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# Middle East and Africa Flexible Workspace Market Report 2026



# Contents

01

Executive summary

02

Strategic context and drivers

03

Middle East market overview:  
KSA and UAE in focus

04

Performance metrics:  
Occupancy and pricing dynamics

05

Africa snapshot: Emerging  
momentum across gateway cities

06

Operator market intelligence

07

Strategic implications  
and market outlook





# 01

## Executive summary



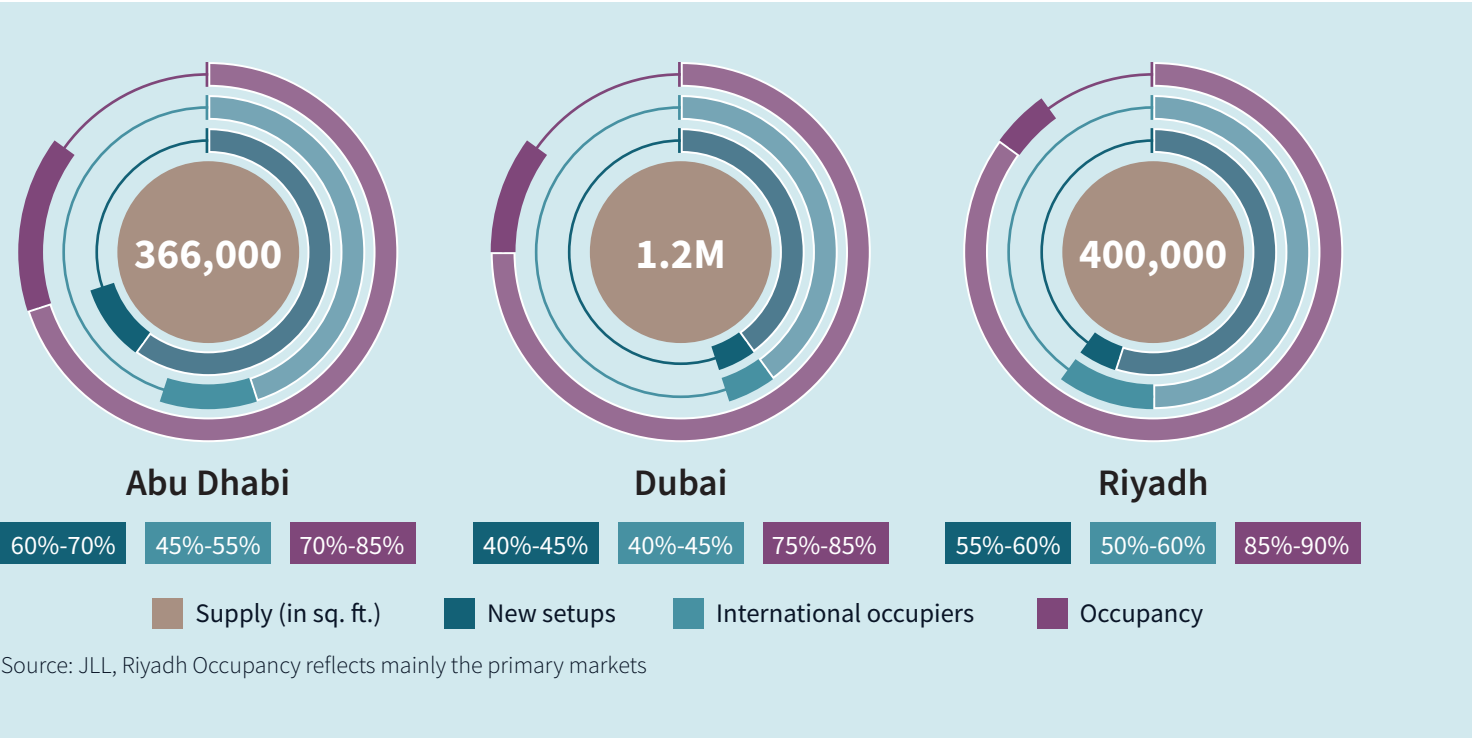
# The inflection point

Across the Middle East and Africa region, the vast majority of corporate real estate portfolios, more than 90%, remain committed to traditional, long-term lease agreements. This presents a growing risk as artificial intelligence and evolving workplace models are creating fundamental uncertainty regarding optimal workforce composition and spatial requirements. In this environment, portfolio agility has transitioned from operational preference to strategic imperative.

# Middle East market overview

Three Gulf markets demonstrate the sector’s momentum at different stages of development. Dubai maintains the region’s largest flexible workspace inventory, distributed across multiple business hubs including the Central Business District (CBD), Jumeirah Lakes Towers and Dubai Media and Internet City. Abu Dhabi’s supply concentrates primarily in premium financial zones, particularly Abu Dhabi Global Market (ADGM) and the Corniche. Riyadh has experienced the most rapid expansion, with the majority of current supply delivered since 2022.

### Key indicators



# Why this matters now

Three converging trends create compelling conditions for flexible workspace adoption:



### Operator fundamentals have strengthened

The sector has emerged from pandemic consolidation with improved revenue, profitability and renewed expansion activity.



### Corporate demand drivers are intensifying

Artificial intelligence creates uncertainty about workforce composition over three-to-five-year planning horizons. Saudi Arabia’s Vision 2030 continues driving multinational relocations to Riyadh. Hybrid working has become a permanent feature of workplace strategy rather than a temporary response. Each force creates structural rather than cyclical demand for workspace flexibility.



### Adoption rates remain low relative to potential

Globally, fewer than 5% of corporations allocate more than 10% of portfolios to flexible workspace. More than 40% allocate 1% or less. This gap represents substantial expansion potential as business requirements evolve.





# Rental dynamics

Premium financial districts command significant rental premiums with large private offices for 13-20 people available from USD 10,600 to USD 23,300 per month. However, some secondary and tertiary locations offer compelling value propositions, with rental rates falling typically 30%-60% below premium districts while maintaining quality infrastructure and service standards.

Flexible desks (hot desks) configurations remain accessible across all markets at USD 150 to USD 800 per month, providing entry points for individuals, small teams enterprises testing flexible workspace before committing to larger allocations.

## Africa market highlights

- South Africa represents the continent’s most mature market, where corporate adoption has accelerated substantially post-pandemic. Established operators maintain extensive presence across Johannesburg, Cape Town and Durban.
- Cairo is experiencing the fastest supply growth, with more than half of current inventory delivered within two years. International occupiers represent a substantial majority, concentrated in New Cairo’s developing business districts.
- Nairobi’s technology ecosystem underpins a sophisticated flexible workspace sector. Infrastructure reliability remains the critical competitive factor, with dependable electricity, internet and backup systems creating operational advantages.
- Lagos presents a bifurcated structure. Premium serviced offices serve established corporates, while growing coworking segments target entrepreneurs and small businesses. Power supply reliability represents the fundamental value proposition.

# Strategic implications

The implications for Commercial Real Estate (CRE) stakeholders are substantial and varied.



### For investors and developers

Partnership structures provide portfolio diversification while distributing operational risk. Management agreements and revenue-share models enable participation in high-growth segments without assuming full operational responsibility.



### For flexible workspace operators

Supply-constrained submarkets and emerging markets offer attractive returns when operators maintain discipline around market selection, product-market fit and partnership structures.



### For corporate occupiers

Traditional long-term commitments increasingly conflict with business requirements for workforce agility. The question is no longer whether to incorporate flexible workspace into portfolios, but rather determining optimal allocation levels, geographic priorities, and implementation timelines.





