

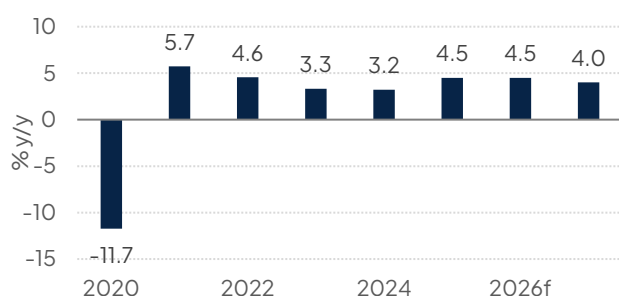
Dubai: Positive private and public sector momentum will power growth in 2026

15 December 2025 – Economics

- We forecast Dubai's economy to grow by 4.5% in 2026, in line with our estimate for 2025 and outpacing global averages.
- Growth will be supported by strong momentum, rising tourism, easing regional tensions, and robust private and public sector activity.
- Population and visitor numbers are increasing, driving demand for real estate and infrastructure.
- Inflation is forecast to remain moderate, with government investment focused on infrastructure and city livability improvements.

We anticipate that Dubai's economy will continue to perform strongly in 2026, maintaining the same robust pace of expansion seen in 2025, which we estimate at 4.5%. This global outperformance – the IMF forecasts global growth of 3.1% next year, with 1.6% growth for advanced economies and 4.0% for emerging markets – will be driven by both external and internal factors, and by both private and public sector activity.

Growth momentum to continue in 2026



Source: Haver Analytics, Emirates NBD Research

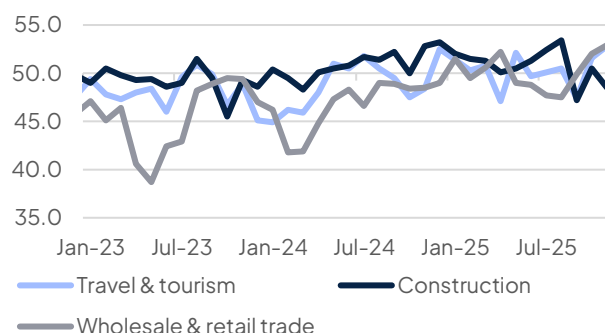
Heading into 2026, the Dubai economy clearly has some strong momentum. While only H1 2025 GDP figures are available to date, the y/y growth of 4.4% compares with 3.3% in calendar 2023 and 3.2% in calendar 2024. Meanwhile, the monthly PMI survey from S&P Global has risen to 54.5 in both October and November, the strongest reading since January 2025, and new orders are picking up more rapidly.

Looking ahead, anticipated looser monetary policy imported from the US as the Federal Reserve cuts rates, and a reduction in global trade uncertainty will both benefit the wider UAE – and we will look at these factors in more detail in our country-wide economy companion piece.

Visitor numbers will continue to rise

Another external factor that we project will support growth in Dubai next year is the easing of regional tensions and its potential benefit to the tourism sector. With a tentative peace in place in Gaza, and rhetoric between the US and Iran cooling, we see scope for another strong year for Dubai's tourism trade in 2026 after projected growth of around 5.0% in 2025 (there were 15.7m visitors over January to October, up 5.0% y/y).

PMI ending the year strongly



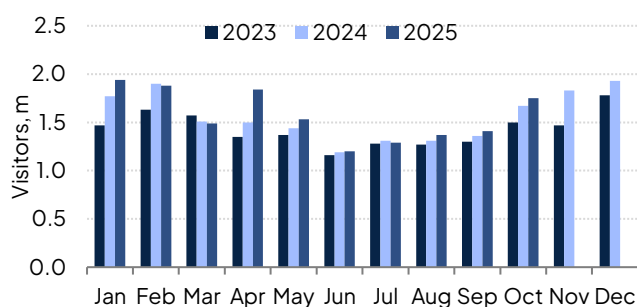
Source: S&P Global, Emirates NBD Research

The growth potential for the sector next year is boosted further by the fact that the y/y decline in South Asian visitors seen in 2025 will have passed through the base. More stringent visa regulations prompted an 8.4% y/y decline in visitors from the region, usually one of the largest source markets, over the first 10 months of 2025. However, growth has recently turned positive on a monthly basis, while the annualised decline has softened, and we see upside potential here for next year. This will combine with ongoing robust growth in visitors from other source markets, enticed by the continuing improvement of the tourist offering.



