

United Arab Emirates Hybrid and Electric Vehicles - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2029)

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Report description:

The United Arab Emirates Hybrid and Electric Vehicles Market size is estimated at 3.01 billion USD in 2025, and is expected to reach 7.68 billion USD by 2029, growing at a CAGR of 26.37% during the forecast period (2025-2029).

The market is growing in line with the UAE's vision to incorporate hybrid and electric vehicles across segments, supporting its sustainability and technological advancement goals

- The United Arab Emirates is emerging as a leading sustainable transportation hub in the Middle East, witnessing a notable surge in the market for hybrid and electric vehicles (HEVs and EVs). Within these markets, the passenger car segment takes the lead, reflecting a rising consumer preference for eco-friendly and energy-efficient rides.
- Government initiatives, including incentives for green vehicles, widespread charging station installations, and reduced fees for electric car registration, have bolstered the market. Notably, luxury electric sedans and SUVs are gaining significant traction, resonating with the United Arab Emirates' penchant for high-end automobiles. Hybrid vehicles are also finding favor, serving as a transitional choice for consumers seeking to reduce their carbon footprint without fully committing to electric variants.
- The commercial segment is gradually embracing hybrid and electric technologies, with a particular emphasis on logistics and public transportation. As part of its sustainable urban development vision, the United Arab Emirates is electrifying its public bus fleets and introducing electric taxis. For commercial fleets, the adoption of HEVs and EVs is driven by factors like cost savings, corporate sustainability goals, and compliance with emerging environmental regulations. However, the growth of this segment hinges on the expansion of charging infrastructure and targeted government incentives for commercial operators. Additionally, electric two-wheelers, such as scooters and motorcycles, are gaining popularity in urban centers, where traffic congestion and parking challenges make them an appealing choice for short commutes.

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United Arab Emirates Hybrid and Electric Vehicles Market Trends

The United Arab Emirates demonstrates consistent growth in electric vehicle adoption across all segments

- In the United Arab Emirates, from 2022 to 2023, there was a notable surge in the shift toward electric vehicles (EVs) across various segments. In the passenger car industry, the adoption of electric models jumped from 2% in 2022 to 4% in 2023. Light commercial vehicles (LCVs) witnessed a more significant leap, with the share of electric LCVs rising from 0.20% in 2022 to 1.09% in 2023. The medium and heavy-duty truck (M&HDT) category, starting at 0% in 2022, witnessed a modest uptick to 0.10% in 2023. Buses, too, exhibited a consistent climb, with the electrification rate rising from 0.50% in 2022 to 1.96% in 2023.
- From 2017 to 2022, the UAE witnessed a gradual but notable surge in EV adoption across all vehicle categories. The share of electric passenger cars rose from 2% in 2017 to 5% in 2022. LCVs, starting at a modest 0.20% in 2017, accelerated to 1.98% by 2022. The M&HDT segment, previously stagnant, began its electrification journey in 2022, reaching 0.10%. Buses maintained a steady upward trajectory, climbing from 0.50% in 2017 to 3.42% in 2022. The two-wheeler segment witnessed a significant surge, with electric two-wheelers accounting for 1.50% in 2017 and soaring to 7.81% by 2022.
- In 2030, projections indicate a consistent and robust growth in EV adoption in the United Arab Emirates. By 2030, passenger cars are expected to have an electrification rate of 12%. The LCV segment is projected to reach 6.00% by 2030. After its initial phase, the M&HDT category is anticipated to hit 4.00% by 2030. Buses are on track for a 10.00% electrification rate by 2030, while the two-wheeler segment, displaying the most rapid growth, is poised to reach a significant 22.00% by 2030.

United Arab Emirates Hybrid and Electric Vehicles Industry Overview

The United Arab Emirates Hybrid and Electric Vehicles Market is fairly consolidated, with the top five companies occupying 71.89%. The major players in this market are Audi AG, Hyundai Motor Company, Peugeot S.A., Toyota Motor Corporation and Volvo Car AB (sorted alphabetically).

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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