

EXECUTIVE DIGEST: Middle East Crisis — Travel & Hospitality Impact Assessment

Prepared for: Executive Management, Preferred Hotels & Resorts

Date: April 17, 2026 | Reporting Window: April 14–17, 2026 (72 hours)

EXECUTIVE SUMMARY

Risk Level: HIGH — Elevated and Unstable

The US-Iran ceasefire, set to expire April 22, is under significant strain as the US enforces a naval blockade and Pentagon officials signal readiness for military action targeting Iran’s energy infrastructure. Diplomatic efforts in Islamabad have stalled, with no agreement reached and no plans for further talks, while President Trump has ruled out extending the ceasefire.

Airspace restrictions across Iran, Iraq, Kuwait, Bahrain, Syria, UAE, and Qatar remain in place, continuing to disrupt vital aviation routes in the region.

1. GEOPOLITICAL RISK OUTLOOK

Key Sticking Points

Nuclear programme, sanctions relief, Iran's frozen assets, and control of the Strait of Hormuz remain the core unresolved issues. US negotiators proposed a 20-year suspension of Iranian uranium enrichment; Iran countered with a five-year suspension, which the US rejected. Iran's Foreign Minister Araghchi said the two sides were "inches away" from an agreement when Iran "encountered maximalism, shifting goalposts, and blockade" from the US.

Scenario Assessment

Scenario	Probability	Travel Industry Implication
Ceasefire collapses post-April 22	Medium-High	Renewed strikes, full airspace closure; all ME hub operations cease; oil spikes further
Ceasefire extended, talks continue	Medium	Status quo holds; limited ME hub activity; slow recovery
Deal reached	Low (near-term)	Airlines need 4–8 weeks to reinstate suspended routes; full recovery extends into 2027

Business Implication: Planning horizons should extend through Q3 2026 at minimum. Revenue models dependent on ME connectivity should be stress-tested against a no-resolution scenario through year-end.

[Sources: Al Jazeera, TIME, Military.com, Maritime News]

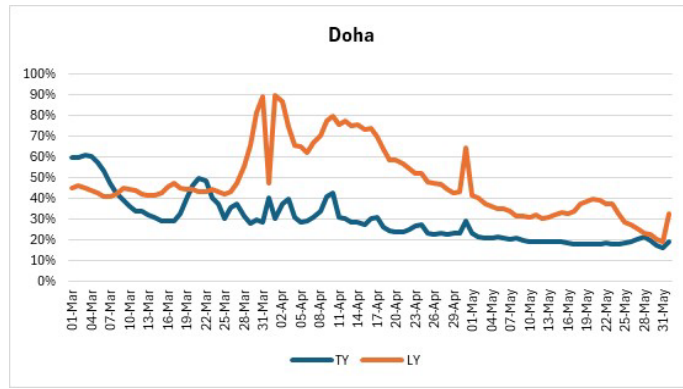
2. HOSPITALITY & DEMAND

[Amadeus Weekly Market Insight Reports](#) - Occupancy impact vs LY based on their Demand360 data in terms of past & on-the-books data. *The drop from 28 Feb is starkly evident.*

Hotels in Bahrain, Doha, Kuwait, and Saudi Arabia have reported occupancy levels dropping to single digits.

Markets like Jeddah which are dependent on domestic/religious demand are resilient with minimal occupancy impact





2.2 Dubai Government Response

Dubai announced a **Dh1 billion (\$272.2M) stimulus package** effective April 1, 2026, including a 3-month deferral of government fees, **100% deferral of hotel Sales Fees and Tourism Dirham**, and customs data submission extended from 30 to 90 days.⁸

Business Implication: Hotel operators with ME portfolios face a prolonged low-occupancy environment. Rate integrity is compromised as properties chase scarce demand. Cash conservation and government-subsidized deferrals are the only near-term lifelines.

2.3 Global "Flight to Safety" - Winners Emerge

Summer flight bookings to **Spain** soared **32% YoY** (as of April 2); hotel searches rose **28%**. **Portugal** recorded a **21% rise** in flight bookings, with hotel searches up **16%** (Sojern data).

