About RealFusion Analytics

We are a first-in-class, UAE-based AI-powered property technology firm. Through AI, Machine Learning, and our expert partnership network, we bring together powerful investment insights with the peace of mind that comes from trusted real estate experts.

We have developed an ecosystem of cutting-edge models that predict the return of different real estate investment options in Dubai.

The granularity of these models encompasses areas, developments, the number of bedrooms, and whether to opt for off-plan or existing property types. This is accomplished by considering 100s of model drivers[1] that relate to the economic activity, population change, supply and demand, price action, and many other factors, using advanced mathematical modeling.

The model's performance stands strong on three key pillars.

Predictive Power Performance is strong.	**Conservatism** Minimize investment mistakes.	**Opportunity Maximization** Minimizes lost opportunities.
89% of price increase predictions were correct.	Of the price increase predictions, 87% were correct.	Of price increases, 91% were correctly predicted.

Together with our real estate expert partners, RealFusion Analytics offers the perfect fusion of cutting-edge investment decision-making and human expertise, providing you with guidance and support throughout your investment journey.

Quarterly overview

Dubai Real Estate Q3 2025 Performance

The residential real estate market continued its upward trajectory in Q3 2025, not only in terms of overall sales volumes but more importantly, regarding the average sales price. This strong upward trend is a continuation of the strong first two quarters of 2025, following the market consolidation at the end of 2024.
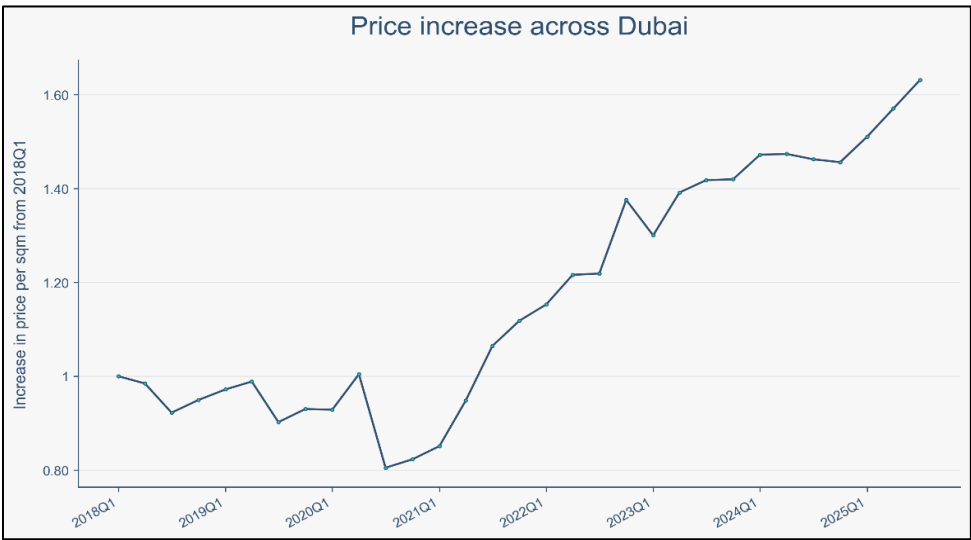

*Figure 1: The increase in price per sqm for all residential properties in Dubai, **where price values are 1 in Q1 2018,** and the data points from here illustrate a relative increase from Q1 2018.*

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[1] See annexure for comprehensive overview of key model driver themes.

Quarterly Sales Trend

Following the unprecedented decline caused by COVID-19 in 2020, the Dubai real estate market has exploded and grown from strength to strength. What initially seemed like a market correction turned out to be the start of four years of continuous growth. This has been led by the strong vision of the Dubai government plans to double the population in Dubai by 2040 by creating a world-leading utopian city.

