

Salalah “Paradise”: The Emergence of a New Tourism Destination in Southern Oman

Steffen Wippel

News

In spring 2015, Omani newspapers and international media services announced that two big new tourism complexes would be built in the agglomeration of Salalah in Southern Oman.¹ Other news was the opening of the new Salalah airport in June 2015.¹

Summary

Since the late 2000s, Salalah, a long neglected, remote place in Southern Oman, is being developed into a major tourism destination. Besides the completed airport expansion, the hotel infrastructure in particular, notably in the form of “integrated tourism complexes”, is under development. However, the risk of overcapacities, impacts of regional and global events and overoptimistic expectations for the destination constitute important challenges.

Key Words

Oman; tourism; economic policy; urban development

Analysis:**O**man's Late Opening for Tourism

Compared with its neighbour Dubai, Oman opened up very late to tourism, for fear of infrastructural and socio-cultural unpreparedness. In 1995, the "Vision Oman 2020" stipulated the diversification of the national economy away from oil. For the first time, it also proposed serious policies encouraging the development of tourism. The promotion of so-called quality tourism constitutes a principal element of the national tourism development strategy. In the 5-year plan for 2006-2010, the Omani government directed most investment towards high-end "integrated tourism complexes" (ITCs) that in general comprise several luxury hotels, but also a considerable number of flats and villas serving tourist and residential purposes, as well as a large range of shopping, entertainment and leisure facilities. Such projects approved by the Ministry of Tourism (MoT) offer 100% foreign ownership and residency permits to investors and their families. The expansion of existing and the construction of new airports and the rapid extension of Oman Air's network since the late 2000s also serve to foster international tourism. A new long-term tourism strategy (2015-2040) will be unveiled in September 2015.

The table shows the impressive increase of accommodations since the mid-1990s.¹ Until 2008/09, the number of hotel guests and nights also increased continuously. Then, the avian flu and the economic crises with their global and regional repercussions affected hotel stays considerably (with -10% in guests and -19% in nights), but the upward trend already recovered in 2010 and reached a new maximum in 2013.

Basic Oman tourism data

	Hotels	Rooms	Beds	Room occupancy	Guests (000)	Nights (000)	Employees	Of which non-Omani
1996	52	3065	4460	49%	436	523	3054	71%
2003	133	6473	9809	39%	887	1078	4677	61%
2013	282	14369	22521	48%	2047	2517	9894	68%
Dhofar	27	1713	3109	35%	143	164	1002	72%

Source: MoT, NCSI

The Economic Discovery of a Remote Place

Salalah is the administrative centre of Oman's southernmost governorate of Dhofar, 1000 km south of the capital, from which it is separated by large desert areas. Not until the late 19th century did Dhofar come under actual suzerainty of the Omani rulers. Under Sultan Said (1932-1970), who is reproached for having kept Oman closed and backward, the southern region felt particularly neglected and oppressed. The revolt of local tribes resulted in a civil war. When Sultan Qaboos took power in 1970, he pacified the region with a mixture of military and social means. But economic development only

¹ Quantitative developments explained in the paper are based on data available from the MoT and National Centre for Statistics and Information (NCSI) websites.

started in the late 1990s, when Salalah attracted the attention of national authorities as a strategically located place to realise the Sultanate’s objective of becoming a global trade and transport hub. The container port that opened in 1998 rapidly attained an important position in the worldwide network of shipping lines and terminals. Together with efforts to attract globally oriented industries to the new free zone, tourism started to be another main pillar to be developed. From an agglomeration of small villages, Salalah has grown by now into a city of 300,000 inhabitants (8% of the national population). Together with the smaller districts of Taqah and Mirbat, it fills a small coastal plain of 50 x 15 km² between the Indian Ocean and the Dhofar mountain range.

The southern Dhofar coast is one of the rare places on the Arab Peninsula that is regularly hit by the summer monsoon (*khareef*), bringing moderate temperatures and rain-falls with it, when the rest of the Arab Peninsula suffers from ruthless heat. For its comfortable climate, the previous Sultan had already chosen Salalah, first, as his summer residence, and later, as his permanent domicile. Today, from mid-June until mid-September, the area – branded as a tropical “garden city” and green “paradise” – is particularly appreciated by Gulf tourists; the development of winter tourism addresses mainly overseas visitors. For the latter, tourism promotion is building on a triple scenic sequence of sea, mountains and desert. Besides, it particularly highlights ancient sites, like the central Al Baleed archaeological park, now declared a UNESCO World Heritage, and the region’s past experiences in seafaring and frankincense trade.

