TAAMEER Real Estate Inv. e-newsletter

Development Plans of Encore Branded Hotels - An Update

Taameer's plan of developing the Ramada Encore branded hotels is a strategic initiative to spread the hospitality of 3 star hotels in the MENA region. With the goal of achieving the same, Taameer has entered into a Joint Venture with a Omani company to develop a branded budget hotel in Sohar, Oman. With this initiative, Taameer has laid its footprint in the GCC region. The plot is strategically located between Sohar International Airport and Sohar Industrial Port. The airport is located 15km approx. from the site and 2km approx. from Sohar Industrial Port. The plot size measuring 1,200sqm will have Encore with a total built up area of 5,405.2sqm. The development would have 154 rooms in total with seven typical floors.

STR Global posts Middle East/Africa SEPTEMBER 2009 results

The Middle East/Africa region reported mixed year-over-year results in the three key measurements reported in U.S. dollars for September 2009, according to data compiled by STR Global.

The region's occupancy dropped 8.2 percent to 56.9 percent, average daily rate increased 1.5 percent to US$140.66 and revenue per available room decreased 6.9 percent to US$80.00. Highlights from key markets in the Middle East/Africa region (percentages are September 2009 vs. September 2008):

- Beirut, Lebanon, reported the largest increases in all three metrics. Occupancy rose 56.2 percent to 58.1 percent, ADR increased 57.5 percent to US$255.71 and RevPAR jumped 146.0 percent to US$148.70.
- Istanbul, Turkey (+11.7 percent to 71.1 percent) and Cairo, Egypt (+2.6 percent to 54.1 percent), also posted occupancy increases.
- Riyadh, Saudi Arabia, experienced the largest occupancy decrease, falling 25.8 percent to 34.3 percent, followed by Muscat, Oman (-18.0 percent to 37.0 percent), and Cape Town, South Africa (-17.8 percent to 50.6 percent).
- Other than Beirut, two markets reported double-digit ADR increases: Amman, Jordan (+17.9 percent to US$134.71), and Cairo (+15.0 percent to US$118.68).
- Dubai, United Arab Emirates posted the largest ADR decrease falling 8.3 percent to US$175.62, followed by Abu Dhabi with a 6.8-percent decrease to US$200.52.
- Three markets experienced RevPAR decreases of more than 15 percent - Riyadh (-21.3 percent to US$77.83), Abu Dhabi (-16.9 percent to US$129.92) and Muscat (-15.3 percent to US$72.83).

Performances of key countries in September (all monetary units in local currency):

Country	Occupancy	% change	ADR	% change	RevPAR	% change
Egypt	67.5%	-1.0%	EGP382.12	+13.4%	EGP258.03	+12.2%
Saudi Arabia	47.1%	-27.8%	SAR974.14	-7.2%	SAR458.85	-33.0%
South Africa	58.0%	-13.2%	ZAR770.23	-2.7%	ZAR446.35	-15.5%
United Arab Emirates	58.1%	-4.3%	AED637.38	-8.3%	AED370.00	-12.2%

**percentages are increases/decreases for September 2009 vs. September 2008*

(Source: http://www.htrends.com/researcharticle41901.html)

STR Global Reports Middle East/Africa Hotel Pipeline for September 2009

The Middle East/Africa hotel development pipeline includes 442 hotels comprising 120,589 rooms, according to the September 2009 STR Global Construction Pipeline Report released this week.

The United Arab Emirates reported 57,126 rooms in the total active pipeline, the largest amount of any country in the region. Saudi Arabia also accounted for a large portion with 10,986 rooms. Two other countries reported more than 5,000 rooms in the total active pipeline: Morocco (5,924) and Qatar (5,408).

Among the Chain Scale segments, three accounted for more than 20 percent of rooms in the total active pipeline. The Unaffiliated segment made up 25.2 percent (30,387 rooms), the largest portion of the total active pipeline. The Luxury segment accounted for 24.6 percent (29,646 rooms). The Upscale segment reported 25,940 rooms for 21.5 percent of the total active pipeline. The Midscale without Food and Beverage segment accounted for the smallest portion of the total active pipeline: 1.3 percent and 1,558 rooms.

Middle East/Africa pipeline by Chain-Scale segment for September 2009 (number of rooms):

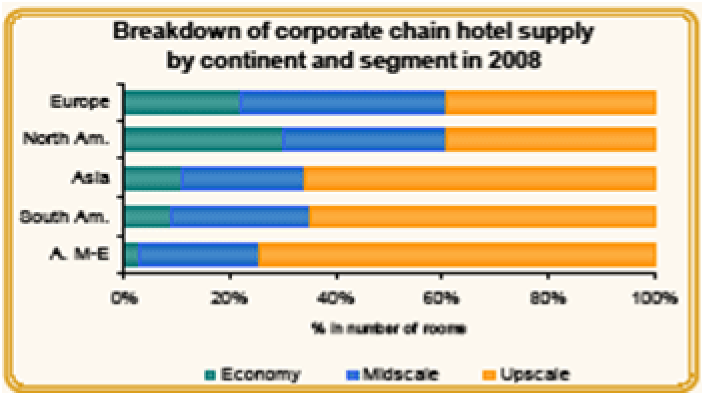
Chain Scale	Existing Supply	In Construction	Total Active Pipeline*
Luxury	46,226	19,981	29,646
Upper Upscale	72,451	16,226	21,322
Upscale	76,873	18,325	25,940
Midscale w/ F&B	62,950	4,282	6,541
Midscale w/o F&B	1,796	1,035	1,558
Economy	12,602	2,213	5,195
Unaffiliated	340,235	13,386	30,387
Total	**613,133**	**75,448**	**120,589**

