

Dubai Hotels record an impressive 86.0% occupancy during the first half of 2013, while demand for Abu Dhabi hotels grows 13.4%

Hotels in Dubai saw rate-driven profitability growth while demand continued to increase in Abu Dhabi, according to the latest HotStats survey of full-service hotels in seven MENA cities by TRI Hospitality Consulting Middle East.

Abu Dhabi hotels continued to attract an increasing number of visitors in June with hotels recording a 9.7 percentage point growth in occupancy during the month of June. Although demand increased, Average Room Rates (ARR) declined 7.7% to US\$115.12; however it was not enough to prevent an 8.3% rise in Revenue per Available Room (RevPAR) and a 2.9% growth in Gross Operating Profit per Available Room (GOPPAR) to US\$29.57

“Abu Dhabi is continuing to see an increase in visitor demand, as illustrated through a 9.7 percentage point growth in occupancy during June pushing year to date occupancy figures to 75.0%. The growth in demand is attributed to a 25.0% increase in visitors to the capital and a 12.6% rise in passengers through Abu Dhabi International Airport during the first half of the year. Although the market continues to rebound and strengthen, hoteliers continue to face considerable challenges in reversing declining average rates in the response to a substantial increase in supply” commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

Dubai’s hotel market continued to dominate regional performance in June, as key indicators maintained their growth with occupancy increasing by 3.6 percentage points to 79.2%, while a 6.2% rise in ARR to US\$207.49, drove RevPAR up 11.2% to US\$164.22. An increase in food and beverage revenues helped with driving an 7.3% growth in Total Revenue Per Available Room (TrevPAR) which boosted profitability by 12.2% to US\$90.37.

“Dubai’s hotel market continues to grow from strength to strength with a 3.5 percentage point growth in occupancy levels to an impressive 86.0% for the first half of the year. The high levels of demand continue to be driven by the strong economic activity within the city, coupled with its attractiveness as an all-round leisure destination. Furthermore, high attendance levels at large annual events and festivals have also contributed to this growth and assisted in boosting occupancy during certain periods of the year.” commended Goddard.

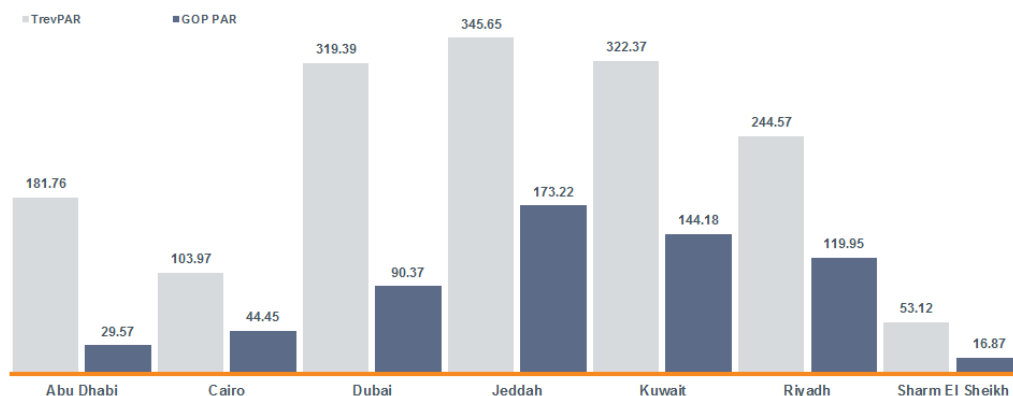
Corporate demand was the driving factor behinds Kuwait’s hotel performance in 2013, as the city hosted conferences and events that attracted government officials and private sector stakeholders particularly in the energy sector. In June, Kuwait achieved a 10.7% growth in RevPAR performance to US\$147.84 driven by a 5.6 percentage point increase in occupancy. This resulted in a 12.8% increase in TrevPAR, however slightly higher payroll costs kept GOPPAR at US\$130.14.

