

## UAE hotels reverse the summer slump with strong performance during August

Hotels in Abu Dhabi posted a 31.3 percent growth in RevPar in August as demand was elevated by successful government-initiated tourism promotions, according to the latest **HotStats** survey of full service hotels in seven MENA cities by TRI Hospitality Consulting Middle East.

Average occupancy at four and five star chain hotels in the city reached 63.1 percent, growing by 12.4 percentage points, while Average Room Rates (ARR) increased to US\$112.12, up by 5.5 percent compared to the same period last year. As a result, Revenue Per Available Room (RevPAR) for the month increased by 31.3 percent to US\$70.74 while Total Revenue Per Available Room (TRevPAR) increased by 24.2 percent to US\$159.00. However, the effect of a 7.7 percentage points decrease in payroll costs drove Gross Operating Profit Per Available Room (GOPPAR) up from the previous year to US\$13.21.

“SummerFest Abu Dhabi is a summer promotion initiated by the Abu Dhabi Tourism and Culture Authority intended to increase the number of visitors from within the region. The authorities announced a five week extension on the Thrilling Stays hotel deal that offers entry to Yas Waterworld and Ferrari World on Yas Island. Over 40 hotels were involved in this family-orientated package that continued to raise the city’s profile as a regional leisure destination” commended Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

Hotels in Dubai saw positive performance as the city hosted a plethora of events and activities surrounding the Eid in Dubai campaign, in addition to the FINA World Junior Swimming Championships. The Eid Al Fitr weekend recorded stronger occupancy and average rates than those seen during the corresponding period of 2012 and elevated performance for the remainder of August. An 11.3 percent rise in ARR to US\$228.99 coupled with an 8.5 percentage points rise in occupancy to 71.3

percent drove RevPAR up by 26.4 percent to \$163.35 during the month. A 20.1 percent growth in TRevPAR drove a 98.3 percent increase in GOPPAR to US\$ 70.63.

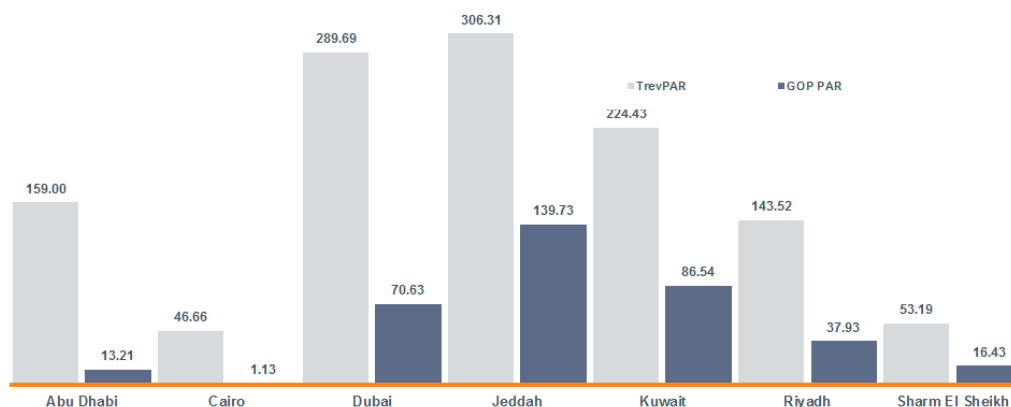
“Eid in Dubai marked the culmination of the second phase of the Summer is Dubai campaign that resulted in a substantial growth in visitor numbers, primarily driven by regional demand. The three day Eid holiday is traditionally the busiest weekend of the year, with GCC source markets contributing to the vast majority of foreign visitors driving the occupancy at four and five star hotels upwards of 90 percent. The overall growth witnessed throughout the city is also attributed to Dubai diversifying its entertainment offering to attract visitors through a vast array of shows and events” commented Goddard.

