

Investor Decision-Making Guide

In the Year of Supply
Competition 2026

Data-Driven Analysis of the Dubai Real Estate
Market and the Investment Risk–Opportunity Map

2026



Knowledge is power.



What You Will Learn in This Analytical Report:

2026 marks a turning point where broad market growth is no longer a reliable guarantee of returns. The market is entering a phase of **supply competition**, where investment outcomes are increasingly determined by **the selection of location and project**, more than ever before.

This report presents a **data-driven decision-making framework** and addresses the following key questions:

- How much did the Dubai real estate market actually grow in 2025, and in which segments and locations was this growth concentrated?
- Why was 2025 a structural turning point, and what signals indicate the transition toward a supply-driven market in 2026?
- What impact will the unprecedented supply wave in 2026 have on prices, rental performance, and liquidity?
- Which areas face the highest risk of oversupply in 2026, and which locations still demonstrate resilient, demand-backed absorption capacity?
- Where are the key risks and opportunities in 2026, and how can they be measured using defined, data-driven indicators?
- Which metrics and variables should investors prioritize in 2026?
- Given the overlap between **high-supply zones and resale value hubs**, how should a practical project selection strategy be designed?

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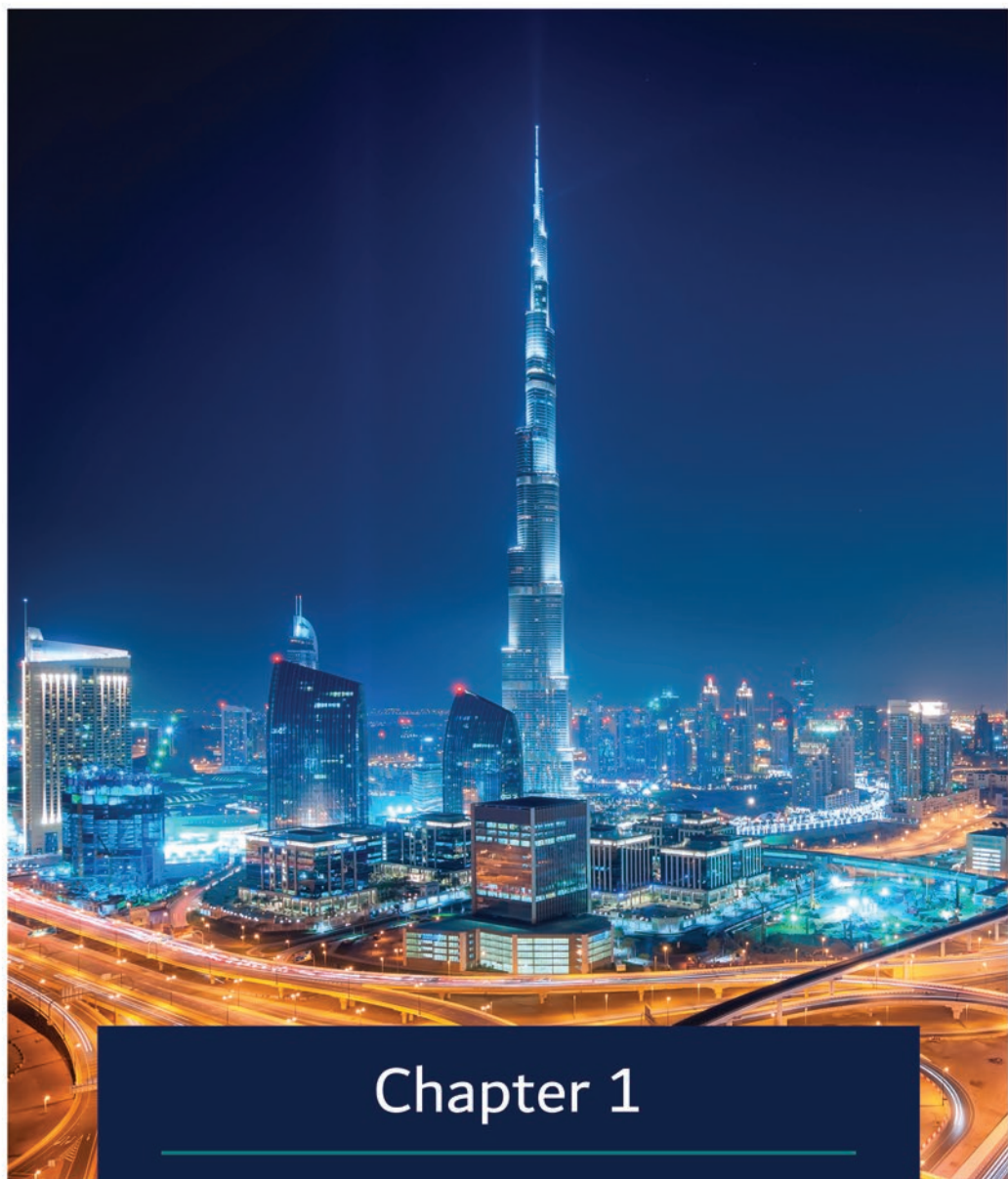


Preface

After several years of rapid growth, the Dubai real estate market is entering a new phase—one in which investment returns will no longer be driven by broad-based market expansion, but by **precise project selection**.

In 2026, an unprecedented wave of unit deliveries will intensify competition across projects, making investor decision-making more dependent than ever on **data, analysis, and risk assessment**.

Drawing on real market data, this report provides a **practical framework** for identifying risks and opportunities in this supply-driven environment. Its objective is to enable investors to enter this new phase with a more **realistic perspective**, greater clarity, and more informed, disciplined decision-making.



Chapter 1

Author's Note



What Did 2025 Tell Us, and What Does 2026 Demand?

686.6
Billion AED
2025 transactions total value

The year 2025 marked a period of **“growth accompanied by structural transformation”** for the Dubai real estate market. With 215,831 transactions and a total transaction value of AED 686.6 billion, the market not only reached one of the most active years in recent history in terms of volume and value, but also entered a new phase in terms of **capital behavior and demand orientation**.

The simultaneous growth in both transaction volume and value indicated that the market was not merely experiencing a temporary surge, but was developing greater depth and strengthened liquidity. However, the core message of 2025 was not just growth—it was a **shift in the engine of growth**.

Data shows that off-plan (primary market) transactions accounted for approximately **68% of total transaction volume and 62% of total transaction value**. This is a clear indication that capital in 2025 moved more strongly than ever toward under-construction projects. In other words, a significant portion of demand in 2025 was **future-oriented demand**, the real impact of which will materialize during delivery years—primarily in the form of **supply competition and pressure on market absorption**.

At the same time, it is essential to recognize a fundamental point: the growth of Dubai's real estate market during this period was not solely driven by investment sentiment or short-term cycles. It was underpinned by **strong macroeconomic and demographic fundamentals** of the UAE.

In recent years, the UAE has experienced significant population growth, largely driven by **positive net migration**.

The total population of the country in 2024 was estimated at approximately **11.35 million**, with around **88% consisting of expatriates**. This composition highlights that population growth in the UAE is directly linked to the inflow of foreign workforce, investors, and entrepreneurs.

Dubai has been the primary engine of this population expansion. By October 2025, its population reached approximately **4.03 million**, reflecting an increase of more than **208,000 people within a single year** (a growth rate of **5.43%**). A similar trend was observed in 2024, when Dubai's population grew by around **5.5%**, increasing from approximately **3.66 million at the end of 2023** to about **3.86 million at the end of 2024**.

In addition, estimates indicate that the UAE's annual net migration has been approximately **300,000 people** in recent years. Such rapid population growth directly translates into increased demand for residential units (both rental and ownership), higher occupancy levels, and a stronger underlying demand base in the real estate market.

This demographic momentum will act as a **supporting factor** in 2026, helping absorb part of the upcoming supply wave—although its impact will not be uniform across all areas.

Alongside population growth, the expansion of the business environment and employment has served as a **second major driver of real estate demand**. Regulatory reforms and economic liberalization have led to a sharp increase in company registrations and business licensing activity. In Dubai, the number of active business licenses reached approximately **583,000 in 2025**, representing an increase of around **75% compared to 2021**.

The growth in business formation has also strengthened employment. In 2024, the total workforce reached a record **9.4 million**, with an economic participation rate of approximately **81%** and an unemployment rate of around **1.9%**, one of the lowest globally.

These figures send a clear signal to the real estate market:

- Rising employment and economic activity increase demand for residential, office, and commercial spaces
- New companies require office space
- New workforce entrants require rental and ownership housing

As a result, business and employment growth provide a **direct foundation** for the rental market, the office sector, and the sustainability of residential demand.

At the same time, the UAE's economic growth, combined with controlled inflation, has created a relatively stable environment that supports continued real estate investment attractiveness.





After recording approximately **7% economic growth in 2022**, the UAE economy grew by **3.6% in real terms in 2023**, and is estimated to grow by **4.5% in 2025**.

Importantly, the primary engine of this growth has been the **non-oil sector**, which accounted for more than **77% of the economy in 2025**.

Meanwhile, inflation declined from a peak of approximately **4.8% in 2022** to around **1.6% in 2023**, and stabilized between **1.7% and 2% in 2024**. For 2025, inflation is estimated at approximately **2.3%**.

This combination of **strong economic growth and controlled inflation** typically creates a favorable environment for real estate markets, as it supports income growth, employment expansion, and purchasing power stability—allowing both rental and sales markets to function more sustainably.

77%
the non-oil share
of the economy
By 2025

2.3%
Inflation
for 2025

However, the central message of this report for 2026 is clear:

The market is entering a new phase in which **supply and project-level competition** will play a more decisive role than overall market trends in determining price movements, rental performance, and liquidity.

Supply data indicates that approximately **174,238 residential units across 723 projects** are scheduled for completion in 2026—a significant increase compared to 2025.

However, it is important to note that of this total, only around **51,279 units** have reached more than **50% construction progress**. In practice, some projects may face delivery delays due to execution or operational factors. Therefore, the actual number of delivered units will likely be lower than the registered figure.

Nevertheless, even this planned level of supply is sufficient to fundamentally change decision-making dynamics:

From “market selection” to “project selection.”



Under these conditions, even with strong economic and demographic support, winners and losers will be determined not at the overall market level, but at the level of **specific projects and locations**. The market is transitioning from a broad growth trajectory to a **selection-driven environment**.

For this reason, this report has been developed to provide a **practical decision-making framework** for investors—one that relies on data and risk–opportunity analysis rather than market sentiment.

This framework guides investors across three core dimensions:



These three pillars determine which projects and locations are more likely to demonstrate resilience during the 2026 supply wave, and which may face pressure in the form of slower sales, rental compression, or moderated price growth.



This report is based on transaction data from 2024 and 2025 (both off-plan and secondary market), as well as residential and office supply data from 2023 to 2027. Price indicators have been derived using both **median and average values**, segmented by asset type, while supply analysis is based on registered delivery data within the supply database.

It is also important to emphasize that this report is directly grounded in supply and transaction data, along with economic and demographic indicators. Broader global macroeconomic risks fall outside the scope of the data covered in this edition.

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This report is based on official data from the Dubai Land Department and internal analysis by Homeland, and is provided solely for informational purposes and data-driven insights.

The content of this report does not constitute definitive investment advice or a guarantee of returns. Responsibility for any decisions made based on this analysis rests entirely with the reader.

We hope this report helps you approach the Dubai real estate market in the current year with greater clarity, more precise criteria, and a more informed decision-making perspective.

Glossary of Terms

To ensure clarity and avoid differing interpretations, the key terms used in this report are defined as follows:

Off-Plan (Primary Sales):

Transactions related to the sale of units in under-construction or newly launched projects directly by the developer.

Secondary Market (Resale):

Transactions involving the buying and selling of units within the secondary market, including both ready properties and off-plan resale units.

Benchmark Price:

The **median** (not average) price of secondary market transactions within a specific area (or comparable projects). This serves as the primary reference for evaluating whether the **Entry Price** of a new project is reasonable. In a supply-driven market, secondary market prices represent the most reliable benchmark for determining true value.

Entry Price:

The purchase price of a unit at the time of investor entry (typically a primary purchase from the developer). In this report, entry price is analyzed in terms of **AED per sqft** to enable accurate comparison across similar projects.

Liquidity:

The ability of a property or project to be resold in the secondary market within a reasonable timeframe and at a fair price. Liquidity is typically assessed through resale transaction volume, demand depth, and the level of activity in the secondary market.

Supply-Driven Market:

A market condition in which the volume of newly delivered units is sufficiently high that supply becomes the dominant factor influencing pricing, rental performance, and liquidity. In such markets, competition between projects intensifies, and investment decisions must be made at the project and location level.

Effective Absorbing Demand (EAD):

An indicator measuring the true **absorption capacity of the market**, reflecting how much of the prior year's transactions in a given area can realistically absorb new supply and support resale or rental activity.

