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June 2019

UAE Hospitality

Research Highlights

The report provides a detailed analysis on the hospitality industry in the region, and looks at various factors and metrics affecting the current and future potential of the sector in the coming years. The report primarily focuses on the Emirates of Dubai and Abu Dhabi highlighting the key features and characteristics of the regional industry.

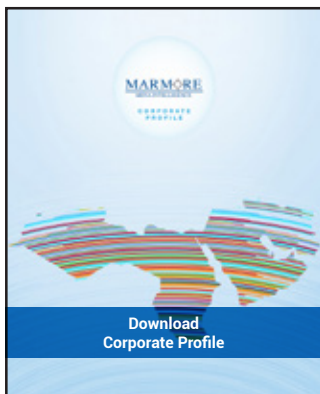


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Marmore MENA Intelligence provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Marmore is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

Almost on a weekly basis, Marmore publishes thematic economic, industry, policy and capital market reports. Marmore has been recently conferred **"Research Provider of the Year - 2018"** award by Global Investor, a Euromoney Group company. To learn more, visit www.e-marmore.com

Experience/Qualifications

Marmore is the only regional firm providing niche research based on strong analytics in areas that are less researched. Marmore provides full range of financial market, sector specific and economic and policy researches, as well. The different types of researches are availed based on the client's requirements. It is notable that Marmore research reports have regularly been used by various renowned institutions to better understand the MENA region.

Marmore's strengths can be summarized as follows:

- » Consistent track record of quality, in-depth research offerings;
- » Skilled team with extensive experience in advanced quantitative and qualitative analysis techniques;
- » Deep understanding of MENA market and access to wide-ranging database
- » Delivers high quality, client specific, insightful research reports; highlighting key client issues and uncovering key answers/opportunities for the clients.

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Executive Summary

The hospitality industry is one of the key industries, which helps boost the economy of a nation by generating income, employment and investment thereby stimulating economic growth. The economic reach of the hospitality sector is uniquely broad as its supply chain generates business activity for several sectors of the economy, in particular, for the retail, recreation, transport and restaurant sectors. The United Arab Emirates has long been recognized as a leading tourism destination for people all across the globe. According to the World Travel and Trade Council, the direct contribution of Travel & Tourism to UAE's GDP was AED 69.1 Billion (USD 18.82 Billion), representing 5.1% of its total GDP in 2017. It is forecasted to rise by 5.0% in 2018, and further rise at a CAGR of 4.1% pa, between 2018-2028. This would take the market up to AED 108.4 Billion (USD 29.53 Billion), representing 4.9% of total GDP in 2028.

Hospitality sector is largely occupancy driven, and it can be challenging to improve occupancy rates without compromising on price (which is measured by the hotel's Average Daily Rate or ADR). Increasing competition and ever-increasing supply in the upper upscale segments of the market have put considerable pressure on the ADRs. UAE has historically had an imbalance in its hotel supply with a disproportionate number of four- and five-star hotels. However, changing demographic trends offer an insight into the future product requirements and revenue generating capacity of the industry. Over the last few years an amalgamation of factors and circumstances have led to a change in the nature of demand dynamics, which has resulted in a demand base from all strata of income profiles and a wide range of countries. Falling airline costs with a combination of an expanding middle class in major tourist source markets have resulted in a growing visitor base from emerging markets like India and China.

UAE is known to be at the forefront of technological revolution for decades. Major technological advancements in restaurant and hotel technology are expected out of UAE's hospitality industry. Moreover, the upcoming World Expo 2020, scheduled to be conducted in Dubai, has been discussed in detail in this report as it has garnered worldwide tourist and investor attention. By analysing the industrial impact of previous World Expo's, we can identify the plethora of opportunities for the industry it offers as well as the structural challenges it brings along with it. This has been analysed in detail with plans of the UAE government to deal with these challenges also highlighted.

With the adoption of a new economic policy in 2014, UAE has given a higher priority to the tourism and hospitality sector. Authorities in UAE have made significant advancements by implementing progressive policy changes namely, easier visa clearance process, promotional packages for individuals and families, and so on, to make the country more attractive to international travelers. The most recent regulatory changes made by the UAE government comes in the form of eased transit visa regulations and VAT refund. Experts believe that

the introduction of a VAT system in the GCC region will lead to increased transparency in the hospitality sector. Virtually all areas of the industry are anticipated be affected by the introduction of VAT with fears of additional operational costs overhang among the various participants in the sector.

UAE is progressing well with its diversification plan and is attracting tourists from all over the world. With several development projects already in place, the trends that are guiding the hospitality sector are coming into full force. The challenge facing the hospitality, leisure and retail sectors is how to sustain business beyond Expo 2020. Careful planning is needed to avoid over-shooting the required development and for UAE to build and maintain attractions and events that will encourage future visitors to the destination in the generations to come.

This report provides a detailed analysis on the hospitality industry in the region, and looks at various factors and metrics affecting the current and future potential of the sector. A detailed analysis of the comparison with other GCC countries is provided, along with an in depth study of the factors driving the hospitality industry in the emirates of Dubai and Abu Dhabi. Quantitative factors like Occupancy Rate, Average Daily Revenue (ADR), and Revenue per Available Room (RevPAR), as well as qualitative factors like the impact of major upcoming events, major policy changes, and trends on the future performance of the industry have been discussed in this report.

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