

The Pulse of Dubai's Commercial Real Estate

Market Report

Q1 2026

Foreword

The market performance this quarter tells a story of strategic maturation. While we observed a 16% softening in total sales value compared to the record-breaking close of 2025, reaching AED 37.9 billion, the broader trajectory remains incredibly strong.

This trajectory is underpinned by foundational economic stability. Data from the UAE Central Bank indicates that the UAE economy experienced robust real GDP growth of 5.6 percent in 2025, a trajectory that is projected to expand at the same strong pace throughout 2026.

Moreover, the recent approval of an AED 1 billion economic incentive package by HH Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum marks a pivotal moment for Q1. This initiative, which includes significant government fee deferrals and customs grace periods, is designed to enhance liquidity across the private sector. Critically, we are seeing this support mirrored in the banking sector, with major institutions rolling out complementary SME relief and installment deferral programs to ensure operational continuity.

When looking at the YoY sector growth, the fundamental health of our market is undeniable. This macroeconomic vigor translates directly into our metrics: total units sold are up by 8%, and total sales value has surged by 30% compared to Q1 2025. This tells us that Dubai is not just maintaining its pace; it is utilizing strong national fundamentals to set a new, more sustainable benchmark for the years to come.

As we look toward the remainder of 2026, we do so with a clear-eyed focus on value, a commitment to resilience, and a firm belief in the long-term potential of this extraordinary market.

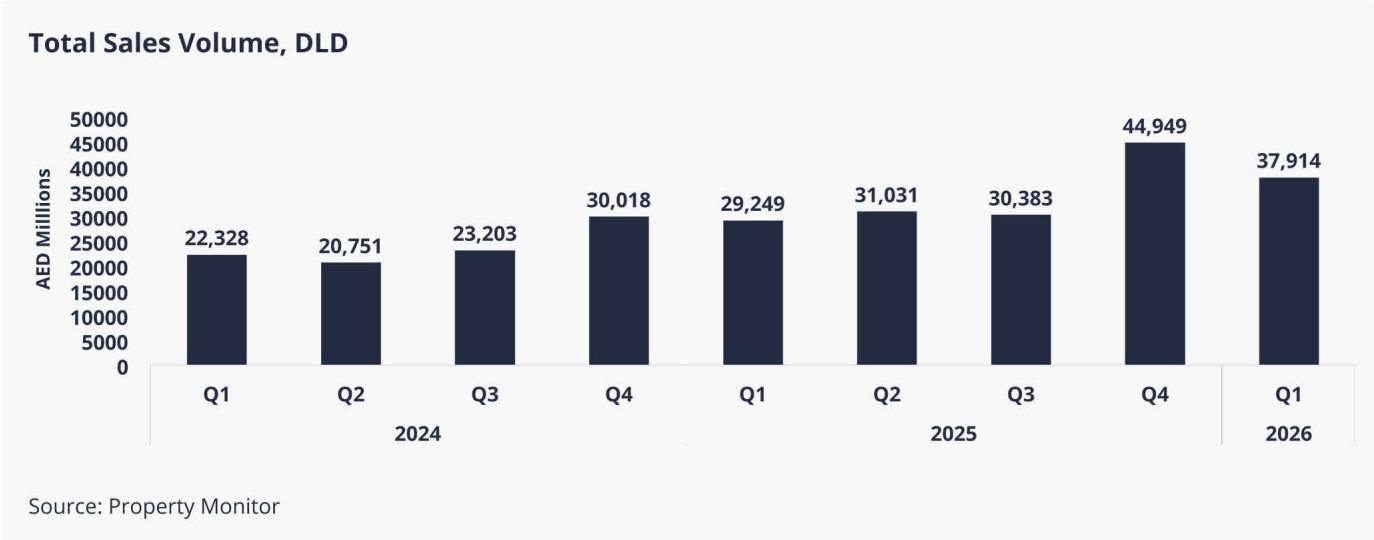
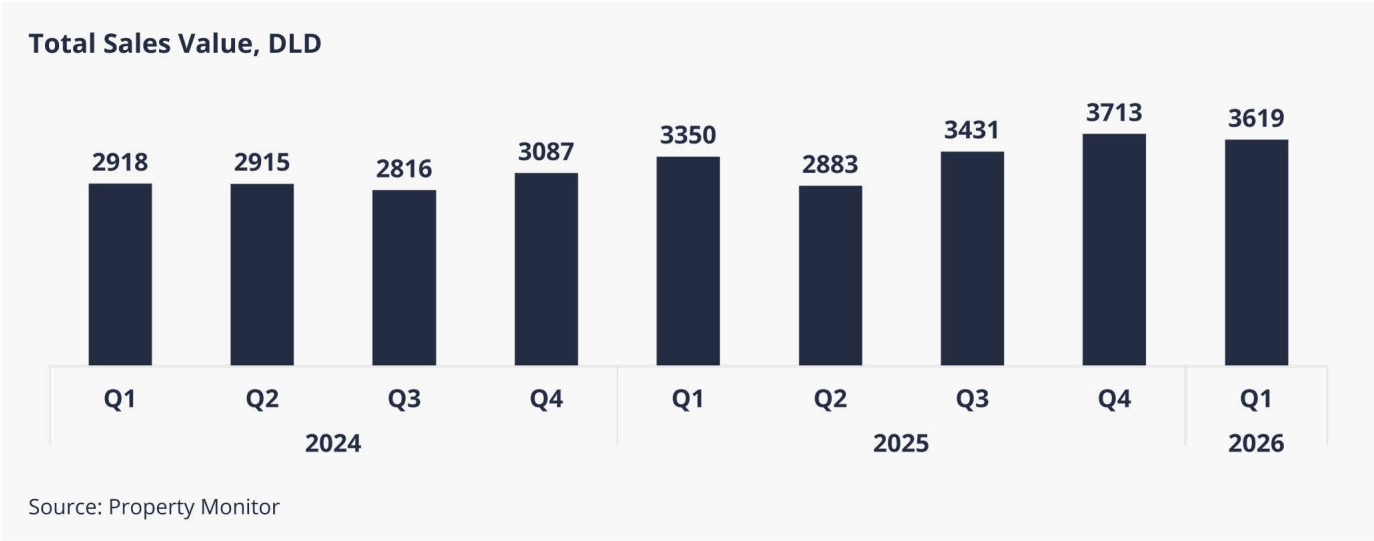


