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Hospitality, Tourism, and Leisure in the U.A.E. **Overview and Opportunities for Business**



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Introduction

The United Arab Emirates has long been recognized as a premier tourism and leisure destination. Over the past decade, these sectors have experienced rapid and sustained growth, becoming a key component of the U.A.E.'s successful economic diversification strategy.

The biggest names in the international hospitality industry – from Hilton to Hyatt to Marriott – have invested heavily in the U.A.E. Meanwhile, the U.A.E. has developed, and exported, brand names of its own, such as DAMAC, Emaar, and Jumeirah.

Moreover, household names like Six Flags, Sea World, Warner Bros., and Guggenheim are all taking root in the U.A.E.'s leisure and entertainment sectors.

Main drivers of the sector's robust growth have historically been the country's strategic location, world-class transportation infrastructure, and fast-growing airlines. Two-thirds of the world's population lives within an 8-hour flight of the U.A.E., and Emirates and Etihad Airways have become synonymous with best-in-class international travel.

An ongoing catalyst for the expansion of the Emirati hospitality industry is the upcoming 2020 World Exposition, an international mega event. Expo 2020 Dubai anticipates 25 million visitors over the six-month long exposition from October 2020 to April 2021.

While Expo 2020 Dubai is projected to drive an increase in tourism to the U.A.E. during the event, it is just one of a number of factors that will continue to expand the local tourism sector in the coming years. Long a focal point for regional business, the U.A.E. is increasingly a hub for culture, sport, and entertainment and is emerging as an important medical tourism destination.

This report will assess the current state of the U.A.E.'s hospitality, tourism, and leisure sectors. The report will examine the sectors' key players, the engines behind their rapid growth, and several of the challenges facing the industry. Throughout, it will note how American businesses have partnered with Emirati entities to make the U.A.E. one of the world's premier leisure destinations.



Abu Dhabi's skyline

Overview

The U.A.E.'s hospitality sector has experienced strong growth over the past decade. From 2007 to 2017, the sector's direct contribution to the country's gross domestic product (GDP) increased by 138%, with sectoral employment growing by 119% over the same period.¹ As a result, in 2017, the industry contributed to an estimated 4.6% of the country's GDP and provided almost 570,000 jobs, representing 4.8% of total employment.² According to the U.A.E.'s Federal Competitiveness and Statistics Authority, the country welcomed 20.4 million hotel guests in 2017, making it one of the world's top tourism destinations.³ The surge in tourism has been partly driven by an increase in demand from Indian, Russian, and Chinese tourists, which is expected to continue.⁴

Looking ahead to the next decade, the future of the U.A.E.'s hospitality industry looks bright as the country's supply of hotel rooms is set to increase to an estimated 165,000 by 2020. The U.A.E.'s leisure and entertainment market is also set to grow as 45 million visitors are expected by 2021, including 30 million international tourists.⁵

Dubai has long been the heart of the U.A.E.'s tourism industry. In 2017, Dubai welcomed a staggering 15.8 million tourists.⁶ As of 2018, Dubai had 703 hotel and hotel apartment properties with a combined total of 111,864 rooms, an increase of 6% compared to the same time last year. Moreover, in 2017, Dubai had the highest hotel occupancy rate in the Middle East and North Africa (MENA) region.⁷

Dubai also recorded the highest international overnight visitor spend in 2017, with tourists spending \$29.7 billion.⁸

As the city prepares for Expo 2020, it now has the highest number of hotel rooms currently under construction in the Middle East and Africa (MEA) region.⁹ Analysts predict 20 million tourists will visit Dubai in 2020.¹⁰ Thanks to its economic diversification strategy, Dubai’s hospitality sector is projected to grow well past 2020.¹¹

But, the hospitality industry in Abu Dhabi has also witnessed significant growth. From January to September 2018, over 3.7 million tourists, including more than 140,000 Americans, stayed in Abu Dhabi. As of October 2018, the city boasted 166 hotels totaling 32,621 rooms. An additional 26 hotels, totaling 5,585 rooms are set to open in 2019, and 10 hotels totaling 1,949 rooms are set to open in 2020.