# 02

## Strategic context and drivers



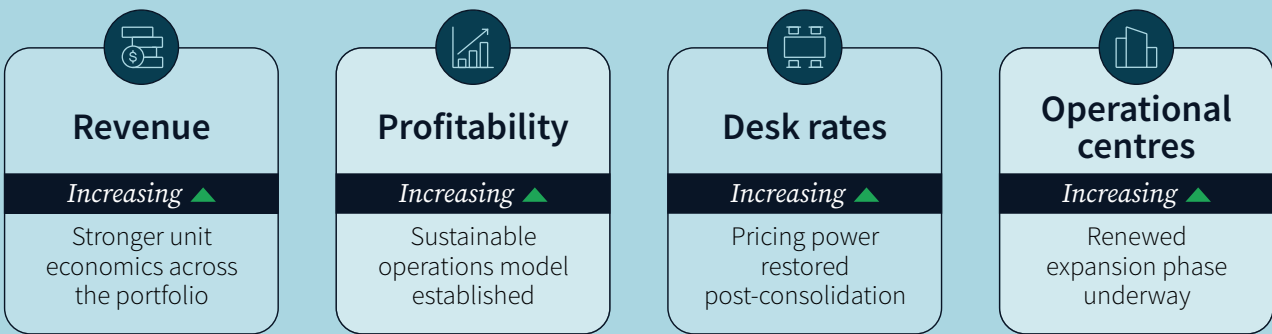
# The sector's evolution: From disruption to discipline

Over the past decade, the flexible workspace sector experienced unprecedented venture capital funding, pandemic-driven consolidation and mass adoption of remote work models. One observation from 2017 proved prescient: *“Business is a flexible thing. Space is fixed.”* —Adam Neumann, WeWork Co-Founder. This statement captured the fundamental tension between business agility and real estate rigidity.

The pandemic stress-tested this premise. Operators closed underperforming centres, restructured portfolios and recalibrated financial models. The result is a sector with streamlined operations, sustainable deal structures and clear pathways to profitable growth.

# Post-consolidation performance indicators

The flexible workspace sector has emerged from pandemic consolidation with strengthened operational fundamentals across key performance dimensions.



Source: JLL





## Three forces reshaping flexible workspace markets

### The adoption gap: Substantial upside potential

Current global corporate allocation to flexible workspace remains remarkably low:

- More than 40% of corporations allocate 1% or less of their portfolios to flexible workspace
- Approximately 55% allocate between 1% and 10%
- Fewer than 5% allocate more than 10% of portfolios to flexible models

These figures reveal that over 90% of occupied commercial space remains in conventional lease structures, despite businesses increasingly requiring agility to pivot strategies, adjust headcounts, and enter or exit markets rapidly.

Within Middle East and Africa markets, supply remains concentrated in specific submarkets rather than distributed uniformly across commercial districts. This concentration reveals substantial room for expansion as corporate adoption accelerates and flexible workspace becomes a standard component of real estate portfolio strategies rather than a niche solution.

### Financial stability and structural evolution

Globally, the relationship between operators and landlords has undergone fundamental restructuring, creating more sustainable business models for both parties.



#### **Traditional model (pre-2020)**

Operators leased space on long-term fixed rents, bearing full occupancy risk while subleasing to end users. This model concentrated risk on operators during downturns, leading to defaults, portfolio contractions and landlord losses when anchor flexible workspace tenants failed.



#### **Emerging model (post-2020)**

Management agreements and revenue-share structures have become increasingly common. Landlords retain asset exposure and participate in upside potential, while operators provide expertise, brand recognition and operational platforms. This alignment of incentives creates distributed risk and improved sustainability for both parties.

Leading operators are now emphasising selective expansion in prime locations with strong landlord partnerships rather than aggressive market share capture through fixed-rent commitments. This strategic shift prioritises long-term sustainability over short-term scale, creating more resilient business models.

### Regional variation

The MEA region demonstrates a quality-based differentiation in operator models. Established international operators with strong cash flows typically secure Grade A space through traditional fixed-rent lease agreements. Landlords of premium assets prefer this structure given existing strong tenant demand and their ability to command market rents directly from creditworthy occupiers, eliminating the need to assume revenue-share risk.

Conversely, mid-tier and budget operators predominantly utilise management agreements and revenue-share structures, targeting Grade B buildings in secondary locations struggling with tenant attraction. These operators add value by introducing flexible workspace models and enhanced amenities that improve building competitiveness and occupancy. In this context, the revenue-share model aligns with both parties' risk profiles—landlords gain operational expertise to monetise underperforming assets, while operators minimise capital exposure. The payment structure therefore correlates directly with operator credit quality and asset grade, creating a tiered market structure distinct from the global trend toward management agreements across all asset classes.



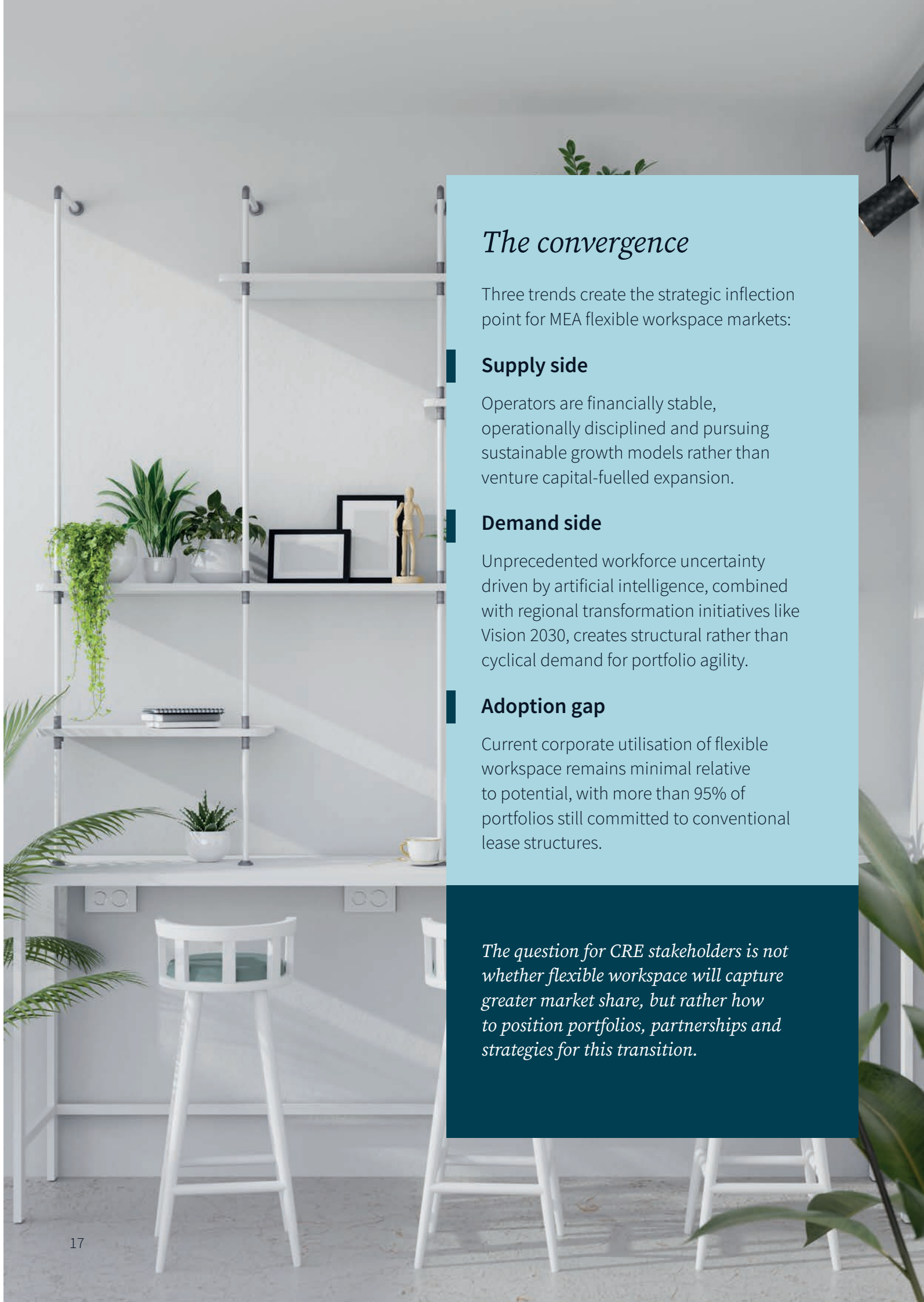
# The AI imperative: Uncertainty as a demand driver

