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Q3 2026 Edition

UAE Real Estate Outlook

Offices hold firm while homes rebalance: Dubai re-mixes, Abu Dhabi stays tight

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How to use this report

Parts I–III are the office market record for the quarter, Part IV covers homes in Dubai and Abu Dhabi, and Part V covers the flexible office market. If you read one page, read 04.

Part I:
Setting the Stage

A war-time contraction, a 20-month PMI high and the first rate rise of the cycle: the backdrop for Q3



Executive Summary

Q3 was the quarter the UAE stopped losing volume and started re-pricing by mix. Dubai office rents turned back up, Abu Dhabi stayed the tightest office market in the region, and housing moved from correction into rebalancing. Neither city is in a downturn; both are in a selection phase.

Dubai office rents recovered to AED 213 psf, up 4% q-o-q and y-o-y, after two soft quarters. City-wide occupancy held at 92.4% and the prime core is effectively full: vacancy is 1.1% in DIFC and 1.9% in Downtown. Office sales volumes rose 11.7% q-o-q to 1,123 units while value fell 42%, as large institutional tickets thinned out and smaller strata investors returned. New leases softened while renewals held, and 68% of deals were for offices under 1,500 sqft.

Abu Dhabi did not soften at all. Asking rents reached AED 2,298/sqm, +27% y-o-y, ADGM is at AED 6,250/sqm on 99% occupancy and there were no completions in Q3. In housing, Dubai prices held at AED 1,847/sqft while transactions fell 38% y-o-y and rents eased 4.5% q-o-q; Abu Dhabi posted its first quarterly price dip in five years (−1%) but is still 22% higher than a year ago. Dubai launches fell to about 5,000 units as developers phased releases.

What we expect through 2027

A two-speed office market and a buyer's window in housing. Dubai office rents should grow more slowly as 0.77 mn sqft lands in Q4 and 3.4 mn sqft in 2027, with single-owned Grade A pulling away from strata stock. Abu Dhabi stays landlord-led until 2028. In homes, the 25 bps rate rise and the 2027 handover wave point to softer rents and location-led pricing.

What matters most

1. Dubai city-wide office rents **AED 213 psf**, +4% q-o-q, the turn after two soft quarters.
2. Dubai office occupancy **92.4%**, flat q-o-q; Grade A asking rents **AED 380 psf, +13.7% YTD**.
3. **68%** of Dubai office deals were under 1,500 sqft; renewals held.
4. Dubai office sales **AED 4.35 bn** across 1,123 units; the average ticket halved to AED 3.87 m.
5. Abu Dhabi office rents **AED 2,298/sqm, +27% y-o-y**; zero completions in Q3.
6. Dubai home prices **AED 1,847/sqft**, flat; rents **−4.5%** in the quarter.
7. Abu Dhabi home prices **−1%** in Q3, the first dip in five years, yet **+22% y-o-y**.
8. Flex reached **~128 centres** in Dubai, taking **~10%** of new space.

Macroeconomics

The forecasts got worse, the activity data got better, and money got dearer

UAE real GDP 2026, IMF	UAE real GDP 2027, IMF	CBUAE Base Rate	S&P Global UAE PMI, Sept
−3.9%	**↑ +7.7%**	**3.90%**	**55.3**
from +3.1% forecast in April	the rebound case	+25 bps on 16 September	20-month high

Q3 2026 in macro context

1. **The IMF now expects a 2026 contraction.** Its October outlook cut UAE real GDP to −3.9% for 2026 from +3.1% in April, as the Hormuz disruption hit energy exports, trade and tourism. Both the IMF (+7.7%) and the World Bank (+9.5%) expect a sharp rebound in 2027 as routes and output normalise.

2. **The non-oil economy did not wait for the forecasts.** The UAE PMI climbed from a five-year low of 50.8 in June to a 20-month high of 55.3 in August and September; Dubai reached 54.5.

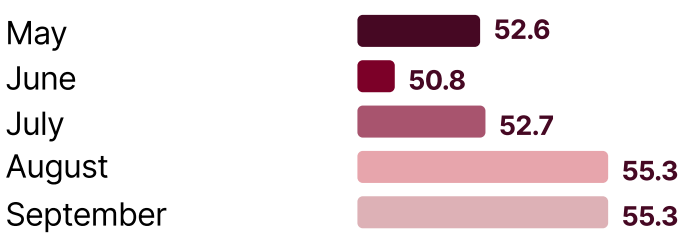
3. **Money got dearer.** The CBUAE raised its Base Rate by 25 bps to 3.90% on 16 September, tracking the US Federal Reserve. For real estate the effect arrives with a lag: on mortgage affordability and on leveraged buyers, who are already pricing in more risk than sellers.