Sharjah and the northern emirates have also experienced rapid growth in tourist arrivals.¹² In the first half of 2017, Sharjah welcomed over 885,000 guests at its multiple hotel properties.¹³ Moreover, according to the Fujairah Statistics Center, about 764,000 people stayed in Fujairah’s 21 hotels in 2016.¹⁴

Meanwhile, in November 2018, Ras Al Khaimah Tourism Development Authority (RAKTDA) announced a growth of 11.2% in international guests in the first nine months of the year compared to the same period in 2017. RAKTDA aims to attract three million visitors annually by 2025.¹⁵

Key players

Many international hospitality chains are present in the U.A.E. These include American hospitality giants such as Hilton, Hyatt, and Marriott.

Company	Locations of U.A.E. Properties	Hotels in the U.A.E.	Hotel Rooms in the U.A.E.
Marriott	Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah	57	16,981
Hilton	Abu Dhabi, Dubai, Ras Al Khaimah, Sharjah	21	6,914
Hyatt	Abu Dhabi, Dubai	8	2,800



While the U.A.E. has attracted international firms, several Emirati companies play a key role in the country's hospitality industry, such as DAMAC Properties, Emaar Properties, and Jumeirah.

Jumeirah Group

Jumeirah Hotels and Resorts is a luxury hotel company that operates 25 properties in eight countries, including its flagship Burj Al Arab hotel in Dubai. In the U.A.E., Jumeirah has 15 properties with over 4,700 rooms. Moreover, Jumeirah continues to develop new luxury properties. In November 2018, Jumeirah's Saadiyat Island resort, a 293-room beachfront property complete with seven restaurants, opened just outside downtown Abu Dhabi.¹⁶



In addition to developing luxury properties, in early 2018, Jumeirah launched Zabeel House By Jumeirah, a new hotel concept aimed at solo travelers, couples, and families.¹⁷ This is part of a larger shift within the U.A.E.'s hospitality industry to focus on three-to-four-star hotels to address a huge market deficiency.¹⁸

The Jumeirah Group notably owns the Emirates Academy of Hospitality Management (EAHM). The academy is the first internationally accredited institution in the Middle East to offer undergraduate and graduate degrees in hospitality business.¹⁹ Today the institution has become one of the top ten hospitality schools in the world according to Educations.com, a global education research company.²⁰

Emaar

Founded in 1997, Emaar develops commercial real estate projects across the world. The group owns and manages a portfolio of hospitality assets and brands including Address Hotels + Resorts, Vida Hotels and Resorts, and Rove Hotels.²¹ Combined, its 13 properties have over 3,100 rooms.



Emaar is perhaps most famously known for building the tallest building in the world, the Burj Khalifa. The lofty tower, which includes an Armani Hotel, is situated adjacent to the Dubai Dancing Fountain and the Dubai Opera, both also developed by Emaar.

The Emaar Hospitality Group is currently focusing on hiring U.A.E. nationals for jobs across the hospitality industry.²² In July 2018, Emaar announced it would create over 5,300 jobs in the hospitality sector in the next five years in Dubai, Abu Dhabi, Sharjah, Ras Al Khaimah, and Fujairah.²³

Emaar Hospitality Group is also the Official Hotel and Hospitality Partner of Expo 2020 Dubai.²⁴

DAMAC

Since 2002, DAMAC Properties has distinguished itself for delivering luxury residential, commercial, and leisure properties across the region. Its portfolio includes 13,000 hotel rooms, serviced hotel apartments, and hotel villas managed by its wholly-owned subsidiary DAMAC Hotels & Resorts.²⁵



Abu Dhabi National Hotels (ADNH)

Established in 1976 as a hotel owner and asset manager, ADNH has evolved into a hospitality group that encompasses hotels, restaurants, destination management services, catering, and transportation.²⁶

