حكومـــة دبـــي
GOVERNMENT OF DUBAI

DUBAI
للاقتصاد والسياحة
Economy and Tourism

Dubai Business Survey

Q3, 2024

+971 600 555559 +971 4 282 1131 info@dubaidet.ae dubaidet.gov.ae P.O.Box 594, Dubai, U.A.E.

Glossary

- **Business Performance:** It refers to the actual performance of the business during the **same quarter** in which the survey is conducted. This includes the financial and operational results achieved by the business during that specific period.
- **Business Outlook:** It represents the expectations and forecasts of the business for the **upcoming quarter**. This focuses on the anticipated performance and projections for the future, taking into account indicators such as sales, profitability, market conditions, and other relevant factors.
- **Composite BCI:** The **Business Confidence Index** (BCI) is calculated as a weighted average score of the following 'business outlook' indicators: Selling Prices, Volumes Sold, Number of Employees, Profits.
- **SMEs:** The definition of SMEs, according to the **DET,** is as follows:

  In the **trading** sector, a company is considered an SME if it has 200 employees or fewer and a total turnover of 250 million or less.

  In the **manufacturing** sector, a company is classified as an SME if it has 250 employees or fewer and a total turnover of 250 million or less.

  In the **service** sector, an SME is defined as a company with 200 employees or fewer and a turnover of less than 200 million.
- **Large Company:** The definition of a large company, according to the DET, is as follows:

  In the **trading** sector, a company is considered large if it has more than 200 employees and a total turnover exceeding 250 million.

  In the **manufacturing** sector, a company is classified as large if it has more than 250 employees and a total turnover more than 250 million.

  In the **service** sector, a large company is defined as having more than 200 employees and a turnover exceeding 200 million.

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Key Highlights

- Amid rising geopolitical tensions in the region, the Composite Business Confidence Index (BCI) slipped drastically by 26.6 points q-o-q from 137.3 points in Q2, 2024 due to the geopolitical conditions witnessed by the region, and 25 points y-o-y from 135.7 points in Q3, 2023 to 110.7 points in Q3, 2024.
- SMEs maintained stronger projections in Q3, 2024 as compared to large companies with Composite BCI scores of 116.8 and 106.7 points, respectively.
- The BCI for the exporting community dropped to 105.9 points in Q3, 2024 from 124.2 points in Q2, 2024 and 118.6 points in Q3, 2023, indicating a significant decline in business confidence among exporters.
- Trading firms were more optimistic in Q3, 2024 compared to manufacturing and service sector firms with BCI scores of 118.3, 115.1 and 114.6 points, respectively.
- In Q3, 2024, the survey highlighted the most pressing challenges, with lack of demand, increasing costs of labor, rentals, raw materials, government fees and competition being the primary issues impacting businesses in Dubai.
- In Q3, 2024, respondents continue to seek government support in reducing government fees, rental costs and better financing options.

OVERALL BUSINESS OUTLOOK – Q4, 2024

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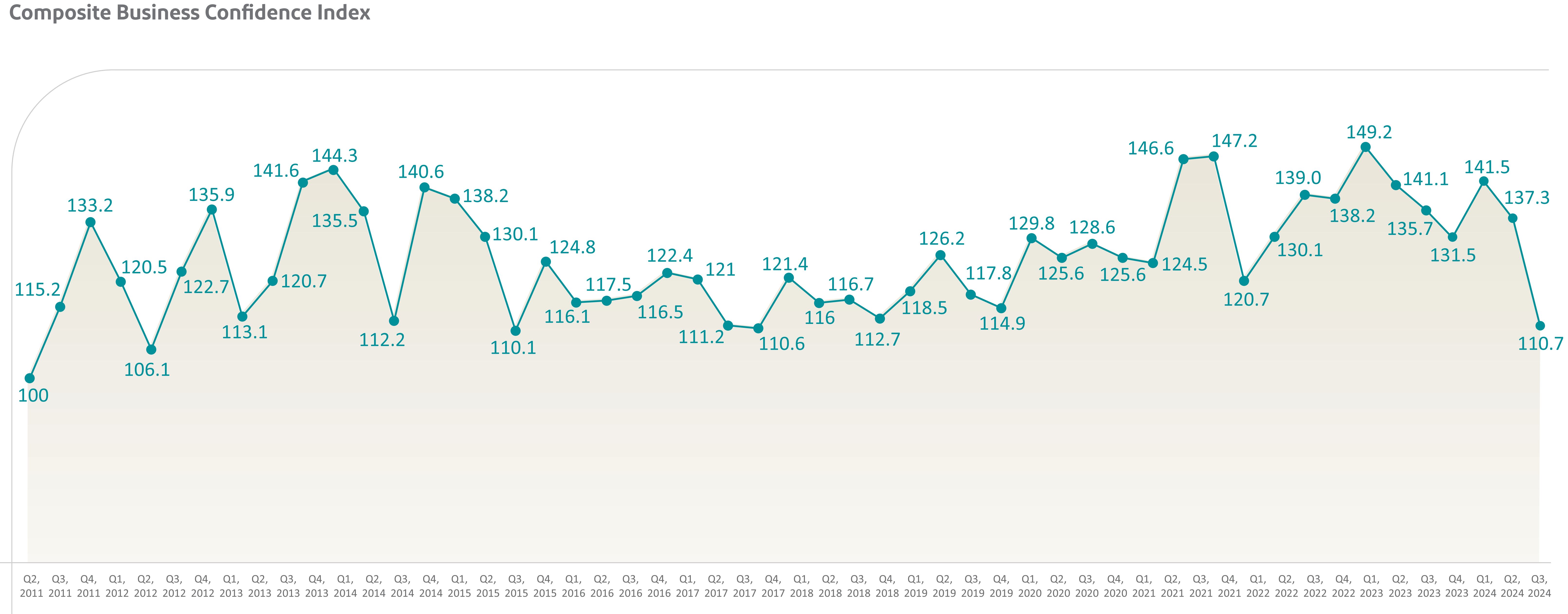
Business Confidence Index Trend (Q2, 2011 to Q3, 2024)



Over the years, the Composite Business Confidence Index (BCI) has consistently shown an upward trajectory, reflecting a favorable outlook among business owners. The Composite BCI in Q1, 2024 marked a notable increase compared to the previous quarter, rising 10 points q-o-q to 141.5 points. However, in Q3, 2024, the Composite BCI experienced a significant drop to 110.7 points (a low from Q1, 2017), reflecting a notable slowdown in business confidence and indicating rising concerns among business owners about the economic environment.

