MARKETBEAT
DUBAI, UAE
OFFICE Q3 2024

CUSHMAN & WAKEFIELD | CORE

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9% Vacancy Rate	▼	▼
3.68 Mn YTD Net Absorption (sq. ft.)	▲	▼
AED 165 Asking Rent/sq. ft. *(City-Wide Offices)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
11.03 Mn UAE Population Rate	▲	▲
3.5% UAE Real GDP Annual Growth	▲	▲
6.8 Mn UAE Employment	▲	▲

Source: Oxford Economics, IMF, UAE Central Bank

SUPPLY: AS DEMAND CONTINUES TO OUTPACE SUPPLY, THE MARKET IS EXPECTED TO REMAIN UNDER-SUPPLIED FOR THE NEAR TERM

Dubai's total office inventory currently stands at 108.66 million sq. ft. as of YTD 2024. Key deliveries this year include 6 Falak, A2 CommerCity, and Millennium Downtown. Demand continues to rise, resulting in increasing rents and occupancy rates, with the city projected to remain under-supplied for the next two years. Looking ahead, notable upcoming free zone developments include Immersive Tower in DIFC and D3 Phase 2. There is limited new supply in the onshore licensed office market, with Aldar's mixed-use project on Sheikh Zayed Road being the latest launch. Due to robust demand, many of these under-construction projects are expected to experience pre-leasing activity.

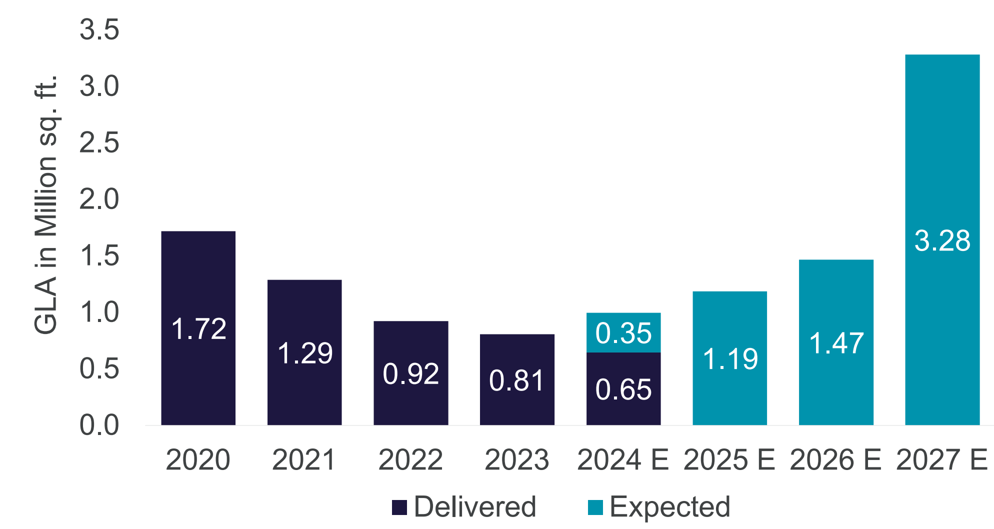
DEMAND: RECORD HIGH OCCUPANCY LEVELS ACROSS THE CITY WITH GRADE A STOCK LEADING THE WAY

City-wide occupancy rates remain robust, with Grade A office spaces achieving the highest occupancy at 94%. Grade B and C offices follow closely at around 88%, with an overall city-wide occupancy rate of 91%. Sheikh Zayed Road (Trade Center Area 1) and Dubai CommerCity (current phase) have experienced the highest increases in occupancy, reaching 98%, followed by Downtown Dubai at 97%, and both Dubai Design District and DIFC at 95%.

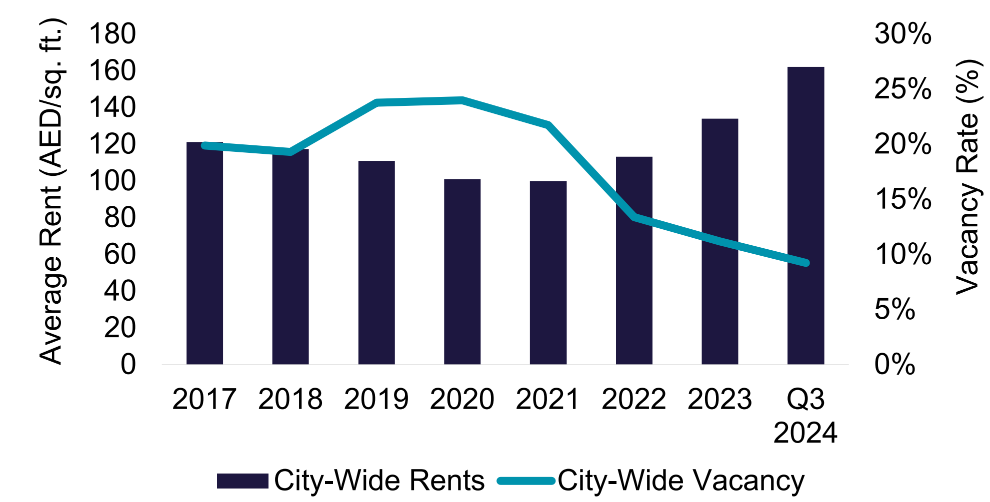
PRICING: UPWARD PRESSURE ON RENTS CONTINUES IN THE WAKE OF HIGH OCCUPANCY LEVELS AND ROBUST DEMAND

City-wide average office rental rates have reached AED 165 per sq. ft., reflecting a 19% increase year-on-year. The DIFC tops the list with the highest average rental price per square foot, followed closely by One Central and Downtown Dubai. Low vacancy rates have strengthened landlord confidence, contributing to continued rental price hikes and creating a premium for the limited available space.

SUPPLY: DELIVERY/EXPECTED



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ. FT.)	DIRECT VACANT (SQ. FT.)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SQ. FT.)	UNDER CNSTR (SQ. FT.)	OVERALL AVG ASKING RENT (ALL OFFICE GRADES)*
Downtown Dubai	3,900,000	117,000	3%	156,000	-	AED 340
SZR (Trade Center-Interchange 1)	8,880,000	177,600	2%	-	75,000	AED 200
DIFC	7,650,000	382,500	5%	-	2,365,216	AED 425
DIC/DMC	8,500,000	1,020,000	12%	680,000	350,000	AED 175
Business Bay	16,000,000	1,280,000	8%	320,000	317,939	AED 190
Jumeirah Lakes Towers	13,080,000	1,308,000	10%	392,400	1,343,000	AED 175

**Rental rates reflect asking exclusive of service charges*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SQ. FT.	TYPE
The Offices 5 at One Central	Trade Center Second	N/A	50,348	New
Emaar Square 3	Downtown Dubai	RICE Business Center	28,541	New
Standard Chartered Bank Building	Downtown Dubai	N/A	15,909	New

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SQ. FT.	PRICE / AED PER SQ. FT.
Control Tower	Business Park Motor City	National Bonds/Gym Nation	29,516	AED 27,449,620 / AED 930
Control Tower	Business Park Motor City	National Bonds/Gym Nation	25,046	AED 23,292,985 / AED 930
Silver (AG) Tower	Jumeirah Lake Towers	N/A	11,769	AED 15,500,000 / AED 1,317

KEY CONSTRUCTION COMPLETIONS YTD 2024

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

PRATHYUSHA GURRAPU
Head of Research and Consultancy
Tel: +971 52 714 7175
prathyusha.gurrapu@cushwake.ae

ROBERT THOMAS
Head of Agency
Tel: +971 56 681 5988
robert.thomas@cushwake.ae

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