APRIL 2016

2016 MIDDLE EAST HOTEL SURVEY

SAILING THROUGH ROUGH SEAS

Cristina Zegrea
Associate Director

Hala Matar Choufany, MRICS
Managing Partner

Table of Contents

Introduction

In 2015 the Middle East and North Africa continued to witness turmoil and instability, with conflicts in Syria, Libya, Iraq and Yemen causing extensive damage. The perceived lack of safety across the region was further enhanced by terrorist attacks, of which some targeting tourists in places like Tunisia, Kuwait and Egypt. Challenges were faced also by politically stable countries such as the Golf Cooperation Council countries, on the back of falling oil prices and undiversified economies.

As a result of the historically low oil price, geopolitical instability and weak global economic recovery, the regional economic growth in 2015 decelerated, with the GDP expanding only by 2.6%, the lowest growth rate reported since the 2009 financial crisis. With the oil price forecast to average at around USD 50-70 up to 2020, economic prospects for the region remain somber for 2016, with analysts adjusting downwards the growth forecast in the short to medium term. As such, growth for 2016 has been revised for the fourth consecutive month down to 2.6%. The impact of the falling oil price has been considerable for the oil-dependent economies, triggering subsidy cuts, cancellation of key infrastructure projects, and downward revisions of government budgets. With the effects of the oil price migrating also into the non-hydrocarbon sector, the governments are urged to seek alternatives in balancing their budgets. As such, GCC countries are currently working on a plan to introduce a 5% value added tax in 2018.

In light of these challenges, the question remains: how was travel and tourism impacted and what were 2015 regional performance results?

The Middle East Hotel Survey 2016 strives to constitute a reference guide by offering a brief analysis of the overall economic performance of the region, with particular focus on the tourism industry. Our tourism analysis is based on data originating from more than **611 internationally branded hotels** in the region, representing roughly **150,000 rooms**. Drawing upon resources in the hotel industry, the survey covers a total of **42 cities in 13 countries**, and spans over a history of **20 years**.

Moreover, the current edition includes a brief performance analysis of KPIs pertaining to major cities in the region. It is essential to note however that the analysis is strictly based on data from established hotels pertaining to **18 participating international hotel chains**. Therefore, the performance of the branded hotel market is likely to differ moderately from the performance of the destination as a whole, which typically includes both branded and independently operated properties across all asset classes.

In recognition of the need to better understand the operational performance differences across major regional destinations, HVS provides in this year's publication an indicative total revenue breakdown pertaining to a typical upscale property for each destination. Moreover, in a scenario where majority of the regional markets witnessed a decline in 2015, we have included a Gross Operating Profit analysis pertaining to a number of selected key destinations.

Middle East in Figures

- **54 million** – tourist arrivals in the Middle East in 2015
- **78 million** – passenger movements at Dubai International Airport in 2015
- **355 million** – national and resident population of the Middle East
- **USD 143,532** – GDP per capita of Qatar, the highest in the world
- **24th worldwide** – UAE's rank in the Travel & Tourism Competitiveness Index
- **USD165 billion**– investment worth of projects in GCC in 2015
- **USD140 billion**– investment worth of projects in GCC forecast for 2016
- **USD194 billion** – regional tourism total contribution to GDP in 2015
- **USD328 billion** – regional tourism forecast total contribution to GDP by 2026
- **5.9 million** – jobs sustained by the tourism and travel sector in 2015
- **USD41.8 billion** – travel and tourism investment in 2015

A Macroeconomic Perspective

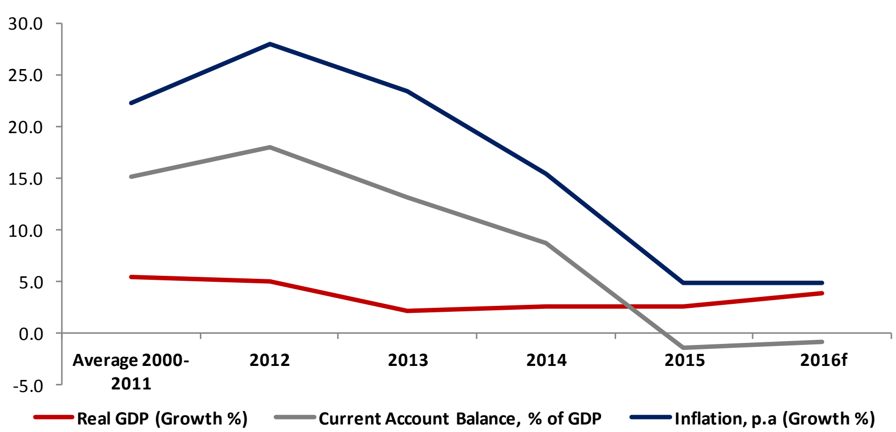
In spite of the regional volatility and weak oil prices witnessed in 2015, the Middle East and North Africa (MENA) remains one of the fastest growing regions worldwide. It is necessary to note however, that growth forecast is predominantly on account of an exceptional growth expected to be reported by Iran, following the reintegration of the country to the global economy, as a result of economic sanctions being lifted. This prospect has already triggered a series of foreign investments in the country. However, the growth outlook remains subject to a series of factors including regional conflict, a continued decline in oil prices, slow global economic recovery, as well as Iran reporting a lower than forecasted economic growth.

In 2015 the MENA region recorded roughly 2.5% GDP growth, among the lowest performance following the 2009 financial crisis. The outlook remains positive; however this is subject to a series of factors, which may have an adverse impact.

FIGURE 1: MENA ECONOMIC PERFORMANCE

	Average 2000-2011	2012	2013	2014	2015	2016f
Real GDP (Growth %)	5.4	5.0	2.1	2.6	2.5	3.8
Current Account Balance, % of GDP	9.8	13.0	11.0	6.1	-4.0	-4.7
Inflation, p.a (Growth %)	7.1	10.0	10.3	6.7	6.4	5.8

Source: World Bank, IMF



Source: IMF, World Bank

For the Gulf Cooperation Council economies, 2015 has been a challenging year, and the outlook for 2016 remains somber, with growth forecast to slow to 2.7%, down from 3.0% in 2015.

Prolonged oil price disturbance will most probably result in further government budget cuts and downward revision of the growth forecast past 2016. Overall, the regional growth is expected to remain below its real potential, as improvement of socio-political stability, regional conflicts, safety threats and the price of oil are not expected in the short term.

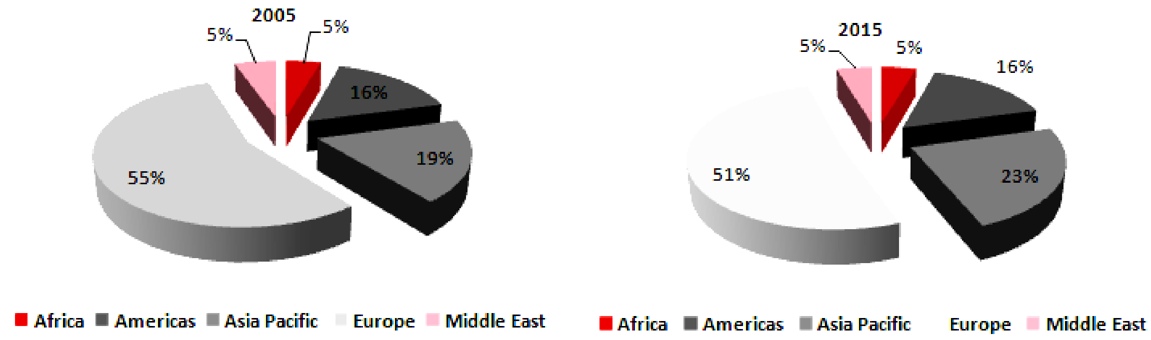
Regional Tourism Overview

In spite of global security threats, as well as political and economical challenges, the United Nations World Tourism Organization (UNTWO) reported an additional 6.2% growth in world tourist arrivals in 2015. As in the previous year, Americas and Asia Pacific witnessed the strongest growth, at 9.8% and 5.8%, respectively. It is essential to note the decline in tourist arrivals in Africa and the marginal growth reported by the Middle

FIGURE 2: WORLDWIDE TOURIST ARRIVALS (000S)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change 2014-15	% of Total
World	814,047	851,321	901,366	921,355	879,885	938,518	980,000	1,035,000	1,086,750	1,130,220	1,200,000	6.2%	100.0%
Africa	36,374	39,626	42,635	44,763	46,998	50,002	50,000	52,000	54,912	57,658	53,000	-8.1%	4.4%
Americas	132,165	134,685	140,694	146,326	139,008	149,710	156,000	162,000	167,832	173,874	191,000	9.8%	15.9%
Asia Pacific	151,212	162,779	179,788	185,297	181,608	204,509	216,000	233,000	246,980	261,799	277,000	5.8%	23.1%
Europe	450,831	468,991	488,000	489,186	459,830	474,539	503,000	535,000	563,890	580,807	609,000	4.9%	50.8%
Middle East	43,465	45,240	50,249	55,783	52,441	59,758	55,000	53,000	53,159	53,691	54,000	0.6%	4.5%

Source: UNWTO



Source: UNWTO

East region. While preliminary estimates for 2016 are positive, the forecast remains dependent on the stability of the region and reflects the uncertainty associated with countries facing political unrest.

In spite of the marginal 0.6% growth in tourist arrivals reported by the Middle East, the passenger traffic in 2015 at major destinations in the region reached new milestones. Muscat, Abu Dhabi and Dammam airports witnessed impressive growth of 18%, 17% and 15%, respectively. Meanwhile, Dubai International Airport managed to maintain its position as the world's busiest airport for international passengers for the second year, having exceeded 78 million in 2015, representing an 11% growth over 2014.

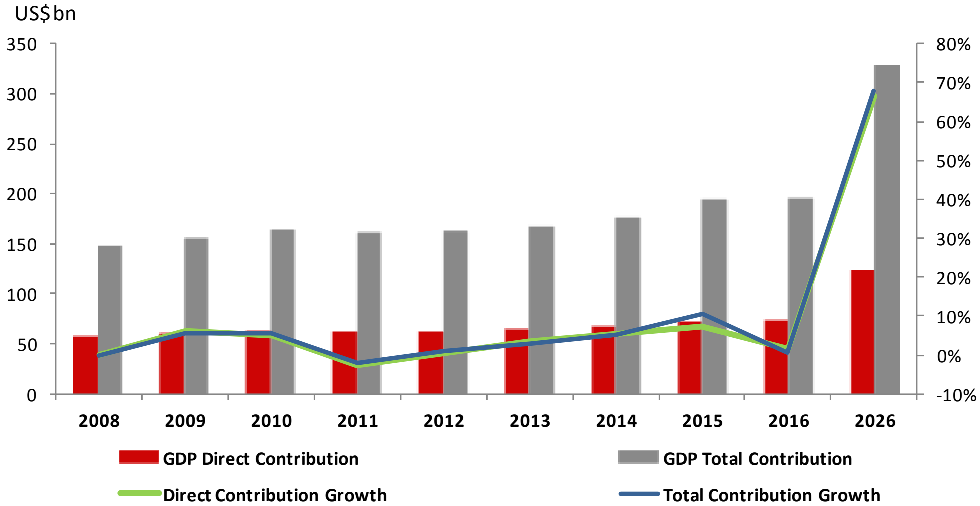
FIGURE 3: REGIONAL AIRPORT PASSENGER MOVEMENTS