Traditional motivations for flexible workspace adoption remain relevant. Corporations use flexible models to accommodate small headcounts without lease minimums, fulfil short-duration project requirements, accelerate speed-to-occupancy, minimise upfront capital expenses and provide community engagement opportunities.

However, a new strategic imperative has emerged. Artificial intelligence is creating fundamental uncertainty about workforce composition over three-to-five-year planning horizons. Organisations cannot predict with confidence which roles will be augmented, replaced, or created, nor optimal team sizes and office configurations in the coming years.

Long-term fixed lease commitments now carry heightened risk in this environment. The Executive Centre reports that MEA occupiers are increasingly using flexible workspaces to:

- 1 *Speed up market entry, which is particularly critical in Saudi Vision 2030 context.*
- 2 *Support hybrid teams across geographies.*
- 3 *Reduce capital expenditure amid uncertain headcount futures.*
- 4 *Secure high-quality space faster than conventional leasing.*
- 5 *Create experience-led workplaces for talent attraction.*



## *The convergence*

Three trends create the strategic inflection point for MEA flexible workspace markets:

### **Supply side**

Operators are financially stable, operationally disciplined and pursuing sustainable growth models rather than venture capital-fuelled expansion.

### **Demand side**

Unprecedented workforce uncertainty driven by artificial intelligence, combined with regional transformation initiatives like Vision 2030, creates structural rather than cyclical demand for portfolio agility.

### **Adoption gap**

Current corporate utilisation of flexible workspace remains minimal relative to potential, with more than 95% of portfolios still committed to conventional lease structures.

*The question for CRE stakeholders is not whether flexible workspace will capture greater market share, but rather how to position portfolios, partnerships and strategies for this transition.*



03

# Middle East market overview

KSA and UAE in focus



# Market scale and competitive positioning

This report includes enterprise-grade CRE companies providing managed, scalable, move-in-ready workspaces. Coverage encompasses international and regional brands including, but not limited to, The Executive Centre, IWG Group and Servcorp, but excludes boutique coworking operators and non-scalable business centres.

The three markets in the Middle East demonstrate varying stages of flexible workspace development, each with distinct supply concentrations, tenant compositions and absorption dynamics.

## Regional market snapshot

| Factor                 | Abu Dhabi                 | Dubai               | Riyadh              |
|------------------------|---------------------------|---------------------|---------------------|
| Total supply (sq. ft.) | 366,000                   | 1.2 million         | 400,000             |
| Market maturity        | 10+ years                 | 20+ years           | 3-5 years           |
| Development stage      | Established, concentrated | Mature, diversified | Emerging, expanding |

Source: JLL



### Abu Dhabi

Abu Dhabi's supply remains concentrated in premium financial zones, reflecting measured development aligned with government priorities and regulatory frameworks. Premium positioning targets established corporates, financial services firms and government-linked entities.



### Dubai

Dubai maintains the region's largest and most mature flexible workspace sector, with supply distributed across multiple business districts (though there remains potential for further expansion). The market reflects more than two decades of evolution and Dubai's position as the Middle East's primary commercial hub. Geographic diversification creates competitive dynamics and occupier choice unavailable in other regional markets.



### Riyadh

Riyadh has experienced rapid expansion, with the majority of current stock delivered from 2022 onwards. This growth trajectory signals the capital's transition from nascent to established market, driven by demand from Vision 2030's Regional Headquarters Programme and multinational market entry requirements. International occupiers represent an elevated proportion of the tenant base compared to Dubai and Abu Dhabi, validating Saudi Arabia's strengthening position as a regional business gateway.





Strategic concentration patterns

Geographic concentration varies significantly across the three markets, reflecting differences in market maturity, regulatory frameworks and corporate location preferences.

Geographic concentration by market

| Market                | Abu Dhabi                        | Dubai                           | Riyadh                         |
|-----------------------|----------------------------------|---------------------------------|--------------------------------|
| Primary hub           | ADGM/Corniche                    | CBD (Downtown, Trade Centre)    | Olaya-KAFD Corridor            |
| % of supply           | 87% of supply, 86% of locations  | 35% of supply, 31% of locations | 45%+ of locations              |
| Secondary hub         | Al Raha Beach/Musaffah           | JLT                             | Distributed                    |
| % of supply           | 10-15%                           | 15%                             | Various                        |
| Competitive structure | Concentrated; oligopoly dynamics | Polycentric; highly competitive | Emerging; market share capture |

Source: JLL

Abu Dhabi: Strategic concentration in financial district

ADGM captures the majority (57%) of operator market presence, reflecting the capital's focus on developing a singular financial hub within a specialised regulatory framework. This strategic concentration aligns with Abu Dhabi's emphasis on financial services, government-linked enterprises and international firms requiring specific compliance environments.

The Corniche functions as the secondary hub, serving established corporates, government-related entities and professional services firms that value prime waterfront locations with traditional business district characteristics.

The concentrated supply creates barriers to new operator entry while providing established players with economies of scale and portfolio-level risk management capabilities unavailable to smaller operators. Major operators including Regus, The Executive Centre and WeWork maintain dominant market positions.

Significant supply additions in 2024 and 2025 marked Abu Dhabi's transition from a niche market serving primarily government-linked and financial services tenants to a more scaled and diversified flexible workspace ecosystem.

Abu Dhabi supply concentration – By size



Source: JLL

Dubai: CBD dominance with secondary value alternatives

The CBD, encompassing Downtown Dubai and Trade Centre First and Second areas, accounts for approximately one-third of flexible workspace supply and operator locations. Premium positioning in these areas justifies higher rental rates, with offerings serving financial institutions and professional services firms requiring prestige addressing and regulatory compliance capabilities. Furthermore, around 55% of the current supply was delivered between 2022 and early 2026, reflecting sustained operator confidence despite the market's mature status.



However, Dubai's defining characteristic is geographic diversification beyond the CBD:

- Jumeirah Lakes Towers (JLT) functions as a substantial secondary hub with notably lower rental rates, attracting cost-conscious occupiers who value quality infrastructure without premium CBD pricing.
- Dubai Media and Internet City demonstrates focused positioning within technology and creative sectors, with operators like D-Quarters, OBC and IWG's Spaces targeting digital economy tenants through specialised community and service offerings.
- Other secondary and tertiary locations including Al Barsha South, Dubai Marina and JAFZA provide additional value tiers, creating multiple submarkets that cater to diverse tenant requirements and budget parameters.

