MARKET IN MINUTES
Savills Research

Dubai Office Market

Q2 2025

savills

QUARTERLY MARKET INDICATORS

DEMAND | VACANCY | NEW SUPPLY | MARKET SENTIMENT

Dubai's office sector has maintained positive momentum in Q2 2025, 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 flexible legislation.

The Dubai Chamber of Commerce's Q1 2025 results show strong international interest in setting up businesses in the emirate. India led the list of non-Emirati company owners with 4,543 new businesses registered, followed by Pakistan with 2,154, and Egypt with 1,362. The top 10 also included new businesses owned by investors from Bangladesh, the United Kingdom, Syria, Jordan, China, Türkiye, and Iraq. Policies such as 100% foreign ownership of onshore companies, reduced costs for establishing businesses, visa and citizenship reforms, and job-security measures have all contributed to the UAE's appeal for investors and talent.

Rents appear to have levelled out in some submarkets with 11 of the 23 submarkets tracked by Savills having 0% q-o-q change in rental rates, likely a result of many tenants adopting a holding pattern and limited market movement. Rents remain up 36% year-on-year on average.

Economic strength

At the beginning of June 2025, Oxford Economics revised their GDP growth forecast for the UAE upwards to 5.1% for 2025, from 4.7%. This positive outlook is supported by both a rebound in oil sector activity and solid growth in non-oil GDP. S&P Global's UAE PMI edged down, however, to 53.3 in May, from 54 in each of the previous two months, marking its lowest level since September 2021. This indicates that, while still positive, US tariffs, global economic pressures and regional tensions are impacting short-term sentiment.

President Trump's visit in May 2025 and the subsequent launch of the US-UAE AI Acceleration Framework underscore a commitment to strengthening bilateral ties, potentially paving the way for more favourable trade terms and increased capital and foreign direct investment inflows into the UAE through mutual investment.

Rental movement

Rents appeared to have stabilised in some submarkets with 11 of the 23 submarkets tracked by Savills having 0% q-o-q change. That said, several submarkets reported notable rental increases in Q2 2025, with Dubai Silicon Oasis, Barsha Heights, Business Bay and Studio City all recording quarterly rental growth of 10% or more. Across all 23 submarkets, rents remain up by an average of 36% year-on-year.

New market entrants and company expansions

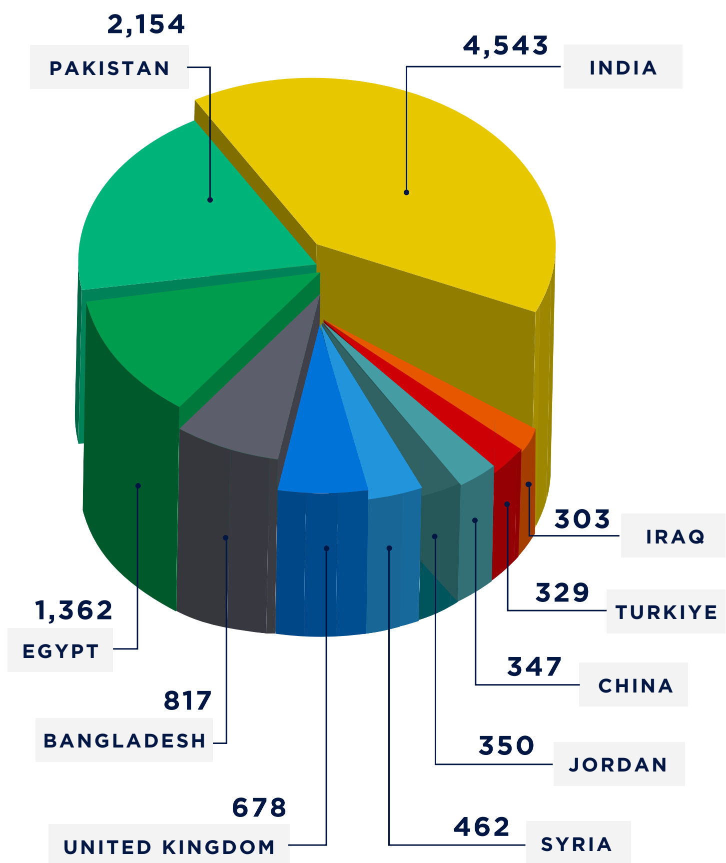
With the majority of existing occupiers taking advantage of RERA protection and opting to renew existing leases, most new leases are being signed by new market entrants or by companies expanding their footprint. In Q2, 44% of Savills enquiries were for spaces ranging from 10,000 to 20,000 sq ft, highlighting that new entrants are taking up substantial space. Enquires for units below 10,000 sq ft represented 38% of Savills enquiries.