City	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change% 2014-15	CAGR %
Abu Dhabi	4,622,023	4,877,387	4,788,893	6,565,556	8,687,712	9,374,631	10,496,300	12,400,000	14,700,420	16,526,316	19,865,127	23,286,632	17.2%	15.8%
Amman	2,988,174	3,272,020	3,506,061	3,850,347	4,477,811	4,770,769	5,430,000	5,467,726	6,250,048	6,502,323	7,089,008	7,095,685	0.1%	8.2%
Bahrain	4,617,138	5,169,831	6,362,365	6,983,629	8,411,442	8,736,974	8,598,069	7,568,200	8,479,884	7,371,651	8,102,502	8,586,645	6.0%	5.8%
Beirut	3,199,952	3,179,753	2,739,606	3,326,433	4,039,560	4,953,891	5,512,435	5,596,034	5,960,414	6,265,132	6,570,010	7,203,781	9.6%	7.7%
Cairo	9,386,707	10,089,339	10,665,708	12,475,605	14,272,180	14,305,800	16,052,619	12,847,398	14,711,500	13,763,438	14,678,066	-	-	4.6%
Dammam	2,782,423	3,013,240	3,341,092	3,840,671	3,883,700	4,149,588	4,568,715	5,268,073	6,473,307	7,270,834	8,141,421	9,400,000	15.5%	11.7%
Doha	5,500,031	7,191,991	8,733,160	9,522,620	12,425,161	13,270,005	15,863,292	18,202,489	21,163,382	22,389,104	26,483,159	30,000,000	13.3%	16.7%
Dubai	20,868,995	23,922,292	27,925,522	33,481,257	36,592,307	40,104,149	47,200,000	50,980,000	57,684,550	66,431,533	70,475,636	78,014,838	10.7%	12.7%
Erbil	-	-	163,619	263,148	301,534	348,120	435,469	621,870	947,600	1,193,783	1,563,856	-	-	32.6%
Istanbul	15,600,601	19,293,769	21,265,974	23,196,229	28,553,132	29,757,384	32,145,619	37,452,187	44,998,508	51,320,875	56,715,541	61,300,000	8.1%	13.2%
Jeddah	12,256,413	13,239,144	13,265,071	14,356,433	15,292,451	15,923,875	17,839,544	20,892,590	NA	22,243,897	26,569,650	28,323,247	6.6%	7.9%
Kuwait	5,048,937	5,381,258	6,053,094	6,910,309	7,226,345	8,125,617	8,332,857	8,466,737	8,979,281	9,386,931	10,375,463	11,205,500	8.0%	7.5%
Muscat	3,334,655	3,388,866	4,521,343	4,050,005	3,918,136	4,474,837	5,521,802	6,479,860	7,546,715	8,310,927	8,720,102	10,289,720	18.0%	10.8%
Riyadh	9,138,170	9,881,495	10,532,752	10,962,043	11,709,230	11,465,552	12,635,739	14,836,305	18,000,000	19,105,587	20,522,773	22,500,000	9.6%	8.5%
Tehran	-	-	-	-	-	-	-	-	-	12,702,362	13,791,349	13,515,693	-2.0%	3.2%

Source: HVS Research

Overall, Middle Eastern travel and tourism reported a positive performance in 2015, with travel & tourism contribution to GDP outpacing global economic growth. At 5.9% growth in 2015, the Middle East ranks second only to Southeast and South Asia, which reported growth of 7.9% and 7.4%, respectively in 2015.

FIGURE 4: MIDDLE EAST TRAVEL & TOURISM PERFORMANCE (2008-2016)

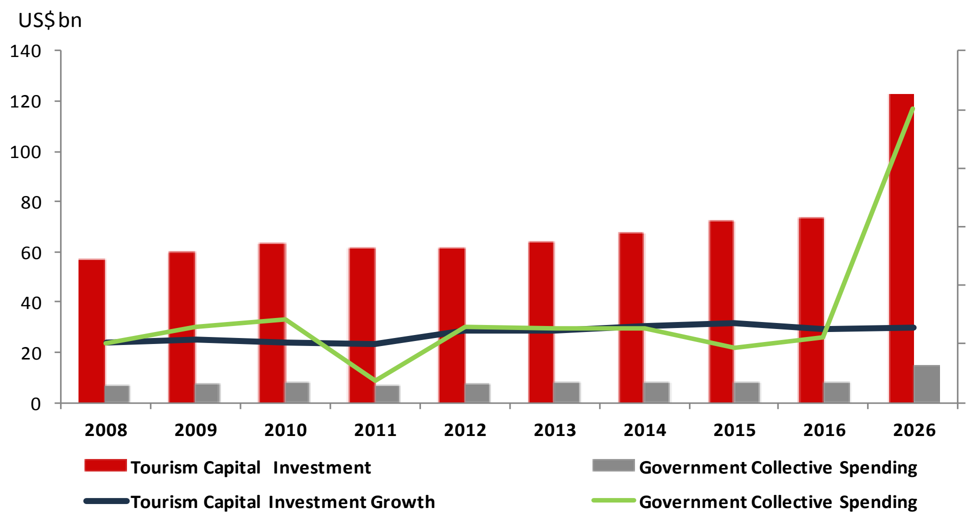


Source: WTTC 2016

The slowdown of economic activity and the weaker growth when compared to initial forecasts is attributed largely to localized crises and pressure on the oil industry's reduced growth.

Notwithstanding, the 5.9% growth in the contribution of travel and tourism to GDP exceeded in 2015 growth of GDP itself in percentage terms, in spite of the adverse effects of the sanctions in Russia and European currency fluctuations.

FIGURE 5: MIDDLE EAST TRAVEL & TOURISM PERFORMANCE (2008-2016)



Source: WTTC 2016

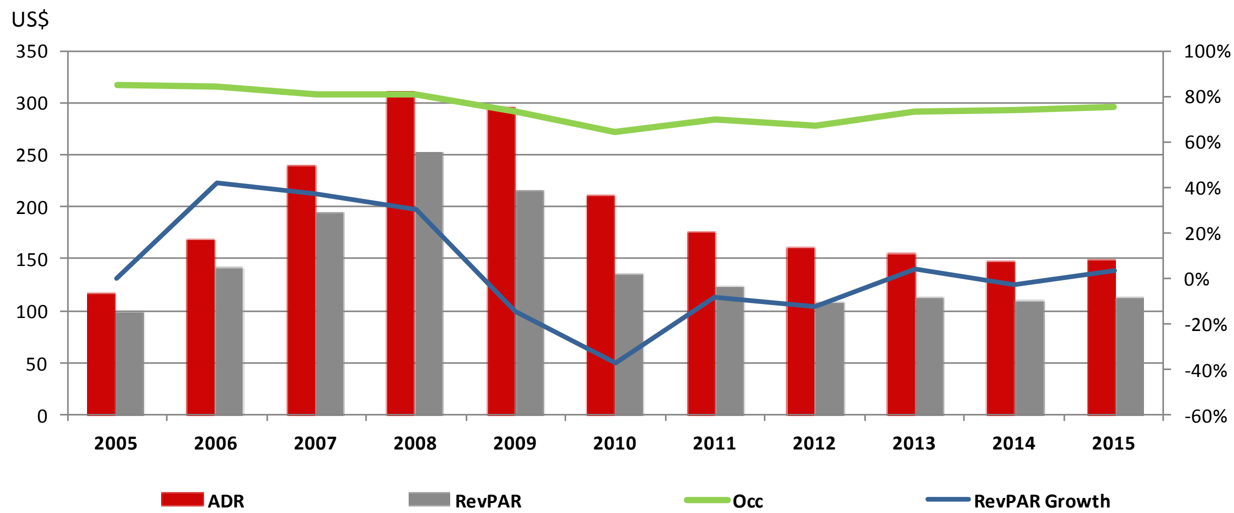
The contribution to GDP was fuelled mainly by leisure tourism and domestic spending. Domestic spending increased in 2015, accounting for roughly 45.6% of total spend, with business tourism spending remaining relatively stable at 17.7% of total spend. The major share of annual travel & tourism spend is attributed to leisure tourism, constituting more than 82.3% of annual spend. While softer growth rates have been projected for 2016, travel and tourism contribution to GDP, as well as tourism capital investments are projected to grow over the next ten years at an average rate of 4.9% and 5.4%, respectively, testament of the region's untapped potential.

Abu Dhabi – Brief Performance Overview

In spite of new addition to supply and challenges faced by the region, the Abu Dhabi internationally branded hotel market witnessed an upswing in 2015 in terms of visitation, driving occupancy, which exhibited 3.4% growth. Historically a corporate and MICE orientated market, the additional demand is attributed to leisure visitation as a result of increasing number of resorts and leisure attractions such as Saadiyat Island, Du Arena, Yas Waterworld and Yas Mall. However, increased competition in the market, shrinking corporate and government demand as a result of low oil prices, and weak currency in six of the main source countries placed pressure on the average rate, which exhibited a 3.1% decline.

Internationally branded hotel market reported a 2.5% year-on-year RevPAR increase as a result of strong occupancy levels achieved.

FIGURE 6: ABU DHABI KPI PERFORMANCE (2005-2015)



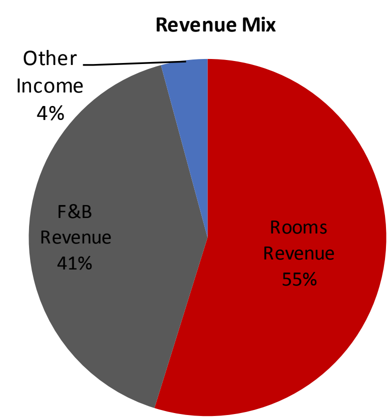
Source: HVS Research

Nonetheless, on the back of strong occupancy levels reported, RevPAR witnessed a 2.5% year-on-year growth.

While forecasts indicate that the short to midterm oil price will remain suppressed and currency exchange rates are expected to remain soft, there is a need to develop leisure and MICE visitation in order to maintain sustainable levels of performance. In recognition of the same, the authorities are putting forth efforts to reinforce Abu Dhabi's profile as a MICE and leisure destination. However, with some of the key leisure projects delayed and in light of considerable addition to supply there is a real possibility that demand needs will not be met in the short term.

FIGURE 7: REVENUE MIX FIVE-STAR HOTELS (%)

Abu Dhabi	
Occupancy	76%
ADR	148
RevPAR	112
	% of Total Revenue
Rooms Revenue	54.8
F&B Revenue	41.0
Other Income	4.2
Total Revenue	**100.0**
GOP	**39.0**



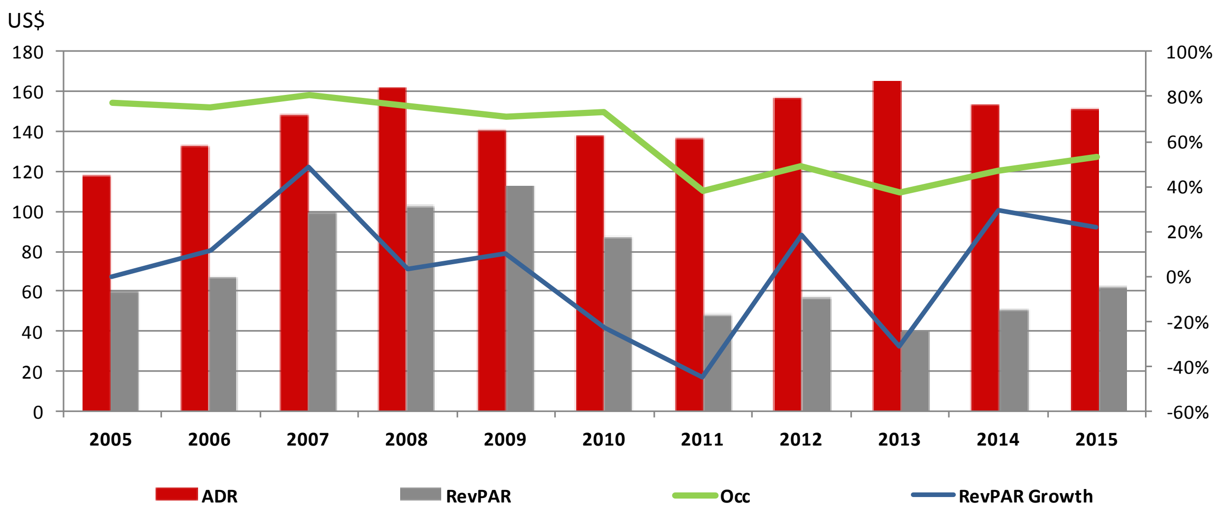
Source: HVS Research

Amman – Brief Performance Overview

Internationally branded hotel market reported a 7.1% ADR drop as a result of ongoing regional conflict and safety concerns.

In spite of Jordan having a tremendous tourism potential on the back of its culture-rich heritage, the ongoing conflicts in neighbouring countries are taking a considerable toll on its tourism sector, especially leisure destinations such as Petra and the Dead Sea. Overall, tourist arrivals declined in 2015 by 21.7% when compared to the previous year, reaching 1,894,094, of which 63% represents Arab countries and domestic visitation. A strong commercial and political centre, the capital Amman is exposed to the regional conflict to a lesser extent, however the tourism sector still reports a declining performance, with the market witnessing a 2% year-on year decrease in RevPAR. This was triggered mainly by the average rate contracting from USD 153 in 2014 to USD 150 in 2015.

