

DUBAI FDI
MONITOR 

DUBAI FDI Trends Report

Q2

2016

مؤسسة دبي لتنمية الاستثمار

DUBAI FDI



إحدى مؤسسات دائرة التنمية الاقتصادية - حكومة دبي
An Agency of the Department of Economic Development - Government of Dubai

CONTEXT AND APPROACH

DUBAI FDI Trends Analysis Report utilizes qualified and verified data to review FDI performance quarterly in the Emirate of Dubai. The report details the total capital invested as well as the number of projects by sector and country.

Greenfield projects and capital flow into Dubai, during the second quarter of 2016, have seen a slight decrease compared to Q2 2015, with a 14% decrease in Capex as highlighted by DUBAI FDI MONITOR.

DUBAI FDI MONITOR Trends Analysis Report takes into consideration that quarterly flows and public announcements are subject to revisions and can fluctuate from quarter to quarter. The following trends are based on FT fDi Markets data, and DUBAI FDI MONITOR's qualified and verified data to provide an accurate analysis and insight on FDI flow trends at the time of publishing this report.

DUBAI FDI Trends Analysis | Q2 | 2016

Looking at foreign direct investment more broadly, foreign companies invest in Dubai for many reasons that cover a wide spectrum of both soft and hard infrastructures. Factors such as quality of life, education, healthcare, services and pro-business regulations and government continue to be positive reasons for investment decisions.

The DUBAI FDI Trends Analysis Report is oriented towards the strategic reasons that make Dubai a leading FDI destination globally as highlighted below:

- **The City**

Dubai's opportunities for growth, partnership and innovation

- **The Gateway**

Dubai's advantage as a gateway to regional markets

- **The Global Hub**

Dubai's role as a global platform for trade and investment

DUBAI FDI Results Summary | Q2 | 2016



*** Almost AED 3 billion in greenfield foreign direct investment announced in Q2 2016**

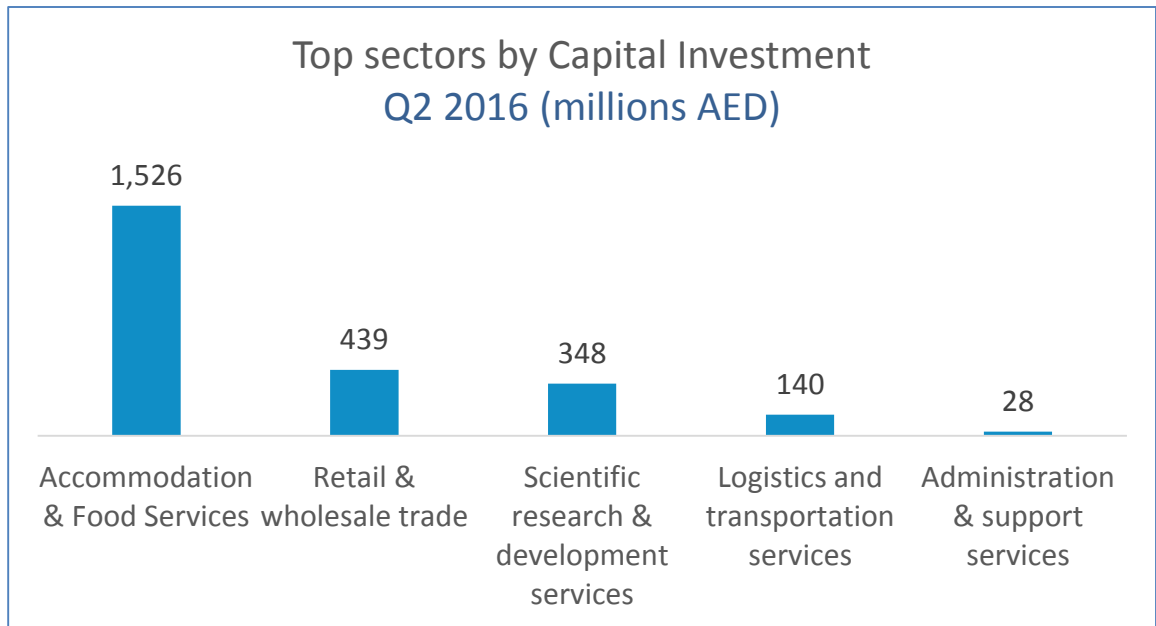
* FT – fDi Markets Data – DUBAI FDI Results.

