

LEWIS & DORE
REAL ESTATE

The Dubai Real Estate Market

Q2 2025



The Dubai Real Estate Market Q2 2025



Q2 2025		Q-O-Q	Y-O-Y
Value	184 B	+30.23%	+48%
Volume	53,078	+18.28%	+22%

Source: DLD & Property Monitor

With 53,078 transactions recorded and a total value of AED 184 billion, Dubai's property market has moved beyond being a haven for high-net-worth individuals. It is now firmly recognized as a strategic asset class for institutional investors, drawing sustained global interest supported by Dubai's Depreciation Allowance for Investment Properties.

This shift reflects a growing appetite for prime residential and mixed-use developments, supported by Dubai's economic stability, favourable tax policies, and a forward-thinking approach to urban planning. The city continues to align itself with global standards in sustainability and smart infrastructure, reinforcing its position on the world stage.

AED
184 billion
IN SALES VALUE IN Q2

53,078
SALES TRANSACTIONS



Sales Market: *Momentum with signs of moderation*

Despite setting new records in transaction volume, price growth began to ease in the second quarter. The ValuStrat Price Index rose by 4.7%, compared with 5% in the first quarter and 6.4% in the same period last year. This slowdown suggests increasing affordability pressures and a rising awareness of supply side risk.

Fitch Ratings has forecast a moderate correction of up to 15%, expected to begin in the second half of 2025. This projection is based on the anticipated delivery of more than 210,000 new residential units by the end of 2026, raising concerns about potential oversupply. However, not all market experts share this view. Zhann Jochinke, Chief Operating Officer at Property Monitor, recently stated on The Real Estate Majlis podcast that he does not believe such a correction will take place in 2025.

Despite the differing opinions, core districts are expected to remain relatively resilient, supported by strong off-plan demand, prudent lending, and steady interest from both local and international buyers.



