MAY 2010 US$250

Middle East Hotel Survey 2010
Reshuffling the Deck

HALA MATAR CHOUFANY, *Managing Director*

HVS – Dubai Office
Dubai Silicon Oasis Headquarters
4th Floor, PO Box 341041
Dubai, UAE
Tel: +971-4-50157-86
Fax: +971-4-50155-77

INTRODUCTION

HVS's Middle East Hotel Survey for 2010 covers 259 hotels totalling 68,888 rooms. The number of participating hotels has increased 85% on last year's survey (or a 74% increase in the total number of rooms). Our sample this year includes branded four-star and five-star hotels, but we have excluded super-luxury hotels as these could skew the results of this survey.

This year, we have included for the first time some additional submarkets, notably in the UAE, Kingdom of Saudi Arabia and Egypt. These submarkets are analysed under the relevant market area.

Using HVS's extensive database of hotel operating results for the Middle East, developed with continuous support from all the major hotel companies present in the region, we report occupancy, average rate and RevPAR (revenue per available room) for each market.

OVERALL TRENDS

With the exception of Beirut, all markets experienced a decline in occupancy. Occupancy among quality hotels decreased by six percentage points to 69% in 2009. This can be attributed largely to the global economic conditions as well as the opening of a number of new hotels in various cities in 2009. Some 14,000 hotel rooms entered the region during 2009, of which 43% was in the UAE market: 27% in Dubai, 15% in Abu Dhabi and 1% in the other emirates.

Beirut's hotel market had a different story to tell; occupancy levels increased by 13 percentage points from 57% in 2008 to 70% in 2009, primarily on account of political stability, a relatively low number of hotel rooms and a growing number of visitors.

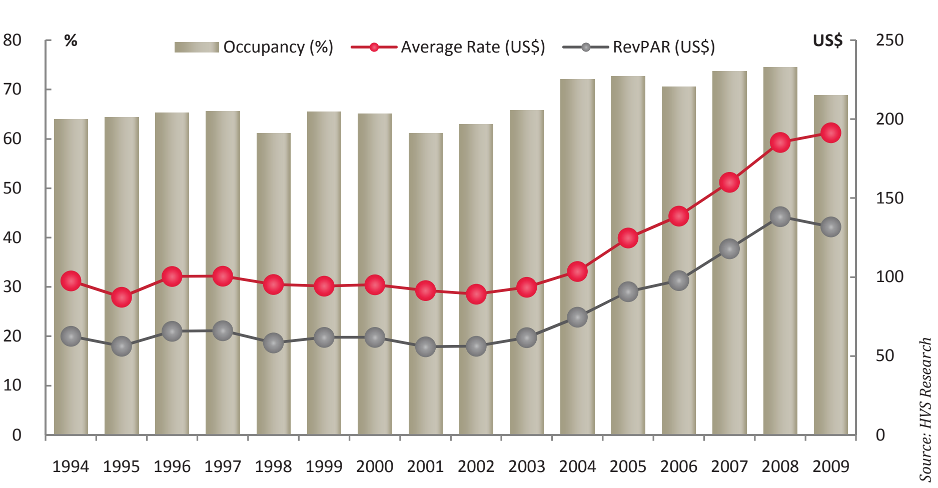
Despite the drop in occupancy, average daily room rate (or average rate) for the region increased by 3%, from US$185 in 2008 to US$191 in 2009. The markets that were worst hit were Dubai (-29%), Bahrain (-21%), Doha (-14%), Amman (-13%) and Hurghada (-10%).

The resultant RevPAR for the region posted a 7% decrease to US$130 in 2009, compared to an 18% increase in 2008.

Despite the above market corrections, the Middle East remains the fastest-growing region in terms of tourism arrivals. We note that while the pace of growth has slowed, the region continues to account for less than 5% of the total number of global tourist arrivals, which reflects strong potential for likely future growth in this area.

Growth in tourism in the region is mainly driven by intra-regional visitation. With the exception of Dubai, Arab visitors account for the majority of tourist travellers in the region. The higher

FIGURE 1 Performance of the First Class Hotels in the Middle East 1994-09



disposable income when compared to other parts in the world and liquidity generated by high oil prices are primary drivers for visitation. Tourist arrivals from the Americas and Europe are dominated by corporate travellers who increasingly look at the opportunities arising in the region from the diversification and privatisation programmes, albeit that foreign companies have adopted a 'step back' attitude throughout 2009.

Our general outlook for the hotel industry in 2010 and 2011 remains conservative, especially in light of the 50,000 hotel rooms that will enter the market over the next two to three years and all the signs pointing to a slow recovery in the key source markets for certain cities. The global economic downturn is a cause of much uncertainty; the immediate effect on hotel activity is a shrinkage in booking windows (much less business on the books, making it difficult to forecast results even in the short term) and a shortening of the length of stay in all segments.

In previous editions of this publication we have warned that a market correction is likely to happen in most of the cities, specifically those in the GCC, resulting in lower occupancy levels and decreases in average rate. As these markets recover and new supply is absorbed into the respective markets, we consider that reasonable occupancy levels will hover around the 68% to 73% bracket for most of the cities.

On the other hand, the current economic downturn has benefits for those developers with liquidity reserves: construction materials are cheaper, qualified labour is plentiful, and the promise of finalising new developments just in time to take advantage of the economic recovery is very appealing.

KINGDOM OF BAHRAIN

One of the most liberal counties in the Gulf, Bahrain's economy is one of the region's most diversified and least reliant on oil; it serves as a major financial centre for the Gulf region and much of the Arab world.

The main source market for Bahrain is the Arab world, which accounts for more than 70% of the total number of arrivals. Asia is the next most important source market: it accounts for approximately 19% of the total visitation.

European and American visitation to Bahrain is minimal, which clearly reflects an opportunity to target and grow these markets once a solid tourism infrastructure has been established within the country.

Five-star hotels account for approximately 27% of the rooms in the market; this category is largely defined by renowned international operators. Four-star hotels account for 35% of the market; however, these hotels tend to be locally branded and their quality may vary significantly from one property to another.

Tourism currently contributes between 12% and 15% of the country's gross domestic product; however, the government's objective is that in ten years this will not be less than 30%.

Following a two percentage point drop in marketwide occupancy in Manama in 2008, a more significant drop of seven percentage points was witnessed in 2009. Occupancy at the quality hotels in the market area decreased from 75% in 2008 to 68% in 2009. This drop was due to the fact that Manama solely relies on business-related demand which, given the current conditions, hampered the market performance.

Although there is a cartel agreement operating between the five-star hotels (which historically resulted in positive growth), marketwide average rate decreased in Manama for the very first time since 1994 (by 21% from US$259 in 2008 to US$205 in 2009). As neighbouring cities have had to discount rates heavily to attract business, Manama came under pressure to reconsider its average rate structure in order to become more competitive.

We are not aware of any branded hotels opening in 2009.

There are a significant number of hotel rooms under construction (approximately 2,200). The majority of this new supply is classified as five-star and luxury hotels in resort destinations. Approximately 40% is scheduled to come into the market in 2010, which is expected to put further pressure on both occupancy and average rate, especially in the absence of serious signs of recovery in the region.

We recommend the development of a midscale and limited service hotel offer to cater to the regional market. We are also cautious in regards to the development of alternative hotel asset classes (timeshare and condominium products) owing to the absence of specific legislation in the Kingdom at the moment.

