



بنك الإمارات دبي الوطني  
Emirates NBD

## Sector Outlook

9 February 2022

# Dubai Tourism: Recovery in 2021

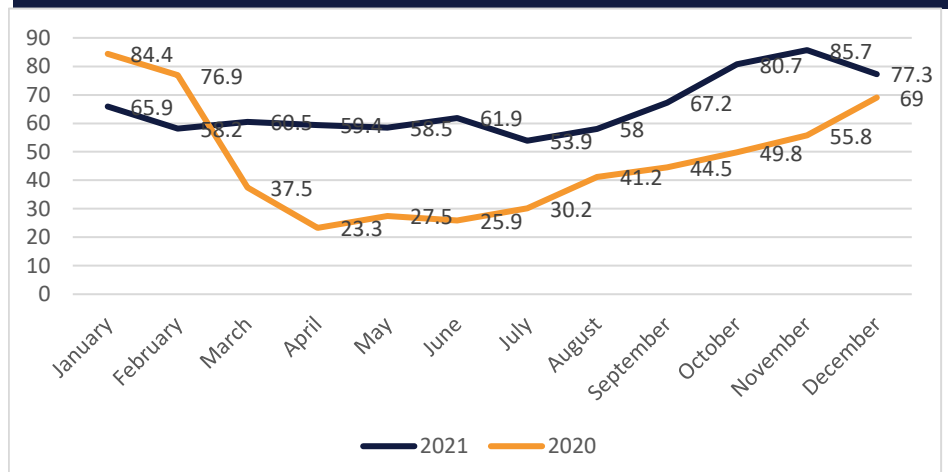
**Dubai's tourism sector in 2021 has recovered strongly from the challenges of the pandemic year** with international visitor numbers in Q4 at around 74% of pre-pandemic levels. This was despite a challenging year which was dominated by an incredibly complex picture of global travel restrictions and lockdowns that fluctuated with multiple waves of Covid-19.

**Other metrics reflect a growing resilience.** In the hotel sector for example, while December saw a slight drop in occupancy rates, hotels managed to keep prices steady, with RevPAR unchanged vs November, and that after 4 consecutive m/m increases. Expo 2020 continues to be a big draw, and the UAE has managed Covid-19 dynamics extremely well, with 94% of the UAE population vaccinated, and the country topped Bloomberg's Covid Resilience Ranking in January this year. While headwinds from the latest Covid variant continue to cloud for the outlook for the global tourism sector, a focus on the correct set of policies, that reduce risks and keep the doors open for tourists, in addition to leveraging on its high-quality travel infrastructure, will allow Dubai to chart a determined path to toward normalization.

**Data published by Dubai's Department of Economy and Tourism (DET) showed Dubai attracted 7.28mn international visitors for 2021, a 32% y/y growth compared to 2020.** In Q4 2021, Dubai attracted 3.4mn visitors almost 74% of the total pre-pandemic tourist arrivals. In terms of key source markets India ranked 1<sup>st</sup> (910,000 visitors, up 5.3% y/y), followed by Saudi Arabia (491,000, +22.8% y/y), Russia (444,000, +50.3%) and the UK (420,000, +7.1% y/y). Tourism arrivals from regional markets (MENA and GCC) contributed to 26% of the total volumes, reinforcing Dubai's continued appeal to travellers from the near region. Western Europe accounted for 22% of total visitors in 2021 led by the UK, followed by France, Germany, Italy and the Netherlands. South Asia contributed 18% of total international visitors with Russia, CIS and Eastern Europe contributing 15%. In December, Dubai International Airport retained its position as the world's busiest for international passengers, overtaking London's Heathrow, with 3.54mn seats, about 1mn more than the next busiest airport, Heathrow, according to aviation consultancy OAG. Dubai Expo 2020 reached 11.6mn visitors up to Jan 31 2021, with 30% of visitors from abroad.

**Statistics from DET showed that Dubai's hotels performed strongly in Q4 2021 to achieve significant growth across all hospitality metrics compared to 2020.** The hotel sector outperformed pre-pandemic levels across all measurements in Q4 2021 with 81.4% occupancy compared to 80.7% during Q4 2019. Average occupancy, overall, reached 67% in 2021 compared to 54% in 2020, which places it among the highest occupancy rates internationally, given the context of pandemic restrictions in 2021. DET data showed Dubai had 755 hotel establishments and 137,950 rooms in 2021, compared to 711 hotels establishments that were open with 126,947 rooms at the end of 2020.

