# ABU DHABI REAL ESTATE MARKET REPORT

Q2 2026

RESIDENTIAL · COMMERCIAL · INDUSTRIAL

SKH REAL ESTATE VALUATION SERVICES CO. L.L.C

RICS COMPLIANT | VALUATION & ADVISORY | UNITED ARAB EMIRATES

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### A Note on Data Coverage

This report draws on official registration and statistical data published by UAE government bodies together with open-source market research. Where a market segment is not covered by any available source, the report states “Data Not Available” rather than estimating, extrapolating or substituting a figure from another market. Where sources diverge on the same indicator, the range is presented and the divergence identified rather than a single figure adopted.

Readers should treat any stated gaps as an absence of data, not as an absence of activity. This report covers Abu Dhabi only; Dubai and the Northern Emirates are published separately. The basis of preparation, including the treatment of third-party data, is set out in full at Section 6.1.

# 1. Executive Summary

Abu Dhabi decoupled from the wider UAE market during the second quarter of 2026. Where the regional picture was one of falling volumes, values and rents moving together, Abu Dhabi registered only a mild quarterly softening set against half-year growth of more than 100%. The emirate absorbed the same regional shock with materially less impact, supported by a rental freeze, an expanding freehold framework and sustained institutional investment.

| 7,129 | +108% | +21.6% |
|---|---|---|
| RESIDENTIAL TRANSACTIONS, Q2 | TRANSACTIONS, H1 Y-O-Y | RESIDENTIAL PRICES, Y-O-Y |

| 0% | AED 6,000 | ~96% |
|---|---|---|
| RENT RENEWAL CAP | GRADE A RENT, PER SQ M | OFFICE OCCUPANCY |

### The quarter in four findings

Volumes eased but the annual picture strengthened. Transactions fell 9% quarter-on-quarter to 7,129, yet half-year volumes more than doubled year-on-year and residential prices rose approximately 21.6% over twelve months. The quarterly softening reflects a moderation in an exceptional run rate rather than a change in market direction.

The rental freeze reset income assumptions. A cap holding renewal increases at zero materially alters income growth expectations for the duration of its application, and requires explicit treatment in investment-method valuations rather than adjustment through the yield alone.

Commercial markets outperformed residential. Grade A rents on Al Maryah Island reached AED 6,000 per sq m against a backdrop of limited premium supply, and office occupancy stood at approximately 96% — the tightest of any market covered by SKH this quarter.

Industrial investment reached an unprecedented scale. The emirate's industrial investment forum generated AED 48.5 billion in commitments during the period, anchored by a AED 36.7 billion chemical cluster at Al Ruwais and reinforced by AED 2.1 billion across 17 new logistics agreements.

### Valuation Implication

Exceptional half-year growth figures are amplified by an unusually weak comparable base and by launch-led registration timing, and should not be read as a sustainable trend rate. Headline averages currently overstate the underlying rate of appreciation in Abu Dhabi.

Income growth assumptions require explicit adjustment for the rental freeze for as long as it applies. Where a valuation depends on rental reversion, the basis of that assumption should be stated rather than embedded.

# 2. Macroeconomic Overview

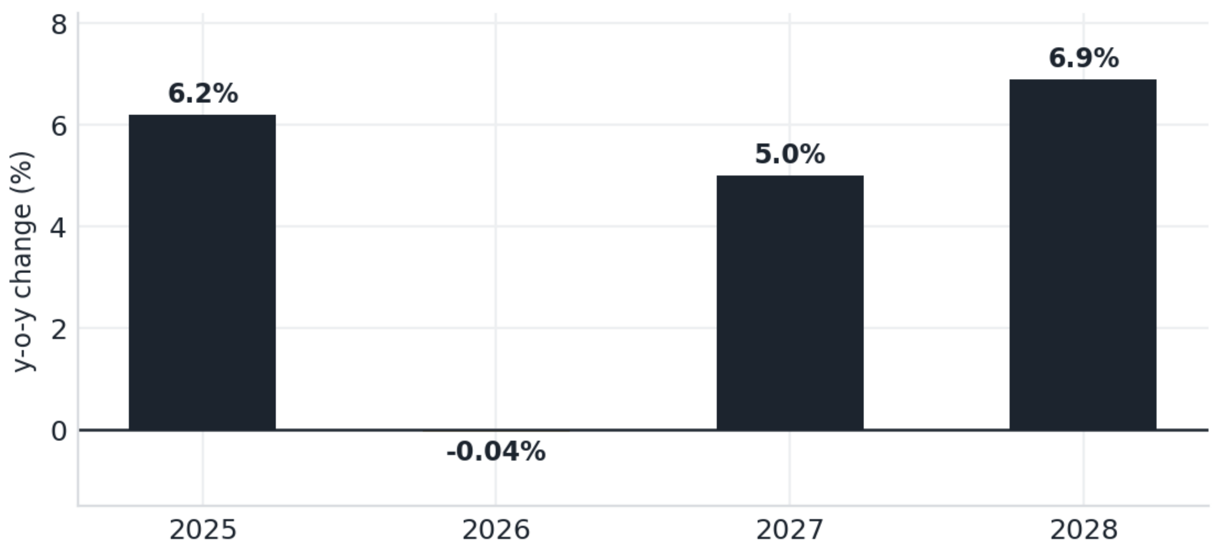
The UAE entered the second quarter of 2026 under materially altered macroeconomic conditions. An extended regional conflict beginning in late February disrupted trade flows, tourism, aviation and supply chains, and the growth outlook for the year was revised downward repeatedly through the first half.

## 2.1 Growth forecasts have diverged sharply

The datasets underpinning this report do not agree on the 2026 growth outlook, and the spread between them is wide enough to be material. Forecasts range from real GDP growth of 1.7%, to a contraction of 0.04%, to a contraction of 1.2%. All three were prepared within the same period. The divergence reflects differing assumptions about the duration of the regional disruption and the offsetting effect of accelerated hydrocarbon output.

SKH presents this range rather than adopting a single forecast. For planning purposes, the practical reading is that 2026 will deliver approximately flat real growth — somewhere between mild contraction and low single-digit expansion — with a stronger recovery consistently projected for 2027 and 2028.

