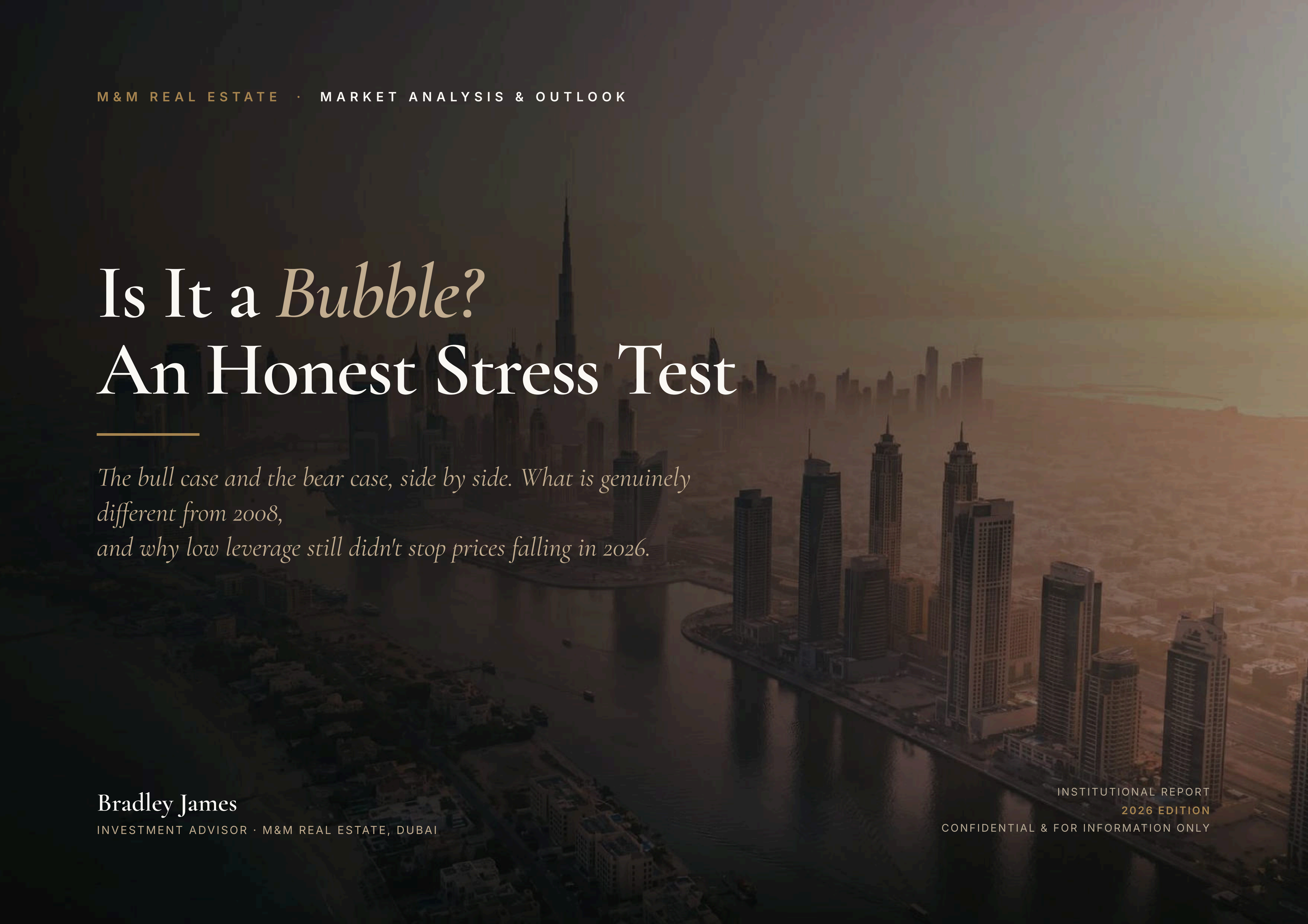


M&M REAL ESTATE · MARKET ANALYSIS & OUTLOOK

Is It a *Bubble?* An Honest Stress Test

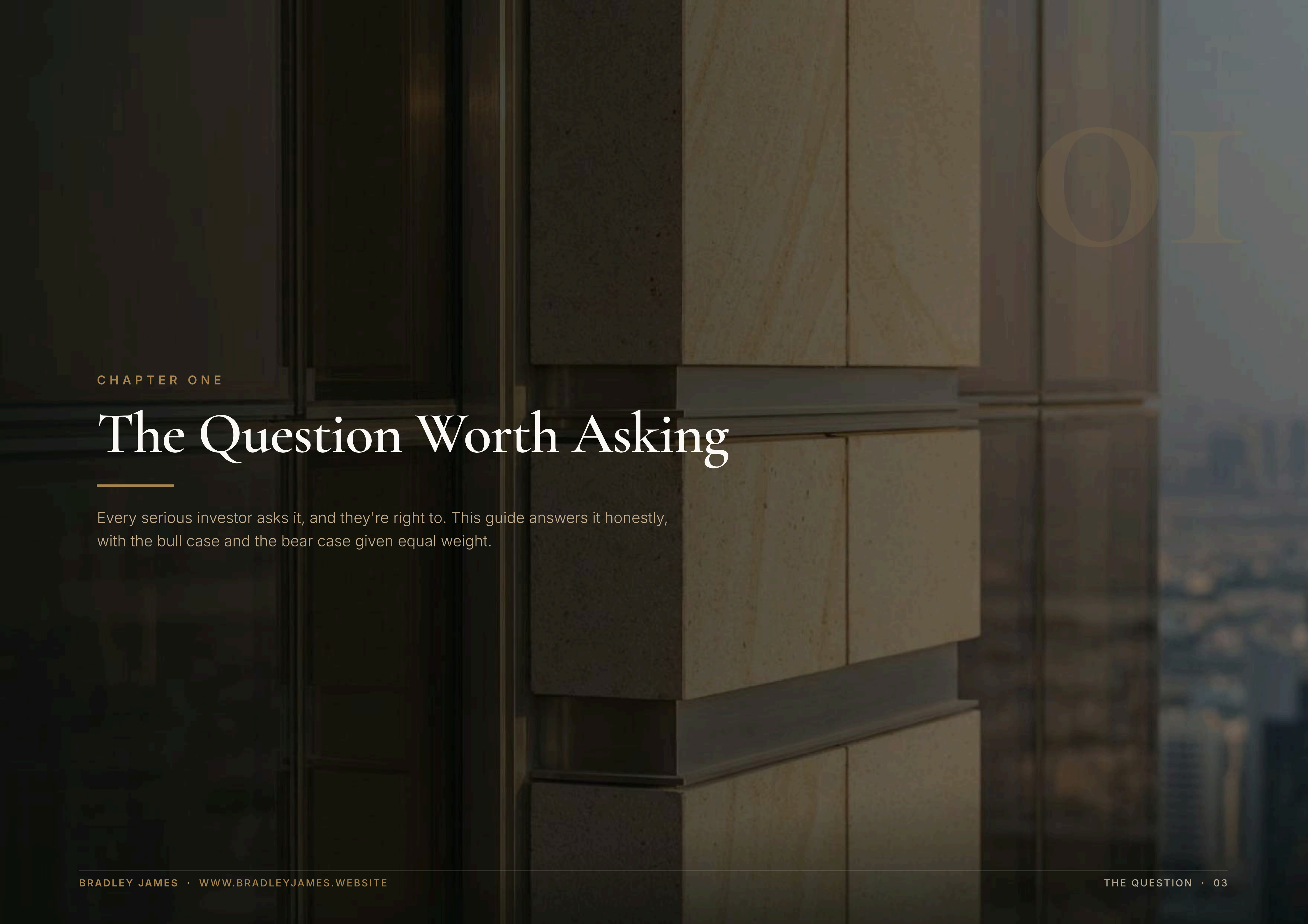
The bull case and the bear case, side by side. What is genuinely different from 2008,
and why low leverage still didn't stop prices falling in 2026.

