



Quarterly Review

MENA Hotels

Quarter 1 | 2021

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MENA Hotels

Quarterly Update



DUBAI ANNOUNCES 2040 URBAN MASTER PLAN

The Emirate of Dubai unveiled the Dubai 2040 Urban Master Plan in March 2021. The plan focuses on enhancing and reinforcing Dubai as a destination for citizens, residents, and visitors.

According to the plan, by 2040, land for hotels and tourist activities will increase by 134 per cent. The plan also focuses on increasing green spaces and easing sustainable mobility.



SAUDI ARABIA'S NEW INITIATIVE TO INCREASE INVOLVEMENT OF PRIVATE SECTOR IN TOURISM

The Saudi Tourism Authority (STA) launched 'Tourism Shapers' in Q1 2021 with the aim of encouraging involvement of private sector businesses in the tourism sector.

The initiative seeks to educate, enable, and inspire SMEs to recognize the opportunities within the country's tourism sector.



QATAR LAUNCHES PERSONALIZED TRAVEL COMPANION APP

The Qatar National Tourism Council (QNTC) recently launched the Visit Qatar app as part of a digital transformation strategy, aiming to enforce Qatar as a tourist destination.

The cloud-based app uses data analytics to personalize hotel, activity, and point of interest recommendations for users. Designed to ease tourist experience, the app will act as a digital travel companion.



NEW GOVERNMENT INITIATIVE TO SUPPORT EGYPT'S TOURISM SECTOR

Egypt's Ministry of Tourism, in January 2021, announced the launch of a new government initiative focused on reviving the country's tourism sector through reductions in aviation fuel prices and implementation of hotel health & safety standards, among other strategies.

The initiative, originally set to end on February 28, has recently been extended to mid May,

Kingdom of Saudi Arabia

Despite the slow recovery in occupancy within the Saudi hospitality market, ADR levels experienced an increase of +9.5% within Q1 2021 compared to the same period last year.

Highlights

Hotels within the Kingdom recorded occupancies of between 20% and 50% within the first quarter of 2021. The Makkah and Madinah markets registered the steepest declines due to the strict measures imposed to subdue the spread of COVID-19. This year, the Saudi government announced that only those people that were vaccinated could perform the pilgrimage.

The Jeddah market on the other hand recorded an increase in ADR performance in Q1 2021 of +19%. Jeddah was able to maintain fairly stable occupancy levels with a decline of just 1%.

The increase in domestic demand within the Kingdom has contributed to the recovery of hospitality demand post-pandemic. It is expected that once International travel resumes in May, there will be an increase in international demand.

Outlook

The total branded keys in the Kingdom reached 58,600 by the end of Q1 2021, representing an increase of 9.4% compared to the same period last year. The Jeddah and Makkah markets recorded the highest increase in supply Q1 2021, accounting for approximately 600 additional keys.

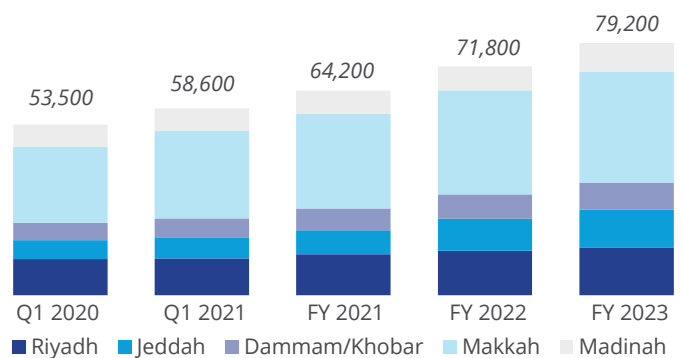
Supply in the Saudi market is expected to increase at a CAGR of 11% between 2021 and 2023, accounting for an additional 15,000 keys in the market.

The forthcoming supply was negatively impacted by COVID-19 which resulted in fewer openings due to project delays.

