Dubai Office Market Review

Knight Frank

H2 2025

A biannual review of key trends and the performance of Dubai's office market up to Q1 2026.

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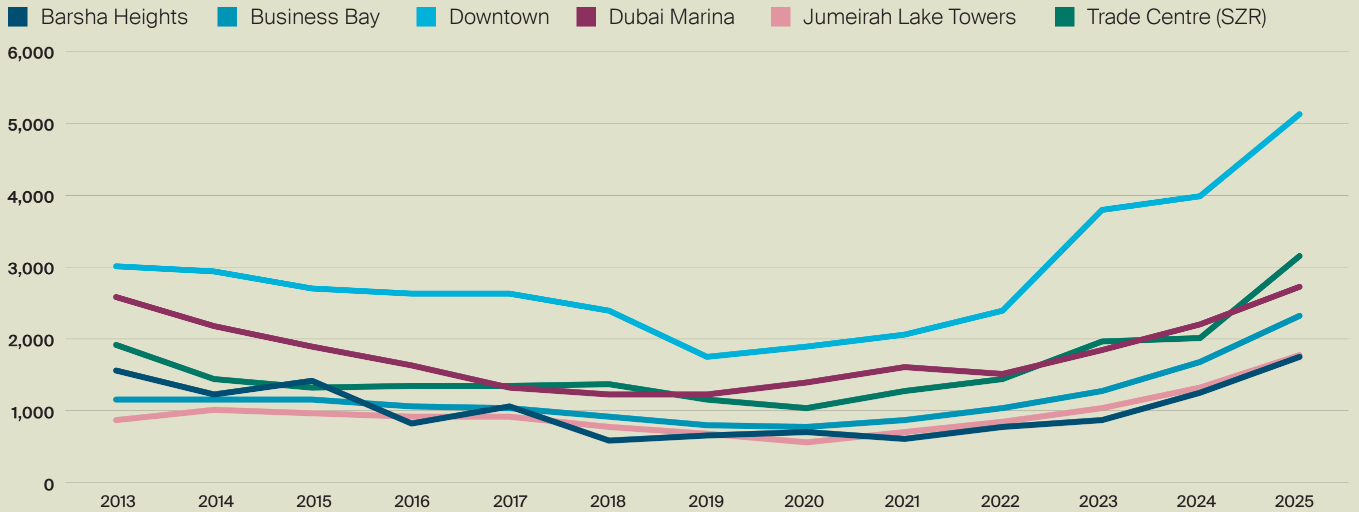
WHAT YOU NEED TO KNOW

- Pre-conflict, Dubai's office sales market was experiencing strong momentum, with capital values rising sharply since 2020. Downtown Dubai lead this upswing, with prices reaching AED 5,130 psf in 2025. This rapid appreciation was underpinned by a surge in high-value transactions (exceeding AED 10 million), which nearly tripled between 2023 and 2025.
- At the time of reporting, a significant wave of new office supply was scheduled for delivery between 2026 and 2030 (24.2 million sqft), notwithstanding any potential construction delays due to the regional conflict. Future supply was heavily concentrated in Dubai's prime office districts. The DIFC alone had a substantial pipeline of 7.7 million sqft planned for delivery by 2040. Notably, this pipeline's "Build-to-Rent" represented 42% of office spaces planned for delivery by 2040, catering to the financial and professional services firms that dominate leasing demand within the free zone.
- Other key submarkets with sizable pipelines included Business Bay (4.6 million sqft), Meydan City (3.8 million sqft), and Jumeirah Lake Towers (2.6 million sqft). Collectively, with the DIFC and these three core districts accounted for the majority of future office supply. This would have ensured that new, high-quality stock is delivered in locations where corporate occupier and investor demand has been strongest. Business Bay stands out in particular, with 100% of its underconstruction pipeline designated as "Build-to-Sell".
- On the demand side, as observed prior to the conflict, leasing activity had been primarily driven by Banking & Finance (32.5%) and Technology (23.1%), which together accounted for over half of all new office space requirements in H2 2025. These sectors represented the market's core demand base, with a strong preference for Grade A office space in premium locations.
- In the rental market, leasing volumes were on a clear upward trajectory prior to the conflict. This trend is sharply illustrated by the year-on-year rise from 2024, which highlighted the total value of executed leasing deals surging by 22% while the number of leases grew by a modest 1%. This significant gap reveals that market growth was not being driven by more deals, but by more expensive rental transactions. It is a clear indicator of rising rental rates and strong tenant demand for newer, higher-quality office spaces.

