Hamptons
INTERNATIONAL

H1 REAL ESTATE Market Report

Dubai | Abu Dhabi | Northern Emirates | Oman | UK

Dubai

Overview

The first half of 2026 was a tale of three markets. Dubai paused after two record-breaking years, as a regional conflict that erupted in March 2026 (missile and drone strikes tied to the Iran-Israel confrontation) triggered a sharp, temporary pullback in transaction activity, particularly in villas and secondary sales, before signs of recovery emerged by June.

Abu Dhabi, by contrast, had its strongest half-year on record, with sales transactions and value both surging, as the capital increasingly functioned as a safe haven within the UAE property market. The Northern Emirates continued their multi-year growth run largely undisturbed, led by Sharjah's record-breaking momentum. Each market is examined in turn below.

Dubai Real Estate Market: H1 2026

Dubai's property market cooled from H1 2025's record pace in the first half of 2026, recording 86,635 sales transactions (down 12.5% from 99,009 in H1 2025), worth a total of AED 289.1 billion (down 12.1% from AED 328.9 billion). This remains a historically strong half-year independent data from Dubai Land Department, cited by W Capital and Cavendish Maxwell, puts Dubai's H1 2026 real estate sales at a broadly consistent AED 286.4 billion across roughly 86,000 transactions, the second-highest first half on record after H1 2025.

The moderation was not simply organic: a regional conflict that began in early March 2026 triggered a sharp, if temporary, pullback in buyer activity, hitting the secondary and villa segments hardest, while Abu Dhabi and the Northern Emirates continued to grow throughout the same period.

Sales Transactions and Market Performance

Breaking down H1 2026 sales by segment: 68,739 apartments changed hands (down 6.9% from 73,863), worth AED 133.9 billion (down 8.2%). Villas and townhouses saw the sharpest pullback just 12,999 units sold, down a steep 37.1% from 20,655 in H1 2025, worth AED 90.9 billion (down 25.4%). This marks a striking reversal of 2025's villa boom, and reflects villas' greater sensitivity to buyer confidence and financing conditions during the conflict period. Plot transactions fell 27.0% to 1,463, worth AED 44.6 billion (down 17.3%).

Commercial real estate was the standout exception, which bucked the wider slowdown entirely: 3,434 transactions (up 38.1%) worth AED 19.7 billion a remarkable 170% increase in value year-on-year. This aligns with independent reporting that Dubai's office market stayed exceptionally tight through H1 2026, with average office rents up 14% year-on-year in Q1 and prime rents up 16%, occupancy holding near 95%. Business formation and corporate expansion, in other words, kept moving even as residential sentiment wavered.

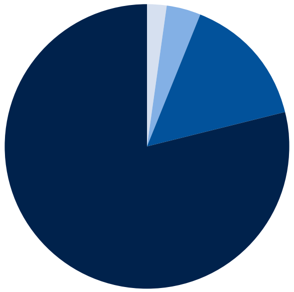
The monthly trend tells the story clearly. January and February 2026 extended 2025's momentum, with sales value up 62.6% and 20.2% year-on-year respectively. The regional conflict's onset in March then triggered a progressively sharper decline: March value was down 7.8% year-on-year, April down 22.8%, and May marked the trough at down 56.5% the steepest monthly fall of the half-year, with volumes down 44.9%, coinciding with the most acute phase of regional hostilities.

June showed a partial recovery, still down 39.4% year-on-year in value but up materially from May in absolute terms; external Cavendish Maxwell data corroborates this, recording Dubai sales rebounding from roughly 9,500 transactions in May to 12,315 in June (AED 25.17 billion, up nearly a third month-on -month), with off-plan deals representing 76% of June's activity. CBRE's regional research described the broader UAE real estate market as having "showcased its inherent stability" despite the conflict, and the data bears that out: a sharp but short-lived shock, not a structural reversal.

Sales Transactions

Year on Year | 2025 - 2026

	2025 Transactions	2025 Value (AED)	2026 Transactions	2026 Value (AED)	Value Change %
Apartments	73,863	145,900,000,000	68,739	133,900,000,000	-8.22%
Villas	20,655	121,800,000,000	12,999	90,900,000,000	-25.37%
Commercial	2,486	7,300,000,000	3,434	19,700,000,000	169.86%
Plots	2,005	53,900,000,000	1,463	44,600,000,000	-17.25%
Total	**99,009**	**328,900,000,000**	**86,635**	**289,100,000,000**	**-12.10%**



Apartments	**79%**
Villas	**15%**
Plots	**4%**
Commercial	**2%**

Transactions Value

2025	Value	2026	Value	Value Change
January	44,600,000,000	January	72,500,000,000	63%
February	51,000,000,000	February	61,300,000,000	20%
March	47,300,000,000	March	43,600,000,000	-8%
April	62,800,000,000	April	48,500,000,000	-23%
May	66,900,000,000	May	29,100,000,000	-57%
June	56,300,000,000	June	34,100,000,000	-39%
Total	**328,900,000,000**	**Total**	**289,100,000,000**	**-12%**

Transactions Volume

2025	Volume	2026	Volume	Value Change
January	14,247	January	17,475	23%
February	16,106	February	17,117	6%
March	15,150	March	13,563	-10%
April	18,044	April	14,075	-22%
May	18,697	May	10,301	-45%
June	16,765	June	14,104	-16%
Total	**99,009**	**Total**	**86,635**	**-12%**

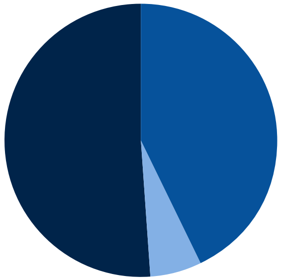
Rental Market Trends

Leasing activity told a different story from sales, continuing to grow steadily through the disruption. New rental transactions reached 212,929 in H1 2026 (up 4.4%), comprising 108,884 apartment leases (up 4.9%), 13,172 villas and townhouses leases (up 2.0%), and 90,873 commercial leases (up 4.3%).

This bifurcation sales cooling while leasing kept growing suggests that population and tenant demand remained intact even as buyer sentiment wavered, with some would-be purchasers likely opting to rent through the period of uncertainty rather than commit to a transaction.

Within commercial leasing, the breakdown was mixed: office leases rose 4.5% to 51,191 contracts consistent with the office market's resilience noted above while shop/showroom leases fell 10.3% to 10,843 and industrial leases fell 11.4% to 1,594. Total commercial rental activity across all sub-segments was roughly flat, down 1.8% to 91,067.

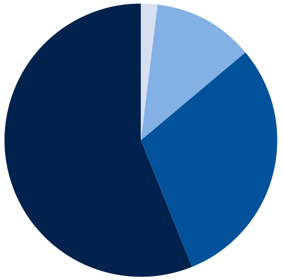
New Rental Transactions



Apartments	**51%**
Commercial	**43%**
Villas	**6%**

	H1 2025	H1 2026	Volume Change %
Apartments	103,821	108,884	4.88%
Villas	12,908	13,172	2.05%
Commercial	87,160	90,873	4.26%
Total	**203,889**	**212,929**	**4.43%**

New Commercial Rental Breakdown



■	Office	**56%**
■	Others	**30%**
■	Shops/Showroom	**12%**
■	Industrial	**2%**

	H1 2025	H1 2026	Volume Change %
Shops/Showroom	12,088	10,843	-10.30%
Office	48,987	51,191	4.50%
Industrial	1,799	1,594	-11.40%
Others	29,837	27,439	-8.04%
Total	**92,711**	**91,067**	**-1.77%**

Off-Plan v/s Secondary Sales

Off-plan sales proved more resilient than the secondary market. Off-plan transactions totalled 60,405 in H1 2026, down a comparatively modest 8.3% from 65,883.

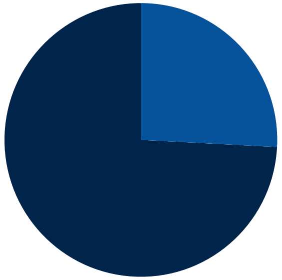
The secondary (ready-home) market fell much harder, down 27.7% to 21,333 from 29,522. As a result, off-plan's share of residential sales actually rose to 73.9% of the market, up from 69.1% in H1 2025 even as the overall market contracted.

This points to developers sustaining momentum through flexible payment plans, while secondary-market buyers, more reliant on immediate financing and full purchase capital, pulled back more sharply amid the uncertainty.

Leadership among off-plan hotspots shifted noticeably. Azizi Venice led with 3,838 sales, followed by Dubailand (3,676, up 26.4% year-on-year), DAMAC Island City (3,390, down 22.0%), JVC (3,117, down a sharp 42.9% from its 2025-leading 5,461), and Dubai Islands (3,067, a new entrant to the top five). JVC's fall from the top spot reflects both the broader slowdown and a rotation of buyer interest toward newer master-development launches.

In the secondary market, JVC again led with 1,994 transactions (down 23.5% from 2,606), followed by Business Bay (1,244, down 33.7%), Dubai Marina (933, down 34.2%), Downtown Dubai (801, down 41.1%), and Dubai Creek Harbour (635, a new top-five entrant). The broad-based double-digit declines across every established secondary hotspot underline how uniformly the ready-home segment absorbed the shock, regardless of location.

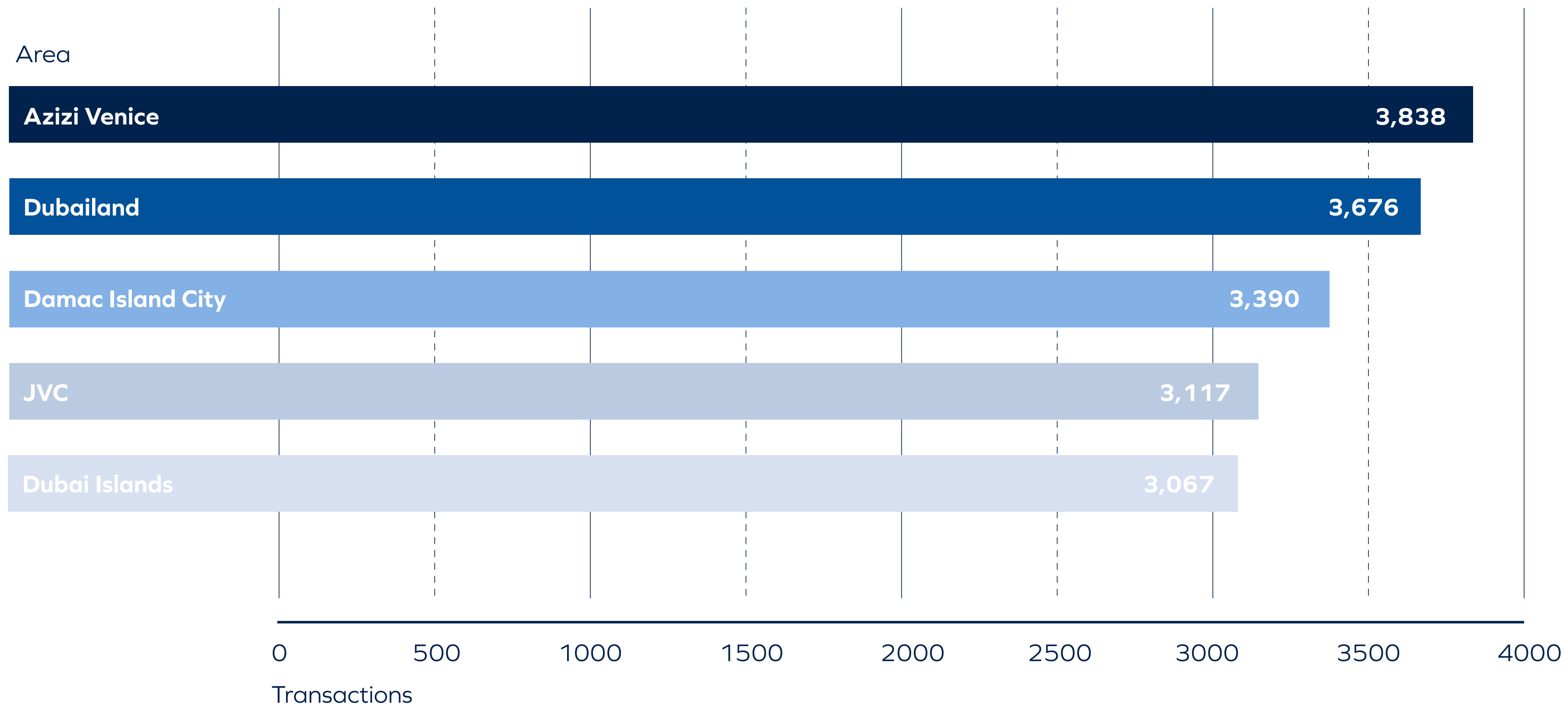
Off Plan v/s Secondary Sales



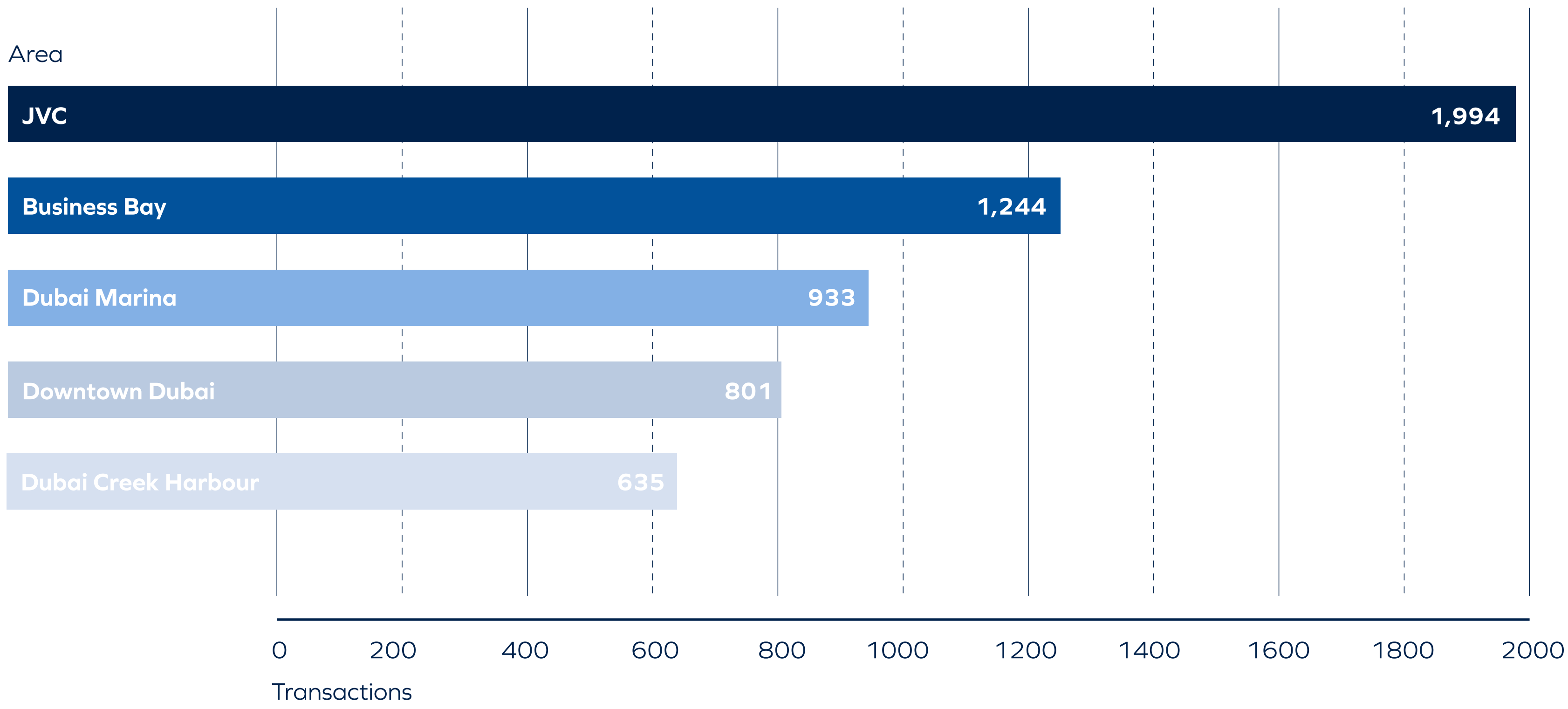
Off-Plan	**74%**
Ready	**26%**

	2025		2026	
	Off Plan	**Ready**	**Off Plan**	**Ready**
January	9,220	5,027	11,665	4,626
February	10,654	4,728	11,001	4,910
March	9,838	4,666	9,934	3,038
April	12,092	5,212	10,344	2,970
May	12,548	5,376	7,420	2,425
June	11,531	4,513	10,041	3,364
Total	**65,883**	**29,522**	**60,405**	**21,333**

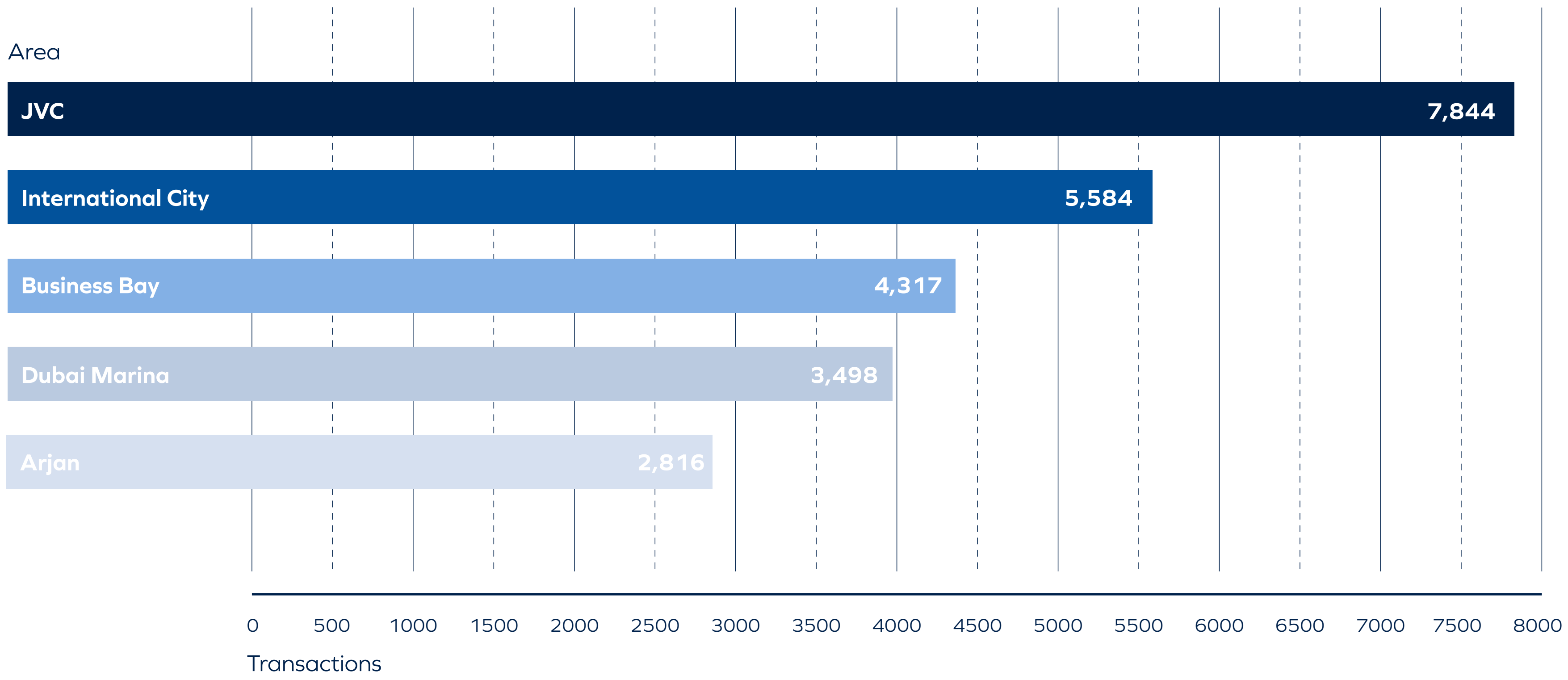
Top 5 Performing Areas - Off Plan Sales



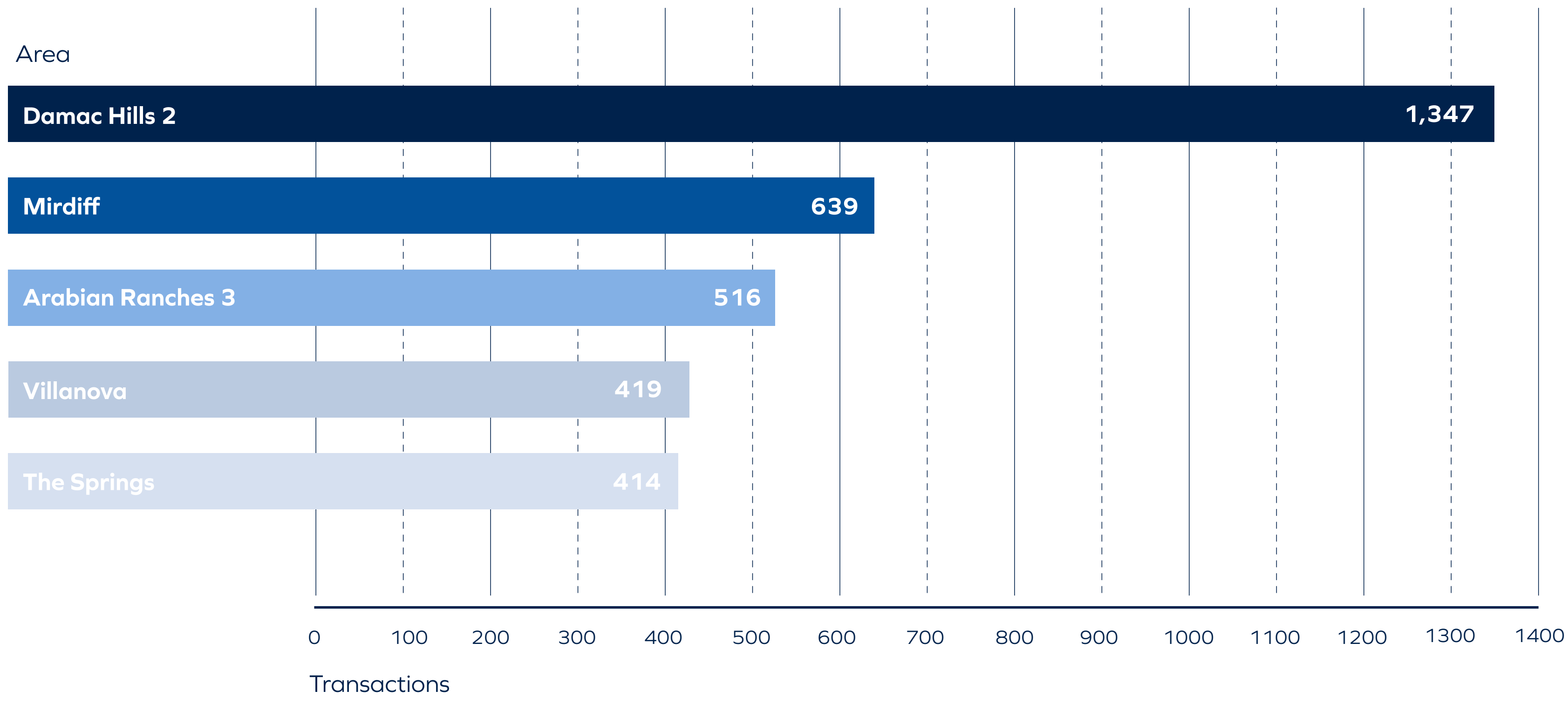
Top 5 Performing Areas - Secondary Sales



