CUSHMAN & WAKEFIELD | CORE

H1 2026

DUBAI MID-YEAR MARKET UPDATE

RESIDENTIAL & OFFICE

Better never settles

FOREWORD

As with all market cycles, there are peaks, periods of moderation, and troughs with local and global factors at play. After five years of exceptional growth, Dubai's property market is cooling and becoming more balanced, with residential and office markets moderating at different speeds as each responds to distinct supply and demand dynamics. Even before recent geopolitical developments, residential prices had begun to moderate as the market matured. The uncertainty has accelerated some of these trends, leading to greater caution and longer decision-making cycles. Buyers and tenants have more negotiating power than they did a year ago. Yet, the market has demonstrated resilience, with pricing and occupancy levels remaining supported by strong underlying fundamentals.

Dubai's ability to navigate headwinds has long been one of its defining strengths. The government has introduced a series of initiatives spanning residency reforms, investment incentives, business support measures and major infrastructure commitments. These measures are reinforcing investor confidence, strengthening the city's long-term growth outlook and reaffirming Dubai's commitment to attracting talent, businesses and global capital, while enhancing its competitiveness on the world stage.

Residential developers have remained firm on pricing while taking a selective approach to new launches, as residents and investors increasingly view Dubai as a destination for long-term living rather than purely an investment market.

In the office sector, occupiers continue to expand despite a more considered decision-making process, reflecting sustained confidence in Dubai's long-term business fundamentals. While softening is emerging, together, these factors are helping preserve market stability and confidence during a period of heightened uncertainty.

This report examines how the market is navigating this period across the residential and office sectors. It explores where demand is proving resilient, how occupier and investor behaviour is evolving, the implications of future supply, and the opportunities emerging as the market cools off from rapid growth.

Periods of moderation often create greater differentiation across locations and asset classes. For investors, occupiers and developers alike, understanding these shifts will be key to identifying opportunities in the next chapter of Dubai's real estate market.

Prathyusha Gurrapu MRICS
Head of Research

WHAT HAS CHANGED?

Buyers and tenants have more negotiating power than they did a year ago.

WHAT HASN'T CHANGED?

High occupancy, business resilience, government initiatives and long-term investment continue to support demand.

WHAT HAPPENS NEXT?

Watch transactions, residential handovers, leasing activity and occupancy in H2.

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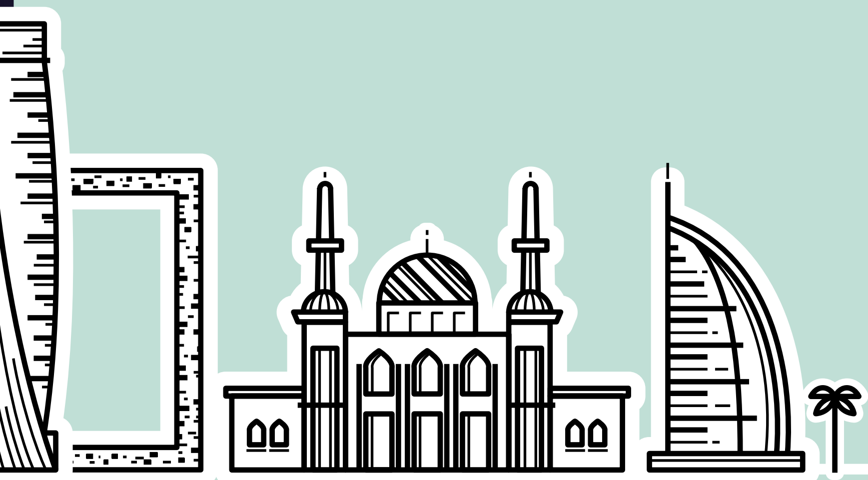
WHAT'S IN THIS REPORT?

DUBAI GROWTH LEVERS

GOVERNMENT INITIATIVES SUPPORTING LONG-TERM DEMAND

> **Dubai continues to demonstrate a proactive policy approach. Government initiatives remain focused on maintaining investment momentum, attracting businesses and residents, and supporting long-term economic competitiveness. These measures should help underpin demand as the market transitions into a more moderate phase of the cycle.**

Prathyusha Gurrapu MRICS
Head of Research



1 Stimulating Residential Investment

Expanded Property Visa Eligibility
Removal of the previous AED 750,000 minimum property value threshold for Property Visa eligibility, broadening the pool of qualifying investors, including buyers of smaller apartments.

Visa and Residency Reforms
Continued expansion of long-term residency pathways to encourage permanent relocation of professionals, entrepreneurs and investors.

Shared Housing Law (Law No. 4 of 2026)
New framework regulating co-living, shared accommodation and multi-tenant residential properties, improving transparency and creating a more institutional rental market.

First-Time Home Buyer Programme Expansion and Flexi Rent
Q2 2026 saw the expansion of the DLD's First-Time Home Buyer Programme, updates to the property-linked residency framework, and the introduction of the Flexi Rent initiative.

2 Supporting Businesses & Occupier Demand

Freezone Support Packages
Major business districts, including DIFC, Dubai South and DIEZ, introduced occupier support initiatives. These included rental flexibility and business support initiatives aimed at maintaining occupier demand.

3 Strengthening Industrial & Logistics Demand

National Industrial Resilience Fund
Establishment of an AED 1 billion fund to support the localisation of strategic industries and strengthen supply chain resilience.

Make it in Emirates
- Reinforced domestic manufacturing strategy.
- ADNOC committed approximately USD 55 billion towards local manufacturing procurement.
- Continued support for industrial occupier demand.

4 Infrastructure Investment

Large-scale infrastructure announcements continue to reinforce confidence in Dubai's growth trajectory. While not intended as short-term stimulus measures, they strengthen the city's long-term competitiveness, improve connectivity, and support transport-oriented real estate demand.

- Dubai Metro Gold Line (AED 34 billion)
- Dubai Silicon Oasis Expansion (AED 12.8 billion)
- Dubai Healthcare City Expansion
- DMCC Uptown Phases 2 & 3
- Al Ghurair Al Jaddaf Masterplan

5 Market Confidence Measures

Strategic Capital Deployment
Dubai Holding increased its stake in Emaar Properties to 29.73% through the acquisition of ICD's shareholding. While not a direct stimulus measure, the transaction reinforces long-term government commitment to real estate and strengthens institutional confidence. It also supports a coordinated approach to supply, product positioning and quality, ensuring future development remains aligned with evolving market demand.

DUBAI RESIDENTIAL MARKET

HOW ARE INVESTORS AND OCCUPIERS RESPONDING?