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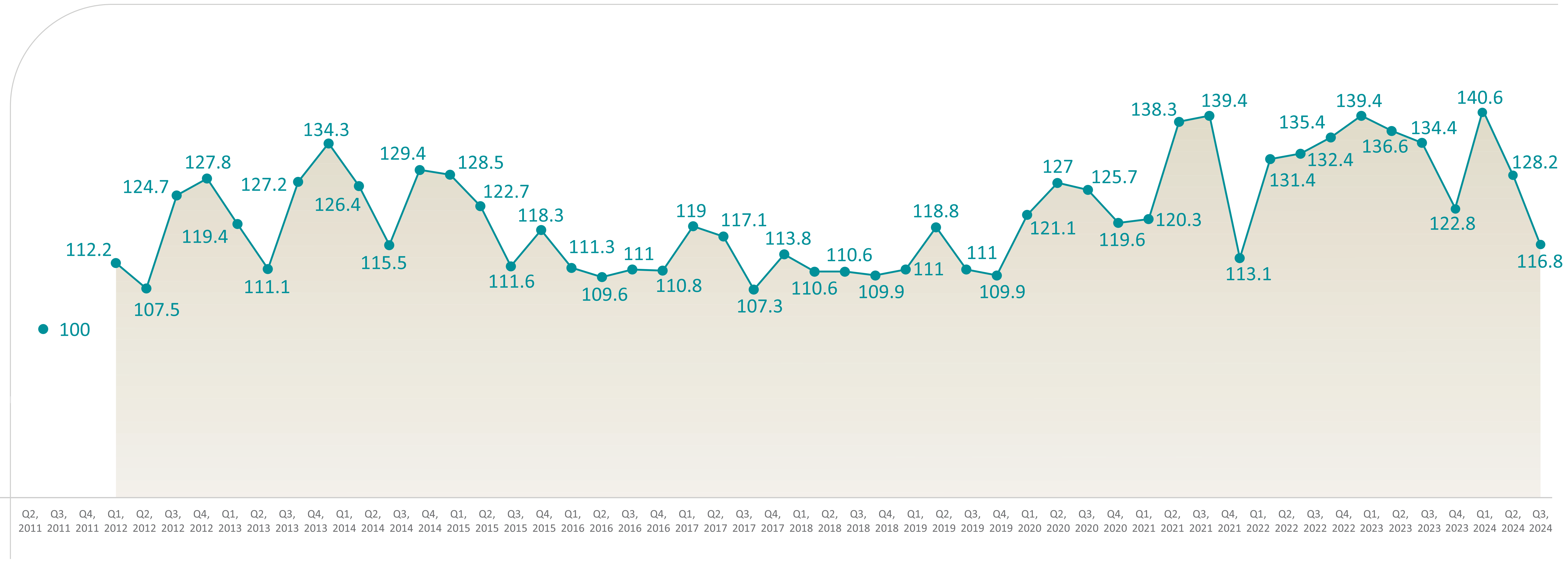
SME Index Trend (Q2, 2011 to Q3, 2024)

SME Index



Dubai's SME sector demonstrated a consistently positive trajectory in the Business Confidence Index (BCI). Dubai's SME sector also experienced an uptick in business activity. The SME Index touched a high in the series at 140.6 points in Q1, 2024. However, in Q3, 2024, the SME BCI dropped to 116.8 points, marking its lowest level since Q1, 2016, reflecting a significant decline in business confidence within Dubai's SME sector.

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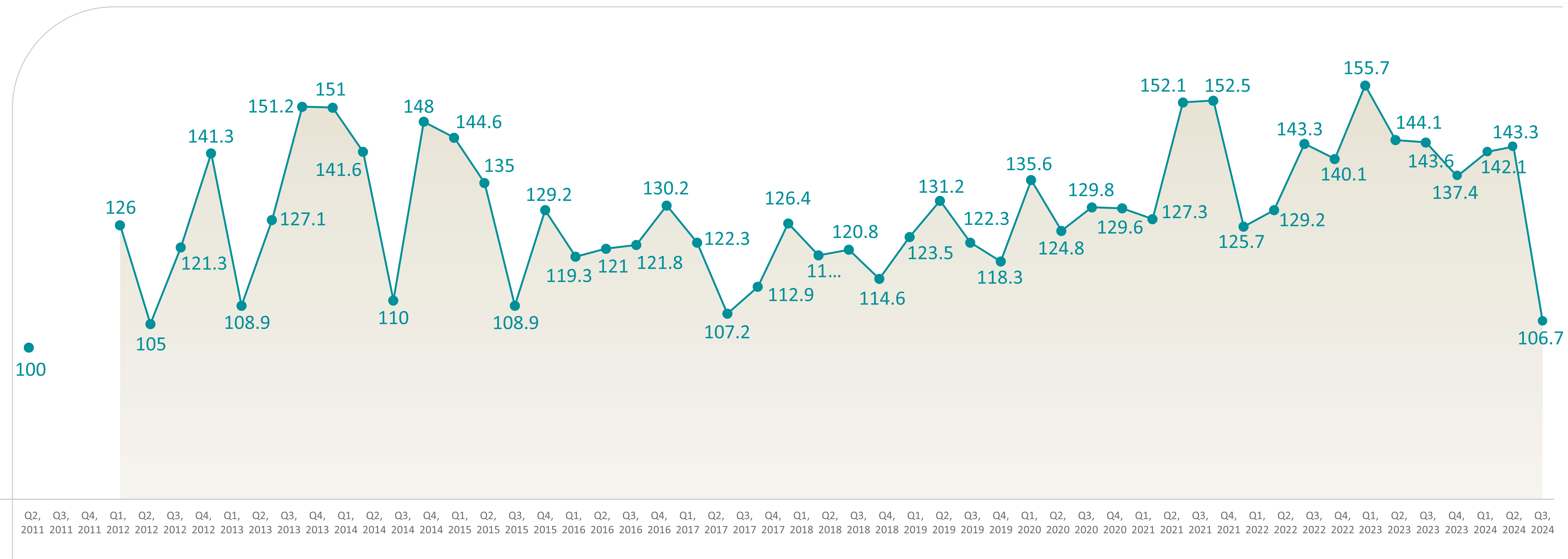
Large Company Index Trend (Q2, 2011 to Q3, 2024)

Large Index



In line with the overall sentiments, the large company index dropped sharply to 106.7 points, marking its lowest level since Q2, 2017, indicating a significant decline in business confidence for large companies in Dubai. In a reversal of trend, SMEs have stronger projections compared to large companies across most parameters.

