

Dubai Office Market



- The office market in Dubai has been dynamic over the last three months, continuing a trend which started in Q4 2020.
- Dubai has emerged as the location of choice, especially for tech companies, keen to expand in the region. More interestingly it is also now being considered as a viable alternative to many European cities due to its handling of the pandemic, balancing an effective inoculation drive, whilst keeping the Dubai economy open for business.
- After a year of remote and hybrid working, most corporate occupiers are taking a longer term view on their real estate requirements. Occupiers are more proactive and now initiate discussions with landlords on lease renewals / restructuring – in most cases well in advance of their lease expiry, based on their future real estate strategy.
- Employee wellbeing remains a priority for most corporate occupiers and it's reflected in their real estate strategy. While demand for Grade A space has remained as the preferred option, occupiers are now evaluating the ESG (Environmental, social and corporate governance) compliance of the space they occupy and are demanding more sustainable, efficient and healthy environments.
- A prolonged uncertainty around sustained global economic recovery has led companies to prioritise flexible leasing options. This has increased the demand for co-working and serviced office space. The sector is poised for growth as it expands in the region benefitting from companies limiting their spend on capital expense (CAPEX). A growth in hybrid working models and an increase in the number of start-ups will act as a further catalyst going forward.
- There has been an increase in the number of companies that have reduced their office space across whilst relocating to newer high-quality developments as they adopt hybrid working models. Their new office space, in many cases 30% to 40% smaller than their previous take-up, helps to balance a reduction in size against the higher rental levels of better quality and more sustainable space.
- Rental values have continued their downward trend across secondary office buildings and submarkets in the city however central mature Free Zones and Grade A developments have seen rental values stabilise.



The Central Bank of the UAE projects real GDP to recover to positive growth of 2.5% in 2021, with non-oil GDP growing by 3.6%.

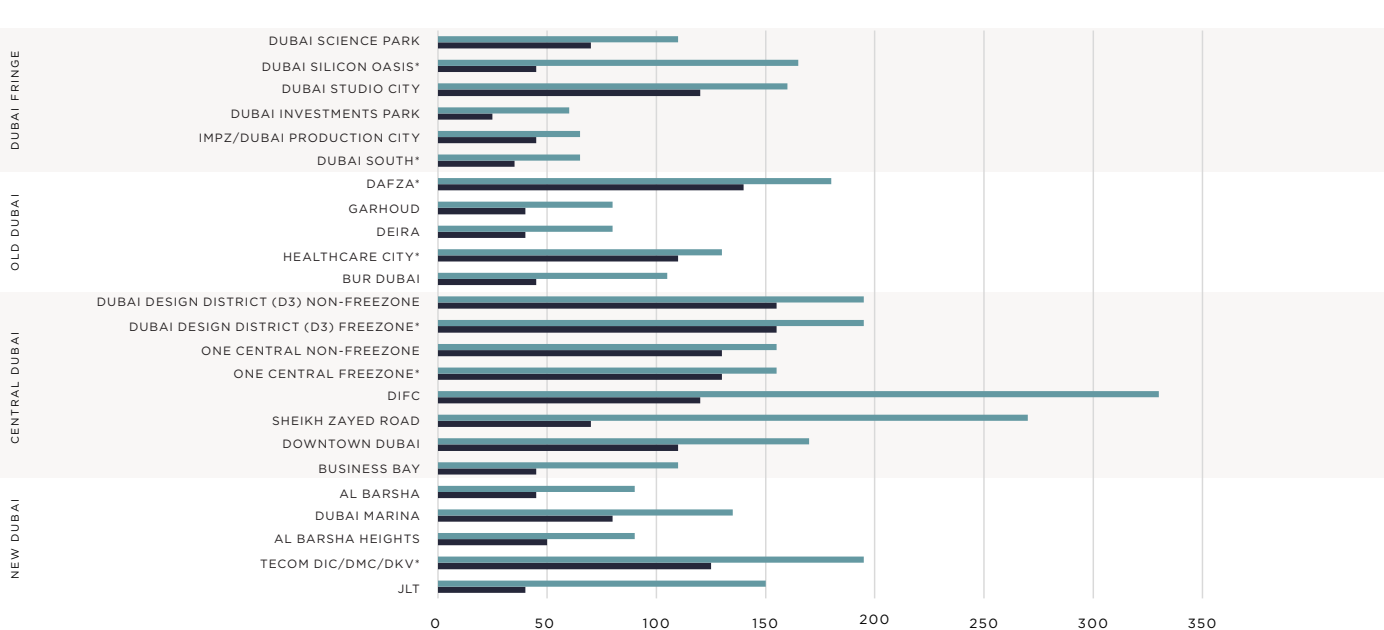


Strategic partnerships and agreements between government entities continue as the Emirate pushes ahead with its long-term development strategies.