RESIDENTIAL MARKET SENTIMENT INDICATORS | 2026

	JAN	FEB	MAR	APR	MAY	JUN
INQUIRIES	↑	↑	↓	↓	→	↑
SALES PRICE	↑	↑	→	→	↓	↓
DEVELOPER ACTIVITY	↑	↑	↓	↓	↓	↓
MARKET SENTIMENT	↑	↑	↓	↓	↓	↓

RESIDENTIAL	CURRENT STATUS	HOW ARE SELLERS, DEVELOPERS & LANDLORDS RESPONDING?	HOW ARE BUYERS, OCCUPIERS & TENANTS RESPONDING?	OPPORTUNITIES EMERGING
OFF-PLAN SALES	» International investors are taking a wait and see approach impacting off-plan transaction volumes	» Developers slowing launches and protecting pricing » Buyer friendly payment plans and incentives emerging	» Buyers taking longer to commit » Demand concentrated in established communities and with master developers	» Buying opportunities are emerging across the market » Prime and mid-prime assets are becoming increasingly accessible » Strong government demand-side initiatives continue to support the market, including the removal of the minimum property value requirement for the Property Visa and the introduction of the First-Time Home Buyer Programme
SECONDARY SALES	» While transaction volumes have declined significantly and prices have begun to soften, the secondary sales market remains resilient » The widening gap between buyer and seller price expectations is suppressing transaction volumes rather than indicating a lack of underlying demand	» Listing volumes have increased as sellers bring more stock to market, while softer transaction activity is indicating longer selling periods » Lower average transacted prices, values and unit sizes suggest sellers are gradually adjusting their price expectations	» Increased price sensitivity and greater negotiation by buyers » End-user demand continues to drive the secondary market » Mortgage transactions accounted for their highest recorded share of the secondary market, reflecting a growing shift away from cash purchases	» Selective buying opportunities are emerging across the market » Prime and mid-prime assets are becoming increasingly accessible » Strong government demand-side initiatives continue to support the market, including the removal of the minimum property value requirement for the Property Visa and the introduction of the First-Time Home Buyer Programme
RENTS	» New lease rents moderating » Renewal rents remain comparatively resilient » Greater tenant choice from new supply	» Greater focus on tenant retention » More flexibility on new leases and payment terms » Institutional landlords remain largely firm on rents	» Tenants actively comparing options, Increased negotiation at lease renewal » Relocating or upgrading to better-quality homes where affordable	» Improved affordability » Wider choice across communities » Rental protection platforms mitigating market uncertainty

SUPPLY

IS SUPPLY A BIG RISK?

SNAPSHOT

~957,300
Total residential units as on H1 2026

23,623
Total residential units handed over in H1 2026

+2% YoY
−4% QoQ
Change in city-wide residential sales prices

−3% YoY
−6% QoQ
Change in city-wide residential rent prices

AED 1,855
City-wide sales price (AED/sqft)

AED 116
City-wide average rents (AED/sqft/year)

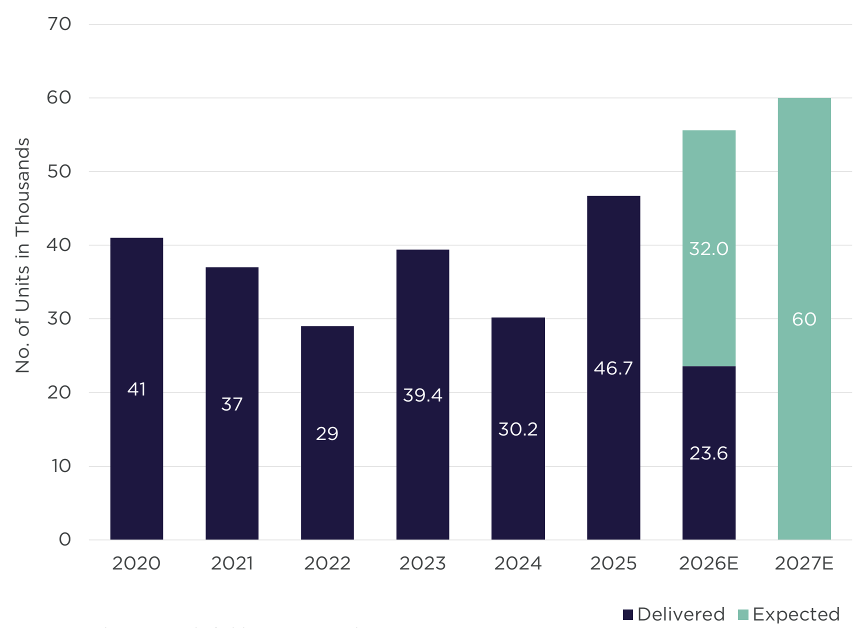
Over 13,218 units were delivered in Q2 2026, keeping completions broadly on track. Key handovers included Crest Grande at Sobha Hartland (965 apartments), Skyhills Residences 1 in Dubai Science Park (635 apartments), City Tower on Sheikh Zayed road (608 apartments), Malta 1 (760 villas) and Costa Brava 1 (555 villas) at Damac Lagoons, Jebel Ali Village Townhouses Phases 1–3 (614 villas) and Elora at The Valley (430 villas).

Approximately 32,000 residential units are expected to be delivered in H2 2026, bringing total handovers this year to around 55,600 — the highest annual delivery volume since 2008. A further 60,000+ units are expected to be completed in 2027.

Construction Pipeline vs. Deliveries

While residential handovers have largely remained on track this year, supply chain constraints, contractor capacity and softer market conditions are expected to slow future deliveries. Although a substantial pipeline is scheduled through 2030, only around 186,000 of the nearly 525,000 planned units have surpassed 20% construction progress, suggesting actual completions will be significantly lower than scheduled. This is expected to stagger new supply, supporting a more balanced market and healthier absorption levels.

Residential Deliveries in Dubai | 2020 - 2027



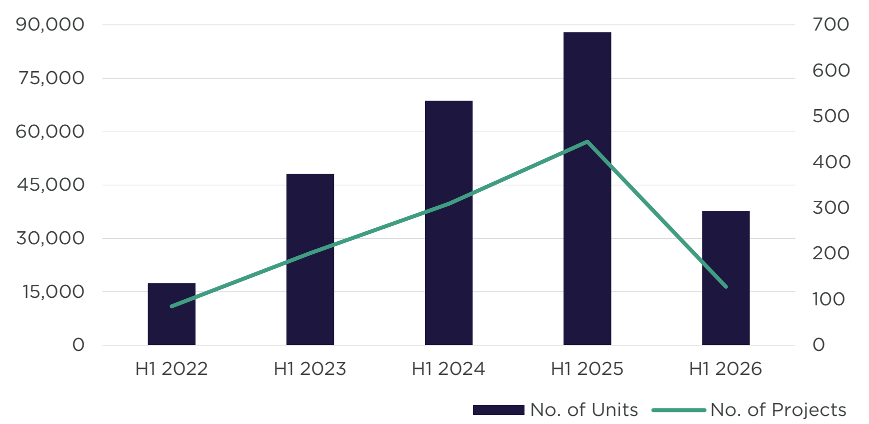
Source: Cushman & Wakefield Core Research, DLD, REIDIN

PROJECT LAUNCHES

ARE DEVELOPERS ALIGNING SUPPLY WITH DEMAND?

Residential launch activity slowed significantly in H1 2026, with the number of apartment units launched declining by approximately 58% YoY and villa units by around 78%. While launch activity had already begun to moderate in Q1 2026 as the market entered a more measured phase, geopolitical uncertainty in Q2 prompted many developers to defer planned launches. Projects brought to market have largely been concentrated in the mid-market and end-user segments, reflecting a more disciplined approach to aligning new supply with underlying demand. While pricing has held largely steady, we have seen a shift in payment plan structures, DLD fee waivers, bulk discounts, and higher broker commissions being brought to market to aid absorption. Although this moderation in launches is expected to weigh on off-plan transaction volumes in the near term, it also supports a more balanced supply pipeline and improves market take-up over the medium term.

