

INSIGHT REPORT 2025

REDEFINING TRAVEL
Embracing a new era of purpose, progress, and possibility



**BUSINESS
TRAVELLER** MIDDLE EAST

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State of AI in the Middle East

By Deloitte AI Institute

The Perfect Storm: A perspective on unlocking AI's value in Middle East





Hassan Malik
Partner at Deloitte
Middle East

The future that we've long envisioned for the travel industry is no longer on the distant horizon – it's here, unfolding at our doorstep. In 2025, technology is transcending its role as a mere enabler; it has become the architect of a new era, reshaping how we connect, explore, and sustain the world around us. For the Middle East – a region synonymous with ambition and innovation – this is a pivotal leap toward redefining global tourism.

Today's travellers seek more than destinations – they crave meaningful experiences that resonate on a deeply personal level. As cutting-edge advancements like AI-driven personalisation and immersive virtual previews dismantle barriers, allowing us to craft journeys that align with individual aspirations, the intersection of technology and travel is rapidly becoming one of the most important catalysts for human connection. Imagine a world where generative

“
The Middle East is adopting innovation ensuring that every touchpoint is frictionless - and making exploration as effortless as it is exhilarating

FOREWORD

AI designs bespoke itineraries in seconds, blending cultural immersion with adrenaline-pumping adventures, while augmented reality overlays historical narratives onto cityscapes, transforming sightseeing into storytelling? One where it enables the type of sustainability that doesn't just help to preserve the environment as an afterthought, but as an intentional way to create a truly brighter future? Innovations like AI-optimised flight paths reducing carbon emissions, blockchain-enabled supply chains ensuring ethical sourcing, and smart hotels leveraging IoT to minimise energy waste are proving that eco-consciousness and exceptional experiences can go hand-in-hand. As we envision hotels converting food scraps into nutrient-rich water for gardens, creatively reusing construction materials, and employing low-carbon materials, sustainability goals shift from aspiration to actionable reality – one that is aligned with operational efficiency.

In the Middle East, mega-projects from NEOM to the Red Sea are pioneering renewable energy integration and protecting precious and fragile ecosystems through predictive analytics. Saudi Arabia's journey to becoming a global tourism powerhouse has also seen it become a blueprint for tech-driven transformation. As the country embraces concepts like VR-enhanced pilgrimage experiences, and ancient heritage sites integrating AR-guided tours, visitors won't just observe history – they will live it, creating memories that linger long after their journey ends. From Riyadh to Dubai and Abu Dhabi, the region is adopting innovation from 5G-powered airports to robotic concierges and redefined intra-city mobility, ensuring that every touchpoint is frictionless – and making exploration as effortless as it is exhilarating. GCC destinations from the UAE to Qatar are embracing experiential tourism in a big way.

Today's travellers are tech-savvy, values-driven, and hungry for authenticity. They demand hyper-personalisation but refuse to sacrifice sustainability. They demand hyper-personalisation but refuse to sacrifice sustainability. They seek adventure but prioritise inclusivity. Emerging trends reveal a paradox: the more we embrace technology, the more we yearn for its ability to foster human connection, through the heightened experiences it can enable. Together, let's embrace this future – not with trepidation, but with the confidence that, guided by purpose, we can elevate the travel industry into a force for global connection, sustainability, and new forms of sheer wonder. The next chapter begins now. ●

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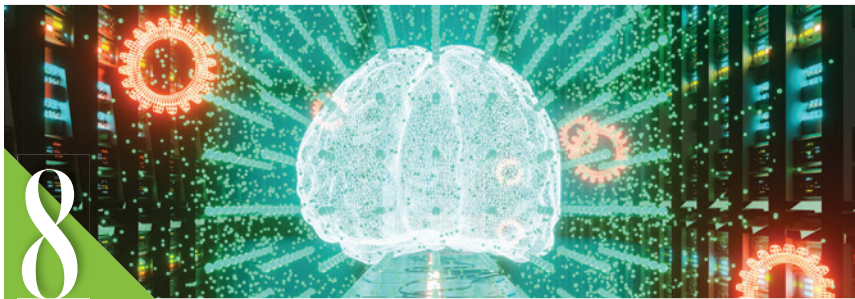


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A deep dive into our vision for the travel industry's transformation towards 2040

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AT A GLANCE



3% to 5%

The amount that international tourist arrivals are expected to grow in 2025 compared to 2024

**1.4
BILLION**

The estimated number of overnight international tourists recorded in 2024 – an 11% increase over 2023

The **Middle East** remained the strongest-performing region on international tourist arrivals when compared to 2019, with international arrivals climbing **32% above pre-pandemic levels in 2024**



**4.8
MILLION**

The number of hotel guests welcomed in Abu Dhabi from January to October 2024 alone – surpassing pre-pandemic figures, with an increase in international guests from 26 key source markets, including India, China, Russia, the UK, and Saudi Arabia



**367
BILLION US\$**

The amount that the Middle East's travel and tourism sector is expected to contribute to the regional economy this year



9%

The amount that global travel spending is expected to rise this year

**70
MILLION**

The number of international tourist arrivals Saudi Arabia is aiming to receive by 2030



**14
MILLION**

The number of additional jobs expected to be generated by the global travel and tourism sector in 2025, reaching a total of 371 million worldwide – which will be more than the population of the USA



1 in 8

The number of jobs expected to be in tourism over the next 10 years



400,000

The number of additional jobs expected to be created by the Middle East's travel and tourism sector in 2025 (to reach a total of 7.7 million)



64%

The amount of UN Tourism Panel of Experts that indicate "better" or "much better" international tourism prospects for 2025 compared to 2024



The number of international tourist arrivals recorded in Saudi Arabia in 2024

The number of international overnight visitors to Dubai in 2024 – another new record

The number of tourists attracted to Egypt in 2024 – surpassing the previous year's record of 14.9 million

The number of tourists that are projected to visit Bahrain by 2028

The number of tourists welcomed to Qatar by December 2024, marking a 25% increase compared to 2023

The number of guests that stayed in 3 to 5 star hotels in Oman in 2024 – a 4% increase over last year



BUILDING A BETTER TOMORROW

The need for sustainable hospitality in the Middle East

By Daniel Gribbin

The Middle East, often portrayed as a mosaic of ancient history and futuristic splendour, occupies a unique position in the global tourism arena. From the mystical allure of the Arabian deserts to the shimmering skyscrapers of Dubai, this region captivates the hearts of travellers worldwide. However, as the tide of visitors swells, the need for more sustainability in the regional hospitality industry grows ever more urgent. Sustainability in hospitality isn't just about protecting the environment; it's a holistic approach that can strengthen local economies and enhance the social fabric. From the transformative power of regenerative tourism to pioneering initiatives, exploring the drivers behind sustainable hospitality in the region can lead to a brighter future for all.

