

# Dubai Office Market



## QUARTERLY MARKET INDICATORS



DEMAND



VACANCY



NEW SUPPLY



MARKET SENTIMENT

In Q1 2024, the office sector retained its positive momentum, fuelled by strong demand and a steady global economic recovery. Dubai's business-friendly initiatives, such as full foreign ownership, changes in residency visa rules, and support for tech firms through platforms like FinTech Hive, Dubai Technology Entrepreneur Campus, and C3 Social Impact Accelerator, continued to attract overseas investors and businesses. Additionally, the incentives provided to SMEs in government-funded projects further stimulated business expansion in Q1 2024.

From the perspective of demand, there is a significant focus on the DIFC due to the interest and activities of corporate tenants. This is further intensified by the ongoing influx of new players in the market and the expansion plans of current tenants, which are straining the limited available inventory. The vacancy continued to remain tight in DIFC, averaging 3%. Heightened demand and limited availability of stock have led to an average rental increase of 6% q-o-q across DIFC, while some of the premium developments in the submarket witnessed a rental spike of close to 30% y-o-y. Nevertheless, all submarkets, especially Free Zones like Dubai Internet and Media City, Expo, and DWTC, are witnessing considerable activity.

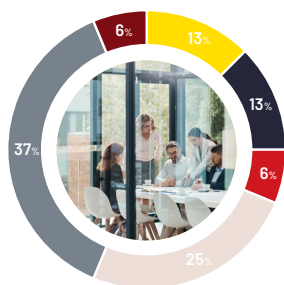
Dubai is experiencing a rising demand for flexible or serviced office spaces, leading to more expansions than contractions in the office market and exacerbating the supply-demand imbalance. This trend, coupled with record-high new company registrations, is posing challenges for firms seeking high-quality office space across the market. The surge is primarily driven by new businesses establishing their operations in the city, as they find these flexible spaces more suitable during their initial phases than traditional offices. Simultaneously, existing companies are transitioning from

standard offices to these flexible spaces, driven by the need to adopt hybrid work models or downsize their operations, necessitating less space but with greater flexibility to accommodate future business activities. Companies that have adopted hybrid working models are reconfiguring their existing office spaces to include more collaborative areas and enhance the workspace environment, rather than reducing their footprint.

During the current review period, the market saw a significant uptake of space by legal services, wealth management, and technology, media, and telecommunication (TMT) companies. Corporates from Singapore, China, and the UK were the primary drivers of leasing activity. The market dynamics were largely influenced by new companies entering the market and existing ones expanding their operations. Notably, companies like Hawksford, Bfinance, Capital.com, Danfoss, Atoz, Additiv, and others established their presence in Dubai in Q1 2024.

Landlords continue to offer reasonable rent-free periods for shell and core spaces to accommodate tenant fit-outs. However, incentives have become less generous this year for spaces leased in a fitted condition or upon lease renewals. Recent completions like Uptown Tower and 6 Falak in Dubai Internet City have shown healthy precommitments. The shortage of Grade A spaces remains a challenge across all submarkets, and the high demand has driven up rents for top-quality spaces into the first quarter of 2024, reflecting the trend seen throughout 2023. On average, rental values for Grade A space across the city have seen a year-on-year increase of 14%. However, a notable surge of 20% to 30% in rental growth has been observed in specific markets, including Jumeirah Lake Towers, Business Bay, Dubai Marina, One Central, and DIFC.