In this report, 2025 transactions are weighted based on their absorption strength and exit relevance:

- Secondary Ready: weight 1.0
- Primary Ready: weight 0.7
- Secondary Off-Plan: weight 0.4
- Primary Off-Plan: weight 0.2

Formula:
$$\text{EAD} = (1.0 \times \text{Secondary Ready Tx}) + (0.7 \times \text{Primary Ready Tx}) + (0.4 \times \text{Secondary Off-Plan Tx}) + (0.2 \times \text{Primary Off-Plan Tx})$$

Adjusted Supply Pressure (ASP):

An operational indicator measuring the intensity of supply competition in a given area by comparing 2026 delivered units to the **Effective Absorbing Demand (EAD)** of 2025.

A higher ratio indicates that incoming supply exceeds the area's real absorption capacity, increasing competition in both sales and rental markets.

Formula:

$$\text{ASP} = \text{Units Delivered 2026} \div \text{EAD 2025}$$

Rental Pressure Index (RPI):

An indicator measuring rental market risk by comparing 2026 delivered units to the **available vacancy capacity** in the rental market.

Formulas:

$$\text{Vacancy Rate} = 1 - \text{Occupancy Rate}$$

$$\text{Rental Absorption Capacity} = \text{Ready Stock} \times \text{Vacancy Rate}$$

$$\text{RPI} = \text{Units Delivered 2026} \div \text{Rental Absorption Capacity}$$

Secondary Share:

The proportion of secondary market transactions (ready + off-plan resale) relative to total transactions in a given area over the past year. A higher share indicates a more active exit market and a stronger role of the secondary market in price formation and liquidity.

Formula:

$$\text{Secondary Share} = \text{Secondary Tx} \div \text{Total Tx}$$

Secondary Turnover:

Measures the proportion of **ready stock** that is traded in the secondary market over a one-year period. A lower turnover rate indicates slower exit conditions and higher sensitivity during supply waves.

Formula:

Secondary Turnover = Ready Secondary Tx ÷ Ready Stock

Occupancy Rate:

The percentage of occupied residential units (units with residents) relative to the total available stock in a given area. A high and stable occupancy rate indicates strong real demand and rental market stability, while a decline may signal supply pressure or weakening absorption.

Resale Value Hub:

Areas where the total value of secondary market transactions in the past year is significantly high, acting as **core value centers** within the market. These areas typically offer strong liquidity and capital depth but may face intensified competition if coinciding with new supply waves.

Premium Unit:

A unit that holds a clear competitive advantage over comparable units within the same project, typically demonstrating stronger resilience in both rental and resale markets. Examples include units with superior location, better views, efficient layouts, or any distinctive and scarce feature with strong end-user demand.

A photograph of the Dubai skyline at dusk. The Burj Khalifa is the central focus, its spire reaching into a clear blue sky. To its left, several other skyscrapers are visible, some with illuminated facades. The overall scene is a mix of modern architecture and natural light from the setting or rising sun.

Chapter 2

Dubai Real Estate Market Performance in 2025

By the Numbers

From both value and volume perspectives, 2025 stands as one of the most active years in the history of the Dubai real estate market. However, for investment analysis, what matters more than the absolute size of the numbers is **where this growth occurred and how the market structure has shifted**—specifically toward **off-plan (primary market)** and toward areas that simultaneously function as **volume centers and value hubs**.

Table 1 — Key Market Indicators

Indicator	2024	2025	Change
Total Transactions	182,283	215,831	18%
Total Transaction Value (AED billion)	526.4	686.6	30%
Off-Plan Transactions (Volume)	118,608	146,932	24%
Off-Plan Transactions (Value, AED billion)	328.7	431.9	31%
Secondary Transactions (Volume)	63,675	68,899	8%
Secondary Transactions (Value, AED billion)	197.7	254.7	29%

This table highlights that market growth in 2025 occurred along two simultaneous dimensions:

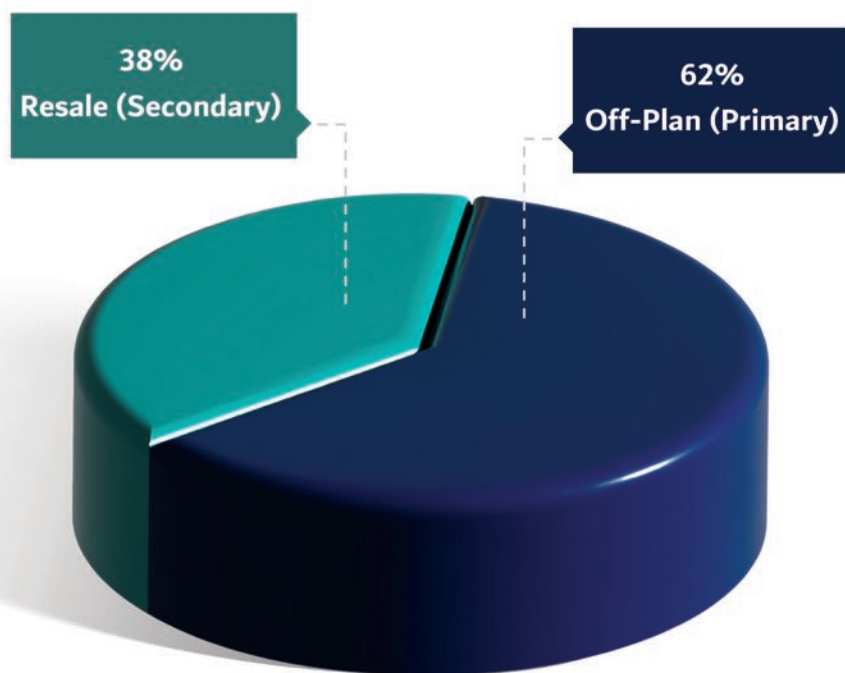
- 1. Increase in transaction volume (depth of demand), particularly in the primary (off-plan) market**
- 2. Increase in transaction value (capital inflow into the market)**

This combination has moved the market into a **deeper and more liquid phase**.

Table 2 — Off-Plan vs Secondary Market Share (2025)

Segment	Off-Plan (Primary)	Resale (Secondary)
Transactions	146,932	68,899
Share (Volume)	68%	32%
Transaction Value	AED 431.9 billion	AED 254.7 billion
Share (Value)	62%	38%

Market Share | 2025



Investors in 2026 must monitor **both markets simultaneously**:

- The **primary market** as the leading indicator of capital flow
- The **secondary market** as the reference point for **liquidity and benchmark pricing**

Table 3 — Price Indicators (2025)

Indicator	2025
Median Transaction Value (AED)	1,548,512
Average Transaction Value (AED)	3,180,925
Median Price (AED per sqft)	1,655
Average Price (AED per sqft)	1,867



The significant gap between **median and average** transaction prices in 2025 indicates a **two-layered market structure**:

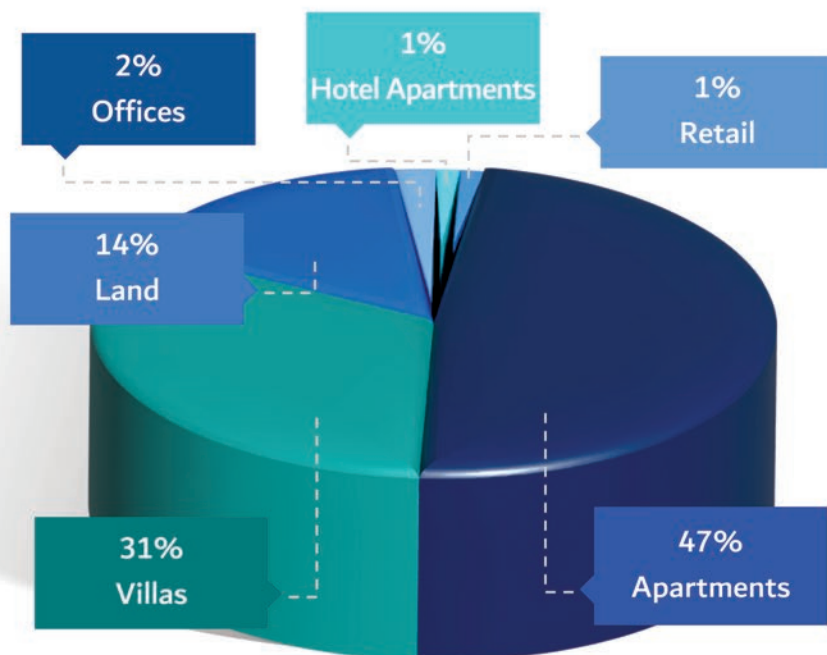
- A high-volume segment concentrated in the mid-market range
- A lower-volume but highly influential segment of premium and luxury transactions

Therefore, price trend analysis should not rely on a single average figure, but instead focus on **segmentation by location and asset class**.

Table 4 — Property Type Composition of Total Sales Transactions (2025)

Property Type	Transactions	Share (Volume)	Transaction Value (AED billion)	Share (Value)
Apartments	166,296	77%	324.7	47%
Villas	34,946	16%	211.2	31%
Other Land	1,802	1%	67.8	10%
Residential Land	1,039	0%	26.8	4%
Offices	4,554	2%	13.2	2%
Hotel Apartments	3,424	2%	6.9	1%
Retail	1,510	1%	4.8	1%

Share of property types in transaction value in 2025





Homeland Realty Analysis

Trends and Market Drivers in 2025

From the perspective of capital behavior and transaction structure, the 2025 market evolved into a **dual-engine system**—a market in which **off-plan (primary market)** drives transaction volume, while the **secondary market (resale)** anchors value and liquidity of completed assets.

This structure carries an important implication for investors:

In 2026, it is no longer sufficient to rely on overall market growth. Instead, investors must evaluate **capital flow dynamics and liquidity conditions at the area and project level.**



Volume Engine

Off-Plan (Primary Market)

Off-plan transactions, with **146,932 deals** and a total value of **AED 431.9 billion**, accounted for the dominant share of transaction volume in 2025. The growth of **24% in transaction volume and 31% in transaction value** (year-on-year) indicates that a significant portion of capital has moved toward under-construction projects.

This behavior is typically driven by a combination of:

- **Attractive entry pricing**, particularly in newly launched villa projects
- **Flexible payment plans**, often structured over approximately four years
- **Expectation of price appreciation until delivery**, typically within a three- to five-year timeframe

This pattern confirms that a substantial portion of 2025 demand was **future-oriented demand**, with its primary impact expected to materialize during delivery periods—specifically through **absorption dynamics and intensified supply competition**.

Value Engine:

Ready Properties (Secondary Market)



₹245.7
Billion
total value of secondary sales



Although the secondary market accounts for **32% of total transaction volume**, it represents a substantial **AED 254.7 billion in transaction value**. The **29% growth in transaction value**, compared to a more modest **8% growth in transaction volume**, indicates that a significant portion of market value is being generated through **ready assets and mature areas**. From an investor's perspective, the secondary market plays the role of a **benchmark pricing mechanism**, as it reflects:

- More liquid transactions
- More realistic price discovery
- Stronger exit comparability

As a result, it provides a more reliable reference point for investment decision-making.

Developers

A Primary Filter in Project Selection

In a market transitioning into a **supply competition phase**, selecting a project based solely on location and price is no longer sufficient. The **developer** becomes one of the most critical filters for risk mitigation.

The rationale is clear:

In a supply-driven environment, projects backed by developers with strong capabilities tend to perform better—particularly those with:

- Proven sales execution
- Established brand credibility
- Strong client networks
- Reliable delivery track records
- High-quality customer service and post-handover management
- Ability to sustain activity in the secondary market

Data from 2025 reveals which developers have captured the largest share of incoming capital in the off-plan market, and which developers have projects that generate the highest levels of liquidity and transaction value in the secondary market.

From an investor's standpoint, these insights translate into two practical tools:

Off-Plan Table: Identifies where future capital is being allocated and which developers are attracting it

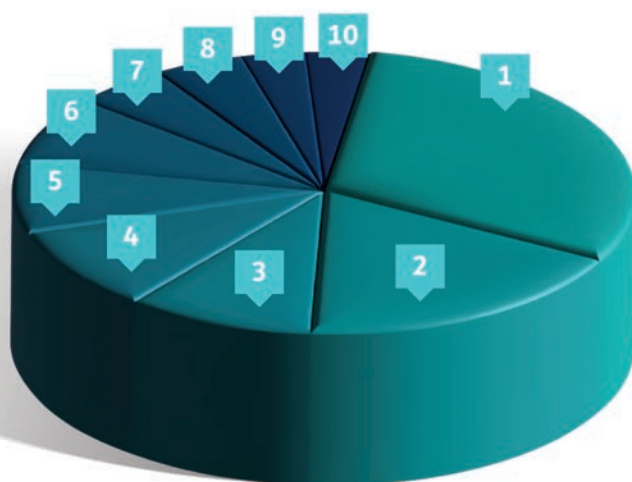
Secondary Market Table: Indicates which developers' projects demonstrate stronger liquidity and exit performance

Accordingly, in 2026 decision-making, developers that maintain both a **strong presence in off-plan sales** and **active performance in the secondary market** are generally associated with **lower liquidity risk** and **more stable pricing power**.

