

Performance Recovery of Cairo Hotels Continues into 2016

A 9.4% increase in RevPAR (Revenue per Available Room) fuelled an 8.8% increase in profit per room at Cairo hotels in January as performance levels continued to grow following a relatively stable period of operation in 2015, according to the latest HotStats data.

Top line performance has achieved a steady upward trajectory since hitting a low in July 2014, when hoteliers recorded a GOPPAR (Gross Operating Profit per Available Room) of just \$12.13, with occupancy dropping to just 29.0% and a RevPAR of \$29.33. Whilst growth has been, in part, fuelled by a dependence on bookings via third party agents, such as Expedia and booking.com, illustrated by the 46.2% increase in Rooms Cost of Sales, hotels in the Egyptian capital achieved a 28.9% uplift in RevPAR in 2015 as the city enjoyed a relatively stable economic and political position.

Occupancy levels at hotels in Cairo for January were recorded at 61.3%, a 4.8 percentage point uplift on the same month in 2015, which is unsurprising as the city was dealing with further civil unrest associated with the anniversary of the uprising in 2011, but was also 28.1 percentage points above the occupancy in January 2014 at just 33.2%, illustrating how far the market has recovered.

Furthermore, the upward performance trajectory has resulted in the city's hoteliers achieving a GOPPAR of \$50.29 in the 12 months to December 2015, a 113.9% increase from the low of \$23.51 in the 12 months to July 2014.

Supply Additions Continue to Put Pressure on Price and Profit for Dubai Hotels

Achieved average room rate at Dubai hotels continued to decline into 2016, recording a 9.3% year-on-year decrease in January, to \$312.83, which is further to the 6.7% drop in 2015. As a result of the drop in achieved average room rate, RevPAR at hotels in Dubai fell by 9.7% for the month.

In addition to the pressure on hotel demand as a result of plummeting oil prices, the upscale hotel sector in the UAE capital is being equally affected by additions to supply. In addition to an oversupply in the luxury sector, there was significant growth in development in the mid-market segment as Dubai attempts to increase its appeal to more price sensitive

travellers. The opening of more than 1,000 hotel rooms in the mid-market sector in 2015 has, unsurprisingly, put downward pressure on average room rates at upscale hotels.

The decline in Rooms Revenue was further compounded by declines in Food & Beverage (-0.9%) and Conference & Banqueting (-4.5%) Revenue in January, contributing to a 7.3% decline in TrevPAR (Total Revenue per Available Room) and 13.5% year-on-year drop in profit per room.

Further Profit Decline Marks a Forgettable Start to 2016 for Kuwait City Hoteliers

Profit per room at hotels in Kuwait City recorded a 15.7% year-on-year decline in January, led by a 5.9% decrease in RevPAR, to \$118.66, as the demand for accommodation continues to suffer amid the current oil price slump.

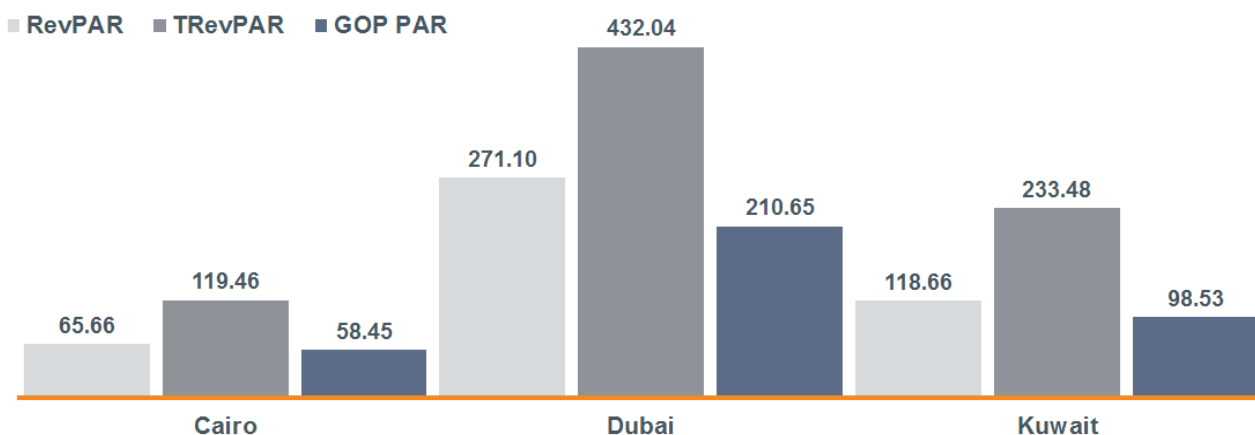
It is estimated that the contribution of the oil industry to real GDP in Kuwait is as much as 60%. And as in other GCC countries, accommodation demand associated with the industry has fallen away. For hoteliers this has been evidenced in the 12.5% decline in the achieved rate in the corporate segment in the 15 months to January 2015, as well as the overall continued drop in occupancy levels.

