Manzil | ASSET MANAGEMENT

Office Market Report & Opportunity Analysis

Market Drivers: Company Formation and Mandatory Office Demand

Dubai's business ecosystem is expanding rapidly:

Year	New Companies (Dubai Chamber)	YoY Growth
2023	67,222	-
2024	70,500	+4.6
2025	76,000	+8% (est. full-year)

- **Every trade licence** requires an **EJARI-registered office**; virtual addresses do not qualify for licensing or bank account setup.
- **Visa allocation** is tied to **office size** (= 80-100 sq ft per visa on the mainland; ~9 m2 per visa in free zones).
- Hence, **company formation directly translates into office absorption** - structural, not speculative, demand.

Occupancy and Vacancy Snapshot

Sub-Market	Vacancy	Occupancy	Avg Rent (AED/sq ft/yr)
DIFC	0.3%	99.7%	400-475 (prime)
Downtown	3%	97%	350-400
Sheikh Zayed Rd	2%	98%	250-300
Business Bay	5%	95%	190-250
JLT/DIC/DMCC	9-10%	90-91%	180-210
Citywide Average	7.7%	92.3%	-

Sources: JLL Q2 2025 | CRC Q2 2025 | Savills Q1 2025

Grade A occupancy = 95%+, while **prime vacancy is nearly zero -** a landlord-dominated market

The Supply Challenge & Opportunity

2025 Supply Crunch

Only -1% of new office stock (= 33,000 m^2) is being added in 2025, marking one of the tightest supply years in over a decade

Pre-Leased Pipeline

The 2026-2027 pipeline (-396,000 m^2) is already 60% pre-leased, meaning most upcoming stock is spoken for even before completion.

Aging Inventory

A large share of existing Grade A inventory -especially along Sheikh Zayed Road and Business Bay was delivered between 2010 and 2016, making much of it functionally outdated for modern tenants seeking efficient layouts, sustainability credentials, and higher fit-out standards.

Construction Pause

Developers paused commercial construction for nearly a decade after 2016, focusing on residential projects instead. The result is a structural undersupply of modern Grade A offices across Dubai.

The Implication

With **prime districts (DIFC, Downtown, SZR, Business Bay) now at 95-99% occupancy,** the market has **no room left to accommodate new companies.**

To **absorb this spillover**, Dubai urgently needs **new business districts** - centrally located, freehold, and affordable enough for SMEs and mid-sized corporates.

Pricing & Capital Performance Sales Price Ranges (AED / sq ft)

(Public Data – Knight Frank | CRC | TruView 2025)

District	2025 Average	YoY Change (2024-2025)	Remarks
Downtown Dubai	- 5,000 +	-25%	Ultra-prime Grade A; limited new supply, trophy assets dominate
DIFC (Offices)	3,800-4,500 +	-22%	Institutional stock; highest rental benchmark in UAE
Sheikh Zayed Road	2,400-4,000 +	-20%	Core corridor, strong resale and upgrade activity
Business Bay	2,300-4,000 +	-15-20%	Largest trading sub-market; rising end-user absorption
Al Jaddaf / Arjan/Majan / Sports City/Motor City (Emerging)	2.000-3.000 +	-15-20%	New business districts capturing spill-over demand from the CBD -

Rental Growth

- Rents Across Grade A + 36% YoY citywide; prime districts led increases (JLL / Savills).
- Net effective occupier cost + 4.9% QoQ (Economy Middle East 2025).
- Grade A rents now AED 400 - 475/ft^2 / yr in DIFC; Business Bay at AED 190 - 250.