Apartment Project Launches



Source: Cushman & Wakefield Core Research, REIDIN

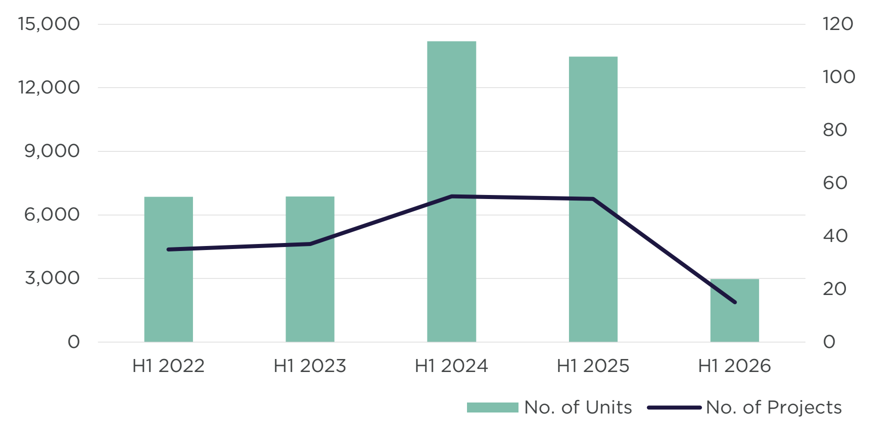
Prominent Apartment Launches H1 2026

The Yards by Beyond Development in City of Arabia
1,832 units

Serenz by Danube Properties in Jumeirah Village Circle
1,204 units

Raw District by Imtiaz Real Estate in Jebel Ali Downtown
924 units

Villa Project Launches



Source: Cushman & Wakefield Core Research, REIDIN

Prominent Villa Launches H1 2026

Greenz by Danube in Dubai Academic City
785 units

The Greens and Willows by Sobha at Sobha Sanctuary
492 units

Alva by Emaar Properties at The Valley
372 units

TRANSACTIONS

IS THIS BECOMING A BUYER'S MARKET AGAIN?

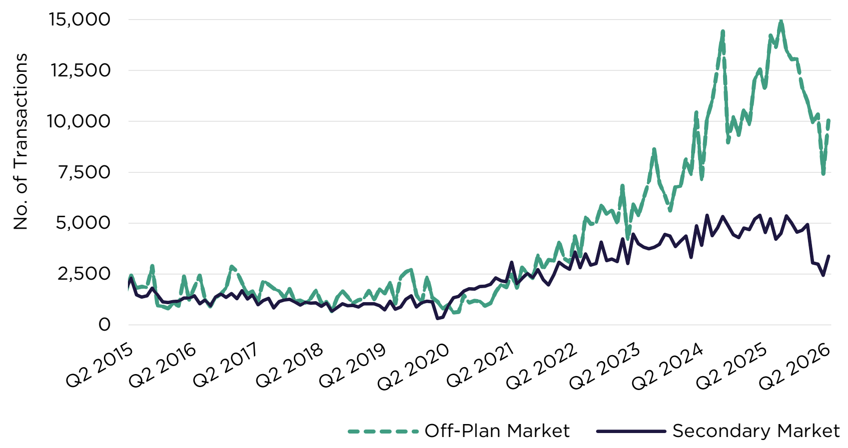
Residential transaction volumes have moderated from recent highs but remain well above pre-2023 levels, highlighting that the market is normalising rather than weakening. Activity recovered through June following the easing of regional tensions, with both off-plan and secondary sales rebounding. However, lower overall sales values indicate reduced activity in the ultra-prime segment, with transactions increasingly concentrated in the mid-market.

The moderation has been more pronounced in the off-plan market, driven by a slowdown in new project launches during H1 2026, which has constrained available inventory. At the same time, heightened uncertainty has prompted some investors to adopt a more cautious, wait-and-see approach. Secondary market activity has also softened, although this reflects a widening gap between buyer and seller price expectations rather than a lack of demand. Buyers are seeking larger discounts, while many sellers continue to anchor expectations to pre-conflict pricing.

While negotiating power is gradually shifting towards buyers, the market has not yet become a true buyer's market. Rather, it is transitioning towards a more balanced environment where buyers have greater choice and increased negotiating leverage, but well-priced, high-quality properties continue to attract healthy demand.

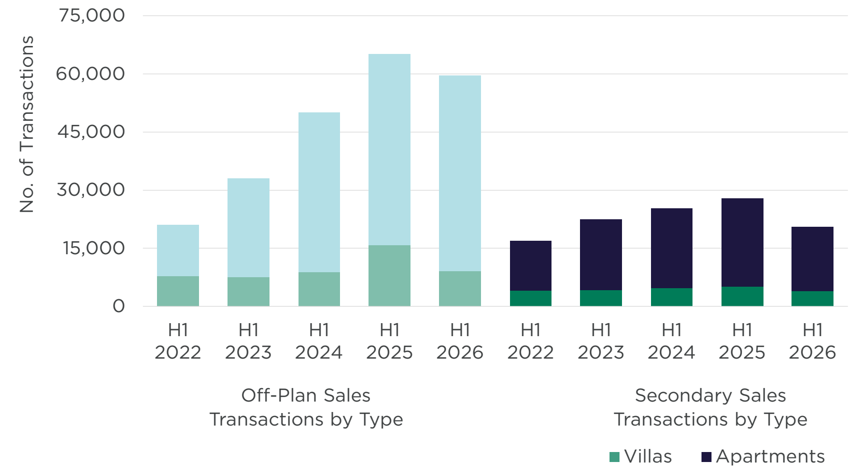
Most districts we track have started to record QoQ price declines, although values remain above last year's levels across much of the market, particularly in the villa segment. A few prime apartment districts, including Palm Jumeirah, Downtown Dubai and Dubai Marina, have recorded their first annual price declines in five years.

Dubai Market Transaction Trends



Source: Cushman & Wakefield Core Research, REIDIN

Residential Sales Transactions Trends



Source: Cushman & Wakefield Core Research, REIDIN

> *Prices and rents are beginning to soften as buyers become selective and have more choice*

END-USER DEMAND UNDERPINNING THE SECONDARY MARKET

Secondary market demand is becoming increasingly end-user driven. Mortgage transactions, typically attributed to end-user occupiers, accounted for 48% of secondary sales in H1 2026, the highest share in five years. While cash buyers, who are typically more investor-led, continue to account for the majority of transactions, their share has steadily declined as end-user demand has strengthened.

This shift reflects a healthier market dynamic, with home buyers purchasing for long-term occupation playing an increasingly important role in supporting transaction activity. As prices moderate and affordability gradually improves, end-user demand is expected to remain a key driver of market resilience through the next phase of the cycle.

