

ECONOMIC BITES

Quarterly Report
from DIB
May 2025



UAE Summer Travel Spending Sentiments | 2025



I. Executive Summary

Recent U.S. policy announcements – including the imposition of tariffs – have heightened global economic uncertainty. Consequently, business and consumer sentiments are affected. According to a study by Global Business Travel Association, nearly a third of global travel managers anticipate a ~30% decline in business travel volumes and spending in 2025, with industry optimism dropping sharply compared to late 2024. Our study on the UAE residents reveals a strong appetite for travel bolstered by sound policy environment and economic structure.

Our study finds that UAE residents are responding to global uncertainty with a blend of **cautious optimism and pragmatic spending** - prioritizing travel but adapting their behaviors to safeguard their financial futures. We believe that travel sentiment can be used as a barometer of consumer confidence in UAE and a reflection of the nation's robust economic fundamentals.



Key Insights from UAE Resident Travel Sentiment study reveals:

Travel Remains a Priority: Despite global inflation and tariff-driven uncertainty, 63% of UAE residents have maintained or increased their travel budgets for 2025, with 87% funding trips from personal savings. While younger travelers seek digital and adventure experiences, older residents prioritize cultural immersion, heritage tourism, and cost effective family trips. Europe (38%) and Asia (28%) lead as top destinations.

Cautious Optimism: While travel is non-negotiable for most, there is a clear shift toward cost-conscious behaviors-53% are opting for shorter trips and 47% prefer budget airlines. This reflects a pragmatic response to global economic uncertainty, balancing lifestyle aspirations with financial prudence.

Demographic and Nationality Variations: Other Asian (non Indian) and Arab expats are most optimistic about travel spending, while Indian and Western expats exhibit more caution, often citing inflation and currency concerns. High-income residents are more likely to maintain or slightly increase their travel budgets, while lower-income groups are reducing spending or opting for staycations.

Investment plans for the next 6 months reveal that 35% plan to invest in stocks or mutual funds, 34% in real estate, and 18% in cryptocurrencies.

Governmental Policy and Market Expectations: The UAE Government's focus on stability, diversification, and consumer protection has helped sustain spending power. The Tourism sector remains a strategic priority, and residents' willingness to spend on travel, signals confidence in their financial security and the broader UAE economy.



II. Key Takeaways

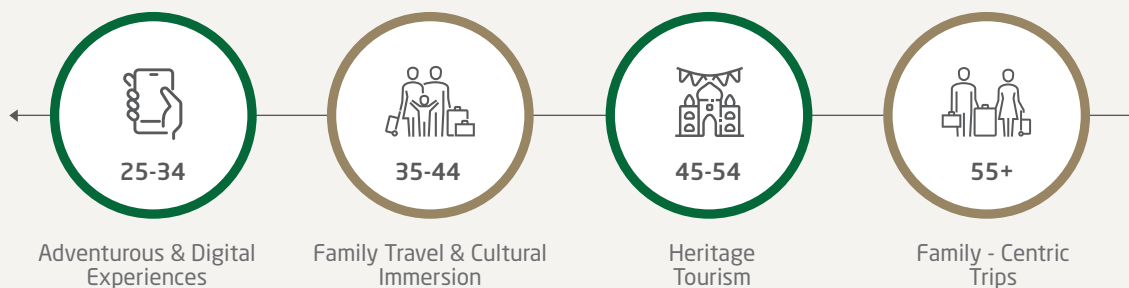
UAE Residents have mastered the art of balancing between wanderlust and wealth. US tariff - led inflation may be in news recently but for the UAE resident, the economic story in 2025 is a camel with two humps - one creating travel memories, the other safeguarding futures.

The survey of ~75 residents reveals **63% maintained or increased travel budgets**, funded primarily through personal savings (87%), despite 38% of Indian and 42% of Western expatriates citing inflation/currency concerns. This dual focus reflects cautious optimism in residents as they balance lifestyle preservation with future security.

Recent data shows distinct generational travel and investment patterns. Younger travelers (25-34) seek adventurous, digital experiences. Those aged 35-44 balance family travel with cultural immersion. The 45-54 cohort values heritage tourism and invests in real estate, while travelers aged 55+ prioritize cost - effective, family-centric trips. Providers must tailor offerings for each group.

Travel remains non-negotiable across demographics, with 72% of Arab Expats and Emiratis planning international trips. However, 53% opt for shorter durations and 47% use budget airlines, demonstrating cost-conscious behaviors.

