Cavendish Maxwell

Dubai Retail and Warehouse Market Performance

H1 2026

REPORT

Executive Summary

Dubai's retail sales market recorded strong growth in H1 2026, with transactions increasing 56% year-on-year to approximately 850 and total sales value rising 176.7% to AED 3.8 billion. Growth was driven by off-plan activity, which increased 109.6% and accounted for 58.8% of transactions and 68.3% of sales value. The stronger increase in value also resulted in average transaction value rising 77.3% to AED 4.4 million. However, activity eased 25.4% quarter-on-quarter in Q2, indicating some moderation from the levels recorded in Q1.

Leasing activity was more subdued across both retail and warehouses, reflecting a more cautious approach to new commitments. Retail leasing contracts declined 5.8% year-on-year, driven by a 26.3% fall in new contracts, while renewals remained broadly stable. Warehouse leasing contracts fell 4.5%, with new contracts declining 51.8% while renewals increased 21.6% to a record level. Despite lower transaction volumes, warehouse rental value increased 9.9% to AED 1.8 billion, while rental rates rose 12.4% year-on-year. Retail and warehouse rental rates also remained above year-ago levels, although quarterly performance was more mixed.

Looking ahead, Dubai's retail and warehouse markets are likely to remain selective rather than experience a broad-based slowdown. Higher operating and occupancy costs, alongside regional uncertainty, are likely to weigh on new leasing and expansion decisions, while established retail destinations and well-located warehouse facilities are expected to continue attracting occupier interest.

Government initiatives supporting business activity, including measures for manufacturers and exporters and temporary relief introduced by DIFC, could help offset some of the pressure on businesses and provide a degree of support to market activity through H2 2026.

Retail Sales Transactions: Volume

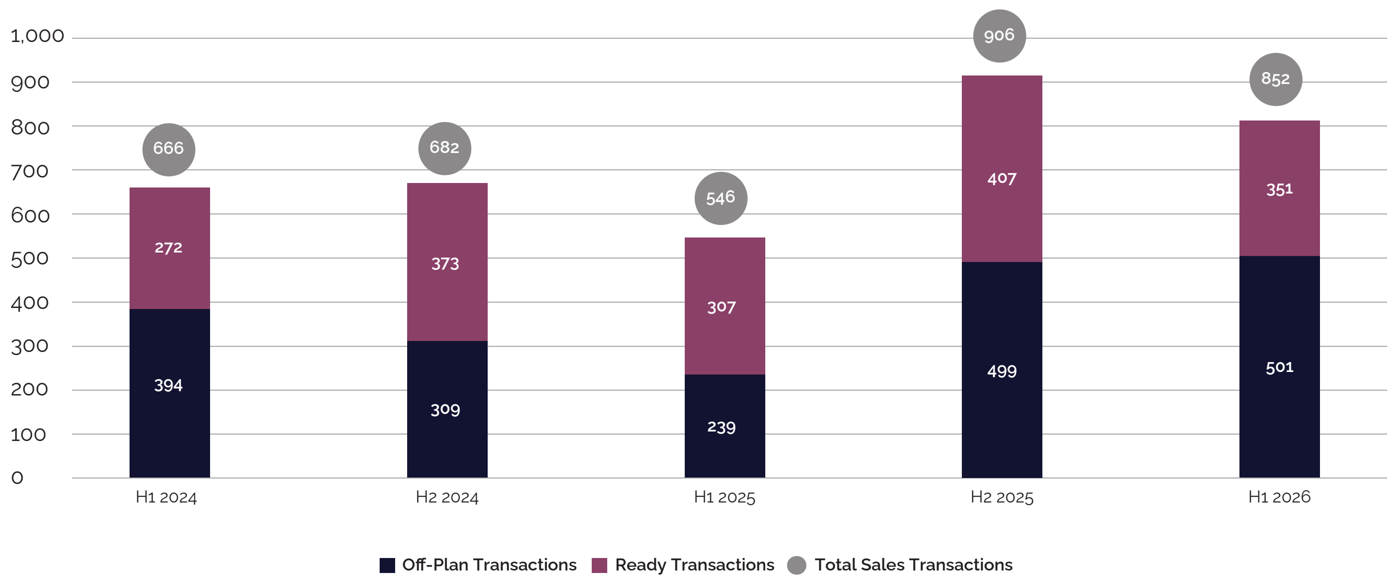
Dubai's retail sales market recorded approximately 850 transactions during H1 2026, up 56% year-on-year, driven primarily by strong off-plan activity. Compared with a robust H2 2025, however, overall activity eased by 6%, with the decline concentrated entirely in the ready segment.

