RESEARCH

MARKET IN MINUTES

Dubai Office Market Report

Real Estate - Dubai – Q2 2026

savills

KEY STATS

38,082
Q2 OFFICE TRANSACTIONS +4% Q-O-Q

AED 238 PSF
AVERAGE MARKET RENT

66%
SUB 500 SQ FT DEMAND

Macroeconomic Overview

The UAE's economic outlook has moderated since the beginning of the year, with geopolitical tensions, softer business sentiment and disruption to regional trade weighing on economic activity. Oxford Economics has progressively revised down its 2026 GDP growth forecast from 4.8% earlier in the year to a contraction of 1.2%, reflecting the temporary impact on trade, tourism and supply chains.

Despite these near-term headwinds, the medium-term outlook remains positive. Oxford Economics forecasts GDP growth of 6.3% in 2027 and 7.1% in 2028, supported by higher oil production, resilient non-oil activity, continued government investment, the UAE's diversified economy and business-friendly policy environment following its decision to exit OPEC+. As trade flows, travel activity and business confidence normalise, the economy is expected to return to a stronger growth trajectory, supporting sustained occupier demand and long-term investment confidence.

Quarter in Review: Underlying Market Trends Continue to Emerge

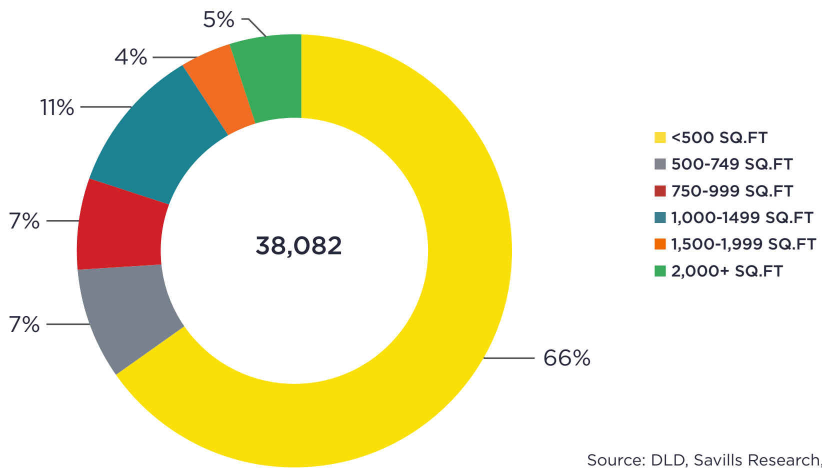
DLD data indicates that Dubai's office leasing market remained broadly stable during Q2 2026, with total leasing transactions increasing by a modest 4% q-o-q to 38,082 transactions. Whilst the headline figure indicates growth, the increase was primarily driven by new lease activity in smaller office units rather than a broad-based improvement across the wider market.

New lease activity increased by 16% q-o-q to 27,121 transactions, whilst renewals declined by 16% q-o-q to 10,961. Demand remained concentrated in smaller office units, with transactions below 500 sq ft increasing by 17% q-o-q and accounting for 66% of all leasing activity, up from below 60% in the previous quarter. This reflects continued demand from SMEs, start-ups and new business entrants, supported by Dubai's favourable business environment and lower occupancy costs. Overall, leasing activity remained resilient, although the modest increase in transactions was primarily driven by smaller office units, while larger occupiers adopted longer decision-making timelines during the quarter.

It should be noted that DLD figures exclude leasing activity within DIFC, where transactions are recorded under a separate regulatory framework.

