CUSHMAN & WAKEFIELD | CORE

UAE INDUSTRIAL REPORT

2024

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UAE WAREHOUSING AND INDUSTRIAL MARKET

OVERVIEW 2024

The UAE's warehousing and industrial real estate market is experiencing significant growth in 2024, driven by strong demand across key sectors such as logistics, storage and manufacturing. Both Dubai and Abu Dhabi are seeing robust activity, with expansions in warehousing and industrial hubs like Dubai South, Jebel Ali Free Zone (JAFZA), and Dubai Industrial City, as well as Abu Dhabi's KEZAD Al Ma'Mourah and Mussafah.

As the supply of high-quality, Grade A warehousing and industrial spaces struggle to keep pace with surging demand, rental rates are on the rise. In Dubai, the warehousing and industrial sector has experienced significant growth, with average rents increasing by 13% year-on-year. Abu Dhabi's warehousing and industrial market has also seen positive albeit moderate increases, with average rents rising by 5% year-on-year.

Developers and institutional investors are capitalising on this opportunity, with new projects aimed at meeting the evolving needs of businesses for modern, tech-integrated, and sustainable facilities. Overall, the demand for warehousing and industrial properties in Dubai and Abu Dhabi's warehousing and industrial market is expected to remain strong, driven by strategic locations, economic growth, and limited supply.

KEY TAKEAWAYS

Rising Rents: Strong demand drives rents up by 13% in Dubai, 5% in Abu Dhabi.

Supply Shortage: Expansions are underway, but demand outpaces supply.

Tech & Sustainability: Growing focus on smart, energy-efficient facilities.

DUBAI
WAREHOUSING AND INDUSTRIAL SUPPLY

Prominent Upcoming Supply

Development	Developer	Location	Total Size (sq. ft.)	Year of Delivery
Logistics Park	Aldar Properties	National Industries Park	1,550,000	Q4 2025
Dubai South Grade A Logistic Facility	Aldar Properties in partnership with Dubai South	Dubai South	247,600	Q4 2024
Logistic Expansion	TECOM Group PJSC	Dubai Industrial City	13,900,000	Land Acquisition for Industrial Plots
Storage and Distribution Centre	Arabian Automobile Company in partnership with Amana Group	Dubai Industrial City	350,000	2025

Aldar Properties is set to build a new logistics park in DP World's National Industries Park (NIP). The park will cover 1.55 million sq. ft. and include three modular buildings with flexible unit sizes for single or multiple tenants. This project is part of Aldar's AED 1 Billion ($272 Million) investment to expand its logistics real estate portfolio across Abu Dhabi and Dubai, increasing warehousing and industrial supply in the region.

Another major development includes the expansion of Dubai South's Logistic District through a partnership between Aldar and Dubai South. This collaboration will introduce premium offerings, including a new Grade A logistics facility with approximately 247,600 sq. ft. of gross floor area, along with build-to-lease and build-to-suit facilities, enhancing the district's capacity to meet the growing demand for high-quality warehousing and industrial facilities.

Dubai Industrial City, a key industrial and logistics hub in the UAE, has launched a 13.9 million sq. ft. expansion to bolster the country's manufacturing sector. This expansion which is a part of TECOM Group PJSC aligns with the UAE's strategic initiatives, including Operation 300bn and Dubai Economic Agenda 'D33', reflecting the region's growing demand for industrial spaces. This launch highlights Dubai Industrial City's ongoing commitment to fostering industrial growth and innovation, attracting prominent international companies to its ecosystem.

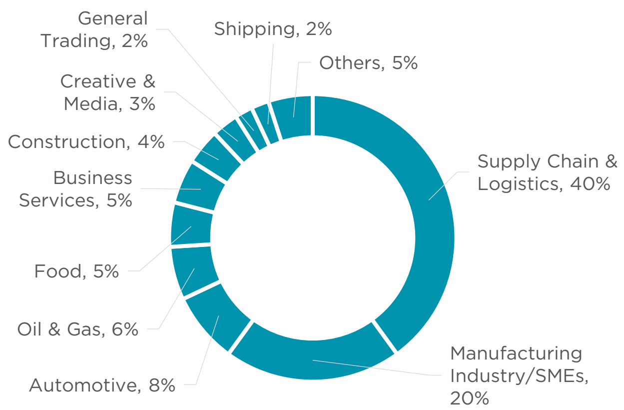
Arabian Automobiles Company (AAC), a subsidiary of AW Rostamani Group, has begun construction on a 350,000 sq. ft. parts storage and distribution centre at Dubai Industrial City, with completion expected in 2025. Partnering with UAE-based Amana Group, the facility will expand AAC's existing logistics footprint. The strategically located centre will benefit from Dubai Industrial City's proximity to major transport hubs, including Al Maktoum International Airport, Jebel Ali Port, and an Etihad Rail freight terminal.