Bradley James
INVESTMENT ADVISOR · M&M REAL ESTATE, DUBAI

INSTITUTIONAL REPORT
2026 EDITION
CONFIDENTIAL & FOR INFORMATION ONLY

CONTENTS

What This Guide Covers



01

CHAPTER ONE

The Question Worth Asking

Every serious investor asks it, and they're right to. This guide answers it honestly, with the bull case and the bear case given equal weight.

CHAPTER 01 · THE QUESTION

Ask It Out Loud

If you're looking at Dubai property in 2026 and the word bubble hasn't crossed your mind, you aren't paying attention. Prices are up around 75% since early 2021. The city that fell furthest in the last global crash is the same city posting some of the strongest gains in the world. So ask the question out loud, because a case that can't survive the question isn't worth your capital.

Here's how I'll answer it. Not with a slogan, and not by pretending the risk away. I'll put the bull case and the bear case on the same page and let you weigh them. The bull case is that the mechanism which produced 2008, untracked off-plan flipping, no escrow, high leverage and easy credit, has been substantially regulated away, and that today's market is funded mostly by cash, not debt. The bear case is that none of that makes prices immune, and that in 2026 they actually fell on a regional shock despite all of it.

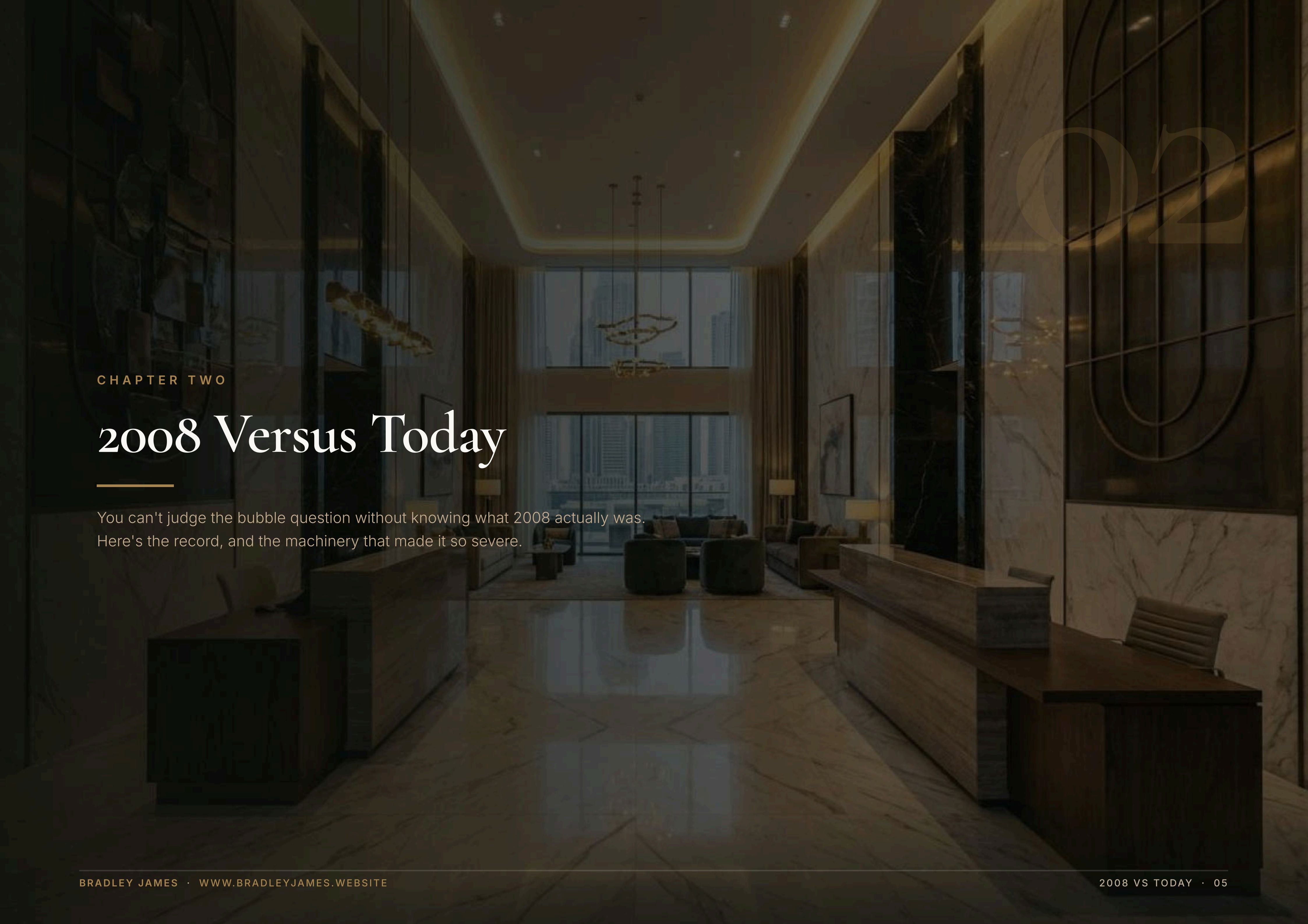
Both of those are true at once. That's the whole point of a stress test. A market can be far safer than it was in 2008 and still correct. If you leave this guide believing Dubai is crash-proof, I've failed you, because it isn't. If you leave understanding exactly which risks have been engineered out and which are still live, you can size a position that survives the ones that remain. That's the honest goal, and it's the only one worth having.

WHAT THIS GUIDE DOES

- Compares 2008 with today on the things that actually caused the crash.
- Names the four structural fixes, with their laws.
- Shows the funding base: mostly cash, not credit.
- Cross-checks whether prices are even expensive.
- States the 2026 correction plainly, because it's real.

THE STANDARD

"A case that can't survive the hardest question isn't a case. It's a sales pitch. This is the hardest question."



CHAPTER TWO

2008 Versus Today

You can't judge the bubble question without knowing what 2008 actually was. Here's the record, and the machinery that made it so severe.

What Actually Happened in 2008

Dubai wasn't just caught in the global financial crisis. It was the world's steepest property slump of that cycle. If you're going to worry about a repeat, worry about the right thing, which means understanding precisely why it fell as far as it did.

From the 2008 peak, home prices fell **roughly 50%**, and **up to around 60%** in the worst-hit areas, on Deutsche Bank data reported by Bloomberg. That's not a rounding error on a correction. That's half the market's value gone, concentrated in off-plan and speculative segments. Anyone who waves 2008 away hasn't looked at the numbers. It was a genuine crash, and it deserves respect, not dismissal.

But a crash has a mechanism, and this one's is well documented. Off-plan units were routinely flipped several times before completion, with no requirement to register those interim sales, so no one could even see the speculative chain building. Buyer deposits were paid **directly to developers**, with no mandatory escrow ring-fencing them. Credit was easy and leverage was high. When global credit froze, the off-plan chains collapsed, buyers walked, developers had already spent the deposits, and there was no protected fund standing behind any of it. Oversupply did the rest.