Fig.0.1: Travel patterns across different age cohorts



Tourism priorities vary with age segment & nationality



Investment patterns reveal generational & cultural distinctions

Parallel to travel planning, a third of UAE residents intend to invest in various asset classes in the coming 6 months. Favored asset classes - mutual funds, crypto, stocks, and real estate - vary with age and nationality.

Nationality-wise investment priorities in the next 6 months:

- Emiratis are most likely to invest in real estate, Western expats in mutual funds and stocks, and Indians in crypto.
- Younger adults (25-34) lead in crypto investment, while those aged 45-54 prefer real estate.

Age-based asset allocation planned in the next 6 months:

Fig.0.2: Investment preferences across different nationalities

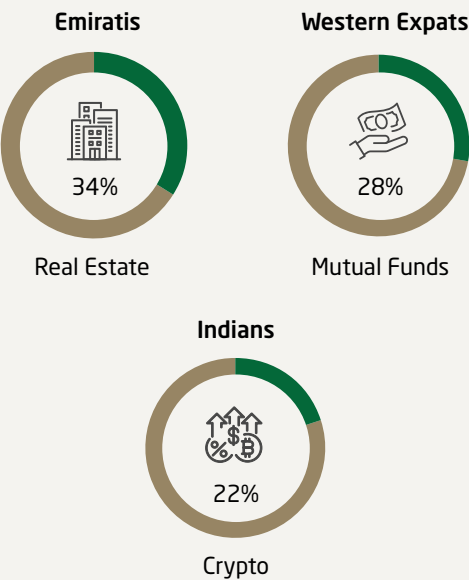
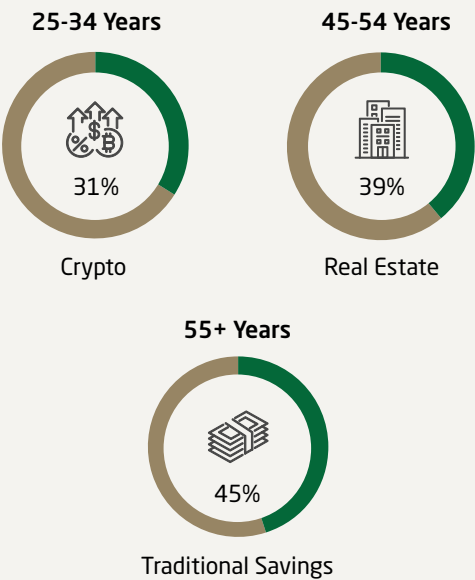


Fig.0.3: Investment priorities across different age categories





UAE residents are cautiously optimistic in 2025

As per our Confidence Index, derived directly from the survey data - Other Asians (+37.5) and Arab Expats (+10) were more confident about travel spend in 2025 vs 2024. Indians (-8) and Westerners (-7.7) were most cautious with as many as 24% Indians cutting their 2025 travel budgets.

Nationality	Higher Budget (%)	Same Budget (%)	Lower Budget (%)	Did not travel in 2024	Net Confidence Score (Hig - Low)
Arab Expat	10.0	80.0	0.0	10.0	+10.0
Emirati	16.7	66.7	16.7	0.0	0.0
Indian	16.0	52.0	24.0	8.0	-8.0
Other Asian	50.0	37.5	12.5	0.0	+37.5
Western Expat	7.7	76.9	15.4	0.0	-7.7
Other (Specified)	0.0	100.0	0.0	0.0	0.0

Confidence Score Formula: (Higher budget % - Lower budget %)
Scale: -100 (least confident) to +100 (most confident)