DUBAI
WAREHOUSING AND INDUSTRIAL DEMAND

Demand outpaces supply, creating market imbalance.

There has been a significant imbalance between demand and supply as demand for warehousing and industrial facilities has consistently outstripped the available supply, leading to a positive absorption rate and driving up rental rates. Demand is fuelled by various factors, including the growth of e-commerce and logistics sectors, the expansion of oil and gas companies, and the entry of new companies into the market. The potential for strong returns and the opportunity to meet the increasing demand for high-quality warehousing and industrial spaces are key factors attracting institutional investors and non-industrial developers to the industrial sector. As warehousing and industrial assets continue to offer attractive yields and stable demand, more developers and investors are recognising the value in diversifying their portfolios to include warehousing and industrial facilities, thereby meeting the evolving needs of the market.

Dubai Warehousing and Industrial Demand by Sector - 2024



Source: Cushman & Wakefield Core Research

Currently, the highest demand in Dubai's warehousing and industrial real estate market is for Grade A facilities, particularly in key areas such as Dubai South, Jebel Ali Free Zone (JAFZA), and Dubai Industrial City. These areas offer modern facilities with advanced infrastructure, including high ceilings, large floor plates, efficient loading docks, and enhanced security. The strategic locations of these Grade A facilities, featuring superior street infrastructure and wider roads capable of handling heavy loads, make them highly attractive. Their proximity to major transportation hubs like Al Maktoum International Airport and Jebel Ali Port further appeals to sectors such as logistics, e-commerce, and manufacturing that require top-tier operational efficiency.

In Dubai South, demand for Grade A warehouses has surged due to the area's connectivity and modern amenities, leading to significant competition for available spaces. Similarly, in JAFZA, the availability of state-of-the-art logistics facilities has drawn considerable interest from multinational companies looking to establish or expand their presence in the region.

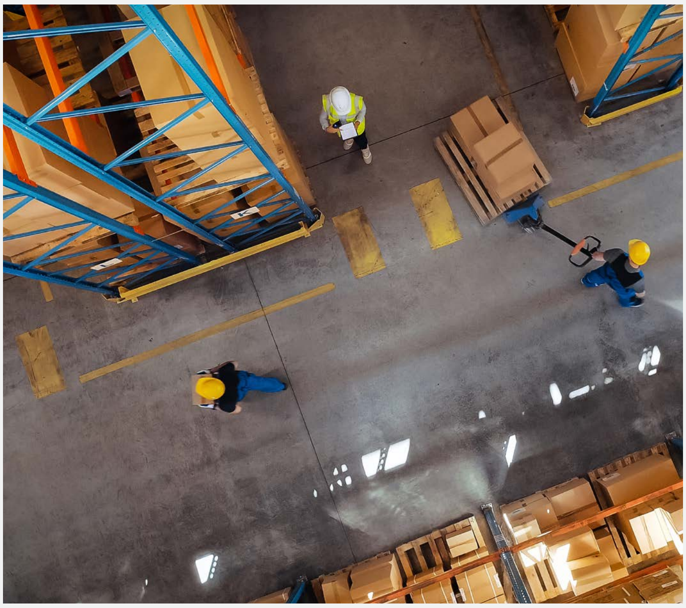
In contrast, Grade B and lower-grade facilities, such as those found in older warehousing and industrial zones like Al Quoz and Ras Al Khor, are seeing trickle down demand due to lack of supply. While these areas still attract demand from cost-sensitive sectors, the market is increasingly favouring newer, higher-quality spaces that meet the evolving needs of businesses focused on efficiency and scalability. This shift highlights the growing importance of investing in modern, well-located warehousing and industrial facilities to capitalise on the strong demand in Dubai's industrial market.

