



Jordan

A Vital Tourism Sector

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Introduction

The Kingdom of Jordan, one of the most stable countries in the Levant region, has recently experienced a high level of economic growth driven mainly by mining, real estate and tourism. In 2008, tourism revenues accounted for 14% of the country's Gross Domestic Product and have grown at a compound annual growth rate of approximately 17% between 2004 and 2008. This comes as no surprise when looking at the country's extensive attractions such as Petra, the Dead Sea and Aqaba. Additionally, rapid development in Amman, driven by the industry and real estate sector, has increased tourism arrivals and spending in the capital.

Although Jordan's tourism sector has grown steadily in the past, the sector has had to overcome a certain number of challenges. Following the 2005 hotel attacks, the sector proved to be resilient with a rapid recovery in terms of tourist arrivals and hotel occupancy levels. Today, the global economic downturn has started to take its toll. Since December 2008, hotel occupancies, as well as tourist arrivals, have dipped. Therefore, one might question the extent of the impact on the industry as well as the kingdom's opportunities and possible actions on the road to recovery.

The real estate boom that Jordan has witnessed for the last three years has also contributed largely to the growth in the tourism sector. The majority of the mega developments under construction in the kingdom have hotel and leisure components of extensive size. However, the next few years look quite gloomy for Jordan's real estate sector with limited foreign investments and a lower consumer confidence. How will it impact the economy and the tourism industry in general?

In this article, we present an overview of the Jordanian hotel market and its recent success factors. We also attempt to analyse the country's tourism sector challenges in light of the global financial crisis and its long term opportunities.

Country Overview

Jordan, officially named the Hashemite Kingdom of Jordan, shares borders with Syria to the north, Iraq to the northeast and Saudi Arabia to

the east and south. The majority of the area of Jordan is covered by desert while the northwestern area along the Jordan River is considered part of the 'Fertile Crescent'. The capital, Amman, is situated on the northwest while Aqaba lies southwest on the shores of the Red Sea.

According to 2008 estimates, Jordan has a population of approximately 6.3 million. Since the beginning of the war in Iraq, approximately 700,000 to 1 million Iraqis have settled in Jordan predominantly in the capital, Amman. Some of these immigrants are affluent and have contributed to Jordan's recent economic growth, but the influx has driven prices up and put significant pressure on public services. Also, more than 60% of the country's population is of Palestinian origin, 1.8 million of which are officially considered to be refugees (primarily from the wars of 1948 and 1967) by the United Nations Relief & Works Agency (UNRWA).

Politics and Economics

Jordan gained independence from British administration in 1946 and was ruled by King Hussein from 1953 to 1999. In 1989 he reinstated parliamentary elections and gradual political liberalisation; and in 1994 he signed a formal peace treaty with Israel. King Abdullah II, the eldest son of King Hussein ascended to the throne following his father's death in February 1999. Since then, he has consolidated his power and undertaken an aggressive economic reform programme.

In late 2005, co-ordinated suicide attacks on three hotels in central Amman (Radisson SAS, Grand Hyatt and Days Inn) claimed the lives of 60 people and injured 115 others. Islamists associated with the insurgency in Iraq and linked to Al-Qaeda are believed to have carried out the bombings.

Jordan's economy relies heavily on mining (mainly potash and phosphates), tourism and overseas remittances. The government has also emphasised the private sector's growth with the creation in 2000 of the Aqaba Special Economic Zone (ASEZA) with a low tax and low regulation model. Jordan depends heavily on external sources for the majority of its energy requirements owing to its limited internal resources.

Jordan's economy has improved greatly since 2004, mainly owing to a strong export sector and rising foreign direct investment (FDI). According to the Jordanian Department of Statistics (DoS), in 2008 GDP grew by 5.6% at constant prices as a result of an upward trend in productive sectors. Mining and quarrying topped the list with a 14.5% growth followed by electricity and water at 8.8%.

However, the prospects for the next two years are much dimmer as Jordan is set to record its worst consecutive years of GDP growth in over a decade. This is mainly owing to the decline in inward foreign investment and a worsening consumer confidence impacting on

consumption and real estate. According to the Economist Intelligence Unit (EIU), real GDP growth is forecast to dip from 5.6% in 2008 to 3.5% in 2009, to 3.0% in 2010. On a positive note, the sharp fall in commodity prices as well as an expansionary fiscal policy should help consumer demand. Also, decreasing exports to the US should be partly offset by the increasing demand in neighbouring Iraq.

