

## Shopping Festival boosts Dubai occupancy to nearly 90% Profits up in Kuwait by 65%

Hotels in Dubai continued to surpass previous year performances as regional and international tourists flock to the city for the 18th Dubai Shopping Festival, boosting key performance indicators across the market, according to the latest HotStats survey of full service four and five star hotels by TRI Hospitality Consulting.

Monthly performance indicators for Dubai hotels beat last year figures as the city hosted another edition of its successful month long shopping festival from 3rd January to 3rd February. Although exact number of visitors is not available yet, some 4.7 million visitors were expected to arrive in the city during this year's event. Hotel occupancies across the city surged as a result to 89.6%, up 4.2 percentage points from last year, while Average Room Rates (ARR) grew 5.0% to US\$359.39. The resulting 10.2% growth in Revenue per Available Room (RevPAR) to US\$321.85, along with a 6.5% increase in food and beverage revenues, boosted Total Revenue per Available Room (TRevPAR) to US\$522.92, the highest of the markets surveyed. On the bottom line, this resulted in a 14.5% growth in Gross Operating Profits per Available Room (GOPPAR) rising to US\$279.30.

Hotels in Abu Dhabi also benefitted from the overflow demand from shopping festival as regional and international travellers included the capital to their itinerary with hotels. Consequently, hotels in the capital registered a 10.8 percentage point increase in occupancy to 71.7%. However, ARR levels have continued to fall, dropping 10.7% in January to US\$167.77, dragging RevPAR down by 5.3% to US\$113.05. In addition, food and beverage revenues also dropped roughly 15% during the month, causing TRevPAR to drop 9.6% to US\$241.16. A 2.0 percentage point increase in payroll added further stress on the bottom line profits with

GOPPAR dropping 4.4% to US\$71.16.

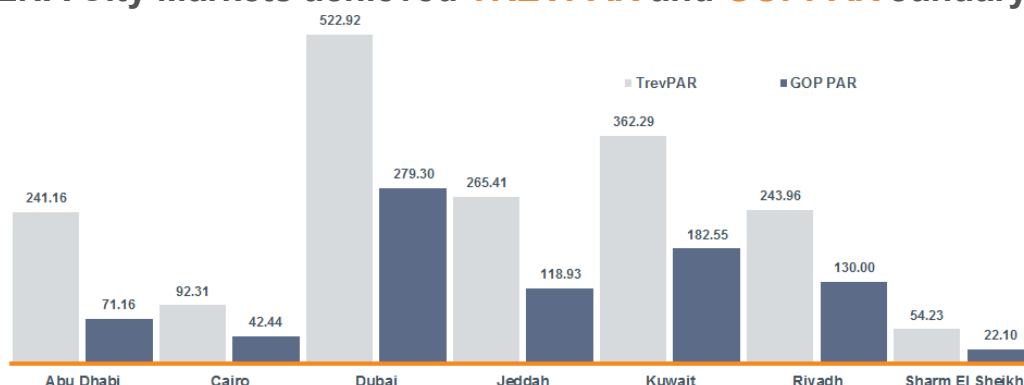
"The DSF has got better and better every year, and this time is no exception. This mega-event offers a perfect start to the year for the tourism establishments in the city, and helps bridge the gap between the end of year holidays and European winter breaks. Abu Dhabi too received strong inflow of visitors, both regional leisure travellers and international guests attending events such as the Abu Dhabi Sustainability Week which was expected to attract over 30,000 delegates. However despite stronger demand, hotels in the capital have failed to capitalise these events to improve top line performances, simply due to the competition," commented Peter Goddard, Managing Director at TRI Hospitality Consulting.

In Kuwait, hotels registered a 6.1 percentage point increase in occupancy to 58.0% as both corporate and leisure demand surged during the month. ARR increased 10.2% to US\$273.54, lifting RevPAR 23.3% to US\$158.58. The surge in visitors from the north-eastern region of Saudi Arabia during the extended holidays also resulted in increased spending on food and beverage, boosting F&B revenues by 47.1% during the month. TRevPAR was up by 36.0% to US\$362.29 and GOPPAR was higher by 65.5% at US\$182.55 in January.

