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DOHA IN FOCUS

Welcoming FIFA World Cup 2022

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Introduction

Doha became a focal point in the Middle East when it landed the winning bid for the 2022 World Cup. Thereafter, the bid for the Olympics was an additional attempt to solidify the sovereign Arab state's position in the global sporting arena. Despite being removed from candidate status, Qatar continues to make significant headway in the oil and natural gas sectors. As a result of the strength of the economy, Doha is ploughing ahead with major developments and projects in order to cater to the growing demand from its core sectors. In light of these ambitions, Doha continues to undergo transformations in the hospitality sector with new hotels opening regularly. As a result, hotel occupancy and average rate are in a position to fluctuate in the years to follow. This report sets out key indicators and measurement tools of the hospitality sector, reporting on the sovereign Arab state's historical, current and forecasted performance.



Qatar in Figures

- **26 trillion m³** - world's third largest reserve of natural gas
- **1.9 million** - Qatar's population as of August 2013
- **10.5%** - the fastest population growth rate worldwide
- **US\$ 296,839** - the highest income per capita in the world
- **1st** economy in MENA region in terms of performance, as ranked by World Economic Forum
- **US\$ 1.5 billion** - worth of real estate transactions in July 2013, a growth of 103% year-on-year
- **US\$ 240 billion** - worth of ongoing real-estate and infrastructure projects
- **US\$ 20 billion** - investment in tourism infrastructure scheduled for completion by 2022
- **23 million** - year-end forecast 2013 of passengers movements at Doha International Airport
- **55 million** - passengers movements target by 2020 at Hamad International Airport
- **128** - destinations worldwide serviced by Qatar Airways
- **75,000** - visitors during Eid-Al-Fitr 2013 celebration
- **13,382** - hotel rooms available in 2012, an increase of 18% comparing to 2011
- **Over 9,000** - rooms are planned to be introduced in the next four years
- **85,000** - hotel rooms to be available in the market by 2022
- **US\$ 210 million** - revenues generated by five-star hotels during the second quarter of 2013
- **176,915** - delegates welcomed by Qatar National Convention Centre since opening in December 2011

Economic Overview

Doha's economy shows promising growth in GDP over the next four to five years, with the growth of real gross domestic product forecast for 2013 at 5.3%, marginally above previous estimates. Economic policy is geared towards developing Qatar's nonassociated natural gas reserves sectors, while the current oil and gas sector continues to account for more than 50% of GDP. This element of the Qatari economy has made Qatar the country with the highest income per capita, globally; however, a decline in per capita income is expected in light of Qatar witnessing the most rapid population growth rate worldwide.

As FIFA World Cup 2022 projects commence, the 2030 National Plan begins to launch, and the current problem of excess housing in the market begins to be alleviated, the rate of inflation is expected to rise from 3.1% in 2013 to 5.2% by 2016. The current account surplus was fueled by the coming on stream of the new liquified natural gas (LNG), the gas-to-liquids (GTL) and the oil production during a period of rising prices. On the other hand, weakening prices in the years that ensue are expected to begin moderating these figures. With the companies listed on the Qatar Exchange reporting an increase of 13.6% year-on-year, backed by the 103% year-on-year increase in real-estate transactions, the country represents the strongest performing economy in the Middle East and North Africa.

	Forecast					
	2012	2013	2014	2015	2016	2017
Real GDP growth (%)	6.2	5.2	5.2	5.5	5.8	5.6
Consumer price inflation (av%)	1.9	3.1	4.2	4.6	5.0	5.3
Budget balance (% of GDP)	14.0	9.8	6.9	5.9	4.4	2.6
Current-account balance (% of GDP)	32.0	23.1	17.3	13.6	9.5	4.7
Exchange rate QAR:US\$	3.64	3.64	3.64	3.64	3.64	3.64

Source: Economist Intelligence Unit, September 2013

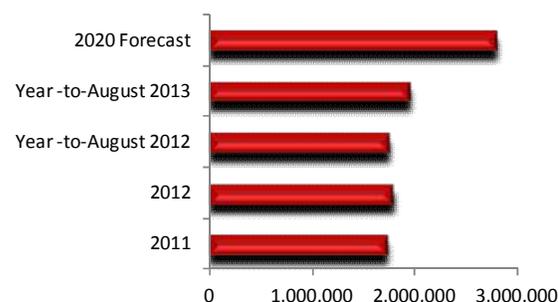
The government's ongoing economic diversification efforts driven by the Qatar National Vision 2030 are expected to witness a considerable boost with the opening of three Economic Zones, scheduled to be

completed by 2017. The economic zones will be a platform for start-ups, innovations and SMEs in the non-hydrocarbon sector and will ensure economic diversification by encouraging the development of nonassociated natural gas sectors and increasing private and foreign investment in the non-energy sectors.

Demographics

As a consequence of the fast-paced development of the country and Qatar's dependence on imported skills, the country is witnessing an influx of additional expatriates. The population is currently estimated at over 1.9 million as of August 2013, of which 20% are Qatari Nationals. Though a small country in size, Qatar's population has grown by 10.5% year-on-year, recording the most rapid population growth rate in the world. The growth in the past months has been attributed to the massive infrastructure investments in preparation for the FIFA World Cup 2022. According to Qatar National Bank (QNB), the growth forecast will remain relatively strong at 6.7% between 2013 and 2014. In light of the ongoing major developments, the considerable investments in gas and related sectors, by 2020, the country's population is expected to grow to 2.8 million.

POPULATION



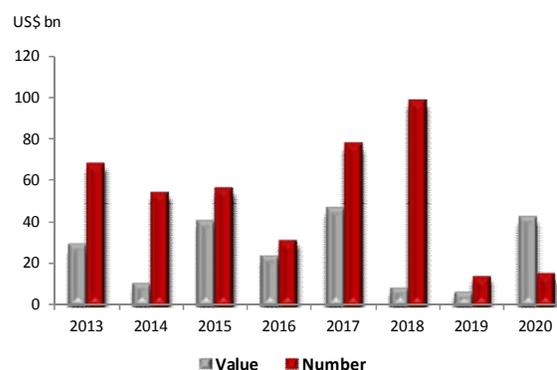
Major Projects and Developments

Driven by the goal of honouring commitments related to the FIFA World Cup 2022, paired with the will of the Royal Family and Qatar's sovereign wealth, the country is currently witnessing a massive transformation with major mixed-used developments currently in planning or under construction. The real estate and infrastructure projects in progress in Qatar are estimated to be worth approximately US\$240 billion.