In this section, the Dubai residential market is considered and segmented into the following categories: studios, 1-bedroom units, 2-bedroom units, and units with more than 2 bedrooms.
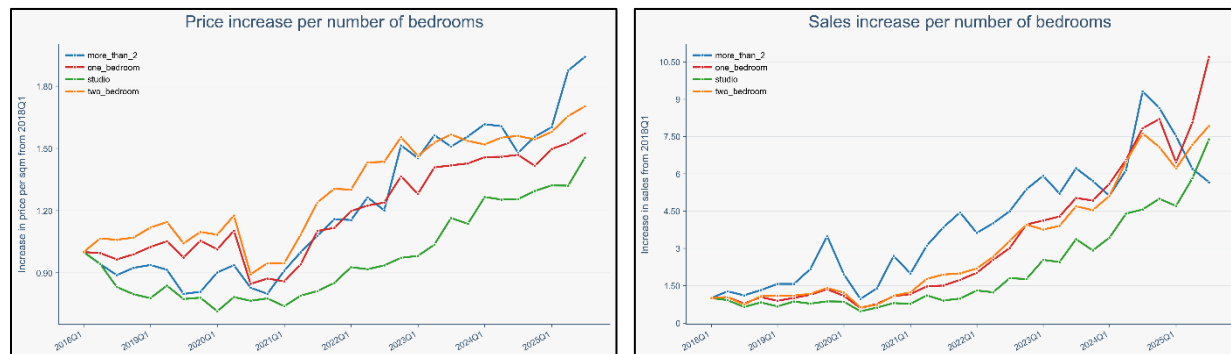

Figure 2: The increase in price per sqm and in sales per number of bedrooms, where price and sales values are 1 in Q1 2018, and the data points from here illustrate a relative increase/decrease from Q1 2018.

All four categories have seen a substantial price increase in the last quarter, with studios experiencing the most significant increase. Unit sales follow a similar trend, with studios improving the most from Q2 2025, followed closely by 1-bedroom units. When analyzing the sales trends in Q3 2025, an astonishing 93,8% of the residential properties sold were apartments.

In Q3 2025, all property types experienced a 15% or greater increase in the number of units sold, except for properties with more than two bedrooms, where one-bedroom apartments led the way. There has been a continued sharp decline in sales of properties with more than two bedrooms since Q3 2024. This was following an extraordinary number of villa communities going live in the second half of 2024, causing a significant influx of buyers and pushing the sales price to reach all-time highs.

Existing vs Off-plan Market

The fast-growing nature of the UAE, particularly Dubai, is evident in the number of new developments and off-plan sales that have occurred within the last calendar year. The past quarter has seen a 30% increase in the number of off-plan units sold compared to 17% in the previous quarter. This is a nearly 50% Increase in off-plan units sold within Dubai since Q1 2025.
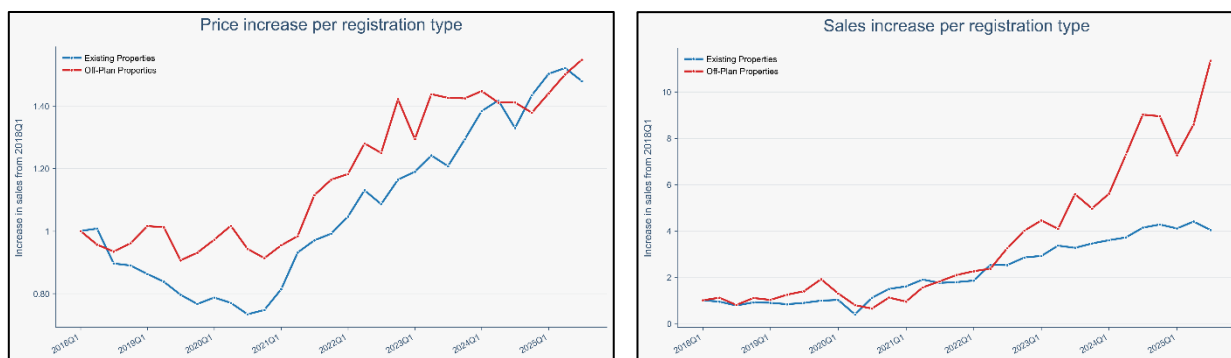
*Figure 3: The increase in price per sqm and in sales per registration type, **where price and sales values are 1 in Q1 2018**, and the data points from here illustrate a relative increase/decrease from Q1 2018.*

Q3 2025 saw more than 30,000 off-plan units sold, surpassing the number of existing units by more than three times. However, the existing unit market, regardless of the off-plan market preference, has still seen a substantial price increase since the COVID-19 pandemic, doubling the number of units sold in the last four quarters compared to the same period in 2021. The existing market segment has been in the distribution phase for the previous four quarters, with approximately 10,000 units sold in each quarter.

When analyzing the sales price per square meter of the two segments over the last 7 years, the off-plan market has, for the most part, performed between 7% and 12% better than the existing.

