

Dubai Business Survey Q1, 2025

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

Key Highlights

The Composite Business Confidence Index (BCI) showed resilience, maintaining 114.9 points in Q1, 2025 despite global economic pressures. While this represents a 10-point adjustment from Q4, 2024's 125.5 points, businesses remain adaptable in the face of worldwide inflationary challenges.

Large enterprises maintained a robust BCI of 119 points, slightly outperforming the overall index and SMEs despite a marginal decrease from Q4, 2024.

SMEs exhibited steady BCI of 114.3 points in Q1, 2025 which is nearly on par with the overall index and underscores the adaptability and optimism of Dubai's small and medium enterprises.

The services sector maintained the highest confidence levels in Q1, 2025, with a BCI score of 123 points. This sector's performance reflects its resilience and adaptability.

The Exporters' BCI stood at 116 points in Q1, 2025, indicating steady progress. This performance suggests that exporters are navigating global trade challenges effectively while maintaining a positive outlook.

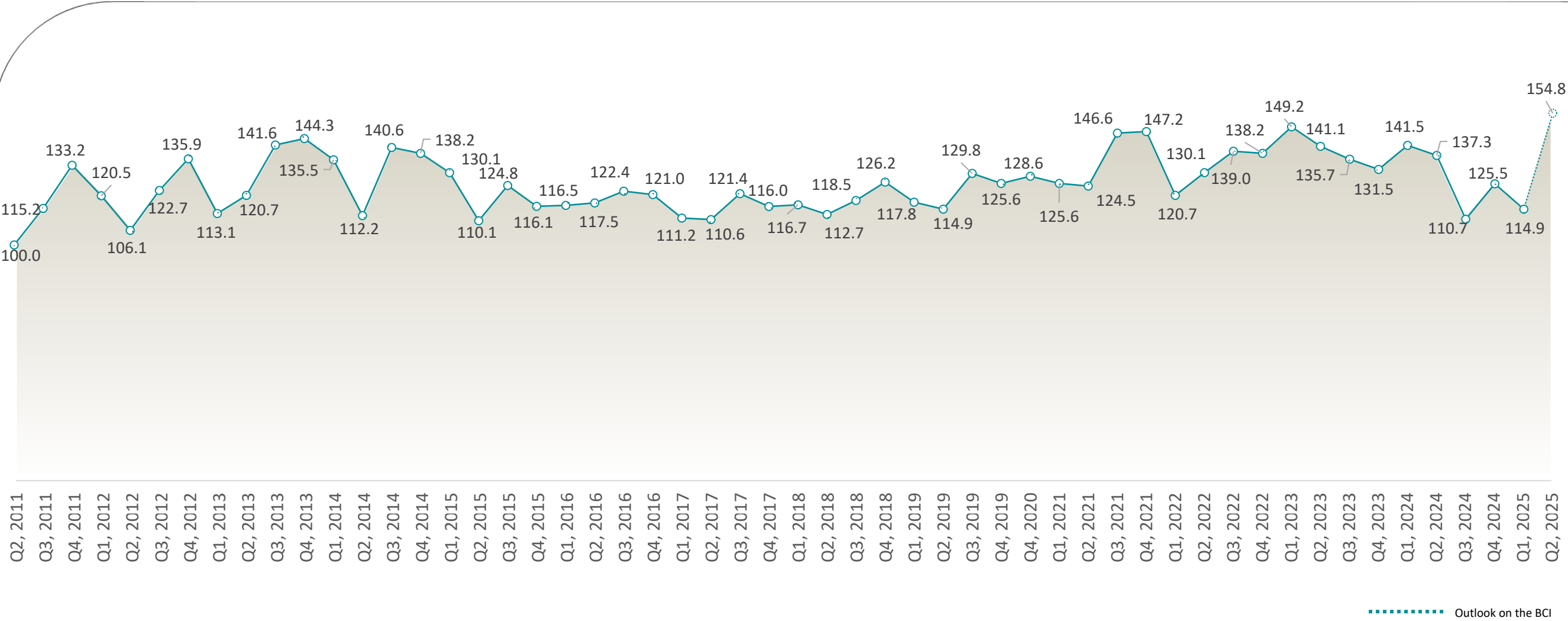
The survey introduced tracking of the tourism sector in Q1, 2025, with an initial BCI of 100 points.



OVERALL BUSINESS OUTLOOK – Q1, 2025

Business Confidence Index Trend (Q2, 2011 to Q1, 2025)

Composite Business Confidence Index



Following growth in the fourth quarter of 2024, the index experienced a decline of approximately 10 percentage points during the first quarter of 2025.

