



# Dubai hospitality report

Checked in for growth



# Foreword

Over the past few decades, Dubai has undergone an unprecedented transformation, evolving into a global hub that blends tradition with modernity. The hospitality industry has played a pivotal role in shaping the city's identity and welcoming millions from around the world.

There are several elements that contribute to Dubai's hospitality's success. The fusion of luxury, innovation, and warm Arabian hospitality has driven Dubai into a premier destination for travelers seeking not only luxuriousness but also authentic and enriching experiences.

This report studies Dubai's hospitality industry, by examining the key factors that have fueled its growth, the challenges it faces, and the innovations driving its future. We surveyed 503 consumers to understand their preferences and behavior towards hotel stays and travel in Dubai.

Dubai's rise as a global tourism and business hub began with the establishment of iconic hotels, which emerged as symbols of luxury against the backdrop of the Arabian Gulf. These early ventures laid the foundation for a hospitality sector that continuously strives for excellence.

From the innovative concept of underwater suites to constructing hotels that defy gravity, the city has consistently pushed the boundaries of what hospitality means. This commitment to innovation has not only attracted global attention but has also set a benchmark for other destinations aspiring to follow Dubai's success.

While Dubai embraces modernity, it remains deeply rooted in its cultural heritage. The city's hospitality industry reflects the balance between

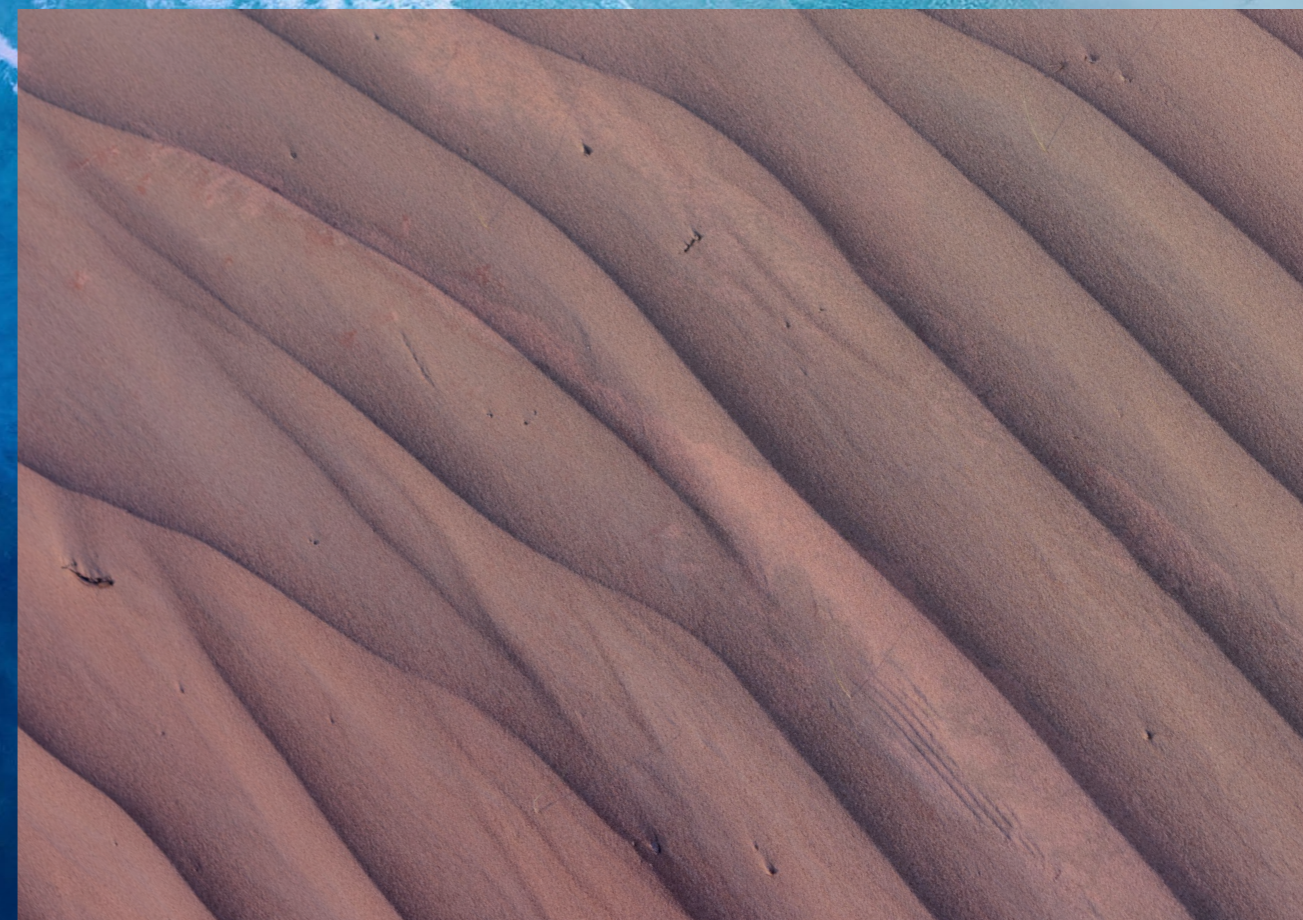
tradition and progress. Hotels and resorts in Dubai are immersive spaces that honor and celebrate the diverse Emirati culture. From traditional Bedouin-inspired architecture to culinary offerings that showcase the diversity of Middle Eastern flavors, Dubai's hospitality industry represents the history of the nation.

The emphasis on cultural sensitivity involves respecting Dubai's traditions while also recognizing the diverse demographics of its visitors. In a city where over 200 nationalities coexist harmoniously, the hospitality industry serves as a bridge, connecting people through shared experiences and mutual respect.

