MARKETBEAT

DUBAI, UAE

OFFICE Q4 2024

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8% Vacancy Rate	▼	▼
4.01 Mn 2024 Net Absorption (sq. ft.)	▲	▲
AED 174 Asking Rent/sq. ft. *(City-Wide Offices)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
11.35 Mn UAE Population Rate	▲	▲
3.6% UAE Real GDP Annual Growth (2024)	▲	▲
7.0 Mn UAE Employment	▲	▲

Source: Oxford Economics, IMF, UAE Central Bank

SUPPLY: DUBAI OFFICE MARKET SUPPLY STRUGGLES TO MEET RISING DEMAND, KEY DEVELOPMENTS ON THE HORIZON

In 2024, over 650,000 sq. ft. of office GLA was delivered, with the majority pre-leased. Looking ahead to 2025, a total of 1.66 million sq. ft. is expected to come online, yet demand continues to outpace supply.

Key project handovers in 2024 included 6 Falak in Dubai Media City, A2 in Dubai CommerCity, Millennium Downtown on Sheikh Zayed Road, and Technohub3 in Dubai Silicon Oasis. Significant future completions, particularly Grade A developments in DIFC and Sheikh Zayed Road, are anticipated between 2026 and 2028 and are expected to alleviate the supply crunch in those areas.

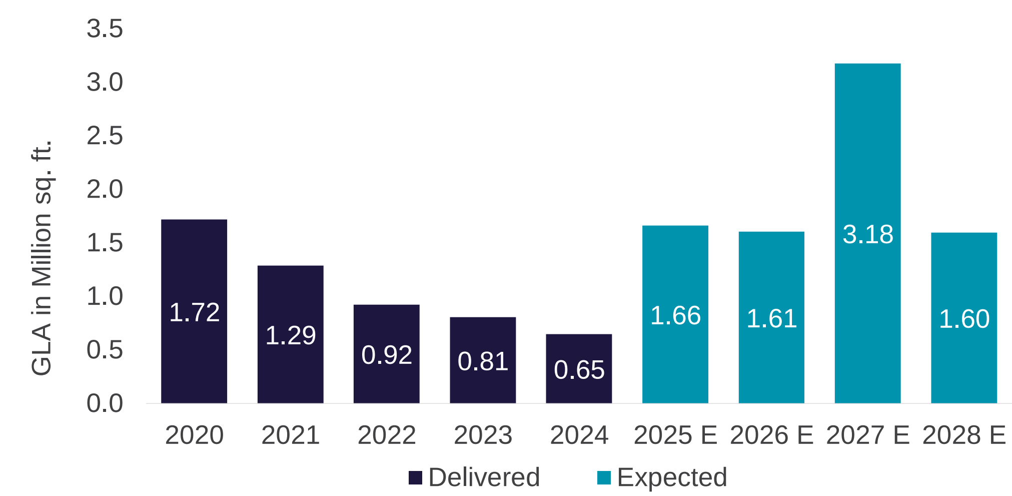
DEMAND: STRONG ABSORPTION AND RECORD-HIGH OCCUPANCY LEVELS UNDERPINNED BY REGIONAL AND GLOBAL DEMAND

In 2024, 4.01 million sq. ft. of office space was absorbed, reaching a 92% city-wide occupancy. Grade A offices led at 95%, followed by Grade B and C at 91%. Office demand was predominantly driven by relocations and expansions in 2024. The financial and business services sector accounted for nearly 29% of total office enquiries, as Dubai continues to attract regional and global players. While demand for all types of units remains high, CAT A fit-out spaces are particularly preferred due to their ready-to-occupy nature, requiring minimal design interventions and reducing occupational timelines. Furthermore, a growing scarcity of office units above 2,000 sq. ft. is intensifying competition for large spatial requirements.