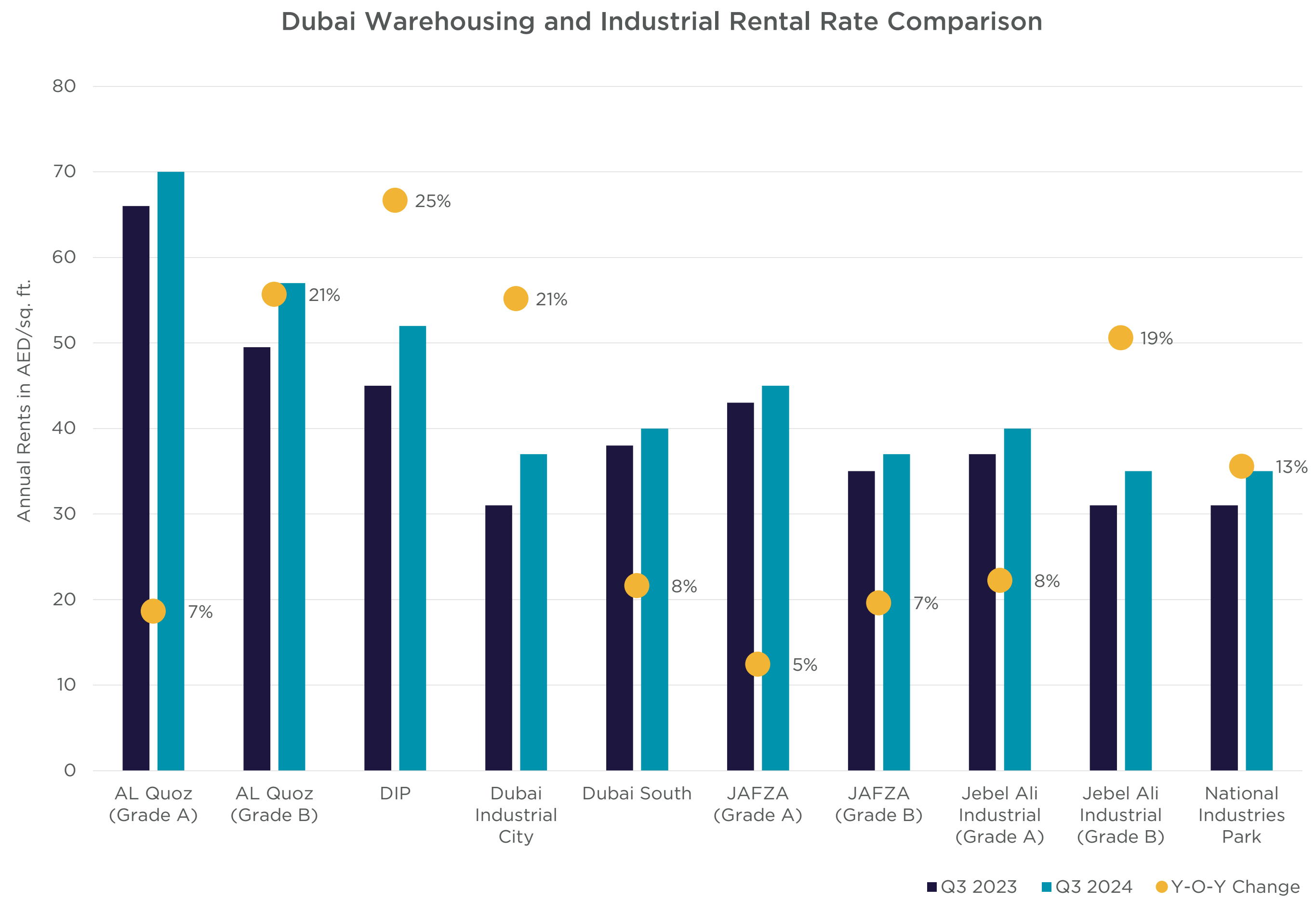
DUBAI
WAREHOUSING AND INDUSTRIAL RENTS

Dubai's industrial and warehousing rents surge in 2024 with city-wide rents increasing by 13%.

Most warehousing and industrial areas have seen notable increases in rental rates from 2023 to 2024. The highest year-on-year increase is observed in DIP, with a 25% rise, followed closely by Al Quoz (Grade B) at 21%. Dubai Industrial City also shows a substantial increase of 21%, reflecting its growing importance and demand.

Jebel Ali Industrial (Grade B) experienced a moderate rise of 19%, indicating steady demand in this area while JAFZA (Grade A) has the smallest increase of 5%, suggesting that rental rates in this prime area are stabilising or that previous hikes have plateaued. The sharp increases in rental rates in areas like DIP and Al Quoz suggest that demand for industrial space is growing rapidly, possibly due to increased business activity, expansion of e-commerce, and logistics needs.

