MEA Commercial Property Monitor

Q3 2026

ECONOMICS



Heightened tensions across the region continue to weigh on the commercial property market

- The headline regional index is unchanged and still marginally negative, with credit conditions metric turning negative for the first time since 2020
- Data in the UAE remains clearly negative but considerably less so than in Q2, although forward-looking sentiment deteriorates somewhat further
- CPSI turns negative in Saudi Arabia for the first time since 2021

The Q3 2026 results point to a regional picture that has steadied at the aggregate level but become more uneven beneath the surface. The headline Commercial Property Sentiment Index was unchanged at -1, with the Occupier Sentiment Index at -3 and the Investment Sentiment Index at +1 (Chart 1). Two developments stand out. The drag from the UAE has lessened, although conditions there remain clearly negative. At the same time, Saudi Arabia, which had held up comparatively well through the first half of the year, has moved into negative territory, suggesting the effects of the continued tensions across the Middle East are now being felt more widely across the Gulf.

The regional credit data reflects this broadening weakness. The net balance for credit conditions turned negative at -4%, from +7% in Q2 and an average of +27% through 2025, marking the first negative reading since the end of 2020 (Chart 4). Occupier demand slipped to a net balance of +8% from +11%, the weakest reading since late 2021, while a majority of respondents now view the market as either turning down or at the bottom of the cycle at the regional aggregate level.

UAE data still negative at a headline level, though the pace of decline slows

The UAE CPSI came in at -14, compared with -32 in Q2 and an average of +34 through 2025. Readings across the board remain negative, but considerably less so than in the previous quarter (Chart 3). Investment enquiries posted a net balance of -21%, against -70% in Q2, and foreign investment enquiries registered -39%, against -66%. The occupier demand indicator now sits at a net balance of -17%, from -35% previously, with retail again the weakest segment at -31%. The net balances for availability and inducements fell back to +3% and +16%, from +30% and +46%, suggesting the build-up of vacant space has slowed.

The forward-looking picture has, however, weakened in some respects. Twelve-month capital value expectations turned negative at the headline level, posting a net balance of -8%, the first negative reading since early 2021. When disaggregated, secondary offices, secondary retail assets, hotels,

Chart 1 - Occupier & Investment Sentiment Index

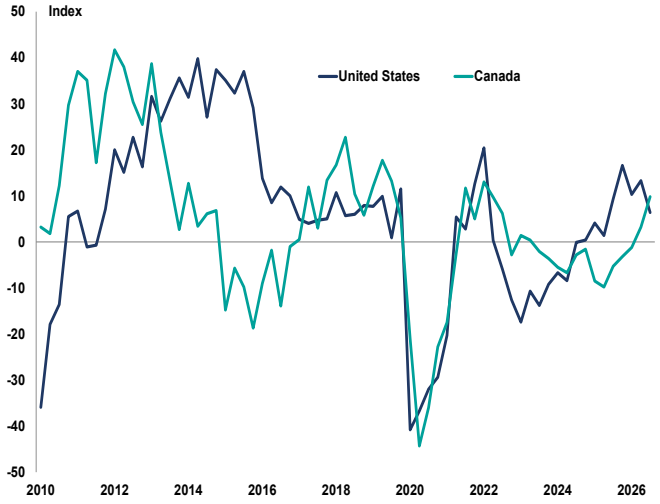


Chart 2 - Commercial Property Sentiment Index by market



leisure and the multifamily sector are all projected to see values fall over the coming year (Chart 5). That said, prime industrials, prime offices and data centres remain more resilient in terms of capital value expectations, which remain in modestly positive territory.

Alongside this, the credit conditions metric is still clearly negative at a net balance of -23%, and two-thirds of respondents now place the market in a downturn, up from just under half in Q2 (Chart 6). The latest results therefore suggest the sharpest phase of the adjustment may have passed, but respondents do not yet see a recovery taking hold. With the regional situation unresolved, the outlook remains closely tied to geopolitical developments across the Middle East.

Saudi Arabia data points to softening across occupier and investment markets

Saudi Arabia recorded a CPSI reading of -4, down from +15 in Q2 and the first negative reading since early 2021. The softening is more pronounced on the investment side, with the ISI at -10 compared with +1 for the OSI. Investment enquiries slowed, returning a net balance of +3% at the aggregate level, down from +21%. Alongside this, the credit conditions net balance fell to -22% from +8%, the weakest reading since the survey began in the country in 2018.

