

# Recovering rates

Accounting for 10.3%<sup>1</sup> of global gross domestic product (GDP), the travel and tourism (T&T) industry is vital for many economies, including the UAE. With the global outbreak of Covid-19, the T&T industry suffered its worst year on record in 2020, experiencing a 74% drop in international arrivals. Around the world, pandemic-related travel

restrictions are expected to impact an estimated 100-200 million direct jobs in the industry. In the UAE, the number of visitors traveling to Dubai decreased by almost 67%: from 16.7 million in 2019 to 5.5 million visitors in 2020.<sup>2</sup>

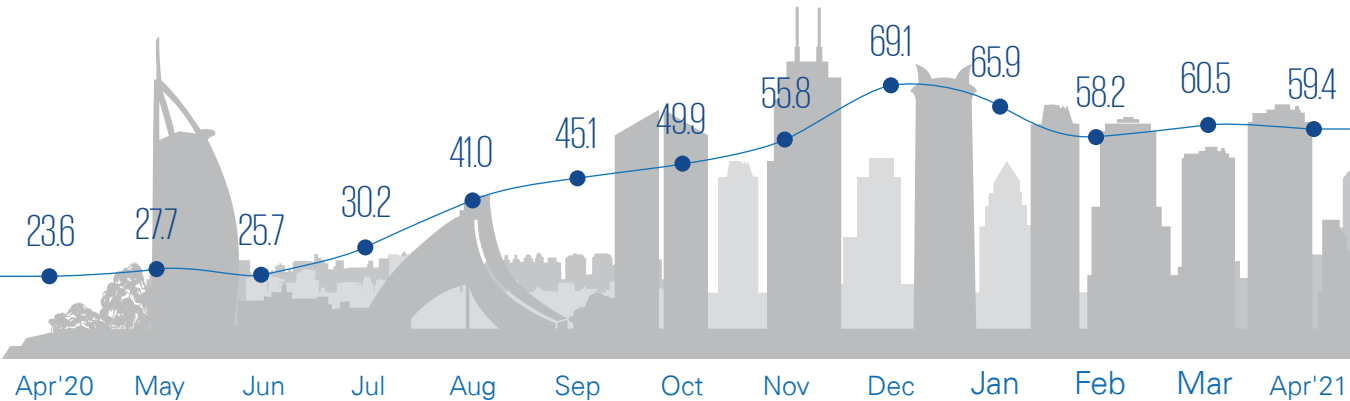
After nosediving to less than 25% in April 2020, Dubai's occupancy

rates have steadily improved as a result of various hygiene and safety measures. December 2020 marked a twelve-month high of 69%, followed by a slight decrease to 59.4% in April 2021 due to Ramadan.<sup>3</sup> The emirate's occupancy levels are significantly higher than the Middle East and Africa region's 2020 rate of 49%.<sup>4</sup>





2020-21 Dubai hotel occupancy levels (%)



