

GCC Hospitality Market Review



2024

An annual review of key trends and performance of GCC hospitality and tourism markets

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FOREWORD

The Gulf Cooperation Council (GCC) region, encompassing Saudi Arabia, United Arab Emirates, Qatar, Oman, Bahrain and Kuwait, stands at the crossroads of tradition and modernity. With its rich cultural heritage, stunning natural landscapes, and visionary urban developments, the GCC region has positioned itself as a burgeoning hub for tourism and hospitality.

In Saudi Arabia, a new era for hospitality is being ushered in with 320,000 new hotel rooms planned or under construction and due to be delivered by 2030, which will, for the first time, showcase the country's incredibly rich and diverse geography and climate to the world. This phenomenal expansion in the country's hospitality industry is expected to be delivered at a cost of US\$ 104bn.

Meanwhile, Dubai, with its multi-faceted and multi-layered approach to creating a globally sought-after destination, is now a global household name and among the most visited cities in the world. Indeed, the emirate was the third most visited city in 2023, with 17.2 million tourists gracing its shores, behind Istanbul (20.2 million) and London (18.8 million). Dubai now also boasts the second busiest airport in the world (DXB), behind Atlanta's Hartsfield Jackson International Airport.

Over the past decade, the GCC states have made significant strides in diversifying their economies away from a reliance on oil and gas. Tourism and hospitality has emerged as a pivotal sector in this transformation, contributing to job creation, fostering international collaboration, and enhancing the region's global profile. Notably, in 2023, the travel and tourism sector contributed around US\$ 223bn to the GCC's GDP and supported over 2.6 million jobs across the region, which has been underpinned by a total of 464,465 hotel rooms.

The GCC's tourism and hospitality sector is characterised by its dynamism and adaptability. In the face of global challenges such as the COVID-19 pandemic, the sector has demonstrated remarkable resilience, swiftly adopting health and safety protocols, leveraging digital innovations, and exploring new tourism niches. From adventure and eco-tourism to cultural and medical tourism, the GCC offers a diverse array of experiences that cater to the evolving preferences of modern travellers.

As we look to the future, the continued growth and success of the GCC tourism and hospitality sector will hinge on sustainable practices, cross-sectoral collaboration, and a commitment to excellence. By fostering a welcoming and world-class hospitality culture, the GCC can ensure that it remains a premier destination on the global tourism map.

The economic metamorphosis has been further amplified with the recent announcement that Riyadh will host the World Expo in 2030 and that Saudi Arabia is the sole bidder for the 2034 FIFA World Cup, in addition to being the home for the 2029 Asian Winter Games. These successes build on Dubai's recent hosting of the World Expo 2020 and Qatar's successful bid for the FIFA 2022 World Cup, which are aiding the region's global profile as a tourist destination.

In our inaugural annual GCC Hospitality Market Review, we take a closer look at the performance of the hospitality sector around the region, and I welcome the opportunity to discuss our findings and analysis with you in more detail.



Turab Saleem

Partner - Head of Hospitality, Tourism & Leisure Advisory, MENA

GCC ECONOMIC OVERVIEW

2023

US\$ 2,122bn
GCC total GDP

2.2%
GCC consumer price inflation

59.6 million
GCC total population

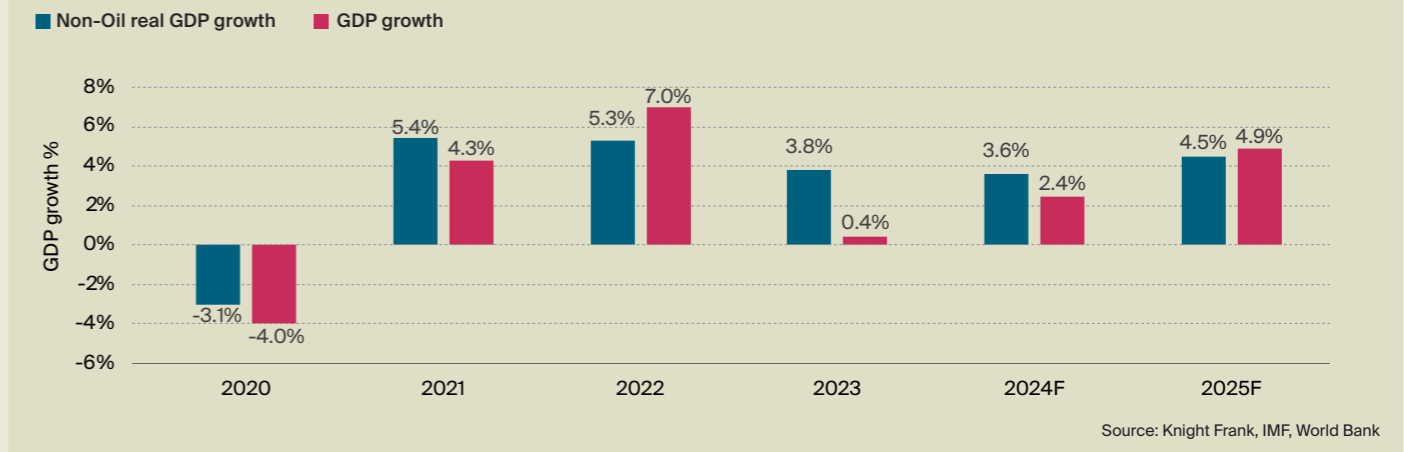
Sources: IMF, World Bank

Key highlights:

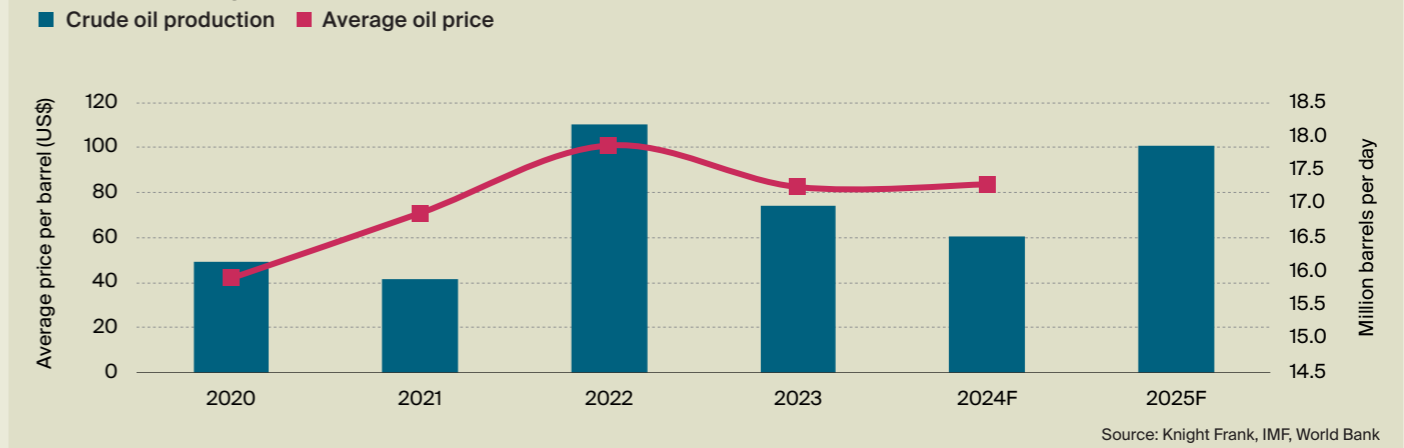
- The GCC economy has been a global bright spot in 2022 and 2023. While many economies reverted to low growth rates after the initial post COVID-19 recovery, the GCC has continued to post strong growth.
- Growth was driven by the non-oil economy, boosted by the private sector which, across the region, has benefited from reform and liberalisation.
- Tourism forms a key part of many of the GCC's respective 'transformation and vision' programs.
- Headline GDP growth numbers will rebound in 2023 and 2024 as OPEC+ oil production quotas are stabilised and increased.
- GCC governments are in an enviable financial situation, with fiscal surpluses delivered in 2023 and forecast by the IMF for 2024 and 2025. Compared to the rest of the world, sovereign debt-to-GDP rates of 30% are very sound.
- The synergy between a robust economy and a dynamic hospitality and tourism sector is evident, each driving the other's growth, resulting in a thriving and vibrant market. The GCC is well-positioned to become a premier global destination for tourism and hospitality.



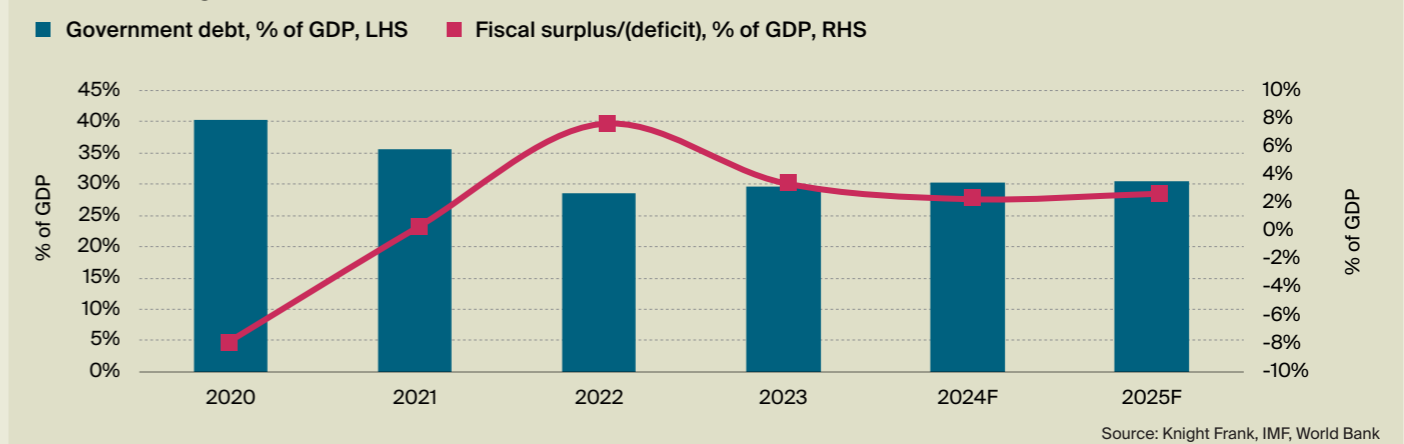
GCC economic growth forecast



GCC countries' oil production forecast



GCC countries government finances remain sound



GCC HOSPITALITY MARKET OVERVIEW

2023

US\$ 223.4bn

Travel & tourism sector contribution to GDP

US\$ 135.5bn

GCC tourist spending

76.2 million

GCC tourist arrivals

Source: WTTC, various sources

In 2023, the travel and tourism sector in the GCC significantly contributed to the region's economy and employment. The sector's contribution to the GCC's GDP reached substantial levels, reflecting a strong recovery and growth in tourism.

The travel and tourism sector added approximately US\$ 223.4bn to the GCC's GDP, marking a robust recovery from the pandemic's impact, according to the World Travel and Tourism Council (WTTC). This substantial growth underscores the sector's critical role in the overall economic landscape of the GCC countries.

These figures demonstrate the resilience and significance of the tourism sector in the GCC, driven by strategic government initiatives and investments aimed at boosting tourism and enhancing the region's appeal as a premier global destination.

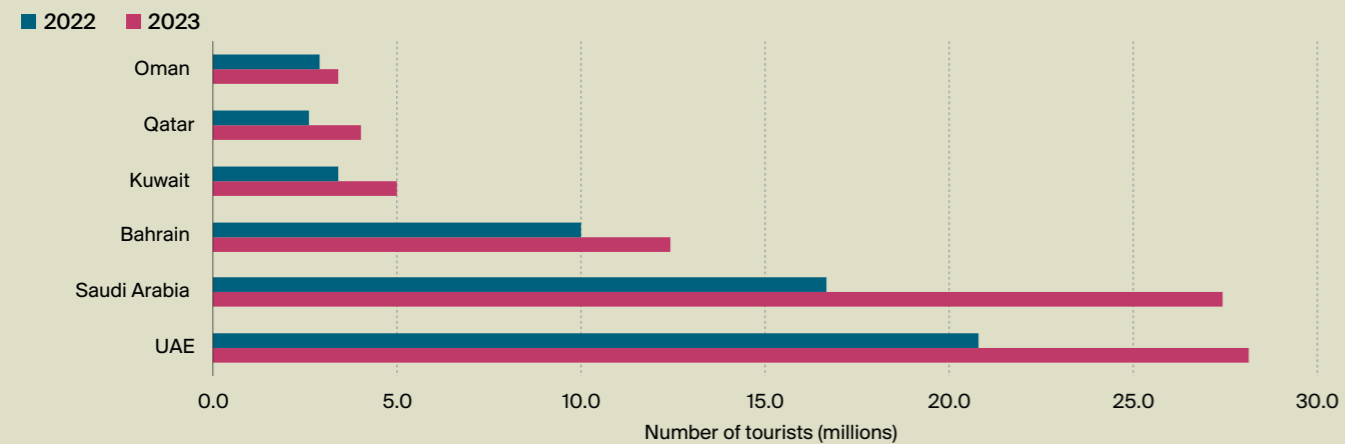
Despite these seemingly uniform national efforts by GCC governments, there have been significant disparities in the performance of the region's hospitality sectors. Indeed, between January and May 2024, The United Arab Emirates (UAE) emerged as a standout performer, with an average hotel occupancy rate of 80%, the highest level in the region. This figure was matched by Revenue Per Available Room (RevPAR) levels of US\$ 155. These results highlight the UAE's continued dominance and attractiveness as a premier destination for both leisure and business travellers.

