



Eton Wealth Management House



# **Risk Report**

**29 November 2025**

**Real Estate , Dubai, HNWI**



**below is a professional, consultancy-grade Risk Matrix for Dubai Real Estate, prepared in the voice of *Eton Wealth Management House*. It's designed for HNWI clients and portfolio committees: concise, actionable, and ready to drop into a presentation or investment memo.**

**Executive summary (key takeaways)**

- Dubai shows **elevated bubble/valuation risk** vs many global cities (UBS Global Real-Estate Bubble Index).



- Ratings agencies warn of a near-term price correction driven by a large pipeline of new supply; a double-digit downside in some segments is a material possibility.
- Oversupply risk is concentrated in mid/low-end apartments and specific off-plan segments; luxury, prime waterfront and cash-flowing commercial assets show greater resilience.

#### How to use this matrix

- **Likelihood** = probability (Low / Medium / High) within 12–36 months.
- **Impact** = portfolio-level effect on value/liquidity (Low / Medium / High).
- **Eton Score** = internal risk score (1–5), where **5 = immediate priority**.
- **Early warning indicators** = observable metrics to monitor.
- **Mitigant / Action** = what Eton would do for an HNWI client.

#### Risk matrix (condensed table)

Risk (category)	Short description	Likelihood	Impact	Eton Score	Early warning indicators	Mitigant / Action (Eton)
<b>Price / Market (valuation) risk</b>	Sharp price falls after a boom (esp. mid-range apartments & flipped off-plan).	High	High	5	Rapid new-supply deliveries; falling resale volumes; rising days-on-market.	De-risk by: limit exposure to



neighborhoods with heavy completions; stress-test NAVs at -15% to -30%; hold cash reserves.

**Oversupply / Delivery risk** Large pipeline of new units that may swamp absorption. High High 5 New units announced/completed; builder sales velocity; pre-launch cancellations. Avoid speculative off-plan in oversupplied micro-markets; prefer completed stock or schemes with high pre-sales; stagger exposure.

**Liquidity / Exit risk** Difficulty selling quickly without price concessions (thin buyer pool for some segments). Medium-High High 5 Widening bid-ask spreads; falling auction/resale prices; lower transaction counts. Prioritise rental yield + cash income strategies; avoid high-leverage positions; mandate minimum hold periods.

**Financing / Interest-rate risk** Rising rates increase service costs for leveraged investors and buyers. Medium High 4 Higher mortgage rates; tighter bank LTVs; rising cost of developer finance. Use conservative LTVs (<50% for spec deals); lock fixed rates where available; include interest-coverage stress tests.

**Developer / Construction risk** Delays, insolvency, or quality failures by developers — impact on delivery & resale. Medium High 4 Slower construction receipts; payment disputes; increasing defaults. Use escrowed projects; require performance bonds; choose developers with strong balance sheets; use phased payments.

**Regulatory & policy risk** Changes in residency, tax, mortgage or foreign-ownership rules. Low-Medium High 4 Policy announcements; sudden visa/tax rule changes; new housing programs. Keep active regulatory monitoring; structure deals for policy flexibility; prefer assets with strong legal title and clear ownership.

**Currency / FX & capital flows** AED peg reduces FX risk for USD holders, but capital-flow shifts can affect prices. Low Medium 3 Large inflows/outflows; change in wealth migration patterns. Diversify geographic exposure; monitor cross-border flows; use FX hedge for non-AED liabilities.



**Economic / macro risk** Slower global growth reduces investor inflows and tourist temporary demand. Medium Medium 3 Weak GDP indicators, visa issuance drop, slowdown in inbound HNWI flows. Tilt to assets with local tenant demand (corporate leases, long-let).

**Legal / title & documentation risk** Title disputes, unclear strata rules, or incomplete regulatory compliance. Low-Medium High 4 Reports of litigation, disputes, or title freezes. Full legal due diligence; use UAE-licensed law firms; insist on clear title & community bylaws.

**Tax / compliance risk** International tax policy changes (e.g., CRS, minimum tax) affecting returns/net yields. Low Medium 3 New international tax agreements; changes in domestic tax rules. Structure through tax-efficient vehicles; obtain bespoke tax advice for HNWI clients.

**Operational / property management risk** Poor ops reduce yields and valuation (vacancy, maintenance). Medium Medium 3 Rising management complaints; higher maint. cost per unit; vacancy uptick. Select professional operators; KPI-linked contracts; reserve for capex.

**Reputational & brand risk** Association with distressed developments or controversial projects. Low Medium 2 Negative press; large social media complaints. Reputation screening of developers; avoid projects with governance issues.