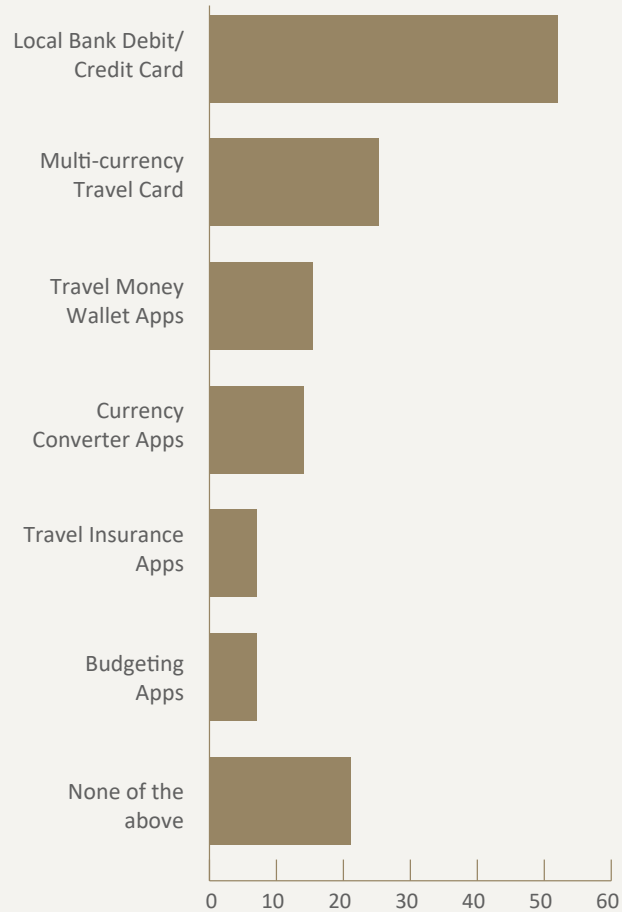
(Confidence Index: This index quantifies spending intent volatility, with Other Asians (+37.5) and Arab Expats (+10) driving upward momentum, while Indians (-8) and Westerners (-7.7) signal caution.)

Banking sector opportunities

For banks and financial institutions, this presents a unique opportunity to position themselves as partners in both lifestyle and legacy. The moment calls for tailored financial solutions that support personal fulfillment while reinforcing long-term wealth goals.

- 22% use BNPL schemes for travel funding, particularly millennials
- Demand grows for hybrid products blending multi-currency solutions (used by 41%) with wealth tools
- **Funding Sources:**
 - 87% plan to fund travel from personal savings.
 - 30% will use credit cards; 52% prefer UAE-issued cards abroad.
 - Equal split on interest in flexible payment plans (BNPL vs. upfront).

Fig.0.2: Preferences for digital financial tools among travelers





III. Travel Spending patterns based on Income levels

Polarized confidence levels across income sectors

- High-income (>AED 80k): 65% maintained/slightly increased budgets
- Mid-income (AED 20k-60k): 58% kept budgets stable but added cost controls
- Lower-income (<AED 20k): 70% reduced spending or opted for staycations

1. Income Levels and Travel Budgets

Fig.1.1: Monthly household income distribution of individuals scheduling summer travels

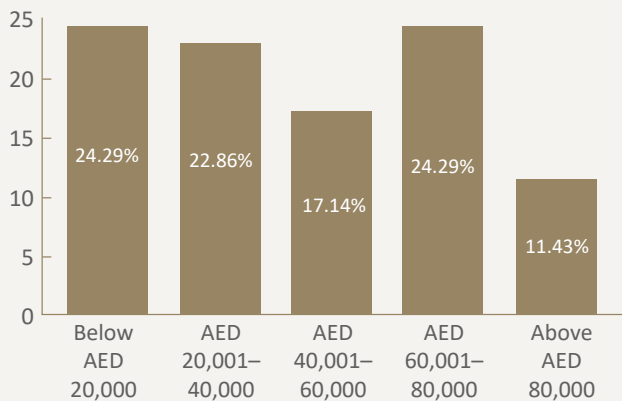
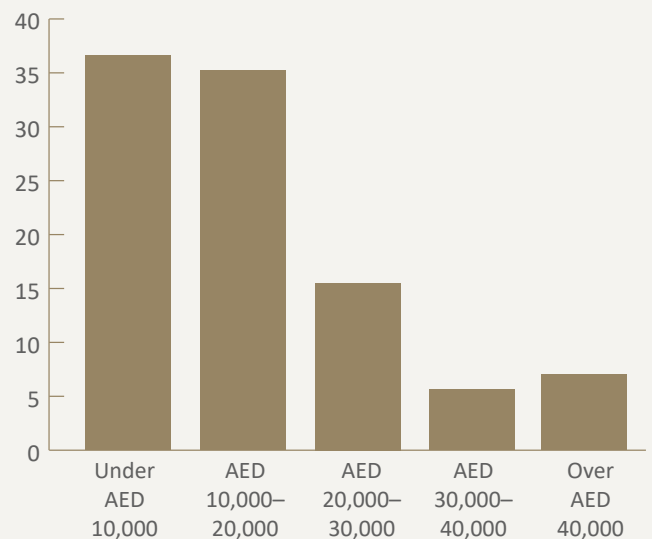


Fig.1.2: Travel spending: ~37% of respondents intend to spend up to AED10,000 per person



Monthly Household Income and Travel Budget Per Person:

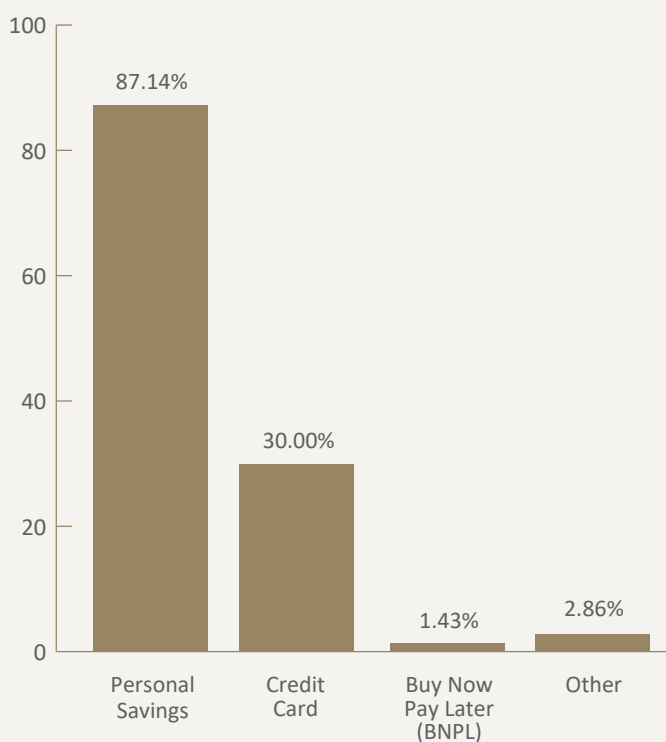
While about 24% of most travelers earn below AED 20,000 and between AED 60,001 to AED 80,000 each on a monthly basis, a larger chunk of 36.62% individuals also prefers sticking to tighter budgets of under AED 10,000 per person.

Respondents seem to lean towards price-conscious travel decisions this year, owing to personal goals of increasing savings, rising inflation, and changes in job/income during the present year.





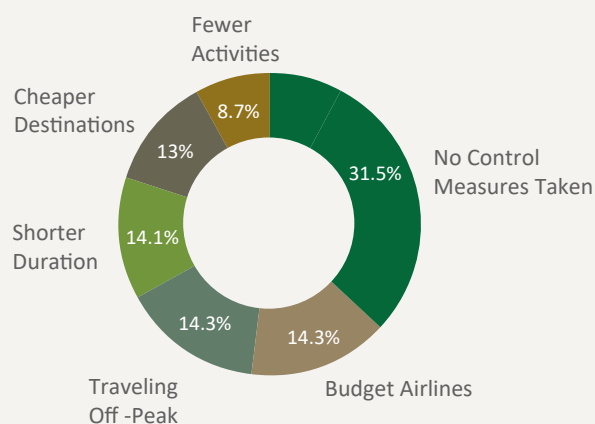
Fig.1.3: Travels to be majorly funded through personal savings and credit cards



Travel Funding for 2025: To finance this year's summer adventures, a whopping 87.14% of travelers are planning to dig through their personal savings while 30% will be utilizing credit cards as the primary sources of payment.

Few among the 1.43% groups will be using BNPL and 2.86% will opt for other payment methods. Moreover, debit and credit cards from local banks emerged as the most popular choice among 52.11% travelers intending to use digital financial tools on their journeys.

Fig.1.4: >31% of UAE is NOT taking any measures to limit travel spending in 2025



Budget Changes Since 2024: Compared to 2024, 63.4% of individuals maintained the same travel budget in 2025 - including expenses for airfare, accommodation, meals, activities, and more. On the other hand, 16.9% of travelers were able to set higher budget limits this time around while another 15.5% lowered their budget due to factors such as inflation, personal savings goals, and job/income changes.

Growing Demand for Cost-Effective Options: Consumers are now opting for low-budget airlines and destinations, traveling during off-peak seasons, and taking shorter duration journeys - to cut down on vacation costs. Oddly enough, respondents are divided on the topic of receiving travel deals and flexible payment options - with 50.7% being interested and the remaining 49.3% not so much, suggesting that most travelers prefer paying upfront and budgeting carefully for their trips.

Coming Up - Higher Levels of Investment: In the next six months, 35.2% of travelers are looking to invest in mutual funds and stocks, 33.8% in real estate, and 18.3% in cryptocurrencies. This is indicative of a growing consumer focus on long-term financial planning and security.