There is already a constant stream of new hospitality launches across restaurants and hotels, and this will be supported by the newly launched Dubai Hotel Incentive Scheme which will reimburse municipality fees on rooms for the first two years of operation. It was also announced in December that hotels in Dubai would begin to offer contactless biometric check-in services. The expansion of existing conferences and expositions, and the launch of new events, will also encourage tourism growth, while medical tourism is also playing a greater role. This is encouraged by an MOU signed in late 2024 between the Dubai Health Authority and the Dubai Department of Economy and Tourism which aims to develop the sector and has likely already contributed to the 20% y/y GDP growth in human health & social work activities seen in H1 2025.

Visitor numbers hitting new records



Source: DTCM, Emirates NBD Research

Strong growth in visitor numbers feeds through to a range of other sectors in Dubai, including hospitality, construction, and travel. While the pace of growth at Dubai International Airport has slowed from the breakneck speed seen following the pandemic, it continues to hit new records and the massive investment going into developing the Al Maktoum International Airport will underpin activity over the next decades, through both its construction and after its eventual launch.

Population growth inducing infrastructure investment

Many of the factors around entertainment and hospitality offerings that are encouraging the strong inflow of tourists are also encouraging rapid growth in the domestic population, alongside national factors such as the low tax regime (especially while taxes are rising in many source countries), high levels of safety and security, and the introduction of the extended stay Golden Visa in the past several years. This population expansion has showed no signs of abating in 2025 with the official population clock

showing that Dubai's inhabitants breached the 4m mark for the first time during the year. The official estimate put the population at 4.04m as of mid-November, up 5.4% y/y and 18.7% from November 2020, and this chimes with a range of proxy indicators such as mobile phone and utilities subscriptions which all show an increase in customers. We expect that the factors supporting population growth will remain in play in 2026, not least given the stated government target of hitting 5.8m inhabitants by 2040. This will drive demand for real estate, boosting construction activity, and for a range of other services including education, telecoms, and healthcare.

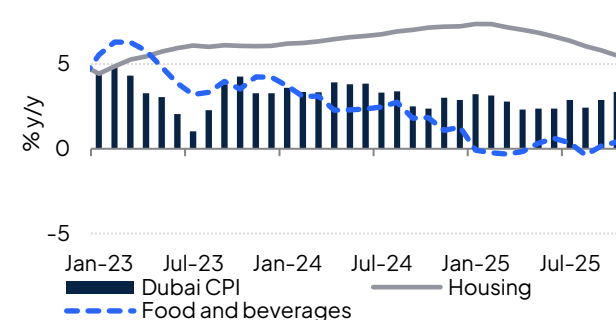
Fastest growing sectors in Q2 2025, % y/y



Source: Haver Analytics, Emirates NBD Research

The rapid rise in the population has boosted demand for property, especially for villas. This has prompted a rise in prices for housing since the pandemic which has outpaced the other components of the CPI basket, with headline inflation remaining moderate. Housing inflation has also started to slow in recent months, however, falling to a two-and-a-half year low of 5.5% y/y in October. We forecast headline CPI inflation at 2.5% in 2026, modestly slower than in 2025 – over January to October, price growth averaged 2.8%.

Inflation pressures benign overall



Source: Haver Analytics, Emirates NBD Research



بنك الإمارات دبي الوطني
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To match the demand for services from a growing population, government spending is targeting infrastructure in line with the long-term development plan outlined in the Dubai Economic Agenda. The Road and Transport Authority (RTA) is investing AED 20.5bn in the new Dubai Metro Blue Line which is scheduled to start operating in 2030, while the RTA earlier this year pledged to complete 11 new road corridors by 2027. Various measures aimed at improving the livability of the city have also been introduced, most recently in November when Dubai's Executive Council approved a parks and greenery strategy with a budget of AED 18bn. These high levels of infrastructure investment will underpin growth over the next several years.

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