**UAE GROSS DOMESTIC PRODUCT, Y-O-Y CHANGE**




*2026 shown at the mid-point of the available forecast range. Outer estimates span −1.2% to +1.7%.*

*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

| Indicator | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|
| **GDP** | 6.2% | −0.0% | 5.0% | 6.9% |
| **Oil GDP** | 4.3% | 1.5% | 13.7% | 11.3% |
| **Non-oil GDP** | 6.8% | −0.5% | 2.3% | 5.4% |
| **Inflation** | 1.3% | 2.9% | 1.3% | 1.8% |

## 2.2 Business activity, inflation and the policy response

The UAE Purchasing Managers' Index eased to 50.8 in June 2026, from 52.6 in May and 52.1 in April — the weakest reading since early 2021, though still above the neutral 50 threshold and therefore still signalling expansion in non-oil private-sector activity. Dubai followed the same path, declining to 50.7 in June from 52.0 the previous month.

Inflation moved in the opposite direction. Constrained trade flows through the Strait of Hormuz, together with higher oil, shipping and insurance costs, pushed fuel and food prices upward. Against 1.3% inflation in 2025, the 2026 forecast was revised up to between 2.3 and 2.9%. Dubai ran hotter still, with June inflation at 5.7% year-on-year — the highest reading since August 2022, against 5.5% in April.

The hydrocarbon sector provided the principal offset. Following the UAE's exit from OPEC+, oil production rose above pre-conflict levels to approximately 3.8 million barrels per day in June, against 3.4 million barrels per day during January and February. Oil GDP is expected to rise around 1.5% across 2026, partially eradicating the drag from lower output between March and May.

Policy support was substantial and coordinated: the CBUAE Financial Resilience Package, a Dubai-led AED 2.5 billion business support package for SMEs and the broader private sector, business loan restructuring and fee deferrals, expanded customs facilitation, and the activation of alternative regional logistics corridors including land routes to Saudi Arabia and Oman and East coast ports. The CEPA programme expanded to 37 agreements, with recent additions including Nigeria and the Philippines.

Dubai's own economy continued to expand through the period, with GDP reaching AED 232 billion in Q1 2026, representing 2.4% year-on-year growth. The real estate sector expanded 3.1% year-on-year during the quarter and contributed 11.2% of total GDP — a reminder that the sector's performance is macroeconomically consequential in its own right.

# 3. Abu Dhabi

Abu Dhabi was the standout performer of the quarter. Where other markets recorded broad-based softening, the emirate delivered a mild quarterly moderation set against half-year growth that more than doubled the prior year — alongside a chronically undersupplied office market and an industrial sector attracting record investment commitments.

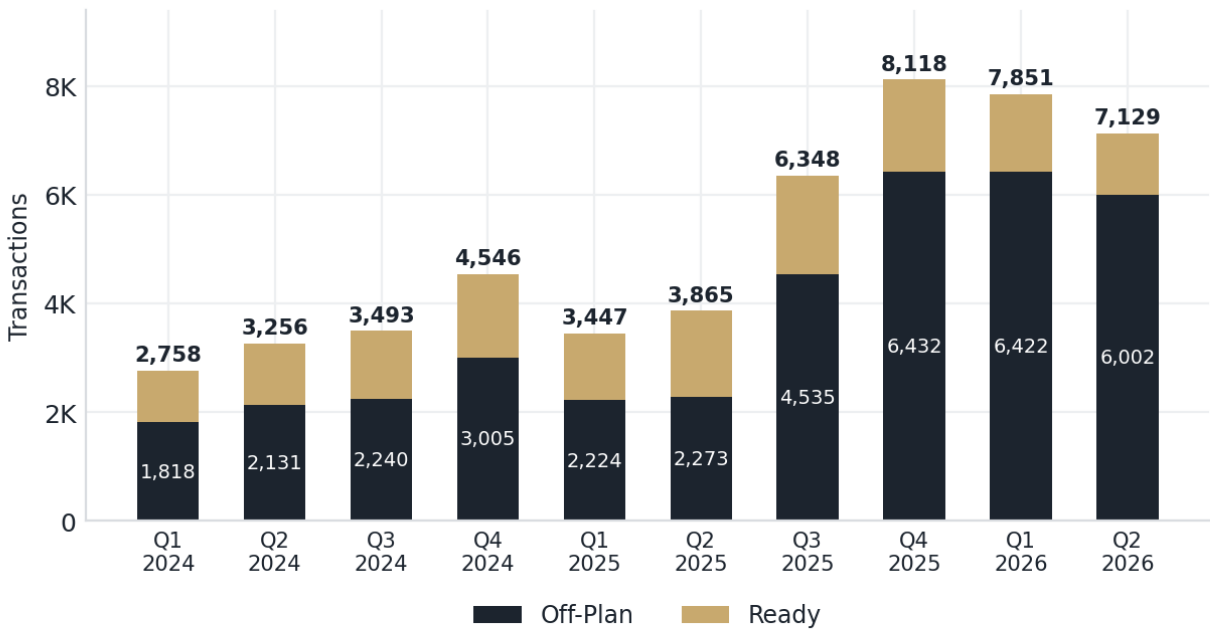
| 7,129 | 10,760 | AED 501 |
|---|---|---|
| RESIDENTIAL TRANSACTIONS | OFFICE LEASING TRANSACTIONS | INDUSTRIAL RENT, PER SQ M P.A. |

## 3.1 Residential

Following a record start to the year, Abu Dhabi's residential market transitioned to a more sustainable pace during Q2 2026. Total transaction volumes declined 9% quarter-on-quarter to 7,129 transactions. The slowdown was driven principally by the ready segment, which fell 21% to 1,127 transactions, while off-plan volumes declined only 7% to 6,002 — sustaining off-plan's dominance at approximately 85% of all residential activity.

That composition matters. In a quarter where buyers elsewhere in the UAE rotated decisively toward completed stock, Abu Dhabi buyers continued to favour newly launched developments. The divergence in the underlying segments was equally pronounced by property type: apartment transactions declined only 2% quarter-on-quarter while remaining 78% of all activity, whereas villa and townhouse transactions fell 29% following exceptionally strong preceding quarters.

