

GCC Office Market Review 2025



2025

An annual review of key trends and the performance of
the GCC office market

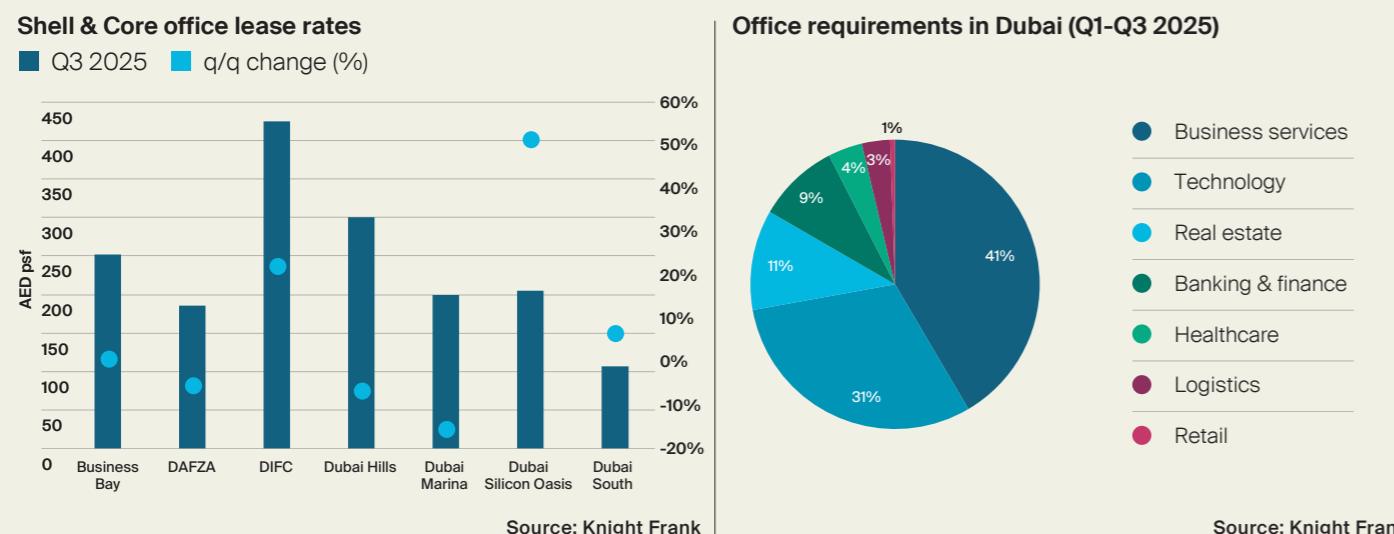
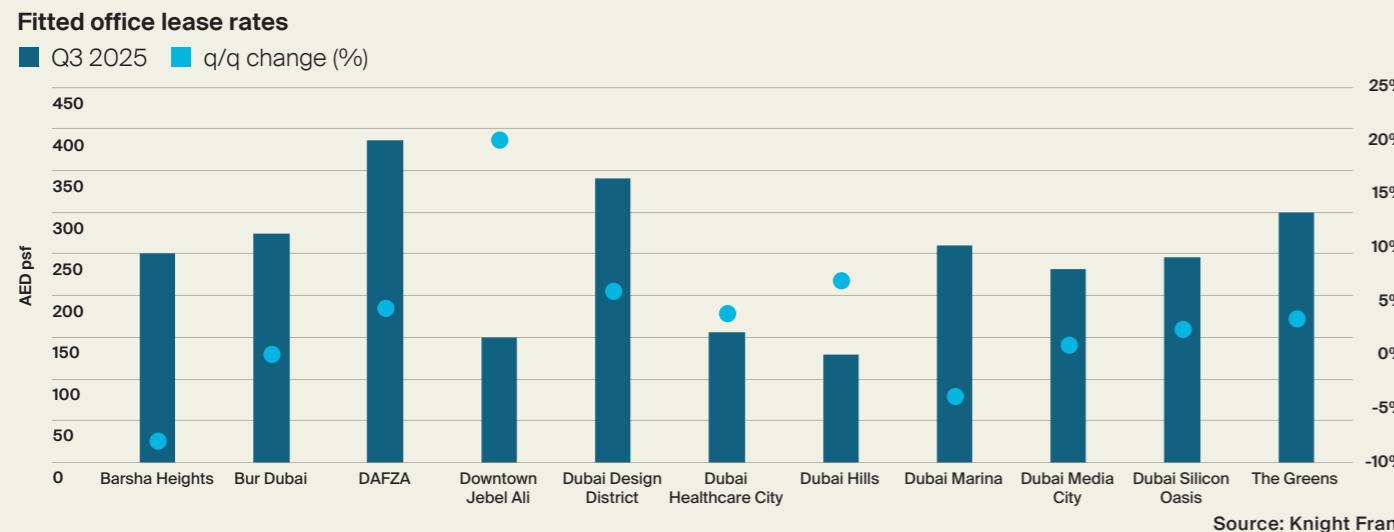
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DUBAI OFFICE MARKET OVERVIEW

