



Kuwait's hotel occupancy for November 2010 stood at 60.3%, down 40 basis points compared to the year-ago period. Average Daily Rate (ADR) rose 4.0% to \$234.3 and Revenue Per Available Room (RevPAR) increased 3.4% to \$141.2 compared to November 2009. The country's hotel occupancy for January-November 2010 stood at 56.6%, depicting an increase of 100 basis points compared to the corresponding period the previous year. Separately, ADR decreased 1.1% to \$219.4 and RevPAR rose 0.7% to \$124.2 during January-November 2010 compared to the year-ago period.¹ Hotel industry in the MENA region witnessed positive growth over all the three metrics in November 2010. Hotel occupancy in the region for the month stood at 69.8%, up 2.4 percentage points compared to the year-ago period. ADR grew 3.1% to \$182.05 and RevPAR rose 5.5% to \$127.14 compared to November 2009.

1. MARKET UPDATE

1.1 MENA Region²

- Abu Dhabi, United Arab Emirates recorded the highest YoY increase (33.6% to 76.0%) in hotel occupancy in November 2010.
- Beirut, Lebanon observed the only double digit YoY fall (10.3 percentage points to 67.3%) in occupancy rate in the month.
- Jeddah (up 11.0% YoY to \$197.76) and Beirut (up 10.6% YoY to \$255.74) witnessed a double-digit increase in ADR in November 2010.
- Abu Dhabi reported the largest YoY decline in ADR (16.6% to 260.41) in November 2010, followed by Dubai (11.7% to \$254.63).
- Muscat, Abu Dhabi and Jeddah recorded a double-digit RevPAR increase (YoY) in November 2010. RevPAR grew 14.0% to \$197.39, 11.3% to \$197.97 and 10.2% to \$136.67 in Muscat, Abu Dhabi and Jeddah, respectively.
- Dubai observed the largest RevPAR decline of 11.6% to \$208.75 in the MENA region in November 2010.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	% change	ADR	% change	RevPAR	% change
Egypt	83.2%	+3.5%	EGP551.32	+17.2%	EGP458.46	+21.4%
Saudi Arabia	62.4%	+2.8%	SAR1,170.60	+28.1%	SAR730.91	+31.7%
UAE	78.7%	+5.1%	AED900.23	-10.9%	AED708.36	-6.3%

Note: Percentages are increases/decreases for November 2010 vs. November 2009

1.2 Country Focus: Bahrain

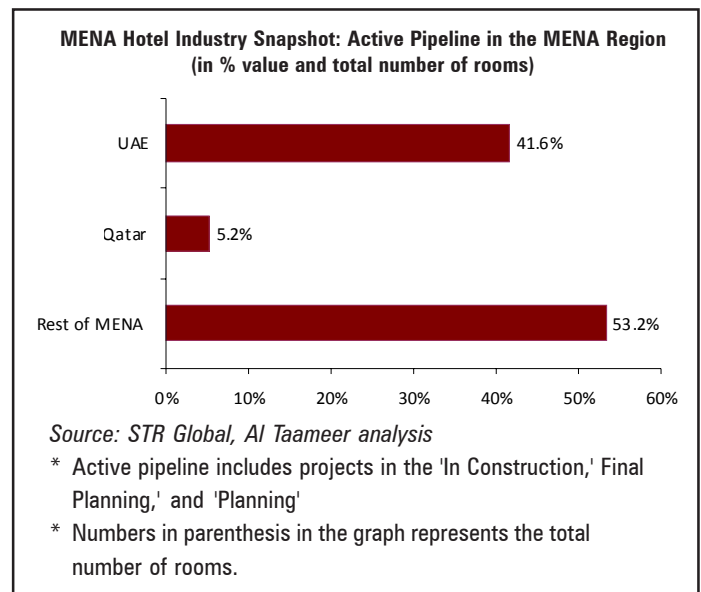
- Bahrain's travel & tourism sector is ranked 101st globally in terms of tourist arrivals. It is the third most popular destination in the Arabian Gulf. The country's travel & tourism sector is expected to grow by an annual average of 6.5% over the next 10 years³.
- Investment in the country's travel & tourism sector is estimated to reach \$419.7 million in 2010 (equivalent to 6.1% of Bahrain's total investments in 2010), and subsequently to \$1,069.2 million (10.0% of total investments) by 2020⁴.
- Hotel occupancy in Bahrain stood at 60.6% for January-November 2010, representing a growth of 3.8 percentage points compared to the same period in 2009. During the same period, the country recorded an ADR of \$228.4 (a decrease of 2.5%) and RevPAR of \$138.6 (an increase of 4.0%).
- Most tourists visiting the country are day trippers from Saudi Arabia. Of the 7.6 million³ international tourists that visited Bahrain in 2009, approximately 5.4 million were day trippers.
- Bahrain is expected to witness an increase in tourist arrivals once the construction of the causeway connecting Qatar is complete. Construction of this 45 km causeway connecting Bahrain and Qatar was slated to start in late 2010 and take about four years to complete. The four lane motorway, which is estimated to cost approximately \$5.5 billion, is expected to cut the travel time between the two countries to 30 minutes.

