

# Hotelier

## express

MIDDLE EAST

YOUR GUIDE TO SUCCESSFUL BUDGET AND MIDMARKET HOTELS IN THE GCC



P30

**ALTO-SHAAM  
VECTOR OVENS  
TAKE CENTRE STAGE  
IN THE MIDDLE EAST**

JANUARY 2018 / VOL.03 / ISSUE 1



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THE WELL-SUPPLIED  
HOTEL GUESTROOM**

**LOCKED IN  
SAFETY & SECURITY IN  
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**2018**

**THE UAE'S ROLE  
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## FUTURE MODELS FOR MID-MARKET HOSPITALITY

As the year 2018 approaches, it seems to be the most opportune time to recall the Hotelier Express Summit 2017 (*highlights in pages 12-17 in this issue*) and a presentation by STR client relationships director Sarah Duignan, appropriately entitled "Looking Ahead: Regional Market Insights and Forecast".

What was especially striking was that somehow, somewhere, during the past five years, hotel supply growth in Dubai began to outpace demand growth, from December 2012 until September 2017. While the figures could be interpreted to mean that demand in Dubai is slowing down, the perspective depends entirely on whether one is a 'glass half empty' or a 'glass half full' type of person. Taken into context, in this case, this means that the demand for the Dubai market's existing models of hospitality may have slowed down.

Which leads me to pose an intriguing question: what about the demand for alternative

models of hospitality, including mid-market concepts, that do not even exist in the market yet?

Dimitris Manikis, RCI's loquacious vice president for business development Europe, Middle East & Africa, argues (*pages 8-11*) for the case that Dubai, in its forward journey as a maturing tourism destination, needs more diverse hospitality models to augment the current traditional hotel platform, and to help absorb all that supply that is coming online.

"People can handle change; what they cannot handle is uncertainty," is one of Manikis' favourite phrases.

Along the same vein, moving forward, *Hotelier Express* will be undergoing its own transformation. While its print edition will cease after this issue, alternative platforms to serve the Middle East's mid-market hotel sector will continue, such as its dedicated newsletter and online and offline channels of ITP Media Group's mainstay hospitality



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title, *Hotelier Middle East*. I encourage mid-scale hoteliers to continue to reach out to group editor, hospitality group, Devina Divecha via email: [devina.divecha@itp.com](mailto:devina.divecha@itp.com).

Meantime, allow me to say, it has been a tremendous privilege to work with all of you. Thank you for the memories and Happy New Year. ☺



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**EXCLUSIVE:** "We say in the hospitality business in general: follow the plane. Where the plane lands, there will be buyers" RCI vice president business development Europe, Middle East, Africa Dimitris Manikis **PAGE 08**



# DREAM MERCHANT

Resorts Condominiums International (RCI), part of Wyndham Destination Network, is banking on an evolving, maturing Dubai tourism landscape, and patiently biding time in order to capitalise on first-mover advantage when the Dubai Timeshare Law materialises. *Hotelier Express* finds out why a proper regulatory environment is essential

BY DIANE FERMIN ROEDER. PORTRAIT PHOTOGRAPHY BY LESTER APUNTAR



“...timeshare is a very resilient product. That product provides a lot of cash-flow and brands can create a very strong sense of loyalty among members, resulting in repeat business...”

remains RCI's biggest, most dynamic and most stable market in the region.

Describing the situation in Egypt as possessing “quite an interesting model”, Manikis says: “We’ve got Egyptians selling to Egyptians in Egypt, so it’s a very homogenous local market.” He goes on to add that despite the occasional geopolitical hiccups erupting in the region, the Egyptian market has actually proven to be “very resilient”.

According to Manikis, the product's reliability during challenging times is one reason why large hospitality companies like to have a vacation ownership arm. “In general, we are a very resilient product. No matter what the geopolitical climate may be in any given region, timeshare owners will always feel their timeshare units are home. That's why you see all the big hospitality companies have a vacation ownership concept, for example, Disney, Marriott, etc. Everybody is involved in this space. Why? Because timeshare is a very resilient product. That product provides a lot of cashflow and brands can create a very strong sense of loyalty among members, resulting in repeat business and a steady income.”

RCI vice president business development Europe, Middle East and Africa Dimitris Manikis.

In 2005, RCI was bought by Wyndham Worldwide, one of the world's biggest hospitality companies which also happens to own the Wyndham Hotel Group. These days, RCI is part of the Wyndham Destination Network.

RCI vice president business development Europe, Middle East & Africa Dimitris Manikis is himself absolutely sold on the concept of shared-holiday ownership, actually putting his money where his mouth is.

Narrating to *Hotelier Express*, Manikis says: “My family and I love a particular Greek island, and we would visit every year. We then asked ourselves, are we buying a holiday home or are we buying time?”

He continues: “My wife actually made an interesting point at that time. She said, I'm not going to buy something that I need to clean, maintain and do exactly what I do back home each time I go on holiday. So we ended up buying two weeks of timeshare at a particular property.”

“Every year we go there, it has become a holiday home. Plus with the help of

RCI, if we don't want to go to that Greek island one year, we actually swap our time there with thousands of other properties anywhere in the world.”

