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Dubai Investor Sentiment & Capital Flows

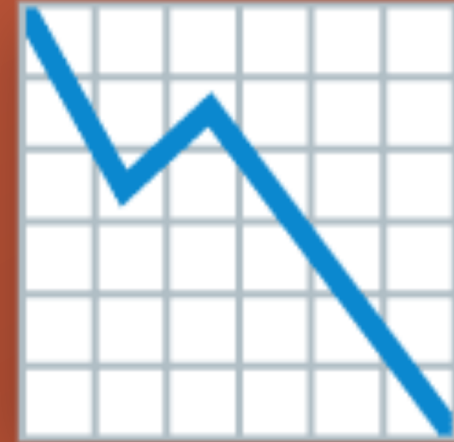
Feb 28 – Jun 22, 2026 — shock, stabilisation, and a peace-led pivot

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July 2026

Four months, three phases

- ◆ Dubai's most volatile period since the 2020 COVID shock.
- ◆ Phase 1 — shock & deferral (late Feb–March).
- ◆ Phase 2 — fragile stabilisation (April–May).
- ◆ Phase 3 — peace-led pivot (June).



The trigger — 28 February 2026

- ◆ The US-Israel campaign against Iran began; for the first time the UAE itself became a physical target.
- ◆ That challenged Dubai's “safe-haven” narrative.
- ◆ DFM Real Estate Index fell ~30% from its February peak (~16,900 points).
- ◆ Dubai + Abu Dhabi lost ~\$120bn in market cap.



Immediate market reaction (March)

- ◆ Transactions –37% YoY and –49% MoM in the first 12 days of March (Goldman Sachs).
- ◆ Total deal value –36% to \$10.58bn (from \$16.53bn) within a month.
- ◆ ValuStrat VPI –5.9% in March — the sharpest single-month drop of the cycle.



The policy response

- ◆ Central Bank of the UAE: a banking-sector resilience package.
- ◆ Dubai's Crown Prince: AED 1bn (\$272m) in business support, effective 3–6 months.
- ◆ The signal: defend confidence and liquidity, fast.



Phase 1 — shock & strategic deferral

- ◆ Not panic selling — deferral: 60–80% of “on-hold” deals expected to close in Q2 if the region stabilised.
- ◆ Mid-market buyers negotiated 3–7% discounts.
- ◆ UHNWI counter-cyclical: a record AED 422m Aman Residences sale still closed.
- ◆ American inquiries collapsed 67%.



Phase 2 — fragile stabilisation

- ◆ 8 April conditional ceasefire: DFM +6.9% to 5,777 — best session since March 2020.
- ◆ Emaar +13%; Emirates NBD +10.6%; property viewings +75%.
- ◆ But May DLD secondary sales -25% MoM (villas/townhouses -44%); off-plan ~-45% MoM.



Sentiment held through the dip

- ◆ Provident's UAE Perception Score: 4.01 / 5.
- ◆ 64% of respondents stayed positive despite global uncertainty.
- ◆ 34.6% described their sentiment as “very positive.”



Phase 3 — the peace-led pivot (17 June)

- ◆ US & Iran signed a 14-point MOU ending hostilities.
- ◆ Strait of Hormuz reopening within 30 days — toll-free for the first 60.
- ◆ \$300bn Iran reconstruction fund; sanctions waivers; ≥\$10bn assets unfrozen.



The market response

- ◆ DFM General Index → 6,115.97 on 17 June — its highest since the conflict began; 6,185.99 by 19 June.
- ◆ Dubai Financial Market crossed the AED 1 trillion market-cap milestone.
- ◆ The post-ceasefire jump was the market's biggest single-day gain since 2008.



Price reality — the ValuStrat arc

- ◆ Monthly decline shrank from -5.9% (Mar) $\rightarrow -1.9\%$ (Apr) $\rightarrow -1.2\%$ (May).
- ◆ Annual growth stayed positive at $+2.5\%$ through May.
- ◆ ValuStrat maintains a $\sim 10\%$ full-year 2026 capital-growth forecast.



Villas vs apartments

- ◆ Villas: -1.4% MoM but $+5\%$ annual (index 297.3) — structurally undersupplied.
- ◆ Apartments: first annual decline in six years, -1.4% YoY (index 170).
- ◆ The split reflects Dubai's supply imbalance — a far heavier apartment pipeline.



The ultra-prime floor held

- ◆ May top deals: Solaya 5 AED 112.5m · Solaya 6 AED 106m · Casa AHS AED 101.2m.
- ◆ June: AED 280m Villa Gaia resale; AED 365m Palm Jumeirah land for five villas.
- ◆ Zero structural impairment at the trophy tier.



Where is the capital moving?

- ◆ Singapore — inflows confirmed (DBS: a “capital-flows magnet”), moderating post-MOU.
- ◆ Hong Kong recruiting; Kuala Lumpur a structural rival (MM2H applications surging).
- ◆ Abu Dhabi outperforming: Q1 transactions +160.7% in value YoY; a 0% rent cap from 2 June.



Structural fundamentals — intact

- ◆ Q1 2026: AED 252bn total volume (+31% YoY); AED 148.35bn foreign investment (+26%).
- ◆ Record \$33.2bn greenfield FDI in 2025 (+78%); office sales +203% YoY.
- ◆ UAE market projected to reach \$817bn (AED 2.98tn) by 2031; D33 agenda intact.



The biggest risk — supply

- ◆ 2026 deliveries revised to ~77,500 units (down from the 110,500 headline) as projects defer.
- ◆ Hot zones: JVC 16,852 · Business Bay 10,127 · Azizi Venice 7,860 units.
- ◆ AED 302bn 2026–28 infrastructure budget remains fully operational.



What it means for investors

- ◆ Best positioned: ready villas, waterfront/ultra-prime, Grade-A offices (6–9% yields), off-plan in master communities.
- ◆ Rare entry point: mid-market with motivated sellers at 10–15% discounts.
- ◆ Caution: high-supply apartment zones, speculative off-plan, overleveraged DFM real-estate equity.



THANK YOU

Dubai absorbed its greatest geopolitical test since the modern state's founding — the structural case is intact, but permanently recalibrated. For long-horizon investors, post-MOU prices still off the February peak may be one of the most compelling entry windows in Dubai's property history.

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