

2018
Annual Tourism
Performance Report



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Introduction

The last quarter of 2018 witnessed the transformation of Qatar Tourism Authority into the Qatar National Tourism Council (QNTC), a major step towards fulfilling the plans outlined in the Qatar National Tourism Sector Strategy: The Next Chapter. In November 2018, QNTC launched Qatar's first global destination campaign, a programme that highlights visitor experiences and celebrates the nation's heritage. The campaign is being rolled out across fifteen existing and target markets, with the goal of reaching an audience of 250 million travelers.

Qatar welcomed 1.819 million visitors in 2018¹, representing an overall decline of 19% compared to 2017. As 2018 was the first full year with the blockade in place, declines in visitor arrivals in comparison to previous years were of course expected. Arrival trends throughout the year, however, were encouraging. After witnessing drops in arrivals from January to May 2018 (with the comparison January – May 2017 representing a strong, pre-blockade period), Qatar enjoyed a consistent increase in visitor arrivals from June through December. Moreover, across the full year, Qatar experienced an increase in visitor arrivals from every source market region, apart from nationals of the GCC and Other Arab regions.

QNTC continues to work to expand Qatar's international visitation by diversifying visitor source markets and promoting Qatar as an attractive tourism destination. In 2018, QNTC opened six representative offices in three of the world's largest visitor source markets: India, China and Russia. As a result of these efforts, India (+66,953, up 20%), China (+17,361, up 38%) and Russia (+12,157, up 123%) were amongst the top ten nationalities in terms of increase in arrivals volumes between 2017 and 2018. In 2018, Indian (400,661) and Chinese (62,988) visitors ranked first and third amongst the top ten visitor source markets by arrivals from non-GCC nationalities in absolute size, and Russia ranked highest in terms of the top ten nationalities with the fastest growth rates between 2017 and 2018.

The cruise industry continues to grow at a rapid pace, with Qatar welcoming 31 ships carrying a total of 64,400 passengers at Doha Port in 2018, an 83% increase in cruise passengers compared to 2017.

Thanks to the numerous steps Qatar has taken to ease visitor access since 2016, Qatar is now the most open country in the Middle East and the 8th most open country in the world, according to the World

Tourism Organization (UNWTO) visa openness rankings. Nationals of 83 countries are now eligible for visa-waiver entry into Qatar, representing more than 1.2mn visitor arrivals in 2018.

The tourist accommodation sector saw a 10% growth in demand throughout 2018, a continuation of the growth Qatar experienced in 2017 (3%). While accommodation room supply increased in 2018 (by 4.8%), the growth in demand was far greater, resulting in a 5% increase in the occupancy rate across all hotels and hotel apartments to 61%. Average Room Rates (ARR) and Revenue Per Available Room (RevPAR) dropped 13% and 8% in 2018, compared to 2017; serving as an important key driver for the increase in occupancy rates. The outlook for hotel performance in 2019 is promising, with continued growth expected from the visa-waiver programme, as well as a number of new MICE events. Further, Qatar is emerging as an attractive wedding destination for modern luxury weddings, with six Indian weddings confirmed to be held in Qatar during the first quarter of the year.

Qatar's strategy to enhance the tourism experience in the hospitality sector has garnered the attention of industry experts. Hospitality and travel data providers

¹A visitor is a traveler taking a trip to a main destination outside of his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise. Source: United Nations World Tourism Organization.

Olery recently upgraded Qatar's guest experience ranking from first place among the GCC to first place in the Middle East, in the company's latest Guest Experience in the Middle East Report.

Looking beyond performance indicators, QNTC launched several developments in 2018 to enhance visitor experience. A key initiative was *Al Enna*, a project that covers an area of 6 million m² in Sealine and Khor AlAdaid and aims to enhance visitors' coastal and desert experience, a key objective of the Next Chapter of QNTSS. *Al Enna* is the initial phase of a comprehensive plan to develop the region over a five-year period. The plan entails the development of roads, beaches, accommodation and camp infrastructure, as well as the region's commercial sector.

Exciting opportunities also are on the horizon as QNTC advances within the MICE sector. In 2018, Qatar won the rights to host six major business events to be held between 2019 and 2022, with a prospective number of participants reaching up to 2,400.

QNTC has been working to leverage the country's state-of-the-art sports facilities to bolster Qatar's position as a world-class sports tourism destination. In 2019, Doha will host the World Corporate Games, which will be held for the first time in the Middle East and is expected to attract about 8,000 international and local participants. QNTC is also continuing its support for local sports events such as the Esrar Race, AlAdaid Desert Challenge, Doha Triathlon and the Qatar Motorcycle Grand Prix (MotoGP).



