



Tourism Performance Summary

Q3 2016





Introduction

In total, approximately 2.2 million visitors* arrived in Qatar during the first three quarters of 2016, representing a decline of 3% compared to the same period in 2015. Hotel occupancy and average room rates have also declined year-to-date, due to a combination of increased supply and weaker demand. This overall weaker performance in arrivals and of hotels in Qatar is in line with general trends observed across the Gulf region and the Middle East, as economic growth has slowed as a result of lower average oil prices.

Despite the overall year-to-date decline, recent monthly trends in visitor arrivals give cause for optimism, with positive growth recorded in July and August, and no change in September, compared to the same months in 2015. Projections point to further potential modest increases in the final quarter of the year, supported by the beginning of the cruise season, which will bring 32 ships to Qatar's ports between October 2016 and April 2017. The recent announcement of several visa facilitation measures - including the introduction of a free, 96-hour visa for travellers transiting through Qatar - also provides a boost of confidence in the tourism sector that is expected to translate to improved arrival trends in the near future.

As the impact of lower oil prices is felt across the region, and with planned government spending reductions in key source markets likely to impact household income and potentially reduce tourism spending, the importance of both visa facilitation and diversifying tourism products in Qatar is becoming even more significant to continue attracting visitors from across the region and around the world.

QTA is working to establish a broader international presence, particularly in markets that are expected to provide growth in arrivals to Qatar in the coming years. During Q3, representative offices were opened in Istanbul and New York. Qatar's presence in the Turkish and U.S. markets aims to raise strong destination awareness and strengthen QTA's outreach to prominent travel trade partners and media.

*A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise. Source: UNWTO

Arrivals

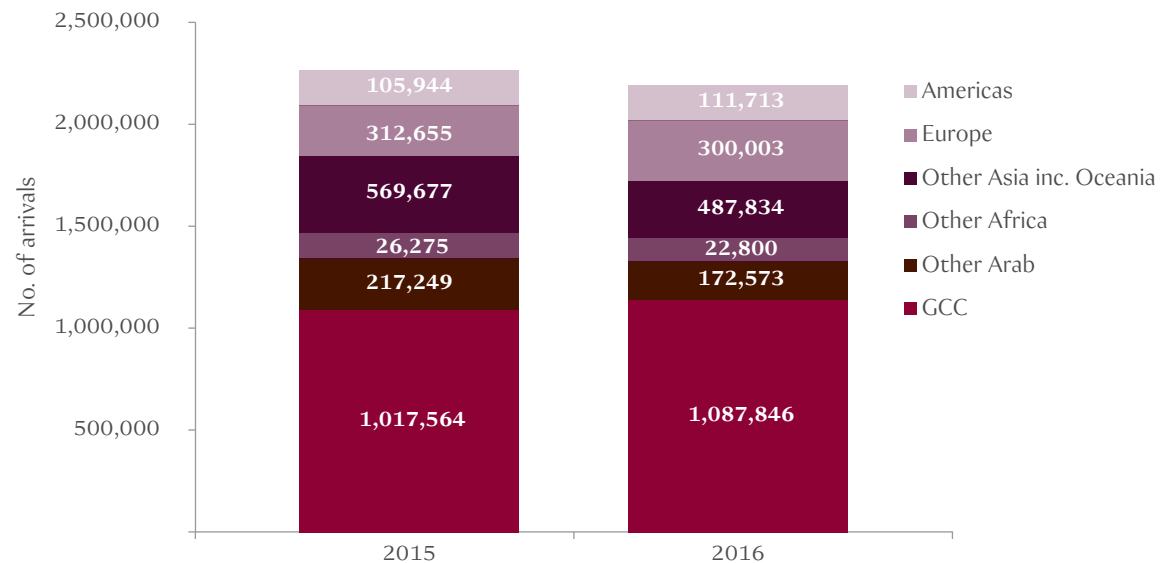
Arrivals by Nationality (Grouped by Region)

Total arrivals to Qatar declined by 3% in the first three quarters of 2016, compared to the same period in 2015. This was largely due to a significant decline in arrivals from Other Arab countries, which were down by 21% in the first three quarters of 2016 compared to the same period in 2015. It is worth noting that the majority of this decline in arrivals from Other Arab countries occurred in the first two quarters of 2016. Declines have since slowed, and Q3 arrivals from these markets have increased in comparison to Q1 and Q2.

