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Rising Tourism and Lodging Investment in the Middle East – Some Insights

Would you like to become a part of hotel investment in the Middle East? At the onset, such a proposition does not seem to charm an average American whose associates or relatives are probably, at this time, engaged in protecting US interests in Iraq or even in Afghanistan. Some global hotel companies however, think otherwise. The recent tourism boom in some Middle Eastern regions explains why.

According to a recent report by WTO’s Middle East spokesperson, tourism revenues in the Middle East have been rising steadily since 2003. Tourist arrivals in this region exceeded 36 million in 2004. They are expected to reach 54 million by 2010 (50% growth relative to 2004) and 106 million (194.4% growth relative to 2004) by 2020. Such a rapid growth in tourist arrivals has led to a phenomenal wave of hotel investment in the Middle East.

Leading the tourism development destinations in this region is Dubai that proposes to add more than 25000 rooms by 2008, and another 50 hotels by 2010. Egypt, Abu Dhabi and Qatar also seem to share this trend. The Egyptian tourism industry’s current contributions have outpaced its oil exports and revenues from the Suez Canal. Qatar’s current 6 per cent contribution of tourism to its GDP is expected to rise along with development plans, including projects such as the new airport expansion, at least 41 new hotels and hotel apartments by 2008. Such rapid growth in tourism is attracting the world’s leading hotel operators. According to recent reports a total of 28 chains representing 43 hotel brands will open their doors for business in the Middle East in the next three years (Middle East Economic Digest, December 2005). Some examples of such potential investors are Hilton, Intercontinental Hotels Group, the Swiss Moevenpick and the German operator Kempinski.

No doubt it is encouraging to observe that regardless of the recent terrorism and political unrest in some parts of the Middle East, there still appear to be some emirates and countries in this region that are supportive of peace, tourism and economic prosperity. Indeed, the growth of lodging investment in the Middle East should be an interesting phenomenon to observe in the next decade.