In contrast, other GCC countries, such as Saudi Arabia and Kuwait, exhibit different performance dynamics. Saudi Arabia has enjoyed a high Average Daily Rate (ADR) of US\$ 198 and a RevPAR of US\$ 127, fuelled by a shortage of rooms. For instance, there are just 30,000 rooms in the nation's capital, Riyadh, compared to around 154,000 in Dubai, coupled with a moderate occupancy rate of 64%. Kuwait, however, faces challenges with the GCC's lowest occupancy rate at 42% despite having the second-highest ADR of US\$ 197 in the region.

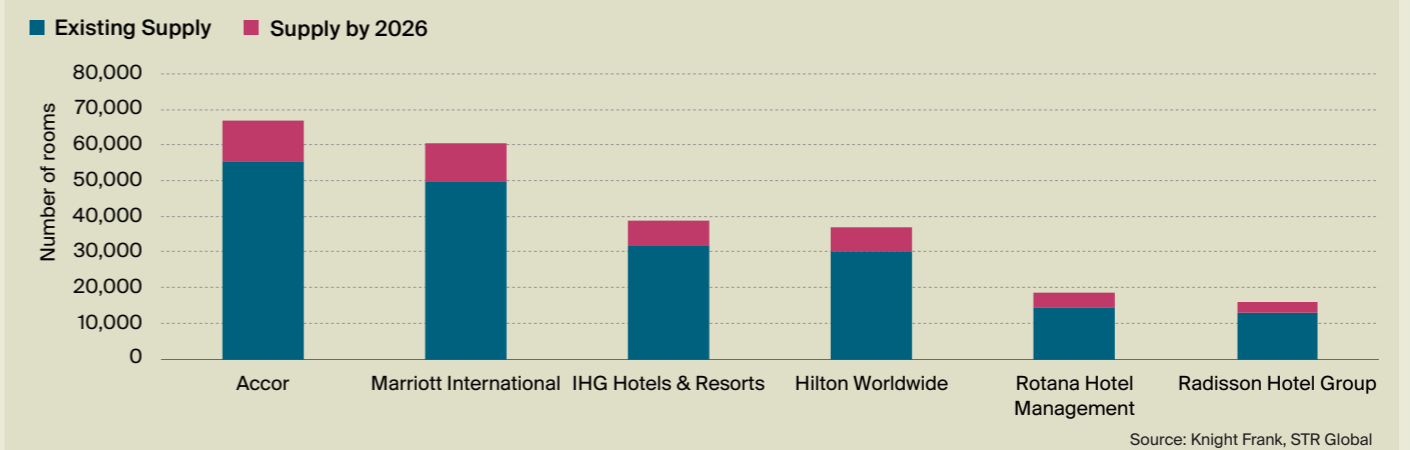
Still, the GCC hospitality sector has shown remarkable growth and is poised for further expansion. As of the end of June 2024, the GCC's hotel stock stood at 464,465 quality rooms, of which 46% (212,000 keys) are in the UAE, and 34% (159,800 keys) are in Saudi Arabia. With ongoing construction, this supply is expected to increase by 17% to 544,250 by 2026, assuming projects are completed as planned.

Furthermore, during 2023, tourist arrivals continued trending upward across the region, with the UAE (28 million) and Saudi Arabia (27.4 million) emerging as the 12th and 13th most visited countries in the world, respectively. Qatar has also seen substantial increases in tourist arrival numbers, which grew from 2.6 million in 2022 to over 4 million in 2023, according to the government.

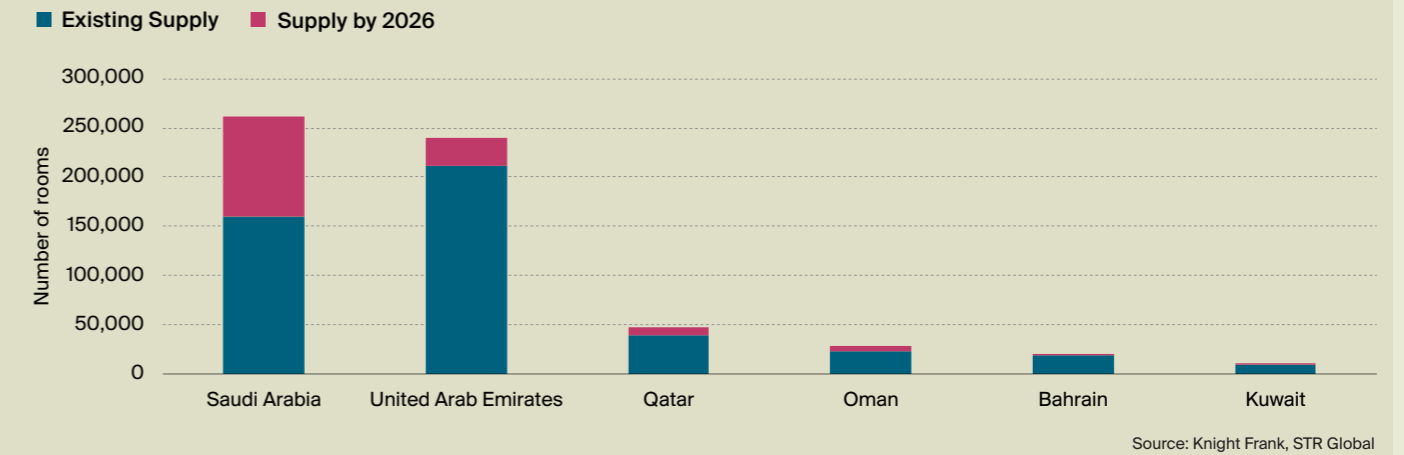
GCC tourist arrivals



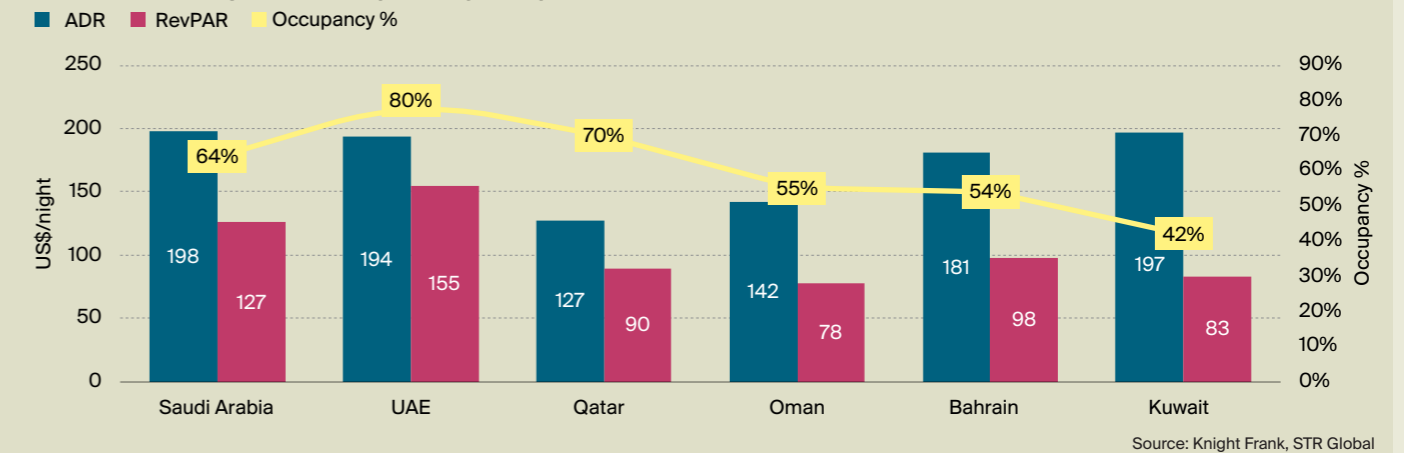
Top hotel operators in the GCC



GCC quality hotel supply & forecast



GCC hotel market performance (Jan-May 2024)



SAUDI ARABIA

ECONOMIC OVERVIEW

2023	US\$ 1,068bn	2.3%	32.9 million
	Total GDP	Consumer price inflation	Total population

Sources: IMF, World Bank

Economic performance highlights:

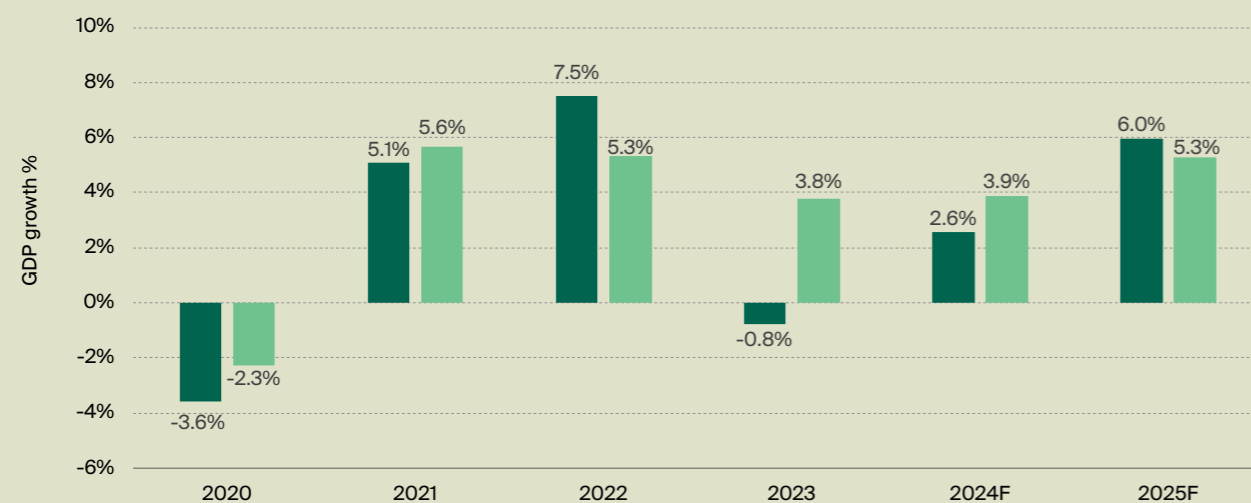
- The Saudi economy has recovered strongly since COVID-19, with high rates of non-oil growth, driven by consumer spending and private sector investment. Private sector non-oil growth in 2023 was 4.4%, according to the Saudi General Authority of Statistics. Notably, non-oil output in 2023 accounted for 67% of the Kingdom's total output (excluding net taxes on products).
- In 2023, output in the 'wholesale and retail trade, restaurant and hotel' sector grew by 7%. Output in 2023 was 19% higher than in 2019.
- In Q1 2024, GDP fell 1.7% year-on-year, because of an 11% fall in oil production. The pace of expansion in the non-oil economy is forecast to accelerate into 2025, according to the IMF.

Labour force highlights:

- Since 2020, the workforce in accommodation and food service activities has rapidly expanded from 431,419 workers in Q4 2020 to 681,367 workers in Q1 2024, marking a 69% increase. This is underpinned by programs and initiatives connected to Vision 2030, such as the US\$ 1.3 trillion in real estate and infrastructure projects announced since 2016.
- Despite the minimal impact of COVID-19 on workforce numbers, the post-pandemic period saw a significant boost, with a 28% growth in 2021 compared to 2020 and a further 22% annual increase in 2022. By Q1 2024, workforce numbers stabilised yet remain 69% higher than in 2019.
- In Q1 2024, 6% of all private sector workers were employed in the hospitality sector, reflecting the substantial growth, resilience and expansion unfolding amidst increasing demand for accommodation and food services in the country. This growth correlates with the overall robust performance of Saudi Arabia's hospitality sector.

