CUSHMAN & WAKEFIELD | CORE

UAE LOGISTICS & INDUSTRIAL MARKET UPDATE

2025/2026

Better never settles

LOGISTICS & INDUSTRIAL MARKET

OVERVIEW

As 2025 draws to a close, the UAE's industrial and logistics market stands at the cusp of a new growth cycle. Demand continues to far exceed available stock, with under-construction Grade A facilities commonly pre-leased months before delivery. Dubai rents have surged 18% and Abu Dhabi rents by 13% YoY, with 95% occupancy across institutional-grade assets. This sustained imbalance between constrained supply and resilient occupier appetite is accelerating market transformation and drawing in institutional developers.

Global capital and corporate occupiers are converging on Dubai and Abu Dhabi, attracted by the UAE's strategic location, advanced infrastructure, and political stability. Major developments such as the expansion of Al Maktoum International Airport and the clustering of logistics parks across JAFZA, DIP, DIC, KEZAD, and ADAFZ underscore the country's ambition to establish itself as a top-tier global logistics hubs.

Geopolitical realignments, including shifting trade flows triggered by U.S. tariff measures, are reshaping global supply chains. The UAE is well-positioned to capture this redirection, leveraging its neutral stance, central geography, and world-class infrastructure. Its ports and freezones already perform at global benchmarks, while the nation's stable political and economic environment continues to draw long-term investors and multinational occupiers seeking reliable regional bases.

Strategic infrastructure expansion is deepening growth through multimodal connectivity. The build-out of Al Maktoum International Airport, Etihad Rail, and port-linked projects are integrating aviation, maritime, land, and warehousing. By knitting together ports, airports, and inland logistics hubs, Etihad Rail in particular will unlock seamless multimodal connectivity across the UAE and into the wider GCC.

> *Occupier demand for quality stock significantly exceeds existing supply.*

Institutional Investment and Development Shaping Current Trends

Investment demand has shifted from opportunistic growth to strategic consolidation. Established regional players such as Aldar, GII, Manrre, Arcapita, Sweid and Sweid continue to acquire and develop, while international developers like Agility, Radius Group and JD.com are raising facility specification standards. Occupier demand continues to outpace the current supply, and much of this demand is being secured in advance: new logistics schemes are now typically pre-leased three to six months ahead of delivery.

Scarcity is driving a pragmatic response. Some tenants absorb higher rents to remain in prime hubs, while others are migrating to Sharjah, Ras Al Khaimah and Umm Al Quwain for greater affordability. Larger occupiers increasingly commission build-to-suit projects, while a portion are deferring expansion until the next wave of stock arrives. Across all segments, the message is consistent: the UAE remains the location of choice for new market entrants, even if occupiers adjust for timing, cost or location.

DUBAI MARKET

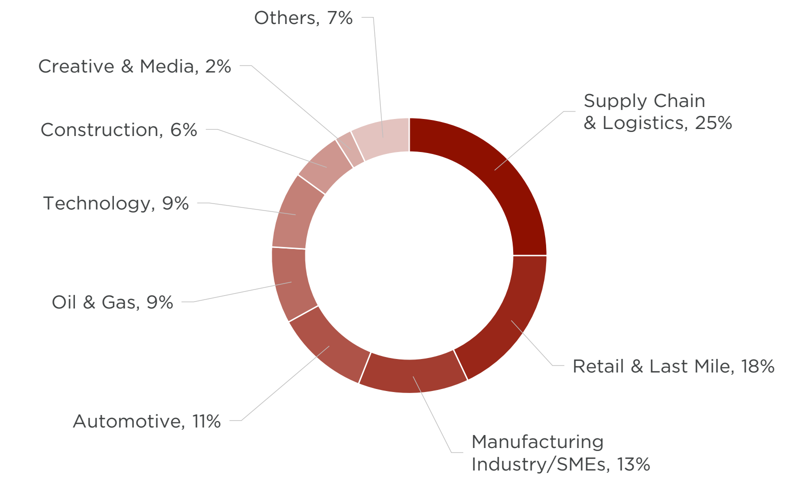
AED 53/sqft/year	95%	18%
Average Grade A annual rent	Average Grade A occupancy rate	YoY change in rents

DEMAND TRENDS

SECTORAL DRIVERS

The largest share of demand in 2025 comes from Supply Chain & Logistics (25%), reinforcing the UAE's role as a regional and global distribution hub. Retail & Last Mile (18%) follows, reflecting continued e-commerce and consumer goods expansion. Manufacturing & SMEs (13%) and Automotive (11%) highlight diversification beyond pure logistics while Technology (9%) and Oil & Gas (9%) point to specialist and higher-value activity, aligned with wider UAE industrial strategy. Overall, traditional logistics remains dominant, though other industries are becoming increasingly significant contributors.

Dubai Logistics & Industrial Demand by Sector - 2025

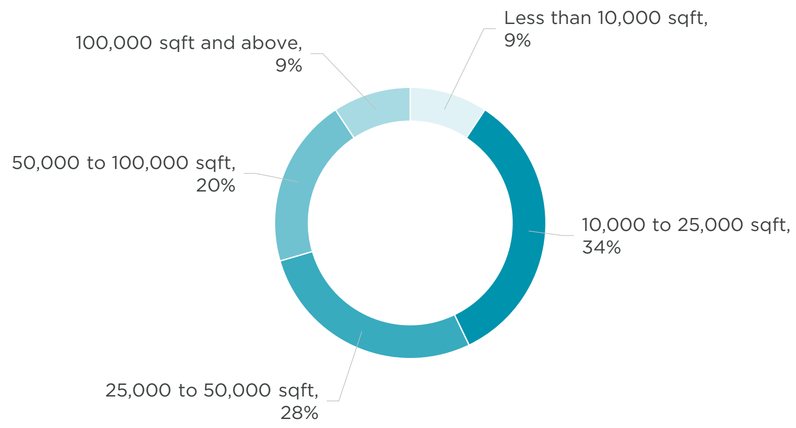


Source: Cushman & Wakefield Core Research

SIZE PREFERENCES

Requirements are becoming more mid-sized. The most active bracket is 10,000 to 25,000 sqft (34%), followed by 25,000 to 50,000 sqft (28%). Larger facilities (50,000 to 100,000 sqft) capture 20%, while 100,000+ sqft is relatively limited at 9% of demand. Smaller requirements under 10,000 sqft also hold 9%, largely from SMEs and niche operators. This confirms a shift away from the mega-warehouses that defined the 2024 surge, toward more flexible, mid-sized units that align with current occupier strategies in a tight supply environment.