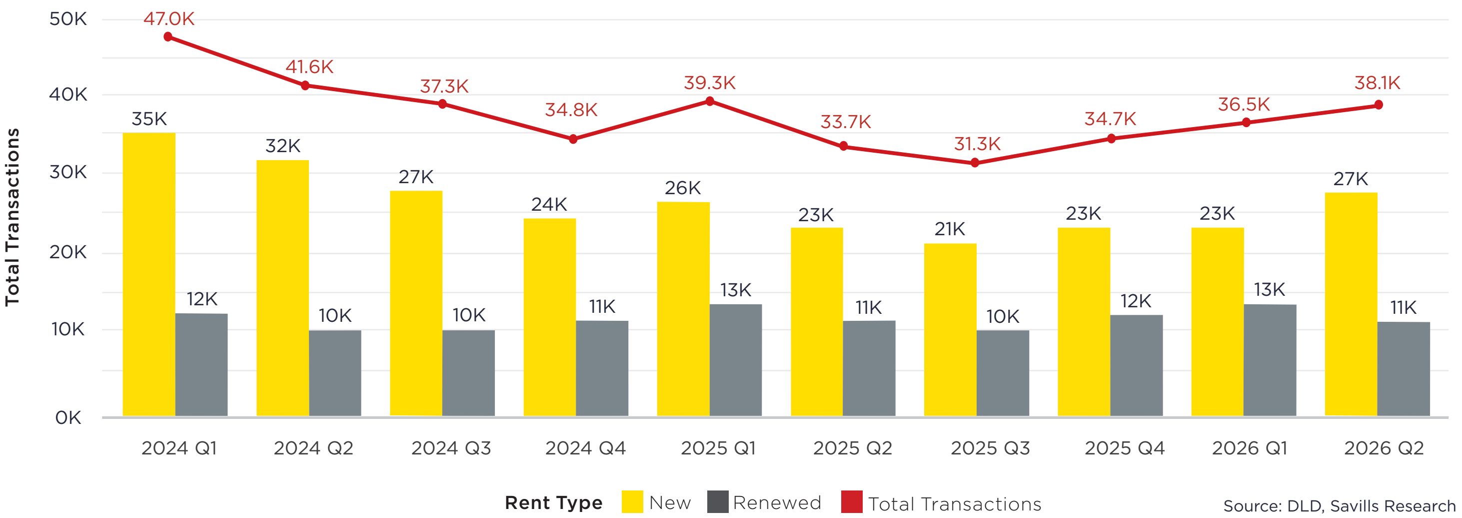
Nevertheless, DIFC remains Dubai's premier Grade A office market. DIFC Square, one of the few major Grade A office completions this year, was substantially pre-leased prior to completion and has continued to record strong leasing activity, reflecting sustained demand for premium office accommodation. Savills played a leading role in the leasing of DIFC Square, completing many transactions within the development. Looking ahead, Immersive Tower, expected to complete in July 2027, already has a significant volume of space under offer, highlighting continued occupier demand for future Grade A supply. Together with forthcoming developments such as Uptown Phase 2, these projects are expected to support leasing activity over the medium term. As regional business confidence improves and deferred occupier requirements return, market activity is expected to strengthen during the second half of 2026.

TRANSACTION VOLUMES BY UNIT SIZE - Q2 2026



Source: DLD, Savills Research, 2026

TRANSACTION VOLUMES AND TREND - Q2 2026



Source: DLD, Savills Research

Rental Market Resilience

After several years of strong rental growth, Dubai's office market entered a period of greater stability during Q2 2026. Rental levels remained broadly unchanged across most tracked locations, with average office rents holding at AED 238 per sq ft, marking the first quarter without rental growth since H1 2021.

Despite slower leasing activity, landlords have largely maintained pricing discipline, supported by limited Grade A availability and low vacancy rates across prime office locations. Q1 had delivered pockets of upward rental movement but overall stability and consequently, Q2 marks a continuation of rental market stabilisation rather than the start of a broader market correction.