As the city continues to attract a growing number of visitors, competition has become increasingly intense. Maintaining the right balance between exclusivity and catering to a diverse market is challenging. Moreover, the industry must adapt to global uncertainties, such as economic fluctuations and unforeseen disruptions, which impact travel patterns and consumer behavior.

However, the ability to adapt to changing circumstances, coupled with a commitment to continuous improvement, has allowed the industry to overcome challenges and grow. The result is an industry that not only survives but thrives in the face of adversity.

As the global conversation shifts towards sustainability, Dubai's hospitality industry has embraced the call for responsible and eco-friendly practices. The city's commitment to sustainability extends beyond discussions; it is deeply embedded in the strategies of hotels and resorts that now consider environmental impact



in every facet of their operations. Dubai's hospitality industry is actively contributing to the city's broader sustainability goals through energy-efficient architecture and initiatives aimed at reducing water consumption. This commitment not only reflects a sense of corporate responsibility but also aligns with the changing preferences of a conscientious global traveler.

Technological advancements, coupled with a commitment to enhancing the guest experience, are driving a new era of innovation. Artificial intelligence, augmented reality, and data analytics are becoming integral components, allowing hotels to personalize services, streamline operations, and anticipate guest needs.

Furthermore, the concept of smart hotels, where automation and connectivity converge to create seamless and intuitive experiences, is gaining prominence. This blend of cutting-edge technology with warm hospitality supports Dubai's reputable slogan of being a city that embraces the future while cherishing its traditions.

Government bodies, industry leaders, hoteliers, and the workforce have all contributed to shaping an industry that stands as a global example. By learning from the past, addressing present challenges, and embracing future possibilities, Dubai's hospitality industry is expected to maintain the standard of excellence, welcoming the world with open arms.

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# Strategic initiatives: elevating the UAE's tourism sector

## Developing new tourism destinations

The UAE is actively developing new tourism destinations beyond its major cities, expanding its appeal to a wider range of travelers. Key initiatives include:

- Promoting the UAE's rich cultural heritage, showcasing its historical sites, museums, and traditional arts and crafts that cater to culturally inclined tourists.
- Enhancing adventure tourism by capitalizing on the UAE's diverse landscapes, from deserts and mountains to beaches and islands.
- Promoting ecotourism initiatives, highlighting the UAE's conservation efforts and sustainable practices. This is attracting environmentally conscious travelers looking for eco-friendly experiences.

## Diversifying tourism products

Catering to a wider range of interests and preferences, the UAE is expanding its meetings, incentives, conferences, and exhibitions (MICE) tourism offerings, leveraging its world-class infrastructure and venues for business travelers and event organizers.

In addition, the UAE is promoting its medical tourism sector, showcasing its advanced healthcare facilities and expertise to attract medical tourists seeking specialized treatments and procedures. According to the Medical Tourism Index, Dubai was ranked as the 6th best global destination for medical tourism.

Hosting major international sporting events and creating sports-focused destinations is also enabling the UAE to develop its sports tourism, attracting global sports enthusiasts and athletes.

## Promoting sustainable tourism practices

The UAE is committed to sustainable tourism practices, ensuring the long-term viability of the sector. Hotels and tourism establishments are implementing green initiatives, such as reducing energy consumption, minimizing waste, and using sustainable materials. Restaurants and food outlets are also adopting eco-friendly practices by incorporating local and organic produce into their menus, supporting sustainable agriculture and reducing carbon footprint. To encourage responsible tourism, the UAE is promoting responsible tourism practices among visitors, educating them about environmental conservation and cultural sensitivity.

## Investing in infrastructure

The UAE has made significant investments in tourism infrastructure, including the development of world-class airports, hotels, resorts, theme parks and entertainment complexes. The \$35 billion expansion of Al Maktoum International Airport in Dubai aims to position the emirate as a key global destination, featuring the world's largest and busiest terminal serving 260 million travelers annually. The project is expected to take around 10 years to complete.

The Dubai Metro Blue Line will begin construction in 2025 with operations set to start in September 2029. It will include 14 new stations spanning 30 kilometers, further expanding Dubai's Metro and tram network and improving connectivity across the city.

Additionally, Dubai is set to launch flying taxis by 2026, making it the first city in the world to introduce a commercial electric air taxi service. The Dubai Roads and Transport Authority has signed agreements with international

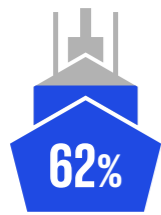
companies to operate the taxis and start building the necessary vertiports. A journey from Dubai International Airport to Palm Jumeirah is expected to take around 10 minutes only, significantly reducing travel times in the city. With flight distance reaching up to 161 km, these operations may also expand intercity in the future.

## Leading in maritime rankings

In 2024, Dubai was ranked first in the Arab World in the Leading Maritime Cities report and moved up to 11th globally. The city's success is attributed to its shipping centers, maritime technology, ports and logistics, competitiveness, and green technology efforts.

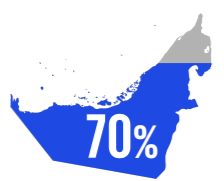
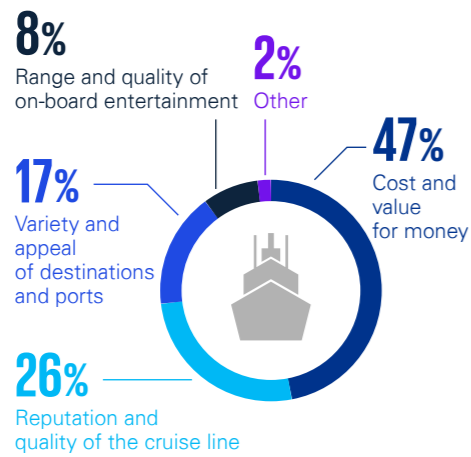
As part of the Department of Tourism and Commerce Marketing (DTCM), Dubai Cruise Tourism (DCT) also plays an important role in promoting Dubai as a global cruise destination. In collaboration with organizations like DP World, DCT ensures that visitors arriving in Dubai through the cruise terminals in Mina Rashid receive a smooth and world-class experience.

