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MARKET ASSESSMENT AND DEMAND FORECAST FOR THE JABAL AJLOUN DEVELOPMENT COMPANY (JADA)

Final Report

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This publication was produced for review by the United States Agency for International Development. It was prepared by Reem Goussous and Lina Juma from Al Jidara.

MARKET ASSESSMENT AND DEMAND FORECAST FOR THE JABAL AJLOUN DEVELOPMENT COMPANY (JADA)

FINAL REPORT

USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

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TABLE OF CONTENTS

1	AJLOUN DEVELOPMENT ZONE – CONCEPT BACKGROUND	1
2	AJLOUN DEVELOPMENT ZONE DEMAND ASSESSMENT	3
2.1	Trends in Tourist Arrivals in Jordan	3
2.1.1	Tourism Growth in Jordan: 2010 Onwards.....	4
2.2	Local Tourism Demand.....	7
2.2.1	Socio- Economic Profile of Respondents	8
2.2.2	Frequency and Location of Day/Overnight Trips.....	9
2.2.3	Current Visitors of Ajloun.....	11
2.2.4	Project Components and Spending Patterns	12
	2.2.4.1 Components.....	12
	2.2.4.2 Spending Patterns.....	14
2.3	Ajloun Tourism Demand Forecasting.....	16
2.3.1	Number of Visitors	18
2.3.2	Visitor Spending.....	20
2.3.3	Hotel Room Demand	20
2.3.4	Occupancy, Average Daily Rate, and Revenue Per Available Room	21
2.3.5	Investment from Hotel Development	21
2.3.6	Employment Generation	21
2.4	Regional Competative Analysis	22
2.4.1	Lebanon	22
2.4.2	Turkey	23
2.4.3	Syria.....	23
2.5	Demand Assessment Main Findings and Conclusions.....	23
3	INVESTMENT TRENDS AND PROJECT COMPONENTS	25
3.1	Trends in Middle East Tourism Investment.....	25
3.1.1	Financial Liquidity for Tourism Investment	25
3.1.2	Middle East Project Pipeline	25
3.2	Elements of the Project.....	28
4	IMPACT OF TOURISM DEVELOPMENT ON AJLOUN	29
5	CONCLUDING REMARKS & NEXT STEPS.....	31
6	APPENDECIES.....	33
6.1	Appendix 1: Expert Interviews	33
6.2	Appendix 2: Expert Interview Questions	34
6.3	Appendix 3: Regional Competitors	35
6.3.1	Lebanon	35
	6.3.1.1 Lebanon’s Tourism Sector	35
	6.3.1.2 Tourism Growth in Lebanon: 2010 Onwards.....	35
	6.3.1.3 Mountain Tourism: Mount Lebanon	38
	Baabda.....	38
	Chouf	39
	El Meten	39
	Jbeil	40
	Kesrwan.....	40
6.3.2	Turkey	40
	6.3.2.1 Turkey’s Tourism Sector	40

6.3.2.2	Turkey's Tourism Strategy	40
6.3.2.3	Arab Tourism in Turkey	41
6.3.2.4	Tourism Growth in Turkey: 2010 Onwards.....	41
6.3.2.5	Turkey's Mountain Tourism	42
6.3.3	Syria.....	44
6.3.3.1	Tourism Sector	44
6.3.3.2	Tourism Growth in Syria: 2010 Onwards.....	44
6.3.3.3	Mountain Tourism	46
	Slenfeh.....	46
	Bloudan	46
	Zabadani.....	46

1 AJLOUN DEVELOPMENT ZONE – CONCEPT BACKGROUND

The Ajloun Development Zone is a 2,200-dunum development area that is situated in a prime location within the Jabal Ajloun Development Area (JADA).¹ The development of the land, which was within military ownership, was mandated to the Ajloun Development Company. The ultimate objective of this development will be to create an economic stimulus in the area, which will hopefully spur private sector activity and improve the standard of living of the people residing in the Jabal Ajloun Area. The property is considered to be one of the largest pieces of continuous, government-owned, non-Harraj land in the entire Jabal Ajloun Area.

Based on the Master Plan that was prepared for the entire Jabal Ajloun Area, the Ajloun Development Zone is slated to be amongst the most distinct developments, which is suggested to house a New Resort Town that encompasses a range of residential units, shopping areas and various amenities providing all the needed services and a relaxing atmosphere to short- and long-term visitors (whether on work or leisure trips, and whether local or foreign).

The Ajloun Development Zone is to be ideally transformed into a New Resort Town that encompasses hotels, shopping areas, a variety of residential units ranging between apartments and townhouses, parks and walking trails

Below is a summary of the project components as suggest by the Master Plan study.

Development Program:

	Units	Built Area (m ²)	Area (dunums)
Land			2,340
New Residential Units	1,108	225,000	
Hospitality Keys	1,378	180,000	
Civic			
Retail and Office		41,000	
Open Space			480 / (20%)

Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 330.

¹ The Jabal Ajloun Development Area is located in the northern part of Jordan, extending over 921,893 dunums. It encompasses all of the Ajloun Governorate, and some of the Irbid and Jerash Governorates.

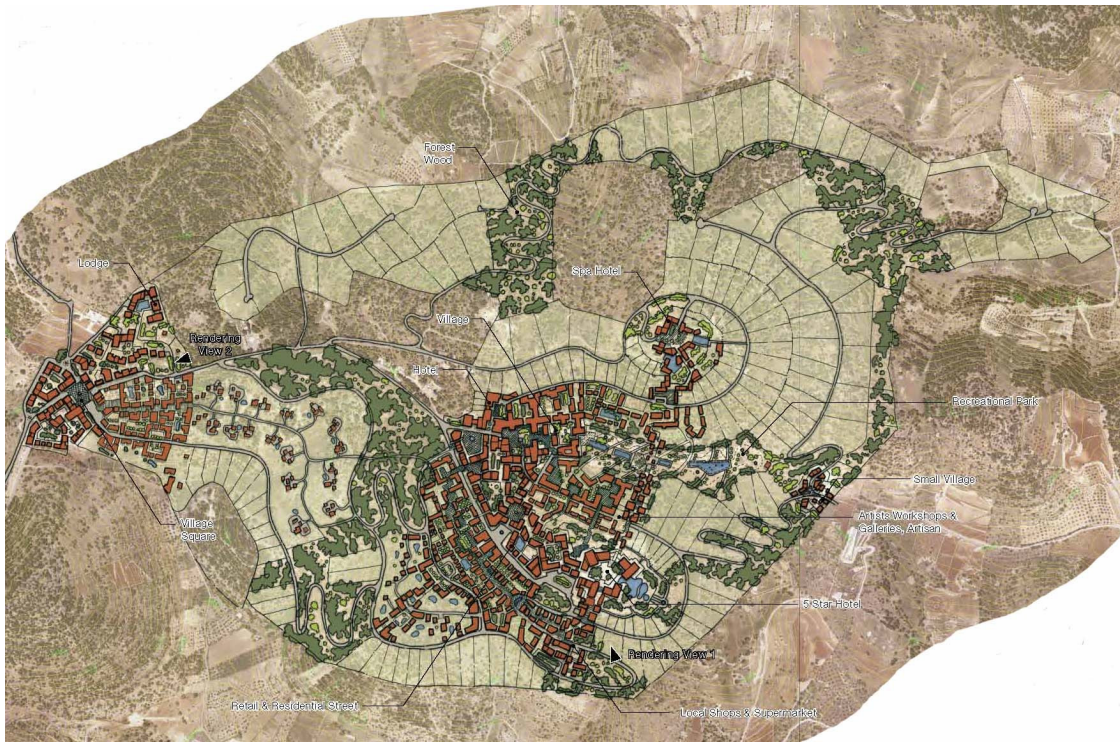


Figure 1: Resort Community Option Site Plan on the Ajloun Development Zone – as per the Master Plan

This study was commissioned by SABEQ for the Board of the Jabal Ajloun Development Corporation (JADA). The objective of this assignment is to validate the findings of the Master Plan by preparing a Market Demand Assessment and Demand Forecast for the Ajloun Development Zone. This includes defining Ajloun's tourism potential niche markets along with an assessment that quantifies the area's potential for attracting new investment, generating jobs and incrementing tourist expenditures in the local market.

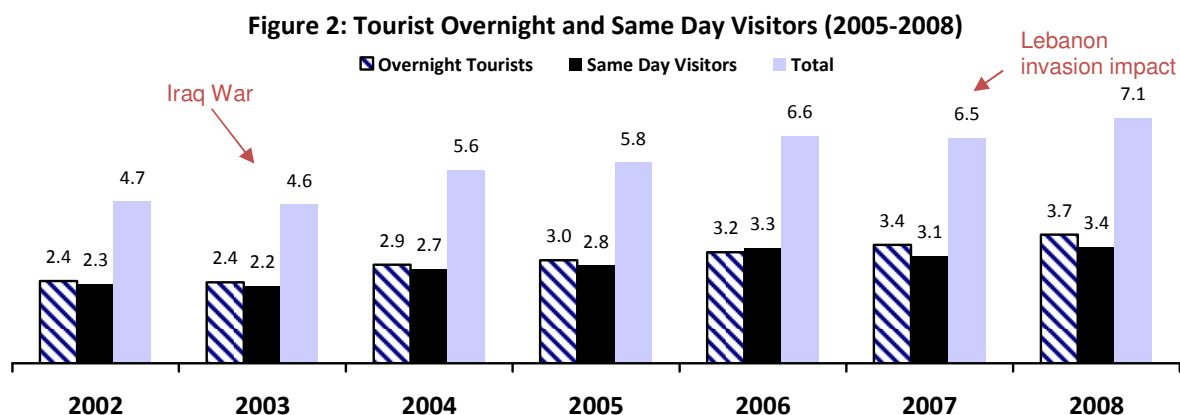
This report relied mainly on the Master Plan, and a number of elements were further verified through a number of interviews that were conducted with key industry specialists, and developers in the domain of tourism. (see Annex 6.1 for list of interviewees, and Annex 6.2 for the list of questions). The purpose of the interviews was to gather some insights into what the main elements or components of the development on the 2,200-dunum land should include; how would such a development best serve the local community and provide a stimulus for economic activity in the surrounding area; what the main determining factors for choosing investors should be; what the role of JADA should focus on pre- and post-development; and how to create an investment climate that is lucrative for investors.

A local market demand survey was also conducted to gauge the attractiveness of Ajloun as a tourist destination for middle-lower and lower-income Jordanians, and to identify the most critical project components for this segment and its spending patterns.

2 AJLOUN DEVELOPMENT ZONE DEMAND ASSESSMENT

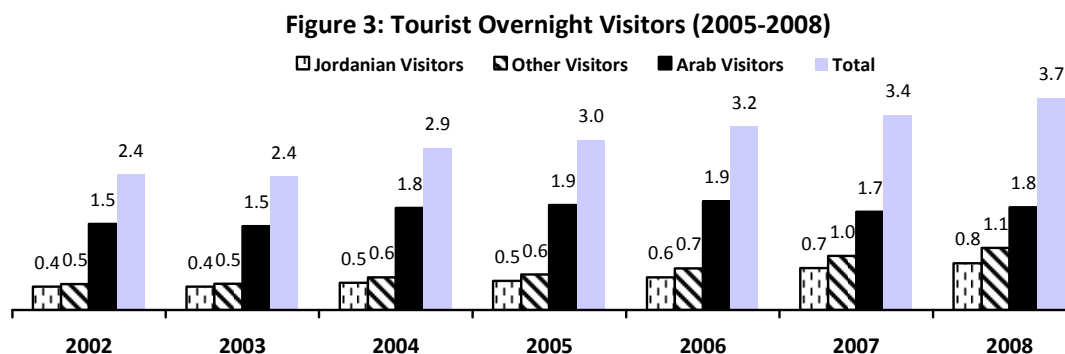
2.1 TRENDS IN TOURIST ARRIVALS IN JORDAN

Despite the continued conflict in the region, the tourism sector in Jordan has seen positive growth trends and has proven to be resilient and quick to recover and rebound as seen following the Iraq war in 2003 and the invasion of Lebanon during the second half of 2006. Remarkable recovery was witnessed in 2008, especially after Petra was voted as one of the New Seven Wonders of the World in 2007, registering a new record high of tourist arrivals into the country as illustrate in the chart below.



Source: Ministry of Tourism and Antiquities

The number of overnight visitors is used to estimate the number of tourists. This segment comprised 52% of the total number of visitors to Jordan in 2008. Arab overnight visitors continue to form the largest segment of visitors to Jordan, but foreign (non-Arab) overnight visitors are growing both in absolute and relative values, comprising 30% of total overnight visitors in 2008 compared with 21% in 2002 as can be seen in the graph below. Moreover, and on average, **around 68% of overnight visitors stay at hotels. This translates into total hotel demand of 35.4% of all arrivals into Jordan.**²



Source: Ministry of Tourism and Antiquities

² Master Plan, Environmental and Economic Study, and Institutional Setup for Jabal Ajloun Area.

The tourism sector in Jordan has shown to be resilient, and quick to recover from the impact of external shocks. Arab visitors continue to form the largest segment of tourists coming to Jordan, but foreign (non-Arab) visitors are growing both in absolute and relative values.

Gulf tourism, which has increased in recent years tends to be family-oriented, long-term, and seasonal. Families tend to rent apartments or apartment hotels in Amman, near recreation centers, entertainment, and shopping venues. A growing number of them also seek medical treatment in Amman.

Their visiting patterns indicate that they are less likely to rent apartments or villas in more remote locations, away from population centers. Even longer-stay tourists from the Gulf are still expected to prefer apartment rentals in city centers in the near and medium terms.³

Foreign tourists on the other hand arrive to Jordan mainly on package tours. In 2009, the average length of stay was 4.8 nights, a duration that has increased from 3.9 days in 2006.⁴ Foreigners arriving on package tours tend to stay at hotels in Amman, and do one or a number of overnight stops at Petra, Aqaba or the Dead Sea. The Ajloun Castle is a short stopover for foreign tourists, on route from Amman to Jerash where foreign tourists spend more time in Jerash and normally have lunch at one of the local restaurants there.

