Dubai Residential

The Ides of March

Examining the Effects of Geopolitical Conflict on the Rental Market

GCP GROUP • REIDIN

Executive Summary

- **Citywide Analysis**

  Citywide rental activity recorded a pronounced contraction in March, with both new and renewed contract registrations declining materially across all intervals. While April showed signs of recovery in volumes, activity remains below prior-quarter levels, with new registrations also still trailing on a year-on-year basis. Rental transaction prices followed a more gradual but consistent easing trend, with declines observed in both March and April after a period of subdued momentum in January and February.

- **Community Volumes Analysis**

  Rental volumes reflect a broad-based moderation trend, with many submarkets exhibiting sequential declines from February through April. In a large number of communities, both new and renewed registrations had already begun to soften prior to March, with April data largely reinforcing the persistence of this trend. While some communities show stabilization or marginal recovery in one segment, volumes remain generally weaker on a year-on-year (YoY) basis. At the same time, there are isolated instances where the contraction appears more abrupt or delayed, particularly where activity had remained elevated into March before declining in April.

- **Community Rental Transaction Price Analysis**

  Community-level rental transaction prices exhibit a broad-based but uneven moderation from February through April. A common pattern emerges whereby earlier gains, particularly in January and February, are progressively unwound through March and April, pointing to a multi-stage normalization process rather than a single-point correction. At the same time, the adjustment is not uniform. In several communities, only one side of the market (new or renewed) had begun moderating earlier, while the other followed in subsequent months. There are also isolated instances of delayed or more abrupt reversals, particularly where pricing remained resilient into March before declining in April.

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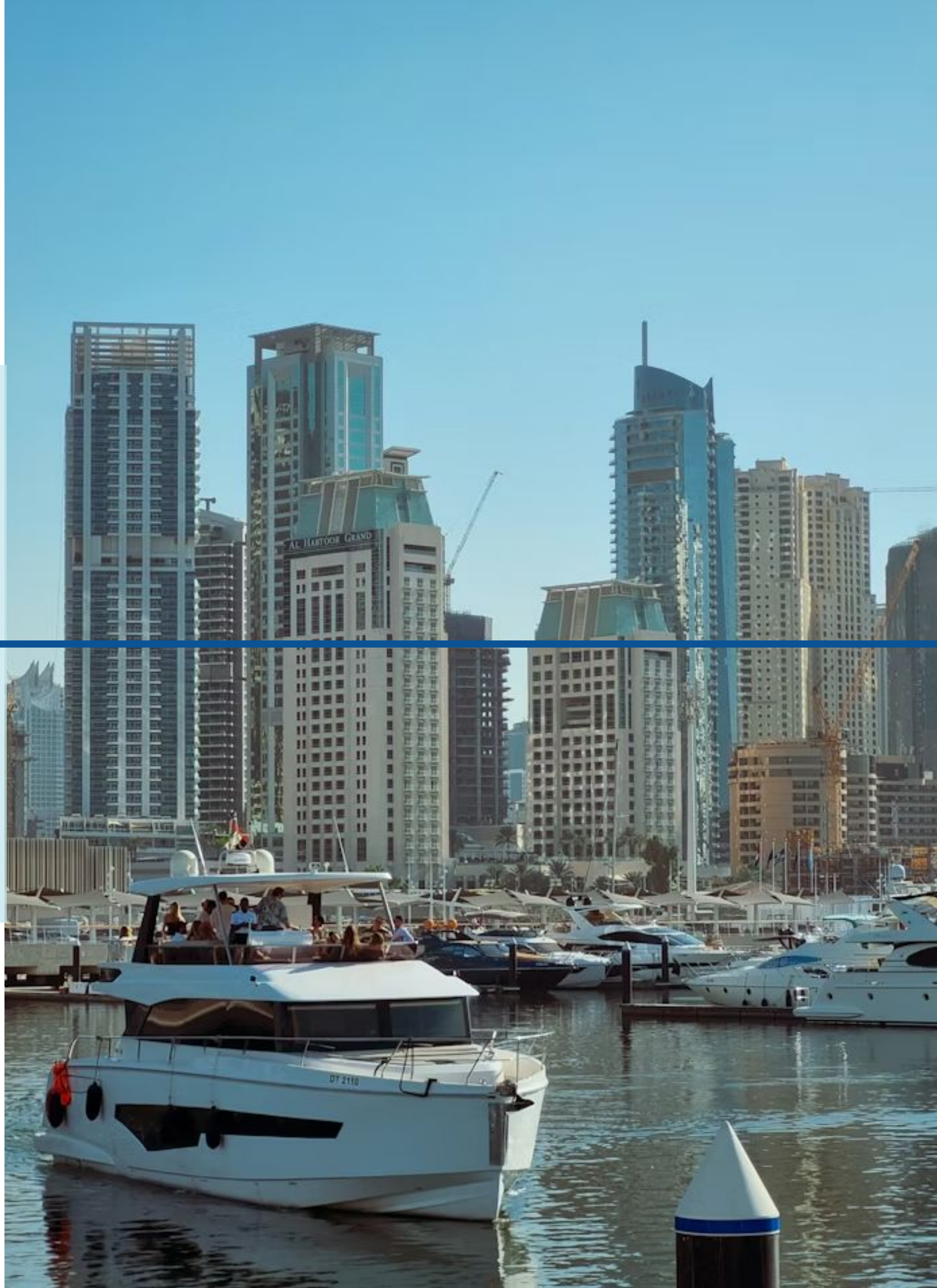
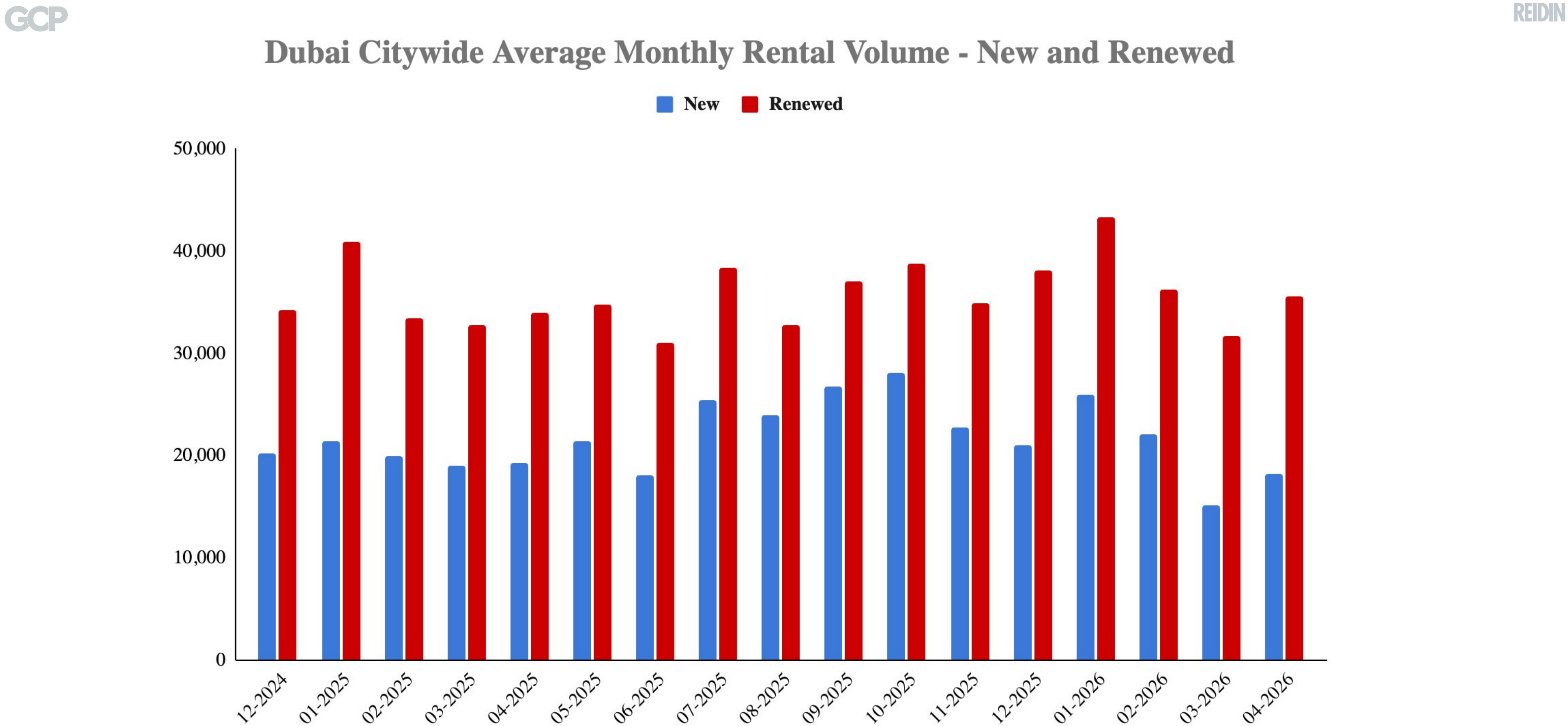
Citywide Analysis

"Learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning."

– Albert Einstein

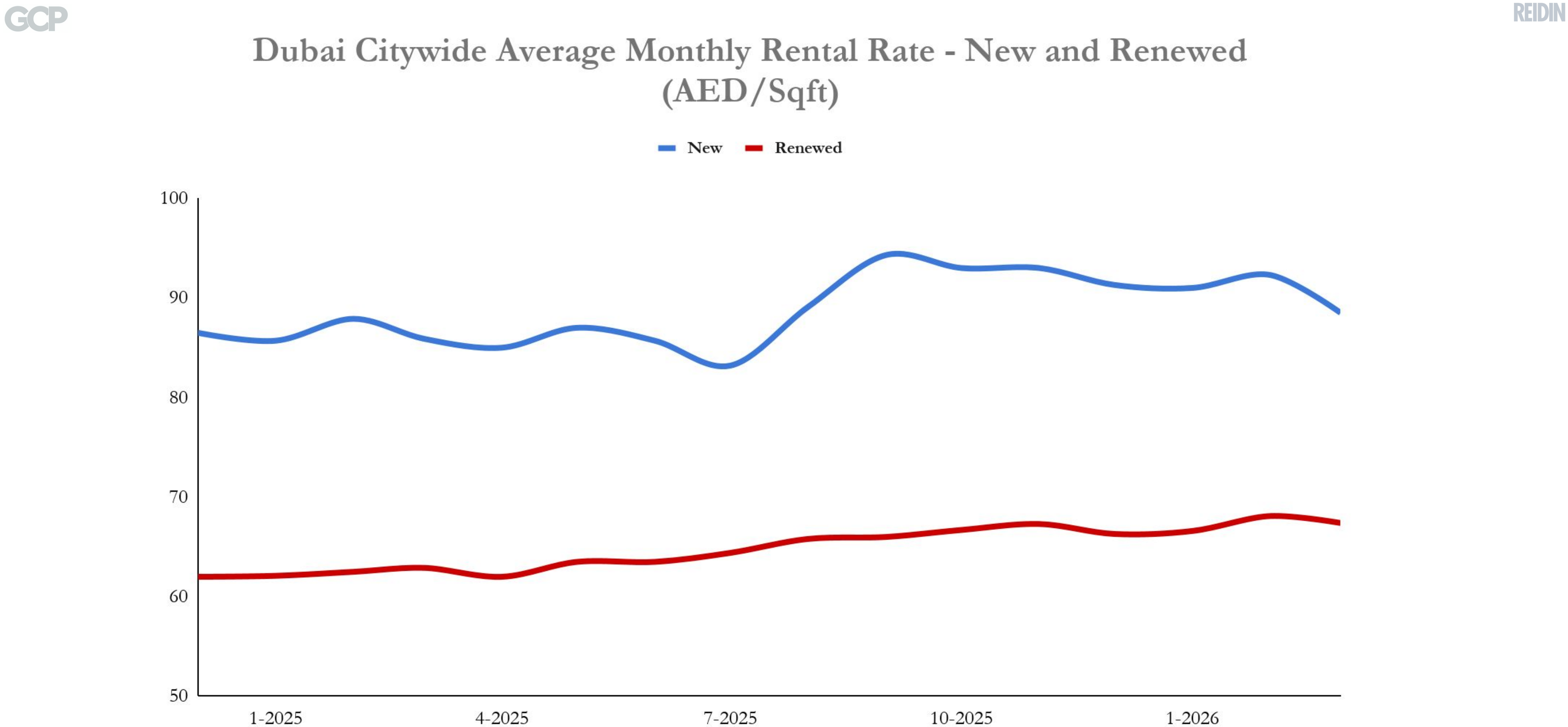


Rental Registration Volume



As shown in the graph above, both new and renewed rental contract registration experienced compression in March, with volumes down by 31.53% and 12.53% MoM, 28% and 16.7% QoQ, and 20.67% and 3.2% YoY (respectively for new and renewed). However, a similar pattern was evident in February, where volumes were down 15.14% and 16.26% MoM. Furthermore, although both new and renewed volumes showed signs of recovery in April, they remained lower on a QoQ basis (by 30.06% and 17.94% respectively), and new volumes also remain 5.35% lower on a YoY basis.

Rental Rates

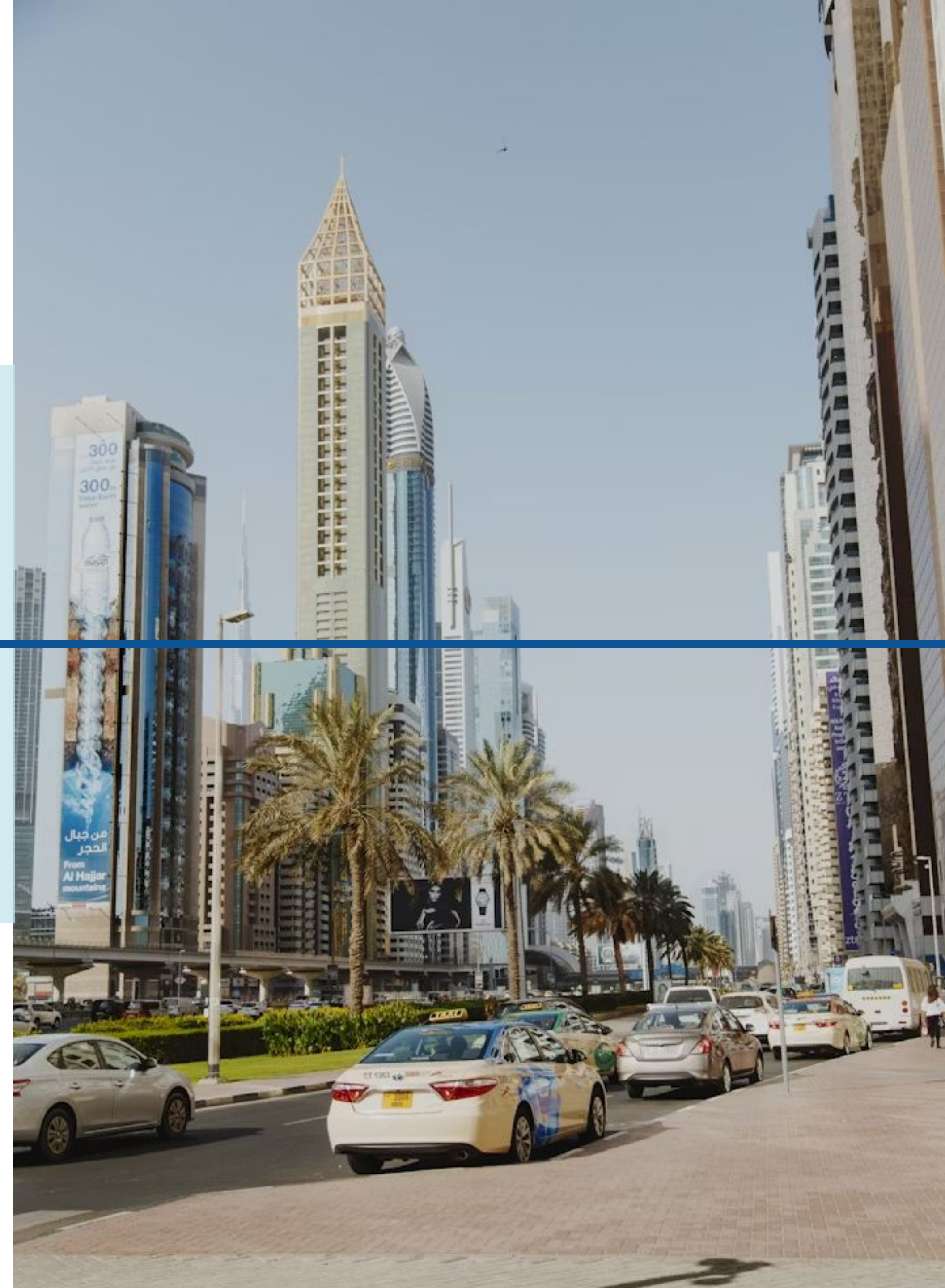


A slightly different pattern is evident in the citywide rental transaction prices. March saw a 4.12% and 1.03% softening for new and renewed rental transaction prices respectively, which was followed by a further 4.75% and 1.34% contraction in April, but this came on the heels of very low growth in February and a virtually flat January. As such, it seems reasonable to conclude that the market was already exhibiting signs of moderation following a sustained period of growth in 2025.

