

Retail Market Dynamics

 **JLL** SEE A BRIGHTER WAY



Research
United Arab
Emirates
Q3 2025

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Key trends

1

Steady demand leads to rental hikes

- The market continues to be landlord favoured, as a result landlords are able to maintain pricing power. This is especially true for owners of prime retail properties and successful shopping centres that draw strong footfall and turnover for tenants.

2

Evolution of convenience sector

- Supermarkets and convenience stores are moving toward smaller, budget-focused formats that take up less space, are more cost efficient to run, and can be quickly opened in numerous different neighbourhoods.

3

F&B concepts continue to grow

- Homegrown food and beverage concepts continue to grow in popularity, as they demonstrate that they can quickly adapt to changing consumer trends and preferences.

By the numbers

8.24 million

Existing inventory (sq. m)
Dubai & Abu Dhabi

6.8%

Dubai vacancy

9.0%

Abu Dhabi vacancy

AED 5,524

Abu Dhabi Prime Rent per
sq. m

AED 836

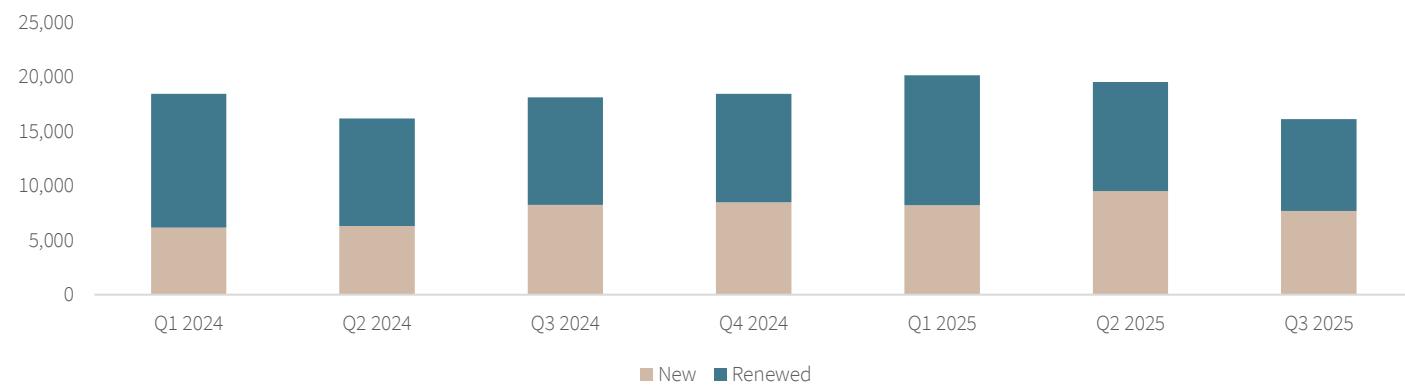
Dubai Prime Rent per sq. ft

Commentary

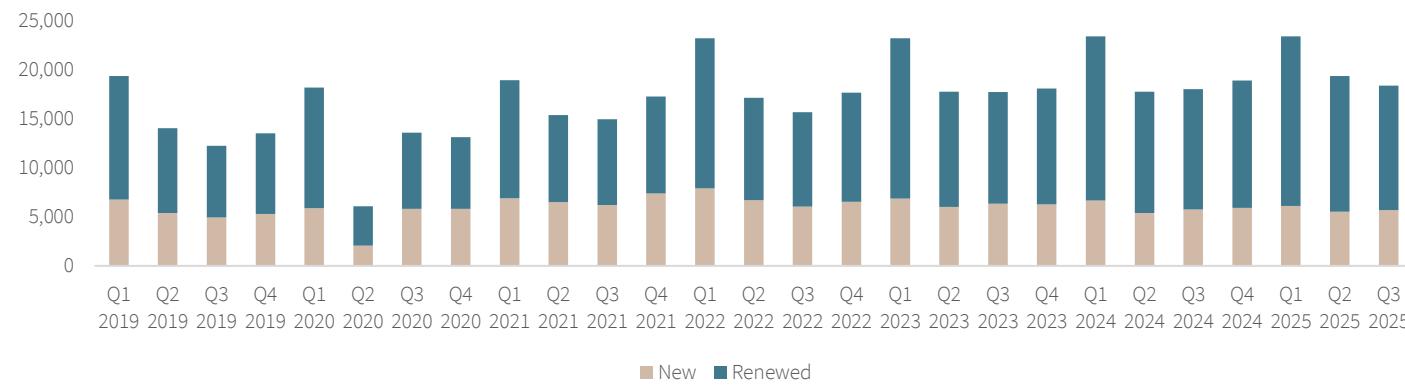
- In Abu Dhabi, total retail rental contract volumes declined by 11.1% in the year to Q3 2025. Over this period, lease renewals accounted for the predominant share of total registrations as tenants sought to retain their existing premises across the city. New contract volumes decreased by 6.8% annually, while renewal activity experienced a more pronounced decline of 14.7% compared to the corresponding period in the previous year.
- Dubai's retail sector witnessed renewals grow by 3.5% compared to last year and maintain the majority share of total registrations. This in turn had a positive impact on overall registrations by 2.1%. This reflects the tenant sentiment in preserving their current locations.