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

- Bahrain recorded over 9 million passengers in 2009, an increase of 19.0% compared to a year ago. Inbound tourist traffic is expected to increase, led by the airport expansion plans, the new cruise ship terminal, and the 45 km causeway linking Bahrain and Qatar⁵.
- Policy changes and incentives offered by the Bahrain Economic Development Board (EDB) are expected boost business and tourists activities in the country. In 2009, the government abolished regulations requiring overseas firms to work through a "Bahraini Sponsor", thereby improving opportunities for hotels and tour operators, and airlines.

1.3 Medical tourism⁶

- Medical tourism sector in the Middle East is gaining credence, led by lower cost of treatment, increase in Joint Commission International (JCI) accredited hospitals that ensure quality medical care, and development of specialized healthcare cities that offer complete medical treatment facilities. Furthermore, countries in the Middle East are teaming with international medical institutions and associations to boost their medical tourism sectors. For instance, the Dubai Health Authority (DHA) and Medical Tourism Association signed a memorandum of understanding (MoU) at the World Medical Tourism and Global Health Congress in September 2010.
- The GCC healthcare market is expected to expand at a CAGR of 9.0% during 2010-2020 to reach a value of \$47-55 billion, mainly driven by higher demand (increase in number of treatments) and average cost per treatment.
- UAE is the top destination for medical tourism in the Middle East. The country ranks 11th globally in the list of countries identified with medical tourism. UAE's medical tourism sector is driven by the Dubai Healthcare City - the world's first healthcare free zone and integrated healthcare city with 90 medical facilities and 1,700 healthcare professionals. Besides this, Saudi-based healthcare group Badr Al Samaa Group has announced an investment of AED150 million for setting up 10 medical centers in the UAE.
- Medical tourism sector in the country is expected to grow 7% to reach AED6.1 billion by the end of 2010 compared to the previous year. In 2009, approximately 4.3 million medical tourists visited the UAE; the country is expected to generate \$462.0 million through medical tourism in 2010.
- According to the World Bank, Jordan is another major medical tourism hub in the Middle East. Approximately 220,000 medical tourists visited Jordan in 2009, thus helping the country generate revenues worth about \$1.0 billion.
- Bahrain's medical tourism sector is expected to get a boost on completion of the BD605.0 million Dilmunia Health Island. The island, lined across northeast coast of the country, would cover an area of 1.25 million square meters. It would include a diagnostic center, diabetes center, alternative medicine center, nutrition center, aesthetic surgery center, sports medicine center, women and children's center, deluxe spas, boutique hotels, apartments, condominium, villas, and luxury residences.



2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁷

- Active hotel development pipeline in the Middle East for November 2010 stood at 437 hotels, comprising a total of 118,759 rooms.
- United Arab Emirates dominated the active pipeline with 49,382 rooms; half of these are under construction. Qatar has 6,192 rooms in active pipeline, of which 4,927 rooms are under construction.
- The UAE recorded the largest number of rooms (24,251 rooms) in the construction phase in the MENA region, followed by Saudi Arabia (6,344 rooms), Qatar (4,927 rooms), Jordan (4,006 rooms) and Egypt (3,800 rooms).

2.2 New hotel openings and expansions in the Middle East⁸

- Hospitality Management Holdings (HMH) plans to open 17 hotels by the end of 2010, taking the total number of its hotels in the MENA region to 50. HMH has already finalized 57 hotel expansion plans, targeting the total number to reach 100 by 2012.
- US-based Starwood Hotels & Resorts Worldwide Inc announced its expansion plans in the Middle East. The company, which already has 50 hotels in the region, intends to add 25 new hotels over the next four years. By 2015, all of the company's nine brands (St Regis, The Luxury Collection, W, Westin, Le Meridien, Sheraton, Four Points by Sheraton, Aloft and Element) would be present in the Middle East.
- Dubai-based hotel chain Jumeirah opened its new five-star Jumeirah Zabeel Saray in January 2011. Also, Ritz-Carlton would launch its second property in Dubai during January 2011. The hotel situated in Dubai International Financial Center includes 405 rooms and 38 villas as well as a 42-room spa, 10 new restaurants, a theater and an events center.

Source: ⁵ Oxygen.mintel.com, ⁶ Zawya and Other News Release, ⁷ Zawya & STR global news release, ⁸ Compiled from Zawya news reports