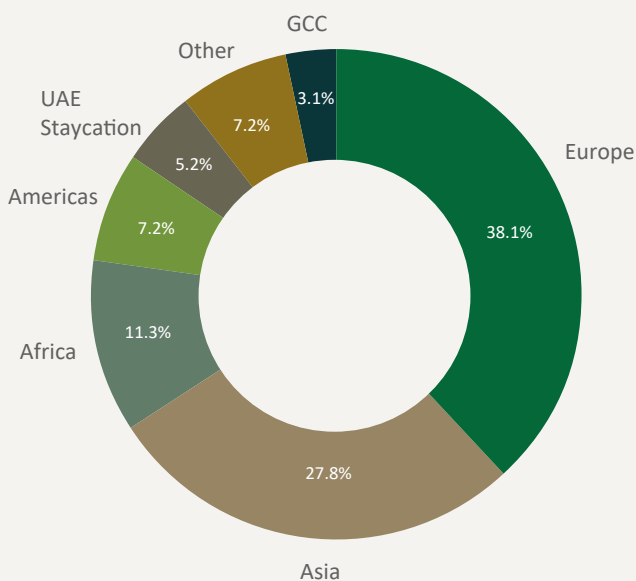




IV. Travel Destination Preferences

European and Asian Travel Hotspots: With 78% respondents planning for overseas travel in 2025, a significant portion of them are directing their travel plans toward Europe (38%) and Asia (28%) - highlighting the two travel hubs as the hottest destinations for travelers seeking to spend time out of the country during the summer.

Fig.2.1: Europe and Asia become the topmost target destinations for summer travels



Intentions Behind Traveling: A greater share of travelers intend to pursue leisurely activities and visit loved ones in the summer of 2025.

Fig.2.2: Majority of travelers plan their trips for leisure purposes and to visit loved ones

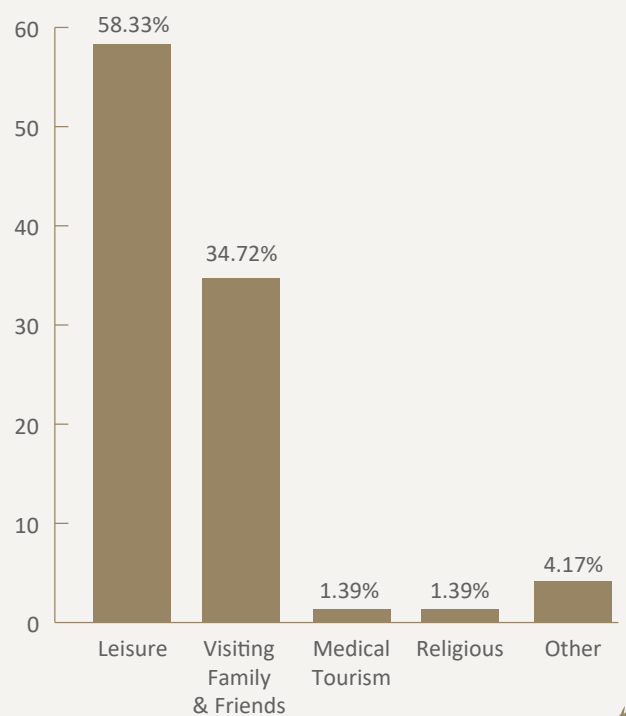
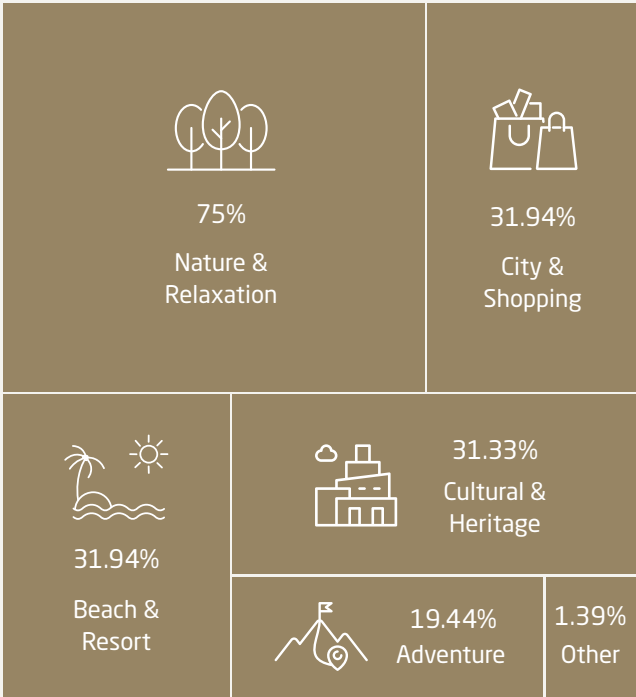




