MORE THAN A MARKET UPDATE

UAE Property Market

Daily Briefing & Analysis

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Coverage window: 15–17 September 2026, with trailing Q1–Q2 2026 context

AT A GLANCE

Metric	Latest reading	Detail / source
5-day txn value (Sep 7–11)	AED 10.67bn	2,931 sale deals + mortgages + gifts (DLD)
Q1 2026 total transactions	AED 252bn (+31% YoY)	60,303 deals, +6% YoY volume (DLD)
Q2 2026 total transactions	AED 110.36bn (-40% YoY)	38,257 deals, -28% YoY volume — regional-tension effect
Fed funds rate (17 Sep)	3.75%–4.00%	+25bps, 16 Sep 2026 FOMC decision
UAE CBUAE base rate	3.90%	+25bps, mirrored Fed same day (AED peg)
Brent crude	~US$104.2/bbl	-1.6% on the day; +54% YoY

Figures are drawn from Dubai Land Department releases, the U.S. Federal Reserve, the Central Bank of the UAE, and the cited news sources below; see "Sources" for direct links.

MARKET ACTIVITY & NOTABLE TRANSACTIONS

Dubai's prime and ultra-prime segments remained active into mid-September. On Palm Jumeirah, a six-bedroom villa in the Ayumi development sold for AED 260 million (~26,550 sq ft, ~AED 9,792/sq ft per DLD-based reporting), while a sister villa in the same project was separately mortgaged for AED 130 million — signalling continued financing activity alongside outright sales at the top of the market.

Near Burj Khalifa, two large deals together totalled close to AED 1.2 billion: a villa sold for AED 725 million (~AED 1,914/sq ft) and a second property of comparable size (combined ~379,000 sq ft) was mortgaged for AED 471.3 million (~AED 1,244/sq ft).

Government transaction data for the five trading days of 7–11 September show AED 10.67 billion changing hands: AED 6.78 billion in sales across 2,931 deals, AED 2.80 billion in mortgages, and AED 1.09 billion in gift transfers. The highest-value single deals in that window were an Almas Tower office in JLT (AED 36.8m), an apartment in Mr C Residences, Jumeirah (AED 36.5m), and a unit in Dugatti Residences, Business Bay (AED 28m).

Beneath the headline deals, panellists at the September International Property Show flagged a demand rotation: buyer interest is shifting away from ultra-luxury stock (Dh10m–15m+) toward the AED 1–2 million bracket, with flexible, longer-tenor payment plans (one developer cited a 10-year plan driving 80% of its bookings) now the main deal-closer. Azizi Developments said sales fell as much as 70% during the acute phase of regional tensions earlier in 2026 and have since recovered to roughly 80% of prior run-rate.

TOTAL TRANSACTIONS & MARKET DATA

The official baseline for 2026 remains a strong first quarter: Dubai Land Department confirmed AED 252 billion in transaction value for Q1 2026, up 31% year-on-year, across 60,303 transactions (+6% YoY by volume) — one of the strongest quarters on record.

That momentum cooled sharply in Q2: reported data shows 38,257 transactions worth AED 110.36 billion, down 28% by volume and 40% by value year-on-year, a decline market commentators attribute to the acute phase of regional military tensions (see Macro section below). Branded-residence transactions were hit even harder over H1 2026 as a whole, falling 21% by volume and 47% by value to AED 22.1 billion.

Sentiment has not collapsed, however. In a July 2026 survey of 5,000 investors by regional platform Stake ("StakePredict"), 69% expected Dubai property prices to rise further in 2026 and 49% expected transaction volumes to exceed the Q1 benchmark; luxury investment specifically was reported up 26% in Q1 to AED 87.71 billion. Note this survey predates September's rate rise and the renewed Strait of Hormuz incident below, so it should be read as a pre-shock baseline rather than a current read.

