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# The war could hit regional tourism the hardest



The economic effects of an Iran-centred war in the Middle East cannot be understood only through oil prices.

Tourism, aviation, real estate, and the broader service economy are the sectors that react fastest to geopolitical shocks.

The reason is simple: the main input of these sectors is the perception of security. When the risk of war rises in a region, tourists postpone their plans, airlines change flight routes, investors delay real estate purchases, and restaurants and retail chains begin to experience revenue losses as tourism declines.

For this reason, as the Iran conflict drags on, tourism is likely to be the first area where economic impacts will be visible across Arab countries and Turkey.

To better understand the potential impact, it is useful to consider three different scenarios.

## If the number of tourists decreases by 10%

This scenario usually occurs during short-term or limited conflicts. The perception of security is damaged, but the region is not yet seen as an entirely risky destination.

The **United Arab Emirates** hosts about 17–18 million tourists per year and generates roughly \$45 billion in tourism revenue. A 10% drop in tourist numbers could lead to a \$4–5 billion loss in tourism income.

Restaurants, shopping, and hotel sectors could see 6–8% declines in revenue, while tourism-related real estate sales in Dubai could shrink by 8–10%.

**For Turkey, a 10% decline would mean approximately \$6 billion in lost revenue**

**Saudi Arabia** has rapidly expanded its tourism

sector in recent years and now generates roughly \$80 billion annually. A 10% decline in tourists could mean \$7–8 billion in lost revenue.

In aviation, longer flight routes and rising fuel costs could increase airline operating costs by around 8%.

In **Qatar**, tourism revenues are around \$16 billion. A 10% drop in tourists could reduce revenues by roughly \$1.5 billion, lowering hotel occupancy rates in Doha from around 70% to about 60%.

For **Turkey**, which receives roughly 60 million tourists and generates about \$60 billion in tourism income, a 10% decline would mean approximately \$6 billion in lost revenue.

Tourism-linked sectors such as restaurants, transportation, and retail could see 7–8% declines in turnover.

## If the number of tourists decreases by 25%

This scenario typically occurs when a conflict lasts several months, and the perception of regional security deteriorates significantly.

In the UAE, a 25% decline in tourists could cause approximately \$11–12 billion in lost tourism revenue.

Hotel occupancy rates in Dubai could fall from around 75% to 50–55%, while reduced foreign investor demand could trigger 12–15% corrections in real estate prices.

**In Qatar, a 25% drop in tourism could mean roughly \$4 billion in lost revenue, particularly affecting luxury hotels and conference tourism**

In Saudi Arabia, a decline of this magnitude could result in about \$20 billion in lost tourism income.

Some large tourism projects and investments may be postponed, while airline revenues could drop by 15–20% due to declining passenger traffic.

In Qatar, a 25% drop in tourism could mean roughly \$4 billion in lost revenue, particularly affecting luxury hotels and conference tourism.

For Turkey, a 25% reduction in tourist arrivals would translate into about \$15 billion in lost tourism income.

Restaurants, transportation, and retail sectors could experience 15–18% declines in revenue, and tourism regions could see employment losses.

## If the number of tourists decreases by more than 40%

This scenario usually occurs when a conflict becomes prolonged, and the region is widely perceived by global media as a “high-risk destination.”

In the UAE, a decline exceeding 40% could result in \$18–20 billion in lost tourism revenue. Hotel occupancy could drop to around 40%, and restaurant and retail sectors could experience revenue declines of up to 30%.

In Saudi Arabia, a 40% drop in tourist numbers could mean roughly \$30 billion in lost tourism revenue, severely affecting aviation and entertainment sectors.

### Tourism regions could face rising unemployment and business closures

In Qatar, such a decline could reduce tourism income by about \$6–7 billion, hitting hotel and conference tourism in Doha particularly hard.

For Turkey, a drop exceeding 40% in tourist arrivals would mean approximately \$24–25 billion in lost tourism revenue. In such a

scenario, not only tourism but the entire service sector would be affected.

Restaurants, transportation, and retail businesses could see 25–30% declines in turnover, and tourism regions could face rising unemployment and business closures.

## When tourism demand shifts

However, tourism demand rarely disappears completely; it tends to shift direction.

Tourists who avoid the Gulf and Middle East typically choose destinations with **safer flight routes** and lower perceived political risk.

For European travellers, the first alternatives are often Spain, Greece, Portugal, and Italy, which offer Mediterranean climates and are easily accessible via secure airspace.



*In periods of geopolitical tension, tourism rarely disappears altogether; instead, it redistributes towards destinations perceived as safer - Emre Alkin*

Similarly, in Southeast Asia, destinations such as Thailand, Vietnam, and Indonesia may become more attractive as distant but stable alternatives.

From an aviation perspective, flight route safety becomes the decisive factor. If airspace around Iran, Iraq, and parts of the Gulf becomes risky, many Europe-Asia flights will shift towards northern corridors.

As a result, some Middle Eastern transit hubs

may lose traffic while alternative hubs in Europe or East Asia gain importance. Cities such as Singapore, Bangkok, and Tokyo could become more attractive long-haul transit points.

For Turkey, this shift presents both risks and opportunities. If regional security concerns also include Turkey, tourists may move entirely towards Western Mediterranean destinations.

However, if Turkey manages to maintain its image as a safe destination, it could attract some travellers who avoid the Gulf and parts of the Middle East.

In that case, destinations such as Antalya, Bodrum, and Istanbul could become alternative vacation spots, partially offsetting tourism losses.

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