DUBAI 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

Contents

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.

This applies most notably to absolute rental levels in Dubai’s industrial market. Readers should treat remaining gaps as an absence of data, not as an absence of activity. This report covers Dubai only; Abu Dhabi 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

The second quarter of 2026 marked a clear inflection point for the Dubai real estate market. After eight consecutive quarters of exceptional expansion, activity moderated across every residential measure — volumes, capital values and rents fell simultaneously for the first time in the current cycle. The commercial and industrial markets did not follow, and that divergence is the defining feature of the quarter.

35,884 RESIDENTIAL TRANSACTIONS, Q2	**−19%** TRANSACTIONS, Q-O-Q	**AED 1,960** APARTMENT VALUE, PER SQ FT
8–10% RESIDENTIAL RENTAL DECLINE	**AED 238** OFFICE RENT, PER SQ FT	**~70%** REFINANCING SHARE OF INSTRUCTIONS

The quarter in four findings

Dubai entered a genuine correction, not merely a slowdown. Transactions fell roughly 19% quarter-on-quarter to 35,884, apartment values eased 4.0% to AED 1,960 per sq ft, and rental rates declined 8–10% across a sample of major communities. Like-for-like analysis of comparable units within the same developments indicates underlying price adjustments of 5–7%, and up to 10% in selected locations — materially steeper than headline averages imply.

Supply became the dominant variable, though its scale is disputed. Published estimates of Q2 handovers span approximately 9,200 to 27,300 units, against only 5,335 units launched. The estimates disagree by a factor of three and cannot be reconciled from published methodology. On every estimate, however, the direction is identical: an inversion from a launch-led to a delivery-led market, which remains the single most consequential structural shift in the dataset. SKH reports the range rather than adopting a single figure — see Section 3.1.

Commercial markets outperformed residential. Office leasing rose 4% quarter-on-quarter with rents holding at AED 238 per sq ft, and occupancy stood at approximately 94%. Industrial rents continued to grow across every tracked location.

Owners did not capitulate. Only around 4% of surveyed property owners intend to sell within six months, and refinancing rose to approximately 70% of Dubai valuation instructions by quarter-end. Falling volumes reflect deferred decisions and a buyer–seller pricing impasse, not distress.

> **Valuation Implication**
>
> For valuation and lending purposes, the critical observation this quarter is that headline transaction averages materially understate the pace of adjustment in Dubai. Registration lag, developer-led bulk registrations and shifts in transaction mix all flatten the published averages.
>
> Comparable evidence should be weighted toward recent like-for-like transactions within the same development, and toward the handover-heavy communities where the adjustment is concentrated.

2. Macroeconomic Overview

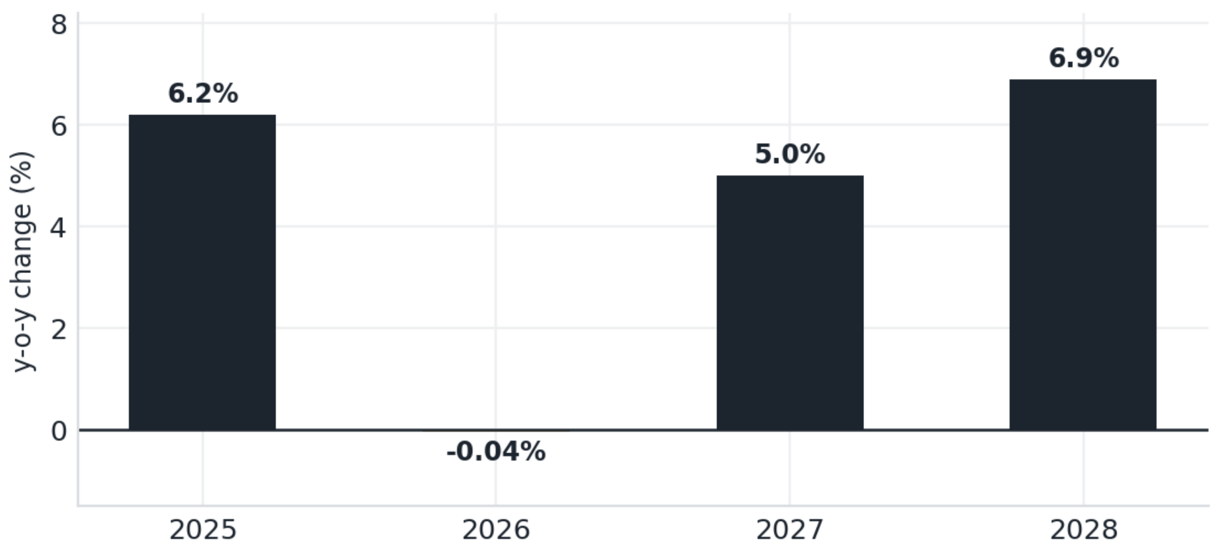
The UAE entered the second quarter of 2026 under materially altered macroeconomic conditions. An extended regional conflict beginning in late February disrupted trade flows, tourism, aviation and supply chains, and the growth outlook for the year was revised downward repeatedly through the first half.

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. Dubai

Dubai recorded the most pronounced adjustment of any market covered in this report. The quarter marked, as anticipated, a notable shift following several quarters of exceptional activity — with transaction volumes, sales values, rental rates and launch activity all declining simultaneously, while handover volumes reached their highest quarterly level in recent years.