4. **Trade is rerouting, not stopping.** Cargo is moving via Fujairah as Hormuz constraints slow Jebel Ali. Capital still arrived: Abu Dhabi real estate FDI hit AED 13.8 bn in H1, up 309% y-o-y.

iSpace view

The headline GDP number and the market data tell different stories, and for real estate the market data matters more. Business formation, lease renewals and PMI new orders all held through the most disrupted months. The real change in Q3 is the cost of capital: the gap between asking and achievable prices will decide the next two quarters.

UAE PMI in 2026: above the 50 line



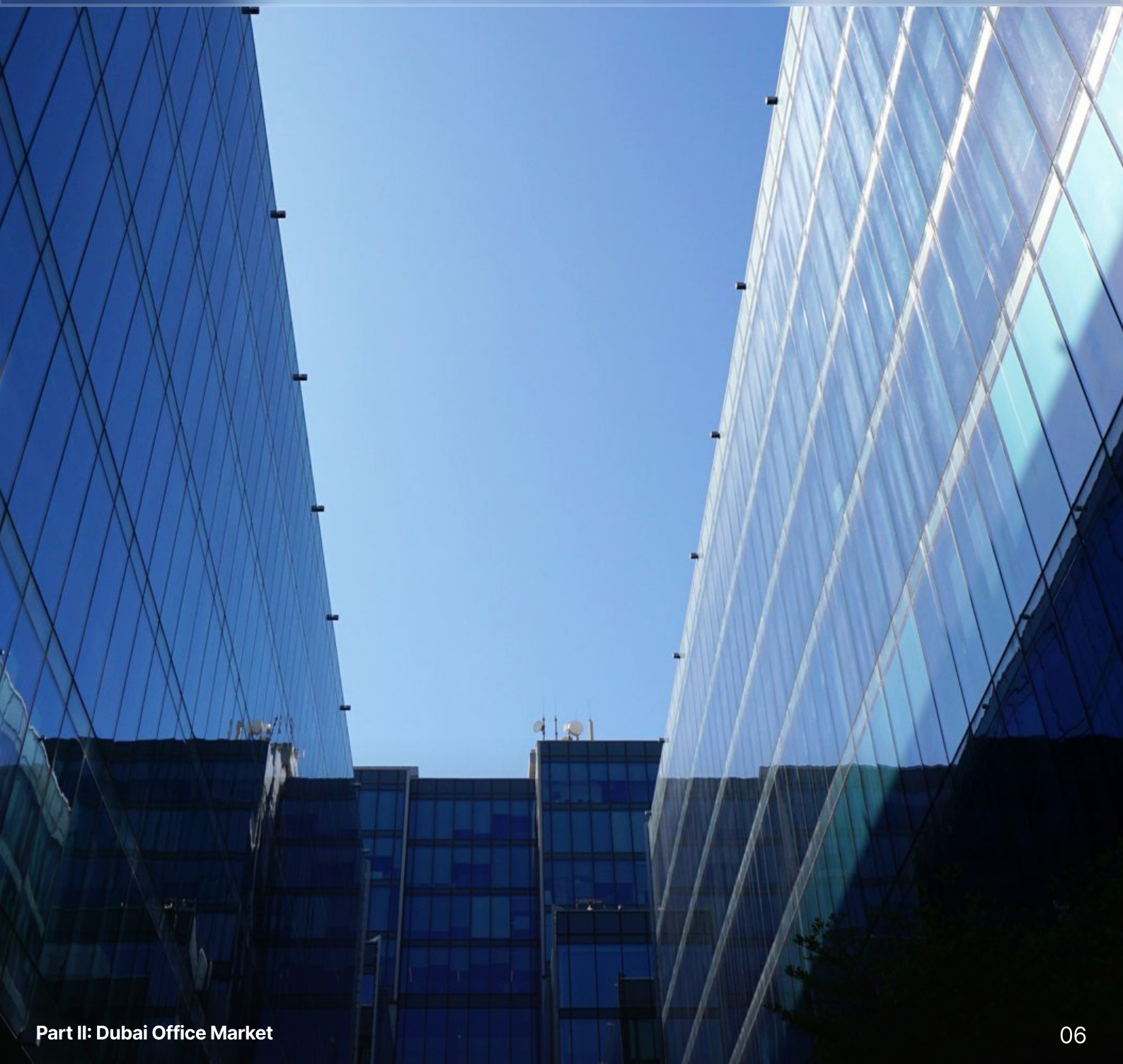
Bar length = points above 50 (no-change). Source: S&P Global

The rate picture

The 25 bps rise takes the CBUAE Base Rate to 3.90%. Mortgage costs follow with a lag, which makes affordability the watchpoint for the coming quarters. Cash buyers still dominate the prime market, so the rate effect will be felt first in mid-market housing and in leveraged commercial deals.

