

Hospitality sector experiences the Burj Khalifa effect



BASKING IN THE BURJ KHALIFA GLOW The opening of Burj Khalifa has made the area an even bigger destination than before. CB FILE

DUBAI Bindu Rai

As Burj Khalifa completes its first 10 days of operation since its inauguration, the 'Burj effect' continues to benefit surrounding hotels that have capitalised on the iconic tower's brand value in recent days.

While Rotana Hotels and Resorts launched the world's tallest hotel with the Rose Rayhaan, presiding in Burj Khalifa's shadow, other neighbouring hospitality players are also reporting robust occupancy levels and an increase in traffic at their food and beverage outlets.

A 'Burj view' room demands a supplement charge of Dh150 per night to its Dh775 (plus taxes and surcharges) room rate at neighbouring four-star property, Southern Sun Al Manzil Hotel, while Shangri-La Hotel, Dubai, has not ruled out the possibility of doing the same in future.

A period of boom

"The opening of Burj Khalifa has indeed energised The Address Hotels and The Palace - The Old Town hotel, all offering impressive views of the world's tallest building," Seema Pande, Area Director of Sales and Marketing The Address Hotels and Resorts, told *Emirates Business*.

When quizzed about the occupancy levels of The Address Downtown Burj Dubai and The Address Dubai Mall

since the January 4 opening of Burj Khalifa, Pande said: "The Address Hotels and Resorts witnessed robust occupancy levels throughout 2009, and the trend continues this year with tourist arrivals from Europe, the GCC and Indian Subcontinent, as well as corporate travellers."

Ruth Hulatt, Complex Director of Sales and Marketing, at Southern Sun Al Manzil Hotel, said: "Our occupancy level for January stands at 82 per cent, till date. We are seeing a definite interest in the property since the opening of Burj Khalifa, however, bookings continue to be last minute."

She said: "The food and beverage outlets have benefited substantially. The opening of Burj Khalifa has made the area an even bigger destination than before, which increases footfall and location awareness."

While Hulatt revealed that they have not published any specific packages marketing Burj Khalifa to its clientele, the hotel is working with an array of travel partners that are packaging the destination on Al Manzil's behalf.

THE NUMBER

82%

The occupancy level at Southern Sun Al Manzil Hotel so far in January



Sven Gade, Director and Head of Consulting at PKF - The Consulting House, Business Advisers to the Hotel and Property Sectors, said all surrounding hospitality properties are directly benefiting from Burj Khalifa.

He said: "The Palace, the two Address hotels, as well as Qamardeen and Al Manzil will all experience a boost from Burj Khalifa, as will Souk A Bahar, Dubai Mall and the existing food and beverage outlets in the area."

When asked if the same logic applied to the soon-to-be opened Armani Hotel, located in Burj Khalifa, Gade said: "We understand that the Armani Hotel will be positioned a little below the Burj Al Arab but above other hotels in the Downtown area. The fact that it is located in an icon will certainly benefit it and we expect that demand will be visible in market segment that is not particularly price sensitive. It is another first of its kind and we, there-



Downtown is a distinct micro-destination in its own right within the macro, Destination Dubai

Sven Gade, PKF

fore, expect it to open above average."

Destination Downtown

Downtown Burj has rapidly developed into a micro-destination in itself, according to Gade. He said: "Downtown is a distinct and well-defined micro-destination in its own right within the macro, Destination Dubai, which only came to its full with the arrival of Burj Khalifa."

"There will be visitors who will come to stay there because of the tower itself, but let's not forget there is actually quite a lot of activity potential in the neighbourhood, including the Dubai Mall, the aquarium, Dubai Fountain and several distinctly different hotels, each of which enable visitors to stay for several days within this micro-destination."

Al Manzil's Hulatt echoed the statement, saying she believes Downtown is best tagged as a new lifestyle destination, saying: "It is a lifestyle destination, with its

own range of products and services - from commercial to residential properties, as well as hotels.

"The fact that Burj Khalifa is in the midst of this is a coup for hotels. Here is this one-of-a-kind global icon and there is no doubt that the area will soon develop into the new hotspot in the city and the long-term impact can only be a positive one."

"We believe this area will become as popular as the likes of a Trafalgar Square in London or Times Square in New York."

"Burj Khalifa will be a great value addition to Dubai's economy, and has already contributed to strengthening the value of the surrounding 500-acre community, as well as the neighbourhood," said Pande.

Further afield

While Downtown hotels continues to reap the benefits of Burj Khalifa, properties located on neighbouring Sheikh Zayed Road have also cashed in on the big prize.

Neil Rumbaoa, Director of Communications at Shangri-La Dubai, said: "We can't categorically say the opening of Burj Khalifa has directly impacted occupancy levels at Shangri-La, as the first few weeks in January are traditionally a slow period."

"However, we have noticed an increase in requests for rooms with a Burj Khalifa view. We haven't started charging extra for these

rooms, but we may revise our marketing plans in future."

Closer to Burj Khalifa's iconic status as the world's tallest structure is the newly opened Rose Rayhaan property by Rotana Hotels and Resorts - the world's tallest hotel.

Omer Z Kaddouri, Senior Vice-President of UAE Operations, Rotana, said: "Having Burj Khalifa next to us is an additional benefit to our new property. But I would like to clarify that opening our Rose Rayhaan Hotel a few days after the Burj opening was not planned at all. But, of course, we are basking in the additional media coverage."

Since the hotel's soft opening period last December, Rose Rayhaan has reported 65 per cent occupancy.

On whether Rose Rayhaan looks upon Burj Khalifa as direct competition, since the structure will house the Armani Hotel, Kaddouri said: "Every hotel has a cycle of years to turnover a profit. In this market, you have to get creative to survive competition. I think both, Rose Rayhaan and the Armani Hotel, will benefit from the iconic status each enjoys - one because of its location, while the other for its own strength."

Gade said: "There is no doubt that Burj Khalifa will add significant brand and destination value to Dubai. It will have similar impact as the Burj Al Arab and The Palm Jumeirah, both of which are still well known icons worldwide."