A number of private operators do cater for the foreign adventure/eco traveler in Ajloun, but such 'independent foreign travelers' form a very small percentage of the foreign tourist arrival segment, which as indicated above arrives mostly on package tours. Foreign tourists visit most archeological sites in Jordan, including the Ajloun Castle, and seek authentic experiences, unlike the Arab tourist. Ajloun, as such will be more alluring to this segment if the visit to the Castle is supported by a number of products that enrich their stay.

2.1.1 Tourism Growth in Jordan: 2010 Onwards

Overall tourist arrivals to Jordan are forecasted to rise at a steady rate. This will give a confidence boost to investors, as the number of visitors who will consider Ajloun as part of their Jordan trip increases.

According to the World Travel and Tourism Council (WTTC), the contribution of Travel and Tourism (both direct and indirect) to GDP is anticipated to rise from around 20.5% (JD3.5 billion) in 2010 to around 23.7% (JD8.8 billion) by 2020. Real GDP growth for the Travel and Tourism economy is estimated at 2.6% in 2010 and is expected to average around 6.6% per year over the next 10 years.

As for employment, the industry currently employs (directly and indirectly) close to 300,000 persons, or 18.9% of total employment. This is equivalent to 1 in every 5.3 jobs in 2010. Employment is anticipated to rise to 21.9% of total employment, translating into 435,000 jobs, or 1 in every 4.6 jobs by 2020.

³ Market Assessment and Demand Forecast for the Jordan Dead Sea Development Zone, interview with Mr. Peter Hoesli, Manager of the Movenpick Hotel in Aqaba. Verified through industry expert interviews.

⁴ MOTA online statistics

Export earnings from international visitors are estimated to comprise around one-third of total exports (32.8% or JD2.8 billion) in 2010, and are anticipated to grow to around JD7 billion by 2020. Likewise, investments in Travel and Tourism will increase from JD570 million in 2010 to JD1.4 billion by 2020.

In terms of global and regional rankings, Jordan still lags behind on both fronts given its vast untapped potential in this industry. Its regulatory framework and human, cultural and natural resources are cited as competitive advantages. However, its business environment and infrastructure present opportunities for improvement and growth. At the world level, Jordan ranks 72 out of 181 in the absolute size of the industry and ranks 28th relative to the industry's contribution to the national economy. Regionally, the industry ranks 9th out of 12 in absolute size and 2nd relative to its contribution to the national economy, outperformed only by Lebanon in the region.

The medium-term outlook for the Travel and Tourism industry in Jordan is positive and favorable, growing by an average of 6.6% per annum over the next ten years. It will play a greater role in overall economic growth and development, and will continue to be a main employer and generator of export earnings.

Jordan: Key Facts at a Glance

2010

10-Year
Trend

	Gross Domestic Product (GDP)	
20.5%	The contribution of Travel and Tourism to GDP is expected to rise from 20.5% (JD3,483.8mn or US\$4,906.7mn) in 2010 to 23.7% (JD8,782.2mn or US\$12,369.3mn) by 2020.	▲
2.6%	Growth Real GDP growth for the Travel and Tourism economy is expected to be 2.6% in 2010 and to average 6.6% per annum over the coming 10 years.	▲
18.9%	Employment The contribution of Travel and Tourism to employment is expected to rise from 18.9% of total employment , 293,000 jobs or 1 in every 5.3 jobs in 2010,to 21.9% of total employment, 435,000 jobs, or 1 in every 4.6 jobs by 2020.	▲
32.8%	Visitor Exports Export earnings from international visitors are expected to generate 32.8% of total exports (JD2,780mn or US\$3,915.5mn) in 2010, growing (nominal terms) to JD6,989.9mn or US\$9,844.9mn (30.9% of total) by 2020.	▼
12.9%	Investment Travel and Tourism investment is estimated at JD570mn, US\$802.8mn or 12.9% of total investment in 2010. By 2020, this should reach JD1,397.9mn, US\$1,968.9mn or 15.4% of total investment.	▲

World Ranking (out of 181 countries)

72
ABSOLUTE
size

28
RELATIVE
contribution to national economy

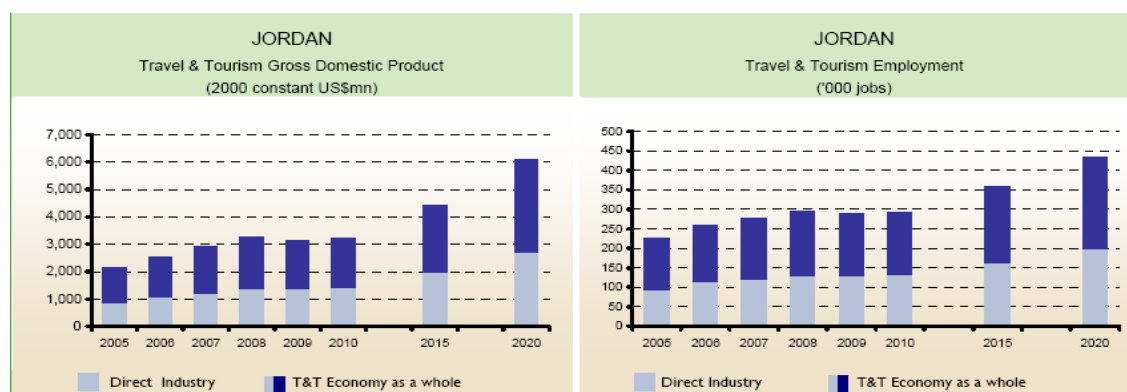
17
GROWTH
Forecast

Middle East Ranking (out of 12 countries)

9
ABSOLUTE
Size

2
RELATIVE
contribution to national economy

3
GROWTH
Forecast



Source: World Travel and Tourism Council

2.2 LOCAL TOURISM DEMAND

In order to gauge the attractiveness of Ajloun as a tourist destination amongst lower income Jordanians, a 248-responder survey was conducted in the six governorates surrounding the Ajloun Development Zone.⁵ Focus was made on the middle-lower to lower-income segment of society in those areas. The other main purpose of the survey was to identify the main products that such a segment might seek that would make the development on the zone more attractive to this specific market segment.

The survey was conducted between the 9th and the 15th of February in the Amman, Irbid, Zarqa, Ajloun, Balqa and Jerash Governorates. The sample population surveyed was a mixture of male and female Jordanian household decision makers, between the ages of 29 to 40 years, that normally take more than one day/overnight trip in Jordan with their families. The targeted average monthly income of families for the purpose of this study was between JD400 and JD1,000; however, the survey also accommodated Jordanian families earning higher or lower than the targeted range.

The survey results captured insights into the current domestic travel behavior of Jordanian families and the attractiveness of the Ajloun Development Zone as a potential area they might add on their list of domestic tourism spots when embarking on family trips.

In order to achieve a fair representation of Jordanian families, the number of respondents surveyed in each governorate corresponded to the population figure in each governorate. Table 5 illustrates the number of respondents surveyed in each governorate. The number of respondents in Ajloun, Balqa and Jerash was higher than the number required since the surveyors spent a full day in the field and were able to capture more responses.

Table 1: Distribution of Respondents by Location

Governorate	No. of Respondents	%
Amman	101	40.7%
Irbid	47	19.0%
Zarqa	38	15.3%
Ajloun	22	8.9%
Al Balqa	20	8.1%
Jerash	20	8.1%
TOTAL Respondents	248	100.0%

A 248-repondent survey was conducted in Amman, Irbid, Ajloun, Jerash, Zarqa and Balqa in order to identify the main components of the project that would make the Ajloun Development Zone attractive to the middle-lower to lower-income segment of society.

⁵ This market segment was selected by the Board of Directors of JADA in order to gauge the attractiveness of the zone amongst the limited income segment of society. It was suggested that middle and upper income would always be willing to pay for quality service.

2.2.1 Socio- Economic Profile of Respondents

Almost an equal ratio of men to women were surveyed as shown in figure 4. Similarly, across all governorates, most respondents were within the 29- 50 age group range.

Figure 4: Gender Distribution of Respondents

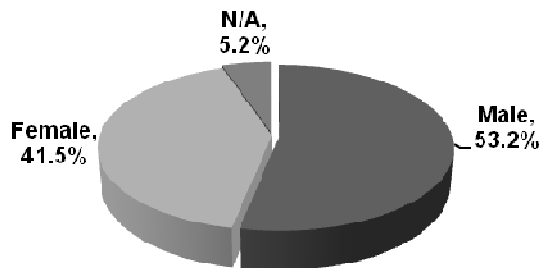


Figure 5: Age Group

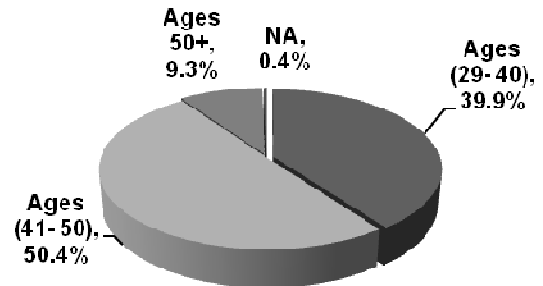
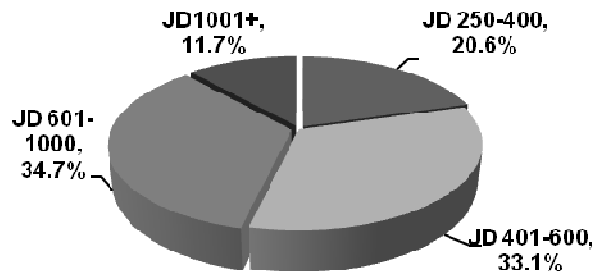


Figure 6 shows the monthly household income ranges of all respondents. A majority of the respondents surveyed in Ajloun indicated that their monthly income ranged between JD250-600 while most respondents interviewed in Amman, Irbid, Jerash and Zarqa, indicated that their monthly income range was between JD401 - 1,000. In Balqa, the highest number of respondents were in the JD601 - 1,000 range.

Figure 6: Monthly Income Distribution of Respondents

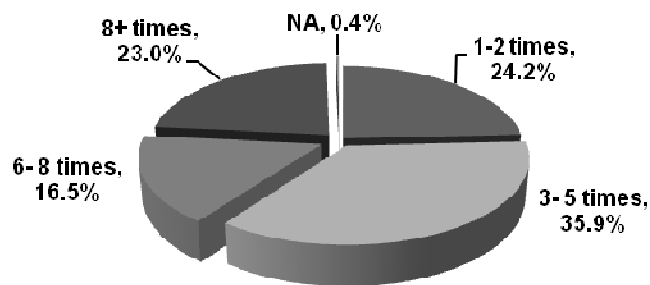


The majority of respondents were family decision-makers, with an average family income between JD400 and JD1,000 per month.

2.2.2 Frequency and Location of Day/Overnight Trips

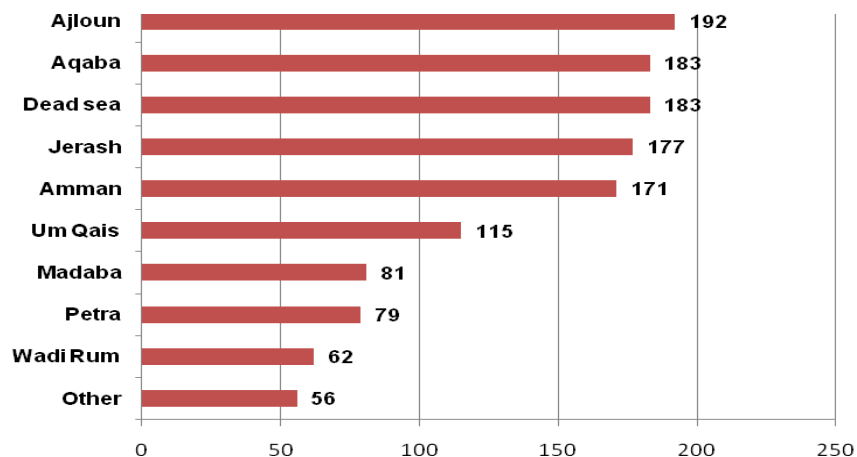
In general, respondents tend to take domestic day/overnight trips three to five times a year; this result was consistent across all governorates. Figure 7 shows the frequencies cited by the respondents. The results showed that most families in Ajloun and Balqa earning a monthly income of JD401 and over indicated going on day/overnight trips three to five times a year. Furthermore, most respondents at various income levels, residing in Amman also indicated going on trips three to five times a year; and some earning between JD400 and JD1,000 indicated going on trips at least six times a year. Residents of Irbid earning between JD400 and JD1,000 said they took day/ overnight trips at least up to five times a year, while Zarqa residents earning between JD400 and JD1,000 indicated they went on trips at least 6 times a year.

Figure 7: Frequency of Family Trips per Year



According to the survey results, the top destinations visited for by Jordanian families included: Ajloun, Aqaba, Dead Sea, Jerash and Amman as shown in Figure 8. Ajloun was **the most** visited destination for families in spite of the current lack of infrastructure, services, and accommodation that cater to visitors, especially when compared to other touristic hot spots in the country. The Dead Sea and Aqaba were also amongst of the most popular destinations visited by families across all governorates.

Figure 8: Locations of Visited by Respondents



The duration spent in each location varied. Most families that travelled to the Dead Sea spent no more than a full day there, while families that visited Aqaba spent more than one night there. The majority, if not all families that visited Madaba, Um Qais and Petra spent a full day there.

There is almost an even split between the respondents that indicated spending half a day in Amman and the respondents that spent a full day in Amman. Wadi Rum visitors spent either a full day, one night or more than one night. The most commonly mentioned locations cited under “other” among respondents included the Jordan Valley (both northern and southern) with 34 respondents mentioning “Aghwar”, “Aghwar Shamaleh”, and the Jordan Valley (including Wadi Shu’eib). Irbid follows the Jordan Valley as another location cited under “other”.

