

FOREWORD

Dubai's residential property market has carried its momentum into the third quarter of 2025, demonstrating sustained strength and resilience across all key indicators. Average citywide values rose by 2.5% during Q3, extending an unbroken run of quarterly growth that began in late 2020, leaving values 10% higher than this time last year.

This persistent upward trend, which has now spanned nearly five full years, has delivered on the promise of the 'roaring 20s' we declared back in 2021.

As with any cycle however, there is always a beginning, a middle and an end. And after an uncontested five-year property price rally, we are starting to see a slowing in the rate of quarterly rises, which averaged 2.02% in 2021, 2.22% in 2022, 4.34% in both 2023 and 2024 and has since eased to 3.2% between Q1 and Q3 this year. Similarly, the annual rate of change in house prices across the city has eased to 10% as at the end of Q3, down from a high of 16% recorded in Q3 2024. It suggests, perhaps, that the market may have already reached its peak in this cycle.

That said, the sustained momentum in market activity and price growth reflects the city's evolution from a speculative real estate market to one characterised by genuine end-user demand, structural depth, and long-term investor confidence.

Aggregate transaction volumes for the first nine months of 2025 have exceeded AED 310bn (US\$ 84bn) — one of the highest totals ever recorded. During Q3 alone, sales reached roughly AED 117bn (US\$ 31.8bn), marginally higher than the same quarter last year. This extraordinary level of activity underscores Dubai's growing appeal among both domestic and international investors and purchasers, with the latter being one of the key defining features of the current cycle.

Over recent years, high-net-worth individuals (HNWI) and ultra-high-net-worth individuals (UHNWI) have firmly supported demand for luxury and super-prime assets, while a maturing base of resident end-users has provided stability across the mainstream sector. The result is a balanced ecosystem in which wealth migration, lifestyle appeal, and long-term residency programs have jointly sustained price growth.

Notably, our analysis shows that speculative transactions; i.e., homes that have been resold within 12 months of transacting (c. 4.5% through this cycle) has not dominated total activity; a clear departure from the city's two previous freehold residential market cycles that were defined by short-term speculation. Indeed, just before the 2008 GFC, 25% of homes in the city were being resold within 12 months of transacting.

Forecasting price trends in such a dynamic environment requires a data-led approach. Our residential agency's forecasting remains consensus-based, and factors key performance indicators, including, but not limited to transaction volumes, the off-plan-to-secondary sales ratio, the mortgage-to-cash composition, population growth and projected supply pipelines.

I invite you to explore our findings and analysis and welcome the opportunity to discuss our outlook with you in more detail.



Faisal Durrani
Partner – Head of Research, MENA



MARKET BACKDROP

A structural shift in market dynamics

Dubai's investment-grade housing market, opened to international buyers only in 2002, has already traversed two full market cycles marked by sharp upswings and hard-landing corrections. Cyclicality has been amplified by rapid population growth and the unavoidable three-to-five-year lead times between development decisions and final delivery.

In the current third cycle, however, speculative overhang looks materially lower than in prior booms. Resales within one year of purchase are hovering around 4% today versus roughly 25% on the eve of the Global Financial Crisis, signalling an important structural shift toward end-users and long-term investors.

A far more diverse economy

The economy's resilience has also strengthened as diversification and fiscal capacity have improved.

The top five sectors' share of GDP declined from 68% in 2008 to 63% in 2023. The reliance on wholesale & retail trade and

construction has eased, while industrial and logistics, and accommodation and food services sectors have significantly increased their respective contributions to GDP.

The composition of growth has also shifted: between 2009 and 2016, wholesale and retail trade accounted for 35% of total GDP growth, between 2020 and 2023 the contribution was 27%. Conversely transport and storage activities accounted for 15% of growth between 2020 and 2023, up from 11% between 2009 and 2016.

Population growth driving demand for housing

Population growth remains the prime engine of economic growth, more than productivity gains. Since 2005, Dubai's population has compounded at about 5.8% per annum, albeit unevenly across years. Momentum has remained robust, with a 5% expansion in 2024, equivalent to roughly 208,800 additional residents and a further increase of around 155,000 during the first nine months of 2025.

The Dubai 2040 Urban Master Plan targets residential population growth from approximately 3.9 million in 2024 to 5.8 million by 2040, a compound annual rate of around 2.6%.

Housing supply

On the supply side, the city's housing capacity has scaled dramatically to keep pace. The dwelling stock has multiplied nearly fivefold from roughly 138,000 units in 2005 to around 838,000 by 2023, representing an 8.1% CAGR, equivalent to an average annual completion rate of around 35,000 homes. Meeting the 2040 population goal implies the need for approximately 525,000 additional dwellings between 2025 and 2040, again averaging close to 35,000 units per year, alongside complementary investment in commercial space, education and healthcare facilities, and broader amenities.

Given typical launch-to-handover timelines of three to five years, year-to-year imbalances are inevitable, as evidenced in recent years (we explore this later in the report) which reinforces the importance of clear policy signals and careful phasing.

For the housing market, the implications are clear. With lower 'flipping' activity and a more diversified growth base, cycle amplitude should moderate even as net in-migration remains robust.

Through the cycle, an annual supply cadence of roughly 35,000 units remains a useful benchmark; deviations materially above or below that level are likely to surface first in reduced price and rent growth, possibly localised in areas where home completions are excessive, as well as in higher vacancy rates.

Segmental performance will increasingly hinge on infrastructure. Submarkets tied to airport expansion, metro and tram infill, and hospitality or experience-led and family-oriented clusters are well placed to outperform on both achieved prices and rental growth.



The Dubai skyline seen from the World Islands

Dubai GDP growth rates and real estate market conditions, excluding 2020



Sources: Knight Frank, Dubai Statistics Center

RESIDENTIAL MARKET PERFORMANCE

Apartments: resilience across the board

Dubai's apartment market registered further gains in Q3 2025, extending a steady pattern of quarterly appreciation. Average apartment prices increased by around 2.3% quarter-on-quarter and 9.6% year-on-year, with strong divergence across communities.

Waterfront and central districts with affordable units catering to young expats and families led performance. Meydan city saw the sharpest quarterly rise at 22% q/q, equating to an annual increase of 29%, driven by newly completed mixed-use projects and expanding investor interest in central submarkets. Palm Jumeirah saw the sharpest annual increase at 31% due to limited new supply. Dubai Marina mirrored this growth with 15% growth y/y, supported by continued demand for luxury lifestyle homes in central communities with lifestyle and leisure amenities.

Business Bay maintained its price rise, up 10% q/q, reflecting absorption of premium towers along the Dubai Canal. Downtown Dubai and Dubai Hills Estate recorded more modest quarterly gains of 1.46% and 1.78%, respectively, as these core markets entered a phase of consolidation after several years of pronounced expansion.

Conversely, supply-heavy districts such as Dubai Creek Harbour experienced a mild price correction over the year, underscoring an emerging two-speed market in which quality, brand association, lifestyle infrastructure and high levels of completion drive value differentiation. For context, Dubai Creek Harbour has recorded 5,796 completions between Q1 2023 and Q3 2025, with another 6,967 units to be delivered by 2029, representing 5.4% of the total number of apartments delivered across the city and doubling the supply in the community since 2019.

In addition, neighbourhoods such as Jumeirah Beach Residence, Jumeirah Lake Towers, and Jumeirah Golf Estates also experienced price corrections during Q3, mirroring the historical seasonal summer slowdown when demand for homes wanes, typically resulting in price dips for both villas and apartments in some areas.

At the city level, average apartment prices now stand around AED 1,798 psf (US\$ 490 psf), approximately 69% above their Q1 2020 levels and 20% above the 2014 market peak. This growth has been underpinned by the rising popularity of smaller, high-amenity units among both investors and owner-occupiers. The combination of affordability, strong rental yields, and sustained population inflows has kept absorption high despite elevated prices.

Apartment price performance (Q3 2025)

Community	Q3 2025 average transacted price (AED psf)	3-month change	12-month change
Business Bay	2,586	10.2%	13.4%
Damac Hills 2	1,469	11.7%	17.6%
Downtown Dubai	3,033	1.5%	15.0%
Dubai Creek Harbour	2,441	0%	5.9%
Dubai Hills Estate	2,402	1.8%	4.5%
Dubai Marina	2,779	0.3%	32.4%
Jumeirah Beach Residence	2,553	-3.5%	24.3%
Jumeirah Golf Estates	1,382	-4.9%	15.4%
Jumeirah Lake Towers	1,876	-5.3%	3.4%
Jumeirah Village Circle	1,482	2.2%	16.1%
Jumeirah Village Triangle	1,539	7.3%	8.1%
Meydan City	2,099	21.8%	34.9%
Palm Jumeirah	4,147	19.5%	34.0%

Source: Knight Frank, REIDIN



Jumeirah Lake Towers, Dubai

RESIDENTIAL MARKET PERFORMANCE

Villas: limited supply fuels record gains

Dubai's villa market continued to outperform apartments in both pace and magnitude of price appreciation. During Q3 2025, villa prices rose by an average of 3.6% q/q, leaving them 12% higher than this time last year. This was supported by a chronic undersupply of completed homes and a growing cohort of high-income residents seeking larger family-oriented spaces.

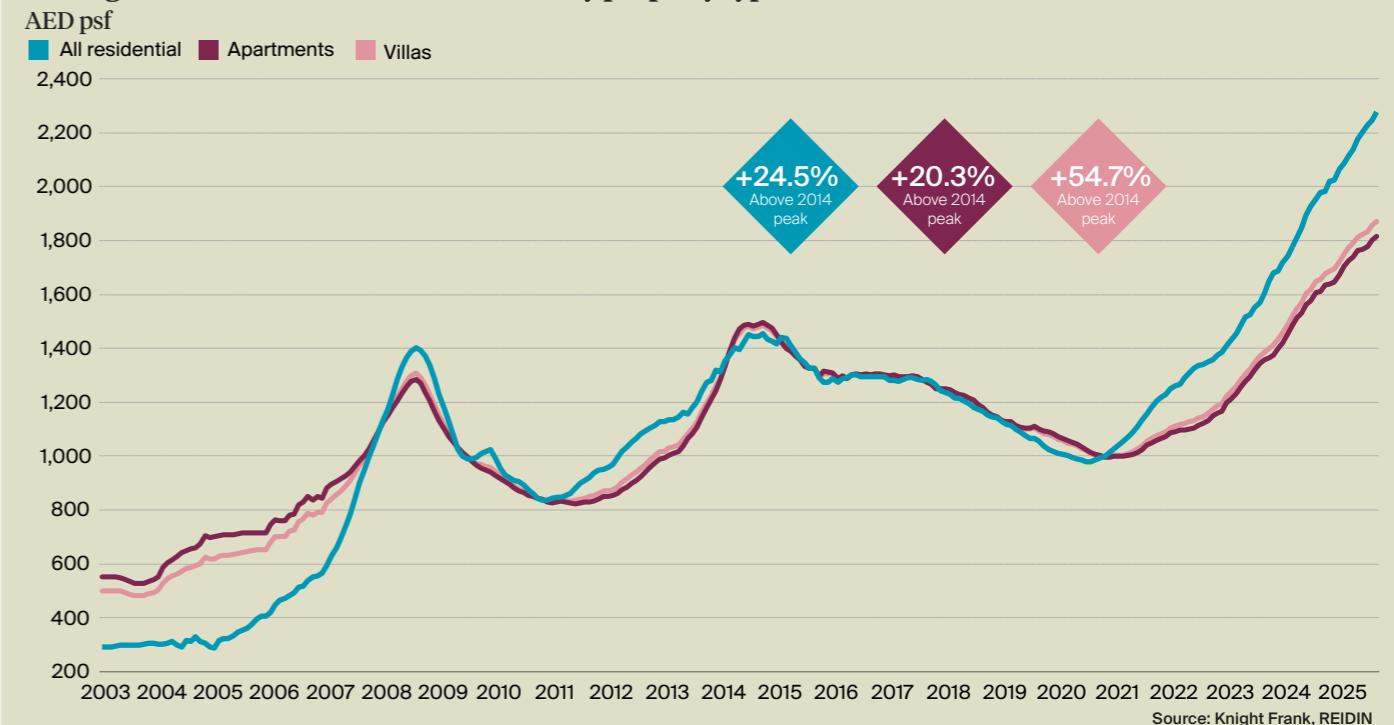
On an annual basis however, luxury communities were once again at the forefront of price gains. For instance, La Mer, which we have recently identified as a prime neighbourhood experienced the sharpest increase at 33.8% q/q and 54.7% y/y -the highest level for any villa community in the city. While Palm Jumeirah, which has been at the epicentre of luxury home sales during this cycle experienced no price movement during Q3, alongside a 19% reduction in the number of transactions, suggesting more homes are being secured for the long-term. Prices here currently stand at AED 6,764 psf (US\$ 1,840 psf).

Family-oriented suburbs such as Arabian Ranches (34.2%), Jumeirah Islands (27.5%), and Emirates Hills (33.6%) also recorded strong appreciation over the last 12 months, highlighting continued end-user demand for luxury homes.

A similar story appears to be playing out in more peripheral locations, with Expo City and Dubai South, for example, also experiencing quarterly declines amid high supply volumes. At Expo City for instance, over 800 homes are expected to be handed over by Q3 2028, while in Dubai South, we recorded a further 4,467 residential completions by Q3 2029, effectively doubling supply in the community. A high number of home handovers in a community usually precedes price moderation, which appears to have been the case in these areas.

Overall, villa values have now climbed approximately 124% since Q1 2020 and stand 55% above the 2014 peak with current average prices at AED 2,250 psf.

