

Paris, 8th of February 2010

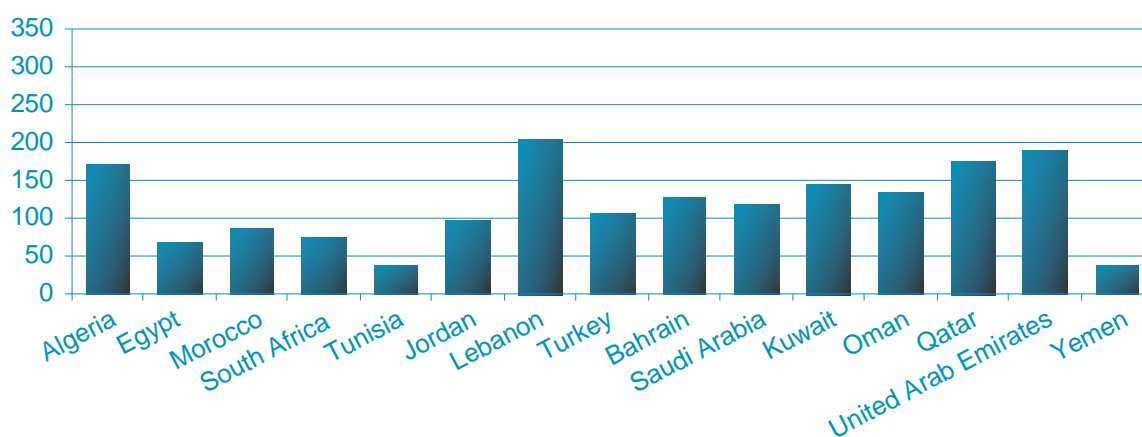
Hotel occupancy improvements in MENA

Hotels throughout the Middle East & North African (MENA) region have shown modest signs of recovery towards the end of 2009, with occupancy rates improving. Key points:

- Room rates in the United Arab Emirates (UAE) fall to 2007 levels
- Two consecutive years of RevPAR decrease in Kingdom of Saudi Arabia (KSA)
- Gulf Cooperation Council (GCC) countries show mix-reactions in 2009
- Rest of MENA shows good signs

RevPar by country (in USD and taxes excl.)

Last 3 months results for chain hotels – End of December 2009



Middle East and North Africa, February 8th 2010: Hotel demand is showing modest signs of recovery throughout the Middle East & North African (MENA) region, with December increasing by 4.6%.

“This is a clear sign that hotels are entering the next stage of the cycle, and that slow recovery is on the way. At the moment, rates are reflecting the state of the economy, and in particular a drop in purchasing power. Once the economy picks-up, and hotel occupancy begins increasing, hoteliers will be able to slowly balance and then raise average rates, in turn boosting overall RevPAR results”, explains Director of Development, MKG Hospitality, Vangelis Panayotis.

Indeed, the last three months of 2009 reveal a continuation in heavy price cuts throughout the region, in an attempt to stimulate, or maintain demand.

According to MKG Hospitality’s online market intelligence tool, HotelCompSet, the UAE recorded a 20.8% Revenue Per Available Room (RevPAR) decrease for year-end 2009, mainly driven by an Average Daily Rate (ADR) drop of 15.2% - a major turnaround since 2008, when average room rates increased by 16.5% over 2007. Dubai recorded the largest RevPAR fall in 2009, with a decrease of 27.5%, while Abu Dhabi proved to be a lot more resilient, dropping by only 4.9%.

“Abu Dhabi has been quite strong in the MICE sector over the last few years, as well as adopting a much more consolidated approach towards developments. This has no doubt allowed the emirate to sustain healthier results (lower decline) during this difficult period,” continue Panayotis. “As the global economy improves, more likely towards the end of 2010 and into 2011, the UAE’s capital should see very good growth.”

Following a RevPAR decrease of 1.6% in 2008, KSA will end 2009 at -7.8%. The last three months of 2009 reveal a further drop in ADR of 5.4% compared to the corresponding period in 2008, and a fall of 2.4% for the entire year. Jeddah is the only city to record an average rate and occupancy increase for the whole year, whilst Riyadh recorded a massive positive turnaround in December, helping the last three month to achieve a 13.5% RevPAR increase.

Other GCC countries, Bahrain, Oman and Qatar all experienced a double digit RevPAR drop in 2009, a dramatic turnaround from the double digit growth the year prior. Kuwait is the exception, with 2008 recording a RevPAR decrease of 3.4%, and then in 2009 dropping by only 1.6%. The last three months have also been positive for Kuwait (3% RevPAR growth), no doubt fuelled by an excellent last month of the year.

Although average rates are still falling, hotels throughout North Africa are reaching pricing points enough to motivate demand. Morocco, Tunisia, Algeria and Egypt, as well as Turkey and South Africa all reveal positive Occupance Rate (OR) signs over the last three months of 2009. Meanwhile in the Levant, Lebanon clearly recorded the best growth in 2009, and in fact of all countries in the region, as the country moves closer to normal activity. Jordan also showed a small positive turnaround towards the end of the year.

Finally, Turkey recorded a loss in revenue in 2009, as much as the country had gained the previous year; RevPAR fell by 11.5% versus an increase of 11.2% in 2008.

ABOUT MKG Group

Established in 1985 by Georges Panayotis, MKG Group has built a solid reputation for business expertise and substantial European-based know-how in the fields of tourism, lodging and food service. MKG Group meets the needs of each of its clients by providing valuable analytical and decision-making skills necessary for success.

METHODOLOGY & INNOVATION

For more than 25 years, MKG Hospitality has been a global leader in tourism, hotel and catering consulting, with the largest database in the world (USA aside), representing all segments from budget to upscale hotels. **45 000 hotels** are compiled in MKG’s database (representing more than 2,5 million rooms).

MKG’s market monitoring database, HotelCompSet, contains a sample of over **250 brands in 150 countries** (representing more than **800 markets**) and **11,000 corporate chain hotels, representing more than one million rooms**. HotelCompSet provides daily, monthly and yearly monitoring of hotel indicators and analyses of its sample

MKG statistical samples accuracy strengthen our expertise in the hospitality industry.

Together with other specialised brands, MKG Qualiting, OlaKala, Worldwide Hospitality Awards, Global Lodging Forum, as well as sector publications HTR Magazine and Hotel Restau Hedbo, MKG Group supports investors, hoteliers and key tourism players to improve performance, boost productivity and achieve results.

For further information or subscription to the HotelCompSet MENA report, please contact:

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