Navy Capital

PRIVATE WEALTH · RESEARCH DESK

SPECIAL REPORT · DUBAI REAL ESTATE

The Reclaimed *City*

Dubai property from the ground up: ownership rights and the freehold revolution, residential and commercial markets and their yields, the engineering marvels pulled from the ocean floor — and Navy Capital's answers to the three questions every investor asks: should I buy more, what do the next five years hold, and how should I approach it?

RESEARCH DESK EDITION 2026 · DATA THROUGH 2025 / EARLY 2026 · THIRD IN OUR GULF SERIES · NAVYCAPITAL.INFO

ABOUT THIS REPORT

A market unlike *any other*

No property market on earth resembles Dubai's. It is barely two decades old as an investable asset class — foreigners could not own here until 2002 — yet it now transacts more than many markets a century its senior: AED 917 billion (≈$250bn) across 270,000+ deals in 2025 alone, a fifth consecutive record year. It manufactures its own beachfront, having pulled entire archipelagos from the sea. It levies no property tax, no capital-gains tax, and no income tax on rent. It offers gross yields roughly double London's or Singapore's. And it carries a cycle history — two booms, two severe corrections — compressed into twenty years, which any honest analysis must place at the centre of the story rather than the footnotes.

Navy Capital's clients ask about Dubai more than any other single property market, and usually in the same three ways: *Should I invest (or invest more)? What will the next five years bring? And how, practically, should it be done?* This report exists to answer those questions with data rather than brochure-speak — covering both residential and commercial segments, ownership from the legal foundations up, yields street by street, the reclamation megaprojects reshaping supply itself, and a five-year outlook that takes the bear case as seriously as the bull.

It completes a trilogy: *The Gulf's Trillion-Dollar Stewards* mapped the region's sovereign capital; *From Barrel to Bourse* traced the Gulf economy's rise. This volume descends from the macro to the tangible — to title deeds, rent cheques, and sand.

HOW TO READ THIS REPORT

Part I recounts how a twenty-year-old market came to be, cycles included. Part II examines the reclamation marvels — Palm Jumeirah to Palm Jebel Ali — as engineering and as supply strategy. Part III details the ownership architecture: freehold, visas, costs, and structures. Parts IV and V analyse the residential and commercial markets with yields by district. Part VI answers the three investor questions directly, with scenarios. Part VII catalogues the risks. Appendices carry the data tables.

CONTENTS

Inside this *edition*

FROM THE RESEARCH DESK

A letter to our *readers*

Dear reader,

Every wealth adviser eventually has the Dubai conversation. It usually begins with a photograph — a friend's new apartment above the Marina, a villa with the Burj Khalifa framed in the window — and a question that sounds simple: *should we be in this market?*

The honest answer requires holding two truths at once. The first: Dubai's property market is one of the great wealth-creation stories of the century — five consecutive record years, yields that embarrass the gateway cities, a tax regime close to nonexistent, and a government that treats real estate as critical national infrastructure, right down to manufacturing new coastline when the old one ran out. The second: this same market fell more than fifty percent in 2008–09 and spent 2014–2020 in a six-year decline, and it enters 2026 with the largest supply pipeline in its history and a major ratings agency openly forecasting a correction.

Brochures tell you the first truth; sceptics tell you the second. At Navy Capital we think an investor deserves both — and, more usefully, a framework for acting on both at once. That is what this report attempts: the full picture of ownership, yield, engineering audacity and cycle risk, ending with our direct answers to the three questions clients actually ask.

Our conclusions, previewed bluntly: yes to Dubai as a permanent allocation, sized honestly; caution on the next eighteen months, conviction on the next decade; and a strong preference for yield-bearing, completed assets in supply-constrained districts over speculative off-plan in the mid-market. The reasoning fills the pages that follow.

With regards,

The Navy Capital Research Desk

Companion volumes: "The Gulf's Trillion-Dollar Stewards" and "From Barrel to Bourse" — available in the Research Library at navycapital.info.

EXECUTIVE SUMMARY

The three answers, *in brief*

AED 917bn	5th	~7%	~120k
2025 TRANSACTIONS (~$250BN)	CONSECUTIVE RECORD YEAR	AVG GROSS APARTMENT YIELD	UNITS DUE FOR 2026 HANDOVER

Q1 · Should investors put more into Dubai? — Yes, with sized honesty.

Dubai has earned a permanent place in a global property allocation: structural demand (record migration, 19.6m tourists, hub economics), yields of 6–9% gross against 2–4% in gateway cities, zero recurring property tax, full freehold title, and a residency visa attached to ownership. But "more" must respect two facts — the market's violent cycle history and today's late-cycle timing after a ~60–70% price run since 2021. Our view: underweight-to-neutral investors should build positions; already-concentrated investors should diversify within Dubai (segments, not more of the same) rather than add beta. Chapter 12.

Q2 · The five-year outlook? — A digestion phase, then a broader-based expansion.

Base case (55% probability): 2026–27 brings flat-to-mildly-negative prices in the mid-market as a record ~250,000-unit pipeline lands (Fitch's "up to 15%" correction call marks the reasonable floor), while prime and supply-scarce districts hold; 2028–30 resumes growth at 4–7%/yr on population (Dubai 2040 targets 5.8m residents), infrastructure, and the commercial squeeze. Five-year cumulative: +15–30% prices, +45–60% total return with yields reinvested. Bull and bear variants in Chapter 13.

Q3 · The approach? — Income first, prime bias, off-plan discipline.

Buy completed, tenanted, yield-bearing assets in districts where supply is hard to add (Palm, Downtown core, Marina waterfront, established villa communities, Grade-A commercial); treat off-plan as a selective instrument (top-tier developers, hard-to-replicate locations like Palm Jebel Ali, payment plans as the return driver) not a default; target 6%+ gross on residential and 7%+ on commercial; hold five years minimum; and never let Dubai exceed the share of net worth whose 2008-style drawdown you could shrug at. Full playbook by investor type in Chapter 14.

The wider findings

— **Ownership is genuinely strong:** freehold title in 60+ zones since 2002, a world-class land registry (DLD), escrow-protected off-plan, and a 10-year Golden Visa at AED 2m of property.

— **Commercial is the quiet star:** DIFC/Downtown Grade-A offices at effectively zero vacancy, prime rents up to AED 500+/sq ft, and office yields of 7–9% — the tightest risk/reward in the market today.

— **Reclamation is supply strategy:** manufactured waterfront commands 30–100% premia; Palm Jebel Ali (2× Palm Jumeirah, handovers from 2027) is the next test. And **the one number to fear**: ~16% supply growth 2025–27 against ~5% population growth — every scenario herein is a view on that gap.

I

PART I · CHAPTERS 1–2

How this market *came to be*

A property market younger than its buyers — born by decree in 2002, tested by two crashes, and rebuilt into the world's busiest.

CHAPTER 1 · 1960–2014

From creek to *freehold*

1.1 · The decree that created an asset class

Until 2002, a foreigner could not own a square metre of Dubai. Property was a citizen's asset; expatriates — even then the majority — rented. The transformation began with a stroke: the 2002 Freehold Decree allowing foreign ownership in designated areas, formalised by Law No. 7 of 2006, which created the modern title registry under the **Dubai Land Department (DLD)**. The timing was deliberate. Dubai's oil was dwindling; the ruler's economists had concluded that the emirate's next exports would be lifestyle, logistics and finance — and every one of them needed the world's professionals to put down roots. Selling them the roots was the masterstroke.

