

Dubai and Abu Dhabi Industrial Markets Review



H1 2024

A biannual review of key trends and the performance of Dubai and Abu Dhabi's industrial markets

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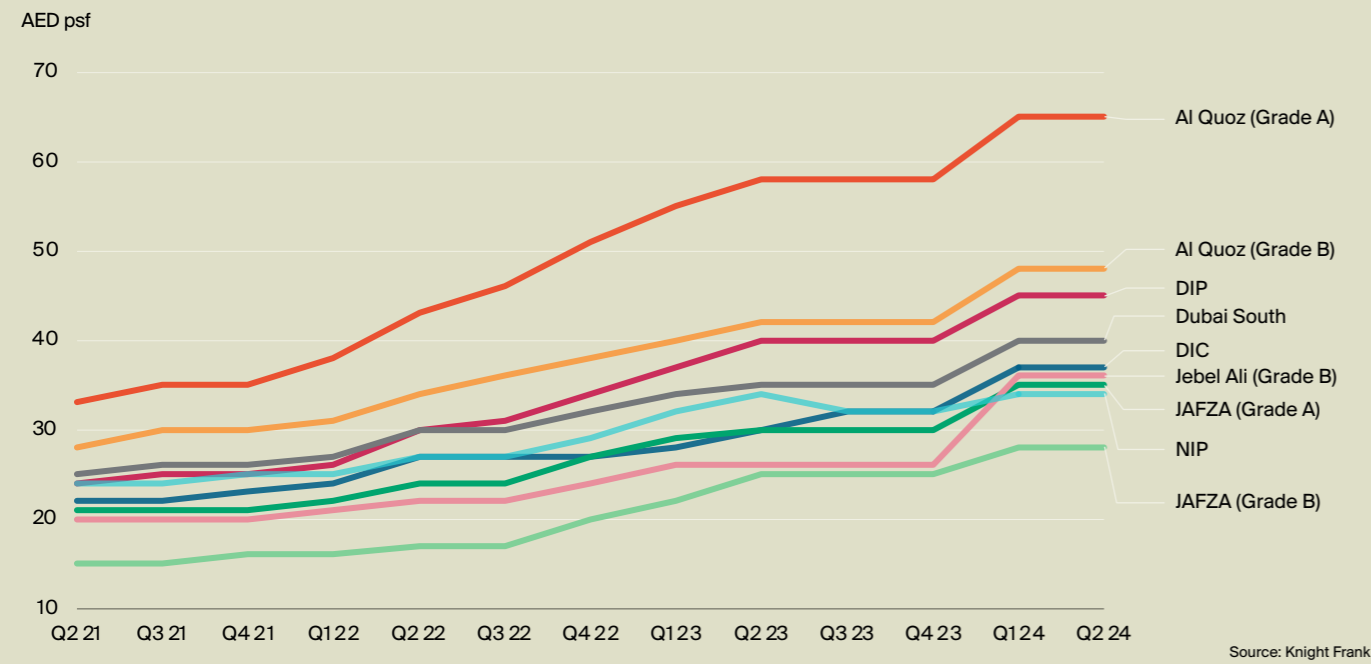


WHAT YOU NEED TO KNOW

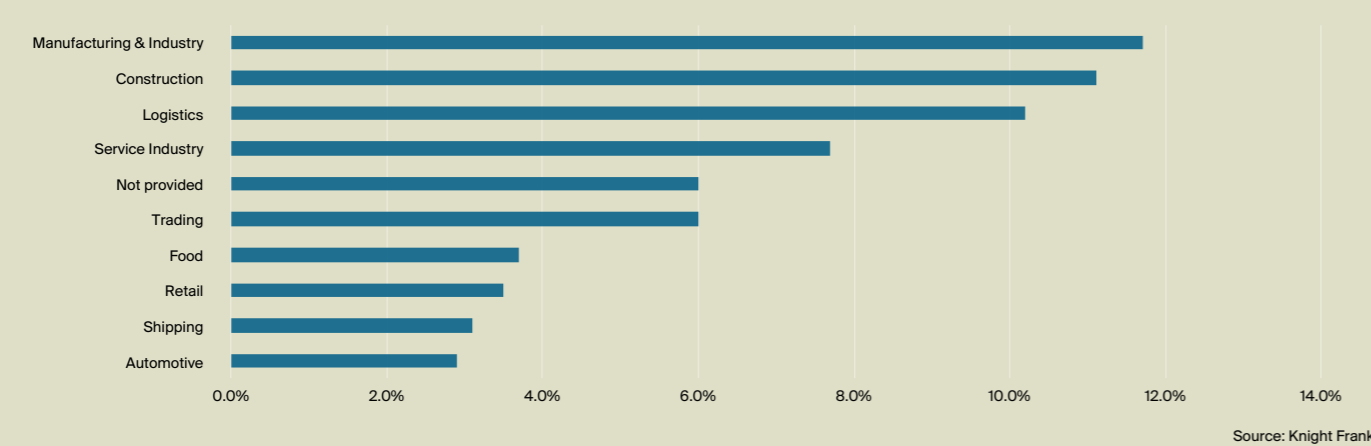
- Rents in Dubai's industrial and logistics sector have shown continued strong growth in H1 2024. The highest rental growth has been registered in Jebel Ali Industrial with average Grade B rates surging 38.5% over the past 12 months.
- Since Q2 2021, average lease rates in Al Quoz have doubled, with Grade A rents increasing from AED 33 psf to AED 65 psf. In some instances, rents have climbed to AED 100 psf.
- In 2023, Knight Frank recorded requirements totalling 12.5 million sqft. During H1 2024, Knight Frank recorded almost 18 million sqft in requirements for industrial and logistics assets, representing a 185% increase on H1 2023.
- Manufacturing 2.1 million sqft, construction 2.0 million sqft, and logistics 1.8 million sqft remain the leading sources of demand.
- Increasing rents and capital values in Dubai, coupled with supply scarcity are driving occupiers to explore warehouse options in other emirates.
- KEZAD's new expansion will provide more than 250,000 sqm of new warehouse facilities by the end of 2025. The expansion will increase KEZAD's total capacity by 43%.
- Dubai South and Aldar Properties will create a Grade A logistics facility in Dubai South's Logistics District. The facility will cover 22,915 sqm and will be completed by Q2 2025.
- Dubai has launched the *Commercial and Logistics Land Transport Strategy 2030*. The strategy launched by the Roads and Transport Authority will increase the sector's contribution to Dubai's economy to AED 16.8bn, from AED 8.5 bn today.