*Dubai's multiple submarket tiers give tenants choice unavailable in Abu Dhabi's concentrated model. This drives competitive pricing discipline and enables operators to pursue portfolio-level risk diversification across different geographic zones and tenant segments.*

Dubai supply concentration – By size



Source: JLL

Riyadh: Vision 2030 fuelling rapid corridor expansion

King Abdullah Financial District (KAFD) and Olaya District together account for nearly half (45%) of operator presence in the capital, establishing this corridor as Riyadh's primary institutional flexible workspace hub. Concentration aligns with corporate location preferences, government ministry proximity and infrastructure investment priorities under Vision 2030.

The majority of current supply has been delivered since 2022, demonstrating the market's nascent nature and operators' focus on capturing market share during the formation phase. IWG Group maintains strong presence in Olaya and KAFD, while The Executive Centre positions exclusively in KAFD with ultra-premium offerings targeting financial services. Servcorp operates across Olaya and Laysen Valley with traditional business centre models.

Riyadh supply concentration - By location



Source: JLL





# Tenant profile: Demand composition analysis

Tenant composition reveals distinct demand drivers and market positioning across the three markets.

## Occupier composition and demand drivers

| Metric                  | Abu Dhabi                                                      | Dubai                                                   | Riyadh                                        |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------|
| International occupiers | 45%-55%                                                        | 40%-45%                                                 | 50%-60%                                       |
| New company setups      | 60%-70%                                                        | 40%-45%                                                 | 55%-60%                                       |
| Dominant sectors        | Financial services, government and semi-government, technology | Real estate, consulting, professional services, trading | Technology, consulting, professional services |
| Average tenure          | 18-36 months                                                   | 12-24 months                                            | 12-36 months                                  |

Source: JLL, Riyadh Occupancy reflects mainly the primary markets

## Market-specific demand dynamics

### Abu Dhabi: Government-related entities and financial services concentration

- Between 60% and 70% of Abu Dhabi's flexible workspace demand originates from new company setups, the highest proportion among the three markets analysed. Financial services firms represent the dominant sector, leveraging the capital's specialised regulatory environment and proximity to sovereign wealth funds, government investment entities and regional financial institutions. Government and semi-government entities comprise a substantial portion of the remaining tenant base, utilising flexible workspace for project-based teams, temporary assignments and overflow capacity without committing to long-term lease obligations.
- Technology sector tenants have grown in recent years as Abu Dhabi pursues economic diversification beyond hydrocarbon dependence. Hub71, the capital's technology ecosystem initiative, has driven startup and scale-up formation that creates downstream demand for flexible workspace as companies graduate from incubator programmes.

### Dubai: Diversified industry base and market entry hub

- Approximately 40% to 45% of demand originates from new company setups, concentrated in Trade Centre Second within the CBD, Jumeirah Lakes Towers and Dubai Media and Internet City. Primary drivers include new market entry, business expansion and strategic relocation, with amenities and pricing representing important secondary considerations.
- This pattern demonstrates that quality institutional offerings with strong amenities and attractive pricing drive demand across both premium and secondary districts. Dubai serves growth-oriented objectives and tactical facility requirements across a diverse commercial landscape.

### Riyadh: Economic transformation led by Vision 2030

- Around 55% to 60% of Riyadh's flexible workspace demand originates from new company setups. International occupiers represent approximately 60% of KAFD tenants and just over 50% in Olaya District, reflecting the Kingdom's success in attracting international demand, in line with its Vision 2030 ambitious goals.
- Technology, consulting and professional services firms dominate tenant composition. Consulting firms serve both public sector advisory requirements and private sector transformation mandates. Professional services encompass legal, accounting and corporate services firms supporting multinational market entry and ongoing compliance requirements.



# Product mix: Revenue optimisation strategies

Workspace configuration—private offices vs. fixed desks vs. hot desks directly influences revenue optimisation, operational efficiency and market positioning.

### Product distribution comparison

| Configuration   | Abu Dhabi | Dubai   | Riyadh  |
|-----------------|-----------|---------|---------|
| Private offices | 80%-90%   | 75%-85% | 50%-60% |
| Fixed desks     | 10%-15%   | 5%-10%  | 20%-30% |
| Hot desks       | 1%-10%    | 5%-15%  | 10%-15% |

Source: JLL



## Abu Dhabi and Dubai: Private office dominance

CBD locations in Dubai demonstrate extreme concentration in private office configurations, with approximately 95% of its workspace allocated to enclosed offices. ADGM shows similar patterns, with roughly two-thirds of the emirate's entire private office inventory concentrated within the financial district.

This dominance reflects several strategic factors:

- Financial services and professional services firms require enclosed workspace for regulatory compliance, confidential client interactions and business continuity requirements.
- Private offices generate higher revenue per square foot compared to open desk configurations and attract longer-tenure corporate tenants with more predictable revenue streams.
- The product mix aligns with both markets' positioning as regional business hubs serving established enterprises rather than transient startup activity.

## Riyadh: Balanced mix reflecting development stage

KAFD shows particularly elevated fixed desk allocation, approximately 55%, alongside substantial private office inventory. This suggests institutional occupiers require assigned seating while maintaining cost efficiency.

The Olaya District presents the market's most diversified offering, with the highest proportion of hot desks alongside roughly equal shares of fixed desks and private offices. This balanced mix indicates that Olaya serves a broader tenant base spanning entrepreneurs, small and medium enterprises and corporate satellite teams with varying workspace requirements.

As Riyadh matures, product mix may shift toward private office dominance similar to the UAE pattern if corporate tenant demand solidifies and operators prioritise revenue optimisation over market share capture across multiple segments.



04

# Performance metrics

Occupancy and pricing dynamics





*Market health indicators:  
Absorption and pricing power*

Occupancy rates and rental structures reveal the balance of supply-demand fundamentals, competitive positioning and operator pricing power across the three markets in the Middle East.

Occupancy performance:  
Strong absorption across markets

Regional occupancy overview

| Market    | Overall occupancy | Top-performing submarkets               | Key driver                                                   |
|-----------|-------------------|-----------------------------------------|--------------------------------------------------------------|
| Abu Dhabi | 70%-85%           | Corniche, Al Raha Beach, Musaffah, ADGM | Constrained supply and accelerating demand                   |
| Dubai     | 75%-85%           | CBD, JLT, Dubai Media City              | Competitive pricing in quality locations                     |
| Riyadh    | 85%-90%           | Olaya District, KAFD                    | Vision 2030 momentum and international corporate relocations |

Source: JLL, Riyadh Occupancy reflects mainly the primary markets

*Abu Dhabi: Supply constraints supporting premium occupancy*

Abu Dhabi maintains occupancy in the range of 70% to 85% market-wide, with key submarkets performing in the higher end of this range. Al Raha Beach, Corniche and Musaffah demonstrate occupancy exceeding 80%, while ADGM shows occupancy in the high-70s despite the highest supply concentration and recent additions requiring absorption time.

The strong performance despite limited geographic distribution demonstrates that constrained supply concentrated in strategic locations creates landlord-favourable conditions. Operators maintain pricing power as tenants compete for available space.

International occupiers now represent about half of the tenant base —a notable departure from the historically domestic-oriented profile. The entry of ultra-premium operators like The Executive Centre with exclusively international tenant bases, coupled with ADGM's international occupier attraction, signals increasing global integration of the capital's business ecosystem.

