

Introduction

The Emirate of Abu Dhabi is one of the most attractive tourist destinations in the Middle East because of the developed infrastructure and quality of services in the tourism sector. Hotel establishments are considered as the fundamental base of the tourism sector. In general, hotel establishments pricing strategies are considered as one of the most important factors contributing to the growth of the tourism sector.

To meet the requirements of customers, the Statistics Centre - Abu Dhabi (SCAD) has decided to construct a statistical price indicator to measure the changes in the hotel establishments room rates in Abu Dhabi. This indicator provides information about price movements in the hotel establishments based on the categories of hotels adopted by the Abu Dhabi Tourism & Culture Authority. Hotels are categorized from one to five stars, while hotel apartments are categorized as 'Deluxe', 'Standard' or 'Superior'. It is worth mentioning that the index is compiled to be calculated through the Laspeyres formula.

The hotel establishments price rates are collected and the index is calculated monthly according to the adopted categories of hotels in Abu Dhabi. This informs decision-makers and policy-makers, tourists and tourist offices and other users of the data about the change in hotel room rates, which contribute to increased transparency and development of the tourism sector in the Emirate of Abu Dhabi.

Key Points

This publication provides an analysis of the hotel establishments price index during the month of February 2015 compared with January 2015 and February 2014 (2012=100).

General index

- The hotel establishments price index increased by 16.4% during the month of February 2015 compared with January 2015.
- The hotel establishments price index increased by 18.4% in February 2015 compared with February 2014.

Hotel index

- The hotel room rates index increased by 20.3% during February 2015 compared with January 2015.
- The hotel room rates index increased by 20.3% during February 2015 compared with February 2014.

Hotel apartments index

- The hotel apartments room rates index increased by 2.6% during February 2015 compared with January 2015.
- The hotel apartments room rates index increased by 10.9% during February 2015 compared with February 2014.

Hotel establishments revenues

- The hotel establishments revenue increased by 35.4% during the month of February 2015 compared with February 2014.
- The hotel establishments revenue increased by 14.2% during the month of February 2015 compared with January 2015.

1. Hotel price index during February 2015 compared with January 2015

The hotel establishments room rates index increased by 16.4% during February 2015 compared with January 2015, with the index increasing from 104.4 points in January 2015 to 121.6 points in February 2015. The increase mainly was caused by a 20.3% rise in the hotel room rates index and by a 2.6% rise in the hotel apartment's rates index.

The increase in most hotel categories ranged between 6.0% and 21.4%, causing an increase in the hotel room rates index of 20.3% during February 2015 compared with January 2015.

The increases in prices for 'Superior' and 'Standard' hotel apartments by 7.3% and 6.3% caused an increase of 2.6% in the hotel apartments room rates index, while the 'Deluxe' hotel apartments showed a decrease of 0.6% during February 2015 compared with January 2015. Table (1) shows the price indices and relative changes for all hotel categories and hotel apartments during February 2015 compared with January 2015.

Table 1 : Index prices and relative changes according to the Laspeyres formula during February 2015 compared with January 2015 (2012=100)

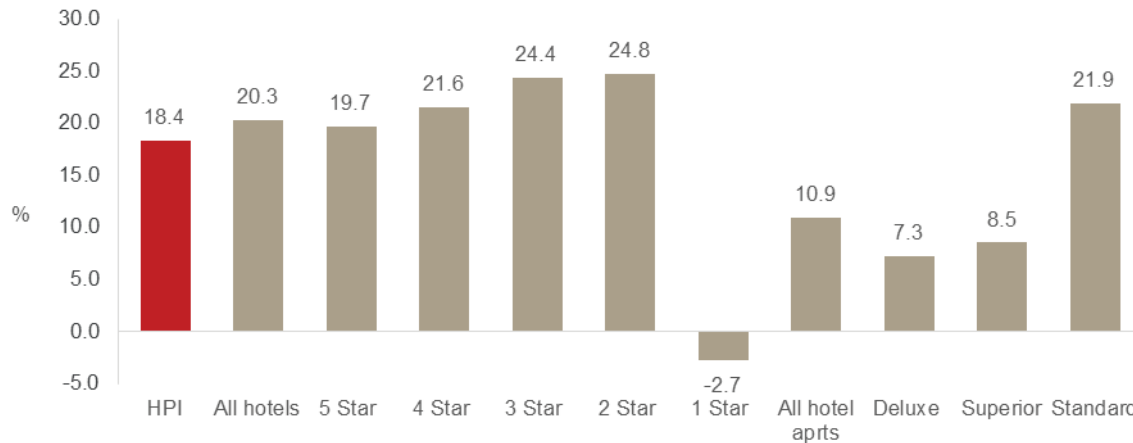
Hotel establishments	January 2015	February 2015	Relative change %
General Index	104.4	121.6	16.4
All hotels	104.3	125.5	20.3
Hotels			
5 Star	106.1	128.8	21.4
4 Star	100.4	121.4	20.9
3 Star	105.0	121.9	16.1
2 Star	107.6	114.0	6.0
1 Star	89.1	94.6	6.2
All hotel apartments	104.7	107.5	2.6
Hotel apartments			
Deluxe	108.3	107.7	-0.6
Superior	108.6	116.6	7.3
Standard	94.9	100.9	6.3