Rental Contract Volumes

Abu Dhabi



Dubai



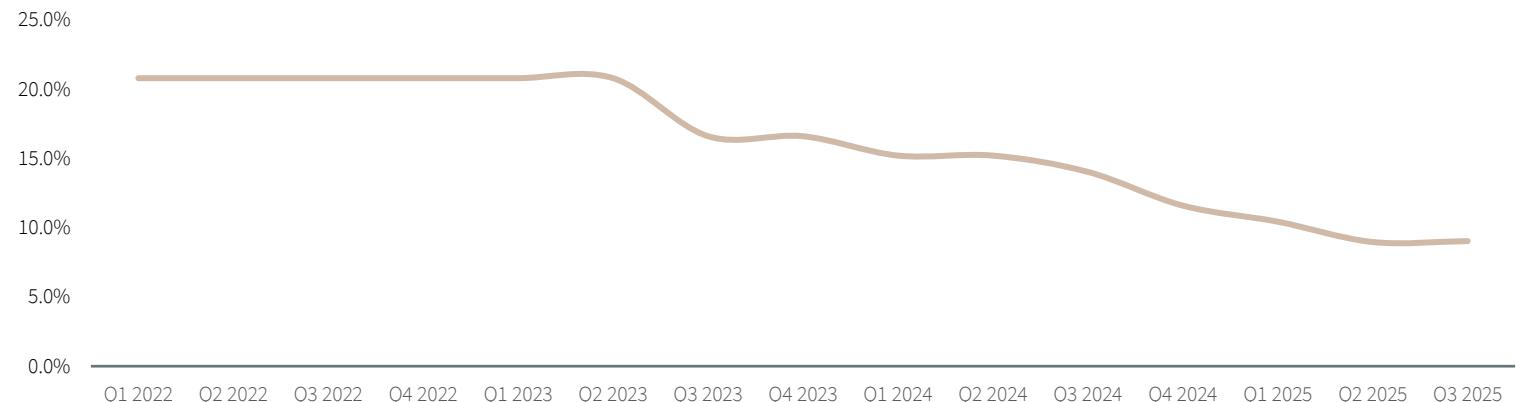
Source: Quanta, REIDIN

Commentary

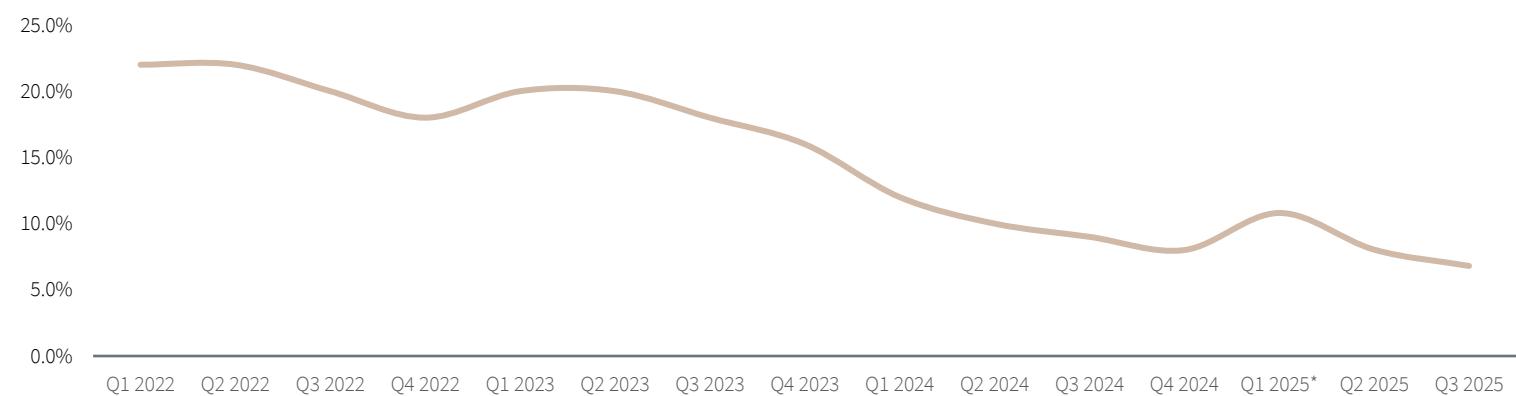
- Robust demand for organised retail developments continued to exert downward pressure on vacancy rates across both emirates throughout the third quarter. Abu Dhabi's retail vacancy rate declined to 9.0%, while Dubai achieved a lower rate of 6.8%, reflecting occupiers' appetite for well-positioned retail spaces.
- These improvements represent significant yearly reductions, with Abu Dhabi experiencing a 5.0 percentage point decrease in vacancy levels and Dubai recording a 2.2 percentage point decline.
- The steady fall in vacancy across both cities underscores the strength of tenant demand and the ongoing market dynamics in the retail sector. Retailers continue to secure strategic positions in prominent retail centers, taking into consideration evolving consumer expenditure trends and footfall.

