

A photograph of the Dubai skyline at night, featuring several illuminated skyscrapers and a body of water in the foreground. The sky is a mix of orange and blue, suggesting dusk or dawn. The buildings are lit up with warm yellow and blue lights, and their reflections are visible in the water.

Dubai Future Economy Strategy

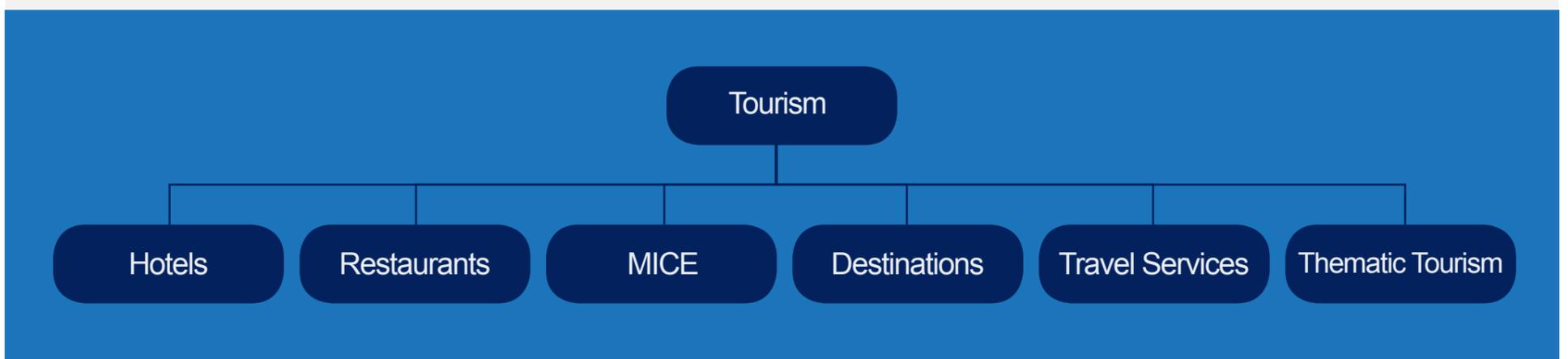
Dubai's Tourism Sector,
2017 – Outlook and Trends

A small, partial view of the Dubai skyline at night, showing the tops of several skyscrapers and a body of water in the foreground.



Dubai's geopolitical advantages, its proximity to South Asian and African countries have made it a favored destination for businesses and leisure

- Tourism is now a core sector contributing to Dubai's economy. Dubai accounts for 66% of the tourism industry's contribution to the GDP of UAE
- The travel and tourism industry represents 20% of Dubai's GDP and accounts for approximately 6% of total employment
- With Dubai's trailblazing feats in Tourism, UAE was ranked 24th globally and 1st in Middle East in the World Economic Forum's "Travel and Tourism Competitiveness Report", 2015
- The other key drivers of growth in the sector are growth in infrastructure and rapid urbanization.
- High disposable income, world-class infrastructure, and connectivity have made Dubai an attractive destination.
- A second international airport, Al Maktoum International Airport is under construction and could possibly be the world's largest airport handling 160 million passengers by 2025.
- Department of Tourism and Commerce Marketing, (DTCM), established in 1997, has the mandate to work with respective stakeholders and entities in creating the vision, executing and supervising development plans for marketing and promotion of the tourism industry.
- Key areas of focus in the tourism industry in Dubai are elaborated as follows:



Source: Dubai Statistics Centre; DTCM; Frost & Sullivan





Both in terms of average daily rate and occupancy Dubai remains the leading destination in the Middle East

- The number of guests staying in hotels in Dubai went up from 1.7 million in 2010 to 14.9 million in 2016, showcasing a staggering growth.
- Dubai expects to have 20 Million tourists by 2020 and for the EXPO 2020 alone it expects to have 25 Million visitors, which is expected to increase the demand for hotel rooms in Dubai.
- Currently, Dubai has ~100,000 rooms and the DTCM plans to have between 140,000 - 160,000 rooms by 2020.
- The interesting fact is that Dubai has high concentration of hotel room supply in the luxury, upscale, upper upscale hotel room segments (41%), while only 12% catered to the mid scale and upper midscale segments, which has resulted in undersupply of midscale rooms.
- Due to this there has been more focus on mid scale hotel segment with ~25% of the rooms under construction in Dubai falling under the mid scale segment.
- Leading brands include The Burj Al Arab, Atlantis, the Palm Jumeirah Hotels & Resorts, Desert Palm Dubai, The Meydan Hotel
- **Average Daily Rates (ADR)** have fallen in Dubai due to increasing competition. Popular areas registered lower fall in ADR compared to other areas such as Bur Dubai and Media City.
- Dubai's hospitality real estate market is also faced with the challenge to ensure that there is no oversupply of hotel rooms post-EXPO. The Government will also have to ensure there is continuous inflow of visitors to the city in order to engage its rooms.



