

Is Qatar ready for a surge in 2022 fan numbers?

Demand for housing could outstrip supply, but pre-fabricated accommodation offers a solution to enhance fan experience

- We are expecting fan interest for the 2022 World Cup to surge past expectations
- Given the likely timing of the vaccination rollout, the 2022 World Cup in Qatar will be the first post-covid major global sporting event
- The lifting of the blockade on Qatar will add a further boost to numbers, especially if regional teams qualify
- Qatar's accommodation supply may be inadequate to meet demand
- Pre-fabricated accommodation, as per the Wuhan hospitals that took under 2 weeks to build, offers a reliable and scalable solution that would enhance fan experience and could be reused in the future

Rory Fyfe
Managing Director

Rupert Bastick
Head of MENA Sales

info@mena-advisors.com

13th January 2021

The “Roaring 20s” and the Spanish Flu

A post-pandemic party could lead to another “Roaring 20s”, boosting World Cup 2022 attendance

The timeframe for the global rollout of coronavirus vaccines is not precisely known. Qatar was the first Gulf country to secure both the Pfizer and Moderna vaccines and is expected to be one of the first countries globally to vaccinate the bulk of its population. Goldman Sachs expects about 70% of the developed world to be vaccinated this year, but the process will be slower in poorer and middle-income countries, including those that are enthusiastic footballing nations such as Brazil and Nigeria. The vaccination drive will probably come too late for large attendance of the Tokyo Olympics in July 2021. As a result, the World Cup will be the first major global sporting event that takes place in the aftermath of widespread vaccination. This could result in increases in both ticketed and non-ticketed visitors looking for entertainment after years without access to foreign holidays. Some economists and sociologists are even predicting a new “Roaring ‘20s”, referencing the 1920s era, which came in the aftermath of the Spanish Flu epidemic and saw a surge in spending on travel and recreation. This could result in fan interest for the 2022 World Cup surging past original forecasts.



A further boost will come from the lifting of the Quartet’s blockade of Qatar. This could add hundreds of thousands of Saudi, Emirati, Bahraini and Egyptians, particularly if their home teams qualify for the tournament. Currently all of the Gulf teams are performing well in the Asian qualification process and Egypt qualified in 2018 and stands a good chance for 2022. Aside from the demand from these countries, an end to the blockade could also encourage fans from elsewhere to attend because of an increase in flight options, the possibility of combining the tournament with visits to other locations such as Dubai and reduced concerns about regional instability. Progress in US-Iran relations under the incoming Biden Administration could further reduce these concerns about regional stability. It is therefore possible that during 2021,

the Supreme Committee for Delivery and Legacy (SCDL) and FIFA could significantly revise up their expectations for visitors.

Meeting increased demand for accommodation will be challenging

Qatar was already looking for innovative solutions to meet the challenge of delivering enough accommodation for 2022

With less than two years before the World Cup begins, there is insufficient time to commission conventional accommodation construction projects. Other solutions such as leasing existing properties, hiring cruise ships and erecting temporary accommodation such as tents may have a role, but are challenging to implement on a sufficiently large scale.

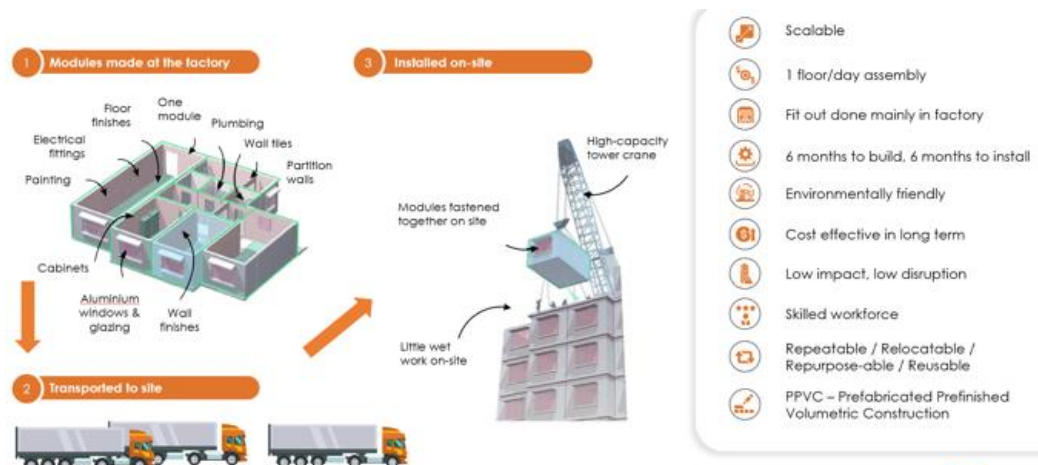
The latest estimates we have is that Qatar needs around 80,000 additional rooms. The Eskan programme, which involves the leasing of private accommodation for the World Cup, could provide some of these rooms, but may fall well short of demand, even when supplemented with temporary accommodation.

