ENGEL&VÖLKERS

Residential Market Report

DUBAI | Q1 2026

01 Overview

A MARKET ADJUSTING TO NEW CONDITIONS

Residential market in Q1 2026 overview

TOTAL VALUE SOLD	TOTAL UNITS SOLD	TOTAL VALUE RENTED	TOTAL UNITS RENTED
AED 143.1Bn	44,743	AED 12.7Bn	146,501
+22.2% YOY	+29.6% YOY	+1.5% YOY	-4.6% YOY

Source: Property Monitor

Dubai's residential real estate market entered 2026 with strong momentum, building on the depth of demand and sustained activity seen throughout 2025. The early part of the quarter continued these trends, with broad-based participation across both investor and end-user segments. Demand was supported by population growth, business expansion, and Dubai's continued appeal as a global hub for capital, talent, and long-term investment.

Toward the end of the quarter, market conditions shifted following the onset of regional conflict in late February. This led to a more cautious approach among buyers and tenants, with decision-making timelines extending and transaction volumes moderating compared to the start of the year. This shift reflects a short-term disruption to sentiment rather than a structural change in underlying demand, with activity continuing across all major segments, albeit at a more measured pace. The impact was most visible in March, rather than across the quarter as a whole.

One of the defining features of Q1 has been the emergence of more balanced market conditions. After a prolonged period of rapid growth, pricing expectations have begun to align more closely between buyers and sellers, with greater flexibility and negotiation evident across both sales and leasing markets. This has created an environment in which transaction activity is increasingly driven by value, location quality, and long-term fundamentals rather than by momentum alone.

Importantly, the underlying drivers of Dubai's real estate market remain firmly in place. The city continues to attract international businesses and skilled professionals, while its position as a leading global destination for wealth migration supports sustained demand at the top end of the market. Financing conditions remain competitive, with banks continuing to lend actively, and developers remain engaged in delivering new supply across a wide range of communities and price points.

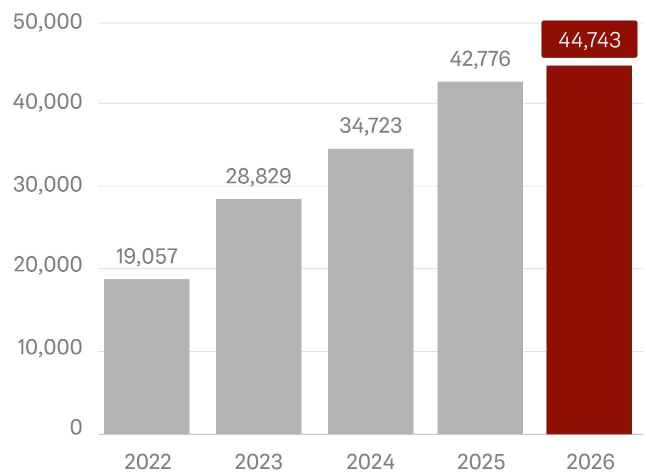
While short-term activity has become more measured, the market continues to demonstrate resilience. The breadth of demand across segments and the depth of capital in the market point to a sector transitioning to a more mature and sustainable phase. As a result, performance in 2026 is expected to become increasingly differentiated, with outcomes shaped by asset quality, pricing discipline, and the long-term appeal of individual locations rather than broad-based market momentum.

Sales Transactions

67.3%

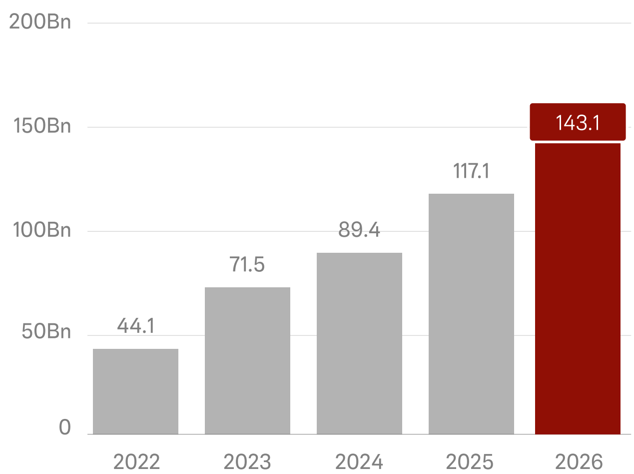
Off-plan transactions accounted for 67.3% of total residential sales in Q1 2026. This continued dominance reflects sustained demand for new developments, with buyers prioritising payment flexibility, modern product, and long-term positioning across both established and emerging communities.

Quarterly sales volume (Q1)



Source: Property Monitor

Quarterly sales value (Q1 | AED Billion)



Source: Property Monitor

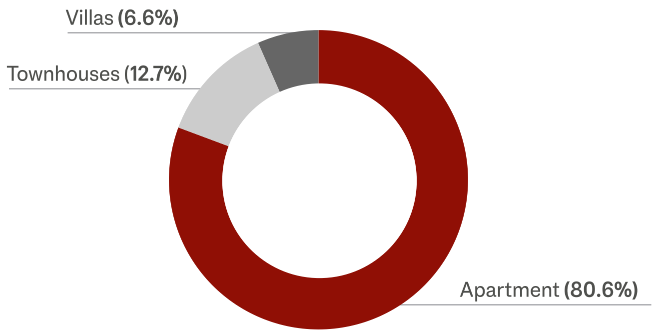
Dubai recorded 44,743 residential transactions in Q1 2026, marking a 4.6% increase compared to the same period last year. The total sales value rose to AED 143.1 billion, up 22.2% year-on-year, reflecting the continued depth of capital across the market.

While overall performance remained strong, transaction activity moderated toward the end of the quarter, with March transactions down approximately 15% compared to March 2025 following the onset of regional conflict, as buyers adopted a more cautious, wait-and-see approach.