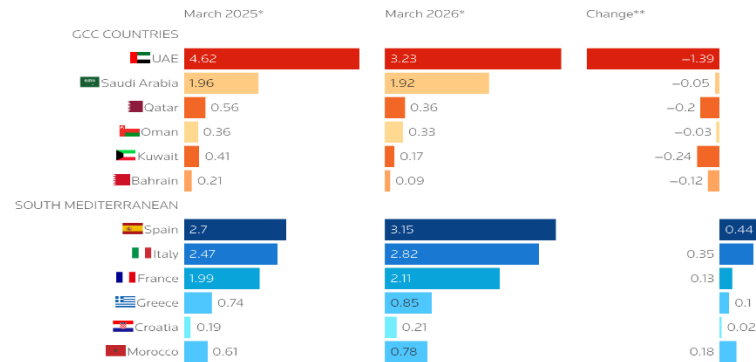
Exceltur forecast Spain's tourism activity would grow **2.5% in real terms** this year to **€227 billion**, up from a previous 2.4% projection. It estimates diverted tourists could generate an **additional €4.2 billion**. Spain's main hotel association Cehat expects room occupancy rates to rise by **up to 3%** this summer.

Spain and Italy have seen **over 20% more bookings** compared to last year. **Greece** saw international arrivals at Athens airport up **11.7% YoY**

Europe is projected to see a **6.2% increase** in international arrivals in 2026..⁴

Spain attracts travellers' interest as safe haven amid conflict in Middle East

Spain shows the sharpest rise in flight searches as the share of Middle East drops



Notes: Data between February 28, when the Iran war broke out, and March 31, 2026, compared to the same period in 2025, for travel within the next three months. * Share of all flight searches globally, by destination (including transit), in percentage. **Change year-on-year, in percentage points (%).

Source: Mabrian, travel intelligence data company | Corina Pons

Beneficiary Region	Booking/Demand Change	Key Driver
Spain	+32% flight bookings; +28% hotel searches	Primary "safe haven" diversion from ME
Portugal	+21% flight bookings; +16% hotel searches	Western Mediterranean alternative
Greece	+11.7% Athens arrivals	Southern Europe diversion
Italy	+20% bookings	Mediterranean leisure demand

Beneficiary Region	Booking/Demand Change	Key Driver
Caribbean	Demand "off the charts" (Kuoni)	Long-haul beach alternative
India	High domestic demand and short haul travel	Domestic travel replacing international. Short haul travel segments on the rise

TUI Group reported increased demand for Spain, Portugal, Greece, and Cape Verde

Strategic Opportunity: Properties in Spain, Portugal, Italy, Greece, Croatia, and the Caribbean should **aggressively capture diverted demand** through targeted marketing emphasizing safety, connectivity, and availability. Revenue management teams should consider dynamic pricing upward as demand outstrips pre-crisis forecasts.

[Sources: Reuters, GMA/Reuters, Sojern, Wego, Invezz, Hotel Management Network, CoStar, Travel & Tour World]

3. AVIATION & CONNECTIVITY

3.1 Airspace & Hub Status

Dubai International Airport (DXB) operates at roughly **53% capacity**. Emirates is running over 150 daily departures, and flydubai has 73 scheduled flights. Doha's Hamad International is at **35–40% capacity**.⁴ EUROCONTROL reports a **59% reduction** in daily flights between Europe and the Middle East, down from ~2,000 to ~800.

3.2 Major Airline Suspensions (Active as of April 17)

Airline	Suspended Routes	Through
Lufthansa Group	Dubai, Tel Aviv	May 31, 2026
British Airways	Amman, Bahrain, Dubai, Tel Aviv (May 31); Doha (Apr 30); Abu Dhabi (indefinite)	May 31+
KLM	Dubai, Dammam, Riyadh	May 17
Singapore Airlines	Dubai	May 31
Cathay Pacific	Dubai, Riyadh	May 31
Air France, Virgin Atlantic, Philippine Airlines	Gulf routes	Indefinite

The Middle East aviation corridor collapsed when eight major carriers extended flight suspensions through late May. Middle East hubs processed **40% of Asia-Europe connecting traffic** before the crisis. Dubai alone handled **1.2 million monthly transit passengers**. That capacity vanished overnight.