The impact of additions to supply, including the 295-bedroom Millennium Hotel & Convention Centre, as well as the terror attacks in mid-2015, on the Kuwait City hotel market have also carried through into 2016. As a result, GOPPAR at Kuwait City hotels was recorded at \$115.51 in the 12 months to January 2016, a 21.7% decline in from the most recent high of \$147.53 in the 12 months to March 2014.

The month of January 2016

\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Cairo	61.3	107.08	65.66	119.46	▲	58.45
Dubai	86.7	312.83	271.10	432.04	▼	210.65
Kuwait	49.2	241.31	118.66	233.48	▼	98.53

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR January 2016



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 January 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Cairo	61.3	107.08	65.66	119.46	20.1	58.45
Dubai	86.7	312.83	271.10	432.04	21.7	210.65
Kuwait	49.2	241.31	118.66	233.48	28.9	98.53

Calendar year to January 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Cairo	61.3	107.08	65.66	119.46	20.1	58.45
Dubai	86.7	312.83	271.10	432.04	21.7	210.65
Kuwait	49.2	241.31	118.66	233.48	28.9	98.53

Twelve months to January 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	54.1	110.26	59.61	111.48	21.0	50.29	Cairo
	79.8	275.40	219.86	373.68	23.6	157.72	Dubai
	49.6	248.53	123.33	277.13	26.6	115.51	Kuwait

The month of January 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Cairo	56.5	106.20	60.04	110.34	19.5	53.74
Dubai	87.0	344.90	300.21	466.31	19.6	243.55
Kuwait	52.6	239.92	126.15	276.44	26.9	116.88

Calendar year to January 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Cairo	56.5	106.20	60.04	110.34	19.5	53.74
Dubai	87.0	344.90	300.21	466.31	19.6	243.55
Kuwait	52.6	239.92	126.15	276.44	26.9	116.88

Twelve months to January 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	47.0	102.69	48.30	94.27	22.0	40.97	Cairo
	79.3	296.89	235.48	407.96	21.0	179.16	Dubai
	49.9	257.68	128.46	286.43	25.6	125.80	Kuwait

Movement for the month of January

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Cairo	4.8	0.8%	9.4%	8.3%	-0.6	8.8%
Dubai	-0.4	-9.3%	-9.7%	-7.3%	-2.0	-13.5%
Kuwait	-3.4	0.6%	-5.9%	-15.5%	-2.0	-15.7%

Movement for the calendar year to January

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Cairo	4.8	0.8%	9.4%	8.3%	-0.6	8.8%
Dubai	-0.4	-9.3%	-9.7%	-7.3%	-2.0	-13.5%
Kuwait	-3.4	0.6%	-5.9%	-15.5%	-2.0	-15.7%

Movement for the twelve months to January

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
	7.0	7.4%	23.4%	18.3%	1.0	22.7%	Cairo
	0.5	-7.2%	-6.6%	-8.4%	-2.6	-12.0%	Dubai
	-0.2	-3.6%	-4.0%	-3.2%	-0.9	-8.2%	Kuwait