FIGURE 8: AMMAN KPI PERFORMANCE (2005-2015)

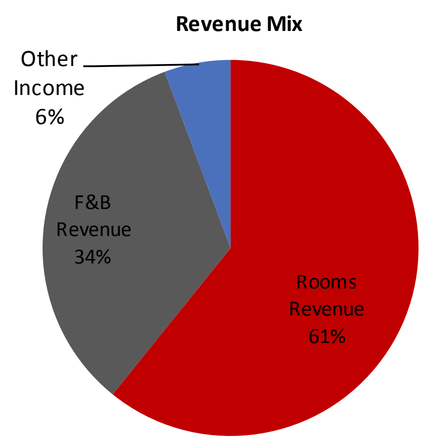


Source: HVS Research

In light of the current safety concerns and economic challenges triggered by a staggering number of refugees hosted by the country, which is not expected to be addressed on the short term, coupled with more than 1,100 five-star hotel rooms scheduled to enter the market during 2016 and 2017 (including St. Regis Amman Hotel, Fairmont Amman Hotel, Amman Rotana Hotel and W Amman Hotel). it is unlikely that the branded hotel market in Amman will observe a return to 2012 peak levels at any time during the near future.

FIGURE 9: REVENUE MIX FIVE-STAR HOTELS (%)

Amman	
Occupancy	61%
ADR	150
RevPAR	92
	% of Total Revenue
Rooms Revenue	60.8
F&B Revenue	33.5
Other Income	5.7
Total Revenue	**100.0**
GOP	**31.3**



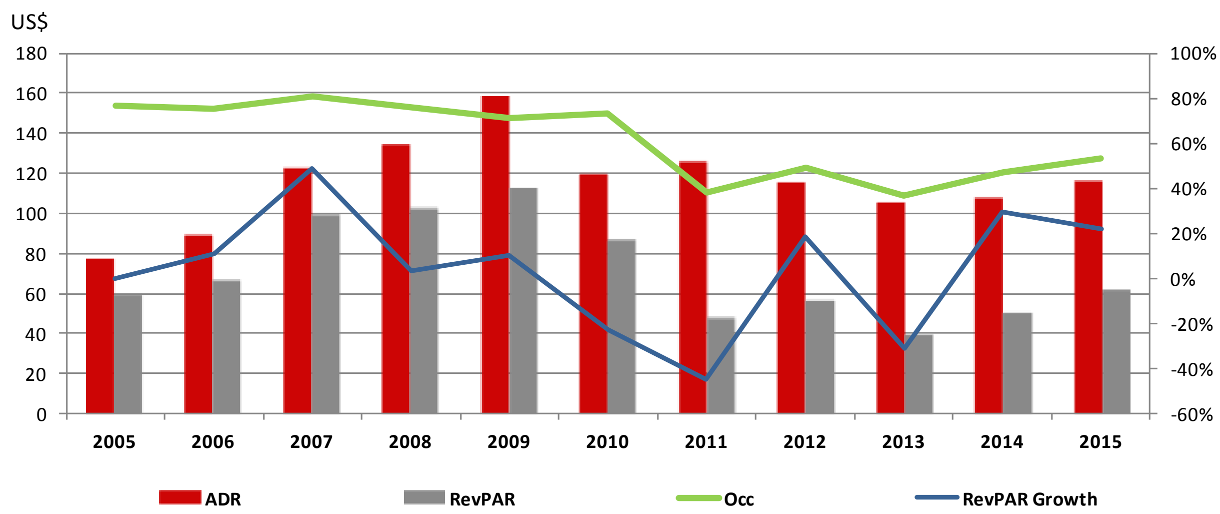
Source: HVS Research

Cairo – Brief Performance Overview

Following the Arab Spring, the hospitality sector endured dramatic instability, and on the back of safety concerns a return to the peak levels achieved in 2009 was not possible. Nonetheless, in 2015 the tourism sector recorded positive performance, demonstrating strong resilience. As a result of increased international visitation, originating mainly from the GCC and corporate demand generated by the Suez Canal expansion, the branded hotel market reported an impressive 22% year-on-year growth in RevPAR. This was achieved as a result of an 8% increase in ADR, as well as six percentage points increase in occupancy levels.

Increased international visitation and corporate demand generated by the Suez Canal expansion triggered 22% RevPAR growth in 2015.

FIGURE 10: CAIRO KPI PERFORMANCE (2005-2015)



Source: HVS Research

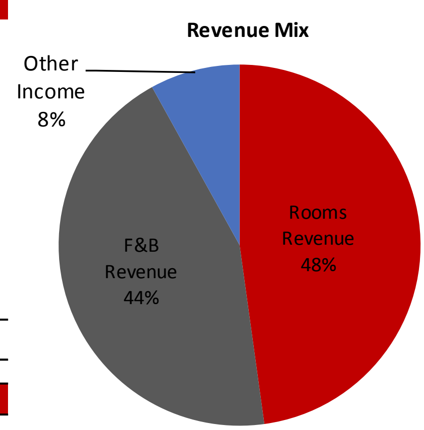
With major projects in the pipeline including the Nile Corniche Project, Citadel Plaza, Uptown Cairo, Cairo Gate and Mall of Cairo, the hospitality sector will witness a considerable transformation and be better able to position itself to cater to younger, more sophisticated travellers.

While the majority of the upcoming supply constitutes luxury establishments, including St. Regis Cairo Hotel and JW Marriott Cairo Mena House, there exists an opportunity to develop midscale hotels as well as serviced apartments.

Provided that socio-political and safety concerns are addressed, Cairo is poised for a recovery with the potential to reach peak occupancy and average rate levels, as major new developments are expected to attract sufficient international and domestic demand to mitigate the addition to supply.

FIGURE 11: REVENUE MIX FIVE-STAR HOTELS (%)

Cairo	
Occupancy	53%
ADR	116
RevPAR	61
	% of Total Revenue
Rooms Revenue	47.8
F&B Revenue	44.1
Other Income	8.0
Total Revenue	**100.0**
GOP	**38.7**



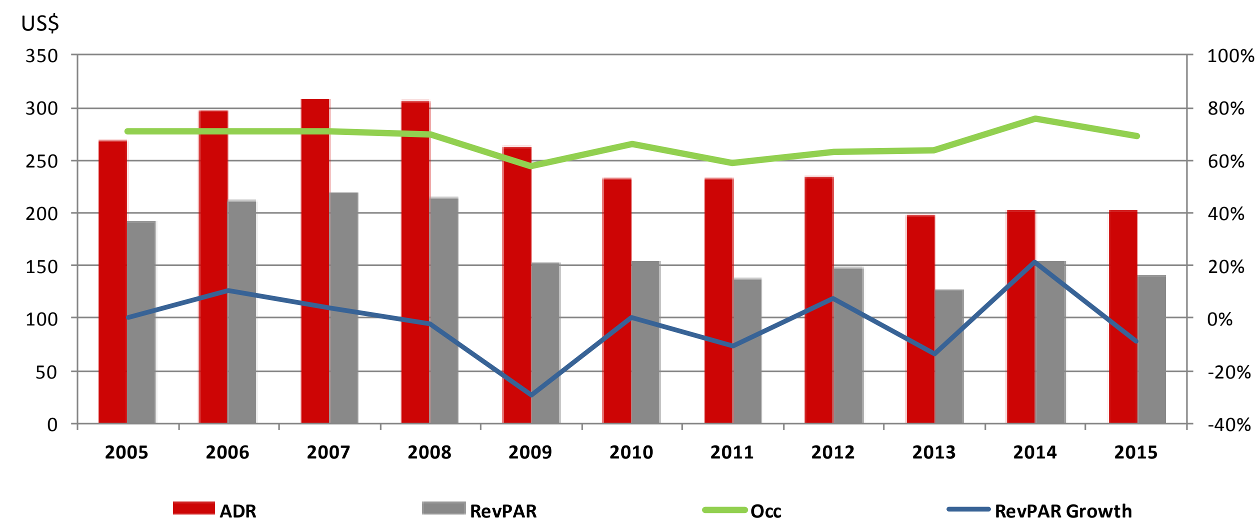
Source: HVS Research

Doha – Brief Performance Overview

Following one of the strongest quarters reported in the beginning of 2015, the hospitality sector in Qatar witnessed a decline, with initial statistics for 2016 confirming a similar trend. In spite of strong demand growth of 28% in 2015 following a 32% increase in available supply, the overall hotel market witnessed a 3.3% drop in occupancy, down to 70.7% from 73.1% in 2014. Supply pressure suppressed the ADR as well, which contracted by 5.6%, resulting in an 8.8% RevPAR decline. The branded hotel market reported a similar 8.8% RevPAR decline, albeit this was triggered by seven percentage points drop in occupancy, while the average rate remained stable. Moving forward, the sustainability of the sector remains somewhat questionable in light of the considerable addition to supply committed by the authorities in consideration of hosting the 2022 FIFA World Cup. With over 5,000 new rooms introduced to the market in 2015 and a further 26,000 rooms under construction, it is likely that the hotel market will experience challenging years ahead. The prospects are exacerbated as demand is negatively impacted by falling energy prices, government budget revisions and cancellations or stalling of key mega projects in the destination.

Owing to a 32% increase in supply the branded hotel market witnessed a decline in RevPAR. This is expected to continue into 2016 and the years leading up to the 2022 FIFA World Cup, as a staggering 300% increase in supply has been committed to.

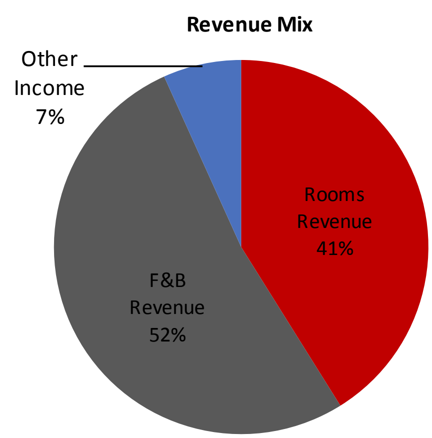
FIGURE 12: DOHA KPI PERFORMANCE (2005-2015)



Source: HVS Research

FIGURE 13: REVENUE MIX FIVE-STAR HOTELS (%)

Doha	
Occupancy	69%
ADR	201
RevPAR	139
	% of Total Revenue
Rooms Revenue	41.1
F&B Revenue	52.1
Other Income	6.8
Total Revenue	**100.0**
GOP	**43.7**



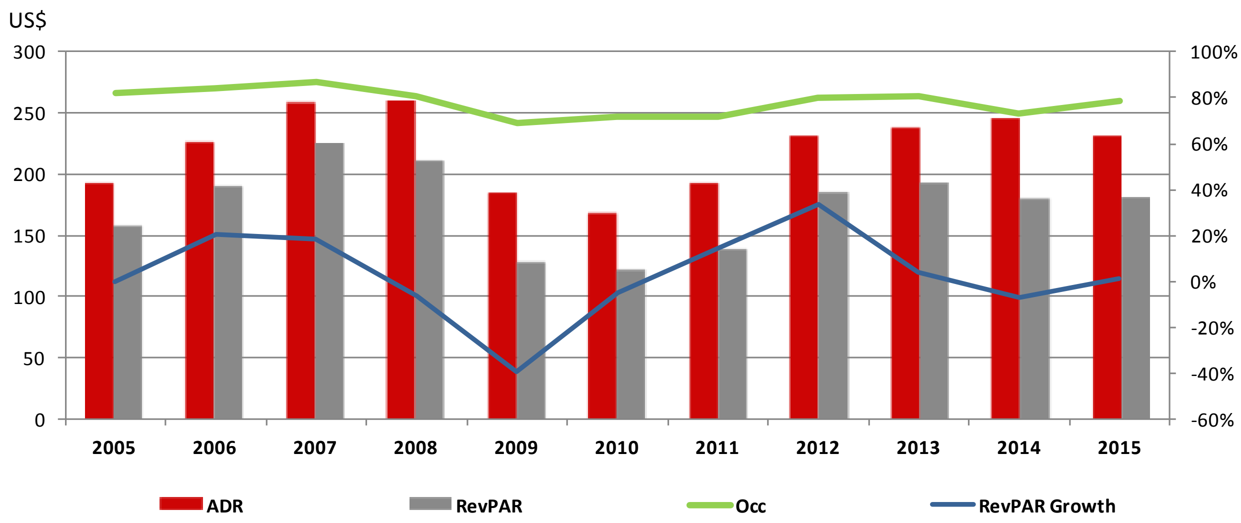
Source: HVS Research

Dubai – Brief Performance Overview

Dubai is undeniably one of the most resilient hotel markets, with performance levels remaining at comparable levels with leading international markets such as London and New York. This remains in spite of year-on-year reported declines in occupancy and ADR. The overall hotel market in Dubai faced challenges in 2015, as demand was adversely impacted by a weak Euro, Russian sanctions, and additional macroeconomic factors. In spite of the 7.5% year-on-year increase in overnight visitors, the aforementioned factors, coupled with supply growth outpacing demand growth, led to a two percentage point drop in occupancy and roughly 7.4% drop in ADR. The branded hotel market, on the other hand, proved to be more resilient, reporting a five percentage points increase in occupancy levels. However, this was achieved at the expense of

In spite of challenges and increased competition the branded hotel market remains resilient and reports 1.3% increase in RevPAR.