Table 2: Location and Duration of the Respondents’ Trip

	Half day	Full day	One night	More than one night	No. of respondents that selected each location
Ajloun	51 (26.6%)	128 (66.7%)	4 (2.1%)	9 (4.7%)	192
Aqaba	0 (0.0%)	10 (5.5%)	14 (7.7%)	159 (86.9%)	183
Dead Sea	27 (14.8%)	123 (67.2%)	17 (9.3%)	16 (8.7%)	183
Jerash	55 (31.1%)	118 (66.7%)	2 (1.1%)	2 (1.1%)	177
Amman	89 (52.0%)	76 (44.4%)	2 (1.2%)	4 (2.3%)	171
Um Qais	24 (20.9%)	88 (76.5%)	0 (0.0%)	3 (2.6%)	115
Madaba	17 (21.0%)	62 (76.5%)	0 (0.0%)	2 (2.5%)	81
Petra	7 (8.9%)	47 (59.5%)	10 (12.7%)	15 (19.0%)	79
Wadi Rum	4 (6.5%)	21 (33.9%)	21 (33.9%)	16 (25.8%)	62

Middle-lower and lower income families in the six governorates take between 3-5 domestic day trips per year mostly to Ajloun, Dead Sea, Jerash, Amman and Um Qais. Overnight trips are taken to Aqaba.

2.2.3 Current Visitors of Ajloun

The results found that 77% of total respondents surveyed visited Ajloun with a little over half indicating doing so to visit historical and archeological sites in the governorate and 19% visiting friends. The 56 respondents that indicated going to Ajloun for reasons *other* than the selections provided to them mentioned that they went to Ajloun with the family, to buy olive oil, or to merely enjoy the nature there.

Figure 9: Respondents Purpose of Visit to Ajloun

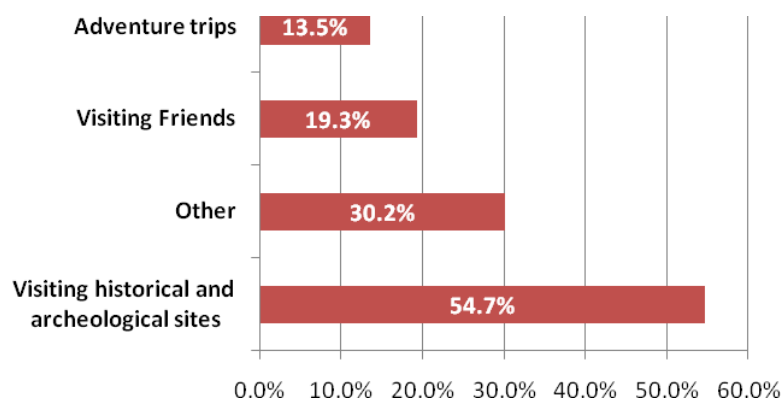


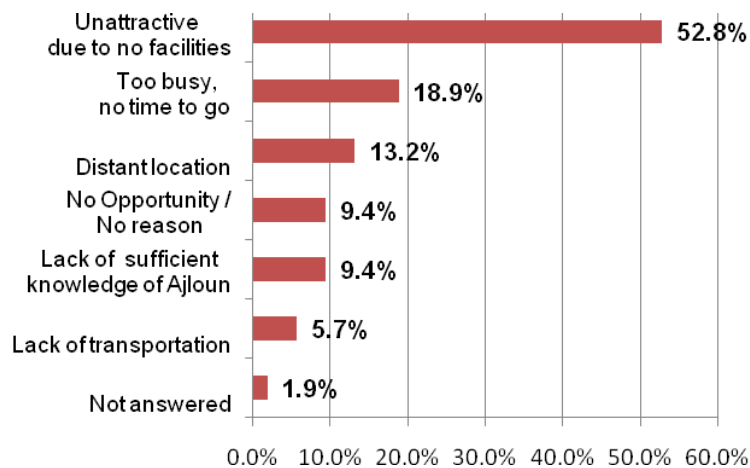
Table 3 shows the respondents' general spending patterns when visiting Ajloun. As shown below, the general majority of Jordanians surveyed across all governorates spent their money on purchasing local food products. That being said, many residents of Amman indicated other spending on lunch at restaurants, or general spending on the family throughout the trip (JD5-10 per member of the family) on miscellaneous items such as food, drinks ...etc. Many residents of Amman also indicated spending on fuel and transportation and food preparations from home as well.

Table 3: Current Spending Patterns in Ajloun

	JD 10 and less	JD 11- 49	JD 50-100	Over JD 100	Total who answered this question
Accommodation	0 (0.0%)	1 (50%)	1 (50%)	0 (0.0%)	2
Purchasing local food products	19 (17.4%)	60 (55.0%)	20 (18.3%)	10 (9.2%)	109
Activities	17 (71.8%)	7 (29.2%)	0 (0.0%)	0 (0.0%)	24
Purchasing local handicrafts	6 (50%)	5 (41.7%)	1 (8.3%)	0 (0.0%)	12
Other	12 (21.8%)	34 (61.8%)	8 (14.5%)	1 (1.8%)	55

Respondents who never visit Ajloun were asked to state the reasons why. The majority of responses indicated that the lack of services and facilities was the main reason for not visiting. People with this point of view were mostly residents of Amman that stated that: “there are no entertaining facilities”, “It is unattractive and does not have anything to attract tourists” and “there are nicer places in Jordan”. Residents of other areas compared Ajloun to their place of residence. For example, a resident of Jerash indicated that everything in Ajloun is also available in Jerash and a resident of Balqa indicated that “not only is it far , but Ajloun looks a lot like Salt. We also have trees” thus rendering a family trip to Ajloun as unnecessary. The “lack of sufficient knowledge” on where to go in Ajloun and “it’s far” were additional reasons attributing to the respondents not going (mostly from Zarqa and Amman residents).

Figure 10: Reasons for Not Visiting Ajloun



Ajloun is a favored family outing for most respondents. They visit the castle and spend some money on buying local food products such as olive oil. Lack of services and facilities was the main reason why the smaller segment of respondents cited why they never visit Ajloun.

2.2.4 Project Components and Spending Patterns

2.2.4.1 Components

In order to assess the components of project that would make the zone more attractive, respondents were asked to rank a list of components from least important to very important. The majority of respondents, and across all governorates emphasized the critical need for hotels and other accommodation facilities; cultural facilities such as historical and heritage museums; restaurants and cafes; spa and treatment facilities; areas specifically designated for picnics, hiking and camping, local foods and handicrafts market, and shopping centers. Respondents also highlighted the need for pedestrian areas, and children facilities.

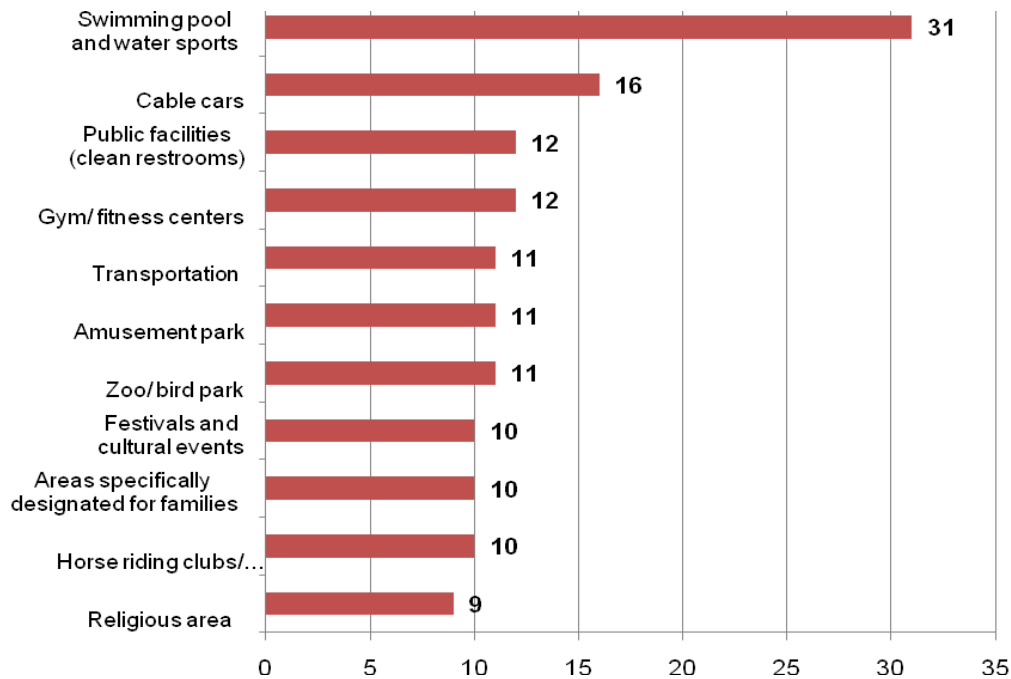
The only facility that rated “least important” by the vast majority of respondents across all governorates was the availability of cinemas and theatres as it was viewed to have negative influence on youth.

Table 4: Respondents’ Ratings of Project Components

	5 (Very Important)	4	3	2	1 (Least Important)	Total with an opinion
Hotels and other accommodation facilities	106 (43.8)	24 (9.9%)	27 (11.2%)	18 (7.4%)	67 (27.7%)	242
Cultural facilities (historical and heritage museums)	128 (52.5%)	57 (23.4%)	42 (17.2%)	7 (2.9%)	10 (4.1%)	244
Restaurants and cafes	194 (79.5%)	33 (13.5%)	13 (5.3%)	1 (0.4%)	3 (1.2%)	244
Spa Facilities	143 (58.6%)	37 (15.2%)	23 (9.1%)	15 (6.1%)	26 (10.7%)	244
Treatment facilities	110 (45.6%)	46 (19.1%)	27 (11.2%)	21 (8.7%)	37 (15.4%)	241
Areas specifically designated for picnics, hikes and camping	177 (72.8)	51 (21.0%)	10 (4.1%)	2 (0.8%)	3 (1.2%)	243
local foods and handicrafts markets	114 (46.9%)	53 (21.8%)	46 (18.9%)	14 (5.8%)	16 (6.6%)	243
Shopping Centers	105 (43.4%)	35 (14.5%)	22 (9.1%)	23 (9.5%)	57 (23.6%)	242
Children's Facilities	193 (79.4%)	21 (8.6%)	17 (7.0%)	9 (3.7%)	3 (1.2%)	243
Cinemas and Theatres	14 (5.8%)	7 (2.9%)	14 (5.8%)	28 (11.5%)	180 (74.1%)	243
Pedestrian Areas	171 (70.1%)	42 (17.2%)	22 (9.0%)	2 (0.8%)	7 (2.9%)	244

Figure 11 shows the facilities and activities that the respondents suggested should be available (besides the list mentioned to them), many of which were consistent with other respondents. Similar responses and suggestions were grouped together. As shown below, 31 respondents who volunteered their opinion on additional facilities and services suggested the availability of swimming pools and water sports. Furthermore, 16 respondents suggested the availability of cable cars as one of the means of transportation from one point to another. 12 respondents mentioned public restrooms in Ajloun and gyms/ fitness facilities while 11 mentioned transportation (internal and external), amusement parks, bird park and zoos. 10 respondents mentioned annual awareness festivals, areas specifically designated for families and horseback riding/horseback riding clubs. Finally, nine respondents suggested the availability of a religious area where people could practice their faith and meditate.

Figure 11: Activities and Facilities Suggested by Respondents



2.2.4.2 Spending Patterns

Respondents were further requested to estimate their spending patterns if such facilities were made available in Ajloun (*refer to tables 5 through 8*).

The vast majority of respondents indicated they would spend up to one day in Ajloun with the family and estimated their spending to fall between JD50 and JD100 on lunch, general pocket money for the family, access to facilities (i.e. cafés ,restaurants picnics...etc), entertainment and the enjoyment of nature. Most of those respondents fell between the JD401- 600 and the JD601-JD1,000 monthly income ranges.

Respondents that said they would go on a one night to 2-day trips to Ajloun, estimated their spending to be over JD100 mainly on accommodation, health facilities, touristic excursions, lunch and relaxation. Most respondents that selected this spending pattern were in the JD600- JD 1000 monthly income range.

Table 5: Spending of Respondents for a 1 day trip

JDs	No of Respondents	%
10- 49	44	31.0%
50- 100	83	58.5%
101 +	15	10.6%
Total	142	100.0%

Table 6: Spending of Respondents for 1 night- 2 day trip

JDs	No of Respondents	%
10- 49	4	2.8%
50- 100	16	11.3%
101 +	24	16.9%
Total	44	31.0%

Table 7 shows that only a few respondents indicated they would spend 3 days or more in Ajloun if the components they considered important were available. Similar to those that indicated they would spend one night, respondents that would spend three nights at minimum would do so on accommodation, entertainment, meals, pocket money for the family and relaxation on trip. Most of the respondents that mentioned this pattern of spending earned at least JD 600 per month.

Table 8 shows the spending patterns of respondents that did not specify the duration of the trip they would take to Ajloun (mostly falling in the JD 250- 400 and JD 401- 600 monthly income ranges). These respondents indicated their expenditure on the following: entertainment, spending on family, lunch and access to facilities which is very similar.

Table 7: Spending of Respondents for 3 day trip

JDs	No of Respondents	%
50- 150	2	18.2%
151- 300	3	27.3%
300 +	6	54.5%
Total	11	100.0%

Table 8: Spending of Respondents that did not specify duration of trip

JDs	No of Respondents	%
10- 49	23	46.0%
50- 100	19	38.0%
101 +	8	16.0%
Total	50	100.0%

Hotels, restaurants, spa and treatment facilities, outdoor activities, children facilities, local foods and handicrafts market, walkways and shopping centers are critical components of the project for this segment of society. This segment will most likely frequent this place for one-day trips and would spend between JD50 to JD100 for the entire day.

