

GCC Countrywide Hotel Performance Indicators

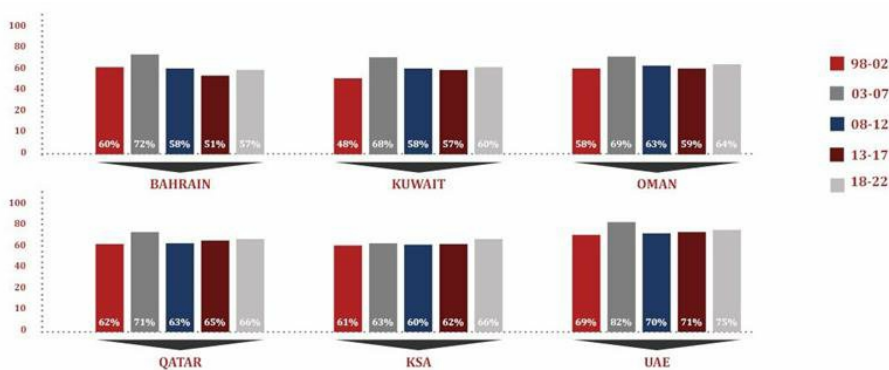
October 10, 2018 / By HVS Dubai

GCC countries have supported and grown inbound tourism in the last 15-20 years. The GCC region continues to drive growth and investment opportunities and HVS remain confident that accommodated room night demand will grow despite the aggressive development pipeline.

GCC Countrywide Occupancy

Historic (1998-2017) and Forecast – 5 Year Average

5 Year Average GCC Countrywide Occupancy with HVS Forecast

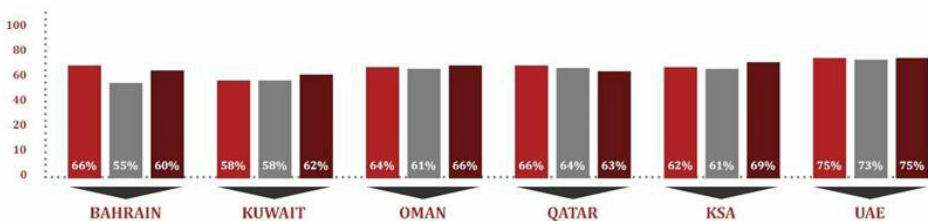


Source: HVS Research

A number of demand generators will induce additional room nights in each of the GCC countries over the next 5 and 10 years. Specifically, we forecast occupancy in Qatar to average 66% on account of the ongoing developments and the 2022 World Cup. Major projects and government initiatives in KSA will allow the country to achieve 66% countrywide occupancy in the next couple of years. UAE specifically continues to introduce new projects and Expo 2020 will support growth in occupancy to average of 75% for the next five years. Bahrain, Oman and Kuwait will also register a rise in demand attributed to the government tourism initiatives and overall policy reforms to support international investments and tourism growth.

Historic (1998-2017) and Forecast – 10 Year Average

10 Year Average GCC Countrywide Occupancy with HVS Forecast



Summary

GCC countries have supported and grown inbound tourism in the last 15-20 years. HVS remains confident that accommodated room night demand will grow despite the aggressive development pipeline.

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Source: HVS Research

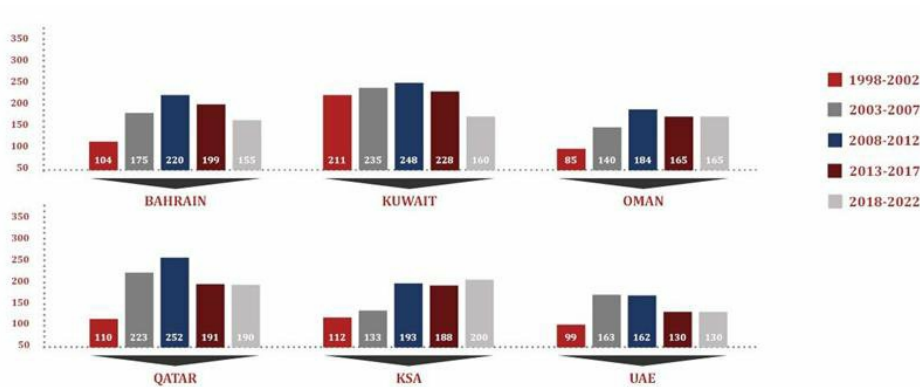
Marketwide Occupancy can be misleading when not considered in the context of supply and demand dynamics. All GCC countries have registered double digit growth in accommodated roomnight demand in the last 20 years, further illustrating the growth of the tourism sector in the region.

