

MENA | Hotels

Half Year Report  
H1 2018



# UAE & KSA SPA BENCHMARK REPORT

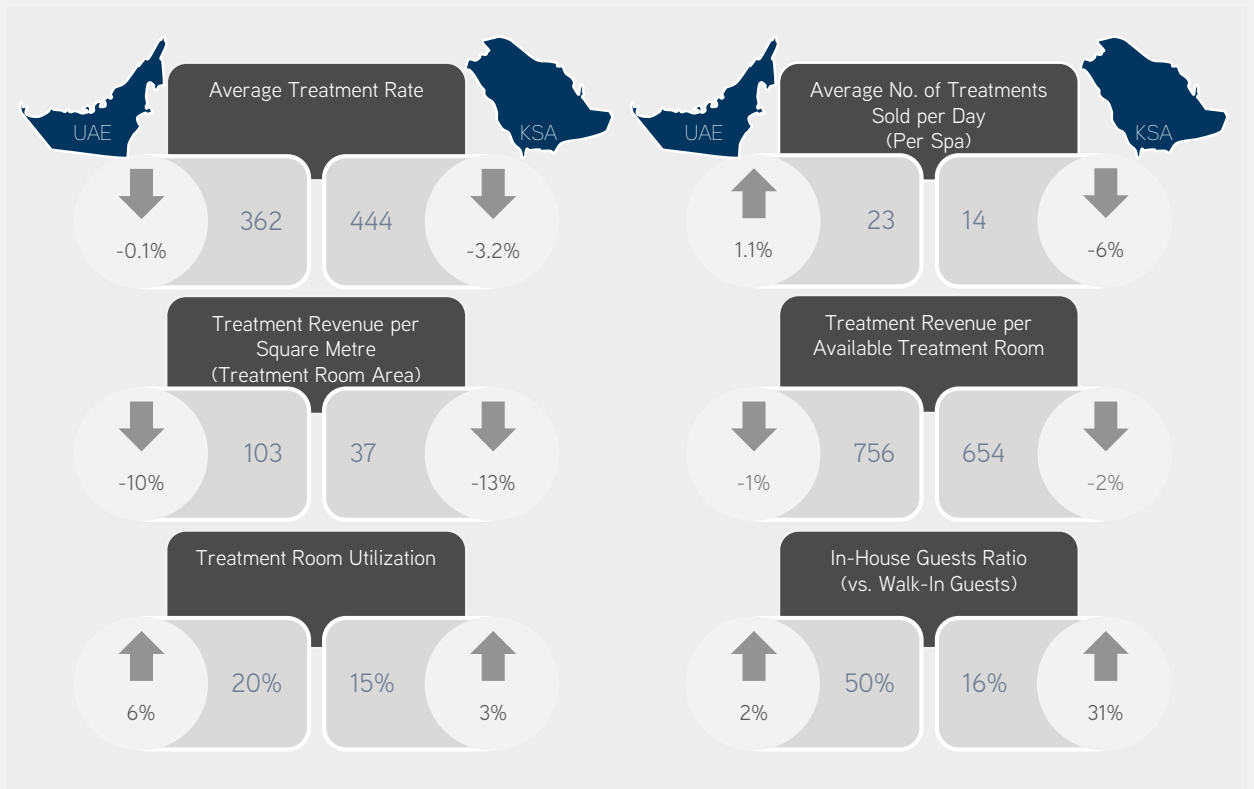


# UAE & KSA Spa Benchmark Report 2018 HALF YEAR REVIEW

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In this edition of the *Spa Benchmark Report*, the performance of hotel spas operating within the *UAE and KSA* are analyzed, providing an insight into indicators such as the average rate, revenue and number of treatments sold during the first half of 2018.

While the UAE has some of the largest and most advanced wellness and spa facilities in the region, the wellness industry in KSA is gradually evolving as the popularity for wellness and health has gained momentum. This has invariably directed the hotels to focus more on spa and wellness offerings. Opening of dedicated spas for female guests in hotels is an upcoming trend in the Kingdom. Increasing participation of women in KSA's workforce will also have a positive impact on the wellness industry in the Kingdom. In the coming years, the wellness industry in KSA is likely to witness significant changes with several players expected to enter the market.



Source: Colliers International, 2018

# Abu Dhabi & Dubai Spa Performance 2018 HALF YEAR REVIEW

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## Market Highlights

### INTRODUCTION

This section of the Report focuses on analysing fourteen spa performance metrics, based on data received directly from a panel of spa operators in Abu Dhabi and Dubai. The Half Year Review assesses year-to-date data from January to June, from 2016 to 2018.