FIGURE 14: DUBAI KPI PERFORMANCE (2005-2015)

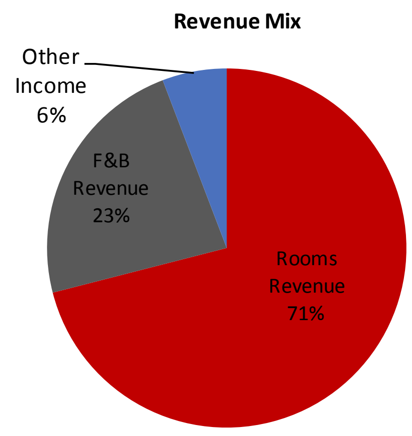


Source: HVS Research

a softer ADR, which declined by 5.5% , most likely as a result of a shift in demand from unbranded hotels on the back of increased affordability. As a result of strong occupancy levels, the RevPAR improved by 1.3%, reaching USD 180. In the meantime, it is likely that Dubai will face a softer performance in 2016 as growth in hotel supply, weak currencies in source markets, as well as macroeconomic conditions continue to exert pressure on the average rate and occupancy. Nonetheless, adjusted occupancies of 70% - 75% still render the hotel sector as one of the most sustainable worldwide supported by excellent tourism infrastructure and market efforts that will continue to enhance the attractiveness and popularity of Dubai.

FIGURE 15: REVENUE MIX FIVE-STAR HOTELS (%)

Dubai	
Occupancy	78%
ADR	231
RevPAR	180
	% of Total Revenue
Rooms Revenue	71.0
F&B Revenue	23.2
Other Income	5.8
Total Revenue	**100.0**
GOP	**40.8**



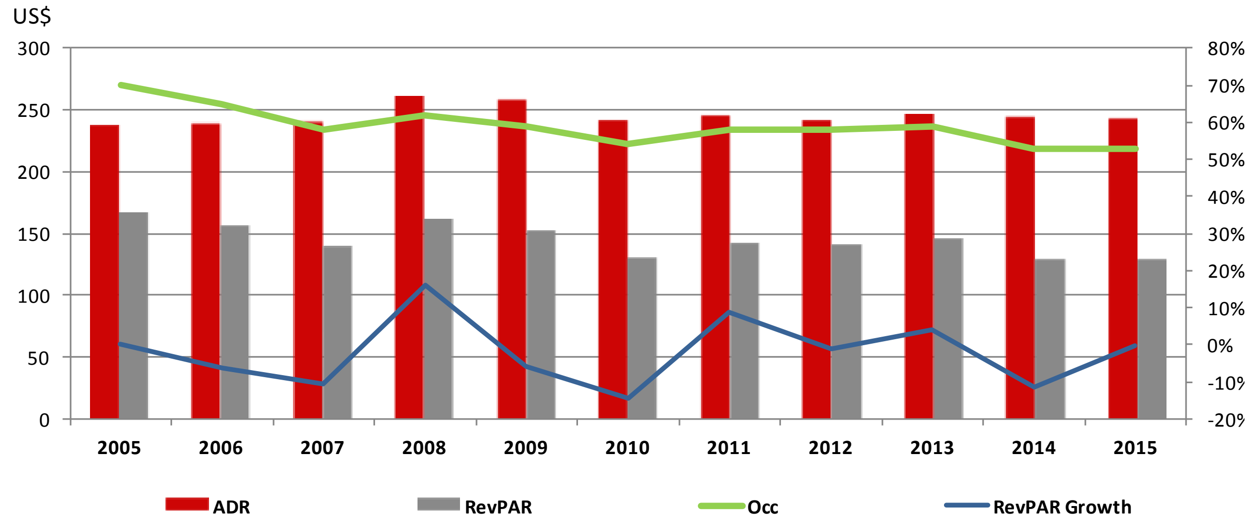
Source: HVS Research

Kuwait City – Brief Performance Overview

Kuwait City's branded hotel market managed to maintain performance levels in spite of weaker demand.

Kuwait City's hotel market witnessed weaker corporate and government demand on the back of low oil prices. Nonetheless, the branded hotel market managed to achieve a similar performance in 2015 when compared to 2014, overall reporting a marginal 0.3% decline in RevPAR. This was achieved on the back of demand patterns shifting, with upper upscale properties reporting occupancy decreases as a result of softer government activity and more price conscious corporate clients preferring to book midscale and upscale properties. The deteriorating condition of some upper upscale properties presents another factor triggering the demand shift to midscale and upscale properties, which offer a better value for price. As a result of the drop in occupancy, upper upscale properties had to drive average rate in order to maintain RevPAR, while the upscale and midscale properties saw an opportunity to increase slightly the rates in light of the additional demand.

FIGURE 16: KUWAIT CITY KPI PERFORMANCE (2005-2015)

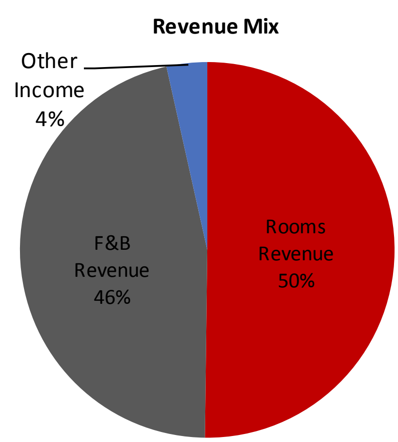


Source: HVS Research

Based on the already limited demand in the market and with roughly a 50% increase in the current branded hotel capacity scheduled to enter the market in the next few years, it is likely that hotels will struggle to maintain occupancy and average rate levels. This highlights the stringent need to further develop and diversify demand in order to ensure sustainability of the sector.

FIGURE 17: REVENUE MIX FIVE-STAR HOTELS (%)

Kuwait City	
Occupancy	53%
ADR	242
RevPAR	128
	% of Total Revenue
Rooms Revenue	50.2
F&B Revenue	46.3
Other Income	3.5
Total Revenue	**100.0**
GOP	**50.0**



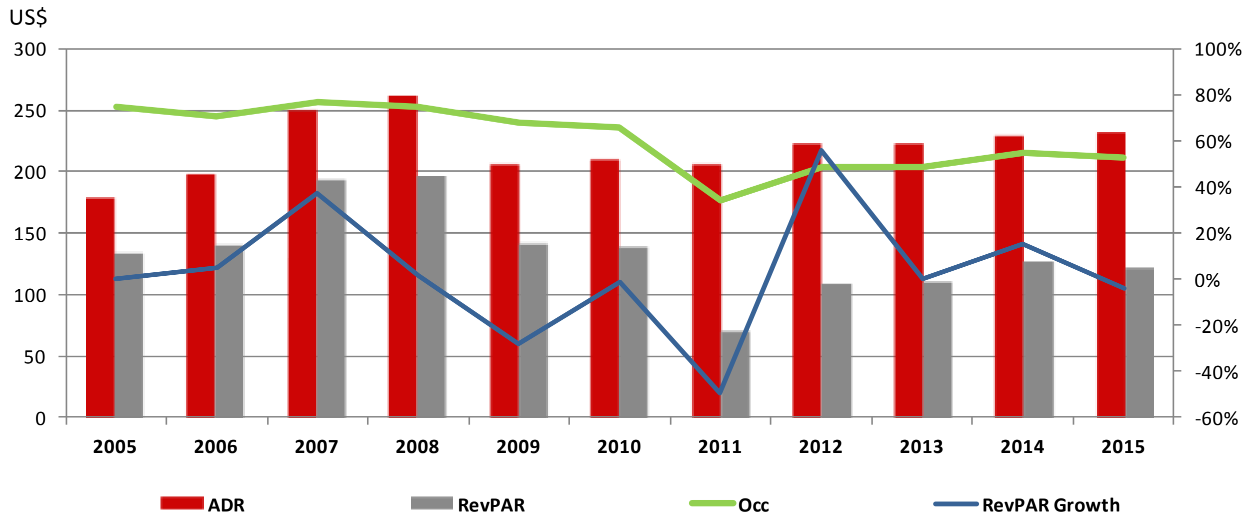
Source: HVS Research

Manama – Brief Performance Overview

The branded hotel market in Manama experienced stronger average room rates for the fourth consecutive year, reporting a 2.0% increase to USD 230 in 2015. However, occupancy levels dropped by two percentage points, to 53%. The increase in average rate offset softer occupancy levels; however it was not sufficient to avoid the RevPAR fall of 3.6%. The decline in occupancy came as a result of reduced corporate demand on the back of falling oil prices and slower economic activity. The influx of regional leisure visitors, particularly weekend visitation from Saudi Arabia, allowed the market to absorb the addition to supply, which included the Four Seasons Bahrain, Art Rotana and ibis Seef. With over 2,500 internationally branded hotel rooms scheduled to enter the market in the next years, pressure on occupancy and average rate is likely to be observed. Some of the effects may be mitigated by the mega projects currently in the pipeline, such as Dilmunia, The Avenues Bahrain, King Hamad Causeway, Marassi Al Bahrain and Bahrain Marina, which are expected to induce further demand.

A RevPAR fall of 3.6% was reported in 2015 following an increase in supply and softer demand.

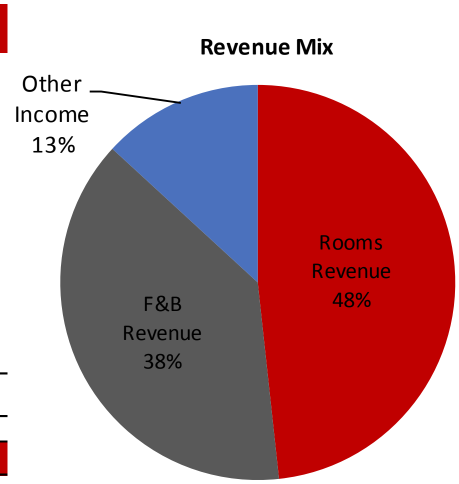
FIGURE 18: MANAMA KPI PERFORMANCE (2005-2015)



Source: HVS Research

FIGURE 19: REVENUE MIX FIVE-STAR HOTELS (%)

Manama	
Occupancy	53%
ADR	230
RevPAR	121
	% of Total Revenue
Rooms Revenue	48.3
F&B Revenue	38.5
Other Income	13.2
Total Revenue	**100.0**
GOP	**44.1**



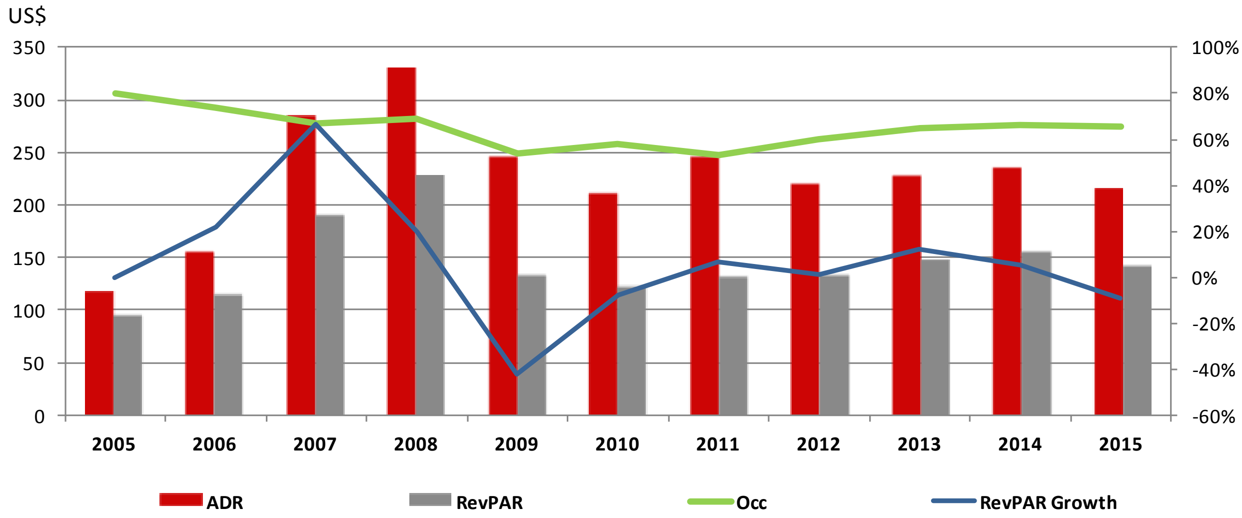
Source: HVS Research

Muscat – Brief Performance Overview

Muscat continues to develop as a tourist destination, with the tourism authority launching a 25 year tourism vision and investing in large scale projects. The top ten tourism developments are estimated to have a total investment value in excess of USD 3.3 million. Even though passenger traffic reported a milestone of 10 million passengers in 2015, the branded hotel market witnessed a slight drop in occupancy. This was on account of reduced corporate demand originating from oil and gas companies, and reduced leisure demand as a result of weak currency exchange rates in main source countries. As competition intensified, in order to maximise occupancy the average rates dropped by 8.2% to USD 215, thereby resulting in a softer RevPAR of 8.9% when compared to previous year. Prospects for 2016 remain pessimistic, however, the market is expected to recover between 2017 and 2018 as mega-developments are due for completion and intensified efforts from authorities to promote the destination are expected to induced further demand. The goal is ultimately to attract 1.4 million international arrivals by 2019, up from 1.1 million in 2015. In recognition of the market's potential, international operators are rushing to establish presence, with over 3,100 branded hotel rooms expected to be introduced by 2019. This includes Jumeirah Bandar Jissah, Kempinski Hotel Al Mouj, Mercure Muscat Azaiba, and Sundus Rotana Muscat.