Profile preference

Given the limited supply and rising rents, landlords are becoming increasingly selective. Tenants with an established track record in the region or strong global presence are clearly preferred. Landlords remain mindful of a covenant strength, tenant profile and alignment with existing occupiers to ensure a balanced tenant mix.

Similarly, where options exist, occupiers continue to favour institutional landlords or buildings with a strong reputation.

OVERSEAS COMPANY REGISTRATION BY COUNTRY Q1 2025



SOURCE DUBAI CHAMBER OF COMMERCE & SAVILLS

Financial services and tech & media occupiers

In Q2 2025, 84% of Savills transactions were within the financial services, consultancy, 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 adopting a wait-and-see-approach, awaiting the delivery of new supply.

Right of first refusal

Savills has observed an increased number of occupiers securing a right of first refusal on additional space within their current buildings, often favouring neighbouring units. Given the significant rental increases in recent years, this allows occupiers to retain their existing space and the associated RERA protection while taking on limited additional space at higher rates to meet growing business needs. Where this isn't possible, flexible space continues to be used to accommodate supplementary requirements.

Robust supply pipeline and pre-commitments

Approximately 1 million sq ft of new stock is expected in late 2025 and Q1 2026, pre-commitments are absorbing much of this pipeline, indicating a clear flight to quality by occupiers who are currently waiting to act until new space is delivered. Any easing of supply constraints is likely to occur not at handover but once existing occupiers relocate, releasing older stock to the market. Key projects include Wasl Tower, Immersive Tower and DIFC Square from DIFC, Sweid One from Sweid & Sweid, Uptown Towers in JLT, Capital One in JVC among others.

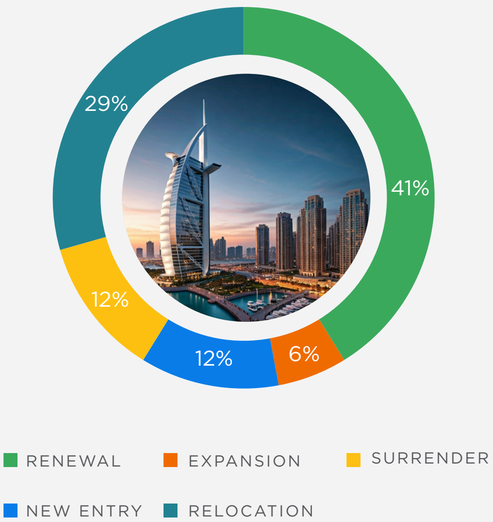
Strata office market

Savills have observed a notable increase in traditionally residential developers considering office buildings for strata-ownership. Known for delivering quality projects with careful attention to detail and community, this could reshape dynamics in Dubai's office market. The evolution of the strata office sector may also lead to supply emerging beyond traditional CBDs, supporting Dubai 2040 Urban Master Plan's ambition to deliver a 20-minute city.

