



# FLASH REPORT

## HIGHLIGHTS

*STR Insights &  
KDIPA News*  
*KHOA Insights*  
*BOURSA Kuwait*  
*NBK Remarks*  
*NEWS from the Market*

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## PREPARED BY

*Kuwait Hotel Owners  
Association*

**OCTOBER 2019**

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YTD 2019

# STR INSIGHTS

The ADR of Kuwait comes second only to Jeddah so far in 2019.

**51%**

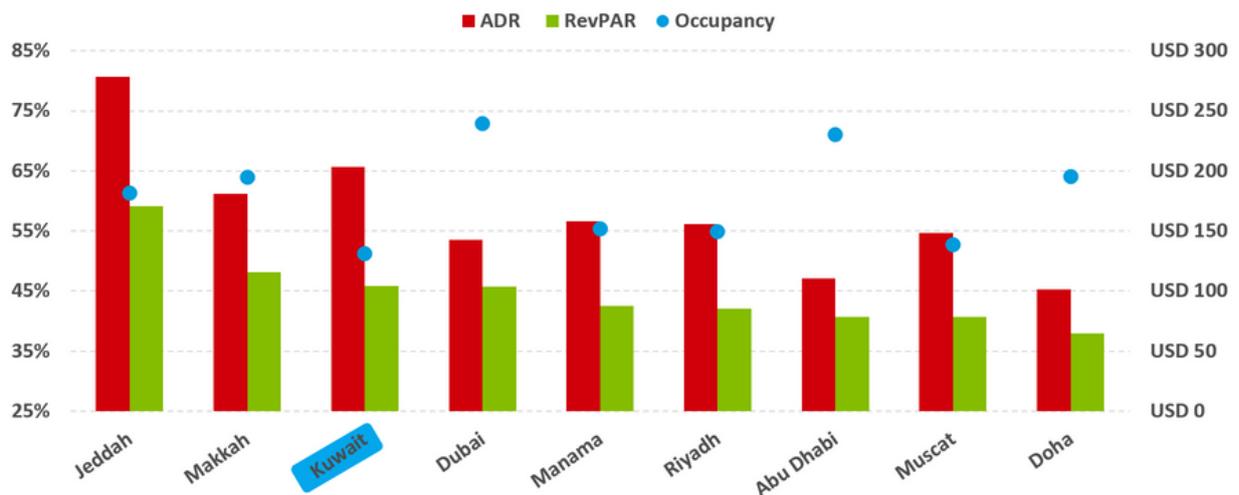
*Occupancy%*

**KD 62**

*Average Daily Rate*

### Kuwait Top 3 in RevPAR among key GCC cities

OCC, ADR, RevPAR, Sep YTD 2019, USD



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- Despite the challenging environment with regards to demand, Kuwait hotels are operating at RevPAR of 104 USD which is equal to Dubai so far in the year.
- The difference in Occupancy between the two cities is balanced by the generally higher ADR recorded in Kuwait.
- The ADR of Kuwait comes second only to Jeddah so far in 2019.
- With Q4 underway we expect the RevPAR rankings to shift as both leisure and business ramps up in most key cities.

# KUWAIT FOR THE FIRST TIME AMONGST THE TOP 20 IMPROVERS IN DOING BUSINESS 2020



#Tahseen

Registering property: The online system launched by Kuwait Municipality, and a one-stop shop launched by the Ministry of Justice, made property transfers faster. Getting Credit: Guaranteeing borrowers the legal right to inspect their credit data, and offering credit scores as a value-added service to banks and financial institutions, improved access to credit information. Protecting Minority Investors: Amending the company law by increasing the minimum notice period for general meetings to help shareholders be better informed and more involved. Trading Across Borders: Improving the customs risk management system and implementing a new electronic clearance system made trading across borders easier.



