

Dubai and Abu Dhabi Industrial and Logistics Markets Review



H1 2025

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

knightfrank.ae/research



H1 2025 MARKET UPDATE

Demand moderates after a record year

Following a record-breaking 2024 – during which industrial and logistics space requirements in Dubai surged by 225% to reach 40.6 million sqft – activity in the first half of 2025 has moderated. We recorded 6.3 million sqft of new requirements in Q1 and 5.2 million in Q2, bringing the total to 11.5 million sqft for H1 2025. This represents a decline of nearly one-third compared to the same period last year, largely driven by constrained supply and elevated rental levels in Dubai. In essence, a lack of stock is curbing new enquiries.

Demand continues to be led by core sectors - logistics, manufacturing and industry, and retailers and traders remain the top three contributors to new requirements, together accounting for more than half of the total demand.

Occupiers with favourable lease terms secured in recent years are opting to remain in situ, often postponing expansion plans rather than facing a market with limited options and higher rental levels . Many are pausing to wait for new supply expected to come online over the next 2-4 years.

At the same time, others are actively exploring alternative emirates, such as Umm Al Quwain, as supply tightens in Dubai. As a knock-on effect, industrial and logistics rents in the Northern Emirates are rising rapidly – up by 40% year-on-year, from around roughly AED 25 to AED 40 psf.

Transactional activity remains resilient

Despite the slowdown in new requirements, H1 2025 saw robust transactional activity. In June, Knight Frank successfully leased a 362,830 sqft facility in the Jebel Ali Free Zone (JAFZA) on behalf of a global occupier – one of the largest brokered leases in the Middle East, with a total lease value exceeding AED 85 million.

Another notable transaction involved supporting Saint Vincent Group in securing a new distribution facility in National Industries Park (NIP). Knight Frank led them to a prime asset comprising an over 105,000 sqft plot, with 68,400 sqft of built-up-area (BUA). A key highlight is the facility’s alignment with the client’s ESG goals, supported by the presence of existing solar panel installations.

Another notable deal this year has been Haldiram’s decision to open one of the region’s largest saffron processing facilities in the GCC at JAFZA, with operations commencing in Q1. Haldiram joins the 770 F&B companies already operating out of JAFZA.

Abu Dhabi rents on the rise too

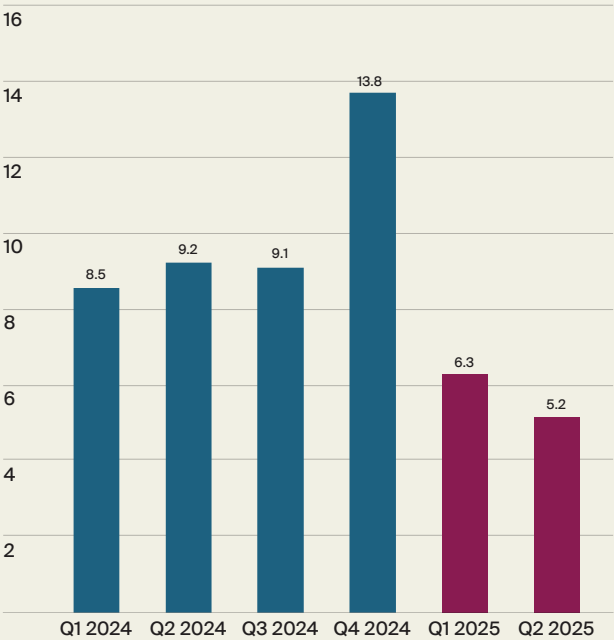
Abu Dhabi also witnessed significant activity during H1 2025. Aldar, for instance, recently acquired high-quality warehousing and light industrial assets from Waha Capital in a deal valued at AED 530 million. The freehold assets, located in Almarkaz Industrial Park, add 182,500 sqm of net leasable area to Aldar’s logistics portfolio. According to Aldar, the newly acquired assets are nearly fully occupied, with a tenant mix comprising international, regional, and government-related entities – signalling continued growth potential in the sector.

Mid-sized units in demand

Notably, occupiers are becoming more strategic, with a growing preference for mid-sized units: the 25,000-50,000 sqft band has now become the most sought-after, reflecting a shift from the larger spaces favoured in 2024.