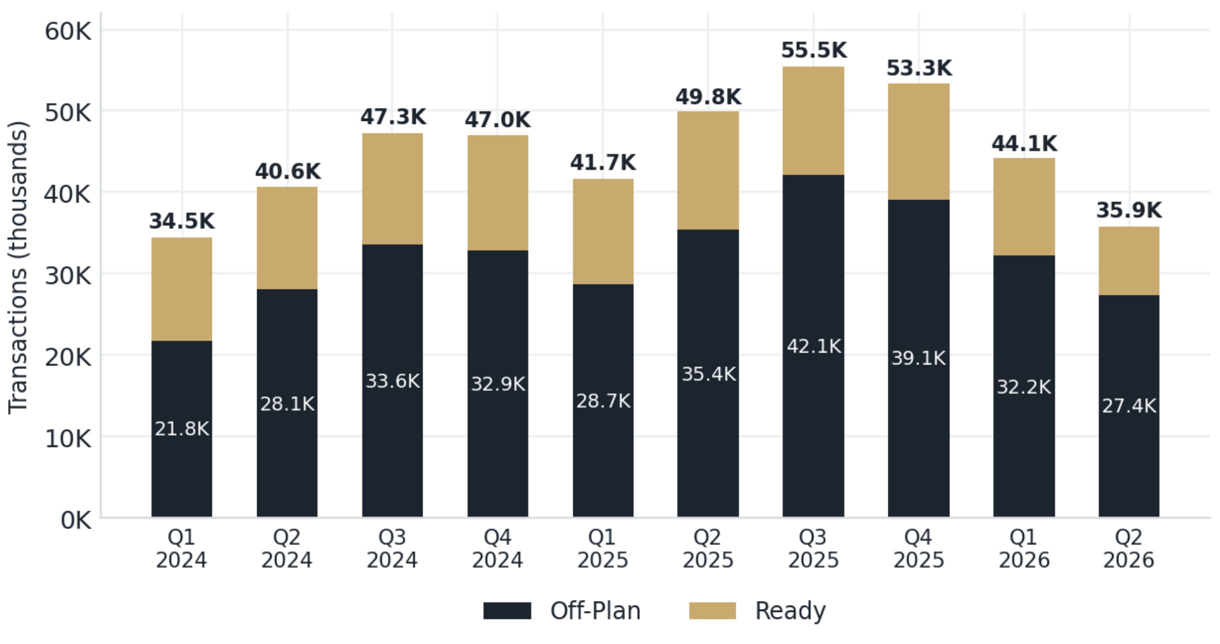
35,884	9,200–27,300	5,335	AED 238
RESIDENTIAL TRANSACTIONS	UNITS HANDED OVER (RANGE)	UNITS LAUNCHED	OFFICE RENT, PER SQ FT

3.1 Residential

Total residential transactions declined approximately 19% quarter-on-quarter to 35,884. Despite a significant slowdown in new project launches, the off-plan market accounted for 76% of all residential transactions, up from 73% in Q1 2026 — a share sustained partly by the continued registration of off-plan sales agreed in previous quarters, reflecting the inherent lag between sale execution and government registration.

The ready market experienced a more pronounced slowdown, with transactions declining approximately 30% quarter-on-quarter and its share of total activity falling from 27% in Q1 to 24% in Q2. That said, ready market volumes have remained broadly stable since March at around 2,800 transactions per month, indicating the pace of adjustment may be moderating.

DUBAI RESIDENTIAL TRANSACTION VOLUMES



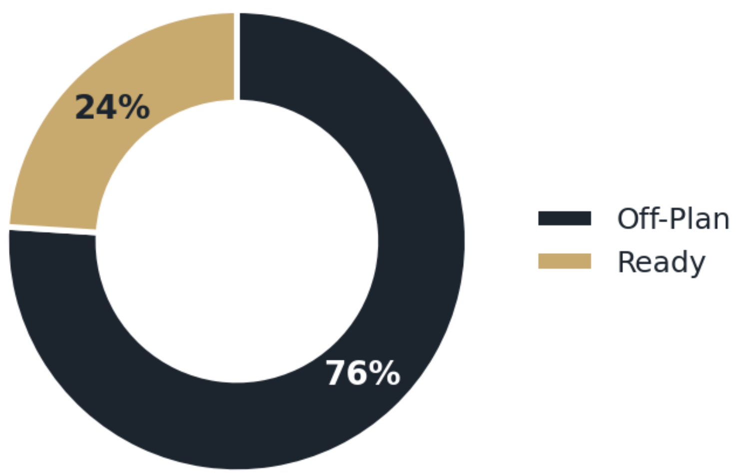
Compiled from open-source market and official registration data. Selection, reconciliation and analysis by SKH.

Change in transaction volume	Off-Plan	Ready	Total
Quarter-on-quarter	−14.9%	−30.0%	−18.6%
Year-on-year	−23%	−42%	−29%

The headline decline understates the adjustment. Developer registration activity was highly concentrated during the quarter, with nine projects — including Azizi Venice, Binghatti Skyflame, Lunaya by Zaya, Creek Bay Tower, Serenz Tower, Azizi Arian, Valencia Tower and Sobha Central — accounting for approximately 30% of all developer registrations. As many of these projects were launched in previous quarters, a significant proportion of recorded activity reflects delayed registrations rather than new sales.

The same pattern was evident across primary and secondary markets, though the pace of decline differed significantly. Primary market transactions declined approximately 16% quarter-on-quarter while secondary transactions contracted around 29%, indicating the current adjustment has been concentrated within the resale segment.

SALES BY TRANSACTION TYPE — Q2 2026



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

Half-year context

Across the first half of 2026, Dubai recorded 79,300 residential sales transactions, down 13.8% year-on-year and 27.1% below the record levels achieved in H2 2025 — though still above H1 2024 levels. Off-plan transactions declined 8.8% year-on-year to 59,300, while ready sales declined 25.8% to 20,000. Off-plan represented 74.8% of half-year activity.

Total half-year sales value reached AED 221.4 billion, down 15.7% year-on-year and 19.8% below H2 2025. Off-plan transaction values totalled AED 165.9 billion, down 13.7%, while ready values declined 21.2% to AED 55.5 billion. On a quarterly basis, total transaction value reached AED 84.9 billion in Q2 2026, down 37.8% quarter-on-quarter and 42.7% year-on-year — a decline materially steeper than the fall in volumes, indicating a shift in transaction mix toward lower price points.