+4.7%

VALUSTRAT
PRICE INDEX

15%

EXPECTED PROPERTY DECLINE
FITCH RATINGS

210,000

NEW RESIDENTIAL
UNITS

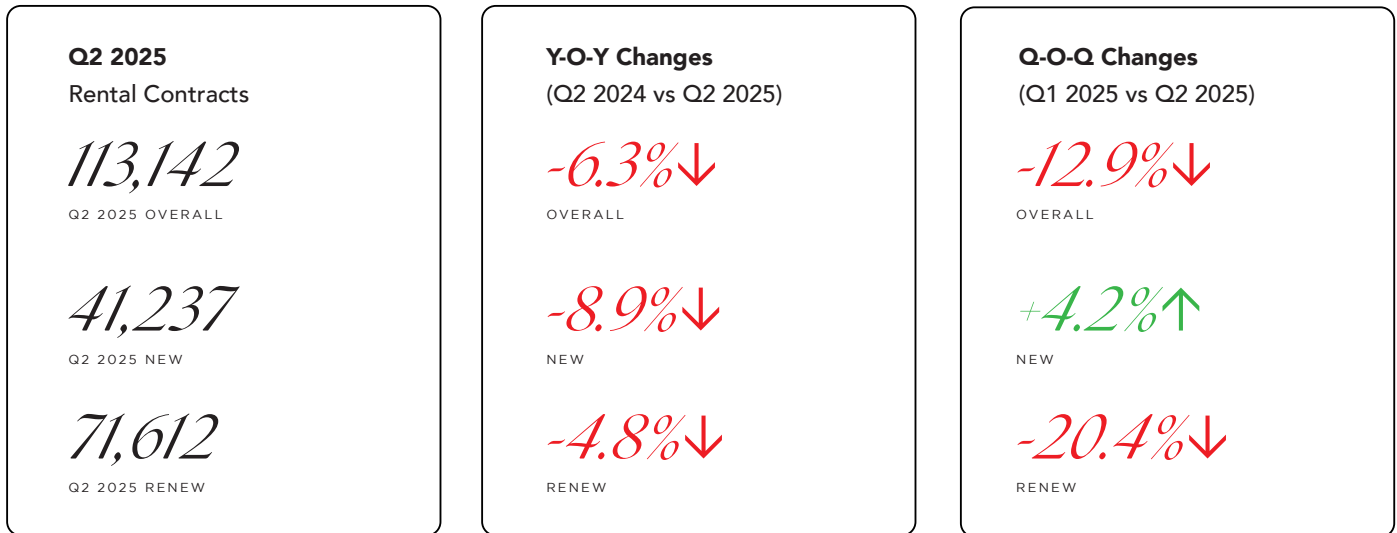
Top Performing Areas



Source: DXB Interact

Ownership Shift Reshaping the Rental Landscape

Dubai's real estate market is showing a divergence: rental contracts dropped 6% year-on-year and 13% quarter-on-quarter, while property sales volumes surged by 22% Y-O-Y and 18.28% Q-O-Q. This contrast suggests weakening demand in the rental segment, possibly due to oversupply or affordability shifts. Fitch Ratings recently warned of a potential price correction of up to 15% by 2026 due to a surge in new supply, signaling that while the current sales boom may continue short-term, underlying market pressures are beginning to surface.

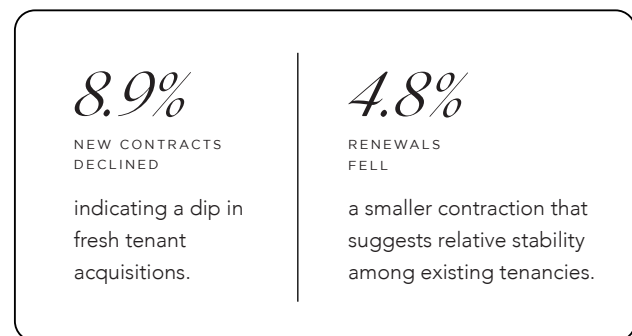


Dubai's rental contract activity in Q2 2025 reflected a shift in momentum, with a total of 113,142 rental contracts recorded across the emirate. This comprised 41,237 new leases and 71,612 renewals.

Source: Property Monitor

Year-on-Year Trends (Q2 2024 vs Q2 2025)

Rental activity saw a **moderate softening**, with overall contract volume down 6.3% compared to the same period last year.



These year-on-year shifts may point to a cooling in demand or increasing tenant sensitivity to price and value particularly in more saturated segments of the market.



Quarter-on-Quarter Trends (Q1 2025 vs Q2 2025)



On a quarterly basis, total rental contracts fell 12.9%, driven primarily by a sharp 20.4% drop in renewals. In contrast, new contract activity rose by 4.2%, indicating fresh leasing demand remains resilient — potentially supported by relocation trends, new project handovers, or seasonality.

-12.9%
RENTAL
CONTRACTS FELL

-20.4%
DROP IN
RENEWALS

+4.2%
NEW CONTRACT
ACTIVITY

Context from the Sales Market

At the same time, Dubai's property sales market surged:

AED
184 billion
IN SALES VALUE IN Q2

+30.23%
QUARTER-ON-QUARTER

+48%
YEAR-ON YEAR

53,078
SALES TRANSACTIONS

+18.28%
QUARTER-ON-QUARTER

+22%
YEAR-ON YEAR

Lewis & Dore Perspective: *What This Means for Rentals*

The spike in residential sales is not just a headline figure it's a market signal. As more residents shift from renting to ownership, particularly in mid-market and emerging freehold zones, rental demand could fragment, especially in areas where value-conscious buyers are transitioning into ownership.

Landlords may need to adjust expectations in the face of a more empowered tenant base, particularly as mortgage affordability and new supply increase. Meanwhile, tenants who continue to rent will likely seek more flexibility, value, and service making professional property management and tenant experience critical differentiators.

Source: DLD & Property Monitor



Planned Exits, Proven Returns

STRATEGIC PORTFOLIO MANAGEMENT FROM SHORT LET
TO SUCCESSFUL SALE GUIDED BY LEWIS & DORE

We specialize in managing your investment journey from acquisition to rental or exit. Whether your assets are positioned for long term yield or short-term gain, we help you time your transition for maximum return.


Recently, we successfully exited a short-let portfolio valued at AED 14M, navigating market timing and asset positioning to secure optimal sales outcomes. A second client, holding a studio apartment portfolio worth AED 7.72M, has appointed us to manage their planned exit using the same trusted strategy.

As your real estate advisor throughout the full investment life cycle, we offer market insight, operational support and asset strategy so your property works harder for you at every stage.

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