ABU DHABI RESIDENTIAL TRANSACTION VOLUMES

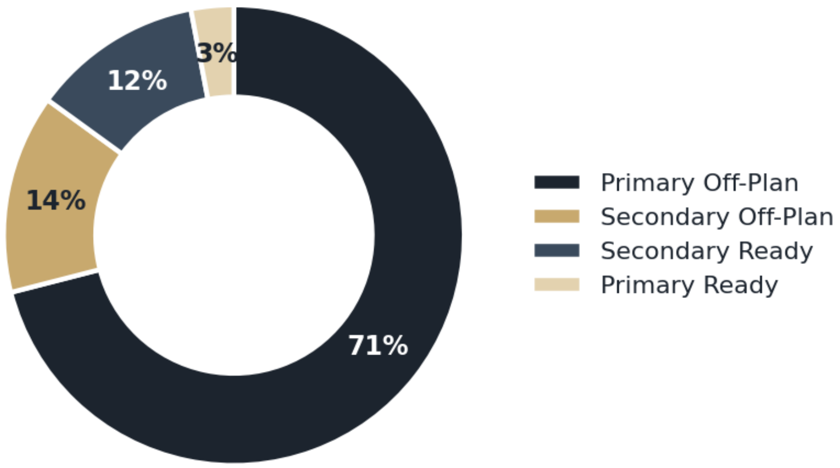



*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

By sales sequence, the primary market absorbed the larger share of the correction, declining 13% quarter-on-quarter to 5,244 transactions, while secondary activity proved comparatively resilient with a modest 3% increase to 1,885. The primary market nonetheless retained 74% of total residential sales.

Market composition remained broadly stable through the quarter. Primary off-plan transactions represented around 75% of activity in January and 71% in June, having temporarily moderated to 67% in April and May as regional uncertainty influenced buyer behaviour. Secondary off-plan activity increased following several project launches. Meanwhile the share of secondary ready transactions declined from 17% in January to 12% in June, reflecting softer resale activity and a more measured approach among existing homeowners.

## COMPOSITION OF TOTAL TRANSACTIONS — JUNE 2026




*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

### Half-year performance

The half-year comparison places the quarterly moderation in a very different light. Against H1 2025, the first half of 2026 delivered growth across every headline measure.

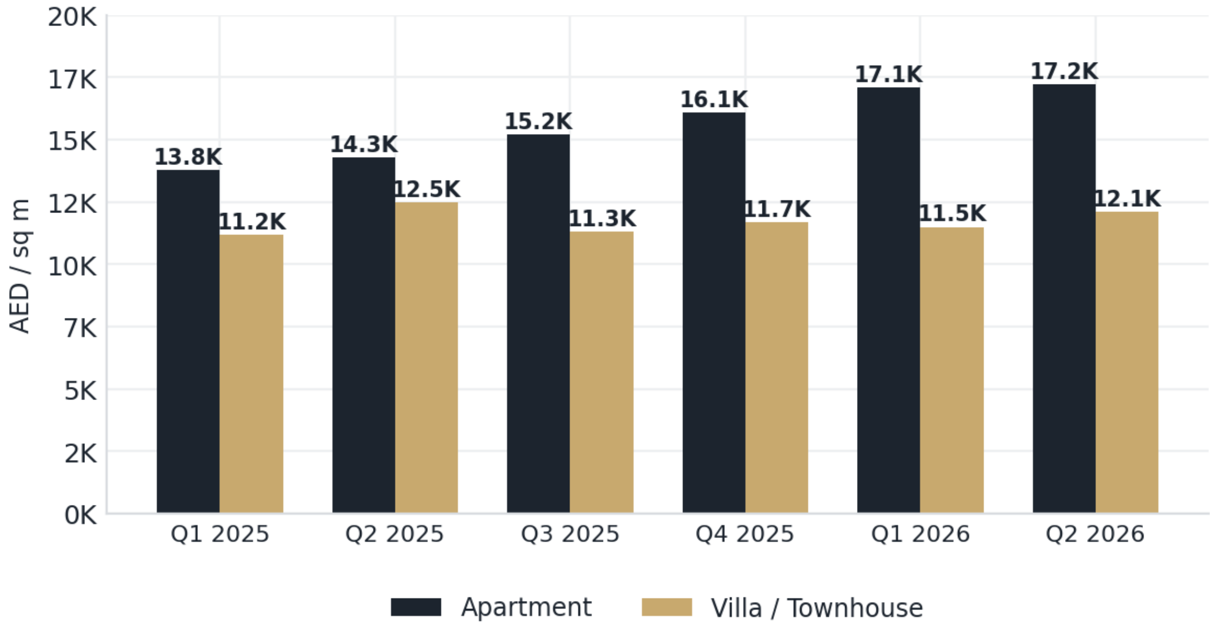
| H1 2026 vs H1 2025 | Change |
|---|---|
| **Total residential transactions** | +108% |
| **Off-plan transactions** | +175% |
| **Ready market transactions** | −9% |
| **Average apartment prices** | +21% |
| **Transactions above AED 10 million** | +400% |

The quarterly value picture reinforces this. Total transaction value reached AED 32 billion in Q2 2026, representing 150% year-on-year growth, even as the same metric declined 23% quarter-on-quarter on the contraction in new launch activity during the early days of the conflict. Transaction volumes rose 80% year-on-year to nearly 7,600 registered sales, against a quarterly dip of around 10%. The off-plan market accounted for roughly 83% of residential transactions and 85% of total sales values during the quarter.

## Pricing

Average residential sales prices remained resilient despite the moderation in transaction activity. Average apartment prices edged up from AED 17,100 per sq m in Q1 to AED 17,200 per sq m in Q2, while average villa and townhouse prices increased from AED 11,500 to AED 12,100 per sq m. Pricing remained well above levels recorded throughout 2025.

**AVERAGE RATE PER SQ M — APARTMENTS AND VILLAS**




*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

On an annual basis, residential prices rose approximately 21.6% year-on-year, with the apartment sector driving momentum at roughly 24.4% and villas advancing more modestly at 6.3%. On a quarter-on-quarter basis both sectors softened by around 1.4%.

**A caution on interpretation.** Quarter-on-quarter price movements in Abu Dhabi should be read carefully. Changes in the mix of transactions, and in the price points of newly launched developments, can materially influence average pricing independent of any change in underlying value. The concentration of off-plan launches in premium locations during the period is likely to have exerted upward pressure on averages.

| Capital values 2026, key locations | Villas | | Apartments | |
|---|---|---|---|---|
| **Al Saadiyat Island** | AED 30,581 | per sq m | AED 23,661 | per sq m |
| **Al Jubail Island** | AED 23,143 | per sq m | Data Not Available | — |
| **Yas Island** | AED 17,927 | per sq m | AED 20,517 | per sq m |
| **Zayed City** | AED 11,059 | per sq m | Data Not Available | — |
| **Al Rahah** | Data Not Available | — | AED 16,825 | per sq m |
| **Al Reem Island** | Data Not Available | — | AED 15,338 | per sq m |

## Rental market

Abu Dhabi's leasing market adopted a markedly more measured pace, with total lease registrations declining 17% quarter-on-quarter. The composition of that decline is instructive: new lease registrations fell only 2%, whilst renewals recorded a far more pronounced 20% decline. Increased availability of short-term and serviced accommodation, together with greater tenant choice in selected locations, also contributed to softer leasing volumes.

