

Annual Report 2018

Dubai

Your Gateway
to the World

غرفة دبي
DUBAI CHAMBER



Key Growth Sectors Continue to Perform

Trade and Tourism Fuel Economic Growth

Diversification and a relatively high degree of openness in Dubai boosted economic growth in the emirate in 2018.

Dubai's gross domestic product (GDP) grew by 3.3% in 2018, according to a forecast from the International Monetary Fund (IMF), with momentum supported by government spending on Expo 2020-related projects.

Economic stimulus plans and a series of business-friendly measures were unveiled in the UAE in 2018 which included the introduction of 10-year visas for investors and professionals, 100% foreign ownership for mainland businesses in some sectors, reduced fees on electricity consumption for large, medium and small factories, and a new low-cost insurance scheme replacing bank guarantees system for employers and workers.

Critical measures taken by the Dubai government as part of the economic stimulus package for the emirate, included the establishment of a consultative council that includes international companies, allocating 20% of government tenders to small and medium-sized businesses, reducing municipality fees, waiving property registration fines, freezing school fees and scrapping fees related to the aviation industry with the aim of attracting investment to the sector.

Other measures were aimed at reducing operating costs in the retail sector, supporting local production and procurement, attracting high-potential startups to Dubai, slashing fees on total sale value for hotels from 10% to 7%, improving the competitiveness of the hospitality sector, boosting visitor numbers by attracting 10% of transit passengers who constitute an additional 1 million visitors annually, promoting family tourism, attracting foreign investment, and increasing the volume of foreign trade, among several other efforts.



3.3%

projected GDP growth
of Dubai in 2018

Initiatives are designed to reduce financial burden on businesses and investors

The long list of initiatives introduced by various government entities in Dubai are designed to reduce financial burden on companies and ensure a conducive and investor-friendly business environment. These efforts are expected to boost confidence in the market, and pave the way for sustainable growth.

Following the rollout of economic reforms, the UAE jumped 10 places in the World Bank's 2019 Ease of Doing Business Report and placed 11th globally, leading the Arab world for the sixth consecutive

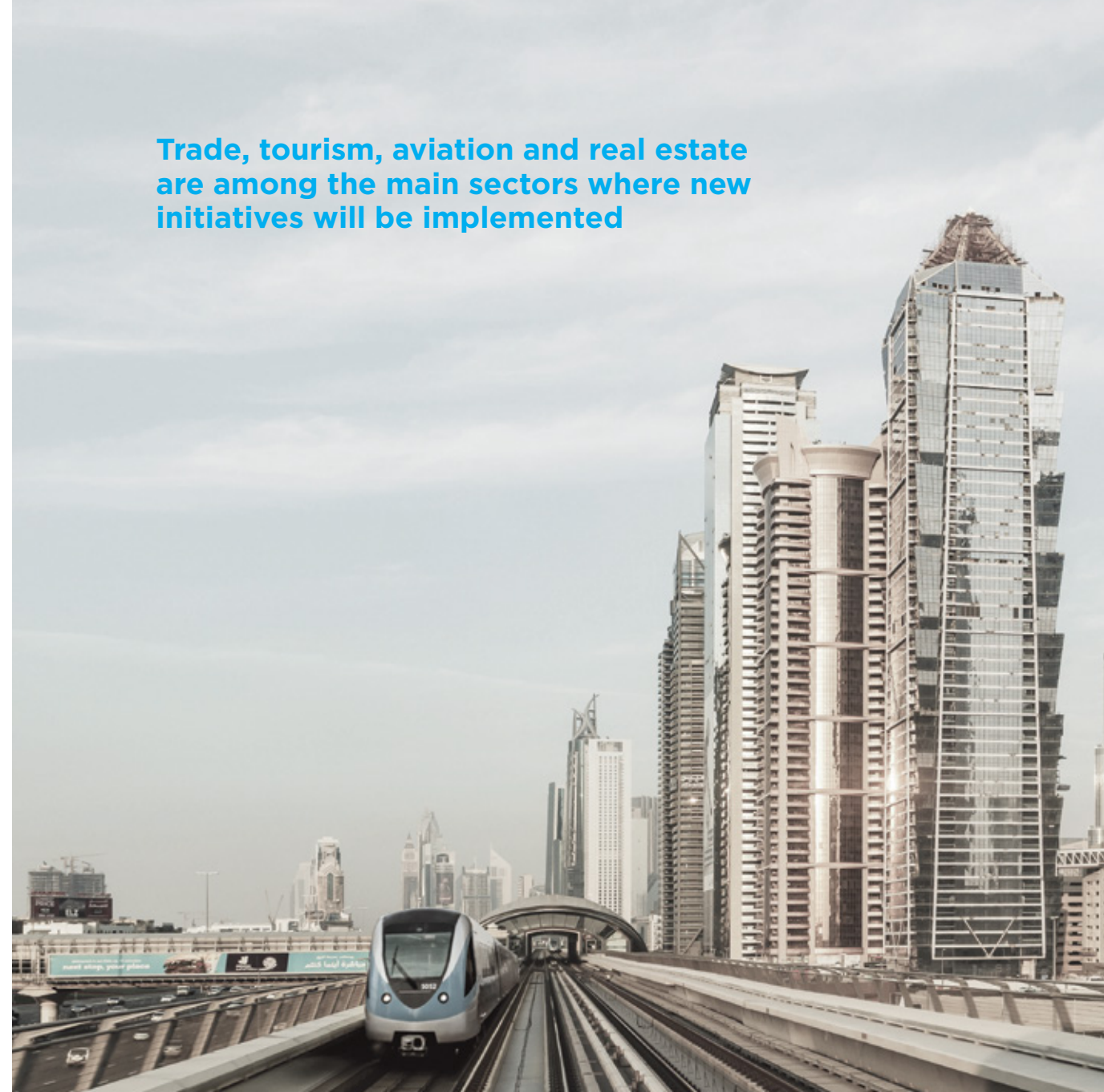
year. According to the report, the UAE scored very high in several areas, including: getting electricity connection, paying taxes, dealing with construction permits, registering property, enforcing of contracts and protection of minority investors.