Fig.2.3: Nature and relaxation-themed vacations dominate consumer preferences

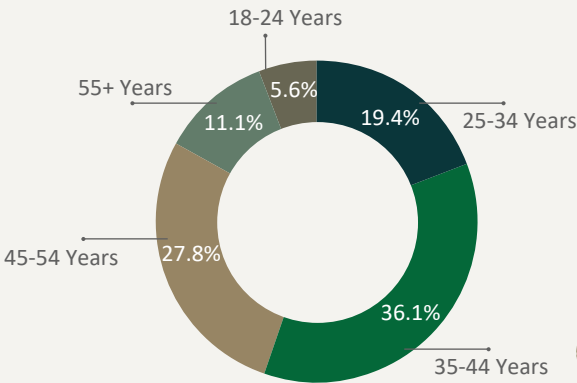


- **Spending Behavior:**
 - 37% of travelers budget under AED 10,000 per person, 35% budget between AED 10,000 - AED 20,000.
 - 63% maintained the same travel budget as in 2024; only 17% increased it and were in the age group 25-34 years
- **Funding Sources:**
 - 87% plan to fund travel from personal savings.
 - 30% will use credit cards; 52% prefer UAE-issued cards abroad.
 - Equal split on interest in flexible payment plans (BNPL vs. upfront).
- **Investment Outlook:**
 - 35% plan to invest in **stocks/mutual funds**.
 - 34% plan to invest in **real estate**.
 - 18% plan to invest in **crypto**.
- **Consumer Sentiment:**
 - Residents are showing **measured optimism**, balancing lifestyle consumption with disciplined savings and forward-looking investments.

VI. Appendix

Respondent Description:

Fig.3.1: Most travelers belong to the 35-44 and 45-54 age groups



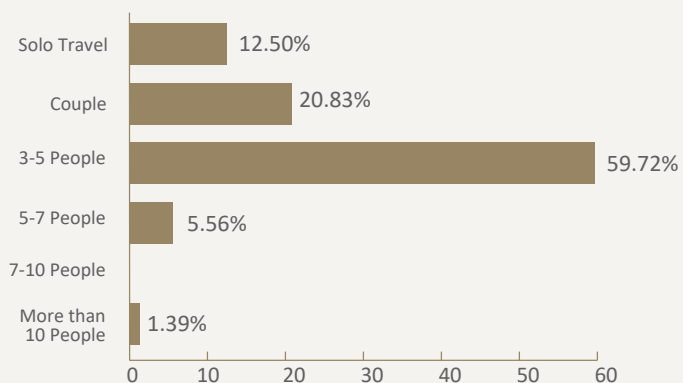
V. Summary of Key Data Insights

- **Travel Intentions:**
 - 78% plan international travel - Europe (38%), Asia (28%)
 - 18% undecided, 5% staying in UAE



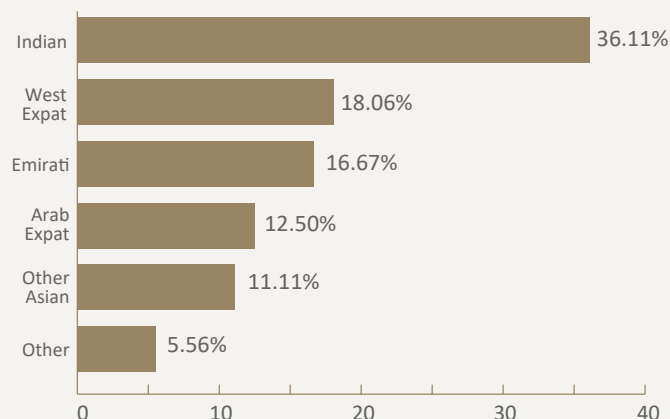


Fig.3.2: Respondents often travel in groups of 3-5 people



Age and Travel Group Sizes: A majority of the respondents come from the 35-44 age bracket at 36.1%, with the 45-54 age group following closely behind at 27.8%. This is most likely attributable to stable and higher disposable incomes for individuals in this age range, which would provide them with a better financial safety net for arranging family-sized vacations in groups of 3-5 people.

Fig.3.3: Majority of travelers are Indians and Western Expats



Nationality Groups: Survey respondents consist of a large number of Indian nationals at 36%, followed by Western Expats and Emiratis at 18% and 16.7% respectively.



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