Hold onto that mechanism, because it's the fair way to judge today. The question isn't whether Dubai can ever fall. It can, and Chapter Six shows it doing exactly that in 2026. The question is whether the specific machinery that turned a 2008 correction into a 50% collapse is still in place. It isn't, and the next chapter shows what replaced it.

~50%

PEAK-TO-TROUGH HOME-PRICE FALL, 2008 TO 2009

Bloomberg / Deutsche Bank

up to ~60%

FALL IN THE WORST-HIT, OFF-PLAN-HEAVY AREAS

market reporting

THE MACHINERY OF 2008

- Untracked off-plan flipping, no interim register.
- Deposits paid straight to developers, no escrow.
- Easy credit and high leverage across buyers.
- Oversupply meeting a sudden demand freeze.

THE FAIR TEST

"Don't ask whether Dubai can fall. Ask whether the machinery that made 2008 a 50% crash is still bolted in. That's answerable."

CHAPTER 02 · THE SEQUENCE

How the 2008 Crash Actually Unfolded

It helps to see 2008 as a sequence rather than a single event, because each stage maps onto one of the reforms in the next chapter. The boom ran on speculation and easy credit. Off-plan units changed hands several times before a brick was laid. Deposits sat with developers, not in protected accounts. Then global credit froze, and the sequence ran in reverse, fast.

1

The Speculative Boom

2006 to 2008 · Off-plan units flipped repeatedly, no interim register, deposits paid straight to developers, easy credit.

2

The Credit Freeze

Late 2008 · Global credit seizes up. Speculative buyers can't refinance or flip, and off-plan chains break.

3

The 50% Fall

2009 · Prices fall roughly 50%, up to ~60% in the worst areas. Deposits already spent, no escrow behind them.

4

The Policy Response

2007 to 2014 · Escrow (2007), the Oqood register (2008), LTV caps (2013) and a credit bureau (2014).

Read that sequence and the 50% number stops being mysterious. It wasn't bad luck. It was leverage and speculation meeting a demand freeze with no protective plumbing in between. The reason today looks different isn't optimism. It's that the plumbing now exists, and the funding base is mostly cash rather than credit. Same city, different machinery.

THE SEQUENCE MAPS TO THE FIXES

- Untracked flipping, now the Oqood register.
- Deposits at risk, now ring-fenced escrow.
- High leverage, now hard LTV caps.
- Invisible debt, now a credit bureau.

THE READ

"Every stage that made 2008 severe now has a law aimed straight at it. That's not optimism, it's the record."

03

CHAPTER THREE

The Four Structural Fixes

The 2008 mechanism didn't get talked down. It got legislated away, in four specific reforms with four specific laws. Here they are.

What Replaced the 2008 Machinery

Regulators watched the 2008 collapse from the inside, and their response wasn't a speech. It was four pieces of machinery, each aimed at one of the failure points from the last chapter. Know them by name, because they're the backbone of the bull case.

One, escrow. Dubai Law No. 8 of 2007 requires that off-plan buyer funds be held in a project-specific escrow account and released to the developer only against verified construction milestones. The 2008 failure where deposits vanished into a developer's general spending simply can't happen the same way now. Your money is ring-fenced to your project.

Two, the interim register. Law No. 13 of 2008 created Oqood, the Dubai Land Department's Interim Property Register, on which off-plan sales must be recorded. That closes the untracked flipping loophole that let speculative chains build invisibly. Every off-plan resale is now on the record, which is exactly what was missing in the run-up to the crash.

Three, mortgage caps. CBUAE Circular 31 of 2013 introduced hard loan-to-value limits where none existed before: broadly 80% for an expat's first home under AED 5m, 70% above it, and a firm **60% cap on any second or investment property**. The same rules cap a borrower's debt-burden ratio at 50% of income. That's a macroprudential brake on exactly the leverage that amplified 2008.

Four, the credit bureau. Al Etihad Credit Bureau, established in 2014, now monitors personal debt UAE-wide, so lenders can see a borrower's true exposure. In 2008 that visibility didn't exist. Put the four together and the leverage-driven, off-plan-flipping crash of 2008 has had its fuel supply cut off at four separate valves.

THE FIX	THE 2008 GAP IT CLOSES
Escrow, Law 8/2007	Off-plan deposits are ring-fenced per project and released only against verified build milestones.
Oqood register, Law 13/2008	Off-plan sales are recorded on the DLD interim register, ending untracked flipping.
LTV caps, CBUAE 31/2013	Hard leverage limits: ~80/70% expat first home, 60% on any second or investment unit, 50% debt-burden cap.
Al Etihad Credit Bureau, 2014	UAE-wide visibility of personal debt, so lenders can see true borrower exposure.

Legal references as cited by the Dubai Land Department and the Central Bank of the UAE Rulebook. Regulation reduces the risk of a leverage-driven crisis; it does not guarantee prices.

◆ THE LINE

"2008 didn't get talked down. It got legislated. Four failure points, four laws, four valves on the fuel supply."

How Escrow Protects Your Money, Step by Step

The laws are only as good as what they do to your actual money. So here's the escrow mechanism in practice, the single most important protection that simply didn't exist before 2008, followed step by step from the moment you pay a deposit.

1. **You pay into escrow.**
Your off-plan funds go into a project-specific escrow account, not the developer's general accounts. Your money is legally ring-fenced to that project.

2. **Funds release against bricks.**
The developer can only draw against verified construction milestones, checked by RERA, so money is released as the building rises, not before.

3. **Your purchase is registered.**
The sale goes onto the Oqood interim register at the Dubai Land Department, so it's on the official record from day one.

4. **Any resale is registered too.**
If you sell before completion, that resale is recorded, which closes the untracked-flipping loophole that fuelled the 2008 speculative chains.

5. **Your leverage is capped.**
If you borrow at all, CBUAE rules cap it, 60% on an investment property, so the whole structure sits on far less debt than 2008.

