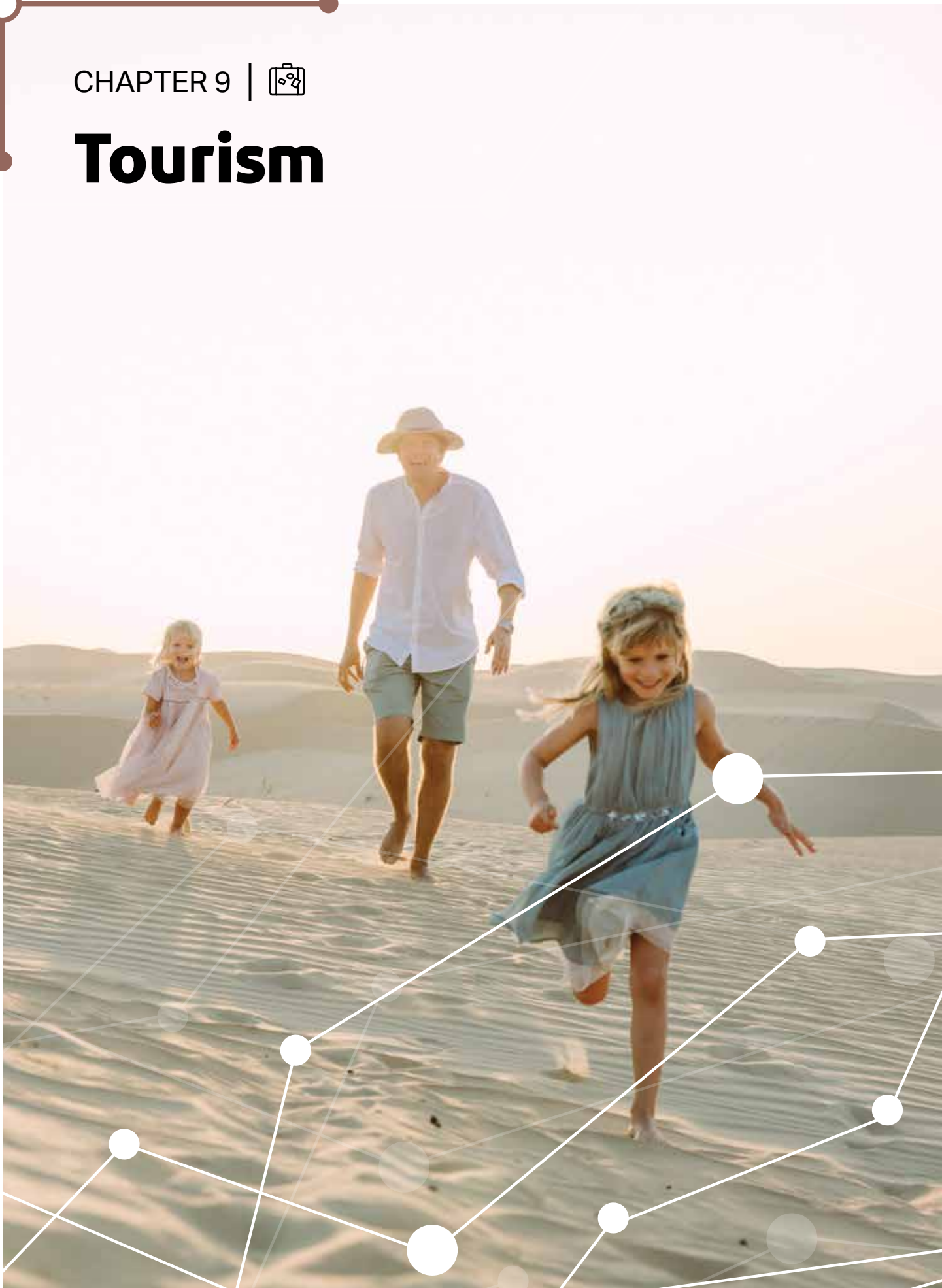
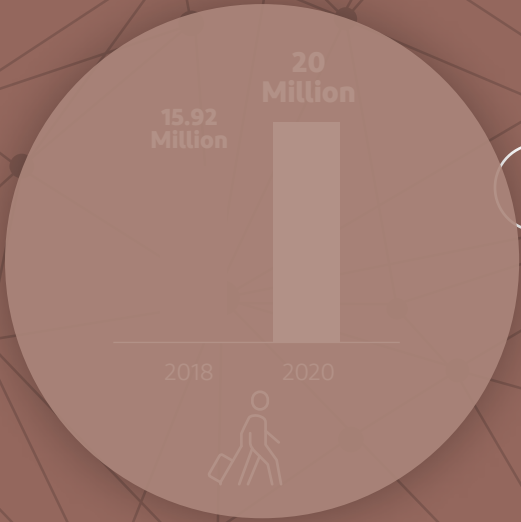


CHAPTER 9 | 

Tourism





1

Exceptional Volume of Visitors

Dubai received 15.92 million visitors in 2018 and by 2020 the Emirate is expected to receive 20 million tourists.

