

11<sup>th</sup> Feb 2017

# Dubai's blueprint for mega 'airport city' to boost growth

Emirates, flydubai helping Dubai to become futuristic aviation hub



The DWC has profound implications on Dubai's current position as a Mena region trade hub. – *KT file photo*

## ECONOMIC BEAT

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**A**T THE ONSET of 2014, Dubai sits at an interesting juncture. On the back of its aviation, trade and hospitality industries, the emirate is strongly poised to become not only the main 'airport-city' of the Mena region but certainly one of the key mega 'airport cities' of the world.

Airport cities are a new city model wherein airports are central to a city's development, both geographically and economically. They act as an important node in the global network and help facilitate the growth of aviation linked commerce such as travel, retail, tourism and trade and finance. Think Dallas, Hong Kong, Amsterdam or any new city in China or India.

Dubai's strategic location has been important to its development since when it was a global centre for the pearl trade and it is what will help differentiate Dubai from other cities in the Middle East. The connectivity it provides between the east and the west, geographically, culturally and economically, has contributed to Dubai featuring consistently on a list of growing airport cities. Now with the right to host the Expo 2020, Dubai has the blueprint to become one of the 3-4 mega airport cities of the world.

The blueprint for the Dubai Expo 2020 sustainable development will be a huge push in developing the infrastructure of the Dubai International Airport and constructing

the Al Maktoum International Airport, which is housed within the airport hub Dubai World Central (DWC). This airport connects to the Jebel Ali sea port via the Dubai Logistics Corridor and provides easy access to the site of the Expo 2020 at Jebel Ali.

The DWC has profound implications on Dubai's current position as a Mena trade hub. It puts the city on an accelerated growth trajectory by smoothing out the transition between land sea and air cargo. The advantages offered from its location and the legacy impact of the Expo 2020 will be instrumental in Dubai forming the framework of this mega airport city, a self-sustainable cluster of residential and commercial entities all linked through the demand and supply of trade, hospitality and aviation.

A key and crucial component for Dubai's rise as a futuristic airport city hub is the growing aviation industry in emirate. The aviation industry is an influential sector, contributing almost 15 per cent of Dubai's GDP last year. The sector is being driven by the growth of Emirates airlines and flydubai. Both occupy their own terminal in the Dubai International Airport and are expanding at an impressive rate. During the recent Dubai Airshow in November 2013, Emirates and flydubai purchased a record number of aircraft. Emirates made headlines by putting in an order of 150 Boeing 777x aircrafts and 50 Airbus A380s worth \$100 billion while flydubai increased their future fleet size almost threefold by ordering 111 Boeing 737 aircraft for a total value of \$11.4 billion. Dubai's aviation management hierarchy is on record as saying that they project flydubai to be one of the main cata-

## The blueprint for the Dubai Expo 2020 sustainable development will be a huge push in developing aviation infrastructure

lysts of future growth especially considering the airline's plans to increase routes to the Indian Subcontinent and China and become one of the main tenants of the new Al Maktoum International Airport.

In terms of regional competition, Doha maybe considered as a possible challenger to Dubai. In our eyes, Abu Dhabi is not a challenger to Dubai. In fact, we consider Dubai and Abu Dhabi has part of the same picture as they complement each other in various ways. Abu Dhabi's international airport regularly features alongside Dubai's DWC as a developing airport to keep an eye on. Collectively, both cities and their respective airlines are positioning themselves as this mega-aviation hub, a literal global fulcrum for trade and transport. Abu Dhabi actually stands to benefit immensely from Dubai's imminent growth over the next six years. The Expo 2020's equidistant location from both Dubai and Abu Dhabi is bound to benefit Abu Dhabi's economy; however, we believe that for Abu Dhabi to take full advantage of it, they will have to focus on developing its Free Trade Zones, diversifying the economy away from oil and improving the transparency and speed of its cur-

rent regulatory framework. Dubai's established infrastructure, financial markets and free trade zones provide investors with a considerable amount of goodwill that cannot be easily replicated in other regional cities. Additionally Dubai's tourism and hospitality sector are more mature and developed as compared to Qatar's for example (Qatar's is currently facing an over-supply of leisure hotels and a dearth of budget accommodations).

The Dubai economy's low reliance on oil income and its diversified revenue streams will cushion it against fluctuations in the price of crude oil. The level of growth attained by both Emirates airlines and flydubai and the holistic development of Dubai and Abu Dhabi as a joint offering, will make it considerably harder for competing regional cities and airlines to have an impact. In fact, not only does Dubai retain a significant edge compared to its regional rivals in developing into a crucial mega 'airport city' but with the proper execution of the Expo 2020 blueprint, one may be looking at the creation of a mega, global dual-city and aviation hub of the future.

In conclusion, if the Dubai blueprint for a mega 'airport city' is meshed with the unique synergies provided by Abu Dhabi (including but not limited to financial support), you can potentially envision a future whereas a Dubai-Abu Dhabi fulcrum is indeed the main Mena destination point for global trade, tourism and transport while the other regional cities are relegated to carving out niche positions.

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