Arrivals from the Gulf Cooperation Council (GCC) and the Americas increased by 7% and 5% respectively in the first three quarters of 2016, compared to the same period in 2015. However, growth in the number of arrivals from the GCC and Americas were not sufficient enough to offset the declines observed in arrivals from other regions.

Arrivals to Qatar by Nationality, Grouped by Region, Jan-Sep 2016 vs Jan-Sep 2015			
	2015	2016	% Change 2015-16
Total	2,249,364	2,182,769	-3%
GCC	1,017,564	1,087,846	7%
Other Arab	217,249	172,573	-21%
Other Africa	26,275	22,800	-13%
Other Asia inc. Oceania	569,677	487,834	-14%
Europe	312,655	300,003	-4%
Americas	105,944	111,713	5%

Arrivals to Qatar by Nationality, Grouped by Region, Jan-Sep 2016 vs Jan-Sep 2015



Performance across Qatar's Source Markets

Over the duration of the first three quarters of 2016, Qatar welcomed approximately 1.1 million GCC National visitors, an increase of 7% in arrivals compared to the same period in 2015. Arrivals from Saudi Arabia, Qatar's largest source market, increased in all but one month during the first three quarters of 2016, with an overall increase of 8% (representing an additional 56,341 visitors) during this period. Emirati arrivals increased by 17% (representing an additional 13,803 visitors). There were also increases in arrivals of Bahraini nationals (+3%) and Kuwaiti nationals (+2%) during the first three quarters of 2016; however, arrivals of Omani nationals declined by 5% compared to the same period in 2015 (representing 3,674 fewer visitors).

Visitor arrivals from non-GCC top markets have not performed as well as the GCC over the first three quarters of 2016 compared to the same period in 2015. Overall, arrivals from the top 5 non-GCC nationalities combined fell by 80,495 (-13%) in the year to date. The majority of this decline was observed in Pakistani and Indian nationals, with 38,141 fewer visitors (-51%) and 37,192 fewer visitors (-13%) respectively. However, Q3 has shown a positive turnaround in the declining arrivals trends from earlier in the year for non-GCC top markets. In addition, arrivals of U.S.A. nationals have increased by 7% year to date.

Arrivals to Qatar from the GCC, Jan-Sep 2016 vs Jan-Sep 2015			
	2015	2016	% Change 2015-16
Total	1,017,564	1,087,846	7%
Bahrain	98,079	100,762	3%
Kuwait	72,672	73,801	2%
Oman	77,643	73,969	-5%
Saudi Arabia	690,257	746,598	8%
U.A.E.	78,913	92,716	17%

Arrivals to Qatar from non-GCC Top Markets, Jan-Sep 2016 vs Jan-Sep 2015			
	2015	2016	% Change 2015-16
Total	602,498	522,003	-13%
India	289,859	252,667	-13%
U.K.	97,481	93,662	-4%
U.S.A.	68,727	73,210	7%
Egypt	71,890	66,064	-8%
Pakistan	74,541	36,400	-51%

