



Colliers



Quarterly Review

MENA Hotels

Q1 2022

Accelerating Success

Table of Contents

Colliers Quarterly Update	3
Kingdom of Saudi Arabia	4
Riyadh	
Jeddah	
Damman/Khobar	
Makkah	
Madinah	
United Arab Emirates	5
Dubai	
Abu Dhabi	
Sharjah	
Ras Al Khaimah	
Fujairah	
Egypt	6
Cairo	
Alexandria	
Sharm El Sheikh	
Hurghada	
Kuwait City, Kuwait	7
Manama, Bahrain	7
Muscat, Oman	7
Amman, Jordan	7
Doha, Qatar	7

MENA Hotels

Quarterly Update



EXPO 2020 DUBAI SITE TO BECOME DISTRICT 2020, THE UAE'S FIRST 15-MINUTE CITY.

The Vice President and Ruler of Dubai unveiled plans to transform Dubai's Expo 2020 site into a business and residential district, using more than 80 per cent of the existing built environment. With planned spaces for more than 85 start-ups and small businesses as well as its own residential village, District 2020 is envisioned to become the first cycle-friendly, traffic-free suburb in the country. Key pavilions and attractions such as the Mobility Pavilion, Sustainability Pavilion, and the Expo water feature are expected to remain part of the District 2020 and generate MICE and leisure tourist demand.



OMAN HOSTED ITS FIRST 'GLOBAL TRAVEL WEEK MIDDLE EAST', IN LINE WITH OMAN VISION 2040.

Oman's Ministry of Heritage and Tourism hosted its first Global Travel Middle East event in March, looking to review ways to enhance partnership and communication between international travel and tourism companies. The private event focused on solidifying the image of Oman as a niche luxury, adventure and nature-focused tourist destination. The event further supports with the country's Vision 2040, which aims to attract more investments to develop the tourism sector, encourage entrepreneurship and support local communities.



SAUDI ARABIA'S TOURISM DEVELOPMENT FUND ANNOUNCES PROJECT TO DEVELOP TAIIF'S TOURISM SECTOR.

Saudi Arabia's Tourism Development Fund (TDF) has announced a partnership with Al-Ameen Real Estate for a USD 80 million mixed-use development that aims to grow Taif's tourism sector. Named 'Taif Front', the 100,000 sqm project located in the heart of the city focuses on maximizing outdoor spaces to enhance the potential of Taif as a summer destination. The planned development includes upscale hotels, retail, and entertainment offerings that are expected to support the growth of the city into a domestic and inbound tourist getaway destination.



EGYPT ANNOUNCES INITIATIVES TO BOOST CULTURAL TOURISM

In order to develop the cultural tourism niche in the country, the Supreme Council of Antiques in Egypt announced the implementation of multiple initiatives. These included increasing the number of affiliations with cultural sites, renting of bazaars in museums and easing access to archaeological sites. Other measures include discounts on tickets to museums and archaeological sites in various parts of the country. The government efforts are expected to expedite the recovery of the tourism sector within Egypt and aim to induce sustainable demand for special interest tourism sectors.

Kingdom of Saudi Arabia

Q1 performance across the main KSA markets shows similar levels of performance to Q1 2019. Comparing Q1 2019 to Q1 2022, the selected KSA markets achieved 101% of pre-pandemic weighted average RevPAR levels.

Highlights

Riyadh Seasons welcomed over 15 million visitors over the 5-month event which concluded in March 2022. Hotels in Riyadh heavily benefited from the increase in demand from the event in Q1 2022, achieving 120% of Q1 2019 occupancy levels and 116% of Q1 2019 ADR levels.

The easing of government restrictions on the number of Hajj and Umrah pilgrims leading up to the holy month of Ramadan has significantly aided in hotel performance recovery from the previous two years. The holy cities benefited from increased pilgrim visits in Q1 2022. In Q1 2022 Makkah indicated a 188% increase in occupancy from Q1 2021. In Q1 2022 Madinah indicated a 128% increase in occupancy from Q1 2021.

