

مركز الإحصاء
STATISTICS CENTRE



Hotel Price Index

October 2014



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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. 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 in 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 October 2014 compared with September 2014 and October 2013 (2012=100).

General index

- The hotel establishments price index increased by 22.7% during the month of October 2014 compared with September 2014. The index increased from 84.6 points in September 2014 to 103.8 points in October 2014.
- The hotel establishments price index decreased by 9.2% in October 2014 compared with October 2013. The index was 114.4 points in October 2013 and decreased to 103.8 points in October 2014.
- The cumulative hotel establishments price index (Jan-Oct 2014) decreased by 5.3% compared with the same period in 2013. The cumulative Index was 98.3 points in 2013 and decreased to 93.1 points in 2014.

Hotel index

- The hotel room rates index increased by 29.2% during October 2014 compared with September 2014.
- The hotel room rates index decreased by 11.0% during October 2014 compared with October 2013.
- The cumulative hotel room rates index (Jan-Oct 2014) decreased by 6.9% compared with the same period in 2013.

Hotel apartments index

- The hotel apartments room rates index increased by 2.4% during October 2014 compared with September 2014.
- The hotel apartments room rates index decreased by 1.6% during October 2014 compared with October 2013.
- The cumulative hotel apartments room rates index (Jan-Oct 2014) increased by 0.9% compared with the same period in 2013.

1. Hotel price index for October 2014

The hotel establishments price index was recorded at 103.8 points in October 2014, according to the Laspeyres formula, 104.6 points according to the Paasche formula, and 104.2 points, according to the Fisher formula in October 2014. The following table shows the indices of all categories of hotels and hotel apartments by formulas for Laspeyres, Paasche and Fisher in October 2014.

Table (1): Laspeyres, Paasche and Fisher price indices for October 2014 (2012=100)

Hotel Establishments		Laspeyres	Paasche	Fisher
General Index		103.8	104.6	104.2
Hotels	All Hotels	105.4	105.6	105.5
	5 Star	109.4	109.4	109.4
	4 Star	100.7	100.7	100.7
	3 Star	94.7	94.7	94.7
	2 Star	116.7	116.7	116.7
	1 Star	87.3	87.3	87.3
Hotel Apartments	All Hotel Apartments	97.8	100.0	98.9
	Deluxe	100.5	100.5	100.5
	Superior	104.0	104.0	104.0
	Standard	88.1	88.1	88.1

Source: Statistics Centre – Abu Dhabi

2. Hotel price index during October 2014 compared with September 2014

The hotel establishments room rates index increased by 22.7% during October 2014 compared with September 2014, when the index increased from 84.6 points in September 2014 to 103.8 points in October 2014. The increase was mainly caused by an increase of 29.2% in the hotel room rates index and by an increase of 2.4% in the hotel apartment's rates index.

The increase in all hotel categories ranged between 9.3% and 39.2%, causing an increase in the hotel room rates index of 29.2% during October 2014 compared with September 2014.

The increases in prices for 'Deluxe', 'Superior' and 'Standard' hotel apartments by 3.4%, 2.3% and 0.4% caused an increase in the hotel apartments room rates index of 2.4% during October 2014 compared with September 2014. Table (2) shows the price indices and relative changes for all hotel categories and hotel apartments during October 2014 compared with September 2014.