It currently owns seven hotels in the U.A.E., including the Ritz-Carlton Abu Dhabi Grand Canal and the Hilton Abu Dhabi. Moreover, in January 2019, the company announced it had secured a 1.6 billion AED loan [\$ 425.5 million] from First Abu Dhabi Bank to acquire five of Emaar's hotels: Address Dubai Mall, Address Boulevard, Address Dubai Marina, Vida Downtown, and Manzil Downtown.²⁷



شركة أبوظبي الوطنية للفنادق
Abu Dhabi National Hotels

Al Habtoor Group

Established in 1979, Habtoor Hospitality markets itself as the Middle East's oldest hospitality group. The company is engaged in strategic partnerships with Marriott International and Hilton. The group owns eight hotels in the U.A.E. and seven internationally, including a property in Illinois.²⁸ Its U.A.E. collection of properties includes Habtoor Grand Resort, Waldorf Astoria Dubai Palm Jumeirah, and Habtoor Palace.²⁹



Majid Al Futtaim

Founded in 1992, Majid Al Futtaim owns and operates shopping malls, hotels, and entertainment sectors across the U.A.E. and the MENA region.³⁰ Majid Al Futtaim owns and operates 13 hotels in the region including 11 in the U.A.E.³¹



Rotana Hotels

Rotana's first hotel opened in Abu Dhabi in 1993. The Abu Dhabi-based hotel chain now owns and operates 35 hotels in the U.A.E. and the company plans to grow from the two properties it started in 1993 to a total of 100 by 2020.³²



U.A.E. investment in U.S. hospitality sector

The U.A.E. has also invested in the leisure and tourism industry in the United States.

In 2007, Dubai World invested billions of dollars in CityCenter, a giant hotel and entertainment complex in Las Vegas.³³

Abu Dhabi Investment Authority (ADIA) has invested heavily in a large-scale hotel in the Marriott Marquis convention center of Washington D.C. and also in development of projects in the downtown area.³⁴

In November 2018, it was reported that the Park Lane Hotel in New York City, a luxury 46-story hotel adjacent to Central Park, would be sold to Mubadala.³⁵

The Investment Corporation of Dubai has also invested in hospitality in the United States. Its investments include the W Hotel in Washington, D.C. and the Mandarin Oriental in New York.³⁶

Mubadala Investment Company

U.A.E. sovereign wealth funds in both Abu Dhabi and Dubai have invested in the U.A.E.'s hospitality industry. In Abu Dhabi, Mubadala Investment Company is a continuing shareholder in Aldar, a leading Abu Dhabi property developer that possesses four malls and 10 hotels in the U.A.E., including Yas Hotel in Abu Dhabi.³⁷ Mubadala Investment Company also owns 50% of the Los Angeles-based Viceroy Hotel Group, which, in addition to its nine properties in the United States, is planning to launch a new Viceroy-branded property in the U.A.E. The new hotel will be operated by Marriott.³⁸

Perhaps Mubadala Investment Company's most impressive development is the Rosewood Abu Dhabi. This luxury 34-story business hotel, which opened in 2013, is located on Abu Dhabi's Al Maryah Island, a Mubadala development. The hotel,



overlooking the Arabian Gulf, is one of Abu Dhabi's leading business, financial, and lifestyle destinations and offers 189 spacious and luxurious guest rooms & suites, and 131 serviced residences. Other features include a variety of eight restaurants & lounges as well as Sense, a Rosewood spa, Manor Club, an exclusive executive lounge, and a generous outdoors function space along with 191,683 square foot (17,808 square meter) of fully equipped indoor space. The Rosewood is directly connected to The Galleria, a luxury shopping destination, and Cleveland Clinic Abu Dhabi.³⁹

Al Maryah island is also home to the Four Seasons, which is owned by Mubadala. The five-star property features Café Milano, the sister location of the award-winning Washington, D.C. restaurant, and the first outside the United States.

