



The three hotel industry metrics in Kuwait displayed a downtrend in August 2011 compared to August 2010. Hotel occupancy rate in the country dropped 2.8 percentage points YoY to 39.8%, Average Daily Rate (ADR) declined 3.0% YoY to \$192.4 and Revenue per Available Room (RevPAR) fell 9.3% YoY to \$76.7. Hotel occupancy and RevPAR during the year to date period (January to August 2011) increased 5.9 percentage points YoY to 61.7% and 5.6% YoY to \$130.0, respectively. On the other hand, ADR plunged 4.5% YoY to \$210.9 during the period.¹

1. MARKET UPDATE

The hotel industry in MENA displayed a mixed performance in August 2011 compared to August 2010. Hotel occupancy declined 9.5 percentage points YoY to 48.3% and ADR dropped 2.2% YoY to \$72.31. However, RevPAR grew 12.9% YoY to \$149.56.

1.1 MENA Region²

- August has traditionally been a lean tourist season in the MENA region as it is the holy month of Ramadan. Saudi Arabia is an exception to this as all metrics in the Kingdom displayed healthy growth in August this year compared to the year-ago period.
- Saudi Arabian cities Riyadh and Jeddah recorded the largest YoY ADR increase in the MENA region. ADR in Riyadh grew 6.0% YoY to \$223.0, while that in Jeddah surged 5.3% YoY to \$216.32.
- The steepest decline in hotel occupancy was in Cairo (Egypt) and Amman (Jordan) in August 2011 vis-à-vis the previous corresponding period. Hotel occupancy in Cairo decreased 50.9 percentage points to 21.8%, while that in Amman fell 37.3 percentage points to 28.3%.
- The biggest decrease in ADR was in Beirut, Lebanon (-20.0% YoY to \$202.80); as well as Abu Dhabi and Dubai, UAE (-16.7% YoY to \$109.54).
- Cairo, Egypt (-54.9% to \$24.46); Amman, Jordan (-39.2% YoY to \$38.37); and Beirut, Lebanon (-34.7% YoY to \$76.87) recorded the highest YoY RevPAR decline in the MENA region.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	Change in % pts.	ADR	% change	RevPAR	% change
Egypt	45.5%	-28.5%	EGP339.93	-21.2%	EGP154.82	-43.7%
Saudi Arabia	58.9%	5.8%	SAR1,276.77	48.9%	SAR751.44	57.6%
UAE	47.1%	-6.3%	AED496.44	-2.4%	AED234.02	-8.6%

Note: Percentages are increases/decreases for August 2011 versus August 2010

1.2 Country focus: Tunisia³

The travel and tourism sector in Tunisia is ranked 37th globally in terms of absolute contribution to the nation's economy.⁴ About 7 million international tourists are expected to visit the country in 2011, generating a total revenue of TND5.3 billion.

- The sector's direct contribution to the country's GDP is expected to be TND5.8 billion (8.2% of total GDP) in 2011. This figure is estimated to reach TND7.8 billion (6.7% of total GDP) by 2021, registering a CAGR of 2.9%.
- The travel and tourism sector is expected to support about 509,000 jobs (15.1% of total jobs) in 2011, and account for close to 510,000 jobs (13.1% of total employment) by 2021. Investment in the sector is estimated to reach TND1.4 billion in 2011, and increase at a CAGR of 3.0% to TND1.9 billion by 2021.
- The number of international tourists visiting the country is estimated to expand at a CAGR of 3.8% to 9.7 million by 2021 compared to 7.0 million visitors expected in 2011. Expenditure by international tourists is expected to increase at a CAGR of 1.7% to TND6.3 billion by 2021 from TND5.3 billion estimated in 2011.

Source: ¹MKG Hospitality, Hotel Industry Trends report August 2011. ²STR Global Data, Middle East/Africa Hotel Sector Performance for August 2011. ³World Travel and Tourism Council and Zawya News Report. ⁴Relative ranking, out of a total of 181 countries.

- UN World Tourism Organization (UNWTO) is supporting the Ministry of Tourism to rebuild the country's tourism sector, which has been affected by the revolution earlier this year. As a part of this initiative, the Ministry is considering public private partnership projects in the sector.
- Tunisia is promoting revolution tourism to leverage the peaceful revolution that took place in the country in early 2011. A new advertising campaign, highlighting the country as the birthplace of the peaceful Arab revolution, is in the offing.

