MARKET INTELLIGENCE | GULF REAL ESTATE SERIES

China Is Now Dubai's No. 3 Foreign Buyer. The Data Behind the Shift.

Why mainland Chinese capital has moved into Dubai's off-plan core, what it is buying, and why this looks structural rather than cyclical — with implications for developers, brokers and allocators.

- China holds ~14% of all off-plan purchases — behind only India (22%) and the UK (17%)
- Off-plan now represents 57%+ of all Dubai residential transactions
- Four structural pull factors: zero property taxes, a 4–5× yield gap, the USD peg, and the Golden Visa
- Buyer profile has matured from yield-chasers to family offices anchoring decade-long wealth

PREPARED BY STRATEGIC ADVISORY • JULY 2026 • CONFIDENTIAL — FOR INTERNAL USE

Executive Summary

Dubai's residential boom is well documented — record transaction counts, relentless off-plan launches, villa prices up more than a third in two years. What is less visible, and more consequential, is **who is funding the next leg of demand**. In 2026, mainland Chinese buyers have consolidated a position inside Dubai's top three foreign buyer groups, with approximately **14% of all off-plan purchases** — a segment that itself now accounts for **more than 57% of all residential transactions** in the emirate.

Our assessment: this is not hot money. It is a **structural reallocation** driven by a multi-year repricing of Chinese domestic property on the push side, and by four durable, policy-anchored advantages on the Dubai pull side. The buyer profile has visibly matured — from mid-range apartment yield-seekers toward branded residences, waterfront trophy assets and long-term family holdings. Anyone building, brokering or allocating capital in this market now needs a China thesis; it has become part of understanding the market itself.

#3	~14%	57%+	7–9%	10-yr
China's rank among foreign buyer groups	share of all Dubai off-plan purchases	off-plan share of residential deals	gross yields vs 1.5–2.5% in Tier-1 China	renewable Golden Visa at AED 2M+ property

1. The 2026 Buyer League Table

India remains the anchor foreign buyer, and the UK the established second pillar. The change in 2026 is China's decisive entry into third place — concentrated precisely in the off-plan segment where developers raise construction capital and where absorption risk sits.

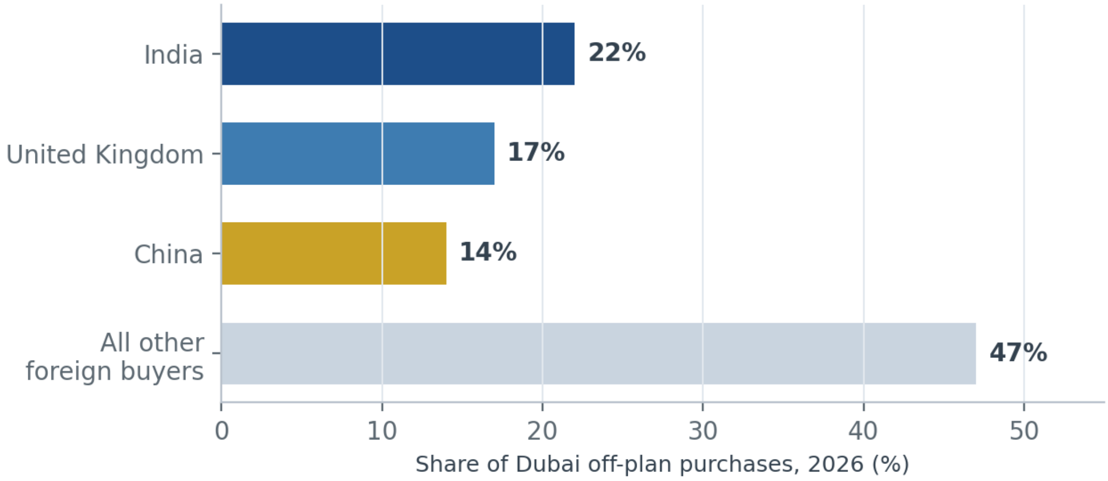

Exhibit 1 — Top foreign buyer groups by share of Dubai off-plan purchases, 2026.

