

Research

Middle East and Africa | 2025

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Middle East and Africa Market Review and Outlook 2025

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01

Key trends



Key trends

1

Supply shortages will drive performance. In the vast number of markets, there are limited levels of available supply. With the pipeline remaining limited in the medium term, supply will continue to lag demand. As a result, market performance is expected to remain steadfast in the majority of cases.

2

Infrastructure delivery will be a key catalyst for development. 2025 is expected to be a notable year for the delivery of key infrastructure projects across the region. This will in turn spur new development deliveries and, more importantly, be a catalyst for an increase in private sector participation.

3

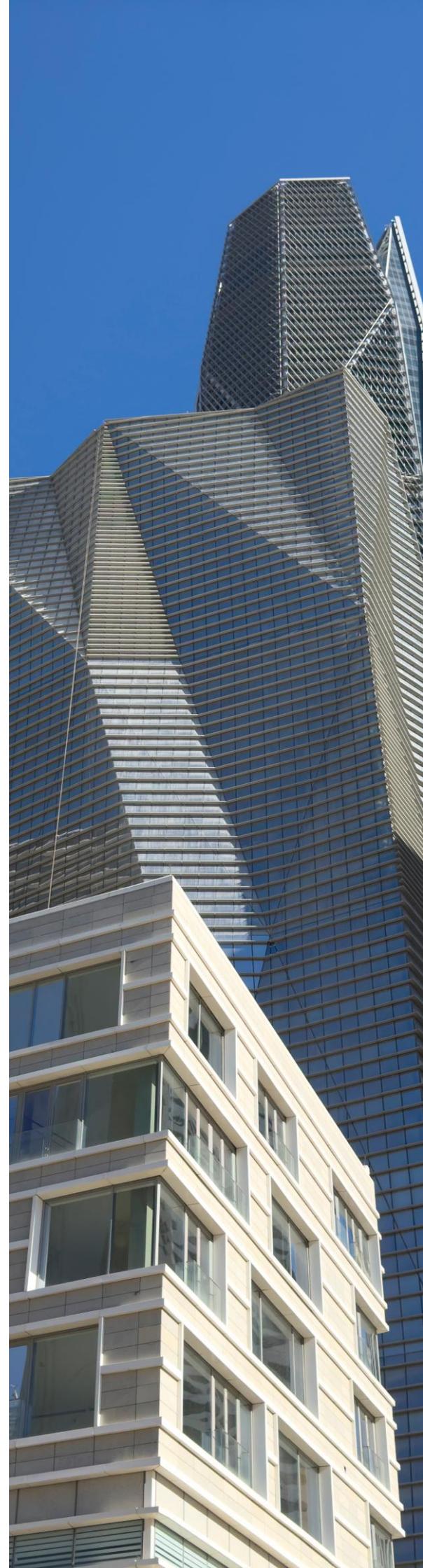
Construction costs are likely to remain elevated. Given the scale of projects underway in the region and uncertainty around trade flows and on-going impacts of supply chain disruptions, construction costs are expected to continue to exhibit higher rates of inflation.

4

Alternative assets are increasingly becoming a core part of the built environment. Historically, assets that may have been grouped as alternative assets are now more often than not a core facet of best-in-class real estate developments; examples include last-mile logistics and data centres.

5

Key markets are becoming more institutionalised. A number of key markets in the region are becoming more structured and institutionalised and are now expected to have a greater proportion of assets traded more regularly. However, in the short term, the quality of assets that will come to the market is expected to remain sporadic in quality.



02

Macroeconomic overview and outlook

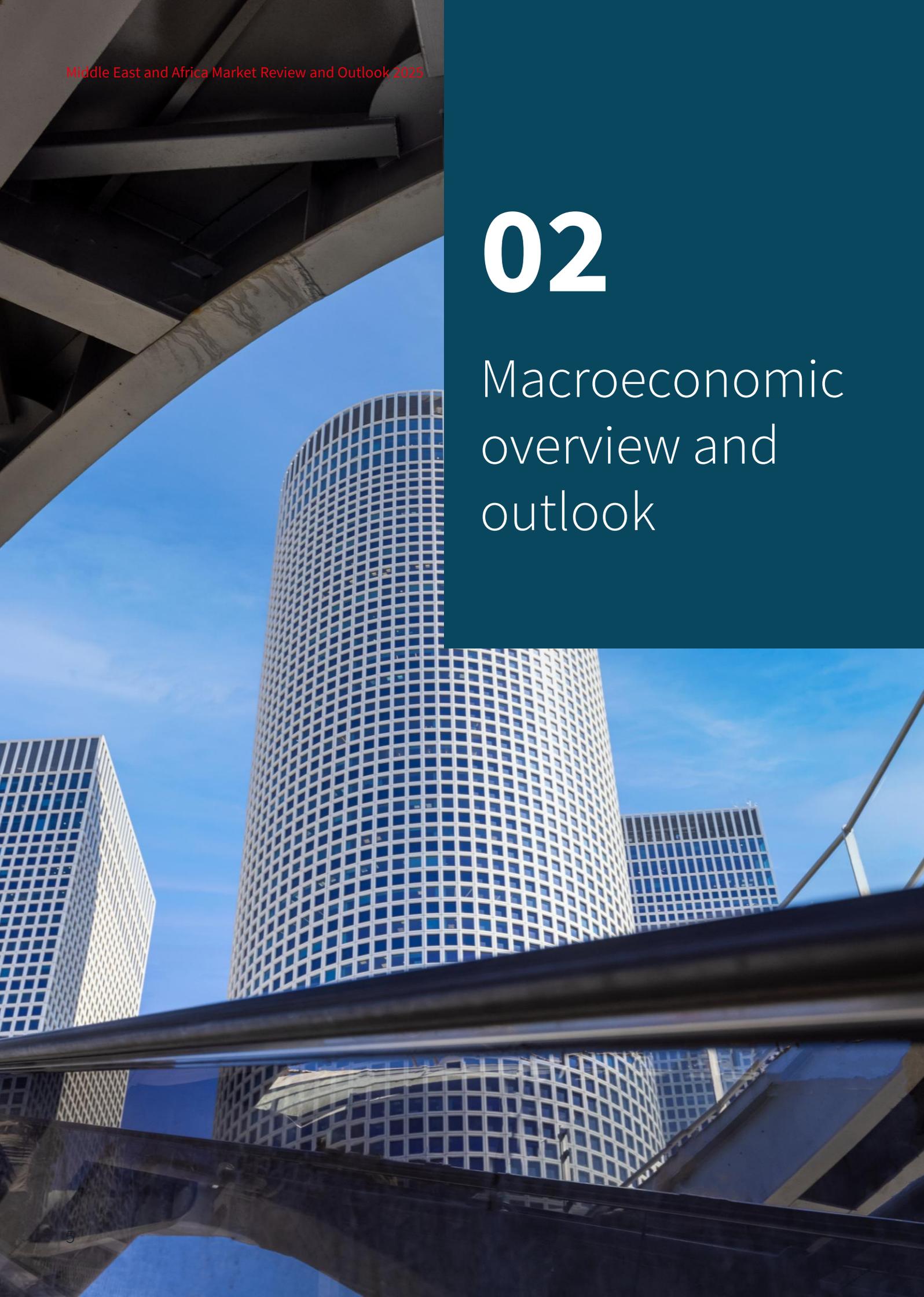


Figure no. 01
 Chart: **GDP, YoY % change**

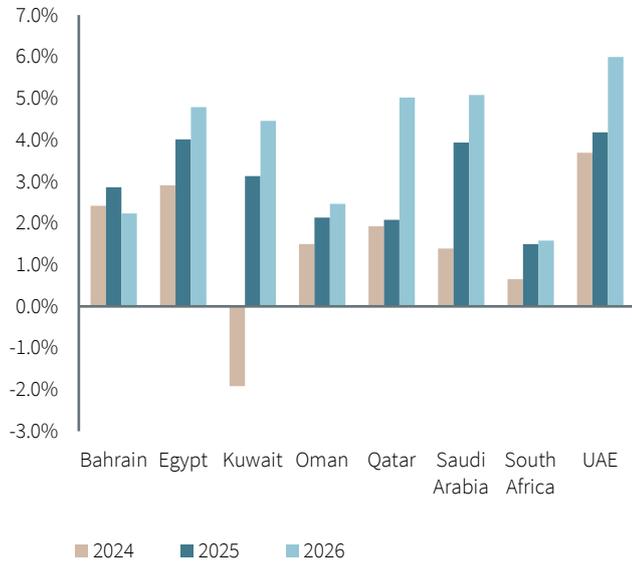
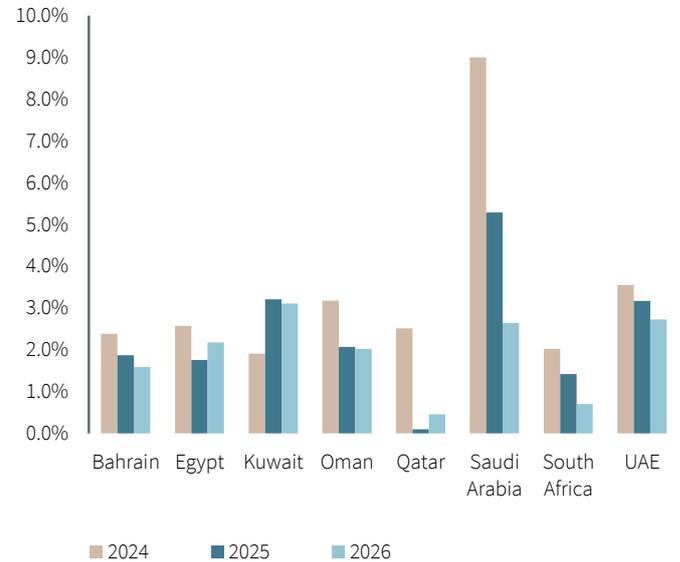


Figure no. 02
 Chart: **Employment, YoY % change**



Source: JLL Research/ Oxford Economics/ Refinitiv Workspace
 Note: Rates based on OIS rates

Over the course of 2024, a number of key global macroeconomic headwinds began to ease. First, inflation rates began to moderate and stabilise, and consequentially central banks have largely been able to begin enacting interest rate cuts. This, combined with a robust labour market, has meant that GDP growth rates in large parts were stronger than expected.

In the Middle East and Africa region, this stronger global backdrop has provided a stronger footing to a relatively buoyant macroeconomic backdrop in most cases. In the GCC countries, due to ongoing oil production cuts, oil-GDP decreased on average by an estimated 2.7% in 2024, with the UAE being the only GCC country to record growth in oil GDP. The non-oil sector, on the other hand, has continued to record strong rates of growth during 2024, with the average rate of growth reaching 3.1%. Non-oil GDP growth has been particularly strong in Saudi Arabia and the UAE, which recorded growth rates

of 4.5% and 4.7%, respectively. Overall, across the GCC countries, the average headline rate of GDP growth reached 1.5%, where only Kuwait recorded a contraction in economic activity.

Looking ahead, whilst there are increasing levels of uncertainty around the global macroeconomic backdrop stemming from a range of proposed tariffs by the United States and the potential reprisal by trade partners, the outlook for economic growth across GCC economies remains optimistic. With oil production cuts expected to begin to unwind during 2025, forecasts show that oil-GDP growth will reach 1.1% on average across GCC countries. The non-oil sector’s rate of growth is also expected to accelerate to 3.9% in 2025, where Saudi Arabia and the UAE’s forecasts are amongst the strongest at 5.8% and 4.8%, respectively. Employment growth is also set to remain relatively steadfast, with an average growth rate of 2.6% in 2025, although this is down from 3.8% in 2024.

Figure no. 03

Chart: **Inflation, YoY % change**

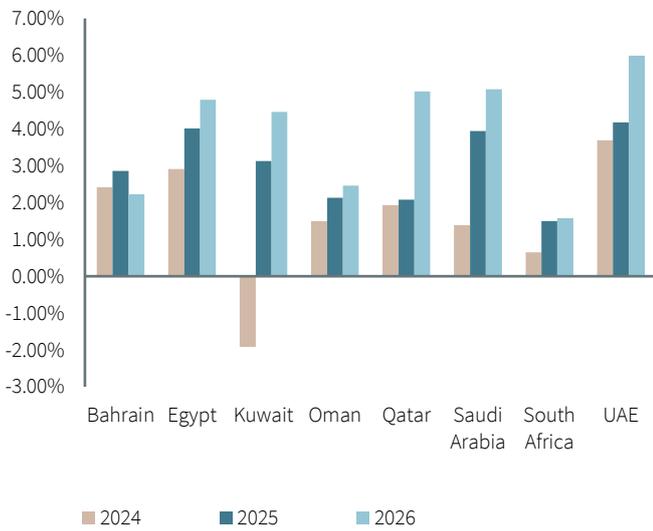
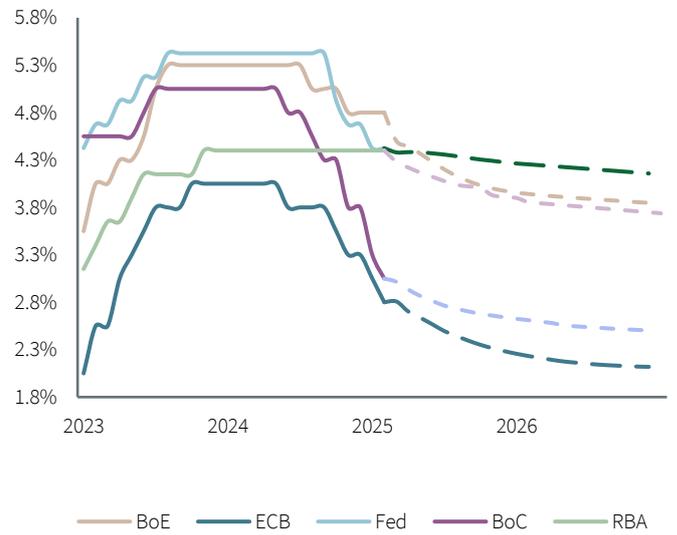


Figure no. 04

Chart: **Base rates, %**



Source: JLL Research/ Oxford Economics/ Refinitiv Workspace
 Note: Rates based on OIS rates

Economic growth in the key African economies of Egypt and South Africa has seen less uniform growth rates in comparison to the GCC countries.

Egypt, after a turbulent start to the year, saw inflation dissipate, greater currency stability, and public sector reforms enacted, which drove GDP growth of 2.9%. With inflation expected to moderate further, where forecasts show a slowdown from 28.3% in 2024 to 17.8%, alongside FDI from a number of neighbouring countries, Egypt’s GDP growth rate is expected to accelerate and reach 4.0% in 2025. A potential material decline in base rates could further ease inflation beyond current forecasts, potentially driving even higher economic growth rates.

Finally, in South Africa, over the course of 2024, political uncertainties and infrastructure issues, among other challenges, led to a relatively low

marginal increase in GDP of 0.7%. Post-election, there has been a marked reduction in political uncertainty, much more pro-business conditions, and issues such as load shedding being resolved, which has helped revive business confidence. As a result, South Africa’s 2025 rate of growth is expected to reach 1.5% with employment growth of 1.2%, and inflation is anticipated to slow marginally to 4.2%. There are some risks to this relatively more positive backdrop; first and most recently, the increasing rhetoric from the United States around targeting tariffs on South Africa. Secondly, the velocity and number of rate cuts, if inflation remains stubborn, sustained higher rates may impact the growth outlook.

03

Construction market



Figure no. 05

Chart: **Total construction project awards, US\$, billions**

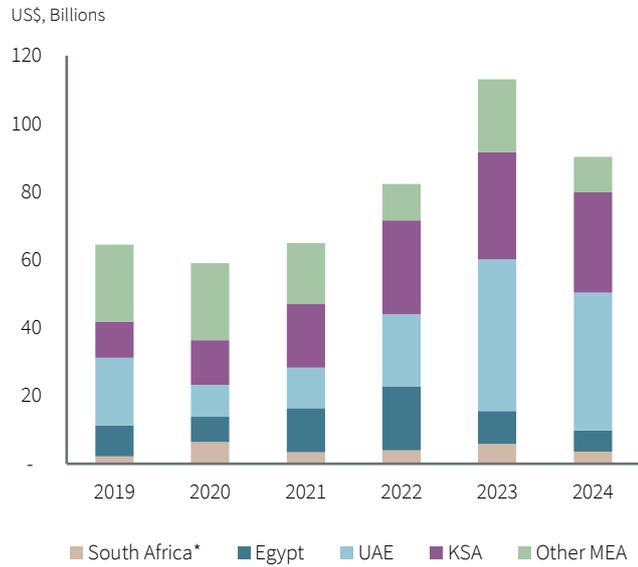
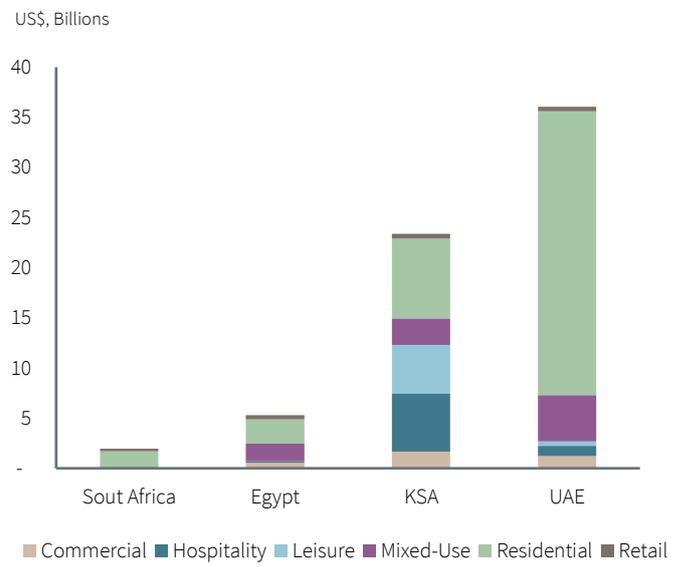


Figure no. 06

Chart: **Project awards, by sector, US\$, billions, 2024**



Source: JLL Research

Note: *South Africa's project awards are reported as of August 2024 and include only the private sector, excluding government projects

In 2024, the MEA region's construction project market slowed, despite optimistic industry forecasts. Total construction Project awards in 2024 declined by 20.2% to US\$ 90 billion, according to MEED Projects and The South African statistical bureau (StatsSA). However, the market remained robust with a US\$ 1.9 trillion project pipeline.

