



## 2016 Annual Tourism Performance Report





## Introduction

Amidst great uncertainty, 2016 was a year full of challenges for many of the world's economies. The impacts of *Brexit*, the prospect of a Trump Presidency, low oil prices, and security concerns were evident in economic performance across the globe.

Qatar had enjoyed more than a decade of uninterrupted growth in visitor arrivals, but low oil prices over this past year, and all of the subsequent effects, have caused that trajectory to plateau. Like all GCC markets, Qatar's economy has been affected, and public and private sector organisations alike have experienced significant cuts in spending and human resources.

Despite the circumstances throughout 2016, visitor arrivals to Qatar remained more or less consistent with the record numbers registered in 2015. In 2016, visitor arrivals to Qatar were only 0.1% lower than the arrivals numbers recorded in 2015. This resilience in the face of such economic difficulties is testament to the growing strength of Qatar's tourism offering, and an accolade to its burgeoning tourism industry.

There was an evident turnaround in arrivals in late 2016. As economic difficulties continue to ease, and with Qatar expecting to receive 22 cruise ships in 2017, it is anticipated that the momentum observed in late 2016 will carry forward, and Qatar will once again find itself on a familiar upward trajectory.

Please note that in this report, visitor arrivals data have been revised in all years, compared to previous reports. The difference between the new and the old arrivals numbers are relatively small, and reflect a more detailed set of visit visa categories, which form the basis of the visitor arrivals series, recently updated and provided by the Ministry of Interior.

# Arrivals

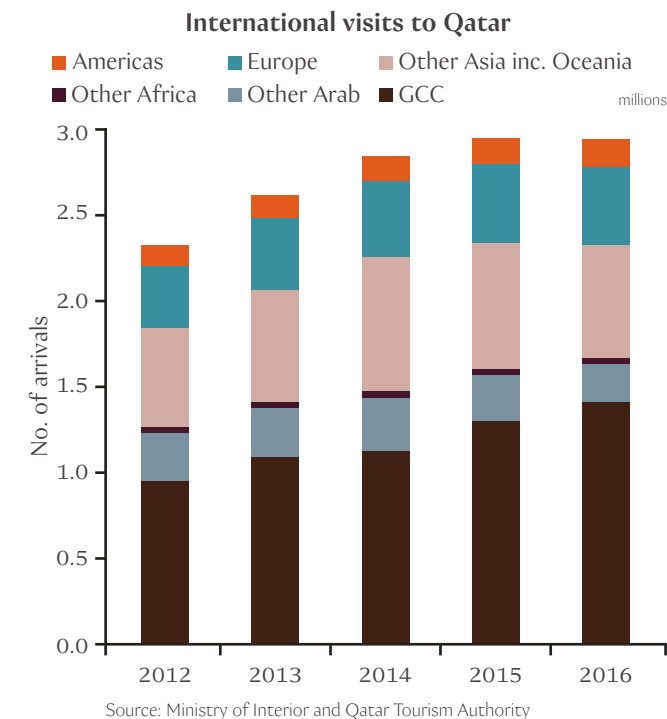
## Qatar matches 2015 arrivals performance despite regional economic downturn

In 2016, 2.938 million international visitors came to Qatar, only marginally fewer than the 2.941 million visitors received in 2015. In many respects, 2016 was a tale of two halves. In the first half of the year, visitor arrivals declined by 5.5%, in comparison to the previous year – a continuation of the regional downward trend that began in late 2015. Lower oil prices continued to drag on travel demand across the GCC region, in terms of both oil-related business travel and leisure demand for those employed by the sector. In the second half of 2016, however, visitor arrivals began to rebound. Between July and December 2016, visitor arrivals grew by 5.8%. This growth was primarily driven by arrivals from other GCC nationals.

