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Thought Leadership Series:

Dubai Office Market

1Q26

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Key Takeaways

Dubai's office market recorded sustained performance through year on year to Q1 2026, with Prime and Grade A submarkets continuing to reflect strong occupier demand amidst a constrained supply environment. Headline rents moderated marginally in Q1 2026 following 19 consecutive quarters of growth, consistent with a market operating near capacity. Regional geopolitical developments have introduced a degree of uncertainty; however, occupier activity and leasing enquiries remained broadly stable through the quarter.

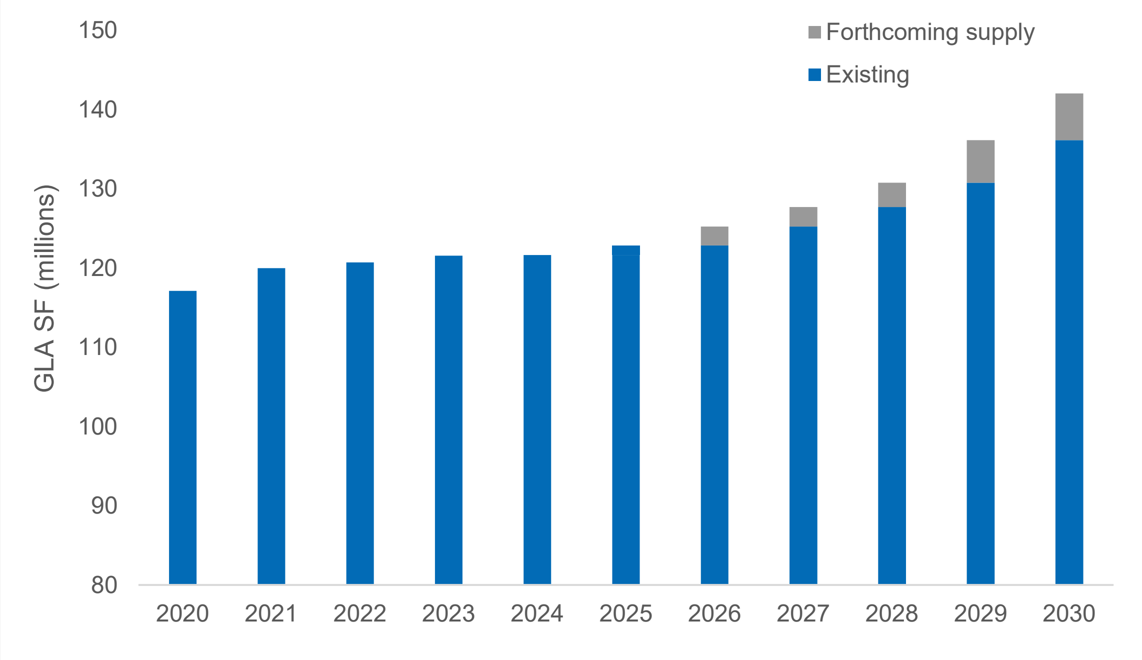
- Rental growth sustained for 19 consecutive quarters to Q4 2025. Headline rents eased by 1% in Q1 2026 while market activity remained active through the period
- Supply to remain constrained over the short to medium term with future supply to increase by approximately 3% per annum over the coming five years
- High occupancy and extended weighted average unexpired lease terms (WAULTs) highlight occupiers' focus on lease security amid rising rents
- Emerging submarkets of Dubai South and Expo look set to gain traction from occupiers seeking larger requirements

Market-wide rental rates soften slightly through Q1 2026 whilst supply remains thin

