HARBOR REPORT ON A 15% CORRECTION IN DUBAI REAL ESTATE BY END OF 2025

ARE THE FORECASTS REALISTIC, OR ARE THEY SIMPLY PESSIMISTIC NARRATIVES WITH NO FOUNDATION?

DUBAI REAL ESTATE SALES APPROACH **AED 500 BILLION,** UP **33.7%**

HRE HARBOR REAL ESTATE

Dr. Mohanad Alwadiya,
CEO of Harbor Real Estate.

Harbor Real Estate's latest report critically examines recent publications by consulting firms and credit rating agencies that forecast a correction or slowdown in Dubai's real estate market of between 10 and 15 percent by the end of 2025. The report questions whether such projections are genuinely realistic or whether they are pessimistic narratives that oversimplify the market's dynamics and lack credible foundations.

The report emphasizes several undeniable fundamentals. Dubai's strategic location, unique lifestyle, attractive regulatory environment, and resilient economy have consistently enabled the emirate to outperform its global competitors. Success, however, often attracts skepticism and envy. The report highlights that not all external analyses are entirely impartial. Negative headlines can sow doubt, slow investment momentum, and redirect capital flows toward rival markets. As the report notes, this is a familiar tactic that has been observed before.

Looking back, Harbor Real Estate recalls a repeated pattern of misguided forecasts surrounding Dubai's real estate sector. This is not the first time analysts have sounded alarms about the market, and it will not be the last. Yet history shows that predictions of decline have failed to materialize because Dubai's market fundamentals are considerably stronger than such assumptions suggest. Analysts, in effect, have "cried wolf" many times, and the warning has proven unfounded on each occasion.

For example, in May 2025, Fitch Ratings predicted that Dubai's residential property market might face a correction of up to 15 percent by year's end, citing oversupply and softening demand. International media outlets quickly amplified this headline, warning of an imminent slowdown in one of the most dynamic real estate markets worldwide. However, the report challenges these forecasts and raises a fundamental question: Are such projections based on robust analysis of market fundamentals, or do they reflect politically motivated narratives that are detached from the realities of Dubai's economy?

Dr. Alwadiya, who has been actively engaged in Dubai's real estate market for more than 26 years, comments: "These forecasts are neither new nor convincing. Time and again, Dubai has demonstrated its resilience and ability to defy negative predictions while continuing its exceptional growth trajectory. History has shown that those who allowed pessimistic headlines to influence their decisions missed out on the most profitable years in Dubai real estate. When the next round of gloomy predictions arises, it is essential to remember that narratives can shape perceptions, but innovation and market performance always reveal the truth."

The report concludes by affirming that real estate is not only an economic sector but also a field of global competition. Cities across the world are competing aggressively to attract international investors, high-net-worth individuals, and multinational corporations. Dubai, with its unique advantages of strategic location, distinctive lifestyle, business-friendly regulations, and economic resilience, has consistently positioned itself ahead of its peers. As the report succinctly states: Success inevitably breeds envy.

Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

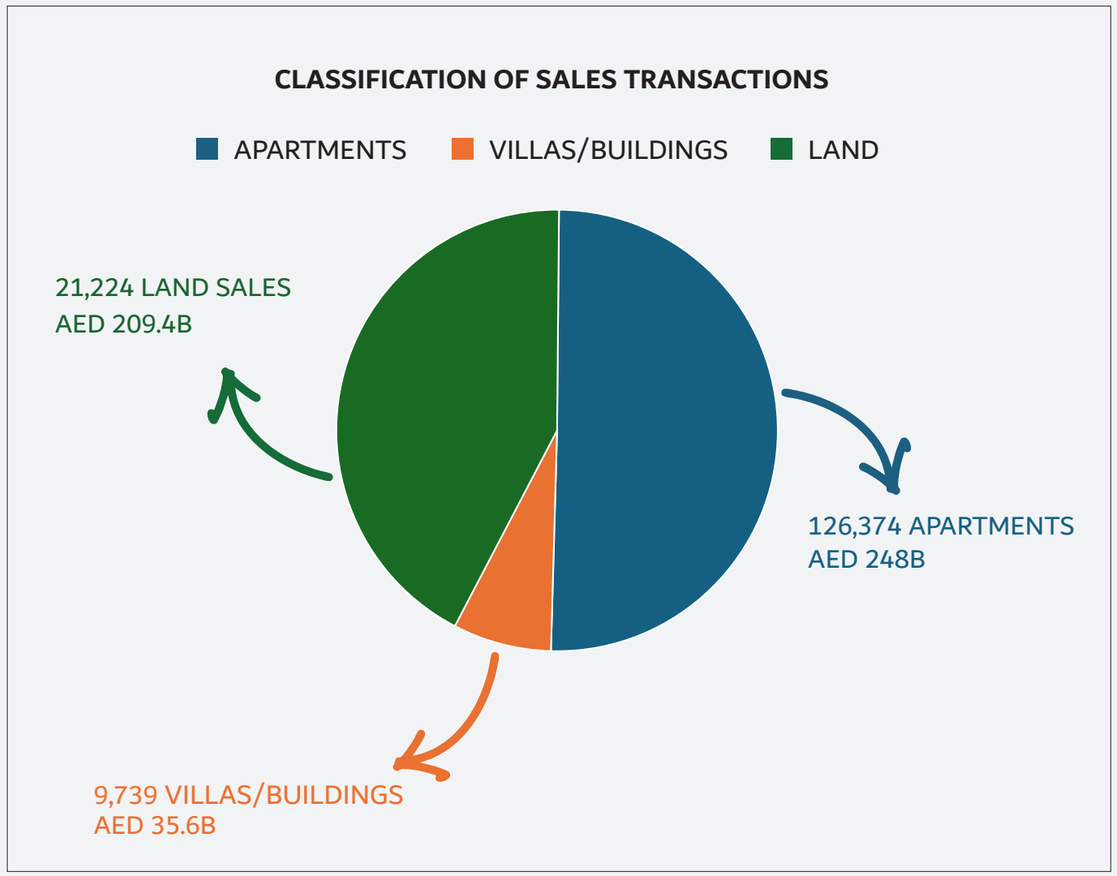
Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

Dubai, United Arab Emirates

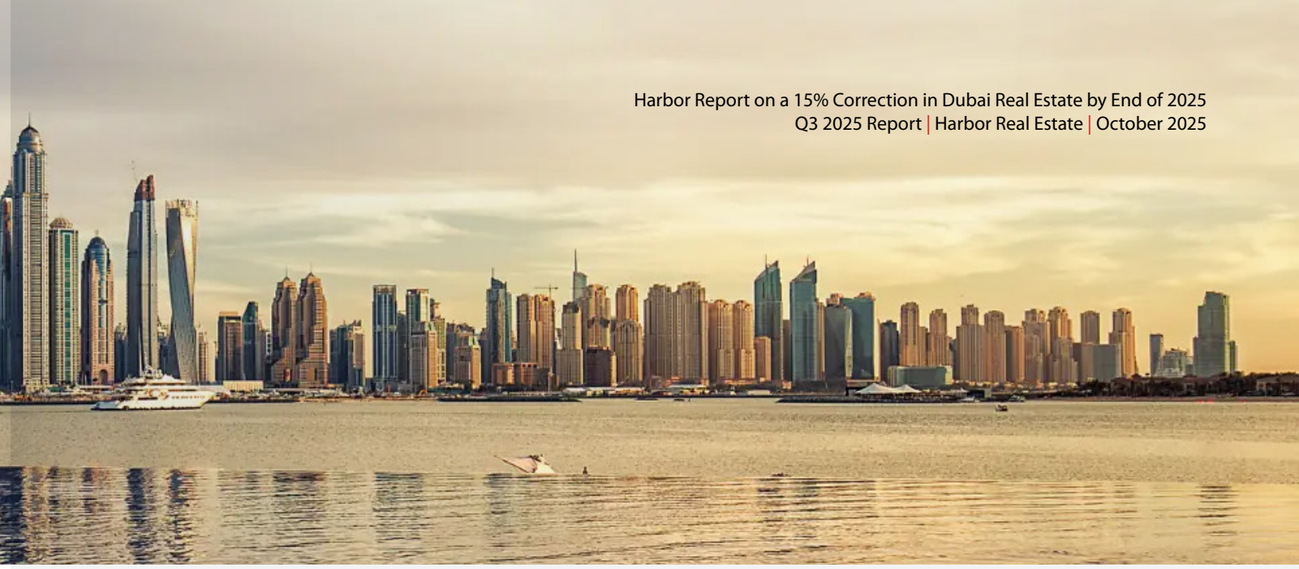
Dubai's property sales are on track to reach half a trillion dirhams (AED 500 billion) by the end of September 2025. More than 155,000 transactions have been recorded in the first nine months, representing growth of 33.7 percent in value and 18.5 percent in volume compared to the same period in 2024, which registered AED 374 billion from 130,360 transactions.