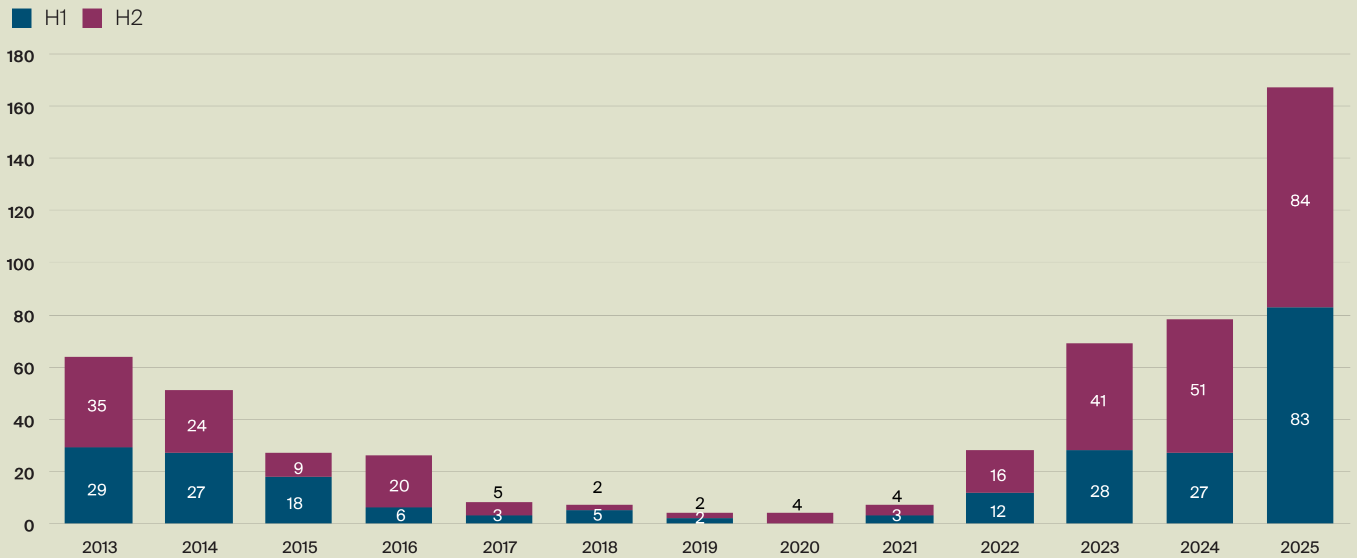
Average office sales price by submarket

AED psf



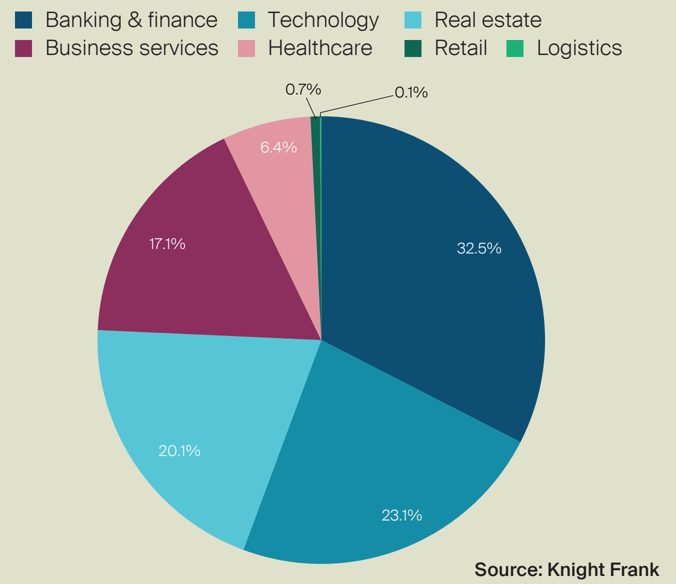
Source: Knight Frank, REIDIN

Number of AED 10 million+ office sales transactions