DUBAI'S DEMAND DRIVEN LANDSCAPE

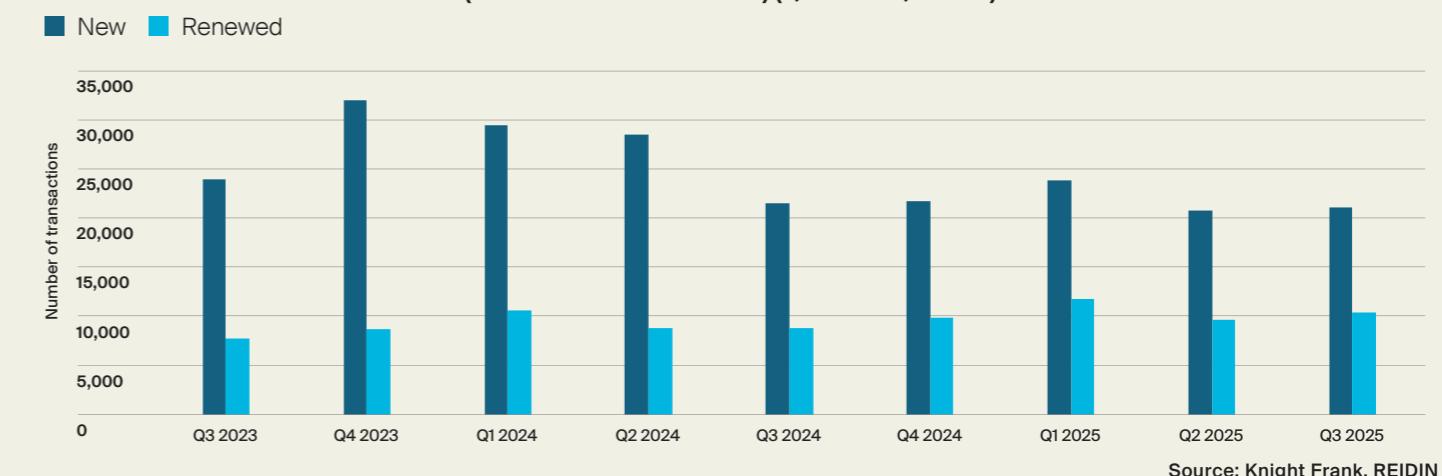
- The business services sector remains the largest driver of office requirements in Dubai, accounting for 41% of total demand in the first 9 months of 2025.
- We recorded an average leasing rate of AED 248 psf for fitted office space and AED 207 psf for shell-and-core space. The DIFC remains the most expensive office submarket in the city, supported by limited availability and sustained high demand.
- In Q3 2025, the office rental market saw a slight increase in both new and renewed rental contracts.
- The cumulative office supply in Dubai is set to expand considerably, with projections showing the total gross leasable area (GLA) will expand by 13.2 million sqft by 2030, taking the city's total stock to around 136 million sqft.



Dubai office supply (2020 -2030)



Number of office rental transactions (renewed v. new contracts) (Q3 2023-Q3 2025)



“ Dubai's office market remains exceptionally strong, with Grade A space across key districts operating near full occupancy and continued demand driven by relocations and new entrants to the market. Limited new supply and sustained leasing activity are keeping upward pressure on rents.



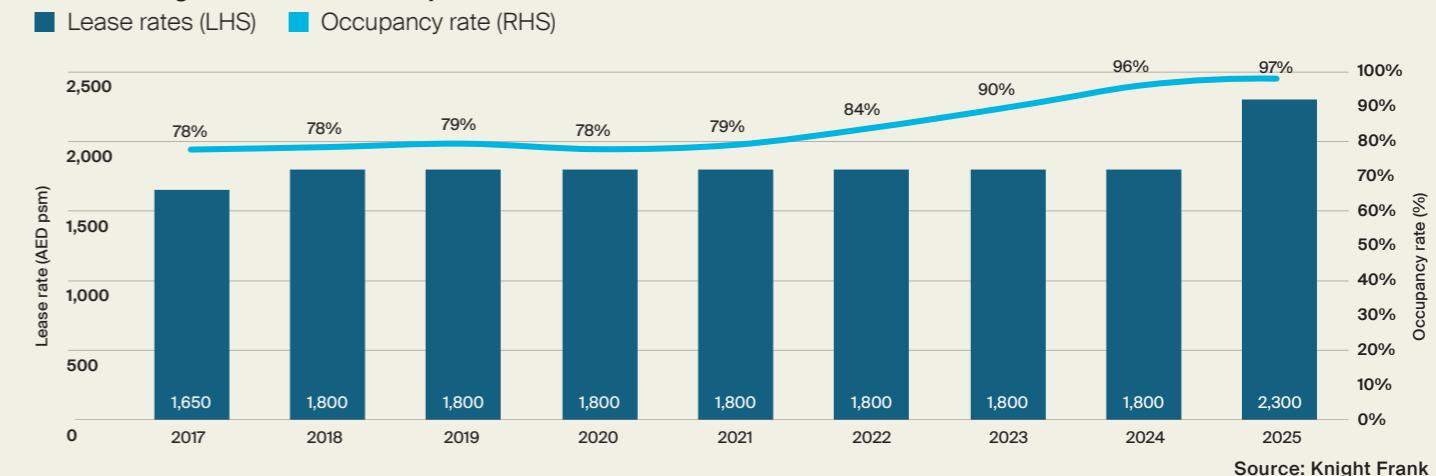
Leroy La Grange
Senior Manager - Office Leasing, UAE

ABU DHABI OFFICE MARKET OVERVIEW

ABUDHABI'S SHIFTING OFFICE MARKET

- As of Q3 2025, Abu Dhabi's Grade A office leasing rates rose to AED 2,300 per sqm, a 28% y/y increase, amid sustained strong demand and limited new prime supply.
- Business services (22%) and Banking & finance (19%) have been the primary drivers of demand for offices during the first nine months of 2025.
- As of Q3 2025, the market received a substantial amount of high-quality grade A office spaces. SAAS Business Tower (22,171 sqm) in Al Reem Island is in its handover phase and recorded 40% occupancy rate, while the newly handed over Aldar's HB Tower (12,004 sqm) on Yas Island is now fully operational with 98% occupancy rate.
- The supply pipeline indicates a surge in office stock for 2027, with nearly 175,000 sqm of new office space scheduled for delivery. This follows more moderate supply additions of approximately 21,000 sqm remaining in 2025 and just over 43,000 sqm in 2026.

