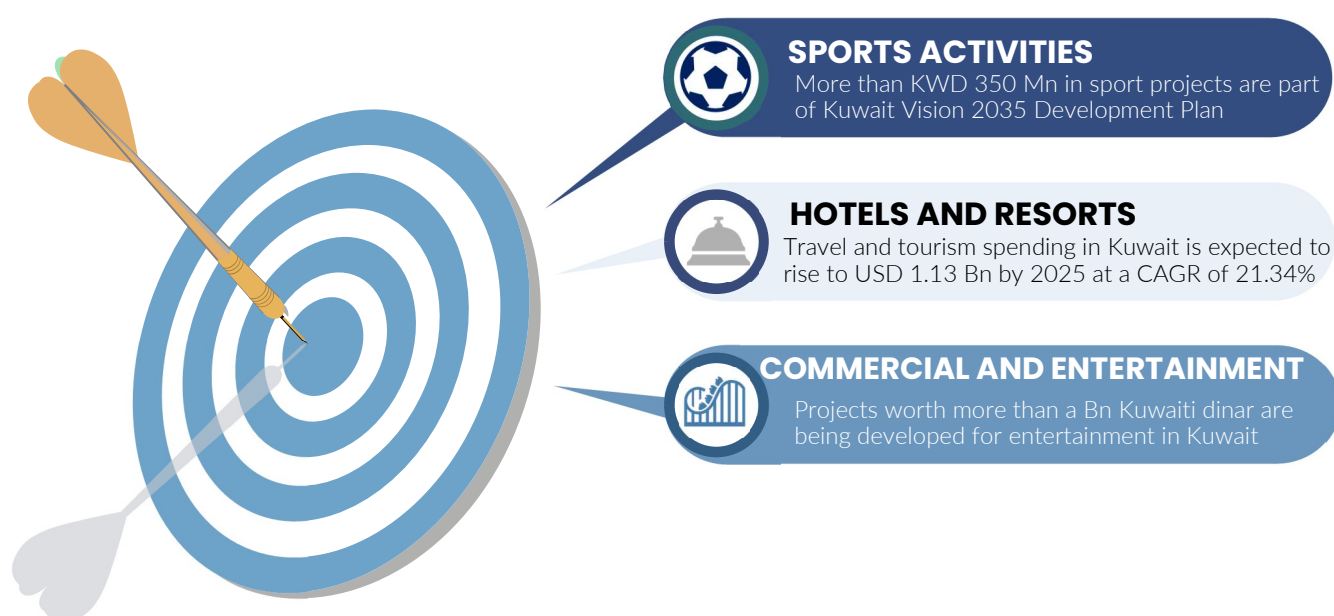


3.10 Tourism, Hotel and Entertainment Sector

Sector Overview

The government of Kuwait is positioning the country to become a regional touristic hub. Hence, several projects have been launched in Kuwait on a grand scale to provide sports, entertainment, and leisure activities. While the projects are expected to cater to the existing population, they also provide an excellent opportunity for increasing tourism into the country especially from the GCC region. The hospitality segment is expected to gradually return to Pre-COVID levels following the decrease in the number of infections following a stringent immunization program.

SUBSECTORS



The growing population of the country and its young demographic makeup will increase the demand for sports, entertainment, and leisure activities. The current players in the market are still small in comparison to the foreseen demand for such activities. Foreign investors can thus set up Touristic Activities, Resorts, Hotels, and other Entertainment facilities in the country through a 100% ownership of the mentioned facilities.

3.10.1 Sports Activities

Sports activities are activities that require physical skills and endurance and are performed as part of a competition, adventure, entertainment, and hobby.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a thriving sports culture that is actively supported by the government.
- Kuwait's young demographic makeup, with more than 50% of the population below the age of 35, creates a large demand for sporting facilities.
- The Public Authority for Sports is the governmental authority responsible for the promotion of sports and related activities in the country.
- As per the State Budget for the year 2021-2022, an amount of USD 266.6 Mn was allocated towards the Authority for managing sports in the country.¹
- The most prominent sports in Kuwait currently include:

Games	Venue	
Archery	National Archery Center	
Basketball	All main sport clubs in Kuwait	
Bowling	Kuwait Bowling Sporting Club, Cozmo Entertainment, Silver Towers, Hunting and Equestrian Club, Holiday Inn Hotel and Safir International Hotel	
Equestrian	Hunting and Equestrian Club	
Swimming	Swimming Pool Complex	
Tennis	Rafa Nadal Academy, Kuwait Tennis Federation	
Squash	Kuwait Squash Federation	
Racing	Amateur Car and Motorbike Association - Science Club	
Ice skating	Ice Skating Rink - Shamiya Gate	
Shooting	Kuwait Shooting Federation, Maidan Public Shooting Range	
Football	<ul style="list-style-type: none"> • Jaber Al-Ahmad International Stadium • Sabah Al Salem Stadium • Mohammed Al-Hamad Stadium • Al-Sadaqua Walsalam Stadium • Al Kuwait Sports Club Stadium • Al-Ahmadi Stadium • Mubarak Al-Aiar Stadium • Kuwait University Stadium 	<ul style="list-style-type: none"> • Thamir Stadium • Farwaniya Stadium • Ali Al-Salem Al-Sabah Stadium • Khaitan Stadium • Kuwait Olympic City Stadium • Al-Sulaibikhat Stadium • Abu Halifa City Stadium • Fahaheel Stadium
Health Clubs	<ul style="list-style-type: none"> • Bulldozer • Champions • Fitness First • Flex • Iron Man • Oxygen • Platinum • Ras Salmiya • Rush • Spark • Stretch 	<ul style="list-style-type: none"> • Champions • Fitness First • Flex • La Femme • Lady's Corner • Physique • PilatesAndMore • Ras Salmiya • Rush • Skyline • Steam

- As per Kuwait's Sports Strategy of 2021-2028, the main outputs include the following:
 - Establishing six stadiums i.e., 1 per governorate.
 - Developing the stadiums on a PPOT basis.
 - Developing a comprehensive Olympic sports city.
 - Developing sports schools for the talented.
 - Providing sports scholarships.
 - Developing a hospital for sports injuries.
 - Developing laboratories for medical tests that may be required.
 - Sponsoring 45 international, continental, and regional tournaments.
 - Developing an international sports academy – accredited and specialized.
 - Integrating paralyzed people into sports clubs.
 - Changing laws to ensure that sports can be taken up as a profession and not just a hobby (contract based).
- As part of Kuwait Vision 2035 Development Plan, the government has envisioned the development of several sporting projects in the country, which include²:

Project	Cost	% of GDP
Jaber Al Ahmed International Stadium	USD 398.7 Mn	0.34%
Implementation of the National Youth Policy	USD 16.6 Mn	0.01%
Youth centers	USD 280.7 Mn	0.24%
Design of the Kuwaiti Sports Club for the Disabled	USD 73.1 Mn	0.06%
Girls' clubs	USD 16.6 Mn	0.01%
Specialized clubs	USD 84.7 Mn	0.07%
Gymnasiums	USD 299 Mn	0.25%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- The rising population of the country and the awareness of the youth about health and fitness are increasing the demand for sporting facilities in the country. The government of Kuwait is actively involved in promoting sporting activities through the implementation of mega projects as part of Kuwait Vision 2035 Development Plan.

Furthermore, there are a number of sporting facilities that are expected to be in demand in the future, including:

- Private football courts
- Private tennis / paddle / squash courts
- Private power games gyms
- Private fitness / cross fit gyms
- Martial arts gyms
- Bowling
- Equestrian sports
- Cycling
- Shooting sports
- Watersports (Jet skiing wind surfing, scuba diving, paddle boarding, kayaking)
- Swimming
- Ice skating

Many of the sporting facilities mentioned above have already been built in the country.

- Such facilities can be owned 100% by foreign investors under the Foreign Direct Investment Law and investments in these facilities can reap good returns to investors.