Kuwait’s hotel market has shown resilience in the first half of the year with occupancy levels and ARR improving increasing 4.7 percentage points and 1.7% respectively, boosting RevPAR by 10.3% to US\$159.98. Strengthening performance in food and beverage revenues coupled with lower payroll expenses saw TrevPAR and GOPPAR increase by 17.4% and 20.8% to US\$357.20 and US\$168.72.

The month of June 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	65.7	115.12	75.64	181.76	37.0	29.57
Cairo	50.1	112.48	56.33	103.97	22.2	44.45
Dubai	79.2	207.49	164.22	319.39	28.8	90.37
Jeddah	85.4	263.11	224.65	345.65	20.1	173.22
Kuwait	54.8	269.70	147.84	322.37	24.6	144.18
Riyadh	64.0	223.67	143.05	244.57	22.0	119.95
Sharm El Sheikh	63.8	43.30	27.61	53.12	18.5	16.87

MENA City Markets achieved TREVPAR and GOPPAR June 2013



Jeddah's hotels achieve a 13.4% increase in Average Rate during the first half of 2013, while profits rise 45.4% in Sharm El Sheikh

Riyadh's hotel market maintained relatively consistent performance levels in June compared to the same period last year, albeit with a slight reduction of 0.7% in ARR to US\$223.67. For the first six months of 2013, the market witnessed a 1.3 percentage point increase in occupancy to 68.4%, however average rates fell by 2.1% to US\$242.75. This reduction in average rates resulted in slightly lower RevPAR performance which fell 0.3% to US\$165.96, and when coupled with higher payroll expenses saw the market achieve a marginally lower GOPPAR levels at US\$150.52.

Hotels in Jeddah recorded 85.4% occupancy in June similar to the same period last year, however the market was able to achieve a 16.1% increase in ARR to US\$263.11, the second highest in the region. This growth saw total revenues and profitability increase by 11.7% and 17.1% respectively during the month and continues to follow the trend for 2013. The market recorded a 13.4% increase average rate during the first six months of the year, and although occupancy levels were lower by a marginal 0.9 percentage points, year to date figures of 79.7% shows the strength of the corporate and leisure demand. Hotel profits also rose 12.8% attributed to the increase in top line revenues.

"Saudi Arabia's two main hotel markets recorded opposite trends in the first half of the year with Riyadh experiencing a reduction in average rate and profits while Jeddah continues to strengthen. Although, Riyadh is currently facing a situation of declining rates, this is only expected to continue in the short term as the market adjusts to the sharp increase in supply. Jeddah has been able to capitalise on strong demand by increasing average rates during peak periods, resulting in an increase in RevPAR by 12.1%. We expect this to continue for the remainder of 2013 as the limited new supply in the short term will allow hotels to maintain this growth strategy," commented Peter Goddard, managing director of TRI Hospitality Consulting in Dubai.

For the first six months of 2013, Sharm El Sheikh hotels achieved significant gains in revenue and profitability performance, due to the strong boost in demand. A 26.7% growth in RevPAR was attributed to a 17.3% increase in rates to US\$47.18, and occupancy increasing 4.4 percentage points to 59.8%. TrevPAR growth was driven by high conference and banqueting revenue which propelled GOPPAR by an impressive 45.4% when combined with the effects of declining operating expenses and payroll costs.

