

Dubai Office Market

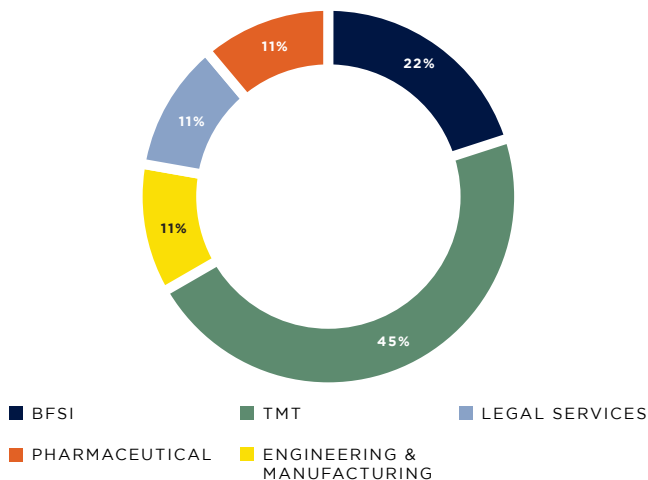


QUARTERLY MARKET INDICATORS



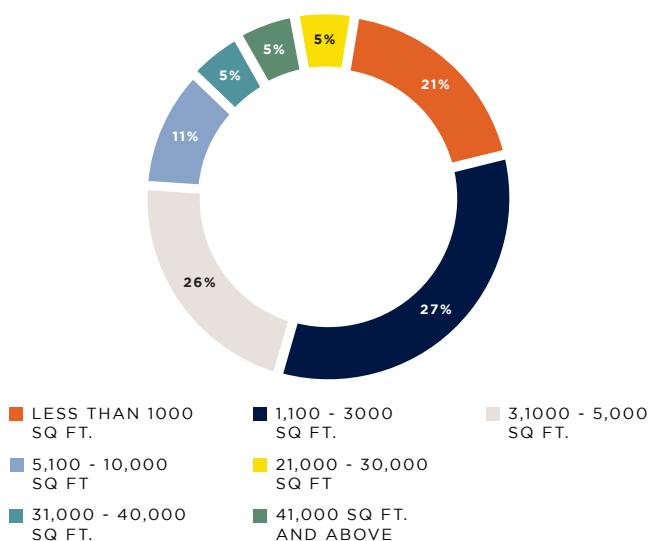
- During Q1 2023, office sector demand was firmly concentrated in the Grade A assets in the city, continuing the trend from previous quarters. Inquiry levels and leasing activity were led by a mix of new entrants and consolidation activity, but the former took a 40% share of the pie as increasingly more companies are encouraged to set up operations in the emirate following positive policy announcements. Sectors which were primarily active included technology, media and telecom (TMT) and banking, financial services and insurance (BFSI).
- Limited availability across these assets led to a further increase in their quoted rental values during the current quarter. Interest was largely observed in Grade A projects in the DIFC, Downtown Dubai and across the One Central developments in the Central Dubai micro-market. Rental values on average increased by 2% q-o-q across these developments, whilst they grew nearly 11% across projects in the DIFC micro-market. On a yearly basis, DIFC and One Central clocked in gains of 18% and 22%, respectively.
- Serviced office space occupiers have been among the key drivers of office demand across the city. The current economic developments across most major economies have led to increased demand by occupiers for short-term plug-and-play office space. Uptake for such space during the current review period was observed from tech companies, consulting firms, and engineering companies.
- Large tech firms have been right-sizing their office space requirements globally and it was also observed across Dubai, with a select few firms re-evaluating their current office footprint across the city to rationalise real estate costs. Whilst major tech firms have been reducing their office footprint, new tech firms have been leasing space, resulting in a net increase in occupancy levels across the city.
- No new projects were completed across the city during the current review period and there is limited upcoming supply over the next three quarters. Quality space which may have been given up by some companies who are reprioritising space requirements is being taken up quickly by others, leading to very low vacancy levels. Given the steady inquiries, we anticipate rental values to continue their upward movement for the rest of the year.

