

## SPECIAL REPORT



An underwater suite set-up in the Ithaa restaurant at the Conrad Maldives Rangali Island.

## SUBMERGED SUCCESS WITH UNDERWATER HOSPITALITY

News of the development of the first full-service underwater hotel has dominated headlines in recent months, with the industry debating the feasibility of such a concept and whether it is necessary. Exclusively for *Hotelier Middle East*, managing director of Strategic Hotel Consulting Tea Ros, advisor to the team behind the Water Discus Underwater Hotel prototype, weighs up what could work and reveals stories behind the underwater hospitality gems that are already soaking up success in the Maldives

By Tea Ros

**H**ow would it feel to wake up below the surface of the ocean surrounded by colourful reefs, hundreds of fish, turtles and other marine life? This could soon be possible, given the development plans of Deep Ocean Technology and Big Invest. The group is constructing a prototype of the Water Discus Hotel, the first full-service underwater hotel in the world. The pioneering Water Discus Hotel is planned to be located in the Maldives, with Dubai and other Gulf destinations to follow.

It is not the first time developers are eyeing this unique and potentially lucrative concept. There have been previous attempts to develop underwater hotels, the most prominent being the Poseidon Resort in Fiji and Hydropolis Hotel in Dubai, which was planned to be situated 20m below the surface of the Persian Gulf off Jumeirah Beach in Dubai, and projected to cost \$300 million to construct.

While these developments reached advanced stages of planning, the projects did not materialise – lack of financing and exorbitant development costs relating to technical design and construction of the facilities were the main reasons.



☛ Tea Ros, MD, Strategic Hotel Consulting.

### UNDER THE SEA

While the race is ongoing for the first comprehensive underwater hotel in the world, there have been a couple of quirky, small-scale examples of underwater accommodation that have materialised, thereby providing an insight into how such projects could function.

One of these is the Jules Verne Lodge, which sits at a depth of approximately 6.5 meters in the Emerald Lagoon at Key Largo Undersea Park in Key Largo, Florida. The Lodge used to be a marine lab and was converted into a cosy lodge in the mid-1980s. There is no access from the Lodge to the surface of the ocean, which means that the guests have to scuba dive into their rooms, naturally limiting the client base. The lodge is small, offering only two separate bedrooms and a common area. Prices are equally modest with US \$125 per person daily rate.

Another, perhaps even quirkier example of underwater accommodation is the Utter

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Inn, an art project located in Sweden. The underwater facility has only one bedroom, which is entered through a ladder from a small house that sits on the surface of the water. The underwater bedroom is submerged into a depth of approximately three metres and has windows with views on all sides. The visible section of the Utter Inn above the water includes a kitchenette and small dining area surrounded by an outdoor terrace. The daily rates here are approximately US \$200.

A recent example of a form of high-end underwater accommodation is at the South East Asia Aquarium, the world's largest oceanarium, which opened in November 2012 in the Marine Life Park on the Sentosa Island in Singapore. As part of its offering, the facility has overnight suites with windows facing the aquarium. While the aquarium suites are not an underwater hotel as such, they do nevertheless enable guests to explore marine life from their rooms. These 11 exclusive suites are avail-

able at daily rates of approximately US \$950, giving an idea of the level of rates that can be achieved with the high standard of such accommodation.

### SUCCESS STORIES

To get an idea just how successful underwater facilities can be, one only need to look at the Maldives. The country has been a pioneering destination to capitalise on the interest towards underwater features. Maldives is well positioned to do this as it offers rich marine life, crystal clear waters and shallow lagoons, which are ideal for the construction of the underwater facilities. In addition, the country has a unique and exclusive “one island, one resort” concept, which appeals to those seeking a pristine and secluded resort environment. The destination attracts a relatively high-end segment of the market that is able and willing to pay a premium for exclusive experiences such as underwater facilities.

The Maldives currently offers four underwater facilities in four separate, prominent resorts: a restaurant, a lounge, a wine cellar/dining outlet and a spa treatment room. The Ithaa underwater restaurant at the Conrad Rangali, operated by Hilton Worldwide, is a pioneering — and perhaps the most famous — underwater facility in the world. The restaurant opened in April 2005 and being the first underwater restaurant globally, the construction

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☛ Subsix, the underwater lounge at Niyama resort opened in October 2012.



➔ *Anantara Kihava Villas' signature underwater restaurant and wine cellar Sea features a superb culinary repertoire and an atmosphere of relaxed refinement.*

spiked interest as it was a first of a kind development in its field. The subsequent underwater facilities have followed the same principle of construction, which is also largely planned to be utilised with the Water Discus Hotel.

The Ithaa restaurant was designed by M.J. Murphy Ltd from New Zealand, with an approximate development cost of US \$5 million. The restaurant was constructed in Singapore and the construction period lasted six months including the installation of five-metre wide acrylic arches, air conditioning and electrical ducts. The size of the restaurant is fairly small, spanning just 5 x 9 metres. The primarily acrylic structure is encased in R-Cast acrylic with a transparent roof offering a 180 degree panoramic underwater view. At its completion, the restaurant weighed 175 tonnes.

Once the construction of the restaurant was completed, the structure was transported from Singapore to the Maldives in an ocean-going barge. The 3500 kilometre sea journey took a total of 16 days.