Source: ¹MOF, ²Kuwait Vision 2035 Development Plan

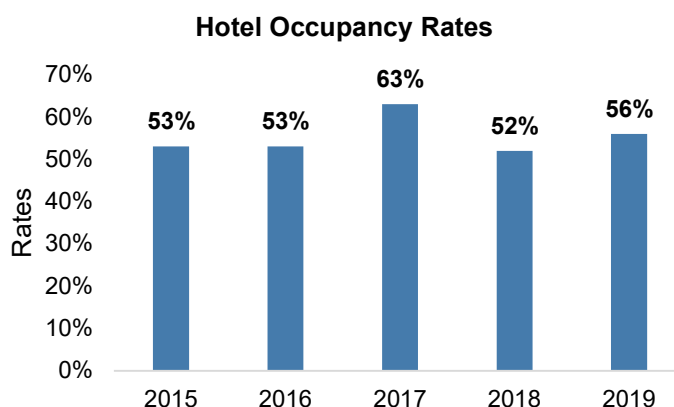
3.10.2 Hotels and Resorts

Hotels and Resorts are establishments that provide accommodation, meals, and other services for a fee.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- In 2019, Kuwait had the following hotel inventory¹:

Class	Number of Hotels
5 Star	11
4 Star	9
3 Star	12
2 Star	4
1 Star	1
Hotel	38
Apartments	



- Occupancy rates of hotels in Kuwait were at 56% in 2019.² This dropped dramatically by almost 50% in 2020 following the COVID-19 pandemic. At the same time, it was estimated that 20-25 % of hotels' staff had lost their jobs in Kuwait, which was estimated at around 2,500 people.³
- The estimated losses to the hotel sector as a result of the pandemic in Kuwait was USD 340 Mn, including USD 121 Mn of losses in room revenues.³
- Following the pandemic, tourism is expected to rise, and Kuwait City is expected to achieve an occupancy rate of 29% in 2021. Further, it is also expected that 8,400 new rooms will be available by 2023.⁴
- A number of new hotels were opened in 2021 as well as are expected to open in the following year.⁵ They include:

Name	Opening Year	Location	Rooms	Star
Grand Hyatt	2022	360 Mall	302	5
Waldorf Astoria	2021	The Avenues Mall	200	5
International Hotel Farwaniya	2021	Farwaniya	120	5
St. Regis	2021	Kuwait City	122	5
Marriott Executive Apartments	2021	Kuwait City	174 ⁶	4
Novotel	2021	Al Sharq	160 ⁷	4
Staybridge Suites	2021	-	120	4
Hampton by Hilton	2021	-	110	4
Campanile by Golden Tulip	2021	-	178	4
Misk Hotel (Shaza)	2021	-	200	4
Swiss-Belhotel	2021	Al Sharq	51 ⁸	3

- Further, the Kuwait Investment Authority in 2021 approved a capital increase of the country's Touristic Enterprises Company (TEC) by USD 830.6 Mn. The new capital will be utilized by TEC for redevelopment plans of 11 key facilities, across five segments. They will include parks and family entertainment, hospitality, recreational clubs, highways rest areas and waterfront marinas. TEC also has plans for the redevelopment of three key projects, which include Nuwaiseeb Rest Area, Ras Al Ardh Club and Messilah Beach as well as upgrading some seafront facilities in Kuwait Bay.⁹

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Revenues from travel and tourism in Kuwait are expected to rise to USD 1.13 Bn by 2025 increasing at a CAGR of 21.34% from 2021. This will further create demand for Hotels and Resorts in Kuwait.
- The expansion of Kuwait International Airport is expected to boost travel and tourism in the country and the largescale infrastructural projects undertaken by the government will further increase the influx of foreigners into the country intending to participate in such projects.
- There is also immense potential for developing resorts in Kuwait considering the large coastline of the country.
- Kuwait is also planning a mega-project to develop five islands at an investment cost of \$160 billion. They include the islands of Boubyan, Failaka, Warba, Miskan and Owha. This development includes touristic and leisure areas with Venetian-like waterways, shopping centers, a world-class travel center and treatment centers.¹⁰

Source: ¹CSB, ²Statista, ³Hospitality News Middle East, ⁴MEED, ⁵Kuwait Hotel Owners Association (KHOA), ⁶Marriott, ⁷Hotel News Resource, ⁸Hotelier Middle East, ⁹Zawya, ¹⁰The New Arab



3.10.3 Commercial and Entertainment Centers

Commercial and Entertainment Centers include facilities to the general public provided mainly for the purpose of entertainment, either exclusively or in combination with other activities.

