PK PROPERTIES
EST 2002

MARKET REPORT · MAY 2026

Dubai Residential Market Review

A monthly review of the Dubai residential market's performance and the key trends shaping it.

Executive Summary

WHAT MAY MEANS FOR YOU

BUYERS

Negotiate hard

Off-plan prices fell nearly 12 percent in a month and developers are competing for fewer buyers. More choice arrives with June's handovers, so take your time and push on price, especially for ready villas.

SELLERS

Price realistically

Buyers are fewer and better informed. Ready homes have held value far better than off-plan, so a well-presented home still sells, but at today's price, not last year's. If there is no urgency, hold and rent it out.

TENANTS

Steady, with options

Rents are stable rather than falling, and villa leasing actually grew in May. June's new supply brings more choice and stronger grounds to negotiate renewals in areas with lots of new stock.

LANDLORDS

Hold and upgrade

Occupier demand is intact, so keep good units leased rather than selling into a soft market. Consider upgrading older stock before June's new handovers start competing for your tenants.

Sub-Market Recommendations

WHERE TO POSITION

Off-Plan	Prices reset to AED 1,838 per sq.ft. and developers are competing on incentives and payment plans.	BUY SELECTIVELY
Ready Homes	Values held far better than off-plan, easing just 3.1 percent. Well-presented homes in established communities still sell.	PRICE SHARPLY OR HOLD
Long-Term Rentals	Demand is intact. Villa leasing rose 5.6 percent and prime corridors like JVC remain busy.	HOLD & RENEW EARLY
Short-Term Rentals	Uncertainty favours flexible stays; well-managed furnished units keep earning while sales recover.	STAY FLEXIBLE
Older Ready Stock	June's 3,591 new handovers raise the bar. Upgraded homes out-compete tired stock on rent and resale.	RENOVATE & HOLD

Market Highlights

May 2026 delivered the deepest contraction of the current disruption cycle. Total transaction value fell to AED 29.1 billion across 10,301 deals, a 40.1 percent monthly decline in value and a 26.9 percent drop in volume that erased the recovery gains registered in April. Against May 2025, value sits 56.5 percent lower and volume 44.9 percent lower, the widest annual gap of the cycle so far.

The decline reached every asset class. Villas took the steepest value compression at 45.3 percent, with apartments contracting 39.3 percent. Elevated risk premiums and incomplete normalisation of the Strait of Hormuz prevented April's momentum from consolidating, and buyer confidence retreated further as the disruption proved more sustained than early signals had suggested.

29.1bn	10,301	-40.1%	-56.5%
Total value, AED	Transactions	Value vs April	Value vs May 2025

Apartments & Villas

APARTMENTS 8,796 sales · AED 14.8bn

Volumes declined 23.3 percent and value contracted 39.3 percent from April. Off-plan dominated with 6,788 deals worth AED 11.27 billion against 2,008 ready sales worth AED 3.54 billion.

Off-plan pricing softened 11.9 percent to AED 1,838 per sq.ft. as developers adjusted to weaker absorption. Azizi Venice led launch activity with 977 sales, followed by Majan on 788 and Dubailand Residence on 538.

VILLAS & TOWNHOUSES 1,048 sales · AED 7.6bn

The segment recorded its sharpest monthly contraction of the cycle, down 43.4 percent in volume and 45.3 percent in value. Off-plan contributed 632 sales worth AED 4.49 billion; ready units added 416 deals worth AED 3.10 billion.

Mortgage buyers now represent 74.3 percent of villa transactions, up sharply from April's 57.5 percent. Cash-rich investors have largely stepped back, leaving financed end-users as the primary driver.

1,838
Off-plan AED per sq.ft., down 11.9%

77.2%
Of apartment sales were off-plan

74.3%
Of villa deals mortgage financed

200
Villa leases in Damac Hills 2, the most in Dubai

Commercial & Land

COMMERCIAL 335 sales · AED 2.9bn

Sales contracted 40.5 percent in volume and 27.5 percent in value, partially unwinding April's V-shaped recovery and confirming it reflected catch-up demand rather than a new baseline.