1.3 Cultural Tourism

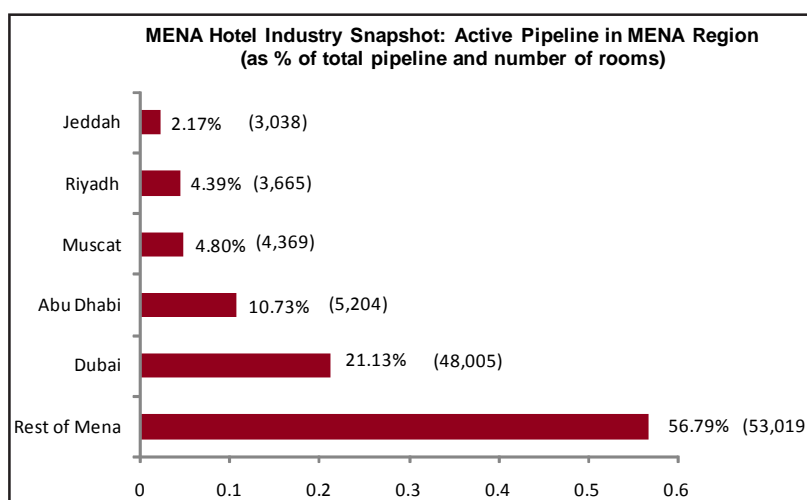
Cultural tourism focuses on elements that shaped the culture of a country or region, including the lifestyle of the people, their history, art, architecture and religion. Lebanon, Syria and Jordan are the leading cultural tourism destinations in MENA. Morocco and Algeria are the emerging cultural tourism destinations in the region.

- One of the most famous cultural tourism attractions in the Middle East is the Abraham Path walking trail. The path retraces Abraham's journey through the Middle East about 4,000 years ago. The ten-week hiking trail covers 1,200 kilometers across several Middle Eastern countries and passes through some of the region's famed landscapes, historical sites and holy places. The path culminates at the tomb of Abraham in the city of Hebron/AI-Khalil in Jerusalem.
- Medina quarters (walled section within cities containing narrow and maze-like streets) are one of the emerging tourism locations in the Middle East. Most of these quarters originated during medieval times and comprise historical sites and ancient mosques, making them ideal cultural tourism locations. Some of the oldest and largest Medinas in the world are located in Fes (Morocco), Tripoli (Libya) and Casbah (Algeria).
- Lebanon is one of the most established cultural tourism destinations in the region. Lebanese Levantine culture, shaped by European orientalist, scholars and poets, has been the main attraction in the country. Other attractions include Beirut National Museum, world heritage sites such as Anjer and Byblos, Al Shouf Cedar Nature Reserve, Zamaan Gallery and Nejme Square in downtown Beirut.
- Algeria draws about 6% of its annual tourism receipts from cultural tourism. The country is planning to position itself as a cultural tourism hub in the region by 2025. Cultural tourism in the country is centered around coastal and Hauts Plateaux regions, which has the second largest Roman ruins in the world, after Italy.

2. KEY DEVELOPMENTS

2.1 Hotel construction pipeline⁵

- As of August 2011, the active hotel development pipeline in MENA comprised 463 hotels with 126,090 rooms.
- Abu Dhabi, UAE, witnessed significant expected room growth in the region in August 2011 compared to August 2010. The city ended the month with expected with room growth rate of 90.3%, if all the 13,534 rooms in the total active pipeline opens.
- Other major cities in the region with an increase in expected room growth in August 2011 include Riyadh, Saudi Arabia (87.6%; to add 5,531 rooms); Dubai, UAE (44.6%; 26,642 rooms); Jeddah, Saudi Arabia (44.6%; 2,773 rooms); and Muscat, Oman (37.5%; 6,049 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 the total number of rooms

2.2 New hotel openings and expansions in Middle East⁶

- Hilton Worldwide in partnership with Dubai-based Al Habtoor Group is developing the first Waldorf Astoria Hotels & Resorts property in Dubai. Waldorf Astoria Dubai Palm Jumeirah would be the first luxury Waldorf resort in Dubai.
- Marriott International announced plans to open a three-hotel Doha City Center complex in Doha, Qatar. The complex would entail a 257-room Renaissance Doha City Center Hotel, 204-room Courtyard Marriott Doha City Center and 123-unit Marriott Executive Apartments Doha City Center.
- Switzerland-based real estate and hotels firm Orascom Development opened its first hotel in Oman. The four-star Sifawy Boutique Hotel in Jebel Sifah in Oman has 55 rooms and suites.
- Saudi Arabia-based KAS Investments Company (part of Al Shegry Group) announced the opening of its luxury hotel Le Dix in Beirut. Built at a cost of \$25 million, the hotel has four types of exclusive suites on different floors. The suites comprise Royal Penthouse Suite (duplex), Royal Suite, Presidential Suite and Ambassador Suite.

Source: ⁵STR global news release . ⁶Zawya news reports.