Dubai is the Fourth Global Tourist Destination after Bangkok, London and Paris

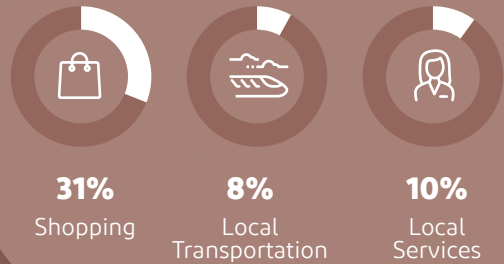
In 2018 the Accommodation and Food Services activities, driven by tourism, generated AED 20.1 billion (US\$5.5 billion) of value added and grew by 4.5% in 2018, over twice the rate of GDP growth.

Driver of Value Added

Tourism plays important indirect role in driving the value added of other related sectors, such as aviation and airports, land and maritime transport sectors, retail and construction.

2

The MasterCard Global Destinations Survey Estimated the Total Expenditure of Overnight Visitors:



Dubai's net CO2 emissions:

↓ 19%
in 2018

lower than the target set in the 2021 carbon emissions reduction strategy.

3

Action Plan for Sustainable Tourism

Eco-tourism can enable Dubai to protect its natural and cultural assets while encouraging sustainable growth.



Overview

Tourism is an important economic sector in Dubai's economy. In the Dubai's National Accounts, tourism is defined to include Accommodation and Food Services activities (restaurants and hotels). In 2018, the Accommodation and Food Services activities generated AED 20.1 billion of value added and contributed a share of 5.1 per cent to GDP (in constant prices) compared to 3.5 per cent in 2009, showing the sector has risen faster than Dubai's real GDP during the same period. Moreover, the sector employed 211,841 employees or 7.6 per cent of the total Dubai workforce in 2018.

Tourism also plays important indirect role in driving the value added of other related sectors such as aviation and airports, land and maritime transport sectors and construction. Dubai's government has successfully focused on tourism and transformed the Emirate into a business hub for the region, an important leisure and entertainment destination and aims to grow conference and exhibitions and medical tourism as well.

Dubai has maintained its position as the fourth global tourist destination after Bangkok, London and Paris¹, receiving

15.92 million visitors in 2018. The highest number of visitors came from Asian countries, with India at the forefront followed by visitors from the GCC states, particularly from the Kingdom of Saudi Arabia, as well as China and Russia.

As Dubai becomes a more expensive travel destination for visitors with non USD-pegged currencies, the tourist market has come under pressure. However, the relatively diversified spread of source markets and the growth of demand for new markets (especially in Asia), has helped to minimize the impact on occupancy rates. In consequence, hotel operators were able to maintain the average occupancy for 2018 at 76.0 per cent, a minimal decrease of 2.6 per cent compared to the same period in 2017.

The sector grew by 4.5 per cent in 2018 and is expected to rise at a real rate of growth of 3.1 per cent in 2019, ahead of the growth in GDP. It is forecast to expand by 6.6 per cent in 2020, well ahead of the expected growth rates of Dubai's main sectors, stimulated by the large rise in visitors coming to Dubai during Expo 2020.

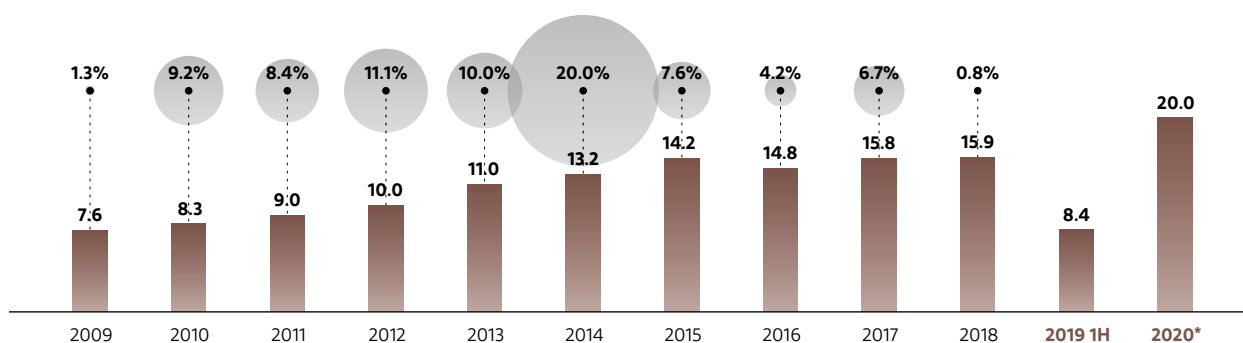
¹ <https://newsroom.mastercard.com/press-releases/big-cities-big-business-bangkok-london-and-paris-lead-the-way-in-mastercards-2019-global-destination-cities-index/>