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

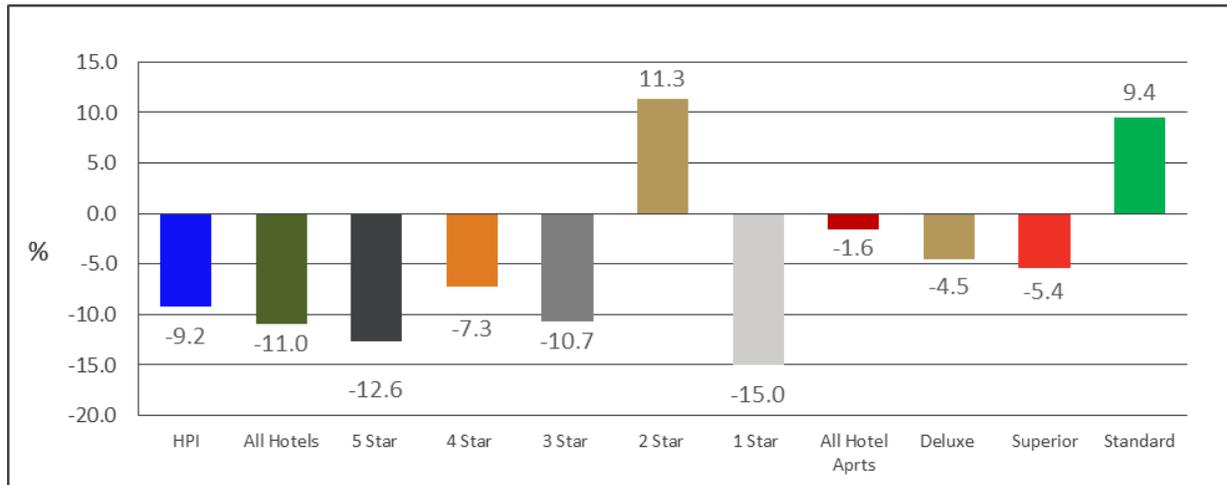
Hotel Establishments		September 2014	October 2014	Relative change %
General Index		84.6	103.8	22.7
Hotels	All Hotels	81.6	105.4	29.2
	5 Star	78.6	109.4	39.2
	4 Star	86.2	100.7	16.9
	3 Star	86.6	94.7	9.3
	2 Star	99.3	116.7	17.6
	1 Star	79.5	87.3	9.8
Hotel Apartments	All Hotel Apartments	95.5	97.8	2.4
	Deluxe	97.2	100.5	3.4
	Superior	101.7	104.0	2.3
	Standard	87.8	88.1	0.4

Source: Statistics Centre – Abu Dhabi

3. Hotel price index during October 2014 compared with October 2013

The hotel establishments price index decreased by 9.2% during October 2014 compared with October 2013. This decrease was caused by a decrease of 11.0% in the prices of hotel rooms, although the rates of hotel apartments decreased by 1.6%. Figure (1) shows the average percent changes in hotel rates during October 2014 compared with October 2013 by categories of hotels.

Figure (1): Percent change in hotel rates during October 2014 compared with October 2013 by categories of hotels



Source: Statistics Centre – Abu Dhabi

The figure above shows a 11.0% decrease in hotel room rates during October 2014 compared with October 2013. The decrease was caused by the decrease in the prices of ‘Five-star’ hotels by 12.6%, ‘Four-star’ hotels by 7.3%, ‘Three-star’ hotels by 10.7% and ‘One-star’ hotels by 15.0%, while ‘Two-star’ hotels increased by 11.3%.

The rate of hotel apartment rooms decreased by 1.6% during October 2014 compared with October 2013, mainly due to the decreases in ‘Deluxe’ hotel apartments by 4.5% and ‘Superior’ hotel apartments 5.4%, while ‘Standard’ hotel apartments increased by 9.4%.

Table (3): Index prices and relative changes according to the Laspeyres formula during October 2014 compared with October 2013 (2012=100).