Arrivals Patterns Year-to-Date

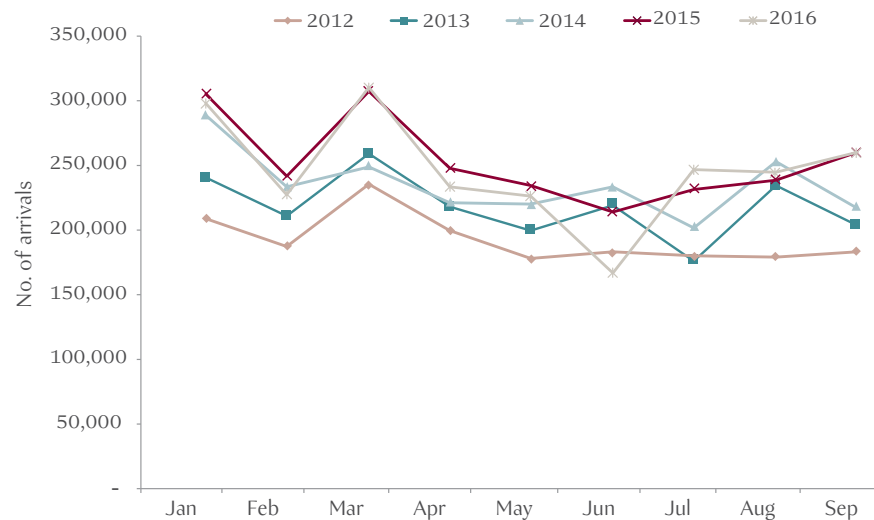
During the first five months of 2016, monthly arrivals to Qatar followed a similar pattern to previous years, with January and March being the peak months for visitor arrivals. With the exception of March, in which a record number of visitors was registered, arrivals in each month from January to June were somewhat lower in 2016 than 2015, with the lowest drop being observed in June (-22%) (coinciding with the Holy Month of Ramadan). Arrivals for July and August were also higher in 2016 than 2015 (by 6% and 2% respectively).

This reflects, in part, the timing of Eid Al Fitr in July and the impact of the Qatar Summer Festival, which ran for the month of

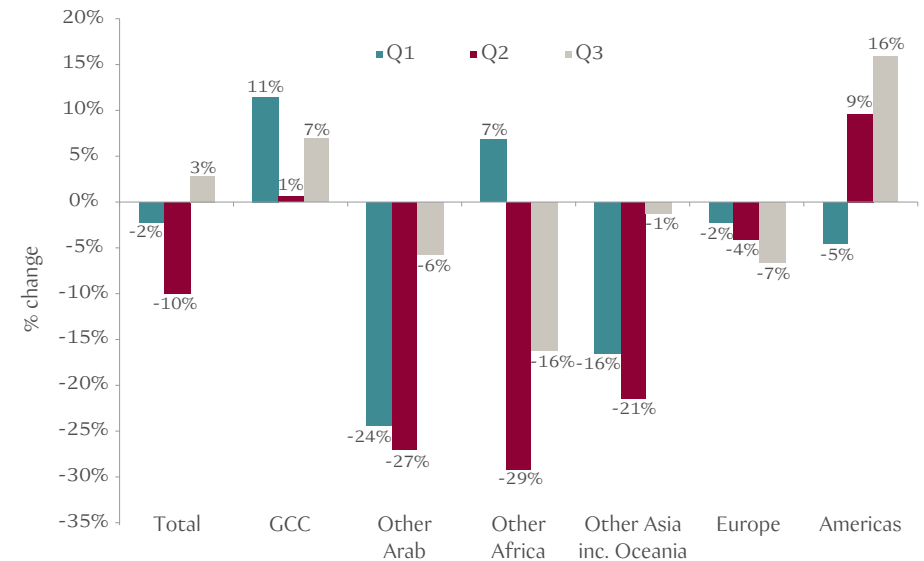
August, helping to attract visitors in a typically off-peak season for Qatar. Arrivals in September 2016 were essentially the same (-0.2%) as last year.

We see a number of improvements in arrivals by region in Q3 2016, in comparison to previous quarters. Despite declines in arrivals from the Americas in Q1, recorded arrivals have grown in both Q2 and Q3 (by 9% and 16% respectively). In addition, we are beginning to witness some improvements in arrivals from Other Arab countries, Other Africa countries and Other Asia countries. Each have continued to decline in Q3 2016 as compared to Q3 2015, but these declines have significantly slowed in comparison to Q2.

Monthly Arrivals to Qatar through Q3 by month, 2012-16



Quarterly Arrivals to Qatar by Nationality, Grouped by Region, by Quarter, % Change (2015-2016)



Accommodation

Hotel and Hotel Apartment Performance

In total, 1,449 new rooms have opened in the accommodation sector since the end of September 2015, representing a 7.1% increase in supply. Although the total number of properties remains nearly unchanged at 113, the higher volume of available rooms comes as a result of new properties that have opened offering more rooms than the properties that have closed. The increase in room supply, in combination with declines in visitor arrivals, has contributed to relatively weak performance for the accommodation sector thus far in 2016.