Dubai Logistics & Industrial Demand by Size - 2025



Source: Cushman & Wakefield Core Research

SUPPLY DEMAND IMBALANCE

The market remains intensely undersupplied from an institutional perspective, with both speculative development and suitable large-scale land in short supply. This dynamic is beginning to shift with the entry of developers such as Aldar, Sweid & Sweid, and Radius Group, delivering a new wave of institutional-grade projects designed to meet global occupier standards.

More than 7 million sqft is under development for delivery in the next two to three years, primarily concentrated in Al Warsan and National Industries Park. Flagship schemes include the Sweid & Sweid Terralogix Logistics Park, which will add nearly 2 million sqft by 2026, and the Aldar–DP World Logistics Park, a speculative 1.6 million sqft project. Build-to-suit commitments are also reshaping the landscape, with major occupiers - including Dnata, Transworld, and DSV - securing bespoke facilities ranging from 323,000 to over 600,000 sqft.

While the pipeline is substantial, pre-leasing is strong, suggesting minimal oversupply risk in the near to medium term. Completions should ease pressure on tenants and further strengthen the UAE's position as a critical hub in global supply chains.

Name	Location	GLA (sqft)	Expected Delivery*	Build Type
Sweid & Sweid Terralogix Logistics Park	Al Warsan	1,958,000	2026/2027	Speculative Development
Aldar & DP World Logistics Park	NIP	1,590,000	2026	Speculative Development
Dnata Logistics	Dubai South	613,540	Q4 2025/2026	Purpose Built
Transworld Distribution Centre	JAFZA	538,200	Q4 2025	Purpose Built
Radius City Logistics	DIP	355,200	Q4 2025	Speculative Development
Arcapita-DSV Logistics	JAFZA	323,000	Q4 2025	Purpose Built
Aldar - Dubai South Logistics District	Dubai South	Bldg. 1 - 193,700 Bldg. 2 - 269,000	2026	Speculative Development

*Expected delivery dates are subject to change and may experience delays.

RENTAL & OCCUPANCY TRENDS

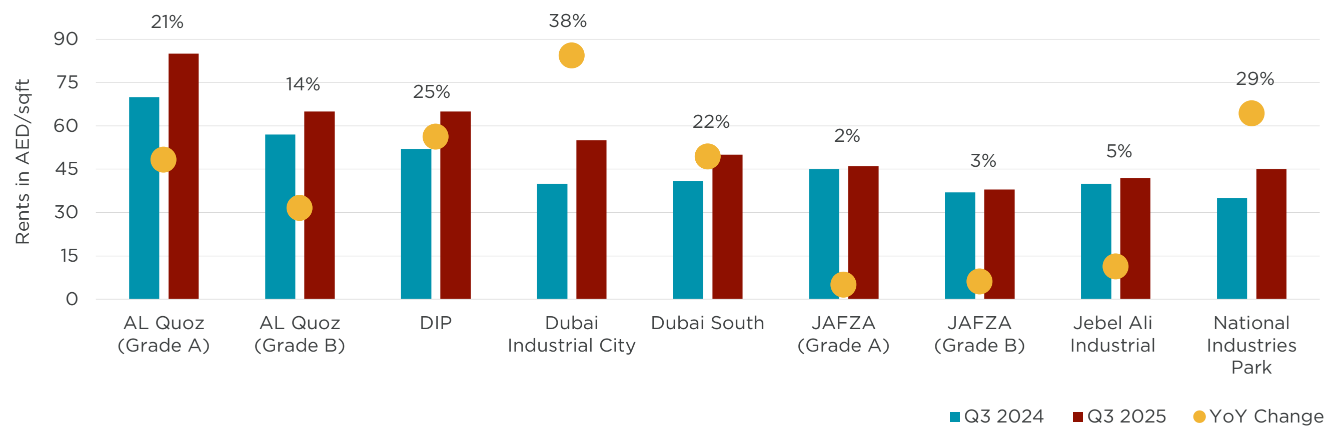
Tight availability continues to translate into upward pressure on rents. Industrial and logistics rents rose 18% in 2025, with prime Grade A units recording sharper gains in select submarkets. Institutional-grade occupancy remains exceptionally high at 95%, leaving tenants with few immediate alternatives.

Rents are fragmented by stock type and scale. Al Quoz - with smaller units, street-front visibility and a mix of retail showrooms, sports facilities and last-mile logistics – maintains premium pricing. Dubai Investment Park (DIP) shows a similar profile of smaller, more versatile warehouses, close to major residential and commercial catchments; demand from e-commerce and 3PL occupiers has quickly absorbed speculative supply driving a 25% YoY increase and keeping availability minimal.

By contrast, in Dubai Industrial City (DIC) and National Industries Park (NIP), larger-format logistics stock and industrial land face sublease restrictions, long waitlists, and limited transaction activity. The resulting rental growth in these districts reflects intense demand across a small pool of transactions.

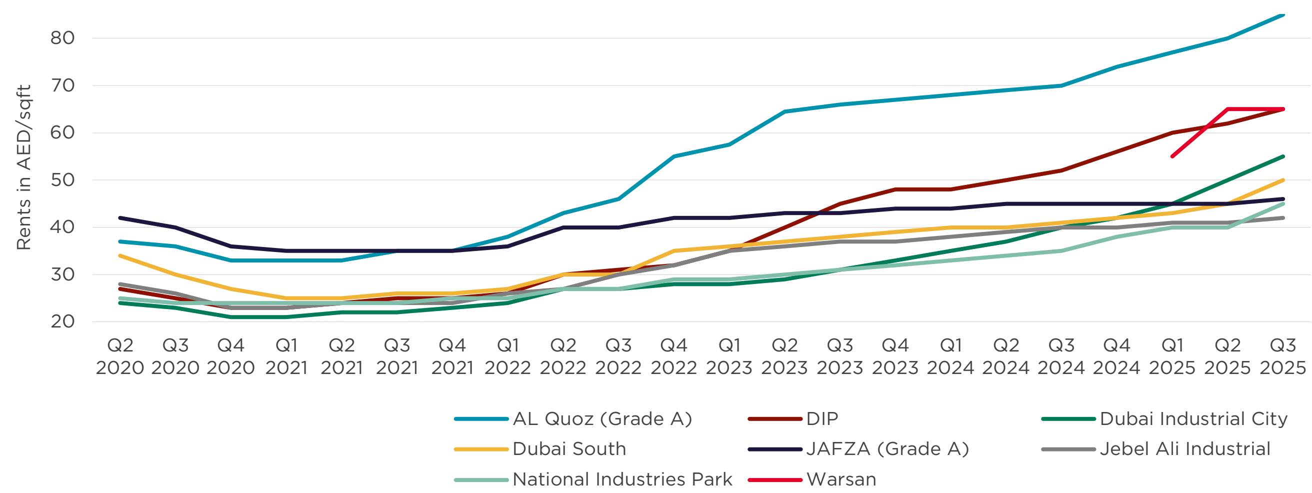
Despite elevated rents and constrained availability, occupier sentiment remains confident. Tenants continue to compete for prime Dubai space or pivot to more cost-efficient Northern Emirates locations. Recent industrial land transactions in RAKEZ, linked to Ras Al Khaimah's construction activity, point to trickle-down demand across asset classes. In parallel, the rise of build-to-suit (BTS) commitments signals a willingness to lock in specification and tenure, reflecting how occupiers are adapting to sustained tightness.