The developer state followed. **Emaar** (Downtown, the Burj Khalifa), **Nakheel** (the Palms, JVC, Dubai Islands), and later **Meraas, Dubai Properties** and a private wave (DAMAC, Sobha, Azizi, Binghatti) built entire districts on master-planned land released by the state. This is the structural fact outsiders miss: in Dubai, supply is policy. The government owns the land bank, sequences its release, and can throttle or flood the market — a lever no Western city possesses, used clumsily in the first boom and far more deliberately today.

1.2 · The first boom and the great crash

Freehold plus cheap global credit produced the 2003–2008 frenzy: prices tripling, off-plan flipped like futures contracts, towers sold from scale models to buyers who never intended completion. When Lehman's wave reached the Gulf in late 2008, Dubai property fell harder than almost any market on earth — **peak-to-trough declines of 50–60%**, half-built skeletons on the skyline, and the Dubai World debt standstill that required Abu Dhabi's $20bn support. The crash seeded today's protections: escrow accounts for off-plan buyer funds (Law 8 of 2007, enforced with teeth thereafter), developer land-payment rules, and RERA's regulatory apparatus.

1.3 · The second cycle nobody remembers

Recovery came fast (2011–2014, +50%), then a long grind down that the marketing decks omit: **2014–2020, six straight years of drifting prices, cumulatively −25–35%**, on oversupply, a strong dollar, oil weakness and VAT's introduction. By the COVID trough, Dubai was one of the world's cheapest global cities per square foot. That valuation floor — not merely the pandemic-era visa reforms — is what armed the historic run that followed. Investors who internalise both of Dubai's corrections make better decisions here than those who know only the skyline.

The boom that changed the *buyer*

2.1 · Five record years

What began as a pandemic arbitrage — open borders, remote-work visas, vaccinated normality while peers locked down — compounded into the strongest sustained bull market in Dubai's history. Prices rose roughly **60–70% from the 2020 trough**; prime villa districts (Palm, Emirates Hills, Jumeirah Bay) doubled and more. The 2025 full-year record: **AED 917bn of total real-estate transactions across 270,000+ deals; residential sales of AED 682.5bn across 214,912 transactions (+30.6% value, +18.8% volume); an average price of AED 1,755/sq ft**; 193,000 active investors including 129,600 first-timers (+23%); and AED 154bn invested by women across 76,700 deals. Rents kept pace — apartments +8.5–9% in 2025 alone.

+60–70%	214,912	AED 1,755	129,600
PRICES SINCE 2020 TROUGH	RESIDENTIAL DEALS 2025	AVG PRICE / SQ FT	FIRST-TIME INVESTORS 2025

2.2 · Why this cycle differs from 2008 — and where it rhymes

The differences are real. Leverage is a fraction of 2008's: a majority of purchases are cash or conservatively mortgaged under central-bank LTV caps (max 80% for residents' first homes, lower for investors), versus the 95%+ speculative financing of the first boom. Escrow rules mean off-plan deposits build the building, not the developer's next land bid. Demand is residency-led — golden visas, corporate relocations, genuine population growth of ~100k+/yr — rather than purely speculative. And the buyer base has globalised beyond any single source market: Indian, European, Chinese, Russian, and increasingly institutional capital.

The rhymes deserve respect. Off-plan at 62.6% of 2025 transactions echoes the futures-market character of 2007. Launch volumes 2023–25 were unprecedented — the source of the 2026–27 supply wave. Flipping premiums returned to hot launches. And prices in several mid-market districts now sit meaningfully above replacement cost, the classic late-cycle tell. None of this dictates a crash; all of it dictates discipline. The cycle chapter of this market's history is not finished being written — Part VI prices that honestly.

2.3 · Dubai against the world: the valuation check

After a 60–70% run, is Dubai expensive? Against its own history, yes — near record nominal prices. Against the cities it competes with for residents and capital, the answer is still clearly no. Prime Dubai trades at a fraction of prime London, Hong Kong, Singapore or New York per square foot, while out-yielding all of them — the core of the relocation arbitrage driving migration.

CITY	PRIME RESI PRICE ($/SQ FT, APPROX.)	GROSS YIELD	RENTAL INCOME TAX	ANNUAL PROPERTY TAX
Hong Kong	4,000–5,000+	2–2.5%	15%	Rates ~5% of rent
New York	2,500–4,000	2.5–3.5%	to ~37%+	~1–2% of value
London (prime central)	2,000–3,500	2.5–3.5%	to 45%	Council tax
Singapore	2,000–3,000	2.5–3.5%	to 24%	10–36% AV bands
Dubai (prime)	800–1,500	4.5–6.5%	0%	None
Dubai (city average)	~480 (AED 1,755)	~7%	0%	None

Indicative 2025 levels, rounded from brokerage and Global Property Guide data; prime definitions vary by market. Currency at ~AED 3.6725/$.

The valuation question that matters is therefore relative and forward-looking: Dubai is no longer the deep-value outlier of 2020, but it remains the only global-city market offering developed-market infrastructure, frontier-market yields, and zero recurring taxation simultaneously. Mean reversion, if it comes, has two directions available — Dubai prices toward global norms, or global capital toward Dubai. The last four years suggest both are happening at once.

II

PART II · CHAPTERS 3–4

Marvels from the *ocean*

When the coastline ran out, Dubai built more — the engineering behind the Palms, and why reclamation is really a supply strategy wearing an icon's clothes.

How the Palms were *built*

3.1 · The problem worth $100 billion

Dubai's original endowment included just ~70km of natural coastline — and beachfront is the one commodity a luxury destination cannot substitute. The answer, conceived in the late 1990s, was audacious in the literal sense: if the geography is insufficient, manufacture more. **Palm Jumeirah alone added ~78km of new waterfront** — more than doubling the emirate's beach in a single project — and created the template for treating land itself as a product line.

3.2 · Sand, rock, satellites — and no concrete

Palm Jumeirah's construction (2001–2003 for the landmass; buildings thereafter) remains one of civil engineering's signature feats. The numbers deserve their fame:

- **~110 million cubic metres of sand** dredged from the Gulf floor 10–11km offshore — desert sand, ironically, is too fine and wind-rounded to compact; marine calcareous sand was essential.
- **~9 million tonnes of quarried rock** from 16 UAE mountain quarries formed the 11km crescent breakwater that tames the open sea.
- **No steel or concrete in the landmass itself** — pure sand and rock, placed by "rainbowing" (dredgers spraying sand in precise arcs).
- **DGPS satellite positioning** guided placement to within centimetres — the fronds' shape was drawn from 676km in orbit.
- **Vibro-compaction** — thousands of insertion points where vibrating probes densified loose sand into buildable ground, guarding against liquefaction in a seismic-adjacent region.

Dutch dredging masters Van Oord and Boskalis executed the marine works; the total programme, with infrastructure, ran to billions before a single villa sold. The commercial validation was immediate and enduring: Palm Jumeirah today is Dubai's single most valuable residential district, with signature-villa sales routinely setting emirate records (AED 100m+ frond villas; the AED 500m-class Jumeirah Bay adjacencies), hotel anchors from Atlantis to One&Only, and price premia of **50–100% per square foot over comparable mainland product**.

110m m³	9m t	~78km	50–100%
SAND DREDGED (PALM JUMEIRAH)	BREAKWATER ROCK, 16 QUARRIES	NEW WATERFRONT CREATED	PRICE PREMIUM VS MAINLAND

Sources: Royal IHC, Van Oord project archives, engineering case studies, Nakheel disclosures.

