

# HOTEL yearbook 2010

What to expect in the year ahead

**Sir David Michels on the shape  
of the coming recovery**

**The outlook for 20 key markets,  
from China and the USA  
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**Is it time to change in-room  
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**How the crisis  
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**Editorial input from 25 hotel  
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Boutique DESIGN New York, a new hospitality interiors trade fair, will coincide with the 94-year-old International Hotel/Motel & Restaurant Show (IH/M&RS). Designers, architects, purchasers and developers will join the hotel owners/operators already attending IH/M&RS to view the best hospitality design offerings as well as explore a model room, exciting trend pavilion and an uplifting illy® networking café.



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Bench Events host premier hotel investment conferences including the International Hotel Investment Forum; the Arabian Hotel Investment Conference and the Russia & CIS Hotel Investment Conference. Bench Event's sister company, JW Bench, is a benchmarking company that has launched the Conference Bench and the Productivity Bench. An industry first, the Conference Bench, measures performance data for conference space in hotels throughout Europe.



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With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



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# elevation



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# A mini-hotel boom in the making ?

Branded a pariah state until just five years ago, Libya is now looking forward to an unprecedented level of new hotel construction, according to Prof. **MACY MARVEL**, who looked into this new market for **LAUSANNE HOSPITALITY RESEARCH** at the Ecole hôtelière de Lausanne.

At a time when most hotel markets worldwide are choking on overcapacity during this period of cascading demand, Libya, particularly the major urban centres of Tripoli and Benghazi, remains undersupplied due to a severe lack of mid-scale to luxury hotel rooms of an international standard. However, at the present time, there are several major projects underway which will lead to a rapid expansion of the country's quality lodging capacity over the next two to three years.

## Less than 14,000 hotel rooms

The last official statistics (published in 2004) listed a total of 12,704 rooms of tourist accommodation with 21,404 beds in « hotels and similar establishments » in Libya. According to the consultants, Cushman & Wakefield Hospitality, who are active in Libya, in the entire country « there were 13,717 rooms in 268 hotels in 2008. » This is a miniscule capacity for a country the area of Alaska with a population of 6.5 million, almost equal to that of Switzerland, which has a supply of some 130,000 hotel rooms.

Upscale hotels in the country's capital and major business center, Tripoli, are in a strong market position because of growing demand in the face of very limited supply, the result of Libya's years of isolation as a « pariah state, » a period which ended in 2004 when US and European sanctions against the country were lifted. This brought the return of international oil companies, followed by an army of foreign consultants, architects, builders and lawyers working on various infrastructure projects.

## Social Security Fund Investments hotels

The biggest hotel owner and operator in the country is the state-run entity, Social Security Fund Investments (SSFI) which is wholly owned by the Libyan Pension Fund. Established in 2007 with an initial capital of LYD 500 million (US\$400 million), the SSFI manages the investments of Libya's social security funds in real estate assets, including raw land, hotels and tourist villages, as well as securities. The SSFI claims to « welcome and encourage foreign direct investment for its various projects and endeavors. »

SSFI's hotel portfolio consists of five 4-star properties, five 3-star properties and four 2-star properties, most of which are

located in the principal urban centers of the country. Although the primary focus of the more upscale properties is clearly the business traveller segment and MICE (meetings, incentives, conventions & exhibitions), the portfolio includes leisure-oriented complexes on the sea coast catering to families as well.

## Only two internationally branded hotels

For the last five years, the Corinthia Bab Africa has enjoyed a virtual monopoly as the only luxury 5-star hotel in the country, as well as the only property branded by an international chain. In the last months of 2009, the Corinthia Bab Africa has been joined by the new Radisson Blu Tripoli.

## The Corinthia Bab Africa

Launched with impeccable timing in 2003, just as international sanctions against Libya were being lifted, the hotel is part of the Corinthia Bab Africa & Commercial Centre Tripoli, which is a major mixed-use development in downtown Tripoli, located in the center of the city's commercial and historic districts, overlooking both the medina and the seacoast.

The hotel component occupies two concave towers offering 299 executive rooms and suites, as well as an array of conference, banqueting and food outlets. The property also features a luxury spa, outdoor swimming pools and luxurious public areas. A purpose-built structure, adjoining the hotel towers, houses 10,000 m<sup>2</sup> of high quality office space, fully occupied by blue chip oil and gas companies.

## The Radisson Blu Tripoli

The Radisson Blu Tripoli occupies the pre-existing government-run Al Mahari Hotel which has been renovated. It is located in the city center, overlooking the corniche and close to the landmark Al Waddan Hotel. The hotel comprises 351 rooms including 24 Junior Suites, 4 Executive Suites and two Presidential Suites, as well as three F&B outlets, including a rooftop restaurant, a 400-seat convention hall, two meeting rooms and a pool and fitness center. The developer is the Turkish Summa Group working in a joint venture with the Libyan SSFI.