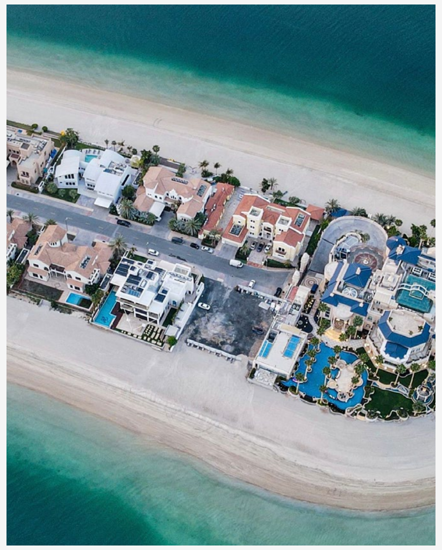
Villa Sales Price Trends by District

	Q2 2026 Avg. Price/sqft	YoY Change
Palm Jumeirah	6,464	8%
Emirates Hills	3,570	16%
Dubai Hills	2,652	7%
The Lakes	2,607	-5%
The Springs and The Meadows	2,150	0%
Jumeirah Park	2,142	1%
Arabian Ranches	2,064	6%
Dubailand	1,409	9%
Dubai South	1,314	3%
Jumeirah Village Circle	1,309	13%

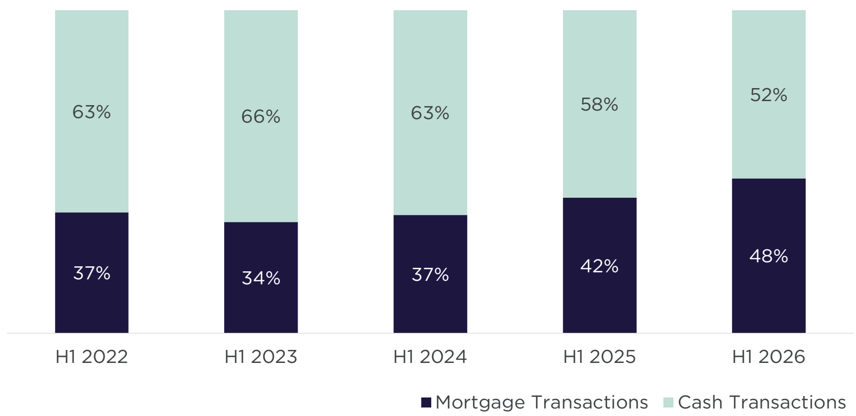
Apartment Sales Price Trends by District

	Q2 2026 Avg. Price/sqft	YoY Change
City Walk	3,285	10%
Palm Jumeirah	3,202	-2%
DIFC	3,058	17%
Downtown Dubai	2,738	-6%
Dubai Hills	2,362	1%
Business Bay	2,058	1%
Dubai Marina	1,947	-3%
The Greens and The Views	1,922	3%
Jumeirah Lake Towers	1,608	3%
Jumeirah Village Circle	1,380	2%
Dubai South	1,201	2%
Dubai Sports City	1,098	1%
Discovery Gardens	1,000	0%
Dubailand	975	6%

Source: Cushman & Wakefield Core Research, REIDIN



Mortgage vs. Cash Transactions Secondary Market | 2022 - 2026



Source: Cushman & Wakefield Core Research, REIDIN

RENTS

RENTS SOFTEN AS TENANT DEMAND MODERATES

With nearly 75% of Dubai's residential inventory occupied by tenants, the leasing market is a bellwether of broader residential market trends. Rental growth had already begun to moderate before the regional conflict, with heightened uncertainty accelerating the adjustment in Q2 2026. City-wide rents declined 6% QoQ as affordability pressures, rising handovers and a temporary contraction in the tenant pool weighed on demand. This moderation was both expected and necessary, following several years of exceptional rental growth that had increasingly challenged affordability. As a result, the market is beginning to transition from a landlord-favoured cycle to a more balanced environment for tenants.

Looking ahead, leasing activity is expected to be driven increasingly by tenant churn rather than new demand, as existing residents relocate in search of better value while the new tenant pool gradually recovers. This is likely to increase new lease registrations relative to renewals, ease occupancy levels modestly and provide tenants with greater choice and negotiating power. School enrolment trends will be an important leading indicator of future demand, helping determine whether population growth is increasingly driven by families relocating to Dubai or by individual employees, which has implications for future housing demand and unit preferences. Government initiatives are expected to continue supporting demand as the market transitions.

Villa Rent Price Trends by District

	Q2 2026 Avg. Rent/sqft	YoY Change
Palm Jumeirah	229	27%
Dubai Hills	113	-5%
The Lakes	111	3%
Emirates Hills	107	1%
Jumeirah Village Circle	95	6%
The Springs and The Meadows	88	-7%
Arabian Ranches	84	-9%
Dubailand	68	-7%
Jumeirah Park	64	-15%
Dubai South	64	-6%

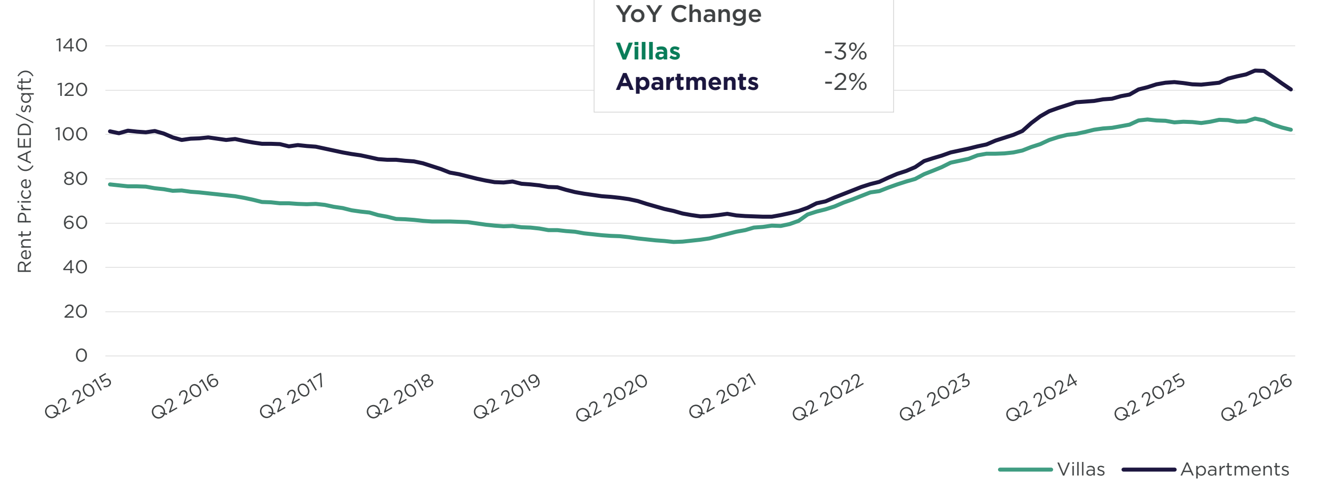
Apartment Rent Price Trends by District

	Q2 2026 Avg. Rent/sqft	YoY Change
Downtown Dubai	171	-8%
City Walk	166	2%
Dubai Hills	160	-2%
Palm Jumeirah	154	3%
DIFC	145	-6%
Business Bay	133	-2%
The Greens and The Views	124	-3%
Dubai Marina	121	-6%
Jumeirah Lake Towers	112	-2%
Jumeirah Village Circle	103	-6%
Discovery Gardens	89	-4%
Dubai Sports City	89	2%
Dubai South	88	3%
Dubailand	86	0%