**Table 5 — Top 10 Developers in 2025
(By Off-Plan Transaction Value)**

Rank	Developer	Off-Plan Value 2025 (AED billion)	Share of Off-Plan Value	Off-Plan Transactions	Share of Transactions
1	Emaar	76.0	19%	16,013	11%
2	Damac	42.7	11%	16,687	11%
3	Binghatti	24.2	6%	16,219	11%
4	Sobha	24.2	6%	9,910	7%
5	Meraas	21.4	5%	2,321	2%
6	Nakheel	18.4	5%	1,878	1%
7	Aldar	10.4	3%	2,258	2%
8	H&H	10.1	3%	689	0%
9	Danube	7.5	2%	4,631	3%
10	Ellington	7.3	2%	2,725	2%

**2025 Developers Market Share
(off-plan transaction value)**





The concentration of a significant portion of off-plan value among a limited number of leading developers—particularly **Emaar**, **DAMAC**, and **Binghatti**—indicates that capital inflows into the primary market are largely directed toward **established and recognized brands**.

However, in areas facing potential oversupply, even branded projects must be evaluated based on **entry price and genuine competitive advantage**, rather than relying solely on the developer's name.

**Table 6 — Top 10 Developers in 2025
(By Secondary Market Transaction Value)**

Rank	Developer	Secondary Value 2025 (AED billion)	Share of Secondary Value	Secondary Transactions	Share of Transactions
1	Emaar	43.3	15%	9,166	14%
2	Nakheel	18.8	7%	4,780	7%
3	Damac	8.5	3%	5,599	9%
4	Dubai Properties	8.1	3%	2,358	4%
5	Meraas	4.5	2%	632	1%
6	Binghatti	2.7	1%	1,913	3%
7	Al Barari	2.6	1%	116	0%
8	Azizi	2.5	1%	2,455	4%
9	Union Properties	2.3	1%	1,041	2%
10	Majid Al Futtaim	2.2	1%	313	0%

The secondary market represents the **more realistic layer of the market**, as transactions are generally more cash-driven, more liquid, and more reflective of actual exit conditions. As such, it serves as the **true benchmark for pricing**.

A strong presence of a developer in the secondary market indicates that their projects benefit from:

- More active exit markets
- Stronger real demand
- Greater resilience in liquidity

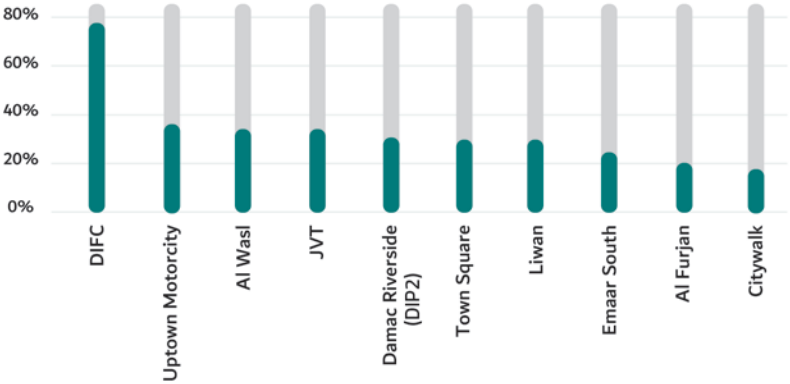
This becomes particularly important during periods of supply competition, where such projects tend to experience **less liquidity compression**.



**Table 7 — Apartment Price Growth by Area
(Median Price 2025 vs 2024)**

Rank	Area	2024 (AED/sqft)	2025 (AED/sqft)	Change
1	DIFC	1,979	3,514	78%
2	Uptown Motor City	703	951	35%
3	Al Wasl	2,150	2,885	34%
4	Jumeirah Village Triangle	939	1,256	34%
5	DAMAC Riverside (DIP2)	546	695	27%
6	Town Square	1,029	1,288	25%
7	Liwan	692	864	25%
8	Emaar South	929	1,133	22%
9	Al Furjan	1,064	1,277	20%
10	City Walk	2,196	2,605	19%

Apartment Areas with Highest Price Growth



This table shows that apartment resale price growth in 2025 significantly exceeded the overall market average in certain areas. For 2026, such locations must be evaluated carefully from the perspective of **supply pressure** and **demand sustainability**, as rapid price growth—when combined with incoming supply or declining occupancy—may lead to **price adjustments or moderated growth trajectories**.

Table 8 — Areas with the Lowest Growth or Price Decline in Apartments (Median Price 2025 vs 2024)

Rank	Area	2024 (AED/sqft)	2025 (AED/sqft)	Change
1	Mirdif	1,191	1,143	-4%
2	Dubai Industrial City	1,000	980	-2%
3	Dubai Harbour	3,655	3,586	-2%
4	Business Bay	1,820	1,791	-2%
5	Jebel Ali Downtown	1,079	1,064	-1%
6	Majan	931	931	0%
7	Al Jaddaf	1,507	1,512	0%
8	Dubai Studio City	1,362	1,374	1%
9	District One	2,136	2,182	2%
10	Jumeirah Beach Residence	1,681	1,772	5%

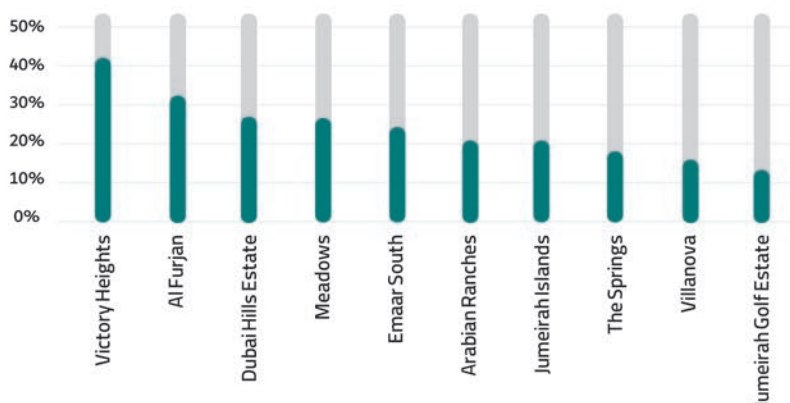
Weak or declining price performance in certain areas during a year of overall market growth signals **increased supply, intensified competition, or demand constraints**—either within those areas or among competing projects.

For 2026, such locations require **heightened scrutiny**, particularly in terms of **supply pressure and demand sustainability**.

Table 9 — Areas with the Highest Villa Price Growth (Median Price 2025 vs 2024)

Rank	Area	2024 (AED/sqft)	2025 (AED/sqft)	Transactions 2024	Transactions 2025	Price Change
1	Victory Heights	1,286	1,817	152	106	41%
2	Al Furjan	1,309	1,714	552	666	31%
3	Dubai Hills Estate	2,100	2,669	363	372	27%
4	Meadows	2,210	2,797	188	147	27%
5	Emaar South	971	1,212	305	290	25%
6	Arabian Ranches	1,738	2,111	418	359	21%
7	Jumeirah Islands	3,355	4,063	106	103	21%
8	The Springs	1,756	2,079	475	468	18%
9	Villanova	1,291	1,508	531	363	17%
10	Jumeirah Golf Estates	1,905	2,203	196	256	16%

Villa Areas with the Highest Price Growth



Villa price growth, when accompanied by relatively stable transaction volumes, reflects **sustained end-user and investment demand**.

However, in areas where transaction volumes decline while prices increase, **deeper area-level analysis is required**, as this may indicate tightening supply, reduced liquidity, or early signs of pricing pressure.

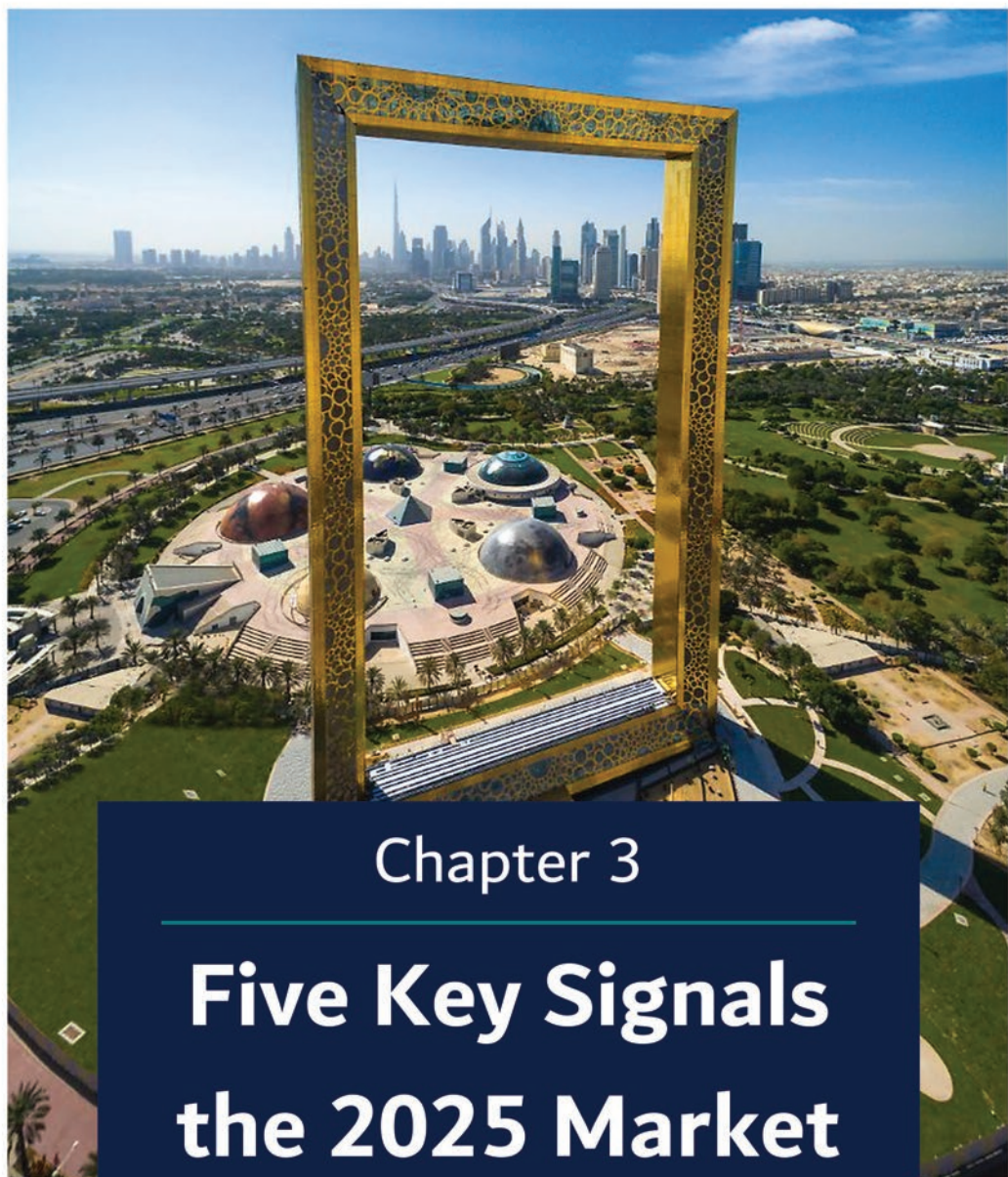
**Table 10 — Office Resale Price Growth (2025 vs 2024)
— Areas with More Than 100 Transactions**

Area	Transactions 2024	Median Price 2024 (AED/sqft)	Transactions 2025	Median Price 2025 (AED/sqft)	Price Change
Barsha Heights (TECOM)	148	1,200	267	1,650	38%
Dubai Silicon Oasis	179	645	150	854	32%
Jumeirah Lake Towers (JLT)	924	1,132	1,067	1,425	26%
Business Bay	1,237	1,473	1,229	1,820	24%

The office market in certain areas has experienced **notable price growth**. However, investment decisions in 2026 require careful evaluation of:

- **Upcoming office supply**
- **Rental trends**
- **Occupancy rates**

as these factors will play a critical role in determining the sustainability of current pricing levels.



Chapter 3

Five Key Signals the 2025 Market Sent to Investors

The year 2025 was not merely a year of growth—it was a year of **structural transformation**.

With **215,831 transactions** and a total transaction value of **AED 686.6 billion**, the market entered a new phase characterized by greater **depth and liquidity**. At the same time, the dominant share of off-plan transactions and the strong growth in secondary market value indicate that, heading into 2026, **project and location selection will become more important than overall market selection**.



1

Crossing AED 686.6 Billion and Establishing Deep Market Growth

Total transaction value in 2025 reached **AED 686.6 billion**, reflecting a **30% increase year-on-year**. Transaction volume also increased to **215,831 transactions**, representing **18% growth**.

The simultaneous growth in both value and volume signals a **highly active and structurally deep market**, where both **transaction turnover and capital inflow** have strengthened.