Our survey revealed there is significant market potential for cruise tourism, with 62% of respondents likely to book a cruise in the coming year. While there is a substantial interest in this sector among most participants, a notable segment (17%) is unlikely to book a cruise next year. The most important factor for respondents when deciding to book a cruise in the Arabian Gulf is cost and value for money, with 47% prioritizing this aspect. Reputation and quality of the cruise line are crucial for 26% of respondents, while 17% consider the variety and appeal of destinations and ports as the key factor. 8% indicated the range and quality of on-board entertainment as the most important aspect.



62% are likely to book a cruise in 2025.

Factors when deciding to book a cruise in the Arabian Gulf



70% are more likely to visit the UAE, given the extended tourist visa now being offered to Indian nationals.

Enhancing visa accessibility

The UAE has implemented a series of initiatives to simplify and streamline visa procedures for tourists, including visa on arrival and electronic visas for citizens of several countries, as well as extending tourist visa validity for many nationalities. In 2024, the Ministry of Foreign Affairs (MoFA) updated its visa exemption policy to include citizens of over 87 countries, making it easier for travelers from around the world to visit Dubai.

The changes in visa policy have particularly had a strong influence on the increased travel of Indian nationals to the UAE, potentially boosting tourism and related sectors. According to KPMG’s hospitality survey 2024, 70% believe the extended tourist visa for Indian nationals will make them more likely to visit the UAE.

In recent years, Dubai has emerged as one of the top wedding locations globally, with Indian destination weddings constituting a significant segment of the UAE’s wedding tourism market. These events contribute to the country’s economy by driving demand for venues, hotels and other services including wedding planning, photography and catering. The Abu Dhabi Convention and Exhibition Bureau (ADCEB) has also further boosted the local hospitality industry by offering visa support to Indian nationals, positioning the emirate as a top choice for Indian destination weddings.

These initiatives, coupled with the UAE’s strong infrastructure, strategic location, and diverse offerings, position the country as a leading destination for tourism growth.



# Numbers at a glance

## Hotel room supply

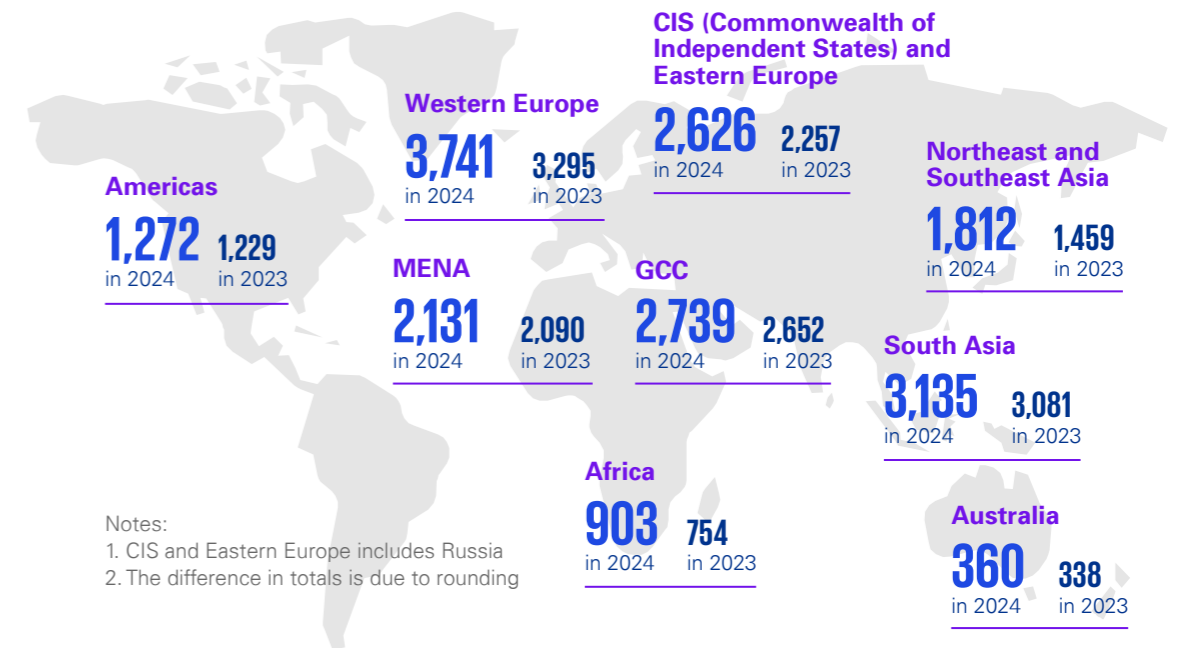
- As of December 2024, the number of hotel rooms in Dubai increased by 3,725 compared to the previous year, reaching a total of 154,016.
- Dubai hotels achieved around 1% year-on-year growth in occupancy whilst the revenue per available room (RevPAR) and Average Daily Rate (ADR) increased by 1.3% and 0.2% respectively.

## Tourism growth

- According to the Dubai Department of Economy and Tourism (DET), Dubai recorded a total of 18.72 million international visitors in 2024. This is a 9% increase compared to the previous year (17.15 million).
- This growth aligns with the Dubai Economic Agenda D33 launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum to further strengthen Dubai's position as one of the best cities to visit, live and work in.