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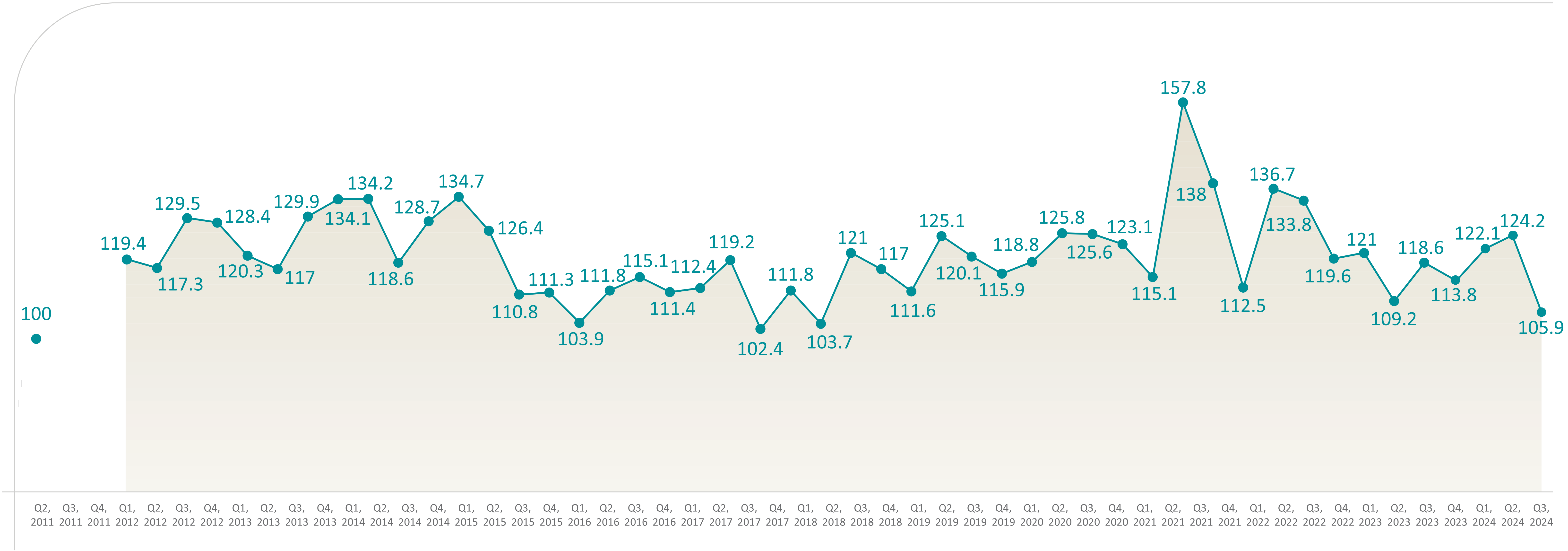
Exporters Confidence Index Trend (Q2, 2011 to Q3, 2024)

Exporters Confidence Index



In Q3, 2024, the BCI for the exporting community dropped to 105.9 points, marking its lowest level since Q2, 2017, indicating a significant decline in business confidence among exporters.

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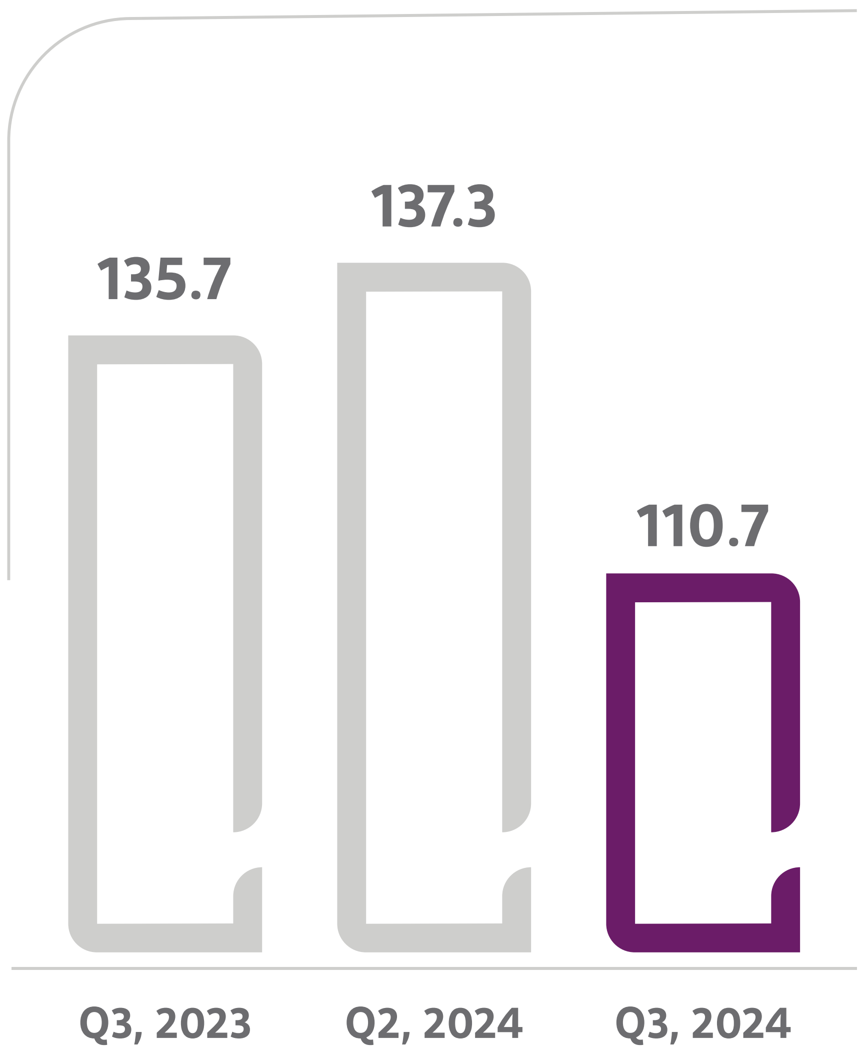
Business Confidence Index

- The Composite Business Confidence Index (BCI) slipped drastically by 26.6 points q-o-q from 137.3 points in Q2, 2024, and 25 points y-o-y from 135.7 points in Q3, 2023 to 110.7 points in Q3, 2024.