2

Off-Plan Established as the Primary Engine of Transaction Growth

Off-plan (primary market) transactions reached **146,932 deals**, with a total value of **AED 431.9 billion** in 2025.

The primary market has become the **main channel for capital entry**. This sends a clear message for 2026:

Investment outcomes will increasingly depend on:

- **Project quality**
- **Delivery timelines**
- **Developer credibility**



3

Growth in Secondary Market Value and Reinforcement of Ready Assets

The secondary market recorded **68,899 transactions** with a total value of **AED 254.7 billion**, representing **29% growth in value**.

Ready properties continue to function as the **core value layer of the market**. In a supply-driven environment, **secondary market pricing becomes the most reliable benchmark for assessing true project value**.



4

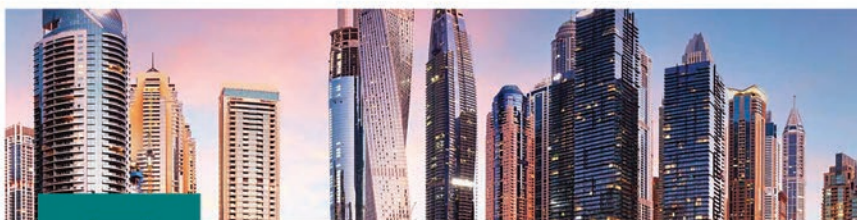
Emergence of a Two-Tier Market and the Importance of Median over Average

The **median transaction value** stands at **AED 1,548,512**, while the **average transaction value** reaches **AED 3,180,925**.

Similarly, the **median price per sqft** is **AED 1,655**, compared to an **average of AED 1,867**.

This divergence reflects the impact of high-value, low-volume luxury transactions, which elevate the average.

Therefore, price trend analysis must rely on **median values and segmented indicators**, rather than broad averages.

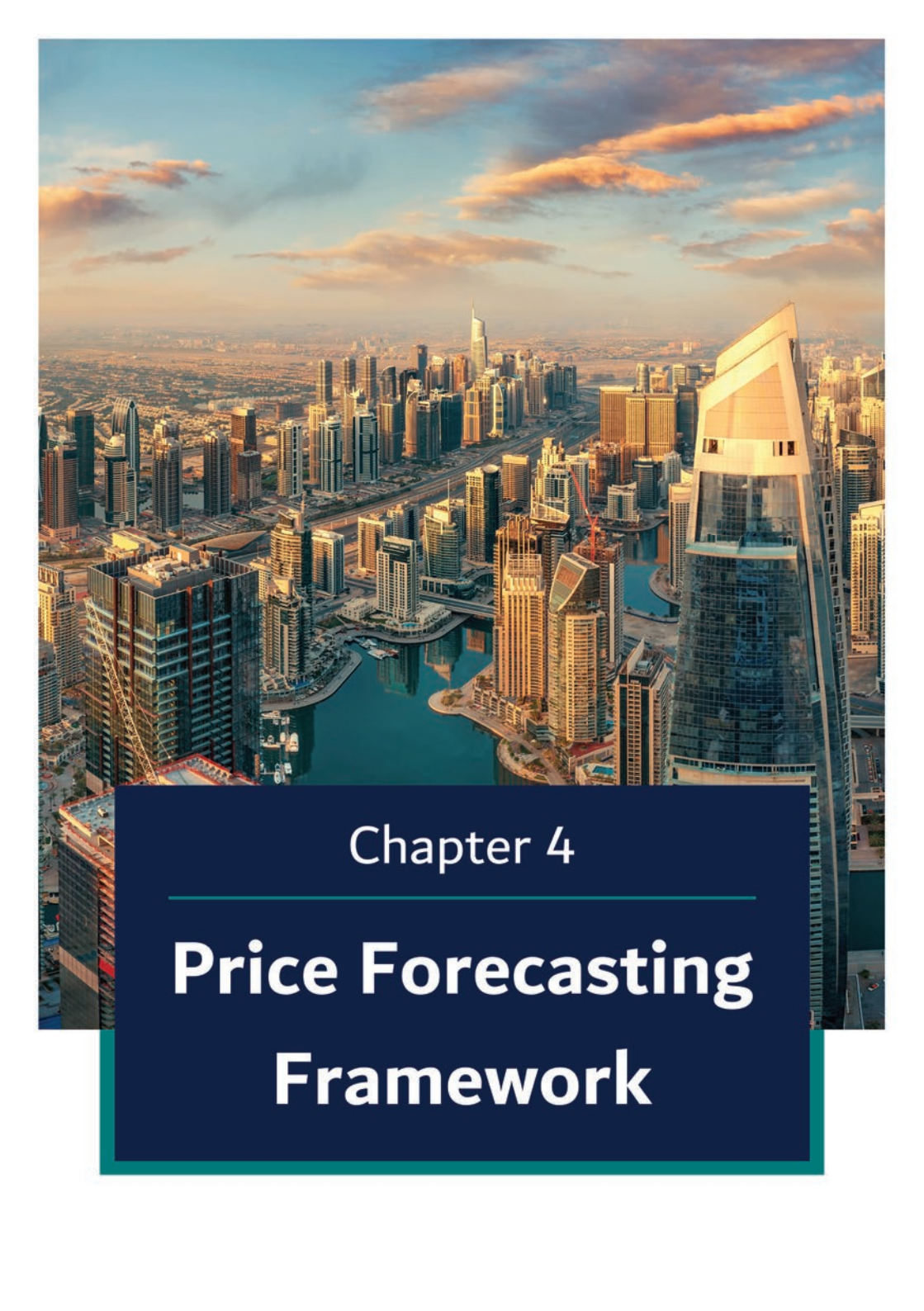


5

The Turning Point: From General Growth to Supply Competition

The concentration of demand in the off-plan segment, combined with the strengthening of the secondary market, indicates that the market is approaching a phase where **supply will play a decisive role in shaping pricing and liquidity dynamics**.

In 2026, **winners and losers will be determined at the project level—not at the overall market level**.

An aerial photograph of a city skyline at sunset. The sky is filled with soft, orange and pink clouds. The city is densely packed with skyscrapers and modern buildings. A large body of water, likely a canal or bay, is visible in the foreground, reflecting the city lights and the sky. The overall scene is vibrant and captures the essence of a bustling urban environment.

Chapter 4

Price Forecasting Framework

A Data-Driven Approach to Predicting Area-Level Price Trends (Decision Framework for 2026)

In a year of increasing supply, forecasting price trends in a given area can no longer rely on overall market growth. Investors must be able to simultaneously answer three critical questions:

How deep and sustainable is the area's real demand?

What level of competitive pressure will new supply introduce?

Does the area have sufficient rental absorption and liquidity capacity?



Assessing Demand and Liquidity



To forecast price trends in an area, the first step is to measure **demand strength** and **liquidity depth** using a data-driven approach.

This involves analyzing:

- Transaction volume and value from the previous year
- Monthly or quarterly transaction trends
- Price indicators, including both median and average transaction values and price per sqft

The objective is to determine whether price stability or growth is driven by **broad-based demand** or by a limited number of **high-value transactions**.

In parallel, the transaction structure of the area must be segmented:

- **Secondary market share**, as a direct indicator of the ready property market
- **Off-plan share**, as an indicator of investor behavior and capital flow direction

Off-plan activity should not be used as a direct pricing reference for ready properties; rather, it should be interpreted as a signal of **future supply and capital allocation trends**.

A nighttime photograph of a city skyline, likely Dubai, featuring several illuminated skyscrapers. The Burj Khalifa is prominent on the right, and other towers are visible on the left and in the center. The lights from the buildings reflect on the water in the foreground, which appears to be a canal or harbor. The sky is dark, and the overall scene is vibrant with city lights.

Assessing Supply Pressure and Its Impact on Pricing

The second step is to evaluate the **intensity of supply competition** and its impact on both pricing trends and transaction velocity—particularly in areas facing significant delivery pipelines.

In this report, instead of relying on raw comparisons, supply pressure is measured using the **Adjusted Supply Pressure (ASP)** metric, which compares 2026 delivered units to the **Effective Absorbing Demand (EAD)** of 2025.

To complete the risk assessment, two additional dimensions are evaluated simultaneously:

- **Rental risk**, measured through the **Rental Pressure Index (RPI)**, which compares new supply against the rental market's vacancy absorption capacity
- **Liquidity (exit) risk**, assessed through **secondary market share** and **secondary turnover**, which indicate exit depth and the speed of converting assets into cash

The outcome of this stage should clearly indicate whether the area in 2026 is likely to experience:

- **Price stability**
- **Selective, constrained growth**
- **Competitive pressure and risk of price adjustment**



Chapter 5

2026 Outlook and Risk–Opportunity Map



2026 Outlook

Opportunities, Risks, and the 2026–2027 Supply Wave

The Dubai real estate market enters a new phase in 2026—one in which **supply becomes the primary determinant** of price trends, rental performance, and liquidity dynamics.

Supply data indicates that residential unit deliveries in 2026 will reach a level representing an **unprecedented increase compared to 2025**. This shift marks the transition from **broad-based growth** to **project-level competition**, where differences between locations and projects will become more pronounced, and winners and losers will be determined with greater precision.

The 2026–2027 Supply Wave at a Glance (Supply Shock)

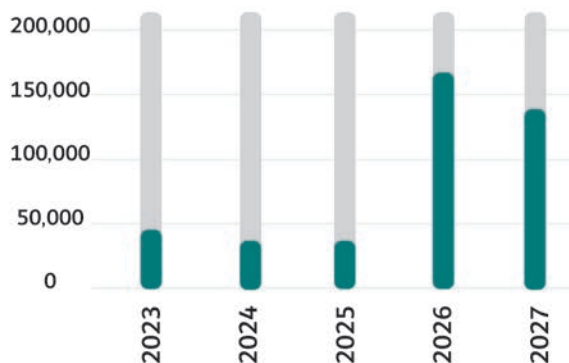
**Table 11 — Total Residential and Office Supply by Year
(Units / Leasable Area)**

Indicator	2023	2024	2025	2026	2027
Total Residential Supply (units)	43,856	34,742	35,783	174,238	137,970
Apartment Supply (units)	36,828	27,398	26,794	146,678	124,887
Villa Supply (units)	7,028	7,344	8,989	27,560	13,083
Office Supply (sqft)	849,620	88,822	541,847	2,535,987	873,661

Explanatory Note: The 2026 supply figures are based on projects with officially registered completion dates within that year. However, analysis of construction progress indicates that, out of approximately **174,238 residential units scheduled for completion in 2026**, only around **51,279 units** have reached more than **50% physical progress**.

Historical patterns in the Dubai real estate market suggest that a portion of projects typically experience delays due to execution, financial, or operational factors. As a result, some of this supply may be deferred to subsequent years.

Total Residential Supply (units)



Accordingly, the 2026 supply figures should be interpreted as an indicator of the **direction and magnitude of potential supply pressure**, rather than a guaranteed full delivery within the same year.

- Even after accounting for execution delays and delivery uncertainties, the scale of planned projects for 2026 is sufficiently large to shift market behavior from **general growth to project-level competition**.
- In the office sector, the sharp increase in supply in 2026 may exert pressure on rental rates and occupancy levels in certain areas, particularly in **older buildings or mid-quality projects**.



**Table 11-2 — Areas with the Highest 2026 Deliveries
(Projects Above 50% Construction Progress)**

Area	Units
Damac Lagoons	6,638
Jumeirah Village Circle	5,795
Business Bay	5,387
Dubai Hills Estate	2,588
Damac Hills 2	1,926
Dubai Marina	1,842
Arabian Ranches 3	1,617
Dubai Creek Harbour	1,501
Palm Jumeirah	1,304
Arjan	1,269
Dubai Studio City	1,228
Jumeirah Lake Towers	1,149

This table highlights areas with the highest number of units scheduled for completion in 2026 and with construction progress exceeding 50%—indicating a higher probability of actual delivery within the year.

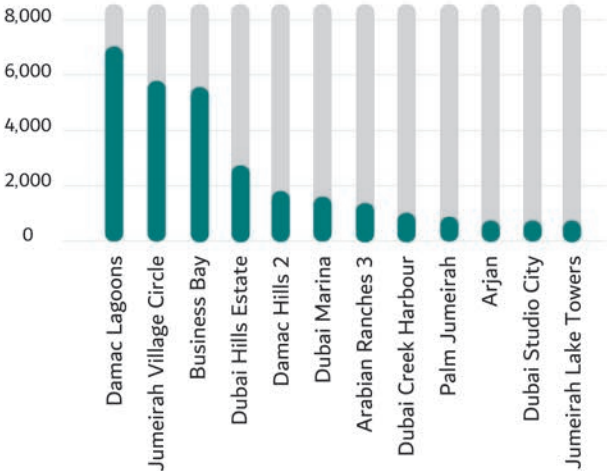


Table 12 — Supply Growth Rates (Year-on-Year Change)

Indicator	2024 vs 2023	2025 vs 2024	2026 vs 2025
Total Residential Supply	-21%	3%	387%
Apartment Supply	-26%	-2%	447%
Villa Supply	4%	22%	207%
Office Supply	-90%	510%	368%

Interpretation:

- The sharp increase in supply in 2026—particularly in the apartment segment—indicates that **the primary competition will be concentrated in the apartment market.**
- Villa supply is also growing significantly; however, its intensity is lower than apartments, and its impact will be more **location-specific rather than market-wide.**
- The surge in office supply in 2026 introduces an **independent risk factor for commercial real estate investors**, particularly in terms of rental pressure and occupancy dynamics.