Investment Corporation of Dubai (ICD)

Similar to Mubadala Investment Company's involvement in the hospitality industry in Abu Dhabi, the Investment Corporation of Dubai, a Dubai-based sovereign wealth fund, has its own hospitality holdings. ICD owns Kerzner International Holding, a leading international developer and operator of luxury hotels, including its flagship property The Atlantis Dubai.⁴⁰

Other Hospitality Companies

The above is not an exhaustive list of hospitality companies. There are many other notable players in this sector, including H Hotels & Resorts Management, an Abu Dhabi-based company that has a collection of six hotels and resorts internationally including The H Dubai.⁴¹

The U.A.E. boasts many other landmark hotels as well that are unaffiliated with any particular chains. These include the newly opened Queen Elizabeth II, a retired ocean liner now operating as a floating five-star hotel in Dubai's Mina Rashid Port.⁴² The Dubai World-owned property, opened in November 2018, has 1,300 rooms, a museum and a wide variety of food and beverage outlets.

Accessibility

One of the main reasons for the growth of the U.A.E.'s hospitality, tourism, and leisure industries is the country's connectivity to the rest of the world. The U.A.E. is situated in a strategically significant region, at the nexus of Europe, Asia, and Africa. Indeed, a third of the world's population lives within a four-hour flight, and two-thirds within an eight-hour flight of the U.A.E.⁴³ Moreover, the country is served by many international carriers including the locally-based Emirates and Etihad Airways which respectively offer 12 and four non-stop routes, respectively, to the United States.

In 2017, Dubai International Airport was the busiest airport for international travel with 88.2 million such travelers.⁴⁴ The city is also building the world's largest airport, Al Maktoum International Airport in Dubai South.

Abu Dhabi is one of the fastest-growing airport hubs in the world with 24 million passengers in 2016.⁴⁵ In 2016, it was estimated that Etihad Aviation Group (EAG), the Abu Dhabi airline holding company, delivered a core economic contribution of \$7.4 billion and a tourism contribution of \$2.2 billion.⁴⁶ The aviation group's core operations supported 62,100 jobs in Abu Dhabi, while indirectly contributing another 29,600 jobs in the tourism sector.⁴⁷



Emirates and Etihad Airways have been a catalyst for the growth of the U.A.E.'s tourism industry

Primary driver of growth – Expo 2020 Dubai

Dubai will host the six-month long Expo 2020 Dubai between October 20th, 2020, and April 10th, 2021. The event will be the first World Expo to take place in the Middle East. It is expected to attract 25 million visitors, 70% of whom will be international.⁴⁸

U.S. Companies and Expo 2020 Dubai

In early 2015, the former CH2M, now Jacobs, was selected along with Britain's Mace Group to design, construct, and manage the Expo site, located in Dubai South.⁴⁹

The event will include a U.S. Pavilion showcasing the best of American technology, culture, and values, particularly in the field of mobility.⁵⁰ It is estimated that up to seven million people will visit the U.S. Pavilion.⁵¹

Expo 2020 Dubai has partnered with leading American companies including Accenture, Cisco, Mastercard, PepsiCo, and UPS to deliver an incomparable visitor experience.⁵²

Expo 2020 Dubai has been a catalyst for economic growth for Dubai and the U.A.E. A report published by Standard Chartered bank stated Expo 2020 will directly create around 300,000 jobs and at least a million jobs indirectly throughout the U.A.E.⁵³ Approximately 90% of these jobs will be created in the travel and tourism sector between 2018 and 2021.⁵⁴

Other drivers of growth

In addition to Expo 2020 Dubai, a number of other factors have propelled the growth of the U.A.E.'s tourism and hospitality industries.