Recent Trends in Dubai's International Visitors

9.1 Dubai is a popular tourist destination and received 15.92 million visitors in 2018, a slight increase of less than 1 per cent from 2017. In the first half of 2019, Dubai welcomed 8.36 million visitors, an increase of 3.2 per cent year on year over the same period in 2018. Over the last decade, the number of annual overnight visitors has grown every year from 6.9 million in 2007 to 15.92 million in 2018. By 2020 the Emirate is expected to receive 20 million tourists, according to "Tourism Vision 2020", launched in May 2013 by Sheikh Mohammed bin Rashid Al Maktoum. These trends are illustrated in (Figure 9.1).

9.2 In terms of the geographical source of visitors by region, in 2018 Western Europe maintained its leading position and contributed 21 per cent of the total of international visitors, ahead of the GCC and the Southeast Asian regions, each of which accounted for 18 per cent and 17 per cent, respectively. The North and Southeast Asian regions accounted for 11 per cent and the Middle East and North Africa (MENA) region remained stable at 10 per cent of the total number of visitors. Russia, the CIS and Eastern Europe accounted for 9 per cent, which is a significant increase of 29 per cent over the total number of international visitors from that region in 2017, (Figure 9.2).

Figure 9.1: Growth in the number of International Overnight Visitors to Dubai



Source: Dubai Statistics Center

Note: Since 2014, official tourists' statistics include those who stay for one night or more at their relatives' or hosts' private residences and thus explains the jump in the total number of tourists in that year.

*Target - DTCM

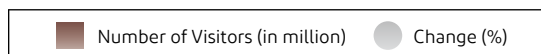
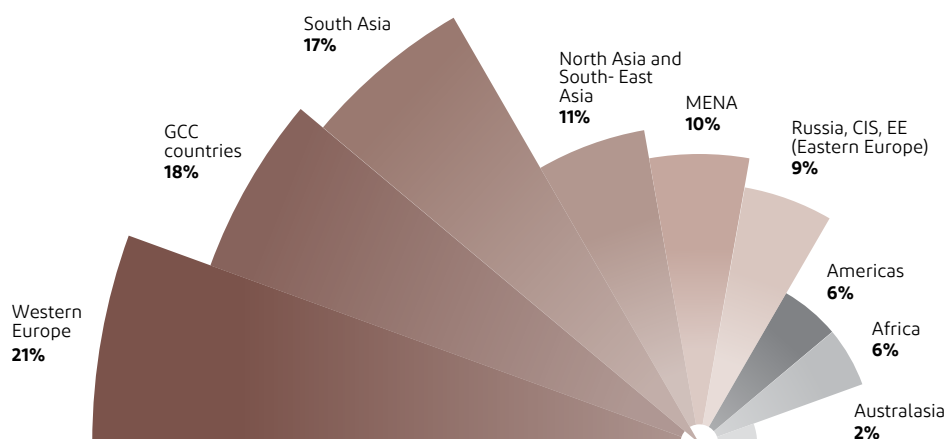


Figure 9.2: Distribution of International Overnight Visitors to Dubai by Region (2018)



Source: Dubai Statistics Center

9.3 According to the Dubai Statistics Center, in 2018 international visitors from three countries - India, the Kingdom of Saudi Arabia and the United Kingdom accounted for just under a third — 30 per cent of all international visitors. In the same year the top ten source countries for international visitors accounted for 58.4 per cent of all tourists in 2018.

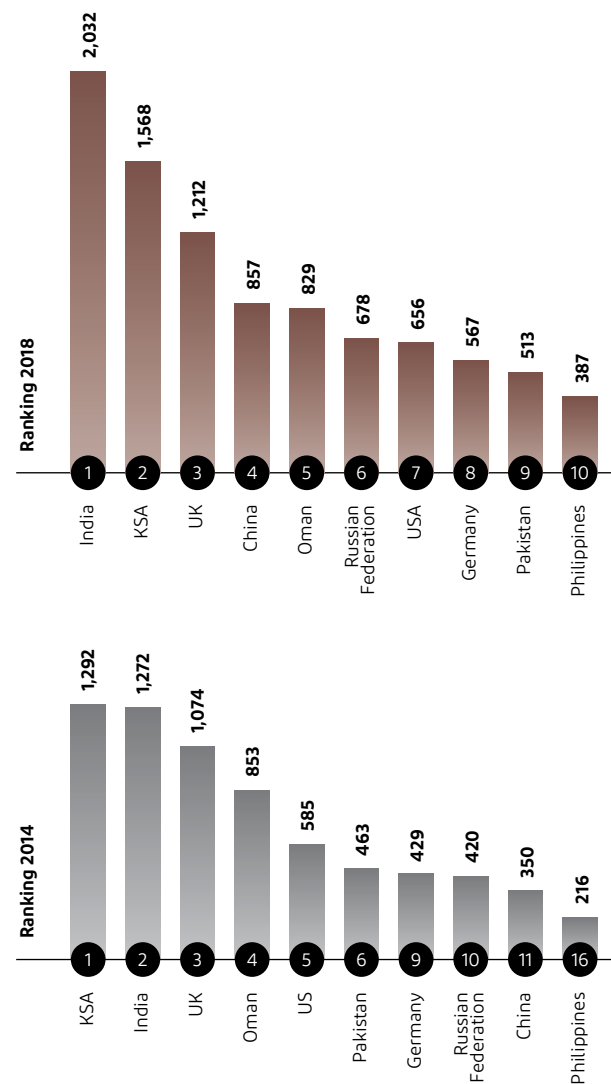
The number of visitors from India reached around 2.0 million in 2018 becoming the first country to exceed 2 million visitors in a single year. The Saudi market maintained its second position in terms of visitors, after registering 1.57 million visitors, up by 2 per cent from 2017 and the Kingdom of Saudi Arabia is still the main source of visitors from the GCC region. The UK remains in third place

