

## EXECUTIVE BRIEF: Middle East Crisis — Travel & Hospitality Impact

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

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### SITUATION OVERVIEW

The US-Iran conflict, now in its seventh week, remains the **most severe disruption to global travel since COVID-19**. A fragile two-week ceasefire agreed on April 7 expires on April 22. The first round of talks in Islamabad (April 11–12) ended without agreement after 20+ hours of negotiation. The US has imposed a naval blockade on Iranian ports, with Pentagon leaders warning they are "ready to go at the push of a button" against Iran's energy infrastructure. President Trump stated on April 14 that no ceasefire extension is under consideration. The probability of renewed hostilities post-April 22 is **medium-high**.

For the travel industry, the operational reality is unchanged: airspace restrictions remain in place across Iran, Iraq, Kuwait, Bahrain, and Syria; UAE and Qatar airspace is heavily restricted, not fully open<sup>4</sup>.

**Risk Level:** ● **HIGH** — Elevated and Unstable

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### THE IMPACT: BY THE NUMBERS

#### Hospitality — Middle East

Dubai hotel dropped to **22.8%**, down from **84.8%** in January–February. Abu Dhabi fell to ~39.5%. Bahrain, Doha, Kuwait, and parts of Saudi Arabia report **very low** occupancy. WTTC estimates the Gulf is losing **\$600 million per day** in visitor spending. Oxford Economics projects **\$34–56 billion** in lost tourism revenue and **23–38 million fewer visitors** in 2026.

Dubai has deployed a **Dh1 billion (\$272M) stimulus package** including 100% deferral of hotel sales fees and Tourism Dirham for three months<sup>7</sup> — a lifeline, not a cure.

#### Aviation — Corridors Impacted

Middle East hubs handled **40% of Asia-Europe connecting traffic** pre-crisis. That capacity has vanished.<sup>8</sup> EUROCONTROL reports a **59% reduction** in Europe-ME daily flights. Over **46,000 flights** were cancelled in the conflict's first two weeks alone. Approximately **1,150 flights are rerouted daily**, adding 206,000 km of extra flight distance.

Lufthansa, British Airways, KLM, Singapore Airlines, Cathay Pacific, Air France, and Virgin Atlantic have all suspended Gulf routes through **May 31 or beyond**.

Jet fuel prices have doubled to nearly **\$200/barrel<sup>4</sup>**, driving **31–40% fare increases** on affected routes and fuel surcharges now representing **12–18%** of ticket prices (up from 3–5%).

#### Events — Over 100 Cancelled or Relocated

More than **100 conferences, sporting events, music festivals, and trade shows** across four Gulf states have been cancelled, postponed, or relocated since February 28<sup>10</sup>, including both F1 Gulf races, the Arabian Travel Market, LEAP Tech, TOKEN2049, and the UITP Summit. Event insurers are **refusing coverage** for anything in the Gulf region, creating a structural barrier to rescheduling independent of whether security improves.

#### Corporate Offices Closed

Citigroup, Goldman Sachs, JPMorgan Chase, Standard Chartered, HSBC, PwC, and Deloitte have all evacuated or closed Gulf offices, instructing staff to work from home. Dubai's positioning as the region's most reliable economic hub has been impacted, prompting talks of capital flight and firms relocating elsewhere.

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### THE OPPORTUNITY: DEMAND SHIFT

The crisis is **not eliminating travel — it is redirecting it**. Summer flight bookings to **Spain** soared **32% YoY**; hotel searches rose **28%**. Portugal saw a **21%** rise in flight bookings. Exceltur estimates diverted tourists could generate an **additional €4.2 billion** for Spain alone this year. **Europe** is projected to see a **6.2% increase** in international arrivals in 2026. **Spain and Italy** have seen **over 20% more bookings** YoY. **Greece** recorded Athens arrivals up **11.7%**. **Caribbean** demand is "off the charts" (Kuoni). **India's** domestic tourism is surging.

Gains	Impact
Spain, Portugal, Italy, Greece, Croatia	Dubai, Abu Dhabi, Doha, Bahrain

Gains	Impact
Caribbean (Dominican Republic, Jamaica)	Eastern Mediterranean (Cyprus, Turkey, Egypt)
India (domestic), Southeast Asia	Africa (East — remittance/trade dependent)
Istanbul (sole viable ME-alternative hub)	All ME-dependent transit routes

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## GLOBAL ECONOMIC RIPPLE

The IMF warns this is "the largest disruption to the global oil market in its history." Energy importers in Asia and Europe bear the brunt of higher fuel costs, with ~25–30% of global oil and 20% of LNG normally transiting the Strait of Hormuz. Higher food and fertilizer prices threaten low-income countries with food insecurity. Financial conditions have tightened globally. Four northern Italian airports now **ration jet fuel** to short-haul flights at 2,000 litres per aircraft — less than one hour of flying time.

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## WHAT MUST HAPPEN NOW — STRATEGIC PRIORITIES

- 1. Capture Diverted Demand Aggressively.** Properties in Spain, Portugal, Italy, Greece, Croatia, and the Caribbean should review source marketing spend and implement **dynamic upward pricing**. Demand is outstripping pre-crisis forecasts in these markets.
- 2. Pursue Displaced MICE Business.** Over 100 Gulf events need new homes. Proactively bid for relocated conferences, incentive groups, and corporate retreats — particularly from the financial services sector now evacuated from the Gulf.
- 3. Protect ME Portfolio Cash Flow.** Leverage Dubai's stimulus package; maintain skeleton operations; do not discount rates to chase non-existent demand. Recovery depends not on pricing but on the reopening of air routes and restoration of traveller confidence.
- 4. Plan for Extended Disruption.** Even in a best-case resolution, airlines need **4–8 weeks** to reinstate routes; full ME recovery extends into **2027**. Model revenue through three scenarios: deal by June, status quo through Q3, or conflict resumes.
- 5. Monitor April 22 Ceasefire Expiry.** This is the next critical inflection point. A collapse would trigger renewed strikes, full airspace closure, and further oil price escalation — with immediate downstream impact on global fares, consumer sentiment, and travel volumes.

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*The crisis is not a pause — it is a structural reshaping of global travel flows. The organizations that act decisively now to capture redirected demand and prepare for multiple scenarios will emerge strongest.*

15 references

- [1 US-Iran talks: What's the latest on mediation efforts?](#)
- [2 'Turn Around or Be Boarded': US Blockade Forces Ships Back](#)
- [3 US Blockade Iran Ports No Breaches April 2026 - Maritime News](#)
- [4 Global Tourism Crisis 2026: The Economic Toll of the U.S.-Iran War on ...](#)
- [5 Middle East hotels hit pandemic-era lows amid Iran war](#)
- [6 Middle East Tourism Faces Devastating Decline as Hotels in Dubai, Saudi ...](#)
- [7 Dubai AED 1 Billion Economic Support Package 2026](#)
- [8 Major airlines extend Middle East flight suspensions until May 2026 ...](#)
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