Rental registrations fell 28.6 percent to 13,416 contracts, with office leases down 36.9 percent to 7,402. Industrial's modest 11.7 percent decline suggests logistics operators are holding on to operational capacity.

LAND PLOTS 122 sales · AED 3.8bn

Plot sales fell 41.1 percent in volume and 39.7 percent in value to the lowest monthly level since the disruption cycle began, as developers reverted to capital conservation.

The sector is prioritising completion of existing obligations over new development. With June bringing 2,638 apartments and 953 villas to handover, land demand is likely to remain subdued.

7,402
Office leases, down 36.9%

241
Industrial leases, down just 11.7%

122
Plot deals, the cycle low

3,591
Homes handing over in June

Sales Transactions

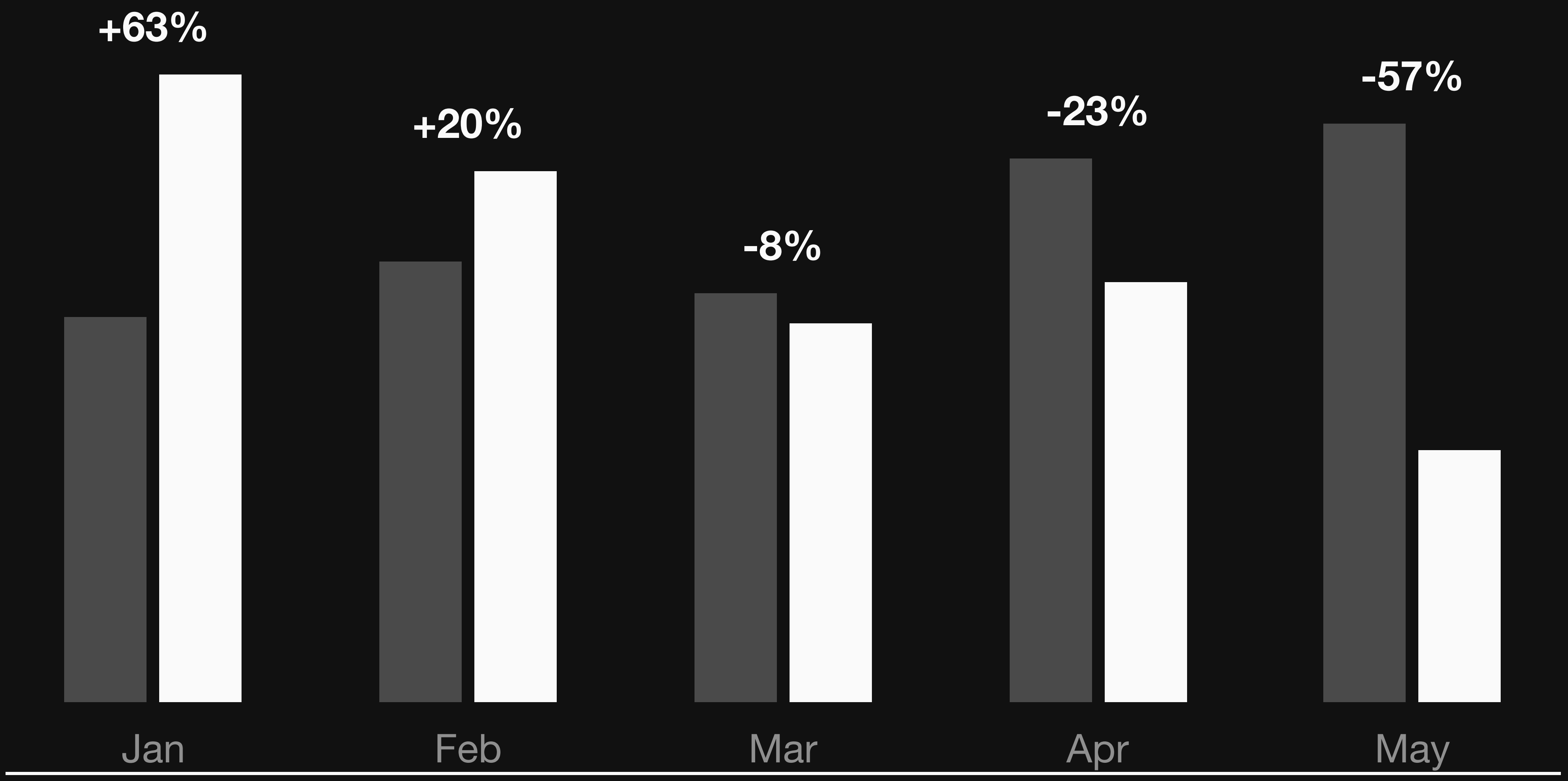
APRIL VS MAY 2026

ASSET CLASS	APR DEALS	APR VALUE	MAY DEALS	MAY VALUE	CHANGE
Apartments	11,465	24.4bn	8,796	14.8bn	**-39.3%**
Villas	1,851	13.9bn	1,048	7.6bn	**-45.3%**
Commercial	563	4.0bn	335	2.9bn	**-27.5%**
Plots	207	6.3bn	122	3.8bn	**-39.7%**
Total	**14,086**	**48.6bn**	**10,301**	**29.1bn**	**-40.1%**

Apartments accounted for 86 percent of May transactions, villas 10 percent, commercial 3 percent and plots 1 percent. Values in AED.