The World, Palm Jebel Ali & *beyond*

4.1 · The World: from cautionary tale to comeback

The 300-island archipelago shaped as a world map consumed **321 million cubic metres of sand** — three Palm Jumeirahs — before 2008 froze it into the world's most expensive metaphor. For a decade it stood as the bears' favourite exhibit. The 2020s revival is therefore instructive: Anantara's resort runs ~85% seasonal occupancy; the Heart of Europe's floating villas finally delivered, with three-level "Floating Seahorse" units renting at headline rates around $13,000/night; and infrastructure (utilities, transport links) is being retrofitted island by island. The lesson for investors is about sequencing, not concept: reclamation projects fail on timing and financing, not on demand for what they ultimately create.

4.2 · Palm Jebel Ali: the decade's defining launch

Shelved in 2009, relaunched in 2023–25, **Palm Jebel Ali is twice Palm Jumeirah's size**: 13.4km², seven connected islands, ~110km of new coastline, master-planned for ~35,000 families with 80+ hotels and resorts. First villa handovers are targeted for **2027**, full community build-out into the 2030s. Launch pricing for beach villas (AED 18–40m+) sold out in hours to a buyer mix notably heavier in end-users and long-hold family money than 2007's flippers. As freehold, it is open to all nationalities — and as the largest single addition of ultra-prime waterfront on earth this decade, it is simultaneously the market's greatest opportunity (Palm Jumeirah's 20-year appreciation as precedent) and its boldest supply experiment.

4.3 · Dubai Islands and the urban waterfront

The former Deira Islands — rebranded **Dubai Islands** — bring reclamation to the city's historic north: five islands, 60km² of beaches, marinas and mixed-use districts under Nakheel, already among the fastest-appreciating launch markets of 2024–25. Together with Emaar's Dubai Creek Harbour (mainland mega-waterfront) and Jumeirah Bay's ultra-prime islet, the message is uniform: *Dubai treats coastline as manufacturing output*, timed to demand.

4.4 · Navy Capital's reading: icon economics

Reclamation serves three functions at once. **Brand:** the Palm is to Dubai what the Eiffel Tower is to Paris — free marketing visible from orbit. **Premium capture:** manufactured waterfront sells at multiples of its creation cost; the state, as land-owner, banks the margin. **Supply control:** unlike organic sprawl, island phases can be sequenced, paused, or accelerated to steer the whole market — Palm Jebel Ali's revival in the boom, exactly as The World stalled in the bust, is the lever working as designed. For investors, the practical rule follows: *buy manufactured waterfront early in its lifecycle only from sponsors who cannot afford to let it fail* — which in Dubai means Nakheel/Emaar-class, state-backed developers, and no one else.

4.5 · Engineering against the sea: resilience & the environmental ledger

Manufacturing land creates permanent engineering obligations, and honest analysis includes them. **Erosion and currents:** Palm Jumeirah's crescent breakwater was redesigned mid-project with gaps to prevent stagnation inside the fronds — the original sealed design turned the lagoons anoxic; monitoring and periodic sand renourishment are perpetual line items. **Settlement:** reclaimed sand compacts; vibro-compaction limits it, but structures are engineered for millimetre-scale annual settlement, and The World's undeveloped islands measurably eroded during their dormant decade — reclamation unmaintained is reclamation dissolving. **Marine impact:** dredging buried reefs and altered coastal sediment flows; mitigation (artificial reefs, seeded breakwaters — now among the Gulf's richest dive habitats) has been real but partial. **Climate exposure:** new projects are designed to raised platform levels against Gulf sea-rise scenarios; the 2040 plan mandates coastal-resilience standards for all new waterfront.

For owners, three practical consequences: service charges on island communities carry a marine-maintenance component mainland towers lack (part of why Palm charges run high); insurance pricing increasingly differentiates waterfront exposure; and sponsor quality matters even more at the shoreline — a state-backed developer maintains its breakwaters through a downturn, a distressed private one does not. Priced in, the manufactured coast has proven durable: Palm Jumeirah is two decades old, storm-tested, and carries the emirate's highest land values — the strongest evidence that Dubai's reclamation is engineering, not hubris.

20+ yrs	11km	Perpetual	2040
PALM JUMEIRAH IN SERVICE	CRESCENT BREAKWATER	RENOURISHMENT & MONITORING	COASTAL-RESILIENCE CODE

III

PART III · CHAPTERS 5–6

Ownership: the *legal architecture*

What a foreign buyer actually owns in Dubai — title, registry, visas, and a tax bill that rounds to zero.

Law, zones & *title*

5.1 · What "freehold" means here — and what it doesn't

In Dubai's **60+ designated freehold zones**, a foreign buyer of any nationality, resident or not, obtains **absolute, perpetual, inheritable title** — registered at the Dubai Land Department, evidenced by a title deed, mortgageable, and freely transferable. This is genuine ownership, not the 99-year leasehold of parts of Asia nor the usufruct structures of neighbouring markets. The zones map to essentially everywhere an international buyer would look: Downtown, Marina, Palm Jumeirah, JVC, Business Bay, Dubai Hills, Emirates Hills, Creek Harbour, Dubai Islands, Palm Jebel Ali, JLT, and dozens more. Outside the zones — chiefly older "onshore" districts like Deira and Bur Dubai — ownership remains restricted to UAE/GCC nationals, though the zone map has only ever expanded (2025 additions along Sheikh Zayed Road and Al Jaddaf included).

5.2 · The registry advantage

The DLD ecosystem is, candidly, better than most developed markets': near-instant electronic title transfer (a sale can complete in a day), a public transaction database (every deal since 2002, searchable — the data spine of this report), the **Ejari** rental-contract registry, RERA's regulation of brokers and developers, and mandatory **escrow accounts** for every off-plan project — buyer instalments are released to developers only against certified construction progress, the single most important reform to emerge from 2008. Dispute resolution runs through dedicated rental and property courts.

5.3 · Commercial ownership

The same freehold logic extends to commercial assets: offices (strata-titled floors and full buildings in Business Bay, JLT, and parts of DIFC's ecosystem), retail units, warehouses in designated zones, and hotel rooms/serviced apartments sold as investment units. Free-zone entities (a DIFC prescribed company, a JAFZA offshore) may hold title in many zones — the standard structuring route for estate planning and multi-asset holdings, at modest cost. Foreign corporate ownership through mainland UAE companies is likewise now routine following the 100% foreign-ownership reforms.

60+	2002	100%	1 day
FREEHOLD ZONES	FREEHOLD DECREE	FOREIGN OWNERSHIP, PERPETUAL	TYPICAL TITLE TRANSFER

The friendliest *arithmetic* in global property

6.1 · Residency attached to the deed

Property is Dubai's residency on-ramp. **AED 2 million** (~$545k) of property — single asset or aggregate, completed or off-plan from approved developers, mortgaged purchases included above the threshold equity — qualifies the owner for the **10-year renewable Golden Visa**, covering spouse and children, with no sponsor and no minimum stay. Smaller holdings (AED 750k+) access the 2-year investor visa. For globally mobile families this converts a yield asset into a residency option — a dual-use return no Western market offers, and in our client work the single most cited non-financial motive for Dubai allocations.