As a result, twelve-month all-sector capital value expectations turned marginally negative, with a net balance of -2%. Within this, projections have been scaled back across most sectors, with the secondary portion of the market expected to see falling values, led by secondary retail. Nevertheless, prime industrial and office assets are projected to see a modest increase in capital values of between 1% and 2%, although this is much weaker than envisaged at the start of 2026.

Chart 3 - UAE headline indicators

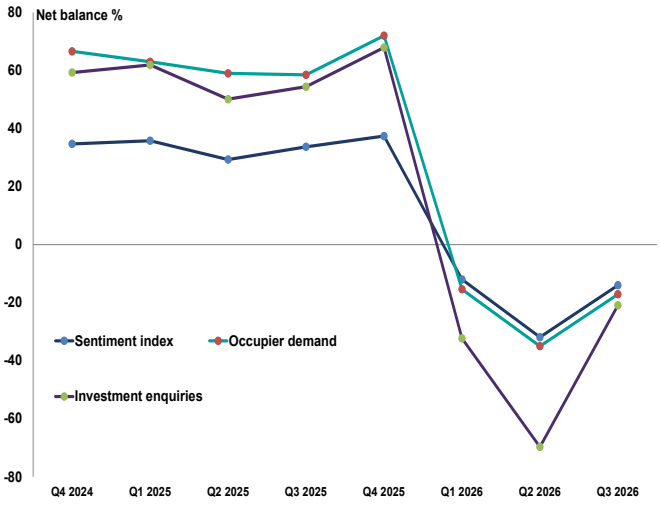
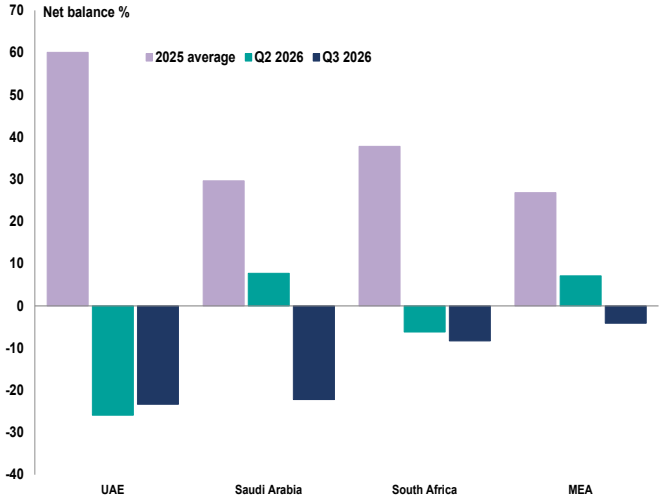


Chart 4 - Credit conditions by market



At the same time, aged care (7.5%) and hotels (5.9%) continue to display solid capital value forecasts for the coming twelve months. Overall, however, reflecting the difficult macroeconomic and geopolitical environment, 70% of respondents now place the market in a downturn.

Occupier indicators remain positive but are notably weaker than in the first half of the year. Tenant demand stood at +10%, down from +30%, while the net balance for availability rose sharply to +47%, having been marginally negative in Q2. One relative bright spot is foreign investment enquiries, which strengthened to +13%.

South Africa continues to display solid results

South Africa is again the standout market in the region in terms of positive momentum, with the composite sentiment index rising to +16 from +13, its strongest reading since the end of last year. The improvement is led by the investment side, where the ISI rose to +19 from +11. Investment enquiries increased to post a net balance of +31%, with retail (+43%) and industrial (+39%) particularly firm. Meanwhile, twelve-month capital value expectations strengthened to a net balance of +48% from +35% at the all-sector average level.

The occupier picture is more mixed. Retail demand rebounded, with a net balance of +27% of respondents (up from -7%), but office demand growth faltered, with the net balance slipping to +9% from +50%. Foreign investment enquiries also turned negative at -13%, and credit conditions remain modestly negative at -8%. Even so, sector capital value growth projections are the strongest in the region, led by data centres at 5.4% and prime industrial and prime retail assets at 3.6%. Moreover, over half of respondents continue to place the market in an upturn, compared with fewer than one in five pointing to a downturn.

