

Dubai Office Market Report

Real Estate - Dubai - Q1 2026



KEY STATS



+0.3%
UAE GDP GROWTH
2026 FORECAST



AED 238
PSF
AVERAGE RENTS
(STABLE Q-O-Q)



97%
OF ALL
OFFICE DEALS
<3000 SQ.FT



2M SQ.FT
OFFICE SPACE TO
BE DELIVERED IN
2026

Q1 2026 has seen a continuation of the narrative shifting from pure rental escalation to occupier strategy and tenure management coming into focus. January and February 2026 delivered strong activity levels followed by an expected slowing of decision making with the arrival of Ramadan. This has been exacerbated by the Iran war, which started on 28 February 2026 and has since caused regional unrest, airspace closures and interruptions and increased remote working. The Eid holiday and early school Spring break in mid-March also led to slower activity.

Dubai's office market closed Q1 2026 with pricing in line with that seen at the end of 2025. Across the Savills-tracked micro-markets, average office rents remained at approximately AED 238 per sq ft, the first time we have reported no uplift since H1 2021. Yet rates remain higher by 14% Y-o-Y compared with Q1 2025. The spread between lower and upper rental bands remains wide in several locations, reflecting a market where availability of fitted-out space and immediate handover timelines are often priced more aggressively than pure 'Grade A' classifications.

Market Sentiment

Despite the regional unrest, sentiment on the ground remains positive. Businesses remain operational, airline operations are gradually resuming and real estate activity continues across our markets. Decision making has



naturally slowed and international clients are adopting a wait-and-see approach rather than having any knee-jerk reactions. Long-term confidence in the UAE and its prospects remains intact.

Occupier decision making has been pragmatic. In many cases, RERA-related rental protection and renewal regulations are anchoring tenants in place. The market is no longer defined solely by rental escalation, but by occupier decision making around tenure security, regulatory protection, and long-term partnership with asset owners. Given the significant rental growth in the last couple of years, moderation was expected in 2026 as supply is realised.

Macroeconomic Overview

Whilst 2026 started on a positive note with GDP growth forecast at 4.8%, according to Oxford Economics, they anticipate that the impact of the recent regional unrest will be keenly felt by the UAE. Oxford Economics anticipates the UAE to be the second-most impacted country in the GCC, after Qatar, with its GDP growth forecast downgraded to 0.3%. The UAE's limited alternative options to shipping through the Strait of Hormuz, which has been closed since the start of the conflict, may cause its oil exports to decline more

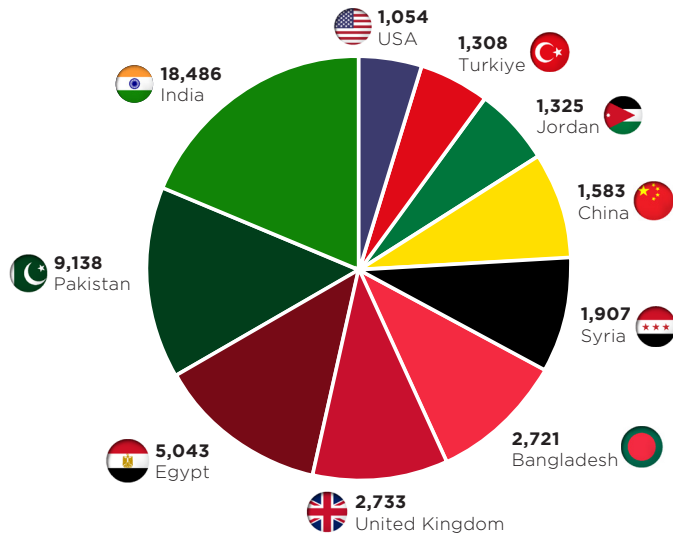
than other GCC exporters. In addition, the relatively high contribution of its tourism sector to GDP suggests it will likely be more impacted than others due to potential alterations of travel plans to the region.

Demand Pipeline

Business formation has continued to provide a steady pipeline of new entrants and occupiers focussed on expansion. Dubai Chamber of Commerce reported that more than 71,830 new companies joined in 2025, with nearly 19,000 new companies joining in Q4 alone. In practice, that has driven demand in the office market as a higher baseline of smaller unit requirements and a wider sector mix across enquiries.

In terms of sectoral distribution among new members who joined Dubai Chamber of Commerce during 2025, the Real Estate, Renting, and Business Services sector ranked first, accounting for 37.6% of new member

NUMBER OF NEW FOREIGN COMPANIES BY NATIONALITY 2025



Source: Dubai Chamber of Commerce

activity. This was followed by the Wholesale and Retail Trade sector, which accounted for 34.5%. The Construction sector came third with a share of 17.2%, while the Social and Personal Services sector ranked

fourth at 7.9%, followed by the Transport, Storage, and Communications sector in fifth place with 7.2% of new member activity.