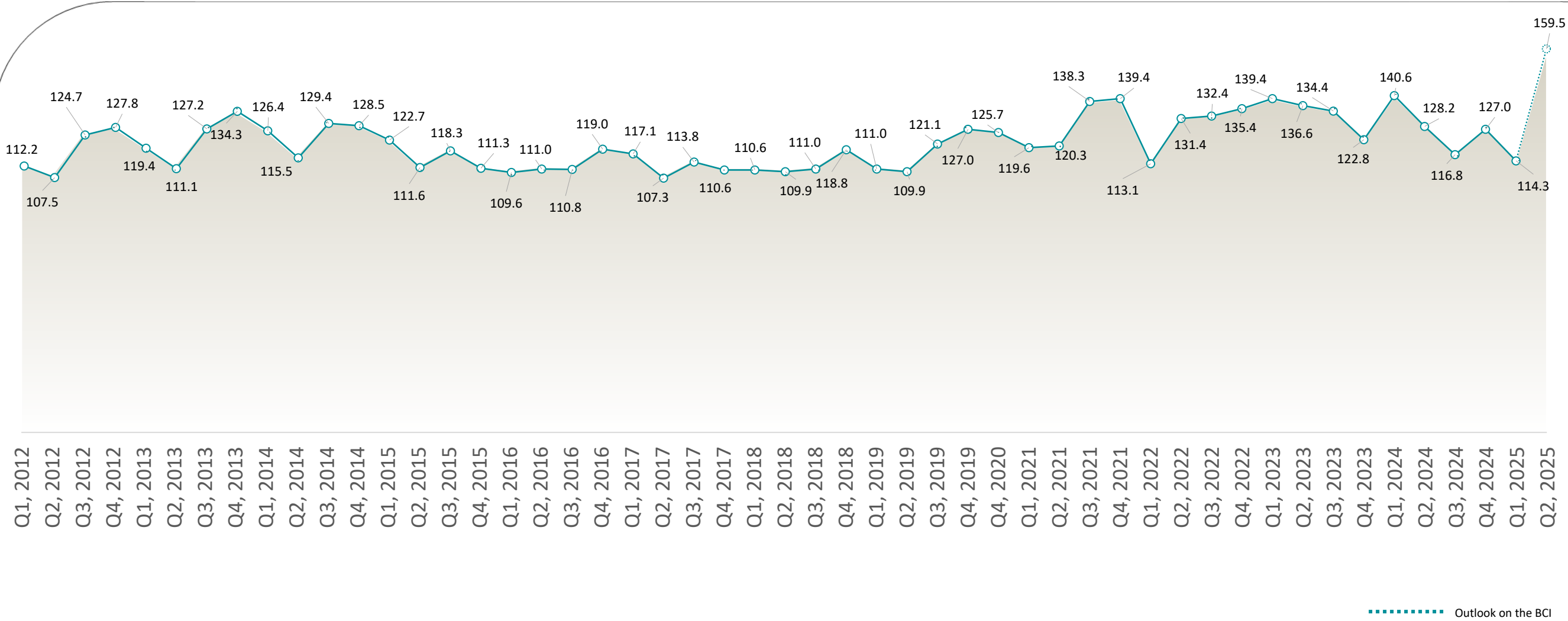
The BCI dropped from 125.5 points in Q4, 2024 to 114.9 points in Q1, 2025. This downturn can be primarily attributed to worldwide inflationary pressures.

Despite fluctuations, the overall trend since 2011 demonstrates Dubai's resilience and ability to maintain generally positive business sentiment across various economic cycles.

While the current quarter shows a decline, it's important to view this in the context of the longer-term trend, which has shown periods of both growth and contraction since 2011.

SME Index Trend (Q1, 2012 to Q1, 2025)

SME Index

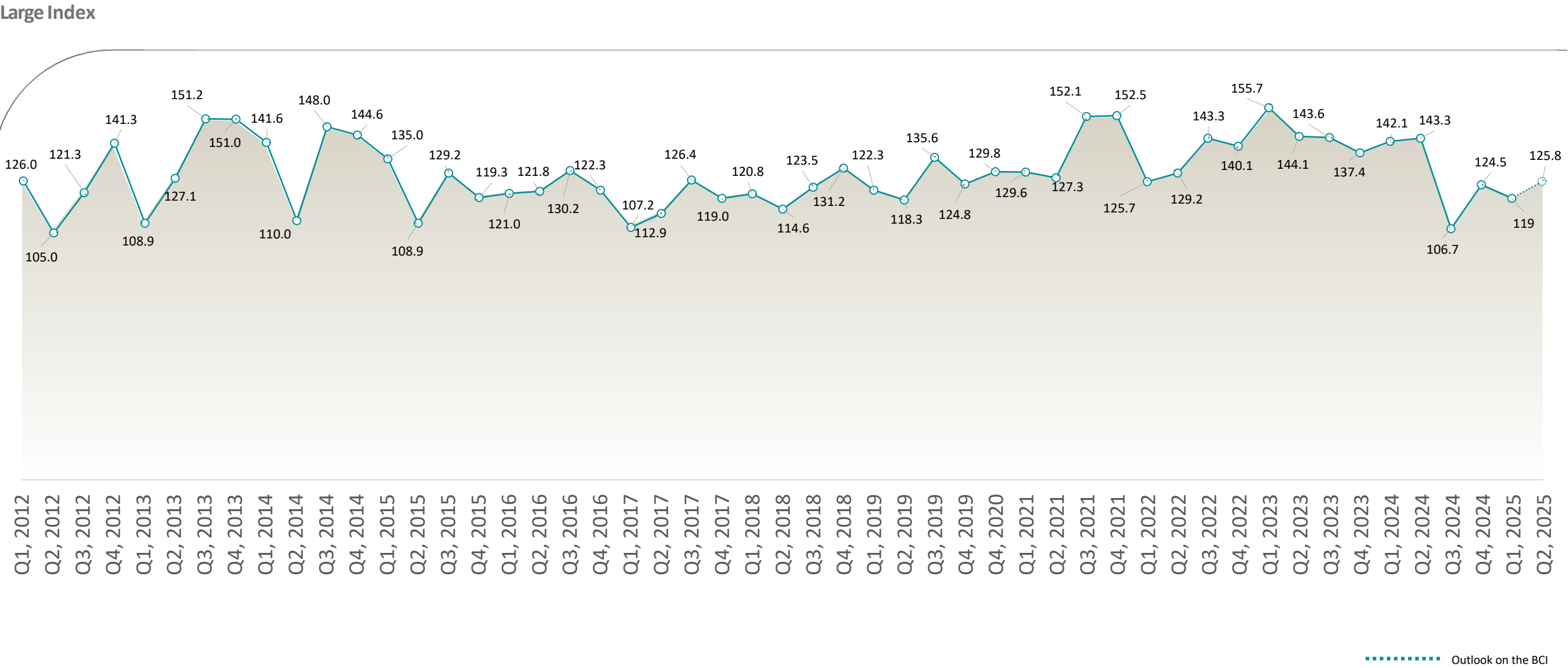


The SME Business Confidence Index (BCI) has shown resilience with a score of 114.3 amid fluctuating economic conditions throughout 2024 and early 2025.