2.3 AJLOUN TOURISM DEMAND FORECASTING

Tourist trend forecasting conducted as part of the Master Plan Study for the Jabal Ajloun Area focuses on the period of 2004-2008 for trend analysis and long-term forecasting. The study indicates that data from the Ministry of Tourism and Antiquities, the World Travel and Tourism Council, and the World Travel Organization indicate that this period is the most suitable indicator of world tourism growth and represents average trend prior to the economic downturn in 2008. This in turn makes the period of 2004-2008 the most suitable to use for long-term growth forecasting of **Jordanian tourism**.⁶

Arguments put forth by the model state that tourism growth in Jordan will depend primarily on two factors: how the economy develops, and how consumers will react. These factors are directly linked and shaped by regional and international events. As such, the slowdown in the economy, combined with uncertainties, market fluctuations, decline in business and consumer confidence, in addition to the political volatility in the region are anticipated to continue taking their toll on demand for tourism to Jordan in the short to medium terms. Moreover, assumptions upon which the forecast model was built stated the following:

- “Globally, leisure and business travel has been adversely impacted. In Jordan, leisure travel will be more adversely impacted than the other segment.
- Forecasts assume that the downturn will last up to 2 years in the tourism industry, during which decline is imminent.
- Travel to Jordan from destinations closer to home, including domestic travel, is expected to be affected less than travel from Europe or long-haul travel.
- Segments such as visiting friends and relatives (VFR), repeat visitors, as well as special interest and independent travellers are expected to be more resilient. This is particularly true for travel by Jordanians living and working in the GCC for holidays in Jordan. The number will not increase because new migrants to the GCC will decrease and workers’ remittances will likely stabilize or decline to regular levels after oil prices spike. These outcomes all suggest mixed but positive prospects for Jordan compared to other regions.
- The decline in average length of stay, as well as in expenditure, is projected to be more pronounced than the fall in arrivals.
- Destinations within Jordan offering value for money will have an advantage as price becomes a key issue.
- The continued strengthening of the JD exchange rate will further impact the attractiveness in Jordan, especially in light of weakening currencies like the Dollar and Euro.
- Effects by the government to keep Jordan affordable as a destination will have key impact on demand. Concentration upon containing price and cost in order to keep the competitive edge will help mitigate the expected demand drop.

⁶ Master Plan, Environmental and Economic Study, and Institutional Setup for Jabal Ajloun Area, pp 286-287.

- Given that a variety of destinations in the MENA reported double-digit growth rates in the first three to five months of 2008, like Bahrain, Egypt, and Morocco, these destination will be hard pushed to be competitive enough to maintain such growth rates, especially since their new hotel room supply is significant. This will pose further pressure on Jordan to compete since it shares with them major source markets like Russia and Europe.
- While prices of imports – particularly food and energy – have been high in 2008, prices are coming down. This will have a positive impact on tourism and Jordan's economy at large. Jordan's tourism sector may be able to write off some of the increases in prices of 2008.⁷

The period between 2004-2008 represents the average trend prior to the 2008 downturn, and will therefore form the basis of medium- and long-term growth forecasting. The local and regional visitors segment are more resilient to economic downturns; impact will be felt more on duration of stay and expenditure, more so than on the number of arrivals. Effort must be made to contain price and costs in order to sustain Jordan's competitiveness in this domain.

In order to estimate the growth in the number of visitors into Jordan, and subsequently estimate the demand for hotel rooms, three growth scenarios are considered. The first is an optimistic/ambitious scenario, and assumes that the economy will witness a mild recession, and the government will adopt an aggressive marketing campaign for the Jabal Ajloun area. As such, this scenario generates the most favorable annual medium- (10.7%) and long-term (8.7%) growth results. The second scenario is the base case, or average scenario, and assumes that economic recession will be average, and the government will carry out a moderate program to promote Ajloun. Medium- to long-term annual growth rates are lower in this scenario, and are estimated at 8.2% per year for the period 2009-2020, and 6.7% per year for the period 2009-2036. The third scenario is the pessimistic or unmotivated scenario. It assumes a deeper economic depression and weak marketing efforts by the government. Naturally, results in this scenario are the least favorable, estimated at 4.1% per year for the period 2009-2020, and 3.4% per year for the period 2009-2036. The three scenarios and annual growth estimates are summed in the table below:

⁷ Master Plan, Environmental and Economic Study, and Institutional Setup for Jabal Ajloun Area, pp 286-287.

Table 9: Scenarios of Growth for Jordan Tourist Visitors

International Visitor Growth Scenario		Scenario Compound Annual Growth (SCAG) (%)		
		2009-2036	2009-2010	2009-2020
Scenario #1: Optimistic/Ambitious	Mild recession, strong world recovery and growth, and an aggressive program by the government to promote investment and tourism in Jabal Ajloun	8.7%	5.0%	10.7% ⁱ
Scenario #2: Base Case/Average	Average recession, levels of growth are closer to the WTO conservative global levels in the near terms and somehow higher on the long term, and a moderate program by the government to promote and invest in Jabal Ajloun	6.7%	4.0%	8.2%
Scenario #3: Pessimistic/Unmotivated	Deeper recession, weak world growth compared to previous levels but maintaining the WTO long term average (4%), and a weak program by the government to promote or invest in Jabal Ajloun.	3.4%	2.0%	4.1%

Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 293.

Notes:

ⁱ This figure is in line with the National Tourism Strategy and 50% of Jordan's record years (2004-2006)

The outcome of the demand model shows that:

2.3.1 Number of Visitors

In order to estimate the number of visitors to Ajloun, the following were the main visiting trends that were deduced from the Tourist Spatial and Distribution Balance Model:

- "Visitors to Jerash, Ajloun, Pella, and Um Qais are a percentage of the visitors to Amman since most visits are day visits by those who stay in Amman, with some coming from extension tours from Syria or Israel who will accordingly go to Amman.
- Almost all visitors to Jabal Ajloun visit the Jerash site, except some small percentage of Arab visitors that visit the Ajloun Castle and not Jerash.
- Most visitors to Pella and Um Qais have visited or will visit Jerash.
- Most visitation to Jabal Ajloun originates from overnight stays in Amman, and some are from extension tours from Syria or Israel who will accordingly go to Amman.
- Most travelers to Aqaba visit Petra.
- Inbound Jerash visitors are 87% from Amman, 10% directly from Syria via Ramtha border gate (border center), and 3% from Ajloun Town. The 3% represents 8% of Ajloun visitors outbound, with the remaining 92% of Ajloun's visitors outbound going directly to Amman.

- Outbound Jerash visitors are distributed by 20% going directly to Ajloun, representing 61% of Ajloun visitors inbound, and 23% going to Um Qais, with the remaining 57% going to Amman.
- Um Qais visitors inbound are distributed as follows: 10% come from Israel via Al Sheikh Hussein border gate (border center), and 90% come from Jerash.
- Um Qais visitors outbound are distributed as follows: 31% go to Pella, representing all Pella inbound (noting that Pella visitors outbound goes directly to places outside the Jabal Ajloun Study Area), 50% go to the city of Ajloun (representing 39% of Ajloun visitors inbound), and 19% go to Amman.⁸

Accordingly, the number of visitors to the Study Area was estimated at 327,430, as shown in the table below.

Table 10: Number of Unique Visitors who visit Jabal Ajloun, 2008

Results of the Jabal Ajloun TSDBM Model	Unique Visitors to Jabal Ajloun
Package Tours incoming from Amman to Jabal Ajloun	242,897
Package Tours incoming from Syria to Jabal Ajloun	27,768
Package Tours incoming from Israel to Jabal Ajloun	7,013
Total Foreign Tourists in Package Tours to Jabal Ajloun	277,678
Jordanian Visitors to Jerash Tourist Site	45,733
Jordanian Visitors to Pella Tourist Site	10,437
Jordanian Visitors to Ajloun Castle Tourist Site	49,380
Total Jordanian Visitors to Jabal Ajloun	105,550
Total Visitors to Jabal Ajloun	383,228
% Jordanians	28%
% of Non-Jordanians /Foreigners	72%
Growth rate of number of visitors (2009-2036)	Assumed to mirror growth rate of Jordan according to scenario

Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 317.

Most visitors to the Jabal Ajloun Area are non-Jordanians/foreigners on package tours incoming from Amman. These include day visits to the Jerash tourist site, Pella and the Ajloun Castle.

⁸ Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 317.

2.3.2 Visitor Spending

Visitor spending per scenario is illustrated in the table below:

Table 11: Visitor Spending in JD Million

Visitor Spending Segment	Year						
	2013	2014	2015	2020	2025	2030	2035
<i>Scenario #1</i>							
Overnight Stays in Hotel	38	45	55	167	408	822	1,459
Same day visitors (non Jordanian)	34	27	30	78	168	279	368
Same day visitors (Jordanians)	7	8	8	10	12	15	19
TOTAL 1	79	80	93	255	588	1116	1,846
<i>Scenario #2</i>							
Overnight Stays in Hotel	23	28	35	109	274	569	1,046
Same day visitors (non Jordanian)	29	23	23	53	101	153	189
Same day visitors (Jordanians)	7	8	8	10	12	15	19
TOTAL 2	60	58	66	173	388	738	1,254
<i>Scenario #3</i>							
Overnight Stays in Hotel	13	17	22	76	189	379	656
Same day visitors (non Jordanian)	23	17	17	29	47	64	75
Same visitors (Jordanians)	7	8	8	10	12	15	19
TOTAL 3	44	41	47	115	249	458	751

Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 328

The model is forecasting spending by Jordanian same day visitors to be around JD7 million in 2013 as indicated in the table above. The current number of Jordanian visitors to the Jabal Ajloun Area was estimated at 105,550 as indicated in the previous section. It is also safe to assume that those Jordanian visitors do not spend the night in the Jabal Ajloun Area due to the lack of accommodation, with the exception of those camping at RSCN Lodge at the Ajloun Forest Reserve site. Spending per person is estimated at JD70 in 2013, which is higher than the family average spending of the lower income segment of society that was estimated to range between JD50-100 per trip as per the local demand assessment survey.

Spending estimates are therefore assumed to be built on the spending patterns of middle to upper income Jordanians.

2.3.3 Hotel Room Demand

Hotel room demand in Jabal Ajloun is estimated to range between 7,500, 5,300, 3,300, and rooms for scenarios 1, 2 and 3, respectively.⁹

⁹ Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 322. In the model, it was presented that average hotel room demand for scenario 1 was 3,300 rooms and for scenario 3 to be 7,500. The author of this report believes that there has been an error since the optimistic scenario should generate a higher room demand figure.

2.3.4 Occupancy, Average Daily Rate, and Revenue Per Available Room

The Average Daily Rate (ADR) value, averaged from 3-, 4-, and 5-star hotels, was estimated to range between (JD95-370)¹⁰ in the period 2009-2036. ADR growth was estimated at 5% per annum over the same aforementioned period.

The occupancy rate was estimated to grow from 40% to 60% by 2036 at a growth rate of around 1.5% annually. This corresponds to a Revenue Per Available Room (revPAR) of around JD38 and up to JD220 by 2036.

2.3.5 Investment from Hotel Development

The cost per square meter of hotel development is estimated by the model to range between JD1,700 and JD190,000 per room. This translates into a total investment ranging between JD650 million and JD1,500 million taking the three scenarios into account as shown in the table below.

Table 12: Investment Costs by Hotel Size and Scenario

Scenario	Number of hotel rooms	Investment (JD) million
1	3,300	650
2	5,300	1,000
3	7,500	1,500

Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 330.

2.3.6 Employment Generation

Based on the results generated above, it is estimated that at least 20,000 jobs will be created in operational staff hotels, and possibly another 30,000 in supporting industries.¹¹

Hotel room demand in the Jabal Ajloun Area is estimated to range between 3,300-7,500 rooms, with an ADR reaching up to JD370 by 2036. Occupancy rates and revPAR will reach a high of 60% and JD220 by 2036 respectively. Visitor spending will range between JD751-1,846 million by 2035, and investments from hotel development will range between JD650-1,500 million. It is estimated that a total of 50,000 direct and indirect jobs will be created as a result of this development.

¹⁰ "Based on surveys conducted to measure the willingness of tour operators to sell rooms in 5, 4, and 3 star hotels in Jabal Ajloun it was concluded that the ADR of Jabal Ajloun hotels would be similar to the ADR in Amman hotels. It is expected that Amman hotel rates can be reached in Jabal Ajloun within 3 years of a hotel opening. These figures were confirmed through interviews with hotel chain operators active in the Jordan market. " Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area. Footnote 239, p 326.

¹¹ Source: Master Plan, Environmental & Economic Study, and Institutional Setup for Jabal Ajloun Area, p 330.

2.4 REGIONAL COMPETATIVE ANALYSIS

Three regional countries are believed to be Ajloun's main competitors since these countries have touristic locations that are similar in nature to that of Ajloun's. These include Lebanon (Mount Lebanon), Turkey and Syria. *(Annex 6.3 sheds light on the tourism sector performance and its potential in those countries, particularly performance that is pertaining to mountain tourism.)*¹²

The tourism sector will continue to play an integral role in the growth and development of the four economies, including Jordan's. This role however is far more pronounced in Lebanon, followed by Jordan at a more distant level, as the Travel and Tourism industry is estimated to account for around 44% and 24% of their economies in ten years respectively. In absolute terms, Turkey is the region's largest heavy weight, and is slated to capture a larger share of regional travelers in the medium term.