To add to this, progress has been made in meeting the objectives of the UAE Centennial 2071 which aims to make the UAE the best country in the world.



Dubai's stimulus measures are part of a comprehensive plan to improve ease of doing business and enhance long-term economic competitiveness

Trade, tourism, aviation and real estate are among the main sectors where new initiatives will be implemented



Trade and FDI

Signifying Dubai’s rising role in global trade, the emirate’s non-oil foreign trade in the first nine months of 2018 reached AED 965.3 billion (\$262.7 billion).

Re-exports registered 13% growth to AED 299.2 billion (\$81.4 billion), while imports amounted to AED 592 billion (\$161 billion). Exports totaled AED 97.7 billion (\$26.6 billion) over the same period.

Trade through free zones grew 22% to reach AED 394.3 billion (\$107.3 billion) in the first nine months of 2018. Dubai’s seaborne trade grew 4.1% to AED 362 billion (\$98.5 billion) and airborne trade grew 2.3% to AED 449.4 billion (\$122.3 billion).

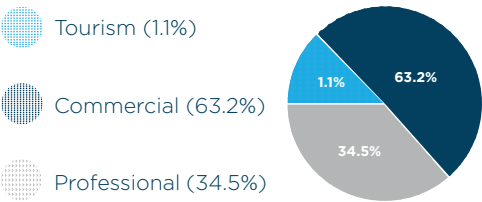
China remained Dubai’s biggest trading partner in the first nine months of 2018 with AED 102.9 billion (\$28 billion) worth of bilateral non-oil trade. India was Dubai’s second-largest trading partner during the same period with AED 86.2 billion (\$23.5 billion) in bilateral non-oil trade, followed by the US in third place with AED 59.6 billion (\$16.2 billion). Saudi Arabia remains Dubai’s largest Arab trade partner and its fourth largest global trade partner with AED 38.6 billion (\$10.5 billion) worth of bilateral non-oil trade accounted for.

Phones of all types topped the list of commodities in Dubai’s foreign trade in the first nine months of 2018 with AED 111 billion (\$30.2 billion) worth of trade. Next on the list was gold with AED 110 billion (\$30 billion) worth of trade, followed by jewelry (valued at AED 78 billion or \$21 billion), diamonds with AED 69 billion (\$18.7 billion), and cars with AED 49 billion (\$13.3 billion).

