

Growing from Strength to Strength – Dubai Hotels put their mark on 2012

Hotels in Dubai conclude 2012 with the highest profits in the region for the third consecutive year, according to the latest **HotStats** survey of full service hotels in seven MENA cities by TRI Hospitality Consulting.

Monthly performance indicators for Dubai hotels shows Gross Operating Profits per Available Room (GOPPAR) rose 13.8% to US\$240.46, the highest profits registered in the surveyed region. Bottom line performance levels were boosted by a 5.2% growth in Total Revenue per Available Room (TRevPAR) and a 4.9% reduction in operating expenses. Occupancy levels remained stable albeit a 0.8 percentage point increase to 84.6 percent, with Average Room Rates (ARR) rising 3.6% to US\$322.93. The festive season spurred a growth in food and beverage and leisure revenues which assisted in driving the increase in TRevPAR to US\$497.19.

Abu Dhabi hotels continued in their struggle to lift key performance indicators which remained under pressure during the month of December despite a 6.7 percentage point increase in occupancy to 76.0%, attributed to an influx of corporate and leisure demand. On-going rate reductions which are a by-product of the high competition in the capital, fuelled a 14.7% reduction in ARR to US\$130.61. Although occupancy levels increased, the decline in ARR resulted in RevPAR falling by 6.5% to US\$99.31 which impacted the bottom line by reducing GOPPAR 9.7% to US\$90.53.

“December figures for Dubai reflect the continued trend in 2012 as Dubai’s uninterrupted string of events, conferences, and festivals maintained a steady stream of demand allowing for GOPPAR levels to increase 13.8% to US\$186.45. However, hotels in Abu Dhabi have failed to capitalise on record guest arrivals as hotels continue to struggle with falling rates which have slashed bottom line performance by 18.1% in comparison with 2011 figures” commented Peter Goddard, Managing Director at TRI Hospitality Consulting.

Hotels in Jeddah outperformed the previous year’s performance figures for the month of December as demand surged in the city. Hoteliers capitalised on an increased occupancy of 68.1% with a 12.3% increase in ARR to US\$229.07, the effects of which trickled down to GOPPAR increasing 16.6% to US\$108.11.

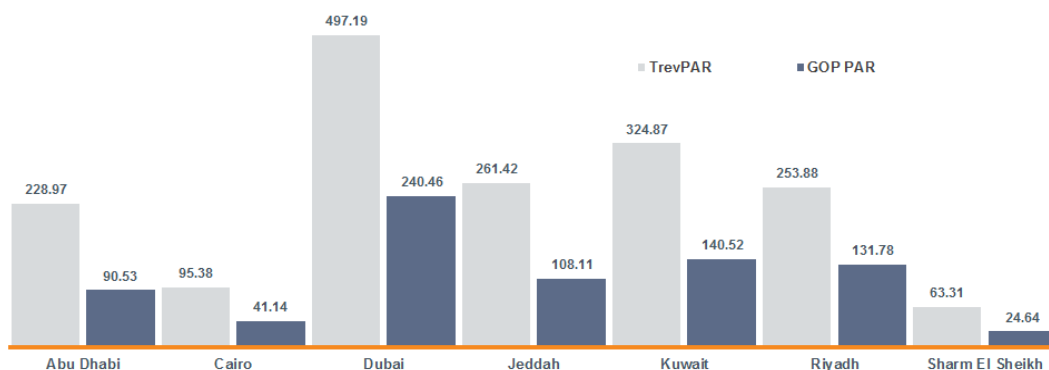
On the other hand, Riyadh’s hotel market performance wilted during the month of December, as occupancy shrunk 2.3 percentage points to 56.2%, as new market entrants imposed a redistribution of demand. ARR dropped 1.2% to US\$260.73, reducing RevPAR 5.1% to US\$146.42. The dispersion of corporate demand was reflected in a sharp decrease in meeting room revenues, reducing TRevPAR 4.2% to US\$253.88 and dropping GOPPAR 11.1% to US\$131.78.