Expanding the Accommodation Infrastructure

A limited volume of tourism in Dhofar had already started in the early 1980s. But until recently, Salalah had only two hotels that met upscale international standards, the Crowne Plaza, constructed in the late 1970s, and the Hilton, opened in 1999. But only since around 2007 has Salalah’s tourism industry experienced noticeable development, too, based on several high-end projects, all rated 5 and 4 stars.

Between 2010 and 2012, the first phases of two big ITCs opened. The first was the Salalah Marriott Beach Resort. It is part of the OMR 1 bn² Mirbat Beach project, about 70 km east of Salalah proper, which the MoT has classified an ITC. Altogether, the area of 2 km² will include another hotel, townhouses and villas. A marina, a golf course, camel and horse racing facilities, diving, water and entertainment centres, as well as office and retail facilities will supplement the scheme. In addition, a private hospital with helipad, a nursery and a school with boarding facilities have been planned.

The Juweira Boutique Hotel and the Rotana Hotel started operating at the second ITC, Salalah Beach, in 2012 and 2014 respectively. The project area, 15.6 km² in size, has an 8-km seafront and is located 15 km east of the city centre. In the end, it will comprise five beach hotels and two boutique hotels, luxury apartments and villas, an artificial lagoon together with a marina, two golf courses and other entertainment and shopping facilities. Construction work began in 2008. The lagoons and many shops in the marina town have opened, too, and handover of the first apartment blocks and villas has started.

² The Omani Riyal (OMR) is pegged to the USD at the rate of 1 OMR = 2.60 USD (c. 17 DKK, mid-June 2015).

The next hotel is expected to be operational in 2016. Two of the new hotels will be managed by ClubMed and Mövenpick.

Both projects experienced some unintended delays in execution owing to flagging demand following the global 2008/09 financial crisis. Thus, Mirbat Beach was put on hold, but in late 2014, plans were announced to revive the project. Construction of the Salalah Beach project was initially scheduled to be completed by 2014, but will probably be spread over about 16 years. Moreover, financial shortages agonised the Egyptian project partner Orascom after the 2011 uprisings.

Since 2010, additional important tourism projects have been announced in and around Salalah, and construction has either partially begun recently or is to start soon. This includes the revival of earlier plans for another ITC at Aftalqot on a rock plateau overlooking the beach, south-west of the city. Yet, since the announcement of the 4-km² Salalah Resort estimated to cost USD 1 bn, progress has been slow. In its first phase, it was expected to include three hotels, villas and apartments, a village centre, a beach club and another golf course. Next to the Hilton, the Dhofar Beach Resort is currently under construction. The 80,000-m² seafront project represents an estimated investment of OMR 70 mn. The foundation stone for the Al Baleed Hotel Resort, which will become a part of the local heritage site, was laid in 2010. The first complex will be managed by Shaza Hotels, the second under the Anantara brand, and both will open in 2016.

The national sovereign wealth fund unveiled plans to develop the Alila Salalah Resort in the Mirbat area as the newest projects, and the first resort of the Agarwood brand will be launched in Salalah; it has been announced that both are to open by 2017. Smaller projects that have been discussed include a family resort at Al Mugh sail beach and an ecological lodge at Al Fazayih, both to the west of the city, as well as resorts along the coast and on islands in Eastern Dhofar.

Consistently with endeavours to establish Oman also as a destination for international health tourism, the International Medical City in Salalah at project costs of USD 1 bn is being developed on an 866,000-m² site leased from the MoT, close to Salalah Beach. Combined with a multispecialty hospital, it will have a healthcare resort including staff accommodations. The hospital is to be launched in 2017, whereas the hotel will be part of the subsequent building phase.

