

OMAN'S STRONG TOURISM POTENTIAL FUELS DEMAND FOR PROJECTS WORTH BILLIONS OF DOLLARS

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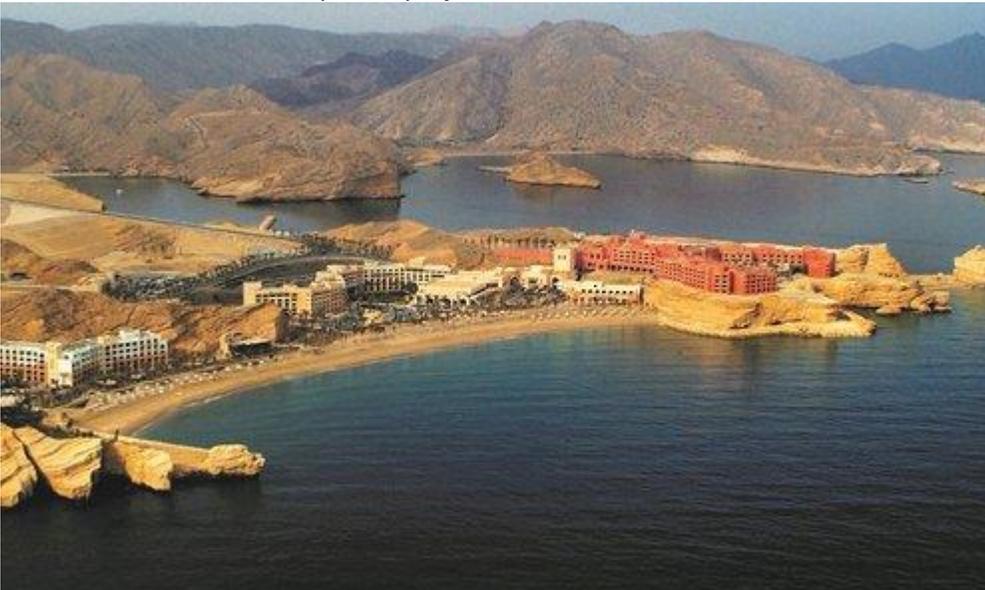
Muscat -

Notwithstanding the economic slowdown that has occurred due to falling oil prices this year, the hospitality industry along with real estate is one sector that has continued to show robustness and growth prospects capable of steering the economy in-tandem.

Much has been written and spoken about Oman's tourism potential, and its popularity has reached a stage where the sultanate is currently recognised as the most authentic Arabian getaway, the jewel of Arabia.

The rising popularity of the country has fuelled demand for hospitality related projects. This year saw the launch or announcement of several projects worth billions of dollars.

At the beginning this year, Omran announced that it has awarded the contract of masterplanning of its multi-million dollar urban development project called Madinat al Irfan to Allies and Morrison.



The new urban centre encompasses business and residential zones, retail centres, hotels, tourist attractions, recreation and cultural facilities as well as schools and hospitals, while being located on a site extending to over 7.4mn sq m with strategic links to the nearby Muscat International Airport and the Oman Exhibition and Convention Centre.

In October, H E Dr Ali bin Masoud bin Ali al Sunaidy, Minister of Commerce and Industry said that Omran will launch its gated Madinat al Irfan tourism, housing and commercial project next year.



He added that this will be one of several projects identified to be developed under the Public Private Partnerships (PPPs) model.

According to Omran, Madinat al Irfan will generate significant inbound revenues that will increase capital retention within the local economy, and is estimated to contribute RO450-500mn annually to the sultanate's GDP upon completion.

Omage Project, another mega project worth US\$2.5bn, got the official go-ahead this year when in July, the government granted Oimage rights over 1mn sqm of prime beachfront land in Seeb for the development of mixed-use tourism and real estate project.

The entire project will be designed, developed and operated by Oimage, a 60 per cent-owned subsidiary of US-based Oimage Inc.

Oimage signed a usufruct agreement with Oman on July 1, whereby the government granted Oimage certain rights over the beachfront land, which includes the right to sell the land on a freehold basis.

"On July 2, 2015, all of the necessary and required government formalities, stamps and registration procedures were completed by the Ministry of Housing of Oman and Oimage is now in possession of a signed, stamped and officially registered usufruct agreement which legally evidences Oimage ownership of the usufruct rights over the land constituting the Oimage Site," Frank Drohan, chairman of Oimage Inc, said in a filing to the US Securities and Exchange Commission (SEC).

The Oimage Project is planned to be an integration of cultural, heritage, entertainment and residential components including a high-culture theme park and associated buildings, shopping and retail establishments, restaurants and approximately 2,100 residences.

With an estimated budget of RO250mn, the Qatari Diar-Ras al Hadd Development Company is developing the eco-themed Ras al Hadd project, which covers a land area of approximately 1.85mn sq m.

A comprehensive development agreement was signed late last year between Oman and Qatari Diar-Ras al Hadd Development Company, a newly established entity that is jointly owned by the Omran representing Oman and Qatari Diar Company. The shareholding in the development company is divided between Omran at 30 per cent, while the remaining 70 per cent will be held by the Qatari Diar Company.

The first phase includes establishment of a 100-room eco-themed resort, 50 hotel villas, 150 residential villas and a 7,000sq m area for a souq.

The expected completion of the first phase is at the end of 2018. The second phase involves the addition of 100 new five star rooms to the resort, as well as an additional 196 residential villas, and a dedicated centre for wildlife preservation and an observation park set over a 10,000sq m.

The third phase will see the construction of a separate 200-room five star resort, an additional 50 hotel villas and 179 residential villas, as well as the development of a new market area covering 16,000sq m and a specialised marine park.

The final phase of the Ras al Hadd project will see the opening of a 150-room five star hotel, 50 hotel villas, 175 new residential villas, as well as the construction of a dedicated heritage village, and a specialised accommodation zone for support staff with a capacity for 836 employees.

In an another milestone for the real estate and hospitality industry, the US\$600mn Saraya Bandar Jissah project opened its doors to investors in mid-2015. Spanning 2.2sq km, the mixed-use development will offer high-end housing units, recreational facilities and two beachfront luxury hotels – a resort hotel and a boutique hotel.

Saraya Bandar Jissah will be home to 398 exclusive residential units, including spacious hilltop villas, stylish townhouses and luxury apartments spread over five zones, namely Wajd, Nameer, Zaha, Na'eem and Safa.

Apart from these mega projects, there have been other significant announcements as well.

In November, Taameer Investment, part of Golden Group of Companies, announced that it is investing around RO90mn to start a chain of hotels with Rotana in Muscat, Sohar and Salalah. The agreement is set to result in addition of 1,500 hotel rooms.

According to the World Travel and Tourism Council, travel and tourism is forecast to support 116,000 jobs in Oman by 2024, accounting for 8.4 per cent of total employment in the country.

According to the report, the total contribution of travel and tourism to gross domestic product (GDP) is forecast to rise to RO3,886.3mn by 2024.

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