

مركز الإحصاء  
STATISTICS CENTRE



# Hotel Price Index

June 2014



August 10 th, 2014

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

## Introduction

The tourism sector in the United Arab Emirates is one of the most important sectors that has evolved remarkably in the last years. The Emirate of Abu Dhabi is one of the attractive tourist regions in the Middle East because of the development of the construction and services in the tourism sector. Hotels are considered as the fundamental base of the tourism sector. In general, the services' prices provided by hotels are considered as one of the most important factors in attracting tourism.

Based on that, the Statistics Center - Abu Dhabi (SCAD) has decided to construct a price statistical indicator to measure the movements of the hotel room rates in Abu Dhabi. This indicator provides price movements in the hotel establishments at the categories of hotels adopted by Abu Dhabi Tourism & Culture Authority. Where hotels are categorized from one star to five stars, while hotel apartments are categorized as "Deluxe", "Standard" and "Superior". It is worth mentioning that the index is compiled to be calculated through Fisher formula (the ideal index).

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 others to know the change of the hotel room rates, which contribute to increased transparency and development of the Emirate of Abu Dhabi.

## Key Points

This report provides an analysis of the hotel establishments price index during the month of June 2014 compared with May 2014 and the same period of 2013:

### Hotel price index (Hotel establishments)

- The HPI decreased during the month of June 2014 from 90.6 in May 2014 to 80.1 in June 2014, which shown decreased by 11.5%.
- The HPI decreased by 3.8% in June 2014 compared with June 2013 HPI was decreased from 83.3 in June 2013 to 80.1 during the month of June 2014.
- HPI for the first five months in 2014 decreased by 5.7% compared with the same period in 2013.

### Hotel price index

- The hotel room rates decreased by 14.2% during June 2014 compared with May 2014.
- The hotel room rates decreased by 5.1% during June 2014 compared with June 2013.
- The hotel room rates decreased by 7.2% during the first five months in 2014 compared with the same period in 2013.

### Hotel apartments price index

- The hotel apartments room rates decreased by 3.6% during June 2014 compared with May 2014.
- The hotel apartments room rates decreased by 0.8% during June 2014 compared with June 2013.
- The hotel apartments room rates increased by 0.5% during the first five months in 2014 compared with the same period in 2013.

## 1. Hotel price index during June 2014 compared with May 2014

The hotel establishments price Index decreased by 11.5% during June 2014 compared with May 2014, where it recorded 80.1 in June, while in recorded 90.6 in May 2014. This is mainly as a result of the decrease in hotel room rates by 14.2% which are an important weight in the hotel price index accounting for 78.3%. There was also a decrease in the hotel apartments room rates by 3.6%.

The decreases in hotel room rates by 14.2% are as a result of the decreases in prices for “five-stars”, “four-stars”, “three-stars”, “two-stars” and “one-star” “hotels by 17.5%, 8.1%, 12.4%, 2.5% and 16.1% respectively during June 2014 compared with May 2014.

The decreases in prices for “Deluxe”, “Standard” and “Superior” hotel apartments by 2.5%, 5.7% and 4.1% led to a decrease in overall hotel apartments room rates by 3.6%. Table (1) shows the index prices and rates of change for all hotels categories during June 2014 compared to May 2014.

Table (1): index prices and relative change during June 2014 compared May 2014.