Community Volumes Analysis

"The man who lies to himself and listens to his own lie comes to a point that he cannot distinguish the truth within him.”

- Fyodor Dostoevsky



Al Furjan

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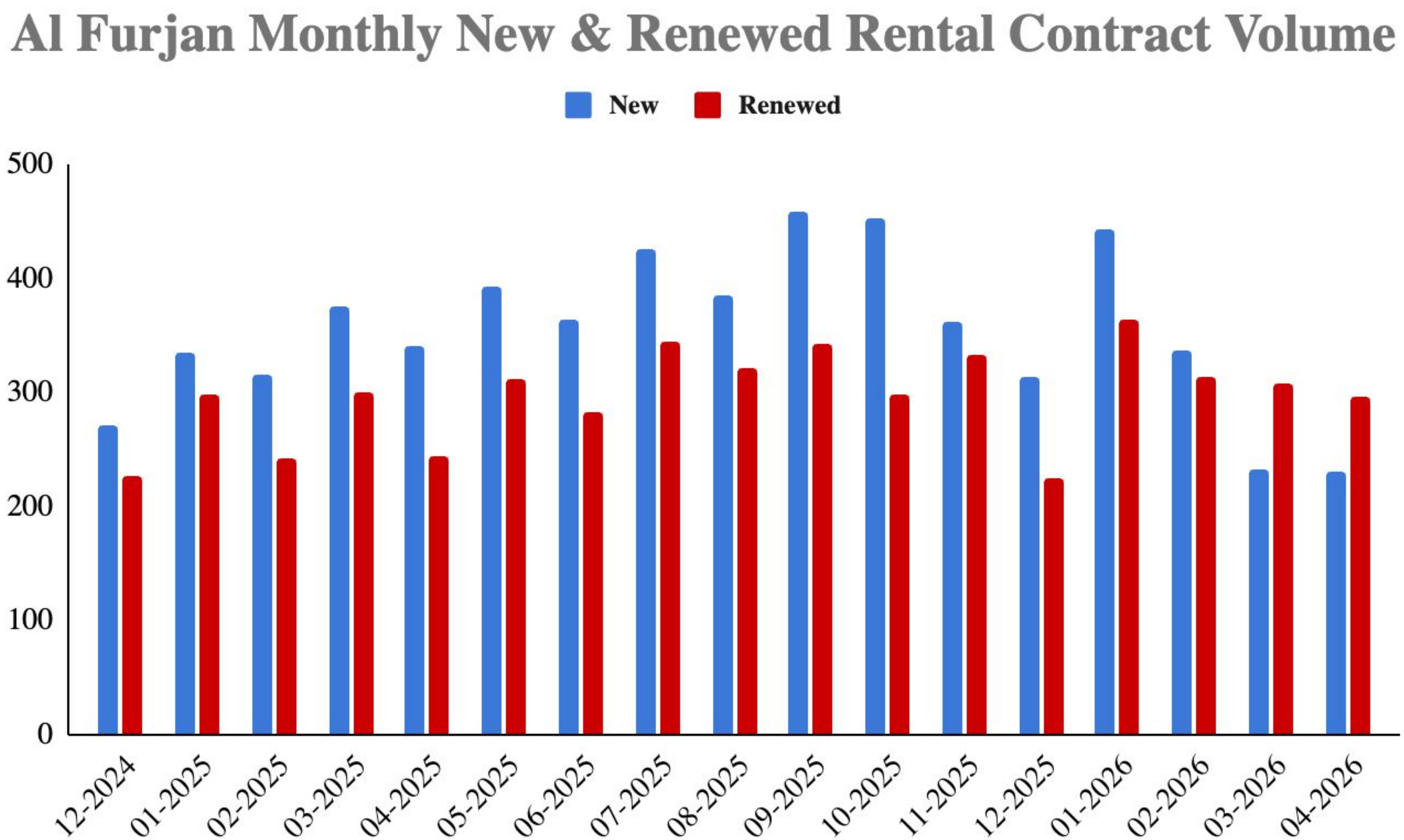
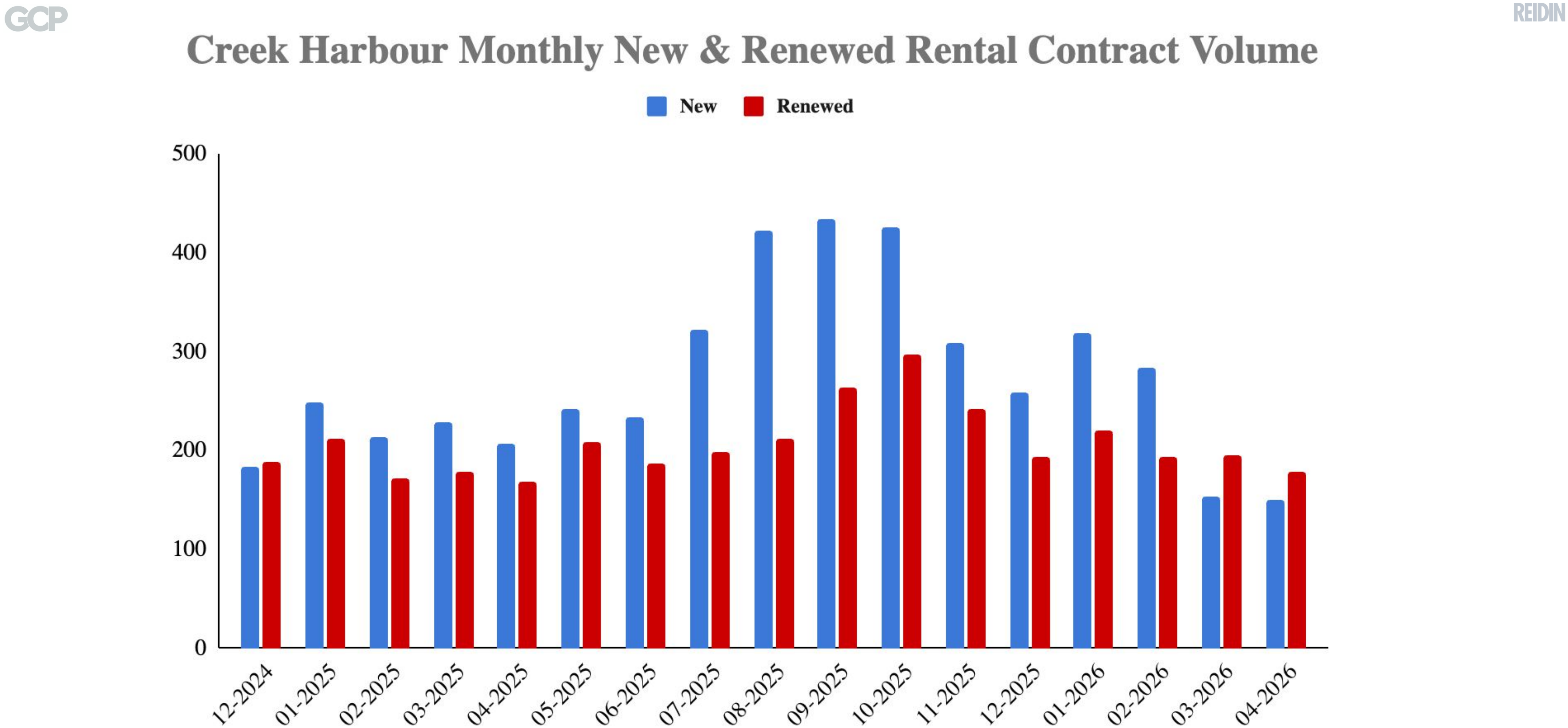


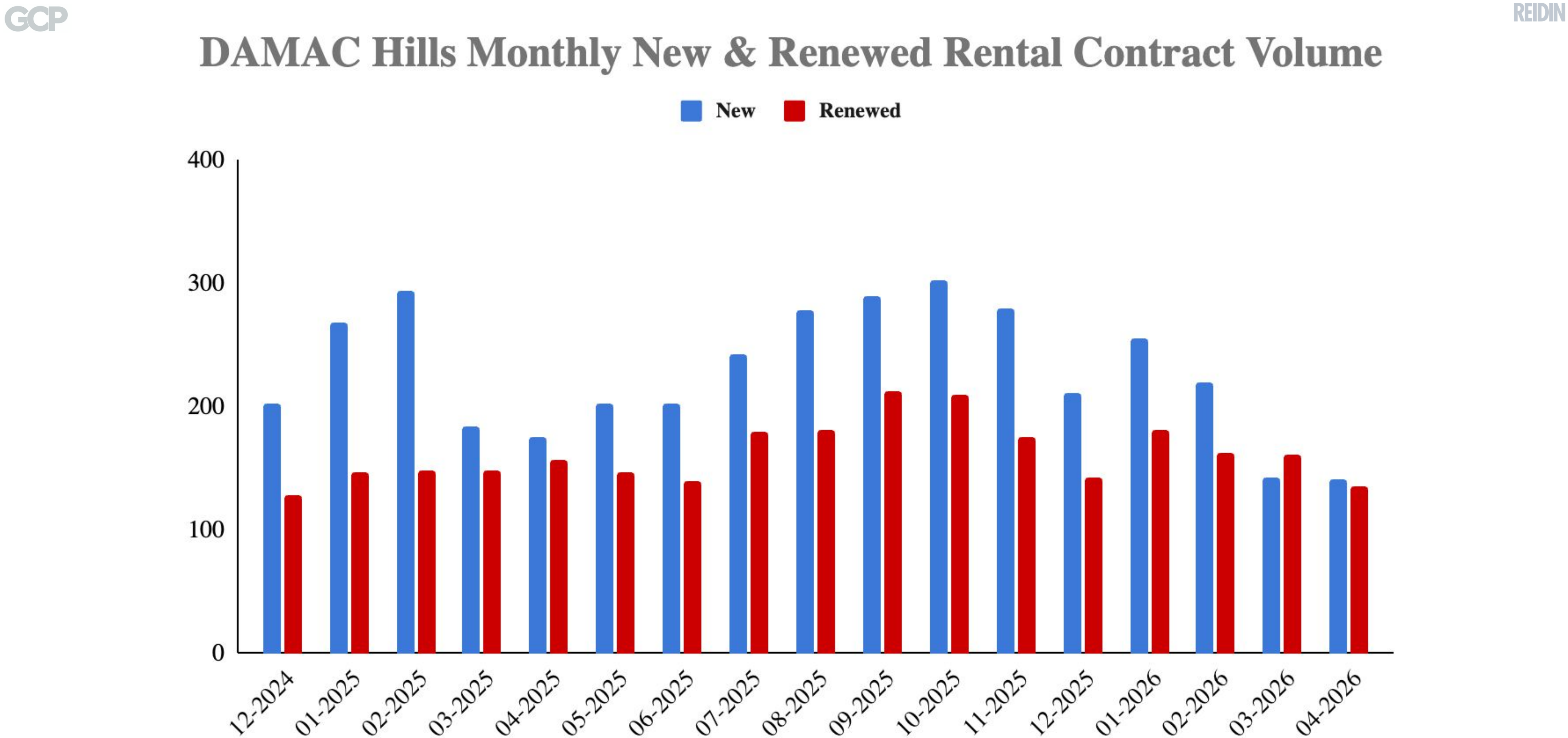
Al Furjan is an example of a community wherein rental registration volumes exhibited signs of softening prior to the conflict. February saw new and renewed rental registrations contract MoM by 24.1% and 14% respectively, which was followed by a further 30.86% and 1.92% easing in March, and a 1.3% and 3.26% softening in April.

Creek Harbour



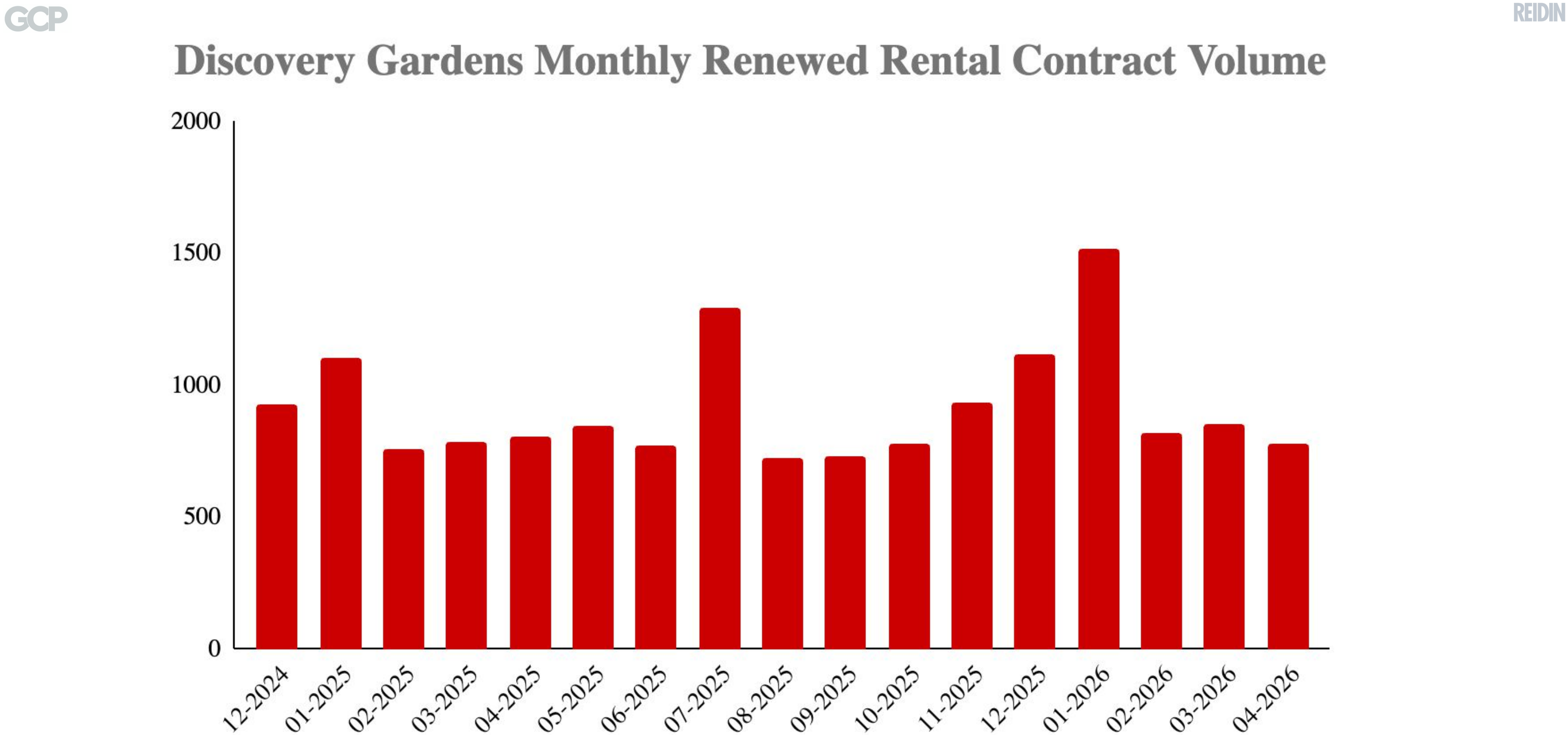
Likewise, rental registrations softened by 10.7% and 12.27% MoM for new and renewed contracts respectively in February in Dubai Creek Harbour, which was followed by a subsequent easing of 45.77% for new contracts in March (while renewals remained virtually flat), and a further compression of 2.6% and 8.21% in April.