The trend since 2012 reflects the SME sector's ability to navigate through various economic cycles while maintaining an overall positive outlook.

The current BCI level suggests that SMEs remain cautiously optimistic about business conditions in Dubai, despite facing ongoing global economic uncertainties.

Large Company IndexTrend (Q1, 2012to Q1, 2025)



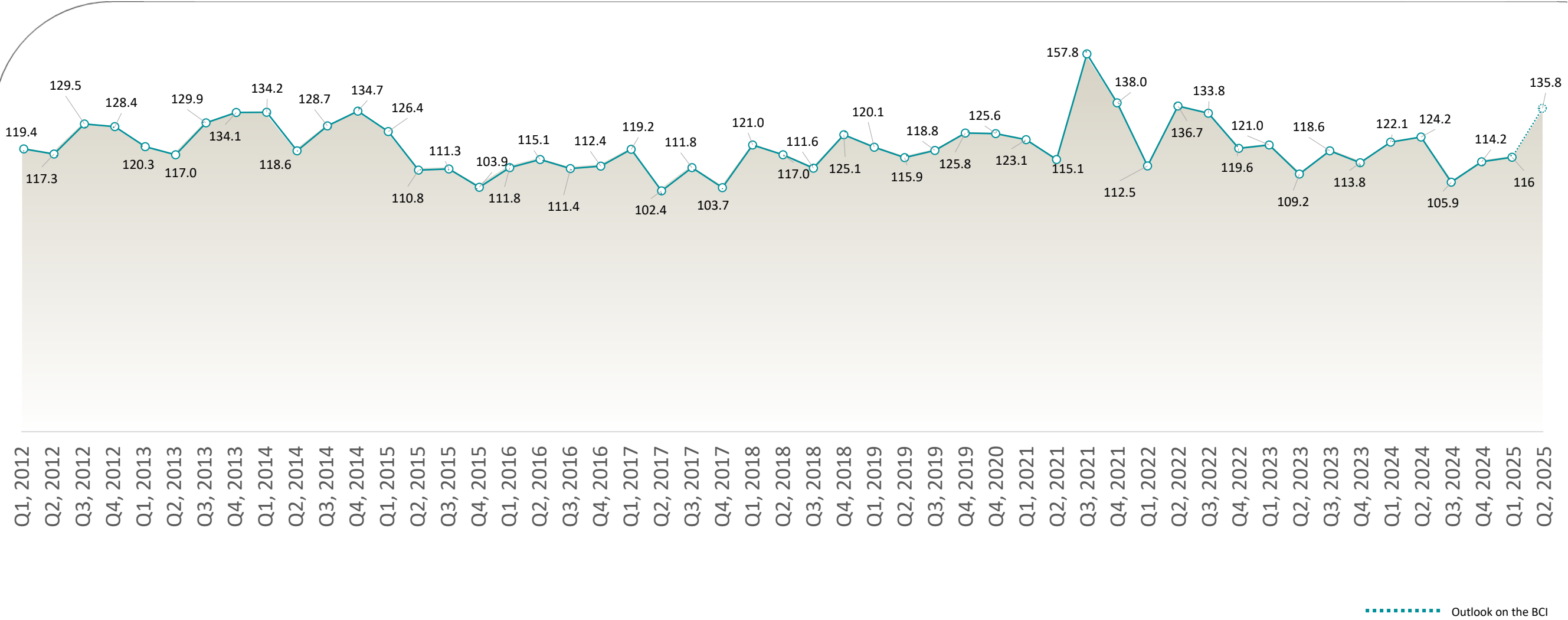
The Large Company Business Confidence Index (BCI) has shown fluctuations throughout 2024 and into early 2025, reflecting the dynamic nature of Dubai's business environment.

In Q1, 2025, the Large Company BCI reached 119 points. Large companies have maintained a BCI above the overall market average, showcasing their stability and market position.

The current BCI level suggests that large companies remain cautiously optimistic about business conditions in Dubai, balancing global uncertainties with local opportunities.

Exporters Confidence Index Trend (Q1, 2012 to Q1, 2025)

Exporters Confidence Index



In Q1, 2025, the Exporters BCI stood at 116 points, showing a slight recovery from the previous quarter's performance of 114.2.

The current BCI level suggests that exporters remain cautiously optimistic about business conditions, balancing global uncertainties with Dubai's strong position as a trade hub.

Dubai's exporters have demonstrated adaptability, leveraging the Emirate's strategic location and infrastructure to maintain competitiveness in international markets.