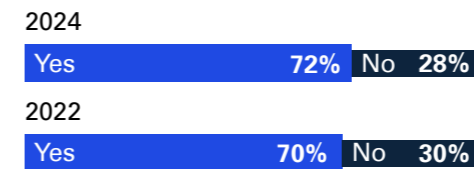
## Visitor performance

Total volume by region ('000 visitors Jan – Dec 2024)



Notes:  
 1. CIS and Eastern Europe includes Russia  
 2. The difference in totals is due to rounding

Have you stayed in a hotel in Dubai during the last 12 months?



72% of respondents reported staying at a Dubai hotel in the past year. This high percentage of recent stays reflects Dubai's strong appeal and the effectiveness of its hospitality industry in attracting local guests. Consumer satisfaction is also running extremely high. An overwhelming majority, 94%, of respondents were satisfied with their hotel stay in Dubai over the past year. Only 1% of individuals had a negative experience, indicating minimal dissatisfaction among the respondents.

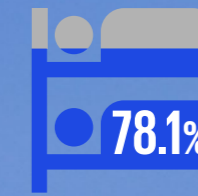
## Projections for the future

Dubai's hospitality industry is set for continued growth in 2025, driven by favorable economic conditions, government initiatives and a robust real estate sector in both luxury and affordable housing. The city's Vision 2025, focusing on tourism, infrastructure and economic diversification, supports this upward trend. However, the sector will need to prioritize innovation, sustainability and unique experiences to maintain its competitiveness and strengthen Dubai's position as a leading global tourism destination. Key projections for the hospitality sector in 2025 include:

- 11,300 new hotel rooms are expected to open in Dubai by 2027.
- Dubai aims to become one of the top three global tourism destinations under its Dubai Economic Agenda D33.

# Year-on-year analysis

In December 2024, the overall hotel performance in Dubai showed slight improvement compared to December 2023. The occupancy rate increased from 77.2% to 78.1%. This stability was accompanied by a 0.2% increase in the Average Daily Rate (ADR), moving from AED 688.6 to AED 690.2. Consequently, the Revenue per Available Room (RevPAR) increased by 1.3%, from AED 531.8 to AED 538.8. These modest changes indicate stable demand and growth in room revenue across Dubai.



The occupancy rate increased from 77.2% in 2023 to 78.1% in 2024.

Dubai's overall RevPAR and occupancy showed a slight increase due to higher competition and number of tourist influx. Overall, Dubai remains a stable yet highly competitive market, possibly affected by new hotel openings or shifts in tourist preferences.

# A new wave of hospitality trends

Dubai's hospitality sector stands out as one of the most vibrant and dynamic globally. The city is home to a myriad of hotels, restaurants and hospitality businesses, welcoming visitors from all over the world. The industry has experienced significant growth in recent years due to several factors including Dubai's strong reputation for safe travel, hosting major international events, and the government's robust support.

From boutique hotel concepts to world-class entertainment, the recent hospitality trends in Dubai reflect travelers' evolving demands and preferences. This report highlights the key trends that are shaping Dubai's hospitality experience, maintaining its position as a premier tourist destination.

## Attracting high-net-worth individuals (HNWIs)

The recovery of Dubai's hospitality industry during the post-COVID-19 period was largely driven by local and international demand. The domestic market will continue to be a key growth factor in the future, particularly with the expected population increase and rise in the number of HNWIs.

Dubai is currently the 23rd most popular city in the world for ultra-wealthy residents, with approximately 68,000 millionaires. It also ranks first in the MENA region for HNWIs, having seen an 18 % increase in this demographic since the pandemic. This growth is expected to positively impact Dubai's hospitality and leisure sectors, as residents spend more on luxury resorts, fine dining and attractions. According to recent studies, the city's population is expected to increase from 3.3 million residents in 2020 to 5.8 million by 2040, while the day-time population is set to increase from 4.5 million to 7.8 million during the same period.

## Embracing boutique experiences and local culture

While luxury hotels have always been a significant part of the UAE's hospitality landscape, there has been a growing demand for boutique and lifestyle hotels offering unique experiences and personalized services. Tourists and residents are seeking authentic local accommodations that allow them to immerse in the local culture and heritage. Hotels and resorts are responding by offering curated cultural experiences such as desert safaris, cultural tours, and traditional dining experiences featuring local cuisine and showcasing Emirati hospitality.

Another noticeable trend in Dubai's hospitality industry is that guests are becoming more price sensitive. Luxury hotels are therefore adjusting their prices and ADR due to competition,

focusing more on attracting a larger number of guests, rather than relying solely on high-spending customers. This price reduction is also affecting mid-range and budget hotels, which are reducing their rates to maintain higher occupancy and stay competitive.

## A focus on health and wellness tourism

As wellness becomes more important to consumers, the UAE has been investing in health and wellness tourism, with many hotels and resorts incorporating wellness-focused amenities and experiences into their offerings to cater to this growing segment of travelers seeking relaxation and rejuvenation. This includes offering healthy food options, fitness classes, spa treatments, and creating tranquil spaces for relaxation.

## Prioritizing safety measures

The UAE has maintained its safety index score since 2011 as one of world's safest countries. Safety is a key factor for travelers, particularly those visiting a new destination alone.



In 2024, Dubai was ranked as the third safest city for female solo travelers.

Leading the ranking for the third consecutive year since 2021 is Medina in Saudi Arabia, followed by Chiang Mai in Thailand.





### Culinary experiences

Offering a range of Michelin-starred restaurants and fine dining experiences, the food and beverage market continues to be a significant driver of Dubai's hospitality sector. Hotels and restaurants are partnering with celebrity chefs, introducing innovative dining concepts, hosting food festivals, and offering unique dining experiences to attract guests and food enthusiasts.