Abu Dhabi - grade A office market performance

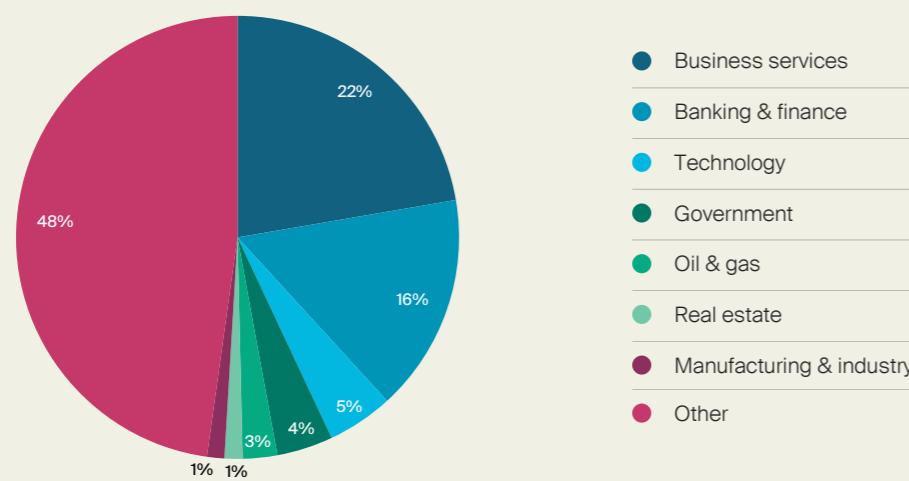


Recent completions

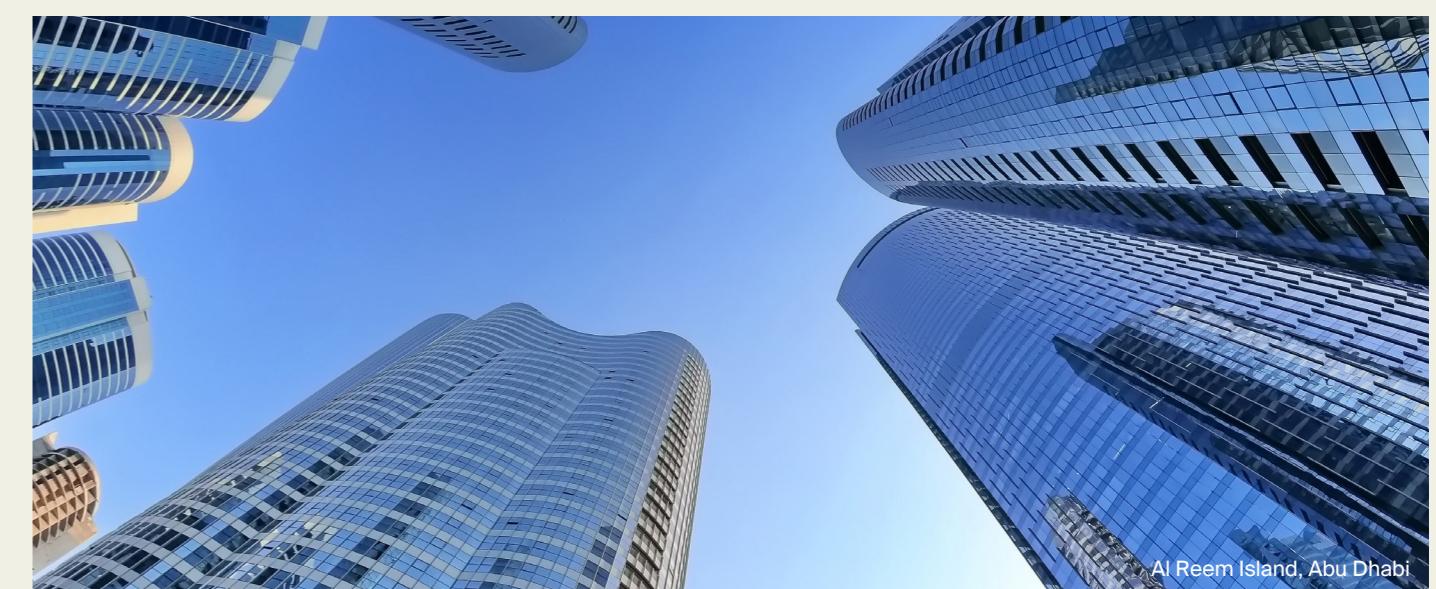
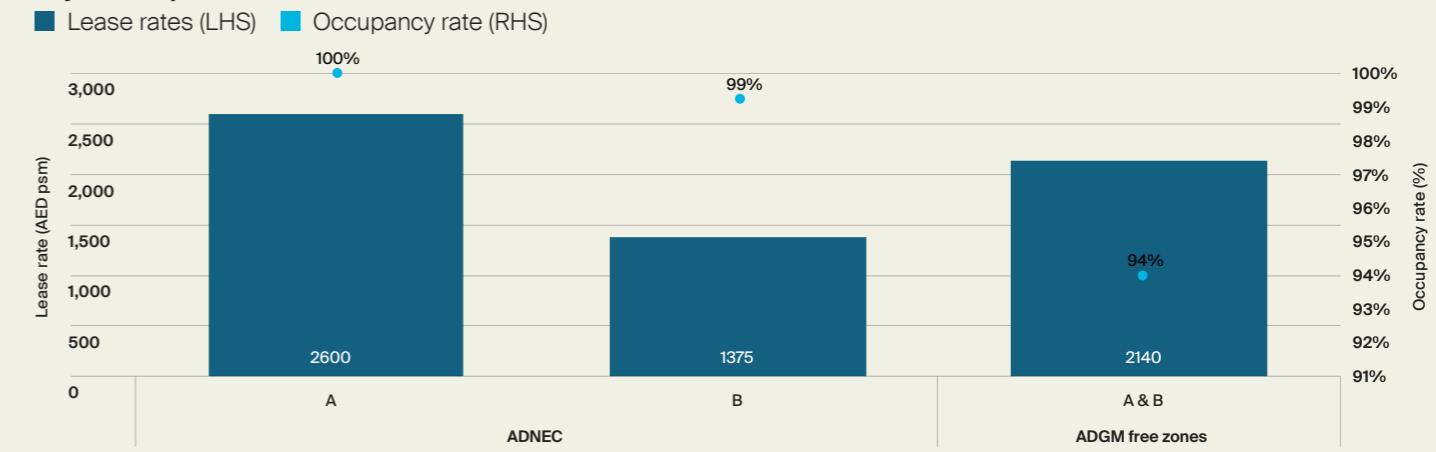
Development	Location	GLA (sqm)	Occupancy rate (%)	Developer
HB Tower (Yas Place)	Yas Island	22,171	98% (Fully operational)	Aldar
SAAS Business Tower	Al Reem Island	12,004	40% (Handover phase)	SAAS