HOTELS IN DUBAI (BY STAR RATING)



1 Star

122



2 Star

50



3 Star

66



4 Star

83



5 Star

77



Others

18

Dubai was 4th on **Mastercard Global Destination Cities Index** in 2016. It had 14.9 Million international overnight visitors.

Source: DTCM; Frost & Sullivan





Dubai's business friendly environment and world-class infrastructure has attracted several international fast food chains, coffee parlours and fine dining restaurants

- The restaurant sector in Dubai is poised for double digit growth rate in the next decade thanks to aggressive expansion of tourism infrastructure, promising momentum in tourist arrivals, multi-cultural society, young population and rise in per capita income.
- Owing to the large expatriate population, Dubai is home to over 13,000 restaurants offering different cuisines from across the world.
- It is expected to reach a number of 19,000 by 2020 representing a CAGR of 7.9%.
- Leading restaurants include Zuma, Ossiano, Al Iwan, Zheng He, Tomo .
- New and innovative concepts such as Floating restaurants, Thematic restaurants, pop up restaurants have become hits in Dubai, which further drives the upward trend
- Collaborations: As many restaurants strive for growth and curtail overheads at the same time, collaborations with other restaurants or even takeovers is emerging as a new business model leading to better economies of scale and stall diminishing returns
- Multiple restaurant chains are using centralised kitchen resulting in better efficiency, consistency to the food taste experience and also lead to fewer skilled labour per outlet

Leading Restaurants	World-Class Restaurants	Celebrity Chefs
Zoma	Pierchic	Pierre Gagnaire
Ossiano	Margaux	Gary Rhodes
Al Iwan	Al Mahara	Vineet Bhatia
Tomo	Verre	Greg Malouf

There are 4,250 restaurants in Dubai offering a wide range of cuisines due to the diverse expatriate population.

Source: DTCM; Frost & Sullivan





Dubai in the recent years has positioned itself as a cosmopolitan yet charming MICE destination

- Dubai has been named among the world's top 20 top business events destinations by the Union of International Associations (UIA)
- Through 2016, DWTC's Dubai International Convention and Exhibition Centre (DICEC) venue hosted 298 Mice and business events, including over 100 mega-events, delivering a record 3.03 million attendees, delegates and visitors to these events, reflecting double digit year-on-year increase over 2015 traffic.
- ~36,000 foreign exhibiting companies from 185 countries participated at events in DWTC accounting for nearly 70 per cent of the total exhibitor base
- The regional Events and MICE business has reportedly been witnessing a growth rate of 5.5 per cent annually in meeting attendance since 2000, led notably by the UAE market
- Generating a total of USD 653 million per year, experts see the Emirates' MICE industry experiencing a growth rate of 7 percent yearly by 2020
- By the time the World Expo takes place, the value of the MICE industry in Dubai is expected to surpass USD 1.39 billion



Organisers choose Dubai as an ideal location for hosting major events.



Tourists from Kingdom of Saudi Arabia, India, Oman, UK, China, Egypt, Jordan etc.



Future sports attractions are ranging from football, cricket and rugby.



Heavy investments in golf courses and horse racing and tennis arenas.