Part II:
The Dubai Office Market in Q3 2026

Rents turned back up, sales volumes recovered on smaller tickets, and the long-awaited supply pipeline is finally in sight



Dubai Office Market

Q3 2026 at a glance

City-wide average rent **AED 213** psf, +4% q-o-q, +4% y-o-y	City-wide occupancy **92.4%** unchanged q-o-q	DIFC vacancy **1.1%** Downtown 1.9%
Delivered in Q3 2026 **0.05 mn sqft** 0.77 mn more due in Q4	Deals under 1,500 sqft **68%** of transactions, 9M 2026	Grade A asking rent **AED 380** psf, +13.7% YTD

What's happening

Average city-wide office rents in Dubai stood at AED 213 per sqft in Q3, up 4% on the quarter after the softer conditions of Q1 and Q2. City-wide occupancy held at 92.4%, with no nominal change after the Q2 adjustment, and tenant churn was absorbed without a visible shift in availability. Measured by vacancy, the picture is the same: overall vacancy is 3.9%, down 1.1 pp since end-2025.

The recovery is uneven by grade. Grade A asking rents rose 13.7% year-to-date to AED 380 psf, while Grade B+ eased 1.5% to AED 260 psf as the spill-over demand that lifted it in 2025 faded. Grade A vacancy edged up to 4.8% as DIFC Square and City Tower 1 delivered, yet both were largely pre-let, and the prime core of DIFC, Downtown and Business Bay remains at 1–2% vacancy.

Three forces shaping the quarter

1. **Renewals held, new leases paused.** Leasing picked up after a slower Q2: renewals were stable while new-lease activity softened marginally, as occupiers stayed put and new entrants remained cautious. Demand stayed small-format: 68% of deals were for offices under 1,500 sqft.

2. **Flex became a top occupier.** Flex operators took nearly 10% of all new office space in the last 12 months, and landlords now treat them as partners for filling large floorplates.

3. **Strata stock is coming back.** The gradual return of strata offices to the market added options and affordability, the healthy side of a stabilising market after years of extreme tightness.

Dubai Submarkets: A Market Splitting into Tiers

Inventory, occupancy, pipeline and asking rents, Q3 2026

Submarket	Inventory (sqft)	Direct vacant	Occupancy	Under construction	Avg asking rent (AED/sqft)
DIFC	7,809,083	156,182	98%	3,820,410	550
Downtown Dubai	4,874,585	146,238	96%	—	450
DIC / DMC	12,543,656	627,183	95%	451,000	380
Dubai Design District	1,378,976	13,790	99%	629,000	403
Sheikh Zayed Road	7,576,689	378,834	98%	2,530,343	250
Jumeirah Lakes Towers	13,334,863	1,733,532	87%	1,738,000	180
Dubai CommerCity	1,004,241	30,127	97%	271,896	200
Business Bay	17,100,986	1,197,069	93%	5,788,784	180

Asking rents inclusive of service charges, all grades. Source: Cushman & Wakefield Core Research, Q3 2026.

The spread is the story

AED 550 in DIFC against AED 180 in Business Bay and JLT is a 3.1× spread inside one city. DIFC alone has 3.8 mn sqft under construction, mostly single-owned, and already drawing pre-leasing interest.

Reading the table

DIFC, SZR and D3 are functionally full at 98–99%. SZR (Trade Centre–Interchange 1) has 2.5 mn sqft under construction and, with Business Bay, holds over 8.3 mn sqft of pipeline to 2031.

Business Bay is the volume market: the largest inventory at 17.1 mn sqft and the biggest pipeline at 5.8 mn sqft. Much of it is strata, which is why rents sit at AED 180, a third of DIFC.

JLT at 87% is the outlier: the most available central submarket, with 1.7 mn sqft vacant, yet still where small-office demand concentrates. Sweid One (500,000 sqft) delivers there in Q4.

Selected Q3 2026 lease transactions

Property	Submarket	Sqft	AED/sqft
Burj Khalifa	Downtown	12,701	**300**
DPG Building	Dubai Media City	10,711	**230**
Emirates Towers	SZR	9,611	**263**
Business Central	Dubai Media City	8,717	**210**
U-Bora Tower 2	Business Bay	7,628	**262**

New leases only; renewals excluded. Transacted rents do not capture fit-out type. Source: Cushman & Wakefield Core.

Q4 handovers are mostly pre-let. Sweid One (JLT), Innovation Two (DIFC) and Technohub 5 (DSO) add 0.77 mn sqft, taking 2026 completions to 1.7 mn sqft.