Rental rates for new leases moderated by up to 10% across some communities. On an annual basis rates increased a modest 3.6% year-on-year — apartments up 3.7% and villas up 3.3% — whilst on a quarterly basis rents contracted 4.8%, with the moderation slightly more pronounced in apartments at around 5% against 3.3% for villas.

### Regulatory Development — ADREC Rent Freeze

During the quarter the Abu Dhabi Real Estate Centre introduced a temporary freeze on rent across the emirate, affecting residential and commercial markets alike. No annual increase is permitted on renewals, shifting from the previous 5% cap, whilst new contracts on previously rented units should be offered at the same value as the preceding contract.

For valuation purposes this is a material change to the income assumptions underpinning investment-method appraisals in Abu Dhabi. Reversionary growth assumptions applied to renewal income should be reconsidered for the duration of the freeze, and the divergence between passing rent on renewals and achievable rent on new lettings will require closer scrutiny than in prior periods.

## Supply

Developer confidence remained evident throughout the quarter. Approximately 2,100 residential units were launched, around 80% of which comprised apartments. Notable launches included Yas Park Place by Aldar, Tara Park 2, Hudayriyat Golf Estates and Al Ghadeer Gardens, highlighting continued investment across key master-planned communities.

The quarter also saw several project completions, including Bloom Living, Cesares, Toledo, Manarat Living and Noya 5 – Park Views. Looking further ahead, the supply pipeline has risen sharply in recent years, with annual deliveries of approximately 10,000 units per year during 2026 and 2027 before accelerating during 2028, and with supply expected to remain elevated through to 2031. Short-term supply-chain pressures could lead to project delays, slowing the pace of new deliveries.

A notable feature of the quarter was increased participation from Dubai-based brokerages, many of which shifted resources toward Abu Dhabi to capitalise on launch-led demand — a direct consequence of the divergence between the two markets.

At the top of the market, the quarter witnessed several landmark transactions led by multiple ultra-prime sales at Four Seasons Private Residences and SHA Residences. Most notably, an AED 200 million penthouse sale at Four Seasons Private Residences ranks among Abu Dhabi's most significant residential transactions to date.

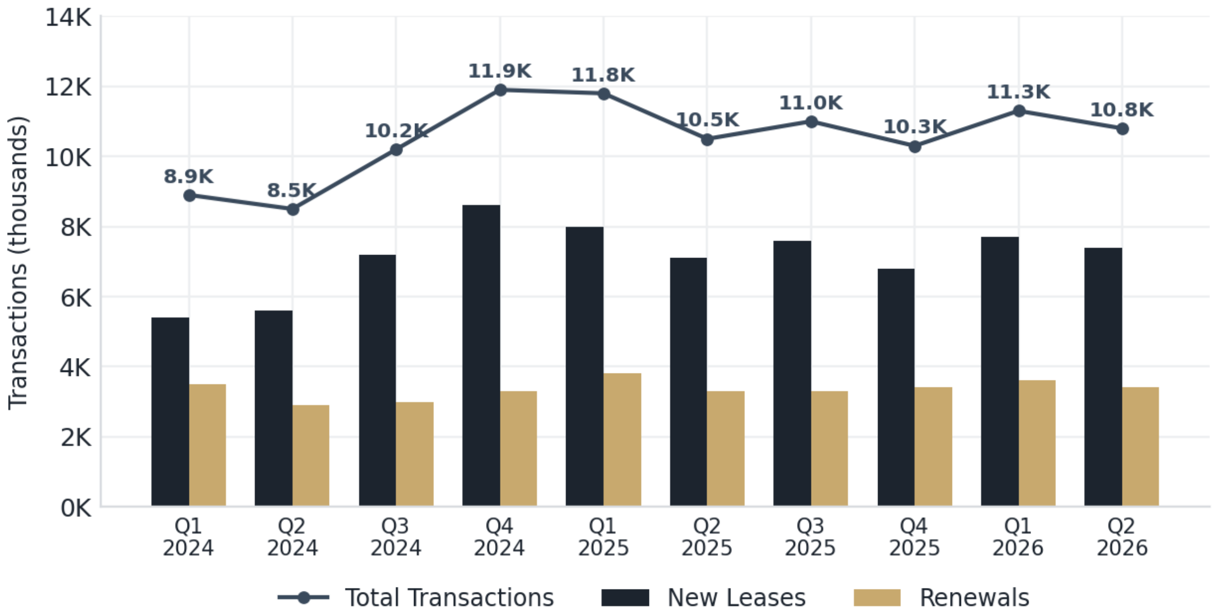
## 3.2 Commercial

Abu Dhabi's office market remains resilient and chronically undersupplied, with demand for Grade A accommodation continuing to outpace available supply. Whilst some market participants displayed a more cautious approach to future leasing activity, many others remained bullish and continued to seek opportunities to expand.

Leasing activity moderated during Q2 2026, with total office transactions declining 5% quarter-on-quarter to 10,760 transactions. New lease activity fell 4% to 7,404 transactions, whilst renewals declined 6% to 3,356. Despite the quarterly moderation, total leasing activity during the first half of 2026 was 4% higher than H2 2025, indicating that occupier demand remained resilient overall.

The quarterly slowdown broadly aligns with Abu Dhabi's historical seasonal trends, with leasing activity typically moderating during the second quarter due to Ramadan, Eid holidays and the onset of summer. This year's seasonal slowdown was amplified by heightened regional uncertainty, prompting many occupiers to defer relocation, expansion and market entry decisions rather than cancel them.

