

Top Line Decline at Doha Hotels Accelerates in Q1 2016

The rate of decline in top line revenue performance at Doha hotels has accelerated in the first three months of 2016 as the city, and wider Qatar economy, continues to face challenges, according to the latest data from HotStats.

Year-on-year, RevPAR (Revenue per Available Room) decreased by 20.4% in Q1 2016, with declines in room occupancy (-7.5 percentage points) further exacerbated by falling average room rate (-12.3%). This is well ahead of the 4.6% year-on-year decline in RevPAR recorded in Q4 2015.

For the month of March, RevPAR dropped by 13.3% year-on-year, to \$161.02 from \$185.64. Whilst Doha hoteliers successfully reduced overhead costs by 2.8% for the month, payroll costs increased by 0.2% to \$84.79 per available room, or 22.7% of total revenue.

As a result of the movement in revenue and costs, profit per room fell by 11.5% for the month, contributing to the 20.3% year-on-year decline in Q1 2016.

Whilst Doha hosted OPEC discussions which planned to freeze the production of oil in order to stabilise pricing, the collapse of the talks has coincided with the continued decline in oil prices, suggesting hotels in Qatar's capital will face a challenging operating environment throughout 2016.

No Sign Of Recovery as Jeddah Hotel Profit Performance Continues to Slide

Profit per room at hotels in Jeddah declined by 22.3% year-on-year in March, which contributed to the 23.2% decline in GOPPAR in Q1 2016, as the economy of Saudi Arabia continues to face challenges due to the ongoing decline in oil prices.

The continued decline in revenue and increasing costs has meant profit per room on a rolling 12-month basis has now dropped below March 2014 levels and is 14.8% lower than the peak in October 2014, recorded at \$178.62.

The 14.7% year-on-year decline in RevPAR for the month was as much a result of the 7.1 percentage point drop in occupancy and the 6.3% drop in

achieved average room rate. Challenges in costs, including a 2.1% increase in payroll and a 1.3% increase in overheads, added to the woes of Jeddah hoteliers in March, with profit conversion for the month dropping by 6.4 percentage points, to 40.0% from 46.4% during the same period in 2015.

Manama Hotels Cut Costs But Can't Stop Profit Drop

Whilst astute Manama hoteliers successfully reduced cost levels in both payroll (-3.5%) and overheads (-5.3%) on a per available room basis in March, the savings were not sufficient to offset the 6.6% drop in TrevPAR.

As a result, profit per room at hotels in the Bahrain capital fell by 6.9% year-on-year in March, to \$77.70 from \$83.50 during the same period in 2015.

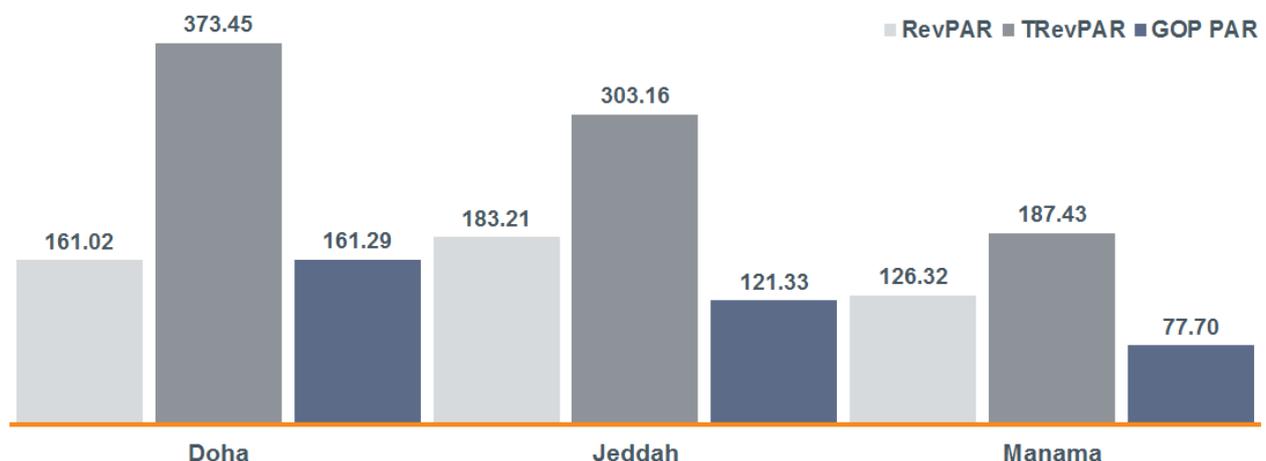
Hotels in Manama have managed to recover volume since Q4 2015, with occupancy increasing slightly (+1.2 percentage points) on a rolling 12-month basis, to 54.8%. However, this has been at the expense of achieved average room rate, which has plummeted in the last six months, with the greatest margin of year-on-year decline recorded in October (-14.6%), February (-13.5%) and March (-9.7%).

