

Strong September Contributes to Spectacular Q3 Performance for Cairo Hotels

A 20.1% year-on-year increase in profit per room in September helped Cairo hoteliers to achieve a 39.8% increase in profit for Q3 2016, according to the latest data from HotStats.

Having recovered quickly from the downturn in hotel performance in June, further to the May attack on police outside the city, Q3 2016 has been a particularly positive period for Cairo hoteliers. A 16.3% year-on-year increase in occupancy, in addition to a 4.6% uplift in achieved average room rate, fuelled a 36.9% increase in RevPAR (Revenue per Available Room), to \$87.10.

Whilst the market mix of hotels in Cairo has remained broadly in line with historic levels, significant rate growth has been recorded across segments typically associated with major conferences and events in the city, including Best Available Rate (+28.9%) and Residential Conference (+77.4%).

Key events during September, including the 30th International Sahara Expo at the Cairo International Conference Centre, as well as the Euromoney Egypt Conference, which alone attracted 900 delegates to the city, helped drive demand and enabled hotel management to leverage price.

Despite cost increases in payroll (+17.2%) and overheads (+13.5%) on a per available room basis, a 19.4% increase in TRevPAR (Total Revenue per Available Room) was successfully converted to a 20.1% increase in profit per room for the month to \$72.57.

Change of Strategy for Dubai Hotels Brings Return to Profit Growth

A change in strategy has enabled a change in fortune for hotels in Dubai as a 0.4% increase in profit per room in September contributed to a positive period of year-on-year profit growth in Q3 2016.

Further to the 13.0% year-on-year decline in profit per room in H1 2016, as a result of an 11.3% drop in RevPAR due to declines in both occupancy (-3.2 percentage points) and achieved average room rate (-7.8%), Dubai hotels have reduced rates to drive volume and are cutting costs to grow profit in Q3.

As a result, in the last three months profit per room at hotels in Dubai has increased by 7.8% to \$62.14. And whilst achieved average room rate in the city has continued to decline, by 6.5%, a 5.3 percentage point increase in occupancy enabled a 0.6% RevPAR increase.

A 3.0% reduction in payroll as well as a 0.1% saving in overheads on a per available room basis were critical to achieve the profit per room increase for Q3 2016. Despite the growth, profit conversion at Dubai hotels remains low at just 27.8% of total revenue.

September Profit Drop Marks Abrupt End to Positive Summer of Performance for Jeddah Hotels

The positive period of operation enjoyed by hotels in Jeddah during the summer came to an abrupt end in September as year-on-year profit levels dropped by 11.0% on the back of a 9.2% fall in TrevPAR to \$367.43.

Hotels in Jeddah enjoyed a strong period of operation from May to August 2016, with RevPAR increasing by an average of 23.5% year-on-year over the four-month period, contributing to a 26.3% increase in profit per room. The growth over the summer was, in part, fuelled by the Jeddah Ghair, the annual festival which attracts more than one million visitors to the city.

However, at 73.6% in September, occupancy levels in the Saudi city were 10.1 percentage points below the same period in 2015, but also 9.9 percentage points below the average achieved during the four-month summer period, at 83.5%.

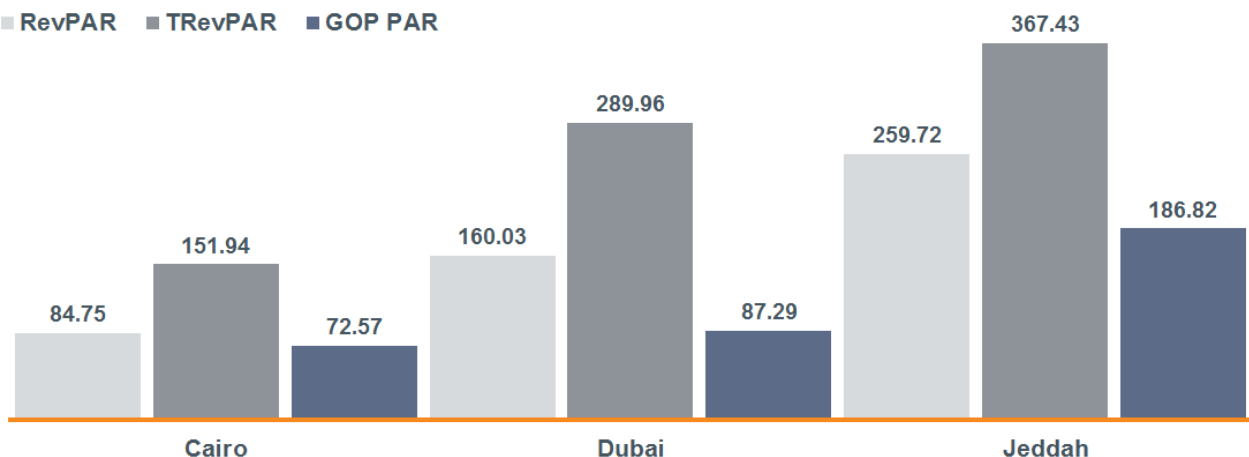
The drop in revenue from ancillary departments, including Food and Beverage (-13.3%) and Conference and Banqueting (-28.2%) on a per available room basis, also contributed to the drop in top and bottom line performance.

