

مركز الإحصاء  
STATISTICS CENTRE



# Hotel Price Index

August 2014



October 15<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. 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 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 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 by 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 August 2014 compared with July 2014 and August 2013 (2012=100).

### General index

- The hotel establishments price index increased by 2.5% during the month of August 2014 compared with July 2014. The index increased from 78.4 points in July 2014 to 80.4 points in August 2014.
- The hotel establishments price index decreased by 5.0% in August 2014 compared with August 2013. The index was 84.6 points in August 2013 and decreased to 80.4 points in August 2014.
- The cumulative hotel establishments price index (Jan-Aug 2014) decreased by 5.1% compared with the same period in 2013.

### Hotel index

- The hotel room rates index increased by 1.9% during August 2014 compared with July 2014.
- The hotel room rates index decreased by 7.1% during August 2014 compared with August 2013.
- The cumulative hotel room rates index (Jan-Aug 2014) decreased by 6.6% compared with the same period in 2013.

### Hotel apartments index

- The hotel apartments room rates index increased by 4.4% during August 2014 compared with July 2014.
- The hotel apartments room rates index increased by 1.7% during August 2014 compared with August 2013.
- The cumulative hotel apartments room rates index (Jan-Aug 2014) increased by 0.8% compared with the same period in 2013.

## 1. Hotel price indices for August 2014

The hotel establishments price index was recorded at 80.4 points, according to the Laspeyres formula, 81.9 points according to the Paasche formula, and 81.1 points, according to the Fisher formula in August 2014. The following table shows the indices of all categories of hotels and hotel apartments by formulas for Laspeyres, Paasche and Fisher in August 2014.

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

Hotel Establishments		Laspeyres	Paasche	Fisher
General Index		<b>80.4</b>	<b>81.9</b>	<b>81.1</b>
Hotels	All Hotels	<b>76.2</b>	<b>77.1</b>	<b>76.6</b>
	5 Star	71.7	71.7	71.7
	4 Star	83.6	83.6	83.6
	3 Star	82.2	82.2	82.2
	2 Star	91.2	91.2	91.2
	1 Star	84.5	84.5	84.5
Hotel Apartments	All Hotel Apartments	<b>95.4</b>	<b>97.8</b>	<b>96.6</b>
	Deluxe	97.6	97.6	97.6
	Superior	104.2	104.2	104.2
	Standard	84.8	84.8	84.8

Source: Statistics Centre – Abu Dhabi

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

The hotel establishments room rates index increased by 2.5% during August 2014 compared with July 2014, when the index increased from 78.4 points in July 2014 to 80.4 points in August 2014. The increase was mainly caused by an increase of 1.9% in the hotel room rates index and by an increase of 4.4% in the hotel apartment's room rates index.

The increase in all hotel categories of ranged between 0.6% and 13.5% and contributed to an increase in the hotel room rates index of 1.9% during August 2014 compared with July 2014.

The increases in prices for ‘Deluxe’, ‘Superior’ and ‘Standard’ hotel apartments by 2.4%, 6.3% and 7.8% respectively, contributed to an increase in the hotel apartment’s room rates index by 4.4% during August 2014 compared with July 2014. Table (2) shows the price indices and relative changes for all hotel categories during August 2014 compared with July 2014.

