



1. Market Update

The hotel industry in MENA exhibited strong performance in February 2013. Occupancy rate grew to 66.4% from 62.4% in February 2012, while ADR rose 2.9% to \$176.55 compared to February 2012.¹

1.1. MENA Region²

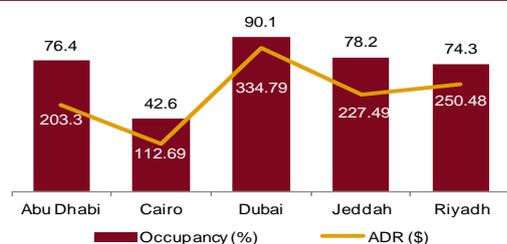
- Abu Dhabi, UAE, reported the largest increase in hotel occupancy rate in February 2013. Hotel occupancy surged to 76.4% from 64.6% in the year-ago period, as the city moved into peak leisure and MICE tourist season. It was followed by Muscat, Oman, (83.0% from 71.4% in February 2012).
- In February 2013, Amman, Jordan, reported the lowest occupancy rate (53.6% compared to 78.8% in February 2012).
- Jeddah, Saudi Arabia, recorded the largest increase in ADR (10.3% to \$227.49 compared to February 2012) during the month with an increase in room rates due to the beginning of Umrah season; while, Beirut, Lebanon posted the biggest drop in ADR (down 19.8% to \$156.07 compared to the year-ago period).

Table 1: Performance of key countries in the MENA region

Country	Occupancy		ADR		Occupancy*		ADR*	
	Feb 2013	Feb 2012	Feb 2013	Feb 2012	Dec–Feb 2013	Dec–Feb 2012	Dec–Feb 2013	Dec–Feb 2012
Egypt	47.2%	42.7%	EGP449.3	EGP402.3	47.8%	41.1%	EGP415.3	EGP371.9
Saudi Arabia	73.7%	69.1%	SAR717.7	SAR682.7	59.6%	52.2%	SAR749.5	SAR635.5
UAE	84.2%	79.7%	AED878.3	AED820.9	79.4%	75.7%	AED914.8	AED872.9

Note: Occupancy* and ADR* show the comparison for the three months ended February 2013 with the corresponding period a year earlier

Table 2³: Performance of major MENA cities in February 2013**

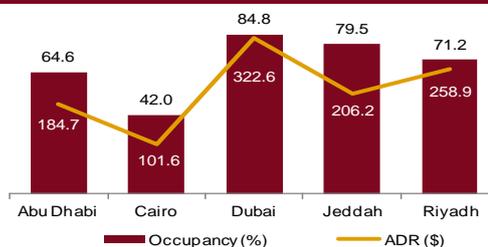


Note: **Cities represented in the graph have been taken from countries in Table 1

In February 2013, Dubai hosted several events, such as Emirates Airline Dubai Jazz Festival 2013 which attracted an increasing number of international travelers. As a result, hotel occupancy across the city surged to 90.1% from 84.8% the previous year, while ADR grew 3.8% to \$334.79.

Occupancy rate in Abu Dhabi rose to 76.4% during the same month, as hotels benefited from the peak leisure and MICE seasons. The city hosted a number of leading events including the International Defense Exhibition and Conference (IDEX). In February 2013, ADR grew 10% to \$203.3 compared to the year-ago period.

