



Hotel occupancy in Kuwait stood at 60.6% in October 2010, up 6.1% compared to the corresponding period the previous year. Average Daily Rate (ADR) and Revenue per available room (RevPAR) for October 2010 increased 3.8% to \$224.6 and 15.3% to \$136.0, respectively, over that in the corresponding period a year earlier. Hotel occupancy in Kuwait was 56.2% , up 1.2% year-on-year. Year-to-date, ADR decreased 1.6% to \$218.0, while RevPAR rose 0.5% to \$122.5¹.

The hotel industry witnessed growth on all three metrics in the MENA region in October 2010. Its performance was mainly led by an increase in average rates in the African sub-region and improvement in occupancy in Northern Africa and the Middle East sub-region. ADR for October 2010 grew 0.8% to \$162.54, while RevPAR rose 1.3% to \$109.20 from October 2009. Hotel occupancy in the MENA region stood at 67.2% during October 2010, up 50 basis points compared to the corresponding period the previous year.

1. MARKET UPDATE

1.1 MENA Region²

- Amman, Jordan, recorded the highest increase in hotel occupancy in October 2010 to 83.2%, up 13.7% year-on-year. Beirut, Lebanon, reported the largest fall in occupancy rate, down 19.9% from October 2009 to 67.4% in October 2010.
- Amman and Beirut recorded double-digit increase in ADR in October 2010, up 12.4% to \$158.95 and 11.1% to \$207.38, respectively, compared to that in October 2009.
- Amman, Jordan, was the only city to record double-digit increase in RevPAR in the MENA region; it rose 27.8% to \$132.25 during October 2010 compared to the corresponding period a year earlier.
- Abu Dhabi posted the largest drop in RevPAR and ADR in the MENA region. RevPAR in the city declined 43.0% to \$133.07, while ADR decreased 42.4% to \$193.18 during October 2010 compared to October 2009.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	% change	ADR	% change	RevPAR	% change
Egypt	81.7%	+1.6%	EGP542.69	+9.1%	EGP443.12	+10.9%
Saudi Arabia	52.4%	+13.2%	SAR723.50	+5.3%	SAR378.93	+19.3%
UAE	70.5%	-2.2%	AED808.48	-15.7%	AED569.96	-17.5%

Note: The percentages are increases/decreases for October 2010 vs. October 2009

1.2 Country Focus: Qatar

- Qatar's travel & tourism sector is ranked 56th in the world in terms of tourist arrivals. Real GDP growth for travel & tourism economy is estimated to be 12.9% in 2010; it is expected to grow at an average of 7.7% per annum over the next 10 years³.
- The IMF expects Qatar to be one of the fastest growing economies in 2010, with growth rate of 16.0% for 2010 and 18.6% for 2011 compared to 8.6% in 2009.
- Investment in the country's travel & tourism sector is estimated to reach \$4.5 billion in 2010 (equivalent to 9.5% of the total investments in 2010) and \$14.1 billion, or 11.0% of the total by 2020.
- 1.1 million tourists are expected in Qatar in 2010, a record growth of 10.0% compared to 2009. The increase in tourist arrivals is attributed to improvement in tourism activities, growing interest in sports and cultural tourism and continuous expansion of Qatar Airways globally⁴.
- Hotel occupancy in Qatar was 69.8% during the first 10 months of 2010, up 4.6% compared to the corresponding period the previous year. Qatar recorded a 15.7% decrease in ADR to \$218.5 and 9.7% drop in RevPAR to \$152.4 as compared to the first 10 months of 2009. The Qatar Tourism Authority (QTA) expects 41 new hotels to be operational by 2010, adding 4,689 new hotel rooms.

Source: ¹ MKG Hospitality MENA H.I.T (Hotel Industry Trends) report, October 2010. ² STR Global Data, Middle East/ Africa Hotel Sector Performance for October 2010, ³ World Travel & Tourism Council, ⁴ Qatar Tourism Authority

- Qatar's hospitality industry plans to add around 90,000 hotel rooms over the next 12 years to accommodate visitors during the 2022 Soccer World Cup. The focus is more on budget, three and four star hotels in order to cater to the needs of visitors from different income groups. Actual requirement is estimated at about 65,000 rooms, but 25,000 extra rooms are planned to be built to avoid any shortfall⁵.
- Qatar plans to invest around \$4.0 billion to construct nine stadiums, renovate three, and equip all the stadiums with high-tech outdoor air conditioning system. Furthermore, infrastructure spending totaling \$50.0 billion is in line for the FIFA World Cup 2022⁶.