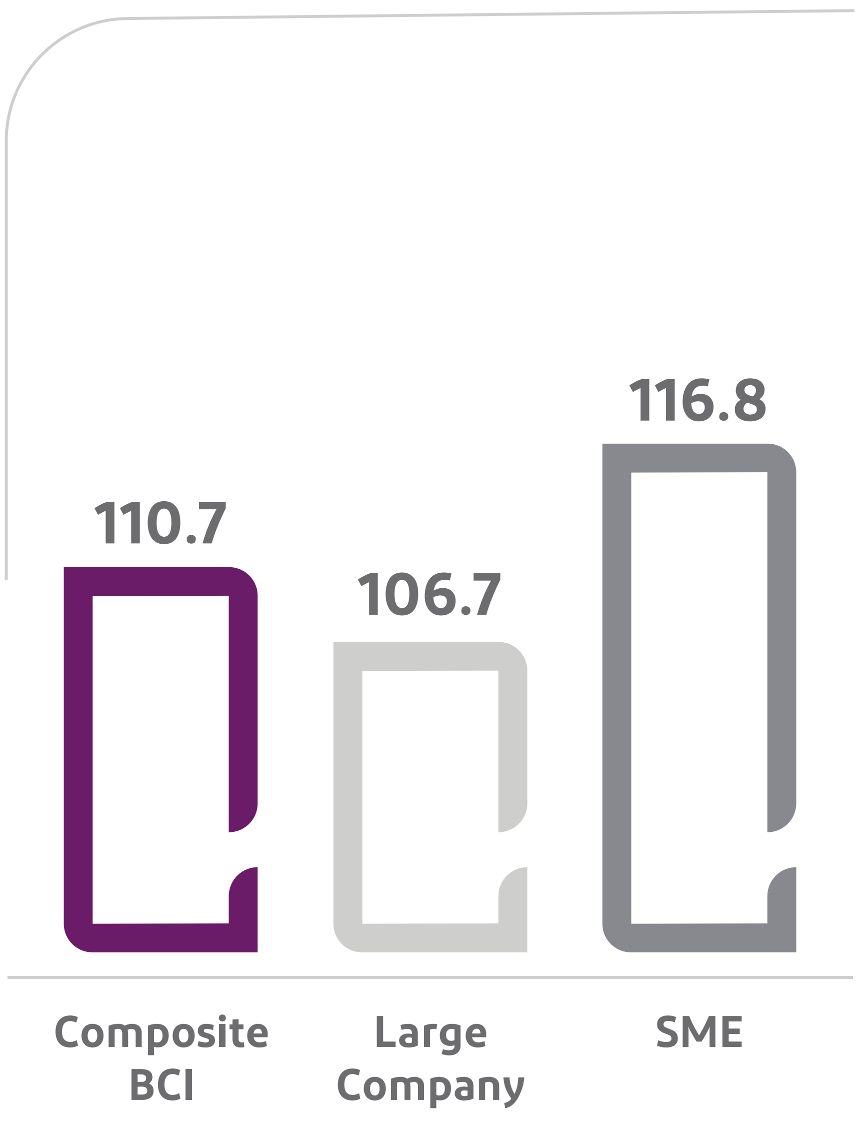
- SMEs maintained stronger projections in Q3, 2024 as compared to large companies with Composite BCI scores of 116.8 and 106.7 points, respectively.

- In a reversal of trends, trading firms were more optimistic in Q3, 2024 compared to manufacturing and service sector firms with BCI scores of 118.3, 115.1 and 114.6 points, respectively.

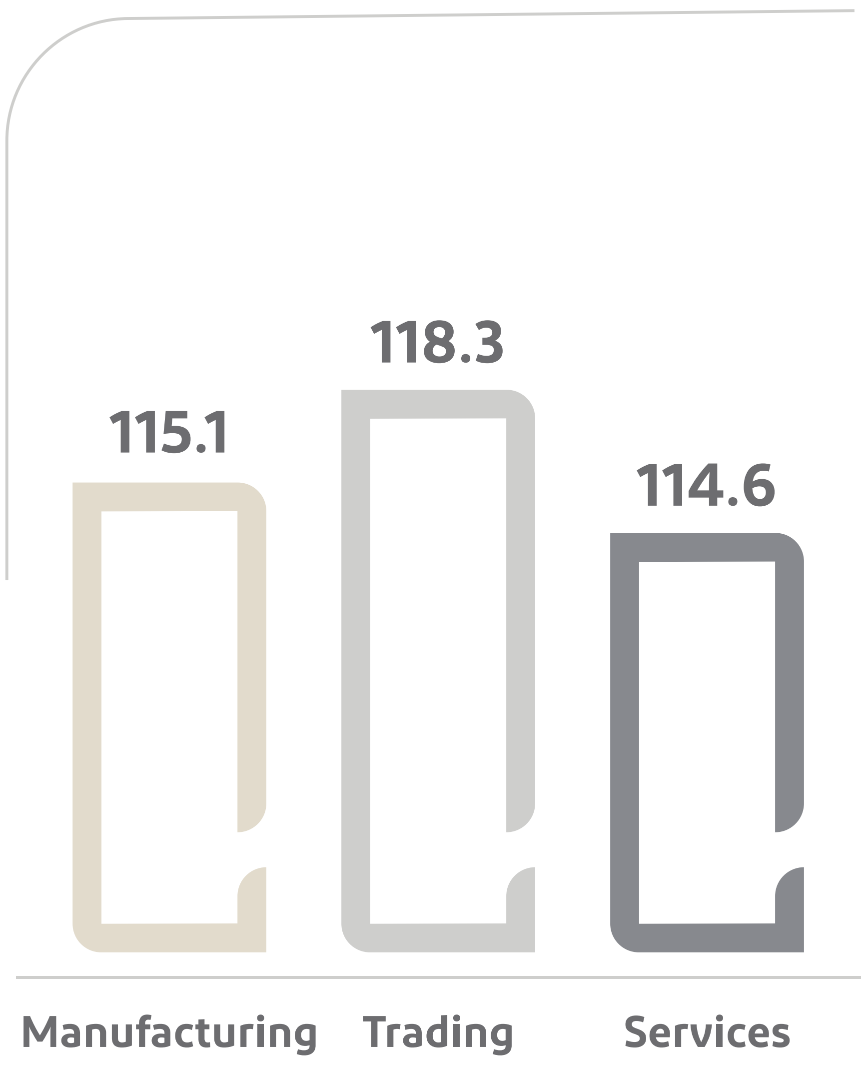
Composite Business Confidence Index
Q3, 2024



