

Dubai Business Survey Q4, 2024

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.

Key Highlights

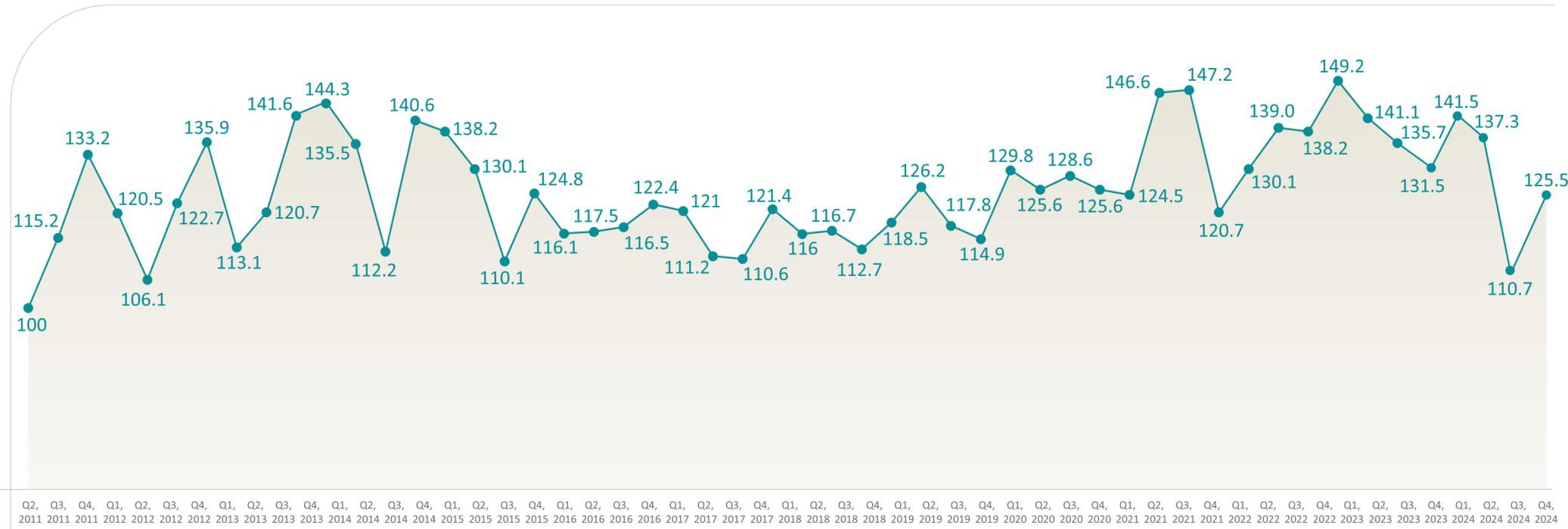
- The Composite Business Confidence Index (BCI) gained 14.8 points q-o-q from 110.7 points in Q3, 2024 but slipped 6 points y-o-y from 131.5 points in Q4, 2023 to 125.5 points in Q4, 2024.
- SMEs maintained stronger projections in Q4, 2024 as compared to large companies with Composite BCI scores of 127 and 124.5 points, respectively.
- In line with the overall sentiments, the BCI for the exporting community gained to 114.2 points in Q4, 2024 from 105.9 points in Q3, 2024 and 113.8 points in Q4, 2023.
- Services firms were more optimistic in Q4, 2024 compared to trading and manufacturing sector firms with BCI scores of 128.5, 128 and 122 points, respectively.
- In Q4, 2024, the survey highlighted the topmost business challenges in the Emirate which were lack of demand, increasing costs of rental, government fees and competition.
- In Q4, 2024, respondents continued to seek government support in reducing government fees and rental costs.



OVERALL BUSINESS OUTLOOK – Q1, 2025

Business Confidence Index Trend (Q2, 2011 to Q4, 2024)