Vacancy Rates

Abu Dhabi, Citywide



Dubai, Citywide



Source: JLL Research, 2025

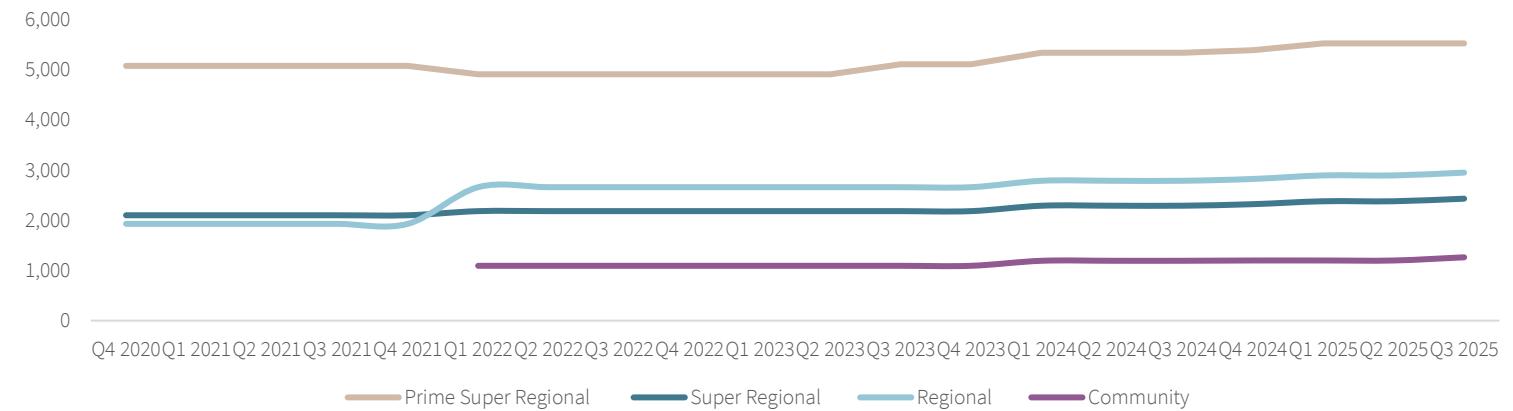
*JLL has enacted a methodological update in calculating retail vacancy rates which has resulted in a slight uptick for Q1 figures, which should not be interpreted as indicative of actual market conditions.