Supply And Demand Dynamics

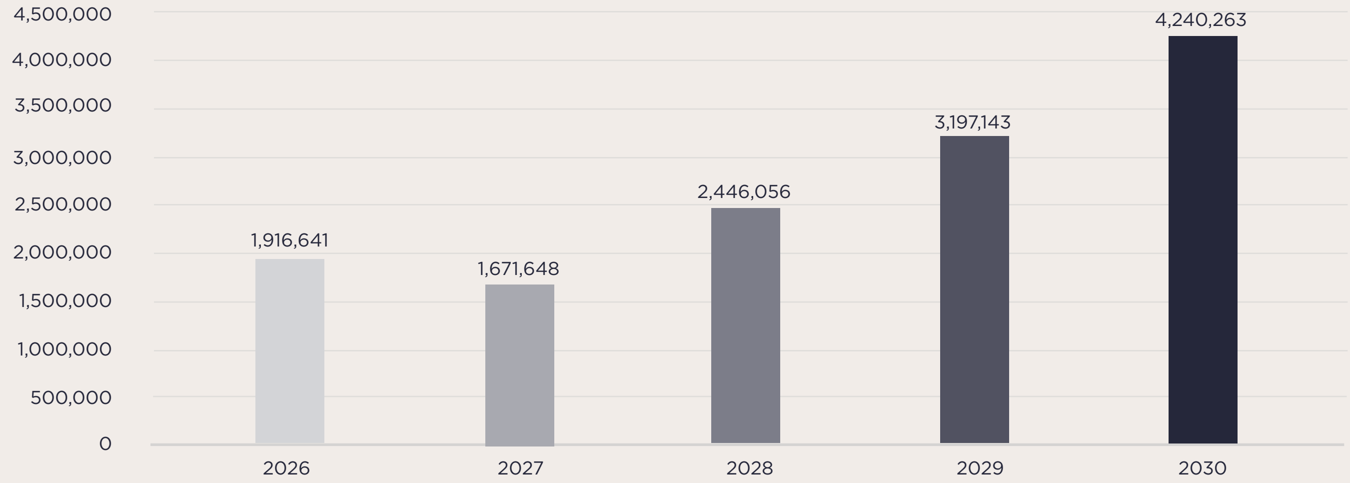
Despite the moderation in transaction volumes, the decline largely reflects deferred rather than cancelled occupier requirements. Savills' agency market intelligence, which is predominantly focused on Dubai's prime Grade A office market, indicates that occupier demand remained resilient throughout Q2 2026. Ongoing geopolitical uncertainty and extensive global media coverage of the regional conflict resulted in longer decision-making timelines, particularly for larger relocation and expansion requirements requiring regional or global approvals.

Activity was more measured among new market entrants, with some international occupiers adopting a cautious "wait-and-see" approach before committing to new office requirements. Existing occupiers largely remained committed to Dubai but prioritised lease renewals, selective expansions and operational flexibility over major relocations. Demand for flexible workspace also remained resilient as occupiers sought to preserve flexibility amid an uncertain operating environment.

Accordingly, Q2 should be viewed as a period of more measured decision-making rather than weaker occupier demand. As regional conditions stabilise and business confidence improves, deferred leasing requirements are expected to progressively return to the market, supporting stronger activity during the second half of 2026.