Once in the Maldives, the Ithaa restaurant was submerged into the ocean with the help of 85 tonnes of sand ballast loaded into its structure. The restaurant was manoeuvred onto four steel piles, which had been



➔ *The Huvaŋen Sushi charges an extra US \$100 for the underwater treatment room at The Lime Spa.*

drilled four to five metres into the seabed. The restaurant was then secured to the steel piles with concrete. The developer estimates that the restaurant structure will last approximately 20 years, given that it continuously faces the challenging conditions of the ocean and the sea water.

The Ithaa underwater restaurant is situated in close proximity to the main island of the Conrad resort, located at the end of

an approximately 100-metre long wooden walkway with entry through a spiral staircase. The food is cooked and prepared in the main island and carried over by the restaurant staff. The restaurant offers a fixed menu plan, primarily due to logistical reasons since the kitchen is located on the main island.

Considering that the chefs, ingredients and cooking facilities at the Ithaa are the



☉ The Niyama resort is a sister property of Huvaŕen Fushi and is also managed by Singapore-based Per Aquum.



☉ The Huvaŕen Fushi's Lime Spa features only two underwater treatment rooms.

same as other restaurants of the Conrad, it can be estimated that the restaurant achieves approximately 100% price premium due to its unique underwater location. This premium has not discouraged the demand; Ithaa has been exceptionally popular since its launch. It is fully booked for practically every meal period and seating and reservations often have to be made weeks in advance. The restaurant caters primarily to resort guests of the Conrad although during lunch time the restaurant also attracts guests from other resorts in the Maldives, who make a special day-trip by a seaplane to dine at the underwater restaurant.

#### **MONEY MATTERS**

The Ithaa restaurant is fairly small, accommodating only 18 guests. It's open for lunch and dinner, serving double seating at both meal periods and charging double the price compared to the other restaurants in the Conrad resort. The fixed-menu price for food only is in the range of US \$170 for lunch and US \$350 for

dinner. This converts to nearly US \$20,000 daily revenue from food only. Assuming additional 50% revenue from beverages, the restaurant turns over around US \$10 million in revenue every year.

The management of the resort has been successful in capitalising on the marketing value of the first underwater restaurant in the world. The restaurant has featured in global newspapers, travel magazines and TV programmes, thereby creating enormous international attention. This has helped not only to increase the awareness of the restaurant but also to bring guests to the Conrad resort. The resort estimates that when calculating the revenue from the restaurant as well as the induced demand to the resort, the Ithaa paid back its investment in two to three years.

Following the success of the Ithaa res-



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taurant, the Huvafen Fushi resort in 2007 launched the “first underwater spa in the world”. In reality, the underwater section consists of two treatment rooms whereas the rest of the spa is located above water.

The underwater treatment rooms are located approximately four meters below the surface of the ocean and the rooms are surrounded by reef which attracts a wide range of fish and marine life, thereby making the views from the rooms serene.

The underwater treatment rooms at the Huvafen Fushi, operated by Per Aquum, are extremely popular, with most resort guests booking one or two spa treatments in the underwater rooms during their stay.

The Lime Spa charges an extra US \$100 surcharge for guests to book their spa treatment in the underwater treatment rooms. Given that a standard 90-minute massage costs US \$180 and a facial US \$185, the underwater treatment rooms are able to achieve an approximate price premium of 55%.

#### **MALDIVIAN MASTERPIECES**

To add to the underwater facilities in the Maldives, the Sea underwater wine cellar/restaurant opened at the Anantara Kihavah in April 2011. The facility is located on an edge of a reef in a depth of approximately six metres. It is a relatively small and private venue with capacity to accommodate 16 guests.

The food and beverage concept of the outlet focuses on gourmet food with emphasis on wine offering. The lunch at the Sea underwater wine cellar/restaurant costs USD 185 per person while dinner is offered at USD 240 per person. This is nearly double the rates of the other food and beverage outlets at the resort, yet again highlighting the premium that can be created with a unique underwater facility.

The latest addition to the underwater facility offering in the Maldives is the Subsix underwater lounge, which opened in October 2012. The lounge is located at the Niyama resort, a sister property of Huvafen Fushi and also owned by Universal Enterprise and managed by the Singapore-based Per Aquum.

Unlike the other underwater facilities in the Maldives, the Subsix is not connected to the main island. Instead, it is part of a stand-alone restaurant complex also featuring a fine-dining restaurant that is located above the water. The complex is



➤ Subsix is part of a standalone restaurant complex, which also features a fine-dining restaurant above the water.



➤ The Lime Spa achieves an approximate 55% price premium by charging an extra \$100 for underwater treatments.

located 500 metres off-shore and access to the lounge/restaurant is provided with a resort boat from the main resort jetty.

The Subsix is submerged at a depth of approximately six metres (thus the name) and the lounge has capacity for approximately 30 people. The lounge features large windows similar to the style of the underwater spa treatment rooms at its sister property Huvafen Fushi. The lounge is surrounded by rich marine life with windows providing views of clown fish, manta rays, parrot fish and other exotic sea life.

As with the other underwater facilities, the Subsix has created enormous interest and guest enquiries and bookings at the

resort have increased significantly following the launch of the lounge.

#### **RIDING THE WAVE**

The facilities in the Maldives demonstrate how underwater hospitality can be successfully developed and operated. The examples also highlight the strong demand and high price premiums that these facilities are able to generate. The industry is now waiting in anticipation whether the Water Discus Hotel, with its comprehensive facility and service offering, could just take underwater hospitality to the next level with its unique and potentially highly lucrative concept. ■