Composite Business Confidence Index by Size
Q3, 2024



Composite Business Confidence Index by Sectors
Q3, 2024



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Global Business Confidence Index Trends

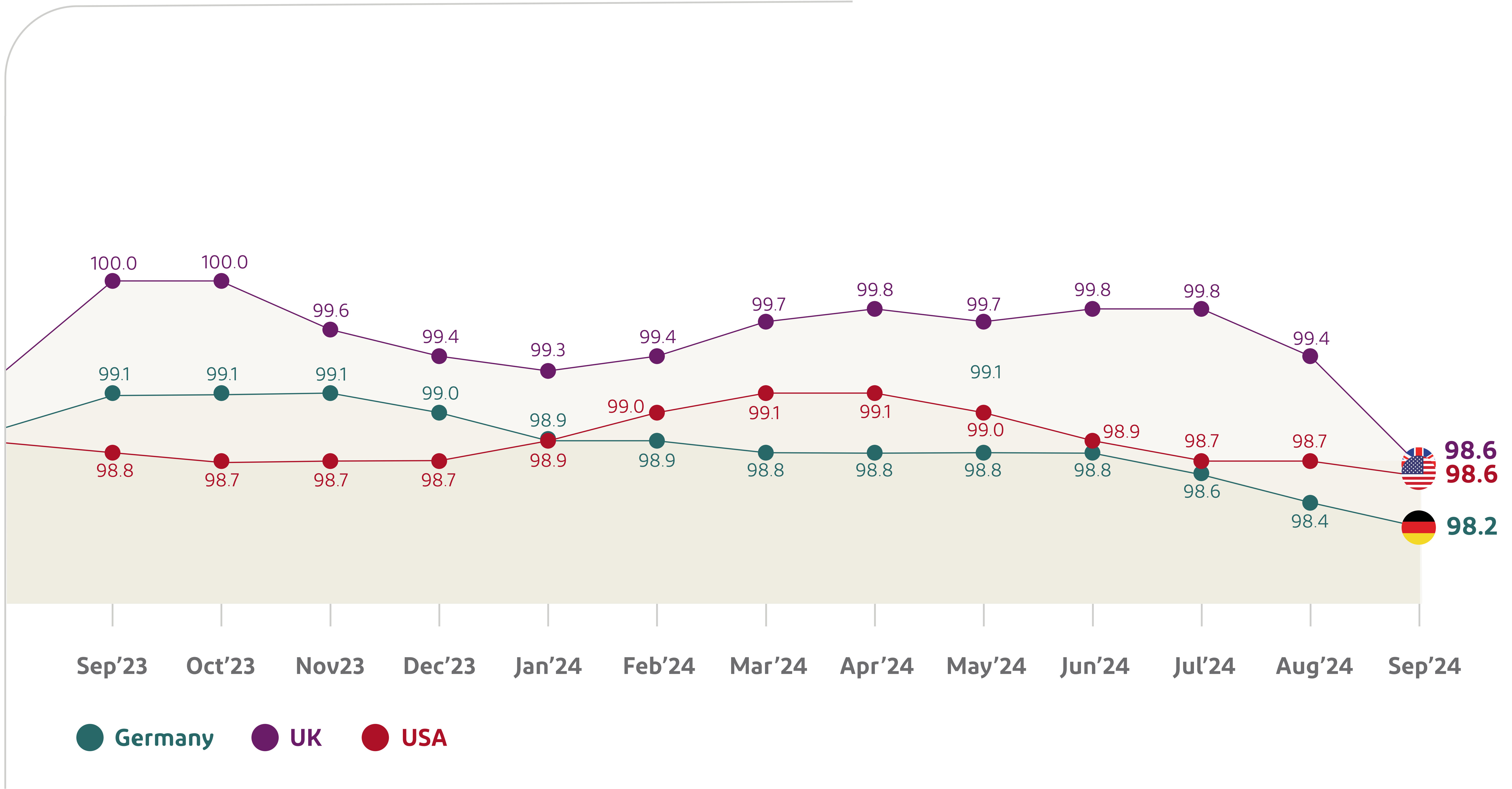
- According to the OECD, despite global challenges, global economic growth is expected to stabilize at 3.2% in 2024 and 2025, with easing inflation and steady trade supporting overall economic activity.

- The US showed steady but declining growth in BCI, with a slight decrease from 98.8 in September 2023 to 98.6 by September 2024, reflecting the gradual impact of tight monetary policies.

- UK's BCI fell shy of the 100-point mark from October 2023 to 98.6 by September 2024, signaling a slowdown, due to sluggish consumer demand and geopolitical uncertainties.

- Germany witnessed a continuous decline from 99.1 in late 2023 to 98.2 by September 2024, influenced by weak domestic demand and external trade disruptions, particularly in energy markets.

Monthly BCI for Key Global Markets
Dubai's BCI - Q3, 2024: 110.7



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Overall Outlook – Q4, 2024

	Q4, 2023				Q3, 2024				Q4, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	41%	1%	58%	40%	45%	3%	52%	42%	35%	14%	51%	21%
Selling Prices	34%	1%	65%	33%	26%	1%	73%	25%	**24%**	14%	**62%**	10%
Volumes Sold	41%	1%	58%	40%	45%	3%	52%	42%	17%	5%	34%	12%
No. of Employees	33%	0%	67%	33%	15%	0%	85%	15%	**21%**	8%	**71%**	13%
Profits	41%	1%	58%	40%	45%	3%	52%	42%	**38%**	4%	58%	34%
New Purchase Orders	41%	1%	58%	40%	31%	0%	69%	31%	36%	4%	60%	32%

- On a yearly and quarterly basis, the net balances of most parameters slipped.
- A significant 62% of the respondents expect their selling prices to remain stable, with 24% increasing prices of their products due to higher raw material costs, expected increased demand for premium items, and better market conditions.
- A majority 71% will keep employee count intact, with 21% increasing the count amid expectations of rising demand for products, and better market conditions.
- Nearly 40% of the respondents expect profits to increase in Q4, 2024 in expectations of higher demand, improved market conditions, and effective marketing.

