UAE Industrial & Logistics Report

REPORT

Structural Resilience, Multi-Modal Adaptation, and Prime Space Scarcity

CBRE RESEARCH
SEPTEMBER 2026

Macroeconomic Overview

The UAE's 2026 GDP growth forecast has been revised down significantly to -1.5%, from an initial 4.8% at the start of the year, according to Oxford Economics. This reflects the negative economic impact of ongoing regional disruptions, which is further underscored by the projected contraction in non-oil economy performance of 3.5% this year, albeit overall GDP levels will be supported by a 5.2% increase in the oil sector.

Current projections have the hydrocarbon sector rising due to higher oil production and exports during H2 2026. Average brent crude oil prices are also projected to rise to an average of US$88.67 per barrel, up significantly from last year and earlier pre-conflict estimates, as regional production constrains, storage limitations and restricted export routes temporarily impact global pricing.

This increase in domestic oil output has been made possible by the UAE's exit from OPEC in May 2026, which represents a structural shift towards greater policy independence, allowing oil strategy to align more closely with long-term economic diversification objectives.

The non-oil economy is an important driver for domestic industrial activity, with sectors such as tourism (13%), retail and trade (17%), and construction (13%) not only generating significant demand for staff accommodation facilities, but they also underpin demand for a substantial volume of warehousing and other industrial yard spaces.

With Oxford Economics projects that the hotels and restaurants sector alone will contract by 23.2% this year, the knock-on impact can be significant.

However, looking ahead, a strong recovery is expected in 2027, with GDP growth projected to rebound to 6.6% as global trade routes stabilize and new energy capacities come online.

> "While geopolitical headwinds trigger a contraction, the UAE's decisive liquidity measures, trade continuity agreements, and newly claimed policy independence lay the crucial groundwork for a strong, diversified economic recovery in 2027."

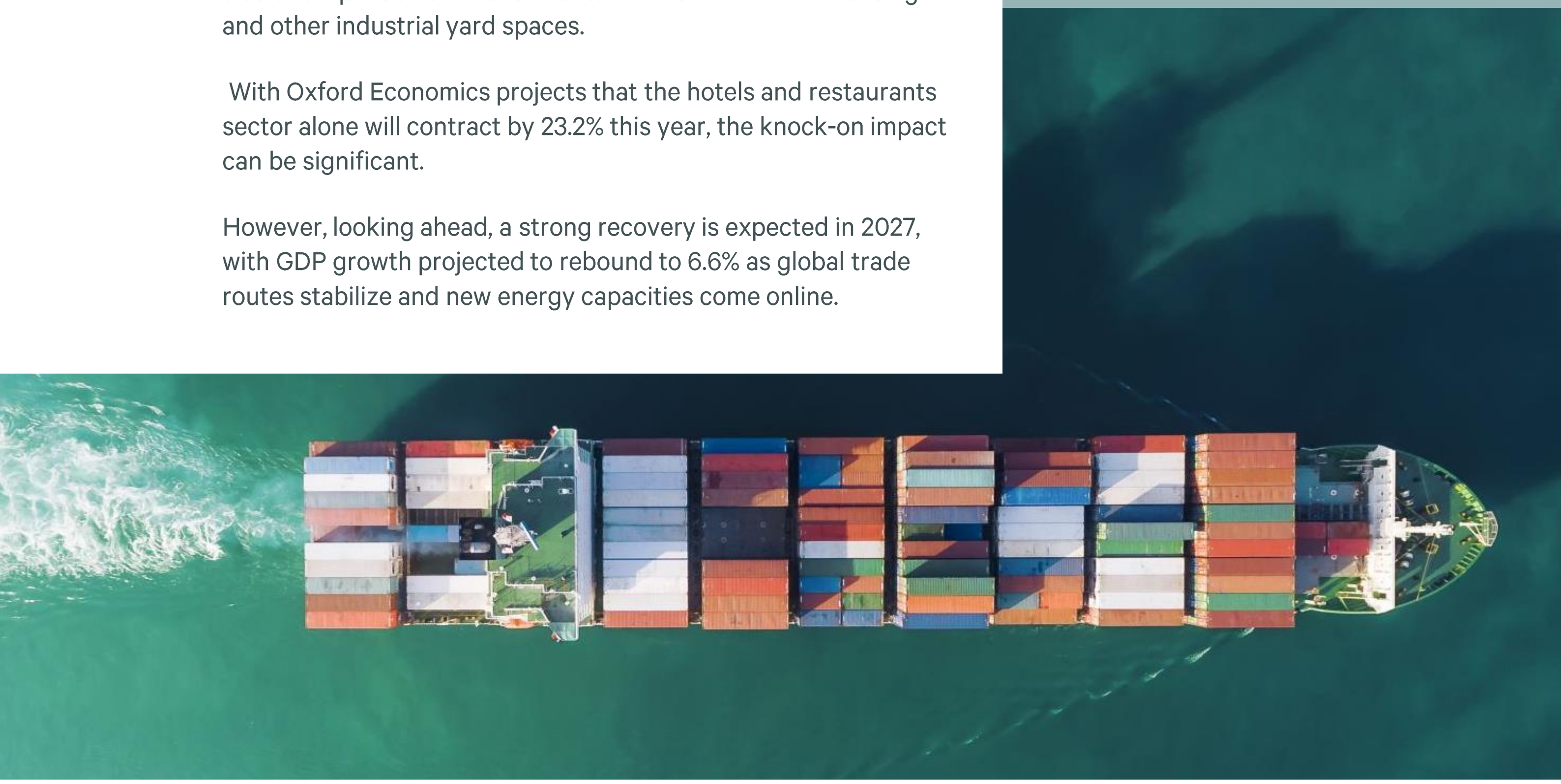
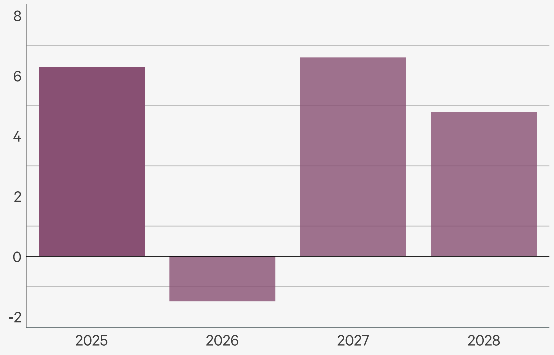