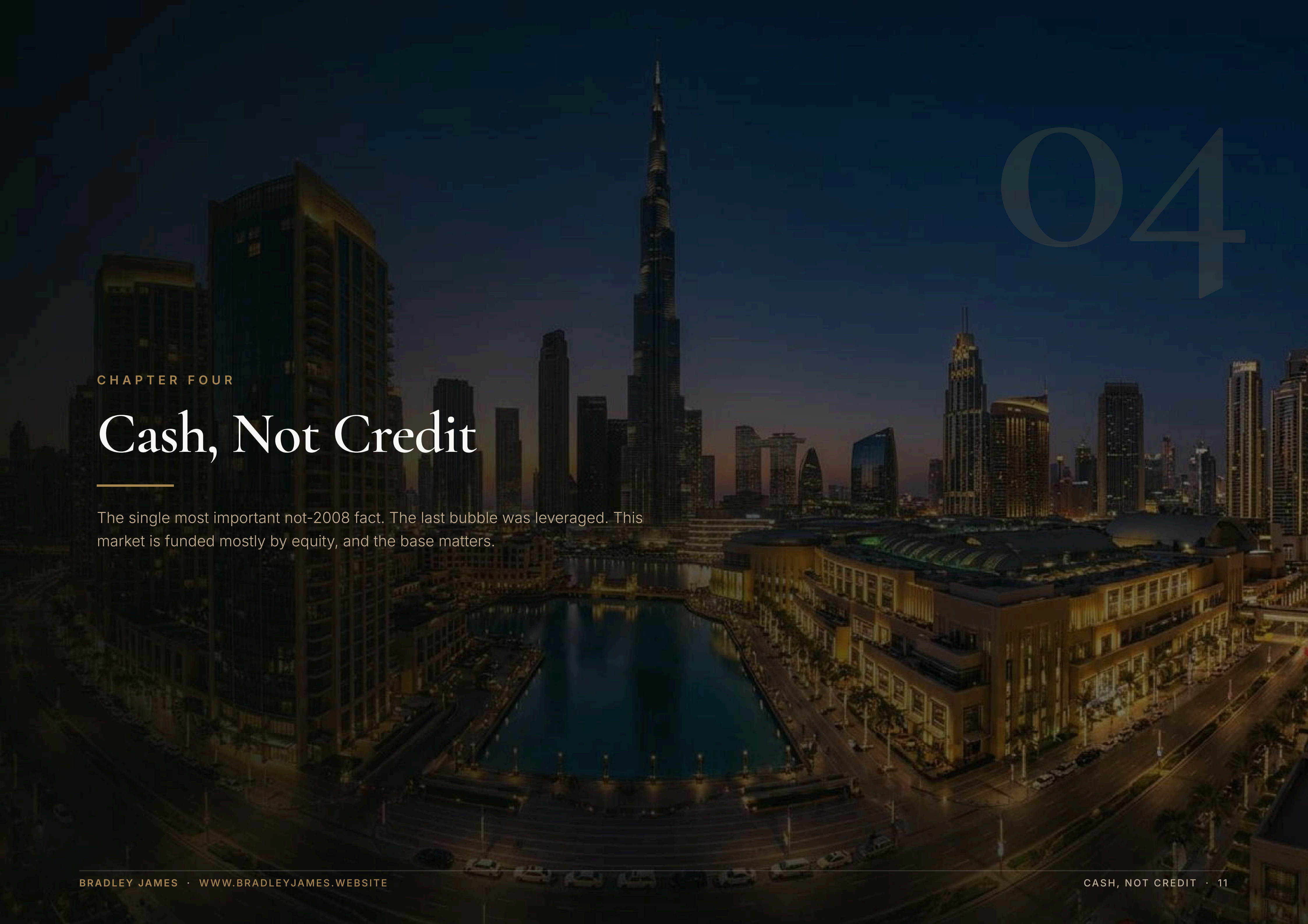
Notice what that sequence removes. It removes the single event that hurt buyers most in 2008, the developer spending deposits that then vanished when the project stalled. It can't happen the same way now, because the money isn't the developer's to spend until they've built. That's not a marketing claim. It's the plumbing, and it's law.

◆ **WHAT ESCROW DOESN'T DO**

Be precise. Escrow protects your funds against a developer misusing deposits and against a stalled build releasing money it shouldn't. It does not protect you against the market price of a finished unit falling. It's a protection on the process, not a guarantee on the price. Keep the two apart.

◆ **THE POINT**

"In 2008 your deposit could vanish into a developer's spending. Now it's ring-fenced and released against bricks. That's the difference a law made."



04

CHAPTER FOUR

Cash, Not Credit

The single most important not-2008 fact. The last bubble was leveraged. This market is funded mostly by equity, and the base matters.

CHAPTER 04 · THE FUNDING BASE

This Market Is Equity, Not Debt

If you remember one number from this guide, make it this one. The 2008 bubble was built on borrowed money. Today's market is built mostly on cash. That single difference is why a Dubai correction now behaves nothing like a leverage-driven banking crisis.

On Dubai Land Department data reported by AGBI, mortgages accounted for roughly **AED 179.3bn of AED 686.8bn in 2025 sales value**, which is about **a quarter**, implying **cash at roughly 75% by value**. Label that base carefully, because it matters: that's by transaction value. And the trend inside it is even more telling. Mortgage lending value actually fell around 4% year on year even as the number of mortgages rose. People are taking smaller loans, not bigger ones. The average new-mortgage loan-to-value sat just under **73%**, down more than five points on the year, which is households borrowing more conservatively, not less.

Measure it a different way and the story holds. On Knight Frank data, cash made up more than **54% of deals by count** in the second half of 2025, rising to around **67% in prime areas** like Downtown, with non-resident buyers transacting almost exclusively in cash. Notice I've now given you three figures, roughly 75% by value, 54% by deal count, and 67% in prime, and labelled the base of each, because that's how you stay honest. They differ because they measure different things. They all point the same way. This is a majority-cash market.

Why does that matter for the bubble question? Because leverage is what turns a price fall into a forced-selling spiral. A mortgaged owner in negative equity can be pushed to sell by the bank. A cash owner can't be margin-called by anyone. Low leverage doesn't stop prices falling, and Chapter Six is blunt about that. What it does is remove the forced-sale and banking-contagion channel that made 2008 catastrophic. That's a real, structural difference, and it's earned.

~25%

MORTGAGE SHARE OF 2025 SALES, BY VALUE (SO CASH ~75% BY VALUE)

DLD via AGBI

<73%

AVERAGE LOAN-TO-VALUE ON NEW MORTGAGES, DOWN >5PTS YOY

DLD via AGBI

>54%

CASH SHARE BY DEAL COUNT, H2 2025, ~67% IN PRIME

Knight Frank

CASH SHARE OF THE MARKET, BY MEASURE

Three different bases (value, prime segment, deal count), all labelled. They differ because they measure different things; all show a majority-cash market.

◆ WHY LEVERAGE IS THE HINGE

Leverage is what converts a price fall into forced selling. A bank can push a mortgaged owner to sell; no one can margin-call a cash owner. Low leverage doesn't put a floor under prices. It removes the forced-sale spiral that made 2008 a banking crisis, not just a correction.

The Base Is Getting Safer, Not Riskier

It's not just that the market is majority-cash today. The direction of travel is toward less leverage, not more, which is the opposite of what you'd see building into a classic bubble. In 2025, on DLD data via AGBI, the value of mortgage lending actually fell around 4% year on year even as the number of mortgages rose. Loans got smaller, not bigger. Households were de-leveraging while transacting more.

SIGNAL	WHAT IT'S DOING	WHY IT MATTERS
Mortgage share, by value	~25%, so cash ~75% by value	The last bubble was leveraged; this base is mostly equity.
Mortgage lending value, YoY	Down ~4% in 2025	Smaller loans even as deal counts rise, de-leveraging.
Average new-mortgage LTV	Just under 73%, down >5pts	Borrowers taking less debt against each purchase.
Non-resident buyers	Almost exclusively cash	The marginal overseas buyer isn't credit-dependent.

DLD via AGBI and Knight Frank via ArabianBusiness, 2025 to early 2026. Bases labelled: value versus count. A de-leveraging market is the opposite of a leverage-driven bubble forming.