Top 5 Performing Areas - New Apartment Rentals



Top 5 Performing Areas - New Villa Rentals



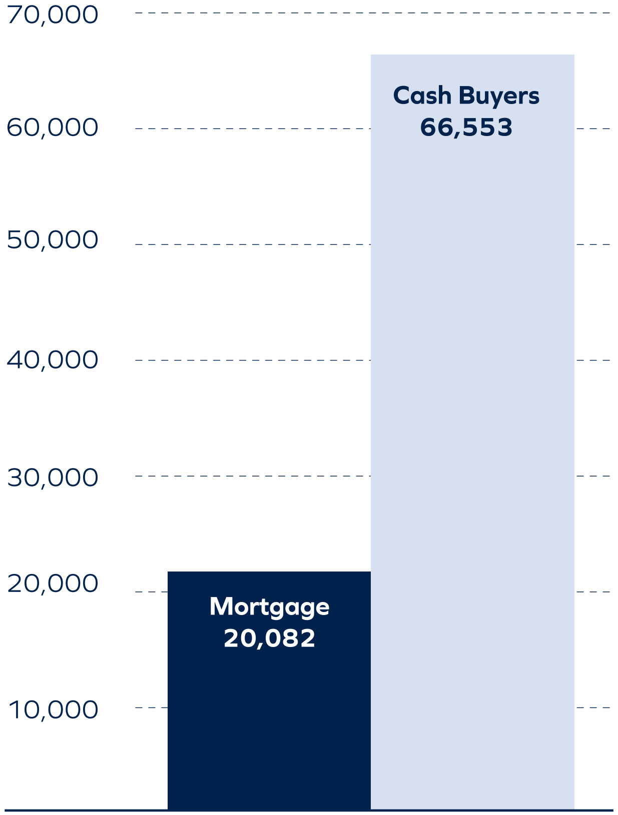
Mortgage Buyers v/s Cash Buyers

Cash purchases fell faster than mortgage-backed ones. Of H1 2026's transactions, an estimated 66,553 were cash deals (down 15.2% from 78,442) versus 20,082 mortgage-backed purchases (down a comparatively modest 2.4% from 20,567). As a result, the mortgage share of transactions rose to 23.2%, up from 20.8% in H1 2025.

This is a meaningful shift: opportunistic, investor- driven cash buying — historically Dubai's dominant transaction type — pulled back considerably more than financed, typically end-user-driven purchasing during the period of regional uncertainty, suggesting the resident and owner-occupier base proved comparatively more resilient than speculative capital.

Mortgage Buyers v/s Cash Buyers

H1 2026



Top-Performing Rental Areas

On the apartment rental side, JVC remained the clear leader with 7,844 new leases (up 10.5%), followed by International City (5,584, up a strong 17.8%), Business Bay (4,317, up 2.3%), Dubai Marina (3,498, roughly flat), and Arjan, a new entrant to the top five with 2,816 leases, displacing Downtown Dubai.

For villa rentals, DAMAC Hills 2 again topped the list with 1,347 new leases (up 1.9%), followed by Mirdif (639, down 23.1%), and three new entrants to the top five, Arabian Ranches 3 (516), Villanova (419), and The Springs (414) displacing Al Furjan, Townsquare, and Emaar South from the prior year's ranking.

Pricing and Outlook

Independent market reports suggest Dubai price growth cooled markedly through the half-year, from close to 12% year-on-year in January to under 4% by May, broadly consistent with the moderation seen in transaction volumes.

Rents lagged slightly behind price gains over the same period. Looking to H2 2026, industry commentary including from CBRE and W Capital points to underlying fundamentals remaining intact: structural undersupply in several segments, continued foreign investment inflows, and population growth. Whether the second half sustains June's rebound or settles into a more measured pace will likely hinge on how durably regional tensions ease.

Abu Dhabi

Overview

Where Dubai paused, Abu Dhabi accelerated. The capital recorded its strongest half-year on record in H1 2026: 15,243 residential sales transactions (up 97.0% from 7,739 in H1 2025), worth AED 53.65 billion a 117.8% increase in value. Far from being dented by the regional conflict, Abu Dhabi appears to have benefited from a degree of safe-haven capital reallocation within the UAE itself, reinforcing the capital's reputation for stability even as the wider region absorbed geopolitical shocks.

Sales Transactions and Market Drivers

Apartment sales more than doubled to 11,577 transactions (up 117.8%), worth AED 19.6 billion (up 52.8%). Villas and townhouses sales rose 51.2% to 3,666 transactions, worth AED 34.05 billion — an outsized 188.6% jump in value. Notably, the two segments moved in different directions on a per-unit basis: the average apartment sale price actually fell by roughly 30% (from an implied ~AED 2.41 million to ~AED 1.69 million), suggesting a broader-based, more mass-market wave of apartment buying this year.

The average villa sale price, by contrast, nearly doubled (from ~AED 4.87 million to ~AED 9.29 million), pointing to intensifying demand at the luxury end of the villa market. Abu Dhabi's H1 2026 in short, combined broader participation in apartments with a sharper move upmarket in villas.

The most striking structural shift was in off-plan versus ready sales. Off-plan transactions reached 12,504 82% of all residential sales compared to just 2,715 ready-home transactions. This is close to a complete reversal of H1 2025, when ready homes represented 70% of the (much smaller) 3,487-transaction market and off-plan just 30%.

Abu Dhabi's traditional preference for completed, immediate-use homes gave way in H1 2026 to overwhelming off-plan-led growth, likely driven by a wave of new project launches from Aldar and other major developers capturing both genuine end-user demand and reallocated regional capital.

Monthly off-plan volumes were strongest in April (2,692 units), before also dipping in May (1,660) echoing, on a smaller scale, the timing of Dubai's slowdown and holding broadly steady into June.

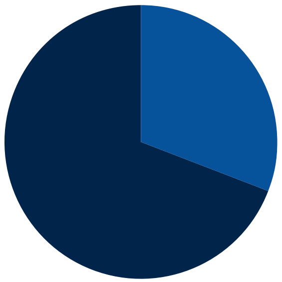
Geographical Hotspots

By transaction volume, Al Reem Island was the clear H1 2026 leader with roughly 4,612 combined Q1 and Q2 transactions, followed by Yas Island (3,097), Al Hudayriyat Island (2,195), Al Saadiyat Island (1,417), and Khalifa City / Zayed City (MBZ City) areas (each in the 600–700 range).

This represents a notable reshuffling from H1 2025, when Saadiyat Island led by value on the back of ultra-luxury sales (including a record AED 137 million Nobu Residences penthouse). The 2026 picture based on transaction volume rather than value instead highlights Al Reem Island and Al Hudayriyat as the busiest hotspots by deal count, likely reflecting new-project deliveries and a broader base of mid-to-upper-market activity, while Saadiyat likely still commands the highest average ticket size.

Sales Transactions

	2025		2026	
	Transactions	**Value (AED)**	**Transactions**	**Value (AED)**
Apartments	5,315	12,830,000,000	11,577	19,600,000,000
Villas/Townhouses	2,424	11,800,000,000	3,666	34,050,000,000
	7,739	**24,630,000,000**	**15,243**	**53,650,000,000**



Apartments	**69%**
Villas/Townhouses	**31%**

Residential Sales Transactions

H1 2026	Off Plan	Ready
January	2,021	529
February	2,358	495
March	2,052	462
April	2,692	532
May	1,660	321
June	1,721	376
	12,504	**2,715**

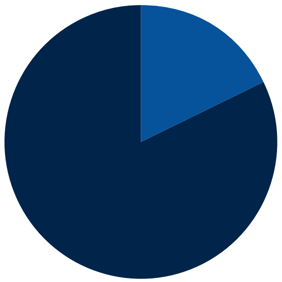
Rental Market and Outlook

Abu Dhabi's rental market also outpaced Dubai's on a percentage basis. New rental transactions reached 45,193 (up 13.6%), comprising 38,293 apartment leases (up 18.1%, worth AED 2.84 billion, up 26.2%) and 6,900 villas and townhouses leases (down 6.1%, though value held roughly flat at AED 1.082 billion). The faster pace of apartment rental growth, relative to Dubai's more modest 4.9%, points to accelerating population inflows into the capital.

Independent research corroborates the strength of this half-year: separate reports cite Abu Dhabi's broader real estate transaction value (including commercial and mortgage activity) surging over 150% year-on-year in Q1 2026 alone, and foreign investment climbing sharply, with buyers from close to 100 nationalities active in the market. (Note: supply-pipeline figures existing stock and units under construction were not part of this reporting cycle's dataset and are omitted here; they were included in the H1 2025 edition and can be reinstated if updated figures become available.) Taken together, Abu Dhabi's H1 2026 performance reinforces its emerging role as the UAE's most resilient large market one that not only weathered regional uncertainty but arguably drew strength from it.

New Rental Transactions

	2025		2026	
	Transactions	**Value (AED)**	**Transactions**	**Value (AED)**
Apartments	32,431	2,250,000,000	38,293	2,840,000,000
Villas/Townhouses	7,352	1,078,000,000	6,900	1,082,000,000
	39,783	**3,328,000,000**	**45,193**	**3,922,000,000**



Apartments	**82%**
Villas/Townhouses	**18%**

Top Areas by Transaction Count Q1 2026

District	Volume
Al Reem Island	2,090
Yas Island	1,686
Al Hidayriyyat	1,244
Al Saadiyat Island	816
Khalifa City	457
Fahid Island	311
Al Shamkhah	269
Al Rahah	234
Zayed City	205
Al Maryah Island	186
Ramhan Island	173
Ghantout	143
Al Bahyah	130
Al Faqa'	123
Al Jubail Island	81
Al Reef	81

Top Areas by Transaction Count Q2 2026

District	Volume
Al Reem Island	2,522
Yas Island	1,411
Al Hidayriyyat	951
Al Saadiyat Island	601
Zayed City	407
Al Rahah	335
Al Shamkhah	297
Khalifa City	248
Fahid Island	139
Ghadeer Al Tayr	98
Al Reef	81
Al Jubail Island	79
Al Maryah Island	78
Al Faqa'	55
Al Layyan	53

Northern Emirates

Overview

Unlike Dubai and Abu Dhabi, centrally compiled transaction-level data for the Northern Emirates Sharjah, Ajman, Ras Al Khaimah (RAK), Umm Al Quwain (UAQ), and Fujairah is not maintained for this report. The following draws on each emirate's land department releases and third-party research (Cavendish Maxwell, Savills, WAM), consistent with the approach taken in the H1 2025 edition. Where full first-half figures were not yet published at the time of writing (mid-July 2026), the most recent available quarterly or monthly data is used instead.

Sharjah

Sharjah was, once again, the standout performer among the Northern Emirates, and arguably across the UAE as a whole. Q1 2026 transaction value reached AED 18.5 billion, up 40.7% year-on-year, across 29,235 total transactions (up 18.9%); sales specifically totalled 9,978 deals (up 22.8%) worth AED 14.3 billion.

Monthly data show continued strength into Q2: April recorded AED 3.5 billion across 15,669 transactions, and May AED 3.1 billion across 7,119 transactions (June figures were not yet published by the Sharjah Real Estate Registration Department as of this writing).

This builds on a record 2025 full year of AED 65.6 billion, up 64%, and momentum that multiple sources describe as continuing "despite regional challenges" — Sharjah, like Abu Dhabi, appears to have been comparatively insulated from the conflict-driven dip seen in Dubai.

Growth continues to be underpinned by 2022's freehold reforms (113 nationalities invested in Q1 2026, up from 97), major master communities (Aljada, Tilal City, Sharjah Waterfront City), and a 30–50% price discount to Dubai.

Sharjah's rental market remains deep, with roughly 290,000 rental transactions recorded in 2025 (up from 278,000 in 2024), and a substantial pipeline of 33,700 further residential units due by 2030.

Ajman

Ajman posted steadier, more moderate growth. Q1 2026 transactions reached AED 6.22 billion across 3,890 deals, up 12% year-on-year a continuation of the strong pace set in Q1 2025 (AED 5.55 billion). Off-plan activity was a clear growth driver, with 924 off-plan transactions worth AED 484 million and foreign investment of AED 396 million in the quarter.

Al Amerah was the emirate's standout area for headline transaction values, and established freehold communities — Emirates City, City Towers, Ajman One — continued to draw investors seeking rental yields in the 7–10% range, well above those available in Dubai or Abu Dhabi.

Ras Al Khaimah

Ras Al Khaimah, with its natural coastline and mountain backdrop, is gaining recognition as a destination for leisure, adventure, and lifestyle-led living. The property market showed strong signs of activity in the first half of 2025, particularly in off-plan sales. In the first quarter alone, the emirate recorded over 1,300 off-plan residential transactions, valued at approximately AED 2.4 billion. This marks a notable level of interest for RAK, with demand centred around areas like Mina Al Arab, Al Marjan Island, and new villa communities targeting both residents and second-home buyers.

Interest has accelerated in response to the upcoming Wynn Resort on Al Marjan Island, which will include an integrated casino and is expected to open in 2026. Anticipation of a major tourism uplift has driven a spike in enquiries and purchases in the area. RAK's more relaxed lifestyle, combined with strategic initiatives such as the RAK Digital Assets Oasis a planned crypto-focused business hub is helping to attract a new demographic of buyers. The emirate's lower cost of living and quieter pace continue to appeal to end-users seeking a change from larger city environments.

Business interest is growing as well. The government's free zone structure and relatively low transaction costs have positioned RAK as a practical choice for entrepreneurs and business owners looking to invest in warehouses, offices, or mixed-use spaces. In H1 2025, RAK also launched marketing campaigns promoting residency visas for investors in certain zones, mirroring policies already in place in other emirates.

Umm Al Quwain and Fujairah

Umm Al Quwain and Fujairah continue to be quieter markets due to their smaller size and populations, but both showed points of activity in H1 2025.

In Umm Al Quwain, the focus remained on select waterfront developments and housing schemes aimed at affordability. Sales volumes were modest, typically limited to a few hundred transactions each quarter. Buyers are often attracted by the peaceful coastal environment and very low pricing. Resort-style villas and small apartment buildings in UAQ saw interest from UAE residents looking for second homes or retirement properties away from the pace of larger cities.

The commercial side of the market also saw improvement. New warehouse facilities built to support the UAQ Free Zone have started to fill, as more companies looked for cost-effective storage solutions outside of the major urban centres.

Fujairah, located on the east coast of the UAE, has a distinct profile shaped by local demand and a small but emerging luxury segment.

It is the only emirate facing the Gulf of Oman, offering a cooler shoreline and a scenic mountain setting.Real estate activity in H1 2025 included a handful of high-value villa sales in Al Faseel, as well as transactions within the new Address Fujairah Resort development. These indicate growing interest in lifestyle-focused properties, particularly along the seafront.

For most residents, Fujairah remains a market built around stability and affordability. Many people live in family-owned homes or low-cost apartments, keeping transaction volumes steady. On the commercial side, the ongoing expansion of Fujairah's port and its oil storage operations have kept demand steady for specialised industrial spaces.

Insights

Across the Northern Emirates, several themes continue to shape the property landscape: affordability, improved infrastructure, and gradual diversification. These emirates appeal to residents who work in Dubai or Abu Dhabi but choose to live in places like Sharjah and Ajman for the lower cost of living. Ongoing government investments in connectivity, such as new highways and upgraded roads, are making daily commutes easier and encouraging economic activity. Rental yields in the Northern Emirates remain higher on average than in Dubai, especially for apartments. Yields of 8 to 10 percent are common in Sharjah and Ajman, appealing to investors looking for income-generating properties. These higher returns come with different risk profiles but continue to draw interest.

Quality of life is also improving across the region. New malls, schools, and hospitals have opened in Sharjah and Ajman, giving residents more access to essential services and reducing reliance on larger cities. These changes support a more positive long-term outlook and could attract a broader range of investors in the years ahead.

Off-plan activity and demand drivers across the region:

- In Sharjah, neighbourhoods near the Dubai border including Al Tai, Al Nahda, and Muwaileh remained active. These areas benefit from demand among daily commuters. Sharjah's commitment to cultural preservation through projects like Sharjah Sustainable City and several new museums is helping define its family-friendly identity.
- Ajman and Umm Al Quwain saw progress along the coast. Ajman's freehold corniche apartments continued to register solid sales, while UAQ's beachfront villas attracted a niche group of buyers seeking second homes in quieter surroundings.
- Ras Al Khaimah made further gains through its tourism positioning. There was growing interest in vacation homes and serviced apartments around resort areas. Attractions like Jebel Jais also supported short-term rental demand, particularly for villas.
- Fujairah continued to appeal to those looking for a peaceful, nature-focused lifestyle. While small in volume, demand for high-end coastal homes is slowly rising. There is also growing interest in future wellness-focused resort projects.

Commercial activity across the region:

Although smaller in scale compared to Dubai or Abu Dhabi, the commercial market in the Northern Emirates showed some improvement. In Sharjah, office occupancy ticked up in the city centre as some businesses looked for lower rents while maintaining proximity to Dubai.

Industrial and logistics space remains well utilised in Sharjah and Ras Al Khaimah, supported by their manufacturing and trade zones such as the Sharjah Airport Free Zone and RAK's industrial parks. Retail activity continues to be centred around community malls, with new centres in Sharjah and Ajman performing well as local populations expand.

In RAK and Fujairah, demand for warehouse space linked to port operations has stayed stable. While the overall commercial sector remains modest in size, it is gradually strengthening alongside wider economic growth in the north.

Insights

The Northern Emirates showed steady progress in H1 2025, supported by affordability, infrastructure development, and targeted planning. Sharjah and Ajman, in particular, are emerging as practical options for both property investment and homeownership, especially for those priced out of the larger cities.

With continued improvements to connectivity and a growing emphasis on livability, these emirates are expected to maintain their upward trajectory. While they may not yet match Dubai or Abu Dhabi in terms of scale or high-profile developments, they offer accessible entry points and sound value for a wide range of buyers.

For many residents and investors, the Northern Emirates provide a balanced alternative, one that complements the broader strength of the UAE's real estate market in 2025.

Oman

Foreward

The Sultanate of Oman is entering a defining period in the evolution of its real estate market. As the nation progresses through the 2026–2030 implementation phase of Oman Vision 2040, the property sector continues to mature as a strategic pillar of economic diversification, private sector growth and long-term investment. Supported by prudent fiscal management, sustained infrastructure investment and an increasingly progressive legislative framework, Oman is steadily strengthening its position as one of the Middle East's emerging real estate investment destinations.

The first half of 2026 has demonstrated that the market is transitioning beyond traditional development cycles towards a more transparent, institutional and internationally aligned investment environment. Significant regulatory reforms, including the introduction of the new Real Estate Registry Law under Royal Decree No. 56/2026, represent a landmark step in modernising property ownership, digitising land registration and enhancing investor confidence through greater legal certainty and transparency.

These reforms complement the wider real estate regulatory framework introduced under Royal Decree No. 79/2025 and reinforce the Government's commitment to creating a world-class property market consistent with international best practice.

Against this backdrop, Muscat continues to strengthen its role as the country's principal commercial, financial and administrative centre. However, investment activity is increasingly being supported by growth corridors across the Sultanate, driven by major infrastructure projects, logistics initiatives, tourism developments, industrial expansion and large-scale mixed-use masterplans. Together, these are creating new opportunities across multiple real estate sectors while broadening the investment landscape beyond traditional asset classes.

This report provides an independent review of the Sultanate's real estate market during the first half of 2026, together with our outlook for the remainder of the year. It examines the key sectors shaping the market, including residential, office, retail, industrial and logistics, and hotel and hospitality, supported by macroeconomic indicators, fiscal performance, demographic trends, occupier demand, development activity and investment sentiment.

Foreward

Rather than simply reporting transactional activity, this publication seeks to interpret the underlying drivers influencing market performance. We examine how government policy, legislative reform, infrastructure delivery, capital investment, demographic change and evolving occupier requirements are reshaping the real estate landscape. Increasingly, environmental sustainability, digital transformation, institutional governance and international valuation standards are becoming fundamental components of investment decision-making and market transparency.

While global economic uncertainty, geopolitical developments and changing capital market conditions continue to influence investment behaviour, Oman has demonstrated remarkable resilience. The country's stable political environment, disciplined economic management, expanding non-oil economy and commitment to structural reform continue to strengthen investor confidence both regionally and internationally.

As advisers operating across the Sultanate, we believe informed decision-making begins with reliable market intelligence. Our objective is therefore not only to present market data, but also to provide meaningful insight into the trends, opportunities and challenges that will shape the future direction of Oman's real estate sector.

We trust this report will provide valuable guidance to investors, developers, occupiers, lenders, government entities and industry professionals seeking a deeper understanding of the market and its future trajectory.

As Oman continues its journey towards Vision 2040, the real estate sector is becoming increasingly sophisticated, transparent and globally connected. We believe the foundations are now firmly in place for the next phase of sustainable growth, underpinned by sound governance, progressive regulation and a long-term commitment to creating a resilient and internationally competitive property market.

