

OC LEGAL · INTERNATIONAL BUSINESS

Dubai and the UAE – seven months after 28 February 2026

What remains of the success model – and what has fundamentally changed



OC Legal · Kanzlei Oberndörfer
Starnberg · Deutschland



OC Business & Legal FZE
Enabling Business in the Emirates · UAE

As of: 24 September 2026

Dr. Julian Oberndörfer

Note: This analysis reflects the author's professional assessment based on the information available as of the stated date. It is provided solely for general information and does not constitute legal, tax or investment advice. Any individual assessment depends on the specific circumstances of the case.

This analysis will be updated if there are material changes in the geopolitical or economic framework conditions.

BEFORE Growth & promise	STRESS TEST War & resilience	TODAY Differentiated reassessment
-----------------------------------	--	---

Key takeaway

Many of the classic location advantages – tax, company formation, the financial centre and technology investment – remain intact. The areas most affected are connectivity, the one-way real-estate growth story and the psychological promise of security. Dubai is therefore not necessarily less attractive, but it is significantly more demanding to assess.

“Dubai is not necessarily a less attractive decision today than it was in February 2026. But it is a more demanding one.”

Dubai was the promise that the future could be built from sand

Within just a few decades, an international hub for trade, finance, tourism and innovation emerged. A city that combined spectacular architecture, luxury and entertainment with exceptional global connectivity, business-friendly conditions and a strong sense of everyday security.

Yet the most remarkable thing was not the Burj Khalifa. It was the combination.

Entrepreneurs could establish companies comparatively easily. International investors found an open market. Wealthy families discovered Dubai as a centre for finance and wealth management. For years, real estate promised capital appreciation and attractive returns. The tax regime offered significant advantages for private individuals. The city attracted international professionals, entrepreneurs, influencers and, increasingly, family offices.

And above it all stood one promise: this was only the beginning. The government was investing billions in new airports, metro and rail links, financial centres, artificial intelligence, data centres and technology clusters.

On 27 February 2026, the prevailing question was therefore less whether Dubai would continue to grow than how quickly.

Then came 28 February. Seven months later, it is time for a sober interim assessment: what remains of the Dubai story? What has actually been damaged? Which location advantages remain largely intact? Where is the picture today even clearer than before the war? And where, quite simply, do we still not know where developments are heading?

1. Why Dubai was so attractive on 27 February 2026

To understand the situation today, it is not enough to look at the growth figures of the time. Dubai was attractive because several location advantages worked together.

Why Dubai was compelling before 28 February 2026

The attraction was the combination — not one single advantage.



Business formation

100% foreign ownership in many activities
Specialised free zones



Tax framework

No general personal income tax
0% CT on qualifying free-zone income



Real estate

Growth, relocation and investment story
Golden Visa-linked demand



Lifestyle & safety

Schools, hospitality, events, service
High perceived everyday safety



Connectivity

Global aviation and logistics hub
Europe – Asia – Africa



Innovation & visibility

AI, tech clusters, creator economy
Strong international brand

Own illustration. Legal and tax requirements must always be assessed on a case-by-case basis.

A business-friendly location

In the preceding years, the UAE had continued to open its economic framework to international capital. For numerous business activities, full foreign ownership is possible even in mainland companies; in the Free Zones,

100% foreign ownership is one of the defining features. Certain strategic activities remain subject to specific requirements.^[1]

In addition, there are specialised ecosystems: DIFC for financial services, Dubai Silicon Oasis and other technology clusters, JAFZA for trade and logistics, and numerous other Free Zones with different sectoral focuses.

The question was often not: “Can I establish a company in Dubai?” But rather: “Which structure best fits my business model?”

Tax-attractive – but far more complex than the old “tax-free Dubai” narrative

The UAE does not levy a general personal income tax on individuals.^[2]

For companies, the picture is now more nuanced. With the introduction of Corporate Tax, the old notion of a generally tax-free corporate location is outdated. Qualifying Free Zone Persons may, however, continue to apply a 0% Corporate Tax rate to Qualifying Income, provided that the statutory requirements of the Free Zone regime are met.^[3]

This does not make Dubai less attractive from a tax perspective. But the time when “Dubai = 0% tax” was sufficient as a location analysis is over. International tax obligations, place of effective management, substance, transfer pricing and the tax consequences in the country of origin must now form an integral part of the structuring analysis.

