

Dubai Hotel Market Update

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Record increase in visitor numbers

Dubai's hospitality sector had a strong performance in 2024 as the sector benefited from an increase in tourist arrivals and openings of new attractions and hotels.

Dubai hosted 18.72m visitors throughout 2024, representing growth of 9.2% y/y. There are various factors that supported this growth. Amongst others, the resumption of direct Emirates flights to Nigeria in October after a two-year suspension and a new interline agreement signed between Emirates and West African carrier, Air Peace, are likely to have contributed to the growth in passenger numbers between Dubai and Africa's most populous country through 2024. Western Europe made the largest contribution to the annual figure as not only was it the largest source market, but its visitor numbers also grew by 14.8% last year, while South Asia expanded by a softer 1.6%. A detailed analysis of the visitor numbers and makeup is outlined in our latest report [Dubai: Tourism sector hit record in 2024](#).

Rooms supply expands to meet the growing demand

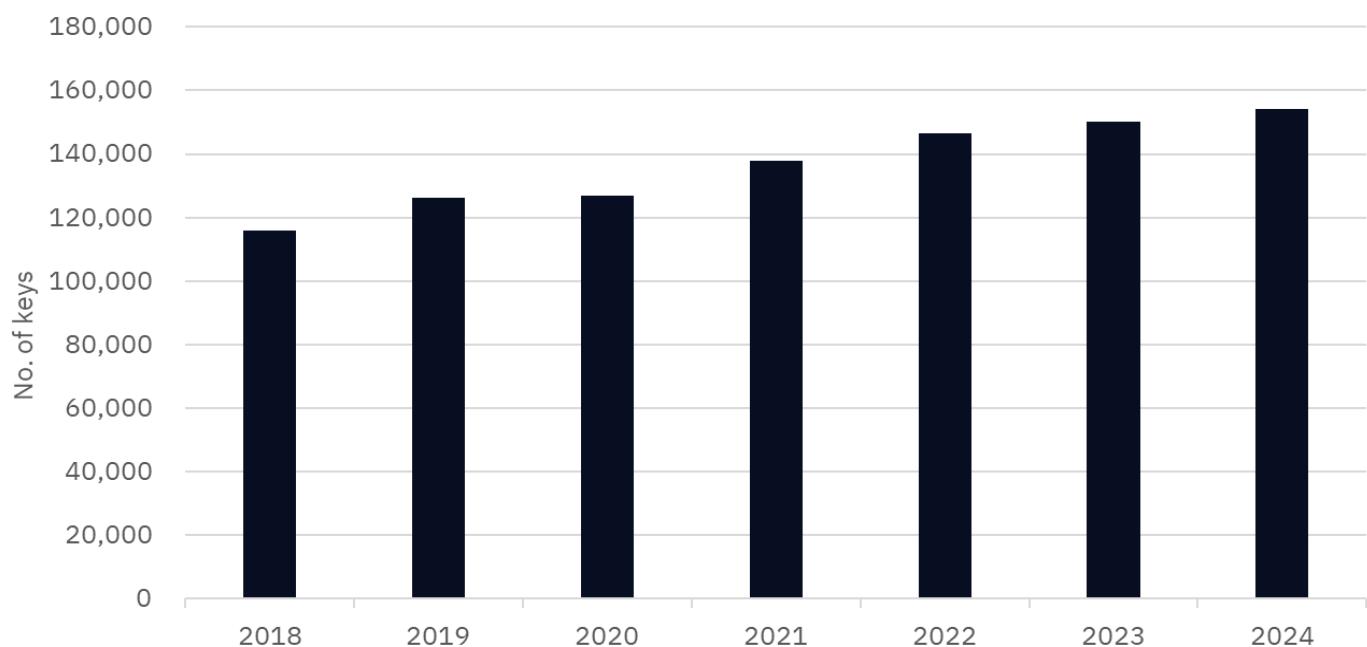
Dubai now leads most global cities in terms of the number of available hotel and hotel apartment rooms. The city currently has close to 154,016 rooms as per the latest figures from the Dubai Department of Economy and Tourism (DET). Comparatively, other global cities such as London and Singapore have 145,984 and 66,690 units respectively.¹

The city offers plenty of options across price spectrum. From the existing room supply, 64% of the rooms are concentrated in the four-star (28% of the total available rooms) and five-star (35%) category, and 19% is concentrated across the one to three-start categories. The remaining 17% of the room supply is in the form of hotel apartment units.

An additional 3,000 rooms are likely to be added to the existing supply by the end of 2025. The majority of the upcoming supply is concentrated in the five-star and four-star category followed by serviced apartments.