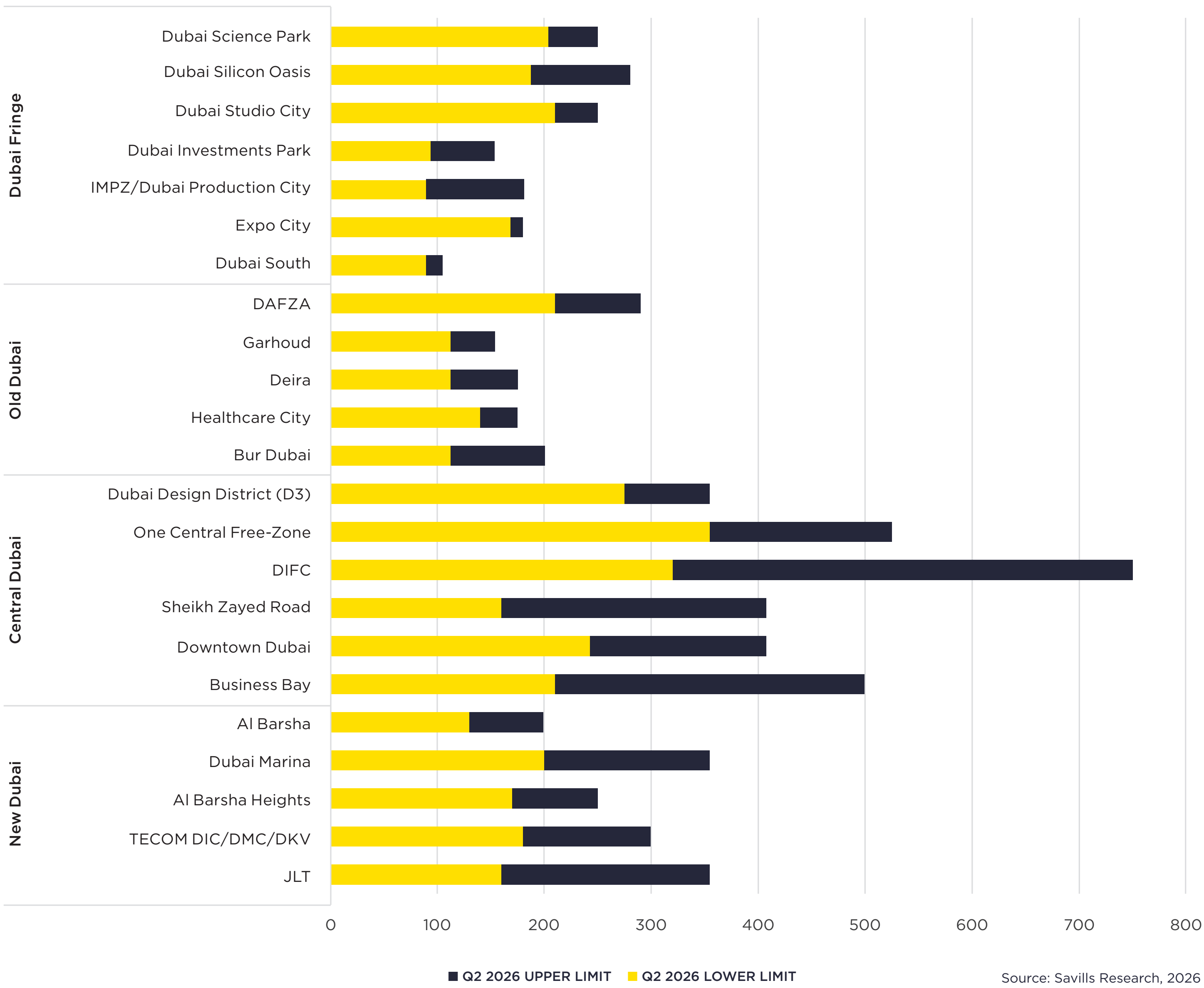
Whilst occupier demand remains stable, market conditions continue to be shaped by a constrained supply pipeline. Approximately 1.9 million sq ft of office space is scheduled for delivery during 2026, with the annual pipeline gradually increasing to more than 4.2 million sq ft by 2030, reflecting developers' confidence in the long-term outlook for Dubai's office market. However, much of the forthcoming Grade A stock is expected to be pre-leased or absorbed by existing occupier demand, limiting its immediate impact on market conditions. Consequently, landlord leverage is expected to remain strong over the near term, whilst pre-leasing and early lease renewal strategies are likely to become increasingly important for occupiers seeking high-quality office accommodation.

UNDER CONSTRUCTION (PLANNED) OFFICE GLA (SQF)



Source: Savills Research, 2026

RENTAL TREND - Q2 2026



Source: Savills Research, 2026

Outlook

Following several years of exceptionally strong leasing activity and rental growth, a period of stabilisation was widely anticipated as Grade A supply starts to come to market. The current market reflects a more balanced phase, where occupiers have greater time to evaluate options while landlords continue to benefit from limited Grade A availability, for the time being.

The outlook for H2 2026 remains positive, although a steady improvement in leasing activity is considered more likely than a sharp rebound. As regional geopolitical uncertainty eases and business confidence improves, occupier requirements deferred during Q2 are expected to progressively return to the market. Existing occupiers are likely to remain the primary source of activity through renewals and selective expansions, whilst new market entrants are expected to re-emerge gradually, particularly across the financial services, technology, trading and professional services sectors.

Demand for high-quality office accommodation and flexible workspace solutions is expected to remain sustained as occupiers continue to prioritise operational agility and fitted office space. Whilst occupiers are becoming increasingly selective in their leasing decisions, Dubai's office market continues to benefit from strong international demand, a diversified occupier base and limited availability of prime Grade A office space. These factors are expected to support high occupancy levels, sustained rental resilience and healthy leasing activity over the medium term.

Savills Research

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