Source: Statistics Centre – Abu Dhabi

2. Hotel price index during February 2015 compared with February 2014

The hotel establishments price index increased by 18.4% during February 2015 compared with February 2014. This increase was caused by increase of 20.3% in the prices of hotel rooms and 10.9% in the prices of hotel apartment rooms. Figure (1) shows the average percent changes in hotel rates during February 2015 compared with February 2014 by categories of hotels.

Figure 1 : Percent change in hotel rates during February 2015 compared with February 2014 by categories of hotels



Source: Statistics Centre – Abu Dhabi

The figure above shows a 20.3% increase in hotel room rates during February 2015 compared with February 2014. The increase was caused by increases in the prices of ‘Five -star’ hotels by 19.7%, ‘Four-star’ hotels by 21.6%, while ‘three-star’ and ‘Two-star’ hotels increased by 24.4% and 24.8% respectively, ‘One-star’ hotels decreased by 2.7%.

The rate of hotel apartment rooms increased by 10.9% during February 2015 compared with February 2014, mainly due to the increases in ‘Deluxe’ hotel apartments by 7.3%, ‘Superior’ by 8.5% and ‘Standard’ hotel apartments by 21.9%.

Table 2 : Index prices and relative changes according to the Laspeyres formula during February 2015 compared with February 2014 (2012=100)

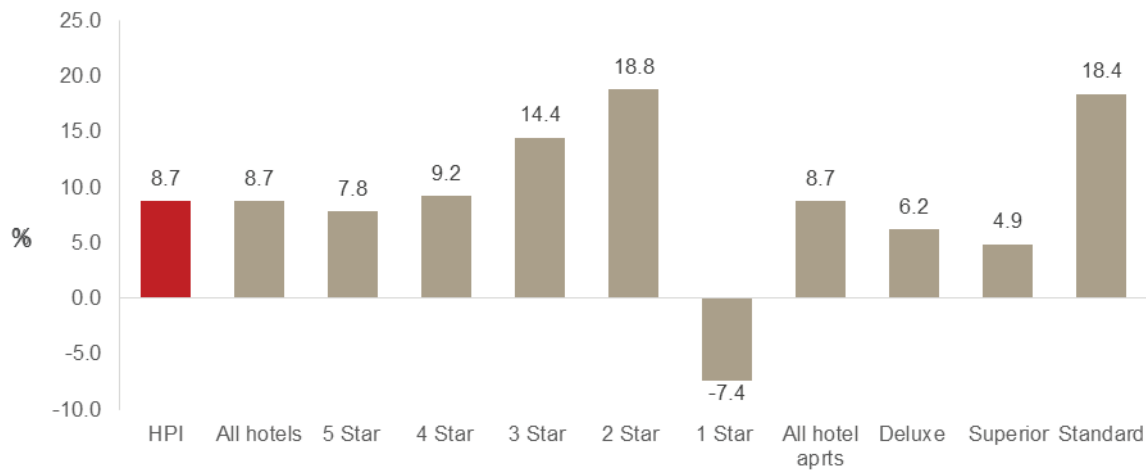
Hotel establishments	February 2014	February 2015	Relative Change %
General Index	102.7	121.6	18.4
All hotels	104.3	125.5	20.3
Hotels			
5 Star	107.6	128.8	19.7
4 Star	99.8	121.4	21.6
3 Star	98.0	121.9	24.4
2 Star	91.4	114.0	24.8
1 Star	97.2	94.6	-2.7
All hotel apartments	96.9	107.5	10.9
Hotel apartments			
Deluxe	100.3	107.7	7.3
Superior	107.4	116.6	8.5
Standard	82.8	100.9	21.9

Source: Statistics Centre – Abu Dhabi

3. The cumulative hotel price index (Jan-Feb 2015) compared with the same period in 2013

The cumulative index of hotel establishments prices (Jan-Feb 2015) increased by 8.7% compared with the same period in 2014. The hotels room rates increased by 8.7%, while the rate of hotel apartment rooms increased by 8.7%. Figure (2) and table (3) show the cumulative indices prices and relative changes during the period of (Jan-Feb 2015) compared with the same period in 2014.