The Eid holidays also benefitted the Kuwait hotel market through increased leisure demand generated from domestic and Saudi visitors. Occupancy increased 3.4 percentage points 37.0 percent while ARR grew 12.0 percent to US\$271.72, causing a 23.3 percent increase in RevPAR during the month. Despite low occupancy levels, average rates for the month of August exceeded year-to-date levels of US\$269.48, illustrating the strength of the unofficial rate agreement on the market. Growth in food and beverage revenues resulted from increased expenditure of the Eid holidaymakers as well as the conclusion of the Holy Month of Ramadan. Coupled with a decline in payroll costs, the rise in revenues filtered through to the bottom line, with GOPPAR increasing 61 percent to US\$86.54.

### The month of August 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	63.1	112.12	70.74	159.00	▲	39.8	13.21
Cairo	20.4	119.62	24.41	46.66	▼	48.7	1.13
Dubai	71.3	228.99	163.35	289.69	▲	30.6	70.63
Jeddah	69.0	273.54	188.85	306.31	▼	22.8	139.73
Kuwait	37.0	271.72	100.59	224.43	▲	26.5	86.54
Riyadh	32.0	226.02	72.30	143.52	▲	33.9	37.93
Sharm El Sheikh	57.2	52.66	30.10	53.19	▼	21.8	16.43

## MENA City Markets achieved TREVPAR and GOPPAR August 2013



## Cairo hotels continue to suffer as civil unrest pushes occupancy to the lowest level since 2011

The ousting of former President Mohamed Morsi reinforced Egypt's political divide that instigated violence in Cairo. Political unrest has left a detrimental impact on the country's tourism industry, with occupancy levels in the capital declining 22.1 percentage points to 20.4 percent, driving RevPAR 44.7 percent lower to US\$ 24.41. Due to the depreciation of the Egyptian pound against the US dollar, low performance was not reflected in average rates which grew 15.2 percent to US\$ 119.62. The plummet in TrevPAR and increase in operating profits corresponded to GOPPAR declining 96.9 percent to US\$ 1.13.

The security situation in Cairo did not impact Sharm El Sheikh as heavily, as the majority of bookings were obtained through tour operators earlier in the year. With rates generally secured in the Red Sea destination, ARR increased 13.4 percent to US\$ 52.66. However, occupancy was 12.7 percentage points lower compared to the same period last year and caused RevPAR to decline 7.2 percent to US\$30.10. The 9.6 percent reduction in TrevPAR, coupled with an increase in operating expenses resulted in GOPPAR levels declining 28.2 percent to US\$ 16.43.

"The political chaos experienced in Egypt during August resulted in extensive travel warnings by countries in the GCC as well as France and the US. Additionally, Russia prohibited tour operators from selling holidays to the country while market-leading tour operators in Germany cancelled holidays bought until mid-September. The security situation will continue to negatively impact the tourism industry and the ramifications of tour operators cancelling trips will be seen on room rates in following months" commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

Jeddah recorded the lowest occupancy levels of the year due to intensive competition from other regional destinations such as Dubai and Abu Dhabi. Although average rates

increased 6.2 percent to US\$ 273.54 during the month, a 10.1 percentage point drop in occupancy to 69.0 percent dragged the RevPAR down by 7.3 percent to US\$188.85. The decline in top line revenues coupled with the 7.0 percent retraction in TrevPAR resulted in GOPPAR falling 12.8 percent to US\$139.73.

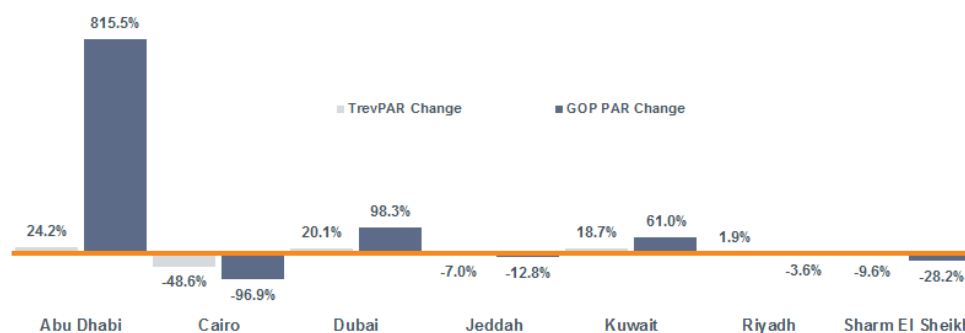
After several months of low performance due to the effects of seasonality, RevPAR showed improvements in Riyadh during August. Occupancy increased by a marginal 1.5 percentage points to 32.0 percent and average rates grew 4.6 percent to US\$226.02 driving RevPAR upwards by 9.9 percent to US\$72.30. Nonetheless, low operating profits and higher payroll costs resulted in a fall in GOPPAR to US\$37.93.

