

## QUARTERLY MARKET INDICATORS



DEMAND



VACANCY



NEW SUPPLY



MARKET SENTIMENT

In Q1 2025, Dubai's office sector maintained positive momentum, underpinned by limited supply and strong market fundamentals. The emirate continues to attract significant international interest and investment, thanks to a favourable regulatory environment and evolving legislation. Policies such as 100% foreign ownership of onshore companies, reduced costs for establishing businesses, visa and citizenship reforms and job-security measures all contributed to the UAE's appeal for investors and talent.

The UAE's GDP growth forecast for 2025 currently stands at 4.7%, according to Oxford Economics. Within the prime office market, growing pains are evident, vacancy rates have hit an all-time low, competition for available stock is intensifying, and occupier options are increasingly limited. Rents rose across all 22 sub-markets tracked by Savills in Q1 2025, as shown in the map below, with average year-on-year growth of 45%.

### New Companies Rush into the Market

The Dubai Chamber of Commerce recorded its highest-ever annual increase in memberships in 2024, welcoming 70,500 new companies, a 4.6% year-on-year increase compared to 2023. This surge reflects Dubai's rising appeal to regional and global businesses. Notable growth sectors include construction (33%), real estate, renting and business services (8.4%), transport, storage and communication (8.3%) and financial intermediation (8.3%).

### Financial Services and Tech & Media Occupiers Dominate Transactions

In Q1 2025, 51% of Savills transactions were within the financial services, consulting, and technology & media sectors, consistent with enquiry trends observed in 2024. While global trends such as ESG-compliant, green and sustainable office spaces remain important for occupiers pursuing sustainability goals, limited availability is leading to reduced selectiveness. Many tenants are entering a holding pattern, awaiting the delivery of new supply.

### Grade A Space Availability Squeezed Further

Supply constraints from 2024 have continued into 2025, with availability of Grade A space remaining tight in established submarkets such as DIFC, Business Bay, Downtown, and TECOM. When vacancies do arise, competition is fierce, and rents have reached record levels in Q1. Emerging submarkets like Dubai South and Expo City are gaining traction due to the availability of space, more competitive rents, and lower traffic congestion. DIFC in particular, has experienced a significant squeeze, with occupancy levels rising to 98%, posing challenges for companies that require regulatory presence within the zone.

### Making Space Work Harder

Limited Grade A availability and rising costs are influencing

occupier strategies. Savills has observed an increased focus on space efficiency and functionality, with greater consideration given to refurbishment over relocation or expansion. In terms of design, breakout and wellness areas are becoming less of a priority, although they are still retained in certain sectors, particularly where talent retention is a big driver.

### RERA Protection for Landlords and Occupiers

Outside DIFC, RERA rental protections remain a significant benefit for occupiers, shielding them from sharp rent increases. With rents up 45% year-on-year on average, many occupiers are choosing to renew leases and retain RERA protection rather than relocate. However, this trend also limits the release of space into the market, resulting in stagnation. Institutional landlords are responding by adopting pragmatic approaches to lease negotiations, aiming to secure long term commitments. In some cases, strata landlords in Business Bay are quoting rents on par with prime-DIFC properties, reflecting the shifting dynamics in Dubai's office market.

### Flex and the race for space

Flexible workspace operators continued their expansion in 2025, following strong demand for serviced office space throughout 2024. Existing operators have expanded, and new entrants from Egypt, Asia and the UK have entered the market. With space constraints in core CBDs, operators are now exploring malls, community locations, and semi-industrial zones. Rising operating costs for newer entrants are contributing to a widening price gap for end users.

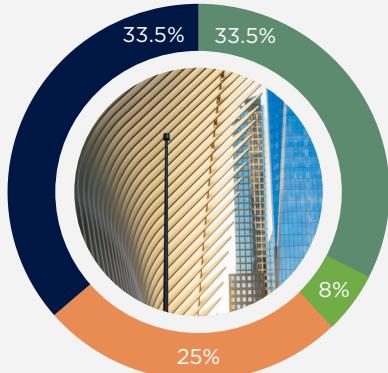
Flex space is increasingly being used for supplementary requirements. 71% of Savills enquiries in Q1 were for units below 5,000 sq ft. Corporate entities, often slowed by lengthy decision-making cycles, are being outpaced by more agile companies.

