

The Pulse of Dubai's Commercial Real Estate

Market Report

Q2 2026

Foreword

Q2 2026 was a quarter that tested the resilience of Dubai's commercial real estate market and it passed with encouraging signs of underlying strength.

Total commercial sales value moderated 36% QoQ following an exceptionally strong Q1, with transaction volumes softening in step. Against a backdrop of a more cautious global investment climate, this measured correction speaks to a market absorbing short-term headwinds without losing sight of its longer-term fundamentals.

While transaction volumes corrected, institutional-grade capital continued to flow into premium office assets. Business Bay reaffirmed its position as Dubai's leading office destination and secondary market pricing softened only modestly, a sign of a market absorbing near-term caution without losing its underlying footing.

Retail told a similarly encouraging story: despite a sequential dip, transaction value was up 178% year-on-year.

Dubai retained its position as the world's top destination for greenfield FDI for a fifth consecutive year and we saw institutional investors, sovereign-backed funds, family offices and private capital managers deepen their presence across the UAE, further diversifying the buyer base beyond traditional channels.

The city has once again shown its ability to weather near-term disruption while staying anchored to the fundamentals that continue to attract capital from around the world.



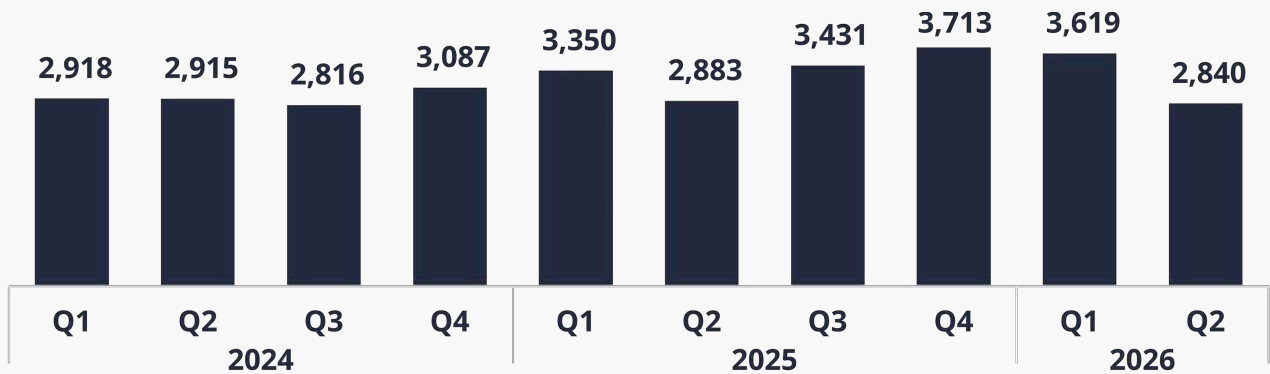
Behnam Bargh
Managing Director, CRC

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Commercial Sales Transactions | DLD

Total Sales Volume



Source: Property Monitor

Total Sales Value



Source: Property Monitor

Dubai's commercial transaction market recorded a marked deceleration in Q2 2026, with total sales value falling to AED 24.25 billion from AED 37.91 billion in Q1, a quarter-on-quarter contraction of approximately 36%, while transaction volumes declined to 2,840 deals from 3,619, down roughly 21.5%.

Layered on top of this normalisation, the disruptive effects of the regional conflict — which began in late February 2026, in the closing weeks of Q1 — intensified and persisted through Q2. Thus, dampening investor confidence, delaying decision-making on large-ticket transactions and disrupting the inbound travel and viewings that typically underpin institutional and cross-border deal flow.

Viewed in this light, the Q2 contraction reflects an acute, event-driven shock rather than a structural loss of market momentum.

Office Segment Analysis

While Q1 2026 saw the office segment post explosive growth, Q2 brought a sharp correction in volume alongside a far more modest pullback in value, reinforcing rather than reversing the "flight to quality" narrative that has defined the sector since late 2025.

