



All three hotel industry metrics in Kuwait reported positive results for October 2011 compared to the same period of last year. Hotel occupancy increased 6.2 percentage points YoY to 64.9%, Average Daily Rate (ADR) grew 7.0% YoY to \$241.5 and Revenue per Available Room (RevPAR) surged 18.2% YoY to \$156.8 in October 2011. For the ten-month period January to October 2011, occupancy rate in the country increased 5.8 percentage points YoY to 61.7% and RevPAR grew 7.4% YoY to \$134.1, while ADR declined 2.7% YoY to \$214.0¹

1. MARKET UPDATE

During October 2011, the tourism sector in MENA displayed positive results, partly offset by a decrease in occupancy rate. While ADR increased 7.3% YoY to \$169.42 and RevPAR rose 3.6% YoY to \$107.37, hotel occupancy rate dipped 3.4 percentage points to 63.4% compared to the same period of last year.

ADR decreased 1.5% YoY to \$140.89 and RevPAR declined 1.3% YoY to \$82.34 in September 2011 compared to same period of last year. Occupancy rate for September 2011 recorded a marginal growth of 0.1 percentage point YoY to 58.4%. The general slump in the MENA region during September 2011 was primarily due to the decline in the hotel and tourism segment in Tunisia, Egypt and Yemen compared to the previous corresponding period.

1.1 MENA Region²

- Hotel occupancy rate in Abu Dhabi, UAE recorded the highest occupancy increase during October 2011 (up 10.5 percentage points to 76.0%).
- Occupancy rate in Cairo, Egypt posted the largest fall (down 38.4 percentage points YoY to 46.4%), closely followed by Amman, Jordan (down 22.6 percentage points YoY to 65.1%) during the same period.
- Riyadh, Saudi Arabia registered the largest increase in ADR (up 9.2% YoY to \$294.70), followed by Jeddah (up 8.7% YoY to \$188.61). Largest decrease in ADR for October 2011 in the MENA region was observed in Abu Dhabi, UAE (down 13.1% YoY to \$166.97) and Cairo, Egypt (down 13.0% to \$111.44).
- Jeddah, Dubai and Muscat recorded double digit RevPAR increases in October 2011 compared to the same period of last year. RevPAR grew 14.5% YoY to \$146.77 in Jeddah, 13.5% YoY to \$194.05 in Dubai and 10.2% YoY to \$180.43 in Muscat.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	Change in % pts.	ADR	% change	RevPAR	% change
Egypt	54.6%	-33.2%	EGP466.61	-13.4%	EGP254.84	-42.2%
Saudi Arabia	61.5%	29.5%	SAR931.80	33.0%	SAR572.68	72.2%
UAE	76.7%	10.8%	AED797.86	-0.5%	AED611.57	10.3%

Note: Percentages are increases/decreases for October 2011 vis-à-vis October 2010

1.2 Country focus: Iraq

After more than seven years of conflict, Iraq is looking to boost its economy by attracting more visitors to its historic and religious sites. The country's tourism sector, which was severely affected during the war, is slowly showing signs of recovery as evident from the growing number of new hotels coming up and resumption of airline services.

- Iraq is well-known for its cultural and natural heritage sites. The ancient cities of Ur and Babylon are major tourist spots and the country is also famous for some of the most sacred places in Islam.
- In a move to boost Iraq's tourism industry, UNESCO (United Nations Educational, Scientific and Cultural Organization) is assisting the country's government to formulate a National Tourism Strategy.

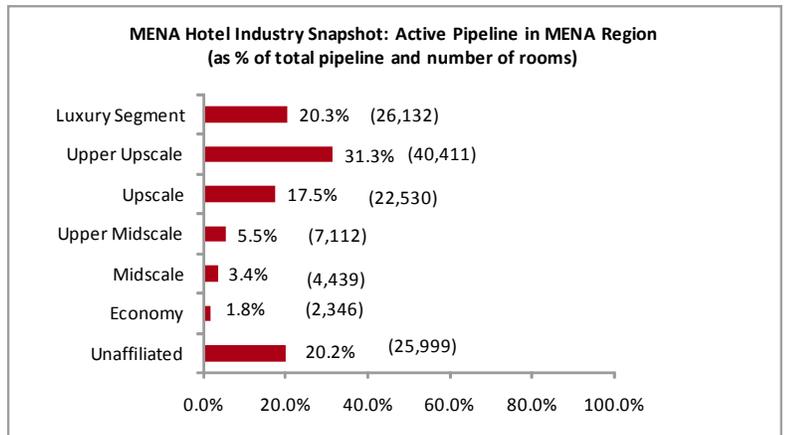
Source: ¹MKG Hospitality Report, October 2011. ²STR Global Data, Middle East/Africa Hotel Sector Performance for October 2011