INDYSYSTEM/ADOBE STOCK

THE DRIVERS OF SUSTAINABLE HOSPITALITY

1. Environmental Preservation

The Middle East has a number of profound environmental challenges to grapple with, including perennial water shortages, relentless desertification, and soaring carbon emissions. Embracing sustainable hospitality is paramount in addressing these issues. Picture a future where hotels employ energy-efficient designs, harnessing solar power beneath the relentless sun, and where ingenious water-saving techniques – like rainwater harvesting and greywater recycling – have become standard practice. These measures can alleviate the immense pressure on municipal supplies, offering us refreshing oases within arid landscapes.

2. Economic Resilience

Sustainable hospitality is a powerful engine for economic prosperity. Imagine a thriving marketplace where local artisans and farmers supply hotels, enhancing the local economy. By championing local products and services, creating employment opportunities, and nurturing vocational skills, sustainable hospitality fosters robust, self-reliant communities. This model ensures long-term financial health and stability, reducing dependence on fickle external resources.

3. Social Inclusion

At its core, sustainable hospitality weaves the rich tapestry of local communities into the tourism experience. Envision a scenario where visitors don't just observe local traditions but actively participate, gaining insight and respect. This inclusive approach elevates community pride and ownership, strengthening social bonds and well-being.

REGENERATIVE TOURISM: A PARADIGM SHIFT

Regenerative tourism transcends sustainability, aiming to breathe life back into the environment, culture, and communities. In this kind of future, tourism not only preserves but actively restores. Here are key aspects of regenerative tourism:

- **Proactive Restoration:** From coral reefs shimmering in the azure Red Sea to innovative waste management solutions, proactive restoration efforts can revitalise natural and cultural landscapes.
- **Holistic Integration:** Imagine seamless integration of ecological health, cultural vibrancy, and economic strength, where every tourism activity supports interconnected systems of nature, community, and economy.
- **Community-Centric Approach:** Envision communities thriving and benefiting directly from tourism, with traditions and livelihoods interwoven into the very fabric of the hospitality framework.



CIRCULARITY AND EMBEDDED CARBON IN HOSPITALITY

Circularity in hospitality signifies designing processes that maximise resource use and minimise waste. Imagine hotels converting food scraps into nutrient-rich water for gardens, or creatively reusing construction materials? These practices drastically reduce environmental impact and carbon footprints, fostering a greener industry.

Embedded Carbon pertains to the carbon emissions from the lifecycle of building materials. Picture a skyline of structures built with low-carbon materials like green concrete and recycled steel. This strategy not only aligns with sustainability goals but also curbs operational costs, boosting project viability.

REGULATORY FRAMEWORK FOR SUSTAINABLE HOSPITALITY

Regulatory bodies are the linchpins in driving sustainable hospitality and regenerative tourism. They must transcend mere compliance and actively promote best practices, inspiring stakeholders to innovate. Visualise them as catalysts for collaboration, making environmental impact assessments accessible and encouraging partnerships in waste management. This united approach can spark novel solutions and elevate environmental stewardship.

MORE THAN A CHOICE - AN IMPERATIVE

Sustainable hospitality in the Middle East is more than a choice – it is an imperative for the enduring success of the tourism sector. By embracing regenerative practices, focusing on circularity, and reducing embedded carbon, hospitality operators can sculpt sustainable models that enrich both humanity and the planet. The region boasts shining examples of regenerative tourism that highlight the importance of community engagement, environmental rejuvenation, and comprehensive integration. As we forge ahead in developing tourism infrastructure, prioritising sustainable and regenerative practices will be vital in cultivating resilient ecosystems and economies for generations to come. ●



Daniel Gribbin is the Sustainability Leader at Deloitte Middle East

REIMAGINING ROI

How regional hospitality can leap forward with memory, metrics, and artificial intelligence

By AbdulMouhsen Almadani

When we think about visiting a destination, we tend to first consider the experiences that we want to have there. We also imagine ourselves having what will hopefully be a good time while relaxing or exploring. What we find, however, is that many tourism brands across the region primarily aim to drive transactions – despite the fact that there is an opportunity to do much more than that.

When analysing what makes some of the world's most effective brands so successful, one will often find that they look to drive a strong and long-term relationship with their customers first and foremost. We believe that tourism should take the same approach. It starts with building a human connection with the visitor through the experience, but to truly create an impact, you'll want to aim to hopefully give them a reason to make a return visit, many more times to come.

Upon considering what builds a strong relationship between a destination and a visitor, we must first think about what drives human connection. People tend to share their stories and relay their experiences. Psychology tells us that doing so activates the areas of the brain associated with delight and bonding, which fosters deeper connections. As humans, we are naturally inclined toward such connections. And this is the logic destinations should use too: destination marketing organisations should aim to create more memorable experiences through this hook. It's a philosophy we follow at Deloitte, too, with our "Three M" approach to building those relationships – that is to say,

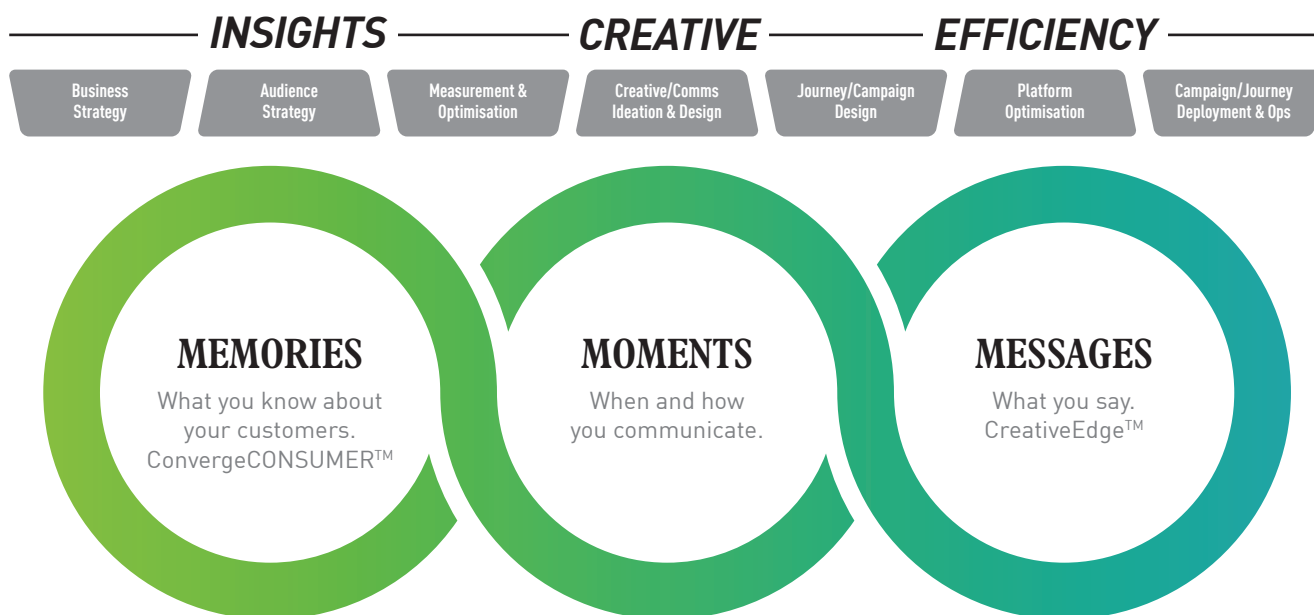
always considering the power of memories, moments, and messages.