The month of September 2016

| \$ Dollars | Occ % | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR |
|------------|-------|--------|--------|---------|-----------|----------|
| Cairo | 68.5 | 123.81 | 84.75 | 151.94 | ▲ 18.7 | ▲ 72.57 |
| Dubai | 81.8 | 195.69 | 160.03 | 289.96 | ▲ 29.5 | ▲ 87.29 |
| Jeddah | 73.6 | 352.89 | 259.72 | 367.43 | ▼ 22.2 | ▼ 186.82 |

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR September 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 September 2016

| | Occ % | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR |
|--------|-------|--------|--------|---------|-----------|---------|
| Cairo | 68.5 | 123.81 | 84.75 | 151.94 | 18.7 | 72.57 |
| Dubai | 81.8 | 195.69 | 160.03 | 289.96 | 29.5 | 87.29 |
| Jeddah | 73.6 | 352.89 | 259.72 | 367.43 | 22.2 | 186.82 |

Calendar year to September 2016

| | Occ % | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR |
|--------|-------|--------|--------|---------|-----------|---------|
| Cairo | 62.2 | 117.88 | 73.31 | 132.50 | 20.0 | 62.47 |
| Dubai | 78.7 | 244.87 | 192.77 | 338.58 | 25.6 | 131.73 |
| Jeddah | 76.5 | 317.23 | 242.74 | 369.07 | 21.5 | 177.94 |

Twelve months to September 2016

| | Occ % | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR | |
|--------|-------|--------|--------|---------|-----------|---------|--------|
| Cairo | 60.5 | 115.78 | 70.02 | 127.28 | 20.2 | 59.17 | Cairo |
| Dubai | 79.7 | 263.88 | 210.33 | 364.42 | 24.0 | 150.59 | Dubai |
| Jeddah | 74.8 | 305.59 | 228.51 | 352.44 | 22.2 | 163.68 | Jeddah |

The month of September 2015

| | Occ% | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR |
|--------|------|--------|--------|---------|-----------|---------|
| Cairo | 58.6 | 118.62 | 69.49 | 127.25 | 19.0 | 60.41 |
| Dubai | 77.0 | 211.18 | 162.55 | 289.40 | 29.9 | 86.96 |
| Jeddah | 83.7 | 337.78 | 282.80 | 404.70 | 19.7 | 209.83 |

Calendar year to September 2015

| | Occ% | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR |
|--------|------|--------|--------|---------|-----------|---------|
| Cairo | 53.1 | 110.69 | 58.80 | 110.44 | 20.8 | 50.03 |
| Dubai | 79.0 | 267.07 | 210.97 | 358.57 | 24.8 | 146.67 |
| Jeddah | 79.0 | 295.02 | 233.03 | 364.36 | 21.1 | 175.09 |

Twelve months to September 2015

| | Occ % | ARR | RevPAR | TRevPAR | Payroll % | GOP PAR | |
|--------|-------|--------|--------|---------|-----------|---------|--------|
| Cairo | 53.4 | 109.20 | 58.31 | 110.33 | 20.6 | 50.30 | Cairo |
| Dubai | 80.2 | 286.27 | 229.45 | 392.00 | 22.5 | 171.62 | Dubai |
| Jeddah | 78.0 | 291.70 | 227.60 | 357.28 | 21.0 | 171.69 | Jeddah |

Movement for the month of September

| | Occ Change | ARR Change | RevPAR Change | TRevPAR Change | Payroll Change | GOP PAR Change |
|--------|------------|------------|---------------|----------------|----------------|----------------|
| Cairo | 9.9 | 4.4% | 22.0% | 19.4% | 0.3 | 20.1% |
| Dubai | 4.8 | -7.3% | -1.6% | 0.2% | 0.4 | 0.4% |
| Jeddah | -10.1 | 4.5% | -8.2% | -9.2% | -2.6 | -11.0% |

Movement for the calendar year to September

| | Occ Change | ARR Change | RevPAR Change | TRevPAR Change | Payroll Change | GOP PAR Change |
|--------|------------|------------|---------------|----------------|----------------|----------------|
| Cairo | 9.1 | 6.5% | 24.7% | 20.0% | 0.8 | 24.9% |
| Dubai | -0.3 | -8.3% | -8.6% | -5.6% | -0.9 | -10.2% |
| Jeddah | -2.5 | 7.5% | 4.2% | 1.3% | -0.4 | 1.6% |

Movement for the twelve months to September

| | Occ Change | ARR Change | RevPAR Change | TRevPAR Change | Payroll Change | GOP PAR Change | |
|--------|------------|------------|---------------|----------------|----------------|----------------|--------|
| Cairo | 7.1 | 6.0% | 20.1% | 15.4% | 0.4 | 17.6% | Cairo |
| Dubai | -0.4 | -7.8% | -8.3% | -7.0% | -1.6 | -12.3% | Dubai |
| Jeddah | -3.3 | 4.8% | 0.4% | -1.4% | -1.2 | -4.7% | Jeddah |