Saudi Arabia's economic growth forecast

■ GDP ■ Non-oil GDP



Source: Knight Frank, IMF, World Bank



SAUDI ARABIA

HOSPITALITY MARKET OVERVIEW

2023 **US\$ 118.4bn** Travel & tourism sector contribution to GDP

US\$ 60.6bn International tourist spending

27.4 million Tourist arrivals

Source : WTTC, various sources

Saudi Arabia's hospitality market is experiencing significant growth, driven by a combination of government initiatives, increased investment, and evolving consumer preferences. In fact, Saudi Arabia's tourism industry expanded by a third (32%) in 2023, contributing a record SAR 444.3bn (US\$ 118.4bn) to the nation's GDP, the highest in the region.

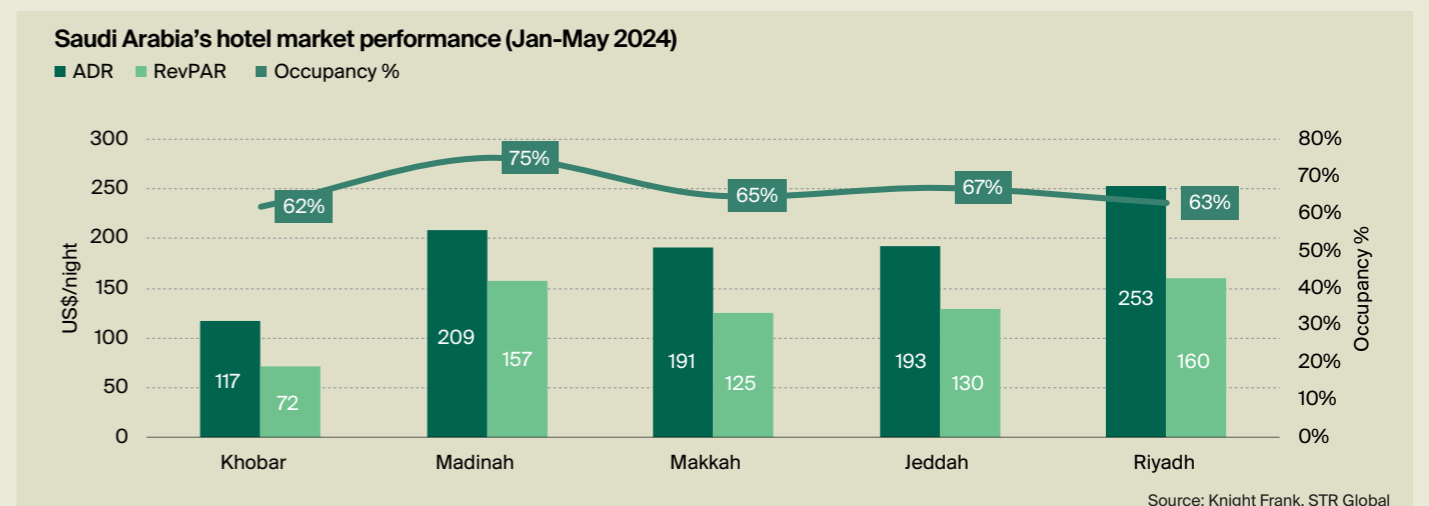
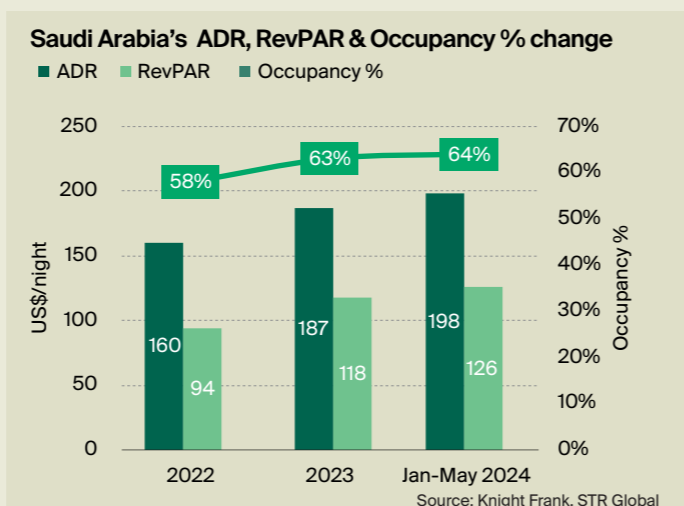
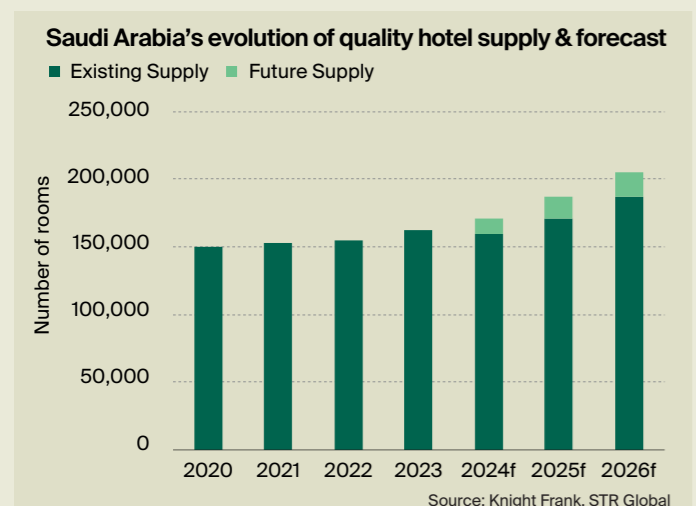
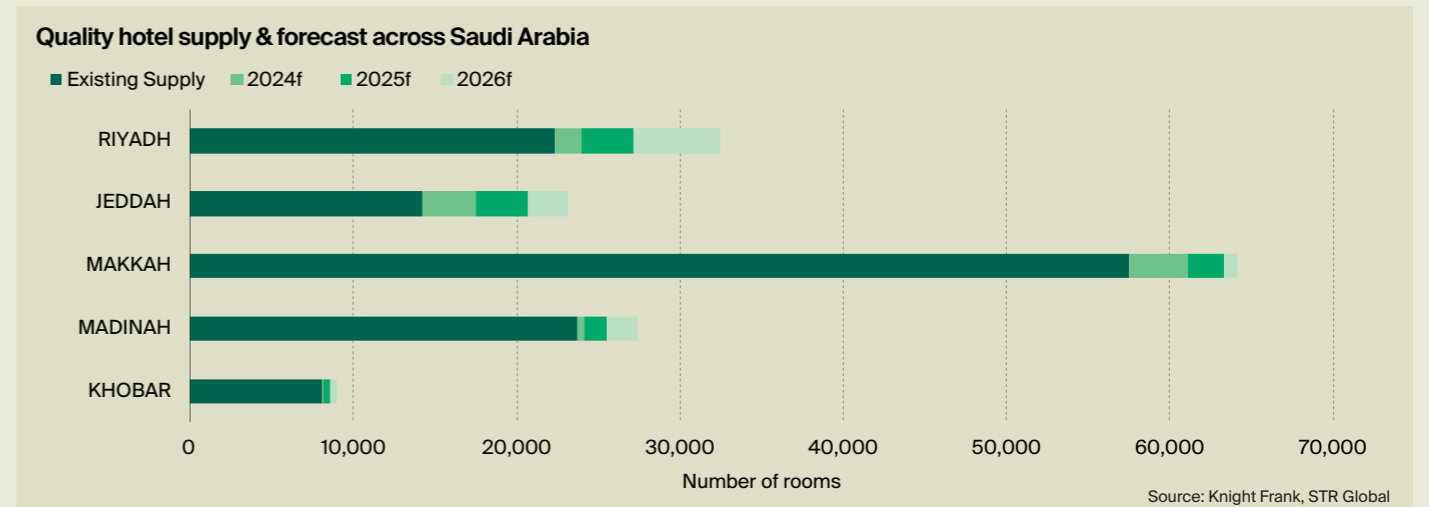
The Kingdom achieved its 2030 goal of attracting over 100 million visitors last year, reaching a total of 106.2 million visitors, 27.4 million of whom were international arrivals, with the remainder being domestic travellers. Religious tourism has also played a significant role in this achievement, with nearly 2 million Hajj pilgrims and 27 million Umrah pilgrims visiting the Holy Cities of Makkah and Madinah in 2023.

As of the end of June 2024, Saudi Arabia's current hotel stock stood at 159,790 quality hotel rooms. With ongoing construction, this supply is expected to increase by 29% to 205,500 by 2026, assuming projects are completed as planned. Riyadh alone is poised to experience a 46% increase in quality hotel rooms to 32,500 by 2026.

Indeed, we forecast 320,000 new hotel keys will likely be delivered around Saudi Arabia, including in the Kingdom's Giga projects, by the end of the decade. This staggering amount of new supply is being readied to support the anticipated surge in tourism, with nationwide tourist arrivals set to swell to 150 million by 2030.

The resumption of religious tourism in the wake of the pandemic, increased business travel, a growing number of international events, and the expansion of cultural and entertainment offerings are contributing to the robust performance of Saudi Arabia's hospitality market.

Between January and May 2024, ADR levels in Saudi Arabia increased by 2.4%, reaching US\$ 198, while occupancy levels increased to 64%, up from 63% over the same period last year. As a result, RevPAR grew by 2.5% to US\$ 126.



UNITED ARAB EMIRATES

ECONOMIC OVERVIEW

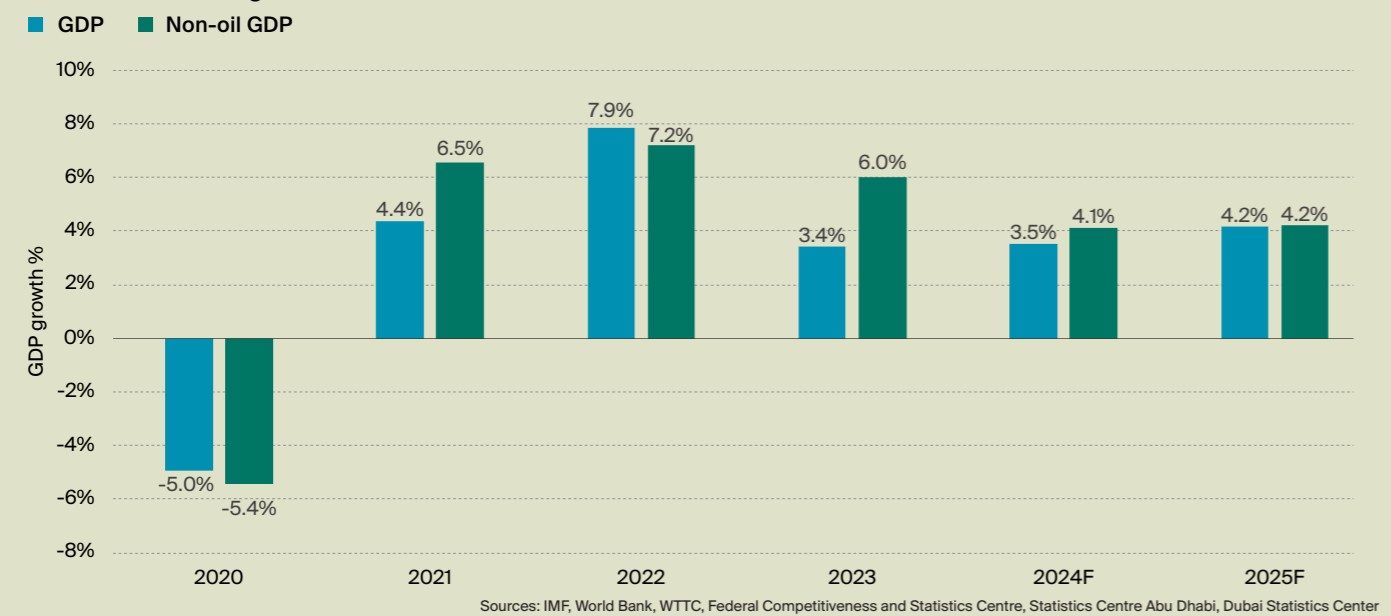
2023	US\$ 504bn	1.6%	9.5 million
	Total GDP	Consumer price inflation	Total population

Sources: IMF, World Bank

Economic performance highlights:

- The UAE economy has recorded stellar growth since COVID-19, with non-oil GDP expanding by 7.2% in 2022 and by a further 6% in 2023. Growth rates of the non-oil economy are forecast by the IMF to remain above 4% in both 2024 and 2025.
- Non-oil GDP growth in the Emirate of Abu Dhabi increased by 12.5% in 2023, while year-on-year growth between Q1 and Q3 2023 in the Emirate of Dubai was 3.3%.
- In Abu Dhabi, output of accommodation and food service activities grew by 3.1% in 2023. In Dubai, in the first three quarters of 2023, accommodation and food services expanded by 11.1%, year-on-year.
- Notably, Dubai's non-oil sector PMI reading during February at 58.5 was the highest for any city in the world, underpinned by employment growth rates that stood at an 8-year high. It has since eased to 54.7 in May, tempered by the record levels of rainfall recorded in the city during April. However, the figure remains firmly in positive territory, highlighting the resilience of business confidence in their future order books as well as the outlook for the local economy.