Ready property sales during the first nine months of 2025 captured the largest share of the sales pie in terms of transaction value, reaching AED 289.2 billion (equivalent to 58.3%) from 61,900 transactions. Meanwhile, off-plan (initial) sales recorded AED 206.7 billion (approximately 41.7%), achieved through 95,437 transactions.

The transactions included the sale of 126,374 residential apartments worth AED 248 billion, and 9,739 buildings/villas with a total value of AED 35.6 billion. As for land plots, they recorded AED 209.4 billion, resulting from 21,224 plots sold.

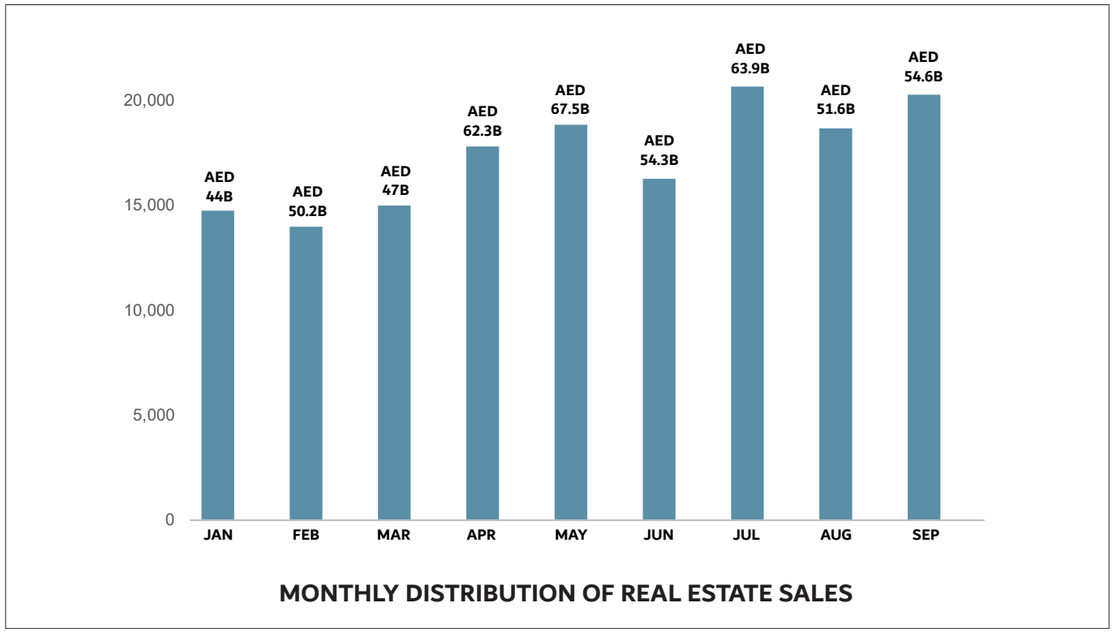


Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025



May 2025 recorded the highest monthly performance since the beginning of the year, with total sales reaching AED 67.5 billion through more than 18,890 transactions.
It was followed by July, which recorded sales of approximately AED 63.9 billion (20,713 transactions), then April with AED 62.3 billion (17,851 transactions).
September came in fourth place with sales worth AED 54.6 billion (20,323 transactions), followed by June in fifth place with AED 54.3 billion (16,309 transactions).

