



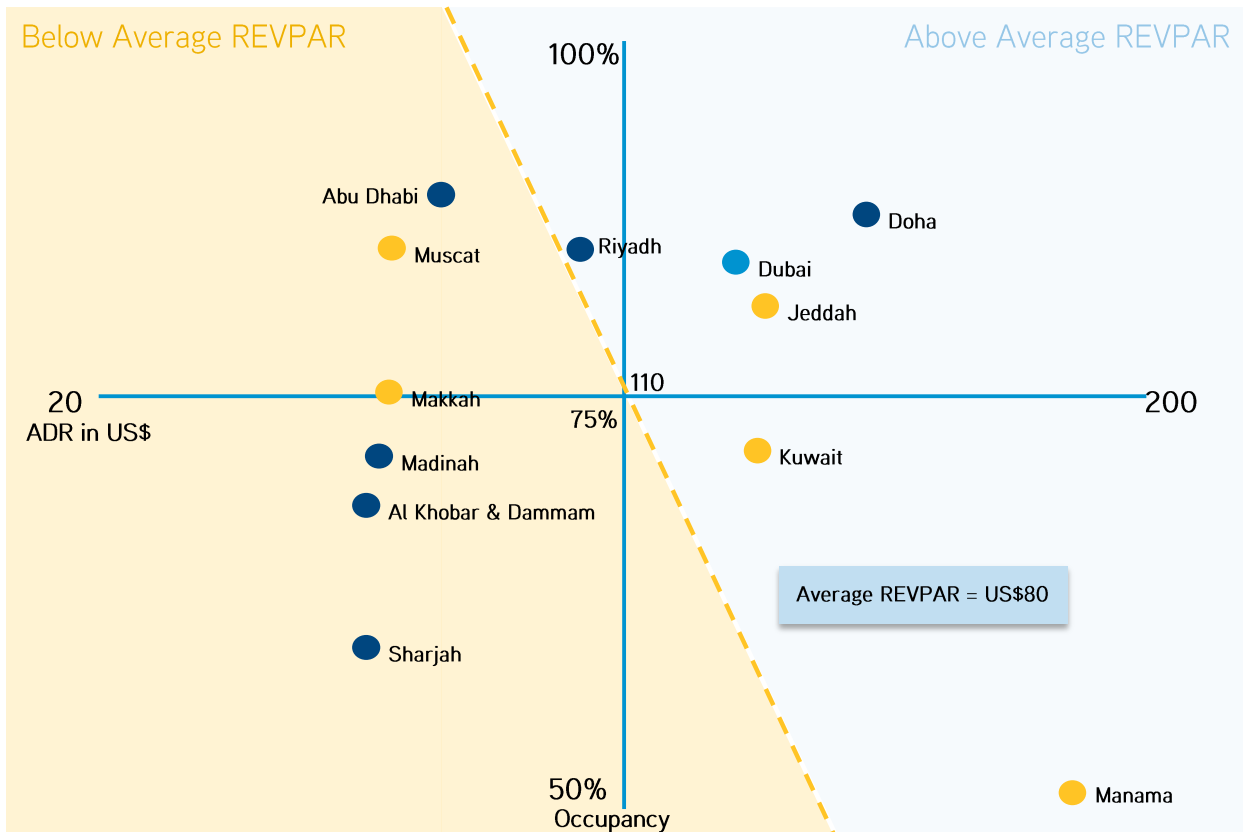
MEA Serviced Apartment Markets & Guest Experience Index™

October 2016

Accelerating success.

GCC Serviced Apartments Supply & Performance

Comparison of the Select Markets Performance in 2015



Source: Colliers International, 2016
 Note: Includes quality branded and unbranded properties

KEY HIGHLIGHTS

BEST PERFORMING MARKET IN 2015

Doha serviced apartments achieved the highest RevPAR across the listed regional markets with 83% and US\$ 187 occupancy and ADR levels. The market provides over 3,000 keys, 41% of which are affiliated with an international branded. Jeddah and Dubai are amongst the top performing markets backed with strong occupancy levels while Kuwait and Manama rely on strong average daily rates.