DUBAI

Performance of Industrial Rents in Dubai



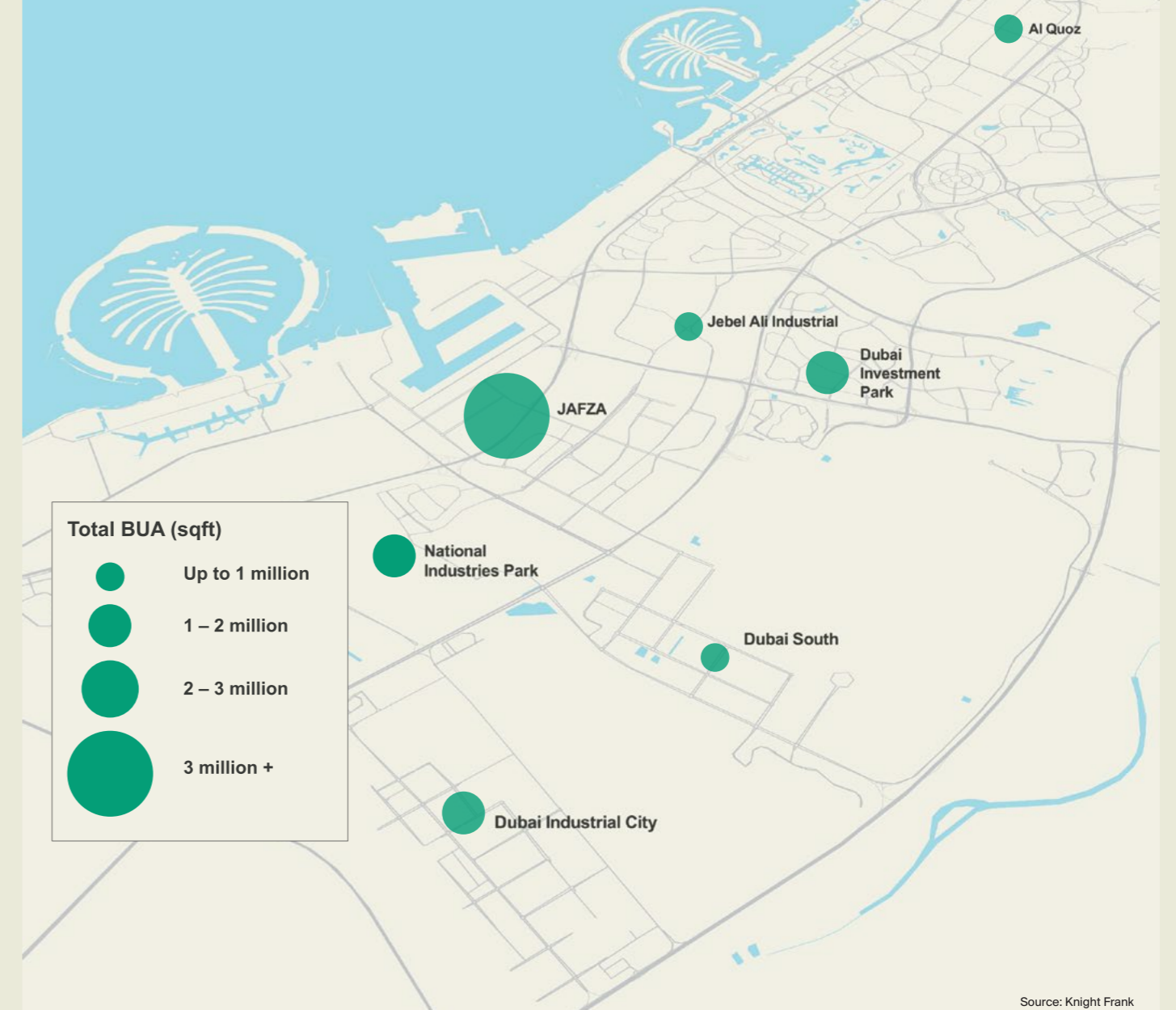
Industrial & Logistics Demand by Sector - Dubai H1 2024



