

Dubai hotel industry set for growth in 2011 – Starwood CEO

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Luxury hotel chain Starwood is focused on emerging markets that had posted growth through the crisis

The CEO of luxury hotel chain Starwood has told Arabian Business he expects to see further hotels built in Dubai in 2011, after occupancies remained high in 2010.

“We finished 2010 with over 80 percent occupancy in Dubai on average for the year,” Frits van Paasschen said, adding that the market was not saturated.

Starwood, which owns some of the flagship names of the global hotel industry — Sheraton, Le Meridien, Westin, Four Points, The Luxury Collection, Aloft, element, St Regis and W — in 2009 saw revenues of \$4.8bn, down over a billion dollars on the previous year (\$5.9bn).

Van Paasschen said: “We have about 47 hotels in the Middle East and about 20 in the UAE. Economic growth is certainly quite strong here. The availability of capital is quite good, with the export of oil and gas in the region. Perceived risk is rather low. Even in the crisis, occupancies were very stable. All this points to a market that will continue to grow nicely. And to a certain extent will add capacity in anticipation of further growth. In a dynamic economy you might have a year or two where you have more supply than demand, but these things tend to balance out over time.”

In an interview to be published in Arabian Business magazine on Sunday, Van Paasschen said Starwood was very focused on emerging markets that had posted growth throughout the crisis and which were emerging from it strongly.

“We would like to have approximately 50 hotels opened in India by 2015. In many respects, China from a hotel perspective is ten years ahead of India. We have 65 hotels open in China today, and another 85 that are being built, so we find ourselves in the very interesting position of

having our second largest country, China, having more hotels under construction than we have opened today,” he said.

He added that the shift in power between developed economies and developing economies that had happened during the crisis would revolutionise the hotel industry.

“Whereas in the developed world we have looked at the lodging industry as somewhat cyclical — it builds and then we have a recession and then we have a difficult time, and then it builds again. What we are seeing now is what I would call more of a secular change, secular in contrast to cyclical. A major step function change, in the amount of demand there is for travel and travel infrastructure, and therefore also for hotels.”