

A wide-angle photograph of the Dubai skyline at sunset. The sky is a gradient of orange and red, transitioning to a darker blue at the top. The city's skyscrapers are silhouetted against the bright sky, with some lights beginning to glow. The Burj Khalifa is the most prominent feature on the left side of the frame.

# Dubai Residential

## *The Big Shrink*

Examining the Implications of Diminishing Unit Sizes in Sales Transactions

# Executive Summary

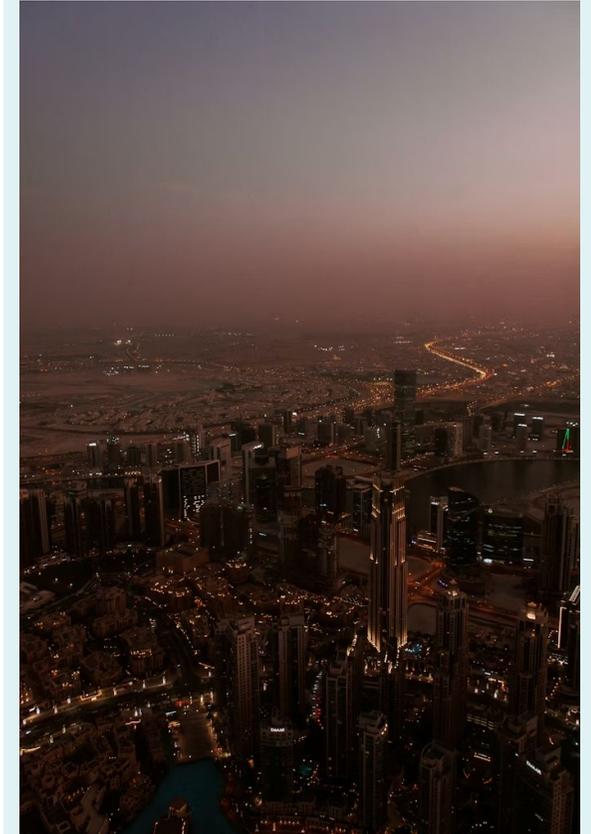
## - Price Analysis

Over the past five years, Dubai's residential market has exhibited a clear divergence between headline transaction prices and per-square-foot (PSF) pricing. While median psf prices have risen almost continuously, median absolute transaction prices have failed to demonstrate comparable momentum. While they have still increased overall, the trajectory and durability of their growth has been markedly distinct from PSF prices, and paint a much different picture than the general literature surrounding the Dubai real estate market would depict.

## - Unit Size Analysis

The divergence between stagnant median prices and rising per-square-foot values is explained directly by a pronounced contraction in transacted unit sizes across the Dubai residential market, which is most clearly visible in the apartment market. Meanwhile, median built-up areas (BUA) for villa transactions have fluctuated significantly and do not display a clear directional trend, but and plot sizes tell a more definitive story - even where internal living space has remained variable, the underlying land component of villa transactions has been systematically compressed.

On both a volume and value basis, larger units have seen their share of the overall city's transactions fall across the last five years. The growing dominance of smaller units points toward investor-led behavior, where entry price, yield optics, and liquidity considerations outweigh long-term utility.



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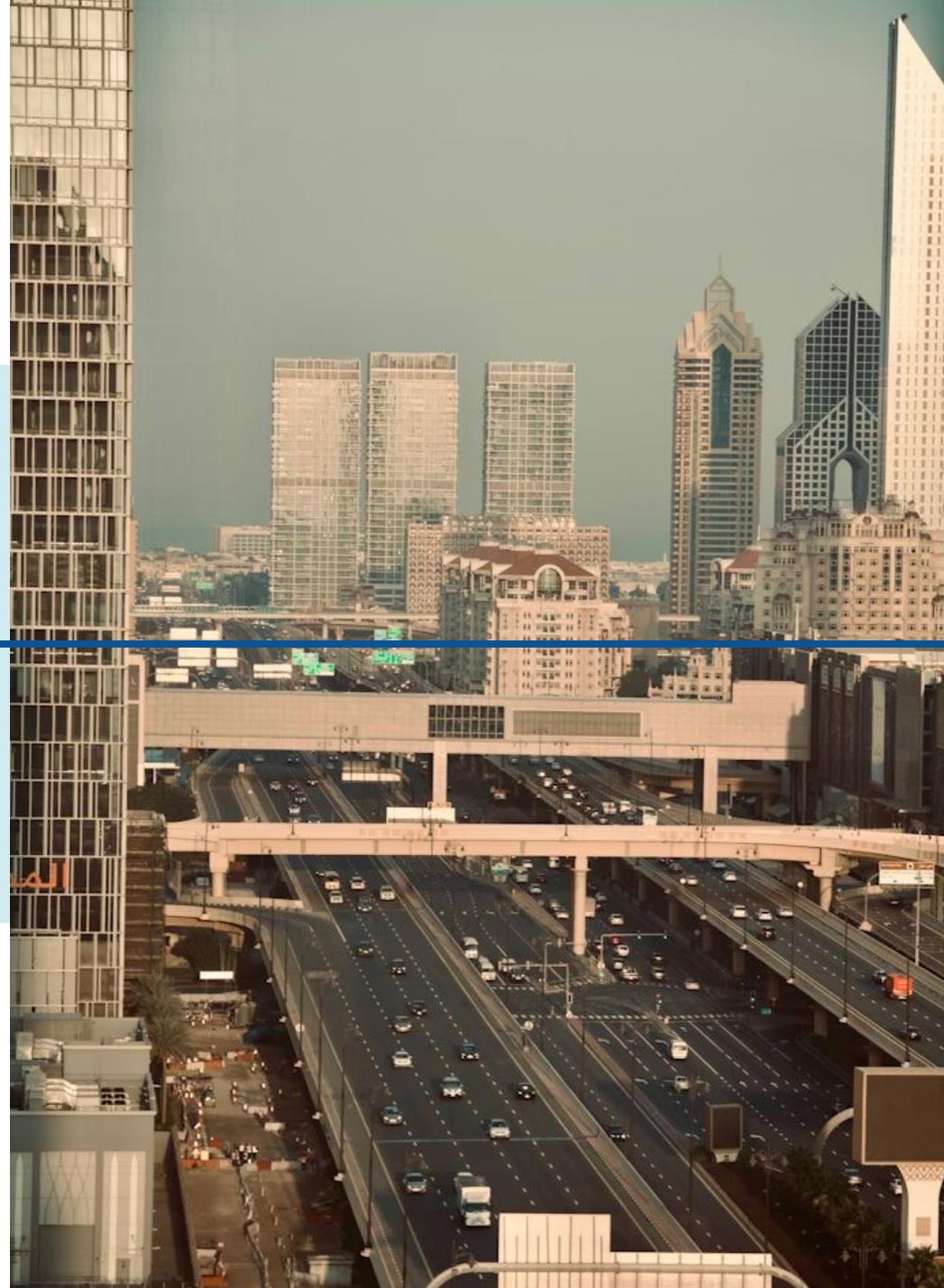
# Contents