** Includes those projects in the In Construction, Final Planning and Planning phases*

(Source: http://www.htrends.com/researcharticle41800.html)

Budget & Economy Hotels Still A Wise Choice

Between 1999 and 2009, the world's budget and economy supply recorded moderate average annual growth at 3.4% (2% for the mid- and upscale segments). Most of this growth occurred in Europe and North America, with 134,000 and 246,000 newly created rooms, respectively. Although the European budget and economy hotel supply remains less developed (20% of total supply) compared to the US, it is growing year-on-year, boosted by the continued penetration into non-mature markets, such as Central and Eastern Europe. This is also a good sign for hotel groups and investors, indicating that there is still ample room for expansion.



Corporate chain economy segments (1-, 2- and 3-stars) are fast becoming the number one choice for both business and leisure travelers, as they are deemed to offer optimal value-for-money. The new wave of these hotels are especially offering a product and service considered to be better quality (i.e. in terms of facilities and service), but at a much more affordable price. A similar situation to what happened with low cost airline carriers, such as EasyJet. These products contribute to a destination's overall goal of attracting an increasing number of arrivals. They diversify a destination's available product and provide more options for visitors – not everyone wants to or can stay in upscale hotels these days – therefore a greater market share can be captured. Indeed, a destination should not be mono-segment, but rather have an even-spread of hotel products. This balance opens up the market and fuels more visitors.

More importantly for owners and investors, economy and budget hotels are more resilient towards a bubble burst. They endure external threats much better, such as economic recessions, low consumer purchasing power, a declining currency, pressure from competing markets and other global uncertainties, whilst offering owners a more secure Return on Investment (ROI), due to much lower operational expenses.

***(Source:** www.tourism-review.com & MKG Hospitality report)*

As Hurghada Tourism SOARS, the place finds favour with Overseas Investors

For overseas property investors adopting an ever-cautionary approach to business during a worldwide economic downturn, Egypt is an attractive prospect. As a country that offers scenery, culture and history as well as a hot climate and a thriving tourism industry, many investors are turning their attention to Egypt as they recognize just how much the country has to offer.

Hurghada, formerly a tiny old fishing village and now an international tourist attraction on Egypt's Red Sea Coast, has been a popular tourist destination for almost 30 years, growing over time due to Egyptian as well as foreign investment. Hurghada has been attracting tourism from other Egyptian cities as well as European countries such as Italy, Germany and the UK.

Famed for its water sports, nightlife and scorching temperatures and with an international airport – offering low-cost direct flights to the UK (Kuwait's Jazeera Airways announced at the start of summer 2009, launching of the flight route from Kuwait to Hurghada). With a generally improved infrastructure, Hurghada has become a property investment hotspot, as investors looking outside the Euro zone to realize all-year-round rental opportunities in Hurghada from winter and Christmas / New Year visitors as well as summer sun seekers.

Attractive off-plan property prices, with continued growth in the housing market as well as increasing tourism numbers (as holidaymakers select Egypt ahead of increasingly expensive Mediterranean destinations) have all contributed to Hurghada's property boom.

So, cheap flights, good accessibility, low property prices and a generally low cost of living, as well as an all-round source of rental income from an ongoing stream of holidaymakers have all contributed to the growth of Hurghada's tourism industry and in turn, attracted the foreign investment at an impressive rate.

Reasonable travel time from Middle East, UK and some parts of Europe, Hurghada has also made Egypt a more appealing prospect for second home seekers who aren't necessarily looking for a source of rental income, but who want to make frequent low-cost trips back and forth, where the strength of the euro has lessened the appeal of traditionally popular Spanish and other European resorts.

(Source: http://www.property-overseas.tv)

New Hotel Developments In The Region

Ramada Plaza, Makkah, KSA:

Ramada Worldwide will be soon opening its 12th hotel in the Kingdom of Saudi Arabia. Ramada has announced that it is continuing its expansion in Saudi Arabia with the signing of an agreement for the five-star, 700-room Ramada Plaza Makkah hotel. The property will be the third Ramada hotel in the Holy City and twelth overall in the kingdom.

Grand Hyatt, Doha, Qatar:

Hyatt Hotels & Resorts opened Grand Hyatt Doha in the 1Q of 2009, a hotel and residential complex, which is the latest addition to Qatar's luxury hospitality offerings and the first Hyatt hotel to be built in the country. Situated in Doha's new West Bay Lagoon district, Grand Hyatt Doha is located on 38 acres (155,000 sq m) of idyllic beachfront and offers 249 well-appointed guest rooms along with 91 private residences.

Kempinski Nile Hotel, Garden City, Cairo:

Opening in March 2010, the Kempinski Nile Hotel, Garden City, Cairo, will become the city's most recognized hotel with boutique flair, offering 191 rooms designed by star designer Pierre Yves Rochon and will feature the most exciting dining locations throughout Egypt. Each year, Kempinski is adding new hotels and resorts in Europe, the Middle East, Africa and Asia. While this growth reflects the strength and success of the Kempinski brand, the collection will remain a limited one, where exclusivity can be nurtured and individuality can flourish.