Off-plan sales were the principal driver of annual growth, increasing 109.6% year-on-year to around 500 transactions, while ready transactions recorded a more modest increase of 14.3%. As a result, the market continued to shift towards the off-plan segment, which accounted for approximately 58.8% of total activity in H1 2026, up from 43.8% in H1 2025. Off-plan figures should, however, be interpreted with some caution given the registration lag typically associated with these transactions.

On a quarterly basis, overall activity was concentrated in Q1, with around 490 transactions recorded before easing to approximately 360 in Q2, representing a 25.4% quarter-on-quarter decline. Despite the moderation, Q2 activity remained 61.1% above Q2 2025.

By location, off-plan demand was concentrated in newer growth communities, with Jumeirah Village Circle (12.4%), Majan (10.0%) and Dubai South (9.8%) among the leading locations. The top five locations collectively accounted for 48.3% of total off-plan sales. The ready market, by contrast, was more concentrated in established locations, with International City accounting for the largest share at 22.5% of ready transactions.

Sales Transactions - By Volume



Change in Transaction Volume (%)			
H-on-H	+0.4%	-13.8%	-6%
Y-on-Y	+109.6%	+14.3%	+56%

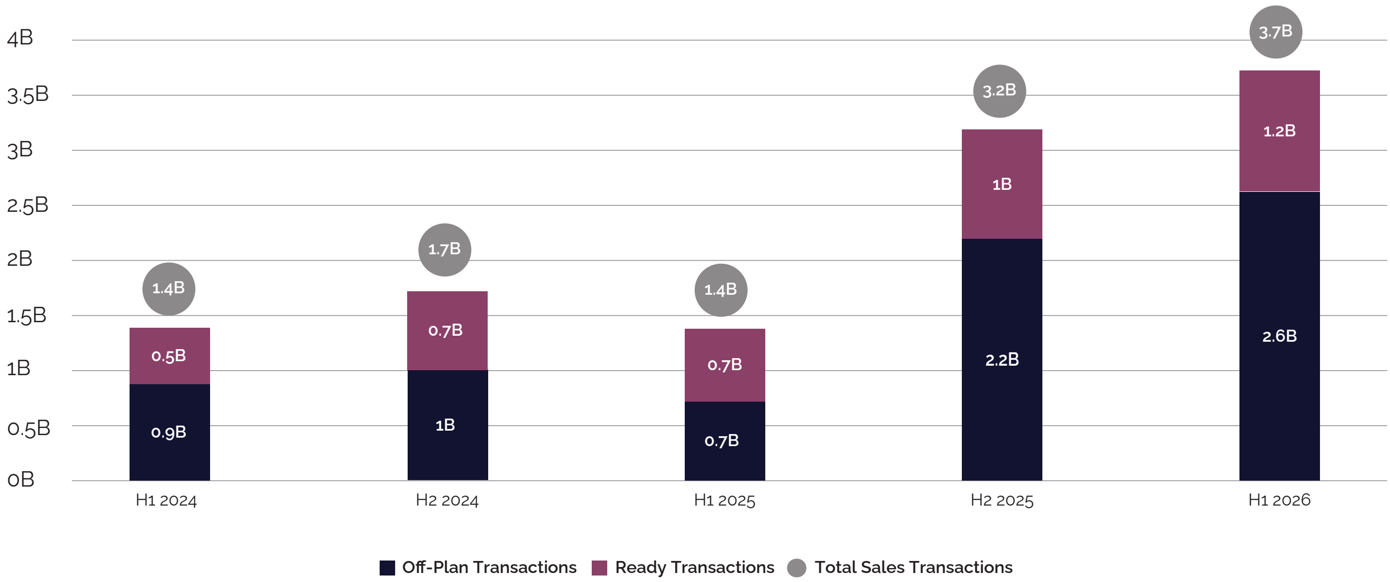
Source: Cavendish Maxwell, Property Monitor