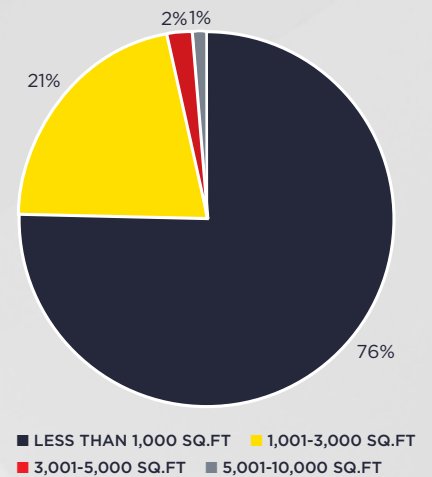
Small size units in focus

Data from Dubai Land Department indicates that smaller units continued to account for the majority of leasing activity in Q1 2026, with 97% of all transactions recorded for spaces measuring 3,000 sq ft or below (as illustrated in the chart). This trend reflects both the influx of new business entrants seeking smaller, cost-efficient spaces, as well as existing occupiers opting to secure additional satellite offices while retaining their current premises under RERA rent protection. Consequently, landlords and developers are

increasingly responding to demand for more flexible and divisible floorplates.

While market-wide transaction volumes remain heavily concentrated in smaller unit sizes, Savills has also been involved in a number of larger transactions during the quarter, particularly in the context of renewals and acquisitions. This highlights that, alongside the prominence of small-scale requirements, there remains sustained demand for larger office spaces, with further activity anticipated over the course of the year.

AVERAGE DEAL SIZE - Q1 2026



Source: Savills Research, 2026

Rental Market Performance

Savills-tracked office rental data show that office rents across Dubai stabilised in Q1 2026, with growth having eased slightly in the latter half of 2025. Availability remains tight across the city with very limited churn. DIFC remains the most expensive sub-market for prime stock, followed by One-Central and Business Bay.

The gap between upper and lower rental benchmarks continues to be

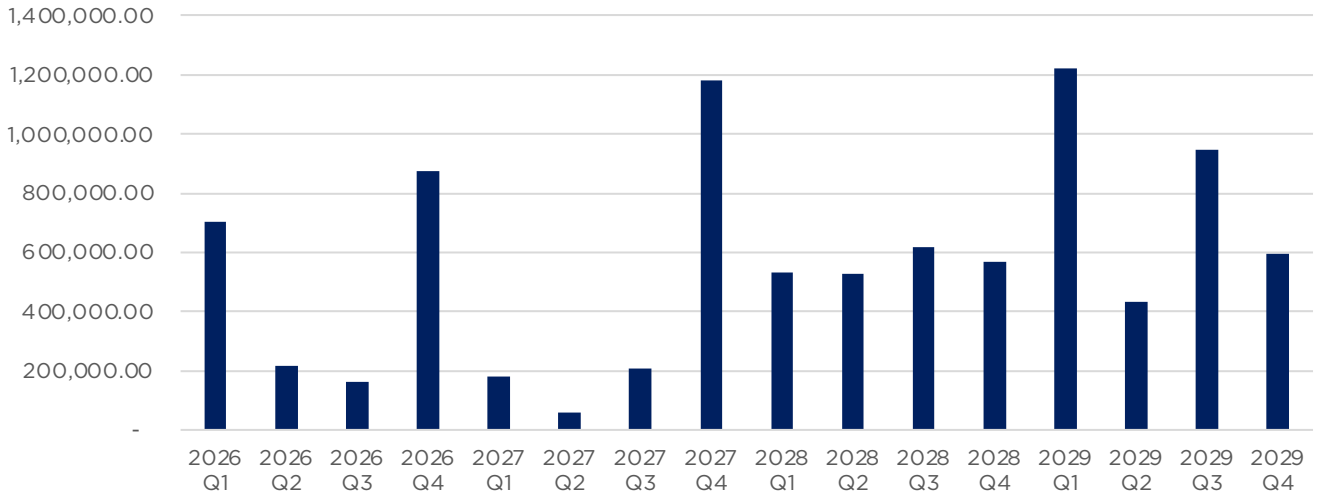
significant in a number of locations. This increasingly reflects a clear divide between well-managed, single-owned assets and more fragmented, strata-controlled stock. In some instances, strata-titled assets are now achieving rental levels that exceed those of traditional Grade-A buildings, highlighting that premium occupiers are willing to pay for immediately-available, ready-to-occupy space rather than simply asset quality.



