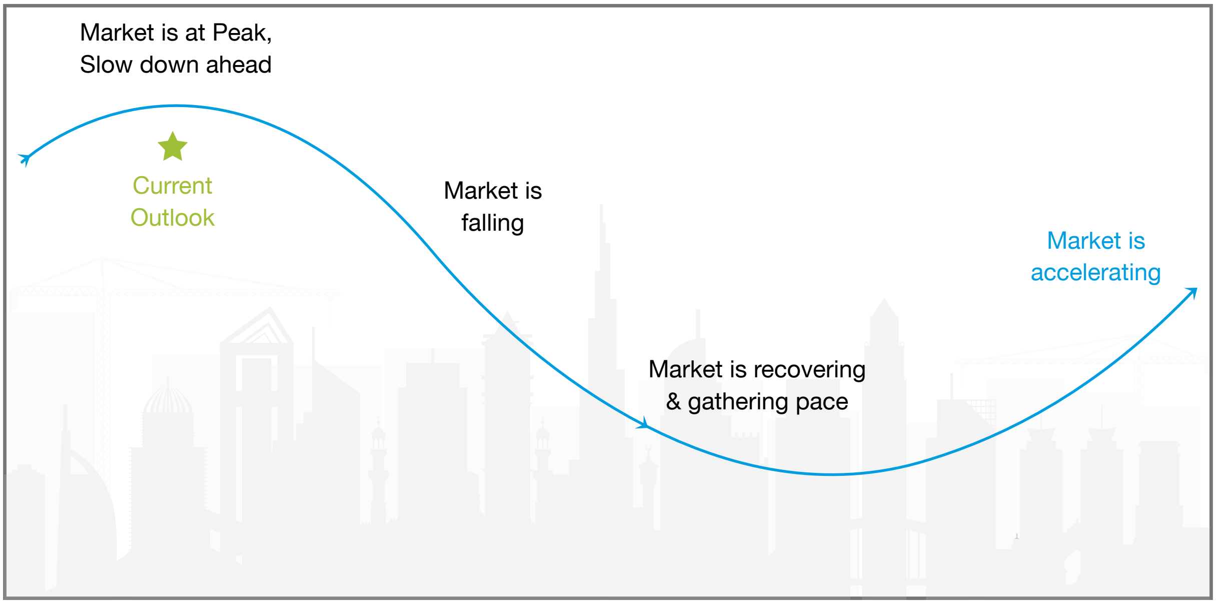
- Inflation in Dubai eased as of September 2025 compared to December 2024, supported by easing of housing, energy and food and beverage costs. Inflation in UAE is expected to remain stable at 1.5% y/y in 2025 and 1.6% y/y in 2026 amid expectations of lower oil prices and lower non-energy commodity prices.

- The Central Bank of UAE (CBUAE) has cut interest rates by 50 bps in H2 2025, in line with the US Federal Reserve (Fed). According to U.S FOMC Projections in September 2025, the Fed is expected to reduce interest rates by 20 bps in 2026.[1] As with 9M 2025, where mortgages and commercial real estate sales had increased by 16.1% and 9.0% respectively, amid lower interest rates, the relatively lower interest rates are likely to support demand for mortgages and commercial real estate in H1 2026.

[1] Latest available

- Dubai and Abu Dhabi continue to offer higher rental yields for investors compared to other global real estate markets. The rental yields in Dubai have been at 7.47% as of June 2025, registering a slight decline from 7.6% recorded during May 2025. However, the city continues to outperform other established global real estate markets such as Singapore (3.0%), New York (5.8%) and London (3.3%).
- Dubai real estate's annual sales values have consistently outperformed that of the year before for the last 3 years. As with every other market, this has given rise to concerns about the market's ability to sustain its performance. Given that the current phase of rising prices is anchored by strong fundamentals, while a crash like 2008 may not be likely (barring extraneous factors), as with every other growth spurt, Dubai's property market could see a cooling off period in the medium term.
- Overall, based on our assessment of various macroeconomic factors, we believe that the real estate sector in UAE could peak in H1 2026.

UAE Real Estate Market Outlook



Source: Marmore Research
Note: Grey colored box indicates the current outlook of the real estate market

UAE Macroeconomic Views

Economic Factors	Our take	Our View
Oil (Real) GDP Growth	Strong	The unwinding of OPEC+ oil production cuts, increased production quota and capacity expansion plans are set to support growth in real oil GDP.
Non-Oil (Real) GDP Growth	Moderate	Sustained momentum across segments such as tourism, real estate amid favorable government initiatives and infrastructure investments is driving non-oil economic growth.
Fiscal Position	Strong	Decline in oil prices despite increased production and rise in government expenditure are expected to lead to lower fiscal surplus in 2026. Non-oil revenues are likely to lend some support to the country's fiscal position. UAE's fiscal position is also relatively more stable than GCC peers.
Investments	Moderate	Increased government spending, initiatives such as the launch of National Investment Fund centered around improving foreign direct investment and UAE's position as a trade hub would favor growth in investments in the country.
Money Supply, M2	Neutral	Broad money (M2) is expected to grow at 8.3% y/y in 2026 amid easing inflationary pressures and interest rate cuts.
Inflation	Moderate	Inflation in the UAE is expected to remain stable in H1 2026 amid lower energy prices and commodity prices on the back of easing trade tensions.

Economic Factors	Our take	Our View
Interest Rate	Moderate	The Central Bank of UAE (CBUAE) has reduced interest rates by 50 bps in H2 2025 in line with the U.S Fed. While the Fed has indicated further policy decisions would be based on incoming data, lingering weakness in labor markets could pave way for further rate cuts in 2026.
Yearly Population Growth	Moderate	Government initiatives to attract expatriates such as long-term visa policies and business-friendly reforms support stable growth in UAE population in the near term.
Job creation	Moderate	Strong growth in non-oil economy and improved government spending is likely to support job creation.
Government reforms	Strong	Reform momentum continues to be strong with digitalization of real estate sales, first-time home buyer initiative aimed at improving home ownership, measures to support growth of prop tech and sustained efforts towards digitalization of real estate sector being some measures undertaken in H2 2025. This supports an optimistic outlook towards further government reforms aimed at facilitating real estate growth.

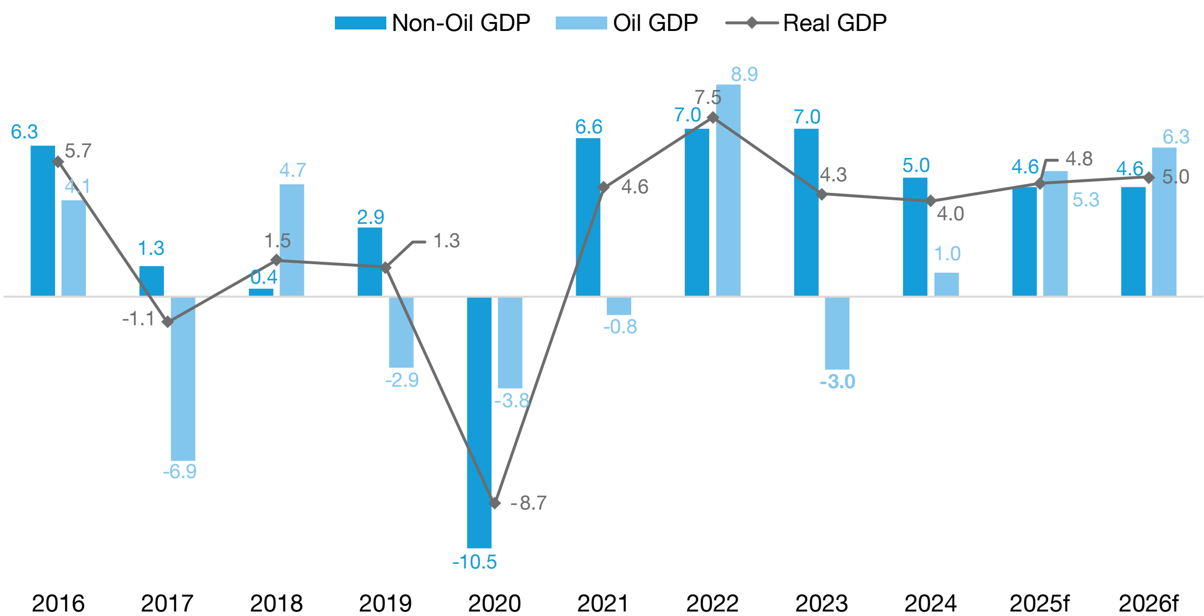
Source: Marmore research

2. UAE: Macroeconomic Update

a. UAE's economic momentum expected to continue led by oil sector

UAE's real GDP has grown by 3.9% y/y in Q1 2025, supported by 5.3% growth in non-oil sector. Manufacturing, construction, real estate and financial services have been key sectors contributing to non-oil growth.

Oil and Non-Oil Real GDP growth (y/y %)



Source: IMF, Regional Economic Outlook (REO) – October 2025

UAE's real GDP is expected to grow by 5.0% y/y in 2026, up from 4.8% y/y growth in 2025, supported by ongoing unwinding production cuts and stable growth in the non-oil sector. Real oil GDP is expected to grow by 6.3% y/y in 2026, up from 5.3% in 2025. OPEC+ has reversed its production since May 2025 at an accelerated pace. It completed unwinding of 2.5 million bpd tranche by September 2025, about a year earlier than its initial plan. It has also started to unwind the next tranche of 1.6 million bpd since. While OPEC+ would be increasing its production again in December, it plans to pause further production increases until March 2026 to observe market conditions. UAE's oil production had risen to 3.36 million bpd as of October 2025, up from 2.92 million bpd in 2024.

Key Factors Supporting Economic Growth

Oil GDP

- Accelerated unwinding of production cuts by OPEC+ through May-December 2025.
- Increase in UAE’s oil output quota by 300,000 bpd over April 2025-September 2026
- Capacity expansion across Upper Zakum, Lower Zakum, Umm Shaif, Bab and Bu Hasa oil fields, translating into an incremental increase of around 200 kbd annually in 2025 and 2026.

Non-oil GDP

- Growth in tourism, construction, real estate and financial services supported by favourable government policies
- Economic expansion through trade agreements supported by UAE’s Comprehensive Economic Partnership Agreement (CEPA) Initiaitve. The country has concluded 32 CEPA agreements as of November 2025.

Source: IMF, JP Morgan

UAE’ s non-oil GDP growth is likely to remain stable at 4.6% y/y in 2026 supported by positive performance in sectors such as real estate, ongoing reforms and infrastructure investments.

