ABU DHABI

Residential Real Estate Market Review

H1 2025

INTRODUCTION

Abu Dhabi's property market reached new heights in 2025, with real estate transactions totaling AED 54 billion in the first six months—up 42% year-on-year.

25 Bn	Residential sales (+38% YoY), **New record**	**15,600**	Transaction Volumes (+25% YoY)
8.2 Bn	Leasing Activity +6% YoY	**70%**	Off-Plan Share

The first half of 2025 was defined by confidence - from global investors, end-users purchasing ready homes, and tenants anchoring the rental market.

Luxury off-plan launches across Saadiyat, Yas, and Al Hudayriyat Islands drew international attention, reinforcing Abu Dhabi's standing as a global luxury hub. Meanwhile, demand for ready homes strengthened, reflecting families' and long-term residents' confidence in Abu Dhabi's stability and quality of life.

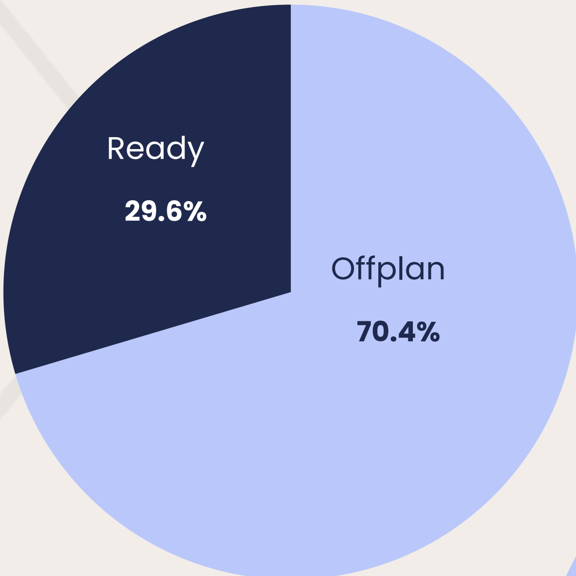
The rental market continues to underpin the city's housing landscape. With most residents renting, affordability risks may emerge as new supply leans toward the premium segment. Luxury apartments and villas dominate leasing values, while affordable stock remains limited. This reinforces the need for innovation in housing finance and new approaches that ease rental pressures for everyday households.

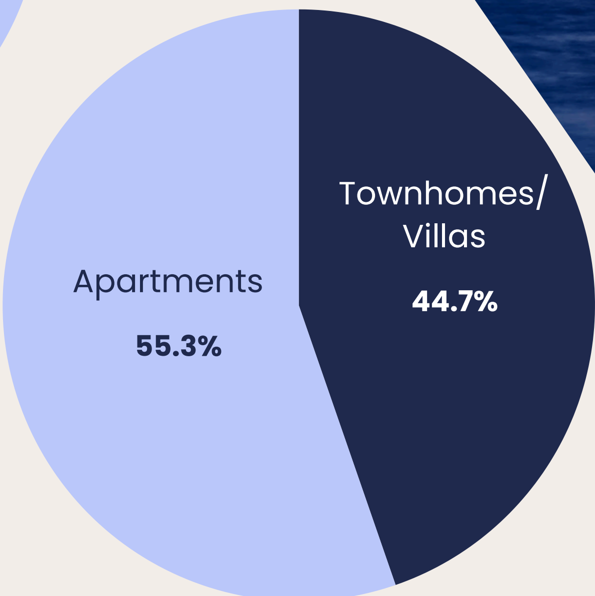
1. Residential Sales Market Analysis

Record Residential Sales Statistics

Residential sales reached AED **25 billion**, a **38% YoY increase**, marking the highest half-year on record.