FIGURE 1: UAE, Gross Domestic Product, y-o-y change (%)



Source: CBRE Research/ Oxford Economics / Macrobond

FIGURE 2: UAE, Key Economic Indicators, y-o-y % change

	2025	2026	2027	2028
GDP	**6.2%**	**-1.5%**	**6.6%**	**4.8%**
Oil GDP	4.3%	5.2%	15.5%	3.1%
Non-Oil GDP	6.8%	-3.5%	3.7%	5.4%
Inflation	1.3%	2.9%	1.6%	1.9%

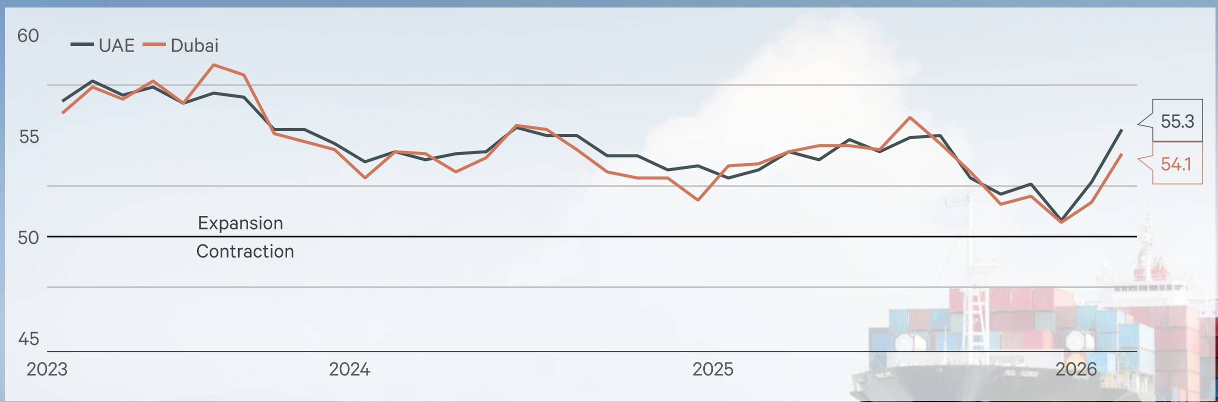
Source: CBRE Research/ Oxford Economics / Macrobond

In response to the evolving regional geopolitical situation, the UAE accelerated a coordinated set of economic support measures and structural reforms aimed at reinforcing resilience, sustaining capital inflows, and safeguarding trade continuity. This includes measures to support FDI as well as existing businesses by offering liquidity support, with business loan restructuring and fee deferrals, and expanded customs facilitation. In addition, a Dubai-led AED 2.5 billion economic incentive package was launched to support SMEs and the broader private sector, reinforcing the country's role as a stable hub for trade and investment.

Trade has also been supported by activation of alternative regional logistics corridors (including land routes to Saudi Arabia and Oman, and through the east coast ports). In addition, the UAE's CEPA program has maintained momentum supporting non-oil trade, increasing to 37 agreements (as of mid-2026), with 18 now in force, up from six in early 2025. This is likely to increase further during 2026, with Dr Thani Al Zeyoudi, Minister of Foreign Trade, suggesting that an additional 5 to 7 agreements could be in place by year end.

UAE business activity has remained resilient, with a reading of 55.3 in August, up from 52.7 in July. There is a similar story for Dubai, with a reading of 54.1 in August, up from 51.7 the previous month. The rebound in activity represents a bounce back after the first real test of economic resilience, following close to six years of strong performance preceding COVID. However, by taking decisive steps to enhance policy autonomy and diversify supply chains, the UAE is looking to further strengthen its industrial base and position for recovery in 2027.

FIGURE 3: UAE, Purchasing Managers' Indices (PMI)



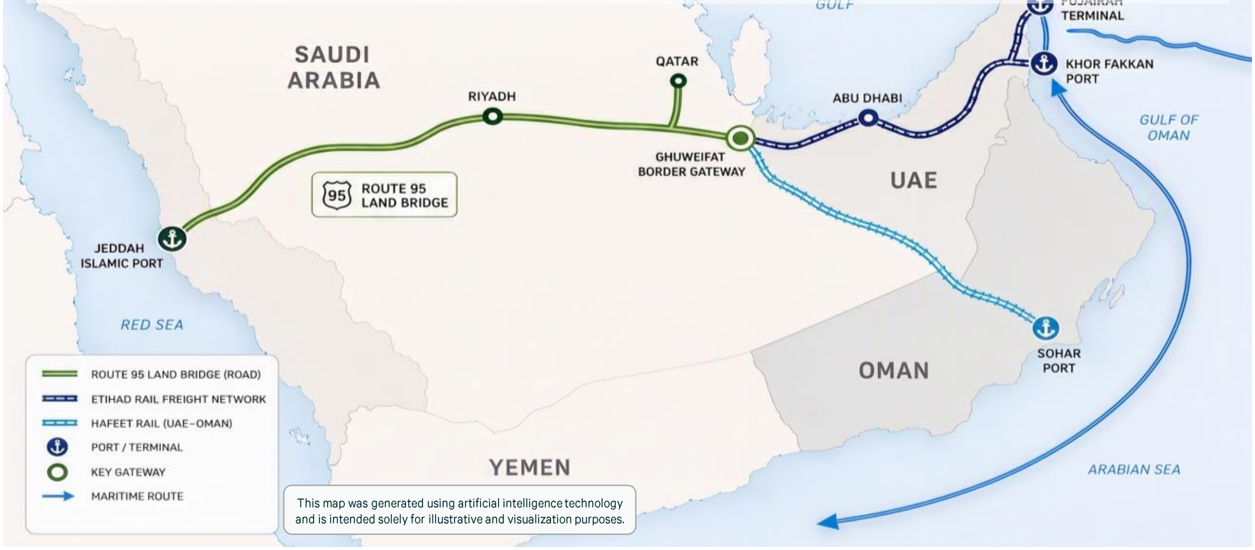
Source: CBRE Research / Oxford Economics / Macrobond

Supply Chain Agility: Multi-modal Routing Post Hormuz Blockade

The disruption to shipping through the Strait of Hormuz, now in its seventh month, has accelerated the UAE's shift towards a more diversified logistics network built around east coast ports, rail freight, overland transport corridors and sea-air connectivity. On 8 April 2026, Minister of Energy and Infrastructure Suhail Al Mazrouei stated that eastern-region port capacity had increased twentyfold since the start of the crisis, while Etihad Rail freight volumes rose sixfold, reflecting the scale of the country's coordinated response.