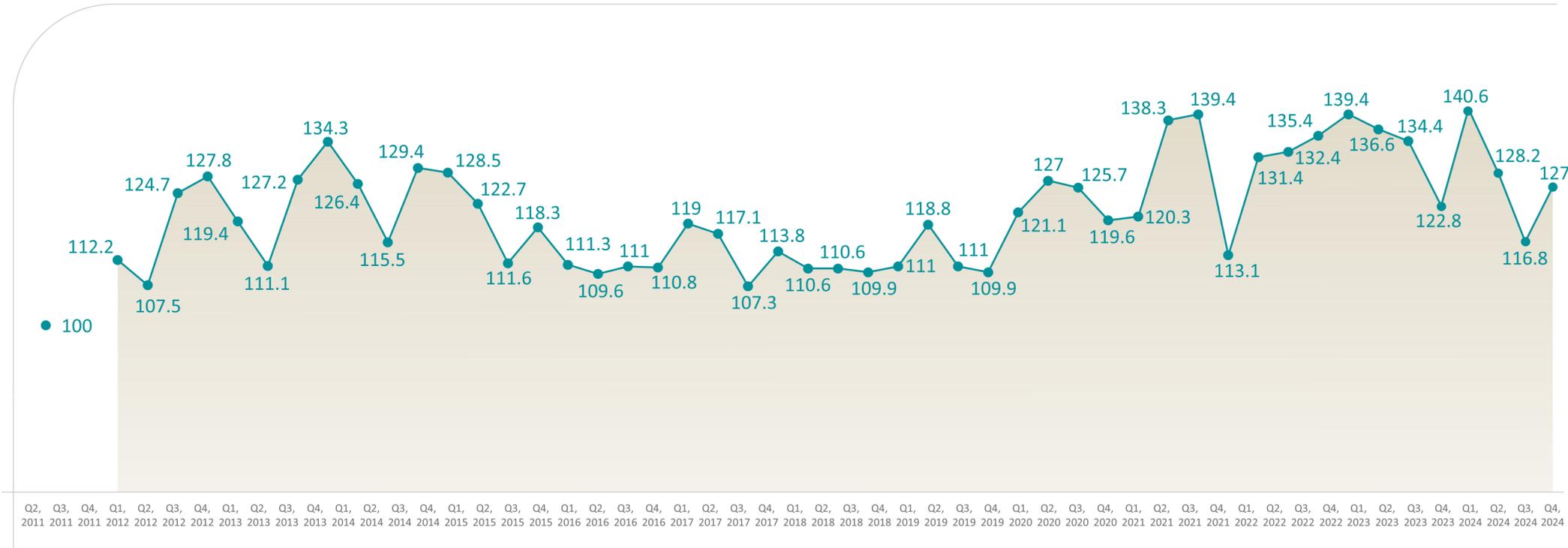
Composite Business Confidence Index



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. Confidence softened in Q2 to 137.3 points before dropping in Q3 to 110.7, reflecting regional geopolitical instability. However, Q4, 2024 saw a recovery to 125.5 points, signaling cautious optimism.

SME Index Trend (Q2, 2011 to Q4, 2024)

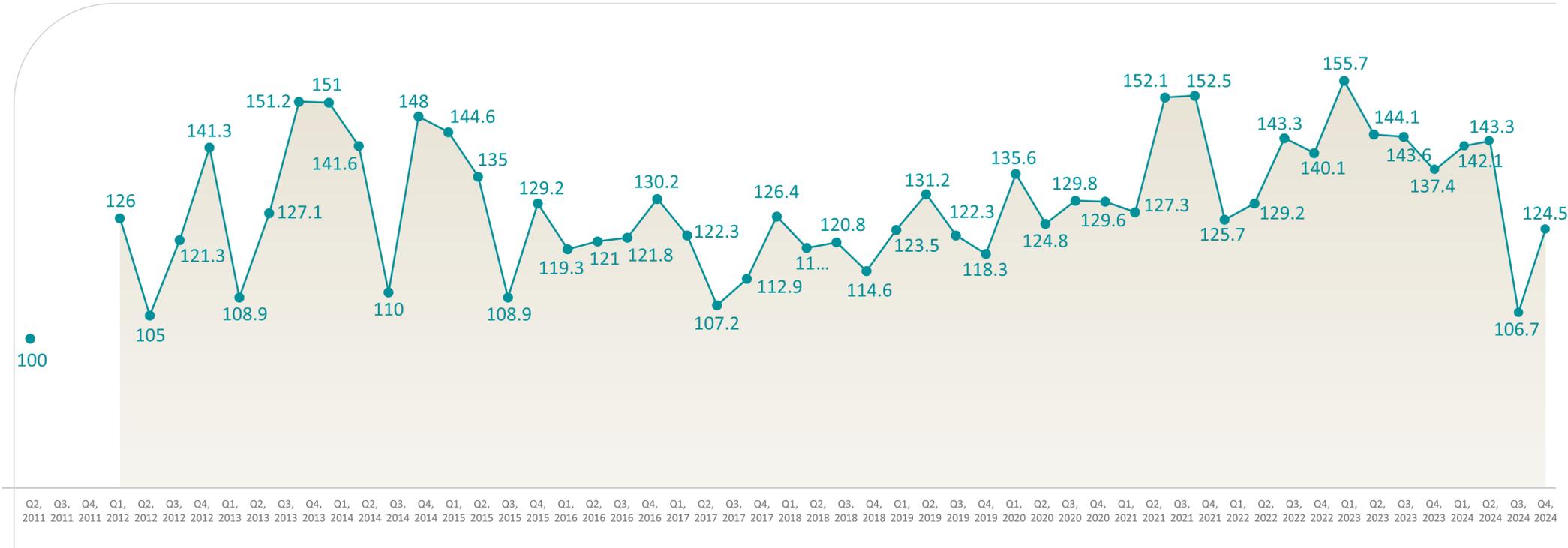
SME Index



Dubai's SME sector demonstrated a consistently positive trajectory in the Business Confidence Index (BCI). In line with the overall positive sentiments, Dubai's SME sector also experienced an uptick in business activity. In Q1, 2024, the SME BCI reached a series high of 140.6 points, reflecting strong business activity. However, confidence dipped in Q3, 2024 to 116.8 points and then rebounded in Q4, 2024 to 127 points indicated recovering optimism, though sentiment remains below the year's peak.

