

Annual Statistics Report

YEAR 2018

Strategy – Research & Statistics Division

2/19/2019

Contents

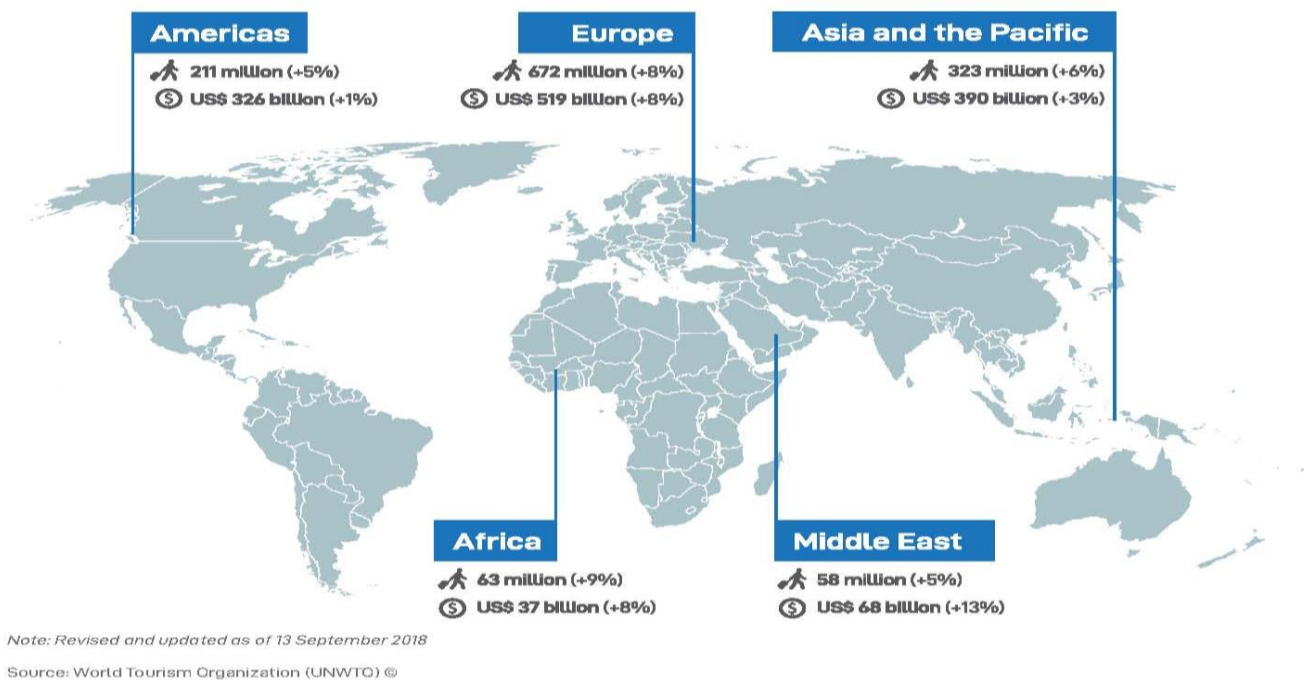
1	International Tourism Outlook 2017-2018.....	3
2	Tourism Sector Executive summary (UAE).....	5
3	Sharjah Tourism Summary Performance.....	6
4	Sharjah Hospitality Sector 2018 Performance.....	7
4.1	Sharjah Tourism 2018 Performance Details.....	8
4.2	Guest Growth Rates By Nationality Groups.....	9
4.3	Guests Analysis.....	10
5	Guest Analysis By Region.....	12
6	Sector Performance – Key Indicators.....	13
6.1	Sector Performance – Occupancy Rates and Length of Stay.....	14
6.2	Sector Performance – Revenue, REVPAR, and ADR.....	15
6.3	Sector Performance – Benchmarking.....	16
7	Key Indicators Analysis Per Hotel Type: Hotels.....	17
7.1	Key Indicators Analysis Per Hotel Type: Apartments.....	18
8	Key Indicators Per Hotel Type:.....	19
9	Glossary:.....	20
10	Appendix: References.....	21

1 INTERNATIONAL TOURISM OUTLOOK 2017-2018

Over the past six decades, tourism has experienced continued expansion and diversification to become one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged in addition to the traditional favorites of Europe and North America. International tourist arrivals registered the highest growth rate 7% since 2010 and reaching about 1,326 Million tourists in 2017 (UNWTO, 2018). Such results were driven by sustained travel demand for destinations across all world regions, including a firm recovery of those suffering from security challenges in recent years.

Many destinations have recovered from security challenges seen in recent years resulting in an economic upswing in terms of strong outbound demand from major source markets. A strong recovery also seen in demand from the emerging source markets of Brazil and the Russian Federation after few years of decline in addition to the ongoing rise of India which also contributed to inbound growth in many destinations. Likewise, international tourism receipts earned by destinations worldwide have surged from US\$ 1,220 billion in 2016 to US\$ 1,340 billion in 2017. According to the World Travel Organization (WTO), more than half 57% of tourists travel by Air and about 55% travel for leisure, recreation and holidays (UNWTO, 2018).

Figure 1: International Tourism Trends 2017 (UNWTO):



Looking at demand for international tourism, figure 3, both Europe and Africa regions grew above world average in terms of international tourist arrivals. Europe, on the other hand, sustained almost half of the world's market share of 51% in 2017 (figure 2), followed by Asia and the Pacific (24%), Americas (16%), Africa (5%), and with the smallest market share of 4% the Middle East (approximately 58 Million tourist arrivals). Nonetheless, the Middle East still showed positive signs of recovery in 2017 with 13% increase in income generated by international tourism or tourism receipts. Egypt has recovered remarkably during 2017 in both absolute and relative terms in arrivals basically rebounding from Western Europe, Central & Eastern Europe, Middle East, and Asia. While, Bahrain, Jordan, and Palestine rebounded robustly, the UAE and Lebanon continued to grow at sustained pace.¹

Figure 2: Market Share (%) 2017*

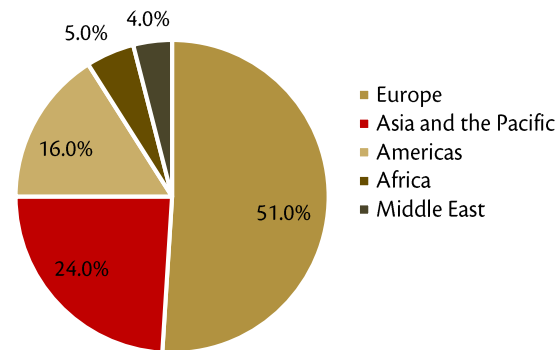
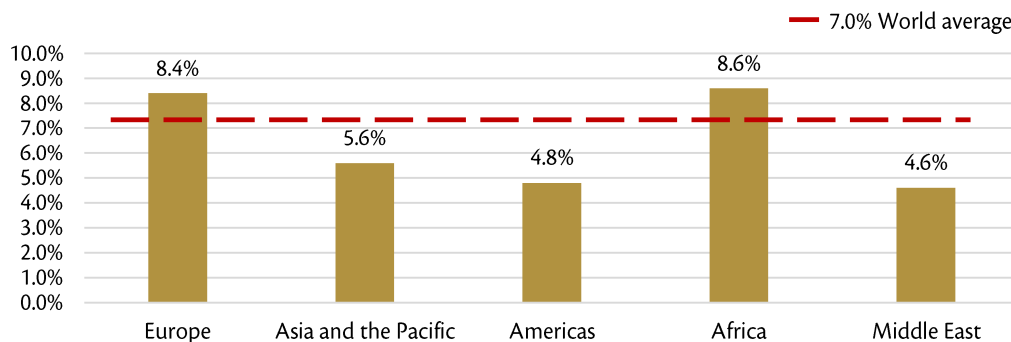