DAMAC Hills



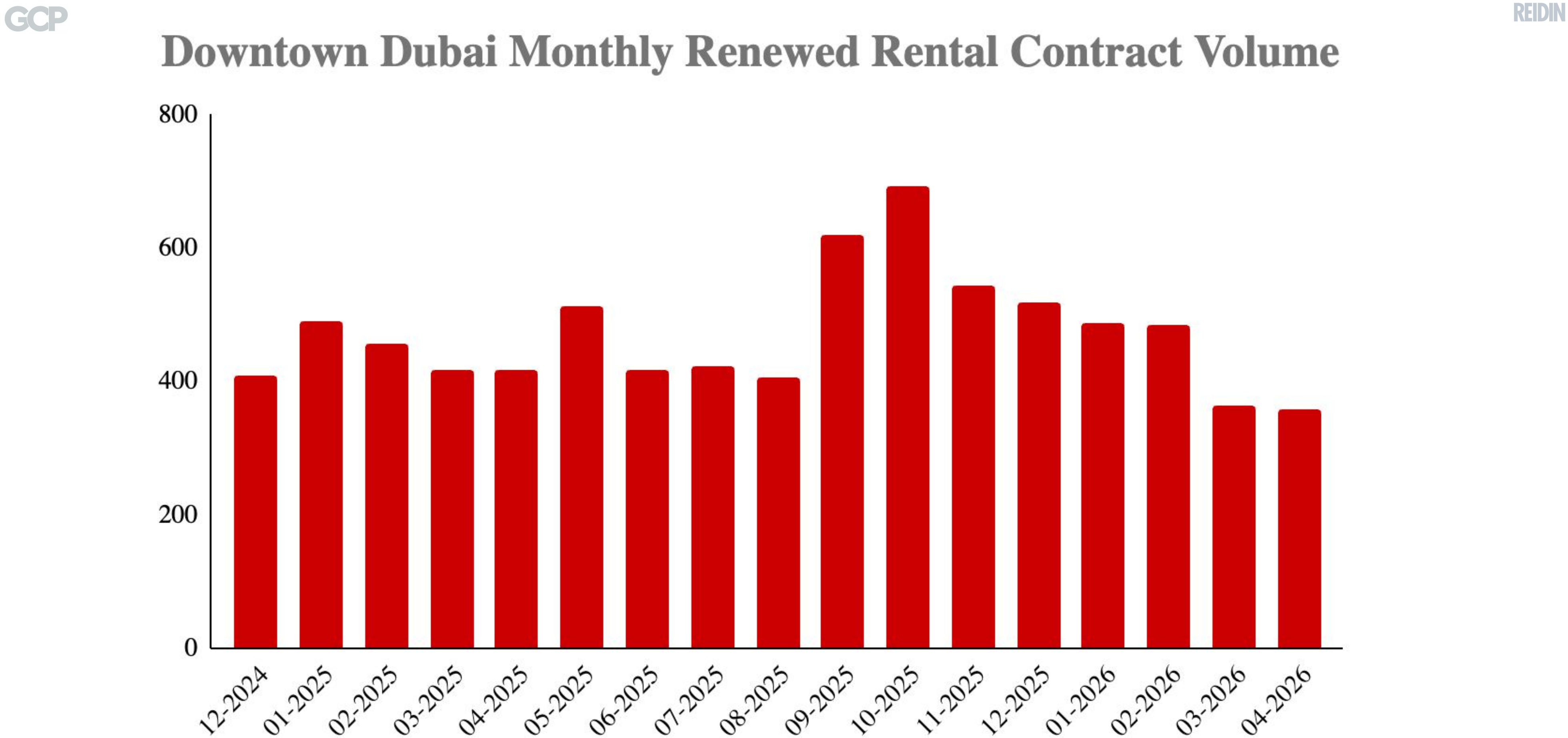
DAMAC Hills is another example where February saw rental volumes ease MoM by 14.45% and 10.5% for new and renewed registrations respectively, before softening by a further 35.16% in March for new rentals (while renewals remained virtually flat); a dynamic which flipped in April, as new registrations were effectively flat, while renewals were 16.15% lower.

Discovery Gardens (Renewed)



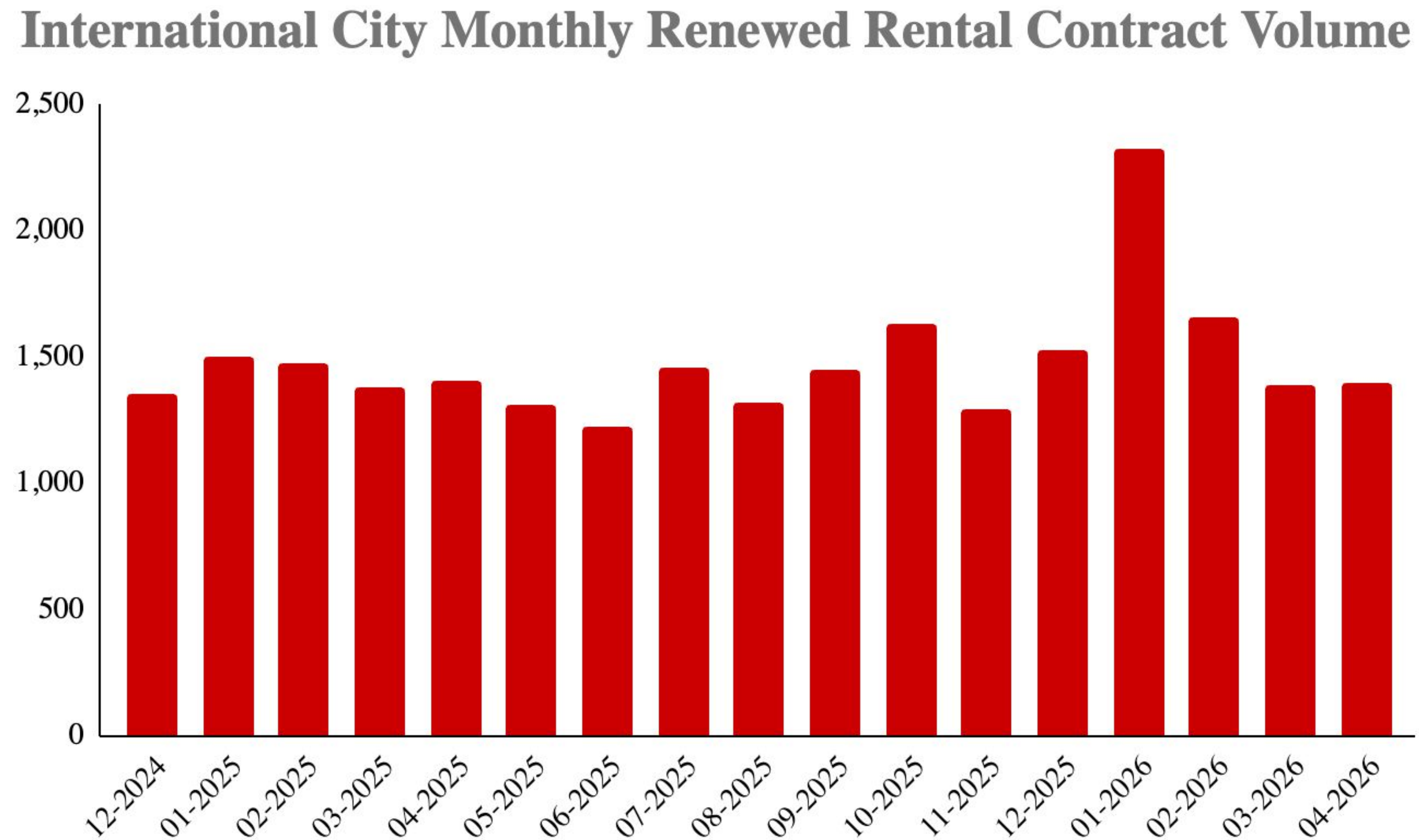
There are also examples of communities where only one of new or renewed rental volumes were exhibiting signs of a pattern of moderation prior to the outbreak of the war, and thereafter continued on that path. One such community is Discovery Gardens, where renewed rental volumes were down 46.04% MoM in February. March saw a brief and slight recovery, but this was undone by a further 8.46% easing in April.

Downtown Dubai (Renewed)



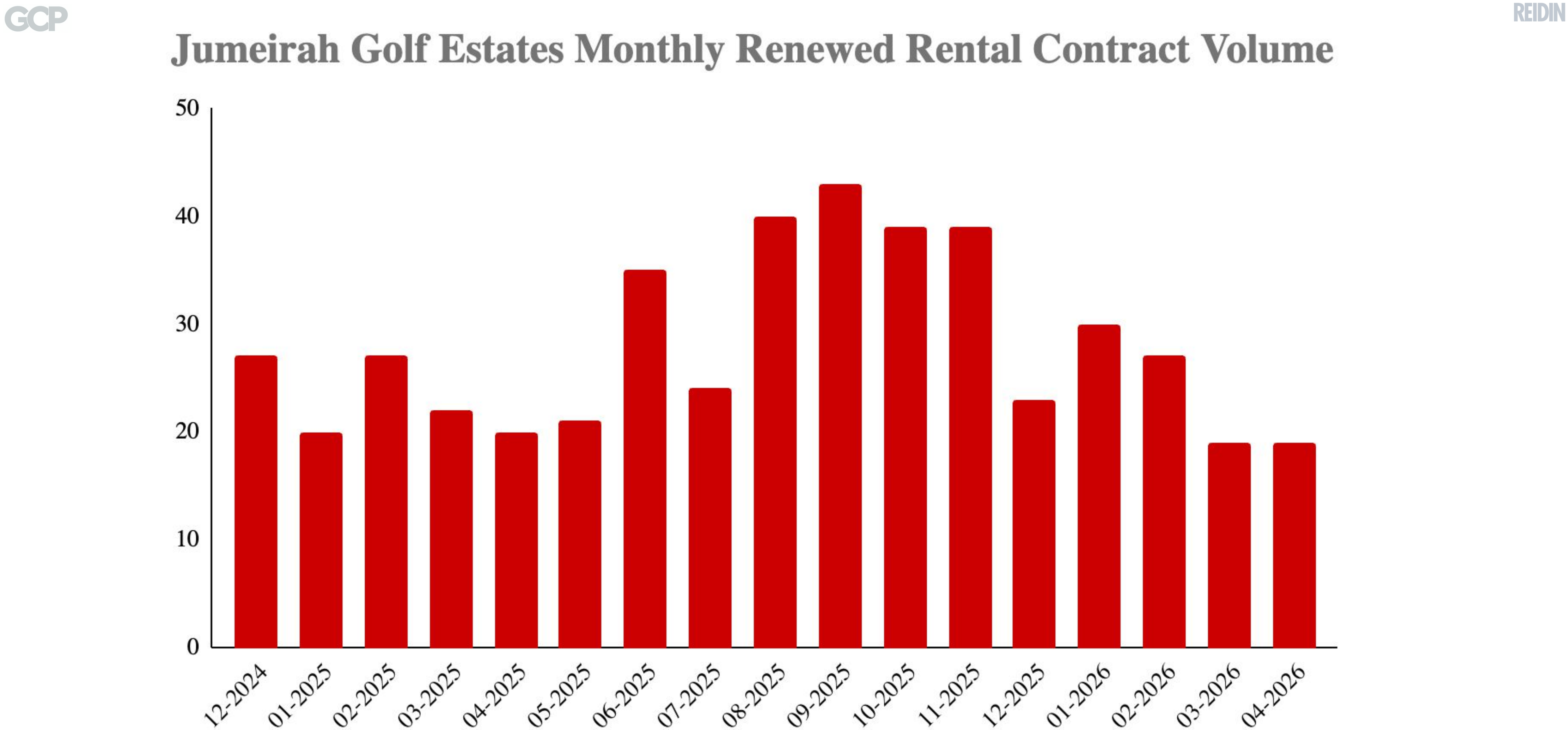
Similarly, Downtown Dubai's renewed rental registrations saw monthly softening for four consecutive months between October 2025 and February of this year, which continued to the tune of 25% and 1.1% in March and April. As a result, renewed registrations, as of end of April, remain 13.7% lower than at the same point last year.

International City (Renewed)



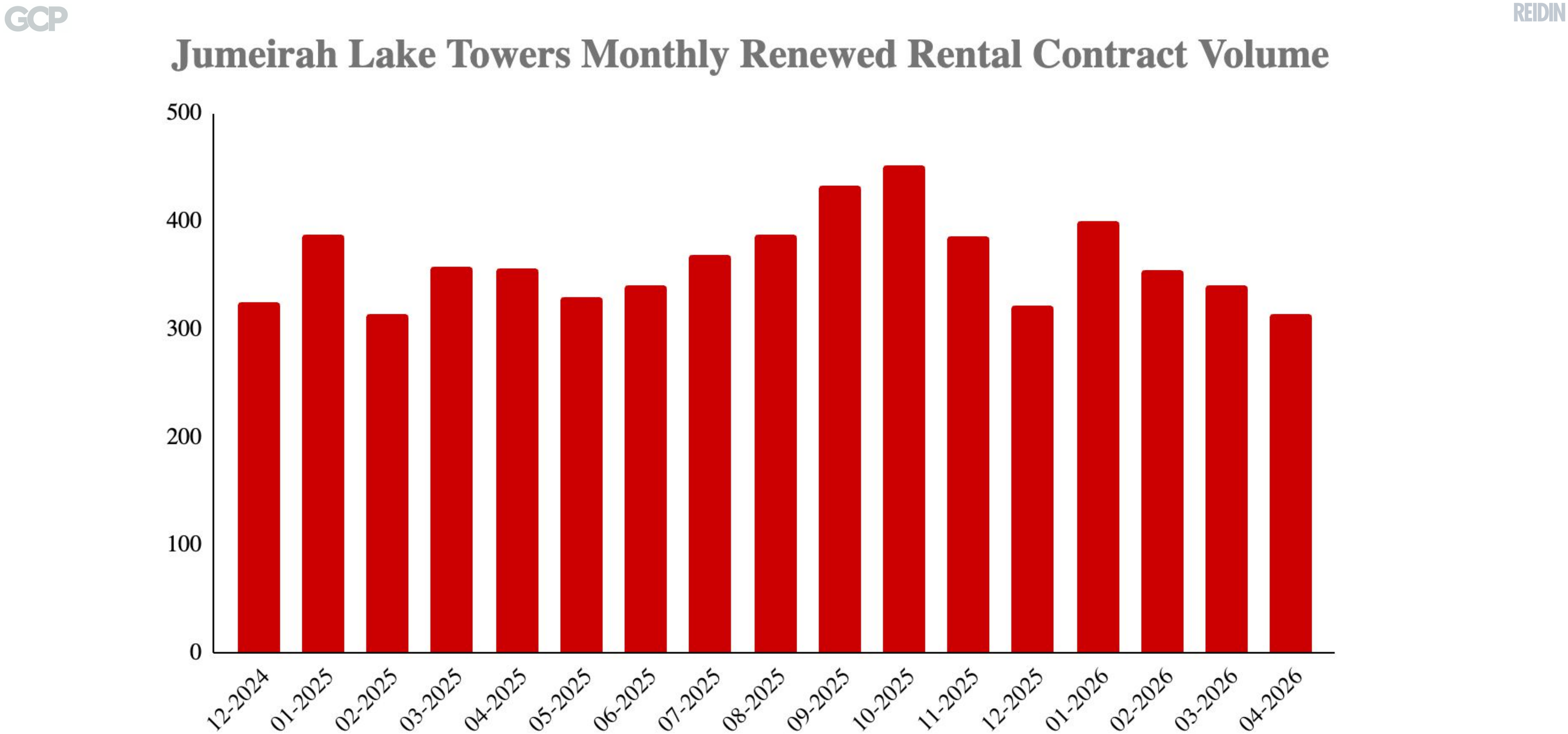
The same is evident in International City, where renewed volumes were down 28.67% MoM in February, followed by a further 16% contraction in March, and a flat April. This largely due to an anomalously large month in January, which was an eighteen-month high for renewed contract registrations, following which volumes seem to have reverted back to the mean.

Jumeirah Golf Estates (Renewed)



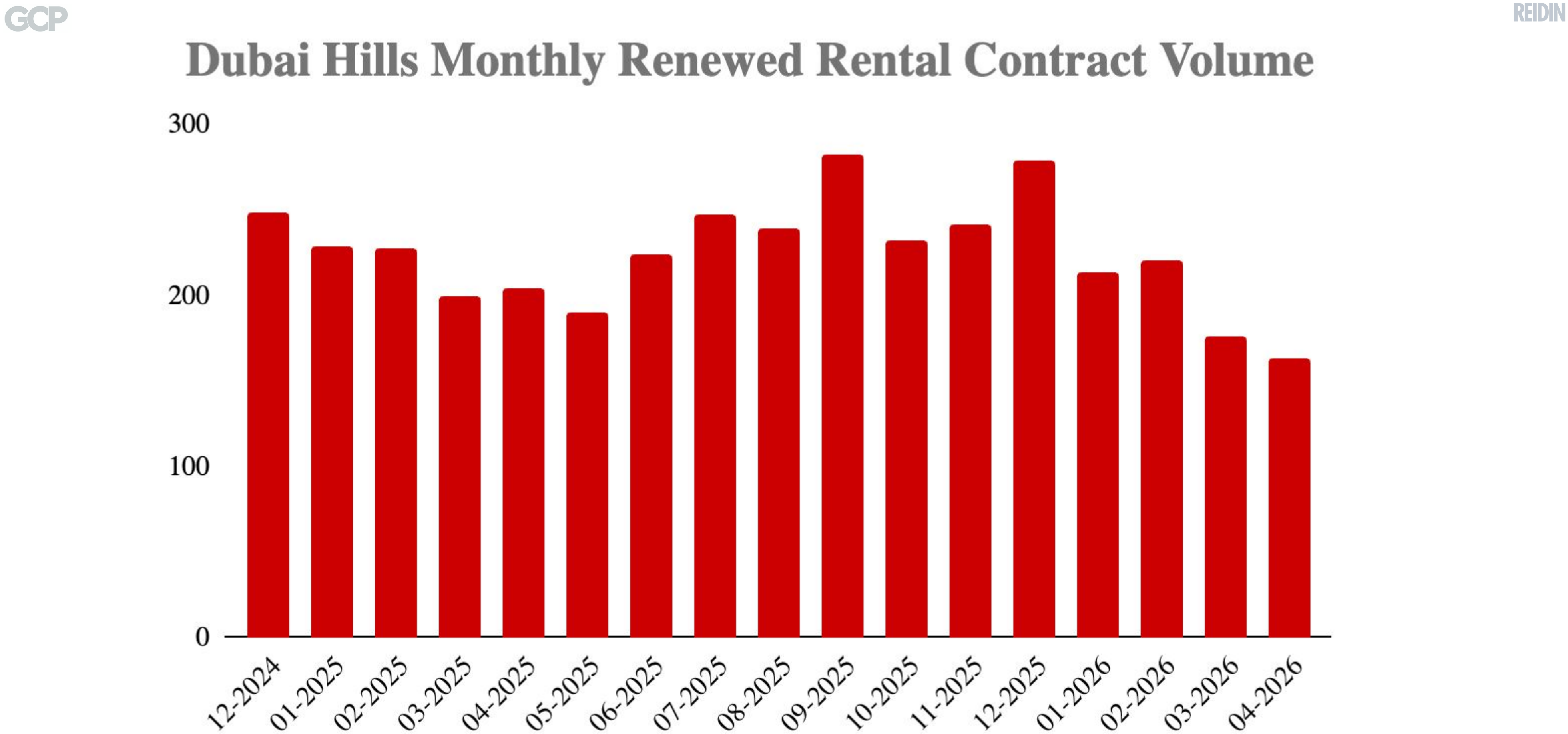
Jumeirah Golf Estates also saw renewed rental registrations cool by 10% MoM in February, following which they compressed by a further 29.63% in March and remained flat in April. As a result, renewed rentals in JGE remain 5% lower as of April 2026 as compared to the same point last year.