Source:STR



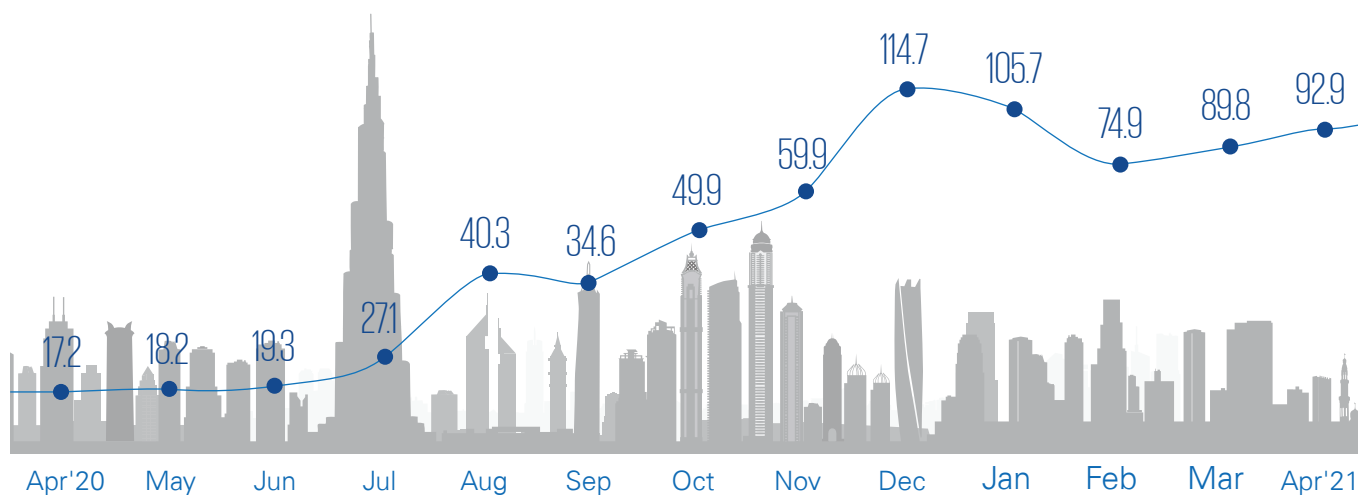


Revenue per available room (RevPAR) in Dubai grew by more than 550% during 2020. After hitting a low of USD 17.2 at the start of the pandemic, RevPAR reached a peak of USD 114.7 in December

2020, coinciding with the holiday period.<sup>5</sup> As of April 2021, RevPAR for the emirate stood at USD 92.9. Average daily rate (ADR) for hotels in the emirate also gained momentum toward the end

of 2020, hitting USD 165.9 in December. The new year witnessed a decline however, with April ADR at USD 156.4.<sup>6</sup>

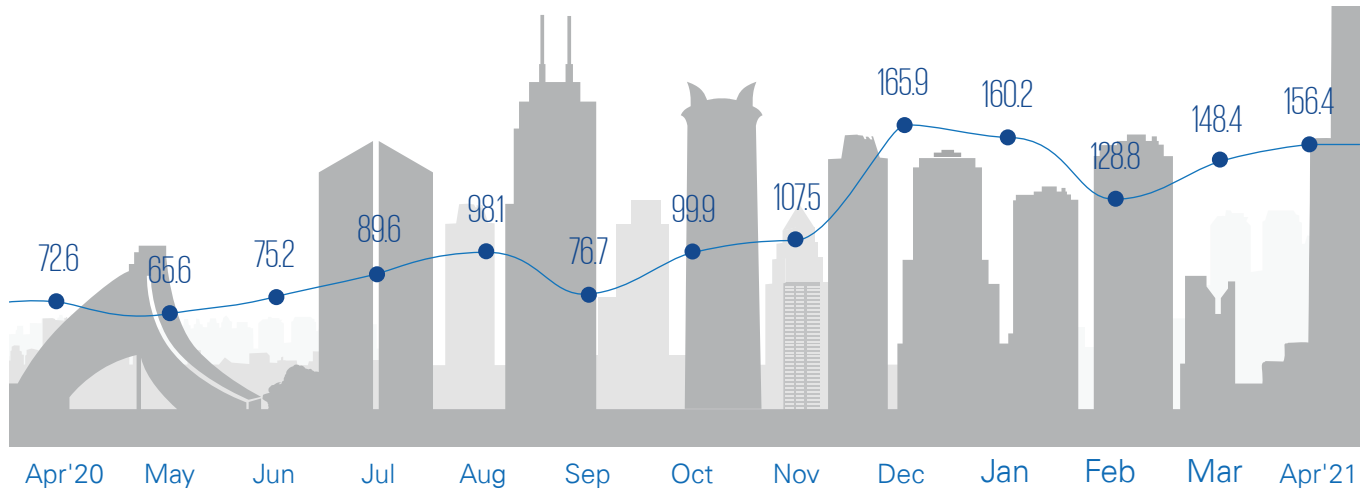
## 2020-21 Dubai hotels RevPAR (USD)



Source:STR



## 2020-21 Dubai hotels ADR (USD)



Source:STR

Exploring occupancy, RevPAR and ADR, it becomes clear that the emirate's hospitality industry is in the process of recovering after a significant drop across indicators. However, while luxury, beachfront and desert resorts were able to reduce cost and attract domestic guests, budget and business hotels have struggled to maintain occupancy and ADR.

Current travel restrictions applicable to key source markets (i.e. India and the UK) will put pressure on occupancy in the summer months. However, with school holidays starting in July, demand for staycations will further increase—even during the weekdays.

In addition, vaccination programs continue to expand, demand related to Expo 2020 will increase, and travel restrictions will gradually ease. As a result, occupancy and rates are expected to continue to improve toward the latter half of the year.