A key component of this strategy was the rapid expansion of alternative land-based trade routes. As major shipping lines including Maersk, MSC and Hapag-Lloyd suspended direct Gulf services, cargo was rerouted through Red Sea gateways such as Jeddah Islamic Port and King Abdullah Port before moving overland into the UAE and Oman. These Saudi trucking and logistics corridors became critical in maintaining the flow of consumer goods, industrial materials and essential supplies while bypassing restricted maritime routes.

FIGURE 4: Illustrative Map | Multi-Modal Routing



Source: CBRE Research / Regional media coverage and press reports / Etihad Rail

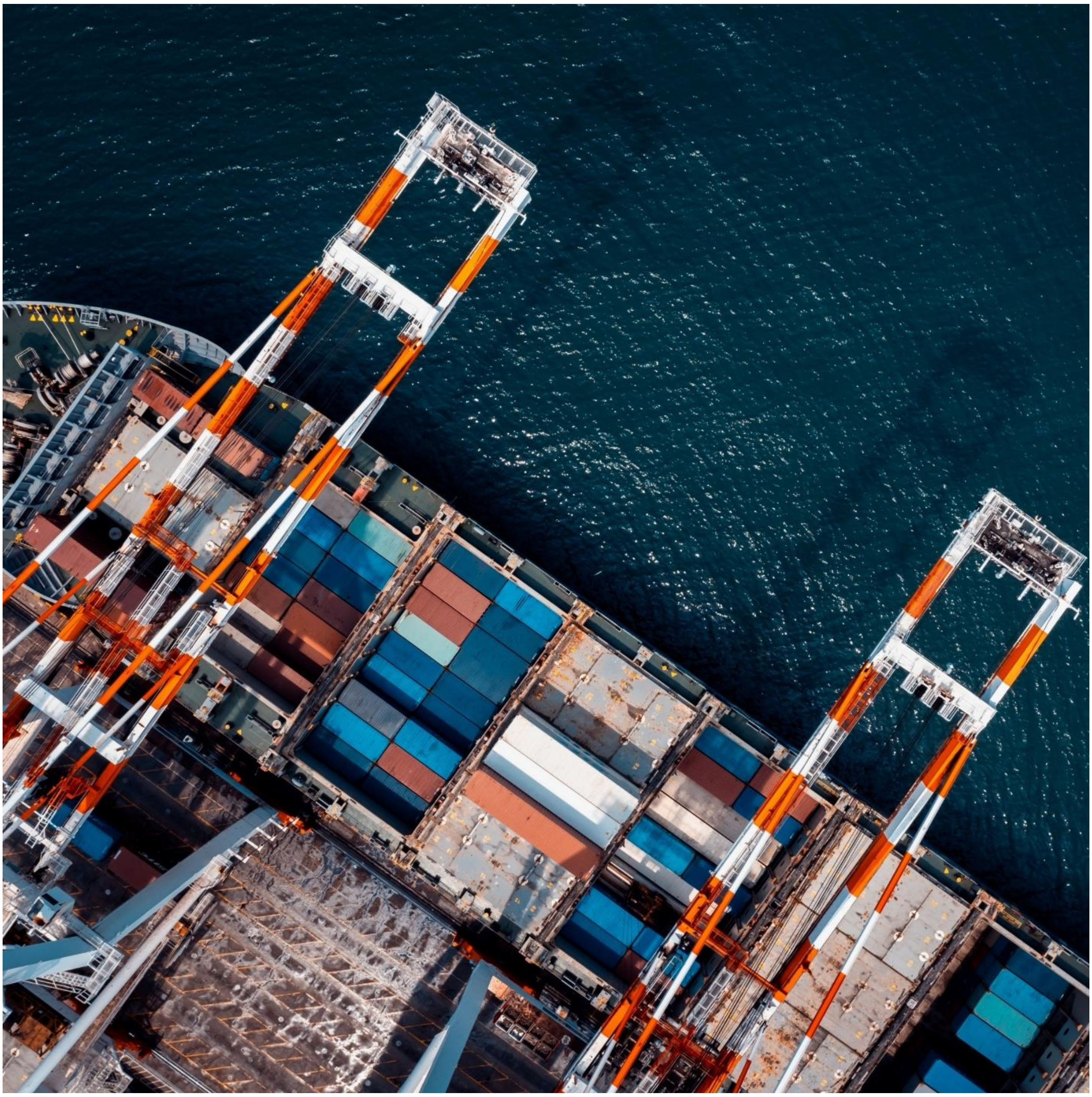
At the same time, ports on the Arabian Sea emerged as increasingly important gateways for regional trade. Fujairah, Khor Fakkan and Salalah evolved from contingency options into key nodes within a broader logistics network, offering direct access to international shipping lanes without transiting the Strait of Hormuz. Supporting this shift, enhanced customs coordination and cross-border trucking initiatives, including the Oman-Dubai corridor, improved cargo reliability and reduced transit bottlenecks between Oman and the UAE.

The UAE also expanded its sea-air logistics model to support high-value and time-sensitive cargo. As vessels diverted around the Cape of Good Hope, adding 10 to 14 days to standard voyages, goods arriving through Fujairah, Khor Fakkan and Salalah were increasingly transferred to Dubai International Airport (DXB) and Al Maktoum International Airport (DWC) for onward distribution. This hybrid model significantly reduced delivery times compared to all-ocean alternatives, despite higher air freight costs.

Supply Chain Agility: Multi-modal Routing Post Hormuz Blockade

Etihad Rail played a pivotal role in supporting this transition. The railway activated additional freight corridors, increased connectivity with east coast ports and expanded services at the Al Ghail Dry Port terminal to absorb rising cargo volumes. By linking ports, inland terminals and major industrial hubs such as KEZAD and JAFZA, the rail network strengthened supply chain resilience while reducing dependence on long-haul road transport.

The long-term outlook is further supported by the development of Hafeet Rail, a JV between Etihad Rail, Mubadala and ASYAD Group, which is set to further enhance regional connectivity by linking the UAE rail network with Sohar Port and key logistics hubs in Oman. As the GCC's first cross-border railway project, it is expected to improve freight efficiency, strengthen supply chain resilience and support deeper economic integration between the two countries.