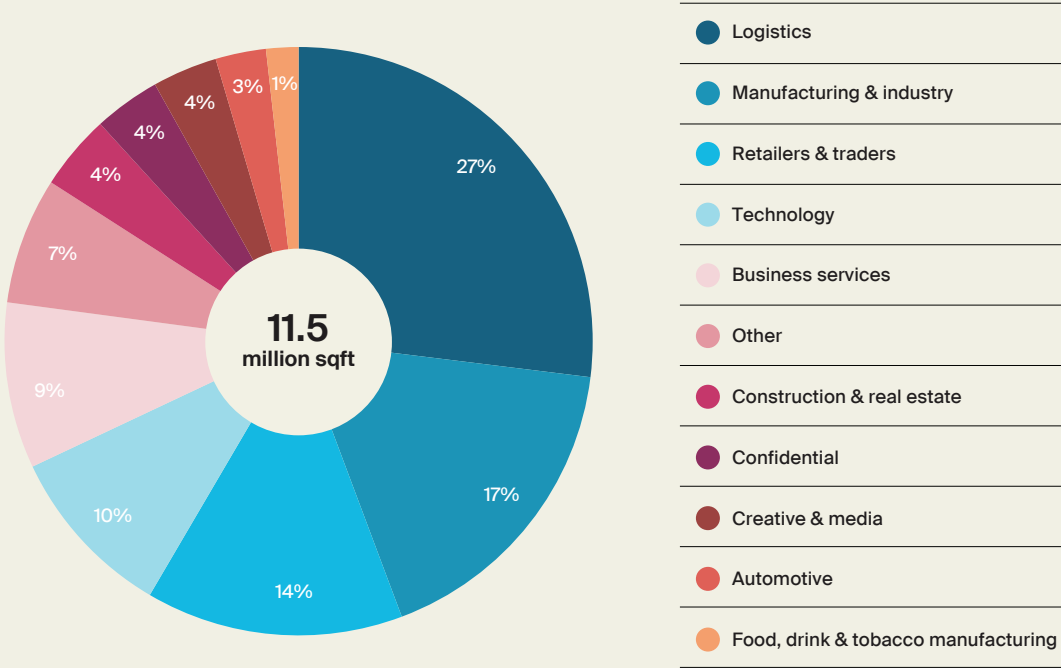
While the current tapering in demand reflects a recalibration after an extraordinary growth phase, the structural drivers for the sector remain intact. We expect demand to remain resilient, albeit more selective, in the coming quarters as the market adjusts to a new equilibrium, underpinned by a shortage of stock.

New industrial & logistics requirements in Dubai in 2024 - H1 2025
million sqft



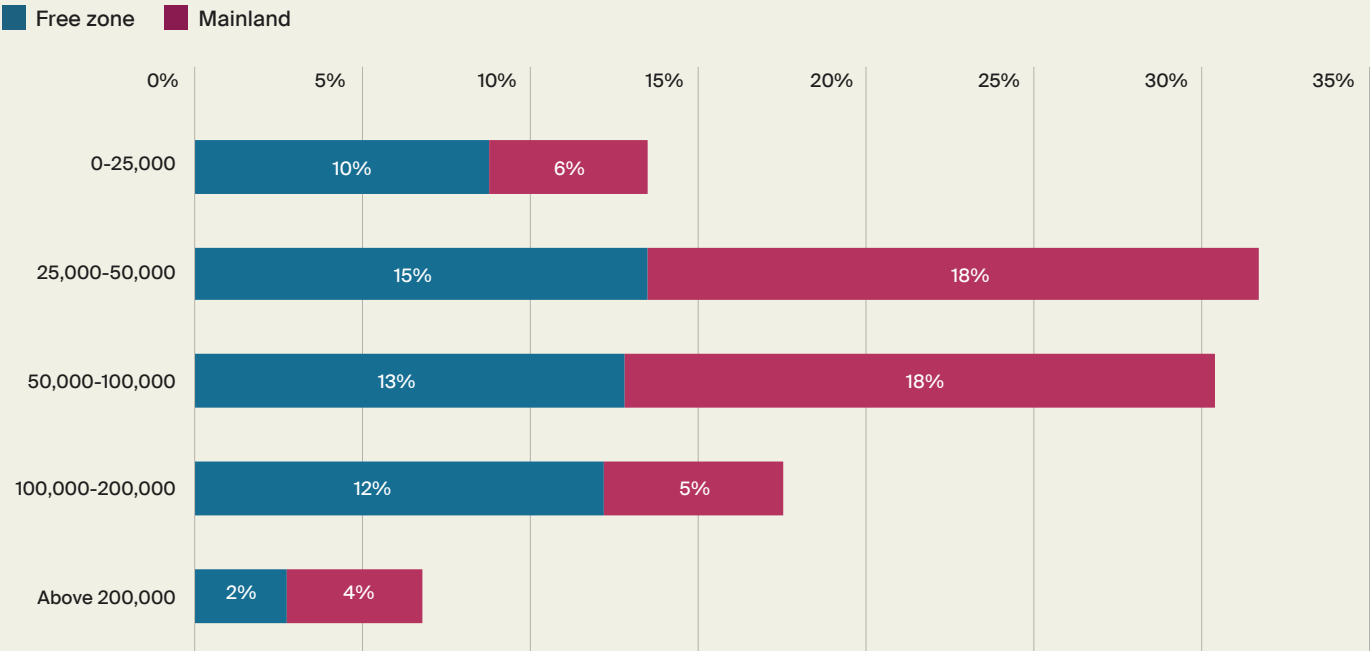
Source: Knight Frank

New industrial & logistics requirements in Dubai by sector during H1 2025



Source: Knight Frank

Industrial space requirements in Dubai by size band
sqft



Source: Knight Frank

UPCOMING SUPPLY

Space shortage in Dubai persists

Vacant industrial and logistics space remains challenging to find across Dubai.