Commentary

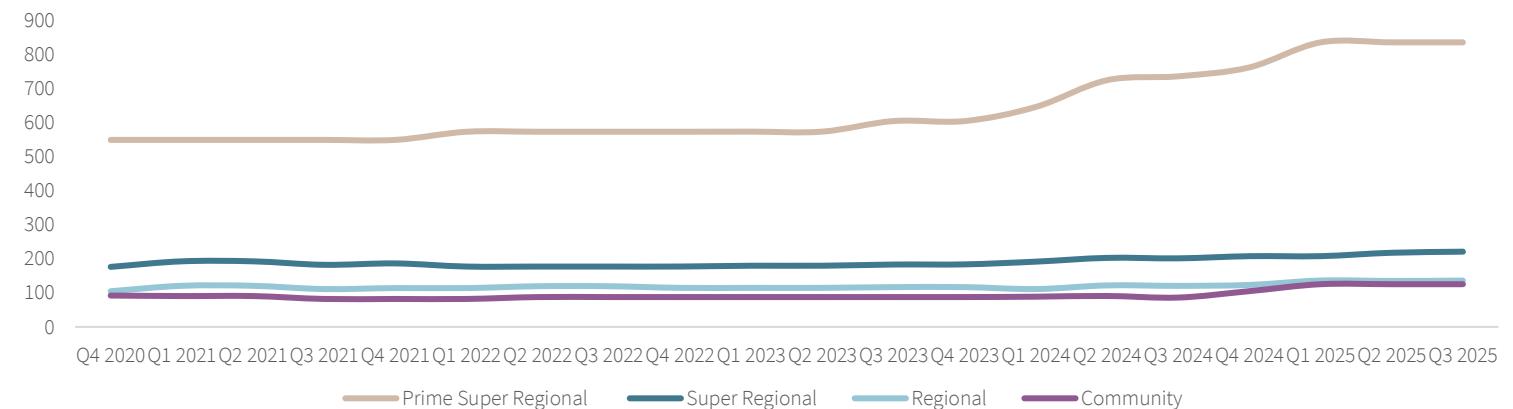
- Retail rental performance figures remained positive across all mall types in Abu Dhabi. Prime super regional malls maintained their significant premium over all other categories and grew by 3.4% in the year to Q3 2025, to reach an average of AED 5,524 per square metre. Other mall types also sustained rental increases, averaging a 5.9% increase when compared to the same period last year.
- In Dubai, prime super regional malls maintained their pricing power and as a result rents were up by 13.5% year-on-year to reach an average of AED 836 per square foot. Similarly, super regional and regional malls maintained strong demand and experienced rental hikes of 9.7% and 12.8% respectively.
- Landlords are leveraging the current market backdrop to negotiate higher rental rates. This trend is particularly pronounced among landlords who own prime retail properties, especially those managing well-positioned, high-performing shopping centers that consistently attract strong footfall and deliver solid sales performance for their tenants.

Rental Rates

Abu Dhabi, AED/SQM



Dubai, AED/Sq. Ft.