- With the end of war, International airlines are resuming their operations in Iraq. Airlines such as Austrian Airlines are queuing up to fly into Iraq, while regional airlines such as the Abu Dhabi-based Etihad Airways, Bahrain's Gulf Air, Beirut-based Middle East Airlines (MEA) and Turkish Airlines have resumed flights to Baghdad.
- Hoteliers are also opening new hotels to tap the huge potential of Iraq's tourism sector. Safir Hotels & Resorts opened a 340-room property in Karbala to cater to the pilgrims that travel to the city during peak seasons. UK-based Range Hospitality is also planning to open a hotel in the city by 2013. UAE-based Rotana plans to open its first hotel in Erbil along with a new property in Baghdad in 2012. Around 700 hotels are expected to open in the country by 2014.
- Two international travel agencies, Sharaf Travel (UAE) and Terre Entière (France), have been introduced in order to boost the travel & tourism industry.

1.3 Theme Park/Amusement Park Tourism

The amusement park segment in the Middle East is developing rapidly, with countries focusing more on the amusement and entertainment component of the overall infrastructure in order to position themselves as world-class tourist destinations. According to International Expo Consults, the MENA region would be a major player in the \$29.5 billion amusement industry by 2015. .

- THE 99 Village is Middle East's first theme park, and is located in Kuwait. It is based on THE 99, the universally acclaimed Islamic-themed comic series. It is a special attraction for tourists in the GCC and Islamic world.
- UAE is a key player in the theme park/amusement park segment in the MENA region. The country boasts of the world's largest indoor amusement park called Ferrari World.
- Dubai has the largest theme park in the MENA region, the Ice Land Water Park. Apart from this, various other outdoor amusement parks such as Wild Wadi, Aquaventure, Ski Dubai and Dreamland Aqua Park too attract a large number of tourists.
- In Saudi Arabia, the Al Shallal Theme Park is one of the most popular amusement parks in MENA. It has the largest roller coaster in the region, and a separate ice rink.
- Rubicon is planning to develop a new 184 acre theme park resort in Aqaba, Jordan called "The Red Sea Astrarium", which is expected to be completed by 2014. The park, which would feature a Star Trek-themed attraction, is part of the \$1 billion Red Sea resort development.



Source: STR Global, Al Taameer analysis
Active pipeline includes projects in 'In-Construction,' 'Final Planning' and 'Planning' phases
Numbers in parenthesis in the graph represent the total number of rooms

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline³

- Hotel development pipeline in the MENA region comprised 471 hotels (128,969 rooms) during October 2011.
- The Upper Upscale segment accounted for the largest share of rooms in the total active pipeline (31.3% with 40,411 rooms), followed by Luxury (20.3% with 26,132 rooms) and Unaffiliated (20.2% with 25,999 rooms).

2.2 New hotel openings and expansions in Middle East⁴

- Hyatt Capital Gate, Hyatt's second property in Abu Dhabi, is set to open at the end of this month. It would occupy the 18th to 33rd floors of the Capital Gate building, and house 189 luxury five-star guestrooms and suites. Hyatt also plans to open Park Hyatt Doha by the end of 2016.
- Landmark Hotels & Suites opened its sixth hotel, Landmark Grand Hotel - Rigga, in Dubai, UAE. Landmark also has nine hotels in operation across the Middle East and other countries across the world.
- JW Marriott plans to open JW Marriott Aqaba Resort & Spa in Aqaba, Jordan by the end of 2012, and JW Marriott Hotel Dubai Lifestyle City in Dubai, UAE by the end of 2013.

Source: ³STR global news release. ⁴Zawya news reports.