Lusail Development

The Lusail project spreads over an area of 38 million square metres in the north of Doha and consists of 18 different districts that will feature a blue water lagoon with two marinas, 25,000 residential units, high and low-rise buildings, commercial districts and mixed-use areas, retail, leisure and entertainment facilities, two golf courses, 22 schools, a hospital, an entertainment district and multiple resorts. Lusail City will feature an underground metro and will be linked to the New Doha Rail Network. The project is divided into 12 different infrastructure sections, each with different completion dates. The overall development is expected to be completed by 2018.

COMPLETED PROJECTS



Source: Zawya

Barwa Commercial Avenue

Barwa Commercial Avenue is a development stretching over eight kilometres and yielding over one million square metres of built-up area. The mixed-use development is meant to transform the shape of the landscape in the Ain Khaled area, where the project is under development. Barwa Commercial Avenue will be the largest retail and commercial project in Qatar, featuring 500,000 square metres of retail space, as well as numerous configurations designed to house all types of businesses. The project is expected to be completed by the end of 2013.

Barwa City

Among several projects under development by Barwa Real Estate, Barwa City covers an area of 97 million square metres focused on residential development. The project may be defined as an entire new city, located in the outskirts of Doha in Musameer. The first phase of the project has been recently completed and the overall development is scheduled for completion by 2015.

Barwa Financial City

Barwa Financial City is a mixed-use complex developed to create a new business community within Doha, nestled at the base of the West Bay area. The project will feature an outer ring of six office towers ascending in a clockwise direction from 20 to 35 storeys in height, and an inner ring of three office towers and a hotel tower ascending in a counter-clockwise direction from 31 to 50 storeys in height. The financial city was due for completion by end of 2013, however based on the current status of the development, the completion date has been delayed.

Doha Festival City

Located on Al Shamal Road in Doha, the festival city project spreads over an area of 433,837 square metres and consists of three phases including retail, commercial and hospitality developments. The project is expected to be completed by the first quarter of 2016.

Qatar Bahrain Causeway

The Qatar Bahrain Causeway project consists of a multi-lane over-water throughfare that will link Bahrain and Qatar. The causeway will begin at Askar Village on Bahrain's eastern coast and will end at Ras Ashiraj on Qatar's western shore. The causeway, which is also known as the "Friendship Causeway", is expected to be one of the longest over-water traffic links, achieving a length of 40 kilometres. The estimated date of completion is 2018, however, in the second quarter of 2013 the project remained on hold.

Qatar Railway

The Qatar Railway company is currently developing a local transport system in Doha designed to intergrate all planned national railways into one consolidated system. The Qatar Railway project is part of the plan to connect Qatar to other GCC countries with the local project consisting of several packages. The east coast rail link is planned as a high speed link between the New Doha International Airport, Doha City Centre, and the Kingdom of Bahrain via Qatar-Bahrain Causeway. A second, freight rail link will be based on the GCC rail and Doha expressway studies, while the Doha Metro Network is to be based on the Qatar Transport Master Plan. A fourth, light rail and automated people mover networks will be designed and located in Lusail, Education City and West Bay. The Lusail light rail transit network is expected to be completed by 2015, the West Bay APM is expected to be completed by 2018 and, while the entire project is due for completion by 2020.

GCC Railway

The GCC Railway is an initiative of the all Gulf Cooperative Council nations and is meant to link the six states together. The railway will be 2,200 kilometres long and will span from Oman to Kuwait, passing through the Kingdom of Saudi Arabia, the UAE and Qatar. With each of the GCC countries developing their own sections of the railway, the project is expected to be completed by 2017.

Doha Metro

The Doha Metro project will cover 300 kilometres of metro rail network in Doha. The railway will link all major points in Doha to the New Doha International Airport and the Doha Port. Overall, the Doha Metro will feature four lines and 100 stations. The first phase is expected to be completed by 2019, while the entire project is scheduled for completion by 2050.

Qatar Highway Project

The country-wide highway project include 900 kilometres of roads with multiple lanes and approximately 240 intersections. The project was launched in July 2010 and it is expected to be completed by 2017.

The Lusail Expressway

The expressway will strategically connect the heart of Doha city with north Doha, aiming to service new developments including the Towers Zone, Cultural Village, the New Diplomatic Area, Lusail Beach and the Pearl Qatar. In September 2013 the construction was ongoing and the entire project is expected to be completed by 2015.

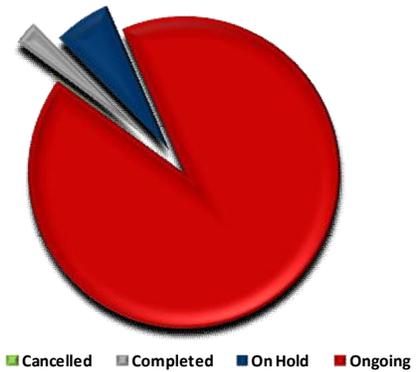
Qatar Airport City

Qatar Airport City is an interface between the city and the New Doha International Airport and will feature developments for business, logistics, retail, hotels and residences. The first phase of the project is expected to be completed by 2022, while the entire project is scheduled for completion by 2030.

National Museum

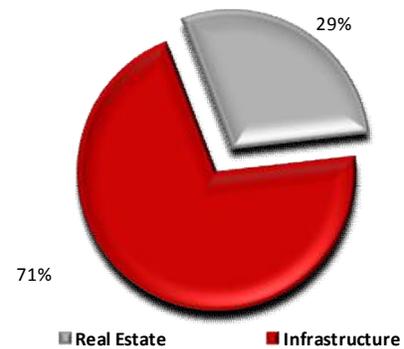
The National Museum project will spread over an area of 150,000 square metres and will feature a 220-seat auditorium, a 70-seat food forum and TV studio, cafés, a restaurant and a park. The completion date is set for the end of 2014.

CONSTRUCTION PROJECT MARKET



Source: Zawya Projects Monitor, May 2013

PROJECT MARKET COMPONENTS



Source: Zawya Projects Monitor, May 2013

Marina Mall

Located in Lusail City near the New Marina and the Yacht Club is the anticipated Marina Mall. The mall will be spread over two floors, covering an area of 57,000 square metres and will be surrounded by a hotel, offices, retail and food courts, leisure facilities as well as residential space. The project is expected to be completed by 2015.

Viva Bahriya

Viva Bahriya is one of the districts on the Pearl Qatar spreading over the area of a man made island of 836,000 square metres. The development will feature towers, townhouses, beachfront condominium, a marina, a luxury hotel on a central islet, an exclusive marina club and a 2,000-metre beach. The project is due for completion by end of 2013.

Porto Arabia

The first phase of the Pearl Qatar is Porto Arabia, featuring 31 Mediterranean-style towers with a total of 4,700 units, 450 townhouses and low-rise terrace apartments, a 92,903 square metre area of leasable retail and commercial spaces, a 785 berth marina, a 2.5-kilometre 'La Croisette Boulevard' and a proposed Four-Seasons hotel that will be located on Marsa Arabia, the central district of Porto Arabia. The project is expected to be completed by first quarter of 2014.