**ABU DHABI OFFICE TRANSACTION VOLUMES AND TREND**

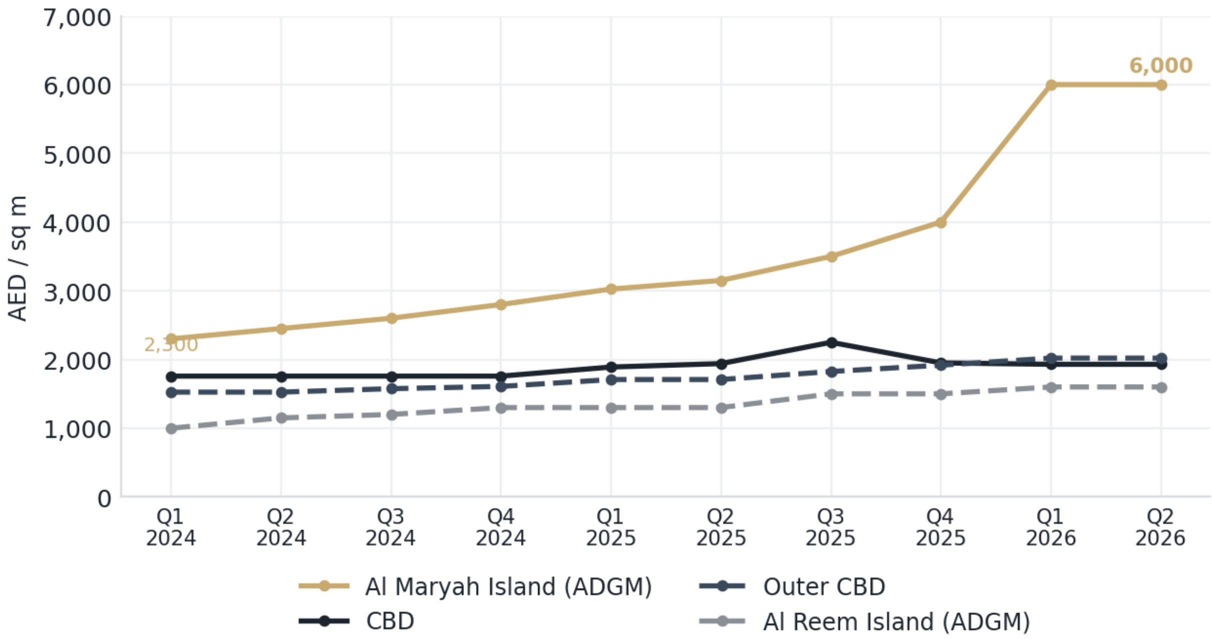



*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

## Grade A rental performance

Prime office districts, particularly Al Maryah Island within ADGM, continued to record strong rental performance supported by sustained demand from financial institutions and multinational occupiers alongside limited Grade A supply. Al Maryah Island rents reached AED 6,000 per sq m in Q2 2026 — more than double the level recorded two years earlier and by a wide margin the highest in the emirate.

**GRADE A AVERAGE RENTAL TREND**




*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

Across the wider market, average office rents were recorded up close to 16% year-on-year, driven by rapid growth across prime locations such as ADGM Square. Average occupancy rates across a basket of commercial properties reached close to 96% at the end of the second quarter, up from 94% in the same quarter last year.

The rental freeze announced in June 2026 is expected to provide occupiers with greater cost certainty by temporarily reducing the annual rental increase cap on tenancy renewals from 5% to 0%. Whilst this is likely to moderate rental growth across parts of the mainland market, its impact on the prime office segment is expected to be limited, as Grade A availability — not affordability — remains the primary market constraint. The freeze may stabilise renewal rents, but it does not increase premium office availability.

## Occupier demand and supply pipeline

Demand continued to concentrate within ADGM, which accounted for approximately two-thirds of recorded enquiries during H1 2026, driven primarily by financial services firms. Expansion requirements marginally exceeded new market entry activity, whilst legal, technology, healthcare and insurance occupiers remained active across both ADGM and established mainland Grade A assets. Demand for flexible workspace also remained resilient.

The underlying fundamentals are reinforced by strong free zone licence and employment growth, with active licences exceeding 13,353 at the end of Q1 from 12,671 at the end of 2025, and 961 secured during the first quarter alone. The total number of funds managed out of ADGM rose 43% from the same period in 2025, reaching 263 funds from 184.

| Principal Grade A additions | Approx. area | Expected completion |
|---|---|---|
| **One Maryah Place** | 98,000 sq m | 2027 |
| **Yas Business Park (four towers)** | 47,500 sq m | 2027 |
| **Saadiyat Business Park (four buildings)** | 25,000–26,000 sq m | 2027 |
| **Total tracked future Grade A supply** | 170,000 sq m | — |

Given that much of this supply will not be delivered until late 2027, Grade A availability is expected to remain constrained over the near term, particularly within ADGM and other prime business districts. The emirate's combined 2026–2027 office pipeline totals less than 300,000 sq m, meaning current undersupply dynamics look set to prevail for the medium term at least. This imbalance is expected to support high occupancy levels, continued pre-leasing activity and sustained rental resilience.

**Data Not Available** — Abu Dhabi retail rental levels and Q2 leasing volumes

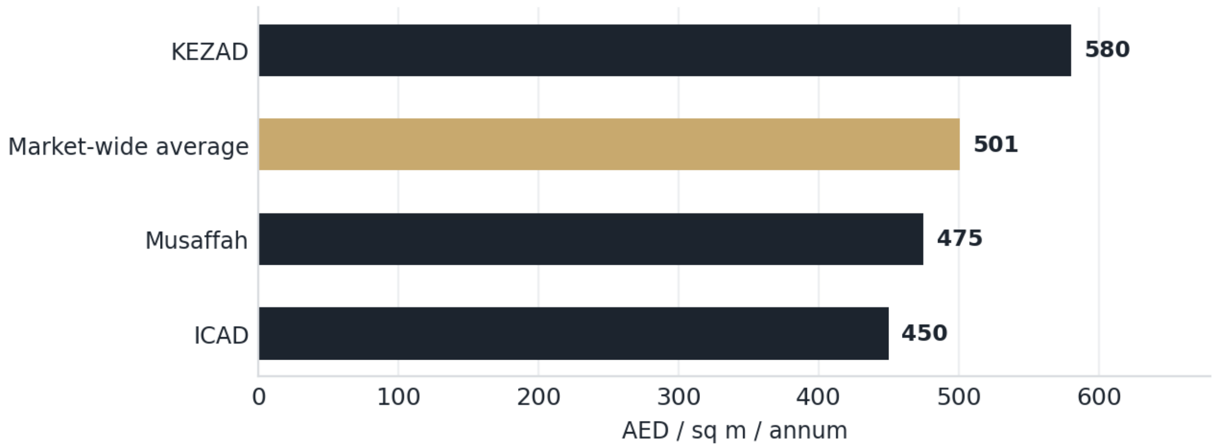
*Occupancy across a basket of major retail facilities held at approximately 95% with rents broadly unchanged year-on-year, and the first phase of retail handovers at Saadiyat Grove is scheduled for Q3 2026. Absolute retail rental levels and transaction counts are not covered by the datasets underpinning this report.*

## 3.3 Industrial

Abu Dhabi's industrial leasing market displayed firm but steady dynamics through the quarter, characterised by sustained end-user demand and rising foreign direct investment into strategic areas of the sector. Unlike the residential market, industrial rents advanced across every tracked location — making this the most uniformly positive segment covered in this report.

