



بنك الإمارات دبي الوطني  
Emirates NBD

## Sector Outlook

22 September 2021

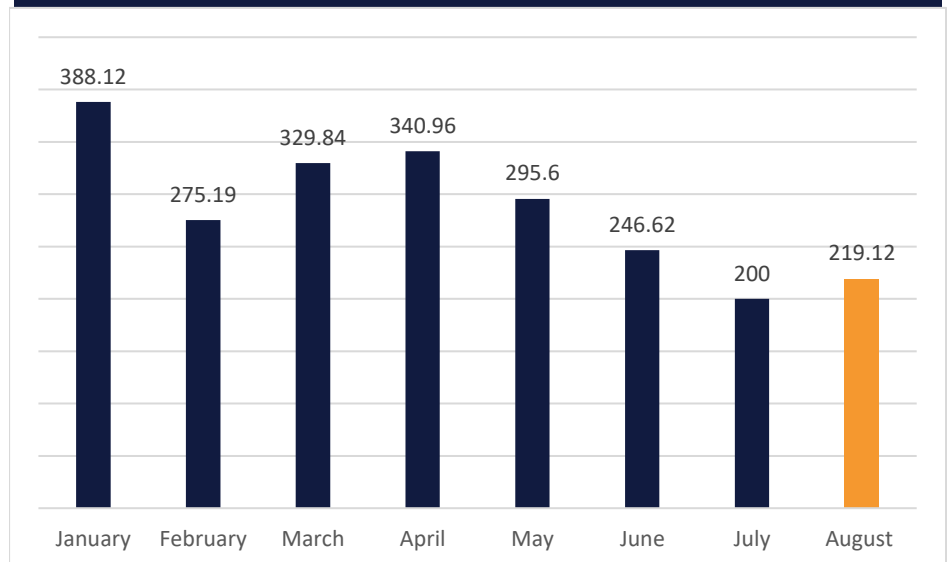
# Dubai Tourism: Market dynamics are normalizing

**We expect Covid-19 restriction mandates to increasingly move towards more relaxation, if the global balance of vaccination uptakes is maintained at the pace needed to prevent another wave materialising.** The tourism sector in Dubai will benefit not only from easing of two-way restrictions between the UAE and key source travel markets, but also from an increasingly less restrictive global travel market. As an important global aviation hub, Dubai will benefit from transit passengers who will use Dubai as a connection point into other destinations, with the emirate actively seeking to capture those passengers for short-term visits.

**Hotel occupancy in Dubai rose to 58.0% in August from 53.9% in July and 61.9% in June.** Revenue per available room (RevPAR) was up 9.5% m/m in August, following July's -19% drop, marking the first m/m rise in RevPAR since April this year. Seasonal dynamics contributed to some of the softness over summer, as staycations gave way to expats choosing to travel for vacation, and hotel operators aggressively cut prices in the preceding months to attract customers. Tighter travel restrictions imposed over the summer in some markets contributed to headwinds faced by the sector.

The y/y metrics continue to improve. Hotel occupancy was 17pp higher y/y in August 2021 while RevPAR was up by 50% y/y. Dynamics in neighbouring Abu Dhabi also improved, with hotel occupancy in the capital up 7pp y/y, while RevPAR up was up close to 5% y/y.

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



Source: STR Global, Emirates NBD Research

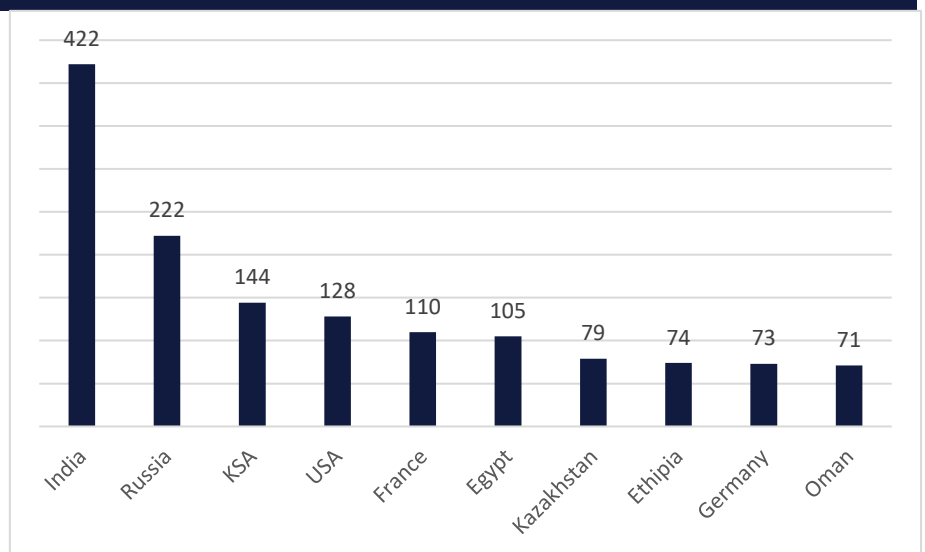
**The improvement in hotel occupancy rates in August can be attributed to several factors including the loosening Covid-19 restrictions with key markets like the UK and India.** The resumption of a more "normalized" schedule of travel between the UK and the UAE in August on the back of the UK moving the UAE to the amber list likely supporting those improved dynamics. Travel restrictions on flights from India that were put in place on 25 April 2021 and remained in place during the summer season have had an impact on Dubai's travel and hospitality sector as India is the largest source of international visitors to Dubai. However visit visas for fully vaccinated Indian tourists started to be issued again last month.

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**While COVID-19 global travel restrictions remain in flux, the overall picture continues to improve for the UAE.** The United Kingdom should be significantly reducing travel restrictions for vaccinated passengers from the UAE from October 4, likely a huge boon to two-way travel especially around Expo 2020. Saudi Arabia earlier in September removed travel restrictions to the UAE, after flights to and from both countries were grounded as of July 4. This marks another significant improvement for the market's outlook, especially given Saudi Arabia's position as the largest source market for regional inbound tourists to Dubai. Visit visas will also be issued for all vaccinated passengers from previously restricted countries in Asia and Africa.

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



Source: Dubai Tourism, Emirates NBD Research

**According to figures released by Dubai Tourism and Commerce marketing, Dubai received 2.85mn international visitors from January to July 2021.** The figures also showed total hotel nights booked from January to July 2021 were up by 52% compared the same period in 2020. The supply of hotel rooms has continued to recover, with 129,318 rooms in 718 hotel establishments available in July. According to data from STR, for the first seven months of 2021, Dubai ranked 2nd globally in terms of occupancy after Singapore and ahead of London and Paris. For the January-July 2021 period, Dubai's YTD RevPAR was highest amongst the four destinations, followed by Singapore, Paris and London. DTCM launched an international advertising campaign called Dubai Presents, which features a series of blockbuster trailers by Hollywood icons Jessica Alba and Zac Efron, to position Dubai to international travellers as global travel restrictions begins to ease.

**Separately, the General Civil Aviation Authority (GCAA) showed the total number of passengers travelling to the UAE grew in August to over 2.5mn, compared to 814,000 in the same period of 2020, rising by 207% y/y.** Separate figures by data firm OAG showed that Dubai International Airport (DXB) was the 2nd busiest international airport in August with 2.3mn passenger seats, with Amsterdam Airport Schiphol (AMS) the busiest international airport with 2.5mn passenger seats. Prior to the pandemic Dubai International was the world's busiest international airport. The continued relaxation of global travel restrictions should improve those dynamics further.

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