Arrivals

Arrivals by Nationality, Grouped by Region

In 2018, 1.819 million international visitors came to Qatar, 19% fewer than the number of visitors welcomed in 2017. While a decline was recorded across all of 2018, it is important to note that Qatar enjoyed increases in visitor arrivals from June through December, as the negative impacts of the blockade (which began in June 2017) dropped out of the annual cycle. During the first five months of 2018 (January-May, when the blockade impacts were evident), total

arrivals fell 40% compared to the same period in 2017; while growth of 12% was observed from July to December, compared to the same seven-month period in 2017.

Due to the blockade, total arrivals of GCC nationals fell by 73% and arrivals of Other Arab nationals fell by 22% compared to 2017.

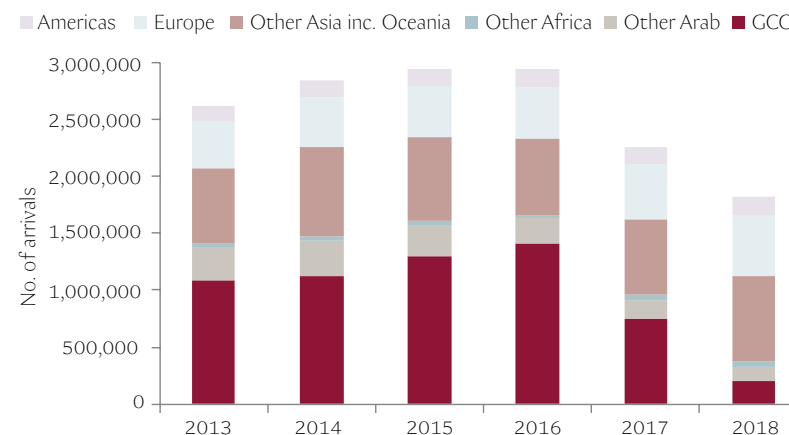
However, visitor arrivals from nationals of every other region increased in 2018: nationals from Other Asia including Oceania were up 15%, European visitor arrivals were up 9%, and nationals from both the Americas and Other Africa rose 3%.

Arrivals to Qatar by Nationality, Grouped by Region, 2013-2018

	2013	2014	2015	2016	2017	2018	% change, 2017-18	CAGR, 2013-18	Cumulative growth, 2013-18
Total	2,611,969	2,839,373	2,941,130	2,938,096	2,256,490	1,819,344	-19.4%	-7.0%	-30.3%
GCC	1,090,264	1,124,333	1,300,221	1,410,657	752,876	200,115	-73.4%	-28.8%	-81.6%
Other Arab	287,177	313,491	267,349	221,894	165,318	128,562	-22.2%	-14.8%	-55.2%
Other Africa	35,475	35,742	36,558	32,390	46,460	48,011	3.3%	6.2%	35.3%
Other Asia inc. Oceania	651,957	782,794	732,964	660,364	652,102	753,161	15.5%	2.9%	15.5%
Europe	413,829	437,842	457,940	455,076	483,834	528,333	9.2%	5.0%	27.7%
Americas	133,267	145,171	146,098	157,715	155,900	161,162	3.4%	3.9%	20.9%