Once completed, the Durrat al Bahrain, Amwaj Islands and Al Areen projects will potentially enable the government to position Bahrain as an attractive leisure destination for regional visitors. In the meantime, these projects are likely to bring international exposure to the country.

The growth in new budget airlines in Saudi Arabia will support the expansion of Bahrain's tourism, as it will become cheap for Saudi Arabians living in Riyadh and Jeddah to fly to Dammam and then drive into Bahrain along King Fahd Causeway.

The causeway linking Bahrain to Qatar should provide a considerable boost to visitor numbers upon its completion in 2014, opening up a potential market of more than 1 million visitors from Qatar alone.

The government's commitment to diversifying its economic balance sheets and taking initiatives to stimulate the private sector is driving the proliferation of hotel markets at all levels, albeit that this is tempered by the current economic downturn.

Neither meeting and conference demand nor leisure demand can develop in the desired direction without the development of vital infrastructure and upscale facilities.

Partly in recognition that European and US leisure demand would only be attracted by numerous and diverse upscale leisure facilities, many of the current developments are positioned as luxury products. However, we point to an inconsistency and a challenge: Bahrain is not a luxury destination and even its current GCC visitors are not representative of high-income-bracket classes – the transition from a budget, local weekend destination to an international luxury destination may be challenging.

Even in the context of the economic downturn, tourism in Bahrain continues to face strong competition from established Gulf destinations such as Dubai, which offers a similar mix of sun, sand and a liberal atmosphere. More recently, the aggressive rate war in Dubai has resulted in Bahrain's losing a number of groups to the more established destination, and Dubai has slashed its group rates to a level that five-star hotels in Manama were not prepared to match.

EGYPT

Egypt's economy depends on agriculture, media, petroleum exports and, above all, tourism and traffic passing through the Suez Canal.

Foreign direct investment in Egypt has increased considerably in the past few years owing to the recent economic liberalisation measures taken by Minister of Investment Mahmoud Mohieddin.

The tourism sector accounts for 19% of foreign direct investment in Egypt. The government expects this figure to rise by 26%, to US$12 billion, by 2011.

According to the fifth Egyptian Competitiveness Report, released in 2008 and updated in 2009, the tourism sector employs 13% of the country's workforce and accounts directly and indirectly for 11.3% of Egypt's GDP.

The compound annual rate of growth in the number of visitor arrivals has averaged 16% over the last 20 years and 8% over the last ten years, despite regional and global events that have had a negative impact on travel patterns. Furthermore, tourism demand in Egypt has proven resilient to force majeure and, despite setbacks, the recovery in demand has remained strong over the last ten years.

Cairo, Egypt's capital, is the country's main commercial centre and it has grown rapidly over the last decade. With a population estimated to be around 17 million, it is by far the largest city in the Arab world. Cairo is broken down into three hotel markets: Cairo City Centre, Cairo Heliopolis and Cairo Pyramids. Some 1,500 rooms are expected to enter the Cairo market in the next three years.

- In 2009, marketwide occupancy for Cairo City Centre hotels experienced a five-percentage-point drop to 70%, largely caused by reduced commercial and leisure travel as well as the opening of the 566-room Fairmont Hotel. Despite the drop in occupancy, Cairo City Centre hotels were able to increase average rates by 22% from US$160 in 2008 to US$194 in 2009. As a result, RevPAR decreased to US$136 in 2009, down from US$160 in 2008;
- Hotels in Heliopolis experienced a one percentage point drop in occupancy to 66% in 2009. On the other hand, Heliopolis hotels' average rate grew by 12% from US$108 in 2008 to US$121 in 2009. As a result, REVPAR in the market grew by 11%. Heliopolis hotels attract predominantly corporate travellers when compared to the City Centre and Pyramids hotels;
- Quality hotels at the Pyramids experienced a ten-percentage-point decline in occupancy to 76% in 2009. Average rates increased by 6%

FIGURE 2 Performance of Luxury Hotels in Regional Cities in Egypt 2008-09

	Occupancy			Average Rate (US$)			RevPAR (US$)		
	2008	2009	% Point Change	2008	2009	Change	2008	2009	Change
Alexandria	69%	68%	-1	124	110	-11%	85	74	-13%
Aswan	40%	53%	13	57	71	24%	23	38	63%
Dahab	54%	61%	7	82	76	-8%	44	46	4%
Al Gouna/Al Quseir	81%	72%	-9	93	87	-7%	75	62	-18%
Al Soukhna	37%	41%	4	92	82	-11%	34	34	-1%
Al Giza	52%	45%	-7	116	72	-38%	60	32	-46%
Luxor	52%	45%	-7	46	47	2%	24	21	-12%
Nuweiba	84%	85%	1	39	38	-3%	33	32	-1%
Red Sea	79%	71%	-8	89	84	-5%	71	60	-15%
Taba	74%	74%	0	43	41	-5%	32	31	-5%

Source: HVS Research

between 2008 and 2009 to US$72, 60% lower than the rates achieved in the City Centre and 40% lower than the Heliopolis market.

Hotel occupancy in Sharm El Sheikh dropped to 75% in 2009 from 81% in 2008. The is largely explained by the dependence of the market on international leisure tourism which slowed significantly throughout 2009.

Despite the stagnation in average rate, marketwide RevPAR dropped by 19% to US$60 in 2009 (from US$66 in 2008).

Similar to Sharm El Sheikh and with its large dependence on international leisure tourism, hotel occupancy in Hurghada dropped to 80% in 2009 while average rate decreased by 10% to US$45 from US$49 in 2008.

As a result, RevPAR decreased by 18% to US$36 in 2009 from US$43 in 2008.

Aswan, Dahab, Al Soukhna and Nuweiba hotels witnessed increases in occupancy while hotels in Alexandria, Al Gouna, Al Giza, Luxor and the Red Sea all suffered decreases.

Along with a significant increase in occupancy of 13 percentage points in Aswan in 2009, marketwide average rate grew by an impressive 24% resulting in a RevPAR increase of 63%.

The only other market that witnessed an increase in average rate (although modest) was Luxor.

As a result of an increased occupancy, RevPAR in Dahab increased by 4% from US$44 in 2008 to US$46 in 2009.

The 325-room Kempinski Hotel Red Sea opened in 2009.

In view of its exceptional cultural, tourism and historical resources, we expect Egypt's tourism market to continue growing in the medium-term. New mixed-use resorts are being developed on the north coast and the already existing destinations are gradually improving their quality hotel stock and infrastructure.

Generally, tourism in Egypt will remain dependent on the global economy. With the positive prospects of a general increase in tourism and travel, we remain confident of the country's potential for hotel investment. We consider that average rates are lower than those of other destinations in the Mediterranean; however, with a potential liberalisation of flight restrictions and by upgrading the airport infrastructure, growth targets set by the Ministry of Tourism could be achieved.

In terms of hotel investment, Cairo has the potential to absorb the development of branded midscale and limited service hotels. There are opportunities for the development of condominiums and branded residences in the tourism resorts along the north coast, the Red Sea Rim and in South Sinai.

JORDAN

The region's downturn led to an economic slowdown in Jordan. The slowdown in 2009 is mainly due to the decline in inward foreign direct investment and a worsening consumer confidence impacting retail and real estate. Nonetheless, the sharp fall in commodity prices as well as an expansionary fiscal policy should help consumer demand. Also, decreasing exports to the US should be partly offset by the increasing demand in neighbouring Iraq, hence the recovery expected in 2010.