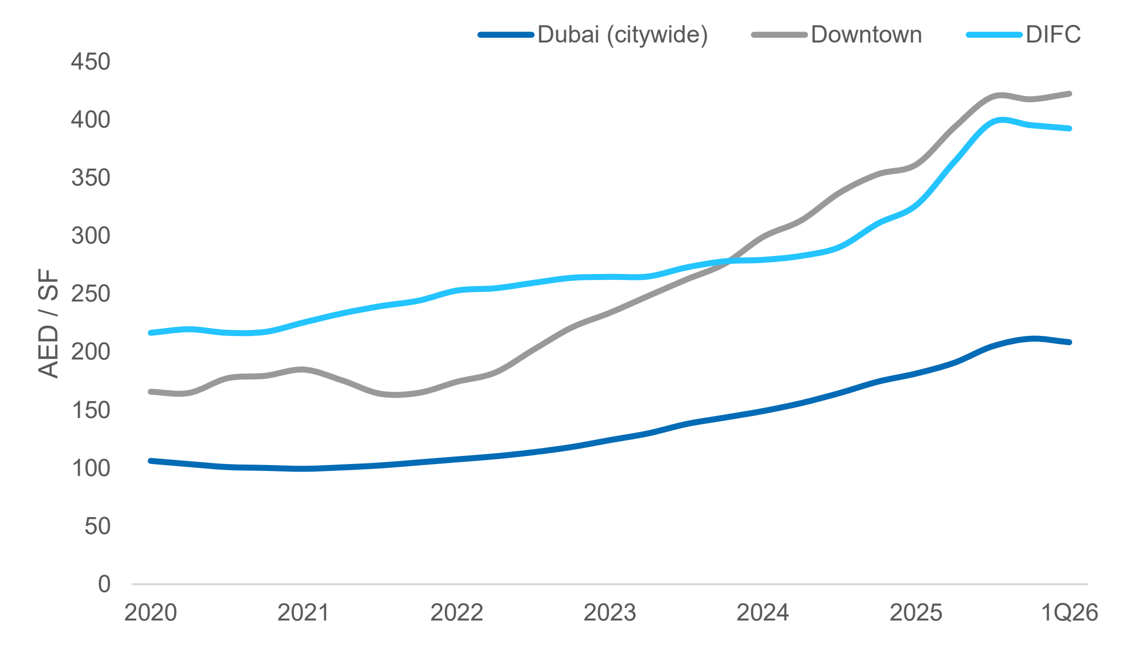
Current supply stands at approximately 122.6 million sq ft with approximately 2.4 million sq ft planned to be delivered in 2026. A robust economic environment coupled with a constriction of the supply pipeline has underpinned rental performance across all office classes for the past 12 months. The limited near-term delivery profile restricts available Grade A stock, particularly within established submarkets where new completions are concentrated in a small number of schemes. Against a backdrop of broader regional uncertainty, leasing conditions remained competitive in Q1 2026, with effective availability continuing to compress in core locations.

Year-on-year rental escalation across the market stands at 15% while the prime core submarkets of Dubai International Financial Centre (DIFC) and Dubai Downtown recorded increases of 20% and 17% respectively. Downtown's rental performance has been supported by a higher proportion of fitted and furnished strata space, aligning with occupier preference for turnkey solutions. For comparable Grade A space, DIFC continues to command the highest rental levels in the market with ICD Brookfield Place outperforming the wider DIFC submarket.

