



MAZAYA

AIM TO LEAD

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Al-Mazaya: Tourism Boom Mainstays Real-Estate and Commercial Sectors and Nurtures Growth



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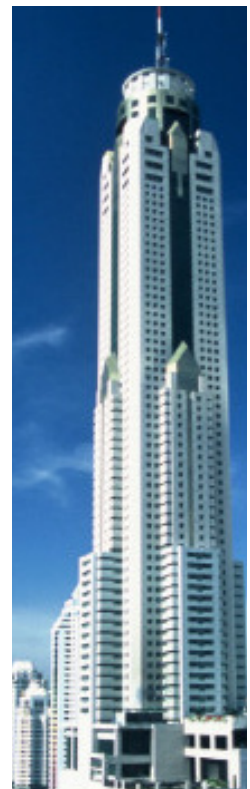
The challenges inherent with construction and multi-sector development were not easily bypassed, nor were the objectives sought from the development strategies easily ascertained. Yet, the current and even sooner success sought to materialize in coming years is ascribed in large extent to the long term planning, the open approach to global economy, the liberal commerce and industry, the mid to long-term development projects and continued updates on infrastructure. The current long-term multi-sector strategies not yet fulfilled are thought to largely impact the GDP, if and when executed as planned, and bring forward the minimum secured and diversified economic revenues without having any sector dominating over other sectors at any given time.

Al-Mazaya Holdings Weekly Report highlighted the significance and impact of the tourism sector on the commercial and industrial momentum as well as on other related activities in the GCCs during recent years. The impact of the tourism sector is more perceptible when it integrates with other production sectors; mainly the oil sector bringing along with it additional rather predictable and unpredictable market pressure which in total introduces further decline on cash flows taking place, therefore, pushing the governments, the multiple sectors affecting the overall economic climate and the expenditure approach on development projects to collectively endeavor to overcome such negative effects. The real-estate sector, within this climate, is mostly wronged by any spontaneous cancelation or postponement taking place.

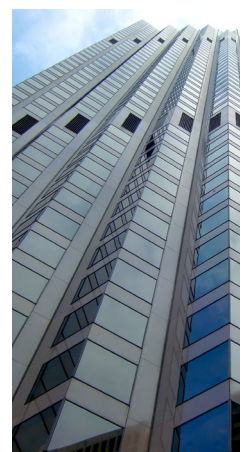
Still, the Al-Mazaya Report draws on the favorable impacts brought by continued investments to the total inputs and outputs of the tourism sector. Statistics issued in this regard declares the overall investments pumped into the tourism sector in Saudi Arabia amount to SR 150 billion. Furthermore, 100 accommodation towers were constructed in Mecca alone at a gross value of SR 18 billion. Similarly, internal tourism in Saudi Arabia has greatly evolved during recent years increasing the expenditure in this sector to SR 103 billion in 2014 compared to SR 59 billion in 2010, which helped to create several supporting touristic commercial and service activities and aggregated the role of this sector as a stimuli for a long-term economic growth.

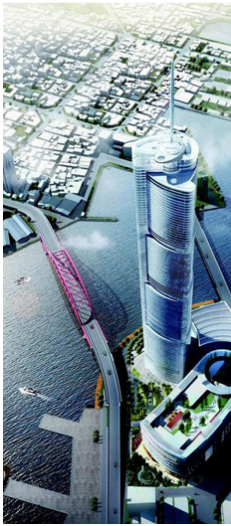


Moreover, tourism is currently the most significant and sustainable investment opportunity acquainting all segments of investors at all cities of Saudi Arabia. Speculations relevant to the tourist activities predict a coming growth to take place in tourist investments, hotels and lodging houses exceeding SR 95 billion in the coming 10 years. Religious tourism is a main income source and a major mainstay for Saudi economy. The increasing number of pilgrims, improving infrastructure, (especially airports) and expansion of the Sanctuary of Maccah are all supporting evidence. The Al-Haramin train is a SR 62 million distinguished project investment to be constructed as part of this infrastructure improvement plan. Speaking of the long term opportunities, the tourism sector in Saudi Arabia, whether internally or externally, will offer several opportunities and attract numerous external direct investments to its total supporting sub-sectors.



The report says that the tourism sector has been long since booming, yet, the current activities and the nature of expansion within the sectors components are highly competitive. Investment in tourism is now priority for the Government and similarly attracts the private sector, resulting in the Government's reliance on the private sector to avail proper investments to SMP, directly expanding commercial, industrial and real-estate opportunities. GCCs compete amongst themselves continuously offering originated tourism products in order to increase their market share. The relative real-estate, commercial and industrial momentum taking place in the region directly and indirectly contributes to promoting the region from tourism perspectives. The Kingdom of Bahrain for example is fully prepared to enhance its commercial investment and tourist centric position maintaining an average economic growth rate of 5% and hosting 74 events ranging from exhibitions to conferences and other larger international events during 2014.





This mobilized momentum aims to diversify national income sources and reduce the country's reliance on oil. The Mazaya report also highlights the efforts Oman has been taking to flourish its tourist activities resting on the history, culture, educational heritage and natural tourist elements the country uniquely owns. Oman is striving to introduce contemporary tourist products and pave the ground to allow more specialized tourist SMP's to emerge. As per the Oman Tourist Strategy 2015-2040, total investment in tourism amounts to USD 35 billion mostly concentrated in inner districts of Thufar and Musandam targeting infrastructure. Oman is looking forward to affecting a breakthrough in tourism by enforcing this strategy; mostly aiming to increase the contribution of tourism in GDP, develop the local community therein and create job opportunities.



Tourism trends reflect a general boom across the region evident from occupation and price rates and the number of promotions released last year bringing favourable overall financial and commercial impact. Speculators anticipate the tourist sector will maintain its momentum during 2015, based upon the number of projects executed and the number of rooms to be delivered in the main cities, mainly in Dubai and Doha. The tourist sector in UAE achieved 1015%- growth rate during 2014 evident in the number of tourist arrivals whereby 65.3 thousands hotel rooms are available, therein an occupation rate of 78% was achieved during Q3 last year. The occupation rate across the country also ranged from 8090%- during the same period.



As for the demand and occupation rate in Saudi Arabia, the Mazaya report states rising figures therein whether for domestic or overseas tourism. Jeddah for example, showed remarkable success achieving 74.3% occupation rate with investors anticipating continuous demand up to 76%. Similar positive trends prevail in Qatar, where tourism sector contributions in the national economy amounts to QR 28 billion and avails 61 thousand job opportunities. Occupation rates in the Qatar hotel sector achieved 73% by 2014 benefiting from the number of European visitors which increased by 15%, while Asian and Russian visitors increased by 28%. Investment in tourism is now a priority for the Qatari Government and is similarly attracting the private sector aiming to improve and sustain the diversity of the sector.



The Al-Mazaya report concluded by stressing on the production and service sectors targeted to increase GDP in the region resting on the amount of investments pumped therein to improve infrastructure, diversify their products and avail rewarding investments. Considering that the effect of low oil prices shall not be worldwide, this can translate into maintaining tourist activities and investments depending on the current rate of return. It maybe also mentioned here that, up to this moment, projects relevant to the tourism sector were not affected by the recent changes in the energy sector which are rather expected to remain active within their specified target till end of this year.