

Hotel profits in Dubai and Jeddah continue to fall

The combined effect of the falling Euro and stronger US Dollar continues to be the key challenge facing Dubai's hotels, as average room rate (ARR) fell by 10.8% to US\$271.64 during the month of May. Although occupancy levels remained strong at 83.8%, up 1.9 percentage points over the same period last year, the fall in ARR resulted in an 8.7% reduction in revenue per available room (RevPAR). Dubai's four and five star hotels also witnessed softer food and beverage demand, which had a direct impact on total revenue per available room (TRevPAR) and gross operating profit per available room (GOPPAR), falling by 11.7% and 14.5% respectively.

Four and five star hotels in Jeddah also saw occupancy levels fall by 6.0 percentage points in May to 75.0%, forcing hoteliers to reduce room rates in order to maintain market share. With ARR dropping by 10.6% to US\$258.19, RevPAR plummeted by 17.2% to US\$193.74, compared to the same period last year. Although higher food and beverage revenues helped offset the reduction in rooms revenue, TRevPAR and GOPPAR fell by 14.7% to US\$317.44 and 29.8% to US\$143.04 respectively.

The summer slow-down impacts hotel performance in Doha and Manama

Doha hotels felt the effects of the summer slowdown early as performance levels dropped during May with a 1.3 percentage point reduction in occupancy to 74.9% and a 2.8% fall in ARR to US\$210.27. The softer rooms performance saw a 4.4% decline in RevPAR, however stronger food and beverage demand resulted in a 4.9% growth in TRevPAR to US\$408.85. Although operating expenses were higher during the month, the increase in

overall revenues was sufficient enough to ensure the GOPPAR increase of 1.8% to US\$181.52.

The four and five star hotel market in Manama also experienced an early onset of summer as hotels recorded a decline in all performance indicators in May. RevPAR was down by 13.1% during the month due to a 3.7 percentage point fall in occupancy to 49.6% and a 6.6% drop in ARR to US\$179.07 compared to the same period last year. Lower overall revenues were compounded by higher operating expenses. This had a significant impact on hotel profits, which fell by 19.5% to US\$53.70.

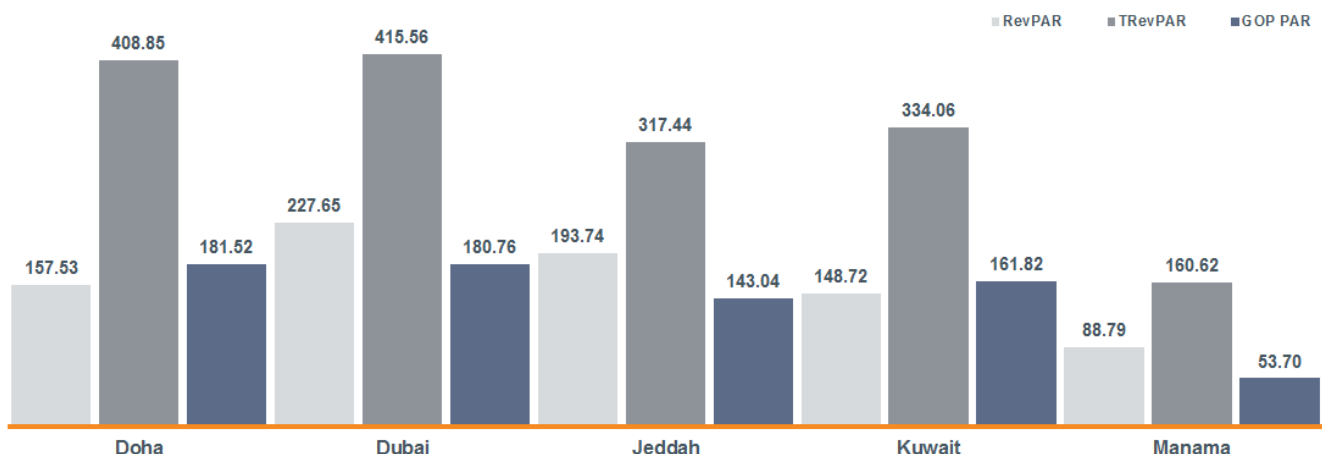
Kuwait hotels beat the regional trend with a growth in performance levels

Kuwait hotels reversed the regional trend of falling performance levels with a growth in all key indicators, driven by stronger demand and higher room rates. A 3.6 percentage point increase in occupancy to 55.9% allowed hoteliers to yield a 3.4% increase in ARR, resulting in a 10.5% rise in RevPAR to US\$148.72. However, softer food and beverage demand limited the overall revenue growth and TRevPAR rose by 6.1% to US\$334.06 in the month of May. Marginally lower operating and payroll expenses helped drive an 8.7% increase in profits with a GOPPAR of US\$161.82.