+971 600 555559 +971 4 282 1131 info@dubaidet.ae dubaidet.gov.ae P.O.Box 594, Dubai, U.A.E.

OVERALL BUSINESS PERFORMANCE – Q3, 2024

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Overall Actual Performance – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	49%	6%	45%	43%	45%	4%	51%	41%	33%	17%	50%	16%
Selling Prices	1%	1%	98%	0%	22%	1%	77%	21%	**23%**	15%	62%	8%
Volumes Sold	49%	6%	45%	43%	45%	4%	51%	41%	33%	**17%**	50%	16%
No. of Employees	14%	0%	86%	14%	14%	2%	84%	12%	**20%**	9%	71%	11%
Profits	49%	6%	45%	43%	45%	4%	51%	41%	34%	16%	50%	18%
New Purchase Orders	49%	6%	45%	43%	32%	1%	67%	31%	31%	7%	62%	24%

- On a y-o-y basis, most parameters trended lower.
- However, in terms of selling prices, the net balance stood at 8% increasing over a y-o-y basis; 23% increased selling prices due to rising raw material costs.
- In terms of volumes sold, 17% of the respondents reported a decrease due to lower demand, rising costs, and increasing competition.
- In terms of hiring, 20% of respondents increased headcount, due to temporary projects or contracts, and expansion of operations.

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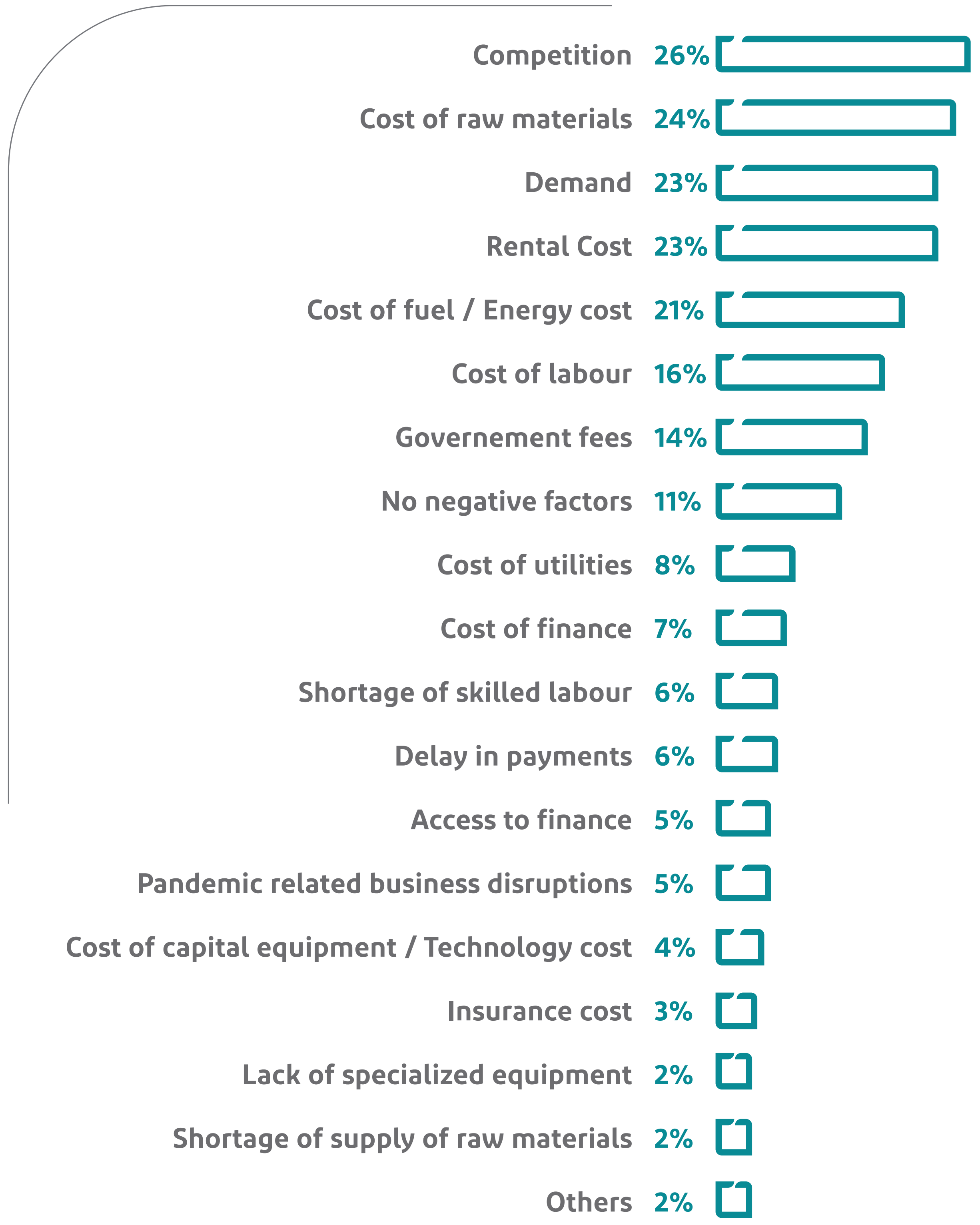
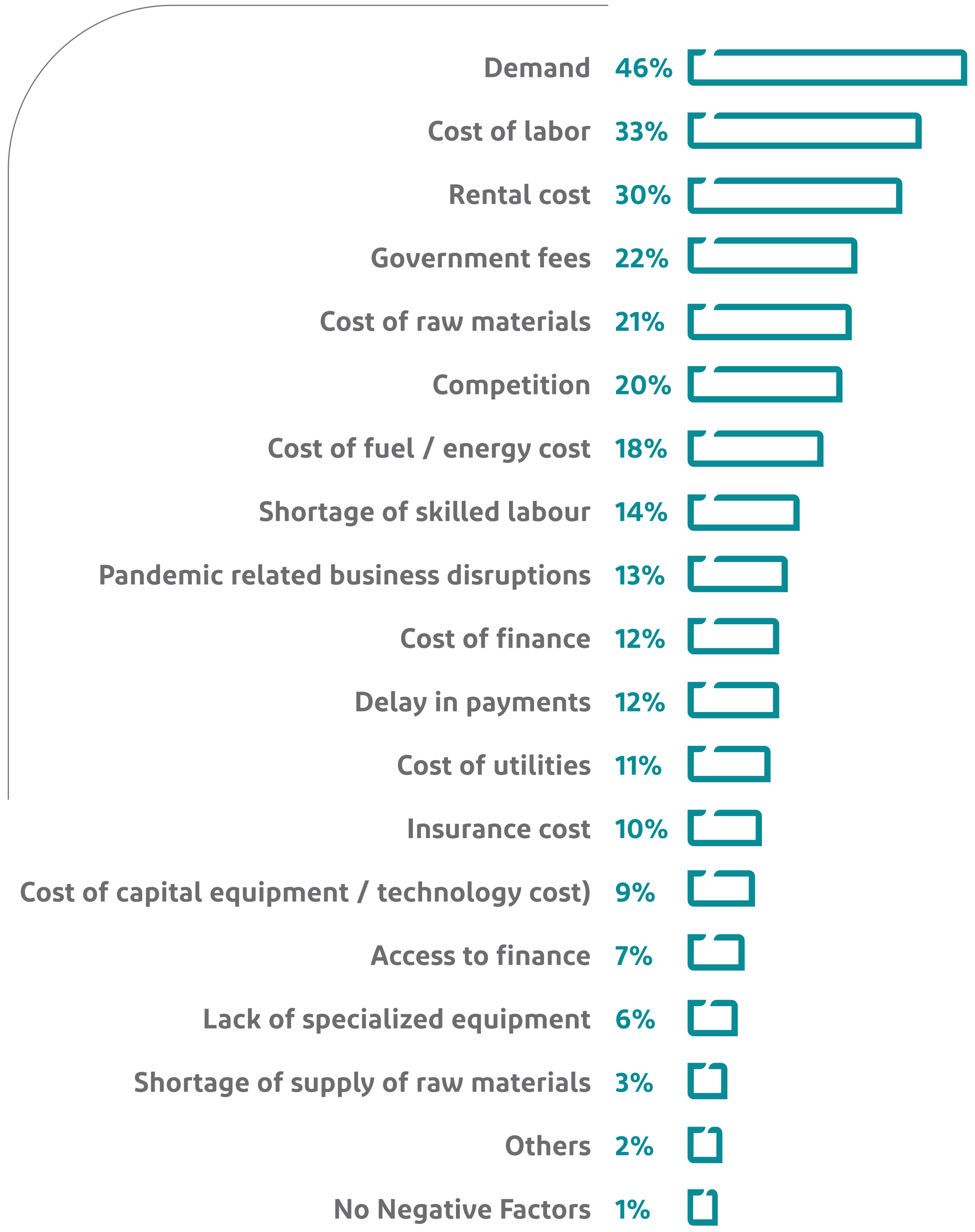
Key Business Challenges