Quarter-on-Quarter Performance (Q1 2026 vs. Q2 2026)

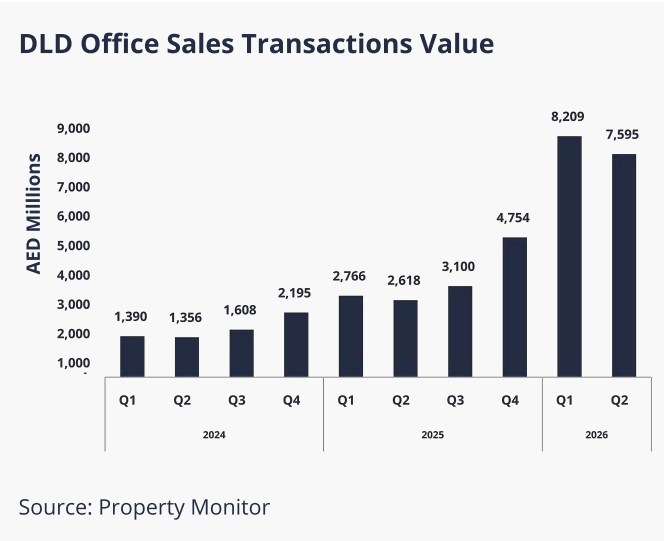
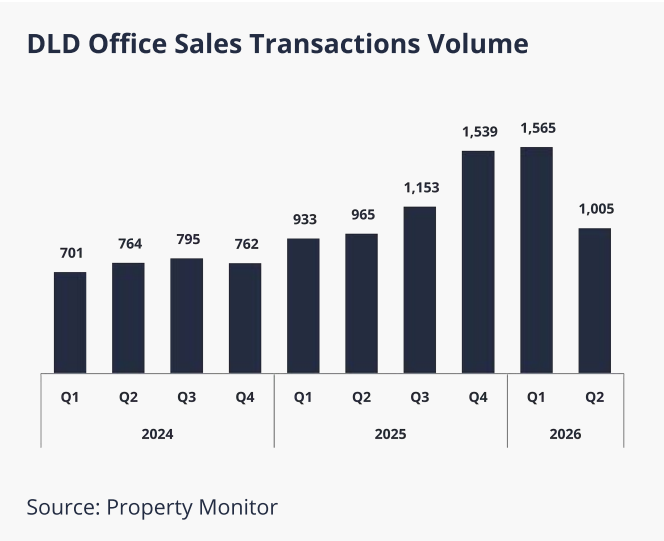


The pullback in transaction count is unsurprising, particularly among price-sensitive strata investors reliant on viewings, travel and short-cycle decision-making during this period. What is notable is what didn't fall: institutional-grade capital continued to flow into premium office assets at scale, with average deal size climbing over 40% quarter-on-quarter.

Year-on-Year Growth (Q2 2025 vs. Q2 2026)



Even after the quarterly pullback, the office segment's year-on-year trajectory remains extraordinary, sales value has nearly tripled over the past twelve months, confirming that the underlying repricing of Grade A stock is structural rather than a Q1 anomaly.



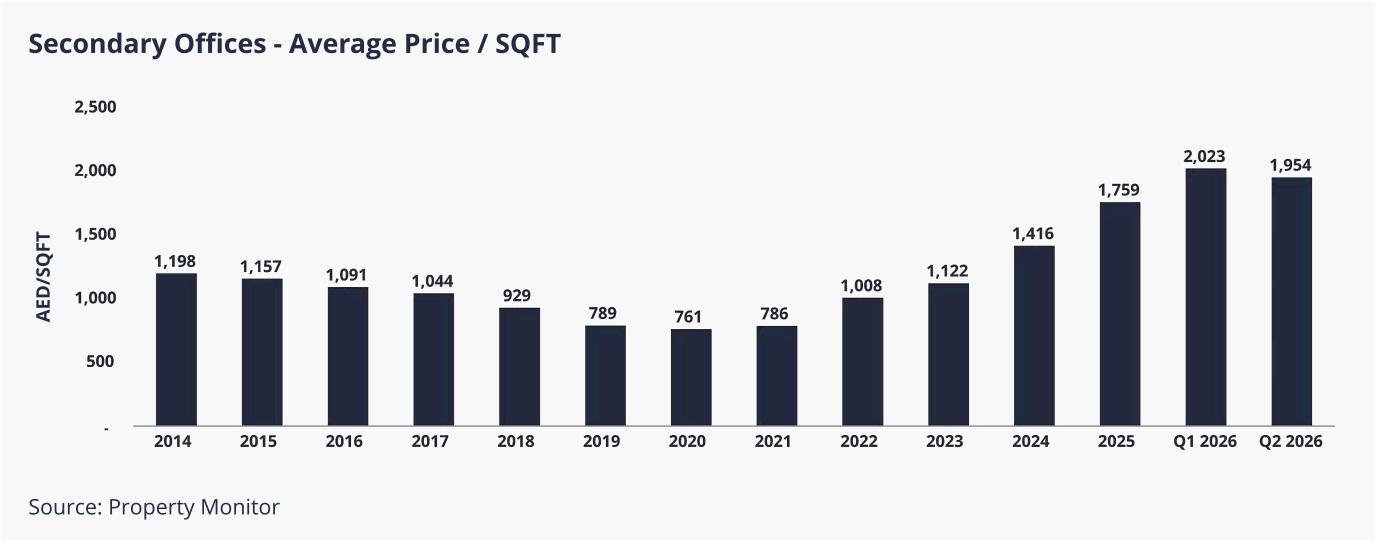
Geographic Performance: Business Bay Leads Prime Office Locations