Dubai Office Supply and Pipeline, 2020 – 2030



Dubai average rents vs Prime Submarkets, 2020 – 1Q26



Source: REIDIN, MEED Projects
Note – Rents are exclusive of service charges

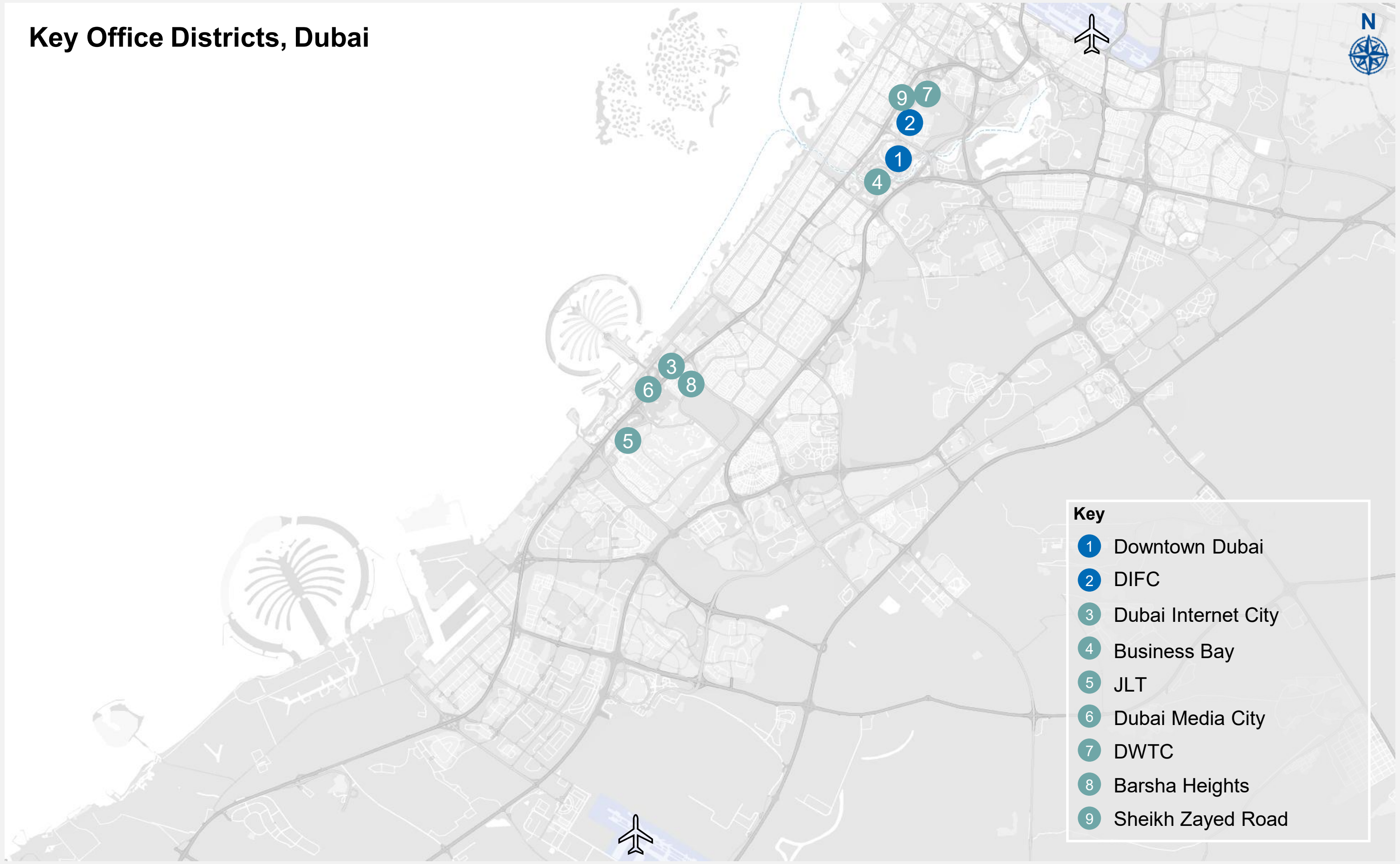
Year on year rental growth continues across core districts amid sustained grade A shortages

Year-on-year rental escalation across Dubai's established office submarkets was strong, with DIFC and Downtown now commanding average rents between AED 390 and 420 per sq ft supported by sustained demand from multinational and regional occupiers. Outside the prime core submarkets, rental growth has broadened as occupiers increasingly consider secondary but established locations, driven by a combination of rising prime rents and limited availability in prime core submarkets.

Dubai Key Submarkets, Average rents 1Q26 vs 1Q25

Submarket	1Q26 AED/SF	Annual % change
Prime		
Downtown Dubai	422.2	16.9%
Dubai International Financial Centre (DIFC)	392.3	20.3%
Grade A		
Dubai Internet City	199.6	11.9%
Business Bay	254.1	18.7%
Jumeirah Lakes Towers (JLT)	203.6	19.8%
Dubai Media City	199.6	11.9%
Dubai World Trade Centre (DWTC)	284.0	6.3%
Barsha Heights	218.1	32.2%
Sheikh Zayed Road	168.0	-3.4%