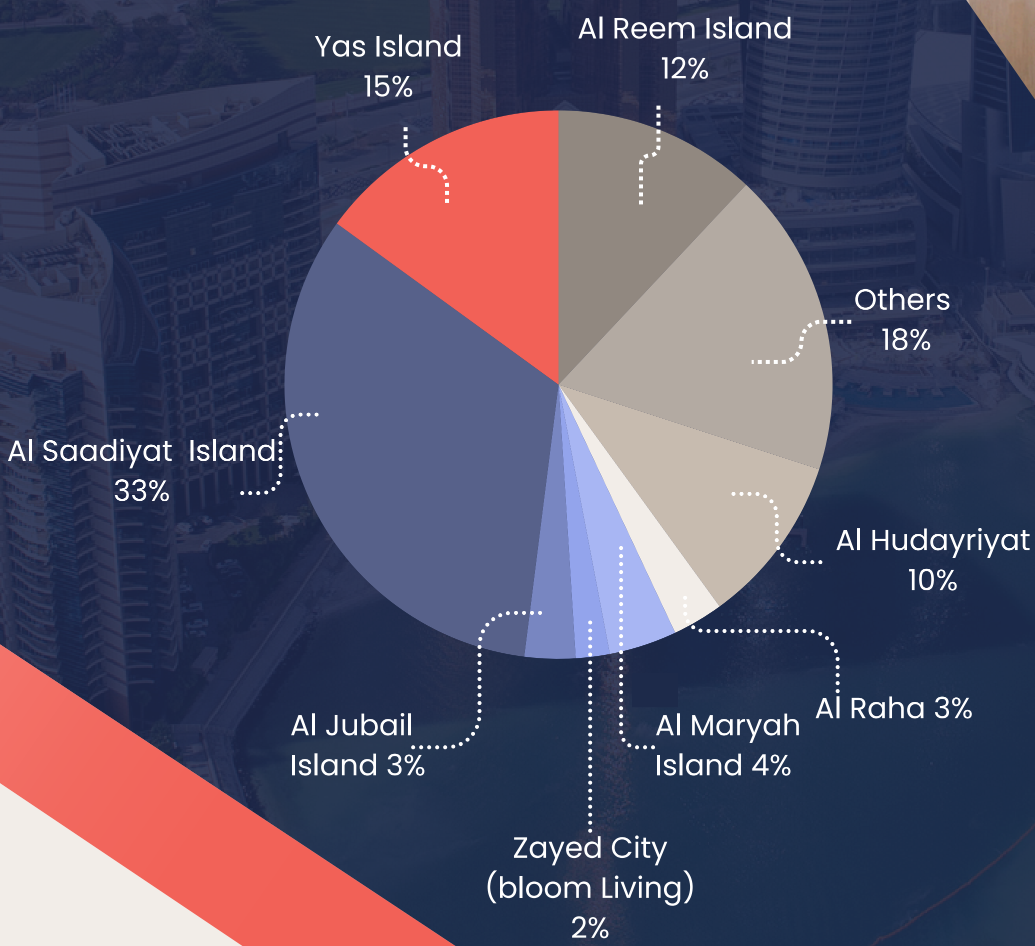
- **Off-plan sales** continued to dominate with ~70% share, particularly in **Saadiyat Island, Yas Island, and Al Hudayriat Island**, where luxury launches captured investor interest.
- **Ready homes** also gained traction, growing **23% YoY,** reflecting strong end-user demand for immediate occupancy.





In H1 2025, apartments accounted for around 55% of residential sales value, with demand concentrated in Reem Island, Al Raha, and Yas Island. Villas and townhouses made up the remaining ~45%, driven by large-scale premium projects such as Saadiyat Lagoons, Al Hudayriyat, and Bloom Living. While apartments typically dominate Abu Dhabi's market, villa/townhouse launches captured a larger share this half-year.