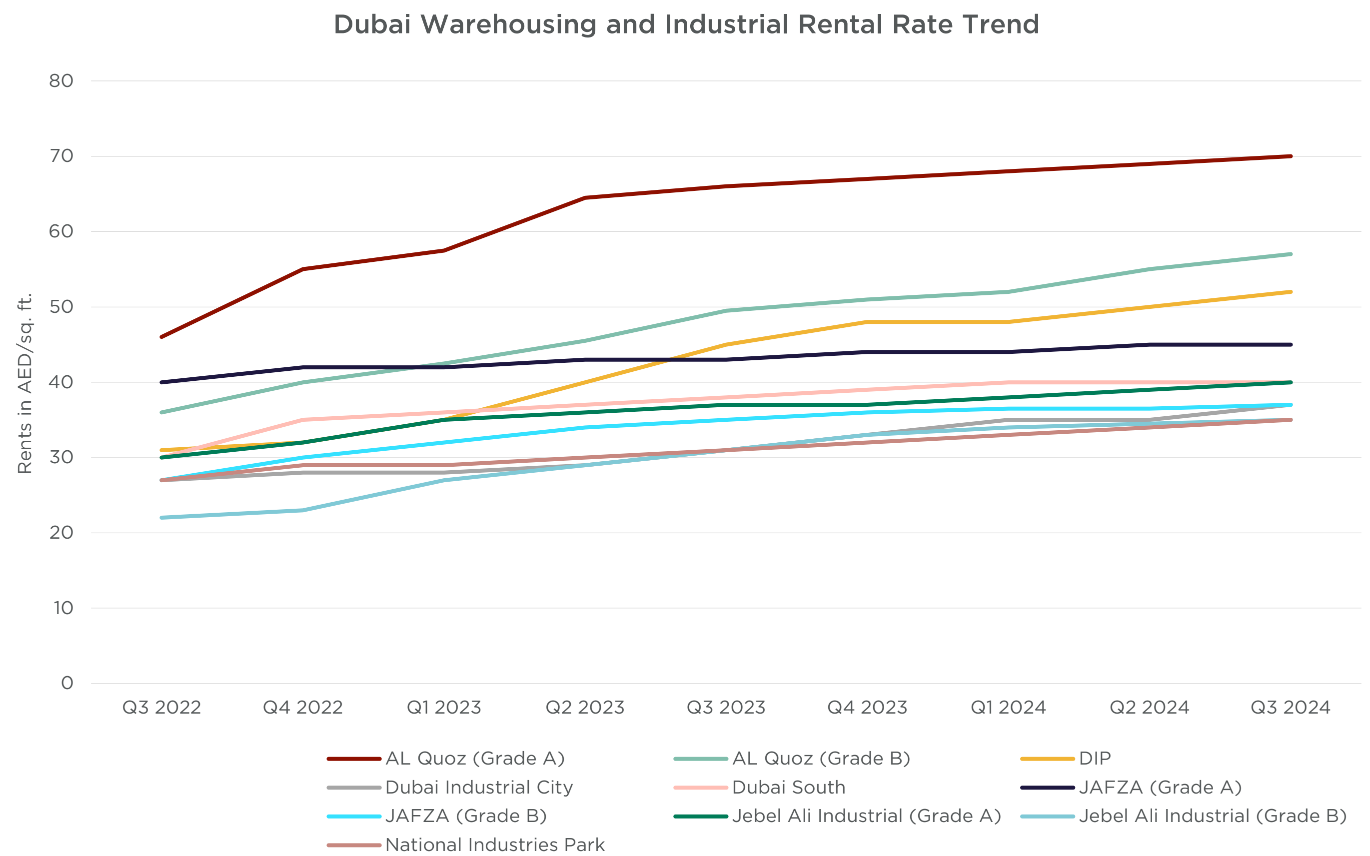




Source: Cushman & Wakefield Core Research

DUBAI
WAREHOUSING AND INDUSTRIAL RENTS

Rental rates across Dubai have shown a steady increase over the past two years, with particularly sharp rises in areas like Al Quoz (Grade A) and DIP. This trend suggests growing demand for warehousing and industrial space, driven by factors such as expanding logistics networks and increased e-commerce activity. While established areas like JAFZA show more moderate growth, emerging and strategically located zones are seeing significant rental hikes, indicating a robust and competitive industrial real estate market. This overall trend underscores the need for strategic planning by both investors and tenants as rental costs continue to rise.



Source: Cushman & Wakefield Core Research

ABU DHABI
WAREHOUSING AND INDUSTRIAL SUPPLY

Abu Dhabi's warehousing supply tightens as demand surges across key sectors.

In 2024, Abu Dhabi's warehousing and industrial market has experienced robust demand, driven by key sectors such as oil and gas, logistics, e-commerce, and manufacturing. The city's competitive advantage is enhanced by significantly lower electricity and water tariffs compared to Dubai, making it especially attractive to heavy industries. The demand for ready-built mainland warehouses remains strong, with light industrial and logistics activities being particularly popular, followed by heavy industry and manufacturing. Abu Dhabi's strategic goal to become a global manufacturing hub, supported by incentives for land leases and reduced electric tariffs for approved uses, has further stimulated demand. KEZAD Al Ma'Mourah, benefiting from its proximity to Dubai and Khalifa Port, has seen heightened activity, leading to limited stock availability and strong pre-leasing for forthcoming supply. In addition, the Rahayel Automotive Community, though focused on car showrooms rather than manufacturing, contributes to the warehousing and industrial landscape. Notable completions in the first half of 2024 include Al Markaz (70,000 sq. m.), Mussafah (15,000 sq. m.), and KEZAD Al Ma'Mourah (20,000 sq. m.).