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The quality of investments attracted in Q2 shows more knowledge intensive projects flowing to Dubai. Digital transformation, innovation and research centers are now topping the list of FDI projects, further solidifying Dubai's diversification into Knowledge and Technology-based sectors. Despite the decrease of FDI inflows to Dubai by 14% compared to Q2 2015, 40 new projects were announced according to FT (Financial Times) fDi Markets data, attracting almost AED 3 billion in greenfield FDI.

DUBAI FDI MONITOR has identified 6 further projects to reach 46 in total, and successfully qualified and validated 89.1% of projects and AED 2.45 Billion (95% of Capital investments) during that period.

Capital into Dubai by sector | Q2 | 2016



Top Sectors Attract 96% of FDI Flows

- The top 5 sectors generated AED 2.5 Billion, representing 96% of capital tracked and verified by Dubai FDI MONITOR during the second quarter of 2016.
- The top 5 industries by capital are Hotels and Tourism, Trade, Trade, Research and development, Logistics and transportation, and administration and support services.

Capital into Dubai by sector | Q2 | 2016

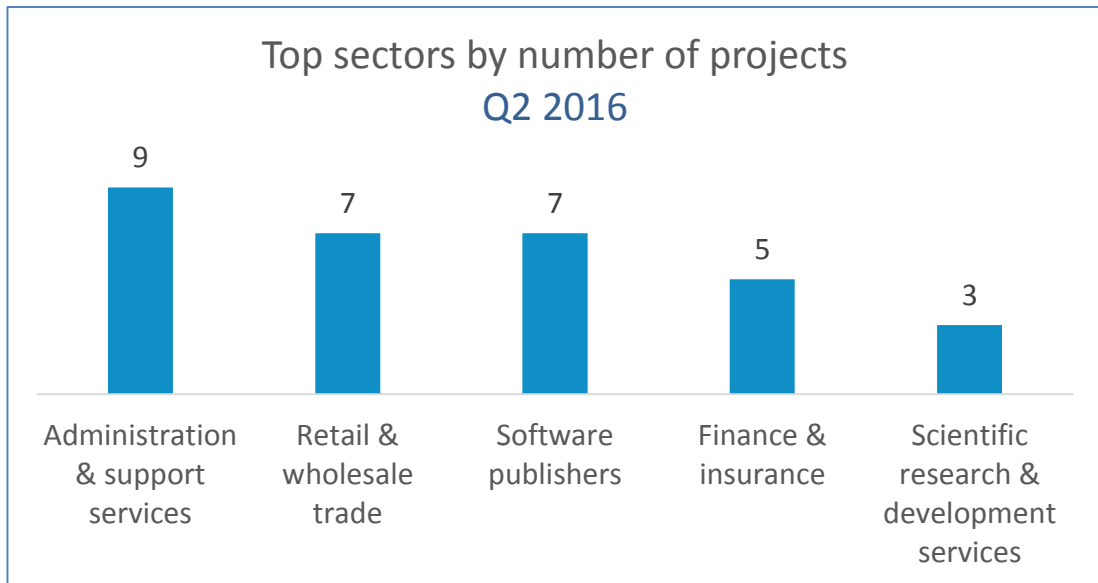
Hotels and Tourism attracted the most capital in Q2 2016 as new developments have emerged in anticipation for increased demand to cement Dubai's position as a Global Tourism destination. Larger investments in this sector came from new entrants to Dubai's market as well as new developments from well established investors in the sector in Dubai.