In the four years leading up to 2016, arrivals to Qatar had grown by an average of 6.0% annually. When compared directly to the number of visitors received in 2012, this equates to a growth of 26.4% over the space of four years. Visits from all nationalities, with the exception of Other Arab nationalities, have grown substantially. The GCC market has shown the greatest growth, at 48% in absolute terms, while visits from the Americas have grown by 32.5%, Europe by 25.7%, Other Asia (including Oceania) by 13.9%, and from non-Arab Africa by 1.5%. The decline in visitors from Other Arab nations (-20.2%) reflects the impact of low oil prices on visitor demand related to workers in the industry in Qatar, particularly in the first half

of 2016 when visitors from Other Arab nations fell by 26.7%. During the second half of the year, this rate of decline slowed and arrivals from Other Arab nations were only 2.6% lower than the same period in 2015. This is an early indicator that the drag on growth over the last 18 months is beginning to reverse.

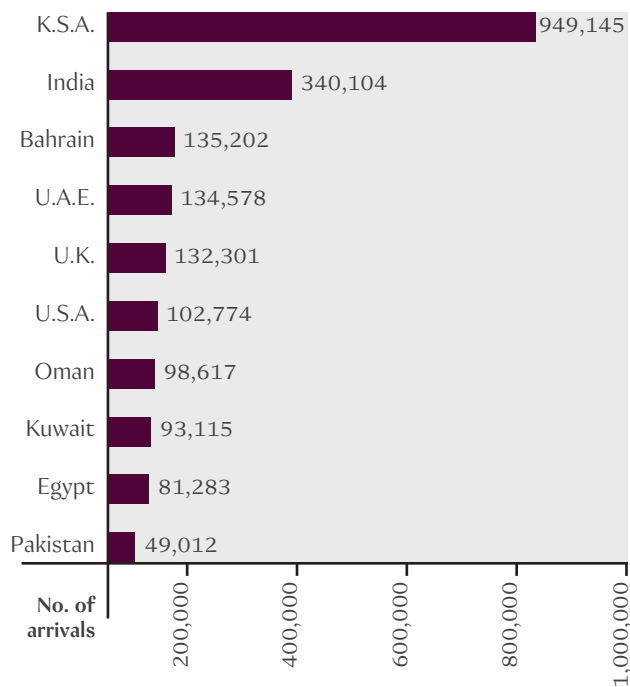
Arrivals to Qatar by region								
	2012	2013	2014	2015	2016	% Change 2015-16	CAGR 2012-16	Cumulative growth 2012-16
Total	2,323,573	2,611,969	2,839,373	2,941,130	2,938,096	-0.1%	6.0%	26.4%
GCC	952,870	1,090,264	1,124,333	1,300,221	1,410,657	8.5%	10.3%	48.0%
Other Arab	278,161	287,177	313,491	267,349	221,894	-17.0%	-5.5%	-20.2%
Other Africa	31,909	35,475	35,742	36,558	32,390	-11.4%	0.4%	1.5%
Other Asia inc. Oceania	579,649	651,957	782,794	732,964	660,364	-9.9%	3.3%	13.9%
Europe	361,943	413,829	437,842	457,940	455,076	-0.6%	5.9%	25.7%
Americas	119,041	133,267	145,171	146,098	157,715	8.0%	7.3%	32.5%



## Visitor Arrivals in 2016: Top 10 Nationalities

Among Qatar’s visitors in 2016, the top ten nationalities include the five other GCC countries plus a diverse set of other nationalities including Indian, British, American, Egyptian, and Pakistani. These top ten visitor nationalities remain the same as in 2015, and Saudi visitors continue to dominate the market.

