



بنك الإمارات دبي الوطني
Emirates NBD

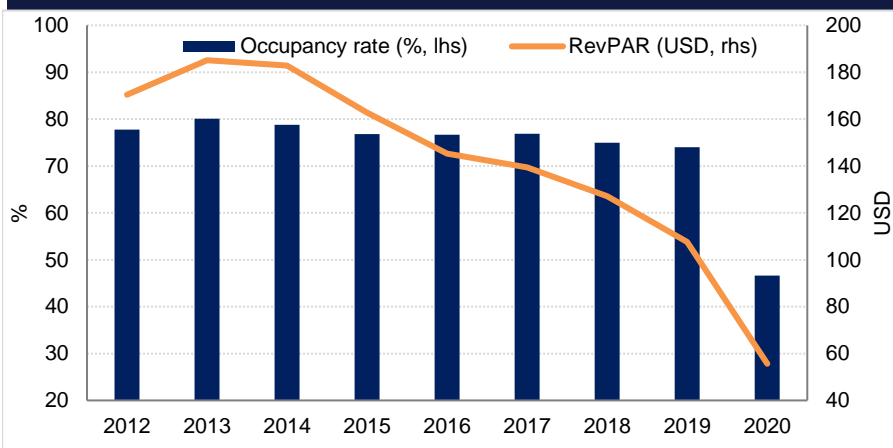
Sector Outlook

22 March 2021

Dubai Tourism: Future Focus

Dubai is one of the few destinations that remains largely open for visitors, albeit with tighter restrictions on some parts of the tourism sector. Dubai tourism authorities met with key stakeholders in the tourism sector in early March, to discuss the sector's outlook, and help with policy measures to address challenges. The meeting is a good sign of policy engagement, and we stress the importance of policies in navigating the sector through challenges. Dubai's new masterplan for 2040 will provide long term guidance for the industry as it addresses its competitiveness in a very challenging global travel landscape. The sector's performance this year will be impacted by the balance of variables that will drive tourist flows into Dubai, with global travel restrictions a defining variable that will remain dependent on the dynamics of the Covid-19 pandemic and vaccine rollout.

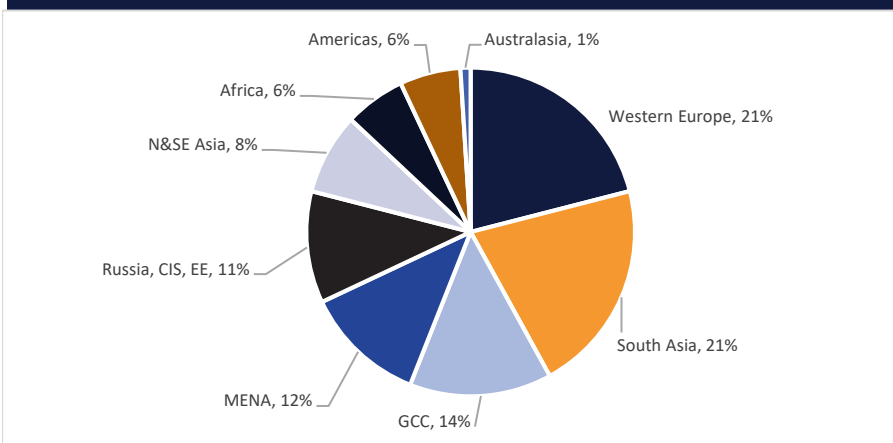
Dubai Hotel Occupancy & RevPAR



Source: STR Global, Emirates NBD Research

Earlier this month Dubai Tourism hosted a meeting of key stakeholders from the tourism sector of the emirate. The meeting included officials from Emirates Airlines, Jumeirah Group, Hilton, Kerzner International, Accor and other local tourism entities. The goal of the meeting was to sound out the industry and get a collective view on Dubai's tourism sector and the outlook for the industry as it navigates Covid-19. The stakeholders were positive on the sentiment surrounding Dubai as a key destination and reaffirmed their commitment to support the industry, especially on the strict implementation of health and safety protocols in collaboration with the authorities.

Dubai Visitor Source by region Jan-Dec 2020

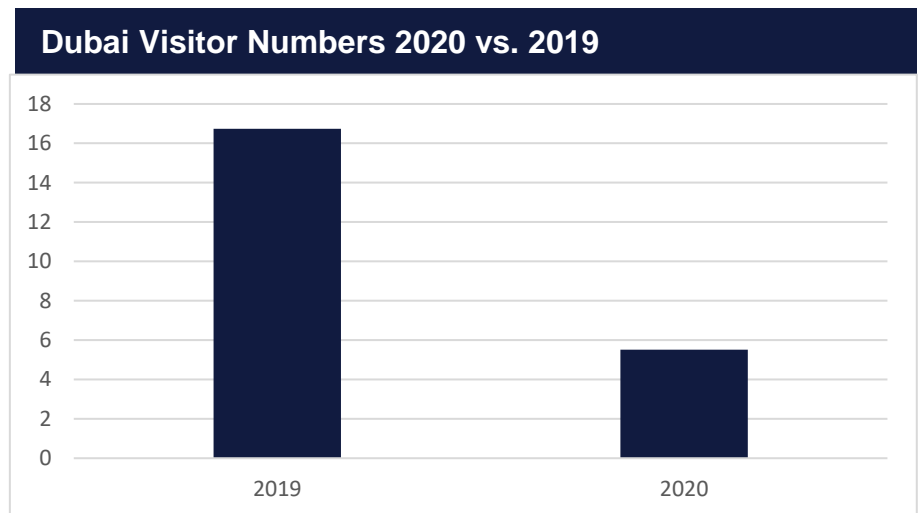


Source: Dubai Tourism, Emirates NBD Research

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They noted that the pace of the global tourism industry’s recovery in 2021 will be highly dependent on the evolving Covid-19 situation, noting the recent travel restrictions in several countries, as well as the speed of economic recovery in key source markets. The message that resonated from most of the participants was one where safety protocols are key, stressing stringent implementation as the only option as the emirate continues to adopt a largely open-door policy to global tourists.



Source: Dubai Tourism, Emirates NBD Research

Data from Dubai Tourism shows that Dubai visitor numbers for the whole of 2020 were down 67% compared to 2019, and in January remain almost 75% lower than last year. For the whole of 2020 Western Europe and South Asia accounted as the largest source markets for tourists followed by the GCC. There was no change in the top three key source markets (India, Saudi Arabia, United Kingdom) largely due to the fact that border restrictions were a global phenomenon, and all countries were affected. However, China dropped from the 5th to 8th place in the top 10 source markets for international visitors, while Russia moved up from 6th place in 2019 to 4th place in 2020.

Data from STR Global shows revenue per available room (RevPar) in Dubai down 31.7% y/y for the year-to-February 2021. Occupancy for the YTD period through Feb this year is at 62% compared to almost 80% for the same period last year. The January and February period at the beginning of last year reflects the pre-covid situation however, and we expect the y/y comparisons to improve going forward as the impact of border restrictions will fall into the base. The supply of hotel rooms in Dubai in January-February was up 2% y/y, indicating that capacity in the sector has recovered.

The recovery has been challenging but the outlook continues to improve as the global vaccination drive takes hold, albeit in an uneven fashion. Dubai announced its Urban Master Plan 2040 this month, and in it set forth plans to increase the land area used for hotels and tourist activities by 134% and the length of public beaches by as much as 400% over the next two decades. The plan sets specific development objectives that will also address qualitative measures to improve the experience of tourists in Dubai. This is important in giving direction to a sector looking for a clear exit from this pandemic, and planning for the years and decades ahead.

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