Chart 5 - Twelve-month capital value expectations

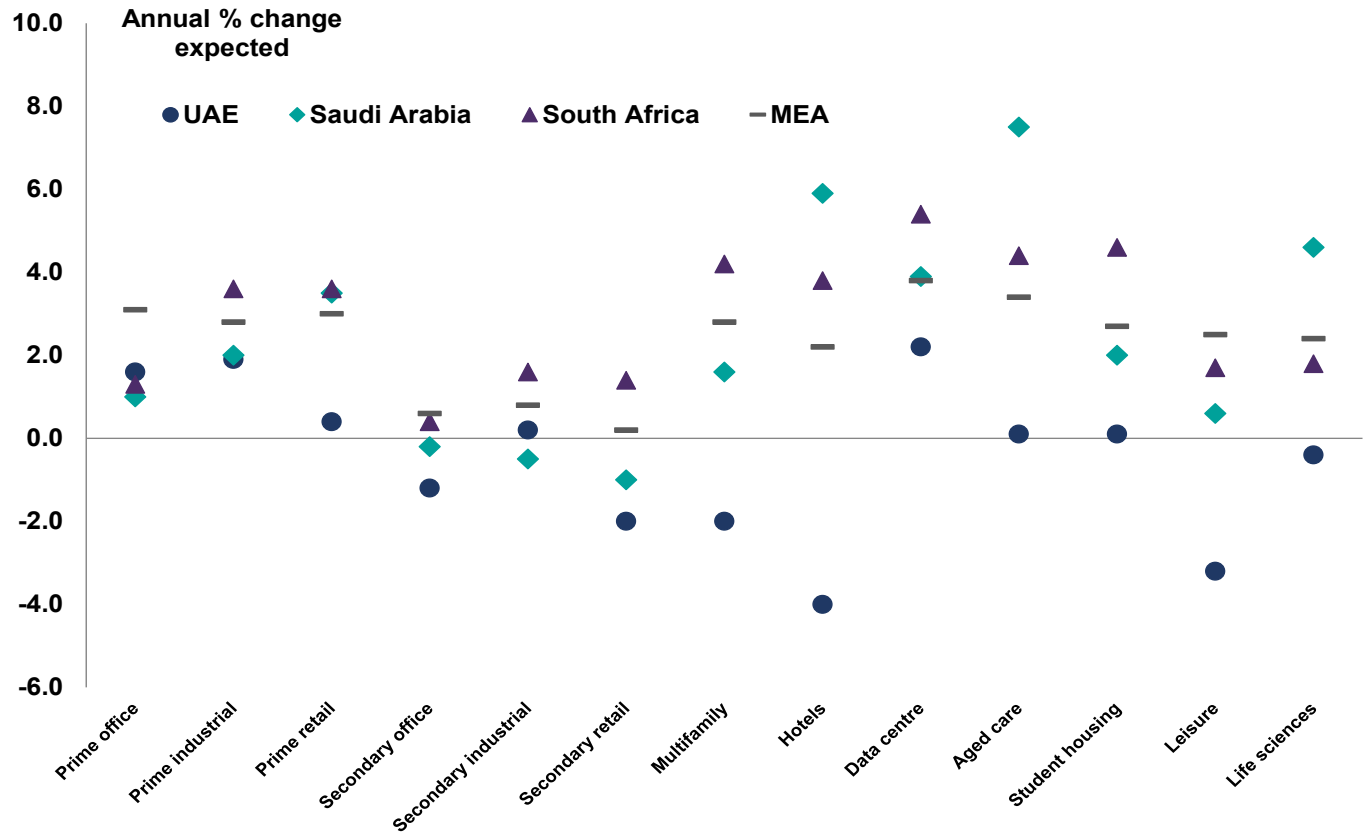
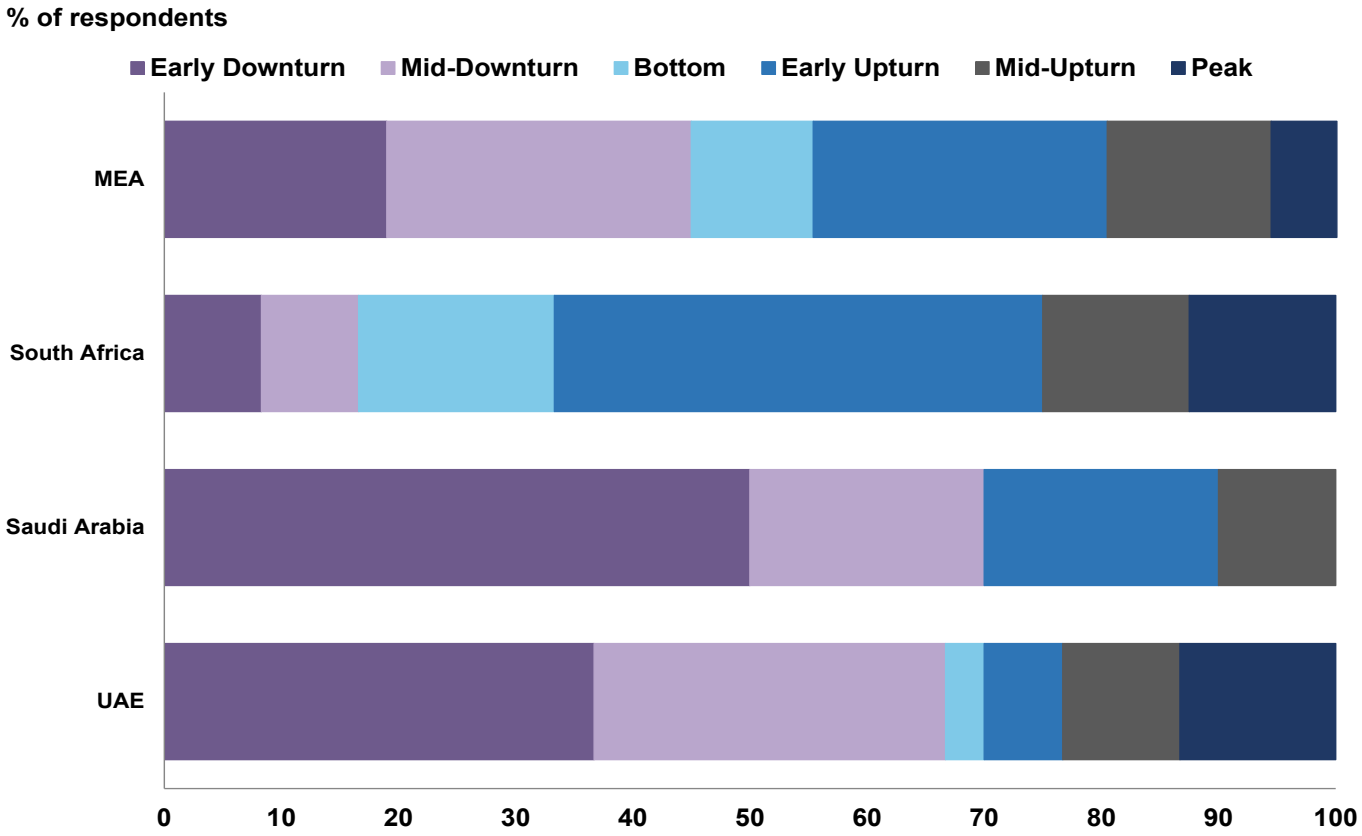