We do not expect an easing of the supply drought in the short term, with just 780,000 sqft of new speculative stock expected this year. Almost half of it will be provided by Radius Group, which is set to complete a 355,000 sqft development in Dubai Investments Park 2.

However, the medium-term prospects for supply have improved. After years of limited availability, developers are beginning to catch up with demand. While there is still very little vacant space as of mid-2025, this is expected to gradually improve from 2026.

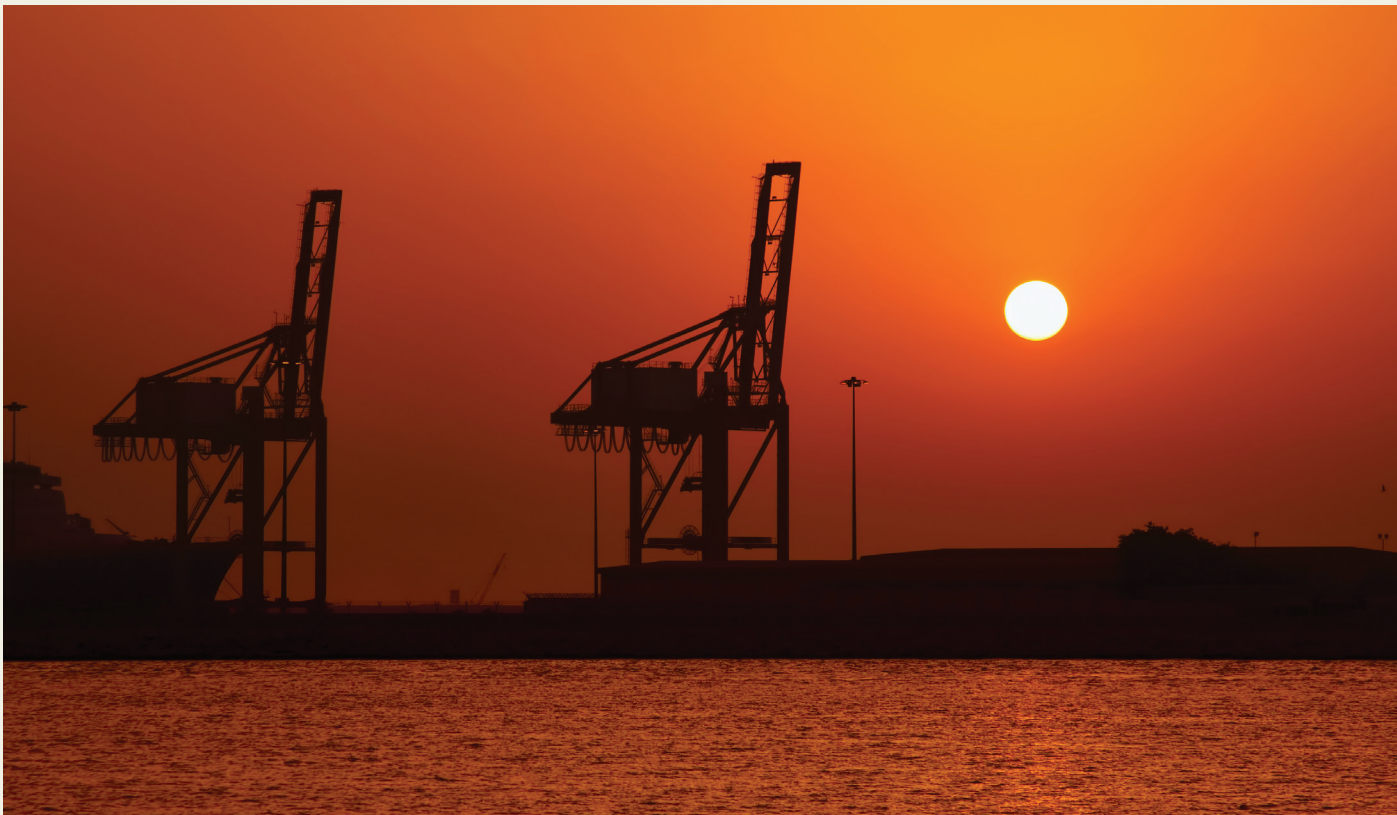
We are currently tracking around 7.2 million sqft of new industrial and logistics spaces coming to the Dubai market over the next four years. This marks a clear shift: more projects are now being delivered than in recent years.

This pipeline is a positive sign for the economy, supporting job creation, business expansion, and increased foreign direct investment (FDI).