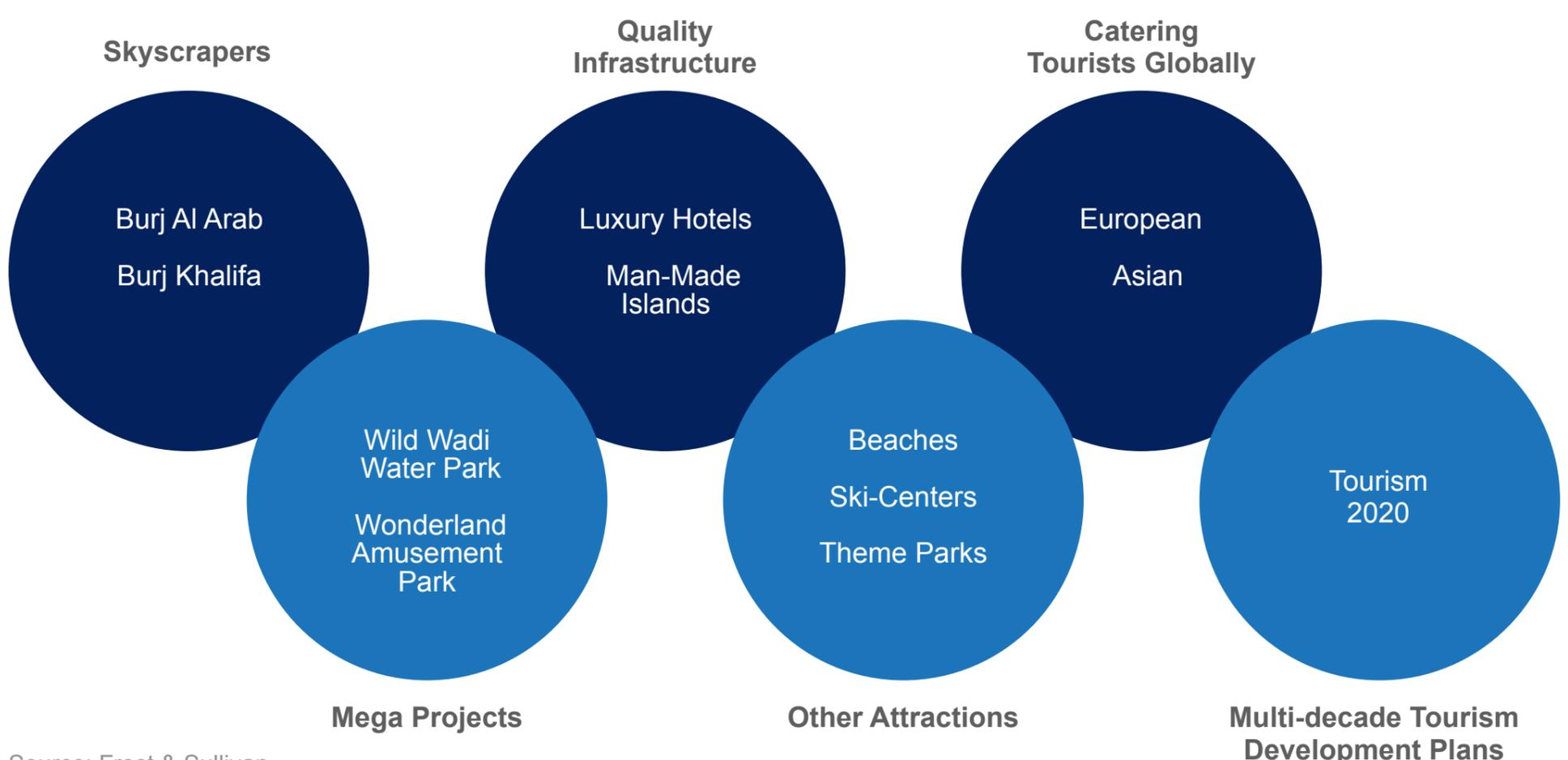
Source: Government of Dubai; Frost & Sullivan





Between 1990 to 2016 Dubai has positioned itself as a major tourist destination within the UAE...

- Dubai has become a hub of choice for tourism, having built a robust infrastructure to surpass anywhere else in the world
- Some of the key attractions include the Burj Al Arab (opened 1999), Burj Khalifa (opened 2010), Atlantis Hotel (opened 2008), Ski Dubai (opened 2005)
- Dubai International Airport operated 373,534 flights in 2013 handling a total of 66.5 million passengers.
- In 2016, it became the world's busiest airport for international passengers with an annual traffic of 83.6 million passengers
- A second international airport, Al Maktoum International Airport is under construction and could possibly be the world's largest airport handling 160 million passengers by 2025



Source: Frost & Sullivan





With extensive internet use via the online and mobile platforms, players in the travel services industry are adapting strategies in order to maximise their visibility and to maintain competitive advantage

Digital-savvy and young population feeds travel and tourism online

United Arab Emirates (UAE) tops technology-tourism - In Dubai alone, 60% of airline booking and ticketing came from online purchases in 2014

Strong impact of online travel agencies on travel and tourism revenue

Digital influence - Smartphone and social media influences UAE travelers

- **Travel Agents:** There are over 480 travel agents in Dubai who cater to the outbound travel market, primarily catering to residents. This segment is seeing increased competition from online search & booking portals and apps including wego.com, booking.com, hotels.com, etc.; including direct bookings from websites & apps of airlines, hotels
- **Outbound Tour Operators:** This segment is dominated by large branded players. Opportunities exist in niche travel segments, which is currently underserved
- **Inbound Tour Operators:** There are about 250 players in this highly competitive space. Dominated by leisure and corporate tourism, this segment is expected to witness good growth
- **Exhibition Organisers:** Driven by geographic advantage, infrastructure availability and positive economic environment, has made this segment one of high opportunity
- **EXPO 2020:** Authorities forecast the expo would attract 25 million visitors over six months leading up to the expo, while creating 277,000 jobs. Travel Agents and Tour Operators are gearing up for providing business-cum-leisure trips leading to the EXPO.

