

# Dubai Residential Market

Q1 2026



## Key Stats



**45,208 TOTAL TRANSACTION**  
VOLUME FOR Q1  
(-17% Q-O-Q)



**OFF-PLAN DOMINANCE**  
ACCOUNTING FOR 72% OF  
OVERALL TRANSACTIONS



**2,064 TRANSACTIONS OVER AED 10M**  
IN Q1 2026 VS 1,565  
IN Q4 2025



Q1 2026 marked a shift in Dubai's residential real estate market, with transaction volumes easing. January and February 2026 saw strong activity levels in the ready market, in line with those seen throughout 2025. However, off-plan volumes softened slightly in January and February, returning to levels seen in H1 2025.

March activity was affected by the escalation of regional geopolitical tensions that started on 28 February, led to airspace disruptions, amended school schedules, and an increase in

remote working. Important to note that the period of Ramadan was underway during the month culminating in the Eid at Fitr holiday, which traditionally brings along a seasonal slowdown. An early start to the school spring break also added to factors contributing to slower activity.

While 2025 saw three consecutive quarters with transaction volumes exceeding 50,000, Q1 2026 has closed at circa 45,208 transactions, down 17% q-o-q.

## Market dynamics in March



Secondary transactions declined approx 40% in March on a monthly basis



Secondary market share of transactions vs primary declined to approx 23% in March from approx 30-33% each in Jan and Feb



Mortgage transactions declined to 1,516 in March vs approx 1,900 each in Jan and Feb



Primary market volumes remained supported, likely reflecting pipeline deals and SPA registration lag

## Forward Signals

**01** With launches concentrated during Jan and Feb followed by a pause in March, off-plan transaction volumes are likely to moderate in Q2 2026

**02** The full impact of recent market moderation is yet to be reflected, with near-term transaction activity likely to remain under pressure

### Market Sentiment

The regional unrest has led to a pause in market activity, with investor sentiment becoming more cautious and high-net-worth individuals more actively reviewing their options. While core operations continue across the UAE, decision-making has slowed, influenced by geopolitical developments, seasonal

factors such as Ramadan and Eid-al-Fitr, and increased travel during the school spring break. International buyers are largely adopting a wait-and-see approach, reflecting a more measured and selective market environment.

### Macroeconomic Overview

While 2026 started on a positive note with GDP growth forecast at 4.8%, Oxford Economics anticipate that the impact of the recent regional tensions will be felt across the UAE, with GDP growth forecasts downgraded to 0.3%, making it the second most impacted country in the GCC after Qatar. The UAE's limited alternative options to shipping through the Strait of Hormuz, which has been closed during the conflict, may cause its oil exports to fall more than those of other GCC exporters.

In addition, the relatively high contribution of its tourism sector to GDP suggests it will likely be more affected than others due to the impact on travel plans to the region.

Against this backdrop, March activity offers the clearest reflection of how these macro and geopolitical factors are beginning to influence market behaviour on the ground.

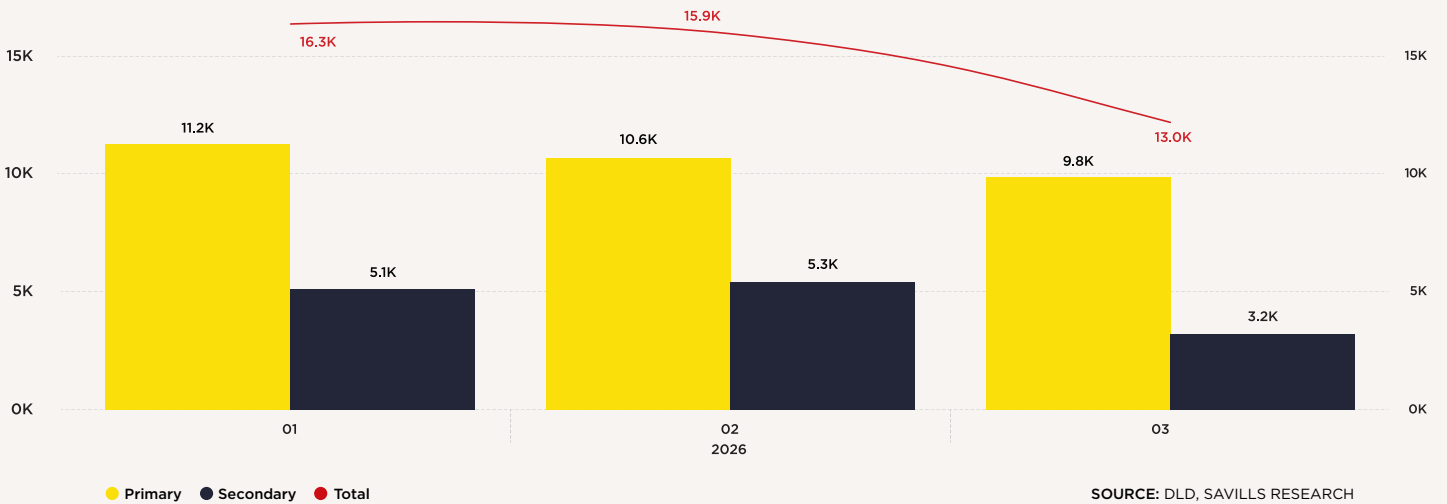
### March in Review - Underlying Shifts in a Complex Market Environment

