

## School holidays and events boost hotel performance in Abu Dhabi and Dubai

Hotels in Abu Dhabi and Dubai capitalised on a surge in GCC demand in March driven by the spring break for schools in the region, which was complemented by an array of cultural, sports and other events, according to the latest HotStats survey of full service four and five star hotels by TRI Hospitality Consulting.

Occupancy levels in Abu Dhabi surged 19.3 percentage points to 81.7% while Average Room Rate (ARR) dropped 5.1% to US\$158.99 compared to same period last year, lifting Revenues per Available Room (RevPAR) up by 24.3% to US\$129.91. The surge in demand was partially driven by the surge in arrivals from neighbouring countries due to the spring break for schools, which was complemented by an array of cultural and sports events, as well as trade fairs and exhibitions. Consequently, hotels in Abu Dhabi reported the highest growth in revenues and profits amongst the GCC cities surveyed by HotStats as Total Revenue per Available Room (TRevPAR) went up 24.6% to US\$286.97 and Gross Operating Profit per Available Room (GOPPAR) increased 37.6% to US\$101.51.

“Abu Dhabi is in the process of building itself as a year-round destination, it is already gaining popularity as a family-oriented holiday destination offering a variety of activities and facilities, appealing to the wider GCC travellers. The correction in the room rates may also have assisted in the recent recovery in occupancy levels, improving its competitiveness against Dubai and other GCC destinations. In the long term, we are optimistic that the leisure projects in pipeline in Abu Dhabi will help boost regional and international leisure tourism which is likely to boost rates and average length of stay for hotels in Abu Dhabi”, commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

Dubai hotels continued to report stellar performance, highlighted by double digit growth in RevPAR and GOPAR. Occupancy in Dubai stood at stunning 89.8%, up 2.3 percentage points against

March last year, and ARR increased 9.0% to US\$397.65, lifting RevPAR up by 11.8% to US\$356.98. An 11.5% growth in TRevPAR to US\$593.67 marginal improvements in costs and overheads resulted in a 16.6% growth in bottom line with a GOPPAR of US\$332.01, the highest profit registered during the month across the surveyed cities.

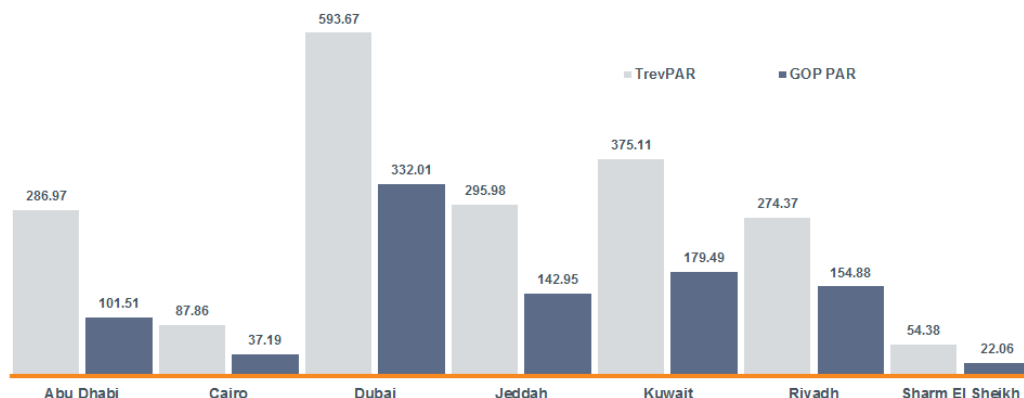
“2012/13 has been one of the strongest tourist seasons in Dubai’s history. Tourism arrivals from all regions have shown significant growth as the city’s leaders have ensured that both capacity and connectivity matched the growing tourism demand and visitor requirements. Dubai is now home to the world’s second busiest airport, further proving Dubai’s position as a primary destination as well as a major international transit hub. Specifically in March, most of the prominent leisure destinations in the GCC including Dubai seem to have benefited strongly from the school holidays”, commented Goddard.

In Kuwait, hotel performance deteriorated as the ARR dropped 6.8% to US\$259.22 and occupancy remained stagnant at 65.3%, resulting in a 6.8% drop in RevPAR to US\$169.32. Its impact on gross revenues was relatively limited as TRevPAR dropped 1.8% to US\$375.11, however an increase in payroll and overheads and a 29.4% fall in meeting room revenues stunted the bottom line, dragging GOPPAR down by 10.7% to US\$179.49.

### The month of March 2013

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	81.7	158.99	129.91	286.97	26.8	101.51
Cairo	42.0	112.86	47.37	87.86	23.6	37.19
Dubai	89.8	397.65	356.98	593.67	15.2	332.01
Jeddah	78.5	244.42	191.80	295.98	22.9	142.95
Kuwait	65.3	259.22	169.32	375.11	22.2	179.49
Riyadh	70.3	242.58	170.45	274.37	19.3	154.88
Sharm El Sheikh	59.4	48.11	28.56	54.38	17.3	22.06

## MENA City Markets achieved TREVPAR and GOPPAR March 2013



## Cairo hotels suffer as protesters return, however performance surge in Sharm El Sheikh

Hotel revenues are up by a third and profits jump 80.5% in Sharm El Sheikh in March despite the troubles experienced in Cairo which affected hotel performance in the capital, according to the latest HotStats survey of full service four and five star hotels by TRI Hospitality Consulting.