Transaction Value

2025 VS 2026 · AED



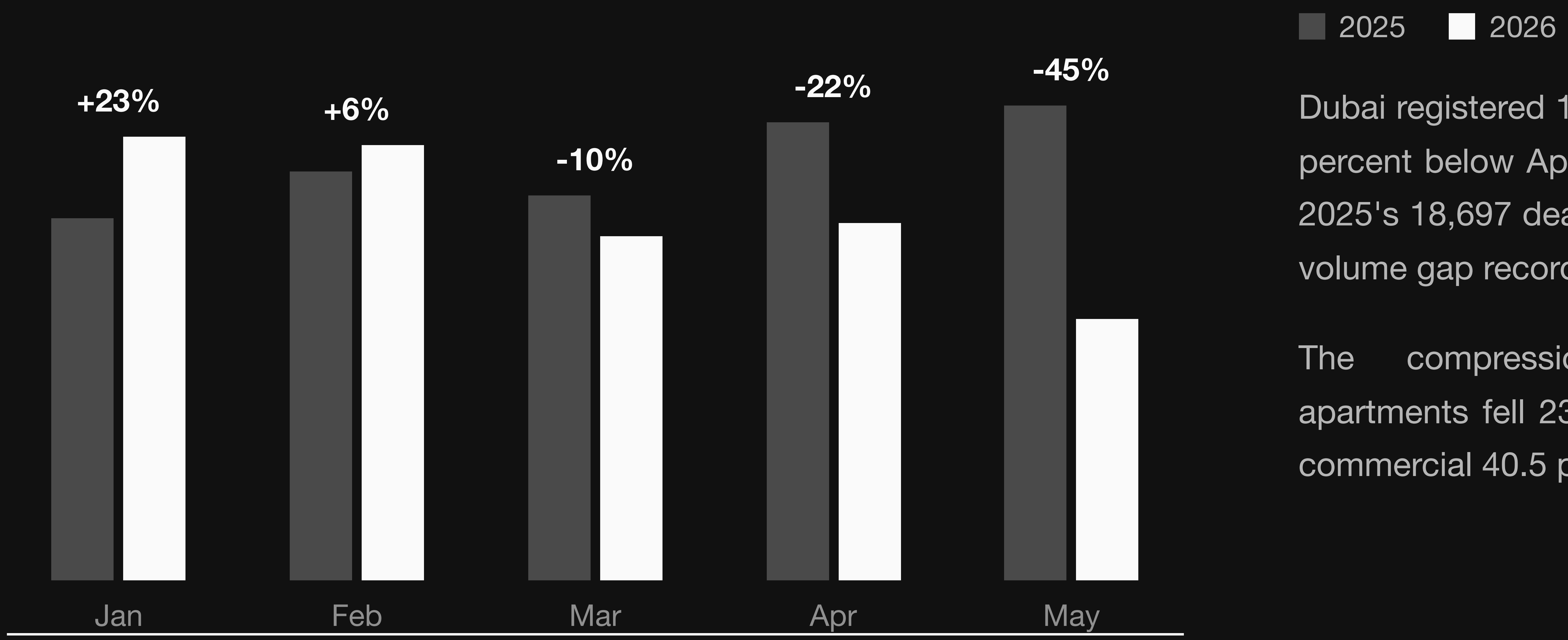
2025 2026

May recorded AED 29.1 billion, 40.1 percent below April and 56.5 percent below May 2025's AED 66.9 billion. It is the deepest year-on-year contraction of 2026 and a new cycle low.

Year-to-date value stands at AED 255.3 billion against AED 272.6 billion over the same period in 2025, a 6.3 percent shortfall despite an exceptionally strong start to the year.

Transaction Volume

2025 VS 2026 · DEALS



Dubai registered 10,301 transactions in May, 26.9 percent below April and 44.9 percent below May 2025's 18,697 deals. It is the largest year-on-year volume gap recorded in 2026.

The compression reached every class: apartments fell 23.3 percent, villas 43.4 percent, commercial 40.5 percent and plots 41.1 percent.

Rental Transactions

NEW CONTRACTS

SEGMENT	APRIL	MAY	CHANGE
Apartments	16,288	14,300	**-12.2%**
Villas	1,895	2,001	**+5.6%**
Commercial	18,794	13,416	**-28.6%**
Total	**36,977**	**29,717**	**-19.6%**

Leasing settled toward a normalised baseline after April's post-crisis catch-up wave, with 29,717 new contracts registered across the market.

Villa rentals bucked the trend with their first monthly increase of the cycle, pointing to sustained family relocation and corporate housing demand in established communities.

Commercial Rental Breakdown

NEW CONTRACTS

SUBCATEGORY	APRIL	MAY	CHANGE
Office	11,728	7,402	**-36.9%**
Shops / Showroom	1,767	1,423	**-19.5%**
Industrial	273	241	**-11.7%**