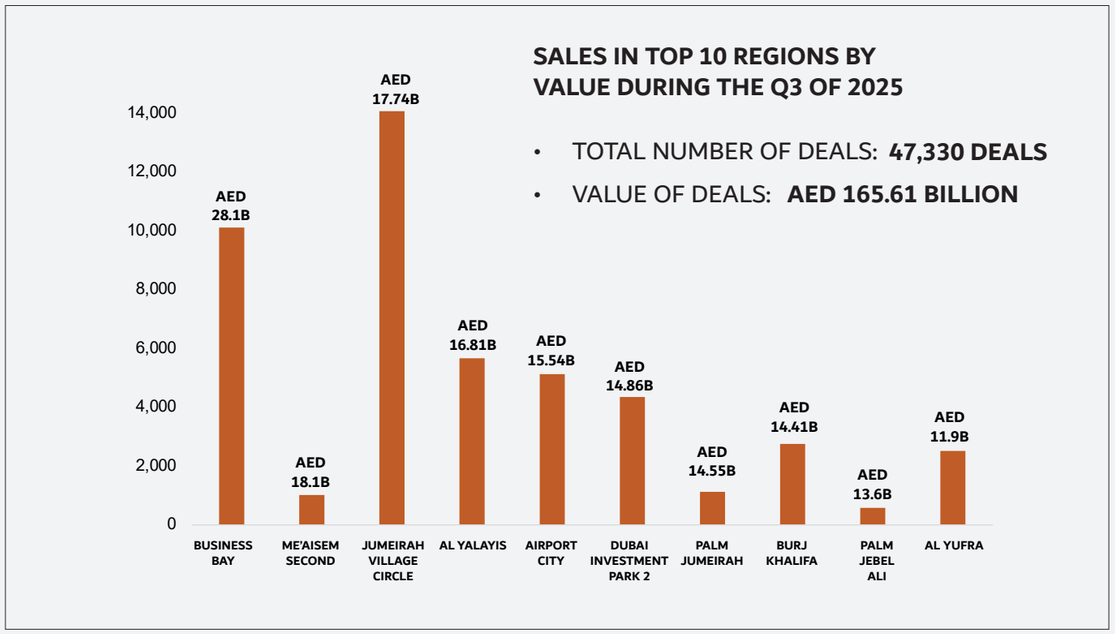
January 2025 witnessed a strong start to the market with sales exceeding AED 44 billion (14,786 transactions), rising in February to around AED 50.2 billion (14,016 transactions), then AED 47 billion in March (15,028 transactions), while August saw sales surpassing AED 51.5 billion (18,713 transactions).



MONTHLY DISTRIBUTION OF REAL ESTATE SALES

Data from the Dubai Land Department revealed that 10 areas accounted for 33.4% of total sales during the third quarter of 2025, amounting to AED 165.6 billion.
Business Bay ranked first with sales exceeding AED 28.1 billion, followed by Al Me'aisem Second in second place with AED 18.1 billion, and Jumeirah Village Circle in third with AED 17.7 billion.
Al Yalayis came fourth with AED 16.8 billion, and Airport City ranked fifth with AED 15.5 billion.

Dubai Investment Park 2 came in sixth place with AED 14.8 billion, followed by Palm Jumeirah in seventh with AED 14.5 billion, then Burj Khalifa in eighth with AED 14.4 billion.
Palm Jebel Ali ranked ninth with AED 13.6 billion, and finally, Al Hebiah First came in tenth place with AED 11.9 billion.



Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

Total real estate activity in Dubai during the first nine months of 2025 reached AED 670 billion from more than 200,000 transactions, an increase of 23.4 percent in value and 20.5 percent in volume compared to the AED 543 billion recorded in the same period of 2024. These figures, reported by Harbor Real Estate, underscore the scale and resilience of the market.

Harbor's data also shows that residential unit prices have posted year-on-year gains of 8 to 10 percent across most communities, with only minor corrections in some ultra-luxury segments. Meanwhile, Dubai continues to lead globally in investment returns, offering yields that average six percent for villas and up to ten percent for apartments.