### Top 10 nationalities by absolute size, 2016



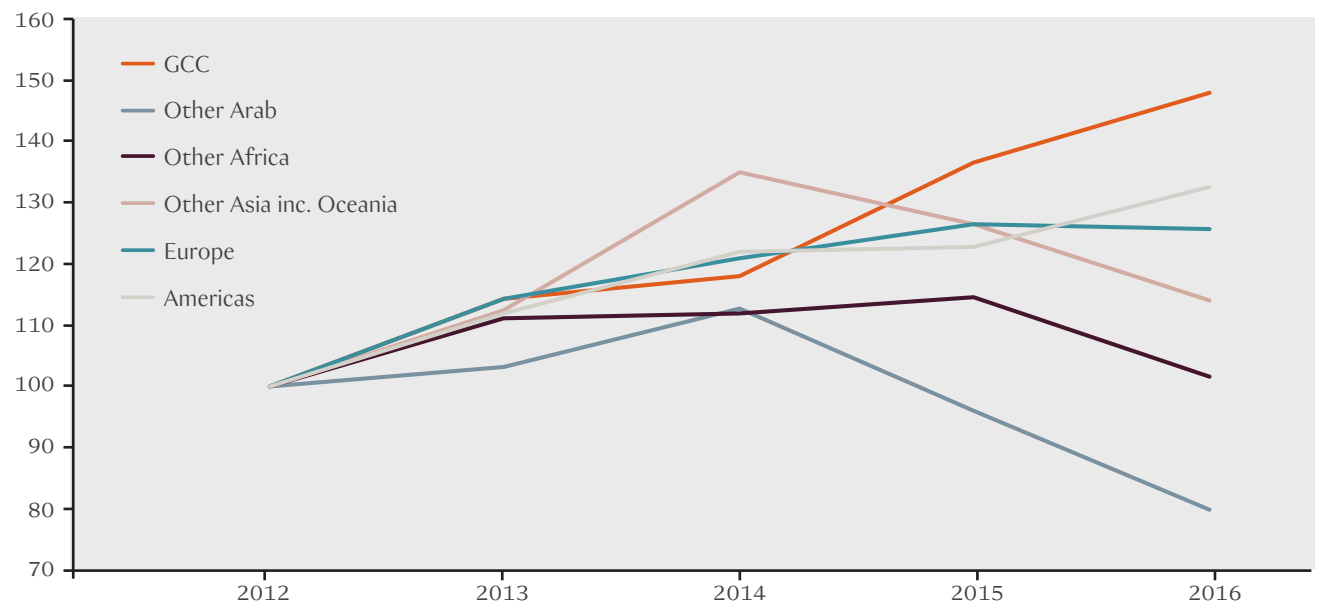
Source: Ministry of Interior, Qatar Tourism Authority

## Arrivals growth by visitor nationality (grouped by region) 2012-16

Arrivals growth<sup>1</sup> stemming from visits by GCC nationals to Qatar continued to outpace growth from nationals of all other regions, with a significant upswing in both 2015 and 2016. GCC visitor numbers are now almost 50% greater than what they were in 2012; and despite a slowing in growth in 2015 and 2016, visits from most other

regions are still higher (2-33%) than in 2012. Visits by Other Arab nationalities are the exception: they peaked in 2014 at 13% above 2012 levels, but by 2016 were more than 20% lower than in 2012.

### Indexed arrivals to Qatar by nationality, grouped by region (2012=100)



Source: Ministry of Interior, Qatar Tourism Authority

<sup>1</sup>The index chart provides an interesting growth perspective amongst world regions over the period 2012-16. The number of arrivals from each region is set to 100 in 2012 and grown forward from this common year to allow easy comparison of growth trends over the period.



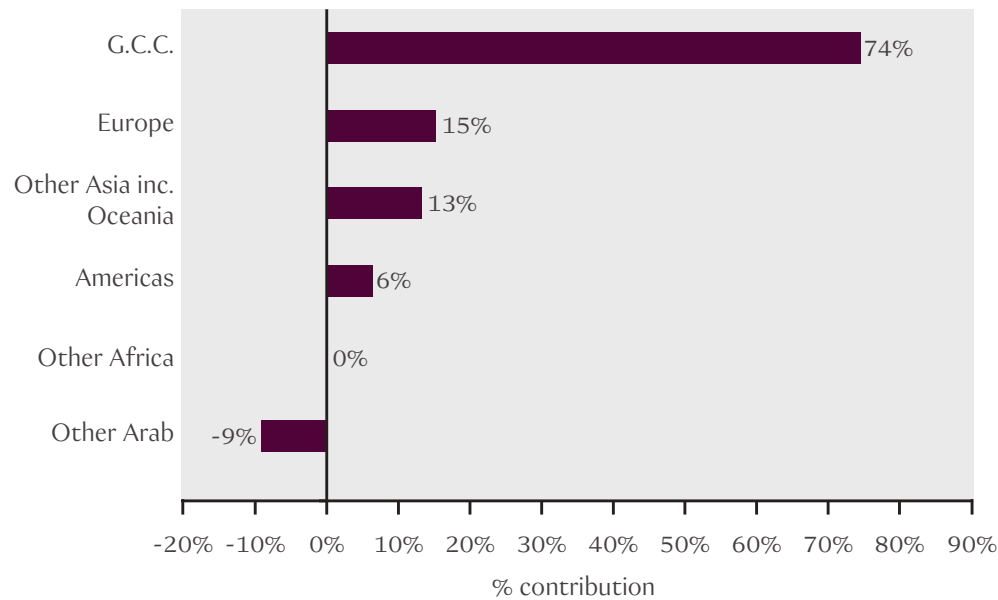
## How each market contributed to growth