The Jordanian Ministry of Transport has also embarked on a few large scale projects in order to improve the Kingdom's transportation infrastructure. In addition to the expansion of Queen Alia International Airport, the ministry has taken steps to provide the country with an extensive light railway system. The project, costing US$6 billion, will consist of two lines: the north-south line linking the Syrian border to Aqaba (passing by Zarqa and Amman) and the east-west line linking the Iraqi border to the Saudi border (passing by Irbid and Azraq). While such a project could boost economic trade in the region, especially in the case of Iraq, it will also enhance communication between cities in the Kingdom. Both projects are expected to be completed in 2014/15.

In recent years the real estate sector in Jordan has been an important driver of Jordan's economic growth. A number of large mixed-use and residential projects have been announced and have broken ground. It is worth mentioning that the majority of these projects include a hotel and leisure component.

Recently, the government has taken steps to protect the tourism industry from the effects of the global economic recession by providing sales tax cuts for hotels (from 14% to 8%). The tourism ministry has also begun negotiations with the Electricity Regulatory Commission to reduce hotel electricity rates. Finally, the ministry announced that entry requirements for Indian and Chinese tourists would be eased. Such measures could provide a significant boost to hotel occupancy rates as nationals from these countries would have previously faced a long wait after applying at Jordanian embassies for a tourist visa.

There was a very modest increase in the supply of branded hotel rooms in Amman in 2009 with the opening of the Ramada and Ibis hotels, jointly accounting for 365 rooms. Confirmed future openings are expected to add more than 1,600 internationally branded rooms to the existing supply by 2013. Aqaba is also expecting around 2,000 rooms (with just less than 1,000 rooms expected for the Dead Sea) over the next three years.

In 2008, the ACI World Traffic Report ranked Amman's international airport tenth in the Middle East. According to Airport International Group, traffic spanning arrivals and departures at the airport reached 4.8 million passengers in 2009. The 7% increase over 2008 is particularly attributable to the third quarter of the year, when passenger movements in July and August each exceeded a record 500,000 passengers. New and additional flights were also announced in 2009. These include Royal Jordanian, Emirates, FlyDubai, Austrian Airlines, Malev, Bahrain Air and Watanya, and chartered flights from Neosair, Blue Panorama, Hamburg International and Air Mediterranée.

35% of the existing hotel room supply in Amman is in the five-star category, spread over 12 properties. This is followed by the three- and four-star markets, comprising 29 and 13 hotels, respectively. The category with the most properties (34) is the two-star category; however, owing to the smaller size of these hotels when compared to upscale properties, they only account for 12% of the total room count. There are believed to be 72 unclassified hotels in the city.

Jordanians living abroad and nationals from Saudi Arabia are the largest source markets for Jordan, and particularly

FIGURE 3 Performance of Luxury Hotels in Regional Cities in Jordan 2008-09

	Occupancy			Average Rate (US$)			RevPAR (US$)		
	2008	2009	% Point Change	2008	2009	Change	2008	2009	Change
Aqaba	73%	41%	-32	95	126	33%	69	52	-25%
Dead Sea	68%	55%	-14	168	188	12%	115	103	-10%
Petra	75%	59%	-16	86	129	49%	65	76	17%

Source: HVS Research

Amman. Jordanians residing abroad generated 700,000 visitors for year-to-September 2009, an increase of 7% compared to the previous year. Saudi nationals accounted for 900,000 visitors in the same period, increasing by 8%. These increases, among others, were not enough to compensate for the drop in visitation from the Egyptian, Lebanese and European markets, which seem to have slowed down owing primarily to the economic crisis.

As a result of the global economic downturn and its delayed regional repercussions, year-end hotel occupancy in Amman dropped from 66% in 2008 to 57% in 2009. Hotels in the city also experienced a decrease in average rate of 13% from US$161 in 2008 to US$140 in 2009. As a result, marketwide RevPAR dropped by 25% to US$80.

Upcoming supply of internationally branded hotels in Amman has experienced some delays. Despite the opening of the Ramada (in the mid-market category) in May 2009 and the Ibis (in the budget segment) in November of the same year, some of the developments have been pushed to 2010 and 2011. The W hotel (in the five-star category) has also been postponed to 2013 at the earliest. Some 1,500 hotel rooms are expected to enter the Amman market over the next three years. Confirmed room supply for Aqaba includes three hotels totalling 859 rooms expected to open by 2011.

Similar to the drop in occupancy in Amman, the Aqaba, Dead Sea and Petra markets dropped by 32, 14 and 16 percentage points, respectively. All three markets are predominately leisure destinations and highly dependent on the international leisure markets, which slowed down significantly throughout 2009. On the other hand, all three markets witnessed significant increases in average rate as detailed in Figure 3.

Despite early signs of recovery in the first two months of 2010, officials are not necessarily optimistic in their outlook for the year. This is primarily on account of the Jordan Tourism Board downsizing the promotional budget as part of measures taken by the government to reduce the budget deficit in the face of the economic slowdown.

Nonetheless, the Royal Family's efforts to promote Jordan as a prime tourist destination have not gone unnoticed and have fuelled the country's foreign direct investment. Should the country remain peaceful, it is widely considered that Jordan's tourism industry will quickly overcome any downturn it suffers owing to the global crisis.

For more information see our Amman, Jordan – Market Snapshot at hvs.com.

KUWAIT

Despite the announcements of several mega projects such as Failaka Island, Bubiyan Island and the approval of some 15,000 hotel rooms for the city, developments in Kuwait City have been limited over the last three years with very little increase in hotel supply and demand.

Kuwait's tourism relies on regional visitation, specifically from Saudi Arabia, followed by Egypt and India. The main mode of travel to Kuwait remains evenly distributed between land and air travel. We note that air travel is predominantly international in nature.

Occupancy rates for quality hotels in Kuwait City dropped to 59% in 2009 from 62% in 2008. In terms of average rates, 2009 rates remained flat at 2008 levels, averaging US$257, one of the strongest rates in the region in 2009.

Kuwait remains predominantly a corporate destination and, in the absence of any leisure projects in the pipeline, we do not expect occupancy percentages in the city to increase beyond the low 60s in the near term.

We are not aware of any new hotel developments that opened in Kuwait in 2009. Although some 3,000 rooms have been announced to enter the market over the next three years, we consider that only two hotels (approximately 600 rooms) are likely to open in 2010 which, in the absence of any expected recovery, are likely to push occupancies lower with minimal impact on average rate on account of the pricing cartel agreement which so far has enabled hotels to maintain high rates.

Tourism in Kuwait faces challenges related to a very strong local currency that makes it less attractive as a business or leisure destination. Anecdotal evidence suggests that even Kuwaiti investors invest in tourism overseas more than in their own country. The relatively high cost of vacationing in Kuwait makes it unlikely to become a mass-tourism destination. Strong Islamic traditions make this country a very attractive destination to Arab heritage tourists, despite intense competition from other states in the Gulf.

In future, Kuwait needs to implement new tourism strategies to increase its appeal as an international destination and expand its demand base beyond the Arab world. While business tourism remains the most attractive segment to pursue, Kuwait's tourism potential could only be achieved by a better definition of the country's tourism profile and by developing the necessary leisure tourism attractions. The country could capitalise on the strength of its culture and heritage tourism but also increase focus on spa tourism, and sea and sun activities such as yachting, diving and trips to the islands.

