

saw the emergence of 'real hotels'. Occupancy rates averaged 80% to 85% which is very high compared with European rates of around 50%/60%.

There are around 1,070 hotels in the Kingdom, most of which are categorised and registered by the Saudi Ministry of Commerce based on the service offered to guests – Deluxe (46 Hotels), 1st Class (140 Hotels), 2nd Class (249 Hotels) and down to 3rd class (130 Hotels).

There will be around 5,466 additional room capacity created across KSA regions from 2007-09. Highest growth will be in Makkah with over 1,900 (35%) extra rooms. Riyadh will increase by over 1,100 rooms. Mr Al Said projects that Riyadh will need to have to double the current room capacity over the next five years to meet demand. Further although women can now freely check-in to hotels with supporting ID, we should not expect any current or new hotels to be 'women only'; certainly the Al Khozama Group has no plans to establish women-only hotels.

Established five-star brand hotels will set-up in Saudi Arabia – the Ritz Carlton in Riyadh and Jeddah in 2012. A Grand Hyatt will be completed in Jeddah by end of 2008. Contrary to a popular misconception, Hotel ownership is not limited to management companies – there are no restrictions.

Today a high-level standard in various segments of the hospitality industry can be experienced all over the Kingdom. While most of the International and some Domestic Hotels mainly cater to Business Travellers, resort locations are being developed to slowly attract Tourism.

But clearly defined, mass tourism cannot be the objective for Saudi Arabia in the near future, despite the variety in areas and countries in which visitors come from - Middle Eastern countries (70%+), Southeast Asia (15-18%) and 10-12% from Europe, USA and Rest of the World. Religious Tourism and Business Travel account for more than 70% of total visitation.



According to Mr Al Said, there are various obstacles to delivering world-class hospitality in KSA – a lack of trained Saudis, restrictions on labour visas, the availability and cost of expatriates, e.g. Chefs, Engineers. There is strong competition for qualified and trained resources across GCC region, especially from Dubai. Demand is also dampened by restrictions on business travellers. One of the key restrictions is the availability of alcohol that does not make Saudi Arabia a destination for Tourism.

However, since leisure facilities are rather limited due to the religion, culture and the tradition of the country, recent focus has been to concentrate on Spa-resorts and on Historical and Cultural Sites which are rather unique and worthwhile to be promoted.

There are currently 58 resorts in KSA with 32 in the Makkah region and 5 based in Riyadh, but no swimming pools and no bars. The majority of resorts are more akin to a weekend retreat (Istraha) or park. The exceptions are the Durrat Al Arus beach resort in Jeddah, which is 35km from the airport and offers a 1st class luxury resort with 1,400 villas. Guests can enjoy swimming, sauna, football, tennis, shopping malls, a wonderful children entertainment area and range of restaurants for dining. Similar facilities can be found at the Sunset Resort in AlKhobar, located 75km from the nearest airport in Azizia.

In 2011, the Durrat Arriyadh resort is scheduled to open in Riyadh. Located 20 minutes outside of Riyadh, the resort will occupy 35m square-metres and will house a deluxe hotel, villas, malls, restaurants and entertainment areas. One of the distinctive features of this resort will be the focus on extensive gardens and green areas as part an overall highly creative and forward-looking design for Saudi Arabia.

Despite the various challenges not prevalent in other markets, the hospitality industry is set to continue to grow and prosper in Saudi Arabia