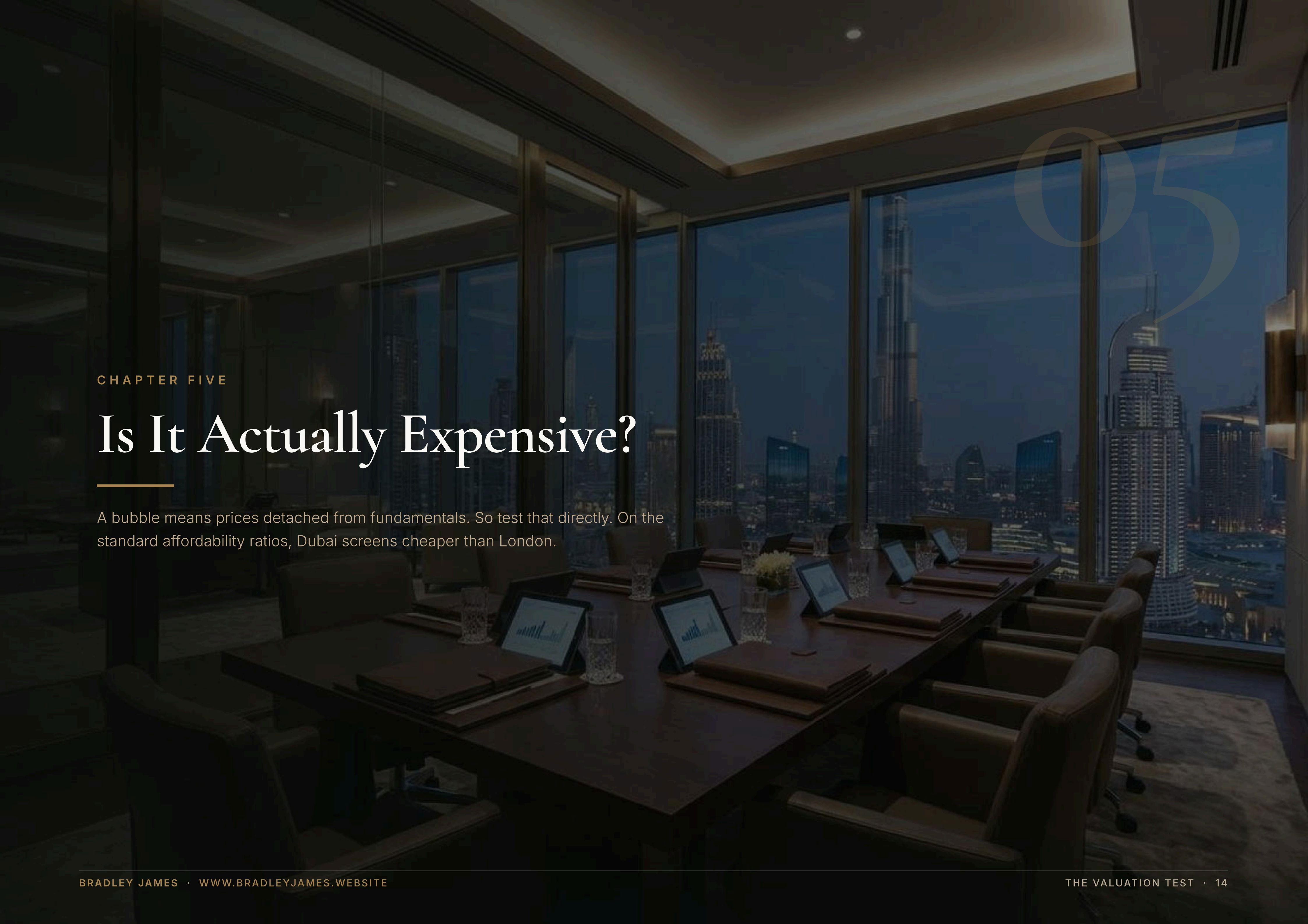
Here's the honest counterweight, and it belongs on this page. A cash base makes the market sturdier, but it doesn't make it inert. Cash buyers are sentiment buyers too. They can pause, and when a shock hits they often do, which is exactly what drove the volume collapse in Chapter Six. So read this correctly. The funding base tells you a 2008-style forced-sale banking crisis is far less likely. It does not tell you prices can't fall on sentiment. Both things are true.

◆ THE OVERSEAS BUYER POINT

Non-resident buyers, who are a large share of the market, transact almost entirely in cash because local credit is harder for them to access. That matters: the marginal buyer setting prices at the top end isn't a leveraged speculator chasing a flip. It's an equity buyer, often protecting capital, which behaves very differently in a downturn.

◆ THE NUANCE

"A de-leveraging market is sturdier, not inert. Cash buyers still have sentiment, and sentiment still moves prices. Sturdy is the claim, not immune."



05

CHAPTER FIVE

Is It Actually Expensive?

A bubble means prices detached from fundamentals. So test that directly. On the standard affordability ratios, Dubai screens cheaper than London.

Cheaper Than London on the Ratios

The word bubble implies prices have detached from what incomes and rents can support. That's a testable claim, not a vibe. So test it. Put Dubai next to a global gateway city on the two ratios that matter, and see which one looks stretched.

On Numbeo's 2026 data, Dubai's **price-to-income ratio is around 7.3**, against London at roughly **15.3**. Its **price-to-rent ratio in the city centre is around 14.1**, against London at about **28.7**. On both measures Dubai screens materially cheaper than a mature gateway market, which is the opposite of what you'd expect from a classic overvaluation bubble. A price-to-rent ratio of 14 means rents are doing real work to support prices. London's near-29 means they're doing far less.

Now the honesty this deserves. Numbeo is crowd-sourced, so treat it as a directional affordability cross-check, not a valuation authority. Read it as a screen: it tells you Dubai isn't obviously expensive on the fundamentals, not that it's precisely 2.1 times cheaper than London to the decimal. And there's a genuine caveat that belongs right here. Dubai's rents and incomes are more volatile than London's. The cheap screen is partly a function of strong current rents. If rents soften, that ratio can re-rate quickly. Cheap today doesn't mean permanently cheap.

Still, put it together with the funding base from Chapter Four and a picture forms. A market that's cheaper than London on income and rent multiples, and funded mostly by cash rather than debt, is not the textbook profile of a bubble about to burst. That's the strongest form of the bull case, and it's a fair one. The next chapter is where I stop making it and start stress-testing it.

RATIO (2026)	DUBAI	LONDON
Price-to-income ratio	~7.3	~15.3
Price-to-rent, city centre	~14.1	~28.7

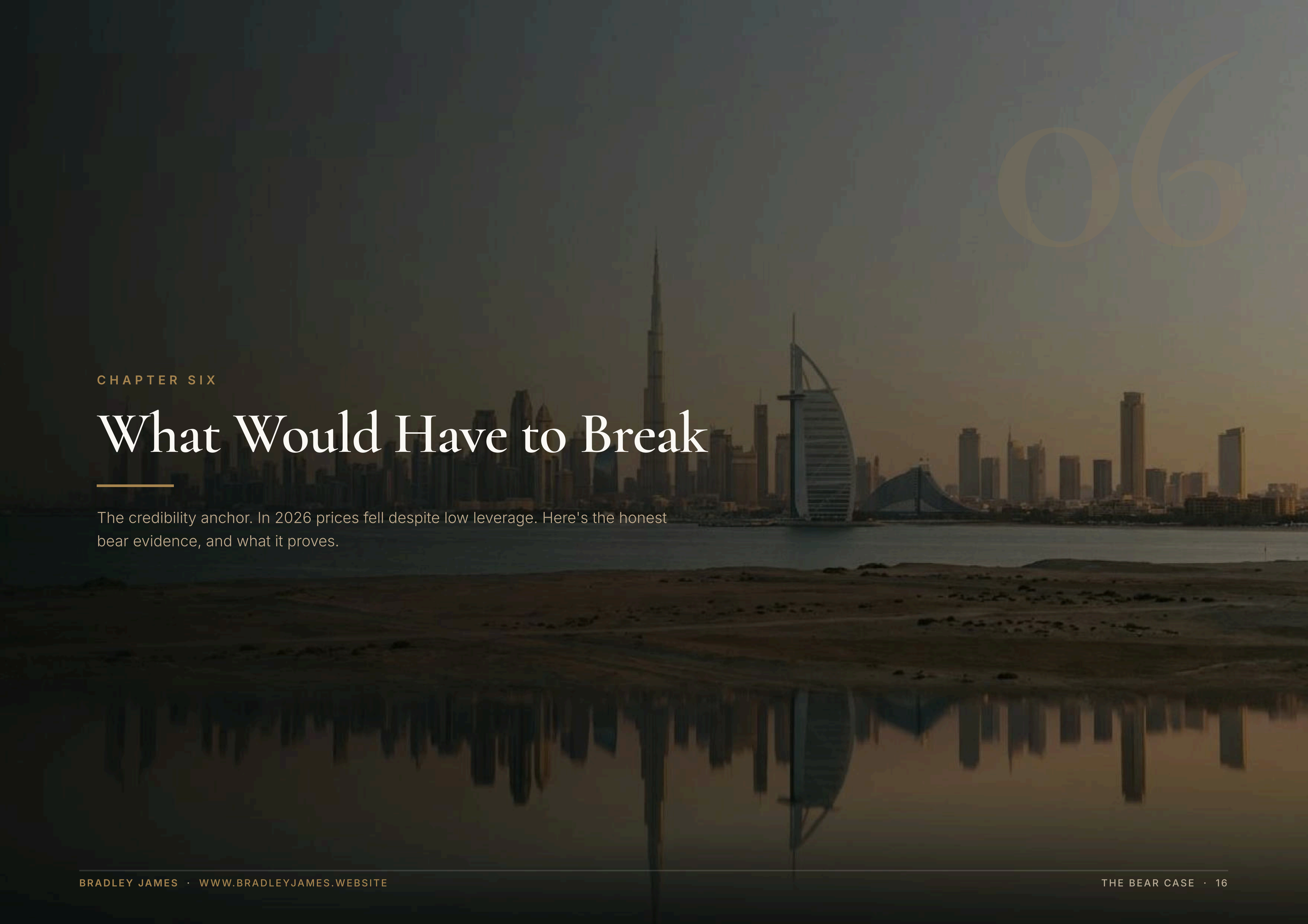
Numbeo 2026, crowd-sourced. Directional affordability cross-check, not a precise valuation authority. Lower is cheaper relative to incomes and rents.