Key Performance Indicators (Year-on-Year Change)

| | | Q1 2019 | Q1 2020 | Q1 2021 |
|----------------------|---------------|---------|---------|---------|
| Occupancy Change (%) | Riyadh | +0% | +1% | -20% |
| | Jeddah | -2% | -4% | -1% |
| | Dammam/Khobar | +10% | -5% | -5% |
| | Makkah | +10% | -24% | -64% |
| | Madinah | -5% | -12% | -48% |
| ADR Change (%) | Riyadh | -14% | +3% | -12% |
| | Jeddah | -14% | -4% | +19% |
| | Dammam/Khobar | -15% | -9% | -4% |
| | Makkah | -18% | +1% | -7% |
| | Madinah | -9% | +8% | -13% |

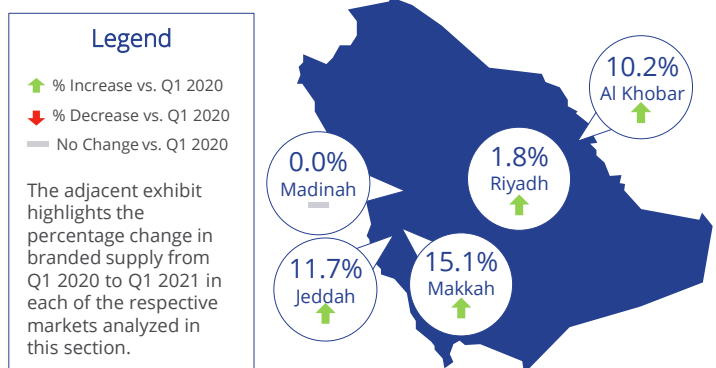
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; takes into account potential cancellations and delays

Year-on-Year % Change in Supply



United Arab Emirates

With the easing of COVID-19 travel restrictions in UAE, cities like Dubai and Ras Al Khaimah experienced a growth in visitation and highest RevPAR in comparison with other cities.

Highlights

Hotels in the UAE have been affected by COVID-19, with the hospitality markets experiencing decreases in occupancy levels between the range of -7% to -13% when compared year-on-year.

Markets have experienced a decline between the ranges of -6% to -31% in RevPAR. Ras Al Khaimah and Fujairah recorded positive ADR change in comparison to Q1 2020. This can be attributed to staycations and “Funderful Campaign” that focused on long-stay tourism by attracting domestic as well as international tourists.

The fast roll out of COVID-19 vaccinations in the UAE is expected to have a positive impact on demand for hotels across the country. International visitors are expected to feel more confident and comfortable in travelling to UAE, due to it being perceived as one of the world’s safest tourism destinations.

Outlook

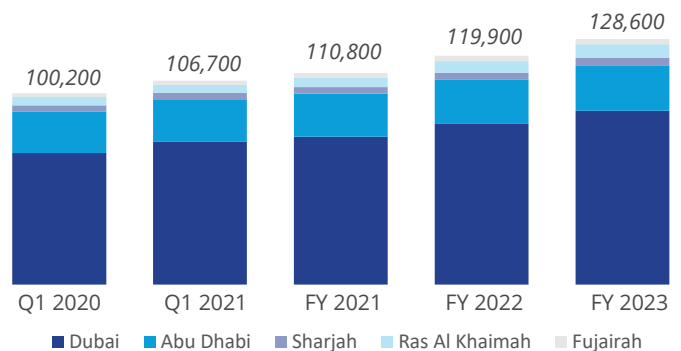
The branded hospitality market in UAE reached 106,690 keys by the end of Q1 2021, with Dubai being the largest contributor to the new supply followed by Abu Dhabi.

The supply in the market is expected to increase at a CAGR of 8% between 2021 and 2023. This will introduce an additional 17,760 keys in the market. However, the ongoing COVID-19 pandemic is expected to have an influence on hotel openings during this period which will inevitably delay openings.

Key Performance Indicators (Year-on-Year Change)

| | | Q1 2019 | Q1 2020 | Q1 2021 |
|----------------------|----------------|---------|---------|---------|
| Occupancy Change (%) | Dubai | -3% | -21% | -7% |
| | Abu Dhabi | -0% | -13% | -10% |
| | Sharjah | -11% | -17% | -7% |
| | Ras Al Khaimah | -9% | -11% | -13% |
| | Fujairah | -18% | +3% | -13% |
| ADR Change (%) | Dubai | -13% | -12% | -8% |
| | Abu Dhabi | +16% | -20% | -19% |
| | Sharjah | -10% | -6% | -25% |
| | Ras Al Khaimah | -3% | -13% | +8% |
| | Fujairah | -14% | -11% | +30% |