Demand remained firmly anchored in the mid-market, with properties priced between AED 1 million and AED 3 million accounting for over 50% of all transactions. The sub-AED 2 million segment alone represented more than half of total activity, highlighting the continued importance of accessible price points and investor-driven demand across the market.

At the same time, the AED 5 million+ segment maintained a steady share of transactions, supported by sustained interest from higher-value buyers.

Transactions by property type (Q1)



Source: Property Monitor

"What we saw in Q1 was a market that remained very active overall, but became more measured as the quarter progressed. Demand has not disappeared, but buyers are approaching the market with greater caution and a more selective mindset."

Natalie White | Head of Secondary

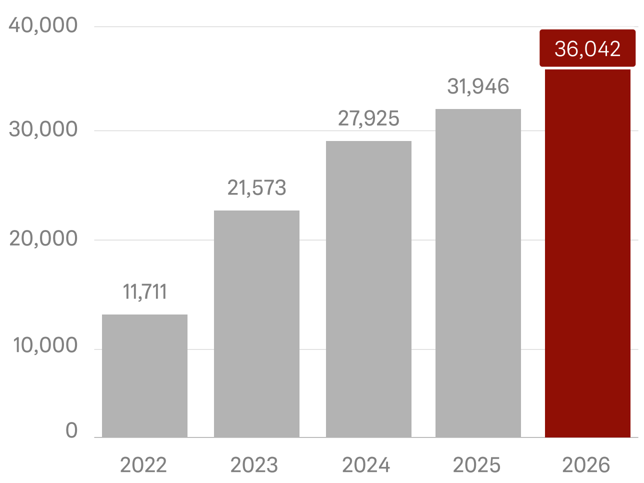
Apartments

Apartment sales continued to expand in Q1 2026, reaching 36,042 transactions, up 12.8% year-on-year. Total sales value rose to AED 75.0 billion, a 24.4% increase compared to Q1 2025, reflecting sustained demand across both investor and end-user segments.

Off-plan activity remained the primary driver, with strong volumes across emerging inland locations such as Dubai South and Dubailand, alongside continued momentum in established high-liquidity areas including Jumeirah Village Circle and Business Bay. At the same time, newer waterfront destinations such as Dubai Islands are gaining traction, highlighting a broadening of buyer interest.

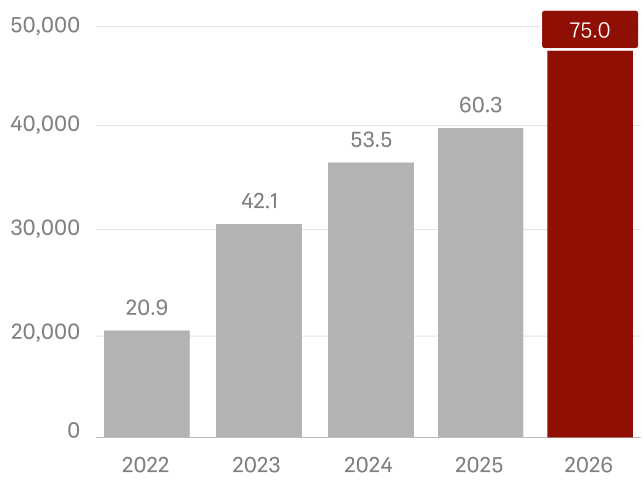
Secondary market performance remained supported by established communities like Business Bay, Dubai Marina, and Downtown Dubai, which continue to attract consistent demand. Overall, the apartment segment remains highly active, while becoming increasingly diversified across both emerging and established locations.

Quarterly sales volume (Q1)



Source: Property Monitor

Quarterly sales value (Q1 | AED Billion)



Source: Property Monitor

Off-plan | Apartments

Community	Units sold
Dubai South	2,340
Dubai Residence Complex	1,990
Jumeirah Village Circle	1,857
Dubai Islands	1,645
Majan	1,157
Business Bay	1,082

Secondary | Apartments

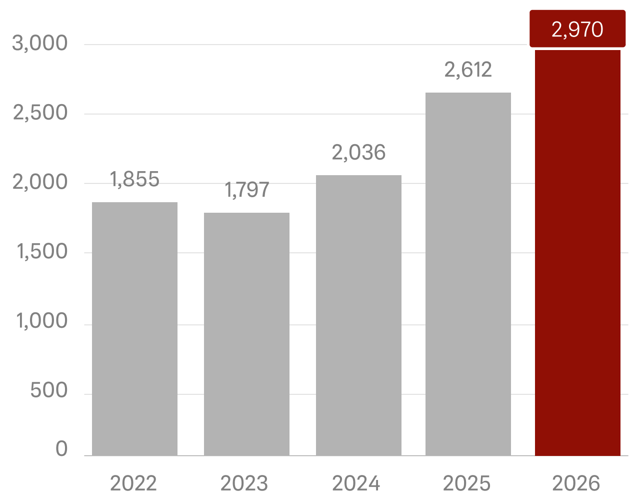
Community	Units sold
Jumeirah Village Circle	1,035
Business Bay	631
Majan	474
Dubai Marina	444
Downtown Dubai	375
International City	355

Villas

Villa sales continued to grow, with transactions up 13.7% year-on-year. Total sales value rose sharply to AED 44.6 billion, a 31.2% increase, reflecting sustained demand for higher-value properties. This uplift was supported by a rise in transaction sizes, with the average villa price increasing from AED 11.8 million to AED 15.1 million, alongside a shift toward larger homes, as average unit sizes expanded to 6,020 square feet, compared with 5,545 a year earlier.