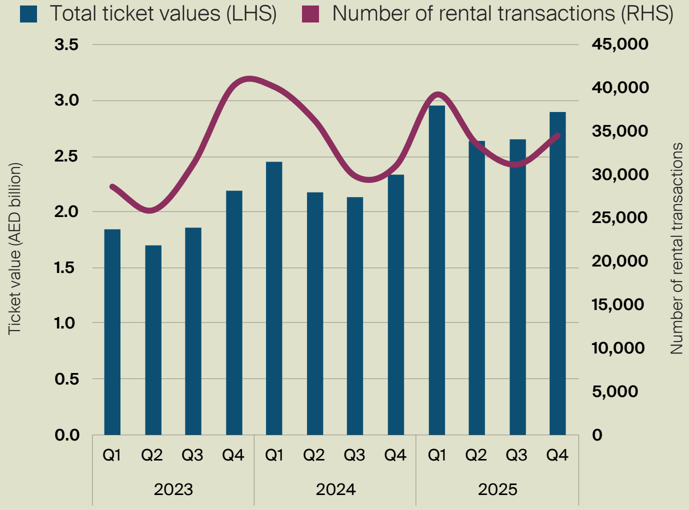
Source: Knight Frank, REIDIN

New office space requirements in Dubai - H2 2025



Source: Knight Frank

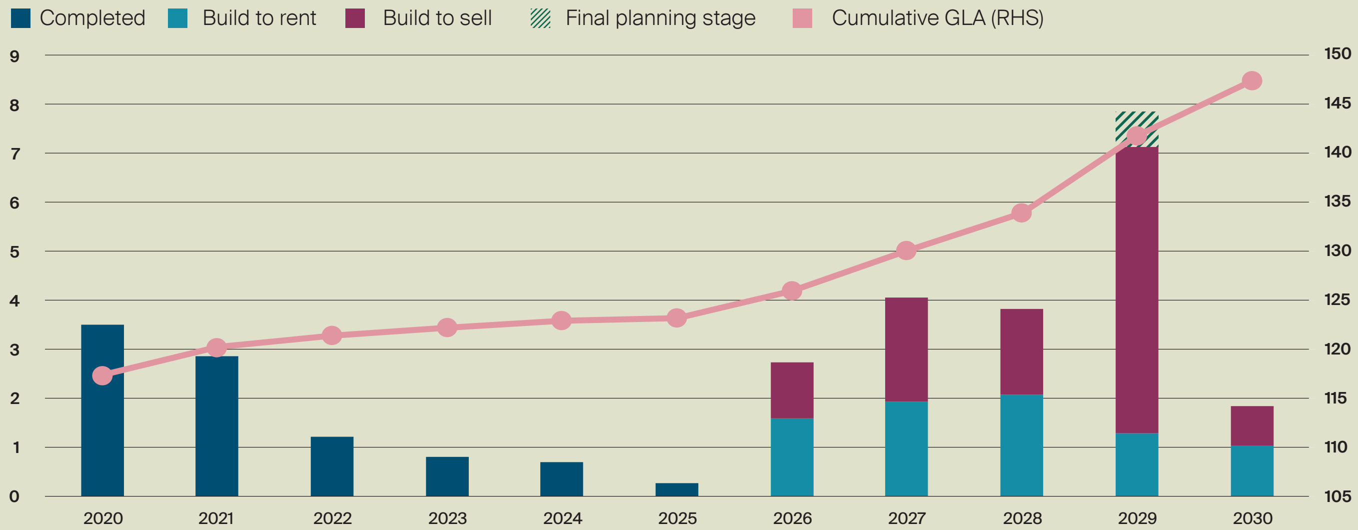
Total value and number of office rental transactions in Dubai