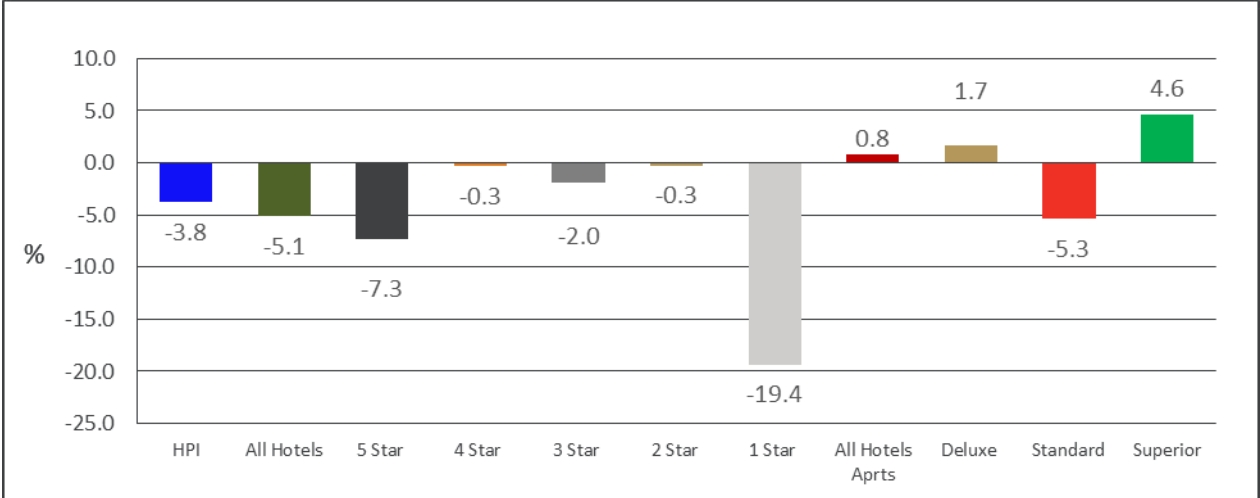
Hotel Establishmnets		May 2014	June 2014	Relative change %
<b>General Index</b>		<b>90.6</b>	<b>80.1</b>	<b>-11.5</b>
<b>Hotels</b>	<b>All Hotels</b>	<b>89.0</b>	<b>76.3</b>	<b>-14.2</b>
	<b>5 Star</b>	88.5	73.0	-17.5
	<b>4 Star</b>	90.2	82.9	-8.1
	<b>3 Star</b>	88.5	77.5	-12.4
	<b>2 Star</b>	91.3	89.0	-2.5
	<b>1 Star</b>	91.7	76.9	-16.1
<b>Hotel Apartments</b>	<b>All Hotel Apartments</b>	<b>96.8</b>	<b>93.3</b>	<b>-3.6</b>
	<b>Deluxe</b>	98.5	96.1	-2.5
	<b>Standard</b>	104.0	98.1	-5.7
	<b>Superior</b>	84.0	80.6	-4.1

Source: Statistics Centre – Abu Dhabi

## 2. Hotel price index during June 2014 compared with June 2013

The hotel establishments price index decreased during June 2014 compared with June 2013 by 3.8%, as the rate of hotel rooms recorded a decrease of 5.1%, while the rate of hotels apartments increased by 0.8% as shown in Figure (1).

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



Source: Statistics Centre – Abu Dhabi

The figure above shows the decreases in hotels room rates of 5.1% during June 2014 compared with June 2013 as a result of the decrease in prices of “five-stars” hotels by 7.3%, “four-stars” hotels by 0.3%, “three-stars” hotels by 2.0%, “two-stars” hotels by 0.3% and “one-star” hotel by 19.4%.

On the other hand the rate of hotels apartments rooms showed an increase of 0.8% during June 2014 compared with June 2013. with increases in most hotel apartments categories. The prices of “Deluxe” and “Superior” hotel apartments increased by 1.7%, and 4.6%, while the prices of “Standard” hotel apartments decreased by 5.3%.

Table (2): index prices and relative change during June 2014 compared June 2013.

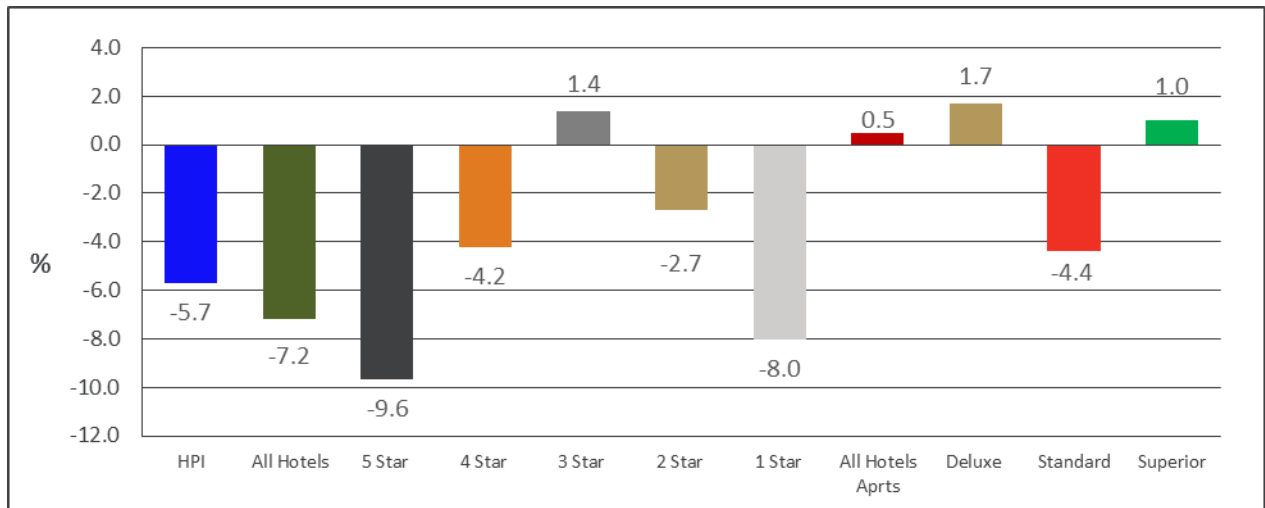
Hotel Establishments		June 2013	June 2014	Relative Change %
General Index		83.3	80.1	-3.8
Hotels	All Hotels	80.4	76.3	-5.1
	5 Star	78.7	73.0	-7.3
	4 Star	83.1	82.9	-0.3
	3 Star	79.1	77.5	-2.0
	2 Star	89.2	89.0	-0.3
	1 Star	95.3	76.9	-19.4
Hotel Apartments	All Hotels Apartments	92.6	93.3	0.8
	Deluxe	94.5	96.1	1.7
	Standard	103.6	98.1	-5.3
	Superior	77.0	80.6	4.6