Source: Cushman & Wakefield Core Research, REIDIN

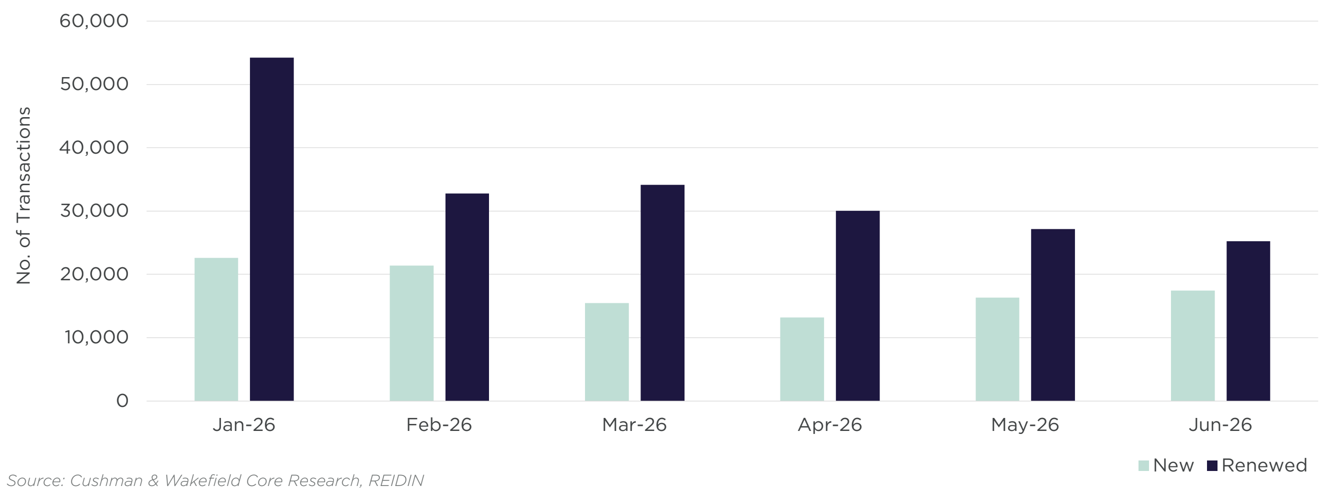
> *After years favouring landlords, the rental market is beginning to rebalance*

Dubai City-Wide Rental Trends



Source: Cushman & Wakefield Core Research, REIDIN

City-Wide Rent Transactions Volume



Source: Cushman & Wakefield Core Research, REIDIN

FLEXI RENT: A NEW ERA FOR RENTALS

Dubai Land Department's Flexi Rent initiative allows tenants to pay rent in monthly, quarterly or semi-annual instalments instead of relying on large upfront cheques. Initially launched with 12 participating developers and property managers, including Wasl Properties and Deyaar Property Management and scaling further, the initiative is expected to improve affordability and reduce upfront leasing costs. At the same time, new rental guarantee programmes are being introduced to strengthen the residential leasing market by protecting landlords against tenant payment defaults. By reducing rental risk and enhancing payment certainty, these initiatives are expected to improve landlord confidence, support investment in rental housing and further strengthen the market's regulatory framework. While rents are expected to remain under pressure in the near term, these initiatives, together with a more balanced leasing market, should improve affordability, strengthen resident retention and support more sustainable long-term growth.

DUBAI OFFICE MARKET

HOW ARE LANDLORDS AND TENANTS RESPONDING?

OFFICE MARKET SENTIMENT INDICATORS | 2026

	JAN	FEB	MAR	APR	MAY	JUN
INQUIRIES	↑	↑	↓	→	↑	↑
SALES PRICE	↑	↑	→	→	↓	↓
DEVELOPER ACTIVITY	↑	↑	→	→	↓	↓
MARKET SENTIMENT	↑	↑	→	→	↓	↓

OFFICE	CURRENT STATUS	HOW ARE SELLERS, DEVELOPERS & LANDLORDS RESPONDING?	HOW ARE BUYERS, OCCUPIERS & TENANTS RESPONDING?	OPPORTUNITIES EMERGING
LEASING	» Leasing activity becoming more measured » High occupancy continues to support rents » Secondary stock increasing competition in selected markets	» Institutional landlords maintaining headline rents » Greater flexibility offered by strata and secondary landlords » Tenant retention becoming a priority	» Longer leasing decisions » Renewals preferred over relocations » Continued demand for Grade A and flex space	» Relief measures supporting occupier confidence » Greater negotiation in secondary markets » Grade A assets remain well positioned
SALES	» **Office off-plan** - Launch activity has become more measured while sales prices are holding steady » **Office secondary** - Investment activity has become more selective	» Developers remain selective on new launches and maintain pricing » Owners of well-leased assets continue to hold pricing expectations	» Investors are focusing on quality developments with strong leasing potential » Buyers are prioritising income-producing assets with strong occupancy	» Early access to Grade A office stock in supply-constrained locations

KEY TAKEAWAYS

WHAT'S SHAPING THE OFFICE MARKET?

SNAPSHOT

~111 Mn
Total existing Dubai office stock (sqft)

1.13 Mn
Upcoming office GLA in H2 2026 (sqft)

92.4%
City-wide office occupancy

+9% YoY
−2% QoQ
Change in city-wide office rents

AED 205
Average city-wide office rents

Developers/Landlords

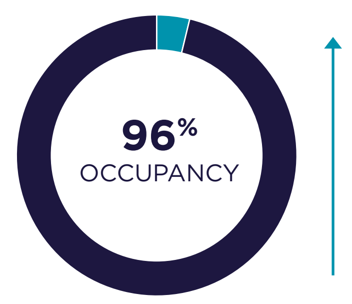
Ongoing undersupply and high occupancy levels continue to support strong fundamentals for institutional, single-owned assets in core markets. While institutional landlords remain flexible, they have largely resisted headline rent reductions, instead focusing on tenant retention through targeted relief measures and commercial concessions. This is reflected in recent initiatives by DIFC, DIEZ and Dubai South, which have introduced rent relief packages to support occupiers.

Tenants

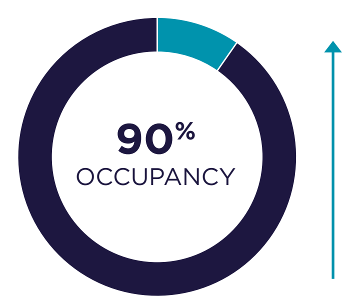
New enquiries are likely to remain tempered, with many occupiers prioritising flexibility and increasingly considering flex space solutions over conventional leases. Occupiers approaching lease renewals or relocation decisions are expected to remain active, with greater scope to negotiate lease terms and incentives. However, SME and regional occupiers continue to seek greater flexibility and rental incentives, particularly within strata markets where they typically operate and where landlords are gradually adapting to changing market conditions. There has been no meaningful downsizing by global occupiers, with most retaining their existing footprints despite heightened uncertainty.

> *Strong fundamentals and high occupancy levels are underpinning the office market*

Grade A Office Stock



Grade B & C Office Stock



Source: Cushman & Wakefield Core Research

SUPPLY

UPCOMING SUPPLY TO IMPROVE MARKET BALANCE

Office completions have remained modest over the past three years, with just 0.88 million sqft delivered in H1 2026, including DIFC Square, Techno Hub 4 in Dubai Silicon Oasis and City Tower on Sheikh Zayed Road. A further 1.13 million sqft is expected by year-end, including DIFC Living and Sweid One, with much of the space already pre-committed, limiting the impact of new supply on market fundamentals. Beyond 2026, the pipeline increases materially, with the majority of new stock scheduled for delivery in 2028 and 2029. In total, over 19 million sqft of office space, equivalent to approximately 17% of Dubai's existing office inventory, is currently under construction and expected to be delivered by 2030. Nearly half of this pipeline is concentrated in Business Bay and DIFC, followed by Sheikh Zayed Road and Jumeirah Lake Towers.