### Diversification of hospitality offerings

Dubai's hospitality industry is becoming increasingly diverse, with new types of accommodation, restaurants, and entertainment venues opening all the time. While luxury hotels have traditionally dominated the UAE's hospitality market, there has been a growing demand for mid-scale and budget accommodation options, especially among budget-conscious travelers and families. This diversification is catering to a wider range of tourists and residents, from budget-conscious travelers to luxury seekers.

### Events and entertainment

Dubai has positioned itself as a premier destination for entertainment and global events, hosting world-class festivals, concerts and sports tournaments throughout the year, including Expo 2020, COP28, World Governments

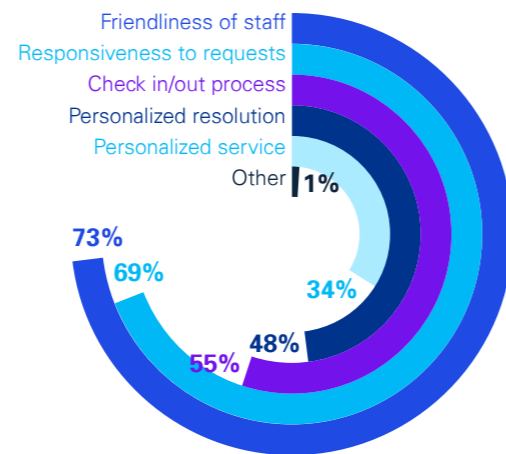
Summit, World Police Summit, Dubai World Cup, Dubai Shopping Festival, and Dubai Food Festival. These events not only attract tourists but also contribute to the vibrancy of the hospitality sector. Dubai also engages in extensive marketing and promotional campaigns to showcase its tourism offerings to domestic and international audiences.

### Leveraging data and analytics for personalized experiences

We asked consumers which aspects of customer service are most important to them, and 34% highlighted personalized services and tailored experiences as their top priorities. In response, data and analytics have become essential tools for hospitality businesses to make informed decisions about everything, from marketing campaigns to menu development. Businesses are collecting and analyzing data to gain insight into customer preferences and trends.

As consumers demand personalized experiences, the hospitality industry is responding by tailoring offerings to individual preferences. This includes offering customized amenities, recommendations, décor, menus and personalized services based on guest data and preferences.

### What aspects of customer service are most important to you?



Moreover, the most important aspects of customer service for respondents include friendliness of staff (73%) and responsiveness to requests (69%), indicating that interpersonal interactions and timely assistance are highly valued. Problem resolution is a significant factor for 48%. These preferences emphasize the need for hotels to focus on staff training, efficient processes and personalized attention to enhance guest satisfaction.

### Embracing technology and innovation

The hospitality industry is constantly innovating to create new and unique experiences for guests by incorporating cutting-edge technologies, developing creative concepts, and collaborating with other industries to provide unique offerings. From streamlining operations to enhancing guest experiences, technology is playing an increasingly important role in the hospitality industry. Businesses are adopting digital solutions for bookings and check-ins, concierge services, and loyalty programs.

### Government support

Dubai has emerged as a global tourism destination, with the government being a strong supporter of the city's hospitality industry. This includes implementing policies, initiatives and world-class infrastructure such as airports, roads and public transportation to promote the sector.

In 2024, the DET and Emaar Hospitality Group signed a memorandum of understanding to provide marketing campaigns and training programs that enhance skills and capabilities. The partnership focuses on boosting Dubai's attractiveness to global visitors by highlighting its distinct products and experiences.

As part of the nation's vision for sustainable urban development, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, launched the Dubai 2040 Urban Master Plan in 2021, indicating that the land area used for hotels and tourist activities will increase by 134% by 2040.



# Navigating challenges



### High operating costs

Hospitality businesses are facing high operating expenses including rent, utilities, labor, and food and beverage.

Moreover, maintaining competitiveness in the market requires businesses to make continuous investments in technology. However, acquiring and retaining technology experts can also be challenging for some businesses, resulting in additional costs.

### Increased competition

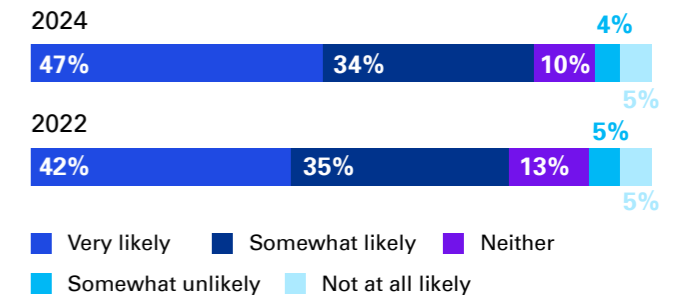
The hospitality sector's increased competition is leading to a decrease in prices, posing a challenge for businesses to differentiate themselves. The surge in short-term rental platforms, such as Airbnb, has also offered consumers the opportunity to explore alternative accommodation options.

### Economic uncertainty

The global economy is facing a number of challenges such as inflation and geopolitical unrest. These challenges are creating economic uncertainty, which is making consumers more cautious about spending money. While this can have a negative impact on the hospitality industry, with consumers cutting back on their spending on travel and dining out, the UAE's overall economic stability and proactive government measures to ensure safety and comfort in the tourism sector further contributes to a high number of respondents choosing Dubai as a destination.

503 respondents were asked about their likelihood of staying at a hotel room, hotel apartment or holiday home in Dubai given the current economic and geopolitical conditions. 81% of respondents are likely to choose these accommodations, with only 10% saying they would be unlikely to stay. This strong positive sentiment towards staying in Dubai accommodation can be attributed to Dubai's robust hospitality industry, effective marketing campaigns and attractive promotions.