### SECTOR LEVEL SPLIT OF INQUIRIES Q1 2024

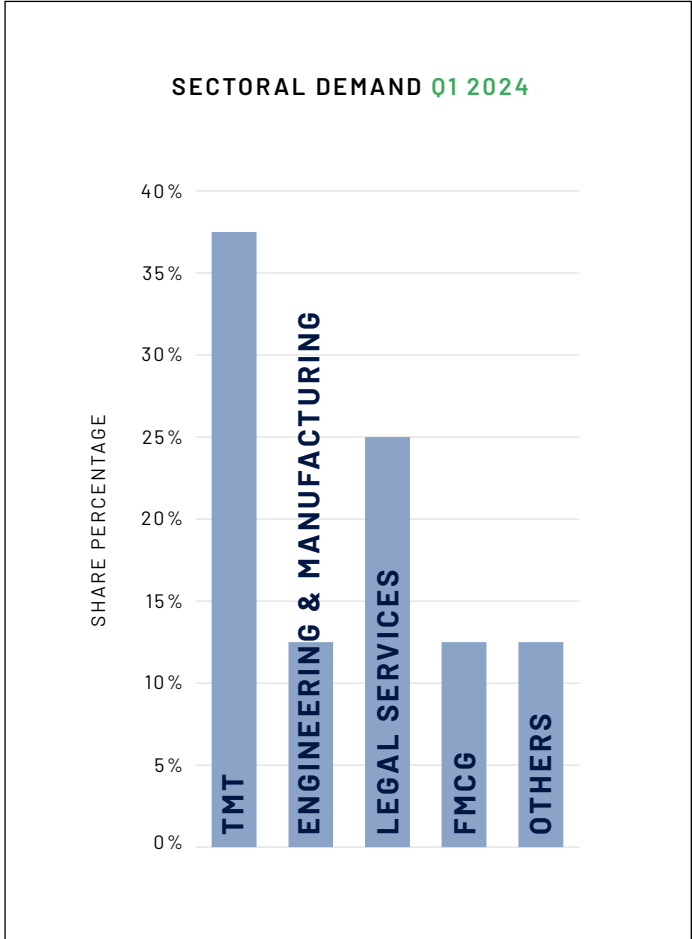
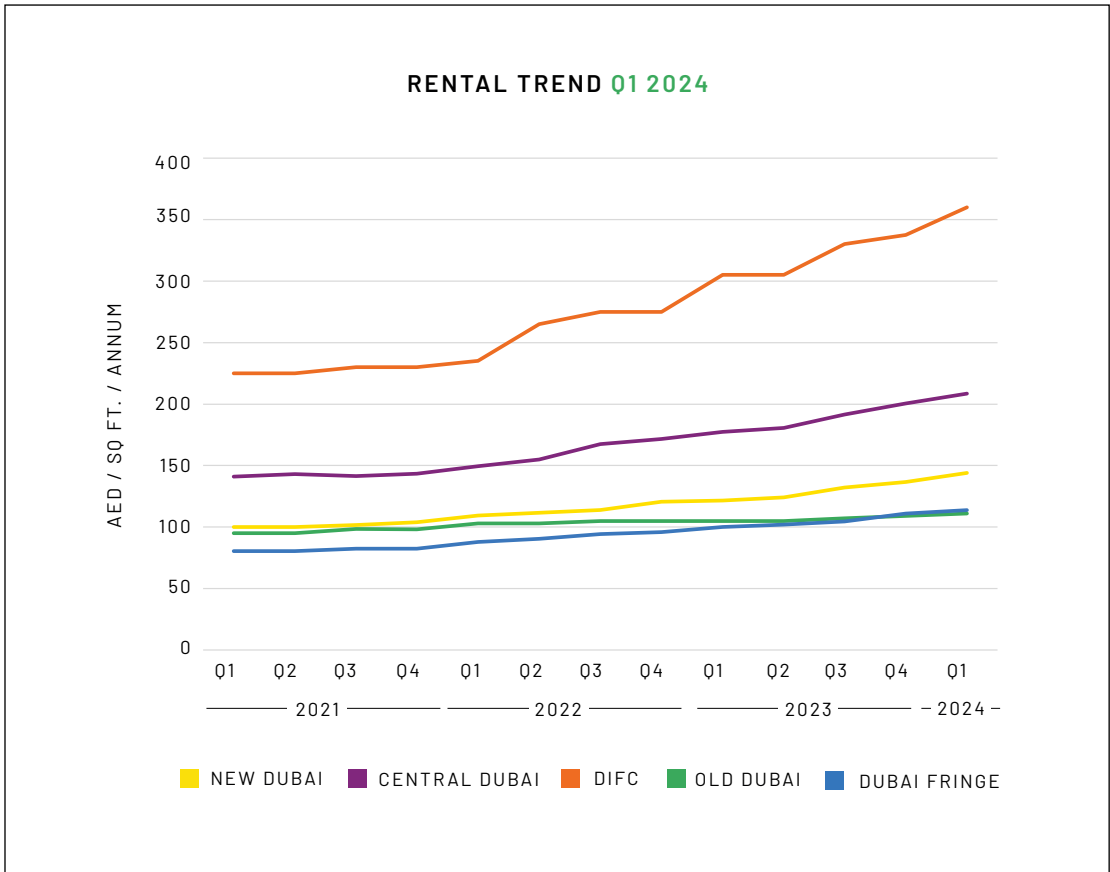