1. **Price Analysis**
2. **Unit Size Analysis**
3. **Conclusions**

## Price Analysis

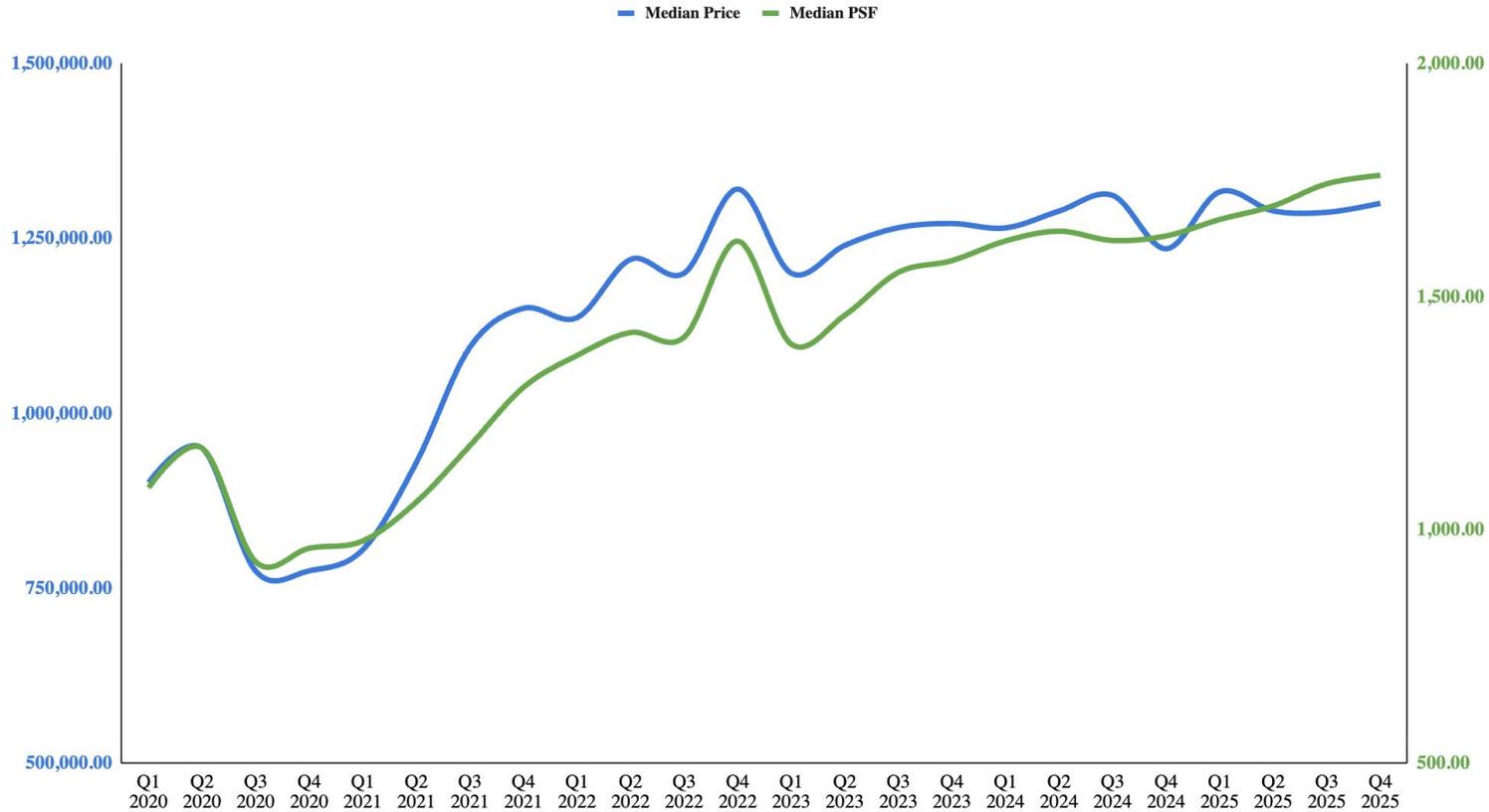
**"Experience is merely the name men give to their mistakes."**

- Oscar Wilde



# Ticket Size and PSF Comparison - Apartments

### Citywide Median Sales Transaction Prices - Apartments



While the medians of both total sales prices (i.e. ticket sizes) and PSF prices for apartments have increased over the last five years, the rate of growth has been notably different. The chart above shows that both peaked in Q4 of 2022, followed by a period of moderation. However, median total prices have remained below their Q4 2022 peak level, whereas median PSF prices surpassed their Q4 2022 peak in Q1 of 2024 and have continued to trend upwards consistently since. Q4 of 2025 saw median PSF prices 8.7% higher than they were in Q4 2022, while median ticket sizes were 1.5% lower.