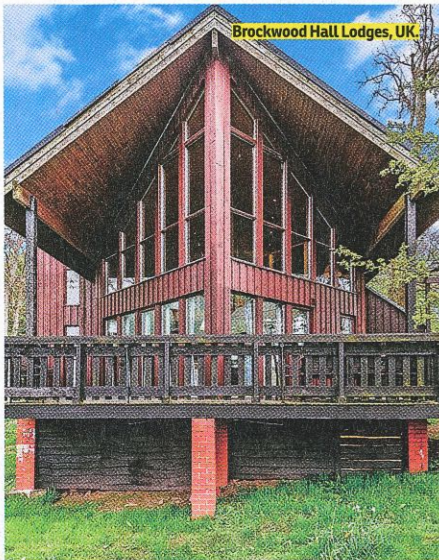
Manikis goes on to enthuse about the benefits of timeshare exchange ownership which he and his family are able to experience firsthand, citing the convenience and affordability of access to a preferred destination, yet without the heavy financial responsibility and commitment that vacation home ownership usually entails.

“If you buy a holiday home, what do you actually buy? You buy something for life, more or less, but which you merely use twice or three times a year, if you're lucky to get enough time off or enough holidays from work. You have all sorts of expenses with home furnishings, upkeep and maintenance, plus you do not get the pleasure of being in a hotel or resort environment,” he says.

In the Middle East, while Manikis recounts that business in Lebanon is growing and that he has tremendous aspirations for Dubai, he shares that Egypt

**15,000**  
IS THE CURRENT  
NUMBER OF RCI  
MEMBERS IN THE  
MIDDLE EAST.





Brockwood Hall Lodges, UK



Club Las Calas, Lanzarote, Spain



Manikis thinks timeshare legislation in Dubai should happen 'sooner rather than later'.



UNICO 2087 Hotel, Riviera Maya, Mexico

“We are a segment of the hospitality sector that is not widely known but we provide comfort to a lot of these big brands,” Manikis asserts.

When questioned about potential barriers to entry and development in the Middle East, Manikis cites the current lack of legislation, the need for more diverse quality products as well as growth in disposable income and destination airlift.

“You need a market that is thriving, lots of people with disposable incomes, and you need the airlift,” he says, continuing: “We have a saying in the hospitality business in general: follow the plane. Where the plane lands, there will be buyers. Let’s say you have the best products in the world but nobody flies there. What are you going to do?”

While qualifying that in other parts of the world, the timeshare exchange concept has expanded, from solely targeting families in the past and now catering to diverse segments, with millennials and

## TIMESHARE EXCHANGE 101 BY RCI

How exactly does time share ownership and exchange work? According to the model, the end user can purchase any of the following:

- A week (or more) at a fixed time of year, at a condominium or resort, which the user can revisit each year at the same time.
- A floating week (or more) allocated to the user by the condo or ‘home resort’ each year. This may not be the same week of the year each time.
- Fractional ownership,

which gives the user several weeks (usually one to three months) stays in high-end properties in high-demand locations.

- Buy-to-let schemes, where the user buys a share in a property for a fixed period of time and benefits from rental income of the unit when not used by the user. At the end of a specified period, the property can be sold and all parties share in any capital appreciation. In the interim, users

are free to sell their interest on the open market.

- At RCI, users can also purchase points, which are used as ‘currency.’ Each resort/week is allocated a points value in the system. With membership in RCI’s exchange programme, buyers of any of the property types listed above can exchange their ‘stay time’ or ‘home week’ with one or more weeks at any of the properties affiliated to the RCI network.

elsewhere in the region and overseas.

On the supply-side, Mainkis circles back to the earlier question pertaining to barriers to entry and development and brings up the regulatory environment (or lack of) for the sector in Dubai.

“Once you’ve got the legislation, once you’ve got the rules, for sure all the big players, Emaar, Damac, all these real estate players will want to come in and say, ‘you know what? It’s time to look at timeshare as an option,’” he says.

He points out: “All this supply is coming into the market, for which you have to find alternative products: fractional use, vacation ownership, condo hotels. I think in this market, every single concept within the hospitality industry will have a role to play. One size does not fit all. As the destination matures, products also need to diversify.”

Back in 2016, Mohannad Sharafuddin, chairman of Arabian Falcon Holidays, had expressed his hope during a press interview, that Dubai’s Timeshare Law, reportedly in the draft stage that year, would be passed by year end.

When pressed regarding his outlook

about the law, which still has not materialised nearly two years later, Manikis says: “My feeling is, they have to do it sooner rather than later. I think the market will push the authorities to actually regulate this business or introduce a legislation that protects the consumer, the seller, the developer, because the market needs this product.”

While he thinks the regulatory infrastructure is necessary to protect all stakeholders involved, it is Manikis’ opinion that the free market should still reign.

“Legislation can make or break an industry. Where we come from, as RCI and as Wyndham, is to introduce the right legislation so you can allow the market to grow. Create frameworks to protect the consumer and protect the developer but at the same time, allow the business to take care of itself,” he asserts.

“We believe that the government has a lot of vision; look at what they’ve done with branded residences, with mid-market hotels, it’s just getting to that vision sooner rather than later,” Manikis says, adding: “It’s going to happen; that’s no question. The question is: when exactly?”

Meantime, he says, RCI and Wyndham remain very much committed to Dubai and the UAE as a destination.

“It’s about planting the seeds in order for us to harvest when the right time comes. As a business, you have to be there early and commit from day one.”

“...every single concept within the hospitality industry will have a role to play. One size does not fit all. As the destination matures, the products also need to diversify”