6.2 · The tax line

LEVY	DUBAI	LONDON	NEW YORK	SINGAPORE
Purchase tax / stamp duty	4% (DLD fee)	Up to 17%*	~1.4–3.9%	Up to 60%*
Annual property tax	None	Council tax	~1–2%/yr	Property tax
Tax on rental income	0%	Up to 45%	Up to ~37%+	Up to 24%
Capital gains tax	0%	Up to 24%	Up to ~20%+	Seller stamp duty ≤3yr
Inheritance/estate tax	None (DIFC wills regime)	40%	Up to 40%	None

*Top rates for foreign/additional buyers (UK ADS+non-resident surcharges; Singapore ABSD for foreigners). Indicative 2025 rules, simplified; owners remain subject to taxation in their home jurisdictions — advice required. Dubai's 5% housing fee applies to tenants via utility bills, and a 9% UAE corporate tax can apply to property held in corporate structures above thresholds.

6.3 · The all-in transaction stack

Round-trip costs are moderate and front-loaded: **4% DLD transfer fee** + ~AED 580 admin; **2% buyer-side brokerage** (resale; zero on developer launches); ~AED 2–4k trustee/registration; mortgage buyers add a 0.25% mortgage registration and bank fees. Annually: service charges of **AED 10–35/sq ft** by community quality (the line item that most often surprises new owners — model it before purchase), plus 5% VAT on commercial rents (residential is exempt). Total friction of ~6–7% in, ~2% out — against London's ~15%+ in alone — is a structural return advantage compounding every cycle.

6.4 · Financing the purchase: mortgages, rates & leverage discipline

Dubai's mortgage market is conservative by design — a direct legacy of 2008. **Central-bank LTV caps:** residents borrow up to 80% on a first home under AED 5m (75% above), 60–65% on investment/second properties; **non-residents** typically access 50–60% from the handful of banks (Emirates NBD, Mashreq, ADCB and international privates) that lend offshore. Off-plan bank financing is limited to ~50% and to approved projects — developer payment plans fill that role instead.

Rates import American policy. Pegged currency means EIBOR tracks the Fed: 2025–26 mortgage pricing ran ~4.5–6.5% depending on fix and profile, down from the 2023 peak. The arithmetic every buyer should run: at a 7% gross / 5.8% net yield, debt at 5.5% still carries positively — but a Fed resurgence to 2023 levels turns leveraged mid-market positions cash-flow negative precisely when prices soften. Hence the Navy Capital leverage rules: *fix the rate where offered, cap LTV at 60% on investment property, and stress-test the position at +200bp and −15% value before signing*.

CHANNEL	MAX LTV	INDICATIVE RATE (2025–26)	NOTES
Resident — first home <AED 5m	80%	~4.3–5.5% (3–5yr fix)	Salary-transfer pricing best
Resident — investment property	60–65%	~4.8–6.0%	Rental income partially counted
Non-resident	50–60%	~5.5–6.5%	Fewer lenders; larger minimums
Developer payment plan (off-plan)	n/a (instalments)	0% stated	Priced into unit; post-handover plans 2–5yrs

Indicative market terms, early 2026; individual pricing varies. Mortgage registration fee 0.25% of loan; life cover typically required. Roughly half of 2025 purchases were cash — a structural stabiliser absent in 2008.

IV

PART IV · CHAPTERS 7–9

The residential *market*

Records, districts, yields, rents — and the off-plan machine that now sells six of every ten homes before they exist.

2025 in *numbers*

The headline set: **AED 682.5bn of residential sales across 214,912 transactions** — up 30.6% in value and 18.8% in volume on 2024, itself a record. Off-plan took **62.6% of deals (~134,600) worth ~AED 293bn**; the ready market's AED 314.7bn was a record in its own right as 2022–24 launches completed into a deep resale bid. Average pricing crossed **AED 1,755/sq ft** city-wide, with prime launches (Creek Harbour, The Oasis, Tilal Al Ghaf) appreciating 8–12% from launch to mid-year.

SEGMENT	2025 VALUE	DEALS	YOY VALUE	READING
Residential — total	AED 682.5bn	214,912	+30.6%	Fifth straight record
— Off-plan	~AED 293bn	~134,600	+~25%	62.6% of volume; the launch machine
— Ready / secondary	AED 314.7bn	~80,300	+~35%	Completions creating real resale depth
All real estate (incl. comm./ land)	AED 917bn	270,000+	+29%	≈ $250bn — a top-3 global market by value

Dubai Land Department / Dubai Media Office 2025 releases; brokerage compilations (fäm, Engel & Völkers). Rounded.

Who is buying

The 2025 investor census tells the demand story: **193,100 active investors (+24%), of whom 129,600 were first-time buyers**; women deployed AED 154bn (+31%); and the nationality mix spread across 120+ countries with Indian, British, European, Chinese, Russian/CIS and GCC capital all in size — no single cohort above ~15%, which is precisely the diversification the 2008 market lacked. End-user share keeps climbing on population growth (~4m residents, targeting 5.8m by 2040) and record net migration of the affluent: the UAE has led the world in net millionaire inflows for three consecutive years.

193k	120+	#1	5.8m
ACTIVE INVESTORS (+24%)	BUYER NATIONALITIES	GLOBAL NET MILLIONAIRE INFLOWS	2040 POPULATION TARGET

7.3 · The district price map

Where AED 1,755/sq ft city-wide actually lives — the working geography of Dubai pricing, from the yield belt to the trophy tier:

DISTRICT	APARTMENTS (AED/SQ FT)	VILLAS (AED/SQ FT)	5-YR PRICE TREND	NAVY CAPITAL TIER
International City / Discovery Gdns	550–800	—	+45–60%	Yield belt
JVC / Arjan / Sports City	900–1,400	1,000–1,300	+55–75%	Yield belt — supply watch
Business Bay	1,500–2,200	—	+60–80%	Core-adjacent
Dubai Marina / JBR	1,600–2,400	—	+55–70%	Core liquid
Downtown Dubai	2,200–3,500	—	+50–65%	Prime core
Dubai Hills Estate	1,700–2,400	1,800–2,600	+70–90%	Prime family
Creek Harbour / Dubai Islands	1,800–2,600	—	launch era	Emerging prime
Palm Jumeirah	2,500–4,500	4,000–7,000+	+85–120%	Trophy
Emirates Hills / Jumeirah Bay	—	5,000–10,000+	+100%+	Ultra-trophy

Indicative transaction ranges, 2025 (DLD data via brokerage compilations); individual buildings vary widely. Five-year trends from 2020 trough, rounded.

Two structural reads. First, the **prime-tier outperformance** (Palm +85–120% vs yield belt +45–60%) is not an anomaly but the scarcity thesis in evidence — and it is precisely the tier the 2026–27 supply wave cannot dilute. Second, the **compression at the bottom**: the gap between the yield belt and the core has narrowed each cycle as infrastructure (metro extensions, malls, schools) reaches once-peripheral districts — the mechanism behind our base case's 2028–30 "broadening" phase, and the argument for accumulating quality yield-belt assets during the digestion years at 2026–27 clearing prices.

District by *district*

Dubai's defining investment attribute is income. City-wide gross yields average **~7% for apartments and ~5% for villas** — roughly double the gateway-city norm — with the familiar trade-off: affordability districts yield most, prime districts appreciate most and let most reliably.