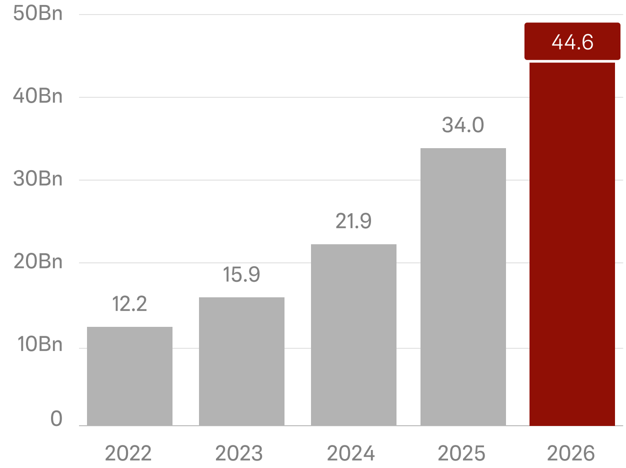
Off-plan activity remained concentrated in emerging master-planned communities such as The Heights, The Oasis, and Palm Jebel Ali, where larger plots and lifestyle-led developments continue to attract buyers. Secondary market performance remained anchored by established areas, including Dubai Hills Estate, Nad Al Sheba, and Arabian Ranches, which continue to see consistent demand despite limited availability. Overall, the villa segment reflects a market expanding in both value and scale, driven by demand for larger, higher-quality homes in both new and established communities.

Quarterly sales volume (Q1)



Source: Property Monitor

Quarterly sales volume (Q1)



Source: Property Monitor

Off-plan | Villas

Community	Units sold
The Heights	739
The Oasis	518
Jumeirah Golf Estates 2	101
Palm Jebel Ali	88
Damac Islands 2	47

Secondary | Villas

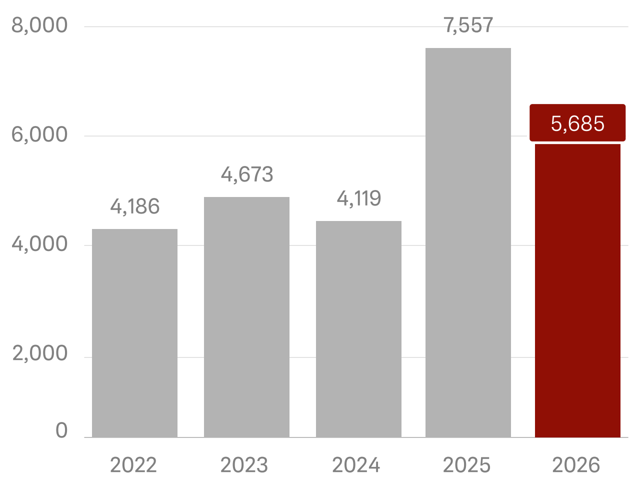
Community	Units sold
Dubai Hills Estate	175
Nad Al Sheba	124
MBR City	59
Arabian Ranches	52
Al Furjan	50

Townhouses

Townhouse sales moderated in Q1 2026, with 5,685 transactions, down 24.8% compared to the same period last year. Total sales value also declined to AED 20.8 billion, reflecting a shift from the exceptionally high levels seen in Q1 2025. Despite lower transaction volumes, average sales prices increased from AED 3.0 million to AED 3.65 million, alongside a rise in average unit and plot sizes. This indicates continued demand for larger, higher-quality homes within the segment.

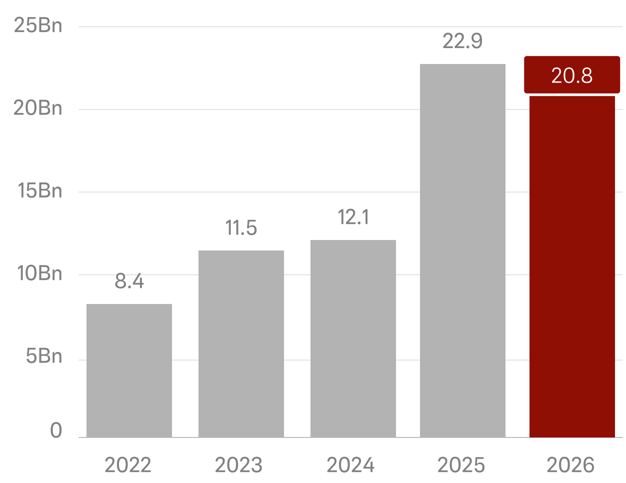
Activity remained heavily concentrated in the off-plan market, with Damac Islands 2 accounting for a significant share of total transactions. Other emerging communities, such as Grand Polo Club and Damac Lagoons, also contributed to the overall volume, while secondary market activity remained stable across more established areas, including The Springs and Damac Hills 2. Overall, the townhouse segment reflects a market normalising after a peak period, with demand remaining focused on newer developments offering scale, value, and community-led living.

Quarterly sales volume (Q1)



Source: Property Monitor

Quarterly sales volume (Q1)



Source: Property Monitor

Off-plan | Townhouses

Community	Units sold
Damac Islands 2	2,694
Grand Polo Club	244
Damac Lagoons	200
Dubai South	124
Nad Al Sheba	107