Development and Initiatives

As mentioned earlier, the tourism industry in Jordan is an important segment of the country's economy and the government has taken several steps in order to accelerate its development. The Jordanian Tourism Board has developed a detailed strategic plan to boost the tourism industry in Jordan with the creation of the 'National Tourism Strategy 2004-10'. The Jordanian Tourism Board aims to double its tourism receipts by 2010 to approximately JOD1.3 billion and forecasts that the tourist industry should have created more than 51,000 new jobs by 2010. The strategy targets certain priority niche markets including cultural heritage (archaeology), religious, eco-tourism, health and wellness, adventure, Meetings Incentives Conferences and Events (MICE), and cruising.

Recently, the government has taken steps to protect the tourism industry from the effects of the global economic recession by providing sales tax cuts for hotels (from 14% to 8%). The tourism ministry has also begun negotiations with the Electricity Regulatory Commission to reduce hotel electricity rates. Finally, the ministry announced that entry requirements for Indian and Chinese tourists would be eased. Such measures could provide a significant boost to hotel occupancy rates as nationals from these countries would have previously faced a long wait after applying at Jordanian embassies for a tourist visa.

The Jordanian Ministry of Transport has also embarked on a few large scale projects in order to improve the kingdom's transportation infrastructure. The Queen Alia International Airport, the largest airport in Jordan, will undergo an expansion with a new terminal at a cost of US\$700 million in order to increase its current capacity. The ministry has also taken steps to provide the country with an extensive light railway system. The project, costing US\$6 billion, will consist of two lines, the north-south line linking the Syrian border to Aqaba passing by Zarqa and Amman, and the east-west line linking the Iraqi to the Saudi border passing by Irbid and Azraq. While such projects could boost economic trade in the region, especially in the case of Iraq, it will also enhance communication between cities in the Kingdom. The project is expected to be completed in 2013.

In recent years the real estate sector in Jordan has been an important driver of Jordan's economic growth. A number of large mixed-use and residential projects have been announced and have broken ground. Table 1 gives an overview of some of the major real estate projects in

Jordan. It is worth mentioning that the majority of these projects include a hotel and leisure component.

Table 1 Proposed Developments – Jordan

Project	City/Market	Developer	Estimated Investment
Abdali Development	Amman	Various	US\$3 billion
Sanaya Amman	Amman	Limitless	US\$300 million
Ahl al Azim	Al Jiza	Taameer Jordan Holdings	US\$1 billion
Mansion Hills	Aqaba	Taameer Jordan Holdings	TBA
Marsa Zayed	Aqaba	Al Maabar	US\$10 billion
Saraya Aqaba	Aqaba	Saraya Holdings	US\$1 billion
Samarah Dead Sea Resort	Dead Sea	Emaar International Jordan	US\$500 million

Source: HVS Research

The **Abdali Development** is one of the largest mixed-use developments in Jordan and will become the premium central business and residential district in Amman once it is completed in 2013. The US\$3 billion upscale project is being developed in two phases with a built-up area of approximately 1.7 million m² and is expected to be home to 40,000 residents. About 42% of the area is being developed as residential units, 30% as offices, 18% as retail, and 10% as hotels. The new supply of hotels as part of this mixed-use development will be discussed later in this article.

Ahl al Azim is another large-scale real estate project in Jordan. Developed by Taameer Jordan Holdings, one of the leading real estate companies in Jordan, the project differentiates itself by aiming to provide high-quality accommodation to mid- and low-income households. Ahl al Azim is situated in Al Jiza, a district south of Amman. The project has been funded by a capital investment of US\$1 billion, and is expected to be completed by 2013 through several phases. The first phase of the project will be completed by 2012 and will include 15,754 residential units as well as many commercial units.

A number of UAE property developers have also entered the market looking out to expand their expertise and market coverage. Abu Dhabi's Al Maabar International Investments, through its Jordanian subsidiary Al Maabar, recently launched the **Marsa Zayed**. The US\$10 billion project is in the south of Aqaba and will encompass an area of 3.2 km² including two kilometers of waterfront. The Abu Dhabi group plans to develop a true mixed-use waterfront project with residential towers, retail and recreational facilities, as well as commercial space for businesses and financial institutions. The project will be developed through three phases with Phase I commencing in the first half of 2010 and the final phase around 2014. It is already considered by some to be the largest real estate and tourism project in the history of the Kingdom.

Emaar International Jordan, a subsidiary of Emaar Properties, has launched and started construction of the **Samarah Dead Sea Resort** on the shores of the Dead Sea. The US\$500 million mixed-use development will include nearly 1,000 residences, a golf course, two hotels and extensive retail areas.