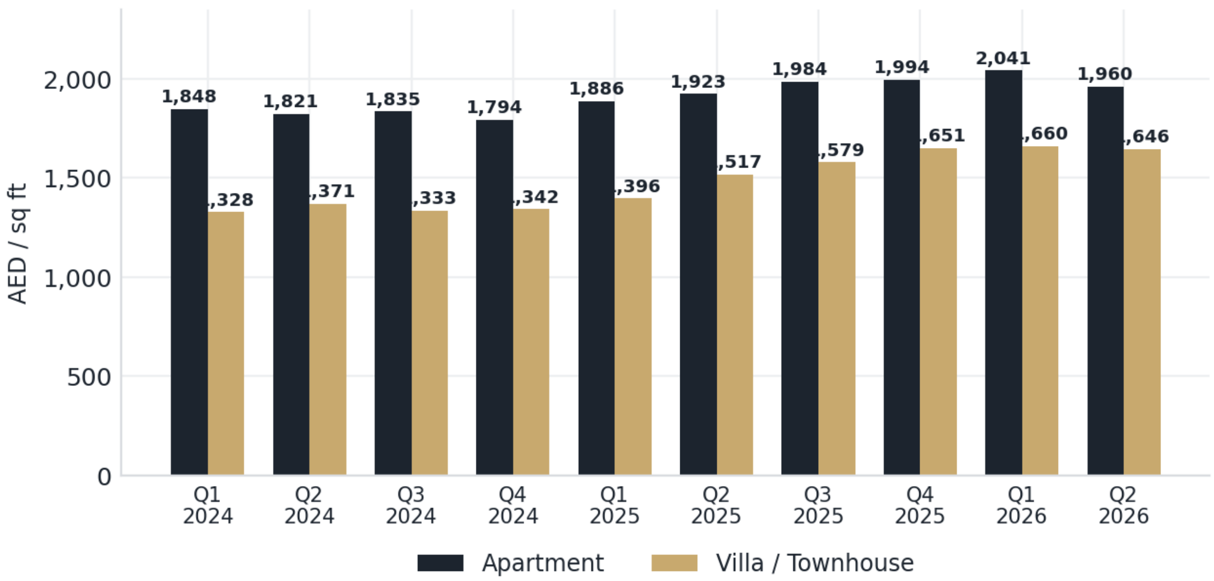
H1 2026 segmentation	Volume	Share	y-o-y change
Off-plan — initial sales	54,700	92.2%	−1.5%
Off-plan — resale	4,600	7.8%	−51.0%
Ready — resale	16,500	83.1%	−29.0%
Ready — initial sales	3,300	16.9%	−3.1%

The collapse in off-plan resale activity — down 51.0% year-on-year to 4,600 transactions — is among the most significant findings in the half-year data. If this moderation persists, it will progressively reduce the availability of pre-completion exits for investors whose strategies depend on them, with implications for the depth of the assignment market and for the liquidity assumptions applied to off-plan holdings.

Pricing

Average residential rates per sq ft moderated quarter-on-quarter following the peak recorded in Q1. Apartment prices averaged AED 1,960 per sq ft, down from AED 2,041 in Q1 2026 — approximately 4.0% quarter-on-quarter. Villa and townhouse prices eased marginally to AED 1,646 per sq ft, compared with AED 1,660 in Q1, approximately 0.8% quarter-on-quarter.

AVERAGE RATE PER SQ FT TREND



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

The Gap Between Headline and Underlying Pricing

Headline transaction averages are influenced by transaction mix and registration timing, and this quarter they understate the adjustment. Like-for-like analysis of more than 500 residential transactions — comparing similar units within the same developments — indicates underlying pricing adjustments of approximately 5 to 7% during the quarter, with selected locations recording declines of up to 10%.

This is the single most important pricing observation in the report. For valuation purposes, reliance on published market averages alone will overstate value in the handover-heavy communities where the adjustment is concentrated. Comparable selection should prioritise recent like-for-like evidence within the subject development.

Despite the quarterly correction, average prices remained above Q2 2025 levels, with apartments up approximately 1.9% year-on-year and villas and townhouses approximately 8.5% higher. Over the half-year, average sales prices reached AED 1,639 per sq ft by June 2026, representing 1.9% annual growth — down sharply from 12.1% annual growth recorded in December 2025. The deceleration is clearly traceable: quarterly price movement turned negative for the first time in Q4 2025 at −0.5%, recovered marginally to +0.6% in Q1 2026, then fell 2.6% in Q2 2026.

Pricing performance became increasingly fragmented and locally driven. Communities such as Dubai Hills Estate and Arabian Ranches 3, where significant new supply has recently entered or is approaching the market, recorded price adjustments of around 10% for comparable properties. More supply-constrained communities such as Reem Mira remained relatively resilient. Among apartments, the Palm experienced a 9% dip while Business Bay and Downtown dropped around 7% quarter-on-quarter; DIFC and Meydan showed greater resilience. Among villas, Jumeirah Golf Estates fell 8%, Sustainable City 7% and Dubai Hills 5%, while Al Barari, DAMAC Hills and Jumeirah Islands saw more positive dynamics.

Mortgage activity

Mortgage-backed transactions declined from 1,888 in January and 1,519 in March to 1,247 in June — a reduction of approximately 34% from January levels, or 18% from March. Given that mortgage transactions are closely associated with end-user demand, the trend suggests a more cautious approach among owner-occupiers, particularly within the ready residential market.

The half-year picture is more nuanced. Mortgage transactions totalled 22,500 during H1 2026, increasing 7.2% year-on-year although remaining 2% below H2 2025 levels, with apartments accounting for approximately 15,900 (up 7.1%), villas around 2,600 (up 18.2%) and townhouses approximately 4,100 (up 1.7%). Mortgage value totalled AED 51.3 billion, increasing 17.4% year-on-year — rising faster than volumes, indicating a shift toward higher-value lending.

H1 2026 mortgage value	Value	y-o-y	vs H2 2025
Apartments	AED 21.8bn	+12.5%	+19.4%
Villas	AED 19.8bn	+35.6%	+24.5%
Townhouses	AED 9.6bn	−0.1%	−17.5%
Total	AED 51.3bn	+17.4%	+11.8%

Valuation instruction mix

Valuation instruction volumes reflected a notable shift in market activity over the course of the quarter. Following a subdued start, activity recovered through May and June driven primarily by refinancing-related valuations. Refinancing instructions increased from approximately 30% of total valuation volumes historically to around 70% by quarter-end, while sale-related instructions declined to 30%.