Dubai’s foreign direct investment flows soared 26% in the first half of 2018 to AED 17.76 billion (\$4.84 billion) reflecting growing investor confidence in the emirate’s economy.

The number of FDI projects amounted to 248, surging 40% compared to the same period in the previous year. The latest figures were unveiled following the introduction of new measures aimed to attract foreign investment to key economic sectors.

New Licences Issued



Business Activity

The Department of Economic Development (DED) in Dubai issued 20,467 new licences during 2018 as the emirate boosted its appeal as a global business hub.

Overall, 248,769 business registration and licensing transactions were recorded, marking an increase of 4.6%

over 2017. Licence renewals accounted for 128,965 transactions, while 24,859 were related to initial approvals.

Among the new licences, 63.2% were commercial, 34.5% professional, and 1.1% were related to tourism.



Retail

With more than 60 shopping centres and major international brands in Dubai, the emirate has the second-highest density of shopping malls in the world ranking only behind New York, thanks to its high visitor-to-resident ratio.

Dubai remains an attractive destination for international brands, thanks to several economic indicators and key factors such as its rising per capita income, economic growth prospects and a consumer base with a desire to spend on merchandise, products, leisure, attractions, food and beverages.

In 2018, several new large-scale retail projects were announced, including a

high-end retail district and the Middle East's largest Chinatown which will be built at Dubai Creek Harbour.

Despite the emergence of e-commerce websites such as noon.com and the Amazon-acquired Souq.com, traditional brick-and-mortar stores remained a highly successful form of retail in Dubai. Through retail calendar initiatives such as Dubai Summer Surprises, Dubai Shopping Festival and other city-wide activities, industry partners, including Majid Al Futtaim and Emaar Malls reported increased footfall during key promotional periods, demonstrating continued consumer appetite for physical retail experiences.

In 2018, the city's key retail establishments provided a line up of activities and entertainment as part of Dubai's "shoptainment" offering.

The year also saw the emergence of one of Dubai's biggest retail trends in the shift towards more eco-conscious consumer spending. This involved the use of alternate methods to reduce energy costs, in line with the government's vision 2021 to create a more sustainable future.

Looking ahead, 1.5 million square meters of retail space will be added to the Dubai market over the next few years as the emirate prepares to host Expo 2020 which will accommodate 25 million visitors.

Projects such as the Cityland Mall, Deira Islands Night Souk and Deira Mall are all on schedule for completion in 2019, complementing the city's range of shopping offerings.



**\$43
billion**

projected value of
Dubai retail sales
in 2021



49%

of all UAE
shopping malls are
present in Dubai



Dubai is widely recognised as a leading international transport and logistics hub

Logistics

Home to one of the busiest international airports in the world, Dubai is constantly investing in expanding and improving its transport and logistics infrastructure.

In 2018, Dubai's logistics sector maintained growth momentum, driven partly by Dubai International Airport (DXB) and Al Maktoum International Airport at Dubai World Central (DWC).

Dubai saw the launch of new logistics facilities that improved efficiency and enhanced the emirate's position as a preferred trade hub.

Dubai International Airport (DXB) retained its rank as the world's busiest airport for international traffic as it welcomed 89.1 million passengers in 2018, marking a 1% growth rate compared to 2017. Flight movements for the year stood at 408,251, while the average number of customers per flight grew slightly to 226. Meanwhile, cargo volumes at Dubai International reached 2.64 million tonnes.

Wait times were reduced by 28% in 2018, thanks to DXB's advanced operations centre which uses real-time information to improve service and efficiency, as well as the smart gates that help speed customers through immigration.

Al Maktoum International Airport at Dubai World Central (DWC) welcomed a total of 900,000 passengers in 2018 following a surge in customer numbers in Q3 (+26.1%) and moderate growth in Q4 (+3%). This growth was supported by the launch of new services from scheduled and charter carriers during the second half of the year.

Dubai expects to spend around \$36 billion on the Al Maktoum International expansion project. Set to be built in phases, the airport is expected to accommodate more than 200 million passengers year when completed.

The Jebel Ali Free Zone (Jafza) opened the Jafza Bridge linking Jafza North and Jafza South across Sheikh Zayed Road. The new road link will facilitate the flow of traffic between Jebel Ali Port and Free Zone, and Al Maktoum International Airport. The bridge further enhances the efficacy of the Dubai Logistics Corridor, creating one of the most efficient sea - air logistics links in the world.