DISTRICT	SEGMENT	GROSS YIELD	ENTRY (TYPICAL 1BR/VILLA)	CHARACTER
International City	Apartments	8–10%	AED 400–600k	Deepest yield, lowest capital-growth profile
JVC (Jumeirah Village Circle)	Apartments	7.5–9.5%	AED 700k–1.1m	The yield workhorse; heavy new supply nearby
Al Furjan / Arjan / Sports City	Apartments	7–8.5%	AED 600k–1m	Mid-market income belt
Business Bay	Apartments	6–7%	AED 1.2–1.8m	CBD-adjacent; strong tenant pool
Dubai Marina / JBR	Apartments	5.5–6.5%	AED 1.4–2.2m	Liquid, globally recognised, waterfront
Downtown / DIFC fringe	Apartments	5–6.5%	AED 1.8–3m	Prime; office squeeze feeding rents
Palm Jumeirah	Apts & villas	4.5–6%	AED 2.5m+ / 20m+	Trophy; scarcity premium; STR strength
Dubai Hills / Arabian Ranches	Villas	4.5–5.5%	AED 3–8m	Family end-user demand; low churn
Emirates Hills / Jumeirah Bay	Villas	3–4%	AED 25m+	Ultra-prime; appreciation & privacy asset

Gross yields, 2025 lettings data (Bayut/dubizzle H1-2025 reports, brokerage compilations); net of service charges typically 0.8–1.5pp lower. Short-term rental (STR) strategies in tourist districts can add 1.5–3pp gross at higher operating cost — Dubai's 19.6m visitors underpin the deepest STR market outside the US.

Rents continued rising through 2025 — apartments +8.5–9%, villas +5.7% — with the RERA rental index capping in-contract increases (a tenant-protection band tied to market deviation), so reversion happens at turnover. The practical yield insight our desk emphasises: *the spread between in-place and market rents in long-held units is 10–25% across prime districts* — acquired tenanted stock frequently carries embedded rent upside no launch brochure mentions.

8.3 · The short-term rental economy

Nineteen-point-six million visitors give Dubai one of the world's deepest short-stay markets, and — unusually — a fully legal, lightly licensed one: any owner can register a holiday home with DET (Department of Economy & Tourism), pay per-permit fees, and operate directly or via the professional operator layer (GuestReady, Frank Porter, and dozens more) that has industrialised the segment.

METRIC	MARINA / JBR	DOWNTOWN	PALM JUMEIRAH	JVC (BUDGET STR)
Typical occupancy	75–85%	75–85%	70–80%	65–75%
ADR — 1BR (AED)	550–900	650–1,100	900–1,800	300–450
Gross uplift vs long-let	+30–60%	+30–60%	+40–80%	+15–35%
Operator + platform costs	Typically 25–40% of revenue all-in (management 15–25%, cleaning, OTA fees, permits, furnishing amortisation)			

Operator-reported ranges, 2025 season; highly unit- and view-dependent. DET permit and tourism dirham fees apply; buildings may impose their own STR rules — verify before purchase.

The desk's view: STR genuinely adds 1.5–3pp of net yield in the tourist core — Marina, Downtown, Palm, JBR — where view, walkability and hotel-grade amenities drive ADR. It adds risk in equal measure: revenue volatility (seasonality, event calendars), operational dependence, and a regulatory valve the government can tighten if the 2026–27 handover wave floods the segment. Underwrite any STR purchase so that it still works as a long-let at market rent — the STR premium should be upside, never the thesis. And in end-user villa communities, skip it entirely: the tenant depth isn't there and the owners' associations increasingly prohibit it.

Buying the *blueprint*

Nearly two-thirds of Dubai's residential deals are for homes that do not yet exist. Understanding this machine — its genuine advantages and its embedded risks — is half of understanding the market.

Why off-plan dominates

- **Payment plans are the product:** typically 10–20% down, instalments through construction (60/40, 70/30, and post-handover plans stretching 2–5 years beyond completion). Buyers acquire tomorrow's asset on interest-free developer credit — the levered return that drives launch-day queues.
- **Escrow protection:** instalments sit in project-specific accounts released against certified progress — the 2008 lesson institutionalised. Developer default now strands buyers in delay, rarely in loss of principal.
- **Launch pricing:** credible developers price launches 5–15% under expected completion value; 2025's prime launches appreciated 8–12% within months. This is real, but it is compensation for construction and market risk, not free money.
- **Oqood interim registration** gives off-plan buyers a registered, resellable contractual right — an active assignment market lets positions exit pre-handover (with developer NOC and typically 30–40% paid-in thresholds).

Where the bodies are buried

Off-plan risk concentrates in three places. **Completion-year pricing:** a unit bought at launch competes at handover with every neighbouring launch of the same vintage — the 2026–27 handover wave is exactly this phenomenon at market scale. **Developer tiering:** the gap between Emaar/Nakheel/Meraas-class sponsors and the aggressive private tail is the widest risk differential in the market; delay records, build quality and service-charge governance diverge sharply. **Illiquidity in stress:** assignment markets function in bull tape and freeze in corrections — 2009's off-plan buyers learned that instalment obligations continue while exit windows close. Navy Capital's off-plan rules in Chapter 14 follow directly from these three.

9.3 · Three purchases, fully underwritten

Illustrative arithmetic for the three archetypal Dubai buys, at early-2026 market terms (rounded; for method, not recommendation):

	A · JVC 1BR (READY, TENANTED)	B · DOWNTOWN 2BR (READY, STR)	C · BUSINESS BAY OFFICE FLOOR
Purchase price	AED 950,000	AED 3,200,000	AED 6,500,000
Acquisition costs (~6.5%)	62,000	208,000	420,000
Gross income	78,000 (rent)	265,000 (STR net of ops)	560,000 (rent)
Service charges & costs	−16,000	−58,000	−95,000 (+5% VAT pass-through)
Net operating income	62,000	207,000	465,000
Net yield on all-in cost	6.1%	6.1%	6.7%
5-yr base-case value path	−5% then +18% → +12%	+3% then +22% → +25%	+5% then +20% → +26%
5-yr total return (unlevered)	~+42%	~+55%	~+59%
Key risk	2026–27 supply next door	STR revenue volatility	Exit liquidity (strata office)

Illustrations only, using Chapter 13 base-case paths; actual outcomes will differ. Leverage at 60% LTV/5.5% roughly doubles equity returns in the base case — and doubles the bear-case pain symmetrically.

The pattern to internalise: across honest underwriting, *Dubai's return engine is the 6%+ net income compounding through whatever the price cycle does*. The price path decides whether five-year returns are good or exceptional; the income decides that they are positive at all. Buy accordingly.

V

PART V · CHAPTERS 10–11

The commercial *market*

Zero vacancy in the financial core, record rents, and the quietest strong risk/reward in Dubai property.

Zero vacancy at the *core*

While residential takes the headlines, Dubai's office market has quietly produced the sharper squeeze. The corporate influx behind the housing boom — DIFC's 8,800+ firms, ADGM-rivalling fund flows, regional HQs, hedge funds staffing trading floors — met an office pipeline that barely grew through the 2015–2020 lull. The result: **Grade-A vacancy near 5% city-wide, and effectively zero in DIFC, One Central and Downtown**; prime DIFC rents surging toward **AED 500+/sq ft** (from ~AED 250 in 2021), and pre-letting of the entire 2026–27 prime pipeline (DIFC's own expansion towers, ICD Brookfield adjacencies) before completion.

SUBMARKET	PRIME RENT (AED/SQ FT/YR)	VACANCY	INDICATIVE YIELD	READING
DIFC / One Central	380–540	~0%	6.5–7.5%	The squeeze epicentre; waiting lists
Downtown / Sheikh Zayed core	280–380	<5%	6.5–7.5%	Spillover beneficiary
Business Bay	190–260	5–10%	7–9%	The value CBD; strata-title accessible
JLT / TECOM belt	160–210	8–12%	8–10%	Free-zone tenancy engine; tenant's market at the edges

2025–early 2026 brokerage reporting (Zawya/CBRE-adjacent, Engel & Völkers, Chestertons). Secondary locations offer 3–12 months rent-free on large leases even as the core prices at records — a two-speed market.