In March, Cairo bore witness to resurgence in protests and increased political tension. As a direct consequence, occupancy in Cairo hotels dropped 6.8 percentage points to 42.0% as business demand plummeted, while Average Room Rates (ARR) improved 11.4% to US\$112.86. The lower occupancy caused a 4.1% decline in Revenues per Available Room (RevPAR) to US\$47.37 which, coupled with the knock-on effect on meeting room and other revenues, contributed to a 7.4% reduction in Total Revenue per Available Room (TRevPAR) to US\$87.86. On the bottom line, this resulted in a 17.3% decline in Gross Operating Profit per Available Room (GOPPAR) to US\$37.19.

Despite the troubles in the capital, hotels in Sharm El Sheikh reported brisk business in March and showed significant growth in performance levels compared to last year. The city was not directly impacted by the events in Cairo and the tour operator-driven business, which represent the main source of demand and are typically booked well in advance, tends to show limited reaction to less significant events.

Occupancy in Sharm El Sheikh was up 5.4 percentage points against the same period last year to 59.4% and ARR was up 29.1% to US\$48.11, resulting in a 42.2% growth in RevPAR to US\$28.56. TRevPAR was higher than last year by 33.4% at US\$54.38 which, coupled with a 11.8% decrease in overheads, boosted GOPPAR by 80.5% to US\$22.06. Nevertheless, GOPPAR in Sharm el Sheikh remains the lowest amongst the cities surveyed by HotStats as demand is primarily driven by heavily discounted segments such as tour groups and charters which puts heavy strain on rates and profit margins.

“The political events in Cairo are putting heavy pressure on all businesses including hotels. The events in March has disrupted the recent recovery experienced by hotels as both leisure and corporate demand took a hit in the light of street protests and reports of kidnapping. Hotels in Sharm El Sheikh, however, appear to be well on course to a solid year if security issues do not resurface here”, commented Peter Goddard, Managing Director of TRI Hospitality Consulting in Dubai.

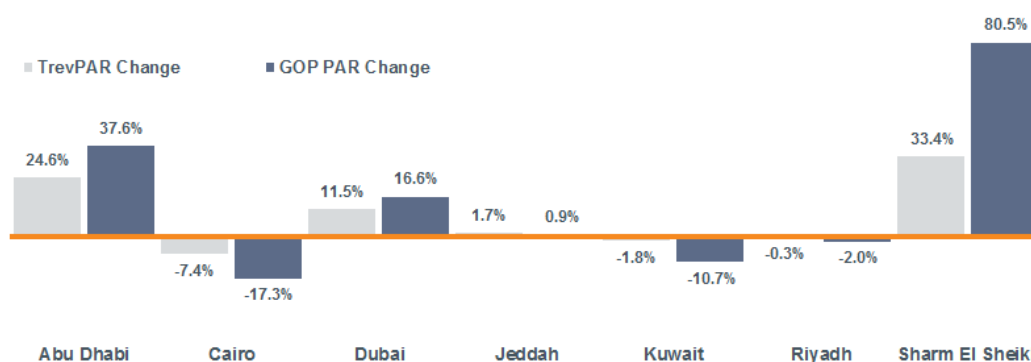
In Saudi Arabia, occupancy in Jeddah declined 2.7 percentage points to 78.5%; however, a 10.8% growth in ARR to US\$244.42 lifted RevPAR up by 7.2% to US\$191.8. The surge in leisure demand driven by the spring break for schools as well as the various conferences held in the city throughout the month such as the Big 5, the Mares Conference and the Jeddah Economic Forum helped maintain demand levels through the month. Jeddah hotels reported a 1.7% growth in TRevPAR to US\$295.98, and a marginal growth in GOPPAR to US\$142.95.

Hotels in Riyadh saw somewhat stable occupancy in March at 70.3%; however, a 3.8% decline in ARR to US\$242.53 resulted in a 2.5% reduction in RevPAR down to US\$170.45. The downward trend appears to be driven by a decline in corporate demand. TRevPAR was down marginally to US\$274.37 and profit in terms of GOPPAR declined 2.0% to US\$154.88.

### Movement for the month of March

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	19.3	-5.1%	24.3%	24.6%	3.8	37.6%
Cairo	-6.8	11.4%	-4.1%	-7.4%	-3.0	-17.3%
Dubai	2.3	9.0%	11.8%	11.5%	0.1	16.6%
Jeddah	-2.7	10.8%	7.2%	1.7%	-2.4	0.9%
Kuwait	0.0	-6.8%	-6.8%	-1.8%	-2.2	-10.7%
Riyadh	0.9	-3.8%	-2.5%	-0.3%	-2.4	-2.0%
Sharm El Sheikh	5.4	29.1%	42.2%	33.4%	2.5	80.5%