**ESG / climate & physical risk** Flooding, coastal erosion, or energy inefficiency affecting long-term value. Low-Medium Medium 3 Coastal degradation studies; insurance premium rises. Prioritise resilient sites; check insurability; require sustainability features.

**Event / geopolitical risk** Regional unrest, travel restrictions hurting demand. Low High 4 Travel advisories; airline seat reductions; corporate relocations. Short-term liquidity buffers; insurance; diversify by tenant type and geography.



**Fraud / counterparty risk** Mis-representation in off-plan sales, escrow misuse, fake title.

Low High 4 Unusual payment requests; opaque ownership chains. Use escrow, regulated brokers; KYC/AML for counterparties; independent valuation.

**Early-warning dashboard (operational)**

**Eton recommends a compact dashboard updated monthly for each invested micro-market:**

1. **New-supply pipeline (units)** — projects due in next 12 / 24 months.
2. **Transaction count & median price** — quarter over quarter changes.
3. **Days on market / bid-ask spread.**
4. **Developer pre-sales % and inventory unsold.**
5. **Mortgage approval rates & average LTV.**
6. **Visitor arrivals & visa issuance** (for short-term demand).
7. **Rental yield trends** (net of management & service charges).

Set automated red flags: e.g., >10% q/q price decline, >50% of new supply concentrated in same community, or mortgage LTV tightening >5 p.p.

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**Eton's recommended investment policy (practical rules for HNWI portfolios)**

1. **Concentration limits:** Max 20% of liquid net-worth in Dubai real estate; no more than 10% in raw off-plan.



2. **Segment preference (ranked):** (1) Prime waterfront villas / branded residences (cash buyers) → (2) Core income-producing office / logistics with institutional leases → (3) High-quality completed apartments in central nodes → (4) Selective off-plan with top 3 developers & escrow.
  3. **Leverage rules:** Max LTV 40–50% on residential investments; 30–40% on speculative developments. Stress to +300 bps rates and -20% prices.
  4. **Hold / liquidity:** Maintain 12–18 months of operating & debt service liquidity. For development bets, plan minimum 3-5 year hold.
  5. **Exit planning:** Predefine exit triggers (price decline, vacancy, developer distress) and ensure legal right to resell (no encumbrance).
  6. **Due diligence:** 3rd-party valuation, title search, O&M review, insurance check, review of service charges and community bylaws.
  7. **Active monitoring:** Monthly Eton dashboard + quarterly board review.
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### **Sample client-ready slide text (one paragraph)**

*Eton Wealth Management House view:* Dubai remains an attractive wealth destination with strong capital inflows and premium demand, but the market sits in an elevated risk band because of rapid price appreciation and a large near-term new-supply pipeline. For HNWI portfolios we recommend selective exposure focused on prime, income-producing assets and strict leverage & concentration controls. Off-plan and mid-market apartment plays require careful supply/absorption modelling and stronger downside stress assumptions (we model a base-case -10% and a stress-case -25% to prices).





## **Annex — quick checklist for transaction diligence**

- Confirm **title & RERA/land department registration**.
- Developer financials + track record (past 5 years).
- Evidence of escrowed buyer funds / independent trustee.
- Independent valuation & vacancy benchmarking.
- Insurance availability & premiums.
- Check community service charges & historic increases.
- Exit market (2ndary market buyers) analysis.



## Our Values

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To be the trusted partner for individuals and institutions seeking to grow, protect, and transfer wealth with confidence.

## Our Mission

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We deliver tailored wealth and investment solutions rooted in transparency, rigorous analysis, and deep market expertise — ensuring our clients thrive in an ever-changing financial landscape.



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## ABOUT US

# Who We Are

Eton Wealth Management House is a boutique advisory firm built on the values of integrity, trust, and long-term vision. Headquartered in Dubai Free Zone, we serve as a bridge between global financial opportunities and the ambitions of our clients.

## OUR PHILOSOPHY

At Eton Wealth Management, our philosophy is built upon three enduring principles: integrity, global perspective, and sustainability. Every decision we make is rooted in a client-first mindset — ensuring that our strategies, advice, and actions are always aligned with the long-term interests of those we serve. We believe that wealth is not just about accumulation but also about preservation, purpose, and impact. With Dubai as our gateway to the world, we bridge international markets, providing clients access to global opportunities while maintaining a deep understanding of regional dynamics. Above all, we are committed to building sustainable prosperity — crafting wealth strategies that endure across generations and evolve with the changing world.



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