To compete effectively in the clutter of advertisements across various channels, we need to personalise. We can aim to adopt approaches that are end-to-end, outcome-based, and scalable. This is where our work in driving communications, crafted via AI and a deep understanding of the visitor, can come into play.



AbdulMouhsen Almadani
is Director at Deloitte
Middle East

We help brands communicate and connect with customers **the human way**, which drives a deeper connection and higher lifetime value.



Enabled by a foundation of martech enhanced with AI and ML

1 **MEMORIES: Know your visitors better than anyone else**

Making memories starts with the data that our clients have already gathered from their visitors. This could be zero or first party data, and can be augmented through multiple different sources. The point here is to really think about as discrete and detailed of a visitor segmentation as possible. This will in turn help build a stronger relationship by truly understanding the visitors, and make the communication more personalised and effective. AI can then play a role by helping us understand this data, and connect patterns that may not be obvious through more traditional methods.

2 **MOMENTS: The best way to reach your visitors**

Moments are the key points within a visitor journey, where we plan to build or enhance a visitor relationship with the destination. Think of the times when you travel somewhere, and you see something that takes your breath away. This isn't a part of the journey where you aim to close a sale, but rather, it's a part of the experience, or a broader conversation.

By pulling together multiple threads of data from various sources throughout their journey in a holistic manner, we can identify trends as well as details of delights and hassle – allowing us to refine our approach, solve problems, or meet expectations. For clients that are already utilising platforms and/or models that are getting them the results they want, we employ a “bring your own model” (BYOM) approach that can utilise those existing tools, while enhancing their impact with our artificial intelligence (AI) and machine learning (ML) technology solutions.

3 **MESSAGES: Deliver high-speed, AI-enabled, personalised content**

Messages are the bespoke communication that we aim to deliver to our visitors at these touchpoints. What is now possible is to tailor communication across more variations and sub-segments based on previous interactions. We strive to develop hyper-personalised interactions that are scalable.

We start with understanding the visitor's metrics, and use that as a guide to best tailor content to match the right moment

we want to engage the visitor with. We can then define what we want to personalise, such as names, and details of bespoke travel packages, or relevant offers or discounts.

We then test and learn, using tools like multivariate testing to help drive continuous and relevant marketing to our visitors in a consistent and cohesive manner. Visitors evolve, and their tastes evolve – and we need to evolve the message with them. These results flow back to memories, which then give us a richer understanding, strengthening the overall effectiveness of the three Ms.

Measured and recorded benefits

1. Enhanced Customer Experiences:

Timely and relevant communications increase customer engagement, and their time spent with the brand.

2. Increased Efficiency and Scalability:

Automation reduces manual work, allowing teams to spend their time focusing on more complex, strategic tasks.

3. Higher ROI:

Cost reduction can be achieved through automation and AI.

Through personalised messaging, we can boost conversion rates and improve the bottom line. ●



The role of technology in Saudi Arabia's tourism sector

By Hayfa Assiri

Saudi Arabia is undergoing a remarkable transformation driven by its Vision 2030 initiatives to diversify the economy and reduce reliance on oil. A key aspect of this transformation is the rapid development of the tourism sector, leveraging cutting-edge technology to revolutionise travel in the MENA region, making it more accessible, efficient and sustainable. This commitment is underscored by a Memorandum of Cooperation between the Ministry of Tourism and the Saudi Authority for Data and Artificial Intelligence to leverage artificial intelligence (AI) to achieve tourism goals and revolutionise the

sector. Deloitte has partnered with major stakeholders among Saudi Arabia's key players in the tourism sector, to advance the digital transformation agenda and support various tourism initiatives. As this fusion of tourism and technology positions Saudi Arabia as a frontrunner in the global travel industry, we have a chance to preview of the future of travel.

Seamless Travel with Smart Airports

Technology is central to Saudi Arabia's tourism revolution, with substantial investments in smart airports to create more seamless travel experiences. Investments in innovative technologies, such as smart check-in systems

and uninterrupted baggage handling, are being made to enhance customer experience and align with Saudi Arabia's sustainability and innovation goals. A partnership signed between King Salman International Airport Development Company and Huawei, for instance, aims to drive digital transformation in aviation by integrating AI, IoT, and Private 5G-Advanced technology to revolutionise airport operations alongside individual passenger experiences. Meanwhile, airlines like flyadeal are embracing digital innovation with AI-powered customer service and automated check-ins, to make travel even more hassle-free. This is aligned with a broader economic diversification strategy for the tourism sector to contribute 10% to the national GDP by 2030, and reflects the 65% boost in international arrivals from 2022-2023 to 27.4 million visitors.

Personalised Experiences

While the experience of travelling to Saudi Arabia has become more efficient, the integration of AI, alongside a growing preference for convenient online bookings, has elevated vacation planning to a new level. Local tourism agencies are investing in digital platforms and AI-driven solutions to enhance customer experiences, offering truly seamless journeys and personalised dream vacations. For example, Almosafer, Saudi Arabia's leading travel intermediary, has integrated ChatGPT for smarter booking responses, following a 2023 partnership with the Saudi Tourism Authority (STA) to boost inbound tourism. Deloitte has been instrumental in advancing STA's Smart Tourism initiatives by helping them strategising digital efforts in tourism to stimulates private sector innovation and delivers world-class, delightful tourist experiences. Deloitte played a key role in VisitSaudi's website and app, featuring bookings, interactive maps, and loyalty programmes to enable seamless and frictionless visitor experiences. The

launch of Sara – the world's first AR-powered virtual travel assistant – enhances visitor experiences with real-time insights on attractions and tailored recommendations. Saudi Arabian Airlines has also released a beta version of its AI-driven platform, Travel Companion, which offers a smooth, tech-led booking experience, and functions as an all-in-one travel ecosystem.