Growing Numbers

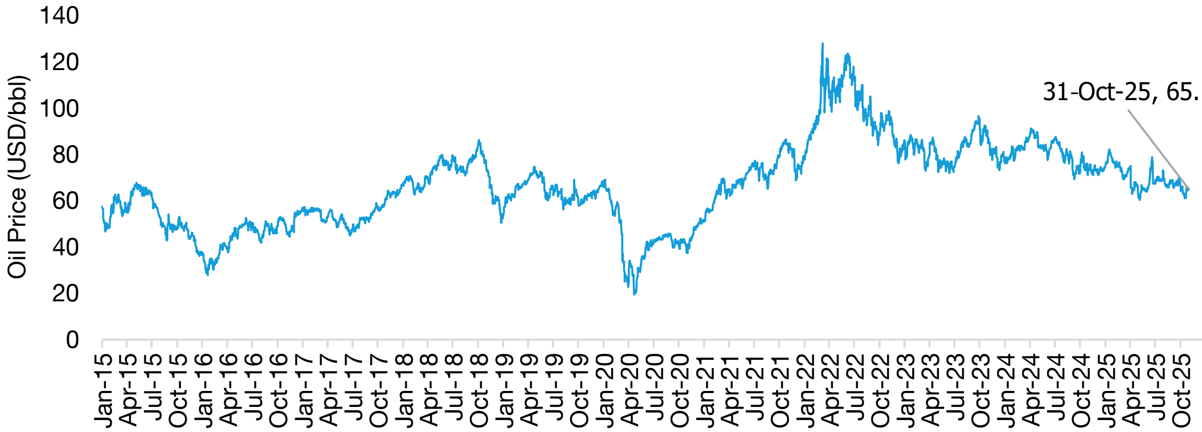
7% Estimated annual increase in hotel revenues in 2025

24% Annual increase in non-oil trade in 9M 2025

43% Annual increase in real estate transaction in Abu Dhabi during 9M 2025

Source: WAM

Daily Brent Oil Prices (Jan 2015 – October 2025)

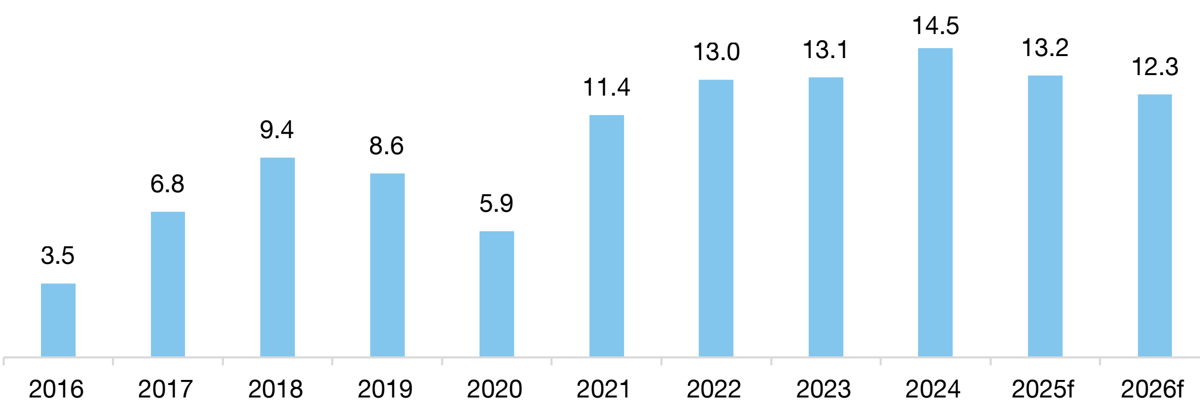


Source: LSEG

Brent crude oil prices remained volatile between January and October 2025, declining by 12.8% during this period pressured by trade tensions due to levy of tariffs by the U.S and concerns over increased supply due reversal of production cuts by OPEC+.

Brent crude oil prices are expected to average USD 55 per barrel in 2026, down from estimated USD 66 per barrel in 2025, according to U.S Energy Information Administration (EIA). While unwinding of production cuts by OPEC+ is expected to lead to increased supply and pressure prices, lesser oil production due to sanctions on Russia and China's continued purchase of oil for stockpiling is expected to lend some support.

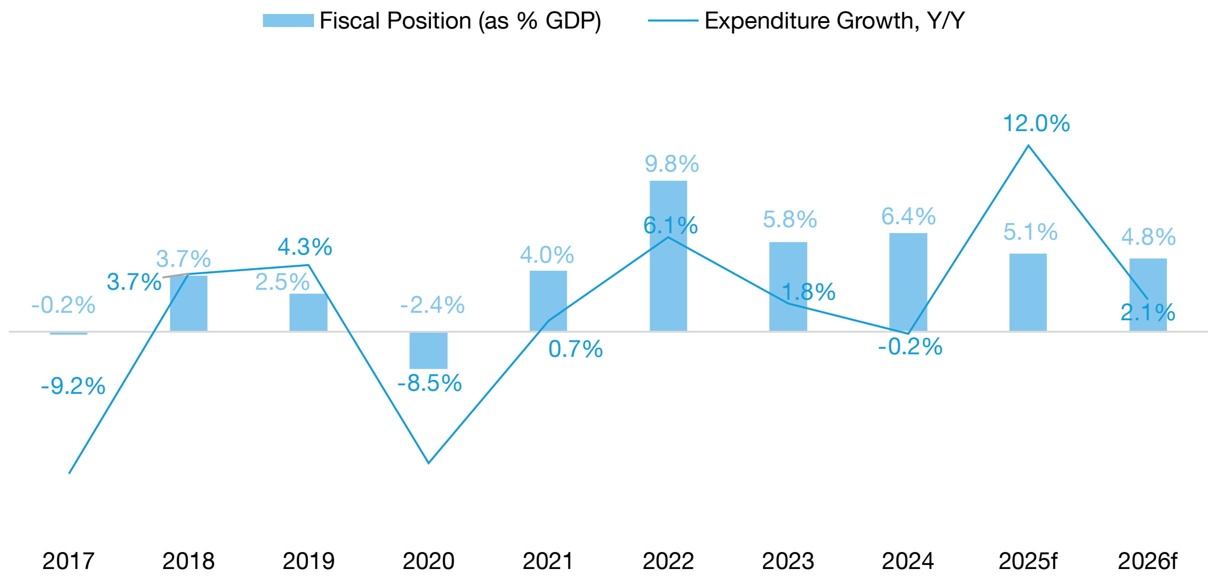
Current account surplus (as % of GDP)



Source: IMF, Regional Economic Outlook (REO) – October 2025

UAE's current account surplus as % of GDP is likely to narrow from 14.5% in 2024 to 13.2% in 2025 on the back of decline in oil prices, lower global demand for oil and rise in imports amid ongoing diversification initiatives.

General Government Fiscal Position (% GDP) & Expenditure growth (y/y %)



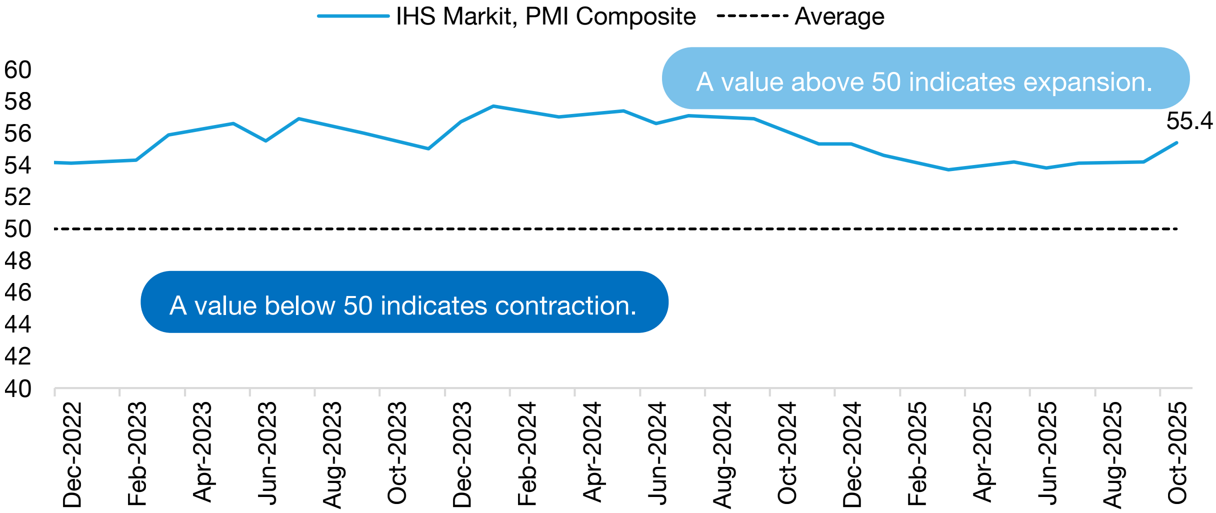
Source: IMF, Regional Economic Outlook (REO) – October 2025

UAE's fiscal surplus is estimated to narrow to 4.8% of GDP in 2026, down from 5.1% in 2025. Decline in oil prices despite increased production and increase in government expenditure are expected to lead to lower fiscal surplus. UAE is continuing its expansionary budgetary policy with budget for 2026 being the largest budget in the country's history. Planned expenditure has been increased by 29% y/y to AED 92.4 billion (USD 25.2 billion). While the increased government spending is expected to fuel growth, non-oil tax revenues such as domestic minimum top-up tax on multinationals that came into effect in January 2025 are expected to support the country's fiscal position.

b. Leading indicators support positive outlook

The non-oil private sector activity, as measured by PMI, continued to expand in 2025, supported by new orders and project initiations. While the pace of growth had been slower earlier in the year, it has largely picked up since June 2025, due to increase in new orders.