Business Confidence Index

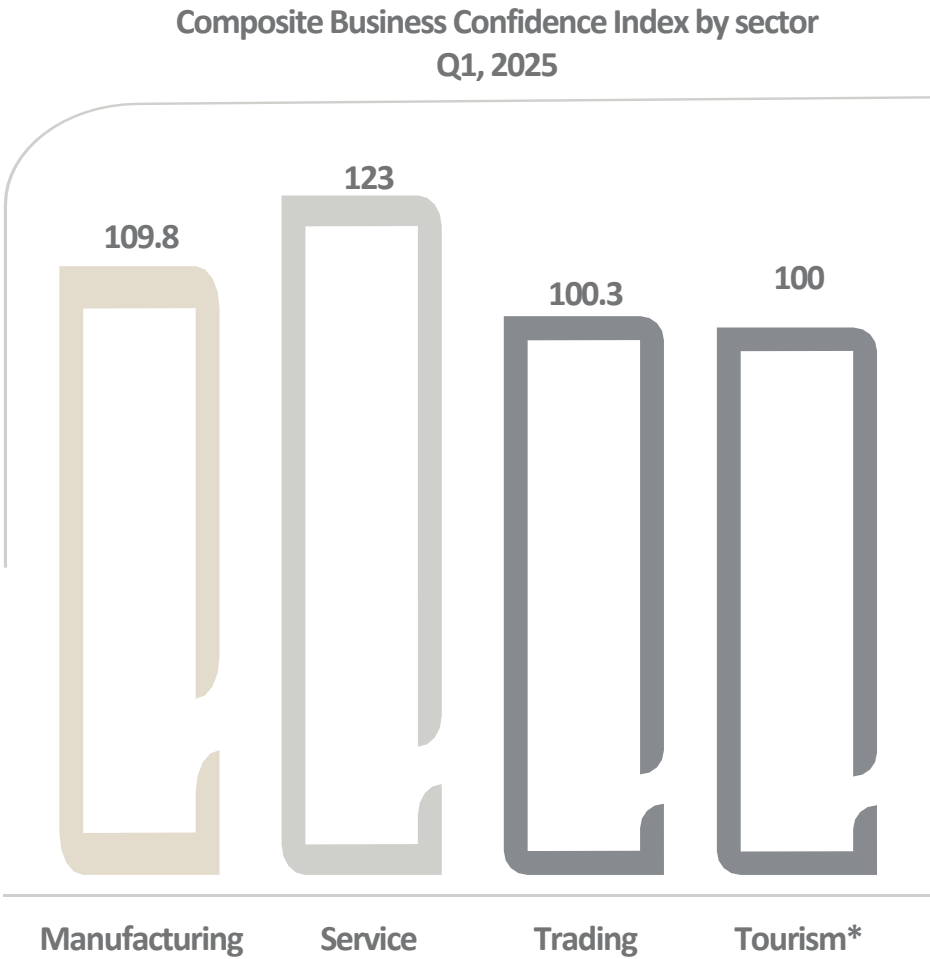
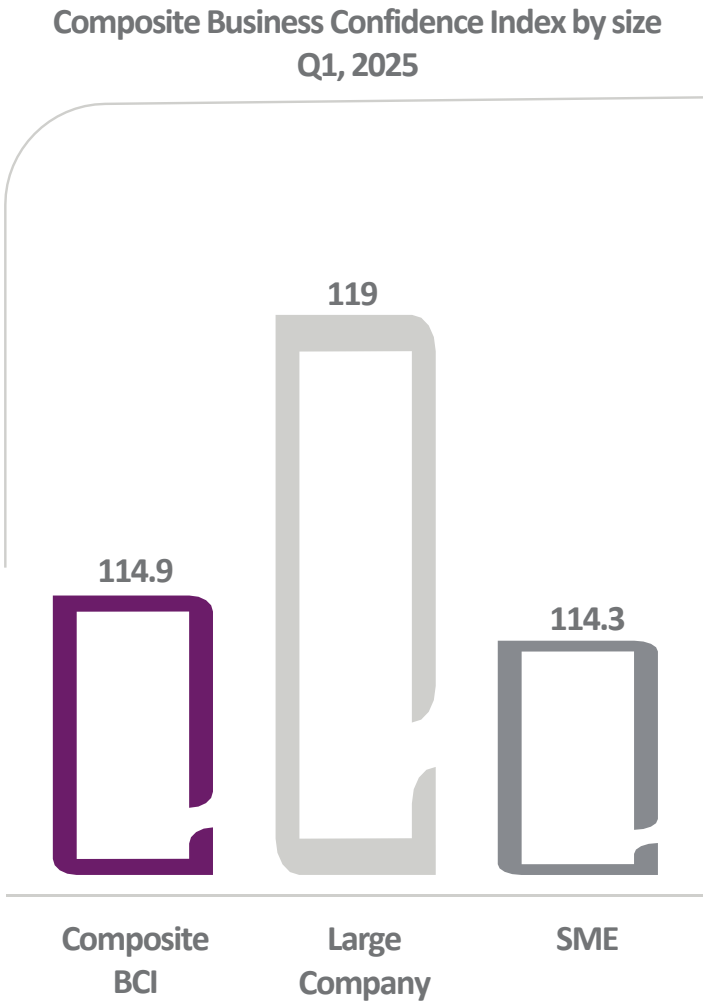
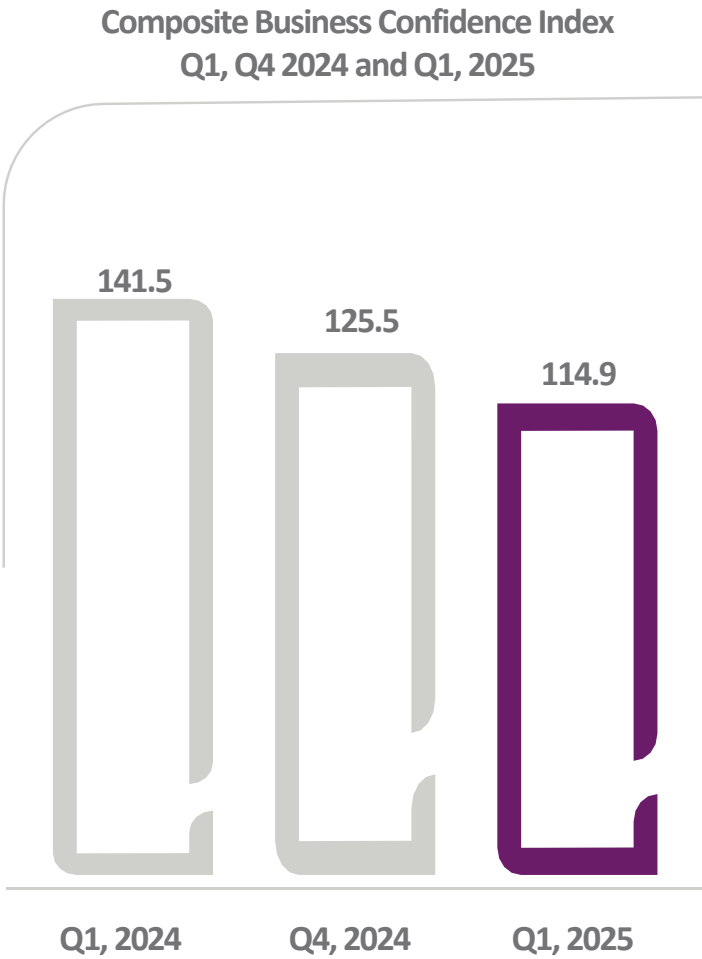
The Composite Business Confidence Index (BCI) dropped 10.6 points q-o-q from 125.5 points in Q4, 2024 and 26.6 points y-o-y from 141.5 points in Q1, 2024 to 114.9 points in Q1, 2025.