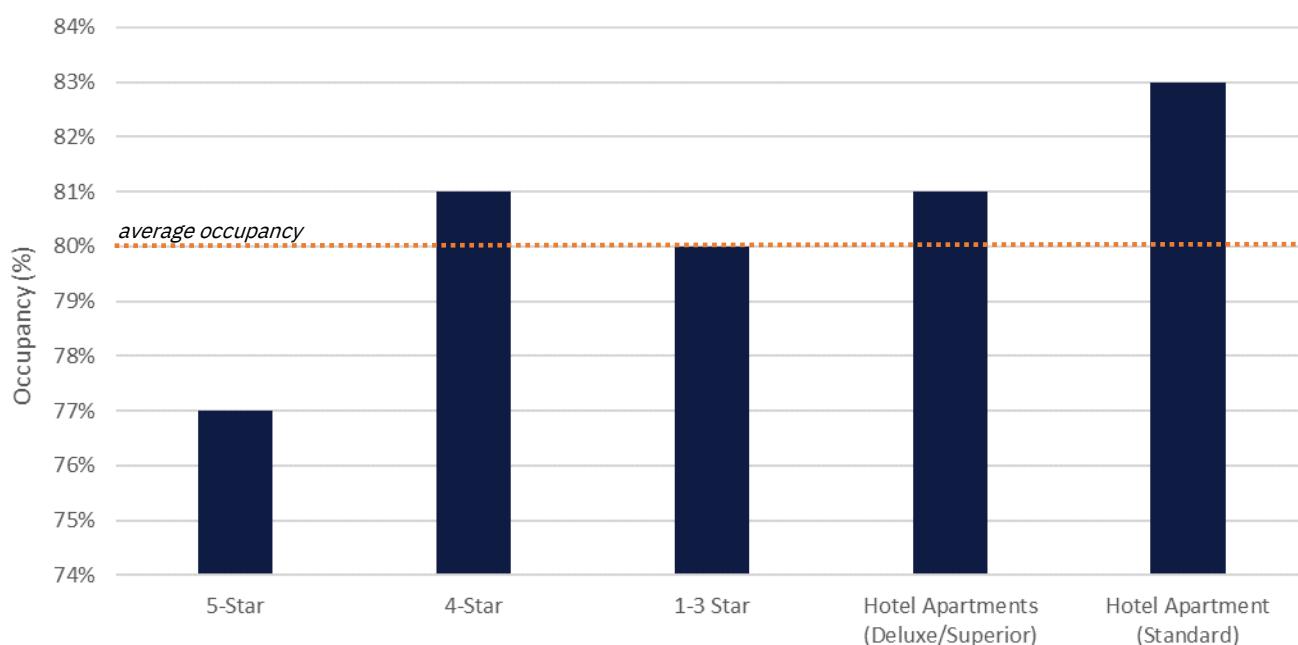
¹ Source: HVS, Data for London is till September 2024 and for Singapore is till August 2024. Singapore data includes non-branded hotels.

Available room keys across Dubai



Source: DET, Emirates NBD Research. *Includes data for hotel apartments

Occupancy rates across room category in 2024

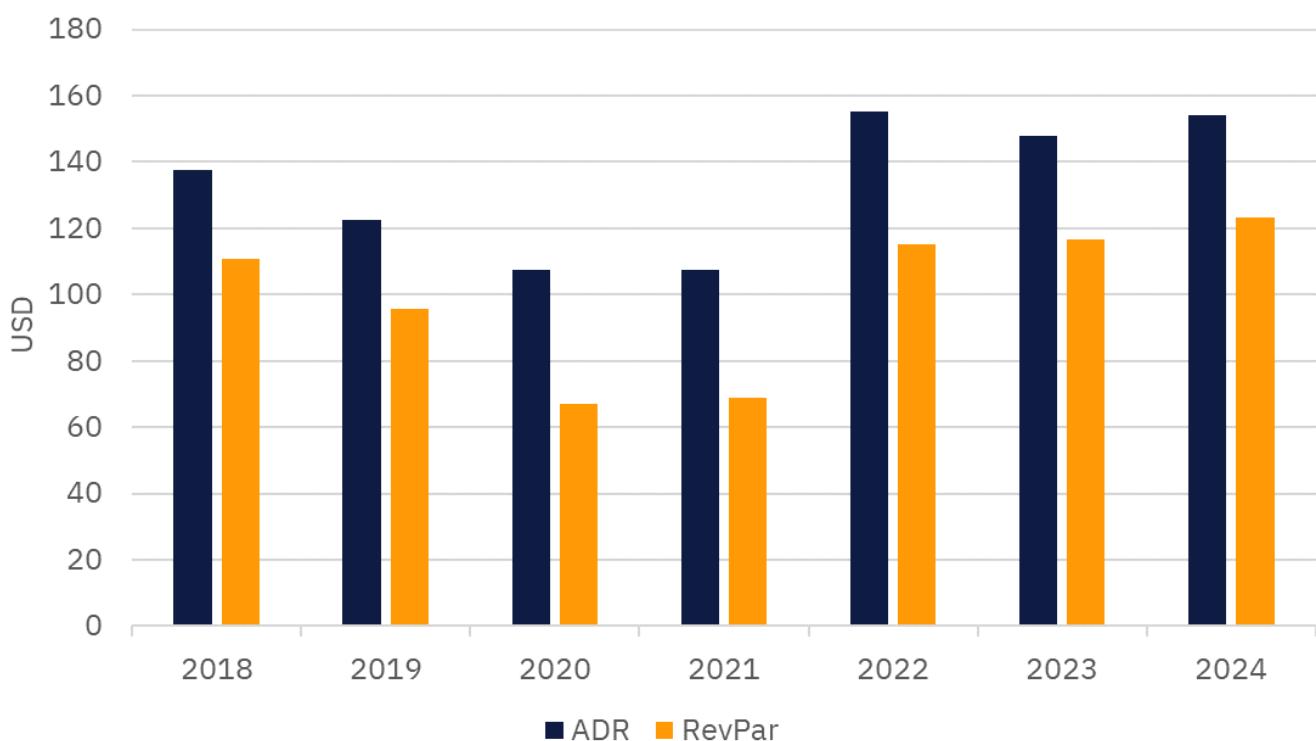


Source: DET, Emirates NBD Research

Dubai ADR among the highest in the region.