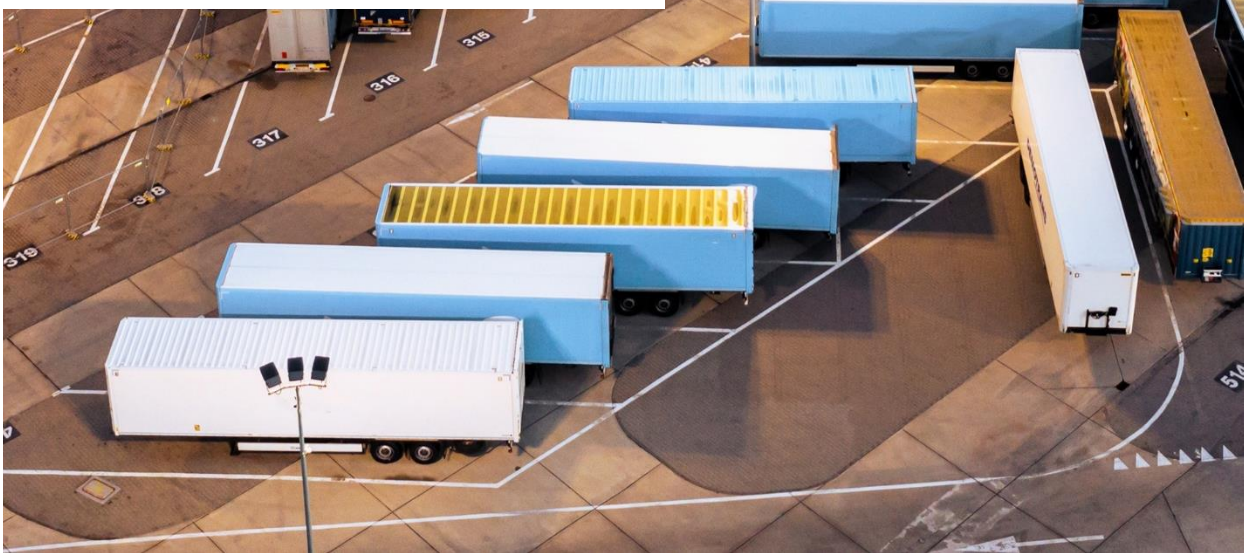


A Zero Reliance Plan: The East Coast Infra-Sprint

The Strait of Hormuz disruption has accelerated a fundamental shift in the UAE's infrastructure strategy. Rather than treating alternative trade routes as a temporary solution, the government has adopted a long-term objective of achieving "zero Hormuz dependency" through significant investment in east coast ports, pipelines, rail infrastructure and logistics corridors. According to Minister of State for Foreign Trade Dr. Thani Al Zeyoudi, the strategy will proceed regardless of whether normal shipping through the Strait resumes, reflecting a broader effort to strengthen the resilience of the UAE's trade and energy networks.

Central to this structural shift is the expansion of the east coast gateways including Fujairah, Khor Fakkan and Dibba, which provide direct access to the Gulf of Oman and global shipping lanes outside the Strait of Hormuz. As of May-26, AD Ports Group has handled more than 54,000 TEUs of redirected cargo through Fujairah and Khor Fakkan, supported by new feeder services, land bridges and Multi-modal transport connections, since the onset of the disruption.

Additionally, Gulftainer has announced a US$2 billion expansion of Khor Fakkan Container Terminal, increasing capacity from 3.5 million TEUs to 10 million TEUs over the next 36 months, reinforcing the port's position as one of the region's most strategically important container gateways.



A Zero Reliance Plan: The East Coast Infra-Sprint

The UAE's long-term port capacity is also set to increase significantly following DP World's July 2026 agreement in principle, under a 50-year concession, with the Fujairah Ports Authority to develop the Al Rugaylat Container and Multi-Purpose Terminal and the Dibba General Cargo Terminal. Once operational, the development will increase DP World's container handling capacity in the UAE from 19.4 million TEUs to almost 22 million TEUs.

In parallel, the UAE is strengthening its energy export infrastructure. ADNOC has accelerated construction of a second West-East Pipeline connecting Habshan to Fujairah, which is expected to double crude export capacity through Fujairah from approximately 1.8 million barrels per day to 3.6 million barrels per day by 2027. The project forms part of a broader strategy to reduce reliance on Gulf export routes and support the UAE's long-term production ambitions.

Supporting these investments is an expanding Multi-modal logistics network. AD Ports Group has deployed an 800-truck land bridge operation linking east coast ports with inland logistics hubs, complemented by dedicated Etihad Rail freight services and growing warehouse capacity. Together, these investments are transforming the UAE's east coast from a contingency gateway into a permanent trade and logistics corridor, creating additional capacity for containerized cargo, energy exports and regional distribution activities.

“

Since the onset of recent regional developments, we have continued to serve our customers' needs by establishing alternative routes including Fujairah Terminals and Khor Fakkan Port, both located on the Gulf of Oman, and rerouting cargo across land, rail, sea, and air to mitigate supply chain disruptions affecting Arabian Gulf ports in light of traffic conditions through the Strait of Hormuz. UAE Customs, meanwhile, expedited clearances to support cargo movements into Abu Dhabi. Inland resilience was further strengthened through dry ports and container freight stations in Al Ain and Al Faya, helping reduce dwell times and expand supply chain options across food, FMCG, metals and industrial sectors.

”

Abdullah Al Hameli
CEO, Economic Cities and Free Zones
AD Ports Group

Source: CBRE Research / AD Ports Group / INCHCAPE / Regional media coverage and press reports

Pivoting to Resilience: Empowering the UAE I&L Sector

The UAE government has proactively addressed challenges in the logistics market, by effectively pivoting towards immediate, high-impact interventions, including a raft of industry incentives aimed at protecting domestic supply chains, reducing operational friction for logistics operators, and accelerating the opening of alternative cross-border land corridors. Some of the major incentives and initiatives include:

The National Industrial Resilience Fund (NIRF)

A 5-year AED 1 billion (US$ 272 million) fund to expand domestic manufacturing and localise over 5,000 critical products across food, pharmaceuticals, and technology sectors. Managed by the Emirates Development Bank (EDB), the fund was approved by Cabinet in April 2026 and aims to safeguard supply chains through AI forecasting and local procurement requirements, in line with strategic initiatives such as In-Country Value (ICV) and Make it in the Emirates (MIITE). ADNOC became the fund's first industry partner in May 2026, aligning its long-term procurement with local manufacturers.