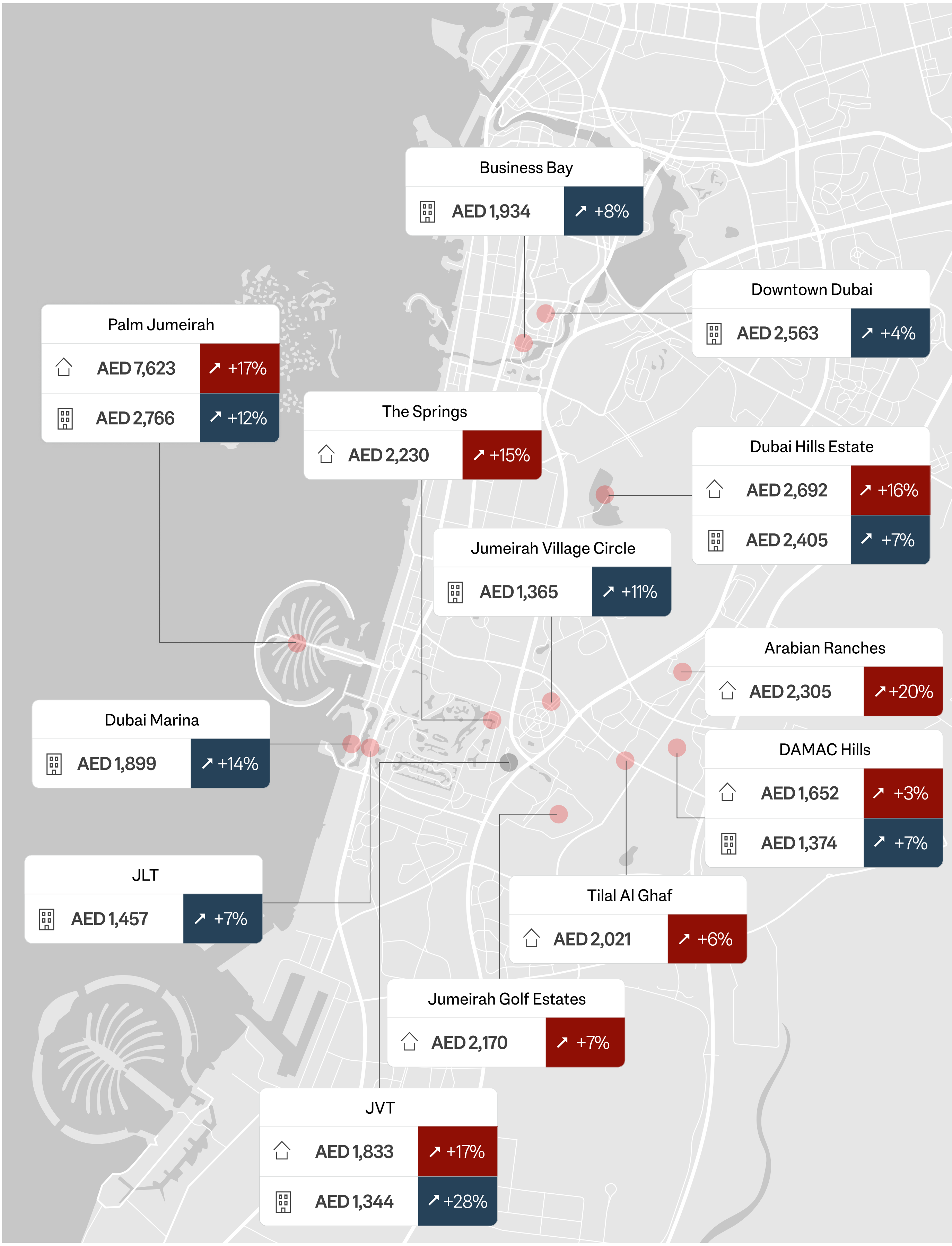
Secondary | Townhouses

Community	Units sold
Damac Hills 2	242
The Valley	167
Dubai South	122
The Springs	103
Mudon	92

