

Fourth year of double-digit revPAR growth for Middle East hotels

2008-01-30

The Middle East hotel industry is still one of the fastest growing regions in the world according to year-end 2007 results from the HotelBenchmark(TM) Survey by Deloitte. Out performed only by Central and South America, the Middle East saw revenue per available room (revPAR) grow 17.0% exceeding both Asia Pacific and Europe.

The region also enjoyed its fourth year of double-digit growth. Average room rates were the main driver up 11.4% to US\$151 while occupancy increased 5.0% to 71.6%.

Across the Middle East there were stark contrasts in performance but Jordan, Oman and Egypt were the true success stories. Jordan, after experiencing a slight fall in revPAR in 2006, saw a change in fortunes in 2007. RevPAR was up 19.0% in Amman following a stable recovery from the 2005 terrorist attacks. Success was not just limited to Amman, as the ancient stone-carved city of Petra was declared one of the 'New 7 Wonders of the World'. According to the Jordan Tourism Board, tourist arrivals to Petra increased by 43% during the first 11 months of 2007 to just over half a million. The government is focusing on niche markets including the meetings, incentive, conventions and exhibitions market, as well as adventure tourism and religious travel.

The boom in Oman continued throughout 2007 as demand for hotel rooms continued to exceed supply. RevPAR in Muscat jumped 52.8% to US\$152 - giving the luxury destination the title of strongest growing market in the Middle East. The country is investing heavily in long-term tourism and is one to keep an eye on as its infrastructure develops. Room capacity is expected to double by 2012 and several mixed development tourism projects are in pipeline that will include hotels, marinas, shopping centres, golf courses and exhibitions centres.

Egypt also enjoyed double-digit revPAR growth in every market tracked by the HotelBenchmark(TM) Survey - showing further recovery from the terrorist attacks in 2005 and 2006. Popular holiday destinations saw the strongest growth with occupancy increasing 17.5% to 76.5% in the Sharm El-Sheikh. A further increase in average room rates of 10.8% to US\$58 enabled the market to achieve one of the highest revPAR growth rates across the Middle East - up 30.2 % to US\$44.

Whilst Oman and Egypt were the winners in terms of growth, Dubai not surprisingly, continued to achieve the highest absolute occupancy and average room rates at 84.2% and US\$283. However not every destination in the Middle East had a great year. RevPAR in Beirut fell 27.5% to US\$47 in 2007. Continued political instability is presenting challenges to the tourism industry and as a result a number of new hotels due to open in Beirut have been put on hold.

Lorna Clarke, Executive Director of HotelBenchmark(TM) at Deloitte commented: 'The Middle East saw revPAR grow faster in 2007 than it did in 2006 by 2.4 percentage points. This is a great achievement for the region given the amount of new supply entering the market. With the continued level of investment in infrastructure and marketing campaigns, the outlook for tourism in the Middle East looks promising for the year to come.'

Rob O'Hanlon, Tourism, Hospitality and Leisure Partner, Deloitte Middle East added: 'Hotels in the Middle East have growth rates that hoteliers in other parts of the world can only dream about. Muscat, for instance, has seen a 52.8% increase in revPAR and Dubai hotels have occupancy rates of almost 85%. This amazing hotel performance is bound to continue as analysts suggest that annual travel and tourism revenues could increase almost 90% over the next 10 years. With many ground-breaking projects coming to fruition such as the Palm Jumeirah, 2008 should be a fantastic year.'

Hotel performance in the Middle East 2007

	Occupancy	Average room rate	RevPAR	RevPAR
	(%)	(US\$)	(US\$)	Change (%)
Middle East	71.6	151	108	17.3
Muscat	70.6	216	152	52.8
Riyadh	73.8	222	164	33.6
Sharm El-Sheikh	76.5	58	44	30.2
Damascus	73.9	119	88	27.1
Alexandria	75.6	75	57	24.6
Cairo	76.1	111	85	22.4
Abu Dhabi	78.0	215	167	21.9
Dubai	84.2	283	239	17.4
Doha	69.1	233	161	-12.0
Beirut	38.0	124	47	-27.5

Source: HotelBenchmark™ Survey by Deloitte

This article comes from Hotel News Resource

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