Average value of residential transactions (by property type)



Villa price performance (Q3 2025)

Community	Q3 2025 average transacted price (AED psf)	3-month change	12-month change
Al Barari	2,078	-4.8%	10.6%
Al Furjan	1,703	-0.2%	22.8%
Arabian Ranches	2,239	-2.7%	34.2%
Damac Lagoons	1,202	2.3%	9.4%
District One	2,747	9.2%	15.7%
Dubai Hills Estate	3,005	-6.4%	24.7%
Emirates Hills	6,461	33.7%	33.2%
Jumeirah Golf Estates	2,198	1.7%	22.8%
Jumeirah Islands	4,367	0%	27.5%
Jumeirah Village Circle	1,098	0%	17.9%
Meydan City	1,757	7.3%	25.0%
Palm Jumeirah	6,764	0%	5.1%
La Mer	4,511	33.8%	54.8%
Dubai South	1,175	-2.9%	5.2%
Expo City	1,647	-3.8%	2.7%

Source: Knight Frank, REIDIN



Port de La Mer in Dubai

DEMAND TRENDS

Record home sales volumes

Q3 2025 saw a record 56,854 home sales, an increase of nearly 17% compared to Q3 2024. Cumulatively, over 148,000 transactions were registered between January and September 2025, with a total value of AED 401.7bn, 9.2% over the total for 2024. This builds on the AED 367bn (US\$ 100bn) in home sales last year across 169,000 deals.

Off-plan sales dominance

Off-plan activity dominated sales, accounting for over 72% of total transaction value during Q3. Developers leading sales value in Q3 2025 were Emaar (17.6%), Damac (9.6%), and Binghatti (7.4%), which collectively represent more than 35% of all off-plan sales by value.

Submarkets ranking highest in terms of transaction volumes include Jumeirah Village Circle (5,333 units), Business Bay (4,108 units) and Dubai Investment Park (3,060 units), with Business Bay also leading by total deal value at AED 8.3bn (US\$ 2.3bn).

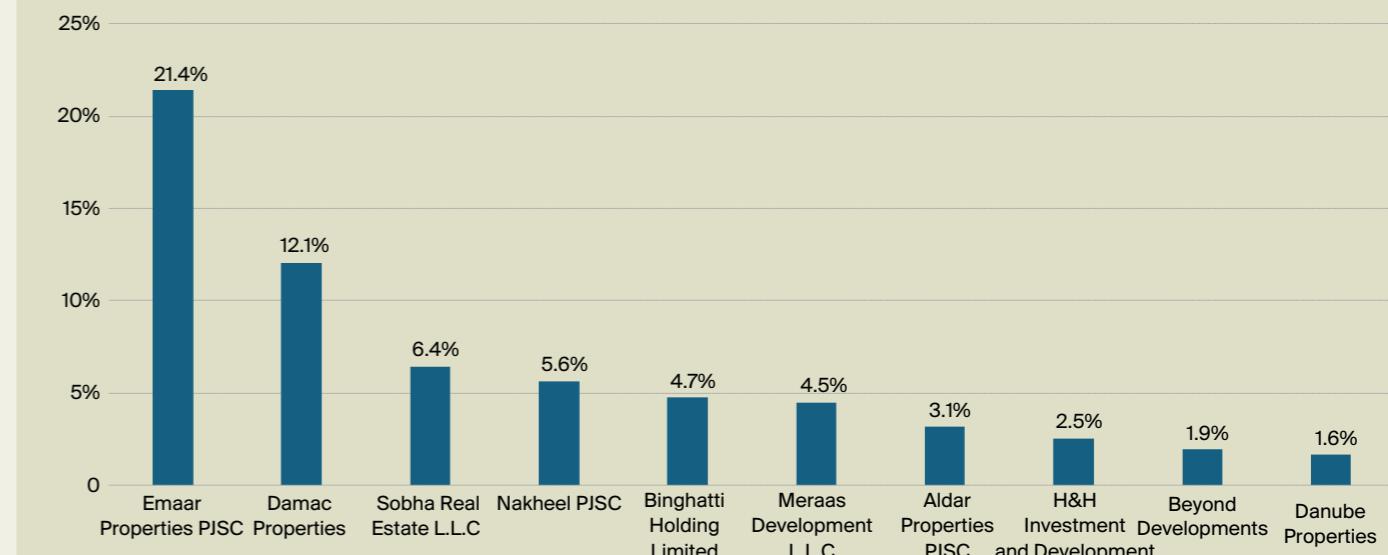
The dominance of off-plan sales is historically a well-entrenched pattern in the city's residential market. Flexible payment plans continue to make off-plan purchases attractive to investors and those looking for perhaps a more affordable way to access the housing ladder.

Of course, the fact that this segment of the market has been especially active in the second half of this current cycle with, for instance, our analysis showing some 222,308 units across 984 registered projects being brought to market since the beginning of 2023, including 18,909 home launches in 2025 alone.

Secondary market sales triple since 2021

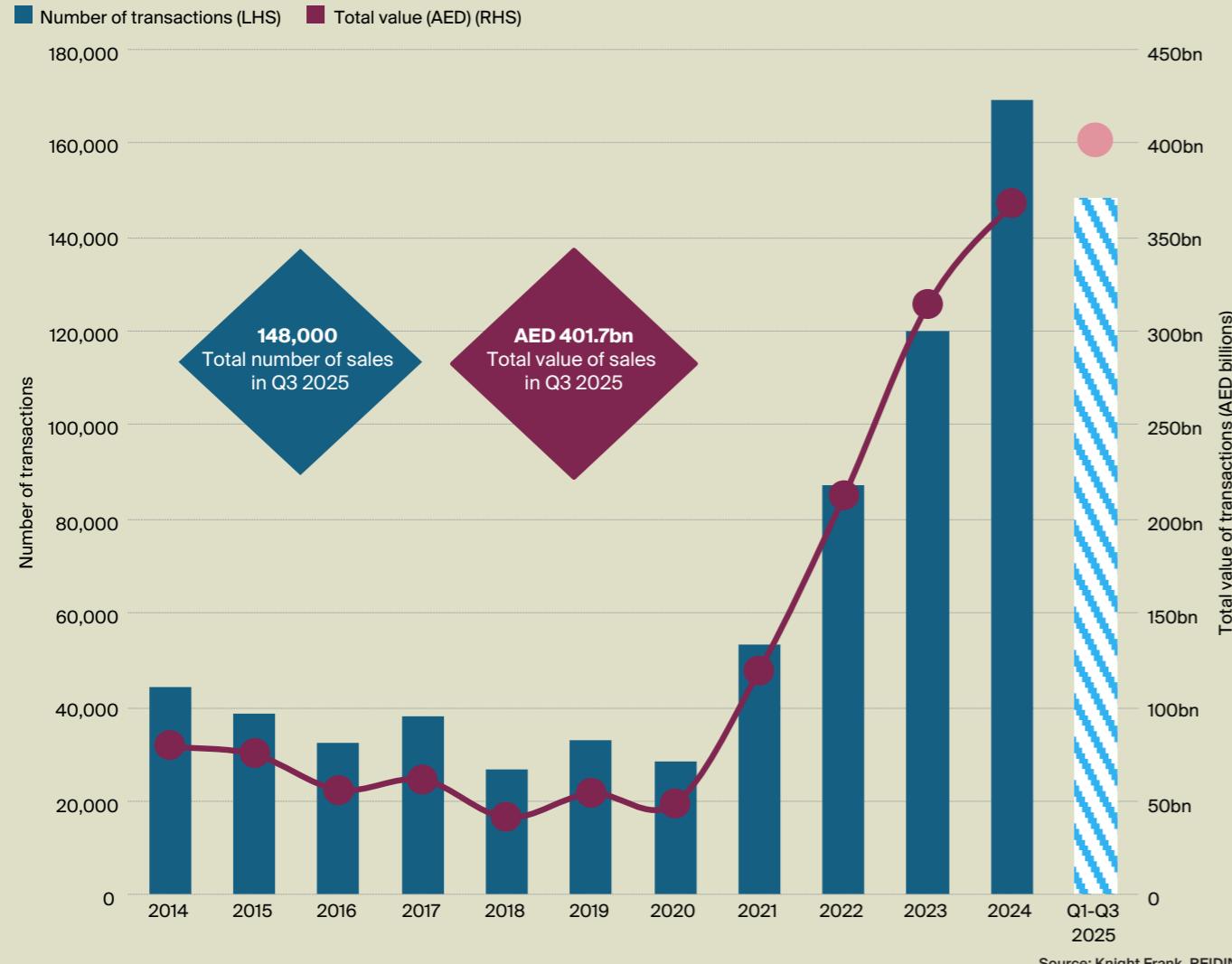
Meanwhile, a robust secondary market signals deep liquidity, particularly in completed family communities where transaction volumes have tripled since 2021.

Proportion of off-plan sales by developer (by total value) (Q1-Q3 2025)



Source: Knight Frank, REIDIN

Total value and number of residential transactions in Dubai



Source: Knight Frank, REIDIN

Off-plan sales by community (Q1-Q3 2025)



Source: Knight Frank, REIDIN

DEMAND TRENDS

23,000 mortgage-backed sales during 2025

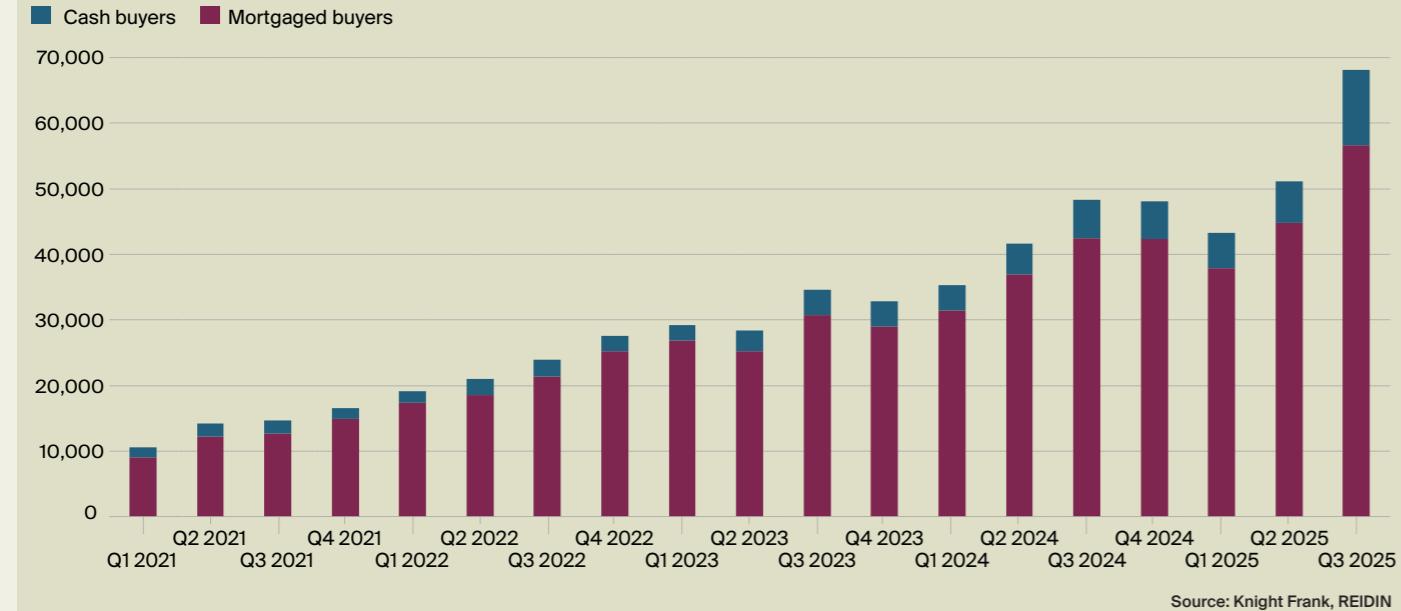
Cash transactions still dominate deal activity, which is in large part connected to the high volume of off-plan launches during this cycle, as mortgages for off-plan purchases remain inaccessible until certain construction milestones are completed. The proportion of cash sales between Q1-Q3 2025 stood at 86% of total transaction volumes. This compares to 88% in 2024 and 89.9% in 2023.

Nevertheless, mortgage activity has steadily risen, particularly for completed units in the secondary market. The easing of the headline 12-month EIBOR interest rate from a high of 5.40% last Autumn to 3.90% at the end of October has supported end-user borrowing, which we expect will persist given messaging from the US Federal Reserve

Cash vs mortgaged transactions



Number of cash vs mortgaged transactions



about the onset of a low-rate environment.

Indeed, over 23,000 homes were purchased with mortgages in the first nine months of 2025, more than double the number seen just four years earlier. 11,534 mortgaged purchases were registered in Q3 alone, highlighting the rapidity at which purchasers are capitalising on low interest rates.

Jumeirah Village Circle, Dubai Marina, and Villanova remain hotspots for mortgaged sales, while ultra-luxury zones such as Emirates Hills and Palm Jumeirah continue to be dominated by cash buyers.

Community	Number of ready property sales	Number of mortgaged sales	Share of mortgaged sales
Villanova	274	159	58%
Emaar South	302	203	67%
Damac Hills 2	1,094	452	41%
Town Square	874	568	65%
Al Furjan	1,383	633	45%
Damac Hills	929	316	34%
Dubai Hills Estate	1,115	379	34%
Jumeirah Lake Towers	1,124	328	29%
Dubai Marina	2,034	432	21%
Jumeirah Village Circle	4,330	1,281	30%
Business Bay	2,739	1,069	39%
Dubai Sports City	1,113	213	19%
Meydan One	1,050	320	30%
International City Phase 2 & 3	566	92	16%
Mirdif	107	26	24%
International City	1,487	104	7%

Source: Knight Frank, REIDIN

“ Over 23,000 homes were purchased with mortgages in the first nine months of 2025, more than double the number seen just four years earlier.