Jumeirah Lake Towers (Renewed)



The same phenomenon can be found in JLT, which saw its one-year peak in renewed rental registrations in October, followed by a sustained contraction. After a brief recovery in January, volumes contracted by 11.5% MoM in February, followed by a further 3.67% in March and 8.21% in April.

Dubai Hills (Renewed)



Similarly, Dubai Hills has seen renewed rental registrations moderate following a strong month in December 2025. January recorded a 23.3% MoM contraction, which was followed by a slight and brief recovery in February, but March and April resumed the trend of correction with 20% and 7.4% adjustments downwards respectively.

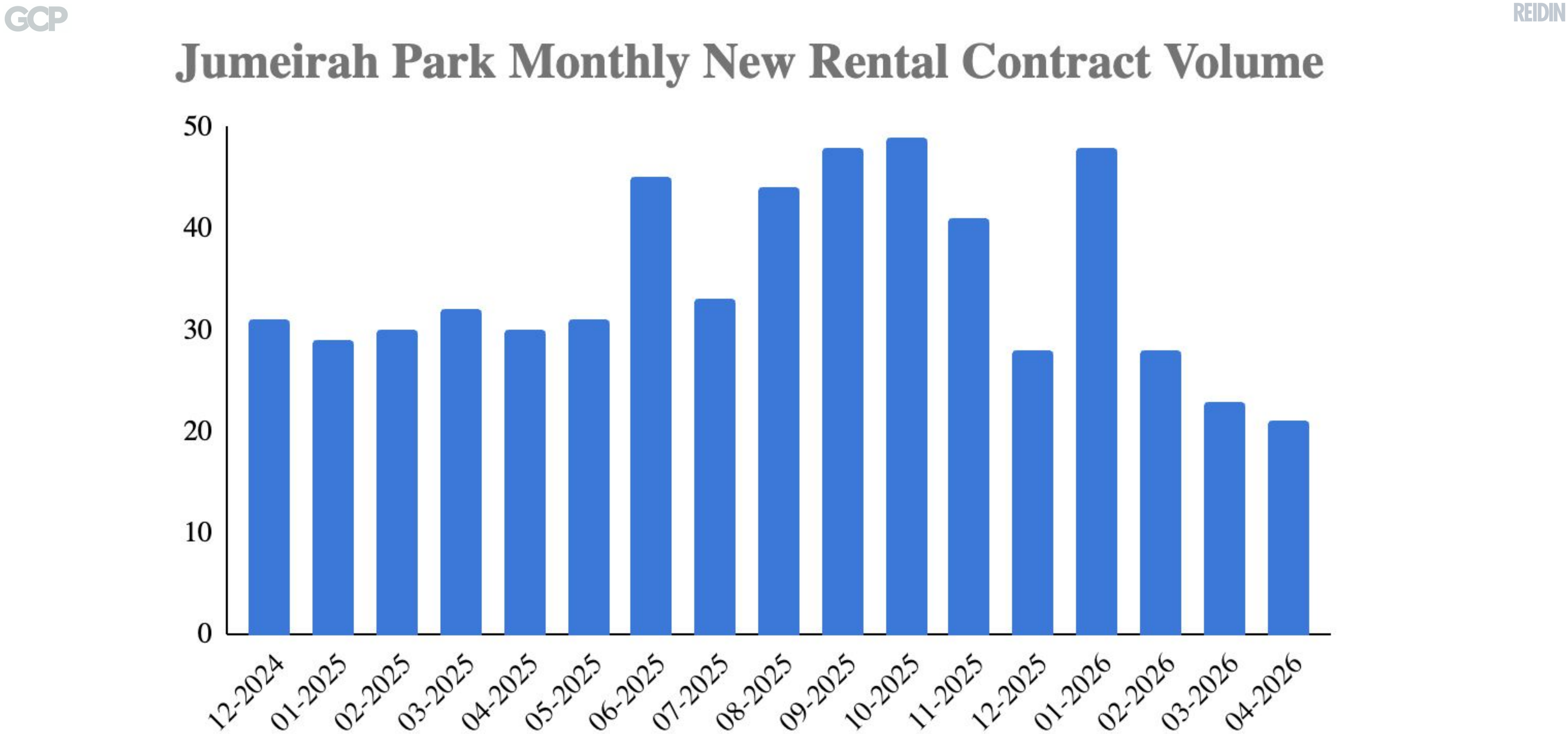
Dubai Silicon Oasis (New)

The same patterns holds true in communities like Dubai Silicon Oasis, except with new rather than renewed rentals. New rentals had softened by 3.93% MoM in February, before contracting a further 25.28% and 13.18% in March and April respectively. Consequently, new rental volumes were lower by 24.78% in April 2026 as compared to April 2025.

Sports City (New)

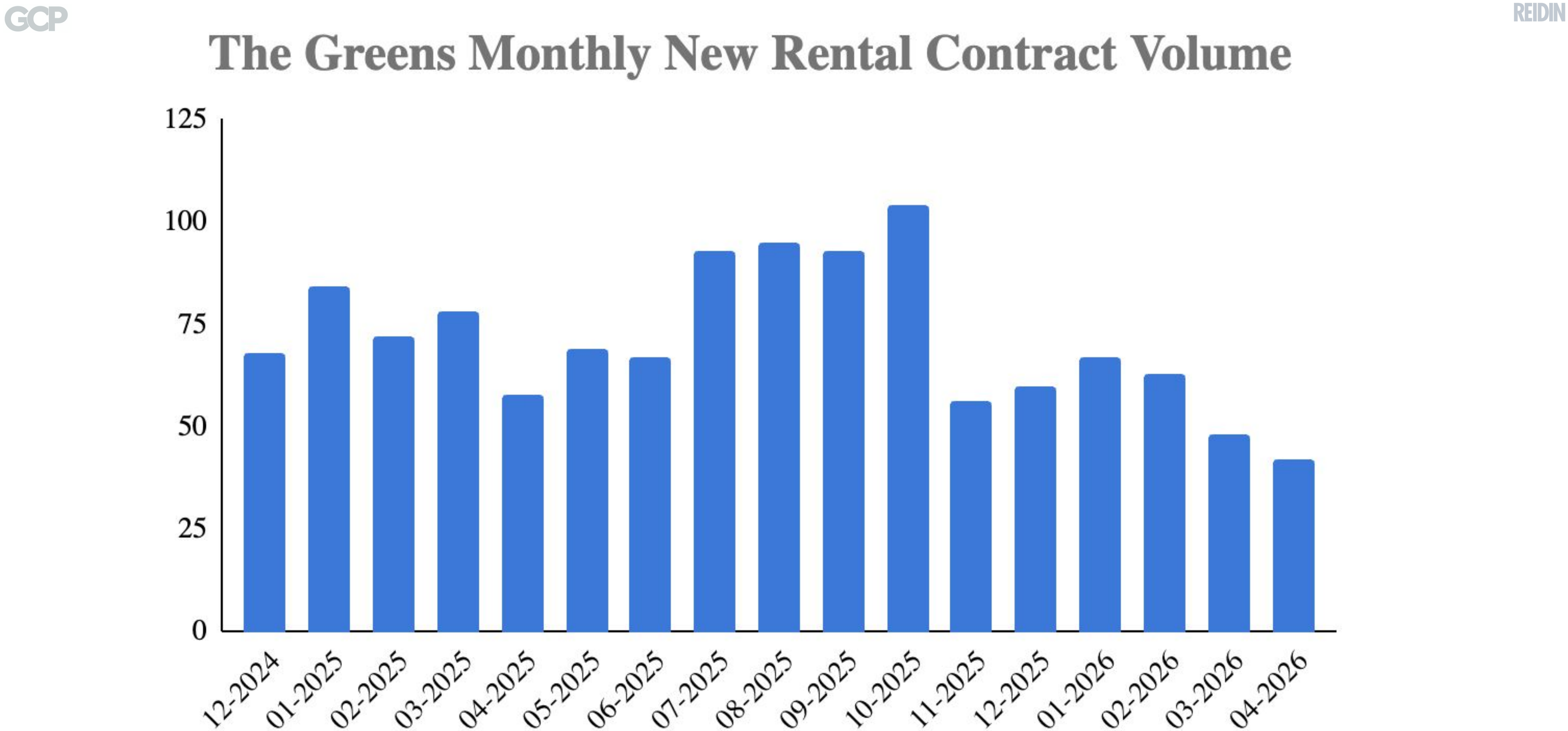
Similarly, Dubai Sports City saw new rentals contract by 9.07% MoM in February, which was followed by a further 31.34% and 4.15% compression in March and April. 2026 so far has been consistently lower in terms of new rental registrations for the first four months of the year as compared to 2025, with total new rental registrations this year 11.7% lower through April compared to last year.

Jumeirah Park (New)



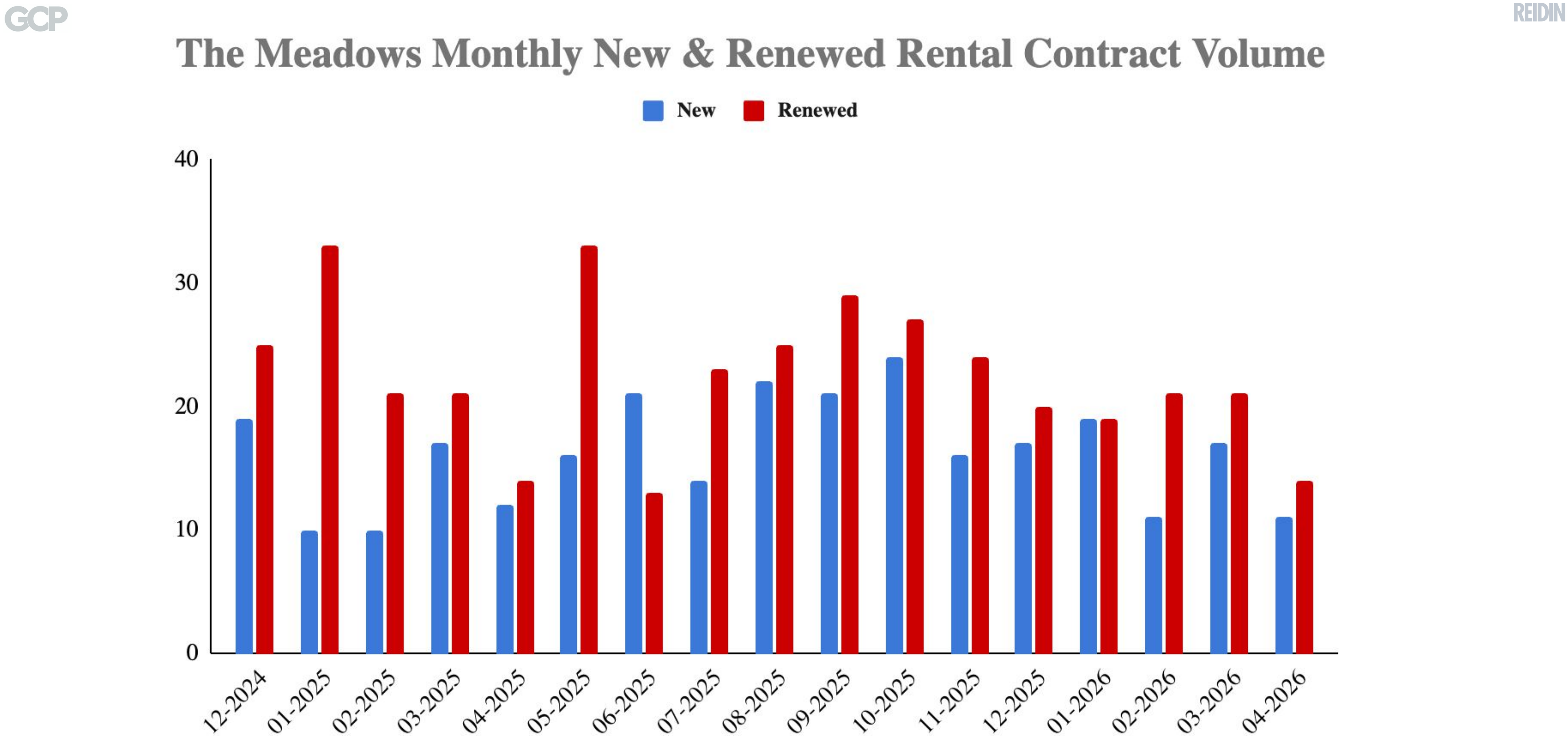
Likewise, in Jumeirah Park, new rental registration volumes were down 41.67% MoM in February, a much more significant softening than the 17.86% and 8.7% seen in March and April respectively, pointing to some degree of moderation already in effect prior to the outbreak of the conflict.

The Greens (New)



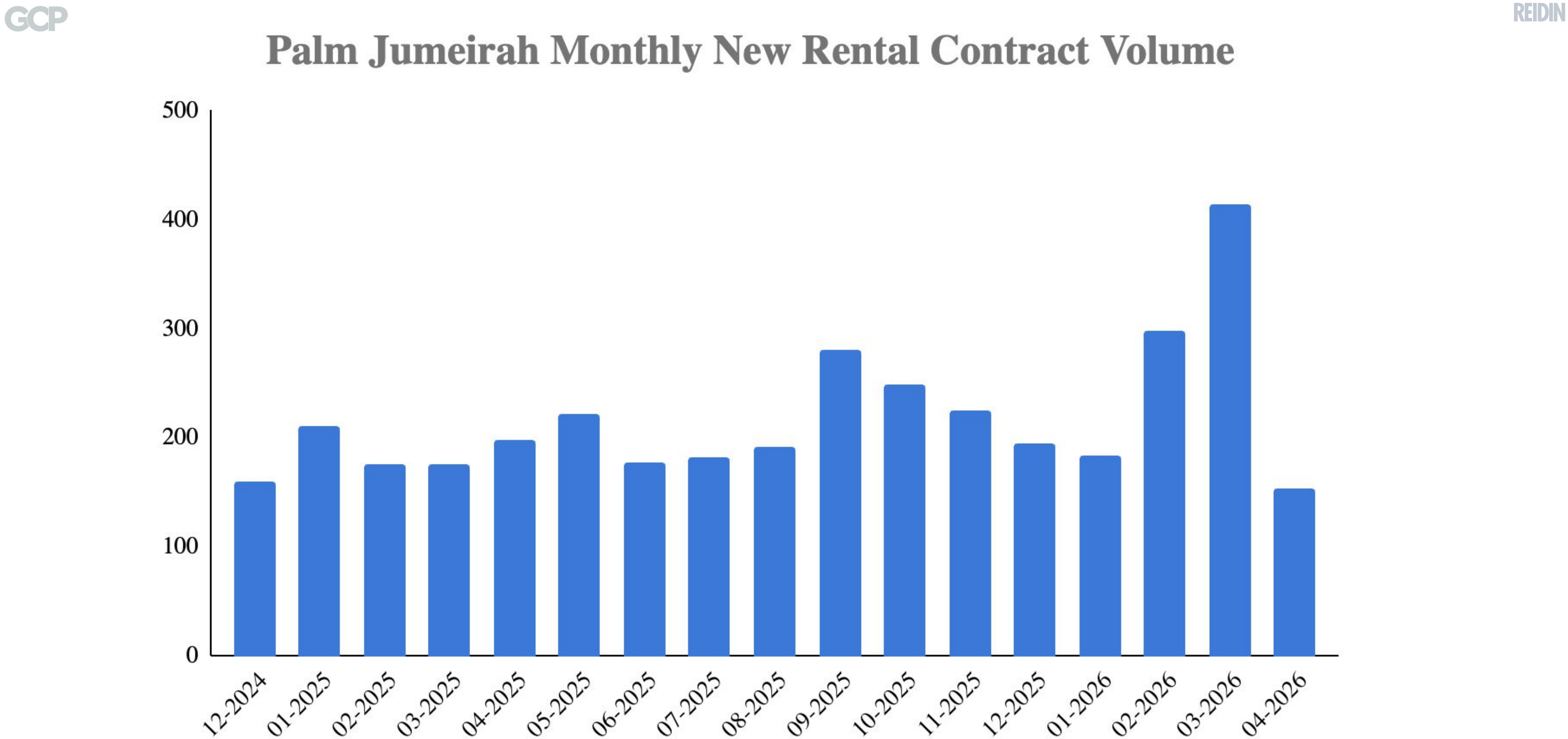
The Greens has also seen new rental registrations taper significantly following a strong Q3 in 2025, which culminated in an eighteen-month high in October. Although December 2025 and January 2026 brought some recovery, February, March and April this year have been three months where volumes have consecutively softened MoM to the tune of 6%, 23.8% and 12.5% respectively.