Business Bay retained its position as Dubai's leading office destination in Q2, recording 441 transactions and accounting for close to half of all office activity in the city. Al Sufouh 1 followed at a distance with 118 transactions, while Jumeirah Lakes Towers (JLT) rounded out the top three with 110 transactions.

An analysis of the built-up area mix across these top-performing locations shows a clear tilt toward smaller office formats, with units under 1,500 sq ft accounting for 61.3% of transactions, underscoring continued demand from SMEs, startups and single-owner operators seeking cost-efficient, flexible workspace.

Mid-sized units between 1,500–2,000 sq ft and 2,000–2,500 sq ft represented a comparatively modest 9.1% and 8.1% of transactions respectively, suggesting a polarised market where demand is concentrated at the smaller and larger ends of the spectrum rather than the middle ground.

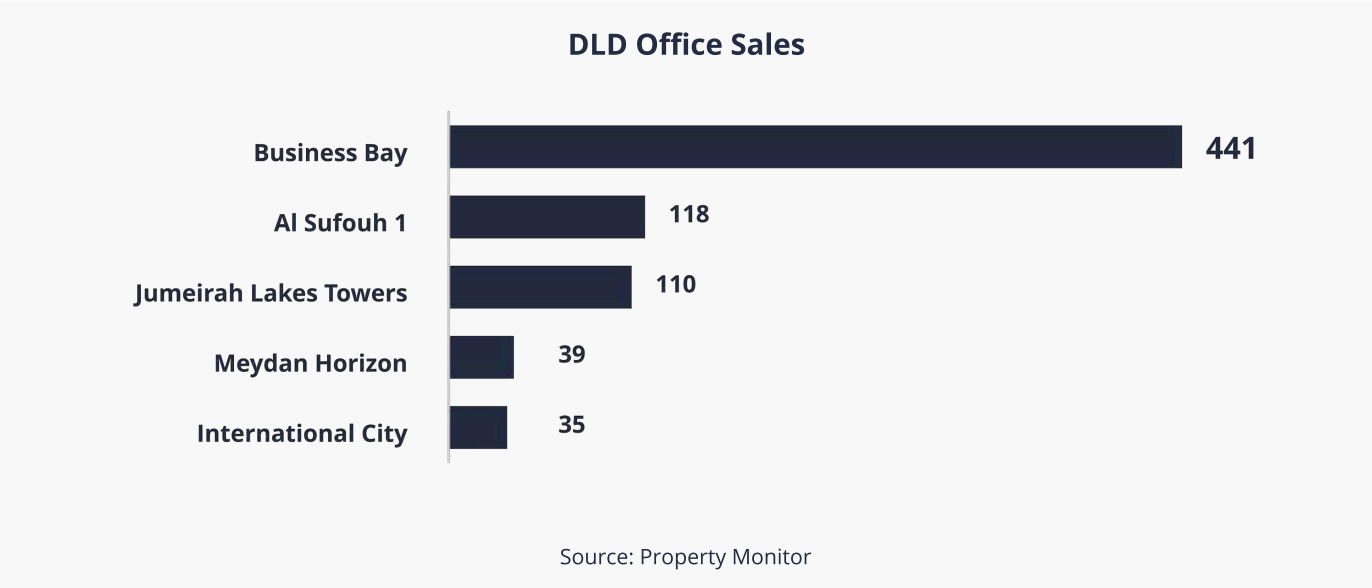
Average Selling Prices: Secondary Market



