



Hotel occupancy in Kuwait stood at 55.0% in January 2011, up 3.0 percentage points compared to the same period last year. Average Daily Rate (ADR) rose 1.0% to \$264.0 and Revenue per Available Room (RevPAR) grew 6.0% to \$146.0 during January 2011, compared to the previous corresponding period¹.

1. MARKET UPDATE

The unrest in major tourist destinations - Libya, Bahrain, Egypt and Tunisia has shed the number of tourist arrivals in the region. The unrest in Bahrain forced the government to postpone indefinitely the Formula One Grand Prix event, which brings in 40,000 visitors every year. In first week of March 2011, the U.S. State Department has issued travel warnings for tourists heading to Middle East. The list of countries includes Egypt, Tunisia, Libya, Yemen, Bahrain, Jordan, Lebanon, Oman and Algeria.

The three metrics of the hotel industry in the MENA region witnessed a positive growth in January 2011. Hotel occupancy in the region for the month stood at 57.5%, up 6.2 percentage points compared to the year-ago period. ADR grew 4.6% YoY to \$172.26 and RevPAR rose 11.2% to \$99.02 compared to January 2010. Hotel occupancy in the region for the month stood at 57.5%, a month-on-month increase of 2.1 percentage points compared to December 2010. ADR fell 0.7% to \$172.26 and RevPAR fell 4.3% to \$99.02 compared to December 2010.

1.1 MENA Region²

- Abu Dhabi recorded the highest YoY increase, up 10.7 percentage points to 60.9% in hotel occupancy in January 2011 compared to the previous corresponding period. This was followed by Muscat, Oman (7.8 percentage points to 60.9%), and Amman, Jordan (5.4 percentage points to 49.5%).
- Beirut witnessed the steepest double-digit decline with hotel occupancy falling from 52.6% to 41.6% in January 2011 compared to January 2010.
- Muscat experienced the largest YoY increase (9.9% to \$283.93) in ADR in January 2011.
- Muscat and Amman recorded a double-digit increase in RevPAR (YoY) in January 2011. RevPAR in Muscat grew 28.9% to \$172.93, while that in Amman rose 16.0% to \$75.72.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	Change in % pts.	ADR	% change	RevPAR	% change
Egypt	63.0%	+0.5%	EGP524.69	+17.7%	EGP330.67	+18.3%
Saudi Arabia	45.0%	+11.7%	SAR774.96	+7.9%	SAR349.05	+20.5%
UAE	70.8%	+10.3%	AED783.19	-11.0%	AED554.70	-1.8%

Note: Percentages are increases/decreases for January 2011 vs. January 2010

1.2 Country Focus: Morocco

Travel & tourism sector in Morocco is ranked 42nd globally in terms of tourist arrivals. Also, the country is the third most preferred tourist destination in the MENA region.

- According to the Morocco Ministry of Tourism, 8.34 million tourists visited Morocco in 2009, up 6.0% YoY. Around 9.21 million tourists were estimated to have visited the country in 2010, a 10.0% rise over the previous year. Furthermore, the number of annual tourists to Morocco is expected to reach 13.0 million in 2015, taking the total earnings from tourism to \$10.7 billion.
- Investment in the country's travel & tourism sector is expected to total MAD28.5 billion in 2011 (equivalent to 11.4% of Morocco's total investments in 2011); subsequently, it is likely to increase at a CAGR of 4.8% to MAD45.4 billion by 2021.

Source: ¹ Ernst & Young Middle East Hotel Benchmark Survey, January 2011. ² Global Data, Middle East/ Africa Hotel Sector Performance for January 2011

- The Department of Tourism, Morocco, targets to double the industry size through its 'Vision 2020' program. The country aims to double the tourist arrivals and expand the existing hotel supply by adding 200,000 hotel beds.
- Morocco has planned a MAD20 billion high-speed rail project during 2010-15. The project would cut the travel time between Tangier and Casablanca - two prominent tourist cities in Morocco - from more than five hours to just over two hours. Subsequently, around eight million passengers per year are expected to use the new line by 2016, thereby leading to a rise in tourism sector in the country.
- Caisse de Depot et de Gestion (CDG), largest state-run investment fund in Morocco, plans to inject more than EUR1 billion into the country's tourism sector over the next five years. The fund would focus on encouraging tourism in Northern Morocco.