### Al Waddan Hotel

Another hotel property of note is the Al Waddan, the oldest and arguably the most distinguished hotel in Libya. Originally built in the 1930s, the hotel has now been transformed into the country's first upscale boutique hotel, managed by InterContinental Hotels Group. In October 2007, Magna Holdings International Limited group (MHIL) secured a US\$16 million seven-year project finance facility for the property, which is held in a special purpose vehicle (SPV), a joint venture between Magna and the Economic Social and Development Fund (ESDF), a Libyan investment government-backed fund. The hotel has been renovated and expanded from 70 to 90 bedrooms (including nine suites).

### Quality rooms set to treble over 2010-2012

Given the sheer lack of suitable hotel stock of an acceptable international standard, numerous projects have been launched in Tripoli and, to a lesser extent, Benghazi, Libya's second city, which should treble the number of quality branded rooms in the country by the end of 2011. The Libyan state pension fund, Corinthia, and several international brands all have hotels in the pipeline at various stages of completion – several of which are part of major mixed-use developments.

### Starwood is coming to Tripoli

Starwood Hotels & Resorts has two hotels in the pipeline in Tripoli – a Sheraton and a Four Points, the chain's upper ►

### Major hotel pipeline in Libya, October 2009

Hotel name	# of rooms	Estimated opening date	Grade	Development stage	Management company	Developer
Four Points Tripoli	204	March 2010	4-star	under construction	Starwood Hotels & Resorts	Beroko Group
Corinthia Hotel Benghazi	360	2011	5-star deluxe	construction due to begin in Q1 2010	Corinthia Hotels Group	Joint venture***
JW Marriott Tripoli	392	March 2011	5-star	under construction	Marriott International	Daewoo Construction
Sheraton Tripoli	300	Q4 2011	5-star	under construction	Starwood Hotels & Resorts	Beroko Group
Grand (Al Kebir) Hotel	334	Q3 2011	5-star***	to be closed for renovation	NA	Hotel Properties, Ltd.
InterContinental Tripoli	394	2012	5-star	under construction	InterContinental Hotels & Resorts	Magna Holdings
Mövenpick Dar Assalam*	542	2012	5-star	construction has not yet begun	Mövenpick Hotels & Resorts	Bank of Commerce & Development
Rotana	NA	2012	NA	not yet confirmed	Rotana Hotel Management Corporation	NA
Hilton Tripoli	NA	2012?	NA	not yet confirmed	NA	NA
Hyatt Tripoli	NA	2013	NA	not yet confirmed	NA	NA

\* Comprises 320 hotels rooms; 213 serviced apartments & 9 villas to be built in Jazour, a suburb of Tripoli

\*\* A joint venture between International Hotel Investments, a member of the Corinthia Hotels Group, and the Libyan Foreign Investment Company

\*\*\* The property is being upgraded from 4- star to 5-star level

Source: Cushman & Wakefield Hospitality, Beroko Libya for Tourism Investments Joint Stock Co, hotels companies & Lausanne Hospitality Research

midscale brand. Starwood's partner is the Beroko Libya for Tourism Investment Joint Stock Co., a Swiss-managed entity that is jointly owned by the Malta-based Libya Real Estate Opportunities Ltd. and Enmaa Tourism Holding Investment Company, Libya (a subsidiary of Libya's Economic and Social Development Fund).

Beroko has been examining various investment opportunities in Libya since 2003 and the first project to be realized will be the El Andalous City Centre, planned as a combined business center, beach resort and marina. For the City Centre project, a land lease contract between the state of Libya and Beroko Libya for Tourism Investment Joint Stock Co. was signed in December 2005. The project was approved in May 2006 by the Libyan government authorities, and construction got underway in 2008. Tripoli's port is only five minutes by car from the hotel, and the international airport is approximately 20 minutes away.

#### **Four Points by Sheraton Tripoli**

Located on the beachfront, not far from the medina, the property will feature 204 guest rooms, two restaurants and a bar, two meetings rooms, indoor and outdoor pools, and a fitness center. The targeted opening date is March 2010.

#### **Sheraton Tripoli Hotel**

The property will consist of 300 rooms, including 55 suites, two restaurants, a poolside snack bar, a coffee shop and two bars, as well as spa with nine treatments rooms and fitness. It will also feature over 15,000 ft<sup>2</sup> (1,365 m<sup>2</sup>) of meeting and conference space, comprised of a ballroom and 16 meeting rooms. The targeted opening date, according to Roland Zanotelli, Beroko's CEO, is sometime between September and December 2011.