Market-wide average rents reached AED 501 per sq m per annum, representing a 4.4% expansion year-on-year against a modest 0.4% uptick quarter-on-quarter. Growth was led by ICAD, which rose 8.4% to AED 450 per sq m per annum, followed by Al Markaz at 6.9% year-on-year. The Musaffah area saw rents increase 5.6% year-on-year whilst holding flat quarter-on-quarter at AED 475 per sq m per annum. Premium areas such as KEZAD maintained a solid baseline, logging year-on-year growth of 0.9% to AED 580 per sq m per annum.

**ABU DHABI AVERAGE INDUSTRIAL RENTS**




*Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.*

This steady performance came despite continued geopolitical headwinds and operational challenges facing the region's industrial and logistics sector. Whilst the conflict imposed immediate friction via emergency surcharges and rising war-risk insurance premiums, the domestic market remained somewhat insulated due to severely constrained localised supply pipelines — the same scarcity that constrains the office market is supporting industrial rental resilience.

### Industrial Investment Commitments

The emirate's industrial investment forum generated an unprecedented AED 48.5 billion in total industrial investments during the period. This was anchored by a new AED 36.7 billion chemical cluster developed by TA'ZIZ and Alpha Dhabi Holding in Al Ruwais Industrial City and further reinforced by KEZAD Group formalising AED 2.1 billion across 17 new logistics agreements.

At a national level, UAE industrial exports reached AED 262 billion in 2025, supported by diversification initiatives across F&B processing and production, advanced manufacturing, defence industries, pharmaceuticals and clean energy — sectors whose accommodation requirements differ materially from conventional warehousing and which are likely to shape future specification demand.

**Data Not Available** — Abu Dhabi industrial transaction volumes, take-up and vacancy

*The datasets underpinning this report cover industrial rental levels and growth rates, but do not include leasing transaction counts, take-up volumes, vacancy rates or absorption data for the Abu Dhabi industrial market.*

# 4. Market Context Notes

This section provides supporting context that informs interpretation of the emirate sections above. It is presented in summary form and is not intended as full sector coverage.

## 4.1 Investor sentiment

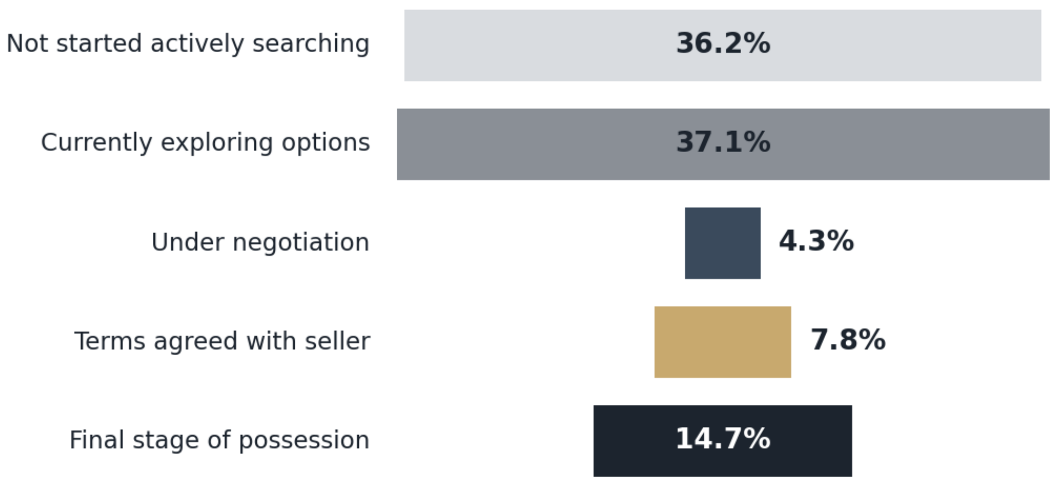
Sentiment data gathered across a pool of market participants — investors, end-users, landlords, tenants and prospective relocators — helps explain the gap between falling transaction volumes and broadly resilient pricing observed through the quarter.

The participant base was predominantly resident: resident expatriates comprised 68.9% of respondents, non-resident investors 18.1%, UAE nationals 5.7% and other categories 7.3%. By housing situation the split was near-even between renters at 38.9% and owner-occupiers at 38.3%, with investors at 17.6% — indicating a market increasingly supported by genuine end-user demand rather than purely speculative activity.

### Demand is intact but slower to convert

Nearly 45% of respondents indicated an intention to purchase within the next 12 months, while a further 32% remained undecided. Where buyers sit in their purchase journey is more revealing still: a large proportion are still exploring options or have not yet actively begun searching, suggesting the demand pipeline remains intact but is converting more slowly into transactions.

■ **WHERE ARE YOU IN YOUR PROPERTY PURCHASE JOURNEY?**




*Demand exists; transaction activity is being delayed rather than cancelled.*

*Compiled from open-source market sentiment research. Selection, reconciliation and analysis by SKH.*

### No distress selling

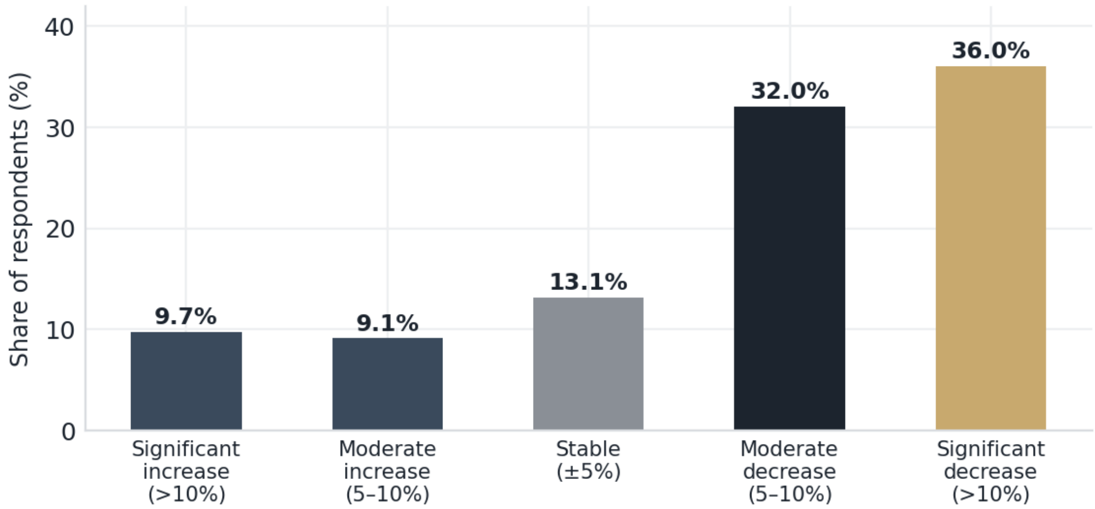
Over 60% of respondents who are existing property owners indicated they would either hold their investments or purchase more property within the next six months, with only around 4% willing to sell. Specifically, 36.3% intend to hold, 24.9% intend to buy more, and 4.1% intend to sell.

