

# Dubai Office Market



- Demand for Grade A space has remained strong over the last three months, this is contrary to the same period in 2020 when markets were easing out of lockdown.
- We saw a marked increase in new market entries in Q2 2021 as Dubai remained the preferred city of choice for companies to establish their regional business for the first time. This trend also continues to drive demand for business centres and other flexible space providers which have recorded healthy occupancy levels.
- A shift in approach towards real estate strategy is being observed. Companies are gradually moving away from just focussing on cost saving to also securing good quality office space. A strong recovery in domestic economic activity and bullish business sentiments for the remainder of the year is pushing demand for office space in the city.
- In the previous report we highlighted a strong increase in preference from companies to occupy environmentally sustainable developments. This has led to an increasing number of landlords upgrading or considering upgrading common areas and other building facilities to improve the marketability of their assets. They are also evaluating the feasibility of certifying their buildings with globally recognised accreditations such as LEED among others.
- Relocation continues to be the primary driver of demand. Occupiers are looking to upgrade from lower quality buildings to Grade A developments. This has been to lock in favourable rental rates and to meet ever-growing ESG requirements.
- A strong push towards promoting and growing home grown tech and fintech companies is contributing towards the demand for office space, especially flexible space. Growth in this sector is also evident from the recent announcement to expand the DIFC FinTech Hive four-fold to over 315,000 sq. ft.
- On a quarterly comparison, rental values have remained largely stable across most micro-markets. In a select few submarkets such as the Dubai Design District (D3) and One Central, quoted rental values have marginally increased between 1.5% - 3.0%.
- There has been a notable trend of demand shifting to submarkets such as the DIFC, DWTC, DMCC and onshore locations such as Business Bay.



Dubai's non-oil foreign trade in Q1 2021 was AED 354.4 bn, growing by 10% from AED 323 bn in Q1 in 2020, and by 5% compared to Q1 2019.

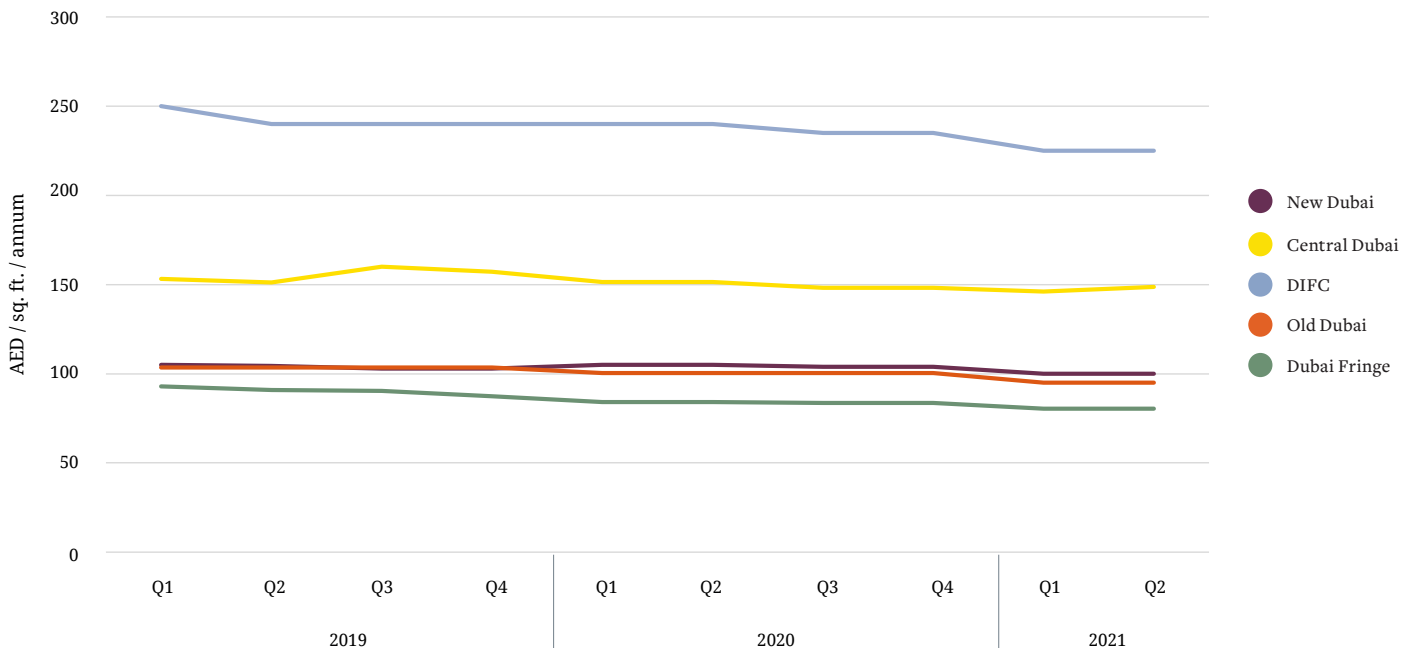


A total of 1,230 new companies registered across DMCC freezone in the first half of 2021.