LARGEST MARKET IN THE GCC

Dubai represents the highest stock of serviced apartment units with just over 29,000 keys, achieving 79% occupancy and US\$ 126 ADR levels in 2015. Despite a large volume of units, only 36% of total keys are internationally branded.

OUTLOOK

Serviced apartments has seen stronger resilience during trough times when compared with hotels. This business and investment model continues to evolve and provide investors with an increasingly established asset class in the region.

YOY REVPAR VARIANCE – 2014 to 2015 HOTEL VS SERVICED APARTMENTS

Market	Hotels	Serviced Apartments
Dubai	↓ -5.0%	↓ -2.3%
Doha	↓ -2.7%	↑ 2.5%

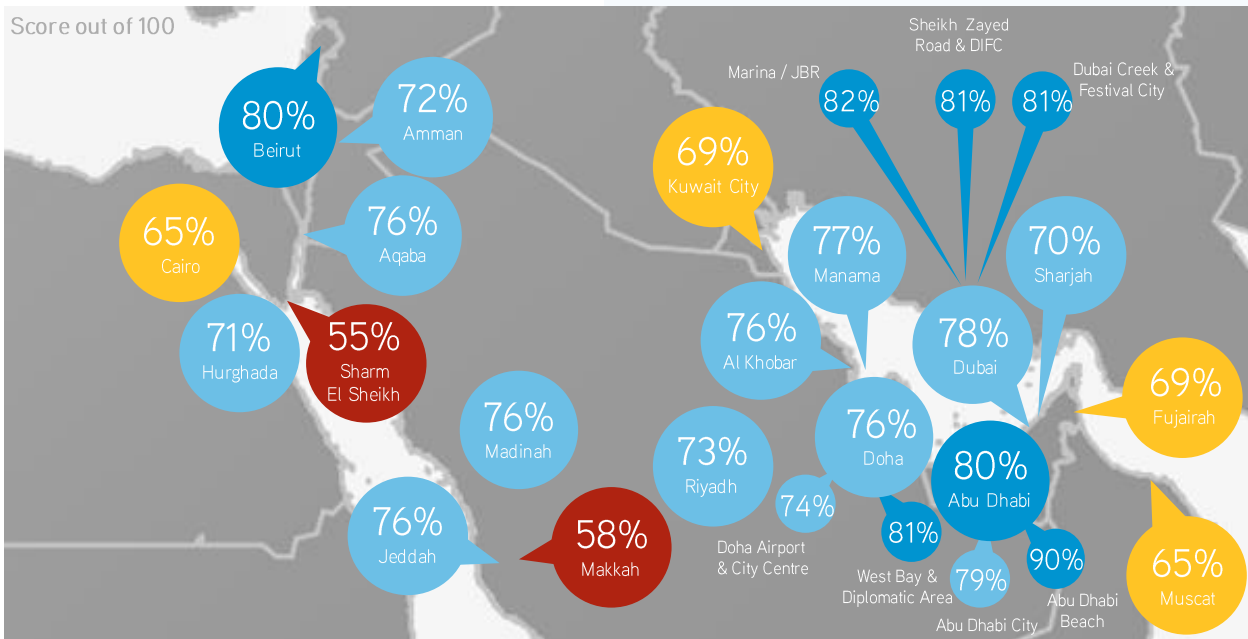
KEY MESSAGE

The serviced apartment concept continues to evolve and appeal to a wider target audience. Its strong resilience compared to hotels will continue to appeal to hospitality developers and investors. It is becoming increasingly popular among more sophisticated investors as a diversification tool with a medium risk profile.

Consumer Trends & Guest Experience Index™

The **Guest Experience Index (GEI)** has been developed by Olery in conjunction with the Vrije University of Amsterdam and highlights guests' general satisfaction towards individual properties, on a scale from 1 to 100 (with 100 being the perfect top score).

