

The 2022 Future Hospitality Summit, held September 19-21 in Dubai, brought together nearly 1,100 hotel owners, investors, operators, brand representatives, and consultants. Leading hospitality executives—including our own, Hala Matar Choufany, President of HVS Middle East, Africa & South Asia—served on panel discussions that addressed topics related to hotel development, financing, sustainability, and hotel management, as well as the near and long-term future of the MENA tourism industry. Throughout the conference, there was a sense of great optimism supported by reports of continued hotel performance improvements in markets across the region, as well as a strong investment outlook from developers and government entities.

Sustainability Initiatives Will Allow Companies to “Lead the Change”

“The best for the group comes when everyone in the group does what's best for himself AND the group.”
– John Nash, Nobel Peace Winner 1994

During the conference, there was a sense of great collaboration and inspiration from global companies taking sustainable initiatives for a better tomorrow for themselves AND the world!

I was reminded of this quote during the [Sustainable Hospitality Challenge at FHS](#) where students from around the globe presented their sustainable, revolutionary concepts, as part of a global knowledge-based initiative supported by the world’s best-known hospitality brands, global hospitality project developers, and smart cities. Check out this year’s winning concept from [Cornell University](#) students [here](#). This year’s theme was ‘Remote,’ which was inspired by the principal sponsor [NEOM](#). NEOM is one of the major players in sustainable development creating a unique model for sustainable living in northwest Saudi Arabia. At this point, you’ve probably heard about some of the company’s concepts – they are already underway and we are all excited about it!

Although ultimate change will come from everyone working together to create a better tomorrow, it helps tremendously when governments take their own initiatives in doing what is right. Key contributors in the region are KSA’s [Saudi Vision 2030](#) with sustainability as the key pillar, as well as Ras Al Khaimah Tourism Development Authority’s focus on balanced tourism as part of its [Tourism Vision 2030](#). Companies are well-supported in the region to lead the change; this conference highlighted some inspiring ideas from major operators and new entrants in the hospitality space, which you can read about [here](#).

Additionally, discussions around the rise of eco centric hotels in the region were prevalent. Guests do care where they stay and the impact they have on the environment and they are favoring sustainable stays and experiences, even if they have to pay more for it.

Hotel Development Shifts Toward Mid-Market and Lifestyle Products

Historically, the mid-market segment has lacked popularity amongst developers in the Middle East due to various reasons, including lack of established secondary markets, high land costs, a “trophy asset” mentality, and high-end clientele in the region. Over the last few years, the mid-market has gained more popularity amongst travelers and developers in the region but there is still a big appetite for more and a large gap between demand and supply. As countries within the region continue to develop their secondary cities, source markets in the greater region change and grow, and developers analyze their return requirements for their projects, the mid-market will rise. Major operators in the region are also

revamping and promoting their mid-market brands as a value proposition to investors and developers, and we will see the changes in the market over the next several years. Furthermore, there were interesting conversations regarding “lifestyle” hotels, specifically “affordable lifestyle” hotels. There has been a generational shift in travelers and they are seeking out new, unique experiences at a budget cost. This is great news for developers seeking higher returns in the hospitality space while meeting guests changing demands.

Although there is still strong demand for luxury, especially in KSA markets, as well as serviced apartments and select-service assets across the greater region, these asset classes were a secondary focus in conversations throughout the conference.

World Cup Bringing the Region Together

The [FIFA World Cup 2022](#), which will take place from mid-November to December, is the largest high-profile event to take place in Qatar. New infrastructure in Qatar, as well as across other GCC nations, including UAE and Oman, has been developed to have immediate impact on the local economic growth from this event. Furthermore, new hotels are anticipated to open in Qatar in time for the event. However, the Qatari government has limited the amount of hotel supply available for booking until closer to the event which has limited the number of rooms on the books. STR also reported that Dubai bookings for the same period last year are the same, indicating stagnant demand related to the World Cup. However, hotel operators, investors, and consultants are still optimistic of the impact that the World Cup will have on the GCC nations. We are excited to see the growing impact of the event on Qatar and surrounding countries as the event nears in the next few weeks and months.

Outlook

As echoed throughout the conference, hospitality industry participants should feel a sense of optimism for the emerging markets in the MENA region. Leading organizations are collaborating with hard work and innovation to help the industry thrive!