Outlook

The upcoming Jeddah Seasons is expected to have similar benefits as Riyadh Season on the Jeddah market over Q2 and Q3 of 2022. Additionally, the increase in demand in holy cities during Ramadan in Q2 2022 will be a critical benchmark comparison for holy cities current performance vs. pre-pandemic figures.

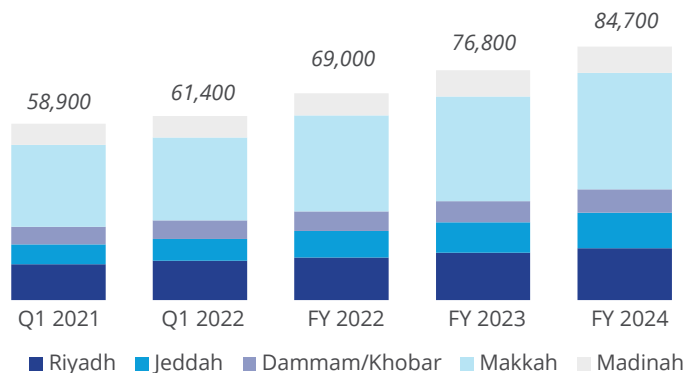
The total branded hotel keys in the Kingdom reached approximately 61,400 in Q1 2022, representing an increase of 4.3% compared to the same period last year. About 2,500 keys have entered the KSA markets as of Q1 2021.

Supply in the Saudi market is expected to increase at a CAGR of 11% from 2022 to 2024, accounting for an additional 23,300 keys in the market.

Key Performance Indicators (Year-on-Year Change)

		Q1 2020	Q1 2021	Q1 2022
Occupancy Change (%)	Riyadh	+1%	-20%	+48%
	Jeddah	-4%	-1%	+9%
	Dammam/Khobar	-5%	-5%	+22%
	Makkah	-24%	-64%	+188%
	Madinah	-12%	-48%	+128%
ADR Change (%)	Riyadh	+3%	-12%	+28%
	Jeddah	-4%	+19%	-4%
	Dammam/Khobar	-9%	-4%	-10%
	Makkah	+1%	-7%	+2%
	Madinah	+8%	-13%	+10%

Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

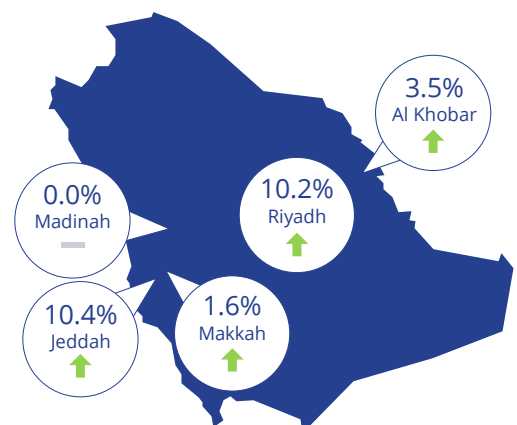
Note: Includes only branded hotel supply; considers potential cancellations and delays

Year-on-Year % Change in Supply

Legend

- ↑ % Increase vs. Q1 2021
- ↓ % Decrease vs. Q1 2021
- No Change vs. Q1 2021

The adjacent exhibit highlights the percentage change in branded supply from Q1 2021 to Q1 2022 in each of the respective markets analyzed in this section.



United Arab Emirates

The overall UAE hospitality market experienced growth in occupancies and ADR due to the increase in international visitors to the Emirate and extraordinary levels of demand due to EXPO 2020. The 6-month long EXPO attracted more than 24 million visitors.

Highlights

All markets in UAE saw an increase in performance levels in comparison to 2021, with Dubai and Sharjah observing the highest growth in occupancies. This can be attributed to increased demand during the winter holidays and last three months of EXPO 2020.

The occupancy levels for the overall market during the first quarter of the year have achieved a 24% increase in comparison to same time last year across the Emirates. Sharjah experienced a 114% increase in RevPAR in comparison to same time last year, followed by Dubai.