At the start of Q1 2023, off-plan developments experienced exponential growth, riding the wave of international investments flooding the market due to various geopolitical factors. The demand increased, developers countered, resulting in a significant rise in sales prices. The existing unit segment has greatly profited from the trend, with an average price per square meter increasing by over 20% from the end of 2024 to date. Q3 2025 has seen a slight price correction, with the off-plan market continuing its upward trend, while the existing segment has experienced a 5% decrease.

Investment Radar

The model predicts that **two-bedroom off-plan apartments** in several key areas will experience the **greatest price increase** over the coming years. We highlight two of these below.

Our price appreciation model has identified that off-plan two-bedroom properties in certain areas and developments are the number one investment opportunity in Q3 2025.

Below, we consider two key themes:

1. **Marina and Dubai Harbor.**
   a. Key contributors:
      i. Incredible historic investment returns, which have become synonymous with these areas. This is evident in, for example, large off-plan flats in Dubai Marina, which saw an average sales price increase of more than 130% over the last five years.
      ii. The inherent outperformance of larger flats driven by high demand for ultra-luxury and squeezed supply due to developer constraints.
      iii. Off-plan supply constraints, with, for example, Dubai Marina, having near-zero developable land left. Over 98% of the original 287-hectare Dubai Marina residential master plan has been developed. While 11 projects are currently available for sale, these, along with the handful of planned projects, represent less than 1% of the initial land allocation and signal the district's near full maturity. This constrained supply has propelled values upward by 30% over the last year alone, underscoring limited entry points for new investors.

   iv. Geo-political and world economic instability, coupled with record levels of foreign direct investment, is leading to unprecedented levels of capital flowing into luxury real estate in Dubai. Foreign direct investment in the UAE has increased by a staggering 295% over the last five years.

  b. Key detractor:
   i. Some of these areas have seen prices move upward too rapidly, and this has led to a mild overbought situation. This presents a headwind to rapid price increases as price mean reversion starts to weigh on future prices.
   ii. The risk that a shock to GDP growth or foreign direct investment may reduce demand for luxury apartments.

2. **Dubai Hills.**

Launched in 2012, this 39 km² development emphasizes green spaces, family-oriented residences, and proximity to world-class attractions, making it ideal for both rental income and long-term capital growth. This focus on family-oriented living is evident in the very low number of studios available off-plan, with around 3% of sales in the last two quarters being studios.

  a. Key contributors:
   i. One of the highest performing family-living focused areas in Dubai, with the best family-living focused areas with large off-plan apartments selling at prices 30% higher than 3 years ago.
   ii. Strong sales volume is underpinning robust demand, coupled with quality supply by the very best developers in this sought-after area.
   iii. The outperformance of surrounding areas and in the greater off-plan investment market across Dubai is pushing prices ever higher in premium locations like Dubai Hills.
   iv. *Add metro expansion.*

  b. Key detractor:
   i. Some of these areas have seen prices move upward too rapidly, and this has led to a mildly overbought situation. This presents a headwind to rapid price increases as price mean reversion starts to weigh on future prices.

Disclaimer

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Contact us and our partners today at info@realfusion.com

Annexure A – Model Drivers

In this annexure, we add, for the more discerning real estate investor, some of the thematic drivers that our proprietary machine learning models use to produce price increase estimates. We delve into more detail and rationalization to provide deeper insights into the mathematical, statistical rigor, and real-world justification underlying the production of price increase estimates.

Our proprietary ML model, trained on hundreds of data points and enriched with real estate expert knowledge, distills the complex dynamics of Dubai's real estate market to identify optimal investment opportunities. High-level factors such as government policies, population growth, and demographic shifts cascade into granular market drivers that directly influence price movements and investment potential. By analyzing these drivers with precision—achieving 89% predictive accuracy[2] In back-tested scenarios, our model uncovers actionable insights for investors.

Below, we delve into four pivotal drivers shaping Dubai's market: economic conditions, price dynamics, sales dynamics, and property area and characteristics. These factors, which were significantly weighted in our model, explain the market's resilience and highlight where opportunities lie.

