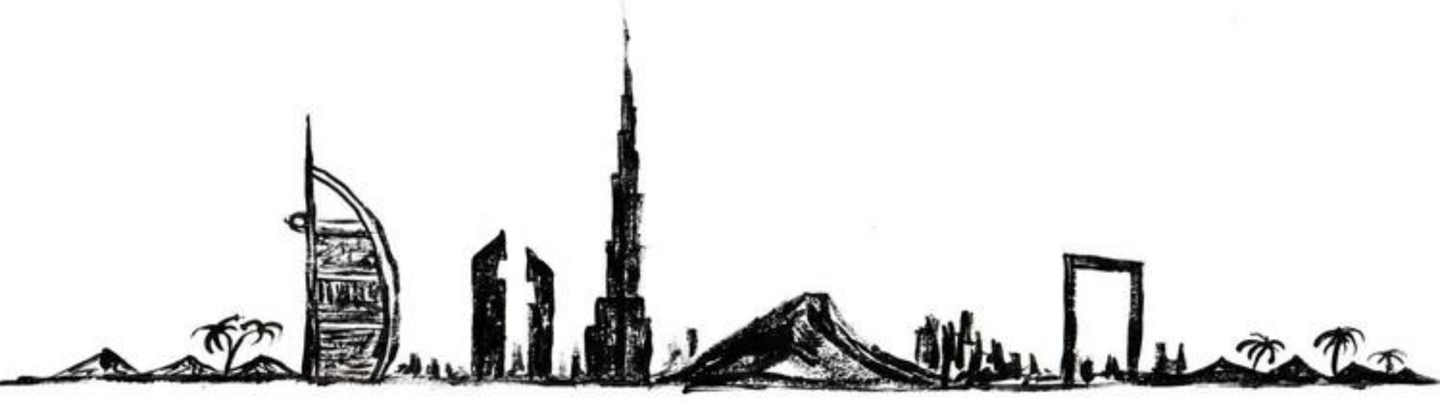
DUBAI RESIDENTIAL MARKET COMMENTARY

March-2026



FOREWORD

Message from the CEO

Dubai's real estate market has consistently demonstrated resilience through periods of global and regional uncertainty. From financial crises to geopolitical tensions, the emirate has repeatedly strengthened its position as a stable destination for international capital, talent, and long-term investment. Today's regional instability inevitably raises questions for investors, but history suggests that Dubai often benefits from these periods as global capital seeks safe, well-regulated markets with strong growth fundamentals.

At Fortify Group, we believe it is essential to analyse these moments through a balanced and data-driven lens. This report examines how current geopolitical developments may influence Dubai's real estate market within the residential sector, keeping in view the impact from acute market shocks in the past.

My perspective on this topic is informed by my experience in development and project delivery within Dubai's residential sector, and my earlier background in crisis and humanitarian management, where assessing risk and navigating complex environments during periods of instability were central to the role. The Fortify team brings extensive experience across development, construction, and real estate investment in the UK, Europe, and the Middle East, providing a practical and multidisciplinary view of how markets respond to uncertainty.

While short-term volatility may influence sentiment, Dubai's structural strengths rendering it an investment destination remain in place. Periods of uncertainty can create compelling opportunities for investors with a long-term outlook, and it is our belief that the current environment will give way to long term growth.

Thomas Joseph
Founder & CEO
Fortify Group

KEY TAKEAWAYS

- Dubai's residential real estate market has experienced relatively swift stabilization in periods of acute market shock in the past and resumed growth supported by international capital inflows, population growth, and a favourable tax environment.
- Periods of market uncertainty can create attractive acquisition opportunities as transaction activity slows and competition for assets reduces in the short term.
- The refurbishment timeline allows market volatility to stabilise, aligning the sale of completed homes with improving market confidence and liquidity.
- Established villa communities continue to show sustained demand from long-term residents, relocating families, and international buyers, as new supply within mature neighbourhoods remains limited.
- Transaction data from the Meadows community during COVID indicates that activity slowed temporarily but did not collapse, with median prices stabilising and recovering within the same year.

VALUE CREATION & MARKET CONTEXT

FORTIFY VALUE CREATION

While global volatility often impacts short-term sentiment and liquidity, **Dubai's residential market has a history of decoupling from external economic pressure in the medium to long term.** The city's status as a tax-efficient, internationally connected hub continues to attract the global capital and talent necessary to drive rapid recoveries.

Within this landscape, the **prime villa segment** remains a standout. Established villa communities benefit from structural demand driven by long-term residents and relocating families while simultaneously facing a constraint on new supply.

We recognize that during periods of uncertainty, blue-chip assets can experience temporary price softening as buyers turn cautious. However, they historically exhibit quicker rebound potential than speculative assets. For well-capitalized investors, this short-term dislocation creates a **strategic window for acquisition.**

Fortify's model is purpose-built for this environment. By acquiring under-optimized villas in mature neighborhoods and transforming them into modern family homes, we align ourselves with market observations. This approach allows us to capitalize on temporary market softening to deliver high-quality, "future-proofed" assets with the potential for expeditious price recovery as stability returns.

