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GCC economies to harness AI advantages in 2026

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- Global AI infrastructure spending is projected to reach USD 571bn in 2026, driven by explosive demand for AI computing.
- The UAE is positioning itself as a global AI infrastructure hub with a USD 44bn investment pipeline, anchored by the 5GW G42 Stargate campus and Khazna Data Centers 1GW+ expansion.
- Saudi Arabia's HUMAIN has secured over USD 20bn in new partnerships and is targeting 6.6GW capacity by 2034.

Artificial intelligence will be a dominant force shaping economic growth in 2026, delivering a measurable impact through one of the largest infrastructure buildouts in modern economic history. This clarity stands in sharp contrast to the uncertainty surrounding virtually every other economic variable: global GDP growth forecasts span a wide range from the World Bank's cautious 2.4% to the IMF's more optimistic 3.1%, reflecting deep divisions over the impact of sweeping tariff, immigration, and fiscal policy shifts. Yet amid this turbulence, AI's contribution arrives through capital deployment in the form of infrastructure spending that feeds directly into GDP.

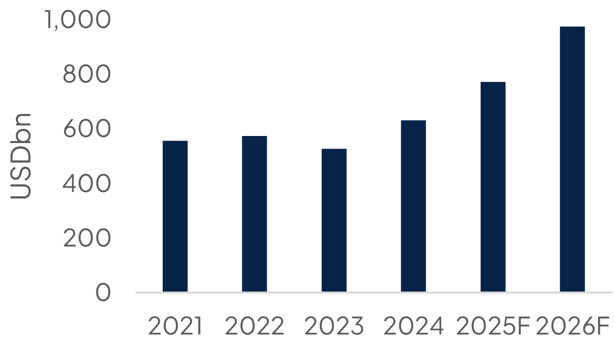
AI spending was a major driver of US GDP growth in 2025. This momentum is expected to continue into 2026, with a significant slice of growth coming not from uncertain productivity gains but from tangible investment: data center construction, semiconductor manufacturing, equipment purchases, and direct job creation.

AI infrastructure buildout amplifies international trade

This infrastructure buildout generates substantial international trade that reinforces the GDP contribution from investment itself. The semiconductor industry has demonstrated exceptional momentum, with H1 2025 sales growing 18.9% y/y to reach USD 346bn, positioning the full-year forecast at USD 772bn and 2026 at USD 975bn, according to the World Semiconductor Trade Statistics (WSTS) December 2025 update.
AI-specific chips are maintaining even more robust trajectories, expected to reach USD 110 to 130bn in 2026 with sustained 28% to 30% annual growth rates. The equipment layer amplifies these figures further, as AI data center infrastructure trade, encompassing AI-optimized servers, high-performance networking gear, advanced cooling systems, and specialized power infrastructure, is forecast to reach USD 250 to 350bn in 2026.

This AI-driven hardware surge is reshaping global commerce patterns: the World Trade Organization documented that AI-related goods accounted for 43% of overall merchandise trade expansion in H1 2025 despite representing only 15% of total trade value, growing at 20% y/y compared to less than 4% for non-AI merchandise.

Global semiconductor sales



Source: World Semiconductor Trade Statistics (WSTS), Emirates NBD Research.

Greenfield FDI: USD 495bn floods into AI infrastructure

Cross-border investment patterns reveal unprecedented capital reallocation toward AI infrastructure. Greenfield FDI in semiconductors and communications infrastructure surged 36.6% y/y in 2024 to reach USD 341bn, commanding 26.1% of total global greenfield investment versus 18.1% in 2023. This expansion accelerated dramatically into 2025, with partial-year data through August indicating an annualized run rate of USD 495bn, representing 45% growth and capturing 38.2% of total cross-border greenfield capital flows.

The semiconductor sector drove the biggest expansion, with greenfield FDI nearly tripling from

USD 42bn to USD 123bn as governments and private investors established foundries and advanced chip manufacturing facilities globally to secure supply chains and capture AI semiconductor demand. Communications infrastructure followed with equally robust momentum, expanding 74% to USD 168bn in 2024 before accelerating further to a 69% annualized growth rate through August 2025 as hyperscalers and telecommunications operators race to build AI-optimized data center networks spanning multiple continents.

The Gulf as a core AI infrastructure hub

The GCC has established itself as a critical destination for global AI infrastructure investment, attracting over USD 40bn in confirmed hyperscaler commitments between 2023 to 2025. The UAE and Saudi Arabia together account for over 75% of the region's existing data center rack capacity, positioning the Gulf not as a peripheral market but as a core component of global AI infrastructure deployment through 2030.