Saudi Arabia led the pipeline with 45.6% of upcoming projects, followed by the UAE at 19.4%. The UAE dominated the 2024 awards, securing 45.0% (US\$ 40.6 billion), while Saudi Arabia contributed 32.7% (US\$ 29.5 billion). Egypt and South Africa accounted for 6.8% and 4.0%, respectively, as reported by MEED Projects and StatsSA. Despite the overall decline, large-scale projects in certain markets balanced limited capacity, with strong growth prospects evident in future projections.



In terms of sectors, the UAE excelled in residential and mixed-use projects, awarding US\$ 28.3 billion and US\$ 4.6 billion, respectively, in 2024. Saudi Arabia's residential sector performed strongly with US\$ 7.9 billion in awards, complemented by significant activity in hospitality, mixed-use, and leisure segments. Egypt and South Africa's residential sectors led their project awards, valued at US\$ 2.4 billion and US\$ 1.6 billion, respectively. South Africa's residential construction sector is expected to maintain its growth trajectory, driven by rising demand for affordable housing and a heightened focus on sustainable building practices and green technologies.

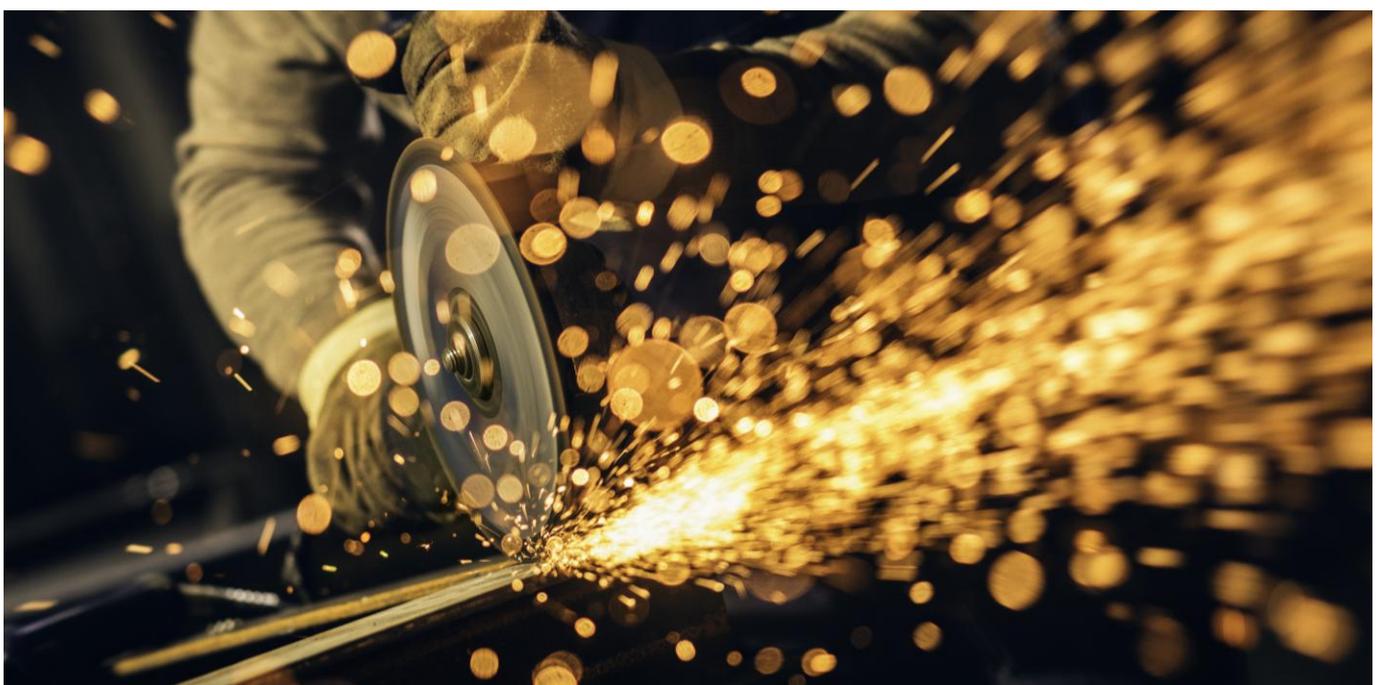
Market factors

The region experienced dynamic changes, with rising construction prices, particularly in the UAE. Saudi Arabia faced more modest increases but anticipates capacity constraints from 2025 to 2028. Both countries are preparing for major events, boosting project awards and construction activity.

The sector also faces challenges, including rising costs, escalating wages, and geopolitical conflicts impacting logistics and supply chains. The Drewry World Container Index highlighted volatility, peaking at US\$ 5,900 in July 2024 before declining to US\$ 3,800 by December. Additional pressures include labour and technology issues, increased foreign investment demand, market competition, and complex regulatory considerations.

To navigate these challenges, regional markets are implementing robust planning and risk management strategies, diversifying suppliers, forming strategic partnerships, and investing in infrastructure. Saudi Arabia is addressing supply chain issues through new legislation, while key trends shaping the future include intensified localisation efforts, sustained infrastructure investment, digital transformation, regulatory reforms, enhanced stakeholder collaboration, and a focus on renewable energy and sustainability.

Contract negotiations remain critical, emphasising clauses for price escalation, time extensions, and exceptional events. Moving forward, adaptability and resilience are crucial for capitalising on future opportunities in the MEA's evolving construction sector.



Egypt, construction cost benchmarking, 2024

Concrete	Rebar	Structural steel
EGP 5,426 per metre cubed	EGP 57,831 per tonne	EGP 75,375 per tonne

Sector	Low EGP per m ²	High EGP m ²
Residential		
Apartments (Fully finished)	33,790	46,080
High rise	42,420	49,780
Villas (Fully finished)	34,460	42,550
Commercial		
Low – Mid-rise office (S&C)	28,650	41,510
Low – Mid-rise fit out	30,270	42,400
Retail		
Strip	23,930	31,340
Mall	58,000	77,270
Hospitality		
5* Resort (avg 220m2 GFA/key)	9,165,930/key/116,073/m2	11,610,170/Key/135,918/m2
4* Hotel (avg 120m2 GFA/key)	7,638,272/key/92,378/m2	9,471,457/key/111,504/m2
Industrial		
Industrial unit	72,990	134,540
Car parking		
Above grade	11,730	18,420
Basement	21,500	31,350
Public amenities		
Mosque	98,430	119,010
Park/Landscape	2,140	3,060
Infrastructure	2,110	3,020

Saudi Arabia, construction cost benchmarking, 2024

Excavation and disposal	Concrete	Rebar	Structural steel
SAR 50 – 80 per metre cubed	SAR 490 – 650 per metre cubed	SAR 5,300 – 6,000 per tonne	SAR 13,300 – 15,000 per tonne

Sector	Low SAR per m ²	High SAR m ²
Residential		
Mid and high rise	5,600	10,500
Villa	5,000	9,000
Townhouse	4,500	6,000
Commercial		
Mid-rise office (S&C)	5,000	7,500
Fit out	5,000	10,100
Retail		
Strip	4,500	5,000
Community/Regional	5,300	7,200
Hospitality		
5* Resort (avg 220m2 GFA/key)	14,600 m2/3,212,000 key	20,000 m2/4,400,000 key
5* Hotel (avg 200m2 GFA/key)	12,000 m2/2,400,000 key	16,000 m2/3,200,000 key
4* Hotel (120m2 GFA/key)	8,700 m2/1,044,000 key	13,250 m2/1,590,000 key
Industrial and logistics		
Light Industrial Unit (LIU)	2,8000	4,200
Logistics warehouse facility	6,500	8,900
Car parking		
Multi storey	2,900	4,000
Basement	3,800	5,500
Public amenities		
Mosque	5,000	11,000
Park/Landscape	350	1,200

UAE, Construction cost benchmarking, 2024

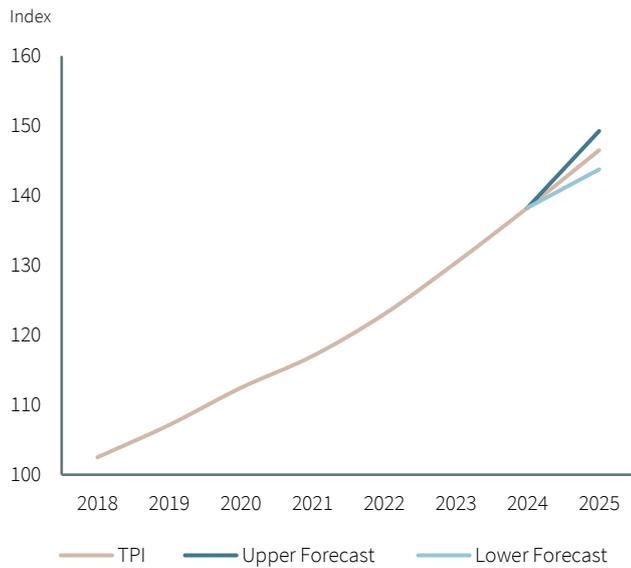
Excavation and disposal	Concrete	Rebar	Structural steel
AED 40 – 60 per metre cubed	AED 450 – 570 per metre cubed	AED 4,300 – 4,900 per tonne	SAR 13,500 – 15,500 per tonne

Sector	Low AED per m ²	High AED per m ²
Residential		
Mid and high rise	5,600	10,000
Villa	6,000	10,000
Townhouse	4,600	6,200
Commercial		
Mid-rise office (S&C)	5,000	8,700
Fit out	4,500	9,000
Retail		
Strip	3,800	4,900
Community / Regional	4,700	7,000
Hospitality		
5* Resort (avg 220m2 GFA/key)	14,200 m2/3,124,000 key	18,000 m2/3,970,500 key
5* Hotel (avg 200m2 GFA/key)	11,800 m2/2,360,000 key	14,000 m2/2,800,000 key
4* Hotel (120m2 GFA/key)	8,400 m2/1,008,000 key	12,000 m2/1,440,000 key
3* Hotel (avg 90m2 GFA/Key)	6,800 m2/620,000 key	9,600 m2/860,000 key
Industrial and Logistics		
Light Industrial Unit (LIU)	2,900	4,000
Logistics warehouse facility	6,000	8,500
Car Parking		
Multi storey	3,000	4,000
Basement	3,800	5,000
Public Amenities		
Mosque	5,000	10,000
Park/Landscape	300	1,200

Tender Price Inflation (TPI)

Figure no. 07

Chart: **Saudi Arabia, Tender Price Inflation, JLL estimates**

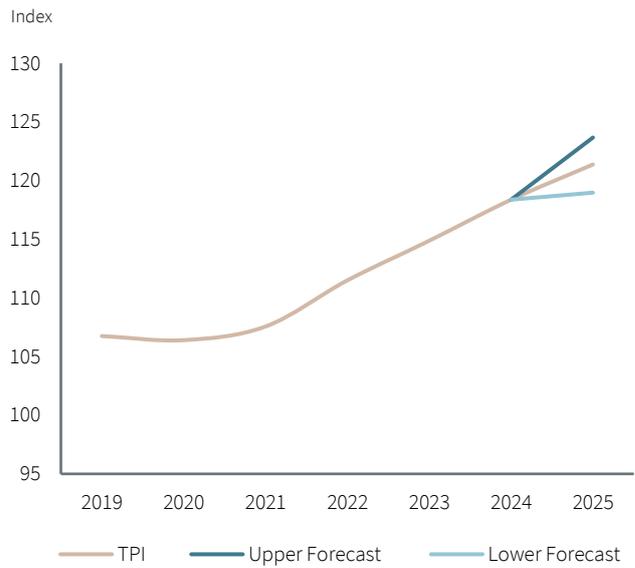


Source: JLL Research 2024

Saudi Arabia’s Tender Price Inflation (TPI) maintained its 2023 trajectory, averaging 6% annually in 2024. This outcome resulted from a thorough analysis of tender rates and JLL’s independent evaluation of the construction industry landscape. For 2025, JLL expects the TPI to continue its 6% increase, with a possible fluctuation of +/- 2%. Although market conditions are anticipated to improve in 2025, buoyed by lower interest rates and stabilising commodity prices, these positives are likely to be offset by heightened demand as the Kingdom approaches its 2030 goals. The forecast considers the diminishing market capacity due to simultaneous large-scale giga projects while recognising the potential for technological

Figure no. 08

Chart: **UAE, Tender Price Inflation, JLL estimates**



advancements and increased local material sourcing to positively impact certain key rates.

The UAE’s Tender Price Inflation (TPI) for 2024 averaged 3% annually, closely mirroring the trajectory observed in 2023. This outcome was grounded in consistently high rates reflected in tender return data for 2024. Looking ahead to 2025, JLL anticipates a TPI of 2.5%, with a possible variance of +/- 2%. The outlook for 2025 suggests improved market conditions, driven by expected lower interest rates, stabilising commodity prices, and a more normalised supply chain. However, these positive factors are likely to be counterbalanced by market capacity constraints and prevailing sentiment within the contracting industry.

04

Property sectors review and outlook

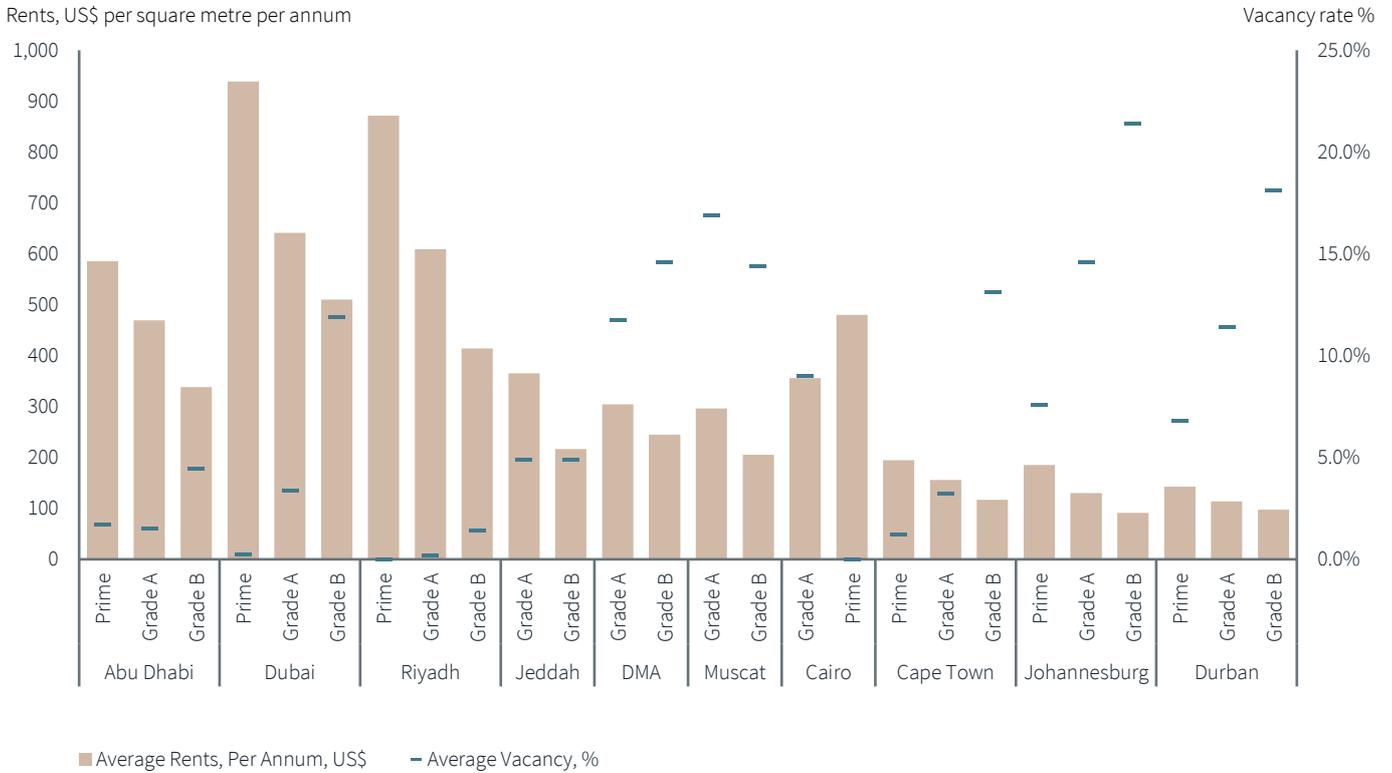




Offices

Figure no. 09

Offices, rents, US\$ per square metre per annum and vacancy rate, Q4 2024



Source: JLL Research

Riyadh

The Riyadh office sector demonstrated exceptional performance in 2024, characterised by robust demand and limited supply. The scarcity of available space empowered landlords to dictate rental negotiations with minimal flexibility.

New office developments added approximately 326,600 square metres of Gross Leasable Area (GLA) to the market, bringing the total available stock to 7.6 million square metres. The pipeline for 2025 is even more substantial, with an anticipated 888,600 square metres of new office GLA expected to enter the market.



Demand remained strong across all market segments, resulting in extremely low vacancy rates. Grade A buildings registered a mere 0.2% vacancy, while Grade B properties maintained a low 1.4% vacancy rate in Q4 2024. This constrained supply of quality office space exerted significant upward pressure on leasing rates. Consequently, average rents saw notable year-on-year increases. Grade A properties experienced an 11.0% rise, reaching US\$ 609 per square metre per annum, while Grade B buildings saw a more substantial 19.8% increase, climbing to US\$ 414 per square metre per annum in Q4 2024. Prime rents across Riyadh achieved an impressive US\$ 871 per square metre per annum during the same period.