We do not recommend any investment in the short term in Kuwait until the marketwide occupancy is showing an early upturn in the cycle.

LEBANON

Following many years of being talked of as a 'depressed' hotel market, Beirut had a different story to tell in 2009. The estimate of real GDP growth by the end of 2009 was revised to 7%, and was estimated to be 6% in 2010 (up from earlier forecasts of 2% and 3%, respectively), according to the Economist Intelligence Unit. Also, foreign reserves increased to US$20.5 billion in 2009. This figure is expected to reach almost US$22 billion by 2011, according to the latest forecast, as investment in the country expands and remittances continue to flow in. This increase is attributable in part to increased confidence in the country's solid banking traditions, which have proven resilient in the face of debt markets in the region and worldwide.

According to the World Travel & Tourism Council (WTTC), travel and tourism is expected to make up around 28% of GDP in 2009 (owing to record visitation figures and record levels of hotel performance); this figure was around 19% in 2008. However, this percentage is expected to decline to approximately 26% by 2019 as other sectors of the economy grow.

Owing to continued stability, the hotel and tourism industry had its best year ever in 2009. The number of airport passenger movements was just under 5 million by the end of the year, and the number of airport passenger movements has grown at a compound annual rate of almost 9% over the last 14 years.

Arabs still account for a large portion of foreign visitation, with Jordan, Saudi Arabia and Kuwait leading the way. Increasing numbers of Iraqi travellers are also contributing to this surge in both leisure and business demand. For instance, it is thought that as Lebanese companies (active in various sectors) expand into Syria, Jordan and Iraq, many training sessions are being held in hotels in Beirut to train foreign staff.

Much of the visitation from the Americas and Europe is made up of Lebanese who hold foreign passports or citizens of those regions with Lebanese ancestry. Nonetheless, European and American visitation is on the rise and is expected to continue to grow as Lebanon's image abroad improves. As awareness of Lebanon's liberal economy, lower business costs, vibrant culture and favourable climate increases, so more and more companies are beginning to consider setting up their regional base in Beirut.

Marketwide occupancy grew by 13 percentage points, from 57% in 2008 to 70% in 2009 (despite the opening of a number of hotels throughout 2009). Similarly, marketwide average rate grew by 97% to US$281 resulting in a RevPAR increase of 143% to US$197.

More than 2,000 hotel rooms of confirmed, branded supply are to open from 2010 onwards. The biggest amount of room supply will come in 2013.

Beirut's Central District will be home to even more hotels, as many will be in what Solidere has designated 'the Hotel District'. This district, along with other parts of the downtown area earmarked for hotel development, accounts for more than 4% of the total built-up area of 4.7 million m² under Solidere's control. The remainder of the area will comprise residential space primarily, as well as offices, commercial space, cultural facilities and government offices.

Also, the Beirut Waterfront Development is currently being masterminded by Solidere. It is part of an area of reclaimed land that will host a quayside of waterside cafés, restaurants, bars, nightclubs, shops, a yacht club and residential space. Solidere, the company spearheading the redevelopment of Beirut after the civil war, has made impressive progress and is now working on the second phase of a project that is rebuilding what was once a world-renowned city.

Should political stability continue, 2010 will witness hotel investment activity the like of which has never been seen before in Beirut and the rest of Lebanon as operators and investors scramble for opportunities. The WTTC has estimated that the tourism sector will directly and indirectly generate US$12.4 billion in 2010, or almost 38% of the country's economic activity.

With the recent formation of a national unity cabinet promising economic prosperity, and after the industry generated a record US$7 billion in 2009, it is hoped that reforms will be undertaken, the ministry will be modernised and a joint, efficient marketing effort will be launched to boost visitation and improve the country's image abroad.

Despite the recent opening of luxury hotels such as Le Gray and the Four Seasons, it is considered that Lebanon still lacks branded supply across this segment, as well as in the commercial five-star, midscale and budget markets. However, Beirut is increasingly becoming a market with high barriers to entry. Prime land is becoming scarce, which explains the rush to develop strategic properties.

The country's infrastructure as it is today cannot cope with growing tourism numbers, as the airport is reaching its maximum capacity and the road network is feeling the strain. This is particularly noticeable in the peak summer season and year-end holidays. Therefore, in order to facilitate the development of a tourism destination, significant improvements need to be made across various aspects of the infrastructure: airport expansion, road improvements, tourism attractions and business facilities.

For more information see our Beirut and Beyond – An Unparalleled Insight article at hvs.com.

QATAR

Oil and natural gas revenues have given Qatar one of the highest incomes per capita in the world. According to the Economist, in 2009 Qatar was ranked the second-richest country in the world by purchasing power parity; next on the list for the Middle East was Kuwait City in tenth position. Qatar is currently the world's largest exporter of liquefied natural gas, after Indonesia, and possesses the third-largest reserves of gas in the world, after Russia and Iran.

Qatar's policy of economic diversification has led to a slowdown in gas-related projects (excluding petrochemical schemes) and increased focus on non-energy sectors such as education, health and transport. Strategic economic diversification steps taken by Qatar to increase its appeal to sources of foreign direct investment include the establishment of several free trade zones and the preservation of a very competitive fiscal environment (that is, no income tax). The success of these strategies are reflected in the momentum gained by Qatar's construction and tourism industries, which have benefited from extensive domestic and foreign investment.

Over the last few years, the government, backed by a significant amount of investment, has made efforts to improve the capital's infrastructure, commerce and tourism. Currently, the government is executing aggressive plans to transform Doha into a business and knowledge resource centre in the Middle East, and major infrastructural, commercial and leisure projects are currently under construction as a consequence.

Also, Doha has emerged as a significant layover destination in the Middle East, owing to the rapid expansion of Qatar Airways and its monopoly on regional airspace, and this has helped to increase the number of passenger movements at Doha International Airport. The Government of the State of Qatar is currently building a new US$2 billion airport to the east of the current airport to assist in positioning Qatar as a leading regional aviation hub and to increase passenger capacity by 50 million passengers a year. Construction on the airport began in 2004 and should be completed in 2015.

The largest source market for Qatar is the GCC, which accounts for approximately 55% of the total number of visitors. Doha is predominantly a corporate destination (65% of guests are corporate guests), followed by 30% meeting and government related visitation.

Marketwide occupancy amongst quality hotels in Doha dropped by 11 percentage points from just under 70% in 2008 to 58% in 2009. This was accompanied by a drop in average rates (despite the cartel agreement) of 14% resulting in a RevPAR decrease of 28% to US$152 from US$213 in 2008.

The increase in supply in 2009 was not met by an increase in demand, reflected by the drop in marketwide occupancy. Both the W Hotel and Grand Hyatt entered the market in 2009 and have added pressure in light of the decrease in visitation. A similar dynamic is likely to endure over the short to medium term. In spite of an expected increase in demand once the main source markets start recovering, the aggressive competitive hotel pipeline – some 3,300 rooms have been confirmed to enter the market over the next four years, predominantly five-star hotels – will result in moderate citywide occupancies in Doha in the near future.

Doha is becoming a strong corporate and business destination in the Gulf. The growth of Qatar Airways is benefiting the city and making Doha a transportation hub with significant numbers of passengers in transit being accommodated in the local hotels.

The significant increase in hotel rooms in the short term is likely to impact the currently high profitability of Doha's quality hotels until additional demand is induced from the various developments in the city, such as the Heart of Doha, Education City, Lusail and the Qatar Pearl.