Figure 3: Int. Tourist Arrivals Change (%) - by region 2017*



UAE is Ranked 17
out of 138 countries in the Global
Competitiveness Index - WEF

²On the other hand, Economically, the UAE is ranked (17th) on the Global Competitiveness Index 2018 and is improving its absolute assessment continuing to lead the Arab world in terms of competitiveness. This improvement in returns reflects the resilience of its economy and the increased diversification.

¹ UNWTO Tourism Highlights Report 2018 Edition

² World Economic Forum (WEF), The Global Competitiveness Report 2018

2 TOURISM SECTOR EXECUTIVE SUMMARY (UAE)

Travel & Tourism is an important economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. The UN Statistics Division-approved Tourism Satellite Accounting methodology (TSA:RMF 2008) quantifies not only the direct contribution of Travel & Tourism but also total contribution including indirect and induced impacts (WTTC, and Oxford Economics)

Tourism Sector Contribution in UAE economy 2017³:



GDP Direct* Contribution: AED 69 Billion

(5.1% of total GDP in 2017)



GDP Total Contribution: AED 154 Billions

(11.3% of total GDP in 2017)



Employment Total Contribution: 585,500 Jobs

(9.5% of total employment in 2017)



Investment: AED 25.4 Billions

(8% of total investment in 2017)

Figure 4: Total Contribution of Tourism

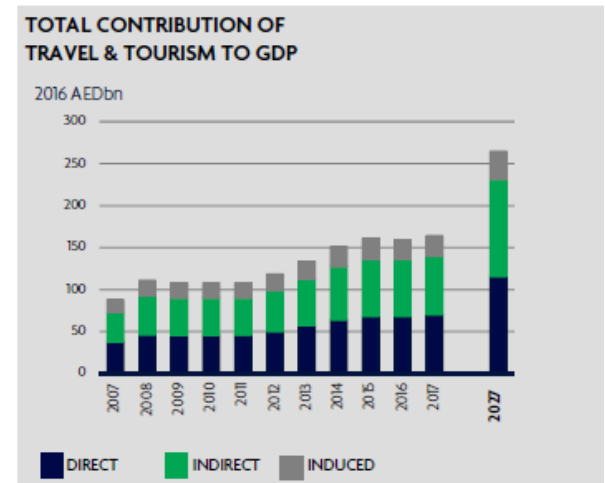
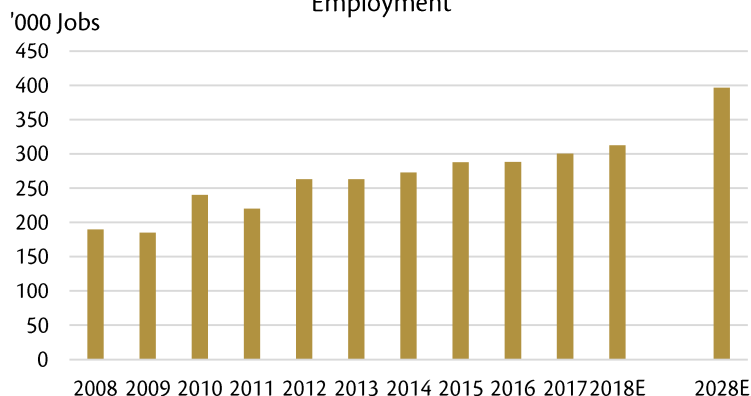


Figure 5: UAE Direct Contribution of T&T to Employment



UAE is Ranked 27 out of 185 countries in the relative importance of Travel & Tourism's total contribution to GDP

³ World Travel and Tourism Council (WTTC) Travel & Tourism Economic Impact 2018 United Arab Emirates

*Direct contribution to GDP – generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries.

Year 2018 Performance



3 SHARJAH TOURISM SUMMARY PERFORMANCE

Sharjah Hotel Guests

1,738,543 ▼ -2%

Figure 6: Top 5 Nationalities
(Hotel Establishments Guests)

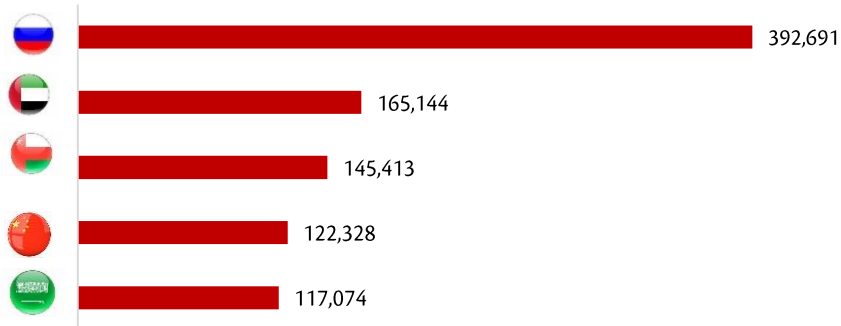
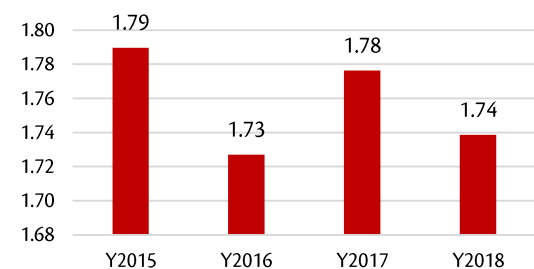