Michael O' Connell, MRICS
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Muscat, Sultanate of Oman

Sultanate of Oman - Macroeconomic and Fiscal Overview

H1 2026 and H2 2026 Outlook

Key Macroeconomic Indicators

Indicator	H1 2026 Position	Hamptons International H2 2026 Outlook
Real GDP growth	Positive momentum, led by hydrocarbons and non-oil activity	Approximately 3.5%–3.8% for full-year 2026
Non-hydrocarbon growth	Continued expansion across services, construction, manufacturing, logistics and tourism	Approximately 3.0%–3.7%
Consumer-price inflation	2.8% year-on-year in May 2026	Approximately 2.0%–3.0% for full-year 2026
2026 budget revenue	OMR 11.447 billion	Performance dependent upon realised oil prices and production
2026 budget expenditure	OMR 11.977 billion	Development and social spending expected to remain supportive
Budgeted fiscal balance	Deficit of approximately OMR 530 million	Potentially narrower if oil revenue exceeds budget assumptions
Budget oil-price assumption	US$60 per barrel	Provides a degree of fiscal prudence and revenue protection
Outstanding banking credit	OMR 37.4 billion in May 2026	Further moderate expansion anticipated
Interbank lending rate	Approximately 3.49% on 30 June 2026	Stable to moderately lower, subject to US monetary policy
Public debt	Approximately mid-30% of GDP	Expected to remain manageable

Hamptons International forecasts represent market-based projections and are not official government forecasts.

Fiscal Performance and the 2026 State Budget

Fiscal Performance and the 2026 State Budget

Oman's 2026 State Budget was prepared on an average oil-price assumption of US$60 per barrel, demonstrating a comparatively conservative approach to hydrocarbon -revenue forecasting.

Budgeted public revenue totals approximately OMR 11.447 billion, comprising:

- net oil revenue of approximately OMR 5.752 billion;
- net gas revenue of approximately OMR 1.961 billion; and
- non-oil and other revenue of approximately OMR 3.734 billion.

Total public expenditure is budgeted at approximately OMR 11.977 billion, resulting in an initial projected deficit of approximately OMR 530 million, equivalent to a relatively modest proportion of GDP. Approximately 44% of planned expenditure is directed towards social services, while around OMR 1.3 billion has been allocated to development and economic-transformation projects. This supports continued activity across infrastructure, education, healthcare, utilities, transport, housing and strategic economic sectors.

The budget framework reflects the government's intention to balance three principal objectives:

- maintaining fiscal and economic stability;
- protecting essential social expenditure; and
- continuing investment in diversification and Oman Vision 2040 projects.

Oman's fiscal position has improved materially over recent years. Public debt declined from approximately 68% of GDP at its earlier peak to around 35%–36% of GDP by 2024–2025, supported by debt repayments, expenditure discipline and the allocation of surplus hydrocarbon revenue towards deleveraging rather than permanent increases in recurrent expenditure.

The IMF has projected that Oman could record a small fiscal surplus of approximately 0.1% of GDP during 2026, although the eventual outcome will depend heavily upon realised oil prices, production volumes, government expenditure and regional economic conditions.

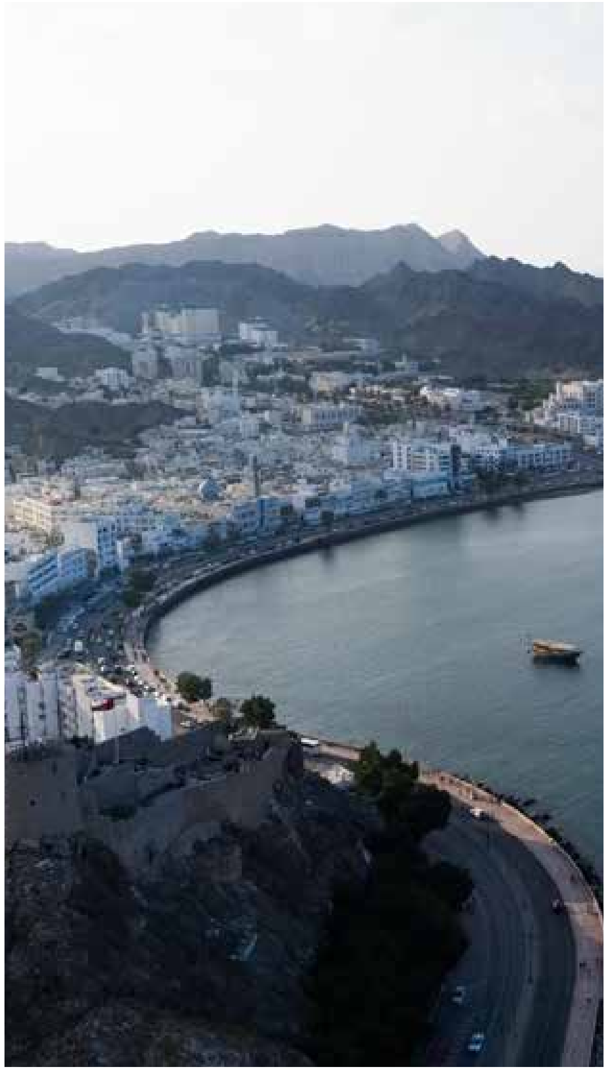
Hamptons International Fiscal Outlook

For H2 2026, Oman's fiscal performance is expected to remain manageable. The US$60-per-barrel budget assumption provides a degree of protection where realised export prices remain above that level. Higher production volumes may also partially offset softer oil prices.

Under Hamptons International's base-case outlook, the actual fiscal deficit is expected to be narrower than budgeted, with the possibility of a broadly balanced budget or modest surplus. Nevertheless, revenue volatility remains a principal risk, particularly where oil markets are affected by global demand, production policy, maritime disruption or geopolitical escalation.

Government spending is expected to remain disciplined, with priority given to strategic infrastructure, social services, employment, economic diversification and projects capable of attracting private-sector investment.

Fiscal Performance and the 2026 State Budget



Inflation, Consumer Prices and Household Spending

Consumer-price inflation remained moderate during the early months of 2026, although it accelerated during the second quarter. Oman's National Centre for Statistics and Information reported annual inflation of approximately 2.8% in May 2026, compared with lower rates recorded during much of 2025 and early 2026. Earlier monthly data showed annual inflation of approximately 1.4% in March 2026, indicating that the increase during the second quarter was relatively recent.

Price pressures have principally reflected movements in food and non-alcoholic beverages, restaurants and hotels, transport-related costs and selected household expenditure categories. Oman nevertheless continues to benefit from:

- the Omani rial's fixed exchange-rate relationship with the US dollar;
- regulated or subsidised prices in selected sectors;
- relatively stable domestic energy costs;
- prudent monetary conditions; and
- competitive regional import and distribution networks.

Hamptons International forecasts full-year 2026 inflation within a range of approximately 2.0% to 3.0%. This remains moderate by international standards but may continue to influence discretionary household spending, particularly within value-sensitive retail, food and beverage, leisure and residential rental markets.

The IMF's earlier 2026 projection anticipated average consumer-price inflation of approximately 1.7%, although the stronger May reading suggests that full-year inflation may be moderately higher.

Higher-income households, international professionals and government- related employees are expected to remain comparatively resilient. However, middle- income households may continue to demonstrate greater price sensitivity, increasing demand for competitively priced residential accommodation, community retail and value-oriented consumer services.

Fiscal Performance and the 2026 State Budget

Banking Sector and Credit Conditions

Oman's banking sector remained well-capitalised, liquid and supportive of economic activity during H1 2026. According to the Central Bank of Oman, total outstanding credit extended by other depository corporations increased by approximately 11.5% year-on-year to OMR 37.4 billion at the end of May 2026. The domestic overnight interbank lending rate declined to approximately 3.375% in May 2026, compared with 4.394% one year earlier. On 30 June 2026, the recorded interbank lending rate was approximately 3.493%.

Because the Omani rial is pegged to the US dollar, monetary conditions in Oman remain closely influenced by US interest-rate policy. Any further easing by the US Federal Reserve during H2 2026 would be expected to create scope for lower domestic funding costs, although the transmission to individual borrowers may occur gradually and will vary depending upon bank margins, borrower risk and loan type. 44% of planned expenditure is directed towards social services, while around OMR 1.3 billion has been allocated to development and economic- transformation projects.

This supports continued activity across infrastructure, education, healthcare, utilities, transport, housing and strategic economic sectors.

H2 2026 Banking Outlook

Hamptons International expects banking liquidity and credit availability to remain broadly supportive during H2 2026. Credit growth is likely to continue, although at a more moderate pace than the 11.5% recorded to May. Potentially lower borrowing costs would support:

- residential mortgage affordability;
- refinancing activity;
- corporate investment;
- real estate development funding;
- acquisition financing; and
- investment demand for income-producing property.

Banks are nevertheless expected to maintain disciplined lending criteria, particularly for speculative development, secondary assets, projects without strong pre-leasing and borrowers with limited equity contributions. Islamic banking is also expected to continue expanding, supported by growing demand for Sharia-compliant residential, commercial and project-finance products.

Economic Diversification and Structural Reform

Oman continued to advance its structural-reform programme during H1 2026, with increasing emphasis on private-sector participation, investment facilitation, digitalisation, employment creation and the modernisation of government services. The country's economic policy remains aligned with Oman Vision 2040 and the commencement of the Eleventh Five-Year Development Plan covering 2026–2030. The new planning phase is expected to consolidate the reforms and fiscal adjustments implemented during the previous five-year period while accelerating investment across priority sectors.

Key areas of diversification include:

- tourism and hospitality;
- logistics, ports and warehousing;
- manufacturing and industrial development;
- mining and mineral processing;
- fisheries and food security;
- renewable energy and green hydrogen;
- data centres and digital infrastructure;
- healthcare and education;
- technology and professional services; and
- integrated tourism, mixed-use and urban-development projects.

Fiscal Performance and the 2026 State Budget

The government has also continued reforms intended to broaden the non-oil revenue base. Oman's personal income-tax framework, scheduled to take effect in 2028, will apply a 5% rate to individuals earning more than OMR 42,000 per annum and is expected to affect approximately 1% of the population. This measure represents a longer-term fiscal-diversification initiative rather than a material influence on household demand during 2026.

The government's Macro Fiscal Unit continues to monitor fiscal sustainability, hydrocarbon-market developments and forward-looking fiscal risks, supporting a more structured and data-led approach to public financial management.

Sovereign Position and International Confidence

Oman's sovereign profile has improved materially, supported by lower public debt, fiscal discipline, accumulated financial buffers and progress with structural reform.

The restoration of investment-grade credit status has improved international confidence and has the potential to:

- lower sovereign and corporate borrowing costs;
- broaden access to international capital;
- attract institutional investors;
- support foreign direct investment;
- improve funding conditions for government-related entities; and
- reinforce demand for long-term real estate and infrastructure assets.

The IMF considers Oman's fiscal and external positions to remain strong, despite lower oil proceeds and elevated global uncertainty. The institution has also highlighted continued public-sector deleveraging and resilient non-hydrocarbon activity.

However, Oman's sovereign and external position remains connected to hydrocarbon income. Continued diversification, private-sector productivity, labour-market reform and investment in human capital will therefore be critical to maintaining the improvement in the country's sovereign fundamentals.

Key Areas of Diversification Include:

Oman continues to be regarded as a politically stable, institutionally consistent and generally secure jurisdiction. Its neutral foreign-policy approach established legal framework and comparatively low levels of domestic crime remain important advantages for residents, tourists, international businesses and investors.

The 2026 Global Peace Index placed Oman 60th globally and third within the Middle East and North Africa region. Oman's overall score deteriorated during the year, largely reflecting heightened regional conflict and geopolitical risk rather than a material deterioration in ordinary domestic safety conditions.

Fiscal Performance and the 2026 State Budget

This distinction is important. Oman remains operationally stable and continues to offer a secure domestic environment, but its location near strategically important maritime routes means that regional instability can affect:

- investor sentiment;
- shipping and insurance costs;
- tourism flows;
- aviation;
- imported commodity prices;
- energy markets; and
- supply-chain reliability.

Hamptons International expects Oman to retain its reputation as one of the region's more stable and predictable markets during H2 2026. Nevertheless, geopolitical risks should be reflected within business planning, development appraisals, investment returns and valuation sensitivity analysis.

Labour Market, Population and Consumer Demand

Oman's population exceeds 5.4 million and continues to be shaped by a combination of natural population growth, urbanisation, employment-related expatriate inflows and economic diversification. Muscat remains the country's principal administrative, commercial and employment centre. Population growth and the expansion of the capital into Al Mouj, Seeb, Al Hail, Bausher, Madinat Al Irfan, Airport Heights and surrounding districts continue to influence residential, retail, education, healthcare and transport demand.

Employment growth between 2024 and 2025 was relatively modest, at approximately 1.5%, with gains principally attributable to Omani employment. During H2 2026, employment conditions are expected to improve gradually rather than sharply. Recruitment is likely to remain strongest in tourism, construction, logistics, financial services, professional services, technology, manufacturing and energy-related industries. Consumer confidence is expected to remain broadly stable, supported by low-to-moderate inflation, government expenditure and credit availability. However, discretionary expenditure will remain uneven across income groups.

Implications for the Real Estate Market

The macroeconomic environment is expected to provide a generally supportive backdrop for Oman's real estate market during H2 2026.

Positive Influences Include:

- stronger full-year GDP growth;
- continued non-hydrocarbon economic expansion;
- development and infrastructure expenditure;
- population growth and urban expansion;
- healthy banking-sector liquidity;
- continued mortgage and corporate-credit growth;
- investment-grade sovereign credentials; and
- progress under Oman Vision 2040.
- The principal constraints include:
- regional geopolitical uncertainty;
- oil price and government-revenue volatility;
- relatively high borrowing costs compared with pre-2022 conditions;
- household affordability pressures;
- uneven employment and salary growth;
- oversupply within selected property segments;
- differences in asset quality, location and property management.

Fiscal Performance and the 2026 State Budget

Prime, well-managed and appropriately priced assets are expected to continue outperforming secondary or poorly maintained stock. Real estate demand is increasingly selective, with occupiers and investors focusing on quality, amenities, accessibility, energy efficiency, professional management and long-term operating costs.

Hamptons International H2 2026 Outlook

Hamptons International maintains a cautiously positive outlook for Oman for the remainder of 2026. Full-year real GDP growth is forecast at approximately 3.5% to 3.8%, supported by higher hydrocarbon production and non-oil expansion. Inflation is expected to remain manageable within a range of approximately 2.0% to 3.0%, although imported food, transport and hospitality costs may remain elevated.

Fiscal performance is expected to remain disciplined. The final budget position may outperform the original OMR 530 million deficit projection, provided hydrocarbon revenue and production remain supportive and expenditure remains controlled.

Banking liquidity and credit conditions should remain constructive, with potential for a gradual reduction in financing costs should global monetary conditions continue to ease. This would be positive for residential mortgages, refinancing, investment transactions and development viability. The outlook remains subject to external risks, particularly geopolitical escalation, disruption to regional shipping routes, weaker global trade, oil-price volatility and renewed international inflation.

Overall, Oman is expected to remain one of the more stable and strategically positioned economies within the region. Its improved fiscal balance sheet, infrastructure investment, reform programme and growing non-hydrocarbon sectors provide a sound foundation for medium- and long-term economic and real estate-market development.

Outlook Classification

Macroeconomic outlook: Cautiously positive
Fiscal outlook: Stable
Inflation outlook: Moderate but elevated relative to 2025
Banking outlook: Stable and supportive
Interest-rate outlook: Stable to moderately lower
Real estate implications: Positive but increasingly asset- and location-specific
Principal risk: Regional geopolitics and hydrocarbon-market volatility

This overview has been prepared by Hamptons International & Partners LLC using information available as of July 2026. H1 2026 statistics may remain preliminary and subject to revision by the relevant government authorities and international organisations. Hamptons International's H2 2026 projections represent professional market opinions rather than guarantees of future economic or financial performance.

Real Estate Activity

Real Estate Activity – Sultanate of Oman
Reporting Period: January to June 2026
(H1 2026)

Source: National Centre for Statistics and Information (NCSI), Sultanate of Oman (Government of Oman). Data is reported up to 30 June 2026 and reflects official government statistics.

Real Estate Activity Overview – H1 2026

Official government data indicates that Oman's real estate market remained active during the first half of 2026, supported by continued property transactions, mortgage financing and stable market liquidity. While monthly activity fluctuated, the overall market demonstrated resilience, under-pinned by sustained demand across residential, commercial and investment property sectors.

During the six-month period to 30 June 2026, the total traded value of real estate in the Sultanate reached approximately OMR 1.434 billion, comprising both sales transactions and mortgage activity.

Key Market Indicators Include:

Indicator	H1 2026
Total traded value of property	OMR 1.434 billion
Sales contract value	OMR 688.1 million
Number of sales contracts	34,017
Mortgage contract value	OMR 740.2 million
Number of mortgage contracts	13,383

Market Commentary

Sales transactions remained relatively consistent throughout the first half of the year, with more than 34,000 registered sales contracts, highlighting continued market liquidity and buyer confi-dence. Monthly sales volumes ranged between approximately 4,200 and 6,400 transactions, re-flecting normal seasonal fluctuations rather than any structural slowdown.

The value of completed sales contracts totalled OMR 688.1 million, averaging approximately OMR 115 million per month, demonstrating sustained investment activity across the Sultanate.

Mortgage financing also remained a significant driver of market activity. Mortgage contracts to-talled OMR 740.2 million, exceeding the valu of outright sales transactions over the same period, indicating continued reliance on bank financing by purchasers and investors. A total of 13,383 mortgage contracts were registered during H1 2026, averaging around 2,230 mortgages per month.

June 2026 concluded with a relatively strong month of activity, recording:

- Total property traded value: OMR 258.7 million
- Sales contract value: OMR 136.2 million
- Sales contracts: 6,153
- Mortgage contract value: OMR 122.1 million
- Mortgage contracts: 2,253

These figures suggest that transaction momentum remained healthy entering the second half of the year.

Real Estate Activity

Year	Months	Traded value of property in the Sultanate ('000' OMR)	Traded value of sales contracts ('000' OMR)	Sales contracts (No.)	Traded value of mortgage contracts ('000' OMR)	Mortgage contracts (No.)
2025	Jun	246.4	76.7	4529	169.5	1507
	Jul	233	102.9	6395	116.2	1974
	Aug	531.2	102.9	5745	426.8	1794
	Sep	224.2	97.3	6204	126.3	2017
	Oct	297.8	169.5	6334	127.7	2320
	Nov	195.6	83	5096	111.7	1958
	Dec	526	89.2	5469	435.8	1967
End of June 2026	Jan	235.8	109.9	5,725	125.4	2,179
	Feb	245.5	110.6	5,956	131.9	2,416
	March	196.8	84.4	4,214	112	2,008
	April	267.7	134.7	6,377	132.1	2,492
	May	229.5	112.3	5,592	116.7	2,035
	June	258.7	136.2	6,153	122.1	2,253

Real Estate Activity

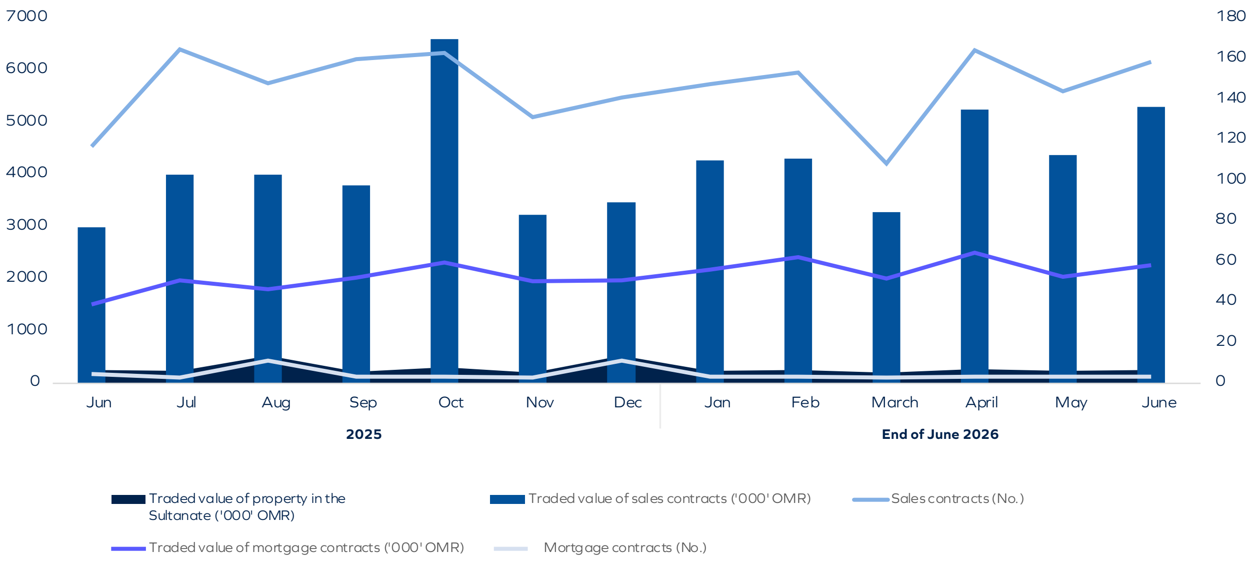
H2 2026 Outlook

Looking ahead, Oman's real estate market is expected to continue benefiting from ongoing eco-nomic diversification initiatives under Oman Vision 2040, sustained infrastructure investment, population growth and continued private sector participation. Improvements to the regulatory en-vironment, including the implementation of Royal Decree 56/2026 modernising the real estate and land registration framework, are anticipated to further strengthen transparency, investor confi-dence and transaction efficiency.

Assuming stable macroeconomic conditions and continued availability of mortgage finance, transaction volumes are expected to remain robust during the second half of 2026, with residen-tial, mixed-use developments and strategically located commercial assets continuing to attract the greatest investor interest.

Source: National Centre for Statistics and Information (NCSI), Sultanate of Oman. Government real estate activity statistics reported up to 30 June 2026. Figures are presented in OMR millions (original government data reported in OMR '000).

Real Estate Activity In Oman



Property Feature - Upcoming Projects

Retail Plaza Concept in Muscat

The retail landscape in Muscat is undergoing a structural transformation. While enclosed shopping malls remain important regional destinations, consumer preferences are increasingly shifting towards open-air retail plazas and mixed-use lifestyle centres that offer a combination of shopping, dining, leisure, and community experiences. Rather than visiting malls solely for retail purchases, consumers are seeking destinations where they can spend extended periods socialising, dining, and participating in events. This change has encouraged developers to focus on experience-led retail environments rather than traditional mall formats.

Retail plazas have emerged as an attractive alternative because they provide greater flexibility in tenant mix, lower operating costs, improved accessibility, and stronger integration with surrounding residential communities. Unlike conventional malls, which typically depend on large anchor tenants and fashion retailers, retail plazas are generally anchored by food and beverage operators, cafés, convenience retail, fitness centres, supermarkets, and essential community services.

