



Hotel occupancy in Kuwait grew 7.0 percentage points YoY to 70.0% in February 2011. Average Daily Rate (ADR) rose 12.1% to \$318.0 and Revenue per Available Room (RevPAR) 25.2% to \$224.0 over the previous corresponding period. Hotel occupancy in the country grew 5.0 percentage points YoY to 62.0% during January-February 2011. Subsequently, ADR increased 7.3% to \$293.0 and RevPAR 16.3% to \$183.0 over the year-ago period¹.

1. MARKET UPDATE

Hotel occupancy in the MENA region fell 12.6 percentage points YoY to 56.7% during February 2011. ADR grew 17.1% to \$188.53 and RevPAR 2.3% to \$106.92 compared to February 2010. Due to unrest in certain areas of the Middle East, tourism has been largely concentrated to a few destinations-Abu Dhabi has been the biggest beneficiary of this development. Hotel occupancy in Abu Dhabi increased 9.0 percentage points YoY to 85.0% during the month.

1.1 MENA Region²

- Hotel occupancy in Abu Dhabi during February 2011 surged 27.3 percentage points to 74.1% over the previous corresponding period, its highest YoY increase.
- Cairo, Egypt and Beirut, Lebanon recorded double-digit decline in occupancy rate. Hotel occupancy slid 80.1 percentage points YoY to 14.6% in Cairo and 46.7 percentage points to 37.4% in Beirut during February 2011.
- Cairo, witnessed double-digit growth in ADR, up 24.8% YoY to \$157.42 in February 2011. Beirut experienced the largest YoY decline in ADR (22.7% to \$187.05) during the month.
- Abu Dhabi, Muscat and Riyadh posted double-digit increase in RevPAR (YoY) during February 2011. RevPAR in Abu Dhabi grew 21.4% to \$164.22, followed by Muscat, Oman (18.7% to \$210.81) and Riyadh, Saudi Arabia (17.4% to \$210.18).

Table 1: Performances of key countries in MENA Region

Country	Occupancy	Change in % pts.	ADR	% change	RevPAR	% change
Egypt	15.9%	-78.5%	EGP537.13	+25.4%	EGP85.29	-73.0%
Saudi Arabia	57.3%	+9.2%	SAR754.95	+9.7%	SAR432.59	+19.8%
UAE	82.4%	+7.6%	AED847.17	-1.0%	AED698.21	+6.5%

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

1.2 Country Focus: Oman

The travel & tourism sector in Oman ranks 75th globally in terms of tourist arrivals³. The country is a major tourist destination in the MENA region with key attractions such as marine tourism (that involves observing marine life such as dolphins and whales).

- According to the Ministry of Tourism and Ministry of National Economy in Oman, 1.58 million⁴ tourists visited the country in 2009, a 1.7% YoY decline. However, the number of annual tourists to Oman is expected at 12.0 million in 2020⁵.
- The total contribution⁶ of the travel & tourism industry to Oman's GDP is likely to increase at an annual rate of 5.5% from OMR1.7 billion (6.8% of GDP) in 2011 to OMR2.9 billion (7.7% of GDP) by 2021.
- Investment in the country's travel & tourism sector is expected to total OMR347.6 million in 2011 (equivalent to 5.4% of Oman's total investments in the year); subsequently, it is likely to increase at a CAGR of 5.8% to OMR611.2 million by 2021.
- The major tourist attractions in Oman such as the annual Muscat Festival, Oman Food Festival and Muscat Fashion Week are expected to play a key role in attracting tourists to the country.

Source: ¹ Ernst & Young Middle East Hotel Benchmark Survey, February 2011. ² Source: STR Global Data, Middle East/Africa Hotel Sector Performance for February 2011. ^{3,6} World Travel & Tourism Council. ⁴ Zawya News Release. ⁵ BMI Oman Tourism report.

- The number of hotel rooms in Oman has been growing at an average annual rate of 10%. It increased to over 16,000 at the end of 2010, up from around 10,000 at the beginning of the year.
- The Ministry of Tourism⁷, Oman has taken various initiatives in the recent past to attract more tourists to the country. The major programs include development of new hotels, expansion and upgradation of airports, participation at the Business Travel Show Middle East and development of the wadis.

1.3 Ecotourism⁸

Tourism in the Middle East is a comprehensive sector that offers various attractions such as shopping festivals, sports events, cruises, and desert safaris. Ecotourism, which involves the participation of local population in tourist initiatives, is also gaining credence in the region.