Large companies maintained a robust BCI 119 points, slightly outperforming the overall index of 114.9 points and SMEs score of 114.3, demonstrating their market strength.

The services sector emerged as the most optimistic, with a BCI score of 123 points, showcasing the sector's adaptability and positive outlook.

Manufacturing firms recorded a BCI of 109.8 points, reflecting cautious optimism amid global supply chain pressures.

The trading sector faced the most challenges, with a BCI of 100.3 points, indicating a neutral outlook as businesses navigate global trade uncertainties.



*Note: The survey for Q1, 2025 introduced tracking of the tourism sector.

Global Business Confidence Index Trends

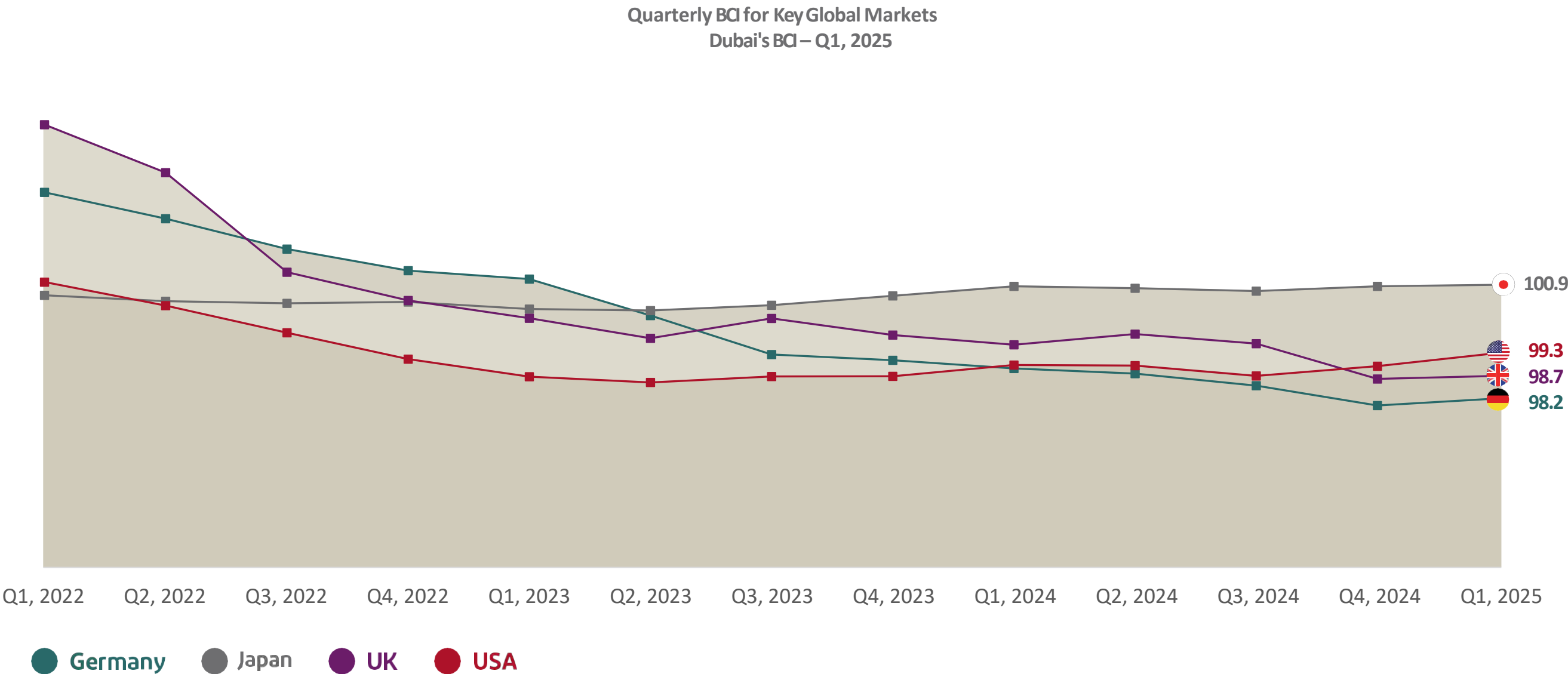
With a BCI of 114.9 in Q1, 2025 Dubai outperforms its peers highlighting the Emirate's strong economic position despite global challenges.