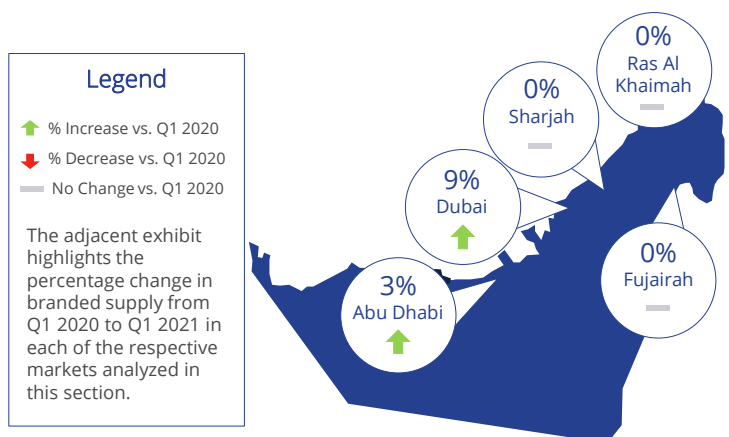
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; takes into account potential cancellations and delays

Year-on-Year % Change in Supply



Legend

- ▲ % Increase vs. Q1 2020
- ▼ % Decrease vs. Q1 2020
- No Change vs. Q1 2020

The adjacent exhibit highlights the percentage change in branded supply from Q1 2020 to Q1 2021 in each of the respective markets analyzed in this section.

Egypt

On-going COVID-19 outbreaks and a continued need for mass vaccinations have contributed to the overall stress on Q1 hotel performance across the Egypt market. Despite current setbacks, increase in development and supply is optimistic in the market.

Highlights

The Cairo, Sharm El Sheikh, and Hurghada markets occupancy dropped an average of -27% while ADR dropped -68%. Alexandria's market showed only a -1% drop in occupancy and a -40% drop in ADR. Alexandria's growing popularity as a Mediterranean coastal city has made the market a favorable domestic leisure destination. This is illustrated by the markets ability to achieve better overall KPIs compared to the other Egyptian markets. The North Coast resort market has been a large contributor to the Alexandria's occupancy and rates during the COVID-19 pandemic.

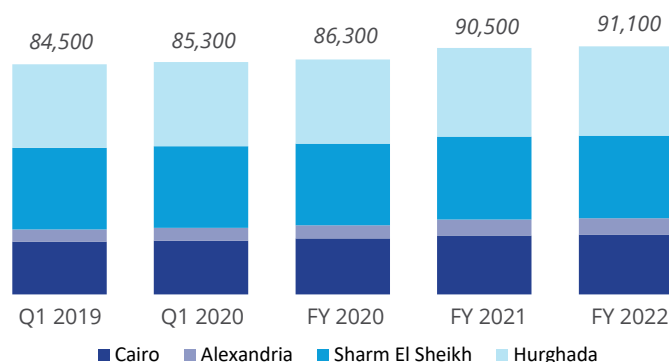
Outlook

An additional 6,000 keys are expected to open in the Egyptian market by the full year 2022. The forthcoming supply might experience delays due to the impact of COVID-19 on projects under construction. The Red Sea market of Hurghada accounts for 31% of the forthcoming branded supply in the Egyptian markets.

Key Performance Indicators (Year-on-Year Change)

| | | Q1 2019 | Q1 2020 | Q1 2021 |
|----------------------|-----------------|---------|---------|---------|
| Occupancy Change (%) | Cairo | -12% | -29% | -22% |
| | Alexandria | +12% | -22% | -1% |
| | Sharm El Sheikh | -1% | -29% | -33% |
| | Hurghada | +0% | -14% | -26% |
| ADR Change (%) | Cairo | -11% | -5% | -68% |
| | Alexandria | +1% | -8% | -40% |
| | Sharm El Sheikh | -5% | -11% | -76% |
| | Hurghada | -9% | -3% | -59% |

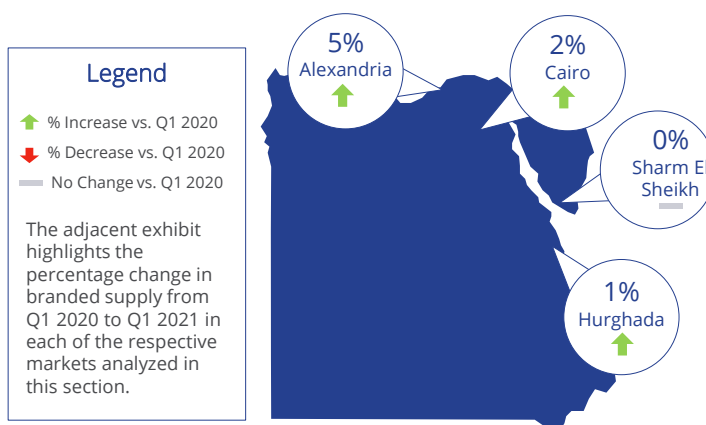
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; takes into account potential cancellations and delays

Year-on-Year % Change in Supply



Kuwait City, Manama, Muscat, Amman and Doha

Approximately 2,100 quality branded hospitality keys have entered the respective markets between Q1 2020 and Q1 2021. Doha accounted for the majority of the new supply in these markets.