OVERVIEW AND FACTORS INFLUENCING THE MARKET

- Kuwait has a relatively small number of arenas for entertainment. They range from museums and malls to water theme parks, amusement parks and cultural centers.
- The country has a very young population, where more than 50% of the population is aged below 35 years.¹ The entertainment life is vibrant in the country with the youth frequently visiting such places.
- Kuwait has one of the highest per capita incomes in the world with individuals having access to a relatively high disposable income. This income provides the population with the means to create demand for entertainment activities in the country.



- Some of the existing entertainment centers include:

Types	Places
Zoo	<ul style="list-style-type: none">• Kuwait Zoo
Aquarium	<ul style="list-style-type: none">• The Scientific Center
Water Theme Park	<ul style="list-style-type: none">• Aqua Park• Messila Water Village
Indoor Entertainment	<ul style="list-style-type: none">• Future Kid• Infinity Zone• Kid Land• Kuwait Magic• Cosmo
Amusement Park	<ul style="list-style-type: none">• Lagoons• Play Land• Hawally Park• Sha'ab Leisure Park
Branded Theme Park	<ul style="list-style-type: none">• 99 Village• Cartoon Network World
Cultural Centers	<ul style="list-style-type: none">• Sheikh Jaber Al-Ahmad Cultural Centre• Sheikh Abdullah Al Salem Cultural Centre• Palace History Museum
Malls	<ul style="list-style-type: none">• The Avenues Mall• Marina Mall• Souq Sharq Mall• Al Kout Mall• 360 Mall• Gate Mall• Al Asima Mall

- A new innovative concept was launched recently in Kuwait in the leisure segment. The most prominent feature of the concept includes mobile trucks station in the Sabiya area at the end of Jaber Bridge. It will cover an area of 1 Mn sqm and include 400 projects. The main categories of projects will be:
 - Food trucks area: which contains cafes and snacks.
 - Retail trucks area: which contains retail sales, desert & marine appliances.
 - Activities trucks area: which contains lighting, laser, TV and live radio stations.
 - Sports area: which contains walking pathway, cycling pathway and services pathway.
 - Leisure activities area: which contains e-games, kid's games, and car cinema.
 - Other activities area: which contains rental plots and other activities.

The leasing in any of the above areas will be through a mobile application.²

- The government is keen on investing in commercial entrainment zones in Kuwait thereby transforming Kuwait into a touristic hub. One of the mega projects currently under construction is the expansion of Kuwait International Airport. The airport will be a gateway to Kuwait and will increase its visibility not only in the GCC but also globally.³ The other projects undertaken include:

Project	Cost	% of GDP
Development of the Sulaibikhat Bay	USD 5.1 Mn	0.004%
Development of the Jahra Waterfront (Jahra Corniche)	USD 448.5 Mn	0.38%
Blajat Development (Sea Front)	USD 330.2 Mn	0.28%
The New Entertainment City	USD 1,993.4 Mn - USD 2,657.8 Mn	1.69%-2.25%

OPPORTUNITIES AND INVESTMENT CONSIDERATIONS

- Revenues in travel and tourism in Kuwait are expected to grow from USD 522 Mn in 2021 to USD 1.13 Bn by 2025 increasing at a CAGR of 21.34% from 2021. The growing population of the country and the youth will continue to drive the growth for entertainment facilities in the country.
- In addition, the rising number of tourists from other GCC countries is expected to increase demand for entertainment options in the country.
- A lot of potential is foreseen in the below venues:
 - Cinemas
 - Gaming
 - Museums
 - Scientific centers
 - Parks
 - Heritage sites/ cultural activities
 - Fishing
 - Desert Camping
 - Expos / Festivals
 - Photography and art & crafts centers
 - Shopping
- Considering the above, foreign investors may invest in promising entertainment venues in Kuwait and take advantage of the growing market.

Source: ¹CSB, ²AlJarida, ³Kuwait Vision 2035 Development Plan