Key Business Challenges – Q2, 2024



Key Business Challenges – Q3, 2024



- Demand (46%) emerged as the most significant challenge in Q3, 2024, increasing substantially from 23% in Q2, 2024.
- Cost of labor (33%) also climbed up from 16% in the previous quarter.
- Rental cost (30%) surged, rising from 23% in Q2, 2024.
- Government fees (22%) continued to escalate, up from 14% in Q2, 2024.
- In Q3, 2024, 21% cited cost of raw materials; this proportion stood at 24% in the previous quarter.
- Competition (20%) as a challenge decreased from the proportion of 26% in Q2, 2024.
- Cost of fuel/energy (18%) continued to weigh on businesses, though slightly down from 21% in the previous quarter.

+971 600 555559 +971 4 282 1131 info@dubaidet.ae dubaidet.gov.ae P.O.Box 594, Dubai, U.A.E.

DUBAI SME OUTLOOK & PERFORMANCE

+971 600 555559 +971 4 282 1131 info@dubaidet.ae dubaidet.gov.ae P.O.Box 594, Dubai, U.A.E.

SME Outlook – Q4, 2024

	Q4, 2023				Q3, 2024				Q4, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	40%	1%	59%	39%	43%	3%	54%	40%	35%	14%	51%	21%
Selling Prices	33%	1%	66%	32%	25%	1%	74%	24%	25%	14%	61%	11%
Volumes Sold	40%	1%	59%	39%	43%	3%	54%	40%	**17%**	4%	35%	13%
No. of Employees	33%	0%	67%	33%	14%	0%	86%	14%	**22%**	8%	70%	14%
Profits	40%	1%	59%	39%	43%	3%	54%	40%	38%	4%	58%	34%
New Purchase Orders	40%	1%	59%	39%	30%	0%	70%	30%	35%	3%	62%	32%

- The overall BCI for SMEs slipped 11.4 points on a q-o-q basis and 17.6 points over the year to 116.8 points in Q3, 2024, as all parameters trended lower.
- However, SMEs fared better than large companies across most parameters in Q3, 2024.
- While a substantial proportion expect stability in their sales volumes, 17% of the respondents anticipate higher sales due to better market conditions, new marketing plans, competitive pricing, and expected demand from new contracts.
- 22% foresee an increase in hiring numbers due to the expansion of operations and rising demand for products.

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Actual SME Performance – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	49%	6%	45%	43%	44%	4%	52%	40%	31%	16%	53%	15%
Selling Prices	1%	2%	98%	0%	20%	1%	79%	19%	**22%**	14%	64%	8%
Volumes Sold	49%	6%	45%	43%	44%	4%	52%	40%	**32%**	16%	52%	16%
No. of Employees	13%	0%	87%	13%	12%	2%	86%	10%	20%	8%	72%	12%
Profits	49%	6%	45%	43%	44%	4%	52%	40%	32%	15%	53%	17%
New Purchase Orders	49%	6%	45%	43%	30%	2%	68%	28%	29%	6%	65%	23%

- On a y-o-y and q-o-q basis, the SME community witnessed a downward trend across most parameters.
- Due to product improvements, rising raw material costs, and seasonal demand for premium products, 22% of the respondents increased selling prices in Q3, 2024.
- Nearly 35% reported an increase in their sales volumes due to high demand, market expansion, and promotional offers.

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- Uncertain demand, rising costs of rentals and labor were top concerns cited by SMEs.