Chart 6 -Perceptions regarding current stage of the property cycle



Regional comments from survey participants in MEA

Bahrain

The Bahrain market remains stagnant in the midst of the ongoing conflict and the restrictions on the Strait of Hormuz. This depresses demand, increases the cost of building materials, and extends delivery times for materials for both construction and fit-out works. There is an expectation that the conflict will be resolved as we go into 2027, and this may result in a restoration of demand in the market, but this outcome is not certain. - Manama

The market is in a downturn as a result of the Middle East conflict. Recovery will take some time. - Manama

The ongoing conflict in the Gulf is suppressing demand across all property types. There is an expectation that the markets will recover once the conflict is resolved, but there is little certainty as to when that might be. - Manama

Ethiopia

Government has undertaken a large-scale corridor project that has improved road quality and the road network, as well as property exteriors. - Addis Ababa

In Ethiopia it is difficult to obtain current comparable evidence. - Addis Ababa

The waiver on the credit cap for banks by the National Bank has injected fresh lending into the market. This has supported investor appetite, especially in the capital city. In addition, speculation around a devaluation of the birr has encouraged buyers to invest in the housing market to protect themselves against it. Conversely, the NBE has introduced another tool into the financial market to cap bank lending capacity, and the loan-to-deposit ratio limit has constrained some banks' portfolios. - Addis Ababa

Ghana

Ghana's construction market remains active, particularly in residential, commercial and infrastructure projects. However, contractors continue to face pressure from exchange-rate fluctuations, imported-material costs, financing constraints and changes in fuel and logistics costs. Clients are increasingly focused on cost certainty, value engineering, local sourcing and careful procurement planning. - Accra

Kenya

Government projects and international foreign direct investment (FDI) continue to drive real estate activity, with increased investment in housing, infrastructure, and industrial developments creating new opportunities and supporting market growth across various regions. - Nairobi

Major infrastructure projects covering highways, railways, airports and refineries, alongside government housing schemes. - Nairobi

Lebanon

There is some optimism, which will develop into confidence if the regional conflict comes to an end. - Beirut

Nigeria

The market economy would have improved before now given that Nigerian oil output is being sold into a global market where prices have risen to $100 per barrel as a result of the Middle East conflict. However, the oil price increase has not had a positive impact on our economy, due to the rise in fuel pump prices and the devaluation of our currency, which has resulted in high inflation. Our general election is also currently under way, with voting due early next year, and this has affected the economy, with no new investment coming forward. - Lagos

The Onitsha real estate market is highly vibrant, commerce-driven and resilient, characterised by strong demand and high rental yields. Commercial property outperforms residential stock in capital growth and yields, driven heavily by merchant activity around Onitsha Main Market, Bridge Head and the Upper Iweka transport corridor. Warehouses and lock-up shops command high demand. - Onitsha

Oman

Muscat market broadly stable. Industrial and logistics demand firm, supported by Vision 2040 diversification and port/free-zone activity. Prime Grade A office and retail holding; secondary office and older retail face oversupply and softer rents. Hotel sector improving with tourism growth. - Muscat

The Omani real estate market is experiencing strong positive momentum, driven by macroeconomic stability and the expansion of economic diversification initiatives under Oman Vision 2040. Key market trends are highlighted by a surge in transaction values and property prices, ongoing legislative reforms alongside increased investment openness, and growing demand for land plots and residential communities. Furthermore, market expansion presents notable investment opportunities. - Muscat

Supply is high, with developers active and government encouraging ICT projects, however there is a shortage of quality and reliable developers. Some areas are booming, such as Salalah, particularly for open plots and villas. The Omani market will grow quickly over the next two years. Government has simplified the process of obtaining a housing loan for lower-salary segments among nationals, and this will support a stronger property market and greater demand for construction projects. - Seeb

Qatar

Challenging. - Doha

The market is at a standstill. - Doha

Regional comments from survey participants in MEA

Republic of the Congo

Although the conflict in Eastern Europe and the instability in the Middle East continue, the Republic of the Congo is working hard to develop its economy, with continued development of rail, road, port and other infrastructure. The country's first tractor has now been completed and put into use, which signals that Congolese industry is beginning to emerge. The outlook for the country's future development should be viewed positively. - Brazzaville

Saudi Arabia

Given the conflict and political crisis in the region, I think all of the predictions are uncertain and could change either positively or negatively. - Jeddah

Negative sentiment stemming from the Middle East conflict is affecting the market, increasing inflation and making international office tenants nervous. The same applies to retailers. - Riyadh

Office space in Riyadh is critically tight (98–99% occupancy) with rents rising 3 -4% year-on-year. Retail thrives on experiential, mixed-use formats with emphasis on F & B. Logistics faces severe warehouse shortages, pushing rents up 10-15%. Hospitality is reliant on domestic tourism but sees ongoing expansion. Residential rents are rising sharply due to shortages, though regulatory measures aim for tenant stability. - Riyadh

Riyadh is subject to a rent freeze for five years from 25 September 2025. In January and June 2026, non-Saudi foreign real estate ownership law takes effect in Saudi Arabia. This has increased the buyer pool, as foreign nationals can now own real estate, which was not permitted before, although ownership is subject to regulation, with Madinah and Makkah restricted to non-Saudi Muslim buyers in designated zones. - Riyadh