■ TMT      ■ FMCG      ■ PHARMACEUTICAL  
■ ENGINEERING & MANUFACTURING      ■ CONSULTING      ■ OTHERS

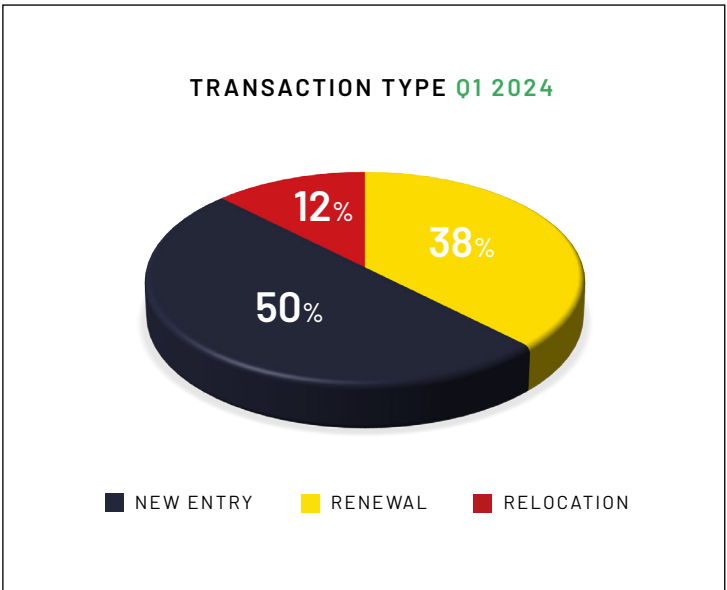
### AVERAGE INQUIRY SIZE Q1 2024



■ LESS THAN 1,000 SQ FT.      ■ 1,100 - 3,000 SQ FT.      ■ 3,100 - 5,000 SQ FT.  
■ 5,100 - 10,000 SQ FT.      ■ 10,100 - 20,000 SQ FT.      ■ 20,100 - 30,000 SQ FT.



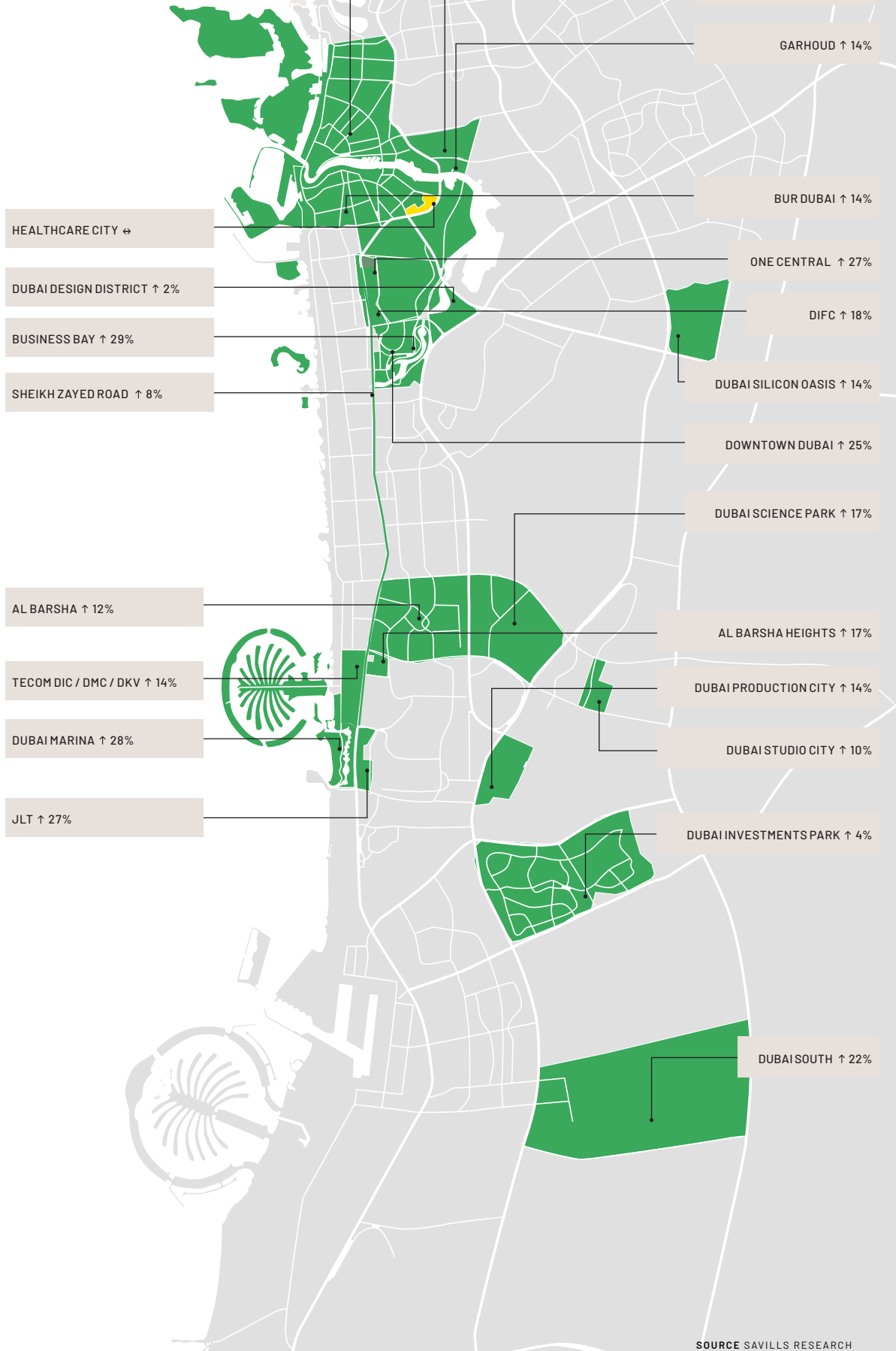
“The market dynamics were largely influenced by new companies entering the market and existing ones expanding their operations.”



# DUBAI MAP WITH PRICE INDICATORS Q1 2024 YOY

Y-O-Y CHANGE (%)

- UP ↑
- STABLE ↔



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