- Abu Dhabi – The overall hotel spa market is analysed from a stock of 74 treatment rooms, including city hotel spas and resort spas.
- Dubai – Two spa types are analysed from a stock of 184 treatments rooms, (i) Resort spas and (ii) City hotel spas.

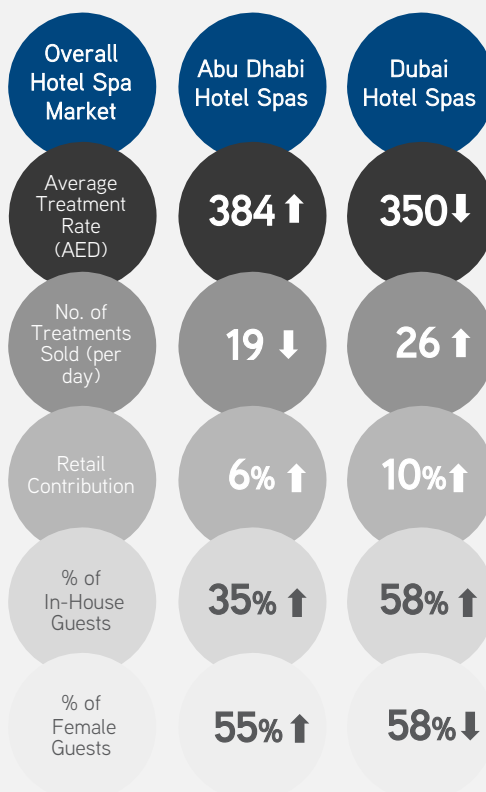
### TRENDS AND NEW SPA OPENINGS

Overall, the Abu Dhabi market has demonstrated stable performance in H1 2018. While the Dubai spa market seemed to be affected by the increasing influx of price-sensitive source markets, Abu Dhabi spas benefitted from high percentage of walk-ins.

The newly opened spas in Dubai include the Dreamworks Spa at Radisson Blu Dubai Waterfront in Business Bay, The Spa at the re-opened The Address Downtown, Al Nassima Spa at Grand Millennium Business Bay, to name a few. Anticipated spa openings in Q4 2018/Q1 2019 include the Cinq Mondes Spa at Emerald Palace Kempinski Hotel, the luxury spa at Stella Di Mare, AWAY spa at W the Palm, and the 2,800 sqm spa at Mandarin Oriental Jumeirah Beach.

Abu Dhabi anticipates the opening of several new luxury spas later this year or in Q1 2019 including the signature Zen Spa at Saadiyat Rotana Resort & Villas, the luxury spas at The Abu Dhabi Edition and Grand Hyatt Abu Dhabi Hotel & Residences, and 2,200 sqm spa at the Jumeirah Saadiyat Island Resort.

### H1 2018 KEY METRICS AND YoY VARIANCE



Source: Colliers International, 2018

# Performance Indicators ABU DHABI HOTEL SPAS

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Abu Dhabi spas experienced a 6% increase in the treatment revenue generated, which positively impacted revenue indicators such as treatment revenue per treatment sold, revenue generated per therapist and per square metre. However, other revenue indicators such as daily revenue per available treatment room, RevPATH and spa revenue per occupied hotel room showed a downward trend in H1 2018. Similarly, treatment room and therapist hours utilization indicators continued to show a downward trend.

ABU DHABI HOTEL SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	H1 2016	H1 2017	FY 2017	H1 2016	H1 2017	FY 2017
<b>Revenue Indicators</b>						
Average Treatment Rate	324	362	384	88	99	105
Treatment Revenue per Available Treatment Room	928	824	768	253	224	209
Treatment Revenue Generated per Therapist	1,073	953	1,068	292	260	291
Revenue per Available Treatment Hour (RevPATH)	63	65	61	17	18	17
Treatment Revenue per Square Metre (Treatment Room Area)	26	22	26	7	6	7
Treatment Revenue per Square Metre (Total Area)	6	6	6	2	2	2
Average No. of Treatments Sold per Day (Per Spa)	21	19	19	21	19	19
Retail Percentage	5%	5%	6%	5%	5%	6%
<b>Utilization Indicators</b>						
Treatment Room Utilization	21%	19%	18%	21%	19%	18%
Therapist Utilization	27%	32%	31%	27%	32%	31%
Female Spa Guests Ratio (vs. Male)	57%	52%	55%	57%	52%	55%
<b>Hotel-Related Indicators</b>						
Spa Revenue per Occupied Hotel Room	49	60	52	13	16	14
Capture Rate of Hotel Guests	2%	2%	2%	2%	2%	2%
In-House Guests Ratio (vs. Walk-In Guests)	36%	32%	35%	36%	32%	35%

