

Abu Dhabi Hotels Slash Costs to Grow Profit

Hotels in Abu Dhabi recorded a 2.0% year-on-year increase in profit per room this month, as management slashed costs to offset the 9.2% decline in total revenue, according to the latest data from HotStats.

The decline in TRevPAR (Total Revenue per Available Room) this month was primarily due to a 7.8% drop in RevPAR (Revenue per Available Room), as Abu Dhabi hoteliers suffered declines in both room occupancy (-1.6 percentage points) and achieved average room rate (-5.6%).

The drop in Rooms Revenue was further exacerbated by year-on-year declines in Food and Beverage (-9.3%) and Conference and Banqueting (-24.4%) revenue on a per available room basis.

However, cost savings, which included an 11.3% reduction in payroll and an 8.5% saving in overheads on a per available room basis, enabled Abu Dhabi hoteliers to effectively cancel out the drop in revenue.

Despite the 2.0% year-on-year growth this month, profit per room was recorded at just \$16.72 in August, equivalent to a conversion of 10.8% of total revenue.

Hotel Profit Performance in Beirut Slipping Back As Political Instability Returns

Hotels in Beirut suffered a 15.2% decline in profit per room this month, as RevPAR at hotels in the Lebanon capital fell by 13.6%, continuing the recent downward trajectory of both revenue and profit.

Whilst the relatively stable security situation in 2015 enabled hotels in Beirut to record an average room rate increase of more than 19.0% in the 12 months to February 2016, top line performance has been on a downward trajectory ever since.

In 2016, the city has suffered from a drop in visitor numbers, particularly from the Gulf, as well as diminishing political stability and the impact of the Syrian War. Following the terrorist attacks in the city in June, the first major incident of its kind in 2016, RevPAR at the city's hotels plummeted by 42.0% year-on-year, contributing to a 96.4% drop in profit per room for the month.

Whilst hotels in Beirut have broadly managed to maintain volume in 2016, it has been at the expense of rate, which in August dropped by 12.7% year-on-year, with significant declines across a range of segments, including residential conference (-15.4%), corporate (-10.5%) and leisure (-13.9%).

Despite costs savings, as a result of the drop in revenue, year-to-date profit per room at Beirut hotels is down by 17.9% to \$31.64, which is in contrast to the 169.1% increase during the same period in 2015.

Plummeting Rate Causing Profit Woes for Hotels in Doha

Hotels in Doha recorded an 11.9% year-on-year decline in achieved average room rate this month, which was the 24th consecutive month of year-on-year decline in this measure and contributed to the 17.1% drop in the 12 months to August 2016.

The drop in rate this month was as a result of declines across the majority of market segments, including Best Available Rate (-7.4%), corporate (-17.6%) and leisure (-10.9%).

In addition, a 35.0% year-on-year rate decline was recorded in the group tours segment, with the volume of demand from this segment doubling this month.