Table 13: Contribution of the Travel and Tourism Industry to the Economy

	Contribution to GDP		Growth	Employment		Exports		Investment	
	% of GDP	US\$bn	%	% of total	Jobs ('000)	% of total	US\$bn	% of total	US\$bn
Jordan									
2010	20.5	4.9	2.6	18.9	293	32.8	3.9	12.9	0.80
2020	23.7	12.4	6.6	21.9	435	30.9	9.8	15.4	1.40
Lebanon									
2010	37.6	12.4	10.2	38.0	553	43.4	13.2	10.6	0.67
2020	43.7	28	5.7	44.2	749	51.0	28.6	11.2	1.30
Turkey									
2010	9.7	69.5	-2.1	6.4	1,389	15.4	25.2	11.6	14.2
2020	8.2	129.3	4.5	7.2	1,847	8.8	43.6	8.1	27.1
Syria									
2010	12.1	5.5	4.1	12.5	792	18.5	3.4	6.1	0.608
2020	11.9	7.9	3.3	11.9	1,094	15.9	4.7	6.4	0.922

Source: World Travel and Tourism Council, 2010 independent country reports

2.4.1 Lebanon

The travel and tourism sector in Lebanon is set to grow substantively over the next ten years. Direct and indirect impact of this industry is estimated to contribute over 43% to the country's economy. The sector will continue to lead in foreign currency generation, and will be the largest employer of the country's workforce. Lebanon is also the most liberal country in the region, which is one of the main attracting factors for Arabs. With this stated, Lebanon will stand to strongly compete with the Ajloun Development Zone for Jordanian and regional visitors.

The largest segment of visitors to Lebanon is from Jordan, followed by Saudi Arabia. This indicates that touristic locations in Jordan have to compete with Lebanon to retain a segment of Jordanian outbound travelers and to also attract a larger segment of Saudi Arabians.

¹² This information was based on desktop research, which was limited, but mostly in the case of Syria.

Mount Lebanon has a wide variety of products to offer visitors all year round. It is also the only area in the Arab world that offers skiing and winter-related sports activities. Products range from religious and archeological tourism to adventure and outdoor activities. The infrastructure and services needed to support these products is also high by regional standards. The six most important touristic areas in Mount Lebanon include: Aley, Baabda, Chouf, El Meten, Jbeil, and Kesrwan.

Mount Lebanon is also a refuge for Beirut residents during the hot and humid summers, which further invigorates the area.

2.4.2 Turkey

Although the tourism sector in Turkey contributes only 3% to the country's economy, the absolute size of the sector is large at the international level, and massive at the regional level. Turkey is set to grow this sector and to more than double its contribution to the economy from a current level of US\$20 billion to US\$50 billion in three years.

Arabs are flocking into Turkey, and the country is setting to tap into the region's vast spending potential. Arab tourists find a wide variety of products in Turkey, ranging from archeological tourism to shopping and seaside holidays.

Turkey's tourism sector contribution to the national economy is anticipated to drop over the medium term. In absolute terms however, Turkey remains to be the heaviest weight contender in the region. Mountain tourism in Turkey is emerging. The fastest growing segment of it however is winter tourism. As such, Turkey is not seen as a main competitor to the Jabal Ajloun Area.

2.4.3 Syria

Syria has a vast untapped potential in the tourism sector, but the infrastructure to support it is less developed than those in Lebanon and Jordan. Syria will continue to be a favorite destination for budget travelers. Outlook for Syria's tourism sector in the medium term is negative, with revenues, growth and employment in relative terms forecasted to drop.

Syria is endowed with the natural beauty to support a thriving mountain tourism sector. Products offered in this domain are mainly targeted at local and Arab low-budget travelers.

2.5 DEMAND ASSESSMENT MAIN FINDINGS AND CONCLUSIONS

The main findings of the demand assessment can be summed as follows:

1. The number of overnight visitors to Jordan has witnessed a steady growth over the past years despite regional setbacks such as the Iraq War and the Lebanon Invasion. The number of overnight visitors increased from 2.4 million in 2002 to around 3.7 million in 2008, representing a 9% annual average growth rate.
2. Moreover, the tourism economy in Jordan is expected to grow by around 6.6% per annum over the next ten years as forecasted by the WTTC. This growth will also be

reflected in the earnings generated from international visitors which are anticipated to grow from JD2.8 billion in 2002 to around JD7 billion by 2020.

3. These favorable trends are encouraging signals for any planned tourism development in Ajloun, as this development would place Ajloun in a stronger position to capture a larger segment of day visitors, and position itself as a new 'hotspot' for overnight visitors.
4. Current visitors to Jabal Ajloun are predominantly foreign tourists, or those arriving to Jordan on package tours (72% of total visitors). They go to Ajloun to briefly visit the Castle and then proceed from there to other tourist destinations due to the lack of any form services in Ajloun.
5. Demand for accommodation/overnight stays in Ajloun will come from foreign overnight visitors to Jordan, and from middle to upper class Jordanians.¹³ Lower income Jordanians will be more inclined to spend the day in Ajloun.
6. The Gulf tourists could be a lucrative market segment if the development on the zone has the products that meet their vacation needs. Spa and wellness could be one attractive feature, in addition to offering a number of entertainment activities and shopping outlets.
7. In order to attract a wider base of visitors, the proposed tourism development project must be a mixed use project, as suggested by both the Master Plan and the local market demand assessment survey. The project must include accommodation, children facilities and a number of food and commercial outlets.
8. Based on the forecasting model, the largest spenders will be overnight visitors, followed at a distant second by non Jordanian day visitors, and followed again by a very distant third by Jordanian day visitors.
9. The Ajloun Development Zone is believed to face competition from Lebanon for the affluent segment of society, and from Syria for budget travelers. Although Turkey is growing as a favored holiday destination, it will continue to capture a larger segment of beachside tourism. Mountain tourism is mainly focused on winter tourism, and this is not a competitive area for the Ajloun Development Zone.
10. Regionally, Lebanon's mountainous areas will continue to be the favored Arab destination because of their developed infrastructure, famed cuisine, festivals and cultural activities, entertainment and nightlife, crafts, archeological and religious sites, summer and winter activities; world heritage sites such as the Cedar Forests, Byblos, and Baalbek; a thriving ecotourism industry; and skilled human workforce in the hospitality industry. In sum, tourism infrastructure in Mount Lebanon is highly developed by regional standards, and offers visitors from the region a number of products that enrich their stay. The only advantage Jordan has over Lebanon is the former's internal political stability.

¹³ Based on current trends in the Dead Sea and Aqaba, and based on findings of the local assessment survey which revealed that families with higher income brackets tended to be more prone to spending the night in Ajloun. This was also suggested by expert interviews.

3 INVESTMENT TRENDS AND PROJECT COMPONENTS

3.1 TRENDS IN MIDDLE EAST TOURISM INVESTMENT

Cycles in hotel investments run on average between seven to ten-year, with four to five years of growth, followed by four to five years of contractions. These contractions are usually driven by supply and demand of tourists and financial liquidity, both of which are affected by the economy as a whole.¹⁴

3.1.1 Financial Liquidity for Tourism Investment

The primary forces behind the growth of the recent boom in tourism investments in the Middle East was the high levels of liquidity within the region. This was fueled by sustained rises in petroleum-related incomes and regional spending of petro-dollars. Trends toward regional government-to government cooperation and facilitation of regional networks has helped facilitate the transfer of capital and investment across borders in the Middle East.

The Middle East, however, has not yet seen significant amounts of *international* capital available for tourism-related investments. International tourism investors tend to favor smaller investments in diversified regional investment funds—where the risk return is built into the portfolio—rather than larger investments in single properties.¹⁵

The recent spur in regional tourism investment was driven by high liquidity caused by the unprecedented hike in oil prices. International capital channeled towards tourism investment though remains to be limited.

3.1.2 Middle East Project Pipeline

The total Middle East pipeline of projects continued to decline through the fourth quarter of 2009 reaching 451 projects and 124,133 rooms. This represented a decline of 19% in the number of projects and 24% in the number of rooms over the Q2/2008 pipeline peak as illustrated in the table below.

Table 14: Construction Pipeline by Project

Region	Q2 2008 Pipeline Peak		Q4 2009		% Change Q2/08 to Q4/09	
	Projs	Rms	Projs	Rms	Projs	Rms
Europe	1,022	172,249	746	129,113	-27%	-26%
Middle East	556	164,259	451	124,133	-19%	-24%
Africa	179	36,588	176	33,524	-2%	-9%
Total Pipeline	1,757	373,363	1,373	285,770	-22%	-23%

Source: Lodging Econometrics, 2010 Outlook Report.

¹⁴ Market Assessment and Demand Forecast for the Jordan Dead Sea Zone.

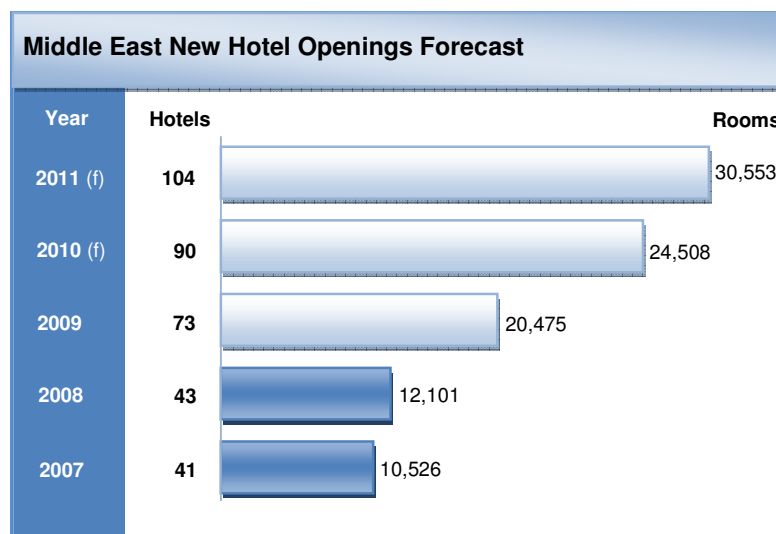
¹⁵ Ibid.

There was a lag in feeling the impact of the global downturn in the Middle East; nonetheless, demand has strongly dampened and room rates have plunged. This, coupled with growing anxiety over slowing economies and financing in the region, has dampened developer sentiment considerably over recent quarters. Further declines in pipeline totals are therefore anticipated.

In addition to the difficulties in sourcing financing, decreases in room demand and even deeper declines in room rates are keeping new project announcements in a low channel, thereby ushering an end to this development cycle. Now approaching the end of the cycle, smaller projects and those associated with a brand are becoming more attractive to developers. An estimated 53% of total new project announcements in the fourth quarter of 2009 are 200 rooms or less, 68% of which have already chosen a brand.

As for cancellation/postponements, they still remain high, especially for large projects and those without a brand. An estimated 54% of projects that were cancelled or postponed during the fourth quarter of 2009 have more than 250 rooms, with 5 cancelled projects having 600 rooms or more. Over half of Q4's cancellations/postponements have no brand affiliation.

In 2009, a total of 73 hotels with a total capacity of 20,475 rooms opened. With 51% of total pipeline projects and 55% of rooms now under construction, new hotel openings are expected to rise through 2011 and further draw down pipeline totals. Lodging Econometrics anticipates that 90 hotels will open in 2010, with a total capacity of 24,475 rooms. This number is further estimated to rise to 104 hotels for the year 2011, with a total room capacity of 30,553 rooms as illustrated below.



Source: Lodging Econometrics

New hotel openings will reach cyclical highs in 2009 and 2010 as projects under construction open. With 51% of the Middle East pipeline projects and 53% of rooms already under construction, new construction starts will trend down through 2010. At the same time, fewer new projects are expected to be added to the pipeline, and the delay rate for projects due in 2015 may be as high as 40%.¹⁶

Migration of tourism projects up the pipeline has slowed due to lack of available financing. This has caused a build-up of projects in the “scheduled starts” category over next 12

¹⁶ Lodging Econometrics

months. Stalled projects will not migrate forward until financial liquidity returns to markets. This trend has been evident in some of the pipeline investments at other tourism destinations in Jordan such as the Dead Sea, with several projects delayed or postponed due to lack of financing. It is anticipated that there will be a series of new hotel openings between 2009 and 2010 for those projects currently under construction. This will be followed by a one to four-year delay in some projects currently in the pipeline, and a slowing of new project growth in some scenarios over the next two to four years.¹⁷

Pipeline hotel projects fell in 2009 compared to their peak levels in Q2/2008. Anxiety over slowing economies and limited financing has dampened developer sentiment; further declines are therefore anticipated. New project announcements are in a low channel, ushering an end of the development cycle.

Expert interviews confirmed the above trends and stressed that *now* is the ideal time for project planning. Working on a large project such as the one proposed for the zone, advanced flexible master planning and proper phasing must be considered. The housing needs will pick up in 2012 and beyond regardless of the economic situation.

In order to expedite the process, the Board of JADA could also consider a number of investment mechanisms such as Public Private Partnerships (PPP). Depending on the terms and conditions of each development, these investment mechanisms would give financially capable investors an incentive to venture into projects supported by special regulations, and facilitated by the government.

¹⁷ Dead Sea Market Assessment Study

3.2 ELEMENTS OF THE PROJECT

The overall development concept for Jabal Ajloun, as per the Master Plan study, is to transform the area into a world-class destination for tourism and all related sectors such as wellness/health, resort villages, lodges and hotels, and niche areas in agriculture and education among others as shown in Figure 12.

Interviewees indicated that any land development project needs to be able to serve the area it is located in, either by complementing it, enhancing it, or simply providing a missing service. It should also have a target market segment in mind in order to cater to its requirements and best serve its needs. In the case of Ajloun, developers see the location and proximity of the land to Amman as critically relevant.

The land could be either developed into a complimentary project to Ajloun by providing additional and higher quality services, or could simply be developed to cater to an external market of Ammanites who might be looking for a suburban community. In that case, the project should cater to a **middle class sector** and be able to provide a higher living standard than those available in Amman.

In both cases, interviewees recommended that **the project should be a mixed-use project**, where single family homes, coupled with multiple family homes (mini villas) and commercial all integrate to form a sense of a community that is both secure and yet connected to the neighboring areas. The developer should be keen on providing the many missing services that are currently lacking in Ajloun such as a main street concept with all the businesses and amenities.