The outlook for Riyadh's office sector remains optimistic, fueled by persistent strong demand and limited short-term supply additions. The combination of low vacancy rates and landlords' advantageous market position is expected to maintain upward pressure on rents in the foreseeable future. As Riyadh continues to attract domestic and international businesses, driven by Saudi Arabia's economic diversification efforts and the Vision 2030 initiative, the office market is poised for sustained growth.



Jeddah

The Jeddah office market demonstrated resilience and growth throughout 2024, with demand primarily concentrated on high-quality Grade A and B+ buildings. The market's strength was fuelled by a combination of factors, including occupier relocations and international corporations establishing independent operations from their local partners.

Jeddah has emerged as an attractive alternative to Riyadh, capitalising on the capital's high office rents and limited stock availability. This shift has positioned Jeddah favorably in the national office market landscape, with landlords enjoying a strong negotiating position.

A notable trend in 2024 was the geographical shift in demand from central Jeddah to the northwestern part of the city. This area is experiencing significant new supply development, attracting both international corporations and local companies seeking modern, high-quality office spaces.

Supply growth remained modest in 2024, with approximately 13,000 square meters of new office space added to the market. This brought the total office stock in Jeddah to approximately 1.5 million square meters. Looking ahead to 2025, the market anticipates a more substantial increase in supply, with roughly 72,600 square meters of new office space expected to enter the market.

The scarcity of premium office space drove average Grade A office leasing rents up by 2.9% year-on-year in the fourth quarter, reaching US\$ 365 per square meter per annum. Conversely, Grade B office rents experienced a 6.8% year-on-year decrease during the same period, settling at US\$ 217 per square meter per annum. Despite these market dynamics, vacancy rates remained low, with both Grade A and Grade B buildings registering a 4.9% vacancy rate in Q4 2024.

The outlook for Jeddah's office sector remains positive in the short term. The city's growing appeal as a business destination, coupled with its strategic location and ongoing infrastructure improvements, is likely to sustain demand for quality office spaces.

DMA

The Dammam Metropolitan Area (DMA) office market in 2024 continued to be primarily driven by demand from government-related entities, while private sector interest remained relatively muted. The year saw modest growth in office supply, with approximately 12,500 square metres. of GLA added to the market. This addition brought the total office stock in the DMA to around 1.3 million square metres. Looking ahead, a significant pipeline of new office space, totalling about 175,000 square metres, is expected to enter the market in 2025.

Despite the limited new supply, rental rates for both Grade A and B office spaces demonstrated stability throughout the year. As of Q4 2024, average leasing rates for Grade A buildings held



steady at US\$ 305 per square metre per annum, while Grade B properties maintained rates at US\$ 245 per square metre per annum. Vacancy rates, however, showed some divergence between office grades, with Grade A buildings recording an average city-wide vacancy of 11.7%, compared to 14.6% for Grade B properties.

Abu Dhabi

Abu Dhabi's office market continued to record strong levels of demand in 2024. Whilst the majority of this demand stems from government-related entities, there has been material growth in demand from the private sector, across a range of sectors and industries. Overall, the capital recorded 47,615 office rental registrations in 2024, an increase of 30.8% y-o-y.

Due to the strength of demand and lacklustre new stock, which totalled only 31,315 square metres in 2024, a significant contraction in vacancy rates was recorded across market segments. As at Q4 2024, the average Prime, Grade A and Grade B vacancy rates stood at 1.7%, 1.5% and 4.5%, down from 8.0%, 3.6% and 7.1% a year earlier respectively. The city-wide vacancy rate for Abu Dhabi sits at 2.6% as of Q4 2024, down from 6.4% a year earlier.

With demand expected to remain steadfast and new supply expected to be limited at 172,940 square metres, the growth in rental rates is expected to likely continue to strengthen in 2025. This will particularly be the case in Prime and Grade A stock in core and central locations of the city.



Dubai

Steady levels of commercial activity stemming from new market entrants across existing and emerging sectors have supported the office market throughout 2024. The market has remained firmly landlord - favoured, where landlords are continuing to maintain an upper hand in lease negotiations. Due to the current supply and demand imbalance, something that will not change in the immediate future, landlords are being more cautious when signing non-indexed tenancies that are longer than five years. Additionally, due to heightened demand, tenants are having to expedite deals with landlords in order not to lose out on favourable lease terms and available space. This has put pressure on international corporates, who have had to adjust their processes and approval timelines.

In Q4, office lease rates increased by 10.6% and 12.9% y-o-y for Prime and Grade A office spaces, reaching US\$ 938 per square metre and US\$ 641 per square metre, respectively. Subsequently, vacancy rates within Prime developments averaged 0.2% as of Q4 2024, while overall city vacancy dropped down to 7.4%. As a result of limited availability of quality space, the market has seen an uptick in trading of dated commercial assets. Investors and developers have recognised an opportunity to refurbish and redevelop these properties to command a higher rental premium.

In terms of supply, around 122,000 square metres of new office space is expected to come online in 2025, the majority of which is of Grade A

specification, spread across areas such as DIFC, Dubai Internet City, Dubai Silicon Oasis, and Sheikh Zayed Road. The timely delivery of these developments will provide some relief for occupiers and begin to help balance the gap between supply and demand within the market. That said, the market is poised to maintain its momentum, with rental growth rates in 2025 likely matching those observed in the previous year.



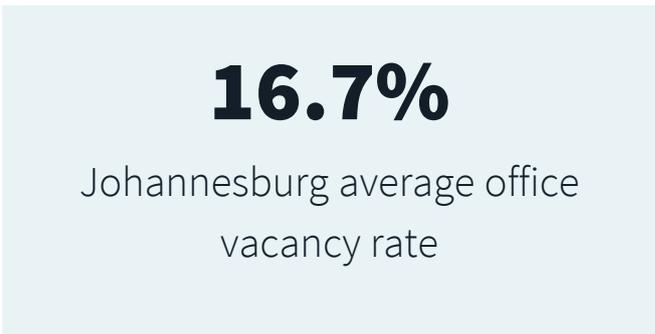
Cairo

In 2024, Cairo's office market remained relatively stable, with the vacancy rate reducing marginally from 9.6% to 9.5% and average rents falling by 1.8% in the year to Q4 2024, where average rents stood at US\$ 456 per square metre per annum. This stability has largely been due to landlords anticipating currency fluctuations and incorporating them into their pricing plans at early stages. Looking ahead, office rental growth will likely slow, showing only marginal annual changes. This trend persists despite projections of a new currency devaluation in early 2025, largely because transactions now predominantly occur on a US dollar basis.

High-quality Grade A office spaces, particularly those within business parks in mixed-use developments, which offer significant advantages such as ample parking and superior amenities, are commanding premium prices due to limited supply relative to stronger demand. Landlords of these properties offer minimal incentives, with rental negotiations typically conducted on a case-by-case basis. Yet, competition in this segment is expected to intensify over the next two to three years as more of this type of offering enters the market.

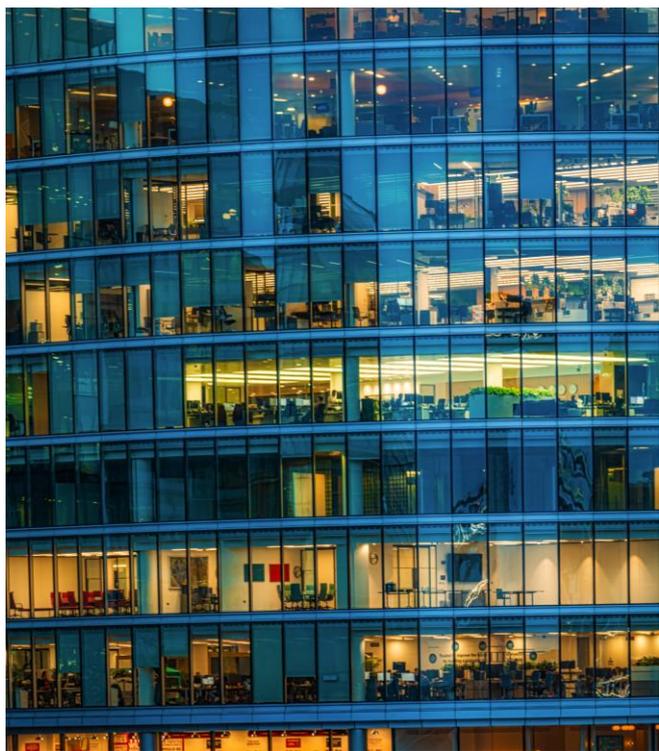
Looking ahead, as inflation dissipates compared to recent highs, the general economic backdrop is expected to improve considerably, which will help drive business sentiment and, in turn, investments. As a result, increased demand from corporate occupiers is expected to drive market growth in the medium to long term.

The outsourcing market, in particular, is poised for further growth due to its cost-efficient advantages, which will stimulate additional activity within the office sector.



Johannesburg

Johannesburg’s office market recovery has been slow; however, positive performance was recorded in 2024. The metro comprises approximately 10.3 million square metres of formal offices with an average vacancy rate of 16.7% as of Q4 2024. This represents an improvement of 1.3 percentage points year-on-year, and there is scope for further improvement in 2025. While some of the recovery is attributed to several older properties being removed from the inventory and earmarked for redevelopment, demand for quality, well-located, and amenitised properties in core nodes strengthened through the course of the year. Prime vacancies within the city averaged 6.7% at year end and are lowest in Rosebank, at 2.1%, where there is less than 3,000 square metres available.



Demand for secondary stock is muted, although this segment may attract more attention over the short to medium term as the Business Process Outsourcing (BPO) sector is compelled to consider premises outside of Cape Town and Durban. The flow of older, obsolete buildings in the historic CBD and surrounding areas being earmarked for redevelopment or conversion into residential uses is also ongoing. This provides an artificial boost to the headline occupancy rate.

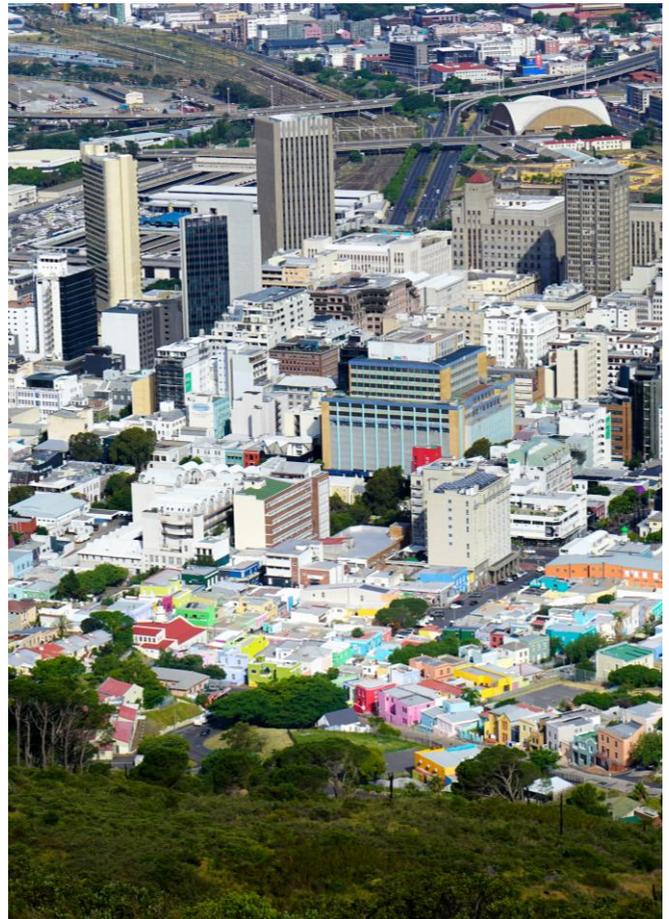
Although incoming demand is highly concentrated, there is strong competition among properties that suitably cater to this demand, as supply is limited. Rosebank and Waterfall are the only precincts with ongoing development of new, sustainable, prime offices, and pre-letting rates among these new developments are strong. Heightened competition has also facilitated better rental growth, although real (above-inflation) returns have yet to be reached. Toward the end of 2024, prime rental growth rates neared the 3% to 4% range, boosting the annual average to 1.5%.

Looking ahead, demand for Prime and A-grade offices in Johannesburg is forecast to strengthen. ‘Return-to-office’ rates are picking up, as is business and consumer confidence amid more positive economic growth prospects. Strategically located properties with the full suite of amenities will continue being the primary beneficiary in this regard, while A-grade offices with large floor plates in mixed-use nodes with good transport linkages are expected to pique the interest of the BPO sector.

Cape Town

The metro area of Cape Town has the lowest vacancy rate nationally, and in 2024 occupancy rates exceeded their pre-pandemic levels. The quantum of demand is such that there are virtually no prime vacancies throughout the city. Although the Prime segment only accounts for 9% of total office supply in Cape Town, the 1.2% vacancy rate at year end meant that there were less than 3,000 square metres available. Vacancies within the A-grade segment that comprises the bulk of the metro's inventory are similarly low, at 3.2%.

Demand for commercial accommodation across the metro is bolstered by the ongoing semigration trend, with the growing labour force being drawn to the better governance and local economic growth opportunities within the metro. Both national and international businesses are investing in the region, deepening already positive market sentiments. Ongoing strong demand, coupled with a shortage in supply of quality stock, has resulted in a robust development pipeline. New developments in Century City, the Waterfront, and the Riverlands precinct in Observatory have commanded premium rentals and high levels of pre-letting. Prime rental growth in Cape Town over the past year reached 7.0%, which is well above inflation. It is unlikely that such growth rates will be maintained over the medium term, despite the highly competitive nature of the market, due to affordability constraints.



The BPO sector was another key driver of office demand and performance through 2024. While this segment of the market remains active, with enquiries still incoming, there is a shortage of supply of suitable stock, which is raising prices to levels that are too costly. As is the case in Durban, this demand may therefore be redirected toward Johannesburg and secondary cities such as George and Gqeberha going forward.

Economic growth prospects and the continual semigration of middle-income workers will continue to drive demand for offices in Cape Town going forward. While the large development pipeline will assist in balancing the supply-demand imbalance that currently favours property owners, competition in the market should continue.

Durban

There is a dichotomy of performance in Durban's office market, with steady demand for the newer and higher quality properties in and around uMhlanga and very limited demand for the older CBD node. The only prime offices in greater Durban are situated in uMhlanga/La Lucia and Ballito north of Durban, and at the end of 2024, there was less than 8,000 square metres premium-grade stock available to let. This equates to a low 6.8% vacancy rate.

Through 2023 and 2024, the former benefitted from elevated demand, primarily stemming from the BPO sector, and this demand has only moderated somewhat due to the region running out of suitable stock. Net absorption within this sector amounted to over 50,000 square metres in 2024, which is a testament to the strong demand. It is noteworthy that prime offices in Durban are markedly more affordable than the alternative in Cape Town, partially due to the price-conscious nature of BPOs.

The situation is markedly different in the CBD, which primarily offers B- and C-grade offices. Vacancies remain elevated in this node (22%) despite several buildings being removed from the inventory and designated for redevelopment into alternate uses. Concerns regarding safety and security, accessibility, and utility limit the appeal of properties in this precinct. There are some renovation and revitalisation efforts underway in the CBD; however, these are yet to uplift the overall profile and appeal of the area.

After several years of stagnation, 2024 saw the first new development of prime offices enter the Durban market. The single development (<5,000 square metres lettable area) is due for completion in Q2 2025 and is currently marketed at R175 per square metre net. Depending on the lease structure, the gross rate could shift up to R220 per square metre. This new development pipeline suggests continued positive sentiment toward this region and may trigger additional market activity in the year ahead.