Retail Sales Transactions: Value

Total retail sales value reached AED 3.8 billion in H1 2026, up 176.7% year-on-year and 15.7% above H2 2025. Off-plan transactions generated AED 2.6 billion, nearly quadrupling year-on-year with a 271.5% increase, while ready transactions contributed AED 1.2 billion, up 78.7% over the same period. Off-plan consequently accounted for 68.3% of total transaction value.

The stronger growth in sales value compared with transaction volumes, at 176.7% versus 56.0%, resulted in a 77.3% increase in average transaction value, from AED 2.5 million in H1 2025 to AED 4.4 million in H1 2026, with average transaction values increasing across both the off-plan and ready segments.

Sales Transactions - By Value (AED Billions)



Change in Transaction Value (%)			
H-on-H	+15.4%	+16.4%	+15.7%
Y-on-Y	+271.5%	+78.7%	+176.7%

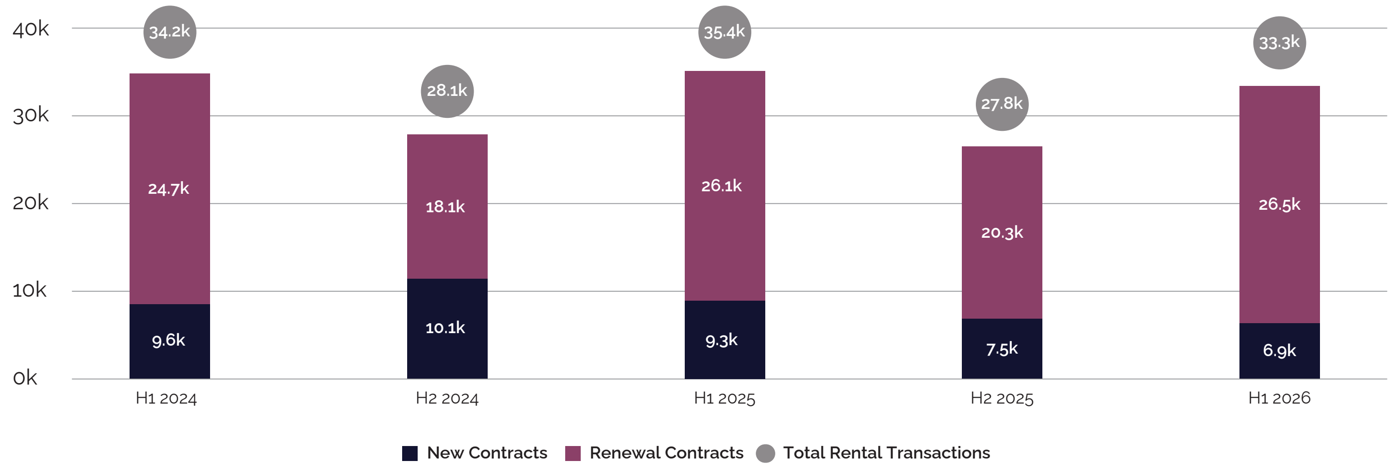
Source: Cavendish Maxwell, Property Monitor

Retail Rental Transactions

Retail leasing activity recorded approximately 33,300 contracts in H1 2026, down 5.8% year-on-year. The decline was concentrated in new leasing, with new contracts falling 26.3%, while renewal activity remained broadly stable, increasing 1.5%. This divergence points to a more cautious leasing environment, with occupiers largely retaining existing locations rather than committing to additional space.