A segment of the project should also be developed into a lodging destination, with a mix of 3 to 5-star hotels that cater to families with children. Other segments of the project could also include chateau style “boutique” hotels, spas, restaurants, cafes, cable cars (teleferic), camp sites similar to those in Lebanon, and a golf course. Pedestrian walkways and hiking trails should also be an integral part of the project to maximize on the scenic nature of the area. Noise pollution should be contained and minimized.

Interviewees mostly agreed that once the master plan for the land is developed, it would be best to market it to a number of investors, where each investor would develop a segment of the plan.

Moreover, and since the area is famed for olive and olive oil production, it is also recommended to incorporate into the plan an area to establish an educational/training institute in the field of niche agriculture and organic farming, in addition to a model farm.



Figure 12: Development Concept of Jabal Ajloun

Source: Master Plan, Environmental and Economic Study, and Institutional Setup for Jabal Ajloun Area

All interviewees concurred that any form of development on the zone should be 'green'. This implies that the land-use planning concept should not only include the regional environmental implications of the development, but also employ green building¹⁸ concepts. In its wider definition, green development encompasses city planning, environmental planning, architecture, and community building.

4 IMPACT OF TOURISM DEVELOPMENT ON AJLOUN

The impact of tourism on an economy is multi layered and arises generally from the demand for goods and services that are purchased by tourists and visitors. Tourism expenditure enters the economy when tourists pay for a good or service, which is then translated into profit for those operating in the tourism sector. The recipients of this expenditure will further spend this money on purchasing goods and services, thereby providing income and profit for another group of individuals and companies. This group will, in turn, also spend the money it receives, and this process goes on with each successive round of income and expenditure adding to the overall level of economic activity. This process of successive rounds of income and expenditure is known as the multiplier, and the economic impact of this multiplier is divided into three stages: direct, indirect and induced impact.

The first round of tourism expenditure impact is experienced by those who are the direct recipients of tourism expenditure. This includes hotels, restaurants, souvenir shops, tourism transport buses, etc., which depend on inputs from other sectors of the economy. Such background impacts are estimated as Indirect Impacts.

The induced impact arises as a result of those individuals within the economy who have received income as a result of the demand for goods and services by tourists, either directly or indirectly, and who then in turn, spend that income on domestically produced goods and services. The process is one whereby household disposable income gets spent and re-spent in successive rounds as the expenditure of one individual becomes the income of another. The aggregation of direct + indirect + induced **impacts can be considered as the 'total' impact of tourism on the economy.**¹⁹

¹⁸ "Green Building, also known as green construction or sustainable building, is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle: from siting to design, construction, operation, maintenance, renovation, and deconstruction. This practice expands and complements the classical building design concerns of economy, utility, durability, and comfort." Source: Wikipedia.

¹⁹ "Economic Impact Assessment Study for the Tourism Sector – Phase I & II", by Henry Eamon and Reem Goussous.

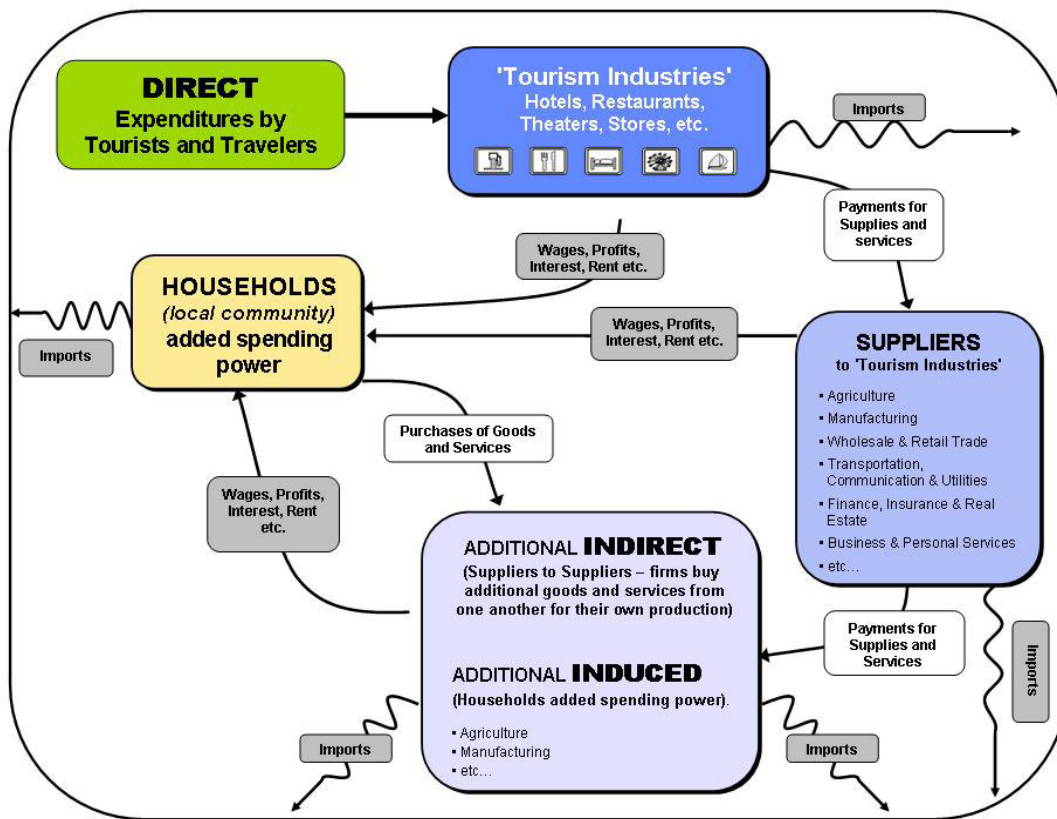


Figure 13: Graphical Representation of the Ajloun Tourism Economy

Source: Master Plan, Environmental and Economic Study, and Institutional Setup for Jabal Ajloun Area

Tourism development in the Ajloun Development Zone is anticipated to have a positive trickle trickledown effect on the local economy in the forms of direct, indirect and induced impact.

Interviewees agreed that in the immediate term, the local community will benefit from the construction that will take place. Additionally, the community can also benefit either by investing in the project, buying into it, or by working in the new business opportunities that the project will create. Moreover, the adjacent land values will definitely increase and this will encourage land owners to sell their properties to investors and developers, thereby prompting another cycle of development.

Once the area is developed, and the anchor projects in the zone are successful in attracting a segment of overnight visitors to Jordan, technical and financial support should be channeled to help the local community in establishing guest houses and promoting home stays, especially for foreign visitors who seek authentic experiences when traveling.

Local community benefits are maximized when micro and small businesses are promoted in Ajloun and are linked with the mix of developments in the zone. Technical and financial assistance should also be channeled to entrepreneurs and cooperatives engaged in income-generating activities in Ajloun, especially in the following areas:

- Guest houses and home stays,
- Crafts making (weaving of baskets, textiles and carpets; candles, jewelry, and woodwork).
- Food services and other microenterprise opportunities such as folkloric dance and music, and food festivals with olive oil.
- Organic farming and food products such as juices, herbs, spiced olives and olive oil, capers, mushrooms and chives.

The local community could engage visitors seeking authentic experiences through olive oil festivals, olive pressing, herbal agriculture and organic farming.

5 CONCLUDING REMARKS & NEXT STEPS

Financial liquidity for tourism projects is currently limited due to the crunch that is witnessed by regional economies, and particularly those in the Gulf. As the current development cycle is approaching its end, developers seem to be growing interested in smaller projects and those associated with a brand. In Jordan, a number of tourism development projects have been postponed due to lack of financing, which might delay those in the pipeline by one to four years, in addition to slowing new project growth in some scenarios over the next two to four years. **This period will therefore be the ideal time for planning and devising the new Ajloun Development Zone project.**

Demand forecasting reveal positive results for the area once developed. The medium and long-term forecasts for Jordan are very favorable, and tourism is slated to play an integral role in Jordan's economy. Arab visitors continue to form the largest segment of tourists, but the foreign segment is growing in both absolute and relative terms.

The Zone's main target segment will be the local Jordanian market. Gulf tourism, which has increased in recent years in all of Jordan, Syria, Lebanon and Turkey, tends to be family-oriented, long-term, and seasonal. Families tend to rent apartments or apartment hotels in cities, near parks, recreation centers, entertainment, and shopping venues. Their visiting patterns indicate that they are less likely to rent apartments or villas in more remote locations, away from population centers. Even longer-stay tourists from the Gulf are still expected to prefer apartment rentals in city centers in the near and medium terms.

As for the foreign visitors market segment, effort must be made to link the Zone to the overall tourism strategy, and to position Ajloun as a key stop for foreign visitors, the majority of which come to Jordan on package tours.

Industry experts suggest that the Zone be either developed into a complimentary project to Ajloun by providing additional and higher quality services, or to be simply developed to cater to an external market of Ammanites who might be looking for a suburban community. Regarding the former scenario, the target segment would be the middle to lower income segment of society, and as such, price and costs must be contained. If the latter is pursued, the project should cater to a middle class sector and should be able to provide a higher living standard than those available in Amman. In both cases, **the project should be a mixed-use project.**

Components of the project as suggested by the Master Plan were confirmed by both industry experts and the lower income segment of society. **The Zone is to be ideally transformed into a New Resort Town that encompasses hotels, shopping areas, a variety of residential units ranging between apartments and townhouses, parks and walkways.** The development on the Zone must be green, and must reflect the heritage of the area.

Industry experts mostly agreed that once the master plan for the land is developed, it would be best to market it to a number of investors, where each investor would develop a segment of the plan.

Before choosing the investor(s), the components of the project should be determined. Subsequently, investors should be invited to develop complimentary and not competing projects. Once this is determined, investor selection should be based on merit, past experience in similar projects, strong financial standing, and long term involvement in the area and the region as a whole. The site would ideally be developed through a master developer with experience in mixed-use and tourism projects whereby a synergy between sustainable and eco-friendly development will ensure that visitors and travelers prolong their stay within the destination in specific and the Kingdom in general.

The development of the zone will enhance the area's investment climate and will make it lucrative for other smaller developers to invest in the surrounding area. The area currently lacks accommodation, food services, infrastructure, and the needed human resources, and as such, smaller investors have shied away from investing there. The development of the zone will give a boost to investor confidence and will attract further investments into the area.

In terms of marketing the zone, focus should be made on promoting the area's favorable weather, scenery, and serenity. Creating a well planned community will definitely attract people seeking to escape the congestion of Amman, and foreigners looking to spend their summers and holidays in the Northern Jordan Hills where the climate and views allow for great relaxation.

In order to succeed in marketing the area and attracting investors, it will be important to link the project to the central tourism development strategy and place Ajloun on the main tourist route.

Moreover, the role of JADA should only be looked at in the long term with changing objectives as the project develops. Interviewees, and particularly developers indicated that development projects should be well planned and properly phased. The initial role is to establish the project criteria, develop the project requirements and subsequently develop a master plan. Once investors are found for each parcel, the role of JADA should be one of safeguarding the master plan guidelines, and providing assistance to investors in all regulatory aspects.

Prior to project completion, a project management strategy must be developed and exercised to protect the investment be it through maintenance, property, facility, or asset management.

6 APPENDECIES

6.1 APPENDIX 1: EXPERT INTERVIEWS

1. Mr. Ali Kolaghassi, Vice Chairman and CEO of Saraya Holdings
2. Issam Fakhreddin, ATTICO
3. Zaid Goussous, CEO Romero Group
4. Nadim Muasher
5. Raed Kolaghassi, Architect
6. Ibrahim Osta, COP Siyaha Program
7. Mutasem Faouri, CEO Amwal Invest
8. Ousama Ghannoun, Marketing and Media Director of Aldar Propertiess
9. Ali Freihat, large land owner in Ajloun and active investor.

6.2 APPENDIX 2: EXPERT INTERVIEW QUESTIONS

Introduction:

The Development Zones Commission (هيئة المناطق التنموية) has designated 2,200 dunums in Anjara/Ajloun as a development zone²⁰. This area will be managed and developed by the Ajloun Development Corporation (JADA), which is chaired by Mr. Munir Nassar. We are currently working with the JADA Board to identify what type of investments are most suited for that area and how to attract those investments. As you know, Ajloun is a unique area in the Middle East, second only to Mount Lebanon. Therefore, the type of investments there will be unique in nature.

We wanted to chat with a number of key players in a variety of industries – such as your good self, in order to draw a clearer picture as to what this area should be transformed into. When we do so, we have to keep in mind that the ultimate goal is to have a trickle down impact on the local community in Ajloun. We want the local people to be the main beneficiaries.

Questions:

1. How would the 2,200 be ideally invested? Should we aim for one large anchor project? Or a number of smaller ones?
2. Please describe the elements / components of the project.
3. How would this best serve the local community and provide an economic stimulus for the area?
4. What should be the main determining factor(s) for choosing investors?
5. What should the role of JADA be? Both short and long-term?
6. What are the market trends over the next five years?
7. What is missing in Ajloun in order to create an attractive environment for investors?
8. What would you say are the most important marketing aspects needed to attract international travelers to Ajloun? And the most important for domestic travelers?

²⁰ This area is currently a military zone.

6.3 APPENDIX 3: REGIONAL COMPETITORS

6.3.1 Lebanon

6.3.1.1 Lebanon's Tourism Sector

The tourism sector in Lebanon is one of the most important economic drivers, generating around US\$7 billion in direct revenue in 2009, the equivalent of 20% of GDP. The sector however, is highly driven by the local politico-security conditions. This was evident in 2009, when the country enjoyed a full year of stability, which gave a substantive boost to business confidence and private consumption. The country witnessed record-high cross-country growth rates in the number of tourists reaching 1.8 million tourists, surpassing the previous year by around 39%. The previous record was 1.4 million tourists and was recorded in 1974, prior to the outbreak of the civil war.

