Market Insights & Strategy

Global Markets

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Friday GCC & E Real Estate Market Pulse

- **Abu Dhabi prices rise while the rent freeze protects tenants**
- **Dubai buyers favour ready homes**
- **Saudi Arabia registers more property ownership**
- **CBE rate hike a potential headwind for Egypt real estate**

This week's property story is one of strong foundations meeting tighter financing, with prices and earnings holding up across the UAE, regulators pushing for more transparent markets, and borrowing costs looking set to stay higher for longer.

Starting in **Abu Dhabi**, prices are still climbing. According to ValuStrat, residential values rose 16.8% YoY in 3Q2026, with apartments up 24% and villas up 10.2%, while Al Reef led the gains as apartment prices rose 36.6% and villa values 26.8%. Apartment rents, however, rose just 1.5% YoY to an average of AED121,500 a year, held back by the temporary rent freeze introduced in June, which caps annual increases at 0%. The freeze came at the right time, as new lease prices had risen 15% YoY across the emirate and 23% in investment zones, according to the Abu Dhabi Real Estate Centre (ADREC), with residential supply at around 409,000 units in 1H2026 and another 71,000 due by 2030. In our view, the freeze gives tenants some breathing room, but rents will only ease for good once more homes are actually delivered.

Meanwhile, Aldar reported a 16% YoY rise in 3Q2026 revenue to AED9.3bn and a 21% increase in net profit to AED2.3bn, supported by its development backlog and steady rental income from the properties it owns. The value of homes it sold during the quarter, however, moved in the opposite direction, with its UAE property sales falling 45% YoY to AED5bn in the quarter and 46% to AED14.4bn in the first nine months of the year, despite seven project launches. We believe this gap is worth watching, since the quarter's profits largely reflect homes sold in earlier periods, although Aldar's rental income should help soften the impact.

Turning to **Dubai**, resales rose 18.5% QoQ to 9,491 deals worth around AED25bn in 3Q2026, according to ValuStrat. That was the first quarterly increase since late 2025, although volumes were still 23.8% lower YoY. Off-plan sales, moved the other way, falling 10.1% QoQ to 24,375 transactions, a fourth consecutive quarterly decline, while average resale prices slipped 4.4% QoQ to AED1,627 per sq ft. This reinforces a theme we have flagged before, as buyers increasingly favour homes they can move into or rent out straight away over waiting years for completion.

Looking ahead, Dubai's Executive Council has approved an Urban Centres Development Plan worth more than AED2bn through 2040, according to WAM. It covers six main urban centres and 42 supporting sub-centres, together making up 12% of the emirate's urban area, and is expected to lift property values in those areas by around AED20bn. The plan also aims to raise the share of residents living near metro stations from 52% to 74%, and public services coverage from 74% to 85%.

On the rental side, Dubai's Rental Disputes Center (RDC) has set a new judicial principle on signed rental agreements, as reported by Gulf News. Either side can now cancel such an agreement before the tenancy begins if

the other is proven to have misled them. Put simply, honesty is now part of the contract. The RDC is also encouraging both sides to use its free Rental Good Conduct Certificate to check for risks before signing, which, in our view, is a small but welcome step towards a more transparent rental market.

Commercial property is also getting an upgrade. According to TradeArabia, AHS Properties is set to launch its AED4.8bn AHS Twin Towers on Sheikh Zayed Road, converting the Shangri-La Dubai hotel it recently bought into a 51-storey, top-quality office building with wellness, dining and parking facilities. How companies use offices is changing as well. Flexible workspaces account for 2.6% of Dubai's office stock, compared with 5.2% in London and 6.8% in Singapore, according to Cushman & Wakefield Core. More than 680,000 sq ft of flexible space has been taken up across the UAE since January 2025, and 71% of surveyed operators plan to expand over the next 12 months. From where we sit, there appears to be plenty of room to grow as more businesses look for ready-to-use offices without a long-term commitment, giving landlords good reason to offer more flexible rental terms.

Over in **Qatar**, the industry gathered in Doha as Cityscape Qatar 2026 opened on 27 October. According to Zawya, the event showcased more than 400 projects from over 70 developers, alongside the fourth Qatar Real Estate Forum. Lusail, a planned city just north of Doha, took centre stage, alongside sustainable urban development and regulatory transparency, while Qatari developer Barwa reported assets of more than USD10.2bn across around 40 projects. The wider economy, however, is facing a difficult year, with the IMF's October World Economic Outlook projecting Qatar's real GDP to shrink 15.6% in 2026. Even so, the strong developer turnout suggests the industry is looking beyond this year, although buyers are likely to stay cautious until the economy starts growing again.

In **Saudi Arabia**, the Real Estate General Authority has completed more than 2mn property registrations under the Real Estate Registration Law, out of over 5mn properties set for registration, according to Argaam. The authority plans to extend the system to all cities and regions and add more digital services, a step that should lead to clearer ownership records, fewer disputes and greater confidence among investors.

Separately, as reported by TradeArabia, Umm Al Qura for Development and Construction signed a land sale agreement worth around USD37mn with Methak Investment Holding to develop a tower of serviced apartments and hotel rooms in Zone 3 of Makkah's Masar Destination. The deal adds to the steady flow of private investment into Makkah, where demand from pilgrims and visitors continues to support new hotel and serviced-apartment supply.

In **Egypt**, attention is turning to the resale market, where owners sell their properties on to new buyers. According to Daily News Egypt, Property Exit has launched a platform offering real estate resale and investment services, backed by financial advisory firm Gateway Financials. The platform combines valuations, market research and financial analysis to help investors assess returns and plan when and how to sell, while narrowing the information gap between buyers and sellers. In our view, this is exactly what Egypt's real estate market needs, as property there has long been far easier to buy than to sell.

Finally, the US Federal Reserve held its policy rate at 3.75-4.00% this week, following a 25bp hike in September, although two members voted for another hike and futures are pricing in roughly a 73% chance of a further (25bp) tightening in December. As expected, the Central Bank of the UAE (CBUAE) kept its Base Rate at 3.9%, Qatar, Bahrain and Kuwait also held, and Saudi Arabia's repo rate remains at 4.50% after September's increase. As a result, mortgage costs across the GCC are likely to stay higher for longer, and a December Fed hike could push them up again. This matters most for end-users who rely on financing and may keep cash-rich buyers in the lead.

Egypt, meanwhile, moved in the opposite direction to its Gulf neighbours. The Central Bank of Egypt raised its key rates by 100bp on Thursday, taking the overnight deposit rate to 20%, its first hike since March 2024, even as urban inflation eased to 13.9% in September. With Egyptian buyers having long used property to protect their savings from inflation, we believe higher borrowing costs could cool demand from buyers relying on loans in the near term, while cash buyers continue to see property as a safe place for their money.

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