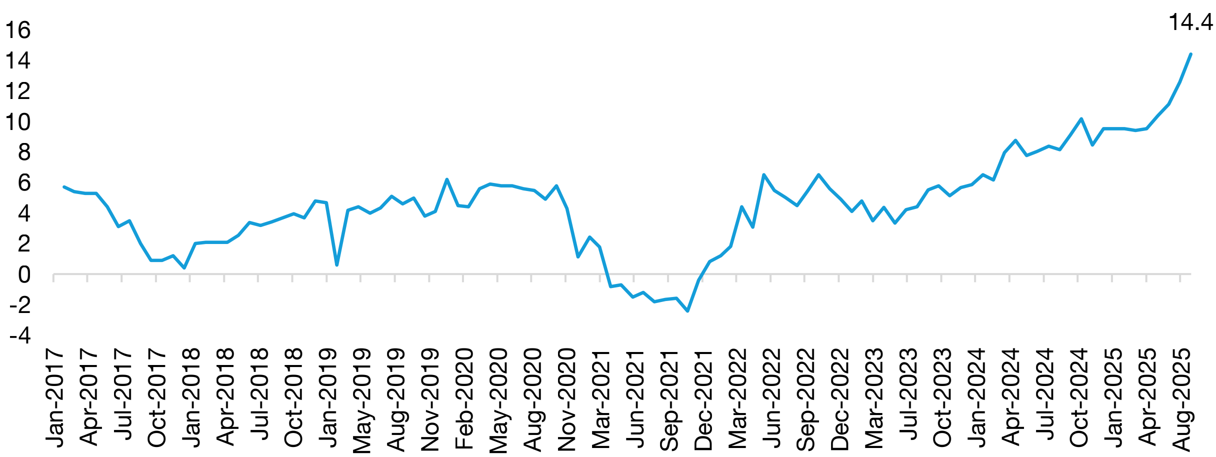
IHS Markit PMI Composite Index



Source: LSEG

Improved economic conditions and expanded marketing efforts contributed to rise in orders. While this has led to increase in purchase input and stable inventory levels, businesses have remained cautious towards hiring. Businesses have also highlighted concerns about increasing competition and its impact on profit margin.

Banking, Loans & Advances (YoY change, %)



Source: Central Bank of UAE, Refinitiv

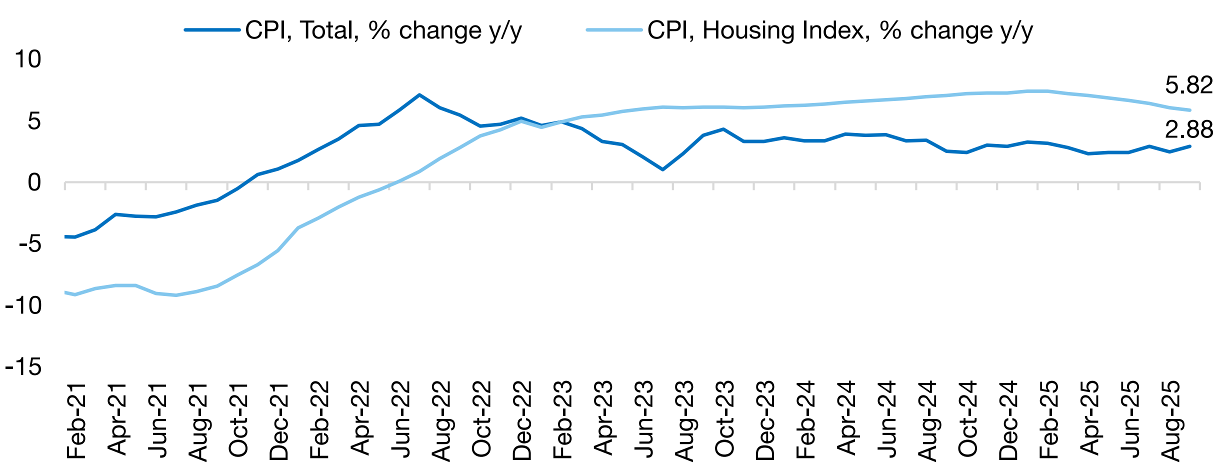
Credit growth strengthened to 14.4% y/y in August 2025, up from 9.5% y/y growth in December 2024 and 8.2% y/y growth in August 2024. Credit to individuals and business segments grew by 16.6% and 5.4% y/y respectively, supported by decline in interest rates and positive economic conditions.

c. Inflation in UAE to remain moderate on the back of lower energy costs

Inflation in Dubai eased as of September 2025 compared to December 2024, supported by easing of housing, energy and food and beverage costs. Consumer price inflation eased to 2.88% y/y in September 2025, softening from 2.9% y/y and 3.2% y/y growth registered in December 2024 and January 2025. However, this is slightly higher than 2.5% registered in September 2024. Housing, water, electricity, gas component of the index, the largest component by weight (40%) recorded an increase of 5.82% y/y during September 2025 compared to 7.23% y/y during December 2024. Food and beverages prices (weightage of 12% in the index) increased by 0.39% y/y in September 2025 compared to 1.26% y/y increase in December 2024. Lower oil prices and non-energy commodity prices and slower pace of growth in rents are expected to support stable inflation levels.

Abu Dhabi's inflation levels remained low with some months such as April-June 2025 and August 2025 recording deflation. The emirate had also registered deflation during September – November 2024. Consumer price index increased by 0.2% y/y in September 2025 due to rise in food and beverage (0.5% y/y), housing and energy segments (2.4% y/y). Inflation in the UAE is expected to remain stable at 1.5% y/y in 2025 and 1.6% y/y in 2026 amid expectation of lower oil prices and lower non-energy commodity prices.[2]

Dubai Consumer Price Index, Inflation (% change y/y)



Source: Dubai Statistics Centre

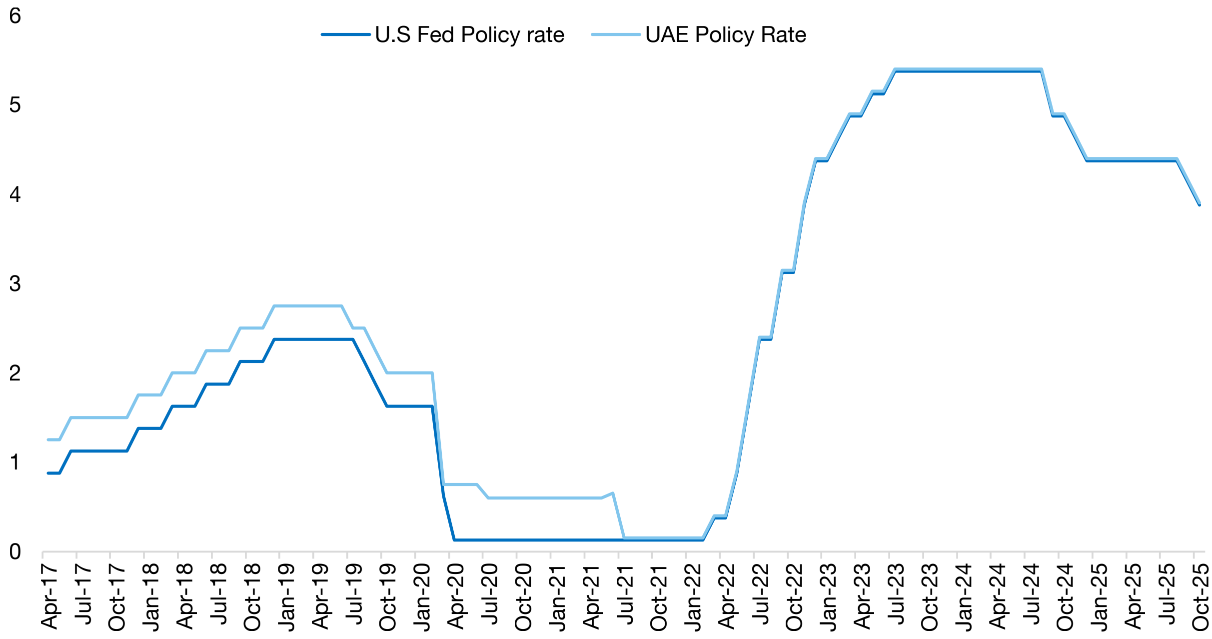
[2] CBUAE

d. U.S Fed lowers rates amid labour market concerns

Central Bank of UAE (CBUAE)'s monetary policy decisions mirror that of U.S. FED owing to the currency peg. U.S Fed maintained rates during January-August 2025, citing concerns over inflation amid tariff levies. However, due to signs of weakness in labour market, U.S Fed has lowered rates by 50 bps over September-October 2025. CBUAE has mirrored the move, lowering rates to 3.9%. During its policy meeting in October 2025, U.S Fed had indicated it might pause rate cuts amid lack of data due to government shutdown. According to its projections in September 2025, it is likely to lower rates by about 20 bps in 2026.

Value of mortgage transactions in Dubai increased by 18.7% y/y in Q3 2025, with lower interest rates relative to Q3 2024 lending support. While the course of further rate cuts remains uncertain, the relatively lower interest rates compared to 2024 is expected to augur well for the UAE real estate sector as it would boost demand for mortgages, personal loans etc.

UAE Policy Rate (Overnight deposit facility Rate, %)



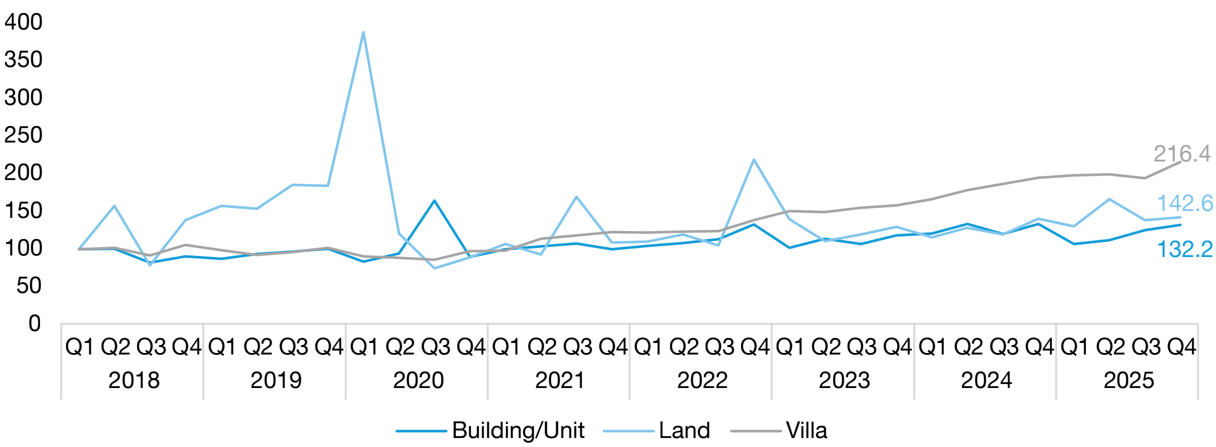
Source: Refinitiv

3. UAE Property Performance

a. Property prices witness sustained growth

Property prices in Dubai have largely continued to trend up in Q3 2025. However, the pace of increase has differed across segments. While land prices increased 15.9% y/y, building and villa prices increased by 4.6% and 4.1% y/y respectively. As of October 2025, building prices had declined by 0.9% y/y while land and villa prices had increased by 1.5% and 10.9% y/y respectively. In addition to macro factors such as decline in interest rates, demand in luxury villas segment and mid-market apartment is supporting increase in property prices. Sustained demand in different commercial segments such as office and industrial is also supporting growth in property prices.