◆ READ IT AS A SCREEN

These ratios don't prove Dubai is cheap to the decimal. They screen out the idea that it's obviously overvalued. On income and rent multiples it sits well below London. That's an argument against a classic valuation bubble, not a guarantee.

◆ THE CAVEAT

"Dubai's rents are more volatile than London's. The cheap screen leans on strong current rents. Soften the rents and the ratio re-rates fast."



06

CHAPTER SIX

What Would Have to Break

The credibility anchor. In 2026 prices fell despite low leverage. Here's the honest bear evidence, and what it proves.

Prices Fell Anyway, in 2026

Everything so far is the bull case, and it's a strong one. Here's where I test it against reality, because in early 2026 reality delivered the exact scenario a bull is supposed to fear. A market that was low-leverage and majority-cash corrected anyway. Read this chapter slowly. It's the most important one in the guide.

In early 2026 a regional escalation hit sentiment hard, and the numbers moved fast. On Goldman Sachs analysis reported by Fortune, UAE transaction volumes fell **around 37% year on year** and **about 49% month on month** in the first days of March 2026. Off-plan deals, the speculative end, dropped **roughly 21% month on month**. Off-plan secondary resales were trading **10% to 15% below** their original values in many cases, with distressed sellers appearing. By late May, tracking data showed roughly **AED 2.36bn of seller price cuts** across some 3,292 listings. This isn't a forecast. It happened.

And crucially, physical prices themselves fell, not just sentiment. ValuStrat's price index recorded its **first monthly decline since 2020**, down **5.9% in March 2026**. Listed developer equities, which are a different thing from bricks, fell around 20% and wiped out the year's gains. So here's the lesson, stated without spin: low leverage and a cash-heavy base did **not** put a floor under prices. They prevented a banking crisis and a forced-sale spiral. They did not prevent a sentiment-driven correction. Both halves of that sentence are true, and any guide that gives you only the first half is selling you something.

What would have to break for a real fall? Not much that's exotic. A genuine geopolitical shock, which is a recurring feature of this region and not a tail risk. A supply wave arriving faster than demand absorbs it. A rent softening that re-rates the valuation screen from Chapter Five. None of those require a 2008-style leverage collapse. That's the honest bear case, and it's why I never call this market crash-proof.

-37%
UAE TRANSACTION VOLUMES YOY, EARLY MARCH 2026
Goldman Sachs via Fortune

-5.9%
VALUSTRAT PRICE INDEX, MARCH 2026, FIRST MONTHLY FALL SINCE 2020
ValuStrat

AED 2.36bn
SELLER PRICE CUTS ACROSS ~3,292 LISTINGS BY LATE MAY 2026
Fortune

◆ THE HONEST LESSON

A majority-cash, low-leverage market still fell on a regional shock in 2026. Low leverage stops a banking crisis and forced selling. It does not stop a sentiment correction. Anyone who told you cash-buying makes Dubai crash-proof was wrong, and 2026 proved it in real prices.

◆ THE ANCHOR

"Prices fell in 2026 despite low leverage. That single fact is why this guide is trustworthy on everything else."

Resilient, But Not Immune

Now the other half of the same truth, because catastrophising is as dishonest as spin. The 2026 fall was real, but it was also shaped and contained in ways that matter. The ValuStrat 5.9% March decline erased only about **six months** of gains, taking values back to roughly mid-2025 levels, not to pre-boom levels. That's a correction inside a cycle, not the cycle unwinding.

The damage was also segmented, which is the recurring pattern here. The correction concentrated in speculative off-plan, while ready and completed homes proved significantly more resilient. And at the headline level the quarter still grew: the Dubai Land Department reported Q1 2026 transactions of **AED 252bn, up 31% year on year**, with foreign inflows still rising. History rhymes here. In the 2020 pandemic shock, values fell around 10.4% and volumes about 11.7%, then rebounded sharply within a few quarters. Dubai has absorbed multiple shocks and recovered each time.

So hold both facts at once, because that's the whole discipline of this guide. Dubai property is **resilient, but not immune**. It corrects on shocks, hardest in the speculative segments, and then it has repeatedly recovered on the strength of population growth, cash buyers and the structural story. The right response isn't to dismiss the risk or to run from it. It's to size a position that can sit through a 12 to 18 month sentiment drawdown, hold for income and the long story, and buy the resilient end rather than the speculative one.

FACT	THE 2026 RECORD, BOTH SIDES
The fall was real	Volumes -37% YoY, ValuStrat -5.9% in March, AED 2.36bn of seller cuts. Physical prices fell.
But contained	The -5.9% erased ~6 months of gains, back to ~mid-2025 levels, not pre-boom.
And segmented	Speculative off-plan hit hardest; ready, completed homes far more resilient.
Quarter still grew	DLD Q1 2026 transactions AED 252bn, +31% YoY, foreign inflows still rising.

Sources: Fortune (on DLD/Goldman/market data), ValuStrat, Dubai Land Department, Emirates NBD Research. Balance, not spin: the fall and the resilience are both real.

◆ THE FRAME

"Resilient, but not immune. It corrects on shocks and has recovered every time. Size for the drawdown, hold for the story."

CHAPTER SEVEN

The Honest Caveats

The chapter that keeps the rest honest. Where the not-a-bubble case has genuine limits, stated as plainly as the strengths.

CHAPTER 07 · EYES OPEN

Where the Bull Case Has Limits

A case worth making is a case worth stress-testing to destruction. Here are the honest limits of the not-a-bubble argument, stated as plainly as its strengths, because being oversold is how people get hurt in exactly this kind of market.