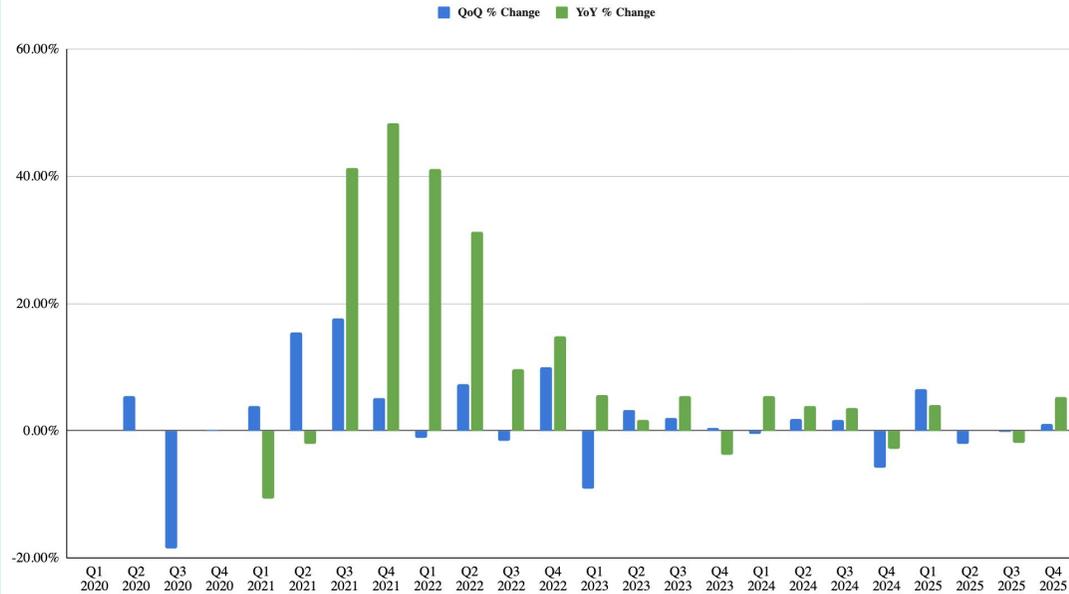
# Periodic Price Change Comparison



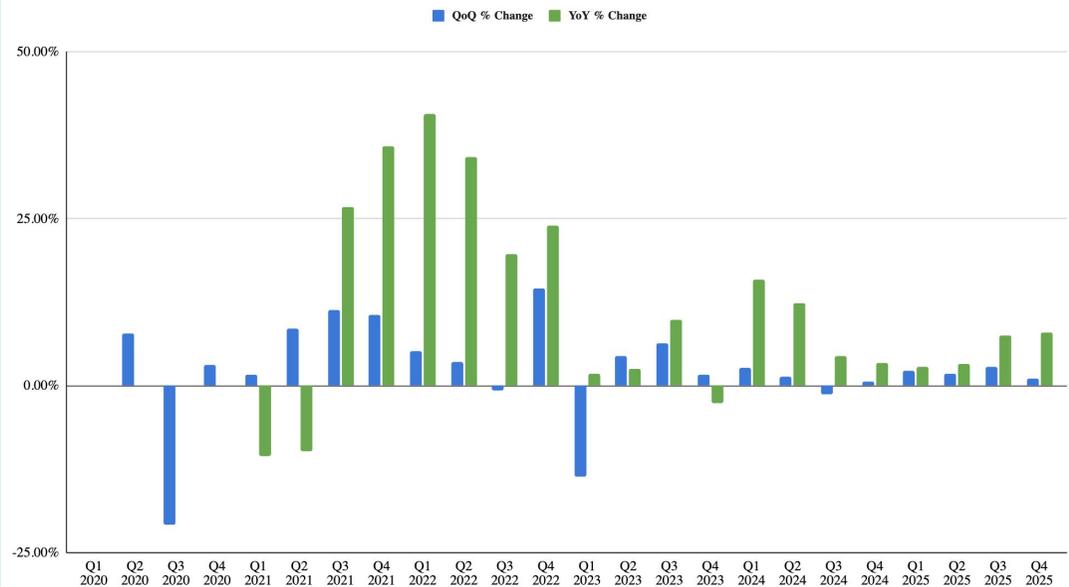
The difference in the way the two price metrics have trended is clearly evident in the two charts to the right. The top graph shows both the quarterly as well as annual changes in median sales prices for apartments, while the second graph shows the same for median prices on a per-square-foot basis. Since the aforementioned peak of Q4 2022, there have been five quarters that saw prices dip below the preceding quarter, and three quarters that have seen median prices lower than the corresponding quarter in the prior year.

Comparatively, median PSF prices have only seen two quarters where prices dipped below the preceding quarter (one of which was Q1 2023, immediately after the Q4 2022 peak), and only one quarter where prices were lower than the corresponding quarter in the prior year (that too being Q4 2023, which was being compared to the Q4 2022 peak).