Saraya Holdings, one of the largest developers in the region, has also launched a large-scale project in Aqaba. The US\$1 billion **Saraya Aqaba** project is on the northern tip of the Gulf of Aqaba and will add one-and-a-half kilometers of beachfront to the city. Considered by many as a destination in its own right, the development will include five luxurious hotels (discussed later), a water park, various residential units (villas, townhouses and apartments), offices, retail and a convention centre.

Recently, however, Jordan's booming real estate sector has suffered from the repercussions of the global economic downturn. The property market in Jordan was largely driven by Gulf investors, and some are saying that the market is shifting towards Jordanians living abroad. Amman has especially been affected with property prices falling on average by 10% since 2008. However, the recent fall in construction costs should encourage developers to complete construction on already announced projects.

Jordan Tourism Overview

Jordan has an amazingly rich cultural and archaeological heritage, many natural wonders and particularly welcoming people that make tourism a key driver of the economy. Jordan's reputation as a stable country within a problematic region has benefited the country in its tourism development efforts. The country is a well-known destination for Arabs in neighbouring countries who consider Jordan to be a less conservative destination. Also, Jordan is a desirable destination for Europeans, who visit Jordan to enjoy its great historic and religious sites and monuments.

The following is a description of key destinations in Jordan, namely Amman, Petra, Madaba, Aqaba, and the Dead Sea.

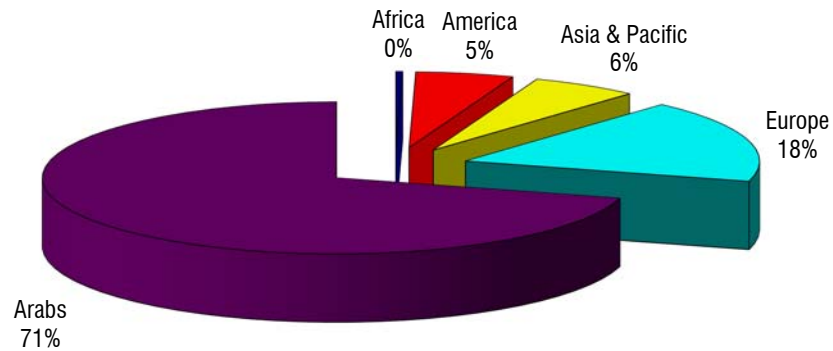
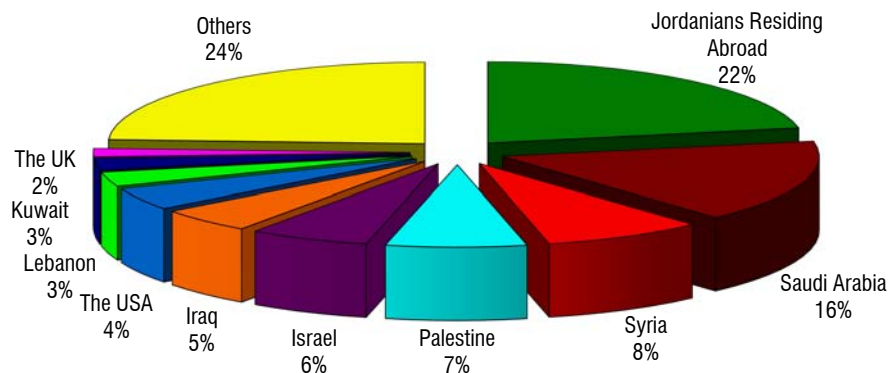
- Amman is the capital of Jordan and the commercial, industrial and administrative centre of the country. The city has an estimated population of 2.5 million. The city's economy is characterised by various industries, but phosphate extraction and petroleum refining are the most significant. Other important industries include food and tobacco processing, and the manufacture of textiles, paper, plastics and metal products. The tourism industry has historically made a minor contribution to the general economic prosperity of Amman, although medical tourism in the capital has witnessed exceptional development in the past few years;
- Petra was recently named one of the 'New Seven Wonders of the World'. The ancient city was built by the Nabateans – Arabs who

dominated the region in pre-Roman times – and chosen as their capital. The city is concealed from the outside world and is composed of several temples and tombs cut from the face of coloured sandstone rock. Until the mid-1980s, many of the caves built by the Nabateans were still inhabited by local Bedouin families;