This lack of selling pressure is the single most important stabilising factor in the current market. It indicates that the slowdown is not being driven by distress or forced sales but by stronger holding appetite and the ability to ride out the period. Over 60% of respondents also stated that recent events had not made them consider selling their investment.

## Expectations have adjusted faster than pricing

Over 80% of respondents expect prices to either soften or remain stable over the next 12 months, with 36.0% anticipating a significant decrease above 10% and 32.0% a moderate decrease of 5 to 10%.

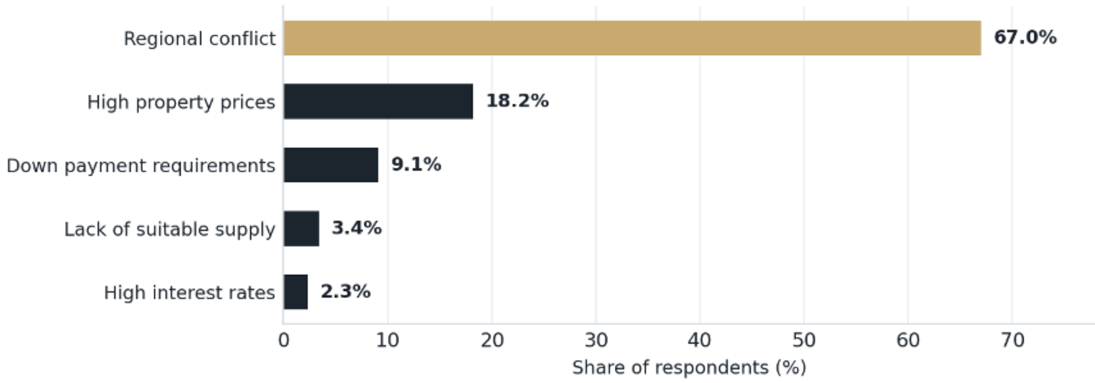
### HOW DO YOU EXPECT PROPERTY PRICES TO CHANGE OVER THE NEXT 12 MONTHS?




This creates a measurable gap between perception and pricing reality. Buyers expecting significant corrections are delaying purchases in anticipation of distressed opportunities, while sellers are not yet adjusting expectations significantly. The result is slower deal-making, increased negotiation and more selective transactions rather than broad-based price declines — precisely the buyer–seller impasse visible in the transaction data across all three emirates.

Buyer preference has shifted accordingly toward certainty. Ready properties, both owner-occupied and investment, were the preferred option for approximately 60% of respondents, compared with around 23% for off-plan. Investment remains the dominant motivation at 52.1% of respondents, followed by getting onto the housing ladder at 17.1% and acquiring a second home at 14.5%.

### WHAT IS THE BIGGEST BARRIER TO ENTRY IN THE CURRENT MARKET?




*External factors, not fundamentals, are driving delayed decision-making.*

*Compiled from open-source market sentiment research. Selection, reconciliation and analysis by SKH.*

Regional and geopolitical uncertainty emerged as the single largest barrier to market entry at 67%, decisively outweighing traditional considerations such as high property prices at 18.2%, down payment requirements at 9.1%, lack of suitable supply at 3.4% and interest rates at 2.3%. This is the clearest available evidence that the current slowdown is externally driven rather than a function of market fundamentals — which in turn suggests recovery is more likely to track the resolution of external conditions than any adjustment in pricing or lending terms.

## 4.2 Hospitality

The UAE's tourism sector faced sustained headwinds through the first half of 2026, directly constraining hospitality performance. Monthly tourist numbers dropped sharply from around 2.0 million overnight visitors per month in January and February, amid widespread disruption to flight schedules affecting major international carriers. Emirates has since returned to operating at close to pre-conflict capacity with most routes reopened.

| YTD June 2026 vs YTD June 2025 | Occupancy (pp) | ADR | RevPAR |
|---|---|---|---|
| **UAE** | −27.7 | −5.6% | −31.8% |
| **Abu Dhabi** | −16.8 | −4.3% | −20.3% |
| **Dubai** | −30.3 | −7.0% | −35.2% |
| **Ras Al Khaimah** | −32.1 | +5.2% | −28.6% |

Average daily rates held up considerably better than occupancy, with UAE-wide declines of around 5.6% year-to-date — though June monthly data reflected a larger 13% decline from the same month last year, providing a more realistic view of the conflict's impact. Abu Dhabi emerged as the comparatively strong performer, with occupancy down only 16.8 percentage points, supported by the continuation of several major events and the emirate's attractiveness for domestic staycation demand.

Ras Al Khaimah recorded the only ADR increase of any tracked market at 5.2%, as residents and limited regional demand helped leisure-focused properties remain more resilient, although its occupancy rates were the lowest of all emirates in H1. This is the only Northern Emirates data point available in the datasets underpinning this report.

## 4.3 Retail

With key fundamental drivers from population to tourism flows under pressure, the retail sector continued to face weakening demand dynamics, and is likely to be further tested through the summer period. Occupancy rates across a basket of major retail facilities nonetheless remained firm, holding at around 98% in Dubai and 95% in Abu Dhabi, with no real change from the same quarter last year.

Dubai recorded a modest increase in year-on-year rental rates of around 3%, while rents in Abu Dhabi remained broadly unchanged. Supply levels remain comparatively tight, with Dubai not expected to see notable completions during 2026. The 2027 pipeline is materially larger at nearly 240,000 sq m, including Al Khail Avenue adjacent to Jumeirah Village Triangle which will add approximately 111,000 sq m of new retail GLA, alongside the F&B-focused Anchor at Dubai Harbour and community schemes including Sobha Hartland Mall and Liwan Mall. In Abu Dhabi, the first phase of retail handovers at Saadiyat Grove is due in Q3 2026.