Table 3⁴: Performance of major MENA cities in February 2012**



¹STR Global Data, Middle East/Africa Hotel Sector Performance for February 2013

²STR Global Data, Middle East/Africa Hotel Sector Performance for February 2013

³Hotstats Hospitality Intelligence – February 2013

⁴Hotstats Hospitality Intelligence – February 2013

1.2. Country Focus: Jordan⁵

- In terms of absolute contribution to GDP, Jordan's travel & tourism sector ranked 68th worldwide in 2012. Around 4,373,000 international tourists are expected to visit the country in 2013, leading to an annual revenue generation of JOD3,187.6 million. The number of tourists visiting Jordan is estimated to increase at a CAGR of 3.7% to 5,884,000 over 2013–23, with revenues totaling JOD4,594.6 million in 2023.
- The sector's direct contribution to GDP is estimated to rise to JOD1,306.4 million in 2013 from JOD1,277.1 million in 2012 (5.9% of GDP). Thereafter, it is projected to expand at a CAGR of 3.9% to JOD1,918.2 million in 2023.
- In 2013, investments in the travel & tourism sector are estimated to rise 0.8% to JOD404 million from JOD400.9 million in 2012. Investments are expected to register a CAGR of 4.5% to JOD627.6 million over 2013–2023.
- Over the years, tourism emerged as one of the key sectors in Jordan's economy. The country is renowned for its historical sites, such as the Petra (UNESCO World Heritage Site since 1985), Jordan River and Mount Nebo; numerous medieval mosques and churches as well as cultural and religious sites.
- The government has made significant investments for the development of tourism infrastructure in the form of luxury hotels, spas, and resorts. The USAID/Jordan Tourism Development Project II is aiding the development of tourist sites, especially Petra and the Amman Citadel.
- In 2013, Jordan opened a new terminal at the Queen Alia International Airport which has been expanded to handle nine million passengers per year in the first phase and 12 million in the second phase.

1.3. Sports tourism⁶

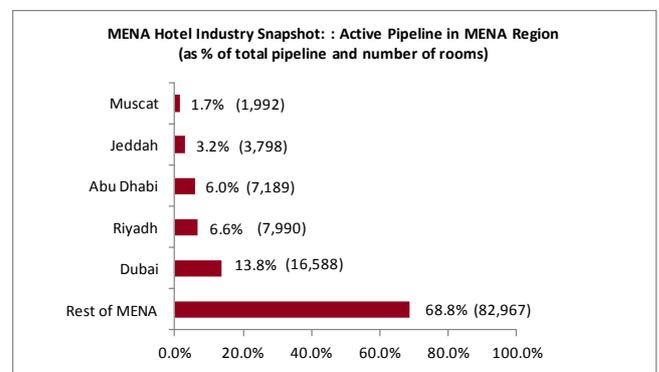
With the development of modern and hi-tech stadiums, sports townships, and coaching academies, Middle East is fast becoming a hotspot for sports tourism. As the region seeks to diversify beyond oil, focus on enhancing sports tourism has gained momentum.

- Over the past years, a number of sporting events, especially international championships and tournaments in golf, tennis, horse-racing, sailing, powerboat racing, rugby and football, as well as the Formula One Grand Prix have strengthened its role as a destination for sports tourism on a regional and global scale.
- Dubai and Abu Dhabi are considered ideal destinations for hosting international, regional and local sporting tournaments due to the climate and world-class sports facilities. Some key upcoming events in the Middle East include Formula 1 Etihad Airways Abu Dhabi Grand Prix in November 2013 and Emirates Airline Dubai Rugby Sevens in December 2013.
- The third season of the Mena Golf Tour (scheduled between March and November 2013) has been expanded to 11 events (from six earlier) and includes new trips to Morocco, Qatar and Oman.
- With Qatar hosting the 2022 FIFA World Cup, the number of visitors is expected to increase in the Middle East region. UAE and Qatar would lead the way, while other GCC countries are likely to follow suit.

2. Key Developments

2.1. Hotel Construction Pipeline⁷

- As of February 2013, the active hotel development pipeline in the MENA region comprised 491 hotels with 120,524 rooms.
- With 7,990 rooms, Riyadh, Saudi Arabia, reported the highest growth of 103.2% in February 2013.
- Other cities that reported significantly high growth in room supply were Jeddah, Saudi Arabia (63.6% with 3,798 rooms); Muscat, Oman (42.0% with 1,992 rooms); Abu Dhabi, UAE (38.0% with 7,189 rooms); and Dubai, UAE (26.3% with 16,588 rooms).