This inversion is directly relevant to SKH's own practice and is among the most telling indicators in the dataset. It provides further evidence of a cautious transaction environment in which many existing owners are choosing to optimise financing arrangements rather than dispose of assets. Critically, the increase in refinancing activity suggests continued confidence in the market's longer-term prospects rather than widespread financial distress.

Supply — the launch-to-delivery inversion

Launch activity moderated significantly, with approximately 5,335 residential units introduced across a limited number of projects, compared with over 45,000 units launched in Q1. Developers adopted a more selective and phased release strategy amid moderating conditions, with launches including Faro by Emaar, Enchante by Grid in Dubai South and Cheval Residences Dubai Islands, alongside several boutique developments.

Simultaneously, residential handovers accelerated — but the published estimates of by how much diverge to an unusual degree. The highest available estimate puts Q2 2026 completions at approximately 27,300 units, split roughly 17,400 apartments and 9,900 villas and townhouses, and describes this as the strongest quarterly delivery volume in recent years. A second estimate places the quarter at just over 13,200 units. A third reports 9,223. On the highest estimate, villa and townhouse handovers alone reached an unusually elevated level, materially increasing the availability of ready family housing.

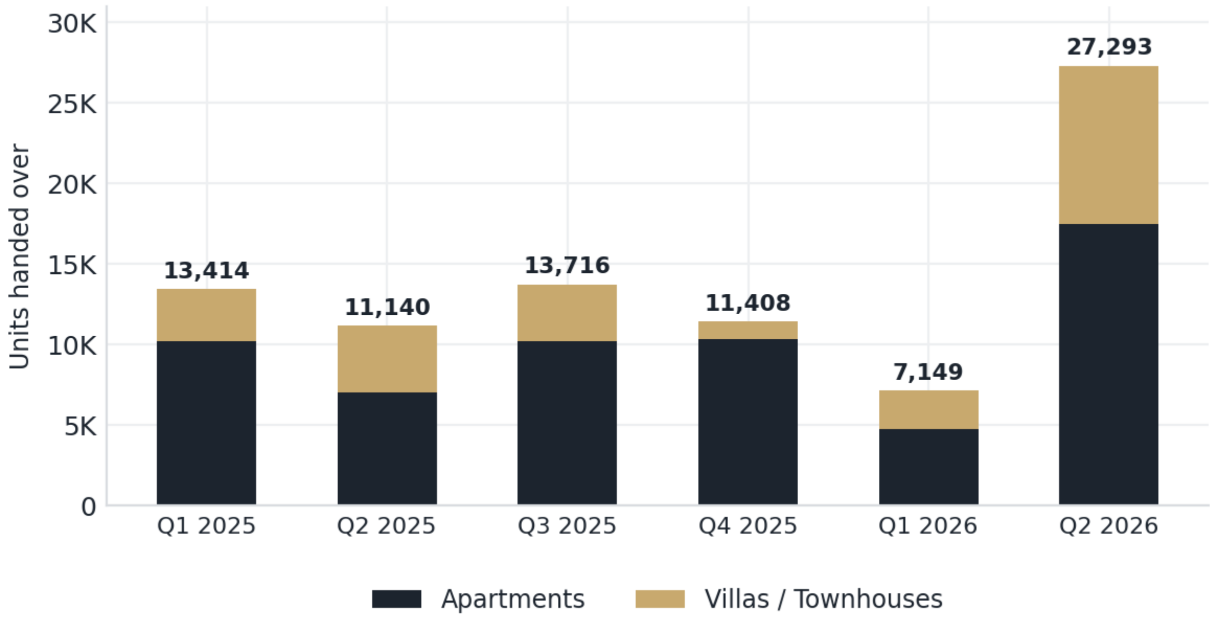
Why the Handover Estimates Diverge

Dubai does not publish an official completions series. Handover counts are produced independently by market research houses, each applying its own definition of what constitutes a completed unit — building completion certificate, developer handover notice, or first Ejari registration — and each drawing on a different project universe. A unit can therefore be counted in different quarters, or not at all, depending on the methodology applied.

A half-year cross-check illustrates the problem. One widely reported estimate puts total H1 2026 completions at approximately 24,800 units. That figure is lower than the highest single-quarter estimate for Q2 alone, which cannot both be correct. SKH has not been able to reconcile the two from published methodology.

The practical consequence for valuation is that no single handover figure should be relied upon in isolation. Where supply volume is material to an instruction — absorption analysis, residual appraisal, or a lending decision on a handover-heavy community — evidence should be assembled at community level from direct enquiry and developer handover schedules rather than from emirate-wide completion counts. The direction of travel is not in doubt; the magnitude is.

DUBAI HANDOVERS BY QUARTER



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

Major completions during the quarter included LUCE on Palm Jumeirah, St. Regis The Residences, Financial Centre Road, Castleton at Central Park, Sunridge by Emaar, Raya Townhouses and The Valley – Elora, alongside DAMAC Lagoons – Costa Brava 2, Belmont Residences and Thyme.

Across the half-year the same pattern holds. Dubai recorded 124 new project launches comprising approximately 28,000 units during H1 2026, against 410 projects and approximately 102,000 units during H1 2025 — with the majority of launch activity concentrated in Q1. Meanwhile completions reached approximately 24,800 units, up 37.6% year-on-year and 12.1% above H2 2025. Overall, 41.3% of units scheduled for delivery during H1 2026 were completed, broadly in line with historical materialisation rates.

Upcoming residential supply	Apartments	Villas / TH	Total units
Rest of 2026	38,900	8,300	47,200
2027	148,900	13,600	162,500
2028	105,900	22,300	128,200

Based on historical materialisation rates, actual completions for the remainder of 2026 are expected to range between 14,000 and 23,500 units against the 47,000 scheduled. Apartments are expected to comprise 82.5% of upcoming supply, with Jumeirah Village Circle, Dubai South, Dubai Science Park, Business Bay, Downtown Dubai and Dubai Healthcare City 2 collectively accounting for 36.9% of scheduled completions — a concentration that will localise pricing pressure rather than distribute it evenly.

