



مركز الإحصاء
STATISTICS CENTRE

Hotel Price Index

Methodology

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Overview

The Emirate of Abu Dhabi is one of the attractive tourist destinations in the Middle East, given the emirate's developed infrastructure and services in the tourism sector. Hotels are considered as the fundamental base of the tourism sector. Hotel stay prices is a key factor affecting a destination's appeal to tourists.

The Hotel Prices Index (HPI) tracks price movements on a monthly basis at hotels and categorise them under different classification groups. It helps the decision-takers, policy-makers, tourists, travel agencies and others to identify changes of the hotel room prices, which contribute to increased transparency and development of the Emirate of Abu Dhabi.

The Index is a statistical indicator of hotel room prices that measures the movements of rates in Abu Dhabi. It uses the categories of hotels adopted by the Abu Dhabi Department of Culture & Tourism (DCT) where hotels are classified from one-to-five stars, and hotel apartments are classified as 'Deluxe', 'Standard' and 'Superior'.

Statistics Centre - Abu Dhabi uses record data collected by the DCT to develop this statistical index by applying the Laspeyres formula. The base year's weights and prices were updated to refer to the base period of 2019.

Importance

The HPI is important because of the data it provides to the tourists, citizens, residents, and other target users (companies, tour operators, and agencies). The Index shows the series of changes in the hotel seasonal prices every year to serve the domestic and foreign tourism market.

Objectives

- To know the changes in the hotel rates by category in Abu Dhabi.
- To provide a reference tool of interest to the media, hotel owners, analysts, tourism agencies and academics.
- To understand temporary changes in hotel rates over the year, which would serve tourists, citizens, residents and other users (companies and tour operators and travel agencies).
- To give decision- and policy-makers an analytical tool that they can use to identify and predict hotel price changes.
- To be used in developing other statistical indices (Short-term economic indicators, and Gross Domestic Product (GDP) at constant prices).

Concepts and Definitions

The Hotel Price Index: statistical indicator which measures the relative change of hotel prices compared to the base-year (100=2019). It shows the time series of price changes by categories approved for hotels in Abu Dhabi.

Relative Change: a statistical indicator that measures the percentage change in the hotel price index between two different time periods.

Weight: reflects the relative importance of each hotel category. It is calculated by dividing the total income for a category by the total income for all hotel categories.

Comparison Period Price: the hotel price per night in the current time period.

Base Period Price: the hotel price per night in the base period.

Total Revenues: Revenue generated by hotels from all operations, including service charges and taxes.

Coverage (Geographical locations – Statistical units)

This publication is based on record data issued by the Department of Culture and Tourism, which includes all licensed hotel facilities in Abu Dhabi under the approved classifications.

Frequency

The Hotel Price Index report is issued on a monthly basis.

Classifications

The Hotel Price Index publication is based on the classifications adopted by the Department of Culture and Tourism in Abu Dhabi. Hotels are rated on a scale starting from one star to five stars, while hotel apartments are rated according to three levels that are luxurious, excellent and ordinary.

One-star hotels: Only basic services are available in these hotels. Hotel guests may share bathrooms and public facilities, and there is likely no indoor restaurant or cafe.

Two-star hotels: Room options are limited, as is the case in one-star hotels, there can be a TV and a telephone in the room, and there are also in-suite bathrooms, a restaurant or a cafe in the hotel. Levels of service, cleanliness and maintenance are better.

Three-star hotels: There are several categories of rooms for three-star hotel guests, as well as a restaurant, simple gym, and a conference room or business center. Room service must also be available in addition to the internet service, private bathrooms and a telephone system inside rooms to communicate with the reception at the hotel.

Four-star hotels: The four-star hotels provide a higher level of quality of service, and a variety of rooms are available, including suites. There can also be many restaurants, cafes and commercial facilities, in addition to concierge services, swimming pools and a gym.

Five-star hotels: All the comforts of four-star properties are available in five-star hotels, as well as exceptional levels of guest service and high standards of cleanliness, hospitality and maintenance.

Standard room: a small room suitable for one or two persons.

Superior room: It is slightly larger than Standard rooms, and is suitable for two people.

Deluxe room: Standard medium room suitable for two people and small families, and an extra bed may be available in some rooms.

Table 1: Abu Dhabi hotel classifications approved by the Department of Culture and Tourism

Hotel Classifications	
All hotel establishments	
	All hotels
	5 Stars
	4 Stars
Hotels	3 Stars
	2 Stars
	1 Star
	All apartment hotels
	Deluxe
Hotel Apartments	Superior
	Standard

Main Data Sources

The Hotel Price Index is calculated by the Statistics Centre - Abu Dhabi. The required data and tables are collected from the Department of Culture and Tourism in Abu Dhabi on a monthly basis, and no statistical treatments are carried out on the data received.

Data Collection Templates/Forms

A form was designed to collect data for hotel establishments in cooperation with the Department of Culture and Tourism in Abu Dhabi. Data is received on a monthly basis.

Data Collection Approach

Hotel establishments have technical connections integrated with the DCT's Hotel Revenue & Tourism Statistics. This allows automation of data collection from Abu Dhabi hotels on a daily basis. According to the cooperation agreements between the two sides, the Statistics Centre - Abu Dhabi receives hotel data monthly via email. The electronic integration with the DCT system is in process.

Data Editing

The data received from the Department of Culture and Tourism is edited by checking the room prices and totals of numbers before comparing them to the previous months. All numbers that exceed the predefined limits are re-examined against the analysis outcomes of the previous years' data. For any inquiries or comments, the DCT should be directly contacted for verification.

Indicators Calculation

First: Weight Calculation

Weights calculation depends on the revenues. The total revenues of a hotel for the base year (2019) = 100. Accordingly, the weights of a main hotel category and sub-categories' are calculated, using this formula:

$$\text{Category Weight} = \frac{\text{Revenues of the category}}{\text{Gross total}} \times 100$$

Second: Index Calculation

The Hotel Price Index is calculated by working out the elements of the Laspeyres formula. The index number depends on the base year weights (2019).

$$HPI = \sum \frac{P_1}{P_0} \times W_0$$

Where:

HPI = The Hotel Price Index

P_1 = Current Price

P_0 = Base Year Price

W_0 = Base Year Weight

The general Price Index is calculated at the main category level via summation of the sub-category price indices.

Third: Relative Change Calculation

Relative Change in the Price Index is calculated compared to the previous month/same month of last year, through this formula:

$$RC = \frac{HPI_1}{HPI_0} \times 100 - 100$$

Where:

RC = Current Price

HPI_1 = The Hotel Price Index

HPI_0 = The Hotel Price Index

Timeliness

The HPI report is published monthly within 60 days from the last day of the reference month.

Dissemination

The Hotel Price Index is published monthly on the website of the Statistics Centre – Abu Dhabi.



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