Source: STR Global, Al Taameer analysis

Active pipeline includes projects in the 'In-Construction,' 'Final Planning' and 'Planning' phases

Numbers in parenthesis in the graph represent total number of rooms

⁵ WTTC and Zawya News Report

⁶ Desk research

⁷ STR Global news release

2.2. New Hotel Openings and Expansions in MENA⁸

- In March 2013, InterContinental Hotels Group signed an agreement with Oman Tourism Development Co (Omran) to open a new Crowne Plaza hotel in Muscat. The 296-room hotel would be the second in the capital and fourth in Oman. The new-build property would feature meeting and event facilities with a function center including a ballroom with terrace, boardroom and three meeting rooms. The hotel is scheduled for completion in 2016.
- Hyatt plans to open two properties in Saudi Arabia by the end of 2013. The pipeline comprises Hyatt Regency Riyadh Olaya (featuring 257 rooms) and the Hyatt Regency Mecca (offering 628 guestrooms). Both properties would also provide meeting facilities, several dining venues, a Regency Club lounge, spa and fitness center, and 24-hour in-room dining.
- In March 2013, Rotana, a leading hotel management company in the Middle East and Africa, opened its first property, Majestic Arjaan by Rotana, in Bahrain. The new property is conveniently located in Busaiteen district in the island of Muharraq, and offers 128 suites. The hotel features latest high-tech facilities including fully-equipped meeting rooms with the most modern audio-visual equipment. It also offers leisure facilities consisting of an outdoor temperature controlled swimming pool and a full-fledged fitness center, with steam and sauna rooms.
- Mövenpick Hotels & Resorts announced plans to open the Mövenpick Hotel Riyadh in Q12014. The hotel would offer 433 rooms and suites, and also feature four specialty restaurants, 14 conference rooms and a ballroom. With this initiative, the group would have a total of 10 hotels in Saudi Arabia.

3. Specialized Clubs in GCC

3.1. Key Statistics/Trends⁹

- Countries in the Middle East, especially the UAE, offer huge business potential for sports and luxury clubs.
- In 2011, golf and other luxury clubs simultaneously lowered their annual membership fee and eliminated the joining fee from the list of expenses for customers due to a significant decline in demand amid an economic slowdown.
- The industry is now showing signs of an improvement with an increase in the number of high-class expatriates. Leisure clubs mainly cater to these residents. Expats, mainly Westerners with a higher income, are the most dominant audience at such clubs.
- Different kinds of sports and leisure clubs for golf, horse-racing, soccer, shooting, tennis, rugby, ice-hockey, ice-skating, polo, cycling and netball have developed within the expatriate community.
- Beach resort clubs, the most exclusive leisure clubs, are often linked to five-star hotels, providing exclusive access to the beach coupled with amenities such as health clubs and spas. The annual fee for a beach complex at Jumeirah Beach Hotel is nearly AED49,500 for the first year and around AED24,750 in the second year. Other beach clubs offer more comfortable rates, between AED15,000 and AED30,000.
- Golf clubs vary in terms of price—just eight quality golf clubs currently exist in Dubai. These clubs also offer complementary, country club-style amenities such as swimming pool, related sports (tennis and squash) facilities, and hotel-style club houses with gyms and food & beverage outlets.

3.2. Major Brands/Expansion Plans¹⁰

- Nakheel, a leading developer in Dubai, announced the launch of Club Vista Mare, a new beachfront living and leisure complex to be constructed on Palm Jumeirah by early 2015. Construction is scheduled to commence in mid-2013. Club Vista Mare would also be directly linked to the Nakheel Mall and Hotel, the company's newly-announced retail and leisure complex on The Palm.
- Domain Hotels would launch its first hotel-club concept property in Bahrain in May 2013. The property is designed to offer a socially charged members club, and also features hotel rooms. Located in Manama's Diplomatic District, the 36-storey property would focus on sociability, entertainment and technology.
- In March 2013, Zabeel Ladies Club (ZLC), Dubai's most exclusive luxury club for ladies, was officially inaugurated. ZLC offers a variety of personalized services, which address the needs of women in an exclusive and private environment.

⁸ Zawya news reports

⁹ Zawya news reports and desk research

¹⁰ Zawya news reports and desk research