In spite of the passenger traffic milestone of 10 million in 2015, the branded hotel market witnessed an 8.9% RevPAR drop on account of reduced demand.

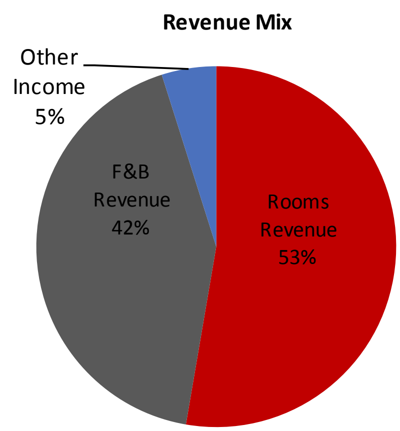
FIGURE 20: MUSCAT KPI PERFORMANCE (2005-2015)



Source: HVS Research

FIGURE 21: REVENUE MIX FIVE-STAR HOTELS (%)

Muscat	
Occupancy	65%
ADR	215
RevPAR	141
	% of Total Revenue
Rooms Revenue	52.7
F&B Revenue	42.4
Other Income	4.9
Total Revenue	**100.0**
GOP	**39.9**



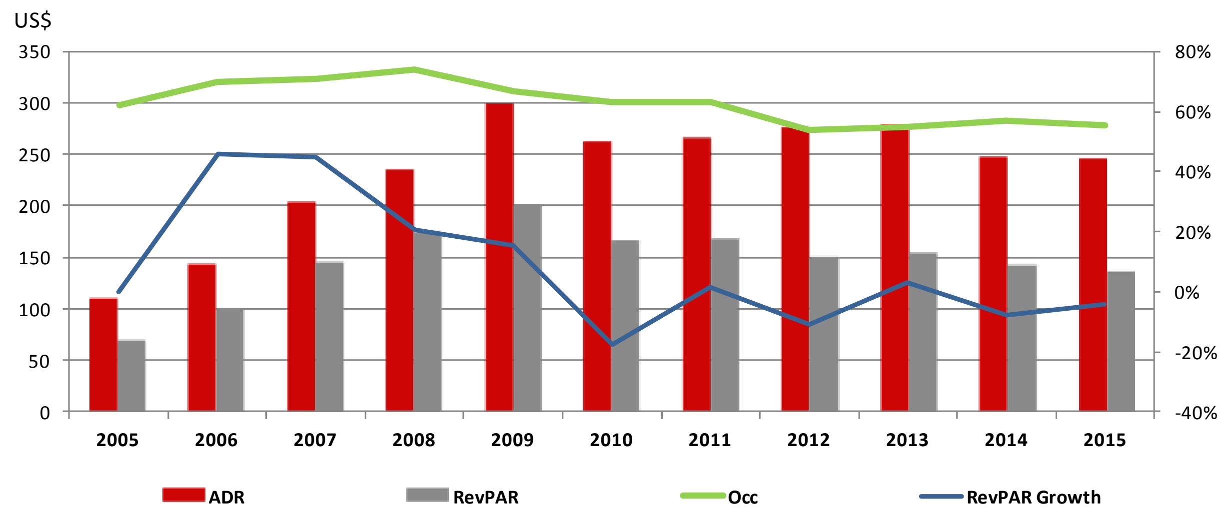
Source: HVS Research

Riyadh – Brief Performance Overview

With the petroleum sector accounting for roughly 93% of budget revenues, it was expected for the corporate-demand driven hotel markets in Saudi Arabia to experience a decline in performance in 2015. During the year, oil prices fell to historical lows and triggered slowing economic activity across the Kingdom. The branded hotel market in Riyadh was affected to a lesser extent due to ongoing infrastructure projects, reporting occupancy levels of 55.3%, which represents roughly two percentage point drop when compared to the previous year. However, the shrinking demand in the market placed some pressure on the average rate, which dropped slighly from USD 247 in 2014 to USD 244 in 2015. As a result, the RevPAR declined by 4.1% for the year. Moving forward, over 8,700 internationally branded hotel rooms are scheduled to be introduced to the market in the next two years, with 1,500 rooms expected to be delivered during the course of 2016. In a scenario where oil prices are not expected to recover in the short term, the addition to supply will likely place pressure on occupancy and average rate levels. The challenges in maintaining occupancy and historically high average rates will be most directly experienced by older properties, which will not be able to effectively compete with new, higher quality supply.

The branded hotel market was affected to a lesser extent in 2015 due to ongoing infrastructure projects, however, considerable increase in supply is expected to create a supply/demand imbalance.

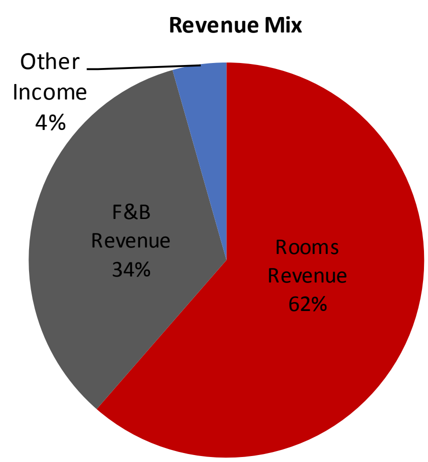
FIGURE 22: RIYADH KPI PERFORMANCE (2005-2015)



Source: HVS Research

FIGURE 23: REVENUE MIX FIVE-STAR HOTELS (%)

Riyadh	
Occupancy	55%
ADR	244
RevPAR	135
	% of Total Revenue
Rooms Revenue	61.4
F&B Revenue	34.2
Other Income	4.4
Total Revenue	**100.0**
GOP	**48.7**

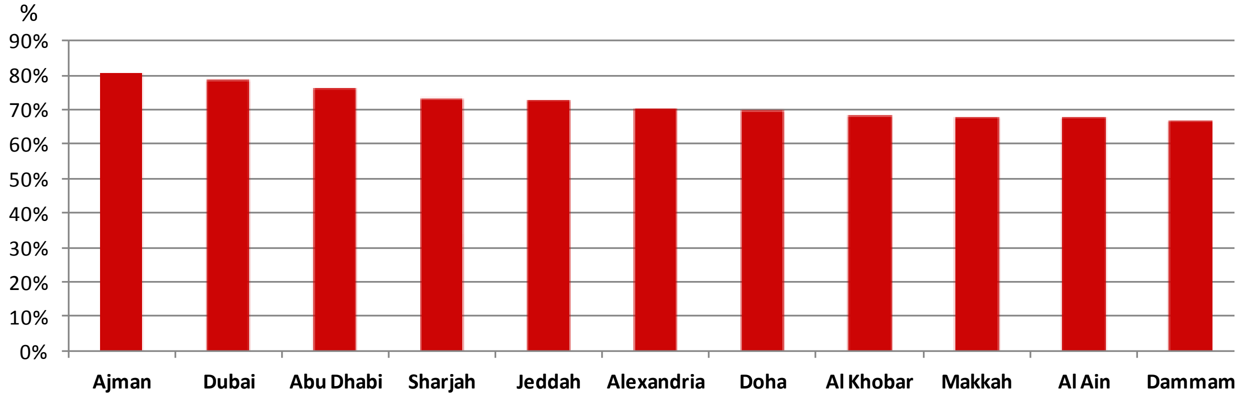


Source: HVS Research

Top Performing Hotel Markets in 2015

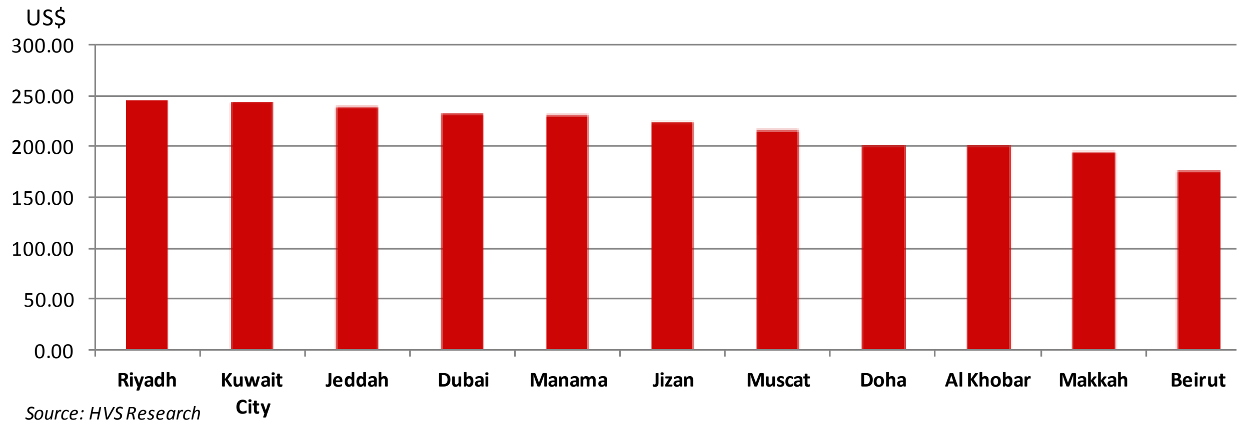
The majority of hotel markets witnessed a downturn during 2015 with the exception of a few, including Cairo, Kuwait City and Abu Dhabi. In 2015, the highest occupancy levels were achieved by Ajman, followed by Dubai and Abu Dhabi, while the highest average room rates were achieved in Riyadh, Kuwait City and Jeddah, albeit at the expense of lower occupancy levels. The most lucrative hotel markets in 2015 were Dubai, Jeddah and Muscat, managing to secure the highest regional RevPAR, at USD 180, USD 172 and USD 140, respectively.

FIGURE 24: 2015 OCCUPANCY (%)



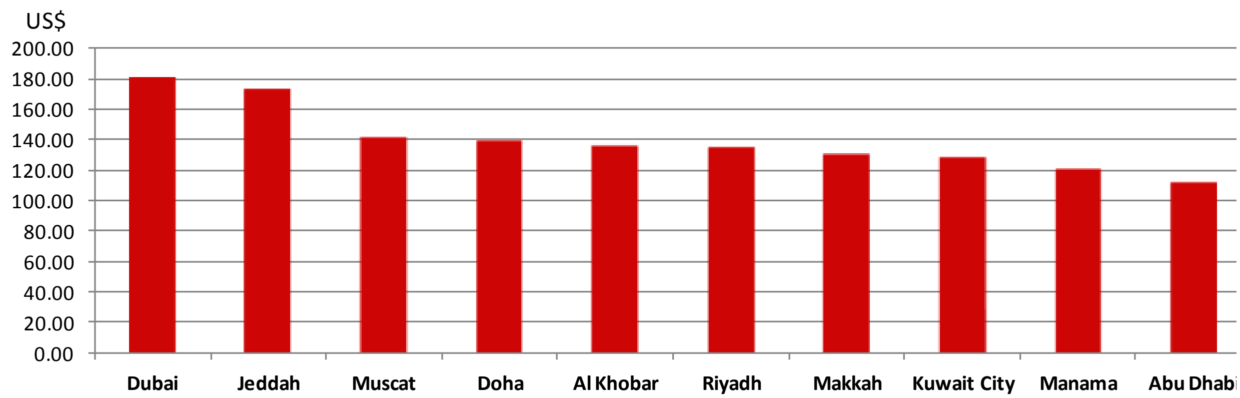
Source: HVS Research

FIGURE 25: 2015 AVERAGE DAILY RATE (USD)



Source: HVS Research

FIGURE 26:2015 REVENUE PER AVAILABLE ROOM (USD)



Source: HVS Research

Development Pipeline

Irrespective of the socio-political and macroeconomic challenges, development in the region is inevitable and remains ongoing. Based on an existing database of roughly 150,000 rooms currently operating in the region, leading hotel operators are expecting to release a further 100,000 rooms between 2016 and 2020. Over 18,000 new rooms are scheduled to be introduced to the market during 2016 alone. The inventory is in various construction phases, and roughly 73% constitutes additional supply in the United Arab Emirates and Saudi Arabia, with the latter accounting for 41,000 new rooms. Oman boasts the third largest internationally branded pipeline, with roughly 5,000 new rooms in the planning and construction phases.