2024 featured notable political leadership changes in both the United States and United Kingdom, the year-over-year metrics demonstrate minimal fluctuations.

The United States recorded a modest increase of 0.3 percentage points when measured against the previous year's figure.

The European nations included in the analysis also displayed a slight increase in confidence levels, while Japan's index remained unchanged.

Despite global economic headwinds, the overall trend suggests a degree of resilience in major economies, with most indices remaining aligned to their long-term averages.



OVERALL BUSINESS PERFORMANCE – Q1, 2025

Comparison of Actual BCI Components, Overall

	Q1, 2024				Q4, 2024				Q1, 2025			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	52%	2%	46%	50%	47%	9%	44%	38%	40%	25%	35%	15%
Selling Prices	36%	2%	62%	34%	31%	7%	62%	24%	25%	22%	54%	3%
Volumes sold	52%	2%	46%	50%	47%	9%	44%	38%	38%	26%	36%	12%
No. of Employees	16%	0%	84%	16%	21%	5%	74%	16%	31%	15%	54%	16%
Profits	52%	2%	46%	50%	47%	9%	44%	38%	29%	36%	35%	-7%
New Purchase Orders	41%	6%	53%	35%	35%	2%	63%	33%	34%	28%	38%	6%

The net balances remained stable in Q1, 2025 with an exception of profitability.

The net balance for sales revenue decreased to 15% in Q1, 2025, down from 38% in Q4, 2024 indicating towards a slowdown in sales growth across the business landscape.

Employment levels remained steady with a net balance of 16%, unchanged from Q4, 2024. 31% of businesses increased their workforce in Q1, 2025 indicating towards optimism in human resource management.

Comparison of Predicted BCI Components, Overall

	Q2, 2024*				Q1, 2025*				Q2, 2025*			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	57%	2%	41%	55%	45%	6%	49%	39%	52%	18%	31%	34%
Selling Prices	35%	1%	64%	34%	24%	6%	70%	18%	26%	14%	60%	12%
No. of Employees	25%	0%	75%	25%	20%	5%	75%	15%	32%	9%	59%	23%
Profits	57%	41%	94%	55%	46%	3%	51%	43%	38%	25%	38%	13%
New Purchase Orders	49%	50%	1%	48%	33%	3%	64%	30%	47%	17%	37%	30%

On a quarterly basis, the net balances of most parameters remained stable with a positive outlook despite the drop of over the previous quarter.

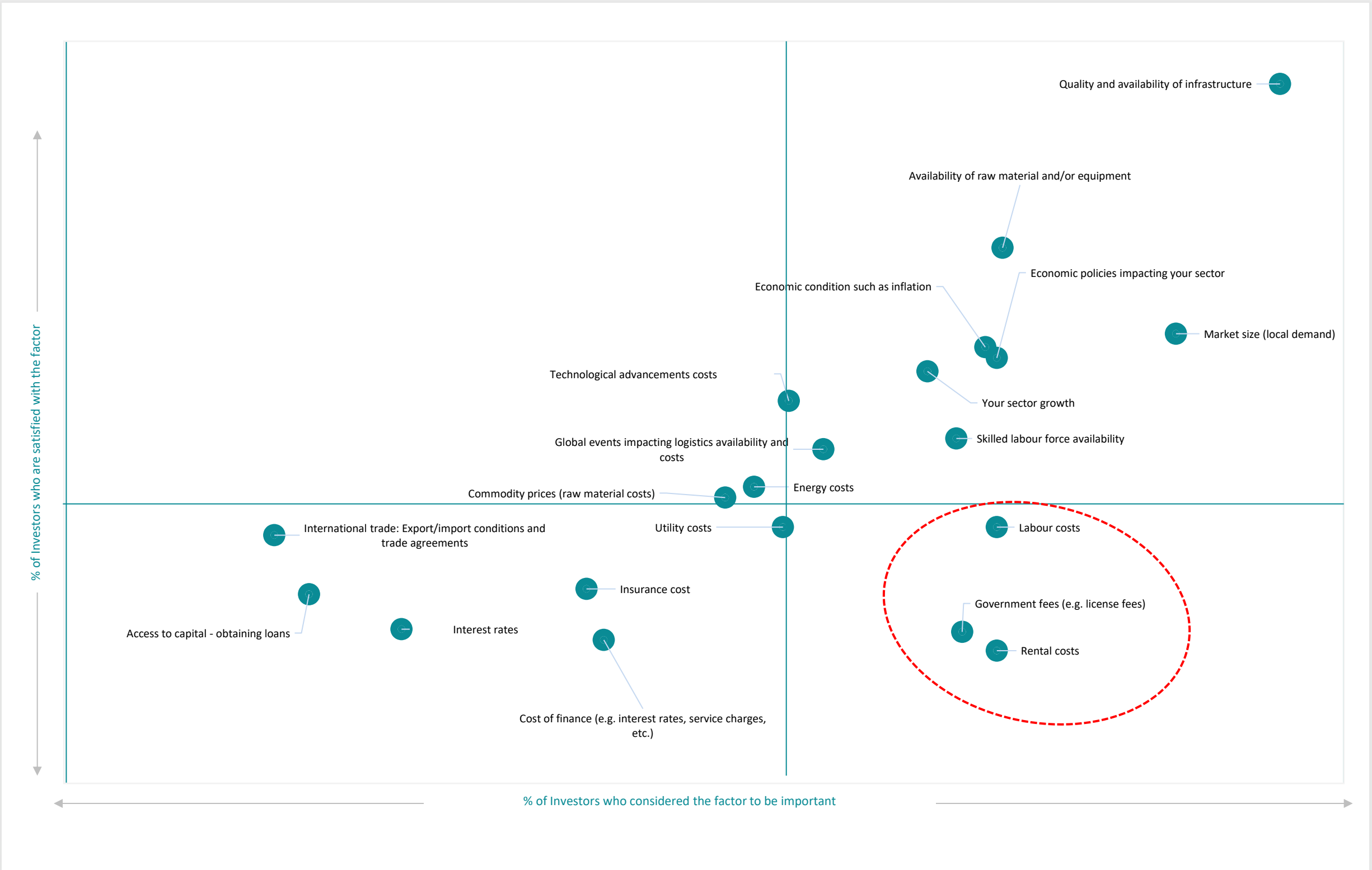
The sales revenue, new purchase orders and number of employees are expected to increase in Q2, 2025 compared to Q1,2025

