

Cost Savings Can't Stop Profit Drop at Abu Dhabi Hotels

Despite significantly reducing both overhead and labour costs, hotels in Abu Dhabi were unable to offset the decline in revenue across the major operating departments this month and as a result year-on-year profit per room dropped by 6.9%, according to the latest data from HotStats.

In addition to a 3.7% drop in RevPAR (Revenue per Available Room), a decrease in Food and Beverage (-11.1%) as well as Conference and Banqueting (-25.4%) revenue on a per available room basis, contributed to a 7.8% decline in TrevPAR (Total Revenue per Available Room) at hotels in the UAE capital in May.

Whilst savings were made in labour (-8.5%) and overhead (-4.8%) costs, hotels in Abu Dhabi suffered further year-on-year declines in profit per room in 2016 and year-to-date, GOPPAR (Gross Operating Profit per Available Room) has now fallen by 11.5% to \$83.61. Despite this, hoteliers are still maintaining a respectable 33.4% profit conversion.

Cairo Hotels Profit Performance Continues to Grow Amid Challenging Conditions

Year-on-year profit per room at hotels in Cairo increased by 33.3% in May, despite the city facing ongoing challenges to its business and leisure visitor profile.

The EgyptAir plane crash this month was the latest in a number of incidents which are likely to impact top line performance at hotels in the Egyptian capital, alongside the hijacking of the EgyptAir flight in March and challenging economic conditions following years of political turmoil.

However, the hotel market in Cairo remains buoyant, with hoteliers achieving a 30.7% increase in RevPAR for the month as a result of growth in both occupancy (+9.5 percentage points) and achieved average room rate (+13.9%) to \$117.92.

The growth this month contributed to a 25.5% year-to-date RevPAR increase, which has been fuelled by a particularly strong performance in the commercial segment, with the uplift in May contributing to increases in the achieved rate in corporate (+12.8%) and residential conference (+53.1%) segments in the five months to May 2016.

On a rolling 12-month basis, hotels in Cairo have now recorded a 136% increase in profit per room over the last 22 months, to \$55.45 in the 12 months to May 2016 from \$23.51 in the 12 months to July 2014.

Key Events Give Jeddah Hotels Respite from Profit Decline

Hotels in Jeddah recorded a 47.6% year-on-year uplift in profit per room in May as high volume levels as a result of key events enabled hoteliers to leverage top line performance.

Events such as the FM Expo, Outdoor Design & Build Show and The Hotel Show enabled hoteliers in the Saudi capital to record a 10.8 percentage point uplift in occupancy as well as a 24.5% increase in achieved average room rate, which contributed to a 42.9% increase in RevPAR.

It was a welcome uplift in performance for hotels in Jeddah, which have suffered consecutive months of profit decline since September 2015, contributing to a 12.7% drop to \$148.21 in the 12 months to April 2016.

Top line growth was fuelled by a 76.7% increase in the achieved rate in the 'Other' segment, to \$454.49 this month from \$257.15 during the same period in 2015, with the segment accounting for 33.2% of all revenue from the rooms department. This was in addition to the 22.1% of rooms revenue derived from the residential conference segment.

