

# Building Tourist Attractions

Culture and heritage take centre stage as Abu Dhabi diversifies its tourist offerings, writes **Alicia Buller**.

**T**ourism is a cornerstone of Abu Dhabi's diversification drive with clear strategies and targets in place. The aim is to attract three million visitors per year by 2015 and 7.5 million by 2030. Abu Dhabi is proud of its culture and heritage, which explains why these aspects are central to its strategy of showcasing itself as a high-end yet affordable tourist destination where visitors can engage in world-class business and relax.

Focusing on tourism provides a number of advantages for Abu Dhabi's economy.

Many of the companies that operate in the tourism sector fall within the category of small and medium business enterprises (SME), which supports Abu Dhabi's stated goal of diversifying its enterprise base and creating more jobs. Tourism is also seen as a way to boost foreign currency earnings and improve the international profile of the emirate.

This strategy appears to be working as Abu Dhabi's tourism sector has had a record year so far, with August being the best month

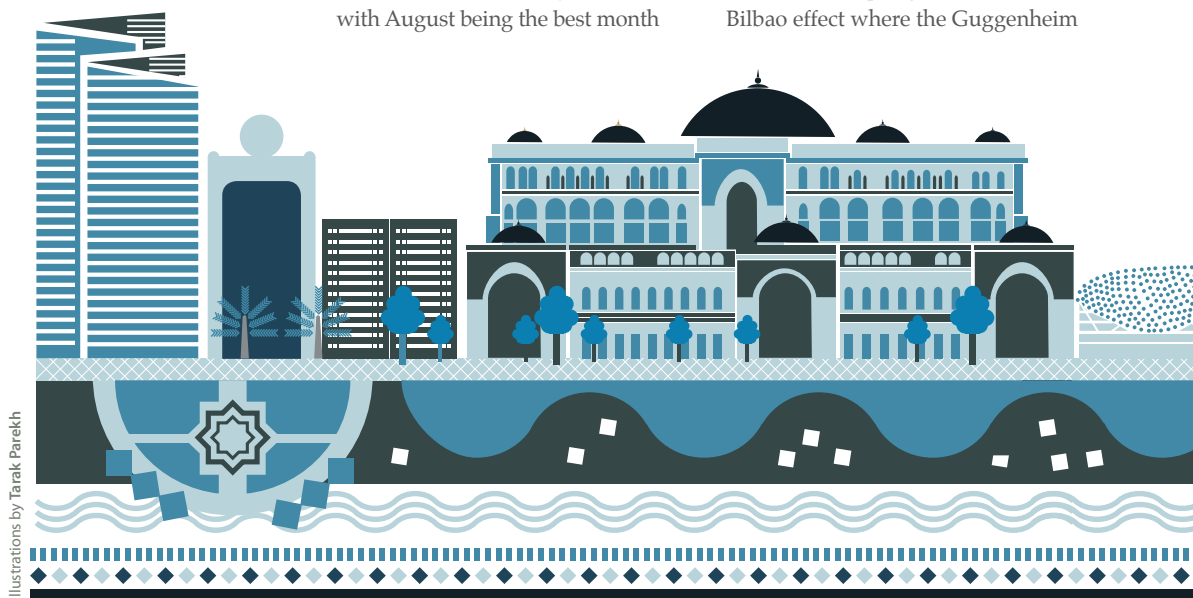
since the emirate started keeping records. From January to August, visitor numbers grew 13 per cent year-on-year to 1.75 million. Revenue increased 17 per cent to AED3.31 billion and occupancy levels rose eight per cent to 68 per cent.

"These results make encouraging reading when viewed against the fact that hotel inventory in the emirate has grown from 137 properties and 23,613 rooms in 2012 to 146 offering 25,300 rooms this year," said Mubarak Al Muhairi, the Abu Dhabi Tourism & Culture Authority's (TCA) Director General.

Al Muhairi was also optimistic for the rest of the year.

"With a final quarter ahead of us that is packed with major events, including the Abu Dhabi Grand Prix, Abu Dhabi Art, the Seatrade Middle East Forum and the Al Ain Aerobatic Show, we could see the best results of the year yet," he said.

Looking ahead, Abu Dhabi's tourism numbers should keep rising as major projects are finished. In one way, it could be argued that Abu Dhabi is attempting to emulate the Bilbao effect where the Guggenheim



Museum became the catalyst that put the Spanish city on the world map. But that would be wrong on many levels as Abu Dhabi is already well known internationally, it has a flourishing economy, and it is definitely not relying on just one project to boost tourism numbers.