Figure 2 : Cumulative rates of percent changes (Jan 2015 to Feb 2015) compared with the same period in 2014 by hotel categories



Source: Statistics Centre – Abu Dhabi

Table 3 : Cumulative index of prices and cumulative relative changes according to the Laspeyres formula (Jan to Feb 2015) compared with the same period in 2014 (2012=100)

Hotel establishments	(Jan to Feb) 2014	(Jan to Feb) 2015	Relative Change %
General index	103.9	113.0	8.7
Hotels			
All hotels	105.7	114.9	8.7
5 Star	108.9	117.4	7.8
4 Star	101.5	110.9	9.2
3 Star	99.1	113.4	14.4
2 Star	93.3	110.8	18.8
1 Star	99.2	91.9	-7.4
Hotel apartments			
All hotel apartments	97.6	106.1	8.7
Deluxe	101.7	108.0	6.2
Superior	107.4	112.6	4.9
Standard	82.7	97.9	6.3

Source: Statistics Centre – Abu Dhabi

4. Hotel establishments revenues

The hotel establishments revenues increased by 35.4% during February 2015 compared with February 2014, as a result of increase in hotels revenues by 37.9% and hotel apartments revenues by 23.9%.

The hotel establishments revenues increased during February 2015 compared with January 2015 by 14.2%, mainly due to the increases in most hotels room revenues, while hotel apartments revenues decreased by 4.2%. Table (4) shows the average percent changes in hotel establishments revenues during February 2015 compared with February 2014 and January 2015.

Table 4 : Percent change in hotel establishments revenues during February 2015 compared with February 2014 and January 2015

Hotel establishments		Feb 2015 / Feb 2014 %	Feb 2015 / Jan 2015 %
All hotel establishments		35.4	14.2
Hotels	All hotels	37.9	18.7
	5 Star	40.9	21.9
	4 Star	40.1	21.4
	3 Star	20.7	4.8
	2 Star	92.2	-3.7
	1 Star	6.9	5.1
Hotel apartments	All hotel apartments	23.9	-4.2
	Deluxe	18.4	-7.8
	Superior	44.9	1.5
	Standard	5.3	-2.3

Source: Statistics Centre – Abu Dhabi

Methodology

The classification of the hotel price index was provided to SCAD by the Abu Dhabi Tourism & Culture Authority in addition to all the data for calculating this price index. With this support, the statistical indicators in this publication could be constructed. This administrative data is of the highest credibility and accuracy, which helps to compile and disseminate indicators of high quality, accuracy and transparency. It contributes to the development and growth in the Emirate of Abu Dhabi.

Definition of the hotel establishments price index

The HPI is a statistical indicator which measures the relative change of hotel room's prices over two periods. It shows the time series of changes in the prices of hotel rooms by categories for hotels in the Emirate of Abu Dhabi.

Importance of the hotel establishments price index

- 1 – Provide data about the changes in the prices of hotel rooms in the Emirate of Abu Dhabi by the hotel categories.
- 2 – It is used as a reference tool by the media, analysts and hotel owners and tourism bodies and academics.
- 3 - Provide data for the calculation of statistical indicators such as the CPI and GDP within the Statistics Centre - Abu Dhabi.
- 4 – Improves understanding of the evolution in the interim prices of hotel rooms in order to serve tourists and citizens and residents as well as other users (companies and tour operators and travel agencies).
- 5 – It is used by decision and policy makers to forecast changes in the prices of hotel rooms.
- 6 – It records and disseminates the seasonal fluctuations in the prices of hotel rooms to participants in the domestic tourism sector.

Mechanism of calculating the hotel establishments price index

The HPI is calculated using the Laspeyres formula, which is based on the weights of the base year (2012).

Weights

The hotel establishments price index is a weighted average of the change in the price of hotel rooms by categories of hotels.

The weight reflects the relative importance of each hotel class. It is calculated as a weight category (x) by dividing (total income for category hotels (x)) by (total income for all hotel categories) for base year weights.

Categories		Base year weights (2012)
Hotel establishments		100.0
	All hotels	78.3
Hotels	5 Star	48.7
	4 Star	18.5
	3 Star	8.6
	2 Star	1.2
	1 Star	1.3
	All hotel apartments	21.7
Hotel apartments	Deluxe	11.7
	Superior	4.1
	Standard	5.8

Source: Statistics Centre – Abu Dhabi

Disclaimer

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