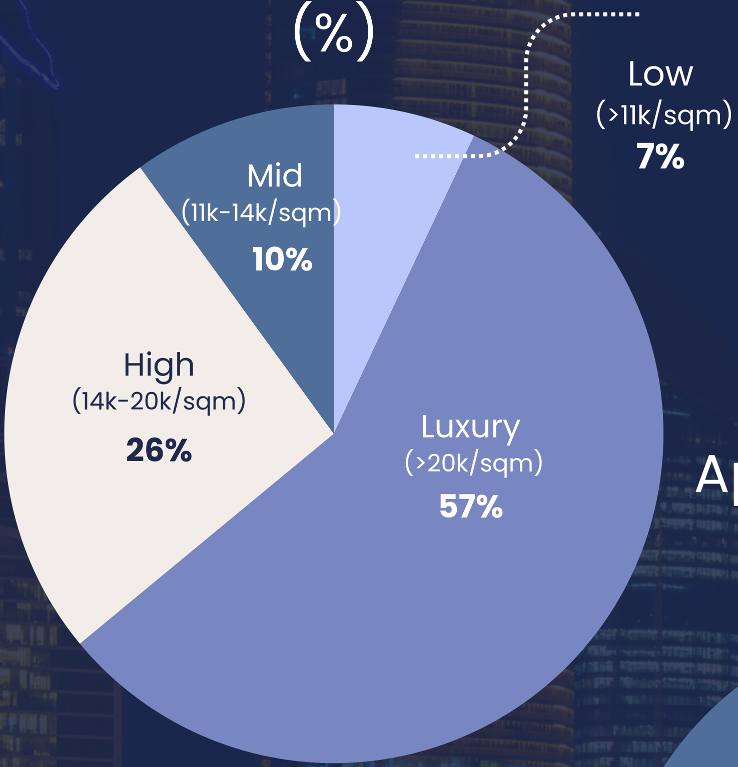
Residential Sales Breakdown by Area



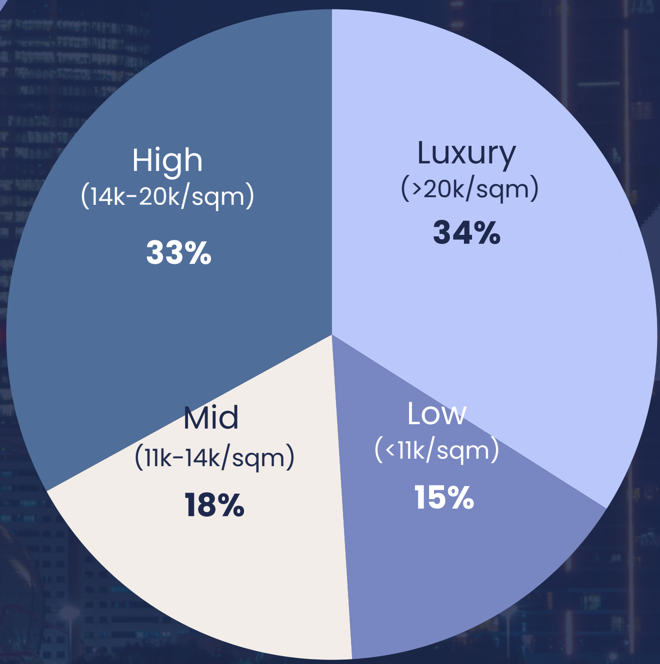
Al Saadiyat Island dominated sales value in H1 2025, accounting for one-third (33%) of total transactions, reflecting its positioning as the leading luxury destination in Abu Dhabi. Yas Island (33%) and Al Reem Island (15%) followed, driven by high transaction volumes and strong end-user demand. Together, these three districts represented over 60% of sales value.

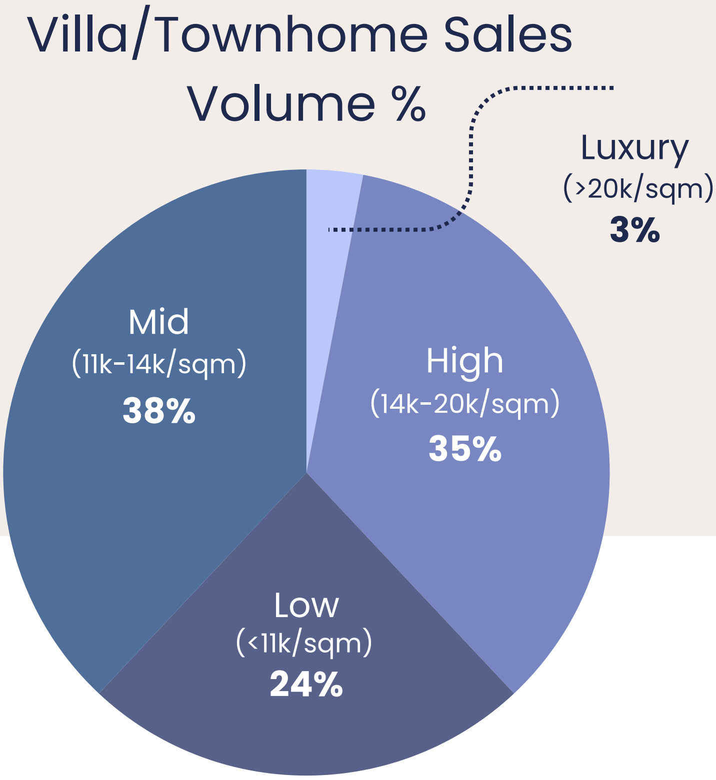
Skewed Distribution Towards Luxury Properties