Leading hotel operators are expecting to release a further 100,000 rooms between 2016 and 2020, of which 18,000 rooms are scheduled during 2016.

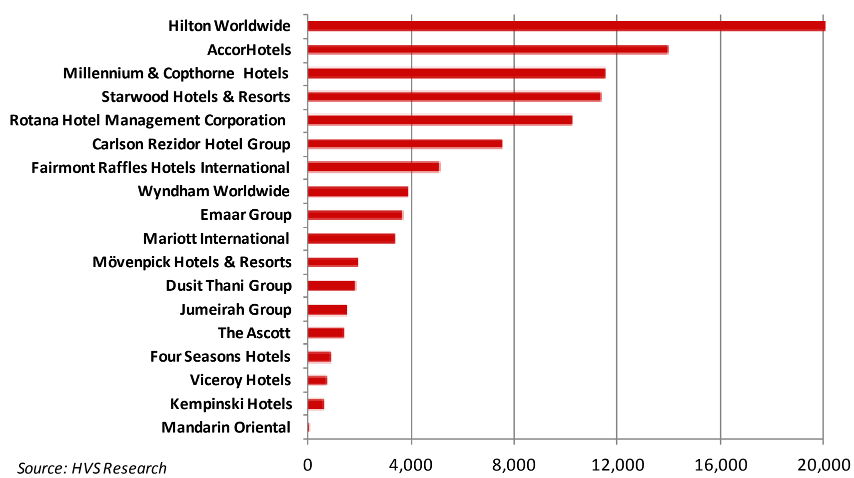
FIGURE 27: NEW HOTEL OPENINGS (2015)

Egypt	Jordan	Bahrain	Saudi Arabia	UAE	Kuwait	Morocco	Oman	Qatar
Kempinski 140	Ramada 160	Four Seasons 263	Radisson Blu 112	ibis Styles 191	Millennium 295	Four Seasons 178	Millennium 115	Kempinski 281
Novotel 268	Arjaan 194	Rotana 311	The Ascott 177	adagio 198		Mandarin Oriental 63		Shangri-La 272
Westin 215		ibis 304	park inn 90	Millennium 221				DoubleTree 187
DoubleTree 223			Radisson Blu 150	Ramada 356				
The Ritz-Carlton 327			Millennium 208	TRYP 146				
			Millennium 506	Accor Hotels 299				
			Days Hotel 52	Arjaan 256				
			Novotel 88	pullman 354				
			Mövenpick 438	park inn 239				
			Marriott 426	Autograph Collection 446				
				Sheraton 349				
				Hilton Garden Inn 732				
				St Regis 234				
1,173	354	878	2,247	4,021	295	241	115	740

Source: HVS Research

As operators compete to increase their market share and presence, the pipeline for Hilton Worldwide is currently leading the development scene in the region, with a purported 20,000 rooms under development. AccorHotels demonstrates an equally aggressive strategy, with over 14,000 rooms in the pipeline, while Rotana Hotel Management Corporation, Millenium Hotels and Starwood Hotels and Resorts contribute in excess of 10,000 rooms to the total development pipeline. These estimates are based on database figures made available by participating international hotel companies. Figure 28 provides an indication of operators in the region, as well as their contribution to the future room supply. In light of the considerable addition to supply, it is imperative for destinations to develop and diversify demand in order to ensure the sustainability of the hotel sector.

FIGURE 28: BRANDED ROOMS SUPPLY PIPELINE BY OPERATOR (2016-2023)



Source: HVS Research

Revenue Mix

Regional branded hotel markets are operating in a distinctive way based on specific realities, making the task of identifying a common trend a task not worth considering. While for hotel markets in the likes of Dubai, Riyadh and Jeddah the higher room revenue contribution to total revenue can be attributed to the strong RevPAR achieved, in Doha, the rooms revenue contribution is considerably softer on account of high food and beverage demand emanating from the resident population, as well as high food and beverage average checks. By contrast, branded hotels in Cairo account for an increased food and beverage share as a result of soft RevPAR achieved, which in turn triggers a reduced rooms revenue contribution.

Given the unique modus operandi of each hotel market it is not possible to identify a "one size fits all" regional trend.

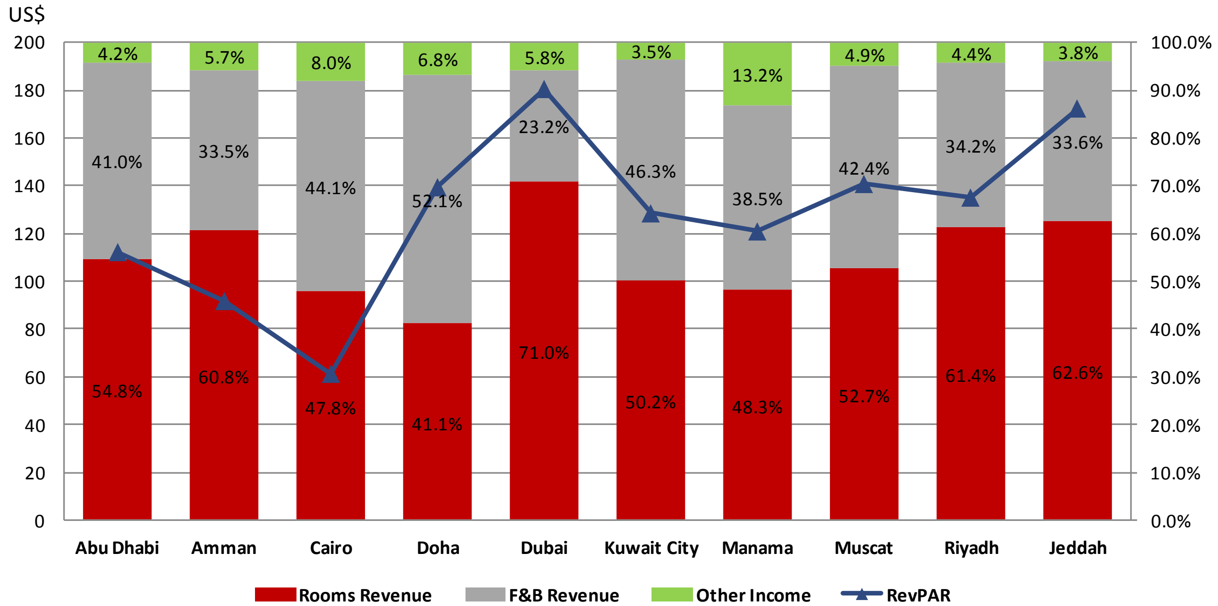
While the regional average for other income contribution to total revenue sits at roughly 4.2%, the higher contribution reported for Manama is achieved as a result of limited beach properties. This in turn translates to a high number of spa and health club memberships secured by hotels with these facilities, which often times are charged at a considerable premium, thus inflating the spa revenues and the market aggregate.

These estimates are based on database figures pertaining to internationally branded hotel companies and should be regarded as indicative only.

FIGURE 29: REVENUE MIX- FIVE-STAR HOTELS

	Abu Dhabi	Amman	Cairo	Doha	Dubai	Kuwait City	Manama	Muscat	Riyadh	Jeddah
	% of Total Revenue	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*	*% of Total Revenue*
Rooms Revenue	54.8%	60.8%	47.8%	41.1%	71.0%	50.2%	48.3%	52.7%	61.4%	62.6%
F&B Revenue	41.0%	33.5%	44.1%	52.1%	23.2%	46.3%	38.5%	42.4%	34.2%	33.6%
Other Income	4.2%	5.7%	8.0%	6.8%	5.8%	3.5%	13.2%	4.9%	4.4%	3.8%
Total Revenue	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: HVS Research



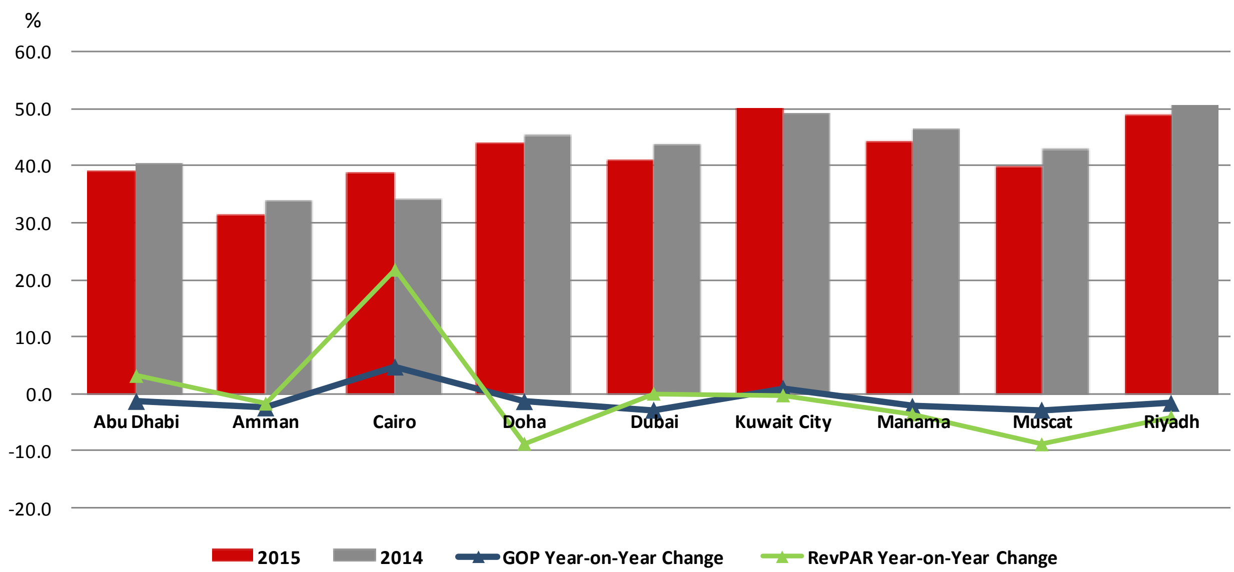
Source: HVS Research

GOP Performance

On account of softer RevPAR performance and subsidy cuts in a number of hotel markets, profit margins declined in 2015 by roughly 2.0%, with the exception of Cairo and Kuwait City. Cairo managed to report a five percentage points increase in profitability margin on account of an impressive 21.8% RevPAR growth, while Kuwait City branded hotels operators managed to slightly improve their profitability margins by maintaining relatively the same RevPAR and better managing their expenses. Nonetheless, GOP margins in key regional destinations remain at high levels averaging 41.8% in 2015. The highest profitability overall is reported in Kuwait City and Riyadh, with both destinations averaging 49% - 50% of total revenue, albeit energy subsidies were available in both markets. In 2016

In 2015 the main regional destinations' GOP margin averaged 41.8%, which is down 2.0% when compared to 2014 performance. The highest profit margins were witnessed in Riyadh and Kuwait City.

FIGURE 30: GOP PERFORMANCE 2014-2015 (% OF TOTAL REVENUE)



Source: HVS Research

the profitability in Saudi Arabian markets is expected to decline, as the authorities have increased domestic power, water and fuel prices in an attempt to boost the government budget, currently severely impacted by historically low oil prices. A similar initiative has been recently announced in Kuwait, however, no dates for implementation have yet been announced.