with 1.21 million visitors and down 4 per cent from 2017. This decrease reflects the negative impact of the weakened British Pound against the AE Dirham in light of the uncertainties surrounding the Brexit process, thus making Dubai more expensive for British visitors.

On the other hand, the success of Dubai in attracting visitors from China has meant that this country displaced Oman out of its position of the top six source nations. The number of visitors from China has moved steadily from rank 11 in importance in 2014 to rank 4 in 2018 as a result of a 118 per cent rise in the number of visitors over the period. The government’s new policy of visa on arrival helped increase the number of Chinese visitors, (Figure 9.3).

By 2020 the Emirate is expected to receive 20 million tourists: India, the Kingdom of Saudi Arabia and the United Kingdom accounted for just under a third — 30 per cent of all international visitors in 2018.

Figure 9.3: Top Ten Countries Source of Visitors in 2018 in comparison with 2014



Source: Dubai Statistics Center

The Economic Importance of Dubai's Tourism

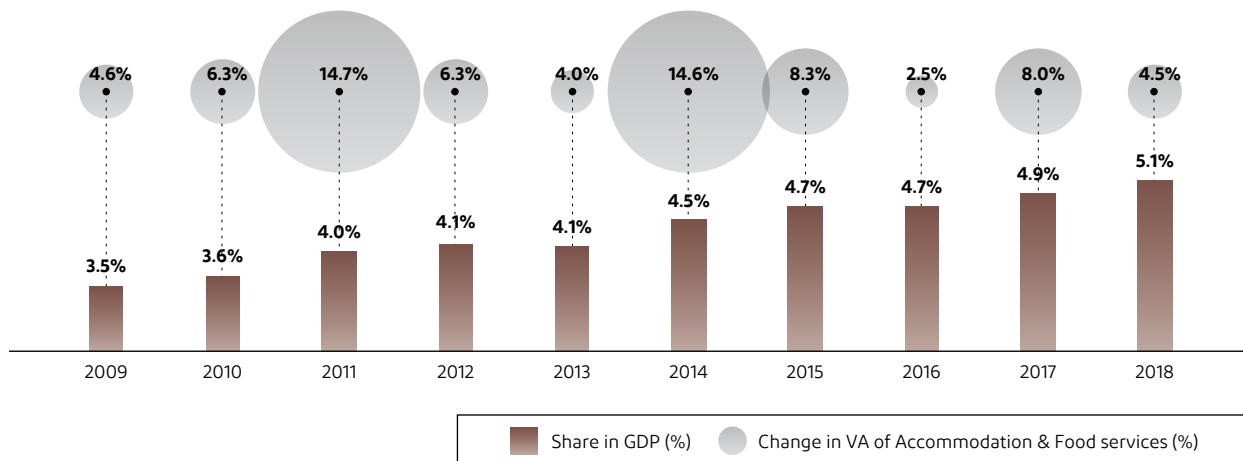
Contribution to GDP and Employment

9.4 The tourism sector, narrowly defined in the national accounts to include Accommodation and Food Services activities (restaurants and hotels) generated AED 20.1 billion of value added in 2018 and contributed 5.1 per cent to Dubai's GDP (in constant prices). Tourism value added grew by 4.5 per cent in 2018 faster than the GDP growth rate of 1.9 per cent and it is expected to continue to grow at a high rate during the coming years ahead of Expo 2020, (Figure 9.4).

9.5 The number of workers involved in Accommodation and Food services activities reached 211,841 employees in 2018, up from 211,651 employees in 2017. The sector's share in Dubai's total workforce accounted for 7.6 per cent in 2018 and remained about the same as in the previous year, (Figure 9.5).