Investments in **Trade** and **Logistics** came in line with expectations as Dubai continuously develops its role as a trade and logistics hub to the region and a global gateway linking east and west. A noticeable investment was from a leading multinational, present in Dubai for over a decade, opening its First Middle East distribution center confirming their increased confidence in Dubai as the preferred destination of choice.

Digital transformation, innovation and research centers are topping the list of FDI investments in **Scientific Research and Development services**, further emphasizing Dubai's diversification into Knowledge and Technology-based sectors.

Business services is still a leading sector for Dubai as the emirate has established itself as center of excellence for services targeted at the UAE and the overall MENA region.

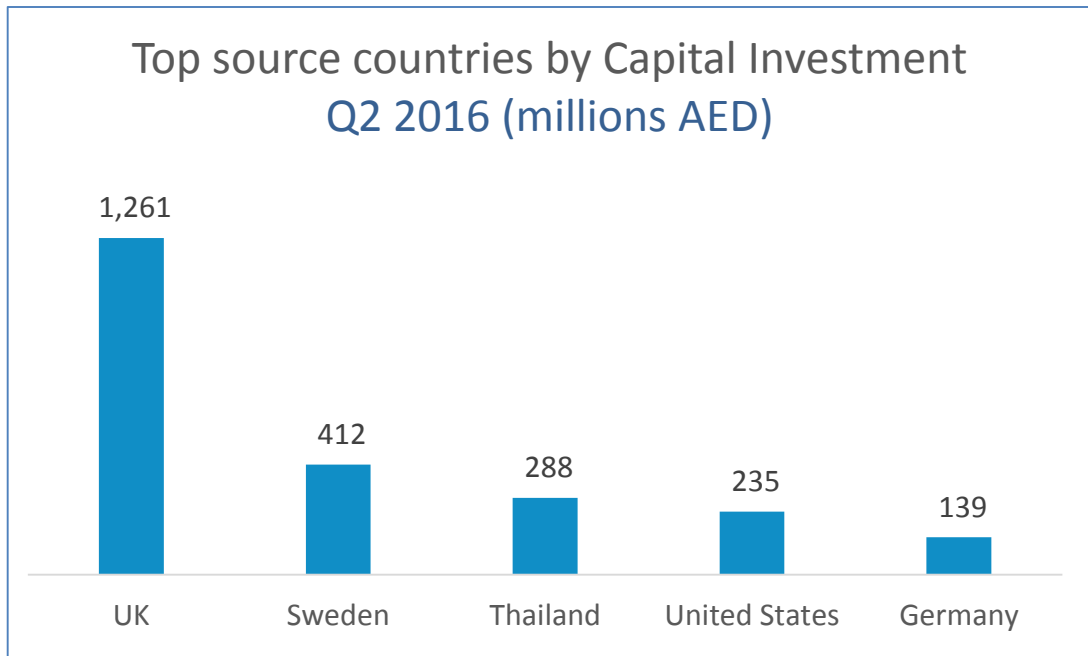
Projects into Dubai - by sector | Q2 | 2016



- Top sectors by number of projects in Q2 2016 are Administration and support services, Trade, Software services, Financial services, and Research and Development.
- A total of 31 projects represent 67% of total projects in Q2 2016 and 96% of Capital investments.

Dubai has moved the historical focus on Real estate and Trade to attract more knowledge intensive projects with a bigger focus on Technology, despite the 27% decrease in the number of projects attracted compared to Q2 2015.