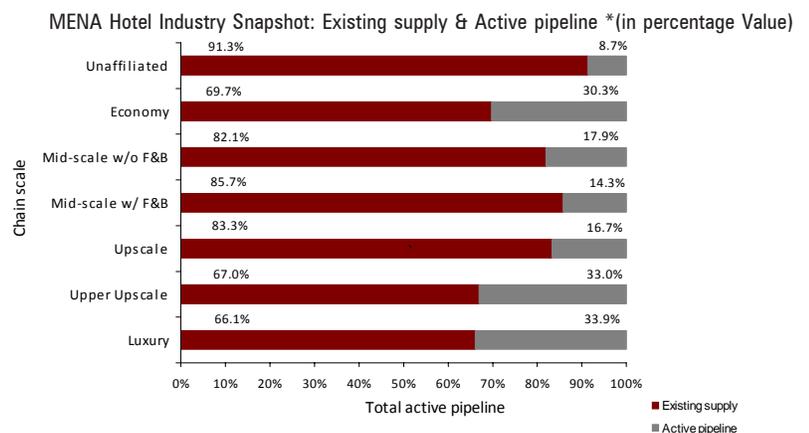
1.3 Event Based Tourism⁷

- Event-based tourism, which was largely confined to the UAE, is gaining popularity throughout the MENA region, with Saudi Arabia leading the way. Dubai, the landmark of shopping festivals, attracted 3.35 million tourists in 2009, up 4.6% over the previous year; this took the total tourist spending to Dh9.8 billion. Other regions such as Oman, Lebanon, and Egypt are also promoting event tourism by increasing the number of festivals and events every year.
- The Saudi Commission for Tourism and Antiquities (SCTA) organized a promotional campaign comprising 18 summer tourist festivals in Saudi Arabia in 2010. The campaign included shopping, entertainment, sports, cultural and heritage events that were organized across the country.
- Mobily (Etihad Etisalat Company) in Saudi Arabia organized the Summer Festival for the sixth consecutive time in Abha, Saudi Arabia. The company also signed various contracts to sponsor summer festivals in Hail, Buraidah, Al-Ahsa and Najran.
- Sharm el Sheikh, Egypt, has hosted many annual festivals. These festivals, unique to the city, mirror Egyptian traditions and promote shopping and tourism. Around 18 events and festivals are anticipated in 2010-11, including fishing, camel and diving competition as well as shopping and tourism-related.
- Beirut hosted the 10th edition of International Film Festival, an annual festival organized for promoting new filmmakers and attracting tourists from all over the world.
- Salalah in Oman, known as the perfume capital of Arabia, organizes annual tourism festival every summer. Festivals during the Khareef season include folk music, traditional games, art shows, poetry, children's contests, seminars, awareness campaigns, and other sports. This attracts millions of tourists each year.

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁸

- The active development pipeline in the Middle East had 443 hotel properties. The construction pipeline, equivalent to 11.0% of existing supply of the region, comprised 121,218 rooms as of October 2010.
- The pipeline across the region was constant compared to last month. The UAE topped countries in the region in terms of number of projects in the active pipeline, primarily led by Abu Dhabi and Dubai.
- Under the affiliated hotel chains, the upper upscale segment witnessed maximum activity. The segment constituted 28.7% with 34,805 rooms in the active pipeline. The Unaffiliated segment (25.2% with 30,605 rooms); the Luxury segment (19.9% with 24,106 rooms); and the Upscale segment (13.8% with 16,679 rooms), each accounted for more than 10% of rooms in the total active pipeline. The Midscale without



2.2 New hotel openings and expansions in the Middle East⁹

- The MENA region is expected to add around 600,000 new hotel rooms in the hospitality market by 2010-11, with main focus on budget hotels. Marriott International plans to build 42 new hotels in the region over the next three years.
- Safir Hotels & Resorts, a Kuwaiti conglomerate with over 14 hotels across the Middle East and North Africa, selected Trust International as its exclusive CRS partner for this region. Safir Hotels & Resorts plans to increase its hotels to 20 over the next two to three years.
- Bangkok-based group Anantara plans to expand in the Middle East. It plans to open a complex of 30 new luxury chalets, each with a private plunge pool within the Arabian Wildlife Park on Sir Bani Yas Island, UAE. The group also plans to open Anantara Al Madina A'Zarqa Resort & Spa, a 122-room luxury resort and spa, in Oman.
- Golden Tulip, a leading hotel brand in the four-star category in the MENA region, plans to open two new hotels, one each in Doha and Oman, during 2011-12. Currently, Golden Tulip operates 17 hotels in Saudi Arabia and plans to open four more in the next two years. The company also intends to open one hotel in Ras Al Khaimah in early 2011, adding to its existing nine in the UAE.

Source: ⁵ Zawya news report, ⁶ Zawya news release, ⁷ Zawya and Other News Release, ⁸ Zawya & STR global news release, ⁹ Compiled from Zawya news report