Real estate, lifestyle and international visibility

Population growth, international migration, Golden Visa and relocation effects, strong demand and a continuing pipeline of new developments reinforced expectations of further price increases for years. For many buyers, property therefore served simultaneously as an investment, a store of value, a residence option and part of a long-term Dubai decision.

Dubai also sold a lifestyle: sunshine, safety, international schools, restaurants, beach clubs, events, hotels, service – and an airport from which virtually every relevant economic region seemed within reach.

Then there was the creator economy. As recently as January 2026, the “1 Billion Followers Summit” in Dubai brought together more than 15,000 content creators and influencers as well as over 500 speakers; their combined reach was stated to be around 3.5 billion followers.^[4]

This was not just lifestyle. International visibility had long since become part of the location strategy.

2. Dubai was not at the end of a boom – but at the beginning of the next expansion phase

Dubai had closed 2025 with its third consecutive record year for tourism: 19.59 million international overnight visitors; average hotel occupancy stood at 80.7%. [5]

At the same time, enormous future investments had already been prepared. The pre-war story was therefore not simply: Dubai is successful. It was: the UAE is already investing in the infrastructure for the next stage of economic development.

The future strategy was already funded and under construction

Selected programmes that framed the pre-war growth story

	D33	AED 32 tn	aggregate targets by 2033
	AI Maktoum International	AED 128 bn	new passenger terminal · up to 260m passengers/year
	Dubai Silicon Oasis	AED 12.8 bn	knowledge economy & advanced technology expansion
	UAE-US AI Campus	5 GW	including 1 GW Stargate UAE cluster
	MGX Fund I	\$45 bn target	AI and advanced technology investment platform

Sources: Dubai Media Office, OpenAI, MGX. [6]–[10]

3. Then came 28 February

The war did not suddenly change company law. Nor did it alter the Corporate Tax rules. And it did not make DIFC or the infrastructure disappear.

What changed within a matter of hours was something else: the perception of risk.

Dubai had, of course, always been part of the Middle East. Yet for many international investors, tourists and companies, the location had for years felt economically and psychologically largely insulated from the region's conflicts.

“Dubai is not only economically part of the Middle East. It is geopolitically part of it too.”

That may be the most fundamental change compared with February.

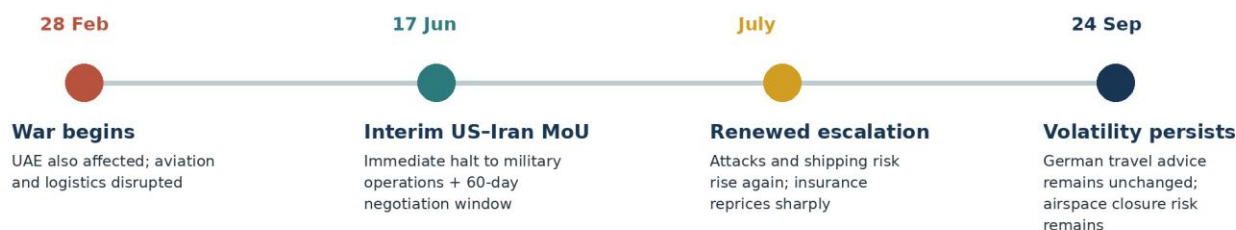
Between the initial shock and the present situation, however, there was a brief period of genuine de-escalation. On 17 June, the United States and Iran agreed an interim Memorandum of Understanding providing for an immediate end to military operations and a 60-day negotiation phase. [20]

The easing of tensions did not prove durable. In July, military confrontation and attacks on shipping increased again; at the same time, war-risk premiums for voyages through the Strait of Hormuz rose sharply once more. [21]

It is precisely this sequence – shock, diplomatic opening, renewed escalation – that explains why the location decision has become more demanding: de-escalation is possible, but it cannot yet be relied upon for planning purposes.