UNPICKING THE DEMAND-SUPPLY CONUNDRUM

350,000 homes due by 2030

The long-held and well-documented Dubai mantra of 'build-it-and-they-will-come' has undermined the residential market twice historically. Supply levels far outpaced demand, underpinning rapid price corrections, notwithstanding other external factors such as the 'Great Recession' in 2008 and the oil price collapse in 2014.

Conditions may 'feel' different this time around, with stronger base market fundamentals seemingly now well established in terms of the 'genuine' nature of purchasers, which has to an extent been corroborated by an acceleration in population growth and a reduction in property 'flipping'. Nonetheless, a housing oversupply threat is a growing area of concern for us.

Our supply forecast horizon between 2026 and 2030, based on registered projects, suggests that Dubai could see some 350,000 homes completed before the end of the decade, resulting in a 55% surge in the city's current housing stock. On the face of it, the market could be looking at receiving nearly 70,000 homes a year, nearly double the long-term completion rate of 36,000.

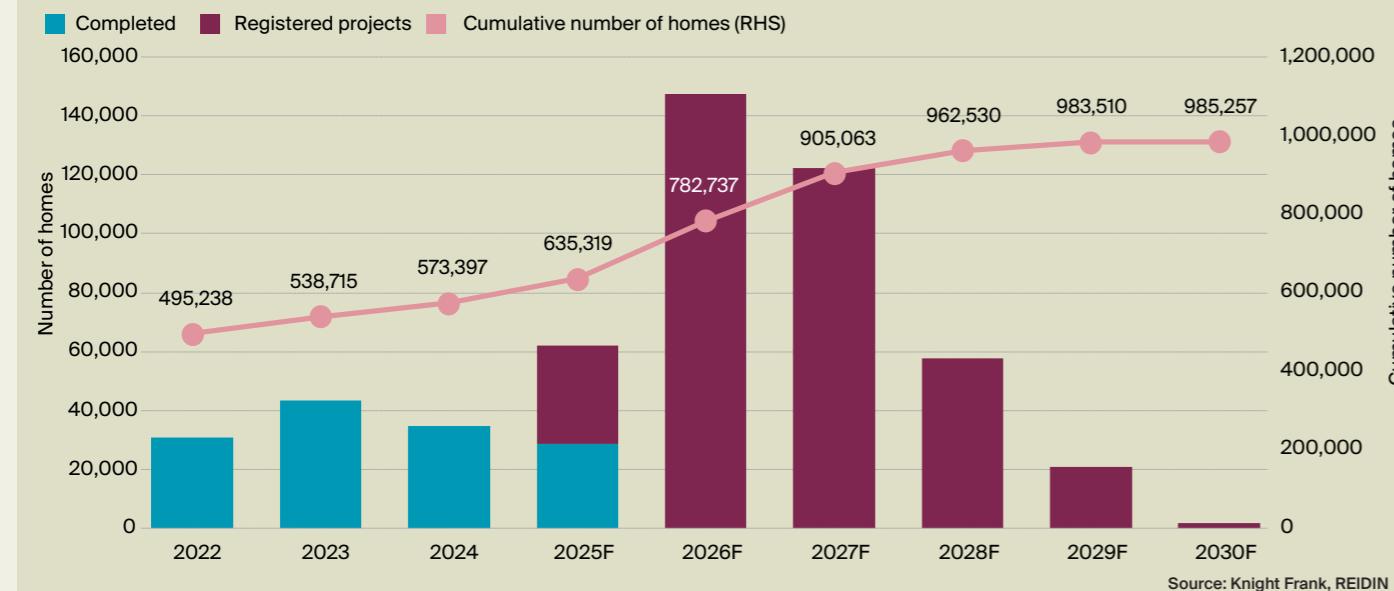
The figures make for stark reading and understandably form a core component in the formulation of our house view for house price growth next year. But, before we get to that, let's unpick the 350,000 homes figure.

Can it be done?

Dubai is known to challenge accepted norms, so it is not beyond the realms of possibility to see an acceleration in home construction activity (and handovers) as we head to 2030. Crucially however, there is no evidence to suggest that developers (or the market) have the ability and/or capacity to deliver housing at such a significant rate.

Dubai's residential supply

Number of homes



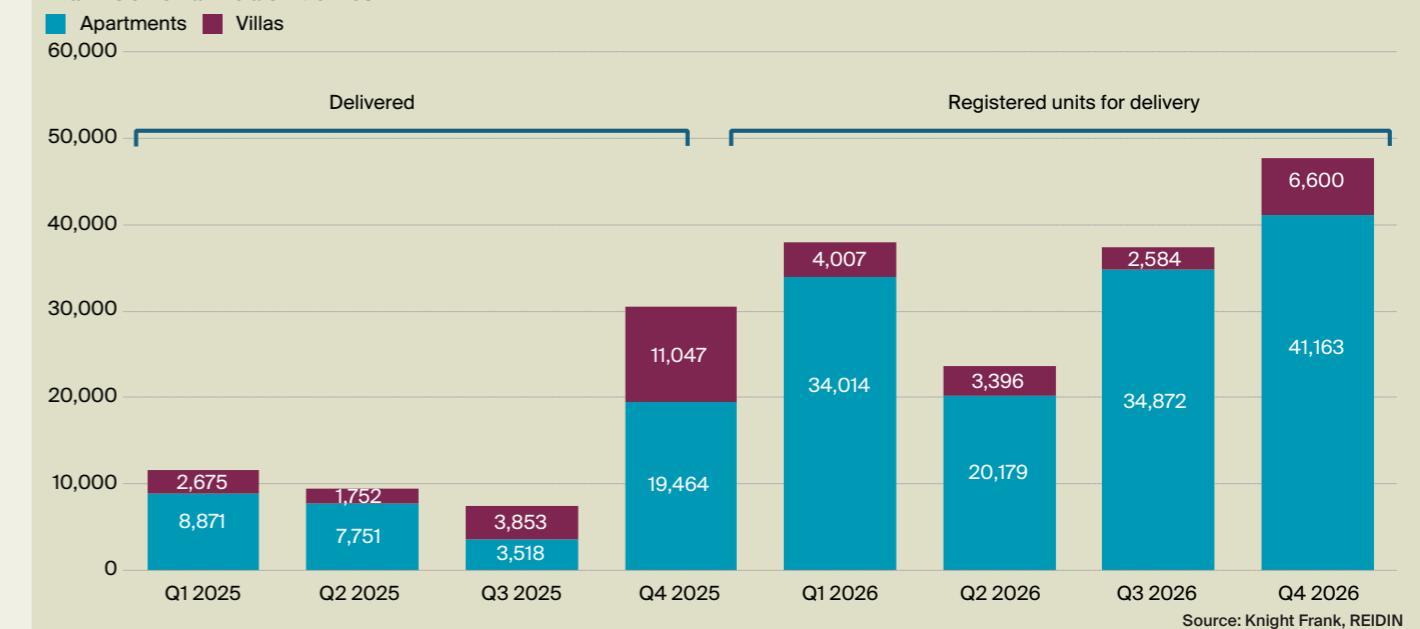
Indeed, during 2024, we expected 60,000 home completions, only 50% of which were delivered on time. And between 2022 and 2024, only 60% of promised housing materialised, with the rest cascading into subsequent years. This year appears to have been even tougher for developers, with 46% of the total 61,922 units we originally predicted completed so far this year. This equates to 28,624 homes delivered between January and September.

Developers are responding to the apparent contractor capacity crunch. Some have begun to internalise construction through the establishment or expansion of inhouse capabilities and/or capacities. The ultimate goal is to tighten control over timelines, costs and quality. Key developers such as Emaar, Samana, Ellington, Azizi and Arada have all, for instance, announced plans to entirely or partially manage construction in-house. The impact of this is of course too early to assess, but it does highlight the fact that contractor capacity has and continues to act as a drag on supply, perhaps helping to perpetuate the current price rally.

For context, in our [2025 UAE Construction Landscape report](#), we noted that national construction output reached a record US\$ 107.2bn in 2024, with total output projected to climb to US\$ 130.8bn by 2029. Construction represents 62% of the UAE project pipeline; within that, residential development accounts for 28%, with Dubai responsible for 75% of awards.

For the purposes of our consensus view, we have assumed a far more optimistic completion rate of 70%. This would result in 331,000 units being delivered over the next five years (assuming the 30% shortfall each year is cascaded into the next), or around 66,000 each year between 2026 and 2030.

Number of unit deliveries



UNPICKING THE DEMAND-SUPPLY CONUNDRUM

So is the market safe-ish?

Every equation has two sides, so let's explore the demand side for housing.

What do we know so far? Well, the city registered a population growth of 5.69% (208,878) during 2024. Between January and September this year, the population grew by 4.01% taking the total number of residents to 4,019,195. The government has set a target, courtesy of its 2040 Urban Master Plan to grow the population to 5.8 million by 2040, which translates into an expansion rate of 2.48% p.a. for the next 14 years. This is below the 20-year CAGR rate of almost 6%, but we can possibly explain away the seemingly modest growth projection by the fact that not only are we growing from a higher base point forward, but population growth rates tend to slow as cities and economies mature.

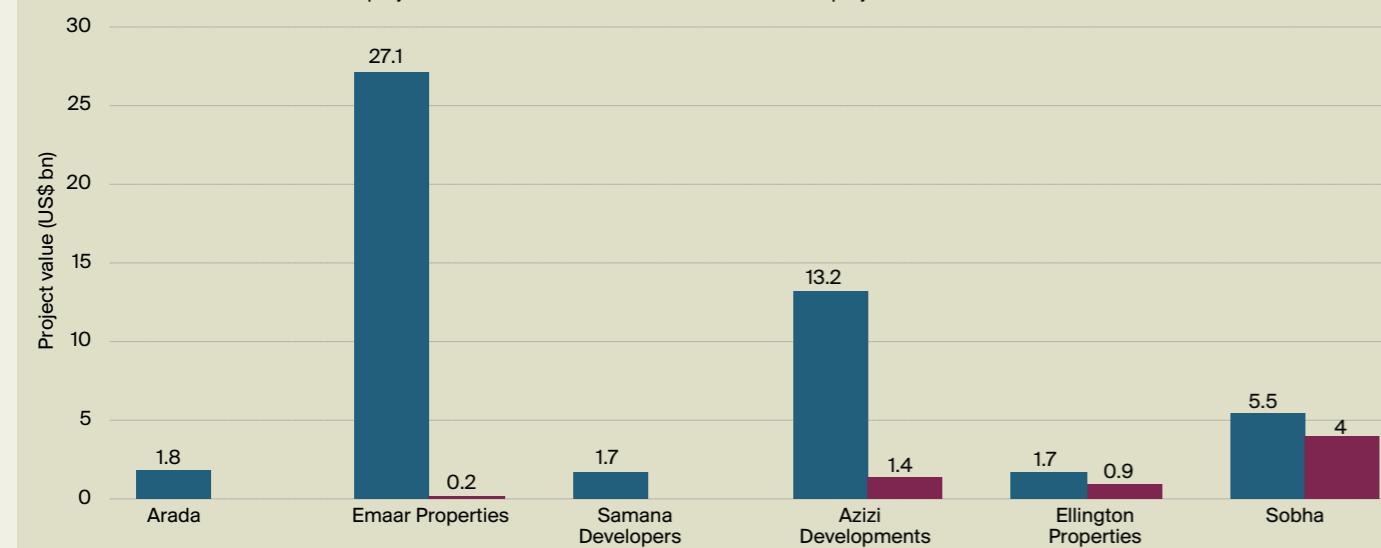
Still, if we assume the government's figure will hold true, and an average household size of 3.5, this suggests that we will need just shy of 510,000 homes to accommodate this anticipated future population. This equates to a requirement of a little over 36,000 homes p.a. between 2026 and 2040, the same as the city's long-term completion rate – a happy coincidence, perhaps.

But, we're still expecting 66,000 completions per annum between 2026 and 2030, assuming our 70% completion assumption holds true.

Clearly more optimistic population growth scenarios would chip away at the risk of an oversupply of housing in the coming years. On balance, however, our view is that an oversupply risk is mounting, especially given the relentless surge in new project launches.

Developers with inhouse construction companies

■ Total value of under-construction projects ■ Total value of in-house construction projects



Will anywhere be safe?