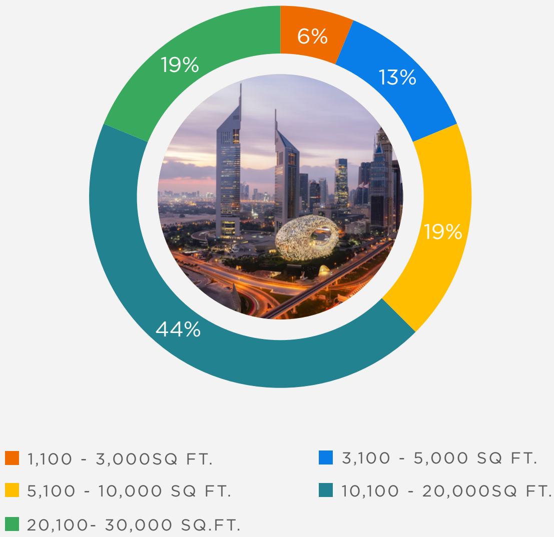
2025 Outlook

We anticipate continued constraints in space availability throughout 2025, with many occupiers remaining in a holding pattern. While rents appear to be levelling off in some submarkets, they remain 36% higher year-on-year. Geopolitical uncertainty may also influence activity, as some European and US firms pause overseas investment due to domestic economic pressures and regional volatility affecting sentiment. Demand is expected to grow in submarkets such as Dubai South and Expo City, driven by greater space availability, affordability, and improved accessibility.