Average Sales Prices

YOY change (AED/sq.ft.) for Q1 2025 vs Q1 2026

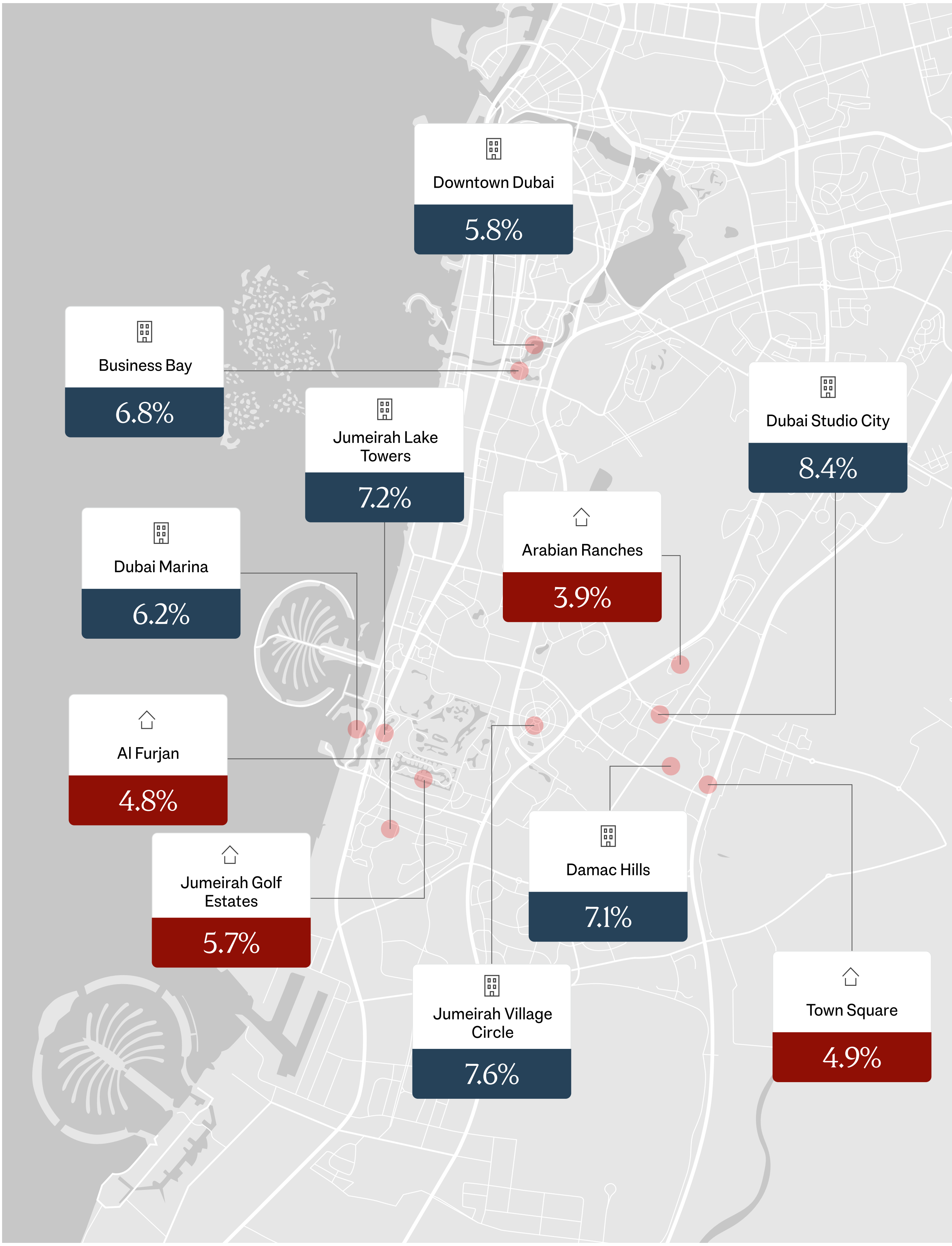
◆ Villas & townhouses ◆ Apartments



Rental Yields

Average gross yield as of March 2026

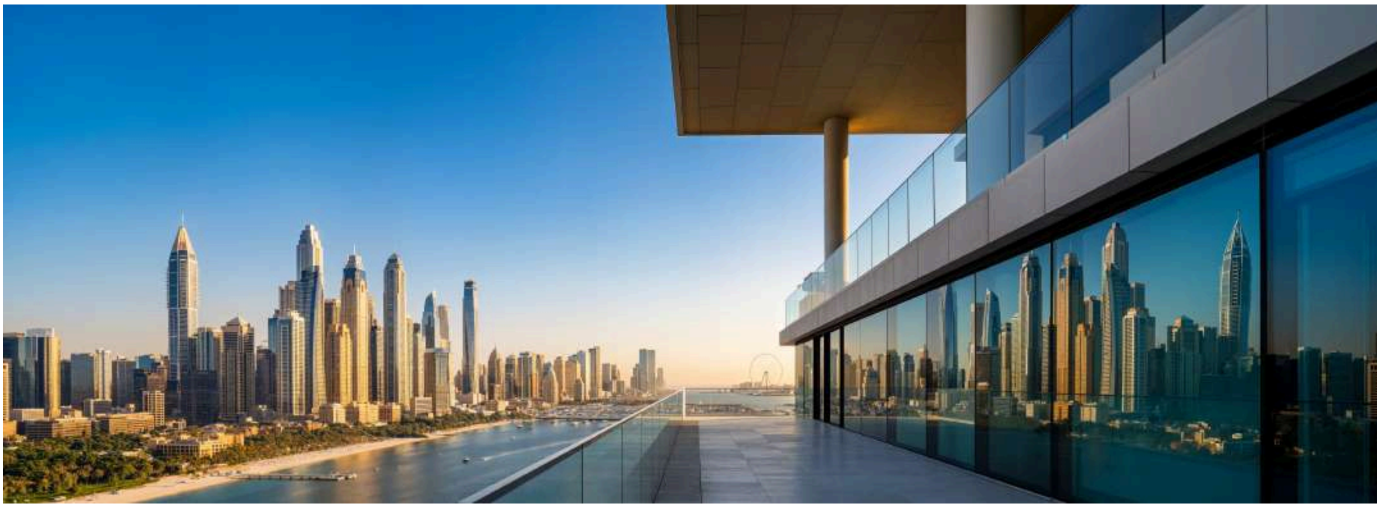
◆ Villas & townhouses ◆ Apartments



02 Luxury Sales

RESILIENCE AT THE TOP END

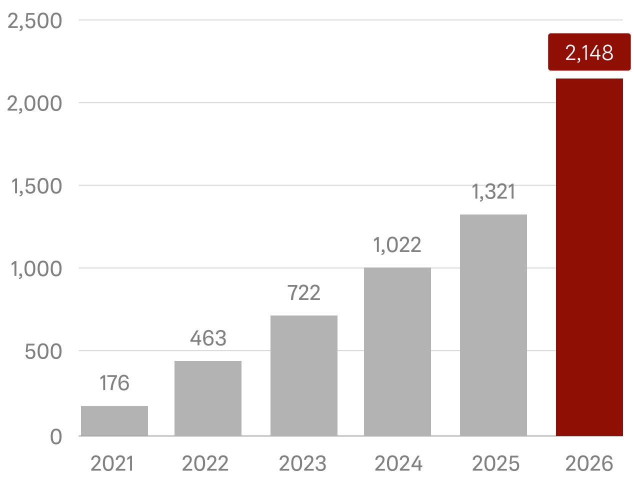
Luxury Market



APARTMENT (SECONDARY)	VILLA (SECONDARY)	TOWNHOUSE (SECONDARY)
AED 90 Million	AED 340 Million	AED 34 Million
5 Bedrooms	6 Bedrooms	3 Bedrooms
Bluewaters Residences, Bluewaters Island	Jumeirah Bay Island	Eden House The Canal, Dubai Water Canal
APARTMENT (OFF-PLAN)	VILLA (OFF-PLAN)	TOWNHOUSE (OFF-PLAN)
AED 422 Million	AED 350 Million	AED 20.8 Million
6 Bedrooms	6 Bedrooms	6 Bedrooms
Aman Residences, Jumeirah 2	Jumeirah Asora Bay, La Mer	Terra Golf Collection, Jumeirah Golf Estates

Dubai's luxury residential market recorded 2,148 transactions above AED 10 million in Q1, a 62.6% increase compared to the same period last year. This marks one of the highest quarterly totals on record, highlighting the depth of demand within the ultra-prime segment. High-value transactions remained a defining feature of the quarter, with multiple sales exceeding AED 300 million. Notable deals included a AED 422 million off-plan apartment at Aman Residences, a AED 350 million villa at Jumeirah Asora Bay, and a AED 340 million secondary market villa on Jumeirah Bay Island, reinforcing Dubai's position as a leading global destination for ultra-luxury real estate.

