

### YOUR DIGEST AHIC



## AHIC unveils hospitality trends by Karim El Asmar

The second edition of the Arabian Hotel Investment Conference (AHIC) was held at the Madinat Jumeira Conference Center, Dubai. During this conference hospitality industry leaders and decision makers, discussed various industry related matters and broad trends.

On a regional level, security was found to be an issue, but it has not hindered the growth potential of the region. In fact, two cities are likely to double their inventory: Dubai and Beirut. It was observed that the markets have become resilient to the security issue and it is having less of an impact.

Growth will also occur with the diversification of hotel ranges. The increasing number of upscale brands, as well as the introduction of deluxe and lifestyles brands, was brought up. On the other hand, several announcements related to budget hospitality were made: Express by Holiday Inn is to develop a total of 40 hotels in the coming 7 years and Easy Hotels and Istithmar hope to have a total of 38 properties in the next 5 years. Rotana hotels unveiled the creation of a new budget brand Centro, whose development plans remain to be unveiled.

However, such growth and diversification is expected to pose a major problem to human resources. In order to succeed such a hospitality boom, several issues relating to human

resources policies, as well as the development of hotel management training programmes, should be addressed. Major hotel management schools and universities are planning to develop various programmes within the region, especially in Dubai, which is fast becoming an education destination.

Major hotel groups are also recognizing the importance of identifying potential candidates able to grow within a company to be the managers of the future. To achieve this training, programmes and development processes need to be considered. As the requirements for higher quality workforce increases, so does the need for maintenance of such workforces. Prior to integrating a potential candidate, human resources departments need to understand the effective capacity of the candidate in order to make the suitable placement.

New trends in finance are heading towards the recourse to public equity and stock market listing. In the projection to gain economical mass, groups are seeking public financing as a fast source of funding. The expected industry growth, as well as tourism boom, is favoring institutional investment in the sector. Hospitality financial products offer a stream of cashflow, as well as a real estate security, and an inflation beating component in a portfolio.

The recent trend in the Middle East is to integrate a hotel project

within a large real estate and commercial development. This of course increases the average investment, but also allows to extend the income stream for the developer. In such cases, income is made from the hotel, as well as retail and apartment sales. Many first class and upscale brands are developing serviced apartment brand extensions to expand the product range of hotel brands, and to answer a market need. In the conference concerns were expressed especially with regards to the cannibalization between the brands.

Another confirmed tendency is the lifestyle hotel branding. The global trend towards boutique hotels and personalized services is resulting in the development of lifestyle hotels branded by haute couture designers.

The conference also unveiled rising destinations, especially in East Africa. Zanzibar and Tanzanian government representatives presented investment opportunities in their countries, as well as investment incentives. Other hot development destinations presented during the conference were islands, such as Turks & Caicos, Seychelles and the Maldives. Island tourism remains very strong and there remains potential for development. The Levant area was also under review, with a special focus on Lebanon which is expected to see the development of upscale and deluxe brands, as well as economy hotels.

The great potential of the regional area, in terms of growth, was developed at AHIC. However, in order to successfully grow, the hospitality industry will need to develop the proper workforce with all the requirements it takes and also develop the right brands while avoiding duplication and cannibalization. It is worth noting that in order to develop growth in the industry it is imperative that the infrastructure is able to support such expansion. ■



**KARIM EL ASMAR**

Hodema s.a.l.  
Managing Partner  
PO-Box 16-6364 Beirut, Lebanon  
Tel: +9611381101  
kasmar@hodema.net  
www.hodema.net