Dubai Logistics & Industrial Rental Rate Change



Source: Cushman & Wakefield Core Research

Dubai Logistics & Industrial Rental Rate Trend

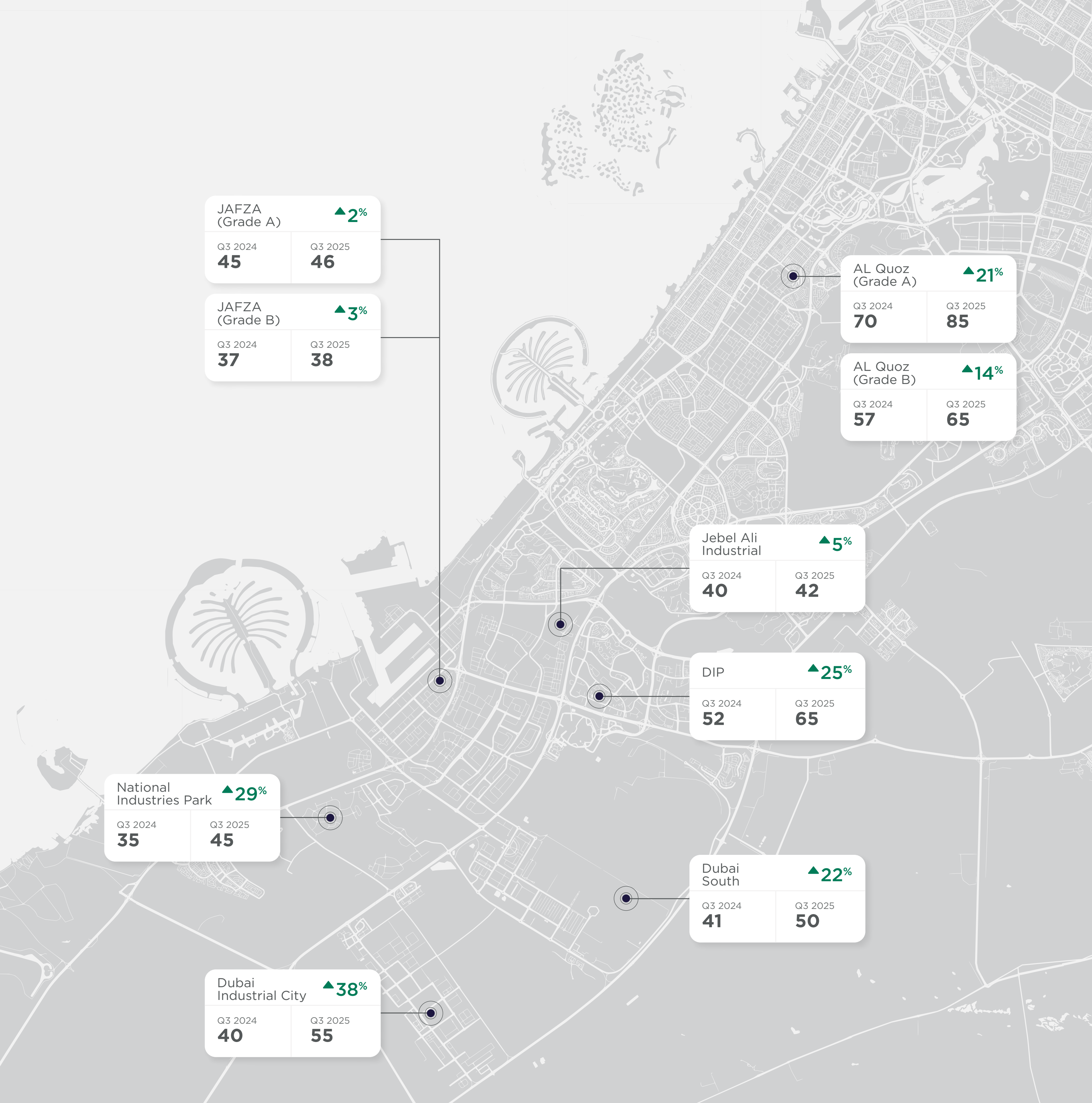


Source: Cushman & Wakefield Core Research

LOGISTICS & INDUSTRIAL RENTAL RATE CHANGE

RENTS IN AED/SQFT

Q3 2024 vs. Q3 2025



UAE VS. EMEA

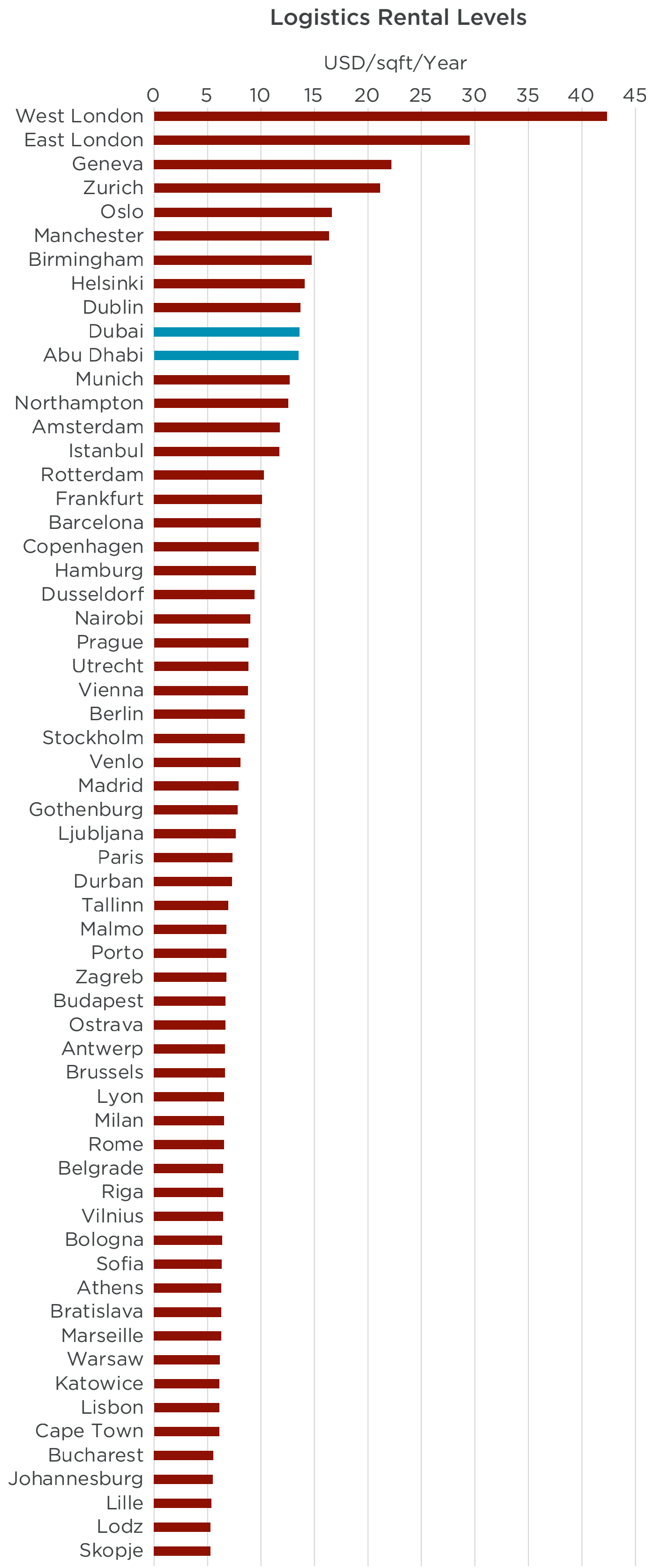
HOW THE UAE MAINTAINS ITS EDGE IN INDUSTRIAL SPACE

As global occupiers reassess location strategies amid rising costs and shifting trade flows, the Gulf is doubling down on its value proposition. APAC and CEE may still win on rents, but in the UAE, reliability, connectivity, and efficiency increasingly outweigh the lure of the lowest cost.

According to Cushman & Wakefield's *Waypoint: Global Industrial Dynamics 2025* report, 76 of 126 markets globally fall within the USD 5 to 10 per sqft rent band. Dubai and Abu Dhabi sit firmly in this mid-tier, behind high-cost hubs such as London and Hong Kong. Yet cost is only part of the equation. Occupiers weigh energy tariffs, multimodal access, workforce quality, and speed-to-market just as heavily.

UAE developers are responding with built-to-suit schemes, modular warehouses, and shared office solutions that cut upfront capex and accelerate revenue generation. Labour and energy costs are central to planning, but for many firms, the UAE's visa system, stability, and lifestyle, which are key to attracting talent, matter as much as the buildings themselves.