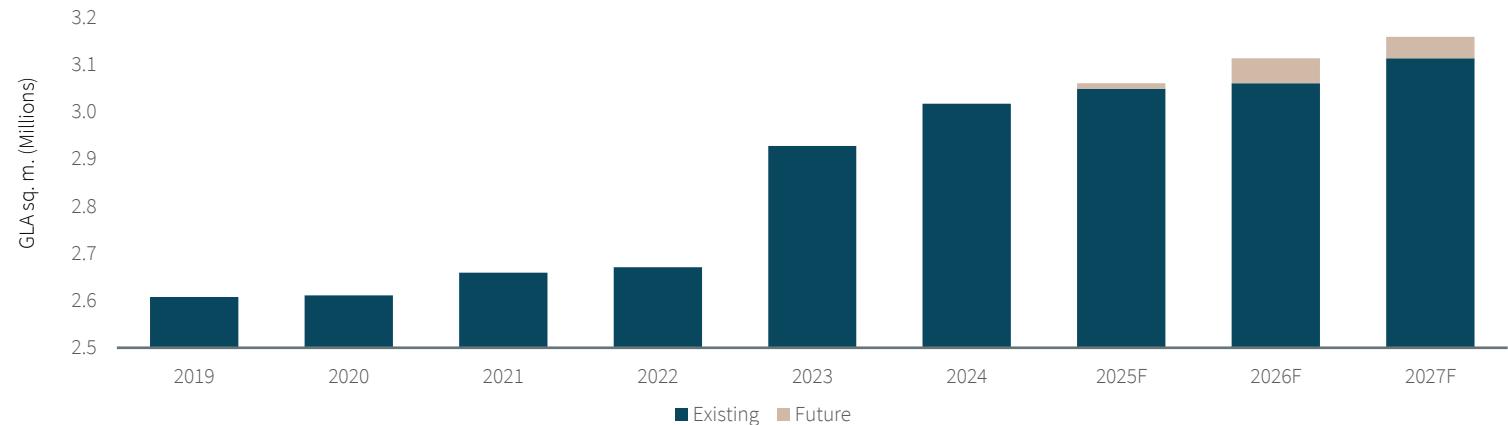
Source: JLL Research, 2025

Commentary

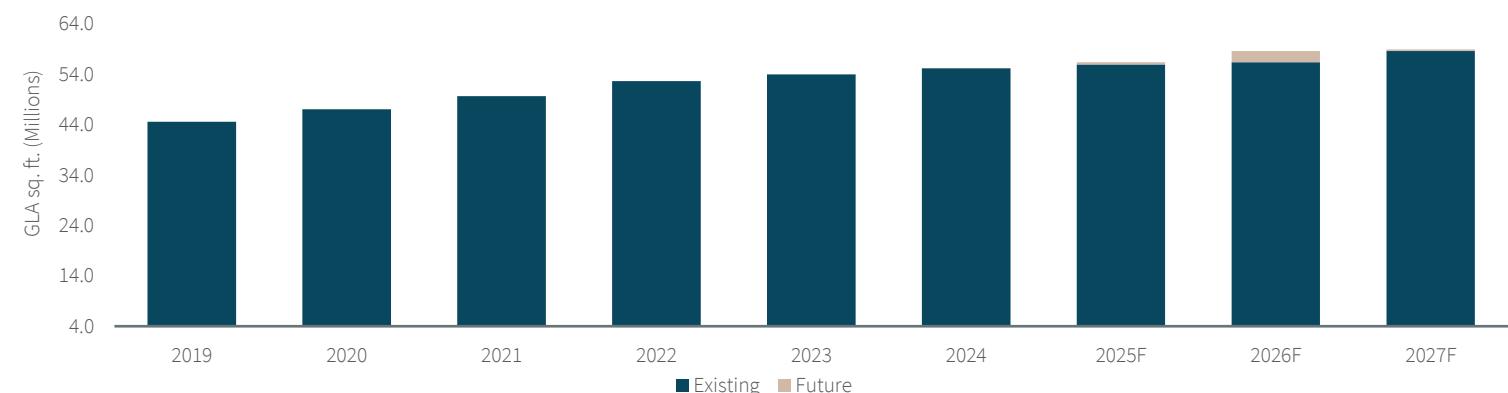
- During the third quarter, Abu Dhabi's retail inventory expanded by 27,000 square metres, bringing the total retail stock to 3.0 million square metres of gross leasable area. While near-term supply additions remain modest, with approximately 11,000 square metres planned for completion by year-end, substantial new supply is anticipated to enter the market over the following two years, totaling 98,400 square metres. Much of this forthcoming supply will consist of regional and community mall developments.
- No new completions maintained total retail stock in Dubai at around 55.9 million square feet of retail GLA at the end of Q3, with an additional 415,394 square feet expected over the remaining quarter. The following year should see a significant intake of new supply, with around 2.2 million square feet scheduled, majority of which falls under the super regional and regional categories.

Supply

Abu Dhabi



Dubai



Source: JLL Research, 2025

Outlook

- Retail brands are increasingly adapting their strategies to align with evolving consumer preferences and shifting market dynamics. A prominent example of this can be observed in the supermarket or convenience sector, where established brands are introducing innovative 'value brand' concepts. These new formats offer cost-effective solutions that require significantly smaller retail footprints compared to traditional flagship stores, enabling rapid and flexible deployment across diverse market locations. By doing so retailers are better able to handle pressures such as rising operational costs, changing shopping behaviours, and the need for greater accessibility in various neighbourhoods. The smaller format stores allow retailers to penetrate markets that may not support larger establishments while maintaining brand presence and customer reach.
- The success of these value-oriented concepts in the convenience segment suggests broader applicability across the retail landscape. As market conditions continue to evolve and consumer expectations shift toward convenience and value, we anticipate this trend will gain traction among other retail categories and brand portfolios. Fashion retailers, electronics stores, and specialty brands may similarly explore compact, cost-efficient formats that can respond quickly to local market demands while maintaining operational efficiency and brand standards.



Research authors

Taimur Khan

Head of Research
Research
United Arab Emirates
taimur.khan@jll.com

Muhammad Aijaz

Associate
Research
United Arab Emirates
muhammad.aijaz@jll.com

Faraz Ahead

Director
Research
United Arab Emirates
faraz.ahmed@jll.com

Zenah Al Sareeji

Associate
Research
United Arab Emirates
zenah.alsaraeji@jll.com

To find out more about JLL services, contact:

Dana Williamson

Head of Offices, Business Space & Retail
Middle East and Africa
dana.williamson@jll.com

Mireille Azzam Vidjen

Head of Consulting
Middle East and Africa
mireille.azzam@jll.com

Tim Millard

Head of Value and Risk Advisory
Middle East and Africa
tim.millard@jll.com

Colin Dowall

Head of Property & Asset Management Services
Middle East and Africa
colin.dowall@jll.com

Gary Tracey

Head of Project Development & Services
United Arab Emirates
gary.tracey@jll.com

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