*Dubai: Mature market with geographic variation*

Dubai recorded market-wide occupancy in the 75% to 85% range. Notably, the CBD demonstrates the highest occupancy levels, underscoring its appeal as a premier flexible workspace destination. This absorption strength persists despite premium pricing, driven by the area's strategic location and superior quality offerings.

Secondary and tertiary areas including Jumeirah Lakes Towers, Al Barsha South, Dubai Media and Internet City and JAFZA also maintain strong absorption rates driven by their compelling pricing packages that attract cost-conscious tenants without compromising infrastructure quality and service standards. Operators in these submarkets offer meaningful value propositions relative to premium CBD alternatives.

Tenant composition reflects Dubai's dual role as a Middle Eastern hub alongside its function as an international gateway. Regional and local occupiers represent approximately 55% of the tenant base, with international occupiers accounting for 40% to 45%. Demand spans new company setups, business expansions and strategic relocations, providing portfolio-level stability as sector-specific cycles offset rather than compound. Operator perspective confirms continued strength:

“

*Dubai has long been a hub for international business and demand remains strong across various sectors, including finance, consulting, technology and professional services.*

- - Paul Salnikoff, Founder and CEO of The Executive Centre



Recent geopolitical tensions contributed to softer absorption as businesses adopted wait-and-see approaches during periods of heightened uncertainty. Operators absorbed this temporary headwind through enhanced tenant incentives and flexible lease structures rather than aggressive rental rate reductions, preserving pricing integrity while maintaining occupancy momentum.

Strategic implication

Dubai's multiple submarket tiers provide substantially more tenant options compared to Abu Dhabi and Riyadh's more centralised supply patterns. This enables market segmentation strategies unavailable in more concentrated markets, allowing operators to serve distinct tenant segments through geographic and pricing differentiation.



Riyadh: Vision 2030 as a primary absorption engine

Riyadh maintains occupancy levels in the mid-to-high 80% range across key primary districts. The Olaya District demonstrates occupancy approaching 90%, while KAFD maintains occupancy in the mid-80% range. Vision 2030 momentum and international corporate relocations drive this strong absorption despite aggressive supply growth.

The elevated international occupier concentration across multiple submarkets — approximately 60% in KAFD and just over 50% in Olaya — correlates directly with occupancy performance. Riyadh's flexible workspace sector absorption is intrinsically linked to Vision 2030's success in attracting multinational corporates to the Kingdom.

Operator perspective confirms this dynamic:

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*Riyadh is experiencing rapid growth, driven by Vision 2030 and an influx of multinational corporations setting up regional headquarters." International demand serves as the primary absorption driver across premium locations.*

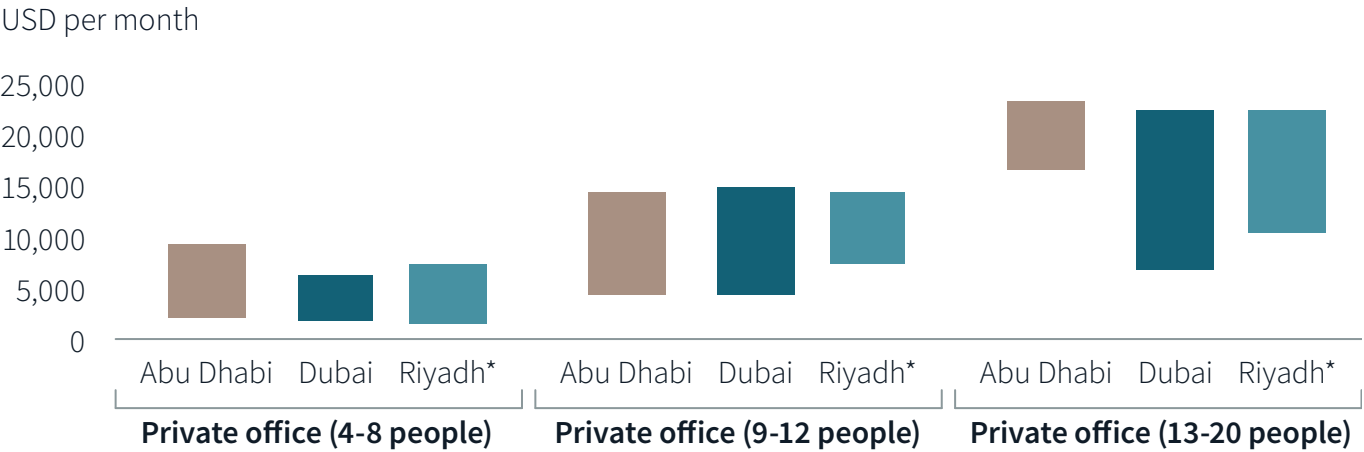
- Paul Salnikoff, Founder and CEO of The Executive Centre

Rental rate analysis:  
Premium positioning across markets

Rental structures reveal substantial pricing differentials between private offices and flexible desks, alongside geographic tiering, where primary financial districts command significant premiums.

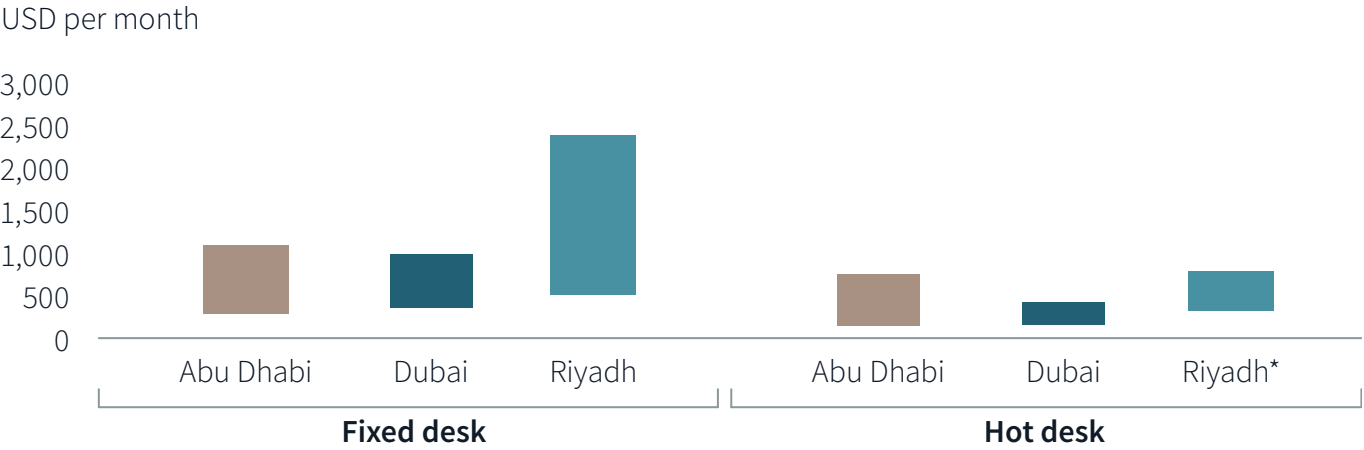
Market rental rate overview

Private office rate ranges by city



\*Riyadh's rental ranges reflect only primary locations and exclude secondary and tertiary markets  
Source: JLL analysis

Desk rate ranges by city



\*Riyadh's rental ranges for Hot Desks reflect only primary locations and exclude secondary and tertiary markets  
Source: JLL analysis



All three markets demonstrate competitive positioning with rental ranges that overlap substantially at upper tiers while offering accessible entry points at lower ranges. This broad spectrum reflects the markets' dual character serving both ultra-premium CBD zones and secondary locations.