With global corporates diversifying supply chains, Abu Dhabi's CEPA network of 27 agreements and its growing position establish it as a springboard into Asia, Africa, and Europe. The UAE may not compete purely on headline cost, but its differentiated offer, anchored in connectivity, stability, and ecosystem value, is resonating strongly with future-focused occupiers.



Source: Cushman & Wakefield Core Research

ABU DHABI MARKET

AED 490/sqm/year	95%	13%
Average Grade A annual rent	Average Grade A occupancy rate	YoY change in rents

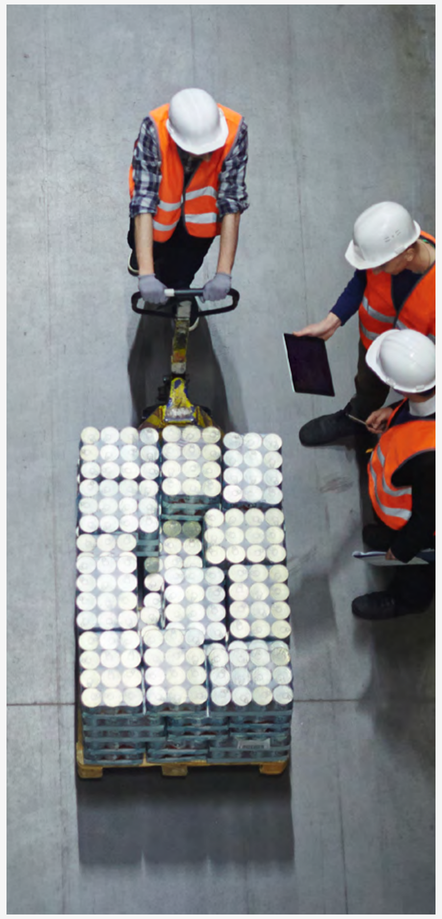
DEMAND DRIVERS

Abu Dhabi is seeing a period of significant demand. An improving ecosystem along with government-backed incentives such as rental rebates and subsidised utilities are drawing new occupiers, while a lower OPEX profile than Dubai, Grade A options in both freezone and mainland, and proximity to Dubai are pulling overspill from Dubai-based firms and new entries from the Americas, Asia and Europe. Together, these features reinforce the emirate's role as a regional distribution and light industrial base.

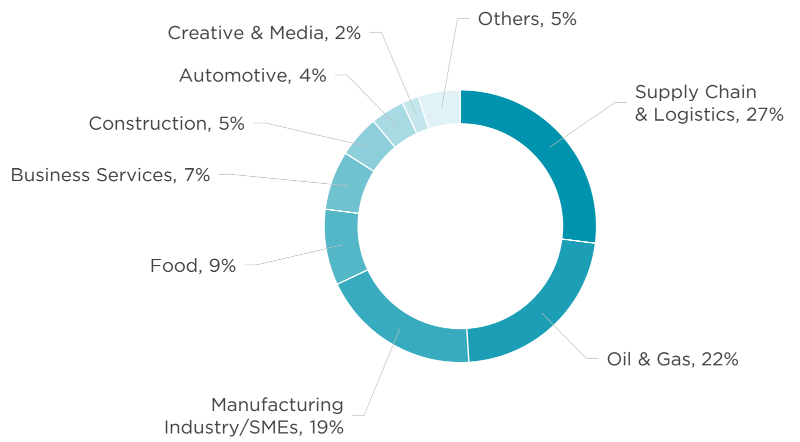
Sectoral demand is broad-based with supply chain and logistics operators (27%) in the lead – consistent with ongoing port investment and the expected benefits of Etihad Rail integration across key logistics clusters.

Oil and gas sector (22%), remains a mainstay, reflecting continuing needs in storage, fabrication, and support services, even as diversification into non-oil industries accelerates. Manufacturing and SMEs (19%) represent industrial policy objectives around downstream manufacturing, FDI, and export-oriented SMEs in areas such as chemicals, plastics, and advanced manufacturing.