The investor angle: strata-titled Grade-B+/A- floors in Business Bay and JLT trade at yields of 8–10% with tenant demand cascading down from the unbuyable core — arguably the best cash-flow risk/reward in the emirate today, at the price of thinner liquidity and service-charge diligence. Full-building and institutional-grade core assets rarely trade; when they do, sovereign-adjacent buyers absorb them. Navy Capital flags one structural watch-item: ~1.5m sq m of new office space is planned toward 2030 — the residential supply lesson applied to a different clock.

The rest of the *commercial stack*

Retail

Dubai retail is a barbell: destination malls (Dubai Mall — the world's most visited, Mall of the Emirates) with waiting-list occupancy and sales densities among the highest anywhere, against neighbourhood strata retail of wildly uneven quality. Individual investors realistically access the latter: units in master-planned communities yield **7–9%** when anchored by daily-needs tenancy (groceries, clinics, F&B), with the standard caveat that a vacant strata shop in an over-retailed tower can stay vacant for years. Tourist-corridor retail (JBR, Palm boardwalks) trades on footfall that 19.6m visitors keep replenishing.

Industrial & logistics

The unsung performer: Jebel Ali/JAFZA, Dubai South (the Al Maktoum airport hinterland now anchored by the announced $35bn airport expansion), and Dubai Industrial City warehousing rides e-commerce and re-export growth at yields of **7.5–9.5%**, with institutional consolidation just beginning. Access for private investors is mostly indirect — plots and built-to-suit require scale — making this the natural REIT/fund allocation within a Dubai book.

The listed route

For liquidity-first exposure: **Emaar Properties and Emaar Development** (the market's bellwethers, dividend-rich through the boom), **TECOM Group** (office/industrial landlord of the free-zone belt), **Union Properties, Deyaar**, and REITs led by **Emirates REIT and ENBD REIT** (commercial portfolios at yields historically 6–8%, often at NAV discounts). Listed paper adds daily liquidity and diversification at the cost of equity-market beta — in 2008-style stress it falls first and further than bricks, a trade-off to size deliberately. Navy Capital treats listed Dubai property as the tactical sleeve around a physical core, not a substitute for it.

7–9%	7.5–9.5%	$35bn	6–8%
COMMUNITY RETAIL YIELDS	LOGISTICS YIELDS	AL MAKTOUM AIRPORT PROGRAM	LISTED REIT YIELD RANGE

11.3 · Who owns Dubai now: the institutional turn

The market's next maturation is visible in its buyer register. **Sovereign and quasi-sovereign capital** anchors the top: ICD's hospitality trophies, Brookfield's ICD-partnered towers, ADIA and GCC funds in logistics platforms. **Global institutions** long absent are arriving — Brookfield, Goldman-seeded operators, regional private equity — chiefly through logistics, data centres, and build-to-rent experiments, importing the underwriting standards that eventually compress yields everywhere they land. **Branded residences** have made Dubai their world capital: more branded projects than any city on earth (Armani to Bulgari to Bugatti), a segment where 30–60% price premia attach to hotel-flag management — durable at the true-luxury tier, fragile where the brand is decorative. And the **developer aristocracy** itself — Emaar (~AED 100bn+ market cap era), Nakheel folded into Dubai Holding's empire, DAMAC global — now runs balance sheets that let them land-bank through downturns rather than fire-sell into them, another 2008 asymmetry repaired.

For private investors the institutional turn cuts two ways. It validates the market — permanent capital doesn't rent its convictions — and it forewarns of compression: every market institutions enter eventually trades at institutional yields. The 8–10% strata-office and logistics returns of this report are, on a ten-year view, the anomaly institutions exist to arbitrage away. Owning what they will want to buy — clean-titled, well-managed, income-verified assets in prime and near-prime districts — is how private money front-runs that flow rather than competes with it.

#1	30–60%	AED 100bn+	Rising
CITY FOR BRANDED RESIDENCES	BRANDED PRICE PREMIUM	EMAAR MARKET-CAP ERA	INSTITUTIONAL SHARE OF VOLUME

VI

PART VI · CHAPTERS 12–14

The three *questions*

Should you invest more, what will five years bring, and how should it be done — Navy Capital's direct answers.

Should investors put *more* into Dubai?

The case for yes

Structural demand is real and multi-sourced. Population +100k+/yr toward the 2040 plan's 5.8m; the world's leading net millionaire migration three years running; corporate relocation via DIFC/free zones; 19.6m tourists feeding the STR and hospitality bid; and the residency-by-ownership channel converting global instability into Dubai demand — each shock elsewhere (taxes in London, war in Europe, politics anywhere) shows up in DLD data within a quarter.

The income mathematics are exceptional. Gross 6–9% yields, zero tax on rent, zero recurring property tax, and total round-trip friction of ~8% versus 15–20% in the gateway cities. On net-net cash flow per dollar invested, Dubai residential outearns London or Singapore by roughly 2.5–4× — before any appreciation.

The governance discount has closed. Escrowed off-plan, instant digital title, functioning courts, and a state whose entire economic strategy depends on protecting property-owner confidence. Dubai is no longer a frontier-risk market priced like one; it is an institutionalising market still priced with a frontier yield.

The case for restraint

Timing, concentration, and cycle memory. Prices are 60–70% off the trough — much of the easy repricing is done. The 2026–27 supply wave is the largest ever. Fitch's up-to-15% correction scenario is a mainstream institution's base-risk case, not a doomsayer's. And this market's two drawdowns (−50%+, −30%) happened within living memory, in a pegged-currency economy that imports US monetary policy whether it suits or not.

Navy Capital's answer

Yes — as a permanent, sized allocation; no — as a momentum trade. For a globally diversified investor with no Gulf exposure, Dubai merits a strategic 5–15% of a property allocation (higher for those valuing the residency option), built patiently over 2026–27 rather than in one print — the supply wave is the buyer's friend. For investors already heavy in Dubai residential, "more" should mean *different*: commercial's zero-vacancy core, logistics via funds, tenanted-yield assets over launch tickets — not a third off-plan apartment in the same district. And for anyone whose Dubai position already exceeds what a 2008-style −50% would leave psychologically and financially intact, the correct amount of "more" is zero until that is fixed.

The five-year *outlook*, 2026–2030

Every Dubai forecast is a view on one collision: **supply growing ~16% over 2025–27 (≈250,000 units; ~120,000 scheduled for 2026 alone, against ~30,000 delivered in 2024) versus population growing ~5%**. History says delivery slips (actual completions have run 50–70% of schedules), demand says absorption is real, and the two prime districts barely participate in the pipeline at all. Three scenarios:

SCENARIO	PROB.	2026–27	2028–30	5-YR PRICE PATH	5-YR TOTAL RETURN*
Base — "Digestion, then broadening"	55%	Mid-market −5–10%; prime flat to +5%; rents flatten as supply lands; delivery slippage cushions	Growth resumes 4–7%/yr on population, airport program, commercial squeeze	+15–30%	+45–60%
Bull — "The pipeline slips, demand doesn't"	25%	Completions undershoot again; migration and rate cuts extend the boom at +5–8%/yr	Palm Jebel Ali handovers reprice the prime tier upward	+35–50%	+70–90%
Bear — "Fitch, plus a shock"	20%	Full 15%+ correction as supply meets an external shock (oil slump, regional escalation, global recession); off-plan assignments freeze	Slow repair; prime recovers first, mid-market lags to 2029–30	−10 to 0%	+15–30%

*Total return assumes ~6% average gross yield, ~1.2pp costs, no leverage, rents reinvested notionally; illustrative, not a projection of any specific asset. Probabilities are Navy Capital Research Desk judgments as of early 2026.