Museums and Culture

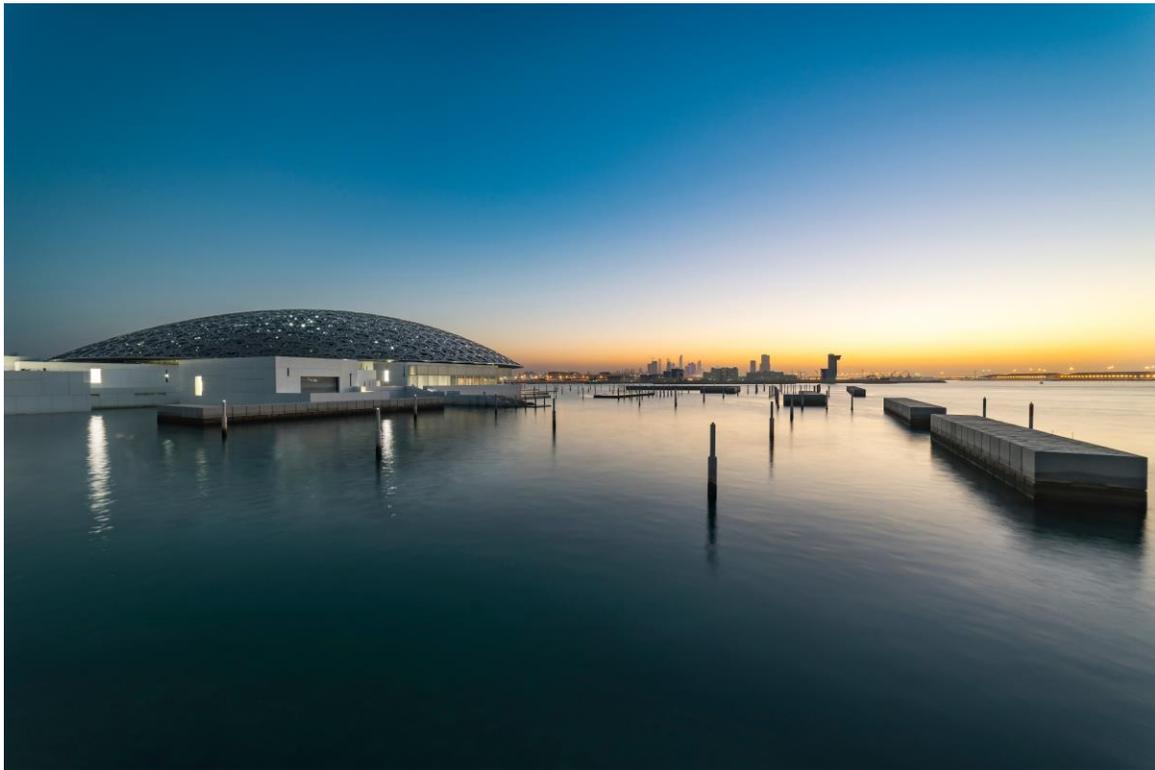
The U.A.E. has positioned itself as a leading cultural destination in the MENA region. The Sheikh Zayed Grand Mosque in Abu Dhabi, the largest mosque in the U.A.E. incorporates a myriad of Islamic architectural styles, and draws many foreign and domestic worshippers, Ramadan observers, and visitors. This religious and cultural landmark drew an astonishing 5.8 million people in 2017, including 3.4 million visitors.⁵⁵



The Sheikh Zayed Grand Mosque in Abu Dhabi

In November 2017, the Louvre Abu Dhabi opened its doors on the city's Saadiyat Island, supplementing its own permanent collection with masterpieces on loan from the Louvre and other leading French museums. The iconic building was designed by the leading architect Jean Nouvel, utilizing regional aesthetic motifs to create an impactful visitor experience. Two other museums are to be built on Saadiyat Island, the Zayed National Museum and the Guggenheim Abu Dhabi.⁵⁶

Moreover, Abu Dhabi's rich cultural offerings were complemented by the December 2018 opening of the Al Hosn Cultural Site in downtown Abu Dhabi. Al Hosn is the city's original urban block and comprises four interrelated components: the historic Qasr Al Hosn Fort, the Cultural Foundation, the National Consultative Council building, and the House of Artisans.



The Louvre Abu Dhabi

Dubai has its own impressive array of cultural attractions. The Dubai Museum and Al Fahidi Fort provide a snapshot of the history and heritage of the city. The same is true for Dubai's old Souk, a traditional market located in the Deira district.