Sales transactions above AED 10M (Q1)

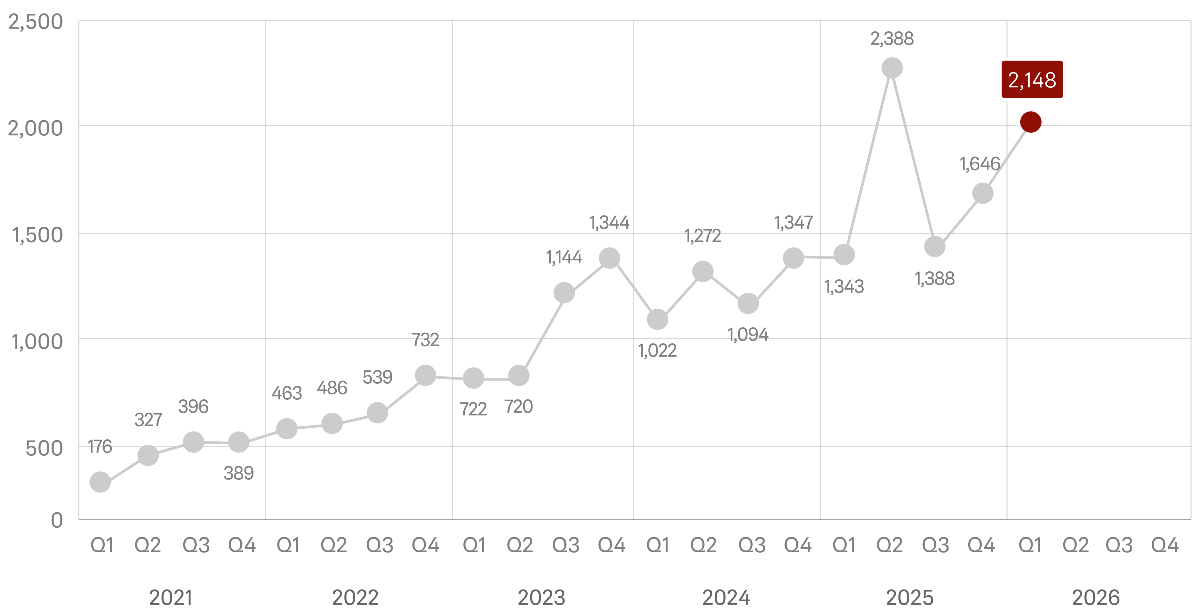


Source: Property Monitor

+63%

Sales over AED 10 million increased by 63% year on year, highlighting sustained demand from high-net-worth buyers. Activity at this level continues to be supported by global wealth inflows and Dubai's position as a leading destination for luxury real estate.

Quarterly luxury sales trend (AED 10m+)



Source: Property Monitor

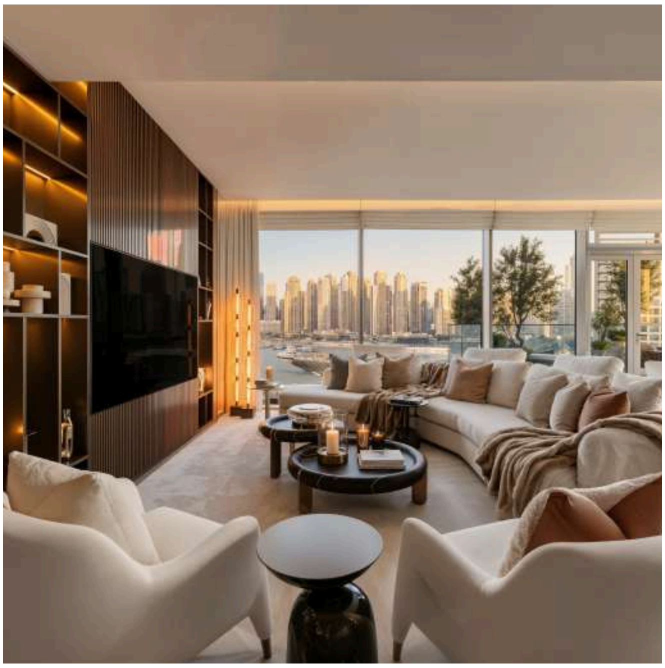
Transactions over AED 10 million

Community	Units sold
The Oasis	515
Dubai Hills Estate	169
Palm Jumeirah	117
Palm Jebel Ali	108
Nad Al Sheba	105
Jumeirah Golf Estates 2	103
The Heights Country Club and Wellness	94

Transactions over $10 million

Community	Units sold
Palm Jumeirah	35
Dubai Hills Estate	33
Palm Jebel Ali	21
Naia Island	18
Jumeirah	12
La Mer	8
Mohammed Bin Rashid City	8

Luxury transactions in Q1 were distributed across a broad mix of both established and emerging communities, reflecting the growing depth of Dubai's ultra-prime market. Master-planned villa destinations such as The Oasis led activity by volume, alongside continued demand in Dubai Hills Estate, Palm Jumeirah, and Nad Al Sheba, highlighting the sustained appeal of lifestyle-driven residential environments.