### The month of January 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	71.7	157.77	113.05	241.16	30.0	71.16
Cairo	43.7	110.75	48.41	92.31	22.7	42.44
Dubai	89.6	359.39	321.85	522.92	17.2	279.30
Jeddah	72.7	236.90	172.16	265.41	23.3	118.93
Kuwait	58.0	273.54	158.58	362.29	21.4	182.55
Riyadh	60.3	251.24	151.52	243.96	22.0	130.00
Sharm El Sheikh	57.2	49.11	28.10	54.23	17.2	22.10

### MENA City Markets achieved TREVPAR and GOPPAR January 2013



## Cairo and Sharm El Sheikh see surge in demand while Saudi cities show mixed results

Hotels in Egypt experienced strong recovery in demand, revenues and profits during the month of January. Hotels in Sharm El Sheikh saw occupancy increase 9.3 percentage points to 57.2% and ARR increase 9.8% to US\$49.11, boosting RevPAR up by 31.1% to US\$28.10. Nevertheless, room rates in this sun and sand destination trails the resort of the cities surveyed by a big margin due to its dependence on charter and tour groups, resulting in subdued rates even during high season. The month also witnessed an increase in conference and banqueting revenues due to a surge in wedding ceremonies. Total Revenues per Available Rooms (TRevPAR) for the month was up 32.3% at US\$54.23 and payroll up by 3.7 percentage points, closing the month with a GOPPAR of US\$22.1, up 65.9% against the same period last year.

In Cairo, hotel performance indicators showed promising trend as occupancy levels across the four and five star hotels surveyed by HotStats improved 5.9 percentage points to 43.7% and ARR grew 4.3% to US\$110.75 in January as the annual Nile festival commences, luring tourists into the capital. As a consequence, RevPAR for the month was up 20.7% to US\$48.41 and TRevPAR increased 20.4% to US\$92.31 which, along with a notable drop in Payroll expenses, resulted in a 42.5% jump in GOPPAR which stood at US\$42.44 for the month.

“International tourists are benefiting from reduced rates and bargain packages on offer in both Cairo and Sharm el Sheikh. As the Egyptian pound continues to weaken, destinations within the country have become affordable to international holiday seekers strengthening demand and allowing hotel operators to register higher profit margins.” commented Peter Goddard, Managing Director at TRI Hospitality Consulting.

In Jeddah, hotels saw occupancy drop 3.7 percentage points to 72.7% in January despite the annual Hayya Jeddah Shopping Festival. Nevertheless, other performance indicators remained elevated throughout the month with Average Room Rates (ARR) increasing 9.0% to US\$236.69, maintaining positive growth in Revenue per Available Room (RevPAR) which grew 5% to

US\$172.16. An increase in food and beverage revenues driven by an increase in leisure travellers and conference and meeting demand resulted in a 4.3% growth in Total Revenue per Available Room (TRevPAR) to US\$265.31, rising overall Gross Operating Profit per Available Room (GOPPAR) 3.1% to US\$118.93.