These destinations also benefit from landscaped public spaces, outdoor seating, plazas, and regular community events, creating an environment that encourages longer dwell times and repeat visitation.

In Muscat, the evolution of the retail sector is increasingly reflecting this trend. New developments are moving beyond traditional enclosed retail formats by incorporating walkable streets, open-air dining, community gathering spaces, and mixed-use components, creating destinations that serve both residents and tourists. Successful projects are no longer measured solely by retail sales but by their ability to create vibrant places that integrate retail, hospitality, entertainment, and public realm.

For future retail developments, particularly tourism-oriented souqs and lifestyle destinations, the emphasis should therefore be on creating a destination rather than simply providing retail space. A balanced mix of regional retail brands, destination restaurants, cafés, public plazas, landscaped open spaces, cultural programming, and convenient parking is increasingly becoming the preferred development model. This approach enhances visitor experience, extends dwell time, strengthens the evening economy, and improves the long-term commercial sustainability of the project.

Property Feature - Upcoming Projects

The Qube

The Qube is a contemporary mixed-use commercial development in Al Ghubrah, Muscat, designed as a boutique retail and F&B destination that reflects the growing shift from traditional enclosed shopping malls to community-focused retail plazas. With total 51 units the development integrates retail outlets, cafés, restaurants, business center and office spaces within a modern, pedestrian-friendly environment, creating a destination that caters to both daily convenience and leisure activities.

Its prime location, high visibility, and flexible commercial spaces make it attractive to local businesses, lifestyle brands, and food and beverage operators. Rather than competing with regional shopping malls, The Qube focuses on delivering an accessible neighbourhood experience where visitors can shop, dine, and meet in an open, mixed-use setting, reflecting the evolving retail trends in Muscat towards experience-led and convenience-oriented developments.

Summary of 2026 Performance by Location

(H1 2026) and H2 2026 Outlook

Official market analysis indicates that performance across Oman's principal real estate markets remained generally resilient during the first half of 2026, although growth drivers varied by location. Muscat continued to benefit from its position as the country's primary economic and population centre, supported by sustained demand for high-quality residential communities, commercial space and mixed-use developments.

Sohar maintained its position as a mature industrial and logistics market, underpinned by stable occupier demand and established manufacturing activity. Duqm continued to progress as a strategic long-term investment destination, with ongoing infrastructure development and government- led investment supporting future growth, while Salalah experienced strengthening momentum from tourism, hospitality and logistics expansion.

Looking ahead to H2 2026, the outlook across all four locations remains broadly positive. Muscat is expected to continue delivering stable performance, supported by population growth, economic diversification and continued government reforms.

Sohar is anticipated to maintain steady investment fundamentals through its established industrial base and logistics sector. Duqm is forecast to remain a long-term growth market as infrastructure projects and industrial investment continue to mature, while Salalah is expected to benefit from continued tourism growth, hospitality investment and expanding port-related commercial activity.

From an investment perspective, prime income-producing assets across Muscat and Sohar are expected to continue demonstrating the strongest fundamentals, while Duqm and Salalah present longer-term capital appreciation opportunities as economic development and infrastructure investment continue to support their evolving real estate markets. Overall, the outlook for the Sultanate remains stable, with investor confidence underpinned by Oman Vision 2040, ongoing regulatory reforms and continued public and private sector investment.

Summary of 2026 Performance by Location

Submarket	H1 2026 Performance	Primary Demand Drivers	H2 2026 Outlook	Valuation/ Investment Implication
Muscat	The Muscat real estate market has remained resilient during 2026, supported by economic growth, government reforms, infrastructure investment, and continued demand for quality residential communities. However, performance has varied significantly by asset class.	Demand for high-quality, master-planned communities. Growth in tourism and foreign investment.	Stable	Improving rent in the prime sector supports property values.
Duqm	Duqm is the logistics hub, with the same momentum in industrial and logistics-linked development; long-term capital commitment.	Special Economic Zone at Duqm expansion, port activity, industrial land uptake, government investment	Stable to Positive (Long-term focused)	Current valuations are development-driven, meaning they rely heavily on future economic growth rather than mature rental income. Income-producing assets generally command stronger valuations than undeveloped land.
Sohar	Sohar is a mature, income-oriented real estate market. Its strength lies in the stability of its industrial and logistics sectors rather than rapid price appreciation.	Port operation, manufacturing base, established logistics ecosystem.	Stable	Supports consistent income-based valuations.
Salalah	Salalah is not just a tourist destination; it is a rising business and trade hub. With the expansion of the Salalah Free Zone and Port of Salalah, commercial real estate is seeing significant growth.	Tourist growth, Port connectivity, Hospitality development.	Positive	Hospitality and logistics assets benefit from improved operating metrics.

Investment Market Summary

Muscat, Sultanate of Oman (H1 2026)

(H1 2026) and H2 2026 Outlook

Hamptons International's investment yield analysis indicates that the Muscat investment market remained stable throughout the first half of 2026, with prime income-producing assets continuing to offer attractive returns relative to more mature regional real estate markets. Investor demand remained focused on assets with strong occupancy, sustainable cash flows and long-term income security, while the overall yield profile reflected a balanced market supported by stable economic fundamentals and improving investor confidence.

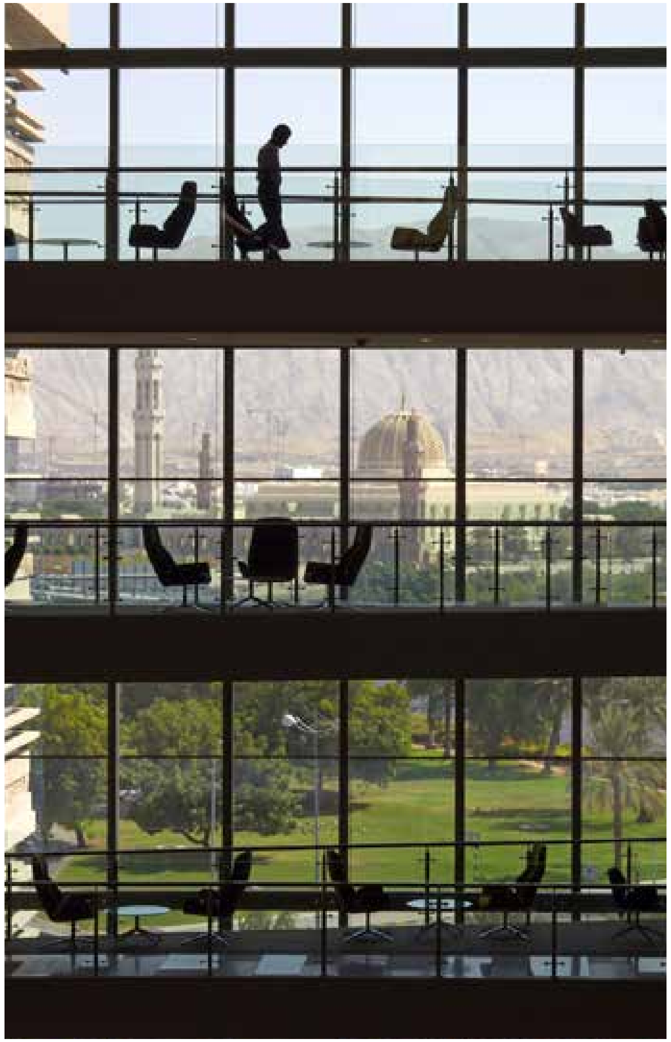
Prime Grade A office buildings recorded average gross investment yields of approximately 8.50%, reflecting sustained demand for well-located institutional office assets. Retail plazas and shopping malls remained similarly resilient, with average gross yields of around 8.75%, supported by improving consumer spending, established neighbourhood centres and destination retail.

The warehouse and logistics sector continued to provide the highest investment returns, with average gross yields of approximately 9.40%. Despite compressing slightly compared with 2025, the sector remains attractive due to continued growth in logistics, manufacturing, industrial occupier demand and Oman’s strategic position as a regional logistics hub.

Within the hospitality sector, hotels and serviced hospitality assets achieved average gross yields of around 9.00%, reflecting continued recovery in tourism, increasing international visitor arrivals and growing investor confidence in Oman’s expanding leisure market.

Prime residential investments within Integrated Tourism Complexes (ITCs) produced average gross yields of approximately 8.75%, supported by strong expatriate demand, lifestyle amenities and international ownership eligibility.

Meanwhile, mixed-use investment buildings, particularly those with a significant residential component, continued to generate the strongest risk-adjusted performance among traditional investment assets, recording average gross yields of approximately 9.75%.



Investment Market Summary

Muscat, Sultanate of Oman (H1 2026)

H2 2026 Outlook

Looking ahead to the second half of 2026, Hamptons International expects investment yields across Muscat to remain broadly stable, with no significant outward or inward yield movement anticipated under current market conditions.

Continued economic diversification under Oman Vision 2040, infrastructure investment, improving market transparency and sustained investor confidence are expected to support pricing and transactional activity. The logistics, hospitality and mixed-use sectors are likely to remain the strongest performers from both an income and long-term capital growth perspective, while prime office, retail and residential assets are expected to continue attracting institutional and private investors seeking stable recurring income.

Investment Market Summary

Muscat, Sultanate of Oman (H1 2026)

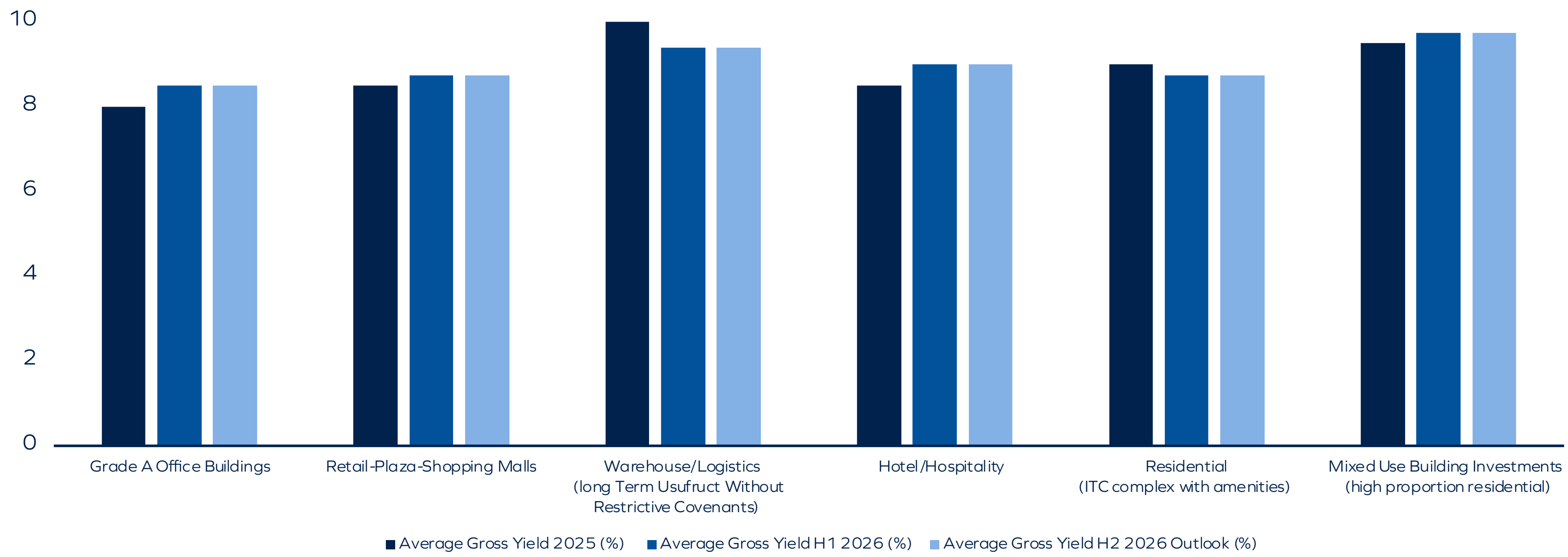
Type	Average Gross Yield 2025 (%)	Average Gross Yield H1 2026 (%)	Average Gross Yield H2 2026 Outlook (%)
Grade A Office Buildings	8	8.5	8.5
Retail-Plaza-Shopping Malls	8.5	8.75	8.75
Warehouse/Logistics (long Term Usufruct Without Restrictive Covenants)	10	9.4	9.4
Hotel/Hospitality	8.5	9	9
Residential (ITC complex with amenities)	9	8.75	8.75
Mixed Use Building Investments (high proportion residential)	9.5	9.75	9.75

Source: The investment yields presented above are derived from Hamptons International & Partners LLC's proprietary market research, transactional evidence, agency experience and professional valuation database. They represent indicative average gross investment yields observed within the Muscat market during H1 2026 and are intended for general market commentary only. Individual asset yields may vary depending on factors including location, asset quality, lease structure, covenant strength, tenancy profile, occupancy levels, remaining lease term, specification, liquidity, investment lot size and prevailing market conditions. These figures should not be interpreted as official government statistics or formal investment advice.

Investment Market Summary

Muscat, Sultanate of Oman (H1 2026)

Average Gross Yield 2025-H1 2026 & H2 2026 Outlook



Retail Market Summary

Muscat, Sultanate of Oman (H1 2026)

H1 2026 Market Review and H2 2026 Outlook

The retail property market in Muscat continued to demonstrate resilience during the first half of 2026, supported by steady population growth, improving consumer confidence, tourism recovery and continued economic diversification under Oman Vision 2040. Prime shopping malls and established retail plazas generally maintained healthy occupancy levels, with leasing demand concentrated around dominant regional malls, neighbourhood convenience centres and mixed-use lifestyle destinations.

While no significant wave of new retail supply entered the market during H1 2026, the sector continued to evolve from a traditional shopping environment towards a more experience-led retail model. Landlords increasingly focused on enhancing tenant mix, introducing destination food and beverage (F&B) concepts, family entertainment, health and wellness operators, and experiential retail to increase customer dwell time and repeat visitation. This trend is particularly evident within Muscat's dominant retail destinations, including Mall of Oman, City Centre Muscat, Oman Avenues Mall and Mall of Muscat, which continue to attract both domestic consumers and tourists.

Retail leasing activity remained strongest for supermarkets, convenience retail, cafés, specialty F&B operators, healthcare services, fitness operators and lifestyle brands, while secondary fashion retailers continued to experience competitive trading conditions. Retail plazas serving established residential communities generally benefited from stable neighbourhood demand, with convenience-led retail proving more resilient than discretionary retail spending.

The hospitality and tourism sectors also continued to support retail performance, particularly within destination shopping centres that benefit from increasing visitor numbers and integrated entertainment offerings. As a result, prime retail assets generally maintained stable rental performance, while secondary retail schemes continued to compete through tenant incentives, rental flexibility and refurbishment programmes.

What's Changing?

The retail landscape is increasingly being shaped by several structural trends:

- Greater emphasis on experiential retail, combining shopping, dining and entertainment within a single destination.
- Continued growth of food and beverage operators, particularly premium casual dining, cafés and family-oriented concepts.
- Increased demand for healthcare, wellness and fitness occupiers within retail centres.
- Greater integration of digital retailing and omnichannel strategies, allowing retailers to blend physical stores with online fulfilment.
- Landlords placing greater emphasis on tenant curation rather than simply maximising occupancy, improving the overall customer experience.

Retail Market Summary

Muscat, Sultanate of Oman (H1 2026)

H2 2026 Outlook

The outlook for the second half of 2026 remains positive, although the market is expected to become increasingly quality-driven. Prime shopping malls and well-managed retail plazas are anticipated to continue outperforming secondary assets due to stronger tenant demand, superior accessibility and a broader mix of retail, leisure and entertainment offerings.

Consumer spending is expected to remain supported by improving economic activity, continued government investment, tourism growth and a stable inflation environment. As competition between retail centres continues, landlords are expected to focus on repositioning older assets through refurbishment, improved public spaces, enhanced food and beverage offerings and more flexible leasing structures to attract both international and local retailers.

Neighbourhood retail plazas are forecast to continue benefiting from Muscat's expanding residential communities, particularly where developments provide essential convenience retail, supermarkets, cafés, pharmacies and everyday services within established catchment areas.

Overall, Hamptons International expects Muscat's retail market to remain stable during H2 2026,with rental levels for prime assets remaining broadly unchanged and occupancy continuing to improve for high-quality schemes. Investment demand is also expected to remain strongest for institutional-grade shopping centres and well-located retail plazas offering diversified tenant profiles, resilient income streams and sustainable long-term cash flows.

Hamptons International Market View: The retail market in Muscat is entering a more mature phase, where long-term success will be determined less by the scale of retail space and more by the quality of the customer experience. The strongest-performing assets are expected to be those that successfully integrate retail, food and beverage, entertainment and community-focused amenities into a single destination, reinforcing Muscat's transition towards experience-led retail environments.

Retail Market Summary

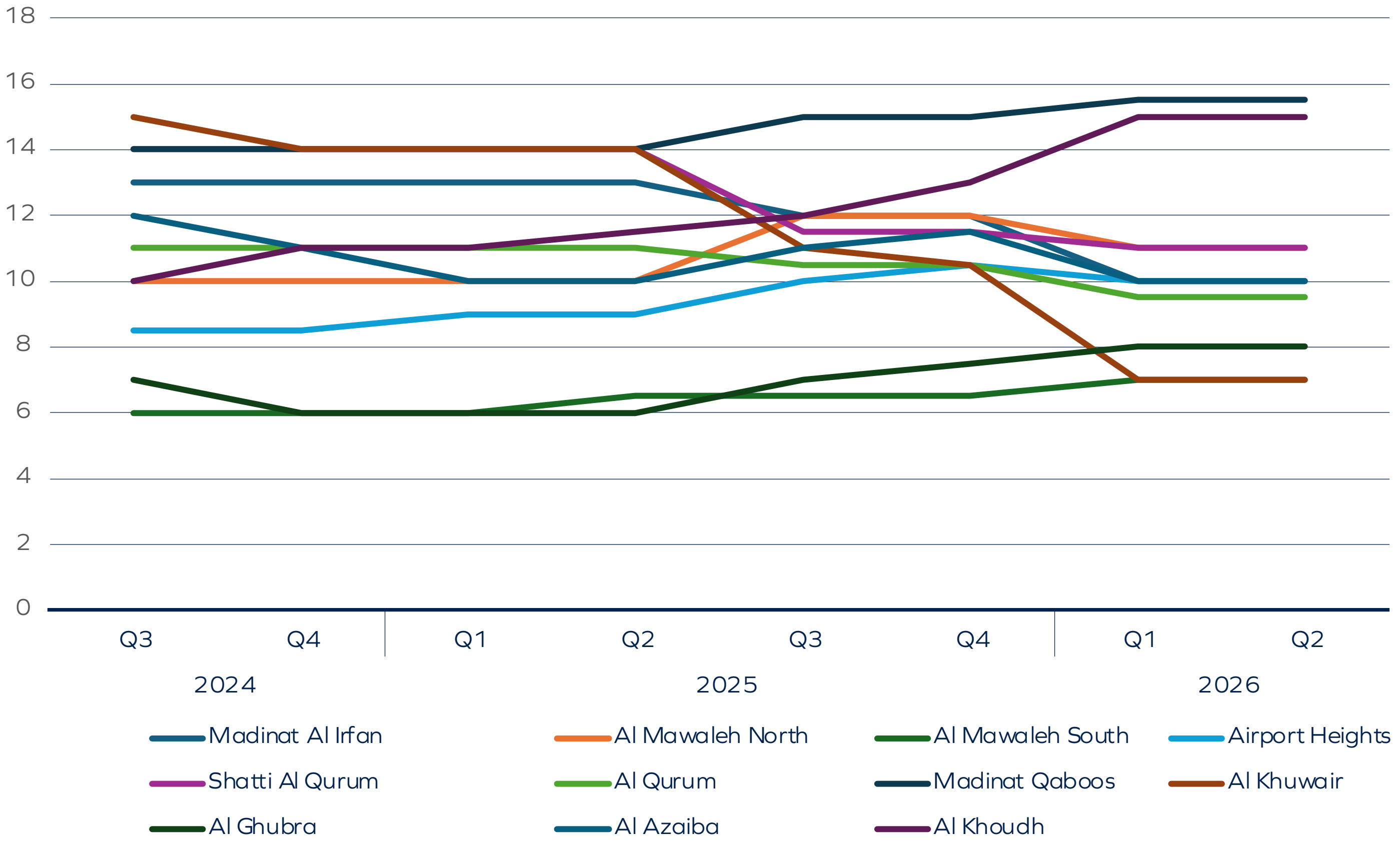
Muscat, Sultanate of Oman (H1 2026)

	2024		2025				2026			
Location	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Madinat Al Irfan	13	13	13	13	12	12	10	10	10	10
Al Mawaleh North	10	10	10	10	12	12	11	11	11	11
Al Mawaleh South	6	6	6	6.5	6.5	6.5	7	7	7	7
Airport Heights	8.5	8.5	9	9	10	10.5	10	10	10	10
Shatti Al Qurum	14	14	14	14	11.5	11.5	11	11	11	11
Al Qurum	11	11	11	11	10.5	10.5	9.5	9.5	9.5	9.5
Madinat Qaboos	14	14	14	14	15	15	15.5	15.5	15.5	15.5
Al Khuwair	15	14	14	14	11	10.5	7	7	7	7
Al Ghubra	7	6	6	6	7	7.5	8	8	8	8
Al Azaiba	12	11	10	10	11	11.5	10	10	10	10
Al Khoudh	10	11	11	11.5	12	13	15	15	15	15

Retail Market Summary

Muscat, Sultanate of Oman (H1 2026)

Average Asking Rents Rate for the Retail (Shell & Core)



Residential Summary

Muscat, Sultanate of Oman (H1 2026)

H1 2026 Market Review and H2 2026 Outlook

The residential market in Muscat remained one of the strongest-performing sectors of the Omani real estate market during the first half of 2026, supported by sustained population growth, continued economic diversification, rising investor confidence and the expansion of large-scale master-planned communities. Demand remained healthy across both owner-occupier and investment markets, particularly for high-quality apartments, townhouses and villas located within integrated mixed-use developments and established residential districts.

One of the most notable themes during H1 2026 has been the continued shift towards new urban communities, where government and private sector developers are creating integrated neighbourhoods that combine residential, retail, education, healthcare, recreation and public open space. These developments reflect changing lifestyle preferences, with increasing emphasis on walkability, sustainability, smart city technologies and mixed-use living environments.