The caution became more pronounced in Q2 2026, when total leasing contracts declined 9.8% year-on-year, as both new and renewal activity moderated. The weaker quarterly performance came amid heightened regional uncertainty, which may have encouraged businesses to defer relocation and expansion decisions. If subdued new leasing persists, it could gradually reduce occupier diversity across retail locations and limit the tenant mix refresh that supports footfall and visitor activity over time.

Rental Transactions - By Volume



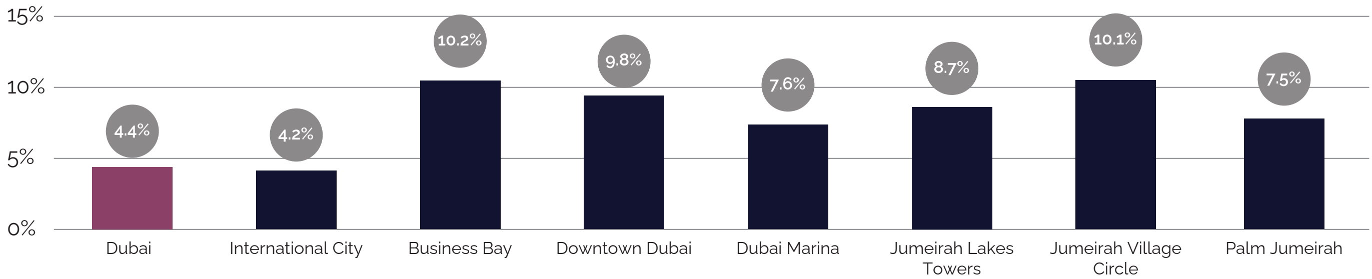
Change in Transaction Volume (%)			
H-on-H	-8.5%	+30.2%	+19.8%
Y-on-Y	-26.3%	+1.5%	-5.8%

Source: Cavendish Maxwell, Property Monitor

Retail Rental Performance

Retail rental rates in Dubai recorded a 4.4% year-on-year increase in H1 2026, with all monitored locations recording annual growth. However, on a quarterly basis, average retail rental rates declined 0.8% in Q2 2026, suggesting that the pace of rental growth has moderated despite remaining positive on an annual basis. The quarterly softening, alongside the moderation in leasing activity, points to a more measured rental environment amid a period of greater external uncertainty.

Rental Rates – Year-on-Year Change (%)

