

مركز الإحصاء
STATISTICS CENTRE



Hotel Price Index

November 2014



January 2015

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

General index

- The hotel establishments price index increased by 31.8% during the month of November 2014 compared with October 2014. The index increased from 103.8 points in October 2014 to 136.8 points in November 2014.
- The hotel establishments price index increased by 2.3% in November 2014 compared with November 2013. The index was 133.8 points in November 2013 and increased to 136.8 points in November 2014.
- The cumulative hotel establishments price index (Jan-Nov 2014) decreased by 4.4% compared with the same period in 2013. The cumulative Index was 101.5 points in 2013 and decreased to 97.0 points in 2014.

Hotel index

- The hotel room rates index increased by 36.3% during November 2014 compared with October 2014.
- The hotel room rates index increased by 1.7% during November 2014 compared with November 2013.
- The cumulative hotel room rates index (Jan-Nov 2014) decreased by 5.8% compared with the same period in 2013.

Hotel apartments index

- The hotel apartments room rates index increased by 14.3% during November 2014 compared with October 2014.
- The hotel apartments room rates index increased by 5.0% during November 2014 compared with November 2013.
- The cumulative hotel apartments room rates index (Jan-Nov 2014) increased by 1.3% compared with the same period in 2013.

1. Hotel price index for November 2014

The hotel establishments price index was recorded at 136.8 points in November 2014, according to the Laspeyres formula, 139.5 points according to the Paasche formula, and 138.1 points, according to the Fisher formula in November 2014. The following table shows the indices of all categories of hotels and hotel apartments by formulas for Laspeyres, Paasche and Fisher in November 2014.

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

Hotel Establishments	Laspeyres	Paasche	Fisher
General Index	136.8	139.5	138.1
All Hotels	143.7	144.0	143.8
Hotels			
5 Star	143.3	143.3	143.3
4 Star	153.9	153.9	153.9
3 Star	135.1	135.1	135.1
2 Star	111.8	111.8	111.8
1 Star	101.0	101.0	101.0
All Hotel Apartments	111.9	113.7	112.8
Hotel Apartments			
Deluxe	116.9	116.9	116.9
Superior	111.7	111.7	111.7
Standard	101.8	101.8	101.8

Source: Statistics Centre – Abu Dhabi

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

The hotel establishments room rates index increased by 31.8% during November 2014 compared with October 2014, when the index increased from 103.8 points in October 2014 to 136.8 points in November 2014. The increase was mainly caused by an increase of 36.3% in the hotel room rates index and by an increase of 14.3% in the hotel apartment's rates index.

The increase in most hotel categories ranged between 15.7% and 52.8%, causing an increase in the hotel room rates index of 36.3% during November 2014 compared with October 2014.

The increases in prices for ‘Deluxe’, ‘Superior’ and ‘Standard’ hotel apartments by 16.3%, 7.4% and 15.5% caused an increase in the hotel apartments room rates index of 14.3% during November 2014 compared with October 2014. Table (2) shows the price indices and relative changes for all hotel categories and hotel apartments during November 2014 compared with October 2014.

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

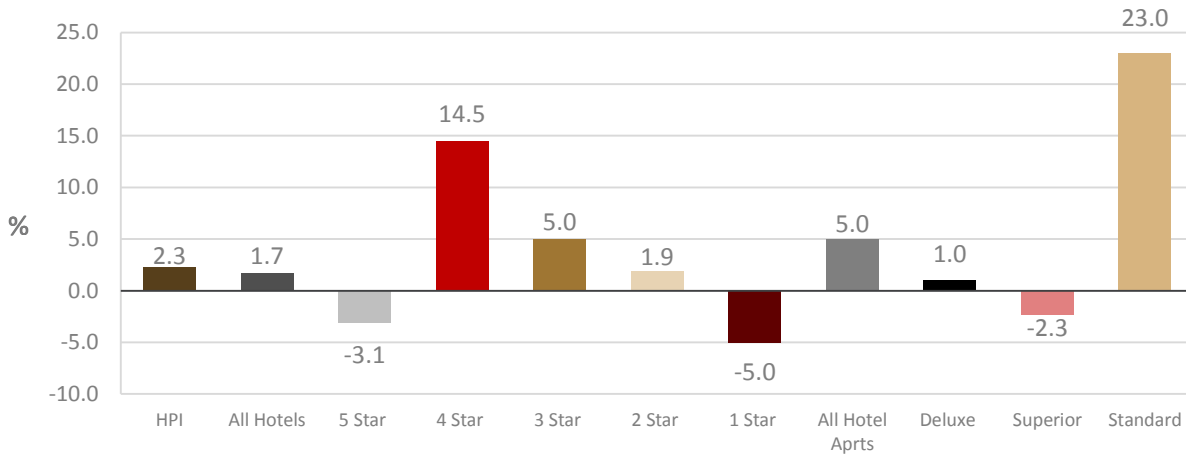
Hotel Establishments	October 2014	November 2014	Relative change %
General Index	103.8	136.8	31.8
All Hotels	105.4	143.7	36.3
Hotels			
5 Star	109.4	143.3	31.0
4 Star	100.7	153.9	52.8
3 Star	94.7	135.1	42.7
2 Star	116.7	111.8	-4.2
1 Star	87.3	101.0	15.7
Hotel Apartments	97.8	111.9	14.3
Hotels Apartments			
Deluxe	100.5	116.9	16.3
Superior	104.0	111.7	7.4
Standard	88.1	101.8	15.5

Source: Statistics Centre – Abu Dhabi

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

The hotel establishments price index increased by 2.3% during November 2014 compared with November 2013. This increase was caused by a increase of 1.7% in the prices of hotel rooms, although the rates of hotel apartments increased by 5.0%. Figure (1) shows the average percent changes in hotel rates during November 2014 compared with November 2013 by categories of hotels.