The secondary office market recorded a softening in average selling prices during Q2, with price per sq ft declining to AED 1,954, down from AED 2,023 in the previous quarter, a contraction of approximately 3.4%. This pullback comes against the backdrop of the regional conflict that emerged at the end of February, which appears to have introduced a degree of caution among investors and end-users in the secondary market during the quarter.

That said, the scale of the correction remains measured rather than severe, suggesting the market is absorbing the geopolitical shock without significant disruption to underlying fundamentals.

As regional conditions stabilise, secondary market pricing will be a key indicator to monitor in the coming quarters to assess whether this represents a temporary reprice or the start of a more sustained trend.



Supply Pipeline: Moderate Office Completions Ahead

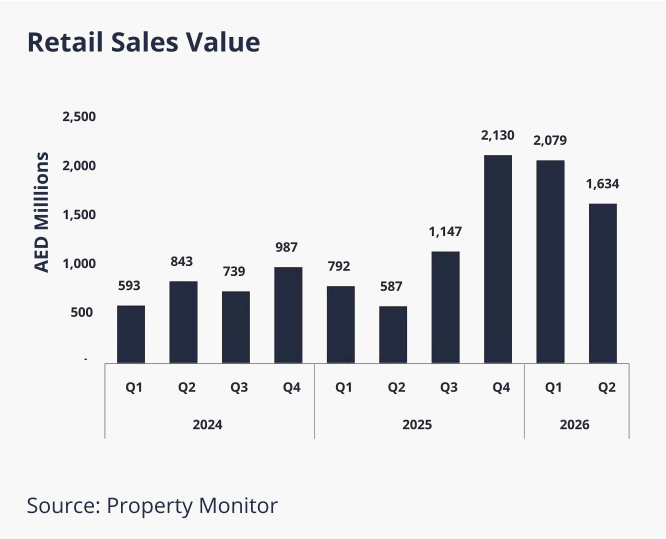
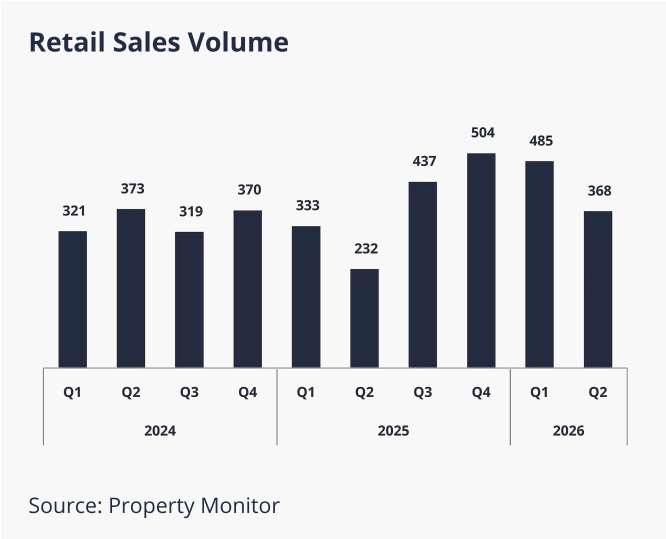
Looking ahead, Dubai's office supply pipeline points to a measured expansion rather than a wave of oversupply, with projected completions across 2026 and 2027 totalling approximately 4.3 million sq ft. Set against the current pace of transactional activity and the sustained demand signals from both FDI inflows and occupier trends outlined in this report, this level of new supply appears well-positioned to be absorbed without materially disrupting the current balance between supply and demand.