Source: Knight Frank, REIDIN

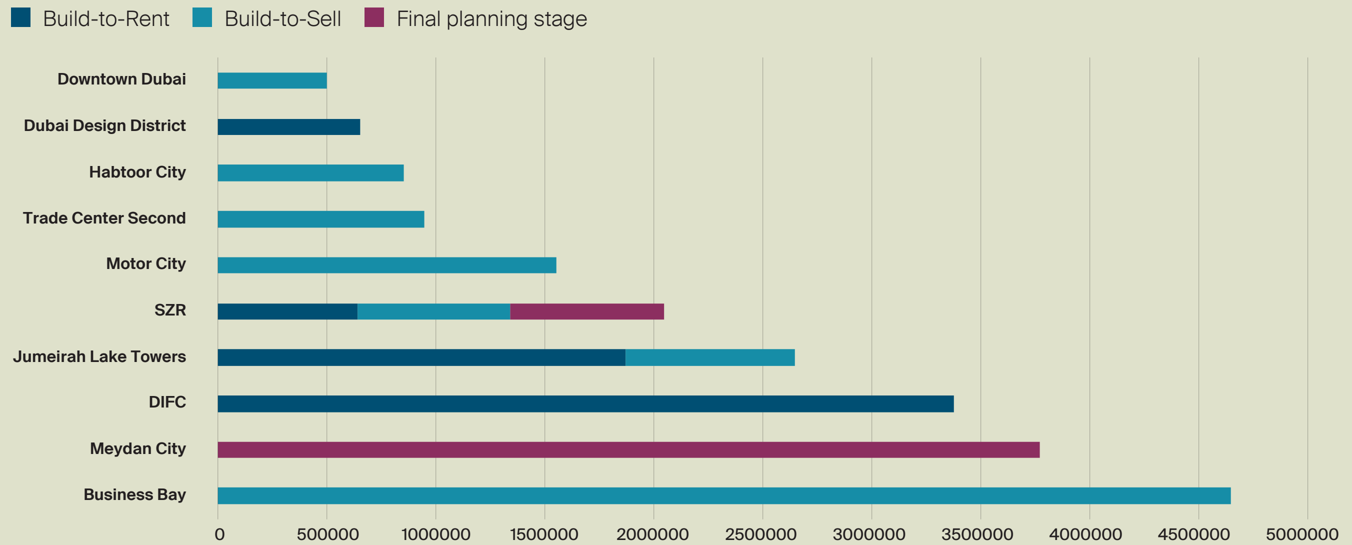
Dubai office supply pipeline

million sqft



Source: Knight Frank

Dubai office supply pipeline by submarket (2026-2030) - Top 10 submarkets



Source: Knight Frank

Prime office rents by submarket | H2 2025

Average AED psf

*Rates are inclusive of service charges and based on availability

Average AED psf	Price band
89-150	
151-200	
201-300	
301-400	
400+	

Source: Knight Frank

KEY TRENDS SHAPING DUBAI'S OFFICE MARKET IN 2026

Dubai's office market continued its dynamic evolution in 2026, driven by strong demand and a significant development pipeline poised to meet historic-levels of demand prior to the conflict.

1. GLOBAL OCCUPIER CONFIDENCE FUELS DEMAND

Prioir to the regional conflict, confidence in Dubai as a global business hub had been strong. The UAE's commercial real estate markets were attracting sustained and meaningful interest from global businesses. Anecdotal evidence so far suggests that most international occupiers remain committed to existing leases and their presence in the region.

2. BRACING FOR SUPPLY

In response to near-total occupancy in office buildings across Dubai, a significant wave of new supply was on the horizon. The development pipeline was set to deliver over 23.4 million sqft of new office space by 2030, notwithstanding any potential construction delays due to the regional conflict. The supply was strategically diversified: Business Bay (4.6 million sqft), Meydan City (3.8 million sqft), and the DIFC (3.4 million sqft). In the DIFC the pipeline was primarily being developed by the authority itself as build-to-rent, highlighting strong pre-conflict investor confidence in this submarket.

3. DIFC 2.0

Announced as a landmark AED 100bn expansion, this project effectively doubles the footprint of the Middle East's leading financial hub. Spanning 17.7 million sqft, the district is a bold play for the future of global finance. It features the world's largest AI Campus and an innovation hub designed for 30,000 tech specialists.

4. EXPANSION ON HOLD

Whilst market dynamics have led to increasing costs, preconflict we were continuing to see businesses in the region expand their footprints. We also noted that businesses were willing to pay a premium for good-quality and efficient floor space. Access to infrastructure such as the metro and good surrounding F&B was driving this.

5. OUTLOOK FOR H2 2026 AND BEYOND

In light of ongoing events, the key downside risk lies in a prolonged escalation that disrupts travel flows, capital mobility, or business relocation decisions. Near-term investment activity may also slow (or pause temporarily) as investors and occupiers reassess their geopolitical risk tolerances. The underlying structural drivers supporting Dubai's office market remains largely intact, however.

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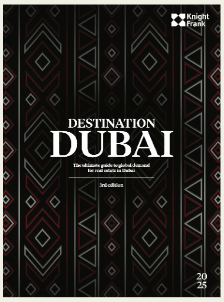
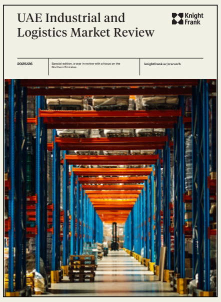


Destination Dubai 2025



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