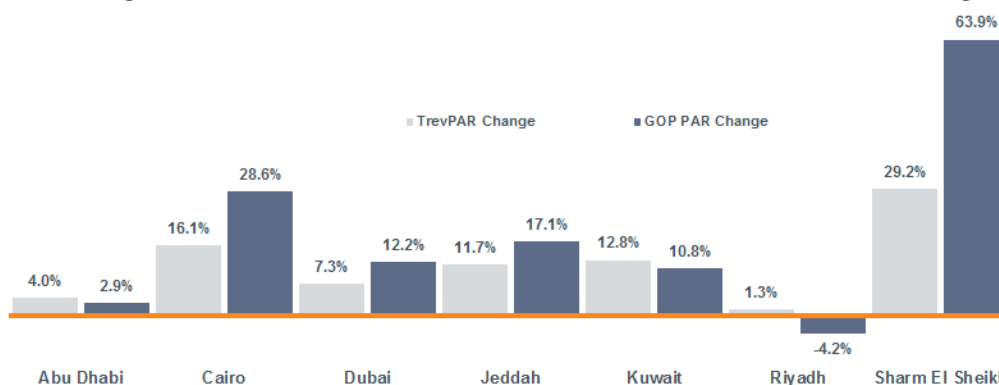
In year to date terms, Cairo showed a 7.0% improvement in RevPAR, solely driven by ARR increasing 12.4% to US\$111.97 as occupancy fell 2.3 percentage points to 44.7%. The month of June saw performance exceed year to date levels, as top line revenue growth fuelled a 28.6% increase in profitability to US\$44.45. However, declining food and beverage revenues coupled with higher operating expenses resulted in a moderate 4.1% increase in GOPPAR to US\$40.29.

"Although both markets in Egypt experienced a marginal recovery from declining in performance suffered during previous years, Sharm El Sheikh registered the largest improvements in profitability, attributed to returning holidaymakers. Furthermore, RevPAR is being restored through a slow increase in average rates, which is considered critical to sustaining long-term recovery after the 2011 revolution," commented Goddard.

Movement for the month of June

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	9.7	-7.7%	8.3%	4.0%	1.2	2.9%
Cairo	4.9	12.4%	24.6%	16.1%	1.4	28.6%
Dubai	3.6	6.2%	11.2%	7.3%	-0.6	12.2%
Jeddah	0.0	16.1%	16.0%	11.7%	0.5	17.1%
Kuwait	5.6	-0.7%	10.7%	12.8%	0.5	10.8%
Riyadh	0.7	-0.7%	0.4%	1.3%	-2.2	-4.2%
Sharm El Sheikh	9.2	13.1%	32.2%	29.2%	2.6	63.9%

MENA City Markets TREVPAR and GOPPAR Movement May 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 Middle East provides a wide range of services to clients in the hotel sector.

HotStats Services

For an inside view of a local or regional market place in the hotel sector, bespoke HotStats reports are available. Terms and conditions apply. Visit www.hotstats.com to view a sample report.

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.

©HotStats Limited 2013 Unless otherwise attributed, all material in this press release is the copyright of HotStats Limited.

For more information contact

HotStats

Pablo Alonso
General Manager
+44 (0)20 7892 2238
pablo.alonso@hotstats.com

Tony Oliveira
Business Development Manager
+44 (0)20 7892 2234
tony.oliveira@hotstats.com

TRI Hospitality Consulting Middle East

Peter Goddard
Managing Director
+971 (0)4 345 4241
peter.goddard@trimideast.com

Christopher Hewett
Senior Consultant
+971 (0)4 345 4241
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 June 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	65.7	115.12	75.64	181.76	37.0	29.57
Cairo	50.1	112.48	56.33	103.97	22.2	44.45
Dubai	79.2	207.49	164.22	319.39	28.8	90.37
Jeddah	85.4	263.11	224.65	345.65	20.1	173.22
Kuwait	54.8	269.70	147.84	322.37	24.6	144.18
Riyadh	64.0	223.67	143.05	244.57	22.0	119.95
Sharm El Sheikh	63.8	43.30	27.61	53.12	18.5	16.87

Calendar year to June 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
	75.0	147.52	110.61	240.42	28.7	78.19
	44.7	111.97	50.09	93.95	23.7	40.29
	86.0	329.87	283.60	488.69	18.8	238.41
	79.7	247.93	197.67	309.55	21.6	149.50
	59.8	267.55	159.98	357.20	23.2	168.72
	68.4	242.75	165.96	272.03	19.3	150.52
	59.8	47.18	28.22	54.15	17.7	20.56