The number of operating businesses in Business Bay reached 17,893 during H1 2021.

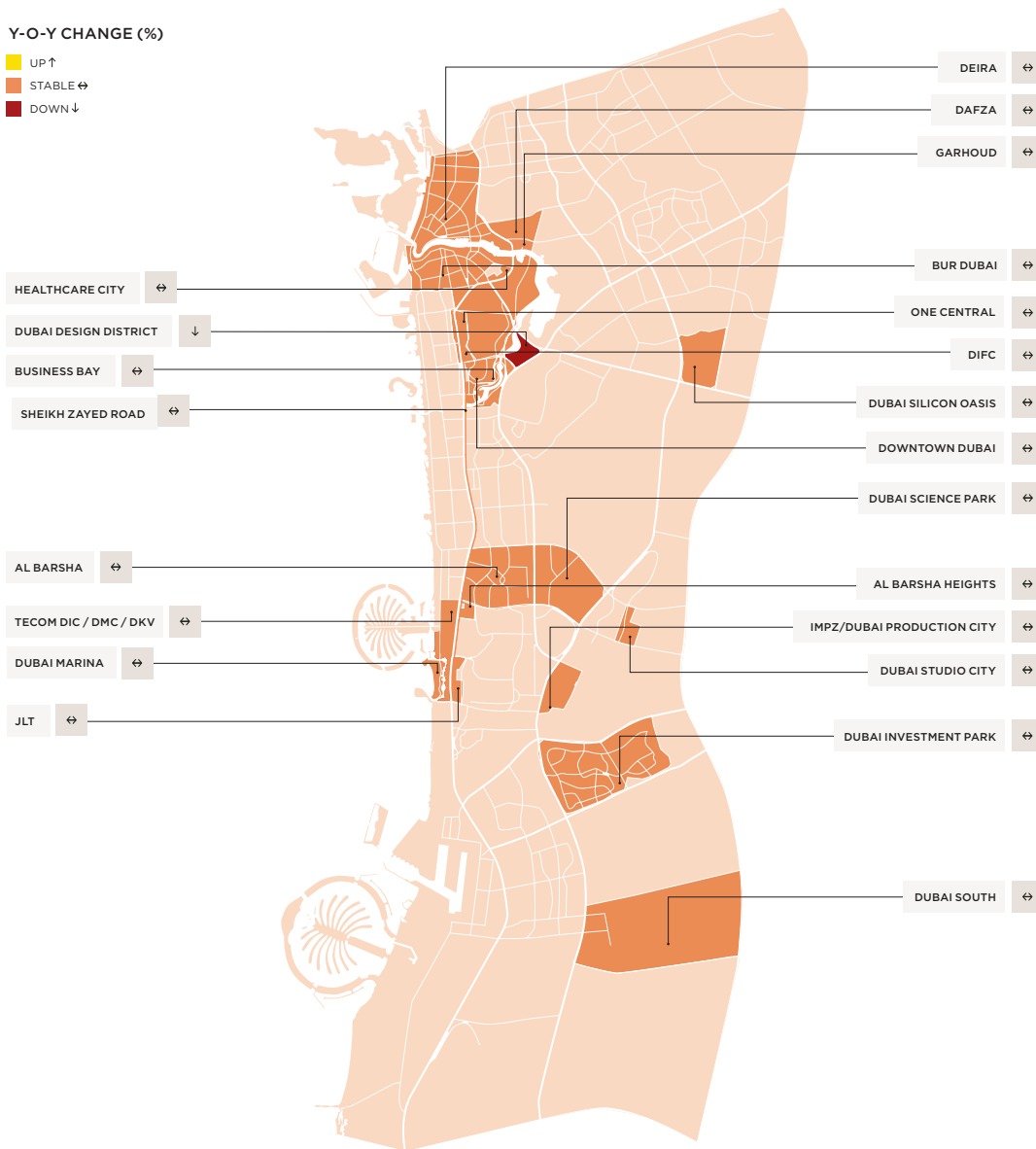
## Dubai Office Rental Trend



Yearly Rental Movement

Y-O-Y CHANGE (%)

- UP ↑
- STABLE ↔
- DOWN ↓



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