ONLINE RATING: MAP – GEI SCORING FOR SERVICED APARTMENTS BY CITY (September 2016)



Source: Olery, Colliers International

GEI – TOP TEN BRANDS (September 2016)

Rank	Brand	GEI Rating
1	W RESIDENCES	93.7%
2	Jumeirah™ Living	90.8%
3	FRASERSUITES	86.5%
4	PULLMAN HOTELS AND RESORTS	86.0%
5	adagio aparthotel PREMIUM	84.7%
6	MARRIOTT EXECUTIVE APARTMENTS	84.0%
7	STAYBRIDGE SUITES	83.7%
8	Residence for MARRIOTT	82.6%
9	Dusit Thani HOTELS & RESORTS	82.4%
10	ASCOTT THE RESIDENCE	82.2%

Source: Olery, Colliers International

SERVICED APARTMENT BY TYPE OF AFFILIATION (September 2016)

	Guest Experience Index (GEI)	Room Rating	Value Rating	Service Rating	Location Rating	Cleanliness Rating
Overall	74.9	81.4	82.9	81.1	87.5	81.9
Unbranded	72.9	77.6	82.0	77.3	85.9	75.0
Locally Branded	77.2	76.3	82.1	77.9	86.5	83.3
Regionally Branded	80.7	85.1	83.8	88.0	89.4	88.9
Internationally Branded	82.9	91.1	84.1	88.9	89.7	90.0

● Best and worst by type of rating

Source: Olery, Colliers International
Note: Ratings are out of 100

KEY MESSAGE

Internationally branded serviced apartments consistently outperform unbranded, locally branded and regionally branded properties in the region across all scoring segments including; room rating, value, service, location and cleanliness.

Africa Serviced Apartments

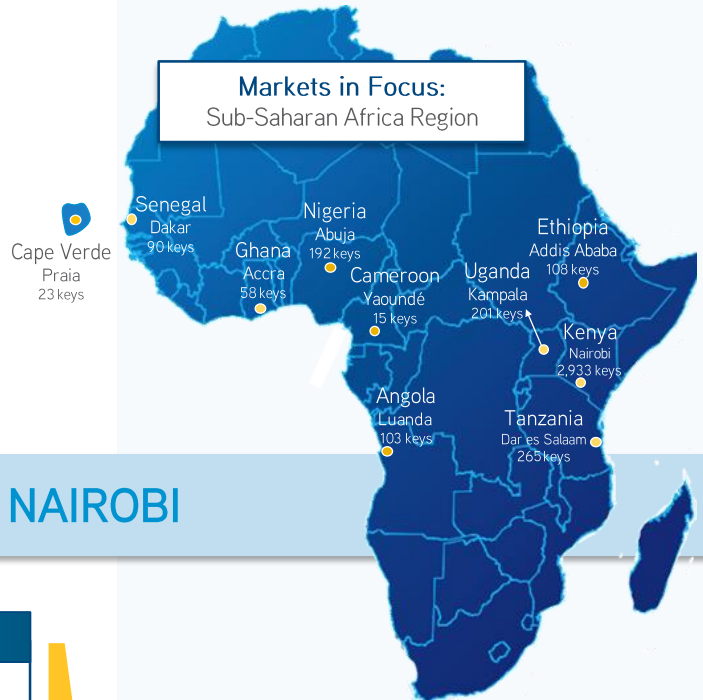
INTRODUCTION

The serviced apartment industry in Africa supports capacity for further development as the majority of the regions' limited supply is represented by unbranded and low quality stock.

Nairobi is the only market with over 1,000 serviced apartment units, representing the majority supply in the region. Marriot Executive Apartments (opened in 2015) in Addis Ababa is the only internationally branded property within the Sub-Sahara region.

International operators continue to seek future opportunities across the Sub-Saharan Region despite a strong pipeline. This confirms the region's growing importance of its tourism sector and serviced apartment concept's expansion.

SUPPLY DISTRIBUTION



HOT SPOT: NAIROBI



Supply

- Typical serviced apartment properties in Nairobi represent limited number of units – an average of **32 keys per property**, and mostly feature 1 and 2 bedroom units.
- **Radisson Blu Residence** expected to open in 2017 will become the **first internationally branded** serviced apartment property in Nairobi.