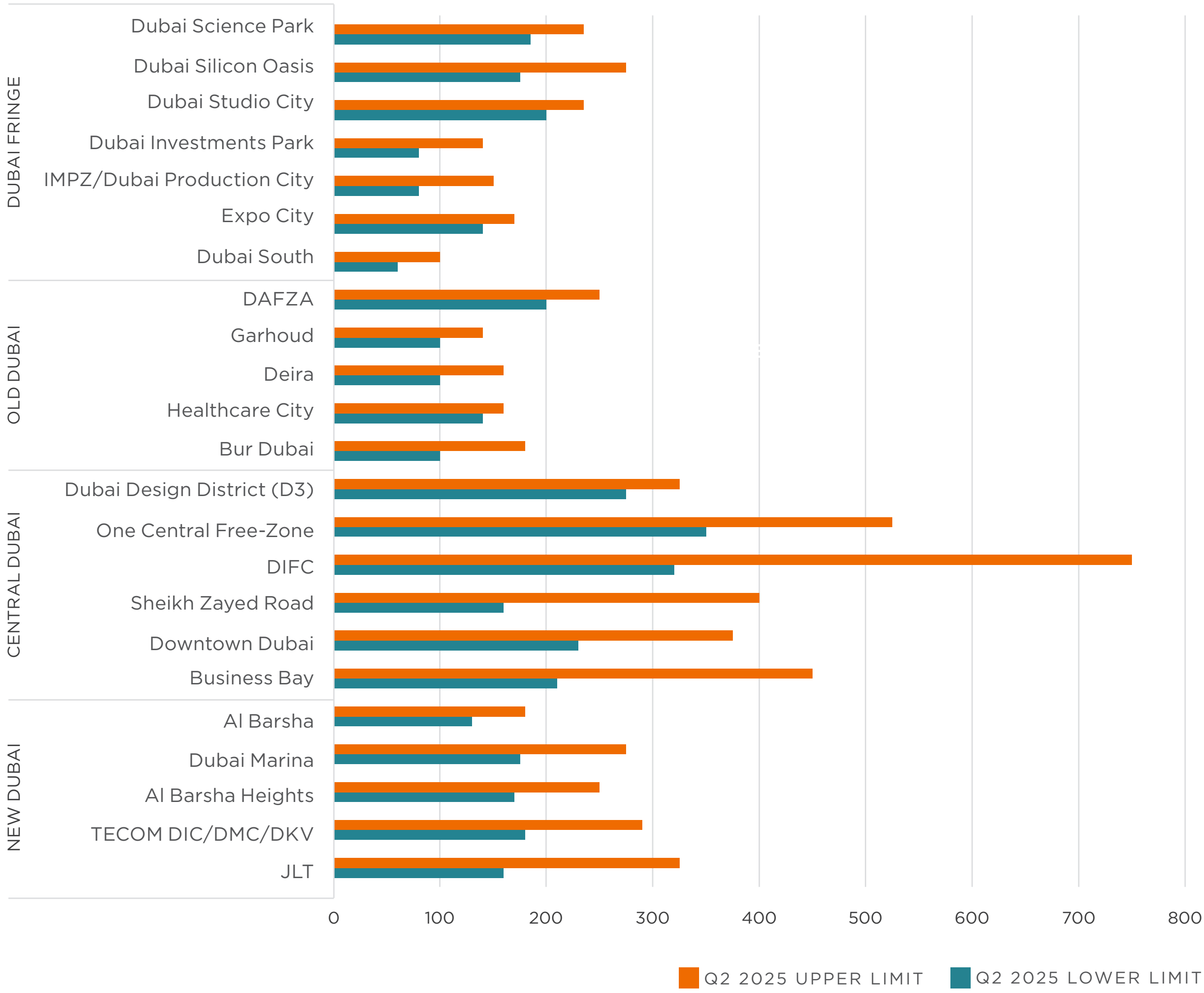
TRANSACTION TYPE
Q2 2025



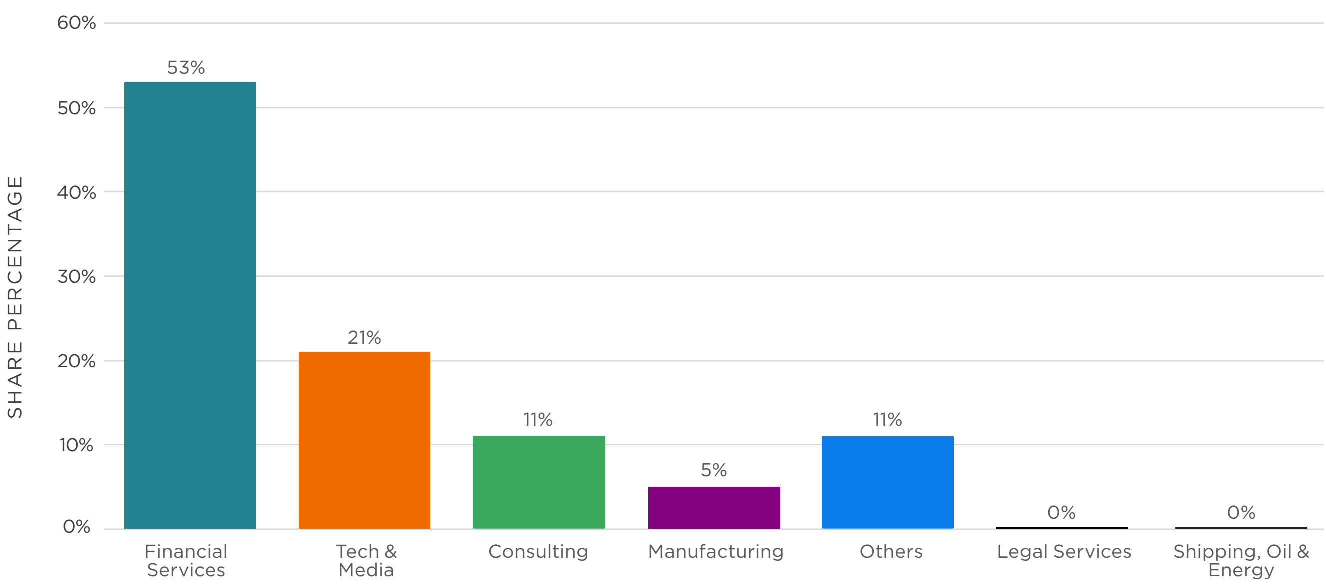
AVERAGE INQUIRY SIZE
Q2 2025



RENTAL TREND Q2 2025



SECTOR LEVEL SPLIT OF TRANSACTIONS Q2 2025



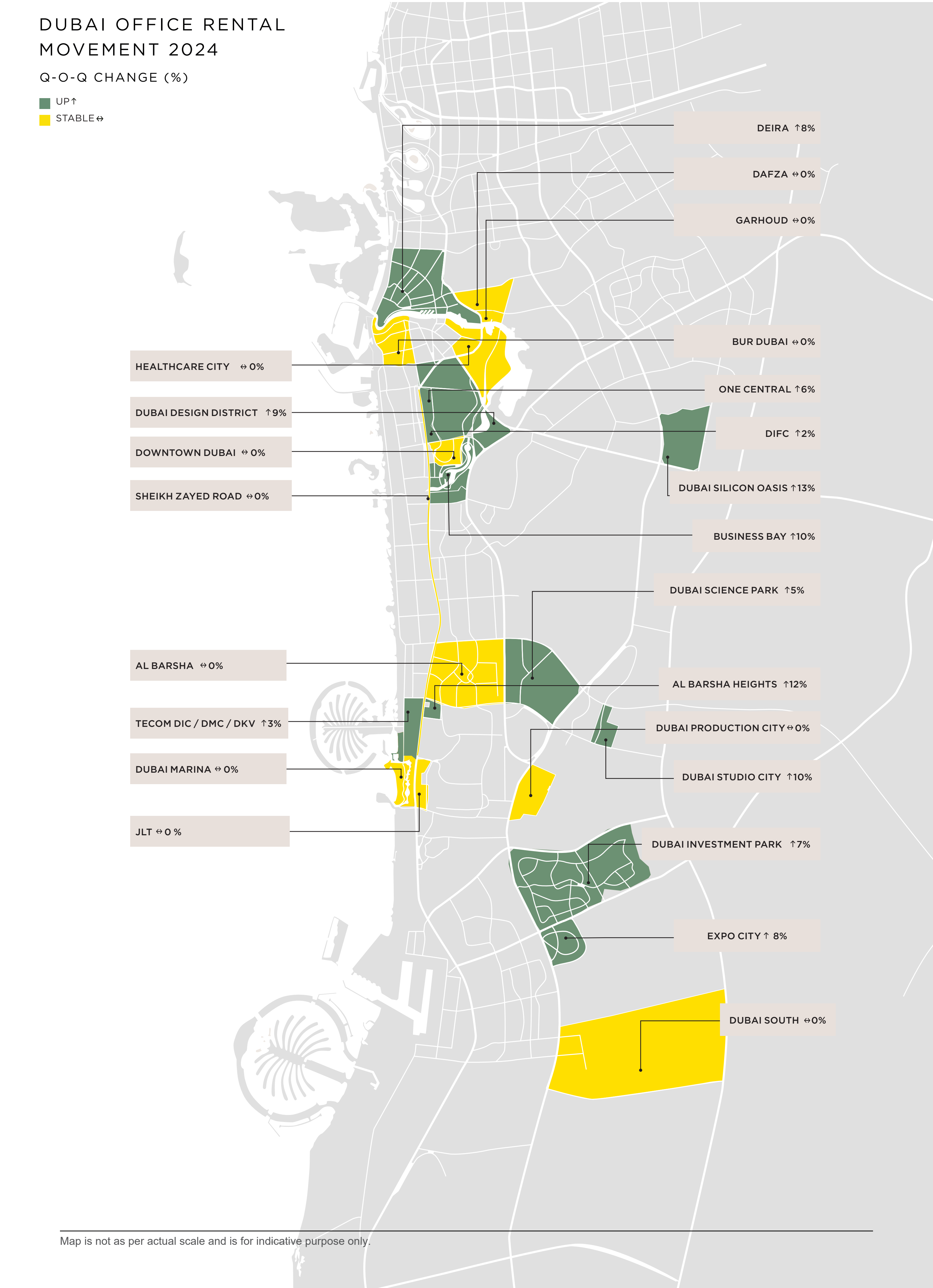
SOURCE SAVILLS RESEARCH

DUBAI OFFICE RENTAL MOVEMENT 2024

Q-O-Q CHANGE (%)

UP ↑

STABLE ⇔



Map is not as per actual scale and is for indicative purpose only.

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.

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