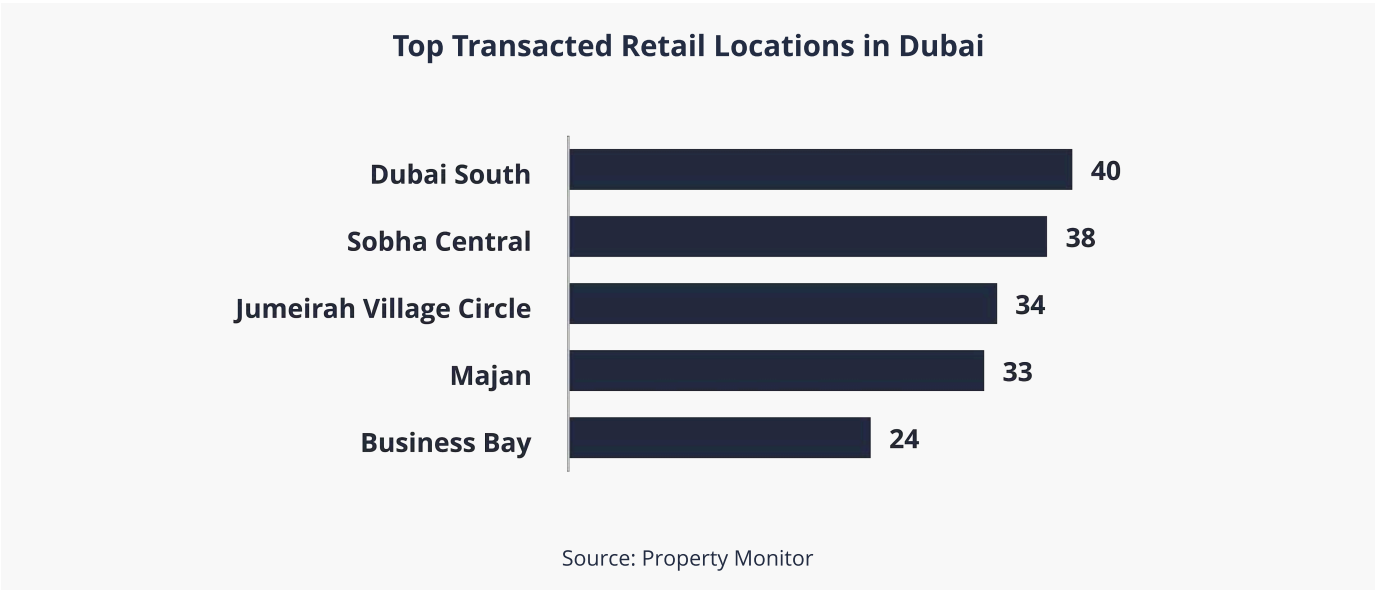
Retail Segment Analysis

Dubai's retail investment segment pulled back in Q2 2026 alongside the broader commercial market, with transaction volumes declining to 368 deals (-24.1% QoQ) and total sales value falling to AED 1.63B from AED 2.08B (-21.4% QoQ).

Despite the sequential softening, the year-on-year picture remains exceptionally strong. Against Q2 2025's 232 transactions and AED 587M in value, Q2 2026 still represents growth of approximately 58.6% in volume and 178.4% in value, underscoring that even a "weak" quarter this year comfortably outpaces the equivalent period twelve months ago.



Eliza Esenbek, Head of Retail and F&B at CRC says, "Dubai's F&B sector was a mixed bag in Q2. Full-service restaurants struggled with rising costs, fit-out delays and cautious spending, while quick-service brands kept growing driven by value, convenience and delivery demand, especially in residential communities."



Industrial Segment Analysis

Industrial and warehousing has emerged as the most resilient asset class in Dubai's commercial real estate market this quarter, underpinned by sustained occupier demand, disciplined pricing and continued institutional conviction in the sector's fundamentals.

This resilience is further underpinned by a strong pipeline of institutional-grade supply entering the market. Chief among these is Terralogix, a 305,000 sqm gated logistics hub in Warsan, Northern Dubai, offering 182,000 sqm of leasable Grade-A logistics space across a modular, multi-phase masterplan. Phase 1, comprising 53,360 sqm, is scheduled for completion in Q4 2026.

Industrial activity remains concentrated firmly in the small-to-medium size bracket, with demand between 10,000 sq ft and 50,000 sq ft driving the majority of leasing and enquiry volumes. This reflects the operational footprint requirements of regional distributors, last-mile logistics operators and light industrial occupiers who continue to favour agility over scale.