The contribution to growth charts<sup>2</sup>, below, demonstrate the extent to which each region and/or source market contributed to overall growth over the last five years. During this period, 74% of total inbound arrivals growth in Qatar came from GCC nationals, and 15% of total inbound arrivals came from European countries. The Other Arab region was the only region that showed slowing growth over this period.

Saudi Arabia was the largest positive contributor to arrivals growth over the period 2012-16 with a contribution of 61%. India made the second largest contribution to total arrivals growth with 10%, despite declines in the past two years. Other standouts were the United States and China which both contributed 4% and 3% to total arrivals growth respectively.

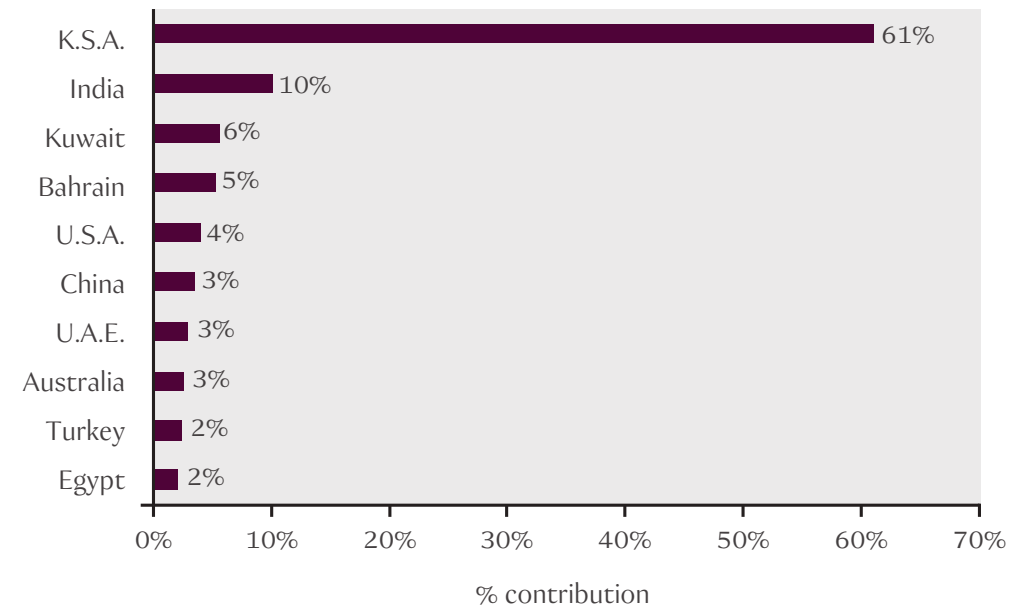
The nationalities featured in the top ten contributors to growth chart above together accounted for over 99% of total arrivals growth between 2012-16.

Regional contribution to Qatar arrivals growth, 2012-16



Source: Ministry of Interior, Qatar Tourism Authority

Top 10 contributors to Qatar arrivals growth, 2012-16



Source: Ministry of Interior, Qatar Tourism Authority

<sup>2</sup>Contribution to growth charts demonstrate the extent to which each nationality and/or region contributes to overall growth during the reference period. For example, in this chart it can be seen that 74% of total inbound arrivals growth to Qatar between years 2012-16 came from GCC. Arrivals from nationals of the Americas, however, contributed only 6% of total inbound arrivals growth to Qatar despite growing by 32.5% in absolute terms over the same period, due to relatively small volumes.