Prominent Upcoming Supply

Development	Developer	Location	Total Size (sq. m.)	Year of Delivery
Abu Dhabi Business Hub Expansion	Aldar Properties	Musaffah - ICAD I	33,000	TBC
KEZAD Logistics Park Mussafah Phase 1	KEZAD Group	KEZAD Al Ma'Mourah and KEZAD Musaffah	250,000	2025
Metal Park	KEZAD Group	KEZAD Al Ma'Mourah	450,000	2025
E-Commerce Fulfillment Centre for Noon.com	KEZAD Group	KEZAD Al Ma'Mourah	252,000	2025

ABU DHABI
WAREHOUSING AND INDUSTRIAL DEMAND

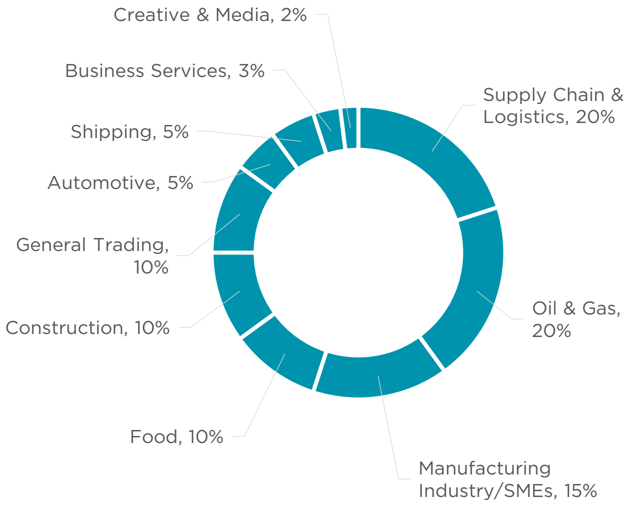
Strong demand and limited supply drive higher rents in Abu Dhabi's warehousing and industrial market.

Tenants in Abu Dhabi's warehousing and industrial market exhibit a strong preference for ready-built warehouses featuring integrated offices, along with ample yard space. The demand for warehousing remains high across various sectors including light industrial and logistics, followed by heavy industry. The market is highly competitive, with significant interest from multiple parties for available warehouses, and off-market transactions are notably prevalent.

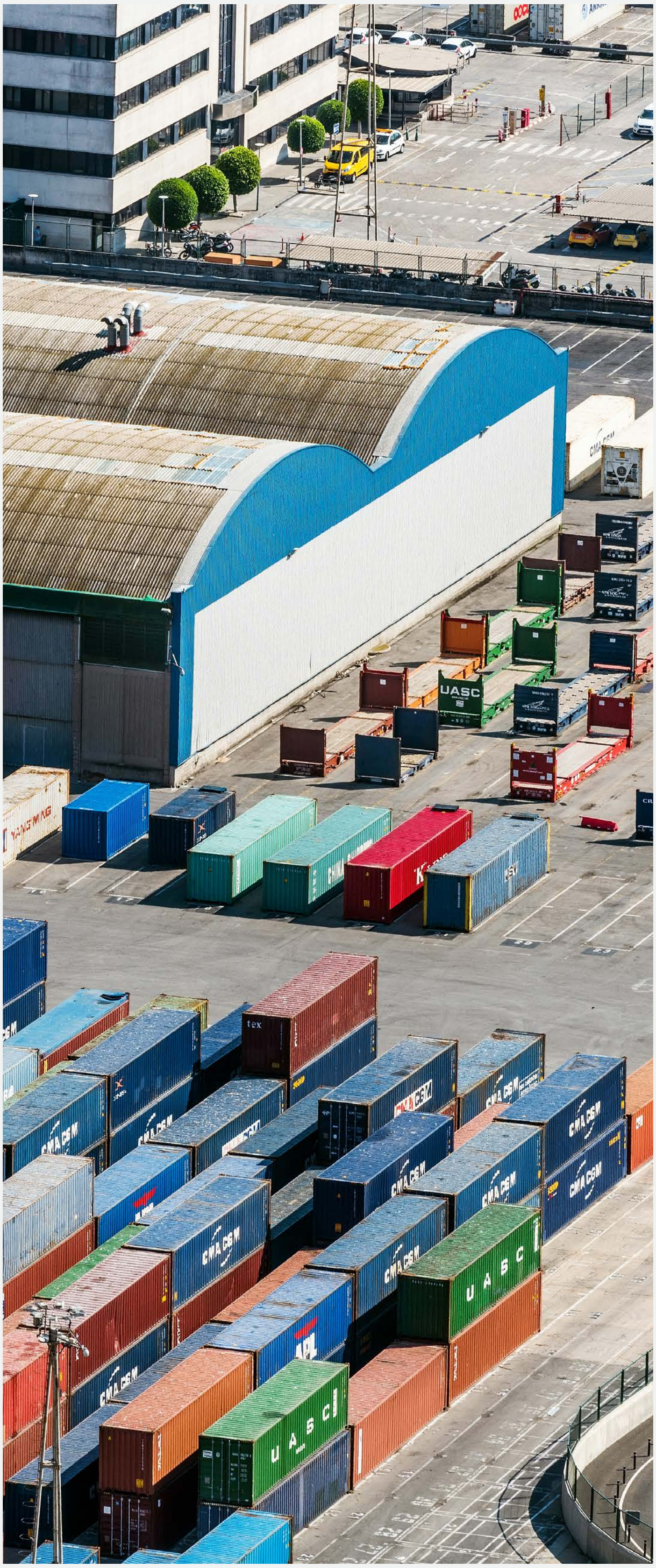
In terms of size, the most sought-after spaces are between 500 to 1,500 sq. m., with frequent demand for warehouses around 3,000 sq. m. The largest spaces observed in demand reach up to 20,000 sq. m.