The month of May 2015

\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	74.9	210.27	157.53	408.85	20.6	181.52
Dubai	83.8	271.64	227.65	415.56	22.3	180.76
Jeddah	75.0	258.19	193.74	317.44	22.8	143.04
Kuwait	55.9	266.29	148.72	334.06	21.6	161.82
Manama	49.6	179.07	88.79	160.62	30.5	53.70

MENA City Markets achieved **REVPAR**, **TREVPAR** and **GOPPAR** May 2015



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 May 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	74.9	210.27	157.53	408.85	20.6	181.52
Dubai	83.8	271.64	227.65	415.56	22.3	180.76
Jeddah	75.0	258.19	193.74	317.44	22.8	143.04
Kuwait	55.9	266.29	148.72	334.06	21.6	161.82
Manama	49.6	179.07	88.79	160.62	30.5	53.70

Calendar year to May 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	78.5	222.10	174.28	398.02	21.4	174.50
Dubai	86.5	355.88	307.76	509.23	18.7	263.79
Jeddah	76.5	254.82	194.88	311.89	22.8	139.34
Kuwait	59.0	255.56	150.74	325.77	23.6	152.01
Manama	56.0	187.32	104.92	178.07	28.3	67.61

Twelve months to May 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Doha	72.1	220.88	159.33	363.49	22.2	151.84	Doha
Dubai	80.4	324.75	261.05	457.50	20.9	208.80	Dubai
Jeddah	77.1	274.38	211.51	335.11	20.7	159.31	Jeddah
Kuwait	51.7	249.46	128.97	285.69	25.5	123.32	Kuwait
Manama	54.0	189.46	102.33	170.66	28.7	61.69	Manama

The month of May 2014

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	76.2	216.40	164.85	389.66	19.8	178.24
Dubai	81.9	304.67	249.46	470.84	20.2	211.39
Jeddah	81.0	288.91	234.09	372.31	18.3	203.81
Kuwait	52.3	257.54	134.61	314.72	23.3	148.86
Manama	53.3	191.80	102.16	175.70	28.8	66.71

Calendar year to May 2014

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Doha	75.1	215.93	162.13	365.32	21.3	163.52
Dubai	85.8	383.07	328.64	565.67	17.3	295.08
Jeddah	79.8	264.61	211.04	330.69	21.2	163.45
Kuwait	54.4	279.61	152.01	333.29	22.8	165.56
Manama	55.4	194.49	107.76	174.81	28.7	65.73

Twelve months to May 2014

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Doha	65.0	213.86	138.98	316.23	23.4	127.60	Doha
Dubai	80.1	340.07	272.34	478.18	19.8	221.00	Dubai
Jeddah	79.3	257.40	204.02	324.01	21.7	156.87	Jeddah
Kuwait	51.6	270.21	139.48	306.95	24.0	143.80	Kuwait
Manama	50.4	189.48	95.47	159.15	30.6	54.04	Manama

Movement for the month of May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Doha	-1.3	-2.8%	-4.4%	4.9%	-0.7	1.8%
Dubai	1.9	-10.8%	-8.7%	-11.7%	-2.0	-14.5%
Jeddah	-6.0	-10.6%	-17.2%	-14.7%	-4.5	-29.8%
Kuwait	3.6	3.4%	10.5%	6.1%	1.7	8.7%
Manama	-3.7	-6.6%	-13.1%	-8.6%	-1.7	-19.5%

Movement for the calendar year to May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Doha	3.4	2.9%	7.5%	9.0%	-0.1	6.7%
Dubai	0.7	-7.1%	-6.4%	-10.0%	-1.4	-10.6%
Jeddah	-3.3	-3.7%	-7.7%	-5.7%	-1.7	-14.8%
Kuwait	4.6	-8.6%	-0.8%	-2.3%	-0.8	-8.2%
Manama	0.6	-3.7%	-2.6%	1.9%	0.5	2.9%

Movement for the twelve months to May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
Doha	7.1	3.3%	14.6%	14.9%	1.2	19.0%	Doha
Dubai	0.3	-4.5%	-4.1%	-4.3%	-1.1	-5.5%	Dubai
Jeddah	-2.2	6.6%	3.7%	3.4%	1.0	1.6%	Jeddah
Kuwait	0.1	-7.7%	-7.5%	-6.9%	-1.5	-14.2%	Kuwait
Manama	3.6	0.0%	7.2%	7.2%	2.0	14.2%	Manama