New Urban Growth Areas

The residential market in Muscat remained one of the strongest-performing sectors of the Omani real estate market during the first half of 2026, supported by sustained population growth, continued economic diversification, rising investor confidence and the expansion of large-scale master-planned communities. Demand remained healthy across both owner-occupier and investment markets, particularly for high-quality apartments, townhouses and villas located within integrated mixed-use developments and established residential districts.

Freehold Market (Integrated Tourism Complexes

The freehold residential market continued to strengthen during H1 2026. Integrated Tourism Complexes (ITCs) remain the only locations where foreign nationals can acquire freehold ownership in Oman, making them a key driver of international investment.

Demand remained strongest within established ITCs including:

- Al Mouj Muscat
- Muscat Hills
- Muscat Bay
- Jebel Sifah

At the same time, Sultan Haitham City has emerged as one of the country's most significant new freehold opportunities, introducing several new neighbourhoods offering international buyers access to smart-city living within a government-backed masterplan.

New residential districts such as Hay Al Wafa, Wadi Zaha, Yenaier Residences and Sarooj Oasis are expanding the range of freehold investment opportunities available in Muscat. The expansion of freehold housing continues to diversify Oman's residential market by attracting overseas investors, expatriate residents and second-home purchasers seeking long-term ownership within stable, master-planned communities.

Residential Summary

Muscat, Sultanate of Oman (H1 2026)

What's New During H1 2026?

Several important structural developments influenced the residential market during the first half of the year:

• Continued construction and sales within Sultan Haitham City.
• Expansion of new freehold neighbourhoods aimed at international purchasers.
• Increasing private sector participation in government-led urban developments.
• Growing emphasis on sustainable design, public transport integration and green infrastructure.
• Continued shift towards mixed-use communities offering employment, education and lifestyle amenities within walking distance.

The introduction of the Real Estate Registry Law (Royal Decree 56/2026), modernising land registration, improving transparency and strengthening investor confidence through a more efficient and digitally enabled property registration framework.

H2 2026 Outlook

Looking ahead, Muscat's residential market is expected to maintain positive momentum throughout the second half of 2026.

Demand is anticipated to remain strongest within well-planned mixed-use communities that provide quality amenities, connectivity and long-term lifestyle appeal. Sales activity is expected to continue shifting towards newly developed urban districts, particularly Sultan Haitham City, as additional phases are launched and new residential inventory enters the market. Established ITCs are also forecast to continue attracting both local and overseas purchasers due to their proven track record, high-quality environments and eligibility for foreign ownership.

The recent implementation of the Real Estate Registry Law is expected to improve market transparency, streamline property transactions and reinforce investor confidence, further supporting both domestic and international investment into Oman's residential sector.

From a pricing perspective, prime residential developments are expected to continue outperforming secondary locations, supported by limited supply of premium housing, improving mortgage availability and sustained demand from professionals, expatriates and high-net-worth investors.

Rental performance is also anticipated to remain stable, particularly within integrated communities offering modern amenities and strong accessibility.

Overall, Hamptons International expects Muscat's residential market to continue its transition towards a more institutional, master-planned and internationally attractive housing sector, underpinned by government reforms, strategic urban expansion and increasing foreign investment.

Hamptons International Market View: The residential market in Muscat is undergoing a structural transformation from a predominantly standalone housing market towards integrated urban communities centred on sustainability, connectivity and lifestyle. Government-backed developments such as Sultan Haitham City, together with the continued expansion of freehold Integrated Tourism Complexes, are reshaping the residential landscape and positioning Muscat as one of the GCC's emerging long-term residential investment destinations.

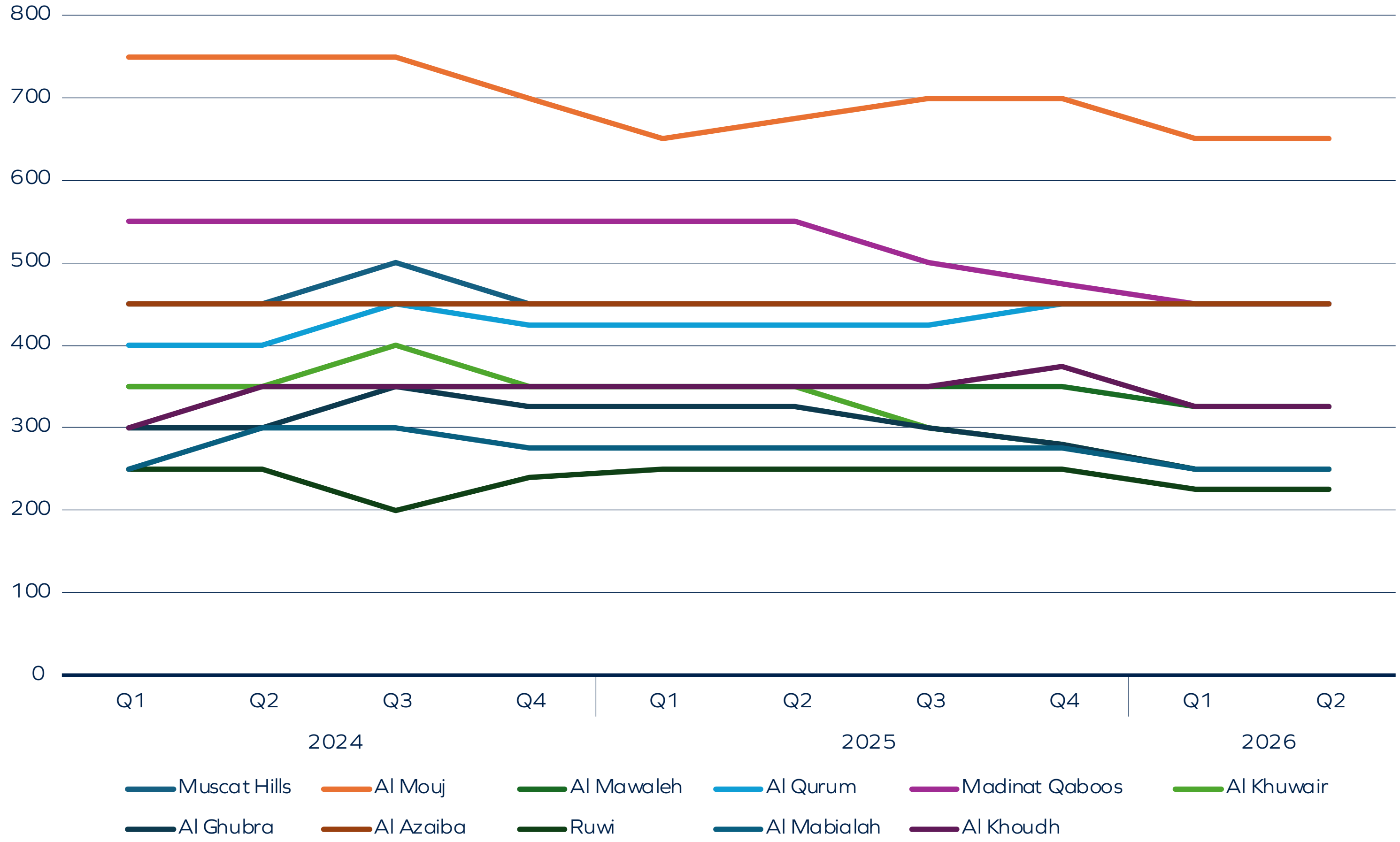
Residential Summary
Muscat, Sultanate of Oman (H1 2026)

	2024				2025				2026			
Location	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Muscat Hills	450	450	500	450	450	450	450	450	450	450	450	450
Al Mouj	750	750	750	700	650	675	700	700	650	650	650	650
Al Mawaleh	350	350	350	350	350	350	350	350	325	325	325	325
Al Qurum	400	400	450	425	425	425	425	450	450	450	450	450
Madinat Qaboos	550	550	550	550	550	550	500	475	450	450	450	450
Al Khuwair	350	350	400	350	350	350	300	280	250	250	250	250
Al Ghubra	300	300	350	325	325	325	300	280	250	250	250	250
Al Azaiba	450	450	450	450	450	450	450	450	450	450	450	450
Ruwi	250	250	200	240	250	250	250	250	225	225	225	225
Al Mabialah	250	300	300	275	275	275	275	275	250	250	250	250
Al Khoudh	300	350	350	350	350	350	350	375	325	325	325	325
Ghala									250	250	250	250
Bowshar									400	400	400	400

Residential Summary

Muscat, Sultanate of Oman (H1 2026)

Average Asking Rents 2 Bedroom Unfurnished Apartment (with facilities)



Office Market Summary

(H1 2026) and H2 2026 Outlook

The office market in Muscat remained stable during the first half of 2026, although a pronounced flight-to-quality continued to define occupier demand. Businesses increasingly prioritised modern, efficient and flexible office accommodation over older secondary stock, resulting in a widening performance gap between institutional-grade Grade A developments and the ageing inventory found across traditional commercial districts. Prime business locations such as Al Mouj Muscat, Madinat Al Irfan, Airport Heights and selected schemes in Azaiba continued to outperform the wider market due to their superior specification, accessibility and integrated mixed-use environments.

Despite improving demand, Muscat continues to face a structural shortage of institutional-quality "trophy assets" suitable for acquisition by pension funds, sovereign wealth funds, REITs and institutional investors. The majority of office buildings remain privately owned, relatively small in scale or fragmented in ownership, limiting opportunities for large-scale investment transactions. Consequently, investors seeking high-quality, income-producing commercial assets continue to face constrained acquisition opportunities despite healthy occupier demand.

Grade A Demand Continues to Strengthen

Occupiers increasingly favour office buildings that provide large, efficient and adaptable floorplates capable of accommodating evolving workplace strategies. Rather than traditional compartmentalised office layouts, tenants are seeking unrestricted floorplates that maximise planning flexibility and enable collaborative, open-plan working environments.

Modern Grade A buildings that incorporate the following features continue to command the strongest leasing activity:

- Large uninterrupted floorplates suitable for flexible planning.
- Generous natural daylight and higher floor-to-ceiling heights.
- Shared circulation areas incorporating pantries, tea points, prayer rooms and modern washroom facilities, allowing tenants to maximise their net usable office space.
- Efficient lift cores and modern building services.
- High environmental performance and energy-efficient building systems.
- Flexible subdivision opportunities for future expansion or contraction.

This shift reflects a growing emphasis on workplace efficiency, employee wellbeing and operational flexibility, particularly amongst multinational corporations, professional service firms, financial institutions and government-related entities. An increasing proportion of new Grade A developments are being offered in shell and core condition, enabling occupiers to design bespoke office environments aligned with their operational requirements and corporate branding. While fully fitted offices remain attractive for smaller businesses seeking immediate occupation, larger corporate occupiers increasingly prefer shell and core accommodation to optimise workplace design, technology integration and long-term operational efficiency.

One of the strongest leasing trends observed during H1 2026 has been sustained demand from small and medium-sized enterprises (SMEs).

Office suites ranging between 500 sq m and 750 sq m have proven particularly popular, providing businesses with sufficient operational flexibility while remaining cost-effective. These floorplate sizes suit professional services, engineering consultancies, technology companies, financial institutions and regional corporate headquarters, representing one of the most active segments of Muscat's office leasing market.

Office Market Summary

Parking availability continues to represent one of the principal challenges across Muscat's office market. Older commercial districts, particularly Al Khuwair, Ghubrah and parts of Ruwi, frequently suffer from insufficient parking provision, resulting in congestion and reduced attractiveness to prospective occupiers.

Consequently, office developments providing generous dedicated parking ratios, structured parking facilities or integrated multi-storey parking continue to command a competitive advantage. For many occupiers, parking availability has become as important as rental levels when evaluating office accommodation.

What's New During H1 2026?

• Several important structural trends continued to reshape Muscat's office market:
• Continued migration towards Grade A business parks and integrated mixed-use commercial districts.
• Growing occupier preference for flexible workplace layouts and unrestricted floorplates.
• Increased demand for buildings incorporating ESG principles, energy efficiency and sustainable building design.
• Greater emphasis on employee wellbeing through improved communal facilities and workplace amenities.
• Continued expansion of Madinat Al Irfan Business Park, reinforcing its position as one of Muscat's premier commercial districts. Phase 3 will add three Grade A office towers together with approximately 1,333 parking spaces, significantly enhancing the future supply of institutional-quality office accommodation.

H2 2026 Outlook

The outlook for the second half of 2026 remains positive, although increasingly polarised between prime and secondary office stock.
Demand is expected to remain concentrated within institutional-grade Grade A buildings, particularly those offering large flexible floorplates, shell and core delivery, generous parking provision and integrated lifestyle amenities. Secondary office buildings lacking modern specifications, parking efficiency or refurbishment are likely to continue experiencing greater leasing incentives, longer vacancy periods and rental pressure.
As Muscat continues its urban expansion westwards through developments such as Madinat Al Irfan and Sultan Haitham City, occupier demand is expected to follow these emerging commercial corridors, where modern infrastructure, improved accessibility and integrated master planning provide a more attractive long-term business environment.

Over the medium term, the office market is expected to see a gradual increase in institutional-quality commercial assets entering the market. However, the supply of true trophy investment opportunities is likely to remain constrained, supporting relatively stable rental levels and continued investor interest in prime office assets.

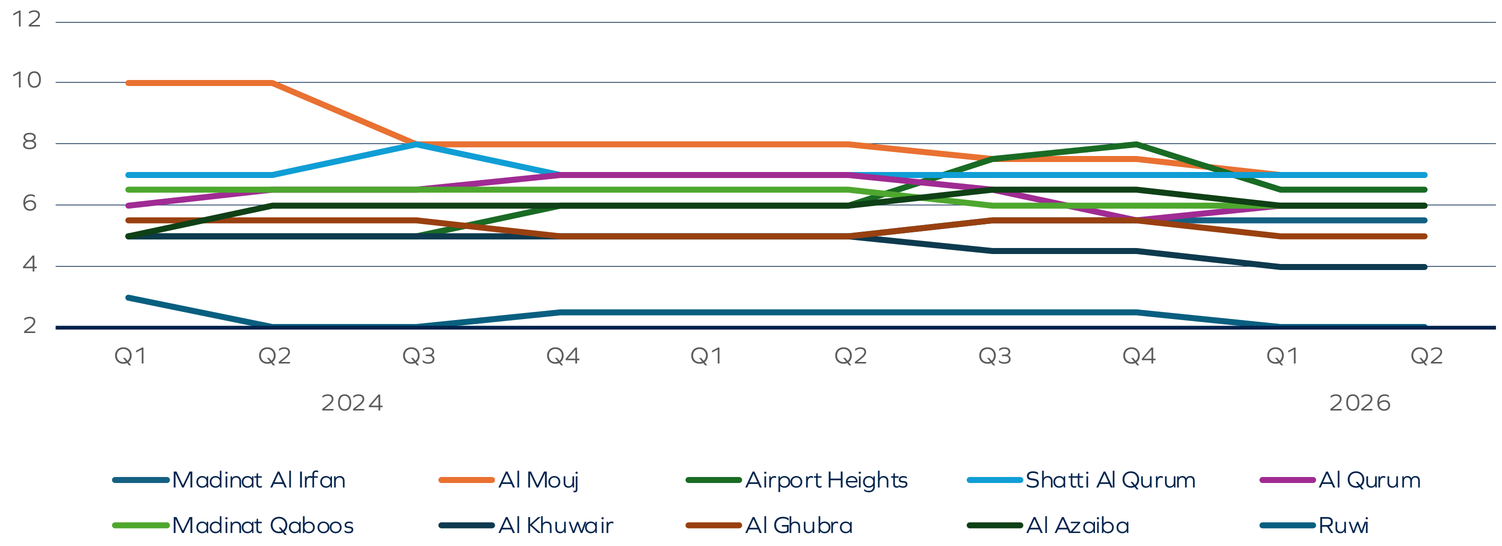
Overall, Hamptons International expects Muscat's office market to remain tenant-led but increasingly quality-driven throughout H2 2026. Buildings capable of delivering flexibility, operational efficiency, sustainability and employee wellbeing will continue to outperform older commercial stock, reinforcing the market's ongoing transition towards international Grade A office standards.

Office Market Summary

	2024				2025				2026			
Location	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Madinat Al Irfan	5	5	5	5	5	5	5.5	5.5	5.5	5.5	5.5	5.5
Al Mouj	10	10	8	8	8	8	7.5	7.5	7	7	7	7
Airport Heights	5	5	5	6	6	6	7.5	8	6.5	6.5	6.5	6.5
Shatti Al Qurum	7	7	8	7	7	7	7	7	7	7	7	7
Al Qurum	6	6.5	6.5	7	7	7	6.5	5.5	6	6	6	6
Madinat Qaboos	6.5	6.5	6.5	6.5	6.5	6.5	6	6	6	6	6	6
Al Khuwair	5	5	5	5	5	5	4.5	4.5	4	4	4	4
Al Ghubra	5.5	5.5	5.5	5	5	5	5.5	5.5	5	5	5	5
Al Azaiba	5	6	6	6	6	6	6.5	6.5	6	6	6	6
Ruwi	3	2	2	2.5	2.5	2.5	2.5	2.5	2	2	2	2
Al Khoud									3.5	3.5	3.5	3.5

Office Market Summary

Average Asking Rents For Grade A Office (Shell & Core)



Hamptons International Market View: Muscat's office market is evolving beyond simply providing office accommodation towards delivering integrated business environments. Future demand will increasingly favour Grade A buildings offering flexible, efficient and sustainable workplaces, supported by generous parking, adaptable floorplates and high-quality shared amenities. While occupier demand for premium space continues to strengthen, the market still lacks a sufficient pipeline of large-scale institutional "trophy assets", presenting a significant long-term investment opportunity as Oman continues to mature as an international commercial real estate market.

Industrial, Warehouse & Logistics Market Summary

H1 2026 Market Review and H2 2026 Outlook

The industrial, warehouse and logistics sector in Muscat remained one of the strongest-performing commercial real estate sectors during the first half of 2026, supported by sustained government investment in logistics infrastructure, continued expansion of free zones and industrial estates, growth in manufacturing and distribution activities, and Oman's strategic position as a regional trade and logistics gateway. Occupier demand continued to shift away from older industrial accommodation towards modern, institutional-grade logistics facilities capable of supporting increasingly sophisticated supply chain operations. This trend aligns with continued investment across Oman's ports, economic zones and logistics network, which remain central to the country's economic diversification strategy.

The market is increasingly characterised by a flight-to-quality, with occupiers prioritising operational efficiency, ESG compliance and long-term functionality over simply securing warehouse space. Consequently, modern logistics facilities remain in relatively limited supply, particularly within Muscat's principal industrial locations, including Rusayl Industrial City, Misfah, Al Maabela, Al Khoud, Khazaen Economic City and the emerging Muscat International Airport Free Zone.

Occupiers are increasingly seeking purpose-built logistics facilities that improve operational efficiency while supporting automation and future business expansion.

The strongest leasing demand during H1 2026 has been for modern warehouse accommodation incorporating:

• Clear internal eaves heights typically exceeding 10–12 metres to maximise pallet storage capacity.
• Multiple loading docks and dock levellers suitable for articulated heavy goods vehicles.
• Full-height electric roller shutter doors allowing efficient vehicle circulation.
• Large marshalling and manoeuvring areas.
• Secure open yard storage for containers, construction materials and fleet operations.
• High-quality air-conditioned office accommodation, typically representing no more than 10% of the total gross floor area, ensuring warehouse efficiency is maximised.
• Dedicated visitor and staff parking together with generous HGV circulation.
• High-capacity electrical infrastructure supporting automation, cold storage and advanced manufacturing.
• Fibre connectivity, warehouse management systems (WMS), smart inventory technology and automated building management systems.

This specification increasingly represents the benchmark expected by third-party logistics providers (3PLs), e-commerce operators, manufacturing businesses and regional distribution companies.

Environmental, Social and Governance (ESG) considerations have become increasingly important in the design and operation of industrial and logistics assets.

Developers are progressively incorporating:

• Low-carbon and recycled building materials.
• Solar photovoltaic installations.
• High-performance insulated building envelopes.
• LED lighting and intelligent energy management systems.
• Water-efficient landscaping and recycling systems.
• Electric vehicle charging infrastructure.
• Sustainable drainage and environmental management practices.

Industrial, Warehouse & Logistics Market Summary

Although ESG-certified industrial buildings remain relatively limited within Oman, demand from multinational occupiers and international manufacturers continues to increase, positioning sustainability as a key differentiator for future developments. This mirrors broader national logistics strategies that include fleet decarbonisation, green logistics corridors and net-zero ambitions. One of Muscat's principal competitive advantages continues to be its excellent connectivity to national transport infrastructure.

Industrial occupiers increasingly prioritise facilities offering rapid access to:

- Muscat International Airport.
- Muscat Expressway and Sultan Qaboos Highway.
- Port Sultan Qaboos (urban logistics).
- The Port of Sohar.
- Port of Duqm.
- National highway corridors connecting the UAE, Saudi Arabia and Yemen.

This connectivity continues to strengthen Oman's position as a regional distribution hub linking GCC markets with East Africa, the Indian subcontinent and wider international shipping routes. Continued investment in ports, industrial cities and free zones reinforces this competitive advantage.

What Changed During H1 2026?

Several structural trends continued to reshape the industrial and logistics market:

- Continued growth in demand for build-to-suit (BTS) logistics facilities.
- Increased adoption of warehouse automation and digital inventory management systems.
- Growing occupier preference for larger warehouse footprints with higher storage densities.
- Continued expansion of logistics and industrial activity associated with free zones and economic cities.
- Increasing demand from e-commerce, pharmaceuticals, cold chain logistics and advanced manufacturing sectors.
- Greater emphasis on ESG performance, operational efficiency and lower lifecycle operating costs.

Government agencies also continued expanding industrial infrastructure and investment opportunities, with total committed investment across Oman's special economic zones, free zones and industrial cities reaching OMR 22.4 billion, alongside continued development of the Muscat International Airport Free Zone and new industrial cities.

H2 2026 Outlook

The outlook for the second half of 2026 remains highly positive, with the industrial and logistics sector expected to continue outperforming many traditional commercial real estate sectors. Demand is anticipated to remain strongest for modern Grade A logistics facilities capable of accommodating automation, high-bay storage and sophisticated supply chain operations. The limited availability of institutional-quality logistics stock is expected to support stable rental growth, high occupancy rates and continued investor interest.