CURRENT AVAILABLE SUPPLY IN DUBAI | H1 2024

Area	Total BUA (sqft)
JAFZA	3 million +
NIP	1 – 2 million
DIC	1 – 2 million
DIP	1 – 2 million
Al Quoz	Up to 1 million
Jebel Ali Industrial	Up to 1 million
Dubai South	Up to 1 million

Total Built-up Area (BUA) available is made up of all industrial and logistics assets.



Dubai's industrial and logistics supply forecast

	2024	2025	2026		2027 and beyond
Status	Confirmed**	Confirmed**	Confirmed**	Potential***	Potential***
Total Area	660,000 sqft	1.3 million sqft	668,000 sqft	896,000 sqft	5.9 million sqft

* Grade A stand-alone warehouses with a minimum footprint of 160,000 sqft
 **Developer has already secured land and is seeking internal approvals
 ***Developer is running active negotiations with landowners

Source: Knight Frank

In focus: Radius

5.2 hectares

Radius Group is the first international institutional developer brought to the UAE exclusively by Knight Frank. The developer has acquired a 5.2 hectare site at Dubai Investments Park 2.

33k sqm

The site will see the construction of a 33,000 sqm class A complex. It will be suitable for multi-purpose use, including logistics, last-mile delivery, light industrial and service functions, as well as big-box distribution and storage operations.

12m

Clear height of 12m with column grid of 12x24m. The building will be designed and certified following completion in accordance with the UAE Sustainability and Green Development Standards.

Aug-25

Construction is scheduled to start in August, with commissioning and access for tenants set for August 2025. Knight Frank has been instructed by Radius Group to lease the project exclusively.

Source: Knight Frank, Radius Group



“There is a clear growth trend in demand for better quality, operationally efficient logistics and warehousing space within UAE, and specifically in Dubai.

“Working in partnership with Knight Frank MENA, and offering the award winning Radius institutional Class A standard at the strategic location of our first project in Dubai Investments Park, gives us 100% confidence in the success of Radius City Logistics at DIP.”

David Simons,
 Founder & CEO, Radius Group

ABU DHABI

In focus: KEZAD

AED 550 psm

KEZAD Group (Khalifa Economic Zones Abu Dhabi) represents 55% of the UAE's industrial area and encompasses 12 economic zones. Warehouse rents range from AED 320-450 psm, while cold store rents range from AED 350-550 psm. Rates vary depending on the unit specifications and the quantum of space leased.

70%

KEZAD oversees a land bank totaling 550 km². Of this, 110 km² have been developed, with 98 km² designated as leasable land. The current land occupancy rate stands at 70%.

2,100 customers

KEZAD serves 2,100 customers, 70% of whom are in the industrial and manufacturing sector. In Q1 2024, the automotive, metal and AgTech & Food sectors were the top three sources of land requirements. Meanwhile, the highest number of inquiries came from the metal, construction and automotive sectors.

262 transactions

KEZAD gained 40 new occupiers in Q1. From Q2 2023 to Q1 2024, there were 262 lease transactions. During the same period, KEZAD attracted AED 8.82bn in total investment, with 62% coming from local sources and 38% from foreign direct investment (FDI).

250k sqm

KEZAD is adding 250,000 sqm of new stock, increasing its existing warehousing capacity by 43%. This includes 97,500 sqm in Khalifa Industrial Area (KEZAD Al Mamourah A & B) and 153,000 sqm in ICAD 3 (KEZAD Musaffah). This growth is driven by the continued strong demand for pre-built industrial and logistics facilities.

Source: Knight Frank, KEZAD

“The Ecosystem in KEZAD is rapidly evolving with major new industries setting up and a wide base of vendors and service providers moving in to serve this growing base. This is particularly well reflected in the robust demand for our warehousing products with occupancy rising to 88% for Q1.

“Most notably, we have witnessed customers with larger space requirements of 2,000+ sqm committing earlier to pre-leases in order to secure space ahead of completion; this has been apparent with our upcoming Light Industrial Units Phase 2 being fully pre-leased ahead of project handover.

“Additionally, we are witnessing a trend towards longer lease commitments, with the average lease length increasing to almost 6 years from around 4 years in 2022.”

Mohamed Al Khadar Al Ahmed
 CEO of KEZAD Group

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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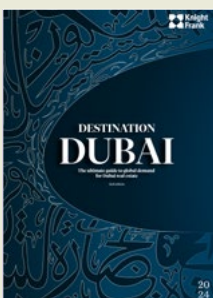
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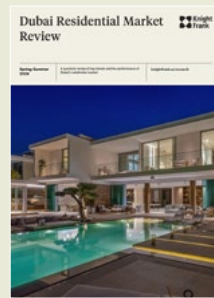
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