Risk–Opportunity Map 2026

Key Risks in 2026

1

Risk 1 — Competition in High-Density Supply Areas

The concentration of supply in areas such as **Jumeirah Village Circle** and **Business Bay** is likely to intensify competition and place pressure on projects with limited differentiation.

The natural outcome of this dynamic, particularly for new launches, is an increase in **incentives** and a **slower pace of sales absorption**.

2

Risk 2 — Rental Market Pressure

With a rising number of completed units entering the market, certain areas may experience **downward pressure on rents** or a **decline in occupancy rates**.

This is particularly critical for **income-focused investors**, as rental returns are highly dependent on the **stability and depth of demand**.

3

Risk 3 — Increased Market Sensitivity to Quality and Delivery Timing

In a year when hundreds of projects are delivered, factors such as:

- Developer brand strength
- Construction and delivery quality
- Property and building management
- Market entry timing

become significantly more decisive.

Projects delivered during peak supply periods without **clear product differentiation** are more exposed to **competitive pressure**.

Key Opportunities in 2026

Opportunity 1 — Differentiated Units and Projects

- 1 In areas such as **Downtown Dubai, Dubai Marina, and Business Bay**, where 2025 secondary market data indicates strong transaction depth and capital concentration, **high-quality projects with clear competitive advantages**—such as superior views, prime location, strong amenities, and reputable developers—can outperform even during supply waves.
- In these areas, the presence of an **active secondary market** supports stronger exit conditions and reduces liquidity risk.

Opportunity 2 — Areas with Lower Supply and Balanced Demand

- 2 Areas with relatively **lower incoming supply** tend to face reduced competitive pressure and are more likely to maintain **price stability**, provided that secondary market data confirms **real demand depth and value concentration**.
- Value-driven examples, such as apartments in **Downtown Dubai**, demonstrate that areas with more controlled supply conditions may be more attractive for **risk-averse investors**.

Opportunity 3 — Entry at Rational Pricing Levels

- 3 In high-supply areas, intensified project competition can create opportunities to enter at more favorable pricing levels.
- However, this is only valid if the **Entry Price** is justifiable relative to the **Benchmark Price derived from secondary market transactions** in the same area.
- In such markets, the appropriate decision benchmark should be the **median price of secondary transactions**, rather than overall market averages or project-level marketing narratives.

A photograph of the Dubai skyline at sunset, featuring the Burj Khalifa and other skyscrapers reflected in the water. The sky is filled with orange and yellow clouds.

Chapter 6

Practical, Data-Driven Recommendations for Investor Decision-Making in 2026



The year 2026 is the year of **project selection**.

In a market where supply is increasing across many areas, investor returns are more dependent than ever on:

- The **location of the selected project**
- The **volume of competing supply** being delivered in its surrounding area
- The **stability of the area's occupancy rate**
- Whether the project's **Entry Price is justified** relative to the secondary market and comparable projects
- Whether the **developer has the capability to sustain demand and maintain liquidity**

Accordingly, the following recommendations provide a **data-driven framework for project selection**, rather than relying on general market expectations.

Recommendation 1

First Filter in Project Selection: Developer Track Record in the Secondary Market

In a supply-driven market, the developer is not just a brand—it is a **risk indicator**.

A developer whose projects are actively traded in the secondary market has effectively created a **functional exit market** for its products. This translates into:

- Higher liquidity
- Faster sales velocity
- Greater resilience during periods of supply competition



Data-Driven Criteria for Developer Selection:

- **Track record of timely delivery and build quality** in past projects (alignment between announced timelines and actual delivery, as well as execution quality)
- **Performance of projects in the secondary market before completion**, including transaction volume, consistency, and value retention in off-plan resale
- **Performance of completed projects in the secondary market**, including resale transaction speed, depth of activity, and pricing resilience under competitive conditions
- **Quality of post-handover services and property management**, including issue resolution, responsiveness, management of common areas, and ongoing maintenance—factors that directly impact occupancy, resident satisfaction, and liquidity

Conclusion: In 2026, project selection should begin with the **developer's track record and performance profile.**

Recommendation 2

Evaluate and Compare Entry Price per Sqft

In 2026, the primary risk for investors is not necessarily a market-wide price decline. The real risk lies in acquiring a project at an **unjustified entry price**, while the same area reflects a lower benchmark price in the secondary market.

Data-driven comparison method:

1

Identify **comparable projects** (with priority given to projects within the same area)

2

Extract the **median resale price** of the area and comparable projects (considering quality, amenities, delivery status, views, accessibility, etc.)

3

Compare the project's **off-plan entry** price with the median and price range of the secondary market

4

Assess whether any price gap is **logically justified** or driven by marketing narratives and speculative expectations

Any project with an entry price significantly above comparable benchmarks is exposed to **liquidity risk during the 2026 supply wave**.

Recommendation 3

Analyze Payment Plans as a Liquidity Risk Indicator, Not a Marketing Advantage

Flexible payment terms are not always an opportunity; in many cases, they signal that a project requires **additional incentives to attract demand**.

In a supply-driven market such as 2026, extended payment plans should not be interpreted purely as a benefit. In many instances, they reflect **heightened competition and sales pressure**.

Therefore, payment structures must be evaluated not based on their apparent attractiveness, but in terms of **liquidity risk and cost of capital**.

Key Questions for Payment Plan Analysis:

- Is the payment structure aligned with typical market norms in the area, or is it unusually extended?
- Is the extended payment schedule a result of competitive sales strategy, or does it create genuine value for the investor?
- Does the payment timeline expose the investor to **cash flow pressure at handover**, heavy installment obligations, or excessive dependence on resale or rental income?

Rule of Thumb for Cost of Capital:

The time value of money must be considered when evaluating payment plans. Under current UAE banking conditions, it can be assumed—approximately—that **each additional year in the payment period carries an opportunity cost of around 5% of capital value.**

Therefore, longer payment plans are only justifiable if:

- The **effective entry price**, after accounting for opportunity cost, remains competitive and rational; or
- The project offers **clear advantages in quality and liquidity** that compensate for this cost



Conclusion:

In the competitive market of 2026, many projects will be offered with highly flexible payment structures (including post-handover plans). Investors must determine whether this flexibility represents a **genuine opportunity** or a **signal of sales pressure in a high-supply environment.**

In final decision-making, the **effective price after accounting for cost of capital** is a more accurate metric than the project's nominal price.



Recommendation 4

Treat Occupancy Rate and Its Stability as a Core Indicator of Demand Sustainability

In a supply-driven market, **real demand (end-user and rental demand)** is the primary driver of price stability.

Areas with **higher and more stable occupancy rates** typically demonstrate:

- Lower rental declines
- Stronger absorption of new supply
- Easier investor exit conditions

Key Indicators for Analysis:

- The **level of Occupancy Rate** in the area over the past two years
- The **degree of fluctuation** in occupancy during the same period (stability vs decline)
- **Periodic changes** (seasonal or semi-annual trends) in occupancy levels
- The relationship between **occupancy trends and new supply** in the area

If occupancy data shows that, for example, the rate declines incrementally over successive six-month periods, even if the latest level still appears “healthy,” this pattern should be interpreted as an **early warning signal of gradual rental market pressure**.

Such continuous declines typically indicate:

- Increasing competition
- Longer vacancy periods for units
- Weakening landlord pricing power

In 2026, projects located in areas with **high and stable occupancy rates** will have a significantly higher probability of maintaining both **pricing stability and rental performance**, even under conditions of intensified supply competition.



Recommendation 5

Evaluate the Real Supply Pressure Around a Project Before Purchase (EAD / ASP / RPI / Liquidity)

Introduction to the Four-Part Analytical Framework

To move beyond simplistic comparisons and transform supply pressure analysis in 2026 into a **practical decision-making tool for investors**, this report applies a **four-step analytical framework**.

Rather than relying on a single metric, this framework evaluates the **real relationship between delivered supply, market absorption capacity, rental capacity, and exit market depth simultaneously**.

The four components of this analysis—**Effective Absorbing Demand (EAD)**, **Adjusted Supply Pressure (ASP)**, **Rental Risk (RPI)**, and **Liquidity Risk**—are designed to each capture a distinct dimension of market risk. Together, they provide a comprehensive view of **competitive intensity and absorption quality** in any given area.

In the following section, this framework is applied step-by-step, using **Jumeirah Village Circle (JVC)** as a case study, to demonstrate how these indicators can be interpreted in a high-transaction, high-supply environment.

Why “Number of Units Delivered” Alone Is Not a Reliable Risk Indicator

In a supply-driven market such as 2026, simply looking at the number of units scheduled for delivery does not provide an accurate picture of competitive pressure.

The reason is straightforward:

- A significant portion of these units has already been sold
- A portion of the previous year’s transactions is directly linked to these same units

Therefore, what matters for investors is not the **nominal volume of supply**, but rather:

- The portion of supply that actually enters **active competition in the sales and rental markets**
- The **real capacity of the market to absorb that supply**

For this reason, instead of using raw supply metrics, this report adopts a **refined, data-driven framework** that incorporates:

- Transaction structure in each area
- Secondary market (exit market) dynamics
- Rental absorption capacity

This approach provides a more **accurate and actionable assessment of supply pressure** for investment decision-making.



Methodology Note

It is important to emphasize that **“supply risk assessment” in real estate markets does not have a single universal formula**. Research firms and market analysis institutions apply **different methodologies** depending on:

- Market structure
- Data availability
- Analytical objectives

Some approaches focus primarily on:

- Supply-to-transaction ratios
- Absorption Rate (speed of sales)
- Vacancy levels and rental pressure
- Macroeconomic demand projections and population growth

The methodology introduced in this report for assessing supply risk is a **proposed analytical framework**, developed by the author based on the **specific characteristics of the Dubai real estate market**.

This market has unique features, including:

- A high share of **primary (off-plan) transactions**
- A strong and active **secondary (resale) market**
- A meaningful distinction between **ready units and under-construction units**

These characteristics make **simple or raw indicators insufficient** for accurately capturing market risk.

From the author's perspective, combining the following components:

- **Effective Absorbing Demand (EAD)**
- **Adjusted Supply Pressure (ASP)**
- **Rental Pressure Index (RPI)**
- **Secondary Market Liquidity Indicators**

creates a framework that is:

- **Simple**
- **Operational**
- **Aligned with the realities of the Dubai market**

This approach enables investors to evaluate **risk and opportunity at both the area and project level**, in a way that is:

- Comparable
- Data-driven

This framework is **not intended to replace other analytical methods**, but rather to serve as **one of several possible tools** for assessing risk in the **supply-driven environment of 2026**.

Its primary objective is to support **more informed investment decision-making** under conditions of intensified supply competition.

Despite the importance of supply pressure analysis and its associated quantitative indicators, it must be emphasized that:

Supply risk alone is not sufficient for making sound investment decisions.

Market experience shows that the **final performance of a project** is the result of the **interaction of multiple variables**, all of which must be evaluated together.

These include:

- Accurate benchmarking of **price per sqft** against comparable projects and resale market levels
- **Infrastructure and surrounding developments** in the area
- Level, stability, and **volatility of occupancy rates** over time
- **Developer track record**
- Structure and sustainability of **payment plans**
- The degree of **product differentiation (Premium Unit characteristics)**

Therefore, supply pressure analysis should be treated as a **core component of the decision-making process**, but **not as a substitute for a comprehensive, multi-dimensional evaluation** of both the project and its surrounding area.

Step 1

Defining “Effective Absorbing Demand (EAD)” Instead of Raw Transaction Counts

Not all transactions have equal absorption power.

- A **ready unit resale transaction** reflects **real, exit-capable demand**
- A **primary off-plan purchase** reflects **capital flow toward future supply**, rather than absorption of existing stock

To measure demand more realistically, **2025 transactions are categorized into four groups**, each assigned a different weight:

Table — Weighted Transaction Types for EAD Calculation

Transaction Type	Proposed Weight
Secondary Ready Sales	1.0
Primary Ready Sales	0.7
Secondary Off-Plan Sales	0.4
Primary Off-Plan Sales	0.2



Rationale for Weighting Transaction Types in Effective Demand Calculation



In assessing supply pressure and market absorption capacity, **not all transactions contribute equally.**

Some transactions represent:

- **Real demand for ready, livable units with exit potential**

While others primarily indicate:

- **Capital allocation toward future supply**

Accordingly, this report weights 2025 transactions based on:

- Their ability to absorb delivered supply
- Their contribution to liquidity
- Their likelihood of entering active sales and rental competition

Weighting Logic

Secondary Ready Sales (Weight: 1.0)

These receive the highest weight because they:

- Occur on delivered units
- Establish real **benchmark prices**
- Represent the most accurate picture of the **exit market**

Primary Ready Sales (Weight: 0.7)

These indicate effective demand but:

- Are influenced by developer pricing control and incentives
- Therefore receive a slightly lower weight

Secondary Off-Plan Sales (Weight: 0.4)

These reflect secondary market activity but:

- Units are not yet delivered
- Payments are not fully completed
- Not all will enter active competition upon delivery

Hence, a moderated impact

Primary Off-Plan Sales (Weight: 0.2)

These primarily reflect:

- Investment in **future supply**, not current absorption
- Included with minimal (but non-zero) weight to avoid ignoring capital flow
- Prevent overestimation of demand that has not yet absorbed supply

This weighting approach represents a **conservative, data-driven approximation** of real market behavior, particularly in the absence of direct segmentation between end-users and investors.