	2008	2009	2009/2008 Variation
Planes at Airport	45,278	57,545	27.1%
No. of Passengers at Airport (excluding transit)	4,039,560	4,952,899	22.6%
Number of Tourists	1,332,551	1,851,081	38.9%

Source: Ministry of Tourism, Lebanon

The majority of visitors to Lebanon are from Arab countries, comprising 42.5% of the total number of visitors, followed by visitors from Europe (24.5%), Asia (14.3%), and Americas (12.3%). In terms of individual countries, Jordanians accounted for the largest number of visitors at 12.1%²¹, followed by Saudi Arabians (9.4%), and Iranians (7.9%).²²

While the global economic crises did not seem to impact the number of visitors to Lebanon, it did dampen the level of spending of tourists. Growth in tax-free purchases by tourists was lagging far behind the 40% increase in the number of tourists, as it only recorded a 13% improvement in 2009 over 2008. Visitors from the GCC are the biggest spenders, with Saudi Arabians accounting for 22% of total tourist spending in 2009, followed by Kuwaitis at 12%, and Emiratis at 11%. Jordanians, although the largest number of visitors (12%), had a 7% share of total spending.²³

GCC nationals are the largest spenders in Lebanon.

6.3.1.2 Tourism Growth in Lebanon: 2010 Onwards

The WTTC expects the direct and indirect contribution of Travel and Tourism to GDP to increase from 37.6% (US\$12,389.5mn) in 2010 to around 43.7% (US\$28,090.2mn) by 2020. This translates into a rise in total employment from the 2010 anticipated level of 38% (553,000 jobs) of total employment to 44.2% (749,000 jobs) in 2020. Earnings from visitors will also witness a rise from US\$13 billion to around US\$29 billion over the same period.

²¹ Jordanians and Saudi Arabians formed 29% and 22% respectively of Arab visitors to Lebanon in 2009.

²² Source: Lebanese Ministry of Tourism

²³ Based on figures released by Global Refund, the firm that reimburses VAT to visitors.

Moreover, Significant private investment is currently being made in the modernization and expansion of this sector and international hotel companies have returned to Lebanon. Lebanon is also the only country in the Arab world that offers winter sports activities such as skiing. The largest ski resort in the country has been expanded and modernized. The WTTC estimates that Travel and Tourism investment will rise from US\$671.5mn or 10.6% of total investment in 2010 to US\$1,304.7mn or 11.2% of total investment by 2020.

With the return of stability and the development of the needed infrastructure, the Government believes that tourism will again contribute significantly to Lebanon's economy.

At the global level, Lebanon ranks 49 out of 181 in the absolute size of the industry and ranks an impressive 11th relative to the industry's contribution to the national economy. Regionally, the industry ranks 4th out of 12 in absolute size and unmistakably 1st relative to its contribution to the national economy, outperformed only by none in the region.

Lebanon: Key Facts at a Glance

2010

10-Year
Trend

Gross Domestic Product (GDP)		
37.6%	The contribution of Travel and Tourism to GDP is expected to rise from 37.6% (LBP 18,677.2bn or US\$12,389.5mn) in 2010 to 43.7% (LBP42,346bn or US\$28,090.2mn) by 2020.	▲
Growth		
10.2%	Real GDP growth for the Travel and Tourism economy is expected to be 10.6% in 2010 and to average 5.7% per annum over the coming 10 years.	▼
Employment		
38.0%	The contribution of Travel and Tourism to employment is expected to rise from 38.0% of total employment , 553,000 jobs or 1 in every 2.6 jobs in 2010, to 44.2% of total employment, 749,000 jobs, or 1 in every 2.3 jobs by 2020.	▲
Visitor Exports		
43.4%	Export earnings from international visitors are expected to generate 43.4% of total exports (LBP19,893 or US\$13,196.1mn) in 2010, growing (nominal terms) to LBP43,177.0bn or US\$28,641.5mn (51.0% of total) by 2020.	▲
Investment		
10.6%	Travel and Tourism investment is estimated at LBP1,012.3bn, US\$671.5mn or 10.6% of total investment in 2010. By 2020, this should reach LBP1,966.9bn, US\$1,304.7mn or 11.2% of total investment.	▲

World Ranking (out of 181 countries)

49
ABSOLUTE
size

11
RELATIVE
contribution to national economy

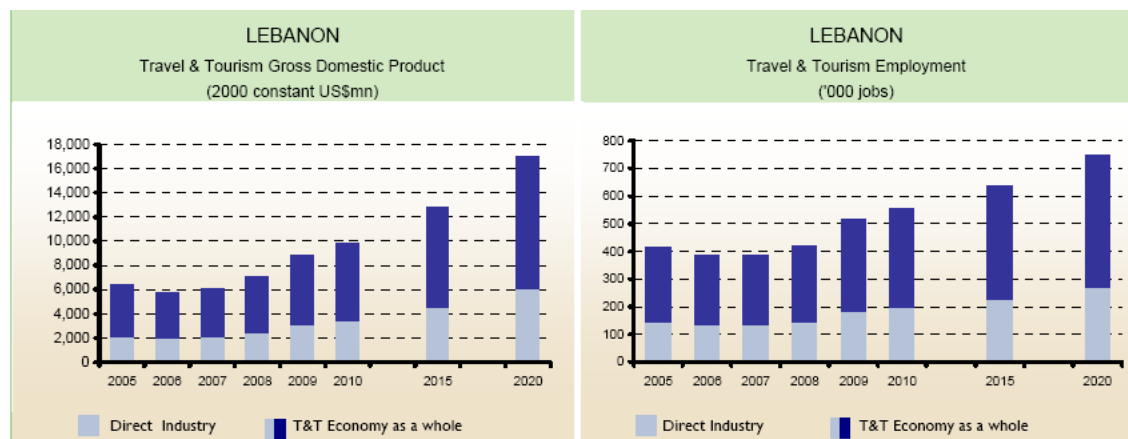
53
GROWTH
forecast

Middle East Ranking (out of 12 countries)

4
ABSOLUTE
size

1
RELATIVE
contribution to national economy

5
GROWTH
forecast



Source: World Travel and Tourism Council

6.3.1.3 Mountain Tourism: Mount Lebanon

Lebanon's geography and natural beauty are considered to be unique to the Middle East region. The mountain areas allow for the practice of outdoor activities, both in the winter and the summer, the latter of which are gaining more interest from nature lovers and becoming well equipped with the specific requirements and facilities. Main summer outdoor activities include camping, caving, cycling, hiking, paragliding and rafting. Camping is a popular activity that usually takes place between May and September; caving has been an integral part of Lebanon's natural heritage; cycling is an activity that has been gaining interest only recently; hiking is an activity with a high number of trails, some of which are located in natural reserves such as the Shouf Cedar Nature Reserve and the Horsh Ehden Reserve. Paragliding activities are considered the best in the Middle East, with main locations including The Cedars, Harissa, and Faraya. Rafting has also been recently introduced as a sport that is practiced in the Assi, the Litani and the Awali rivers.²⁴

Winter sports are also becoming more in demand, especially by visitors from neighboring countries due to Lebanon's close proximity. Main winter sports include Alpine skiing, cross country, paragliding, snowmobiling and hiking. Main ski resorts, which include Faraya, the Cedars, Laqlouq, Zaarour, and Qanat Bakiche, range in altitude between 1,700-3,087 meters above sea level from Beirut.²⁵

The below highlights the main attraction spots and activities that are offered to local and foreign visitors in each area.

Aley

Aley has a number of religious shrines, and houses a zoo-like educational center for wildlife conservation that was established in 1993. The center also includes a botanical garden.

Baabda

Baabda is famed for the Bzebdine Hidden Valley Resort, which offers visitors a number of outdoor activities including horseback riding, self-guided hiking trails, biking, caving and rappelling. Accommodations include tents and wooden cabins.²⁶

Another resort is the Pineland Resort and Country Club in Hammana, which is nestled between the mountains in Baabda. It is a mixture of traditional Lebanese village and a resort town with a variety of restaurants, cafes, entertainments and nightlife.²⁷

Baabda is also home to a number of religious shrines, mosques and churches.

²⁴ http://en.wikipedia.org/wiki/Tourism_in_Lebanon#Lebanese_outdoors

²⁵ http://en.wikipedia.org/wiki/Tourism_in_Lebanon#Lebanese_outdoors

²⁶ www.jump.to/ahorse

²⁷ www.hammana.com

Chouf

This area supports mainly religious and archeological tourism, and is home to the largest nature reserve in Lebanon, the Shouf Cedar Nature Reserve. The reserve has an information center, accommodation facilities, and outdoor activities such as hiking, trekking, bird watching, cross country skiing and snow shoeing.²⁸

Archeological tourism includes famed sites such as Beit Eddine Palace, and Ali Pacha Palace. The former is also famous for its annual summer festival.²⁹ The area also hosts the Marie Baz Wax Museum, which contains a collection of 70 life-like Lebanese figures.

The Khraibe village in the Chouf is a rural village characterized by traditional houses, ancient oil presses and old oak trees. Accommodation in this village includes a local guesthouse. Another traditional village in Chouf is Maaser El Chouf, which is a rural village with an old town square and old mill site. The St. Michael Convent was renovated into a bed and breakfast accommodation facility.

El Meten

The Beit Chabab village in El Meten is famous for its traditional crafts of pottery (used for storing olive oil and arak) and bell making for churches. The village is also home to a number of picturesque traditional homes and churches. The crafts workshops in the village are frequented by visitors to see the craftsmen at work and to purchase a variety of their products.³⁰

Beit Mery, a summer resort town 800 meters above sea level in El Meten, houses a number of first class hotels, restaurants, pubs and nightclubs. The area is also home to a number of historical treasures, an old souq, and arts center. An annual classical music festival is hosted by the Bustan Hotel every February.³¹

El Meten also hosts a number of religious and archeological sites, outdoor activity leisure parks, summer camps, ski resorts, aquarium, aqua park, and a zoo.

Box 1: Main Sites and Activities in Mount Lebanon

- Religious Shrines, mosques and monasteries;
- Archeological sites;
- Summer festivals;
- Educational center for wildlife conservation;
- Botanical garden;
- Horseback riding;
- Hiking trails;
- Cycling;
- Caving;
- Rappelling;
- Resort towns with a variety of restaurants, cafes and entertainment facilities.
- First class hotels,
- Traditional souq;
- Arts center;
- Craftsmen workshops;
- Local village guest houses;
- Bed and breakfast in renovated traditional/historic buildings;
- Picturesque homes and churches;
- Zoo;
- Aquarium and water park.

²⁸ www.shoufcedar.org

²⁹ www.beiteddine.org

³⁰ www.beitchabab.com

³¹ www.mobmas.gov.lb

Jbeil

Jbeil is home to Byblos (Jbeil), a modern town built upon layers of ruins. A strong contender for the 'oldest continuously inhabited city' in the world, Byblous remains one of Lebanon's largest tourist attractions, mainly because of its rich history and scenic mountains that overlook the Mediterranean. The historic city is also famed for its old market where tourists shop for souvenirs and antiques, stroll along the old cobblestone streets and enjoy the architecture.³²

Jbeil is also home to ski resorts, a number of cave chapels, Roman tombs, and mosques. It also houses the Bentaël Nature Reserve, which represents a typical Mediterranean pine forest.

La Reserve Afqa in Jbeil is the first nature and adventure resort in Lebanon. It offers a number of outdoor activities including camping, horseback riding, mountain biking, hiking, caving and archery among others.

Kesrwan

Kesrwan is home to a number of religious sites, and ski resorts.

6.3.2 Turkey

6.3.2.1 Turkey's Tourism Sector

Turkey is regarded as one of the most popular holiday destination at a global level. In 2008, the country was visited by more than 26 million tourists, making Turkey the 8th most visited country in the world.³³ The country is currently aiming to improve the ranking and to position itself amongst the five most visited placed in the world by 2023.³⁴ The country also ranks 13th in convention tourism, and Istanbul is the 3rd most visited city in Europe, preceded only by Paris and London.³⁵

Revenue from tourism amounted to US\$22 billion, contributing only 3% to GDP. The country is naturally endowed with 1,300 thermal springs, has 20 skiing center, 14 golf courses, around 40 marinas, and nine world cultural and heritage sites.³⁶

6.3.2.2 Turkey's Tourism Strategy

Turkey's tourism development strategy aims at creating nine culture and tourism zones and seven tourism development corridors by 2023. The goal of the strategy is to increase bed capacity to 1.5 million, the number of tourists to 40 million, and to attract US\$50 billion in revenue from tourism activities involving foreign tourists by 2013.

³² www.byblos-jbeil.com

³³ World Tourism Organization's ranking of countries by international tourist arrivals.

³⁴ 2023 Tourism Strategy

³⁵ www.invest.gov.tr/en-US/sectors/Pages/WellnessAndTourism.aspx

³⁶ Ibid.

The strategy is implemented in close coordination with the Transportation Ministry, State Planning Organization (DPT), Ministry of Public Works and Settlement, and Ministry of Energy and Natural Resources, since the strategy's full implementation requires an entire review of the country's coastlines. The strategy also includes extending high-speed trains between Istanbul and main touristic cities such as Bursa, Izmir, and Ankara.

The first leg of the tourism strategy will be completed by 2013. By this time, nine culture and tourism development zones will be created.

6.3.2.3 Arab Tourism in Turkey

The number of Arab tourists visiting Turkey has been steadily increasing over the last five years. In 2009, around one million Arabs visited the country, a number that has doubled since 2005. The Turkish Ministry of Tourism has been carrying out an aggressive promotional campaign in the Arab world, and is set out to capture a larger segment of the Arab world's population of 350 million. In 2009, the largest number of Arab visitors came from Syria, followed by Iraq, Algeria, Jordan, Egypt, Tunis, Morocco and Libya.

On average, Arab tourists come with their families and spend more than a week in Turkey. They tend to stay in five-star hotels, and spend on average US\$3,000 per week, compared to US\$600 by Europeans. Most Arabs spend their holiday in Istanbul (shopping, Blue Mosque, and Topkapi). Other cities attracting interest from Arab tourists include Bursa³⁷, Yalova³⁸, Abant³⁹ and Sapanca⁴⁰. Antalya and Marmaris continue to be the preferred seaside holiday destinations.⁴¹

6.3.2.4 Tourism Growth in Turkey: 2010 Onwards

The WTTC expects the real growth for the Travel and Tourism economy over the next ten years to average 4.5% per annum. Its direct and indirect contribution to GDP is anticipated to drop from 9.7% (US\$69.5bn) in 2010 to 8.2% (US\$129.3bn) by 2020.