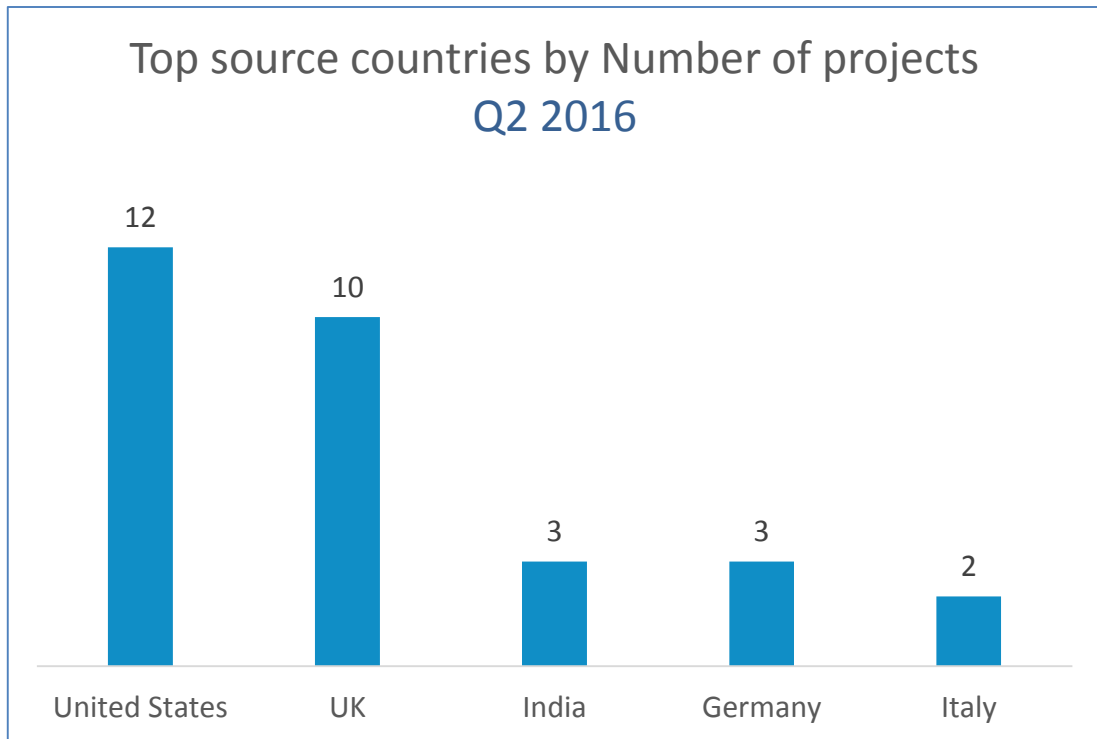
Capital into Dubai by source country | Q2 | 2016



- The largest capital investments in Q2 2016 came from UK, Sweden, Thailand, United States and Germany generating a combined AED 2.4 billion.
- Capital from the top source countries represents 91% of total recorded FDI during the second quarter of 2016.

Q2 has seen new countries in the top source FDI countries for Q2, with inflows from Sweden focusing on Logistics and distribution and inflows from Thailand mainly in Hotels and Tourism. Investments from the UK and the US are primarily Business Services and Trade. Projects from Germany were mainly in Logistics & distribution and Business Services in Q2 2016.

Projects into Dubai - by source country | Q2 | 2016

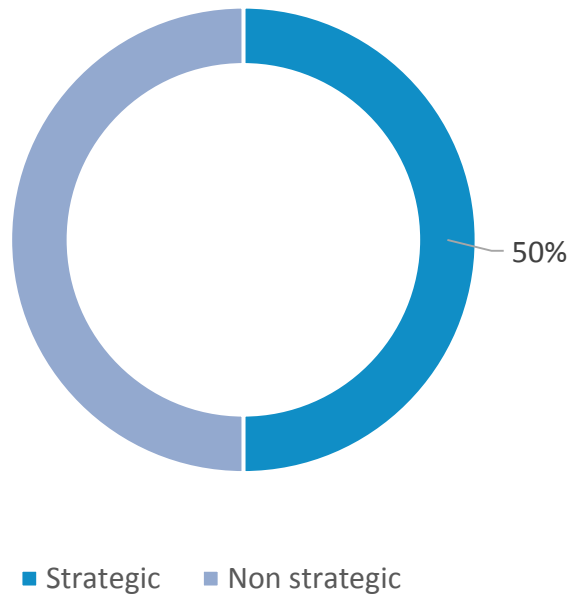


- The top 5 source countries generated a total of 30 projects representing 65% of total foreign projects in Q2 2016.
- The largest number of projects in Q2 2016 came from US, UK, India, Germany and Italy.

