

مركز الإحصاء  
STATISTICS CENTRE



# Hotel Price Index

July 2014



September 4<sup>th</sup>, 2014

[www.scad.ae](http://www.scad.ae)

## Introduction

The tourism sector in the United Arab Emirates became one of the most important sectors that have evolved remarkably in recent years. The Emirate of Abu Dhabi is one of the most attractive tourist destinations in the Middle East because of the development of the infrastructure and services in the tourism sector. Hotels are considered as the fundamental base of the tourism sector. In general, hotel pricing strategies are considered as one of the most important factors in attracting tourism.

To meet the requirements of customers, the Statistics Center - Abu Dhabi (SCAD) has decided to construct a statistical price indicator to measure the changes in the hotel 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 price rates are collected and the index is calculated monthly by the adopted categories of hotels in Abu Dhabi. This helps decision-makers and policy-makers, tourists and tourist offices and other users of the data to know 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 Price Index (HPI) during the month of July 2014 compared with June 2014 and the same period of 2013:

### **Hotel price index**

- The HPI decreased by 1.6% during the month of July 2014 from 79.6 in June 2014 to 78.4 in July 2014.
- The HPI increased by 0.2% in July 2014 compared with July 2013. It was 78.4 during the month of July 2014 compared with 78.2 in July 2013.
- The cumulative HPI (Jan-July 2014) in 2014 decreased by 5.1% compared with the same period in 2013.

### **Hotel price**

- The hotel room rates decreased by 1.8% during July 2014 compared with June 2014.
- The hotel room rates decreased by 1.0% during July 2014 compared with July 2013.
- The hotel room rates decreased by 6.6% during the first seven months in 2014 compared with the same period in 2013.

### **Hotel apartments price**

- The hotel apartments room rates decreased by 1.0% during July 2014 compared with June 2014.
- The hotel apartments room rates increased by 3.8% during July 2014 compared with July 2013.
- The hotel apartments room rates increased by 0.7% during the first seven months in 2014 compared with the same period in 2013.

## 1. Prices indices for July 2014

The hotel establishments price index was recorded at 78.4 points, according to the Laspeyres mathematical formula, 80.7 points according to the Paasche mathematical formula, and 79.5 points, according to the Fisher mathematical formula in the month of July 2014. The following table shows the indices of all categories of hotels and hotel apartments by mathematical formulas for Laspeyres, Paasche and Fisher in July 2014.

Table (1): Laspeyres, Paasche and Fisher price indices for July 2014

Hotel Establishments		Laspeyres	Paasche	Fisher
General Index		<b>78.4</b>	<b>80.7</b>	<b>79.5</b>
Hotels	All Hotels	<b>74.8</b>	<b>75.7</b>	<b>75.3</b>
	5 Star	71.3	71.3	71.3
	4 Star	81.0	81.0	81.0
	3 Star	80.0	80.0	80.0
	2 Star	80.3	80.3	80.3
	1 Star	75.6	75.6	75.6
Hotel Apartments	All Hotel Apartments	<b>91.4</b>	<b>93.9</b>	<b>92.6</b>
	Deluxe	95.4	95.4	95.4
	Standard	98.0	98.0	98.0
	Superior	78.6	78.6	78.6

Source: Statistics Centre – Abu Dhabi

## 2. Hotel price index during July 2014 compared with June 2014

The hotel establishments price index decreased by 1.6% during July 2014 compared with June 2014, from 79.6 in June 2014 to 78.4 in July. It was mainly as a result of 1.8% decrease in hotel room rates. The hotel room rate has a large weight of 78.3% in the hotel price index. In addition, the hotel apartments room rates decreased by 1.0%.

The 1.8% decrease in hotel room rates was a result of decreases in prices for ‘Five-star’, ‘Four-star’, ‘Two-star’ and ‘One-star’ hotels by 2.3%, 2.2%, 9.7% and 1.7%

respectively, while ‘Three-star’ hotels increased by 3.2% during July 2014 compared with June 2014.

The decreases in prices for ‘Deluxe’ and ‘Superior’ hotel apartments by 0.7% and 2.4% respectively led to a decrease in hotel apartment’s room rates by 1.0%. ‘Standard’ hotel apartments showed no change during July 2014 compared with June 2014 Table (2) shows the index prices and rates of change for all hotel categories.

Table (2): Index prices and relative changes according to Laspeyres formula during July 2014 compared with June 2014 (100=2012).