An important mitigating development emerged during the quarter: developers have increasingly postponed launches and extended delivery timelines, with projects previously expected to complete within approximately three years now generally anticipated over a four-year horizon. This staggered delivery profile should distribute future supply over a longer period, reducing near-term absorption pressure. Units already under construction nonetheless represent committed future supply that will ultimately reach the market, meaning delays redistribute completions across periods rather than reduce them.

Despite the lower launch volumes, one announcement signalled continued long-term conviction: a transformational AED 200 billion master-planned development spanning approximately 4.5 million sq m and designed to accommodate around 150,000 residents.

Rental market

Dubai's residential leasing market entered a rebalancing phase, with annual lease registrations recorded through the Ejari system declining approximately 22% quarter-on-quarter. Both new registrations and renewals fell at a similar pace, while market composition remained broadly unchanged at 35% new leases and 65% renewals.

Rental rates across a sample of major residential communities declined by an average of 8 to 10%, with the largest adjustments occurring in locations experiencing significant new supply. Among apartments the largest declines were noted for Downtown at 11%, and Dubai Hills Estate and Dubai Marina at 10%, whilst Dubai Festival City and Green Community West posted stronger performances. Villa rents moderated in a similarly uneven fashion, with Dubai Hills Estate down 12%, Al Barsha 11% and Jumeirah Park 8%, while JVT, Dubai South and Jumeirah held up more strongly.

Three drivers converged: increasing residential supply, greater tenant choice, and growing competition from serviced apartments and short-term rental products — the latter compounded by the addition of former short-term rental stock to the long-term market. New residence permit issuances declined approximately 15% quarter-on-quarter, consistent with softer employment growth and fewer employment-related arrivals; as most newly issued permits translate into leasing demand, this likely contributed to weaker registrations.

Over the half-year, more than 277,000 rental contracts were registered with renewals accounting for around 65.7% of all agreements. Contract volumes declined 3% year-on-year, driven primarily by an 8.1% decline in Q2. Average rents reached AED 75.7 per sq ft per annum by June 2026, declining 2.5% quarter-on-quarter while maintaining 7.8% annual growth — the lowest annual growth rate in recent years, following a sustained period when annual increases consistently exceeded 11% from 2023 through early 2026.

Gross rental yields

Gross rental yields stood at 6.9% for apartments and 5.0% for villas and townhouses, remaining among the most attractive of any major global residential market.

Top areas — apartments	Yield	Top areas — villas / townhouses	Yield
Dubai Investments Park	9.7%	Dubai Industrial City	6.4%
International City	8.9%	DAMAC Hills 2	5.8%
International City Phase 2	8.4%	Jumeirah Golf Estates	5.8%
Dubai Production City	8.3%	District One MBR City	5.6%
DAMAC Hills 2	8.3%	Al Barari	5.6%
Dubai Studio City	8.1%	DAMAC Hills	5.5%
Dubai Sports City	8.0%	Villanova	5.2%
Downtown Jebel Ali	7.9%	Mudon	5.2%
Discovery Gardens	7.7%	Town Square	5.0%
Citywide average	6.9%	Citywide average	5.0%

Prime and luxury

The prime market moderated sharply, with transactions above AED 10 million declining 54% quarter-on-quarter to 864. Unlike previous periods the slowdown was evident across primary and secondary markets and across off-plan and ready properties alike, indicating a temporary pause rather than a segment-specific correction. Activity remained concentrated within established prime destinations, with Dubai Hills Estate, Palm Jumeirah and Jumeirah Golf Estates accounting for a significant share.

The quarter nonetheless witnessed several landmark ultra-prime transactions, including a record-breaking AED 280 million villa sale on Jumeirah Bay Island alongside numerous transactions exceeding AED 50 million across Palm Jumeirah and Aman Residences.

Over the half-year, luxury transactions above AED 20 million totalled 1,093, down 25.4% year-on-year but 6.2% above H2 2025. Ultra-luxury transactions above AED 50 million moved in the opposite direction entirely, reaching 160 — up 12.7% year-on-year and 17.6% above H2 2025, driven primarily by off-plan activity at 108 transactions, up 25.6% year-on-year. The very top of the market proved not merely resilient but expansionary.

Leading locations — H1 2026

Off-plan apartments	Volume	Off-plan villas / townhouses	Volume
Dubai South	7,306	DAMAC Islands 2	3,192
Dubai Residence Complex	3,408	The Heights Country Club	898
Jumeirah Village Circle	3,055	The Oasis	583
Dubai Islands	2,891	Lunaya	360
Majan	2,402	Grand Polo Club and Resort	343

