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UAE Developer Profits Rise, But Cash Flow Tightens as Handovers Surge

UAE developers reported stronger profits in the first half of 2026, but cash flow weakened across the board as construction and handovers accelerated. Binghatti, Modon and Aldar all leaned on more debt to bridge the gap, a …

HIGH	8.0	3 August 2026	7/10
INVESTOR IMPACT	SIGNIFICANCE SCORE	EVENT DATE	SOURCE RELIABILITY

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EXECUTIVE SUMMARY

01 UAE Developer Profits Rise, But Cash Flow Tightens as Handovers Surge

UAE developers are booking higher profits from sales made years ago, even as the cash actually moving through their businesses tightens. Filings covering the first half of 2026 show Binghatti, Modon and Aldar all reporting higher or flat profit, while operating cash flow weakened and borrowing rose across all three. Binghatti spent AED1.3 billion more than it collected from operations and drew down its escrow account by AED3.2 billion. Aldar's operating cash flow fell almost 60% even as net profit climbed 18% to AED4.9 billion. None of the three developers is short of cash, reserves remain large. What has changed is the pace at which money moves in and out, as the market shifts from a launch-driven cycle to a delivery-driven one, with Dubai completions running at their highest quarterly volume in 5 years.

- Binghatti spent AED1.3 billion more than it collected from operations in the first half of 2026 and drew down its escrow account by AED3.2 billion, even as completions rose 16% to 1,669 units.
- Aldar's net profit rose 18% to AED4.9 billion, but operating cash flow fell almost 60% and total borrowings rose nearly a third to AED33.3 billion.
- Modon's net profit held roughly flat at AED2.2 billion despite revenue jumping two fifths, as loans and borrowing rose two thirds and construction commitments more than doubled to AED20.7 billion.
- Binghatti's CFO said down payments have eased from 20% to as low as 10% in some cases, a direct sign developers are competing harder for buyers.
- Dubai delivered roughly 27,000 completed homes in the second quarter, its highest quarterly volume in 5 years, while off-plan launches fell about 90% between the first and second quarters.
- Modon and Aldar shares are down 17% and 14% year to date respectively, even as underlying profit growth held up.

THE EVENT

02 What happened, and why it matters

WHAT HAPPENED

UAE developers reported stronger profits across the board in the first half of 2026, even as cash pulled out of the country's largest builders. Dubai's privately owned Binghatti, and Abu Dhabi's state backed Modon and Aldar, all leaned harder on debt to bridge a widening gap between the cash they collected and the cash they spent. Binghatti swung from generating cash to spending it, laying out AED1.3 billion more than it collected from operations between January and June. Capital tied up in development properties more than tripled and the company drew down its escrow account, funds it can normally only access once construction hits set milestones, by AED3.2 billion. Completions rose 16% to 1,669 units, and receivables jumped more than 70% even as revenue rose. Binghatti's chief financial officer Shehzad Janab said the company is expediting every project currently under construction, and that down payments have eased from 20% to as low as 10% in some cases. Modon's net profit held roughly flat at AED2.2 billion despite revenue jumping two fifths, as margins compressed on a shift toward lower margin development work. Its borrowings rose two thirds and construction commitments more than doubled to AED20.7 billion. Aldar posted an 18% rise in net profit to AED4.9 billion, but operating cash flow fell almost 60% as spending on land and development outpaced collections. Total borrowings rose nearly a third to AED33.3 billion, and escrow cash tied to buyer deposits fell to AED5.2 billion from AED6.2 billion as projects released funds on construction milestones.

WHY IT MATTERS

Off-plan buyers depend on developer liquidity to complete projects on schedule, so a widening gap between profit and cash collection is worth watching closely. But the picture cuts both ways. Profit growth at Binghatti, Modon and Aldar confirms the underlying projects are commercially sound. Cash pressure, in turn, is forcing developers to compete harder on payment terms, with Binghatti easing down payments from 20% to as low as 10% in some cases. None of the three developers is short of cash. All hold large reserves. What has shifted is the pace money moves in and out of the business, not the size of the pile itself, and that distinction matters for anyone assessing whether a developer can complete on time.

WHO IT AFFECTS

Anyone holding an active off-plan payment plan with a major UAE developer, and anyone weighing a new off-plan purchase. It also affects overseas investors who rely on developer completion timelines rather than a physical inspection to judge progress, and shareholders in listed developers such as Modon and Aldar, whose shares are down 17% and 14% year to date respectively.

INVESTOR READ

03 Implications, risks and opportunities

HISTORICAL CONTEXT

The shift shows up clearly in the delivery numbers. Dubai delivered about 7,000 completed homes in the first quarter of 2026 and roughly 27,000 in the second, its highest quarterly volume in 5 years. Off-plan launches across Dubai fell about 90% between the first and second quarters, according to Savills. Cavendish Maxwell described this as the market transitioning from a launch driven cycle to a delivery driven one, as projects launched over the past several years progressively reach handover.