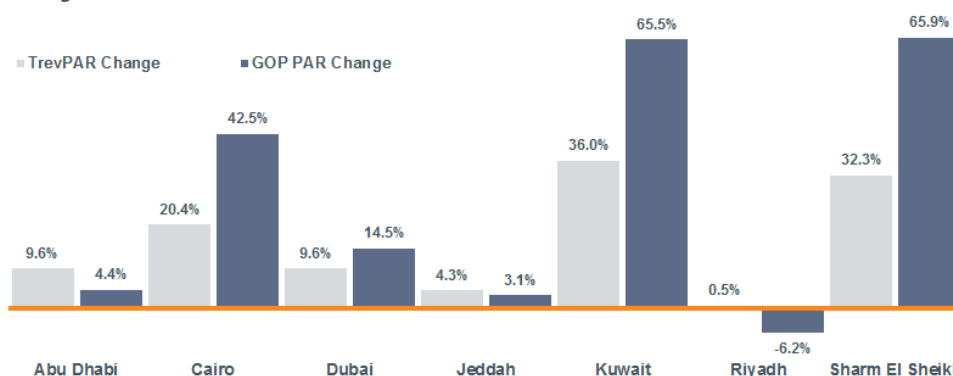
Hotels in Riyadh saw occupancy drop marginally by 1.3 percentage points to 60.3% as the week-long holiday in celebration of the Prophet’s birthday took its toll on corporate demand in the city. ARR and RevPAR saw declines of 0.6% and 1.6% to US\$251.24 and US\$151.52 respectively although food and beverage revenues posted double digit growth during the month, resulting in a marginal 0.5% growth in TRevPAR to US\$243.96. Nevertheless, a 3.3 percentage point decrease in Payroll couldn’t mask bottom line profits declines, with GOPPAR down 6.2% to US\$130.0.

“A week-long holiday in Saudi Arabia is considered to have negatively affected Riyadh’s corporate hotels as business segments remains the staple source of demand for most hotels in the city. Hotel performance in Jeddah, on the other hand, also seems to have suffered, partly due to the Dubai Shopping Festival which drew tens of thousands of Saudis nationals away from local destinations. Although the Hayya Jeddah was expected to attract approximately 1.4 million visitors this year, we believe the event was overshadowed by the DSF where Saudis nationals represent the second largest visitor group” commented Goddard.

### Movement for the month of January

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	10.8	-10.7%	5.3%	9.6%	2.0	4.4%
Cairo	5.9	4.3%	20.7%	20.4%	3.9	42.5%
Dubai	4.2	5.0%	10.2%	9.6%	-0.2	14.5%
Jeddah	-2.8	9.0%	5.0%	4.3%	0.1	3.1%
Kuwait	6.1	10.2%	23.3%	36.0%	4.8	65.5%
Riyadh	-1.3	0.6%	-1.6%	0.5%	-3.3	-6.2%
Sharm El Sheikh	9.3	9.8%	31.1%	32.3%	3.7	65.9%

### MENA City Markets TREVPAR and GOPPAR Movement January 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.

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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HotStats provides two reporting tools to hoteliers:

- Our unique profit and loss benchmarking service which enables monthly comparison of hotels' performance against their competitors. It is distinguished by the fact that it provides in excess of 100 performance metric comparisons covering 70 areas of hotel revenue, cost, profit and statistics providing far deeper insight into the hotel operation than any other tool.
- 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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## For more information contact

### HotStats

**Tony Oliveira**  
Business Development Manager  
+44 (0)20 7892 2234  
[tony.oliveira@hotstats.com](mailto:tony.oliveira@hotstats.com)

**David Stephens**  
Operations Manager  
+44 (0)207 892 2217  
[david.stephens@hotstats.com](mailto:david.stephens@hotstats.com)

### TRI Hospitality Consulting

**Peter Goddard**  
Managing Director TRI Dubai  
+971 (0)4 345 4241  
[peter.goddard@trimideast.com](mailto:peter.goddard@trimideast.com)

**Christopher Hewett**  
Senior Consultant  
+971 (0)4 345 4241  
[christopher.hewett@trimideast.com](mailto:christopher.hewett@trimideast.com)

**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 January 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	71.7	157.77	113.05	241.16	30.0	71.16
Cairo	43.7	110.75	48.41	92.31	22.7	42.44
Dubai	89.6	359.39	321.85	522.92	17.2	279.30
Jeddah	72.7	236.90	172.16	265.41	23.3	118.93
Kuwait	58.0	273.54	158.58	362.29	21.4	182.55
Riyadh	60.3	251.24	151.52	243.96	22.0	130.00
Sharm El Sheikh	57.2	49.11	28.10	54.23	17.2	22.10