The UAE's economic growth forecast



UNITED ARAB EMIRATES

HOSPITALITY MARKET OVERVIEW

2023 **US\$ 59.8bn** Travel & tourism sector contribution to GDP

US\$ 47.7bn International tourist spending

24 million Tourist arrivals

Source : WTTC, various sources

The hospitality and tourism sector in the UAE experienced remarkable growth in 2023. In fact, last year, the sector grew by more than a quarter (26%) to contribute a record-breaking AED 219bn (US\$ 59.8bn) to the UAE's GDP, representing 11.7% of economic output (WTTC).

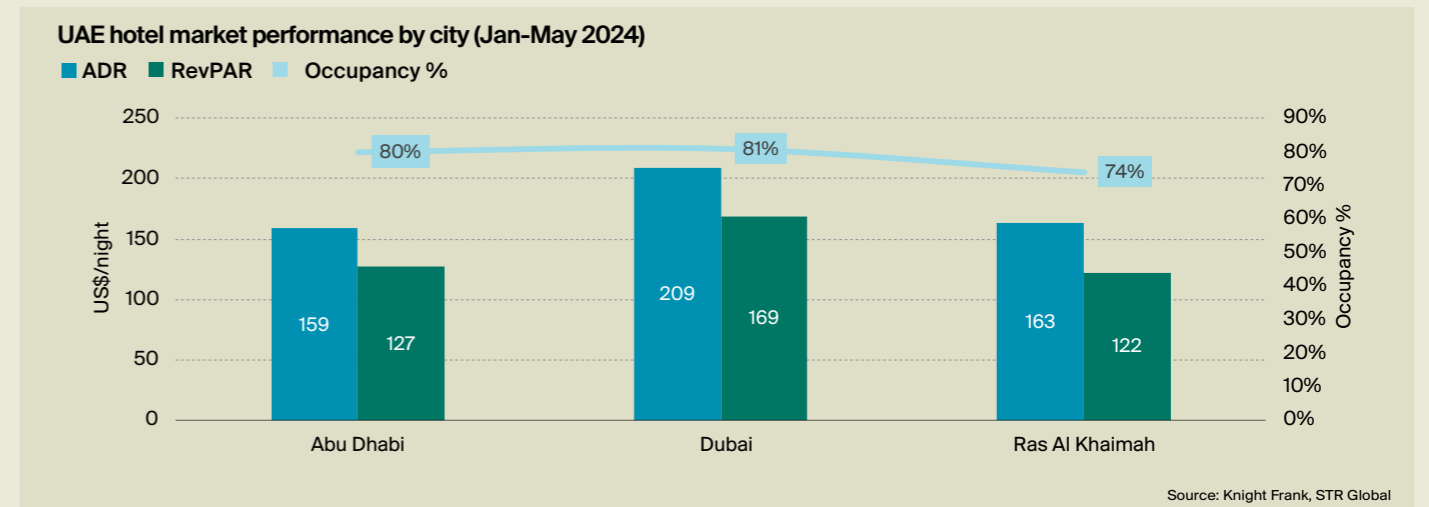
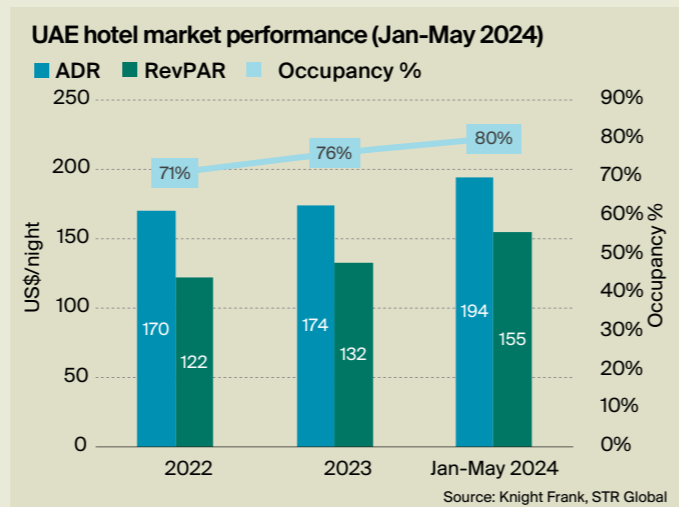
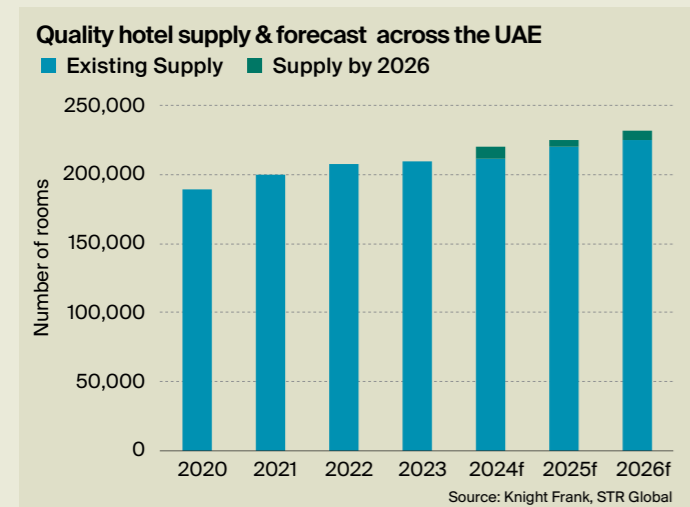
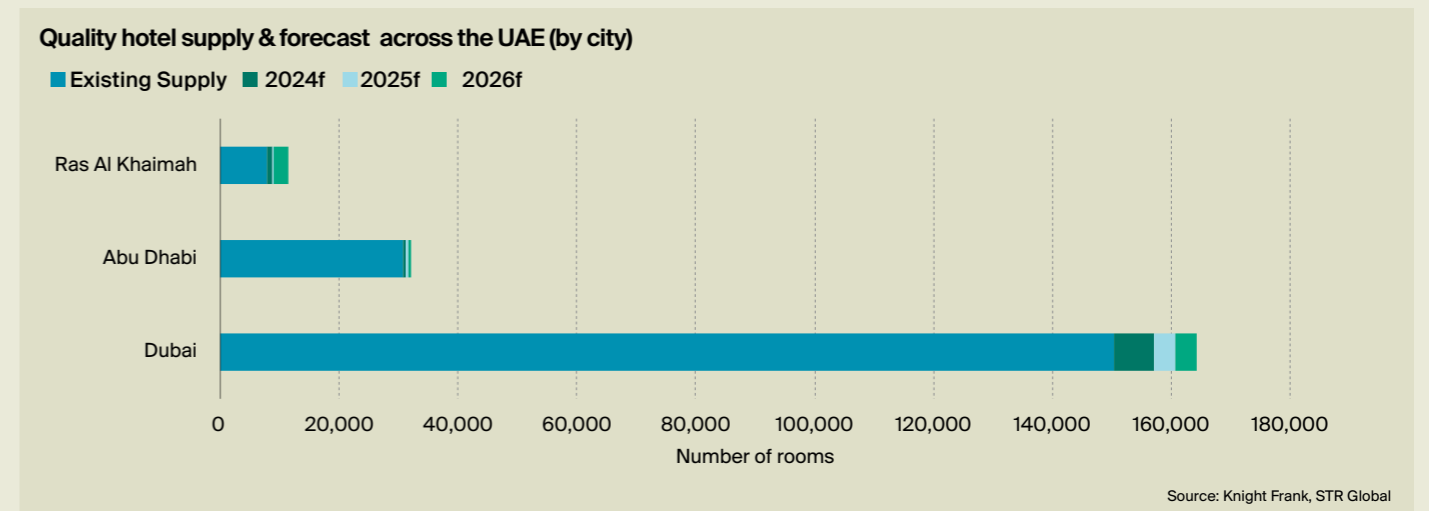
Additionally, the number of jobs supported by the travel and tourism sector in the UAE increased by 41,000, reaching over 809,000 jobs, which is up by 5.3% on 2022 and now accounts for one in nine jobs in the country (WTTC).

In 2023, international visitor spending in the UAE surged by nearly 40%, exceeding AED 175bn, which is 12% higher than 2019. This highlights the UAE's continued appeal as a leading global tourism destination.

The UAE's hospitality sector exhibited exceptional performance in 2023, which continued into the first five months of 2024. In fact, between January and May 2024, occupancy levels increased by 3.2% to 80%, the highest occupancy level across the GCC, while the ADR grew by 6.1% to US\$ 194. As a result, the RevPAR increased by 9.5% to US\$ 155 over the same period.

The government has been instrumental in the sector's growth, unveiling several initiatives that have supercharged expansion in the sector. These include the introduction of a range of long-term residency visas for investors and skilled professionals, the expansion of tourism infrastructure, and the promotion of the UAE as a safe, attractive and world-class destination, underpinned in part of course by no less than four international airlines: Sharjah's Air Arabia, Abu Dhabi-based Etihad and of course, Emirates, the world's largest international carrier, based out of Dubai, as well as low-cost carrier, Fly Dubai.

As of the end of H1 2024, the UAE remains the largest hospitality market in the GCC, with current hotel stock standing at 212,000 quality hotel rooms, 154,000 of which are in Dubai alone. Assuming the planned completion of ongoing construction, we expect this supply to increase by 10% to 232,000 keys by 2026.



QATAR

ECONOMIC OVERVIEW

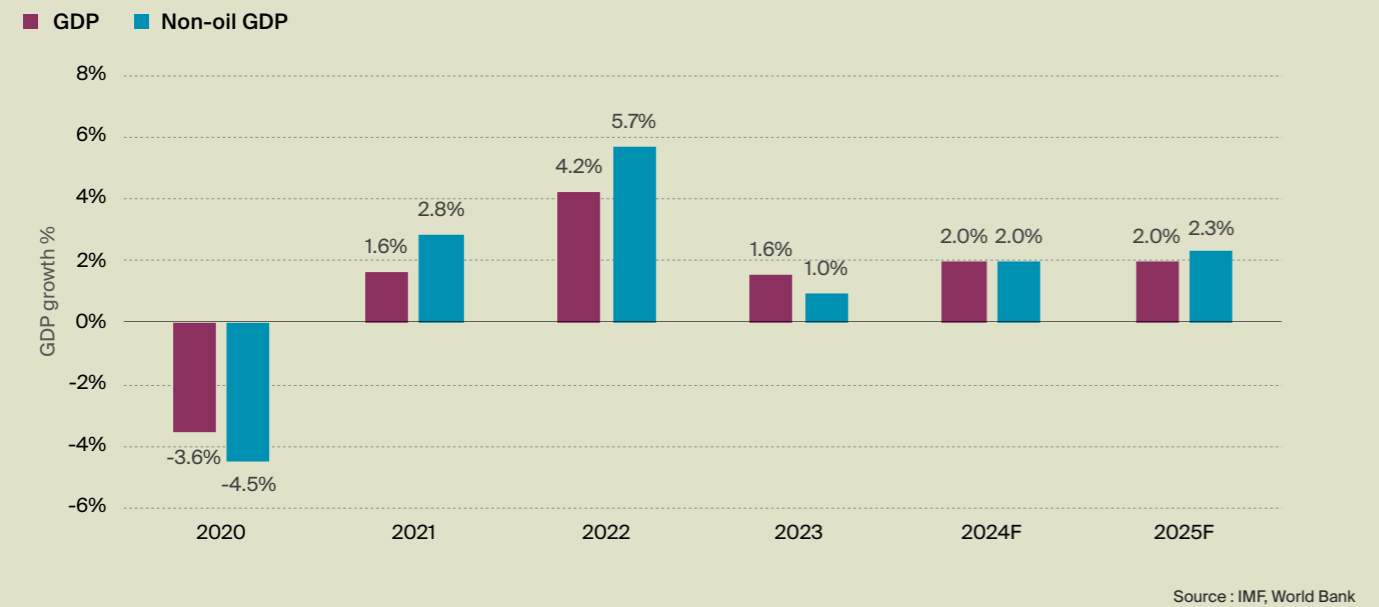
2023	US\$ 234.2bn	3.1%	2.7 million
	Total GDP	Consumer price inflation	Total population