From shock to fragile de-escalation — and back to volatility

The conflict path matters because temporary diplomatic progress has not yet restored planning certainty.



Sources: Reuters (17 Jun 2026); The National (17 Jul 2026); German Federal Foreign Office (24 Sep 2026).

Timeline: Reuters, The National and the German Federal Foreign Office. [18], [20]–[21]

4. An extraordinary stress test – with surprisingly limited physical impact

The first days of the war also provided evidence of how resilient the UAE's state systems are under significant pressure.

According to the Ministry of Defence, 253 ballistic missiles had been detected by 9 March, 233 of which were said to have been destroyed. In addition, 1,440 Iranian drones were recorded, 1,359 of which were reportedly intercepted. At that point, the authorities reported four fatalities and 117 mostly minor injuries. These figures originate from UAE authorities and cannot be independently verified in every detail. ^[11]

Administrative crisis management was also activated. The Federal Authority for Identity, Citizenship, Customs & Port Security stated on 3 March that it had organised procedures for 30,913 stranded travellers. Temporary entry visas were reportedly issued to 15,327 travellers. ^[12]

Stress test: defence and crisis management



Official UAE figures; physical damage remained limited relative to the scale of attacks, while the psychological impact was much larger.

Official UAE figures, as of 3/9 March 2026. [11]–[12]

This does not mean that the UAE is immune to any further escalation. But it does mean that something is known today that previously could only be assumed: key state systems have passed a significant first stress test.

5. Economically, the war hit Dubai at its most sensitive point

More than many other business locations, Dubai depends on something that is rarely perceived as an asset in its own right: mobility. People need to be able to fly. Goods need to move. Tourists need to arrive. Business travellers need to travel. Capital and personnel need to move as smoothly as possible between continents.

Dubai International handled around 31.5 million passengers in the first half of 2026, 31.3% fewer than in the same period of the previous year. Cargo volume fell by 28.7%. At the same time, monthly passenger numbers rose in the second quarter from 3.5 million in April to 5.0 million in June – a clear sign of recovery, but not yet a return to normal.^[13]

This is not a statistical side note. For Dubai, it affects a core part of the business model.

Trade flows and insurability: geopolitical risk becomes an operating cost

For trading, logistics and manufacturing companies, the maritime dimension is at least as important as aviation. Before the war, around 125 large commercial vessels passed through the Strait of Hormuz each day on average. On 21 September, the available tracking data recorded only two commodity vessels. The figure may understate actual traffic because some vessels switch off their AIS transponders.^[22]

Geopolitical risk becomes an even more direct cost factor through insurance premiums. On 17 July, The National, citing Marsh, reported war-risk premiums of between 3% and 10% of a vessel's value – compared with around 0.25% before the war. For a tanker worth USD 100 million, this translates into a premium of USD 3–10 million instead of around USD 250,000.^[21]

The actual rates are highly volatile and depend on the vessel, route and scope of insurance cover. But the scale shows how a previously abstract geopolitical risk feeds directly into freight costs, delivery times, pricing and contractual risk allocation.

Maritime risk became an operating cost

Hormuz disruption affects both physical availability and the price of moving goods.