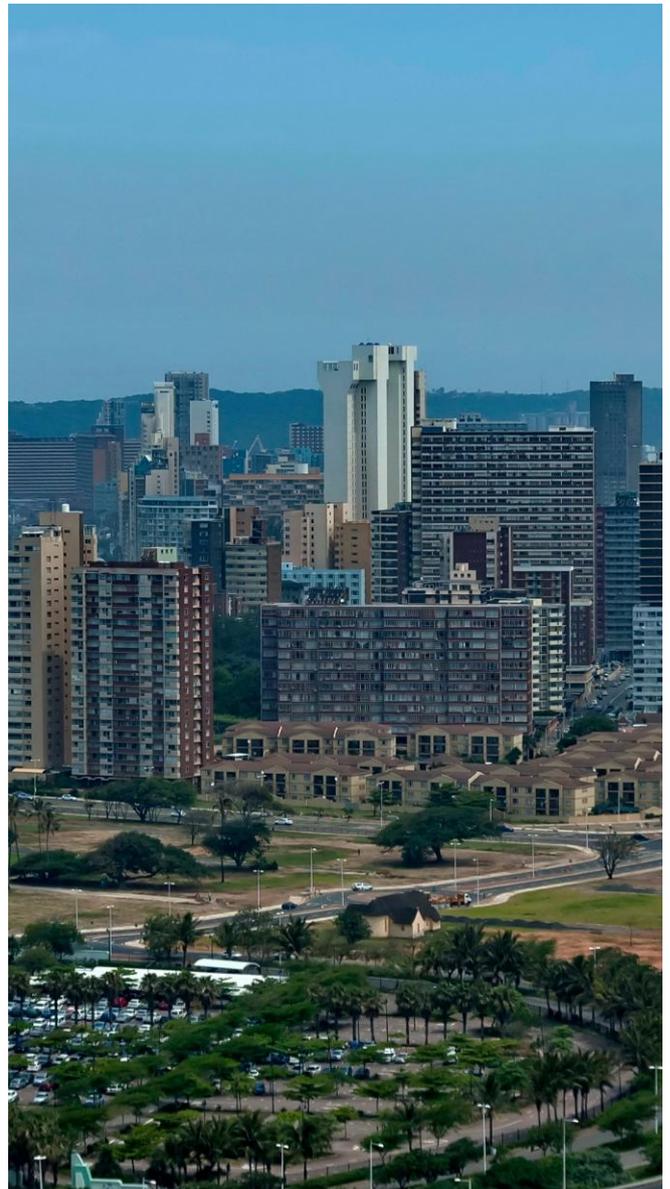


Figure no. 10

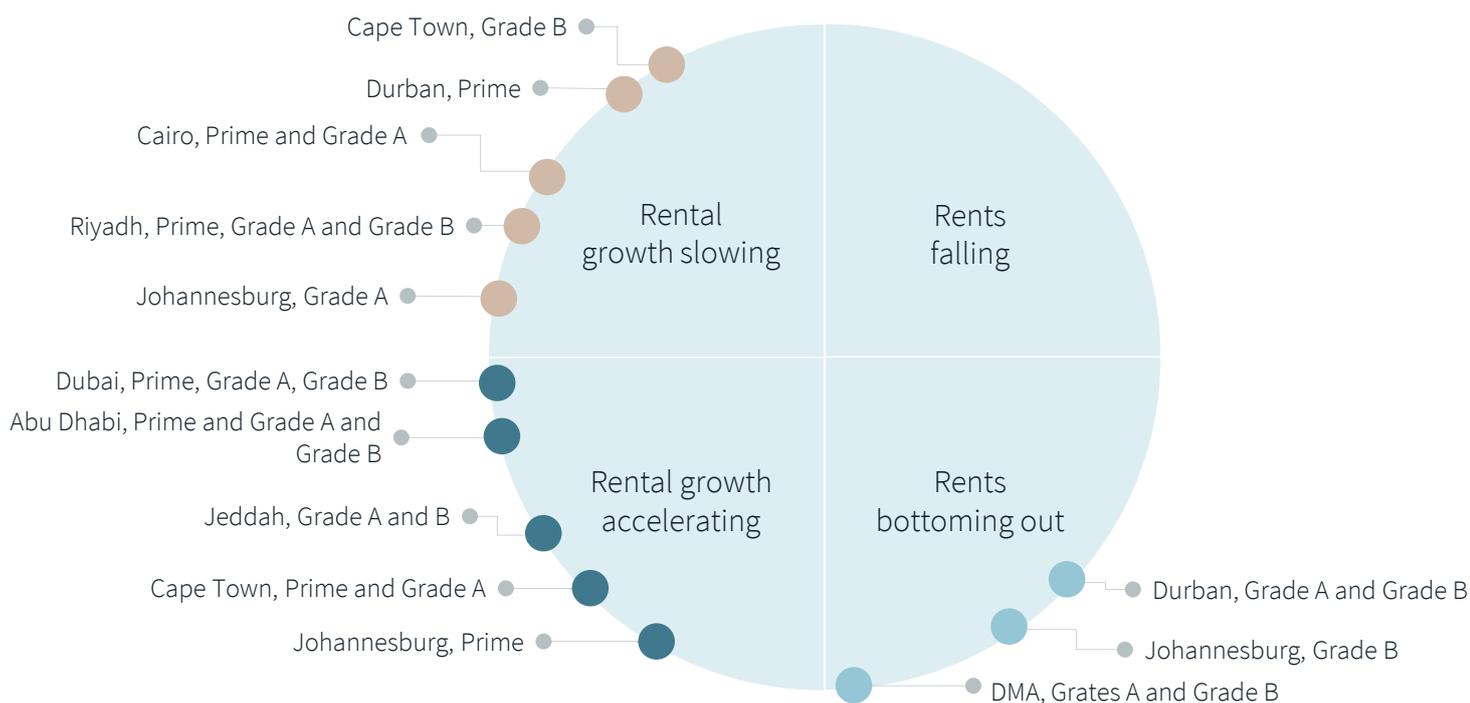
Offices, current and future supply, square metres

	Total completions, 2024	Current stock, Q4 2024	Forecast completions, 2025
Abu Dhabi	37,315	4,549,974	172,940
Dubai	36,939	9,265,130	122,424
Riyadh	326,635	7,639,292	888,631
Jeddah	13,005	2,630,071	72,632
DMA	12,500	1,275,741	175,000
Cairo	130,936	2,169,128	647,536
Cape Town	10,200	2,662,036	28,735
Johannesburg	17,400	10,229,558	21,895
Durban	1,800	1,721,640	3,500

Source: JLL Research

Figure no. 11

Offices, Rental Clock, 2025

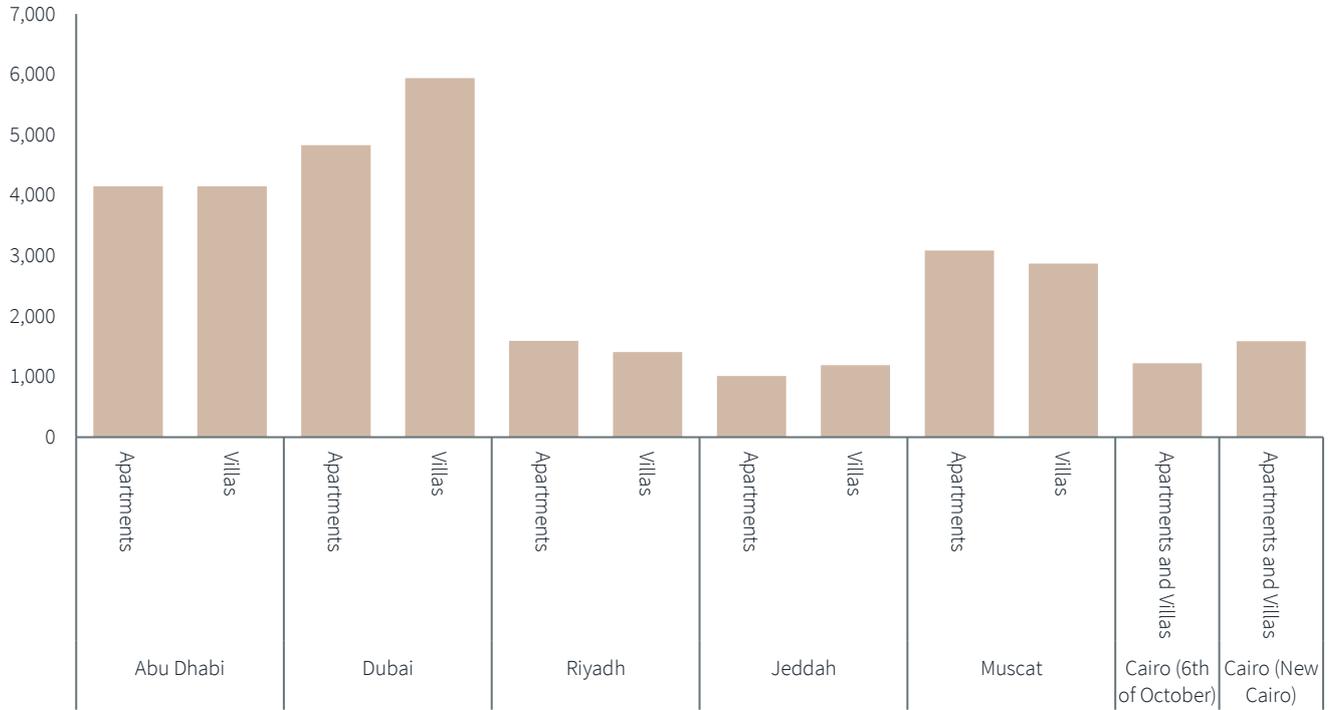




Living

Figure no. 12
Living, sales prices, US\$ per square metre, Q4 2024

Living, sales rates, US\$ per square metre



Source: JLL Research

Riyadh

Riyadh's residential market demonstrated robust performance throughout 2024, driven by strong demand across property types. While villas remained highly sought-after, apartment demand showed notable growth, reflecting shifting market dynamics in response to rising property prices. Data from the Real Estate General Authority (REGA) underscores this trend, revealing that out of 42,600 total transactions in the capital, 22,700 (53.3%) were for villas.

The city's residential stock expanded to 2.16 million units by Q4 2024, with 16,235 units

completed during the year. Looking ahead, 28,943 units are slated for completion in 2025, which will increase the total housing stock to 2.19 million units.

As of Q4 2024, average prices for apartments reached SAR 5,978 (US\$ 1,594) per square metre, while villas commanded SAR 5,284 (US\$ 1,409) per square metre. In the rental market, apartments fetched SAR 433 (US\$ 115) per square metre, and villas achieved SAR 462 (US\$ 123) per square metre.

With new supply deliveries significantly lagging behind demand, both price and rental growth are expected to accelerate in 2025.

Jeddah

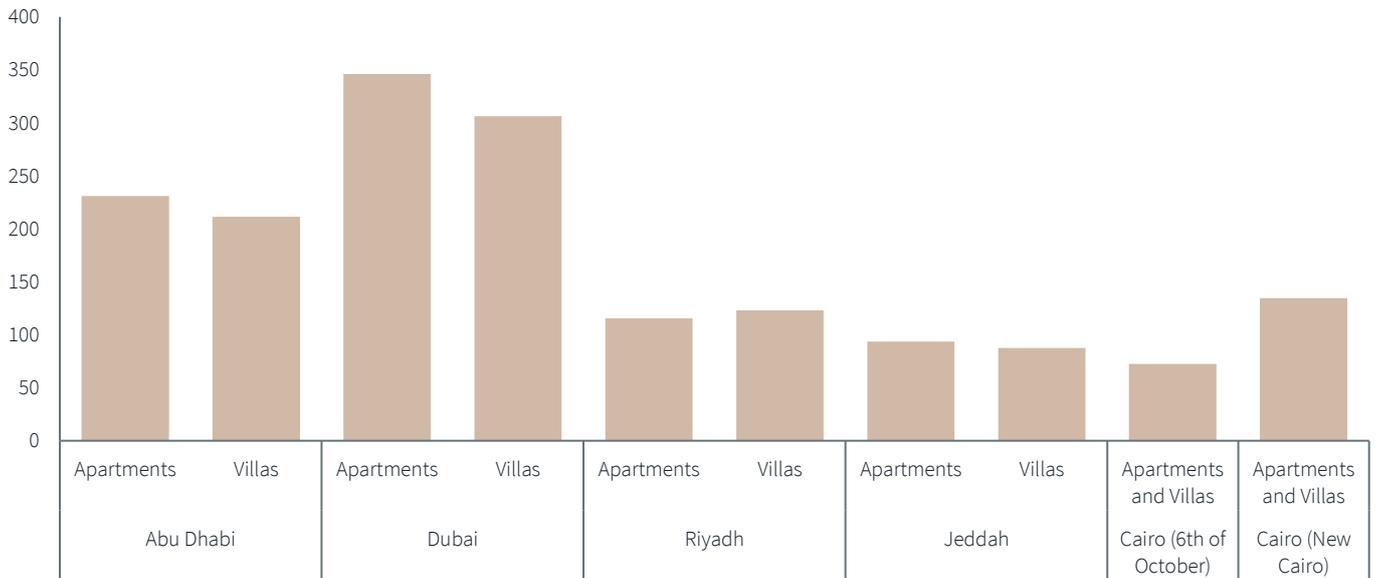
Jeddah's residential market exhibited robust demand throughout 2024, with a total of 21,433 transactions recorded according to data from the REGA. Apartments dominated the market, accounting for 18,000 transactions, or 84% of the total, highlighting a growing preference for this property type in the Kingdom.



Figure no. 13

Living, rental rates, US\$ per square metre per annum, Q4 2024

Living, rental rates, US\$ per square metre, per annum



Source: JLL Research

The city's residential stock expanded significantly, with approximately 11,058 units completed in 2024, bringing the total stock to about 1.2 million units. The development pipeline for 2025 remains strong, with an additional 11,772 units expected to enter the market. Notably, apartments continue to dominate future supply, comprising 82.8% of the anticipated units.

Strong demand in the residential sector translated into positive performance indicators in Q4 2024. Average sale prices for apartments reached SAR 3,802 (US\$ 1,014) per square metre, while villas commanded SAR 4,473 (US\$ 1,193) per square metre. In the rental market, apartments and villas achieved average rates of SAR 351 (US\$ 94) and SAR 328 (US\$ 87) per square metre, respectively.

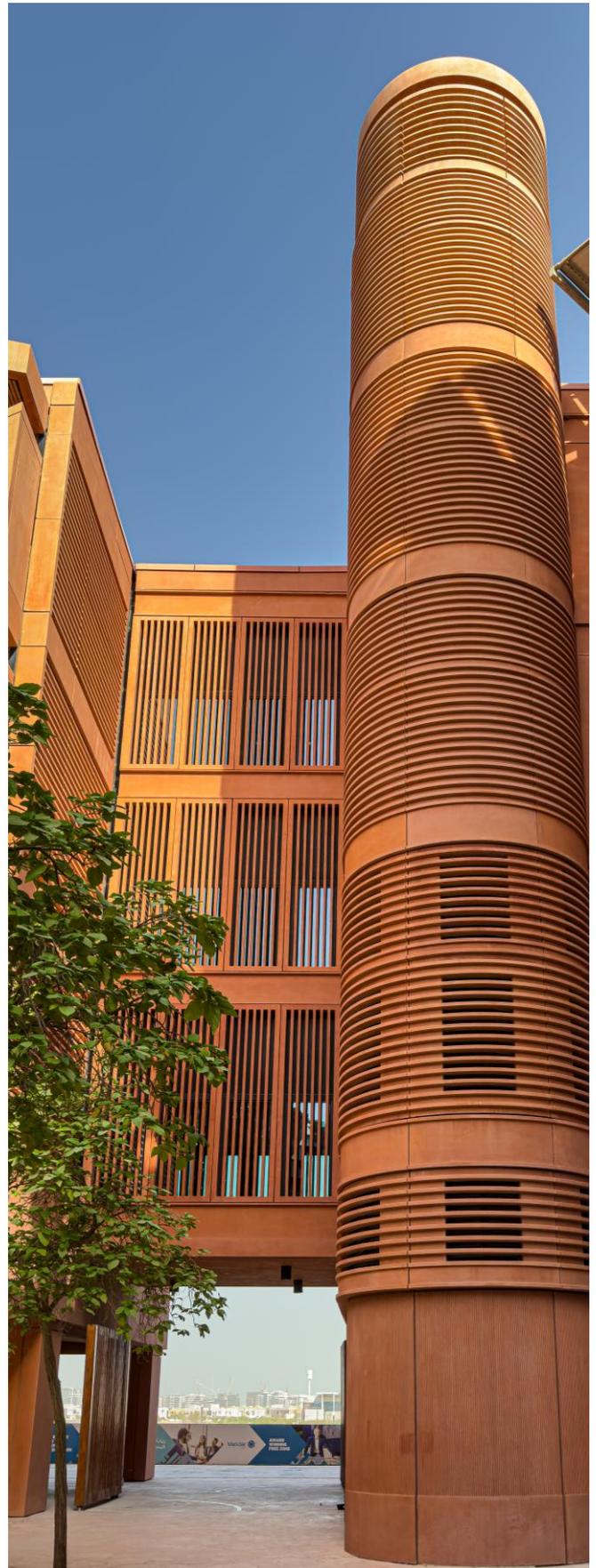
Abu Dhabi

Sales transaction volumes in Abu Dhabi fell by 7.6% in the year to December 2024, where the total reached 10,004. Of this, total 5,676 transactions were off-plan transaction, which fell 29.3% y-o-y, and 4,328 were ready transactions, which rose by 51.6% y-o-y. The decline in off-plan transaction volumes was due to the plethora of projects that were launched in 2023, particularly large-scale master planned communities, something that has been more limited in 2024.

Average apartment sales prices rose by 10.9% on average across the city in the year to Q4 2024; over the same period, average villa prices rose by 11.6%. As of Q4 2024, average sales rates for apartments, townhouses, and villas stood at AED 15,223 (US\$ 4,148), AED 12,605 (US\$ 3,435), and AED 15,228 (US\$ 15,228) per square metre, respectively. Rental rates for apartments across the capital have also recorded strong rates of growth of 12.3%, compared to villa rents, which increased by 3.8% in the year to Q4 2024.

However, the average transacted rents for villas in investment zones saw a 17.7% increase over the same period. Given the rate of rental escalation, it is unsurprising that the total number of rental registrations recorded a 5.3% annual decline as many rents transition into owner-occupation.

Looking ahead, despite the higher than historic norm forecast increase of supply by 13,356 in 2025, both price and rental growth rates are expected to continue to accelerate. This trend will be driven by quality and prime assets, which are able to ascertain higher sales rates given the continued flight to quality.



Dubai

Driven by a growing economy and population, Dubai’s residential market maintained positive momentum through the final quarter, highlighted by healthy transactional activity and robust performance across both sales and rental segments.

In 2024, residential sales transactions grew by 32.0% compared to the previous year, totalling AED 367 billion. Investor appetite remained strong for off-plan properties, which accounted for the majority of transactions valued at approximately AED 223 billion, representing 60.7% of the total. Demand for 1- and 2-bedroom units remained king, totalling AED 251 billion, spread across areas such as Dubai Marina, Business Bay, Jumeirah Village Circle, and others. The government’s recent announcement on allowing the conversion of qualified non-freehold properties will see demand spread across a wider range of submarkets.

Sales prices ended the year on a strong note with an overall 18.1% increase compared to last year, as apartment and villa prices achieved new highs with 17.7% and 20.0% growth, respectively. On the other hand, whilst the rental market did record a 15.7% y-o-y growth in lease rates, the pace of their increase has slowed (21.2% in March-24), indicating rents may be stabilising over the short-medium term.