South Africa

Return-to-office momentum evident through late 2024 and early 2025 appears to have lost pace from Q2 2025 onwards, coinciding with successive sharp fuel price increases, most notably the record April 2026 rise, described as the largest single-month increase in South African history. This reignited the debate around hybrid and flexible working arrangements and prompted employers to reconsider full office attendance mandates. Commuting cost sensitivity is a plausible drag on the recovery in office demand. - Durban

It appears that many of our clients are consolidating their portfolios at this early recovery stage of the property cycle. The further increase in transport costs, and its net effect on operations, will remain a challenge for all clients and their consumers. - Johannesburg

More exposure in retail, office and industrial. I think finances are somewhat tight and every stakeholder is still taking a wait and see approach, given the level of economic and political uncertainty. We go to an election in November, so everyone is holding tight to their wallet for now, and we are hoping to see real activity next year. - Johannesburg

The Johannesburg CBD is sluggish, with the listed funds disposing of their assets. The office market is also showing minimal growth, although vacancies are slightly higher than pre-Covid. Interest rates have just been increased by 0.25%. - Johannesburg

Still very depressed, and awaiting the election results in November. - Pretoria

Uganda

Kampala's property market is largely opaque, with most real estate transactions usually concealed between the parties. Regarding retail and mixed use property, there are no major projects that have been completed within the last three months. The Kampala market is experiencing a period of swift transition, with several infrastructure and real estate projects ongoing. - Kampala

Uganda's market outlook remains cautiously positive. Growth momentum is supported by strong domestic demand and low inflation, but risks from delayed oil production, currency weakness, and global energy price shocks are weighing on investor sentiment. - Kampala

United Arab Emirates

Abu Dhabi's prolonged rental freeze continues to support affordability and tenant retention, but limits landlords' ability to capture rising market rents. This is expected to moderate investment yields and valuation growth in the short term. - Abu Dhabi

A challenging environment, in the context of a longer than expected regional conflict. - Dubai

Current regional conflict is having a major impact on confidence and on the deployment of capital, from both a local and an international perspective. - Dubai

Due to the ongoing disruption at Hormuz, the price of material supply and the cost of fuel are affecting activity in the region. Supply prices are increasing continuously on a monthly basis. - Dubai

In my opinion, we are at the start of a significant downturn. - Dubai

The commercial property market experienced a significant fall in prices over the past six months as a result of the regional conflict. I think it will continue to fall over the next three months, albeit at a milder rate, and if the conflict in the region worsens during this period, the decline will be steeper. - Dubai

The market is currently affected by the geopolitical situation in the region, but the impact has been limited. Developers have generally maintained their prices, with some offering promotions and flexible payment plans.

Regional comments from survey participants in MEA

The secondary market has been more affected, with some prices dropping by around 5% to 10% and some distressed deals available. Recently, the market has started to recover slowly, showing continued investor confidence in Dubai real estate. - Dubai

Zambia

The market is characterised by low demand due to slow economic growth. - Lusaka

Zimbabwe

The Zimbabwean property market has experienced a turbulent economy, but of late conditions have been more stable, due to a gold rush among small-scale miners that has significantly affected the residential and commercial sectors, where people are purchasing, renovating and developing. A further boom is anticipated following recent government policy placing dilapidated buildings in the spotlight. Industrial has fallen back significantly, but there are hopes of a recovery in future. - Bulawayo

The Zimbabwean market is seeing a steady rise in commercial and multi-purpose developments across the country, particularly retail space. Industrial property has been the steadiest in terms of capital value. The office sector, particularly in the country's CBDs, has maintained a downward trajectory in terms of capital values, rents and demand. - Harare

There is steady growth across the real estate sector in Zimbabwe. - Harare

Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the facilities management market.

Methodology

Survey questionnaires were sent out on 9 September 2026 with responses received until 19 October 2026. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1236 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale. The Commercial Property Sentimet Index is an unweighted average of the OSI and ISI. Regional indicators are weighted using estimates of the stock of commercial property provided by LaSalle Investment Management, and are adjusted on an annual basis.

Contact details

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