Landlords in Abu Dhabi's warehousing and industrial market are in an extremely strong position due to the limited supply of existing stock and robust pre-leasing activity, particularly in KEZAD Al Ma'Mourah. This scarcity has driven rental levels higher across most areas, including KEZAD Al Ma'Mourah, Mussafah, and ICAD. As demand continues to outpace supply, landlords are capitalising on favourable market conditions to secure higher rents and advantageous lease agreements.

Abu Dhabi Warehousing and Industrial Demand by Sector - 2024



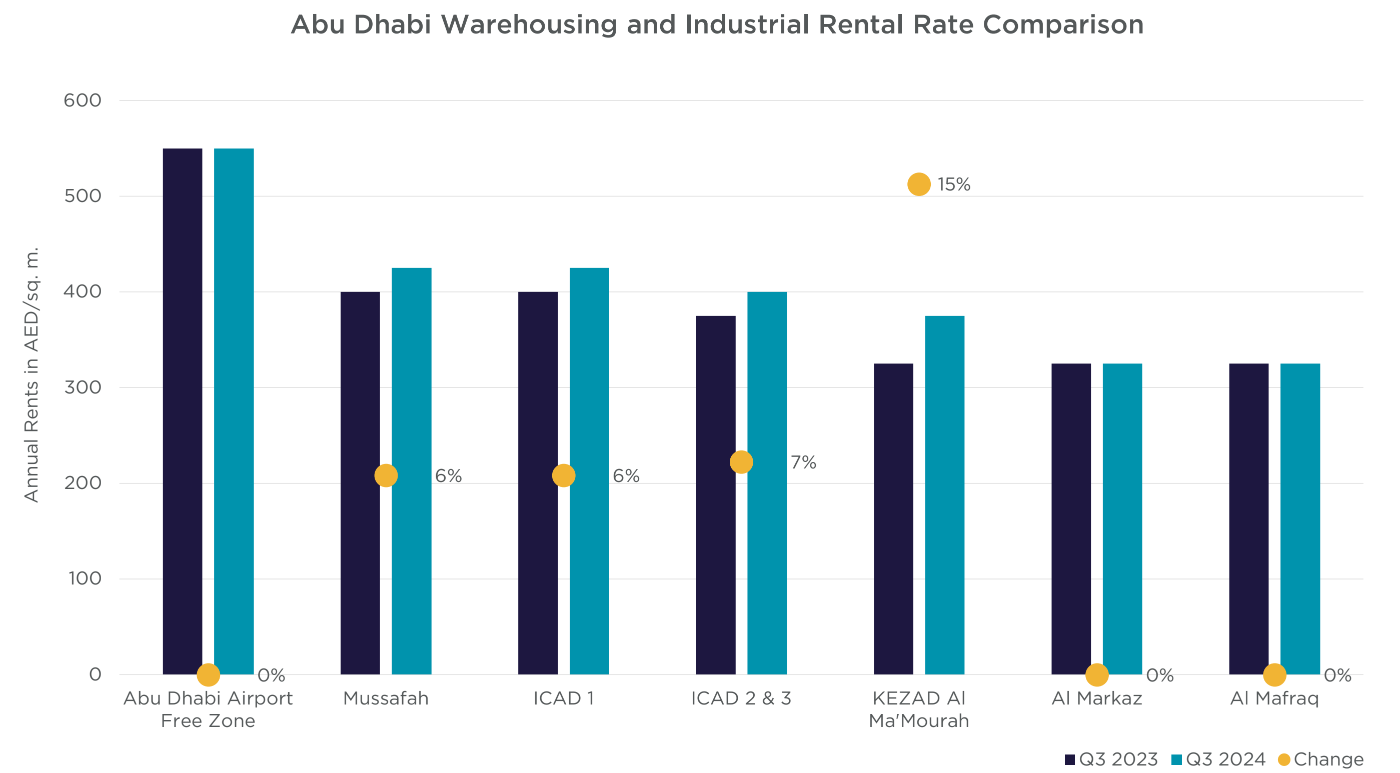
Source: Cushman & Wakefield Core Research