Hayfa Assiri is a Director at Deloitte Middle East

Immersive Experiences

Innovative tourism experiences - including immersive virtual and augmented reality tours - are revolutionising cultural experiences in AlUla and Diriyah, across museums and historical sites. These increase global reach and enable visitors to experience the country's rich history interactively and remotely. Meanwhile, the use of IoT at tourist destinations facilitates real-time, personalised interactions, making navigation more intuitive. An example of this is the recent partnership of ARway.ai with AI Safer (part of the Royal Institute of Traditional Arts), which leverages AR for interactive navigation and immersive content at museums and tourist sites. Technologies such as these will shape the future of Middle Eastern tourism by promoting destinations globally, and offering captivating, multi-sensory, personalised experiences.

Innovative Smart Cities

Another unique way of integrating technology with tourism is through the development of smart cities in Saudi Arabia, which boosts tourism and helps achieve goals of sustainability and innovation in the sector. The Red Sea Project exemplifies this by featuring eco-friendly resorts and advanced transportation systems, attracting travellers who value sustainability and the seamless integration of technology. Deloitte was selected as a strategic partner to collaborate with the Saudi Red Sea Authority, leveraging its technical expertise and experience locally and globally to devise and help the authority in setting strategic focus and direction. Additionally, Deloitte has defined and implemented visitor strategies, identified touchpoints, assessed hotel key requirements, and

conducted economic impact assessments for several smart city projects, driving innovation and excellence in Saudi Arabia's tourism sector. These efforts, combined with Saudi Arabia's investments in digital infrastructure - such as smart city technologies, high-speed transportation systems, and digitised tourist services - are creating an efficient, customer-centric, and future-ready tourism ecosystem.

Operational Efficiency and Quality

A significant advantage of integrating technology into the tourism sector is the enhancement of operational efficiency. The use of AI could help Saudi Arabia manage visitor flows, reduce wait times, and optimise scheduling at key attractions, accommodating more tourists without compromising quality. Moreover, AI could help to improve transportation, accommodation, and ticketing, making travel within Saudi Arabia smoother and more accessible. A prominent example is the use of AI to manage logistics for Hajj and Umrah, aiming to attract over 30 million pilgrims by 2030. AI can enable and optimise crowd management, monitor health conditions, and provide real-time updates to pilgrims. Deloitte's partnership with Qiddiya Investment Company, to implement a Dynamic Guest Management System, exemplifies efforts to revolutionise guest experiences. This system integrates CRM, marketing automation, and B2B engagement across Qiddiya City's attractions, providing seamless and personalised experiences while boosting operational efficiency.

Conclusion

Guided by national goals and driven by technology, Saudi Arabia's tourism sector is flourishing, welcoming 4.2 million tourists for entertainment and holidays in the first seven months of 2024 - a 25% increase from the previous year and a 656% surge from 2019 to 2023. Consequently, Saudi Arabia has raised its tourism goals to target 150 million visitors and add 362,000 new hotel rooms by 2030. Saudi Arabia aims to invest \$800 billion to support the tourism sector, enabling new destinations, offerings, and experiences. Technology is crucial for achieving Saudi Arabia's vision to increase accessibility through optimising airports, enhancing visitor experiences with AI and VR, and improving operational efficiency - all of which will continue to position Saudi Arabia as a premier tourist destination. ●

“ Saudi's tourism sector is flourishing, and technology is crucial for achieving its vision



A deep dive into our vision for the travel industry's transformation towards 2040

By James Edmondson

NextGen Travellers and Destinations



James Edmondson
is a Director at Deloitte
Middle East

In a partnership between Deloitte and Google, in-depth research was undertaken to explore the evolution of global travel and understand future travel trends, source markets, and destinations. Predicting long-term travel trends is a complex task, but we can identify strong trends and correlations based on 50 years of data, combining Google insights with Deloitte's modeling expertise. Research spans 230 countries, utilising advanced analytics from billions of Google queries and 90,000 data points analysed from tourism indicators provided by prestigious institutions, including the United Nations World Tourism Organization (UNWTO) and GapMinder.

The travel industry has now emerged from the COVID-19 crisis with renewed strength, with global travel volumes in 2024 finally returning to pre-COVID-19 levels. Current emerging trends are providing optimism for the future, and these findings can inform strategic decisions for businesses, offering valuable insights regardless of their role in the industry.

Projections indicate that 2040 global trips could

reach approximately 2.4 billion and be heavily influenced by the middle class. Although this may not come as a complete surprise to those who have been paying attention, examining the source markets, destinations, and drivers reveals some compelling insights.

By 2040, destination trends reveal that the top five - predicted to be Spain, France, USA, China and Italy or Mexico - are expected to attract 20% of inbound trips, compared with the top five attracting 30% in 2019. By 2040, three new countries are expected to join the top 15 destinations in the world, with Saudi Arabia, Indonesia, and the United Arab Emirates set to enter the ranks. The top 15 markets are expected to account for 46% of inbound trips. In future projections, traveller concentration is likely to shift towards Southeast Asia, the Middle East, and the Caribbean, with the Mediterranean still leading but likely losing some market share compared to 2019.

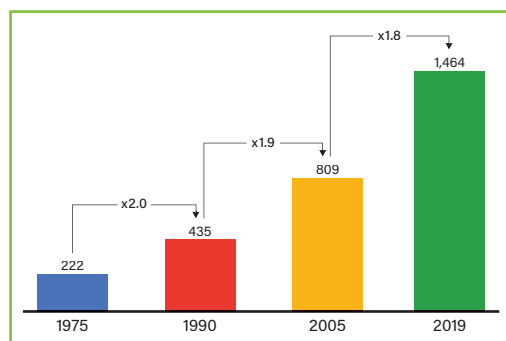
These insights underscore the evolving dynamics of the travel industry and emphasise the importance of preparing now to capitalise on emerging opportunities.

A JOURNEY THROUGH TIME:

The Evolution of Global Inbound Arrivals in Tourism - 1990s to 2023

The tourism sector experienced remarkable growth leading to 2019, with global inbound arrivals doubling approximately every 15 years since 1975. This unprecedented expansion reflects a growing interest in travel across various regions.