Outlook

Cycles will undoubtedly exist, however several markets in the region have proven their resilience during challenging times, and any marginal improvements in macroeconomics, local political or local economic conditions will likely stimulate the regional tourism sector to renewed peak levels. In the meantime, in recognition of the region's tourism potential, the World Travel and Tourism Council projects for the Middle East a total travel and tourism contribution to GDP growth rate of 4.9% reaching USD 328.2 billion by 2026. This will be sustained by tourism investments amounting to USD 74.5 billion by 2026, at 5.4% annual growth rate from USD 41.8 billion in 2015.

Regional markets have proven their resilience in the past, therefore any macroeconomic, local socio-political and economic improvements will likely stimulate the regional tourism sector to renewed peaks.

Historical KPI Performance – Occupancy

FIGURE 31: AVERAGE ANNUAL OCCUPANCY (%) (1995-2015)

AVERAGE ANNUAL OCCUPANCY (1995-2015)		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Change 2015-2015	Average (1995-2015)
Bahrain	Manama	58 %	53 %	63 %	58 %	56 %	59 %	62 %	64 %	64 %	72 %	75 %	71 %	77 %	75 %	68 %	66 %	34 %	49 %	49 %	55 %	53 %	-4 %	61 %
Egypt	El Gouna	-	-	-	-	-	-	-	-	-	-	-	-	-	81 %	72 %	72 %	48 %	46 %	54 %	- %	- %	- %	62 %
	El Quseir	-	-	-	-	-	-	-	-	-	-	-	-	-	%	71 %	78 %	41 %	48 %	40 %	53 %	47 %	-12 %	54 %
	Alexandria	-	-	-	-	-	-	-	-	-	-	-	-	-	69 %	68 %	65 %	53 %	64 %	59 %	62 %	70 %	13 %	64 %
	Cairo	63 %	73 %	71 %	62 %	77 %	79 %	67 %	68 %	67 %	75 %	77 %	75 %	81 %	76 %	71 %	73 %	38 %	49 %	37 %	47 %	54 %	14 %	66 %
	Dahab	-	-	-	-	-	-	-	-	-	-	-	-	-	54 %	61 %	70 %	46 %	50 %	50 %	35 %	39 %	13 %	51 %
	Hurghada	63 %	70 %	63 %	50 %	80 %	77 %	65 %	66 %	66 %	86 %	75 %	75 %	86 %	88 %	80 %	82 %	63 %	72 %	63 %	72 %	60 %	-16 %	71 %
	Luxor	-	-	-	-	-	-	-	-	-	-	-	-	-	52 %	45 %	42 %	24 %	22 %	15 %	19 %	17 %	-9 %	29 %
	Marsa Al Alam	-	-	-	-	-	-	-	-	-	-	-	-	-	79 %	71 %	64 %	32 %	67 %	35 %	47 %	41 %	-13 %	55 %
	Sharm El Sheikh	73 %	72 %	66 %	68 %	79 %	63 %	61 %	66 %	64 %	75 %	71 %	66 %	76 %	81 %	75 %	82 %	48 %	60 %	54 %	58 %	59 %	2 %	68 %
	Taba	-	-	-	-	-	-	-	-	-	-	-	-	-	74 %	74 %	80 %	52 %	52 %	48 %	33 %	27 %	-17 %	55 %
Iraq	Erbil	-	-	-	-	-	-	-	-	-	-	-	-	-	74 %	81 %	79 %	71 %	75 %	77 %	63 %	56 %	-12 %	72 %
Jordan	Amman	74 %	71 %	61 %	56 %	56 %	59 %	44 %	45 %	57 %	72 %	70 %	58 %	64 %	66 %	57 %	63 %	58 %	69 %	63 %	61 %	61 %	0 %	61 %
	Aqaba	-	-	-	-	-	-	-	-	-	-	-	-	-	73 %	41 %	53 %	49 %	56 %	55 %	54 %	47 %	-13 %	54 %
	Dead Sea	-	-	-	-	-	-	-	-	-	-	-	-	-	68 %	55 %	57 %	34 %	61 %	52 %	45 %	41 %	-9 %	52 %
	Petra	-	-	-	-	-	-	-	-	-	-	-	-	-	75 %	59 %	64 %	33 %	30 %	39 %	54 %	37 %	-31 %	49 %
Kuwait	Kuwait City	41 %	44 %	46 %	46 %	47 %	46 %	49 %	53 %	84 %	64 %	70 %	65 %	58 %	62 %	59 %	54 %	58 %	58 %	59 %	53 %	53 %	0 %	56 %
Lebanon	Beirut		45 %	61 %	61 %	56 %	57 %	55 %	57 %	59 %	71 %	52 %	48 %	39 %	57 %	70 %	66 %	59 %	56 %	48 %	49 %	57 %	16 %	56 %
Oman	Muscat	66 %	64 %	71 %	56 %	57 %	55 %	62 %	59 %	57 %	69 %	80 %	74 %	67 %	69 %	54 %	58 %	53 %	60 %	65 %	66 %	65 %	-1 %	63 %
	Salalah														67 %	70 %	67 %	67 %	69 %	70 %	49 %	54 %	10 %	64 %
Qatar	Doha	75 %	80 %	78 %	72 %	61 %	58 %	56 %	60 %	72 %	72 %	71 %	71 %	71 %	70 %	58 %	66 %	59 %	63 %	64 %	76 %	69 %	-9 %	68 %
Saudi Arabia	Al Jubail	-	-	-	-	-	-	-	-	-	-	-	-	-	%	86 %	64 %	51 %	67 %	76 %	- %	- %	- %	69 %
	Al Khobar	-	-	-	-	-	-	-	-	-	-	-	-	-	61 %	62 %	45 %	49 %	57 %	63 %	69 %	68 %	-2 %	59 %
	Dammam	-	-	-	-	-	-	-	-	-	-	-	-	-	60 %	71 %	49 %	55 %	62 %	66 %	70 %	66 %	-5 %	62 %
	Jeddah	64 %	61 %	58 %	60 %	59 %	63 %	59 %	57 %	53 %	54 %	61 %	64 %	73 %	77 %	73 %	72 %	72 %	79 %	78 %	77 %	72 %	-6 %	66 %
	Makkah	-	-	-	-	-	-	-	-	-	-	-	-	-	60 %	55 %	54 %	55 %	67 %	63 %	71 %	68 %	-5 %	62 %
	Medina	-	-	-	-	-	-	-	-	-	-	-	-	-	61 %	63 %	56 %	61 %	64 %	64 %	66 %	64 %	-3 %	62 %
	Riyadh	62 %	61 %	62 %	63 %	62 %	60 %	61 %	65 %	64 %	55 %	62 %	70 %	71 %	74 %	67 %	63 %	63 %	54 %	55 %	57 %	55 %	-3 %	62 %
	Taif	-	-	-	-	-	-	-	-	-	-	-	-	-	48 %	58 %	57 %	59 %	44 %	37 %	- %	- %	- %	50 %
	Yanbu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43 %	37 %	45 %	50 %	64 %	62 %	50 %	-19 %	50 %
Syria	Damascus	73 %	68 %	70 %	69 %	69 %	66 %	65 %	67 %	65 %	69 %	75 %	73 %	80 %	79 %	71 %	74 %	21 %	15 %	34 %	54 %	62 %	14 %	63 %
	Latakia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41 %	44 %	17 %	24 %	45 %	- %	- %	- %	34 %
Turkey	Istanbul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70 %	71 %	77 %	69 %	63 %	52 %	-18 %	67 %
	Izmir	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55 %	47 %	54 %	57 %	47 %	- %	- %	52 %
UAE	Abu Dhabi	58 %	66 %	65 %	66 %	64 %	67 %	67 %	68 %	68 %	82 %	85 %	84 %	81 %	81 %	73 %	64 %	70 %	67 %	73 %	74 %	76 %	2 %	71 %
	Ajman	-	-	-	-	-	-	-	-	-	-	-	-	-	77 %	63 %	40 %	73 %	74 %	70 %	78 %	80 %	3 %	69 %
	Al Ain	-	-	-	-	-	-	-	-	-	-	-	-	-	71 %	69 %	69 %	65 %	58 %	72 %	60 %	67 %	12 %	66 %
	Dubai	69 %	74 %	73 %	70 %	70 %	74 %	71 %	76 %	79 %	86 %	82 %	84 %	87 %	81 %	69 %	72 %	72 %	80 %	81 %	73 %	78 %	7 %	76 %
	Fujairah	-	-	-	-	-	-	-	-	-	-	-	-	-	74 %	69 %	66 %	69 %	76 %	71 %	54 %	59 %	10 %	67 %
	Ras al-Khaimah	-	-	-	-	-	-	-	-	-	-	-	-	-	81 %	67 %	67 %	74 %	80 %	78 %	65 %	64 %	-2 %	72 %
	Sharjah	-	-	-	-	-	-	-	-	-	-	-	-	-	83 %	67 %	61 %	70 %	70 %	76 %	75 %	73 %	-3 %	72 %
Yemen	Sana'a	-	-	-	-	-	-	-	-	-	-	-	-	-	49 %	39 %	33 %	11 %	35 %	28 %	18 %	- %	- %	30 %
Average		65 %	64 %	65 %	61 %	64 %	63 %	60 %	62 %	66 %	72 %	72 %	70 %	72 %	70 %	64 %	62 %	52 %	58 %	57 %	57 %	57 %	-3 %	64 %

Source: HVS Research

Historical KPI Performance – Average Rate

FIGURE 32: AVERAGE DAILY RATE (USD) (1995-2015)

AVERAGE ANNUAL RATE (1995-2015)		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change 2014-2015	CAGR 1995*-2015
Bahrain	Manama	87	92	90	93	102	105	103	119	122	132	177	196	249	259	205	209	204	221	222	228	230	1 %	5 %
Egypt	El Gouna	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89	89	91	115	81	-	-	- %	- %
	El Quseir	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	60	62	81	58	58	56	-4 %	-3 %
	Alexandria	-	-	-	-	-	-	-	-	-	-	-	-	-	124	110	100	93	93	67	90	91	1 %	-4 %
	Cairo	66	67	69	70	71	77	75	68	68	69	77	88	122	134	158	118	125	115	105	107	116	8 %	3 %
	Dahab	-	-	-	-	-	-	-	-	-	-	-	-	-	82	76	79	75	44	42	35	34	-1 %	-12 %
	Hurghada	39	41	44	30	34	41	35	30	32	40	47	46	41	49	45	49	37	47	38	36	40	12 %	0 %
	Luxor	-	-	-	-	-	-	-	-	-	-	-	-	-	46	47	88	80	85	76	63	54	-15 %	2 %
	Marsa Al Alam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	59	55	43	49	48	43	-11 %	-4 %
	Sharm El Sheikh	49	53	52	35	44	45	41	37	39	42	52	54	53	81	80	82	69	95	59	58	68	17 %	2 %
	Taba	-	-	-	-	-	-	-	-	-	-	-	-	-	43	41	43	44	47	37	31	39	26 %	-1 %
Iraq	Erbil	-	-	-	-	-	-	-	-	-	-	-	-	-	170	138	152	240	287	303	292	-	- %	- %
Jordan	Amman	75	83	83	81	71	68	68	65	69	85	118	132	147	161	140	137	136	156	165	153	150	-2 %	4 %
	Aqaba	-	-	-	-	-	-	-	-	-	-	-	-	-	95	126	122	107	147	119	124	120	-3 %	3 %
	Dead Sea	-	-	-	-	-	-	-	-	-	-	-	-	-	168	188	174	186	230	225	163	157	-4 %	-1 %
	Petra	-	-	-	-	-	-	-	-	-	-	-	-	-	86	129	132	93	132	123	131	83	-37 %	0 %
Kuwait	Kuwait City	205	213	201	204	203	214	218	216	233	230	237	239	239	260	257	241	244	241	246	243	242	0 %	1 %
Lebanon	Beirut	-	166	173	143	129	110	101	110	154	168	116	110	78	143	281	263	220	241	174	175	175	0 %	0 %
Oman	Muscat	103	112	101	95	91	86	80	74	66	82	117	154	283	329	244	210	245	219	226	234	215	-8 %	4 %
	Salalah	-	-	-	-	-	-	-	-	-	-	-	-	-	97	122	124	118	127	133	133	96	-28 %	0 %
Qatar	Doha	68	77	101	116	112	115	105	100	101	146	268	296	306	304	261	230	231	232	197	201	201	0 %	6 %
Saudi Arabia	Al Jubail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216	230	250	237	250	-	-	- %	- %
	Al Khobar	-	-	-	-	-	-	-	-	-	-	-	-	-	229	233	193	186	215	214	176	200	13 %	-2 %
	Dammam	-	-	-	-	-	-	-	-	-	-	-	-	-	179	185	172	171	155	153	150	133	-12 %	-4 %
	Jeddah	103	117	115	113	111	119	110	104	104	114	144	137	165	208	205	181	176	240	249	246	239	-3 %	4 %
	Makkah	-	-	-	-	-	-	-	-	-	-	-	-	-	182	228	202	238	242	208	227	193	-15 %	1 %
	Madinah	-	-	-	-	-	-	-	-	-	-	-	-	-	96	106	114	127	156	141	139	151	9 %	7 %
	Riyadh	105	106	110	113	116	115	110	107	104	105	110	142	202	233	297	261	264	274	277	247	244	-1 %	4 %
	Taif	-	-	-	-	-	-	-	-	-	-	-	-	-	176	170	174	171	186	176	-	-	- %	- %
	Yanbu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139	139	125	150	173	153	148	-4 %	1 %
Syria	Damascus	73	124	118	111	104	97	94	94	102	100	105	95	120	178	236	233	168	108	68	80	91	14 %	1 %
	Latakia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119	103	70	65	34	-	-	- %	- %
Turkey	Istanbul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141	147	256	246	183	276	51 %	14 %
	Izmir	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	116	126	129	83	-	- %	- %
UAE	Abu Dhabi	114	129	111	101	99	88	89	89	87	91	117	167	238	309	294	210	176	161	154	147	148	1 %	1 %
	Ajman	-	-	-	-	-	-	-	-	-	-	-	-	-	245	172	175	137	103	75	103	102	-1 %	-12 %
	Al Ain	-	-	-	-	-	-	-	-	-	-	-	-	-	158	157	153	152	175	145	132	124	-6 %	-3 %
	Dubai	119	120	126	107	104	105	100	110	113	144	192	225	258	259	184	167	191	230	236	244	231	-6 %	3 %
	Fujairah	-	-	-	-	-	-	-	-	-	-	-	-	-	183	156	147	125	126	136	104	103	-1 %	-8 %
	Ras Al Khaimah	-	-	-	-	-	-	-	-	-	-	-	-	-	135	131	140	143	153	158	162	155	-4 %	2 %
	Sharjah	-	-	-	-	-	-	-	-	-	-	-	-	-	96	78	84	80	76	84	130	90	-31 %	-1 %
Yemen	Sana'a	-	-	-	-	-	-	-	-	-	-	-	-	-	70	104	106	98	124	106	102	-	- %	- %
Average		93	107	107	101	99	99	95	95	100	111	134	149	179	164	157	148	144	156	147	142	138	-3 %	2 %