### MENA City Markets TREVPAR and GOPPAR Movement March 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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## 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 March 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	81.7	158.99	129.91	286.97	26.8	101.51
Cairo	42.0	112.86	47.37	87.86	23.6	37.19
Dubai	89.8	397.65	356.98	593.67	15.2	332.01
Jeddah	78.5	244.42	191.80	295.98	22.9	142.95
Kuwait	65.3	259.22	169.32	375.11	22.2	179.49
Riyadh	70.3	242.58	170.45	274.37	19.3	154.88
Sharm El Sheikh	59.4	48.11	28.56	54.38	17.3	22.06

**Calendar year to March 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
	77.9	172.80	134.64	282.44	27.2	98.57
	42.8	112.07	47.91	89.39	24.5	37.90
	89.5	364.86	326.61	545.89	16.9	290.85
	76.4	239.71	183.14	286.35	23.0	132.40
	61.1	268.40	164.05	362.98	23.0	175.05
	68.1	247.91	168.82	271.78	19.7	152.26
	57.8	46.19	26.70	52.31	18.4	19.95

**Twelve months to March 2013**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
	64.2	161.80	103.91	227.95	31.9	60.74	Abu Dhabi
	48.1	105.20	50.64	97.55	21.6	42.81	Cairo
	80.6	310.74	250.41	437.99	20.1	196.27	Dubai
	78.8	232.84	183.55	290.88	22.1	135.09	Jeddah
	54.4	264.35	143.69	312.01	24.2	142.07	Kuwait
	59.4	243.19	144.41	240.22	20.7	124.28	Riyadh
	64.8	44.13	28.61	54.94	16.7	21.04	Sharm El Sheikh

**The month of March 2012**

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Abu Dhabi	62.4	167.47	104.52	230.24	30.6	73.79
Cairo	48.8	101.31	49.39	94.89	20.6	44.97
Dubai	87.5	364.85	319.20	532.44	15.3	284.86
Jeddah	81.1	220.51	178.92	291.02	20.5	141.67
Kuwait	65.4	278.03	181.74	381.86	20.0	201.02
Riyadh	69.4	252.14	174.87	275.10	16.9	158.09
Sharm El Sheikh	53.9	37.26	20.09	40.76	19.7	12.22

**Calendar year to March 2012**

	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
	61.8	176.08	108.79	229.09	31.5	71.61
	42.9	102.86	44.12	84.77	24.4	35.31
	85.9	343.87	295.34	494.23	16.8	253.87
	78.7	217.21	170.93	272.94	22.7	126.54
	57.0	261.79	149.22	311.09	23.7	144.32
	67.3	253.71	170.79	270.38	17.6	156.36
	50.3	39.66	19.96	39.85	21.6	11.54

**Twelve months to March 2012**

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
	64.2	160.62	103.17	221.00	26.4	76.08	Abu Dhabi
	40.6	107.20	43.54	85.90	23.6	35.15	Cairo
	77.9	297.46	231.67	408.21	20.2	169.42	Dubai
	76.4	210.78	161.03	260.16	22.3	116.80	Jeddah
	51.5	267.40	137.66	278.75	25.5	119.52	Kuwait
	61.3	248.28	152.23	243.89	17.5	133.62	Riyadh
	55.0	41.70	22.94	44.27	19.2	14.71	Sharm El Sheikh

**Movement for the month of March**

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	19.3	-5.1%	24.3%	24.6%	3.8	37.6%
Cairo	-6.8	11.4%	-4.1%	-7.4%	-3.0	-17.3%
Dubai	2.3	9.0%	11.8%	11.5%	0.1	16.6%
Jeddah	-2.7	10.8%	7.2%	1.7%	-2.4	0.9%
Kuwait	0.0	-6.8%	-6.8%	-1.8%	-2.2	-10.7%
Riyadh	0.9	-3.8%	-2.5%	-0.3%	-2.4	-2.0%
Sharm El Sheikh	5.4	29.1%	42.2%	33.4%	2.5	80.5%

**Movement for the calendar year to March**

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
	16.1	-1.9%	23.8%	23.3%	4.3	37.6%
	-0.1	9.0%	8.6%	5.5%	0.0	7.3%
	3.6	6.1%	10.6%	10.5%	0.0	14.6%
	-2.3	10.4%	7.1%	4.9%	-0.3	4.6%
	4.1	2.5%	9.9%	16.7%	0.8	21.3%
	0.8	-2.3%	-1.2%	0.5%	-2.1	-2.6%
	7.5	16.5%	33.8%	31.3%	3.1	72.9%

**Movement for the twelve months to March**

	Occ %	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
	0.0	0.7%	0.7%	3.1%	-5.5	-20.2%	Abu Dhabi
	7.5	-1.9%	16.3%	13.6%	2.0	21.8%	Cairo
	2.7	4.5%	8.1%	7.3%	0.1	15.8%	Dubai
	2.4	10.5%	14.0%	11.8%	0.3	15.7%	Jeddah
	2.9	-1.1%	4.4%	11.9%	1.3	18.9%	Kuwait
	-1.9	-2.1%	-5.1%	-1.5%	-3.2	-7.0%	Riyadh
	9.8	5.8%	24.7%	24.1%	2.5	43.0%	Sharm El Sheikh