Historical occupancy in the GCC countries in the last 10 and 20 years averaged approximately 62% and 64% respectively, UAE consistently outperforming the GCC average hotel occupancy. HVS forecast hotel occupancy over the next 10 years: KSA is expected to register the largest growth in occupancy levels (8pp), followed by Oman and Bahrain (5pp). Despite the increase in visitation to the UAE, the strong supply pipeline will result in constrained occupancy of 75%.

GCC Countrywide Average Daily Rate

Historic (1998-2017) and Forecast – 5 Year Average

5 Year Average GCC Countrywide Average Daily Rate USD - HVS Forecast



Source: HVS Research

A review of yearly marketwide average rates across GCC countries since 1998 indicate a peak in the years 2006 to 2008, after which average rates have started to normalise and in certain cities decline.

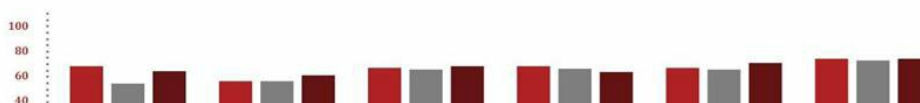
The entrance of additional hotel rooms to the GCC market will continue to impact the achievable average daily rate, despite the potential demand induced by new developments and government initiatives. HVS forecast countrywide ADR in UAE, Oman and Qatar to remain stagnant.

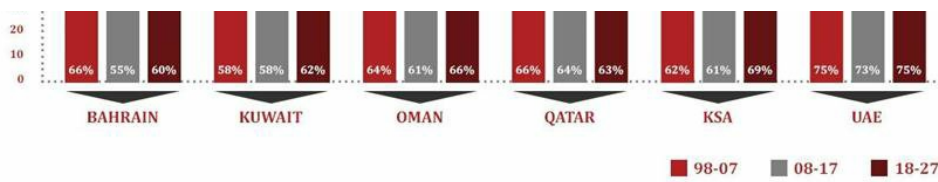
KSA is likely to benefit from the recent changes in tourism government policies; average rates across KSA is forecasted to grow to USD200.

Bahrain and Kuwait will both register further drops in market wide average rate, as a result of increased competition and the phase out of the hotel rate cartel agreement effectuated by the hotel owners' association.

Historic (1998-2017) and Forecast – 10 Year Average

10 Year Average GCC Countrywide Average Daily Rate USD - HVS Forecast





Source: HVS Research

Historical average daily rates in the GCC countries in the last 10 years averaged approximately USD197, an increase of 32% over the period 1998-2007, with Bahrain, Kuwait and Qatar overpenetrating the GCC market wide average rate.

HVS forecast KSA to achieve an ADR of USD225 over the next ten years while all other GCC countries are likely to experience a stagnation or decline in average daily rates as a result of aggressive development pipeline and increased competition.

GCC Countrywide Revenue per Available Room

Historic (1998-2017) and Forecast – 5- and 10-Year Average

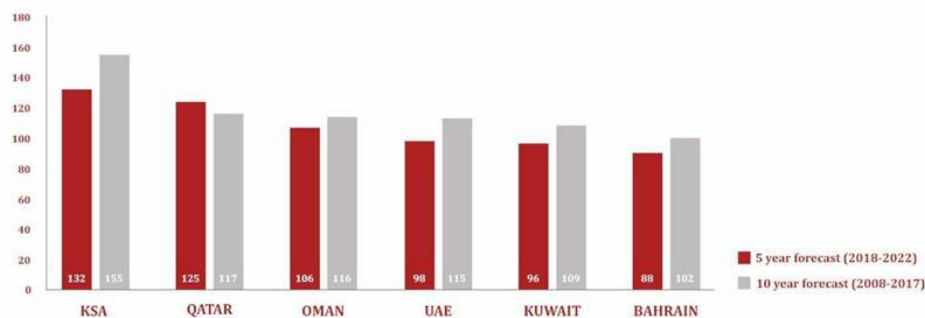
GCC Countrywide Revenue per Available Room USD - HVS Forecast

YEARS	BAHRAIN	KUWAIT	OMAN	QATAR	KSA	UAE
20 YEAR AVERAGE (1998-2017)	101	130	88	123	94	101
LAST 10 YEAR AVERAGE (2008-2017)	117	136	106	142	116	103
LAST 5 YEAR AVERAGE (2013-2017)	104	127	96	125	116	92
5 YEAR FORECAST (2018-2022)	88 ↓	96 ↓	106 ↑	125	132 ↑	98 ↑
10 YEAR FORECAST (2008-2017)	102 ↑	115 ↑	116 ↑	117 ↓	155 ↑	109 ↑

Source: HVS Research

Marketwide Revenue per Available room in the GCC dropped by 15% in the recent five years, with the exception of KSA which has remained resilient at USD116. The declining RevPAR performance is expected to continue in Bahrain and Kuwait. HVS forecasts a RevPAR increase in KSA, UAE, Oman in the next five and ten years, attributable to increased occupancy and roomnights driven by new developments.

