

MIDEAST HOTELS: OCCUPANCY AND ROOM RATES GROWING



A double digit increase in hotel occupancy demand was recorded in the Middle East and Africa region in June. Hotels in the Middle East experienced an improvement of occupancy and in average room rates in the first two quarters of the year. It is attributed to a double-digit growth in demand in comparison to the first half of 2011 according to a recent study by STR Global.

The data for hotels across the broader MEA region (Middle East and Africa) show a 9.4% increase in occupancy to 60.6%, a decrease of 1.5% of average daily rate (ADR) to 162.37 dollars and an increase in revenue per available room (RevPAR) to 98.38 dollars as compared to previous period last year.

For the month of June 2012 a double digit improvement in the MEA region hotel occupancies was recorded with RevPAR increasing by 6.8% to reach 79.22 dollars. The increased occupancy to 58.2% was due to the 8.7% increase during this month, whereas the ADR dropped to 136.16 dollars being a drop of 1.8%. However, as per the report, the largest rise in ADR in the month of June was realized in the hotels in Dubai where it rose to 170.07 dollars which is an increase of 9.8%, Amman came second which was at 155.51 a marked improvement by 8.2%. In contrast, Hotels in Abu Dhabi suffered the highest drop in RevPAR which was at 66.13 dollars, a 15.4% drop.

The STR Global Managing director, Elizabeth Randall, commenting on the differing figures between those of Abu Dhabi and Dubai Hotels, told Gulf news that Dubai was a more mature market having a balance of business, of 50% leisure and 50% corporate. She also said that Abu Dhabi was more of a corporate market with corporate travel contributing 80% of its business and the other 20% from leisure business. She further said that hotels existing in Dubai would continue performing well, if the basic fundamentals of investment and focus on tourism and trade continue in Dubai, while new hotels would satisfy increasing demand.

According to the report, RevPAR increased by more than 15% in four markets in the region, Amman topped the list with a 24.4% increase in RevPAR to reach 105.43 dollars this being 24.4% increase, in second was Jeddah with a 18.2%rise in RevPAR to reach 195.70 dollars, in third was Dubai with a 18% rise in RevPAR to reach 125.25 dollars and finally Muscat that recorded an increase of 16.3% in RevPAR to reach 78.87.

Occupancy and Average room rate numbers were identified by Randall, as lagging behind as compared to the peak performances of the 2008 of Middle Eastern hoteliers. She pointed out that in the first half of 2008 the region achieved 70.9 per cent occupancy and a rate of 235.64 dollars. **The highest rise in new room supply was also experienced in 2008 in comparison to the other world regions since that year.** She also said that Africa reported an improvement in continued occupancy whereas average room rates remained under pressure compared to the first 6 months of 2011. She added that the region of Africa had surpassed its 2008 first half average room rate performance by 12.68 dollars.

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