ABU DHABI
WAREHOUSING AND INDUSTRIAL RENTS

Rents and occupancy witness steady increases in Abu Dhabi's key industrial districts.

In major warehousing and industrial districts such as KEZAD Al Ma'Mourah, Mussafah, and ICAD 1, 2 & 3, both rents and occupancy rates have seen notable increases. Year-on-year, KEZAD Al Ma'Mourah saw a 15% increase, followed by ICAD 2 & 3 with a 7% increase, and both ICAD 1 and Mussafah experiencing a 6% rise. Al Markaz, on the other hand, has experienced stable rents while occupancy rates have risen following the delivery of a new phase in 2024. Despite these positive trends, there remains a growing need for additional warehousing space in the market. Looking ahead to 2025, a significant level of new supply is expected, particularly in KEZAD Mussafah, which will be crucial in addressing the ongoing demand.



Source: Cushman & Wakefield Core Research

SPOTLIGHT: KEZAD GROUP

TOTAL SUPPLY

LAND

550 sq. km.	Total land bank
110 sq. km.	Development land bank
99 sq. km.	Leasable land

WAREHOUSING

585 sq. m.	of warehousing under management, out of which 93,000 sq. m. is cold storage

OCCUPANCY

92%	Warehousing occupancy levels as on H1 2024
70%	Land occupancy levels as on H1 2024

UPCOMING SUPPLY

WAREHOUSING UNDER CONSTRUCTION

250,000 sq. m. of new warehousing capacity is expected to be delivered by the end of 2025, representing a 43% increase to the existing capacity. This new development comprises 97,500 sq. m. in Khalifa Industrial Zone Abu Dhabi (KEZAD Al Ma'Mourah A & B), and 153,000 sq. m. in ICAD 3 (KEZAD Musaffah).

BUILT-TO-SUIT UNDER CONSTRUCTION

450k sq. m.	Metal Park – BTS for a strategic client Metal Park Investment
252k sq. m.	E-commerce Fulfillment Centre for Noon.com

DEMAND

Fast-growing industries in KEZAD Group include metals, automotive, food processing and distribution, Agri-tech, (green) technology, pharmaceutical, retail/e-commerce, polymers, and building materials with nearly 67% of leased land currently being for industrial and manufacturing purposes.

KEZAD Group is witnessing strong demand for modern grade-A facilities for storage and distribution across the portfolio, however, there is also continued demand for a variety of unit types and specifications such as Light Industrial Units for manufacturing and other activities.

KEZAD Group is witnessing diverse demand with spatial requirements ranging from small units from SMEs in the 300 to 500 sq. m. range, as well as larger occupiers looking to secure pre-built facilities in the range of 2,000 to 10,000 sq. m. Typically, customers requiring larger spaces of 2,000+ sq. m. are increasingly securing pre-leases on projects under construction to ensure availability before completion.

SPOTLIGHT: KEZAD GROUP

TOP 5 INCENTIVES KEZAD GROUP OFFERS TO BUSINESSES AND INDUSTRIES

1 COMPETITIVE UTILITY RATES

Abu Dhabi provides the most competitive prices for electricity, water, and gas within the UAE.

2 COST-EFFECTIVE FACILITIES

Strategic industrial initiatives within KEZAD Group benefit from initial rent-free periods to minimise project development expenses. Moreover, KEZAD Group ensures transparent and capped pricing for staff accommodation, making it even more financially advantageous to set up operations in the zone. KEZAD Group also offers industry specific infrastructure supporting lower operational costs in addition to developing a cluster-centric approach with shared amenities (such as the AgTech Park and Polymers Park) for better planning and leaner development for customers.

3 TAX AND DUTY EXEMPTIONS

All industrial projects in KEZAD Group are exempt from import duties on raw materials and capital goods. Products that qualify for the “MADE IN UAE” certification can be traded duty-free across the GCC and the wider GAFTA region. Furthermore, depending on the business type and location within KEZAD Group, companies may be eligible for exemptions from corporate income taxes and import duties, thereby enhancing profitability.