Microsoft leads in regional commitments at USD 17.3 bn, followed by Amazon Web Services at USD 16.3 bn. Google Cloud has established multiple operational regions with investments exceeding several billion dollars, while Oracle has committed USD 1.5bn across its Saudi cloud operations. This concentration represents one of the fastest-growing communications infrastructure buildouts outside North America.

The GCC structural competitive advantages:

Energy Economics: Gulf electricity costs range from USD 0.05-0.06 per kWh, delivering 33-67% savings versus USD 0.09-0.15 per kWh rates in US markets. These OPEX advantages compound significantly over 10-15 year infrastructure lifecycles, particularly for power-intensive AI workloads.

Speed-to-Market: Regional data center projects average 18-24 months from groundbreaking to operational status. This contrasts sharply with 36-72 month full development cycles in the US, where 18-36 months of construction are preceded by extended permitting phases. Power availability constraints add three to seven year approval delays in capacity-constrained jurisdictions like Virginia and the PJM interconnection region. The Gulf's streamlined government approvals and pre-cleared power capacity eliminate these bottlenecks.

Regulatory Alignment: National digital transformation agendas including: Saudi Vision 2030, the UAE National AI Strategy, and Qatar National Vision 2030, align government priorities directly with hyperscaler expansion requirements. This translates into sovereign wealth fund backing, fast-track regulatory approvals, and coordinated infrastructure development.

Strategic Geography: The Gulf's position as a low-latency hub between three continents provides proximity to +3bn users across Asia, Europe, and Africa. This positions regional data centers as optimal serving locations for transcontinental workloads.

UAE: USD 44bn to build the region's AI supercluster

The UAE has emerged as the region's leader in AI infrastructure with 35 operational data centers and a USD 44bn data center investment pipeline representing 55% of total GCC investments. This concentration reflects structural advantages in execution speed, energy infrastructure, and hyperscaler relationships that position the UAE to capture outsized economic returns: PwC projects AI will contribute USD 96bn to UAE GDP by 2031 (13.6% of GDP), the highest proportion among GCC countries and nearly double the broader region's 8.2% expectations.

The UAE has USD 9.9bn deployed across 15 data centers projects that are currently under construction. The UAE's data centers capacity is set to expand by 130% from 414 MW to approximately 950 MW by 2028. This expansion is being led by Khazna Data Centers, the largest player in the UAE market, which is investing USD 1.28bn across five new facilities currently under construction. These projects will collectively add approximately 210 MW of capacity. Growth is further accelerated by major AI infrastructure developments, including the first phase of the G42 Stargate AI campus, which alone will contribute 200 MW by mid-2026. An additional USD 33.6bn sits in pre-execution across 13 projects. This pipeline is dominated by the full Stargate 5GW master plan.

The G42 Stargate campus, a USD 40bn partnership with OpenAI, Nvidia, Cisco, SoftBank, and Oracle will create the largest data center campus outside the United States, ultimately delivering 5GW of computational capacity. At 80% utilization and 1.4 PUE (Power Usage Effectiveness), the campus would consume approximately 49.1 TWh annually, which is more than the total electricity consumption of Denmark at 36.1 TWh, Ireland at 34.5 TWh, or New Zealand at 45.0 TWh.

Metric	UAE	Saudi Arabia
Investment Pipeline	USD 44bn	USD 43bn
Under Construction	USD 9.9bn	USD 8.4bn
Current Capacity	414 MW	300 MW
Capacity in 2028	950MW	650 MW

UAE a major source of digital infrastructure capital

The UAE's strategy ambitions extend far beyond its borders. The UAE is currently the largest investor globally in ICT&Internet infrastructure greenfield FDI in 2025 with USD 67.9bn across 22 projects, ahead of the United States' USD 57bn. The country has positioned itself as the primary capital source for AI infrastructure development.