Office Sales: More Deals, Smaller Tickets

Q3 volumes recovered as strata investors returned; value fell as big tickets thinned

Office sales value, Q3 2026	Units sold, Q3 2026	Average deal size	Secondary sale price
AED 4.35 bn	**1,123**	**AED 3.87 m**	**AED 1,930**
−42% q-o-q, +40% y-o-y	+11.7% q-o-q, −2.6% y-o-y	from AED 7.46 m in Q2	psf, −1.2% q-o-q

Dubai's office sales market reversed the pattern of Q2. 1,123 office units were sold, up 11.7% on the quarter, while sales value fell 42% to AED 4.35 bn. Deal counts holding while value falls is a change in mix, not in demand: fewer large institutional trades closed, and price-sensitive strata investors who held back in Q2 came back.

Location	Deals	Share
Downtown Jebel Ali	321	28.6%
Business Bay	286	25.5%
Jumeirah Lakes Towers	162	14.4%
Motor City	71	6.3%
Dubai Sports City	41	3.7%

Top five locations accounted for 78.5% of all office deals. Source: CRC / Property Monitor.

The mix is the message. Average deal size fell to AED 3.87 m from AED 7.46 m in Q2, yet is still 44% above Q3 2025. Downtown Jebel Ali overtook Business Bay as the busiest location, and JLT deals rose 47% on the quarter. Secondary prices eased only 1.2% after a 3.4% fall in Q2: sellers are holding firm rather than discounting.

Dubai office sales by quarter: volume and value



Bars = units sold; labels in red = value (AED).

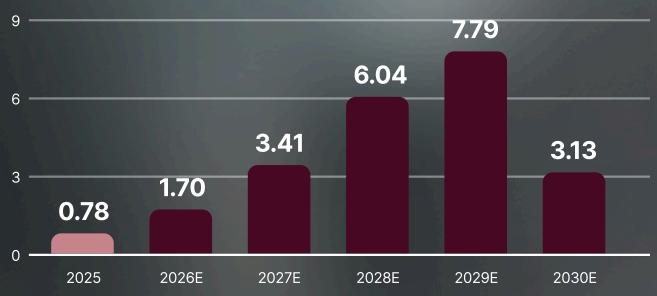
iSpace view

Capital is still paying for quality. The quarter's landmark deal, Emaar Square Building 3, a stabilised Grade A freehold office sold at a net initial yield of about 8%, sets the new pricing benchmark. Well-priced assets with strong tenants still clear quickly; sellers holding out for pre-conflict values wait.

Supply: The Pipeline Comes into View

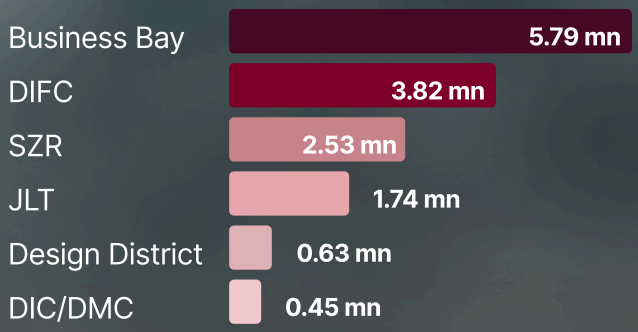
2026 is largely spoken for; 2028–29 is when the market changes shape

Dubai office deliveries, GLA mn sqft



Source: Cushman & Wakefield Core Research, Q3 2026. 2026E = 0.93 delivered + 0.77 due

Under-construction GLA by submarket, sqft



Source: Cushman & Wakefield Core Research, Q3 2026

What this means in practice

1. **2026 deliveries are largely spoken for.** Of the 1.7 mn sqft completing this year (DIFC Square and City Tower 1 so far, then Sweid One, Innovation Two and Technohub 5 in Q4), most is pre-let, so the near-term impact on availability is limited.

2. **The pipeline is tiered.** DIFC adds ~4 mn sqft to 2031, mostly single-owned and pre-leasing. SZR and Business Bay hold over 8.3 mn sqft, driven by strata launches and two repurposed assets; expect the tiers to trade on different paths.

3. **Assume slippage.** Contractor capacity and supply-chain constraints are already pushing residential handovers into 2027, and office schedules carry the same risk. Plan pre-commitments against a delayed base case, not the announced one.

4. **The long view is bigger than it looks.** Over 18.9 mn sqft is now scheduled for 2027–2030, more than double the end-2025 estimate of 7.65 mn sqft, concentrated in Business Bay and along Sheikh Zayed Road.

> “The pipeline is finally real, but it is not evenly spread. If your requirement is Grade A in DIFC or on Sheikh Zayed Road, 2027 is the earliest realistic window; in strata-heavy Business Bay tenants will have choice sooner, and should use it.