Behnam Bargh
Managing Director, CRC

Table of contents

Commercial Sales Transactions DLD	3
Total Sales Value and Volume	3
Office Segment Analysis	4
Average Selling Prices: Secondary Market	5
Retail Segment Analysis	6
Commercial Sales CRC	8
Commercial Leasing CRC	9
2026 Strategic Forecast: The Path Ahead	11

Total Sales Value and Volume



Following the unprecedented highs of 2025, Dubai’s commercial property market entered Q1 2026 showing signs of healthy stabilisation. While the market remains historically active, the comparison between Q4 2025 and Q1 2026 indicates a strategic cooling as investors shift toward a "value-driven" rather than "volume-driven" approach.

Quarterly Performance (Q4 2025 vs. Q1 2026)

The market recorded a modest softening in activity as it adjusted to the record-breaking pace of the previous year. Total commercial units sold dipped by 3%, reaching 3,619 transactions. More notably, the total sales value saw a sharper contraction, falling 16% to AED 37.9B.

This disparity between the slight drop in volume and the larger drop in value suggests a reduction in "mega-deal" transactions compared to the final quarter of 2025, which was characterised by several high-profile institutional acquisitions and bulk sales.

Office Segment Analysis

Offices sold are up by 2% to 1,565 and value sold is up by 73% to AED 8.2b

While the broader commercial market showed signs of stabilisation in Q1 2026, the Office Segment emerged as the primary growth engine, defying general trends with explosive increases in capital values. This surge underscores a critical shortage of Grade A supply and a heightened appetite for premium workspace among institutional investors and corporate occupiers.