Source: Statistics Centre – Abu Dhabi

### 3. The cumulative hotel price index for first five months compared with the same period in 2013

The cumulative index of hotel establishments prices (Jan 2014 to June 2014) decreased by 5.7% compared with the same period in 2013. The hotels room rates decreased by 7.2% while the rate of hotel apartments rooms increased by 0.5%. Figure (2) and table (3) show the cumulative indices prices and relatives changes.

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



Source: Statistics Centre – Abu Dhabi

Table (3): Cumulative index of prices and cumulative relative change (Jan 2014 to June 2014) compared with the same period in 2013

Hotel Establishmnets		(Jan to June) 2013	(Jan to June) 2014	Relative change %
General Index		<b>103.5</b>	<b>97.6</b>	<b>-5.7</b>
Hotels	All Hotels	<b>105.0</b>	<b>97.5</b>	<b>-7.2</b>
	5 Star	110.0	99.4	-9.6
	4 Star	99.6	95.4	-4.2
	3 Star	91.1	92.4	1.4
	2 Star	93.3	90.8	-2.7
	1 Star	101.4	93.3	-8.0
Hotel Apartments	All Hotel Apartments	<b>97.4</b>	<b>97.8</b>	<b>0.5</b>
	Deluxe	99.3	101.0	1.7
	Standard	109.1	104.3	-4.4
	Superior	81.2	82.1	1.0

Source: Statistics Centre – Abu Dhabi

### Next release

The hotel price index statistics, for July 2014 will be released on 10 September 2014. For more information about prices indices and other official statistics, please visit the SCAD website at <http://www.scad.ae>.



## **Methodology**

The classifications of hotels price index that have been provided to us by Abu Dhabi Tourism & Culture Authority within the emirate, which kindly provided us with all the data on calculating this price index to support this statistical indicator. This administrative data is of the highest credibility and accuracy, which helps to produce indicators of high quality, accuracy and transparency, which contribute 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. And it shows the time series of changes in the prices of hotel rooms by categories approved for hotels in the emirate of Abu Dhabi.

## **The HPI important for a number of reasons**

1. To know the changes in the prices of hotel rooms in the emirate of Abu Dhabi as by the region and the hotels categories.
2. It is used as a reference tool by media, analysts and hotel owners and tourism bodies and academics.
3. It provides data for the calculation of other statistical indicators such as the CPI, and GDP produced by Statistics Centre - Abu Dhabi.
4. To understand 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. Used in auditing to see serious changes in prices and predict any price spikes in the price of hotel rooms by decision-makers and politicians makers.
6. To understand the evolution of the movement in the prices of hotel rooms during the seasonal year in order to serve domestic and foreign tourism.



## Weights

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

The weight class hotel reflects the relative importance of the class. It is calculated by weight category (x) by dividing (total income for category hotels (x) ) on (total income for all hotel categories) for both base year weights and the comparison period weights.

Categories		Base year wights	Comparison period weights (Jan 2014)
Hotel Establishmnets		<b>100.0</b>	<b>100.0</b>
Hotels	All Hotels	<b>78.3</b>	<b>77.1</b>
	5 Star	48.7	42.7
	4 Star	18.5	19.7
	3 Star	8.6	12.4
	2 Star	1.2	1.0
	1 Star	1.3	1.3
Hotel Apartments	All Hotel Apartments	<b>21.7</b>	<b>22.9</b>
	Deluxe	11.7	13.1
	Standard	4.1	6.6
	Superior	5.8	3.2

Source: Statistics Centre – Abu Dhabi

## Disclaimer

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