Pre-fabricated accommodation (PPVC) could be the answer

PPVC enables the scalable, rapid and predictable delivery of a large number of standardised accommodation units in convenient locations, simplifying logistics, health and hygiene with minimal disruption while also ensuring a positive fan experience

What is it?

Modular construction techniques have been used for over half a century, including pioneering projects such as the Habitat 67 apartment complex, built for Expo 1967 in Montreal, and Tokyo's Nakagin Capsule Tower (1972). However, while long popular in Japan and Scandinavia, the technique had not been used more widely until recently. That is now changing with new design and manufacturing technology and a growing focus on efficiency.



In the last five years, Chinese companies have developed advanced manufacturing techniques for prefabricated modules based around standardised TEU shipping containers. This has significantly lowered the cost of “Prefabricated Prefinished Volumetric Construction” (PPVC), such that it is now nearly cost-competitive with traditional construction, while having many other benefits such as reduced time, labour and pollution. A 2019 report by McKinsey argues that this technology already has “a solid track record of accelerating project timelines by 20%–

50%” and is on the verge of disrupting the construction sector with “revolutionary productivity gains”.

Singapore has embraced the technology and has hosted some of the key recent projects that have proven its effectiveness. These include the student residences for the Nanyang Technological University in 2013; the Crowne Plaza Changi, a 243-room airport hotel extension built in just four weeks in 2016; and the Clement Canopy, two 40-storey towers of luxury apartments which is the world’s tallest PPVC project to date, completed in 2019. There were over 40 PPVC projects completed in Singapore in 2019 and its Building and Construction Authority strongly encourages its use, and has developed a streamlined process for approval of buildings that utilise it, noting that it offers about a 40% overall saving in time and labour. Implementing the technology more broadly is a key component of Singapore’s Construction Industry Transformation Map and it has even made use of PPVC a requirement for construction in certain sites where government-owned land is sold for residential development and has set targets for the share of public housing built using this technology (currently 33%).

The technology is also beginning to be utilised in the Gulf. Katterra, a modular construction unicorn backed by the Softbank Vision Fund, has been recently commissioned by Saudi Arabia’s Ministry of Housing to build 14,000 homes, as part of its ESKAN Program, and has a wider MoU that envisages developing PPVC manufacturing facilities in Saudi Arabia to build up to 500,000 housing units over the next decade, as a key part of its Vision 2030 implementation. Elsewhere, Abu Dhabi’s Roken Al Khalig Development is planning the Gulf’s first PPVC high-rise projects.

What are the benefits of PPVC for the 2022 World Cup in Qatar?

PPVC has seven key benefits for the 2022 World Cup in Qatar: reliable delivery, scalable supply, convenient logistics, health and hygiene, positive fan experience, minimal disruption and re-usable and repurpose-able for the future.

1. Reliable delivery

Building and module designs that already exist can be quickly adapted to meet SCDL requirements. Modules can then be manufactured and shipped to Hamad Port for final checks and fitting before being trucked to the pre-prepared sites for rapid assembly by crane.

As soon as the design of the modules has been finalised, prefabrication work can begin. The room modules are prepared with the electrics, plumbing and most furniture already installed and shrink-wrapped for safe transport. Components for the shared services floors and lifts will also be prefabricated.