- Madaba is the capital city of the Madaba Governorate of Jordan, and has a population of approximately 60,000, making it the fifth most populous town in Jordan. It is approximately 30 km southwest of Amman and approximately 20 km west of Queen Alia International Airport. Madaba is most famously known for its Byzantine and Umayyad mosaics, and in particular the large Byzantine-era mosaic map of Palestine and the Nile delta, which is preserved in the floor of the Greek Orthodox Basilica of Saint George;
- Aqaba is around 300 km south of Amman and is strategically situated at the crossroads of three countries (Egypt, Israel and Saudi Arabia). The city has a population of approximately 85,000. The major current economic drivers of the city are the port, industrial, manufacturing and service activities, including tourism. As mentioned earlier, the Aqaba Special Economic Zone (ASEZ) has given Aqaba an economic boost. Driven by the private sector, ASEZ is a development initiative that aims to enhance business performance and the tourism industry in Aqaba. In compliance with its new master plan, ASEZ is divided into five general areas of development: Aqaba Town, the Port Zone, the Coastal Zone, the Southern Industrial Zone and the Airport Industrial Zone;
- The Dead Sea is the saltiest lake in the world and is the only place in the world with this particular combination of exclusive spa benefits: peculiar sun radiation, an enriched oxygen atmosphere; a mineral-rich, salty sea; thermal mineral springs and mineral-rich mud. In recent years, the Dead Sea area has become a health, rehabilitation, recreation and beauty spa. The combination of the favourable year-round climate and the unique natural and historical tourist attractions draw holiday-makers and health tourists from around the world. The Jordanian side of the Dead Sea has remained largely undeveloped until recently when it started to gain a reputation as a destination.

Visitation and the Hotel Market

Tourist arrivals in Jordan are largely affected by day trips from neighbouring countries such as Iraq. These visitors usually return to their home country on the same day and hence do not impact the hotel industry. In order to give a thorough analysis of Jordan's hotel market, we have only analysed overnight tourists, by definition tourists who stay in the country for more than 24 hours.

Table 2 Total Overnight Tourists in Jordan – Source Regions 2008**Table 3 Total Overnight Tourists in Jordan – Top Source Countries 2008**

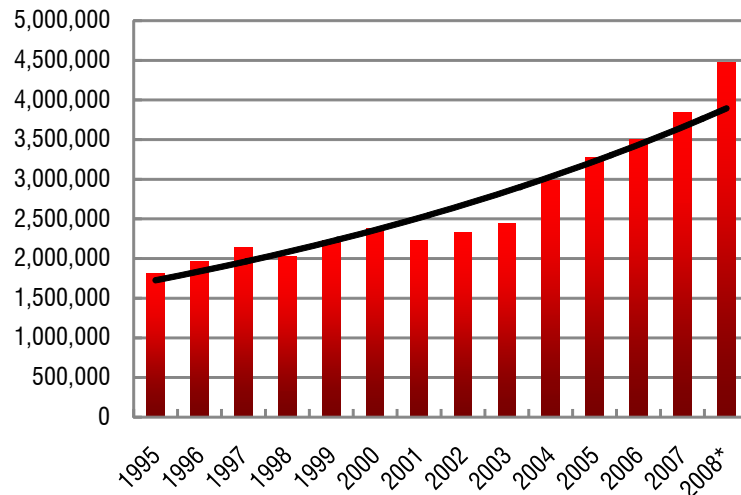
Sources: Jordanian Ministry of Tourism and Antiquities

As can be seen in Tables 2 and 3, overnight tourist arrivals in Jordan are largely dominated by Arab travellers, with Jordanians residing abroad, Saudi Arabia and Syria being the three largest providers. The fact that Jordanians residing abroad represent the largest source market emphasises the importance of Jordan emigrants to their home economy. As many prosper elsewhere, they return for business or leisure in their home country. Also, we note that the European share of total overnight tourists in Jordan has grown over the past few years reaching 18% in 2008.

Jordan, due to its geography, has several points of entry, such as road transport from its neighbouring countries, Amman and Aqaba airport, and the seaport of Aqaba. Table 4 illustrates arrivals at Queen Alia International Airport, the airport serving Amman.

