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DUBAI ON THE GROW

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There's Something About Dubai . . .

Arabian Falcon's CEO Explores the Factors That Nurture the Emirate's Timeshare Health

[] By Betsy Sheldon



For the past few years, the Middle East has experienced not only fallout from the world financial crisis, but political turmoil in a number of major capitals, creating an overwhelming challenge for areas that have relied on tourism to oil their economies. While no part of the region has remained untouched, Dubai appears to be weathering the storm better than most. Al Mohannad Sharafuddin has a unique vantage point from which to reflect. As CEO and chairman of Arabian Falcon Holidays, based in Dubai, he has been at the forefront of the timeshare industry there since the 1990s. His sales-and-marketing company has been responsible for promoting some of the city's most remarkable vacation ownership properties and he has played a key role in working with the government to build the foundations for future industry health. According to Sharafuddin, there are some interesting reasons as to why that looks optimistic.

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What impact have the economic uncertainty and political uprisings of the Middle East had on Dubai's tourism sector specifically? Has it created challenges — or opportunities for development?

I can start first with the economic crisis. It had an impact on Dubai, as it has had on the world. Yes, it slowed us down. People

were worried about being able to keep on working and making money, so that's why in 2009 and 2010, we didn't know whether they were going to vacation.

But since the middle of 2011, we found that people realized that they were still going to be traveling and they were still going to vacation. They were recovering, properties were being completed, and the economy became healthier. It came back a little bit slower than we'd have liked, but it is going up.

Now for what's happening with the politics and problems and what they call here the Arabian Springs: Actually, we are fortunate that this part of the Middle East has not been affected at all. In fact, what's happening in other parts of the Middle East, such as Egypt, Syria, Jordan, Lebanon, Tunisia, and even Bahrain, has had a positive impact on the tourism industry here, as people who used to spend holidays in that part of the world are changing their destination and coming to this part of the world.

In addition to the fact that people are finding a safe haven in Dubai, our infrastructure is tremendous. All the necessary services for successful tourism are here: hotels, malls, fun fairs, kids' stuff. In fact, it not only surpasses other Middle Eastern destinations, it also rivals European destinations. Cities like Paris, London, Marbella. Beaches are here, malls are here, services and five-stars are here.

At one point, pre-2008 and the economic collapse, some sources said that Dubai was looking like it would surpass Florida as one of the most popular vacation destinations in the world. How does the country rank now in terms of tourism?

If the growth had continued in 2008, I think we would have passed Florida. Yes, after 2008, things slowed down here; lots of amazing and beautiful projects were canceled or delayed. But now, things are getting better and Dubai is getting back on track. [In November 2012,] the launch of what they call Mohammed bin Rashid City was announced. It's been all over the

news. The development is phase three of a master plan for economic development. The city will include the biggest mall in the world, a park larger than London's Hyde Park, amusement parks, water parks. So I think we're catching up and are hoping that we can, if not beat Florida or Orlando, at least be as popular.

Why Dubai? What made this particular location such a good spot for tourism development?

Dubai is a destination geographically in the center of all the airline routes. Emirates airlines, one of the biggest and most successful in the world, is giving Dubai a taste of glory.

But mainly it's the government vision led by His Highness Sheikh Mohammed bin Rashid Al Maktoum [vice president of the United Arab Emirates and prime minister and ruler of Dubai] that has made it easy for investment and business development in Dubai. Dubai had already established itself as a haven for investors, with rules and regulations that support growth. Tax-free implementation, easy visa requirements — all the things that are slowing other countries, Dubai is addressing so that more people can come, stay, and enjoy Dubai. They make it easy for them to fly in, to apply for a visa, to be assured of security and safety. All this has made Dubai a favorable destination.

How about the timeshare industry specifically? What is the legal landscape as far as vacation ownership?

Yes, good question: Timesharing in the region and in Dubai itself is growing. So, while the industry is growing project-wise, the government is working legal-wise and regulation-wise to make it easier for sales-and-marketing activity in the timeshare sector. They've been very helpful in trying to implement some simple and straightforward regulations without making it difficult for us. Although the laws have not yet been announced, we're working closely with the authorities here to make our timeshare growth easier.

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What role has your company, Arabian Falcon, played in Dubai's shared ownership development?

Arabian Falcon, which was established in 1999, started selling and marketing the first-ever timeshare project in Dubai in 2003. Royal Club at Palm-Jumeira was built on the city's first man-made island. We have one project that has not been completed, which is called Royal Club at Downtown Dubai, and the newest one is the Royal Club at Bonnington Tower. All three projects are affiliated with Interval International. Another project came to Dubai a couple of years ago — EGC at Emirates Grand Hotel — also affiliated with Interval. So Arabian Falcon is the major player here now, along with the other competitor who came into the market.

Since 2003, we've worked very closely, along with other timeshare experts, with the government authorities in drafting laws. We're still waiting and expecting the legislation to be published soon.

What's going on in terms of consumer protection?

Arabian Falcon and legal representatives from developers, government bodies here, and the exchange companies have drafted the legislation to include all the positives of American, European, and Middle Eastern regulations. Of course, we



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made sure that consumer protection is also addressed in a way that makes both owners and developers happy.