Looking at supply, total stock increased by 33,000 units, pushing total stock to 847,000 units and noting a 4.1% increase compared to 2023. The majority of deliveries comprised of apartment properties, spread across communities such as

Mohammed Bin Rashid City, Jumeirah Village, Dubailand, and Business Bay. On the back of strong demand, developers launched around 157,000 units in 2024, the most in a single year, according to data from REIDIN.



Cairo

Cairo’s residential sector experienced robust growth in the past year, with the completion of roughly 24,000 new units, bringing the total residential inventory to approximately 293,000 units. Looking ahead to 2025, the sector is poised for further expansion, with plans to deliver close to 32,000 additional units.

Notably, several projects in the R7 district of the New Administrative Capital are expected to see their initial phases completed, provided no unforeseen construction delays occur. The residential sector retained its resilience throughout 2024, with rental rates outperforming the market and achieving higher demand and activity. Both 6th of October and New Cairo experienced a substantial average increase of approximately 108% year-on-year.

The secondary market also experienced growth in sales prices; however, that was more attributed to

high inflation and homeowners rushing to match developer prices without considering factors like payment plans or affordability constraints. Consequently, 6th of October saw price increases of nearly 112%, while New Cairo’s asking prices surged by almost 116% over the same period. Both rental and sales prices are expected to continue accelerating throughout 2025, albeit at a slower pace than the previous year. While rental growth is more attributed to healthy demand, sales prices will continue to be influenced by economic forces such as inflation and devaluation.

Cairo’s residential sector's outlook remains positive in the short to medium term, driven by improving economic and market conditions. Moreover, increasing Foreign Direct Investment and growing interest from Gulf Cooperation Council countries are boosting confidence in Egypt's real estate sector. This influx of capital and international trust signals optimism about Egypt's economic potential and property market.

Figure no. 14

Living, current and future supply, number of units

Market	Total completions, 2024	Total stock, Q4 2024	Forecast completions, 2025
Abu Dhabi	4,275	303,208	13,356
Dubai	33,343	847,321	40,259
Riyadh	16,235	2,161,025	28,943
Jeddah	11,058	1,212,157	11,772
DMA	4,045	730,422	6,621
Cairo	23,979	292,628	32,483

Source: JLL Research

Figure no. 15
Living, Sales Clock, 2025

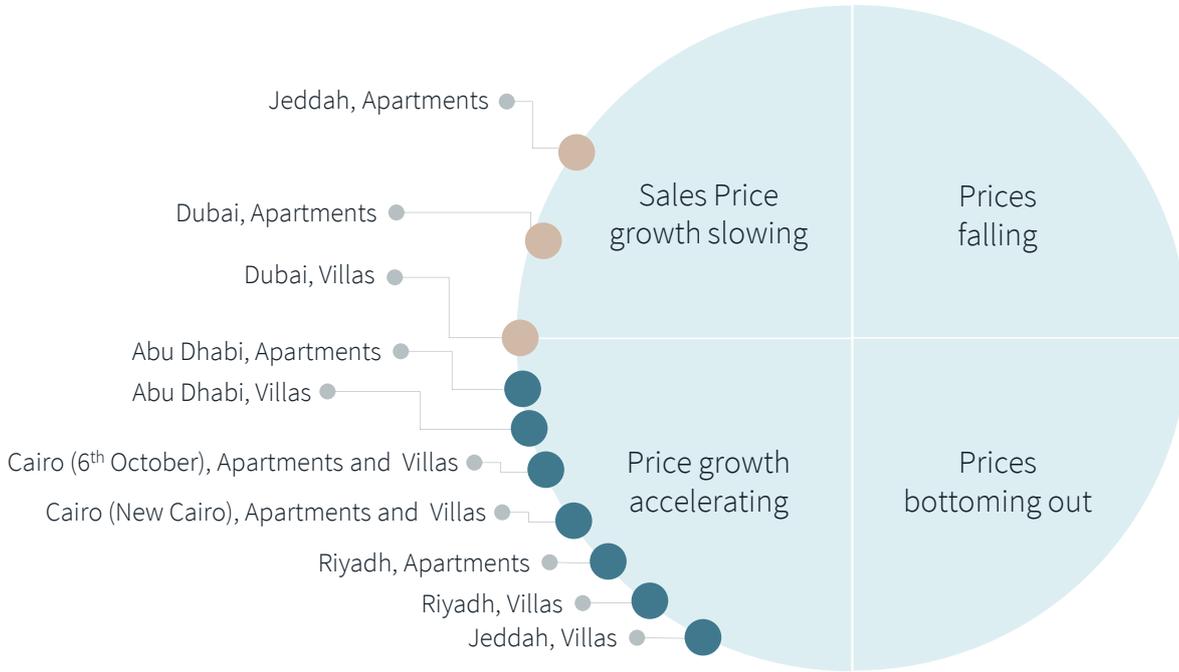
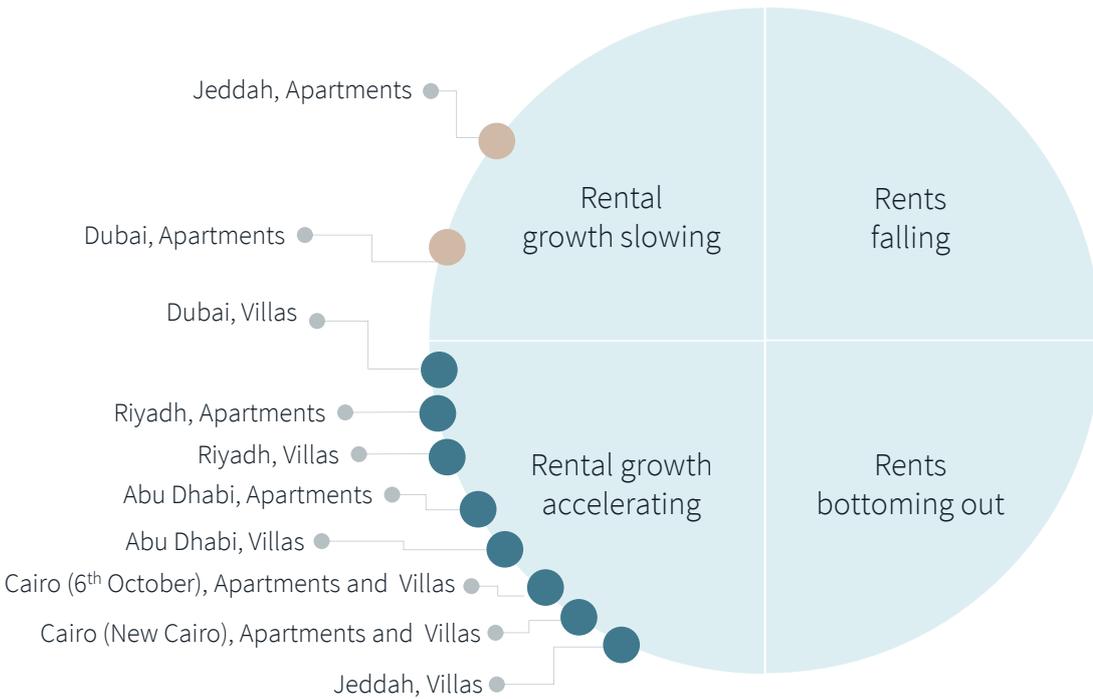


Figure no. 16
Living, Rental Clock, 2025





Hotels

Figure no. 17

Hotels, key performance indicators, YTD 2024, US\$

	ADR	Occupancy	RevPAR	ADR % change	Occupancy PP change	RevPAR % change
Abu Dhabi	166	79.0%	131	14.1%	6.5%	24.3%
Dubai	188	78.0%	147	0.2%	0.6%	1.3%
Riyadh	239	63.5%	151	13.3%	-1.2%	12.0%
Jeddah	181	62.4%	113	-12.0%	-0.8%	-12.7%
Al Khobar and Dammam	98	60.9%	60	-1.6%	1.4%	0.5%
Muscat	123	56.8%	70	-0.3%	1.0%	1.6%
Cairo and Giza	147	65.8%	97	0.5%	-5.4%	-4.9%
Cape Town	174	67.6%	118	31.6%	-0.3%	31.1%
Johannesburg	71	47.4%	34	8.8%	1.2%	11.6%
Durban	46	54.5%	25	-10.6%	-2.6%	-14.7%

Source: STR Global/ JLL Research

Riyadh

The Kingdom of Saudi Arabia's ongoing economic diversification efforts, particularly through tourism, have yielded significant benefits for the hospitality sector in 2024. Riyadh, the capital, emerged as one of the prime beneficiaries, attracting substantial corporate tourism by hosting various global events throughout the year. The city's well-balanced event calendar successfully targeted visitors from diverse market segments, resulting in a robust hospitality market performance.

Year-to-date figures through December 2024 reveal Riyadh's resilience in the face of evolving

market conditions. Despite a marginal occupancy decline of 1.2 percentage points to 63.5%, the city's Average Daily Rates (ADR) surged by 13.3% to reach US\$ 239. This positive trend culminated in a 12.0% increase in Revenue Per Available Room (RevPAR), reaching US\$ 151.

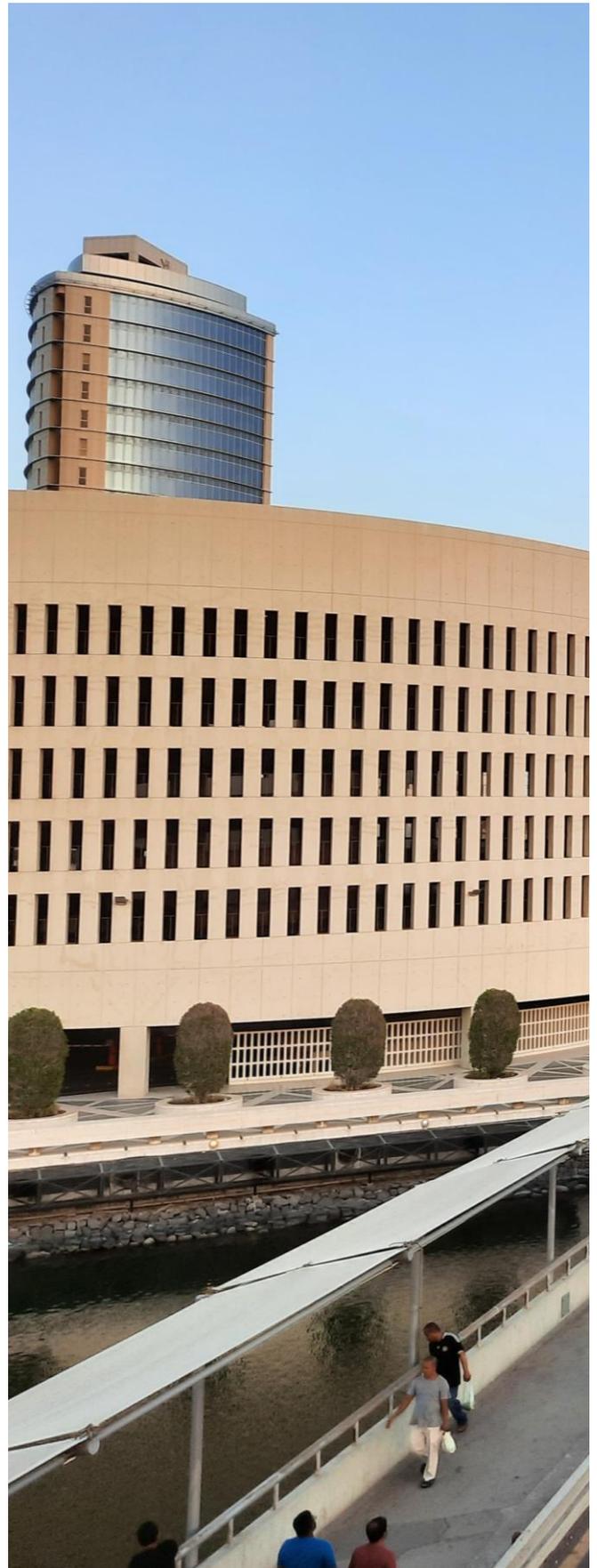
The hospitality landscape in Riyadh continued to expand, with approximately 2,260 keys added in 2024, bringing the total stock to 22,233 keys. The growth momentum is set to continue, with an additional 2,312 keys expected to enter the market in 2025.

As Saudi Arabia progresses with its Vision 2030 objectives, Riyadh's hospitality market is likely to play a crucial role in supporting the Kingdom's broader economic goals and establishing itself as a key destination for both business and leisure travellers in the region.

Jeddah

Jeddah's hospitality sector in 2024 continued to be driven primarily by leisure and religious tourism, showcasing the city's diverse appeal. The year marked a significant milestone for Saudi Arabia's religious tourism sector, with over 18.5 million foreign pilgrims performing Hajj and Umrah. This influx of visitors significantly bolstered Jeddah's hospitality market, given the city's role as a key gateway for pilgrims. Beyond religious tourism, Jeddah's appeal as a leisure destination was reinforced by high-profile events such as the acclaimed Red Sea Film Festival and the Saudi Grand Prix. These international events attracted a diverse array of visitors, further diversifying the city's tourism profile.

Key performance indicators for the year-to-date period ending December 2024 revealed nuanced trends in Jeddah's hospitality market. City-wide occupancy experienced a marginal decrease of 0.8 percentage points, settling at 62.4%. The Average Daily Rate (ADR) saw a more significant adjustment, decreasing by 12.0% annually to reach US\$ 181. Consequently, the Revenue per Available Room (RevPAR) declined by 12.7% compared to the previous year, reaching US\$ 113. Despite these challenges, the city's strong foundation in religious tourism and growing reputation for hosting international events position it well for future growth and development in the hospitality sector.



Abu Dhabi

A strong increase in visitation in Abu Dhabi has driven performance in hotel key performance indicators in 2024. Data from The Department of Culture and Tourism recorded a total of 4.8 million visitors in the year to October 2024, up 26% from a year earlier. Resultantly, the capital’s occupancy rate has risen by 6.5 percentage points to reach 79.0%, and its ADR has increased by 14.1% to reach US\$ 166, whereby RevPAR grew by 24.3%.

In terms of assets, given the expanding breadth of visitor profiles, a number of asset repositioning and rebrands have taken place across a broad range of asset categories. This will help broaden the appeal of Abu Dhabi’s market and underpin it as a major investment destination.

Abu Dhabi continues to solidify its position as a major cultural and leisure destination, with a particular focus on a broad range of exceptional offerings for family centric tourism. This, combined with an enhanced hub airport with a growing list of destinations, bodes well for an increase in future visitation growth, which will in turn help underpin growth in performance.



Dubai

Looking at performance, operators adopted appropriate revenue management strategies throughout the year, balancing daily rates and focusing on a volume-based approach. According to data from STR, Dubai’s luxury segment noted a 2.3% decline in ADRs, largely due to increased competition from regional and global tourist destinations. On a city level, ADR remained largely unchanged, whereas occupancy increased by 0.7 percentage points (pp), and RevPAR noted a 1.3% improvement over the previous year. As a result, owners are focusing on enhancing quality and offerings to meet the growing demand for unique and upscale concepts. A key emerging trend has been the partnerships between operators and leisure/lifestyle brands that help enrich guest experiences, F&B, and product offerings.

Another trend has been the increasing presence of branded-residences component within new hotel developments in comparison to standalone hotels. By integrating luxury residential units with hotel amenities and branding, developers aim to diversify revenue streams and potentially increase overall profitability. Also, hotel owners recognise that to achieve premium rates, dated assets within their portfolios will need to undergo renovation to remain competitive. We’ve already seen several properties successfully complete refurbishment programs over the past year. At the end of 2024, Dubai’s hotel stock stood at around 155,800 keys, with an additional 7,200 keys scheduled for delivery in 2025, primarily comprised of 4 and 5-star properties.

Cairo

2024 was yet another year of remarkable success for Cairo's hospitality market, with the sector breaking records in tourist arrivals and exceeding expectations by welcoming 15.7 million visitors. This was backed by government efforts to enhance the tourism landscape in the country, coupled with the country's budget-friendly rates in relation to other destinations.

The industry also witnessed an uptick in supply activity, with construction projects gaining full momentum and major hotel operators, such as Hilton, Accor, and IHG resorts and hotels, announcing expansion plans in the Egyptian market. While Cairo saw the completion of just one hotel in 2024, the Hyatt Centric Cairo West hotel, 2025 is poised for even more growth, with expectations of nearly 2,000 additional keys entering the market through various hotel openings.

In terms of key performance indicators, occupancy levels in Cairo dropped by 5.40 percentage points (pp) in 2024, while the average daily rate (ADR) saw a marginal increase of 0.52%. As a result, revenue per available room (RevPAR) declined by approximately 4.87% annually. However, it is important to note that these figures might be influenced by the increasing number of budget-conscious travellers seeking more economical options or short-term rental accommodations. This could explain the discrepancy between the record visitor numbers and traditional hotel performance metrics.

With the launch of a US\$ 1 billion central bank initiative in October 2024 to support the tourism sector, Egypt is targeting 18 million visitors in 2025. As a result, the hospitality sector is expected to continue thriving with improved performance and additional supply to support this ambitious goal.

The focus is largely directed towards West Cairo, which the government aims to establish as the city's tourism hub due to its historic and cultural significance. This area is witnessing numerous hospitality projects and tourist attractions, including the recently opened Grand Egyptian Museum and the ongoing upgrades to the Giza Plateau. These prospects signal a promising future for Egypt's hospitality industry, poised for growth and diversification in the coming years.