The branded hospitality market in UAE reached 116,330 keys by the end of Q1 2022, with Dubai being the largest contributor to the new supply.

Around 2,054 keys opened in Dubai market during first quarter of 2022. Among these keys was a 70-suite resort property that opened in Dubai's World Islands under Minor Hotels, Anantara brand, Anantara World Islands.

Outlook

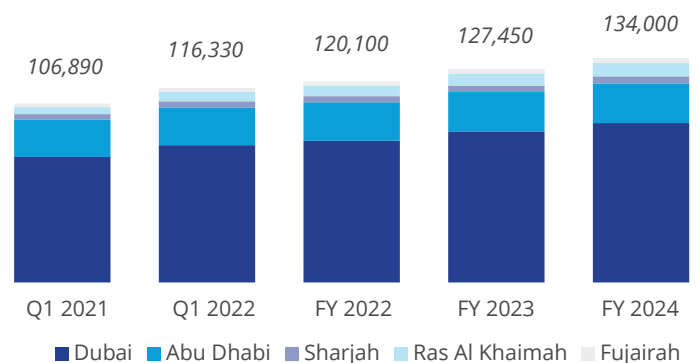
The supply in the market is expected to increase at a CAGR of 6% between 2022 and 2024. This is expected to introduce an additional 13,900 keys in the market.

New tourist attractions expected to open in 2022 are the Kalba Heritage Museum in Sharjah and transformation of the EXPO 2020 site into District 2020, a futuristic city.

Key Performance Indicators (Year-on-Year Change)

		Q1 2020	Q1 2021	Q1 2022
Occupancy Change (%)	Dubai	-21%	-7%	+33%
	Abu Dhabi	+0%	-22%	+21%
	Sharjah	-17%	-7%	+30%
	Ras Al Khaimah	-11%	-13%	+13%
	Fujairah	+3%	-13%	+23%
ADR Change (%)	Dubai	-12%	-8%	+56%
	Abu Dhabi	+0%	-36%	+27%
	Sharjah	-6%	-25%	+64%
	Ras Al Khaimah	-13%	+8%	+7%
	Fujairah	-11%	+30%	+7%

Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

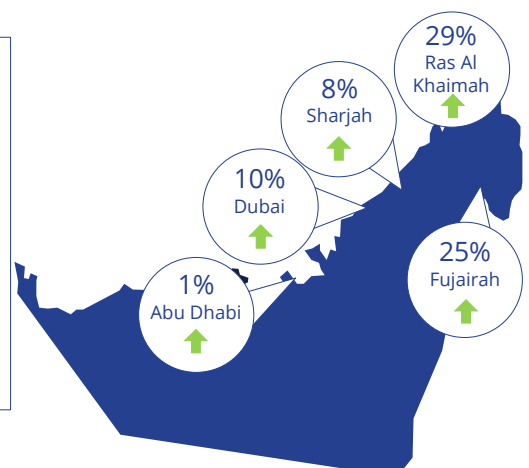
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Year-on-Year % Change in Supply

Legend

- ↑ % Increase vs. Q1 2021
- ↓ % Decrease vs. Q1 2021
- No Change vs. Q1 2021

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Egypt

Egypt's easing of travel restrictions induced significant inbound leisure demand in Q1 2022, positively impacting demand for hospitality products in the country. The strengthening of political ties between Egypt and some of its key source markets such as Europe and the Middle East further supported the recovery of this market.

Highlights

Q1 2022 performance indicators reflect the positive impact of the return of inbound tourism, with both occupancy and ADR levels benefitting from positive year-on-year change. Cairo's remarkable year-on-year occupancy change of +106% was driven by the return of both the corporate and leisure inbound tourists to the capital. Leisure destinations such as Hurghada and Sharm El Sheikh also benefitted from the same, recording strong occupancy figures.