### Median Citywide Apartment Sales Transaction Price Changes

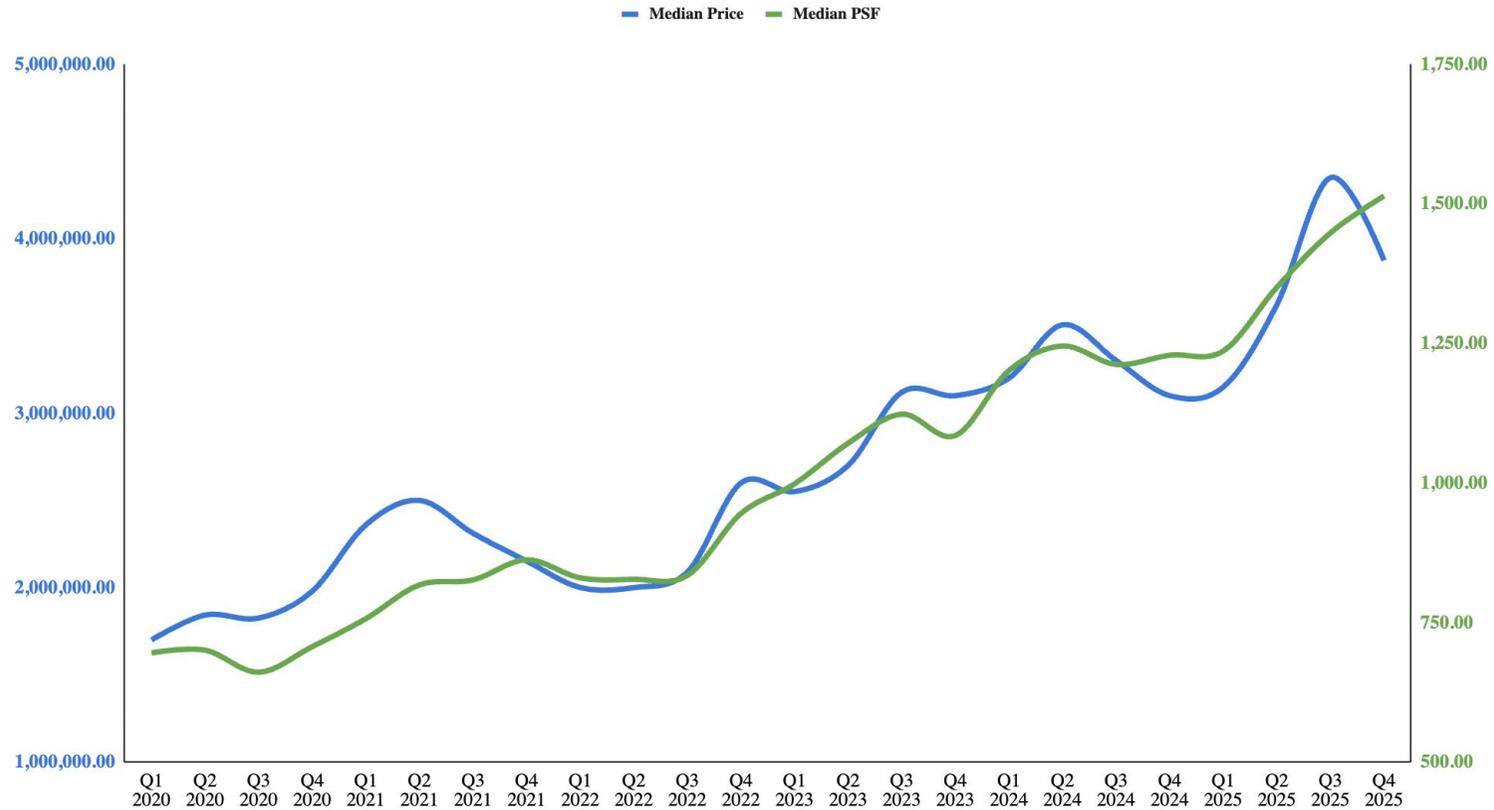


### Median Citywide Apartment Sales Transaction Price (AED/SqFt) Changes



# Ticket Size and PSF Comparison - Villas

### Citywide Median Sales Transaction Prices - Villas



In the villa market, a slightly different pattern emerges. As the blue line above shows, median prices have been far more volatile than their PSF counterpart, which is likely attributable to the relatively lower rate of supply as compared to apartments.

# Periodic Price Change Comparison

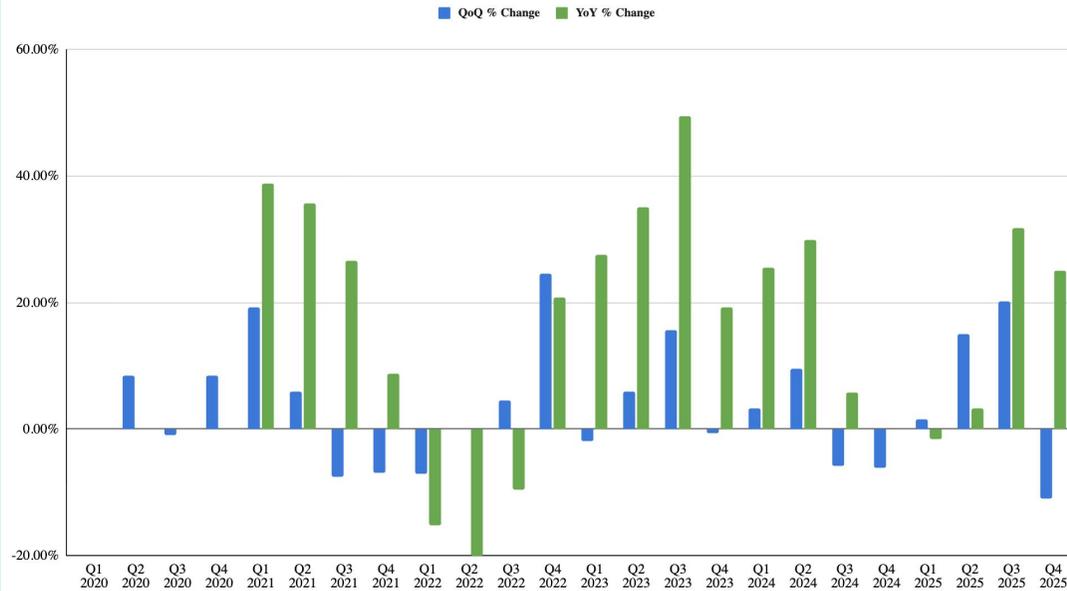
GCP

The difference in the trajectory of the two price metrics is laid bare by the two charts to the right. Overall median prices have seen nine quarters of quarter-on-quarter price regression (including a 10.92% decline in Q4 of 2025), and four quarters of year-on-year price regression so far this decade.

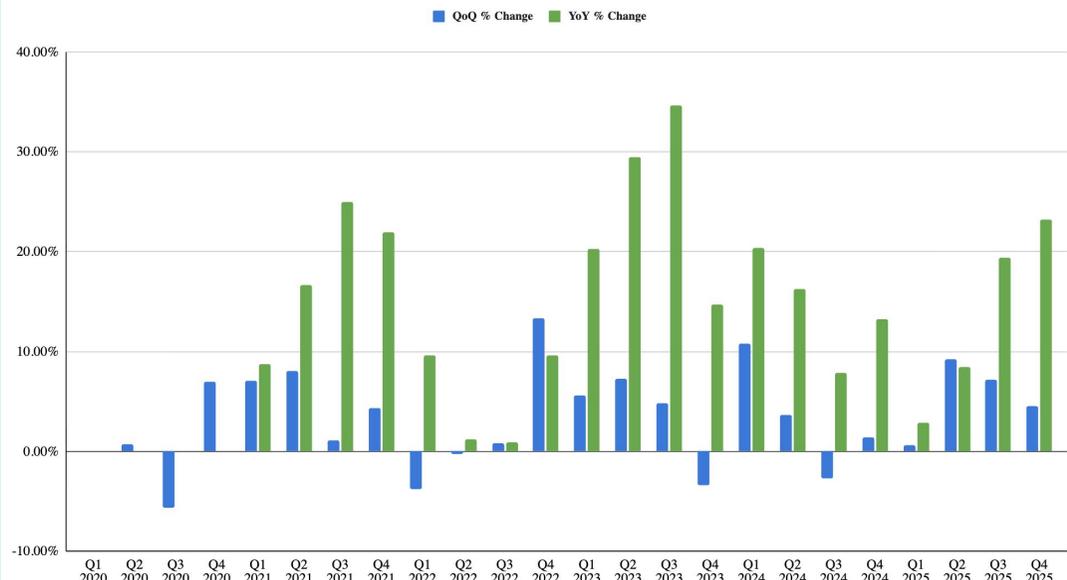
By contrast, median PSF prices have only seen five quarters where there has been quarter-on-quarter price decline, with the last one coming in Q3 2024, and only one of those has been over 5% - all the way back in Q3 2020 (compared to six of the nine for overall median prices). Median PSF prices have also not yet recorded any quarters where year-on-year growth has been negative.