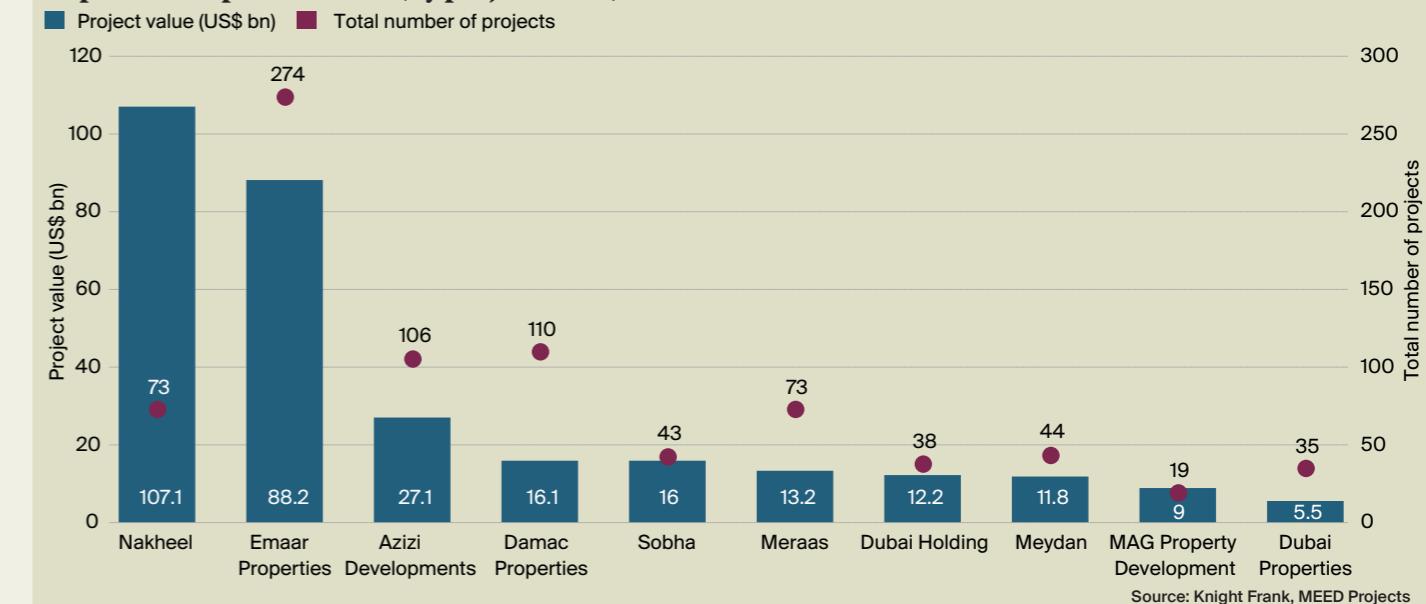
As we noted above, historically, neighbourhoods that experience a surge in home completions typically experience healthy price resets. 'Completed', in-demand and development-site scarce communities typically experience price growth long-term, notwithstanding the cyclical nature of global property markets.

With this in mind, neighbourhoods such as Jumeirah Village Circle, which we forecast to see 35,500 home completions by 2030 (10% of our total supply projection), tops our list of areas that could, in theory, experience price softening as the supply surge unfolds. For reference, average prices in Jumeirah Village Circle have climbed by 40% since Q4 2020 and currently stand at AED 1,539 psf.

At a property-type level, just 55,600 villas are scheduled for completion by the end of 2030, representing 15.8% of the total number of handovers. Villas have been the standout performer in this cycle and so with a restricted supply pipeline, prices should hold up better long-term than the apartment segment of the market.

A proxy that we have factored for villa demand is the city's school enrollment rate, which was up 6% for the 2024/25 academic year. This is higher than the city's population growth rate last year (5.69%), suggesting the family segment of the population is expanding just that much faster than the rest of the population, pointing toward sustained demand for family housing.

Top 10 developers in Dubai (by project value)



LET'S TALK PRIME

The prime catalyst

If we cast our minds back to November 2020, when the world was in the midst of various COVID-19-induced lockdowns, Dubai was 'open for business as usual', notwithstanding social distancing and mask mandates.

It was also the first major global city to reopen its borders to international travellers. And they came in their droves, experiencing first-hand the way in which the pandemic had been effectively contained, while experiencing the softer factors that tend to appeal to the well-healed: the city's cosmopolitan lifestyle, its exemplary record for safety, the rule of law, an increasingly welcoming residential visa regime and world-class schools and hospitals.

Most importantly in the context of the housing market, home values that were (and arguably still are) a fraction of those in other major global gateway cities remain a key pull-factor. Mainstream residential prices in November 2020 were hovering at around AED 998 psf (US\$ 272 psf) and today stand at AED 1,854 psf (US\$ 505 psf).

For the HNWI who decided to relocate to the city, Dubai's prime neighbourhoods became the natural port of call, with the number of prime neighbourhoods that meet our qualification criteria more than doubling in the last 12 months alone from four to ten.

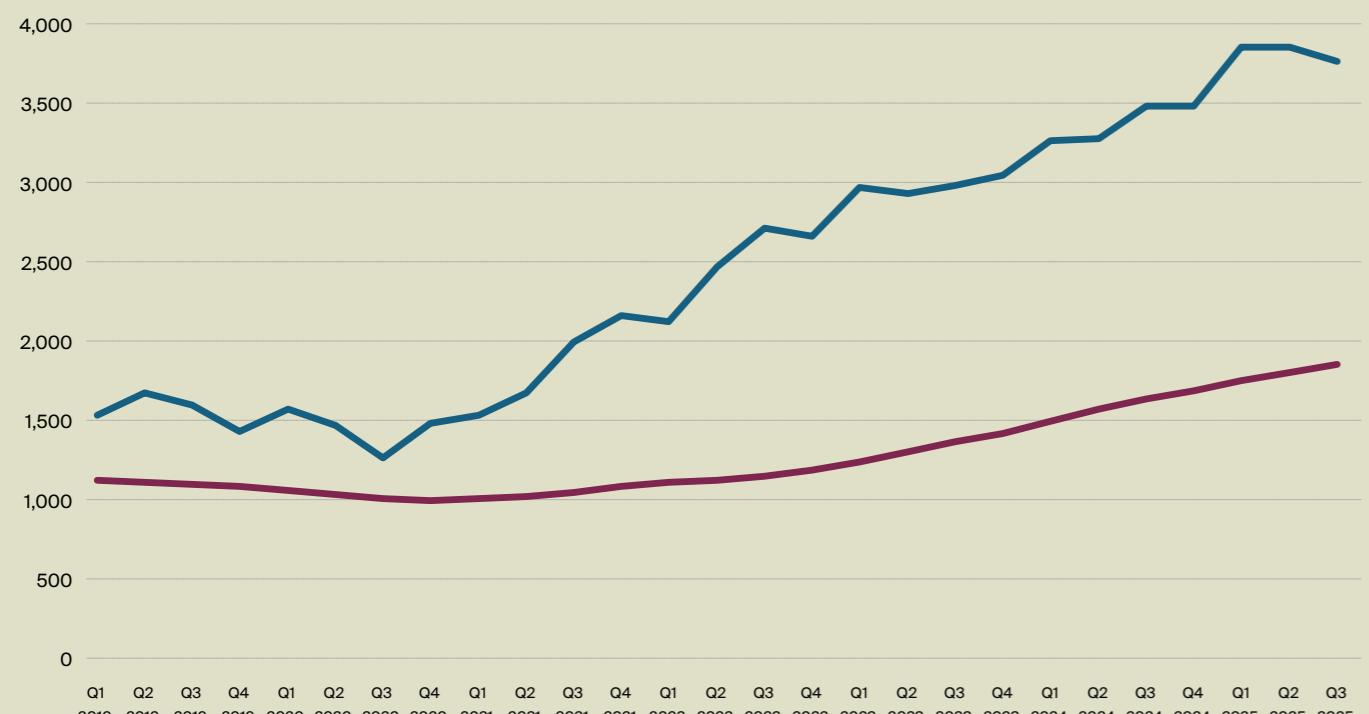
The insatiable appetite for prime homes has been, in our view, the primary catalyst for the current property market cycle, lifting the mainstream market in its wake.

Prime vs mainstream market sales price performance

AED psf

Prime market: Palm Jumeirah, Emirates Hills, Jumeirah Bay Island, Jumeirah Islands, La Mer, District 1, Al Barari, Tilal Al Ghaf, Dubai Hills Estate, Jumeirah Golf Estates

■ Prime ■ Mainstream



Source: Knight Frank, REIDIN

Global appeal

Across Dubai's 10 prime neighbourhoods, prices currently stand at AED 3,767 psf (US\$ 1,026 psf), marking an 8.5% increase on this time last year and a 140% jump on Q1 2019 price levels.

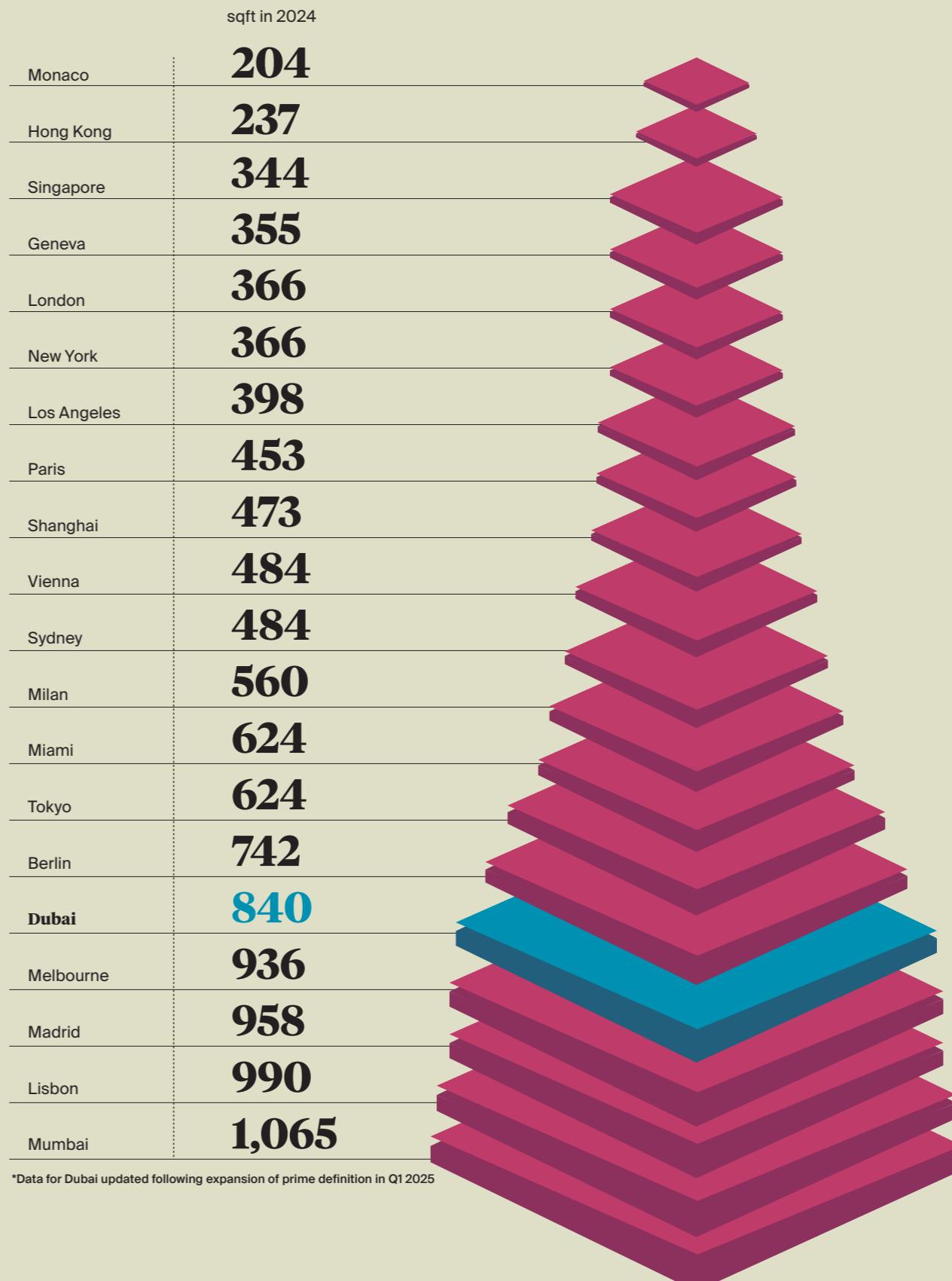
This compares to AED 9,971 psf (US\$ 2,717 psf) for prime residential real estate in New York, or AED 10,551 psf (US\$ 2,875 psf) for prime London stock.

Dubai's relative affordability on the global stage has clearly added to its allure. Indeed, US\$ 1 million secures 954 sqft of space in the city's 10 prime residential neighbourhoods, which is around 3x more than London, New York, or Singapore and about 5x more than Monaco.

The above factors together have collectively contributed to Dubai's rising profile amongst the global elite. In fact, in our [2025 Destination Dubai report](#), where we interviewed nearly 400 global HNWI to assess their attitudes, appetites and aspirations to own real estate in Dubai, we uncovered US\$ 10.3bn in pent-up global private capital that is actively considering a property acquisition in the emirate.

This represents a 134% increase on 2024, highlighting the depth of global demand from the super-rich to secure a home in the city.