Evolution of inbound arrivals worldwide (Mn; 1975-2019)



Source: NextGen Travelers and Destinations by Deloitte and Google

European countries are the primary source markets for outbound travel, accounting for 47% of global departures as of 2019. However, there has been a notable shift over the past decade, with growth rates between 2010 and 2019 in Africa growing at 8.0% per year and in the Asia-Pacific region at 6.8% per year, surpassing Europe's 3.8%. This trend reflects an evolving global tourism landscape where emerging markets are becoming increasingly significant.

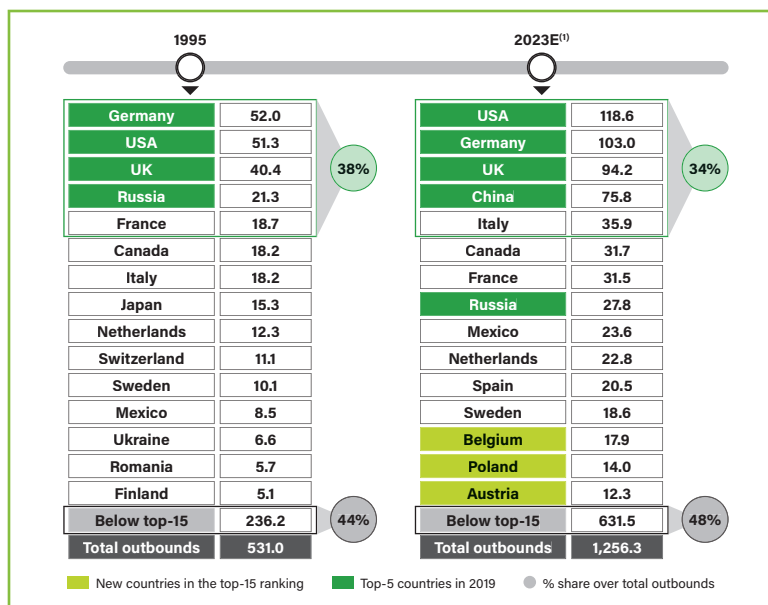
Evolution of outbound departures per region (Mn; 1995-2023E)

	CAGR 1995-2010	CAGR 2010-2019	2010-2019 New Travellers Market Share
Africa	2.6%	8.0%	+10 Mn (2%)
South America	5.2%	1.8%	+5 Mn (1%)
Middle East	8.6%	4.2%	+20 Mn (4%)
North America	1.4%	4.0%	+53 Mn (11%)
APAC	8.3%	6.8%	+214 Mn (43%)
Europe	3.0%	3.8%	+199 Mn (40%)
Average	4.0%	4.8%	-

Source: NextGen Travelers and Destinations by Deloitte and Google

China has also emerged as a dominant force in global tourism in recent years. By 2019, it had surpassed other source markets to become the top traveller origin, representing 10% of global departures. It now contributes to international travel alongside established nations such as Germany, the United States, the United Kingdom, and Russia, to round out the top 5.

Evolution of top-15 source markets by outbound departures (Mn; %, 1995-2023E)



Source: NextGen Travellers and Destinations by Deloitte and Google

Four distinct travel patterns emerge when examining the outbound evolution of source markets, each characterised by the willingness to travel internationally. These patterns were evaluated based on annual growth rate from 2010 to 2019, and the number of outbound trips taken per middle-class inhabitant:

- 1. Newcomers:** Younger travellers whose middle-class population and income per capita are rapidly growing. They represent a burgeoning market regarding tourism flows and tend to prefer short-haul destinations, typically exhibiting prudent spending habits. Key countries where this pattern was observed include China and India.





2. Amateurs: Like Newcomers, this segment includes younger travellers from a more stable middle-class demographic with higher income per capita. They remain an emerging market and are inclined to travel to a mix of short and long-haul destinations. Their spending style ranges from moderate to generous. Key countries where this pattern was observed include the United States, Russia, and Japan.

3. Experienced Travellers: Older travellers characterised by a stabilised middle class and consistent income per capita. While there is still potential for growth in this segment, they have primarily reached a high level of travel penetration. Like Newcomers, they lean towards short-haul destinations and tend to spend cautiously. Key countries where this pattern was observed include Spain, Italy, and France.

4. Super-Experienced Travellers: Another segment of older travellers with a similar economic profile to the Experienced Travellers group, these individuals have also achieved high travel penetration but still show some growth potential. They share preferences for short-haul destinations and exhibit prudent spending habits, much like the newcomers. Key countries where this pattern was observed include Germany, the United Kingdom, and Singapore.

These four identified travel patterns are shaped by a combination of sociodemographic characteristics and behavioural traits, ultimately defining the travel behaviours of each segment.

From a destination perspective, European countries remain at the forefront, representing 52%

of inbound arrivals in 2019 (down from 63% in 1995). From 2010 to 2019, inbound travel to the Asia Pacific region grew at a rate of 6.7% per year, representing 26% of all arrivals in 2019, up from 15% in 1995.

A similar pattern was seen in the Middle East, with inbound travel growing 4.6% per year and representing 5% of arrivals in 2019 (up from 1% in 1995). Since 2010, the top five destinations have retained their positions. Still, there has been a noticeable fragmentation as Asia Pacific countries steadily ascend the rankings, and those ranked just below the top 15 are gaining a more significant market share.

Evolution of inbound arrivals per region (Mn; 1995-2023E)

	CAGR 1995-2010	CAGR 2010-2019	2010-2019 New Travellers Market Share
South America	5.6%	5.2%	+14 Mn (3%)
Africa	6.7%	2.6%	+12 Mn (2%)
Middle East	11.1%	4.6%	+19 Mn (4%)
North America	2.3%	4.3%	+54 Mn (11%)
APAC	7.0%	6.7%	+166 Mn (33%)
Europe	3.1%	4.2%	+236 Mn (47%)
Average	4.0%	4.8%	-

Source: NextGen Travelers and Destinations by Deloitte and Google

An analysis of competitiveness among the most significant destinations, based on total inbound arrivals and evolving market share, reveals three distinct clusters. European cities excel in this competitive landscape, dominating the rankings with seven out of the top ten cities based on their Share of Search (SoS) metric. These cities are conveniently situated at short and medium-haul distances from key source markets, further solidifying their appeal to international travellers.



From a destination perspective, European countries remain at the forefront

IT'S NOT ALL CALM SEAS, WITH A TSUNAMI OF CHANGE TO COME:

Significant economic, social, and technological shifts.

As the world navigates a transformative era characterised by significant economic, social, and technological shifts, a new landscape is emerging in which adaptation and innovation will be pivotal for achieving success in the years to come.