Examples by Submarket

Sub-Market	Rent Growth YoY	Avg Asking Rent (AED / sq ft/yr)
DIFC	**+40-45%**	**475-750**
Downtown	**+30-35%**	**350-400**
SZR	**+25-30%**	**250-300**
Business Bay	**+20-25%**	**190-250**
JLT/DMCC/Arjan	**+15-20%**	**180-210**

Examples of Capital Value Growth

Sub-Market	Avg Price (2024)	Avg Price (2025)	% Increase
DIFC	**-4,000**	**-5,000+**	**+25%**
Downtown	**-3,500**	**3,800-4,500**	**+22%**
SZR	**-2,600**	**3,200-4,000**	**+20%**
Business Bay	**-2,000**	**2,300-4,000**	**+18%**
Emerging Zones (Jaddaf /Arjan	**-1,700**	**2,000-3,000**	-

Capital Appreciation

- **18-22%** YoY rise in Grade A sale values (DIFC, Downtown, Business Bay, SZR).
- DLD/TruView index: avg office price **AED 1,725 - 1,903/ft^2 (H1-2025), 22-24% YoY**.

Liquidity & Transaction Evidence

Period	Volume	Deals	Avg PSF	YoY Change
2024 (full)	**AED 6.5 bn**	**2,972 sales**	**≈ 1,325**	**+37% vs 2023**
Q1-2025	**AED 2.8 bn**	**933 sales**	**≈ 1,650**	**+83% vs Q1-2024**

Source: Cavendish Maxwell / Zawya | CRC Property Insights 2025

Demand by Size & Sector

Segment	Share of Enquiries	Typical Unit Size	Key Drivers
SMEs / Consulting / Tech	**71%**	**1,000 – 5,000 ft^2**	New license & visa requirements
Corporates / FIsT	**22%**	**> 5,000 ft^2**	HQ expansion, regional relocation
Co-working / Flex	**7%**	**< 1,000 ft^2**	Serviced office operators scaling

(Savills Q1 2025 / JLL Q2 2025)

Cost Pressure in Core Locations

- Prime Grade A offices in **Downtown / DIFC** now AED 4,000 3 6,000 + psf; entry costs too high for most SMEs.
- **Operating rents > AED 400 / ft^2 / yr** create affordability barriers.
- Vacancy below 1 % = no flexibility for new entrants

The Opportunity: Emerging Business Districts

Districts such as **Al Jaddaf, Arjan, and Majan** are perfectly positioned to become **Dubai's next business corridors**, driven by:

Location Advantage

Central positioning with metro or arterial connectivity

Lower Land Cost

Allowing **AED 2,000–3,000 psf** selling prices vs. **AED 4,000–6,000+ in** the core CBD

New Grade A Supply

Pipeline catering to modern design and 1000 to 5000 square ft. office requirement

Conclusion

Dubai requires for new office developments at lower price per sqft, as Central Business District rates are currently around AED 5,000 per sqft, leaving strong demand for more cost-efficient commercial spaces.

Business Hubs

Old Business Hubs

- DIFC
- Downtown
- Business Bay
- JLT
- Sheikh Zayed RD
- DMCC

New Business Hubs

- AL Jaddaf
- DLRC
- Majan
- Arjan
- Sports City
- Motor City

Why Land as the Core Asset Class

Post-2023 Government Policy Shift:

Dubai stopped selling land parcels in the open market because it reduces quality control and allows **tier-2 / tier-3** developers to enter.

Now, Government land is allocated ***only to selected master developers**** after profile and capability checks.

Resulting Scarcity & Premium:

With no new land entering the private market, ***existing plots have become significantly more premium**** due to structural scarcity.

Commercial Land Is Extremely Limited:

Compared to residential, commercial/ mixed-use plots are ***far more scarce****, available only in:

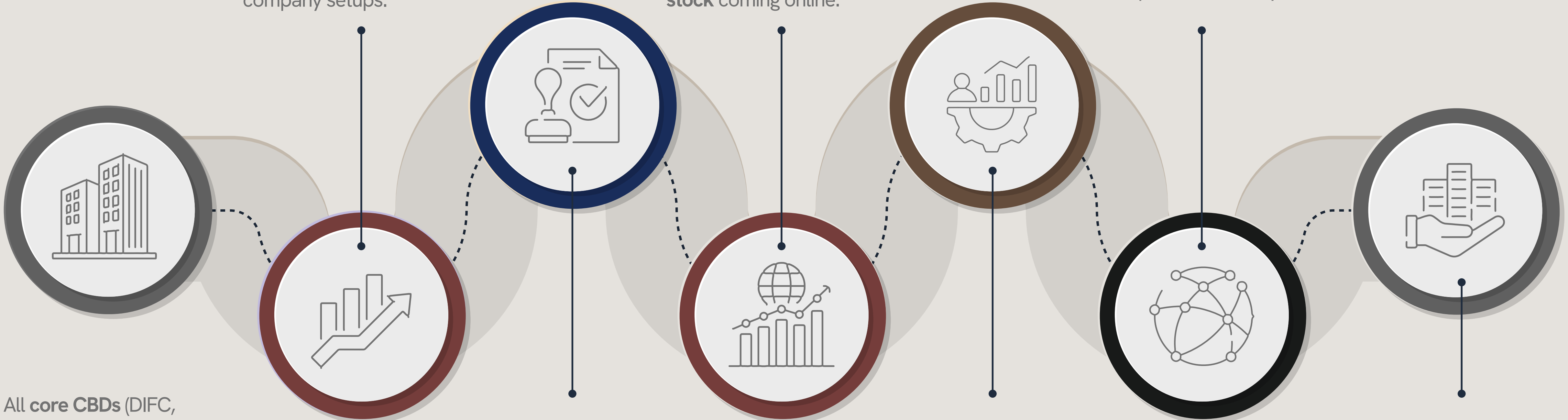
Al Jaddaf, Arjan, Majan, Sports City, Motor City, and future Dubai South.*

Strategic Advantage:

Because supply is shrinking while commercial demand is surging, ***commercial landbanking offers the strongest long-term value creation and protected downside**** in Dubai's current cycle.

Institutional Opportunity

The Need for New Business Districts



All **core CBDs** (DIFC, Downtown, SZR, Business Bay) are **95%+ occupied**, leaving almost **no prime vacancy.**

Commercial rents are at **record highs**, driven by intense demand from new company setups.

35,000+ new business licenses were issued in H1 2025 alone, the highest in Dubai's history.

Yet, the market faces a **severe undersupply of Grade-A office space** with **<1% new stock** coming online.

There is a growing **need for affordable, new-age business districts** to absorb this spillover demand.

Emerging zones like Jaddaf, Arjan, Sport city, Motor city and Majan are ideally positioned to become the **next generation of business hubs** ,offering connectivity, freehold ownership, and scalability.

Manzil Land Fund is strategically positioned to capture this opportunity through **data-led landbanking and JV development partnerships.**

Strategic Opportunity

Capturing Dubai's Commercial Undersupply Manzil Real Estate Fund is a **data-led commercial landbanking platform** focused on capturing Dubai's next wave of business expansion.

Our strategy is to **acquire scarce commercial and mixed-use land plots,** strategically located **near metro-connected emerging business districts,** and **partner through JVs with Grade-A developers** to build **ESG / LEED Gold-certified office assets.**

By collaborating with **leading commercial brokerages** for **pre-leasing,** we create **institutionally compliant, income-generating buildings,** enabling **high-value exits** through **REITs, family offices, or direct retail sales.**

With commercial and mixed-use plots in Dubai now extremely limited, Manzil's platform is positioned to capitalize on scarcity - combining **land appreciation, JV development value, and stabilized income** into one opportunity.

Closing Narrative

Dubai’s office market is in a once-in-a-decade transformation.

As Grade-A occupancy hits record highs and global companies expand in the region, **Manzil Real Estate Fund** is positioned to deliver the next generation of **ESG-certified, pre-leased commercial assets.**

By combining **developer partnerships, data intelligence, and institutional exit readiness**, Manzil transforms underutilized land into long-term income-yielding assets — creating sustainable value for investors, partners, and Dubai’s economy.

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