The average occupancy rate across all hotels and hotel apartments was 61% through the end of Q3 2016. This is 14% lower than the same period in 2015. Year-to-date, the highest occupancy rates have been recorded in the Standard Apartment and 4-Star segments, at 71% and 66% respectively; while the lowest occupancy rates have been recorded in the 3-Star and 1- & 2-Star segments at 55%.

In comparison to the same period in 2015, the 5-Star segment has held up the best, with occupancy rates down by only 11%. Other segments have seen steeper drops in occupancy, particularly in the 1- & 2-Star segment (-23%) and the 3-Star segment (-18%).

As with occupancy rates, average room rates (ARR) fell across all hotels and hotel apartment segments in the first three quarters of 2016. ARR is down by 7% (to 491 QAR) compared to the same period in 2015. The lowering of ARR is largely due to growth in supply coupled with weaker visitor demand, leading hotels to lower room rates to retain their share of the market. Similarly, RevPAR is down by 20% (to 300 QAR) compared to the same period in 2015. As usual, the highest ARR and RevPAR levels continue to be attained by the 5-Star and Deluxe Apartment segments.

Accommodation Sector Summary Performance Indicators, YTD 2016 by Quarter*												
	Occupancy (Occ)				Average Room Rate (ARR)				Revenue Per Available Room (RevPAR)			
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total	Q1	Q2	Q3	Total
All	69%	57%	56%	61%	516	481	472	491	359	276	265	300
All Hotels	69%	57%	56%	61%	521	486	475	496	362	278	266	301
All Hotel Apartments	70%	60%	60%	63%	470	426	437	446	327	254	262	281
5 Star	67%	54%	54%	58%	730	693	673	701	489	377	360	408
4 Star	75%	63%	61%	66%	339	311	298	317	253	196	182	210
3 Star	64%	50%	51%	55%	305	272	276	286	196	137	141	158
1&2 Star	63%	59%	45%	55%	207	194	198	200	130	114	89	111
Deluxe Apartment	66%	55%	56%	59%	538	490	507	513	356	270	284	303
Standard Apartment	77%	69%	68%	71%	346	318	316	327	266	220	215	233

* Note that hotel data used in this report is now provided by STR. Previous Tourism Performance Summary reports were based on data collected directly from hotels by QTA. Therefore, some moderate revisions to Q1 and Q2 data may be observed. These revisions are caused by a number of factors, including changes in data reported by individual hotels to STR, compared to data that was previously reported to QTA.