Inside the city, other projects mainly geared towards consumptive, leisure and residential purposes also address a tourist clientele. Notably, “Salalah Garden”, the first “real” mall at the central city’s northern edge, includes hotel-like serviced apartments. It was developed at estimated project costs of USD 80 mn and opened in 2013. In 2012, the initial stage of the first gated community, designated for exclusive sale to purchasers from GCC countries, was finalised. In general, Salalah is experiencing a housing boom that also aims at *khareef* visitors: thus an estimated additional private 1,600 apartments will be available for the 2015 summer season.

Finally, the 4.5-km central Al Hafa shoreline, which is very popular today, will also undergo upgrading. A new *corniche* was constructed several years ago. The master plan foresees resettling the population and replacing existing buildings with a new “tourist-oriented beachfront”. Initially, the project was to be finished in 2013, but a tender for

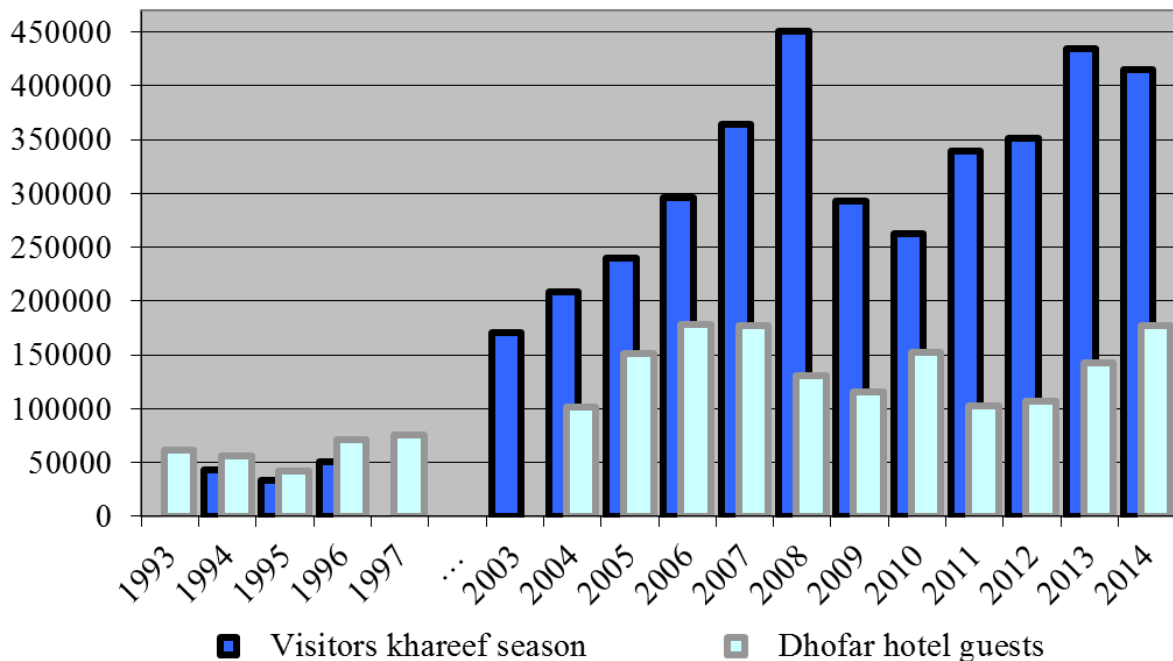
the development of the area was not awarded until 2014, and another tender was announced to start demolition of existing buildings in 2015.

Quantitative Tourism Trends

About 10% of the country’s hotels and 15% of all beds are located in Dhofar. Since 2010, 870 hotel rooms have already been added to the 1520 existing ones in the Salalah area. Envisaged developments, if they are fully realised, would add at least 8000 more units along Dhofar’s coast. With the latest openings, out of the 29 hotels in Dhofar, four offer 5-star, two 4-star and three three-star accommodations. In contrast, tourist flows experienced considerable fluctuations. As the graph illustrates, the number of guests in Dhofari hotels showed considerable setbacks with the 2008 financial and 2011 political crises. Nights displayed similar trends. With that, Dhofar fell back from the second to the fourth tourism destination in the country. Hotel occupancy rates have also been continuously below the national average.