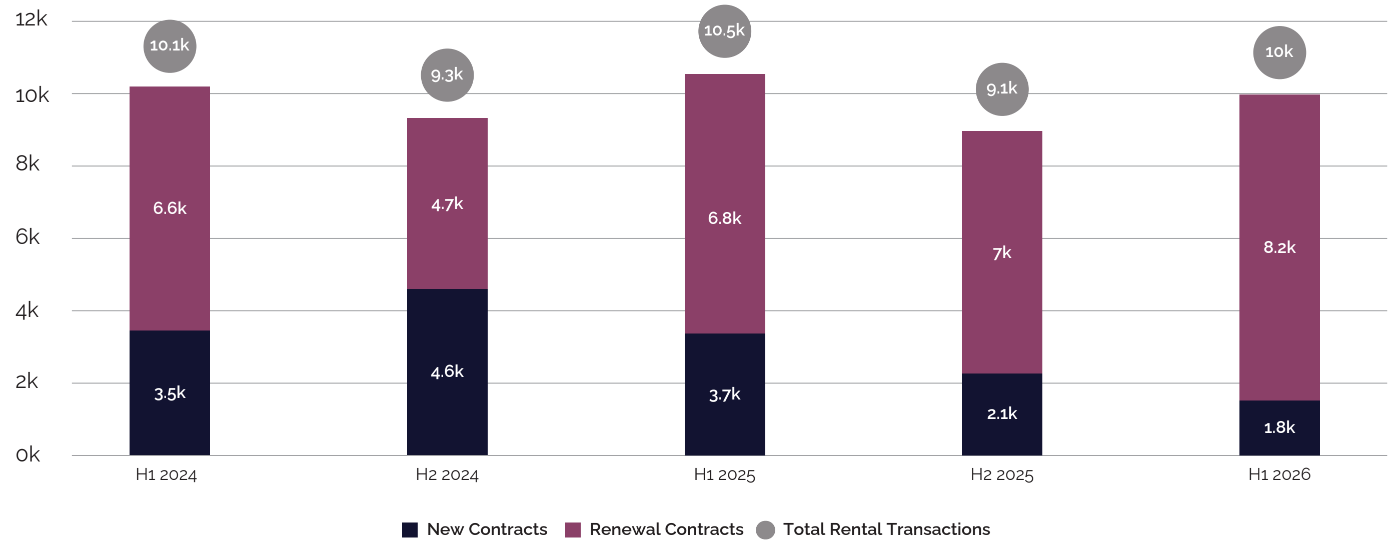


Source: Cavendish Maxwell, Property Monitor

Warehouse Rental Transactions

Warehouse rental activity recorded approximately 10,000 contracts in H1 2026, down 4.5% year-on-year. Despite the decline in transaction volumes, total rental value increased 9.9% year-on-year to AED 1.8 billion. The decline in volumes was driven by new contracts, which fell 51.8% year-on-year to around 1,800, while renewal contracts increased 21.6% to approximately 8,200. The sharp contraction in new contracts, alongside the record level of renewals, points to an occupier market characterised by strong retention but reduced appetite for new space commitments. This pattern is consistent with a more cautious business environment, where occupiers are choosing to secure existing positions rather than expand into additional warehouse space amid higher costs and greater market uncertainty.

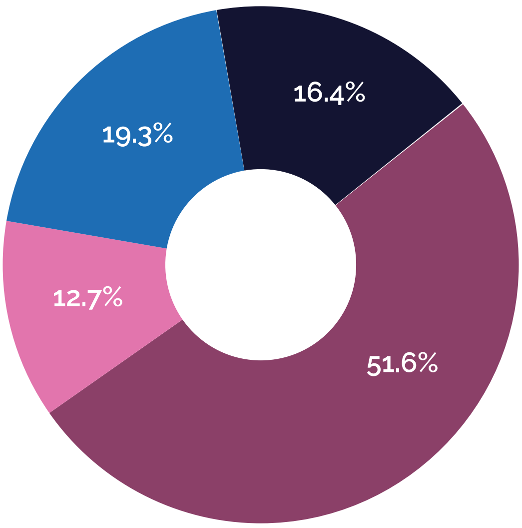
Rental Transactions - By Volume



Change in Transaction Volume (%)			
H-on-H	-14%	+18.2%	+10.8%
Y-on-Y	-51.8%	+21.6%	-4.5%