Pavel Taptygin
Head of Leasing, iSpace

Part III:
The Abu Dhabi Office Market in Q3 2026

Zero completions, 99% occupancy in ADGM and rents up 27% in a year, with the first signs of moderation



Abu Dhabi Office Market

Q3 2026 at a glance

City-wide asking rent	City-wide occupancy	ADGM occupancy	Completions in Q3 2026	ADGM / Al Maryah	Due in 2027
AED 2,298 per sqm, +5% q-o-q, +27% y-o-y	**93.3%** prime segment ≈98%	**99%** Masdar 99%, Corniche 97%	**Zero** 27,000 sqm due by year-end	**AED 6,250** per sqm, ≈3× city average	**36,000** sqm, lowest in forecast

Undersupply still defines the market

Abu Dhabi recorded no office completions in Q3 2026. Around 48,000 sqm has been delivered this year and a further 27,000 sqm is due by year-end, mainly in Masdar City, bringing 2026 to roughly 75,000 sqm, below the 90,000 sqm of 2025. Most of it is pre-let. 2027 tightens further to just 36,000 sqm before about 364,000 sqm arrives in 2028–2030, peaking at 149,000 sqm in 2029 with schemes such as One Maryah Place. City-wide asking rents rose to AED 2,298 per sqm, up 27% y-o-y but only about 5% on the quarter, the first sign of moderation after the sharp gains earlier in the year. With prime occupancy near 98%, even modest requirements struggle to find contiguous Grade A space.

Reem is the release valve

ADGM on Al Maryah Island asks AED 6,250 per sqm at 99% occupancy, nearly three times the city average. With Masdar City (99%) and the Corniche (97%) also near capacity, occupiers are moving to Al Reem Island, where rents average AED 1,420 per sqm and occupancy is a comparatively open 83%. Reem is now the capital's real release valve.

Financial services and flex led the quarter

Q3 leasing was led by financial services firms on Al Maryah Island and by government and flex requirements elsewhere. A flex operator took 600 sqm in Addax Tower on Al Reem Island: operators are following occupiers out of the fully let financial district. Until the 2028 pipeline lands, landlords in prime districts keep their negotiating leverage.

Selected Q3 2026 lease transactions

Property	Location	Sector	Sqm
Al Faridah Bldg	Al Raha	Government	3,000
Addax Tower	Al Reem Island	Flex	600
SAAS Tower	Al Reem Island	—	401
Al Sarab Tower	Al Maryah Island	Finance	314
Al Sila Tower	Al Maryah Island	Finance	207

New leases only; renewals excluded. Source: Cushman & Wakefield Core, Q3 2026.

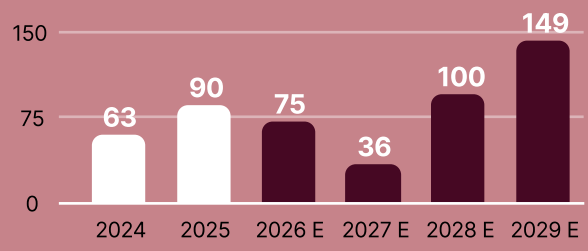
Abu Dhabi Submarkets and Pipeline

Q3 2026: inventory in sqm, asking rents in AED/sqm

Submarket	Inventory	Vacant	Occ.	Under constr.	Rent
ADGM / Al Maryah	239,137	2,391	99%	98,000	6,250
Corniche	271,117	9,489	97%	—	2,100
Yas Island	57,786	0	100%	35,000	2,050
Al Raha	55,741	6,689	88%	—	1,800
Masdar City	157,902	1,579	99%	83,100	1,700
Capital District	88,257	0	100%	—	1,700
Al Reem Island	377,038	64,096	83%	50,851	1,420
Muroor	158,726	7,936	95%	—	1,275
Airport Rd / Al Falah	222,519	11,126	95%	—	1,275
MBZ	76,281	5,721	93%	—	1,175
Khalifa City	86,905	11,593	87%	—	1,100

Asking rents inclusive of service charges. Source: Cushman & Wakefield Core Research, Q3 2026.

Abu Dhabi office deliveries, NLA '000 sqm



Source: Cushman & Wakefield Core Research, Q3 2026

Three things this table tells you

1. **Al Reem is the only real release valve.** It holds 64,096 sqm of vacancy (more than the rest of the tracked market combined) at AED 1,420/sqm against 6,250 in ADGM. A 4.4× discount fifteen minutes away is the biggest arbitrage in the UAE office market.

2. **Yas Island and Capital District are at 100%.** There is no negotiating position in either until Yas's 35,000 sqm under construction completes.

3. **The 2027 trough.** Only ~36,000 sqm is scheduled for 2027, the lowest annual total in the forecast. Occupiers with 2027 lease events should be transacting now.