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DUBAI EXPORTERS BUSINESS OUTLOOK & PERFORMANCE

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Exporters Outlook – Q4, 2024

	Q4, 2023				Q3, 2024				Q4, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	39%	0%	61%	39%	47%	0%	53%	47%	35%	22%	43%	13%
Selling Prices	28%	2%	70%	26%	29%	4%	67%	25%	28%	24%	48%	4%
Volumes Sold	39%	0%	61%	39%	47%	0%	53%	47%	15%	12%	33%	3%
No. of Employees	28%	0%	72%	28%	18%	0%	82%	18%	31%	15%	54%	16%
Profits	39%	0%	61%	39%	47%	0%	53%	47%	42%	7%	51%	35%
New Purchase Orders	39%	0%	61%	39%	44%	0%	56%	44%	42%	7%	51%	35%
Export Sales	11%	0%	89%	11%	36%	0%	64%	**36%**	43%	27%	28%	**16%**

- The exporting community's BCI in Q3, 2024, stood at 105.9 points, down 18.3 points over the quarter, and 12.7 points lower y-o-y. The BCI was lower when compared to the overall business community's score of 110.7 points.
- Most parameters trended lower on a q-o-q and y-o-y basis, with respondents expecting stability in most parameters.

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DUBAI للاقتصاد والسياحة Economy and Tourism

Actual Exporters Performance – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	58%	5%	37%	53%	38%	2%	60%	36%	37%	28%	35%	9%
Selling Prices	5%	2%	93%	3%	7%	0%	93%	7%	29%	22%	49%	7%
Volumes Sold	58%	5%	37%	53%	38%	2%	60%	36%	37%	28%	35%	9%
No. of Employees	21%	0%	79%	21%	13%	7%	80%	6%	32%	15%	53%	17%
Profits	58%	5%	37%	53%	38%	2%	60%	36%	39%	26%	35%	13%
New Purchase Orders	58%	5%	37%	53%	24%	2%	74%	22%	36%	13%	51%	23%
Export Sales	9%	2%	89%	7%	4%	0%	96%	4%	40%	30%	29%	**10%**

- The actual performance of exporter sales in Q3, 2024 witnessed an increase on a q-o-q and y-o-y basis.
- GCC countries, India, and other Arab countries were the top export markets in Q3, 2024.
- Respondents are concerned with lack of demand, rising costs of rentals and intense competition in Q3, 2024.

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SAMPLE SIZE

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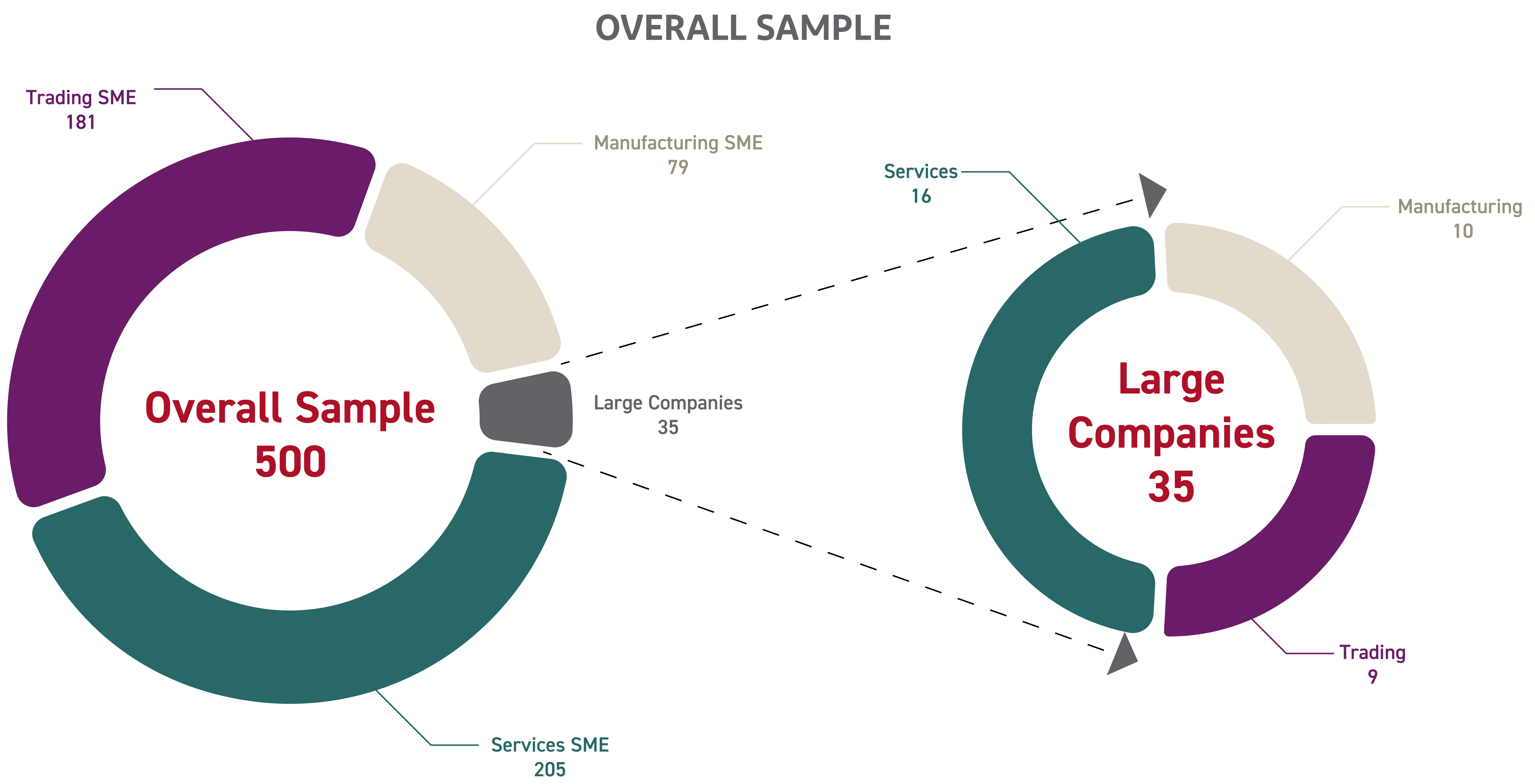
Sample Size



The quarterly business survey for Q3, 2024 was conducted with a total sample of 500 companies across the Emirate of Dubai. The sample included a mix of small, medium, and large enterprises and has adequate representation from the Manufacturing, Trading, and Services sectors in proportion to their respective value-added contribution to Dubai's GDP.

+971 600 555559 +971 4 282 1131 info@dubaidet.ae dubaidet.gov.ae P.O.Box 594, Dubai, U.A.E.

For More Information

Economic Information Division

Department of Economy and Tourism

Tel: +971 600 555559

Email: info@dubaidet.ae