Source: Knight Frank

Office requirements in Abu Dhabi (Q1 - Q3 2025)



Key district performance



SAUDI ARABIA OFFICE MARKET OVERVIEW

Government-led investment, giga-project activity, and a wave of corporate relocations are underpinning office demand across Saudi Arabia. As Vision 2030 reforms continue to reshape the economic landscape, demand for high-quality, ESG-compliant office space is accelerating across Riyadh, Jeddah, and the Dammam Metropolitan Area, with Grade A rents climbing rapidly and occupancy levels flirting with record highs.

GOVERNMENT INVESTMENT FUELING EXPANSION

- Total office stock in Riyadh, Jeddah and Dammam Metropolitan Area (DMA) projected to reach 9.7 million sqm of GLA by 2025 and 15 million sqm by 2028.
- The capital accounts for nearly half of the upcoming supply, underscoring its role as the Kingdom's corporate epicentre and potentially signalling challenges that may lay ahead for landlords and developers as they compete in an increasingly busy marketplace.
- Public sector investment in infrastructure, housing, and giga projects continues to unlock private-sector opportunities, driving office demand across key cities.

GIGA PROJECTS DRIVING CORPORATE DEMAND

- US\$ 196bn in awarded real estate construction contracts linked to the country's giga projects since 2016 is reshaping corporate footprints nationwide.
- As these mega-developments transition from planning to delivery, programme managers, consultancies, and operators are expanding their in-country teams.
- There is a rising preference for Grade A, ESG-aligned office environments, particularly in Riyadh, as occupiers seek modern, sustainable workplaces, driven by global corporate mandates.

REFORMS STRENGTHENING MARKET APPEAL

- The Regional Headquarters (RHQ) Programme offers a 30-year corporate and withholding tax exemption to incentivise global firms to establish regional HQs in Riyadh.

“ We're seeing two distinct narratives play out across Saudi Arabia's office market. Riyadh continues to lead with strong demand for Grade A space, driven by Vision 2030 and the RHQ initiative. Clients are prioritising quality, long-term positioning, and strategic consolidation, especially among multinational and government-backed entities. Jeddah, meanwhile, is experiencing more measured activity, with occupiers leaning toward value-driven decisions and flexible lease structures.



Riham ElMurr
Associate Partner - Head of Sales & Leasing, KSA

- Special Economic Zones (SEZs) offer customised tax benefits and simplified regulatory frameworks to attract sector-specific investment.
- The new Foreign Ownership Law (2026) is expected to simplify cross-border acquisitions and boost transparency, further opening the market to international investors.
- The Investor Visa, coupled with clearer licensing and faster approvals, is enhancing the ease of doing business and supporting sustained premium-office demand.