Key model drivers:

1. **Economic Drivers:**

The market is driven by several economic factors, prime amongst which is the GDP. In 2024, real estate accounted for 7.5% of Dubai's GDP, representing a 7.8% year-over-year increase.[3]
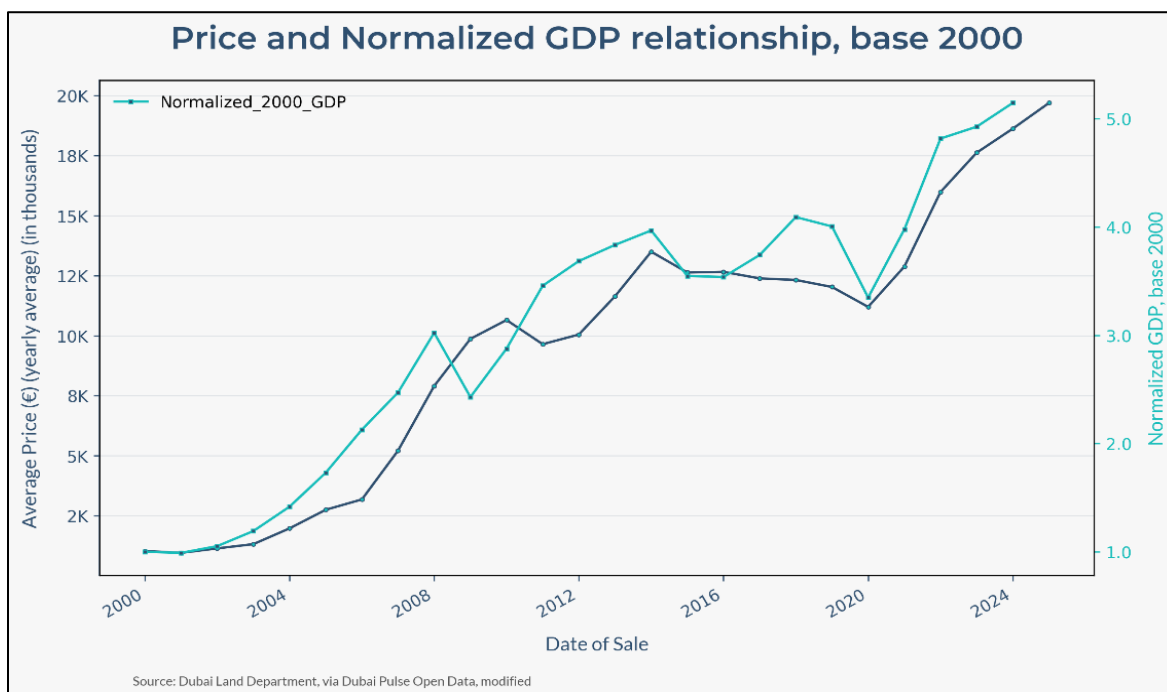

Figure 4: The relationship between the average yearly price per square meter of residential real estate in Dubai and the normalized GDP of the UAE, with base year 2000.

> GDP and the average price per square meter are closely correlated, with a Spearman Rank Correlation of 0.93.

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[2] Model correctly predicts 89% of price upturns of 20%+ in the market. This includes segmentation by area, property type, and other relevant factors.

We can see the impact of the financial crisis of 2008, the oil crisis of 2016, and COVID on the GDP figures. Here, the government intervention in reforming the real estate market in these depressed economic periods becomes clear. The real estate market moved much less severely than the sharp decreases in GDP. Further, when GDP increases, the real estate market moves up strongly, showing strong investment in the markets and infrastructure.

Our proprietary model considers several other economic factors that further help us understand the economic impact on the market prices.