At the highest end of the market, established prime locations such as Palm Jumeirah and Dubai Hills Estate continue to dominate transactions above $10 million. At the same time, newer waterfront destinations including Palm Jebel Ali, Naia Island, and La Mer are gaining traction, alongside inland communities such as Jumeirah Golf Estates 2 and The Heights, where demand is increasingly centred around lifestyle, wellness, and long-term community design.

03 Mortgages

COMPETITIVE LENDING, GREATER SELECTIVITY

Mortgages

Dubai's mortgage market remained active through the early part of Q1 2026, continuing the momentum seen at the end of 2025. Demand for mortgage financing remained strong, supported by competitive lending conditions and efficient processing timelines.

Activity became more measured toward the end of the quarter, with March seeing a slowdown in line with broader market disruption. However, transactions continue to progress, and banks maintain a clear appetite for lending.

While fixed rates have remained broadly stable, with a handful of banks offering rates just below 4%, lending conditions have become more nuanced.

Some banks have introduced more selective criteria, including adjustments to loan-to-value ratios, and in certain cases, a pause on non-resident lending. In some instances, lower rates have been paired with tighter lending terms, reflecting a more cautious approach to risk.

Looking ahead, the overall lending environment remains supportive, with no significant shifts in interest rates expected. Dubai continues to offer competitive mortgage options, although navigating the market is becoming more complex. As a result, accessing a broad range of lenders is increasingly important to secure the most suitable terms.

Best Available Fixed Rates

Fixed-rate period	Without salary transfer	With salary transfer
2-Years	3.95%	3.79%
3-Years	4.1%	3.95%
5-Years	4.29%	4.19%

As of April 13th

"Lending conditions remain competitive, and we are still seeing demand from both new and returning clients. While some banks have become slightly more selective, there are still very good options available, which makes it increasingly important for buyers to compare across the market rather than relying on a single lender."

Rosie Patterson | Senior Mortgage Consultant, Engel & Völkers Dubai

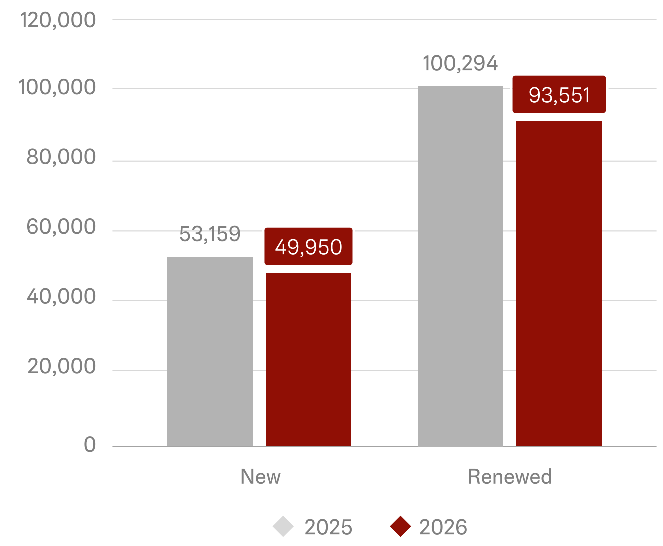
04 Residential Leasing

MODERATING ACTIVITY, RESILIENT RENTAL VALUES

Leasing

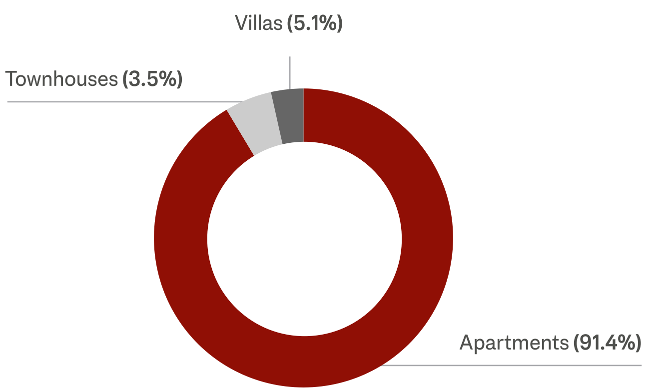
Dubai's residential leasing market remained active in Q1 2026, with a total of 146,501 contracts registered, a 4.6% decrease compared to the same period last year. Both new and renewed contracts declined modestly, reflecting a more measured start to the year following a period of sustained rental growth. The slowdown is likely linked to a combination of timing effects and more cautious tenant behaviour following the late-February disruption, with some renters delaying decisions. Delays in the registration of rental contracts may also have had an impact, with overall demand for rental properties remaining strong. Apartments continued to dominate leasing activity, accounting for 91.4% of all contracts, with studios and one-bedroom units making up over half of total transactions. Rental values remained elevated, with average rents rising from AED 77 to AED 87 per square foot over the last 12 months, reflecting higher pricing and a shift toward smaller unit sizes across the market.

New & renewed contracts



Source: Property Monitor

Property type mix



Source: Property Monitor

Average rental price

Property Type	Avg.Rent (AED/year)
Studio	42,165
1-Bed	62,767
2-Bed	87,778
3-Bed	147,643
4-Bed	285,563
5-Bed	496,047