Porta Moda

Within Lusail City is Porta Moda, a mixed-use development consisting of residential units, retail outlets, a fashion district, an educational district, museums, cafés, hotels, and exhibition centres. The project was expected to be completed by 2013, however, based on data available the project is currently on hold.

Qatar Entertainment City

Qatar Entertainment City is located within the Lusail City master community. The project spans over an area of one million square metres, including 180,000 square metres dedicated to entertainment. The development consists of five different districts including the entertainment area, a retail area, multiple five-star hotels, hotel residences, apartments, a souk, climate-controlled pedestrian walkways, a 1.5-kilometre canal with water taxi, a theme park as well as a snow dome. Qatar Entertainment City is due for completion in 2015, however we note that to date only the infrastructure work is ongoing.

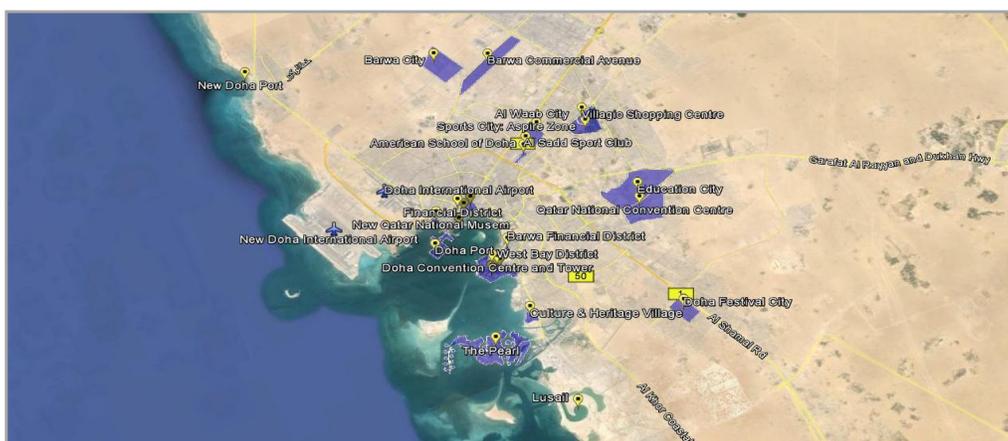
Lusail Iconic Stadium

One of the nine stadiums scheduled to be built for the Qatar FIFA World Cup 2022 is the Lusail Iconic Stadium. The project is meant to be unique, with the 86,000-seat stadium being surrounded by water. The iconic structure will host the opening and closing ceremonies of the World Cup and is expected to be completed by 2019.

Oryx Island

The Barwa Real-Estate's new flagship project has been recently announced and will constitute an integrated pedestrian exclusive development which features luxury villas, an aqua park, and five floating hotels; the Gulf Resort, a 250 hectare site which features a natural harbour, three hotels and a shopping mall.

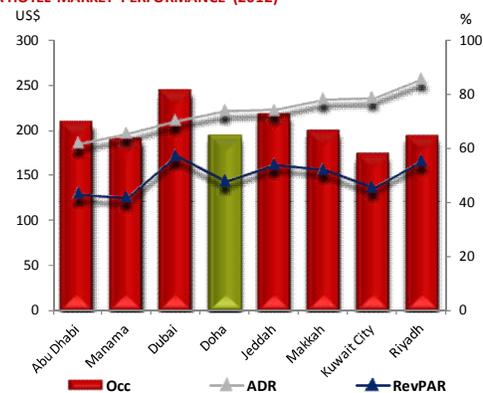
MAP OF MAJOR DEVELOPMENTS IN DOHA



The Tourism Sector in Regional Context

In terms of tourism competitiveness in the MENA region, Qatar ranked second in the 2013 World Economic Forum index on travel, shortly after the UAE. However, Qatar’s tourism sector was recognised as having the fastest growth rate in the region, with a forecast increase of 13% in 2013. The growing tourism sector benefits from a sum of strengths including a safe and secure environment, good tourism infrastructure and an excellent transportation infrastructure, particularly via air. A major area of focus to further enhance the tourism sector in Qatar is the environmental sustainability, a matter addressed already

DOHA HOTEL MARKET PERFORMANCE (2012)



Source: HVS Research

DOHA FIVE-STAR HOTEL MARKET vs REGIONAL MARKETS

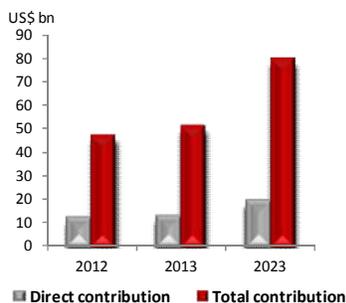
City	Occupancy (%)					Average Rate in US\$					RevPAR in US\$				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Doha	70	58	66	59	63	304	261	230	231	232	213	151	151	136	146
Manama	75	68	66	34	64.3	262	205	209	204	197	197	135	138	69	126
Kuwait City	66	59	54	58	58.3	260	257	241	244	237	160	139	130	142	138
Makkah	60	55	54	55	67	182	228	202	238	235	109	125	109	131	157
Jeddah	77	73	72	72	73	208	205	181	176	223	161	148	130	127	163
Riyadh	74	67	63	63	65	236	297	261	264	257	174	187	164	166	167
Abu Dhabi	81	73	64	70	70	309	294	210	176	186	252	188	134	123	130
Dubai	81	69	72	72	81.7	261	184	167	191	211	210	132	120	138	173

Source: HVS Research

by the authorities in their long-term strategic planning. The overall travel competitiveness of Qatar was ranked 41st out of 140 participating countries, while the UAE ranked 28th, Bahrain ranked 55th, Oman 57th, Saudi Arabia 62nd and Kuwait was in position 101.

The Tourism Sector in National Economy Context

TRAVEL & TOURISM CONTRIBUTION TO GDP

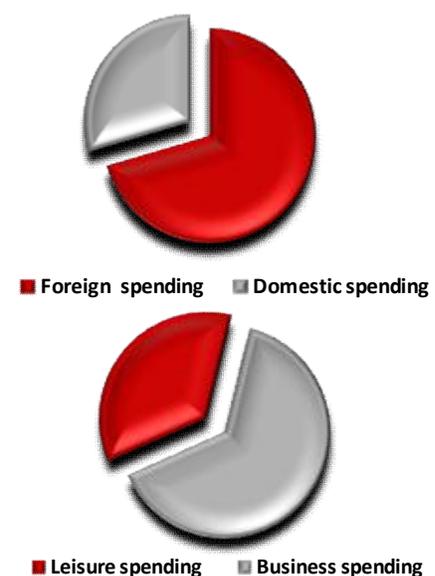


Source: World Travel and Tourism Council

With sustained growth reported over preceding years, according to the World Travel and Tourism Council (WTTC) the direct contribution of travel and tourism to the GDP in 2012 was roughly US\$3.4 billion, representing 1.8% of the total GDP.