Table 1: Hospitality Sector Performance

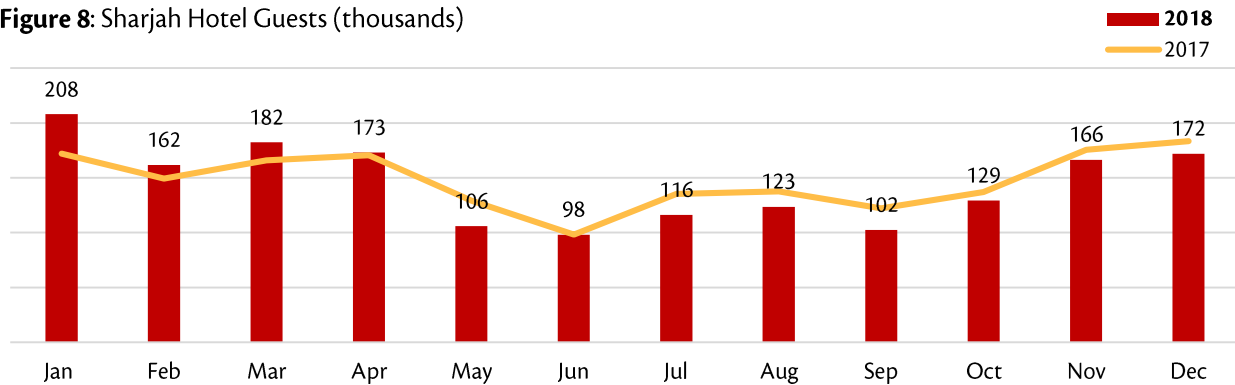
Occupancy rate	63%	▼ 7.0%
Average Length of Stay	2.18	► 0.0%
RevPAR	134	▼ 12.0%
Total Revenue	633 Million AED	▼ 10.0%

Figure 7: Hotel Establishment Guests
(Millions)



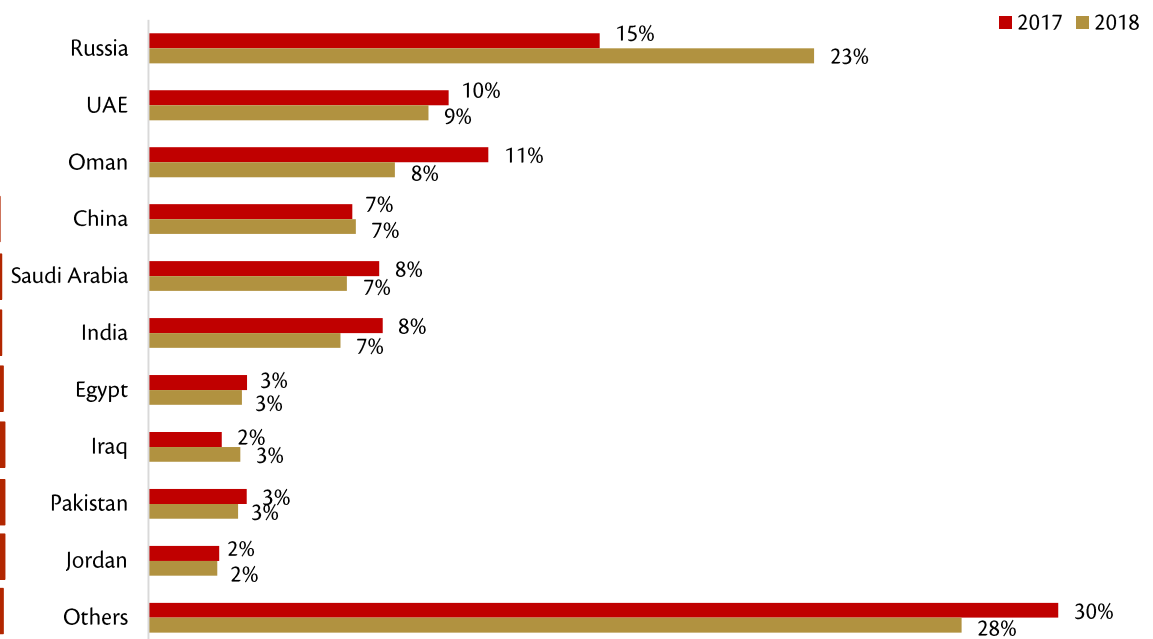
4 SHARJAH HOSPITALITY SECTOR 2018 PERFORMANCE

Figure 8: Sharjah Hotel Guests (thousands)



ALOS (DAYS)	Growth %
2.91	48%
1.45	-7%
1.36	-27%
1.48	2%
1.90	-14%
2.16	-18%
2.65	-5%
3.14	25%
2.02	-9%
2.28	-2%
2.26	-11%

Figure 9: %Share of Hotel Establishment Guets By Nationality Yr. 2017-2018



4.1 SHARJAH TOURISM 2018 PERFORMANCE DETAILS

Sharjah Tourism faced a challenging year in 2018, where total number of guests (1.74 Million guests) visiting Sharjah decreased by 2% compared to the previous year. This decline is mainly attributed to the significant increase in hotel supply in neighboring emirates that caused a drop in room average rates in Sharjah's hotels. In addition, a general decrease in tourists' flow to UAE is witnessed during the second half of the year which contributed to the overall decline in the sector.

On the other hand, guests coming to Sharjah in 2018 preferred Hotels; where 1.25 Million guests were registered in Hotels compared to Hotel Apartments, which only attracted 0.49 Million guests as shown in figure 10.

A slight fluctuation in Hotel Establishment supply was noticed in the period 2015-2018 (figure 11) which is attributed to market demand, domestic and international tourism market determinants. Total Sharjah Tourism sector room supply in 2018 reached about 9,663 rooms and increasing by 4% whereas hotel establishments increased by 7% from the 2017 supply where 99 hotel establishments were operating.

Figure 10: Guests (Million) by Hotel Type and Growth%

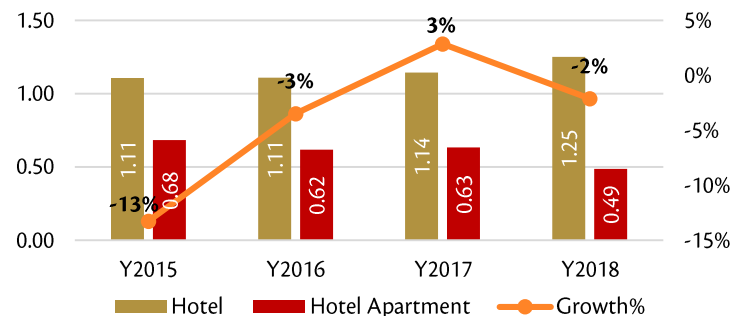


Figure 11: Hotel Establishments Supply Growth Rates

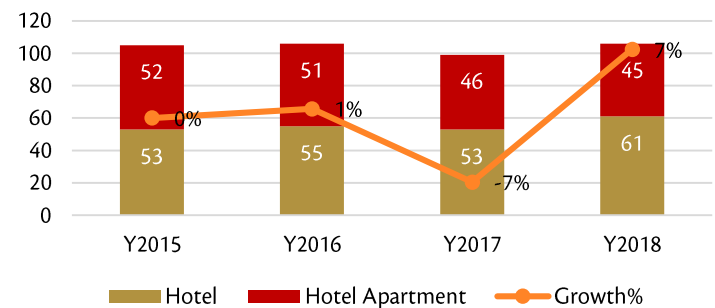
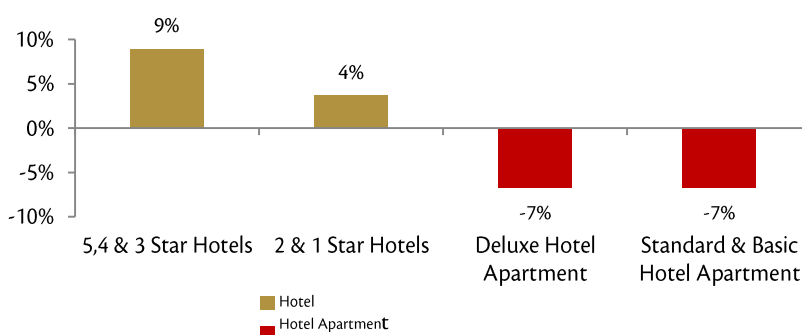


Figure 12: Hospitality Demand Growth Rate (Yr2015-Yr2018)



72% of guests visiting Sharjah lodged in Hotels

Visitors to both high end and lower segment hotels witnessed positive growth rates compared to hotel apartment segment as shown in figure 12.