Demand

- **UK, US, India, Italy and Germany** make up the top five source markets for Nairobi.
- The majority of demand is generated through **NGO's, UN, embassies and international companies**.
- This includes **relocating corporate guests as well as project workers**, who stay for up to 3-6 months.
- At present, hotels cater to most of this demand due to the **lack of quality serviced apartments**.



Outlook

- Given the importance of Nairobi as an economic hub and the **efforts by authorities to diversify the source markets**, demand for quality accommodation is expected to rise.
- Based on Colliers' supportable rooms model, Nairobi is capable of absorbing an **additional 1,295 serviced apartment units by 2020** over and above the announced pipeline.

Strategic Entry Into Sub-Saharan Africa

To penetrate this market, investors should focus on regional economic and aviation hubs such as **Nairobi** before expanding into other cities within the Sub-Saharan Africa region.

KEY MESSAGE

The majority of the region's supply is represented by unbranded and low quality properties. There is a general lack of consistency in quality especially since many of the markets do not provide comprehensive classification criteria. Despite this, internationally branded properties provide high specifications regardless of local classifications and benefit from brand power which would ease the customer acquisition process.

Africa Branded Residences

INTRODUCTION

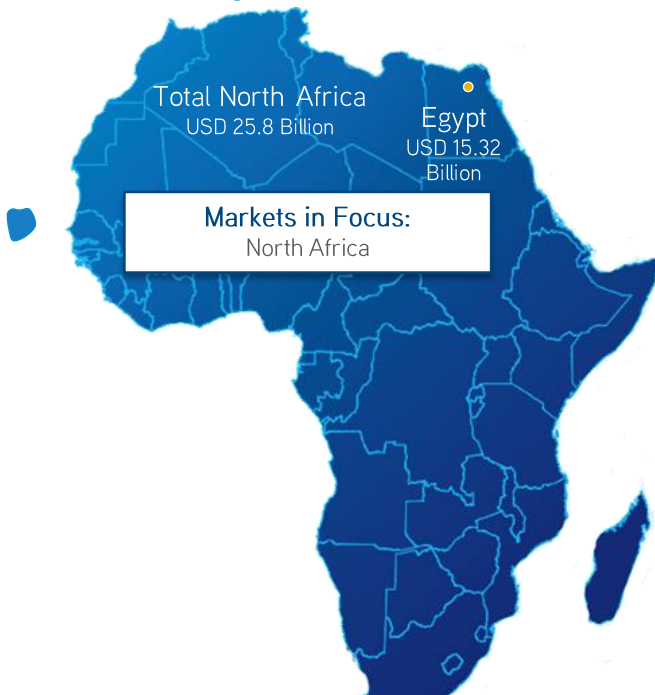
There has been significant investor interest in branded residences over the last period. More often than none, this model tends to be applied within a rental pool or sale and lease back investment model as developers are capable of realizing their returns over a shorter period when compared with a conventional serviced apartment investment model.

REAL ESTATE INVESTMENT APPETITE

The volume and value of ongoing construction in Egypt is evident to the increasing appetite towards real estate investments, the nation accounts for almost 60% of all construction value in North Africa. Although high profile developments are taking place across the north coast and Ain El Sokhna, suburban Cairo continues to dominate demand for investment.

The deflating local currency and restrictions over international money transfers act as catalyst towards real estate financial instruments as investors seek an appreciating tangible asset to tie their income to as opposed to a devaluing available cash.

Value of On-Going Construction as of 2015



HOT SPOT: CAIRO



The Opportunity

- Developing a branded residence asset class to be affiliated with an international brand.
- The developer then sells the units for end use purpose or as an investment instrument which is then brought back into a rental pool structure managed by the serviced apartments operator.
- This model allows the developer to recognize their return on investment quicker than the conventional model.