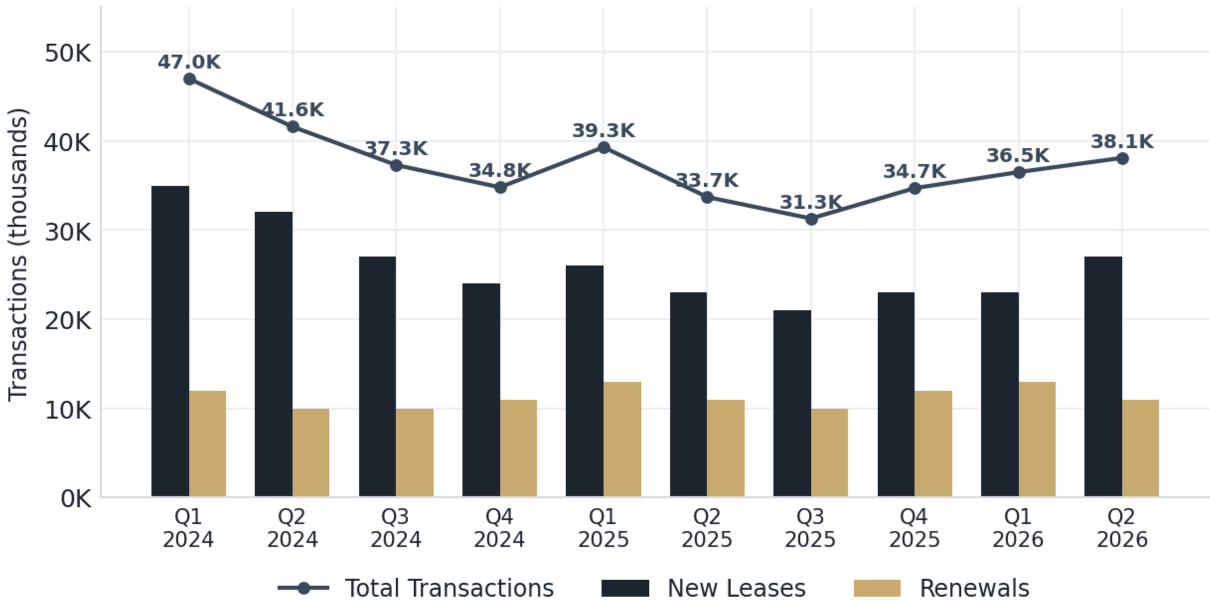
Ready villas / townhouses	Volume	Ready apartments	Volume
DAMAC Hills 2	410	Jumeirah Village Circle	1,812
Dubai South	190	Business Bay	1,065
DAMAC Lagoons	185	Dubai Marina	778
The Valley	176	Downtown Dubai	613
The Springs	168	Dubai Creek Harbour	607

3.2 Commercial

Dubai's office market provided the clearest counterpoint to residential weakness. Leasing transactions increased 4% quarter-on-quarter to 38,082, and the sector remained broadly resilient through the quarter as reflected in continued high occupancy rates and prevailing rents.

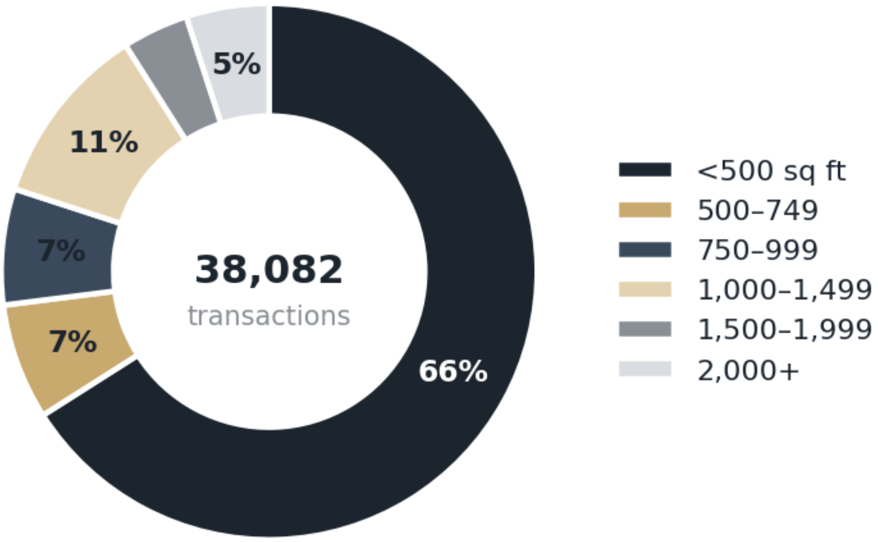
The composition of that growth requires scrutiny. New lease activity increased 16% quarter-on-quarter to 27,121 transactions, whilst renewals declined 16% to 10,961. Demand remained concentrated in smaller office units, with transactions below 500 sq ft increasing 17% quarter-on-quarter and accounting for 66% of all leasing activity, up from below 60% in the previous quarter. The headline increase was therefore driven by small-unit activity rather than a broad-based improvement across the wider market.

TRANSACTION VOLUMES AND TREND



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

■ **TRANSACTION VOLUMES BY UNIT SIZE — Q2 2026**



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

This concentration reflects continued demand from SMEs, start-ups and new business entrants, supported by Dubai's favourable business environment and lower occupancy costs, while larger occupiers adopted longer decision-making timelines.

Rental performance

After several years of strong rental growth, Dubai's office market entered a period of greater stability. Rental levels remained broadly unchanged across most tracked locations, with average office rents holding at AED 238 per sq ft — marking the first quarter without rental growth since H1 2021.

Despite slower leasing activity, landlords largely maintained pricing discipline, supported by limited Grade A availability and low vacancy rates across prime locations. On an annual basis rents continued to grow, increasing an average of 13% in Q2 2026 versus the same quarter in 2025, with prime rents rising 16% over the same period. Occupancy rates remained relatively steady at around 94%, with the market still heavily supply constrained.

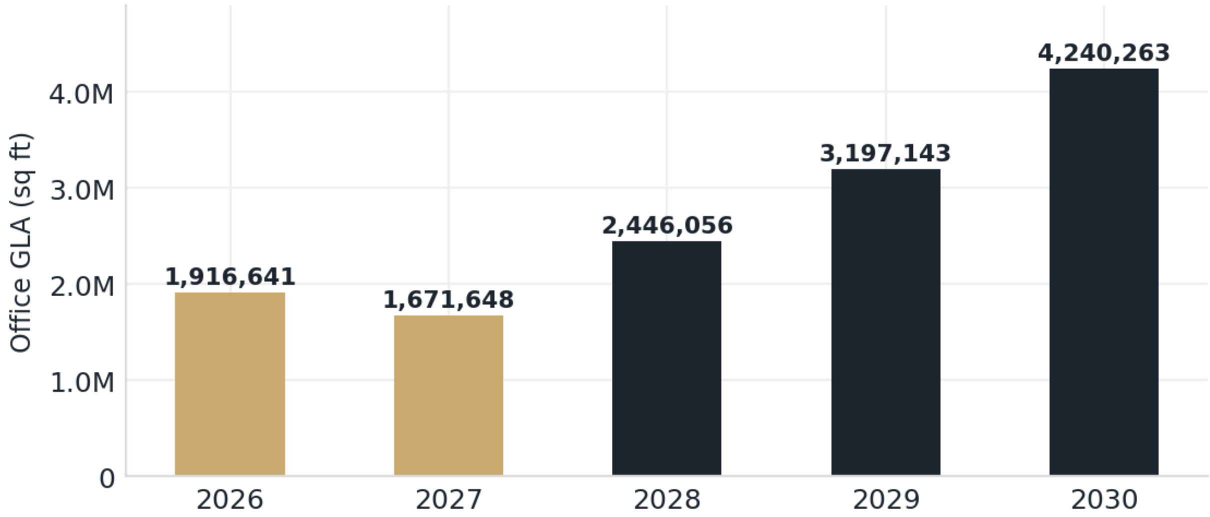
Rental levels vary widely by district. DIFC commands the highest rates in the market, with the upper end of its range approaching AED 750 per sq ft, followed by One Central Free-Zone and Business Bay. At the other end of the spectrum, Dubai South, Expo City and Dubai Investments Park occupy the most affordable tier of the fringe market.