## Abu Dhabi: Premium benchmark with limited geographic choice

Abu Dhabi's primary markets, ADGM and Corniche, dominate the premium segment with the highest rental rates (USD 16,800 to USD 23,300 monthly) for larger office configurations across all three analysed markets. While ADGM commands premium prices within the city, Corniche offers rates notably below the financial district while still maintaining significant pricing advantages relative to peripheral submarkets.

The combined ADGM and Corniche average represents the region's premium benchmark for institutional flexible workspace. These elevated rates persist due to several factors:

- ADGM's strategic positioning as international financial centre.
- Capital's premium brand equity among government-linked enterprises and sovereign wealth funds.
- Tight supply conditions within geographically centralised operator landscape.
- Supply-demand imbalance creates landlord-favourable conditions with significant operator pricing power.

Operator differentiation strategy emphasises service quality over cost competition:

“

*We differentiate ourselves through our focus on premium quality, personalised service and strategically located centres in prestigious business districts. Ultra-premium positioning depends on hospitality-oriented operations, exclusive addressing and service consistency that cannot be rapidly replicated through capital investment alone.*

- Paul Salnikoff, Founder and CEO of The Executive Centre

Tertiary submarkets, including KIZAD and Musaffah offer substantially lower rates for smaller office formats at an average of USD 2,400 monthly, nearly 2.8 times lower than the primary market average rate. The significant gap between tertiary rates and primary market pricing underscores bifurcated market conditions. Corporations requiring ADGM or central Corniche addresses must accept elevated rates with minimal negotiating leverage, while cost-sensitive tenants compromise on location prestige for competitive pricing in peripheral submarkets.

## Dubai: Multiple tiers providing tenant choice

Premium CBD locations typically command the highest rental rates in the market. Trade Centre First represents the peak pricing tier for large format office spaces, while Downtown Dubai and Business Bay offer accessible CBD alternatives at lower price points than the primary financial district core.

Select secondary and tertiary locations – including Jumeirah Lakes Towers, Barsha heights, Dubai Sports City and Deira - offer substantial value alternatives relative to CBD pricing, typically between 30% to over 60% below prime rates for medium and larger format spaces. Other areas that hold strategic importance, waterfront positioning and lifestyle amenities - such as JAFZA and Dubai Marina - command premiums within their respective tiers.

Flexible desk configurations show relatively lower submarket variation, with hot desk options ranging from USD 150 to USD 440 monthly and fixed desks in the range of USD 350 to USD 1,000 monthly across the city.

Dubai's diverse pricing architecture across multiple geographic tiers provides substantially more tenant options compared to Abu Dhabi and Riyadh's more centralised supply patterns. This enables market segmentation strategies unavailable in more concentrated markets, allowing operators to serve distinct tenant segments through geographic and pricing differentiation.





## Riyadh: Premium positioning despite emerging market status

KAFD establishes Riyadh's premium benchmark (USD 7,600 to USD 22,400 monthly), with large private office rates positioning competitively with Dubai's Trade Centre First and Abu Dhabi's ADGM at the high end of market ranges.

The Olaya District provides mid-tier positioning as a balanced alternative to the financial district. Other primary locations including Umm Al Hamam Al Gharbi and Qurtubah offer comparable mid-market pricing to Olaya.

**Premium rates persist in this emerging market due to several factors:**

- KAFD's strategic role as Saudi Arabia's designated financial district
- Limited Grade A supply within established business centres relative to accelerating Vision 2030 corporate demand
- International firms competing for scarce premium workspace in Riyadh's most prestigious address

Flexible workspace configurations show significant variability, even within the premium segment, reflecting early-stage market development. Hot desk options range from USD 320 to USD 800 monthly, while fixed desk rates span from approximately USD 500 to well over USD 2,000 monthly, with Diriyah commanding the highest rates in this category.

As Riyadh's entrepreneurial ecosystem matures and small and medium enterprise formation accelerates under Vision 2030, flexible workspace demand targeting these segments is positioned for substantial growth. Current premium-oriented pricing may face pressure to introduce more accessible entry points as competition increases and operators target broader market segments beyond established corporates.



## Key performance takeaways

Several critical insights emerge from occupancy and rental analysis across the three markets.



**Occupancy resilience**

Occupancy resilience ranging from 75% to approximately 90% demonstrates healthy absorption despite aggressive supply growth, particularly in Riyadh and Abu Dhabi. This performance validates operator confidence and sustained corporate demand across market maturity stages.



**Pricing power persists**

Pricing power persists in premium districts including ADGM, KAFD and Dubai's CBD. This reflects corporate willingness to pay for regulatory frameworks, prestige addressing and superior infrastructure that supports business development and talent attraction objectives.



**Geographic diversification**

Geographic diversification creates distinct tenant value propositions across the three markets. Dubai offers choice across pricing tiers through multiple submarket alternatives. Abu Dhabi concentrates premium positioning with limited geographic options. Riyadh balances premium financial district offerings with accessible alternatives in secondary business zones.



**International occupier concentration**

International occupier concentration ranging from 40% to 60% across the three markets provides structural demand resilience independent of domestic economic cycles. This international base proves critical for operators managing portfolio-level risk across varying economic conditions.

That said, operational challenges persist despite strong fundamentals. As operators note:

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*Managing occupancy rates, maintaining service quality standards and adapting to changing market conditions represent ongoing priorities. These challenges manifest differently across Dubai's competitive maturity, Abu Dhabi's constrained supply environment and Riyadh's rapid transformation phase.*

- Paul Salnikoff, Founder and CEO of The Executive Centre



05

# Africa snapshot

Emerging momentum across  
gateway cities





Africa's institutional flexible office sector spans mature corporate-oriented markets (South Africa) to emerging hubs characterised by entrepreneurial demand and nascent operator entry (Cairo, Lagos, Nairobi). The continent demonstrates flexible workspace's adaptability across diverse economic contexts, infrastructure realities and tenant composition profiles.

Africa market comparison

| Market       | Maturity             | Supply (locations)           | Dominant operator | Pricing (private office desk/month)                    | Key differentiator                                                           |
|--------------|----------------------|------------------------------|-------------------|--------------------------------------------------------|------------------------------------------------------------------------------|
| South Africa | Most mature          | Extensive national footprint | IWG Group         | USD 110–USD 445                                        | Corporate adoption accelerating; long-term commitments                       |
| Cairo        | Fastest growing      | 228,300+ sq. ft.             | Regus and Co55    | USD 130–USD 300 (desks); USD 2,100–USD 9,500 (offices) | Majority of supply added recently; high international occupier concentration |
| Nairobi      | Established tech hub | 49 locations                 | Regus             | USD 150– USD 400                                       | Silicon Savannah ecosystem; infrastructure reliability critical              |
| Lagos        | Bifurcated/ emerging | 25 locations                 | Regus             | USD 60– USD 350                                        | SME and startup focus; power supply represents primary value proposition     |

Source: JLL





# Market specific dynamics

## *South Africa: Corporate integration and product evolution*

South Africa represents Africa's most mature flexible workspace market, where corporate adoption has accelerated substantially in the post-pandemic period. The defining maturity indicator is that corporations with substantial headcounts now routinely evaluate serviced offices alongside conventional leases during initial property assessments, rather than treating flexible workspace as niche satellite accommodation.



**Market characteristics**

Post-pandemic momentum has been driven by evolving corporate preferences toward flexibility, amenity density and capital expenditure minimisation. Operators have captured longer tenant commitments, reflecting flexible workspace's establishment as a credible strategic real estate solution rather than temporary accommodation.