Future development is likely to focus increasingly on:

- ESG-certified industrial buildings.
- Smart warehouse technologies.
- Robotics and automated distribution centres.
- Cold storage and pharmaceutical logistics.
- Build-to-suit facilities for manufacturing and regional distribution.
- Integrated logistics parks combining warehousing, offices and yard storage.

Industrial, Warehouse & Logistics Market Summary

As Oman's logistics strategy continues to mature under Oman Vision 2040, supported by ongoing investment from Asyad, OPAZ and the wider logistics ecosystem, Muscat is expected to strengthen its position as the country's principal commercial distribution hub while complementing the industrial growth of Sohar, Duqm and Salalah.

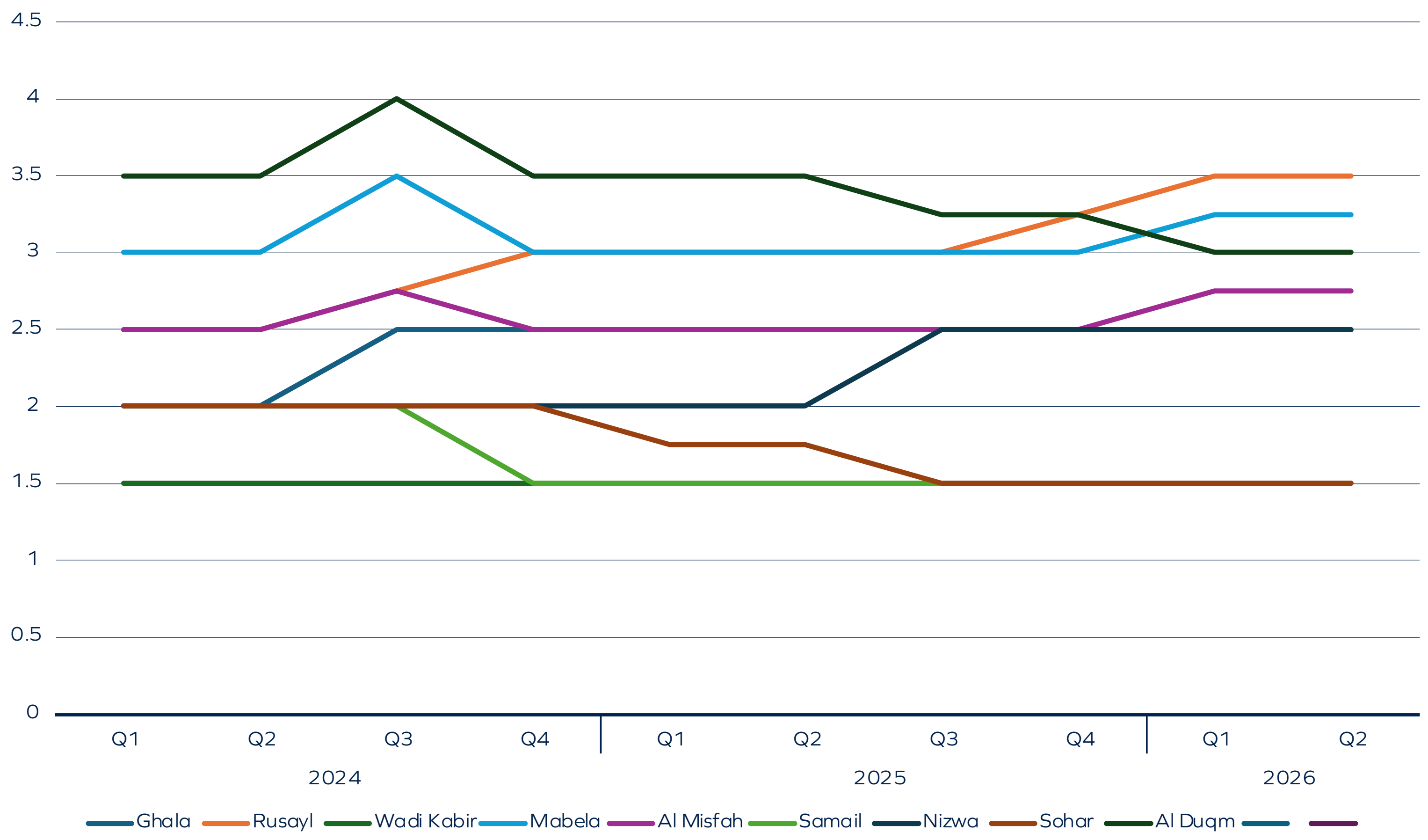
Hamptons International Market View: Muscat's industrial and logistics market is transitioning from a traditional warehousing sector towards a modern logistics real estate market driven by automation, sustainability and operational efficiency. Future occupier demand will increasingly favour institutional-grade logistics facilities incorporating high clear heights, unrestricted warehouse layouts, multiple loading docks, generous yard space, quality office accommodation, ESG-compliant construction and excellent connectivity to Oman's ports, airports and national transport infrastructure. The ongoing shortage of prime logistics assets is expected to continue supporting strong investor demand, stable rental performance and long-term capital value growth.

Industrial, Warehouse & Logistics Market Summary

	2024				2025				2026			
Location	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Ghala	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Rusayl	2.5	2.5	2.75	3	3	3	3	3.25	3.5	3.5	3.5	3.5
Wadi Kabir	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Mabela	3	3	3.5	3	3	3	3	3	3.25	3.25	3.25	3.25
Al Misfah	2.5	2.5	2.75	2.5	2.5	2.5	2.5	2.5	2.75	2.75	3	3
Samail	2	2	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Nizwa	2	2	2	2	2	2	2.5	2.5	2.5	2.5	2.5	2.5
Sohar	2	2	2	2	1.75	1.75	1.5	1.5	1.5	1.5	1.5	1.5
Al Duqm	3.5	3.5	4	3.5	3.5	3.5	3.25	3.25	3	3	3	3

Industrial, Warehouse & Logistics Market Summary

Average Rate Warehouse & Logistic Per Month



Hotel and Hospitality Market Summary

H1 2026 Market Review and H2 2026 Outlook

Muscat's hotel and hospitality market recorded mixed performance during the first half of 2026. The city continued to benefit from Oman's expanding international tourism profile, improving air connectivity, major events, corporate travel and the introduction of additional international hotel brands. However, occupancy remained comparatively modest across parts of the prestigious four- and five-star resort market, particularly outside the peak winter tourism season.

The principal market challenge is not necessarily a shortage of high-quality hotel accommodation, but the ability of demand to absorb a growing supply of luxury rooms throughout the year. Muscat has an increasingly strong collection of internationally branded hotels and beachfront resorts, but demand remains highly seasonal and is concentrated between October and April.

During the hotter summer months, luxury properties become more dependent on discounted staycations, weekend packages, food and beverage revenue, conferences, weddings and domestic or GCC leisure demand.

The latest published national evidence indicates that Oman's classified three- to five-star hotels achieved an average occupancy rate of approximately 56.1% during Q1 2026, compared with 59.3% during the corresponding period of 2025. Guest numbers declined by approximately 5.9%, although total hotel revenue increased by 8.4% to approximately OMR 85.4 million. Average room rates increased by approximately 15.5% year-on-year to OMR 57.5, demonstrating that operators retained a degree of pricing power despite softer occupancy.

These figures relate to the Sultanate as a whole rather than Muscat alone. Nevertheless, they broadly reflect the capital's key operating trend during H1 2026: stronger average daily rates and room revenue at selected properties, but relatively subdued occupancy across the wider upscale and luxury market.

Performance was strongest during January, when national occupancy approached 70%, before weakening during February and March. The timing of Ramadan, changing seasonal travel patterns and regional aviation disruption affected travel demand later in the quarter. Approximately 430 additional hotel rooms were delivered nationally during Q1, with further supply expected to enter the market during 2026.

Prestige Four- and Five-Star Resort Market

Muscat's prestige resort market continues to benefit from an attractive coastline, established international brands, high-quality resort facilities and proximity to the Hajar Mountains, cultural attractions and Muscat International Airport. However, several four- and five-star properties continue to operate below the occupancy levels generally required to maximise hotel profitability and investment returns.

The main contributing factors include:

- Strong seasonality and weaker summer demand.
- An expanding supply of luxury and upper-upscale rooms.
- Competition between established beachfront resorts and newer branded properties.
- A relatively short average visitor stay compared with established international resort destinations.
- Dependence on international leisure demand, airline connectivity and tour-operator programmes.
- Competition from Dubai, Abu Dhabi, Ras Al Khaimah and other regional destinations offering extensive entertainment and packaged tourism products.
- Limited compression periods outside major events, conferences and peak holiday seasons.

Hotel and Hospitality Market Summary

The market remains highly segmented. Well-located hotels with a recognisable international brand, private beach, resort facilities, distinctive food and beverage concepts and strong distribution networks generally outperform undifferentiated properties. Hotels primarily offering accommodation without a wider leisure or destination proposition face greater pressure on occupancy and room rates.

Tourism and Average Daily Rates

Tourism growth remains essential to the performance of Muscat's hotel market. During H1 2026, operators increasingly protected ADR through dynamic pricing, premium room categories and higher-value packages rather than pursuing occupancy through substantial headline rate reductions.

This strategy supported revenue during the early part of the year, although maintaining elevated ADR becomes more difficult during the summer and shoulder seasons. The increase in national ADR, alongside reduced guest numbers and occupancy, indicates that a greater proportion of revenue was generated through higher room pricing and potentially a stronger mix of premium leisure, corporate and event-related guests.

For Muscat, sustainable ADR growth will depend on attracting higher-spending visitors and extending their length of stay. The city must increasingly be marketed as a multi-day leisure destination rather than principally a gateway to the mountains, desert, Salalah or other parts of Oman.

Changing Accommodation Requirements

Demand is gradually becoming more diversified than the traditional standard hotel-room model. The accommodation categories expected to perform most strongly include:

Resort rooms and suites: Spacious rooms with sea, mountain or garden views remain important within the luxury market. Connecting rooms and family suites are increasingly relevant for GCC and multigenerational family demand.

Serviced apartments and extended-stay accommodation: Corporate travellers, consultants, project teams and relocating families increasingly require accommodation with kitchens, laundry facilities and flexible weekly or monthly rates.

Branded residences: The integration of hotel services with privately owned residences is becoming a more prominent development model. Branded residences can provide developers with early capital receipts while allowing purchasers to access hotel-managed services, amenities and potential rental programmes.

Villas and private-pool accommodation: High-net-worth leisure travellers increasingly seek privacy, larger accommodation and personalised services. Beachfront villas, pool villas and resort residences can support higher ADRs than conventional hotel rooms.

Lifestyle and boutique hotels: Smaller properties offering a strong local identity, curated experiences and distinctive design may compete more effectively than generic full-service hotels.

Wellness and experiential accommodation: Spa, health, nature, cultural and adventure-led hospitality products are becoming increasingly important as visitors seek experiences rather than accommodation alone.

Hotel and Hospitality Market Summary

Services and Facilities Driving Performance

The strongest-performing hotels are increasingly those that operate as destinations in their own right.

Important demand generators include:
• Private beaches and high-quality swimming pools.
• Wellness, spa and fitness facilities.
• Children's clubs and family-focused activities.
• Destination restaurants, cafés and rooftop venues.
• Meeting, conference, wedding and ballroom facilities.
• Beach clubs and day-access packages.
• Water sports, diving and sailing.
• Cultural, mountain and desert excursions.
• Airport transfers and chauffeur services.
• Co-working and business facilities.
• Branded retail and locally curated guest experiences.

Food and beverage revenue is particularly important in Muscat because it allows hotels to generate income from local residents and non-staying visitors. Hotels with distinctive restaurants, weekend brunches, weddings, conferences and social events are generally better positioned to offset subdued room occupancy.

New and Emerging Hotel Supply

A significant development during H1 2026 was Hilton's commencement of operations at three properties within Barr Al Jissah: Al Husn Hotel Muscat, Hilton Muscat Al Bandar and DoubleTree by Hilton Muscat Al Waha. Together, the properties comprise approximately 680 rooms and suites and offer extensive beachfront, dining, recreation, spa and event facilities. Hilton has stated that Al Husn is planned to undergo renovation and subsequently be rebranded as a Waldorf Astoria.

Tivoli La Vie Muscat Hotel & Residences also represents an important addition to the market. Located within the La Vie mixed-use and golf development near Muscat International Airport, the property combines hotel rooms and residences with golf access, an infinity pool, spa facilities, restaurants and flexible meeting accommodation.

The wider pipeline includes the Four Seasons Resort and Private Residences Muscat, a redevelopment of the former yacht club site comprising approximately 200 hotel rooms and suites and 100 private residences. The project reflects the growing convergence between luxury hospitality, branded residences and waterfront real estate investment.

These additions strengthen Muscat's international hospitality offering, but they also increase competition for management talent, airline crews, corporate accounts, weddings, conferences and luxury leisure guests.

Hotel and Hospitality Market Summary

What Is Changing?

The market is moving away from conventional stand-alone hotel development towards mixed-use, experience-led hospitality projects. New properties increasingly incorporate branded residences, golf, wellness, beach clubs, destination dining, events and lifestyle retail.

Hotel owners are also focusing more closely on total revenue per guest rather than room occupancy alone. Revenue management is increasingly based on the combined contribution of rooms, restaurants, spas, weddings, meetings, memberships and leisure facilities.

Further changes include:

• Increased use of dynamic room pricing.
• Greater emphasis on direct digital bookings and loyalty programmes.
• Expansion of family and GCC-focused packages.
• Increased demand for personalised and culturally authentic experiences.
• Greater importance of sustainability, water efficiency and energy management.
• Growth in branded residences and mixed-use hospitality investment.
• More active use of hotels by local residents through dining, wellness and leisure memberships.
• Stronger competition for experienced hospitality employees.

H2 2026 Outlook

The outlook for H2 2026 is cautiously positive but remains highly seasonal. Performance during July, August and early September is expected to remain challenging for Muscat's beachfront four- and five-star resorts because of the summer climate and competition from Salalah during the Khareef season.

Operators are therefore likely to continue using resident offers, GCC family packages, complimentary upgrades, dining credits and bundled spa or leisure services to support occupancy without materially weakening published room rates. Demand should strengthen from October 2026 as cooler weather supports international leisure travel, outdoor activities, conferences, weddings and corporate events.

Muscat's winter season is expected to benefit from its growing portfolio of internationally recognised hotel brands and increased destination marketing. Nevertheless, new supply is likely to limit significant occupancy growth across the overall luxury market. Established and newly opened hotels will compete more aggressively for the same corporate, leisure and event-related demand. As a result, performance is expected to become increasingly asset-specific.

• Properties most likely to outperform during H2 2026 will have:
• Strong international branding and distribution.
• Direct beachfront or distinctive destination settings.
• Modern rooms, suites and family accommodation.
• High-quality food and beverage concepts.
• Conference, wedding and event facilities.
• Effective revenue management.
• Strong local resident engagement.
• Differentiated wellness, leisure and cultural experiences.
• Older or less differentiated hotels may require refurbishment, repositioning or conversion to alternative formats such as serviced apartments, lifestyle hotels, extended-stay accommodation or mixed-use hospitality developments.

Hotel and Hospitality Market Summary

Investment Perspective

Investor interest in Muscat hospitality assets is expected to remain selective. High construction costs, management fees, seasonal occupancy and the operational complexity of luxury resorts can restrict investment returns despite strong underlying real estate.

Institutional investors are likely to favour assets with established international operators, transparent historical accounts, sustainable capital expenditure requirements and diversified income streams. Branded residences may become increasingly important in improving project feasibility by generating development sales proceeds and reducing reliance on hotel operating income alone.

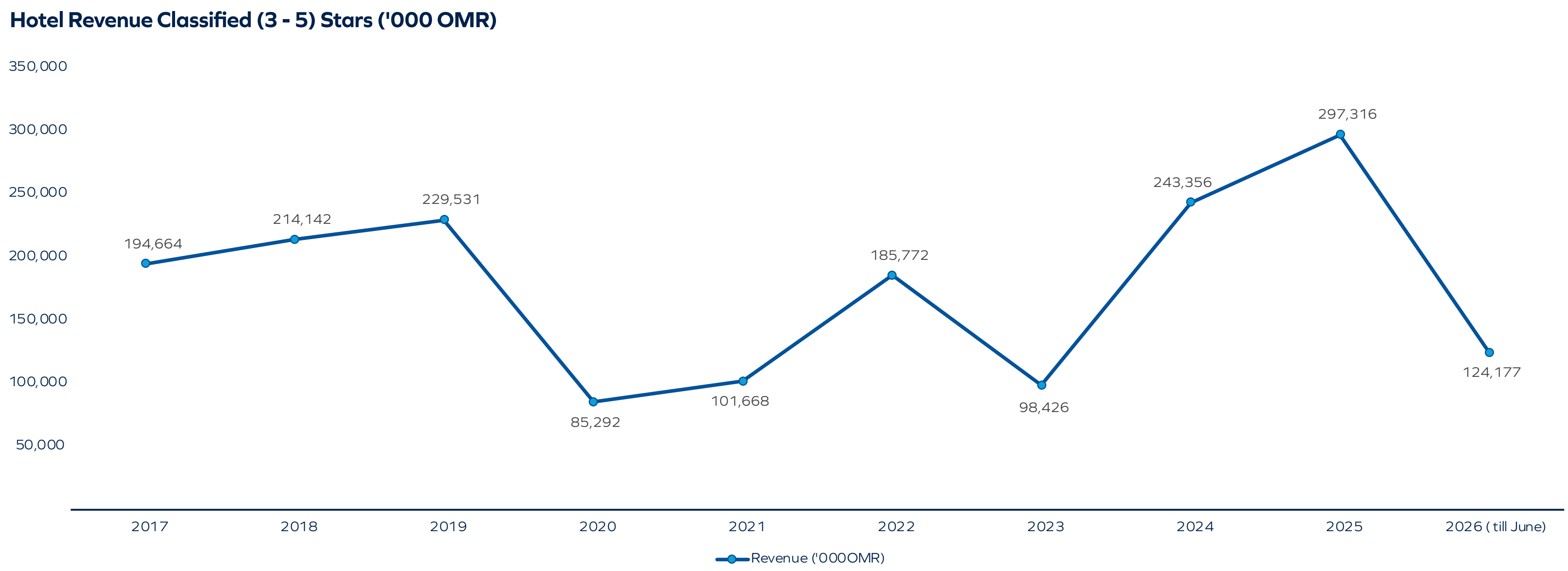
Overall, Muscat possesses the physical, cultural and hospitality infrastructure required to become a stronger international luxury destination. However, the market must continue expanding year-round tourism demand, average length of stay and visitor expenditure if new and existing luxury hotel supply is to achieve sustainable occupancy and investment performance.

Hamptons International Market View: Muscat's hotel market is moving towards a more sophisticated, internationally branded and experience-led hospitality model. The principal challenge is no longer simply developing high-quality hotels; it is generating sufficient year-round demand to support occupancy across an expanding prestige four- and five-star supply base. During H2 2026, operational performance is expected to remain differentiated, with destination resorts and mixed-use properties offering distinctive accommodation, dining, wellness and leisure experiences outperforming conventional hotel products.

Market Caveat: This commentary represents Hamptons International & Partners LLC's market assessment, informed by its proprietary research, market observations and available published tourism and hospitality information. Published 2026 operating statistics cited above predominantly cover classified hotels across the Sultanate and should not be interpreted as a complete Muscat-only dataset. Individual hotel performance may differ materially according to location, classification, brand, operator, room inventory, facilities, seasonality, market positioning and management strategy.

Year	Revenue ('000OMR)
2017	194,664
2018	214,142
2019	229,531
2020	85,292
2021	101,668
2022	185,772
2023	98,426
2024	243,356
2025	297,316
2026 (till June)	124,177

Hotel and Hospitality Market Summary



Car Park Market Summary

H1 2026 Market Review and H2 2026 Outlook

Car Park Business model

The car parking sector in Oman is evolving from a public utility into a commercially viable infrastructure asset, driven by urbanisation, rising vehicle ownership, and the growth of mixed-use developments. Increasing land values, traffic congestion, and the need for efficient land use are encouraging the development of structured parking facilities that improve accessibility while generating recurring income.

Multi-storey car parks typically operate under two business models. The hourly ticketing model generates revenue through parking fees, subscriptions, valet services, EV charging, and advertising, making it suitable for high-footfall locations such as airports, retail centres, and CBDs. The corporate leasing model involves leasing parking spaces or entire facilities to offices, hospitals, educational institutions, or government entities under long-term agreements, providing stable and predictable income with lower operational risk.

In Oman, where paid parking is still developing, the corporate leasing model offers more consistent returns, while the hourly ticketing model has greater revenue potential in high-traffic destinations.

The adoption of smart parking technologies, including ANPR, digital payments, and real-time occupancy monitoring, is further improving operational efficiency and user experience. Supported by Oman Vision 2040 and increasing investment in urban infrastructure, structured parking is expected to become an important asset class, with the preferred business model depending on surrounding land uses and demand characteristics.

Oman's car parking market continued to develop during H1 2026, supported by urban growth, increasing vehicle ownership
and greater demand for structured parking within commercial, mixed-use and transport-led developments. The principal market shift has been towards professionally managed facilities, with corporate leasing providing the most stable income profile, while hourly ticketing offers stronger revenue potential in high-footfall locations such as airports, shopping centres and central business districts.

For H2 2026, parking rates and revenues are expected to remain broadly stable, with stronger performance anticipated in locations benefiting from limited parking supply, high occupancy and sustained visitor traffic.

Continued adoption of ANPR, digital payments, subscriptions, valet services and EV charging should support operational efficiency and create additional revenue streams, although performance will remain highly dependent on location, surrounding land uses and effective enforcement.

- Muscat International Airport (Short term parking)

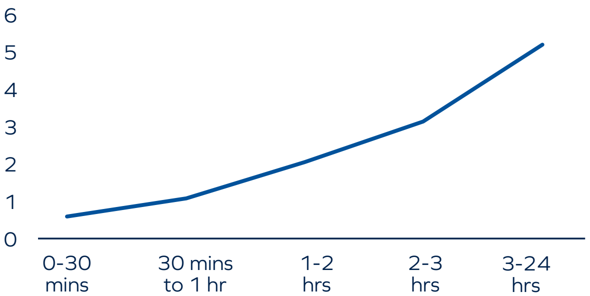
The tariff structure at Muscat International Airport follows a progressive pricing model, where parking charges increase with the duration of stay. This approach is designed to maximise parking turnover in high-demand areas immediately adjacent to the terminal while ensuring that short-term users have convenient access to parking. The daily maximum charge provides pricing certainty for longer visits without encouraging extended occupation of premium spaces.