DUBAI: A GLOBAL DESTINATION FOR THE WEALTHY

More than 1,288 individuals with assets exceeding USD 30 million own luxury properties in the emirate, attracted by its favorable tax regime, the proliferation of branded residential projects, and the Golden Visa program that continues to boost Dubai's appeal as both an investment hub and a residential destination.

QUESTIONING THE CORRECTION FORECASTS

Against this backdrop of robust performance, Harbor Real Estate challenges the validity of reports by international consulting firms and rating agencies that predict a 10 to 15 percent correction in Dubai's property market by the end of 2025. The Harbor report asks: Are these forecasts truly realistic, or are they pessimistic narratives with no genuine foundation?

Dubai's fundamentals remain undeniable. Its strategic location, distinctive lifestyle, pro-investor policies, and resilient economy have consistently enabled it to outperform global peers. Yet, as Harbor points out, success breeds skepticism and envy. Not all external forecasts are impartial. Negative headlines create doubt, slow investment momentum, and redirect capital toward competing markets. This tactic is not new, it has been seen many times before.

A HISTORY OF FLAWED PREDICTIONS

Over the years, numerous external analysts have issued forecasts warning of downturns in Dubai's real estate market. Yet time and again, these predictions have proven misplaced. In reality, it is the forecasters who have "cried wolf" repeatedly, while the anticipated decline never materialized. Dubai's market fundamentals have consistently demonstrated far greater strength than those assumptions suggest.

EXAMPLES INCLUDE:

- Knight Frank 2023 predicted a 5 to 10 percent decline by 2024. In reality, prices, transactions, and luxury property values posted record gains.
- Bloomberg 2024 acknowledged that Dubai continued to defy slowdown forecasts, with sustained strength in sales and rentals.
- Global Wealth Reports 2022–2024 warned of inflation and rising interest rates leading to stagnation. Instead, Dubai's luxury property sector became one of the best performers worldwide.
- Oversupply warnings since 2021 predicted a glut of units each year. In practice, delays, population growth, and strong absorption consistently disproved those claims.

GLOBAL CRISES: DUBAI EMERGES STRONGER

- Another overlooked fact is that Dubai does not merely withstand crises; it often emerges stronger from them.
- **2008 Global Financial Crisis:** At the height of global turmoil, Dubai delivered the Burj Khalifa and Dubai Metro, icons of resilience and vision.
- **COVID-19 Pandemic:** While the world shut down, Dubai successfully hosted Expo 2020, attracting over 25 million visitors. Many returned as investors and residents after witnessing the UAE's stability and security.
- **Today's Global Uncertainties:** Amid geopolitical tensions, financial volatility, and environmental risks, Dubai continues to strengthen its position as a safe haven for both capital and people.

WHY FORECASTS FAIL

Harbor identifies three recurring flaws in bearish forecasts:

- Treating Dubai as a single market, when in fact it is a mosaic of micro-markets, each with distinct performance.
- Assuming new supply enters all at once, while in reality phased deliveries and delays spread absorption over time.
- Underestimating the impact of policies, innovation, and adaptability, from Golden Visa reforms to world class infrastructure and regulation.

Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

DUBAI: A GLOBAL DESTINATION FOR THE WEALTHY

1. **Population Growth:** Dubai's population surpassed four million in 2025, growing at five to six percent annually. The Dubai 2040 Urban Plan projects 5.8 million residents and more than 2.1 million daily visitors.

2. **Transaction Volume and Value:** By September 2025, Dubai real estate sales will approach AED 500 billion from more than 155,000 transactions, up 33.7 percent year on year. In 2024, the market recorded a historic AED 761 billion.

3. **Investor-Friendly Policies:** Long-term residency, Golden Visas, and full foreign ownership continue to attract sustained capital.

4. **Strategic Government Plans:** Dubai's 2033 Real Estate Strategy and 2040 Urban Plan are supported by multi-billion-dirham infrastructure investments.

5. **Dubai Land Department Innovation:** The adoption of blockchain-backed tokenization is a game-changer, enabling fractional ownership and opening Dubai's property market to millions of individual investors worldwide. Initial offerings sold out in less than two minutes, reflecting overwhelming demand.

