LEASING GUIDE

UNITED ARAB EMIRATES | 2026

GENERAL

Documentation

Leases must be in writing and may not follow a standard format. However, all leases must be registered with the appropriate authority which results in a standard format government issued lease registration document.

Standard Space Delivery

Differs based on space acquired. Majority of new developments will provide space on a Shell & Core basis. Certain new developments will provide Cat A. In older developments, landlords may retain the previous tenants fit out and lease on a secondary fitted / Cat B basis.

Area Measurement Practice

Basis of measurement - Net Internal Area. Measurements could be taken in sqm or sqft depending on asset class, sub-market and Emirate.

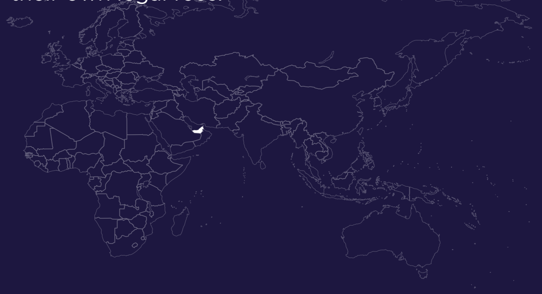
Letting Costs

Tenant

Agency fee as per market standard - 10% of the first year's gross rent. Legal fees vary depending on scope and legal firm used.

Landlord

Not market practice for landlords to pay tenant representation fee. Landlord is responsible for their own legal fees.



LEASE TERMS

Duration of Lease

Ranges from 1–5 years. General trend towards shorter and more flexible leases for SMEs, with multinational clients taking 3–5 years. Some extend up to 10 years for large occupiers. Any lease exceeding 10 years must be registered with the Dubai Land Department as a Musataha agreement.

Security of Tenure

Landlord's do not have sole discretion to evict or reject a renewal. Landlords can only evict on certain grounds: sale of asset, self-occupation or major renovation / demolition. Sufficient evidence must be provided on all grounds, and a 12-month notice is required to be provided. If no notice is provided by either party 90 days prior to expiry of the lease, the lease will automatically renew on the same terms and conditions. If the appropriate notice is provided to amend length of lease, this will be subject to negotiation.

Rent Payment & Frequency

Arab Emirates Dirhams (AED) per sq. ft per annum and are payable either monthly, quarterly, or annually in advance, based on negotiated terms. Payment must be paid no later than 30 days from its due date to avoid late payment fee typically levied at 5–10% of the annual rent calculated on a daily basis. Non-payment of rent for more than 30 days is a material breach of contract and cause for early termination.

Rent Guarantee

A rent guarantee is not normally required for a strong tenant covenant.

Rent Deposit

A security deposit range between 5–25% of total annual rent amount depending on fit-out conditions (Shell & Core, CAT A, CAT B). Typically, payable before lease execution via bank transfer/cheque.

Rent Reviews or Indexation

Rent escalations are dictated in the negotiation of the lease with the standard indexation rate being between 3% annually or 5% every other year but has more recently become more common for 5% annually in certain buildings and submarkets. Rent reviews are not common within an existing lease contract and take place upon renewal and is subject to the appropriate Rent Index (except for the DIFC/ADGM).

Rent Free/Other Incentives

Rent-free periods typically range from 1 to 6 months, and in some cases longer, depending on factors such as lease length and the condition/specification of the office space, e.g., Shell & Core, CAT A or CAT B

Premium/Key Money

Not commonplace for offices.

Coworking/Serviced Offices

Serviced office and coworking space has emerged as a key growth driver in the office market in UAE. There is no clear evidence on the market share of the coworking space compared to conventional office space, however it is assumed to be around 2-3% of total office stock in UAE. Major operators include - TEC, Servcorp, IWG and WeWork.

Rent Inclusions	Rent Exclusions
None	Service charge, utilities, taxes

DISPOSAL OF LEASES

Assignment and Sub-letting

Assigning and or sub-letting is not common practice and requires landlord prior written consent. Consent usually not to be unreasonably withheld or delayed. The lease may impose certain conditions to be met, such as affiliated companies only.

Early termination / break options

Negotiable based on mutual agreement. Most landlords will provide a break option upon completing 3 years, subject to a 6–9 month prior written notice from the tenant and a 3–6 month rent penalty.

Tenant Reinstatement Liability

Reinstatement of offices back to its original leased condition is common practice unless otherwise agreed in advance. It is possible to negotiate a reinstatement lumpsum with landlords upon exercise to remove the obligation to carry out the works.

Standard Lease Procedure at Expiration

If no notice is provided by either party 90 days prior to expiry of the lease, the lease will automatically renew on the same terms and conditions.

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CUSHMAN & WAKEFIELD | CORE

SERVICE CHARGES, REPAIRS & INSURANCE

Repairs & Maintenance

Tenant	Landlord
A service charge is usually payable in multi-tenanted single-owned buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance and insurance, servicing of elevators, air conditioning, management fees and property taxes. It excludes maintenance & insurance, utilities & VAT for the tenant's demise.	External/structural repairs in buildings where premises comprise part of a building (charged back via service charge).

Insurance

Tenant	Landlord
Internal insurance is not recovered in service charge.	Insurance for the main structure, external fabric and for common parts and for loss of rent is recovered in service charge.

Service Charges

A service charge is usually payable in multi-tenanted single-owned buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance and insurance, servicing of elevators, air conditioning, management fees and property taxes. It excludes maintenance.

Utilities Included in Service Charge

Usually not included and separately metered.

TAXATION

VAT on Rents

5% on lease amount if the landlord is registered for VAT.

Local Taxes

Tenant	Landlord
5% VAT. Corporate Tax at 9% was introduced in 2023. Payment is subject to jurisdiction or exemption.	5% VAT. Corporate Tax at 9% was introduced in 2023. Payment is subject to jurisdiction or exemption.

PURCHASE INFO

Restrictions on Foreign Ownership

Foreign ownership (non GCC) is permitted in designated freehold areas.

Purchaser Transaction Costs

Calculated on unit total price as following: 1%–2% as agency fee depending on the sales value – 4% land department fee – AED 2,000–4,000 trustee fee.

VAT

Applied on agency fee, sale value and trustee fee.

Legal Fees

Each party pays its own legal costs.

LEGISLATION

Legislation to Lease Contracts

- Law no 33 of 2008 regulating the relationship between the landlord and the tenant.
- Decree 26 of 2013 concerning the rental disputes centre.
- Decree 43 of 2013 concerning rental increase calculator.
- Law 6 of 2019 concerning ownership of jointly owned property.

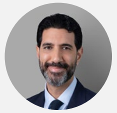
Legislation relating to environmental, social and governance (ESG)

There are ongoing developments in ESG regulation, however, we have not witnessed any active enforcement.

Broker Licensing Requirements

Both the company and the brokers must be licensed and registered by the appropriate authority.

GET IN TOUCH



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