

HFTP Bulletin

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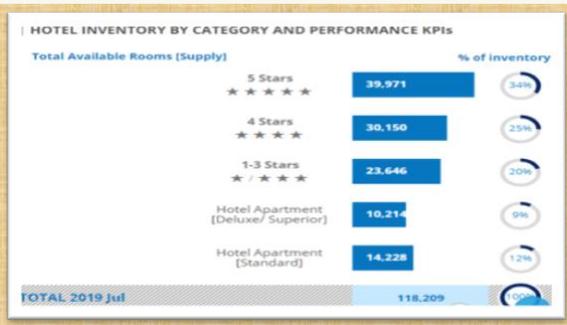
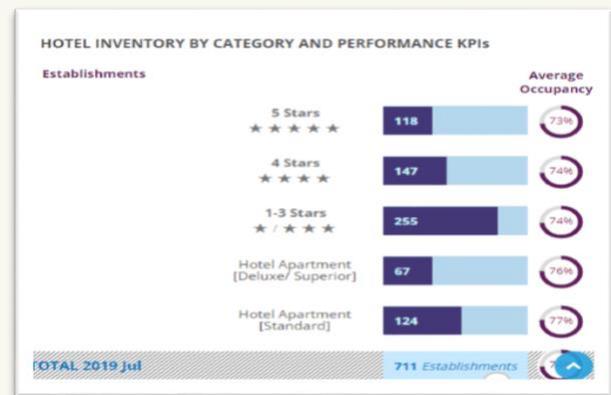
Hello HFTP Dubai Chapter members.

The Dubai HFTP Research and Innovation Center at the Emirates Academy of Hospitality Management has decided to briefly discuss the following topic: The impact of Expo 2020 on hotel revenue in Dubai. The HFTP Research and Innovation Center hopes this sparks conversation amongst HFTP Dubai Chapter members.

The Impact of Expo 2020 on Hotel Revenue in Dubai

By Ana-Denisa Irimescu

Dubai is known to be the pinnacle of tourism. The hospitality industry in Dubai is flourishing, with \$142.7 billion forecasted as revenue by 2025 (MarketLine, 2018). To meet the touristic demand in the cosmopolitan hub, the hospitality industry seeks to provide an approximate 245,000 jobs by 2023 (MarketLine, 2018). To maintain a sustainable balance with the influx of tourism, the city has evolved strategically by branding itself through its infrastructure and events, a key image which allows Dubai to be a differentiator and a key destination (Mehta, Jain and Jawale, 2014).



One such mega event is Expo 2020. This event will be the fuel and driver of the hospitality industry in the GCC hospitality sector in the next four years, growing the industry by a staggering 12%. As 25 million visitors are expected to attend the event, the hotel occupancy in the Middle East is predicted to grow by 6% in 6 years, while the Average Daily Rate (ADR) is expected to grow at a compound annual growth rate (CAGR) of 1.1% in 2022, by \$161 million. The growth is also foreseen in Revenue Per Available Room (RevPAR), which will grow by 2.9% in 2022.

The expectancy of Expo 2020 is also changing the touristic demand of Dubai as a destination. According to statistics by the Dubai Department of Tourism and Commerce Marketing (DTCM), Dubai is diversifying by penetrating the middle market, consisting of 3- and 4-star hotels. Such diversification has established a supply of 25% and is expected to appeal to Generation Y travelers.

However, according to STR, there is an imbalance of demand (3.9%) and supply (9.3%), which affects hotelier performance. Similarly, statistics suggest that occupancy declined by 4.9%. The STR data for Dubai in January has indicated that the expectancy of Expo2020 has affected the ADR and RevPAR.

Although analysts claim that such a decline in demand is expected, considering the major increase in supply, the question that one must ask themselves is: "To what extent will Expo 2020 classify Dubai as a futuristic and sustainable tourism destination?"



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