WORLD & MACRO EVENTS AFFECTING THE MARKET

Monetary policy: Fed and CBUAE both raise rates

The U.S. Federal Reserve raised its target range by 25 basis points to 3.75%–4.00% on 16 September 2026 — its first hike since 2023 — lifting the rate paid on reserve balances to 3.90% and the primary credit rate to 4.00%. Because the dirham is pegged to the dollar, the Central Bank of the UAE mirrored the move the same day, raising its Overnight Deposit Facility rate 25bps to 3.90% from 3.65%. This feeds directly into EIBOR, the benchmark for UAE mortgage pricing: variable-rate borrowers face higher repayments immediately, buyers coming off fixed-rate periods will re-price higher, and new-purchase affordability tightens at the margin — partially offset by better returns for cash savers and fixed-income holders.

Energy markets and the regional conflict backdrop

Brent crude traded near US$104.2/bbl on 17 September, down 1.6% on the day as Saudi Arabia signalled it would restore East-West pipeline capacity, easing near-term supply fears — but oil remains up roughly 54% year-on-year. The elevated baseline traces to the 2026 Iran war (US/Israeli strikes beginning 28 February 2026 and the subsequent contest over the Strait of Hormuz), which produced what has been described as the largest supply-side shock to global oil markets in years. A ceasefire framework signed in mid-June 2026 has been violated repeatedly by both sides; a further reminder of that fragility came on 13 September, when a vessel was struck in the Strait of Hormuz according to UKMTO reporting. As of this week, U.S. and Gulf leaders were expected to discuss a "postwar" framework for Iran on the margins of the UN General Assembly — a signal of diplomatic movement, but not yet a resolved outcome.

For the UAE property market, this conflict is the principal explanation offered by market participants for the Q2 2026 transaction slowdown, and its still-unresolved status (rate hikes, elevated-but-easing oil, sporadic Hormuz incidents, unfinished postwar diplomacy) is the single largest swing factor for Q4 2026 and 2027 demand.

Domestic policy and developer pipeline

No change was identified this week to the AED 2 million Golden Visa property-investment threshold, which has held since its October 2022 reduction and has been a structural tailwind for investor-driven purchases (real estate investors account for roughly 42% of the programme's ~158,000 issued visas as of Q4 2025). On infrastructure, Dubai approved a new 12-lane motorway linking Sharjah and Abu Dhabi, continuing state investment in connectivity between the emirates. On the supply side, Emaar has unveiled a Dh200 billion long-horizon megaproject and Aldar is set to begin enabling works in Q3 2026 on its US$27 billion Marsa Al Saadiyat development in Abu Dhabi — both signal that master developers are still committing multi-year capital despite near-term rate and geopolitical headwinds.

KEY POINTS — TODAY'S TAKEAWAYS

1.	Rates just got tighter: the Fed and CBUAE both hiked 25bps on 16 Sept (UAE base rate now 3.90%), pushing up EIBOR-linked mortgage costs even as September's daily transaction pace (AED 10.67bn in 5 days) stays strong.
2.	Ultra-prime deals persist (AED 260m Palm Jumeirah villa, AED 725m Burj Khalifa villa) but the broader market is rotating toward the AED 1–2m bracket, per IPS 2026 developer commentary.
3.	Q2 2026 volumes/values fell sharply YoY (-28% / -40%) on regional-tension effects; Q3 shows a partial recovery (Azizi back to ~80% of pre-conflict sales pace).
4.	Oil is structurally elevated (+54% YoY) on the 2026 Iran war's disruption of the Strait of Hormuz, though it eased slightly this week — a 13 Sept vessel strike in the strait shows the risk is still live.
5.	Investor sentiment was constructive pre-shock (69% of 5,000 surveyed expect 2026 price gains), but that survey predates this month's rate hike and renewed strait tensions — treat it as a baseline, not a current read.
6.	Diplomacy is in motion (Trump–Gulf "postwar" talks at UNGA this week) alongside continued mega-project commitments (Emaar's Dh200bn project, Aldar's $27bn Marsa Al Saadiyat) — developers are positioning for stabilisation, but nothing is confirmed.

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