

THE UAE:

A BLUEPRINT FOR REGIONAL SUCCESS



When it comes to regional high achievers, the Emirates undoubtedly rank high on the list. Years spent developing the tourism offering and other non-oil sectors of the economy are now paying off, and there's more on the horizon, as **Nada Alameddine**, managing partner at Hodema Consulting Services, explains.

Since the 1990s, the UAE's economy has been on a constant rate of ascent and is now leading the region, along with Saudi Arabia. With an estimated GDP of around USD 509.2 billion in 2023, up from USD 507.6 billion in the previous year, the UAE now represents nearly 14.9 percent of the Arab GDP, according to the Arab League's Inter-Arab Investment Guarantee Corporation (IAIGC). And this year the rating agency S&P expects the country's GDP to expand by over 5 percent, with strong growth in the non-oil sector. From Abu Dhabi Economic Vision 2030 to Dubai Industrial Strategy 2030, the UAE has launched a series of plans to diversify its economies. Authorities are also

integrating new technologies via the Dubai Economic Agenda D33 and the UAE's Net Zero 2050 strategy. While oil remains the cornerstone of the economy, diversification efforts are starting to pay off. The Emirates have successfully built strong hospitality, wholesale and retail, and financial services sectors in recent years.

Financial stability

Dubai and Abu Dhabi's stable banking sectors have also managed to shield them from the global economic headwinds, as interest rates and inflation have been kept under control and new monetary policies put in place. Banks reported exceptional profits in 2023, and S&P Global highlights

their substantial liquidity reserves. While the European estate market was significantly affected by higher interest rates and stricter mortgage policies, the number of transactions has gone up in the Emirates, since most deals still take place in cash. Meanwhile, the country has witnessed a growing number of Russian buyers, who became the largest investor groups in Dubai last year. The city has been attracting investors for years and remains the economic powerhouse of the UAE.

Ras Al Khaimah, the fourth-largest emirate in the UAE, has a different profile from its powerful neighbors; while it does not produce oil or gas, it has a strong mining

industry. The boost in new construction projects in the region, and also those in India and Bangladesh, is bolstering the sector. Stevin Rock, one of the largest limestone quarrying groups in the world, is owned by the RAK government.

A roaring tiger

One of the pillars of the UAE diversification strategy is tourism. Over the past decade, the UAE has established itself as a popular holiday destination, ideally located halfway between Eastern and Western countries. In 2023, Dubai even hit a new record, attracting 17.15 million international overnight visitors, marking impressive year-on-year growth of 19.4 percent. With its large hotel offering and popular leisure, sporting and business events, the Gulf Tiger draws thousands of travelers all year round. Its success story was acknowledged by the industry itself at the Tripadvisor Travelers' Choice Awards 2024, where it was selected as the No.1 Global Destination for the third year in a row. Dubai, however, isn't resting on its laurels. Next, the emirate wants to go greener. The Dubai 2040 Urban Master Plan is set to change the city's face, with 60 percent earmarked to become nature reserves. The Dubai Master Plan for Public Beaches is another ambitious scheme, this time aimed at increasing the length of public beaches by 400 percent by 2040. And last July, authorities launched Dubai Sustainable Tourism, a stamp to rate hotels according to sustainability standards. Under the Urban Master Plan, the space dedicated to hotels and tourist activities will also increase by over 100 percent.

Broad-based tourism drive

Abu Dhabi's tourism project permits surged by more than 20 percent last year, with investors benefiting from high oil prices. The emirate also signed new deals with international travel brands to meet its 2023

24-million visitor target. But the most notable change comes from Ras Al Khaimah. Traditionally in the shadow of its glitzy neighbors, the smaller emirate is looking to up its tourism game and reach five million visitors by 2030. Last year, it struck a deal with Las Vegas-based Wynn Resorts for a USD 3.9 billion beach-integrated complex which would include a casino. The mega resort is expected to open in 2027. Another 19 hotels, with 5,867 rooms, are also in the pipeline, representing a 70 percent increase on the current supply. The hospitality sector currently represents 4 percent of Ras Al Khaimah's GDP, but new projects in the works are expected to increase this contribution. The small emirate of Ajman has also launched a charm offensive toward foreign visitors. It recently organized a roadshow in the UK to attract British tourists.

A packed calendar

The UAE member states have now become highly experienced hosts for international conferences, festivals and events. Thousands are expected to attend a diverse range of events scheduled for this year, including: UAE Innovates 2024; the WTO's 13th Ministerial Conference; the UNESCO World Conference on Culture and Arts Education; the Abu Dhabi Grand Prix; the Dubai Shopping Festival; the Polo Gold Cup; Taste of Dubai; and Art Dubai, to name just a few. Other initiatives include the extension of Yas Island's water park to add 18 new rides

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and attractions in 2025, and the recent collaboration between Dubai and the Real Madrid football club. Dubai Parks and Resorts will host the first Real Madrid-themed Park, named Real Madrid World.

To transport all these visitors to the UAE, the country is moving to strengthen its transportation offer. Flydubai recently launched four new services to expand its European network to 43 destinations. Emirates Airline has also introduced a pre-approved 14-day single-entry visa on arrival for Indian travelers. Yacht and cruise tourism is another UAE specialty. Dozens of marinas and hundreds of support facilities for pleasure boats, super yachts and even giga yachts are available across the country.

Positive indicators

Meanwhile, efforts are underway across the hospitality industry to keep pace with the constant increase in visitor numbers. Dubai's occupancy rate attained a 77.4 percent peak last year, with the number of room keys reaching 150,000. All other indicators, such as ADR and RevPAR, surpassed pre-pandemic levels and reached record highs. Other emirates witnessed the same trend, although not to the same extent.

Restaurants are also doing well. The thriving gastronomy scenes of Dubai and Abu Dhabi offer a wide range of cuisines and concepts, and new outlets are opening every day. The Michelin Guide published its second edition on Dubai in 2023, alongside the UAE Gault & Millau, celebrating UAE-based restaurateurs. On the fast-food scene, we are witnessing the rise of homegrown outlets, such as Pickl, BonBird and Drip Burgers.

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