



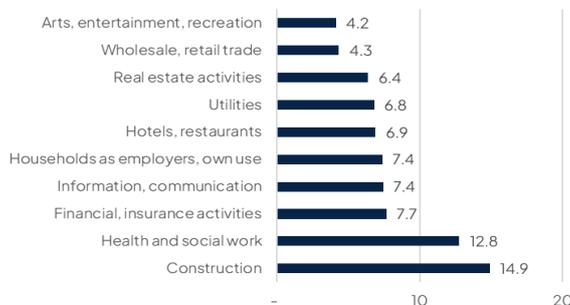
## Dubai: Q2 GDP growth at 4.7% y/y

### November 14 2025 – Economics

- Dubai's real GDP grew by 4.7% year-on-year in Q2, up from 4.0% in Q1, marking the fastest growth since Q1 2022
- The largest sector, wholesale & retail trade, grew by 4.4% in Q2, driven by population growth and tourism
- Real estate and construction combined saw a growth of 9.8%, with construction alone up by 14.9% in Q2

Dubai recorded real GDP growth of 4.7% y/y in the second quarter, up from 4.0% in Q1. This marks the fastest pace of growth for the emirate's economy since Q1 2022 when it was still rebounding from the Covid-19 shutdowns. For the first half, growth was 4.4% and we have revised up our outlook for the year to 4.5% growth given the H1 data and that more timely indicators suggest that the momentum of the first half has been carried through into Q2. Growth through the first half of the year has been broad-based across a wide range of industries, with both large and small sectors seeing a robust expansion rate.

#### Q2 real GDP growth, % y/y

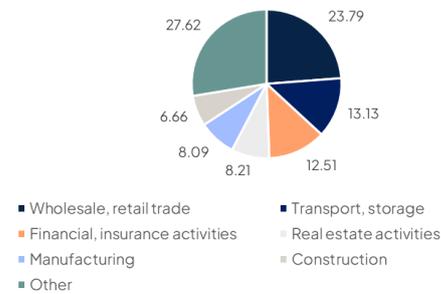


Source: Haver Analytics, Bloomberg, Emirates NBD Research

The largest sector in the Dubai economy remains wholesale & retail trade, which accounts for just under a quarter of total output. It recorded a solid pace of growth at 4.4% in Q2, modestly slower than the 4.5% seen in Q1, likely benefiting from both an expanding population and ongoing growth in tourism. Moderate inflation and lower interest rates would likely have been supportive also. This growth saw wholesale & retail trade contribute 1.1ppts of headline growth in the period, and we anticipate that it has remained the major growth driver in the second half. The sector-specific S&P Global PMI survey for Dubai's wholesale & retail trade has

averaged higher over the July to October period (latest available data) than it did over January to June.

#### Largest components of GDP, %



Source: Haver Analytics, Bloomberg, Emirates NBD Research

The second largest component of Dubai's GDP is transport & storage, which makes up around 13% of output. Here growth was somewhat slower at 0.9% y/y, down from 2.0% in Q1 and the slowest pace of growth since Covid-19 disruptions to travel in 2022. The sector was the primary driver of GDP growth in late 2023 as global travel surged, with Dubai International Airport and the national airlines major beneficiaries of this. Base effects and a normalisation of travel behaviours since then has meant that this growth has moderated in recent quarters – DXB saw passenger traffic grow by 2% in H1, compared with 6% in full-year 2024. Nevertheless, we would expect a stronger third and fourth quarter given that Q2 was additionally affected by an escalation in regional hostilities which disrupted some air traffic. The logistics-focused components of the sector have continued to perform strongly, with H1 traffic at Jebel Ali up 6%.

The third largest sector is financial services, which saw growth of 7.7% y/y, up from 5.9% previously



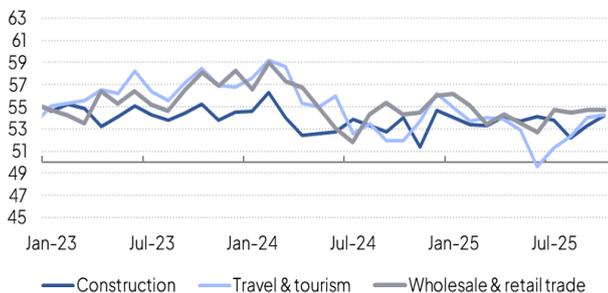
and the strongest pace of growth in over 14 years. This chimes with data released by the DIFC which shows that H1 saw a 25% y/y rise in registered companies, while the number of people working there rose by 9%.

If taken together, real estate and construction constitute around 15% of total economic activity in Dubai, and both have seen solid growth as new residential and infrastructure projects are launched, built, and sold, serving the demand from the expanding population. Combined, they saw y/y growth of 9.8%, with construction up 14.9% y/y in Q2, the fastest growing sector. Our analysis of the real estate sector suggests that activity has continued to expand at a rapid clip in Q3, with the residential sector on its way to setting a new record for the highest number of properties sold in a year, while the construction PMI survey has remained comfortably in expansion territory over July to October, albeit slightly softer than in H1. With major government spending in projects such as the Dubai Metro Blue Line and Dubai South airport development we expect a strong pace of growth to be maintained.

The second fastest growing sector after construction in Q2 was health & social work, which expanded by 12.8% y/y, following 26.2% growth the previous quarter. This reflects in part the growing population, but also the development of medical tourism and cosmetic surgery services.

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### Dubai PMI



Source: S&P Global, Bloomberg, Emirates NBD Research

Accommodation & food services saw growth of 6.9% y/y in Q2, up from 3.4% previously. This is driven by both population growth, which the official clock estimates is running at over 5% y/y, and by the travel & tourism trade. Over January to September there were 14mn overnight visitors to Dubai, y/y growth of 5%, despite regional tensions and a more stringent visa regime for some South Asian countries which has seen a y/y fall in arrivals from that region, traditionally a top source market. With tensions in the region abating we see scope for an acceleration in tourist arrivals through the end of the year and the sector's PMI survey has rebounded after a contractionary sub-50 reading in June.



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