Grand Prix Drives Premium Profit at Abu Dhabi Hotels But is Well Behind Previous Years

At $151.59, profit per room at Abu Dhabi hotels this month was 1.4 times higher than the year-to-date 2016 figure for the city at $63.33, but was 20.3% below November 2014 levels, according to the latest data from HotStats.

2016 has been a tough year for Abu Dhabi hotels so far, with a challenging economic environment leading to declines across all key measures in the 11 months to November 2016, including occupancy (-2.2 percentage points), average room rate (-8.9%), total revenue (-10.7%) and profit per room (-13.7%).

Whilst the Grand Prix is a key event in the Abu Dhabi calendar and hotels are typically at capacity enabling management to leverage room rates, illustrated by the $75.60 average room rate premium achieved this month against year-to-date 2016, the impact of the event in 2016 was well below previous years.

Despite RevPAR (Revenue per Available Room) peaking for the year at $183.53, this measure was 17.4% off the high in November 2014 ($222.20) with profit per room also well below 2014 levels ($190.31).

In addition to a 12.2% year-on-year drop in RevPAR, a decline was also recorded in the Food and Beverage (-8.7%) and Conference and Banqueting (-16.8%) departments on a per available room basis, which led to an 11.4% drop in TrevPAR (Total Revenue per Available Room), to $330.07.

RevPAR Drop Belies Profit Problems at Amman Hotels

The 5.9% RevPAR decline at Amman hotels this month masked the deeper issue of a 21.7% year-on-year profit drop for November as hoteliers fought to maintain top line performance.

Whilst achieved average room rate remains less of a problem at hotels in the Jordanian capital, with a 1.6% year-on-year increase recorded for year-to-date 2016, Amman hotels have struggled to capture volume throughout the year, illustrated by the 3.6 percentage point decline this month, to just 58.7%.

In particular, the proportion of demand attributed to the commercial segment in the city has plummeted this month, illustrated by the 10.2% year-on-year decline in rooms revenue in the corporate segment.

As a result, Amman hoteliers have been forced to invest in strategies to capture alternative sources of demand, such as individual and group leisure,

and the greatest increase in expenditure this month has been in Rooms Cost of Sales (+6.2%), which is the cost primarily associated with Online Travel Agents, and Sales and Marketing (+20.8%) on a per available room basis.

Although TrevPAR for Amman hotels fell by just 3.2%, increases in Payroll (+0.5%) and Overheads (+8.1%) resulted in profit per room decreasing to $39.95 for the month.

Astute Beirut Hoteliers Slash Costs to Boost Profit

In addition to achieving a 6.3% year-on-year increase in RevPAR this month, hotels in Beirut successfully slashed costs to record a 47.9% increase in profit per room.

It has been a very mixed year of performance for hotels in Beirut, with profit growth recorded in just five months so far in 2016 and some heavy profit declines recorded across the year, particularly in June, as a result of a bomb blast in the city when profit per room fell by 96.4% to just $1.08.

As concerns over safety have allayed, the number of tourists to the city has increased, illustrated by the increase in the number of roomnights sold this month in the individual leisure (+4.8 percentage points) and group leisure (+3.5 percentage points) segments, which has provided a necessary boost to volume levels, demonstrated by the 6.5 percentage point increase in occupancy for the month.

Despite only achieving a 0.3% increase in TrevPAR, savings were made in Payroll (-6.6%) and Overheads (-13.0%), which fuelled the extraordinary year-on-year profit increase to $35.06.

The month of November 2016

$ Dollars	Occ %	ARR	RevPAR	TRevPAR		Payroll %	GOP PAR	
Abu Dhabi	81.1	226.30	183.53	330.07	∨	21.7	151.59	∨
Amman	58.7	145.20	85.22	137.93	∨	29.1	39.95	∨
Beirut	64.7	136.76	88.48	154.77	∧	36.3	35.06	∧