Quarter-on-Quarter Performance (Q4 2025 vs. Q1 2026)

The office sector demonstrated remarkable resilience and growth compared to the final quarter of 2025. While transaction volume saw a steady increase, the total capital inflow into the sector grew exponentially:

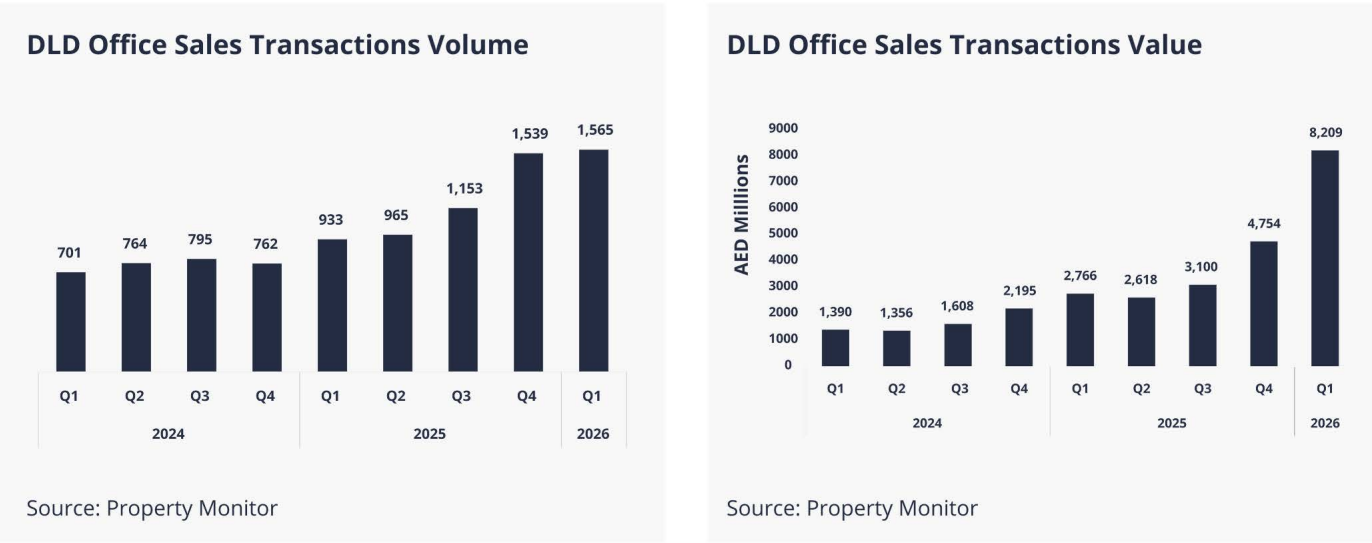


The massive delta between volume (+2%) and value (+73%) suggests a significant shift in the market toward high-ticket, institutional-grade assets and full-floor acquisitions, as opposed to smaller individual strata units.

The off-plan sector demonstrated significant growth, with transaction volumes rising by 26%. Notably, the value of these deals outperformed volume growth with a staggering 158% increase, which represented 78% of all commercial transactions.

Year-on-Year Growth (Q1 2025 vs. Q1 2026)

The Year-on-Year comparison highlights the intensifying demand for office space in Dubai over the past twelve months. The market has essentially transformed in scale since the same period last year, with transaction volumes climbing by 28%. Most notably, the transaction value surged by a staggering 197% over the year. This near-tripling of sales value indicates a sharp appreciation in price-per-square-foot across key business hubs such as Business Bay, and JLT, as the "flight to quality" trend reaches its peak.



Geographic Performance: Prime Office Locations

The distribution of office transactions across Dubai in Q1 2026 reveals a highly concentrated market, with the top five locations accounting for approximately 70% of total volume. This geographic focus underscores the continued dominance of established business districts and the rapid emergence of strategic coastal hubs.

Analysis of Top 5 Performing Districts

The market was led by Al Sufouh, which recorded 380 transactions, narrowly surpassing the traditional business powerhouse of Business Bay, which followed closely with 372 transactions. The high volume in Al Sufouh is particularly notable, likely driven by renewed interest in prime technological and free-zone hubs that offer modern connectivity.

Jumeirah Lakes Towers (JLT) maintained its status as a high-liquidity secondary market, securing the third position with 223 transactions. Meanwhile, the emerging Dubai Maritime City showed significant momentum with 78 transactions, indicating a growing institutional shift toward coastal commercial developments. The top five was rounded out by Trade Center 2, which recorded 65 transactions, highlighting the sustained appeal of the city's central financial corridor.

Average Selling Prices: Secondar Market



Capital values for secondary office space in Dubai reached a historic milestone in Q1 2026, breaking past the psychological barrier of AED 2,000 per square foot for the first time. The average price settled at AED 2,023 per sq ft, representing a significant 15% increase from the 2025 average of AED 1,759. This trajectory highlights an extraordinary recovery and growth cycle; prices have now increased by approximately 166% since the market floor of AED 761 per sq ft in 2020.