Fine Reductions & Fee Deferrals

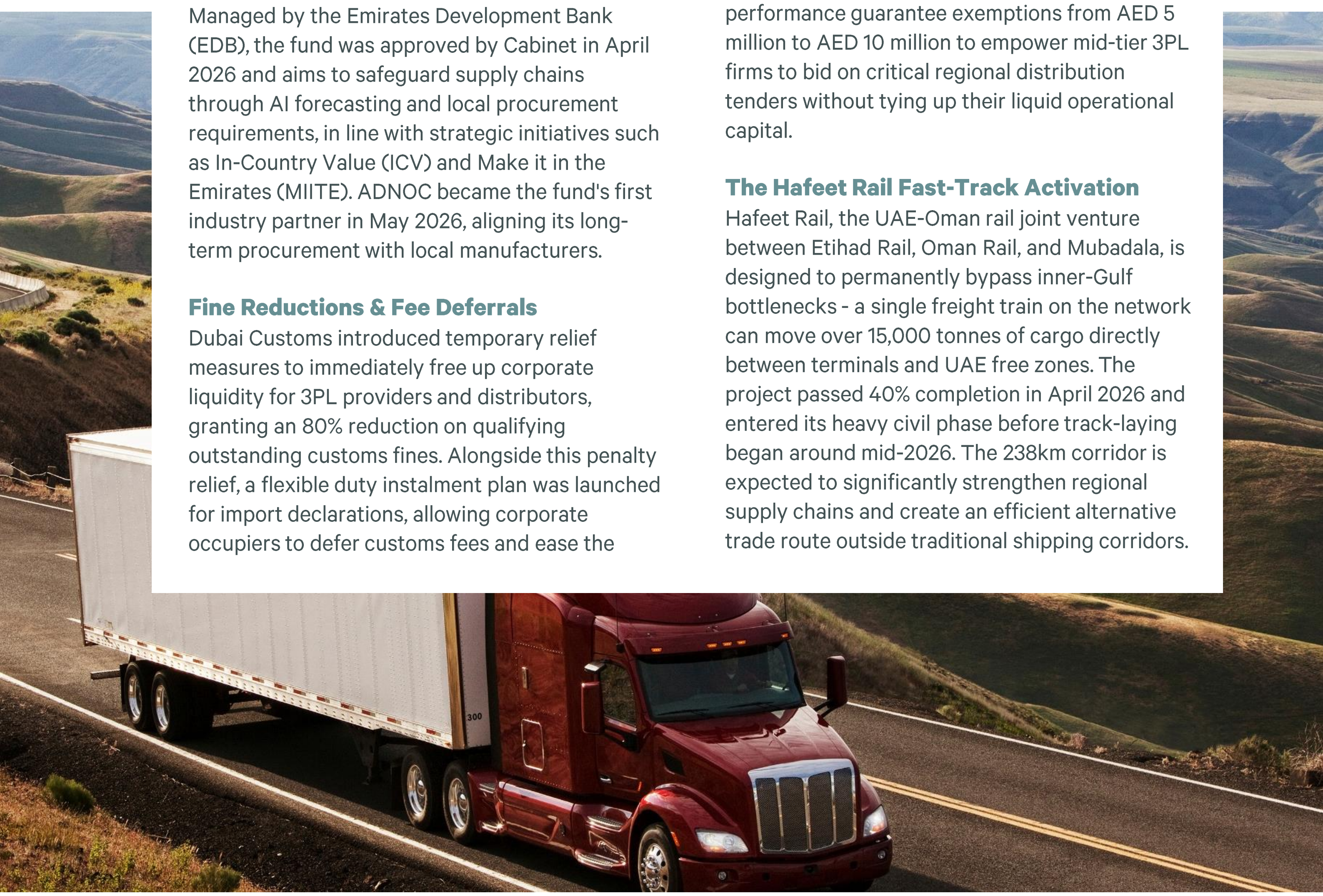
Dubai Customs introduced temporary relief measures to immediately free up corporate liquidity for 3PL providers and distributors, granting an 80% reduction on qualifying outstanding customs fines. Alongside this penalty relief, a flexible duty instalment plan was launched for import declarations, allowing corporate occupiers to defer customs fees and ease the upfront cash flow burden of accumulating safety stock mid-crisis. The package also extended transit periods from 30 to 90 days, introduced a "Green Corridor" for goods moving via alternative routes, and prioritized clearance for shipments entering through Khor Fakkan, Fujairah, and the Hatta border crossing. By end of Jun-26, these measures had delivered over AED 79 million in liquidity to 428 companies and helped sustain AED 33.9 billion in trade flows, with a further 6,613 companies benefiting from a separate 120-day extension on suspended duty cases.

SME Credit & Contracting Empowerment

Dubai Department of Finance doubled the contract threshold for government contract performance guarantee exemptions from AED 5 million to AED 10 million to empower mid-tier 3PL firms to bid on critical regional distribution tenders without tying up their liquid operational capital.

The Hafeet Rail Fast-Track Activation

Hafeet Rail, the UAE-Oman rail joint venture between Etihad Rail, Oman Rail, and Mubadala, is designed to permanently bypass inner-Gulf bottlenecks - a single freight train on the network can move over 15,000 tonnes of cargo directly between terminals and UAE free zones. The project passed 40% completion in April 2026 and entered its heavy civil phase before track-laying began around mid-2026. The 238km corridor is expected to significantly strengthen regional supply chains and create an efficient alternative trade route outside traditional shipping corridors.

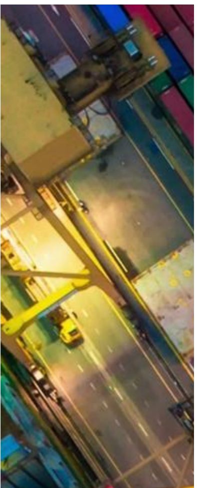


Decoupling Risk:
Surge in Capital Flows & Investor Confidence

Despite current regional macro headwinds, institutional investors continue to deploy capital into the UAE's I&L sector, with investors looking beyond geopolitical tensions, transacting on Grade A warehousing as a safe, defensive and high-yielding sector. This sustained investor confidence reflects an underlying conviction in long-term economic growth and the strategic value of planned investments into the Emirates, which is supporting the current collective market flight to quality.