“New hotel openings in Riyadh are showing their impact on the market’s overall performance as new entrants compete with existing properties forcing a reduction in performance indicators. This is likely to continue into the New Year as a number of new properties including the Fairmont, Nobu Hospitality and Rosewood are all expected to open in 2013. Contrarily, Jeddah’s performance, driven by strong corporate and leisure demand, remained strong throughout the year, with bottom line profits increasing 24.2% to US\$133.64 compared with 2011.” commented Goddard.

The month of December 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	76.0	130.61	99.31	228.97	22.5	90.53
Cairo	40.5	114.39	46.36	95.38	22.3	41.14
Dubai	84.6	322.93	273.04	497.19	17.2	240.46
Jeddah	68.1	229.07	155.93	261.42	23.4	108.11
Kuwait	53.8	235.35	126.72	324.87	22.3	140.52
Riyadh	56.2	260.73	146.42	253.88	17.0	131.78
Sharm El Sheikh	60.2	51.51	31.00	63.31	16.8	24.64

MENA City Markets achieved TREVPAR and GOPPAR December 2012



Egypt Hotel Performance continues to improve, but rates remain under pressure

Egyptian Hotels show continued signs of recovery with profit margins increasing over 25% in December according to the latest HotStats survey of full service hotels in seven MENA cities by TRI Hospitality Consulting.

Cairo hotels reported an 8.6% increase in Revenue per Available Room (RevPAR) to US\$46.36, boosted by a 4.2 percentage point growth in occupancy. Although Average Room Rate (ARR) fell 2.7%, the growth in occupancy and food and beverage revenues saw Total Revenue per Available Room (TRevPAR) increase 5.5% to US\$95.38. This resulted in Cairo hotels witnessing a 25.6% rise in Gross Operating Profit per Available Room (GOPPAR) to US\$41.14.

Hotels in Sharm el Sheikh followed a similar trend to Cairo with occupancy rising 8.3 percentage points to 60.2 percent, however ARR remained under pressure falling 4.5% to US\$51.50, due to lower rates in third party agreements which drives demand in the coastal city. The falling rates have seen a change in overall market mix with a proportion of the tours and groups demand being replaced by individual leisure guests. This change in demand has helped hotels grow GOPPAR levels by 26.2% to US\$24.64 as the increase in leisure guests resulted in higher food and beverage revenue.

“The growth in occupancy in both Egyptian markets is a positive sign as confidence from regional and international visitor’s return with Cairo and Sharm El Sheikh recording a 8.9 and 10.3 percentage point growth respectively from 2011. Sharm el Sheikh room rates remained low during the month of December as well as throughout 2012, as reduced travel agent contracts remain in effect, however increases in other revenues have driven GOPPAR up 22.7% to US\$21.91. Cairo’s hotels have managed to achieve solid performances by

replacing the sinking corporate demand with leisure and conference guests leading to a 25.6% increase in GOPPAR levels” said Goddard.

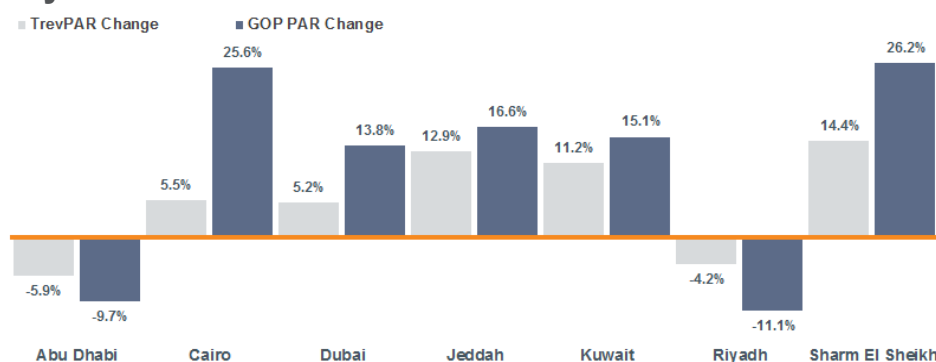
Monthly performance indicators for Kuwait hotels showed marginal changes in occupancy, albeit with a 0.1 percentage point increase to 53.8%. A severe reduction in group rates, which are exempt from the rate agreement, caused ARR and RevPAR to drop 9.9% and 9.7% respectively to US\$235.35 and US\$126.72. Substantial increases in food and beverage revenues enhanced TRevPAR 11.2% to US\$324.87, lifting profits 15.1% to US\$140.52.