Large Company Index Trend (Q2, 2011 to Q4, 2024)

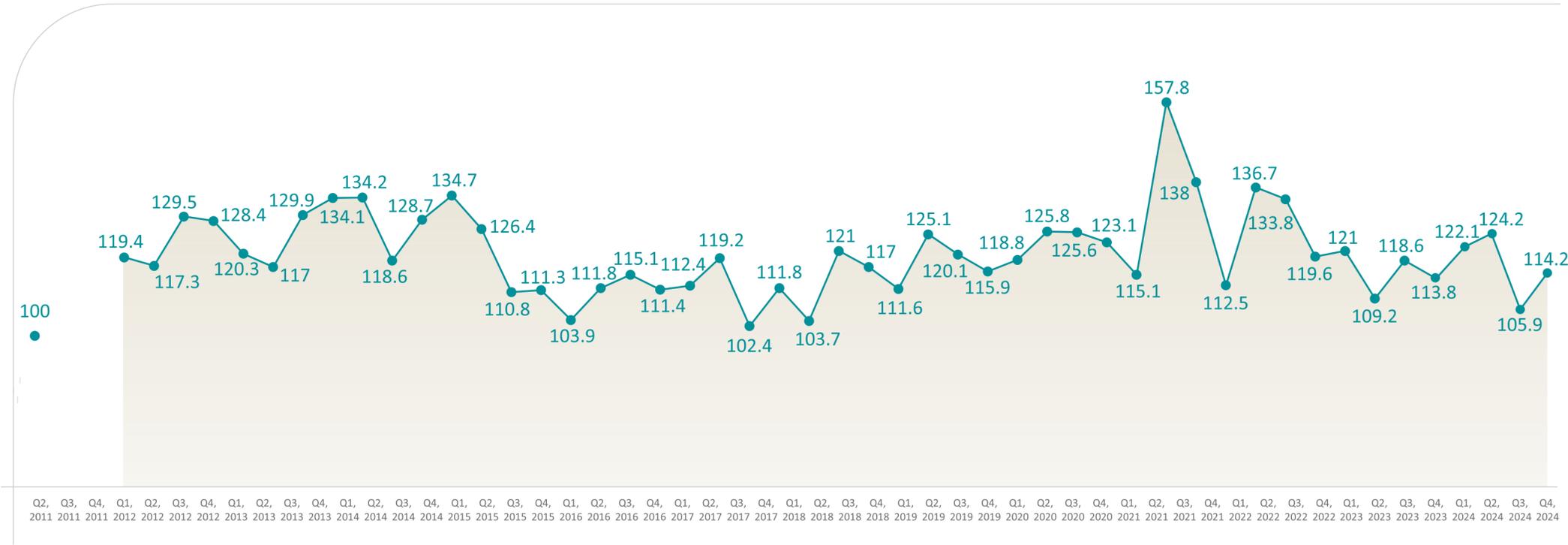
Large Index



The large company index experienced a sharp drop in Q3, 2024, falling to 106.7 points. However, a recovery to 124.5 points in Q4, 2024 reflected a partial rebound in sentiment. Notably, SMEs continued to outperform large companies in future projections, indicating stronger confidence across most parameters.

Exporters Confidence Index Trend (Q2, 2011 to Q4, 2024)

Exporters Confidence Index

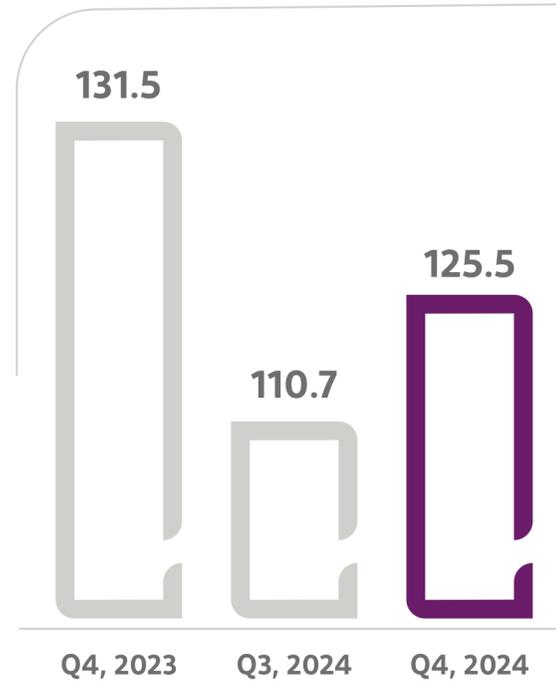


In Q4, 2024, the Business Confidence Index saw a moderate recovery, with the index rising to 114.2 points, signaling an improvement in sentiment but still below historical highs.