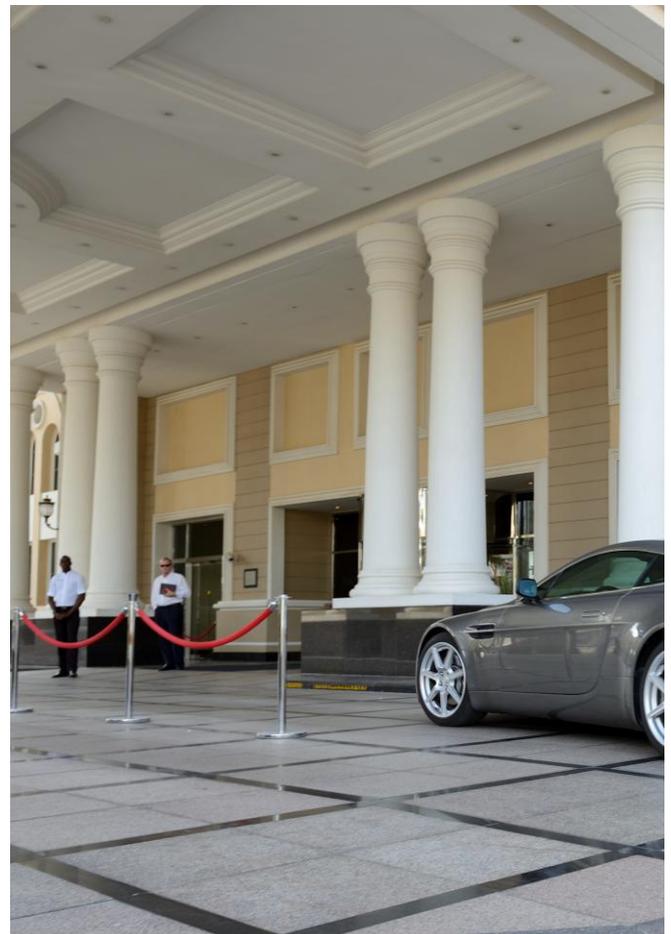


Figure no. 18

Hotels, current and future supply, number of keys

Market	Total completions, 2024	Current stock, Q4 2024	Forecast completions, 2025
Abu Dhabi	600	33,100	600
Dubai	2,957	155,809	7,265
Riyadh	2,260	22,233	2,312
Jeddah	769	19,464	3,459
DMA	608	11,713	644
Muscat	1,022	12,586	544
Cairo	301	26,969	2,017
Cape Town	160	13,500	410
Johannesburg	-	17,500	-
Durban	-	4,750	-

Johannesburg

Johannesburg's hotel market is essentially divided in two, with differing fundamentals relating to hotels located north of the traditional CBD and south. Sandton is therefore used as a proxy for Johannesburg overall, as the local market is the most active in the region. Additionally, the Sandton label is used as a proxy for the general market north of the CBD and up to Midrand. Recovery in this market has lagged coastal counterparts, as its performance is largely underpinned by corporate demand, which has slowed significantly over the past five years. Full year occupancy in 2024 improved by 210 bps to 58.6%. This is a continuation of the slowing trajectory recorded each year since the initial

recovery in 2022. Despite this slow down, full year occupancy is now less than 500bps below pre-pandemic levels.

More encouraging is ADR and RevPAR performance, which grew by 7.4% and 11.4%, respectively, y-o-y. This above-inflationary growth in rates is commendable given constrained consumer and business spending amid the weak economy and may suggest a focus by hoteliers to drive revenue growth at the expense of occupancy levels. Moreover, average ADR in 2024 was well above rates seen in 2018 and 2019. Given that operations at local hotels have been streamlined, any revenue growth immediately strengthens the hotel's financial position.

The profile of visitors to Johannesburg in recent years has shifted to attract more guests from other

African countries travelling for leisure purposes. Higher quality hotels in precincts with additional retail and recreational facilities, such as Sandton and Melrose Arch, have benefitted from this ‘new’ demand that has lessened their reliance on business travellers.

As business confidence returns and increasingly more employees are based in the office full time, it is expected that corporate hotel market performance will strengthen as well, with more in-person events and conferences taking place. This bodes well for hotel performance, particularly since supply has decreased over the past five years, with several hotels in the city still remaining closed, and no new hotel openings in 2023 or 2024, and no development pipeline.

Cape Town

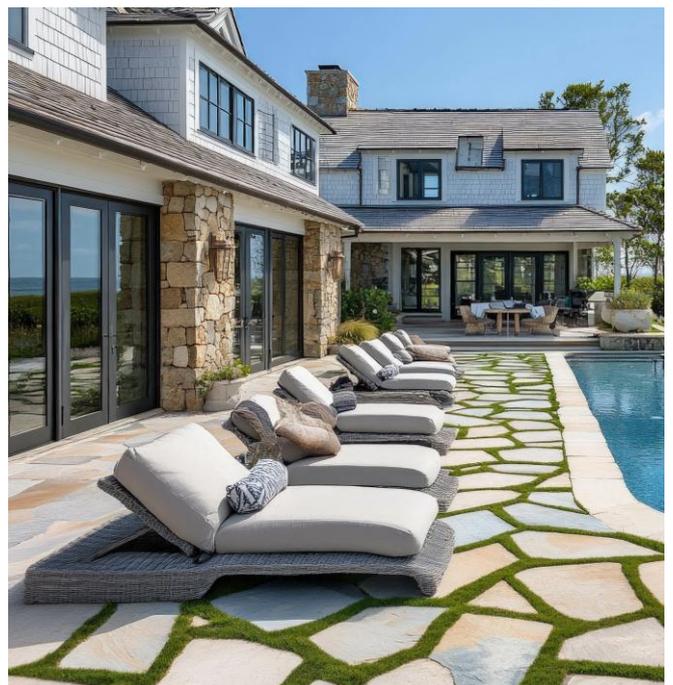
Following two years of impressive growth (off the lower base), occupancy slowed by 20 bps to 67.7% by year end 2024. Much of the decline is attributed to the 5-star segment that declined by 320 bps, as the 3 and 4-star raised occupancies from 2023. City-centre hotels had the lowest average occupancy through the year, as this segment of the market too contends with the changed nature of corporate travel. Leisure-centric hotels, and particularly those targeting international leisure travellers, reported record-level interest toward the end of the year that includes the region’s high (summer) season.

The slight drop in occupancy recorded within Cape Town’s 5-star market was offset by ADR

growth for the year exceeding 20%, which (while impressive) was below the regional average of 31% for the year. Average ADR in 2024 was almost double that reported in 2018.

Sustained strong performance in this region has spurred the development of additional hotels in the city, with 160 additional rooms entering total supply for the year, and a further 410 expected in 2025. In 2024 additional supply was mostly linked to international operators entering the market or taking over and refurbishing existing premises, however 2025 will see entirely new developments and entrants to the market, signalling decisive sentiment toward the market.

Renovation plans for additional landmark properties in the city and the winelands have also been announced, boding well for ‘open’ hotels in the year to come, as occupancy levels and rates growth potential are already hearty. The outlook beyond 2025 is similarly positive, as consumer, business, and tourism prospects for the city are prosperous.



Durban

Durban's hotel market was one of the more resilient through the pandemic years, due to the region's ability to attract domestic leisure demand, and hence the recovery commenced sooner and faster. However, externalities linked to the climate and poor infrastructure management, as well as a recovery in domestic tourism moving abroad, have resulted in Durban losing a lot of this market share. As such, in 2024 occupancy, ADR, and RevPAR levels remained below those recorded in 2018 and 2019.

In fact, 2024 saw the second consecutive annual decline in occupancies, with a 260 bps drop to 54.5% for the year. Abnormally low occupancies in October and November caused a large proportion of the year's decline; however, the recovery in December was swift, and prospects for the remainder of the high season were positive. In an effort to counter the weakening occupancies, rate growth for 2024 was limited, with monthly ADR between January and October averaging lower than the previous year.

Although rates did pick up toward the end of the year, average ADR growth in 2024 amounted to -11% meaning rates are now far below norms experienced five years earlier. While this is a concerning trajectory on balance, when monthly performance is reviewed, the outlook is more encouraging, as ADR increased by well-above inflationary levels in November and December.

Also encouraging is the planned re-opening of the Hilton Hotel in Q1 2025. While this may initially dilute demand (and hence negatively impact

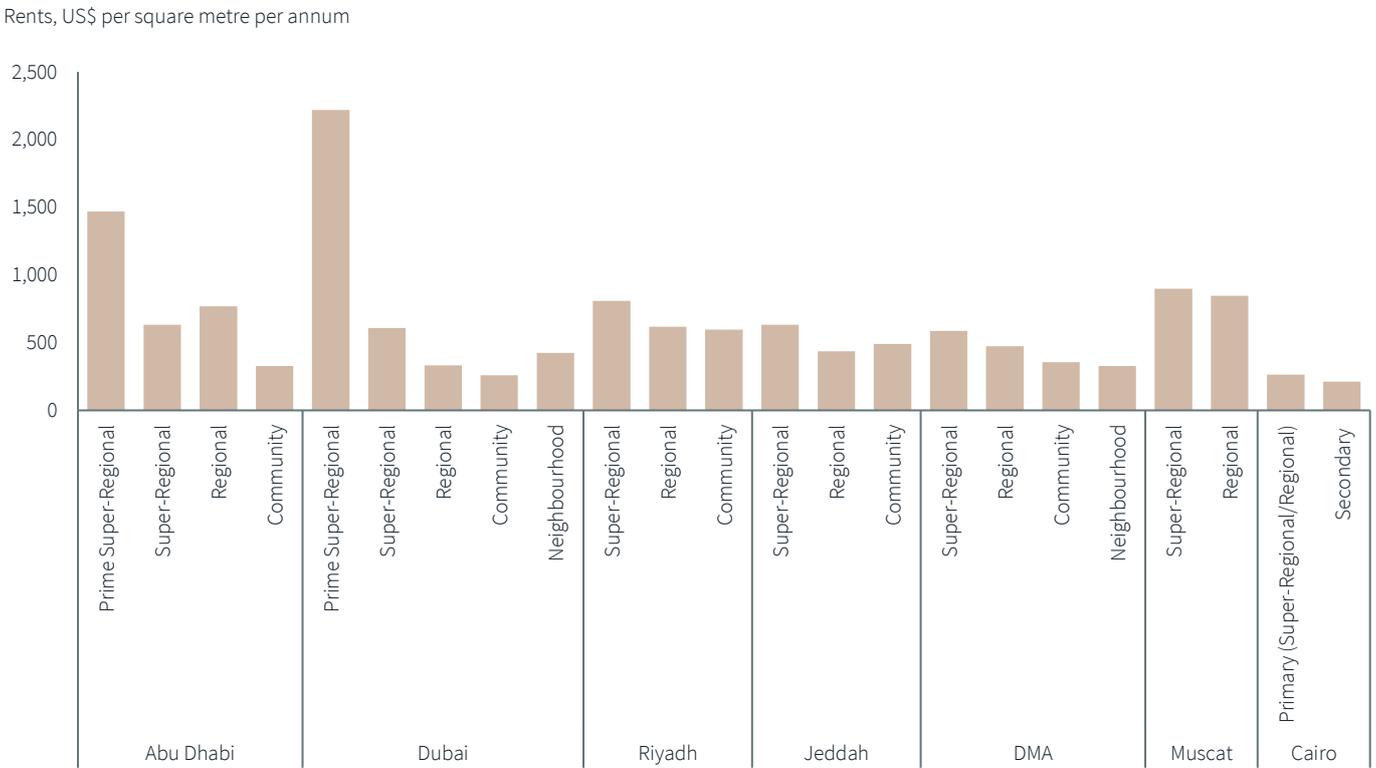
occupancy), the hotel neighbours the Inkosi Albert Luthuli International Convention Centre (Durban ICC) and will grow the city's ability to attract and host the MICE sector. Moreover, Tsogo Sun has announced plans to upgrade two large hotels along Durban's Golden Mile in the near future. Furthermore, construction is on track for the planned 2026 opening of the country's first Club Med resort in Ballito, just north of Durban. This landmark property is set to boost the entire region's appeal and offering.





Retail

Figure no. 19
Retail, rents, US\$ per square metre per annum, Q4 2024



Source: JLL Research

Riyadh

Riyadh's retail sector exhibited a nuanced performance in 2024, with varying trends across different mall categories. Super regional malls demonstrated resilience, with average leasing rates increasing by 1.8% year-on-year to reach SAR 3,033 (US\$ 809) per square metre per annum in Q4 2024. Community malls showed more robust growth, with rates rising by 5.5% to SAR 2,233 (US\$ 595) per square metre per annum.

Conversely, regional malls faced challenges, experiencing a 9.3% annual decline in average rates, settling at SAR 2,313 (US\$ 617) per square

metre per annum. Traditional mall concepts have seen declining occupancy rates, largely attributed to their standard 'closed mall' format and generalised retail offerings. This divergence in performance reflects a shift in consumer preferences towards 'experiential formats' that offer leisure activities and events.

This evolving landscape presents challenges for mall operators relying solely on their own brands to maintain stable performance. There is a growing need for a differentiated tenant mix to attract and retain customers. The market is witnessing a clear shift in retail preferences, with increasing demand for open-air boulevard-type retail formats that offer a more diverse and engaging shopping experience.

As Riyadh's retail sector continues to evolve, adaptability and innovation will be key factors in determining the success of retail developments. Mall operators and retailers alike must focus on creating unique, experience-driven environments to meet the changing expectations of consumers in the Saudi capital.

Jeddah

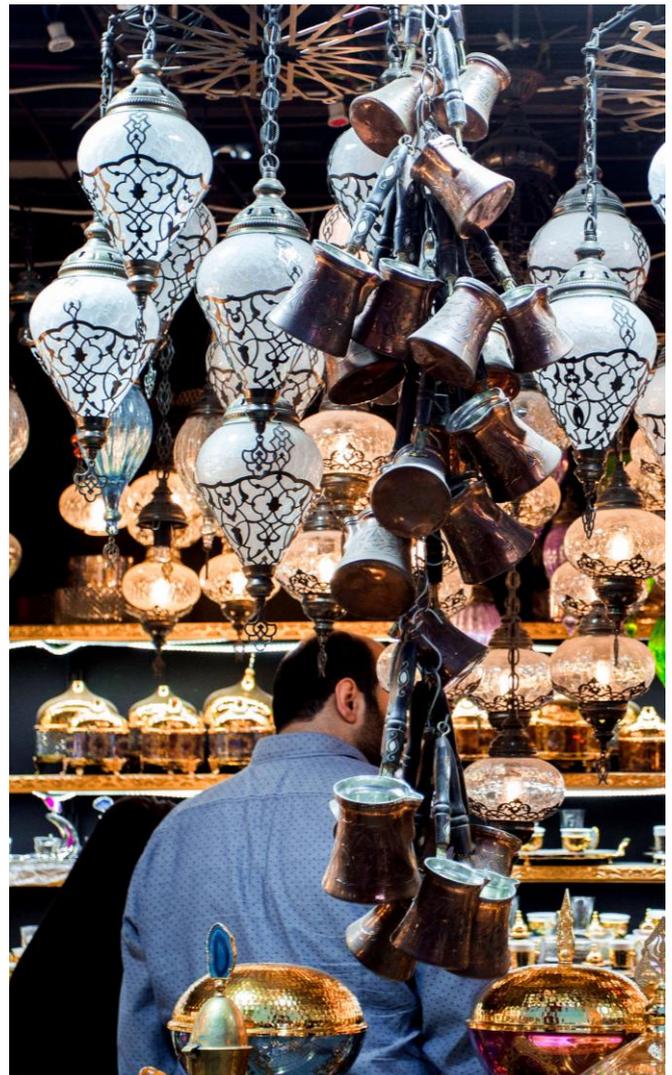
Jeddah's retail sector exhibited a mixed performance in 2024, mirroring trends observed in Riyadh. In Q4 2024, super regional malls demonstrated resilience, with average leasing rates increasing by 2.7% year-on-year to reach SAR 2,372 (US\$ 633) per square metre per annum in Q4 2024. Community malls experienced modest growth, with rates rising by 1.0% to SAR 1,840 (US\$ 491) per square metre per annum. However, regional malls faced challenges, experiencing an 8.3% annual decline in average rates, settling at SAR 1,632 (US\$ 435) per square metre per annum.

The retail sector is evolving beyond conventional concepts, focusing on creating "destination" or "lifestyle" developments that blend shopping, leisure, entertainment, tourist attractions, and dining experiences. This strategic shift aims to increase the average stay time per retail visit, enhancing overall customer engagement and satisfaction.

Rapid social and economic changes in the Kingdom are reshaping the retail environment. Cinemas, F&B outlets, and entertainment facilities are becoming increasingly vital components of

shopping centres. These elements are expected to play a crucial role in the mix of upcoming retail supply as mall operators capitalise on new opportunities presented by the evolving market.

As Jeddah's retail sector continues to adapt to these changes, developers and operators must focus on creating diverse, experience-driven environments that cater to the changing expectations of local and international consumers. This transformation is likely to drive innovation in retail design and tenant mix strategies, potentially reshaping the city's retail landscape in the coming years.



Abu Dhabi

In 2024, the total volume of rental registrations in the retail sector reached 29,890, up by 2.1% y-o-y. New registrations increased by 20.9% and accounted for 39.6% of the total, and renewals fell by 13.1% and accounted for 60.4% of the total. Although demand has been relatively robust, landlords are having to be flexible in their offerings; therefore, it is not unusual to see CAPEX contributions and rent-free periods.

There is a reasonable level of fragmentation in asset performance across the city. The average vacancy rate for Prime super-regional stock stands at 2.7% as of Q4 2024, with average rents reaching AED 5,390 (US\$ 1,469) per square metre. In the super-regional, regional and community market segments, the average vacancy rates were 12.7%, 22.1%, and 29.4%, respectively, and rates ranged from AED 1,199 (US\$ 327) to AED 2,832 (US\$ 769) per square metre.

Looking ahead, rental growth rates are expected to accelerate across all market segments, despite the anticipated completion of 74,525 square metres of new space. High-quality assets with diverse demand drivers are anticipated to significantly outperform the broader market, attracting premium rates and occupancy levels.