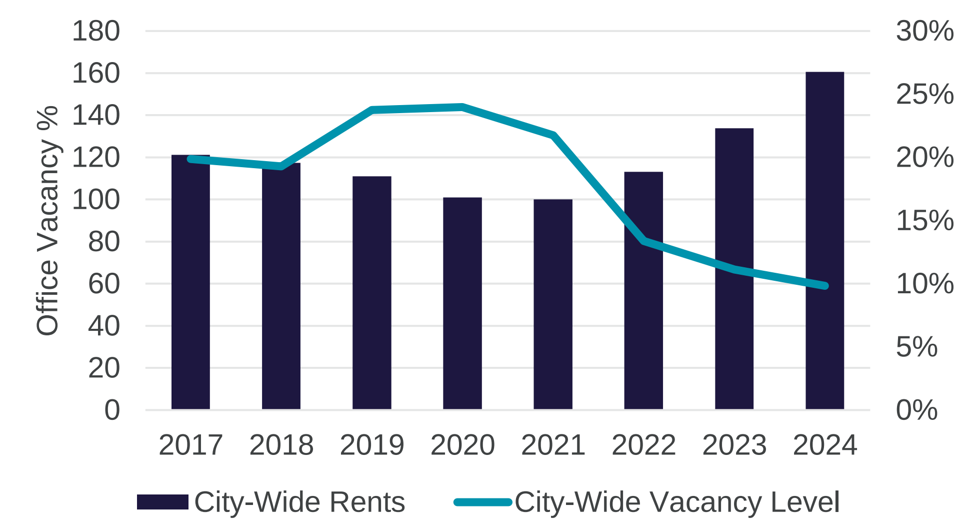
PRICING: CITY-WIDE OFFICE RENTS REACHED AN ALL-TIME HIGH

Citywide office rents reached AED 174 per sq. ft., marking a 22% year-on-year increase. Persistent high occupancy levels have strengthened landlord confidence, driving continuous rental growth and premium pricing for the scarce office space available, with the market remaining strongly landlord-friendly.

SUPPLY: DELIVERY/EXPECTED



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ. FT.)	DIRECT VACANT (SQ. FT.)	OVERALL VACANCY RATE	2024 OVERALL NET ABSORPTION (SQ. FT.)	UNDER CNSTR (SQ. FT.)	OVERALL AVG ASKING RENT (ALL OFFICE GRADES)*
Downtown Dubai	4,874,585	146,238	3%	194,983	-	AED 350
SZR (Trade Center-Interchange 1)	7,361,689	147,234	2%	-	1,022,223	AED 220
DIFC	7,347,952	220,439	3%	146,959	2,365,216	AED 425
DIC/DMC	12,177,656	1,461,319	12%	974,212	366,000	AED 190
Business Bay	17,100,986	855,049	5%	855,049	317,939	AED 190
Jumeirah Lake Towers	13,334,863	1,333,486	10%	400,046	1,341,000	AED 175

**Rental rates reflect asking exclusive of service charges*

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SECTOR	SQ. FT.	TYPE
Emaar Business Park 2	The Greens	Oil and Gas	25,360	New
Emaar Business Park 3	The Greens	Architecture and Planning	23,932	New
Office Park, Building 4	Dubai Media City	Holding Company / Retail Group	17,826	New
U-Bora Tower 2	Business Bay	Real Estate Development	17,174	New

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SQ. FT.	PRICE (IN MILLION AED)
Grade A Office Tower	DIFC	H&H Development / Aldar Properties	~650,000 (GLA)	AED 2,300 M (Forward Purchase)
Office Park	Dubai Internet City	TECOM Investments FZ LLC / Emirates REIT	370,761 (GLA)	AED 720 M
Emaar Square Building 3	Downtown Dubai	Emaar Properties / Driven Properties	210,000 (GLA)	AED 505 M
Emaar Business Park Building 3	The Greens	Izdihar Real Estate Fund / Avighna Properties	150,000 (GLA)	AED 233 M
Thuraya Telecommunications Tower	Barsha Heights	Thuraya Telecommunications Company P.S.C./ Indialand Group	348,000 (BUA)	AED 160 M

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SQ. FT.	OWNER/DEVELOPER
A2 CommerCity	Umm Ramool	N/A	260,220	DIEZ & WASL
Crown Plaza Repurposed	Sheikh Zayed Road	N/A	176,000	Millennium Plaza Downtown
Technohub3	Dubai Silicon Oasis	N/A	120,696	Dubai Silicon Oasis Authority
6 Falak	Dubai Media City	N/A	90,000	Sweid & Sweid

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