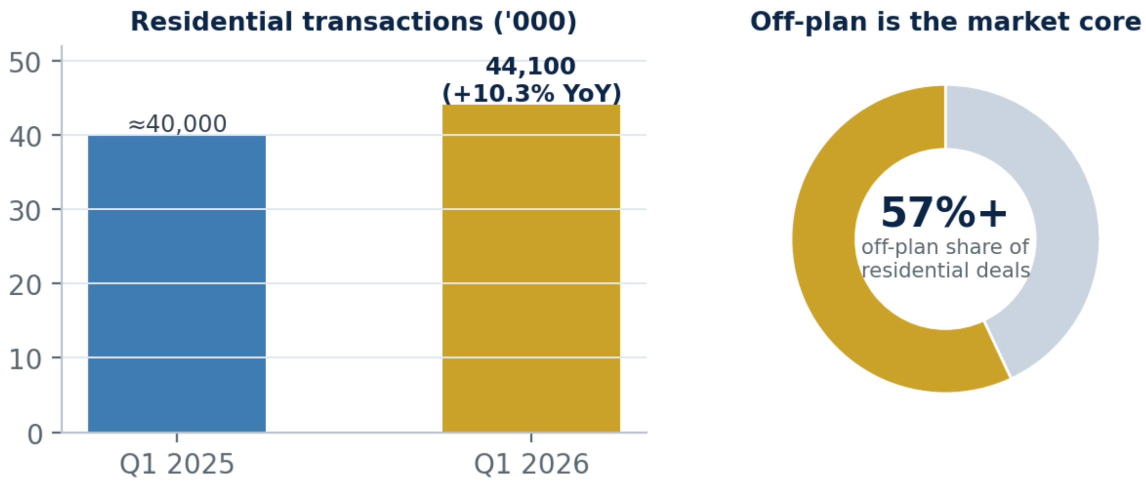

Exhibit 2 — Market context: Q1 2026 transaction momentum and the off-plan share of activity.

2. Push: The Repricing of Chinese Domestic Property

China's domestic real estate sector has been under sustained pressure for several years: developer distress, oversupply in key segments, tightened regulation, and a sentiment shift from confidence to caution. For high-net-worth Chinese households, the governing question has changed from *"Should I add more domestic property?"* to *"Where do I place capital for the next decade?"* Dubai offers an unusually legible answer.

3. Pull: Four Structural Advantages

3.1 A tax structure that compounds returns

Dubai levies **no annual property tax, no capital gains tax on sale, and no tax on rental income**. In most competing markets, a large share of the total return is surrendered to taxation; in Dubai, it compounds in the investor's hands. Over a 10-year hold, this single factor materially widens the after-tax return gap versus onshore Chinese property.

3.2 A visible, persistent yield gap

Dubai apartments average roughly **7.15% gross yield** (citywide average ~6.68%), against **1.5–2.5%** in Tier-1 Chinese cities such as Shanghai and Beijing. Even after management costs, the income profile of a Dubai asset is categorically different from a similar-value asset inside China.

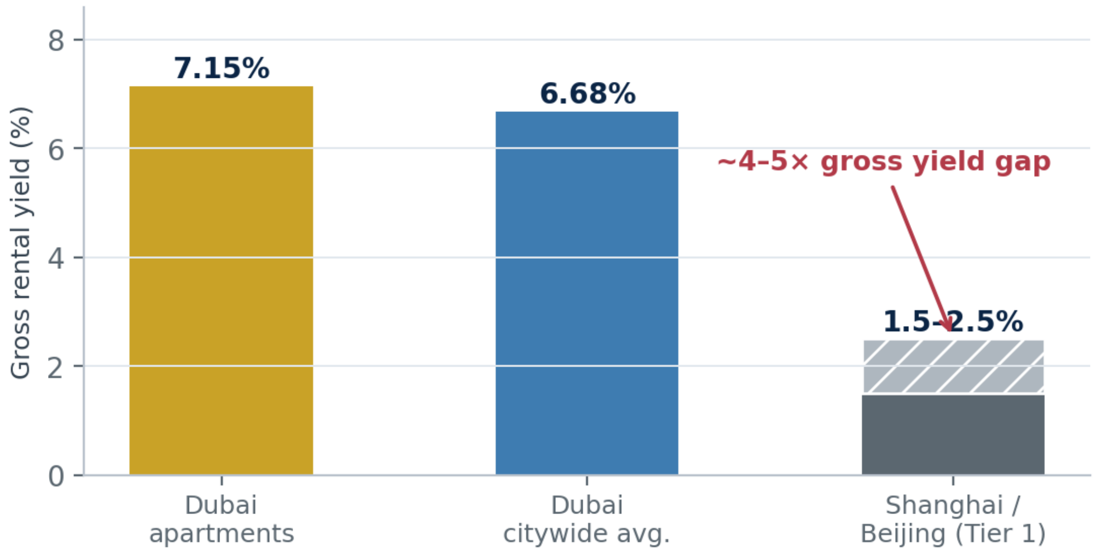

Exhibit 3 — Gross rental yields: Dubai versus Tier-1 Chinese cities.

3.3 Currency insurance via the USD peg

The UAE dirham has been pegged to the US dollar at a fixed rate **since 1997**. For wealth denominated in renminbi, a Dubai property is the simplest available way to hold a USD-linked hard asset — no complex offshore structuring required.

3.4 The Golden Visa: return plus residency

Qualifying property of **AED 2 million or more** unlocks a **10-year renewable Golden Visa** covering the investor and family members. The purchase therefore produces two returns: a financial yield and an option on residency in a city with strong infrastructure, international schooling and global connectivity. For families planning around education and mobility, this is often the deciding factor.