4 COMPREHENSIVE SUPPLY CHAIN & LOGISTICS INFRASTRUCTURE

KEZAD Group offers world-class infrastructure with multi-modal transport options by air, sea, and road. Coupled with AD Ports Group’s extensive global network of 33 ports and terminals, maritime and shipping network which connects 35 countries and offers 23 feeder services, and logistics network with presence in 33 countries, this infrastructure streamlines supply chains, reduces transit times, and provides seamless global market connectivity under a single umbrella.

5 ACCESS TO CAPITAL AND INCENTIVES IN ABU DHABI

As an integral part of the Abu Dhabi ecosystem, KEZAD Group connects its tenants with ADIO, ADQ, Mubadala as well as financial institutions such as Emirates Development Bank to actively facilitate access to capital to support business growth. Moreover, businesses operating in KEZAD Group can benefit from the Energy Tariff Incentive Programs (ETIP), which provide up to a 30% reduction on electricity costs and up to a 35% reduction in gas costs for companies adopting sustainable and energy-efficient practices. Additionally, the customised Land Lease Rebate Programs offer up to an 80% reduction in land lease costs. These incentives enable our tenants to lower operational expenses and boost profitability.

MARKET **OUTLOOK**

Warehousing and Industrial Demand Drivers in the UAE

The expansion of Al Maktoum Airport, which is expected to increase its capacity by 2025, will boost the demand for logistics and warehousing facilities in Dubai. This growth in air cargo capacity will drive the need for more industrial space, particularly in areas like Jebel Ali Free Zone (JAFZA) and Dubai South's Logistics District.

Etihad Railway, which connects Dubai to the rest of the UAE and other GCC countries, will improve connectivity and trade within the region. This enhanced connectivity can increase the demand for warehousing and industrial facilities and logistics spaces in Dubai, particularly for companies involved in the manufacturing and distribution sectors.

Future Projections

Continued Growth in Demand: The demand for warehousing and industrial facilities in Dubai is expected to remain robust, particularly in strategic locations like Dubai Industrial City and Jebel Ali Free Zone. This demand is driven by the city's strong economic fundamentals and its position as a logistics and trade hub. Ongoing expansions and new projects in these areas are likely to attract more businesses, particularly in e-commerce, logistics, and manufacturing sectors. Abu Dhabi is also likely to see a constant increase in demand with stocks being limited in the market leading to increase in rents.

Technological Integration: Dubai and Abu Dhabi's vision of becoming smart cities is influencing the warehousing and industrial sector, with an increasing trend towards integrating technology, resulting in the rise of smart warehouses and automated logistics centres. This trend is expected to continue, providing opportunities for investors and developers focusing on tech-driven industrial spaces.

Sustainability Focus: Sustainability is becoming a significant factor in the warehousing and industrial sector. Green building practices and energy-efficient designs are increasingly in demand, aligning with the city's broader goals of reducing carbon footprints and enhancing environmental responsibility. This shift presents opportunities for developments that prioritise sustainable practices.

OPPORTUNITIES

Expansion into Emerging Areas: While established zones like Jebel Ali and Dubai Industrial City continue to thrive, emerging areas such as Dubai South are presenting new opportunities. These areas are becoming attractive for businesses looking for more affordable options while still benefiting from proximity to key infrastructure like Al Maktoum International Airport. KEZAD Group's strategic expansions and business forward incentives are expected to support Abu Dhabi's growing demand for the warehousing and industrial sector.

Investment in High-Tech and Sustainable Facilities: As businesses increasingly seek out modern, sustainable, and technologically advanced warehousing and industrial spaces, there is a growing opportunity for developers to cater to this niche. Facilities equipped with smart technologies and green certifications are likely to command premium rents and attract long-term tenants.

Regulatory and Policy Support: The UAE government's proactive stance on creating a transparent and investor-friendly environment continues to bolster confidence in the real estate market. Continued policy refinements aimed at protecting investor interests and promoting long-term investments are likely to create a stable environment for industrial facility investments.

CONTACT DETAILS

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

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

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

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

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

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

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

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

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

Khaldoun Arabiyat
Director, Head of
Property Management
+971 (0)52 452 4383
khaldoun.arabiyat@cushwake.ae

Fiona Johnston
Manager,
Marketing
+971 (0)56 161 0572
fiona.johnston@cushwake.ae

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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
SU 02 & SU 03, Ground Floor,
Abu Dhabi National Exhibition
Centre (ADNEC),
Al Khaleej Al Arabi Street,
Abu Dhabi, UAE

+971 4 245 2100
info@cushwake.ae

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