4.2 GUEST GROWTH RATES BY NATIONALITY GROUPS

Figure 13 illustrates source markets portfolio analysis for Sharjah tourism sector during the years 2017 and 2018 by guests' growth rate. Russia/CIS/Baltic's region recorded positive growth rates of 41% on a Y-o-Y comparison in addition to Africa which also witnessed a 4% growth rate in guests. In particular, guests from Russia have improved their market share from approximately 15% in 2017 to 23% in 2018. China sustained its market share at the 7% in both 2017 and 2018 (figure 15). In fact, the most decline for Sharjah Tourism sector overall growth rate was witnessed in the second half of 2018 as illustrated in figure 14.

Figure 13: Guest Growth Rates by Nationality Group

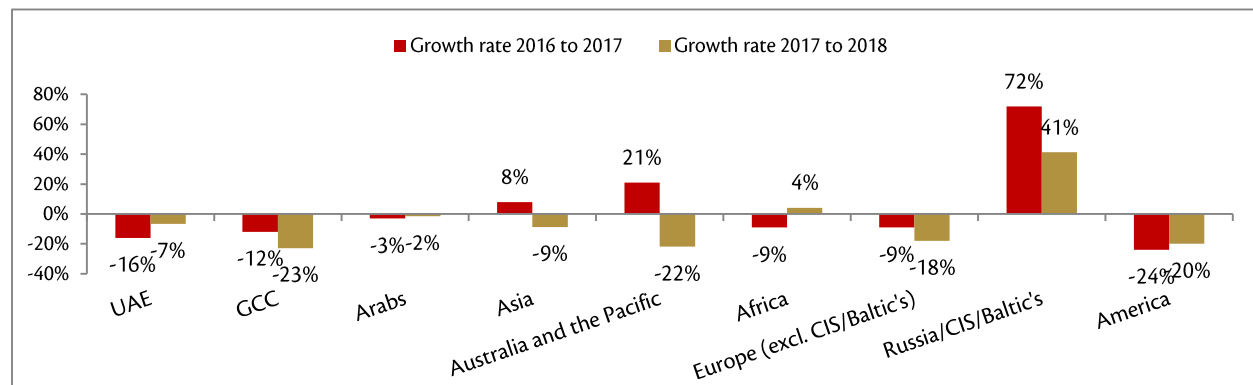
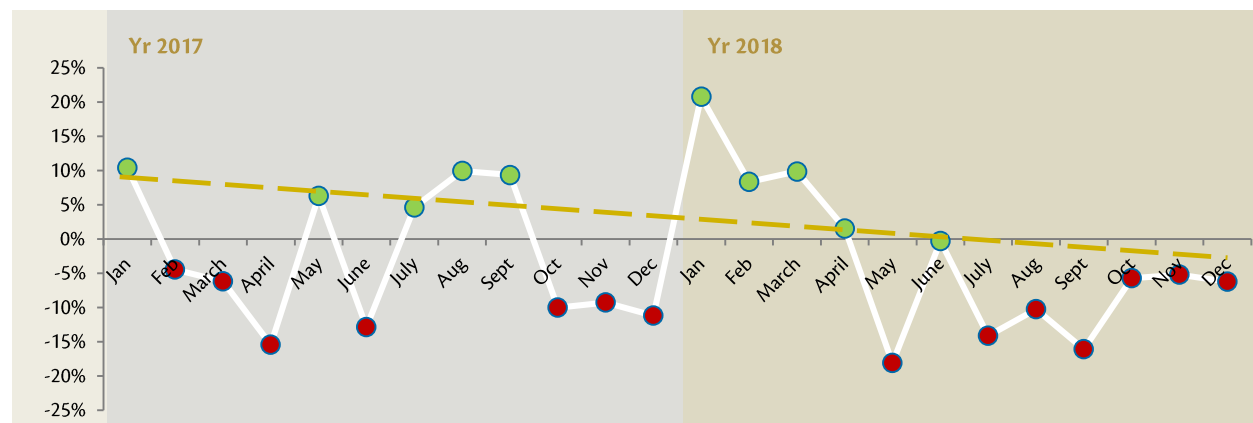


Figure 14: Guest Growth Rates Monthly Trend in 2017 and 2018



4.3 GUESTS ANALYSIS

Russian tourists continue flowing to Sharjah with the recovery of the Russian macroeconomic environment during 2018. Russia is now the top contributor to the total guests in Sharjah with 23% market share coming from Russia. The gain in Russian Ruble during last couple years has allowed tourists to afford overseas holiday. Furthermore, the open visa policy by UAE government which lifted the restrictions for Russian citizens has also contributed to this increase in Russian's travel.

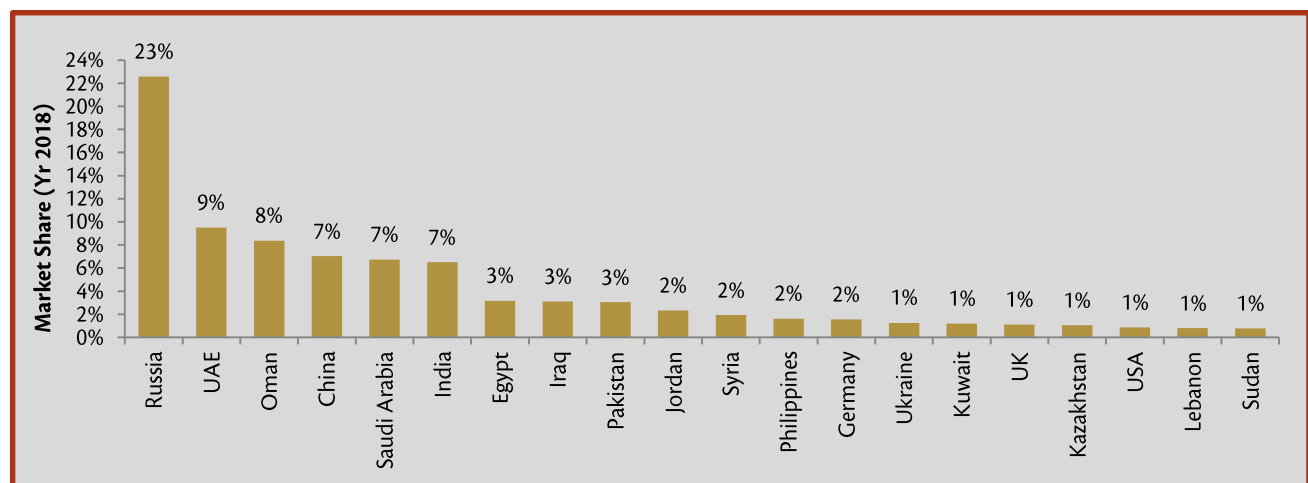
**Russia occupies
23% of market
share**

**Iraq registered
25% growth rate
in guests**

**Diversified source
market portfolio**

Interestingly enough, the growth rate of Russian tourists in 2018 went up by 48%. Russian guests equated to around 393 thousand in 2018 compared to approximately 266 thousand in 2017. Still, this increase may not be sustained in the couple next years due to reasons related to reopening alternative destinations in the Middle East which were previously closed due to region turbulence. On the other hand, visitors from China registered a growth rate of 2% between 2017-2018 and they came in 4th place in terms of market share.