Table 4 Passenger Movements – Queen Alia International Airport 1995-08

	Total Passengers	% Change
1995	1,814,847	—
1996	1,968,509	8.5 %
1997	2,138,290	8.6
1998	2,031,069	-5.0
1999	2,232,955	9.9
2000	2,384,860	6.8
2001	2,233,667	-6.3
2002	2,334,779	4.5
2003	2,441,065	4.6
2004	2,988,174	22.4
2005	3,272,020	9.5
2006	3,506,061	7.2
2007	3,850,347	9.8
2008*	4,477,800	16.3



Compound Annual Growth Rate 1995-08 **7.2 %**

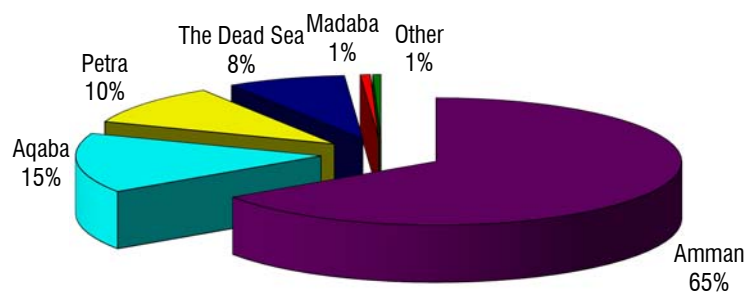
*Airport Direct

Source: ACI Worldwide Airport Traffic Report

From Table 4 we note that total traffic at Amman Airport grew at a compound annual rate of 7.2% between 1995 and 2008. The majority of the airport traffic is generated by international passengers. The strongest year-on-year growth in the total number of passengers (22.4%) was achieved in 2004 as a result of the ongoing war in Iraq as many visitors to Iraq used to fly into Amman and then travel on by road. Following the 2005 attacks, growth in airport arrivals slowed slightly, only to pick up again in 2007. Airport arrivals also strongly increased in 2008 with a growth of 16.3%. This was largely due to excellent economic results as well as the increase in tourist arrivals.

Table 5 Jordan Bednights by Destination at Classified and Unclassified Hotels

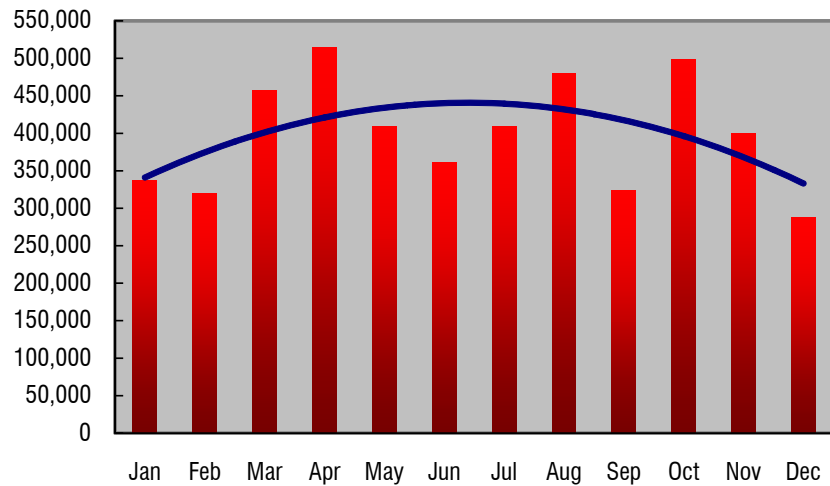
	2002	2003	2004	2005	2006	2007	2008	Compound Annual Growth Rate 2002- 08	Share 2008
Amman	2,231,817	2,282,151	3,189,312	3,911,277	3,251,056	3,627,830	3,743,466	9%	65.5%
Aqaba	455,122	841,963	699,959	783,295	361,748	601,745	868,693	11%	15.2%
Petra	136,490	129,814	377,380	439,604	389,771	469,331	587,280	28%	10.3%
The Dead Sea	102,479	143,735	201,344	264,506	270,816	340,382	445,204	28%	7.8%
Madaba	6,173	3,917	8,926	15,324	17,986	27,815	37,643	35%	0.7%
Other	47,289	28,067	50,956	48,983	44,070	38,175	30,859	-7%	0.5%
Total	2,979,370	3,429,647	4,527,877	5,462,989	4,335,447	5,105,278	5,713,145	11%	100.0%



Source: Jordanian Ministry of Tourism and Antiquities

Total bednights in Jordan have grown comfortably between 2002 and 2008 at a compound annual rate of 11%. 2008 was an excellent year with a 12% increase from 2007 driven mainly by increased bednights in Aqaba (+44%) and the Dead Sea (+31%). One should note that the number of bednights dropped in 2006 by approximately 21% as result of the terrorist attacks. The recovery was, however, tremendously fast as it took hotels less than two years to reach 2005 levels.

