

## Real estate market boom in the UAE and migration flows

Magdalena Karolak

### Executive Summary

This policy brief analyzes the role of real estate development as an influencing factor in international migration flows to the GCC countries. Examining specifically the spectacular growth of the real estate sector in the UAE over the last decades, it evaluates the factors behind its success among international clientele such as the availability of long-term residency, market competitiveness, high level infrastructure development and eased conditions of property purchase that have attracted new investors and residents to the UAE; a model that other countries in the GCC have started to recently emulate. In addition, given that the emirate of Dubai had an early start opening its property sector to foreign investments, the brief focuses on the lessons learned from the past real estate bubble that have currently made Dubai the most successful real estate market in the region. Consequently, the regulations implemented may serve as a model for other emirates and GCC countries. Finally, the brief also offers recommendations for maintaining the stable growth and attractiveness of the property sector in the years to come.

### Introduction

The real estate market in the UAE experienced a fast recovery following the global economic downturn caused by the COVID-19 pandemic. This is especially true for the emirate of Dubai, which saw a strong uptake in property sales transactions as early as 2021 (Government of Dubai, 28 January 2022). Abu Dhabi and Ras Al Khaimah (RAK) followed suit by announcing multiple new developments open to foreign investments, among them, the country's first-ever luxury casino resort and residences in RAK. The growth in the volume of transactions in Dubai was accompanied by an increase in population that, as of 2023, exceeded 3.5 million for the first time in the country's history (Gulf News, 25 June 2023), highlighting that Dubai has firmly cemented its position as an attractive destination for international migration flows, creating an even stronger appeal since the pandemic.

**Table 1 Real Estate Sales Transactions in the Emirate of Dubai**

Year	Number of Transactions	Amount in AED
2021	84,196	300 billion
2022	97,466	265.6 billion
2023	118,011	315 billion
2024	226,000	761 billion

*Data: Government of Dubai (2025), Bayut (2022), Engel & Volkers (2023)*

In comparison, the emirate of Abu Dhabi recorded 28,249 sales transactions in 2024 with a value of 96.2 billion AED (Abu Dhabi Media Office, 27 January 2025), while RAK reported 2,985 property sales transactions last year valued at 15 billion AED (WAM, 5 April 2025). Thus, Dubai remains the uncontested leader in real estate development in the UAE. This is not surprising given that the property market in Dubai opened to foreign investors as early as 2002 (Adams, 2 December 2019) and since then has matured and become known globally as a property hotspot, even attracting global celebrities such as David and Victoria Beckham, Tom Cruise, and Shah Rukh Khan (Zaman, 20 June 2024).

The reasons behind Dubai's success as a centre of real estate investment are numerous and range from the availability of property purchase to non-residents (since 2020) and flexible mortgage options to off-plan sale offerings with multiple post-construction payments and the establishment of new long-term self-sponsored residence visas (Karolak, 2024) with easing of the existing requirements for real estate investor visas. The latter saw the minimum investment decrease in 2024 from 1 million to 750,000 AED. In addition, unlike in the past, the investor can obtain a renewable visa, while the property is still under mortgage, provided a minimum of 750,000 AED has already been paid. This minimum investment amount grants the investor a 2-year Taskeen residency, while a property investment of 2 million AED or above provides a Golden Visa for 10 years. The self-sponsored visas allow the recipient to sponsor, in turn, other family members, hence making the emirate an option for family relocations. This policy change aligns with the shift towards attracting mass markets, unlike the more selective property ownership policies of the past, when fewer purchase options existed and stricter conditions made property more difficult to purchase following the real estate bubble. It also supports the population growth goals of the Dubai Urban Master Plan 2040 that foresees an increase in resident numbers to 7.8 million in 2040 (Government of Dubai, n.d.).

Another reason behind Dubai's appeal to international real estate investors is the wide range of properties on the market. With multiple new neighborhoods under construction, the entry market price for investors is significantly lower than in other international hubs such as Hong Kong, London, or Paris (Ryan & Bardsley, 7 April 2025). Nonetheless, thanks to Dubai's tax-free income policy, it has remained a favorite among ultra-wealthy investors, with luxury properties experiencing a supply shortage (Arabian Business, 21 February 2025). Consequently, some of the luxury projects put on hold during the economic downturn were brought back to the table, such as the World Islands and Palm Jebel Ali.