This achievement is expected to be outperformed in 2013, with forecast growth of 7.1%, equal to US\$3.7 billion. This will trend upwards on average by 4.0% per annum to US\$5.4 billion by 2023 and will account for 1.6% of the total GDP. In terms of total contribution of travel and tourism, a growth of 8.1% is forecast in 2013 equal to US\$14.2 billion and representing 7.0% of total GDP. Similar to the direct contribution, however four times larger, the total tourism contribution to GDP is estimated to ramp up at a rate of 4.5% per annum, accounting for US\$22 billion by 2023.

TOURISM SPENDING



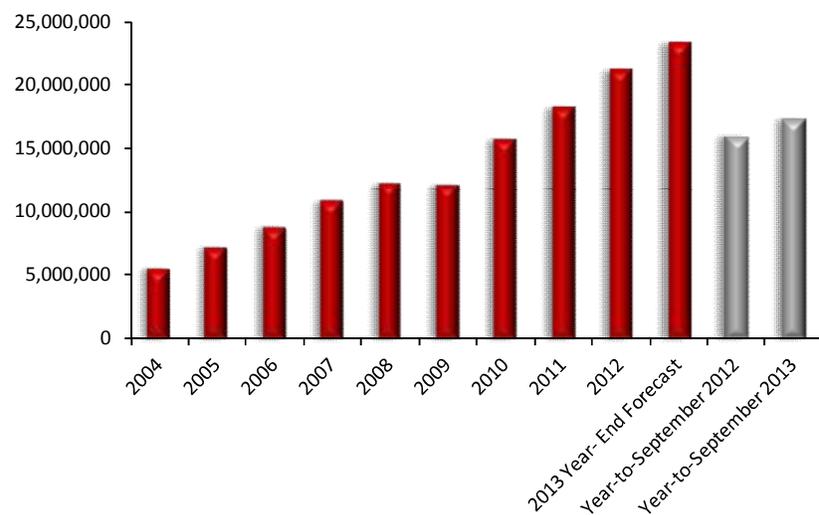
Source: World Travel and Tourism Council

With Qatar remaining predominantly a corporate destination, business spending accounted for 65.5% out of the travel and tourism contribution to GDP in 2012, while the remaining balance was attributed to leisure spending. Analytically, the sustained growth in GDP contribution is an indication of the continuous health of the overall economy in Qatar. While the direct contribution reflects performance levels and revenues generated by the hospitality sector, the total contribution represents the auxiliary industries and sectors that benefit from the tourism sector. As demand increases, hotels will need to be designed, constructed, and operated, resulting in increasing employment, a robust construction industry, and an increased need for residential communities to support the expatriates growth who will operate these hotels. Evidently, growth in one sector translates into growth in additional sectors.

Airport Statistics

The rapid expansion of Qatar Airways has positioned Doha as a significant layover destination in the Middle East. Compound annual growth between 2004 and 2012 reached roughly 18.3%, with year-to-date figures for September 2013 up by 9.0% compared to the same time last year. Aiming to position Qatar as a leading regional aviation hub, the government has neared completion of the US\$2 billion new Doha International Airport, to the east of the current airport. The highly anticipated new Hamad International Airport was recently delayed to open in 2014,

TOTAL PASSENGER MOVEMENTS



Source: Airports Council International, Doha International Airport

due to setbacks experienced in the development. The new airport is expected to increase the annual passenger capacity to 50 million by 2022. The number of passenger movements at Doha International Airport is increasing year-on-year, with recent figures indicating that 70% of all airport arrivals are passengers in transit. The remaining percentage of airport arrivals consists primarily of business travellers on short-term stays conducting business in the city. Moreover, Qatar Airways implemented more flexible visa regulations for passengers en route to Doha with hotels of all categories permitted to obtain tourist visas for guests of all nationalities. In addition, Qatar Tourism Authority is supporting the goal of increasing the number of passengers by releasing different tourism promotions, such as *Qatar in 48 Hours*, launched in 2011 with the intention to capture five percent of transit passengers keen to experience Doha within a 48-hour period.

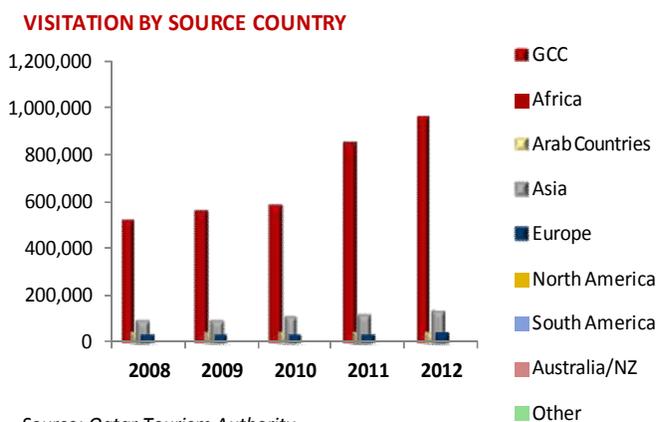
QATAR AIRWAY NETWORK



Visitation by Source Country

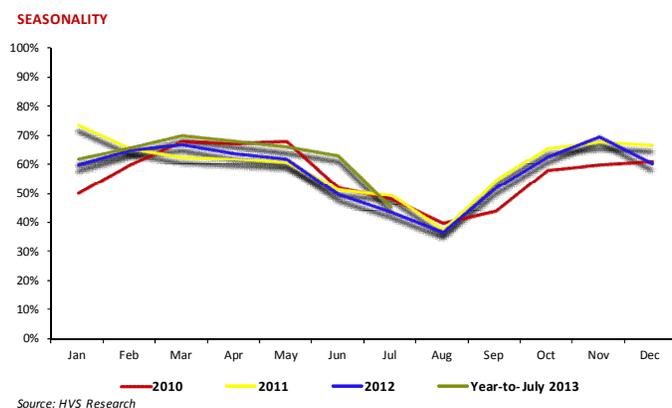
HVS research indicates that the primary source regions for visitation to Doha are GCC, Arab Countries, Asia and Europe. A significant portion of GCC demand originates from Saudi Arabia, with visitation being facilitated by travel over land to Doha. According to the QTA, during the second quarter of 2013 out of the total 238,962 arrivals, more than half of the travellers originated from Saudi Arabia. This represents a 15% increase when compared to the same time last year. Overall, based on 2012 data, GCC visitation accounted for 81.5% of total visitation, with an annual compound growth rate of 16.3% between 2008 and 2012, which accounts for the majority of the growth. The GCC growth over 2008 to 2012 is partially attributed to the impact of the Arab Spring and the shift in visitation to GCC countries, most notably Bahrain. Total visitation to Doha increased by 12% between 2011 and 2012 and unofficial year-to-date data for 2013 suggests a 6.6% increase in visitation during the first two quarters when compared to the same time last year. With Qatar's

authorities focusing on developing leisure demand, efforts have been intensified and geared towards achieving 20% annual growth in arrival numbers. In 2012, the visitation from Europe has experienced a strong 18% increase over 2011. With this goal in mind, backed by the QTA's second Europe representation office opening in France in September 2013, as well as the leisure mega projects under development, the contribution from this key market segment is expected to witness considerable growth in the upcoming years.