The Doing Business Team at the World Bank Group (WBG) announced on its website today September 26, 2019, that Kuwait joined for the first time the group of top 20 improvers in the Ease of Doing Business Index 2020 out of 190 economies included in the Doing Business 2020 report to be published officially end of coming October 2019. This global index captures ten key components that represent various dimensions of business regulatory environments for domestic enterprises. The announcement mentioned that Kuwait enhanced its business reforms in accordance with National Vision 2035 and its goals. The announced improvements covered measures undertaken in 6 components as follows: Starting a Business: The full integration of the Kuwait Business Center (KBC) platform with the Public Authority for Civil Information (PACI) made it easier for entrepreneurs to obtain commercial licenses and establish their business. Getting electricity: The digitization of the application process, combined connection works and meter installations, and a new geographic information system (GIS) that streamlines the review of connection requests, made the process for getting a new electricity connection simplified.

- This improvement in Kuwait position in the Ease of Doing Business Index 2020, will directly and indirectly contribute to make Kuwait investment climate more attractive, and support the attainment of the National Vision 2035 and its developmental goals, which will eventually enhance the expansion of the economic cycle, availing the creation of more real job opportunities to the local work force. It also reflected the dedicated efforts exerted by “the Permanent Committee for Streamlining Business Environment & Enhancing Competitiveness in the State of Kuwait” (PCK), since it was established by a Council of Ministers Decision end of 2013, headed by KDIPA, with membership extended to include 11 competent government entities, in addition to representatives of the private sector, and civil society organizations.
- The Permanent Committee for Streamlining Business Environment & Enhancing Competitiveness in the State of Kuwait” (PCK), was initiated with full support by H.H. the Prime Minister to serve as an active platform for coordinating national efforts, documenting reforms, raising awareness on reforms undertaken, and following up their progress, as well as placing improving business environment and national competitiveness at the top priority of the government work program.
- On this occasion, “the Permanent Committee for Streamlining Business Environment & Enhancing Competitiveness in the State of Kuwait” (PCK), conveys the utmost appreciation and esteemed gratitude to H.H. the Amir Sheikh Sabah Al Ahmad Al Sabah, and to H.H. the Crown Prince, for the leadership foresight and calls to mobilize national efforts to attain this improvement, that will support fostering Kuwait competitiveness in international indices, enabling it to assume its role as a leading financial and commercial center, augmented by the leadership ongoing focus on this issue, in a way that motivated all relevant parties to endorse, with competence and efficiency, their mandated responsibilities to realize this strategic goal.



*Selling VS Actual*

# KHOA INSIGHTS ON KUWAIT HOTELS RESULTS

KHOA has conducted analysis of online rates such as TPI rates for top 20 Hotels between 5 & 4 Stars in Kuwait.

**The following findings reveal situation of Hotels ADR and its reflection on Revenue:**

- The 4 Stars Hotels are reluctant to apply dynamic rates and majority of the hotels are running low rates all the time
- The 5 Stars hotels are using their best practices and applying high and low rates accordingly to the season that is ahead.

Most occupied days on average are : **Thursday ,Friday , Monday and Tuesday** and on these days, rates are slightly above compare to other days of the week.

September is marked as Medium while October, November & December are known as High Season in Kuwait.

The occupancy level has dropped this year by 5% however it is still above 50%

**When we are looking at selling ADR vs actual of now 43 Hotels in Kuwait (5+4+3)**

- The 4 Stars are selling at KD 51 online while actual YTD Sep is KD 42
- The 5 Stars selling at KD 75 online while actual is KD 79

**Compared to actual, overall Kuwait Hospitality Market 5,4,3 Stars have dropped ADR by -6.2 % compare to last year which impacted directly revenue drop of -10.1%.**

The ADR trend is something we see as alarming for future times when new hotels arrive on market .The demand will be shared (OCC. of 50% might become less) and ADR would need to increase in order to maintain profitability levels.