Low leverage limits forced selling, not price falls. This is the big one, and 2026 proved it. A cash-heavy market can't produce a margin-call spiral or a banking crisis, which is why a 2008-style collapse is far less likely. But cash buyers can still sit out on weak sentiment, or sell to rebalance, just as fast as anyone. Low leverage puts no floor under prices. It never did.

Supply is genuinely large and concentrated. The pipeline of new homes is real, with Moody's pointing to more than 150,000 new units by 2027, and it's concentrated in specific segments, above all off-plan apartments. Historic completion slippage has cushioned that, but the cushion can thin if construction accelerates. Underwrite for supply arriving, not for it conveniently not arriving.

Geopolitics is a recurring shock, not a tail risk. The 2026 correction was driven by regional escalation, and this region produces such shocks periodically. Safe-haven inflows into Dubai are real, but they can reverse on escalation, and airspace or flight-connectivity disruption is a genuine transmission channel for a tourism and migration-led economy. Plan for the shock, don't hope it away.

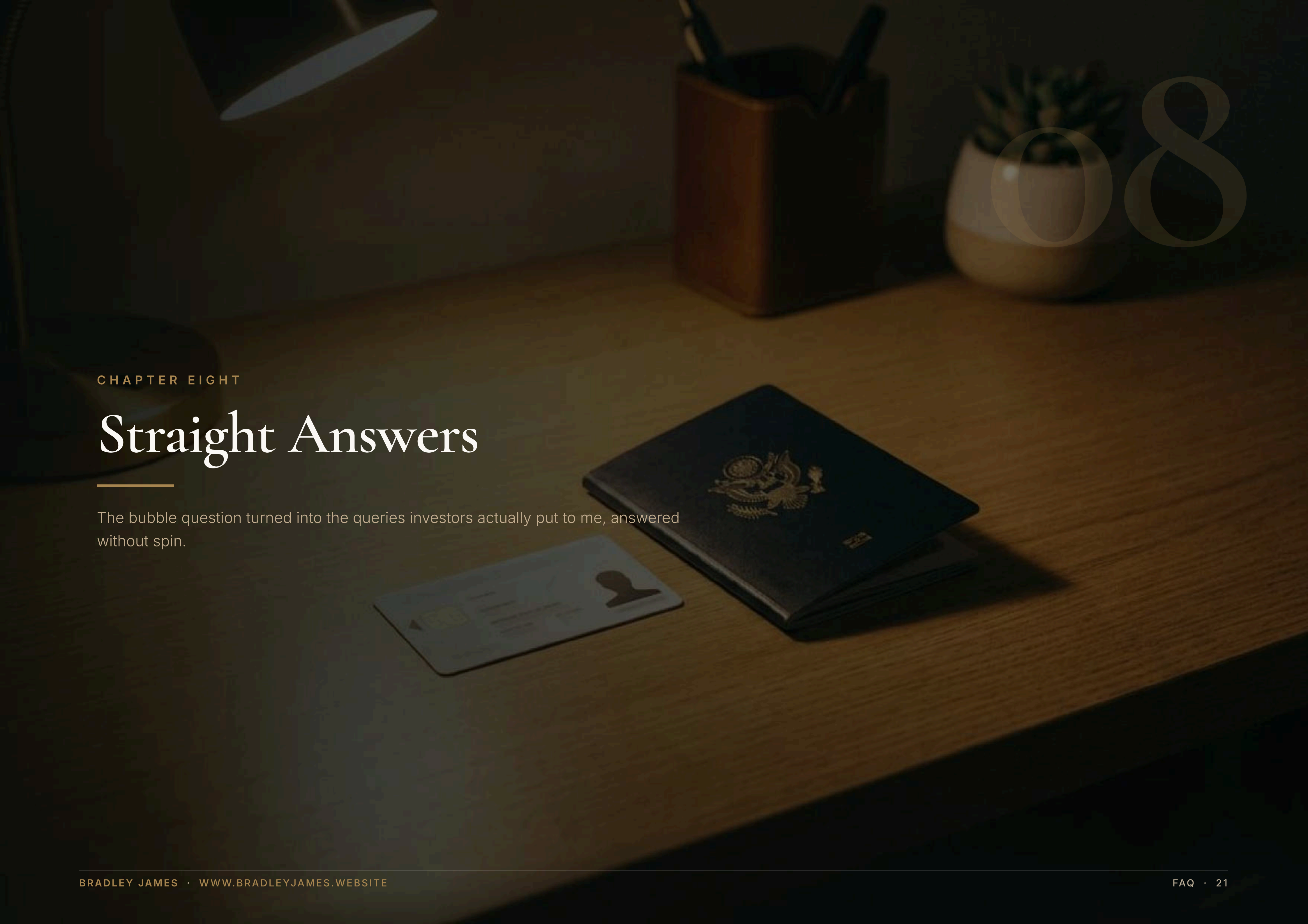
The valuation screen leans on strong rents. Dubai looks cheap against London on income and rent multiples, but its rents and incomes are more volatile. Soften the rents and that cheap screen re-rates. And the market is broadly cooling in 2026, with Fitch describing a possible peak-to-trough correction of **up to 15%**, explicitly not a crash, and a capital-growth outlook of around ~10%, down from the high teens in 2025. This is a decelerating market, and I'd rather you heard that from me.

◆ THE LINE I HOLD

The not-a-bubble case is genuinely strong, which is exactly why it doesn't need to be oversold. The mechanism of 2008 has been regulated away and the funding base is mostly cash. But prices still fell in 2026, supply is real, and geopolitics is live. Anyone who tells you Dubai can't fall is selling, not advising.

◆ THE RULE

"Far safer than 2008 is true. Crash-proof is not. Hold both, and you'll size a position that survives what's actually still live."



08

CHAPTER EIGHT

Straight Answers

The bubble question turned into the queries investors actually put to me, answered without spin.

The Questions Investors Actually Ask

Q. So is Dubai in a bubble or not?

On the evidence, it isn't a classic leverage-driven bubble like 2008. The market is funded mostly by cash, roughly 75% by value, it screens cheaper than London on income and rent multiples, and the four structural fixes have closed the 2008 failure points. But it's not crash-proof. In 2026 prices fell on a regional shock despite all of that. Far safer than 2008, yes. Immune, no.

Q. How bad was 2008, really?

Bad. Home prices fell roughly 50% peak-to-trough, and up to around 60% in the worst-hit off-plan-heavy areas, on Deutsche Bank data via Bloomberg. It was the world's steepest slump of that cycle, driven by untracked off-plan flipping, no escrow, high leverage and oversupply. The point of this guide is that the specific machinery behind that severity has since been regulated away.

Q. What actually stops a repeat of 2008?

Four things, with laws behind them. Escrow (Law 8/2007) ring-fences off-plan deposits. The Oqood interim register (Law 13/2008) ends untracked flipping. CBUAE loan-to-value caps (Circular 31/2013) hold leverage down, 60% on any second or investment property. And Al Etihad Credit Bureau (2014) gives lenders visibility on debt. Together they cut the fuel supply that made 2008 a leverage-driven crash.

Q. If it's low-leverage, why did prices fall in 2026?

Because low leverage stops forced selling, not sentiment. A cash market can't be margin-called into a spiral, which is why there was no banking crisis. But cash buyers can still step back or sell on a shock. A regional escalation in early 2026 drove volumes down around 37% year on year and ValuStrat's index down 5.9% in March, its first monthly fall since 2020. Real prices, real fall. That's the honest record.

