2.10: Tourism, Hotel and Entertainment

SECTOR OVERVIEW

As a business hub, transit arrivals into Kuwait comprise primarily of business travelers. Business travel spending in Kuwait is expected to grow by 8.9% in 2014 to reach USD 1.2 Bn and thereafter rise by 5.4% per annum to USD 1.9 Bn by 2024.

Tourist arrivals are expected to increase to 491,000 by 2022 from 306,559 in 2013 on account of planned infrastructure projects, economic expansion and tourism related initiatives.

HOTELS

The growth in business activities in Kuwait is expected to result in increased demand for hotel rooms. Budget hotels and hotel apartments are preferred for extended stays.

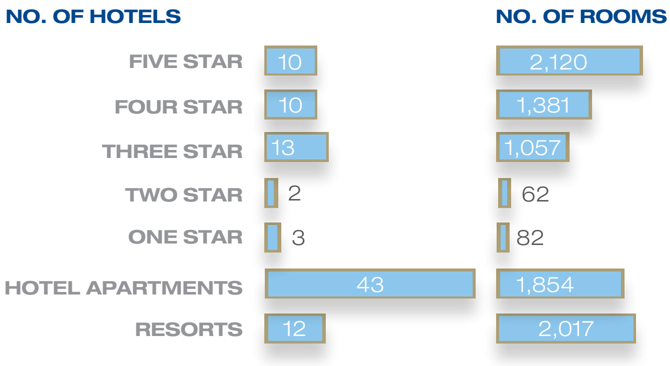
Hotels in Kuwait have among the highest average daily rates in the region, estimated at USD 246 in 2013. Most of the room capacity is concentrated in the four-star, five-star and resort categories.

Spending on leisure and tourism sector

Estimated value by 2015

USD 4.2 Bn

Hotels in Kuwait (2013)



ENTERTAINMENT

Kuwait has a limited number of theme parks and amusement centers. High per capita income and a propensity to spend on leisure and entertainment are expected to drive demand for amusement and entertainment options in Kuwait.

During the year 2013, the average household spend was approximately USD 4,000 per annum on leisure, entertainment and cultural services annually implying 8.5% of GDP per capita was directed towards recreational purposes.

Revenue of branded theme parks

Expected y-o-y growth over 2011–2015

7-8%

Economic growth and demand for entertainment options are expected to create investment opportunities in this sector.

Source: Alpen Capital Hospitality Report 2014, Ministry of Planning

2.10.1: Branded Theme Park

OPPORTUNITY OVERVIEW

Kuwait has a number of relatively small recreational concepts, including amusement and water parks, as well as other concepts like a zoological park and cultural attractions. The Entertainment City is the largest theme park in Kuwait and covers an area of one million square meters. This was established in 1984 by the Touristic Enterprises Company, a Kuwait Government entity. The footfalls for recreational and cultural attractions reached 2.4 Mn in 2013.

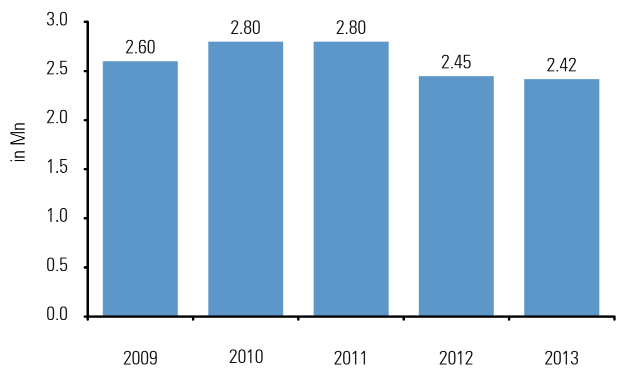
	Recreational places in Kuwait
Zoo	Kuwait Zoo
Aquarium	The Scientific Center
Water Theme Park	Aqua Park Messila Beach
Indoor Entertainment	Future Kid Infunity Zone Kid Land Kuwait Magic Magic Planet Kidzania Trampo
Amusement Park	Lagoons Marah Land Play Land Entertainment City Hawally Park Sha'ab Leisure Park
Branded Theme Park	99 Village Cartoon Network World

- Amusement parks tend to attract families, young adults and children. Kuwait has a young and growing population, with more than 58% below the age of 35, presenting a sizable market for branded theme parks.
- Lifestyle preferences, and the relatively high level of disposable income also positively impact the demand for the branded theme parks.
- Increased tourism investments in the tourism sector along with a rising number of tourists from other GCC countries are expected to increase demand for entertainment options in the country.

Kuwait's spending on travel and tourism is estimated at approximately USD 6.4 Bn in 2013, with an expected annual growth of 6.2% until 2025.

In view of the limited options available in Kuwait, there is significant potential for introducing a large, branded family-oriented theme park conducive to Kuwait's climatic conditions.

Footfalls in recreational places in Kuwait



Source: Central Statistical Bureau Annual Statistical Abstract 2013, EIU, Al Shall, KUNA

2.10.2: Budget Hotels

OPPORTUNITY OVERVIEW

The planned infrastructure projects and economic development plans are expected to stimulate business travel in Kuwait over the foreseeable future, creating additional demand for hotels. An increasing global trend towards cost-conscious business travel along with the development of new commercial hubs in Kuwait will augment need for more budget hotels. Budget hotels currently constitute less than one-fourth of Kuwait's overall hotel capacity.

Key Players	Hotel Brands
Accor Hotels	IBIS Hotel Kuwait – Sharq IBIS Hotel Kuwait – Salmiya
Salhia Real Estate	Courtyard Marriott Hotel
Al Argan International Real Estate Company	Movenpick Hotel & Resort Al Bida'a Rimal Hotel & Resort
Rotana Hotel Management Corporation Limited	Al Manshar Rotana
Kuwait Hotels Company	Safir International Hotel

Kuwait's hospitality market is projected to reach USD 500 Mn by 2016. The low presence of budget hotels in the country and 100% foreign ownership is allowed in the sector which makes it an attractive entry opportunity for local and international players. Spending on business trips in Kuwait is expected to have reached USD 1.2 Bn in 2014. Currently, only a few budget hotel brands operate in Kuwait.

The planned infrastructure projects in Kuwait (e.g: Cargo City, Mubarak Al Kabir port development, airport expansion, etc.) and rising inflow of business travelers could yield a higher average hotel occupancy rates and revenue per room, indicating considerable potential for new budget hotels.

- Economic growth in the country, supported by a growing oil industry stimulate demand for business travel.
- Government incentives to promote non-oil industrial sectors are major drivers for developing Kuwait as a business hub, providing an opportunity for budget hotels.
- Growth in business travel and prevailing high average room rates in Kuwait, will further augment the need for budget hotels.
- Shift of corporate mind-set from luxury hotels to the curtailment of travel expenditure is expected to stimulate the demand for budget hotels in Kuwait.

Source: WTTS 2012 Report and Respective Hotels Websites