Others	5,026	4,350	**-13.5%**
Total	**18,794**	**13,416**	**-28.6%**

Office leasing led the pullback, unwinding a significant portion of April's extraordinary surge, while underlying occupier commitments remain structurally intact.

Industrial's relative stability, the smallest contraction across subcategories, suggests logistics operators continue to secure operational capacity despite the broader cooling.

Off-Plan vs Secondary Sales

OFF-PLAN 7,420 deals · AED 15.75bn

75.4% of volume · 70.3% of value

READY 2,424 deals · AED 6.66bn

24.6% of volume · 29.7% of value

AED 1,838
Off-plan per sq.ft., from 2,085

AED 1,732
Ready per sq.ft., from 1,787

Off-plan kept its structural dominance despite significant volume compression, with its value share moderating from April's 80.3 percent as average pricing retreated and average transaction values fell to AED 2.12 million.

The segment's hold reflects continued buyer preference for payment plan flexibility, particularly as capital preservation concerns intensify in the extended disruption environment.

Top Performing Areas: Sales

NO. OF SALES

OFF-PLAN

Azizi Venice	977
Majan	788
Dubailand Residence	538
DIP First	419
Dubai Islands	370

SECONDARY

JVC	236
Business Bay	144
Dubai Marina	142
International City	119
Downtown Dubai	98

The top five off-plan areas accounted for 3,092 transactions, 41.7 percent of total off-plan volume. The secondary market compressed to 2,424 deals from April's 2,965 as sellers held pricing expectations.