#### **Corinthia Hotel Benghazi**

Another property originally due to open in 2012-2013, but delayed until 2011 is the Corinthia Hotel Benghazi, which will be the second five-star property in Libya for the Maltese group. The hotel is to be constructed on a 7,000 m<sup>2</sup> plot on the waterfront in central Benghazi, Libya's second city. Part of the present site housed the former historic Al Jazira Hotel. The property's 360 rooms will include a number of executive

bedrooms, suites and a presidential suite. The hotel, which is scheduled to open in 2012-2013, will offer extensive conference facilities, restaurants, business center, a spa and underground parking for almost 100 cars. The development will also include a number of serviced commercial offices and retail outlets.

#### **JW Marriott**

Tripoli's JW Marriott was originally due to open in 2010, but the opening date has been pushed back to sometime in the first quarter of 2011. The hotel will be operated under a long-term management contract between Marriott and the developers, a joint venture between Daewoo Engineering & Construction Co, South Korea's largest construction company, and the Economic & Social Development Fund (ESDF) of Libya. The 370-room property will be 5-star and the total cost is estimated at US\$163 million (€110 million).

#### **The Al Kebir (Grand Hotel)**

Tripoli's Al Kebir hotel is to be closed for renovation to bring the property up to a five-star standard at an estimated cost of US\$30 million and is due to re-open sometime in the third quarter of 2011, though it could be later. The project is to be carried out by a planned 50-50 joint venture between Singapore-based Hotel Properties, Ltd. (HPL) and Libya's Social Security Fund Investments Company (SSFIC). A joint venture was formed in September 2008 to rebuild and refurbish hotels in the country. Other projects include the building of a 50-story mixed-use tower in Tripoli for around €150 million (US\$210



million), and the redevelopment of a hotel in Benghazi city, according to the former SSFI chairman Issa Tuwegiar.

### Other projects delayed

Originally, an InterContinental and a Mövenpick were scheduled to enter the Tripoli hotel market in 2010, but these projects, as is so often the case in Libya, have been delayed and are now targeting opening dates in 2012.

### The InterContinental Tripoli

The InterContinental Tripoli is being developed by a joint venture between Enma holdings, Magna Holdings Limited (Ghazala Co.) and the Waddan Group. Situated on the corniche in the heart of Tripoli, the 393- room property is to be located close to Tripoli's central business district and will incorporate 42 InterContinental branded serviced apartments.

### Mövenpick resort complex

In July 2008, a management contract was signed between Mövenpick and the owner, the Bank of Commerce & Development, Libya's oldest and largest privately held bank, for an urban resort hotel with over 500 units to be located directly on the waterfront in the Tripoli suburb of Janzour, an upmarket residential district. The multipurpose development whose planned features include a commercial center and a yacht club, will offer 320 rooms and suites, nine villas as well as 213 serviced apartments. Other features are to include several restaurants and bars, a conference hall accommodating 400 delegates as well as a

spa complex. According to Jean Gabriel Pérès, President & CEO of Mövenpick Hotels & Resorts, the chain plans to realize additional projects in Libya with the same owner in the near future.

### Developments at Green Mountain

In early September 2007, Libya announced the creation of what is reputedly the world's largest sustainable development located along the country's untouched northeastern Mediterranean coast. The plans for this massive project include a sustainable resort and spa, extensive wind and solar power generating facilities on the coast and in the desert, as well as a UNESCO World Heritage Site (the ancient Greek city of Cyrene). Other planned features include the cultivation of bio-fuels, closed loop water systems (for water conservation), sustainable transport, housing, and the creation of an extensive national ecological park that includes protection of the Mediterranean seafront and incorporates Tripoli and other cities. The driving force behind the project is the second son of Muammar Gaddafi, Saif al-Islam, who is a graduate of the London School of Economics and a promoter of sustainable development, as well as being a possible successor to the throne.

### Getting a grip on the project...

On paper, at least, Green Mountain looks great. Energy would come from wind and solar power, waste would be recycled, and rubbish converted to bio-fuel. Resorts, hotels, villas and residents' villages would be designed to blend into the rugged landscape.

Apparently, so far, there has been some haphazard development in violation of environmental restrictions by local interests in the region, with the result that some low-quality residential space and hotels have been constructed too near to the coast or to the archaeological sites. Recently, however, the government has appointed a leading national consulting firm, ECOU, to supervise the development of the vast region. The international consultants Cushman & Wakefield Hospitality (C&W) are working with ECOU to develop a large multi-use resort complex which will include golf, an amusement park and a water park, in addition to hotels and residential space, according to C&W's Philip Camble, who notes that there are four other major projects in the pipeline in Libya. ■