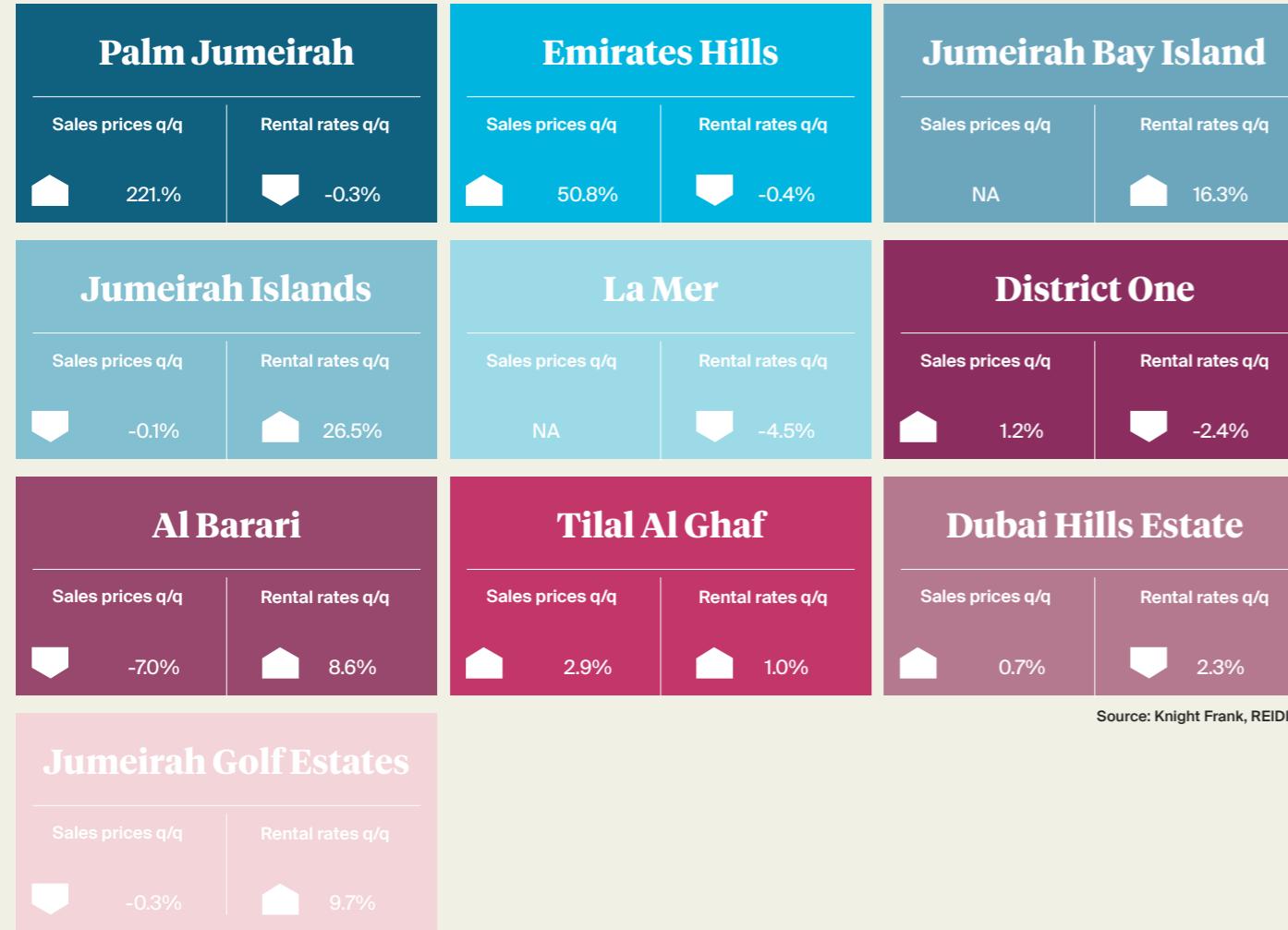
What US\$ 1 million secures in global prime markets



Source: Knight Frank, (The Wealth Report 2025), REIDIN

PRIME DUBAI: PRICE AND RENTAL GROWTH (Q3 2025)

Prime Districts



Dubai Residential Market Review - Q3 2025



STILL THE WORLD'S BUSIEST US\$ 10 MILLION+ MARKET

Yet another record set

Dubai's high-end residential market has enjoyed another stellar quarter, with 103 homes selling for over US\$ 10 million in Q3 2025, 24% ahead of the 83 deals seen in the third quarter of 2024.

Performance was driven by strong demand in the luxury segment, which saw 17 transactions priced over US\$ 25 million – more than twice the number recorded in Q3 2024.

The latest quarterly figures pushed the number of deals in the US\$ 10 million-plus bracket to 357 in the first nine months of the year, which equates to a 26% increase on the same period in 2024, when 282 homes over US\$ 10 million were sold.

Total transaction values increased at an even greater rate than the number of deals, topping US\$ 2bn in the three months to the end of September, representing year-on-year growth of 54%.

This increased activity in the ultra-luxury market saw high-value sales push up the average deal value in the US\$ 10 million+ segment to more than US\$ 19.4 million, representing a 23.8% rise on Q3 2024.

The fact that the growth in total transaction values for US\$ 10 million homes is rising faster than the number of deals is a stark indication of how fast prices are rising in this exclusive segment of the market.



Blue Waters Island

2025 set to be another record-breaking year

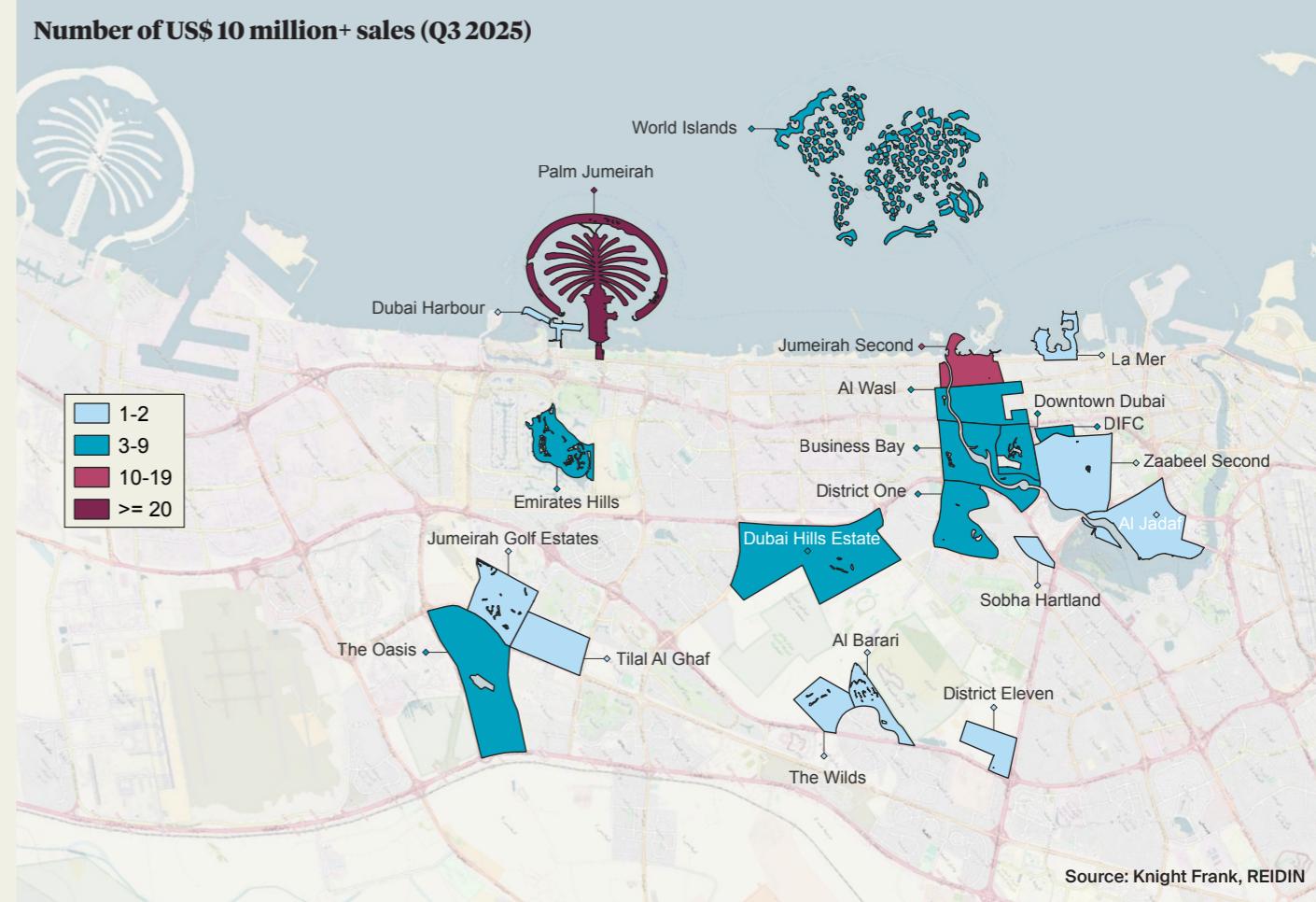
Dubai's luxury market has cemented its status as a safe haven for international and local luxury buyers and it looks set to be another record-breaking year for the US\$ 10 million+ homes market, following the 435 deals registered during 2024.

The highest price achieved in the third quarter was for a seven-bedroom mansion in Asora Bay by Meraas in the La Mer community, which sold for AED 350 million (US\$ 95.3 million).

Community living and exclusivity remain a big draw for HNWI looking to purchase in Dubai, and La Mer exemplifies this with its combination of wellness-focused beachfront living, extensive amenities and its proximity to prime retail and leisure destinations.

Dubai's destination communities that place a strong emphasis on luxury lifestyle and world-class amenities are what strikes a chord with domestic and international buyers, and this cohort is from where the strongest demand for super prime homes emanates.

Number of US\$ 10 million+ sales (Q3 2025)



Source: Knight Frank, REIDIN

Total number and value of US\$ 10 million+ home sales globally (Q2 2025)

	Number of US\$ 10 million+ sales	Total value of US\$ 10 million+ sales
Dubai	143	US\$ 2.6bn
New York	120	US\$ 2.9bn
Los Angeles	73	US\$ 1.6bn
Hong Kong	53	US\$ 997 million
London	45	US\$ 856 million
Orange County	34	US\$ 583 million
Palm Beach	32	US\$ 594 million
Sydney	28	US\$ 519 million
Singapore	25	US\$ 402 million
Miami	25	US\$ 495 million
Geneva	9	US\$ 203 million
Paris	3	US\$ 149 million

Source: Knight Frank, REIDIN

THE RENTAL MARKET

Rents up 5.5% in 12 months

Away from the sales market, average citywide rents have risen 5.5% over the last 12 months and currently stand at AED 70,000 per annum. This represents a rise of 45.5% since Q1 2021, which leaves average rents across the city 16.1% above their 2014 peak.

Rents for villas have advanced 5.6% in the twelve months to the end of Q3 2025 and currently average AED 193,000 p.a. for new contracts. The median annual rent for a three-bedroom villa stands at AED 165,000 (US\$ 45,000), compared with AED 145,000 a year earlier. Al Barari (+29%), Jumeirah Islands (+26.5%), and Palm Jumeirah (+24%) were among the top-performing villa communities.

Apartment lease rates are up by 5.4% over the last 12 months and currently average AED 65,000 p.a. for new contracts, leaving them 13.1% above the 2014 peak. A typical two-

bedroom apartment now commands AED 70,000–75,000 p.a. (c. AED 700–900 psf p.a.), while rents in more prime locations such as Jumeirah and Downtown exceed AED 165,000 p.a. (or c.160 psf p.a.+).

At the other end of the price spectrum, International City remains the city's most affordable submarket, averaging AED 40,000 p.a. (or around AED 61 psf p.a.).

Some established submarkets such as Arabian Ranches, Dubai Hills Estate, Jumeirah Village Circle are seeing some stability in rental rates in both apartments and villas over the last quarter.

Rental yields have compressed slightly as capital values have risen faster than lease rates. Average calculated apartment yields currently stand at 7.40%, while villas average 5.30%, for single let properties.

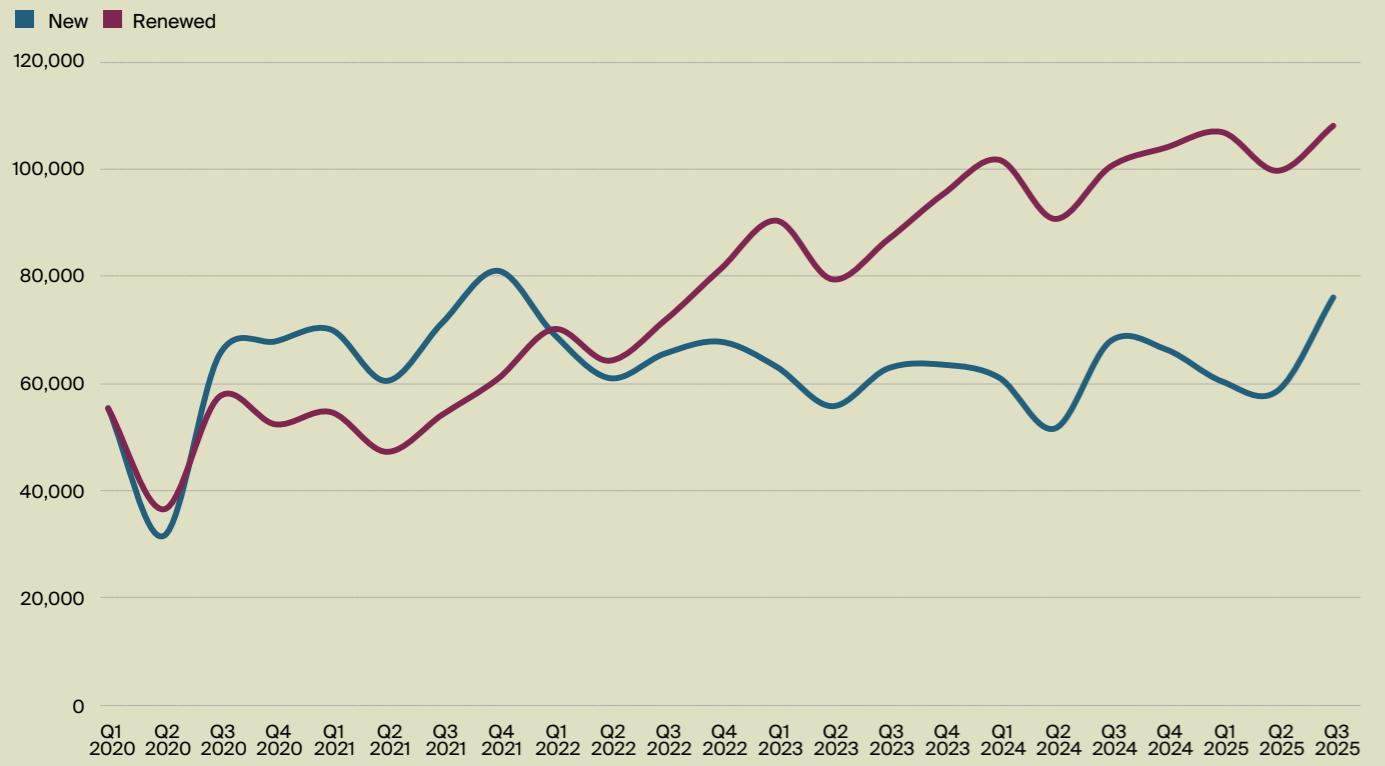
Capital value and rental value growth over the last five years