Seasonality

Doha's hotel market generally benefits from stronger occupancies between the first and second quarters, as well as the fourth quarter. This is largely due to corporate demand, as well as major exhibitions and events that take place during these periods. Qatar's seasonality is driven primarily by climatic and religious factors, with occupancy traditionally dipping between July and September due to the extreme heat and weaker corporate demand during the Holy Month of Ramadan. Nonetheless, the moving impact of Ramadan by a fortnight will gradually observe trough periods shift into previous peak periods, thereby increasing the duration of the trough period in the near- to mid-term. With government initiatives directed at hosting large scale exhibitions and conferences towards the beginning and end of each year, the existing trend of peak season during the first three and last three months of the year will be further accentuate.



Key Performance Indicators

The hotel sector in Doha took off in 2002, with a visible adverse impact during the recession. This contraction was softened beginning in 2010 when the occupancy and ADR reported healthy growth, likely a result of the limited introduction of new supply during that period.

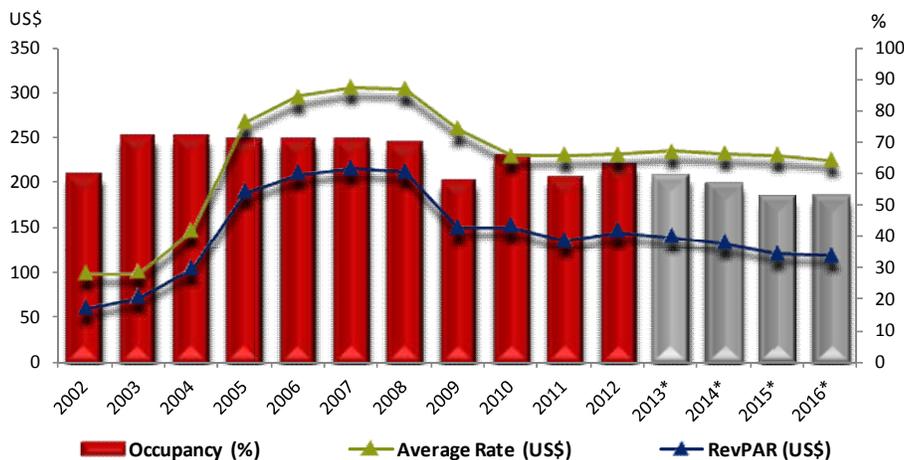
Year-to-date figures for September 2013 reveal that marketwide hotel occupancy is within the range of approximately 60%, while average rates in the market are roughly US\$236, indicating that demand growth in 2013 is not slowing down when compared to 2012. However, given that the four months of low season are included, the performance indicators are not entirely indicative of the year-end performance, as occupancy and ADR are expected to trend up driven by the upcoming high season. Furthermore, the delay in opening for hotels initially scheduled to open by end of 2013 will serve to further improve market performance indicators. In spite of this, based on our research in the market, several operators prefer to act cautiously and to closely monitor the market dynamics in consideration of the large supply expected to enter the market in the near future.



With enhanced efforts from the authorities to drive additional demand, Qatar is witnessing growth year-on-year, achieving 75,000 visitors from the GCC during the Eid-al-Fitr holiday this year, an encouraging sign of the country slowly, but steadily positioning itself as a leisure destination. Proof of the same are the US\$210 million in revenues of five-star hotels achieved in the second quarter of 2013, which recorded a healthy growth of 24% compared to the same period last year.

Considering the significant growth in hotel supply seen in the market, the positive performance reflects a healthy and sustained hotel sector for Qatar, at least for the moment and for the short term. The question whether the market will be able to sustain the impressive supply committed by the authorities in consideration of the FIFA 2022 World Cup, remains open in a scenario wherein normal demand for room nights will not reach levels that justify the planned hotel supply of approximately 85,000 rooms.

KEY PERFORMANCE INDICATORS (2002-2016)

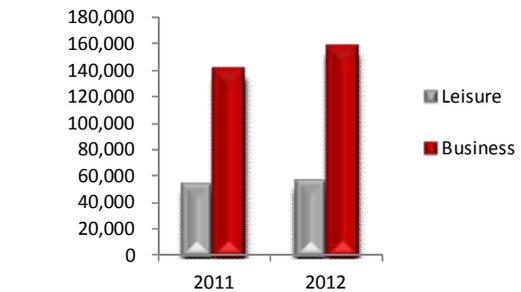


* HVS Forecast
Source : HVS Research

Hotel Market Demand

As part of the national strategy to ensure a sustainable hotel sector post 2022 and in order to avoid an oversupply in the upcoming years, the QTA is currently preparing for the official launch of its tourism strategy. Carefully designed, this strategy is meant to clearly define the target markets necessary to ensure that Qatar will remain an attractive destination. It will further serve to guide the QTA's future efforts towards achieving those goals, given that currently the hotel market in Doha is dominated by the business segment, while the leisure segment accounts for approximately 27% of the entire demand in the market.

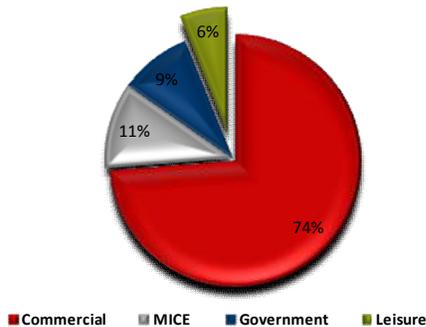
HOTEL MARKET SEGMENTATION



Source: Qatar Tourism Authority

In spite of the efforts put forth by the authorities and the strong growth reported in 2012, Qatar's leisure arrivals to date remain weak compared to markets such as the UAE. However, further developing this market segment is essential for Qatar's long term hotel market sustainability, and therefore constitutes one of the key areas prioritised by the Qatar Tourism Authority. As a consequence, among various initiatives, the QTA is set to implement a data management system in collaboration with the United Nations World Travel Organisation (UNWTO) that will track the statistics related to tourist activities. Once in place, the system will help measure the economic impact of tourist activities carried out in the country and will allow tourism to be understood in the same way as other sectors of the economy. Moreover, the system will serve as a platform to promote Qatar's tourism in the global industry. The demand growth of this essential segment is based on two pillars, namely the development of major leisure attractions such as Doha Festival City and Entertainment City, and increased international recognition of Qatar as a leisure destination.