From a business perspective, this pricing strategy balances customer convenience with revenue optimisation. High vehicle turnover during the first few hours generates recurring revenue, while the capped daily rate prevents excessive parking costs for users with longer terminal visits. Such a tariff model is widely adopted at international airports and serves as a benchmark for commercially operated parking facilities in Oman.

Car Park Market Summary

Muscat Int'l Airport (Short term parking)	**OMR**
0-30 mins	0.6
30 mins to 1 hr	1.1
1-2 hrs	2.1
2-3 hours	3.2
3- 24 hours	5.3

Muscat Int'l Airport (Short term parking)



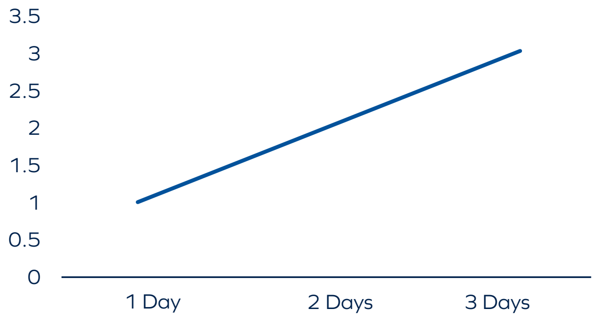
• Muscat International Airport (Long term parking)

The long-term parking tariff at Muscat International Airport is based on a simple fixed daily pricing structure, offering one of the most economical parking options for air travellers.
The low daily charges encourage passengers undertaking multi-day trips to utilise dedicated long-term parking rather than occupying premium short-term spaces near the terminal.

From an operational perspective, this pricing strategy improves parking management by separating short-stay and long-stay demand, ensuring greater turnover in terminal-adjacent parking while maintaining high occupancy in long-term parking areas. The transparent and affordable tariff structure enhances customer convenience and supports efficient utilisation of the airport's overall parking infrastructure.

Muscat Int'l Airport (Long term parking)	**OMR**
1 Day	1
2 days	2
3 days	3

Muscat Int'l Airport (Short term parking)



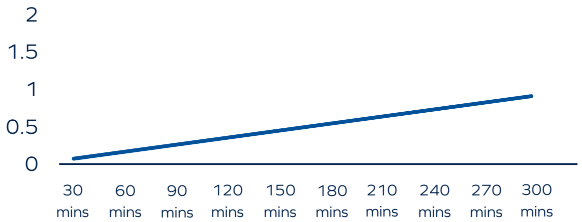
Car Park Market Summary

• Muscat Municipality Car Park

Muscat Municipality operates a time-based paid parking system to improve parking availability, reduce congestion, and encourage high vehicle turnover. The tariff begins at OMR 0.100 for 30 minutes and increases incrementally to OMR 1 for five hours, while monthly permits starting from OMR 15 provide a cost-effective solution for regular users. The adoption of digital payment platforms and smart parking management has enhanced operational efficiency and user convenience, demonstrating the growing acceptance of paid parking in Oman and providing a strong benchmark for future commercially operated multi-storey parking developments.

Muscat Municipality – Public Parking Tariff	OMR
30 Minutes	0.1
60 Minutes	0.2
90 Minutes	0.3
120 Minutes	0.4
150 Minutes	0.5
180 Minutes	0.6
210 Minutes	0.7
240 Minutes	0.8
270 Minutes	0.9
300 Minutes	1

Muscat Municipality Car Park Rate (OMR)



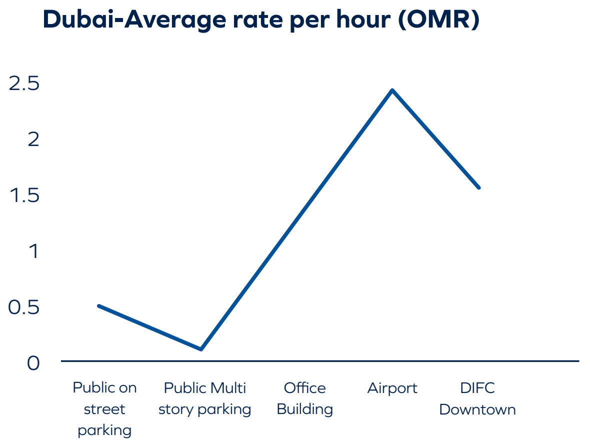
• Dubai Car Park rates

Dubai operates one of the GCC's most mature and commercially driven parking markets, with tariffs varying according to location, demand, and land value. Premium destinations such as DIFC, Downtown Dubai, airports, and Grade A office developments command significantly higherparking rates than public facilities due to consistently high occupancy and limited parking availability. In contrast, public multi-storey car parks offer lower tariffs to encourage longer stays and support efficient traffic management.

The Dubai market demonstrates how strategically priced parking can function as a sustainable revenue-generating asset while effectively managing urban mobility, providing a useful benchmark for future multi-storey parking developments in Oman.

Car Park Market Summary

Dubai	**OMR**
Public on street parking	0.5
Public Multi stuory parking	0.25
Office building	1.25
Airport	2.25
DIFC, Downtown	1.5



United Kingdom

Sales

A market in waiting

While you don't have to look too hard to find signs of doom and gloom, the second half of 2026 may be shaping up better than many expected even a month or two ago.

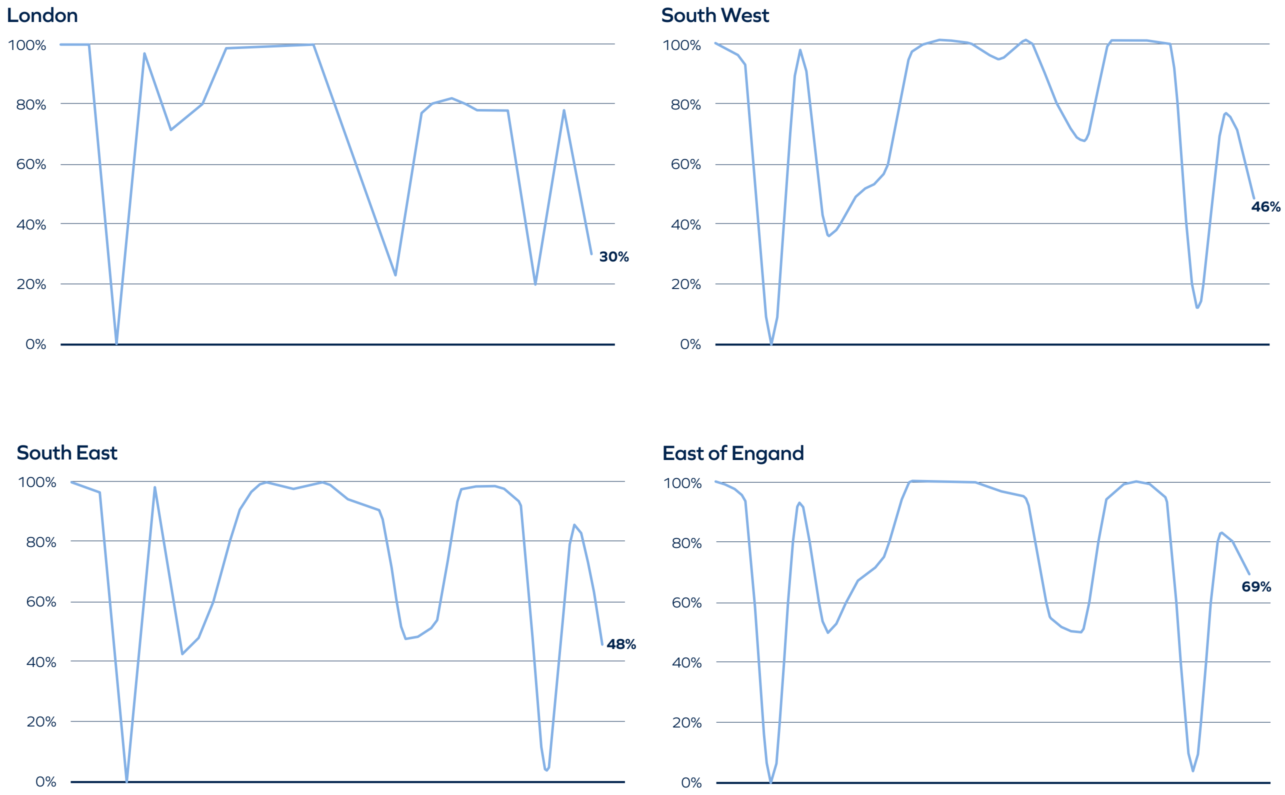
Conditions in the South of England may be tricky, but deals continue to proceed if the parties involved can be patient and pragmatic, and the pricing of the property is realistic. While higher mortgage rates have tempered demand, they have not brought activity to a standstill.

Even so, mortgage rates remain higher than they were earlier in the year, which has continued to weigh on demand. Stock levels are rising, as almost half of registered movers at Hamptons are waiting to find a buyer before starting the search for a new home. This trend has not halted transactions but has sparked a wave of summer price adjustments and slowed the pace at which many would-be movers are progressing from one home to the next.

The new North-South divide

House price growth has slackened nationwide. But the slowdown is most marked in London, where just 30% of homes have risen in value over the past 12 months. This is the lowest proportion anywhere in England.

Share of homes increasing in value over the last 12 months



Sales

A market in waiting

Across the South, capital appreciation remains the exception rather than the rule. Over the past 12 months, 46% of homes in the South East grew in value. In the South West, it was 48%.

By contrast, in the East of England, popular with first-time buyers, 69% rose in value. The North West, which tends to be more affordable, led the league with 74% of homes increasing in value.

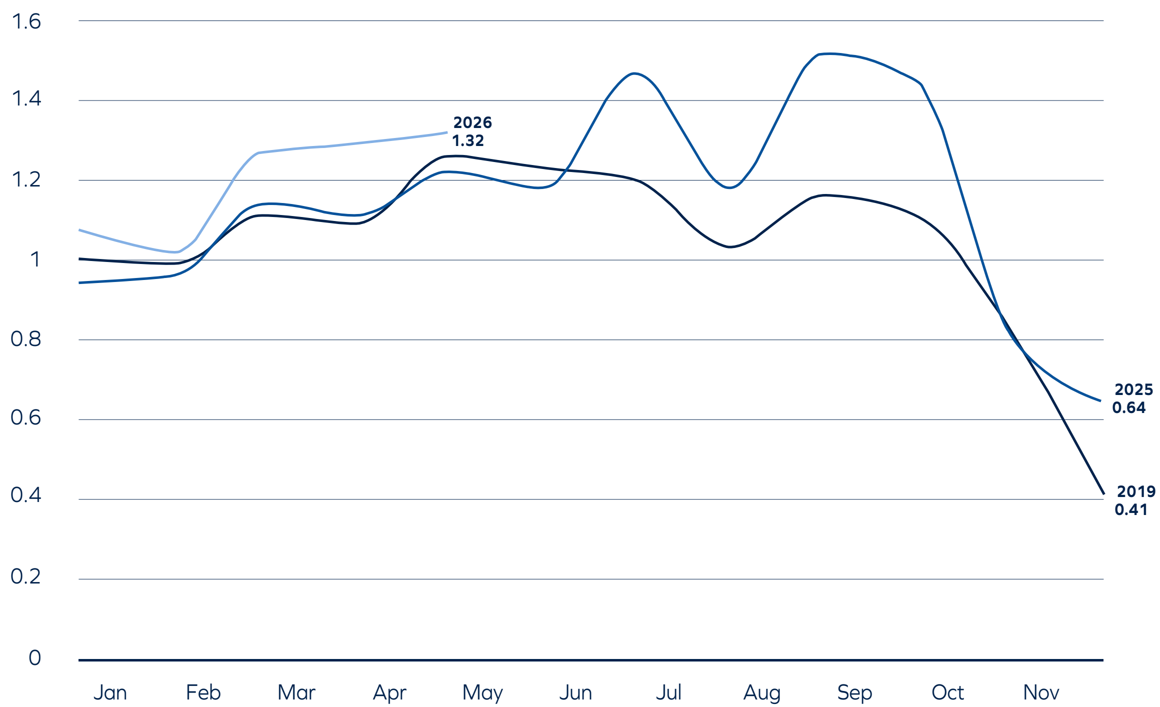
As borrowing costs remain elevated, affordability is playing an increasingly important role in determining where prices continue to rise. Markets where buyers can stretch further are generally proving more resilient than those where affordability constraints were already more acute.

Houses are firmly in favour

The performance of flats and houses continues to diverge. In almost every region, houses are retaining their value, while flats are lagging or indeed falling.

A mere 2% of flats are worth more than a year ago. In London, 59% of houses have moved upwards in value; by contrast, the average flat value has not risen in any borough.

Number of price reductions (Jan-19 = 1.0)



Seasonal price cuts

More sellers are dropping their prices, with reductions running 2% above last year's levels. The average cut is 2.9%, up from 2.7% a year ago.

Sales

A market in waiting

Seasonal patterns are still determining price adjustments. The number and the size of cuts begin to increase in the spring, peak in the summer and then decrease in the autumn, as sellers aim to seal the deal before Christmas. Those who fail to secure a buyer by that deadline often take their homes off the market or wait out the winter freeze until interest begins to revive in the new year.

The changing buyer dynamics

Overall, there's been a 14% decline in those registering to buy a new home. Owner- occupiers make up the majority of those starting the search, but higher mortgage rates have dampened demand from more discretionary movers. This is particularly true of upsizers, who often need to borrow more to bridge the gap between the sale of their current home and the purchase of a larger one.

Yet, there has also been a 10% jump in the number of first-time buyers embarking on the hunt since this time last year. And while mortgage rates may now be materially higher than earlier in the year, the wish to exit the rental sector remains strong.

"The market may end 2026 in a similar fashion to how it started."

Record stock levels

The number of homes for sale is at a record high. This is largely the result of people postponing the search for another place until they have found a buyer for their existing property.

Among those sellers who are registering with Hamptons to look for their next home, as many as 50% have yet to line up a buyer for their current property, against 40% a year ago. This is limiting mobility, with many would-be movers reluctant to take the next step until they have greater certainty over their own sale.

As a result, chains are taking longer to form and mobility across the market has slowed.

Outlook

Against what many would describe as a gloomy backdrop, the number of homes changing hands during May nudged up 1% on the same time last year. And numbers are on track for a similar outcome in June.

Although the summer is likely to bring the usual seasonal slowdown, the underlying direction of travel appears more encouraging. Lower borrowing costs should continue to support demand, helping activity regain momentum into the autumn and leaving market conditions closer to those seen at the start of 2026 than many might currently expect.

Lettings

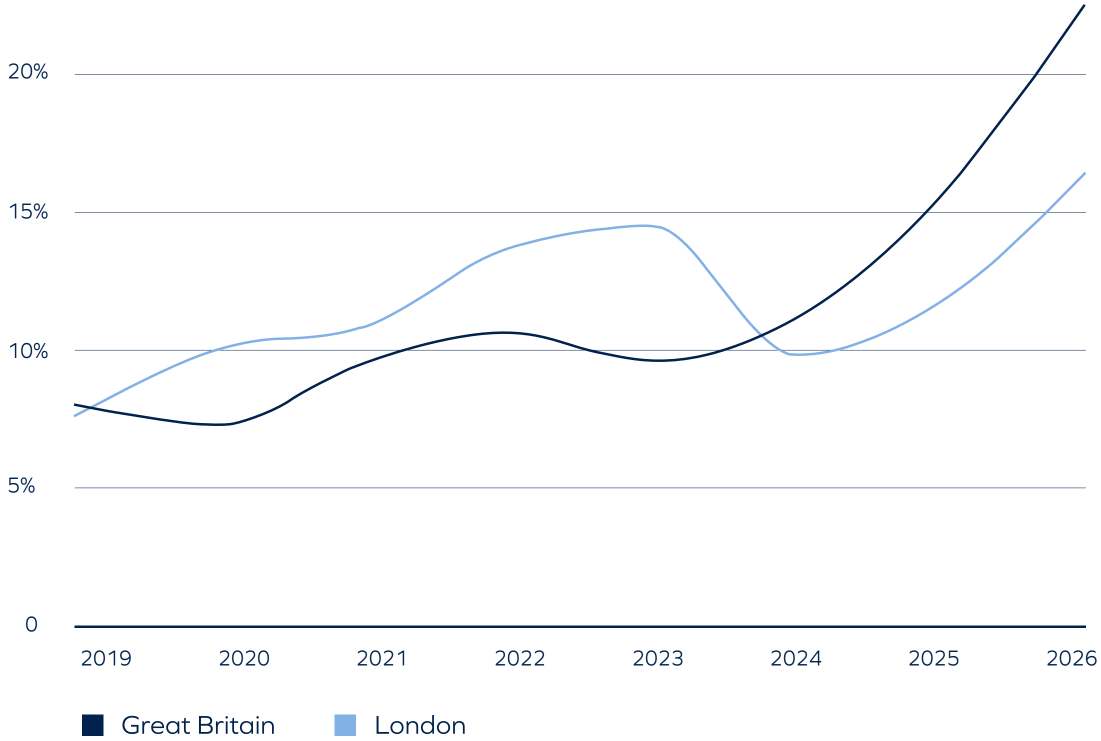
Why landlords are buying, not selling

The Renters Rights Act, which took effect on May 1st, is already having an impact on the market, but not necessarily in the way that was forecast.

The new rules were expected to drive more landlords out of the industry, especially since borrowing costs have climbed. But, in a surprising new trend, landlords are acquiring new properties. They appear keen to make the most of sharp increases in rents in a few locations, including some postcodes in the capital. Often, it's larger landlords snapping up homes being sold by other smaller landlords.

As a result of this unexpected twist, landlord purchases accounted for 13.3% of all home sales between January and April, the highest share since 2016. Some 23% of the properties acquired by landlords had been previously let out. This compares with 16% in 2025 and a five-year (2019-2023) average of 9.9%.

Percentage of landlords buying a home that was previously rented



Lettings

Why landlords are buying, not selling

There are regional variations in landlord disposals. In the South, landlords are mostly selling their properties to first-time buyers or to households seeking more space.

But in the North, where higher rental yields tend to offset steeper mortgage costs, landlords' properties are being acquired by other landlords. As many as 35.8% of buy-to-let investors' purchases in the North were formerly let properties.

In all parts of the North, landlord purchases made up 23.9% of all transactions, compared with 14.5% in the period between January and April 2025. Some of the investors buying now have evidently noted that a reduction in the stock of rental homes is helping to push up rents, which are increasing at the fastest rate for nearly a year.

Even so, weaker house price growth, combined with rents that are still moving upwards, has improved the maths for new investors. A landlord buying a previously let home this year is receiving an average gross rental yield of 7.0%, partly reflecting higher rents, but also the sale of lower-yielding properties. In 2022, the average yield was 5.9%.

But the story for newly let rents is more nuanced. In the first month after the Renters' Rights Act became law in England, rental growth for tenants moving into a new home remained relatively subdued.

"Landlords will be spacing out rent increases over longer periods."

Across Great Britain, the average price of a newly agreed let rose 1.1% over the year to May, easing slightly from 1.2% in April. That leaves the average tenant moving into a new property paying £1,382 per month.

There are still pockets where rents are edging higher. For example, in the South East, the average monthly rent reached £1,500 in May, 2.0% higher than a year ago and the first time any region outside London has crossed that threshold. London rents, by comparison, now stand at £2,294 pcm. The capital last sat at £1,500 per month in June 2012.

Lettings

Why landlords are buying, not selling

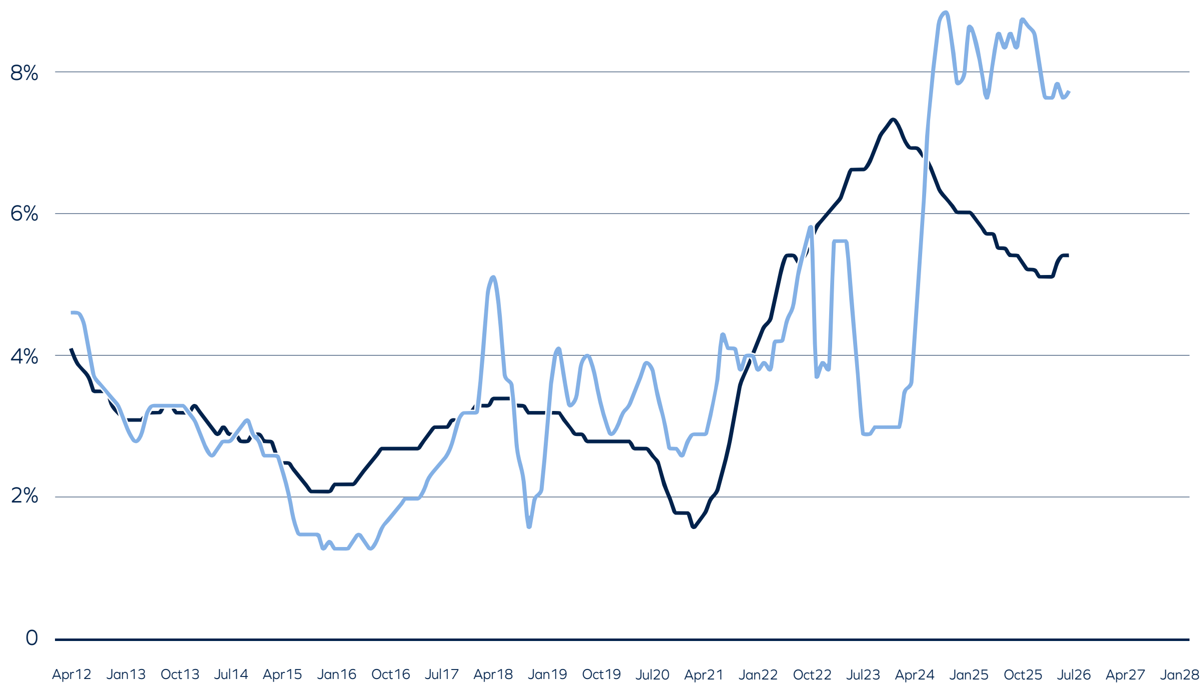
The new direction of rents
One immediate effect of the implementation of the Renters' Right Act on May 1st has been a fall in rent increases for existing tenants.

In May this year, 23% fewer tenants were told their rents were going up than in the same month of 2025. The average rent increase was 5.4%, down from 5.5% in May 2025 - and 7.3% at the market's peak a few years ago. If this trend continues for the rest of 2026, 31% of sitting tenants will face rent increases, against 40% in 2025 and 50% in 2024. The jump in 2024 reflected the double-digit growth in rents on new tenancies.