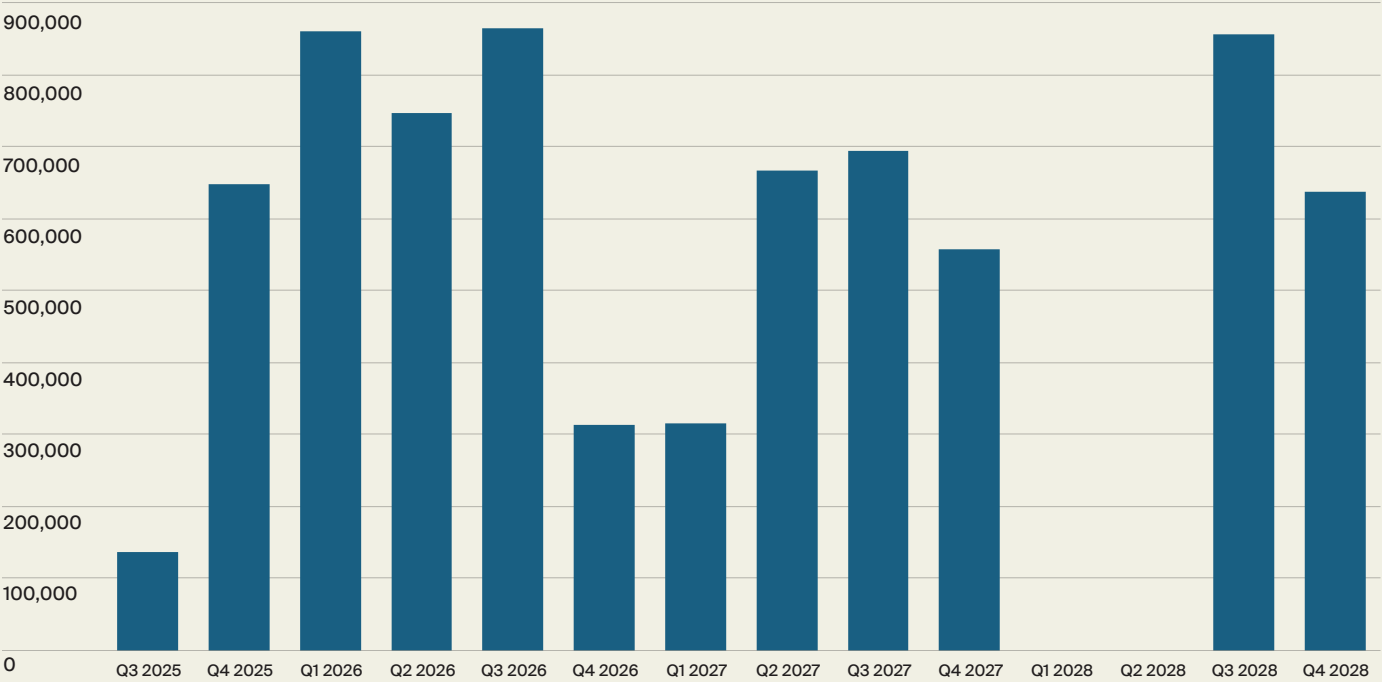
The biggest milestone will be in Q3 2026, with the completion of Phase 1 of Terralogix in Warsan – Dubai’s largest private logistics park. This development will introduce much-needed scale and flexibility to the market, with 550,000 sqft due to be completed in Phase 1. The full project will be delivered in three phases, totalling 1.8 million sqft.

Another major milestone is the 1.55 million sqft development planned for NIP by 2028. The Grade A, LEED-certified logistics park will be delivered by Aldar in strategic partnership with DP World. The first phase, comprising 500,000 sqft, is expected to be completed by mid-2026.

As more stock becomes available, we expect the market to gradually shift from a landlord’s market to a more balanced environment, giving occupiers more choice and improving pricing transparency.