KINGDOM OF SAUDI ARABIA

The Kingdom possesses the world's largest proven gas reserves (21% of the world's reserves). Roughly 75% of budget revenues emanate from the oil industry.

The oil prices witnessed in August 2008 allowed for the Kingdom to stockpile excess liquidity which directly contributed to the Kingdom's attractiveness in the eyes of international investors.

Saudi Arabia's mostly young population has grown considerably in recent years, which is driving the real estate sector and infrastructure projects. Tourism is split into two equally important sources: domestic and inbound.

Inbound tourism consists of business and religious tourism. While the Hajj is seasonal, Umrah is spread throughout

FIGURE 4 Performance of Luxury Hotels in Regional Cities in Kingdom of Saudi Arabia 2008-09

	Occupancy			Average Rate (US$)			RevPAR (US$)		
	2008	2009	% Point Change	2008	2009	Change	2008	2009	Change
Al Khobar	61%	62%	1	229	233	2%	141	145	3%
Al Qassim	35%	50%	15	150	140	-7%	53	70	32%
Burayda	45%	52%	7	140	143	2%	63	74	17%
Dammam	60%	71%	11	179	185	3%	108	131	21%
Medina	61%	63%	2	96	106	10%	59	67	14%
Mecca	60%	55%	-5	182	228	25%	109	126	16%
Taif	48%	58%	10	176	170	-3%	85	99	16%

Source: HVS Research

the year. Business tourism resides mainly in Riyadh, the capital and commercial hub, and spills over to the oil wells of the Kingdom, mainly the eastern provinces. Inbound flights have increased at the expense of domestic ones despite the still relatively painful visa process. The main feeder markets are Middle Eastern and Southeast Asian countries.

Land is the preferred means of transport among domestic tourists who travel across the country for leisure and sometimes business. The Saudi Commission for Tourism and Antiquities is looking into ways to develop and further benefit from this high-potential market by undertaking infrastructure development initiatives, such as the proposed railway system, and creating new destinations by redeveloping heritage sites across the Kingdom. This comprehensive vision offers plenty of opportunities for the hospitality sector.

The Saudi Commission for Tourism and Antiquities has recently launched a new classification system for hotels, in an attempt to converge local standards with international ones. The survey has been conducted on a countrywide basis, except for Mecca city and Madina. Hotels have been provided with their new classification or a list of requisites they need to successfully achieve in order to maintain their old classification.

The bustling Olaya district is the heart of Riyadh and it offers a choice of accommodation, entertainment, dining and shopping. King Fahad Road, parallel to Olaya, is the other main artery of the city. The Kingdom Centre, Al Faisaliah and Al-Tahlia Street are the area's main landmarks.

Domestic hotel guests are those that do not have the use of private accommodation in Riyadh, and this portion is low; only 21% of domestic tourists in Riyadh choose to stay in hotels. This can somewhat be explained by looking at the purpose of visit among Saudis: visiting friends and relatives tops the list, constituting 47% of Saudi tourists to Riyadh. Predominantly, these tourists are provided with accommodation by their friends and families and usually spend up to two weeks in Riyadh. Hence, hotels, especially the relatively expensive internationally branded ones, do not capture much of this segment.

Leisure demand comes second at 35% of total domestic demand. The modal average length of stay is four to seven nights.

Unlike domestic tourists, hotels form the preferred type of accommodation among business tourists at 52%, followed by private accommodation, which is mostly accommodation owned or rented by companies operating in Riyadh.

Business is also the main reason for inbound visitation, constituting 54% of total demand, followed by visiting friends and family that reside or work in Riyadh (38%).

The length of stay among these tourists varies less across categories, and four to seven nights remains the modal length of stay (32%); however, 45% of total inbound tourism spends two weeks to three months in Riyadh.

As the capital of an oil-driven economy, the number of arrivals to Riyadh is highly correlated with the price of oil. The soaring oil price contributed substantially to a spike in the number of arrivals by July 2008 but contributed to a year-on-year decline after the month of August, especially among domestic travellers. This can be partly explained by cheaper gas which rendered land transport more attractive and by decreased interest in travelling to Riyadh by the fourth quarter of 2008 among the companies that were hit by the oil slump.

In 2006, the market was dominated by locally managed properties but, since then, there has been a trend to upgrade and many of the obsolete properties underwent, or are currently undergoing, refurbishment to remain competitive with the current and proposed competition. Four-star and five-star rooms combined constitute two-thirds of Riyadh's room-supply.

Average rate is consistently growing, reaching US$297 in 2009 from US$202 in 2007, as Riyadh grows on the business tourism map in times of a global liquidity crunch. However, occupancy dropped by seven percentage points to 67% in 2009, owing to the increase in supply and inbound tourists tightening their belts through shorter stays or even a move to the unbranded, cheaper hotels. The increase in average rate more than compensated for the drop in occupancy. As a result, RevPAR increased by 16% to US$200 in 2009.

Around 1,600 rooms are expected to be added to the Riyadh hotel supply by 2013. However, the pipeline is balanced and is not expected to affect hotel performance figures.

Part of the Mecca province, Jeddah (which used to be the capital of Saudi Arabia) is a summer and leisure escape destination for Saudis as it is considered to be a less stringent place when compared to other cities in the Kingdom and it is the second-largest retail destination in the Gulf after Dubai.

From June to October every year, the King and his court relocate to Jeddah. As a result, many local businesses and all official entities have a second presence in Jeddah.

While Jeddah used to benefit from transit traffic during Hajj, new legislation requires pilgrims to stay at hotels in Mecca to fill up the significant number of newly built hotel rooms. The split of inbound and domestic arrivals to Jeddah is expected to be significantly different this year as a result.

86% of domestic trips to Jeddah are by land, and these tourists tend to stay at apartments for a period of five to seven days. However, hotels are the preferred type of accommodation among inbound tourists.

In addition to a slight dip in average rate (-2%), RevPAR decreased by 7% in 2009 to US$149 on account of an additional drop in occupancy to 73%. The impact of economic distress is typically witnessed first on occupancy levels, before transitioning to average rates.

Jeddah's Red Sea coastline could be an advantage when promoting tourism in the city; however, the question remains whether the Kingdom is culturally ready for such a transition that could pull them further away from traditions and the rule of religion. About 1,000 rooms are planned to enter the market by 2013.

While occupancy increased across almost all of Saudi Arabia's other listed cities in 2009, it dropped in Mecca. This can be attributed to the increase in supply. However, since most of the new supply is luxury, branded hotels, marketwide average rate in Mecca increased by 25%.

Both Al Qassim and Taif witnessed a drop in average rates owing to large increases in occupancy.

Al Khobar, Burayda, Dammam and Medina succeeded in growing both occupancy and average rate, a phenomenon that can largely be attributed to the growth in domestic demand, faced by an unequal growth in supply.

A rapidly expanding and relatively affluent population makes Saudi Arabia one of the more attractive consumer markets in the region. The expanding population, coupled with increasing average incomes in most years, will continue to feed demand for infrastructure and services, particularly energy, water, telecoms and technology, housing, health, and education. The government will remain a major force in the economy, although there is a long-term effort to encourage a greater role for the private sector. Oil export revenue will continue to provide the bulk of government income, and fiscal policy will thus be constrained by oil market developments. Nonetheless, substantial savings built up in recent years will enable the government to play a significant role in financing new industrial and infrastructural projects, with a long-term strategy of reducing the country's dependence on crude oil exports, using most of its energy resources as feedstock for value-added, energy-intensive industries and creating jobs in manufacturing, tourism and other services.