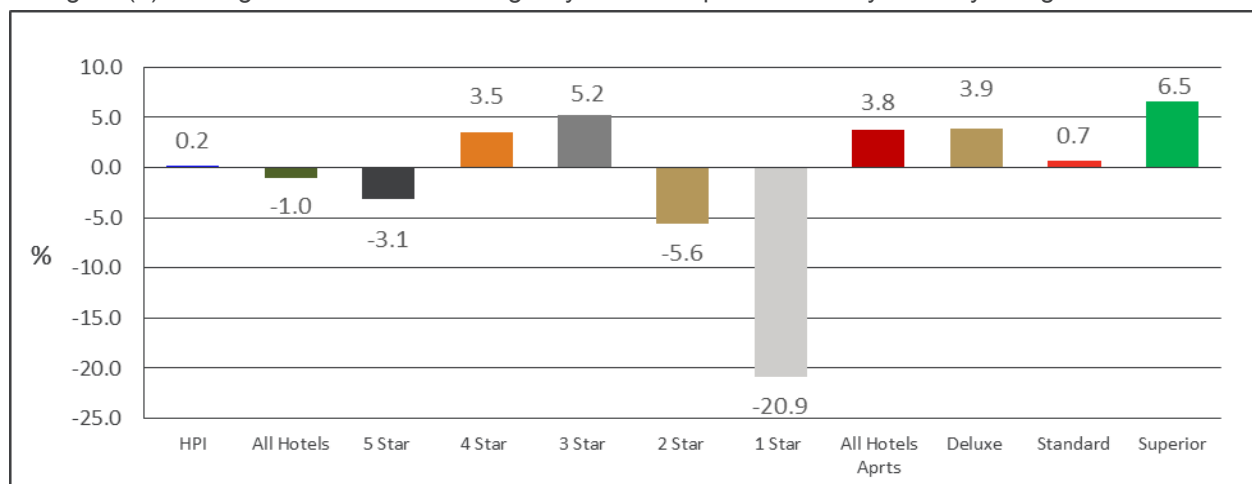
Hotel Establishments		June 2014	July 2014	Relative change %
<b>General Index</b>		<b>79.6</b>	<b>78.4</b>	<b>-1.6</b>
<b>Hotels</b>	<b>All Hotels</b>	<b>76.1</b>	<b>74.8</b>	<b>-1.8</b>
	<b>5 Star</b>	73.0	71.3	-2.3
	<b>4 Star</b>	82.9	81.0	-2.2
	<b>3 Star</b>	77.5	80.0	3.2
	<b>2 Star</b>	89.0	80.3	-9.7
	<b>1 Star</b>	76.9	75.6	-1.7
<b>Hotel Apartments</b>	<b>All Hotel Apartments</b>	<b>92.3</b>	<b>91.4</b>	<b>-1.0</b>
	<b>Deluxe</b>	96.1	95.4	-0.7
	<b>Standard</b>	98.1	98.0	0.0
	<b>Superior</b>	80.6	78.6	-2.4

Source: Statistics Centre – Abu Dhabi

### 3. Hotel price index during July 2014 compared with July 2013

The hotel establishments price index increased by 0.2% during July 2014 compared with July 2013 while the rates of hotel rooms recorded a 1.0% decrease and the rates of hotels apartments a 3.8% increase shown in Figure (1).

Figure (1): Changes in hotel rates during July 2014 compared with July 2013 by categories of hotels



Source: Statistics Centre – Abu Dhabi

The figure above show the 1.0% decrease in hotel room rates during July 2014 compared with July 2013, as a result of the decrease in prices of ‘Five-star’ hotels by 3.1%, ‘Two-star’ hotels by 5.6% and ‘One-star’ hotels by 20.9%, while ‘Four-star’ and ‘Three-star’ hotels increased by 3.5% and 5.2% respectively.

The rate of hotel apartment rooms increased by 3.8% during July 2014 compared with July 2013 with all hotel apartment categories recording higher rates. The prices of ‘Deluxe’, ‘Standard’ and ‘Superior’ hotel apartments increased by 3.9%, 0.7% and 6.5% respectively.

Table (3): Index prices and relative changes according to Laspeyres formula during July 2014 compared with July 2013.