Source: Ministry of Interior and National Tourism Council

Arrivals to Qatar by Nationality, Grouped by Region, 2013-2018



Source: Ministry of Interior, National Tourism Council

Growth by Visitor Segment

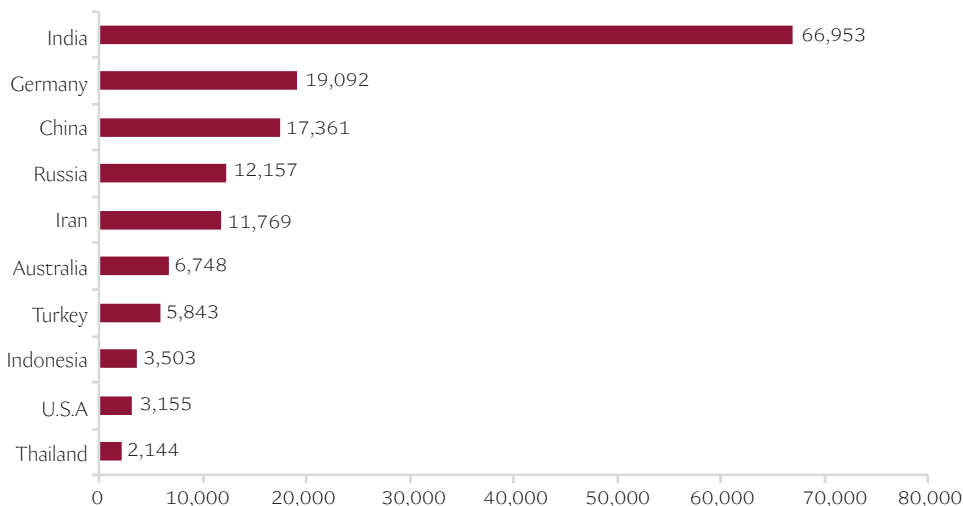
Thirty-one different cruise ships made port calls in Doha during 2018, two of which were mega ships that made port calls on the same day, a first of its kind occurrence that marked a major step in the development of the cruise segment. Overall, Qatar's cruise tourism grew by 83% in 2018, with approximately 64,400 visitors arriving (compared to approximately 35,200 cruise passengers in 2017). The majority of cruise visitors were nationals of Europe and North America, with Germany, Mexico and Italy being the strongest cruise visitor source markets. In addition, QNTC signed new agreements in 2018 with two of Europe's leading cruise operators, a development which will help further bolster Qatar's cruise tourism.

Another segment witnessing strong growth in 2018 was stopover passengers. **+Qatar**, the joint stopover program sponsored by QNTC and Qatar Airways, brought in over 65,500 stopover passengers in 2018, representing an 82% increase in the average number of stopover programme passengers per month in comparison to 2017, when the programme was initiated.

Efforts to make Qatar more accessible to international visitors began in late 2016, where a series of visa facilitation policies were introduced (i.e. 96-hour transit visa), and continued to be carried out throughout 2017. In August 2017, visa waivers for nationals of 83 countries were introduced, which has since facilitated the visa-free entry to nationals of

many countries who previously required traditional visas to enter Qatar. As a result, Qatar has received ranking from the UNWTO in 2018 as the most open country in the Middle East and the 8th most open country in the world. The visa-waiver entry programme has been a key success for the tourism industry, with an estimated 1.2mn visitor arrivals from "visa-free" eligible nationals in 2018. Qatar enjoyed sizeable increases in visitor numbers from key global outbound travel markets now eligible for visa-free entry, including India, Germany, China and Russia. Of the top 10 nationalities in terms of the absolute and percentage increase in visitor arrivals in 2018, only Iran is not eligible for visa-waiver entry.

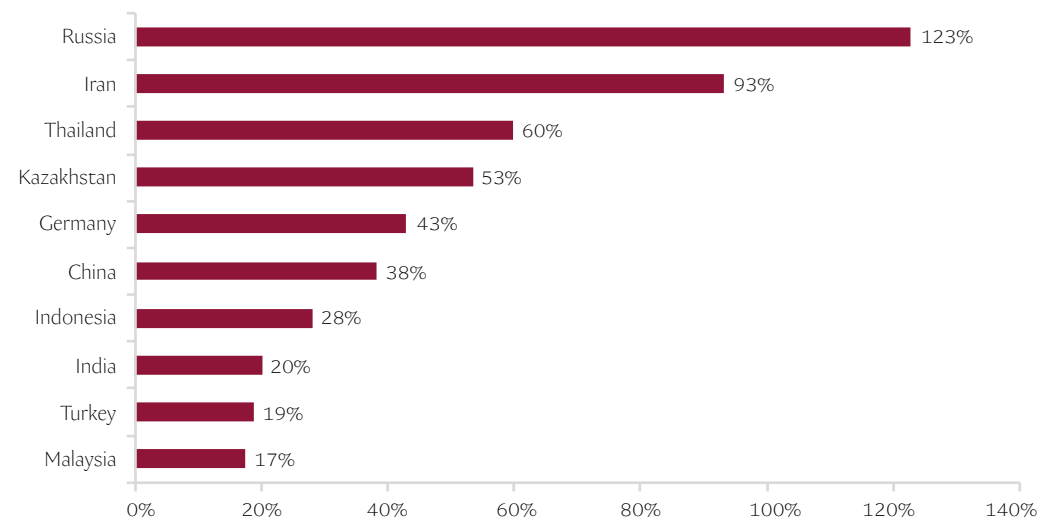
Top 10 Non-GCC Nationalities, Absolute Increase, 2017-18



