



Spotlight on **Oman**



A growing non-oil economy has given rise to the tourism and industrial sectors in the Sultanate of Oman, enabling the small country to carve out a spot for itself on the global investment map

With aggressive government-backed initiatives, Oman's efforts to support its non-oil activity will ramp up in 2019.

"Leveraging its strategic location, Oman has invested in infrastructure with the goal of becoming a global logistics centre," reveals Oxford Business Group's (OXB) 2019 Oman Country Report. "While the country is less hydrocarbons-rich than its GCC neighbours, diversification efforts are a driving force behind economic growth."

As the country looks to diversify as part of its economic blueprint, it will put the focus on tourism, manufacturing and real estate which have all been identified among the top future economic drivers to achieve its Vision 2020 goals.

With the IMF anticipating GDP growth to accelerate from 1.9% in 2018 to 5% in 2019, Oman is gearing up to be a major player on the global investment map.

Real Estate Overview

OXB research reveals that with the government aiming to grow its non-oil activities by an annual average of 4.3% between 2016 and 2020, the country is looking to invest heavily in tourism and real estate.

According to Cavendish Maxwell's 2018 Oman Property Market Review, as part of its move to reduce the country's resilience on oil and diversify the economy, Oman has opened the real estate sector to attract investment from expatriates in Integrated Tourism Complexes (ITC) – "freehold mixed-use developments featuring different asset classes including residential, hospitality, retail, leisure and offices," reads the Cavendish Maxwell report.

"Expatriates constitute 45% of the total population as of December 2017 and have historically had limited exposure to the property market. The government is developing more than 5000 homes in collaboration with private developers in five ITC projects namely, Diyar Ras Al Hadd Resort, Omagine Project, Quriyat Integrated Project, Naseem Al Sabaah Project and Al Nakheel Project," the report reveals.

In a press release, Khalil Alzadjali, Head of Cavendish Maxwell in Oman, says: "Oman's real estate market showed slow growth in 2018, but there were improvements in certain areas. Real estate transactions increased by 1.2% compared to 2017, although sales contracts decreased by a percentage point. Other significant areas of development have been in the tourism and industrial sectors, with new hotel room inventory and industrial estates expected to be added in 2019".



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GCC investment in Oman

According to the Times of Oman, data from the country's National Centre for Statistics and Information (NCSI) has revealed that the number of GCC citizens purchasing property in Oman has risen by nearly 17.63% in 2018 compared to the previous year. Data indicates that 1,038 Gulf nationals purchased property in the Sultanate through August 2018, compared to 855 during the same time period in 2017.

Omani regulations stipulate that GCC nationals are allowed to purchase residential, industrial and commercial properties, but not agricultural properties. Ahmed Al-Hooti, a member of Oman's Chamber of Commerce and Industry, told the Times of Oman that many Gulf investors focus on potentially lucrative land in tourist areas.

"Many nationals from Saudi, Qatar, UAE and Bahrain come here and buy properties in popular tourist spots such as Salalah, Masirah Island and eastern beaches such as Ras Al Had for activities such as fishing," he told the newspaper.

Looking at the UAE's relationship with Oman, earlier this year, the United Arab Emirates and Oman held an Oman-UAE Economic Forum aimed at driving investment and business opportunities between both countries.



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The Forum revealed that the volume of non-oil trade between the two countries in 2017 sat at AED 36bn, a growth rate of 12.4% from 2016, with UAE investments registering more than RO393mn in 2016 in the Sultanate. Omani government ministers pointed out that the number of Omani-UAE joint company stood at 2,800 as of January 2019, operating in manufacturing, construction, real estate and trade, according to Muscat Daily.

UAE-based real estate developers are already looking at developing in Oman, with tourism projects from Meraas located in Hatta, the border Oman shares with the UAE, and DAMAC in the pipeline already.

Tourism

In 2016, the Oman Ministry of Tourism announced plans to more than double its number of international visitors over the next two decades as part of its new national 2040 Tourism Strategy. With plans to attract more than five million international visitors, Oman aims to make tourism a central tenet in its path towards economic diversification.

According to Cavendish Maxwell, new regulations and incentives from Oman's Ministry of Tourism have helped boost the country's hospitality sector. The consultant notes that there are currently 72 hotels under construction in Oman, amounting to a total of 6,604 rooms. By the end of 2019, 55 of those developments are expected to be completed, adding 4,763 rooms to the Sultanate's hotel supply, providing a much-needed boost to the tourism infrastructure.

"Since the launch of the 2040 Tourism Strategy of Oman, the contribution of tourism to the Sultanate's GDP increased to 2.8% in 2016, with year-on-year inbound tourists increasing to 3.3 million by December 2017, according to the National Centre for Statistics and Information. Government initiatives are focused on boosting the sector's contribution to GDP to 6%–10% in 20-years whilst creating more than 500,000 jobs through an investment of OMR 20 billion," reads the report by Cavendish Maxwell.



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Infrastructure

OXB notes that efforts to enhance the Sultanate's logistics and infrastructure have been a major economic driver in recent years. "Oman's seaports, airports and road networks are constantly being expanded and improved.

The Sultanate's modern roads have helped facilitate trade with neighbouring nations and improve safety conditions for drivers. In early 2018 it was reported that Tanfeedh was working with stakeholders to speed up the opening of a historic highway that will directly link Oman with Saudi Arabia for the first time. The 680-km highway, in which the Sultanate invested OR200m, is expected to boost trade and tourism flows between the two GCC countries," reads the report.



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