Whereas in the second half of the 2000s, the share of European guests had increased to nearly one half, since the financial crisis, the proportion of national guests has grown noticeably. In 2013, 45% of guests were of Omani, 21% of European, the rest of Arab and Asian origin. Directly generated employment in Dhofar is limited. Yet, the Salalah Beach construction site alone employed 850 workers in 2010, and the new projects under construction will generate more jobs in the hotel and catering industry. With 56,000 visitors per year in 2013, the local Frankincense Land Museum (inaugurated in 2007), including the Al Baleed excavation area, is by far the most-visited museum in the whole Sultanate.

Tourists in Dhofar



MoT and other national sources

But these figures only partially take into consideration the importance of the monsoon season. Separate statistics show that the number of summer visitors in Salalah multiplied by ten between 1995 and 2008. Due to the economic crisis (and the coincidence of the season with Ramadan), arrivals slid heavily in 2009 and 2010, but recovered subsequently. In 2010, 15% of the visitors stayed in hotels, whereas 71% camped or lived in furnished flats or homes. An increasing part is played by internal tourism (69% in 2013), with the rest nearly exclusively coming from other GCC countries, mainly the UAE. The yearly Salalah Khareef Festival is the biggest cultural event of its kind in Oman (2007: 2.5 mn visitors).

Development of Transport Infrastructure

Parallel to the expansion of accommodation facilities in the Salalah area, there is a further development of transport infrastructure, serving also tourism purposes. Overland connections have been established since the 1980s. Currently, the main road to Northern Oman and farther to the UAE is being enlarged to a 4-lane highway, which is an important axis for the 86% of summer visitors arriving by car. A railway line connecting Salalah to Muscat and Dubai is in an advanced stage of planning. In the port, a dedicated cruise terminal is being built to accommodate the increasing number of calls.

Most important for international tourism, however, is the opening of the new airport in June 2015, which will improve the city's direct accessibility by air. It has been built beside the former site, where first international flights started in 2003; the first charter flight arrived in 2005. Today, it handles several weekly connections to Gulf destinations and South India and seasonal flights from Gulf cities in summer and three European places in winter. Since 2000, the annual number of passengers using Oman's second airport has nearly quintupled to more than 840,000 (2014), but domestic traffic still dominates by far. The new terminal has a capacity of 2 mn passengers annually and can be expanded up to 6 mn passengers to meet future demand.

Prospects and Challenges

The Omani government is trying to establish long-forgotten Salalah as a year-round tourist destination. However, given the volatility of the business, it is arguable whether the ambitious objectives are realisable. In particular, the sustainable growth of interest in the destination and the expected push effect by the new airport are questionable; this and entails the risk of erecting overcapacities.

Even if this may constitute a plus compared with other Gulf countries, opportunities for experiencing nature, culture and beach life are limited, notably compared to popular seaside destinations in the Mediterranean and the Indian Ocean. Besides, the place is expensive; only slowly have Omani authorities now become ready to target middle-income visitors and projects of smaller size, too. While ancient remnants are preserved, pre-1970 buildings in typical South Arabian style are left to continuous decay. The marketing of the new schemes highlights the attention given to local architectural traditions, but in fact, eminently (post-)modern structures just have been decorated with a few eclectic neo-Oriental elements. Despite some efforts, the frequently announced environmental and social concerns are questionable. The schemes have generated only a limited number of jobs, mostly for qualified non-Omani personnel, contrary to repeatedly uttered ambitions to "Omanise" the workforce.

Global and regional developments and events have had important local impacts in recent years. Together with the tremendous extension of port and industrial infrastructure, the big tourism schemes contribute importantly to the globalisation and fragmentation of Salalah. Not only do jobs primarily go to expatriates, but the tourism business also involves a lot of international firms and brands and addresses a public from various world regions. Access to ITCs, which even simulate complete townships, is often restricted by guarded gates, other physical marks of differentness or insufficient economic means. This allows Omani authorities to keep tourists and residents away from Omani society. Vice versa, for those enjoying access, this guarantees paradisiacal locations far away from daily life, explicitly vaunted for their exclusivity and seclusion. The schemes are broadly barring access to hitherto free beaches, which served the recreation of the local people or as grazing grounds for herders. Together with excitement over irregular land allocation, this may have contributed to the high dissatisfaction manifested in the demonstrations in Salalah, which were among the most important during the “Omani spring”.

About the Author

Steffen Wippel is currently Guest Professor at the Centre for Middle East Studies, University of Southern Denmark.