Absolute increase in arrivals, 2017-18

Source: Ministry of Interior, National Tourism Council

Top 10 Non-GCC Nationalities, Percentage Increase, 2017-18



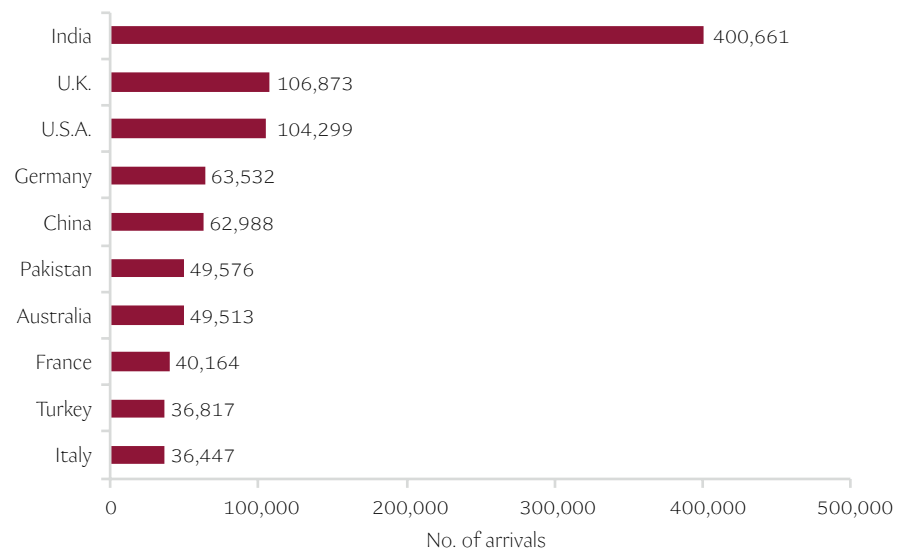
Percentage increase in arrivals, 2017-18

Source: Ministry of Interior, National Tourism Council

Visitor Arrivals in 2018: Top 10 Non-GCC Nationalities

As in previous years, the largest source of non-GCC visitor arrivals was Indian nationals, with more than 400,000 visitors travelling to Qatar in 2018, followed by nationals of the United Kingdom and the United States, with over 100,000 visitors from each. Nationals from Germany and China were the next largest source markets, with over 60,000 visitors from each. Other top-ten visitor nationalities in 2018 included Pakistan, Australia, France, Turkey and Italy.

Top 10 Non-GCC Nationalities, Absolute Size, 2018

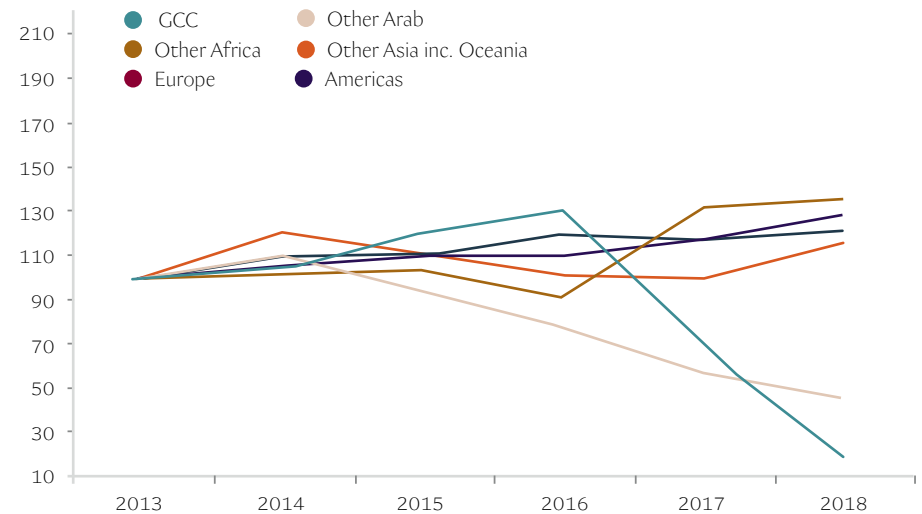


Source: Ministry of Interior, Qatar National Tourism Council

Arrivals Growth by Visitor Nationality, Grouped by region, 2013-18

Arrivals from nationals of all regions showed positive growth in the period 2013 to 2018, with the exception of arrivals of GCC nationals and of Other Arab countries, which continued to show decreases as a result of the blockade which began in mid-2017. Although the total volume of visitors from nationals of Other Africa was low, the number of visitors from this region grew 35% between 2013 and 2018. Among Europeans, annual visitor arrivals have grown 28% since 2013; among nationals of the Americas, visitors are up 21%; and among nationals of the Other Asia including Oceania, the number of annual visitors increased 16%.