Figure 15: Top 20 Markets in Sharjah 2018



Markets are segregated into three key segments:

1. **Core Markets:** made up of the top visitors in Sharjah with more than 100,000 visits.
2. **Emerging Markets:** constitute visitors with more than 35,000 visits and register high growth rates.
3. **Early Leaders:** constitute of Sharjah visitors with more than 45,000 visits and registered significant decline in growth rates.

The Emirate of Sharjah's long term tourism market trend is positive. Sharjah should continue to leverage its historical and cultural tourism potential, relying on its competitive hospitality sector offering.

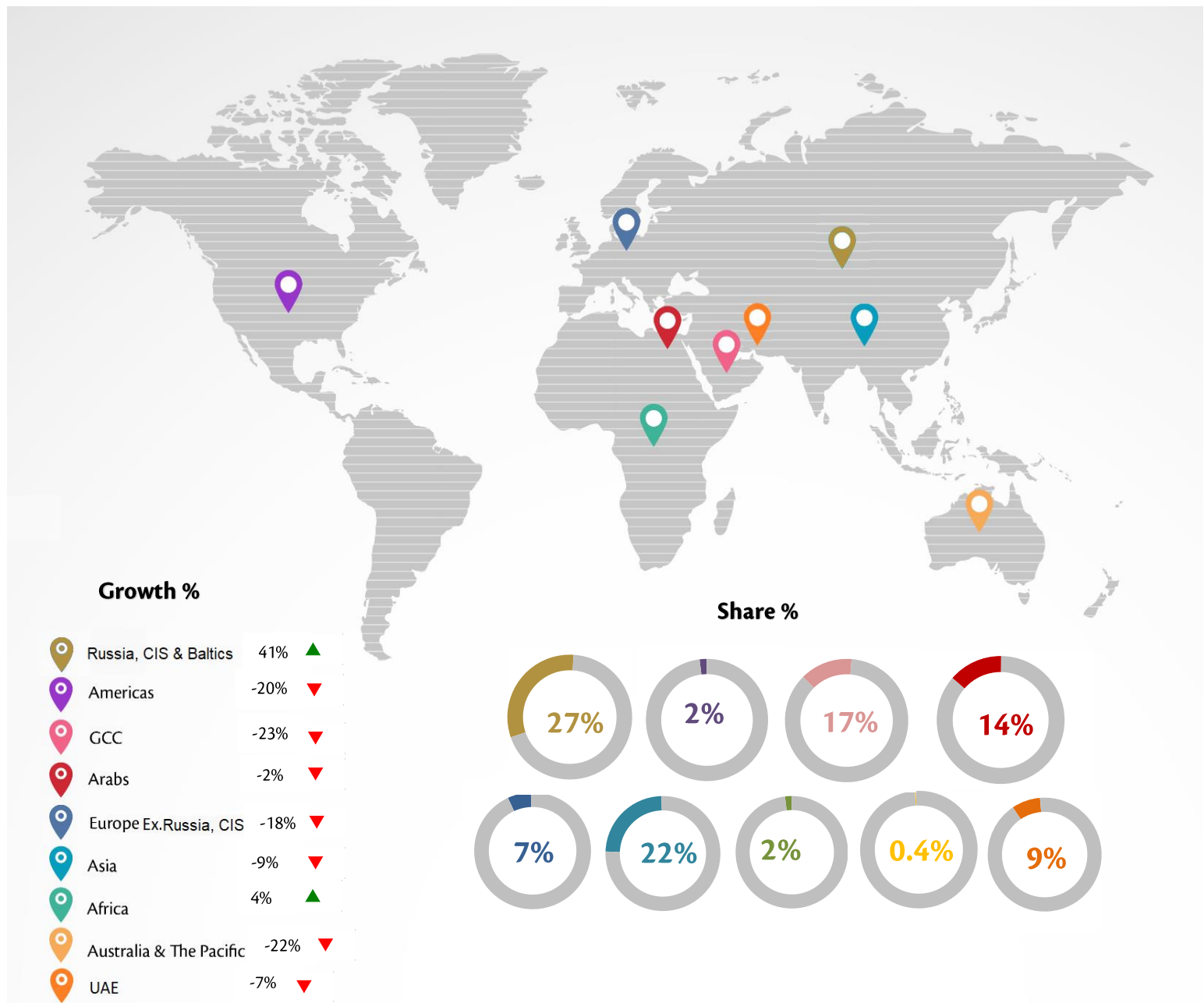
Table 2: Sharjah Tourism Market Segmentation (Map key)

Core Markets			
Countries	Yr 2018 Guests	Market Share	CAGR (2015 to 2018)
Russia	392,691	23%	57%
UAE	165,144	9%	-8%
Oman	145,413	8%	-13%
China	122,328	7%	32%
Saudi Arabia	117,074	7%	-16%
India	113,300	7%	-10%
Emerging Markets			
Countries	Yr 2018 Guests	Market Share	CAGR (2015 to 2018)
Egypt	55,174	3%	-4%
Iraq	54,119	3%	18%
Pakistan	52,885	3%	-3%
Jordan	40,666	2%	3%
Syria	33,544	2%	-6%
Early Leaders			
Countries	Yr 2018 Guests	Market Share	CAGR (2015 to 2018)
Philippines	27,856	2%	-6%
Germany	26,917	2%	-12%