	Average sales price (AED psf)	y/y change	Average annual rental rate (AED psf)	y/y change	Implied yield (%)
2021	1,179	14%	75	1%	6.4%
2022	1,423	21%	79	5%	5.6%
2023	1,601	13%	79	0%	4.9%
2024	1,716	7%	86	9%	5.0%
2025*	1,804	10%	89	3%	4.9%

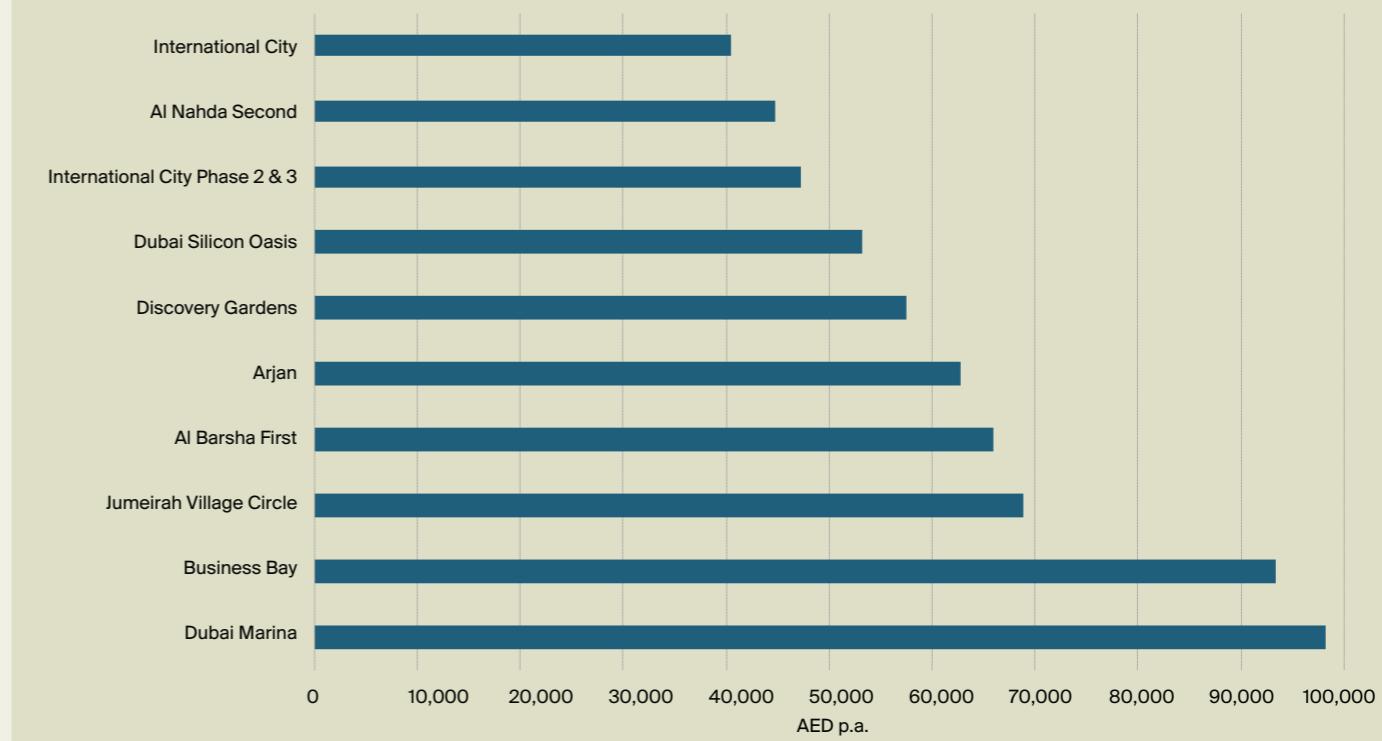
*Annualised to the end of Q3 2025

Source: Knight Frank, REIDIN

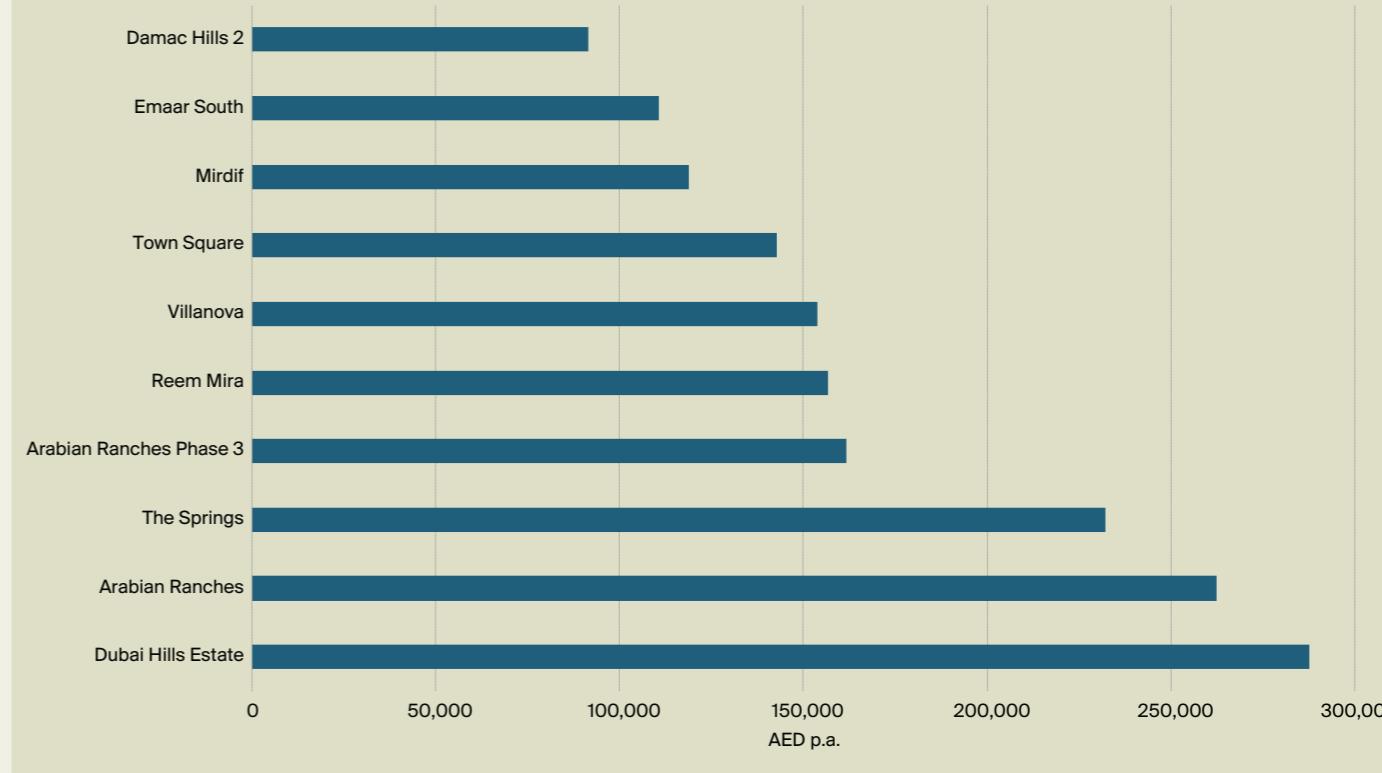
Number of new and renewed rental contracts in Dubai



Annual rents for 1-bedroom apartments in Dubai's top 10 communities by apartment rental transaction volumes (Q3 2025)



Annual rent for 3-bedroom villas in Dubai's top 10 communities by villa's rental transaction volumes (Q3 2025)



RISKS AND OUTLOOK

As the market approaches an inevitable peak in this third freehold residential market cycle, we wanted to outline the key risks to the five-year price rally.

1) HOUSING OVERTSUPPLY

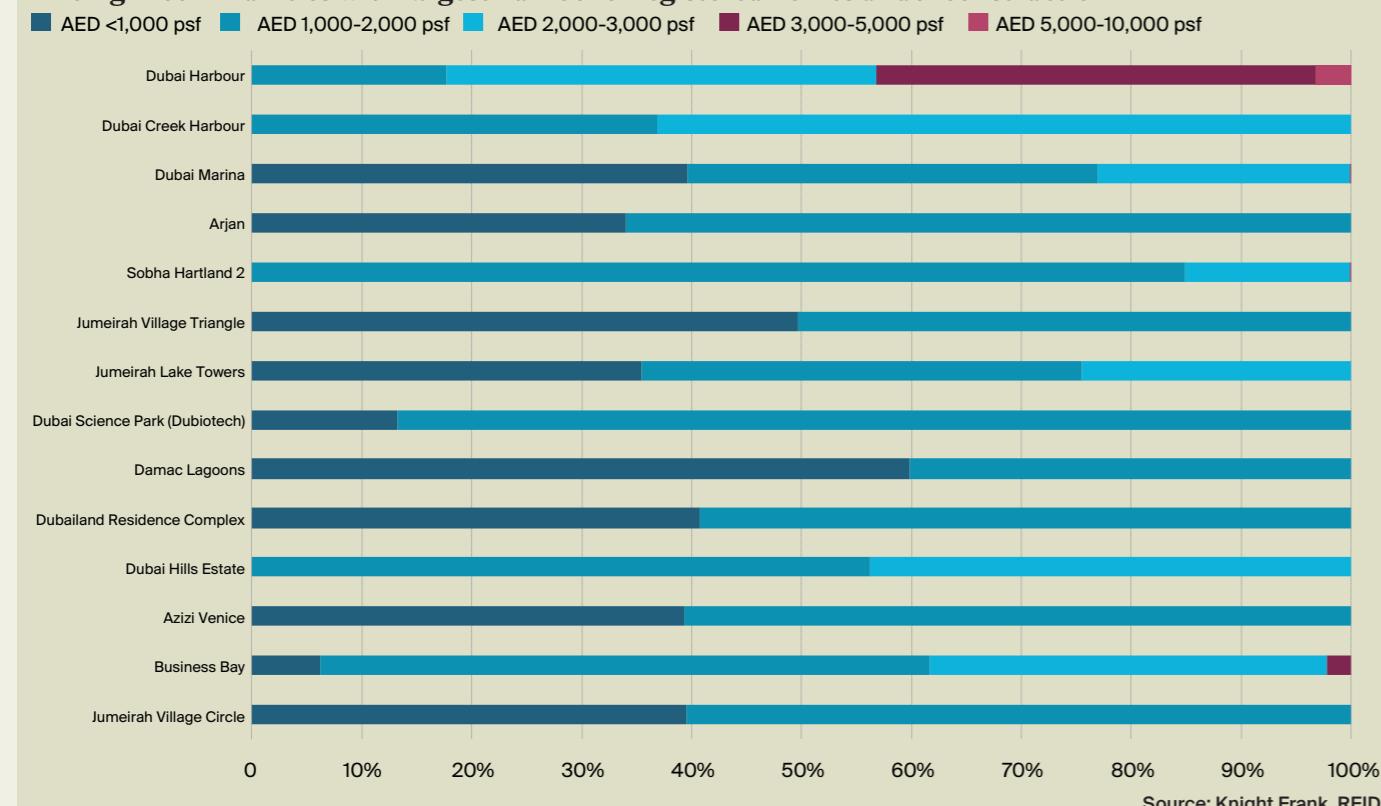
As outlined above and at the risk of history repeating itself, housing stock, at least registered projects and units, continues to grow at a clip. And there appears to be a very real risk of supply outpacing demand, i.e., the market's ability to absorb all the newly developed homes. The silver lining, for now at least, is the apparent inability of the market to deliver all of the projects announced on time.

In any case, our analysis, as detailed above, in our (optimistic) best-case scenario assumes that 70% of all registered housing starts will be delivered on time, equating to 66,000 homes p.a. between 2026 and 2030, still well ahead of the long-term completion rate of 36,000 p.a.

Despite this inherent risk, we are of the view that any immediate impact on the market will likely be felt first in the locations that are expected to see the highest level of home completions. Furthermore, we also believe that any signs of a slowing in the market will be far more nuanced than in previous cycles, with 'red flags' first likely in specific price bands.

To that end, we have run some analysis around the change in the volume of home listings (supply), alongside the change in the number of home sales (demand), by price band.

Pricing in communities with largest number of registered homes under construction



This, we feel is a good way to get a 'heads-up' on any potential signs of a market imbalance.

Our analysis for Q1-Q3 2025 versus the same period last year paints an interesting picture. For starters, there has been a 14% reduction in the number of homes on the market priced below AED 1 million, while the number of sales taking place in this segment of the market has grown by 10% over the same period.

There has been a rise in the number of listings of properties priced AED 1 million-25 million, but the corresponding rise in deal activity has been at a faster rate. In essence, sales are happening faster than the stock is being replenished.

