

# THE RETURN OF TRAVEL

## Importance Of The Staycation Market

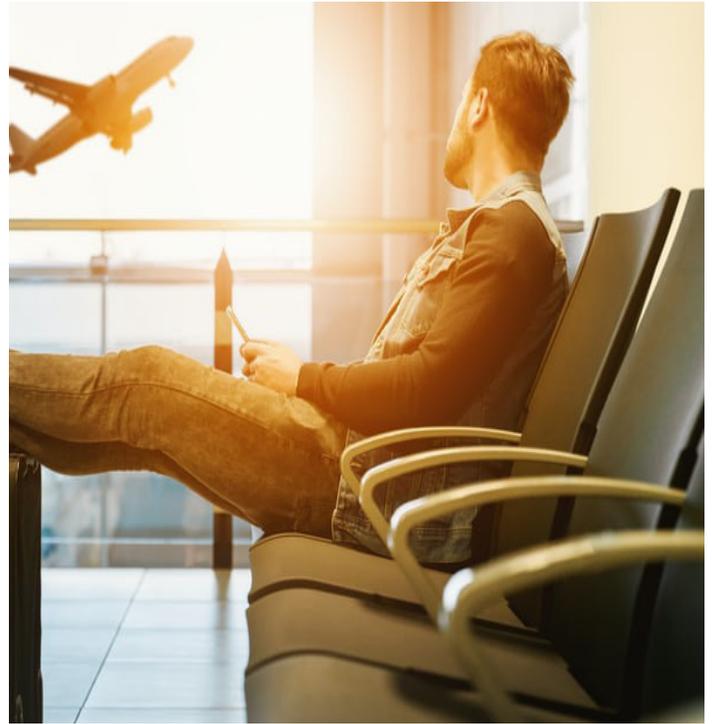
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*"The hospitality industry has been sorely affected by the Covid-19 crisis impacting worldwide travel. Consequently, there is a sense of pent up demand to make up for lost time and cancelled plans. In this paper we look at the importance of the staycation market for the hospitality industry as the restrictions are slowly lifted in the UAE."*



The hospitality industry has been severely affected by the Covid-19 crisis, impacting worldwide travel, tourism, events, and leisure activities. Accordingly, many people have been forced to cancel/postpone their travel plans, weddings, and other celebrations.

There is a sense of pent up demand due to an eagerness among the larger populace to make up for lost time and canceled plans. With various countries lifting some restrictions in an effort to return to some sense of business as usual, there will be a lot of people eager to catch up on those missed travel opportunities.