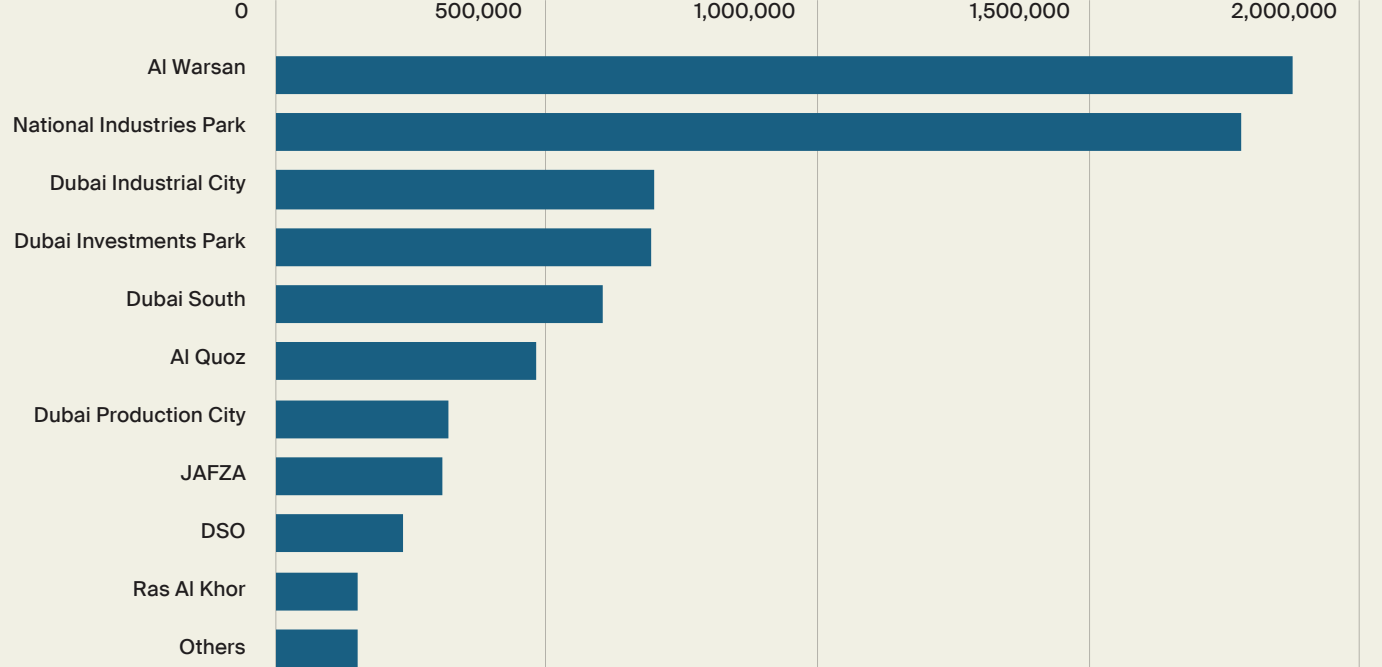


Upcoming market-facing industrial & logistics supply in Dubai in 2025-2029 (GFA)
sqft



Source: Knight Frank, MEED

Upcoming market-facing industrial & logistics supply by area in Dubai in 2025-2029 (GFA)
sqft



Source: Knight Frank, MEED

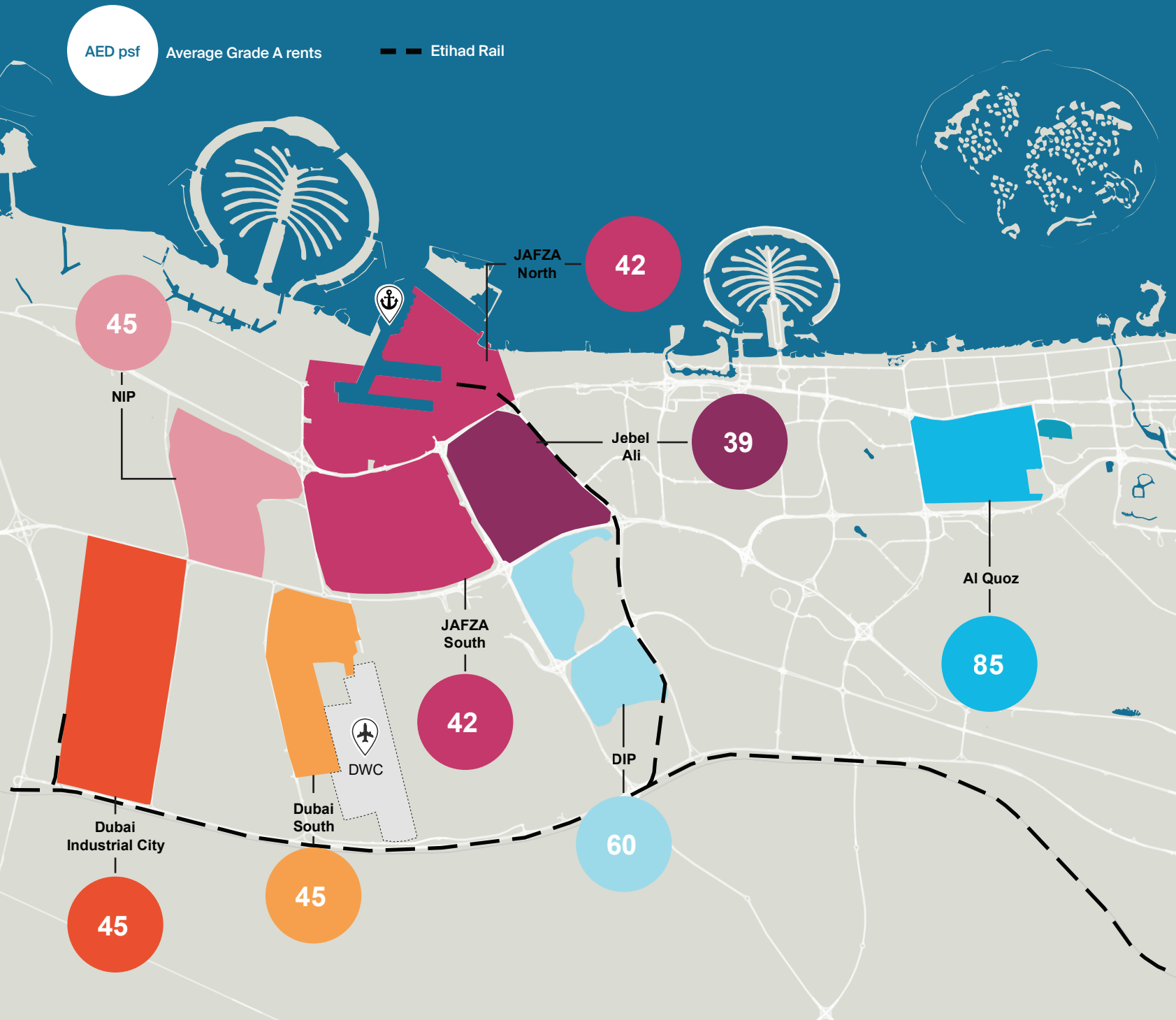
RENTAL PERFORMANCE IN DUBAI

After the sharp increases recorded throughout 2024, rental rates across Dubai’s key industrial zones continued their upward trajectory in H1 2025.