HOTEL MARKET SEGMENTATION



Source: HVS Research

Joining the efforts of the authorities, the hoteliers are addressing this much needed segment by creating and tailoring special packages for GCC and international leisure travellers. In parallel to this, according to the Saeed Al Hajri, chairman of the tourism committee of the Qatar Chamber of Commerce and Industry, emphasis is placed on positioning Qatar as a luxury leisure destination. Qatar has this ability to target quality over quantity owing to its wealthy Gulf neighbours. Moreover, the destination is appealing to international luxury travellers by offering a variety of cultural experiences. These include the Souq Waqif, the Katara Cultural Village and the Islamic Museum. Aside from the existing experiences there are several major cultural attractions anticipated, the largest of which is the International Museum currently under construction.

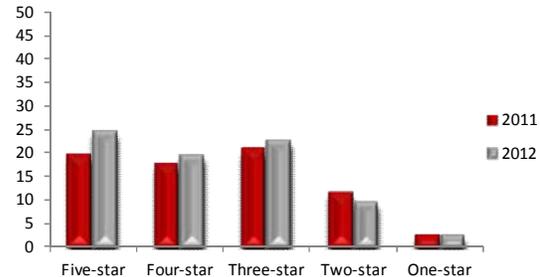
In order to diverge further from the exclusively corporate orientation of the market, Qatar has directed efforts towards improving the infrastructure and profile of the sovereign Arab state as a sporting destination. With the country hosting approximately 40 sporting events annually, sports tourism represents a strong target sector and as part of the strategy to further develop this segment, Qatar Airways plans to create special packages for sporting events combining tickets and hotels. The joined efforts of different key Qatari entities, along with the tourism strategy being an intergrated part of the country's development masterplan, will allow on long term realiance on various demand segments, hereby improving the health and the sustainability of the hospitality industry.

Supply and Pipeline

Current Hotel Supply in Doha

As a result of the booming economy paired with tourism strategies implemented by the QTA in order to accomplish the commitments for the 2022 FIFA World Cup, the Doha hotel market has undergone significant growth in the past years. In 2012 alone, the number of five-star hotels has increased by 25%, while the four-star and three-star categories have witnessed growth of 11% and 10%, respectively. Overall, the number of available rooms in the market has increased by 18% in 2012, equaling 13,407 rooms, including branded and non branded hospitality establishments.

CURRENT SUPPLY - NUMBER OF HOTELS



Source: Qatar Tourism Authority

The majority of the branded supply lies in Doha, while all room supply outside the city's premises are unbranded properties that do not form part of the scope of this article. In line with the QTA's vision to position

SUPPLY

Number of Hotels	2008	2009	2010	2011	2012	CAGR 2008-2012
Luxury Hotels	12	14	17	20	25	18.6
Other Hotels	36	44	49	81	3	31.0
Total	48	58	66	101	28	28.1
Rooms	6,767	8,495	9,574	11,341	13,382	18.8

Source: Qatar Tourism Authority

Doha as a luxury destination, the hotel market is dominated by upscale and upper upscale properties, which account for 53% of the current supply.

OPERATOR PRESENCE IN DOHA BY HOTEL ROOMS



Source: HVS Research

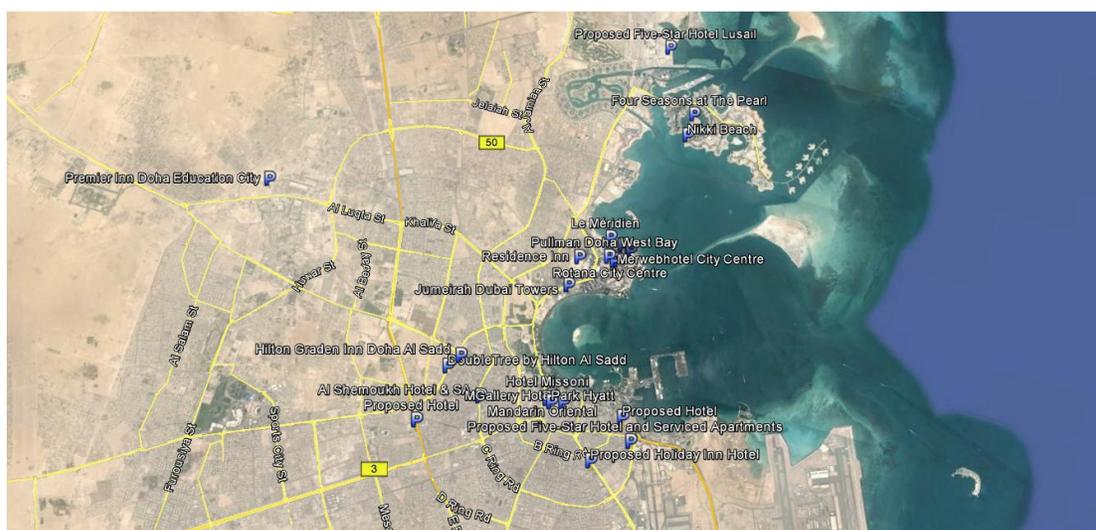
The most recent openings include the Crowne Plaza Hotel, Amari Hotel, Ascott Hotel and the 583-rooms Radisson Blu Hotel. Non-branded, independently operated hotels open regularly in Doha with no prior announcement, as the state positions itself to open several thousand hotel rooms annually in preparation for the World Cup 2022. As to date, 15 major international hotel chain operators are present in Doha, amounting to a total number of approximately 8,200 available rooms, of which Marriott International operates 18%, equaling approximately 1500 rooms. Second to Marriott is Starwood Hotels & Resorts, with 14% of the available supply.

Proposed Supply in Doha

Given Qatar’s World Cup bid evaluation report, more than 55,000 additional rooms will need to be added by 2022. With more than 240 properties proposed by Qatar, the market is expected to witness an impressive number of new openings annually. Over the course of the next four years alone, approximately 8,000 branded rooms will be induced in the upscale and upper upscale category. With the supply pace exceeding the demand growth, it is likely that the market will face an oversupply situation in the near future and post World Cup, which will exert significant pressure on the rates commanded by the hotels as well as on occupancy levels.

