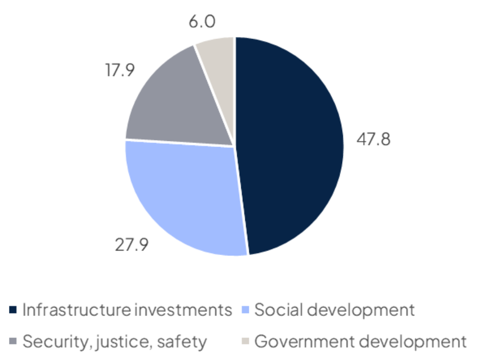
Dubai: New expansionary budget announced

24 November 2025 – Economics

- Dubai has announced its largest-ever budget, supporting our GDP growth forecasts of 4.5% in 2026 and 4.0% in 2027, while also projecting a budget surplus.
- Nearly half of the budget is dedicated to infrastructure, with AED 47.8bn allocated for projects like transport and energy, reflecting Dubai's economic and population growth plans.
- Social spending (28%) and security/justice (18%) also feature prominently, alongside ongoing investment in digitalization to streamline government operations.

The announcement of a new expansionary budget cycle for Dubai over the next three years, set to be the largest expenditure ever, is supportive of our view that GDP growth will remain robust in 2026 and 2027. Major infrastructure spending is one of the factors behind our bullish view and the new budget reaffirms this stance: we forecast real GDP growth of 4.5% next year and 4.0% in 2027. The fact that this significant uptick in government spending is being achieved while still operating with a budget surplus is testament to the rapid economic growth in Dubai and increasingly diversified government revenues.

2026 spending plans, AEDbn



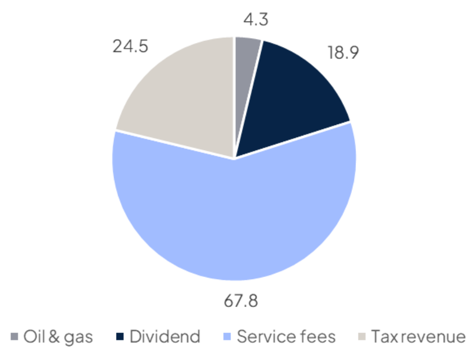
Source: Government of Dubai Media Office, Emirates NBD Research

HH Sheikh Mohammed bin Rashid al Maktoum, Vice President and Prime Minister of the UAE and ruler of Dubai has approved the 2026-28 budget cycle and the annual budget for 2026. The three-year cycle projects total spending of AED 302.7bn, while for next year the Department of Finance projects expenditure of AED 99.5bn, a substantial 15.4% increase from planned expenditure of AED 86.2bn for 2025. Revenues are forecast at AED 329.2bn for the three-year period and AED 107.7bn in 2026, including AED 5bn of general reserves.

The figures imply a budget surplus of AED 8.2bn, or around 1.5% of projected GDP next year, and a surplus over the three-years to 2028 at a total AED 26.5bn. Dubai has not run a budget deficit since 2020, when the Covid-19 pandemic impeded economic activity while at the same time necessitating a ramp-up in social spending. The new Dubai budget contributes to our projected UAE national consolidated budget forecast for a surplus of 4.0% in 2026.

Breaking down expenditure, there is a heavy commitment to infrastructure investment, with 48% of total spending, or AED 47.8bn allocated for 2026, up 20.4% from the 2025 budget projections. According to the statement, this spending will be channeled into projects including 'roads, bridges, tunnels, public transport, sewage systems, renewable energy facilities, waste management and service buildings', and this aligns with headline project spending data. According to MEED Projects, there is presently AED 114bn worth of government project spending currently in execution in Dubai, while the pipeline of work is worth approximately AED 500bn. Major projects include the Al Maktoum Airport, the Dubai Metro Gold Line, and Etihad Rail.

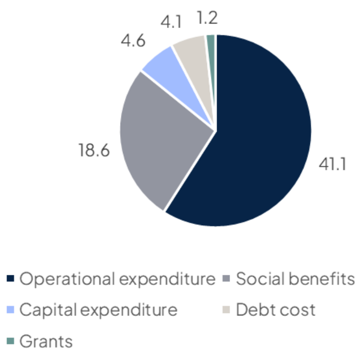
2024 revenues, AED bn



Source: Public Debt Management Office, Emirates NBD Research

With an aim to grow the population to 5.8mn people by 2040 (from just over 4mn presently), spending on new transport and energy infrastructure will be essential. To put the planned 2026 spending in context, the under-development Dubai Metro Blue Line has a reported price tag of AED 18bn, or just over a third of the 2026 infrastructure budget. The sizeable investment budget underscores Dubai's ambition, although delays can mean that spending plans are not always realised in budget years. Capital expenditure in H1 last year totaled AED 7.9bn, while in full-year 2024 it came to AED 4.6bn.

2024 expenditure, AED bn



Source: Public Debt Management Office, Emirates NBD Research

Of the remainder of the budgeted spending, social spending (which encompasses health, education, housing, family welfare, and scientific research) will account for 28% and spending on "security, justice and safety" will represent 18% of the total. The remaining 6% will go on government development, including spending on the digitalisation programme which should help streamline operations and cut required current expenditure in future.

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