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

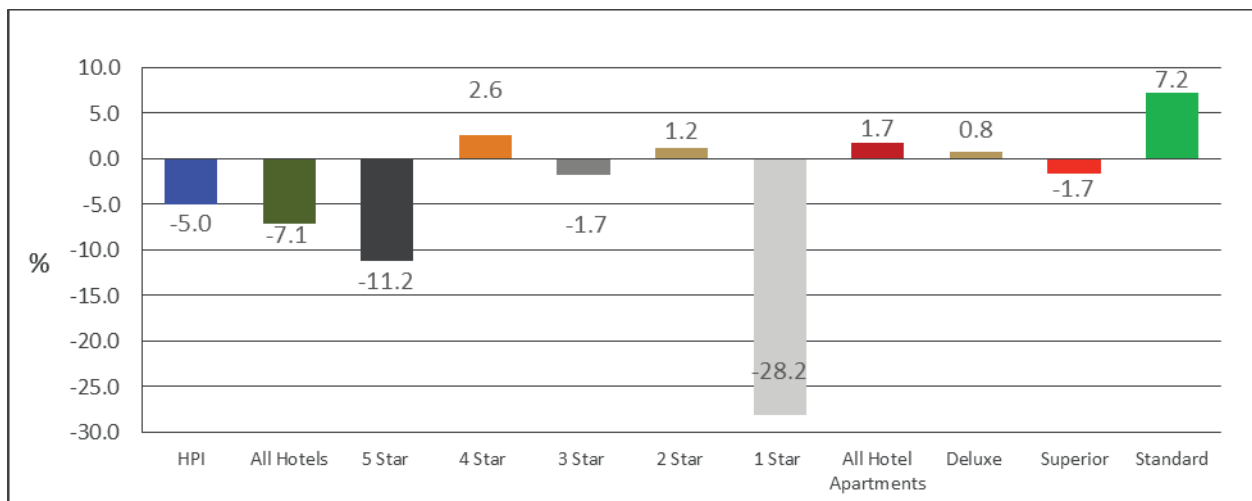
Hotel Establishments		July 2014	August 2014	Relative change %
General Index		<b>78.4</b>	<b>80.4</b>	<b>2.5</b>
Hotels	All Hotels	<b>74.8</b>	<b>76.2</b>	<b>1.9</b>
	5 Star	71.3	71.7	0.6
	4 Star	81.0	83.6	3.1
	3 Star	80.0	82.2	2.7
	2 Star	80.3	91.2	13.5
	1 Star	75.6	84.5	11.8
Hotel Apartments	All Hotel Apartments	<b>91.4</b>	<b>95.4</b>	<b>4.4</b>
	Deluxe	95.4	97.6	2.4
	Superior	98.0	104.2	6.3
	Standard	78.6	84.8	7.8

Source: Statistics Centre – Abu Dhabi

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

The hotel establishments price index decreased by 5.0% during August 2014 compared with August 2013. This decrease was caused by a decrease of 7.1% in the prices of hotel rooms, while the rates of hotels apartments increased by 1.7%. Figure (1) shows the average changes in hotel rates during August 2014 compared with August 2013 by categories of hotels.

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



Source: Statistics Centre – Abu Dhabi

The figure above shows a 7.1% decrease in hotel room rates during August 2014 compared with August 2013. Prices of ‘Five-star’ hotels decreased by 11.2%, ‘Three-star’ hotels by 1.7% and ‘One-star’ hotels by 28.2%, while ‘Four-star’ and ‘Two-star’ hotels increased by 2.6% and 1.2% respectively.

The rate of hotel apartment rooms increased by 1.7% during August 2014 compared with August 2013, mainly due to of the increases in ‘Deluxe’ and ‘Standard’ hotel apartments by 0.8% and 7.2% respectively. Over the same period ‘Superior’ hotel apartments decreased by 1.7%.