In August 2016, the 2,000-seat Dubai Opera opened its doors to the public. The structure, built by Emaar, has been touted as the region's first world-class, purpose-built performance venue.⁵⁷ Dubai recently completed construction of the Museum of the Future, which will be a unique incubator for futuristic innovation and design that is set to open in 2020.⁵⁸

Sharjah boasts its own series of cultural attractions, such as the Sharjah Arts Museum and Sharjah Museum of Islamic Civilization. In fact, the third most populous city in the U.A.E. was crowned an Islamic Cultural Capital in 2014 by the Islamic Organization for Education, Science and Culture (ISESCO).⁵⁹ The Emirate of Fujairah is also a destination for the devout and for architecture enthusiasts alike, many of whom visit the 1446 Al Bidya Mosque, the oldest place of worship in the U.A.E.⁶⁰

Al Ain Oasis, the U.A.E.'s first UNESCO World Heritage Site, opened to the public in 2016. The oasis, located 90 miles (145km) east of Abu Dhabi, is one of the world's oldest permanently inhabited settlements, dating back more than 4,000 years.⁶¹



Sharjah skyline

Sporting events

With over 300 regular annual events, sport is another engine of growth for tourism and leisure in the U.A.E.⁶²

The Formula One Etihad Airways Abu Dhabi Grand Prix, held on the emirate's Yas Island, is an annual race that has taken place since 2009.⁶³ The world-renowned event draws visitors from more than 170 countries. In 2017, close to 65% of attendees were non-U.A.E. residents.⁶⁴

The Emirati capital also hosts other notable events, such as the Mubadala World Tennis Championship. In March 2019, the city will play host to the Special Olympics World Summer Games. This will mark the first time that the Special Olympics World Games will be held in the MENA region.



U.S. Olympic gold medalist Allyson Felix trains with Special Olympics athletes in Abu Dhabi

Dubai also hosts many prominent sporting events each year ranging from the Dubai Duty Free Tennis Championships to the DP World Tour Championship golf tournament, and the Dubai World Cup, a premier international horse race. The annual race, held at Meydan Racecourse, is one of the most prestigious in the world and offers the second largest prize money in the sport.⁶⁵ In 2015, Deloitte estimated that sport had an economic impact of \$670 million in the Emirate of Dubai.⁶⁶

In early 2019, the U.A.E. welcomed 24 national soccer teams for the AFC Asian Cup. Abu Dhabi, Dubai, Sharjah and Al Ain were designated as host cities for the month-long tournament.⁶⁷

Sightseeing and Entertainment

The U.A.E. has quickly become the entertainment capital of the region as well. Dubai is home to Dubai Parks and Resorts, which is the Middle East's largest multi-themed leisure and entertainment destination.⁶⁸ The park spreads across 25 million square feet (2.3 million square meters) of land and includes several resorts such as:

- LEGOLAND Dubai and LEGOLAND Water Park, which feature interactive rides, water slides, and building experiences.⁶⁹
- Motiongate Dubai, a Hollywood-inspired theme park.

- Bollywood Parks, the first ever theme park based on the sights and sounds of Bollywood.⁷⁰
- Six Flags Dubai amusement park will be the destination's fourth theme park when it opens in 2019.⁷¹

In August 2016, IMG Worlds of Adventure opened in Dubai, featuring characters from Cartoon Network and Disney's Marvel Universe.⁷² The \$1 billion project measures 1.5 million square feet (139,000 square meters) and features over 20 dining outlets and retail stores.⁷³

In addition to these amusement parks, Dubai also has an assortment of water parks. These include Aquaventure Waterpark, which is located adjacent to the Atlantis on the man-made island, "The Palm". Dubai also is the site of Wild Wadi Waterpark, a Jumeirah creation situated near the Burj Al Arab and Jumeirah Beach Hotel.