**OCCUPANCY -4.8%**

**ADR = -6.7%**

**REVPAR =-10.5%**

**REVENUE =-10.6%**

**DEMAND = -4.2%**

# BOURSA KUWAIT PARTICIPATES IN MEETINGS OF GULF CMAS IN MUSCAT

- **The recent achievements further demonstrate that Kuwait is developing into a safe haven in the region with imminent further upgrades.**
  - Speaking on behalf of Bursa Kuwait, Al-Humaidhi said, "The second joint meeting of the Committee of Heads of Capital Markets Authorities (or their equivalent) in the GCC states and the Heads of Stock Exchanges aimed to advance joint action by achieving greater coordination and integration among the GCC countries in all economic and financial fields in line with the aspirations of GCC nationals.
  - We at Bursa Kuwait are keen to actively participate in such vital regional and international meetings in our efforts to enhance the status of the exchange and its position on the international stage, and have begun the implementation of steps and procedures derived from the strategy.
  - "The agenda for the second joint meeting of the Committee of Heads of Capital Markets Authorities (or their equivalent) in the GCC states and the Heads of Stock Exchanges included the Secretariat's memorandum on the unification of the opening time in the stock markets in the GCC, activating Passporting among the Gulf stock exchanges and the search for the best method of its application. Over the last two years, Bursa Kuwait has worked valiantly to improve the local capital market and develop a liquid, reliable and sound exchange that provides issuers with efficient access to capital and investors with diverse return opportunities. The country has been upgraded to Emerging Market status by FTSE Russell in September 2017, the S&P Dow Jones Emerging Markets index has included Kuwait as of December 2018, and Kuwait has received the conditional approval to be included in the MSCI Emerging Markets index in June 2019. These efforts will further strengthen Bursa Kuwait's position both regionally and internationally. The recent achievements further demonstrate that Kuwait is developing into a safe haven in the region with imminent further upgrades.
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# KUWAIT SEES BIGGEST GAIN IN COMPETITIVENESS SCORES IN GCC

**KUWAIT:** Kuwait ranked 46th in the latest competitiveness index rankings climbing eight positions from the previous report, the biggest jump in the GCC. Kuwait ranked first in terms of macroeconomic stability along with Saudi Arabia and UAE. Kuwait was also leading in the GCC on the Health pillar with a global rank of 12th a significant gain as compared to the previous year when the country ranked 38th. The ICT Adoption pillar for Kuwait also witnessed a significant improvement with a 2019 rank of 37th as compared to 62nd in 2018.



On the other hand, Kuwait lacked in terms of Innovation Capability with the corresponding rank of 108, the lowest in the GCC and down 5 positions as compared to 103 in 2018. Kuwait's rank also deteriorated in terms of the Institutions and Infrastructure pillars. On the Institutions pillar, the country ranked 65th as compared to 57 in 2018, a y-o-y drop of 8 positions, whereas for the Infrastructure pillar, Kuwait ranked 66th as compared to 61st in 2018.

## *Kuwait sees biggest gain in competitiveness scores in GCC*

The GCC countries were largely better-off as compared to last year with average score increasing from 67 last year to 69 in 2019, according to our calculations. From amongst the 12 pillars, the GCC had the highest score for the Macroeconomic Stability pillar, given the solid economic position for a majority of the GCC countries. UAE, Saudi Arabia and Kuwait represented the frontier on this pillar with a score of 100 closely followed by Qatar at 99. On the other hand, Bahrain and Oman were far from the frontier with scores of 68 and 67. Nevertheless, out of the 12 pillars, the macroeconomic pillar was the only one to see a decline as compared to the previous year while all the other pillars saw improvement in average scores. The average score for the GCC Health pillar was 85, better than the overall average for the MENA region at 81. The pillar saw improvement as compared to previous year average of 83. In terms of areas of improvement, the GCC region had a poor score for the Innovation Capability pillar at 44, although the average score for this pillar improved as compared to 2018 score of 41.