“Occupancy levels remained stable in December, however the on-going political and civil unrest in the city has resulted in a 3.2% fall in ARR during 2012. This is attributed to a reduction in leisure demand which typically achieves higher average rates and has forced hoteliers to focus on the discounted tours and groups market in order to maintain occupancy levels. Fortunately for the Kuwait market, a growth in food and beverage revenues driven by a higher utilisation from local residents has helped hotels grow GOPPAR by 5.2% to US\$140.72” commented Goddard.

Movement for the month of December

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	6.7	-14.7%	-6.5%	-5.9%	-1.2	-9.7%
Cairo	4.2	-2.7%	8.6%	5.5%	2.7	25.6%
Dubai	0.8	3.6%	4.6%	5.2%	-0.4	13.8%
Jeddah	1.0	12.3%	14.0%	12.9%	0.3	16.6%
Kuwait	0.1	-9.9%	-9.7%	11.2%	1.4	15.1%
Riyadh	-2.3	-1.2%	-5.1%	-4.2%	-1.0	-11.1%
Sharm El Sheikh	8.3	-4.5%	10.8%	14.4%	0.3	26.2%

MENA City Markets TREVPAR and GOPPAR Movement December 2012



Editors Notes

The sample is composed of 84 hotels with an average hotel size of 330 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.

TRI Hospitality Consulting provides a wide range of services to clients in the hotel sector. **TRI has offices in London, Dubai and Barcelona.**

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- Our latest innovation in daily revenue intelligence, MORSE. Amongst its reporting are daily and highly granular market segmentation metrics as well as distribution channel and source of booking analysis. It takes daily market intelligence to a whole new level.

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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 December 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	76.0	130.61	99.31	228.97	22.5	90.53
Cairo	40.5	114.39	46.36	95.38	22.3	41.14
Dubai	84.6	322.93	273.04	497.19	17.2	240.46
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Kuwait	53.8	235.35	126.72	324.87	22.3	140.52
Riyadh	56.2	260.73	146.42	253.88	17.0	131.78
Sharm El Sheikh	60.2	51.51	31.00	63.31	16.8	24.64

Calendar year to December 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	69.3	143.28	99.35	217.91	24.9	81.69
Cairo	47.1	111.95	52.71	106.22	20.5	48.40
Dubai	81.4	292.99	238.48	418.20	19.6	186.45
Jeddah	79.4	227.39	180.54	287.57	22.0	133.64
Kuwait	54.4	260.88	141.94	304.70	23.3	140.72
Riyadh	58.5	253.05	148.12	249.05	19.8	130.38
Sharm El Sheikh	64.9	48.49	31.49	59.40	16.9	21.91

Twelve months to December 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	69.3	143.28	99.35	217.91	24.9	81.69	Abu Dhabi
Cairo	47.1	111.95	52.71	106.22	20.5	48.40	Cairo
Dubai	81.4	292.99	238.48	418.20	19.6	186.45	Dubai
Jeddah	79.4	227.39	180.54	287.57	22.0	133.64	Jeddah
Kuwait	54.4	260.88	141.94	304.70	23.3	140.72	Kuwait
Riyadh	58.5	253.05	148.12	249.05	19.8	130.38	Riyadh
Sharm El Sheikh	64.9	48.49	31.49	59.40	16.9	21.91	Sharm El Sheikh

