Oman attracts investors to its rapidly growing economy

A new focus on diversification and the private sector is opening up opportunities in many sectors, not least in the development of tourism infrastructure.

Oman, the second-largest country in the Gulf Cooperation Council (GCC), will be in the spotlight at the groundbreaking in 2018, as its gross domestic product (GDP) is projected to grow at a rate of 5.2 percent, according to the International Monetary Fund. The country is also booming and inflows were up almost 29 percent in 2017 to $2.3 billion. This is partly due to its strategic location — the politically stable sultanate has a long coastline and important ports that allow easy access to other GCC countries, Asia and Africa.

Another reason is that, “The government has done a great job to make it easier for investors to do business here,” said Minister of Commerce and Industry H.E. Dr. Ali bin Masoud Al Sunaidy. Through new legislation, systems and incentives, Oman has jumped up the World Bank’s Ease of Doing Business rankings. Additional public-private partnership (PPP), company and investment laws are also imminent, and real estate investment trusts were established in 2018.

Japanese investors are among those coming to Oman. Al Sunaidy shared, “Japan is a great partner. By the end of 2017, we had about $3.3 billion in Omani investment.” He also became more attractive, this relationship will continue to grow,” ambassador of Japan to Oman, Atsushi Sano, agreed. “Oman has great potential for Japanese investors and its business environment is the best in the GCC region,” he said.

To build its economy, the government is focused on diversifying away from oil and gas, which account for about 40 percent of GDP and privatization. It is competing the industries for growth — manufacturing, fisheries, minerals, logistics and tourism. It is also developing sectors that will enable that growth. “We will expand into renewable energy through the private sector. I foresee a PPP in water network,” Al Sunaidy said. Additionally, it has set up a $200 million fund to buy state-of-the-art technology that is needed in other sectors, including agriculture.

In terms of the five growth industries, per-“Oman and its investment opportunity”

Peter Walichnowski
CEO, Oman Tourism Development Company (Omran)

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The Japan Times
PAGE: 5
CMIK

Low oil prices made the sultanate one of the most attractive destinations for tourists. There were 896,000 international arrivals in 2016. There is still a need for more hotel rooms and facilities, and this is where Japan’s construction firms can come in.

Oman’s accessibility is another draw. "Ahabah and Muscat International Airports are world-class, with Muscat’s recently opened terminal building winning the World Travel Awards’ Middle East Leading New Tourism Development Project 2016, and there are several regional airports too. The government has put a lot of money into roads and airports, increased spending on water and farms, and there is a new low-cost airline, Salalah. Flying to more serene locations, he said.

Projects created by Oman are also garnering worldwide attention. For example, one of the hotels we developed — Alila Jabal Akhdar — was placed in the top five hotels in the Middle East by Condé Nast for two years running. "Nabban oman said, having sold them to many of its projects, Oman sold in partnership with a renowned international hotel company. “We have access to government land, we invite foreign investors to bring their know-how and capital to develop hotels, mixed-use projects and attractions — it’s a win-win situation,” he said. “In addition, we have an open door policy for local and international investors who want to talk about the opportunities and where they can fit in.”

Oman has plans to open several more five- and five-star hotels to double in the next few years in order to host and build up investment opportunities in accommodation, tourism attractions and destinations.

Already, the sultanate is home to a host of international brands such as Sheraton, Marriott International, InterContinental Hotels Group, DAlmac Properties and Majid Al Futtaim. "Some high-quality business entrepreneurs and companies saw the potential many years ago and are still here investing and riding the wave up — and many more are on the way," said Walichnowski.

Recently announced joint-venture partners for the organization include DAlmac Properties, on a $5.1 billion transformation of the historic Port Sultan Qaboos; Eagle Hills on a Mandira (Oriental Hotel, Majid Al Futtain on a luxury mixed-use urban development; Qatarian on the eco-themed Ray Al-Ra’d tourism project; and Egypt’ s OasisGroup on two hotel projects. To open up the country to investors not wanting to go directly into real estate, Oman is now looking to put some of its portfolio into a shared hospitaility PPP. “One of our large investment partners in the recently inaugurated Oman Convention and Exhibition Centre (OCEC), which it developed and owns. It offers 40,912 square meters of state-of-the-art events spaces that are expected to host over 270 local and international events this year. The OCEC has been recognized for its cutting-edge design and facilities, but its recently earned LEED Gold certification was also important to Walichnowski. "Oman is unique environment. Everything we do takes into account economic, social and environmental sustainability.

"The OCEC is a massive investment by the government, just down the road from the new airport. The Crowne Plaza was opened there last year, a JW Marriott is set to open this year and there are plans for the construction of a new 3-star hotel soon. The whole venue is a critical mass for meetings, incentives, conferences and exhibitions," said Walichnowski.

Looking at income and expenditure, most informed investors in the region and beyond will be looking at the tourism sector in Oman as a place to invest — we have numerous Japanese investors wanting to develop real estate here and it’s clear why,” he said, concluding: “It’s no exaggeration to say that Oman tourism, and the considerable development opportunities associated with it, has made the sultanate one of the most attractive places to invest today.”

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