Source: Cavendish Maxwell, Property Monitor

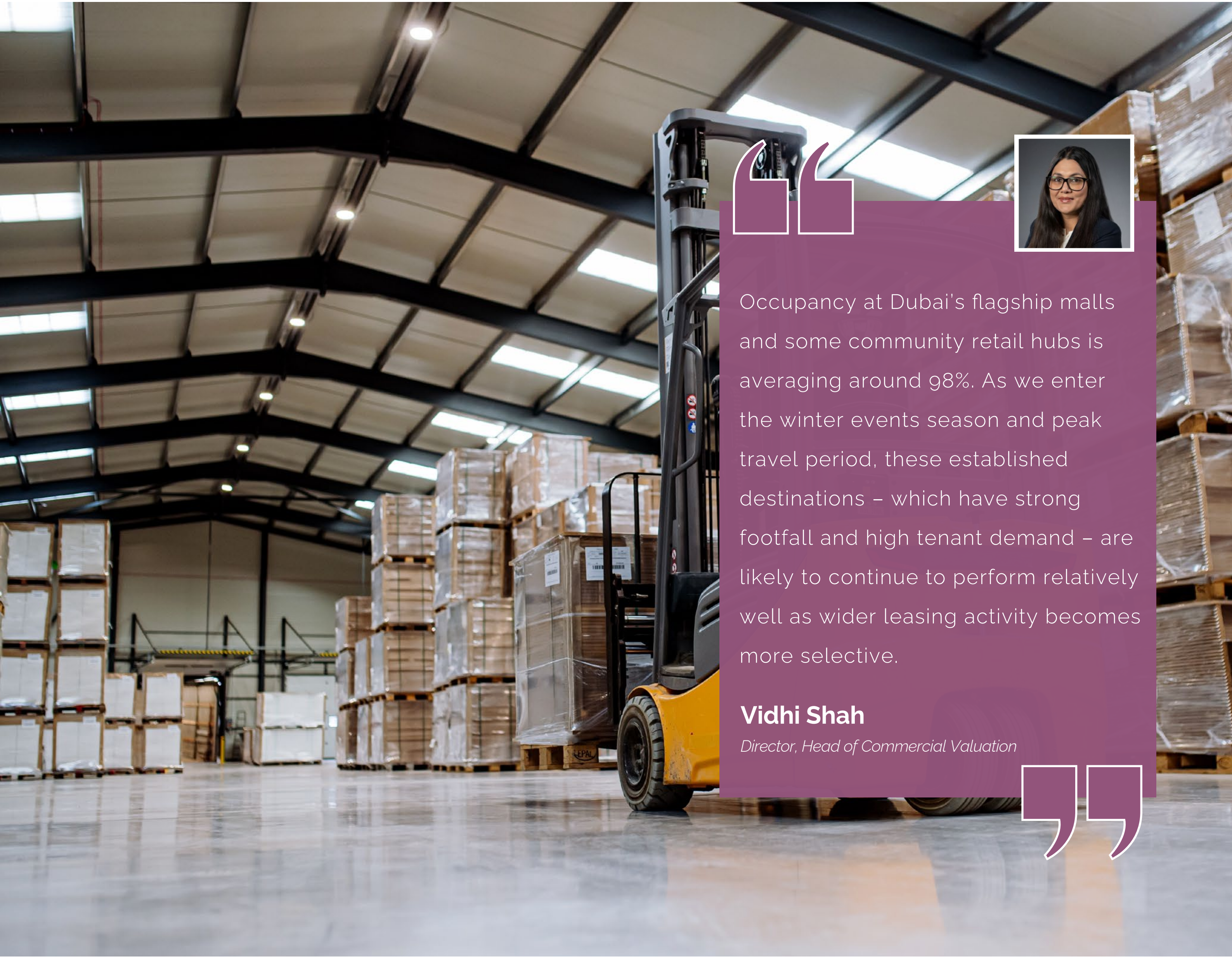
Rental Transactions: by Unit Size



Warehouse leasing activity in H1 2026 was led by 2,000 to 5,000 sq. ft. units, which accounted for 51.6% of all rental contracts. Units exceeding 10,000 sq. ft. represented a further 19.3%, followed by units below 2,000 sq. ft. at 16.4% and those between 5,001 and 10,000 sq. ft. at 12.7%. Overall, 68% of rental contracts were for units below 5,000 sq. ft., highlighting the strong preference for smaller warehouse units. At the same time, the sizeable share of contracts for units exceeding 10,000 sq. ft. indicates that demand is not limited to smaller formats, with larger warehouse requirements continuing to account for a meaningful share of leasing activity.

Less than 2,000 Sq.ft.
2,000 Sq.ft. to 5,000 Sq.ft.
5,001 Sq.ft. to 10,000 Sq.ft.
More than 10,000 Sq.ft.