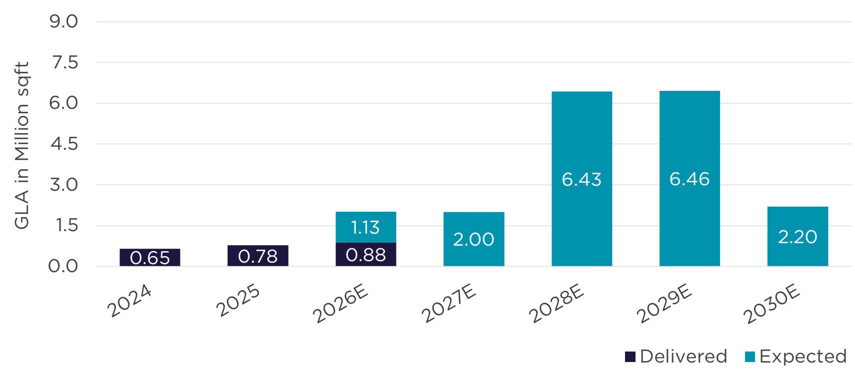
Importantly, the next wave of supply represents a shift in quality rather than simply volume. Around 55% of the pipeline comprises single-owned, institutional-grade assets, while 52% is located within freezones. However, this new supply is unlikely to impact the market uniformly. Freezones and onshore locations serve distinct occupier profiles and demand drivers, with leasing decisions increasingly influenced by business activity, licensing requirements and ecosystem advantages rather than location alone.

While this pipeline will improve occupier choice over the medium term and accommodate more measured demand, market fundamentals are expected to remain resilient.

Steady pre-leasing activity and high occupancy across existing Grade A stock should continue to support absorption, with rental pressure likely to remain concentrated within older strata and secondary assets.

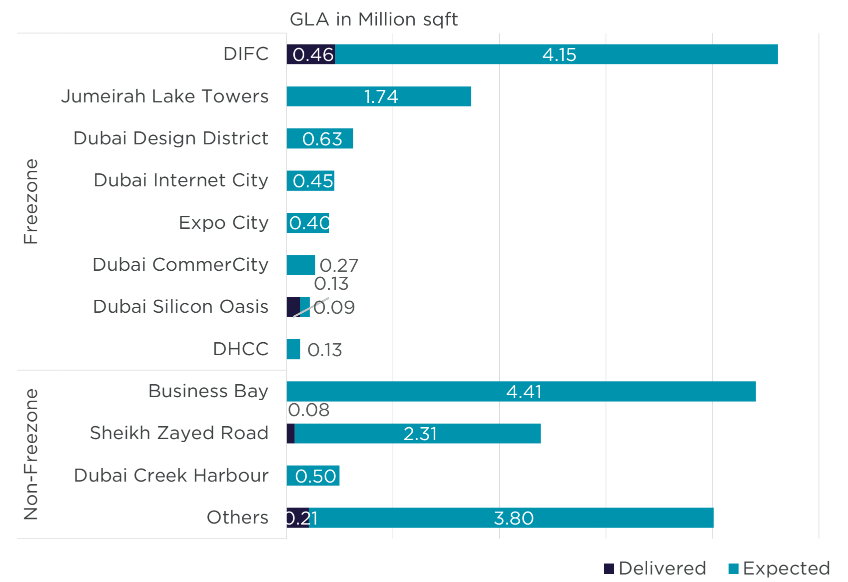
> *Over 19 million sqft of office space expected to be delivered by 2030*

Dubai Office Supply 2024 - 2030



Source: Cushman & Wakefield Core Research

Upcoming Office Supply by Area | 2026 - 2030



Source: Cushman & Wakefield Core Research, DLD, REIDIN

HOW ARE GLOBAL OFFICE OCCUPIERS BEHAVING?

DEMAND REMAINS COMMITTED DESPITE NEAR-TERM CAUTION

Cushman & Wakefield Core advises some of the largest global corporate occupiers spanning technology, banking and professional services clients across the region with a strong presence in the UAE.

Global occupiers continue to view Dubai as a strategic regional hub, with established operations and access to a deep talent pool underpinning their long-term commitment to the UAE. While the regional conflict has introduced caution, delaying some expansion decisions and new market entries, it has not triggered any meaningful reallocation of existing operations or downsizing.

Most occupiers continue to retain their existing footprints, while large in-country occupiers continue to progress strategic expansion plans. Continued interest in upcoming developments, particularly in DIFC and TECOM, despite more measured demand from new market entrants, reinforces confidence in Dubai's long-term office market. For lease renewals among existing global occupiers, most Grade A and institutional landlords continue to hold firm on headline rents. Grade A buildings remain at or near full occupancy, while the limited new supply entering the market is largely pre-let. High fit-out and relocation costs continue to encourage lease renewals, allowing landlords to maintain headline rents while preserving strong occupancy across institutional Grade A assets.

Charlie Sargent MRICS
Head of Global Occupier Services

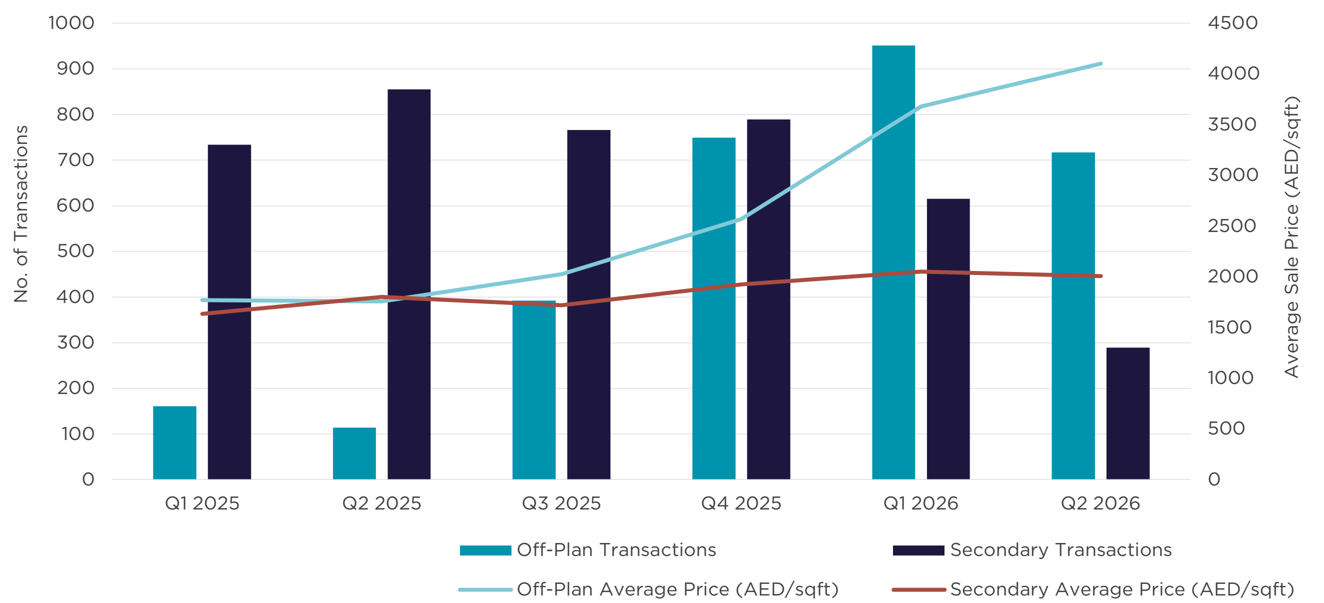
OFFICE SALES MARKET

Dubai's office strata sales market has emerged as a distinct asset class over the past few years. After more than a decade of limited off-plan supply, a wave of new office launches has come to market, supported by strong occupier demand and the broader upswing in Dubai's real estate sector.

