

THE DAILY STAR

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Wednesday, March 08, 2006

Lebanon's hospitality sector taps into virgin boutique hotel market

Move comes in response to increasing demand for rooms

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Special to The Daily Star

Beirut: Lebanon's hospitality sector is branching out into the untapped boutique hotel market, with three projects in development in Beirut Central District (BCD) and one on Gemmayzeh's Gouraud Street. **Christian Fernaine**, the co-founder of the **management consulting firm Ulysses**, said that the current spate of boutique development is a response to increasing demand for rooms in Lebanon.

"There will be 3,000-4,000 new more rooms by 2008 when the construction of the Hyatt, Four Seasons, and Rotana hotels are completed, but the local market needs 8,000-10,000 more rooms," he said.

With 33 suites, the Albergo is the only luxury hotel in the local market that is classified as boutique - meaning a nonchain, intimate hotel with between three to 100 rooms that is geared toward a trendy, affluent clientele. The Vendome is considered to be a boutique hotel in terms of the personalized customer service it offers, but since it is owned and operated by Intercontinental and has 73 rooms it is bigger than standard.

Given the decline of the tourism sector last year, investment in luxury hotels is risky. The Tourism Ministry said the number of visitors to Lebanon fell by 13.56 percent in the first nine months of 2005, with only 911,745 tourists coming to Lebanon up to September of 2005 compared to 1,054,743 in the same period of 2004.

Though most believe the dip is temporary, with room rental rates starting at \$550 per night, boutique hotels are geared to the affluent, a market that already has a wide range of luxury, 5-star accommodation options in Beirut.

Naji Morkos of Hodema Hospitality Development told The Daily Star that the four projects will not be in direct competition with each other, and insisted that there is plenty of room for even more boutique hotels in the virgin Lebanese market.

"Once people get used to the type of personalized services offered, it will raise the standards of the sector on the whole and the 5-star chains will need to keep up and compete with the boutiques. Eventually boutique standards will become the new norm for Lebanon's hotel industry," Morkos said.

Such "personalized" services include an attentive staff that knows every guest by name, individual check-in times and personalized phone numbers. Some of the most luxurious even come equipped with personal butlers and finger-print recognition technology instead of room keys.

Gemmayzeh real-estate developer Karim Bassil is spearheading the construction of a 36-room boutique hotel on Gouraud Street, which will be completed in June 2007. Each room will be designed differently, but all of them will have high ceilings and modern amenities while retaining the traditional Lebanese style. "It is much easier for me as a developer to do residential projects in Gemmayzeh since there is huge demand for the neighborhood now, but I felt there was a need for this kind of accommodation here. It fits with the environment of Gemmayzeh," Bassil said.

Marwan Kheireddine is financing the \$80 million construction of the Royal Hotels and Resorts, set to be completed in 2008 in the Wadi Abou Jmil neighborhood. Phillippe Stark is designing the 8,000 m squared village that will house 10 buildings, each equipped with an individual garden. Two other boutique hotels are also in development in Solidere; The 31-room El Patio owned by Khaled Bin Turkey and the 80-room Bab el-Saray.

Fernaine said that the new boutiques will not challenge the market-share of bigger luxury hotels, because they are targeting a different customer.

"Boutiques are geared toward a niche market. We want to attract young people between 25-35, used to living abroad in Europe and the U.S., and European business people. Boutiques do not target families," he said.