What we'd watch, quarter by quarter

— **Actual vs scheduled handovers** (DLD completions data) — the single best leading indicator; slippage below ~70k units delivered in 2026 tilts bull.

— **Off-plan share and launch absorption** — a fall below ~50% of transactions signals the speculative bid cooling before prices do.

— **Prime vs mid-market spread** — corrections here start at the periphery; Palm/Downtown pricing is the market's true health line.

— **Population and visa issuance** — the demand side's ground truth; and **US rates**, which the dirham peg imports directly into mortgage affordability.

— **2026's mid-year wobble** — regional-conflict jitters already produced the first price dips in five years (Fortune, mid-2026); whether they mark blip or turn will be visible in Q3–Q4 secondary-market data.

13.3 · The 2040 map: where infrastructure sends the next decade's demand

Dubai publishes its demand geography in advance. The **2040 Urban Master Plan** targets 5.8m residents organised around five urban centres, 60% of the city within 800m of mass transit, and a doubling of green/leisure space. The investable translation:

- **The Metro Blue Line (2029)** — 30km linking Creek Harbour, Festival City, International City and Silicon Oasis: the single clearest infrastructure-to-price catalyst of the pipeline; every prior metro line repriced its corridor by double digits.
- **Al Maktoum / Dubai South ($35bn airport program)** — the world's largest airport by design capacity (260m passengers), pulling logistics, aviation employment and eventually an Expo-City-anchored second urban core southwest; the decade's patient-money land story.
- **The waterfront ladder** — Dubai Islands (north), Creek Harbour (centre), Palm Jebel Ali (southwest): sequenced manufactured coastline bracketing the city, each with a decade of phased handover demand built in.
- **Established-core densification** — Sheikh Zayed corridor freehold conversions and DIFC's expansion adding the commercial floorplates the zero-vacancy core is starved of.

Overlaying Chapter 13's scenarios on this map produces our geographic conviction list: *accumulate along the Blue Line corridor and Dubai South on weakness (2026–27); hold the prime core throughout; let the launch-belt oversupply clear before adding there.* Infrastructure follows the plan in Dubai with unusual fidelity — the 2040 document is less a vision statement than a purchase-order schedule, and it is the closest thing to inside information a property investor can legally hold.

The Navy Capital *approach*

Six principles

1 · Income first. Buy assets that pay you to wait — completed, tenanted, 6%+ gross residential or 7%+ commercial. In a market that can trade sideways for years (2014–2020), yield is the return you control.

2 · Prime scarcity over mid-market beta. The pipeline lands overwhelmingly in the mid-market belt (JVC and its siblings). Waterfront, Downtown core, established villa communities and Grade-A commercial cannot be replicated by next year's launches — pay the premium, own the scarcity.

3 · Off-plan is a tool, not a default. Use it only with tier-one sponsors (Emaar, Nakheel, Meraas-class), in irreproducible locations (Palm Jebel Ali beachfront, Creek Harbour waterfront), sized so every instalment is payable from income without resale, and never for more than a third of a Dubai book.

4 · Underwrite net, not gross. Model service charges (AED 10–35/sq ft), voids (one month/yr), management (5–8% LTR, 15–25% STR), and the 4%-in/2%-out friction. A "9% yield" that nets 6.2% is still excellent — but underwrite the 6.2%.

5 · Structure before you sign. AED 2m+ buyers: claim the Golden Visa. Multi-asset or estate-planning buyers: hold via DIFC/free-zone SPV and register a DIFC will. Financing buyers: fix rates where offered — the peg means Fed policy is your policy.

6 · Five years minimum, sized for the drawdown. Enter only with a hold horizon that spans a cycle leg, and a position that survives −30% without forced sale. Dubai rewards patience extravagantly and punishes leverage-on-a-deadline just as reliably.

Model allocations by investor type

INVESTOR	SUGGESTED DUBAI MIX	PRIMARY VEHICLES
Income seeker ($0.5–2m)	2–3 tenanted apartments across JVC/Business Bay + Marina; LTR	Ready secondary units, 6.5–8% gross blend
Balanced family office ($2–10m)	Core prime (Downtown/Palm apt) + yield sleeve (Bay/JLT office floor) + one tier-one off-plan option	60/25/15; Golden Visa; SPV + DIFC will
Trophy / legacy buyer ($10m+)	Palm or Emirates Hills villa + commercial income block; Palm Jebel Ali beachfront as the decade option	Direct + institutional access; STR on trophy apt optional
Liquidity-first investor	Listed sleeve only, added on weakness	Emaar, TECOM, Emirates REIT/ENBD REIT

Illustrative frameworks, not personalised recommendations; suitability depends on circumstances, tax residence, and liquidity needs. Navy Capital clients: the desk maps these to live inventory on request.

14.3 · The execution playbook: from decision to deed in 90 days

PHASE	ACTIONS	WATCH-OUTS
Days 1–14 · Design	Define mandate (income vs growth vs residency); set budget incl. 7% costs; home-country tax advice; shortlist 2–3 districts from Chapters 8/10	Skipping tax advice — Dubai's 0% doesn't travel home with you
Days 15–35 · Source	Engage one RERA-licensed buyer-side broker; pull DLD transaction history for target towers; view 8–10 assets; obtain service-charge statements & rent rolls	Portal prices are asking, not clearing — negotiate from DLD data
Days 30–45 · Finance	Mortgage pre-approval (if leveraging); fix-vs-float decision; open UAE account or confirm remittance channel	Pre-approval before offer, not after — sellers discount certainty
Days 40–60 · Contract	Offer → MOU (Form F) with 10% deposit via trustee; conveyancer verifies title/NOC; developer NOC for resale units	Deposits only through registered trustee accounts, never direct
Days 55–75 · Complete	Transfer at DLD trustee office (often same-week); 4% fee + trustee fee paid; title deed issued digitally	Utility/chiller clearance letters — arrears follow the unit
Days 60–90 · Operate	Ejari registration; landlord insurance; management appointment (or DET permit for STR); Golden Visa filing if ≥AED 2m; DIFC will	The visa and will cost days now, months later

Ready-property timeline; off-plan replaces phases 4–5 with SPA execution and escrow instalment schedule. Navy Capital clients receive our vetted counterparty list — brokers, conveyancers, managers — on request.

VII

PART VII · CHAPTER 15 & APPENDICES

Risks & *reference*

What can go wrong, in order of consequence — and the tables to take to your next viewing.

What can go *wrong*

1 · The supply wave lands on schedule. ~250,000 units into 2027 against ~5% population growth is the arithmetic of a renters'-and-buyers' market. Mid-market prices and rents bear the brunt; owners in launch-belt districts should expect flat-to-negative marks and slower lettings through 2027 even in the base case.

2 · The cycle does what it has always done. Two corrections in twenty years, −50% and −30%. The protections built since (escrow, LTV caps, cash-heavy demand) argue for shallower troughs — they do not repeal cyclicality in a market this young, this fast, and this globally sentiment-driven.

3 · Geopolitics next door. Mid-2026's regional flare-up produced Dubai's first price dips in five years and a spike in insurance costs. Dubai's paradox: instability nearby drives safe-haven inflows and headline risk simultaneously. A genuine Hormuz-scale event would test which force wins.

