



Commercial Property Guide

Dubai

Offices, Retail, Warehouses & Industrial —
Your Complete Investment Guide

Presented by Think Properties Real Estate

Dubai's commercial property market offers significant investment opportunities, supported by the emirate's position as a global business hub, free zone ecosystem, and strategic location bridging East and West. From Grade A offices in DIFC to warehouses in Jebel Ali, the commercial sector caters to businesses of every size and industry.

This guide covers the main commercial property types available in Dubai, key free zones, regulatory requirements, costs, and investment considerations to help you make informed decisions.

Commercial Property Types

Office Space

Dubai offers a wide spectrum of office space, from co-working desks to entire floors in premium towers.

Categories

- ▶ **Grade A (Premium):** DIFC, Downtown, Business Bay towers. Fitted, high-spec, premium services. AED 150–300+ per sq ft/year.
- ▶ **Grade B (Standard):** JLT, Barsha Heights, Deira, Al Garhoud. Good quality, moderate pricing. AED 60–120 per sq ft/year.
- ▶ **Grade C (Budget):** Older buildings in Deira, Bur Dubai, and Al Quoz. Basic fit-out, lower rents. AED 30–60 per sq ft/year.

Co-Working & Flexi Spaces

Shared workspaces are increasingly popular for startups, freelancers, and SMEs. Major providers include Regus, WeWork, Nasab, and LETSWORK. Costs range from AED 500/month for a hot desk to AED 5,000+/month for a private office.

Retail Space

Dubai's retail market spans from mega malls to neighbourhood strip centres.

Categories

- ▶ **Mall Retail:** Dubai Mall, Mall of the Emirates, Ibn Battuta. Premium footfall, highest rents. AED 200–500+ per sq ft/year.
- ▶ **Community Retail:** Ground-floor units in residential communities. Moderate rents, loyal customer base. AED 80–150 per sq ft/year.
- ▶ **High Street:** City Walk, JBR The Walk, La Mer. Outdoor retail with high visibility. AED 150–350 per sq ft/year.
- ▶ **Pop-Up & Kiosks:** Temporary retail spaces in malls and events. Short-term agreements (days to months).

Warehouse & Logistics

Dubai's logistics sector is one of the strongest in the region, supported by Jebel Ali Port (the world's largest man-made harbour), Al Maktoum International Airport, and extensive road connectivity.

Key Areas

Jebel Ali Free Zone (JAFZA)

Largest free zone, integrated with a port. AED 25–45 per sq ft/year.

Al Quoz Industrial

Central location, older stock but well-connected. AED 20–40 per sq ft/year.

Dubai South (DWC)

Near Al Maktoum Airport. Modern logistics facilities. AED 20–35 per sq ft/year.

Dubai Investment Park (DIP)

Mixed-use industrial zone. AED 15–30 per sq ft/year.

Industrial & Manufacturing

Purpose-built industrial spaces for manufacturing, assembly, and processing. Key areas include National Industries Park, Dubai Industrial City, and JAFZA. These require specific trade licences and may have additional regulatory requirements.

Co-Working Spaces

The flexible workspace market in Dubai has grown rapidly, with options for freelancers, startups, and established businesses:

Option	Typical Cost	Includes
Hot Desk	AED 500–1,500/month	Shared desk, Wi-Fi, common areas
Dedicated Desk	AED 1,500–3,000/month	Fixed desk, storage, business address
Private Office	AED 3,000–10,000/month	Enclosed office, meeting room access
Virtual Office	AED 200–800/month	Business address, mail handling, no desk

I Free Zones vs. Mainland

Dubai offers two main business setup options, each affecting your commercial property choice:

Factor	Free Zone	Mainland
Foreign Ownership	100%	100% (since 2020 reforms)
Trading Within UAE	Limited (through agent distributor)	Unrestricted
Office Requirement	Must be within the free zone	Flexible location
Visa Allocation	Based on office size	Based on office size
VAT Registration	Required if threshold met	Required if threshold met
Customs Duty	0% within free zone	5% standard rate
Licence Renewal	Annual to free zone authority	Annual to DED

Major Free Zones for Commercial Property

DIFC

Financial services hub. Premium offices. Regulated by its own legal framework (common law).

Dubai Internet City / Media City

Tech and media companies. Adjacent campuses near Dubai Marina.