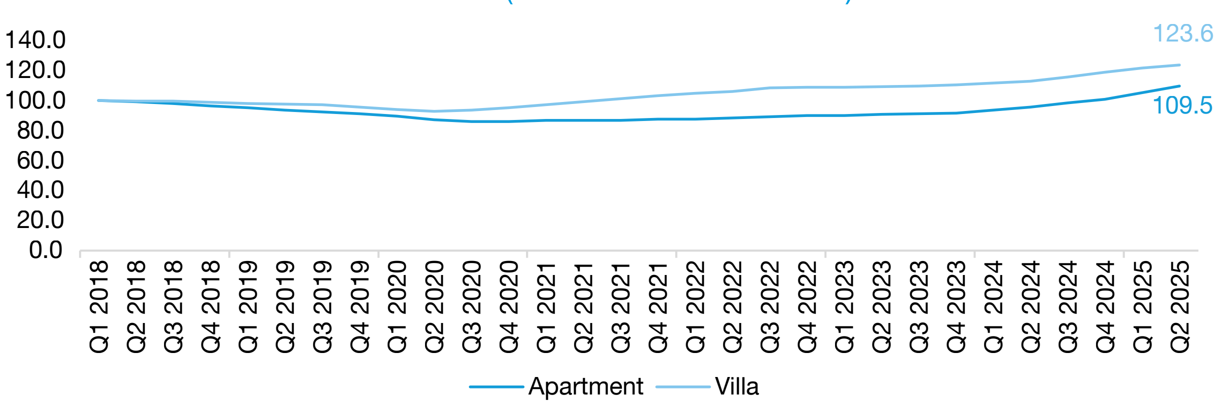
Dubai Real Estate Price Index (2018 Index value=100)



Source: Dubai Land Department (DLD) Note: Q4 data as of Oct 31, 2025.

Despite the positive trend on annual basis, land and villa prices in Dubai declined by 17.0% q/q and 2.7% q/q in Q3 2025.

Abu Dhabi Real Estate Price Index (2018 Index value = 100)



Source: Abu Dhabi Real Estate Centre (ADREC)

[3] Buildings refer to entire structures. They could be residential/commercial/mixed-use etc. Unit refers to single unit of apartment/office etc.

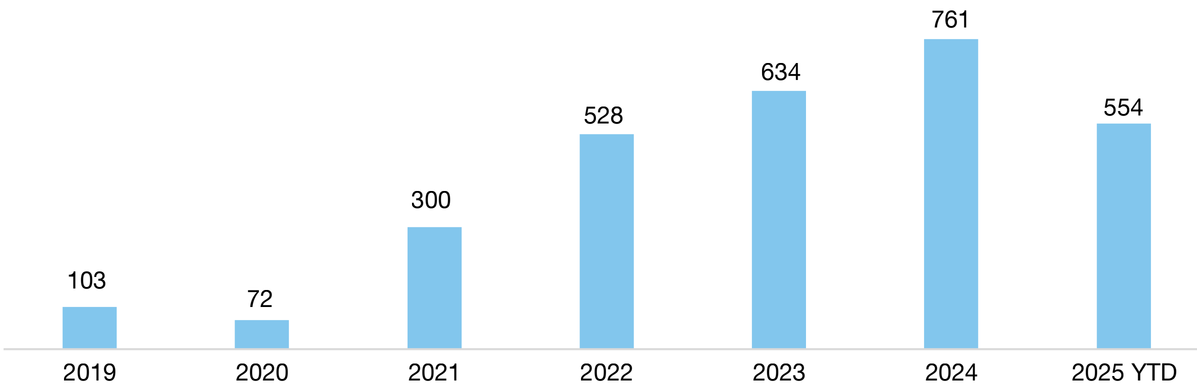
The Abu Dhabi apartment price index increased 14.6% y/y while villa price index rose by 9.7% y/y in Q2 2025. The Abu Dhabi villa price index rose by 9.1% y/y to a reading of 121.81 from 111.67 in Q1 2024.

b. Dubai real estate records AED 554.1 billion in sales transactions

The value of real estate sales transactions in Dubai rose by 28.3% y/y to AED 554.1 billion (USD 150.1 billion) in YTD-October 2025 driven by steady demand for both sales and rentals across off-plan properties. The number of real estate sales transactions increased by 17.1% y/y to around 176,995.

In the first nine months of 2025, Dubai recorded 151,522 residential property transactions, representing a 20% y/y increase. Transaction values reached AED 408.7 billion, up 29% y/y. Off-plan sales dominated market activity, accounting for 75% of total transactions, while ready properties made up the remaining 25%. Over 9M 2025, off-plan transaction volumes increased by 27% y/y to 108,692 units, with transaction values climbing 35% y/y to AED 295.9 billion. Meanwhile, readily available properties' market activity showed moderate growth, with volumes rising 5% y/y to 42,830 units and values increasing 15% y/y to AED 112.8 billion.[4] A consistent pipeline of off-plan launches in the mid-market apartment segment continues to target young professionals and first-time homebuyers. These developments appeal to both buyers and investors, offering modern designs, high-quality finishes, smart home features, and lifestyle-focused amenities, alongside the potential for strong capital appreciation.

Value of Sales Transactions in Dubai (AED billion)

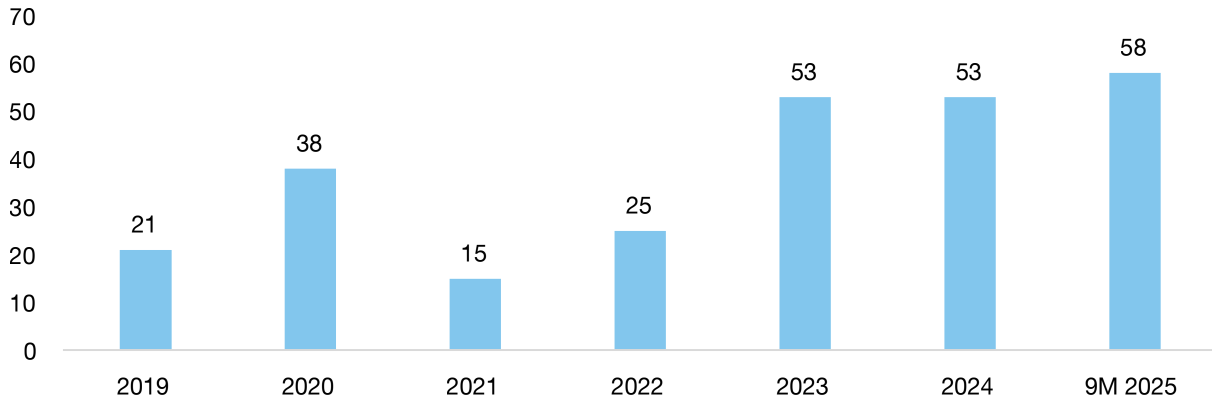


Source: Dubai Land Department, data as of 31st October 2025

[4] CBRE

Value of total real estate sales transactions in Abu Dhabi totaled to AED 58 billion in 9M 2025, marking a 75.8% y/y increase. The number of sales transactions also increased by 42.3% y/y to 15,800. Abu Dhabi's residential sector delivered robust growth during 9M 2025, recording 14,350 transactions, up 43% y/y, with total transaction value rising 67% y/y to AED 46.1 billion. Market momentum accelerated in Q3, which registered 6,610 transactions (+79% y/y) valued at AED 21.2 billion (+106% y/y). Off-plan sales were the primary growth driver, posting a 56% y/y increase, while ready market sales expanded by 24% y/y in Q3 2025 due to strong demand across key locations such as Al Reem and Yas Islands.

Value of Sales Transactions in Abu Dhabi (AED billion)

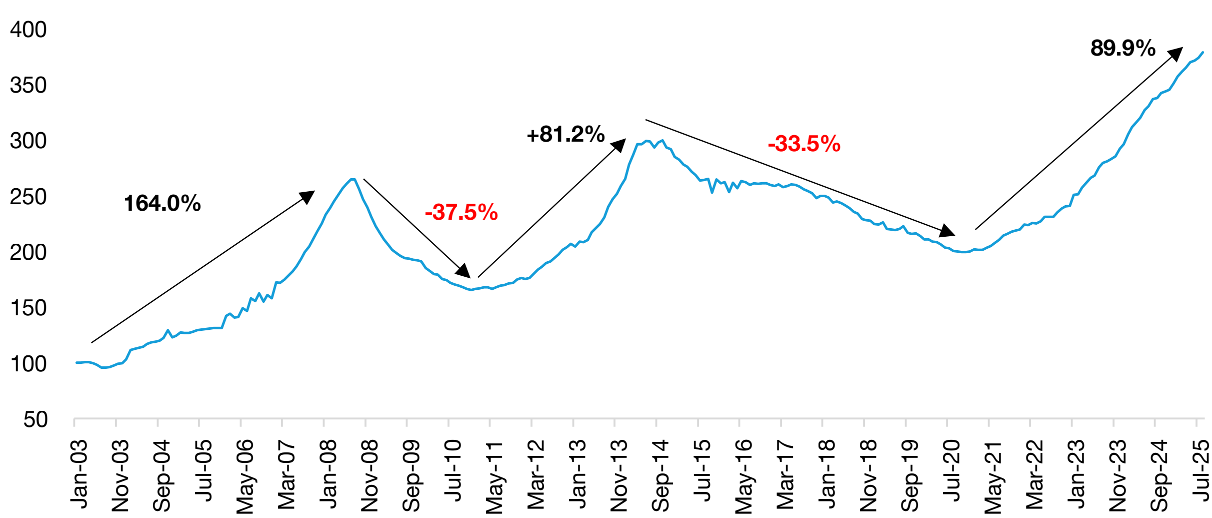


Source: Abu Dhabi Real Estate Centre

Dubai Real Estate – Will the Momentum Sustain?

Since COVID-19, Dubai's annual sales figures have consistently outperformed that of the year before. As with every other market, this has given rise to concerns about the market's ability to sustain its performance. For its part, Dubai's real estate market has witnessed some peaks and troughs over the years.