The data provides signs of a structural shift in how rents will now be adjusted. Under the Renters' Rights Act, rents can be raised only once a year, and most tenancies become 'periodic' or rolling rather than fixed-term.

Previously, rents were often reviewed at the time of a rental renewal, meaning that increases were frequent and incremental. It now seems that landlords will be spacing out increases over slightly longer periods, but may put forward bigger uplifts when they do.

Average rent change among those tenants who saw their rent change



This is the pattern seen in Scotland, where rolling tenancies have been in place since 2017, and tenants have learnt to expect fewer but larger increases. The average rent increase in Scotland in May this year was 7.7%. This highlights what would appear to be a normalisation of rents following the removal of a 3% cap on increases in April 2024.

For context, amongst tenants who saw their rent change in England, the average increase in May was 5.4%. In advance of the new legislation, there was little evidence that landlords were raising rents. Indeed, rent increases in England between January and April were 3% down on the previous year.

Mini Focus

Capital flight: How lower house prices will cut the mansion tax windfall

The High Value Council Tax Surcharge - 'the mansion tax' - was unveiled in the November 2025 Budget.

The Treasury envisaged that this progressive annual levy on homes of £2 million- plus would be a reliable means of raising extra revenue from the wealthiest property owners in England. Currently, if these people live in London, they are often paying relatively low council tax bills.

But, as our analysis shows, the number of homes liable for the mansion tax is fast diminishing.

This tax is due to come into force in 2028. But the Treasury's projected windfall is already under threat from the decline in house prices that began in prime central London (PCL), but then spread to other locations.

A shrinking £2 million-plus market

There are now 8,800 fewer homes valued at £2 million or more than at the time of the Budget. In fact, to date this year, there has been a monthly decrease of 1,000- 1,500 in such properties.

There are now 8,800 fewer homes valued at £2 million or more than at the time of the Budget. In fact, to date this year, there has been a monthly decrease of 1,000-1,500 in such properties.

This is not a sudden shift, but the acceleration of a trend. The number of £2 million- plus homes peaked back in 2023, just after the Covid race for space pushed property prices up and as interest rates started to rise. Subsequently, a downturn took hold: not just in prime central London, but also in other locations in the capital, and then in the premium areas of the South.

As a result, there are 17,400 fewer £2 million-plus homes in England than in 2023, with a 23% reduction in PCL alone. Price appreciation in the Midlands and North has not compensated for this drop.

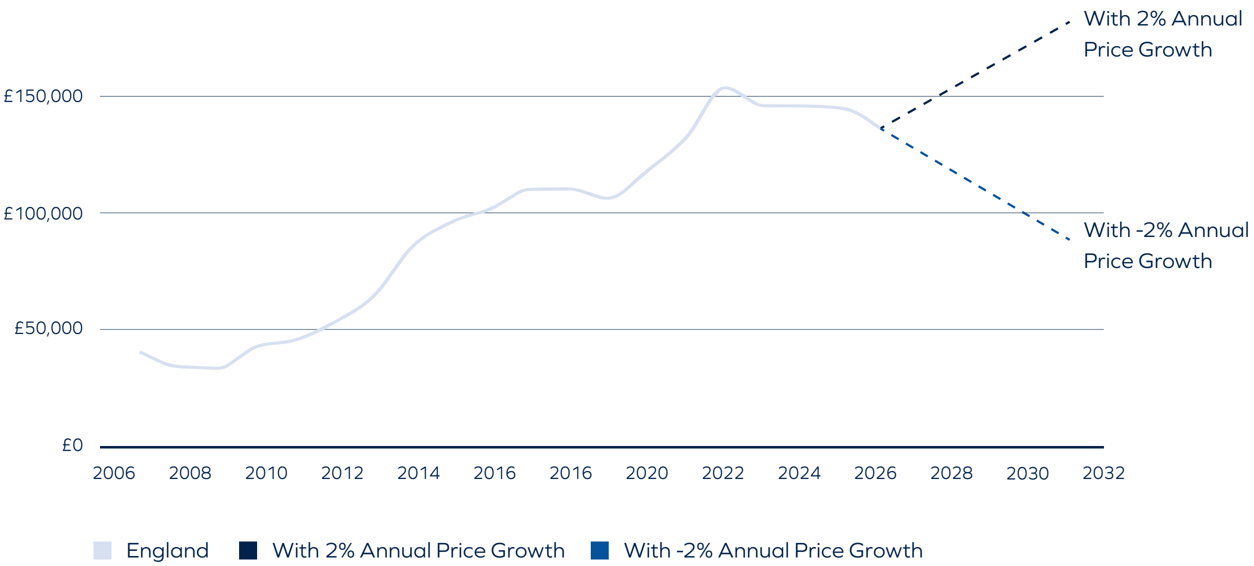
If prices had remained at their October 2025 level, the Treasury would be earning £28 million more from the mansion tax. Indeed, there would have been £50 million more in revenue from this tax if prices had remained at their 2023 peak.

"There are 8,800 fewer homes valued at £2 million or more than at the time of the Budget."

Mini Focus

Capital flight: How lower house prices will cut the mansion tax windfall

Number of properties worth £2m+ in England



London vs. the Home Counties

The mansion tax was designed to be, almost exclusively, a London levy, driven by the belief that the capital's more affluent residents did not contribute enough to the Exchequer.

However, there are now 27,000 £2 million-plus homes in PCL. This is almost identical to the total in the commuter-belt Home Counties, where there has been a 13% jump in such properties since 2023 – and a near 100% increase since 2016.

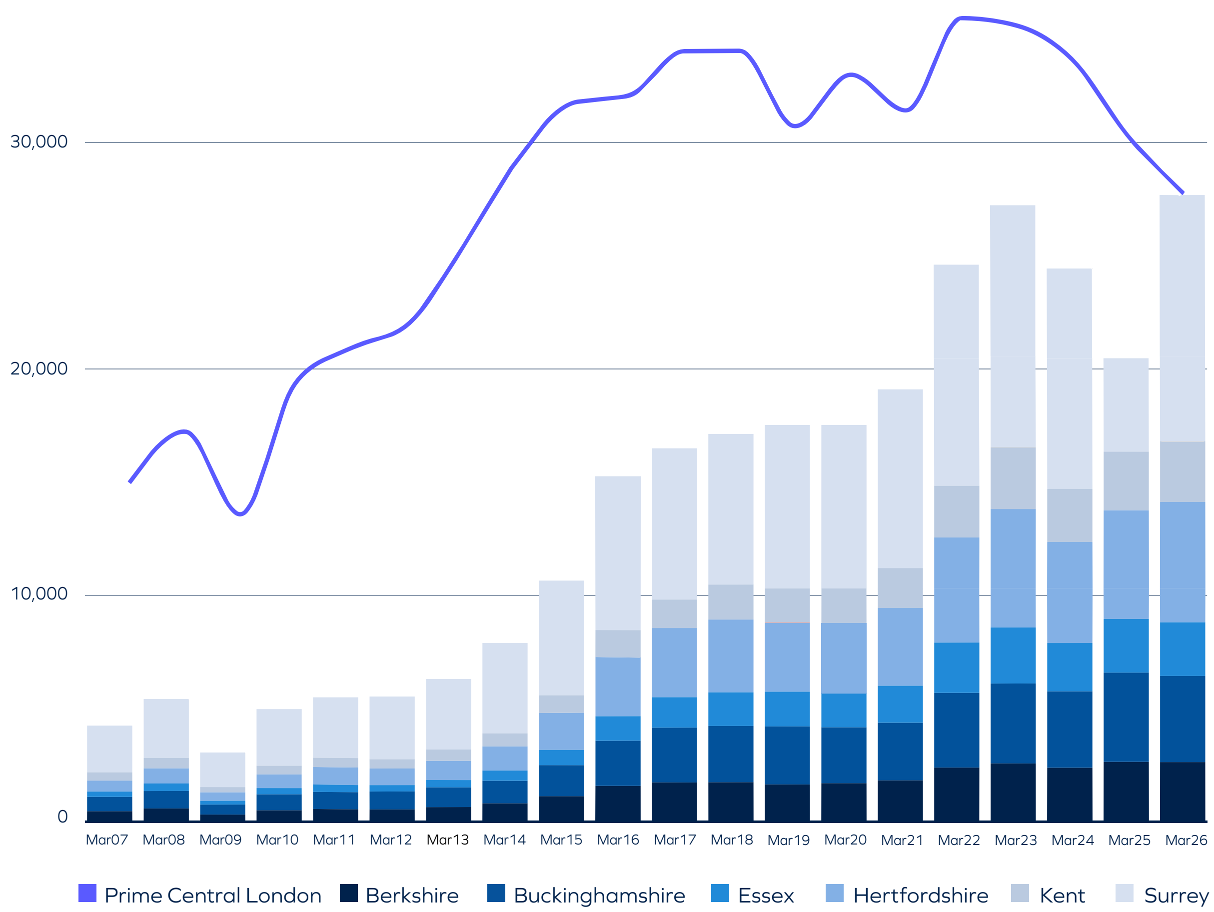
But the Mansion Tax burden will not be distributed evenly in the Home Counties. Salubrious Surrey boasts 10,600 £2 million-plus homes. Hertfordshire follows in a distant second place with 5,200 properties. Buckinghamshire has 3,700.

"An annual increase of just 1% over the next 20 years will double the number of properties in the mansion tax net."

Mini Focus

Capital flight: How lower house prices will cut the mansion tax windfall

Who pays the mansion tax: PCL vs Home Counties



From penthouses to detached houses

As a consequence of the rise in £2million plus homes outside London, the 'High Value Council Tax Surcharge' will be more of a traditional 'mansion tax' than would have been the case at the beginning of this decade.

Over the past five years, the number of apartments liable to pay this tax has tumbled by 16% to 5,100. But there has been a 41% leap to 17,800 in the number of detached houses, often outside of the M25, that are liable.

The long-term view

In the short term, one result of the lower number of £2 million-plus homes is that the mansion tax administration costs will consume a larger share of revenues. But, over the longer term, even a modest amount of house price growth will drive up revenues. An annual increase in property values of just 1% over the next 20 years will double the number of properties in the mansion tax net.

Will the mansion tax succeed as a progressive means to raise revenue, or will it further depress values in PCL and, indeed, the Home Counties? That is the £2 million question.

Focus

The old order has changed

In London and its surrounds, there has been a reordering of the long-standing postcode hierarchy.

The reduction in the price premium traditionally commanded by prime central London (PCL) addresses has been brought about by a decade of domestic political shifts and geopolitical shocks. A more adversarial UK tax regime focused on high-end property has softened international demand for homes in globally famous places like Chelsea, Hampstead, Knightsbridge and Mayfair. Against this background, prime locations that hold a stronger appeal to British mortgage-reliant buyers have been more resilient.

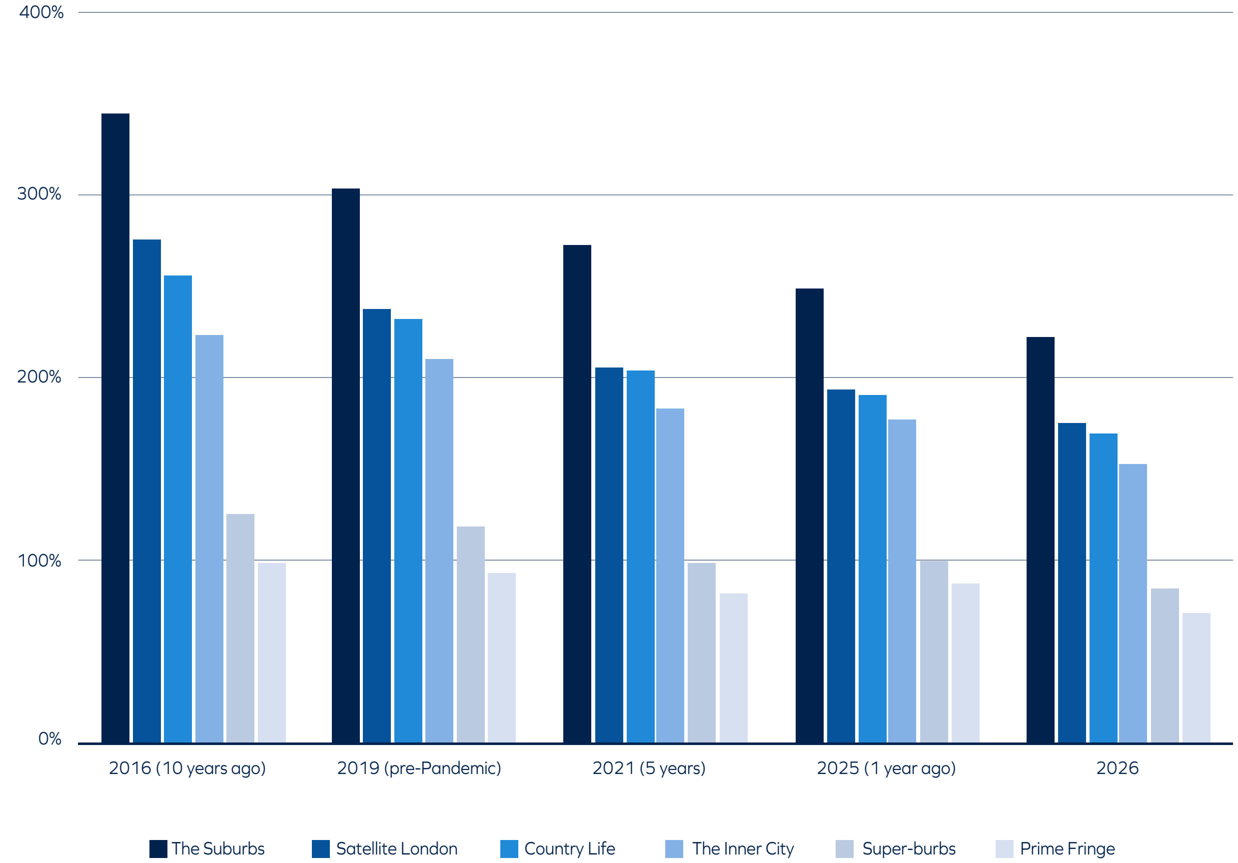
The narrowing of the gap
Back in 2016, there was a 98% gap between the average PCL price of £1,684,400 and the average in the Prime Fringe of £849,630. This has since shrunk to 71%, as a result of the tumble in the PCL average to £1,600,400.

"The change in PCL's status is underlined by the 1% real terms fall in the average price in that elite zone since 2016."

Focus

The old order has changed

Average premium achieved by Prime Central London over other prime areas



Typical neighbourhoods for each area

Prime Central London:
Chelsea, Hampstead, Knightsbridge, Mayfair

Prime Fringe:
St. John's Wood, Queen's Park, Wapping

Inner City:
Dulwich, Highbury, Shepherd's Bush

Super-burbs:
Barnes, Hampstead, Wimbledon

Suburbs:
Bexleyheath, Chislehurst, Kingston-upon-Thames

Satellite London:
Ascot, Beaconsfield, Sevenoaks

Country Life:
Ashford, Buckhurst Hill, Caterham

Focus

The old order has changed

The Prime Fringe encompasses areas like St John's Wood, Queen's Park and Wapping, where the average price today is £937,020.

Over the same 10-year period, the difference between the average PCL price and the average in such Suburbs as Bexleyheath, Chislehurst and Kingston-upon-Thames has diminished from 342% to 221%, a decline of one-third. In 2016, the average Suburbs price was £380,965. Today it is £498,753. These areas saw rapid growth post-Covid, and continue to outperform.

The ascent of the salubrious suburb

The change in PCL's status is underlined by the 31% real terms fall in the average price in that elite zone since 2016.

Eroding value in more price sensitive locations

% difference for average sale price 2026, 12 months to March (nominal)

Prime Region	vs2016	vs2019	vs2021	vs 2025
Prime Central London	-7.5%	-7.5%	-7.9%	-7.7%
Prime Fringe	4.6%	4.6%	-1.9%	1.1%
The Inner City	13.4%	13.4%	3.1%	1.1%
Super-burbs	9.8%	9.8%	-1.3%	0.1%
The Suburbs	15.8%	15.8%	6.4%	-0.2%
Satellite London	13.3%	13.3%	2.1%	-1.6%
Country Life	13.6%	13.6%	3.6%	-0.8%

Focus

The old order has changed

By contrast, the average price has risen by 31% in our Suburbs. Meanwhile, there has been a 29% increase in our Satellite London classification, which takes in commutable areas outside the M25 such as Ascot, Beaconsfield and Sevenoaks. Here, the average is £583,734, against £451,507 in 2016.

In our Country Life zone, the average price is up 25% from £475,859 to £593,935. This category covers places like Ashford, Buckhurst Hill, and Caterham. What is the key cause of this difference in performance? Prime Central London has faced a unique set of headwinds over the last decade. The market began slowing following a series of tax changes, particularly around Stamp Duty, while international demand has been weaker than during the market's pre-2014 heyday.

The mix of housing stock has also played a role. Prime Central London contains a larger share of flats, which have lagged behind houses in terms of price growth. By contrast, houses dominate in our Suburbs, Satellite London and Country Life classifications. These markets have been supported by domestic, needs-based buyers seeking more space, with demand for family homes remaining relatively resilient despite rising affordability pressures.

"An easy commute is much more of a must-have than before."

The slowdown for space

During the pandemic, and in its immediate aftermath, the 'race for space' led to rapid growth in places with green spaces and properties with substantial gardens.

But in 2022, this trend was derailed by the surge in interest rates triggered by an upward move in inflation.

Over the past year, the average prices in the Inner City and the Prime Fringe have risen by 1.1%. The Superburbs like Barnes, Hampstead and Wimbledon are up by 0.1%.

The reason why these locations have proven more immune to the downturn is the return to work four or five days a week. An easy commute is much more of a must- have than before, particularly for first-time buyers who remain active.

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What buyers want now
Since 2016, prices in all parts of London and its environs have fallen in real terms,
that is taking inflation into account. PCL has suffered the steepest real-terms decline.

Eroding value in more price sensitive locations

% difference for average sale price 2026, 12 months to March (nominal)

Prime Region	vs2016	vs2019	vs2021	vs 2025
Prime Central London	-27.3%	-27.2%	-26%	-6.6%
Super Prime	-33.5%	-29.4%	-29.9%	-14.2%
Prime Fringe	-20.4%	-19.8%	-22.9%	-2.3%
The Inner City	-12.4%	-13.2%	-19%	-2.4%
Super-burbs	-16.6%	-15.9%	-22.4%	-3.3%
The Suburbs	-5.6%	-11.3%	-16.4%	-3.7%
Satellite London	-6.8%	13.3%	-19.7%	-5%
Country Life	-10%	-13%	-18.6%	-4.2%

Focus

The old order has changed

To shed more light on these seismic shifts in dynamics, we have deployed Land Registry data to show how the average price in a representative neighbourhood within each zone has performed as a proportion of the average house price in London SW1X. This postcode covers parts of Knightsbridge and Belgravia.

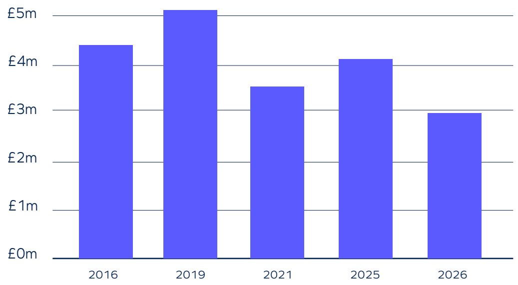
Since 2016, the average price in the districts in our analysis has grown as a proportion of the SW1X price. The leader in the league was NW8 - St John's Wood and Primrose Hill.

In 2016, the average NW8 price accounted for 33% of the SW1X average. In 2026, it is 73%.

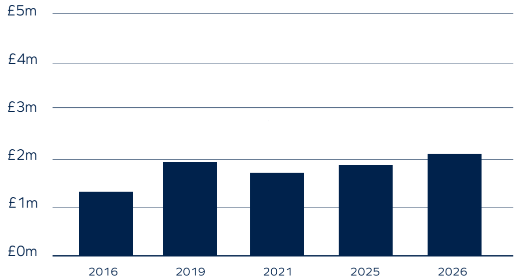
NW8 boasts the current most desirable credentials. Parks, large private gardens, proximity to the centre - and good transport links to the City and Canary Wharf.

The HP9 postcode covers Beaconsfield in Berkshire. In 2016, the average price in this historic town was 22% of the SW1X average. Today it is 40%, thanks to Beaconsfield's combination of a rural lifestyle and superior transport links – thebthings that today's buyers are looking for.

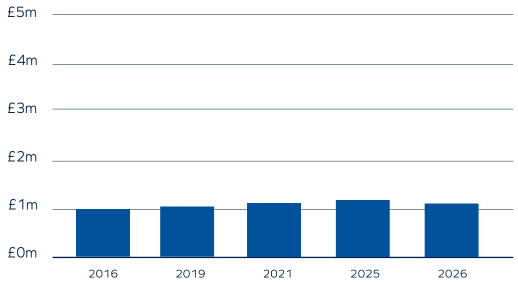
Prime Central London - SW1X



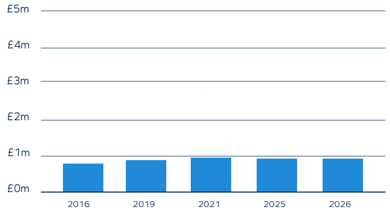
Prime Fringe - NW8



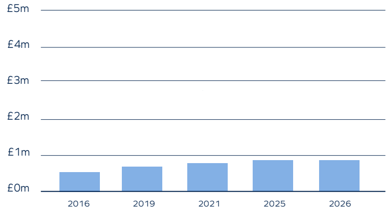
Satellite London - HP9



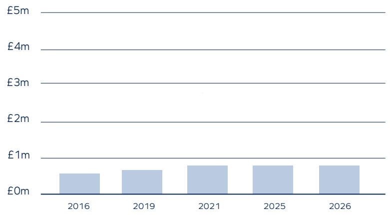
Super-burbs - SW19



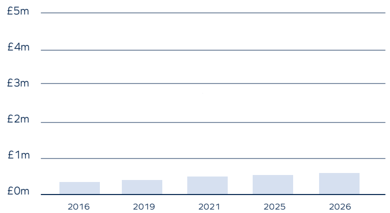
The Suburbs - BR7



The Inner City - N16



Country Life - TW15



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Today it is 40%, thanks to Beaconsfield's combination of a rural lifestyle and superior transport links – the things that today's buyers are looking for.

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