

CASE STUDY | MARKET AND FINANCIAL FEASIBILITY STUDY

Client: Property Developer in Kuwait

BACKGROUND TO THE STUDY

TRI Consulting was requested to prepare a market and financial feasibility study for a five star hotel in Kuwait City. The study included a review of our client's in-house data on the Kuwait accommodation market and other pertinent project reports, comment on the hotel's proposed concept and facilities specification and a detailed profit and loss and cash flow analysis.

Our study was prepared in a form suitable for presentation to traditional sources of finance and other relevant third parties, such as financiers and equity participants.

OUR PROPOSED APPROACH

The study included the following phases:

- Phase 1 - Site Appraisal
- Phase 2 - Market and General Appraisal
- Phase 3 - Project Planning Report
- Phase 4 - Market and Financial Feasibility Report

OUTPUTS OF THE STUDY

As a result of the above phases of work, we reached conclusions and recommendations regarding the project proposal. Our report included information, comments and recommendations on the following:

- the current and projected future economic, political and social environment in which the proposed project will operate;
- the location of the proposed development and the strengths and weaknesses of the site;
- new development projects planned by the government and the private sector proximate to the proposed development site;
- the current and projected future hotel market environment in Kuwait and the market positioning and specific target markets appropriate to the proposed development;
- the most appropriate facility provision for the project, including the size, nature and configuration of the proposed hotel rooms;
- hotel management contract trends across the Middle East and assistance on the most appropriate commercial terms for a management contract;
- operating factors considered to be of relevance to the viability of the project, including aspects of management and marketing of the property; and
- projections of revenue, cost, profit and annual cash flow, plus a calculation of the resultant return on investment.

The findings of our study were presented in English and Arabic, in bound reports, and supplied in five copies.