Dubai's Residential Property Prices Index



Source: REIDIN, Marmore Analysis

- Dubai real estate's ascent to prominence started in 2002, supported by introduction of freehold ownership for foreigners.
- However, the momentum came to a halt due to 2008 Global Financial Crisis. Average residential prices in Dubai fell by about 37.5% by December 2010 from their peak in August 2008.
- Over 2012-2014, government reforms and Expo 2020 announcements led to recovery.
- This was followed by another spell of decline in prices due to oil price crash in 2015.
- Through 2019-2020, rising interest rates, U.S-China trade tensions and COVID-19 led to drop in prices.
- This was followed by increase in prices due to UAE's handling of COVID-19 pandemic, business-friendly reforms and visa policies.
- While prices continue to remain high in 2025 amid lag in supply, concerns over speculative buying are starting to come up.

It is against this backdrop that many market participants are worried about sustainability of the current phase of price increase. However, local real estate market has come a long way from the downturn in 2008. The current growth is grounded in pro-reform government initiatives.

Factors Driving the Current Growth

- Business-friendly reforms
  - From establishment of free zones and easing requirements to start a business, Dubai has been undertaking many business-friendly reforms.
- Visa Policies
  - Visa programs such as 10-year Golden Visa program were launched to attract talent. The visa program also offers long-term residence to property owners.
- Tax-friendly and Stable Political Climate
  - UAE's handling of COVID-19 pandemic was widely appreciated. Its tax-friendly, politically stable, and globally connected jurisdiction make it destination of choice for high-net-worth individuals, particularly for those from conflict-exposed places like Russia.

- Attractive Rental Yields
  - Rental yields in Dubai remain attractive for foreign investors, with average prime yields reaching 5.3% by the end of 2024, which is higher than most major global cities, making Dubai an especially attractive destination for property investment.

Regulators, for their part, have implemented measures such as strict loan-to-value (LTV) ratios, requirement for developers to hold buyer funds in escrow accounts and to ensure projects remain adequately funded. Additionally, banks are not allowed to fund DLD or brokerage fees. However, Dubai was ranked fifth globally for bubble risk by UBS Global Real Estate Bubble Index, published in September 2025.

While elevated liquidity levels and rising appetite for luxury properties had pushed prices higher, the pace of price growth is starting to moderate as evidenced in recent months. Prime residential villas' prices increased 29.2% y/y in Q3 2025 compared to 38.4% y/y increase in Q1 2024. Rental growth rate in some pockets such as villas is also starting to slow. The asking rents in villa segment rose by 3.5% y/y in Q3 2025 compared to 6.1% y/y increase in Q1 2024. Although supply is expected to increase, factors such as population growth driven by expats, positive demand in villa segment, possible delays in delivery of units are likely to support prices.

Given that the current phase of rising prices is anchored by strong fundamentals, while a crash like 2008 may not be likely (barring extraneous factors), as with every other growth spurt, Dubai's property market could see a cooling off period in the medium term but the declines may not be as steep as in the past.

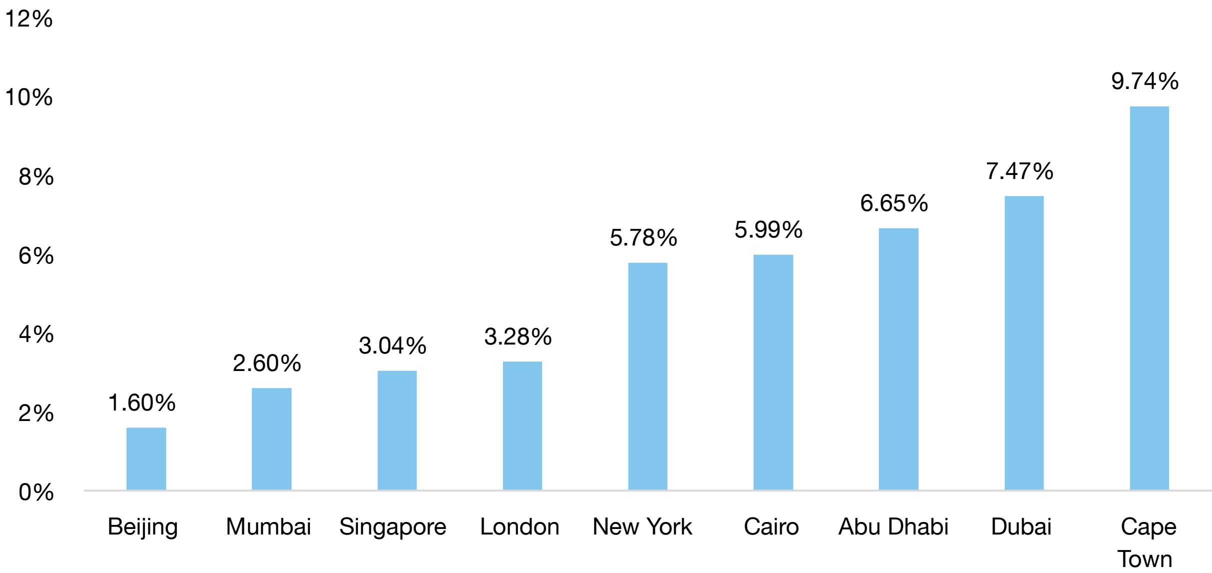
c. Attractive rental yields & affordability

Dubai and Abu Dhabi continue to offer higher rental yields for investors compared to other global real estate markets. The rental yields in Dubai have been at 7.47% as of November 2025, registering a slight decline from 7.6% recorded in May 2025. However, the city continues to outperform other established global real estate markets such as Singapore (3.0%), New York (5.8%) and London (3.3%).

Rental rates in Dubai have risen by 14.8% y/y in Q3 2025. However, the rate of increase has slowed to 2.1% q/q compared to 5.5% q/q growth in Q2 2025, due to increasing supply. In Abu Dhabi, overall residential rents rose by 25% y/y in Q3 2025 driven by apartments' rental growth at 29% y/y.[5]

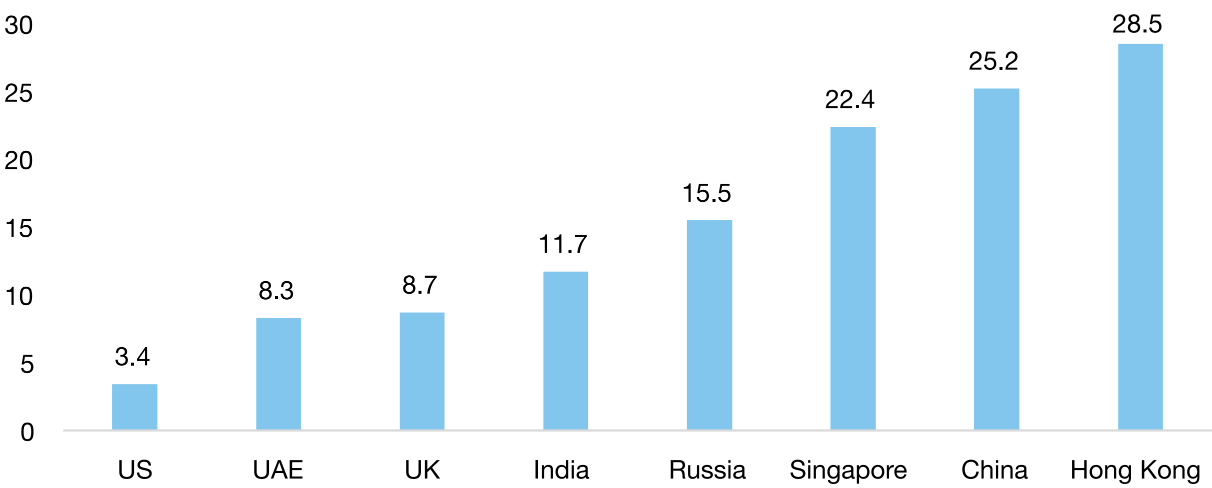
[5] CBRE

Residential Rental Yields (%)



Source: Numbeo; Data as of November 2025

Residential Market Price-to-Income Ratio (Years)



Source: Numbeo; Ratio of median apartment prices to median familial disposable income has been expressed as years of income

The UAE ranks relatively high in terms of affordability on a global scale. The UAE has a lower price-to-income ratio when compared to many other global markets. This affordability combined with a steady income stream of rental yields make the UAE real estate market an appealing option for investors. Additionally, UAE is ranked as the safest country in the world, according to Numbeo's Safety Index, which ranks 148 countries. This makes the high yields even more attractive. Other countries like South Africa, Egypt and United States are considered relatively less safe, with rankings at 144, 79 and 91 in the same index.

d. UAE Office Real Estate – Sustained influx of global players

With global firms continuing to foray into the UAE, the country's office market is continuing to see high occupany rates and increase in rents, particularly for Prime and Grade A spaces. As of Q3 2025, the average occupancy rate in Dubai's office segment rose to 94%, up from the 92% in Q3 2024. Average occupancy rate in Abu Dhabi across the wider office market continued to rise and averaged at 97%, reportedly driven by sustained influx of foreign companies.[6] However, there are also reports of their being limited local hires for these foreign firms, with many conducting businesses remotely. Additionally, appeal of hybrid work or remote working options have also resulted in lesser actual presence of employees in leased office spaces.[7]

New Construction and Rentals

- Dubai's total office stock was estimated at 9.58 million sq m (103 million sq ft) as of Q3 2025,with 233,800 sq m (2.5 million sq ft) of GLA is scheduled for completion by end of 2025.[8] The prices of Grade A shell and core office spaces and Grade B shell and core office spaces in Dubai grew by 36.4% y/y and 35.0% y/y respectively in Q3 2025, according to ValuStrat.
- Office sales in Dubai Q3 2025 totalled to 708 transactions, an increase of 12.4% y/y and amouting to an investment volume of AED 1.9 billion. The average transacted price stood at AED 18,891 per sq m, up 18% y/y.

Performance in terms of Rents and Occupany (Q3 2025)

	Dubai	**Abu Dhabi**
Growth in rents (% y/y)	19.0%	8.0%
Occupancy rate	94.0%	97.0%

Source: CBRE

[6] CBRE Research
[7] Bloomberg
[8] Valustrat

- Office rents in Dubai continued to increase in Q3 2025 amid strong demand from corporate occupiers. In Abu Dhabi, the average rentals in the office segment increased by 8.0% y/y to AED 1,865 per sq.m per annum, sustaining the momentum recorded in the previous quarters. Prime rentals rose by 10% y/y due to limited availability of quality spaces.[9]

- Tenants are having to make timely decisions on lease renewals given the limited availability of spaces and increasing rental rates. Additionally, occupiers are also taking up early discussion on pre-leasing upcoming projects such as DIFC Square, which is set to be operational in Q1 2026.[10]

Outlook

- Dubai's office segment is likely to continue witnessing increase in rents and occupancy rates through most of 2026, given the rising demand and limited availability of quality spaces. Global companies operating in business services, technology, real estate and business consulting.