SYRIA

The global financial crisis has impacted the Syrian economy, slowing real GDP growth to around 3% in 2009, according to the IMF. The factors that prevented an all-out recession in Syria (negative or zero GDP growth) were a favourable agricultural season, a very conservative and protected banking culture, and the improvement of relations with the West which encouraged, to a certain extent, bilateral trade relations and investments, and tourism visitation.

Recent high level moves to liberalise the economy have led to unprecedented investment activity, particularly in the real estate sector. Lending facilities for home ownership have been relaxed, thus facilitating access to finance. Also, in addition to simplifying the tax structure and reducing the tax rate, the government launched GCREDI (the General Commission for Real Estate Development and Investment) to oversee related developments in the country. This is expected to stimulate investment in this sector even further.

As the country opens its doors for foreign direct investment, such moves are also expected to increase the economy's attractiveness for industry and market players in the region and worldwide. Foreign individuals can now own residential property as end users only, with a restriction on reselling or renting out for a period of five years. Also, foreign companies can now establish a presence in Syria and benefit from investment incentives as well as favourable taxation levels.

The general real estate market in Syria has been on the rise since 2006 and is now thought to employ around 15% of the active population. Several reasons have been attributed to this growth. These include the increasing demand for high-end real estate from local and foreign (mainly regional) business executives, a justified interest in tourism and tourism-related developments, and an overhaul of the country's infrastructure, particularly in Damascus. There is also an increased demand for retail and office space. With the gradual lifting of a ban on foreign imports, investors thus see a potential in developing malls and hypermarket chains, which the country clearly lacks. Al Futtaim, Emaar and Saudi Binladin are among the regional players behind the development of large shopping malls across the country.

Foreign banks, such as Audi Bank, have gradually entered the Syrian market since 2003. Others that have established a presence over the period include BLOM, Byblos Bank, Fransabank and Arab Bank from Lebanon, as well as Qatar National Bank, among others.

Arabs are thought to make up roughly 60% of total visitation to Syria. This is followed by Europeans (around 20%), Syrians residing abroad and Iranians (approximately 10% each).

The WTTC expects the tourism industry to generate US$5.5 billion in 2010, and to increase to US$7.9 billion in 2020. The sector is expected to grow at just over 4% in 2010 and to average more than 3% a year over the next ten years.

With around 1,000 branded hotel rooms in the Syrian capital today, Damascus expects this supply to double by 2013 as more international chains open. Some of these chains are also opening properties in Aleppo, Latakia and Homs. Some 750 rooms are confirmed to enter the market in 2013.

Occupancy among quality hotels in Damascus decreased by eight percentage points while average rate grew by 33% to US$236, resulting in a RevPAR increase of 19%. Average rates in Damascus have grown aggressively over the last three years by 26% in 2007 and 48% in 2008. The increase in average rate is largely attributable to the fact that historically rates were very low in Damascus when compared to other cities across the Middle East and the limited number of quality hotels in the city.

Other cities in Syria, such as Aleppo and Latakia have also seen a significant improvement in average rate (18% and 33%, respectively). Average rate in Aleppo grew to US$132 in 2009 (US$97

FIGURE 5 Performance of Luxury Hotels in Regional Cities in the UAE 2008-09

	Occupancy			Average Rate (US$)			RevPAR (US$)		
	2008	2009	% Point Change	2008	2009	Change	2008	2009	Change
Abu Dhabi	81%	73%	-8	309	294	-5%	250	216	-14%
Dubai	81%	69%	-12	261	184	-29%	211	128	-40%
Fujairah	74%	69%	-4	183	156	-14%	135	109	-19%
Ras al-Khaimah	81%	67%	-15	135	131	-3%	110	87	-21%
Sharjah	83%	67%	-16	96	78	-19%	80	52	-34%
Ajman	77%	63%	-14	245	172	-30%	189	108	-43%
Al Ain	71%	69%	-2	158	157	-1%	112	108	-4%

Source: HVS Research

in 2008) and in Latakia to US$119 in 2009 (US$87 in 2008). Both cities are becoming increasingly attractive for developments and there has been a considerable increase in visitation and investment appetite for these two markets.

Tourism in Syria is an important sector of the country's economy. However, poor awareness of the destination in some source markets and political instability has stifled growth. Assuming a stable economic and political environment – together with the incentives provided by the government, increased quality hotel supply and international awareness of Syria as a leisure and cultural destination – tourism in Syria has the potential to grow substantially in the longer term.

Although the Syrian government has undertaken major infrastructure projects over the last few years, there is still a strong need for further infrastructure development in areas such as public and tourist internal transport, airports and telecommunications. The future growth of tourism will be dependent on the quality of the infrastructure in the country. Also, lending activity is expected to increase with the introduction of new credit facilities.

With airlines increasing the number of flights and hotels continuing to perform well, we expect demand growth to stay strong in the coming years. In the short term quality hotel supply (especially internationally branded supply) is expected to grow slower than demand, resulting in higher levels of room occupancy. This is based on the current development pipeline and the fact that some hotel companies may not be comfortable doing business in Syria while their government is holding sanctions against Syria.

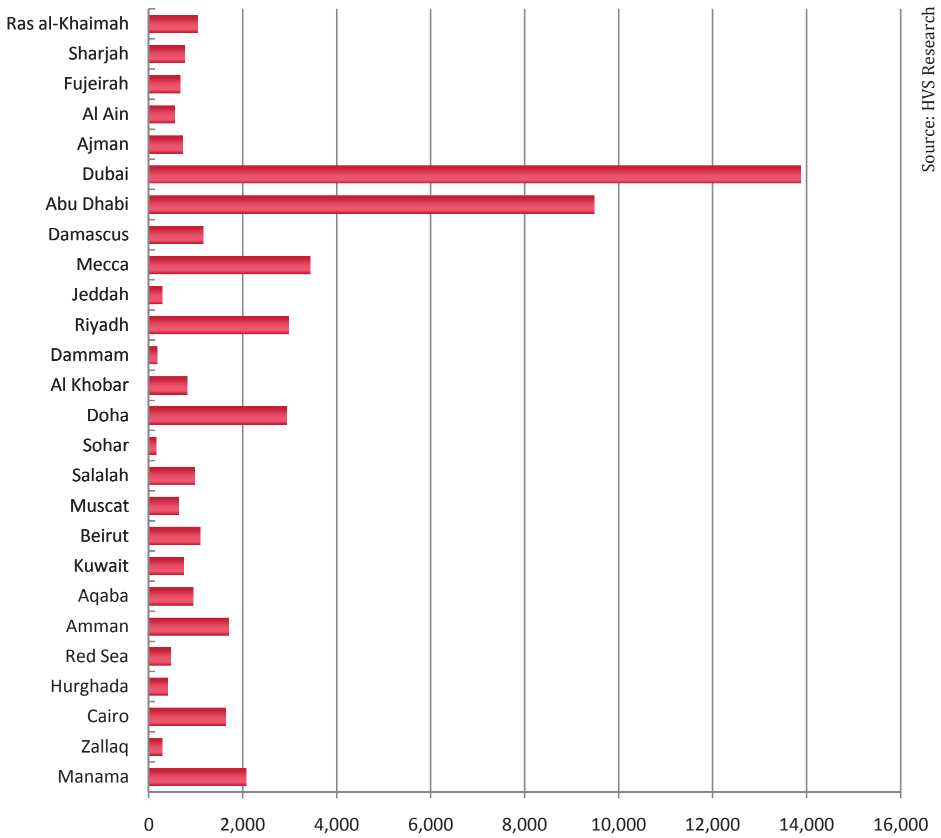
For more information see our Damascus, Syria article at hvs.com.