The Meadows



Conversely, we do see some examples of communities wherein the conflict looks to have sparked a softening trend that was not already evident. For example, in the Meadows, new rental registrations seemed to dip in February, but showed signs of recovery in March (which, while lower than previous levels, remained elevated above February levels, pointing to February being in all likelihood being an anomaly). April, however, saw new rentals contract by 35.3% MoM. Renewals were flat in March following a positive month in February, but softened by 33.33% in April.

Palm Jumeirah (New)



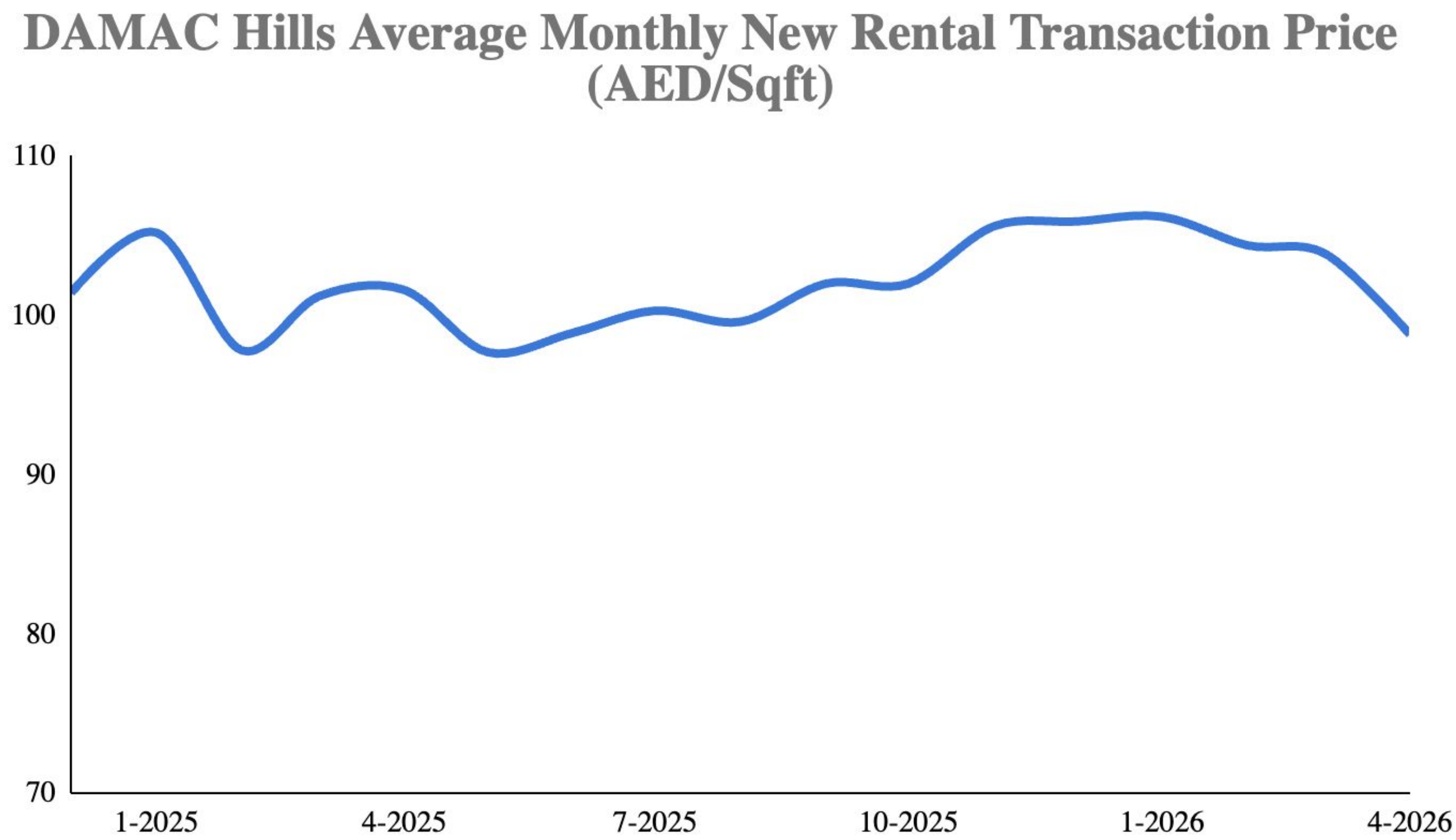
We also see this in certain communities wherein this phenomenon only plays out on one side of the market, such as Palm Jumeirah, which appears to have seen the effects of the conflict take effect with delay, as April's 62.7% MoM contraction in new rental registrations comes on the heels of a strong month of growth in March (to the tune of a 38.6% rise in new rental registrations) and an even stronger February, which saw a 62.84% rise in new rentals.

Community Rental Transaction Price Analysis

"Do not wait to strike till the iron is hot; but make it hot by striking."

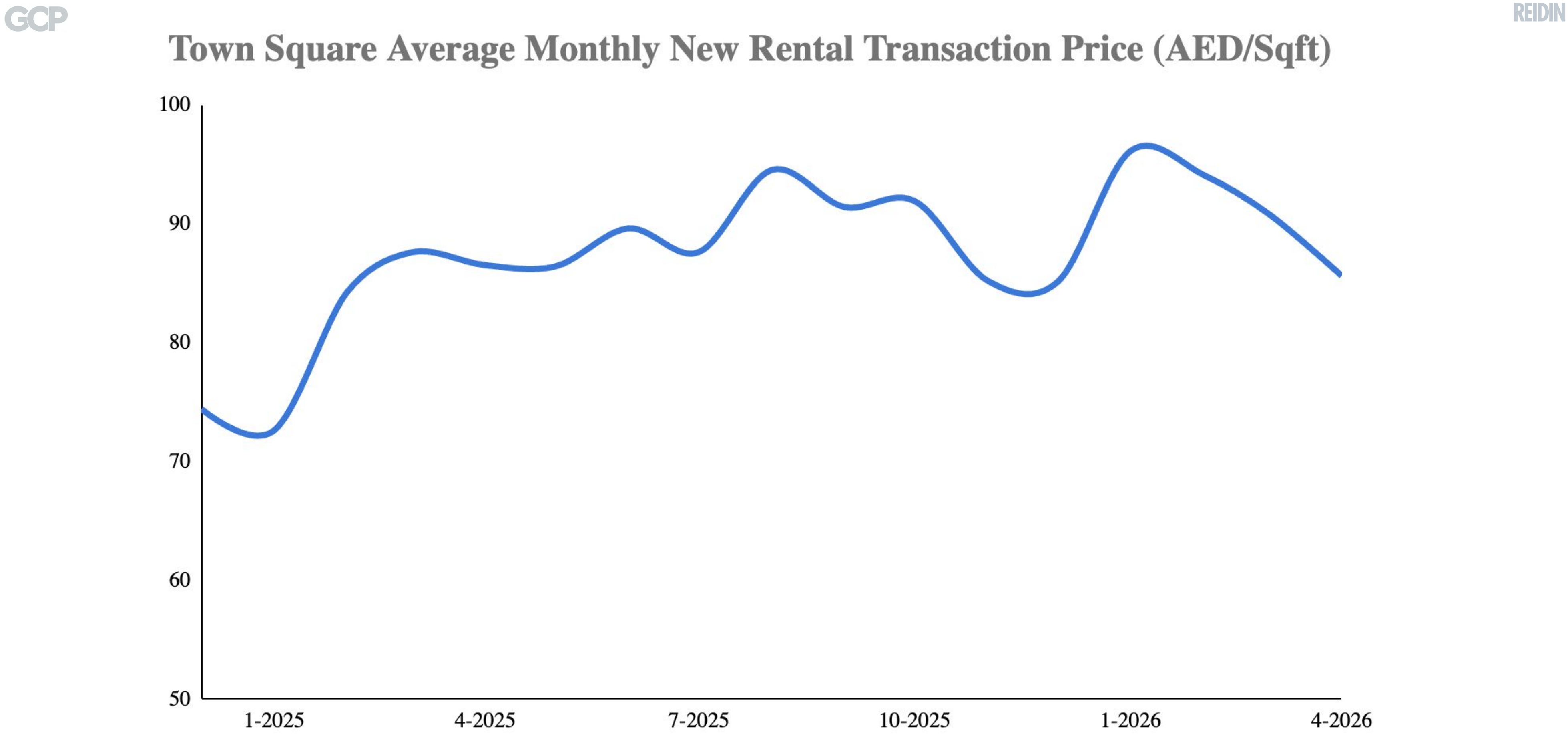
- William Butler Yeats

DAMAC Hills (New)



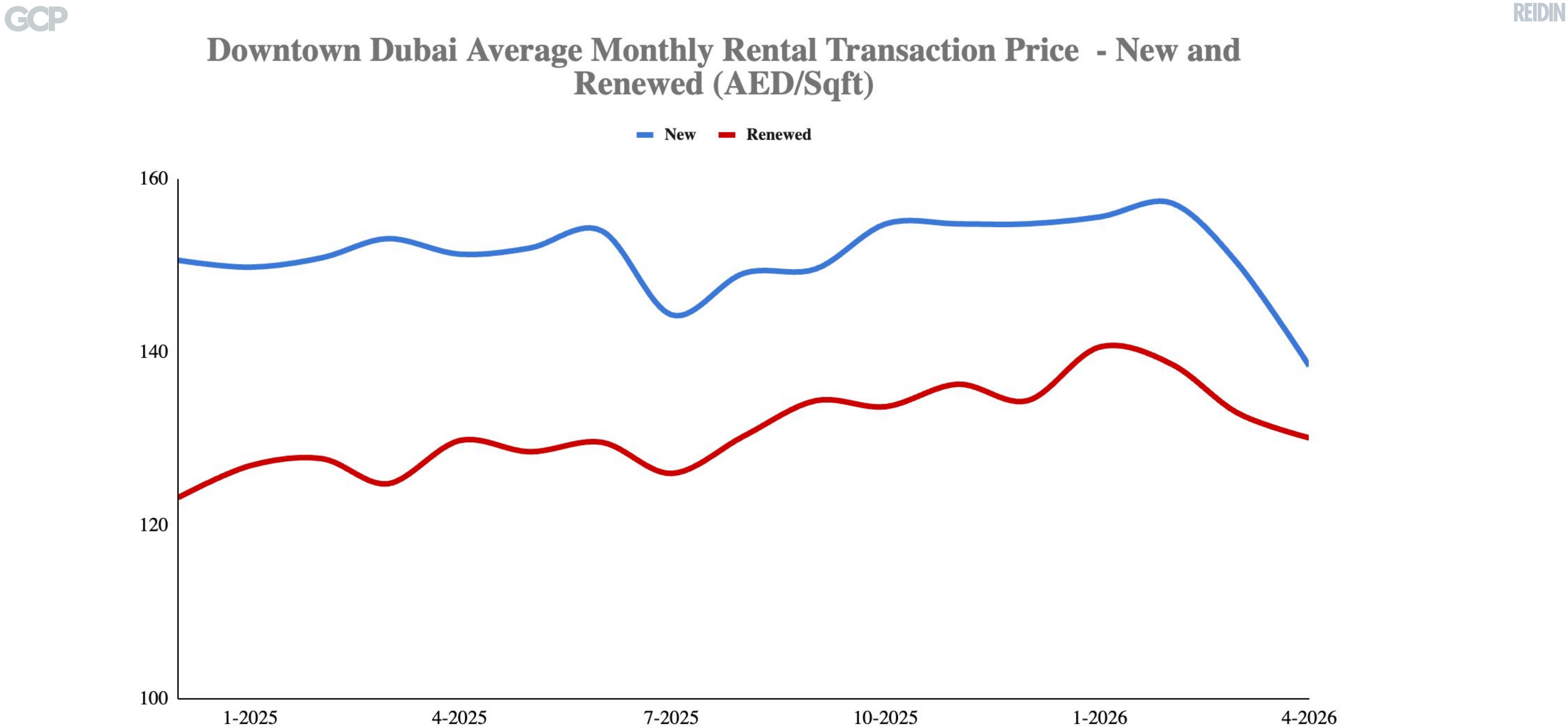
As with volumes, we have examples of communities wherein softening already looked to be taking place in rental transaction prices prior to the conflict. For example, new rental transaction prices softened by 1.7% MoM in February. Although rates remained virtually flat in March, they contracted further a 4.9% in April.

Town Square (New)



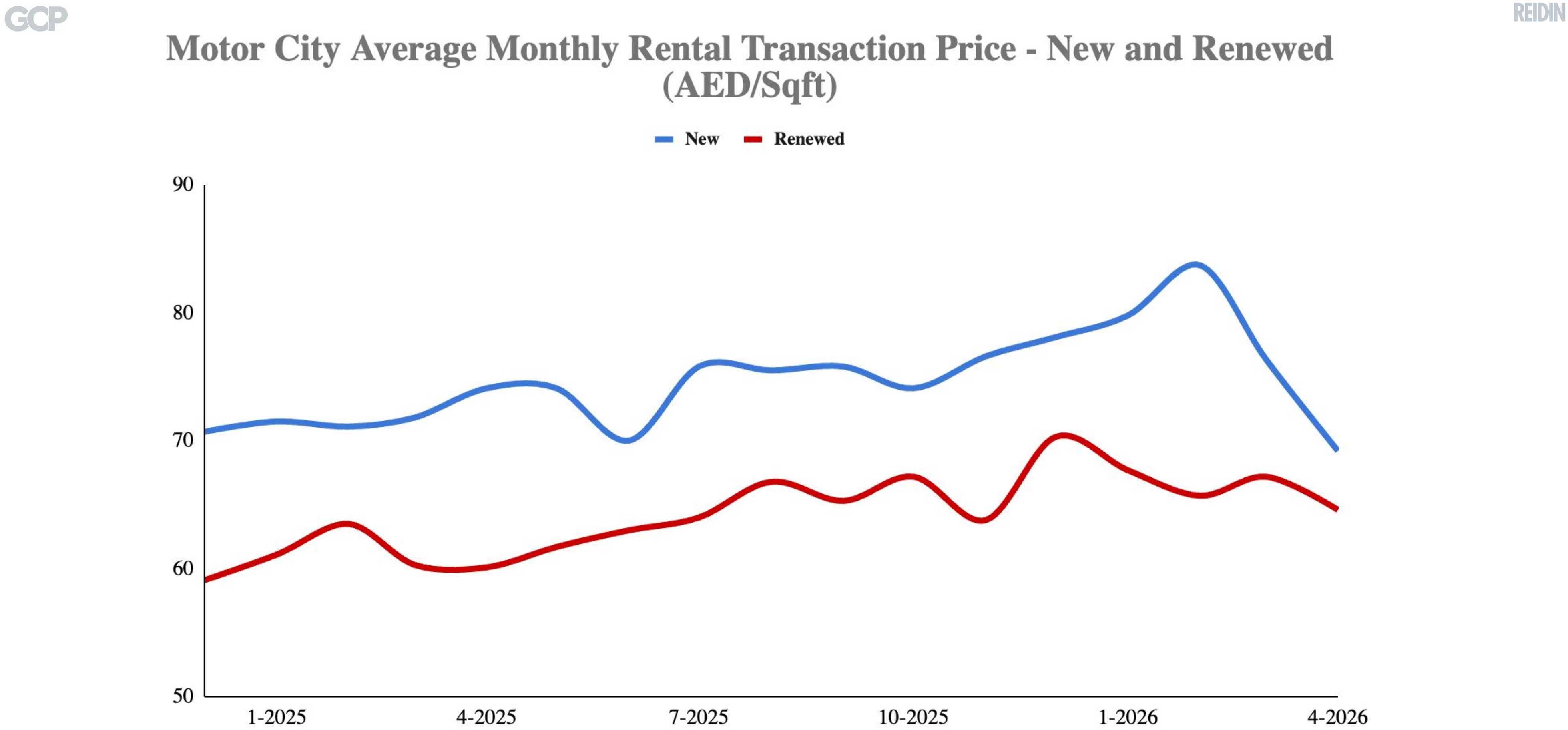
Similarly, Town Square saw new rental transaction prices ease by 2.08% in February before softening by a further 3.51% and 5.73% in March and April respectively.