- About 264,000 sq. m. of GLA of office space is expected to delivered in Dubai over 2026 and 2027. Considerable portion of this space is of Grade A specification and is predominantly concentrated within the Dubai International Financial Centre.[11]

- Business service sector and government entities have been key drivers of demand in Abu Dhabi's office market. Aldar's HB Tower in Yas Island (238,647 square feet) and the Saas Business Tower on Al Reem Island (129,210 square feet) are some key upcoming projects that are expected to improve availability of Grade A spaces in Abu Dhabi.[12]

[9] CBRE Research
[10] JLL/CBRE
[11] JLL
[12] Knight Frank

e. UAE Residential Apartment Real Estate – Stable outlook

Residential real estate transactions have continued to grow in 9M 2025, supported by increase in population amid business-friendly policies and initiatives like First Time Home Buyer Initiative that is open to both nationals and expatriates. Relative affordability compared to global cities and rent increases over past five years have also contributed to positive acitivity levels in the segment.

Overview of Residental Real Estate Transactions (9M 2025)

	Value of Transactions		Volume of Transactions	
	AED bn	% y/y	Number	% y/y
Dubai	408.7	↑ 29%	151,522	↑ 20%
Abu Dhabi	46.1	↑ 67%	14,350	↑ 43%

Source: CBRE

Change in Value of Residental Real Estate Transactions in 9M 2025 by Property Type (% y/y growth)

	Off plan	Ready Properties
Dubai	↑ 35%	↑ 15%
Abu Dhabi	↑ 67%	↑ 24%

Source: CBRE

While rents have continued to rise in Dubai, the pace of rise has slowed on annual basis amid increasing supply. Residential rental growth in Dubai averaged at 5.6% y/y in Q3 2025, down from 18% y/y increase in Q3 2024. Rents have increased by 6.2% y/y for apartments and 2.9% y/y for the villas. Over 2000-Q3 2025, about 30,000 units have been added annually. On the other hand, rents continued to increase in Abu Dhabi, rising by 25% y/y, supported by increasing population and limited supply.

New Construction and Rentals

- In Dubai, gains in residential prices have eased in Q3 2025 compared to last year. While rents have registered gains on annual basis, they have stabilised on quarterly basis. Dubai had rolled out Smart Rent Index in January 2025 aimed at controlling rental rate increases. Abu Dhabi's residential market was supported by demand for affordable freehold apartments and constrained supply. In Abu Dhabi, gross yields averaged 8.5% for apartments and 7% for villas, with an average occupancy rate of 88.1.[13]

Price and Rental Performance of Dubai Residential Real Estate (Q3 2025)

	Dubai	**Abu Dhabi**
Overall Valustrat Price Index	21.3%	4.0%
Valustrat Price Index for Villas (% y/y growth)	26.4%	11.6%
Valustrat Price Index for Apartments (% y/y growth)	16.1%	4.4%
Villa asking rents (% y/y growth)	3.5% y/y to AED 429,500 per annum	5.6% y/y to AED 253,000 per annum
Apartments asking rents (% y/y growth)	5.6% y/y to AED 96,300 per annum	12.8% y/y to AED 128,000 per annum

Source: Valustrat

- High-end residential market in Dubai continued to be active, with sales of homes valued over USD 10 million rising by 24% y/y in Q3 2025 and by 26% y/y in 9M 2025. Value of transactions in the segment grew at a faster rate at 54% y/y, indicating rise in prices. Knight Frank's Prime Index for Dubai averaged AED 3,767 per sq.ft in Q3 2025, registering an increase of 8.5% y/y.[14]

[13] Valustrat
[14] Knight Frank

- In terms of supply, the estimated number of additions to the Dubai market in 2025 stands at 64,407 homes, with 67% being apartments, and 33% villas/townhouses. By 2029, 158,854 apartments and 40,173 villas & townhouses are expected to be handed over in Dubai. Of these projects, 11% are located in Jumeirah Village Circle, with another 7% located in Business Bay followed by Damac Lagoons and Jumeirah Lake Towers with 5% each. In Abu Dhabi, the number of new build units expected to be come into the market in 2025 stood at 11,920 homes, with 67% of them being apartments and 33% being villas and townhouses.

Outlook

- In the Dubai residential market, property prices and rentals are likely to register growth, supported by growing population and demand from high net-worth individuals. The city has gained 176,683 residents in the first 10 months of 2025. Supply is expected to increase by 47,200 units in 2026. Amid this rise in supply, the pace of growth in prices and rentals is expected to see some moderation.

- Demand for apartments and possible uptick in mortgage activity amid lower interest rates are expected to support Abu Dhabi's residential real estate. Supply is expected to increase by 12,900 new units in H1 2026.[15] Healthy demand amid rising population, constrained supply, increased transparency amid initiatives such as introduction of Madhmoun system which enables listing of verified properties, are likely to support prices and rentals in H1 2026.

f. UAE Retail Real Estate – Demand to remain upbeat amid expansion plans

UAE retail real estate is continuing see positive demand as new players such as Primark and Ulta Beauty are continuing to expand into the UAE market. According to a survey of 300 retail businesses in UAE by Zoho Corporation, 50% plan to expand physical presence through pop-up stores and in-store partnerships. In the backdrop of limited supply and high demand, as indicated by the high occupancy rates, rental rates have continued to increase in Dubai and Abu Dhabi.

[15] JLL

New Supply & Rentals

- Retail real estate rents have continued to increase supported by healthy demand.

Performance of Retail Real Estate in Q3 2025

	Dubai	Abu Dhabi
Growth in rents (% y/y)	5.3%	3.3%
Occupancy rate	97.0%	95.0%

Source: CBRE

- Additional supply of 90,000 sqm GLA in Dubai and 130,000 sq.m GLA in Abu Dhabi is expected to be added in Q4 2025.

Outlook

- Over 2025-2027, about 400,000 sqm GLA is expected to be added in Dubai and 300,000 sq.m is expected to be added in Abu Dhabi. Some upcoming projects include a new super-regional mall by Majid Al Futtaim in Dubailand, 20,000 sq.m additional space through renovation of Mall of Emirates and The Grove project, spanning 51,000 sq.m. GLA with expected delivery in March 2026.
- In Abu Dhabi, developers are looking to focus more on convenience retail. In Dubai, top-tier malls are seeing greater occupancy and footfall compared to super-regional and regional malls. Hence developers are reportedly opting to wait and watch before launching further projects.[16]
- On the demand side, tourism and consumer spending is likely to be stable supported government initiatives and positive economic growth outlook. Broadly, over 2025-2030, consumer spending in UAE is expected to increase at a CAGR of 3.5%.[17]

[16] Knight Frank
[17] Oxford Economics

g. UAE Hospitality Real Estate – Sustained rise in tourism supporting demand

The hospitality industry continued to benefit from UAE's focus on tourism in 2025. Hotels in the UAE welcomed more than 16.1 million guests during H1 2025, marking a 5.5% y/y growth. The number of hotel nights also grew by 7.3% y/y to 56 million nights. In 9M 2025, tourist arrivals in Dubai increased by 5% y/y to 14.0 million visitors. Tourism is expected to contribute AED 267.5 billion to the UAE economy in 2025, contributing 13% of overall GDP.

Dubai Hospitality Performance (January-July 2025)

79% Occupancy rate, up from 77% in January-July 2024

5% y/y growth in Average Daily Rate (ADR) to AED 551

7% y/y increase in RevPAR

Source: CBRE

Abu Dhabi's tourism has seen steep increase in H1 2025 on the back of initiatives centered around its Tourism Strategy 2030 announced in April 2024. The emirate's initiatives include opening of Al Maqtaa Museum and teamLab Phenomena in H1 2025, in addition to targeted efforts to attract visitors. This has reflected in considerable growth in occupancy and revenue in the hospitality industry.

Abu Dhabi Hospitality Performance (January-July 2025)

79% Occupancy rate, up by 4% y/y

19% y/y growth in Average Daily Rate (ADR) to AED 530

24% y/y increase in RevPAR to AED 426

19% y/y increase in total hotel revenues to AED 4.8 bn

Source: CBRE

Outlook

Dubai is set to add 12,861 rooms by 2030, making up 55.9% of the total expected supply in UAE. 6,000 rooms are expected to be added in 2026.[18] New hotels set to open in Dubai in 2026 include Baccarat Hotel, SHA Emirates, and Rixos Phu Quoc. Investors in Dubai are focusing more on strategic acquisitions and asset repositioning than development-led expansion. Amid increasing tourism, this change in focus to operational enhancements and mixed-use integrations is set to support rents and occupancy levels. Abu Dhabi is expected to continue undertaking initiatives focused on its tourism strategy, which includes addition of 50,000 new hotel rooms by 2030 among other targets[19]. Some upcoming projects in Abu Dhabi in 2026 include Olympia Resorts and Nobu Hotel. Major conferences such as Abu Dhabi Sustainability Week and World Future Energy Summit and sporting events such as Abu Dhabi Open are scheduled to held in H1 2025, are expected to sustain demand.

h. UAE Industrial Real Estate and Warehouses – Catching the eyes of global players

UAE's industrial sector continues to witness strong demand supported by government initiaitves to promote local logistics and manufacturing. UAE's spending on industrial sector is over AED 110 billion over past years as of November 2025. Tesla's plans to open an experience centre in Abu Dhabi (September 2025), acquisition of new distribution facility by Vincent Group (July 2025), Kerno's (UAE) MoU with Intel to develop computing solutions in the country (October 2025), Amazon's new fulfillment centre in Abu Dhabi (October 2025) are some examples of the strong demand for industrial real estate in the country. Companies such as Aldar are also expanding their industrial portfolio, indicating investor confidence in the segment. Demand is reportedly exceeding available space in Free Zones such as JAFZA and Dubai South, as well as key locations in Al Quoz and Dubai Investment Park, which has led to formation of waitlists for prospective tenants.[20] Additionally, this strong demand in Dubai's industrial zones is also spilling over to adjacent regions such as the Northern Emirates, which have also reported increase in rents by about 40% y/y.[21]

[18] Knight Frank
[19] WAM
[20] JLL
[21] Knight Frank- As of Q2 2025; Latest Available Data

Annual Increase in Rents (Q3 2025)

18%	Dubai
12%	Abu Dhabi

Source: CBRE

Outlook

UAE's prominence as a trade and transshipment hub is increasing amid initiatives such as CEPA agreements and global trade uncertainties. UAE's continued initiatives such as launch of National Investment Fund with capital of AED 36.7 billion to support FDI inflows are set to support the sector's growth.