A prime example is Saadiyat, a natural island 10 minutes drive from downtown Abu Dhabi. In its essence, Saadiyat is a multi-faceted island destination offering a great variety of attractions to different people. A business hub for international commerce; a relaxed waterfront home for residents; a cultural magnet for arts aficionados; the home of dazzling architectural icons; and a pristine beachfront tourism destination.

The centrepiece of Saadiyat is the Cultural District, which will open with Louvre Abu Dhabi in 2015, followed by Zayed National Museum in 2016 and Guggenheim Abu Dhabi in 2017.

Ahmed Al Fahim, Executive Director of Marketing, Communications, Sales and Leasing at the Tourism Development & Investment Company (TDIC), said: “The development of the Cultural District will contribute hugely to the development of Abu Dhabi as regional centre for culture, and it is aimed at transforming the emirate into a hub of world cultural exchange. The museums will breathe life into the art and cultural scene and attract visitors, exhibitors, collectors and performers from around the world. This new aspect of Abu Dhabi will, without doubt,

contribute to its economic growth.”

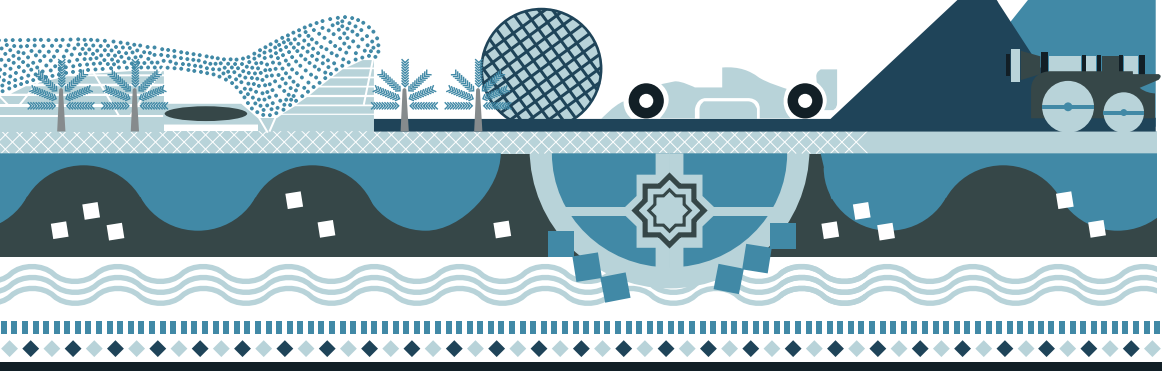
Has this ‘build it and the visitors will come’ approach proven successful in other destinations beside Bilbao? Keez Hartzuiker, CEO of Royo International, said “While the ‘build it and they will come’ approach seems a riskier one to take given the costs associated, there is no doubt that this model has proven successful in numerous cities before. Some examples would include Las Vegas and Macau. Both cities were largely manmade and, in spite of a lack of natural geographical or historical elements, have become references in tourism and been successful in maintaining year-round activity.”

This approach has also worked in creating new tourism segments, according to Tea Ros, Managing Director of Strategic Hotel Consulting. She cites the growth of medical tourism in Thailand, which was driven by building new, high-end hospitals. The government’s investment into developing the Cleveland Clinic Abu Dhabi on Al Maryah Island indicates a clear interest in the medical tourism sector.

A unique aspect of Abu Dhabi’s tourism push is the high degree of government involvement and backing in creating the necessary tourist infrastructure. The TCA, which is 100 per cent government-run, has many responsibilities, which include managing the emirate’s tourism sector, marketing Abu Dhabi internationally, attracting investment, and developing museums such as the Louvre Abu Dhabi. TCA is the sole

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shareholder of the TDIC, the master developer of major tourism destinations such as Saadiyat Island. By creating investment partnerships and joint ventures, TDIC's developments are helping Abu Dhabi realise the emirate's considerable tourism potential.

In most countries the government is overshadowed by the private sector, which plays a more active role in tourism development and investments, according to Ros. "The high degree of government involvement may be an advantage, provided that there is a well-defined strategy, marked direction and clear communication and distribution of responsibilities between various parties," she says.