Sources: IMF, World Bank

Economic performance highlights:

- Other than the boost thanks to the US\$ 330bn government spending plan in the lead-up to the 2022 FIFA World Cup, economic performance in Qatar has been relatively muted, with non-oil GDP growth of 2.8% in 2021, 5.7% in 2022 and 1% estimated by the IMF in 2023. Growth of the non-oil economy is forecast by the IMF to remain at around 2% in both 2024 and 2025.
- Data for H1 2023 shows a year-on-year decline of 12% in the construction sector, reflecting the conclusion of the wide-ranging infrastructure spending in the lead-up to hosting the FIFA World Cup.
- The accommodation and food services sector continued to grow in 2023. During H1 2023, output in the sector was up 14.5% compared to the same period

Qatar's economic growth



QATAR

HOSPITALITY MARKET OVERVIEW

2023 **US\$ 22.3bn** Travel & tourism sector contribution to GDP

US\$ 16.6bn International tourist spending

4.0 million Tourist arrivals

Source : WTTC, Various sources

Qatar has made significant strides in diversifying its tourism industry. Efforts have included developing local attractions like the Qatar National Museum, expanding the cruise sector by upgrading port facilities, and attracting major cruise lines. The introduction of visa-free entry for citizens from 88 countries has also boosted Qatar's reputation as one of the most welcoming and accessible nations in the world.

Additionally, Qatar actively promoted itself as a tourist destination leading up to the 2022 FIFA World Cup, investing heavily in infrastructure, hotels, and entertainment facilities to accommodate the influx of tourists during the event.

After successfully hosting the world's largest football event, the tourism sector in Qatar continues to show promising growth. Visitor numbers surged 58% to reach 4 million in 2023, compared to 2.6 million in 2022 (SA). Notably, 28% of these visitors were from other GCC countries.

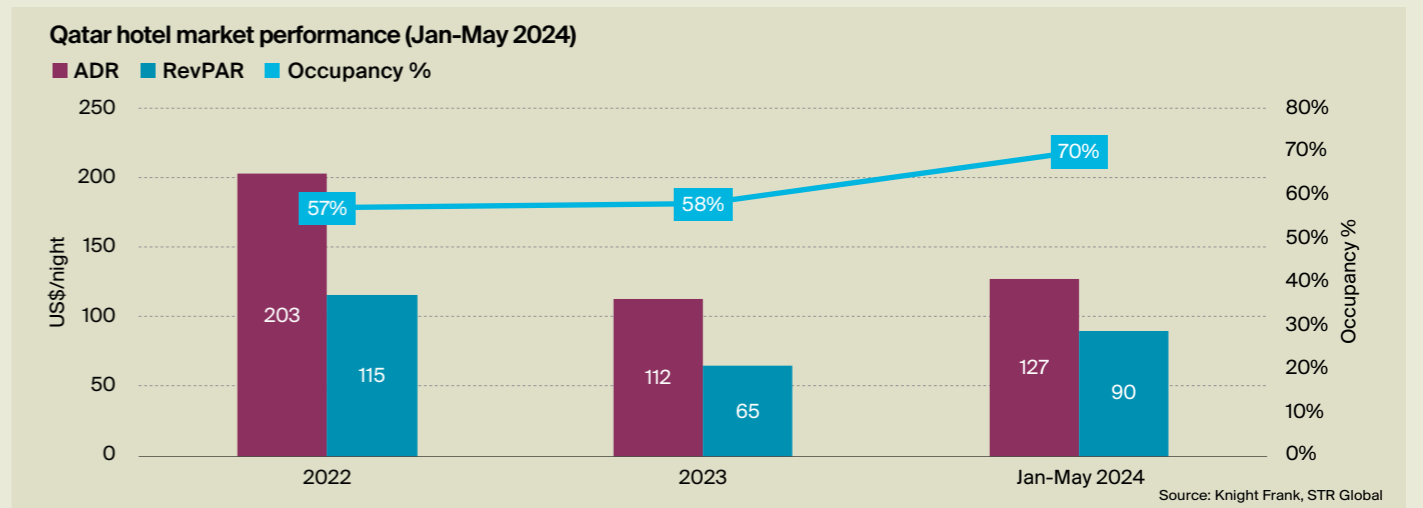
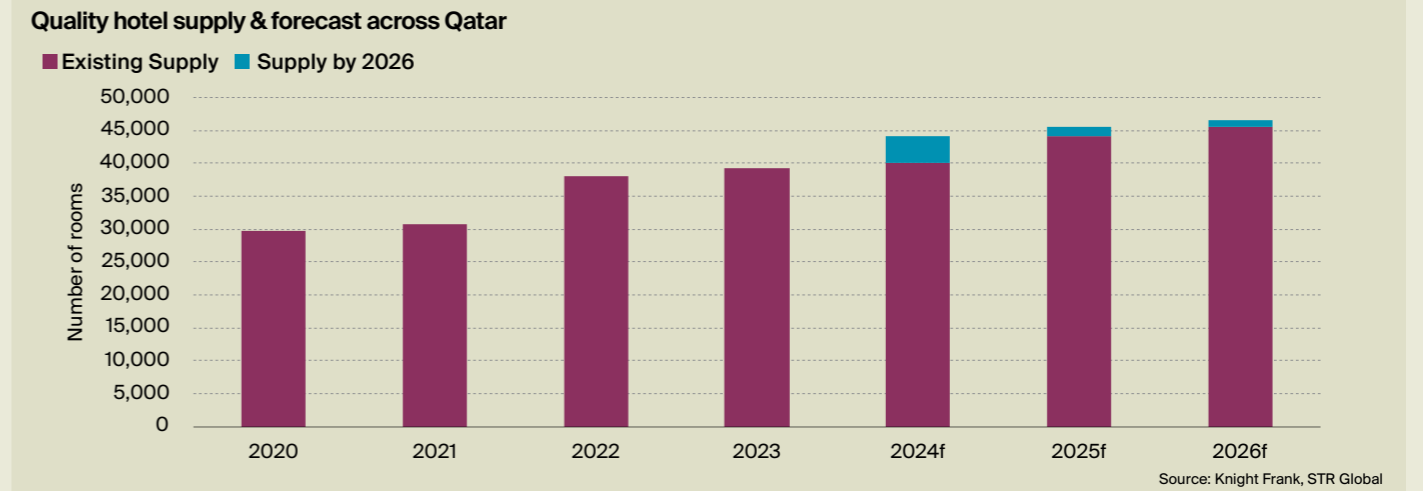
Qatar's tourism sector is emerging as a key contributor to economic activity, growing by 31% to reach a record-breaking QAR 81.2bn (US\$ 23.3bn) in 2023, representing

10.3% of total economic output. Separately, domestic visitor spending reached QAR 1.4bn, up by 8.4% year-on-year, while international visitor spending increased by nearly 40% year-on-year to QAR 60.4bn (WTTC).

In employment terms, the tourism sector created 20,300 new jobs in 2023, bringing the total to nearly 286,000 jobs, which equates to one in every eight jobs in the country.

Hotel room supply continues to trickle into the market, with over 1,300 keys added in 2023. This followed an unparalleled increase in room numbers in 2022 when over 7,200 keys were delivered (equating to 18% of the existing supply at the time). In fact, at the end of H1 2024, the total quality room supply in Qatar stood at c. 40,000 keys, 60% of which comprised internationally branded rooms. By the end of 2026, the quality room supply in Qatar is expected to reach 46,600 keys.

As a result of the increased influx of tourists, the hotel performance indicators in Qatar have improved steadily between January and May this year. The ADR increased by 8.3% to US\$ 127, while average occupancy levels increased by 33% to 70%. As a result, RevPAR grew by 44% to US\$ 90.



OMAN

ECONOMIC OVERVIEW

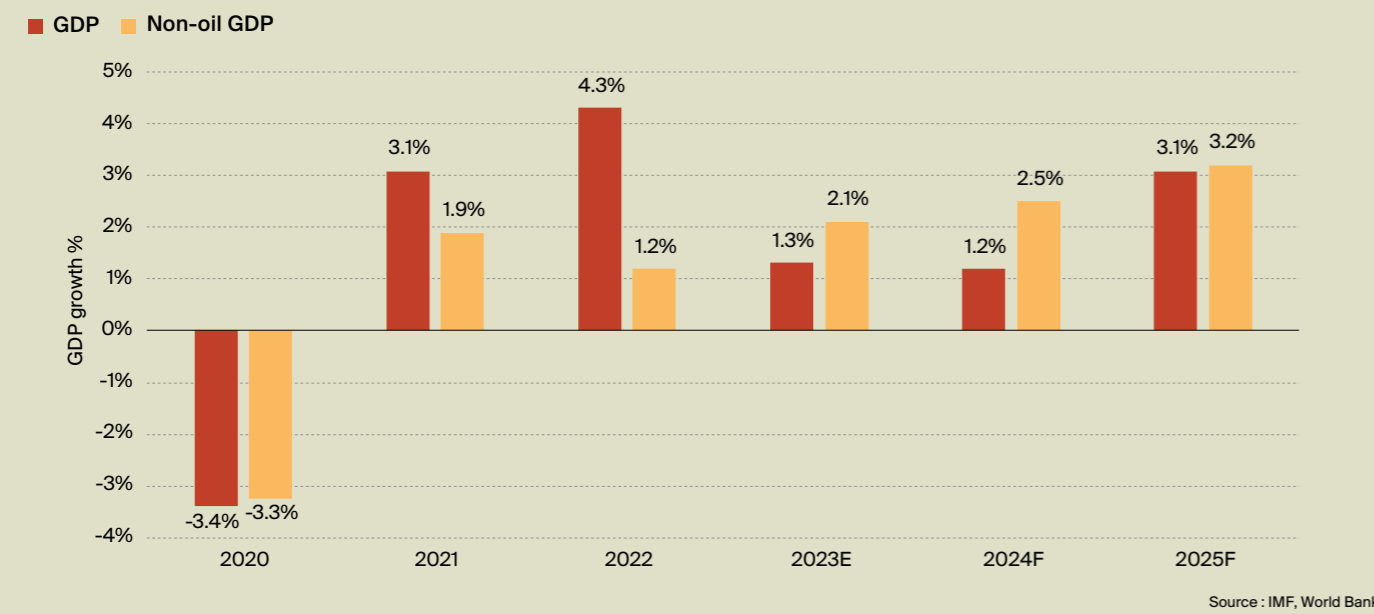
2023	US\$ 109bn	1.0%	4.6 million
	Total GDP	Consumer price inflation	Total population

Sources: IMF, World Bank

Economic performance highlights:

- The economic impact of COVID-19 was relatively muted in Oman, with non-oil economic output falling by 3.3% in 2020. While the economy rebounded in 2021 and 2022, growth in 2023 (and 2024, as forecast by the IMF) has been relatively weak compared to rest of the GCC; most likely reflecting the on-going structural fiscal reforms being implemented.
- Despite this, activity in the hotels and restaurants sector in Oman has failed to recover since 2020. In 2019, total output was OMR 716 million; in 2023 it was OMR 566 million.

Oman's economic growth



OMAN

HOSPITALITY MARKET OVERVIEW

2023 **US\$ 7.4bn** Travel & tourism sector contribution to GDP **US\$ 2.9bn** International tourist spending **3.4 million** Tourist arrivals
Source : WTTC, various sources

The hospitality and tourism sector in Oman experienced notable growth in 2023. Indeed, last year, the sector showed the highest growth in the GCC, expanding by more than a third (34.5%) to contribute OMR 2.8bn (US\$ 7.4bn) to Oman’s GDP, representing 6.6% of the total economy (WTTC).

In 2023, international visitor spending in Oman swelled by a record-breaking 69%, exceeding OMR 1.1bn (US\$ 2.9bn).

