HOTELS IN DUBAI REPORT A ONE-THIRD REVPAR DROP



Whilst the war continues to impact the Middle East, a number of hotels have felt its effects particularly acutely. Although there are now indications that the situation is beginning to stabilize, a full bounce-back is widely predicted from 2027, assuming regional stability is restored and consumer confidence is re-established.

Dubai Hotels' Deep Revenue and Occupancy Drop

Dubai has seen a 33.3% decrease in revenue per available room (RevPAR) for the first nine months of 2026, according to Real Estate X. **RevPAR was 282 dirhams in September, representing a year-on-year decrease of 28.6%.** Moreover, the average room rates had fallen by 13.4%.

Occupancy levels have also suffered. They fell to 58.6% for the first nine months of 2026 from 79.2%. Average rates were down 9.7% to $161.13. Nationally, JLL data indicates that the RevPAR drop accounted for 29.4% falling to 350 dirhams for the first nine months of 2026. Occupancy levels were 60% – a decrease of 23.6 percentage points from last year. Occupancy levels then rose nationally to 67.6% in September after hitting a low of 36.2% in March.

Sharp Fall in Overnight Guests

Overnight stays in Dubai hotels fell by 44.4% between January and August 2026 when compared to last year. Experts cite both the impact of flight bans and the effect of consumer confidence being affected by events in March as the key factors behind this. Nevertheless, August saw the highest number of visitors for any month since February, with 869,000 people visiting. This suggests that there is some re-emerging consumer interest.

Gradual Improvement Since Spring

Occupancy levels have been improving since thr spring. They rose to 64.5% in August and 67% in September. However, these were still 14.3 percentage points down on 2025. Data from CoStar shows that room nights occupied in different demand categories rose by 11.4% between July and August to 2.94 million. Corporate customers in particular did well, with room nights occupied 45.3% higher at 118,000.

Regional Differences

Whilst overall, the Middle East saw an 18.9% RevPAR drop for the first nine months, occupancy levels decreased to 57.4% from 68.6%. Average rates were 3.2% down at $163.12. Dubai had the largest drop in RevPAR (-33.2%) of the leading areas. Abu Dhabi and Saudi Arabia were less affected, with decreases of 15.7% and a mere 1.1%, respectively. Abu Dhabi even managed to increase average rates by 5.6% in September. With occupancy levels of 73.5%, this resulted in only a 0.9% decrease in its RevPAR.

Hotel Groups Report Continued Pressure

Marriott International has seen a 12% fall in Middle East RevPAR in the third quarter, following a reduction in excess of 40% in the second quarter. Looking ahead, the company anticipates an even greater year-on-year revenue fall in the fourth quarter, due to difficult comparisons with last year's favorable performance. It is also affected by the withdrawal of high-profile events in Saudi Arabia. "We have difficult comparisons and we're also seeing the impact of cancelled events in Saudi, so we expect our revenue to continue to decline further in the fourth quarter," commented Jen Mason, Chief Financial Officer.

IHG Hotels & Resorts has also seen a 12% RevPAR drop within the Gulf Cooperation Council states in the third quarter. However, overall in the Middle East, IHG has seen little change in RevPAR, bolstered by good performance in Egypt and Turkey.

Outlook and Government Response

Looking ahead, the UAE government has moved away from simply seeking to reduce expenditure and is now working to boost the tourism sector. **'A Dubai Invite' scheme and the countrywide 'Visit UAE' and 'UAE Grand Tour' programmes are designed to encourage tourists to extend their visits and to promote even distribution of spending throughout the seven UAE emirates.**

Winter is also expected to offer some relief. Occupancy levels are likely to improve at a faster rate than average room rates as demand is slowly re-established.

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