1. Exponential Technologies - Shaping Experiences:

The advent of exponential technologies redefines how we experience travel. Innovations such as virtual reality experiences, the integration of Web 3.0, artificial intelligence, and advanced analytics are revolutionising how we interact with the world. Additionally, real-time translation tools and advancements in biotechnology are enhancing the ability to connect and explore diverse cultures seamlessly.

2. The Evolving Traveller - Diverse Needs and Preferences:

Modern travellers are undergoing a remarkable transformation. Demographic shifts highlight an ageing population while increasing racial, ethnic, and sexual diversity calls for a more inclusive approach to travel. Issues such as inequality are becoming more pronounced as emerging markets rise, influencing global travel patterns.

3. Cultural and Social Movements - Shifting Values:

In a world where experiences are increasingly valued over products, travel greatly emphasises the benefits of mental health and a sense of purpose. The evolution of work, alongside the reimagining of urban spaces, reflects a broader cultural movement that prioritises meaningful engagement and personal well-being.

4. Business Transformation - Adapting to New Realities:

Businesses must adapt to a rapidly evolving landscape where everything is viewed through the lens of "All as a Service." Companies are grappling with declining financial health amid a widening talent gap and lowering barriers to market entry, demanding fresh strategies for sustainability and competitiveness.

5. Climate Change - Navigating Challenges:

The travel industry is increasingly impacted by climate change, with the stakes raised by global warming and natural disasters. As consumers become increasingly environmentally conscious, the role of industry reputation becomes vital, alongside the need for regulations that focus on capital utilisation and traveller expectations. The transition to renewable energy sources is now more critical than ever.

6. Economics, Politics, and Power - A Complex Landscape:

Rising tensions among global powers mark the geopolitical landscape, as does the resurgence of nationalism and the threat of political extremism. These dynamics and the challenges of cybercrime create a complex backdrop that influences global mobility and travel decisions.

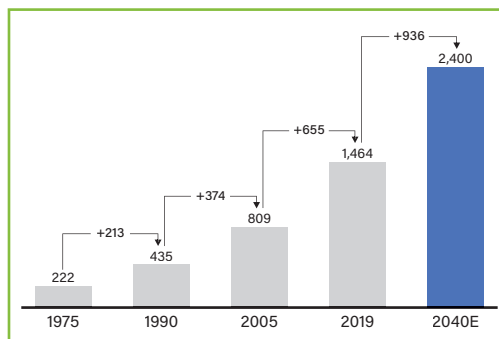


THE JOURNEY AHEAD:

The Future of Source Markets and Destinations: A Vision for 2040:

Looking ahead to 2040, the evolution of outbound travel is expected to be closely linked to the growth of the global middle-class population. Projections indicate that the total number of trips worldwide could soar to approximately 2,400 million, a substantial increase of about 936 million compared to 2019.

Evolution of number of trips worldwide (Mn; 1975-2040E)



Source: NextGen Travelers and Destinations by Deloitte and Google

In outbound departures between 2019 and 2040, the highest annual growth rates are expected from Africa and South America, with 5.0% per year. Yet, Europe and the Asia-Pacific (APAC) regions will continue to account for around 75% of outbound travel.

SOUND BITE: MIDDLE EAST FOCUS

RECENT RESEARCH

from Deloitte and Google - as part of the NextGen Travellers and Destinations report, exploring travel trends projected to 2040 and highlighting the increasing interest in destinations in the Middle East - found that in 2023, the UAE and Saudi Arabia ranked among the top 15 countries for attracting inbound arrivals, placing 13th and 14th, respectively.

By 2040, inbound arrivals in the United Arab Emirates are anticipated to increase from 23.1 million to 40 million, reflecting a growth rate of 3.3% per year. This growth rate exceeds several of the established European destinations.

Saudi Arabia is also expected to experience rapid growth, predicted to rise to 8th place, with inbound arrivals increasing from 22.6 million to 80 million, at a growth rate of 7.7% per year.

This highlights the substantial economic, social, and technological transformations shaping the future of global travel.

Additionally, the top five source markets are expected to increase their share of outbound departures to 42%, with Pakistan, Brazil, Saudi Arabia, Indonesia, and Mexico emerging as notable entrants among the top fifteen source markets.

Switching to inbound arrivals, the Middle East and Africa are poised to experience the highest growth rate in inbound arrivals from 2019 to 2040. However, Europe and APAC will still account for around 75% of total arrivals, maintaining the same percentage share as outbound departures.

However, the top five destinations are projected to decline in market share, shrinking to 20%. At the same time, Saudi Arabia, Indonesia, and the United Arab Emirates make notable gains in the top fifteen destinations.

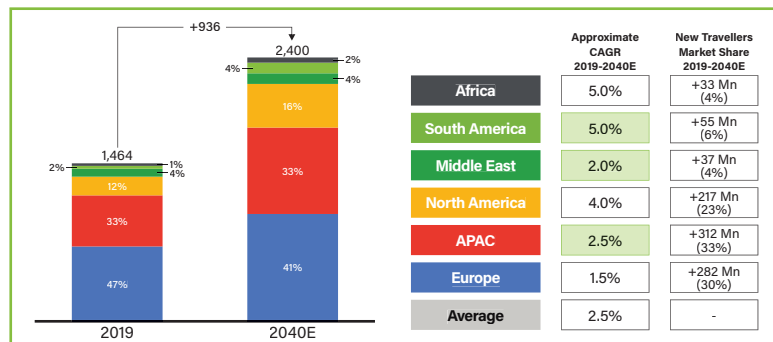
Looking beyond the top destinations, European and APAC countries are poised to continue their upward trend in attracting global travellers. Ultimately, about 45% of travellers worldwide are expected to gravitate towards four key destination clusters: the Mediterranean, Southeast Asia, the Novel Middle East, and the Caribbean.

- 1. Mediterranean:** This region is poised for significant growth, with the number of inbound travellers projected to increase from 365 million to an impressive 495 million. However, its share of the global travel market is anticipated to decrease slightly, from 25% down to 21%.
- 2. Southeast Asia:** Emerging as a vibrant travel hub, Southeast Asia is projected to see its inbound traveler numbers soar from 125 million to 255 million. This surge in popularity will also increase its market share, growing from 9% to 11%, highlighting its rising status as a desirable destination.
- 3. Novel Middle East:** The Novel Middle East is on track for remarkable growth, with inbound travelers anticipated to jump from 65 million to 175 million. As a result, its market share is expected to climb from 4% to 7%, reflecting the region's increasing appeal in the global tourism landscape.
- 4. Caribbean:** The Caribbean is also foreseen to witness tourism growth, with the number of inbound travellers projected to increase from 80 million to 145 million. This growth will result in a modest increase in its market share, from 5% to 6%, indicating the ongoing allure of its sun-soaked islands and vibrant cultures.