32% investors will increase employee count, with 59% keeping it intact indicating the optimism of future business growth.

The data suggests businesses are adapting to the ongoing economic challenges while maintaining a generally positive view of near-term prospects, albeit with increased caution in areas such as pricing and profitability.

*Note: The above numbers are a comparison of the predicted BCI components of Q2, 2024 ; Q1, 2025 and Q2, 2025

Overall importance versus satisfaction in Q1, 2025



Businesses showed high levels of importance (84%) and satisfaction (82%) for Quality and availability of infrastructure indicating towards the strides made by Dubai as an economy in providing world class amenities.

Business also showed a positive sentiment towards factors like availability of raw material, market size etc.

The survey revealed gaps in the importance vs satisfaction in government licensing fees, rental expenses, and workforce costs indicating towards challenges with regards to cost related factors.

DUBAI SME OUTLOOK & PERFORMANCE

Comparison of Actual BCI Components, SME s

	Q1, 2024				Q4, 2024				Q1, 2025			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	50%	2%	48%	48%	46%	8%	46%	38%	38%	28%	35%	10%
Selling Prices	37%	2%	61%	35%	30%	6%	64%	24%	25%	24%	51%	1%
Volumes sold	50%	2%	48%	48%	46%	8%	46%	38%	37%	28%	34%	9%
No. of Employees	16%	0%	84%	16%	19%	5%	76%	14%	29%	16%	55%	13%
Profits	50%	2%	48%	48%	46%	9%	45%	37%	28%	39%	34%	-11%
New Purchase Orders	39%	6%	55%	33%	34%	2%	64%	32%	29%	31%	40%	-2%

SMEs experienced a significant moderation in sales performance, with the net balance decreasing to 10% in Q1 2025 from 38% in Q4, 2024.

The net balance for selling prices dropped sharply to 1% in Q1 2025 from 24% in Q4, 2024. This reiterates the indication of increased market competition and pricing pressures.

Profitability faced underscores the financial pressures SMEs are currently navigating, with the net balance turning negative at -11%, a substantial decline from 37% in Q4, 2024.

The survey reveals that SMEs are facing increased economic headwinds, particularly in maintaining profitability and securing new orders, while showing resilience in employment and adapting their pricing strategies to market conditions.

Comparison of Predicted BCI Components, SME s

	Q2, 2024				Q1, 2025				Q2, 2025			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	56%	2%	42%	53%	44%	5%	51%	39%	49%	19%	31%	30%
Selling Prices	35%	2%	63%	33%	24%	5%	71%	19%	26%	19%	55%	7%
No. of Employees	25%	0%	75%	25%	19%	5%	76%	14%	28%	13%	58%	15%
Profits	57%	2%	41%	55%	45%	3%	52%	42%	32%	32%	36%	0%
New Purchase Orders	48%	1%	51%	47%	32%	3%	65%	29%	45%	18%	37%	27%

The net balance for selling prices are projected to further decrease to 7%, down from 19% in Q1, 2025.

19% SMEs anticipate a decrease, in selling prices suggesting towards increased pricing pressures and a more competitive market environment for SMEs.

The employment outlook shows recovery in Q2, 2025 with 28% SMEs planning to increase workforce in Q2025.

Overall, the Q2, 2025 outlook for SMEs demonstrates optimism across most indicators, despite facing increased challenges, particularly in profitability and pricing.

*Note: The above numbers are a comparison of the predicted BCI components of Q2, 2024 ; Q1, 2025 and Q2, 2025



DUBAI EXPORTERS BUSINESS OUTLOOK & PERFORMANCE

Comparison of Actual BCI Components, Exporters

	Q1, 2024				Q4, 2024				Q1, 2025			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	65%	3%	32%	62%	44%	24%	32%	20%	42%	23%	34%	19%
Selling Prices	16%	3%	81%	13%	36%	21%	43%	15%	23%	23%	54%	0%
Volumes sold	65%	3%	32%	62%	45%	24%	31%	21%	43%	18%	39%	25%
No. of Employees	11%	0%	89%	11%	36%	17%	47%	19%	33%	11%	56%	22%
Profits	65%	3%	32%	62%	48%	23%	29%	25%	30%	33%	37%	-3%
New Purchase Orders	59%	5%	36%	54%	44%	4%	52%	40%	32%	34%	34%	-2%
Export Sales	3%	3%	95%	0%	45%	29%	26%	17%	28%	25%	48%	3%

Exporters experienced a slight decline in sales performance, with the net balance decreasing to 19% in Q1 2025 from 20% in Q4, 2024. 42% of exporters reported an increase in sales suggesting a relatively stable but challenging international business environment.