> "Abu Dhabi rents are starting to moderate, but availability is not. When ADGM, Masdar and the Corniche are all at 97–99%, the negotiation is about whether the space exists at all, and how early you are willing to commit to space that is not built yet.

Alex Ostrovsky
Co-Founder & CEO, iSpace

Part IV:
Residential Markets

Dubai moves from correction to rebalancing; Abu Dhabi records its first quarterly price dip in five years



Dubai Residential

Q3 2026 at a glance

City-wide sale price	City-wide rent, psf/yr	Transactions, Q3
AED 1,847	**AED 111**	**34,500**
psf, <1% q-o-q, ≈−1% y-o-y	−4.5% q-o-q, −7% y-o-y	−4% q-o-q, −38% y-o-y
Delivered in Q3 2026	**Transacted value**	**Rental contracts**
12,932 units	**AED 70.8 bn**	**181,900**
50,900 expected in 2026	−14% q-o-q, −46% y-o-y	+16% q-o-q, 44% new

What's happening

City-wide sale prices were broadly flat in Q3 at AED 1,847 per sqft: down less than 1% on the quarter and about 1% on the year, and roughly 5% below the February 2026 peak. Headline averages fell further (apartments −4.8% q-o-q to AED 1,817 psf), but on a matched-property basis apartments moved only −1.7% and villas were flat. The decline is mostly a change in what is traded, not a repricing of the same homes.

Volumes are where the adjustment shows. There were 34,500 transactions worth AED 70.8 bn, down 38% and 46% y-o-y. Off-plan sales fell 71% y-o-y as launches dropped to about 5,000 units in the quarter, while ready-market value rose to AED 25.1 bn from AED 21.3 bn in Q2; end-users buying finished homes kept the market moving.

Three forces shaping the quarter

1. **Launches were cut, not demand.** Only c.5,000 units launched in Q3 and about 50,000 year-to-date, 64% fewer than a year ago. Developers are phasing releases and leaning on payment plans; the average off-plan ticket fell to AED 2.1 m from 2.4 m.

2. **Renters gained leverage.** Rents fell 4.5% q-o-q as handovers built, yet new rental contracts rose 32% q-o-q as tenants relocated, upgraded or rented while waiting to buy.

3. **Money got dearer.** The CBUAE raised its Base Rate by 25 bps to 3.90% in September; mortgage affordability is the watchpoint for the coming quarters.

Dubai Residential: Where Prices and Rents Move

Apartment sale prices and rents by submarket, Q3 2026

Apartments	Price, AED/sqft	Price y-o-y	Price q-o-q	Rent, AED/sqft/yr	Rent y-o-y
Palm Jumeirah	3,163	−6%	−1%	149	−5%
Downtown Dubai	2,748	−8%	0%	162	−14%
Dubai Hills	2,323	−3%	−2%	148	−12%
Business Bay	2,035	−2%	−1%	127	−6%
Dubai Marina	2,010	−2%	+3%	113	−15%
Jumeirah Lakes Towers	1,597	−3%	−1%	107	−7%
Jumeirah Village Circle	1,346	−2%	−2%	98	−10%
City-wide (all types)	1,847	≈−1%	<−1%	111	−7%

Source: Cushman & Wakefield Core Research / REIDIN, Q3 2026. City-wide row covers all property types.

Rents lead, prices lag

Every major apartment submarket saw rents fall over the year (by 14–15% in Downtown and Dubai Marina), while sale prices moved only 2–8%. Yields are compressing for investors, and tenants have the most choice since 2021.

Reading the table

Prime villas are the exception. Palm Jumeirah villas rose 9% y-o-y to AED 6,610 psf and Emirates Hills 19% to AED 3,713, while Dubai Hills villas fell 7%.

Prime apartments are cooling. Palm Jumeirah and Downtown apartments are 6–8% lower y-o-y; ultra-prime Palm Jumeirah pricing is down 9.1% to AED 4,083 psf.

Mid-market holds best on price. JVC and Business Bay are only 2% lower y-o-y: affordability, not prestige, is carrying volumes.

Prime market, Q3 2026

Indicator	Unit	Q3	y-o-y
$10m+ deals, Q3	Deals	86	**−17%**
$10m+ deals, 9M	Deals	412	**+15%**
AED 10m+ deals	Deals	669	**−43%**
Prime apartments	AED psf	5,237	**+4.0%**
Prime villas	AED psf	2,791	**+3.6%**

$10m+ deals: 86 worth $1.57 bn in Q3, 412 worth $6.67 bn in 9M 2026. Prime indices: annual median.

Palm Jumeirah led the ultra-prime tier with 27 of the 86 $10m+ deals, even as prime prices dipped for the first time since 2020.