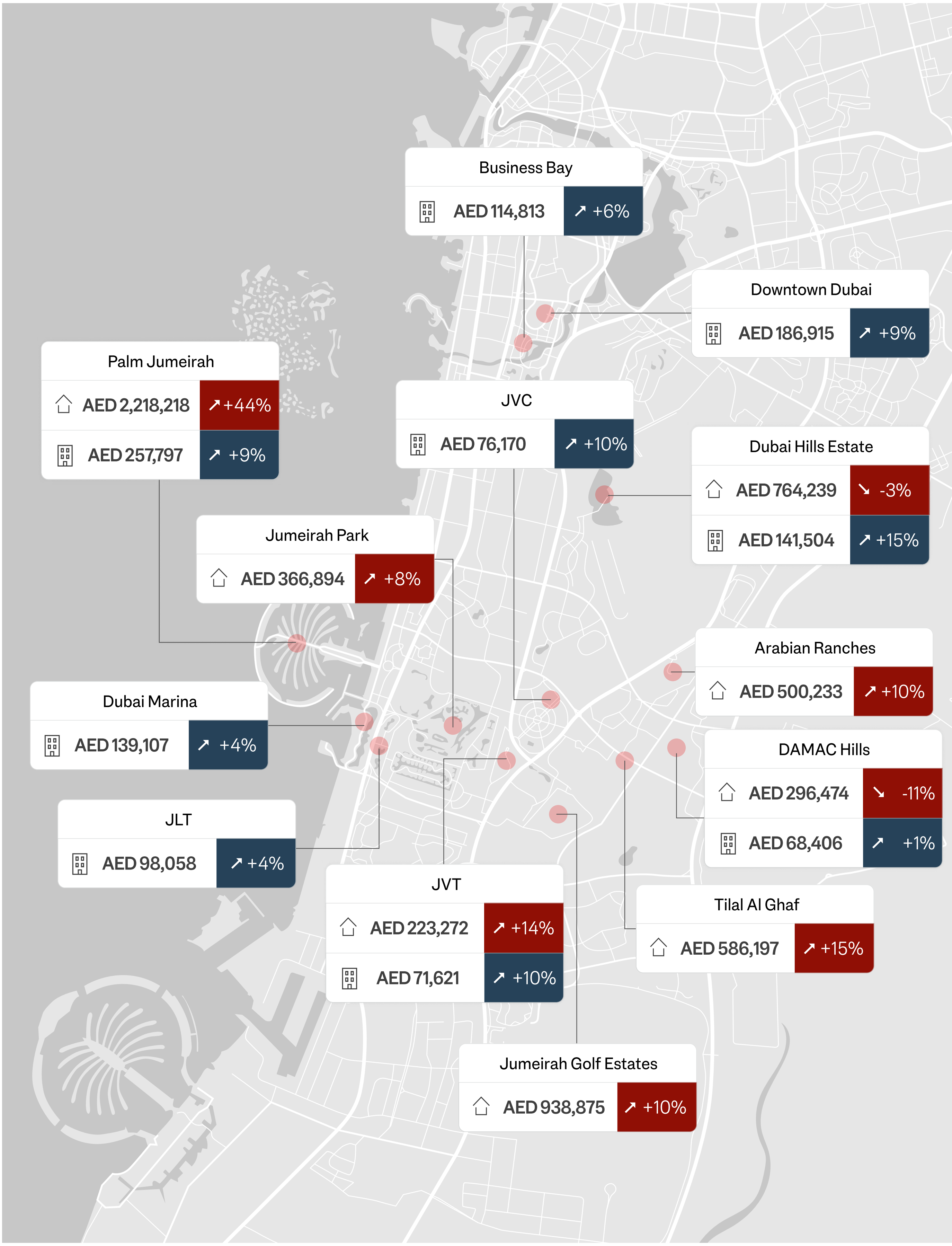
"While leasing activity has eased slightly, tenant demand remains consistent across the market, particularly for well-priced, quality properties. We are seeing a more balanced environment emerge, with greater alignment between landlords and tenants supporting steady deal flow."

Jake Fletcher | Head of Leasing

Average leasing prices

YOY change for Q1 2025 vs Q1 2026

◆ Villas & townhouses ◆ Apartments



Outlook: 2026

Dubai's residential real estate market enters the remainder of 2026 from a position of underlying strength, although near-term conditions are expected to remain more measured. Activity levels are likely to moderate as regional uncertainty continues to evolve, but the fundamental drivers of demand remain firmly in place.

The current environment is likely to support a more balanced and opportunity-driven market. Greater pricing alignment between buyers and sellers, combined with increased flexibility in both sales and leasing segments, is creating conditions that favour disciplined and well-informed decision-making. For investors and end-users alike, this shift presents opportunities to access assets based on value and long-term fundamentals, rather than competing in a momentum-driven market.

As the market continues to mature, performance is expected to become increasingly differentiated. Outcomes will depend more heavily on location quality, developer track record, build quality, and long-term liveability, with stronger assets and communities continuing to outperform. This places greater importance on research, selectivity, and professional advisory in navigating the market effectively.

Dubai's long-term real estate outlook remains unchanged. Over the past two decades, the market has demonstrated a consistent ability to adapt and recover through periods of global disruption, supported by pro-investment government policy, sustained population growth, and continued international capital inflows. While conditions may fluctuate in the near term, these structural drivers continue to underpin the market's long-term trajectory.

Looking ahead, Dubai remains well-positioned as a global hub for investment, business, and lifestyle. As market conditions stabilise, activity is expected to normalise, supported by strong fundamentals, institutional maturity, and a depth of demand that continues to distinguish it on the global stage.

A global network with local market experts

For 49 years, we have specialized in the brokerage of residential and commercial property in the premium segment. As a leading real estate platform, we operate across 5 continents, providing specialized local knowledge on a global scale.

> 35
COUNTRIES
Ensure our presence across five continents

> 45
YEARS
Successful in global real estate since 1977

> 200
AGENTS
Professional real estate consultants in Dubai

> 16,700
PEOPLE
Work under the brand around the world

> €1.3 Bn
REVENUE
The total turnover (gross) in 2025

> 1,100
LOCATIONS
Provide local market expertise from experts

Methodology

Our market experts have taken a holistic approach to provide a comprehensive overview of Dubai's residential real estate market for Q1 2026. We have used the Property Monitor Intelligence Platform, which contains detailed DLD transaction information, alongside our internal sales and leasing data, to build a full picture of market trends and dynamics. This rigorous analysis ensures an in-depth understanding of the residential real estate market in Dubai.

Meet the team

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