The results are in line with historical trends and well-established relationships of Dubai with top trade and investment partners.

Projects into Dubai - Strategic Level | Q2 | 2016

Strategic projects in Q2 2016

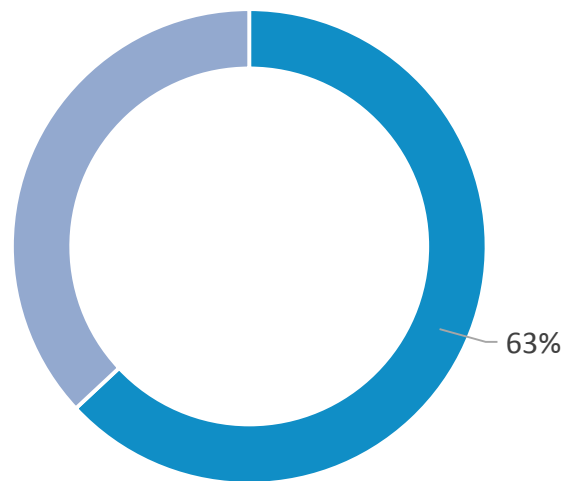


- 50% of FDI Projects in Q2 2016 were qualified as strategic based on revenue, project size and technology level.
- Strategic projects represent 92% of Capital Investment in Q2 2016.

Dubai has established itself as a center for strategic investments and is successfully attracting considerable investments from large scale companies, with a noticeable knowledge component.

Projects into Dubai - Technology Level | Q2 | 2016

Projects of High and Medium levels of Technology Q2 2016



■ Medium and High ■ Low Tech

- 63% of FDI Projects in Q2 2016 qualified as high and medium tech investments based on OECD, EU and BEA definitions.
- Research and development and ICT related investments are driving the results in terms of technology components of the projects incoming to Dubai in Q2 2016.



PURPOSE

Accurate and real time reporting on FDI flows , trends and economic impact

LEADERSHIP

DUBAI FDI's initiative to establish an FDI Monitor at a city level sets a precedent among investment promotion agencies (IPAs) globally. DUBAI FDI will facilitate an initiative with global peers to establish a framework for city FDI tracking and evaluation as an international standard.

BENEFITS

- Provide credible insights on FDI results and performance
- Inform the policy and strategy formulation process
- Develop targeted services to investors

KEY FEATURES:

- FDI tracking
- FDI validation protocols
- Investors and projects database

DUBAI FDI MONITOR REPORTS

- Annual FDI Results – Highlights Report
- Quarterly FDI Trends Report

PARTNER :

DUBAI FDI MONITOR was developed in partnership with WAVTEQ, a leading FDI technology and consulting company.



DUBAI FDI MONITOR issues the Annual FDI Results, a Highlights Report and Quarterly Trend Analysis Reports based on Financial Times - FDI Markets data, used by central banks around the world including UAE Central Bank. and WAVTEQ proprietary FDI Accounting system , used by governments around the world, including the US Department of Commerce.

DUBAI FDI MONITOR data are based on proprietary tracking technology, international classification standards (NACIS) and best practices.

FDI projects tracked have 10% or more foreign equity, are categorized into industries following the NAICS classification, recognizing the parent headquarters as the source of investment, and recording direct job creation announced.

Announcements are qualified and verified either by a press release, direct confirmation from the investor, a local mailing address, company registration information, recruitment of staff or signing of a lease.

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First Ever FDI Monitor at a City Level

A Global Initiative by Dubai Investment Development Agency (DUBAI FDI) an Agency of the Department of Economic Development – Government of Dubai that aims to establish a framework for city FDI tracking and evaluation as an international standard.

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