How likely are you to stay in a Dubai hotel room, given the current economic/geopolitical conditions?



### Adapting to changing consumer preferences

Consumer needs are continuously shifting, placing a growing emphasis on sustainability, health, and wellbeing. This is prompting hospitality businesses to provide more eco-friendly services, which involves minimizing their environmental impact by using energy-efficient appliances and reducing waste. Additionally, as consumers become more health-conscious, hospitality businesses are offering healthier food and beverage options. They are also embracing social responsibility by supporting local communities and adhering to fair-trade practices.

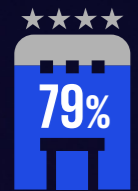
Moreover, some consumers are choosing to staycation rather than travel for their holidays, in addition to a rising demand for authentic, local, and personalized experiences. This can impact the hospitality sector as staycations are typically shorter and less expensive than vacations. Given these ongoing changes in consumer preferences, it is important that hospitality businesses are aligned with evolving trends to remain competitive.

### Seasonality

The hospitality industry in the UAE experiences significant seasonality, with peak tourist seasons during the winter months and slower periods during the hot summer months. Managing fluctuating demand and optimizing revenue during off-peak seasons can be challenging for hotels.

# A host of global events

The UAE has emerged as a popular destination for diverse global events due to its world-class infrastructure, strategic location, and unwavering commitment to innovation. Dubai, in particular, is expected to see robust demand, with 79% of respondents likely to book a stay at a hotel in the city over the next 12 months. This score reflects a strong interest and intent among most participants, with only 11% unlikely to book a stay.



are likely to book a stay at a hotel in Dubai in 2024 compared to 72% in 2022.

► 7% increase in demand

This demand is fueled by a multitude of global meetings, events and conferences held across the UAE, showcasing the nation's competitiveness and driving growth in the hospitality sector. Key events that took place in 2024 include:

- Dubai World Cup: one of the richest horse races in the world and held at the Meydan Racecourse. It attracts a large number of visitors from the Middle East and around the world.
- GITEX Global: This is the largest technology event in the Middle East and North Africa (MENA) region and will return to Dubai in October 2024.
- Arabian Travel Market (ATM): the annual travel and tourism event takes place at the Dubai World Trade Center every year. In 2023, it attracted over 2,500 professionals, government ministers and international thought leaders.
- Dubai Airshow: the Dubai Airshow is an international aerospace exhibition taking place in the UAE.
- World Future Energy Summit: this event is hosted annually in the UAE, providing a global platform for discussing the future of energy.
- Abu Dhabi Sustainability Week (ADSW): for over 15 years, the ADSW has brought together governments, businesses, and civil society members to discuss and implement sustainable solutions.
- AccessAbilities Expo 2024: the largest gathering of assistive technology and disability solutions providers in the Middle East and will take place in Dubai from October 7-9, 2024.

- 2nd Global Conference on Research in Education and Learning: a forum for researchers, educators, and policymakers to discuss the latest research and trends in education.
- Evolving Practice of Ophthalmology Middle East Conference: the leading conference for ophthalmologists in the Middle East.
- The International Conference on Mechatronics and Robotics, Structural Analysis: this is a forum for researchers and engineers to discuss the latest advances in mechatronics, robotics, and structural analysis.
- The International Conference on Water Resources, Hydraulics and Hydrology: a forum for researchers and scientists to discuss the latest advances in water resources, hydraulics, and hydrology.
- International Conference on "Intertwining Sustainability with Mission LiFE: Fashion, Entrepreneurship and Cultural Integration in Harmony": a forum for researchers, entrepreneurs, and policymakers to discuss the role of fashion, entrepreneurship, and cultural integration in sustainable development.