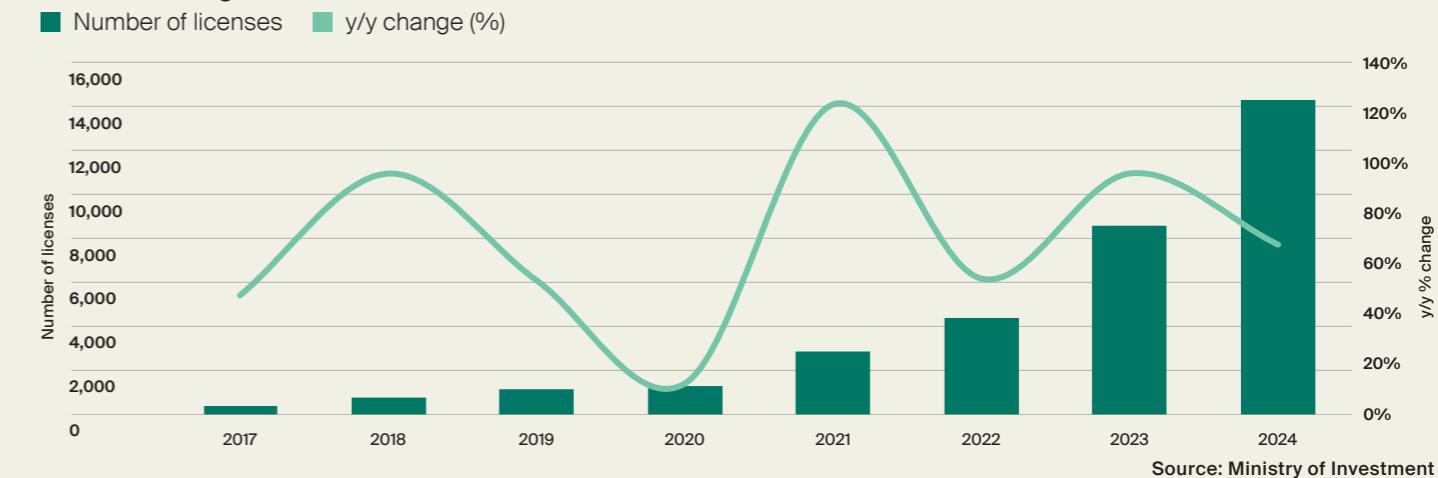
CORPORATE EXPANSION AT RECORD PACE

- 14,303 foreign business licences were issued in 2024, up 68% y/y, signalling robust investor confidence.
- 675+ multinational firms have announced plans to establish Regional HQs in Riyadh under the RHQ programme.
- In terms of origin, companies from the USA (41%), UK (19%), China (8%) and Germany (4%) dominate those establishing a regional HQ in the capital.

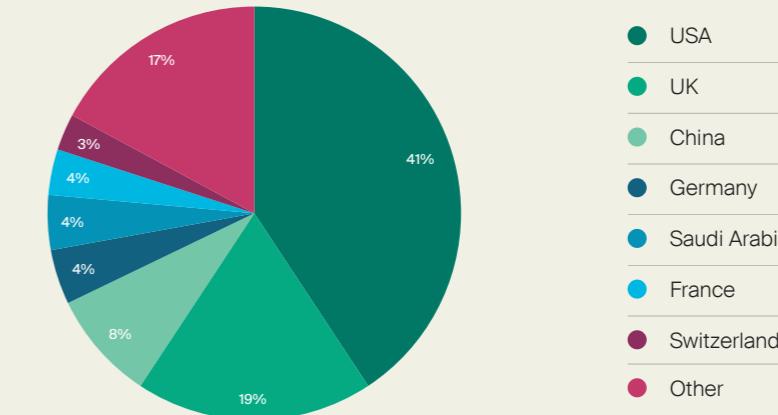
A MAGNET FOR GLOBAL INVESTMENT

- FDI net inflows reached nearly SAR 80bn in 2024, led by the US, UAE, China, Singapore, Egypt, and France.
- Despite slight moderation (-6.4%) last year, the net inflows demonstrate resilient global confidence in Saudi Arabia's macroeconomic fundamentals.
- The Kingdom climbed to 17th place in the 2025 IMD World Competitiveness Ranking, up from 32nd in 2021, reinforcing its transformation into a diversified global investment destination.

Number of foreign business investment licenses



Origin of companies licensed for regional headquarters in Riyadh*



*Segmentation of RHQ Programme companies is based on a representative sample of 140 companies.

Source: Various

Top sources of FDI in 2024 (by country)



Source: General Authority of Statistics

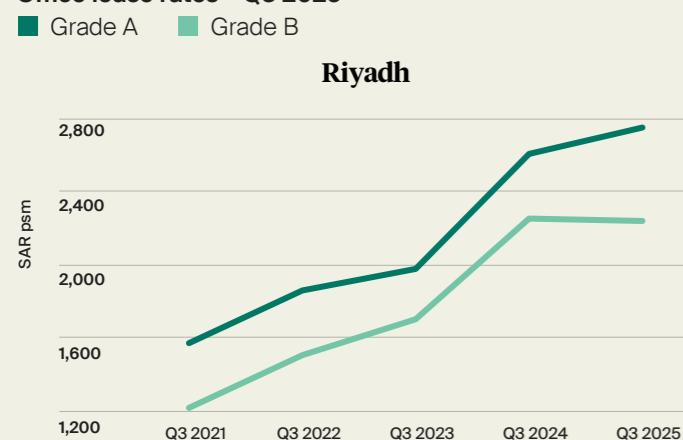
PERFORMANCE OF SAUDI ARABIA'S MAJOR OFFICE MARKETS

Saudi Arabia's major office markets continue to demonstrate strong fundamentals, supported by Vision 2030-driven reforms, steady public and private-sectors expansion. Riyadh remains the heart of corporate activity, while Jeddah is gaining strength as new masterplans and landmark projects reshape its commercial landscape.

RIYADH'S EXPANDING CORPORATE LANDSCAPE

- Rents at record highs:** In Q3 2025, Grade A rents were 15.1% up y/y, standing at SAR 2,750 psm, while Grade B rates rose by 16.5% over the same period, highlighting how some occupiers are being forced to consider less than ideal space due to high Grade A rents and/or low levels of Grade A Office space availability.
- Near-full occupancy:** Grade A occupancy reached 98%, with Grade B buildings averaging 95%, both up one percentage point y/y, underscoring the shortage of supply challenge faced by occupiers.
- RHQ Programme impact:** 780 multinational companies have either established or announced plans to establish a regional HQ in the capital, cementing Riyadh's status as the Kingdom's commercial heart.
- Rent freeze policy:** After an 86% rise in Grade A rents since 2019, the new five-year rent freeze policy is likely to shield occupiers from further sharp rental uplifts, although Grade A rents did surge by 10%-15% in some locations right ahead of the policy announcement.
- Pipeline:** Developers are accelerating completions with total stock projected to hit 11.4 million sqm by 2028.

Office lease rates – Q3 2025



“ Riyadh's office market is entering a new phase. With supply set to double by 2030, a market that was landlord-led, may see the balance of power shifting towards occupiers, especially in light of the recent five-year rent freeze announcement.