Dubai

Demand for retail space across prime locations remained resilient throughout the fourth quarter; as a result, average rental rates for super regional malls were up by 13.6%, averaging AED 2,235 (US\$ 609) per square metre, whereas regional malls increased by 3.8%, reaching AED 1,224 (US\$ 334) per sq. m. Prime mall operators are pushing ahead with expansion plans to meet rising demand and redeveloping existing space to accommodate space for additional units. Operators continued to sign fresh unique brands, including F&B concepts, to offer a balanced tenant mix across malls. On the same basis, large retail groups consolidated stores of underperforming brands and continued to seek out new local and international concepts that could be adapted for the UAE market.

In terms of supply, retail stock stood at 4.8 million square metres of retail GLA and is expected to see an additional 100,000 square metres of space to be delivered in 2025, mainly comprised of regional and community malls. Future developments are expected to gradually come online as mall owners remain cautious of changing consumer spending habits as well as competition from neighbouring developments. Developers will need to adopt a dynamic leasing strategy for their future projects that allows them to secure prominent retail concepts that tie in with their development's core USPs.



Cairo

In 2024, the retail sector experienced a slowdown in project launches and completions. This was attributed to various factors, including construction delays, leasing challenges, and developers reevaluating their retail projects, often opting to put them on hold or consider repurposing. Given the current market conditions, this slowdown could be viewed positively in the context of an oversupplied market, especially considering that only a select few malls—those with exceptional locations or unique concepts—have been able to achieve high occupancy rates and footfall.

Towards the end of 2024, the retail sector’s performance has started to show signs of improvement following several years of downward pressure on the back of economic turbulences and tightening policy measures. Average rental rates in the fourth quarter remained consistent with the previous quarter, with the secondary market outpacing primary regional and super regional malls, increasing annually by 14% and 6%, respectively. Looking ahead, landlords are expected to adjust their rental rates in response to the anticipated currency devaluation in early 2025, implying rental growth is expected to continue accelerating throughout the year.

Several factors support a more positive outlook for the sector in 2025. A projected decrease in the inflation rate by almost 10 percentage points (pp) compared to 2024 (at 18.18%) should provide some relief to both retailers and consumers.

Additionally, the local currency is expected to experience less volatility throughout the year, contributing to a more stable economic environment. These trends collectively point towards a more stable and potentially growth-orientated environment for the retail sector in the coming years.



Figure no. 20

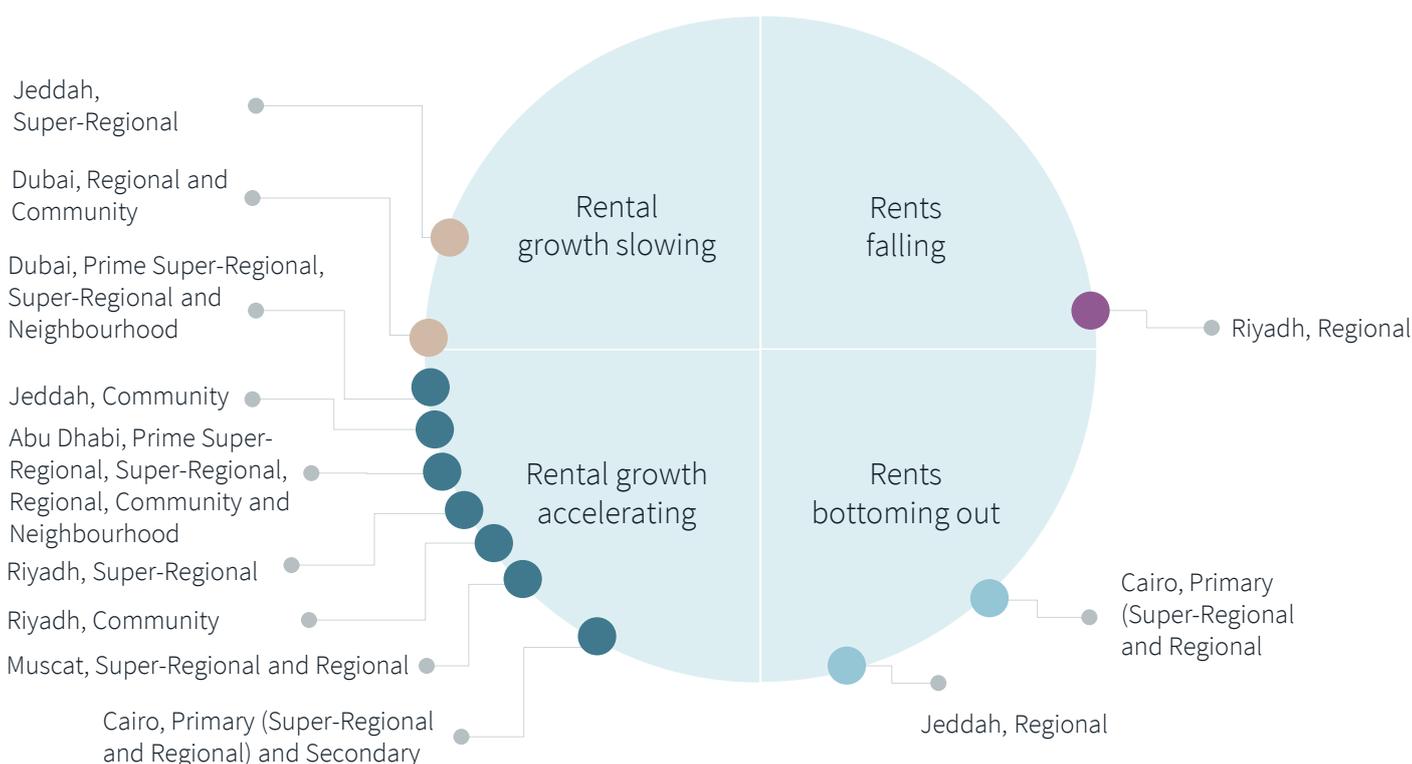
Retail, current and future supply, square metres

Market	Total completions, 2024	Total stock, Q4 2024	Forecast completions, 2025
Abu Dhabi	89,715	3,376,236	74,525
Dubai	12,000	4,804,075	104,598
Riyadh	117,402	4,176,224	283,126
Jeddah	133,251	2,259,642	637,830
DMA	38,400	1,537,591	115,305
Cairo	137,050	3,176,904	450,625
Cape Town	160	13,500	410
Johannesburg	-	17,500	-
Durban	-	4,750	-

Source: JLL Research

Figure no. 21

Retail, rental clock, 2025



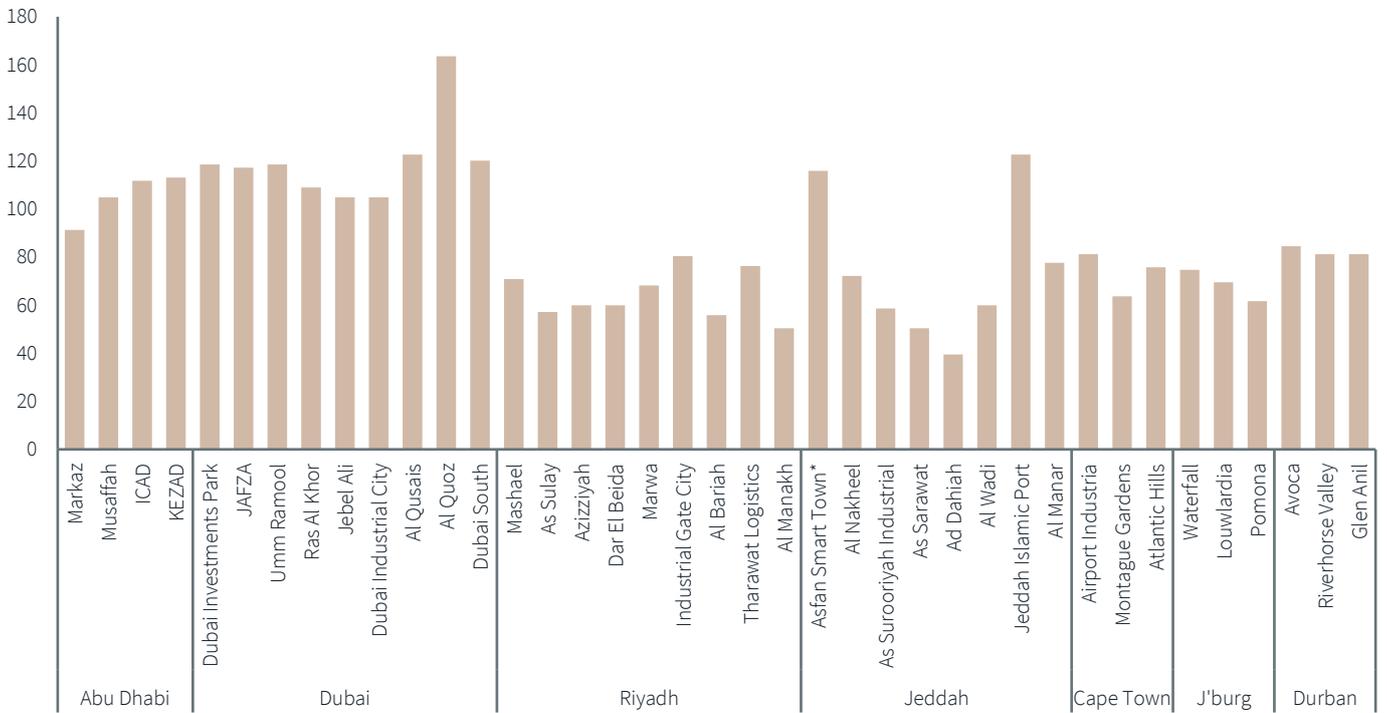


Industrial and logistics

Figure no. 22

Industrial and Logistics, rents, US\$ Per square metre per annum, Q4 2024

US\$ per square metre per annum



Source: JLL Research

Riyadh

Riyadh's industrial and logistics real estate market demonstrated robust performance in Q4 2024, with notable increases in rental rates across several key areas. Industrial Gate City maintained its position as the premium warehousing district, with rates rising to SAR 295 (US\$ 80) per square metre. Masha'el and Marwa showed significant growth, while Aziziyah remained stable at SAR 220 (US\$ 60) per square metre. Emerging areas like Al Bariah and Al Manakh experienced gradual increases, signalling their growing potential. The overall upward trend in rental rates across Riyadh indicates strong market activity and increasing

demand for industrial and logistics assets, likely driven by economic diversification efforts, enhanced logistics capabilities, and growth in e-commerce.



Jeddah

Jeddah's industrial and logistics real estate market exhibited strong performance in Q4 2024, with notable increases in rental rates across key areas. Jeddah Islamic Port led the market, experiencing a substantial rise from SAR 405 (US\$ 110) per square metre to SAR 450 (US\$ 123) per square metre, while Asfan Smart Town Industrial City maintained high rates. Al Nakheel showed significant growth, increasing by SAR 10 (US\$ 3) per square metre to SAR 265 (US\$ 72) per square metre. As Sarawat (Khumrah Central) remained stable with a slight increase, and Ad Dahiah (Khumrah South) emerged as a potential new hub with gradual growth. The overall upward trend in rental rates, particularly in premium locations, indicates robust demand for warehousing facilities in Jeddah, likely driven by the city's strategic position as a major port.

Abu Dhabi

Leasing activity rose by 8.1% in the year to December 2024, with the total number of rental contracts for the year reaching 10,430, up from 9,651 a year earlier. The flight to quality from occupiers continues to be one of the major underpinnings of the market, with vacancy in such assets being very limited. As a result, average rents have increased by 8.4% to AED 386 (US\$ 102) per square metre.

New stock deliveries in 2025 will not shift market dynamics, as landlords are expected to maintain their advantageous position, offering minimal incentives. Incoming high-quality developments will significantly outperform existing properties, setting new benchmark rates and raising the bar for the entire market.

Dubai

Healthy leasing activity within the industrial and logistics sector pushed average lease rates up by 12.1% compared to the fourth quarter of 2023. Notably, rates within Dubai's prime area 'Al Quoz' jumped by 13.0% to reach AED 600 (US\$163)/square metre per annum due to strong demand for its connectivity and proximity to the city centre. Demand also remained resilient across various free zones, including JAFZA and Dubai South, resulting in waitlists for potential tenants. Developers are actively responding by planning new facilities; JAFZA, for example, anticipates completing Phase 2 of its logistics park by Q1 2025, which will introduce an additional 23,225 square meter of Grade A storage facilities. Another notable example included Aldar Properties investment of AED 1 billion to expand logistics assets, including acquiring the 7 Central logistics hub and adjacent plots in Dubai Investments Park. Plans include developing 233,000 square metres of Grade A logistics facilities across the UAE. Overall, whilst industrial developers in Dubai are actively pursuing expansion plans, demand is spilling over into Abu Dhabi and the Northern Emirates, with many zones reporting high occupancy.

Johannesburg

Throughout 2024, as in previous years, Johannesburg's industrial market displayed a clear bifurcation between modern logistics facilities and legacy stock. The demand for state-of-the-art warehousing and DCs, particularly along key transit corridors, remained robust, whereas the demand for older stock in secondary locations remained lacklustre. Prime vacancies hit historic lows, hovering around 1% by year-end, with gross asking rates reaching up to R1,268 (US\$ 69) per square metre per annum.

The region sported a strong development pipeline through the course of the year, reflecting market confidence as most new development is tenant driven. By November, industrial building completions in Gauteng's largest municipalities exceeded full-year 2023's total by 60%. Speculative development also gained momentum, especially for units between 5,000 and 15,000 square metres. Beyond this size, construction costs became too high to validate development on a speculative basis. Key areas like Plumbago, Eastport Logistics, and the Route 21 Corporate Park benefitted from heightened demand during the year. The growing trend of data centre developers acquiring strategic land parcels also raises concerns about potential future land shortages for new developments. That said, the market continues to face challenges.

Older properties in less desirable nodes continue to battle against safety and security and accessibility concerns that have resulted in the sub-sector not being able to achieve any real rental growth.

Rental growth throughout moderated as the year progressed, with prime rentals now nearing their peak. Economic constraints limit tenants' abilities to absorb rate increases, despite the strong demand. Sustainability and cost efficiency thus remain top priorities for users and, in doing so, drive upgrades in older stock in order to remain competitive.

Looking ahead, Johannesburg's logistics market fundamentals are expected to remain stable. The city's position as South Africa's economic core, coupled with greater land availability compared to Cape Town and Durban, continues to attract new users. However, the persistent dichotomy between modern and legacy properties, along with potential land shortages, may shift the market's future dynamics.

Cape Town

Cape Town's industrial market demonstrated positive performance fundamentals throughout 2024, driven by ongoing demand and supply imbalance. Demand is bolstered by ongoing semigration to the region (and the consequential heightened demand for goods), while supply is limited by the restrictive development land bank.

Vacancies among modern logistics facilities larger than 10,000 square metres were virtually non-existent, despite additional supply entering the market. This scarcity drove positive rental growth, with escalations for larger, modern warehouses and DCs outpacing inflation at 5% to 7% during the course of the year.

Activity within the urban and flexible warehousing subsector picked up throughout the year, particularly in nodes such as Paarden Eiland and Killarney Gardens. Older factories are being refurbished into multi-unit parks, often incorporating retail components. Rentals within such developments averaged between R1,320 (US\$ 71) and R1,500 (US\$ 81) per square per annum per metre gross. The proximity of these nodes to key consumer bases is critical to their appeal.

Development activity during 2024 was robust, with several speculative projects underway. The market's positive response to initial releases triggered additional projects and second-phase undertakings. However, the focus remains on smaller units (less than 5,000 square metres) due to high construction costs.

Looking ahead, Cape Town's industrial market is poised for continued growth. The ongoing demand-supply imbalance, particularly for modern and logistics-suitable stock, is expected to maintain upward pressure on rentals. The city's strategic location, well-functioning port, and attractiveness to both foreign and local investment are likely to sustain the positive momentum in the industrial and logistics sectors into 2025.

Durban

Durban's industrial property market demonstrated good resilience in 2024, overcoming recent challenges to emerge as a robust and growing sector. The city's strategic importance as South Africa's busiest port continued to drive demand for warehousing and logistics facilities.

Infrastructure improvements played a crucial role in shaping the market. Ongoing upgrades to the N3 corridor are benefitting industrial precincts further from the port, including Riverhorse Valley/Avoca, Cato Ridge, and Hammarsdale. These enhancements, coupled with operational improvements at the Durban Port, sustained strong demand for logistics and warehousing spaces.

Given the adverse externalities faced by the region between 2021 and 2022 the continuous shift towards modern, efficient premises away from flood-prone areas and with enhanced security features was expected. This trend supported a robust development pipeline, particularly in regions north and west of the CBD. The Avoca area, including developments like The Brickworks, emerged as a prime location for new logistics stock, as have strategically located parcels along the N3/Outer West corridor.



Rentals for this new stock are competitive, with gross rates averaging around R1,320 (US\$ 71) per square metre for units smaller than 5,000 square metres in prime areas. By year-end, prime rentals in the greater Durban region reached between R1,260 (US\$ 68) per square metre and R1,560 (US\$ 84) per square metre annually for smaller units, with larger, modern facilities potentially commanding even higher rates in select cases.

The region’s industrial market outlook remains cautiously positive. The robust development pipeline, estimated at over 110,000 square metres, is expected to alleviate some supply constraints. Moreover, the planned improvements to the Durban Port should further boost demand, reinforcing Durban's strategic importance in South Africa's logistics network.