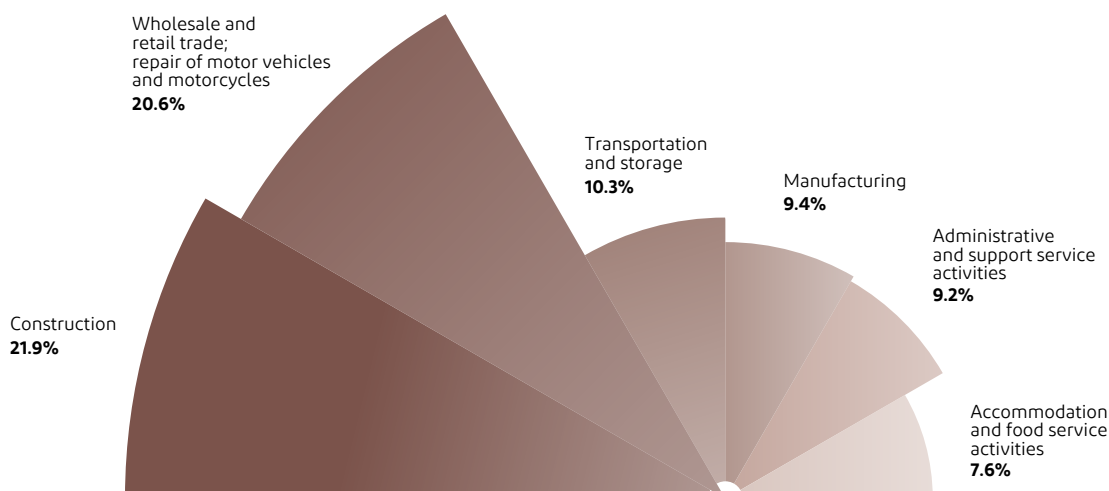
Expo 2020 is expected to generate 94,400 full-time equivalent jobs (FTE), including 51,100 jobs in the Accommodation and Food services sector during the event, according

Figure 9.4: Contribution of Accommodation & Food services activities to Real GDP



Source: Dubai Statistics Center

Figure 9.5: Sector's Share in Dubai's Total Workforce (2018)



Source: Dubai Statistics Center

to estimates in a study by consultants EY. Moreover, the increase in the number of hotels in Dubai in the run up to the Expo will also lead to job creation in the tourism sector.

9.6 Labour productivity in Accommodation and Food services activities as measured by value added per worker rose by 4.4 per cent in 2018 to AED 94,925 in constant prices. This boost in productivity was mainly due to a faster increase in the value added in constant prices than the actual number of workers.

Tourism and the Retail sector

9.7 Tourism plays a significant role in the contribution to the retail trade in Dubai. In the last decade Dubai has attracted a rising number of

visitors who are relatively high spenders particularly on branded luxury goods. The MasterCard Global Destinations Survey estimated that 31.0 per cent of the total expenditure of overnight visitors was attributed to shopping, 8.0 per cent was spent on local transport, with a further 10.0 per cent on local services.

While Dubai continues to rank fourth by MasterCard's Global Destination Cities Index, it was ranked first in terms of total expenditure by tourists, amounting to US\$30.8 billion (AED 113 billion Dirhams) in 2017, ahead of London with a growth rate for the Emirate of 4 per cent over the previous year, (Table 9.1).

Table 9.1: Rank of Dubai and International Cities (2016-2018)

City	Ranking	Number of Visitors			Change (2017 2018)	Growth rate forecast for 2019	2018 Tourists Spending (bn\$) (bn\$)
		2018	2017	2016			
Bangkok	1	22.8	20.1	19.4	13.40%	3.30%	20
Paris	3	19.1	17.4	15.5	9.70%	2.40%	14.1
London	2	19.1	19.8	19.1	-3.70%	3.50%	16.5
Dubai	4	15.9	15.8	14.9	0.90%	1.70%	30.8
Singapore	5	14.7	13.9	13.1	5.50%	4.00%	16.6
Kuala Lumpur	7	13.8	12.6	11.3	9.60%	9.90%	11.1
New York	6	13.6	13.1	12.7	3.60%	2.90%	16.4

Source: Master Card's "Global Destination Cities Index" 2019

Recent Developments in Accommodation Performance

Change in Main Indicators of Accommodation Performance in Dubai

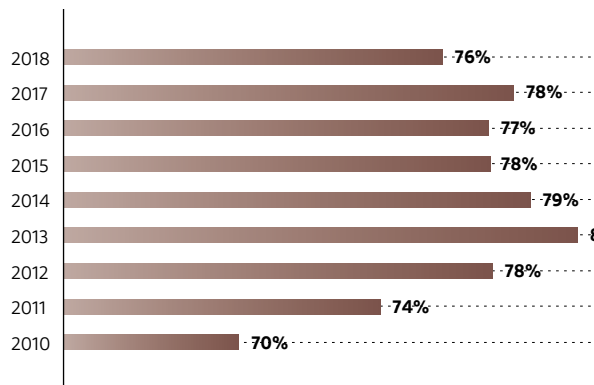
9.8 In 2018, the hotel room and hotel apartment occupancy rate slightly fell by 2.6 per cent in comparison with 2017 to reach 76 per cent. The decrease came in light of the oversupply of hotel rooms in the local market, consequently putting more downward pressures on hotel prices during the year, (Figure 9.6).