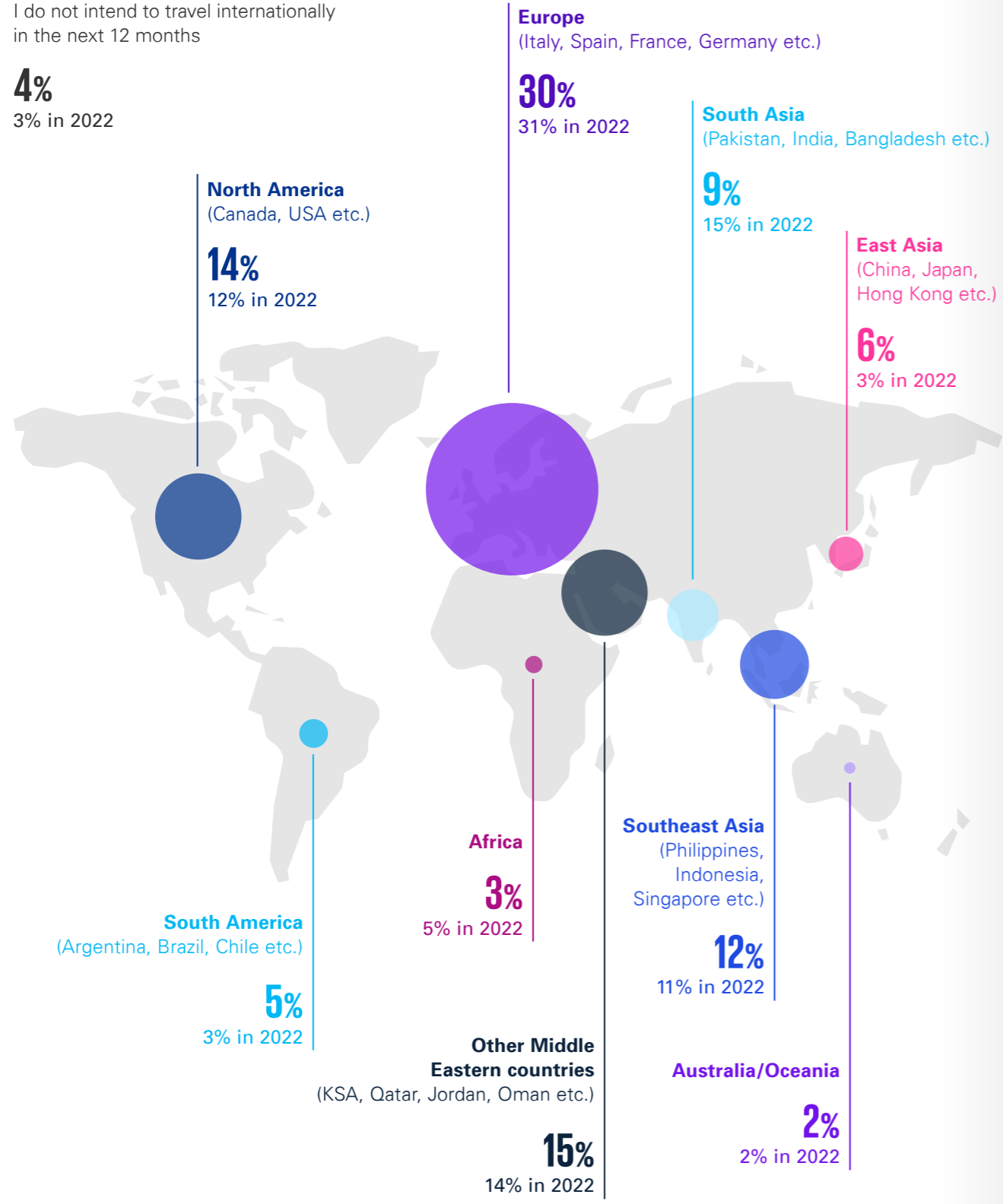
At a global level, Europe emerges as the top choice for respondents' travel destinations in the next 12 months, with 30% indicating it as their first choice. Other Middle Eastern countries are preferred by 15% of respondents, followed by North America at 14%. Southeast Asia and South Asia are chosen by 12% and 9% of respondents, respectively. East Asia appeals to 6%, while South America attracts 5%. Africa and Australia/Oceania are the first choices for 3% and 2% of respondents, respectively. Notably, 4% of respondents do not intend to travel internationally in the next 12 months.

Where would your first choice of destination be to fly to in the next 12 months?  
(Question posed to UAE residents)

I do not intend to travel internationally  
in the next 12 months

**4%**

3% in 2022



# The rise of staycations

The UAE hospitality sector is experiencing a growing demand for staycations, where residents choose to spend their holidays within the country rather than traveling abroad. This emerging trend is driven by several factors such as convenience and cost-effectiveness, as staycations offer a practical and affordable alternative to international travel. Residents can avoid long flights, expensive accommodations, and foreign exchange rates. Moreover, staycations provide an opportunity for UAE residents to explore their own country and discover hidden gems, including local beaches, mountains, cities and cultural landmarks.

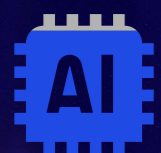
By opting for staycations, residents are also contributing to the local economy and supporting UAE-based hotels, restaurants, and entertainment venues. This leads to increased occupancy rates during off-peak seasons and weekends. Staycationers are not just spending on accommodation; they are utilizing hotel amenities, dining at restaurants, and engaging in local activities. This diversification of revenue streams is beneficial for hospitality businesses.

With the 'living local' trend expected to continue, hospitality businesses are capitalizing on this opportunity by offering attractive staycation packages, promoting local experiences, developing new attractions and experiences tailored for staycationers, and emphasizing the benefits of exploring the UAE's diverse attractions.

During the nine-day Eid Al Fitr holiday in 2024, demand for staycation bookings from residents as well as neighboring GCC countries increased significantly compared to the previous year.

# AI and technology in hospitality: impact and challenges

The seamless integration of AI systems into business processes has become a driving force in the hospitality industry, enhancing customer service, operational capabilities, and cost efficiency. 88% view modern technology in accommodation as important, with features like smart TVs and mobile check-in significantly enhancing the guest experience. Only 3% consider these features not very important, indicating that the integration of advanced amenities is a crucial factor in guest satisfaction, offering convenience, personalization and efficiency.



**88%** cite modern technology as an important factor in their hotel experience.

Mobile apps are also increasingly becoming essential to guest experiences, offering benefits such as streamlined booking, real-time updates and personalized services. 77% have used mobile apps or booking services provided by hotels, reflecting a strong trend toward digital engagement in the accommodation process. While the majority are leveraging digital tools, there is still a segment of travelers who may prefer traditional methods or are not fully engaged with mobile technology. With only 23% indicating they have not used these apps, the strong adoption of this technology highlights its growing importance in enhancing guest satisfaction.



**77%** have used mobile apps provided by hotels or booking services.

Similarly, 92% are satisfied with their experience using mobile apps provided by hotels. This overwhelmingly positive response indicates the effectiveness of this strategy in meeting user expectations and offering seamless, user-friendly and efficient services. Only 1% reported dissatisfaction, underscoring the high level of satisfaction and reliability associated with these digital tools.



**92%** are satisfied with their experience of using the mobile apps provided by hotels or booking services.

However, as AI continues to evolve and play a more significant role in our daily lives, there are inherent risks including job displacement, loss of control with autonomous robots, and concerns about safety, security and privacy.

AI can have a positive and negative impact on the workforce and employment in the hospitality sector. In the competitive landscape of the digital era, AI and robotics are utilized to improve customer service and experience. While this technology can serve as a strategic factor in economic development, finding the right balance between digital and human interactions remains a challenge, particularly in delivering personalized guest experiences.

