



ACTION HOTELS

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Action Hotels expands across Gulf region

Developer aims to have biggest economy chain

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The Kuwaiti company Action Hotels is set to expand into Abu Dhabi and Saudi Arabia by the end of the year, pushing it closer to its goal of becoming the biggest budget hotel developer in the Gulf.

"We are already in four out of the six countries," said Sheikh Mubarak

Al Abdullah Al Mubarak Al Sabah, the chairman of Action Hotels. "We plan to be in Saudi Arabia by the end of this year, so that will be five out of six."

Action has hotels under development in Ras al Khaimah and Sharjah, but is keen to expand into the UAE capital, where it has secured land for the new project.

"We haven't chosen an operator yet," said Sheikh Mubarak. "We have a site in Abu Dhabi near Musafah Bridge. We are now negotiating with operators."

But he said Action had missed out on opportunities in Dubai.

"The local developers here were one step ahead of us in securing sites with the operators, and we found that there is an overcrowding already with the brands we represent."

Action Hotels, a subsidiary of Action Group Holdings, has already linked up with the French-based hospitality operator Accor and InterContinental Hotel Group on 14 budget and mid-scale hotels, including Ibis and Holiday Inn properties.

Most of these are in the Gulf, but Action also has two hotels in Australia and one in Jordan.

"The ethos is really to be the largest economy lodging or mid-scale hotel group in the GCC in terms of room numbers and geographic span," Sheikh Mubarak said.

Action Hotels has grown with the rise of budget airlines and an increase in travel within the region, for business and leisure.

Economy hotels are often more profitable than five-star properties because they are cheaper to build and run, analysts say.

"The traveller was not spoiled for choice," said Sheikh Mubarak. "You had the five-star hotels with exorbitant rates and the no-star hotels,

and not much in between most of the time.

"That led to us thinking that there was a niche for us to put branded, globally recognised mid-scale economy hotels."

Sheikh Mubarak said the cost per room for a good quality economy hotel in the region was between \$100,000 and \$150,000; less than half the cost of a five-star development.

Construction and land prices were prohibitively high in Qatar, he added.

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