- The Ministry of Tourism, Oman has proposed "Green Laws" to sustain the natural reserves of the country. Oman ranks 19th among the world's natural conservation destinations. The country's wildlife reservoir for green turtles, whales, dolphins, leopards, hyenas, oryx, gazelle, taher, ibex, desert fox, antelope, wild cats, and over 400 species of birds makes it the key ecotourism destination of the MENA region.
- The Higher Authority for the Development of Hail, Saudi Arabia announced plans to build the largest ecotourism park, "Musama Park", in the Middle East.
- Bahrain is promoting The Shaikh Ebrahim Bin Malik Island, off the coast of Askar as an ecotourism destination by highlighting the rich marine life in its surrounding waters. Hawar Island, a group of six major and 13 smaller islands located 24 kms south-west of Bahrain, is the other notable ecotourism location in the country.
- Sharjah Investment and Development Authority (Shurooq) intends to develop green hotels and promote ecotourism in the UAE. The green hotels are planned in Khorfakkan and Kalba. Also, initiatives are taken to develop ecotourism destinations across the Emirates.
- An ecotourism resort is planned to be built on the Island of Kerkennah, Tunisia to promote the cultural and natural heritage of the region. Other countries in the MENA region are also stepping up the promotion of ecotourism. Countries such as Morocco, Lebanon, the UAE and Jordan are developing desert eco lodges, mountain trekking, mud hut constructions, organic farming and wildlife parks to attract tourists.

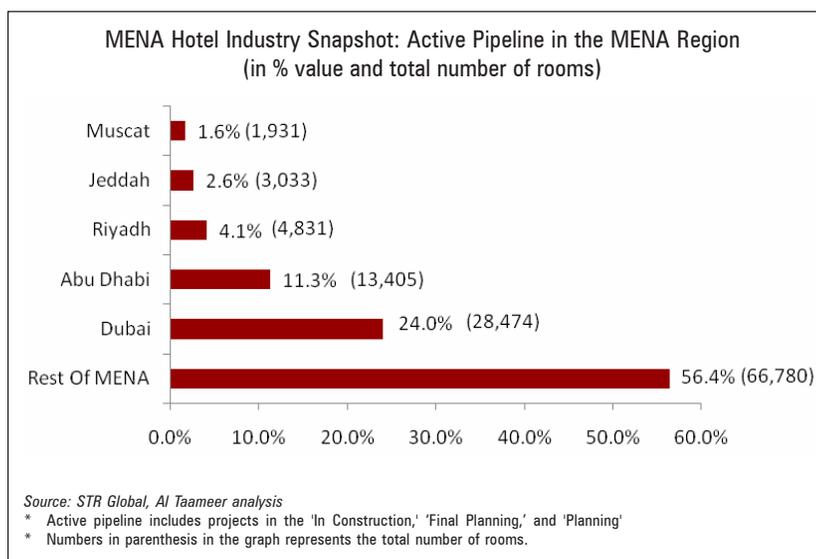
2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁹

- The active hotel development pipeline in the MENA region comprised 432 hotels totaling 118,454 rooms in February 2011.
- Abu Dhabi dominated the active pipeline. It recorded the largest YoY increase (89.4%) in existing room supply, adding 13,405 rooms.
- Other countries in the MENA region that witnessed an increase in the existing supply of hotel rooms include Riyadh (77.2% with 4,831 rooms), Jeddah (50.5% with 3,033), Muscat (49.5% with 1,931) and Dubai (49.2% with 28,474).

2.2 New hotel openings and expansions in the Middle East¹⁰

- Hospitality Management Holdings (HMH), a Dubai-based hotel management and development company, plans to open 15 new hotels in the MENA region during 2011. This would take the total number of hotels to 50 and add around 2,400 new hotel rooms to the company's portfolio. The upcoming projects are a key to strengthen business and leisure tourism across the MENA region.
- Mandarin Oriental Hotel Group announced the opening of its first hotel in the MENA region. The hotel, located on Abu Dhabi's Saadiyat Island, would feature 195 rooms, including service apartments, 50 residences, a spa and a host of food and beverage outlets. The hotel is expected to open in late 2013.
- Oman-based Muriya Group is expected to enter the hospitality sector by opening the Sifawy Boutique Hotel at Jebel Sifah, Oman. The main attraction of the hotel would be its marina, to be spread across 75,000 sq.m with a capacity to accommodate boats ranging from 6 to 60 m in length. The hotel would feature 55 guest rooms and 25 apartments, a swimming pool, kid's pool, jacuzzi, Wi-Fi, and an international restaurant that can house 160 people. The company is also expected to open an 18-hole PGA golf course facing the hotel and the Arabian Sea.



Source: ^{7,8} Zawya News Release. ⁸ Zawya News Release. ⁹ STR global news release. ¹⁰ Compiled from Zawya news reports.