Activity is now beginning to moderate in line with wider market conditions. Off-plan transaction volumes declined 25% QoQ in Q2 2026, although H1 volumes remained 507% higher than H1 2025, reflecting the significant increase in new launches. The secondary market has softened more sharply, with transaction volumes down 53% QoQ and 43% compared to H1 2025, and secondary sales now accounting for less than half of office transactions.

Pricing, however, tells a different story. Average off-plan prices have continued to climb, reaching over AED 4,000 per sqft in Q2 2026, more than double early-2025 levels, while secondary prices have remained relatively stable at around AED 2,000 per sqft. The widening price gap reflects the premium commanded by newer projects, which typically offer better specifications, amenities and payment plans. This is drawing demand away from ageing strata stock (individually-owned office units) and creating a large divide in performance between newer and older office assets.

Office Sales Market Trends



Source: Cushman & Wakefield Core Research, REIDIN

FLEX SPACE OPERATORS ARE NOW AMONG THE LARGEST OCCUPIERS OF OFFICE SPACE

Flex space operators have evolved into one of the largest occupier groups in Dubai's office market while simultaneously becoming a significant landlord segment. Their market share has grown to over 2.5% of total office stock, supported by the absorption of more than 550,000 sqft over the past two years by local, regional and international operators. Expansion remains robust, with most operators continuing to grow their portfolios in response to rising occupier demand for flexibility, shorter lease commitments and scalable workspace solutions. At the same time, landlords are increasingly partnering with flex operators to improve occupancy and activate large floorplates. As operators continue to control a growing share of high-quality fitted office space, they are increasingly influencing pricing and setting market benchmarks for fully fitted workspace across Dubai.

DEMAND

PRIME MARKETS HOLD FIRM WHILE GRADE B STOCK LEADS RENTAL SOFTENING

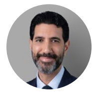
Dubai's office market has been one of the strongest globally over the past five years, characterised by exceptionally high occupancy levels and sustained double digit rental growth. Following this prolonged period of out-performance, the market has begun a gradual rebalancing. Leasing activity started to soften in March 2026 as regional uncertainty prompted occupiers to delay expansion plans and adopt a more cautious approach to new leasing decisions. While renewal activity has remained relatively stable, new lease transactions have moderated.

The adjustment has been concentrated within Grade B and strata stock, which accounts for nearly 70% of Dubai's office inventory. Average city-wide office rents now stand at AED 205 per sqft, declining 2% QoQ - the first quarterly decline in almost five years - although rents remain around 9% higher than a year ago. Occupancy has also eased modestly as additional secondary space returns to the market through relocations, lease expiries and occupier right-sizing. Despite this, city-wide occupancy remains close to 92.4%, with most core Grade A districts continuing to be resilient and operating at over 96% occupancy.

Looking ahead, we expect further moderation in rents and occupancy as additional secondary stock comes back to market over the coming months. However, this should be viewed as a healthy market adjustment rather than a weakening of fundamentals. Improved availability and affordability will support occupier expansion, encourage business growth and create a more sustainable foundation for Dubai's next phase of office market growth.

Is the Office Market Becoming More Tenant-Friendly?

The office market is gradually shifting from a landlord-favoured cycle to a more balanced one. Occupiers are benefiting from increased choice, particularly across secondary and strata assets, where concessions and flexible lease terms are becoming more prevalent. However, limited Grade A availability and high occupancy continue to support strong pricing across prime institutional assets.



Robert Thomas MRICS
Head of Agency

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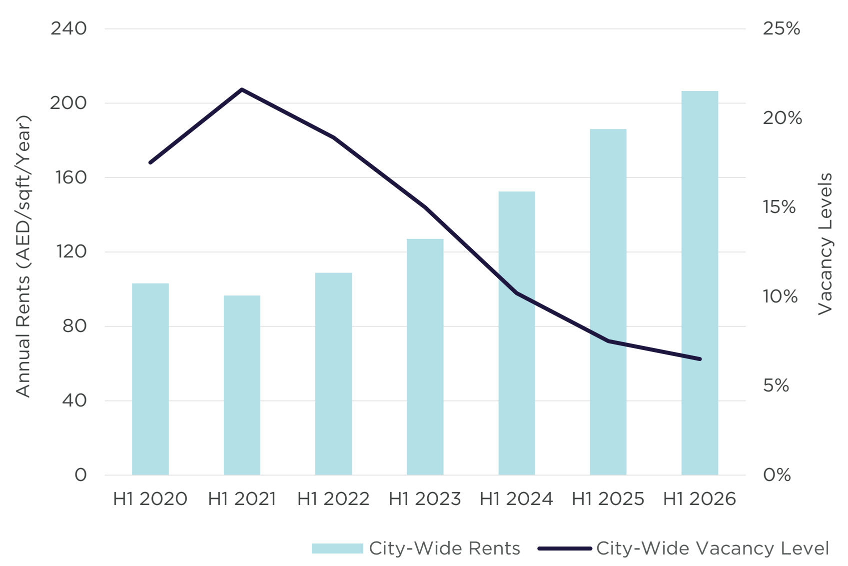
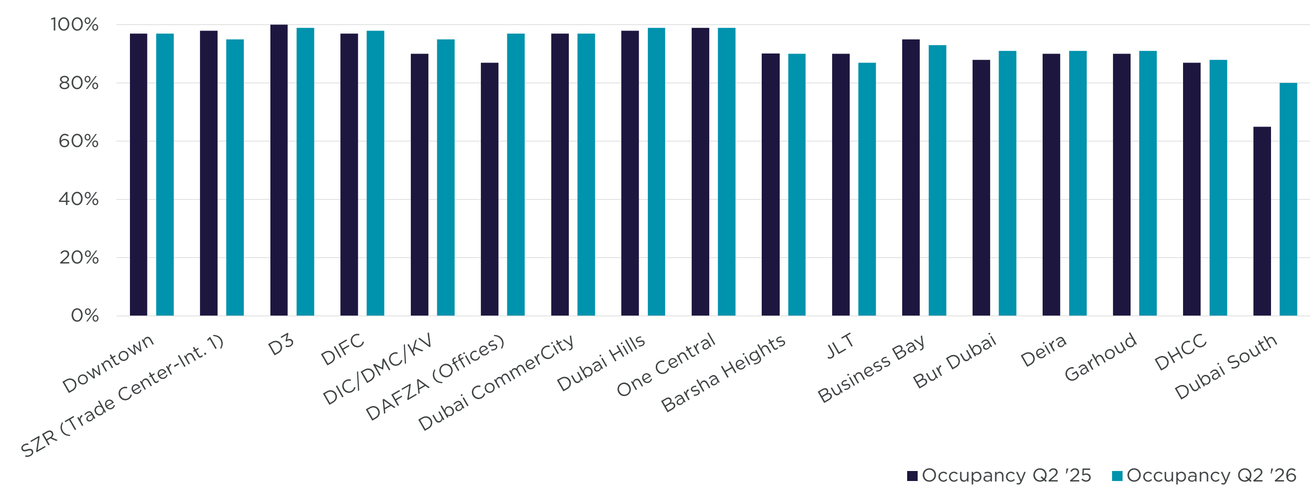
Demand remains strong, particularly for Grade A space, but leasing activity is moderating, with average city-wide rents declining 2% QoQ, the first quarterly decline in almost five years