5 Year (2018-2022) and 10 Year (2018-2027),
GCC Countrywide Revenue per Available Room USD – HVS Forecast



GCC Countrywide Performance Indicators in Summary

Occupancy

Historic GCC Countrywide Occupancy% 1998-2027 – HVS Forecast

YEARS	BAHRAIN	KUWAIT	OMAN	QATAR	KSA	UAE
1998	58	46	56	72	62	68
1999	56	47	57	61	61	67
2000	59	46	55	58	62	71
2001	62	49	62	56	60	69
2002	64	53	59	60	61	72
2003	64	84	57	72	59	74
2004	72	64	69	72	55	84
2005	75	70	80	71	61	84
2006	71	65	74	71	67	84
2007	77	58	67	71	72	84
2008	75	62	68	70	63	78
2009	68	59	62	58	64	68
2010	66	54	62	66	55	63
2011	34	58	60	59	57	70
2012	49	58	65	63	60	72
2013	49	59	58	64	63	74
2014	55	53	60	76	67	68
2015	53	53	64	69	63	71
2016	53	53	57	62	58	69
2017	52	63	55	55	55	70
20 YEAR AVERAGE (1998-2017)	61	58	62	65	61	74
LAST 10 YEAR AVERAGE (2008-2017)	55	58	61	64	61	73
LAST 5 YEAR AVERAGE (2013-2017)	61	57	59	65	62	71
5 YEAR FORECAST (2018-2022)	57	60	64	66	66	75
10 YEAR FORECAST (2018-2027)	60	62	66	63	69	75

Source: HVS Research

Average Daily Rate

Historic GCC Countrywide Average Daily Rate USD 1998-2017 – HVS Forecast

YEARS	BAHRAIN	KUWAIT	OMAN	QATAR	KSA	UAE
1998	93	204	95	116	113	104
1999	102	203	91	112	114	101
2000	105	214	86	115	117	97
2001	103	218	80	105	110	95
2002	119	216	74	100	106	100
2003	122	233	66	101	104	100
2004	132	230	82	146	110	118
2005	177	237	117	268	127	154
2006	196	239	154	296	139	196
2007	249	239	283	306	184	248
2008	259	260	213	304	186	198
2009	205	257	183	261	198	167

2010	209	241	167	230	185	154
2011	204	244	182	231	190	143
2012	221	241	173	232	206	146
2013	222	246	180	197	204	141
2014	228	243	184	201	191	146
2015	230	242	156	201	187	136
2016	170	231	131	195	182	122
2017	144	176	173	158	177	106
20 YEAR AVERAGE (1998-2017)	174	231	143	194	156	139
LAST 10 YEAR AVERAGE (2008-2017)	209	238	174	221	191	146
LAST 5 YEAR AVERAGE (2013-2017)	199	228	165	191	188	130
5 YEAR FORECAST (2018-2022)	155	160	165	190	200	130
10 YEAR FORECAST (2018-2027)	170	185	175	185	225	145

Source: HVS Research

Revenue per Available Room

Historic GCC Countrywide Revenue per Available Room USD 1998-2017 – HVS Forecast

YEARS	BAHRAIN	KUWAIT	OMAN	QATAR	KSA	UAE
1998	54	94	53	83	70	70
1999	57	94	52	69	69	68
2000	62	98	47	67	72	68
2001	64	107	50	59	66	65
2002	76	114	44	60	64	72
2003	78	196	38	73	61	74
2004	95	147	57	105	60	99
2005	133	165	94	191	78	129
2006	140	155	114	208	94	164
2007	193	139	190	218	132	208
2008	195	160	145	213	117	155
2009	139	152	113	151	127	114
2010	138	130	104	151	102	96
2011	69	142	109	136	108	101
2012	108	140	112	146	125	106
2013	108	145	103	126	128	105
2014	125	129	109	153	129	100
2015	122	128	99	139	118	97
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