The pricing data for Q1 2026 is particularly noteworthy given the broader geopolitical climate. Despite the regional uncertainty that began on February 28th, the commercial real estate sector has demonstrated remarkable insulation.



Retail Segment Analysis

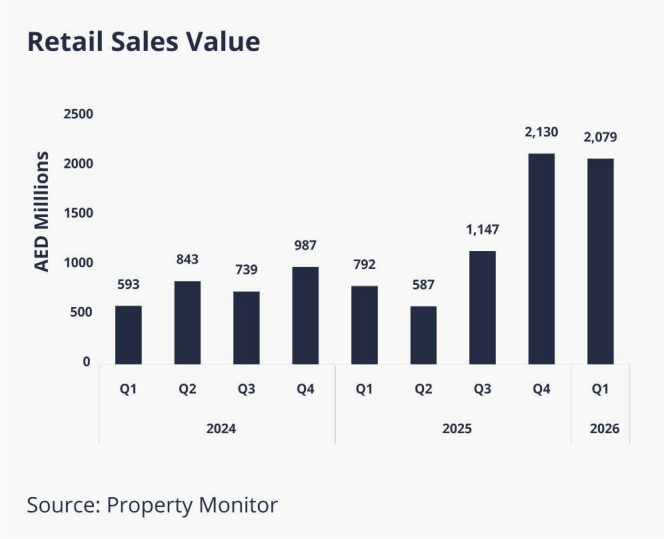
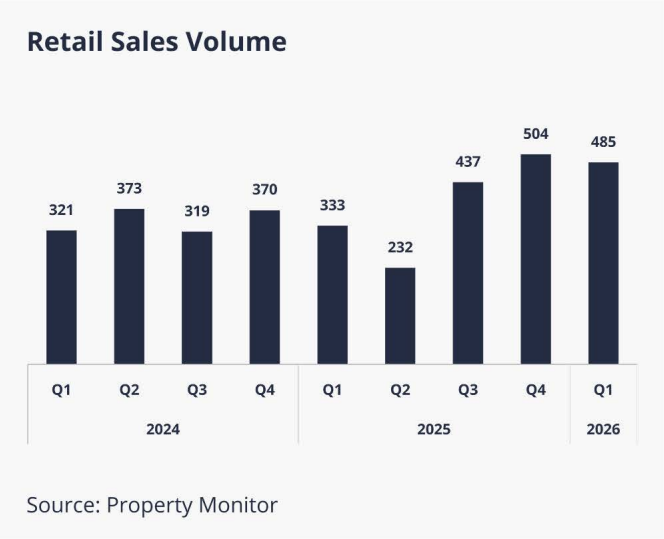
Retail market performance surged YoY, with units sold rising 46% and sales value skyrocketing by 162%. This immense leap in value compared to the moderate rise in volume indicates a dramatic repricing of retail assets over the last 12 months.

Investors are no longer just looking for high-frequency, smaller units; they are competing for premium, high-traffic retail spaces that command significantly higher capital values.

This "value-heavy" growth suggests that Dubai's retail landscape has matured into a top-tier institutional asset class, attracting global investors who are willing to pay a premium for established footprints in a thriving tourism and population hub.

While the retail sector experienced a massive surge compared to last year, the quarter-on-quarter data indicates a period of consolidation. The modest 4% dip in volume to 485 units, coupled with a marginal 2% decline in sales value to AED 2.07 billion, suggests that the market is finding a stable floor after the high-velocity activity of late 2025.

This slight contraction reflects a more cautious approach from investors as they evaluate current yields against record-high pricing, though the resilient value figures suggest that demand for prime, high-yield retail assets remains steady even as transaction frequency slows.



The distribution of retail transactions in Q1 2026 continues to highlight a market driven by high-density residential catchments and maturing community hubs. Investors are increasingly gravitating toward established and rapidly expanding neighborhoods where consistent footfall from a captive resident base provides a secure buffer for yield-focused assets.