While Average Daily Rates saw a sharp incline versus the same period last year, this figure may be inflated given the devaluation of the Egyptian Pound. Markets that are reliant on overseas visitors, such as Cairo and Sharm El Sheikh can experience a net increase in ADRs as these source markets usually charge inbound visitors in USD/EUR. Therefore, when the local currency is used as the presentation currency, an unnatural y-o-y growth in ADR is observed due to exchange rates from USD/EUR to EGP, suggesting better performance than what is observed using USD-denominated performance indicators.

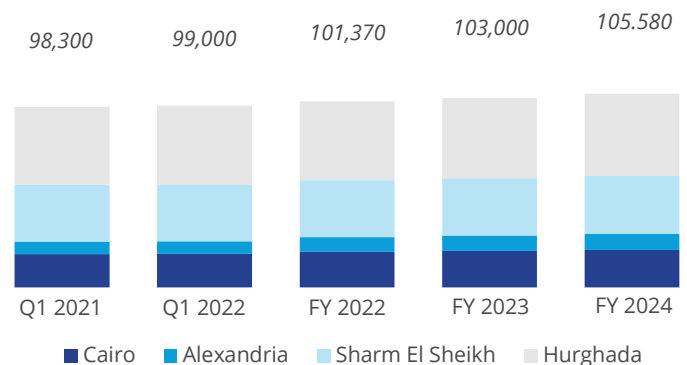
Outlook

Overall supply in the Egyptian market is expected to increase at a CAGR of 1% between 2022 and 2024, with 4,210 keys anticipated to enter the market. Hurghada's hotel market, targeting both inbound and domestic leisure visitation, is expected to introduce over 2,000 keys to Egypt's over supply by 2024.

Key Performance Indicators (Year-on-Year Change)

		Q1 2020	Q1 2021	Q1 2022
Occupancy Change (%)	Cairo	-23%	-50%	+106%
	Alexandria	-26%	-24%	-1%
	Sharm El Sheikh	-24%	-23%	+46%
	Hurghada	-24%	-46%	+84%
ADR Change (%)	Cairo	-9%	-67%	+181%
	Alexandria	+13%	+5%	-26%
	Sharm El Sheikh	+1%	-16%	+54%
	Hurghada	-2%	+1%	+13%

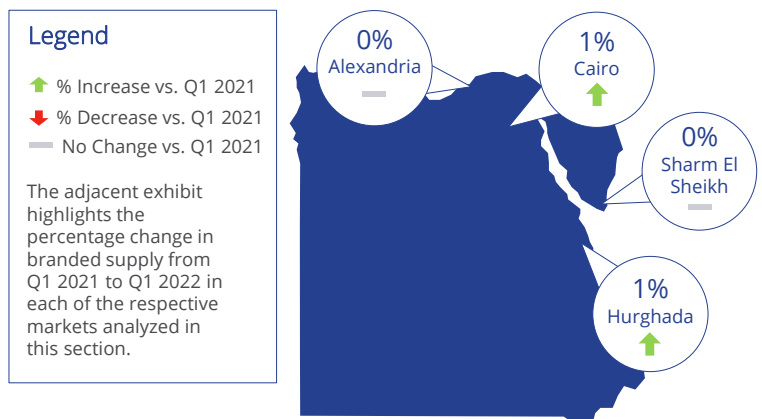
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; considers potential cancellations and delays.

Year-on-Year % Change in Supply



Kuwait City, Manama, Muscat, Amman and Doha

Approximately 2,800 quality branded hospitality keys have entered the respective markets between Q1 2021 and Q1 2022. Doha accounted for the majority of the new supply in these markets with close to 2,100 new keys.

Highlights

Demand in Kuwait City, Manama, Muscat, Doha and Amman has recovered extensively in Q1 2022 compared to the same period last year. The increase in demand is mostly due to the easing of covid related restrictions and improving consumer confidence in international travel observed in H2 2021.

Doha has experienced the most significant recovery in terms of occupancy levels with an increase of 146% between Q1 2021 and Q1 2022. The uplift in hospitality performance in Doha is partially due to the increase in exposure generated by the upcoming FIFA World Cup Qatar 2022.