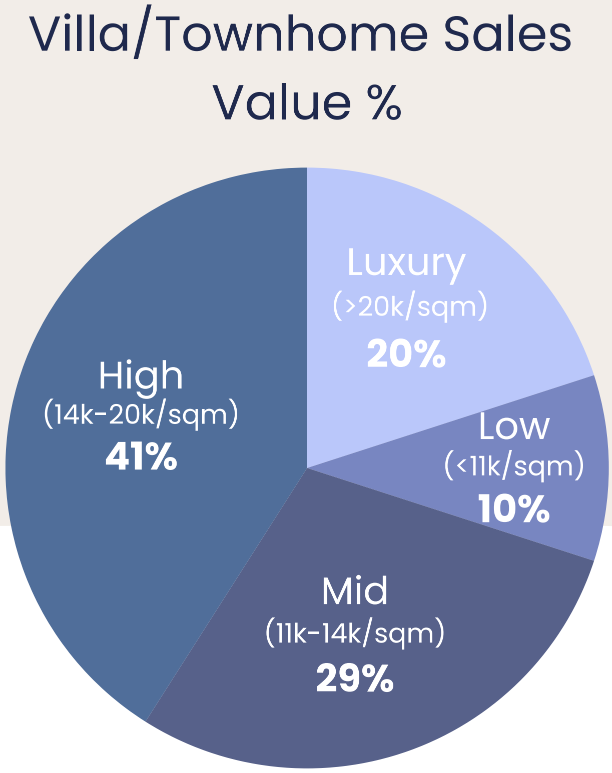
Apartments Sales Value (%)



Apartments Sales Volume (%)







Luxury properties continue to disproportionately shape Abu Dhabi's residential market. In **apartments**, luxury units (>AED 20k/sqm) accounted for **57% of sales value but only 34% of volume**, reflecting strong appetite for high-end launches despite limited transaction numbers. In **villas and townhomes**, luxury contributed **20% of sales value and just 3% of volume,** underscoring the exclusivity of this segment.

A key feature of H1 2025 was that sales values grew faster than sales volumes. This indicates a market shift toward higher-value, luxury properties. In other words, fewer transactions are accounting for a larger share of overall market value, highlighting Abu Dhabi's tilt toward premium projects.

Indicator	H1 2024	H1 2025	YoY Change
Residential sales value (AED bn)	18	25	+38%
Residential transactions (units)	~12,700	~15,600	+23%
Avg. value per transaction (AED mn)	1.42	1.60	+13%

Even as volumes grew, the average transaction value rose by 13%, showing that buyers are increasingly skewing toward larger-ticket and luxury properties. The dominance of off-plan luxury launches in Saadiyat Island, Yas Island, and Reem Island confirms Abu Dhabi's continued ability to attract global capital. At the same time, the healthy growth of ready homes suggests strong end-user confidence in the emirate's long-term fundamentals. This dual dynamic positions Abu Dhabi as a balanced market: attractive to both investors chasing capital appreciation and residents seeking long-term stability.

Supply Demand Fundamentals

Abu Dhabi's real estate market is being sustained by robust structural demand drivers, primarily population and economic growth. According to Statistics Centre Abu Dhabi (SCAD), the emirate's population has expanded by approximately **6% annually between 2022 and 2024,** supported by continued inflows of expatriates, long-term residency schemes, and strong job creation in non-oil sectors. This demographic growth is expected to sustain housing demand across all segments in the medium term.

On the supply side, the A**DREC H1 2025 Market Report** shows that residential stock grew at an average of only ~**2.6% annually between 2022 and H1 2025.** From 2022–2025, **demand grew at ~6% annually compared to ~2.6% supply growth,** creating persistent upward pressure on the market. Even with supply expected to improve to ~**4.6% annually until 2028**—equivalent to roughly **64,000 additional units—**demand will remain structurally higher, keeping both **prices and rents elevated.**

2. Rental Market Analysis

The leasing market remains a cornerstone of Abu Dhabi's real estate sector. In H1 2025, total lease values reached **AED 8.2 billion, a 6% increase year-on-year** while there was only **3% growth in volume** underscoring continued strong demand for rental housing and limited supply.

