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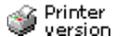
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Crest of the Wave



Blessed with the most appealing natural locations in the Gulf, Oman is starting to take advantage of these assets in developing its tourism industry

Oman's tourism sector is thriving. Figures from Deloitte's latest HotelBenchmark survey show that Muscat's hotels had the second highest occupancy rates for the region during the first quarter of 2007, reaching nearly 85%. But perhaps even more encouragingly for Oman's planners and businessmen, revenue per available room (revPar) for the city's hotels was up by nearly 62%, the highest rate of growth in the region.

Oman has worked hard over the last few years to promote its tourism sector, taking steps that would have seemed very unlikely a decade ago when worries about the detrimental social and environmental impact of tourism drove policy. Now, however, visas are readily available at the airport for visitors, and foreigners can now buy freehold property in specially designated developments aimed at tourism. Foreign investment in large-scale resorts is also going ahead, and eco-tourism is being encouraged, with facilities available for tourists to visit environmentally sensitive areas like "turtle beach" near Ras al Hadd.

Omagination

The name of the game, moreover, appears to be further expansion. The undersecretary at the ministry of tourism told the local Times of Oman in April that he expects the number of hotel rooms in the country to nearly double by 2010, from a current level of 8,300 to some 16,000. Supporting this expansion, in recent weeks, the Omani government has given the go-ahead to plans by the US-based Alfa International Holdings Corporation and Joannou & Paraskevaides of Greece to establish a US\$1.6bn resort at Seeb, to the north of Muscat. Alfa says that the resort, which is due to have hotels, a harbour, retail facilities, restaurants and residential areas, will be called Omagine. Plans are also in hand to re-develop the Ras al Hamra area in the heart of the capital into a six-hotel resort.

These facilities are part of a substantial tourism development programme in and around the capital area. The Wave, a partly government-owned facility being developed on the outskirts of the capital, has recently signed agreements with both Kempinski Hotels of Germany and Fairmont Hotels and Resorts of Canada to develop five-star facilities. Further toward Sohar, The Blue City resort signed a construction agreement with AECO, a Greek-Turkish joint venture, in early 2007 in the wake of a financing deal worth about US\$1bn that was signed in late 2006. These new resorts will compete with a number of existing five-star hotels in the capital and the US\$200m Barr al Jissah, a three hotel resort which opened in early 2006 under management by Shangri-La Hotels of Hong Kong.

Although the main focus of tourism is on the capital area, other regions are seeing some investment. Plans call for a new five-star hotel, the Royal Tulip Mirbat, to open in early 2008. The facility will be located near Salalah in the southern Dhofar region of the country. Also in Salalah, Egypt's Orascom Hotels & Development has recently picked Rotana to manage a 350-room hotel, scheduled to open in 2010.

Such five-star facilities cater to the top end of the market, which Oman has traditionally sought to emphasise. But the country now appears to be flirting with a wider market. In May, Coral International Hotels announced that it had signed a memorandum of understanding on the construction of a 200-bed Ecos brand hotel in Oman. Ecos is Coral's new budget hotel brand, which is also establishing facilities in the UAE.

Aviation push

Oman's planning for the future is not limited to encouraging investment in new hotels. A major expansion of the country's main airport is underway, which should provide capacity for years to come. Ministry of national economy figures indicate that throughput at Seeb International Airport near Muscat was about 4.5m in 2006; when the new facilities are complete, yearly capacity should increase to 12m. Aéroports de Paris Ingénierie and National Engineering Services of Pakistan are doing some of the consultancy work for the venture,

which calls for construction of a new passenger terminal, a new cargo terminal and a new runway.

But, at least in the short-term, air transport itself may be a bit of a wild card. Earlier in May, Oman announced that it was pulling out of ownership of Gulf Air, the financially troubled international carrier that it had co-owned with Bahrain. Oman has its own national carrier, Oman Air, but at present that airline has no flights to Europe, the main source of the country's Western tourists. To address this issue, Oman Air officials say that they hope to start flying into Europe, suggesting that London and Paris will be among the destinations. The expansion will require new aircraft, and the airline is looking at the purchase of Airbus planes.

The government is also anxious to ensure that the gains from tourism are not simply expatriated by overseas workers, and is looking to the sector to create local jobs. To this end it is setting up a number of training centres to equip Omanis with the requisite skills.

Muscat hotels

	Occupancy, %	Av, room rate ,US\$
Jan-Feb 07	84.7	232
2006	63.5	164

Source: Deloitte Hotel Benchmark Survey

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