One most important consideration is the fact that we are not allowed to sell or market any projects under construction. The property has to be fully operational in order for us to start selling it. So I think this is a major consumer protection that makes our life and the lives of the end user easier. Developers and marketers have also implemented many of these

practices even without the legislation. For example, there is a cooling-off period, which has been followed for three or four years now.

A government body called RERA [Real Estate Regulatory Agency] is in charge of timesharing here, and it is monitoring and making sure that any marketer or developer in Dubai follows these points: no sales for projects under construction, the cooling-off period, and maintaining the quality of the project itself. The criteria are strict, and make it very difficult for fraud to survive in Dubai, while also giving confidence to timeshare buyers, knowing that Dubai authorities will protect their rights.

Do you have a sense of when the legislation will be passed?

I think announcing the launch of Mohammed bin Rashid City is going to accelerate the need for this legislation. Timesharing is going to have a very big impact and help this development to market. With the massive increase in the number of rooms and serviced apartments, timeshare will play a major role in filling these rooms. I cannot say when, but I think maybe by middle or end of the year, they will have seen that the implementation is needed due to the tremendous growth of tourism development.

Who is the vacation ownership prospect for Dubai? And what, in terms of product and marketing, do they respond to?

Tourists visiting Dubai are always potential timeshare owners. Dubai [International] Airport is one of the busiest airports in the region, serving airlines from all over the world, including Emirates, which is one of the biggest. Who are these prospects? They come from everywhere. Europe, Africa, Arab nations, China, Japan. The Russian market is also growing. Whatever tourists come to Dubai, we meet them and talk to them.

But one of the most healthy and active markets, believe it or not, is the African market. We see a lot of full flights coming from Nigeria, Angola, Kenya, and

Mozambique. From all these countries, travelers come for holidays and shopping.

What is the most popular vacation ownership product? One week? Two? Right to use? Deeded?

We all implement here the right of use for 50 years, and two weeks is the most popular product. When it comes to location, because Dubai is such a small city, most resorts have it all: beachfront, urban activity, malls and shopping arcades, parks — we also have good weather. Here at the end of November, we have nice, sunny [72°F to 73°F] weather. We do have a hot and humid summer.

I guess in the summer, they can always go snow skiing.

Yes! Dubai does have the only indoor ski slope open 365 days a year. This slope is located in one of the biggest malls in the world. Visitors can enjoy Ski Dubai. They can enjoy water sports. They can enjoy fun fairs, malls, and summer festivals and all sorts of events held indoors to keep people out of the sun. It's always a busy summer, despite the hot weather that we have.

Arabian Falcon has a presence in other Middle East and North African markets.

Yes, Arabian Falcon has another big office in Jeddah in Saudi Arabia, and also we have representatives in Kuwait and Nigeria. We serve as an agent for another Interval-affiliated property, a small boutique resort in Marrakech, Morocco. And we represent two resorts in Malaysia. Our company in Saudi Arabia, Arabian Falcon International, is also the agent for several Marriott Vacation Club resorts in the region.

What do you see as Dubai's future as a major tourism destination over the next few years?

Again, Dubai timesharing follows the larger tourism industry, which is on the right track when it comes to growth. With the vision of Sheikh Mohammed Rashid, the government is emphasizing

accessibility and easy requirements for businesses that would like to establish themselves in Dubai, and also for people who'd like to come and visit.

Arabian Falcon is working closely with the government in trying to increase the stay of the typical family who comes for on average two or three nights. Timesharing is a great way to boost that stay to a week.

Yes, Dubai with the announcement of Mohammed bin Rashid City is going to play a very major role not just in the region, but hopefully we will be one of the biggest vacation destinations in the world.

Last points? What should readers take away about Dubai and its potential for vacation ownership development?

Really, most important for them to know, especially readers in the U.S: Yes, we are

part of the Middle East. The media always concentrates on what is happening in Egypt, Syria, Palestine, Tunisia. . . . This is different from what's happening in the GCC. [Gulf Cooperation Council, including Saudi Arabia, the United Arab Emirates, Oman, Kuwait, Bahrain, and Qatar.] These are very stable countries. They're far away from any disturbance that might be happening.

I don't know if you've seen the last Tom Cruise movie, *Mission: Impossible*. It was filmed here, in Burj Khalifa, the tallest building in the world, and in the streets of Dubai.

Go to YouTube and type in "Royal Club at Palm-Jumeira." You will see some of the Americans who exchanged through Interval, and came to one of our properties. The guy was asking his wife, 'What do you think of this place?' And she says, 'I think this place is going to be

another Las Vegas very soon.' Beautiful weather and everything that any tourist and vacationer will be looking for.

Dubai is one of the fastest-growing cities in the world in all aspects of tourism, industry, real estate, gold. Popular names for Dubai are Haven of Gold and Pearl of the Gulf. It is a destination with clean beaches, brands, and shopping malls. And don't forget the year-round ski slope that we have. It is very popular, safe, and is a great place to work, live, and visit. . . . There's no more to say than that. [E]

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