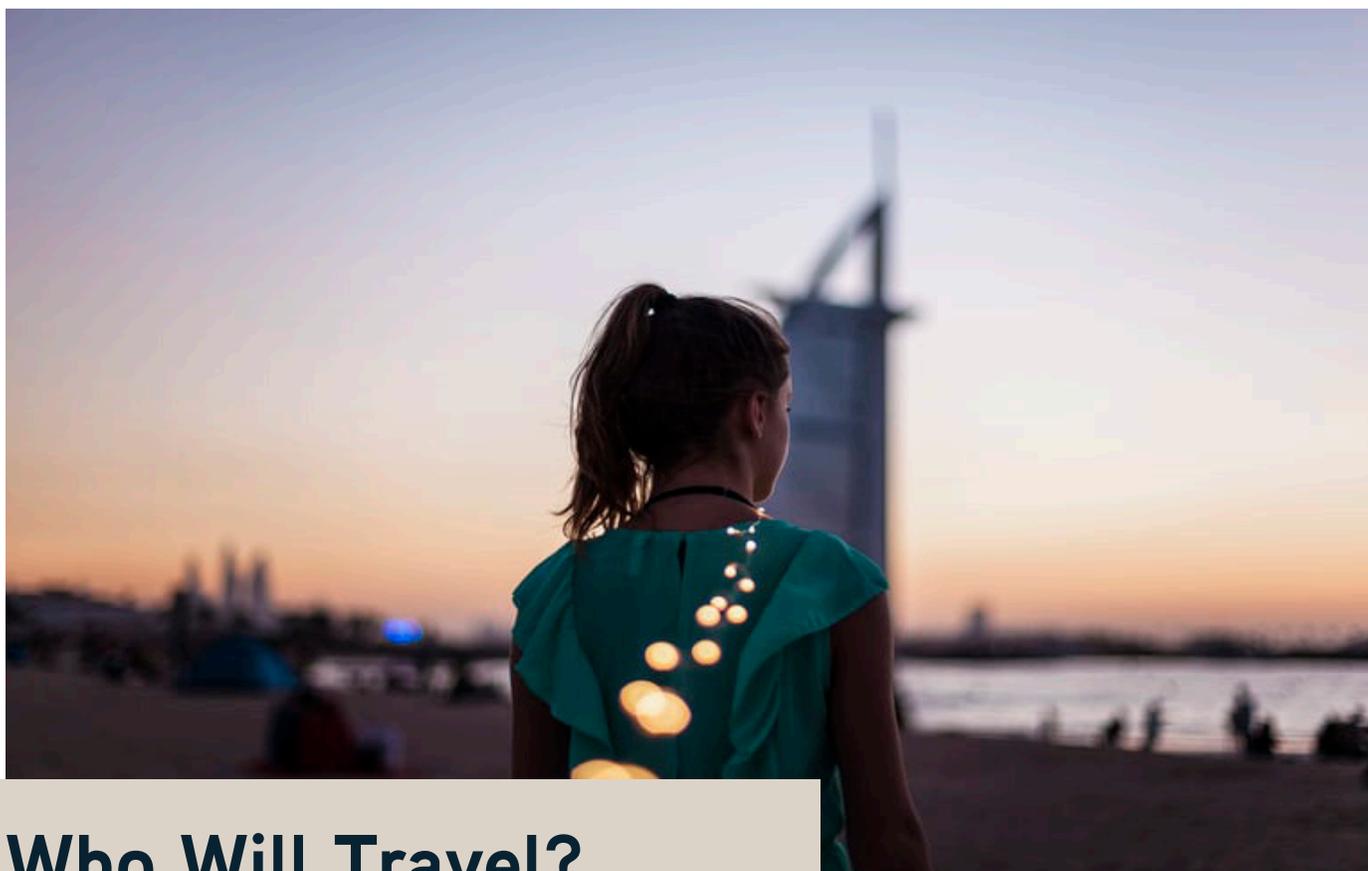
As the lockdown in UAE is slowly lifted, hotels can expect domestic travel or “Staycations” to lead the recovery.

Looking at China's recovery after the lockdown, hoteliers can feel a sense of optimism as demand has slowly been rising and travel is opening up in the country. According to a survey conducted by Baidu, 82% of employees in the F&B and hotel sectors in China returned to work in March, a sign that life is slowly resuming to normal.

People will still want to go on holiday but will want to prioritize safety first. Staycations are likely to make travelers feel more comfortable as they are familiar with the location and potentially avoid flying. Additionally, the prevalence of mandatory quarantine periods are expected to play a big role in putting off individuals from international travel.

The trend of Staycation is expected to grow in the coming months as a response to the COVID 19, as well as the need for sustainable tourism. More destinations are promoting local tourism, for example, France's program #ExploreParis.

During the traditionally quiet summer periods, hotels in the UAE typically provided various discount programs for residents especially for F&B outlets. We can expect them to be heightened as hotels look to recover in the coming months with large hotel operators leading the way with increased reward offers and points through their loyalty programs in an attempt to stimulate demand through their existing customer base.



## Who Will Travel?

Families and solo travelers are more likely to be among the first market segment to start traveling and making new reservations. Additionally, Millennials and Gen Z are being touted as the most eager to travel. They will be looking for a change in scenery following the long lockdown period. Millennials offer an exciting market for hotels as they have a keen interest in authentic travel experiences.

Data from Sojern shows that there is a steady uptick in overall searches in the MEA region. An average search for key destinations in the region shows travel intent will begin to pick up in Q3 of 2020. The composition of travelers searching for trips to Saudi Arabia are business travelers and solo travelers looking for solo weekend trips.

## Domestic Travel Driving Demand



The percentage of bookings to Abu Dhabi from within a 30-mile radius increased from just 20% in January, to 43% in March. Similarly, with bookings to Dubai, the percentage rose from 19% to 36%. With people keen to get out of the house and take a break whilst flights are still grounded, and travel still restricted, it is likely that staycations will be the popular choice in the UAE. With some hotels offering free cancellations to encourage customers to book during this period, it is also possible that these figures include hopeful travelers who are planning low-risk trips.