Source: Government of Dubai; Frost & Sullivan





Dubai, while famous for its grand desert and the magnificent Arabian Gulf, is also home to some of the best water and theme parks in the Middle-East

Cruise Tourism

- Covers major attractions like Dubai Marina Yacht Club, Burj Al Arab and the Atlantis
- Daily trips to Sharjah and Oman are also very popular with tourists
- 226 vessels totalling passengers of 226,271 in 2015
- Expected to rise to 1 million by 2020.
- 358,000 passengers from 94 cruise ship calls in 2015
- Forecasted to touch 650,000 passengers from 115 ship calls by the end of 2018.

Halal Tourism

- Caters to Muslim travellers
- US\$145 billion industry in 2015
- Expected to grow to \$200bn by 2020

Medical Tourism

- 10th World Health Tourism Congress: Destination of the Year
- Dubai is the medical tourism hub amongst the GCC countries
- Attracted 520,000 medical tourists in the 2015
- Revenues generated in 2016 exceeded AED 1.1 billion from AED 652 million in 2012

- Dubai offers some of the best theme parks in the world that can give an exciting and adventurous twist
- The emirate is offering an ever evolving range of thematic tourism services to its visitors including Green tourism, Halal Tourism and Medical Tourism
- Dubai Health Authority is planning to build 22 hospitals as part of plans to attract 500,000 medical tourists a year and boost its economy by up to AED 2.6 billion by 2020
- Dubai Atlantis Aquaventure Waterpark, the Ferrari World, the Dolphin Experience and Lost Chambers at Atlantis The Palm offers thrilling once-in-a-lifetime experience

THEME PARKS IN DUBAI

- LEGOLAND DUBAI
- LEGOLAND WATER PARK
- MOTIONGATE DUBAI
- BOLLYWOOD PARKS DUBAI
- RIVERLAND DUBAI

Source: Frost & Sullivan



Dubai Government's initiatives strive to promote its food and beverage sector; Key objective to promote products and services and connect to global consumers and reduce import dependency

1 New regulations and initiatives

- The pre-approval process for hotel construction which used to take approximately six months earlier is now expected to take two months
- Fees on 'Change of use of land' for hotels have been scrapped
- 10% exemption on Dubai municipality fee for 3 star and 4 star hotels has been offered

2 Digital Movement

- The initiative aims at promoting the tourism projects in Dubai under the website (www.visitdubai.com) and smart phone applications for Dubai's tourism .
- Dubai government's twitter initiative #MyDubai resulted in over 2.5 million images & videos being shared.
- Dubai Government's official instagram account @MyDubai

3 Dubai's Tourism Vision 2020

Dubai's Tourism Vision 2020 comprises of these core focus areas:

- Expanding Tourism Offerings and Enhancing Tourist Experiences through Collaborative Public and Private Initiatives
- Initiatives to Promote Dubai as a hub for global events and the preferred MICE destination
- Initiatives to Offer better Business Tourism

4 Green Tourism

- Dubai Green Tourism awards have been introduced to provide public recognition and create awareness on environmental best practices
- DTCM works in tandem with the Emirates Green Building Council to operate the Green Key Label , a programme recognised by World Tourism Organisation that hotels can achieve by adopting green systems and programmes.

5 EXPO 2020

- The Expo 2020 is one of the most anticipated events in Dubai's Tourism industry.
- Under the theme of "Connecting Minds, Creating the Future ", the Expo will bring together 25 million visitors from 180 nations.
- Officials estimate that staging the event would boost the Dubai economy by USD 23 billion, equivalent to approximately 24.4% of Dubai's GDP

6 Dubai Sustainable Tourism (DST)

- This initiative has been established to enhance the sustainability of the tourism sector and for contributing to the broader clean energy and sustainable development targets that Dubai has set out to achieve
- DTCM has developed a sustainability strategy, roadmap and a holistic approach to ensure the continual development of sustainable tourism

Source: Government of Dubai; Frost & Sullivan



Glossary and Definitions

Abbreviation	Expansion
AED	United Arab Emirates Dirham
DTCM	Department of Tourism and Commerce Marketing
ADR	Average Daily Rates
DCB	Dubai Convention Bureau
DCCA	Dubai Creative Clusters Authority
DEWA	Dubai Electricity and Water Authority
DICEC	Dubai International Convention and Exhibition Centre
DIFC	Dubai International Financial Centre
DM	Dubai Municipality
DST	Dubai Sustainable Tourism
DWTC	Dubai World Trade Centre
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
MICE	Meetings, incentives, conferences and exhibitions
RTA	Roads and Transport Authority
SZR	Sheikh Zayed Road
UAE	United Arab Emirates
UIA	Union of International Associations
WTC	World Trade Centre

Definition	
Middle East	Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, the United Arab Emirates and Yemen
Gulf Cooperation Council	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates
United Arab Emirates	Emirate of Abu Dhabi, Emirate of Ajman, Emirate of Dubai, Emirate of Fujairah, Emirate of Ras al-Khaimah, Emirate of Sharjah, and Emirate of Umm al-Quwain