Downtown Dubai



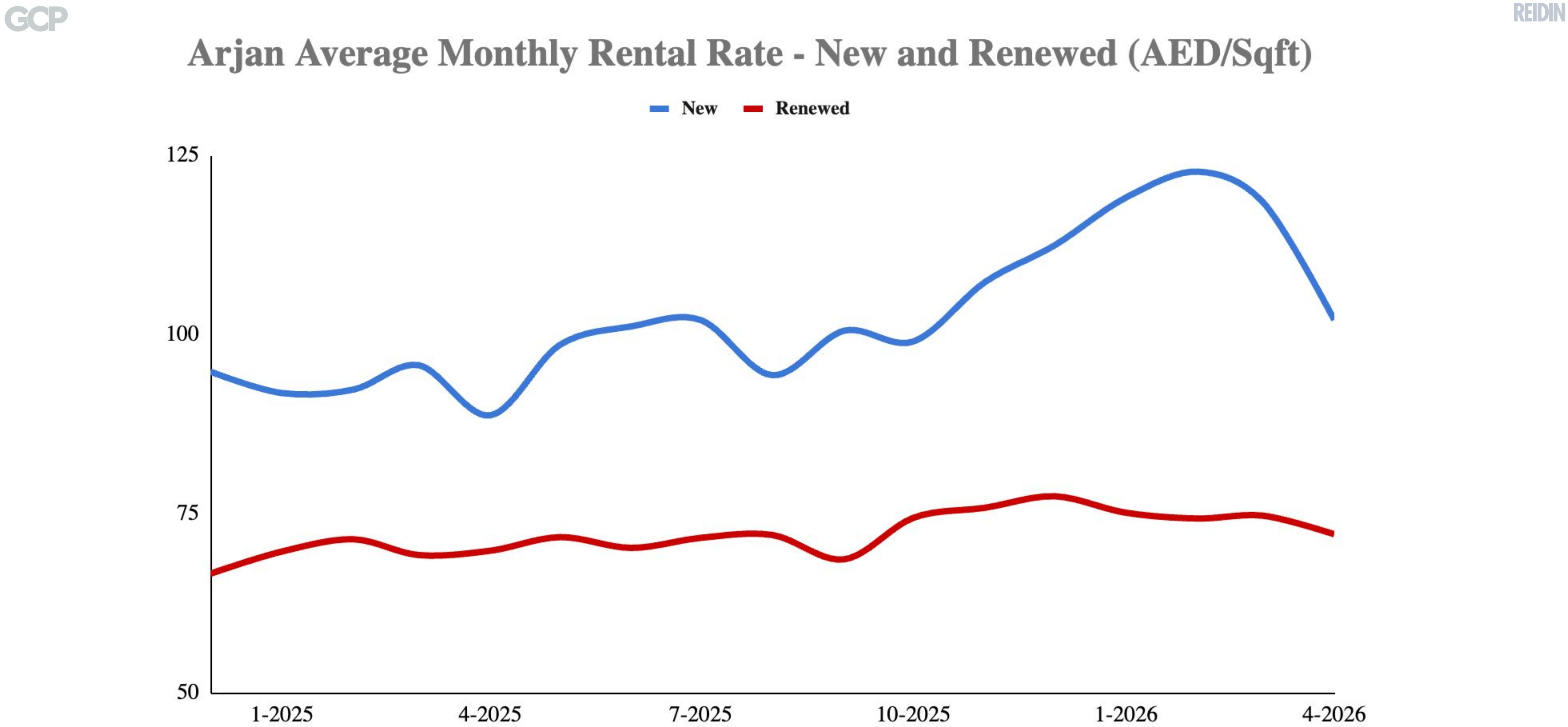
There are also communities wherein one side of the market was already exhibiting signs of moderation prior to the war, but not both. In Downtown Dubai, for example, new rental rates had grown for two consecutive months (albeit very slightly) in January and February, but then softened by 4.4% and 7.92% MoM in March and April respectively. Renewed rates, on the other hand, had a brief spike in January following two flat months in November and December, but softened by 1.42% MoM in February, followed by a further 4.04% and 2.18% contraction in March and April.

Motor City



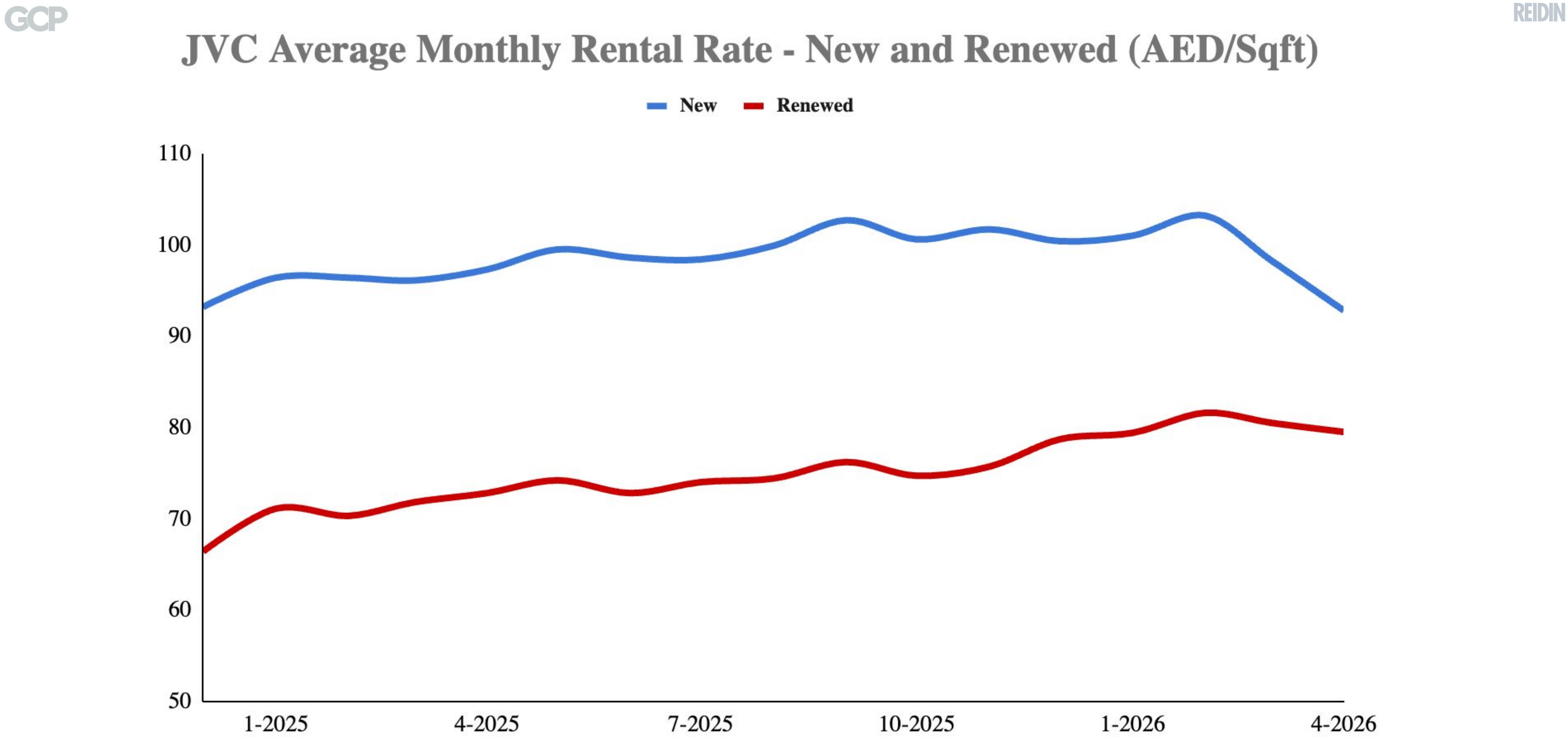
Motor City saw new rental transaction prices on the rise before March, which brought a 8.72% MoM contraction, followed by a further 9.42% easing in April. Conversely, renewed rental transaction prices were already softening to start the year, well before the conflict broke out. Even though March saw a slight recovery here, it was undone by April’s 3.87% easing.

Arjan



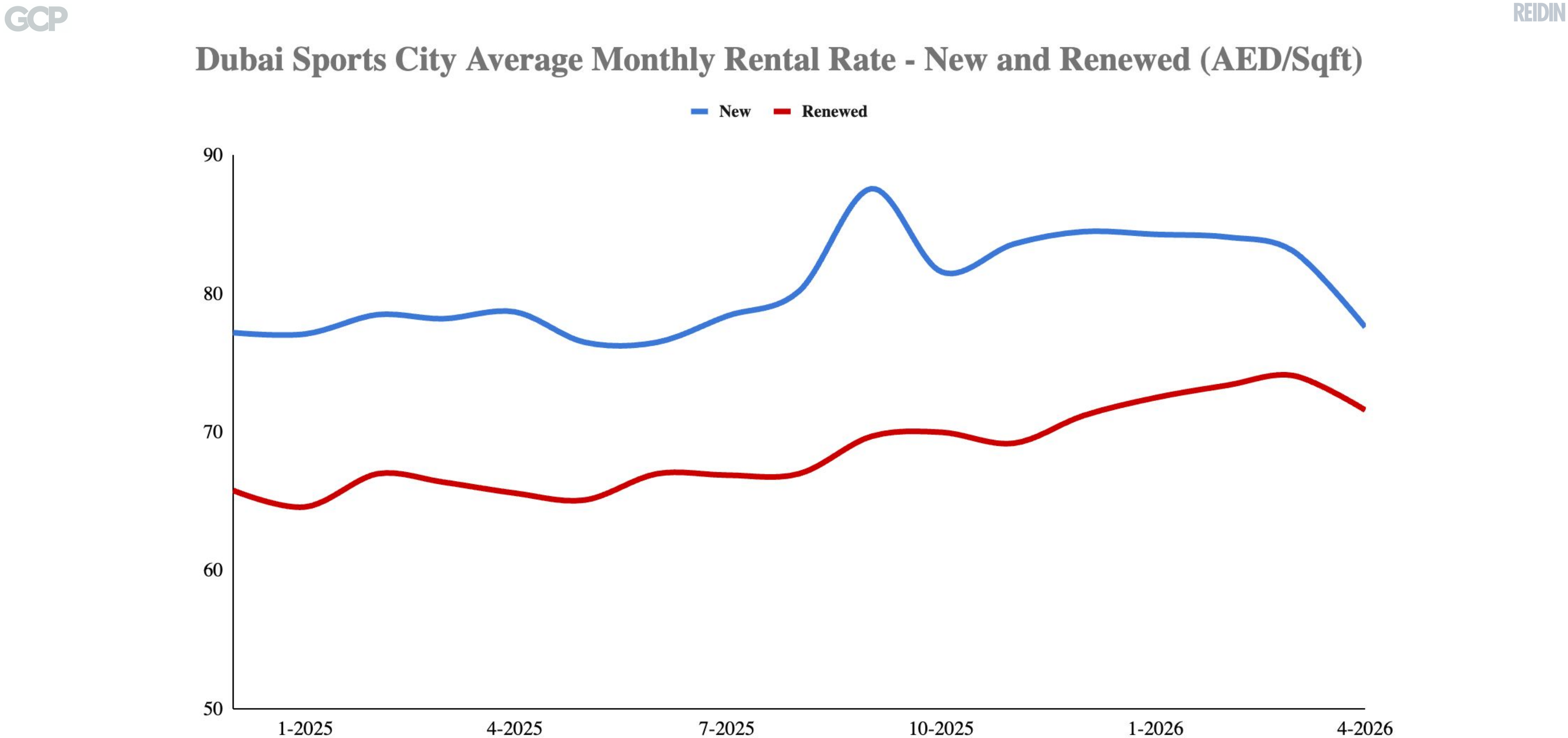
We see the same dynamic play out in Arjan, where new rental transaction prices were steadily trending upwards until March brought about a 3.42% MoM contraction, followed by a further 13.92% softening in April. Renewed rental transaction prices, on the other hand, were already easing to start the year, and while March was effectively flat MoM, April brought about a 3.5% compression.

Jumeirah Village Circle



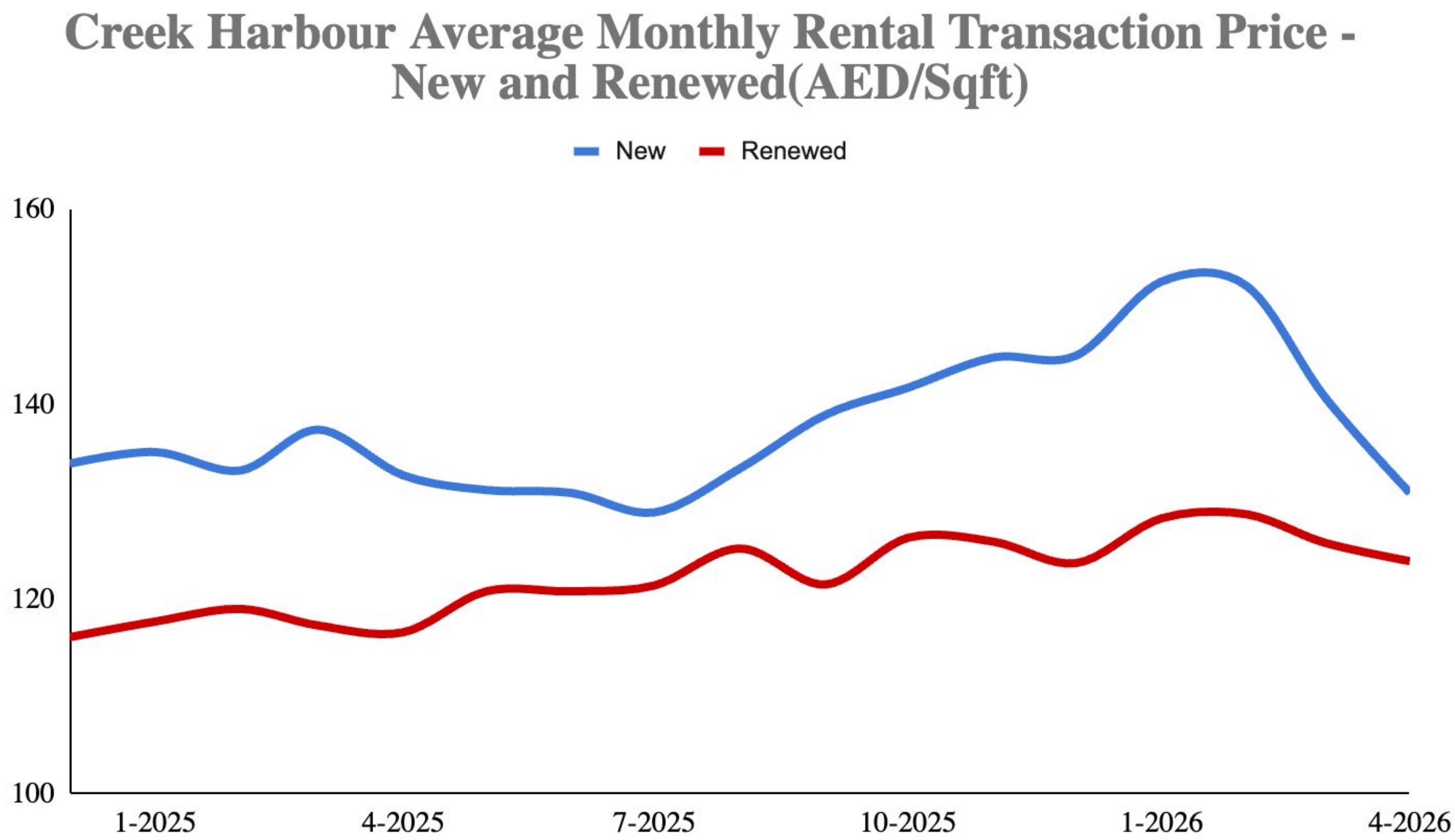
In certain communities, both new and renewed rental rates had exhibited positive growth in the preceding months prior to the outbreak of the war, before reactively reversing course. Jumeirah Village Circle, for example, saw 2.18% and 2.77% MoM growth in February for new and renewed rental rates respectively, which kept them elevated over February 2025 levels, before the 4.75% and 1.35% easing in March, and the further 5.6% and 1.24% softening in April.