The month of December 2011

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	69.3	153.17	106.17	243.22	21.4	100.29
Cairo	36.3	117.59	42.69	90.42	25.0	32.75
Dubai	83.7	311.75	261.06	472.75	16.8	211.36
Jeddah	67.1	203.90	136.82	231.56	23.6	92.73
Kuwait	53.7	261.27	140.37	292.13	23.7	122.06
Riyadh	58.4	263.97	154.22	264.90	16.0	148.30
Sharm El Sheikh	51.9	53.95	27.99	55.32	17.1	19.52

Calendar year to December 2011

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	68.1	165.70	112.84	241.17	21.7	99.72
Cairo	38.2	121.17	46.33	92.56	22.6	40.02
Dubai	80.3	274.89	220.62	389.11	19.2	163.85
Jeddah	74.2	205.01	152.14	246.56	22.6	107.59
Kuwait	55.0	269.54	148.35	294.05	23.2	133.72
Riyadh	60.2	262.62	158.11	252.25	17.6	138.00
Sharm El Sheikh	54.7	49.73	27.20	50.55	18.3	17.85

Twelve months to December 2011

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Abu Dhabi	68.1	165.70	112.84	241.17	21.7	99.72	Abu Dhabi
Cairo	38.2	121.17	46.33	92.56	22.6	40.02	Cairo
Dubai	80.3	274.89	220.62	389.11	19.2	163.85	Dubai
Jeddah	74.2	205.01	152.14	246.56	22.6	107.59	Jeddah
Kuwait	55.0	269.54	148.35	294.05	23.2	133.72	Kuwait
Riyadh	60.2	262.62	158.11	252.25	17.6	138.00	Riyadh
Sharm El Sheikh	54.7	49.73	27.20	50.55	18.3	17.85	Sharm El Sheikh

Movement for the month of December

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Cairo	4.2	-2.7%	8.6%	5.5%	2.7	25.6%
Dubai	0.8	3.6%	4.6%	5.2%	-0.4	13.8%
Jeddah	1.0	12.3%	14.0%	12.9%	0.3	16.6%
Kuwait	0.1	-9.9%	-9.7%	11.2%	1.4	15.1%
Riyadh	-2.3	-1.2%	-5.1%	-4.2%	-1.0	-11.1%
Sharm El Sheikh	8.3	-4.5%	10.8%	14.4%	0.3	26.2%

Movement for the calendar year to December

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	1.2	-13.5%	-12.0%	-9.6%	-3.2	-18.1%
Cairo	8.9	-7.6%	13.8%	14.8%	2.1	20.9%
Dubai	1.1	6.6%	8.1%	7.5%	-0.5	13.8%
Jeddah	5.2	10.9%	18.7%	16.6%	0.6	24.2%
Kuwait	-0.6	-3.2%	-4.3%	3.6%	-0.1	5.2%
Riyadh	-1.7	-3.6%	-6.3%	-1.3%	-2.3	-5.5%
Sharm El Sheikh	10.3	-2.5%	15.8%	17.5%	1.4	22.7%

Movement for the twelve months to December

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
Abu Dhabi	1.2	-13.5%	-12.0%	-9.6%	-3.2	-18.1%	Abu Dhabi
Cairo	8.9	-7.6%	13.8%	14.8%	2.1	20.9%	Cairo
Dubai	1.1	6.6%	8.1%	7.5%	-0.5	13.8%	Dubai
Jeddah	5.2	10.9%	18.7%	16.6%	0.6	24.2%	Jeddah
Kuwait	-0.6	-3.2%	-4.3%	3.6%	-0.1	5.2%	Kuwait
Riyadh	-1.7	-3.6%	-6.3%	-1.3%	-2.3	-5.5%	Riyadh
Sharm El Sheikh	10.3	-2.5%	15.8%	17.5%	1.4	22.7%	Sharm El Sheikh