Select Upcoming Projects (2026)

Phase 1 of Terralogix in Warsan

- Area: 550,000 sq.ft
- Expected Completion: Q3 2026

Dubai South's multi-user facility in Logistics District

- Area: 215,278 sq.ft
- Expected Completion: Q1 2026

Bharat Mart

- Area: 2.7 million sq.ft
- Expected Completion: Q4 2026

Source: Knight Frank

4. UAE Real Estate – Recent Major Laws/News

Dubai Launches First-Time Home Buyer Programme

Dubai Land Department (DLD) and the Dubai Department of Economy and Tourism (DET) launched the First-Time Home Buyer Programme in July 2025. The programme aims to improve homeownership among Emiratis and expatriates by offering priority access to new real estate launches, preferential pricing, and tailored mortgage products. Units valued up to AED5 million will be offered at preferential rates by participating developers such as Emaar, Nakheel properties. Participating banks like Commercial Bank of Dubai and Dubai Islamic Bank would also provide customised mortgage solutions. The programme is open to all UAE residents aged 18 and above who do not currently own a freehold residential property in Dubai.

DLD Launches 'Digital Sale' service on Dubai Now app

Dubai Land Department (DLD) launched the first phase of the 'Digital Sale' service through the Dubai Now app in October 2025. Under the service, seller can create the sale contract electronically, sign using UAE Pass app and send to the buyer through the platform. The buyer transfers the payment to the service's dedicated account. After this, ownership certificate is instantly issued in the buyer's name through the application. To avail the service, both the buyer and seller must hold a valid Emirates ID and have an active UAE Pass account that enables verified digital signatures. Additionally, the property must be in freehold areas, should be residential unit, commercial unit, or residential townhouse, free of any mortgage, and owned by a single owner.

ADREC launches Digital Buy & Sell Journey

The Abu Dhabi Real Estate Centre (ADREC) has launched government-backed Digital Buy & Sell Journey in October 2025. This would allow buyers and sellers, whether they are in Abu Dhabi or abroad, to securely complete property purchases and sales without the need for physical paperwork or in-person visits. The steps in the sale process such as mmortgage release and registration, ADREC Trustee verification, digital signing, and escrow settlements are all integrated into a single, compliant online journey. The service is also integrated within the TAMM platform and is facilitated by the UAE Pass application.

Dubai Land Department facilitating PropTech Growth

Dubai Land Department (DLD) and DIFC launched Dubai Prop Tech Hub as part of Dubai Innovation Hub in July 2025. The hub aims to foster innovation and collaboration within industry. It will support more than 200 Protech start-ups and scale-ups, generate more than 3,000 jobs and attract over USD 300 million in investment by 2030.

Dubai Land Department (DLD) also launched the REACH Middle East accelerator program in July 2025, in partnership with Second Century Ventures. Under the 8-month program, 10 high-potential startups with the tools, mentorship and networks needed to scale locally and globally within the real estate industry.

DLD has signed MoU with Dubai Future Foundation (DFF) to boost testing and scaling of Proptech solutions under DFF's Sandbox Dubai initiative. This would help in developing areas such as AI-driven analytics and smart building management tools.

ADGM's Registration Authority launches new services

ADGM launched new services in October 2025 such as Off-plan Agreement Terminations, Reservation Agreement Registration (new ownership type) and SMART Valuation. Regulated procedures for Off-Plan Agreement Terminations have been introduced, establishing a clear mechanism for termination. Registration of Reservation Agreements, a new ownership category that formalizes property interests due to be transferred on a future date has also been introduced. This ensures property records remain up to date with regulatory requirements and helps safeguard contractual commitments and ownership rights for all parties. SMART Valuations allows property owners or their authorized representatives to request an evaluation certificate that provides the indicative valuations for land or units, streamlining transactional processes and supporting more informed decision-making.

Dubai's Rental Disputes Center establishes a new legal principle on real estate service fees

Dubai Rental Disputes Center has introduced a new principle under which unit holders are required to pay service charges even if they have not formally taken possession of their property, particularly when the delay in handover is due to reasons attributed to the buyer.

SmartCrowd launches Abu Dhabi's first ever crowdfunded property

SmartCrowd, MENA's first regulated real estate crowdfunding platform, has launched the first ever crowdfunded property in Abu Dhabi. The milestone property is a premium studio valued at AED 1.2 million on Yas Island. Smartcrowd's investment entry points start from AED 500, simplifying property ownership process.

Dubai Land Department signs agreement with Crypto.com

Dubai Land Department (DLD) has signed a memorandum of cooperation with Crypto.com in July 2025 to develop a digital investment environment for virtual real estate assets. Additionally, it also seeks to explore the use of blockchain technologies and digital currencies within the sector. Real estate tokenisation and trading of digital assets would be some solutions that would explored under the partnership.

Dubai Land Department partners with Google

Dubai Land Department (DLD) has partnered with Google Cloud in October 2025 to integrate DLD's data with Google Cloud's Data & AI capabilities. Under the collaboration, DLD had introduced DLD Investor AI Assistant. Powered by Google's Gemini, this service would provide aid in transaforming vast data into analytical insights.

Dubai Land Department allows companies in Masdar City to own property

The Dubai Land Department (DLD) has partnered with Masdar City in July 2025 to allow companies operating within Masdar City's free zones to own land and properties in Dubai under the freehold ownership system. Under this, DLD and Masdar City will develop an integrated regulatory framework outlining clear eligibility criteria and streamlined legal and administrative procedures for property registration.

Dubai Land Department cooperation agreement with Emirates NBD

Dubai Land Department (DLD) has signed a cooperation agreement with Emirates NBD in October 2025 to digitalise the leasing ecosystem and enhance the overall tenant experience. Under this, DLD and the bank plan to to develop integrated solutions for managing security deposits and introduce innovative financing products that simplify customer journeys and improve the efficiency of real estate operations.

ADREC forms strategic partnership to improve integration of blockchain with real estate

The Abu Dhabi Real Estate Centre (ADREC) has signed strategic MoU with Technology Innovation Institute, VentureOne, Finstreet Limited, ADI DLT Foundation, and Advanced Real Estate Services in October 2025 to establishe a comprehensive framework to integrate blockchain technology within Abu Dhabi's real estate sector.

5. Markaz Real Estate Outlook Index

'Markaz Real Estate Macro Index' helps investors in identifying the current state of real estate market using a list of economic indicators such as Oil and non-Oil GDP growth, inflation, new jobs generated etc.

The past seven years data along with estimates for 2025 and forecasts for 2026 were considered and a qualitative rating (strong, moderate, neutral, subdued & poor) was assigned considering the historical information and the current environment.

For each of the qualitative score, a quantitative score was assigned with 'Strong' being assigned a top score of '5' and 'Poor' assigned a value of '1'. A weighted average score was computed based on the weights as provided in the below table.

Macro-Economic factors that matter

Economic Factors	Weightage Assigned	Rationale
GDP Growth (Oil & non-oil)	25%	Strong economic activity bodes well for real estate. Higher economic growth usually leads to demand for commercial real estate and growing incomes would spur activity on the residential segment.
Fiscal Position	10%	Expansionary fiscal policy signifies the active role of government to support the economy through increased investments. A positive for real estate and government spending entails improvement to physical & social infrastructure and unlocks the value of nearby lands.
Investments	10%	Investment serves as a proxy for project activity and infrastructure development that shall directly stand to influence the real estate markets through job creation and increased economic activity.
Money (M2) Supply Growth	5%	Higher growth in money supply is a leading indicator of economic activity.
Inflation	10%	Real estate acts as a natural hedge against inflation, as rents typically increase during times of inflation. Strong, stable inflation is generally positive for real estate.
Interest Rate	10%	An increase in interest rates translates into higher borrowing costs and could lower demand for real estate. It also impacts consumers' inclination to spend.
Population Growth	10%	Increasing population is directly related to real estate growth and residential demand
Jobs created	10%	Number of jobs created serves as a useful indicator for real estate demand.
Government reforms	10%	New laws and policies in the real estate sector directly impact housing demand and availability, market transparency and foreign investment.

Source: Marmore research

The state of real estate market was categorized into four distinct phases based on the score as below:

Market Phases

Macroeconomic Scores	Score Interpretation
4.3 to 5.0	Market is at peak, slowdown ahead
3.5 to 4.2	Market is accelerating
2.8 to 3.4	Market is recovering & gathering pace
Less than 2.8	Market is falling