While Q1 reflects a blended performance supported by January and February, March provides the most relevant indication of current market conditions and near-term direction.

It marks a more cautious and transitional phase, influenced by geopolitical developments and evolving buyer behaviour. While overall activity has moderated, these trends require careful interpretation, as real estate markets typically respond with a degree of time lag during periods of external uncertainty.

At an aggregate level, total transaction volumes in March declined by approximately 17% compared to February, with a similar decline of 20% when compared to January. While this indicates a slowdown in activity, monthly transaction data may not immediately capture the full extent of underlying market movements, especially in a period impacted by wider regional developments.

#### TRANSACTION VOLUMES BY SALES SEQUENCE



#### COMPOSITION OF TOTAL TRANSACTIONS

		Jan-26	Feb-26	Mar-26
Primary	Off-Plan	66%	62%	72%
	Ready	4%	5%	5%
Secondary	Off-Plan	6%	7%	5%
	Ready	24%	26%	18%

This highlights that while overall transaction volumes declined, there was also a shift in composition, with activity becoming increasingly driven by the off-plan segment.

A more detailed view highlights that the secondary (ready) market has experienced the most noticeable impact. Secondary transaction volumes declined significantly, with an approximate 40% month-on-month reduction, and their share of total transactions decreased from 30-33% each in January and February to around 23% in March. This clearly indicates that the slowdown is primarily driven by the secondary segment.

In contrast, overall market activity appears partially supported by primary (off-plan) transactions, including deals that may have been initiated earlier and only registered during March, reflecting timing differences between transaction agreement and registration. This is further evidenced by a higher concentration of activity among a limited number of developers, with four developers accounting for approximately 36% of total transactions during the month. This pattern highlights the continued role of the primary market in supporting overall transaction volumes, particularly at a time when activity in the secondary segment has moderated.

While headline transaction data may suggest a relatively balanced market, underlying trends and on-ground feedback indicate that conditions are more moderated than the aggregate figures imply, particularly within the secondary segment.

The mortgage segment further reinforces this trend, with mortgage-backed transactions declining from 1,888 in January and 1,903 in February to 1,516 in March, representing an approximate 20% reduction. Given that mortgage activity is closely linked to end-user demand, this suggests a more cautious approach among buyers, particularly within the ready market.

From a pricing standpoint, average rates per sq. ft. increased in Q1 2026. Apartment prices reached AED 2,010 per sq. ft., compared to AED 1,942 in 2025, reflecting a 3.5% increase. Villa and townhouse prices rose to AED 1,664, up from AED 1,501 in 2025, marking a 10.9% increase.

However, these headline trends should be interpreted with caution, as transaction data—particularly in March—may reflect deals initiated in January and February, failing to fully capture current market conditions.