6. **Segment Flexibility:** While the ultra-luxury segment may experience slight adjustments after years of record growth, demand from Golden Visa holders, celebrities, and wealthy families remains strong. Meanwhile, emerging areas such as Expo City, Dubai Creek, Jumeirah Garden City, Al Jaddaf, and Majan offer competitive prices, robust infrastructure, and high absorption potential.

7. **Strong Rental Market:** Yields in Dubai surpass those of major global cities such as London and New York. Rising rents encourage tenants to transition into ownership, supporting sustained demand.

8. **Healthy Banking Sector:** Bank exposure to real estate has dropped to about 14 percent of lending, down from 20 percent previously. Developers also operate with greater financial discipline.

9. **Infrastructure Expansion:** From new metro lines to large-scale developments, continuous investment in infrastructure boosts both residential and commercial demand.

10. **Quality of Investors and Residents:** Dubai attracts high-net-worth individuals, Golden Visa families, and family offices rather than short-term speculators. This ensures a stable and sustainable demand base.

RISKS EXIST, BUT WITHOUT HYPE

Yes, risks remain. Global shocks, partial oversupply, or short-term corrections in the luxury segment are possible. But this is far from the 15 percent collapse that some forecasts suggest.

GUIDANCE FOR INVESTORS

- Focus on emerging high-potential communities.
- Partner with reputable developers.
- Align with Dubai's long-term strategies for 2033 and 2040.
- Seek advice from accredited consultants with academic expertise, proven track records, and strong ratings on Dubai Land Department's REST platform.
- Recognize tokenization as a revolutionary gateway into Dubai's growth story.

NUMBERS SPEAK LOUDER THAN NARRATIVES

The data speaks for itself. Dubai is not only withstanding global headwinds; it is thriving. Population growth is accelerating, transactions are at record highs, policies remain supportive, and innovations such as tokenization are driving global demand.

Yes, the luxury sector may cool slightly. Yes, supply will continue to expand. But these trends reflect maturity and diversification rather than collapse. Dubai continues to innovate, expand, and cement its role as a global safe haven for real estate investment.

As Dr. Alwadiya emphasizes:
"Real estate is the loyal child of the economy. And Dubai's diversified, sustainable, and resilient economy is in excellent health."

Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

Harbor Report on a 15% Correction in Dubai Real Estate by End of 2025
Q3 2025 Report | Harbor Real Estate | October 2025

About Harbor Real Estate

Harbor Real Estate is a leading real estate services company based in Dubai and is part of a global group of real estate companies founded in Australia in 1972.

Harbor's services include research and investment advisory, marketing, sales and leasing services, property management, project management, and development supervision.

Harbor Real Estate serves a vast client base of major developers, institutional investors, and individual buyers. The company is proud to offer a team of award-winning consultants, with deep expertise and insight into local and international markets. Harbor is committed to providing effective real estate solutions tailored to the needs of its clients.

Harbor Real Estate has earned the Golden Rating from the Dubai Land Department for seven consecutive years and has been ranked among the top five real estate companies by Forbes. Harbor has also been recognized as the Best Property Management Company in the UAE by Property Times.

Harbor Real Estate: Towards New Horizons in Real Estate Investment

HARBOR
REAL ESTATE

Our Offices in the UAE
18th Floor, City Tower 2
P.O. Box 214636, Dubai, UAE
Phone: +971 4 325 1616
Mobile: +971 50 916 6543

For inquiries and questions, please contact:
info@harbordubai.com

© Harbor Real Estate 2025. All rights reserved.

this report is intended for informational purposes only and is not meant to be a complete analysis of the topics discussed, which are inherently unpredictable. the information provided in this report is based on sources we believe to be reliable, but we have not independently verified it and cannot guarantee its accuracy or completeness. the opinions expressed in this report reflect our judgment at the time of preparation and are subject to change without prior notice. forward-looking statements involve risks and unknown factors that may cause actual results to differ materially from those anticipated. any advice given to clients in specific situations may differ from the opinions presented in this report. investment or business decisions should not be made solely based on the information provided herein.