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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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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) → −1.9% (Apr) → −1.2% (May).
- Annual growth stayed positive at +2.5% through May.
- ValuStrat maintains a ~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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