The link between property purchase and residence is worth exploring further. It has been estimated that 23% of Dubai's residents own their homes, a number that ought to increase to 33% by 2030 (Betterhomes, 24 September 2024). As mentioned previously, this trend has been prompted by new self-sponsored

long-term residence options that provide expatriates with stability and promote settlements of whole families. The conditions for self-sponsorship require meeting financial requirements, hence allowing middle and upper-class expatriates to procure long-term residence. The number of Golden Visas issued by Dubai's General Directorate of Residency and Foreign Affairs clearly illustrates substantial growth: 47,150 were issued in 2021, 79,617 in 2022, and 158,000 in 2023. The rapidly rising rental costs are yet another factor that promotes ownership, as paying rent on a long-term basis is less economical (Abdullah, 11 February 2023). And some residents even opt to buy more than one property to put the second one on rent for additional investment yields (Mathew, 27 November 2024).

But the financial and residential visa aspects are not the only reasons behind the preference of international investors for Dubai. The overall safety (Numbeo Safety Index, 2025), political stability, and developed infrastructure (Gulf Business, 16 September 2022), including a network of international schools and high-quality healthcare centers, contribute to making the UAE a preferable place for settlement. In the last years, Dubai authorities have also worked on a plan to improve the wellbeing of residents by establishing a network of cycling paths across the emirate and approving the Dubai Walk Master Plan, which will turn the city into an all-year-round walkable space by 2040 (Protocol Department – Dubai, 7 December 2024). While the rapid increase in population has caused an increase in traffic, creating daily gridlocks, the emirate is committed to tackling the issue with new road development projects, including public transportation-only lanes and the extension of its metro network (Bradley, 23 July 2024).

While it is not feasible to precisely break down the list of investors by nationality due to the limited availability of public data, some information is occasionally shared by developers. Indians and Pakistanis have been a steady segment of investors over the last decade, as well as some Western nationals, especially from the UK (Khan, 14 November 2023). The growth of professional cadres, the lowering of the property entry prices in the UAE market, and the ease of off-plan buying with post-handover installments, makes Dubai an interesting market that competes with the offerings of large global hubs, as mentioned previously, but also the large metropolises in India such as Mumbai (The Economic Times, 26 February 2025). Furthermore, Dubai's real estate market stability is another incentive for investors, given its moderate Real Estate Bubble Index rating (UBS, 2024). In addition, the availability of the residence visa for the retired increases the likelihood of even more retirees considering remaining in the UAE rather than returning home (Akinci, 2021), especially if their country of origin does not offer the same standard of living or is otherwise less desirable.

Over the last years, Dubai has been a safe haven for investment in times of turmoil. Instability in other parts of the Middle East has prompted investors from the region and beyond to relocate to the UAE, as it offers better security and stability. Russian real estate investors, for example, were drawn to the UAE in large numbers after the start of the Ukraine conflict, while British investments have recently increased due to changes to the taxation scheme in the UK and fears of an economic downturn (Mathew, 28 January 2025), and the slowing down of the Chinese economy is one of the reasons behind the growth of real estate purchases by Chinese investors (Arabian Business, 3 March 2025). In addition, the UAE's political ties under BRICS offer citizens of the bloc's member states a guarantee for their investment that may not be available in other countries due to political developments (ibid.). The openness of the freehold property market to international investors, with many parts of the country allowing foreign ownership, is one of the reasons behind its global success. And, given the current volatility in international markets, the UAE is likely to become even more attractive to new investors in search of stability.

The rapid growth of the real estate market in the UAE in recent years is also prompted by its greater maturity, instilling confidence in investors. While the economic crisis spurred by the real estate bubble in years 2007-2008 hit the emirate hard (Khalid, 29 May 2007), it brought lessons for the current boom with stronger safeguards in place for individual investments paid to developers and the latter meeting conditions before starting the sale of their projects (Kawasmi & Bowman, n.d.), as well as higher fees on real estate registration preventing quick property flipping. Fractional ownership, while not as popular as full ownership, is also available as a purchase option that lowers the market entry investment requirement (Anand, 20 October 2024). In such scenarios, multiple investors can purchase one property and are issued a title deed with shared ownership.