Secondary drivers include Food (9%) - supported by food-security and local-production initiatives - Business Services (7%), Construction (5%) and Automotive (4%). Smaller but notable shares from Creative/Media (2%) and Other (5%) point to a gradually widening industrial ecosystem.



Abu Dhabi Logistics & Industrial Demand by Sector - 2025



Source: Cushman & Wakefield Core Research

> *Government-backed incentives, rental rebates and subsidised utilities are drawing new occupiers.*

SIZE PREFERENCES

Size requirements in Abu Dhabi skew smaller, reflecting operational needs of local and regional occupiers. Over half of demand (52%) is concentrated in facilities under 1,000 sqm, underscoring the dominance of SMEs, last-mile logistics, and local distributors that prioritize proximity and operational efficiency over large-scale storage.

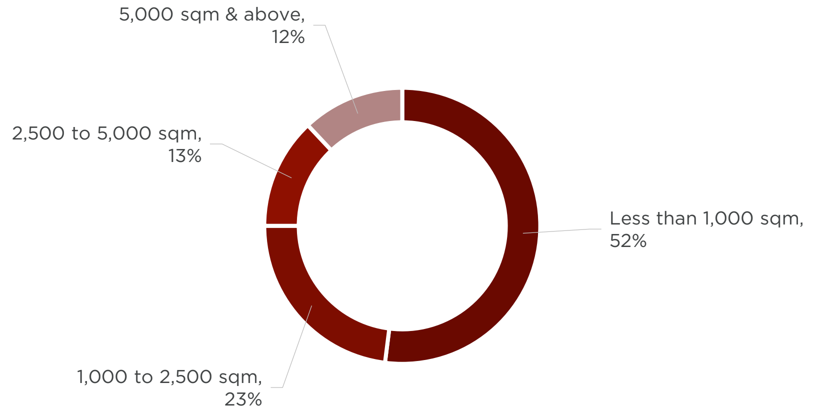
The 1,000 to 2,500 sqm bracket, accounting for 23%, represents mid-sized logistics players, food operators, and light manufacturers seeking more flexible, scalable facilities to support business expansion. This is followed by 2,500 to 5,000 sqm units (13%), typically catering to larger regional distributors, specialized manufacturing, and automotive-related businesses.

At the upper end, demand for very large units of 5,000 sqm represents 12% - not due to muted appetite, but constrained stock which is resulting in larger footprints being channelled into build-to suit (BTS) solutions tailored to specification.

Despite occupier demand being focused on smaller spatial requirements, recent purpose-built fulfillment centres for Amazon and Noon have set new specification benchmarks. Many near-term deliveries are oversubscribed with wait lists, and elevated pre-commitment levels underscore a structural undersupply of international-grade warehousing - particularly for assets meeting global technical and operational standards.

> *Large purpose-built facilities are setting new specification benchmarks.*

Abu Dhabi Logistics & Industrial Demand by Size - 2025

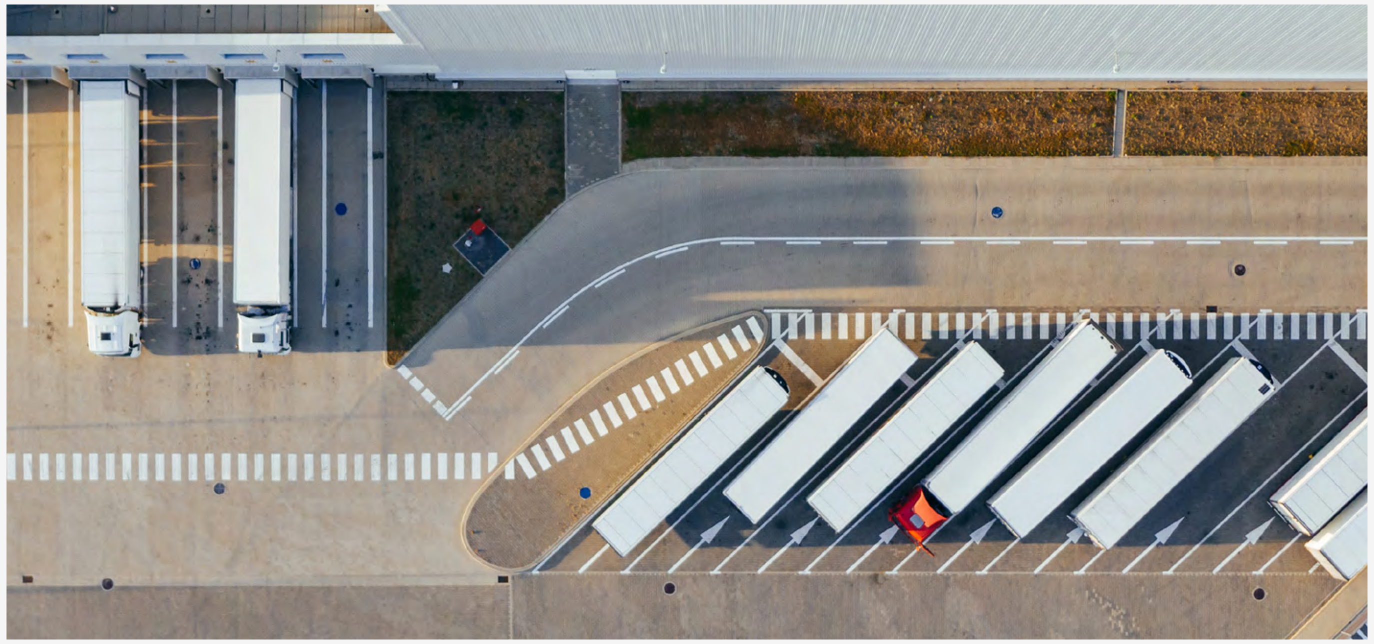


Source: Cushman & Wakefield Core Research

UPCOMING SUPPLY

Abu Dhabi's logistics market is set for a wave of new supply between 2025 and 2028, concentrated in KEZAD, Musaffah and ADAFZ. The largest phase comes in Q4 2025 with over 335,000 sqm of speculative space, led by Khalifa Logistics Park Musaffah 1, KEZAD Freezone Phase 3 and KEZAD Metal Park. These additions should ease immediate shortages but are unlikely to shift the market balance given occupancy rates over 95% and strong demand. Further phases in 2026 add nearly 110,000 sqm in Musaffah and KEZAD Al Mamoura, while later projects in 2027 and 2028 at ADAFZ sustain stock availability for the near term. The mix of speculative and purpose-built schemes highlights Abu Dhabi's dual strategy of ensuring market liquidity while catering to specialised demand.

