

Hotels in Abu Dhabi Lamenting IDEX-Related Demand

Year-on-year profit per room recorded at Abu Dhabi hotels dropped by 37.0% for the month, which was largely due to the absence of the IDEX (International Defence Exhibition & Conference) exhibition, according to the latest HotStats data.

The biennial event, along with its co-event, NAVDEX (Naval Defence Exhibition & Conference) is the largest arms exhibition in the Middle East and is hosted at ADNEC (Abu Dhabi National Exhibition Centre). Typically attracting 80,000 attendees, including individuals and high profile representatives such as defence ministers, chiefs of staff and army, navy and air force commanders, the exhibition was primarily responsible for the 51.2% spike in profit per room this time last year (ie February 2015).

However, with the event not held in 2016, the year-on-year decline in performance recorded across all measures this month was significant, including a 30.8% drop in RevPAR (Revenue per Available Room) and a 21.6% fall in TrevPAR (Total Revenue per Available Room).

Whilst Abu Dhabi hoteliers were able to reduce payroll costs by 9.4% and overheads by 11.5%, the top-line decline was too severe to claw back in its entirety, resulting in a 37.0% drop in GOPPAR (Gross Operating Profit per Available Room) recorded this month, to \$81.48 from \$129.35 in February 2015.

Amman Hoteliers Slash Costs to Drive Profit Growth

Hotels in Amman are in the midst of a challenging period of operation, as RevPAR has dropped by 11.3% in the last year, to \$89.31 in the 12 months to February 2016 from \$100.69 in the 12 months to February 2015, due to a combination of declining volume and price.

Not only have hotels in the Jordanian capital suffered a decline in RevPAR, but profit conversion in the Rooms department has also fallen, by 1.2 percentage points, as Rooms Cost of Sales increased by 12.1% for the month as hoteliers attempted to stimulate demand via online channels. Declining performance levels have not only been limited to the Rooms department, with TrevPAR down by 6.3% as Food & Beverage (-13.3%) and Conference & Banqueting (-26.2%) revenue plummeted on a per available room basis.

Despite declining revenue levels, astute Amman hoteliers have cut costs to drive a 26.2% year-on-year increase in GOPPAR for the month, including a 10.9% saving in labour costs and a 20.0% drop in overhead costs on a per available room basis.

Economic Woes Stifling Profit Performance at Riyadh Hotels

Hoteliers in Riyadh recorded a 9.9% drop in RevPAR in February, which contributed to the 7.6% year-on-year decline in this measure since the beginning of the year, as Saudi Arabia continues to face economic challenges as a result of the crash in oil prices.

Headline performance at Riyadh hotels has been mixed over the last 12 months, although it is clear from the performance in early 2016 that it is now on a downward trajectory. Rooms department profitability has also suffered due to a 9.0% increase in rooms payroll on a per available room basis, resulting in a 1.9 percentage point decline in profit conversion in the rooms department, to 83.9% of revenue.

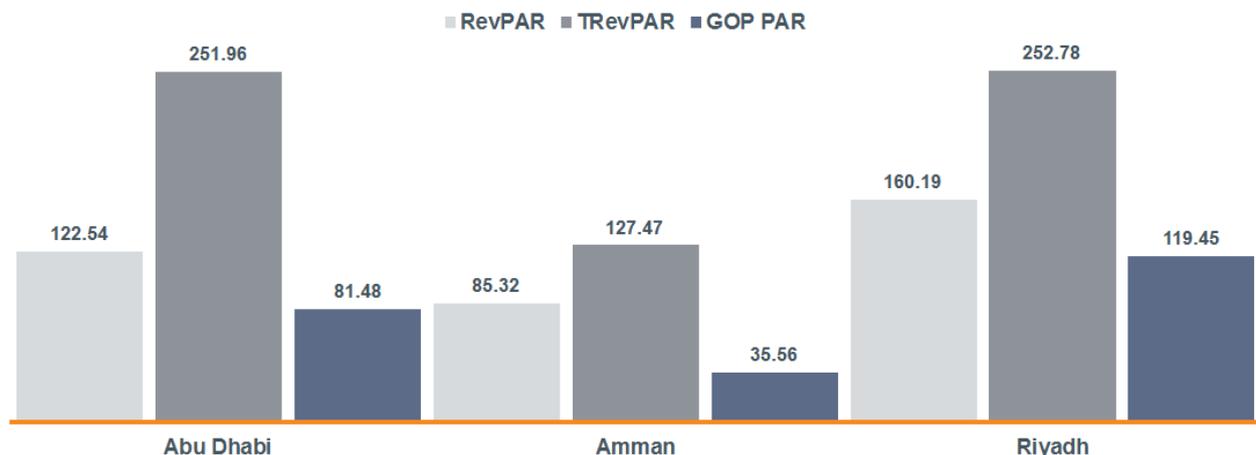
In contrast to other cities in the region, which have managed costs to maintain profit, hotels in Riyadh suffered a 3.2 percentage point increase in payroll as a proportion of total revenue, although this was offset by a 2.9% decrease in overhead costs.

