

# ABU DHABI EXPECTED TO OPEN MORE HOTELS THAN NEEDED



In the next three years, over 20 new hotels are expected to open in Abu Dhabi City while the hotel occupancy is going down.

Among them there will be five Marriot hotels including a big 60 room Marriot Exclusive Apartment, a 195 room Courtyard in the Central Market, a 244 room Edition Hotel and even a 532 room Ritz Carlton, one of the top luxury brands of Marriot.

According to TRI Hospitality Consulting, a Dubai-based company that specializes in hotel consultancy services, there will also be new hotels of Rotana - 2 in the Capital Centre, a 414 room Centro Rotana Capital Centre which is opening already this year, and there is another 300 room Capital Centre Rotana which will open next year.

Saadiyat Rotana will open a 400 room hotel resort in 2015 and another mammoth hotel with 600 rooms in Arjaan will open next to Marina Mall.

**Analysts have released their predictions warning that the local market will suffer unless the demand rises.** The supply for hotels is just overwhelming in Abu Dhabi. Abu Dhabi Tourism & Culture Authority (TCA) said that the number of available rooms for tourists increased by 13 per cent as compared to data collected last May 2011. Alongside this, hotel occupancy reached 63 per cent which, surprisingly, was a 7 per cent decrease on the previous year. However, despite this data, the total hotel revenue increased by 3 per cent.

Peter Goddard, the managing director of TRI, said that Abu Dhabi has an oversupply of hotels and that is a problem. Goddard said that for this business ventures to be successful, everyone is going to have to drop their rates. TRI said that since January 2012, **hotels watched their Average Room Rates and Revenue per Available Room fall by 16.5 per cent and 15.6 per cent respectively which is a 20.8 per cent decrease in overall profitability.**

Goddard added that they do not expect the situation to improve in the capital within the next 5 years. Thanks to the European debt crisis things can go even worse.

Ruprecht Schmitz, the General Manager at the Millennium Hotel, mentioned that even if there is an increase in the number of rooms available, the rates were expected to stay the same. This pressure on the rates is inevitable because of the many rooms available.

The Director of Operations Middle East for Anantara Hotels, Resorts and Spas and General Manager Michel Koopman said that the marketing is going to be a tough one. The number of supply is constantly battling with the number of demands.

Goddard mentioned that at the end, hotels won't earn as much as before with competition that is taking a solid stand on their rates. If rates drop, perception is affected as well.

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