



Horwath HTL

Hotel, Tourism and Leisure

MARKET REPORT

Uzbekistan

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Uzbekistan wants to take its place on the tourism map

Tourism has become one of the leading sectors of the global economy and in this regard, Uzbekistan is paying special attention to the modernization of its tourism for foreign guests, in order to meet the international standards. The new government, led by president Shavkat Mirziyoyev, is determined to reopen Uzbekistan to the world, as it was during the days of the the Silk Road.

Uzbekistan	2017 USD (million)	2018 growth	Yearly Growth Est. by 2028
Direct Contrib. to GDP	275.10	4.5%	6.0%
Total Contrib. to GDP	830.70	3.1%	6.0%
Visitor Exports	93.30	4.5%	6.9%
Domestic Spending	415.50	4.4%	6.0%
Leisure Spending	426.80	5.5%	6.1%
Business Spending	82.10	-1.0%	6.1%
Capital Investment	144.80	0.9%	4.6%

Source: WTTC Economic Impact 2018 Uzbekistan

For nearly 30 years, travelling to the country was difficult but with an easier visa process and regular flights to the capital, tourists are able to experience Uzbek history, architecture and cuisine. Domestic travel spending generated 81.7% of direct Travel & Tourism GDP in 2017 compared with 18.3% for visitor exports (ie foreign visitor spending or international tourism receipts).

Number of Tourist Arrivals

Year	Arrival	Outgoing
2014	1,938.00	4,225.90
2015	2,034.30	4,868.60
2016	2,157.70	5,310.00
2017	2,847.90	6,823.90
2018	6,433.00	13,838.60

Source: Statistics Committee of Uzbekistan

Within these tourist arrivals, 93% of the tourists are from other CIS countries and rest of the 7% arrivals are mostly from other countries.

Tourists Arrivals by Nationality

Countries	%
Kazakhstan	38.2%
Tajikistan	26.4%
Kyrgyzstan	17.1%
Russia	7.2%
Turkey	1.2%
China	0.6%
South Korea	0.5%
Germany	0.3%
Japan	0.3%

Source: Statistics Committee of Uzbekistan

After the recent updated visa policy, foreign visitors' arrival will exponentially increase as has been seen in 2018. Tourist arrival numbers have more than doubled compared to 2017 and it is expected to be continue with this trend. It is expected that foreign tourist's spending will also increase and pass domestic tourist spending.



Extraordinary government incentives to be implemented

The Government is trying to attract investors to create more tourism opportunities in the country:

- Some investors costs (hotel construction & equipment) will be covered by the state budget:
3 star hotels - approx. 4.820 USD per room
4 star hotels - approx. 7.832 USD per room
- Under the franchise agreements signed by the local investor with any of the top 50 global hotel brands, franchise fee may be financed by the state budget for the first 3 years of the agreement.
- Land allocated for hotel construction may be sold to the investor after construction is completed or it may be rented for 10 to 30 years.
- Some certificates and licenses are no longer needed for tourism development purposes. Such as, obligation to obtain separate certificates for each point where a hotel sells alcohol to its guests and food and beverage facilities.
- Certain imported equipment for use in touristic facilities, cultural heritage sites, museums, theaters, galleries and protected areas are exempted from customs duties until 1 January 2022.
- Private life restriction are lifted bylaw so hotel services will be provided independent of residence, citizenship, relative and other factors that may harm individuals' marital relationships and privacy rights.

International hotel brands' interest increasing

Branded hotels are only present in the capital Tashkent. There are currently four hotels; Hyatt Regency, Radisson Blu, Wyndham and Ramada all in the 4- and 5-star segments. But soon Hilton Tashkent, Radisson Park Inn, Holiday Inn and Novotel will be opened.

International hotel brands are actively considering launching into the Uzbekistan market, including secondary cities which are Samarkand, Bukhara, Khiva, Fergana and Andijan. It is believed that there's a great potential in each of those cities for mainly economy and midscale segments.

Internationally Branded Hotels	Rooms	Status
Wyndham Tashkent	206	Operating
Ramada Tashkent	206	Operating
Hyatt Regency Tashkent	300	Operating
Radisson Blu	111	Operating
Hilton Tashkent	250	2019
Radisson Park Inn	300	2021
Novotel	95	2022
Holiday Inn	272	2022

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Metin Erdogdu has over 25 years experience in the hospitality and commercial real estate sector and has been involved in more than a hundred large scale projects.

Metin's professional career includes extensive experience in the field of project advisory and providing services for Feasibility Studies, Market Research, Branding, Concept Development, Development Management, Valuation, and Project Financing for Hotel and Commercial real estate projects.

Metin Erdogdu has an MBA at Western International University USA, Industrial Engineering BS at Istanbul Technical University and BA at Istanbul University.

Since his graduation Metin has worked for professional project and development management companies. He established PFD Hotel and Real Estate Solutions LLC in 2004 and the company became Horwath HTL Turkey in July 2013.

Erdogdu lectured in Istanbul Technical University and Istanbul Commerce University on Hotel and Real Estate Development topics and taken on the role of key lecturer in many seminars and professional training programs on the subject of Hotel and Real Estate Developments, Project Financing for Hotels, Valuation, Feasibility Studies. Erdogdu is a certified real estate appraiser of the Capital Board of Turkey.

Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global Brand with 45 offices, who have successfully carried out over 20,000 assignments for private and public clients. We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

We are Horwath HTL, the global leader in hotel, tourism and leisure consulting

Our Expertise:

- Hotel Planning & Development
- Tourism & Leisure
- Hotel Asset Management
- Hotel Valuation
- Health & Wellness
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- Expert Witness & Litigation

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