4 · Imported monetary policy. The dirham's dollar peg means Fed tightening arrives regardless of local conditions. A US inflation resurgence = Dubai mortgage stress with no local recourse.

5 · Oil beneath the diversification. Dubai itself is a non-oil economy, but its buyers, banks and neighbours are not. A structural sub-$60 decade thins GCC liquidity that currently backstops the top of the market.

6 · Execution and micro risks. Developer-tail quality, service-charge inflation and governance disputes, STR regulatory tightening as supply floods the tourist districts, and — for off-plan — the assignment-market freeze that accompanies every downturn. Each is manageable with the diligence habits of Chapter 14; none is optional.

> *"Dubai has manufactured land, demand, and an asset class in twenty years. The one thing it has not manufactured is immunity from cycles — invest accordingly, and it remains among the most rewarding property markets on earth."*

The questions clients ask the desk

Can I really get my money out?

Yes — this is among Dubai's underrated strengths. No capital controls, full repatriation, a dollar-pegged currency, and same-week title transfer make exit friction administrative, not structural. The real liquidity constraint is market depth in your specific asset: a Marina 1BR sells in weeks in any tape; a fringe-district penthouse or strata office may wait quarters. Liquidity is chosen at purchase, not at sale.

Is off-plan safe now?

Safer than its reputation, riskier than its marketing. Escrow protects your instalments' use; nothing protects your completion-date market price. Tier-one sponsor + irreplaceable location + instalments you can fund from income = acceptable. Anything less is a levered bet on 2027's tape.

Apartment or villa?

Apartments for yield and liquidity (7%+ gross, deepest tenant and buyer pools); villas for scarcity and appreciation (land is the constraint apartments don't have — hence villas' outperformance since 2020). Portfolios of size should hold both; first purchases should match the mandate honestly.

What about Abu Dhabi, Ras Al Khaimah, Sharjah?

Real markets, different theses: Abu Dhabi offers stability and Saadiyat's cultural prime at lower yields; RAK is a levered bet on the Wynn casino-resort era (spectacular launch appreciation, thin secondary market); Sharjah serves yield-hunters at Dubai-commute prices. We treat them as satellites — after, not instead of, the Dubai core.

If I buy one thing after reading this report?

A completed, tenanted apartment with verified 6%+ net yield in a supply-constrained district, bought during the 2026–27 digestion at a negotiated price backed by DLD comparables, held five years minimum, with the Golden Visa filed. It is the boring trade — and the one the entire evidence base of this report supports.

> *"Dubai rewards two kinds of investors: the patient and the disciplined. It is merely kind, occasionally, to everyone else — and that kindness expires at cycle turns."*

Dubai real estate at a glance, 2025–26

INDICATOR	VALUE	NOTE
Total transactions 2025	AED 917bn / 270k+ deals	≈$250bn; +29% y/y; 5th record year
Residential sales 2025	AED 682.5bn / 214,912	+30.6% value; off-plan 62.6% of deals
Average price	AED 1,755/sq ft	Prime launches +8–12% launch-to-mid-year
Price run since 2020	+60–70%	Prime villas ~2× and above
Gross yields — apartments / villas	~7% / ~5%	JVC 7.5–9.5%; Int'l City 8–10%; Downtown 5–6.5%
Rent growth 2025 — apts / villas	+8.5–9% / +5.7%	RERA index caps in-contract rises
Prime office rents / vacancy	AED 380–540 / ~0%	DIFC–Downtown core; city Grade-A ~5%
Supply pipeline 2025–27	~250,000 units	~120k scheduled 2026; +16% stock vs +5% population
Fitch scenario	Correction up to 15%	2H25–2026; prime expected more resilient
Ownership / visa	60+ freehold zones; AED 2m Golden Visa	4% DLD fee; 0% property/rental/CGT taxes
Reclamation landmarks	Palm J. 110m m^3; The World 321m m^3	Palm Jebel Ali 2× size, handover from 2027

Appendix B · The buyer's ten-point checklist

— Title: verify freehold zone and clean DLD title/Oqood; use a RERA-licensed broker and registered conveyancer.

— Developer (off-plan): tier, delivery record, escrow account number on the SPA, RERA project status.

— Numbers: net yield after service charges (obtain 2 years of statements), realistic void and management costs.

— Rent position: in-place vs RERA-index market rent — embedded reversion is hidden value.

— Building health: owners' association minutes, sinking fund, chiller/utility metering (chilled-water bills surprise).

— Liquidity check: days-on-market and price history for the exact tower/community (DLD open data).

— Financing: pre-approval before offer; fix vs float with the peg in mind; 20–25%+ equity for investors.

— Structure: personal vs SPV; DIFC will for non-Muslim estate planning; home-country tax advice.

— Visa: if AED 2m+, file the Golden Visa — it costs little and options much.

— Exit: know your buyer-pool (end-user district or investor district?) before you enter.

Appendix C · Methodology & sources: Dubai Land Department and Dubai Media Office 2025 releases; Bayut & dubizzle H1-2025 rental reports; Engel & Völkers, fäm Properties, Chestertons and brokerage research; Fitch Ratings commentary (2025); Global Property Guide; Royal IHC/Van Oord engineering archives; The National, Zawya, Fortune reporting through mid-2026. Figures rounded; ranges reflect source variance. This report is general market commentary — not investment, legal, or tax advice.

Dubai's four market eras

ERA	PRICE PATH	DRIVER	LESSON
2002–08 · First boom	~+200%	Freehold decree + global credit + speculation	Off-plan without escrow is a futures market
2008–11 · First crash	−50–60%	Global crisis; leverage unwind; Dubai World standstill	Liquidity vanishes exactly when needed
2011–14 · Recovery	+50%	Safe-haven inflows (Arab Spring); Expo 2020 win	Dubai re-rates fast when the world wobbles
2014–20 · The long fade	−25–35%	Oversupply; strong dollar; oil slump; VAT	Corrections here can be slow grinds, not crashes
2020–25 · Second boom	+60–70%	Migration, visas, cash buyers, global repricing of Dubai	Policy (visas, openness) is a demand instrument
2026– · Digestion?	TBD	Record supply vs record demand	This report's Part VI

Glossary

DLD / RERA	Dubai Land Department (title registry) and its Real Estate Regulatory Agency (brokers, developers, escrow oversight).
Freehold zone	Designated district where any nationality may own perpetual, inheritable title.
Off-plan / Oqood	Purchase before completion; Oqood is the interim registration protecting the buyer's contractual right.
Escrow account	Project-specific account holding buyer instalments, released to the developer only against certified construction progress.
Ejari	Mandatory rental-contract registration; the backbone of the RERA rent index and tenant protections.
Golden Visa	10-year renewable UAE residency; property route at AED 2m+ of qualifying ownership.
Service charge	Annual owners' levy (AED/sq ft) funding building operations — the largest recurring cost of ownership.
Gross vs net yield	Rent ÷ price, before vs after service charges, voids, and management — typically a 0.8–1.5pp gap.
STR / ADR	Short-term rental; Average Daily Rate. DET-permitted holiday-home letting.
Handover / snagging	Completion delivery of an off-plan unit; the buyer's defect inspection before acceptance.

Reader questions on any term or table: hello@navycapital.info — the Navy Capital desk answers every message.

Navy Capital

PRIVATE WEALTH · RESEARCH DESK

hello@navycapital.info · +1 (276) 258-9857 · navycapital.info

DISCRETION · DISCIPLINE · DUTY