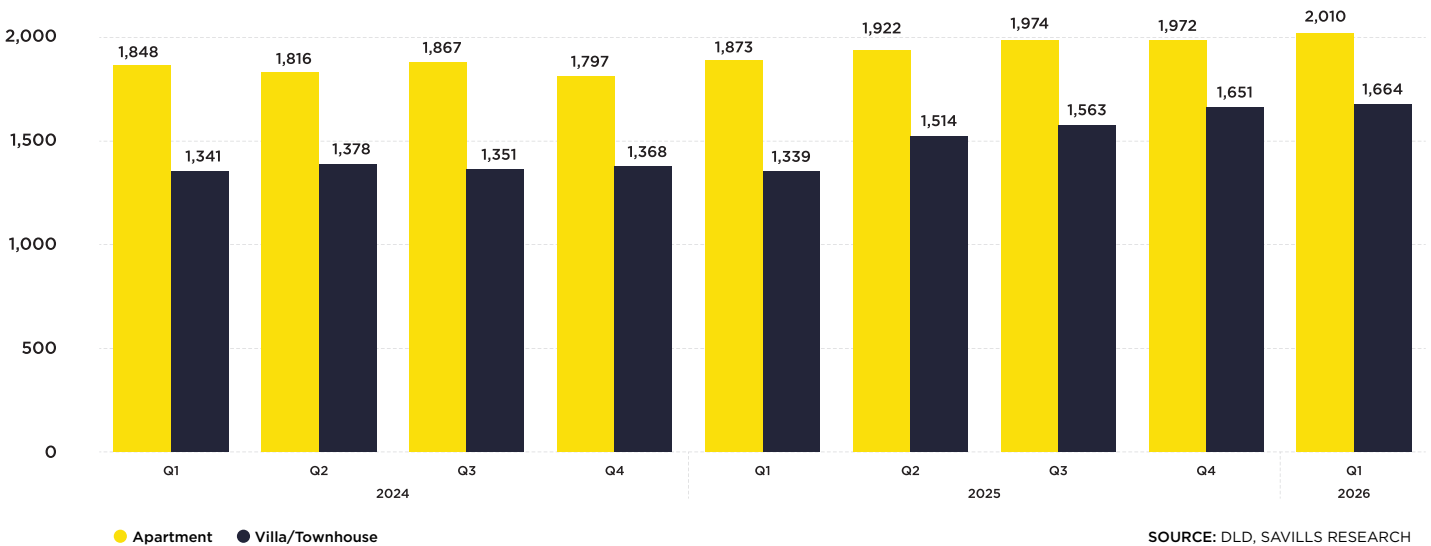
From a more current pricing perspective, early signs of moderation are emerging. Based on an internal like-for-like analysis of approximately 100 comparable properties, average prices increased from AED 1,668 in January to AED 1,732 in February, before easing to around AED 1,707 in late March / early April. This suggests a marginal softening of approximately 3%-5% in certain segments, particularly within the secondary ready market.

From a behavioural perspective, market participants are adopting a more cautious and measured approach, with selective instances of renegotiation—typically in the range of 5%-15%—particularly within the secondary market. These remain case-specific and do not yet indicate a broader market correction.

Financing conditions are also influencing market dynamics. Adjustments in loan-to-value (LTV) thresholds and borrowing conditions have impacted affordability, contributing to a gradual shift toward a more buyer-influenced environment, particularly in negotiations.

Overall, while pricing remains above early-2025 levels, current indicators point to a wait-and-see phase, with trends being closely monitored for clearer direction in the coming months.

AVERAGE RATE PER SQ FT TREND



SOURCE: DLD, SAVILLS RESEARCH

An additional supporting indicator is observed through valuation instruction volumes, which have declined broadly in line with transaction activity. This parallel movement suggests that underlying demand and market activity are aligned, reinforcing the observed moderation trend. In the rental market, early indications suggest some softening in asking levels in select segments, although this remains limited and case specific.

Overall, while the secondary market had remained relatively stable through Q1 2025, March indicates a clear shift in

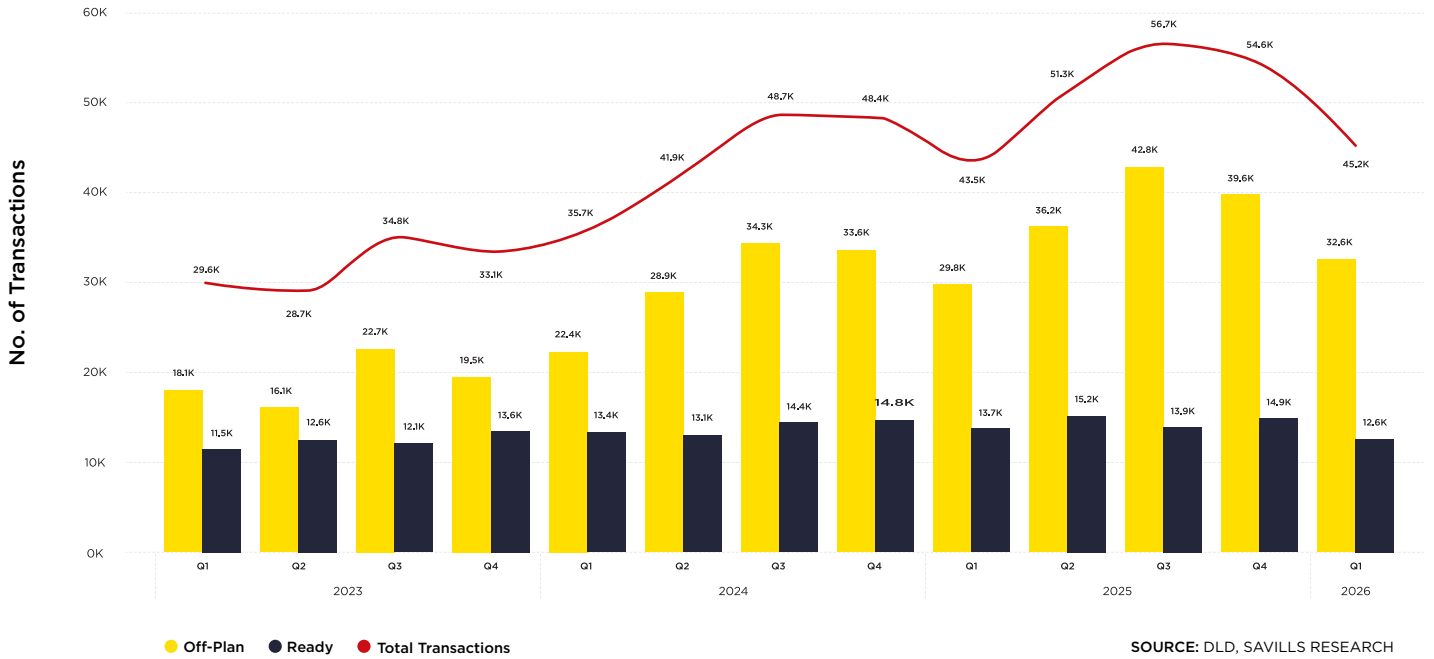
momentum, particularly within the ready segment. At the same time, given the influence of external factors and the presence of pipeline transactions, it is prudent to monitor the coming months, where a clearer direction of the market is expected to emerge. While March provides the clearest indication of current market conditions, it is important to place these trends within the broader quarterly context to understand the overall direction of the market.