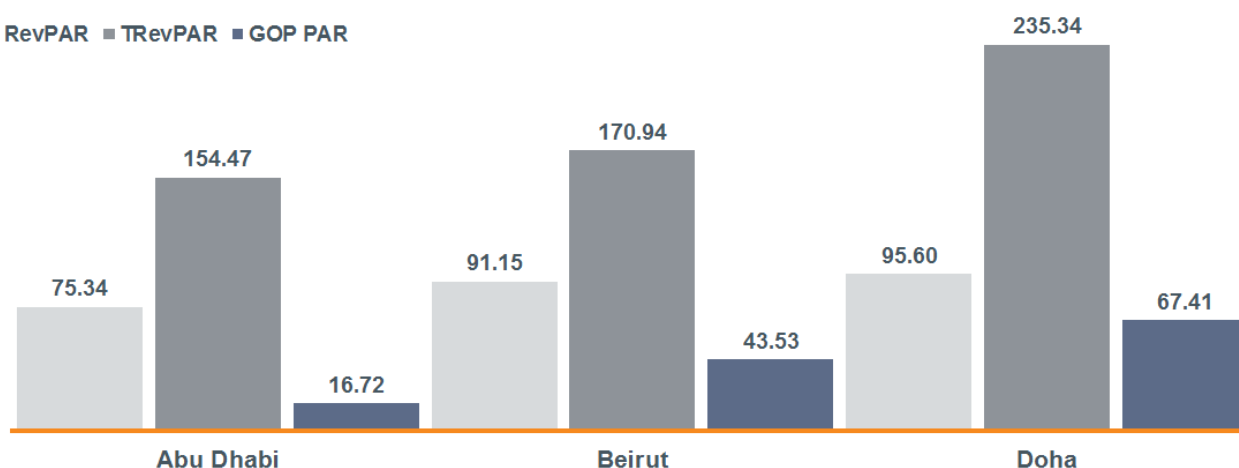
Despite cost savings, hotels in Doha suffered a 17.8% decline in GOPPAR (Gross Operating Profit per Room) in August, with profit per room now suffering a 20.4% decline in the 12 months to August 2016. Despite the significant decline over the last 12 months, profit conversion at hotels in Doha remains relatively strong, at 37.1% of total revenue.

The month of August 2016

\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	69.0	109.21	75.34	154.47	40.3	16.72
Beirut	63.2	144.26	91.15	170.94	32.5	43.53
Doha	57.2	167.25	95.60	235.34	31.3	67.41

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR August 2016

■ RevPAR ■ TREVPAR ■ GOP PAR



Editor's Notes

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 full-service sector.

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 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	69.0	109.21	75.34	154.47	40.3	16.72
Beirut	63.2	144.26	91.15	170.94	32.5	43.53
Doha	57.2	167.25	95.60	235.34	31.3	67.41

Calendar year to August 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
	70.5	143.01	100.84	210.84	33.0	54.60
	57.2	144.14	82.50	153.82	37.0	31.64
	64.8	187.17	121.28	298.36	27.8	106.04

Twelve months to August 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	73.1	157.81	115.32	234.73	30.9	69.70	Abu Dhabi
	57.3	146.79	84.07	157.16	36.7	30.96	Beirut
	66.9	192.36	128.62	313.69	26.5	116.39	Doha

The month of August 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	70.6	115.73	81.68	170.06	41.2	16.39
Beirut	63.8	165.26	105.46	195.05	32.5	51.32
Doha	58.5	189.76	110.97	259.99	29.7	82.02

Calendar year to August 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
	72.4	156.34	113.25	233.24	33.0	61.74
	58.4	159.48	93.21	176.03	35.5	38.55
	69.7	213.42	148.85	343.84	24.5	135.89

Twelve months to August 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	74.9	167.71	125.63	253.70	30.1	77.56	Abu Dhabi
	59.9	150.85	90.42	167.32	34.9	35.93	Beirut
	71.2	217.84	155.18	357.15	23.3	146.23	Doha

Movement for the month of August

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-1.6	-5.6%	-7.8%	-9.2%	1.0	2.0%
Beirut	-0.6	-12.7%	-13.6%	-12.4%	-0.1	-15.2%
Doha	-1.3	-11.9%	-13.9%	-9.5%	-1.7	-17.8%

Movement for the calendar year to August

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
	-1.9	-8.5%	-11.0%	-9.6%	-0.1	-11.6%
	-1.2	-9.6%	-11.5%	-12.6%	-1.5	-17.9%
	-4.9	-12.3%	-18.5%	-13.2%	-3.2	-22.0%

Movement for the twelve months to August

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
	-1.8	-5.9%	-8.2%	-7.5%	-0.8	-10.1%	Abu Dhabi
	-2.7	-2.7%	-7.0%	-6.1%	-1.9	-13.8%	Beirut
	-4.4	-11.7%	-17.1%	-12.2%	-3.3	-20.4%	Doha