

2007

Morocco – Country Snapshot

Hadrien Pujol, Associate Director

Bernard Forster, Director

HVS INTERNATIONAL LONDON

7-10 Chandos Street

London W1G 9DQ

+44 20 7878 7700

+44 20 7878 7799 (Fax)

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London office of HVS International

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Economics and Politics

According to the EIU, the Moroccan economy grew by an impressive 7.3% in 2006. However, the EIU envisages a slowdown in GDP growth in 2007.

The continuing appreciation of the euro against the US dollar and positive prospects for the European economies are likely to benefit the Moroccan economy and tourism sector in 2007.

The implementation of a free trade agreement between the USA and Morocco in January 2006 will favour foreign companies relocating to Morocco to target the US market as cost structures are lower in Morocco.

The government is set to continue its privatisation programme in the telecommunications, aviation and energy sectors which will further improve economic growth.

Developments and Initiatives

An open skies agreement with the EU, signed in December 2005, will further increase air transport and direct routes between major EU cities and Morocco's destination resorts. The air transport liberalisation policy has increased passenger arrivals to the country; for instance, Marrakech Menara International Airport has experienced growth in passenger movement of between 25% and 30% annually for the last three years. Both European (easyJet, Ryanair, Concorde and Air Berlin) and local (Jet4You and Atlas Blue) low-cost carriers will undoubtedly induce a significant level of demand for hotel accommodation.

Morocco also started an ambitious expansion programme at Casablanca and Marrakech international airports, estimated at US\$230 million.

Construction is already underway at some of the six new beach resorts that are being created in the framework of the Plan Azur, and should be launched in late 2006 or early 2007 at other sites. These six resorts will

increase Morocco's accommodation capacity by approximately 60,000 rooms.

Morocco is attracting significant investment from GCC countries with Sama Dubai, Emaar, Qatari Diar, Gulf Finance House, Reem Investments and Sorouh at the forefront. Sama Dubai is a joint developer of the US\$2 billion Rabat Amwaj project in the Bouregreg River Valley, US\$580 million Casablanca Marina project, US\$450 million Cape el-Hank project and US\$1 billion Chrifia project in Marrakech. Included in Emaar joint venture investments are the US\$3.3 billion Shaphira Rabat project, the US\$1.5 billion redevelopment of the Oukaimeden near Marrakech and the US\$674 million Tinja project in Tangiers. Emaar's interests also include the Bahia Bay and Amelkis projects. Sorouh recently announced a US\$750 million mixed-use development in the Oued Bouregreg river valley and Reem Investments is developing a US\$1 billion mixed-use project in the Ourika Valley near Marrakech. Qatari Diar is investing US\$360 million to develop a new resort near Tangiers, and Gulf Finance House (a Bahraini company) has recently announced a US\$1.4 billion investment in its 'Gateway to Morocco' project in Marrakech and Tangiers.

Visitation and the Hotel Market

Room nights at Morocco's classified hotels experienced a 9% growth in 2006. Tourism in Morocco is still centred on Marrakech and Agadir. These cities enjoyed growth in room nights of 7% and 11%, respectively, in 2006.

UK visitor room nights increased by an impressive 40% in 2006 followed by Spain and Italy with 17% and 11% increases, respectively.

Hotels performance improved for the third year in a row with growth in occupancy and average rate recorded in Marrakech and Casablanca.

The table below 18 illustrates the known proposed supply in Morocco.

Proposed Hotels – Morocco

Hotel Name	Number of Rooms	Opening Date	Location
Novotel Thalassa Agadir	250	2007	Agadir
Novotel Casa City Centre	250	2007	Casablanca
Novotel Marrakech	400	2007	Marrakech
Barcelo Marrakech	260	2007	Marrakech
L'Amphitrite Palace	178	2007	Skirhat
Mandarin Oriental	90	2008	Marrakech
Aguedal Five-Star Hotels Phase I	650	2008	Marrakech
Campbell Gray Hotel	170	2008	Marrakech
Banyan Tree	50	2008	Marrakech
Beachcomber Royal Palm Hotel	150	2008	Marrakech
Barcelo Mediterrania Saidia	602	2008	Saidia
2009 Openings	1,095	2009	

Source: HVS Research

Outlook and Opportunities

Golf tourism is attracting strong interest from many developers in Morocco. Golf tourism brings visitors with higher purchasing power and offsets the seasonality in attracting European visitors in the winter months, when golf courses are closed in Europe; however water usage to maintain such courses should be considered.

The outlook for the country is positive with numerous mega projects set for completion in the next five to ten years. We expect the tourism sector's contribution to GDP to increase during the same period and this will certainly help create employment for the increasingly young population.

In terms of hotel investments, we consider that there is the potential for luxury boutique hotels in Marrakech and the development of branded residences in integrated resort developments.

No investment decision should be made based on the information in this survey. For further advice please contact the authors.

About our Team

HVS International has a team of Middle East experts that conducts our operations in the MENA region. The team benefits from international and local cultural backgrounds, diverse academic and hotel-related experience, in-depth expertise in the hotel markets in the MENA region and a broad exposure to international hotel markets in Europe. Over the last 24 months, the team has advised on more than 100 hotels or projects in the region for hotel owners, lenders, investors and operators. Together, HVS has advised on more than US\$10 billion worth of hotel real estate in the region.

About the Authors



Hadrien Pujol is an Associate Director with HVS's London office. He joined HVS in 2004 and has five years' operational experience in the hospitality industry in Europe. Originally from Carcassonne, France, Hadrien holds an MBA from IMHI (Essec Business School – France and Cornell University – USA) and Diplomas in Hotel Operations from the Lycée Hotelier Savoie – Léman, Thonon Les Bains and the Lycée Hotelier Quercy – Périgord, Souillac. Hadrien is currently preparing his MSc in Corporate Real Estate Finance and Strategy at Cass Business School in London. Since joining HVS he has advised owners on many hotel and hotel-related investment projects and strategic developments in Europe, the Middle East and Africa.



Bernard Forster is a Director with HVS's London office, heading the MENA region. He joined the company in 1997 from Accor Hotels & Resorts where he focussed on property management systems, yield management and guest-history systems in Europe, the Middle East and Africa. Previously, Bernard worked in various operational management roles for the Savoy Group (now Maybourne Group) in London as well as for the Dolder Grand Hotel in Zürich. Bernard holds an MSc in Property Investment from City University, London; a BSc (Hons) in Hotel Management from Oxford Brookes University; and a diploma in Hotel Administration from Institut Hotelier 'Cesar Ritz', Le Bouveret, Switzerland.