Demand (Investors' Appetite)

- The residential real estate market has been the centerfold of Cairo's economic activity due to currency devaluation and transfer restrictions.
- From unit owners' perspective, the financial instrument is regarded as a strong investment from an annual yield and a capital appreciation perspective.
- The option to purchase internationally branded residential units in Cairo is currently non-existing.



Outlook

- Construction value will continue to grow over the coming period and as such, residential supply will continue to increase.
- The unique investment model of branded residential units will stand out and appeal to unit investors due to the lack of available opportunities.

Construction Value Trend in Egypt



KEY MESSAGE

Branded residences' sales provide unit investors with a multi dynamic financial instrument as it recognizes capital gains from the purchase of the unit and annual yield when returned into a rental pool model. There are currently no rental pool investment models in the market, leaving a gap for first mover advantage.

Rental Pool Mechanism

INTRODUCTION

The following chart highlights a typical rental pool structure involving the key stakeholders. It is important to note that there are a number of various structures however, the below provides a relatively low risk profile to branded residence and serviced apartment developers.

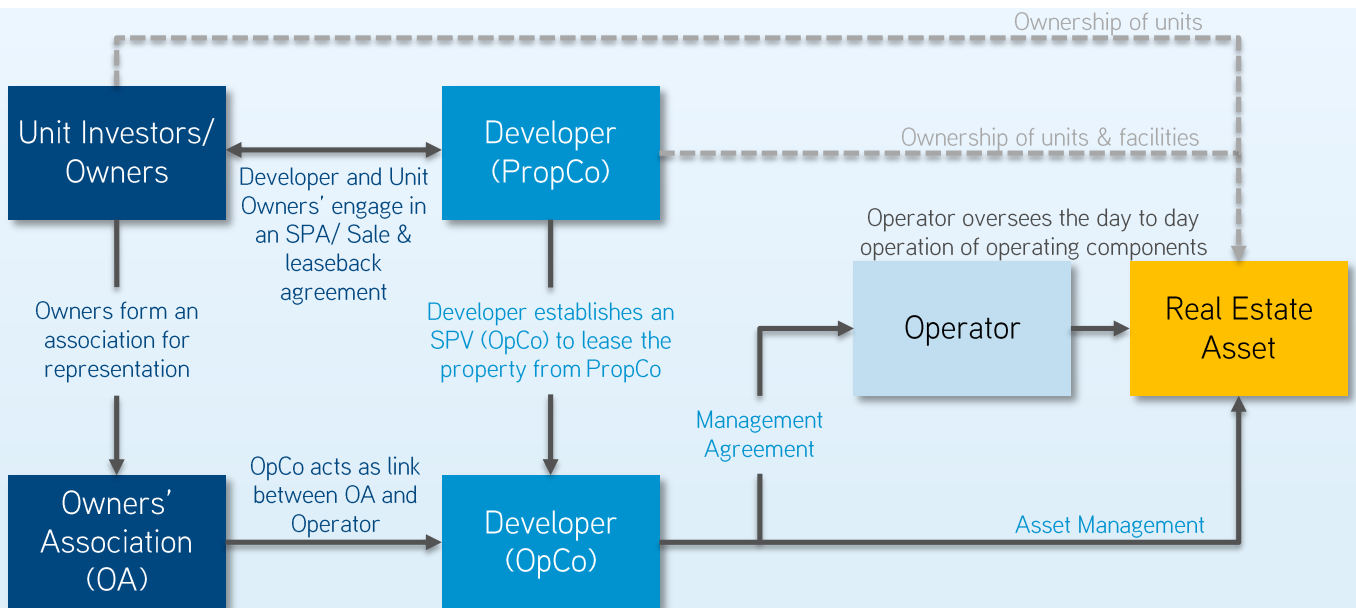
ROLES & RESPONSIBILITIES

Owners' association represents the unit owners and speaks on their behalf.

OpCo Liaises with the operator regarding operational aspects and oversees the annual pay-outs to unit owners' or the OA.

