

Geopolitical Shocks and Capital Reallocation: Analyzing the Russia-Ukraine Conflict's Influence on Dubai's Real Estate Market (Feb 2022-Feb 2023)

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Abstract: *This study investigates how the Russia–Ukraine conflict influenced Dubai's real estate market from February 2022 to February 2023. Drawing upon monthly data on average property prices, transaction volumes, and rental yields, the analysis identifies substantial increases across all indicators during the conflict period. Property prices rose by 10.09 percent, transaction volumes increased by 43.84 percent, and rental yields improved by 0.62 percentage points. The findings suggest a strong correlation between geopolitical instability and the redirection of global capital into politically neutral markets. The paper positions Dubai as a strategic investment destination during periods of uncertainty, emphasizing its regulatory stability, economic openness, and attractive residency policies.*

Keywords: Dubai real estate; Russia–Ukraine war; transactions; rental yields; foreign direct investment (FDI)

1. Research Question

How did the Russia–Ukraine conflict align with changes in Dubai's real estate outcomes (prices, transaction volumes, and rental yields) between February 2022 and February 2023?

Scope / Time Period:

This study uses monthly data from February 2022 to February 2023 (13 observations).

2. Introduction

The Russia- Ukraine clash has reshaped global capital flows. Sanctions against Russia restrained its access to Western banks and markets. This led to many wealthy Russians looking for new, lower-risk destinations for safer investments. Dubai, recognized for its open economy, tax-exempt regime, and political stability, became one of the top choices. This paper studies how the conflict has affected property prices, investor demographics, and transaction volume in Dubai.

1.1 Purpose and Research Objectives:

The aim of this study is to find and understand how a geopolitical event between two countries (Russia and Ukraine) can influence a neutral economy like the UAE.

Objectives:

- 1) To examine the conflict's effect on Dubai's property prices.
- 2) To find if investor demographics has changed, focusing into Russian buyers.
- 3) To measure changes in transaction volumes and rental yields.
- 4) To check if there is a clear relationship between prices and sales volumes.

1.2 Research Gap and Justification:

Previous research mostly focused on how conflicts affect energy or trade markets. Very little has explored how they affect real estate in politically neutral economies like the UAE. Dubai is a very good example to study because foreign buyers own about 43% of its residential value in 2022. The sanctions on Russia encouraged many investors to take their investments to other locations, and Dubai's visa reforms and liberal property ownership laws enhanced its appeal. This study fills the gap by combining data on prices, transactions and FDI to show how global politics can influence property markets.

1.3 Hypotheses:

- H1: The conflict increased property prices due to higher demand from Russian investors.
H2: The amount of Russian investors in Dubai's property market grew after 2022.
H3: The conflict led to higher transaction volumes in the property market.

1.4 Variables in Analysis:

Dependent Variable: Property prices, transaction volumes, and rental yields.

Independent variable: The Russia-Ukraine conflict.

Control Variables: GDP Growth, FDI inflows, Golden Visa policy changes and the Post COVID economic recovery.

3. Context

The Russia- Ukraine war created one of the largest financial disruptions in recent history. Western countries froze/suspended Russian assets and restricted banking access. Many Russian investors tried to reallocate their wealth to countries not involved in the sanctions. The UAE quickly became a preferred destination. Dubai's property ownership laws, tax-free system, and residency programmes such as the Golden Visa reform in 2022, had made it ideal for investors seeking security and flexibility. Its real estate market was

already strong after Covid-19 and the, new wave of global uncertainty made it even more attractive. This background explains why Dubai likely has changes in property prices and investor behavior after 2022.

4. Historical Context and Literature Review:

Several reports show that the conflict redirected investment flows to the UAE.

- The EU Tax Observatory for 2024 found that Russian property purchases in Dubai rose by 940% for on plan projects and 1500% for off plan projects between 2020 and 2023.
- The World Bank (2023) reported that the UAE received 32% of all FDI inflows in the MENA region in 2022.
- Research by Zucman (in 2022) and others show that when countries face sanctions, investors tend to move money to neutral places with stable legal systems and strong property rights.

These studies illustrate inflows of capital but do not measure exactly how they affected real estate performance. This study aims to fill that gap by using actual price, transaction, and yield data from the Dubai market.

5. Data and Methodology

- Design: Quantitative study using descriptive trend analysis and correlational testing.
- Dataset: Monthly time-series data for Dubai from February 2022 to February 2023 (N = 13).

Variables:

- Average property price (AED/sqft)
- Transaction volume (number of sales per month)
- Rental yield (%)
- FDI indicator: UAE annual FDI inflows (USD) used as supporting context for investment conditions during the period (not a monthly variable).

Data sources: Property Monitor (prices, transactions, yields) and World Bank/UNCTAD reporting (FDI indicator).