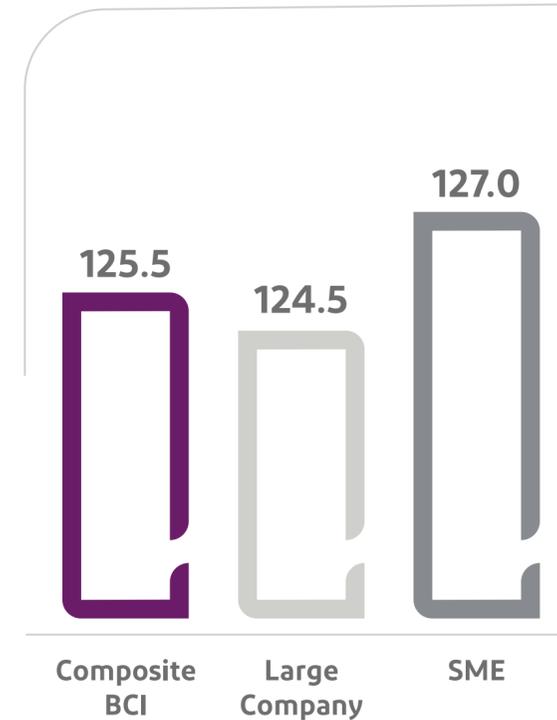
Business Confidence Index

- The Composite Business Confidence Index (BCI) gained 14.8 points q-o-q from 110.7 points in Q3, 2024 but slipped 6 points y-o-y from 131.5 points in Q4, 2023 to 125.5 points in Q4, 2024.
- SMEs maintained stronger projections in Q4, 2024 as compared to large companies with Composite BCI scores of 127.0 and 124.5 points, respectively.
- Services firms were more optimistic in Q4, 2024 compared to trading and manufacturing sector firms with BCI scores of 128.5, 128 and 122 points, respectively.

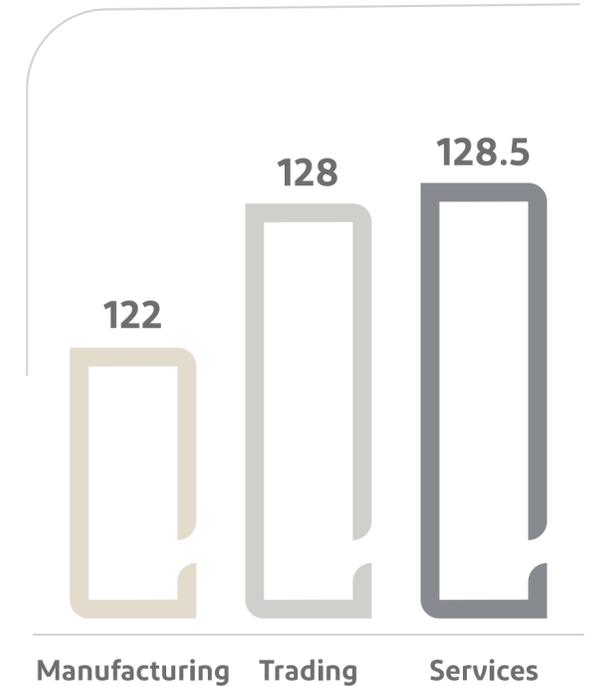
Composite Business Confidence Index
Q4, 2024



Composite Business Confidence Index by Size
Q4, 2024



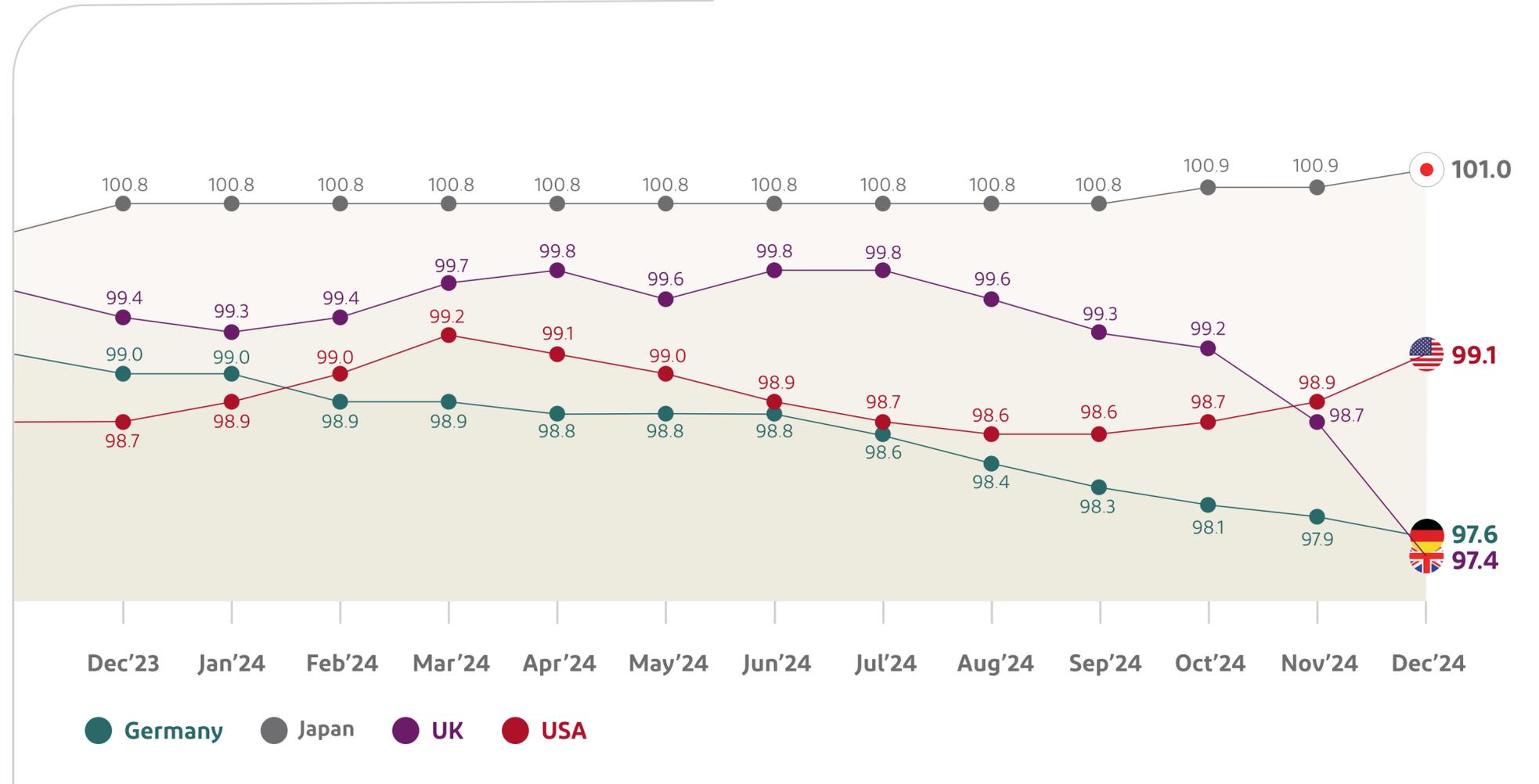
Composite Business Confidence Index by Sectors
Q4, 2024