9.9 The indicator for the average number of nights spent in Dubai’s hotels, which reflects the Emirate’s ability to attract visitors, rose steadily from 3.21 nights in 2010 to 3.84 nights by 2014. However, the average nights stayed have decreased since then and has fallen further from 3.6 nights in 2016

to 3.5 nights in 2017 remaining at the same level for 2018, (Figure 9.7).

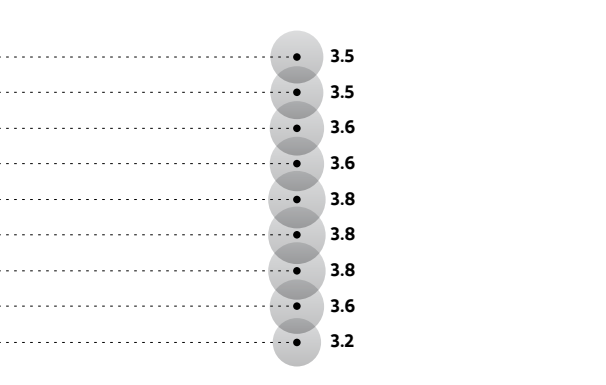
9.10 The data shows that over the last few years there has been a continuous decline in the average daily room rate as well as the average revenue per available room across Dubai. The average daily room rate in hotel establishments declined by 5.5 per cent and the average revenue per available room also fell by 7.6 per cent in 2018. The fall in price has been caused by the rise in supply of rooms from newly completed hotels that have entered the Dubai market. Reducing costs will be top priority for many players in the tourism industry in order to counteract declining average revenue per room and lower room occupancy rate, (Figure 9.8).

Figure 9.6: Room Occupancy Rate (%) for Hotel Establishments



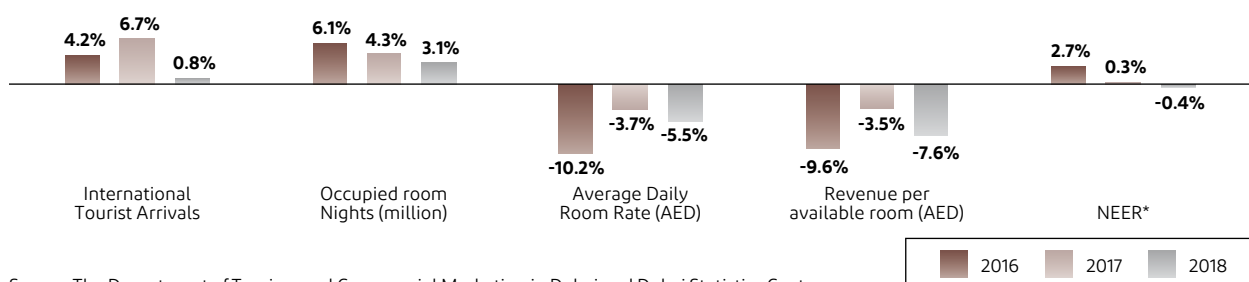
Source: Dubai Statistics Center

Figure 9.7: Average Nights Stayed in Dubai’s Hotels (nights per guest)



Source: Dubai Statistics Center

Figure 9.8: Change in Main Indicators of Hotel Performance of Dubai Hotels



Source: The Department of Tourism and Commercial Marketing in Dubai and Dubai Statistics Center

* NEER is the Nominal Effective Exchange Rate (Source: Bank of International Settlement)

Recent Developments in the Tourism Infrastructure

9.11 The government of Dubai has been successful in stimulating tourism by providing the necessary infrastructure and by encouraging private sector investment in hotels and other forms of accommodation for visitors. In 2018 34 new hotels were opened, increasing the total number of hotels in Dubai to 519 in all categories, a rise of 7.0 per cent over the previous year. The number of hotel apartment buildings reached 197 compared to 196 in 2017, (Table 9.2).