Dubai South

Aviation, logistics, e-commerce. Near Al Maktoum Airport.

IFZA (Dubai Silicon Oasis)

Cost-effective free zone setup with flexible office arrangements.

DMCC (JLT)

Commodities, trading, services. Most popular free zone by company count. 26,000+ businesses.

JAFZA

Logistics, manufacturing, trading. Integrated with Jebel Ali Port.

DAFZA (Airport Free Zone)

Trading, logistics, aviation. Connected to Dubai International Airport.

Costs & Fees

Leasing Costs

Cost	Amount	Notes
Annual Rent	Varies by type/location	See property type sections above
Security Deposit	5–10% of annual rent	Refundable
Agent Commission	5% of annual rent (typical)	One-time at signing
Ejari Registration	AED 220	Mandatory for mainland
Fit-Out Costs	AED 50–200+ per sq ft	Shell & core vs. fitted

Purchase Costs

Fee	Amount	Paid To
DLD Transfer Fee	4% of property value	Dubai Land Department
DLD Registration	AED 4,000 + 5% VAT	Dubai Land Department
Agent Commission	2% + 5% VAT	Real estate agency
NOC Fee	AED 500–5,000	Developer

VAT on Commercial Property

Unlike residential property, commercial property transactions are subject to 5% VAT:

- ▶ **Rent:** 5% VAT applies to all commercial property rents
- ▶ **Sale:** 5% VAT applies to commercial property sales (first sale by developer)
- ▶ **Subsequent Sales:** 5% VAT applies — the buyer pays VAT directly to the FTA via a Special Payment Mechanism. Consult a tax advisor for specific obligations

Important: Commercial tenants must factor 5% VAT into their rental budget. This is a high additional cost not present in residential leases. Businesses registered for VAT can claim input tax credits.

Commercial Property as an Investment

Typical Yields

Property Type	Typical Yield	Vacancy Risk
Grade A Office	6–8%	Low–Medium
Grade B Office	7–10%	Medium
Mall Retail	8–12%	Low (established malls)
Community Retail	7–9%	Medium
Warehouse / Logistics	7–10%	Low (high demand)
Industrial	8–12%	Low

Key Investment Considerations

- ✓ Commercial leases are typically 1–5 years (longer than residential), providing income stability
- ✓ Tenants often handle fit-out and internal maintenance, reducing landlord costs
- ✓ Commercial properties can be more sensitive to economic cycles than residential
- ✓ Location and accessibility are critical — proximity to metro, parking, and main roads
- ✓ Free zone properties may have restrictions on ownership and resale
- ✓ Service charges for commercial properties are typically higher than residential

Golden Visa Eligibility

Commercial properties can qualify for the UAE Golden Visa if the DLD valuation meets the AED 2 million threshold. This applies to offices, retail units, and warehouse/industrial units registered with the Dubai Land Department.

Frequently Asked Questions

Can foreigners buy commercial property in Dubai?

Yes, foreigners can purchase commercial property in designated freehold areas, including many free zones and mainland commercial districts like Business Bay, JLT, and DIFC.

Is VAT charged on commercial rent?

Yes, 5% VAT applies to all commercial property rents. Residential rents are exempt. Businesses registered for VAT can claim input tax credits on the VAT paid.

Can I convert a residential property to commercial use?

Generally no. Properties must be used for the purpose designated by the master plan and building permit. Attempting to operate a commercial business from a residential property can result in fines and legal action.

What lease terms are typical for commercial properties?

Commercial leases typically range from 1 to 5 years, with some retail and warehouse leases extending to 10+ years. Longer leases often include built-in rent escalation clauses (e.g., 5% increase every 2 years).

Do I need a trade licence to lease commercial space?

Yes. You must have a valid trade licence to enter into a commercial lease in Dubai. The licence must match the activity being conducted on the premises.

Are commercial property yields higher than residential?

Generally yes. Commercial yields in Dubai typically range from 7–12%, compared to 5–9% for residential. However, commercial properties carry higher vacancy risk and are more sensitive to economic conditions.



Ready to Explore Commercial Opportunities?

Think Properties offers expert guidance on commercial property investment, leasing, and management. Whether you're looking for office space, retail units, or warehouse facilities, our team can help you find the right solution.

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Our team of RERA-registered professionals is here to guide you every step of the way.
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