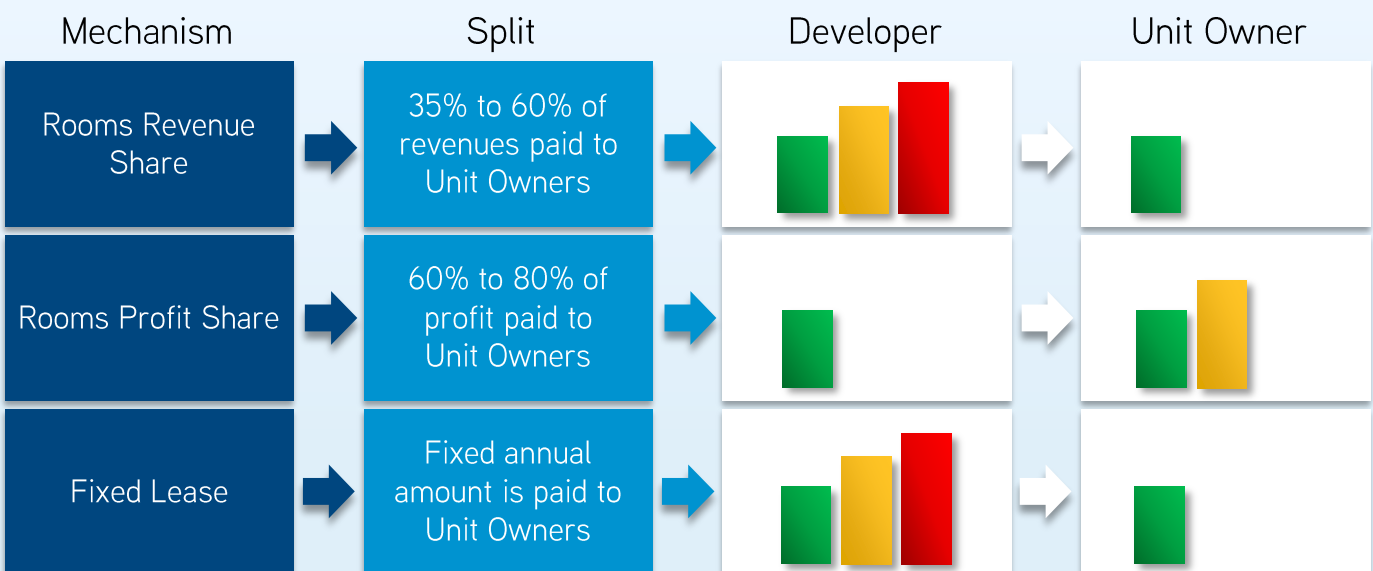
Operator assumes the day to day management and reports to OpCo regarding budgeting and refurbishment plans.

THE RENTAL POOL ENGINE



REVENUE/ PROFIT SHARING

RISK PROFILE



COLLIERS INTERNATIONAL HOTELS

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Colliers International has been providing leading advisory services in the Middle East and North Africa region since 1996 and in Saudi Arabia since 2004. Regarded as the largest and most experienced firm in the region, Colliers International's expertise covers Hotels, Residential, Commercial, Retail, Education and Healthcare sectors together with master planning solutions, serviced from the six regional offices.

Colliers' Research Services Group is recognised as a knowledge leader in the real estate industry, providing clients with valuable market intelligence to support business decisions. Colliers' research analysts provide multi-level support across all property types, ranging from data collection to comprehensive market analysis.