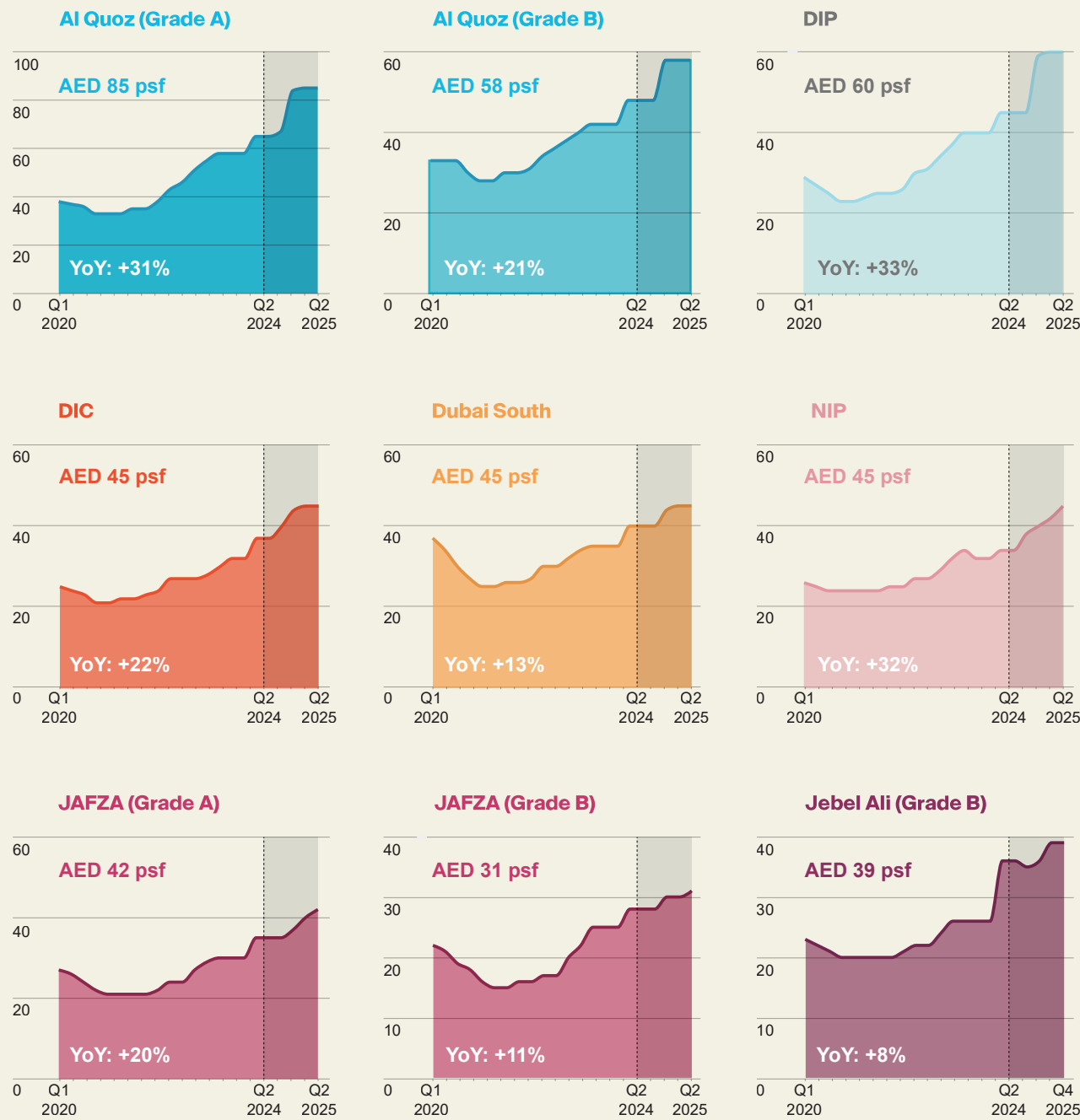
Al Quoz remains the highest-priced location, with Grade A rents stable at AED 85 psf in Q2 2025, marking a 31% year-on-year increase. Grade B stock in the same area also held steady at AED 58 psf, up 21% year-on-year. These increases reflect strong occupier appetite for well-located stock and limited availability.

Dubai Investments Park (DIP) saw one of the steepest annual uplifts, with rates rising 33% over the year to AED 60 per sqft, underscoring its position as a key logistics and distribution hub.

Overall, upward rental pressure remains high, especially in well-established submarkets.