Price Dynamics

Past prices have a strong influence on the future prices of different areas. This is due to market sentiment, supply and demand dynamics, new development announcements, and a myriad of other factors.
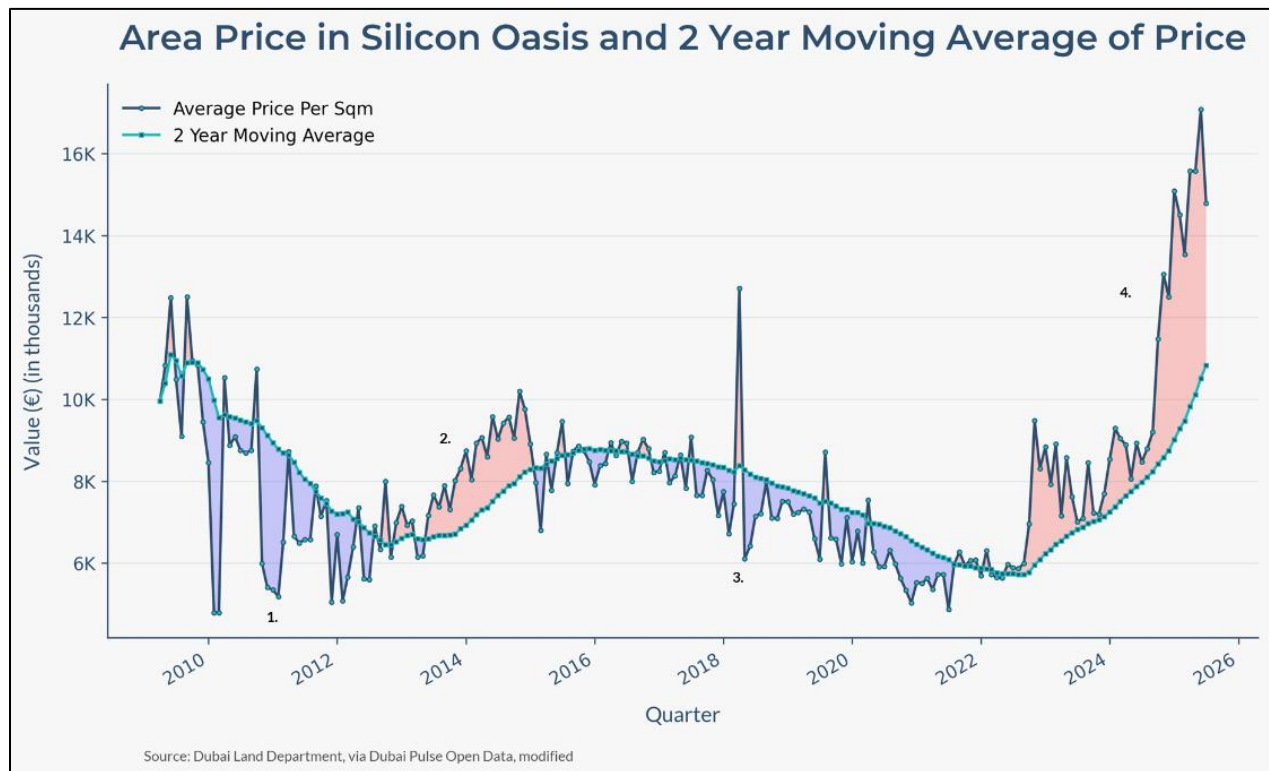

Figure 5: Average and 2-year moving average price per square meter for Silicon Oasis. The relationship between the 2-year moving average of the prices in an area and the current price, and how this influences the prices in 1 year.

However, speculation may cause irrational price dynamics, which are ultimately resolved by the market through a reversion to the mean or a historical price. In this graph, we have a prime example of such behavior in Silicon Oasis[4]. The graph illustrates how speculation, market exuberance, and supply and demand dynamics can shape the prices in an area.

Referring to the graph, let us take each of the stages Silicon Oasis has gone through in turn:

1. The first sales had erratic prices, with some developments being more expensive than others. Prices started higher and from there stayed below the 2-year average price until 2013.
2. The market responded to the lower prices compared to historic prices, and prices increased dramatically. The prices stayed above the 2-year average price up to 2015.
3. Price had a protracted stint below the 2-year average price in response to the surge in price in 2013 – 2015.
4. The market responded once again, and the price shot up above the 2-year average price to all-time highs.

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[4] Dubai Silicon Oasis (DSO) is a vibrant, integrated free-trade zone and residential community in the heart of Dubai.

We also see strong trends where prices move in a direction for quite some time before the mean reversion forces a turn.

> Our model incorporates both factors, weighing them perfectly to ensure that momentum and mean reversion are both captured. This ensures that we can advise on the perfect investment point in time.

The gap between the 2-year average price and the actual price has never been larger for Silicon Oasis, and all things being equal, we would expect that they are unlikely to increase further. Most likely, prices will drop back to the 10K per sqm level.

Sales Dynamics.