Indexed Arrivals to Qatar by Nationality, Grouped by Region (2013=100)



Source: Ministry of Interior, Qatar National Tourism Council

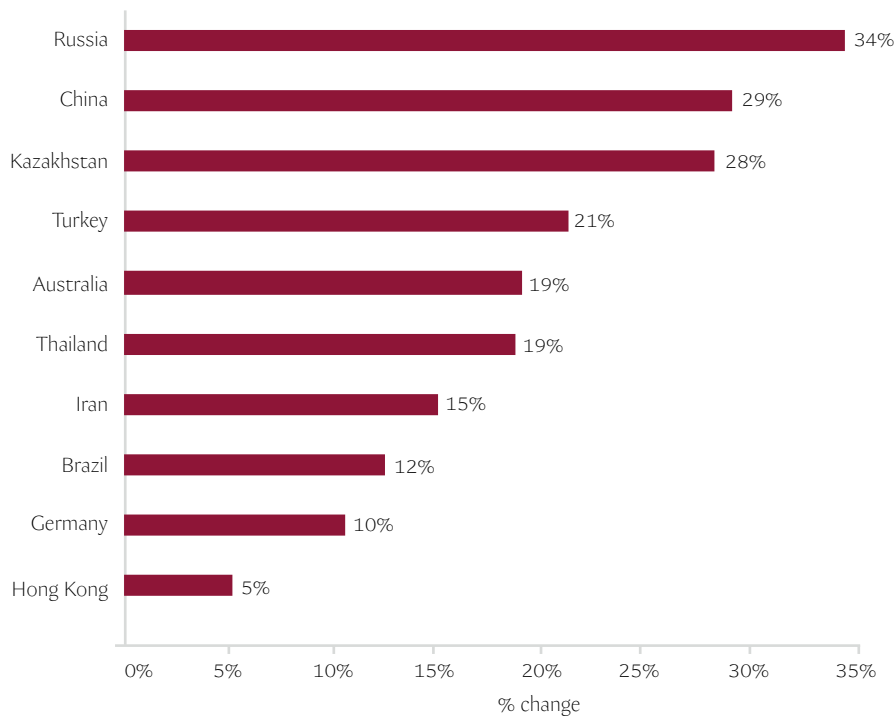
Arrivals Growth by Visitor Nationality, 2013-18

The countries with the fastest growth rates between 2013 and 2018 include Russia (34%), Turkey (21%) and Germany (10%) from Europe; China (29%), Kazakhstan (28%), Thailand (19%), Australia (19%),

Iran (15%) and Hong Kong (5%) from Other Asia including Oceania; and Brazil (12%) from the Americas. The largest growth in terms of actual volumes came from nationals of India, with an increase of 70,202

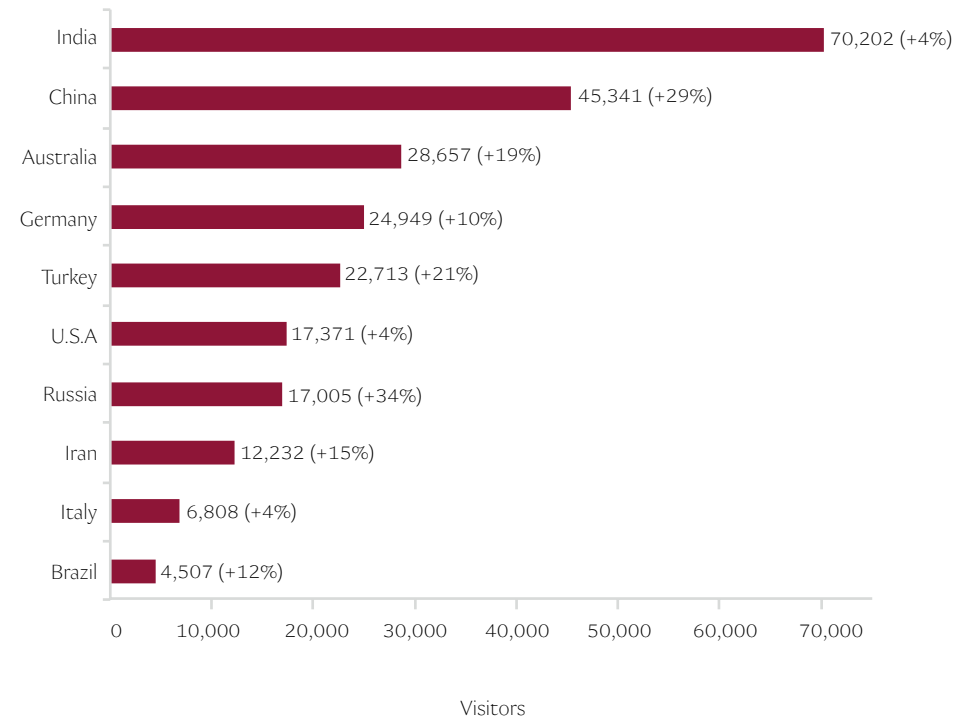
visitors (+4%). Other countries with notable increases in volume (but not among the fastest growing) include the United States (+4%) and Italy (+4%).