28% investors have seen an increase in export sales in Q1, 2025 compared to Q1, 2024 suggesting towards a positive y-o-y performance.

Despite an increase in the overall BCI to 116 points, the Q1, 2025 performance for exporters reflects a challenging global business landscape, with most indicators showing y-o-y decline.

Comparison of Predicted BCI Components, Exporters

	Q2, 2024				Q1, 2025				Q2, 2025			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	46%	0%	54%	46%	46%	21%	33%	25%	54%	15%	31%	39%
Selling Prices	22%	3%	75%	19%	31%	25%	44%	6%	18%	14%	68%	4%
No. of Employees	16%	0%	84%	16%	35%	17%	48%	18%	26%	7%	67%	19%
Profits	46%	3%	51%	43%	55%	6%	39%	49%	39%	21%	41%	18%
New Purchase Orders	41%	0%	59%	41%	55%	8%	37%	47%	51%	14%	35%	37%
Export Sales	38%	0%	62%	38%	42%	25%	6%	17%	40%	16%	43%	24%

Exporters anticipate a strong rebound in sales, with a net balance of 39% for Q2, 2025, up from 25% in Q1. This significant improvement suggests growing confidence in international market demand.

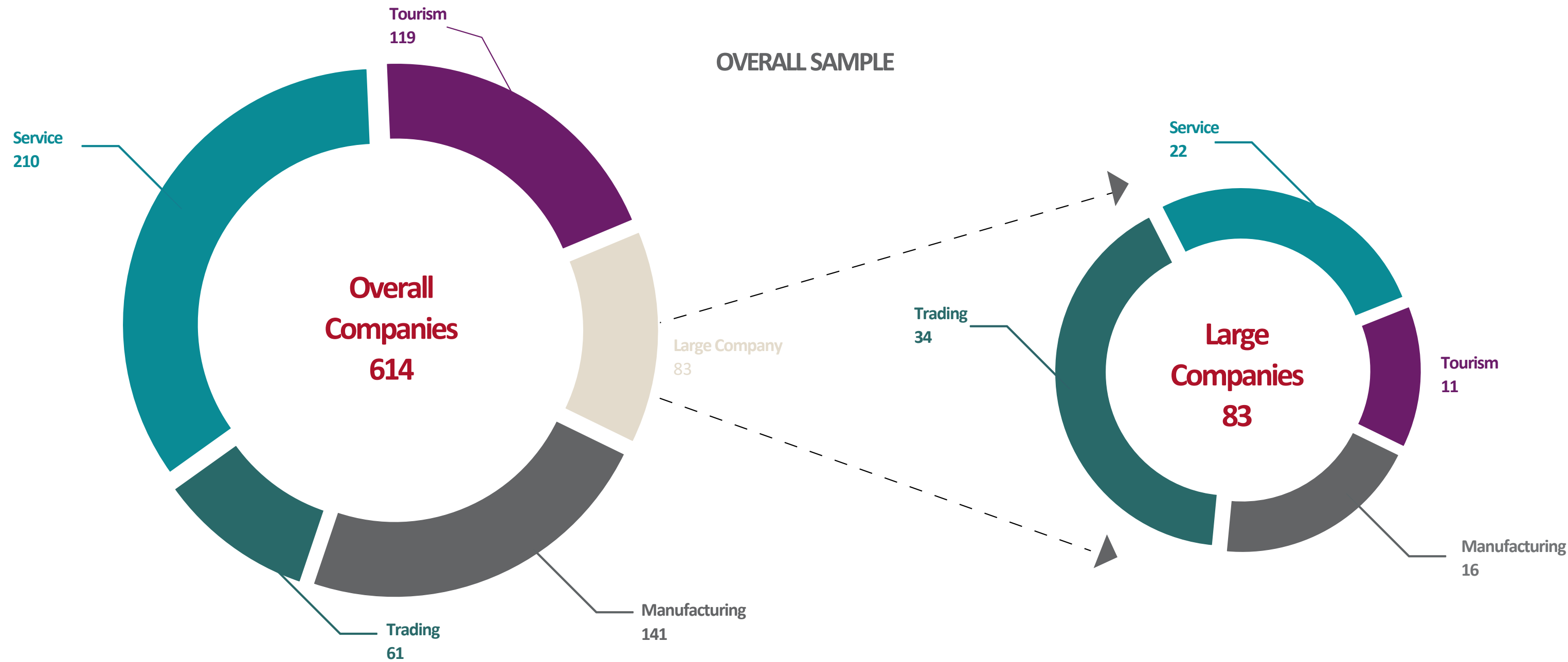
Pricing pressures persist, with the net balance decreasing to 4% from 6% in Q1. The majority (68%) expect stable prices, reflecting a cautious approach to pricing in competitive global markets.

Profit expectations show moderation, with the net balance decreasing to 18% from 49% in Q1. 39% anticipate increased profits, while 21% expect a decrease. This suggests challenges in maintaining profitability amid global economic pressures.

*Note: The above numbers are a comparison of the predicted BCI components of Q2, 2024 ; Q1, 2025 and Q2, 2025

SAMPLE SIZE

Sample Size



The quarterly business survey for Q1, 2025 was conducted with a total sample of 614 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, Services and Tourism sectors in proportion to their respective value-added contribution to Dubai’s GDP.

For More Information
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