### Median Citywide Villa Sales Transaction Price Changes

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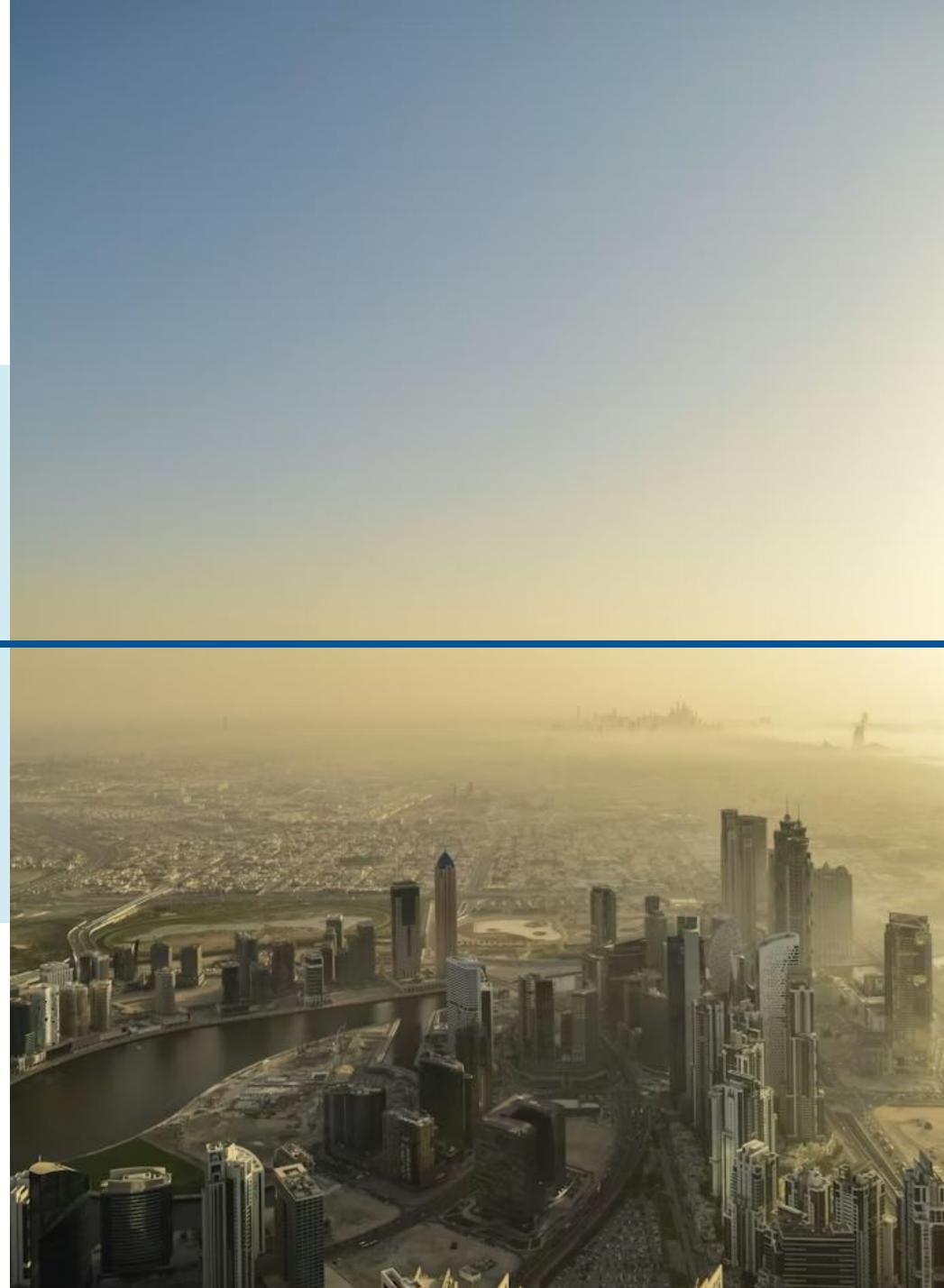
### Median Citywide Villa Sales Transaction Price (AED/SqFt) Changes



