



بنك الإمارات دبي الوطني
Emirates NBD

Sector Outlook

22 November 2021

Dubai Tourism: Expo 2020 drives growth

Dubai's tourism sector is recovering at a robust pace, supported a very successful start to Expo 2020 that has become a major point of attraction since its kick-off, and very effective Covid-19 management that has seen the number of new cases drop below 100 per day. While the global Covid-19 picture remains in flux with several European countries mandating or mulling new lockdowns, the overall picture in the UAE is underpinned by strict inward travel protocols, and high a vaccination rate that is creating a safer backdrop for tourists. Much of the data released reflects a very solid recovery across nearly all metrics of the tourism sector, and we expect the following months to reflect similar stamina, so long as global Covid-19 headwinds remain contained. The resumption of flights to important destinations in Australasia and the overall trend of more relaxed cross border global travel restrictions are tailwinds supporting the recovery.

Hotel occupancy in Dubai surged to 80.7% in October from 67.2% in September and 58.0% in August according to data by STR Global. Revenue per available room (RevPAR) was up 54% m/m in October after rising 10.2% m/m in September and 9.5% in August, marking the third straight m/m rise in RevPAR. The sector is benefiting from a combination of factors lead by Expo 2020, improving Covid-19 metrics, a pick-up in international tourism footfall, and a busy schedule of events and conferences. Those factors are likely to continue to support the tourism market into the first quarter of next year, helping place the market back onto a more normalized footing after the impact of the pandemic on this economically important sector.

The y/y metrics also continue to improve. Hotel occupancy in Dubai was 30.9pp higher y/y in October 2021 while RevPAR was up by 240% y/y. Dynamics in neighbouring Abu Dhabi also improved, with hotel occupancy in the capital up 12.3pp y/y, while RevPAR was up by close to 42% y/y.

According to figures released by Dubai Tourism and Commerce marketing, Dubai received 3.85M visitors from January to September 2021, up by 1.62mn visitors in September alone. The highest number of international guests arrived from India at 528K visitors. Russia, Saudi Arabia, the United States and France respectively comprised the other key source markets for Dubai.

Dubai Revenue per available room (RevPAR) 2021 (AED)



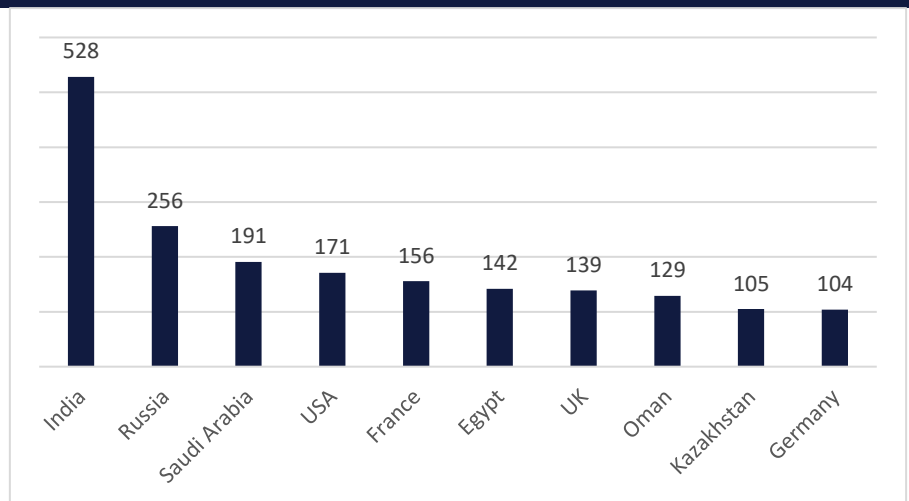
Source: STR Global, Emirates NBD Research

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Dubai International Airport (DXB) has seen 20.7mn passengers from January to end October, with October figures a 20% increase over Sept. DXB's passenger volumes Q3 totalled 6.7mn. The airport said it is serving 83% of destinations in 99% of the countries compared to pre-pandemic levels. Dubai Airports said South Asia retained its rank as its largest contributor of passenger traffic led by India (2.8mn) and Pakistan (1mn). Egypt was ranked third with (753,000) passengers, followed by the US (710,000) and Turkey (598,000). Other notable destinations include Ethiopia, Russia and Saudi Arabia. The top three cities by traffic were Cairo (634,000), Istanbul (576,000) and Addis Ababa (573,000). Dubai Airports revised its year-end passenger forecasts by an additional 2mn passengers to 28.7mn and expects 57mn passengers in 2022.

Top 10 source markets to Dubai ('000 Jan to Sep 21)



Source: Dubai Tourism, Emirates NBD Research

Expo 2020 has recorded 2.3 million visits in the first month, with 17% of total visits from overseas. Figures by released by Expo 2020 showed 53% of visitors hold a Season Pass allowing them multiple entries, while 27% purchased a Multi-Day Pass and 20% on a one-day ticket. A total of 1,938 government leaders, including ministers, presidents, prime ministers, and heads of state, have visited the Expo site to open their country's pavilions, speak at official events or celebrate their nation's Expo. 185 nationalities visited the event, while the top five source markets for visitors where India, Germany, France, Saudi Arabia and the UK. The event has 192 country pavilions, the first time in World Expo history that every participating nation has its own pavilion. A total of 5,610 official events have been staged across the Expo site during the first month of operations.

November is likely to reflect similarly robust performance metrics for Expo 2020, as headline events such as Diwali celebrations, and Expo's Infinite Nights concerts among many others support further visitors' footfall to the event. The UAE's Golden Jubilee Celebrations, and increasingly accommodative seasonal weather will likely further support the events performance metrics in the months ahead.

In October, Dubai's Department of Economy and Tourism in co-operation with General Directorate of Residency and Foreigners Affairs launched a five-year multi-entry visa for employees of multinational companies. **The five-year multi-entry visa targets employees of foreign-owned firms as it enables them to participate in events, conferences, training courses, exhibitions** and similar activities hosted in Dubai by these companies. The visa allows those employees to visit and stay in the UAE for 90 days, with the option of extending their stay for another 90 days. The visa is an important measure in easing travel for a very important segment of visitors to the MICE (Meetings, incentives, conferences & exhibitions) sector.

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