IMPLICATIONS

If you're buying off-plan, this is a reason to look past the headline and into the numbers that actually matter: operating cash flow, borrowing levels, and how a developer is using its escrow account, not just reported profit. A developer can be profitable and still be under cash pressure, and the two can coexist for a long time before either becomes a problem. The softer down payment terms coming through right now, as low as 10% versus a prior norm of 20% at Binghatti, are a direct product of that pressure and worth using as a negotiating point. Betterhomes' head of off-plan and capital markets, Harry Martin, noted that developer activity has remained consistent this year with projects progressing largely on schedule, which is the more important data point for anyone already committed to a payment plan.

RISKS

All three developers moved toward weaker or negative operating cash flow year on year, and all three responded by taking on more debt. Modon's borrowings grew fastest in percentage terms and Aldar's grew largest in absolute size, rising to AED33.3 billion. Binghatti drew down its escrow account by AED3.2 billion and its receivables grew faster than revenue, both signs of collection pressure. Modon and Aldar shares are down 17% and 14% year to date, which tells you the market is already pricing in some of this concern. Off-plan launches across Dubai fell about 90% between the first and second quarters, and Savills expects moderating sales and more selective buyers ahead. If cash flow pressure persists across a slower sales environment, it can slow construction timelines on some projects, even where the developer involved is not at risk of running out of cash today.

OPPORTUNITIES

Profit is being recognised now for sales made years ago, which means today's numbers confirm the fundamentals behind those earlier projects were sound. Aldar's chief financial officer Faisal Falaknaz told AGBI the company has not faced any major issues accessing materials during the war, and that it is now ordering materials and issuing tenders earlier to manage delays proactively. Sobha Realty expects to hand over 6,819 units this year, its largest delivery pipeline to date, worth roughly AED21.6 billion in sales value. Dubai delivered roughly 27,000 completed homes in the second quarter, its highest quarterly volume in 5 years, evidence that the market is moving from launch driven to delivery driven, as Cavendish Maxwell put it in a report this week. For buyers negotiating new purchases, softer payment terms are a direct, usable benefit of the same pressure that shows up as a risk on a developer's balance sheet.

WHAT TO WATCH

Watch the next round of developer filings for whether operating cash flow stabilises or keeps weakening, and whether borrowing levels at Modon and Aldar continue climbing. Watch Modon and Aldar's share prices, currently down 17% and 14% year to date, for further market repricing. Watch whether Binghatti's softer down payment terms, as low as 10%, become standard across other developers responding to the same cash pressure. AGBI has contacted Binghatti, Modon and Sobha Realty for comment, so further detail may follow.

THE BOTTOM LINE

04 What this means for Dubai investors

THE MEANING

For context, Dubai recorded AED32.7 billion in sales transaction value across 13,766 transactions in June 2026, at an average price of AED1,680 per square foot, according to the Dubai Land Department. Off-plan sales made up 72.3% of transactions by count that month, which means most active Dubai buyers are directly exposed to the kind of developer cash flow dynamics described here. The CBUAE base rate stood at 3.6% in June 2026 and 3 month EIBOR was 3.9% in August 2026, both relevant to the cost of the debt developers are now drawing on to bridge their cash gaps.

> *Here's the thing about a headline like developers under cash flow pressure. It sounds like a warning sign, and on its own it isn't wrong to treat it that way. But be straight with you, profit and cash flow are not the same measurement, and a developer can be genuinely profitable while still feeling tight month to month, especially when it's building out a large pipeline at pace. What I'm watching for isn't whether a developer reports pressure. It's what they do about it. Aldar's CFO talking about ordering materials earlier to manage delays, and Binghatti softening down payments to keep sales moving, that's a developer responding to a slower market rather than one that's stopped functioning. None of the three developers here are short of cash. They're all holding large reserves. The distinction I keep coming back to with anyone weighing an off-plan purchase is the one between a developer that's stretched and a developer that's mismanaged, and the numbers in this report point to the former, not the latter, for now. That's exactly why due diligence on a developer's cash position, not just its launch price, has to be part of any off-plan decision.*
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> BRADLEY JAMES, DUBAI REAL ESTATE INVESTMENT ADVISOR

SOURCES AND VERIFICATION

Arabian Gulf Business Insight (AGBI), Profit is up, but UAE developers face cash flow crunch, Josh Corder, August 3, 2026. Cavendish Maxwell report, referenced August 2026. Savills, referenced August 2026. Betterhomes (Harry Martin, head of off-plan and capital markets), referenced August 2026. Dubai Land Department (DXB Interact), June 2026. Central Bank of the UAE, June and August 2026.

Begin the conversation.

Every allocation starts with a candid, numbers-first discussion shaped around your mandate, risk profile and timeline.

Bradley James

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Bradley James is an Associate Director and Senior Investment Advisor based in Dubai, specialising in Dubai real estate, off-plan investment, strategic wealth allocation, portfolio diversification, and relocation and residency planning. He advises private investors and family offices on entering the Dubai market with the same rigour he applies to his own capital.

SPECIALISMS

- Dubai Real Estate
- Off-Plan Investment
- Strategic Wealth Allocation
- Portfolio Diversification
- Relocation & Residency Planning

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SOURCES

Arabian Gulf Business Insight (AGBI), Profit is up, but UAE developers face cash flow crunch, Josh Corder, August 3, 2026. Cavendish Maxwell report, referenced August 2026. Savills

SCAN TO MESSAGE