Unlike the price dynamics, sales dynamics are not so driven by momentum but by mean reversion, and their effect on prices is strong. The sales-price relationship is primarily driven by mean reversion of sales, as transaction volumes quickly adjust to historical norms, signaling overbought conditions or stagnation that influence future price corrections. Sales are a faster, cyclical indicator compared to slower, multifaceted price movements.
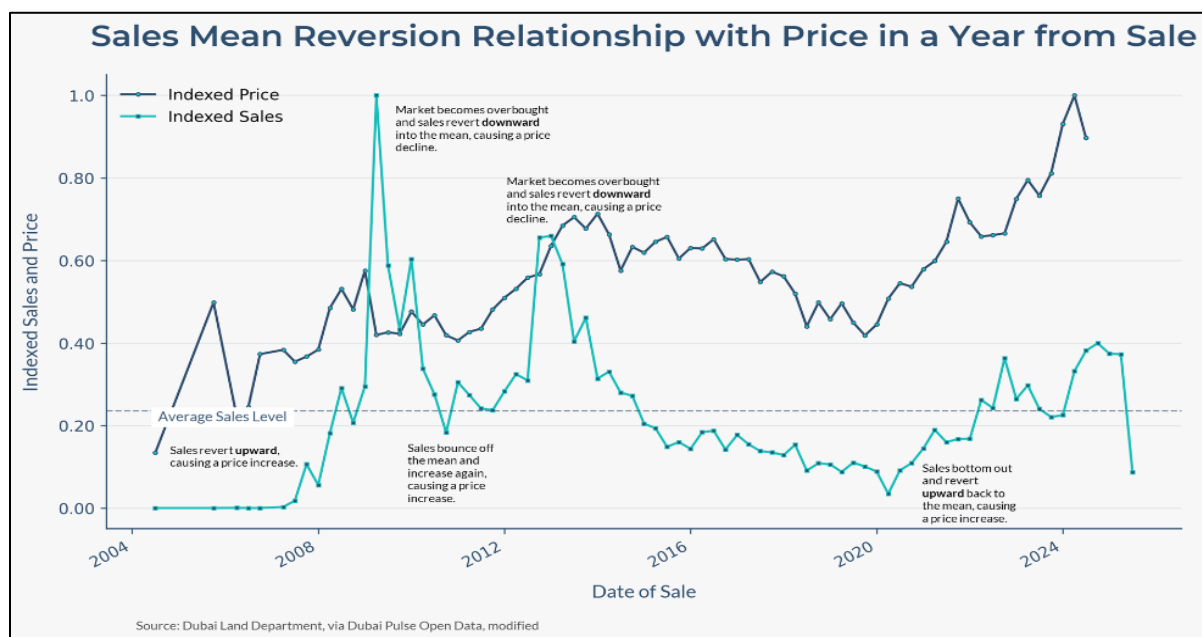

Figure 6: Relationship between the sales dynamics and the relationship to the mean sales volume and the property prices in a year from the date of sale.

The figure above can be summarized as follows:

- ▪ Sales Volume **Below** Historical Mean:
    - ➢ When sales volume increases, prices tend to rise within 12 months.
    - ➢ When sales volume is decreasing, prices tend to fall within 12 months.
- ▪ Sales Volume **Above** Historical Mean:
    - ➢ When sales volume increases, prices tend to rise within 12 months.
    - ➢ When sales volume is decreasing, prices tend to fall within 12 months.

> These trends reflect a classic second-order effect of supply and demand dynamics influencing price changes.

Property Area and Characteristics.

Factors like area and property layouts can have a profound impact on the investment potential of different properties.

As an example, we use Dubai Marina and Motor City. Dubai Marina saw an average price per square meter increase of 60% from Q1 2022 to Q1 2025. Motor City, on the other hand, saw a miraculous increase of 157%. This large difference in performance is likely driven by Motor City's status as an emerging, rapidly developing area with lower base prices, strong demand for affordable and spacious homes, and a controlled supply that supports price appreciation. In contrast, Dubai Marina's mature, saturated market, with high base prices and a stabilizing luxury segment, results in slower percentage growth despite strong absolute gains.

In the table below, we illustrate the price increase from Q1 2022 to Q1 2025 for different property layouts in Dubai Marina and Motor City.

Table 1: Performance of different property configurations for Dubai Marina and Motor City for 2022 Q1 to Q1 2025.

Property Layout	Price Increase Dubai Marina	Price Increase Motor City
Studio	131%	119%
One Bedroom	49%	191%
Two Bedroom	32%	97%
More than 2 Bedrooms	45%	58%

Although Dubai Marina underperformed against Motor City on average, studios in the Dubai Marina increased by 131% as opposed to 119% in Motor City. Motor City's outperformance is driven by one-bedroom and two-bedroom properties, with one bedroom increasing by 191% over these three years.

> This illustrates that many interacting factors drive the market. All of which needs to be considered to ensure maximum investment performance.

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