### Robust Supply Pipeline & Pre-commitments

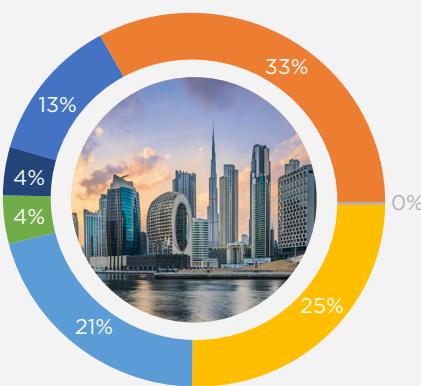
In 2025, space availability is expected to remain extremely tight, likely putting further pressure on rents. However, new supply additions may ease some of this pressure in select markets. Pre-commitments are absorbing much of the supply pipeline, highlighting the underlying demand for good quality space.

### 2025 Outlook

We anticipate continued constraints in space availability throughout 2025, with sustained upward pressure on rents and occupiers largely remaining in a holding pattern. Geopolitical uncertainty may also influence activity, with many European and US firms pausing overseas investment due to economic pressures in their home markets. Demand is expected to increase in submarkets such as Dubai South and Expo City, driven by greater space availability, affordability, and improved accessibility.

TRANSACTION TYPE  
Q1 2025

■ RENEWAL      ■ NEW ENTRY  
■ RIGHT SIZING      ■ RELOCATION

AVERAGE INQUIRY SIZE  
Q1 2025

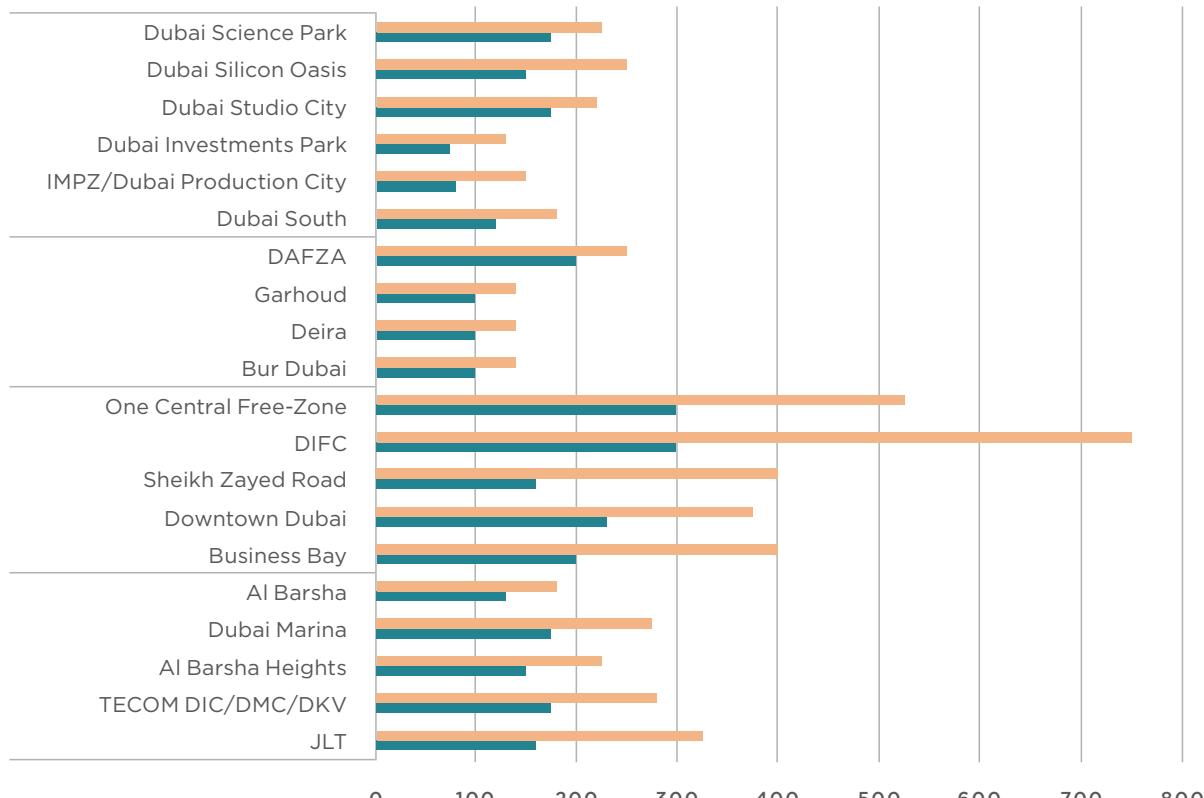
■ LESS THAN 1,000 SQ.FT.  
■ 5,100 - 10,000 SQ.FT.  
■ 10,100 - 20,000 SQ.FT.  
■ 3,100 - 5,000 SQ.FT.  
■ 20,100- 30,000 SQ.FT.