Development	Location	GLA (sqm)	Expected Delivery	Build Type
KEZAD Logistics Park Freezone Phase 3	KEZAD Al Ma'Mourah	58,686	Q4 2025	Speculative Development
KEZAD Metal Park 1 & 2	KEZAD Al Ma'Mourah	93,000	Q4 2025	Speculative Development
Khalifa Logistics Park Phase 1	Musaffah 1	145,000	Q4 2025	Speculative Development
Khalifa Logistics Park 6	KEZAD Al Ma'Mourah A (Mainland)	69,000	2026	Speculative Development
Khalifa Logistics Park Phase 2	Musaffah 1	39,000	2026	Speculative Development
Al Falah	ADAFZ	90,000	2027	Speculative Development
JD.com - Smart Logistics Hub	ADAFZ Logistics Park	70,000	2028	Speculative Development

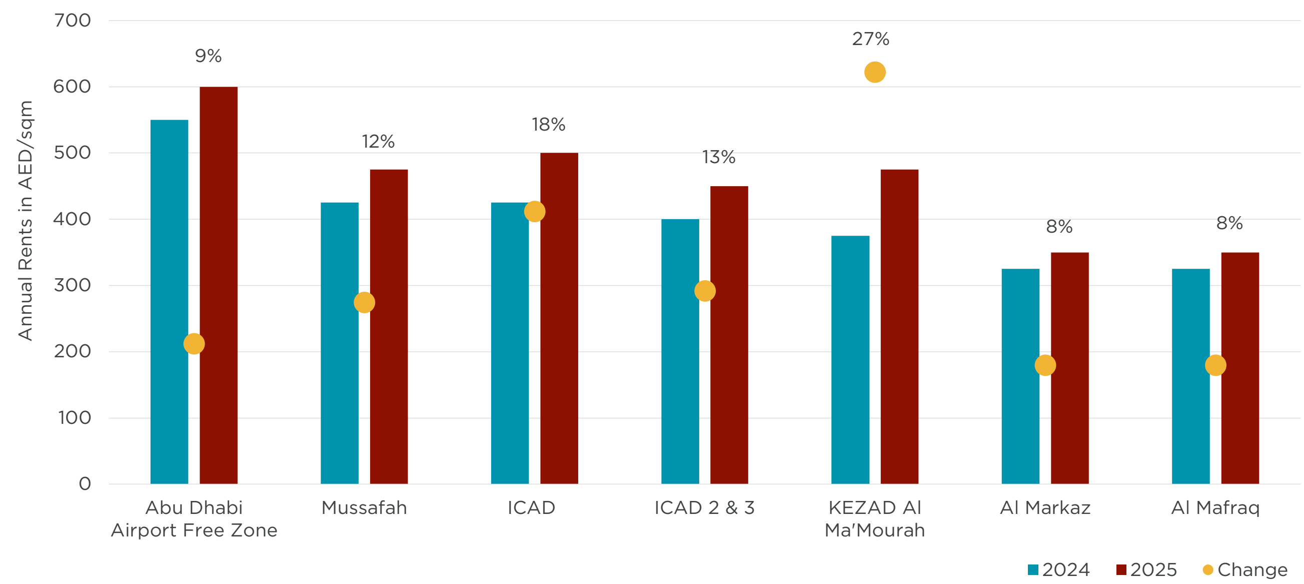


RENTAL MARKET PERFORMANCE

Tight demand is driving growth in most districts. The strongest YoY increases are seen in KEZAD Al Ma'mourah (+27%), ICAD (+18%); Mussafah (+12%), ICAD 2 & 3 (+13%), ADAFZ (+9%) and the more mature hubs of Al Markaz and Al Mafraq (+8%). This is a two-tier market: premium international-grade stock captures sharper growth while older/secondary locations see more moderate gains.

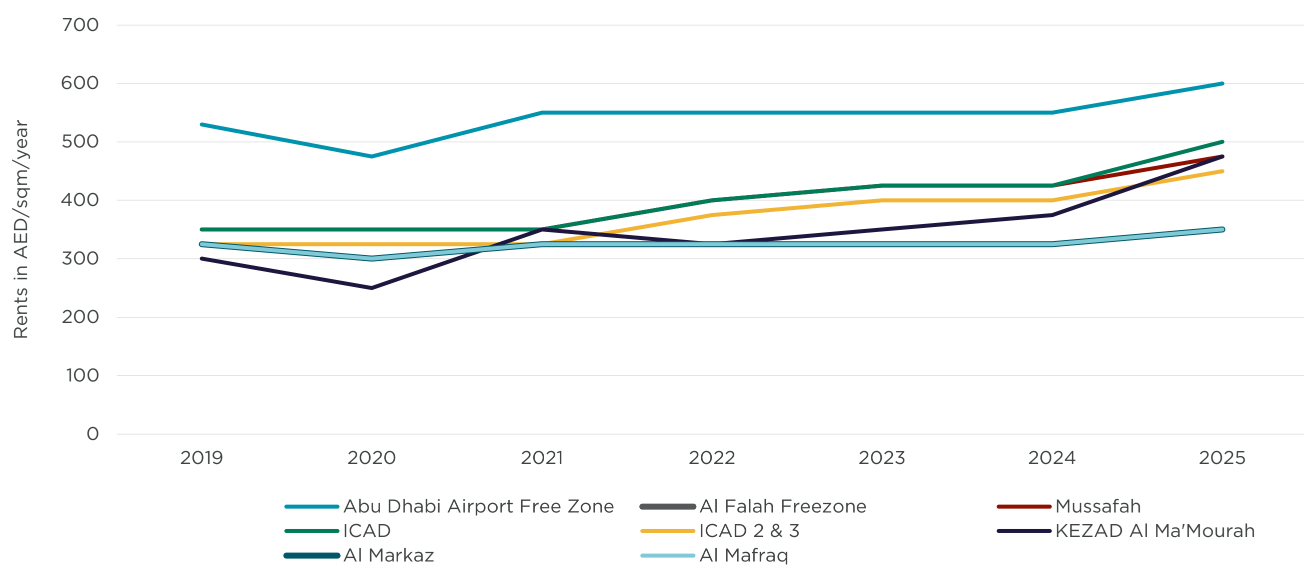
Despite new upcoming projects (KEZAD, MSM, Radius, Aldar), international-grade warehousing remains limited, concentrated in KEZAD, Abu Dhabi Business Hub, Al Markaz, ADAFZ. Rapid leasing at Abu Dhabi Business Hub earlier this year confirms the mismatch. Upcoming Khalifa Logistics Park Musaffah 1, KEZAD Freezone, KEZAD Metal Parks increase choice at approx. AED 490/sqm/year benchmark rents.