Supply and demand dynamics

The moderation in some segments largely reflects deferred rather than cancelled occupier requirements. Ongoing regional uncertainty and extensive global media coverage of the conflict resulted in longer decision-making timelines, particularly for larger relocation and expansion requirements requiring regional or global approvals. Existing occupiers largely remained committed to Dubai but prioritised lease renewals, selective expansions and operational flexibility over major relocations.

Notably, there was evidence of tenants seeking to sub-lease parts of recently acquired office accommodation, suggesting future expansion capacity has in some cases been cut back, alongside instances of tenants withdrawing from earlier agreed deals at the last minute. Set against this, latent demand for new Grade A space persists, with other businesses waiting on the sidelines to step in for deals which fail to complete.

UNDER CONSTRUCTION (PLANNED) OFFICE GLA



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

Approximately 1.9 million sq ft of office space is scheduled for delivery during 2026, with the annual pipeline gradually increasing to more than 4.2 million sq ft by 2030, reflecting developers' confidence in the long-term outlook. Much of the forthcoming Grade A stock is expected to be pre-leased or absorbed by existing occupier demand, limiting its immediate impact on market conditions. Landlord leverage is therefore expected to remain strong over the near term, whilst pre-leasing and early lease renewal strategies are likely to become increasingly important for occupiers seeking high-quality accommodation.

DIFC Square, one of the few major Grade A completions this year, was substantially pre-leased prior to completion and has continued to record strong leasing activity. Immersive Tower, expected to complete in July 2027, already has a significant volume of space under offer. It should be noted that the transaction figures above exclude leasing activity within DIFC, where transactions are recorded under a separate regulatory framework.

Data Not Available — Dubai retail rental levels and leasing volumes

Occupancy across a basket of major retail facilities held at approximately 98% with rents up around 3% year-on-year. No notable completions are expected during 2026, while 2027 will see the handover of nearly 240,000 sq m including Al Khail Avenue at approximately 111,000 sq m of new retail GLA. Absolute retail rental levels and transaction counts are not covered by the datasets underpinning this report.

3.3 Industrial

Dubai's industrial and logistics leasing market continued to demonstrate resilience through the quarter. Whilst year-on-year growth rates have moderated from a peak in Q2 2025, average annual rental growth remains in double digits — making industrial the strongest-performing asset class covered in this report on a rental growth basis.

The strongest levels of rent increase were recorded across Dubai Industrial City, Dubai Investments Park and National Industries Park. These were followed by JAFZA, Ras Al Khor and Umm Ramool, which all saw rents rise by around 10% year-on-year. Tracked locations also include Dubai South, Dubai Silicon Oasis, DAFZA, Al Quoz, Al Qusais and Jebel Ali Industrial.

The sector's resilience is attributable to severely constrained localised supply pipelines, which have insulated the domestic market from the friction imposed by the regional conflict — including emergency surcharges and rising war-risk insurance premiums. National industrial strategy has reinforced this: initiatives spanning Operation 300bn, Make it in the Emirates and In-Country Value programmes aim to establish the UAE as a global high-tech and manufacturing hub, supporting supply chain localisation and driving accommodation demand from emerging sectors including advanced manufacturing, pharmaceuticals, defence industries and clean energy.

Data Not Available — Dubai industrial absolute rental levels, transaction volumes and vacancy

The datasets underpinning this report establish the direction and rate of rental growth by location for the Dubai industrial market and identify the leading locations by rental increase. They do not provide absolute AED per sq ft rental levels, leasing transaction counts, take-up volumes or vacancy rates for Dubai industrial assets. Absolute rental levels are not available for Dubai industrial assets from any source consulted.

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

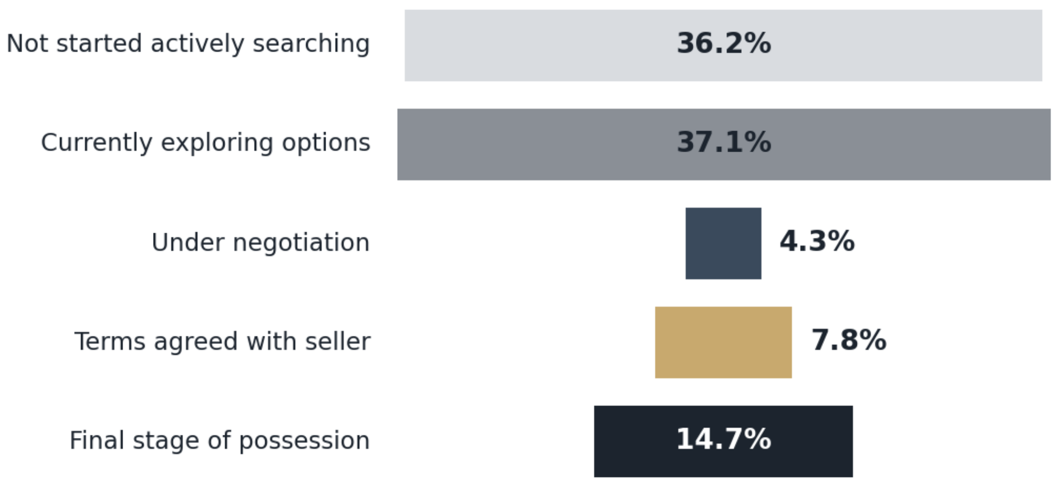
Sentiment data gathered across a pool of market participants — investors, end-users, landlords, tenants and prospective relocators — helps explain the gap between falling transaction volumes and broadly resilient pricing observed through the quarter.