**Supply distribution**

Johannesburg and Pretoria combined represent the largest concentration of flexible workspace supply on the continent, with IWG Group maintaining approximately half of all locations. Network Space represents the second-largest operator with meaningful presence. Cape Town demonstrates substantial supply with IWG Group holding significant market share alongside Neighbourgood's community-oriented positioning. Durban maintains more limited supply with IWG Group commanding majority presence and ConnectSpace providing competitive alternatives.



**Strategic implication**

South Africa demonstrates flexible workspace's transition from niche satellite accommodation to strategic real estate infrastructure—a maturity trajectory other African markets will likely follow as corporate adoption accelerates.







## Cairo: Explosive growth attracting international occupiers

Cairo has experienced remarkable expansion over recent years, positioning the city as one of Africa's fastest-growing institutional flexible workspace markets. More than half of current inventory has been delivered within the past two years, representing explosive supply growth that reflects both operator confidence and accelerating corporate demand.



Key metrics

Total supply has exceeded 228,300 sq. ft. concentrated primarily in New Cairo, which accounts for more than three-quarters of both total supply and operator locations. Current occupancy stands at approximately 65% across the market, with New Cairo and Nasr City demonstrating the highest absorption rates. International occupiers represent approximately 55% to 60% of the tenant base compared to 40% to 45% local and regional occupiers, a notably high international concentration validating Cairo's strengthening positioning as a regional business gateway.



Tenant profile

New company setups account for approximately 40% to 50% of enquiries, demonstrating that flexible workspace captures greenfield activity rather than merely redistributing existing office demand. Information technology, consulting and technology companies dominate tenant composition, reflecting Egypt's growing digital economy and professional services sectors. Average tenancy ranges from 12 to 36 months, representing medium-term commitments that provide operators with revenue visibility and planning certainty.



Operator landscape

The market demonstrates duopolistic characteristics with Regus and Co55 together controlling more than 90% of supply. Regus provides international brand recognition and standardised service delivery appealing to multinational corporations, while Co55 emphasises community engagement, networking opportunities and regional customisation that resonates with local and regional occupiers.



Pricing stratification

New Cairo commands premium positioning with rates ranging from USD 180 to USD 350 for both desk configurations and private offices ranging from USD 2,200 to USD 10,500. Mokattam demonstrates unique pricing dynamics, commanding the highest rates for large office configurations within the secondary tier due to limited supply availability. Market-wide averages span from USD 130 to USD 300 for open desks to premium rates of USD 2,100 to USD 9,500 for large private offices accommodating substantial teams.



Critical differentiators

New company setups account for approximately 40% to 50% of enquiries, demonstrating that flexible workspace captures greenfield activity rather than merely redistributing existing office demand. Information technology, consulting and technology companies dominate tenant composition, reflecting Egypt's growing digital economy and professional services sectors. Average tenancy ranges from 12 to 36 months, representing medium-term commitments that provide operators with revenue visibility and planning certainty.





## *Nairobi: Silicon Savannah technology ecosystem*

Nairobi has developed East Africa's most sophisticated coworking and serviced office sector, propelled by the city's technology ecosystem, robust small and medium enterprise activity and positioning as a regional headquarters location for multinational corporations and international development organisations.



### Supply landscape

The market encompasses approximately 50 operator locations distributed across Westlands, Upper Hill and Kilimani—submarkets that attract distinct tenant segments based on accessibility, prestige and proximity to corporate clusters. Regus maintains approximately 45% market share with more than 20 locations providing standardised international service delivery. Local operators including Kofisi and Ikigai provide meaningful competition through community-oriented models and flexible membership structures appealing to entrepreneurs and small enterprises.



### Tenant profile

Technology startups and scale-ups represent the core tenant segment, supported by Nairobi's Silicon Savannah positioning and growing venture capital activity. Professional services firms, consulting companies, international development organisations and multinational regional offices provide diversification and longer-tenure commitments that balance entrepreneurial tenant churn.



### Pricing dynamics

Nairobi's rental rates position at mid-tier levels (USD 150 to USD 400), commanding premiums relative to Lagos while remaining below South Africa's upper tiers and substantially below Middle Eastern markets. This positioning reflects Kenya's economic development stage, corporate willingness to pay for infrastructure reliability and competitive intensity across multiple operators.



### Competitive differentiation

Flexibility and professional community represent important competitive factors, but infrastructure reliability emerges as the critical differentiator in Nairobi's context. Dependable electricity supply, high-speed internet connectivity, backup generator capacity and consistent water provision create substantial operational advantages given Kenya's infrastructure challenges. Operators providing uninterrupted utilities differentiate significantly versus conventional office stock where power interruptions, internet inconsistency and water supply disruptions create productivity obstacles.





## *Lagos: Entrepreneurial economy and bifurcated structure*

Lagos presents a bifurcated flexible workspace structure reflecting Nigeria's economic realities, infrastructure challenges and entrepreneurial dynamism. The market demonstrates fundamentally different dynamics compared to corporate-dominated Middle East markets and South Africa's maturing institutional sector.



**Market characteristics**

The premium serviced office segment targeting blue-chip corporate occupiers has experienced limited growth in recent years. Many established corporations that initially adopted serviced offices migrated to traditional leases seeking customisation control and long-term cost optimisation once their Nigerian operations scaled beyond initial entry phases.

Conversely, the coworking segment serving small and medium enterprises, startups and independent professionals has experienced significant expansion. This segment addresses fundamentally different requirements—agile touchdown environments rather than dedicated long-term space, business lounges and coworking areas with pay-as-you-go access models and uninterrupted power supply as the primary value proposition alongside meeting rooms and basic amenities.



**Supply landscape**

The market encompasses approximately 25 operator locations demonstrating high fragmentation. Regus maintains majority market share with approximately 14 centres providing standardised international delivery, while most competitors operate single locations targeting industry-specific niches or geographic submarkets.



**Pricing dynamics**

Lagos offers the lowest flexible workspace entry points among all markets analysed, with monthly rates spanning from USD 60 to USD 350. This wide spectrum accommodates basic business lounges at the lower end and higher-specification serviced offices at the upper range. The pricing structure reflects Nigeria's economic context, infrastructure limitations and tenant willingness-to-pay parameters.



**Critical value proposition**

Uninterrupted power supply represents the fundamental competitive differentiator in Lagos. Nigeria's electrical grid unreliability makes backup generator capacity and fuel management essential operational capabilities. Flexible workspace operators providing consistent electricity enable productivity impossible in many conventional office environments where power interruptions disrupt operations multiple times daily.

Beyond power reliability, flexible workspace provides professional meeting environments, reliable internet connectivity and basic amenities that small businesses and entrepreneurs cannot access affordably through conventional lease structures given infrastructure investment requirements.



# Africa flex sector: Strategic synthesis

Africa's flexible workspace sector demonstrates compelling momentum across diverse maturity stages, economic contexts and infrastructure realities. Several themes emerge from cross-market analysis:



## Maturity spectrum

Markets span from South Africa's corporate integration to Cairo's rapid expansion, Nairobi's technology ecosystem sophistication and Lagos's entrepreneurial focus. This diversity creates distinct opportunity sets requiring market-specific strategies rather than standardised regional approaches.



## Infrastructure as competitive moat

Across all African markets, reliable infrastructure—electricity, internet, water and backup systems—represents the fundamental competitive differentiator. Operators providing consistent utilities create defensible advantages that conventional office stock cannot match without substantial capital investment and ongoing operational excellence.