Dubai has launched a new strategy to double companies and jobs in the creative sector and aims to double the creative industries' GDP contribution to 5 per cent of Dubai's economy by 2025.

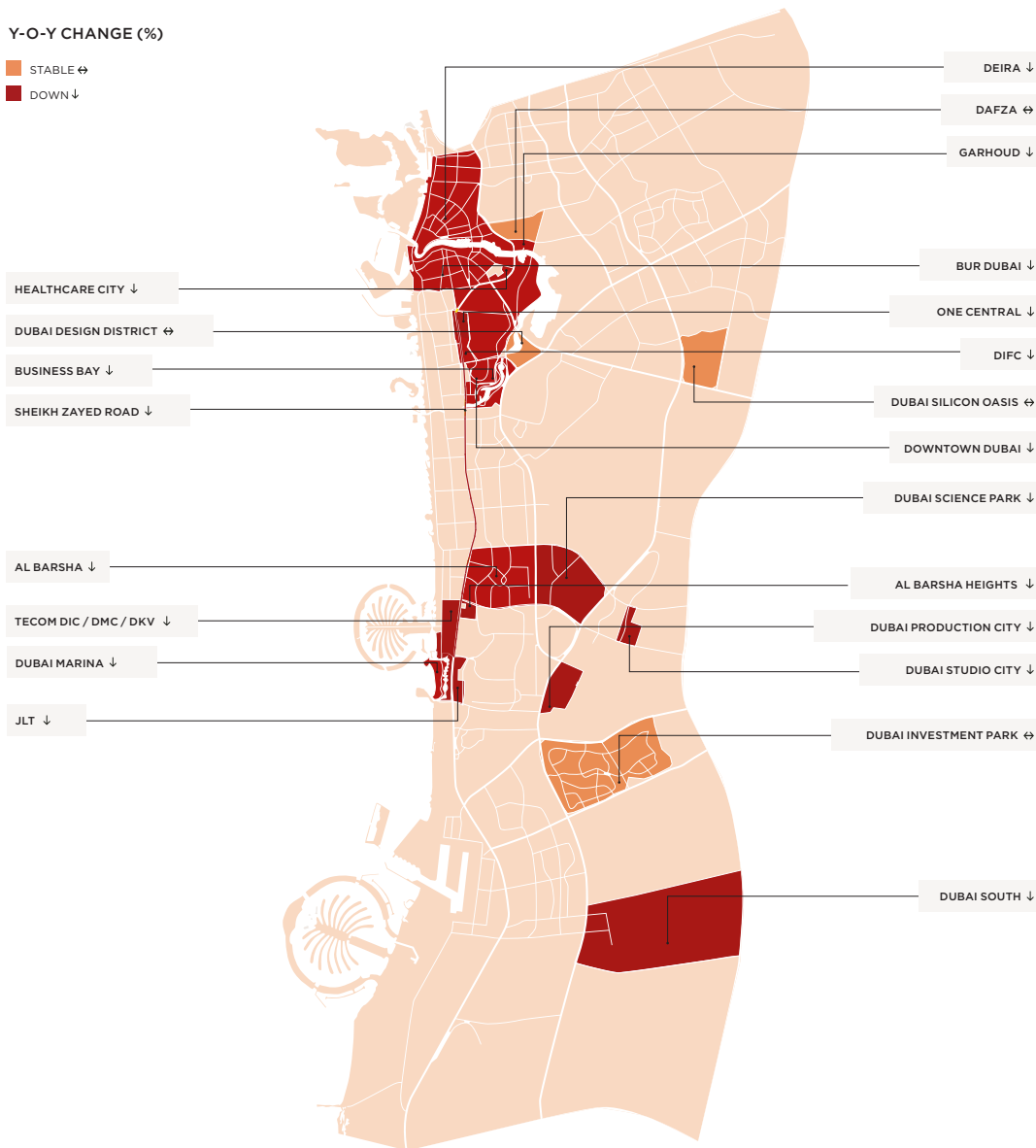
DUBAI OFFICE RENTS Q1 2021



*FREE ZONE

Y-O-Y CHANGE (%)

- STABLE ⇄
- DOWN ↓



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