Performance of industrial & logistics rents in Dubai 2020-2025
AED psf

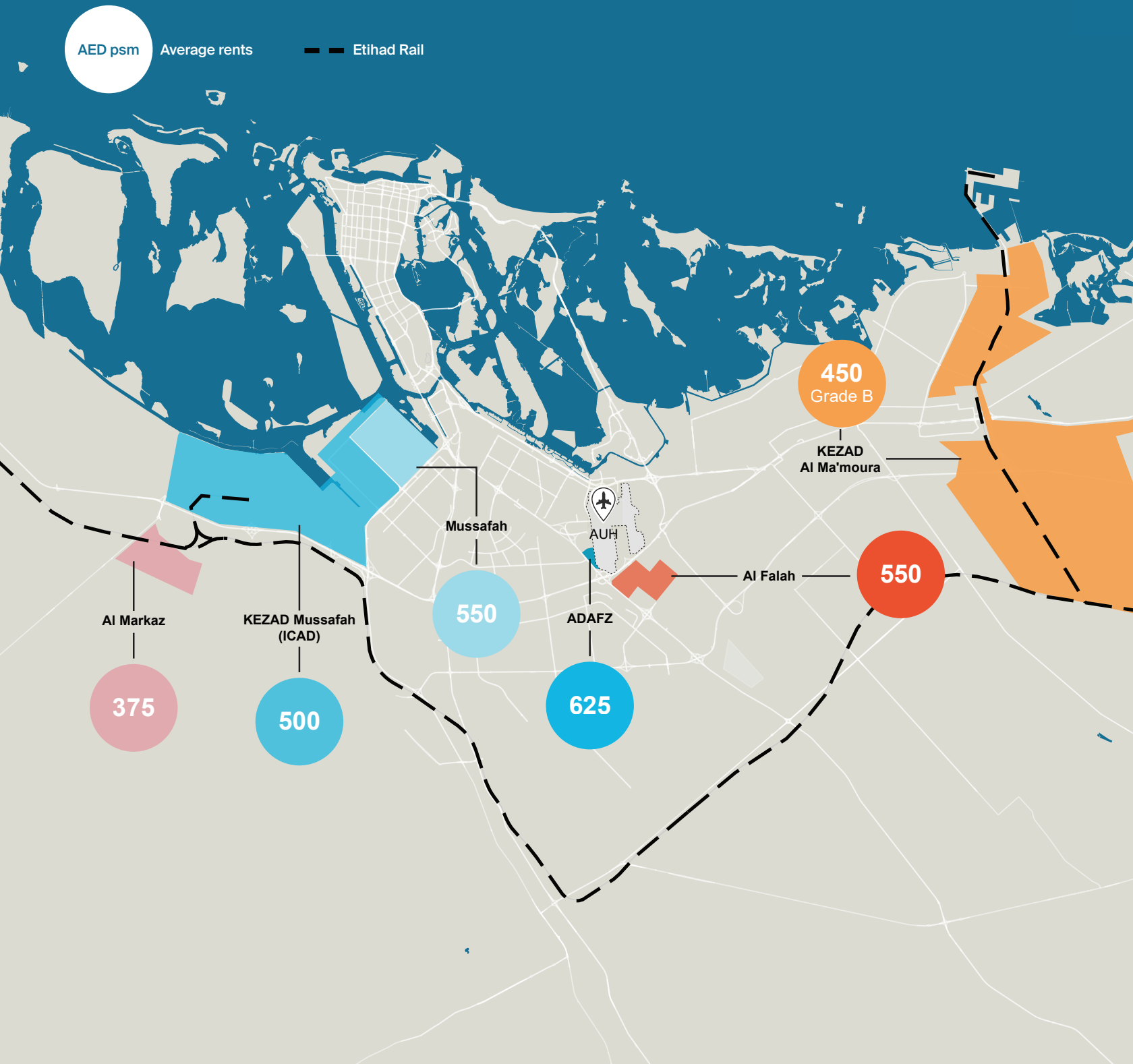


Source: Knight Frank

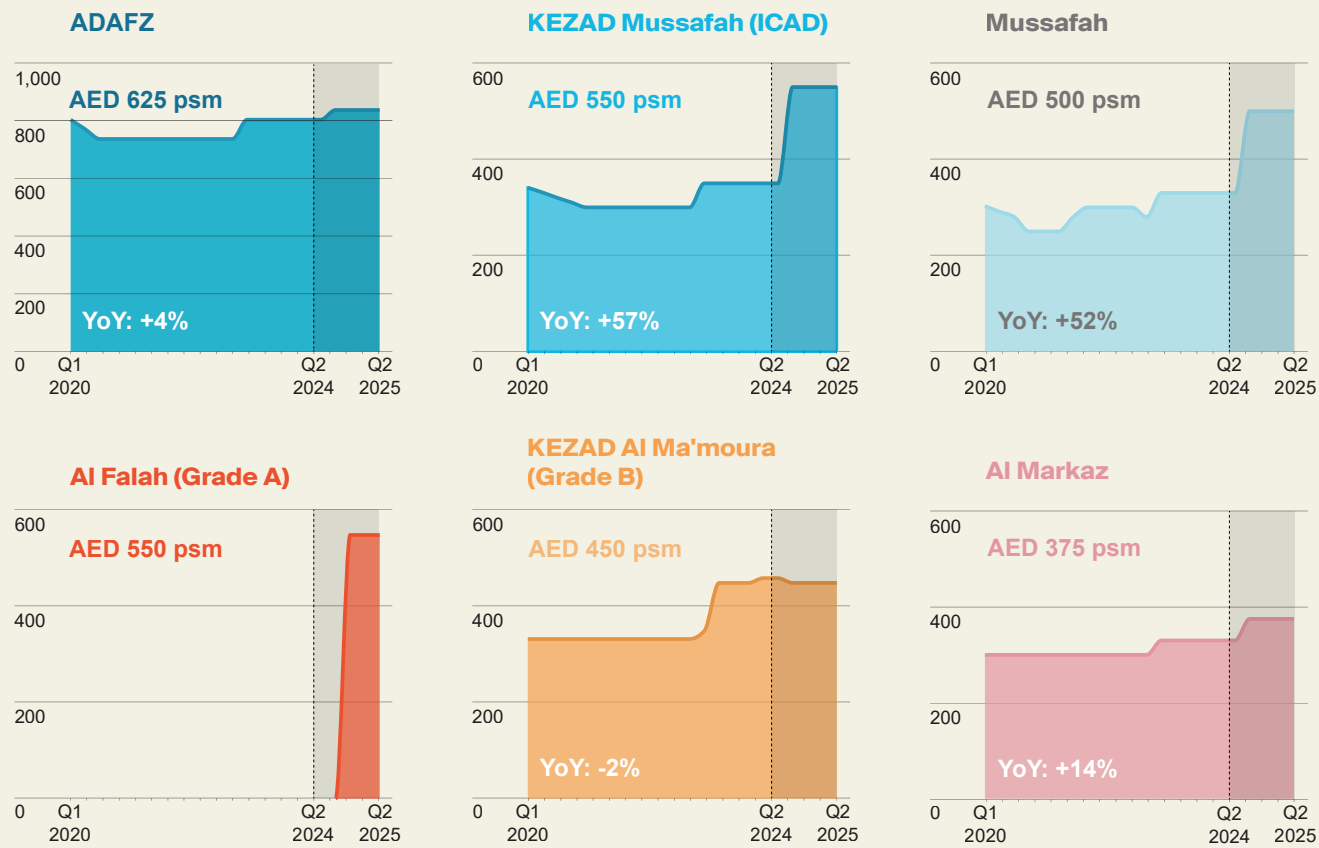
RENTAL PERFORMANCE IN ABU DHABI

Rental rates across Abu Dhabi's key industrial hubs stabilised in H1 2025 following steep increases recorded during the latter half of 2024. While quarter-on-quarter changes were flat across all the submarkets we monitor, year-on-year growth remains substantial in several locations.

KEZAD Mussafah (ICAD) and Mussafah were standout performers, recording year-on-year rent increases of 57% and 52%, respectively. Al Markaz recorded a 14% year-on-year increase, with rents holding at AED 375 psm in Q2 2025, up from AED 330 psm one year earlier.



Performance of industrial & logistics rents in Abu Dhabi 2020-2025
AED psm



Source: Knight Frank

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

Andrew Love

Regional Partner - Head of Commercial Transactional Services, MENA
andrew.love@me.knightfrank.com

Faisal Durrani

Partner - Head of Research, MENA
faisal.durrani@me.knightfrank.com

Adam Wynne, MRICS