Table 9.2: Dubai Hotels (2017-2018)

Classification		1 - 3 Star	4 Star	5 Star	Total
Number of Hotels	2017	260	122	103	485
	2018	260	146	113	519
Number of Available Rooms (Thousand)	2017	21,591	25,289	35,853	82,733
	2018	22,634	29,908	38,543	91,085

Source: Dubai Statistics Center

The net impact of the supply changes in hotels and hotel apartments in 2018 increased the stock of all rooms available by almost 8.0 per cent to 115.97 thousand. The number of hotel rooms increased by 10.0 per cent from around 83 thousand to 91 thousand while the number of hotel apartment rooms grew marginally by 0.7 per cent to almost 25 thousand. The rise in rooms directly corresponds to the ambitious plan announced by the Department of Tourism and Commerce Marketing (DTCM), which aims for a total hotel capacity of 160,000 rooms to be ready for when the Expo 2020 exhibition opens, (Figure 9.9).

9.12 The luxury hotel category predominates in the Dubai hotel sector with an increase in the supply of seven 5-star and ten 4-star new hotels opening in 2018. With Dubai's growing presence as a family-friendly city and the promotion of family tourism, Dubai is also making greater efforts to increase the number of medium-sized four-star hotels rather than add to the large number of five-star hotels, since the demand for budget

Figure 9.9: The Number of Rooms and Hotel Apartments in Dubai (thousands)

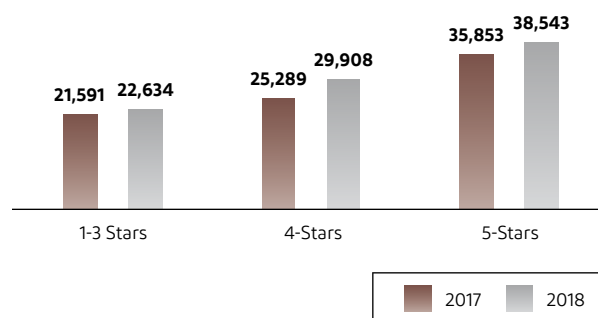


Source: Dubai Statistics Center

hotels has been growing continuously for the past several years. In 2018 the number of available rooms grew the fastest in the four-star hotels category, up 18.3 per cent over the previous year. The number of available rooms in the five-star hotels category grew by 7.5 per cent, and the number of available rooms in one to three-star hotels by 4.8 per cent.

The hotel classification by category, based on their total available rooms, was distributed as follows: 42 per cent in the five-star category; 33 per cent in the four-star category, and 25 per cent in the one to three-star category, (Figure 9.10).

Figure 9.10: Number of Available Room by Hotel Category



Source: Dubai Statistics Center

Sustainable Tourism in Dubai

While the tourism sector in Dubai aims to maintain a high growth of visitors to the Emirate in the coming decade by filling expensive as well as budget family-friendly hotels and leisure venues, it also needs to strive to establish a tourism industry that is economically and environmentally sustainable. Tourism has an economic impact far beyond the direct revenues of hotels and restaurants. Visitors spend money in the retail sector and at events, but rising numbers of tourists also has implications for transport, water and electricity usage, and for the conservation of environmental and cultural assets.

To further this end, Dubai has been pursuing several sustainable tourism initiatives in the form of ecotourism, as explained in the Box 9.1.



BOX 9.1

Eco-tourism in Dubai

What is Eco-tourism?

Eco-tourism appeared as a new sustainable travel concept in the early 1990s when the US-based International Eco-tourism Society was founded and exhibited at the first International Eco-tourism Conference in the Caribbean in 1991. The Journal of Eco-tourism began publishing in 2002 with the aim of promoting eco-friendly tourism activities through limiting the use of environment polluting transportation and equipment to reduce the negative impact on the natural environment while providing tourists with comfort and entertainment.¹

According to the United Nations, eco-tourism is defined as sustainable tourism that contributes to the preservation of the natural and cultural heritage of a region, achieving the highest degree of environmental friendliness and maintaining a balanced relationship between human activities, vegetation and animals. This objective is achieved by developing tourism programs based on orienting tourism to environmentally unique sites, without compromising the quality of the environment or impacting upon it.

Eco-tourism targets a category of tourists looking for vacations in which the environment is preserved as much as possible. To achieve this goal, eco-tourism must be based on several components, the most important of which are:

- Preserving the region's environmental diversity in terms of wildlife, terrain or climate.
- Enabling visitors to travel and sightsee in carbon neutral ways, such as walking or cycling.
- Building the necessary facilities needed to serve tourists while maintaining environmental balance and not impacting any existing ecosystem in the tourist areas.
- Raising environmental awareness among tourists and involving them in the issues and concerns of the areas they visit.

- Respecting the local culture of the visited areas and the rights of the population and standards and laws of the country/region where tourist areas are located.