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

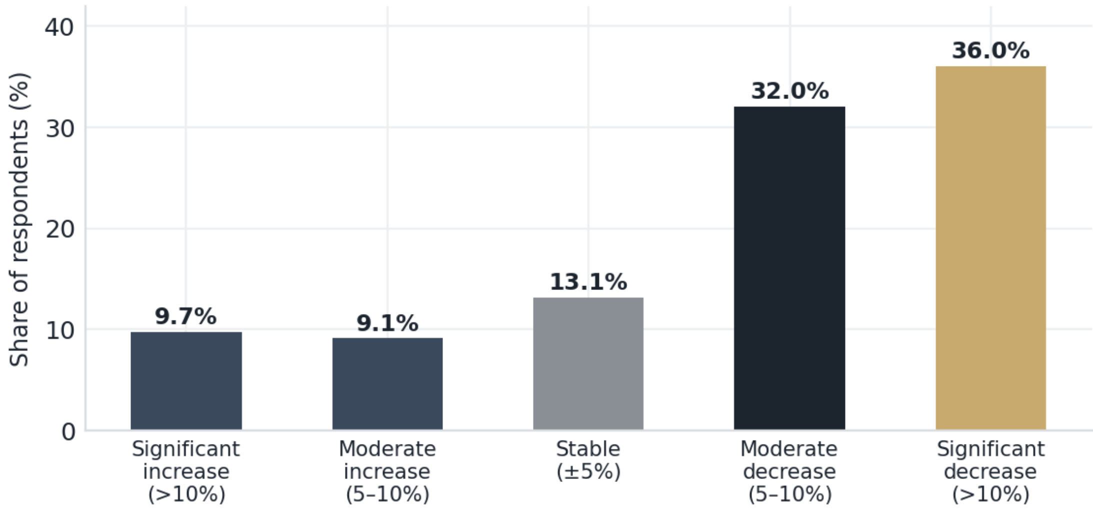
Over 60% of respondents who are existing property owners indicated they would either hold their investments or purchase more property within the next six months, with only around 4% willing to sell. Specifically, 36.3% intend to hold, 24.9% intend to buy more, and 4.1% intend to sell.

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%.

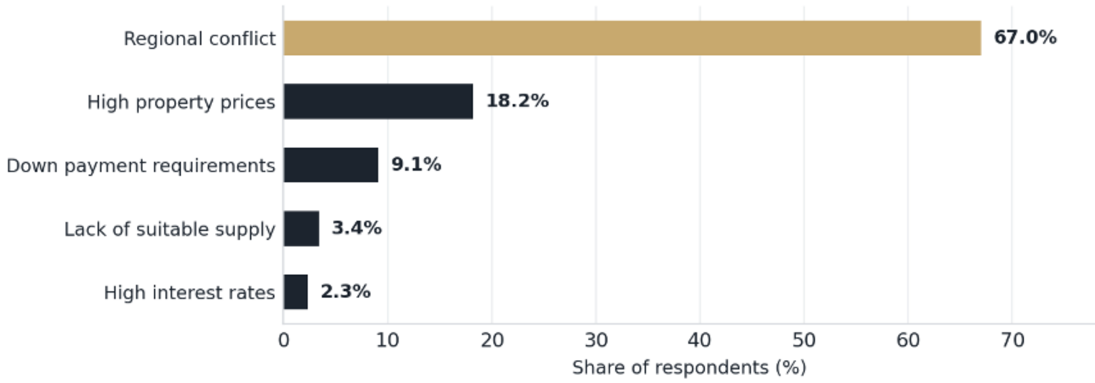
HOW DO YOU EXPECT PROPERTY PRICES TO CHANGE OVER THE NEXT 12 MONTHS?



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

Dubai is expected to transition into a period of normalisation characterised by moderating transaction activity, elevated handover volumes and increasingly selective buyer behaviour. Pricing performance is expected to become more localised, although values are likely to remain broadly resilient overall. Prime and well-located assets are expected to outperform, while apartment-led markets with higher concentrations of new supply may experience greater pricing differentiation and moderation in rental performance.

The critical dynamic is the interplay between rising completions and the current moderation in new launches. Sales price growth, already negative on a quarterly basis, is expected to remain subdued, with recovery dependent on a meaningful improvement in demand conditions and a moderation in the pace of new completions. Rental rates are similarly expected to face further pressure as completed supply accumulates, with annual rental growth likely to continue compressing from the 7.8% recorded in June 2026. The recovery of launch activity through H2 2026 will be a key indicator of developer confidence and an important driver of future off-plan volumes.

5.2 Commercial

The outlook for the Dubai 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 Dubai, existing occupiers are likely to remain the primary source of activity through renewals and selective expansions, whilst new market entrants re-emerge gradually across financial services, technology, trading and professional services. Limited Grade A availability should continue to support landlord leverage over the near term.

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.
- Approval of Dubai's AED 34 billion Metro Gold Line is expected to support future residential growth across key development corridors, with implications for land values and off-plan positioning along the alignment.
- 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. Dubai's pipeline of 162,500 units scheduled for 2027 and 128,200 for 2028, concentrated in apartment-led locations, represents the genuine structural variable. 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 two points: headline averages currently understate the pace of adjustment in Dubai; and comparable evidence should be weighted toward recent like-for-like transactions within the subject development.

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, the Q2 2026 residential transaction count, and the Q2 2026 handover volume — 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.

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