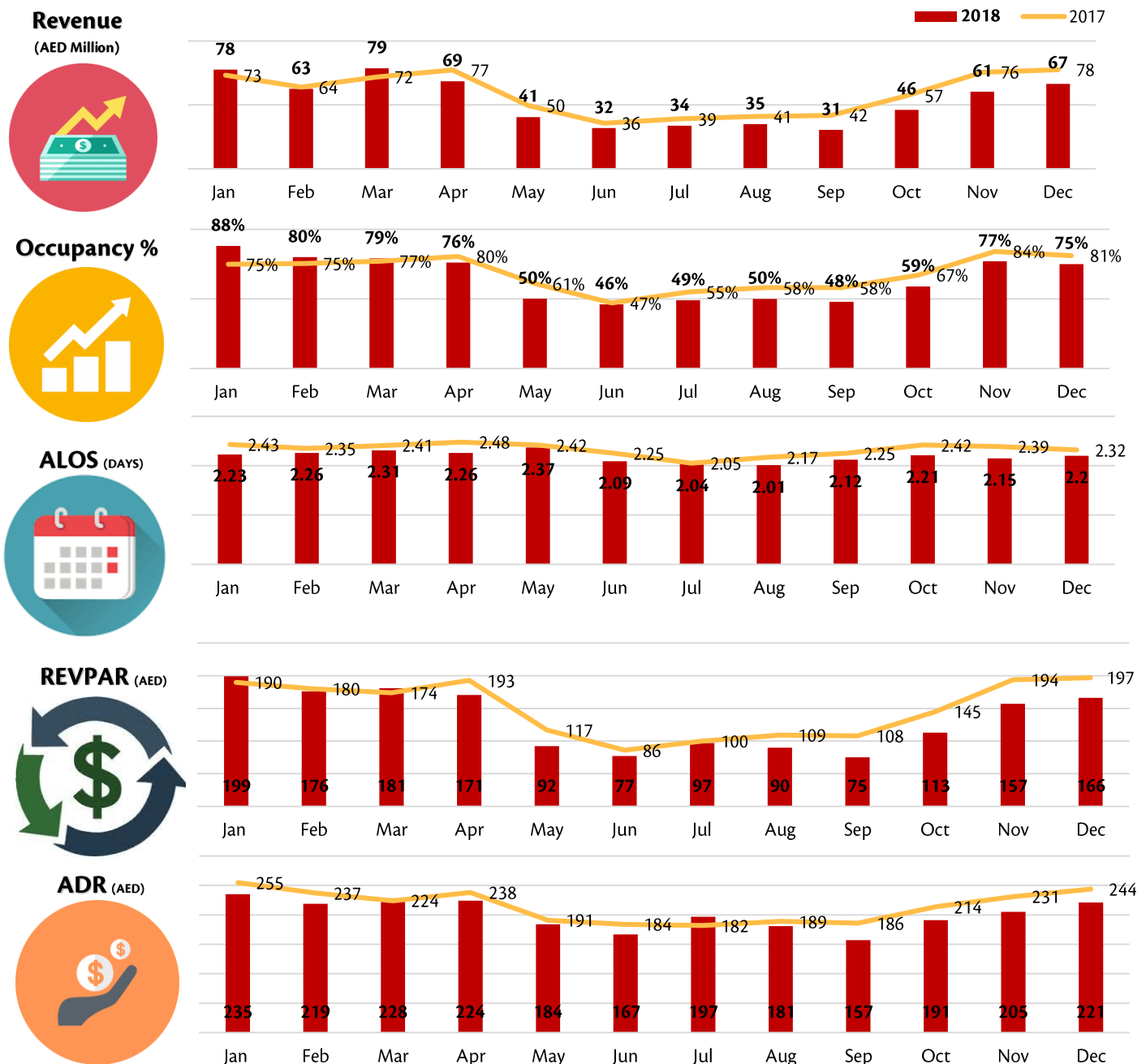
Figure 16: Sharjah Tourism Market Segmentation



5 GUEST ANALYSIS BY REGION



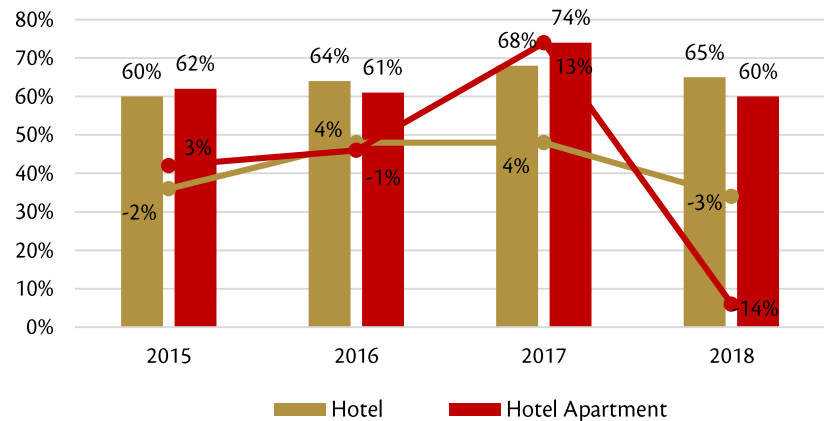
6 SECTOR PERFORMANCE – KEY INDICATORS



6.1 SECTOR PERFORMANCE – OCCUPANCY RATES AND LENGTH OF STAY

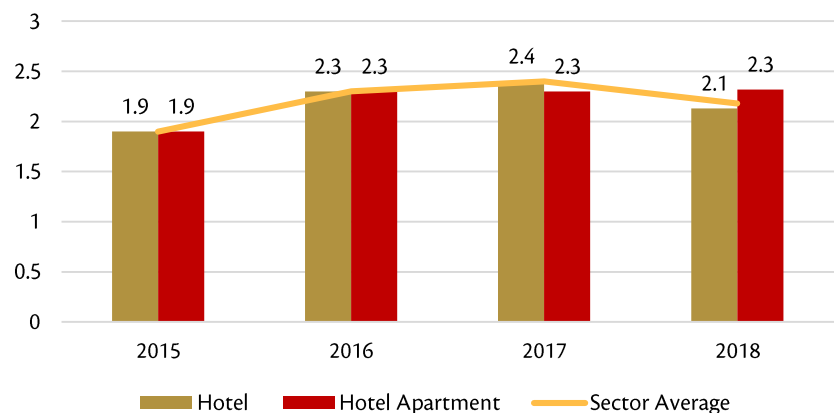
Sharjah hotels' occupancy levels declined amongst all categories of hotels and hotel apartments in 2018 compared to last year. The highest drop in occupancy levels was seen in deluxe hotel apartments which decreased by 36% from 97% occupancy rate last year to only 61% this year and 2-Star hotels which also dropped by 10% from last year's. However, hotels segment had higher occupancy rates 65% compared to apartment 60% (figure 17).

Figure 17: Occupancy Rate By Hotel Type



Average length of stay for guests sustained its level in 2018 at 2.18 nights. Guests stayed in hotel apartment relatively longer than hotels as shown in figure 18. The total number of guest nights in Sharjah tourism sector equated to 3.8 Million nights

Figure 18: Average Length of Stay by Hotel Type



Visitors from Kenya stayed the longest with 3.97 nights on average followed by Thailand, Mexico, Kazakhstan and Sudan with 3.85, 3.72, 3.56, and 3.52 nights respectively.

6.2 SECTOR PERFORMANCE – REVENUE, REVPAR, AND ADR

Total revenues generated by hospitality establishments during 2018 equated to AED 633 million (figure 19). Out of which, hotels accounted for approximately 80% of total revenues generated by all hotel establishments in Tourism sector in Sharjah. Furthermore, about one third of overnight visitors lodging in Sharjah's accommodation, approximately 72%, stayed in hotels and 72% of total revenue was generated by lodging revenue.