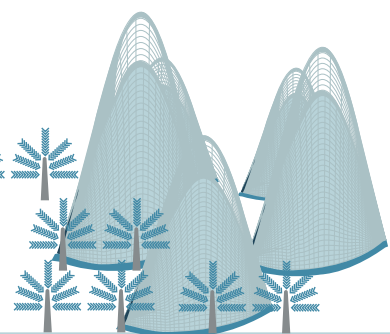
"Working closely together and allowing for government involvement will help pace the growth of infrastructure, strengthen the city's branding as well as

balance supply and demand," Hartzuiker says.

The scale on which the TCA and TDIC function is made clear by Saadiyat Island, which will eventually be home to an estimated 145,000 residents with a full complement of leisure and tourism facilities, as well as civic and cultural institutions. The 27 square kilometre island will have seven districts and a developed area of 2,600 hectares when work is completed.

Saadiyat Beach is one such district with its nine kilometres of unspoilt coastline, which will be home to nine five-star hotels and luxury residential properties. The Saadiyat Beach Golf Club was inaugurated in 2010, while last year St Regis Saadiyat Island Resort, Park Hyatt Abu Dhabi Hotel and Villas, and Monte-Carlo Beach Club opened. New hotel and spa projects from hotel groups such as Shangri-La, Rotana and UAE-based developer Bin Otaiba Investment Group are in the pipeline.

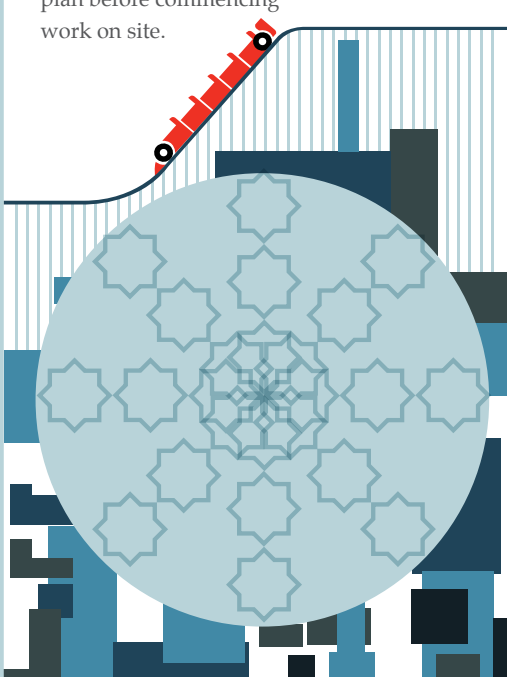
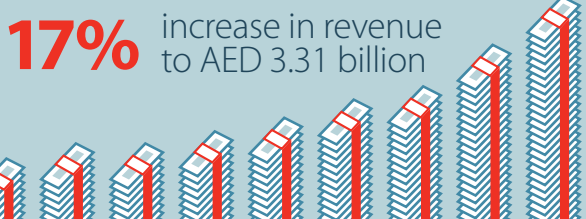
Sustainability, maintaining the beauty of the emirate and marketing this beauty are an important part of the TCA and TDIC's remit. The TDIC works closely with Environment Abu Dhabi (EAD) and ensures that all contractors working on its projects have an environmental management plan before commencing work on site.



## Abu Dhabi: Hotel Establishment Statistics

January to August 2013 Figures

Source: TCA Abu Dhabi



In the Western Region, Sir Bani Yas Island is being developed as a leading nature-based tourism destination. This nature and wildlife reserve is currently home to the five-star Desert Island Resort & Spa by Anantara, as well as Anantara Al Yamm Villa Resort with its 30 luxurious beachfront villas. In the near future, the island will also host Anantara Al Sahel Villa Resort, which will afford guests a rare view of grazing sand gazelles, as well as Arabia's elusive mountain gazelle and oryx.

In addition, Qasr Al Sarab Desert Resort by Anantara in the Liwa desert has been designed with a clear focus on Arabian culture and heritage. This destination reflects the history and traditions of the region while offering tours through the archaeological sites, as well as traditional desert activities throughout the spectacular Empty Quarter.

"Our portfolio of projects embraces all aspects of Abu Dhabi's heritage and culture while preserving its natural beauty and resources. The projects on Saadiyat and Sir Bani Yas aim to enrich people's lives whilst meeting the needs of a rapidly growing tourism

and real estate industry," says the TDIC's Al Fahim.