In terms of location, Amman is the most frequently visited destination in Jordan, with a share of approximately 65% of the total bednights at Jordanian hotels in 2008. This clearly reflects the position of Amman as the main commercial hub in the country as well as a stop-over point for various leisure visitors staying in Amman on their way to various destinations in the country. Other key destinations in Jordan are Aqaba, Petra and the Dead Sea.

Table 6 Jordan Hotel Bednight Seasonality 2008

Source: Jordanian Ministry of Tourism and Antiquities

Table 6 illustrates the seasonality in terms of hotel bednights in Jordan through 2008. We note that the peaks in arrivals usually happen in March, April, August and October. Higher demand occurs during the warmer months due to the leisure segment. GCC, European and US leisure visitors are strong contributors to this high demand, even though the summer tends to be very hot. The month of Ramadan (September in 2008) also plays a role in determining the seasonality of the market, as many Arabs tend not to travel during this time.

December, January and February are considered low months as the Jordanian climate is not attractive enough during these months to position the country as a strong leisure destination. At the same time, there is little meeting, incentive, conference and exhibition (MICE) or corporate demand during these months.

In terms of occupancy, hotels in Jordan have also witnessed strong increases in 2008. According to the Jordanian Ministry of Tourism and Antiquities, Jordan's classified hotel occupancy increased from 47% in 2007 to 55% in 2008. Occupancy rates in Amman also increased, from 53% in 2007 to 58% in 2008.

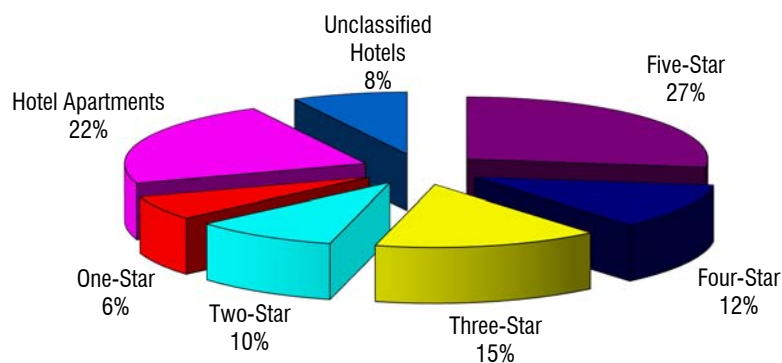
Nevertheless, the outlook for 2009 is quite pessimistic with sharp falls in occupancy starting in December 2008. Hotels in Amman recorded low marketwide occupancy of 45% in December 2008 compared to 56% in December 2007, and 41% in January 2009 compared to 54% in January 2008.

While we have seen that that this period is considered the low season, the outlook is quite worrisome as the crisis will affect inbound tourism in the long run. According to the Jordan Hotel Association, one of the main challenges for hoteliers in 2009 will be the European market owing to the severe economic downturn in that region as well as the Jordanian dinar's appreciations against the euro and pound sterling (the dinar is pegged to the US dollar).

The Jordanian Ministry of Tourism and Antiquities has divided the hotel supply in Jordan into classified and unclassified hotels. Unclassified hotels are typically unbranded and non-rated hotels that are much smaller than classified hotels. Classified hotels include traditionally rated hotels from one- to five-stars.

Table 7 Jordan Classified Hotel Supply Breakdown 2008

Category	Hotels	Share	Rooms	Share	Beds	Share
Five-Star	23	5%	5,753	27%	10,066	24%
Four-Star	21	5%	2,493	12%	4,673	11%
Three-Star	45	10%	3,203	15%	6,326	15%
Two-Star	53	12%	2,054	10%	4,267	10%
One-Star	56	12%	1,319	6%	2,754	7%
Hotel Apartments	135	29%	4,751	22%	9,089	22%
Unclassified Hotels	125	27%	1,638	8%	3,961	10%
Total	458	100%	21,211	100%	41,136	100%



Source: Jordanian Ministry of Tourism and Antiquities

In 2008 there were a total of 458 classified and unclassified hotels in Jordan offering a total of 21,211 rooms, or 41,136 beds. Five-star hotels represent the majority of the hotel room supply in Jordan with a 27% share, closely followed by hotel apartments with a 22% share. We note that the majority of the five-star hotel supply is to be found in Amman with the presence of renowned operators such as Four Seasons, Hyatt, Starwood and Marriott.

Although Jordan's hotel room supply is already dominated by five-star properties, there are more luxury properties in the pipeline. The difference lies in the fact that most luxury properties in Jordan are currently located in Amman and are city hotels, while a large number of proposed hotels are resorts targeting different segments. Table 8 outlines the status of the confirmed supply of branded hotels in Jordan.