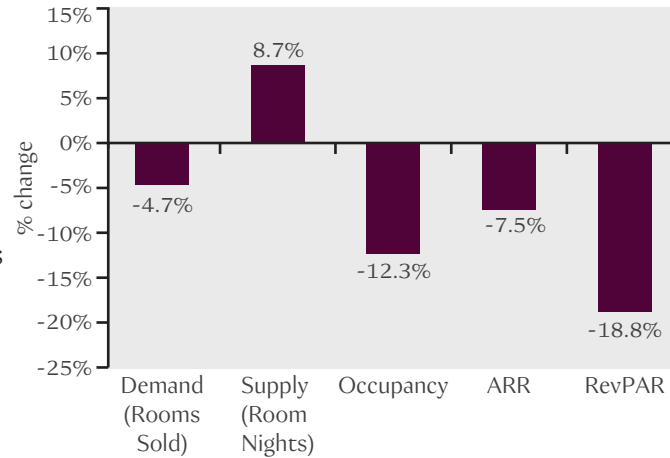
# Accommodation

## Accommodation performance 2015/2016

Accommodation demand was down 4.7% for 2016 compared to 2015, reflecting a sharper decline than what was seen for visitor arrivals (-0.1%). Average length of stay across all segments, with the exception of the Deluxe Apartment segment, dropped, which partially explains this trend. In addition, the number of available rooms in 2016 grew by 8.7%, in comparison to the end of 2015, marking a second consecutive year of large increases in the room supply. Over the past two years, almost 4,000 new hotel rooms have been added to Qatar's accommodation stock. This supply growth, alongside weaker demand, pulled occupancy rates down in 2016. The average occupancy rate across all segments was 62% in 2016, compared to 70% in 2015. Similarly, revenue per available room (RevPAR) declined (-18.8%), as well as average room rates (ARR, by -7.5%).

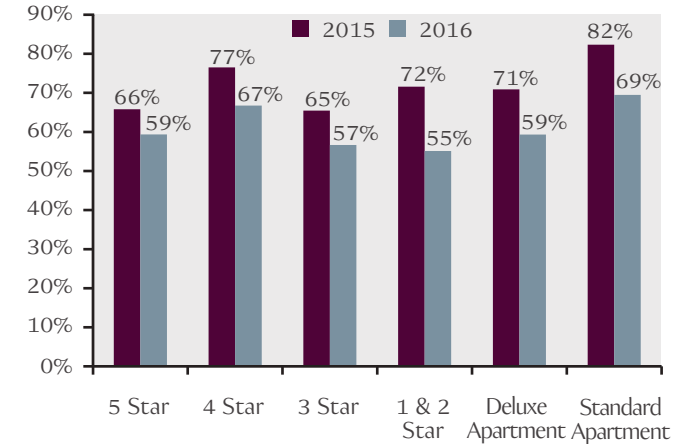
In 2016, the 4-Star Hotel and Standard Apartment segments achieved the highest occupancy rates of 67% and 69% respectively, and were the only segments to surpass the industry average (62%) in 2016. The 3-Star and 1-& 2-Star Hotel segments remained the lowest performing segments, with 57% and 55% occupancy rates respectively. Average room rates were also lower across all segments over the course of 2016, with the 3-Star segment seeing the biggest decline (-13%). Similarly, RevPAR declined across all segments, by between 19% (in 5-Star Hotels) and 27% (in 1-& 2-Star Hotels).

Accommodation Performance Summary, 2015 vs 2016



Source: STR

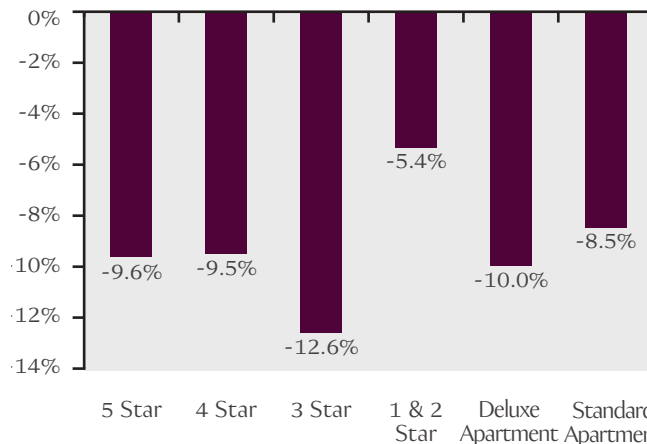
Occupancy Rates



Source: STR

ARR (Average Room Rate)