UAE

With a slowdown already under way in the latter part of 2008, there was little momentum for the UAE economy going into 2009. During 2009 the global recession hit the UAE hard, leading to a sharp reduction in construction activity, especially in Dubai. This came in addition to OPEC-mandated cuts in oil production (which affected Abu Dhabi's output for most of the year), weak growth in investment and almost no expansion in services.

Because of the global financial crisis, economic policy in the first part of 2010 will concentrate on restoring confidence in the UAE economy – particularly the financial and real estate sectors – with a focus on Dubai.

FIGURE 6 Projected New Hotel Room Supply 2010-13



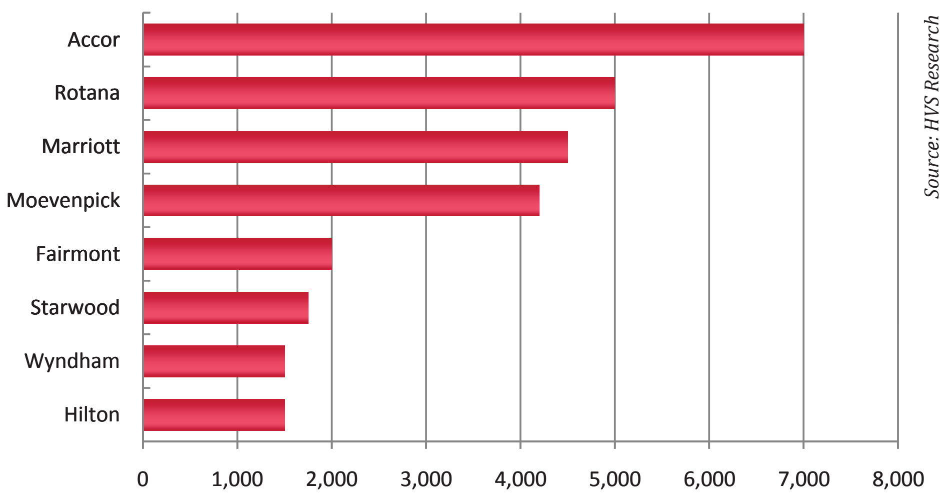
Europe remains the largest source market, albeit at the beginning of 2009 there were indications of a decrease in visitation compared to the same period in 2008. The likely cause of this decline was the depreciation of the euro against the dirham in 2008 and 2009. However, the euro is expected to appreciate again in 2010 and this should help drive growth in the number of European guests.

The number of local UAE visitors has continued to rise over the years and in 2009 visitation from the neighbouring emirates increased by approximately 50%, owing in all probability to the state of the world economy.

The market that took the worst hit in regards to RevPAR was Ajman (-43%), followed by Dubai (-40%) and Sharjah (-34%). The highest occupancy was achieved in Abu Dhabi at 73%, down from 81% in 2008. Ajman recorded the lowest occupancy at 63%, a 14 percentage drop on 2008. The highest average rate was achieved by Abu Dhabi (finishing the year at US$294), followed by Dubai (US$184) and Ajman (US$172).

Some five hotels (totalling 1,330 rooms) came into the Abu Dhabi market in 2009. An additional 8,000 hotel rooms are expected to enter the market over the next three to four years.

FIGURE 7 Operators Most Active in Terms of Brand Expansion



Dubai saw the opening of 3,000 hotel rooms in 2009 and an additional 9,000 rooms are expected to enter the market in the next four years.

The 322-room Cove Rotana opened in Ras Al Khaimah in 2009 and an additional 1,000 hotel rooms are expected to open over the next four years.

Additional hotel rooms are set to open in Sharjah (770 rooms), Ajman (720 rooms), Al Ain (555 rooms), and Fujairah (600 rooms) in the near term.

The global economic crisis has impacted all segments of tourism and has caused slowdowns in both business and leisure travel to the UAE. Combined with the increased levels of new supply, this slowdown has caused a significant downturn in tourism and the country's hospitality sector.

Although the pipeline of new supply has declined owing to the cancellation and delay of projects at the early stage of planning, there remains a significant level of committed supply that will enter the market within the next two to three years and will put additional pressure on occupancies and average rates in the various emirates.

NEW SUPPLY

Using our knowledge of the current market conditions, cancellations and the status of projections under construction, HVS estimates that some 50,000 rooms are likely to enter the Middle East and Egypt market over the next four years. Including some 10,000 hotel rooms that opened in 2009 (bringing the total to 60,000 since 2009), some 23,000 rooms have been cancelled in comparison to 83,000 that were expected to enter the region at the beginning of 2009.

Topping the development list is Dubai, which will see some 14,000 rooms enter the market, followed by Abu Dhabi with some 10,000 rooms. We note that the confirmed supply for Beirut, Damascus, Riyadh and Jeddah is conservative when compared to the shortage in quality hotels in these markets; it is rather likely that new announcements will be made shortly as developers and operators sign agreements.

The most active operators in the expansion of their brands are Accor, Rotana, Marriott, Mövenpick, Fairmont, Starwood, Wyndham and Hilton. Other key operators that are also growing their presence in the region include Mandarin Oriental, Hyatt Corporation and Banyan Tree Hotels & Resorts.

###

FIGURE 8 Average Annual Occupancy 1994-09

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% Point Change 2008-09	Average
Bahrain	Manama	65 %	58 %	53 %	63 %	58 %	56 %	59 %	62 %	64 %	64 %	72 %	75 %	71 %	77 %	75 %	68 %	-7	65 %
Egypt	Cairo – City Centre	—	67	73	75	69	79	78	66	68	67	78	79	77	76	75	70	-5	73
	Cairo – Pyramids	—	58	66	66	47	70	76	61	62	61	73	76	75	80	86	76	-10	67
	Cairo – Heliopolis	—	65	79	72	70	83	83	75	75	73	75	77	74	86	67	66	-1	77
	Hurghada	48	63	70	63	50	80	77	65	66	66	86	75	75	86	88	80	-8	71
	Sharm El Sheikh	79	73	72	66	68	79	63	61	66	64	75	71	66	76	81	75	-7	71
Jordan	Amman	61	74	71	61	56	56	59	44	45	57	72	70	58	64	66	57	-8	61
Kuwait	Kuwait City	44	41	44	46	46	47	46	49	53	84	64	70	65	58	62	59	-3	55
Lebanon	Beirut	—	—	45	61	61	56	57	55	57	59	71	52	48	39	57	70	13	56
Qatar	Doha	61	75	80	78	72	61	58	56	60	72	72	71	71	71	70	58	-11	68
Saudi Arabia	Jeddah	68	64	61	58	60	59	63	59	57	53	54	61	64	73	77	73	-4	62
	Riyadh	66	62	61	62	63	62	60	61	65	64	55	62	70	71	74	67	-7	64
Syria	Damascus	70	73	68	70	69	69	66	65	67	65	69	75	73	80	79	71	-8	71
UAE	Abu Dhabi	65	58	66	65	66	64	67	67	68	68	82	85	84	81	81	73	-8	71
	Dubai	74	69	74	73	70	70	74	71	76	79	86	82	84	87	81	69	-11	76
Average		64 %	64 %	65 %	65 %	62 %	66 %	66 %	61 %	63 %	66 %	72 %	72 %	70 %	74 %	75 %	69 %	-6	67 %