Its objective is to enable a **more realistic comparison of regional risk in the supply-driven market of 2026.**

EAD Formula

Effective Absorbing Demand is calculated as:

EAD =

- (1.0 × Secondary Ready Transactions)
- (0.7 × Primary Ready Transactions)
- (0.4 × Secondary Off-Plan Transactions)
- (0.2 × Primary Off-Plan Transactions)

This weighting ensures that:

- Transactions with **direct impact on absorbing ready supply** carry greater influence
- The effect of “**paper investment**” (**non-delivered units**) is appropriately adjusted

Interpretation Framework

EAD is not inherently “good” or “bad.”

Its significance lies in **comparison with delivered supply**, and must always be interpreted alongside **Step 2 (ASP)**.

Table — Interpreting EAD Relative to Delivered Supply

EAD vs Delivered Supply	Analytical Interpretation	Practical Implication
EAD << Supply	Weak absorbing demand	High competition, elevated sales and rental risk
EAD ≈ Supply	Relative balance	Competitive but manageable market
EAD > Supply	Strong demand	Healthy absorption, lower competitive pressure

EAD is a tool for measuring the **real strength of demand**, not a standalone risk indicator.



Step 2

Calculating Adjusted Supply Pressure (ASP)

After calculating **Effective Absorbing Demand (EAD)**, supply pressure in each area is measured as follows:

Adjusted Supply Pressure = Units Delivered 2026 ÷ Effective Absorbing Demand 2025

This ratio indicates how much incoming supply is entering the market **relative to the area's real absorption capacity**.

- A **higher ASP** means that supply exceeds the market's ability to absorb it
- This leads to **more intense competition** in both sales and rental markets

Table — Interpretation of Adjusted Supply Pressure (ASP)

ASP Value	Analytical Meaning	Market Interpretation	Investment Message
Below 1.0	Supply below absorption capacity	Healthy absorption	Lower risk
1.0 – 1.3	Near equilibrium	Limited competition	Project selection matters
1.3 – 1.7	Supply exceeds absorption	Noticeable competition	Project-driven market
1.7 – 2.0	Heavy supply	Intense competition	Only differentiated projects
Above 2.0	Supply saturation	Strong pressure on sales and rental	High risk

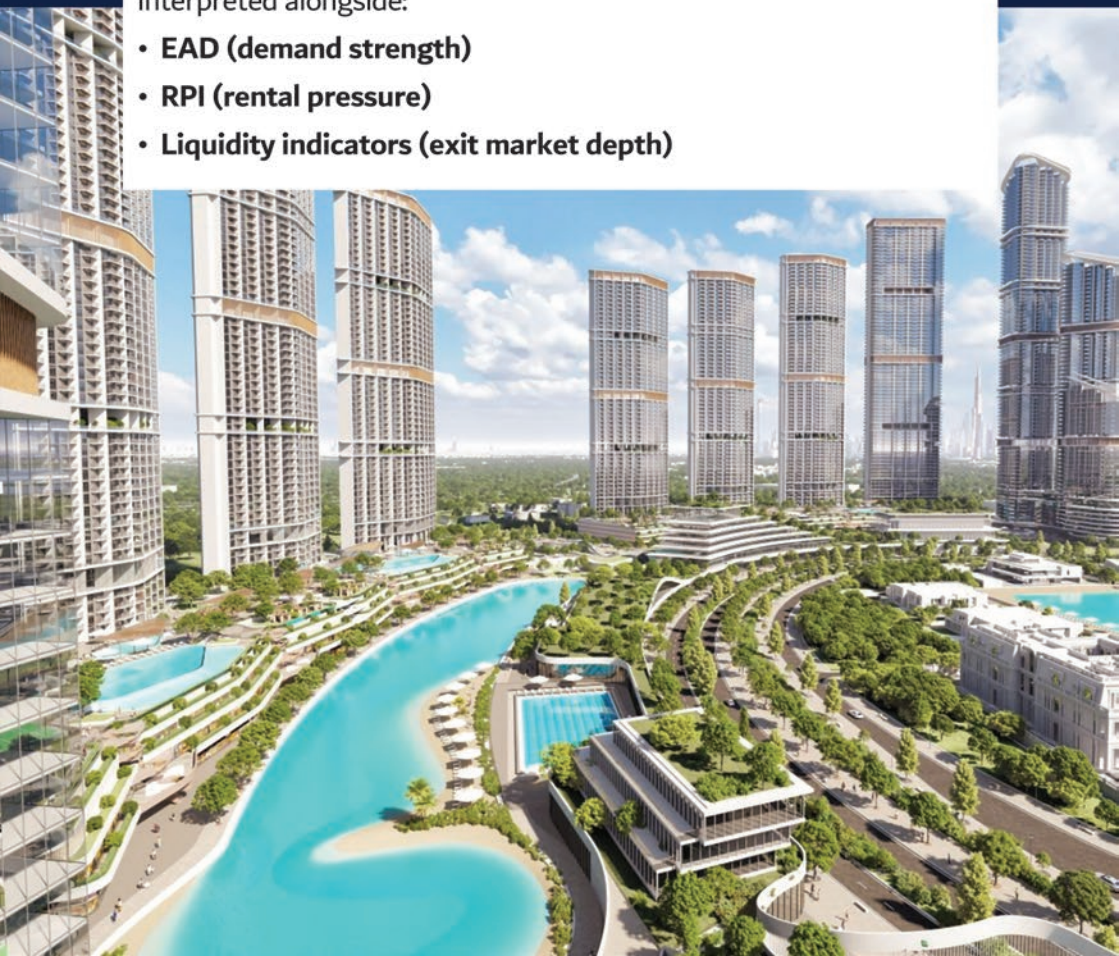
Key Insight

ASP translates raw supply data into a **comparative, decision-oriented metric**, showing whether a market is:

- Balanced
- Competitive
- Or oversupplied

It is a **core indicator of competitive intensity**, but must be interpreted alongside:

- **EAD (demand strength)**
- **RPI (rental pressure)**
- **Liquidity indicators (exit market depth)**



Step 3

Assessing Rental Risk Based on Occupancy Rate

The **rental market** acts as the primary **shock absorber** for incoming supply.

Rental risk increases when **new supply exceeds the available vacancy capacity** of the market.

Core Calculations

Vacancy Rate = 1 – Occupancy Rate

Rental Absorption Capacity = Ready Stock × Vacancy Rate

Rental Pressure Index (RPI) = Units Delivered 2026 ÷ Rental Absorption Capacity

This framework evaluates whether the market has **sufficient vacant capacity** to absorb new units.

If new supply is large relative to vacancy capacity:

- Rental pressure increases
- Vacancy periods lengthen
- Rental yields decline

Table — Interpretation of Rental Pressure Index (RPI)

RPI Value	Rental Market Condition	Practical Interpretation	Investor Implication
Below 1.0	Sufficient vacancy capacity	Absorption without pressure	Stable rental
1.0 – 1.5	Mild competition	Manageable absorption	Acceptable risk
1.5 – 2.0	High competition	Increasing landlord competition	Unit selection becomes critical
2.0 – 2.5	Significant pressure	Likely rent decline / incentives	High rental risk
Above 2.5	Rental saturation	Strong downward pressure on rents	Only premium units perform



Key Insight

RPI measures **rental-side risk**, which is critical because:

- Rental income stability directly affects **investment returns**
- Weak rental absorption can also impact **resale liquidity**

Therefore, RPI must be evaluated alongside:

- **ASP (supply competition)**
- **EAD (demand strength)**
- **Occupancy trends over time**

Step 4

Assessing Liquidity / Exit Risk

In a supply-driven market, the most critical risk for investors is difficulty of exit.

Therefore, evaluating the strength of the resale (secondary) market in each area is essential.

Two complementary indicators are used:

1) Secondary Share of Total Transactions

Secondary Share = Secondary Transactions ÷ Total Transactions

This indicator shows what portion of the market consists of **exit-capable transactions**.



Table — Interpretation of Secondary Share

Secondary Share	Market Structure	Interpretation
Below 20%	Investment-driven	Weak exit market
20% – 30%	Mixed	Limited exit
30% – 40%	Balanced	Active exit
Above 40%	Exit-driven	Strong secondary market



2) Secondary Market Turnover

Secondary Turnover = Ready Secondary Transactions ÷ Ready Stock

This metric measures how much of the **ready inventory is traded annually** in the resale market.

Low turnover indicates:

- Weak exit depth
- Higher liquidity risk during supply waves

Higher turnover indicates:

- Better liquidity
- Easier exit conditions

Table — Interpretation of Secondary Market Turnover

Annual Turnover	Exit Market Depth	Interpretation	Practical Implication
Below 5%	Very shallow	Difficult exit	High risk
5% – 8%	Shallow	Slow exit	Caution
8% – 12%	Medium	Possible exit	Project selection matters
12% – 15%	Good	Smoother exit	Lower risk
Above 15%	Very strong	High liquidity	Area advantage

Key Insight

Liquidity risk is determined by:

- The **share of exit-driven transactions (Secondary Share)**
- The **speed of asset turnover (Secondary Turnover)**

In 2026, areas with:

- **Low secondary share**
- **Low turnover rates**

are more exposed to:

- Slower resale
- Pricing pressure
- Extended holding periods

Conversely, areas with **strong secondary activity** provide:

- Faster exit
- More reliable pricing benchmarks
- Greater resilience during supply competition



Full Numerical Example: Jumeirah Village Circle (JVC)

To demonstrate the **practical application** of supply pressure, rental risk, and liquidity risk assessment in the **supply-driven market of 2026**, this section applies the full analytical framework to one of Dubai's most active and supply-heavy residential areas: **Jumeirah Village Circle (JVC)**.

The selection of JVC is deliberate.

- In 2025, it ranked among the most active areas in terms of:
 - Transaction volume
 - Off-plan activity
- In 2026, it faces a **significant incoming supply wave**

This combination of **high transactional activity** and **incoming supply pressure** makes JVC an ideal case study for analyzing market behavior under supply competition.

This example illustrates a critical point:

Even in areas with:

- Strong demand
- High transaction volumes
- Active investor participation

Market activity alone does not guarantee strong investment performance.



What ultimately determines outcomes is:

- The ratio of **supply to real absorption capacity**
- The **stability of the rental market**
- The **depth of the exit (resale) market**

These factors directly influence:

- Competitive intensity
- Price pressure
- Overall investment risk

The following numerical calculations demonstrate why, in a supply-driven year, analysis must go beyond:

- Transaction volume
- Area popularity

and instead focus on:

- **Real absorption capacity**
- **Transaction structure**
- **Secondary market liquidity quality**



Input Data — Jumeirah Village Circle (2025–2026)

Metric	Value
Secondary Ready Sales (2025)	4,881
Primary Ready Sales (2025)	1,428
Secondary Off-Plan Sales (2025)	1,059
Primary Off-Plan Sales (2025)	12,267
Total Planned Deliveries (2026)	17,148 (excluded due to low realization probability)
Realistic Deliveries (Above 50% Progress)	5,795
Ready Stock	47,232 units
Occupancy Rate	83%

Note on Supply Adjustment

Although **17,148 units** are listed for 2026 delivery, this figure is **not used in the analysis**, as full realization within the year is unlikely.

Instead, a more realistic estimate is applied:

- **5,795 units with Above 50% construction progress**, representing the portion most likely to be delivered in 2026

This adjustment ensures that the analysis reflects practical market conditions, not nominal pipeline figures.

Next, these inputs will be used step-by-step to calculate:

1.Effective Absorbing Demand (EAD)

2.Adjusted Supply Pressure (ASP)

3.Rental Pressure Index (RPI)

4.Liquidity Indicators (Secondary Share & Turnover)

Step 1) Calculating Effective Absorbing Demand (EAD) in JVC

To understand how much **real absorption capacity** Jumeirah Village Circle (JVC) is likely to have in 2026, the first step is to classify 2025 transactions into four categories and apply weighted values based on:

- Their ability to absorb ready supply
- Their relevance to exit conditions

JVC transaction data for 2025 is as follows:

- **4,881** secondary ready sales
- **1,428** primary ready sales
- **1,059** secondary off-plan sales
- **12,267** primary off-plan sales

By applying the weighting framework, **Effective Absorbing Demand** is calculated in order to isolate the portion of demand that is more realistically capable of absorbing supply.