## Unit Size Analysis

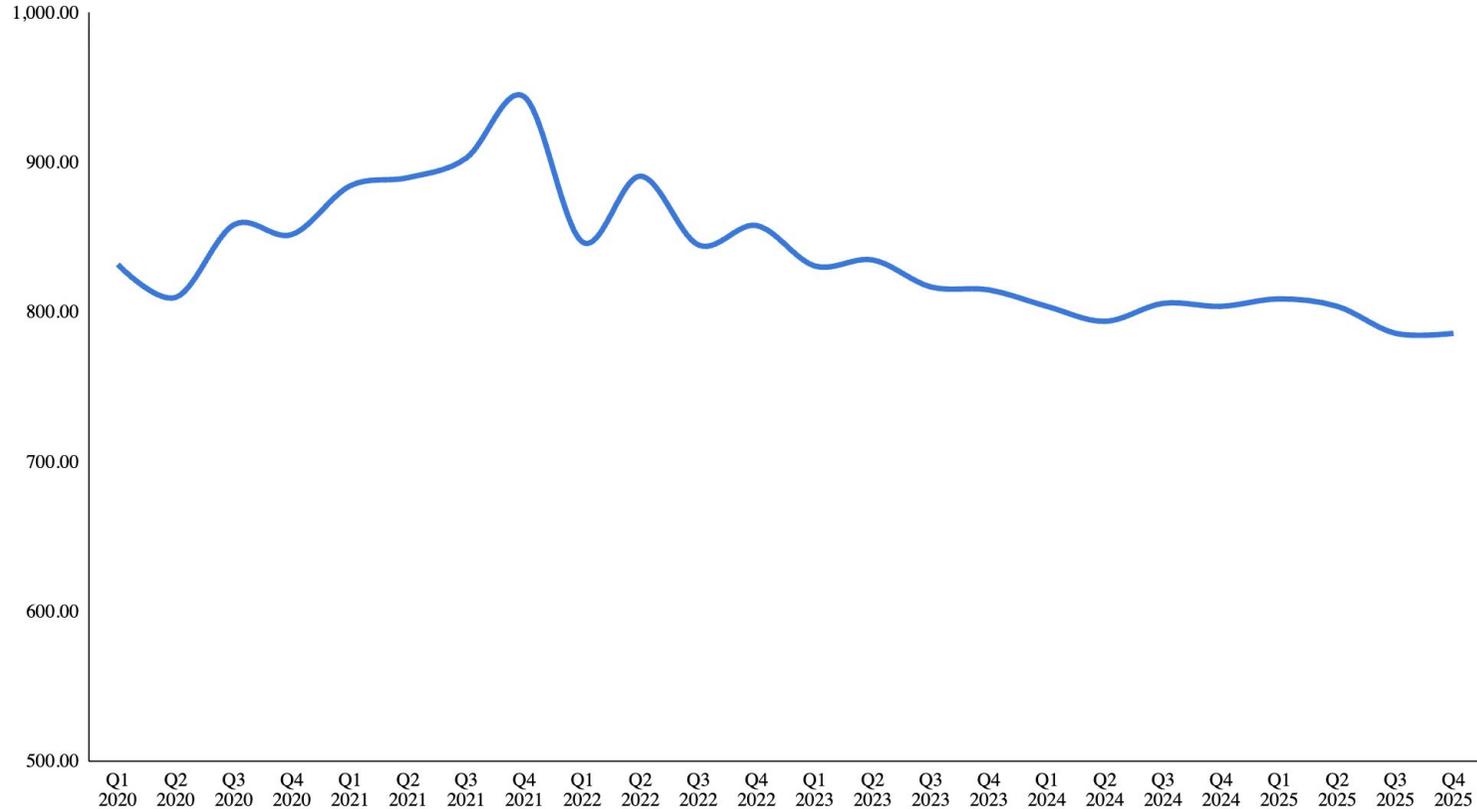
**"No man ever steps in the same river twice, for it is not the same river and he is not the same man."**

- Heraclitus



# Median Unit Sizes - Apartments

### Citywide Median Apartment Sales Transaction Unit Sizes



The fact that median ticket sizes have not matched the growth of PSF prices implies that median unit sizes must be decreasing, which is clearly evident in the apartment sales data. As seen above, median apartment sizes have clearly declined since their peak in Q3 2021.

# Median Unit Sizes - Villas

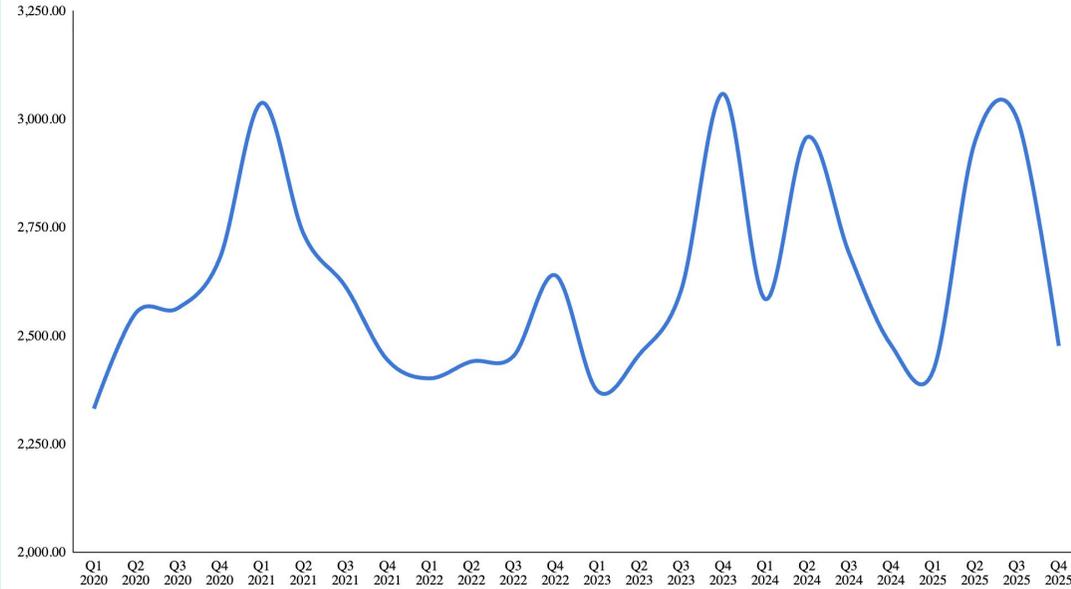


The data for villa transactions is not quite as definitive. As seen in the first graph to the right, median sizes for villa transactions have fluctuated heavily, but have not shown any clear pattern of increasing or decreasing overall in terms of BUA.