The current property boom in Dubai and the wider UAE offers important opportunities to the country, especially under the condition that the investors, who are non-residents, relocate and contribute through their work to the local economy. Given the continued forecast for a population increase that is soon to surpass 4 million, it may very well be the case (Abbas, 17 October 2024). Nonetheless, the fluctuations in property values are tied to supply and demand. Consequently, a future drop in population numbers or an economic downturn may result in an oversupply and loss of value. Such was the case even before the pandemic, when property values steadily decreased (Business Times, 22 February 2019) and were further pushed down due to the global crisis. Stabilizing the population numbers through residence would be an important step to stabilizing the property market. Furthermore, continued monitoring of population growth vs. the projected yearly supply of homes is necessary so as not to undermine market rentability and investor confidence. The former may especially affect mortgage clients who often count on rental yields to pay off the property. In cases of mortgage defaults, banks may find themselves in a difficult position to claim the costs, which may affect other sectors of the economy.

Furthermore, given the nature of the country, with its hot and arid climate, the population growth could significantly impact sustainability. Climate change, according to the current prognosis, will lead to an increase in temperatures in the region (Rouchdy, 1 August 2023) and may affect the willingness of expatriates to relocate and remain there. In addition, necessary steps should be taken to ensure the sustainability and maintenance of real estate projects in the coming decades, to avoid any possible loss of value. Finally, some of the UAE's neighboring countries have started to offer similar real estate investment incentives. For example, in Oman, the minimum requirement for investment is the equivalent of 500,000 AED, which is lower than in Dubai. Oman also offers a lower cost of living in comparison to the UAE, hence creating competition for some segments of investors, such as retirees in search of affordable locations. Bahrain and Saudi Arabia have also established residency visas for property investors. However, the minimum investment costs are much higher, at an equivalent of 2 million AED and 4 million AED, respectively.

All in all, the current success of the property boom in Dubai, and the UAE more broadly, is a testament to the strength of the rebound of the property market fueled by investor confidence, long-term residence options, lower market entry requirements, and the openness of the market to a wide range of international clientele. Similarly, the large numbers of new residents arriving in Dubai daily, estimated at approximately 1,000 people per day in 2025 (Arabian Business, 3 May 2025), contribute to a scarcity of available homes, fuelling the need to develop new residential districts. But above all, the years following the COVID-19 pandemic marked a profound property market shift towards increased property ownership

by UAE residents. Due to a combination of factors, relocation and residence in the UAE (combined with property ownership there) have become an attractive option for those who are looking to invest in a long-term home, and they can now do so thanks to long-term residence visas. Indeed, those relocating to the UAE consider buying their own home within two years of arrival (Abbas, 14 July 2024). Nonetheless, in order to experience a continued stable property market growth, the UAE must focus on attracting new residents as well as implementing sustainable solutions in terms of climate change and the long-term sustenance of real estate development.

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**Publication Reference:** Citations and quotations should always include either the long or the short reference provided here. Generally, the long reference should be used but in exceptional cases (e.g., not enough room), the short reference may be used.

**Long Reference:** Magdalena Karolak, “Real estate market boom in the UAE and migration flows”, Policy Brief No. 23/2025, Gulf Labour Markets, Migration, and Population Programme (GLMM) at the Gulf Research Center (GRC), <https://gulfmigration.grc.net>.

**Short Reference:** M. Karolak, ““Real estate market boom in the UAE and migration flows”, PB No. 23/2025, GLMM, <https://gulfmigration.grc.net>.

**GLMM Mission:** The Gulf Labour Markets, Migration and Population (GLMM) programme is an international independent, non-partisan, non-profit programme hosted and supported by the Gulf Research Center (GRC, <https://www.grc.net>, Jeddah, Geneva, Cambridge). The programme provides data, analyses, and recommendations contributing to the improvement of understanding and management of Gulf labour migration, population, and labour markets, engaging with, and respecting the viewpoints of all stakeholders.

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