In a shift from the 2025 rankings, Jumeirah Village Circle (JVC) has moved to the forefront of the market, recording 55 transactions. This underscores the community's status as a premier hub for strata retail investment, supported by its high occupancy rates and diverse resident demographic. Motor City followed with 37 transactions, reflecting a surge in interest for neighborhood-centric retail as the area matures into a fully-integrated commercial and residential destination.

The community of Majan maintained its strong momentum with 27 transactions, continuing to benefit from its position as an expanding residential pocket with a high demand for essential services and F&B.

Both Mohammed Bin Rashid (MBR) City and Dubai Maritime City rounded out the top five with 24 transactions each. The activity in MBR City points to the continued delivery and sale of modern, high-quality retail units within its newer clusters, while the volume in Dubai Maritime City suggests a growing appetite for waterfront retail assets in anticipation of increased future footfall.



Eliza Esenbek, Head of Retail and F&B at CRC says, “Retail is becoming more personal. The current boom in neighborhood retail highlights a transition toward convenience and well-being, where the focus has moved from destination shopping to curated, daily-life experiences located right on the consumer’s doorstep”

Top 5 Retail Locations



Source: Property Monitor



Commercial Sales | CRC

While the broader DLD figures highlight massive institutional moves in districts like Al Sufouh, CRC's top transacted communities for Q1 2026 showcase the enduring strength of established, high-liquidity hubs. Jumeirah Lake Towers (JLT) continues to lead the way as a primary choice for strata investors and SMEs, followed by the perennially popular Greens and Motor City. The inclusion of Dubai Investment Park and Barsha Heights (Tecom) in the top set emphasises a growing preference for established business ecosystems that offer a mix of connectivity and competitive price points.

Top Transacted Office Communities at CRC

- 1st - Jumeirah Lake Towers**
- 2nd - Greens**
- 3rd - Motor City**
- 4th - Dubai Investment Park**
- 5th - Barsha Heights (Tecom)**

CRC's Q1 2026 internal sales data further underscores a shift toward premium inventory, with the average transacted office price reaching AED 2.96 million. This high-capital baseline highlights a significant appetite for ownership in the office sector, even as the leasing market for the same asset class pivots toward smaller, mid-market units.

The strength of these sales figures suggests that investors are increasingly prioritising long-term equity in quality office space, contrasting the more fluid, volume-driven activity currently observed in the industrial and office leasing segments.



Buyer Leads at CRC

YoY -35%

QoQ -33%



Office

YoY 9%

QoQ -39%



Retail

YoY 110%

QoQ -29%



Warehouse

YoY 73%

QoQ 72%

While overall buyer leads have contracted by over 30% on both a quarterly and annual basis, the underlying demand for specialized commercial assets, particularly retail and industrial, remains exceptionally aggressive.

Quarterly Momentum (Q4 2025 vs. Q1 2026)

Despite total buyer leads dropping by 35%, specific sector inquiries saw explosive growth. Retail leads surged by 110%, signaling a massive pivot toward community-based commercial assets. Similarly, Warehouse leads grew by 73%, and Office inquiries rose by 9%, suggesting that while general market "noise" is decreasing, serious intent for income-generating assets is intensifying.

Commercial Leasing | CRC



Ashley, Industrial Manager at CRC, says, “Industrial real estate has demonstrated far greater stability than other sectors, making it increasingly attractive to institutional investors and family offices. While we haven't seen a reduction in pricing, values have reached a healthy stabilization. Overall sentiment remains positive and resilient, as the entire sector continues to be fundamentally demand-driven.”

In Q1 2026, CRC's leasing activity was concentrated within Dubai's most established commercial corridors, reflecting a clear preference for central connectivity and mature business ecosystems.

Dubai Media City and Sheikh Zayed Road emerged as the primary choices for corporate occupiers, driven by the demand for high-visibility Grade A space and proximity to key transport links. Business Bay and Jumeirah Lake Towers (JLT) maintained their status as the city's highest-liquidity leasing hubs for SMEs and professional services, while Motor City continues to gain traction as a preferred secondary location for firms seeking integrated community-based office environments.

Top Office Communities for Leasing

- 1st - Dubai Media City
- 2nd - Sheikh Zayed Road
- 3rd - Business Bay
- 4th - Jumeirah Lake Towers
- 5th - Motor City



Commercial Leasing | CRC

Average Leasing Price Q1 2026

Office	Retail	Warehouse
AED 404,352	AED 600,210	AED 513,173
YoY -17%	YoY 18%	YoY -64%
QoQ -24%	QoQ 125%	QoQ -23%

The Q1 2026 average leasing transaction values at CRC highlight a significant pivot toward high-value retail assets, which saw prices surge by 125% QoQ and 18% YoY to reach over AED 600,200.