1.3 Desert Tourism⁶

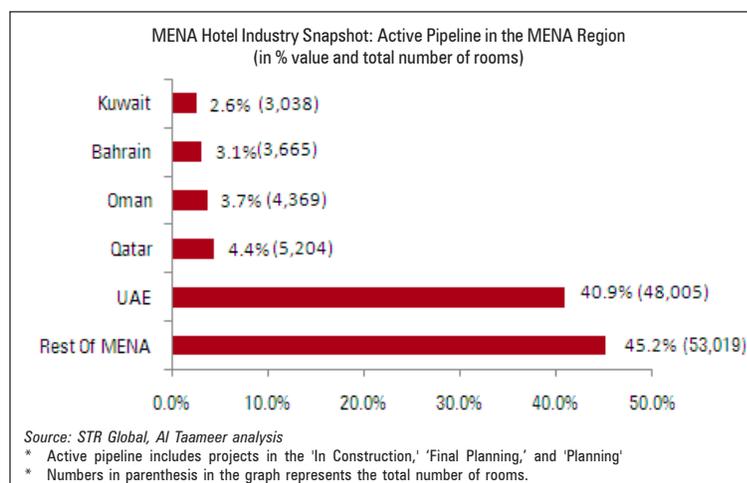
The tourism sector in the MENA region continues to develop and expand; it offers resorts to suit every visitor's needs, from golf to health, from desert to water and from city to beach. It has recently gained popularity, with tourists getting increasingly attracted to the high sand dunes and desert safaris in the region.

- Desert safari in Dubai is a premium attraction for visitors to the Middle East. It is a unique blend of adventure sports and a delightful experience of an Arabian night in the desert. Major attractions include dune drive, camel ride, quad bike, sand skiing, wadi bashing and hot air balloon ride.
- The Ministry of Tourism, Oman, also encourages desert tourism in the region. The ministry has helped to provide around 50 direct and 200 indirect jobs to the inhabitants. Occupancy percentage in the camp varies at 70-80% during weekdays and reaches 100% on weekends.
- Various packages are available for desert safaris across the Middle East. The package varies according to the morning, evening or overnight desert safari chosen by the tourist. The minimum package starts with \$49-100 per person. Extra charges are levied for booking a hummer along with the package.
- Dubai-based Banyan Tree Hotels & Resorts plans to put desert tourism on the global map with Banyan Tree Al Wadi, its new resort and spa in Ras Al Khaimah. The resort focuses on desert tourism and desert safaris in Dubai. The hotel group plans to open another 20 properties globally, with two in Morocco and one in Oman, to promote desert tourism.

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁷

- Active hotel development pipeline in the MENA region stood at 430 hotels totaling 117,300 rooms in January 2011.
- Oman recorded the largest increase (74.4%) in existing room supply, adding 4,369 additional rooms.
- Other countries in the region to record an increase in existing supply include Bahrain (65.1% with 3,665 rooms), followed by Qatar (65.0% with 5,204 rooms), the UAE (57.3% with 48,005 rooms) and Kuwait (50.1% with 3,038 rooms).



2.2 New hotel openings and expansions in the Middle East⁸

- Regency Group Holding announced the opening of its Planet Hollywood hotel - The Planet Hollywood Hotel Entertainment City - in Doha, the Middle East, in 2014. The hotel would feature approximately 300 guest rooms, a restaurant, a cafe, a lounge, meeting facilities, a fitness center, a spa and a pool. It would be managed by Wyndham Group.
- Starwood Hotels & Resorts Worldwide Inc, a US-based conglomerate, announced its expansion plan in the Europe, Middle East and Africa (EMEA) region. The company plans to add 50 new hotels by 2015. Major upcoming openings in the region include new St. Regis hotels in the UAE and Qatar.
- Royal Amwaj Resort & Spa is likely to open on Palm Jumeirah with 293 rooms in 2011. The hotel would be managed by Mövenpick Hotels & Resorts, a Switzerland-based hotel chain.
- Wyndham Hotel Group announced the opening of its first Ramada Encore Hotel in Tangier city, Morocco. Expected to open in 2012, the hotel would feature 195 rooms, a restaurant, lounge area and bar, two meeting rooms, a large function room and a swimming pool. The hotel is being developed by Pearl One, a wholly-owned subsidiary of Taameer Real Estate Investment Company (Kuwait). It would be Taameer's second hotel in Morocco, joining the 133-room Ramada Fes⁹.

Source: ³ World Travel & Tourism Council ⁴ BMI Morocco Tourism report ⁵ Dept. of Tourism, Morocco ⁶ Zawya news release ⁷ STR global news release ⁸ Compiled from Zawya news reports ⁹ www.stylehotelsweb.com