Calculations: Percentage change = $(\text{Final} - \text{Initial}) \div \text{Initial} \times 100$. Rental yield changes are reported in **percentage points** (pp) (e.g., 6.02% → 6.64% = +0.62 pp).

Statistical test: Pearson correlation was used to measure the association between average prices and transaction volumes ($r = 0.703$).

Note: The results indicate trends and correlations, not causal relationships.

6. Findings

Table 1: Monthly Market Indicators (Feb 2022–Feb 2023)

Month	Price Per Squarefoot	No. of Monthly Transactions	Gross Rental Yield (%)	Highest Recorded Sale (Million)	Lowest Recorded Sale (1000)
February	1001	6346	6.02	88.2 m	85
March	1007	7028	5.91	280m	100
April	1014	6963	5.98	96m	165
May	1022	6606	6.02	128m	100
June	1019	8865	6.37	126.25m	125
July	1012	7195	6.40	302.5m	115
August	1025	9775	6.26	210m	170
September	1047	8686	6.51	145m	100
October	1065	8626	6.5	600m	105
November	1076	10,188	6.53	145m	140
December	1089	9131	6.64	133.15m	129
January	1096	9080	6.65	125m	150
February	1102	9128	6.64	410m	100

Analysis:

Across the study period, prices increased from **1001 to 1102 AED/sqft (+10.09%)**, transactions rose from **6,346 to 9,128 (+43.84%)**, and rental yields improved from **6.02% to 6.64% (+0.62 pp)**.

6.1 Property Prices:

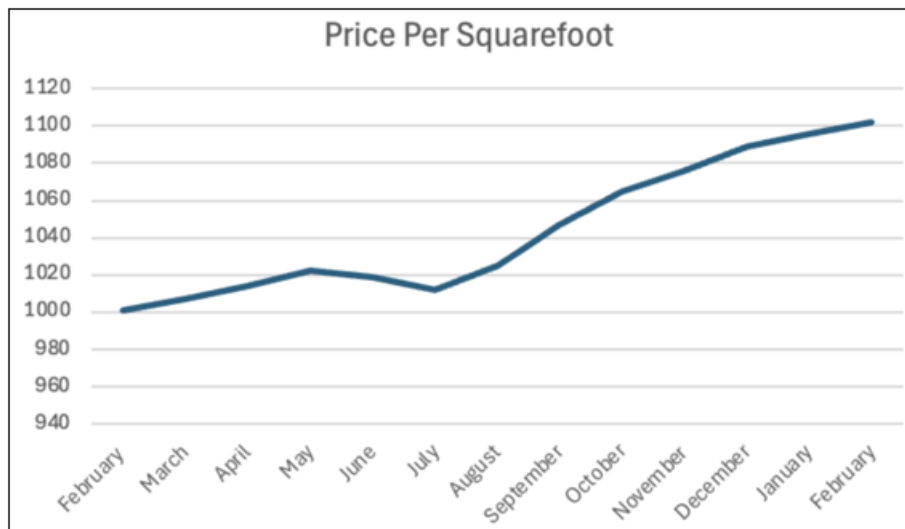


Figure 1: Trend in Average Property Price (AED/sqft), Feb 2022–Feb 2023

Analysis: Prices show an overall upward trend across the period, ending around **10% higher** than the starting point.

6.2 Investor Demographics

Direct nationality-level ownership data was not available for this study. To provide context, the paper uses secondary

evidence from published reports indicating increased Russian-linked buying activity in Dubai after 2022, alongside the observed rise in market activity during the study period. This supports a change in investor interest, but it cannot be quantified precisely using the available dataset.

6.3 Transaction Volumes

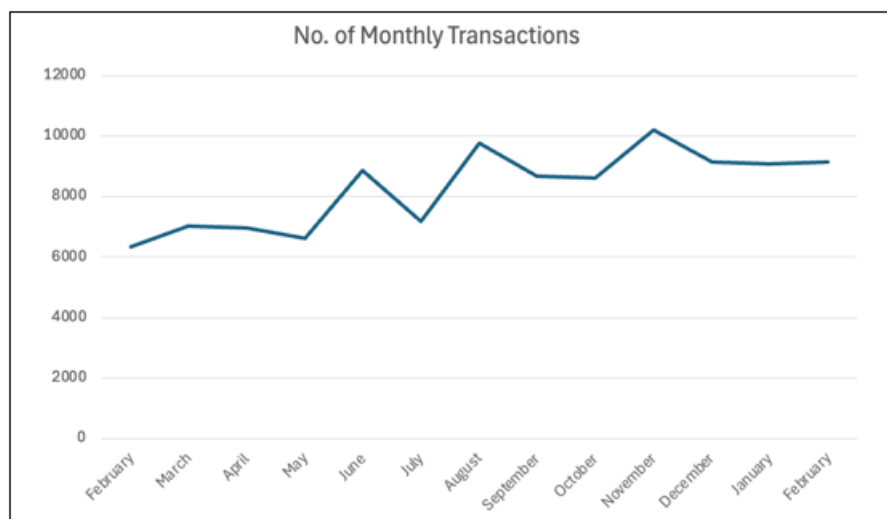


Figure 2: Trend in Monthly Transaction Volume, Feb 2022–Feb 2023

Analysis: Transaction volumes increased overall from **6,346 to 9,128 (+43.84%)**. Transaction activity peaked in November (**10,188**), suggesting stronger buyer participation during the latter half of the period.