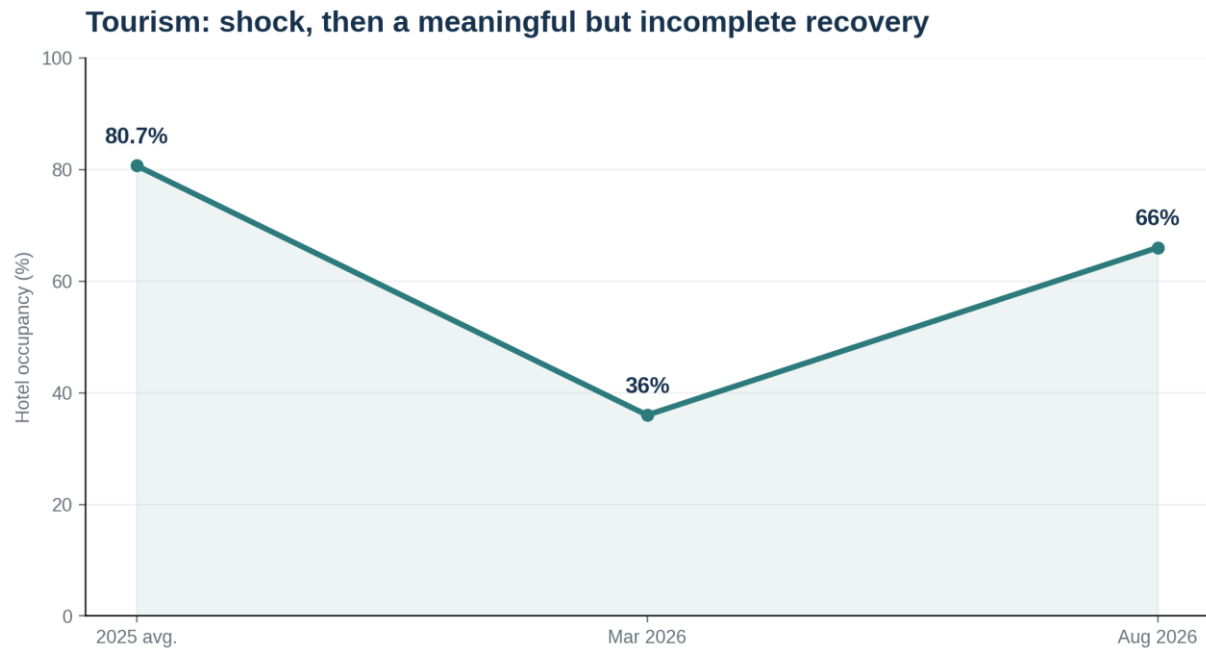


Sources: The National (17 Jul 2026); Reuters/Kpler (22 Sep 2026). Rates are volatile and voyage-specific.

War-risk premiums are voyage-specific and highly volatile. Sources: The National; Reuters/Kpler. [21]–[22]

6. Tourism: the downturn was dramatic – the recovery is real

Hotel occupancy in Dubai fell to just 36% in March. By August, it had recovered to 66%, equivalent to 89% of the August 2025 level. Around 869,000 international overnight visitors arrived in August; the total from January to August was 6.97 million.^[14]



August: 869,000 international overnight visitors · Jan–Aug total: 6.97m

2025: annual average; March/August 2026: Dubai DET. [5], [14]

More accurate than either “normality” or “collapse” is: a severe downturn – followed by a clear but still incomplete recovery.

7. Real estate: “Who knows?” may currently be the most honest short answer

The real-estate picture is less clear. According to ValuStrat, citywide residential values had fallen by around 10% from the start of the conflict to June. In June, the monthly decline slowed to around 1%. At the same time, transactions in completed properties rose by 46.8% compared with May; off-plan registrations accounted for around 75% of sales volume.^[15]

Real estate: no longer a one-directional story



Takeaway: asset selection, location, financing, holding period and exit strategy matter more than a generic “Dubai goes up” thesis.

ValuStrat Residential VPI, June 2026. [15]

That makes a statement that sounded almost self-evident before the war much harder to make today: “Dubai real estate goes up.” That is no longer a sufficient investment thesis. Which location? Completed or off-plan? Apartment or villa? Own use or investment? Which developer? What financing? What holding period? What exit strategy?

“In real estate, a growth story has once again become an investment decision.”