Table 8 Proposed Branded Hotels – Jordan

Hotel Name	City/Market	Operator	Number of Rooms	Opening Date
Boulevard Rotana	Amman	Rotana Hotels	400	2009
Hilton Amman	Amman	Hilton International	590	2009
Ibis Amman	Amman	Accor	155	Mid 2009
Amman Rotana	Amman	Rotana Hotels	450	2010
W Amman	Amman	Starwood	280	Mid 2011
Total Amman			1,875	
Mövenpick Resort Tala Bay	Aqaba	Mövenpick Hotels & Resorts	306	2009
Kempinski Hotel Aqaba	Aqaba	Kempinski Hotels	201	Mid 2009
Hilton Aqaba	Aqaba	Hilton International	345	2010
Jumeirah Saraya Aqaba	Aqaba	Jumeirah	600	Mid 2010
JW Marriott Aqaba Resort	Aqaba	Marriott International	247	Mid 2010
Al Manara Hotel	Aqaba	Starwood	213	Mid 2011
The Westin Aqaba	Aqaba	Starwood	300	Mid 2011
Nikki Beach Hotel Aqaba	Aqaba	Nikki Beach Hotels	140	2011
Total Aqaba			2,352	
Winter Valley Dead Sea by Swiss-Belhotel	Dead Sea	Swiss-Belhotel International	161	Late 2010
Angsana Resort & Spa	Dead Sea	Banyan Tree	220	2011
The Address Dead Sea	Dead Sea	Emaar Hotels	230	2012
InterContinental Resort Dead Sea	Dead Sea	InterContinental Hotels Group	236	Late 2012
Total Dead Sea			847	

Source: HVS Research

The potential of Jordan as a diverse tourism destination has not been ignored. Jordan's hotel development pipeline is quite ambitious with over 17 properties opening up in Amman, Aqaba and the Dead Sea over the next three years. Also, most of these properties will be operated by luxury brands such as W Hotels, Jumeirah, The Address and the Luxury Collection.

A large number of branded hotels are set to open in Aqaba with eight properties in the pipeline. These properties will all be managed by internationally recognised operators such as Starwood, Hilton and Kempinski. The Saraya Aqaba development will encompass the majority of luxury proposed hotels with the Jumeirah Saraya Aqaba, Al Manara

Hotel, The Westin Aqaba and the Nikki Beach Hotel Aqaba. We also note that the Jumeirah Saraya Aqaba resort will include two hotels and a boutique hotel developed in the manner of the Madinat Jumeirah resort in Dubai.

There are also quite a large number of hotels confirmed in Amman, with the region's third W hotel (after Doha and Dubai) set to open as part of the Abdali development in 2011. The opening of the Ibis Amman and the two Rotana properties illustrate the need for hotel offering in the city.

Finally, there are four hotel projects around the Dead Sea with a few luxury brands represented such as Angsana, The Address and InterContinental. It is worth mentioning that the majority of these hotels will feature extensive spa and wellness facilities in order to tap into the medical tourism sector that has been growing lately in Jordan.

Outlook, Challenges, and Observations

As the entire world is suffering from the global economic crisis, Jordan could not stay unharmed for long. With a decrease in foreign direct investment and weakening confidence levels in consumption and real estate, the country is preparing for tough times. The tourism sector is also suffering from a clear dependence on foreign arrivals. Looking at the early figures for the beginning of 2009, hotels have already started to experience the downturn with lower occupancies than last year. Also, the significant amount of supply coming up in the next two years could create additional worries for the hotel industry.

We do, however, consider that there are many factors that should facilitate the road to recovery for Jordan's hotel industry.

- While Jordan is situated in a relatively unstable region of the world with open borders to Iraq and the Palestinian Territories, the country has been able to portray itself as a safe and reliable location. The manner in which the country recovered from the 2005 attacks has been tremendously efficient and the country has been able to capitalise on the instability of its neighbours. The Royal Family's efforts to promote Jordan as a prime tourist destination have not gone unnoticed and have fuelled the country's foreign direct investment. Should the country stay as peaceful as it is, there is a strong belief that Jordan's tourism industry will quickly overcome any downturn it suffers owing to the global crisis;
- Jordan's government has shown in the past that it puts great emphasis on the tourism sector. Its initial reaction to the crisis with taxation cuts for hotels and easing visa procedures have been praised by tourism professionals and have increased overall confidence. While it might take a bit more time for the 'National Tourism Strategy 2004-10' to materialise on account of the crisis, the government

initiatives will surely attract future investors and visitors once the global economy is back on track;