Miral's Yas Island features Ferrari World

In July 2018, the U.A.E. capital opened the world's largest indoor Warner Bros. Branded theme park, Warner Bros. World Abu Dhabi on Yas Island. The \$1 billion park is spread over more than 1.65 million square feet (153,000 square meters) and has 29 rides, shows, and attractions.⁷⁴

Yas Island today is home to three world class theme parks, including Ferrari World Abu Dhabi, another indoor theme park, as well as Yas Waterworld Abu Dhabi.

The island will also welcome another park as SeaWorld Abu Dhabi, a next generation marine life theme park with a research, rescue, rehab and release center, is scheduled to open its doors in 2022.⁷⁵

About Miral and Yas Island

Established in 2011, Miral was mandated by the government of Abu Dhabi to promote and manage the development of the 25-million-square-foot (2.3 million square meters) Yas Island, from an entertainment and leisure aspect.⁷⁶

Miral's destinations on Yas Island include Yas Bay, Yas Marina, Yas Waterworld, Ferrari World Abu Dhabi, Warner Bros. World, and Cascade Dining.⁷⁷

In July 2018, Miral embarked on a digital transformation journey set to enhance the visitor journey, delivering on its promise of a wall less destination, connecting all experiences through a digital platform.⁷⁸

Miral's vision is to position Yas Island among top global recognized destinations for family entertainment & leisure, welcoming 48 million visits by 2022.⁷⁹

In December 2018, Miral announced it was building 6.2 billion AED [\$ 1.68 billion] worth of projects on Yas Island, including a 18,000-seat indoor Yas Bay arena to host concerts and other events, and Clymb, featuring a large indoor climbing wall and a skydiving chamber.⁸⁰

Shopping

Dubai has long been associated with shopping, which is another driver of tourism to the U.A.E. There are many state-of-the-art shopping malls in Dubai, including the world's biggest, Emaar's Dubai Mall. Emaar recently unveiled plans to build another mall at Dubai Creek Harbour. This \$2 billion tech-driven mega mall will be more than twice the size of the Dubai Mall.⁸¹

Another landmark is the Mall of the Emirates, developed and owned by Majid Al Futtaim. This mall is home to Dubai's iconic indoor ski resort, a movie theater, and hundreds of retail and dining outlets.

The Dubai Shopping Festival runs from December to January and is one of the highlights of the year. The event provides shoppers with an opportunity to purchase a variety of high-end items at very competitive prices.

Recreation

An additional driver of tourism is recreation. The U.A.E. offers many different types of recreational activities such as desert expeditions, camel riding, and sky diving. Many leisure activities are also available on Sir Bani Yas Island, a wildlife reserve home to numerous endangered species.

Furthermore, the country is home to the world's longest zip line, which opened in February 2018 in Ras Al Khaimah thanks to a partnership between Ras Al Khaimah Tourism Development Authority and Puerto Rico's Toro Verde, the world's leading zip line operator.⁸²

The U.A.E. also offers visitors a variety of world-class golf courses including the Trump International Golf Club Dubai at DAMAC Hills.

Business travel

Business travelers have undoubtedly contributed to the growth and expansion of the U.A.E.'s hospitality and tourism sectors. Business travel contributed 23%, or \$9.13 billion, of the U.A.E.'s total tourism spending in 2016, increasing at an annual rate of 10.83% since 2011.⁸³

Many of these travelers come to the U.A.E. to participate in large conferences. Largely thanks to the Dubai World Trade Centre (DWTC), Dubai is the most popular destination for trade shows and exhibitions in the Middle East.⁸⁴ The Dubai World Trade Center is home to major annual events such as Arab Health and GITEX Technology Week. Dubai South has emerged as the host venue for a growing number of high-profile events, such as the biennial Dubai Airshow.

Abu Dhabi's Meetings, Incentives, Conferences and Exhibitions (MICE) industry is also growing, with an expected annual expansion of nearly 6% leading up to 2020.⁸⁵ Many of these events are hosted at the Abu Dhabi National Exhibition Center (ADNEC), home to key events such as the annual Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) and biennial International Defense Exhibition and Conference (IDEX).