**Calendar year to January 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	71.7	157.77	113.05	241.16	30.0	71.16
Cairo	43.7	110.75	48.41	92.31	22.7	42.44
Dubai	89.6	359.39	321.85	522.92	17.2	279.30
Jeddah	72.7	236.90	172.16	265.41	23.3	118.93
Kuwait	58.0	273.54	158.58	362.29	21.4	182.55
Riyadh	60.3	251.24	151.52	243.96	22.0	130.00
Sharm El Sheikh	57.2	49.11	28.10	54.23	17.2	22.10

**Twelve months to January 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	69.2	142.86	98.87	214.85	25.0	80.90
Cairo	47.1	111.95	52.71	106.22	20.5	48.40
Dubai	81.3	291.13	236.66	414.76	19.7	184.85
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

**The month of January 2012**

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	60.8	176.63	107.41	220.07	32.1	68.14
Cairo	37.8	106.19	40.12	76.69	26.5	29.78
Dubai	85.3	342.20	291.99	477.09	17.0	243.85
Jeddah	75.5	217.37	164.01	254.56	23.4	115.33
Kuwait	51.9	248.11	128.64	266.48	26.3	110.29
Riyadh	61.6	249.83	153.97	242.69	18.6	138.52
Sharm El Sheikh	47.9	44.74	21.44	40.99	20.9	13.32

**Calendar year to January 2012**

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	60.8	176.63	107.41	220.07	32.1	68.14
Cairo	37.8	106.19	40.12	76.69	26.5	29.78
Dubai	85.3	342.20	291.99	477.09	17.0	243.85
Jeddah	75.5	217.37	164.01	254.56	23.4	115.33
Kuwait	51.9	248.11	128.64	266.48	26.3	110.29
Riyadh	61.6	249.83	153.97	242.69	18.6	138.52
Sharm El Sheikh	47.9	44.74	21.44	40.99	20.9	13.32

**Twelve months to January 2012**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	61.2	160.33	98.13	216.78	33.1	54.51
Cairo	48.7	103.55	50.39	97.72	21.3	43.24
Dubai	80.1	306.37	245.24	429.17	20.2	190.19
Jeddah	79.2	228.91	181.21	288.45	22.0	133.93
Kuwait	53.9	264.70	142.58	307.33	24.1	140.62
Riyadh	59.1	244.94	144.75	240.05	20.4	124.64
Sharm El Sheikh	63.7	43.14	27.49	52.96	16.9	19.69

**Movement for the month of January**

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	10.8	-10.7%	5.3%	9.6%	2.0	4.4%
Cairo	5.9	4.3%	20.7%	20.4%	3.9	42.5%
Dubai	4.2	5.0%	10.2%	9.6%	-0.2	14.5%
Jeddah	-2.8	9.0%	5.0%	4.3%	0.1	3.1%
Kuwait	6.1	10.2%	23.3%	36.0%	4.8	65.5%
Riyadh	-1.3	0.6%	-1.6%	0.5%	-3.3	-6.2%
Sharm El Sheikh	9.3	9.8%	31.1%	32.3%	3.7	65.9%

**Movement for the month of January**

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Dubai	4.2	5.0%	10.2%	9.6%	-0.2	14.5%
Jeddah	-2.8	9.0%	5.0%	4.3%	0.1	3.1%
Kuwait	6.1	10.2%	23.3%	36.0%	4.8	65.5%
Riyadh	-1.3	0.6%	-1.6%	0.5%	-3.3	-6.2%
Sharm El Sheikh	9.3	9.8%	31.1%	32.3%	3.7	65.9%

**Movement for the twelve month of January**

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	8.0	-10.9%	0.8%	-0.9%	8.1	48.4%
Cairo	-1.6	8.1%	4.6%	8.7%	0.8	11.9%
Dubai	1.2	-5.0%	-3.5%	-3.4%	0.5	-2.8%
Jeddah	0.2	-0.7%	-0.4%	-0.3%	0.0	-0.2%
Kuwait	0.6	-1.4%	-0.4%	-0.9%	0.8	0.1%
Riyadh	-0.6	3.3%	2.3%	3.7%	0.6	4.6%
Sharm El Sheikh	1.2	12.4%	14.6%	12.2%	0.0	11.3%