This positive performance has extended into the first half of 2024. In fact, between January and May, hotel occupancy levels increased by 5.7% to 55%, while the ADR has improved by 1.4% to US\$ 142. As a result, the RevPAR increased by 6.8% to US\$ 78 over the same period.

The improving conditions have unsurprisingly contributed to rising employment levels in the sector, which saw the addition of c.25,000 new jobs last year, taking total employment in the sector to 191,500, which equates to a 15% year-on-year increase.

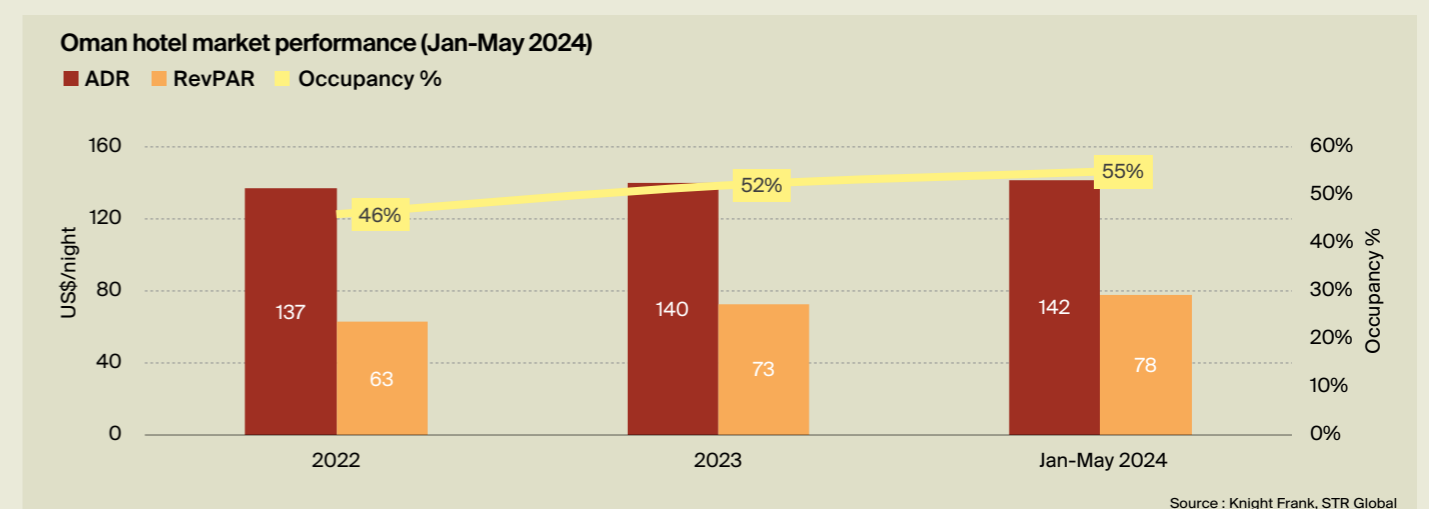
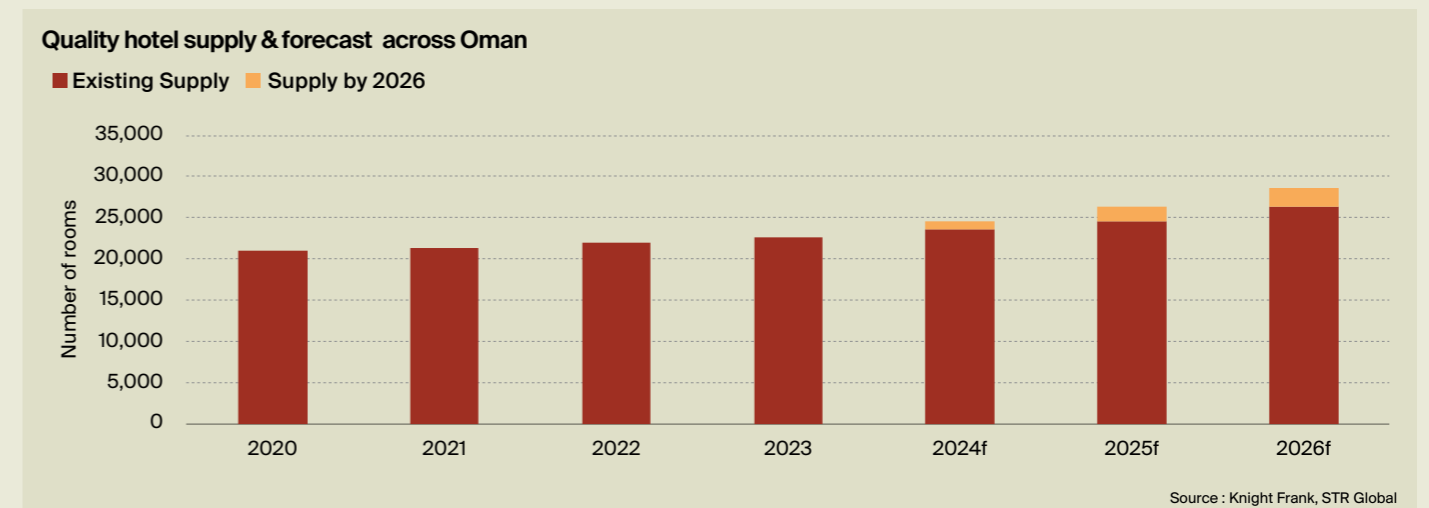
The government has played a critical role in boosting growth in the tourism and hospitality sector through several initiatives, including the launch of the ‘Visit Oman’ campaign, improving access to e-visas, expanding tourism infrastructure, and promoting Oman as a unique mountain landscape destination to regional tourists. Indeed, the Ministry of Heritage and Tourism is in the midst of delivering 363 tourism-related projects worth OMR 2.29bn as part of its 2021-2025 strategy.

Oman is now one of the fastest-growing hospitality markets in the GCC, with current hotel stock standing at 23,600 quality hotel rooms. Assuming the planned completion of ongoing construction, we expect this supply to increase by 21.6% to 28,700 keys by 2026.

Furthermore, 19 licenses worth US\$ 11.4bn were granted last year for 19 new ITC projects (Integrated Tourism Complexes), which will together house 16,576 keys across 81 new hotels, in addition to 2,552 units in apartment hotels, as well as 42,617 housing units.



Barr Al Jissah resort in Muscat



BAHRAIN

ECONOMIC OVERVIEW

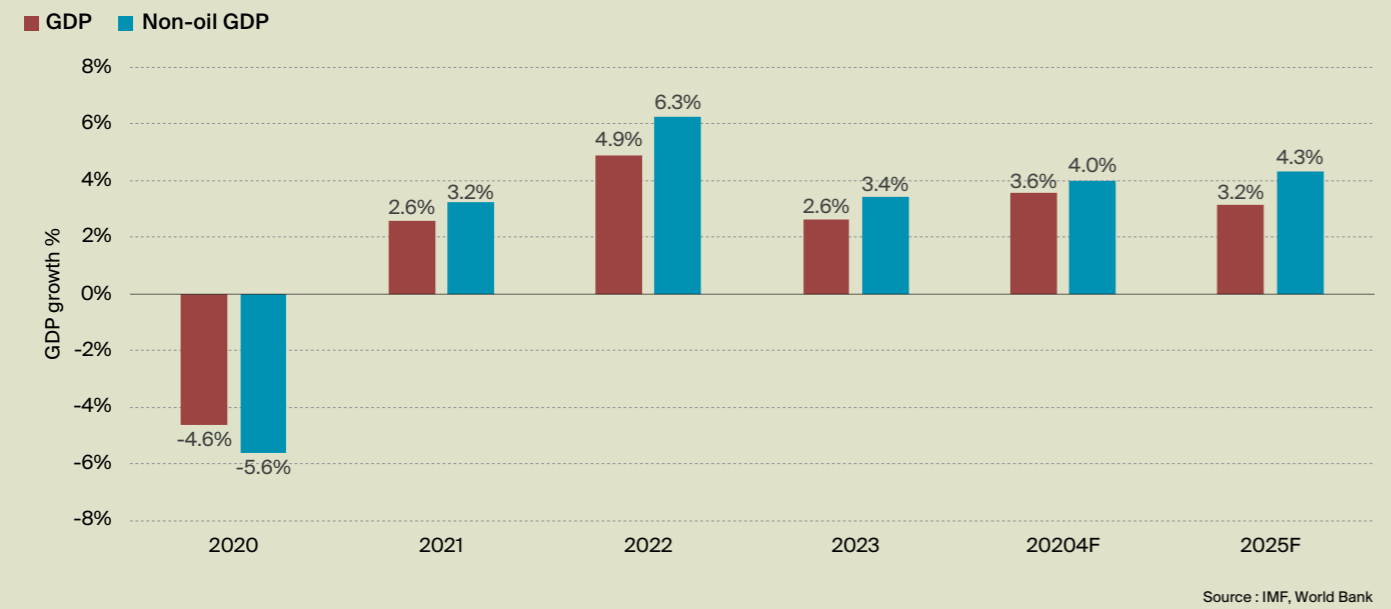
2023	US\$ 127.4bn Total GDP	7.5% Consumer price inflation	1.5 million Total population
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Sources: IMF, World Bank

Economic performance highlights:

- Bahrain's economic recovery has been more tempered than in the UAE and Saudi Arabia, with the strong growth rates of 2022 (non-oil GDP growth of 6.3%, and GDP growth of 4.9%), not repeated in 2023. The IMF forecasts a quickening pace of growth in 2024 and 2025; with over 4% expansion expected in both 2024 and 2025.
- Output in the hotels and restaurants sector grew by 13.9% in 2022 over 2021 and by 8% in 2023 over 2022. However, output in the sector remains 25% below pre-COVID-19 levels.

Bahrain's economic growth



BAHRAIN

HOSPITALITY MARKET OVERVIEW

2023	US\$ 5.9bn	US\$ 5.4bn	12.4 million
	Travel & tourism sector contribution to GDP	International tourist spending	Tourist arrivals

Source: IMF

As part of a long-term plan to diversify the economy, the government of Bahrain plans to supercharge its tourism industry. This is being done as part of its 'Bahrain Economic Vision 2030' with plans to capitalise on being the only island nation in the GCC as well as the hugely successful Bahrain Formula 1 Grand Prix, which has been a fixture on the F1 calendar since 2004. The Grand Prix has catalysed significant investments in hotels, entertainment venues, and infrastructure to handle the surge of visitors during the annual event.

The ambitious objective of Bahrain's Tourism Strategy 2022-2026 is to welcome 14.1 million visitors annually by 2026 and to elevate the tourism sector's contribution to the country's GDP to 11.4% by the same year.