Abu Dhabi Residential

Q3 2026 at a glance

City-wide price, psf	City-wide rent, psf/yr	Sales, Q3	Delivered, 9M 2026	AED 10m+ deals	Launched in Q3
AED 1,528	**AED 88**	**6,085**	**2,545**	**582**	**≈8,400**
−1% q-o-q, +22% y-o-y	−5% q-o-q, +4% y-o-y	−19% q-o-q, 81% off-plan	units; 4,412 more due in Q4	+104% y-o-y, 95% off-plan	+40% q-o-q

First dip in five years, momentum intact

Abu Dhabi's residential market showed its first signs of easing in Q3. City-wide sale prices slipped 1% on the quarter (the first quarterly decline in five years) but remain 22% higher than a year ago. On a like-for-like basis apartments are still rising (+0.5% q-o-q, +9% y-o-y) and villas (+0.2%, +8%). Apartments led annual growth (Saadiyat +21%, Al Reef Downtown +18%, Reem +16%), while villa prices fell in Khalifa City (−19%) and on Saadiyat (−10%). Volumes moderated to 6,085 deals, but the top end strengthened: 582 sales above AED 10 m, more than double a year ago, including an AED 350 m villa at Four Seasons Private Residences, Saadiyat. Off-plan made up 81% of deals, and the average off-plan ticket rose to AED 5.0 m, up 40% y-o-y.

The rent freeze is now visible

The temporary 0% rental increase measure introduced in June 2026 lets existing tenants renew at current rates instead of a 5% uplift, and ties new leases to the previously registered rent. City-wide rents fell 5% q-o-q, the sharpest quarterly drop in five years, led by Saadiyat (−8%) and Al Reef Downtown (−6%), and renewals rose to 68% of contracts. ADGM areas such as Al Reem and Al Maryah are outside the measure.

Supply is the test from 2027

Only about 6,950 units are due in 2026, but more than 52,000 are scheduled for 2027–2029, so absorption is the key question. Six districts (Saadiyat, Al Reem, Yas, Zayed City, Khalifa City, Al Hudayriyat) take 77% of new supply to 2030. Foreign buyers drove 70% of sales value in H1 2026, and some developers now offer mortgages of up to 75% during construction.

Apartment prices, Q3 2026

Submarket	AED/sqft	y-o-y	q-o-q
Saadiyat Island	5,583	+21%	+1%
Yas Island	2,278	+7%	+1%
Al Raha Beach	1,861	+10%	−1%
Reem Island	1,722	+16%	+2%
Al Reef Downtown	1,020	+18%	−2%

Source: Cushman & Wakefield Core (Quanta, ADREC), Q3 2026.

Part V:
Flexible Office Market

What the 2026 research on our market found, and what it means for occupiers



Flex in Numbers

Key numbers on the UAE flexible office market

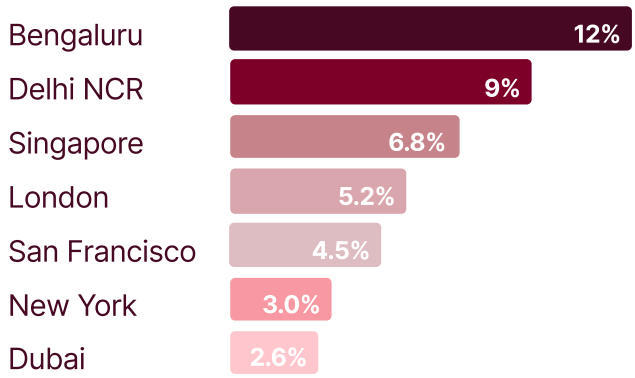
UAE flex maturity rank	Flex share of Dubai office stock	Flex centres in Dubai	UAE flex absorbed since Jan 2025
6th	**2.6%**	**~128**	**680k sqft**
score 77%, up from 67%	Abu Dhabi 1.8%	**~62 operators**	Dubai 500k+, AD 180k+

The market today

Few office markets have adopted flexible workspace as quickly as the UAE. It now ranks sixth globally for flex maturity, yet flex is only 2.6% of Dubai's 111 mn sqft office stock. Dubai has around 2.9 mn sqft of flex space across ~128 centres, nine of them above 50,000 sqft, with average occupancy near 90% and desks averaging AED 2,800 a month (AED 2,200 in Abu Dhabi).

The market is still fragmented: the top three operators hold 25% of Dubai's flex stock against 43% in Abu Dhabi. Dubai has about 98 serviced office locations, up from 81 at the start of the year, growth of 21% in nine months.