Source: Colliers International, 2018

Note: Variances in data observed from previous editions of the Spa Benchmark Report are a result of changes to the spa sample

# Performance Indicators DUBAI RESORT SPAS

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Dubai Beach Resort spas experienced a 3% decline in performance in H1 2018 compared to H1 2017. With the overall drop in total spa revenue, the average treatment rate dropped by 3%. This indicates that resort hotels continue to face challenges to maintain a steady customer base and relies on discounts and promotions to attract customers. Revenue generated per therapist has improved performance and therapist utilization has remained stable.

DUBAI RESORT SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	H1 2016	H1 2017	H1 2018	H1 2016	H1 2017	H1 2018
<b>Revenue Indicators</b>						
Average Treatment Rate	386	374	363	105	102	99
Treatment Revenue per Available Treatment Room	1,055	956	922	287	260	251
Treatment Revenue Generated per Therapist	1,267	1,227	1,297	345	334	353
Revenue per Available Treatment Hour (RevPATH)	85	79	73	23	21	20
Treatment Revenue per Square Metre (Treatment Room Area)	60	54	50	16	15	14
Treatment Revenue per Square Metre (Total Area)	7	7	6	2	2	2
Average No. of Treatments Sold per Day (Per Spa)	48	46	47	48	46	47
Retail Percentage	12%	11%	10%	12%	11%	10%
<b>Utilization Indicators</b>						
Treatment Room Utilization	25%	24%	23%	25%	24%	23%
Therapist Utilization	52%	53%	51%	52%	53%	51%
Female Spa Guests Ratio (vs. Male)	62%	62%	61%	62%	62%	61%
<b>Hotel-Related Indicators</b>						
Spa Revenue per Occupied Hotel Room	47	35	29	13	10	8
Capture Rate of Hotel Guests	3%	2%	2%	3%	2%	2%
In-House Guests Ratio (vs. Walk-In Guests)	64%	55%	59%	64%	55%	59%

Source: Colliers International, 2018

Note: Variances in data observed from previous editions of the Spa Benchmark Report are a result of changes to the spa sample

# Performance Indicators DUBAI CITY HOTEL SPAS

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The performance of below mentioned revenue indicators point out a drop in treatment revenue generated by the city hotels in Dubai during the first half of 2018 compared to the same period last year. The Dubai city spas saw a growth in the retail revenue contribution and utilization of treatment rooms. Average number of treatments sold per day continue to remain stable.

DUBAI CITY HOTEL SPAS	AVERAGE (AED / %)			AVERAGE (USD / %)		
	H1 2016	H1 2017	H1 2018	H1 2016	H1 2017	H1 2018
<b>Revenue Indicators</b>						
Average Treatment Rate	368	357	343	100	97	93
Treatment Revenue per Available Treatment Room	725	660	643	197	180	175
Treatment Revenue Generated per Therapist	957	920	879	261	250	239
Revenue per Available Treatment Hour (RevPATH)	57	51	47	15	14	13
Treatment Revenue per Square Metre (Treatment Room Area)	215	210	193	58	57	53
Treatment Revenue per Square Metre (Total Area)	16	18	14	4	5	4
Average No. of Treatments Sold per Day (Per Spa)	16	15	15	16	15	15
Retail Percentage	9%	9%	10%	9%	9%	10%
<b>Utilization Indicators</b>						
Treatment Room Utilization	19%	17%	18%	19%	17%	18%
Therapist Utilization	38%	35%	35%	38%	35%	35%
Female Spa Guests Ratio (vs. Male)	56%	59%	57%	56%	59%	57%
<b>Hotel-Related Indicators</b>						
Spa Revenue per Occupied Hotel Room	22	20	25	6	6	7
Capture Rate of Hotel Guests	2%	1%	1%	2%	1%	1%
In-House Guests Ratio (vs. Walk-In Guests)	54%	58%	57%	54%	58%	57%

Source: Colliers International, 2018

Note: Variances in data observed from previous editions of the Spa Benchmark Report are a result of changes to the spa sample

# Performance Indicators

## DUBAI SPA MARKET ANALYSIS H1 2018

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Data collected from the Dubai spa panel has been further analysed by size and opening year. Large spas are those with 10 or more treatment rooms, while small spas have less than 10 treatment rooms. New spas are considered to be those that have been open for less than 5 years, while established spas are those which have been open for 5 years or more. Spas were classified as such to ensure an even number of spas per category.