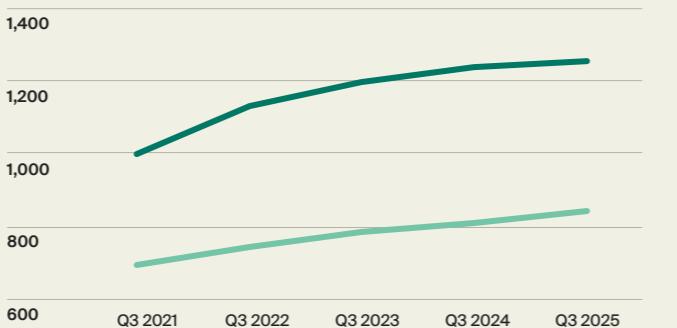


Brad Boliko
Manager - OLSS, KSA

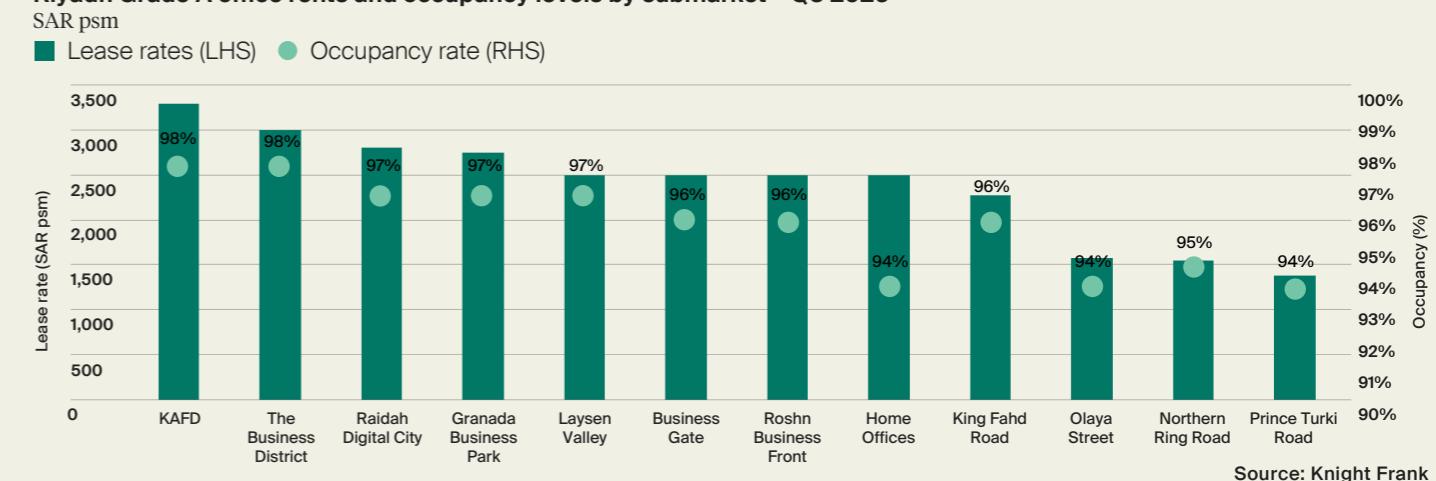
JEDDAH'S OFFICE MARKET

- Consistent rental growth:** As at the end of Q3, Grade A rents were up 1.3% y/y to SAR 1,251 psm, while Grade B rents increased by 4%, supported by limited new supply and strong occupier take-up.
- Healthy occupancy:** Occupancy levels for Grade A offices stood at 92% at the end of Q3, with Grade B buildings slightly lower at 89%.
- Northward shift in development:** Growth corridors are emerging in Al Murjan, Al Basateen, and Abhur, boosted by improved connectivity and mixed-use masterplans.
- Landmark pipeline:** We expect that the US\$1 billion Trump Plaza Jeddah, due to be completed in 2029 and featuring Grade A offices, luxury residences, and serviced apartments, will draw new investor attention to the city.
- Positive outlook:** Jeddah's office stock stands near 1.7 million sqm, with an additional 155,880 sqm expected by 2028.