Global Business Confidence Index Trends

- The OECD has projected global GDP growth to reach 3.3% in 2025, maintaining this momentum into 2026.
- Amid inflation, Japan maintained a steady growth trajectory throughout most of 2024, driven by strong domestic demand and resilient export demand.
- The US economy demonstrated moderate recovery in its BCI, backed by robust consumer spending.
- The UK economy experienced a consistent decline in business confidence, reflecting ongoing challenges from sluggish consumer demand and geopolitical uncertainties.
- The German economy saw a continuous downward trend in its BCI, highlighting structural challenges and declining exports.

Monthly BCI for Key Global Markets
Dubai's BCI - Q4, 2024: 125.5



Overall Outlook – Q1, 2025

| | 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 | 44% | 2% | 54% | 42% | 35% | 14% | 51% | 21% | 45% | 6% | 49% | 39% |
| Selling Prices | 13% | 1% | 86% | 12% | 24% | 14% | 62% | 10% | 24% | 6% | 70% | 18% |
| Volumes Sold | 44% | 2% | 54% | 42% | 17% | 5% | 34% | 12% | 43% | 5% | 52% | 38% |
| No. of Employees | 6% | 0% | 94% | 6% | 21% | 8% | 71% | 13% | 20% | 5% | 75% | 15% |
| Profits | 44% | 2% | 54% | 42% | 38% | 4% | 58% | 34% | 46% | 3% | 51% | 43% |
| New Purchase Orders | 20% | 1% | 79% | 19% | 36% | 4% | 60% | 32% | 33% | 3% | 64% | 30% |

- On a quarterly basis, the net balances of most parameters gained.
- A significant 70% of the respondents expect their selling prices to remain stable, with 24% increasing prices of their products due to higher operating expenses, inflation, increased demand for products, and cost increases in raw materials, shipping, and rent.
- A majority 75% will keep employee count intact, with 20% increasing the count to meet rising customer demands, expanding business operations, and to support the company growth plans.