- As we have seen, Jordan's tourism market is diverse and home to several world-renowned attractions. This has facilitated the development of several niche markets such as cultural tourism, religious tourism, eco-tourism, and medical tourism. The Jordanian Tourism Board has drafted the 'National Tourism Strategy 2004-10' with great focus on those niche markets, adding further insight into the future of Jordan as a tourism destination.
- While we have already covered some of the cultural aspects of the country with the description of Petra and Madaba, one must take a closer look at religious tourism in the country. Mount Nebo, located in Madaba, was declared a place of pilgrimage by the pope in 2000 as it is presumably the mountain where Moses was shown the 'Promised Land' and where he died. Bethany Beyond Jordan is another place of pilgrimage for Christians as it is presumably the location where Jesus was baptised, and hence the birthplace of Christianity. The number of foreigners and pilgrims visiting these sites has been on the increase for the past few years;
- Medical tourism is an amazing prospect for Jordan, and is already very well established in the country. Defined as the practice of travelling across borders to obtain medical treatment, medical tourism has been a large contributor to the tourism sector in the past few years. Jordan is the market leader in the region for this practice as it offers inexpensive surgeries and medical treatments carried out by highly qualified medical personnel. The majority of patients are from Arab countries with Iraq representing a large share; however, there has been recent increased interest from western countries such as the USA and the UK;
- Medical tourism also relates to tourists staying at the Dead Sea for therapeutic spa treatments. The waters of the Dead Sea are world renowned for their healing properties and have attracted a large number of tourists with health difficulties over the years. With the vast number of hotels being developed on the shores of the Dead Sea, as well as the increased interest in inexpensive quality treatments and surgery, Jordan's medical tourism sector has a positive outlook and should provide some assistance on the road to recovery.
- While Amman's hotel average rate (US\$134) is considered one of the lowest in the region, Jordan's seaside resorts at Aqaba and the Dead Sea are relatively expensive compared to other luxury resort destinations, such as Sharm El Sheikh. The large developments and increase in room supply in Aqaba and the Dead Sea should offset these average rates through increased competition, hence increasing the destination's competitiveness. Some of these large developments

are also considered 'landmarks' and should provide the destinations with increased media coverage.

Conclusion

Tourism in Jordan has played an important role in the country's economy and has increased its share of the national GDP over the last few years. While hotels have started to feel the pinch from the economic downturn with an important decrease in terms of room occupancy, we consider that there are many positive long-term prospects for the market. The government's actions in relation to the crisis as well as its national tourism plan have given confidence and support to the sector. Also, the Kingdom's large mixed-use developments will continue to enhance awareness of the destinations and further attract niche markets such as medical and cultural tourism.

For feasibility studies, valuations, strategic positioning and further advice, please contact the authors.

About our Team

HVS has a team of experts that conducts our operations in the Middle East and North Africa. The team benefits from international and local backgrounds, diverse academic and hotel-related experience, in-depth expertise in the hotel markets in the Middle East and a broad exposure to international hotel markets. Over the last three years, the team has advised on more than 150 projects in the region for hotel owners, developers, lenders, investors and operators. HVS has advised on more than US\$25 billion worth of hotel real estate in the region.

About the Authors



Paul Rosenberg is a Market Intelligence Analyst with HVS's Dubai office, specialising in hotel valuation and consultancy. He joined HVS in 2008 after completing a BSc in International Hospitality Management from Ecole Hôtelière de Lausanne in Switzerland. Since then he has conducted a number of market studies in the Middle East. His industry experience includes various finance and operational roles with Jumeirah, Nestlé, and Marriott in Europe, America and the Middle East.



Hala Matar Choufany is the Managing Director of HVS Dubai and is responsible for the firm's valuation and consulting work in the Middle East and North Africa. She initially joined HVS's London office in 2005, moved to HVS Shanghai in September 2006 where she helped grow the HVS Shanghai office and business in the Asia region. She relocated to Dubai in September 2007 and looks after HVS's interests in the Middle East. Before joining HVS, Hala had four years of operational and managerial hotel industry experience. She lectured at Notre Dame University in Lebanon on International Travel and Tourism. Hala holds an MPhil from Leeds University, the UK, an MBA from IMHI (Essec-Cornell) University, Paris, France and a BA in Hospitality Management from Notre Dame University, Lebanon. Hala has worked on several mid- and large-scale mixed-use developments and conducted numerous valuations, feasibility studies, operator searches, return on investment analyses and market studies in Europe, the Middle East and Asia.

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