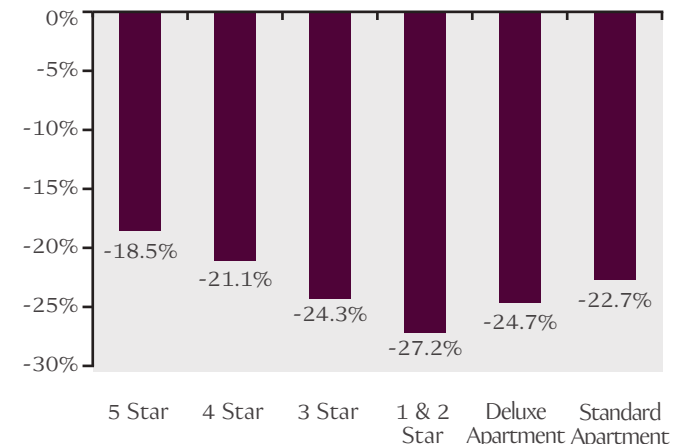
2015 vs 2016 % change



Source: STR

RevPAR (Revenue per Available Room)

2015 vs 2016 % change



Source: STR

## Accommodation supply has and will continue to grow

During 2016, the room supply across Qatar's accommodation market grew by 8.7% in comparison to room supply at the end of 2015. This supply growth came from the opening of 10 new hotel properties with 2,144 rooms<sup>3</sup>. Qatar now has a total accommodation offering consisting of close to 23,000 rooms, 21,000 of which are hotel rooms and 2,000 of which are hotel apartments. The largest segment is the 5-Star hotel segment, which includes approximately 10,000 rooms across 38 properties at the close of 2016.

As Qatar anticipates continued increases in international visitation and prepares for major events, such as the 2022 FIFA World Cup, significant hotel capacity is under development. Room supply is set

to almost double in the coming years, with over 100 projects (with a planned 20,580 rooms) under various stages of development, as well as additional project proposals under consideration.

Existing stock, 2016		
	Rooms	Entities
All Hotels and Hotel Apartments	22,921	117
All Hotels	20,908	98
5 Star	10,365	38
4 Star	8,021	25
3 Star	2,268	27
1 & 2 Star	254	8
All Hotel Apartments	2,013	19
Standard	713	12
Deluxe	1,300	7

All Properties Under Development		
	Rooms	Entities
All Hotels and Hotel Apartments	20,580	109
All Hotels	13,141	65
5 Star	8,433	31
4 Star	3,476	23
3 Star	1,132	10
1 & 2 Star	100	1
All Hotel Apartments	2,592	12
Standard	529	3
Deluxe	2,063	9
Not yet classed	4,847	32

Accommodation Sector Performance Summary 2014-16											
	2014 YTD			2015 YTD				2016 YTD			
	OCC	ARR	RevPAR	OCC	ARR	RevPAR	ALOS	OCC	ARR	RevPAR	ALOS
All Hotels and Hotel Apartments	76%	498	377	70%	522	368	3.54	62%	483	299	3.39
All Hotels	75%	501	377	70%	527	369	3.33	62%	488	301	3.19
All Hotel Apartments	79%	478	379	75%	477	358	8.00	63%	436	274	9.25
5 Star	71%	742	527	66%	763	502	2.65	59%	689	409	2.58
4 Star	80%	323	258	77%	343	262	5.09	67%	310	207	5.01
3 Star	76%	305	233	65%	320	210	2.67	57%	280	159	2.50
1 & 2 Star	73%	202	147	72%	208	149	2.94	55%	197	108	2.36
Deluxe Apartment	74%	575	423	71%	559	396	7.45	59%	503	299	11.19
Standard Apartment	89%	342	305	82%	350	288	9.00	69%	321	223	7.11

<sup>3</sup>It is important to note that although ten new accommodation establishments and approximately 2,000 new rooms entered into Qatar's accommodation supply in 2016, closures elsewhere have offset these additions to a degree, such that at the end of 2016 there were only 1,800 new rooms compared to the end of 2015.





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