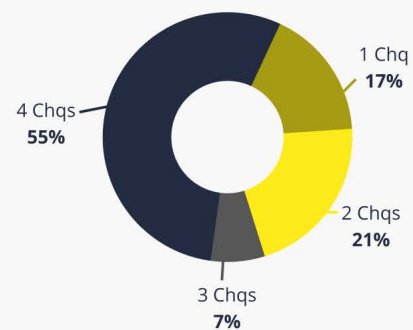
Conversely, office values softened to AED 404,352 (down 24% QoQ), while warehouse prices settled at AED 513,173, reflecting a sharp 64% annual decline.

The 4-cheque payment plan remains the most prevalent trend in the market, accounting for 55% of all transactions in Q1. This represents a marginal 1% increase over Q4 2025, signaling that quarterly payments are the baseline expectation for the majority of corporate occupiers.

Interestingly, the 2-cheque and 3-cheque options also saw growth, rising by 4% and 7% respectively, as tenants negotiated for more staggered cash-flow management.

In a notable shift from the landlord-favored conditions of the previous year, 1-cheque payments saw a significant decline, dropping 13% compared to the previous quarter. This suggests that the high premiums or "upfront" discounts once used to secure space with a single payment are losing their appeal or necessity.

Rental Cheque Payment Trends in Q2 2026



Source: CRC

Tenants are successfully prioritising liquidity and operational cash flow over the potential discounts associated with single-payment terms.

2026 Strategic Forecast: The Path Ahead

The health of the commercial real estate sector is inextricably linked to the broader national economy. The UAE's economic performance serves as a primary driver for the sustained demand for office and industrial space.

According to the UAE Central Bank, the nation achieved a real GDP growth of 5.6% in 2025 and is officially projected to maintain this pace throughout 2026.

Growth is increasingly fueled by the non-oil sector, specifically in digital economy sectors, logistics and professional services. This expansion creates a mandatory requirement for physical footprints, ensuring a high floor for occupancy rates.

A defining characteristic of the 2026 forecast is the government's active role in maintaining market liquidity and lowering the barrier to entry for businesses.

Government Support and Fiscal Stimulus

The approval of the AED 1 billion economic incentive package by His Highness Sheikh Hamdan bin Mohammed serves as a critical buffer. By deferring government fees and providing customs grace periods, the leadership is directly lowering operational overheads for commercial tenants.

Leading financial institutions have mirrored these initiatives with specialized SME relief programs. This "Institutional Safety Net" significantly reduces the risk of tenant default, protecting the rental yields of commercial asset owners.

Dubai continues to outperform global peers in attracting Foreign Direct Investment, which remains a vital component of the commercial sector's liquidity. The UAE experienced a 48.7% growth in FDI inflows in 2024, reaching USD 45.6 billion.

As we move toward 2033, the D33 economic framework remains the primary catalyst for growth, aiming to attract AED 650 billion (\$177 billion) in FDI to further diversify and strengthen the UAE's industrial and commercial landscape.

The outlook for the remainder of 2026 is one of sustainable growth. The transition from a "speculative" market to a "fundamental-driven" market is now complete. For the commercial investor, the combination of a 5.6% GDP growth rate, aggressive government facilitation and high FDI interest creates a unique window of opportunity.

Dubai is no longer just a regional hub; it is the definitive global benchmark for commercial real estate resilience.





About CRC

CRC is the UAE's leading commercial real estate consultancy and a proud member of the Cencorp Group. Founded by industry pioneers, we advise local and international clients on acquiring, leasing, and investing in high-value commercial assets across the UAE.

With over 35 years of market experience and a team of 70+ specialist consultants, CRC offers unrivalled access to the region's largest commercial property network — spanning offices, warehouses, retail spaces, and complex mixed-use assets. Our strength lies in combining deep market intelligence with a strategic, hands-on approach that delivers measurable value at every stage of the property lifecycle.

Trusted by owners, investors, and occupiers alike, CRC is where insight meets execution in the UAE's commercial property market.

Our team



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