Top 10 Nationalities in Terms of Fastest Growth Rates, CAGR, 2013-18



Source: Ministry of Interior, Qatar National Tourism Council

Top 10 Nationalities in Terms of Increase in Arrivals Volume, 2013-18



Source: Ministry of Interior, Qatar National Tourism Council

Accommodation

Accommodation performance in 2017/2018

The tourist accommodation industry performed relatively well in 2018, with a total occupancy rate of 61% across all hotels and hotel apartments, up 5% compared to 2017. Overall, hotels and hotel apartments in Qatar witnessed an increase in demand in 2018 compared to 2017, with the number of rooms sold increasing by 10%.

All hotel and hotel apartments witnessed increases in occupancy in 2018; three-star and one- and two-star hotels showed the biggest growth at 23% and 21% respectively; deluxe apartments showed an 11% growth; four-star hotels grew by 5%; five-star

hotels and standard apartments showed the smallest growth at 1% each.

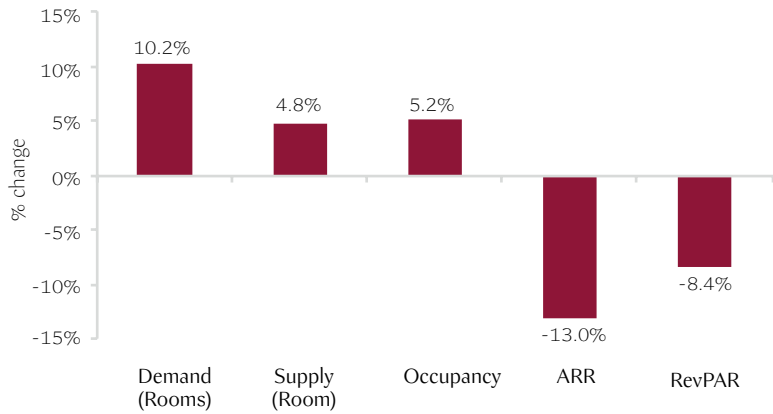
On the other hand, Average Room Rates (ARR) were lower across all hotels and hotel apartments in 2018 compared to 2017 (-13%). The largest declines in ARR were witnessed in standard apartments (-20%). This was followed by three-star and one- and two-star hotels, with a decline of 18% in ARR compared to 2017, where lower ARR helped, in part, to boost occupancy rates in the three-star and one- and two-star classifications this year.

Furthermore, Revenue Per Available Room (RevPAR) was down in most segments for 2018 compared to 2017, except for the three-star hotels segment, which showed a very minor increase (+0.3%). Most notable declines in RevPAR were witnessed in the standard apartments segment (down 19%), followed by the four-star (down 11%) and five-star segments (down 10%). Across all segments, RevPAR was down 8.4%.

Accommodation Sector Performance Summary, 2017 vs 2018

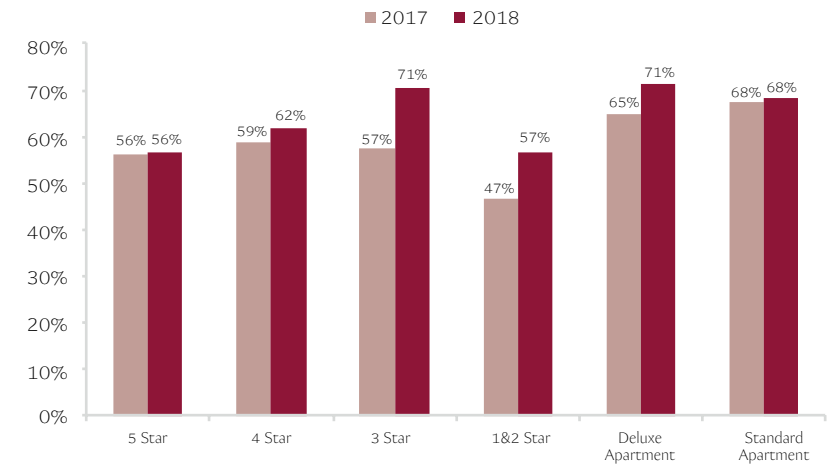
	2017 YTD				2018 YTD			
	Occ	ARR	RevPAR	ALOS	Occ	ARR	RevPAR	ALOS
All	58%	437	254	3.75	61%	380	232	3.78
All Hotels	57%	446	255	3.42	60%	387	232	3.46
All Hotel Apartments	65%	372	243	13.44	71%	327	232	12.91
5 Star	56%	631	354	2.71	56%	565	319	2.87
4 Star	59%	285	167	5.72	62%	242	150	5.59
3 Star	57%	219	126	2.64	71%	179	126	2.32
1 & 2 Star	47%	177	83	2.80	57%	146	82	3.25
Deluxe Apartment	65%	413	267	15.68	71%	350	250	15.42
Standard Apartment	68%	272	184	9.98	68%	217	148	7.28