Top Performing Areas: Rentals

NEW CONTRACTS

APARTMENTS

JVC	1,029
International City	688
Business Bay	574
Dubai Marina	456
Downtown Dubai	373

VILLAS

Damac Hills 2	200
Arabian Ranches 3	107
Mirdiff	94
Town Square	78
Dubai Hills Estate	75

The apartment leasing top five was largely unchanged from April, confirming that affordability, connectivity and community quality continue to sustain these corridors through the wider uncertainty.

Cash vs Mortgage Buyers

77.5%

Cash buyers · 7,630 deals

22.5%

Mortgage buyers · 2,214 deals

83.7%

Apartment deals paid in cash

74.3%

Villa deals mortgage financed

Cash purchases rose to 77.5 percent of residential transactions from April's 73.2 percent as investor activity retreated. Mortgage activity declined to 2,214 deals worth AED 4.9 billion, an average loan of roughly AED 2.21 million.

Financing diverged sharply by asset class. Apartments held an 83.7 percent cash preference, while villas inverted to 74.3 percent mortgage financed, up from 57.5 percent in April. That shift is the most notable structural change in May's data.

Price Trends & New Supply

AED PER SQ.FT.

1,838

Off-plan, May 2026

-11.9% vs April

1,732

Ready, May 2026

-3.1% vs April

2,638

Apartments handing over in June

953

Villas handing over in June

Off-plan rates fell 11.9 percent on the month, the steepest single-month retreat of the cycle, as developers recalibrated pricing to restore absorption velocity. Ready values softened a more modest 3.1 percent, reflecting supply constraints in established communities.

June brings the largest monthly delivery of 2026 to date, arriving against compressed transaction velocity. The combination creates near-term pressure on ready stock pricing, particularly in communities with concentrated handover schedules.

Expert Insights

OUR VIEW

May marks a decisive reversal of April's tentative stabilisation. Value fell 40.1 percent and volume 26.9 percent on the month, indicating the market has entered a second contraction phase rather than a sustained recovery. Persistent Strait of Hormuz constraints and Jebel Ali operational complexity have pushed deferred decisions in the villa and commercial sectors from near-term to mid-term horizons.

Within the decline, the villa financing shift stands out: mortgage buyers now account for 74.3 percent of deals against 57.5 percent in April, evidence that discretionary cash buyers have effectively exited while end-users continue transacting at reduced velocity.

The positive signals sit in leasing. Villa rentals rose 5.6 percent and JVC sustained apartment rental leadership at 1,029 contracts, confirming that population growth and household formation remain fundamentally intact. Dubai's occupier demand base has not been structurally impaired by the crisis period.

For investors, the near-term environment rewards patience and selective capital allocation. June's supply surge and softened off-plan pricing at AED 1,838 per sq.ft. may attract renewed interest, though sustained recovery will require broader geopolitical stabilisation rather than incremental operational improvement.

Working With Us

PK PROPERTIES
EST 2002

ABOUT PK PROPERTIES

PK Properties helps clients across every category of Dubai property, from studios and apartments through to penthouses and villas. We understand the frustrations of buying and selling first-hand, and our success is built on removing that stress with honest solutions and real market knowledge.

You will get the highest quality of service, confidentiality, trust and transparency throughout, along with trusted developer relationships across the UAE, including priority access to launches and cancellation inventory not available through other agencies.

GET IN TOUCH

info@pkproperties.ae

+971 (0)4 454 1140

Office 304, Cayan Business Centre, Barsha Heights, Dubai, UAE

SERVICES

- Investment & development advisory
- Off-plan and secondary resale
- Mortgage requirements, independent across all banks
- Shariah wills at a reduced rate
- Renovation, kitchen and bathroom wrapping partners
- Power of attorney for your property
- Interior design and staging
- Property & holiday home management