As a result of the movement in revenue and costs, profit per room at Riyadh hotels dropped by 19.9% this month, to \$119.45 from \$149.15 during the same period in 2015.

The month of February 2016

\$ Dollars	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	77.6	157.95	122.54	251.96	30.2	81.48
Amman	54.9	155.39	85.32	127.47	33.4	35.56
Riyadh	68.8	232.87	160.19	252.78	25.0	119.45

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR February 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.

HotStats Services

For an inside view of a local or regional market place in the hotel sector, bespoke HotStats reports are available. Terms and conditions apply. Visit www.hotstats.com to view a sample report.

If you are missing your regular feed of UK, London and Region-wide performance data this is available as an annual subscription service for only £25/month plus VAT. Contact us for more details.

HotStats provides two reporting tools to hoteliers:

- Our unique profit and loss benchmarking service enables monthly comparison of hotels' performance against a competitive set. It is distinguished by the fact that it provides in excess of 100 performance metrics covering 70 hotel performance, revenue, cost and profit statistics providing the deepest insight available into hotel operations.
- 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.

©HotStats Limited 2016 Unless otherwise attributed, all material in this press release is the copyright of HotStats Limited.

For more information contact

Enquiries

+44 (0) 20 7892 2241

enquiries@hotstats.com

You can alternatively follow us on [LinkedIn](#) or [Twitter](#) to get our latest updates!

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 February 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	77.6	157.95	122.54	251.96	30.2	81.48
Amman	54.9	155.39	85.32	127.47	33.4	35.56
Riyadh	68.8	232.87	160.19	252.78	25.0	119.45

Calendar year to February 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
	76.3	162.09	123.69	249.57	29.7	82.45
	49.2	153.45	75.57	113.52	36.0	26.69
	66.0	233.59	154.08	243.19	25.8	113.34

Twelve months to February 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	74.1	160.68	118.99	243.68	31.3	70.83	Abu Dhabi
	58.6	152.40	89.31	150.64	28.4	49.77	Amman
	62.2	229.65	142.88	238.71	24.3	110.81	Riyadh

The month of February 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	81.5	217.20	177.00	321.25	26.2	129.35
Amman	54.8	159.72	87.49	135.99	35.1	28.18
Riyadh	74.5	238.71	177.74	285.37	21.8	149.15

Calendar year to February 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
	78.1	194.61	152.07	286.35	27.9	105.24
	50.6	159.65	80.79	125.65	35.7	25.56
	69.9	238.72	166.84	263.48	22.4	135.34

Twelve months to February 2015

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	74.3	167.73	124.58	253.21	29.3	77.57	Abu Dhabi
	61.9	162.72	100.69	168.58	26.4	57.35	Amman
	63.8	231.56	147.75	244.97	23.0	117.47	Riyadh

Movement for the month of February

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-3.9	-27.3%	-30.8%	-21.6%	-4.1	-37.0%
Amman	0.1	-2.7%	-2.5%	-6.3%	1.7	26.2%
Riyadh	-5.7	-2.4%	-9.9%	-11.4%	-3.2	-19.9%

Movement for the calendar year to February

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
	-1.8	-16.7%	-18.7%	-12.8%	-1.9	-21.7%
	-1.4	-3.9%	-6.5%	-9.7%	-0.3	4.4%
	-3.9	-2.1%	-7.6%	-7.7%	-3.4	-16.3%

Movement for the twelve months to February

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
	-0.2	-4.2%	-4.5%	-3.8%	-2.0	-8.7%	Abu Dhabi
	-3.3	-6.3%	-11.3%	-10.6%	-2.0	-13.2%	Amman
	-1.6	-0.8%	-3.3%	-2.6%	-1.3	-5.7%	Riyadh