3.3 Fuel Crisis & Fare Impact

Jet fuel prices have roughly doubled, surging from ~\$96/barrel in late February to nearly **\$200/barrel** by late March (IATA data). In northwest Europe, jet fuel hit approximately **\$1,260 per metric tonne**. Airlines have responded with **1,000+ flight cancellations** in April alone. Key actions include:

- **Cathay Pacific:** +34% fuel surcharge (effective April 1)
- **SAS:** ~1,000 flights cancelled (Nordic short-haul)
- **Lufthansa:** contingency plans to ground up to 40 aircraft
- **Air New Zealand:** –5% capacity reduction from May
- **AirAsia X:** +20% fuel surcharge plus route cuts
- **Thai Airways:** 10–15% network-wide fare increases
- Overall fares have increased **31–40%** on affected routes, with fuel surcharges now representing **12–18% of total ticket price** on long-haul flights, up from 3–5% in February.

3.4 Rerouting Costs

EUROCONTROL data shows approximately **1,150 flights are rerouted every day**, adding a combined **206,000 km of extra flight distance daily**. A single rerouted long-haul flight burns **90–120 minutes of additional fuel**.⁴

Business Implication: Connectivity to/from Asia, Africa, and Australasia via ME hubs is functionally severed through Q2 2026. Istanbul is the major viable alternative hub. Fare increases and rerouting costs will dampen overall travel demand, particularly price-sensitive leisure segments. Properties dependent on long-haul transit guests should expect continued weakness.

[Sources: Air Traveler Club, EUROCONTROL, IATA, Wego, The Traveler]

4. GLOBAL RIPPLE EFFECTS — SUMMARY HEAT MAP

4.1 Regional Impact Assessment – Air Travel

Region	Impact Level	Key Effects
● Middle East/Gulf	CRITICAL	Hotel occupancy collapse; aviation paralysis; \$600M/day revenue loss; events cancelled
● Eastern Mediterranean (Cyprus, Turkey, Egypt)	HIGH	Cancellation wave; Cyprus drone incident; booking slowdown
● Asia-Pacific	HIGH	Severed ME hub connectivity; fuel shortages; 15–20% longer routings; fare spikes
● Sub-Saharan Africa	HIGH	Eastern African economies dependent on trade links and remittances from Gulf countries face weaker demand for services exports, logistical bottlenecks and reduced remittances ¹³
● Europe (Western)	MEDIUM-POSITIVE	Beneficiary of diverted demand; but exposed to fuel costs (+40% Gulf refinery dependence)
● Latin America	MEDIUM	Higher food and fertilizer prices and tighter financial conditions strain parts of Latin America; commodity producers like Brazil and Ecuador can better absorb market stress ¹³
● USA/Canada	LOW-MEDIUM	Limited direct exposure; FIFA World Cup 2026 provides demand anchor; consumer sentiment cautious

4.2 IMF Assessment (March 30, 2026)

The IMF notes that energy importers are especially vulnerable, as the closure of the Strait of Hormuz—where up to **30% of global oil and 20% of LNG pass**—has caused major disruptions. Rerouted supply chains have increased costs and restricted fertilizer shipments, raising concerns about food prices.

4.3 India — Domestic Travel Surge

With fewer travellers willing to risk long-haul or transit-heavy journeys, destinations within India are witnessing a surge in bookings. Udaipur recorded a **69% YoY increase** in flight bookings, followed by Jodhpur, Bagdogra, and Srinagar.

[Sources: IMF, Invezz, Travel & Tour World, Wego]

5. CONFERENCES & EVENTS — CANCELLED/POSTPONED

5.1 Middle East Events

Over **100 conferences, sporting events, music festivals, and trade shows** across four Gulf states have been cancelled, postponed, or relocated since February 28 (Northbourne Advisory).¹⁴