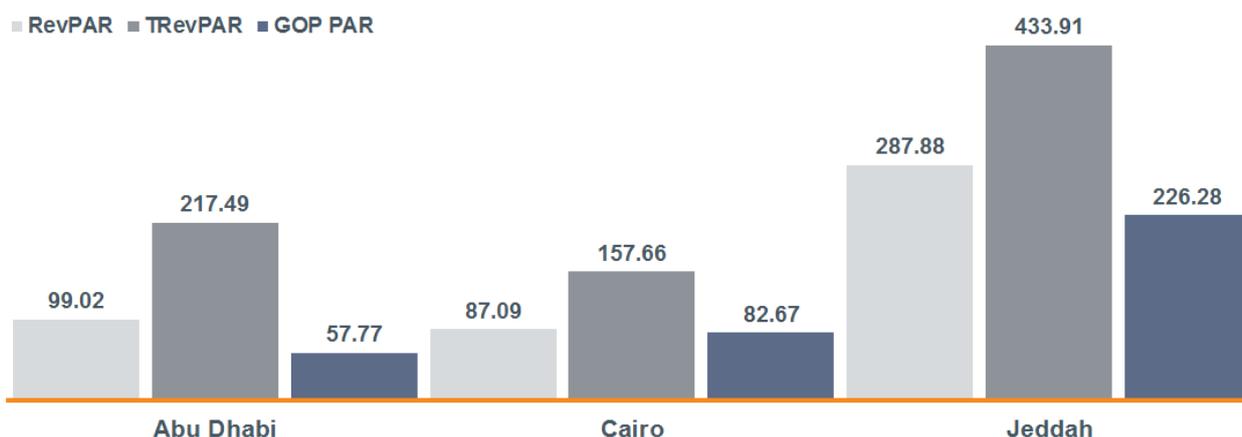
Despite year-on-year growth in May, year-to-date GOPPAR at hotels in Jeddah remains 9.8% behind 2015 performance at \$132.84.

The month of May 2016

	\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi		74.7	132.59	99.02	217.49	32.4	57.77
Cairo		73.9	117.92	87.09	157.66	18.0	82.67
Jeddah		84.1	342.33	287.88	433.91	18.5	226.28

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR May 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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- Our latest innovation in daily revenue intelligence, MORSE. Amongst its reporting are daily and highly granular market segmentation metrics as well as distribution channel and source of booking analysis. It takes daily market intelligence to a whole new level.

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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 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	74.7	132.59	99.02	217.49	32.4	57.77
Cairo	73.9	117.92	87.09	157.66	18.0	82.67
Jeddah	84.1	342.33	287.88	433.91	18.5	226.28

Calendar year to May 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	77.6	156.83	121.67	250.69	29.1	83.61
Cairo	62.9	113.83	71.56	130.08	20.3	62.64
Jeddah	72.9	271.60	198.02	318.88	24.0	132.84

Twelve months to May 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Abu Dhabi	73.8	158.69	117.18	239.72	31.2	69.97	Abu Dhabi
Cairo	57.4	113.44	65.15	120.02	20.7	55.45	Cairo
Jeddah	75.3	289.52	217.88	344.67	22.1	154.40	Jeddah

The month of May 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	76.1	135.12	102.85	235.92	32.6	62.04
Cairo	64.4	103.52	66.63	125.83	18.8	62.02
Jeddah	73.3	275.02	201.51	331.22	22.2	153.28

Calendar year to May 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	78.8	174.00	137.10	274.57	28.7	94.50
Cairo	53.8	106.08	57.02	107.57	21.0	49.22
Jeddah	75.0	269.74	202.41	323.44	22.4	147.20

Twelve months to May 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Abu Dhabi	74.4	168.42	125.23	253.76	29.7	77.71	Abu Dhabi
Cairo	51.8	104.95	54.32	104.28	20.7	47.28	Cairo
Jeddah	76.4	287.48	219.51	348.41	20.1	167.81	Jeddah

Movement for the month of May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-1.4	-1.9%	-3.7%	-7.8%	0.2	-6.9%
Cairo	9.5	13.9%	30.7%	25.3%	0.7	33.3%
Jeddah	10.8	24.5%	42.9%	31.0%	3.7	47.6%

Movement for the calendar year to May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-1.2	-9.9%	-11.3%	-8.7%	-0.4	-11.5%
Cairo	9.1	7.3%	25.5%	20.9%	0.6	27.3%
Jeddah	-2.1	0.7%	-2.2%	-1.4%	-1.5	-9.8%

Movement for the twelve months to May

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
Abu Dhabi	-0.5	-5.8%	-6.4%	-5.5%	-1.5	-10.0%	Abu Dhabi
Cairo	5.7	8.1%	19.9%	15.1%	0.1	17.3%	Cairo
Jeddah	-1.1	0.7%	-0.7%	-1.1%	-2.0	-8.0%	Jeddah