Make it in the Emirates 2026

The forum generated an unprecedented AED 48.5 billion (US$ 13.2 billion) in total industrial investments. This was anchored by a new AED 36.7 billion (US$ 10 billion) chemical cluster by TA'ZIZ and Alpha Dhabi Holding in Al Ruwais Industrial City. This was further reinforced by KEZAD Group formalizing AED 2.1 billion (US$ 0.6 billion) through 18 new agreements spanning various sectors, and the Abu Dhabi Investment Office (ADIO) deploying AED 1.5 billion in direct support for new and expanded factory operations, including the establishment of ROX Motor automotive manufacturing facilities in KEZAD. The 10,000 sqm facility has commenced operations in Sep-26 and is expected to become one of the Middle East's first advanced, AI-enabled automotive centers, targeting an annual production capacity of 300,000 vehicles by 2030.



KEZAD SME Hub

Targeting the critical downstream distribution layer, KEZAD Group launched an AED 112 million (US$ 30.5 million) investment to develop the purpose-built SME Hub in KEZAD Al Ma'mourah. Occupying 25,260 sqm, the facility introduces 175 flexible, move-in-ready micro-industrial units starting as small as 100 sqm, designed to bridge the gap between early-stage incubators and large-scale industrial market assets. The project is set to be completed by the end of 2026. By providing direct, physical integration with Khalifa Port and the Etihad Rail network, the hub allows growing 3PL providers and light manufacturers to scale operations at competitive costs while still accessing over 75% of the UAE's urban centers within a 90-minute drive.

DP World & Lintara Properties

DP World and Lintara Properties, Arcapita's real estate platform, broke ground on a 20,000 sqm Grade A build-to-suit logistics facility within Jafza in June-26. Expected to complete in 2027, the development will feature approximately 12-metre clear-height warehousing, temperature-controlled storage, dedicated dangerous goods facilities, and supporting office space. The project reflects increasing occupier demand for specialized, high-specification logistics assets that can accommodate increasingly complex and resilient supply chain strategies.

> *The Hub will play a crucial role by providing early-stage support for SME startups while enabling established SMEs to scale within an integrated industrial environment, bridging the gap between incubators and industrial market facilities.*

Mohamed Al Khadar Al Ahmed
CEO, KEZAD Group

Decoupling Risk: Surge in Capital Flows & Investor Confidence

Gulftainer's Al Dhaid Trade Corridor

Gulftainer has unveiled plans for the Al Dhaid Multi-Modal Trade Corridor, a 150-hectare logistics hub roughly 50km from Khor Fakkan Port, designed to add 1.5 million TEUs of annual capacity as an inland extension of the port. The development is designed to integrate maritime, road, and future Etihad Rail freight networks into a single logistics ecosystem serving the UAE and wider GCC. By strengthening east coast trade flows and reducing dependence on traditional Gulf shipping routes, the project enhances regional supply chain resilience while creating a major new logistics node linking Khor Fakkan Port to inland manufacturing and distribution centers.

Arcapita & Hines Strategic Alliance

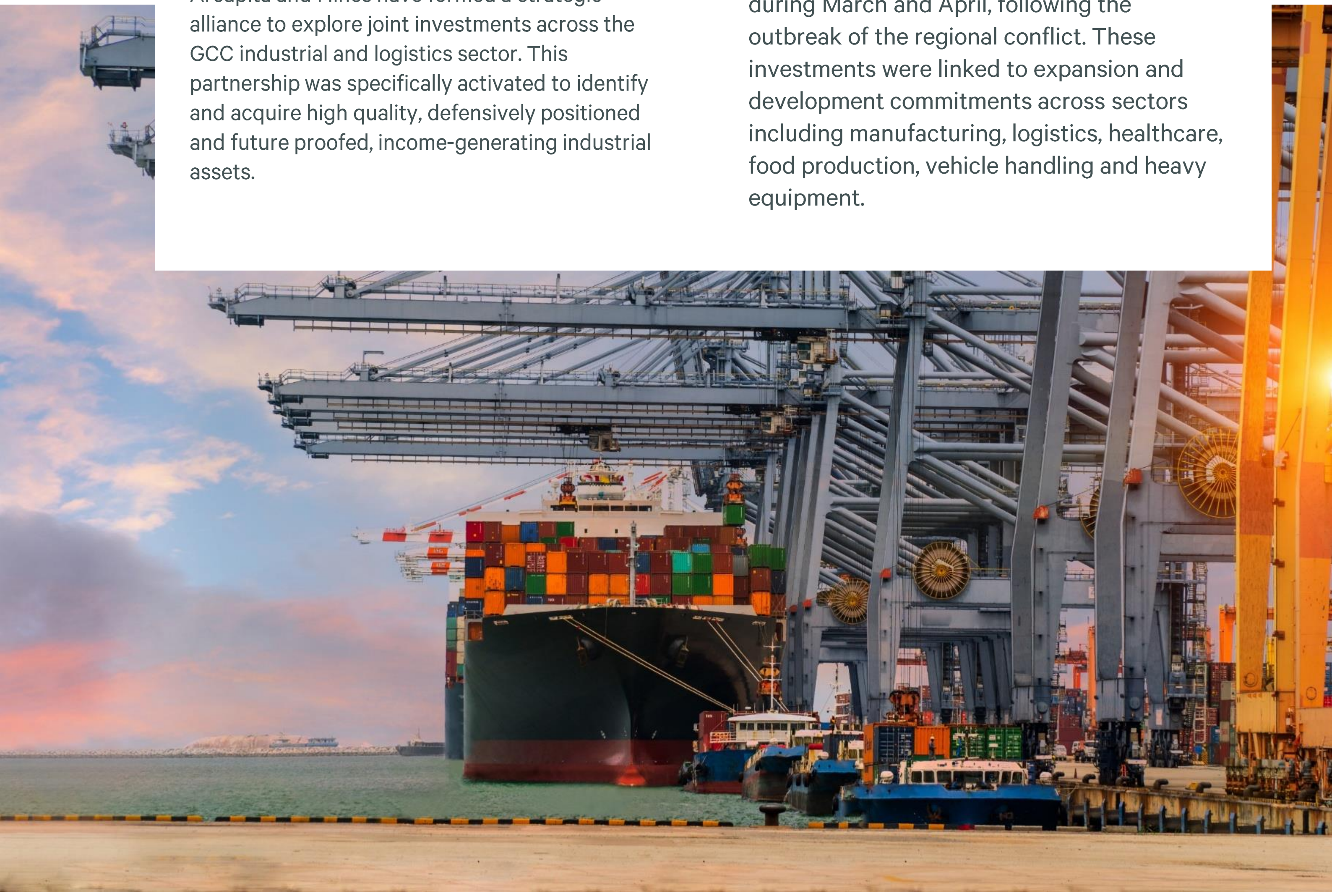
Arcapita and Hines have formed a strategic alliance to explore joint investments across the GCC industrial and logistics sector. This partnership was specifically activated to identify and acquire high quality, defensively positioned and future proofed, income-generating industrial assets.

