

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 January 2015 compared with December 2014 and January 2014 (2012=100).

General index

- The hotel establishments price index decreased by 3.2% during the month of January 2015 compared with December 2014.
- The hotel establishments price index decreased by 0.7% in January 2015 compared with January 2014.

Hotel index

- The hotel room rates index decreased by 4.6% during January 2015 compared with December 2014.
- The hotel room rates index decreased by 2.5% during January 2015 compared with January 2014.

Hotel apartments index

- The hotel apartments room rates index increased by 2.1% during January 2015 compared with December 2014.
- The hotel apartments room rates index increased by 6.5% during January 2015 compared with January 2014.

Hotel establishments revenues

- The hotel establishments revenue increased by 11.7% during January 2015 compared with January 2014.
- The hotel establishments revenue decreased by 6.6% during January 2015 compared with December 2014.

1. Hotel price index during January 2015 compared with December 2014

The hotel establishments room rates index decreased by 3.2% during January 2015 compared with December 2014, with the index decreasing from 107.9 points in December 2014 to 104.4 points in January 2015. The decrease was mainly caused by a 4.6% drop in the hotel room rates index, while the hotel apartment's rates index increased by 2.1%.

The decrease in 'Five stars' hotels by 8.7% and the decrease in 'Two stars' hotels by 0.9%, resulted in a decrease in the hotel room rates index of 4.6%, while the rates of other hotel categories increased between 0.7% and 9.3%, during January 2015 compared with December 2014.

The increases in prices for 'Deluxe' and 'Superior' hotel apartments by 3.6% and 0.9% caused an increase in the hotel apartments room rates index by 2.1%, while the 'Standard' hotel apartments decreased by 0.4% during January 2015 compared with December 2014. Table (1) shows the price indices and relative changes for all hotel categories and hotel apartments during January 2015 compared with December 2014.

Table 1 : Index prices and relative changes according to the Laspeyres formula during January 2015 compared with December 2014 (2012=100)

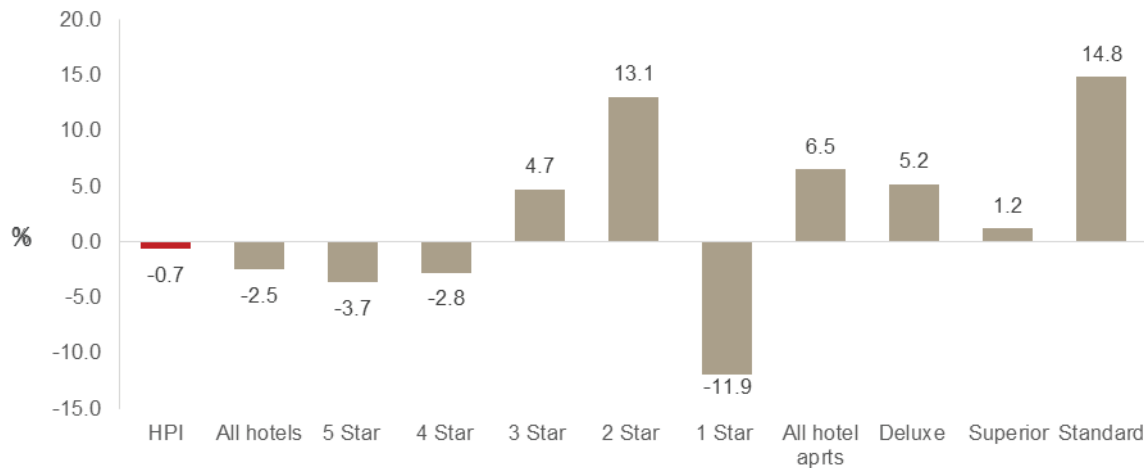
Hotel establishments	December 2014	January 2015	Relative change %
General Index	107.9	104.4	-3.2
All hotels	109.3	104.3	-4.6
Hotels			
5 Star	116.2	106.1	-8.7
4 Star	99.1	100.4	1.2
3 Star	96.0	105.0	9.3
2 Star	108.6	107.6	-0.9
1 Star	88.5	89.1	0.7
All hotel apartments	102.6	104.7	2.1
Hotel apartments			
Deluxe	104.5	108.3	3.6
Superior	107.6	108.6	0.9
Standard	95.3	94.9	-0.4

Source: Statistics Centre – Abu Dhabi

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

The hotel establishments price index decreased by 0.7% during January 2015 compared with January 2014. This was caused by a decrease of 2.5% in the prices of hotel rooms, while the rates of hotel apartments increased by 6.5%. Figure (1) shows the percent changes in hotel rates during January 2015 compared with January 2014 by categories of hotels.

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



Source: Statistics Centre – Abu Dhabi

The figure above shows a 2.5% decrease in hotel room rates during January 2015 compared with January 2014. The decrease was caused by a decrease in the prices of 'Five -star' hotels by 3.7%, 'Four-star' hotels by 2.8% and 'One-star' hotels by 11.9%, while 'three-star' and 'Two-star' hotels increased by 4.7% and 13.1% respectively.

The rate of hotel apartment rooms increased by 6.5% during January 2015 compared with January 2014, mainly due to the increases in 'Deluxe' hotel apartments by 5.2%, 'Superior' by 1.2% and 'Standard' hotel apartments by 14.8%.

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

Hotel establishments		January 2014	January 2015	Relative Change %
General Index		105.2	104.4	-0.7
Hotels	All hotels	107.0	104.3	-2.5
	5 Star	110.1	106.1	-3.7
	4 Star	103.2	100.4	-2.8
	3 Star	100.2	105.0	4.7
	2 Star	95.2	107.6	13.1
	1 Star	101.2	89.1	-11.9
Hotel apartments	All hotel apartments	98.3	104.7	6.5
	Deluxe	103.0	108.3	5.2
	Superior	107.4	108.6	1.2
	Standard	82.6	94.9	14.8

Source: Statistics Centre – Abu Dhabi

3. Hotel establishments revenues

The hotel establishments revenues increased by 11.7% during January 2015 compared with January 2014, as a result of increase in hotels revenues by 10.5% and hotel apartments revenues by 17.1%.

The hotel establishments revenues decreased during January 2015 compared with December 2014 by 6.6%, mainly due to the decrease in 'Five stars' hotels by 16.2%, while revenues for other hotel establishments increased. Table (3) shows the average percent changes in hotel establishments revenues during January 2015 compared with January 2014 and December 2014.

Table 3 : Percent change in hotel establishments revenues during January 2015 compared with January 2014 and December 2014

Hotel establishments		Jan 2015 / Jan 2014 %	Jan 2015 / Dec 2014 %
All hotel establishments		11.7	-6.6
All hotels		10.5	-8.8
Hotels	5 Star	10.7	-16.2
	4 Star	7.9	1.4
	3 Star	11.6	11.1
	2 Star	84.5	18.4
	1 Star	-13.5	4.7
All hotel apartments		17.1	4.1
Hotel apartments	Deluxe	16.5	5.4
	Superior	31.2	2.4
	Standard	-6.1	2.5

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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