Notably, while the so-called "Newcomers" and "Amateurs" are on an upward trajectory in terms of travel frequency, experienced and super-experienced travellers are likely to maintain a more stable profile.

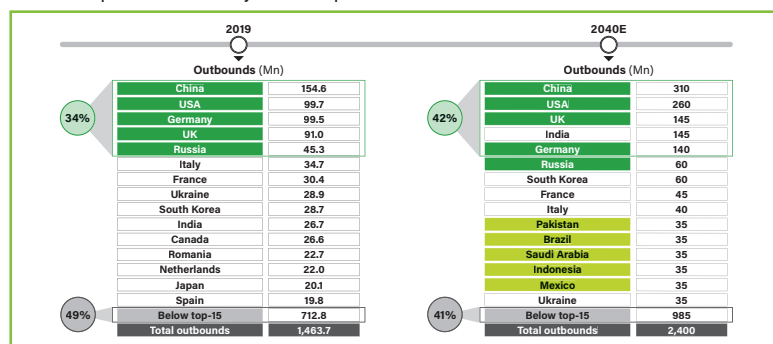
- 1. Newcomers:** This group is projected to experience a remarkable increase in outbound trips, growing from 68 million to 272 million. Consequently, the average number of trips taken per middle-class individual is expected to rise from 0.17 to 0.25,

Evolution of outbound departures per region (Mn; 2019-2040E)



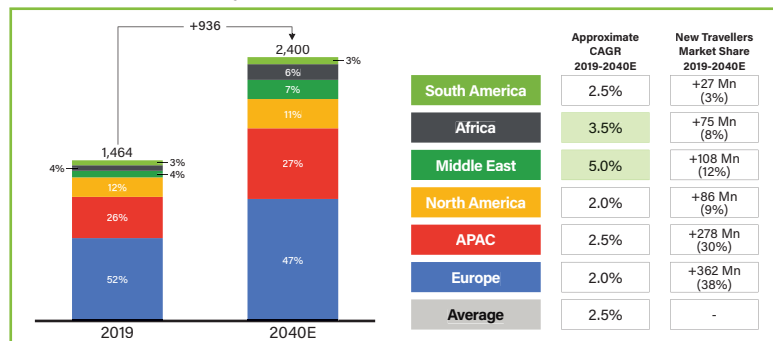
Source: NextGen Travelers and Destinations by Deloitte and Google

Evolution of top-15 source markets by outbound departures (2019-2040E)



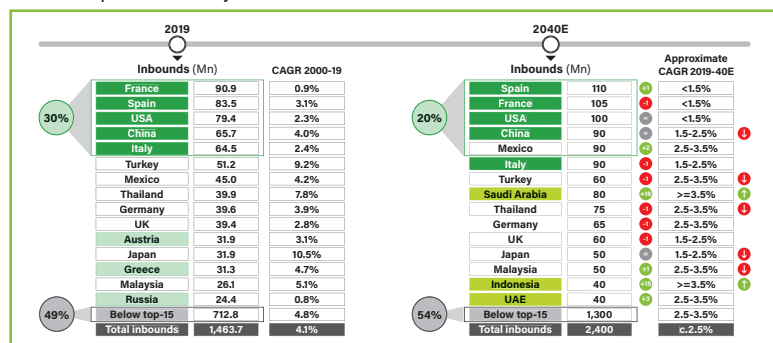
Source: NextGen Travelers and Destinations by Deloitte and Google

Evolution of inbound arrivals per region (Mn; 2019-2040E)



Source: NextGen Travelers and Destinations by Deloitte and Google

Evolution of top-15 destinations by inbound arrivals (2019-2040E)



Source: NextGen Travelers and Destinations by Deloitte and Google

indicating a growing interest in travel among first-time explorers.

- 2. Amateurs:** The number of outbound trips in this category is expected to surge from 240 million to 454 million. As a result, the frequency of travel per middle-class individual will also increase, moving from 0.24 to 0.29 trips. This growth reflects a developing enthusiasm for travel among those who have begun to venture beyond their comfort zones.
- 3. Experienced Travellers:** This group's growth is projected to be substantial, with outbound trips expected to expand from 313 million to 575 million. This significant rise will increase travel frequency per middle-class individual from 0.56 to 0.76 trips, showcasing a commitment to exploring the world more frequently.
- 4. Super-Experienced Travellers:** This category is expected to increase from 321 million to 476 million outbound trips, accompanied by a notable rise in travel frequency from 1.45 to 1.97 visits per middle-class individual. This indicates that seasoned travellers continue their adventures and increase the number of journeys they undertake, reflecting their deep passion for exploration.

As we envision the future of travel, adaptability, inclusivity, and sustainability will play critical roles in shaping how we explore and connect in the years ahead.

THE CALL TO ACTION:

Implications of 2040 Travel Trends

The landscape of travel in 2040 is intrinsically linked to three core components that define strategic implications: Markets, Business Models, and Mechanics. These elements play a crucial role in shaping the industry's future evolution.

- 1. Markets** - What is being sold, the target audience, and how value is generated.
- 2. Business Models** - The structure of businesses and how they acquire essential capabilities.
- 3. Mechanics** - Operational methods employed in executing strategies, managing labour, and making key operational decisions.

Markets

As the travel industry braces for transformation, we must embrace three significant market trends:

- 1. Tourism Flows Transformation:** Engaging and captivating new travellers necessitates a shift in approach. With up to 60% of travel inquiries expected to shift online in emerging markets, established practices must adapt to harness the power of the digital realm effectively. One notable trend is the need to create unforgettable experiences tailored to diverse cultures, notably from countries like India, which is projected to account for approximately 145 million international departures by 2040. Understanding these varied

preferences is crucial to successfully appealing to these new source markets.

- 2. Digital and Hybrid Tsunami:** Thanks to technological advancements, the barriers that previously hindered travellers from exploring new destinations are rapidly fading. Innovations such as real-time translation, immersive virtual experiences, and the capabilities of Web3 are enhancing connectivity. These technologies facilitate travel and enable potential explorers to discover new locations through the influence of social media and virtual interactions, reshaping how destinations are unveiled to the curious traveller.