SECTOR LEVEL SPLIT OF INQUIRIES Q1 2023



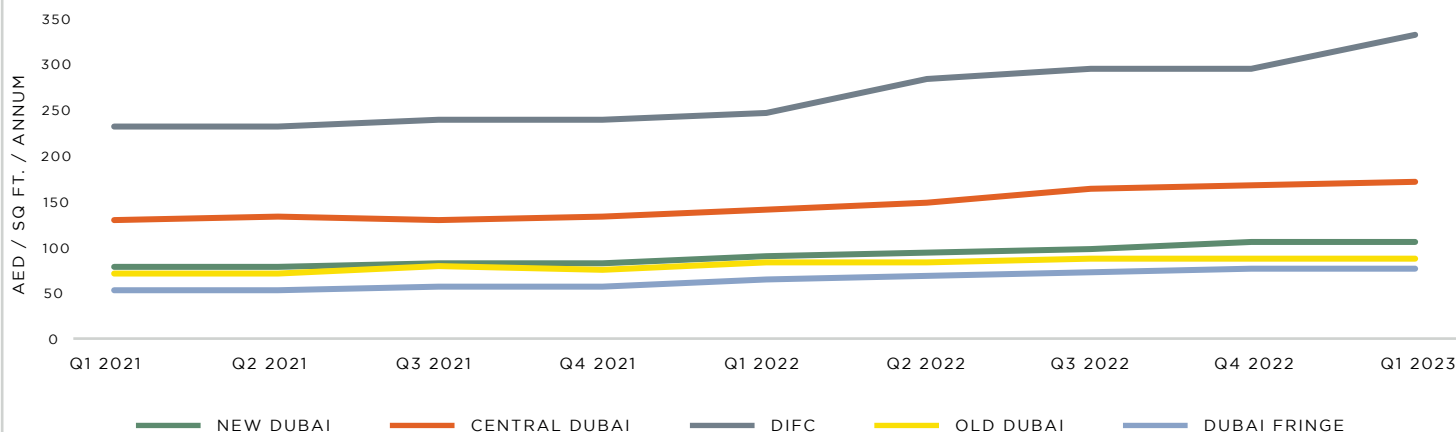
SOURCE SAVILLS RESEARCH

AVERAGE INQUIRY SIZE Q1 2023



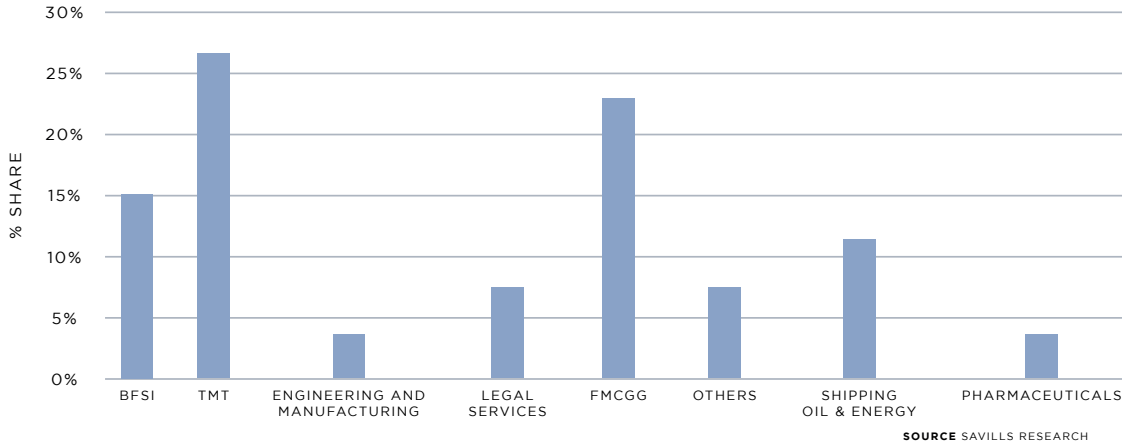
SOURCE SAVILLS RESEARCH

RENTAL TREND

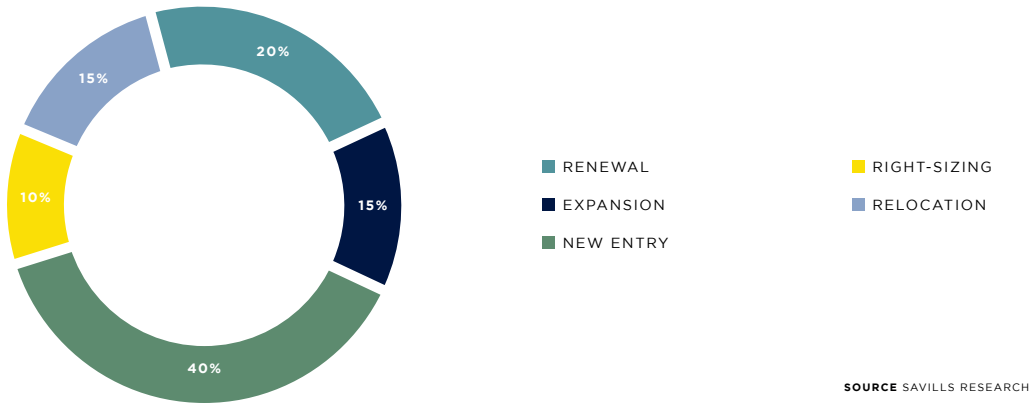


SOURCE SAVILLS RESEARCH

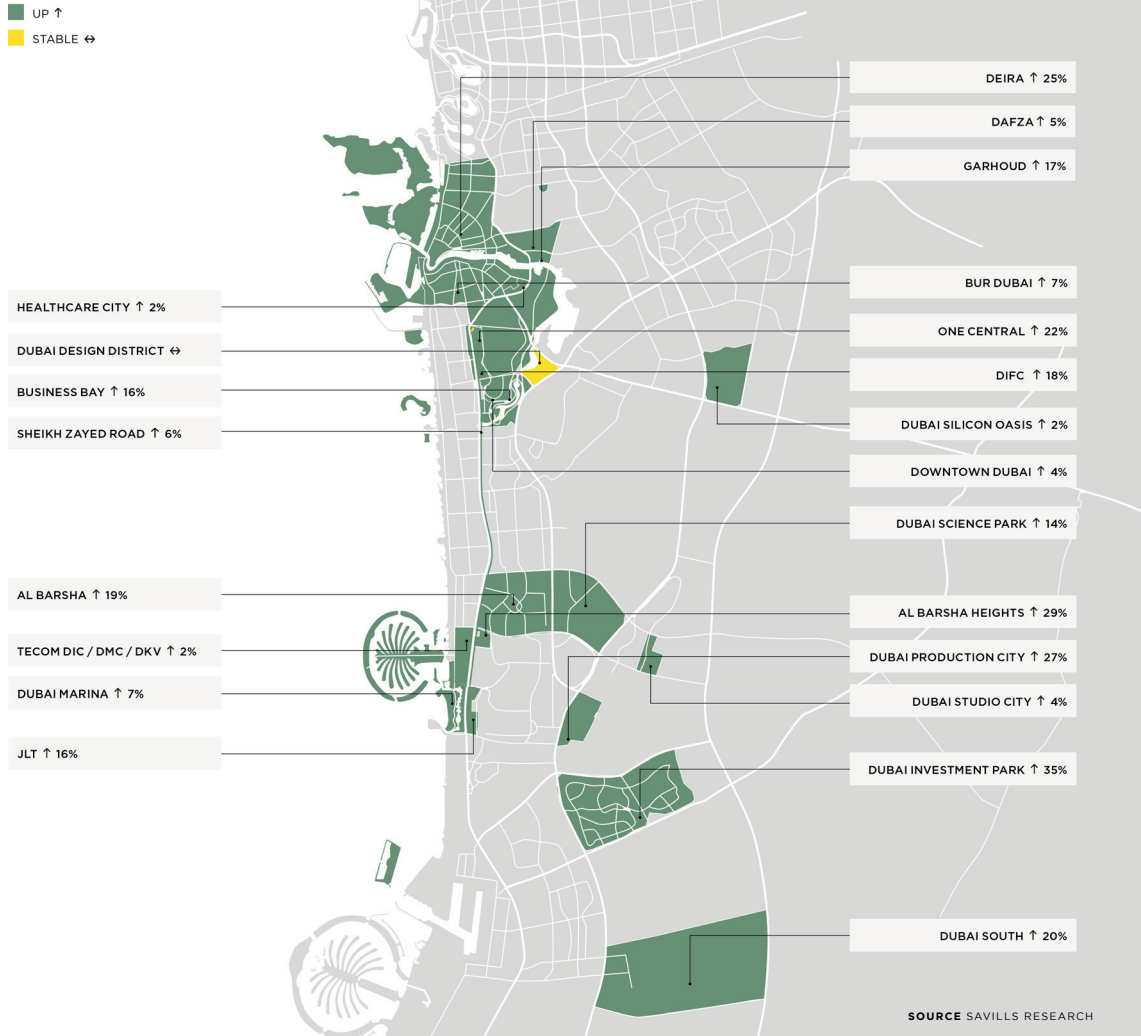
SECTORAL DEMAND Q1 2023



TRANSACTION TYPE Q1 2023



Y-O-Y CHANGE (%)



Savills Team

Please contact us for further information

Paula Walshe

Director, International Corporate Services
+971 4 365 7700
paula.walshe@savills.me

Henry Mathews

Manager, International Corporate Services
+971 4 365 7700
henry.mathews@savills.me

Swapnil Pillai

Associate Director Research
+971 4 365 7700
swapnil.pillai@savills.me

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