In line with the GDP of Bahrain slowing to an estimated 3.2% in 2015 from 4.5% in 2014, profit per room has been on a downward trajectory since mid-2015 and was recorded at \$55.30 in the 12 months to March 2016, a 15.0% decline from \$65.06 in the 12 months to April 2015.

The month of March 2016

\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	77.7	207.14	161.02	373.45	22.7	161.29
Jeddah	72.4	253.21	183.21	303.16	24.6	121.33
Manama	65.5	192.89	126.32	187.43	26.1	77.70

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR March 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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For more information contact

Enquiries

+44 (0) 20 7892 2241

enquiries@hotstats.com

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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 March 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	77.7	207.14	161.02	373.45	22.7	161.29
Jeddah	72.4	253.21	183.21	303.16	24.6	121.33
Manama	65.5	192.89	126.32	187.43	26.1	77.70

Calendar year to March 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	73.9	198.85	146.87	349.38	24.6	144.54
Jeddah	70.3	252.68	177.55	290.77	25.9	110.17
Manama	60.8	188.25	114.43	172.74	28.7	65.86

Twelve months to March 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Doha	68.3	201.58	137.73	331.10	25.2	127.55	Doha
Jeddah	74.7	285.04	213.01	339.51	22.1	152.08	Jeddah
Manama	54.8	193.12	105.90	164.08	30.5	55.30	Manama

The month of March 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	82.6	224.86	185.64	405.56	20.9	182.29
Jeddah	79.4	270.36	214.66	336.45	21.7	156.23
Manama	63.5	213.66	135.68	200.70	25.3	83.50

Calendar year to March 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	81.3	226.81	184.48	401.82	21.5	181.31
Jeddah	76.0	269.25	204.50	319.08	23.0	143.42
Manama	57.9	206.16	119.25	184.67	27.9	71.38

Twelve months to March 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Doha	72.3	220.67	159.61	360.96	22.2	154.06	Doha
Jeddah	77.7	290.43	225.56	355.57	19.7	175.69	Jeddah
Manama	55.1	197.98	109.10	173.40	28.5	64.48	Manama

Movement for the month of March

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Doha	-4.8	-7.9%	-13.3%	-7.9%	-1.8	-11.5%
Jeddah	-7.1	-6.3%	-14.7%	-9.9%	-2.9	-22.3%
Manama	2.0	-9.7%	-6.9%	-6.6%	-0.8	-6.9%

Movement for the calendar year to March

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Doha	-7.5	-12.3%	-20.4%	-13.1%	-3.0	-20.3%
Jeddah	-5.7	-6.2%	-13.2%	-8.9%	-2.9	-23.2%
Manama	2.9	-8.7%	-4.0%	-6.5%	-0.7	-7.7%

Movement for the twelve months to March

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
Doha	-4.0	-8.7%	-13.7%	-8.3%	-3.0	-17.2%	Doha
Jeddah	-2.9	-1.9%	-5.6%	-4.5%	-2.4	-13.4%	Jeddah
Manama	-0.3	-2.5%	-2.9%	-5.4%	-2.0	-14.2%	Manama