### Off-plan activity

Whilst Q1 transaction volumes eased 17% on a quarterly basis, the off-plan market remained dominant and maintained a 72% share of overall transactions in line with 2025. This was also higher from 68% recorded in 2024 and 60% in 2023. On a monthly basis, transaction momentum moderated in March, with limited new launch activity and reduced deal flow, indicating a

divergence between quarterly performance and underlying monthly trends. High-quality projects from reputable developers continue to sell, suggesting ongoing demand from both end-users and investors for the right product, attractive payment plans, and strong investment opportunities underpinned by long-term confidence in the Dubai market.

### DUBAI RESIDENTIAL TRANSACTION TREND



Activity also continues in the ready market (transactions in handed over/completed projects). Whilst buyers are seeking potential distress opportunities amid geopolitical uncertainty, there is no indication of widespread pressure to sell, and owners remain committed to the fundamentals of the market and long-term plans. In fact, property listing data shows a 26% q-o-q drop

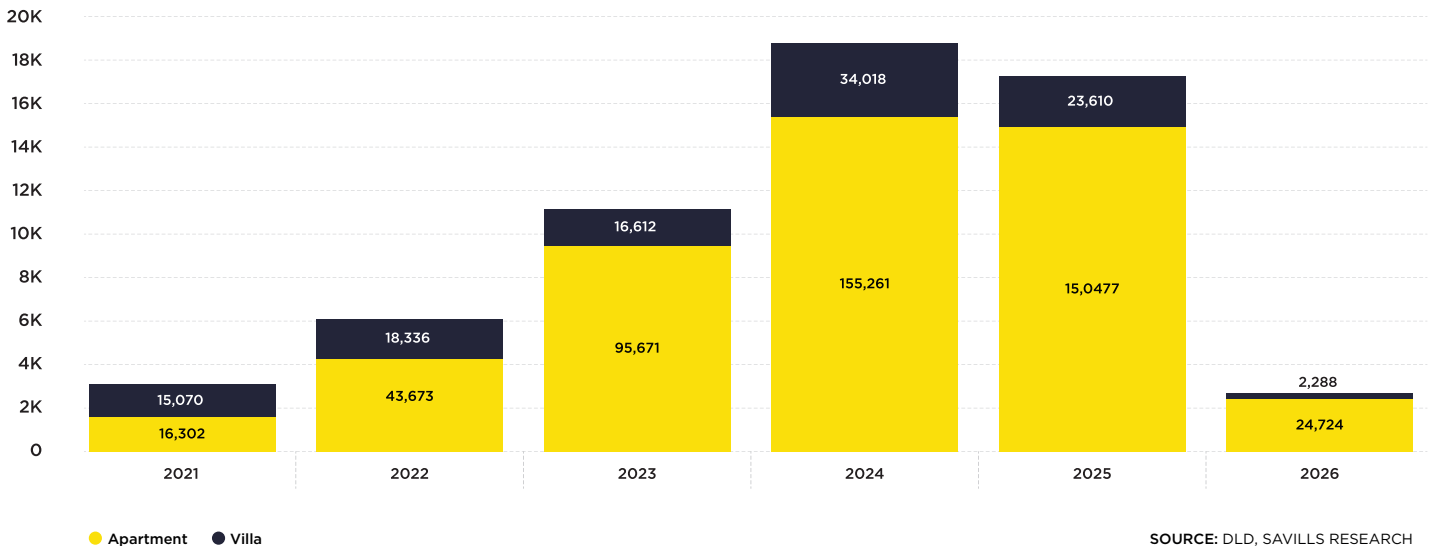
in the number of properties being listed on the market in Q1 2026, also reflecting the reduction in new launches to the market. Given the market's reliance on off-plan supply to drive transaction volumes, this pause in launch activity is expected to translate into a temporary slowdown in transaction momentum, with the impact likely to be reflected in Q2 volumes.