Qatar Accommodation Performance Summary, 2017 vs 2018, % change



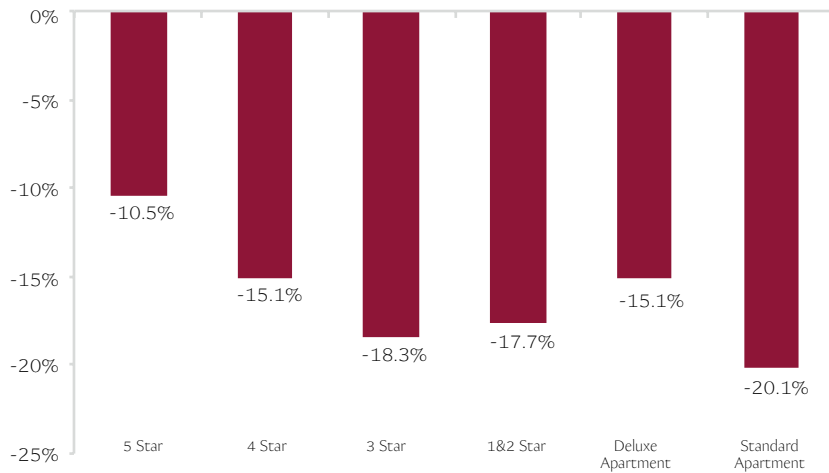
Source: STR

Qatar Accommodation Occupancy Rates, 2017 vs 2018



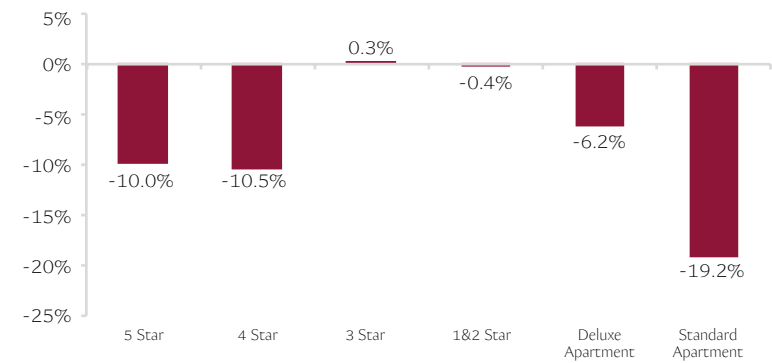
Source: STR

ARR (Average Room Rate), 2017 vs 2018, % change



Source: STR

RevPAR (Revenue per Available Room), 2017 vs 2018, % change



Source: STR

Growth in accommodation supply

The room supply across Qatar's accommodation market grew by 4.8% in 2018 compared to 2017. This supply growth came from the opening of eight new hotel properties and hotel property expansions, bringing 1,143 additional rooms² to the accommodation market. Qatar now has a total

accommodation offering of 25,917 rooms, 23,087 of which are hotel rooms and 2,830 of which are hotel apartments. The largest segment remains the five-star hotel segment, which included approximately 11,700 rooms across 44 properties at the close of 2018.

Room supply from properties under development is set to increase significantly in the coming years, with 117 projects (comprising an estimated 23,000 rooms) under various stages of development, as well as other project proposals under consideration.

