

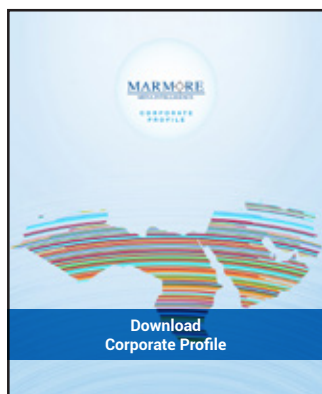
GCC Tourism and Hospitality

Research Highlights:

Analyzing the Hospitality Sector focusing on the supply-demand dynamics and investment trends. The report also discusses the various growth drivers, trends and challenges in the industry.



About Marmore



Organizational Background

Marmore MENA Intelligence provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Marmore is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

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Experience/Qualifications

Marmore is the only regional firm providing niche research based on strong analytics in areas that are less researched. Marmore provides full range of financial market, sector specific and economic and policy researches, as well. The different types of researches are availed based on the client's requirements. It is notable that Marmore research reports have regularly been used by various renowned institutions to better understand the MENA region.

Marmore's strengths can be summarized as follows:

- » Consistent track record of quality, in-depth research offerings;
- » Skilled team with extensive experience in advanced quantitative and qualitative analysis techniques;
- » Deep understanding of MENA market and access to wide-ranging database
- » Delivers high quality, client specific, insightful research reports; highlighting key client issues and uncovering key answers/opportunities for the clients.

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Executive Summary

The GCC region is rich in hydrocarbon assets and is home to the largest proven crude oil reserves in the world. The region ranks as the largest producer as well as exporter of petroleum and plays a leading role in the global petroleum market and OPEC in particular. GCC countries account for 41% of the total OPEC oil reserves and 55% of the total OPEC crude oil production. However, with a widely shared strategic goal of diversifying away from the hydrocarbon sector, the GCC has been focusing on non-oil sectors. The hospitality sector (which is influenced by travel & tourism) is one such sector that can assist in diversification of the GCC economies. Expansion of private sector through reforms, investment of oil revenues in local non-oil economy, attracting higher international tourist arrivals and hosting of international events can drive the growth in the hospitality industry.

As per our estimates, the GCC is home to 733,000 hotel rooms as of 2017. The GCC hotel pipeline consists of 1,156 projects worth USD 147.5Bn. Out of which, 724 are hotel projects worth USD 78Bn, 140 are resort hotels projects of worth USD 50Bn and 292 are hotel apartments of worth USD 19.5Bn. The GCC is expecting an additional 58,000 keys to enter the market in 2019 with Dubai, Makkah and Riyadh facing the highest increases in supply. According to data from hospitality industry service provider HVS Global Hospitality Services, the average occupancy rate for GCC is estimated to be 58% for the year 2017, whereas, the Average Daily Rent (ADR) for the year 2017 is estimated at USD 156. Average GCC occupancy rate is expected to increase from 58% in 2017 to 65% by 2022 and ADR is expected to increase from USD 156 to USD 167 over the same period. Economic growth and government initiatives leading to an increase in tourist arrivals are expected to support growth in occupancy and room rates. Revenue of the GCC hospitality sector is expected to be over USD32 Bn by the year 2022, with a compounded growth rate of approximately 7.2% between the years 2017 and 2022, driven majorly by mega events like the Dubai's World Expo 2020 and Qatar's FIFA World Cup 2022. Moreover, the progressive initiatives by the governments of the various GCC countries with the underlying objective of diversifying away from hydrocarbon dependency will further boost tourism in the region.

International tourist arrivals in the GCC region is estimated to grow at a compounded growth rate of 2.7% between 2017 and 2022. UAE is expected to receive the maximum tourist inflows at a compounded growth rate of 4.3% over the same period. The business travel spending in GCC for the year 2017 contributed a share of 24.6% (USD 25Bn) towards the Travel & Tourism GDP. The business travel is expected to grow at 5.4% p.a. from 2018 to 2028. In 2017, the leisure travel spending had contributed a share of 75.4% (USD 76.4Bn) towards the Travel & Tourism GDP. The leisure travel is expected to grow at 4.6% p.a. from 2018 to 2028. The growth in business tourism, relatively stronger economic situation and a more active private sector are factors, which have led to the growth in the hospitality industry. GCC is one of the busiest air corridors in the world owing to its locational advantage which has seen a phenomenal growth led by foreign, domestic & intra-regional tourists. Over the years, the GCC region has focused on promoting experience travel by focusing on building resorts and entertainment parks with a higher level of tourism-based activities that have helped the region attract tourists from all over the world.

GCC is focusing more on its niche tourism offerings such as heritage and cultural tourism, diving and wildlife-oriented tourism. Qatar attracts water sports enthusiasts for offerings like jet skiing, windsurfing, canoeing, kite surfing. Dive sites are especially known for deep water and reef dives. Saudi Arabia is traditionally known for pilgrimage spots of Makkah and Madinah, attracting millions of Muslims across the globe. UAE's main tourist attractions are Abu Dhabi's Sheikh Zayed Mosque and Dubai's Burj Khalifa. In addition, the beach resorts and sandy shores also give a mesmerizing experience to the tourists.

The pipeline is dominated by luxury rooms, which have seen a three-fold growth over past 10 years. Service apartments have also grown in the GCC region with the rise of business travelers who look for longer stays at reasonable prices. In addition to the luxury hotels segment, there has been a spur in the growth of mid-sized hotels to attract travelers with budget restrictions. There has been a considerable shift in the tourist source market where tourists from countries like India, China and Russia have seen a significant inflow into the region over the years.

In order to understand the local consumer preferences and leverage the internal hotel expertise with Arabic touch, some of the renowned international hotel chains are increasingly showing a willingness to collaborate with local players. Swiss-Belhotel International, Minor Hotel Group (MHG), Deutsche Hospitality groups, are some of the international names that have expanded their presence in the GCC region in the recent years. Swiss-Belhotel International has identified the GCC as its main growth market in the MENA region with an objective to have a hotel in operation in every GCC country by the first quarter of 2020.

Regional co-operation and increased focus on engaging repeat travel are on the high priority list. On sensing the increasing demand for spas, gymnasiums and growing consciousness among people about personal health and fitness, a number of luxury and five-star hotels have started offering these to their customers. Social media as a focus point is being used extensively. There has been a particular focus on "no language barrier" when it comes to the campaigns and social media promotions. Online travel sector sales grew by 9% in 2017.

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