



بنك الإمارات دبي الوطني  
Emirates NBD

## Sector Outlook

5 January 2022

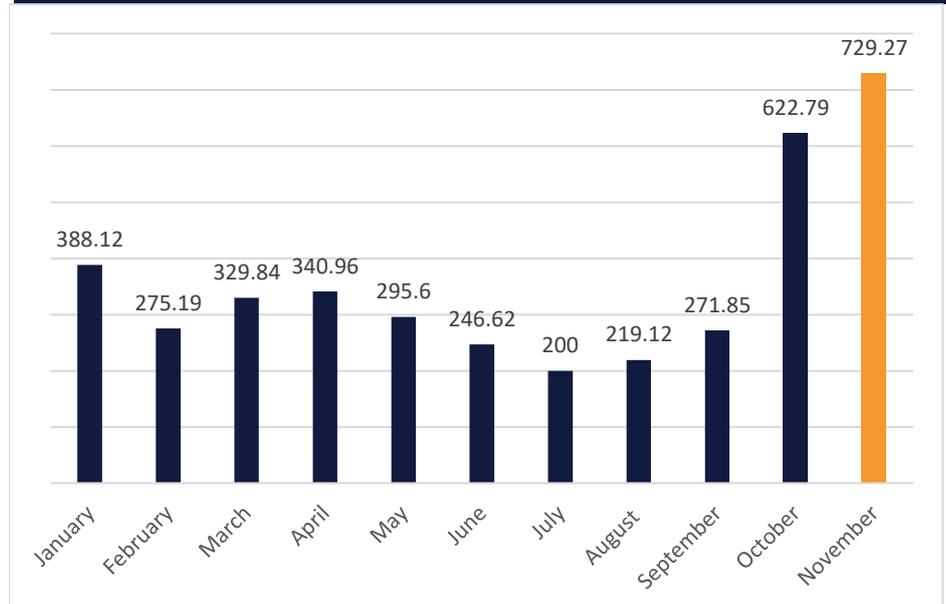
# Dubai Tourism: Adaptability in play

As Omicron placed global COVID-19 recovery dynamics in flux, the earlier prospects of what looked like a clear and steady path to normalization are likely to see increasing headwinds. So far, all the tourism statistics for Dubai released through November, prior to the global onset of the Omicron variant, point to very robust recovery across key tourism metrics. The impact of Omicron remains to be seen however, as COVID numbers in the UAE spiked across the 2500 per day mark in early January (from lower than 100 per day just in October).

**Hotel occupancy in Dubai surged to 85.7% November from 80.7% in October, and 67.2% in September according to data by STR Global.** Revenue per available room (RevPAR) was up a robust 15% m/m in November after a 54% m/m jump in October and a 10.2% m/m in September, marking the fourth straight m/m rise in RevPAR. The hotel sector in November benefited 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.

**The y/y metrics also improved in November.** Hotel occupancy in Dubai reached 86%, up 29.9pp from a year earlier, and RevPAR was up a solid 232% y/y. Dynamics in neighbouring Abu Dhabi also improved with hotel occupancy up-to 76.1% from 61.4% a year earlier, and RevPar improving by a solid 103% over November last year.

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



Source: STR Global, Emirates NBD Research

**According to figures released by Dubai's Department of Economy and Tourism, Dubai received 6.02M visitors from January to November 2021, up by 1.14mn between October and November.** The highest number of international guests arrived from India at 794K visitors. Saudi Arabia, Russia the United Kingdom, and the United States respectively comprised the other key source markets for Dubai.

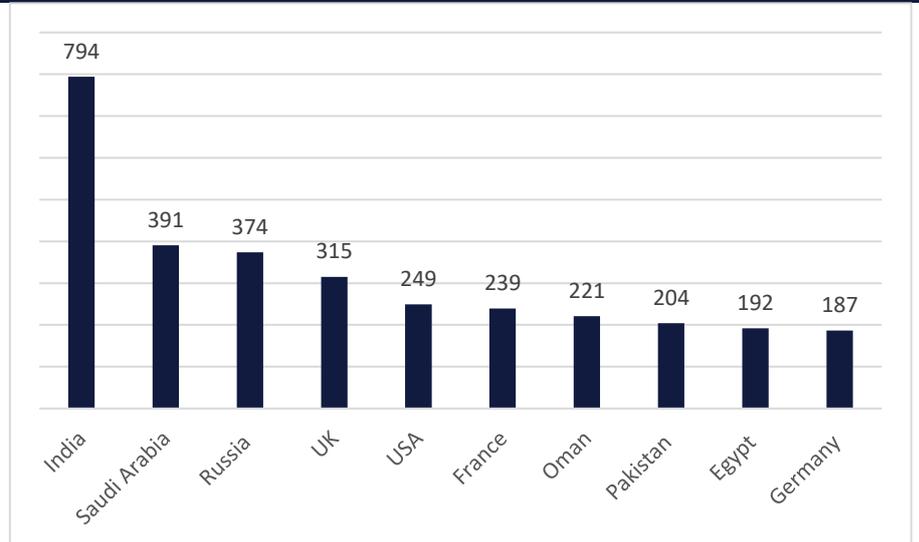
**While we yet do not have hotel or tourism data for December (post Omicron) anecdotal evidence, suggests that growth likely carried on, notwithstanding Omicron.** Strong traffic across key tourism venues in the emirate ranging from Expo 2020, shopping malls, restaurants, is evidence to the same. The UAE kept most borders open – barring sub-Saharan Africa - but did tighten testing requirements for arriving visitors.

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**Dubai International (DXB) airport is now operating at 100% capacity after the opening of the final phase of Concourse A at Terminal 3**, according to statements by operator Dubai Airports. The operator said all terminals, concourses, lounges, restaurants, and retail outlets are now open. They expected Terminal 3 is to have served more than 1.6mn passengers in the second half of December during the month's peak seasonal travel period. The statement added that DXB reached the important milestone of 1mn passengers per week in November, with origin-destination passengers reaching 94% of pre-pandemic levels. Passenger traffic reached 10.6mn in the first half of 2021, followed by robust growth in Q3 of 2021 and a surge in October 2021. Passenger numbers are expected to reach 28.9mn by the end of 2021, 2.1mn more than the September 2021 forecast.

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



Source: Dubai Tourism, Emirates NBD Research

**Expo 2020 has recorded a total of almost 9mn visits between October and December, with 47% of those being made by season pass holders.** The data released by the organiser of the event which has passed the midpoint, noted 3.5mn repeat visits in the first three months. Organisers have maintained a target of 25mn visits by the end of March. Almost 30%, of visitors came from Outside the UAE. India, Germany, France, the UK, the US, Russia and Saudi Arabia were key international visitor markets for Expo 2020.

**We expect most metrics to remain resilient to headwinds at least over December,** with performance there-after dependant on how progression of the new variant impacts global travel dynamics, and key corridors to which Dubai and the UAE are connected.

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