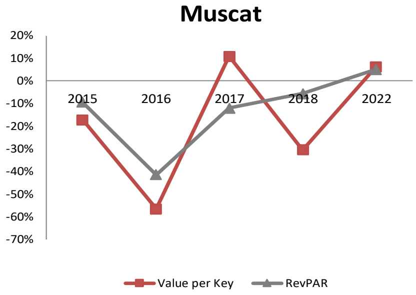
IN FOCUS – Cities in GCC Countries



Muscat - Oman

Muscat, the capital of Oman, experienced a 30% decline in hotel value in 2018, driven predominately by RevPAR decline and increase in operational costs. Despite the declining hotel performance, airport movements recorded 1.4 million passengers in 2018, with a considerable surge from Indian visitors.

The rise in visitor arrivals to Muscat is expected to further grow on account of ease of visa restrictions to visitors from China, India, Iran and Russia. An excess of 4,000 additional rooms are expected to enter the market by 2022, which is likely to increase the competition but equally support tourism growth in Muscat and allow for improved performance across the city.

Hotel values are forecasted to improve on the back of an improvement in RevPAR and gross operating margins as well as the overall support from the government to develop further the tourism infrastructure.

Kuwait City - Kuwait

Kuwait City hotel values historically remained stagnant on account of limited new supply and the hotel rate cartel agreement. Since 2016, new hotels have entered the market and the hotel rate cartel agreement effectuated by the hotel owners' association started to phase out. This led to a drop in hotel value of 20% and 6% in 2017 and 2018 respectively.