Moreover, the hospitality establishment's revenues in 2018 witnessed 10% decline in comparison to the last year; where, hotels generated total revenue decreased by 5% whereas apartments total revenue decreased by 26%. In 2018, both segments (hotels and hotel apartments) witnessed a decline in Revenue Per Available Room (RevPAR), figure 20. Hotels RevPAR is at sector's average level whereas hotel apartments' is below.

Five and four star hotels accounted for approximately 71% of market share in terms of total hotel revenue generated during 2018. Noticeably, these two categories accommodated 50% of total hotel establishments guests who lodged in Sharjah during 2018.

Hotels accounted for **80% of total REVENUE** generated by all hotel establishments in Sharjah

Figure 19: Hotel Establishment Revenue

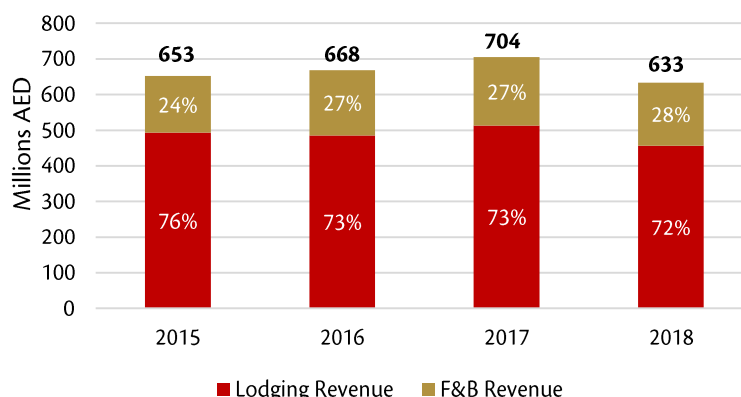
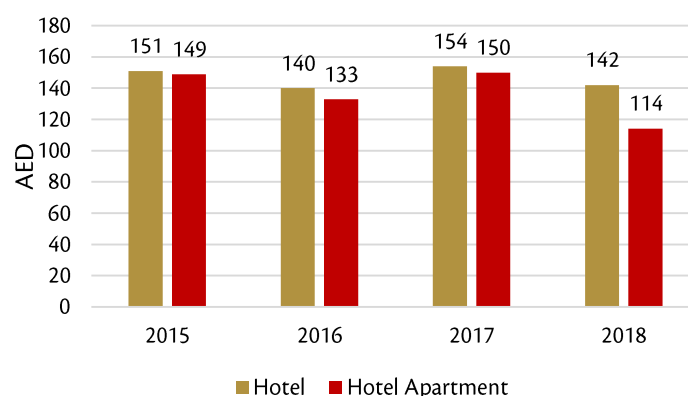


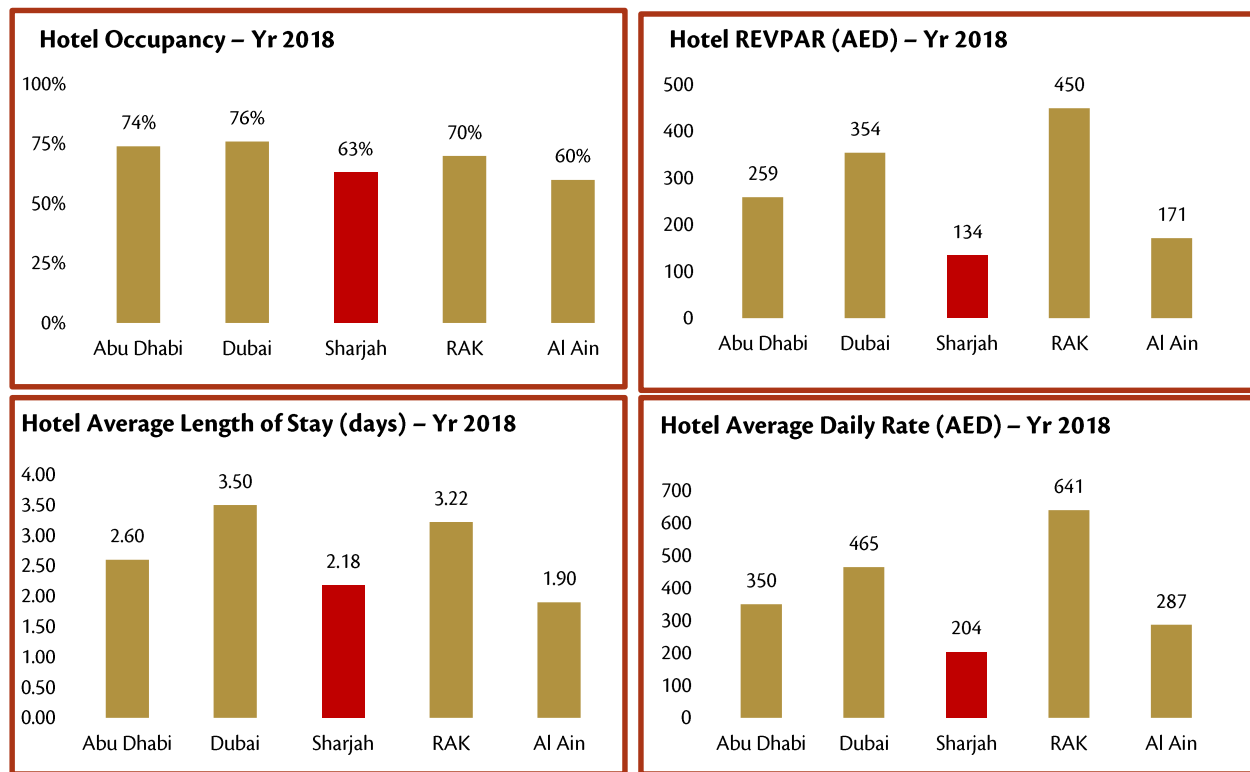
Figure 20: REVPAR by Hotel Type



6.3 SECTOR PERFORMANCE – BENCHMARKING

Sharjah's emirate tourism sector is a major contributor in its economy and GDP. The results of the tourism sector however, this year, have placed the emirate little below other main cities in the country as shown in figure 21.