### Supply

Launch activity remained strong in Q1 2026 (pre March), with 106 projects launched with 27,012 associated units. This

compared to 170 projects launched to the market in Q4 2025, with over 48,000 associated units.

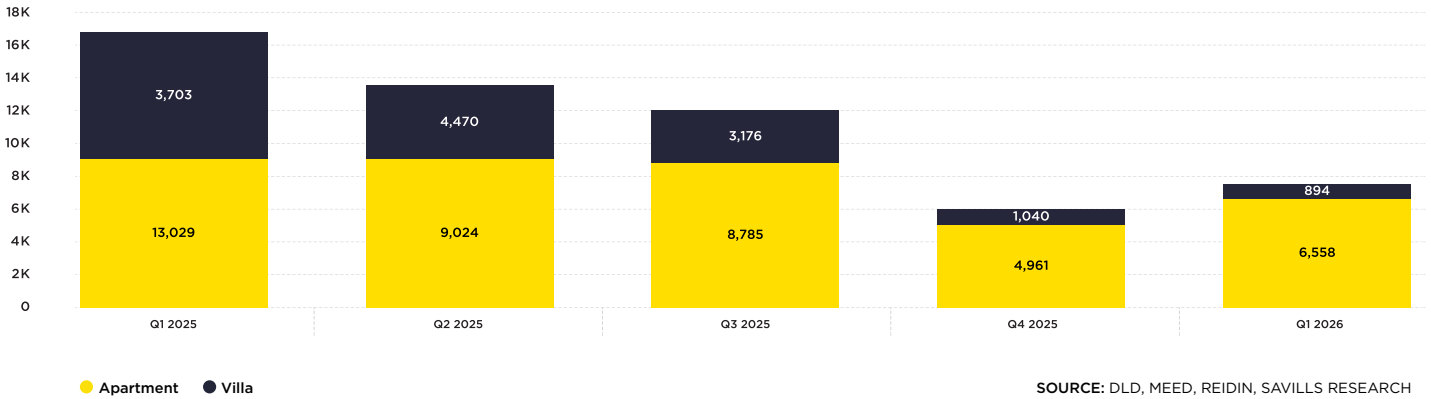
### SUPPLY BREAKDOWN BY LAUNCH YEAR



Handovers slowed in Q1 to 50% or below the levels seen in Q1-Q3 2025, taking the annual delivery to circa 48,000 units, split between 26% for villas/townhouses and 74% for apartments (in line with 2024 handovers). Key completions in Q1 included Da Vinci Tower Downtown, Damac Lagoons - Portofino, Dubai Hills

- Elvira, Arabian Ranches 3 (multiple phases), and Expo Golf Villas. Delivery activity has moderated due to recent uncertainty, with a noticeable shift in timelines and several handovers pushed into upcoming quarters.

DUBAI HANDOVER BY QUARTER 2026



Some 40,000 units that were previously scheduled for handover in Q1 2026 have been delayed and will now make up future handovers. Future supply looks set to deliver volume to the market at an unprecedented rate. With over 430,000 units slated for completion across the next three years, Savills has adopted a conservative assumption that 60% will be delivered within this time frame, equating to approximately 250,000 units joining the ready stock by the end of 2028. 88% of this future handover supply is apartments, aligning relatively well with the

current transaction split of 83% apartments.

Whilst the population growth forecast is strong at circa 5% per year until 2030, it is important to note that historically much of the emirate's population growth has been housed outside the traditional housing stock in staff accommodation. Absorption of this stock will be critical to maintain current pricing and yield performance.