Rental rates across the sector have held firm through the quarter. While the pace of growth seen in prior periods has moderated, this reflects a stabilisation rather than a softening of the market and landlords have shown limited appetite to reduce headline rents, supported by consistently tight availability in the preferred size bracket and sustained occupier demand.

Investment appetite for income-producing industrial assets remains robust. Institutional funds continue to actively pursue well-let, quality warehousing stock, underscoring sustained confidence in the sector's underlying fundamentals and its role as a stable, yield-generating component of diversified portfolios. This capital markets activity is reinforcing pricing discipline across the asset class even as broader market conditions evolve.



Ashley Sonnenberger, Industrial & Logistics Manager at CRC. says, "E-commerce and fulfillment-driven demand remains a structural feature of the market rather than a cyclical one. Occupiers in this space continue to seek space actively, reflecting the continued build-out of last-mile distribution networks across the Emirate and the broader normalisation of online retail infrastructure within the region's logistics landscape."



Commercial Sales | CRC

Buyer Leads at CRC

▼ **16% QoQ**

▼ **31% YoY**



Office

▼ **16% QoQ**

▼ **24% YoY**



Retail

▲ **14% QoQ**

▲ **47% YoY**



Warehouse

▼ **27% QoQ**

▲ **76% YoY**

Office buyer leads fell 16% QoQ and 24% YoY, reflecting a shift in occupier and investor focus toward leasing rather than outright purchase during the quarter, consistent with the office segment's 6% QoQ rise in leasing prices noted elsewhere in this report, as tenants increasingly opted to lease amid limited Grade A supply and heightened market caution rather than commit to acquisition.

Retail and warehouse leads moved in the opposite direction on a YoY basis, with retail up 47% and warehouse up 76%, even as warehouse leads dipped 27% QoQ. This suggests sustained underlying investor appetite in both segments has continued to build over the past twelve months, standing in contrast to the office's more leasing-driven demand pattern this quarter.



Commercial Leasing | CRC

CRC's office leasing activity in Q2 was concentrated across five submarkets: Dubai Media City, Business Bay, Jumeirah Lake Towers (JLT), Barsha Heights and Dubai Silicon Oasis - a mix spanning both premium free-zone hubs and more cost-competitive secondary locations.

Dubai Media City and Business Bay led demand as established, high-footfall office districts, attracting media, tech and corporate occupiers seeking quality stock and strong connectivity which is consistent with the 6% QoQ rise in average office leasing prices noted elsewhere in this report. JLT and Barsha Heights offered a more value-driven alternative for tenants balancing space requirements against tighter budgets in a supply-constrained market, while Dubai Silicon Oasis continued to draw steady demand from SME and tech-focused occupiers via its free-zone offering and comparatively accessible rates.

Top Office Communities for Leasing

1st - Dubai Media City

2nd - Business Bay

3rd - Jumeirah Lake Towers

4th - Barsha Heights

5th - Dubai Silicon Oasis



Average Leasing Price Q2 2026

Office	Retail	Warehouse
AED 428,507	AED 384,854	AED 646,241
▲ 6% QoQ	▼ 36% QoQ	▲ 26% QoQ
▼ 11% YoY	▼ 11% YoY	▼ 49% YoY

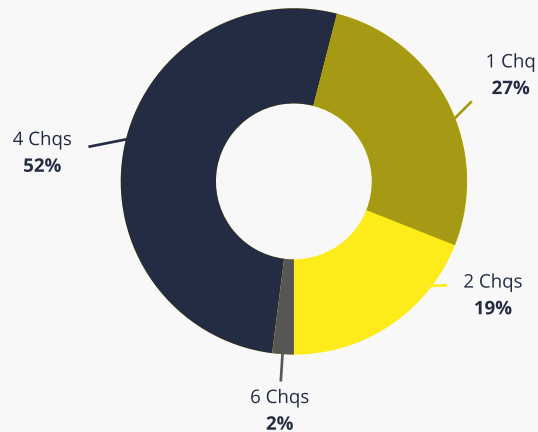
CRC's leasing price data shows a mixed and highly divergent picture across asset classes in Q2 2026. Office leasing prices rose 6% QoQ to AED 428,507, continuing to buck the softer transactional trends seen elsewhere, though prices remain down 11% YoY.