OVERALL BUSINESS PERFORMANCE – Q4, 2024

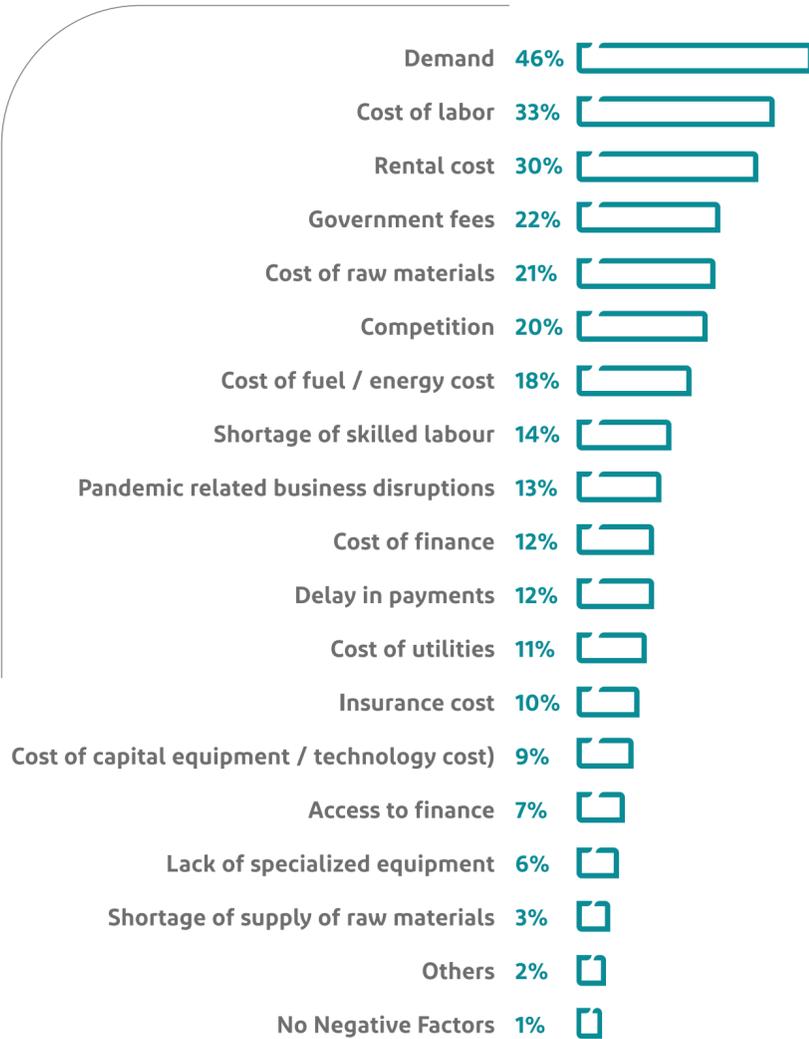
Overall Actual Performance – Q4, 2024

| | 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 | 31% | 4% | 65% | 27% | 33% | 17% | 50% | 16% | 47% | 9% | 44% | 38% |
| Selling Prices | 14% | 2% | 84% | 12% | 23% | 15% | 62% | 8% | 31% | 7% | 62% | 24% |
| Volumes Sold | 31% | 4% | 65% | 27% | 33% | 17% | 50% | 16% | 47% | 9% | 44% | 38% |
| No. of Employees | 2% | 1% | 97% | 1% | 20% | 9% | 71% | 11% | 21% | 5% | 74% | 16% |
| Profits | 31% | 4% | 65% | 27% | 34% | 16% | 50% | 18% | 47% | 9% | 44% | 38% |
| New Purchase Orders | 15% | 3% | 82% | 12% | 31% | 7% | 62% | 24% | 35% | 2% | 63% | 33% |

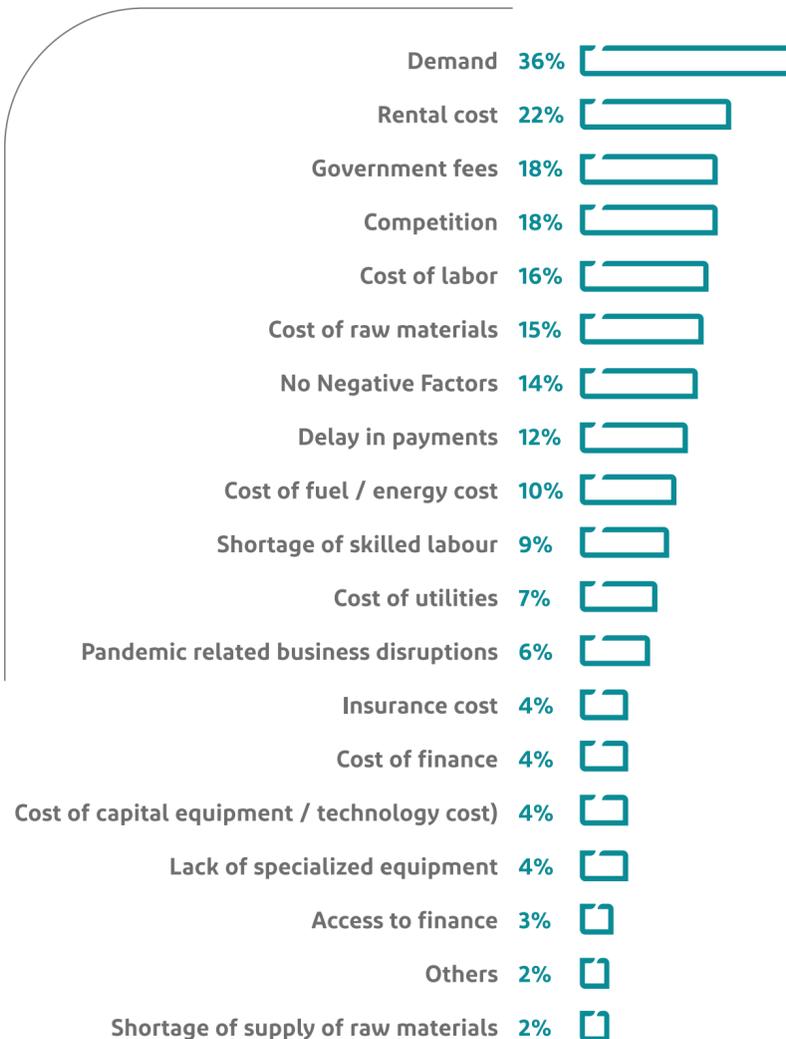
- On a y-o-y basis, most parameters gained.
- In terms of selling prices, 31% increased prices due to rising raw material costs, production expenses, high import fees, inflation, market demand for premium products.
- A majority 47% of the respondents reported an increase in sales volumes due to higher demand and effective marketing strategies.
- In terms of hiring, 21% of respondents increased headcount due to rising demand and business expansion plans.