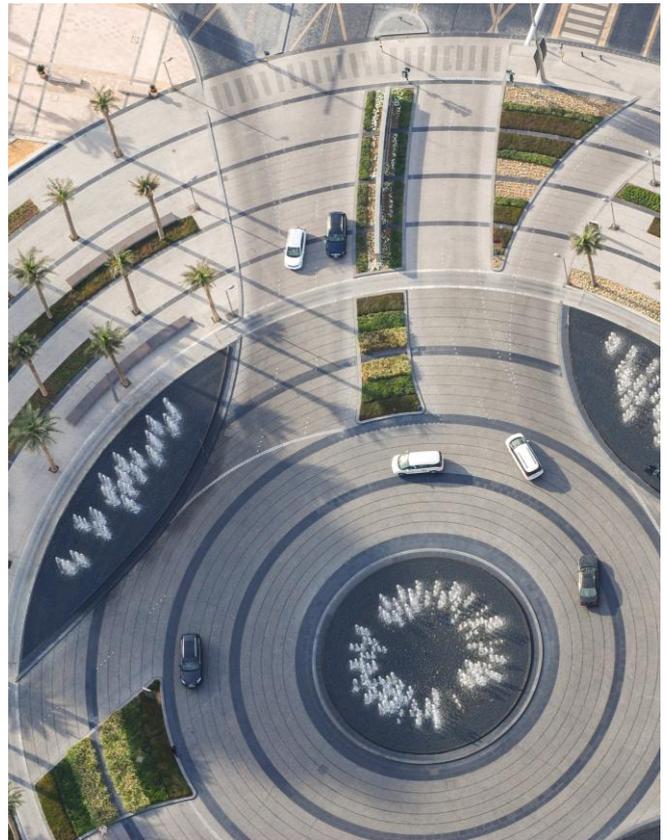
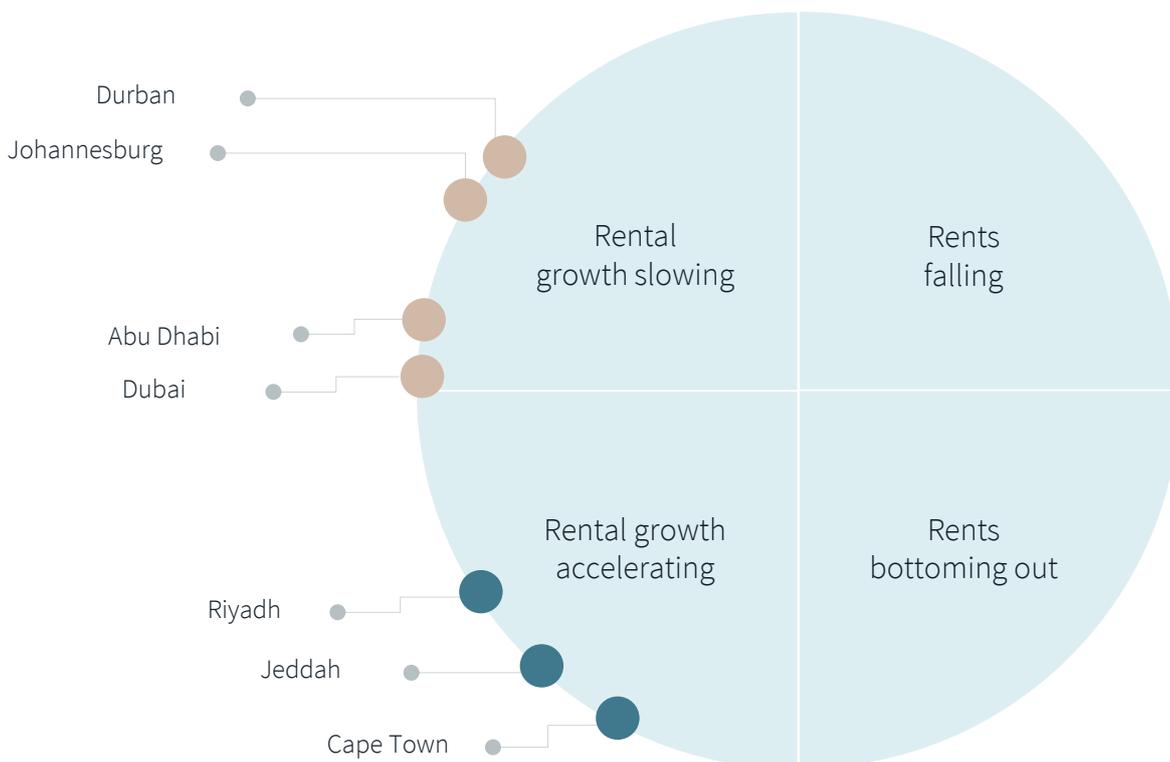


Figure no. 23
Industrial and Logistics, Rental Clock, 2025

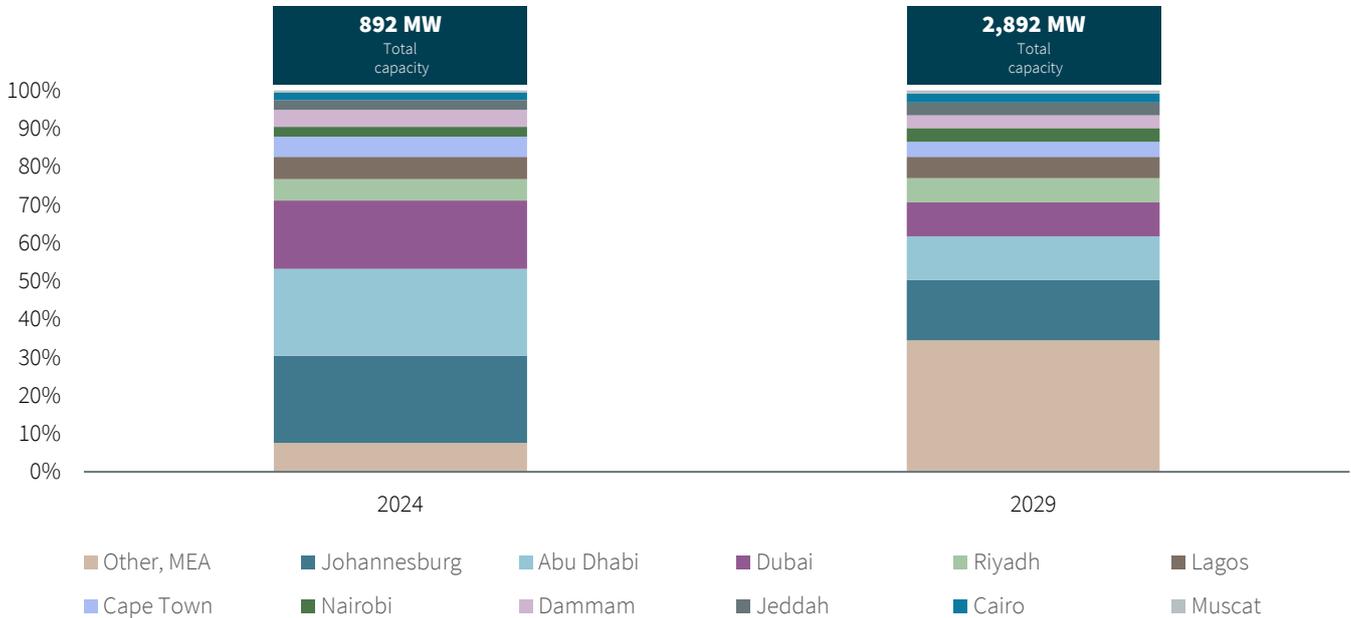




Data centres

Figure no. 24

Middle East and Africa, Colocation Data centres, % of total capacity by country



Source: Structure Research and JLL

The Middle East and Africa region has witnessed a substantial increase in its data centre (DC) landscape in recent years, fuelled by the emergence of 5G networks and the integration of AI technologies. Governments are capitalising on the sector’s opportunities by launching initiatives that focus on data sovereignty and smart city development, which are prompting significant interest in the region's data centre infrastructure.

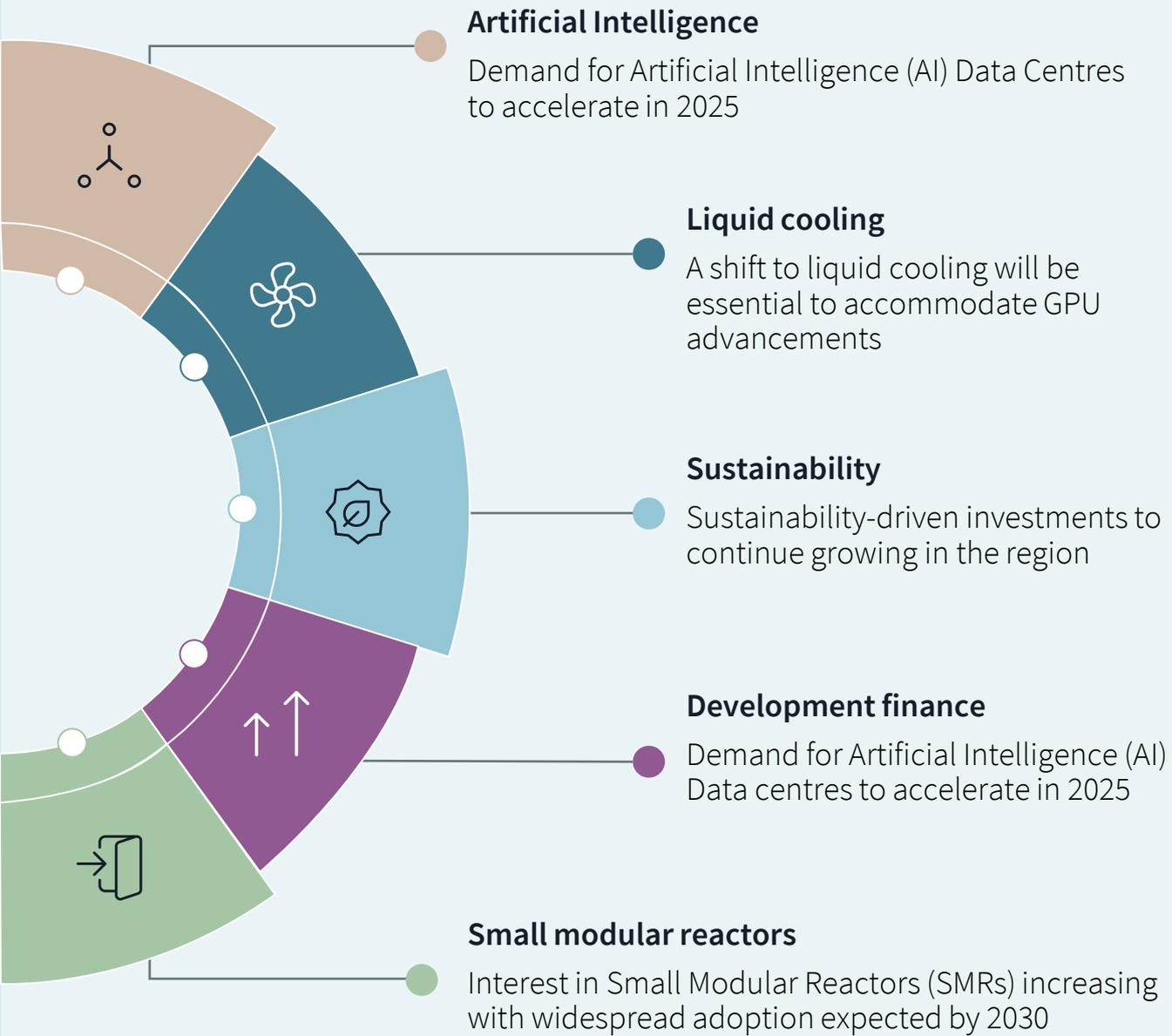
The region has established a notable data centre footprint as it boasted a total operational IT load colocation capacity of around 1,050 Megawatt (MW) by the end of 2024, with an absorption rate of approximately 75-80%. The market is projected to further grow with the addition of over 2,500 MW in IT load capacity between 2024 and 2029, effectively doubling its existing infrastructure.

As of Q4 2024, the UAE dominated the industry in terms of live colocation data centre facilities, with

its primary markets, Abu Dhabi and Dubai, both accounting for around 40.8% of the total IT load capacity. South Africa took the second lead, with Johannesburg and Cape Town accounting for around 28.1% of the total DC capacity. Saudi Arabia followed, with its primary cities, Riyadh, Dammam, and Jeddah, cumulatively contributing approximately 12.6% of the total share over the same period.

Looking ahead, key demand drivers are necessitating the growing need for localised data centre facilities and increasing investor interest in the region. These include urbanisation and the growing tech-savvy population, hyperconnectivity through enhanced subsea cabling, and the rapid digital infrastructure development. These fundamentals indicate that the industry is poised for remarkable expansion, with forecasts from Research and Markets suggesting the MEA market size thriving at a CAGR of 9.5% and 11.7%, respectively, between 2023 and 2029.

Key market trends



Despite the positive market prospects, the region faces a number of challenges, such as power infrastructure limitations in secondary markets, skilled workforce shortages in local regions, and complex regulatory landscapes due to diverse data sovereignty laws. To address these hurdles, the industry is focusing on several sustainability measures, which include improving energy efficiency with Power Usage Effectiveness (PUE) targets of 1.2-1.5, using more renewable energy sources (solar, clean, etc.), and implementing water conservation techniques such as closed-loop cooling and treated wastewater.

Moreover, government initiatives, like the Saudi Vision 2030 and the Dubai 2040 Urban Master Plan, are supporting the industry with tax incentives and

free zone areas. Public-private partnerships (PPPs) are also driving expansion in the region, where governments are providing land and infrastructure, and private entities are contributing capital and expertise.

As the MEA data centre market continues to evolve, it offers substantial opportunities for hyperscalers, colocation operators, investors, and developers. The rising demand for AI and machine learning workloads, along with the region's strategic role as a connectivity hub linking Europe, Asia, and Africa, enhances its attractiveness. However, achieving success in this market involves overcoming challenges and emphasising sustainability and future-proofing strategies.



05

Investment markets





Yield guide

Kingdom of Saudi Arabia

Figure no. 25

Saudi Arabia, Gross investment yield, Q4 2024

Asset class	Sub-asset class	Low	High
Offices	Prime/ Grade A	7.25%	7.75%
Offices	Grade B	8.00%	8.50%
Industrial and Logistics	Prime/ Grade A	7.50%	8.00%
Industrial and Logistics	Grade B	8.50%	9.00%
Retail	Grade A	7.25%	8.00%
Retail	Grade B	8.25%	8.75%
Hotels	Internationally branded	7.25%	8.25%
Residential (Multifamily)	Prime compounds	7.00%	7.75%
Residential (Multifamily)	Compounds	7.75%	8.75%

Source: JLL Research

Notes: Yields are based on a Net Investment Yields basis and are not based on master leases being in place unless otherwise stated, yields are also based on current rents and for Freehold assets. Labour accommodation yields are based on a master lease being in place.

Despite the rapid expansion of the built environment underway across Saudi Arabia, demand for income-producing quality assets remains steadfast. From a market sector perspective, the industrial and logistics and residential sectors have garnered the most interest and, in turn, activity. The office sector's strong fundamentals also mean that it is a targeted sector for many institutional investors; however, the availability of such investment stock is all but non-existent currently. The market backdrop has kept yields relatively stable throughout 2024. Institutional transactions during this period have not pushed yields to their lower limits, maintaining a consistent investment landscape.

More so, over the last year, international institutional investors have continued to explore the market for suitable opportunities. However, primarily due to the lack of availability of quality stock and strong competition from liquid local institutional market participants, meaningful participation from these groups remains limited. A diverse range of institutional investors from various regions are actively positioning themselves to enter the market. These investors are pursuing opportunities either as speculative developers, independently or through joint ventures, or as buyers when quality assets become available. Many potential speculative investors are strategically waiting for key infrastructure projects to commence before launching their developments.

United Arab Emirates

Figure no. 26

United Arab Emirates, Gross investment yield, Q4 2024

Asset class	Sub-asset class	Abu Dhabi		Dubai	
		Low	High	Low	High
Offices	Prime	6.50%	7.00%	6.25%	6.75%
Offices	Grade A	7.00%	7.50%	6.75%	7.50%
Offices	Grade B	7.75%	8.75%	7.75%	8.50%
Industrial and Logistics	Prime/ Grade A	7.50%	8.25%	7.50%	8.00%
Industrial and Logistics	Grade B	8.25%	9.25%	8.25%	9.00%
Retail	Prime super-regional	6.75%	7.50%	6.00%	6.75%
Retail	Grade A regional	7.50%	8.25%	7.00%	7.75%
Retail	Community/ neighbourhood	8.00%	9.00%	7.50%	8.75%
Hotels	Internationally branded - beachfront	7.00%	7.75%	7.00%	7.25%
Hotels	Internationally branded - city	8.00%	8.75%	7.25%	8.00%
Residential (Multifamily)	Prime apartments	6.25%	6.75%	5.75%	6.25%
Residential (Multifamily)	Apartments	6.50%	7.25%	6.50%	7.25%
Residential (Multifamily)	Apartments (secondary and tertiary locations)	-	-	7.50%	8.50%
Labour accommodation	Headline	11.50%	13.50%	11.00%	13.00%

Source: JLL Research

Notes: Yields are based on a Net Investment Yields basis and are not based on master leases being in place unless otherwise stated, yields are also based on current rents and for Freehold assets. Labour accommodation yields are based on a master lease being in place. Super-Regional Malls: Dubai Mall and Mall of the Emirates.

The UAE has recorded its highest level of investment transactions on record during 2024. Over this period, the most active investment sectors included hotels, offices, and residential. Due to the underlying fundamentals of each of these sectors, there has been a significant demand from both local, regional, and international institutional buyers. This surge in demand has driven investment yields to contract by up to 50 basis points throughout the year, despite the current high-interest rate environment.

Historically, the lack of institutional-grade assets was the primary reasoning behind limited investment market activity, where government related entities and family offices traditionally tended to maintain, develop, and hold strategies. The market is evolving, with an increasing number of assets now being marketed. This shift is fostering a more structured and institutional investment landscape. Expect further maturation of this trend in the coming years, solidifying the market's institutional character.

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