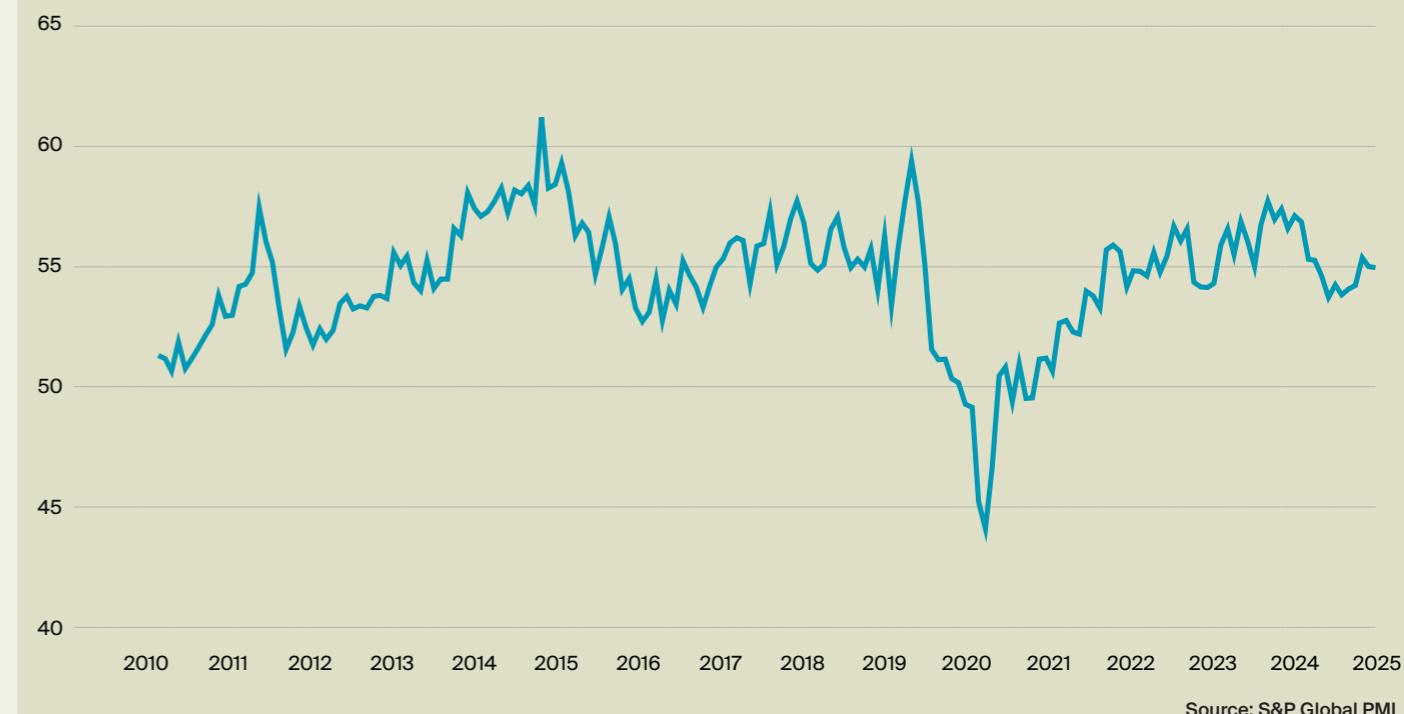
Over the AED 25 million threshold, however, stock levels are rising faster than the rate of deals. This isn't all that surprising given that developers are publicly pivoting toward the luxury and uber-luxury end of the market to capitalise on the seemingly unrelenting demand from the global elite for luxury homes in the city.

Notably, there are just over 260 homes on the market today priced at above AED 25 million, which is a 110% y/y increase.

Could this be the 'red flag' that we've been looking for throughout this cycle? Perhaps, but with such a small number of home listings in this exclusive segment of the market, it is unlikely to be the undoing of this growth cycle. It does however represent perhaps too much of a focus by developers on the ultra-high-end segment of the market, while also highlighting a clear opportunity in the sub-AED 1 million bracket.

S&P Global United Arab Emirates PMI

sa, >50 = improvement since previous month



Number of home listings in Dubai



Market pulse: Q1 - Q3 2024 vs. Q1 - Q3 2025

Change in number of listings	-3%	13%	7%	19%	37%	75%	231%
Change in number of sales	4%	31%	18%	41%	58%	31%	27%
	>AED 1 million	AED 1-2 million	AED 2-5 million	AED 5-10 million	AED 10-25 million	AED 25-50 million	AED 50 million+

Source: Knight Frank, REIDIN

RISKS AND OUTLOOK

2) HOUSING THAT IS AFFORDABLE

It is not often that we are able to highlight market upside risks, but connected to the above oversupply risk is the opportunity to develop more housing that is affordable.

If the city is to achieve its population growth target of 5.8 million by 2040, there needs to be a concerted effort to offer housing that is available at all price points. Our analysis shows that 90% of the planned housing stock is likely to be priced in excess of AED 1,000 psf (US\$ 272 psf), which is a benchmark we use to define housing that is affordable. It highlights the scale of the potential opportunity.

Each HNWI that moves to Dubai needs a supporting ecosystem of workers in the economy – this ranges from domestic help to private bankers and from chauffeurs to lawyers. Granted some of these workers may not fall into the category of those requiring affordable housing, but it does underscore the clear and present need to address the housing needs of those on more modest incomes to create a prosperous and thriving society.

3) GLOBAL ECONOMIC MALAISE

A global recession, soft-landing, hard-landing, economic slowdown, or whatever you decide to call it is almost inevitable. Predicting its onset is another matter.

Whether it will be triggered by a crypto-bubble, or an over-investment in AI, or something unexpected altogether, the impact is likely to be global. Being a global gateway city, Dubai will be impacted just like anywhere else, with an economic slowdown, job losses and house price corrections following swiftly.

Annual rate of house price growth in Dubai

	Mainstream market	Prime market
2021	14%	46.1%
2022	21%	23.2%
2023	13%	14.2%
2024	7%	14.4%
2025*	10%	8.5%

*Annualised to the end of Q3 2025

Source: Knight Frank, REIDIN

This isn't necessarily central to our consensus view, but something our residential agency team has considered when formulating their opinion on the market's growth prospects for 2026.

4) OIL PRICE VOLATILITY

Less than 1% of Dubai's GDP is derived from oil, and there was a structural deviation in the link between oil prices and the performance of residential values in Dubai in 2017 as the UAE government worked to reduce its reliance on oil production (the UAE needs oil at US\$ 50 per barrel to run a fiscally neutral budget). However, the fortunes of the economies around the UAE remain closely tied to oil prices.

In a sentiment-driven market like Dubai (and the wider UAE), this is a crucial consideration. The 'feel-good factor' is best represented by S&P's non-oil sector PMI reading which has remained in positive territory since late 2020, pointing to a near five-year stretch of business expansion and growth.

Should oil prices trend lower, this will likely put pressure on regional governments' spending plans, reducing job creation rates (or even driving job losses). There is a real risk of contagion of negative sentiment reverberating around the region.

Conversely, should oil prices spike, global inflation almost always follows suit, forcing global central banks to boost interest rates, which curbs borrowing by making it more expensive for prospective home buyers as well as developers looking to secure development financing.

In either scenario, demand for real estate will be dented. We are at the moment in a low oil price environment, so this does not form part of our central scenario, but has been considered by our residential agency team.

So is there more gas in the residential tank?

Dubai's residential market in 2025 exemplifies the city's transformation into a diversified, globally competitive hub for real estate investment. Record-high sales volumes, robust price appreciation, and resilient rental performance all point to a market operating from a position of strength rather than exuberance.

While moderation in house price growth rates is inevitable, the structural drivers of demand - population expansion, wealth migration, and economic diversification - remain firmly intact.

All that said, every market cycle has a peak and the signs are beginning to point to us closing in on a new market high. Indeed, as highlighted above, the rate of quarterly growth has slowed from 4.34% in both 2023 and 2024 to 3.2% between Q1 and Q3 2025.

While the rate of house price growth may be demonstrating signs of slowing, crucially it still remains positive.

Our residential agency team's house view is underpinned by continued robust international HNWI demand for premium homes (either for use as a main residence, or second home/holiday home), the continued inflows of global wealth

(and the global wealthy) and a deepening pool of resident investors. Their views also factor in all the risks outlined above, resulting in an expectation of a housing market that is likely to show even more signs of stabilisation through 2026.

Overall, our residential agency teams' expectation for 2026 is for slight to modest price rises in the prime segment of the market to the tune of 3%, while the mainstream market is likely to see slower and lower rates of increase, averaging around 1% by the time we get to the end of December 2026.

2026 outlook



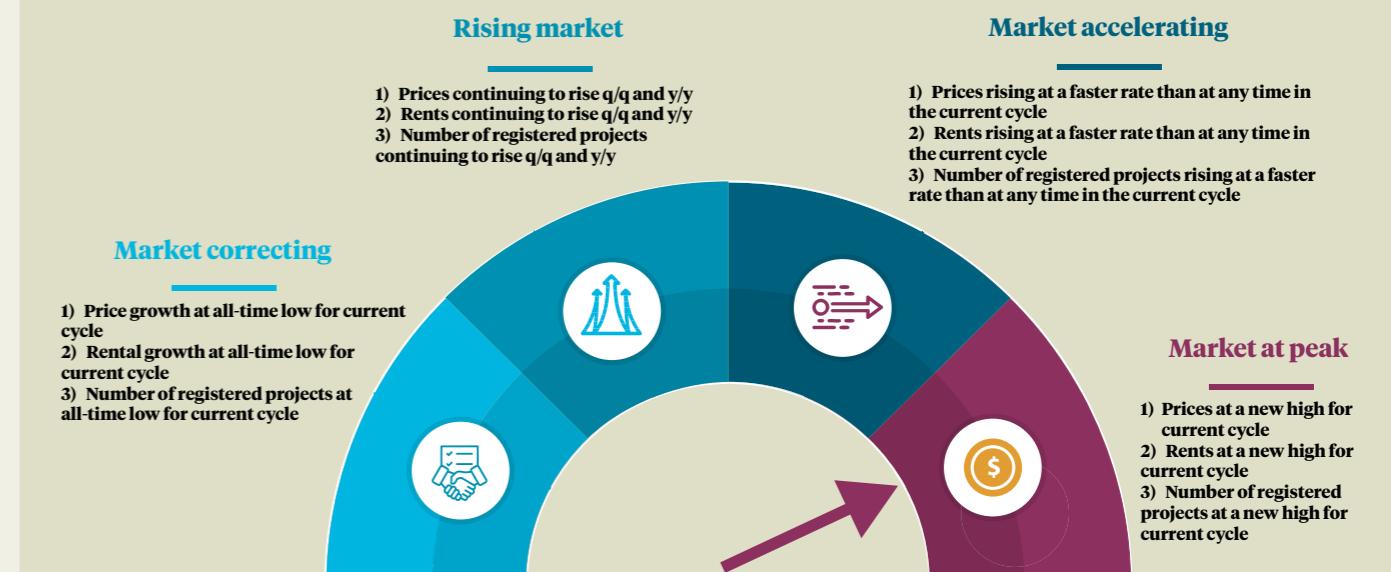
1%
Mainstream residential market



3%
Prime residential market

Source: Knight Frank

Knight Frank Property Speedometer



*Red arrow indicates where we are in the current market cycle.

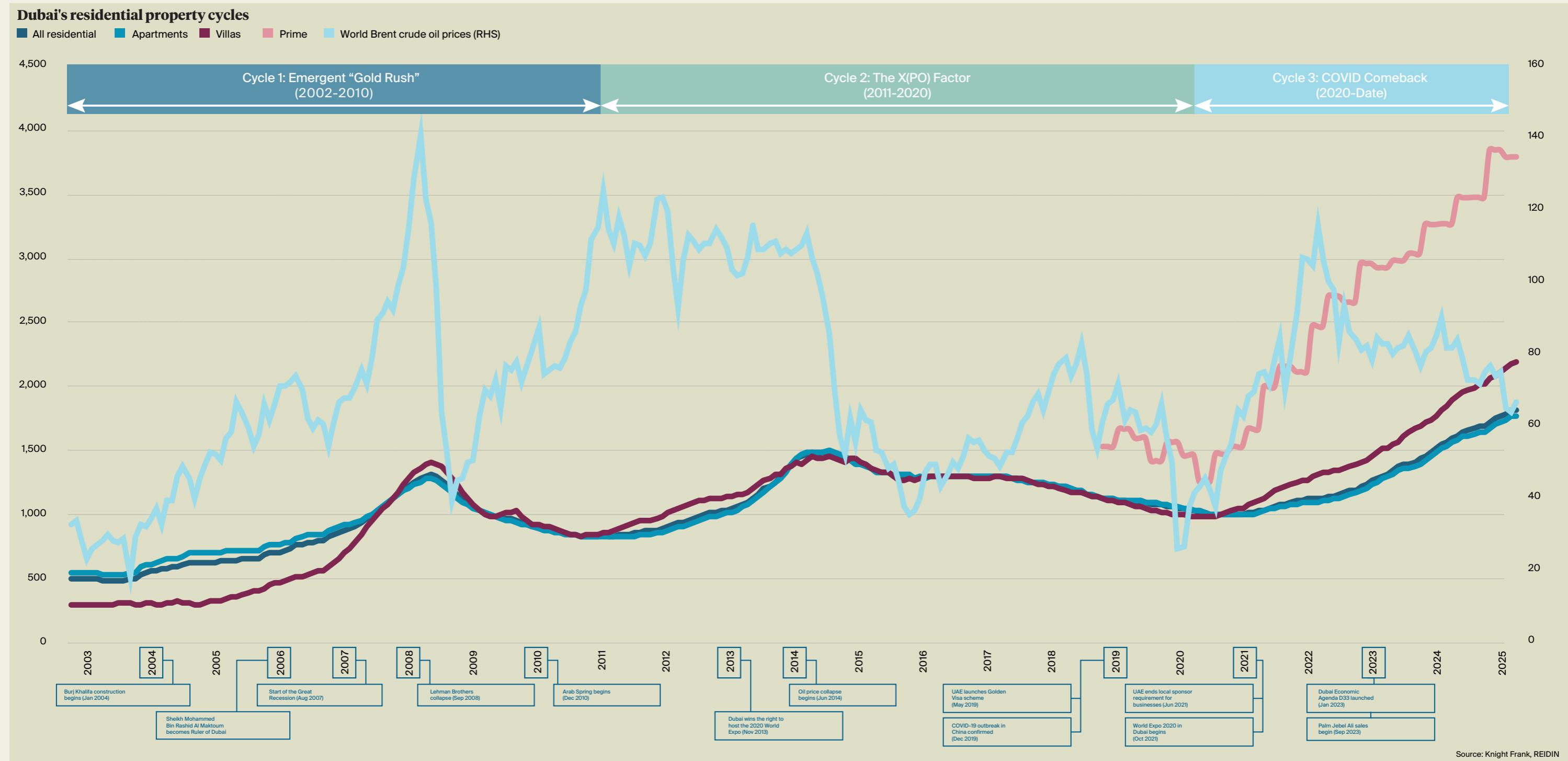
Source: Knight Frank

DUBAI'S RESIDENTIAL PROPERTY CYCLES

Below we illustrate the performance of Dubai's three freehold residential cycles and compare key metrics of each.