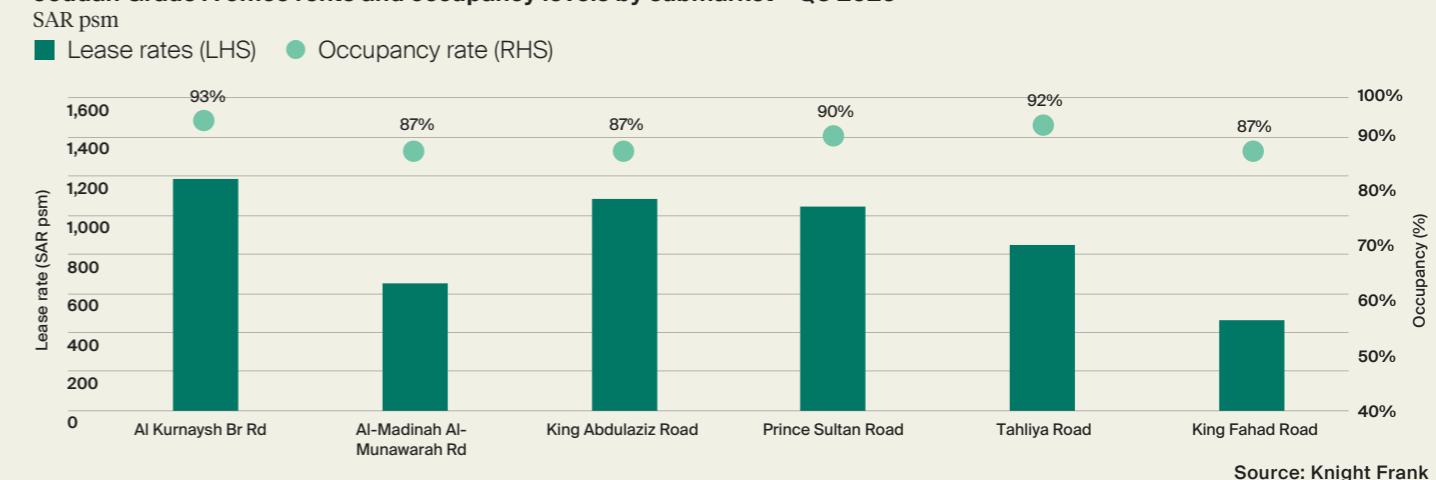
Jeddah



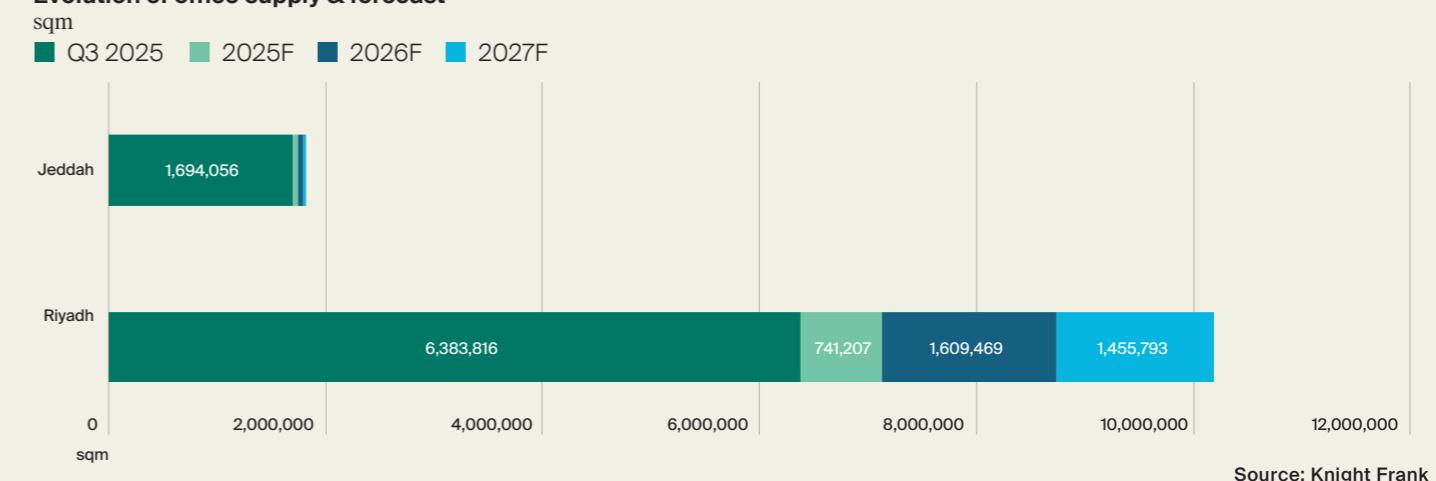
Riyadh Grade A office rents and occupancy levels by submarket – Q3 2025



Jeddah Grade A office rents and occupancy levels by submarket – Q3 2025



Evolution of office supply & forecast



QATAR OFFICE MARKET OVERVIEW

Qatar's office market is navigating a phase of consolidation following heightened relocation activity that has been the mainstay of activity for the last 18-months to two years as occupiers have migrated away from West Bay to Lusail. While headline rents have eased modestly, occupancy across premium assets remains robust. The country's major business districts, West Bay, Lusail, and Msheireb Downtown Doha, continue to anchor demand.

LABOUR MARKET BACKDROP

- Total employment reached 2.25 million in 2025, up from 2.18 million in 2023, averaging 2% annual growth, driven by ongoing diversification, helping to underpin office demand.
- Employment in industry grew by 4% y/y (2024), supported by the North Field's expansion, further development activity in Lusail, and infrastructure projects by Ashghal, the country's roads and infrastructure builder.
- Retail, leisure, and hospitality jobs rose 3% y/y, buoyed by Qatar Tourism's flagship events, Shop Qatar and major sporting fixtures.
- Employment in Financial & business services rose by 1%, led by new asset management, insurance, and fintech firms within the Qatar Financial Centre (QFC), which has now surpassed 1,800 companies.
- The Digital Qatar Strategy 2030 aims to generate thousands of ICT, data, and e-governance roles, advancing the nation's knowledge-based economy and will help to create new demand for offices through to the end of the decade.

SUMMARY OF CORE OFFICE SUBMARKETS

LUSAIL

- Corporate migration:** The QFC's relocation (6,200 sqm) to Lusail Boulevard (2025) signals a strategic shift toward Lusail's financial and professional cluster.
- Anchor tenants:** QCB, QNB, and QIA expanding into Plaza/Al Sa'ad Towers, while government agencies are strengthening their presence.
- Outlook:** Lusail is fast becoming Qatar's primary destination for institutional occupiers seeking Grade A, ESG-aligned offices.

MSHEIREB DOWNTOWN DOHA

- Msheireb Downtown Doha continues to attract occupiers prioritising ESG compliance and proximity to government ministries, with Qatar Airways among the most high-profile tenants, having recently established its global HQ here.
- The submarket's intelligent building infrastructure and integration with hospitality, retail, and cultural amenities make it one of the most desirable office locations in the city.

OFFICE SECTOR PERFORMANCE

- Following years of supply growth, the office market is experiencing a moderate correction, with rents down 2.2% y/y to QAR 89 psm per month (Q3 2025).
- Activity remains underpinned by relocation activity and by government entities and large corporates optimising portfolios rather than downsizing.
- West Bay remains the most liquid district, home to financial, public, and energy sector occupiers.
- Blue-chip tenants and ministries continue multi-year renewals, supporting stable cash flows for landlords.