Retail told a different story, with average leasing prices falling sharply by 36% QoQ to AED 384,854. Much of this move likely reflects a shift in the mix of deals transacted rather than a uniform repricing – Q1 leasing activity skewed toward larger, higher-value units, and Q2's pullback in footfall-driven retail demand amid the regional conflict meant fewer such deals closed during the quarter.

Warehouse pricing showed the widest swing of any segment, rising 26% QoQ to AED 646,241 even as it remained down 49% YoY – the single biggest tension in this quarter's data, given warehousing's positioning elsewhere in this report as the most resilient asset class. Rather than a genuine repricing, this is most likely a mix effect: a small number of larger, higher-value warehouse units transacting in Q2 would lift the average leasing price without reflecting a change in like-for-like rates. The scale of the YoY decline nonetheless warrants close monitoring against unit-level data in coming quarters.

Commercial Leasing | CRC

Rental Cheque Payment Trends in Q2 2026



Source: CRC

Quarterly (4-cheque) payment plans remained the clear market standard in Q2 2026 at CRC Property, accounting for 52% of commercial leasing transactions, followed by single-cheque annual payments at 27% and 2-cheque arrangements at 19%. Extended 6-cheque plans were negligible at just 2%.

The low uptake of extended payment structures suggests landlords held firm on standard terms rather than offering added flexibility to attract tenants, consistent with continued landlord leverage amid the ongoing Grade A office supply shortage.

Meanwhile, the notable 27% share of single-cheque payments points to a segment of financially strong tenants likely trading upfront payment for more favourable headline rents, a typical negotiating dynamic in a tightening leasing market.



Macroeconomic Overview

Foreign Direct Investment: Dubai's Fifth Consecutive Year as Top Global FDI Destination

Dubai has been ranked the world's top destination for greenfield foreign direct investment projects for the fifth year running, according to data from the Financial Times' fDi Markets database.

The emirate recorded 1,253 announced greenfield FDI projects in 2025, marking a 10.5% increase on the prior year and its strongest inward investment performance since 2015. This translated into a record 7% share of global greenfield FDI activity, the highest proportion Dubai has ever secured.

Dubai retained its No.1 global ranking for headquarters-related greenfield FDI for the fourth consecutive year and held onto global leadership in AI-related investment for the same period, both of which are direct demand drivers for premium office space, particularly in established business districts.

Operating Conditions: Non-Oil Private Sector Growth Remains Below Trend

The UAE's non-oil private sector faced mounting pressure over the course of Q2 2026, with regional geopolitical tensions and ongoing supply-chain disruptions weighing on growth and pushing input costs higher as the quarter progressed.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) fell to 50.8 in June, its lowest reading in five years, having risen from 52.1 in April to 52.6 in May before the conflict's cumulative impact took hold. The index remained above the 50.0 threshold separating growth from contraction throughout the quarter but the downward trend underscores how sustained disruption weighed increasingly on business conditions as Q2 wore on.

Capital Markets & Investment Trends

Beyond transactional activity, Q2 2026 highlighted a maturing and diversifying investor base entering Dubai's real estate market.



Yogesh Yerikireddi, Director of Southern Offices at CRC. says, "Capital deployment continued to broaden beyond traditional buyers, with institutional investors, sovereign-backed funds, family offices and private investment managers such as Lunate, Brookfield, Arcapita, Shuaa Capital, and Emirates NBD Asset Management actively expanding their presence or investment mandates across the UAE. The quarter also saw DMCC unveil its proposed Foundations Framework, a significant step in strengthening Dubai's private capital ecosystem by supporting succession planning, governance and long-term asset ownership."



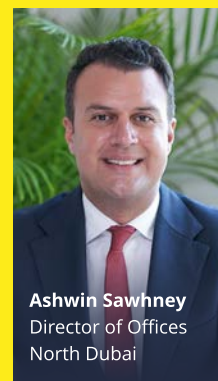
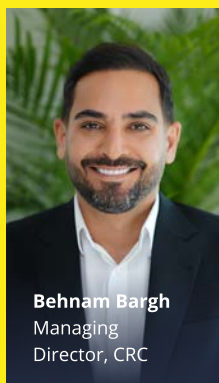
About CRC

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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