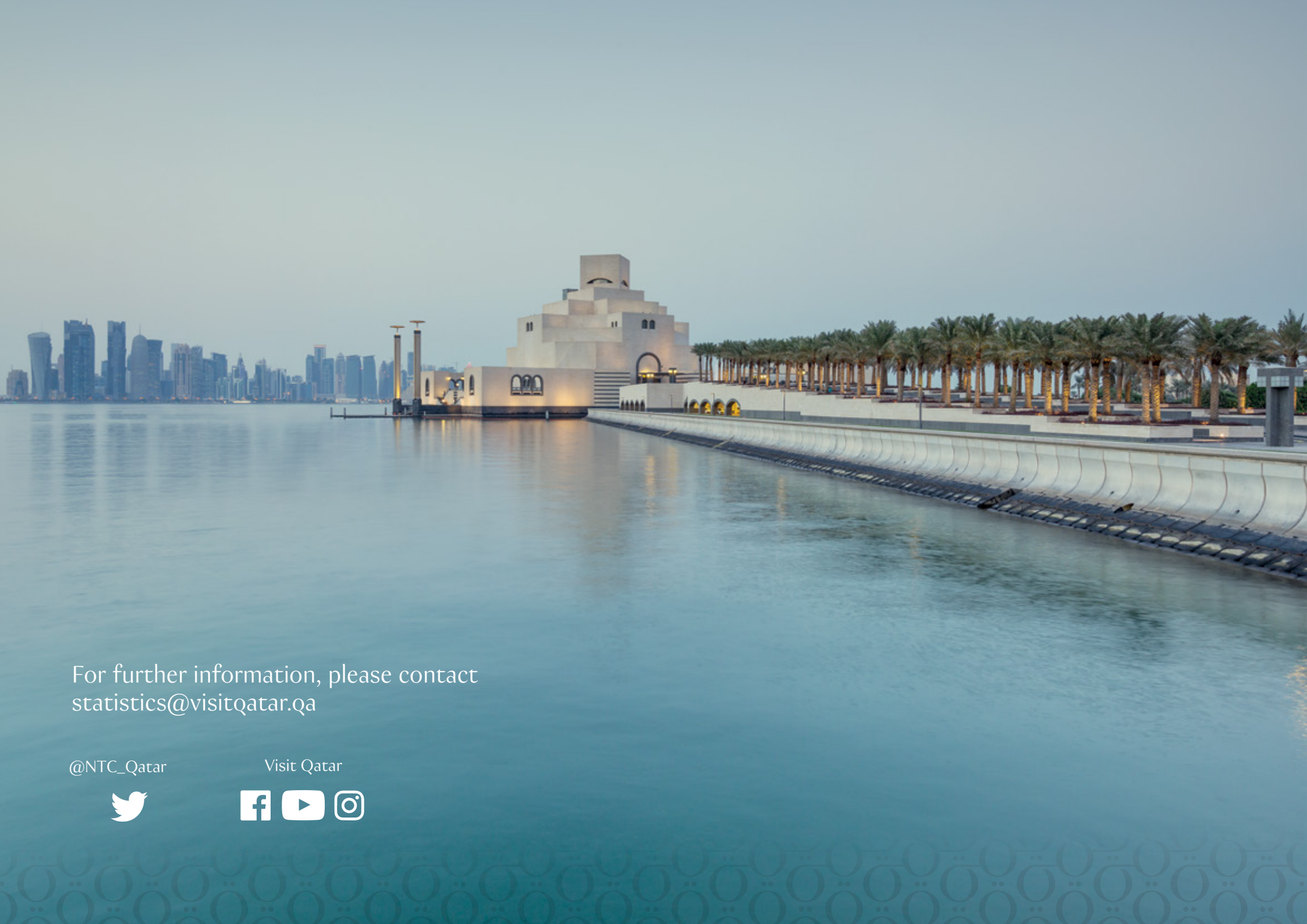
Existing Stock 2018

	Properties	Rooms
All	124	25,917
All Hotels	103	23,087
All Hotel Apartments	21	2,830
5 Star	44	11,789
4 Star	29	8,929
3 Star	24	2,143
1 & 2 Star	6	226
Deluxe Apartments	12	2,370
Standard Apartments	9	460

Properties Under Development

	Rooms	Entities
All Hotels & Hotel Apartments	23,346	117
All Hotels	15,794	77
5 Star	9,965	37
4 Star	4,320	28
3 Star	1,509	12
All Hotel Apartments	4,923	25
Standard	3,045	18
Deluxe	1,878	7
Not yet classed	2,629	15

²It is important to note that although eight new accommodation establishments brought 1,143 new rooms into Qatar's accommodation supply in 2018 and other hotel expansions brought additional rooms as well, closures elsewhere have offset these additions to a degree, such that at the end of 2018 there were only three additional hotel properties and 863 additional rooms compared to the end of 2017.



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