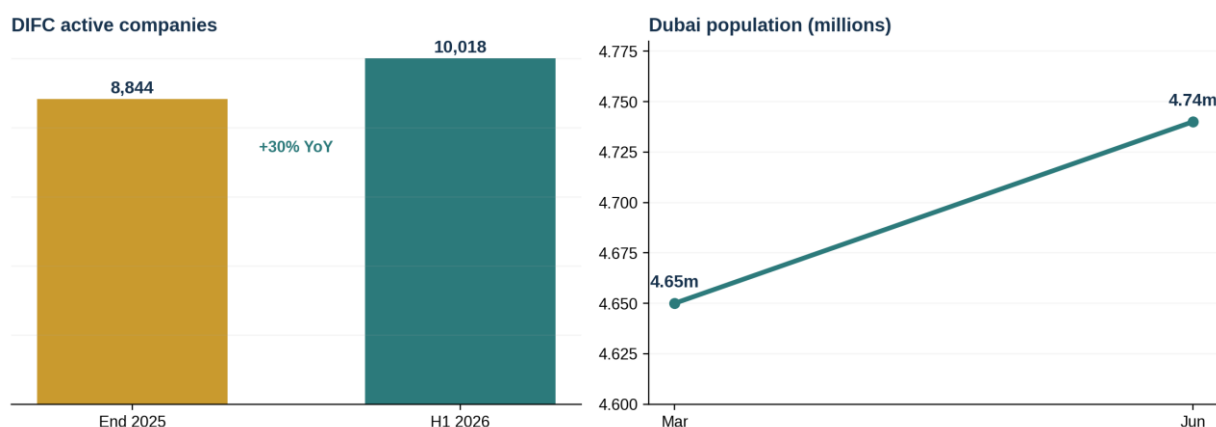
Whether the current correction will, in hindsight, prove to have been a buying opportunity or the beginning of a longer-term revaluation cannot yet be answered reliably in September 2026.

8. And then there are data points that simply do not fit the crisis narrative

At the end of the first half of 2026, 10,018 active companies were registered in DIFC – 30% more than in the same period of the previous year. The number of AI, FinTech and innovation companies stood at 1,933; family-business-related entities at 1,408.^[16]

The population also shows no sign of a broad exodus so far: after falling to around 4.65 million residents in March, it had recovered to roughly 4.74 million by the end of June.^[17]

Resilience indicators that do not fit a simple crisis narrative



DIFC and Dubai population data. [16]–[17]

The same applies to future technologies. MGX closed its first fund on 1 July 2026 with USD 49 billion in capital commitments – USD 4 billion above the original target. The timing is noteworthy: in the middle of the war.^[10]

The long-term technology strategy has therefore not been suspended to date.

9. What happened to the classic location advantages?

This is where the comparison becomes particularly interesting. Seven months of war have severely affected some of Dubai's advantages – while leaving others almost untouched.

What happened to the classic Dubai value proposition?

Tax framework	Largely unchanged	Tax remains internationally attractive; structuring is more complex.
Company formation	Structurally unchanged	Foreign ownership and free-zone options remain available.
Finance / family offices	Still growing	DIFC continues to expand.
AI / technology	Investment continues	Long-term technology strategy remains active.
Connectivity	Impaired, recovering	A core weakness exposed by the conflict.
Tourism	Recovering	Strong rebound from March lows, not yet normalised.
Real estate	Uncertain / segmented	Correction, rebound in ready sales, wide segment divergence.
Security perception	Repriced	Geopolitical risk must now be actively assessed.
Lifestyle / image	Soft signal weakened	Hard to quantify; competing lifestyle destinations matter.

Dubai has not suddenly become less attractive from a tax perspective

The war has not increased personal income tax. It has not changed the Corporate Tax rates. Nor has it abolished the Free Zone regime. For Qualifying Free Zone Persons, Qualifying Income may continue to be subject to a 0% Corporate Tax rate, provided the relevant requirements are met.

The tax attractiveness therefore remains fundamentally intact. But the reality is more demanding: international companies need to structure substance, management, transfer pricing, tax residence and the consequences in other jurisdictions properly.

It is not materially harder to establish a company today than it was on 27 February

Full foreign ownership remains possible across broad areas of the economy. Free Zones continue to offer wholly foreign-owned companies and specialised incorporation environments.

What has become harder is not necessarily establishing a company in Dubai. What has become harder is deciding which function that company should perform within an international structure.

10. The greatest damage may be psychological

Physical damage and economic perception do not have to be proportional. The 30,913 stranded travellers are a good example. For the international perception of Dubai, it was probably less important what proportion of incoming projectiles had been intercepted than the lived experience: flights were cancelled. People were stranded at airports. Tourists had to be accommodated at short notice. Cruise itineraries were interrupted. Business travel could not take place.