Key Business Challenges

Key Business Challenges – Q3, 2024



Key Business Challenges – Q4, 2024



- Demand (36%) remained the most significant challenge in Q4, 2024, although it saw a notable decrease from 46% in Q3, 2024.
- Rental cost (22%) declined from the previous proportion of 30% in Q3, 2024.
- Government fees (18%) saw a reduction, down from 22% in Q3, 2024.
- Competition (18%) as a challenge decreased from the proportion of 20% in Q2, 2024.
- Cost of labor (16%) dropped substantially from 33% in the previous quarter.
- In Q4, 2024, 15% cited cost of raw materials; this proportion stood at 21% in the previous quarter.

DUBAI SME OUTLOOK & PERFORMANCE

SME Outlook – Q1, 2025

| | 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 | 43% | 2% | 55% | 41% | 35% | 14% | 51% | 21% | 44% | 5% | 51% | 39% |
| Selling Prices | 11% | 1% | 88% | 10% | 25% | 14% | 61% | 11% | 24% | 5% | 71% | 19% |
| Volumes Sold | 43% | 2% | 55% | 41% | 17% | 4% | 35% | 13% | 42% | 4% | 54% | 38% |
| No. of Employees | 4% | 0% | 96% | 4% | 22% | 8% | 70% | 14% | 19% | 5% | 76% | 14% |
| Profits | 43% | 2% | 55% | 41% | 38% | 4% | 58% | 34% | 45% | 3% | 52% | 42% |
| New Purchase Orders | 18% | 1% | 81% | 17% | 35% | 3% | 62% | 32% | 32% | 3% | 65% | 29% |

- The overall BCI for SMEs gained 10.2 points on a q-o-q basis and 4.2 points over the year to 127.0 points in Q4, 2024, as most parameters gained.
- SMEs fared better than large companies across most parameters in Q4, 2024.
- While a substantial proportion expect stability in their sales volumes, 42% of the respondents anticipate higher sales due to new customers and product offerings, competitive pricing, effective marketing, and expansion plans into new markets.
- 19% foresee an increase in hiring numbers driven by rising demand and business expansion plans.

Actual SME Performance – 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 | 31% | 5% | 64% | 26% | 31% | 16% | 53% | 15% | 46% | 8% | 46% | 38% |
| Selling Prices | 14% | 2% | 84% | 12% | 22% | 14% | 64% | 8% | 30% | 6% | 64% | 24% |
| Volumes Sold | 31% | 5% | 64% | 26% | 32% | 16% | 52% | 16% | 46% | 8% | 46% | 38% |
| No. of Employees | 2% | 1% | 97% | 1% | 20% | 8% | 72% | 12% | 19% | 5% | 76% | 14% |
| Profits | 31% | 5% | 64% | 26% | 32% | 15% | 53% | 17% | 46% | 9% | 45% | 37% |
| New Purchase Orders | 15% | 3% | 82% | 12% | 29% | 6% | 65% | 23% | 34% | 2% | 64% | 32% |

- On a y-o-y and q-o-q basis, the SME community witnessed an upward trend across all parameters.
- 30% of the respondents increased selling prices in Q4, 2024 due to rising raw material and production costs, high import fees, and the need to cover operational and rental expenses.
- Due to rising demand, improved marketing strategies, offering attractive discounts, and new market expansions, 46% reported an increase in their sales volumes in Q4, 2024.
- Lack of demand, rising costs of rentals and government fees were top concerns cited by SMEs.



DUBAI EXPORTERS BUSINESS OUTLOOK & PERFORMANCE

Exporters Outlook – Q1, 2025

| | 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 | 27% | 0% | 73% | 27% | 35% | 22% | 43% | 13% | 46% | 21% | 33% | 25% |
| Selling Prices | 15% | 0% | 85% | 15% | 28% | 24% | 48% | 4% | 31% | 25% | 44% | 6% |
| Volumes Sold | 27% | 0% | 73% | 27% | 15% | 12% | 33% | 3% | 44% | 15% | 41% | 29% |
| No. of Employees | 3% | 2% | 95% | 1% | 31% | 15% | 54% | 16% | 35% | 17% | 48% | 18% |
| Profits | 27% | 0% | 73% | 27% | 42% | 7% | 51% | 35% | 55% | 6% | 39% | 49% |
| New Purchase Orders | 15% | 0% | 85% | 15% | 42% | 7% | 51% | 35% | 55% | 8% | 37% | 47% |
| Export Sales | 47% | 0% | 47% | 47% | 43% | 27% | 28% | 16% | 42% | 25% | 6% | 17% |

- The exporting community's BCI in Q4, 2024, stood at 114.2 points, up 8.3 points over the quarter, and 0.4 points y-o-y. The BCI was lower when compared to the overall business community's score of 125.5 points.
- Most parameters gained on a q-o-q, with respondents expecting an increase in most parameters.