Q. Is Dubai property overvalued right now?

Not on the standard affordability screens. Numbeo's 2026 data puts Dubai's price-to-income ratio near 7.3 against London's 15.3, and price-to-rent near 14.1 against 28.7. Numbeo is crowd-sourced, so read it as directional, not precise. It argues against obvious overvaluation. The caveat is that Dubai's rents are more volatile, so a rent softening could re-rate that screen.

Q. How do I invest given all this?

Buy the resilient end, not the speculative one. In 2026 the correction concentrated in off-plan while ready, completed homes held up far better. Size a position that can sit through a 12 to 18 month sentiment drawdown, hold for income and the structural story, and don't trade the headlines. The market is cooling in 2026, Fitch talks of up to 15% and no crash, so buy for the long story, not for a quick flip.

Q. Should the 2026 correction scare me off?

It should inform you, not scare you. Dubai has absorbed multiple shocks, 2019, 2020, and the 2026 escalation, and recovered each time, and the 5.9% March fall erased only about six months of gains, not the cycle. Resilient, but not immune, is the honest frame. If you need certainty that prices only go up, no market anywhere can give you that, and this guide won't pretend Dubai can.

REFERENCES & SOURCES

Every Figure, Sourced

Every statistic in this guide is attributed. Where sources differ, a range is used. Links are live and clickable.

01 **Dubai's 56% property surge collides with the ghosts of the 2009 crash (Deutsche Bank: peak-to-trough home prices fell roughly 50% in the GFC).** Bloomberg / Deutsche Bank AG. https://www.bloomberg.com/news/articles/2022-06-01/dubai-s-56-property-surge-collides-with-ghosts-of-2009-crash

02 **Dubai housing crash in 2009 (prices fell up to ~60% in some areas; oversupply, speculation and off-plan flipping as root causes).** Wikipedia (secondary, magnitude only). https://en.wikipedia.org/wiki/Dubai_housing_crash_in_2009

03 **Escrow Accounts for Real Estate Development (Law No. 8 of 2007) and the Oqood Interim Property Register (Law No. 13 of 2008).** Dubai Land Department / RERA. https://dubailand.gov.ae/en/eservices/oqood/

04 **Regulations Regarding Mortgage Loans, Article 3 Important Ratios (LTV caps and 50% debt-burden ratio, CBUAE Circular 31/2013).** Central Bank of the UAE Rulebook. https://rulebook.centralbank.ae/en/rulebook/article-3-important-ratios

05 **Five reasons Dubai's property market will not see a 2009-type crash (diversification, population, tourism, escrow, LTV caps, credit bureau).** S&P Global Ratings, via Gulf Business. https://gulfbusiness.com/five-reasons-dubais-property-market-will-see-2009-type-crash-sp/

06 **Dubai property boom leans on cash as mortgage lending lags (mortgages ~AED 179.3bn of AED 686.8bn 2025 sales value, ~25%; average new-mortgage LTV just under 73%).** AGBI, on Dubai Land Department data. https://www.agbi.com/real-estate/2026/01/dubai-property-boom-leans-on-cash-as-mortgage-lending-lags/

07 **Dubai real estate buyers increasingly paying cash (cash >54% of deals by count in H2 2025, up to ~67% in prime; non-residents almost exclusively cash).** ArabianBusiness, on Knight Frank data. https://www.arabianbusiness.com/industries/real-estate/dubai-real-estate-buyers-in-2026

08 **Property investment ratios for Dubai (price-to-income ~7.3, price-to-rent ~14.1) versus London (~15.3 and ~28.7).** Numbeo (crowd-sourced, directional). https://www.numbeo.com/property-investment/in/Dubai

09 **Property prices are down in Dubai, war blip or worse (Goldman Sachs: volumes -37% YoY, -49% MoM early March 2026; off-plan -21% MoM; ~AED 2.36bn seller price cuts across 3,292 listings).** Fortune, on DLD and market data. https://fortune.com/2026/06/01/property-prices-down-dubai/

10 **ValuStrat Price Index: first monthly decline since 2020 (-5.9% in March 2026, erasing roughly six months of gains).** ValuStrat. https://www.valustrat.com/valustrat-price-index/

11 **Dubai real estate index tanks ~20%, wiping out CY26 gains on regional escalation (listed developer equities, distinct from physical prices).** Business Standard. https://www.business-standard.com/markets/news/dubai-real-estate-index-tanks-20-wipes-out-cy26-gains-on-iran-war-126030900584_1.html

12 **Dubai's real estate transactions surge 31% to AED 252bn in Q1 2026 (quarter still grew despite the March shock).** Dubai Land Department. https://dubailand.gov.ae/en/news-media/dubai-s-real-estate-transactions-surge-31-to-reach-aed-252-billion-in-q1-2026/

13 **Dubai property transaction volumes recover (2020 values -10.4%, volumes -11.7%, then a fast Q4 rebound).** Emirates NBD Research. https://www.emiratesnbdresearch.com/en/articles/dubai-property-transaction-volumes-recover

14 **Dubai Real Estate Transactions 2024-2025 (volumes and values).** Dubai Land Department / DXB Interact. https://dubailand.gov.ae/en/open-data/real-estate-data/

15 **Dubai population clock (crossed 4.0 million, August 2025).** Dubai Statistics Center. https://www.dsc.gov.ae/en-us/Pages/default.aspx

16 **Dubai Economic Agenda D33 (AED 32 trillion, double the economy).** Dubai Media Office. https://mediaoffice.ae/en/news/2023/January/04-01/Dubai-Economic-Agenda-D33

17 **Dubai 2040 Urban Master Plan (population target 5.8 million).** The UAE Government Portal. https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/strategies-plans-and-visions/infrastructure-and-transport/dubai-2040-urban-master-plan

18 **UAE Article IV Consultation and World Economic Outlook (GDP, inflation).** International Monetary Fund. https://www.imf.org/en/Countries/ARE

19 **ValuStrat Price Index (VPI) and 2026 capital-growth outlook.** ValuStrat. https://www.valustrat.com/valustrat-price-index/

20 **Dubai residential market review, prime price per square foot.** Knight Frank. https://www.knightfrank.ae/research

21 **Global Sovereigns and UAE / Dubai real estate outlook (supply-led moderation).** Fitch Ratings. https://www.fitchratings.com/

22 **Private Wealth Migration Report 2025 (UAE the world's #1 net inflow).** Henley & Partners. https://www.henleyglobal.com/publications/henley-private-wealth-migration-report-2025

23 **UAE corporate tax and 0% personal-tax framework for individuals.** PwC Middle East Tax Summaries. https://taxsummaries.pwc.com/united-arab-emirates

24 **The dirham peg to the US dollar at 3.6725 (since 1997).** Central Bank of the UAE. https://www.centralbank.ae/en/

25 **Safety and crime indices 2025 (UAE ranked safest country).** Numbeo Crime and Safety Index. https://www.numbeo.com/crime/rankings_by_country.jsp

WORK WITH BRADLEY JAMES

Far Safer Than 2008. Not Crash-Proof.

◆ ABOUT BRADLEY

Not a broker, an advisor. I built a business in the UK and spent more than a decade advising people from all walks of life, before moving to Dubai and joining M&M Real Estate to work at a higher strategic level than the typical transactional broker. I specialise exclusively in off-plan investment for overseas and high-net-worth clients, I put my own capital into the projects I recommend, and my business is more than 80% referral-driven, because every client came through someone who trusted me first.

WHATSAPP
+971 56 500 6162

EMAIL
b.james@mandmrealestate.ae

WEBSITE
www.bradleyjames.website

Bradley James

INVESTMENT ADVISOR · M&M REAL ESTATE · DUBAI