Source: HVS Research

FIGURE 9 Average Rate 1994-09 (US$)

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% Change 2008-09
Bahrain	Manama	86	87	92	90	93	102	105	103	119	122	132	177	196	249	259	205	-21 %
Egypt	Cairo – City Centre	—	73	72	78	78	80	86	85	77	75	75	87	99	137	160	194	22
	Cairo – Pyramids	—	38	42	46	44	47	59	60	36	38	42	46	49	61	68	72	6
	Cairo – Heliopolis	—	59	62	61	62	62	68	65	59	60	63	67	77	107	108	121	12
	Hurghada	67	39	41	44	30	34	41	35	30	32	40	47	46	41	49	45	-10
	Sharm El Sheikh	51	49	53	52	35	44	45	41	37	39	42	52	54	53	81	80	-1
Jordan	Amman	67	75	83	83	81	71	68	68	65	69	85	118	132	147	161	140	-13
Kuwait	Kuwait City	209	205	213	201	204	203	214	218	216	233	230	237	239	239	260	257	-1
Lebanon	Beirut	—	—	166	173	143	129	110	101	110	154	168	116	110	78	143	281	97
Qatar	Doha	65	68	77	101	116	112	115	105	100	101	146	268	296	306	304	261	-14
Saudi Arabia	Jeddah	99	103	117	115	113	111	119	110	104	104	114	144	137	165	208	205	-2
	Riyadh	98	105	106	110	113	116	115	110	107	104	105	110	142	202	233	297	27
Syria	Damascus	102	73	124	118	111	104	97	94	94	102	100	105	95	120	178	236	33
UAE	Abu Dhabi	108	114	129	111	101	99	88	89	89	87	91	117	167	238	309	294	-5
	Dubai	117	119	120	126	107	104	105	100	110	113	144	192	225	258	259	184	-29
Average		97	86	100	101	95	95	96	92	90	96	105	125	138	160	185	191	3 %

Source: HVS Research

FIGURE 10 RevPAR Performance 1994-09 (US$)

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% Change 2008-09
Bahrain	Manama	56	51	49	56	54	57	62	64	76	78	95	133	140	193	195	139	-29 %
Egypt	Cairo – City Centre	—	49	53	58	54	63	67	56	52	50	59	69	77	105	160	136	-15
	Cairo – Pyramids	—	22	28	30	20	33	45	37	22	23	31	35	37	52	58	55	-5
	Cairo – Heliopolis	—	38	49	44	43	52	57	49	44	44	47	52	57	85	72	80	11
	Hurghada	32	24	29	28	15	27	31	23	20	21	34	35	34	35	43	36	-18
	Sharm El Sheikh	40	36	38	34	24	35	28	25	24	25	32	37	36	40	66	60	-9
Jordan	Amman	41	55	59	51	45	40	40	30	29	39	61	82	77	95	106	80	-25
Kuwait	Kuwait City	93	83	93	93	94	94	98	107	114	196	147	165	155	139	160	151	-6
Lebanon	Beirut	—	—	75	105	88	73	62	56	63	91	119	61	53	30	81	197	143
Qatar	Doha	39	51	62	79	83	69	67	59	60	73	105	191	208	218	213	152	-28
Saudi Arabia	Jeddah	67	66	71	67	68	66	75	65	59	55	62	88	87	121	161	149	-7
	Riyadh	65	66	64	69	71	72	69	67	70	67	58	68	100	143	173	200	16
Syria	Damascus	71	53	84	82	76	72	65	61	63	66	69	79	69	95	140	167	19
UAE	Abu Dhabi	70	66	85	72	66	63	60	60	61	59	75	99	140	192	252	216	-14
	Dubai	87	82	89	92	75	73	78	71	84	89	124	158	188	225	209	128	-39
Average		60	53	62	64	58	59	60	55	56	65	74	90	97	118	139	130	-7 %

Source: HVS Research

Hala Matar Choufany is the Managing Director of HVS Dubai and is responsible for the firm's valuation and consulting work in the Middle East and North Africa. She joined HVS London in 2005 and moved to HVS Shanghai in September 2006 where she helped grow the office and its business in the Asia region. She relocated to Dubai in September 2007 and looks after HVS's interests in the Middle East. Before joining HVS, Hala had four years' operational and managerial hotel industry experience. She lectured at Notre Dame University in Lebanon on International Travel and Tourism. Hala holds an MPhil from Leeds University, UK, an MBA from IMHI (Essec-Cornell) University, Paris, France, and a BA in Hospitality Management from Notre Dame University, Lebanon. Hala has worked on several midscale and large-scale mixed-use developments, has provided high-level strategic advice, and has conducted numerous valuations, feasibility studies, operator searches, return on investment analyses and market studies in Europe, the Middle East and Asia.

HVS Dubai Office
Dubai Silicon Headquarters
4th Floor, PO Box 341041
Dubai, UAE
Tel: +971-4-50155-86
Fax: +971-4-50157-77

For further information please contact Hala Matar Choufany on +971-4-50155-86 (hchoufany@hvs.com) or visit hvs.com

About HVS

HVS is the world's leading consulting and services organisation focused on the hotel, restaurant, shared ownership, gaming and leisure industries. Established in 1980 by President Steve Rushmore, MAI, FRICS, CHA, the company offers a comprehensive scope of services and specialised industry expertise to help you enhance the economic returns and value of your hospitality assets.

Steve began his career in the 1970s as a consultant in the hospitality division of a prominent New York City real estate firm. Through that experience, Rushmore noted the limited body of knowledge available to assess the value of hotels and motels, taking into consideration both the business and real estate components. Rushmore's first book, The Valuation of Hotels and Motels, quickly became the definitive work on the subject and, soon after, HVS was born. The HVS method of providing an economic study and valuation for hotels and motels immediately became, and continues to be, the industry standard.

Over the past three decades, HVS has expanded both its range of services and its geographical boundaries. The company's global reach, through a network of 30 offices staffed by 300 seasoned industry professionals, gives you access to an unparalleled range of complementary services for the hospitality industry.

Our clients include prominent hotel owners, lending institutions, international hotel companies, management entities, governmental agencies, and law and accounting firms from North America, Europe, Asia, Latin America, and the Caribbean. Our principals literally 'wrote the book' on hospitality consulting, authoring numerous authoritative texts and hundreds of articles. HVS principals are regarded as the leading professionals in their respective regions of the globe. We are client driven, entrepreneurial, and dedicated to providing the best advice and services in a timely and cost-efficient manner. HVS employees continue to be industry leaders, consistently generating a wide variety of articles, studies and publications on all aspects of the hospitality industry.

HVS is the industry's primary source of hotel ownership data. Our 2,000+ assignments each year keep us at the forefront of trends and knowledge regarding information on financial operating results, management contracts, franchise agreements, compensation programmes, financing structures and transactions. With access to our industry intelligence and data, you will have the most timely information and the best tools available to make critical decisions about your hospitality assets.

For further information regarding our expertise and specifics about our services, please visit www.hvs.com.