Numerical calculation:

$$\begin{aligned}\text{EAD} &= (1.0 \times 4,881) + (0.7 \times 1,428) + (0.4 \times 1,059) + (0.2 \times 12,267) \\ &= 4,881 + 999.6 + 423.6 + 2,453.4 \\ &= \mathbf{8,758}\end{aligned}$$

Interpretation: An EAD of **8,758** means that, after adjusting the 2025 transaction structure for **real absorption strength**, JVC's effective demand is approximately equivalent to **8.8 thousand absorbing transactions**.

This provides a **more realistic basis** for comparing JVC's 2026 delivered supply against the market's actual ability to absorb it.

Step 2) Calculating Adjusted Supply Pressure (ASP) in JVC

In this step, the number of units expected to be delivered in 2026 is measured against JVC's **Effective Absorbing Demand in 2025**, in order to determine how large the incoming supply is relative to the area's real absorption capacity.

For this analysis, instead of using the registered figure of **17,148 units**, a more realistic delivery scenario is applied:

- **5,795 units** with construction progress above **50%**

This serves as the probable 2026 delivery estimate.

Numerical Calculation

$$\begin{aligned}\text{Adjusted Supply Pressure} &= \text{Units Delivered 2026} \div \text{Effective Absorbing Demand 2025} \\ &= 5,795 \div 8,758 \\ &= \mathbf{0.66}\end{aligned}$$

Interpretation: An ASP of **0.66** indicates that expected 2026 delivered supply in JVC is equal to approximately **66% of the previous year's Effective Absorbing Demand (EAD)**.

As a result, at the **overall area level**, supply pressure appears **manageable**, and the market seems to retain sufficient capacity to absorb new units.

However, this does not eliminate competition.

The market will still remain **project-driven**, meaning that in 2026, project performance in JVC will depend heavily on:

- **Pricing discipline**
- **Degree of product differentiation**
- **Execution quality**

Step 3) Calculating Rental Risk Through the Rental Pressure Index (RPI) in JVC

The rental market is the primary shock absorber of a supply wave. To assess rental risk, the first step is to derive the **Vacancy Rate** from the **Occupancy Rate**, and then calculate the area's **Rental Absorption Capacity**.

In JVC, the 2025 Occupancy Rate is **83%**, which means the Vacancy Rate is **17%**. The number of ready units in the area in 2025 is **47,232**. Based on these inputs, the current vacant capacity (i.e., rental absorption capacity) can be estimated and then compared with the expected delivered supply in 2026.

Numerical Calculations:

$$\text{Vacancy Rate} = 1 - 0.83 = 0.17$$

(17%)

$$\begin{aligned}\text{Rental Absorption Capacity} &= \text{Ready Stock} \times \text{Vacancy Rate} \\ &= 47,232 \times 0.17 \\ &= 8,029\end{aligned}$$

$$\begin{aligned}\text{Rental Pressure Index} &= \text{Units Delivered 2026} \div \text{Rental Absorption Capacity} \\ &= 5,795 \div 8,029 \\ &= \mathbf{0.72}\end{aligned}$$

Interpretation: An RPI of **0.72** indicates that the volume of new residential units expected to be delivered in 2026 represents approximately **72% of the current rental absorption capacity** in JVC. This suggests that, at the overall area level, the rental market is capable of absorbing incoming supply **without creating structural pressure or meaningful market disruption**.

Step 4) Assessing Liquidity (Exit) Risk Through Secondary Share and Secondary Market Turnover in JVC

Liquidity risk refers to how easily an investor can exit the market—within a reasonable period of time and at a rational price—if a sale becomes necessary.

To assess exit market depth, two complementary indicators are used:

1.Secondary Share of Total Transactions

2.Secondary Market Turnover, which measures what proportion of the ready stock is traded through resale over a one-year period

In JVC, secondary market transactions include:

- **4,881** ready resales
- **1,059** off-plan resales

Numerical Calculations:

Total Secondary Transactions = $4,881 + 1,059 = \mathbf{5,940}$

Total Transactions in 2025 = $4,881 + 1,428 + 1,059 + 12,267 = \mathbf{19,635}$

Secondary Share = $5,940 \div 19,635 = \mathbf{30.3\%}$

Secondary Market Turnover = Ready Secondary Transactions
 $\div$ Ready Stock
 $= 4,881 \div 47,232 = \mathbf{10.3\%}$



Interpretation:

Nearly **one-third of all transactions recorded** in JVC in 2025 were secondary market transactions (**Secondary Share: 30.3%**). This is a positive sign, as it indicates that the market is not solely dependent on developer-led sales and that a **real and active exit market** exists for ready units.

A **Secondary Turnover rate of 10.3%** also reflects a **moderate but reliable level of liquidity**, meaning that under normal market conditions, transaction depth is sufficient for ready-unit sellers to find buyers within a reasonable timeframe.

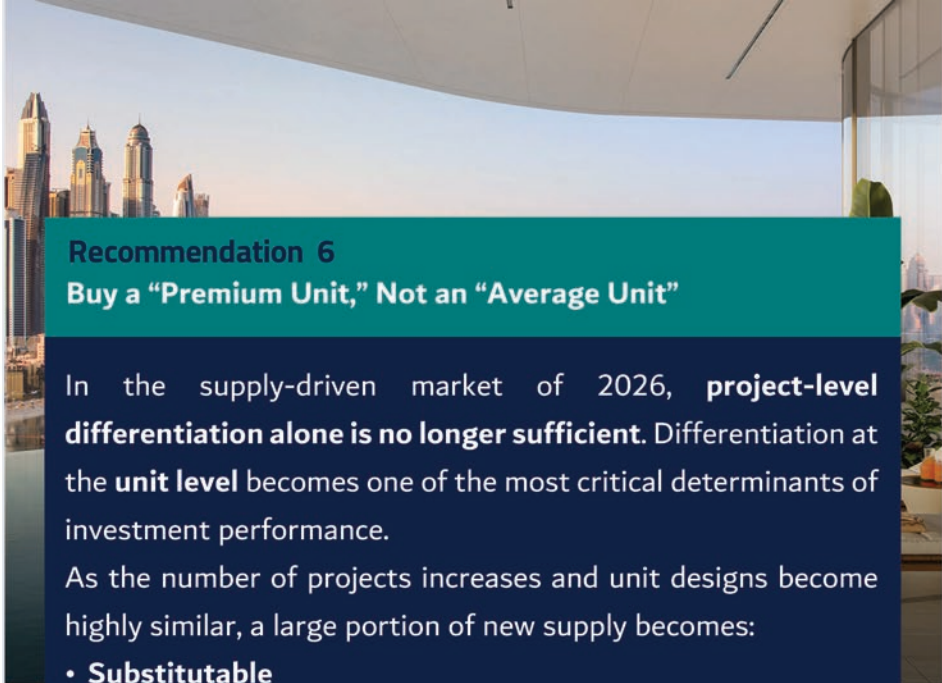
However, liquidity is not a fixed variable.

With the arrival of a substantial wave of new supply in 2026, the number of competing units and potential sellers will increase. This may result in:

- Longer selling periods
- Greater need for pricing flexibility
- Increased use of discounts or sales incentives to achieve faster exits

This is especially relevant for units that **lack clear differentiation** relative to competing inventory.





Recommendation 6

Buy a “Premium Unit,” Not an “Average Unit”

In the supply-driven market of 2026, **project-level differentiation alone is no longer sufficient**. Differentiation at the **unit level** becomes one of the most critical determinants of investment performance.

As the number of projects increases and unit designs become highly similar, a large portion of new supply becomes:

- **Substitutable**
- **Repetitive in product characteristics**

This is precisely what exposes **average units** to intense competitive pressure.

A **Premium Unit** is defined as a unit that has a **structural and sustainable advantage** over other units within the same project or area—an advantage that is **not easily replicable**.

Such advantages may include:

- Open or unique views
- Efficient and distinctive layouts
- Higher floors
- Corner units
- Better natural light exposure
- Scarce unit sizes within the project
- Higher usable area relative to nominal size



These characteristics are:

- Independent of marketing narratives
- Not dependent on short-term market conditions
- Directly influential on tenant and buyer behavior

In conditions of rising supply:

- **Average units** tend to enter direct competition more quickly
- Vacancy periods increase
- Rental levels come under faster pressure
- Sales require greater pricing flexibility or incentives

In contrast, market data shows that **premium units**—even within mid-tier projects—typically:

- Lease faster
- Experience smaller rental declines
- Attract more active buyers in the secondary market

This distinction becomes even more critical in periods where:

- Occupancy rates fluctuate
- Gradual declines in demand absorption occur

From a liquidity perspective, a premium unit acts as an **“informal exit insurance.”**

During periods of:

- Temporary downturn
- Supply pressure

Investors holding differentiated units typically:

- Have more exit options
- Avoid direct price competition with large volumes of similar units

As a result, in 2026:

A **premium unit in mid-range project** may deliver better **risk-adjusted returns** than an **average unit in a high-quality project**, because:

- Demand for differentiated products is more stable
- Liquidity deterioration is significantly lower

In a supply-competitive market, the key question is not only:

“How good is the project?”

but rather:

“Does the selected unit still offer a clear reason to be chosen by a tenant or buyer, even in a saturated market?”

A **premium unit** is the practical answer to this question.



Recommendation 7

Incorporate Infrastructure and Surrounding Amenities as “Demand Drivers” in the Decision Model

Experience in the Dubai real estate market has repeatedly shown that **price growth and demand stability are not solely driven by overall market cycles**. In many areas, they are directly influenced by **improvements in accessibility and urban livability**.

Developments such as:

- New highways
- Bridges and fast connectivity routes
- Metro stations
- Parks, schools, retail centers, and lifestyle amenities

have, in multiple cases, led to:

- Significant increases in area attractiveness
- Property value growth
- Improved liquidity

This effect has been observed even during periods when the broader market faced:

- Supply pressure
- Temporary slowdowns

From an analytical perspective, these factors should be treated as **real variables driving end-user demand** within the investor's decision-making model.

Urban infrastructure and amenities can:

- Increase an area's **absorption capacity**
- Strengthen the **depth of the rental market**
- Enhance overall **area value and resilience**

Key Evaluation Criteria

When assessing a project, the following elements should be explicitly analyzed:

- Public transportation development plans (metro expansion, new stations, connectivity to main networks)
- Highway development, bridges, and fast-access routes that reduce travel time
- Retail centers, lifestyle amenities, and leisure facilities that enhance daily living quality
- Parks, green spaces, and active public areas
- Educational, healthcare, and essential service facilities
- Nearby large-scale developments that may elevate the nature of demand in the area

Projects located within close proximity to:

- Improved accessibility
- Expanded urban amenities
- Enhanced living experience

are more likely, in the 2026 supply wave, to maintain:

- Occupancy rates
- Rental stability
- Price resilience

The reason is clear:

Real end-user demand (not purely investment-driven demand) is directly supported by better accessibility and higher quality of life.

In a competitive market, it is this **stable demand base** that determines which projects:

- Remain resilient
- Or come under pressure



Executive Summary of Recommendations

The year 2026 is the year of **project differentiation**.

Market growth alone is no longer sufficient to guarantee returns.

Investors must adopt a **data-driven decision framework**.

Seven key filters determine whether a project will perform or come under pressure in the 2026 supply competition:

1. Selection of **credible developers with proven secondary market performance**
2. Benchmarking **entry price against comparable resale prices**
3. Evaluating payment plans as a **liquidity and cost-of-capital factor**
4. Assessing **occupancy rate levels and stability**
5. Measuring **real supply pressure (EAD / ASP / RPI / Liquidity)**
6. Selecting **premium units instead of average units**
7. Incorporating **infrastructure and surrounding amenities as demand drivers**

In this environment, the winner is not the investor who simply enters the market, but the one who:

- Selects the **right project**
- At the **right time**
- With the **right entry price**

Seven Key Insights for Investors

1

2025 Was a Record Year — But the Core Message Was Structural Change, Not Just Growth

The market reached **215,831 transactions** and **AED 686.6 billion** in total transaction value.

However, the primary takeaway is not merely growth, but a **structural shift in the market**.

2

Primary Sales Became the Main Engine of Capital Inflow in 2025

In 2025, **primary (off-plan) sales** became the dominant channel for capital inflow.

- **68% of total transactions**
- **62% of total transaction value**

This indicates that a substantial portion of capital was directed toward **under-construction projects**, and this capital will enter **direct supply competition at the time of delivery**.

3

Resale Is the Most Important Decision Metric and True Benchmark in 2026

With **AED 254.7 billion** in transaction value, the resale market serves as:

- The **exit market**
- The **true pricing benchmark**

In a supply-driven environment, **resale prices are the most reliable tool** for evaluating the rationality of entry prices.