Abu Dhabi Logistics & Industrial Rental Rate Change



Source: Cushman & Wakefield Core Research

Abu Dhabi Logistics & Industrial Rental Rate Comparison



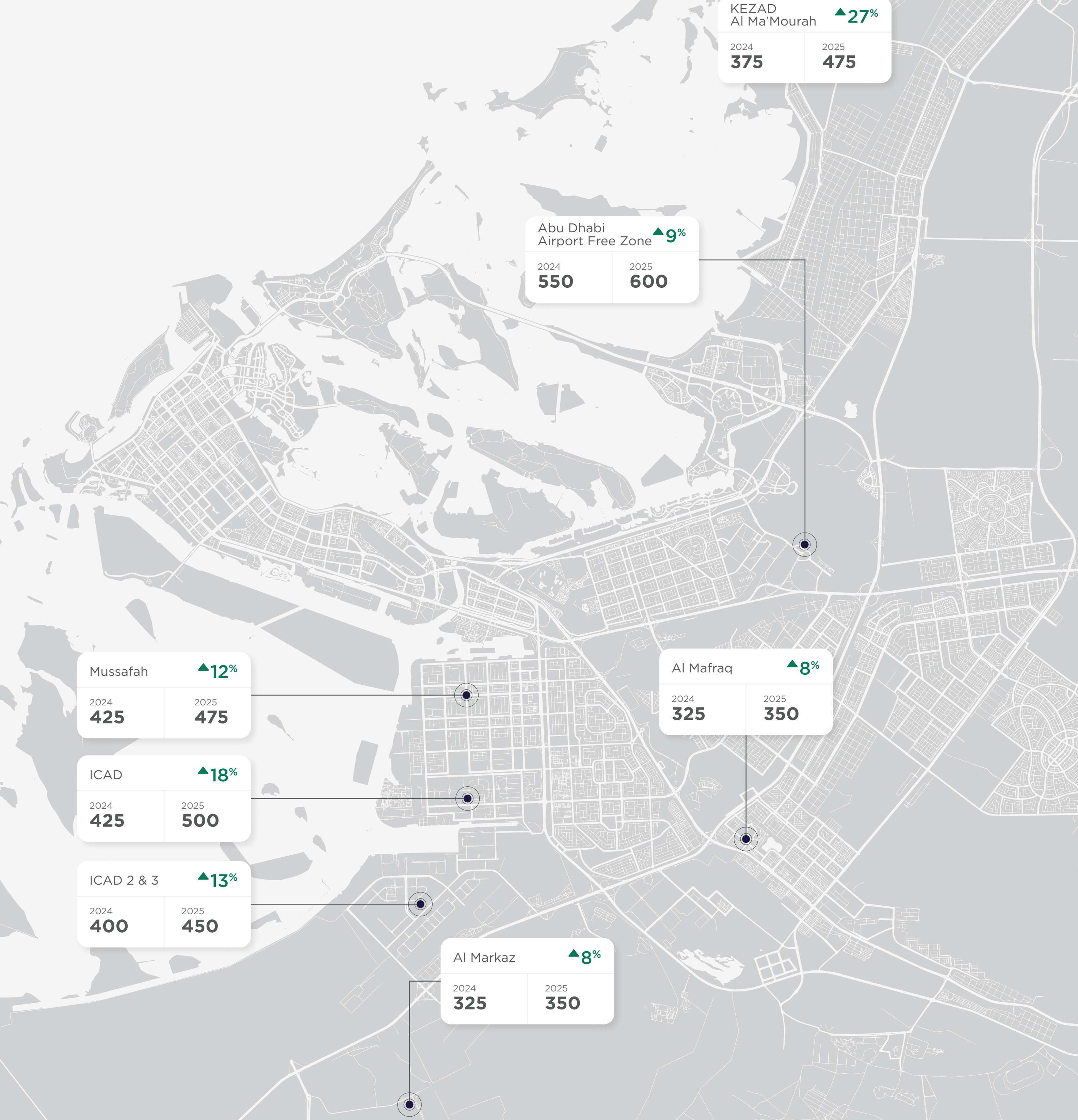
Source: Cushman & Wakefield Core Research

ABU DHABI

LOGISTICS & INDUSTRIAL RENTAL RATE CHANGE

ANNUAL RENTS IN AED/SQM

2024 vs. 2025



2026 & BEYOND

Looking ahead, the UAE industrial and logistics sector is set to sustain its growth trajectory into 2026 and beyond. This is what we'll be monitoring - and why it matters for decision-making:

» **Pipeline and Absorption**
Monitor how quickly Dubai's incoming pipeline (Al Warsan, NIP, Dubai South) is being pre-committed and occupied; early commitments indicate that demand still significantly outstrips supply, with upward pressure on rents continuing in 2026.

» **Abu Dhabi Availability**
Phased deliveries across KEZAD, ADAFZ and Musaffah expand options, while larger footprints are still best-served by build-to-suit.

» **Multimodal Integration**
Etihad Rail and airport/port upgrades are set to compress travel times and widen viable locations for supply chain options across the UAE.

» **Yield Compression**
The volume of investment capital focusing on deployment will continue to compress yields significantly in the UAE. Intense competition when bidding for assets will drive further downward pressure on yields.

» **Government Incentives Supercharging Occupier Growth**
CEPA agreements and pro-investment frameworks are redirecting trade flows through the UAE. The government also aims to provide AED 30bn in financing to SMEs to increase the industrial sector's contribution to the UAE's GDP to AED 300 billion by 2031.

SPOTLIGHT: KEZAD GROUP

KEZAD is the anchor of Abu Dhabi's industrial base: modern stock at scale, integrated logistics, and the ability to get occupiers operational quickly. Warehouse leasing is up 35% YoY, with 740,000 sqm under management across ambient, light-industrial, cold stores, showrooms and BTS facilities. Occupancy sits at 98%, supported by 115,000 sqm of BTS deliveries in H1 2025.

Performance & Absorption

Momentum has been consistent rather than episodic. 724,000 sqm was leased in Q2 2025 alone. A further 157,000 sqm (+21%) is due in H2 2025, taking total managed warehouse capacity to 897,000 sqm by year-end. Demand is led by F&B, logistics, engineering, and oil & gas, with occupiers favouring predictable timelines and scale. Land take-up reinforces the trend: 1.6 sqkm of new land leases (net) in H1-25, notably in renewable energy, recycling, F&B, and green logistics. Lease commitments are not short-term; the average warehouse lease term is 8.6 years, including BTS.