According to research by Sojern, searches and bookings made within UAE to local hotels in Abu Dhabi saw an increase in travel intent. There has been gradual increase in interest, especially for high-end hotels. Upper and Luxury hotels have maintained the highest level of searches and bookings. These statistics support that Staycations are a popular choice due to restrictions imposed on international travel.

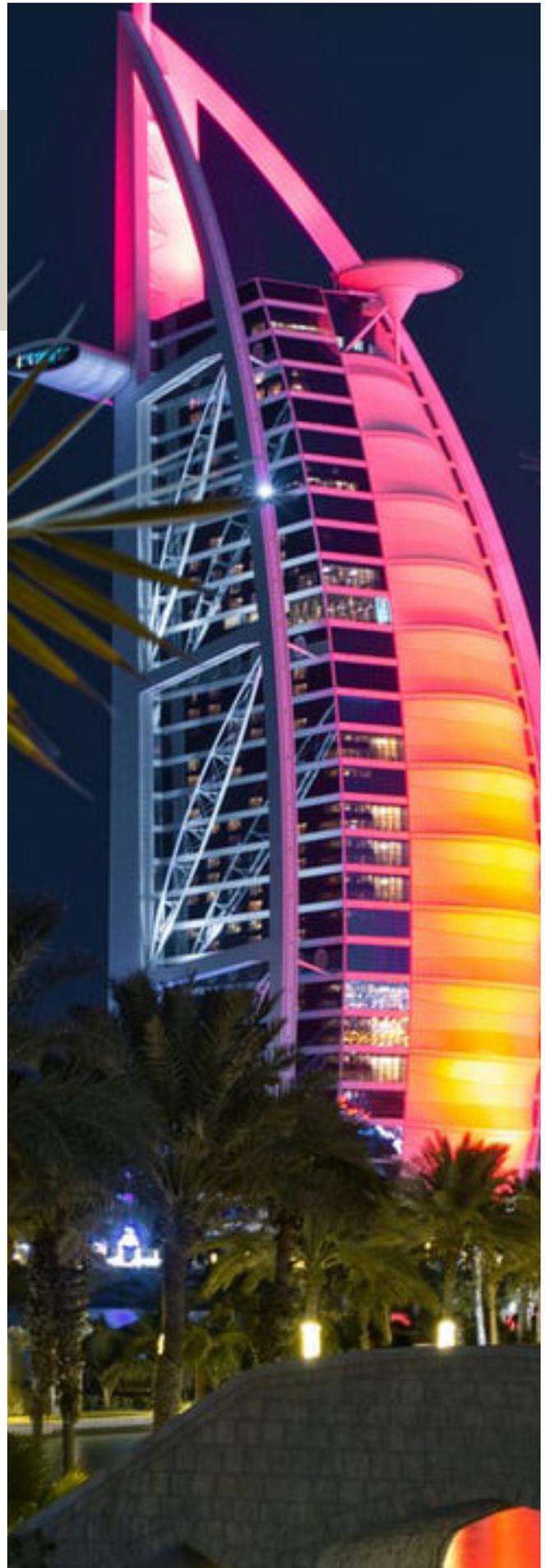
Luxury staycations, particularly are on the rise as UAE residents seek home comforts and beach access to get away from the lockdowns.

## What Can Hotels Do To Prepare?

Major staycation spots across the Middle East are expected to be places that provide guests with nature-related activities such as cycling and walking. For instance, in UAE, the desert and beach terrain of Ras Al Khaimah is expected to be a hotspot providing guests with desert experiences, especially for those looking to escape from Dubai.

For hotel companies to stand out, it is crucial for them to engage potential guests with immersive online booking experiences. Anantara hotels rolled out a virtual 3D tour of their properties worldwide, where all facilities including each room category, entertainment, and F&B offerings, can be explored from a 360-degree point of view. This type of initiative provides potential guests with a much more immersive and customized experience that may act as a key deciding factor when booking their next trip.

An important marketing strategy for hoteliers is to provide their guests a peace of mind. This involves showcasing of current cleaning procedures performed at hotel properties. Hilton Hotels have showcased a form of proactive marketing by partnering with RB, the creators of Lysol, as well as the Mayo Clinic. This partnership resulted in new cleaning standard methods that are being marketed and implemented throughout their properties worldwide.