2. Scalable supply

The PPVC technique is extremely scalable and a hotel can be assembled in just a few weeks. Once the designs are finalised, additional capacity could be added as needed. The scalability of this solution could be particularly useful in current circumstances, given Covid-related uncertainties.

3. Convenient logistics

The complexity and cost of World Cup logistics would be substantially reduced if a significant share of fans were accommodated in conveniently located Fan Village hotel clusters. Each hotel could have dedicated operational space for hospitality services. There would be economies of scale in delivering hospitality across a limited number of sites and using standardised facilities.

Transportation to games and airport transfers would also be streamlined. Ideally the villages would be built close to stadiums and/or metro stations or road networks or they could be

integrated with malls and other entertainment and retail locations. They could be planned for good coverage of North, Central and South Doha as well as the rest of Qatar. Alternatively, if suitable sites are not available, then the scale of the clusters would make it convenient to set up a regular shuttle bus service and the sites could be designed to facilitate loading and unloading without creating congestion on public roads.

The logistics of renting out the accommodation would be streamlined by using the standardised Fan Village hotels with fans being offered a few standard room types at set prices in a handful of easily accessible locations. This would help manage the expectations of fans and improve the customer experience, enhancing the reputation and brand of the State of Qatar.

4. Health and hygiene

Although coronavirus vaccination should be widespread in many countries by the time of the World Cup, concerns about pandemic risks are likely to persist, including worries about the emergence of mutant variants which might be partially resistant to the first generation of vaccines. It is also possible that entirely new pathogens could emerge and there will be ongoing concerns about the risk that major sporting events could spark super-spreader incidents, as happened at a Champions League match in Italy in February 2020. It is therefore highly likely that there will be an ongoing need for continued hygiene measures to mitigate unnecessary risks. Anxiety about these potential threats could discourage fans from attending the World Cup if they are not reassured that adequate hygiene and safety measures are in place.

The Fan Village modular hotels will be well suited to implementing good health and hygiene measures. Purpose-built hotels will be custom-designed according to the latest international best practice standards including suitable space for social distancing, as required, as well as HEPA filters to remove pathogens from the air, automated check-in to reduce face-to-face contact, keyless entry and furnishings and surfaces that are configured so that they can be easily sanitised by service staff.

In addition, the hotels, or at least the wider Fan Villages, could offer rapid testing and could be used to quarantine any outbreak to limit the exposure to the wider population. They could also provide broad medical assistance to fans (such as a minor injury clinic) and offer open air hospitality areas.

5. Positive experiences

Many aspects of this accommodation solution will combine to ensure a consistent and high-quality experience for fans. They will know in advance what they will be getting; they will have confidence in the health and hygiene provisions and hospitality and transport will be convenient. In addition, a concentration of fans in the Fan Village clusters will help create an atmosphere of excitement.

6. Less disruption

Concentrating fans and their transportation should also reduce the disruption of the World Cup to residents of Qatar, both by mitigating congestion and noise, and also concerns about the behaviour of some football fans who are not sensitive to Qatari culture, particularly as regards alcohol consumption. From a hygiene perspective, this separation of the visiting fans from residents should reduce the risks of transmission of Covid or other pathogens.

7. Legacy benefits

Aside from the delivery advantages, the modular hotel solution has several long-term legacy benefits for Qatar. These include enhancing the standard of worker housing, filling a quality gap

in the hotels sector and providing needed student or other low cost accommodation. In addition, the project could set the stage for Qatar to play a leading regional role in the revolution in construction technology, both domestically (including to facilitate hosting of future sporting events) and potentially for export.

The hotels can be reused in situ or, uniquely with PPVC technology, can be redeployed to other locations, freeing up land. In either case they can be configured to serve as hotels or accommodation for expatriate workers. If used as hotels, they would help fill a gap in Qatar's provision, which is currently heavily weighed to 4-star and 5-star hotels. If used for worker accommodations, the units would provide a high-quality but affordable option. Transitioning workers from outdated housing options, would significantly improve living standards and help to retain and attract workers, while demonstrating Qatar's commitment to worker welfare.