Dubai Sports City



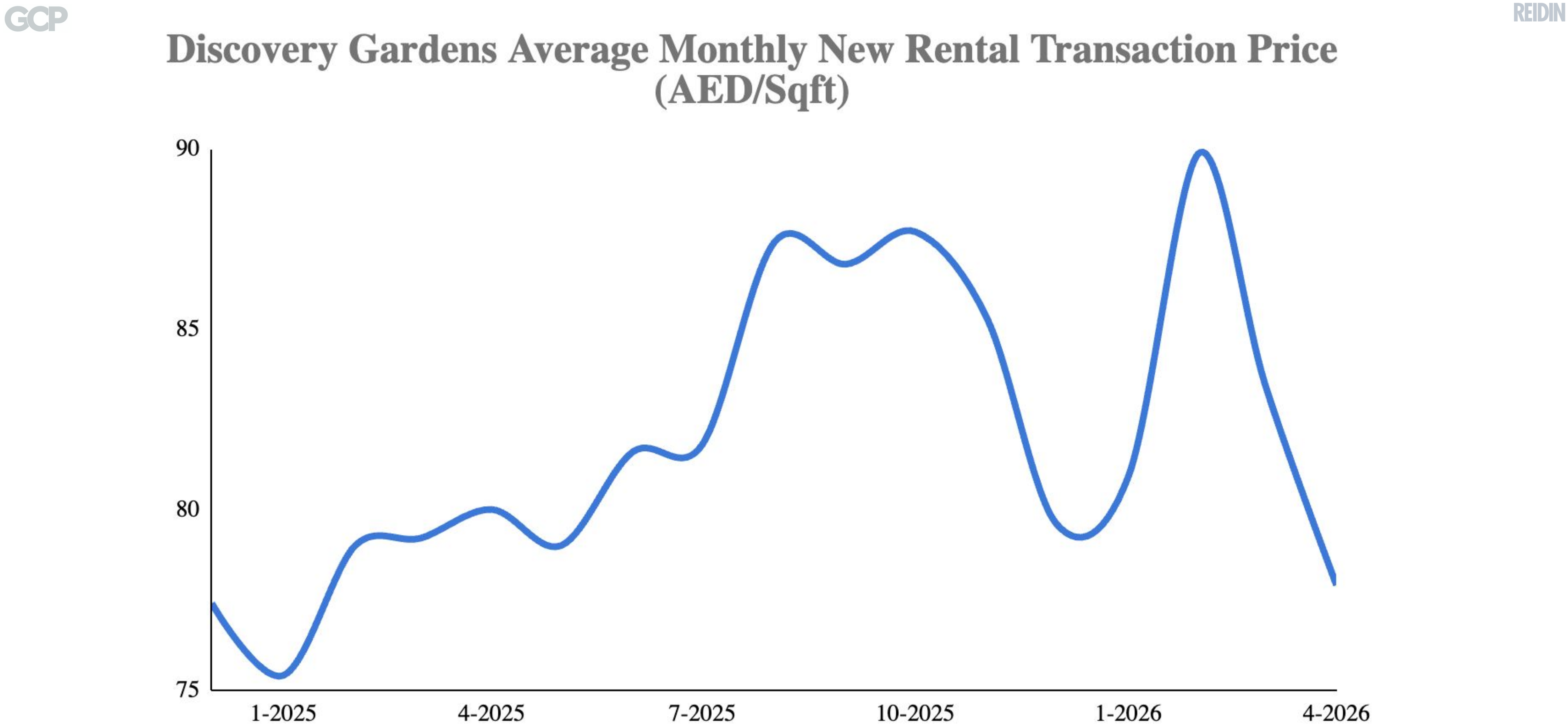
Similarly, Dubai Sports City saw new rental prices remain flat (but crucially, not decline) in January and February, before easing slightly by 1.19% MoM in March and then more pronouncedly in April to the tune of 6.41%. Renewed prices exhibited slight positive growth in January and February before flattening in March, and then softening in April by 3.37%.

Dubai Creek Harbour



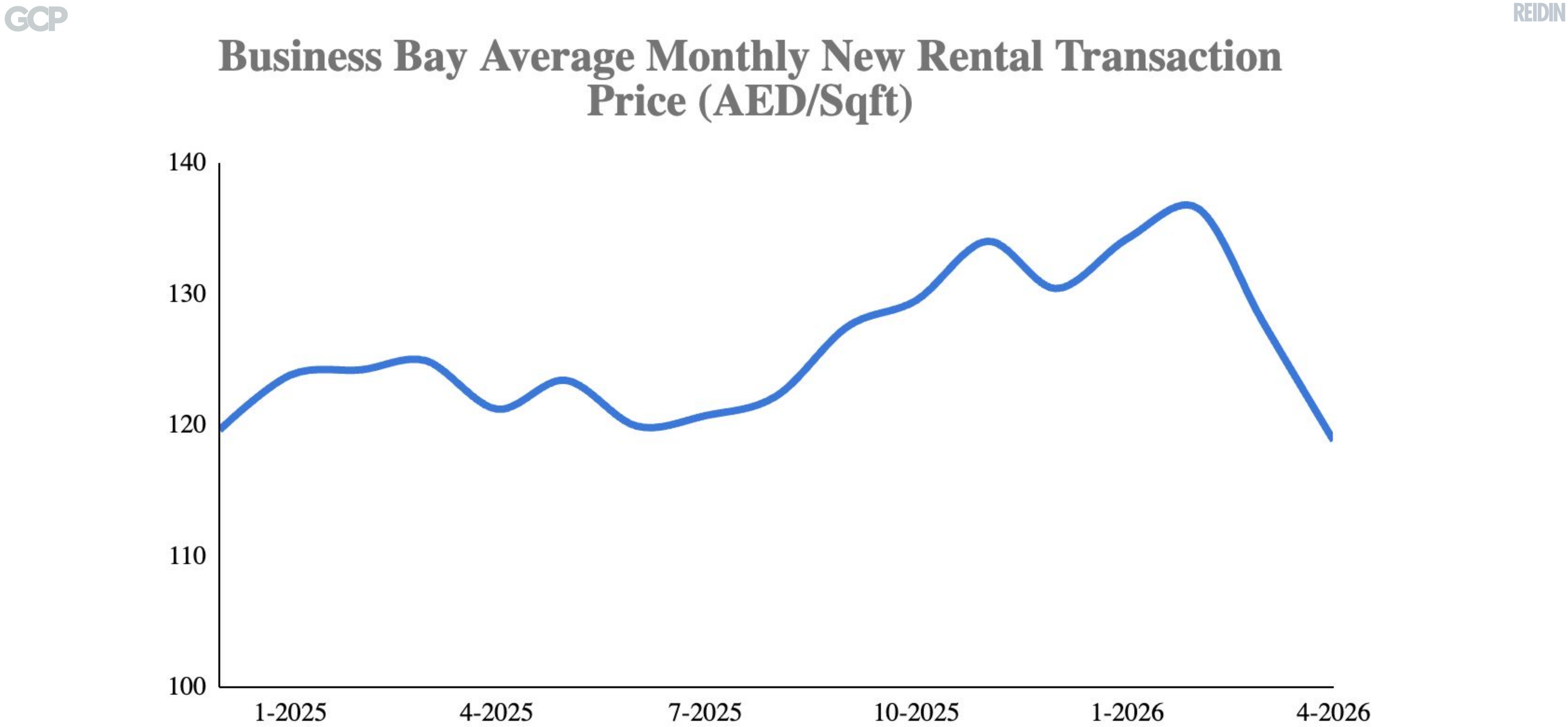
Dubai Creek Harbour saw rental transaction prices rise by 5.24% and 3.72% MoM in January for new and renewed registrations respectively, before flattening in February. However, March saw the trend decidedly reverse, with a 7.43% and 2.25% softening, which continued in April to the tune of 7.03% and 1.51%.

Discovery Gardens (New)



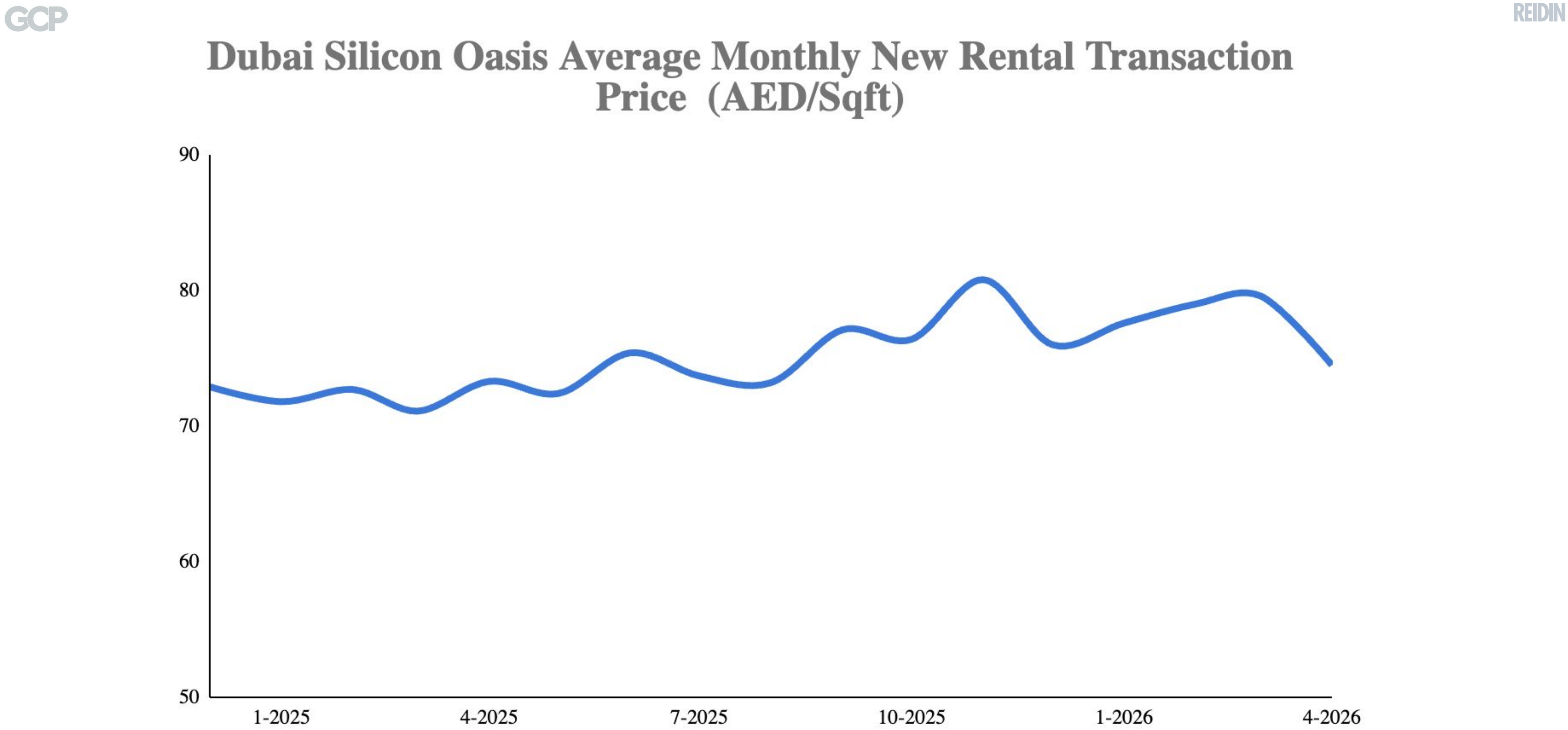
There are also communities wherein new rental rates also looked to be in an upswing following a brief lull at the end of 2025, such as Discovery Gardens, which saw 1.63% and 11.12% MoM growth in January and February respectively. However, this abruptly flipped in March, which saw a 7.12% contraction in new rental rates, followed by a further 6.71% softening in April.

Business Bay (New)



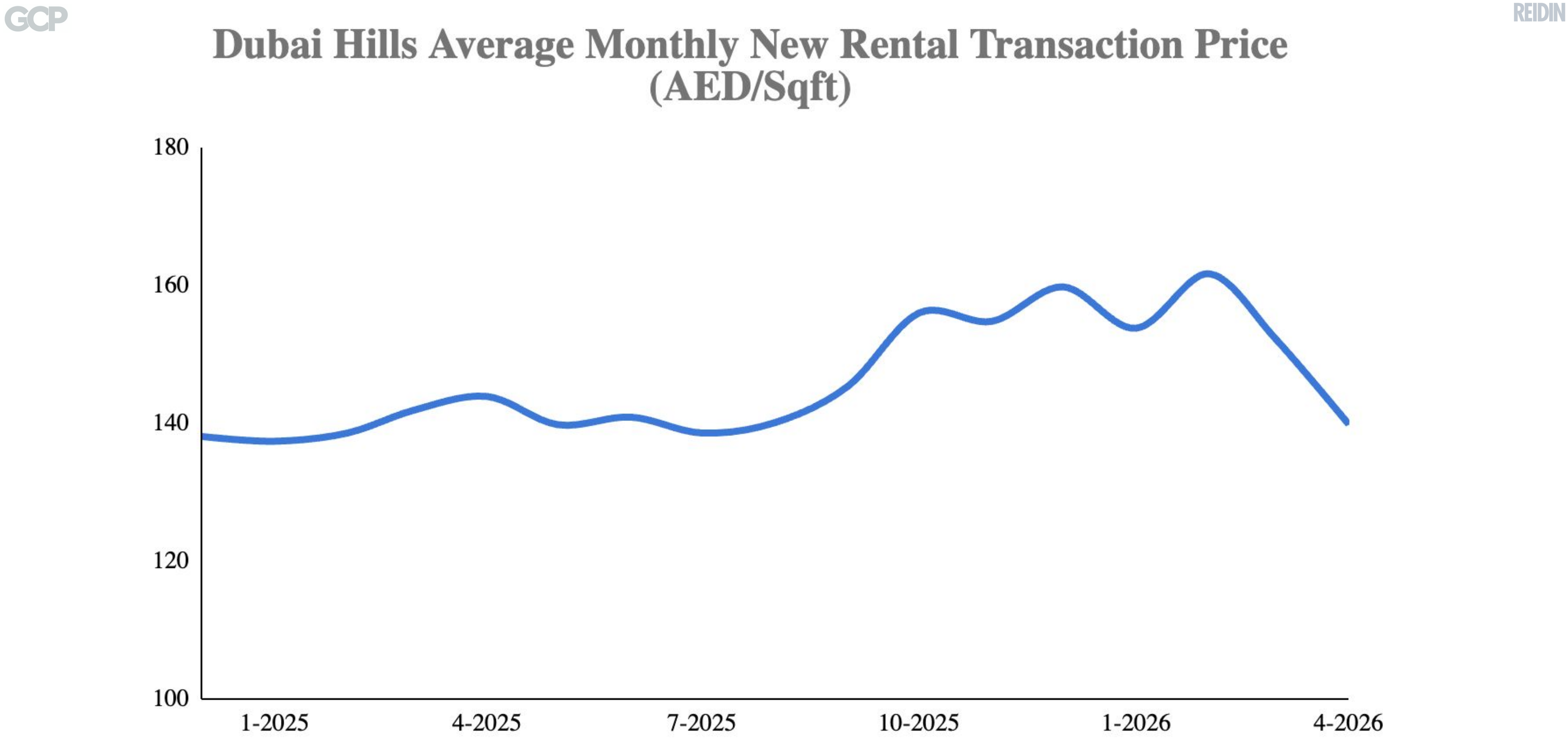
Business Bay saw also new rental transaction prices rise by 2.91% and 1.71% MoM in January and February respectively, before March brought an abrupt reversal to the tune of a 6.3% softening, which continued further in April with a further 7.11% cooling.