"During Eid-al-Fitr is traditionally one of the busiest periods for leisure destinations as visitors take advantage of extended holiday periods. However, Jeddah recorded a reduction in occupancy during the month as other regional destinations namely Dubai and Abu Dhabi targeted Saudi Nationals. While performance improved marginally in Riyadh, it remained subdued due to low corporate demand incurred during Ramadan and the Eid, however the market is expected to pick up as business and government activity returns to normal." stated Peter Goddard.

### Movement for the month of August

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	12.4	5.5%	31.3%	24.2%	7.7	815.5%
Cairo	-22.1	15.2%	-44.7%	-48.6%	-25.9	-96.9%
Dubai	8.5	11.3%	26.4%	20.1%	4.1	98.3%
Jeddah	-10.1	6.2%	-7.3%	-7.0%	-2.5	-12.8%
Kuwait	3.4	12.0%	23.3%	18.7%	7.4	61.0%
Riyadh	1.5	4.6%	9.9%	1.9%	-1.7	-3.6%
Sharm El Sheikh	-12.7	13.4%	-7.2%	-9.6%	-6.0	-28.2%

### MENA City Markets TREVPAR and GOPPAR Movement August 2013



## Editors Notes

The sample is composed of 108 hotels with an average hotel size of 325 bedrooms.

The hotels profiled in this report are drawn from the HotStats database and reflect the portfolios and distribution of the hotel chains that we survey and which operate primarily in the four and five-star sectors.

**Please note:** The data samples are reviewed and rebased each year to reflect the changes in the HotStats survey base. As a result, performance ratios published last year may differ from those contained within this report.

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**Occupancy (%)** - Is that proportion of the bedrooms available during the period which are occupied during the period.

**Average Room Rate (ARR)** - Is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

**Room Revpar (RevPAR)** - Is the total bedroom revenue for the period divided by the total available rooms during the period.

**Total Revpar (TrevPAR)** - Is the combined total of all revenues divided by the total available rooms during the period.

**Payroll %** - Is the payroll for all hotels in the sample as a percentage of total revenue.

**GOP PAR** - Is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

### The month of August 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	63.1	112.12	70.74	159.00	39.8	13.21
Cairo	20.4	119.62	24.41	46.66	48.7	1.13
Dubai	71.3	228.99	163.35	289.69	30.6	70.63
Jeddah	69.0	273.54	188.85	306.31	22.8	139.73
Kuwait	37.0	271.72	100.59	224.43	26.5	86.54
Riyadh	32.0	226.02	72.30	143.52	33.9	37.93
Sharm El Sheikh	57.2	52.66	30.10	53.19	21.8	16.43

### Calendar year to August 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	70.3	139.70	98.20	216.02	31.3	58.97
Cairo	38.8	114.99	44.59	83.95	26.9	31.24
Dubai	79.9	308.25	246.37	429.53	21.3	188.79
Jeddah	78.1	255.50	199.42	315.83	21.6	151.71
Kuwait	54.7	269.48	147.29	329.81	24.6	147.07
Riyadh	57.4	243.13	139.49	234.93	22.6	115.85
Sharm El Sheikh	61.7	47.54	29.34	56.37	19.2	20.37