Key Office Districts, Dubai

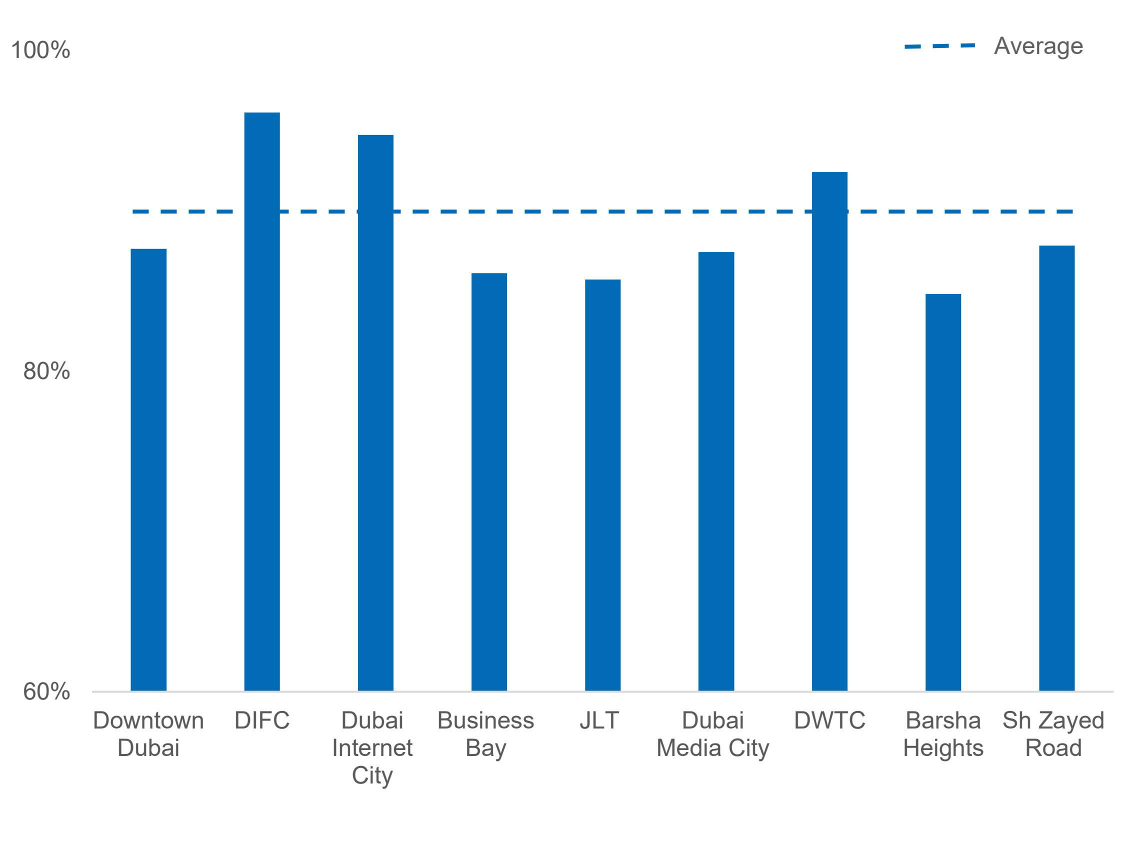


Source: REIDIN
Note – Rents are exclusive of service charges

High occupancy sustained as tenants compete for space due to supply constraints

Occupancy across all submarkets stands at approximately 90%, with WAULT for all leases increasing to 18.6 months as at Q1 2026. Demand remains supported by a combination of business expansion and new market entrants where requirements are skewed toward smaller, efficient floorplates that have continued to transact even as headline rents have moved higher. Following regional supply chains pressures, the delivery of new stock into the market could be subject to headwinds which in turn looks set to underpin pricing over the short term.

Occupancy across submarkets, 4Q25



- Weighted average unexpired lease term (WAULT) increased to 18.6 months through Q1 2026, up from 12.8 months for year end 2025, reflecting occupiers' increasing willingness to commit for longer durations amid sustained supply constraints and upward pressure on rents.
- While 4.9 million sq ft of supply is due to be delivered between 2026 and 2027, a large proportion will be preleased reinforcing rental pressure across established submarkets while encouraging larger occupiers or new entrants to consider emerging areas such as Dubai South and Expo.
- DIFC Square, which saw strong levels of preleasing, remains the only major addition in the prime core submarket in Q1, under scoring both demand levels for high quality stock and the constraints of supply over the near-term.
- Established districts remain capacity-constrained, limiting the extent to which incoming supply can immediately relieve pressure in the core market. Over the short-term current supply-demand dynamics are expected to continue which will in turn support pricing.
- As the market enters Q2 2026, the near-term trajectory is less certain than in prior quarters. While supply constraints and an active occupier pipeline provide a degree of support, the durability of leasing velocity will be tested in light of the current regional conditions.

Source: REIDIN

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