AI technologies, like machine learning and natural language processing, are being employed to provide 24/7 assistance to guests, handle reservations, and even offer personalized recommendations. AI algorithms can analyze large data sets, allowing hotels to offer personalized services, from recommending local attractions to customizing in-room amenities. Despite potential challenges, AI can also tackle issues like manpower shortages. Thus, it can complement rather than replace human interactions, if hotels identify their specific needs before investing in AI solutions.

Moreover, data security and privacy are crucial considerations when implementing AI in hospitality. Encryption and authentication protocols should be in place to safeguard guest information. Despite AI's potential, it requires tailored implementation, the right knowledge, and ongoing monitoring to avoid potential harmful effects.

# Embracing ESG

Ineffective sustainability management is costing hospitality and tourism businesses over \$8 billion each year globally. This emphasizes a significant need in the industry to advance sustainability in areas including hotel management, allowing tourism companies to make a tangible impact on their clients, the planet, and their profits. Growing pressures and regulations across various stages of the supply chain have also led hospitality businesses globally to take ESG-related actions such as reducing their carbon emissions and water usage.

AI has the ability to speed up organizations' sustainable transformation by measuring, predicting, optimizing and analyzing very complex systems. It can also accelerate the development of novel ESG solutions and empower the sustainability workforce. The acceleration of ESG commitments is not only driven by government regulations but is also influenced by customers' growing awareness and support for sustainable businesses.



# A greener future: the government's sustainability initiatives

The UAE government has been implementing policies and practices to strengthen sustainable development at a local and global level, and the Conference of the Parties (COP28) hosted in Dubai in November 2023 was a unique opportunity for the country to highlight its commitment to sustainability on a global stage.

As the first Middle Eastern country to host this prestigious event, the UAE is driving sustainable development with initiatives including combatting climate change, advancing renewable energy, and promoting sustainable finance. In line with the UAE Net Zero Strategy, the UAE continues to position itself as leader in global climate action through increased government support for the nuclear, hydrogen and renewable industry.

The UAE has made several strides in embracing the sustainability agenda, with key developments highlighted as follows.

## Smart cities

The UAE government is working towards achieving sustainable development by actively planning and developing smart cities. Notably, Dubai and Abu Dhabi have been ranked as the smartest cities in the Middle East and North Africa region according to the Smart City Index 2021. Dubai is working on transforming into a smart and sustainable city through various initiatives and projects, including The Sustainable City, Dubai Silicon Oasis, Dubai South District, and Desert Rose City. These cities prioritize renewable energy, innovative technologies, and comprehensive services to create sustainable, efficient, and environmentally conscious urban environments.

The online platform, Smart Dubai, was created to inspire a happier and more sustainable environment in the city by implementing emerging technologies. It aims to build connected, smart and efficient urban spaces for future generations. Through this initiative, the Dubai blockchain strategy has successfully digitized all government transactions by 2024, while the Dubai data initiative continues to promote data sharing for innovation. Additionally, the paperless strategy has enabled Dubai to become the world's first paperless government. Through digital inclusion and AI/robotics governance, the initiative also ensures the ethical deployment and accessibility of these technologies across all segments of society.

### A green destination

The Dubai Sustainable Tourism Initiative was introduced under Dubai's Department of Economy and Tourism aiming to make Dubai a more sustainable tourist destination. It is committed to promoting green transportation, reducing waste, conserving water and contributing to Dubai's broader clean energy and sustainable development targets.

### The year of sustainability

The Year of Sustainability has brought together UAE-based experts through the Sustainability Experts Network to promote collaborative, sustainable practices among UAE residents. Through a series of action-led activations, this initiative aims to encourage individuals and the community to adopt an environmentally conscious lifestyle and sustainable food practices.

Sustainability is a growing concern among consumers, and the UAE's hospitality industry is making efforts to reduce its environmental impact. It is increasingly becoming a necessity for hospitality business to commit to sustainability strategies to survive and thrive. Many hotels and other businesses are implementing eco-friendly practices, such as using renewable energy.

### The role of AI in sustainable hospitality

The current emphasis on the environment and sustainability has led to the adoption of AI across various industries. AI is transforming the hospitality sector by enabling sustainable practices. For instance, AI systems are being utilized to optimize heating, ventilation and air conditioning based on occupancy to reduce energy consumption. AI also provides waste management benefits through AI-enabled sorting and recycling machines which accurately segregate waste and minimize landfill usage. Additionally, it aids in water conservation by monitoring usage, detecting leaks and offering insight for efficient water management.

Hospitality businesses are capitalizing on AI to enhance guest experiences through AI-powered chatbots and virtual assistants. AI can also predict food demand, minimize food waste, and promote the use of locally sourced, seasonal ingredients to improve quality and cost-effectiveness. Moreover, it facilitates sustainable sourcing by analyzing vendor data to identify eco-friendly options, enabling hotels to obtain their supplies from sustainable sources.

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KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. KPMG firms operate in 142 countries and territories. Established in 1973, KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise.

We are committed to quality and service excellence in all that we do, helping to bring our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

Our Values guide our behavior day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, and all of our stakeholders. They are: Integrity: We do what is

right; Excellence: We never stop learning and improving; Courage: We think and act boldly; Together: We respect each other and draw strength from our differences; For Better: We do what matters.

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At KPMG Lower Gulf, we believe that ESG is core to sustainable growth. KPMG's Global ESG Plan details its commitments across four ESG categories: planet, people, prosperity, and governance. These four priority areas assist us in defining and managing our environmental, social, economic and governance impacts to create a more sustainable future. We aim to deliver growth with purpose. We unite the best of KPMG to help our clients fulfil their purpose and deliver against the SDGs, so all our communities can thrive and prosper.

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