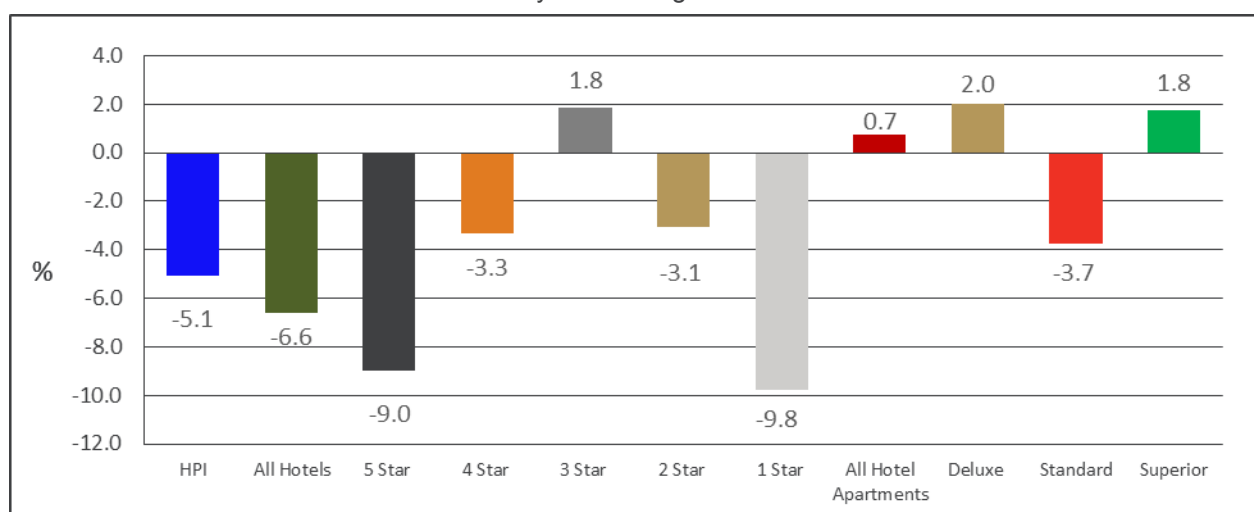
Hotel Establishments		July 2013	July 2014	Relative Change %
<b>General Index</b>		<b>78.2</b>	<b>78.4</b>	<b>0.2</b>
<b>Hotels</b>	<b>All Hotels</b>	<b>75.5</b>	<b>74.8</b>	<b>-1.0</b>
	<b>5 Star</b>	73.6	71.3	-3.1
	<b>4 Star</b>	78.3	81.0	3.5
	<b>3 Star</b>	76.1	80.0	5.2
	<b>2 Star</b>	85.1	80.3	-5.6
	<b>1 Star</b>	95.5	75.6	-20.9
<b>Hotel Apartments</b>	<b>All Hotel Apartments</b>	<b>88.0</b>	<b>91.4</b>	<b>3.8</b>
	<b>Deluxe</b>	91.8	95.4	3.9
	<b>Standard</b>	97.4	98.0	0.7
	<b>Superior</b>	73.8	78.6	6.5

Source: Statistics Centre – Abu Dhabi

#### 4. The cumulative hotel price index for the first seven months of 2014 compared with the same period in 2013

The cumulative index of hotel establishments prices (Jan 2014 to July 2014) decreased by 5.1% compared with the same period in 2013. The hotels room rates decreased by 6.6%, while the rate of hotel apartment rooms increased by 0.7%. Figure (2) and table (4) show the cumulative indices prices and relative changes.

Figure (2): Cumulative rates of changes (Jan 2014 to July 2014) compared with the same period in 2013 by hotel categories



Source: Statistics Centre – Abu Dhabi

Table (4): Cumulative index of prices and cumulative relative changes according to Laspeyres formula (Jan 2014 to July 2014) compared with the same period in 2013

Hotel Establishments		(Jan to July) 2013	(Jan to July) 2014	Relative change %
General Index		99.6	94.5	-5.1
Hotels	All Hotels	100.8	94.2	-6.6
	5 Star	104.8	95.4	-9.0
	4 Star	96.5	93.3	-3.3
	3 Star	89.0	90.6	1.8
	2 Star	92.1	89.3	-3.1
	1 Star	100.6	90.7	-9.8
Hotel Apartments	All Hotel Apartments	95.1	95.8	0.7
	Deluxe	98.2	100.2	2.0
	Standard	107.4	103.4	-3.7
	Superior	80.2	81.6	1.8

Source: Statistics Centre – Abu Dhabi

## **Next release**

The hotel price index statistics, for August 2014 will be released on 9 October 2014. For more information about price indices and other official statistics, please visit the SCAD website at <http://www.scad.ae>.

## **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 hotel price index**

The HPI is a statistical indicator which measures the relative change of hotel room's prices over the two time 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 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 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 to other users (companies and tour operators and travel agencies).
- 5 – It is used by decision and policy maker 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 HPI

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

## Weights

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

The hotel weight class reflects the relative importance of the 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 both base year weights and the comparison period weights.

Categories		Base year wights (2012)	Comparison period weights (July 2014)
Hotel Establishments		100.0	100.0
Hotels	All Hotels	78.3	72.9
	5 Star	48.7	37.5
	4 Star	18.5	19.2
	3 Star	8.6	14.0
	2 Star	1.2	0.9
	1 Star	1.3	1.4
Hotel Apartments	All Hotel Apartments	21.7	27.1
	Deluxe	11.7	15.5
	Standard	4.1	7.9
	Superior	5.8	3.6

Source: Statistics Centre – Abu Dhabi

## Disclaimer

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