Dubai Silicon Oasis (New)



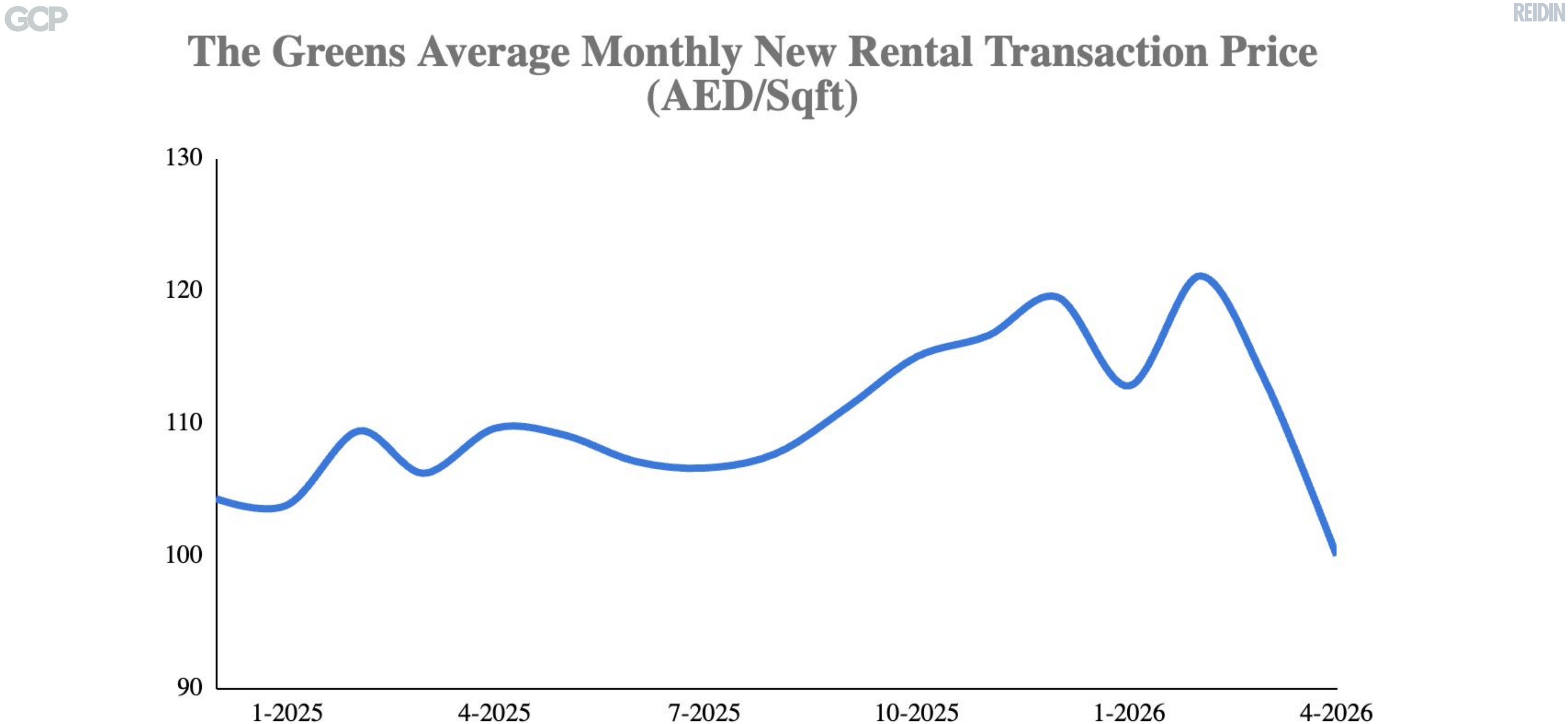
Dubai Silicon Oasis also saw positive growth in new rental transaction prices for January and February. While March was virtually flat, April brought a 6.41% contraction in rates.

Dubai Hills (New)



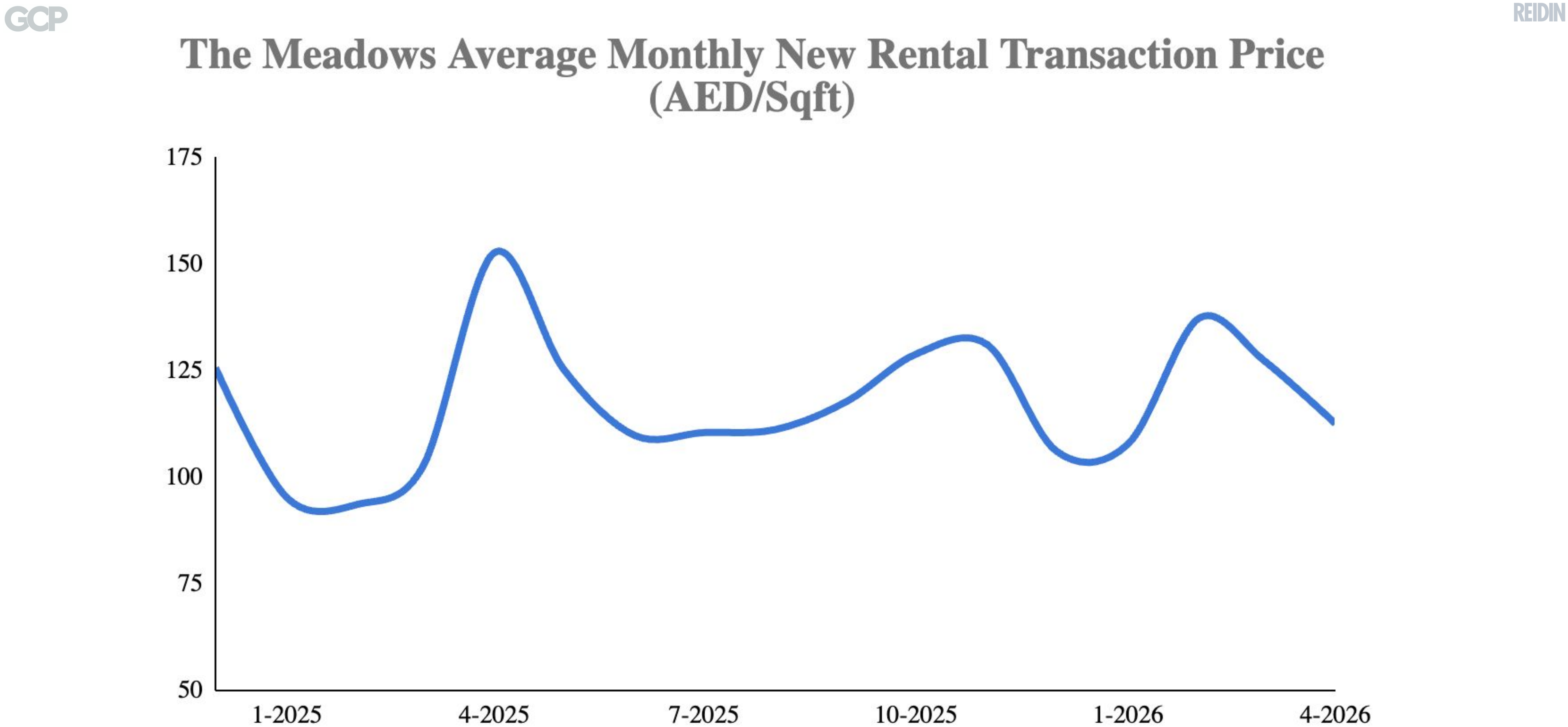
Dubai Hills exhibits a similar pattern, with the 5.14% MoM growth seen in new rental transaction prices seen in February unravelling through the 5.81% and 8.14% contractions seen in March and April respectively.

The Greens (New)



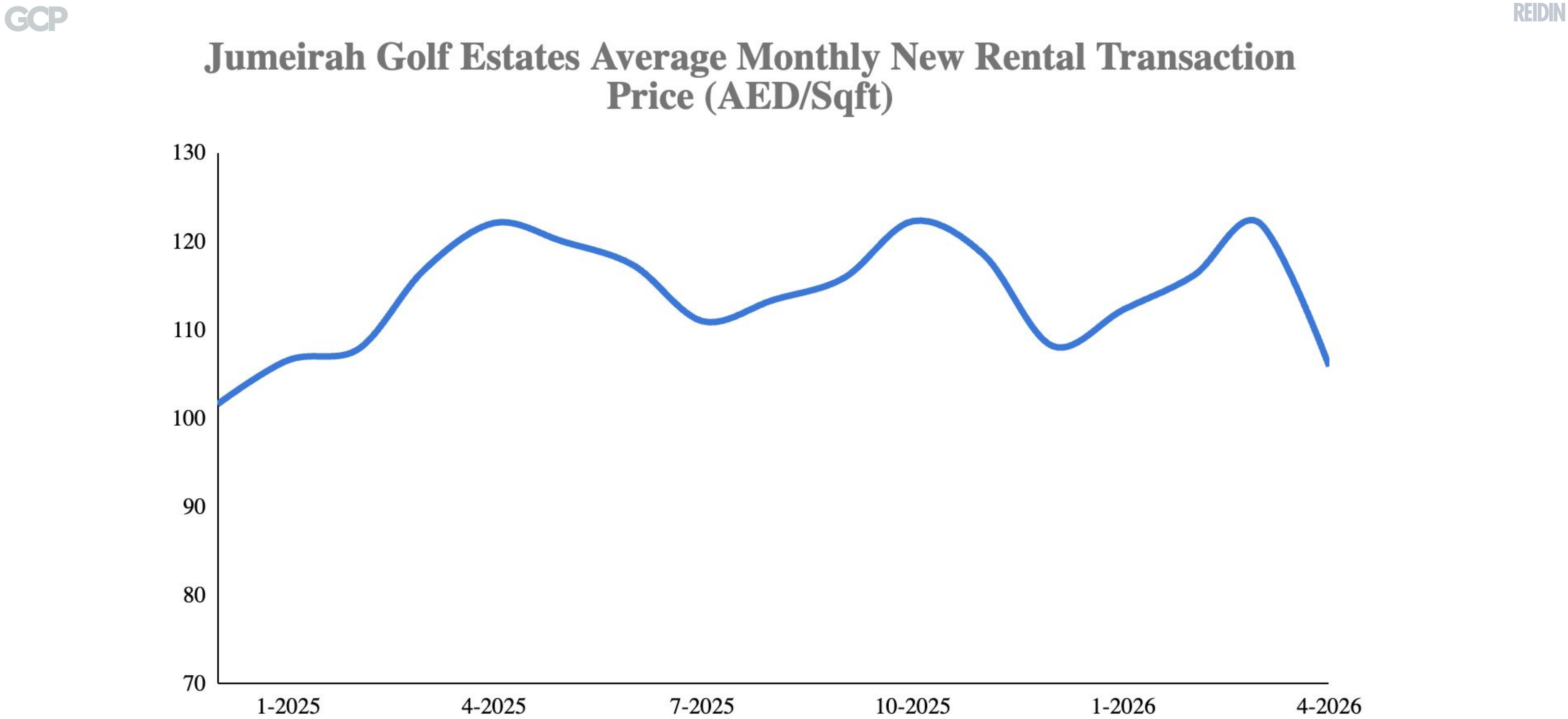
The Greens is another community where new rental rates were on a positive trajectory with a strong H2 in 2025 and further growth in February propelling it to 10.7% higher than February 2025, despite a brief and seemingly anomalous 5.61% MoM easing in January. However, this unravelled in March and April, with new rental rates softening by 6.52% and 11.66%.

The Meadows (New)



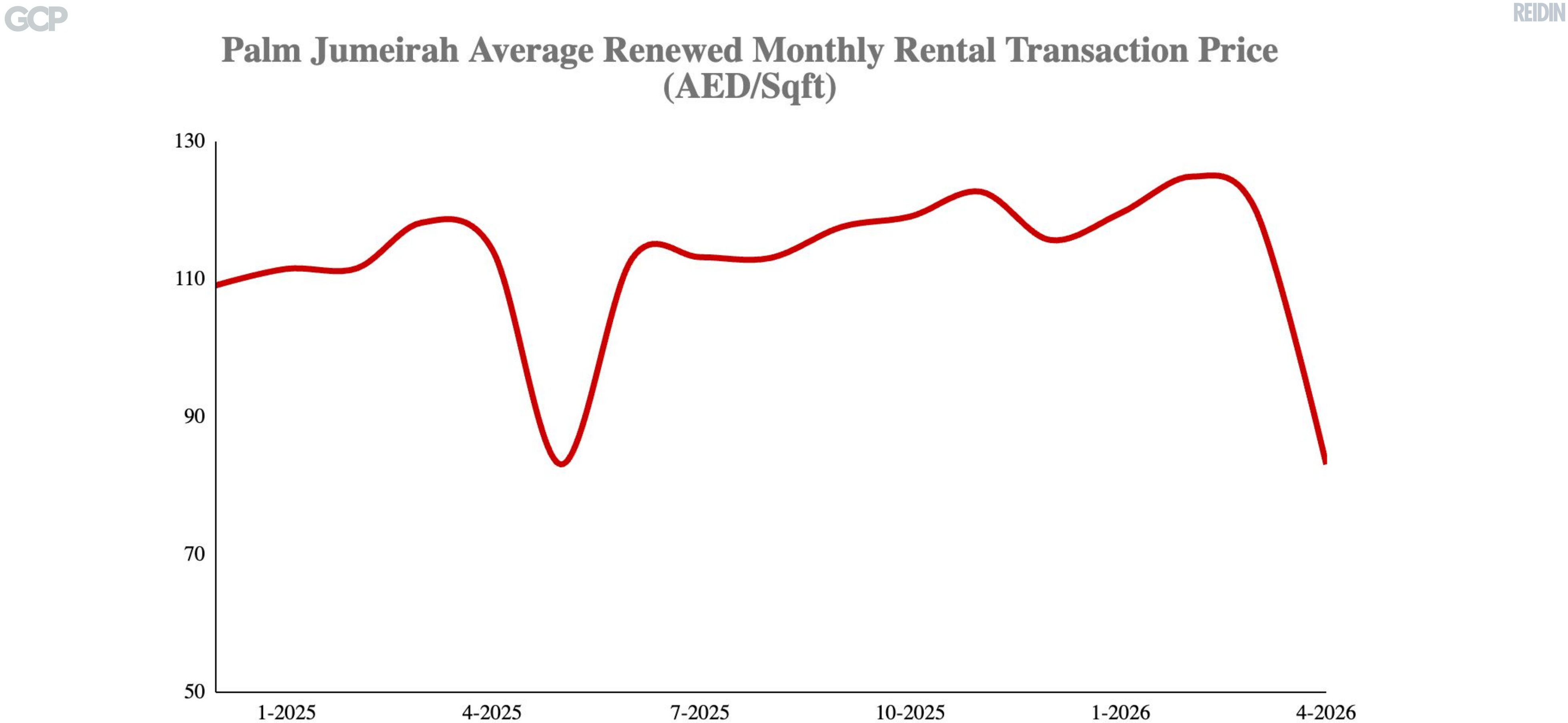
The same pattern is evident in The Meadows, where January and February's growth followed a sharp correction in December 2025. Here, however, March and April's 7.28% and 11.62% MoM softening in new rental rates suggests that December may have represented an overcorrection, with the subsequent rebound in early 2026 now being partially retraced. As such, recent price movements may reflect a broader multi-stage normalization process that began in December, rather than definitively a discrete response to external shocks.

Jumeirah Golf Estates (New)



Jumeirah Golf Estates, on the other hand, seems to have felt the effects of the conflict on a delayed basis, as March's 5.16% MoM growth in new rental transactions prices seemed in line with the positive growth seen in January and February. However, this has decidedly reversed course with the 13.34% contraction seen in April.

Palm Jumeirah (Renewed)



Palm Jumeirah also began the year with two months of positive growth in renewed rental transaction prices, however this flipped in March with a 3.84% MoM contraction, and then a further 30.81% softening in April.

Conclusions

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On the volume side, renewed rental registrations show more persistent and, in several cases, earlier declines, suggesting that the adjustment is being driven in part by pressures within the existing tenant base.

Conversely, rental transaction prices exhibit more pronounced and immediate declines in new leases, reflecting their role in real-time price discovery. Taken together, this points to a segmented adjustment process, where incumbents drive volume contraction while marginal transactions absorb pricing corrections.

Citywide Analysis

The citywide data points to a clear near-term cooling in rental market conditions, with March marking a significant contraction in volumes and a subsequent, partial recovery in April that remains insufficient to offset broader declines on a quarterly basis. At the same time, rental transaction prices have exhibited a steady softening across both March and April, following muted growth at the start of the year. This sequencing reinforces the view that the market had already entered a phase of moderation, with recent adjustments reflecting a continuation of this trajectory rather than a structural shift in underlying demand.

Community Volumes Analysis

Community-level rental volumes from February through April reinforce the view that the market had already entered a phase of moderation prior to March. Declines in both new and renewed registrations were already evident before the onset of recent geopolitical tensions, with subsequent months reflecting a continuation of this trajectory, as most communities either extended prior declines or stabilized at lower levels of activity. The evidence supports the interpretation that the observed slowdown in reflects a normalization following prior peaks, with external factors influencing the pace and magnitude of adjustment rather than altering its underlying direction.

Community Rental Transaction Price Analysis

Across multiple submarkets, early signs of softening were evident before recent geopolitical developments, with subsequent months reflecting a continuation and, in some cases, an intensification of this adjustment. While there are select cases where the timing and magnitude of declines (particularly in April) suggest a more direct sensitivity to external factors, these are not sufficiently widespread to define the broader trend. Taken together, the evidence supports the interpretation that recent price softening is primarily an extension of an ongoing recalibration in rental pricing.

Conclusion

Overall, the data across all three sections indicates that this adjustment was already underway prior to March, following a period of strong growth in 2025. April data serves as an important confirmation point, demonstrating that the patterns observed in March were not transient or purely reactionary. The heterogeneity observed at the community level further supports the view that the market remains structurally intact, with no evidence of systemic demand deterioration. Instead, current conditions reflect a recalibration of activity and pricing toward more sustainable levels following prior peaks. As such, the observed softening should be interpreted as a continuation of an existing adjustment cycle.

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