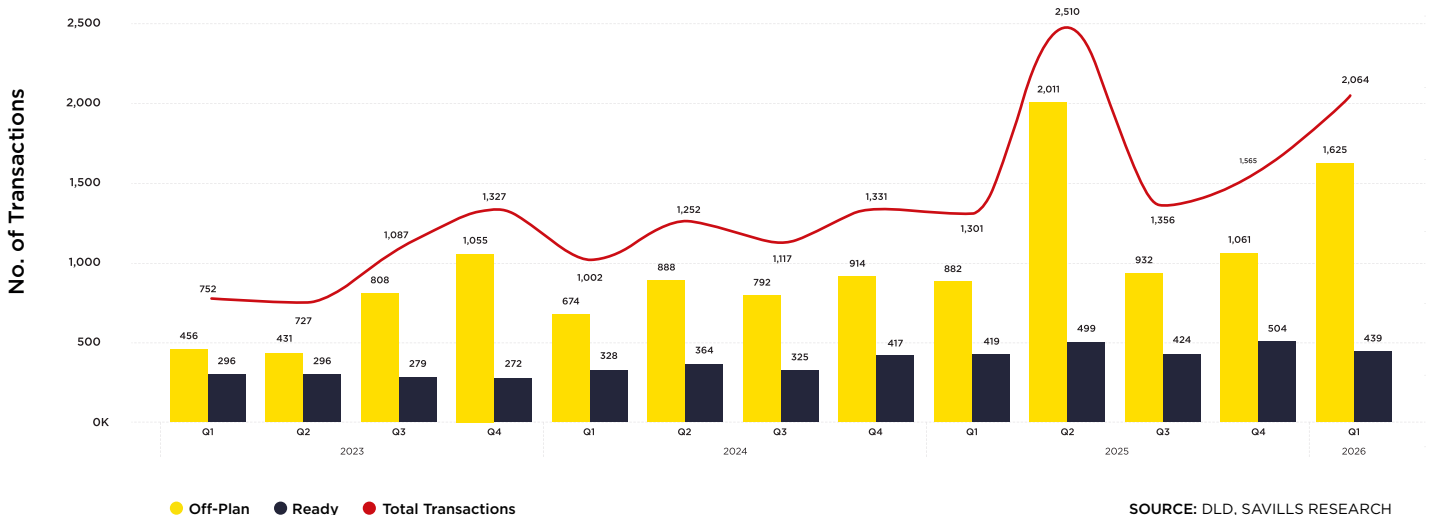
Prime Residential Market

The prime market delivered strong results in Q1 2026, supported by a record-breaking January in terms of transaction volumes. Of the 2,064 transactions over AED 10M, 976 occurred in January, 656 in February, and 432 in March. Q1 2026 alone accounted for 44% of total transactions above AED 10M recorded in 2024 and 31% of 2025 volumes at this level, highlighting continued depth in this segment.

than entirely new demand. This suggests that while underlying demand remains present, current transaction levels should be interpreted with caution, with closer monitoring required in the coming months.

The prime market continues to be dominated by villa stock, accounting for 76% of transactions above AED 10M. Off-plan also remains the leading segment for the prime market, with a 79% share, which is 7% higher than the 72% average captured by the off-plan segment in the wider market. Key locations driving prime transaction volumes in Q1 2026 include The Oasis, Dubai Hills Estate, and Jumeirah Golf Estates.

TRANSACTION VOLUMES OVER AED 10M, Q1 2026



### Outlook

In March, the market has reflected a more cautious and measured approach, with activity moderating as participants reassess conditions. While the UAE’s long-term fundamentals remain supportive, near-term sentiment continues to reflect caution.