GFH Bank & OCTO Management Consultancies

In June, GFH Bank signed an MoU with OCTO Management Consultancies to develop a US$ 300 million I&L platform across the UAE and Saudi Arabia. GFH will act as investment manager and development partner, with the platform focused on large-format warehousing, multi-let industrial assets, cold storage facilities and distribution centers.

Jafza Capital Commitments

Jafza secured AED 854 million (US$ 232.5 million) in new tenant-led investments during the first four months of 2026. Over 43% of these long-term agreements were finalized during March and April, following the outbreak of the regional conflict. These investments were linked to expansion and development commitments across sectors including manufacturing, logistics, healthcare, food production, vehicle handling and heavy equipment.



Decoupling Risk:
Surge in Capital Flows & Investor Confidence

Aureum Logistics Development in NIP

Aureum announced in August-26 a 30,000 sqm Grade A logistics development in NIP, with delivery scheduled for 2027. Designed with institutional-grade specifications, technology-enabled infrastructure and sustainability-focused features, the project responds to persistent occupier demand for modern Grade A warehousing and distribution facilities across Dubai's key logistics corridors.

These investment announcements indicate that capital deployment decisions are increasingly being driven by long-term structural themes rather than short-term geopolitical events. Manufacturing localization, supply chain diversification, east coast trade infrastructure, Multi-modal transport integration, and institutionalization of the logistics real estate sector continue to attract substantial public and private capital. As a result, the UAE's industrial and logistics market appears increasingly decoupled from near-term regional volatility, with investors remaining focused on the country's long-term role as a regional manufacturing, distribution, and trade gateway.

> *Despite ongoing headwinds, the resilience and adaptability demonstrated across the UAE's logistics ecosystem has been remarkable. Continued investment in infrastructure, diversified trade routes and supply chain resilience is creating a stronger foundation for long-term growth.*
>
> **Kimberley Cordery**
> Head of Supply Chain, CBRE

Resilience Amid Headwinds: Market Performance

Abu Dhabi

Abu Dhabi's I&L leasing market demonstrated clear resilience since Mar-26, with performance characterised by sustained end-user demand and rising FDI into strategic areas.

Market-wide Q3 2026 average rental rates reached 509 AED/sqm, representing a 6% expansion year-on-year (y-o-y) as compared to a relatively modest 1.6% uptick quarter-on-quarter (q-o-q). This annual growth trajectory was led by ICAD, which rose 10.8% y-o-y to 460 AED/sqm/annum. Followed by Al Markaz at 6.9% y-o-y, reaching 385 AED/sqm/annum. The Musaffah areas saw rents increase 6.7% y-o-y, holding a modest 1.1% q-o-q at 480 AED/sqm/annum. Meanwhile, the premium KEZAD and Abu Dhabi Airport Free Zone (ADAFZ) maintained solid baselines, logging y-o-y growth of 4.3% to 600 AED/sqm/annum and 3.3% to 620 AED/sqm/annum, respectively.

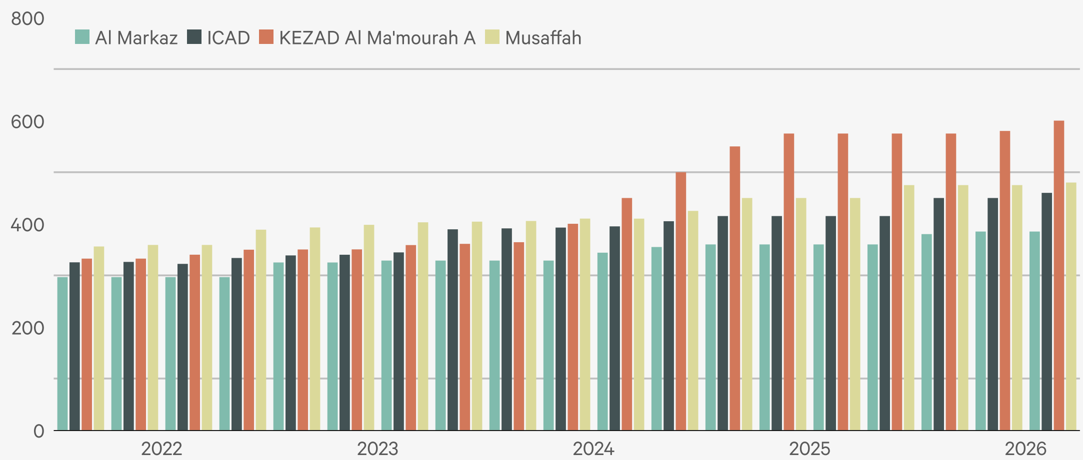
KEZAD's warehouse demand and leasing activity have remained strong, with transaction volumes broadly in line with prior periods. Based on pipeline transaction data, over 30 lease agreements have been signed during H1 2026, with an average unit size of approximately 1,800-2,000 sqm and several large-scale transactions recorded. Notably, the largest lease exceeded 17,000 sqm, reflecting continued demand from larger occupiers alongside a strong base of SME-driven take-up.

This steady performance comes despite continued geopolitical headwinds and operational challenges faced by the region's I&L sector. While the conflict imposed immediate friction via emergency conflict surcharges and rising war-risk insurance premiums, the domestic leasing market has remained somewhat insulated due to severely constrained localized supply pipelines.