MGX Fund exemplifies this global reach. The investment vehicle, established by G42 and Mubadala with a target of USD 100bn in assets under management, has deployed capital across strategic AI infrastructure projects. In May 2025, MGX partnered with Bpifrance, Mistral AI, and NVIDIA to develop Europe's largest AI campus in France's Île-de-France region, a 1.4 GW facility representing approximately USD 43bn in investment according to fDi Markets. In October 2024, MGX participated in OpenAI's USD 6.6bn funding round at a USD 157bn valuation, alongside Microsoft, SoftBank, and NVIDIA, securing strategic access to frontier AI development. The fund also joined xAI's USD 6bn Series C in December 2024 at a USD 45bn valuation, and committed approximately USD 7bn to the US Stargate Project, a USD 500bn public-private partnership announced in January 2025 to build AI computing infrastructure across the United States over four years. Led by OpenAI, SoftBank, Oracle, and MGX as founding equity partners, Stargate aims to construct data center facilities exceeding 7GW of capacity across multiple locations including a flagship campus in Abilene, Texas, with additional sites in New Mexico, Ohio, and Wisconsin.

This pattern of large-scale infrastructure investment extends beyond MGX. DAMAC Holding, ranking as the second-largest investor globally in greenfield FDI for ICT and internet infrastructure, announced in January 2025 a USD 20bn investment commitment over four years to develop approximately 2GW of data center capacity across eight US states. Through its EDGNEX Data Centers division, DAMAC will invest in initial phase facilities representing approximately 500 MW combined capacity positioned to serve hyperscalers and Fortune 500 AI computing requirements.

Saudi Arabia's USD 43bn AI infrastructure push

Saudi Arabia is executing an unprecedented AI infrastructure buildout anchored by HUMAIN, the Public Investment Fund's flagship AI subsidiary unveiled in May 2025 under Crown Prince Mohammed bin Salman's direct chairmanship. HUMAIN's ambition extends beyond infrastructure deployment: targeting 1.9 GW of capacity by 2030 and 6.6 GW by 2034, the initiative aims to position Saudi Arabia as the world's third-largest AI hub behind only the United States and China, processing 7% of global AI workloads by 2034.

What distinguishes HUMAIN from Western hyperscalers is its sovereign AI model: full-stack ownership from infrastructure and Arabic language models through to commercial platforms. This establishes strategic autonomy in the AI economy rather than dependency on third-party hosted models. HUMAIN has assembled over USD 20bn in partnerships spanning the entire AI value chain, creating an integrated ecosystem.

Saudi's data center capacity doubling to 650MW by 2028

Beyond HUMAIN's long-term targets, Saudi Arabia's data center capacity will more than double from 300MW across 21 facilities to 650MW across 36 facilities by 2028. Desert Dragon, a USD 1.9bn partnership between ICS Arabia, China Mobile International, and Shanghai-based Lumaotong, leads near-term expansion with 187MW across Riyadh, NEOM, Jeddah, and Dammam.

The broader project pipeline signals sustained momentum: 19 execution-phase projects valued at USD 9.3bn and 27 pre-execution projects worth USD 34bn, with 14 currently in study phase. Full realization of this pipeline would accelerate Saudi Arabia toward PwC's projection of USD 135.2bn in AI-driven economic gains by 2030, equivalent to 12.4% of GDP, representing the largest absolute AI economic impact in the Middle East. Healthcare represents the highest value sector opportunity at USD 15 to 27bn.

Infrastructure today, productivity tomorrow

The paradox at the heart of AI's economic impact in 2026 is that its contribution to growth comes entirely from pouring concrete and installing equipment, not from the transformative productivity gains that will ultimately justify these investments. While the Penn Wharton Budget Model projects AI will boost productivity growth by 0.2 percentage points annually at its peak in 2032 and increase GDP levels by 1.5 percentage points by 2035, none of these efficiency gains materialize in 2026. This temporal mismatch of infrastructure today, productivity tomorrow makes AI uniquely valuable amid broader economic uncertainty.

The UAE and Saudi Arabia are capturing outsized economic returns from this infrastructure-first phase of AI development. The UAE has USD 9.9bn currently under construction across 15 data center projects, with capacity expanding from 414MW to 950MW by 2028. Saudi Arabia is deploying USD 8.4bn across 15 projects under construction, more than doubling capacity from 300MW to 650MW by 2028. These current deployments, not the broader USD 44bn and USD 43bn investment pipeline that include pre-execution projects, represent immediate GDP contributions through construction employment, equipment orders, and infrastructure development.

When the productivity gains start to emerge in 2028-2030, the UAE and Saudi Arabia will have established data center capacity and the ecosystem advantages that compound over time. While other markets navigate regulatory delays and power constraints, the UAE and Saudi Arabia are converting capital into operational infrastructure today, ensuring they capture both the immediate GDP boost from construction and the transformative productivity gains tomorrow.

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