Muscat experienced the most significant recovery in ADR levels with a 72% increase between Q1 2021 and Q1 2022. This was led by a recovery of key regional source markets into Muscat while being supported by a strengthening in domestic tourism demand.

Outlook

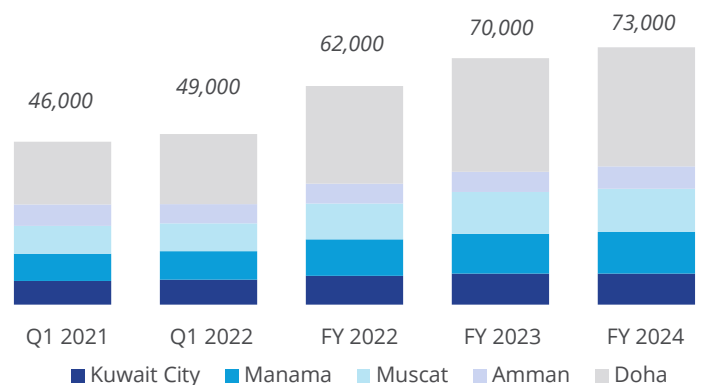
The branded hospitality market in these regional markets is expected to reach approximately 62,000 keys by the end of 2022, with Doha being the largest contributor to the new supply followed by Muscat. 5,000 keys are expected to enter the Doha market by the first half of 2022, in anticipation of the FIFA World Cup Qatar 2022 in Q4.

The supply in key regional markets is expected to grow by an additional 24,000 keys by 2024. The ongoing COVID-19 pandemic may cause additional project delays, deferrals, and cancellations.

Key Performance Indicators (Year-on-Year Change)

		Q1 2020	Q1 2021	Q1 2022
Occupancy Change (%)	Kuwait City	-30%	-45%	+48%
	Manama	-23%	-17%	+30%
	Muscat	-30%	-19%	+38%
	Doha	-14%	-59%	+146%
	Amman	-8%	+12%	-5%
ADR Change (%)	Kuwait City	-5%	-6%	+16%
	Manama	-9%	-18%	+42%
	Muscat	-11%	-54%	+72%
	Doha	-9%	-3%	-10%
	Amman	+4%	+0%	+15%

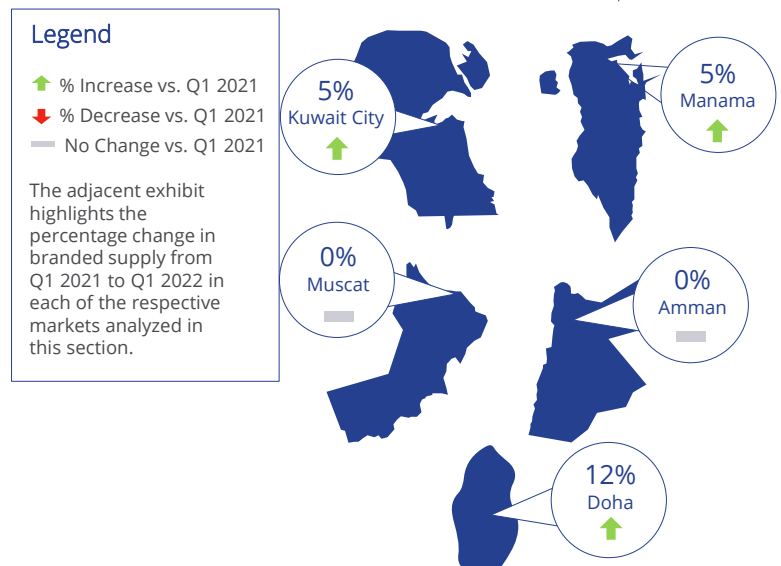
Hotel Supply (No. of Branded Hotel Keys)



Source: Colliers

Note: Includes only branded hotel supply; considers potential cancellations and delays.

Year-on-Year % Change in Supply



480
offices in

62
countries on

6
continents



\$4.3B
in revenue



2B
square feet under management



17,000 +
professionals

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