Dubai City-Wide Office Vacancy vs. Rental Trends



Source: Cushman & Wakefield Core Research

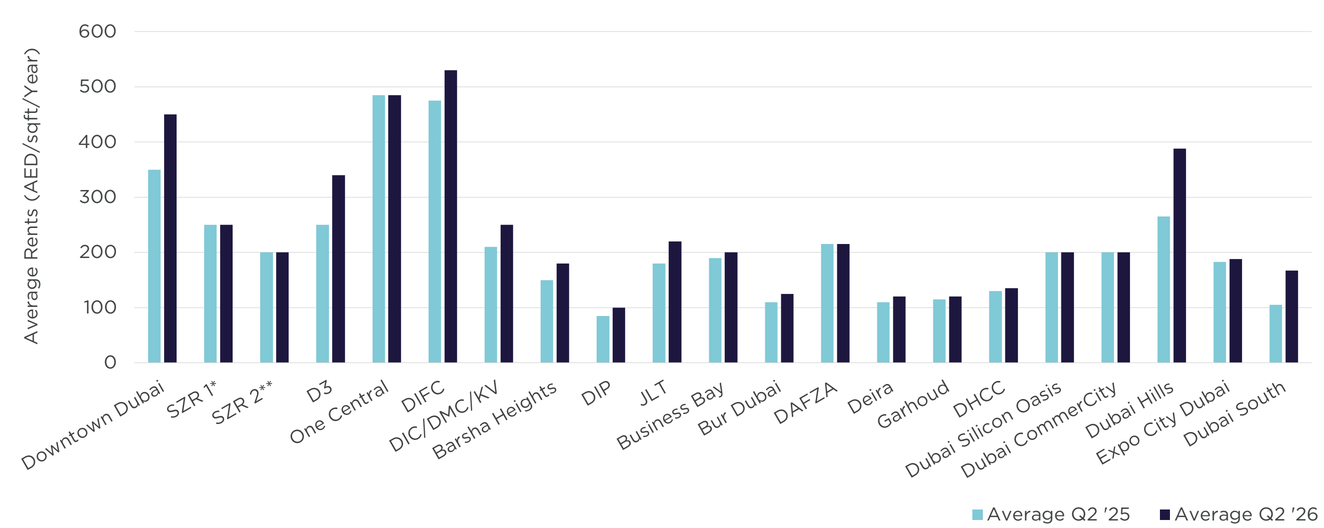
Office Occupancy | Q2 2025 vs. Q2 2026



Source: Cushman & Wakefield Core Research

Average Office Rents | Q2 2025 vs. Q2 2026

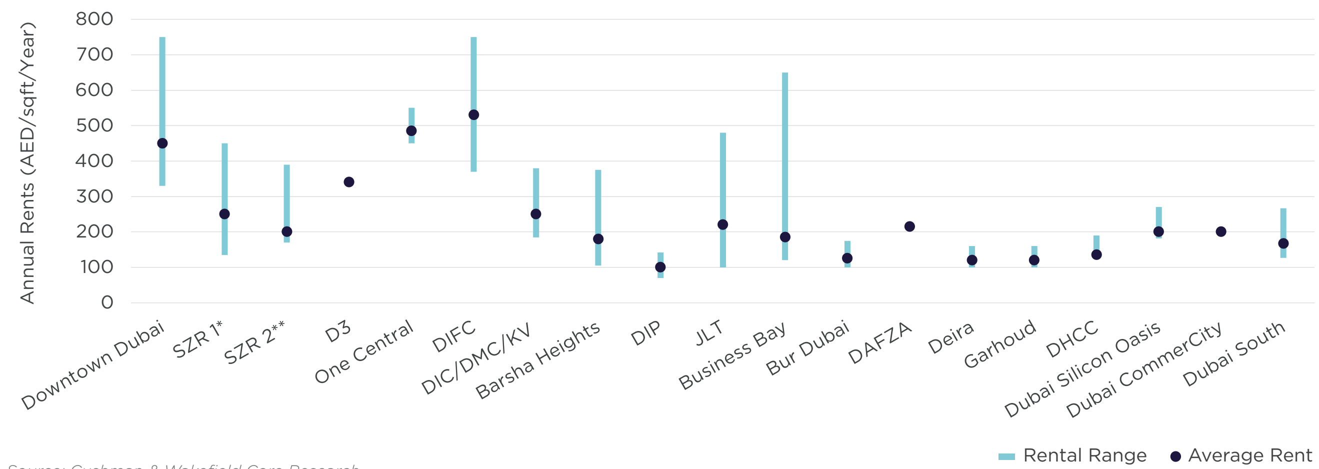
*SZR 1 = Trade Centre to 1st Interchange
**SZR 2 = 1st to 3rd Interchange



Source: Cushman & Wakefield Core Research

Dubai Office Rents | Q2 2026

*SZR 1 = Trade Centre to 1st Interchange
**SZR 2 = 1st to 3rd Interchange
Note: The below rents include service charges across all fit-out types



Source: Cushman & Wakefield Core Research

WHAT TO LOOK FOR IN H2 2026

As Dubai's real estate market continues to transition, H2 2026 will be defined less by headline pricing and more by the pace of demand recovery, supply absorption and occupier behaviour. These indicators will provide the clearest signals on whether the current moderation evolves towards stabilisation or a more prolonged period of market softening.

RESIDENTIAL	KEY INDICATOR TO WATCH	WHY IT MATTERS
LEASING ACTIVITY	» New lease volumes, renewal rates and the new-to-renewal ratio	» Earliest indicator of tenant confidence, affordability and market rebalancing
TRANSACTION RECOVERY	» Monthly sales transactions and transaction value	» Indicates buyer confidence and improving transaction activity
NEW LAUNCH ACTIVITY	» Number of projects and units launched	» Reflects developer confidence and off-plan market momentum
SUPPLY DELIVERY	» Actual handovers vs. scheduled completions	» Determines whether future supply remains manageable and can be absorbed
MORTGAGE DEMAND	» Share of mortgage-backed secondary transactions	» Indicates end-user demand

OFFICE	KEY INDICATOR TO WATCH	WHY IT MATTERS
LEASING DEMAND & LANDLORD BEHAVIOUR	» Enquiry levels, new lease volumes, expansion activity, concession packages and incentives	» Measures occupier confidence, leasing momentum and shifts in landlord pricing power
GRADE A PRE-LEASING	» Pre-commitments in upcoming developments	» Reflects confidence in long-term office demand and future absorption
OCCUPANCY LEVELS	» City-wide and Grade A occupancy rates	» Indicates net absorption and whether secondary stock is coming back to market
FLEX SPACE DEMAND	» New operator acquisitions, occupancy and portfolio expansion	» Measures occupier preference for flex space solutions
OFFICE SALES MARKET	» Sales transaction volumes, pricing and new project launches	» Early indicator of investor confidence, development sentiment

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Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital Markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture.

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