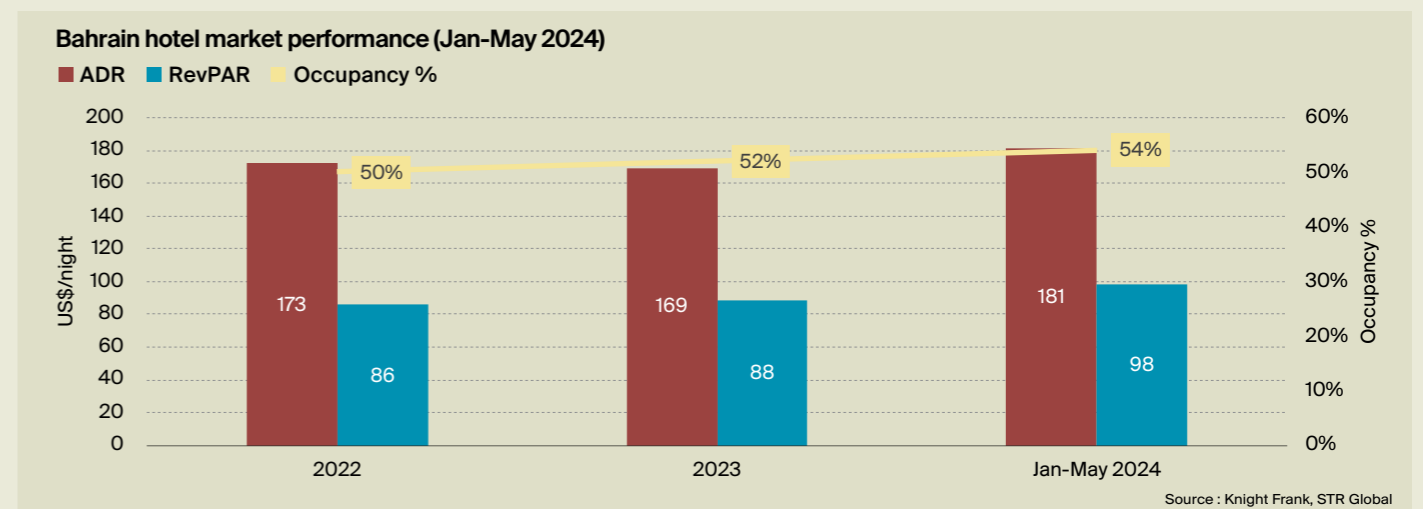
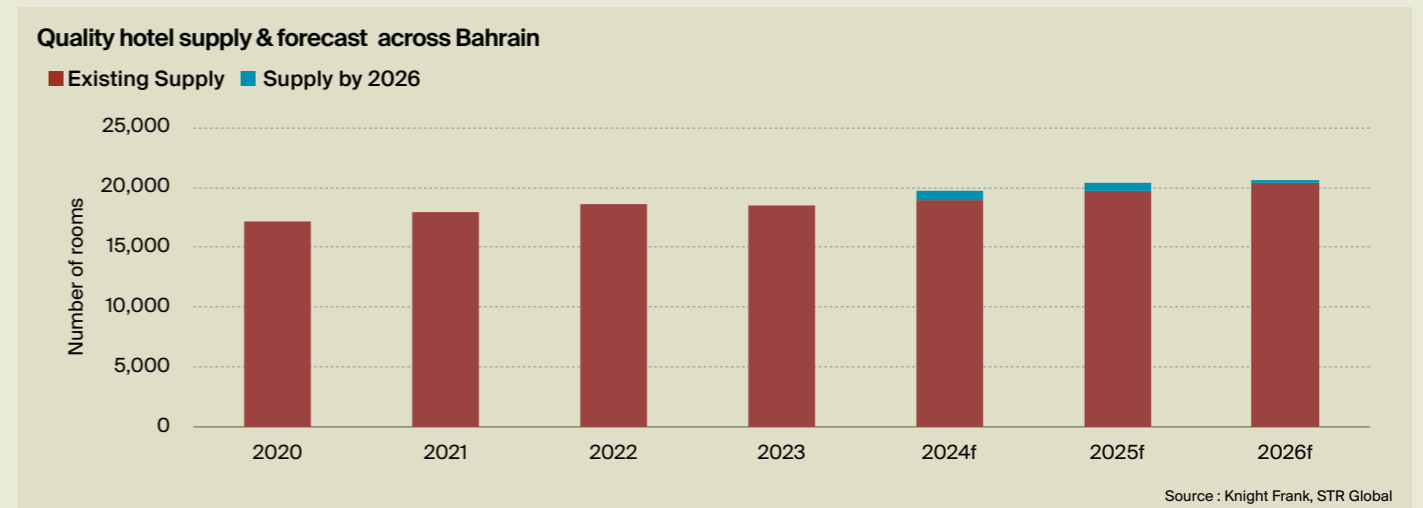
In 2023, Bahrain attracted 12.4 million visitors, with domestic visitor spend reaching BHD 0.3bn, which was up by 2.7% year-on-year, while international visitor spend increased by 3.3% to BHD 2bn. With easy access to Saudi Arabia, Bahrain has long been a travel destination for visitors from its closest neighbour, with 1.4 million Saudi visitors in the first half of 2023 alone.

The GDP contribution from the travel and tourism sector grew by 1.6% in 2023 to reach BHD 2.2bn (US\$ 5.9bn), representing 13.4% of Bahrain's total economic output (WTTC).

In terms of employment, the tourism sector created over 10,500 new jobs last year, bringing the total number employed in the sector to 92,600, which translates into 15% of the country's total employment (WTTC).

Despite the positive momentum in the sector, 100+ hotel rooms were closed during 2023. This followed a stable growth in room numbers from 2020 to 2022, when the total room supply reached 18,700 keys. At the end of H1 2024, the total quality room supply in Bahrain stood at circa 19,000 keys. By the end of 2026, the quality room supply in Bahrain is expected to reach 20,600 keys.

The growing number of visitors helped improve performance of the country's hotel industry. The ADR increased by 7.1% to US\$ 181 between January and May this year, while average occupancy levels increased by 2% to 54%. As a result, the RevPAR also rose by 11.3% to US\$ 98.



KUWAIT

ECONOMIC OVERVIEW

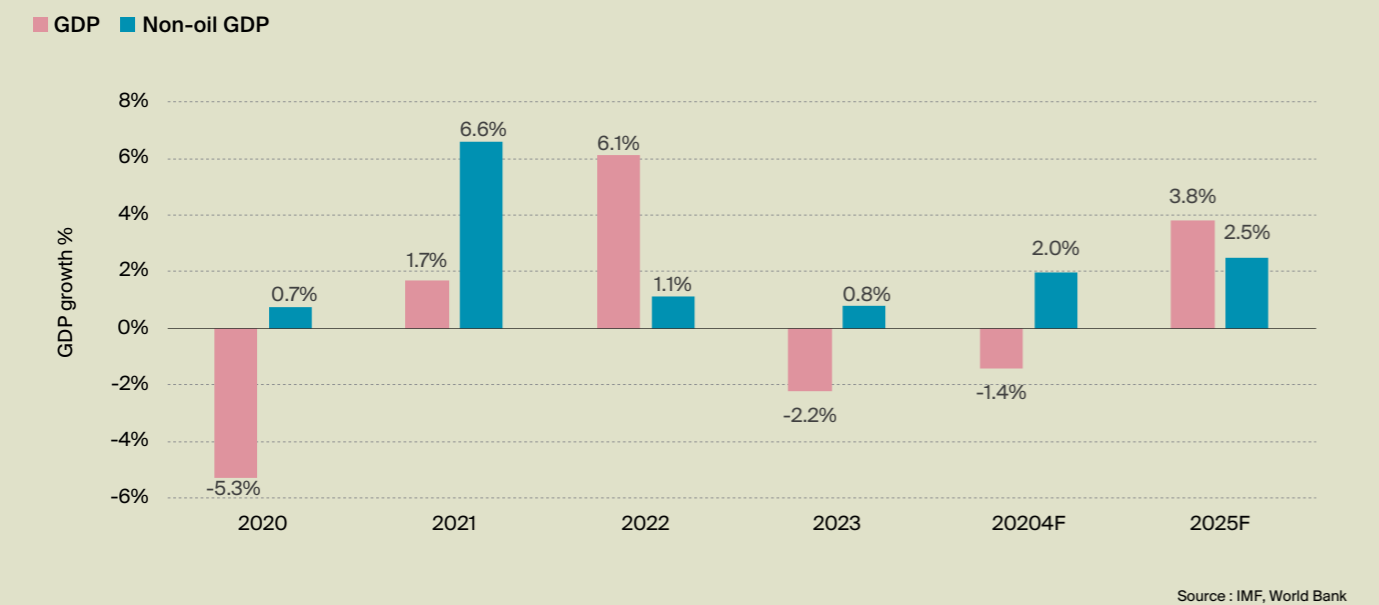
2023	US\$ 163.6.4bn Total GDP	3.6% Consumer price inflation	4.3 million Total population
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Sources: IMF, World Bank

Economic performance highlights:

- While Kuwait's non-oil economy was relatively strong in 2020 and 2021, growth in 2022 and 2023 was disappointing by GCC standards. According to the IMF, non-oil GDP growth was 1.1% in 2022 and is estimated to have been 0.8% in 2023. Growth is expected to remain modest at 2% in 2024 and 2.5% in 2025.
- Output in the hotels and accommodation sector was a bright spot in the Kuwaiti economy in 2022 and 2023, with year-on-year activity increasing by 24% and 17%, respectively, according to the Central Statistical Bureau. At the same time, total output in the sector in 2023 remained 10% below the level of 2019, highlighting the relatively slow pace of recovery to pre-pandemic levels, especially when compared to other GCC states.

Kuwait's economic growth



KUWAIT

HOSPITALITY MARKET OVERVIEW

2023 **US\$ 9.5bn** Travel & tourism sector contribution to GDP **US\$ 2.2bn** International tourist spending **5 million** Tourist arrivals
Source : WTTC, various sources

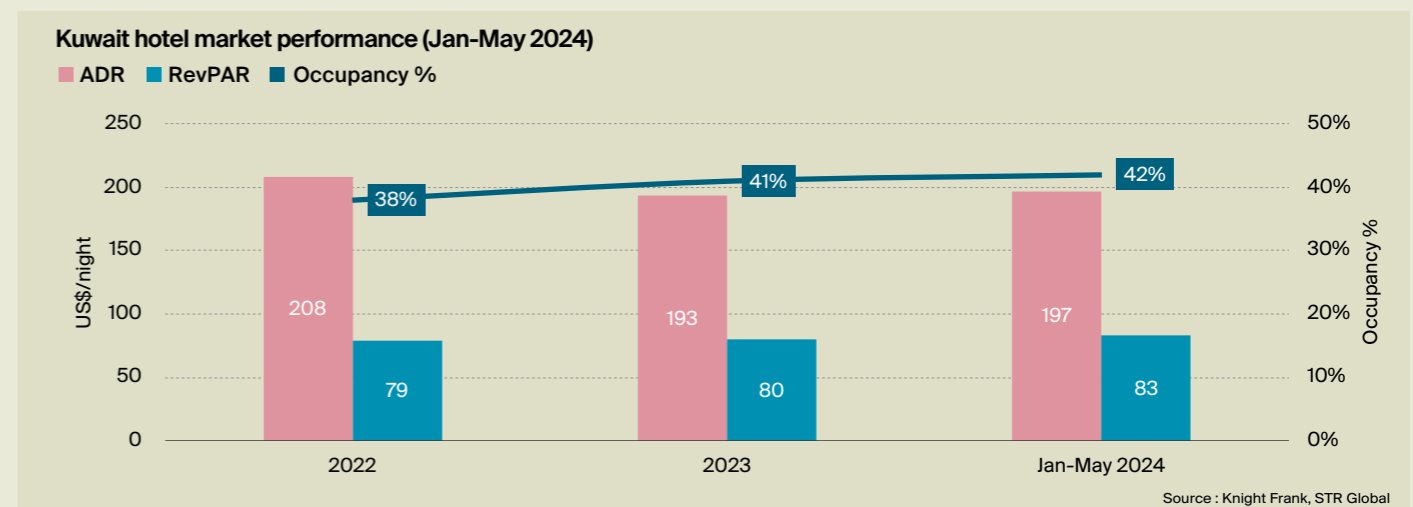
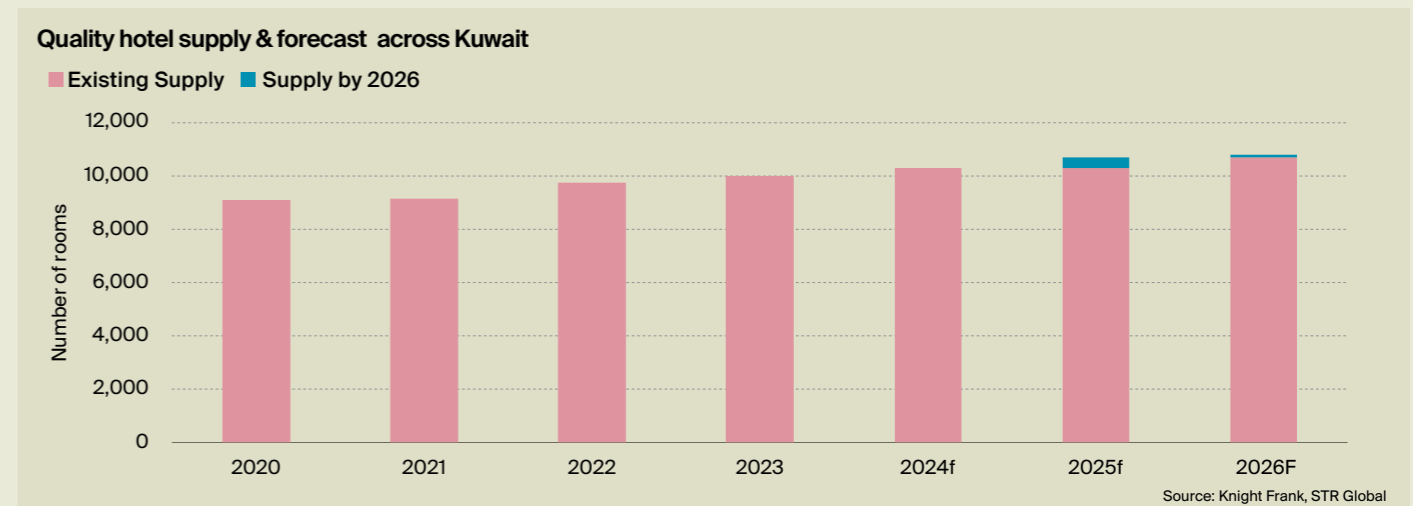
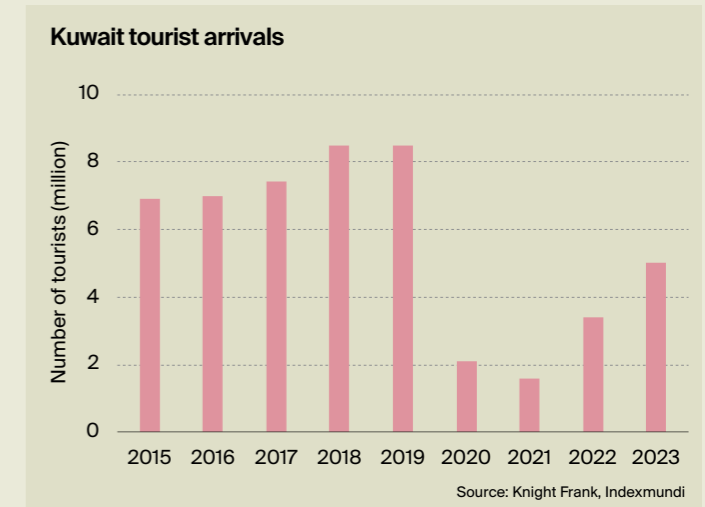
Kuwait's tourism industry expanded by over 28% in 2023, contributing KWD 2.9bn (US\$ 9.5bn) to the nation's GDP (WTTC). International visitor spend in Kuwait surged by nearly 56%, surpassing KWD 0.6bn. Domestic tourist spend grew by 25% year-on-year to KWD 2bn, the highest growth across all GCC countries (WTTC).