Source: Cavendish Maxwell, Property Monitor

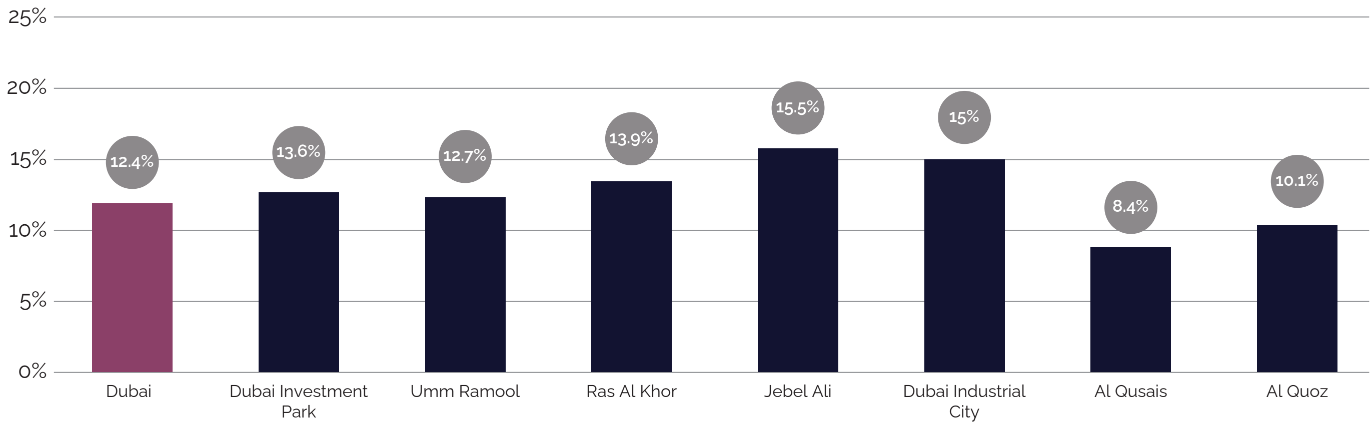


> Occupancy at Dubai's flagship malls and some community retail hubs is averaging around 98%. As we enter the winter events season and peak travel period, these established destinations – which have strong footfall and high tenant demand – are likely to continue to perform relatively well as wider leasing activity becomes more selective.
>
> **Vidhi Shah**
> *Director, Head of Commercial Valuation*

Warehouse Rental Performance

Warehouse rental rates in Dubai recorded a 12.4% year-on-year increase in H1 2026, with all monitored locations recording positive annual growth. However, on a quarterly basis, performance was more mixed, with some locations recording modest increases while others saw rates ease slightly. This suggests that while rental rates remained higher than in the same period last year, the pace of rental growth is beginning to moderate in some locations as market conditions become more cautious.

Rental Rates – Year-on-Year Change (%)



Source: Cavendish Maxwell, Property Monitor

Market Outlook

Dubai's retail and warehouse markets enter the second half of 2026 in a more selective phase. Regional uncertainty, alongside higher operating and occupancy costs, is likely to keep businesses cautious about expansion in the near term. While this is likely to weigh on new leasing and expansion decisions, rental rates continue to remain above year-ago levels and established assets continue to show relatively strong occupier performance.

In retail, leasing activity is likely to remain subdued, particularly for new commitments. The 26.3% decline in new leasing contracts, alongside broadly stable renewals, indicates that occupiers are prioritising existing locations with established trading performance and taking a more cautious approach to relocation and expansion. This trend may continue as businesses assess operating conditions and costs. However, the performance of established retail destinations provides a positive counterpoint. Emaar's H1 2026 results reported approximately 98% average occupancy across its shopping malls, retail and commercial leasing portfolio, alongside 9% year-on-year revenue growth. This indicates that established destinations with strong footfall and tenant demand may continue to perform relatively well even as wider leasing activity becomes more selective.

The warehouse market is showing a similar divergence between existing and new occupier commitments. Renewals reached a record level in H1 2026, increasing 21.6% year-on-year, while new contracts fell 51.8%. At the same time, total rental value increased 9.9% and rental rates rose 12.4% year-on-year, despite the decline in transaction volumes. This indicates that existing occupiers continue to commit to warehouse space, although higher costs and greater uncertainty may be limiting appetite for additional space. In the near term, occupiers may therefore focus on optimising existing footprints and retaining well-located facilities rather than taking on additional space. Demand is likely to remain strongest for efficient and well-positioned facilities.

Overall, the second half of 2026 is likely to see a more selective market rather than a broad-based slowdown. Established retail destinations and well-located warehouse facilities should continue to attract occupier interest, while new leasing and expansion decisions are likely to take longer as businesses remain cautious about costs and regional conditions.

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