Stabilisation

The refurbishment and repositioning of family homes involves a defined delivery period during which short-term market volatility can stabilise.

Timing

Acquiring assets during periods of reduced competition, completing renovation works while the market absorbs uncertainty, and bringing finished homes to market as confidence and liquidity return

Optimization

Fortify aims to align the sale of completed assets with improving market conditions,

To illustrate this principle, the following pages examine the performance of the **Meadows community within Emirates Living during the COVID period**, the most recent global disruption affecting Dubai's property market.

The data highlights how an established villa community experienced only a short-term pause before entering a period of strong price appreciation.

This historical performance provides a useful case study demonstrating the **resilience of mature villa markets**, which underpins Fortify's investment strategy.

GLOBAL CONTEXT

The global investment environment is currently shaped by several overlapping pressures. Following years of expansive monetary policy and liquidity creation, some financial markets show signs of excess, particularly in technology equities linked to AI. At the same time, geopolitical tensions and oil market volatility continue to contribute to broader economic uncertainty.

In this environment, investors are increasingly seeking stable jurisdictions and tangible assets. Dubai continues to attract international capital due to its political stability, favourable tax environment, and strong global connectivity. Importantly, Dubai's real estate market is maturing. Regulatory reforms by the Dubai Land Department (DLD) and the Real Estate Regulatory Agency (RERA) have strengthened transparency, improved escrow protections, and reduced speculative leverage.

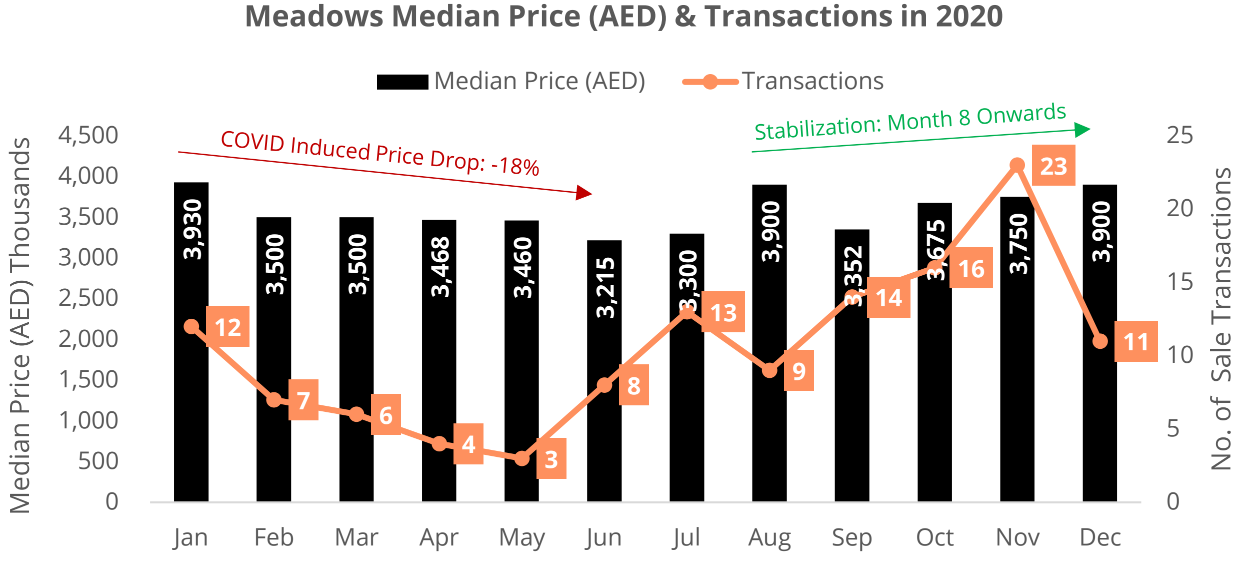
Capital inflows into the UAE are expected to continue in the long term remain robust, supported by the country's role as a regional safe haven for wealth, business relocation, and long-term residency through initiatives such as the Golden Visa programme.

Overall, current conditions reflect measured sentiment volatility rather than structural weakness, with no indicators of systemic distress, widespread forced selling, or capital flight in the Dubai residential market.

MARKET BEHAVIOUR DURING COVID
Evidence from Meadows, Emirates Living

Analysing the COVID Pandemic as a recent example of acute market shocks impacting the Dubai Real Estate market and focusing on the Meadows community within Emirates Living, the data shows the following pattern:

SHORT-TERM SOFTENING → DEMAND RETURNS → STRONG APPRECIATION



1. Initial COVID reaction – short-term uncertainty, not collapse

When COVID began (Feb-2020), there was a temporary pullback in prices corresponding with reduced transaction volume.