Supply

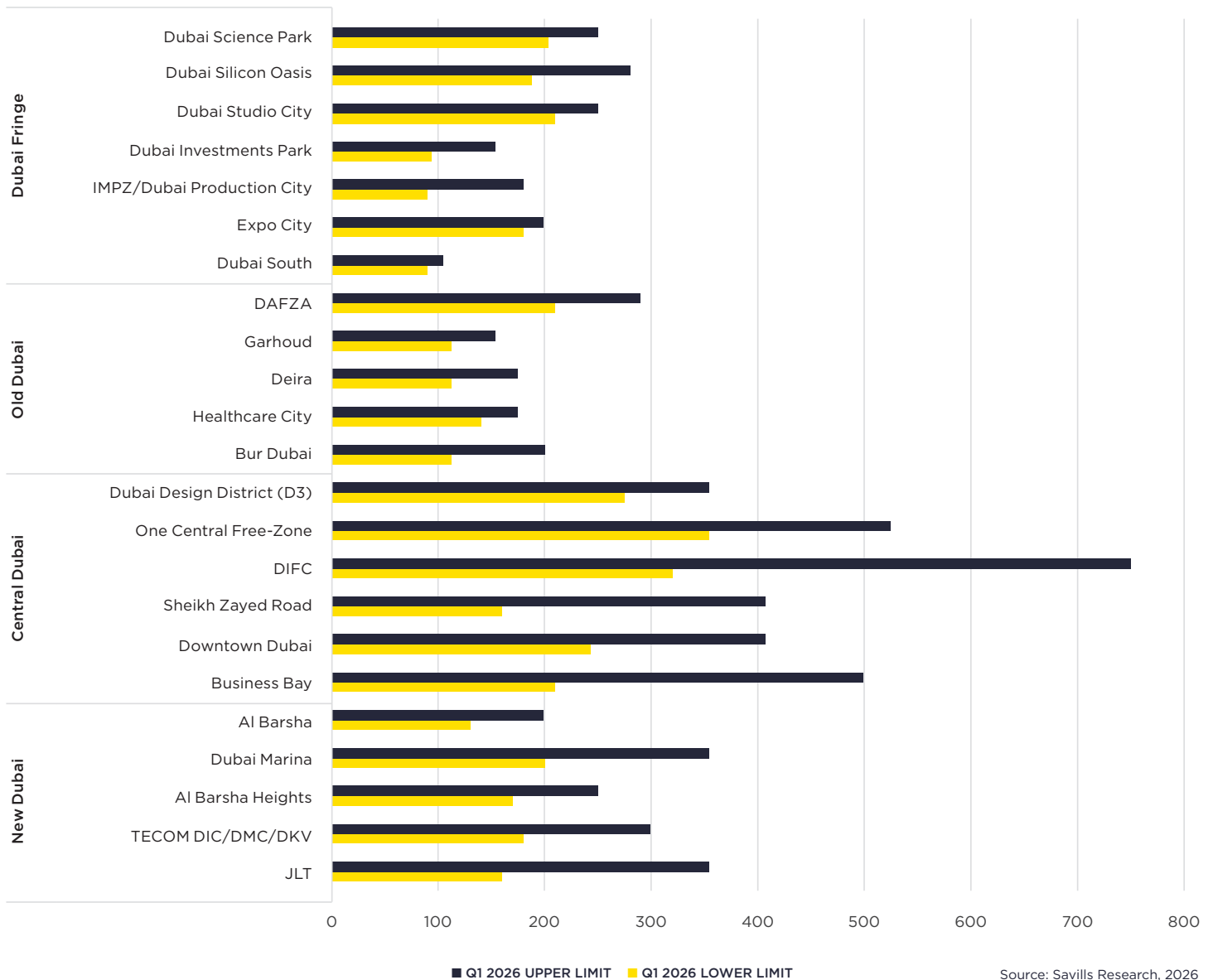
The Dubai office market is expected to transition from a phase of uniform supply scarcity to one characterised by pockets of opportunity. With nearly 2,000,000 sq.ft. of GLA expected to be handed over in 2026, and a further 1,600,000 sq.ft. scheduled for 2027, availability will open up across multiple submarkets and potentially ease pricing pressures.

■ SUPPLY OF OFFICE SPACE (SQ.FT.)



Source: Savills Research, 2026

■ RENTAL TREND - Q1 2026



Source: Savills Research, 2026

2026 Outlook

Early indicators of the Dubai office market's reaction to the Iran war suggest the market will stabilise, rental growth is likely to be limited, and the upcoming supply will deliver a transition from a phase of uniform supply scarcity to one characterised by pockets of opportunity. As new developments are completed and secondary space is released, tenants currently occupying high-cost strata units may pursue space in more established commercial assets, improving both operational efficiency and cost certainty. Prime areas should remain supported by depth of demand from financial services, professional services, and new entrant corporate activity. Macro fundamentals remain key, however, Savills continues to expect 2026 to be defined less by headline rental growth and more by strategic repositioning within selected submarkets.



Savills Research

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