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

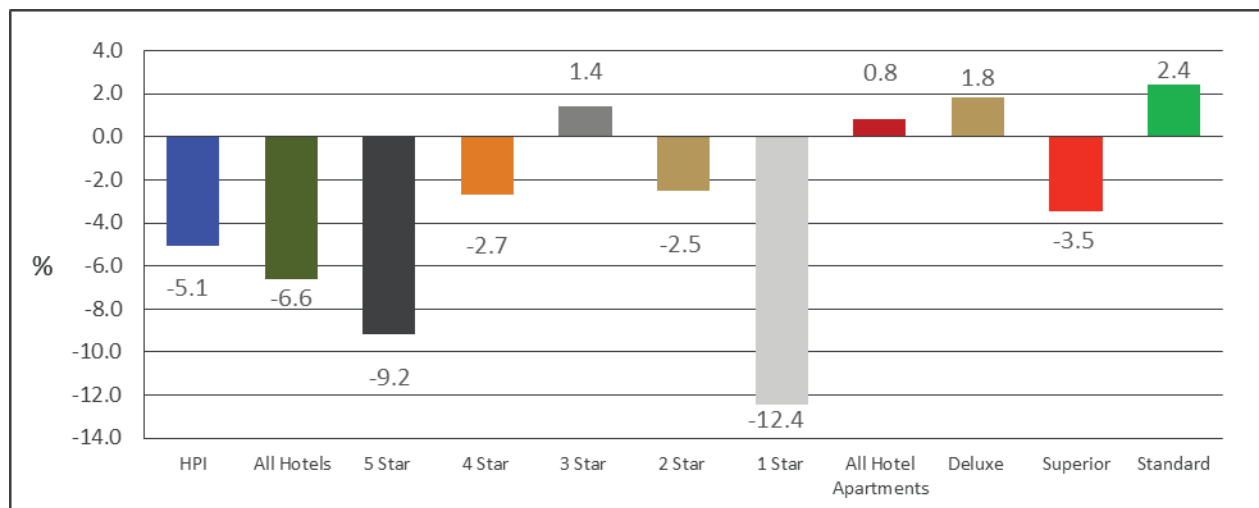
Hotel Establishments		August 2013	August 2014	Relative Change %
<b>General Index</b>		<b>84.6</b>	<b>80.4</b>	<b>-5.0</b>
<b>Hotels</b>	<b>All Hotels</b>	<b>82.0</b>	<b>76.2</b>	<b>-7.1</b>
	<b>5 Star</b>	80.8	71.7	-11.2
	<b>4 Star</b>	81.5	83.6	2.6
	<b>3 Star</b>	83.6	82.2	-1.7
	<b>2 Star</b>	90.1	91.2	1.2
	<b>1 Star</b>	117.6	84.5	-28.2
<b>Hotel Apartments</b>	<b>All Hotel Apartments</b>	<b>93.8</b>	<b>95.4</b>	<b>1.7</b>
	<b>Deluxe</b>	96.9	97.6	0.8
	<b>Superior</b>	106.0	104.2	-1.7
	<b>Standard</b>	79.1	84.8	7.2

Source: Statistics Centre – Abu Dhabi

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

The cumulative index of hotel establishments prices (Jan-Aug 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 0.8%. Figure (2) and table (4) show the cumulative indices prices and relative changes during the period of (Jan-Aug 2014) compared with the same period in 2013.

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

Hotel Establishments		(Jan to Aug) 2013	(Jan to Aug) 2014	Relative change %
General Index		97.7	92.8	-5.1
Hotels	All Hotels	98.5	92.0	-6.6
	5 Star	101.8	92.4	-9.2
	4 Star	94.7	92.1	-2.7
	3 Star	88.3	89.6	1.4
	2 Star	91.9	89.5	-2.5
	1 Star	102.7	90.0	-12.4
Hotel Apartments	All Hotel Apartments	94.9	95.7	0.8
	Deluxe	98.0	99.8	1.8
	Superior	107.2	103.5	-3.5
	Standard	80.0	82.0	2.4

Source: Statistics Centre – Abu Dhabi

### Next release

The hotel price index statistics, for September 2014 will be released on 9 November 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 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 it 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 (August 2014)
Hotel Establishments		100.0	100.0
Hotels	All Hotels	78.3	76.5
	5 Star	48.7	41.2
	4 Star	18.5	19.7
	3 Star	8.6	13.5
	2 Star	1.2	0.9
	1 Star	1.3	1.3
Hotel Apartments	All Hotel Apartments	21.7	23.5
	Deluxe	11.7	13.5
	Superior	4.1	6.8
	Standard	5.8	3.1

Source: Statistics Centre – Abu Dhabi

## Disclaimer

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