*LATEST NEWS*

# NBK REPORTS 10.9% INCREASE IN 9M 2019 NET PROFIT

The National Bank of Kuwait (NBK) announced its financial results for the 9-month period that ended on September 30, 2019. NBK reported a net profit of KD 302.2 million (USD 993.8 million), increasing by 10.9 percent compared to September 30, 2018 with total assets increasing by 6.6 percent to reach KD 28.9 billion (USD 95.1 billion). Performance highlights: 9M 2019 Operating income reached KD 672.8 million (USD 2,212.6 million), growing by 1.7 percent Customer loans and advances reached KD 16.4 billion (USD 53.8 billion), increasing by 6.2 percent year-on-year Customer deposits increased by 12.2 percent to reach KD 15.8 billion (USD 51.9 billion) Capital Adequacy Ratio of 15.8 percent, in excess of regulatory requirements NPL to gross loans ratio at 1.37 percent

and an NPL coverage ratio of 227 percent demonstrate maintenance of strong asset quality indicators. Consistently positive long-term credit ratings reflect conservative approach to risk.

NBK Group CEO, Isam Al-Sager, commented: "We're achieving solid results across business units, demonstrating the positive impact of our strategy of diversification, to mitigate risk and navigate market headwinds. Our digitization initiatives continue to be rolled out across the bank, optimizing back- and front-end operations and creating a more seamless experience for customers. This year we have been formally recognized by Global Finance magazine for our leadership in the digital arena - in areas including online banking, consumer digital banking and real-time transaction tracking.



# JIN JIANG ROCKETS UP HOTEL GROUP RANKINGS

- China's Jin Jiang International Hotels Group, headquartered in Shanghai, has leaped up in the rankings to become the second-place global hotel group in an international report.
  - Released by American hotel magazine HOTELS in August, the report showed the top 325 global hotels, including global top 300 hotel groups and top 25 ranking hotel alliances, mainly based on overall operating room numbers as of Dec 31, 2018. Jin Jiang boasts 10,000 hotels and 1 million guest rooms in 120 countries, per the report.
  - "The company will promote openness and innovation and continue building the company into a world-leading hotel groups, contributing to Shanghai's strategic development plan of establishing the 'four brands' – service, manufacturing, consumption and culture," said Guo Lijuan, president of Jin Jiang Holdings Co Ltd.
  - As one of the leading hotel operators in China, the company has been on an impressive run acquiring hotels groups from abroad, including Louvre Hotels Group from France in 2015, as well as at home like Vienna Hotels Group in 2016.
  - By September, the number of hotels invested in and managed by the company has grown from 105 in 2003 to 10,000, spreading across 31 provinces, municipalities and autonomous regions in the country and other 120 countries around the world.
  - To enhance its core competitiveness, the company has sped up the construction of "one center and three platforms", namely a global innovation center aiming at model flagship hotels development, a global sharing platform focusing on intelligent business model, a unified procurement platform and financial platform.
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*NEWS*

# GCC TRENDING TOPICS

## **Putin in Abu Dhabi seeking \$1.3 billion in investments**

A dozen agreements worth more than \$1.3 billion, notably in the energy, advanced technology and sectors, are expected to be sealed during the visit, according to the Russian sovereign wealth fund.

## **NBK, the only Kuwaiti bank among the world's 50 safest banks in 2019**

NBK ranks 46st on Global Finance's list of the World's 50 Safest Banks for 2019 and. This recognition demonstrates NBK's exceptionally strong ratings, successful strategy, high standards and rigorous risk management discipline and governance.

## **Jazeera Airways takes delivery of second Airbus A320neo**

Jazeera Airways, Kuwait's leading low-cost airline, operating regionally and internationally, took delivery of its second Airbus A320neo aircraft which landed at Kuwait International Airport on the evening of Friday, October 18.

Jazeera Airways operates a fleet of ten Airbus aircraft, eight of the A320 model and two of the A320neo model.

## **Air India launches Kuwait - Mumbai flights**

Air India launched a new flight service from Kuwait to Mumbai and back, starting 27 October. Mohammed Giyori, was the first passenger who received his boarding pass from Harjeet Sawhney, Country Manager, Air India on commencement of the new daily Kuwait to Mumbai flight.

