



The performance of the hospitality sector in the Middle East and North African (MENA) region in May was more or less in line with that in April 2010. The ADR and revPAR continued to grow, increasing 2.1% to \$89.75 and 1.3% to \$144.35, respectively. However, a difference was seen in the occupancy rate, which increased 0.8% to 62.2%, after decreasing 0.6% in the previous month. The improved performance of Beirut was the key reason behind the rise in all the three parameters. The city posted double-digit growth in occupancy rate, ADR and revPAR. For the month of May, the MENA region's hotel construction pipeline comprised 468 hotels with a total of 127,938 rooms; the most active pipeline reported by the UAE.

1. MARKET UPDATE

1.1 MENA Region¹

- Hotel occupancy in the MENA region increased a marginal 0.8% to 62.2% in May 2010 after contracting 0.6% the previous month. Average daily rate (ADR) rose 2.1% to \$89.75 during the month, while revenue per available room (revPAR) increased 1.3% to \$144.35.
- Beirut, Lebanon, reported the largest increase in all three key matrices-occupancy increased 13.9% to 71.1%, ADR increased 27.4% to \$210.57, and revPAR increased 24.6% to \$147.66.
- Abu Dhabi, UAE, reported the largest decrease in all three key matrices-occupancy fell 24.8% to 55.2%, ADR dropped 37.0% to \$188.86, and revPAR decreased 52.6% to \$104.17.

Table 1: Performances of key countries in MENA Region

Country	Occupancy	% change	ADR	% change	RevPAR	% change
Egypt	71.7%	+14.2%	EGP437.36	+8.4%	EGP313.62	+23.8%
Saudi Arabia	54.0%	-15.6%	SAR629.23	+12.5%	SAR340.08	-5.1%
UAE	65.3%	+0.5%	AED670.28	-14.8%	AED437.96	-14.4%

Note: The percentages are increases/decreases for May 2010 vs. May 2009

1.2 Key Trends²

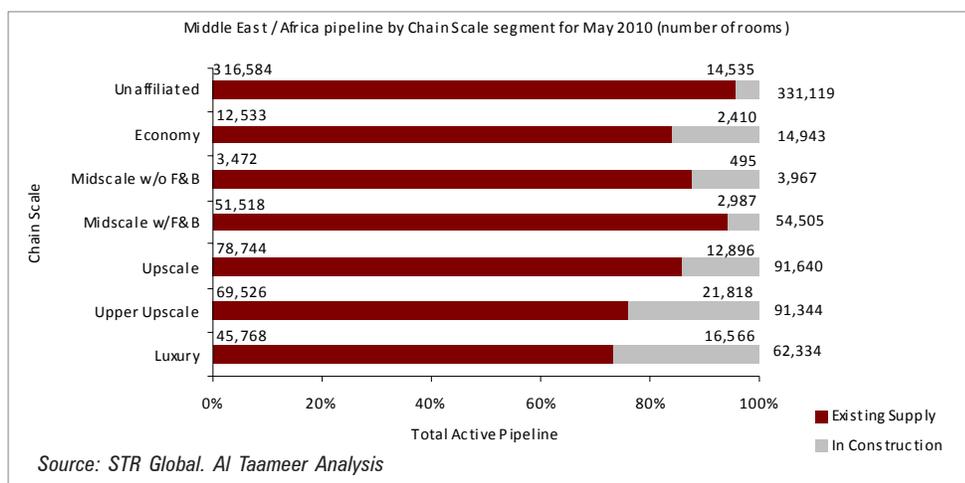
- Hotels are adopting innovative technologies to differentiate themselves. A case in point is Auris Hotel Management, which is launching a chain of hotels in Dubai that will offer, among other benefits, an allergy-free environment, full digital connectivity and 'steam-free mirrors' in washrooms, all at an average price tag.
- Reflecting the rising popularity of hotel apartments in Dubai, the number of guests staying in such apartments increased 11.86% during Q1 2010. In comparison, the number of guests staying in hotel rooms declined 4.74% during the same period.

¹ Source: STR Global Data, Middle East/ Africa Hotel Sector Performance for May 2010

² Zawya news report

1.3 Hotel construction pipeline³

- The Middle East/Africa hotel development pipeline comprised 468 hotels with 127,938 rooms as of May 2010.
- UAE had the most active pipeline (55,629 rooms in May), followed by Saudi Arabia (15,770 rooms). UAE also has the most number of rooms (29,323) in the construction phase.
- The Luxury and Upper Upscale segments jointly account for 47% of all new rooms being added in the MENA region⁴.



2. TOURISM

2.1 Petra becoming major tourist destination in MENA region

- The ancient Nabataean city of Petra, Jordan, recorded a 42% increase tourist arrivals during the first five months of 2010 compared to last year.
- During the month of June alone, Petra attracted 48,600 tourists, a 32% increase compared to tourist arrivals in June 2009. Petra generated revenue of JD 895,000 during June 2010 compared to JD 664,000 during June 2009.
- Economy tourists constitute a major chunk of visitors to Petra. In order to specifically cater to this segment, three new four-star and five new three-star hotels are coming up in Petra. The hotels will jointly add 560 rooms.
- Overall, the number of tourists arriving in Jordan increased 32% to 1.66 mn during January-May 2010, from 1.26 mn in the corresponding period in 2009. Receipts from tourism increased 30% to JD 887 mn from JD 682 mn in the corresponding period the previous year.

2.2 New hotel openings and expansions in Middle East

- Rotana opened its three-star, budget hotel, Centro Barsha, in Dubai in July 2010. It expects to attain 40% occupancy this month. Rotana expects the occupancy level to increase to 65% by the last quarter of 2010. The company plans to expand Centro, its budget hotel brand, to 25 locations across Saudi Arabia, Kuwait, Oman, Abu Dhabi and Sharjah.
- Dubai-based One to One Hotel launched its latest property in Dhour Chouier, Lebanon. The hotel will have 40 rooms, its signature Mediterranean all-day dining restaurant and T-Garden Café & Terrace.
- Dubai-based Coral Hotel & Resorts entered into an agreement with Riyadh-based Al Fanar Group to manage its new hotel in Jeddah. Currently under construction, Coral Jeddah will have 54 rooms, eight suites and eight studio apartments. It is expected to commence operations in early 2011.
- The beachfront Ritz-Carlton Dubai is planning to add 163 rooms to take the total number of rooms to 301. The new rooms, expected to be completed by 2012, will be housed in an adjacent wing and will include 18 suites, including two royal suites. The new wing will feature landscaped gardens, outdoor swimming pools, gymnasium, beauty salons and 13 private treatment rooms.
- The Saudi Commission for Tourism and Antiquities has permitted hotels and furnished apartments to hike prices by 30% and 50%, respectively, during the summer vacation (early July to late September).
- Accor Group has signed an agreement with Syria's Bena Properties to manage two properties at the developer's mixed-used development, Taj Halab. Featuring 129 and 150 keys, the four-star Novotel Hotel and three-star Ibis Hotel will mark Accor's entry to the Syrian market.
- Kempinski Hotels announced the opening of its new hotel, the Kempinski Nile Hotel, in Cairo, Egypt. The property has 137 rooms and 54 suites, four restaurants, spa facilities, and four bars.

³ Source: STR Global Data, Middle East/ Africa Hotel Sector Performance for May 2010

⁴ Zawya news report