Flex as % of total office stock



Source: Cushman & Wakefield Research, 2026. Abu Dhabi: 1.8%

In the enterprise-grade segment alone (1.2 mn sqft in Dubai, 366,000 sqft in Abu Dhabi), about 55% of Dubai's supply was delivered between 2022 and early 2026. Private offices are 75–85% of Dubai product, 40–45% of demand comes from new company set-ups, and typical tenure is 12–24 months.

The headroom

Flex is 2.6% of Dubai's stock against 5.2% in London, 9% in Delhi NCR and 12% in Bengaluru. Globally fewer than 5% of corporates put more than 10% of their portfolio into flex, and over 90% of occupied space is still on conventional leases. With nearly 10% of Dubai's new office take-up already going to flex operators, the gap is starting to close.

The Flex View

What 21 UAE flex operators report, and what we see on the ground

1. **Demand is ahead of supply.** 71% of surveyed operators plan to grow their UAE footprint in the next 12 months and none expect to shrink; 62% report occupancy at or above 85%. The #1 constraint is the availability of suitable buildings, cited by 57%.

2. **Tenants choose flex for the model, not as a fallback.** 71% cite avoiding capex and fit-out, 52% flexibility to scale and 43% speed to occupy; only 14% cite a lack of conventional space. Private serviced offices are the fastest-growing product (67%).

3. **Pricing is settling at a higher level.** 52% of operators raised rates in the past year, but only 33% expect to do so again and 57% expect stability. The median serviced rate is AED 2,650 per desk a month.

Serviced office rates in Dubai by district

Segment	District	Per desk / month
Serviced offices, Grade A	Downtown	**AED 2,500 – 3,500**
	Trade Centre	**AED 2,100 – 4,500**
	SZR	**AED 1,700 – 2,500**
Median: AED 2,650 per desk	Business Bay	**AED 1,300 – 2,700**
	Barsha Hts	**AED 1,000 – 2,800**
	DIC / DMC	**AED 1,500 – 3,500**

What this means for occupiers

Book early in prime districts. With flex occupancy near 90% and the best Grade A floors pre-let, waiting lists in DIFC, Downtown and Trade Centre are real: secure space before the team arrives.

Use flex as a bridge, not a stopgap. Teams of 20 or fewer increasingly stay three years or more; size the contract for growth and negotiate expansion rights.

Look beyond the CBD. 48% of operators prioritise Dubai's wider districts for expansion (JLT, Dubai Hills, Expo City), where rates run 30–60% below prime.

Read the operating model. 76% of operators still sign conventional leases, while management and revenue-share deals are rising. Ask who carries the building risk.

> "Flex in Dubai has stopped being the alternative to an office and become one of the ways to hold one. The operators that win the next two years will be the ones with floorplates, and landlords who treat them as partners will fill their buildings first.

Pavel Taptygin
Head of Leasing, iSpace

Outlook to 2027

Three things we will be watching

Q4 handovers

Q4 brings 0.77 mn sqft of office space in Dubai (Sweid One, Innovation Two and Technohub 5), mostly pre-let. If absorption holds and rents keep rising after Q3's +4%, the Q1–Q2 softness was a pause, not a turn. On sales, watch whether volumes keep rising while tickets fall.

The 2027 office wave

About 3.4 mn sqft is scheduled for 2027 and 6 mn sqft for 2028. DIFC's single-owned stock is pre-leasing; SZR and Business Bay depend on strata buyers. The spread between the two will be the clearest read on how tiered the market becomes.

Rates and the housing pipeline

The CBUAE raised rates in September and around 60,000 Dubai homes are scheduled for 2027. Rents are already easing; the question is whether like-for-like prices stay flat as handovers land and mortgages get dearer.

Our base case

We expect late 2026 and 2027 to be defined by divergence rather than direction. In Dubai offices, single-owned Grade A in DIFC, Downtown and on SZR keeps its pricing power, while strata-heavy Business Bay and JLT see rents flatten as supply arrives. Abu Dhabi stays landlord-led until 2028, with Al Reem the only real release valve.

In housing, Dubai rebalances: rents soften as 50,000–60,000 units a year hand over, prices hold in established end-user communities and slip where new supply clusters. Abu Dhabi's rent freeze caps growth while prime launches keep headline values up. Flex keeps taking share, limited by buildings, not demand.

Risks to the base case

Hormuz duration

A longer interruption to maritime routes keeps logistics costs high and delays the 2027 rebound that both the IMF and the World Bank assume.

Rates and liquidity

Further rate rises would weigh on leveraged buyers and mid-market housing, and widen the gap between asking and achievable prices.

Supply execution

If 2027–2028 deliveries land on time and together, strata-heavy districts could see a sharper rent correction than our base case.

> Q3 showed the UAE market can take a shock without breaking. Volumes dipped, but rents in the best buildings rose and the best assets still traded. The next 18 months are about who holds the right space when the supply wave arrives.

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