Event	Type	Location	Original Date	Status
Bahrain Grand Prix	Motorsport	Bahrain	Apr 10–12	Cancelled
Saudi Arabian Grand Prix	Motorsport	Jeddah	Apr 17–19	Cancelled
Qatar MotoGP	Motorsport	Lusail	Apr 10–12	Postponed → Nov 8
UEFA Finalissima	Football	Doha	Mar 27	Cancelled
WEF Jeddah Summit	Policy	Jeddah	April	Postponed (no date)
LEAP Tech	Technology	Riyadh	Spring	Postponed → Aug 31
TOKEN2049 Dubai	Crypto	Dubai	Late April	Deferred → Apr 2027
Arabian Travel Market	Tourism Trade	Dubai	May 4–7	Postponed → Aug 17–20
UITP Summit	Transport	Dubai	Apr 21–23	Relocated to Hamburg 2027
IAAPA Expo ME	Entertainment	Abu Dhabi	Late March	Deferred → Apr 2027
Middle East Energy 2026	Energy Conference	Dubai	Apr 16–18	Rescheduled → Sep 1–3
M&I Expo	MICE	Abu Dhabi	Apr 5–7	Moved → Apr 2027
Offlimits Music Festival	Music	Abu Dhabi	—	Postponed → Nov 21
Muscat Book Fair	Cultural	Oman	Mar 26–Apr 5	Postponed (TBD)
WADA Symposium	Regional Sport governance	Baku	Mar 18–19	Postponed/Virtual

The F1 cancellations alone cost an estimated **\$190–200 million** in F1 revenue and **~\$200 million** in combined local economic impact (Guggenheim Partners analysis).

5.2 Insurance Barrier to Rescheduling

Event insurers are **refusing coverage** for anything in the Gulf within the coming months. Panteha Peters, insurance broker at Marsh, stated: "Anything happening within the next couple of months, they're not willing to cover." Without event cancellation insurance, organisers face **unlimited liability**, creating a structural barrier to rescheduling independent of security improvements.

5.3 Global Corporate Pullback

At CERAWEEK in Houston, **Aramco CEO Amin Nasser** cancelled his appearance to remain in Saudi Arabia. **ADNOC CEO Sultan Al Jaber** participated only virtually, stating: "Weaponising the Strait of Hormuz is not an act of aggression against one nation — it's economic terrorism against every nation."

6. CORPORATE EVACUATIONS & OFFICE CLOSURES IN THE GULF

Several major banks and financial firms evacuated staff from offices in Dubai after Iran threatened to target American and Israeli economic interests in the Gulf. Iran's central operational command, Khatam al-Anbiya, stated "the enemy has given us free rein to target economic centres and banks belonging to the United States and the Zionist regime."¹

Company	Sector	Action Taken	Locations Affected
Citigroup	Banking	Ordered evacuation of DIFC and Oud Metha offices; temporarily closed UAE branches; staff WFH until security stabilizes	Dubai, UAE
Goldman Sachs	Banking	Asked staff in Dubai and other Gulf countries to avoid going to the office	Dubai, Gulf-wide
JPMorgan Chase	Banking	Allowed a large part of its workforce in the Middle East to work remotely	ME-wide
Standard Chartered	Banking	Began evacuating staff from Dubai's financial district; employees told to work remotely	Dubai
HSBC	Banking	Announced closure "until further notice" of all its branches to "ensure the safety of customers and employees" ¹ — temporarily closed branches in Qatar and expanded remote work policies across Gulf countries	Qatar, Dubai, Gulf-wide
PwC	Consulting	Evacuated or temporarily closed offices in Dubai and other Gulf countries, including Saudi Arabia, Qatar, and Kuwait	Dubai (DIFC), Saudi Arabia, Qatar, Kuwait
Deloitte	Consulting	Instructed staff to evacuate its Dubai offices	Dubai, Gulf-wide

The war has dented Dubai's sales pitch to international businesses as the region's most reliable economic hub, prompting concerns of capital flight, layoffs and firms relocating elsewhere. DIFC hosted more than 290 banks, 102 hedge funds, 500 wealth management firms and 1,289 family-related entities by end of 2025.

Business Implication: The evacuation of major financial and consulting firms undermines Dubai's positioning as a "safe haven" business hub. Corporate travel, conferences, and MICE demand from the financial services sector — historically a key revenue driver for luxury hotels in DIFC and Downtown Dubai — faces prolonged weakness even post-ceasefire. Reputational recovery for the Gulf's business-hub narrative will take quarters, not weeks.