Employment by sector

■ Industry ■ Consumer services ■ Financial & business services ■ Public services
■ Transport, storage, information & communication services ■ Agriculture

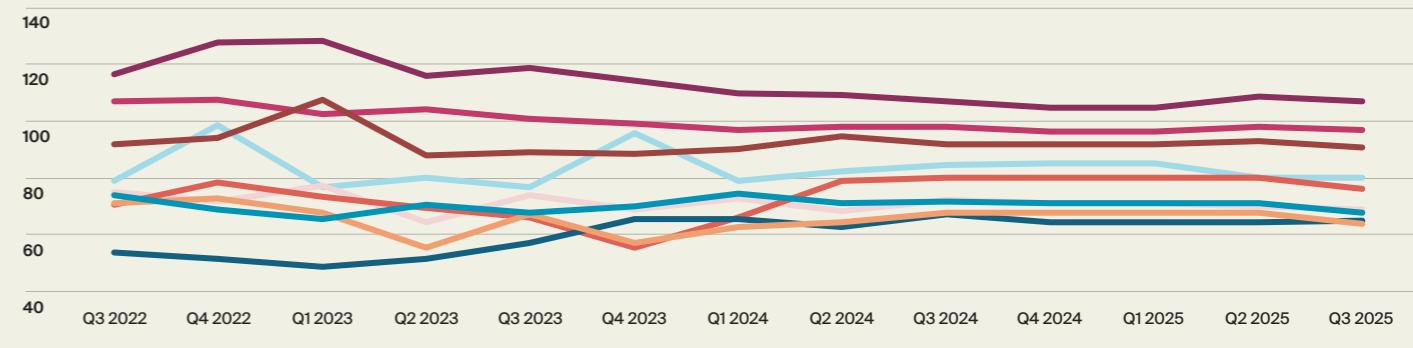


Source: Knight Frank

Monthly office rents – Q3 2025

QAR psm

■ West Bay- prime ■ Marina district ■ C/D ring road ■ Al Rayyan ■ Old airport road ■ West Bay - average
■ Lusail other districts ■ Al Muntazah ■ Fereej Bin Mahmoud

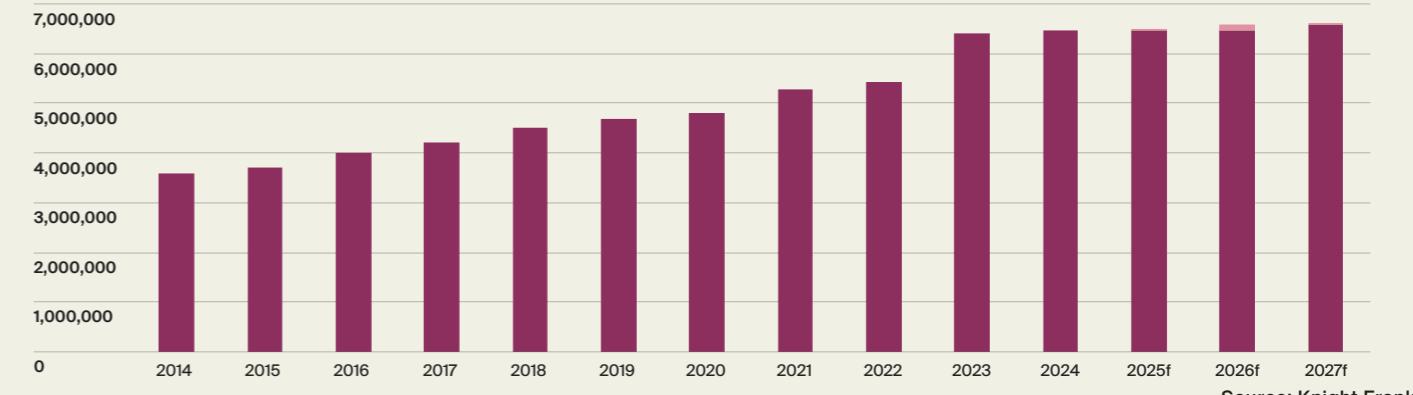


Source: Knight Frank

Evolution of office supply

sqm

■ Existing supply ■ Future supply



Source: Knight Frank

EXPERT INSIGHT



Contributor

JAMES HODGETTS, MRICS | MCR

Partner - Occupier Strategy & Solutions, MEA

NAVIGATING THE GULF'S DYNAMIC OFFICE MARKETS

The Gulf's office markets are in a phase of strategic repositioning as occupiers convert capital budgets into future-ready workplaces.

Our (Y)OUR SPACE 2025 research shows corporate real estate leaders view the next three years as decisive with occupier strategies accelerating around agility, ESG and hybrid workplace optimisation.

Dubai remains the region's most liquid and flexible market: demand is driven by regional HQ relocations, tech, healthcare and professional services, and continued investor appetite. This has helped support rental resilience in prime districts even as occupiers press for smarter, experience-led fitouts.

Abu Dhabi is consolidating its position through government-led demand and a maturing professional services ecosystem. Landlords that offer integrated amenities and demonstrable sustainability credentials are winning longer-term commitments as occupiers prioritise stability and talent attraction.

“ Align space strategy to talent, ESG and flexibility and convert market momentum into differentiated workplaces that support productivity, attraction, and resilience.

Doha's office story is increasingly linked to infrastructure-led confidence with an uptick in occupier enquiries, especially from regional energy, finance, and telecommunication firms.

Riyadh is the standout expansion case: rapid corporate footprint growth, large-scale government and private investment, and structural reforms are driving occupational demand, but occupiers face a fast-evolving supply pipeline and rising expectations on workplace quality and ESG performance.

For occupiers and landlords across these cities, the imperative is clear: align space strategy to talent, ESG and flexibility and convert market momentum into differentiated workplaces that support productivity, attraction, and resilience.



We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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