

MIDDLE EAST: HOTELS REPORT A SLOW SUMMER



Dubai hotels in Middle East and North-African failed to register great occupancy in July 2013 as showed by HotStats Survey. Low occupancy levels caused hotels within Abu Dhabi and Dubai to collect minimal profits and revenues in July. The slow summer and restrictions on food and alcohol sales during Ramadan affected UAE hotel performance as well. In Dubai, occupancy went down by 12.5 to 54.6 % which pushed revenue in every room with performance benchmark going down to 16.8%.

As anticipated, Dubai witnessed a great performance reaching the lowest mark of year in complete terms. Naturally that resulted from lack of events combined with the reality where the month of July is traditionally characterized by low demand as Managing Director of TRI-Hospitality Consulting indicated. **Another contributing factor is the opening of more hotels in Dubai where rooms' supply may not cater for hotels demand.** Even though the total demand may go up, there would still be a small drop in occupancy since supply will obviously exceed demand.

The whole revenue in every available room in Dubai went down by 10.7% to \$242.98 compared to previous year because of declining room, food and beverage income. In addition, profitability went down by 63.6% to \$37.35. But in Abu Dhabi, the survey reported that the occupancy grew a little by 0.5% to 50.1%. Due to high functioning expenses, the Abu Dhabi marketplace indicated a diminishing profitability.

The same experience was felt in Kuwait whereby hotels registered a minimal increase in occupancy of 0.7% to 42.8% and RevPAR went down by 2.2% to \$101.02. However, in Jeddah, Saudi-Arabia, hotels portrayed strong performance whereby occupancy went up by 81.2% while RevPAR went up 11.6% to \$214.75 which was contributed by 15.3% growth in rates.

Jeddah hotels indicated the greatest profit margins within the markets surveyed whereby gross operating profit in every available room (GOPPAR) went up by 21.5% to \$174.68. Within Riyadh (the Eastern City), hotels recorded a 4.2% decline in tenure to 43.9%. This led RevPAR to fall down by 7.9 % to \$96.06. Also, profitability went down by 10.3 % to \$53.20. The same case in Cairo, occupancy went down 23.5% to 21.3% triggering RevPAR to fall 46% to \$25.31. Similar situation was not different in Sharm-el-Sheikh whereby hotels realized occupancy levels drop of 7.5% to 58.2% while RevPAR went down 10.4% to \$23.4.

Date: 2013-09-16

Article link:

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