Sustainability & Future-Proofing

Environmental risk is baked into design. Master planning addresses heat stress, storm surge and sea-level rise. Air quality and prevailing wind are factored into layouts so emissions from chemical facilities do not impact nearby agricultural operations. Separate networks for potable water, recycled water and fire-fighting water prevent cross-mixing; rainwater is captured and reused for landscaping by investors. Industrial and logistics schemes adopt sustainable construction practices, low-emission pavement materials, and advanced thermal and acoustic insulation, raising durability, comfort and compliance with efficiency standards.

Ecosystem & Clusters

The platform's draw is it's ecosystem. Metal Park (450,000 sqm) concentrates processing, fabrication and logistics. Rahayel Auto City (4 sqkm) in ICAD V is live, with Phase 1 (1.1 sqkm) operational and 18,500 sqm of retail. Agtech Park (2 million sqm) targets vertical farming with Phase 1 in Q4 2025. The Food Hub (3.3 million sqm, JV with Ghassan Aboud Group) is scheduled for Phase 1 in Q3 2026, while the Global Auto Hub (3.3 million sqm, JV with Ghassan Aboud Group) follows with Phase 1 in 2027. The KEZAD Business District (3 million sqm) adds phased mixed-use commercial capacity for support services and corporate functions.

Connectivity & Infrastructure

Location does heavy lifting here. KEZAD sits between Abu Dhabi and Dubai and connects directly to Khalifa Port, with immediate access to major road corridors. The multi-modal network including recently launched Etihad Rail underpins supply-chain resilience and shortens delivery cycles across Abu Dhabi, Dubai and the Northern Emirates, with GCC connectivity the next leg of growth.

Market Positioning & Demand Drivers

Incentives are aligned with the Abu Dhabi Industrial Strategy for eligible mainland companies, reducing friction and improving after-cost returns. Tenants cite integrated utilities and on-site services that shorten time-to-operation, with reliable gas supply curbing unplanned interruptions and baseline emissions; useful for both operating budgets and sustainability reporting.

Competitive Edge & Ecosystem Services

Scale is matched by services. KEZAD Utilities & Facilities Management (KUFM) provides reliable, efficient, sustainable FM. KZ Media covers professional photography and videography. KZ Sports runs sports and recreation facilities (active in Mina Zayed and expanding into KEZAD Al Mamoura). Sdeira Group (formerly KEZAD Communities) oversees 139,000 beds in Abu Dhabi Emirate and 53,000 in Al Eskan Al Jamae, with over 420,000 beds regulated in total. New initiatives - Abu Dhabi Innovation Hub and StartKEZAD - add venture building and technical mentorship, drawing startups into the estate. The result is an operating environment that reduces day-to-day friction and supports workforce wellbeing as portfolios scale.

IN NUMBERS

+35%
YoY growth in warehouse leases

740K sqm
of warehouses under management (ambient, light industrial, cold stores, showrooms, BTS facilities)

724K sqm
leased in **Q2 2025** alone

98%
occupancy rate, supported by **115K sqm** of BTS deliveries in H1 2025

157K sqm (+21%)
of additional warehouse capacity due in H2 2025, raising total to **897K sqm** by year-end

1.6 sqkm
of new land leases (net) additions in H1 2025, notably in the renewable energy, recycling, F&B, and green logistics industries

8.6 years
average warehouse lease term (including BTS)

SPECIALISED INDUSTRY CLUSTERS

- **Metal Park** – 450,000 sqm hub for processing, fabrication, and logistics (JV with Metal Park Investment ME Ltd).
- **Rahayel Auto City** – 4 sqkm automotive hub in ICAD V; Phase 1 (1.1 sqkm) operational with 18,500 sqm retail.
- **Agtech Park** – 2M sqm vertical farming hub; Phase 1 Q4 2025.
- **Food Hub** – 3.3M sqm wholesale marketplace (JV with Ghassan Aboud Group); Phase 1 Q3 2026.
- **Global Auto Hub** – 3.3M sqm automotive hub (JV with Ghassan Aboud Group); Phase 1 in 2027.
- **KEZAD Business District** – 3M sqm phased mixed-use commercial project.

CONTRIBUTORS

Prathyusha Gurrapu MRICS
Head of Research
+971 (0)52 714 7175
prathyusha.gurrapu@cushwake.ae

Tilana Kruger
Head of Logistics & Industrial
+971 (0)58 889 3237
tilana.kruger@cushwake.ae

David Short MRICS
Head of Abu Dhabi
+971 (0)56 989 1584
david.short@cushwake.ae

Ben Rose
Director | Capital Markets
+971 (0)58 597 2712
ben.rose@cushwake.ae

Edward Macura
Co-CEO, Country Head
+971 (0)50 501 5903
edward.macura@cushwake.ae

David Abood MRICS
Co-CEO, Head of Capital Markets
+971 (0)50 379 7687
david.abood@cushwake.ae

P.P Varghese
Head of Professional Services
+971 (0)50 913 9592
varghese.paulose@cushwake.ae

Craig Rooney
Managing Director | PDS
+971 (0)50 977 5630
craig.rooney@cushwake.ae

Nadine Carouba
Head of People & Operations
+971 (0)4 245 2100
nadine.carouba@cushwake.ae

Rachel Smylie
Head of Marketing & Communications
+971 (0)58 514 2111
rachel.smylie@cushwake.ae

Rashpal Heer MRICS
Co-Head of Valuation & Advisory
+971 (0)56 102 7699
rashpal.heer@cushwake.ae

Paul Barker MRICS
Co-Head of Valuation & Advisory
+971 (0)56 623 9229
paul.barker@cushwake.ae

Charlie Sargent MRICS
Head of Global Occupier Services
+971 (0)50 884 7284
charlie.sargent@cushwake.ae

Robert Thomas MRICS
Head of Agency
+971 (0)56 681 5988
robert.thomas@cushwake.ae

Warren Krawchuk
Head of Retail
+971 (0)50 104 9578
warren.krawchuk@cushwake.ae

Ben Mohammed
Head of Property Management
+971 (0)50 559 0199
ben.mohammed@cushwake.ae

Mohamed Makhlouf
Head of Egypt
+012 777 01400
mohamed.makhlouf@cushwake.ae

Edd Brookes MRICS
Head of Qatar
+974 5586 7044
edd.brookes@cushwake.qa

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HEAD OFFICE
Level 1, Building 4,
Dubai Hills Business Park,
Dubai Hills Estate,
Dubai, UAE

DOWNTOWN DUBAI OFFICE
Ground Floor, Building 6,
Emaar Square,
Downtown Dubai,
Dubai, UAE

ABU DHABI OFFICE
Office 1003,
Centro Capital Centre,
Al Khaleej Al Arabi Street,
Al Rawdah,
Abu Dhabi, UAE

+971 4 245 2100
info@cushwake.ae

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