6.4 Price vs Transactions

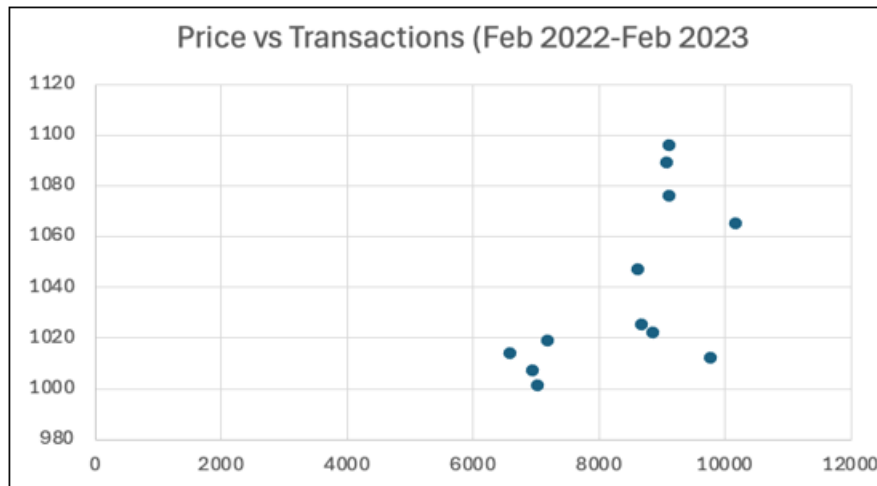


Figure 3: Relationship Between Prices and Transactions (Scatter Plot), Feb 2022–Feb 2023

Analysis: The scatter plot indicates a moderate positive association between prices and transaction volumes ($r = 0.703$). This shows co-movement in the sample, but it does not prove causation.

6.5 Rental Yields

Rental yields increased from **6.02% to 6.64% (+0.62 percentage points)** over the study period, suggesting improved rental returns alongside rising prices and transactions.

6.6 Summary of Results

The market data supports **H1** (prices increased) and **H3** (transactions increased) over Feb 2022–Feb 2023. **H2** is supported mainly by secondary evidence from external reports, since direct nationality-level ownership data was not available in the dataset used.

7. Discussion

The results show that the Russian Ukraine conflict indirectly helped the UAE's property market by shifting global capital toward safer economies. Dubai's openness, strong legal system, and investor visa reforms (such as long-term residency programmes) made it a natural choice. The close relationship between price and transaction growth shows that investors were active and confident. At the same time, rental yields also improved, suggesting the market was not just speculative but also supported by real housing demand. Compared with other destinations like Turkey or Cyprus, Dubai offered better political stability and long-term security, which likely the main reason why it received more attention from international investors.

8. Implications

- 1) **Transparency:** Making more data on ownership nationality public would help research and improve market trust.
- 2) **Balanced Growth:** Authorities should monitor rapid inflows continuously to avoid property bubbles.

- 3) **Visa Policy:** Periodic review of Golden Visa policies can ensure the market attracts serious/genuine investors while keeping housing affordable.

9. Limitations and Evaluation

The study covers one year of data, so it cannot show long term trends. Nationality level data for ownership was not available, so FDI was used as proxy. While prices and transactions clearly rose together, the analysis does not prove direct causation. Even with these limits, the evidence **suggests** the conflict period coincided with increased investment activity in Dubai's real estate market and changes in its short-term dynamics.

10. Conclusion

This research suggests that the Russia–Ukraine conflict period was associated with noticeable changes in Dubai's real estate market. Between Feb 2022 and Feb 2023, average property prices rose from 1001 to 1102 AED/sqft (+10.09%), transaction volumes increased from 6,346 to 9,128 (+43.84%), and rental yields improved from 6.02% to 6.64% (+0.62 pp). While this analysis does not prove causation, the combined market trends and supporting reports indicate that Dubai's position as a stable, neutral destination may have strengthened investment interest during a period of global uncertainty.

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Author Profile



Zaid Ahmed Riyyas is a Year 13 student at **GEMS Metropole Motor City (Dubai, UAE)** studying Business, History, and Mathematics. His academic interests include business and economic research, with a focus on how global events influence markets. This paper analyses monthly indicators from Dubai's real estate market (Feb 2022–Feb 2023) to explore how international conflict can align with changes in prices, transactions, and rental yields.