Source: Marmore research

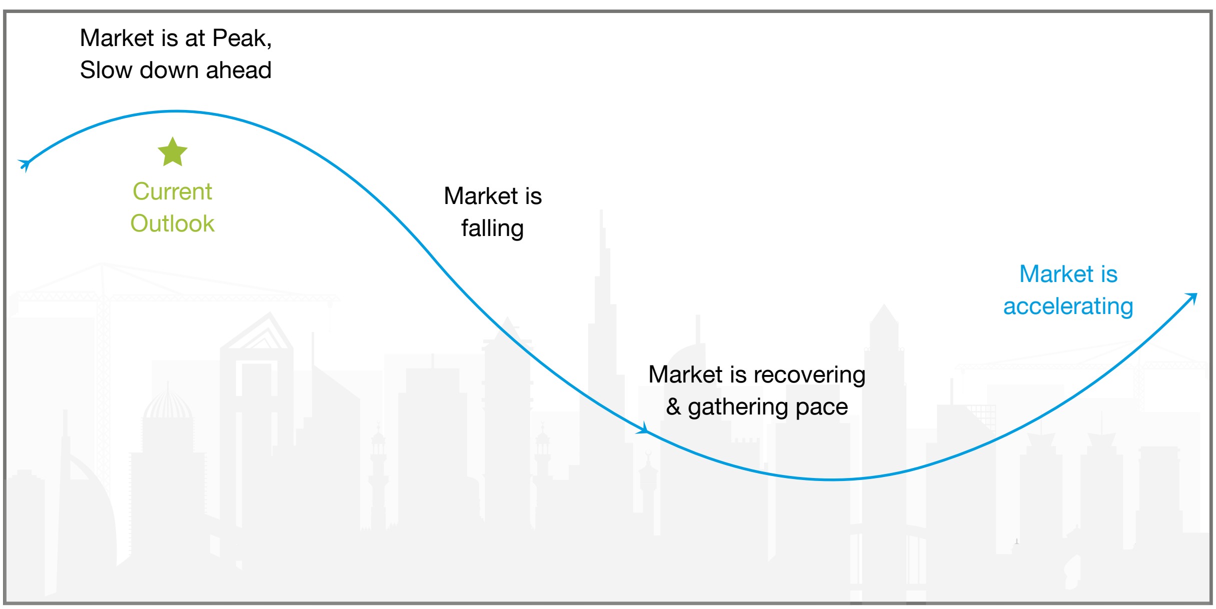
UAE Macro-Economic Factor Assessment

Economic Factors	2021	2022	2023e	2024	2025e	2026f	Qualitative Take	Quantitative Score
Oil (Real) GDP Growth	-0.8%	8.9%	-3.0%	1.0%	5.3%	6.3%	Strong	5
Non-Oil (Real) GDP Growth	6.6%	7.0%	7.0%	5.0%	4.6%	4.6%	Moderate	4
Fiscal Position, % of GDP	4.0%	9.8%	5.8%	6.4%	5.1%	4.8%	Strong	5
Investments (as % of GDP)	27.1	27.8	28.3	23.2	24.0	25.2	Moderate	4
Money Supply, M2 (YoY)	5.7%	9.0%	18.8%	14.5%	8.1%	8.3%	Neutral	3
Inflation, %	-0.1%	4.8%	1.6%	1.7%	1.6%	2.0%	Moderate	4
Interest Rate %	0.4%	1.9%	5.3%	5.2%	4.3%	3.5%	Moderate	4

Yearly Population Growth	6.2%	4.3%	3.8%	3.0%	0.8%	1.0%	Moderate	4
Job creation ('000)	-18	340	293	297	182	187	Moderate	4
Government reforms	-	-	-	-	-	-	Strong	5
Overall Score								**4.30**

Source: Refinitiv, IMF, Marmore

Markaz Real Estate Outlook based on Macro Economic Indicators



Source: Marmore Research
Note: Grey colored box indicates the current outlook of the real estate market

Amid reports of easing growth in prices and rents in some segments, market is likely to be at its peak in H1 2026. While non-oil economic growth is expected to be moderate, lower interest rates, strong government reforms and positive population growth are expected to lend support to the sector.

UAE Markaz Real Estate Macro Index Scores (2025-2026)

Macro indicators	H1 2025	H2 2025	H1 2026
Oil Real GDP Growth	5	5	5
Non-Oil Real GDP Growth	4	5	4
Fiscal Position	4	4	5
Investments	4	4	4
Money Supply, M2 (YoY)	4	4	3
Inflation	4	4	4
Interest Rate	3	3	4
Population growth	3	3	4
Jobs created	4	4	4
Government reforms	4	4	5
Overall Score	**3.95**	**4.05**	**4.30**

Source: Marmore research

Conclusion

UAE's real estate sector is likely to be at peak in H1 2026, following consecutive years of increase in value of sales transactions and heightened demand for off-plan properties. UAE's economic growth is expected to remain strong in 2026 supported by increased oil GDP on the back of reversal of OPEC+ production cuts. Stable inflation and lower interest rates are other key factors that are set to support demand for real estate.

Demand from high-net worth individuals and increasing population stable policy environment are likely to continue supporting the residential segment. However, rising supply could lead to further moderation in pace of growth in rents and prices. Sustained interest from foreign companies and favourable economic environment are likely to support demand for Grade A spaces in the office segment. Planned increase in government spending and initiatives targeted towards boosting tourism and industrial sectors are expected to support growth in retail, hospitality and industrial segments.

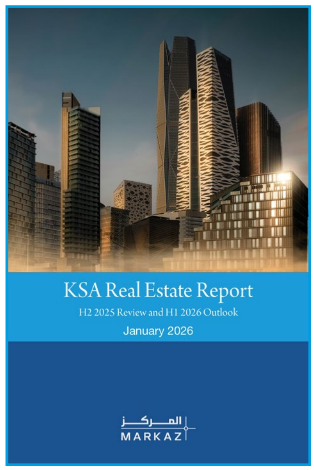
Our expectations of moderation in non-oil growth, lower interest, growing population and strong reform momentum have caused an increase in the scores compared to previous outlook editions. Based on our assessment of various macroeconomic factors – oil and non-oil sector GDP growth, fiscal surplus and investments, we believe that the real estate sector in UAE would be at its peak in H1 2026 and could see some cooling off moving forward.

Summary – UAE Markaz Real Estate Macro Index

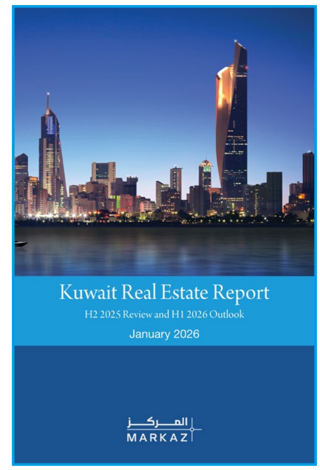
Macro indicators	Future Outlook (2026 & beyond)	Quantitative Score
Oil Real GDP Growth	Strong	5
Non-Oil Real GDP Growth	Moderate	4
Fiscal Position	Strong	5
Investments	Moderate	4
Money Supply, M2 (YoY)	Moderate	3
Inflation	Moderate	4
Interest Rate	Moderate	4
Population growth	Moderate	4
Jobs created	Moderate	4
Government reforms	Strong	5
Overall Score	**Market is at peak**	**4.30**

Source: Marmore Research

Our Other Real Estate Reports



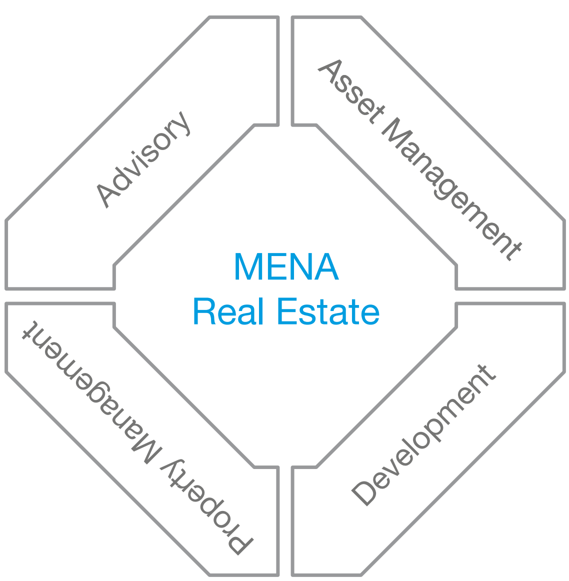
KSA Real Estate Report H1 2025 Review and H2 2025 Outlook



Kuwait Real Estate Report H2 2025 Review and H1 2026 Outlook

Markaz Real Estate Capabilities: Management Team

With a team of 27 professionals, Markaz MENA Real Estate provides a fully integrated insights and services to managing real estate funds



Team of 27

- Investment
- Project Management
- Financial Management
- Administration

Kuwait HQ

- Riyadh KSA - 2006
- Khobar KSA - 2006
- Abu Dhabi - 2010
- Dubai - 2014

Markaz provides great value through:

- Governance
- Experience
- On the ground presence
- Hands-On approach
- Developed Systems covering
  - Operations,
  - Maintenance,
  - Financial management, &
  - Administration
- Software Support

Markaz Real Estate Fund (MREF)

Shariah compliant fund, owns income-generating properties in Kuwait

9.7% Total Return in 2025

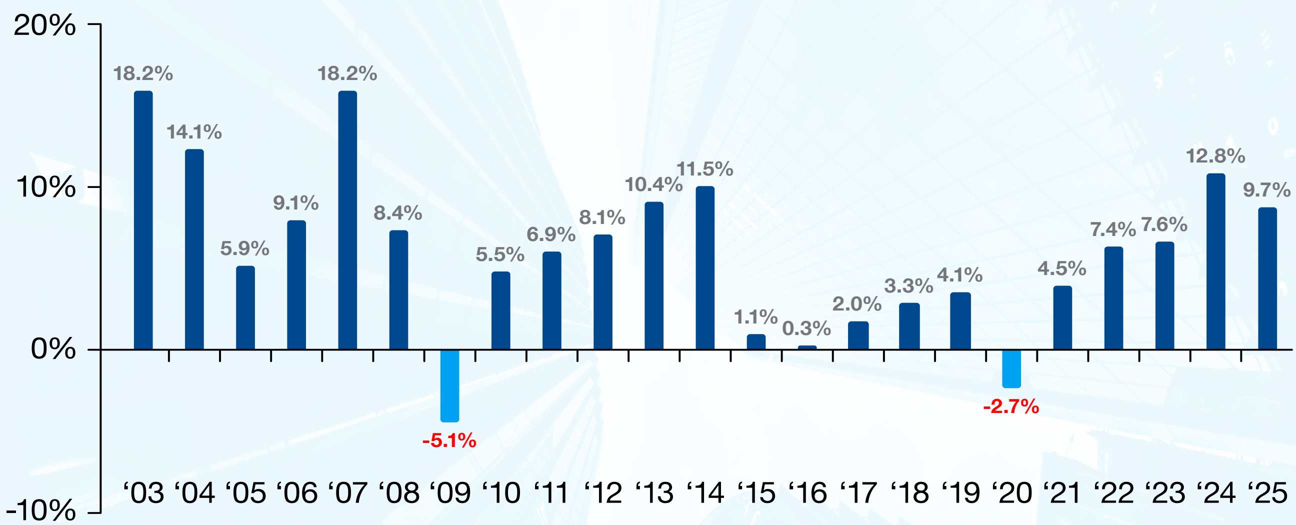
7.7% IRR per annum over 23 years

5.0%
Capital Gain

4.7%
Cash Distribution

9.7%
Total Return

Annual Total Return (%)



Disclaimer: Investments are subject to risk; investment returns and performance are difficult to predict and are not guaranteed. Prospective investors are required to review the offering documents and consult their Advisors to evaluate suitability of any proposed investment opportunity. Please review the disclaimer and important information and Fund’s performance on the Fund’s website page at: markaz.com/MREF

markaz.com
+965 2224 8200

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For further information, please contact 'Markaz' at P.O. Box 23444, Safat 13095, Kuwait; Email: research@markaz.com; Tel: 00965 1804800.