Dubai leads most other regional markets in terms of the average daily rates (ADR). ADR across the city have crept up in line with the increase in occupancy levels. From a low of USD 108 in 2020 and 2021, it has increased to an average USD 154 in 2024 (including data for hotel apartments). The only cities with ADR higher than Dubai are Riyadh and Jeddah in the Kingdom of Saudi Arabia (KSA), which has seen a surge in business travel and MICE (Meetings, Incentives, Conferences and Exhibitions) related tourism.

ADR and RevPar trends across Dubai



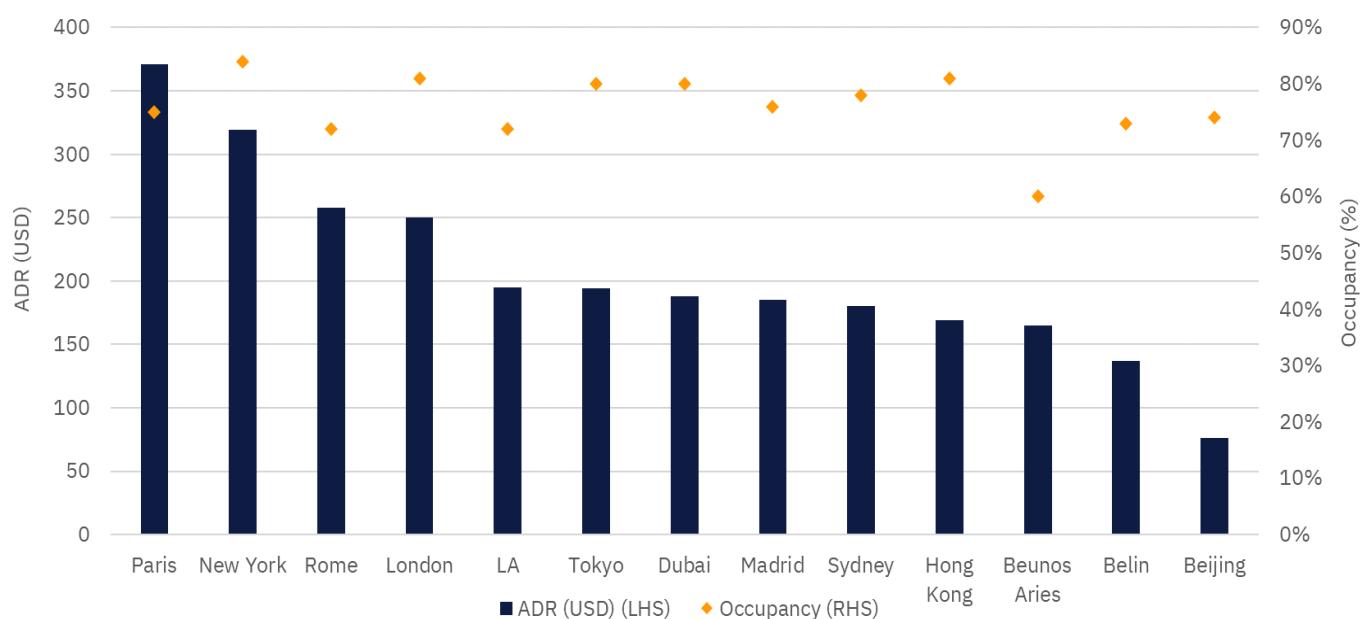
Source: DET, Emirates NBD Research. *ADR data for Dubai includes data for hotel apartments,

Increase in regional tourism to further support growth in Dubai.

As per the World Travel and Tourism Council (WTTC), the travel and tourism sector in the Middle East grew by more than 25% in 2023 to reach almost USD 460bn. It is estimated that the hospitality sector has supported more than 7.75m employment driven by a strong increase in tourist arrivals. Spending by international visitors grew by 50% y/y in 2023 to reach USD 179.8bn while domestic visitor spending grew by 16.5% to reach more than USD 205bn.

This momentum has continued into 2024 with an estimated USD 507bn contribution to regional economies and an additional 550,000 jobs likely added across the sector, as per the WTTC. As tourism offering across the region and in the UAE and Dubai continue to increase, it is anticipated that the hotel sector is likely to continue its growth trajectory in 2025 and beyond.

Average capital value trend across apartments and villas



Source: STR, Deloitte Middle East Real Estate Predictions, Emirates NBD Research. * For consistency, ADR data for Dubai excludes data for hotel apartments.

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