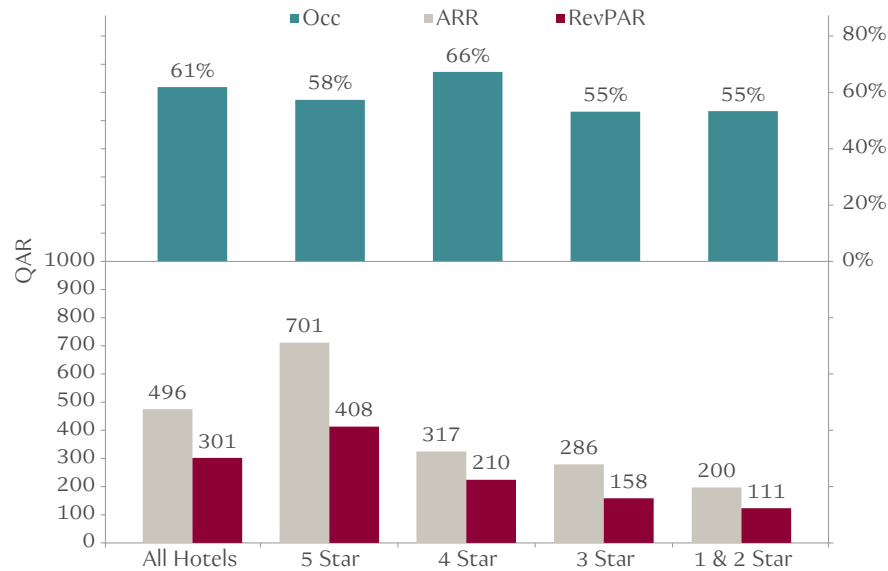
Hotel Performance

Overall, occupancy rates across all hotels in the first nine months of 2016 was 61%. The highest occupancy rate was achieved in the 4-Star segment, at 66%. The lowest occupancy rate was reported for the 3-Star and 1- & 2-Star segments, at 55%. Occupancy rates, ARR, and RevPAR across all hotel segments are lower than the same period in 2015. This is particularly notable for RevPAR*, with each hotel segment reporting falls ranging from -20% to -28% compared to the same period in 2015.

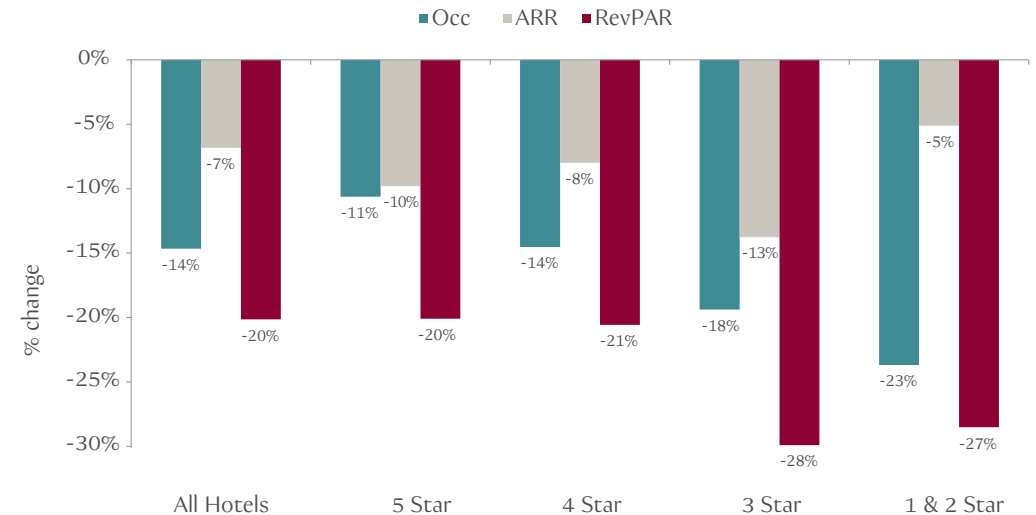
This lower performance is largely a product of strong supply, due to the rapid development that is taking place within the accommodation sector, combined with weaker visitor demand. Within this context, however, the luxury segments (5-Star and 4-Star) are holding up much better in comparison to the lower-tier segments. The largest drops were observed in the 1 & 2-Star segment, with occupancy down by 23% and RevPAR down by 27% in comparison to last year. The 3-Star segment reported similar drops: 18% in occupancy and 28% in RevPAR.

*Revenue per Available Room (RevPAR) in all hotels fell in the first three quarters of 2016 by -20%, despite similar or larger declines in all Star classes. The overall decline is due to changes in supply. The number of available rooms in 5-Star and 4-Star hotels increased by 15% and 4% respectively since the end of September 2015, while 3-Star fell by 8% and 1- & 2-Star hotels was unchanged. As there are more rooms available in the 5-Star segment at a higher RevPAR (408 QAR) compared to 4-Star (210 QAR), 3-Star (158 QAR) and 1- & 2-Star (111 QAR), RevPAR for all hotels combined does not fall by as much as the individual segments.