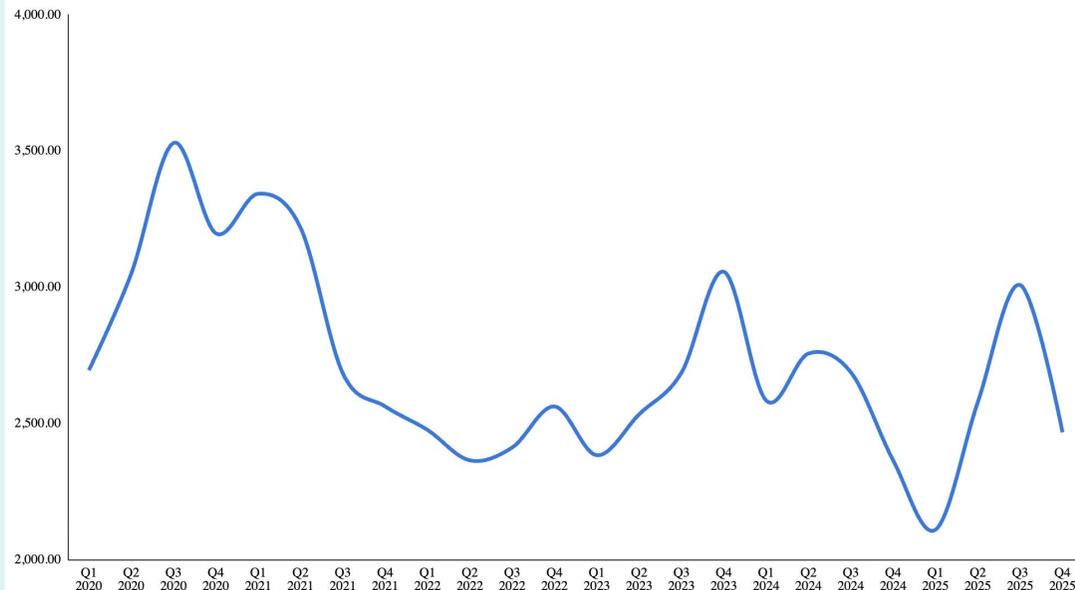
However, the second graph is more in line with the findings in apartments. While there is no definitive trend in BUA, what is unmistakably clear is that land parcels have shrunk. The median land plot for transacted villas this decade has regressed by 8.5%, but that figure jumps to 30% if measured from the peak in Q3 2020.

Citywide Median Villa Sales Transaction Unit Sizes

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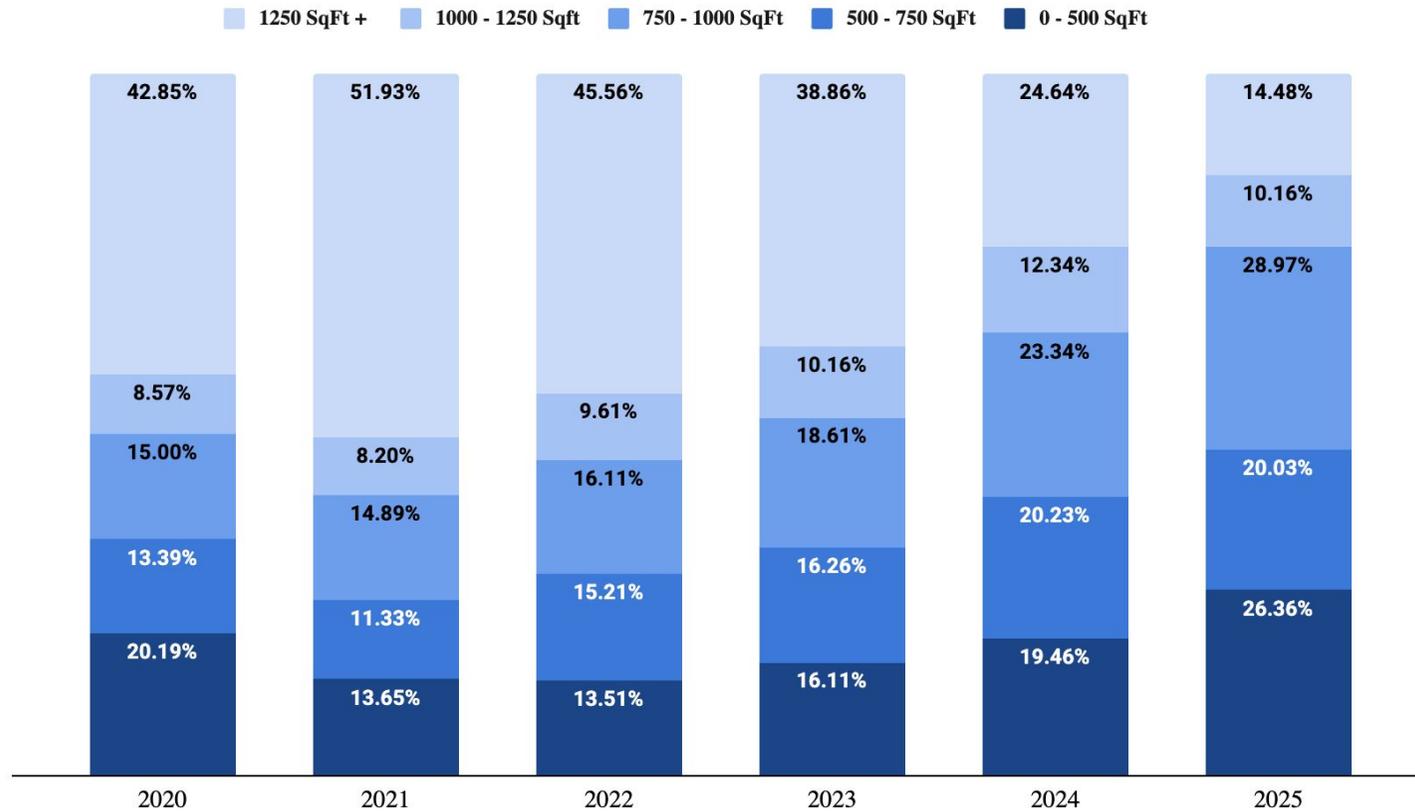


Citywide Median Sales Transaction Prices - Villas (Land Size)