Apartments:
Rents rose **+14% YoY,** driven by strong demand for luxury units

+14% YoY

Villas/townhouses:
Moderate growth of **+5% YoY,** reflecting steady family demand in suburban communities such as **Khalifa City and MBZ City.**

+5% YoY

Occupancy and Market Structure

Around **70% of residential units in Abu Dhabi are tenant-occupied,** meaning most households still rely on the rental market rather than ownership.

Segment Skew in Leasing

ADREC data confirms that much of the leasing value is concentrated in the **high and luxury bands**, while affordable and mid-income rental stock remains limited:

Apartments:
40% of lease value came from luxury units (>AED 1,000 per sqm), while affordable units (<AED 650 per sqm) fell to just 8%.

Villas/townhouses:
35% of lease value came from luxury units, while affordable (<AED 650 per sqm) made up only 11%.

The leasing market reflects the same imbalance seen in sales: **supply is skewed to premium stock**, while affordable and mid-income housing remains underserved.

3. ADREC Reforms and Transparency

In 2025, Abu Dhabi Real Estate Centre (ADREC) introduced a series of reforms aimed at enhancing trust, transparency, and governance across the sector.

- **Launch of Madhmoun (MLS):** Abu Dhabi's first verified Multiple Listing Service, ensuring all property listings are authenticated and eliminating the risk of duplicate or misleading advertisements.
- **Enhanced off-plan protections:** New contractual mechanisms provide greater safeguards for buyers, including clearer exit and dispute resolution processes.

- **Strengthened owners' committees:** Revised regulations grant residents more structured governance rights, improving community management and accountability.
- **Expanded regulatory oversight:** All professional activities across the property cycle are now formally regulated, raising service standards and ensuring sector-wide compliance.

Collectively, these reforms signify a transition from rapid market growth toward a more mature, transparent, and globally competitive real estate ecosystem.

4. Neuk's Key Takeaways

Abu Dhabi's Fundamentals Remain Solid.
The market is liquid and resilient, with *~80% of sales in cash and foreign buyers* (both residents and non-residents) driving much of the growth.

Record Performance in 2025.
AED 54 billion in total deals (+42% YoY) and AED 25 billion in residential sales (+38% YoY) mark the strongest half-year ever. Off-plan projects made up ~70% of sales, led by launches on Saadiyat, Yas, and Reem.

Demand Growth Outpaces Supply.
From '22–'25, demand grew ~6% annually vs. ~2.6% supply growth. Even with supply growing to ~4.6% annually by 2028 (adding ~64,000 units), demand will remain structurally higher, keeping prices and rents elevated.

Concentration in Luxury.
Nearly 60% of apartment sales came from luxury stock (>AED 20k/sqm), and one-third of all sales value was concentrated on Saadiyat Island alone. Villas/townhouses followed a similar pattern, with luxury units making up ~20% of value.

Affordability Gap Widening.
With 70% of homes rented and lease values hitting AED 8.2 billion (+6% YoY), tenants may face mounting pressure. Apartment rents rose +14% YoY vs. +5% for villas/townhouses. Affordable rentals (<AED 650/sqm) fell to 8% of the market.

Market Maturing Under ADREC Reforms.
The launch of Madhmoun verified MLS is eliminating fake listings, off-plan sales now have fairer exit protections, and owners' committees are being strengthened — making Abu Dhabi one of the most transparent real estate markets globally.

Final Thoughts

While sales values have reached record highs, the leasing market shows that this growth is supported by genuine demand. With about 70% of households renting, rising rents confirm that **price movements are underpinned by population growth, job creation, and limited supply - not just short-term investor activity.**

The continued expansion of the UAE's long-term residency programs, including the Golden Visa's newly announced consular benefits and enhanced protections abroad, is further strengthening end-user confidence and **incentivising long-term settlement.** Together, these dynamics point to a **market expanding on solid fundamentals and poised for sustained, demand-driven growth.**

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Sources

All data, statistics, and market insights contained in this report have been obtained from sources believed to be reliable and accurate at the time of publication. Key data sources include:

1. **Abu Dhabi Real Estate Centre (ADREC)** – Abu Dhabi Real Estate Market Report H1 2025
2. **ADREC Open Data Portal and official website** (www.adrec.gov.ae)

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