Figure 21: Other UAE destinations benchmarking⁴



⁴ Source: Department of Tourism and Commerce Marketing, Dubai; Department of Culture & Tourism, Abu Dhabi; Tourism Development Authority, Ras Al Khaimah; Sharjah Tourism and Commerce Development Authority, 2019



7 KEY INDICATORS ANALYSIS PER HOTEL TYPE: HOTELS

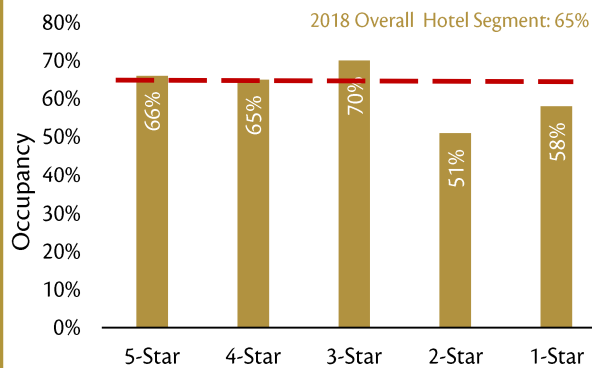
Sharjah Hotels: Occupancy Rates

65%

Sharjah Yr. 2018
Average Hotel
Occupancy Rate

Three Star hotels led Sharjah's hotel segment in terms of occupancy rate with room occupancy averaging 70% during Yr 2018. Conversely, Two Star hotels recorded the lowest occupancy of 51%.

Hotel Occupancy Rates (Yr 2018)



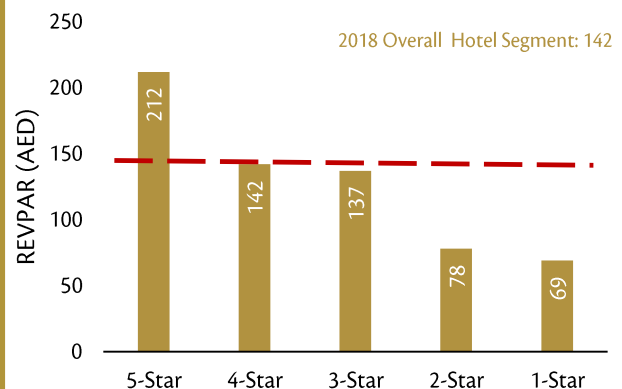
Sharjah Hotels: RevPAR

142 AED

Sharjah Yr 2018
Average Hotel RevPAR

With respect to RevPAR, **Five Star** hotels registered the highest RevPAR (AED 212) in Yr 2018, while One Star hotels again registered the lowest RevPAR (AED 69).

Hotel RevPAR (Yr 2018)





7.1 KEY INDICATORS ANALYSIS PER HOTEL TYPE: APARTMENTS

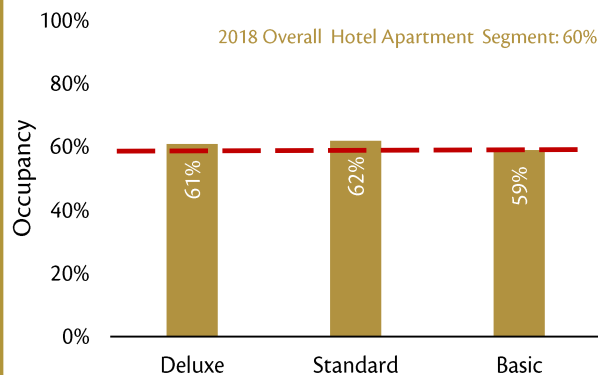
Sharjah Hotel Apartment: Occupancy Rates

60%

Sharjah Yr. 2018
Average Hotel Apt.
Occupancy Rate

Standard hotel apartments led Sharjah's hotel segment in terms of occupancy rate with room occupancy averaging 62% during Yr 2018. Conversely, Basic hotel apartments recorded the lowest occupancy rate of 59%.

Hotel Apartment Occupancy Rates (Yr 2018)



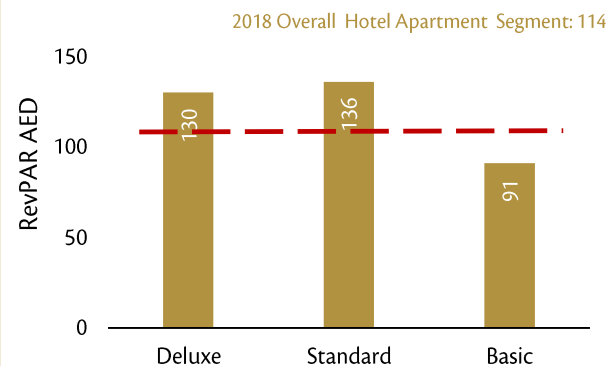
Sharjah Hotel Apartment: RevPAR

114^{AED}

Sharjah Yr 2018
Average Hotel Apt.
RevPAR

With respect to RevPAR, Standard hotel apartments registered the highest RevPAR of AED 136 during the Yr 2018.

Hotel Apartment RevPAR (Yr 2018)





8 KEY INDICATORS PER HOTEL TYPE:

★★★★★ 5-Star Number of Hotels: 9	Available Rooms	1,251					
	Occupancy	66%					
	ALOS	2.16					
	RevPAR	212					
	Top 5 Nationalities						
★★★★ 4-Star Number of Hotels: 19	Available Rooms	2,646					
	Occupancy	65%					
	ALOS	1.79					
	RevPAR	142					
	Top 5 Nationalities						
★★★ 3-Star Number of Hotels: 12	Available Rooms	1,672					
	Occupancy	70%					
	ALOS	2.75					
	RevPAR	137					
	Top 5 Nationalities						
★★ 2-Star Number of Hotels: 10	Available Rooms	725					
	Occupancy	51%					
	ALOS	2.28					
	RevPAR	77					
	Top 5 Nationalities						
★ 1-Star Number of Hotels: 11	Available Rooms	403					
	Occupancy	58%					
	ALOS	2.59					
	RevPAR	69					
	Top 5 Nationalities						
Deluxe Number of Hotels: 6	Available Rooms	752					
	Occupancy	61%					
	ALOS	2.22					
	RevPAR	130					
	Top 5 Nationalities						
Standard Number of Hotels: 7	Available Rooms	816					
	Occupancy	62%					
	ALOS	1.81					
	RevPAR	136					
	Top 5 Nationalities						
Basic Number of Hotels: 32	Available Rooms	1,398					
	Occupancy	59%					
	ALOS	2.92					
	RevPAR	91					
	Top 5 Nationalities						



9 GLOSSARY:

❖ ADR (Average Daily Rate)

A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.

$$ADR = \text{Room Revenue} / \text{Rooms Sold}$$

❖ Occupancy Rate

Occupancy is the percentage of available rooms that were sold during a specified period of time. Occupancy is calculated by dividing the number of rooms sold by rooms available.

$$\text{Occupancy} = (\text{Rooms Sold} / \text{Rooms Available}) \times 100$$

❖ RevPAR (Rev Per Available Room)

Revenue per Available Room (RevPAR) is the total guest room revenue divided by the total number of available rooms. RevPAR differs from average daily rate (ADR) because RevPAR is affected by the amount of unoccupied available rooms, while ADR shows only the average rate of rooms actually sold.

$$\text{RevPAR} = \text{Occupancy} \times \text{ADR}$$

Country Flag Key:

UAE		Oman		Kazakhstan	
Saudi Arabia		Egypt		Jordan	
Germany		Iraq		Kenya	
Russia		China			
India		Lebanon			
Philippines		Sri Lanka			
Pakistan		Other Europe			
Bangladesh		UK			

10 APPENDIX: REFERENCES

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