KEY PERFORMANCE INDICATOR - H1 2018 AVERAGE (AED / %)	TYPE OF SPA		SIZE OF SPA		OPENING YEAR	
	Resort	City	Large	Small	New	Established
<b>Revenue Indicators</b>						
Average Treatment Rate	363	343	353	346	321	354
Average No. of Treatments Sold per Day (Per Spa)	47	15	41	12	20	27
Revenue per Available Treatment Hour (RevPATH)	73	47	63	48	44	57
Retail Percentage	10%	10%	13%	7%	4%	11%
<b>Utilization Indicators</b>						
Treatment Room Utilization	23%	18%	21%	19%	19%	20%
Therapist Utilization	51%	35%	49%	33%	35%	41%
<b>Hotel-Related Indicators</b>						
Capture Rate of Hotel Guests	2%	1%	2%	1%	1%	2%
In-House Guests Ratio (vs. Walk-In Guests)	59%	57%	65%	53%	43%	60%

### TYPE OF SPA

Resort spas continue to outperform city hotel spas, achieving a 6% premium in average treatment rate and higher treatment room and utilisation indicators. Data indicates that city hotel spas receive a higher share of price sensitive guests and are more likely to offer discounts to attract guests, than spas in resorts.

### SIZE OF SPA

Large spas in the sample show similar performance to that of resort spas, as resort spas in the sample have an average of 17 treatment rooms, while city hotel spas in the sample have an average of 9 treatment rooms. Large spas benefit from economies of scale, hence achieve a higher therapist utilization rate.

### OPENING YEAR

Newly opened spas generally attract a higher number of spa visitors as they offer lower treatment rates compared to the established ones. However, in H1 2018, data indicates that established spas have outperformed the new spas in all areas.

# Methodology

## MENA | Hotels

This publication has been prepared by Colliers International Hotels MENA, providing fourteen key metrics designed to track spa operational performance. The initiative is driven by and for the spa industry, and uses actual operating data from a sample of spas across UAE and KSA.

## Definitions

KEY PERFORMANCE INDICATORS	CALCULATION
<b>REVENUE INDICATORS</b>	
Average Treatment Rate	Total Treatment Revenue ÷ Total No. of Treatments Sold
Treatment Revenue per Available Treatment Room	Total Treatment Revenue ÷ Available Treatment Rooms
Treatment Revenue Generated per Therapist	Total Treatment Revenue ÷ Available Therapists
Revenue per Available Treatment Hour (RevPATH)	Total Treatment Revenue ÷ (Available Treatment Rooms x Opening Hours)
Treatment Revenue per Square Metre (Treatment Room Area)	Daily Treatment Revenue ÷ Treatment Room Area (m <sup>2</sup> )
Treatment Revenue per Square Metre (Total Area)	Daily Treatment Revenue ÷ Total Spa Area (m <sup>2</sup> )
Average No. of Treatments Sold per Day (Per Spa)	Total No. of Treatments Sold ÷ No. of Days in the Period
Retail Percentage	Total Retail Revenue ÷ Total Spa Revenue
<b>UTILIZATION INDICATORS</b>	
Treatment Room Utilization	Treatment Room Hours Sold ÷ Available Treatment Room Hours
Therapist Utilization	Occupied Therapist Hours ÷ Available Therapist Hours
Female Spa Guests Ratio (vs. Male)	Total No. of Female Spa Guests ÷ Total No. of Spa Guests
<b>HOTEL-RELATED INDICATORS</b>	
Spa Revenue per Occupied Hotel Room	Total Spa Revenue ÷ Occupied Hotel Rooms
Capture Rate of Hotel Guests	Total No. of In-House (Hotel) Spa Guests ÷ Total No. of Hotel Guests
In-House Guests Ratio (vs. Walk-In Guests)	Total No. of In-House (Hotel) Spa Guests ÷ Total No. of Spa Guests



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# 69 countries

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## \$2.7

billion in  
annual revenue

## 2.0

billion square feet  
under management

## 15,400

professionals  
and staff

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Colliers International, 2018

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