A risk that had previously been theoretical suddenly became personal. Human risk perception does not work like an Excel spreadsheet. A visible, emotionally experienced event remains in the mind longer than a statistic.

“The objective data can already improve while subjective perceptions of security continue to lag behind for months or years.”

For German companies, there is an additional practical factor: as of 24 September, the German Federal Foreign Office continues to advise against non-essential travel to the UAE; the advice has remained unchanged since 24 July. The Federal Foreign Office describes the regional security situation as volatile and notes that, despite the declaration of intent signed in June, military strikes have resumed. The risk of airspace closures also remains for the UAE. ^[18]

11. And the influencers? Is the party moving to Mallorca?

From a macroeconomic perspective, this is a fairly marginal question. For a city's image, perhaps not. For years, Dubai benefited enormously from entrepreneurs, athletes, reality-TV stars and social-media personalities constantly showcasing the city as a lifestyle product.

Interestingly, there are now at least a few counterexamples. Leyla and Mike Heiter chose Mallorca as a second home in 2026 and bought a property there in September. Aleks Petrovic announced in September that he would leave Dubai entirely and move his main residence to Mallorca. ^[19]

This does not, of course, establish a general influencer exodus. There are currently insufficient data to identify a robust trend towards Mallorca – let alone Málaga.

Even so, the observation is interesting. A city brand also depends on where the people who publicly stage lifestyle actually want to be. No single Instagram story will determine whether the “party crowd” is permanently reshuffling. But as a soft signal of image shifts, the phenomenon should not be ignored entirely.

12. What may actually be better today?

A war obviously does not make Dubai better. But today we have information that did not exist in February. We know which systems function under stress. We know that state structures and air defence have withstood significant pressure. We know that DIFC continues to attract companies and that billion-dollar technology investments are still being implemented despite the conflict.

We also know more clearly where the weaknesses lie: connectivity, aviation, Hormuz, tourism, parts of the real-estate market, and the psychological dependence of the Dubai model on the promise of almost uninterrupted security.

A decision made today can be based on a more realistic information set than the same decision in February.

A known risk can be assessed, contractually allocated, limited through multiple locations, insured or mitigated operationally. A risk that is not meaningfully priced in cannot.

13. From “Why Dubai?” to a better question

Perhaps that is the real consequence of the past seven months. In the past, the discussion often began with: Why Dubai?

“What function should Dubai perform within my international structure?”

As a holding location? As a regional sales hub? For wealth management? As a family office? For technology and innovation? As an operating company? For logistics? As a real-estate investment? Or as a personal place of residence?

The answers will differ. A software company serving customers in India, Africa and the Gulf has a different risk profile from a trader whose goods flows depend heavily on the Persian Gulf. A family office assesses Dubai differently from a real-estate speculator. And an entrepreneur building an international holding structure will ask different questions from someone relocating there with their family.

For that reason, “Dubai – yes or no?” may now be the wrong starting question.

14. What does this mean for companies?

The analysis does not lead to a blanket recommendation for or against the location. Instead, it changes the questions that should be asked before a structuring, investment or market-entry decision.

- **Function of the UAE structure:** Which functions should genuinely sit in the Emirates – and which should deliberately be protected through a second location?
- **Governance and ability to act:** Where are management, substance and key personnel located, and do representation arrangements still work when travel is restricted?
- **Contracts and insurance:** How do force-majeure clauses, delivery periods, price-adjustment mechanisms, termination rights and insurance allocate the newly visible risks?
- **Business continuity:** What alternatives exist for logistics, personnel, payment and communication channels if individual connections are temporarily disrupted?

These points are deliberately only an orientation. The legal and tax assessment depends on the business model, the specific corporate structure and the jurisdictions involved.

Further reading at OC Legal: [UAE / International Expansion](#) · [Contract Law & Commercial](#) · [Market Entry Germany & Europe](#)

Seven months later: Is Dubai still Dubai?

Yes. And no.