Highlights

Performance in these markets have significantly declined when compared to the previous year, due to the on-going influence of COVID-19.

Amman has experienced the most significant decrease in terms of occupancy levels with a decrease of -59% between 2020 and 2021. In terms of ADR, Muscat has experienced the most significant decrease at a -54% decrease within the same time period. Both markets have on-going travel restrictions which have influenced overall international hospitality demand. On the other hand, Doha has experienced an increase in occupancy levels of 12% and stable ADR levels between 2020 and 2021.

Outlook

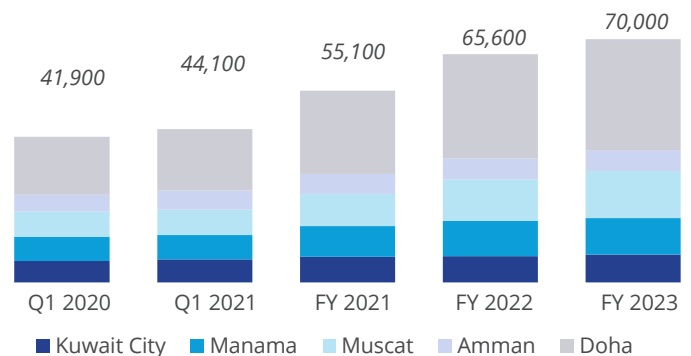
The branded hospitality market in these regional markets has reached approximately 44,000 keys by the end of Q1 2021, with Doha being the largest contributor to the new supply followed by Amman.

The supply in the market is expected to increase at a CAGR of 17% between 2021 and 2023. This will introduce an additional 26,000 keys in the market. However, the ongoing COVID-19 pandemic is expected to have an influence on hotel openings during this period which will inevitably delay openings.

Key Performance Indicators (Year-on-Year Change)

| | | Q1 2019 | Q1 2020 | Q1 2021 |
|----------------------|-------------|---------|---------|---------|
| Occupancy Change (%) | Kuwait City | -11% | -30% | -45% |
| | Manama | +12% | -23% | -17% |
| | Muscat | -1% | -30% | -19% |
| | Amman | +1% | -14% | -59% |
| | Doha | +12% | -8% | +12% |
| ADR Change (%) | Kuwait City | -11% | -5% | -6% |
| | Manama | +1% | -9% | -18% |
| | Muscat | -5% | -11% | -54% |
| | Amman | -9% | -3% | -10% |
| | Doha | -5% | +4% | +0% |

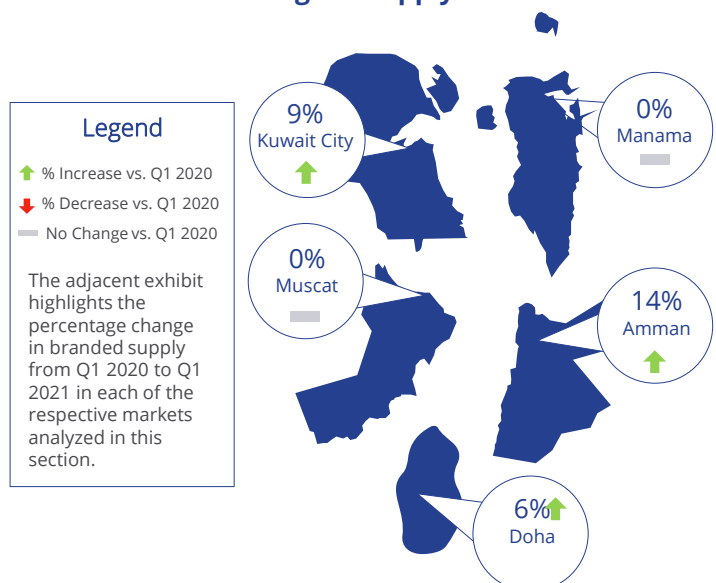
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; takes into account potential cancellations and delays

Year-on-Year % Change in Supply



480
offices in

67
countries on

6
continents



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals

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