"In recent years, we've noticed that international travellers who come to Abu Dhabi and the region are first and foremost looking for a cultural experience. These tourists want to walk away with a unique experience, enjoy an adventurous trip and have an interesting story to tell by the time they're ready to leave," he says.

The further development of Abu Dhabi's cultural offering is sensible given the wealth of history and heritage in the emirate, according to Ros. However, she believes that this should not come at the expense of other areas of tourism.

"Abu Dhabi also has excellent opportunities to diversify its tourism offering to appeal to families, adventure travellers and tourists interested in nature and an unspoiled environment. The diversification efforts should not be mutually exclusive but rather promoted hand-in-hand," says Ros.

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## The Bilbao Effect

The 'Bilbao effect' (also known as the 'Guggenheim effect') refers to the cause and effect relationship that occurred when a single world-class project became the catalyst for reviving an economically distressed, post-industrial city in Spain's Basque country. It was the opening of architect Frank Gehry's masterful Guggenheim Museum in 1997 that catapulted Bilbao onto the world stage.

When it was decided in the 1990s to spend \$228.3 million on a modern art museum, critics objected to squandering so much public money on something so irrelevant and exclusive. But Bilbao did not construct the museum simply for the sake of having an iconic building; it was one answer in a quest to address a number of serious problems such as high unemployment, the demise of traditional industries, poor public transport and urban deterioration.

The city tackled these problems through

a holistic plan. It created a new subway line and an airport. New residential, leisure and business complexes were built in town while the riverfront was renovated. The icing on the cake was the construction of the Guggenheim Museum Bilbao and additional cultural investments as a means of diversifying the economy and reducing unemployment.

The Guggenheim Bilbao began drawing international visitors almost immediately after its opening. In its first three years, almost four million tourists visited the museum, helping to generate about €500 million in economic activity. While the Guggenheim Museum Bilbao was a costly venture, its return on investment (not including the value of the permanent art collection) was complete as early as seven years after opening. Figures show that since the museum's opening, the city has received an average of 779,028 new yearly overnight stays.

## Abu Dhabi: Hotel Establishment Inventory

As of August 2013

Source: TCA Abu Dhabi

Abu Dhabi	Establishments	Rooms
5 Star	33	9,779
4 Star	24	5,353
3 Star	24	3,699
2 Star	4	361
1 Star	6	437
<b>Total Hotels</b>	<b>91</b>	<b>19,629</b>
Deluxe	17	2,536
Superior	18	1,859
Standard	20	1,276
<b>Total Hotel Apartments</b>	<b>55</b>	<b>5,671</b>
<b>Total</b>	<b>146</b>	<b>25,300</b>

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Positioning itself as the primary cultural destination in the Middle East is a shrewd move by Abu Dhabi, says Hartzuiker but, “further diversification may be essential to ensure the emirate individuates itself from developing destinations in its direct proximity”.

The recent upswing in Abu Dhabi’s real estate market has had a positive effect on tourism projects. Rising investor confidence, availability of liquidity and attractive financing options have opened the door for more projects.

“Our projects and developments offered for sale and leasing have been in high demand from potential tenants and homeowners, as well as investors,” says Al Fahim. “We expect this demand to increase in the next couple of years – especially when new projects come to life on Saadiyat. They will not only add more value to the destination and attract interest from potential investors and residents, but will also increase the footfall of visitors and tourists to the island.”

“The tourism fundamentals in Abu Dhabi are currently strong,” says Ros. “The emirate’s tourism offering and infrastructure is constantly improving and a number of new hotels have opened, many of

them landmark developments with the ability to draw in further tourists.

“Provided that the air lift – primarily driven by the growth of Etihad Airways – can support the growing number of tourists, there is strong potential for the continued growth of tourism arrivals.”

However, it is not just the growth of tourism numbers that is important, but also how long they stay.

“As Abu Dhabi segues from being a secondary destination to becoming a leisure destination in its own right, longer stays, often associated with leisure guests, can be foreseen for the city’s future,” says Hartzuiker.

One issue could be the likelihood of oversupply in the upscale and luxury segment of the hotel market in the short-to-medium term. However, both Ros and Hartzuiker agree that this will stabilise over time provided tourism arrivals continue to grow.

The current focus on the top segment means that there is a strong opportunity to develop mid-market and budget hotels, as well as boutique and lifestyle concepts.

“To successfully compete as a world-class destination, the emirate has to be able to provide a wide range of hotel offering,” says Ros. ♦