Health tourism

The U.A.E. has also become an international medical tourism hub. A 2016 industry report suggests that the Emirati healthcare sector is expected to grow 7% annually to reach a market value of \$19.5 billion by 2020, and providing tourists with access to more than 40,000 healthcare professionals across 4,000 facilities.⁸⁶ In 2018, the U.A.E. rose to the top 20 medical tourism destinations in the world according to the Medical Tourism Index.⁸⁷

In 2016, Dubai received over 325,000 medical tourists, a 9.5% increase compared to the previous year.⁸⁸ The medical travelers generated more than \$380 million in revenue for the Emirate of Dubai.⁸⁹ Dubai is targeting 500,000 overseas medical visitors by 2020, encouraged through such measures as eased visa procedures.⁹⁰

The U.A.E.'s world-class healthcare offering is perhaps best exemplified by the Cleveland Clinic Abu Dhabi. This state-of-the-art multidisciplinary facility, which opened in 2015, is a joint venture between the Cleveland Clinic Foundation and Mubadala. Other leading U.S. medical providers, such as Mayo Clinic and Houston Methodist Global Health Care Services, also operate in the U.A.E. through partnerships.

Outlook

The U.A.E.'s hospitality and tourism industry currently faces some headwinds. Lower oil prices have dampened regional economic growth, depressing the number of regional tourists visiting the U.A.E.

The consequences of this economic slowdown have been amplified by the introduction of a value added tax (VAT) on January 1, 2018.⁹¹ The hospitality industry is not exempt from VAT and is taxed at a rate of 5%.⁹²

There is also concern regarding a potential oversupply of hotel rooms in the U.A.E., which could negatively affect the industry. The hotel occupancy rate has slightly declined in the U.A.E.⁹³ Consequently, in an environment of greater competition, average hotel room rates in the country decreased by almost 4% in December 2017 compared to December of the previous year.⁹⁴ Moreover, revenue per available room (RevPar), a key metric in assessing the performance of the hospitality sector, dropped 3.3% in the U.A.E. in 2017.⁹⁵

In recognition of the above, the U.A.E. has recently taken measures to stimulate the economy in general and tourism in particular. For instance:

- Tourists visiting the U.A.E. became eligible in November 2018 to receive a refund of VAT paid on purchases made at selected retailers.⁹⁶ A month later, the Federal Tax Authority announced it is processing an average of 3,800 tax refunds per day.⁹⁷
- The Emirati Government announced in June 2018 it will grant free transit visas for up to 96 hours to passengers transiting throughout the country's airports.⁹⁸
- Abu Dhabi and Dubai announced plans in June 2018 to reduce tourism and municipality fees applied to hotel stays and their in-house food & beverage outlets.⁹⁹

- To improve its mid-range hotel offerings, Dubai's tourism authorities announced they will waive the 10% municipality fee levied on every hotel's nightly room rate for new three and four-star hotels that began construction between October 1, 2013 and December 31, 2017.¹⁰⁰
- A number of major infrastructure and transportation projects, such as a \$4.08 billion investment in Dubai's roads by 2020, are underway bolstering growth prospects.¹⁰¹
- Dubai Tourism bolstered the Emirate's tourism sector in January 2019 by releasing approximately 250 million AED [\$68.06 million] in bank guarantees furnished by tourism-related service providers.¹⁰²

Due to measures such as these, and the drivers of growth mentioned in the previous sections, analysts predict the hospitality industry will continue to thrive and play a key role in the U.A.E.'s economy in the coming years.

- The U.A.E. hospitality market is expected to be valued at \$7.6 billion by 2022 with a projected five-year growth rate of 8.5% (2017-2022).¹⁰³
- Travel and tourism's direct contribution to the U.A.E.'s total GDP is expected to rise from around \$18.8 billion at present to \$29.53 billion in 2028.¹⁰⁴

In the process, opportunities for U.S. companies abound, as Emirati entities and consumers continue to look to American brands for best-in-class goods and services.



Jumeirah's Burj Al Arab

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