



UAE: Non-oil GDP growth remains robust in Q1 2025

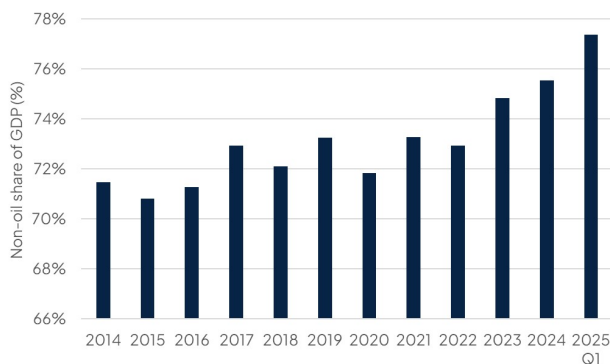
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- The UAE economy grew 3.9% y/y in Q1 2025. The robust pace of growth set in the first three months of 2025 follows growth of 5.0% in Q4 2024
- Non-oil economic activity accounted for 77.3% of Q1 GDP, and grew 5.3% y/y.
- UAE GDP growth should accelerate in 2025, relative to 2024, reaching 4.8% in aggregate.

UAE real GDP rose 3.9% year-on-year in the first quarter of 2025, according to a statement released by the Federal Competitiveness and Statistics Centre, to reach AED 455bn. The strong pace of growth set in the first three months of 2025 follows growth of 5.0% in Q4 2024.

The non-oil economy led growth, accounting for 77.3% of GDP and having increased steadily over the past several years.

Rising contribution of non-oil GDP



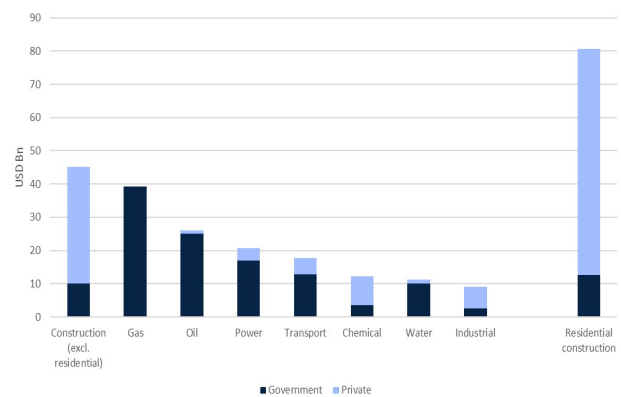
Source: FCSC, Emirates NBD Research.

Non-oil GDP maintained a robust pace of growth in the first quarter of the year, rising 5.3% y/y, after having risen 6.2% y/y in the final quarter of 2024. The FCSC press release highlighted the strong pace of growth seen in manufacturing (7.7% y/y), financial services (7% y/y), construction (7% y/y) and real estate activities (6.6%). Retail and wholesale trade, which is the largest single sector after mining and quarrying, also recorded 3% y/y growth.

The continued momentum in non-oil growth is consistent with near-term indicators such as the S&P Global PMI which recorded an average of 54.6 in the first three months of the year, broadly similar

to the average level seen in 2024 Q4. The non-oil economy is likely to be supported by significant project spending plans across both the private and public sector, with large ongoing investments in both residential and non-residential construction.

Current project spending to support growth



Source: FCSC, Emirates NBD Research.

Looking ahead to the remainder of 2025, continued non-oil GDP growth will be complimented by an acceleration in oil sector growth. The OPEC+ strategy to return barrels to the market more rapidly than had initially been planned will result in higher oil output from the UAE this year.

We expect the UAE to see aggregate GDP growth of 4.8% in 2025, with non-oil sectors growing 4.7% and the oil sector seeing a sharp acceleration to 5.0% growth.

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