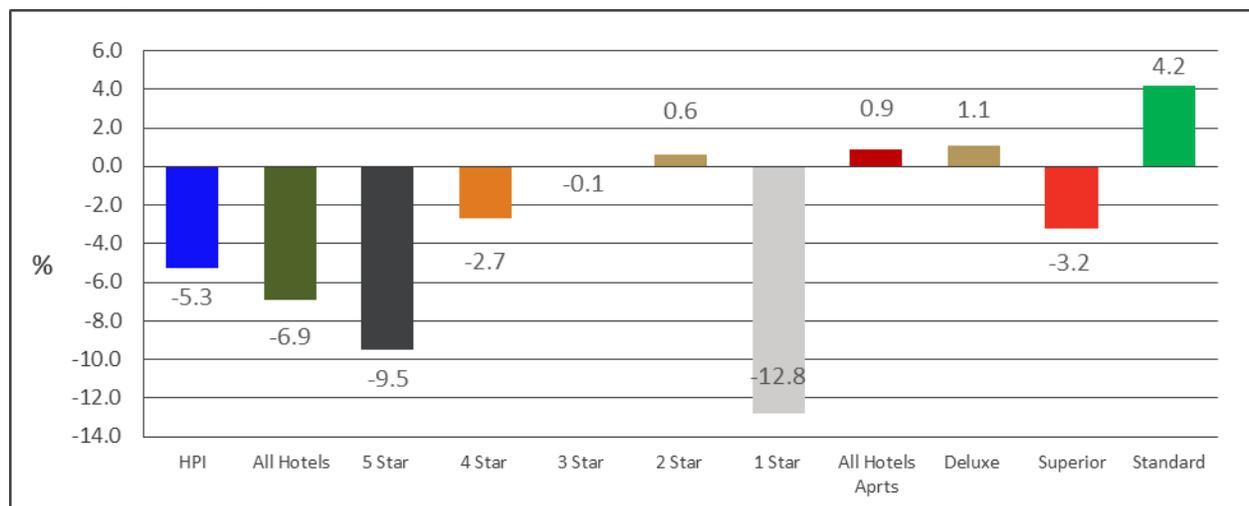
Hotel Establishments		October 2013	October 2014	Relative Change %
General Index		114.4	103.8	-9.2
Hotels	All Hotels	118.5	105.4	-11.0
	5 Star	125.2	109.4	-12.6
	4 Star	108.7	100.7	-7.3
	3 Star	106.1	94.7	-10.7
	2 Star	104.9	116.7	11.3
	1 Star	102.7	87.3	-15.0
Hotel Apartments	All Hotel Apartments	99.5	97.8	-1.6
	Deluxe	105.3	100.5	-4.5
	Superior	109.9	104.0	-5.4
	Standard	80.5	88.1	9.4

Source: Statistics Centre – Abu Dhabi

4. The cumulative hotel price index (Jan-Oct 2014) compared with the same period in 2013

The cumulative index of hotel establishments prices (Jan-Oct 2014) decreased by 5.3% compared with the same period in 2013. The hotels room rates decreased by 6.9%, while the rate of hotel apartment rooms increased by 0.9%. Figure (2) and table (4) show the cumulative indices prices and relative changes during the period of (Jan-Oct 2014) compared with the same period in 2013.

Figure (2): Cumulative rates of percent changes (Jan 2014 to Oct 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 the Laspeyres formula (Jan to Oct 2014) compared with the same period in 2013 (2012=100).

Hotel Establishments		(Jan to Oct) 2013	(Jan to Oct) 2014	Relative change %
General Index		98.3	93.1	-5.3
Hotels	All Hotels	99.1	92.3	-6.9
	5 Star	102.5	92.7	-9.5
	4 Star	95.0	92.4	-2.7
	3 Star	89.8	89.8	-0.1
	2 Star	92.7	93.2	0.6
	1 Star	101.7	88.6	-12.8
Hotel Apartments	All Hotel Apartments	95.1	95.9	0.9
	Deluxe	98.6	99.7	1.1
	Superior	106.8	103.4	-3.2
	Standard	79.8	83.2	4.2

Source: Statistics Centre – Abu Dhabi

Next release

The hotel price index statistics, for November 2014 will be released on 4 January 2015. 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 the hotel establishments 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 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 both base year weights and the comparison period weights.

Categories		Base year weights (2012)	Comparison period weights (October 2014)
Hotel Establishments		100.0	100.0
Hotels	All Hotels	78.3	82.5
	5 Star	48.7	53.2
	4 Star	18.5	16.7
	3 Star	8.6	10.0
	2 Star	1.2	1.4
	1 Star	1.3	1.2
Hotel Apartments	All Hotel Apartments	21.7	17.5
	Deluxe	11.7	10.5
	Superior	4.1	4.9
	Standard	5.8	2.1

Source: Statistics Centre – Abu Dhabi

Disclaimer

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