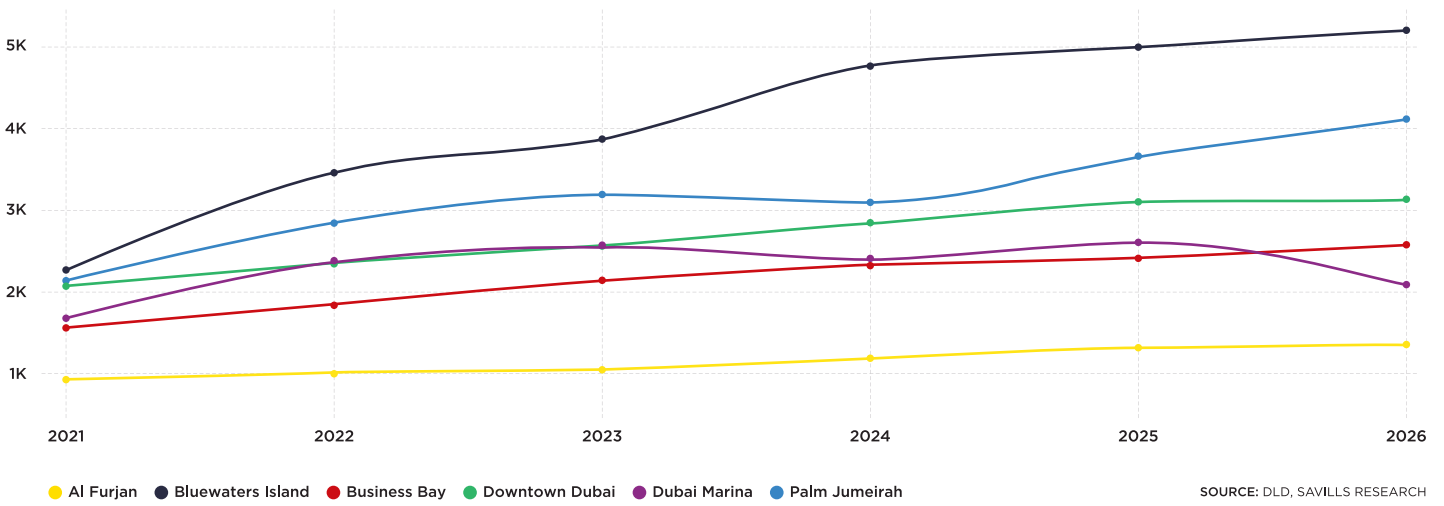
The trends observed in recent periods prior to the breakout of the regional conflict—including strong investor interest, continued demand for off-plan properties, and sustained activity in select segments such as prime residential—remain relevant despite the conflict, but may only begin to reflect again in transaction levels with a lag. In the current environment, these trends appear to be progressing at a more measured pace.

At the same time, the market is entering a phase of increased supply visibility, with a growing pipeline of upcoming deliveries.

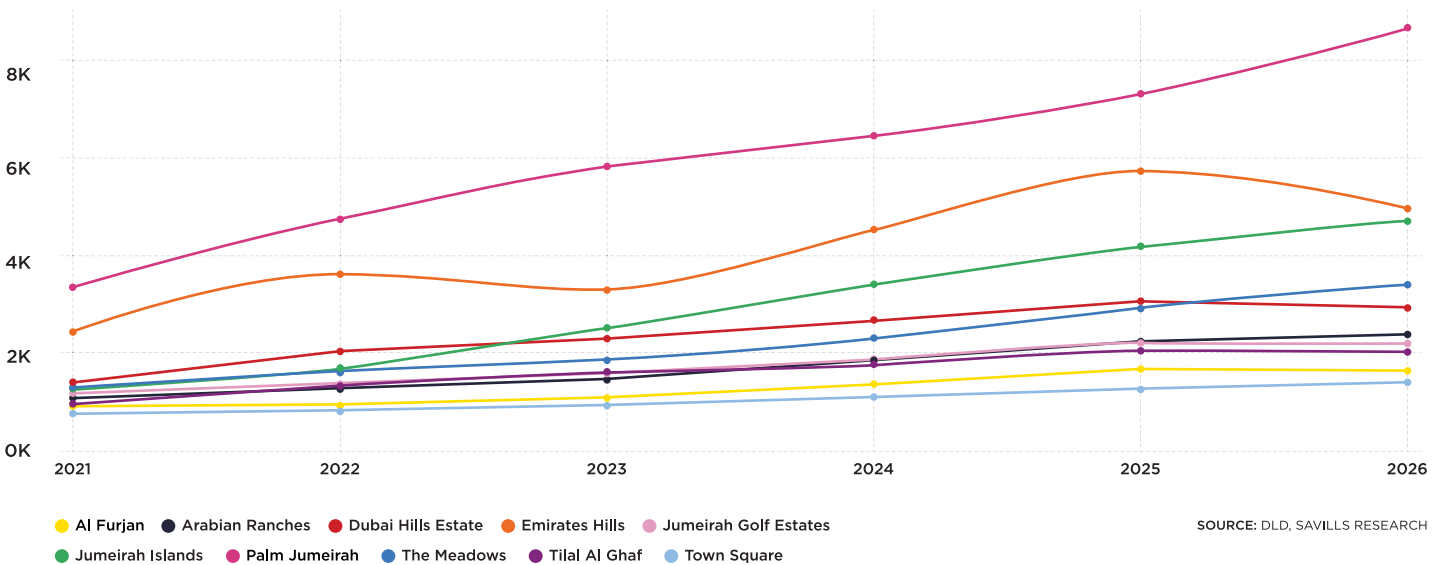
While this does not indicate an immediate imbalance, it introduces the potential for localised supply-demand mismatches, particularly if external conditions remain uncertain or financing conditions tighten. Importantly, supply dynamics are not uniform across segments. Villas and well-located prime assets continue to show relative resilience, while certain apartment segments may experience more near-term adjustment.