<u>Interpretation</u>
- Buyers initially became cautious due to global uncertainty.
- Subsequently transaction activity dropped by up to 75% by May compared to January.
- Despite a precipitous drop in transaction volume, median transaction prices within Meadows fell mid year (June) by 18%, indicating the community's relatively strong pricing power.
- Median prices and transaction volumes **returned to pre-COVID levels by the end of year.**

2. Demand shift during COVID – villas and space became more desirable

A prevalent pattern in Dubai during COVID was the "space effect": buyers moved away from apartments and toward larger homes with gardens.

The Meadows fits this demand pattern as an established villa community, with large plots, mature landscaping and family-orientated environment.

<u>Conclusions</u>
- Transaction volume dropped precipitously within a 6-month period, only to rebound fully within the year.
- The reduction in transaction activity resulted in an **18% decline in median prices in the community within 6 months.**
- **Transaction volume and pricing both recovered to pre-COVID levels within 12 months**.
- This suggests buyers saw and continue to see Meadows as a safe long-term residential asset, not just an investment trade.
- For Fortify, this supports the strategy of acquiring and renovating villas within established communities where underlying end-user demand is structurally strong.

Source: *DXB Interact*

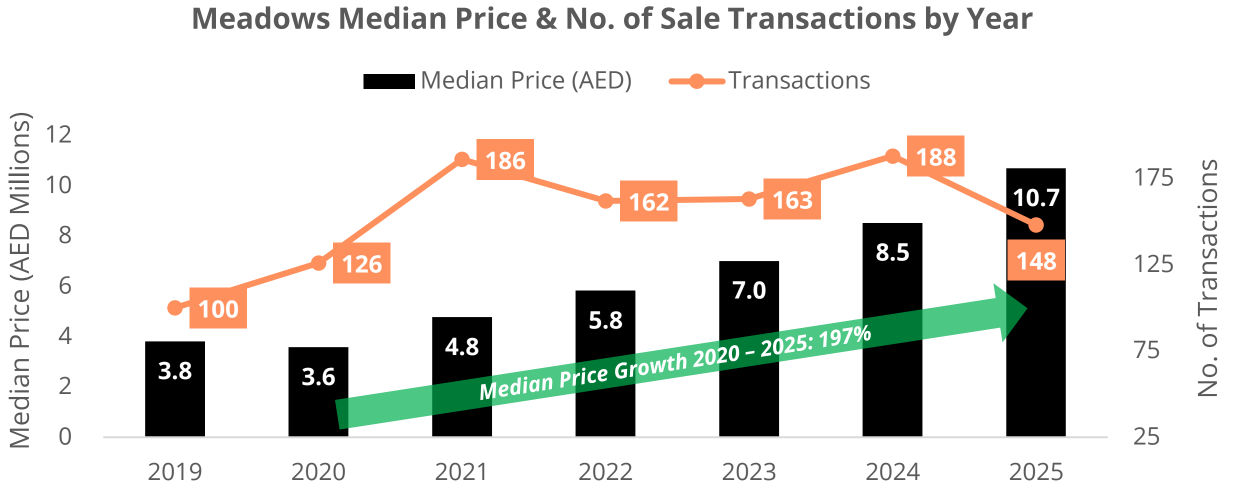
MARKET BEHAVIOUR DURING COVID
Evidence from Meadows, Emirates Living

3. Strong post-COVID growth

Significant price appreciation has been observed in the Meadows community following the COVID period.

2025 Market Indicators:
- Median Price (2025): ~ AED 10.7M
- Average Price per Square Foot (2025): ~ AED 1,668
- Total Transactions (2025): ~ 148

Compared with COVID-era median pricing of **AED 3.6M**, this represents **capital growth** in the range of approximately **197%**.



The Strength of Mature Villa Communities in Dubai

The data set out above highlights the resilience and long-term value of mature villa communities.

While the pandemic initially created a brief period of uncertainty, transaction activity continued and prices quickly stabilised before entering a strong growth phase. Post-COVID, both median prices and price per square foot increased significantly while buyer demand remained consistent, demonstrating sustained market confidence in established communities.

Importantly, these communities tend to attract long-term end users rather than short-term investors, meaning buyers are typically families who intend to live in Dubai for extended periods. This creates a more stable ownership base and provides greater protection against speculative market swings.

For investors, the data reinforces that focusing on mature communities for redevelopment is a compelling strategy. These areas combine proven demand, limited supply, and strong value appreciation, while offering opportunities to unlock additional upside through refurbishment or redevelopment within a fundamentally stable, end-user-driven residential market.

We anticipate that short-term sentiment volatility may create opportunities to acquire assets at more attractive entry levels. Accordingly, in the near term we will be targeting **bid levels approximately 15–20% below prevailing current asking prices**, reflecting the potential for temporary market caution while maintaining discipline around acquisition pricing.


Thomas Joseph
CEO & Founder

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Source: *DXB Interact*