	Cycle 1: Emergent "Gold Rush" (2002-2010)	Cycle 2: The X(PO) Factor (2011-2020)	Cycle 3: COVID Comeback (2020-Date)
Values at cycle start (AED psf)	500	831	1,050
Duration (years)	8	9.1	5
Period of increasing values (years)	5.7	3.8	5
Cycle high (AED psf)	1,309	1,487	1,980
Period of decreasing values (years)	2.4	5.3	n/a
Cycle low (AED psf)	481	831	n/a
% change from start to finish	66.4%	27.3%	n/a
Peak to peak % change	n/a	13.6%	n/a
Peak to trough % change	-63.3%	-44.1%	n/a

Source: Knight Frank, REIDIN



PREPARING FOR THE RESIDENTIAL MARKET'S NEW PEAK



Contributor
Shehzad Jamal
Partner – Real Estate Consultancy, MENA

Dubai is firmly in the midst of its third real estate cycle, which began in 2020 and has now delivered more than five years of sustained growth. This compares with the previous two cycles, which lasted approximately 5.7 years and 3.8 years, respectively. What differentiates the current cycle is the foundation of fiscal policy reforms, continued economic diversification, and FDI –all of which are contributing to robust population growth.

Importantly, this new population is not transient; families are choosing to make Dubai their long-term home. This is evidenced by private K-12 enrolments outpacing overall population growth which is around 5%. On the demand side, the residential market remains resilient. On the supply side, delivery has broadly kept pace, and with the pipeline ahead, certain submarkets may experience price softening even as the sector stabilises overall.

“What differentiates the current cycle is the foundation of fiscal policy reforms, continued economic diversification, and FDI –all of which are contributing to robust population growth.

This period of moderation is likely to catalyse a new wave of innovation among developers—whether in architecture, sustainability, or technology—as they compete to ensure they achieve their desired sales results and ensure they create fully occupied and thriving communities.



EXPERT INSIGHT

INVESTOR-LED RENOVATION RESHAPING DUBAI'S RESIDENTIAL MARKET

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Contributor

Imran Hussain, MRICS

Partner - Head of Residential Valuation, UAE

Dubai's residential landscape is undergoing a quiet transformation, driven by a wave of investor-led renovations targeting older stock in established communities. This trend is particularly visible in villa districts such as The Springs, Arabian Ranches, The Meadows, Jumeirah Islands, Emirates Hills, and Palm Jumeirah, where well-upgraded homes are being resold at significant premiums.

In Emirates Hills, a recently renovated 6-bedroom villa was traded in 2018 for AED 52 million and in 2021 for AED 57 million and now, having been extensively renovated to a very high specification, was sold this summer for AED 260 million, reflecting a 356% uplift.

Similarly, a fully upgraded 6-bedroom villa on the Palm Jumeirah sold in Q3 2025 for AED 18,500 psf, compared to the community average of AED 6,750 psf. The same property was sold in Q2 2019 for AED 2,850 psf, reflecting a 450% rise in its price.

Elsewhere, the apartment segment is also experiencing similar renovation activity, especially in mid-tier communities like The Greens, The Views, Dubai Marina, Motor City, JBR and JLT. Investors are modernising interiors by upgrading kitchens and bathrooms, for example, and in some instances reconfiguring unit layouts to appeal to both end-users and prospective tenants.

“Renovated properties not only enhance the quality of available stock, but also contribute to price resilience in established communities.

An example is a 4-bedroom apartment at Jumeirah Beach Residence (JBR), which was refurbished and sold in Q3 2025 for AED 6,430 psf, compared to an average of AED 2,115 psf in the community.

Renovated properties not only enhance the quality of available stock but also contribute to price resilience in established communities, while also ushering in a sense of market maturation.

This sort of renovation-resale cycle is more apparent in mature international markets and demonstrates confidence and the growing maturity in pockets of Dubai's residential market.



WELLNESS COMES FULL CIRCLE



Contributor

Michal Hansen

Partner – Head of Exclusive Project Sales, UAE

Dubai's residential market continues its remarkable momentum, exceeding last year's record performance and reaffirming the city's position as one of the world's most dynamic real estate hubs.

The prime and ultra-prime segments of the market remain particularly strong, driven by sustained demand from international investors and end-users seeking not only financial returns but also an elevated lifestyle value.

A defining trend shaping today's residential market in Dubai is the growing emphasis on wellness and longevity.

Buyers are no longer focused solely on location or design; they are prioritising developments that integrate health, sustainability, and holistic living into every aspect of the residential experience.

This shift is influencing both developer strategy and buyer decision-making across the off-plan segment.

“Buyers are no longer focused solely on location or design; they are prioritising developments that integrate health, sustainability, and holistic living.”

A leading example of this evolution is SHA Residences Emirates, a pioneering wellness-driven development that exemplifies how longevity and luxury can seamlessly coexist.

We are proud to represent SHA exclusively, reflecting our commitment to aligning with the most forward-thinking projects in the region's thriving real estate landscape.



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SCARCITY OF WATERFRONT LAND PLOTS FUELLED BY DEMAND

EXPERT INSIGHT



Contributor

Tim Holmes

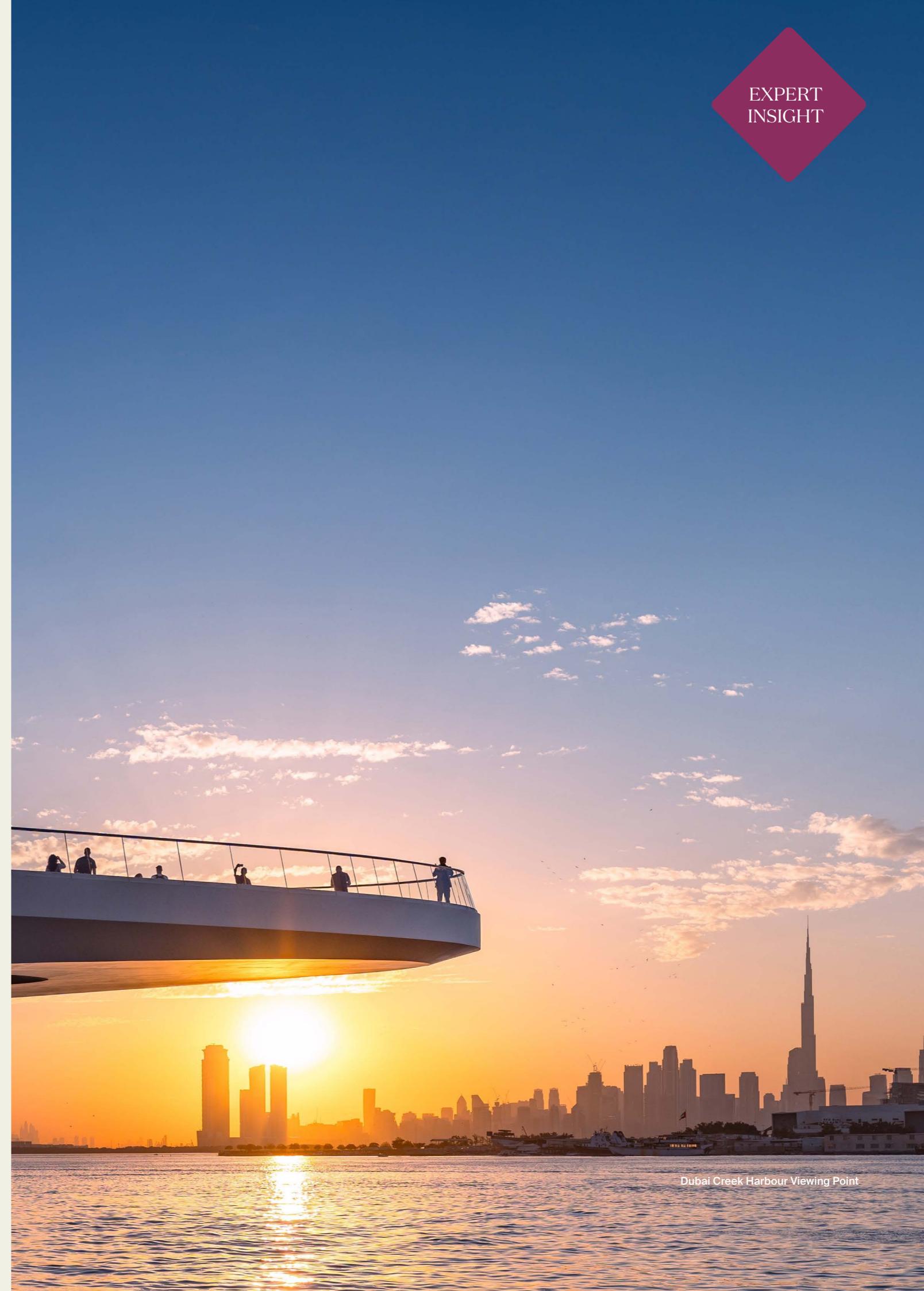
Partner - Head of Commercial Valuation, UAE

The UAE land market, particularly in Dubai, is experiencing a surge in demand, fuelled by developers eager to secure their future project pipeline. The success of their existing projects has enabled developers to aggressively expand their land banks. The strong appetite for residential-led villa masterplans is pushing development into areas traditionally considered secondary or even tertiary, thereby expanding the city's footprint.

Another significant challenge is the demand for prime waterfront development land. This scarcity has led to rapid development and sales in locations such as Dubai Maritime City and Dubai Islands, and, more recently, the relaunch of Palm Jebel Ali. In response to the significant demand in this segment, new reclamation projects have commenced, such as Naïa Island by Shamal.

Due to the lack of available land in Dubai, demand is increasingly spilling over to Abu Dhabi and the corridor connecting it to Dubai. The emirate is proving attractive to developers, many of whom are new entrants moving from Dubai, since land prices have not been increasing as aggressively as in Dubai. This gap allows developers to still achieve premium sale prices in prime locations, offering a compelling alternative to Dubai's competitive market.

“ The strong appetite for residential-led villa masterplans is pushing development into areas traditionally considered secondary or even tertiary, thereby expanding the city's footprint.



Dubai Creek Harbour Viewing Point

OPPORTUNITIES IN DUBAI'S BRANDED RESIDENTIAL MARKET



Contributor
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Partner - Head of Hospitality, Tourism & Leisure Advisory

Dubai's branded residential market has rapidly evolved into one of the most sophisticated and dynamic sectors in global real estate. With approximately 39,000 branded homes already delivered and another 8,000 in development, it commands the highest concentration of branded residences anywhere in the world.

This impressive scale underscores Dubai's maturity as a hub for luxury living, driven by its appeal to international buyers, robust infrastructure, and a forward-thinking approach to urban development.

A significant trend shaping the market is the rising prominence of non-hospitality brands. Traditionally, the sector has been dominated by luxury hotel operators offering service-led residential experiences. However, fashion houses, automotive names, and design labels are now establishing a strong foothold, appealing to a new wave of affluent buyers seeking differentiation.

Many of these brands rely heavily on distinctive visual elements, such as bespoke interiors, exclusive furniture, and curated art collaborations, to communicate prestige. Yet, this focus on aesthetics, while appealing, may overlook the true priorities of branded home buyers: consistent maintenance, world-class facilities and amenities, reliable governance, and enduring operational excellence.

“Fashion houses, automotive names, and design labels are now establishing a strong foothold in Dubai's branded residential landscape.

This is especially important in a market like Dubai, where branded residences trade at a premium of around 115% when compared to standard residential properties. With 20% of global high-net-worth individuals willing to spend over US\$ 5,000 psf on a branded home in the city, the potential to push value boundaries is clear, especially given that average transacted prices stand at around US\$ 1,500 psf.

To capitalise on this opportunity, non-hospitality brands must go beyond surface-level luxury. The path to success lies in delivering comprehensive, long-term value. That means creating not just visually striking, exclusive homes, but robustly managed and meticulously maintained ones.

In a competitive market, true differentiation will come from blending aspirational design with operational credibility and a commitment to residents' long-term wellness and satisfaction.



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We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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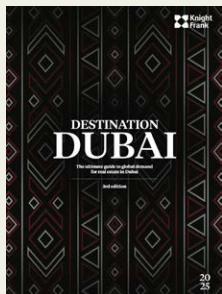
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