SOURCE SAVILLS RESEARCH

## RENTAL TREND Q1 2025

■ UPPER LIMIT      ■ LOWER LIMIT

DUBAI FRINGE      OLD DUBAI      CENTRAL DUBAI      NEW DUBAI



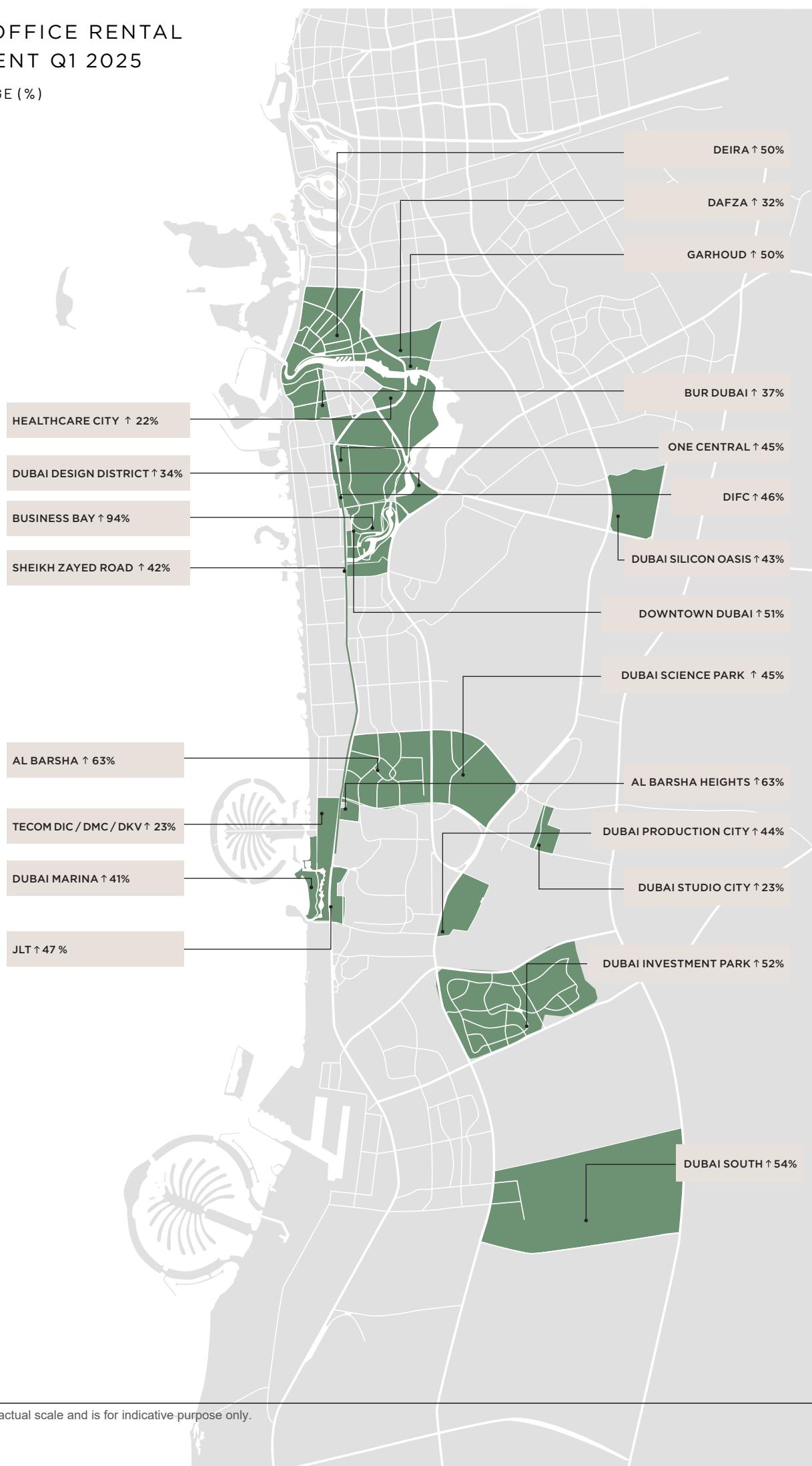
SOURCE SAVILLS RESEARCH

# DUBAI OFFICE RENTAL MOVEMENT Q1 2025

Y-O-Y CHANGE (%)

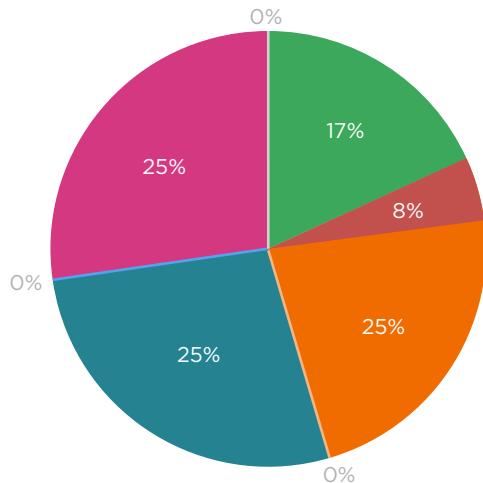
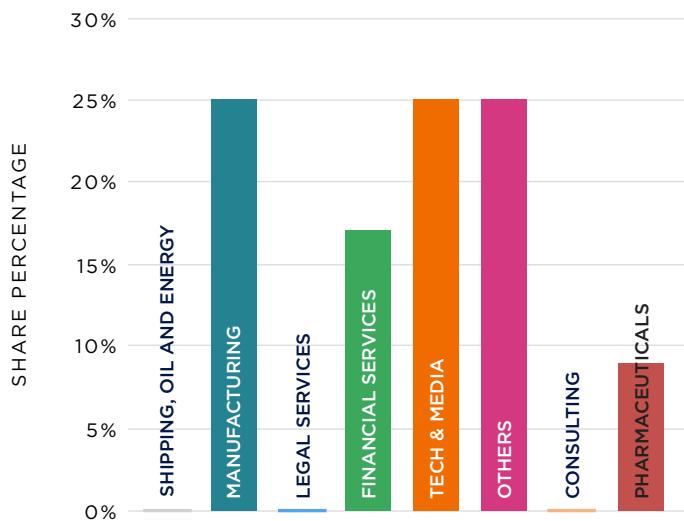
UP↑

STABLE↔





## SECTORAL DEMAND Q1 2025



SOURCE SAVILLS RESEARCH



Working alongside investors, developers, operators and owners, we inject market insight and provide evidence-based advice at every stage of an asset's lifecycle. We have unrivalled reach across the Middle East with extensive market experience in UAE, Bahrain, Oman, Egypt and KSA.

## TOBY HALL

Head of Commercial Agency  
toby.hall@savills.me

## PAULA WALSH

Director Transactional Services ME  
paula.walshe@savills.me

## RACHAEL KENNERLEY

Director Research  
rachael.kennerley@savills.me

## CLAUDIA JOSE

Research Analyst  
claudia.jose@savills.me

**Savills Real Estate LLC, 22<sup>nd</sup> Floor, Arenco Tower, Sheikh Zayed Road, PO Box 3087, Dubai, UAE | +971 4 365 7700 | [www.savills.me](http://www.savills.me)**

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