SERVICES AT A GLANCE



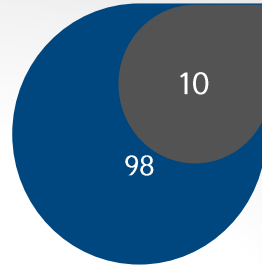
2015

163

STUDIES

HIGHEST AND BEST USE
FEASIBILITIES
STRATEGIES

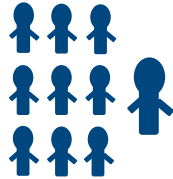
2015 OPERATOR SEARCH



14 PROCESSES
98 LOI - MOU's
10 AGREEMENTS
\$5.1m SAVINGS

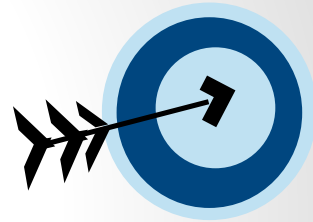
PEOPLE

20 HOTELS
PROFESSIONALS
OVER 100 YEARS
COMBINED EXPERIENCE



HOTEL ASSET MANAGEMENT

36 Hotels
12,753
KEYS



2015 18% AVERAGE
NET PROFIT GROWTH

HOTEL VALUATIONS

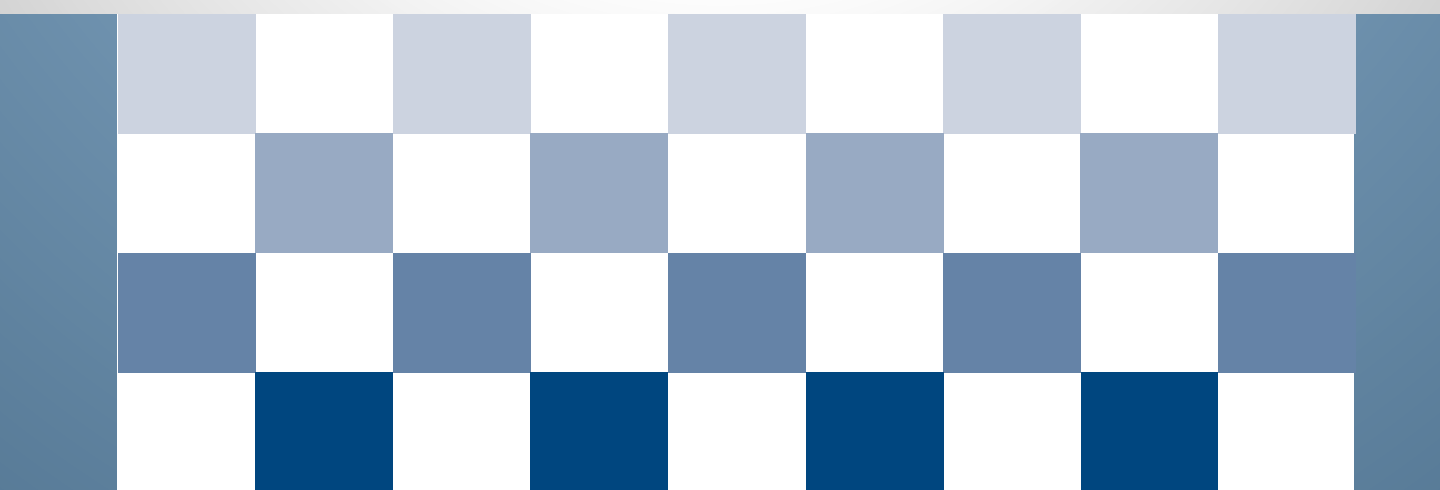
\$13.0

BILLIONS
COMBINED
ASSET VALUE
45,385 KEYS

ADDED VALUE



19 YEARS LOCALLY
100's HOTEL P&Ls
1000s AGREEMENTS
GLOBAL BENCHMARKS



554 offices in 66 countries on 6 continents

United States: 153

Canada: 34

Latin America: 24

Asia Pacific: 231

EMEA: 112

\$2.5

billion in
annual revenue

2

billion square feet
under management

16,000

professionals
and staff

For further information,
please contact:

Filippo Sona

Director | Head of Hotels | MENA Region

Main +971 4 453 7400

Mobile +971 55 899 6102

filippo.sona@colliers.com

Saahil Lalit

Associate Director

Main +971 4 453 7400

Mobile +971 55 732 2727

Saahil.lalit@colliers.com

Christopher Lund

Senior Manager | MENA Region

Main +971 4 453 7400

Mobile +971 55 899 6110

Christopher.lund@colliers.com

Colliers International | MENA Region

Dubai | United Arab Emirates

+971 4 453 7400

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Colliers International, 2016

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