Partner - Head of Commercial Agency, UAE
adam.wynne@me.knightfrank.com

Aliaa M Elesaki

Senior Research Manager, MENA
aliaa.elesaki@me.knightfrank.com

Maxim Talmatchi, MRICS

Partner - Head of Industrial and Logistics, ME
maxim.talmatchi@me.knightfrank.com

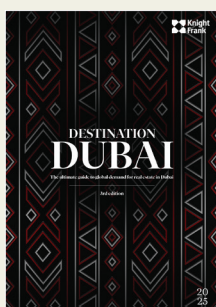
Anna Lvova

Senior Analyst - Research, UAE
anna.lvova@me.knightfrank.com

Mhd Eyad Al Saidi

Research Creative, ME
eyad.alsaidi@me.knightfrank.com

RECENT PUBLICATIONS



Destination Dubai -
2025



Dubai Residential Market
Review -
Q2 2025



Saudi Arabia Commercial
Market Overview
- Spring 2025



Important Notice

© Knight Frank 2025- This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank for any loss or damage resulting from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is prohibited without prior written approval of Knight Frank to the form and content within which it appears.

Our registered office address: 39th floor, Media One Office Tower, Al Falak Street, Dubai Media City

in [@KnightFrankMENA](#)

X [@MENAKnightFrank](#)

@ [@KnightFrankUAE](#)

f [@KnightFrankMENA](#)

You Tube [@KnightFrankMENA](#)