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



Source: Statistics Centre – Abu Dhabi

The figure above shows a 1.7% increase in hotel room rates during November 2014 compared with November 2013. The increase was caused by the increase in the prices of ‘Four-star’ hotels by 14.5%, ‘Three-star’ hotels by 5.0%, ‘Two-star’ hotels by 1.9%, while ‘Five -star’ and ‘One-star’ hotels decreased by 3.1% and 5.0% respectively.

The rate of hotel apartment rooms increased by 5.0% during November 2014 compared with November 2013, mainly due to the increases in ‘Deluxe’ hotel apartments by 1.0% and ‘Standard’ hotel apartments by 23.0%, while ‘Superior’ hotel apartments decreased by 2.3%.

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

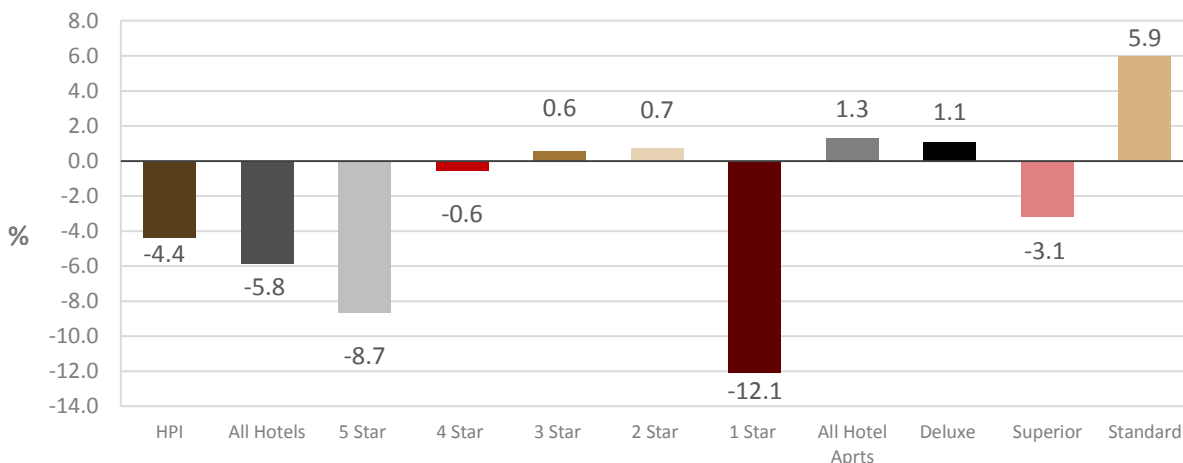
Hotel Establishments	November 2013	November 2014	Relative Change %
General Index	133.8	136.8	2.3
All Hotels	141.3	143.7	1.7
Hotels			
5 Star	147.8	143.3	-3.1
4 Star	134.5	153.9	14.5
3 Star	128.8	135.1	5.0
2 Star	109.7	111.8	1.9
1 Star	106.3	101.0	-5.0
Hotel Apartments	106.6	111.9	5.0
Hotel Apartments			
Deluxe	115.7	116.9	1.0
Superior	114.3	111.7	-2.3
Standard	82.8	101.8	23.0

Source: Statistics Centre – Abu Dhabi

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

The cumulative index of hotel establishments prices (Jan-Nov 2014) decreased by 4.4% compared with the same period in 2013. The hotels room rates decreased by 5.8%, while the rate of hotel apartment rooms increased by 1.3%. Figure (2) and table (4) show the cumulative indices prices and relative changes during the period of (Jan-Nov 2014) compared with the same period in 2013.

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

Hotel Establishments	(Jan to Nov) 2013	(Jan to Nov) 2014	Relative change %
General Index	101.5	97.0	-4.4
All Hotels	103.0	96.9	-5.8
Hotels			
5 Star	106.6	97.3	-8.7
4 Star	98.5	98.0	-0.6
3 Star	93.4	93.9	0.6
2 Star	94.2	94.9	0.7
1 Star	102.1	89.8	-12.1
Hotel Apartments			
All Hotel Apartments	96.1	97.4	1.3
Deluxe	100.1	101.2	1.1
Superior	107.5	104.1	-3.1
Standard	80.1	84.9	5.9

Source: Statistics Centre – Abu Dhabi

Next release

The hotel price index statistics, for December 2014 will be released on 4 February 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 (November 2014)
Hotel Establishments		100.0	100.0
	All Hotels	78.3	85.2
Hotels	5 Star	48.7	52.6
	4 Star	18.5	20.4
	3 Star	8.6	10.3
	2 Star	1.2	0.9
	1 Star	1.3	1.1
	All Hotel Apartments	21.7	14.8
Hotel Apartments	Deluxe	11.7	9.1
	Superior	4.1	3.8
	Standard	5.8	1.8

Source: Statistics Centre – Abu Dhabi