## International gateway positioning

Cairo's 55% to 60% international occupier concentration validates flexible workspace's role enabling multinational market entry without long-term real estate commitments. As African economies continue integrating into global business networks, flexible workspace will increasingly serve as essential infrastructure for international corporate expansion.



## Entrepreneurial ecosystem support

Nairobi and Lagos demonstrate flexible workspace's critical role supporting entrepreneurial activity in markets where conventional office infrastructure creates barriers to business formation. By providing accessible professional environments with reliable utilities and flexible commitment structures, operators enable economic activity that would otherwise face real estate obstacles.



## Corporate adoption trajectory

South Africa's maturity, where corporations routinely evaluate flexible workspace alongside conventional leases, foreshadows the adoption pathway for other African markets as economic development progresses, corporate sophistication increases and flexible workspace operators demonstrate sustained operational credibility.



As African cities continue urbanising, economies diversify beyond commodity dependence, and technology sectors mature, flexible workspace will increasingly serve as critical infrastructure enabling business growth, international expansion and workforce agility across the continent. Markets currently in formation phases present compelling opportunities for operators capable of delivering international-standard service within local infrastructure contexts, while mature markets like South Africa offer stable returns from corporate tenant bases with extended commitment horizons.





06

# Operator market intelligence

The Executive Centre (TEC) interview





To complement quantitative market analysis, JLL conducted a structured interview with **Paul Salnikoff, Founder and CEO of The Executive Centre**, a premium institutional flexible office operator with 14 locations across Dubai, Abu Dhabi and Riyadh. The following insights provide operator perspective on demand dynamics, competitive positioning and market evolution.

# Key market themes

## Demand drivers vary by market maturity



*"Dubai is a mature market with steady demand, while Riyadh is experiencing rapid growth driven by Vision 2030 initiatives,"* TEC noted, confirming the distinct development trajectories observed in quantitative absorption data. Dubai's established corporate ecosystem generates consistent demand across sectors, whilst Riyadh's government-mandated regional headquarters requirements create accelerated multinational corporate relocations. Abu Dhabi demonstrates *"increased interest, particularly with the growth of ADGM,"* positioning between Dubai's maturity and Riyadh's explosive expansion phase.

## Post-pandemic workspace requirements emphasise flexibility



*"There has been a noticeable shift towards hybrid working models, with companies seeking flexible office solutions that can adapt to changing workforce needs,"* TEC observed. Operators responded by enhancing meeting room capacity, implementing flexible desk booking systems and investing in video conferencing infrastructure to accommodate tenants combining remote work with office attendance. This evolution validates the structural shift toward flexibility as a permanent corporate workspace strategy rather than temporary pandemic response.

## Premium positioning requires service differentiation



*"We differentiate ourselves through our focus on premium quality, personalised service and strategically located centres in prestigious business districts,"* TEC emphasised, articulating competitive strategy centred on service excellence rather than cost leadership. In increasingly competitive markets—particularly Dubai—operators must differentiate through hospitality-oriented service models, superior design quality and exclusive addressing in financial districts (DIFC, ADGM, KAFD) to justify premium pricing and attract established corporate tenants.

## Operational challenges centre on occupancy stability



*"Key challenges include managing occupancy rates, maintaining service quality standards and adapting to changing market conditions,"* TEC identified, highlighting that successful operations require simultaneous optimisation across revenue management, tenant satisfaction and market responsiveness. Tenant churn—structurally higher than traditional office leases—creates ongoing revenue volatility requiring continuous new tenant acquisition, whilst service consistency across multiple locations demands standardised protocols and ongoing staff training investments.





# 07

## Strategic implications and market outlook



The Middle East and Africa flexible office sector has reached a defining moment. The quantitative analysis across markets reveals fundamental structural shifts in how CRE stakeholders approach workspace strategy. This section distils strategic implications and provides stakeholder-specific guidance for navigating opportunities ahead.

# Key market signals

## Demand sustainability

International tenants provide structural demand resilience independent of domestic economic cycles.

## Growth source validation

New company setups demonstrate that flexible workspace captures greenfield activity rather than cannibalising traditional office stock. Markets are expanding rather than redistributing existing CRE commitments.

## Product-market fit confirmation

Private office dominance in mature markets reflects both corporate requirements for regulatory compliance and confidential workspace alongside optimal revenue positioning for operators maximising returns per square foot.

## Pricing power persistence

Premium districts maintain elevated rates across market maturity stages, validating supply constraints relative to corporate demand for prestigious addressing, regulatory compliance capabilities and superior infrastructure.





# Stakeholder strategies: Translating insights to action

The documented market dynamics create distinct opportunity sets for landlords, operators and corporate occupiers. Strategic responses must align with specific market conditions, competitive positioning and stakeholder objectives.



## **For landlords and developers:** **Portfolio diversification through strategic partnerships**

Landlords seeking flexible workspace exposure should prioritise partnership structures over direct operations. Management agreements and revenue-share models have supplanted fixed-rent leases as sustainable frameworks, protecting landlords from operator defaults whilst maintaining asset control and participation in flexible office revenue streams.

Landlords should evaluate operator partnerships based on balance sheet strength, operational track record across economic cycles, brand positioning alignment with building positioning and commitment to service quality standards that protect building reputation. The TEC interview emphasised that "maintaining service quality standards" represents a primary operational challenge—landlords must ensure operator capabilities match commitments, as tenant dissatisfaction impacts building perception beyond flexible workspace zones.



## **For flexible workspace operators:** **Disciplined expansion and product differentiation**

Market data demonstrates clear product-market fit patterns requiring alignment between product mix, tenant composition and market maturity. Early-stage markets require balanced configurations serving entrepreneurs and small enterprises alongside corporate tenants, whilst established markets optimise revenue through private office concentration serving corporate compliance requirements and maximising returns per square foot.

Operators must choose between premium differentiation and volume-based strategies. Premium positioning requires sustained investment in hospitality-oriented service delivery, superior design quality and strategic locations in financial districts. These advantages create barriers to competitive replication but demand operational excellence and service consistency across portfolio locations. Volume-based strategies emphasise accessible pricing and broad geographic distribution, accepting lower margins in exchange for scale economies and diversified tenant bases.



## **For corporate occupiers:** **Strategic portfolio rebalancing**

Corporate real estate strategies must evolve beyond binary traditional-versus-flexible decisions toward optimised portfolio allocation leveraging each model's distinct advantages. Current data reveals substantial underutilisation—fewer than 5% of corporations allocate more than 10% of portfolios to flexible workspace, whilst more than 40% commit 1% or less. This gap translates to the significant expansion potential as business requirements continue to evolve.



# Conclusion

The Middle East and Africa flexible office sector has emerged from pandemic disruption positioned for sustained growth at precisely the moment when structural demand drivers, such as AI-driven workplace transformation, Vision 2030 economic diversification, hybrid work standardisation and accelerating African urbanisation, converge to create opportunity beyond cyclical dynamics. The data validates flexible workspace's evolution from niche solution to strategic infrastructure, with new company setups representing 40%-70% of tenant demand across markets confirming genuine economic expansion rather than merely demand redistribution. For the various stakeholders, the strategic imperative is clear - market formation windows remain open today, but competitive positioning advantages diminish as optimal locations become scarce and market dynamics mature. Therefore, the MEA flexible workspace inflection point is now.



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## Research at JLL

JLL's Research team delivers intelligence, analysis and insight through marketleading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 550 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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