# 5. Outlook

The remainder of 2026 is expected to represent a period of transition rather than deterioration, with performance increasingly diverging across emirates, locations, property types and price segments. Three variables will determine the trajectory: the pace at which new supply is absorbed, the resolution of regional conditions, and the extent to which deferred demand returns rather than dissipates.

## 5.1 Residential

Abu Dhabi remains well positioned for continued growth. Whilst some homeowners have adopted a more selective approach to bringing properties to market, underlying demand remains healthy and confidence in long-term fundamentals continues to support activity. Economic diversification, population growth, wealth migration and continued project launches are expected to underpin residential demand and support the absorption of new supply.

## 5.2 Commercial

The outlook for the Abu Dhabi office market remains positive. As regional stability improves and business confidence recovers, occupier requirements deferred during Q2 are expected to progressively return, supporting stronger leasing activity during the second half of the year. A steady improvement is considered more likely than a sharp rebound.

In Abu Dhabi, limited premium office supply combined with ADGM's expansion as a regional financial hub is expected to sustain occupier demand, high occupancy and continued rental resilience. The rental freeze may moderate renewal growth across parts of the mainland market, but its impact on the prime segment should be limited given that availability rather than affordability is the binding constraint.

## 5.3 Industrial

Industrial fundamentals remain the most robust of any segment covered. Constrained localised supply pipelines, sustained end-user demand, substantial FDI commitments and national industrial strategy all point toward continued rental growth, albeit at rates moderating from the 2025 peak. Short-term supply-chain pressures could delay new delivery, which would further tighten an already constrained market.

## 5.4 Policy and structural factors

- The removal of the minimum property value threshold for the two-year residence visa, more flexible investor visa eligibility, and the removal of the previous equity requirement for property-based Golden Visa applications collectively broaden the addressable investor base.
- The Abu Dhabi rental freeze materially alters income growth assumptions for the duration of its application and warrants explicit treatment in investment-method valuations.
- The UAE's exit from OPEC+ signals greater long-term economic flexibility, with oil GDP growth of 13.7% forecast for 2027 providing a substantial fiscal underpin to the recovery.
- UAE population growth is forecast to moderate from 4.1% in 2022 to approximately 2.0% in 2026, resulting in a more measured pace of underlying residential demand growth.

### SKH Concluding View

The evidence points to an adjustment rather than a correction in the conventional sense. Volumes have fallen materially, but they have fallen because decisions are being deferred — not because owners are being forced to sell. The absence of distress supply, the strength of refinancing activity, and the identification of external rather than fundamental factors as the principal barrier to entry all point the same way.

The risk to monitor is not sentiment but supply. More than 29,000 residential units are under construction across the emirate, substantially exceeding the annual completion levels recorded over the past four years. Extended delivery timelines will help distribute that supply, but the pace of absorption — not the pace of confidence recovery — will determine pricing outcomes through 2027.

For valuation purposes SKH would emphasise three points: headline averages currently overstate the underlying trend rate in Abu Dhabi; comparable evidence should be weighted toward recent like-for-like transactions within the subject development; and income growth assumptions require explicit adjustment for the rental freeze.

# 6. Basis of Preparation & Disclaimer

## 6.1 Basis of preparation

This report has been prepared by SKH Real Estate Valuation Services Co. L.L.C and covers the second quarter of 2026, with half-year context provided where the underlying data supports it.

### Data sources

The quantitative content of this report is drawn from two categories of source: official registration and statistical data published by government bodies including the Dubai Land Department, the Abu Dhabi Real Estate Centre and the Sharjah Real Estate Registration Department; and market research published by established real estate research houses operating in the UAE. Individual sources are not named, and no proprietary dataset is reproduced.

SKH has not independently verified the third-party data presented in this report and gives no warranty as to its accuracy or completeness. Data collection is not SKH's contribution to this publication. What SKH provides is the selection, comparison and reconciliation of that data, and the valuation and advisory commentary drawn from it — in particular the Valuation Implication commentary set out throughout, which represents SKH's own professional opinion.

Where the available sources diverge on the same indicator, this report presents the range and identifies the divergence explicitly rather than adopting a single figure. Where a market segment is not covered by any available source, the report states "Data Not Available". No figure has been estimated, extrapolated from an adjacent market, or carried forward from a prior period to fill such a gap.

### Reconciling reporting periods

Quarterly and half-yearly figures within this report are drawn from datasets compiled on different bases and at different points in time. Transaction registration lag means that quarterly series are subject to subsequent revision as delayed registrations are recorded. Readers may therefore observe small differences between the Q2 2026 figure and the residual implied by half-year totals. Both are reported as compiled; neither has been adjusted to force reconciliation.

Where the underlying sources diverge on the same indicator — most notably the 2026 UAE GDP forecast — this report presents the range rather than selecting a single figure, and identifies the divergence explicitly at the relevant point in the text.

### Units of measurement

Sale pricing is reported in the unit stated by the underlying dataset. Abu Dhabi residential and industrial pricing is reported per square metre; Dubai and Sharjah residential pricing per square foot; Dubai office pricing per square foot; Abu Dhabi office pricing per square metre. Readers should note the unit against each figure before making cross-emirate comparisons.

## 6.2 Regulatory status

SKH Real Estate Valuation Services Co. L.L.C is an independent valuation and advisory practice operating across Abu Dhabi, Dubai and Ajman. SKH is RICS Compliant, applying RICS Valuation – Global Standards in the conduct of its valuation instructions.

## 6.3 Disclaimer

The information and analysis contained in this publication are derived from datasets considered reliable and are based on assumptions deemed reasonable and current at the time of undertaking the underlying market research. However, no representation or warranty, express or implied, is made regarding their accuracy or completeness. SKH reserves the right to vary its methodology and to amend or discontinue any indices presented at any time for regulatory or other reasons.

The information and its analysis in this publication do not constitute legal, financial, or any other form of advice. Furthermore, it does not constitute a formal valuation, feasibility study or analysis of any property interest and should not be construed as such. Any forward-looking statements are opinions and estimates only, and are based on a wide range of variables which may not be capable of being determined with accuracy. Variation in any of these indicators can have a material impact on the analysis and readers' attention is drawn to this.

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