

# DUBAI: SCALING NEW HEIGHTS



Cited in the Travellers' Choice Awards 2023 by Tripadvisor as one of the most popular destinations, Dubai continues to shine and is already well on track for another bright year. **Nagi Morkos**, founder and managing partner at Hodema Consulting Services, puts a spotlight on the emirate's latest plans to boost foreign trade, investment and visitor numbers.

Dubai is certainly living up to its reputation this year as the UAE's hub for finance, innovation and entertainment. The city confirmed its sharp rebound from the pandemic with estimated economic growth of 5 percent in 2022. The outlook is also bright for the current year, with growth forecast to reach 3 percent, according to S&P. Dubai's economic performance contributed significantly to the Emirates' GDP, which grew by 7.6 percent last year, double the rate achieved in 2021.

#### New stimuli for economic activity

In January, Dubai's authorities announced the Dubai Economic Agenda D33, a plan to boost foreign trade by 44 percent (AED 25.6 trillion) in the coming decade. Foreign direct investment is the other cornerstone of the project. Outlining the targets, the D33 official website cites plans to increase inflows "from an average of AED 32 billion annually in the past decade to an average of AED 60 billion annually in the next decade to reach a total of AED 650 billion by 2033." Its other aims include boosting private sector investments from AED 790 billion to

AED 1 trillion. Investment is being sought across a broad range of fields, with the aim of attracting universities and companies, and green, sustainable manufacturing alternatives. This economic roadmap will be implemented alongside the federal government's national plan-development path, We the UAE 2031. The UAE is also launching a new corporate income tax of 9 percent on profits above USD 102,110. In a recent report, S&P said it expected the tax returns to "increase transparency, which could help reduce concerns around business activities within free zones."

#### Urban planning in the spotlight

The Ruler of Dubai Mohammed bin Rashid Al Maktoum recently described development in Dubai as "a non-stop journey." Since the Covid-19 pandemic, he has announced a string of reforms aimed at further broadening socioeconomic activity in the emirate. Aside from the many large-scale economic developments that are in place or underway, Dubai has started to rethink its urban planning strategies, with a view to making the city more livable and able to accommodate its rising population, which is expected to reach 7.8 million by 2040, up from 3.3 million today. The Dubai 2040 Urban Master Plan, launched in 2021, targets doubling the size of green and recreational areas and having nature reserves and natural areas on 60 percent of the emirate's land. In addition, hospitality and tourism activities are set to increase by 134 percent. Public beaches are a focal point of the roadmap, with plans in place to increase them from 21 km to 105 km – a huge rise of 400 percent. Services, in turn, are set for a 300 percent boost by 2025, with cycling tracks, night-swimming spots, shops and kiosks, sports facilities, F&B outlets and even camping grounds all in the pipeline.

#### A packed calendar

On the event side, the emirate's diary is full this year. From a healthcare conference in the summer and an international biotechnology summit in October to COP28 in November, Dubai is set to welcome thousands of foreign visitors this year, building on a successful December

2022, when many football fans extended their stay in the region by traveling to the emirate from the World Cup in Qatar. The decriminalization of alcohol consumption without a license in specific areas and the lifting of the ban on unmarried couples cohabiting should also act as a draw for more expats considering entering the emirate.

↳ **Tourists with significant purchasing power and business travelers remain the main clientele for Dubai's luxury tourism offering.** ─

#### A sunny outlook for tourism

Dubai's tourism industry has been booming since the pandemic came to an end, with the emirate named one of the most popular destinations by Tripadvisor in its Travellers' Choice Awards 2023. A total of 4.67 million international overnight visitors were recorded for the first quarter of 2023, according to the authorities' figures, up from 3.97 million in the same period last year, making Dubai one of the most visited destinations post-Covid-19, according to the Department of Economy and Tourism. The city recorded more than 11 million

visitors in 2022, with the highest number from India, while the war in Ukraine has also resulted in a large influx of Russian citizens and capital. Hotels have been a key beneficiary of this recovery, with occupancy levels reaching 72 percent last year, just short of the 75 percent recorded in 2019 and with a 16 percent increase in room supply during the period in question. Figures put the number of properties available to visitors at 755 at the end of 2022, with 137,950 rooms available. All the indicators are green, prompting professionals to expect strong momentum for business, with ADR, RevPAR and occupied room nights, which reached a record 37.43 million in 2022, outperforming previous years. Tourists with significant purchasing power and business travelers remain the main clientele for Dubai's luxury tourism offering. Hotels' fees also went up on the back of spillover from the five-week World Cup. Recent Deloitte and KPMG reports on Dubai's hotel market foresee a "sunny outlook" for the industry this year, due to relatively low inflation, which should remain between 2 and 3 percent, according to S&P.

#### Robust project pipeline

Dozens of new hotels have also been announced. Properties set to open this year include: SO/Uptown Dubai; The Lana; Jumeirah Marsa Al Arab; Mama Shelter Dubai; Five LUXE; One&Only One Za'abeel; and Siro Dubai. Looking ahead, Ciel Tower, Mandarin Oriental, Wasl Tower and Six Senses The Palm are scheduled to open next year, while the lavish Zuha Island is expected to welcome high-end clientele in 2025.

*hodema.net*