Twelve months to June 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
	68.8	151.33	104.05	223.82	29.7	68.97	Abu Dhabi
	47.0	109.07	51.30	97.54	22.0	42.93	Cairo
	81.4	312.28	254.27	444.15	20.1	200.85	Dubai
	78.9	242.12	191.10	300.51	21.8	142.04	Jeddah
	55.7	264.89	147.43	325.51	24.0	148.89	Kuwait
	59.8	241.90	144.68	240.57	21.0	123.91	Riyadh
	65.2	45.86	29.88	56.95	16.5	22.15	Sharm El Sheikh

The month of June 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	56.0	124.67	69.85	174.79	38.2	28.75
Cairo	45.2	100.09	45.21	89.55	23.6	34.56
Dubai	75.6	195.44	147.70	297.75	28.3	80.53
Jeddah	85.4	226.61	193.59	309.46	20.6	147.93
Kuwait	49.2	271.63	133.59	285.91	25.1	130.14
Riyadh	63.2	225.29	142.41	241.52	19.7	125.23
Sharm El Sheikh	54.6	38.28	20.89	41.10	21.1	10.29

Calendar year to June 2012

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
	61.6	156.43	96.36	213.48	31.2	64.08
	47.0	99.61	46.83	91.63	22.7	38.72
	82.5	315.74	260.47	450.85	18.8	211.07
	80.7	218.62	176.36	283.40	21.9	132.55
	55.1	263.14	145.07	304.19	24.1	139.69
	67.1	247.95	166.41	270.61	17.8	153.32
	55.4	40.22	22.27	43.88	19.5	14.14

Twelve months to June 2012

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
	63.9	155.98	99.72	215.19	27.6	72.58	Abu Dhabi
	43.4	103.84	45.09	89.35	23.0	36.68	Cairo
	78.6	299.43	235.30	413.40	20.2	174.12	Dubai
	77.9	214.08	166.76	267.70	22.1	121.84	Jeddah
	51.6	268.75	138.77	281.50	25.3	122.59	Kuwait
	60.6	245.09	148.50	241.52	18.1	130.91	Riyadh
	59.6	41.64	24.80	48.01	17.9	16.97	Sharm El Sheikh

Movement for the month of June

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	9.7	-7.7%	8.3%	4.0%	1.2	2.9%
Cairo	4.9	12.4%	24.6%	16.1%	1.4	28.6%
Dubai	3.6	6.2%	11.2%	7.3%	-0.6	12.2%
Jeddah	0.0	16.1%	16.0%	11.7%	0.5	17.1%
Kuwait	5.6	-0.7%	10.7%	12.8%	0.5	10.8%
Riyadh	0.7	-0.7%	0.4%	1.3%	-2.2	-4.2%
Sharm El Sheikh	9.2	13.1%	32.2%	29.2%	2.6	63.9%

Movement for the calendar year to June

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
	13.4	-5.7%	14.8%	12.6%	2.5	22.0%
	-2.3	12.4%	7.0%	2.5%	-1.0	4.1%
	3.5	4.5%	8.9%	8.4%	0.1	13.0%
	-0.9	13.4%	12.1%	9.2%	0.3	12.8%
	4.7	1.7%	10.3%	17.4%	0.8	20.8%
	1.3	-2.1%	-0.3%	0.5%	-1.5	-1.8%
	4.4	17.3%	26.7%	23.4%	1.8	45.4%

Movement for the twelve months to June

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
	4.8	-3.0%	4.3%	4.0%	-2.1	-5.0%	Abu Dhabi
	3.6	5.0%	13.8%	9.2%	0.9	17.0%	Cairo
	2.8	4.3%	8.1%	7.4%	0.1	15.4%	Dubai
	1.0	13.1%	14.6%	12.3%	0.3	16.6%	Jeddah
	4.0	-1.4%	6.2%	15.6%	1.3	21.5%	Kuwait
	-0.8	-1.3%	-2.6%	-0.4%	-2.9	-5.3%	Riyadh
	5.6	10.1%	20.5%	18.6%	1.4	30.5%	Sharm El Sheikh