## Outlook

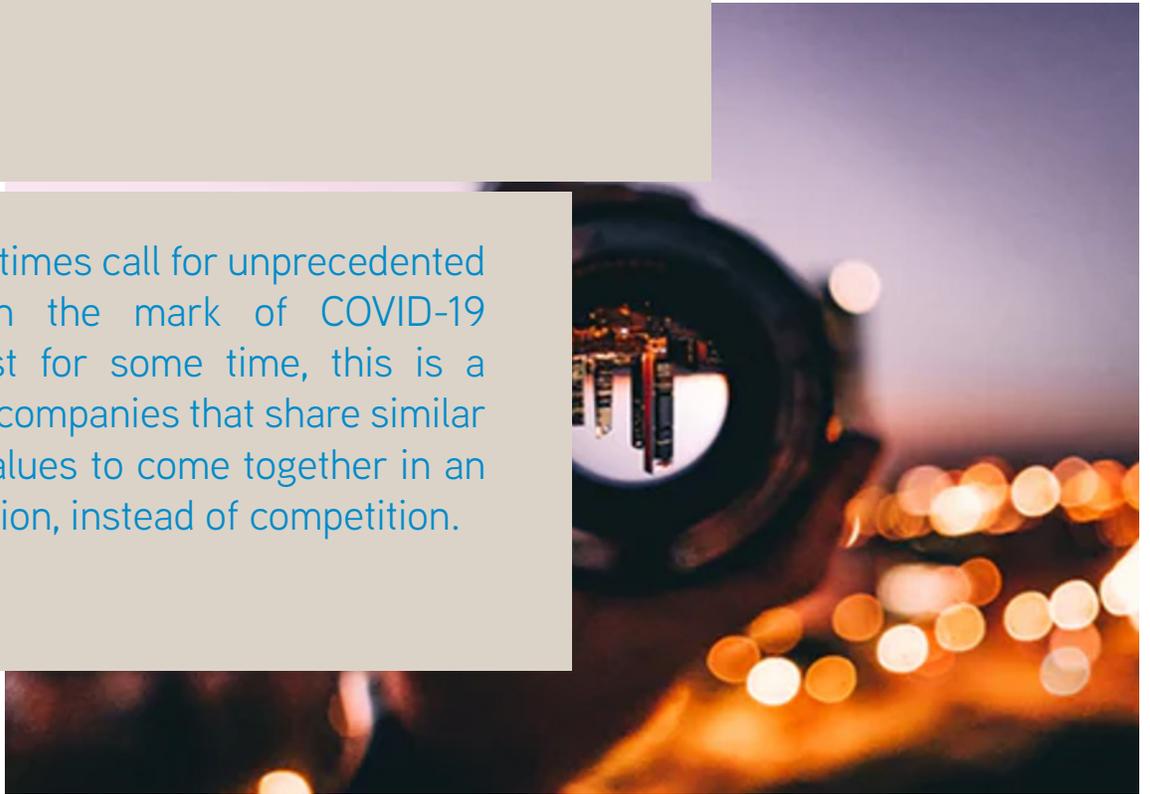
Unprecedented times call for unprecedented measures. With the mark of COVID-19 expected to last for some time, this is a period for hotel companies that share similar offerings and values to come together in an act of collaboration, instead of competition.

Signs of this are already being seen in Hong Kong, where 17 hotels joined forces to support one another with the planning of an emergency pool fund to sustain their employees as well as a unified marketing strategy that aims to launch a campaign to inspire local Hongkongers to feel proud of their city and to appreciate what makes them unique. This will be achieved by creating inspiring experiences for local residents in partnership with other major Hong Kong attractions. A similar strategy may take place in cities throughout the Middle East.

Due to the lockdown procedures implemented earlier in April, a majority of people are experiencing cabin fever and are looking to escape to find some rejuvenation. Properties with an Eco, Wellness, Agri, and Adventure (EWAA), focus can greatly benefit from this.

This past EID hotels across the country announced staycation deals to entice travelers during the long weekend. Hotels such as Jumeirah Al Naseem, The Chedi Al Bait, and Anantara, offered competitive packages with meals included. We can expect to see an increased interest in staycations for the rest of the year.

The pandemic brought an uncertain climate, the travel and tourism will rise again but it will be different. Stakeholders need to adapt as trends for Staycation, and the promotion of local tourism in the short term, to stimulate a recovery.



## FOR MORE INFORMATION

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