3. Corporate Responsibility as an Imperative:

In a climate where environmental and social consciousness is paramount, developing sustainable tourism models is no longer optional but essential. The impact of responsible travel must resonate with an estimated 2,400 international travellers who focus on generating economic and social benefits for the destinations they explore.



Business Models

Navigating the future demands an adaptive approach to business models, emphasising flexibility, hyper-personalisation, and industry evolution:

- 1. Flexibility in the Core:** The travel sector must cultivate business models that can pivot and adapt in response to unforeseen challenges, such as health crises. Given the increasing popularity of diverse destinations in Southeast Asia, the Middle East, and the Caribbean, a balanced strategy addressing various origin markets will be essential to mitigate potential overdependence on any single destination.
- 2. Hyper personalisation:** By harnessing artificial intelligence and cutting-edge technologies, businesses can delve deeper into customer data, yielding insights that allow for crafting memorable travel experiences that are profoundly relevant to the individual traveller.
- 3. Industry Reconfiguration:** As experiential offerings take centre stage in travel, forging strategic alliances becomes vital for differentiation. These collaborations can help deliver unique value propositions that resonate with an increasingly discerning traveller base.



By harnessing AI and cutting-edge tech, businesses can craft experiences that are profoundly relevant to the individual traveller



Mechanics

As the travel sector evolves, understanding the mechanics governing operations is essential for navigating the complexities of the industry:

- 1. Evolving Workforce:** With globalisation at play, managing a diverse workforce and catering to travellers from different backgrounds introduces new complexities. Implementing tailored mechanisms, such as incentive programmes, will ensure seamless and high-quality customer service.
- 2. The Age of Algorithms & AI:** The increasing intricacies of travel flows necessitate a robust reliance on automation. Leveraging new technologies will optimise value, enabling businesses to make informed decisions about demand and supply, including dynamic pricing strategies that can adjust based on the traveller's country of origin.
- 3. New Center of Financial Gravity:** As novel business models, such as subscription-based travel and experience-centric offerings, gain traction, understanding the implications of diminishing profit margins becomes crucial. The commoditisation of travel experiences calls for innovative thinking to sustain profitability while delivering exceptional value. The journey toward 2040 will be defined by how effectively stakeholders in the travel industry adapt to emerging market dynamics, reconfigure their business models, and navigate the operational mechanics necessary for success in this evolving landscape.

The journey has only just begun

Predicting the long-term trajectory of our industry is a bold undertaking, fraught with uncertainties. The future of global outbound travel will significantly rely on the evolution of the middle-class and higher population segments, which play a crucial role in shaping demand.

We have observed four distinct travel patterns among groups: Newcomers, Amateurs, Experienced travelers, and Super-Experienced globetrotters. Each segment faces a unique set of evolving economic, social, and technological challenges influencing travel behaviours and preferences.

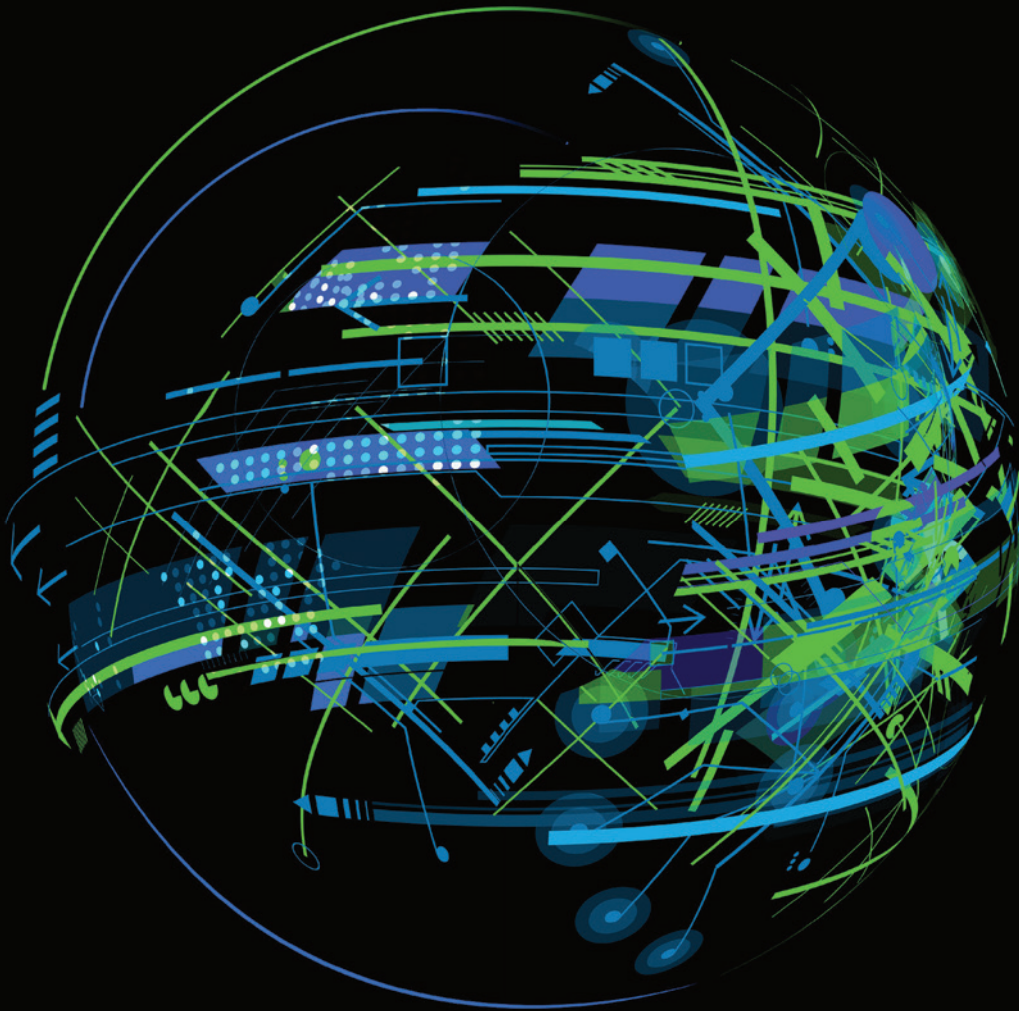
Making predictions is never easy, especially in such a dynamic environment. However, similar challenges have persisted over the past five decades. By analysing robust long-term trends and stable economic correlations, and with relevant and actionable insights, we can be better-prepared to navigate the strategic decisions critical to ensuring travel industry businesses' long-term health and success in this ever-changing landscape. After all, 2.4 billion travellers are waiting - and the future of travel will belong to the firms that are prepared. ●

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Dubai Real Estate Predictions 2025

Insights into the future of Dubai's
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