Overall, while current trends reflect moderation, the full impact of recent developments is yet to be fully reflected. As such, near-term activity may remain under pressure, although any adjustment is expected to be gradual rather than abrupt, reinforcing the importance of careful asset selection and realistic pricing expectations.

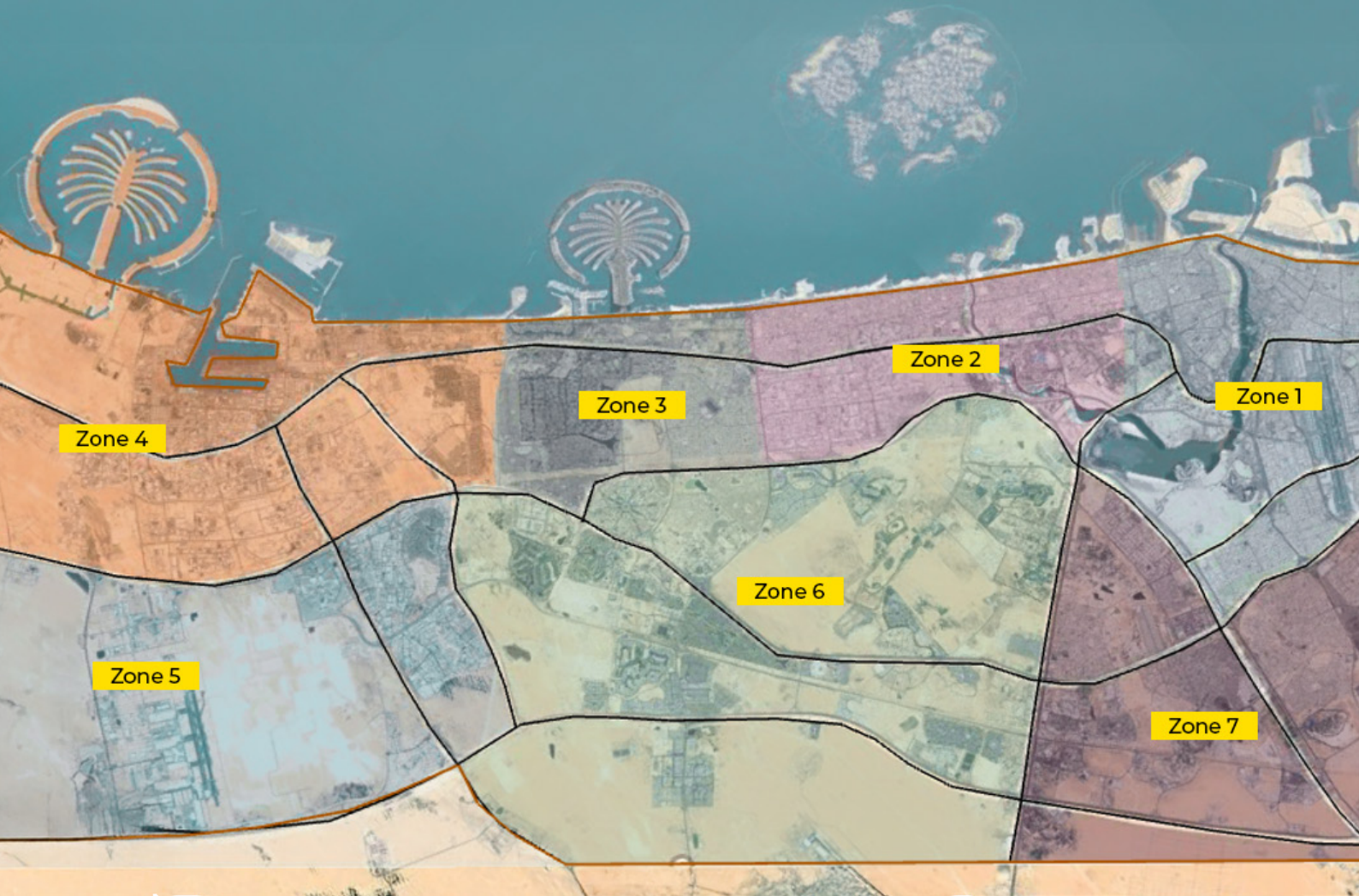
#### AVERAGE AED/SQFT TREND - APARTMENTS



#### AVERAGE AED/SQFT TREND - VILLAS



RESIDENTIAL ZONES IN DUBAI



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**Andrew Cummings**  
Head of Residential Agency ME  
[andrew.cummings@savills.me](mailto:andrew.cummings@savills.me)



**Rachael Kennerley**  
Director Research  
[rachael.kennerley@savills.me](mailto:rachael.kennerley@savills.me)