Occupancy Rate, ARR, and RevPAR by Hotel Classification, Jan-Sep 2016



Occupancy Rate, ARR, and RevPAR, % change Jan-Sep 2016 vs Jan-Sep 2015 by Hotel Classification



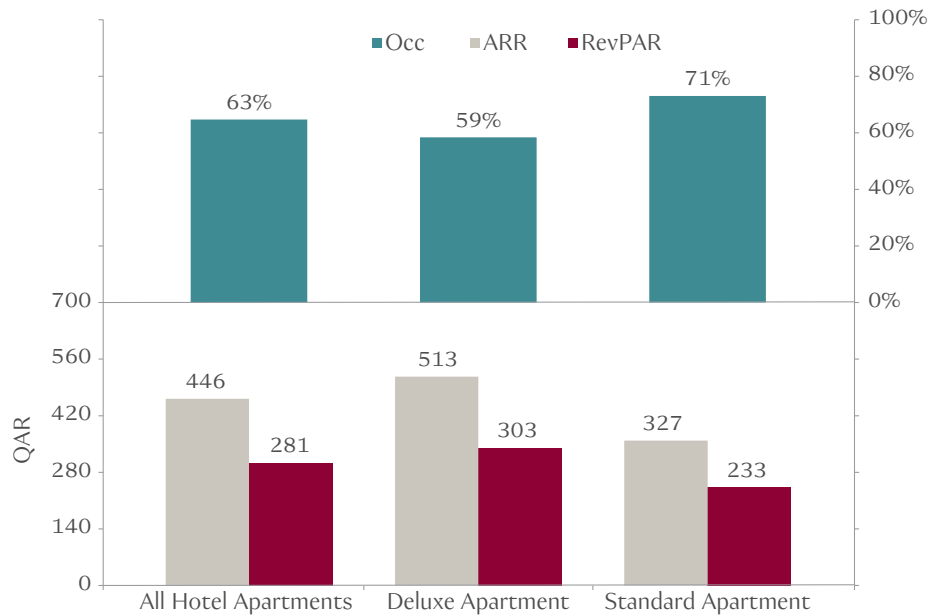
Hotel Apartment Performance

The occupancy rate for all hotel apartments was 63% through the end of September 2016, with the Standard Apartment segment achieving 71%, compared to 59% for the Deluxe Apartment segment.

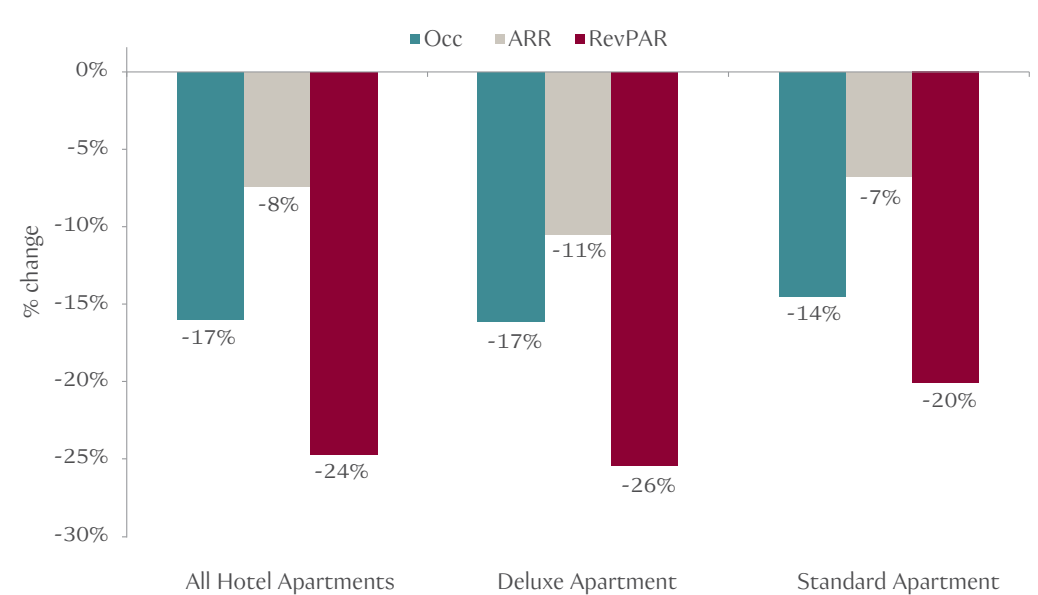
Similar to the observed trends for all hotels, key performance metrics for hotel apartments declined in the first nine months of 2016 in comparison to the same period in 2015. Occupancy rates fell by 17% across all hotel apartments, with greater

drops in the Deluxe Apartment segment (-17%) in comparison to the Standard Apartment segment (-14%). ARR fell by 8% across all hotel apartments, with greater drops in the Deluxe Apartment segment (-11%) as compared to the Standard Apartment segment (-7%). RevPAR fell by 24%, with greater drops in the Deluxe Apartment segment (-26%) as compared to the Standard Apartment segment (-20%).