To help readdress this deficit, major capital inflows are being deployed into high-grade infrastructure, including KEZAD Group's newly launched AED 112 million SME Hub in KEZAD Al Ma'mourah. Additionally, Aldar is progressing on expanding a new site in ICAD (III) for Abu Dhabi Business Hub offering modern LIU's consisting of 165,000 sqm GLA, set for completion in Q2 2027.

With traditional maritime routes through the Gulf facing disruption, occupiers have started to incorporate Multi-modal overland routes into their logistics strategy, with increased domestic inventory buffer space. This pivot has increased competition for high-quality, existing warehouse stock and cemented landlord pricing power.

FIGURE 6: Abu Dhabi, Average Industrial Rents (AED/sqm)



Source: CBRE Research

Resilience Amid Headwinds: Market Performance

Dubai

Following the strong performance observed across the capital, Dubai's I&L leasing market demonstrated an even more aggressive growth trajectory, characterized by a strong 12.3% y-o-y gain alongside a stable 3.2% q-o-q performance with the market-wide average rental rate reaching 61.2 AED/sqft/annum.

Leading the annual expansion in Q3 2026 were Dubai Investments Park (DIP) and Dubai Industrial City (DIC), both of which surged 25% y-o-y to 62.5 and 47.5 AED/sqft/annum, respectively. National Industries Park (NIP) closely followed with a 23.5% y-o-y and a 5% q-o-q gain, recording 52.5 AED/sqft/annum. Dubai South rose by 19% y-o-y and 8.7% q-o-q, the highest quarterly growth, to 62.5 AED/sqft/annum, while Al Quoz posted a 12.5% annual jump to 67.5 AED/sqft/annum.

Mirroring the structural supply crunch seen in Abu Dhabi, this performance highlights a sector operating under severe prime space constraints, which has largely insulated domestic lease rates from the regional headwinds. Although the conflict introduced operational complexities, such as rising war-risk insurance premiums and maritime cargo re-routing, the absolute lack of immediately available premium warehouse stock kept vacancy levels minimal and landlord pricing power intact.

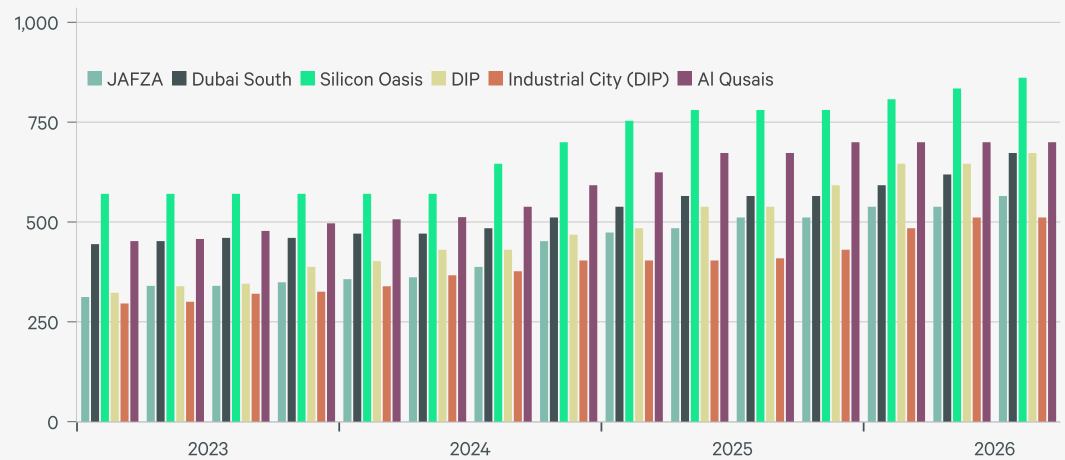
To alleviate the compounding supply crunch, several high-profile Grade A pipeline additions are rapidly advancing across Dubai's core industrial submarkets. In Jafza, DP World and Lintara Properties have broken ground on a 20,000 sqm BTS logistics center, scheduled for delivery in Q1 2027 to handle high-yield cargo.

Aureum has also unveiled its flagship Grade A logistics development in NIP, comprising approximately 30,000 sqm of premium built-up area, with construction launching in 2026 and delivery scheduled for 2027.

Additionally, Aldar is expanding its footprint across primary development corridors. At NIP, Phase 1 of the Aldar Logistics Center recently delivered 66,841 sqm of GLA, while Phase 2 is on track to add 79,546 sqm of GLA in Q1 2027. Moreover, Aldar's 17,000 sqm GLA expansion of the 7 Central Logistics Hub in DIP is targeting completion in Q2 2027.

Massive scale is also coming online through private-sector JVs. In Al Warsan, Sweid & Sweid and DUTCO are developing Terralogix, a 305,000 sqm gated logistics hub that will introduce 182,000 sqm of total leasable Grade A space, with Ph1 on schedule for handover in Q4 2026. Brookfield is also planning to develop large-scale logistics facilities in the same area, reflecting the push on non-free zone areas at this time.

FIGURE 7: Dubai, Average Industrial Rents (AED/sqm)



Source: CBRE Research

Contacts

Middle East

Matthew Green
Head of Research, MENA
+971 58 566 4640
matthew.green@cbre.com

We'am Zahran
Senior Analyst, Research
+971 58 213 0681
weam.zahran@cbre.com

Nick Carlile
Head of Leasing Services
+971 55 220 8391
nick.carlile@cbre.com

Ciaran Lynch
Head of Property Management
+973 1655 6600
ciaran.lynch@cbre.com

Daniel McCulloch
Head of Valuation
+971 50 656 8325
daniel.mcculloch@cbre.com

Jonathan Briggs
Senior Director, I&L
+971 55 202 8399
jonathon.briggs@cbre.com

Harish Rajagopalan
Director , I&L
+971 52 573 9842
harish.rajagopalan@cbre.com

Anna Worboys
Associate Director, I&L
+971 52 610 3707
anna.worboys@cbre.com

Scott Keaney
Head of Project Management
+971 52 640 9525
scott.keaney@cbre.com

Inci Gecekusu
Head of Marketing & Communications
+971 52 100 5122
inci.gecekusu@cbre.com

Global Research

Richard Barkham
Global Chief Economist,
Head of Global Research &
Head of Americas Research
richard.barkham@cbre.com

Ada Choi
Head of Research, APAC
ada.choi@cbre.com.hk

Abhinav Joshi
Head of Research, India,
Middle East &
North Africa
abhinav.joshi@cbre.co.in