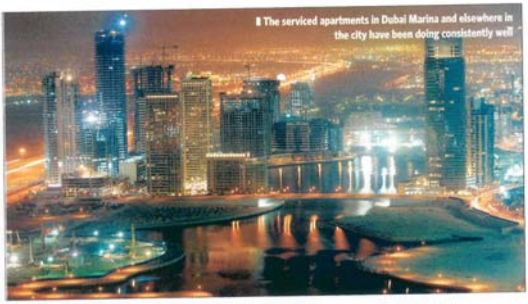
SERVICED BUSINESS CALLS FOR CAREFUL RESEARCH

HOTEL APARTMENT SECTOR HAS POTENTIAL FOR NEW ENTRIES

ON RECORD

Alessandro D'Ubaldo



The serviced apartments in Dubai Marina and elsewhere in the city have been doing consistently well

THE LODGING industry is revealing itself as the golden fruit of the country's real estate developments and extensive marketing. Although the number of players entering the market is growing, there are still numerous opportunities available for further successful entries. And thanks to the lodging industry's recent performance and medium-term outlook, financing for development of serviced apartments is becoming more readily available.

The serviced apartments category has been doing consistently well meeting the needs of corporate executives and travelers alike with a good combination of short- and medium-term rentals.

Speculative hoteliers are taking advantage of the market, pushing rates to new height. There seem to be no underperforming property on the Dubai market and it has reached a point where it is reasonable to consider converting a residential property into a commercial one.

While pursuing serviced apartment's construction or lease seems like a good investment, there is a fair chance that yours might not be the only one. While the overview for the project might look good today, given current market conditions, five more similar projects planned for the same market may turn such a forecast into a different sort of reality.

The following questions, and actions, may be worth taking into consideration prior to making a decision to build or lease?What is the proposed supply of such developments in the area? What is the likely launch schedule for these?

Remember, existing accommodation providers are likely to put up a battle, including lowering their rates substantially, to keep their clients away from the new properties. In any case, the lodging industry will undoubtedly continue to be an exciting market over the next few years, with plenty of opportunities for hotel and hotel apartment investments.

A small-sized building of two to five floors or a compound of villas close to the beach could be the right step to begin with. If supported by a solid management and marketing plan, a tiny development could result in a large enough triumph.

Remember that not all successful projects have to be gigantic — a small property will most likely be perceived byguests as cozy and private. In Dubai a market gap can be identified for small sized projects in the three- or four-star category where the potential for successful new entries is tangible.

For those new investors looking to explore the serviced apartments business it is advisable to place a solid emphasis on careful market research so that strategic plans can be developed to track both expenditure and prospective results.

These strategies could incorporate industry networking, database utilisation, telemarketing, Internet visibility and interaction, and media design and promotions.

It is also essential to identify and appoint a management and marketing company for the property which will professionally look after all aspects related to the set up and running of the business. This could vary from the recruiting and training of staff to the daily management and marketing requirements, in addition to developing a brand building and awareness programme.

A tiny project will not be of any interest for those huge and well established international franchises. However it can be very attractive for those management and marketing companies who are looking to enter the Dubai market in gradual steps bringing along their solid overseas experience and business relationships.

—The writer is Managing Director of www.DubaiFurnishedApartments.com, a joint venture with Hellenic Investments Hotel and Resort Management

Ace architectural firm roped in to design Asia Asia

Pelli Clarke Pelli is to design the world's largest hotel — the 6,000-room Asia Asia Hotel & Resort forming part of the Dh100 billion Bawadi hospitality cluster. The hotel will be operational by 2010.

"Conceiving the design concept for Asia Asia Hotel & Resort is a significant step in the development of the Bawadi project. We look forward to seeing the creative ideas envisioned by this architectural firm," says Arif Mubarak, Chief Executive Officer of Bawadi. Pelli Clarke Pelli was the name behind the Petronas Twin Towers, one of the world's tallest, in Malaysia.

Bawadi will have more than 29,000 hotel rooms, nearly double the number currently available in Dubai. The resort will be able to host more than three million tourists by 2016. "We are extremely excited about crafting the architecture for Asia Asia Hotel & Resort, a project that will mark our entry to the emirate," says Cesar Pelli, Managing Principal at the architectural firm.

AT A GLANCE

$30M WATER PROCESS EQUIPMENT FOR ATLANTIS

Engineering company Septech will supply and install the water process equipment for Atlantis, The Palm. The $30 million installation will ensure the resort's water attractions are maintained using high quality water. Atlantis, The Palm will be located at the centre of the crescent of The Palm, Jumeirah. The waterscape will include one of the world's largest man-made marine habitats as well as water slides. "We have already undertaken extensive research into similar waterscape projects around the world," says David Heffernan, Managing Director of Septech, which will undertake the project along with Ashbrook Simon-Hartley.

RESALE & RENTAL PROPERTY SHOW FROM SEPTEMBER 8

Into its third year, the two-day Resale & Rental Property Show opens September 8 in Dubai. Most large residential developments here are now either ready and in use or will be completed in the next 24 months. "What this means is that market dynamics will soon be controlled by individuals, which will make this industry better regulated and more transparent," says Shuckri Bundakji of DSL Exhibitions. "It was simply a matter of time before demand and supply — and therefore prices — begin to be determined by a large number of individuals ready to buy, rather than just a few large developers."

NEW INDUSTRY-SPECIFIC SOFTWARE INTRODUCED

While software piracy remains rampant in the construction industry, a new solution, BricsCad V7, expects to make a mark by providing a low-cost alternative. Distributed by Tecnoserve, BricsCad V7 will sell for less than 10 per cent of the price of AutoCAD. BricsCad uses the industry standard AutoCAD DWG as its native drawing format and can read and write AutoCAD DWG directly without any conversion. Says Erik De Keyser, Founder and Chief Executive Officer of BricsCad, "BricsCad is seen as an 'almost clone' of AutoCAD and users get the functionality they need. Not only that, the user interface is made in a way that a CAD operator trained on AutoCAD will fully master BricsCad after a few hours without any additional training."