Eco-tourism is a means of reducing the environmental impact on ecosystems in tourist destinations thus ensuring the sustainability of natural resources. It also works to preserve the cultural and civilizational heritage of the local population and provide the impetus to increase job opportunities for the rural population, especially for untrained workers. Sustainable capacity reflects the maximum number of visitors that can be accommodated in an area without negatively impacting the natural environment or the enjoyment of their travel experience. The importance of maintaining the absorptive capacity in natural, environmental, archaeological and historical sites lies in preventing any damage to these areas caused by human activities, such as the increased use of vehicles causing high carbon emissions, while providing benefits to visitors.²

The Challenges facing Dubai

Sustainability is one of the important issues facing the international tourism sector. Currently eco-tourism accounts for over 20 per cent of total tourism worldwide, according to international statistics and studies.³ This issue is of vital importance to Dubai since the Dubai Tourism Vision 2025 aims to receive about 25 million annual visitors by that date. Given these numbers, the government of Dubai is keen to preserve the environment through several initiatives focusing on reducing carbon emissions, optimizing energy efficiency, reducing waste and managing natural resources efficiently.

According to data from Dubai's Supreme Council of Energy, which has been monitoring emissions since 2011, Dubai's net CO₂ emissions have dropped significantly by around 19 per cent in 2018, which is lower than the target set in the 2021 carbon emissions reduction strategy. Per capita carbon emissions in the UAE as a whole stood at 15.7 tons in 2018 well below the US

1 International Encyclopedia of the Social & Behavioral Sciences (Second Edition), 2015, Pages 105-109

2 International Encyclopedia of the Social & Behavioral Sciences (Second Edition), 2015, Pages 151-160

3 Ministry of Climate Change and Environment

ranking of 16.5 tons per capita. Data shows that the per capita consumption of electricity and water have also fallen between 2015 and 2018, by 13.9 per cent and 12.9 per cent respectively, (Table 1).

Table 1: Environmental performance indicators

Indicator	2015	2018	Change
Annual per capita consumption of electricity	13,626 kWh	11,731 kWh	13.90%
Annual per capita consumption of water	38,554 Gallons per year	33,565 Gallons per year	12.90%

Source: Supreme Energy Council

Dubai's hotels are considered to have relatively high occupancy throughout the year and according to Dubai Electricity and Water Authority (DEWA) data, Dubai's energy consumption ranges from 150 to 300 kWh of energy per room. By implementing environmentally friendly systems, Dubai's hotel facilities aim to improve water and energy efficiency, reducing both their carbon footprint and carbon dioxide emissions.

A study conducted by the Emirates Green Building Council, which aims to measure energy and water consumption of selected hotels in Dubai from different categories, indicated a wide variation in energy consumption. The results showed a big difference between hotels that follow best practices in energy consumption, average performance and poor performance hotels. Poor-performance hotels consume 3 times more energy (kWh/m²/year) compared to more efficient hotels.

- The worst annual energy consumption in participating hotels was 160 kWh/m²/year.
- The average-performance hotels consumption was 683 kWh/m²/year.
- For annual hotel nights, the average annual energy consumption of participating hotels ranged from 88 to 99 kWh/night/year.

Regarding water consumption, the results were as follows:

- The rate of water consumption in participating hotels ranged between 31 and 399 imperial gallons/hotel night/year.
- The water consumption in average-performance hotels amounted to 136 imperial gallons⁴/hotel night/year⁵.

Dubai's Natural Capital

Dubai has considerable natural capital that needs protecting in the forms of terrestrial and marine biodiversity contained in nature reserves. There are currently eight nature reserves in Dubai accounting for 16.4 per cent of the total area of the Emirate. These are: Ras Al Khor, Jebel Ali Marine Reserve, Hatta Mountain, Al Marmoom Desert Reserve, Al Wohoosh Desert Reserve, Dubai Desert Conservation Reserve (Al Maha), JabalNizwa and GhafNizwa. These reserves have 51 species of plants and 57 species of animals living in them. In order to achieve eco-tourism objectives, it is necessary to raise awareness about the importance of preserving the environment. Public education is needed to explain how residents and visitors can enjoy nature in a way that respects both the environment and society, and how to observe local plants and animals without endangering the environment.⁶

Dubai is also focusing on sustainable eco-tourism industry by encouraging exploration activities⁷. Tourists can visit the Hatta Mountain region, practice mountaineering and reach the peaks by using their own energy, which means no pollution. Tourists can visit the Dubai Desert Reserve, which was established in 2004 and is now become home to more than 50 species of plants, 120 species of birds and 43 species of mammals and reptiles. Hunting or fishing trips can be undertaken which respect the legal and environmental conditions to preserve environmental balance without detriment to any endangered species. Finally, there are eco-tourism initiatives, such as one entitled "To the Wilds of Dubai" in 2017⁸, which focused on exploring the natural environment and protecting its resources without impacting the ecosystems of natural organisms, plants and vital systems.

⁴ Gallon is a unit of measurement for liquids and imperial gallons are used in Australia, Canada, New Zealand and the United Kingdom

⁵ Emirates Green Building Council

⁶ Dubai Sustainable Tourism — Dubai Municipality

⁷ Dubai Sustainable Tourism

⁸ Dubai Municipality