Source: HVS Research

Historical KPI Performance – RevPAR

FIGURE 33: AVERAGE ANNUAL REVPAR (USD) (1995-2015)

ANNUAL AVERAGE REVPAR (1995-2015)		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Change 2014-2015	CAGR 1995*-2015
Bahrain	Manama	51	49	56	54	57	62	64	76	78	95	133	140	193	195	139	138	69	109	108	125	121	-4 %	4 %
Egypt	Al Gouna	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	64	44	52	43	-	-	- %	-9 %
	Al Quseir	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	47	25	39	23	-	-	- %	-17 %
	Alexandria	-	-	-	-	-	-	-	-	-	-	-	-	-	86	75	65	49	60	40	56	63	13 %	-4 %
	Cairo	42	49	49	43	55	61	50	46	45	52	60	66	99	102	112	86	48	56	39	50	62	23 %	2 %
	Dahab	-	-	-	-	-	-	-	-	-	-	-	-	-	44	46	56	35	22	12	12	14	12 %	-16 %
	Hurghada	24	29	28	15	27	31	23	20	21	34	35	34	35	43	36	40	23	34	24	26	24	-6 %	0 %
	Luxor	-	-	-	-	-	-	-	-	-	-	-	-	-	24	21	37	19	19	11	12	9	-23 %	-13 %
	Marsa Al Alam	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	38	18	29	17	23	18	-22 %	-12 %
	Sharm El Sheikh	36	38	34	24	35	28	25	24	25	32	37	36	40	66	60	67	33	57	31	34	40	20 %	1 %
	Taba	-	-	-	-	-	-	-	-	-	-	-	-	-	32	30	35	23	25	18	10	11	4 %	-14 %
Iraq	Erbil	-	-	-	-	-	-	-	-	-	-	-	-	-	126	111	120	170	215	233	-	-	- %	13 %
Jordan	Amman	55	59	51	45	40	40	30	29	39	61	82	77	95	106	80	87	79	108	0	93	91	-2 %	3 %
	Aqaba	-	-	-	-	-	-	-	-	-	-	-	-	-	69	52	65	52	82	66	67	56	-16 %	-3 %
	Dead Sea	-	-	-	-	-	-	-	-	-	-	-	-	-	114	103	99	63	141	117	73	64	-12 %	-8 %
	Petra	-	-	-	-	-	-	-	-	-	-	-	-	-	65	76	84	31	40	48	71	31	-56 %	-10 %
Kuwait	Kuwait City	83	93	93	94	94	98	107	114	196	147	165	155	139	160	152	130	142	139	145	129	128	0 %	2 %
Lebanon	Beirut		75	105	88	73	62	56	63	91	119	61	53	30	81	197	174	130	134	84	86	100	16 %	2 %
Oman	Muscat	68	72	72	53	52	47	50	44	38	57	94	114	190	227	131	121	130	132	148	154	141	-9 %	4 %
	Salalah	-	-	-	-	-	-	-	-	-	-	-	-	-	65	86	83	79	88	93	65	52	-20 %	-3 %
Qatar	Doha	51	62	79	83	69	67	59	60	73	105	191	208	218	213	151	151	136	147	126	153	139	-9 %	5 %
Saudi Arabia	Al Jubail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	186	146	128	158	189	-	-	- %	0 %
	Al Khobar	-	-	-	-	-	-	-	-	-	-	-	-	-	140	144	86	91	124	136	121	135	11 %	0 %
	Dammam	-	-	-	-	-	-	-	-	-	-	-	-	-	107	131	85	94	96	100	105	88	-16 %	-3 %
	Jeddah	66	71	67	68	66	75	65	59	55	62	88	87	121	161	150	130	127	190	194	189	172	-9 %	5 %
	Makkah	-	-	-	-	-	-	-	-	-	-	-	-	-	109	125	109	131	161	130	161	131	-19 %	3 %
	Madinah	-	-	-	-	-	-	-	-	-	-	-	-	-	59	67	64	77	100	90	92	97	6 %	8 %
	Riyadh	66	64	69	71	72	69	67	70	67	58	68	100	143	173	199	164	166	149	153	141	135	-4 %	4 %
	Taif	-	-	-	-	-	-	-	-	-	-	-	-	-	84	99	98	101	82	65	-	-	- %	-5 %
	Yanbu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	51	56	75	110	95	74	-22 %	4 %
Syria	Damascus	53	84	82	76	72	65	61	63	66	69	79	69	95	140	168	172	35	16	23	43	56	30 %	0 %
	Latakia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	46	12	16	16	-	-	- %	-25 %
Turkey	Istanbul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99	104	196	170	115	142	23 %	8 %
	Izmir	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70	55	68	73	39	-	- %	-14 %
UAE	Abu Dhabi	66	85	72	66	63	60	60	61	59	75	99	140	192	252	215	134	123	107	112	109	112	3 %	3 %
	Ajman	-	-	-	-	-	-	-	-	-	-	-	-	-	189	108	70	100	76	52	80	82	2 %	-11 %
	Al Ain	-	-	-	-	-	-	-	-	-	-	-	-	-	112	108	105	99	100	104	79	83	5 %	-4 %
	Dubai	82	89	92	75	73	78	71	84	89	124	158	188	225	209	127	121	138	184	191	178	180	1 %	4 %
	Fujairah	-	-	-	-	-	-	-	-	-	-	-	-	-	135	108	97	86	96	96	56	61	8 %	-11 %
	Ras al-Khaimah	-	-	-	-	-	-	-	-	-	-	-	-	-	109	88	94	106	122	123	105	99	-6 %	-1 %
	Sharjah	-	-	-	-	-	-	-	-	-	-	-	-	-	80	52	51	56	53	64	98	65	-33 %	-3 %
Yemen	Sana'a	-	-	-	-	-	-	-	-	-	-	-	-	-	34	40	35	11	43	29	18	-	- %	-10 %
Average		60	69	69	62	63	62	57	59	65	79	96	104	129	115	100	92	84	90	84	82	79	-3 %	1

Source: HVS Research

** Or the earliest year for which data are available*

HVS DUBAI PUBLICATIONS

- 2015 Middle East Hotel Survey - Peak Assessments
- 2014 Middle East Hotel Survey - Fast Forward and Rewind
- 2013 Middle East Hotel Survey - Maximum Supportable Investments
- 2012 Middle East Hotel Survey - The Impact of the Arab Spring
- 2011 Middle East Hotel Survey - Shifting Sands
- 2010 Middle East Hotel Survey - Reshuffling the Deck
- 2009 Middle East Hotel Survey - Changing Times: But For Better or For Worse?
- 2008 Middle East Hotel Survey
- Middle East Hotel Development Cost Trends
- Hotels in MENA - How Much Can You Invest?
- GCC A Region in Review
- In Focus Doha - Tracking Progress
- In Focus Doha - Welcoming FIFA World Cup 2022
- Qatar - The Race for 2022
- Doha, Qatar, A Tale of Caution and Optimism
- In Focus Muscat - Slowly but Surely
- In Focus Muscat
- Oman - Today's Spotlight, Tomorrow's Destination
- In Focus - Muscat
- In Focus- Welcome to Paradise! Seychelles, Maldives & Mauritius
- A Time for Nairobi Is a Time for Africa
- Here Comes Kurdistan!
- In Focus Ras Al Khaimah
- Dubai Under the Microscope
- Developing a Sustainable Dubai
- Cairo, Sharm El Sheikh Before and After
- Cairo Market Snapshot
- In Focus Al-Khobar
- In Focus Seychelles
- In Focus Jeddah
- The Hotel Investment Climate In Syria - Silk Route Ready For Remix
- Damascus Market
- Amman, Jordan - Market Snapshot
- Jordan - A Vital Tourism Sector
- Abu Dhabi - Between The Hammer And The Anvil
- Abu Dhabi Market Snapshot
- Kuwait Market Snapshot
- Bahrain Market Snapshot
- Spiritual Lodging - the Sharia-Compliant Hotel Concept
- Beirut, Lebanon - Against All Odds
- Beirut and Beyond An Unparalleled Insight
- Fujairah Market Snapshot
- Riyadh Market Snapshot
- Market Pulse Fujairah

About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrated its 35th anniversary in 2015. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and more than 500 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. **HVS.com**

Superior Results through Unrivalled Hospitality Intelligence. *Everywhere*.

HVS DUBAI has a team of experts that conducts its operations in the Middle East and Africa. The team benefits from international and local cultural backgrounds, diverse academic and hotel-related experience, in-depth expertise in the hotel markets in the Middle East and Africa and a broad exposure to international hotel markets. Over the last seven years, the team has advised on more than 500 hotels or projects in the region for hotel owners, lenders, investors and operators. HVS has advised on more than US$55 billion worth of hotel real estate in the the region.

About the Authors

Cristina Zegrea is Associate Director with HVS Dubai Office. After practicing law, Cristina redirected her focus to hospitality sales & marketing. Performing in various managerial roles for multiple established international hotel chains, Cristina developed a solid foundation and in-depth understanding of hotel demand, rate positioning strategies and hotel operations. While at HVS, Cristina has conducted multiple highest and best use feasibility studies, valuations, operator searches, operational assessments and strategic advice assignments throughout the Middle East and North Africa.

Hala Matar Choufany is the Managing Partner of HVS Dubai and is responsible for the firm's valuation and consulting work in the Middle East and Africa. She has worked on several mixed use developments and conducted numerous valuations, feasibility studies, operator searches, operational assessments, strategy advice in Europe, the Middle East, Africa and Asia. Hala has in-depth expertise in regional hotel markets and a broad exposure to international markets and maintains excellent contacts with developers, owners, operators, investment institutions and government entities. Before joining HVS International, Hala had several years of operational and managerial hotel industry experience. Hala is an official Member of the Royal Institution of Chartered Surveyors (MRICS) and holds an MPhil from Leeds University U.K., an MBA in Finance and Strategy from IMHI (Essec-Cornell) University, Paris, France.