# Citywide Sales Transaction Volumes by Size Brackets

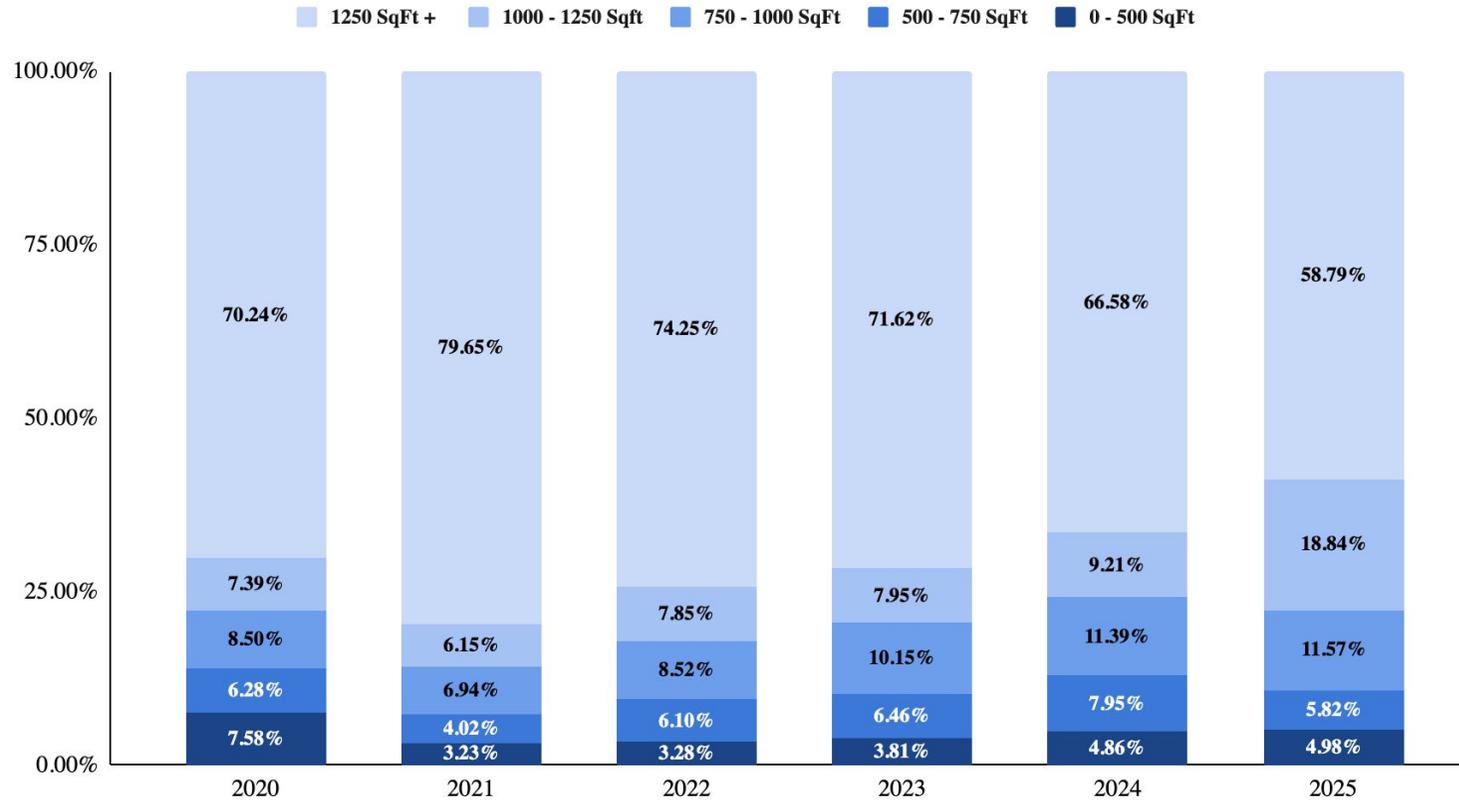
## Citywide Sales Transaction Volume Breakdown by Size



We can also observe this phenomenon by examining the breakdown of all citywide sales transactions in categorical size brackets. The graph above shows that the portion of sales attributed to larger units (i.e. those exceeding 1,250 square feet) has dramatically decreased from accounting for 42.85% of all transactions in 2020 to 14.48% in 2025. Simultaneously, the three smallest size brackets (below 500 square feet, between 500 and 750 square feet, and between 750 and 1,000 square feet) have all seen their shares increase.

# Citywide Sales Transaction Values by Size Brackets

## Citywide Sales Transaction Value Breakdown by Size



This trend is less apparent when broken down in terms of overall sales value, although we still see that the largest size bracket of 1,250 square feet and above has experienced a significant decrease in its share of citywide sales value, going from 70.24% in 2020 to 58.79% in 2025.

# Conclusions

## Price Analysis

From a market-health standpoint, the sustained divergence between nominal prices and psf metrics warrants caution. Absolute prices remain the clearest indicator of real purchasing power, affordability thresholds, and depth of end-user demand. The inability of ticket sizes to sustain post-2022 momentum indicates that those constraints remain binding, even as unit-normalized prices continue to advance.

## Unit Size Analysis

The sustained contraction in transacted unit sizes has critical implications for how market strength is interpreted. Rising psf prices, when driven by a shift toward smaller units, do not necessarily reflect increased buyer willingness to pay more for housing on a like-for-like basis. Instead, they signal a recalibration of demand toward lower absolute ticket sizes, consistent with affordability constraints and a growing emphasis on capital efficiency rather than space consumption.

## Conclusion

The sustained stagnation of median absolute prices suggests that end-user purchasing power has reached a ceiling, particularly for larger homes. As prices rose sharply in the immediate post-COVID period, larger units (typically the domain of owner-occupiers) became increasingly inaccessible to a broad segment of households. Rather than absorbing higher absolute prices, demand adjusted by downsizing, pushing transaction activity toward smaller units with lower entry points. In this sense, shrinking unit sizes are not a preference-driven outcome but an affordability-driven one. At the same time, the transactional dominance of smaller units reflects a market structure that increasingly favors investors and speculators over end users. For these buyers, livability, internal space, and long-term household suitability are secondary considerations relative to capital efficiency, yield optics, and liquidity. Smaller units, by design, optimize these variables: they compress ticket sizes, inflate psf metrics, and are easier to trade in high-volume, momentum-driven environments. The resulting feedback loop reinforces investor participation while sidelining demand for larger homes. The current configuration suggests not an overheating market driven by end-user exuberance, but one increasingly shaped by affordability constraints and investor-led demand.

*Median transacted apartment sizes have declined by 5.53% overall since Q1 2020, but that figure jumps to 12.96% if measured from the Q3 2020 peak.*

*Villa sizes (in terms of BUA) have fluctuated heavily over the first half of the decade. However, on average, the median BUA size has seen an average quarterly growth of 0.25% - a figure which is statistically insignificant to zero.*



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