[Sources: L'Orient Today/AFP/Reuters, Funds Society, The New Arab, Reuters]

7. TRAVEL ADVISORIES — ACTIVE GOVERNMENT WARNINGS

7.1 United Kingdom — FCDO

Country	Advisory Level	URL
UAE	Against all but essential travel. Updated April 1, 2026. "Regional escalation poses significant security risks and has led to travel disruption. The Iranian regime has publicly stated its intention to target locations associated with the United States and Israel." FCDO has temporarily withdrawn dependents of British Embassy staff from the UAE.	gov.uk/foreign-travel-advice/united-arab-emirates
Bahrain	Against all but essential travel	gov.uk/foreign-travel-advice/bahrain
Kuwait	Against all but essential travel	gov.uk/foreign-travel-advice/kuwait
Qatar	Against all but essential travel	gov.uk/foreign-travel-advice/qatar

Country	Advisory Level	URL
Iran	Against all travel	gov.uk/foreign-travel-advice/iran
Israel	Against all travel	gov.uk/foreign-travel-advice/israel
Lebanon	Against all travel	gov.uk/foreign-travel-advice/lebanon

British nationals in Bahrain, Israel, Kuwait, Lebanon, Palestine, Qatar and UAE can register their presence to receive direct updates from the FCDO. [Full index: gov.uk/government/news/foreign-office-travel-advice-updates](https://gov.uk/government/news/foreign-office-travel-advice-updates)

7.2 United States — State Department

Country	Advisory Level	URL
UAE	Level 3: Reconsider Travel. Updated March 3, 2026. "On March 2, 2026, the Department of State ordered non-emergency U.S. government employees and U.S. government family members to leave the United Arab Emirates due to the threat of armed conflict." The FAA has issued a NOTAM recommending caution for U.S. air carriers operating in the Middle East.	travel.state.gov/.../united-arab-emirates-travel-advisory
Iran	Level 4: Do Not Travel	travel.state.gov
Iraq	Level 4: Do Not Travel	travel.state.gov
Israel	Level 4: Do Not Travel	travel.state.gov
Lebanon	Level 4: Do Not Travel	travel.state.gov

7.3 Key Airline Policy Changes

Most major European carriers are holding suspensions firm:

- **Lufthansa Group:** select routes suspended through **May 31**, others through **October 2026**
- **British Airways:** Amman, Bahrain, Dubai, Tel Aviv through **May 31**; Doha through **April 30**; Abu Dhabi **indefinitely**
- **KLM:** Dubai, Dammam, Riyadh through **May 17**
- **Singapore Airlines:** Dubai through **May 31**
- **Air France, Virgin Atlantic, Philippine Airlines:** Gulf routes remain grounded

Business Implication: The combination of Level 3–4 government advisories and airline suspensions through May–October creates a **de facto travel embargo** on the Gulf region. Corporate travel policies at most multinational firms will prohibit travel to advisory-listed destinations. Hotels should not expect meaningful inbound recovery until advisories are downgraded, which historically lags the resolution of hostilities by 4–8 weeks.

[Sources: UK FCDO (gov.uk), US State Department (travel.state.gov), Wego, Air Traveler Club]

8. STRATEGIC RECOMMENDATIONS

Immediate Actions (0–30 days)

- **Marketing Reallocation:** Shift marketing spends and distribution focus toward Spain, Portugal, Italy, Greece, Croatia, Caribbean, and Indian domestic markets — the primary beneficiaries of demand diversion.
- **Rate Strategy:** Properties in "safe haven" destinations should implement **dynamic upward pricing** — demand is exceeding pre-crisis forecasts in these markets.
- **Corporate Accounts:** Proactively engage major corporate clients (especially financial services) with **alternative destination proposals** for relocated meetings and events.

Medium-Term (30–90 days)

- **MICE Capture:** Actively bid for events displaced from the Gulf. Over 100 events have been cancelled or postponed⁹ — many will seek alternative venues in H2 2026.
- **Long-Haul Connectivity:** Partner with airlines operating via **Istanbul, Muscat, and direct routes** to maintain visibility for Asia-Pacific and Africa feeder markets.
- **Scenario Planning:** Model revenue under three scenarios: (1) ceasefire holds/deal by June, (2) status quo through Q3, (3) conflict resumes post-April 22.

Long-Term (90+ days)

- **Destination Diversification:** The crisis exposes concentration risk for any hospitality group overly dependent on ME hubs. Portfolio rebalancing toward Europe and Asia-Pacific should be evaluated.
- A successful resolution could see the Middle East recovering to **70–80% of pre-crisis capacity** by late 2026, with full recovery extending into 2027.⁷ First-mover advantage in re-entering the ME market at the right time will be significant.

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