MENA City Markets achieved REVPAR, TREVPAR and GOPPAR November 2016

Legend: RevPAR, TRevPAR, GOP PAR

Abu Dhabi: 183.53, 330.07, 151.59
Amman: 85.22, 137.93, 39.95
Beirut: 88.48, 154.77, 35.06
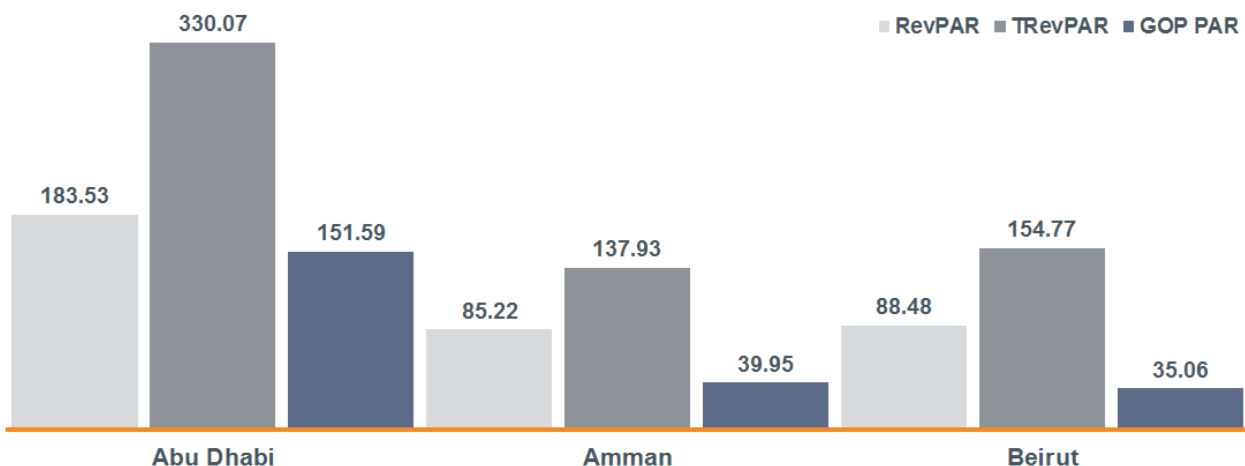
Editor's Notes

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.

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.

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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.

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The month of November 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
Abu Dhabi	81.1	226.30	183.53	330.07	21.7	151.59	
Amman	58.7	145.20	85.22	137.93	29.1	39.95	
Beirut	64.7	136.76	88.48	154.77	36.3	35.06	

Calendar year to November 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	72.1	150.70	108.70	221.45	31.4	63.33
Amman	54.7	156.37	85.50	141.92	29.7	44.51
Beirut	58.6	143.64	84.23	154.46	36.6	32.71

Twelve months to November 2016

	Occ %	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	72.3	152.78	110.51	225.40	31.2	65.23	Abu Dhabi
	54.6	155.46	84.81	141.05	29.6	44.10	Amman
	58.7	144.88	85.08	157.23	36.1	33.68	Beirut

The month of November 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	83.4	250.63	209.14	372.56	21.7	174.06
Amman	62.3	145.37	90.61	142.49	28.0	51.05
Beirut	58.2	143.00	83.22	154.30	38.9	23.71

Calendar year to November 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR
Abu Dhabi	74.3	165.43	122.98	247.93	31.2	73.41
Amman	56.2	153.89	86.54	146.71	28.2	48.30
Beirut	57.9	156.62	90.73	170.27	36.1	34.72

Twelve months to November 2015

	Occ%	ARR	RevPAR	TRevPAR	Payroll %	GOP PAR	
	74.9	166.29	124.48	251.58	30.7	75.83	Abu Dhabi
	56.3	153.55	86.46	147.38	28.2	48.33	Amman
	58.4	154.95	90.53	169.55	35.7	34.98	Beirut

Movement for the month of November

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-2.3	-9.7%	-12.2%	-11.4%	-0.1	-12.9%
Amman	-3.6	-0.1%	-5.9%	-3.2%	-1.1	-21.7%
Beirut	6.5	-4.4%	6.3%	0.3%	2.7	47.9%

Movement for the calendar year to November

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change
Abu Dhabi	-2.2	-8.9%	-11.6%	-10.7%	-0.2	-13.7%
Amman	-1.6	1.6%	-1.2%	-3.3%	-1.4	-7.8%
Beirut	0.7	-8.3%	-7.2%	-9.3%	-0.5	-5.8%

Movement for the twelve months to November

	Occ Change	ARR Change	RevPAR Change	TRevPAR Change	Payroll Change	GOP PAR Change	
	-2.5	-8.1%	-11.2%	-10.4%	-0.4	-14.0%	Abu Dhabi
	-1.8	1.2%	-1.9%	-4.3%	-1.5	-8.8%	Amman
	0.3	-6.5%	-6.0%	-7.3%	-0.4	-3.7%	Beirut