Employment is expected to rise from the 2010 anticipated level of 6.4% (1.4mn jobs) of total employment to 7.2% (1.85mn jobs) in 2020. Earnings from visitors are expected to rise from US\$25.2 billion to around US\$43.6 billion over the same period.

The absolute size of the Travel and Tourism industry in Turkey is ranked 17 world-wide. Investment in this industry is estimated at 11.6% of total investment (US\$14.2bn) in 2010. By 2020, this should reach US\$27.1bn or 8.1% of total investment.

³⁷ Bursa: famed for greenery, parks and surrounding forests.

³⁸ Yalova: city in the Marmara region of Anatolia with green plateaus, agricultural areas and spas

³⁹ Abant: 200 km away from Istanbul. Famed for Abant Lake and dense forestry.

⁴⁰ Sapanca: a town and district of Sakarya Province in the Marmara region of Turkey near the Lake Sapanca.

⁴¹ Global Travel Industry New press release. August, 2009. *Information based on interviews with the head of the Ministry of Culture and Tourism's promotion department in Turkey, owners of travel agencies, and tour operators.*

6.3.2.5 Turkey's Mountain Tourism

Mountain tourism in Turkey is emerging, with the support of the government, into a new, high-growth tourism product. The country is endowed with naturally attractive mountains and has the infrastructure to support the growth of this new tourism product. The fastest growing segment of mountain tourism in Turkey however is winter tourism.

Turkey has a rich geo-morphological and tectonic multi altitudinal structure which offers mountaineers enticing attractions for outdoor adventure and winter sports.⁴² The number of people visiting these areas for mountaineering purposes is rising each year. The Turkish Ministry of Culture and Tourism has defined 17 different tourism products that Turkey has to offer its visitors; two of these products are classified as mountaineering and winter tourism. Winter tourism, which is identified with skiing, is also classified as mountain tourism.⁴³

⁴² Mountains include: Mounth Ararat (5,165m), Antalya Beydaglar (3069m), Kayseri Mounth Erciyes (3,916), Mersin-Bolkar (3524m), Nigde-Aladaglar (3756m), Rize-Kackar Range of Mountains (3932m), Tunceli-Mercan Mountains (3370m) and Van-Mounth Suphan (4,058m)

⁴³ The Role of Travel Intermediaries in the Development of Mountain Tourism with Respect to Sustainable Mountain Tourism Policies: A Case of Turkey, 2010.

Turkey: Key Facts at a Glance

2010

10-Year
Trend

9.7%	Gross Domestic Product (GDP) The contribution of Travel and Tourism to GDP is expected to decline from 9.7% (TYR103.3bn or US\$69.5bn) in 2010 to 8.2% (TYR243.4bn or US\$129.3bn) by 2020.	▼
-2.1%	Growth Real GDP growth for the Travel and Tourism economy is expected to be -2.1% in 2010 and to average 4.5% per annum over the coming 10 years.	▲
6.4%	Employment The contribution of Travel and Tourism to employment is expected to rise from 6.4% of total employment, 1,389,000 jobs or 1 in every 15.5 jobs in 2010, to 7.2% of total employment, 1,847,000 jobs, or 1 in every 13.9 jobs by 2020.	▲
15.4%	Visitor Exports Export earnings from international visitors are expected to generate 15.4% of total exports (TYR37.5bn or US\$25.2bn) in 2010, growing (nominal terms) to TYR82.1bn or US\$43.6bn (8.8% of total) by 2020.	▼
11.6%	Investment Travel and Tourism investment is estimated at TYR21.0bn, US\$14.2bn or 11.6% of total investment in 2010. By 2020, this should reach TYR51.0bn, US\$27.1bn or 8.1% of total investment.	▼

World Ranking (out of 181 countries)

17
ABSOLUTE
size

75
RELATIVE
contribution to national economy

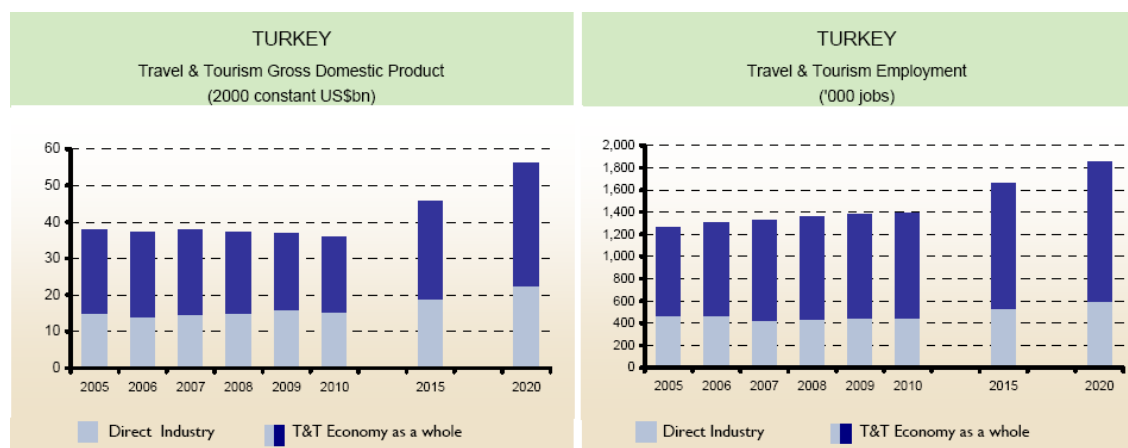
103
GROWTH
forecast

Other Western Europe Ranking (out of 4 countries)

4
ABSOLUTE
size

1
RELATIVE
contribution to national economy

1
GROWTH
forecast



Source: World Travel and Tourism Council

6.3.3 Syria

6.3.3.1 Tourism Sector

According to Syrian official sources, the number of tourists visiting Syria increased by 12% in 2009 over their level in 2008, with Arab visitors comprising the majority of visitors. Sources estimate the number of tourists to be around six million tourists, including 3.6 million Arabs and 1.1 million Syrian expatriates. Of the Arab tourists, the overwhelming majority are from Bahrain, Saudi Arabia and Kuwait. The government considers every foreigner entering Syria to be a tourist, a practice that is criticized by industry specialists as being misleading. Official statistics also indicate that the tourism sector accounts for 11% of Syria's GDP.

During the last few years, a number of new hotels were built, mainly in Damascus and Aleppo; nonetheless, very few of them are of international quality. **The tourism infrastructure is believed to lag behind that of Jordan's and Lebanon's, two neighboring countries that have invested far more resources into developing their tourism sector.**

Jordanians on budget travel find Syria to be a very attractive outing and shopping destination, particularly for residents in the northern part of Jordan. This trend has been more pronounced especially after Syria abolished entry fees into the country for Jordanians.⁴⁴

Although the majority of visitors are Arabs, relations with Turkey have grown substantially in recent years. The two countries have signed a number of agreements to foster bilateral tourism and to jointly promote the two countries as one tourist destination. This implies that both Turkish and Syrian operators would be able to sell tour packages that include both countries, thereby giving Syria's tourism sector a substantive boost.

6.3.3.2 Tourism Growth in Syria: 2010 Onwards

According to the WTTC, the direct and indirect contribution of Travel and Tourism to GDP is anticipated to drop from 12.1% in 2010 to 11.9% over the next ten years (from US\$5,496.9mn to US\$7,897.5mn). The average real growth rate will drop from the current rate of 4.1% to an average of 3.3% per annum over the next ten years. The WTTC also expects employment in this sector to rise from 0.792mn to 1.094mn jobs. Although a rise in absolute value, employment in this sector will drop from 12.5% in 2010 to 11.9% of total employment by 2020. Similarly, visitor spending will rise in absolute terms from US\$3.4bn in 2010 to US\$4.7bn by 2020, but as a percentage of total exports it will drop from 18.5% to 15.9% over the same period. Investment in this industry will maintain a somewhat steady percentage of total investment, hovering at around 6% to reach US\$922.5mn by 2020.

⁴⁴ <http://www.alghad.com/?news=485556>

Syria: Key Facts at a Glance

2010

10-Year
Trend

12.1%	Gross Domestic Product (GDP) The contribution of Travel and Tourism to GDP is expected to decline from 12.1% (SYP318.7bn or US\$5,496.9mn) in 2010 to 11.9% (SYP565.8bn or US\$7,897.5mn) by 2020.	▼
4.1%	Growth Real GDP growth for the Travel and Tourism economy is expected to be 4.1% in 2010 and to average 3.3% per annum over the coming 10 years.	▼
12.5%	Employment The contribution of Travel and Tourism to employment is expected to fall from 12.5% of total employment, 792,000 jobs or 1 in every 8.0 jobs in 2010, to 11.9% of total employment, 1,094,000 jobs, or 1 in every 8.4 jobs by 2020.	▼
18.5%	Visitor Exports Export earnings from international visitors are expected to generate 18.5% of total exports (SYP196.4bn or US\$3,387.0mn) in 2010, growing (nominal terms) to SYP335.7bn or US\$4,686.0mn (15.9% of total) by 2020.	▼
6.1%	Investment Travel and Tourism investment is estimated at SYP35.3bn, US\$608.3mn or 6.1% of total investment in 2010. By 2020, this should reach SYP66.1bn, US\$922.5mn or 6.4% of total investment.	▲

World Ranking (out of 181 countries)

71
ABSOLUTE
size

57
RELATIVE
contribution to national economy

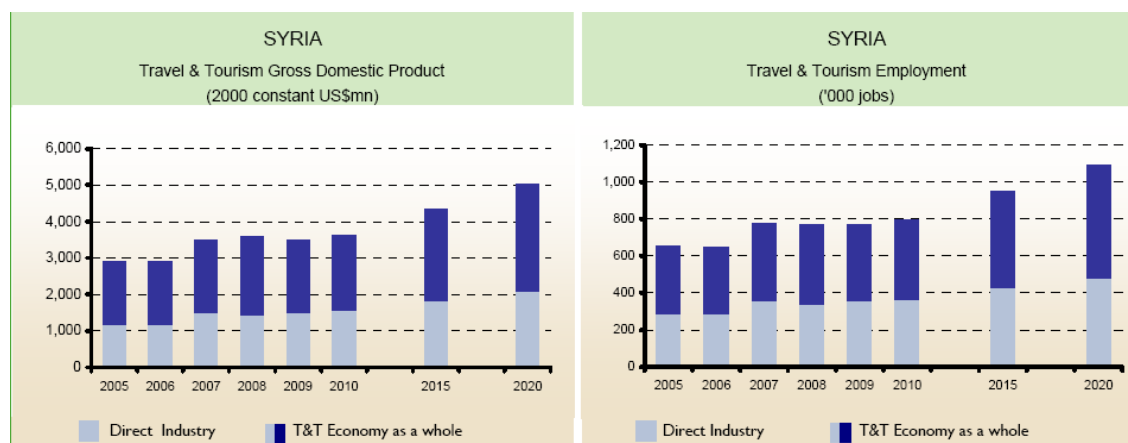
152
GROWTH
forecast

Middle East Ranking (out of 12 countries)

8
ABSOLUTE
size

4
RELATIVE
contribution to national economy

10
GROWTH
forecast



Source: World Travel and Tourism Council

6.3.3.3 Mountain Tourism

Forests and woodland comprise 3% of Syria's total area. A number of towns and villages are visited mostly by locals and GCC Arabs in order to escape the heat of the summer season. Slenfeh, Bloudan and Zabadani are considered amongst the most frequented areas, which are enjoyed for their scenic views.

Slenfeh

This village is located 50 kilometers east of Latakia and is 1,200 m above sea-level. It has spectacular scenery and pleasant weather. The area is also home to a number of archeological sites including the Saladin Castle, Mahailbeh Castle and the ancient village of Aramo. The area has a number of restaurants, cafes, and hiking trails.⁴⁵

"You can find many hotels in that area. You can even rent apartments, they are available year long. The best hotel in that area is Belmont Hotel. They have no website. You should know that tourists rarely stay in this area. So if you are deciding on trekking and hiking in that area, you should arrange this prior to arriving."

www.tripadvisor.com

Bloudan

This town is located 51 kilometers north-west of the Damascus Governorate. Bloudan is situated 1,500 meters above sea level, overlooks the Zabadani plain, and is surrounded by mountain forests. Its moderate temperature and low humidity level during the hot summer seasons attract many local visitors. The area is also considered to be a major touristic destination that is visited by thousands every year, mainly by Arabs from Lebanon and the Arab Gulf. During the winter season, Bloudan is normally covered with snow, and is frequented mainly by skiers. Bloudan has many restaurants and hotels, most famous is the Great Bloudan Hotel, known for hosting the first Arab summit in 1937 that discussed the Palestinian issue. Bloudan is frequented for its numerous outdoor parks and springs.⁴⁶

Zabadani

This town is the in southwestern part of Syria, 45 kilometers from Damascus. It is situated in the middle of a green valley surrounded by high mountains at an elevation of around 1,100 meters.

The milder weather in Zabadani, along with the scenic views has turned the town into popular resort mostly for local visitors, who reside in nearby areas, and particularly those in Damascus, in addition to some Arab tourists. Zabadani is rapidly growing and is well connected to Damascus.⁴⁷

⁴⁵ www.syriatourism.org

⁴⁶ <http://en.wikipedia.org/wiki/Bloudan>

⁴⁷ <http://en.wikipedia.org/wiki/Zabadani>

Zabadani and Bloudan are close to Damascus, and visitors tend to go on day trips to those areas out of the Capital city. The trip usually combines both, starting with Zabadani and ending with Bloudan (higher elevation). The area has a number of restaurants, hotels and cafes, but not of international quality. They offer visitors an authentic taste of the local tradition.

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