Following a steady recovery from the COVID-19 pandemic, the tourism sector in Kuwait has shown promising growth, experiencing a 47% surge in visitor numbers, reaching 5 million in 2023, compared to 3.4 million visitors in 2022. However, the figure remains well below the 8.6 million tourists that visited the northern Gulf nation in 2019.

Despite the rising number of visitors, the hotel sector's performance has been relatively stable between January and May this year. The ADR increased by just 2% to US\$ 197, while average occupancy levels increased by 1% to 42%. As a result, the RevPAR level increased by 3.7% to US\$ 83.

When it comes to employment, the tourism sector created over 10,400 new jobs last year, lifting the total number employed in the sector to 142,000, which represents over 6% of the country's total employment.

200+ keys were added to Kuwait's total quality stock of around 10,300 rooms. No additional rooms are planned by the end of the year. The quality room supply in Kuwait is expected to reach 10,770 keys by the end of 2026.



GCC AVIATION SECTOR OVERVIEW

2023	868 Combined GCC airlines' fleet size	637 Cities served by GCC airlines	138 million Total passengers carried by GCC airlines
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Sources: Annual Reports of Airlines

In 2023, the Middle East aviation sector continued to navigate a landscape marked by the ongoing recovery from the COVID-19 pandemic as well as global and regional geopolitical challenges. Nonetheless, the Middle East region remains a bright spot on the global aviation stage, underpinned by a 22% improvement in tourist arrival numbers compared to pre-pandemic levels (GlobalData).

The tourism sector across the GCC is strongly supported by government-led strategies that are built around prominent and rapidly growing airlines. Indeed, the combined fleet size of GCC airlines now stands at nearly 870 aircraft, serving 637 destinations globally. Approximately 140 million passengers benefitted from GCC carriers last year, resulting in revenue of US\$ 57.6bn, with Dubai-based Emirates alone accounting for the lion's share of revenue at US\$ 29.3bn.

Emirates carried nearly 51.9 million passengers in the 2023/24 financial year, a rise of 19% on 2022/23. The world's largest international carrier also enjoyed a passenger load factor of 79.9%, up from 79.5% in 2022/23.

While the landscape is mainly dominated by long-term players such as Emirates, Qatar Airways, and Saudia, which account for nearly 670 aircraft, new airlines, particularly from Saudi Arabia, are expected to facilitate even greater access to the GCC. For instance, NEOM Airlines, set for take-off by the end of 2024, will cater to the \$500 billion NEOM giga project, with NEOM Bay Airport having been in operation since 2019. Similarly, Riyadh Air, which aims to launch in 2025, will serve more than 100 destinations by 2030.

Separately, FlyDubai, Dubai's low-cost carrier, intends to connect the city with London, Bangkok and Australia when it begins taking delivery of new Boeing 787-Dreamliner aircraft in the next couple of years, expanding its already extensive network.

This growth in the number and capacity of regional airlines has sparked an airport building boom, including two new airports across Saudi, plus the US\$ 3.1bn expansion of King Khalid International Airport. In addition, the Dubai government recently announced the expansion of Al Maktoum International Airport at a cost of US\$ 35bn by 2033, at which point it is expected to be the largest in the world, capable of handling 260 million passengers annually.

GCC airlines in numbers

Airlines	Fleet Size	Destinations	Passengers carried during 2023 (millions)	Revenue 2023 (US\$ bn)
Emirates	260	144	43.6	29.3
Qatar Airways	265	257	31.7	20
Saudi Arabia Airlines	144	120+	30.3	n/a
Etihad Airways	85	81	14	5.5
Oman Air	43	42	10	1.9
Gulf Air	36	61	4.8	n/a
Kuwait Airways	35	52	3.5	0.9

Source: Annual Reports of Airlines



Jeddah's King Abdulaziz International Airport

GCC CRUISE SECTOR OVERVIEW

2023

9.9%

Projected growth from 2024 to 2028

1.5 million

Passengers by 2025

US\$ 200 million

Revenue in 2023

Sources: Cruise Industry News

Cruise ship travel has emerged as a new growth area across the GCC and is playing a pivotal role in the transformation and diversification of regional economies. As the Middle East establishes itself as a burgeoning tourism hub, marked by the inauguration of new cruise ship terminals across nations like UAE, Oman, Qatar, and Saudi Arabia, the region is poised to witness the formation of a substantial cruise industry. Significant investments are being made in port infrastructure to accommodate larger cruise ships and enhance passenger facilities, supported in large part by the Cruise Arabia Alliance comprising Dubai, Abu Dhabi, Bahrain and Oman.

The overall revenue from the cruise industry in 2023 reached US\$ 200 million regionally. North America represented the highest passenger volume source, with over 18,000 passengers, representing nearly 45% year-on-year growth. Western Europe (7,700 passengers) followed

in second place. By 2025, the GCC cruise industry is poised to attract 1.5 million passengers.

Driven by Vision 2030 and its goal to attract 150 million tourists yearly, Saudi Arabia stands at the forefront of the region's cruise industry expansion. In May 2024, for instance, authorities in Saudi launched AROYA Cruises - a 335-metre floating resort with 1,678 cabins catering to 3,362 passengers. The first trips are scheduled in the Red Sea for December this year, which includes visits to the AROYA Cruise's private island and destinations in Egypt and Jordan.

At a regional level, the cruise tourism sector's contribution to GCC GDP is projected to grow by nearly 10% annually from 2024 to 2028, reaching US\$ 2bn over the next five years.

Global cruise passenger volumes (by source regions)

	2020	2021	2022	2023
North America	3,008(-80.5% ▼)	2,218(-26.3% ▼)	12,592(467.6% ▲)	18,103(43.8% ▲)
Western Europe	1,223(-83.1% ▼)	1,671(36.6% ▲)	5,433(225.2% ▲)	7,722(42.1% ▲)
Asia	497(-86.7% ▼)	626(26.0% ▲)	791(26.3% ▲)	2,329(194.5% ▲)
Australia/NZ/Pacific	340(-74.9% ▼)	7(-98.1% ▼)	471(7132.3% ▲)	1,339(184.3% ▲)
South America	458(-51.0% ▼)	89(-80.7% ▼)	426(381.3% ▲)	997(133.8% ▲)
Eastern Europe	72(-72.6% ▼)	32(-55.1% ▼)	161(397.6% ▲)	332(106.2% ▲)
Middle East	8(-92.3% ▼)	22(168.1% ▲)	149(571.0% ▲)	229(53.4% ▲)
Scandinavia/ Iceland	52(-76.2% ▼)	45(-12.7% ▼)	131(190.1% ▲)	151(15.2% ▲)
Africa	68(-59.4% ▼)	(-100.0% ▼)	88	150(69.5% ▲)
Caribbean	7(-87.8% ▼)	(-100.0% ▼)	30	48(59.8% ▲)
Central America	14(-71.3% ▼)	(-100.0% ▼)	20	35(68.5% ▲)

Source: CLIA Reports



Doha Cruise Terminal, Qatar

KEY GCC PROJECTS TO WATCH

2023	US\$ 141.5bn Saudi Arabia Total construction output value	US\$ 99.4bn UAE Total construction output value	US\$ 48.6bn Qatar Total construction output value
	<small>Sources: MEED Projects</small>		

<p>NEOM, Saudi Arabia</p> <p>A new super-city the size of Belgium on Saudi Arabia's north-western coast</p> <ul style="list-style-type: none"> US\$ 500bn 300,000+ units 1-2 million sqm 40-80,000 keys 26,500 km² 2030 	<p>Mantis Bahrain Hawar Island Hotel & Resort, Bahrain</p> <p>A luxury eco-resort</p> <ul style="list-style-type: none"> US\$ 1.1bn 305 units 710 keys 2027
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<p>Palm Jebel Ali, UAE</p> <p>Dubai's second palm-shaped island with exclusive hotels, theme parks and leisure facilities</p> <ul style="list-style-type: none"> US\$ 40bn 2,000 units 13.4 km² 2027 	<p>Simaisma, Qatar</p> <p>One of the largest theme parks in the Middle East</p> <ul style="list-style-type: none"> US\$ 5.5bn 300 units 8 km² 2028
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<p>Yiti Sustainable Tourism City, Oman</p> <p>A net-zero emission sustainable community</p> <ul style="list-style-type: none"> US\$ 1bn 1,657 units 0.9 km² 2027 	<p>Al Maktoum International Airport, Dubai</p> <p>A major logistics and transport hub for the region</p> <ul style="list-style-type: none"> US\$ 35bn 70 km² 2050
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2023	US\$ 19.5bn Oman Total construction output value	US\$ 8.4bn Bahrain Total construction output value	US\$ 15.2bn Kuwait Total construction output value
	<small>Sources: MEED Projects</small>		

<p>Aida, Oman</p> <p>A premium mixed-use development</p> <ul style="list-style-type: none"> US\$ 1.6bn 3,500 units 450 keys 2034 	<p>Al Ula, Saudi Arabia</p> <p>A world class hub for arts, culture and nature</p> <ul style="list-style-type: none"> US\$ 15bn 10,000 units 5,000+ keys 2027
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<p>Dubai Islands, UAE</p> <p>Man-made islands comprising mixed-use facilities in Dubai</p> <ul style="list-style-type: none"> US\$ 20bn 30,000 units 1,600 km² 2035 	<p>City of Silk, Kuwait</p> <p>A mega city with hospitality, retail and residential developments</p> <ul style="list-style-type: none"> US\$ 94bn 175,000 units 250 km² 2028
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<p>Jebel Ali Beach, UAE</p> <p>A premier recreational destination, with a strong focus on environmental preservation</p> <ul style="list-style-type: none"> US\$ 48 million 44 km² 2026 	<p>Qiddiya City, Saudi Arabia</p> <p>An entertainment mega project</p> <ul style="list-style-type: none"> US\$ 10bn 11,000+ units 150,000+ sqm 3,000+ keys 334 km² 2030
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Hospitality
 Total land area
 Residential
 Retail
 Project value
 Completion date

Source: Knight Frank, MEED Projects

We like questions. If you've got one about our research, or would like some property advice, we would love to hear from you.

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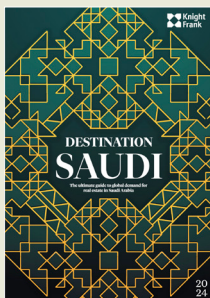
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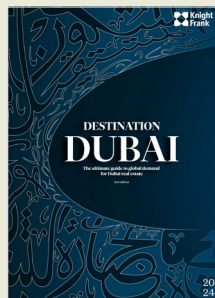
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