**Dubai hotel occupancy rates 2021 vs 2020 (%)**

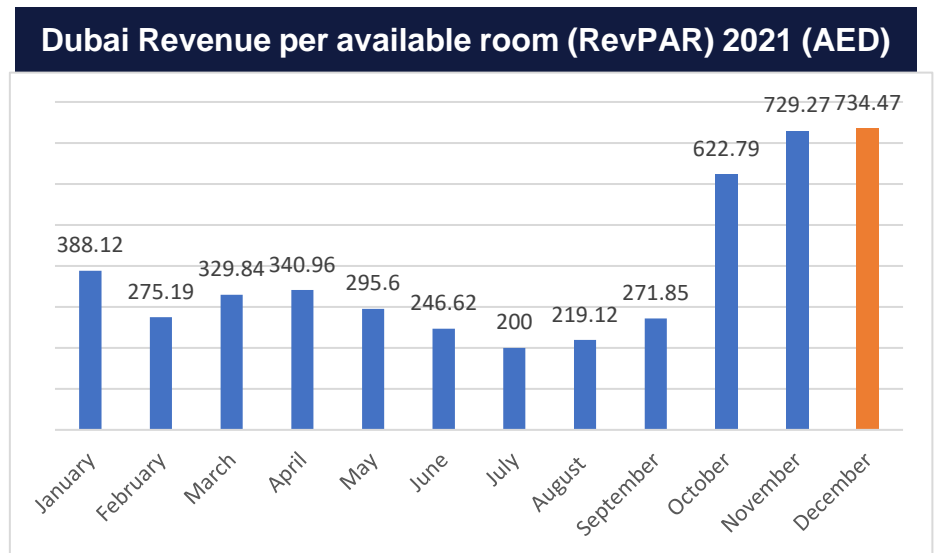


Source: STR Global, Emirates NBD Research

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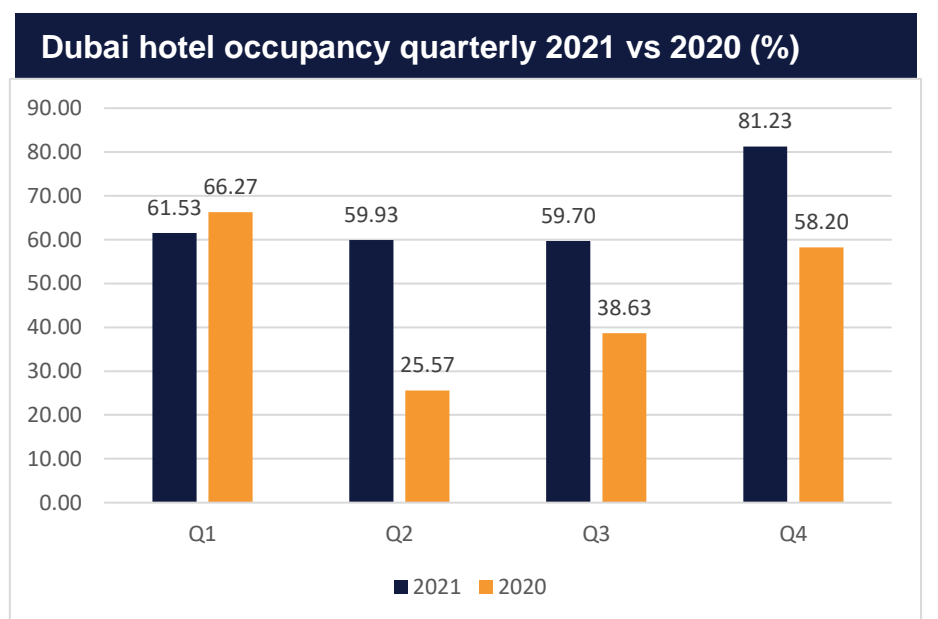
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The hotel occupancy measures for 2021 by DET correlate closely to latest December figures released by data provider STR which showed that hotel occupancy for last year stood at 65.9% (against 48.8% in 2020 and 74.4% in 2019). For 2021 as a whole RevPAR stood at AED 391.60 up 74% from 2020, and almost 96% of the AED 406.69 RevPAR for 2019.



Source: STR Global, Emirates NBD Research

Hotel occupancy in Dubai moderated to 77.3% in December from a robust 85.7% in November and 80.7% in October, according to data by STR. Revenue per available room (RevPAR) was flat in December after rising by 17% m/m in November, but is up 74% y/y. The hotel sector benefited in Q4 21 from a combination of factors lead by Expo 2020, improving Covid-19 metrics (pre-Omicron), a pick-up in international tourism footfall, and a busy schedule of events and conferences. However, the onset of the Omicron variant in December and the related restrictions led to some softening, which we expect to be temporary.



Source: STR Global, Emirates NBD Research

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