The tax and corporate-law advantages of the location remain largely intact. The financial centre is growing. The UAE continues to invest in artificial intelligence, infrastructure and economic diversification. The population and international business registrations have so far shown no broad exodus.

At the same time, Dubai has lost part of an advantage that rarely appeared on a balance sheet: the idea that one could operate economically at the heart of the Middle East without having to bear its geopolitical risks to any significant degree.

Tourism and aviation have suffered significantly. The real-estate market is no longer a one-way street. And security can no longer simply be taken for granted in a location decision.

That is precisely why neither extreme is convincing: Dubai is neither “over” nor can it credibly be said that, fundamentally, nothing has changed.

“Dubai is not necessarily a less attractive decision today than it was in February 2026. But it is a more demanding one.”

For some business models, the still considerable tax, regulatory, financial and geographic advantages may continue to outweigh the increased geopolitical risk premium by a wide margin. For others, perhaps not.

In real estate, the answer may genuinely be: who knows? And whether the party people permanently move on from Dubai to Mallorca or Málaga will hardly determine gross domestic product. But for the psychological brand of Dubai, it may matter more than it first appears.

The next twelve to twenty-four months will therefore show not only how quickly tourism, aviation and real estate recover. Above all, they will show whether Dubai can rebuild something that is harder to construct than an airport, a metro line or a skyscraper: trust.

And perhaps, after seven months of war, that is the most important KPI of all: trust.

Sources and data basis (selection)

This analysis combines official UAE/Dubai data, corporate and market sources, and external reporting. Where figures from state authorities relate to the conduct of the war, the report expressly identifies them as official figures. Sources accessed/published up to 24 September 2026.

- [1] UAE Government – Full foreign ownership of commercial companies – [Link](#)
- [2] UAE Government – Other taxes / personal income tax – [Link](#)
- [3] Federal Tax Authority – Corporate Tax Guide on Free Zone Persons – [Link](#)
- [4] Dubai Media Office – 1 Billion Followers Summit, 10.01.2026 – [Link](#)
- [5] Dubai Media Office – Tourism results 2025, 09.02.2026 – [Link](#)
- [6] Dubai Media Office – D33 Economic Agenda – [Link](#)
- [7] Dubai Media Office – Al Maktoum International Airport AED 128bn terminal – [Link](#)
- [8] Dubai Media Office – Dubai Silicon Oasis AED 12.8bn expansion, 22.01.2026 – [Link](#)
- [9] OpenAI – Introducing Stargate UAE – [Link](#)
- [10] MGX – Fund I closes at \$49bn, 01.07.2026 – [Link](#)
- [11] WAM – UAE air defence figures, 09.03.2026 – [Link](#)
- [12] ICP – Procedures for 30,913 stranded travellers, 03.03.2026 – [Link](#)
- [13] Dubai Media Office – DXB H1 2026 traffic, 26.08.2026 – [Link](#)
- [14] Dubai Media Office / DET – Tourism recovery through August 2026 – [Link](#)
- [15] ValuStrat – Dubai Residential VPI, June 2026 – [Link](#)
- [16] DIFC – H1 2026 results – [Link](#)
- [17] The National – Dubai population rebound, 04.08.2026 – [Link](#)
- [18] **German Federal Foreign Office – Travel and security advice for the UAE, as of 24.09.2026 (unchanged since 24.07.2026) – [Link](#)[Link](#)**
- [19] RTL / Mallorca Magazin – illustrative lifestyle examples, Sept. 2026 – [Link](#)
- [20] Reuters – 14-point interim US–Iran deal / MoU, 17.06.2026 – [Link](#)
- [21] The National – War-risk shipping premiums surge at Strait of Hormuz, 17.07.2026 – [Link](#)
- [22] Reuters – Hormuz vessel traffic falls to two, 22.09.2026 – [Link](#)

Legal notice

This analysis is provided solely for general information and reflects the author's professional assessment as of 28 September 2026. It constitutes neither individual legal or tax advice nor an investment recommendation. Legal, tax and economic consequences depend in particular on the specific structure, residence, activity and jurisdictions involved. Geopolitical, economic and market-related data may change at short notice.