We note that the adjacent table is not comprehensive, with properties having an uncertain status and the development timeline being excluded. We further comment that unbranded hotels are constantly being added to the existing supply as part of the commitment by authorities to achieve 85,000 hotel rooms by 2022. In addition to the proposed properties presented in the table, a recent press release indicates that Hamad International Airport will feature two luxury hotels, each featuring 100 rooms, while Rocco Forte recently announced that they are planning to open a hotel in Doha in the next two years. At the same, Katara Hospitality officially announced an iconic hospitality landmark in Lusail City, set to open by 2017. In light of the great opportunities in the market and the desire to position the country as a luxury destination, there exists an incentive for international luxury brand operators to race to establish presence in the market.

Property Name	No. of Rooms	Date of Opening
Anantara Doha Island Resort	141	Q1 2014
Centro Doha	220	Q4 2014
City Centre Rotana	380	2014
DoubleTree by Hilton Doha Al Sadd	145	Q1 2015
DoubleTree Suites by Hilton Doha	240	Q1 2015
Dusit	194	Q4 2013
Four Seasons The Pearl	350	Q1 2016
Hilton Doha Residence	288	Q2 2015
Hilton Garden Inn Doha Al Sadd	258	Q2 2014
Holiday Inn Doha	347	Q1 2016
Hotel Missoni Doha	299	Q2 2015
Jumeirah Dubai Towers	228	On Hold
JW Marriott	299	Q2 2017
Kempinski Hotel Marsa Malaz, The Pearl, Doha	250	Q2 2015
Le Meridien Doha	250	2016
M Gallery Doha Msheireb	215	2016
Mandarin Oriental	160	Q4 2014
Merweb Hotel City Centre Doha	97	Q1 2014
Millenium Al Sadd Doha	232	Q2 2014
Nikki Beach Resort& Spa	47	On hold
Park Hyatt	181	Q4 2015
Planet Hollywood	350	2015
Premier Inn Doha Education City	219	2014
Proposed Five-Star Hotel Lusail	257	2015
Pullman Doha West Bay	468	2015
Regent Hotel	365	Q4 2013
Sedra Residences by Rotana	500	Q 4 2013
Shangri-La Hotel, Doha	307	2013
Taj Exotica	150	2016
Traders Hotel, Doha	322	2014
Waldorf Astoria	330	2016

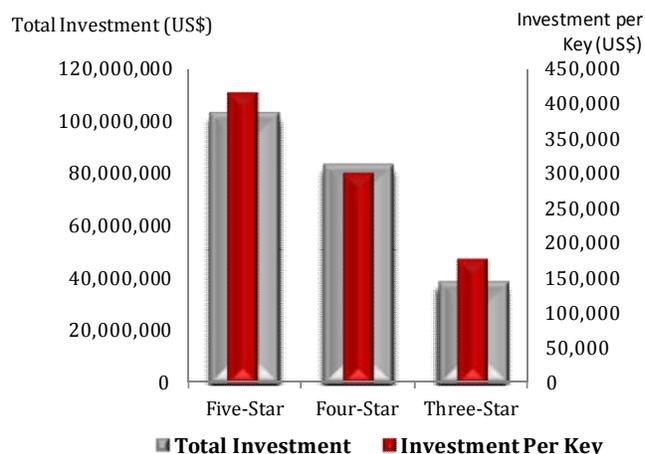


Maximum Supportable Investments

In order to provide the maximum supportable investment for various asset classes in Doha, several assumptions were taken into consideration. In all scenarios, the assumed opening date of the asset(s) is January 2013. Inflationary rates utilised in the various scenarios pertain to the consumer price inflation recorded in Doha, according to the Economist Intelligence Unit as at February 2013. Ultimately, the asset(s) assume a ‘wet’ operation in that service of alcoholic beverages is permitted. Additional assumptions are highlighted in the Asset Class Assumption Table.

In addition to the highlighted assumptions, capitalisation rates utilised in order to calculate the supportable investment figures range between 9.0% and 11.0%, whilst equity yields factored into consideration vary between 16.0% and 17.0%. In all cases, the loan to value ratio is 60%, while the holding period and the amortisation assumed were 10 years and 20 years, respectively. With this in mind, presented in the following tables are the maximum supportable investments for the three-star, the four-star and the five-star categories as estimated in Qatar.

MAXIMUM SUPPORTABLE INVESTMENTS DOHA



Source: HVS Middle East Survey 2013

HVS estimates of the maximum supportable investment include the cost of land in the overall development cost and the development cost per key. While it is possible that maximum supportable investments may reach these indicated levels, it is plausible that development costs may fall under these levels. With that said, it is

ASSET CLASS ASSUMPTIONS

Asset Class	No. of Rooms	Meeting Facilities			Meeting Facilities (m ²)
		No. of Restaurant	No. of Lounge/Bar	Spa	
Three-Star	220	1	1	N	Limited
Four-Star	280	2	1	N	1,200
Five-Star	250	3	2	Y	2,000

equally possible that development costs may exceed these estimates, and we emphasise that no investment decision ought to be made without first consulting industry specialists.

Outlook

Infrastructure developments, large-scale projects, and the constant efforts to sustain and create major demand generators continue to fuel growth in Doha’s hotel sector. World-class infrastructure projects are paving the way for new economic opportunities and tourist arrivals are expected to reach 3.7 million by 2022. Following concentrated efforts and divergent initiatives, Qatar will see a transition from a predominantly business-led visitor profile to an increased leisure mix, focused on sports, luxury and culture. Overall, although considerable supply is expected to saturate the market over the following ten years, Qatar’s hotel market outlook remains positive.



HVS EXPERIENCE IN DOHA

Selected List of Assignments

Feasibility Study for Proposed "Six Star" Lusail City Hotel, Doha, Qatar

Feasibility Study for Proposed Al Fardan Hard Rock Hotel, Doha, Qatar

Feasibility Study for Proposed Five-Star Hotel, Doha, Qatar

Feasibility Study for Proposed Mandarin Oriental Development, Doha, Qatar

Operator Search for Proposed Luxury Hotel Lusail City, Doha, Qatar

Feasibility Study for Proposed Conference Centre Hotel Education City Doha, Qatar

Operator Search for Proposed Al Shemouk Hotel, Doha, Qatar

Hospitality Development Strategy for Education City and Heart of Doha, Qatar

Feasibility Study and Return on Investment Analysis for Proposed Boutique Hotel Downtown Doha, Qatar

Feasibility Study and Valuation Report for Proposed Doha Festival City Hotel and Serviced Apartments, Qatar

Valuation Report for Somerset West Bay, Doha, Qatar

Feasibility Study and Return on Investment Analysis for Proposed Panorama Luxury Serviced Apartments The Pearl Qatar

Operator Contract Review and Recommendation for Al Shemoukh Towers Hotel, Doha, Qatar