Occupancy Rate, ARR, and RevPAR by Hotel Apartment Classification, Jan-Sep 2016



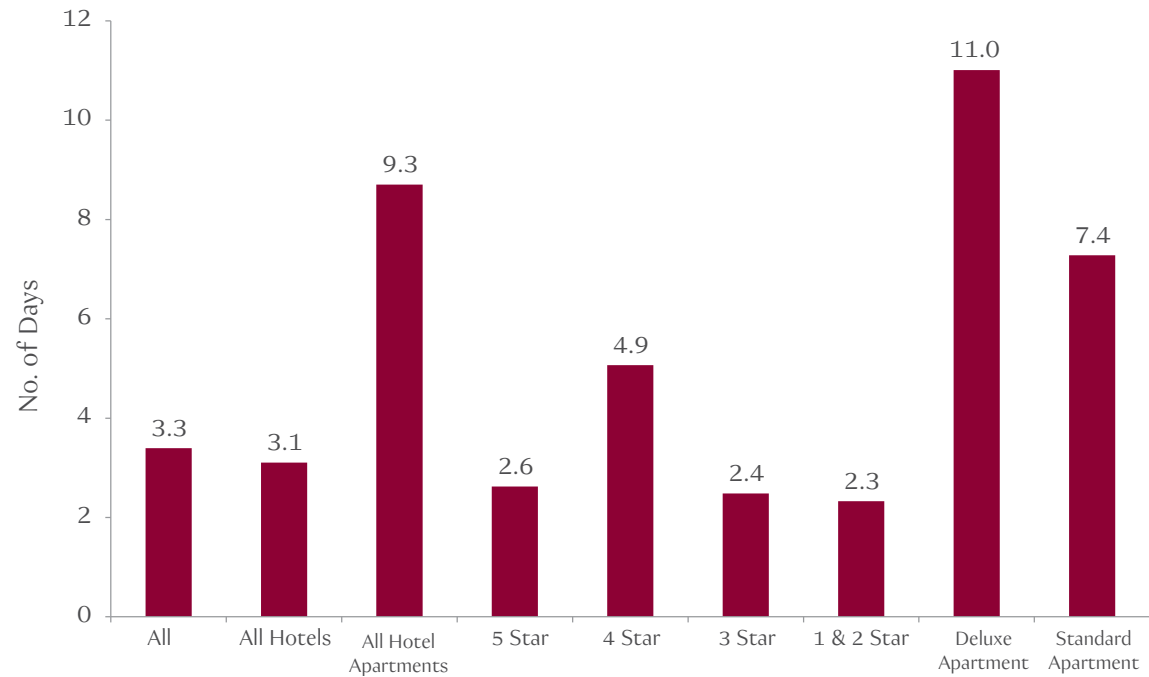
Occupancy Rate, ARR, and RevPAR, % change Jan-Sep 2016 vs Jan-Sep 2015 by Hotel Apartment Classification



Average Length of Stay

The average length of stay by visitors in Qatar during the first 9 months of 2016 was 3.3 nights, down from the 3.5 nights recorded for the same period in 2015. Length of stay continues to be notably higher in the Hotel Apartment segment (9.3 nights on average) compared to the Hotels segment (3.1 nights on average), since this segment tends to attract longer-stay visitors, such as business visitors. The shortest stays were observed in the 1 & 2-Star Hotel segment, at 2.3 nights per trip; and the longest stays in the Deluxe Apartment segment, at 11 nights per trip.

Average Length of Stay by Hotel Classifications, Jan-Sep 2016





For further information, please contact
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