89.1 million

passengers
welcomed at Dubai
International in 2018



\$36 billion

cost of expansion
project at Al Maktoum
International Airport

Tourism and Hospitality



Dubai welcomed a total of 14.3 million visitors in first 11 months of 2018, according to the emirate's Department of Tourism & Commerce Marketing (Dubai Tourism). India remained the top source market for tourists with 1.84 million visitors, followed by Saudi Arabia (1.4 million) and the UK (1.1 million). The number of Russian visitors surged 37% year on year to reach 604,000, while the number of Chinese tourists in Dubai increased 12% to 779,000 over the same period. The strong growth in international visitors was attributed to the expansion of non-stop flights and the introduction of visa-on-arrival facilities.

The hospitality sector remained in a state of expansion in 2018 as preparations for Expo 2020 gained momentum. The number of hotel establishments in Dubai grew 5% to reach 709 in the first 11 months of 2018, offering a total of 114,378 available rooms, marking a 7% year-on-year increase. Hotel occupancy rates reached 76% for the same period.

Dubai Parks and Resorts, the region's largest integrated theme park destination, attracted almost 2.8 million visits during 2018, an increase of 22% compared to last year. Growth was driven by the successful integration of the annual pass program, increased occupancy and therefore visitation from the parks' on-site hotel and increased footfall from international tourists.



Financial Services

Backed by its strong infrastructure, banking and financial sectors, Dubai has retained its position as the top financial centre in the region, while it placed 15th on the Global Financial Centres Index, which ranked 110 centres using 137 factors.

The emirate scored high in the categories of infrastructure, financial sector development and human capital, business development and reputation.

The total number of active registered companies in DIFC reached 2,003 in the first half of 2018, up 14% year on year, reflecting growing confidence in Dubai as a preferred financial hub.

Positioning itself as a world-class platform for facilitating growth across the South-South trade and investment corridor, DIFC saw strong growth in the number of registered asset management companies which exceeded 200 in the first nine months of 2018. The figure includes 13 of the world's top 25 financial companies. To add to that, 98% of office space within DIFC's new 'The Exchange' building has already been leased.

The English-language Dubai International Financial Centre (DIFC) Courts handled 368 cases across all divisions in the first half of this year, revealing a 64% increase in volume year-on-year. The overall value of claims saw an increase of 181% over the same period. DIFC Courts also signed a partnership with Smart Dubai to set up a taskforce to create the world's first blockchain court.



15th

Dubai's ranking the
Global Financial
Centres Index

Dubai's real estate market is well-positioned for sustained growth with infrastructure investments and Expo 2020 preparations gaining momentum

Real Estate

The real estate sector remained one of the strongest contributors to Dubai's economy in 2018. Several measures were introduced to encourage foreign investors to buy property in the emirate, including the introduction of 10-year visas for investors and a new long-term residency visa for retirees.

Dubai Land Department (DLD) registered 39,802 real estate transactions valued at AED 162 billion (\$44 billion) in the first nine months of 2018. Of the transactions completed this year, 25,473 were sales transactions worth AED 56.6 billion (\$15.4 billion), while 11,000 mortgage transactions worth AED 86 billion (\$23.4 billion) were accounted for during the same period. The remaining 3,486 transactions were valued at AED 19.3 billion (\$5.2 billion).

A total of 27,174 property investments worth AED 50 billion (\$13.6 billion) were made by 21,605 investors between January and September 2018, while 163 nationalities invested in the market. UAE nationals and Indian nationals accounted for investments worth AED 9.4 billion (\$2.5 billion), and AED 8.6 billion (\$2.3 billion), respectively. Saudi nationals came third with 1,882 investments worth around AED 3 billion (\$816 million), followed by Pakistanis who recorded 1,851 investments worth AED 2.3 billion (\$626 million). China, Egypt, Jordan, Canada, and Russia were also included in the list of top nationalities investing in Dubai's real estate market. Transactions by GCC nationals exceeded AED 13.7 billion (\$3.7 billion) in the first nine months of 2018.



163

nationalities
invested in Dubai
property market



25,473

number of property
sales transactions



**\$44.1
billion**

value of Dubai real
estate transactions in
first 9 months of 2018



11,000

number of
mortgage
transactions