> **Why these four factors matter together**
>
> Each advantage alone attracts opportunistic capital. In combination — tax-free compounding, a 4–5× yield gap, a hard-currency peg and family residency — they attract **committed** capital. That is the signature of a structural flow, not a trade.

4. What Chinese Investors Are Actually Buying

Earlier waves of Chinese buying concentrated in mid-range apartments with a pure yield objective. The 2025–26 pattern is markedly more diversified, with three focal points:

Focus	Locations	Rationale
1. Early-stage off-plan in strong locations	Business Bay, Dubai Creek Harbour	Pre-launch / early-launch entry; flexible payment plans from ~1% per month allow efficient capital deployment across the construction period.
2. Branded & luxury residences	Downtown Dubai, Dubai Marina, select waterfront schemes	International hospitality and fashion brands read as a signal of build quality and exit liquidity.
3. Waterfront villas & trophy assets	Palm Jumeirah; emerging Abu Dhabi waterfront communities	Lifestyle value plus long-term scarcity; suitable as second homes and multi-generation family holdings.

The mix tells its own story: Chinese buyers are no longer only seeking income — they are **anchoring wealth** in assets that double as second homes and long-term family holdings.

5. The Market Cycle Around the Trend

Chinese demand is arriving into a market already in a strong phase — adding depth to demand and strengthening absorption in the off-plan and luxury segments, rather than generating the boom on its own. Key markers:

- **44,100 residential transactions in Q1 2026** — up ~10.3% year on year.
- **AED 176.7 billion in Q1 2026 sales value**, with off-plan volumes holding firm.
- January 2026 off-plan alone: **AED 25.98 billion across 10,623 deals** — +45% versus the prior year.
- Off-plan properties delivered **~12% capital appreciation** in the first nine months of 2025.
- Palm Jumeirah off-plan projects: **386%+ appreciation since 2021**.
- Villas: **AED 1,743** → **AED 2,383 per sq ft** (Feb 2024 → Feb 2026), a **+36.7%** move.

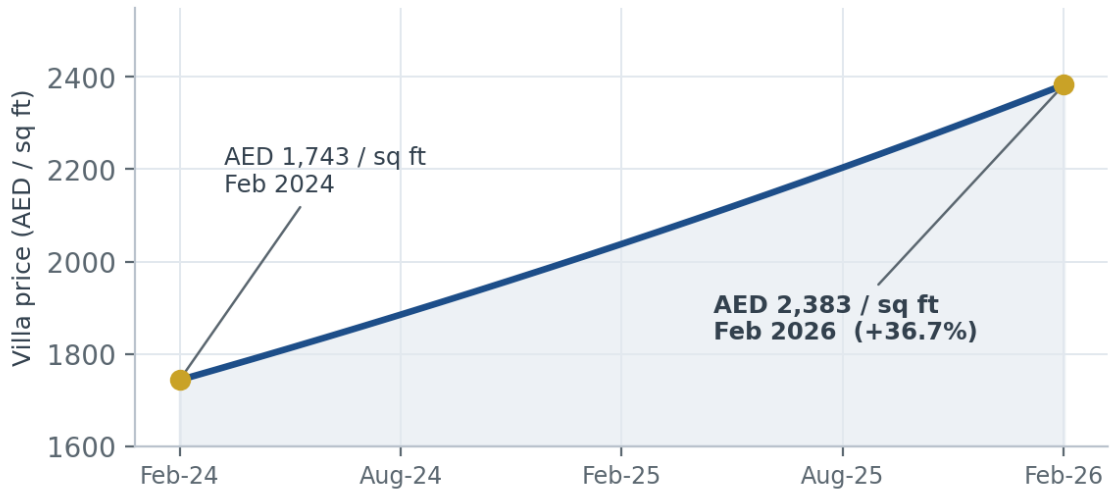

Exhibit 4 — Dubai villa prices per sq ft, Feb 2024 – Feb 2026 (endpoints as reported; path illustrative).

6. Cyclical Trade or Structural Shift?

The weight of evidence favours a **structural shift**: (i) China's domestic headwinds are multi-year, not quarterly; (ii) Dubai's tax, yield and residency advantages are embedded long-term policy, not temporary incentives; and (iii) the buyer base has evolved from quick yield-seekers to families and institutions planning a decade ahead. Analysts now expect China to remain a top-three foreign buyer group for years.

What to do about it — by stakeholder

Developers: build Mandarin-capable sales channels and structure payment plans around the 1%-per-month expectation; brand partnerships carry disproportionate weight with this cohort. **Brokers:** position inventory in the three focal segments above; lead with Golden Visa and USD-peg framing, not just yield. **Allocators:** treat Chinese absorption as a demand-depth signal for off-plan underwriting — and monitor it as a leading indicator if Chinese capital controls or UAE visa policy change.

Figures reflect reported 2025–26 market data as summarised in the source material; indicative and subject to revision by DLD/RERA publications.