4

The Market Has Become Two-Layered — Analysis Must Be Median-Based and Area-Specific

The gap between **median and average prices** shows that:

- Luxury transactions distort averages

Therefore, realistic analysis must rely on:

- **Median price per sqft**
- **Area-level segmentation**, not overall averages

5

2026 Is the Year of Supply, Not General Growth

2026 marks the **peak of supply expansion**.

- Delivery of **tens of thousands of units**
- Entry of **hundreds of projects**

This shifts the market into a **supply-driven phase**, where:

- Project-level competition intensifies
- General market growth no longer guarantees returns

Projects without differentiation will face:

- Increased incentives
- Rental pressure
- Difficult exit conditions



6

The Real Risk: Irrational Entry Pricing in High-Supply Areas

The main risk in 2026 is not a sudden market downturn, but:

- **Unjustified entry pricing**
- **Reduced liquidity**

Projects priced above the **resale benchmark** will face:

- Difficult exit
- Slower sales
- Rental pressure during the supply wave

7

The Winning Strategy in 2026 Is “Project-Centric”

Successful investment in 2026 follows a **project-based approach**.

Before making a decision, investors must evaluate five key filters:

- **Developer strength and secondary market performance**
- **Entry price per sqft relative to benchmark resale levels**
- **Adjusted Supply Pressure (ASP)**
- **Occupancy rate and its trend**
- **Real unit differentiation (Premium Unit)**

In 2026, success depends on selecting the **right project**, at the **right time**, and at the **right entry price**, using a disciplined and data-driven framework.

Final Summary and Investor Decision-Making Framework for 2026

The Dubai real estate market in 2025 recorded **215,831 transactions** and **AED 686.6 billion** in total value, marking one of the most active and deepest years in its history. The simultaneous growth in both **transaction volume** and **transaction value** indicates that the market is not experiencing a temporary surge, but has reached a higher level of **capital depth and liquidity**.

However, the core message of 2025 was not merely growth, but a **structural transformation of the market**.

Data shows that **primary (off-plan) sales accounted for approximately 68% of transaction volume and 62% of total value**. This means a significant portion of capital in 2025 was directed toward **under-construction projects**, reflecting a **forward-looking demand structure**.





The implication is critical:

The real impact of off-plan demand is not realized at the time of purchase, but **at the time of delivery**, when these units enter:

- The resale market
- The rental market

and intensify **supply competition**.

At the same time, the **resale market**, with **AED 254.7 billion** in transaction value, reinforced its role as:

- The **core of market value**
- The **primary exit market**

As the market enters a supply-driven phase, resale becomes the **most important evaluation tool**, because:

- Transactions are more cash-driven
- Exit conditions are more realistic
- Prices reflect true market dynamics

Thus, resale prices serve as the **true benchmark** for assessing the rationality of entry prices in new projects.

The year 2026 marks the transition into a new phase:

A supply-driven, project-competitive market.

According to supply data:

- Approximately **174,238 residential units**
- Across **723 projects**

are scheduled for completion in 2026—a level significantly higher than 2025.

However, construction progress analysis indicates that:

- Only about **51,279 units** have progressed beyond **50% completion**

This suggests that full delivery within the same year is uncertain, and part of the supply may shift to subsequent years.

Despite this uncertainty, the **scale of planned supply alone is sufficient to change decision-making dynamics:**

General market growth is no longer a guarantee of returns.

In this environment, **winners and losers are determined at the project and area level**, not at the overall market level.

A critical observation is that a large portion of this incoming supply is concentrated in areas that were also **resale value hubs in 2025**.

These areas simultaneously offer:

- Higher liquidity potential
- Greater exposure to supply competition

Therefore, investment decisions in such areas are only justified when:

- The selected project has **real differentiation**
- The **entry price is defensible** relative to resale benchmarks

Key Message of This Report

In the supply-driven market of 2026, investor success depends on:

- Selecting the **right project**
 - At the **right entry price**
- not merely entering the market.

2026 is less a “**growth market**” and more a “**selection market.**”

The supply wave intensifies **project-level competition**, making returns increasingly **project-dependent**.



Key Risks in 2026

In this environment, the primary risk is not a general market downturn, but three operational risks:

1

Oversupply and Intense Competition in High-Density Areas

Leading to:

- Increased incentives
- Reduced pricing power
- Slower sales velocity

2

Rental Market Pressure and Declining Occupancy

In areas where large volumes of delivered units enter the rental pool

3

Irrational Entry Pricing Relative to Resale Benchmarks

Resulting in:

- Difficult exit conditions
- Liquidity constraints at delivery





Key Opportunities in 2026

Alongside risks, three major opportunities emerge:

1

Differentiated Projects in Areas with Strong Exit Markets

Where high resale transaction value reflects **deep and active demand**

2

Areas with Controlled Supply and Stable Occupancy Rates

Offering:

- Rental stability
- Price resilience even during supply waves

3

Better Entry Pricing Opportunities in High-Supply Areas

But only when:

- Entry price is aligned with resale benchmarks
- The project offers **real competitive advantages**

This framework positions the investor to navigate 2026 not through market timing, but through **disciplined, data-driven selection**.

Final Investor Decision-Making Framework for 2026

1) Developer as a Risk Indicator, Not Just a Brand Name

Track record in timely delivery, execution quality, post-handover services, and—most importantly—the performance of the developer's projects in the secondary market (both before and after completion) determine whether the developer can create a **real exit market**. Strong resale activity in a developer's projects directly reduces **liquidity risk**.

2) Entry Price Based on Median Resale Benchmark

In a supply-driven market, the key benchmark is **entry price per sqft compared to the median price of comparable resale projects**. Averages can be misleading, while the **median resale price** provides the most realistic value reference. An unjustifiable entry price is the most critical hidden risk in 2026.

3) Payment Plan Analysis as a Liquidity Risk Factor

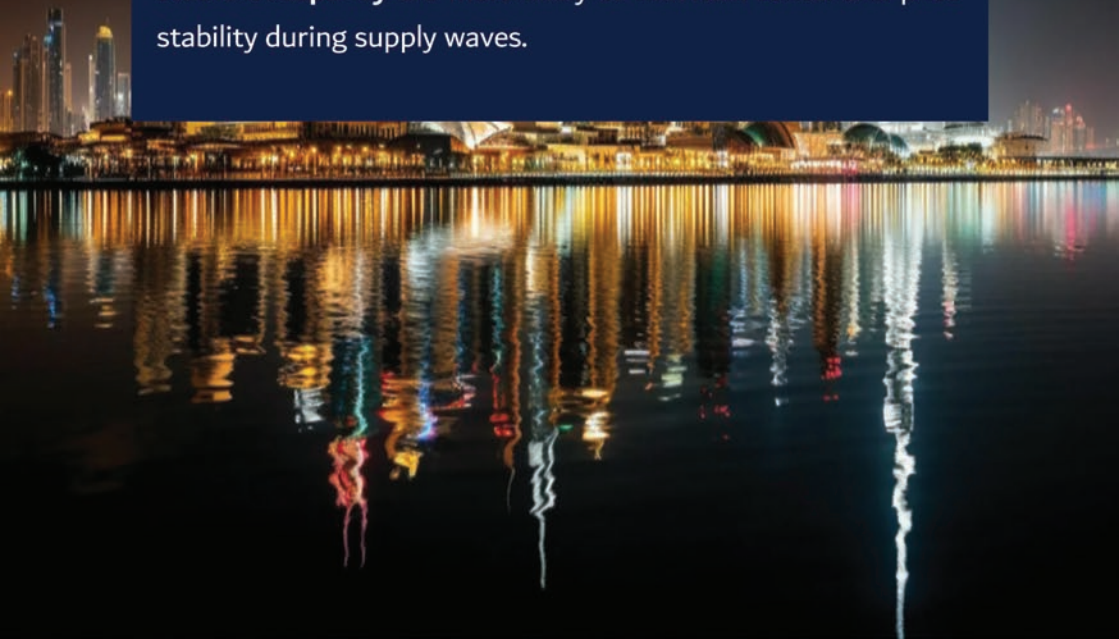
Extended or highly flexible payment plans are not necessarily an advantage. In a competitive supply environment, payment structures must be evaluated considering the **cost of capital**.

As a rule of thumb, each additional year of payment deferral can be approximated as **~5% opportunity cost of capital**.

Therefore, payment terms are only justifiable if the **effective entry price** remains competitive, or if the project's advantages compensate for this cost.

4) Occupancy Rate and Its Stability as a Demand Sustainability Indicator

The level and trend of occupancy rates are the most important indicators of **rental market health**. Even if occupancy appears strong at a given point, **consistent downward trends** signal gradual pressure on the rental market. Areas with **high and stable occupancy** are more likely to maintain rental and price stability during supply waves.



5) Real Supply Pressure Assessment (ASP / EAD / RPI / Liquidity)

Nominal supply volume alone is not a sufficient decision metric. Real pressure must be assessed by:

- Comparing 2026 delivered supply against **Effective Absorbing Demand (EAD) → ASP**

- Evaluating rental impact through **Rental Pressure Index (RPI)**

- Measuring exit market depth through **Secondary Share** and **Secondary Turnover**

The combination of these indicators provides a **realistic picture of competitive intensity**.

6) Select Premium Units, Not Generic Products

In a year when many similar projects are delivered simultaneously, **unit-level differentiation becomes decisive**. Units with:

- Superior views
- Efficient layouts
- Unique positioning
- Scarce sizes

tend to:

- Lease faster
- Experience smaller downturns
- Offer stronger liquidity

In 2026, a **premium unit in a mid-tier project** may outperform an **average unit in a top-tier project**.

7) Incorporate Infrastructure Developments as Demand Drivers

Market evidence in Dubai shows that infrastructure improvements—such as highways, bridges, metro lines, parks, schools, and retail centers—can significantly enhance **value and liquidity**. These factors should be treated as **real demand drivers** in the decision model, not as marketing elements.

Final Conclusion

The year 2026 represents a point where **differences between projects become tangible and measurable.**

Dubai's real estate market continues to benefit from strong structural fundamentals:

- Sustained population growth
- Positive net migration
- A dynamic non-oil economy

However, in a **supply-driven, project-competitive environment**, these factors only support overall demand—they no longer guarantee returns across all projects.

Even considering uncertainties in delivery timelines, the **scale of planned supply** is sufficient to shift the market from:

“General Growth” → “Project Selection”





In this context, the successful investor is not the one who:

- Acts emotionally
- Relies on overall market direction

but the one who adopts a **data-driven approach**, by:

- Benchmarking entry price against **median resale price per sqft**
- Evaluating supply competition through **ASP**
- Assessing rental risk via **RPI** and occupancy stability
- Measuring exit market depth through **Secondary Share and Turnover**

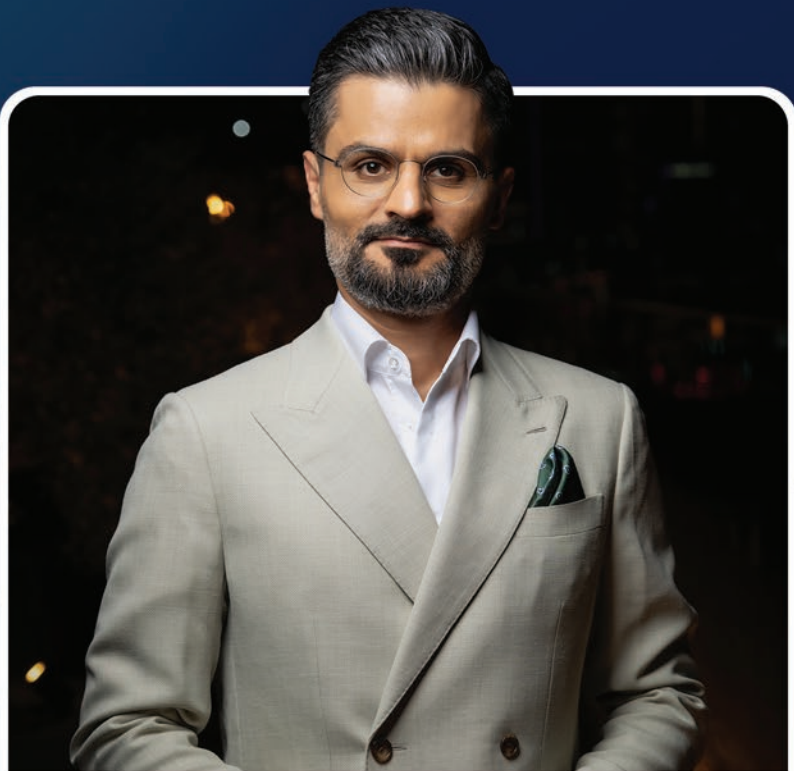
Ultimately, only projects that combine:

- **Rational entry pricing**
- **Real product differentiation**
- **Reliable developers**
- **Sustainable absorption capacity**

can maintain a **defensible competitive advantage** in the 2026 supply environment.

Final Message

2026 is not the year to enter the market — it is the year to select the right project.



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