Feasibility Study for Proposed Five-Star Hotel Mix 11 Plot, Marina District, Lusail City, Doha, Qatar

Market and Feasibility Study for Proposed Panorama Luxury Serviced Apartments The Pearl Qatar, Doha, Qatar

Feasibility Study and Return on Investment Analysis for Proposed Five Star Hotel and Serviced Apartments, Doha, Qatar

Highest and Best Use Study for Proposed Midscale Hotel, Doha, Qatar

Feasibility Study and Return on Investment Analysis Proposed Siddiqi Hotel / Proposed Midscale Hotel, Doha, Qatar

Management Contract Review Proposed Hilton Residences, Doha, Qatar

Feasibility Study Proposed Holiday Inn, Doha, Qatar

Update Feasibility Study Proposed Hilton Residences, Doha, Qatar

Update Positioning and Feasibility Study Proposed Five-Star Hotel & Serviced Apartments, Doha, Qatar



SERVICES & SOLUTIONS- HVS DUBAI OFFICE

CONSULTING AND VALUATION provides appraisals, market studies, feasibility studies and strategy consulting for single assets and portfolios of hotels worldwide as well as mixed-use developments.

Valuation

HVS is widely regarded as the leading provider of specialist hotel valuations worldwide. As pioneers of the discounted cash flow method, the firm stands at the forefront of the industry in terms of degree of analysis, depth and transparency of reporting and sophistication of computer modeling. HVS valuations are recognised and used by many of the world's leading banks, hotel owners and developers. Valuation services can be provided for individual assets or portfolios, and can range from limited service hotels through to prestigious five-star properties as well as mixed use developments.

For global acquisitions we can assemble the largest worldwide team of specialist hotel valuers capable of appraising the most sizeable groups/chains in the most rapid timescale possible.

General Consulting

Additional advisory services provided by HVS include:

Strategic advice – relating to specific properties, hospitality and shared ownership companies, markets or segments.

Operational reviews – assistance in maximising the performance of a hotel.

Due diligence assistance – assisting in the evaluation and purchase of individual hotels, shared ownership properties or portfolios.

Feasibility Studies

HVS is a leading provider of development feasibility advice. Using the same approach and methodology utilized in undertaking valuations, feasibility studies are performed for hotel and shared ownership operators, developers, investors and lenders.

Feasibility studies provide detailed profit and cash flow projections, valuation estimates and return on investment analyses for all types of assets. By combining our extensive knowledge of the dynamics of both established and emerging markets, HVS offers unparalleled advice in connection with new hotel developments worldwide.

Operator Search and Management Contract Negotiations

HVS has considerable experience in advising on management contract and lease negotiations with hotel operators.

As you may be aware, we are familiar with all the leading hotel operators around the world. It is these operators that are most likely to form the nucleus of those that are eventually short-listed and we are confident that our combination of hotel industry knowledge and our contacts within all the leading hotel companies, will ensure that your project receives the appropriate attention from potential operators and that we negotiate the most reasonable terms for you as an owner.

Hospitality Development Strategy

The typical HVS approach to a hospitality development strategy includes:

1. Defining likely evolution of hospitality market under various scenarios over a pre-determined period of time;
2. Determining the supportable number of hotel/hotel derivative rooms and assets under each scenario;
3. Recommending, for each asset class, the ideal phasing and timing of development, the optimal facilities mix, the most competitive positioning, target markets, etc.

Asset Management

HVS Dubai Office offers a comprehensive range of strategic planning, asset oversight, operational and development consulting, franchise and management company evaluation and selection.



EXECUTIVE SEARCH is the premier executive search and advisory firm providing human capital consulting services to leaders of the hotel, restaurant, and gaming industries. This includes senior-level executive search, mid-management recruitment, compensation consulting, and performance management.

ASSET MANAGEMENT offers a comprehensive range of strategic planning, asset oversight, operational and development consulting, franchise and management company evaluation and selection, and expert witness litigation support.

SHARED OWNERSHIP services provides strategic advice, and marketing and sales solutions relevant to vacation ownership, residence clubs, condo hotels, and mixed-use resort development.

INVESTMENT BANKING provides you with one-stop shopping for the hospitality industry's investment banking needs, including financing, investment sales, and capital advisory.

HOTEL MANAGEMENT helps you maximize the return on hospitality investments with hotel management, asset management, operations and consulting, and special services such as receivership and strategies for repositioning your property or hotel company.

RISK MANAGEMENT specifically addresses the needs of hotel owners and operators looking to reduce their overall cost of risk. We provide insurance solutions specific to the hospitality industry. Our expertise includes property, casualty, and employee benefits.

SPA & LEISURE services provides consulting and management services for spas, fitness facilities and leisure developments of all types for hotels, resorts, and real estate projects worldwide. Service options include feasibility studies, design consulting, pre-opening and daily management. Our goal is to offer exceptional spa experiences while maximizing revenue and profit for our clients.

HOTEL PARKING services helps you maximize the value and capture the full potential of hospitality parking assets.

GAMING services provides appraisals and market and financial feasibility studies with comprehensive analyses of market support and financial projections for casinos and ancillary operations.

SALES & MARKETING services provides sales training, marketing communications expertise, and public relations support to expand awareness, brand recognition, and reach, in order to boost occupancy and revenue.

GOLF services provides appraisals, market and feasibility studies as well as litigation support for stand alone and mixed-use developments that include resort residential communities, mixed-use developments, membership clubs and golf facilities.

SUSTAINABILITY services enables hospitality firms to identify cost-saving opportunities, enhance operational efficiency, and demonstrate a positive commitment to the environment—to guests, investors and other stake holders. Our core services include benchmarking, auditing, project implementation support, certification and strategic advisory.

PROPERTY TAX services meets the increasing demand of hotel owners seeking to control their property tax valuation and expense. If you are uncertain about the accuracy of your latest U.S. assessment, and need representation or support through the process, we invite you to discuss our specialized approach.

DESIGN works around the globe and specializes in interior design, architecture, and project management for lodging industry.

CONVENTION, SPORTS & ENTERTAINMENT FACILITIES CONSULTING provides you with the specialized expertise necessary to analyze and implement public facilities projects, including convention centres, headquarters hotels, arenas, fairgrounds, water parks, and museums.



About HVS

HVS is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. www.hvs.com

Superior Results through Unrivalled Hospitality Intelligence. *Everywhere.*

HVS has a team of Middle East experts that conducts its operations in the Middle East and North Africa. The team benefits from international and local cultural 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 six years, the team has advised on more than 400 hotels or projects in the region for hotel owners, lenders, investors and operators. HVS has advised on more than US\$55 billion worth of hotel real estate in the region.

About the Authors



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