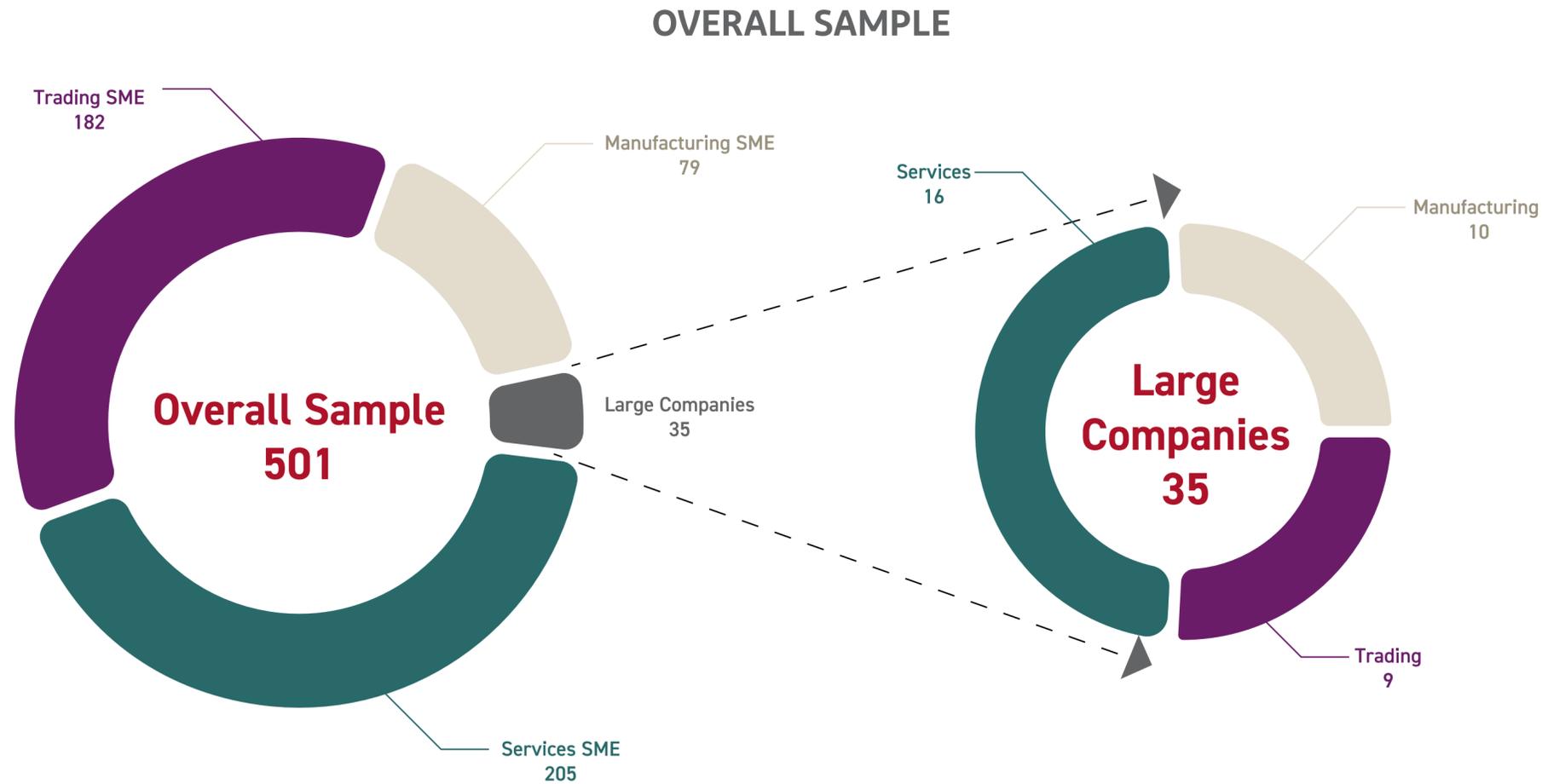
Actual Exporters Performance – Q4, 2024

| | 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 | 32% | 5% | 63% | 27% | 37% | 28% | 35% | 9% | 44% | 24% | 32% | 20% |
| Selling Prices | 14% | 3% | 83% | 11% | 29% | 22% | 49% | 7% | 36% | 21% | 43% | 15% |
| Volumes Sold | 32% | 5% | 63% | 27% | 37% | 28% | 35% | 9% | 45% | 24% | 31% | 21% |
| No. of Employees | 6% | 5% | 89% | 1% | 32% | 15% | 53% | 17% | 36% | 17% | 47% | 19% |
| Profits | 32% | 5% | 63% | 27% | 39% | 26% | 35% | 13% | 48% | 23% | 29% | 25% |
| New Purchase Orders | 23% | 5% | 72% | 18% | 36% | 13% | 51% | 23% | 44% | 4% | 52% | 40% |
| Export Sales | 3% | 0% | 97% | 3% | 40% | 30% | 29% | 10% | 45% | 29% | 26% | 17% |

- The actual performance of exporter sales in Q4, 2024 witnessed an increase on a q-o-q and y-o-y basis.
- GCC countries, India, and other Arab countries remained the top export markets in Q4, 2024.
- Respondents are concerned with uncertain demand, rising costs of labor, rentals and intense competition in Q4, 2024.

SAMPLE SIZE

Sample Size



The quarterly business survey for Q4, 2024 was conducted with a total sample of 501 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.

For More Information

Economic Information Division

Department of Economy and Tourism

Tel: +971 600 555559

Email: info@dubaidet.ae