### Twelve months to August 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	69.9	150.87	105.46	226.68	29.5	69.72
Cairo	43.2	111.92	48.39	91.55	24.0	38.14
Dubai	81.0	315.77	255.66	446.57	20.3	201.86
Jeddah	77.5	247.97	192.20	304.10	22.0	143.05
Kuwait	56.0	268.85	150.45	333.54	23.9	152.07
Riyadh	57.4	245.14	140.79	236.03	22.1	117.72
Sharm El Sheikh	65.1	46.80	30.45	58.29	17.7	22.01

### The month of August 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	50.7	106.23	53.88	128.06	47.5	-1.85
Cairo	42.5	103.86	44.12	90.84	22.7	35.90
Dubai	62.8	205.72	129.24	241.12	34.7	35.62
Jeddah	79.1	257.50	203.68	329.27	20.3	160.30
Kuwait	33.6	242.57	81.59	189.08	33.8	53.76
Riyadh	30.4	216.14	65.81	140.87	32.2	39.34
Sharm El Sheikh	69.8	46.42	32.42	58.83	15.8	22.89

### Calendar year to August 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	58.7	146.04	85.71	192.13	33.9	47.70
Cairo	46.2	100.73	46.49	91.15	22.8	36.88
Dubai	78.0	291.08	227.17	397.87	21.2	166.40
Jeddah	80.9	224.87	181.87	290.93	21.5	137.45
Kuwait	50.7	259.55	131.69	278.34	25.7	119.46
Riyadh	60.0	242.76	145.74	240.81	19.8	126.05
Sharm El Sheikh	58.5	41.10	24.05	46.70	18.6	15.37

### Twelve months to August 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	62.5	154.48	96.48	208.91	29.4	65.56
Cairo	45.2	102.98	46.58	91.50	22.7	37.15
Dubai	78.6	300.92	236.58	414.61	20.4	175.15
Jeddah	78.9	219.76	173.36	277.69	21.9	128.55
Kuwait	51.6	267.66	138.15	284.12	25.2	123.74
Riyadh	60.0	245.58	147.36	241.23	18.7	128.75
Sharm El Sheikh	59.6	42.90	25.55	48.87	17.8	17.14

### Movement for the month of August

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	12.4	5.5%	31.3%	24.2%	7.7	815.5%
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Dubai	8.5	11.3%	26.4%	20.1%	4.1	98.3%
Jeddah	-10.1	6.2%	-7.3%	-7.0%	-2.5	-12.8%
Kuwait	3.4	12.0%	23.3%	18.7%	7.4	61.0%
Riyadh	1.5	4.6%	9.9%	1.9%	-1.7	-3.6%
Sharm El Sheikh	-12.7	13.4%	-7.2%	-9.6%	-6.0	-28.2%

### Movement for the calendar year to August

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	11.6	-4.3%	14.6%	12.4%	2.6	23.6%
Cairo	-7.4	14.2%	-4.1%	-7.9%	-4.1	-15.3%
Dubai	1.9	5.9%	8.5%	8.0%	-0.1	13.5%
Jeddah	-2.8	13.6%	9.6%	8.6%	-0.1	10.4%
Kuwait	3.9	3.8%	11.8%	18.5%	1.1	23.1%
Riyadh	-2.7	0.1%	-4.3%	-2.4%	-2.9	-8.1%
Sharm El Sheikh	3.2	15.7%	22.0%	20.7%	-0.7	32.5%

### Movement for the twelve months to August

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	7.4	-2.3%	9.3%	8.5%	-0.1	6.3%
Cairo	-2.0	8.7%	3.9%	0.0%	-1.3	2.7%
Dubai	2.3	4.9%	8.1%	7.7%	0.2	15.2%
Jeddah	-1.4	12.8%	10.9%	9.5%	-0.2	11.3%
Kuwait	4.3	0.4%	8.9%	17.4%	1.3	22.9%
Riyadh	-2.6	-0.2%	-4.5%	-2.2%	-3.3	-8.6%
Sharm El Sheikh	5.5	9.1%	19.2%	19.3%	0.0	28.4%