

UK Chain Hotels Market Review – August 2009

Provinces buoyed by ‘Staycations’

Holiday makers boosted occupancy levels for provincial UK chain hotels in August 2009, according to the latest **HotStats** survey by industry experts TRI Hospitality Consulting.

Although occupancy levels were at similar levels to August 2008, provincial hoteliers continued to compete aggressively on price, resulting in an 8.3% year on year drop in achieved average room rate to £64.51. In contrast, the decline in average occupancy levels was only 0.6 percentage points, to 71.8%, representing the smallest margin of decline since the beginning of the year.

“For once it is provincial hoteliers who are making the headlines and for all the right reasons. The UK’s top tourism destinations have successfully attracted domestic holiday makers who have understandably been dissuaded from travelling abroad at this time by the high costs and unfavourable exchange rates,” said David Bailey, deputy managing director, TRI Hospitality Consulting.

Despite major commercial-led city centres such as Newcastle and Liverpool continuing to experience declines in occupancy levels, at 2.8 percentage points and 3.3 percentage points respectively, popular destinations for tourism such as Stratford-upon-Avon and Brighton enjoyed an increase in room occupancy levels in August 2009, compared to 2008. The largest margins of growth in occupancy levels were in York, at approximately 12 percentage points (with attractions in Yorkshire reporting an increase in revenue of 17%), and Blackpool, at more than 9 percentage points.

As a result of the movement in average occupancy and room rate levels, the differential between the profitability of UK provincial hotels in 2009 on 2008 continued to decrease, with IBFC per available room only 12.9% lower than in August 2008. This is much more palatable than recent monthly year-on-year declines of as much as 30%.

London hoteliers’ focus returns to rate

Following the strategy of ‘volume over rate’ in July, London hoteliers have been more measured in their approach to maximising room revenues in August as average room rate declined by 7.3% in the current month, compared to 13.1% in July. Despite a more bullish strategy in August, London hoteliers were able to reduce the performance gap in Total Revenue per Available Room to the lowest levels since March 2009, 9.9% below 2008 levels.



Occupancy levels in London in August 2009 remain below last year at 81.9%, a decrease of 2.5 percentage points, but still performed strongly considering the current economic climate. Compared to last year, achieved average room rates dropped by approximately £7 to £99.97.

UK embracing the ‘Staycation’

As well as Hoseasons, the biggest seller of UK breaks, reporting an increase of more than a quarter in bookings for their holiday parks, cottages, lodges and boats, our latest **HotStats** survey clearly demonstrates the benefits afforded to hotel accommodation as a result of ‘Staycationing’ with a year on year monthly increase in occupancy levels in August 2009 for tourism destinations such as York and Stratford-upon-Avon and coastal resorts including Brighton, Blackpool, Plymouth and even Portsmouth.

However, in order to offer value for money, according to our **HotStats** survey, average room rate at tourism destinations throughout the UK has declined in August 2009 by as much as 8.2%, compared to the same period in 2008, as hotels accommodate low-yielding individual leisure and group tour demand.

Heathrow reports second consecutive record month

The latest statistics published by BAA reported a second consecutive month of record passenger numbers at Heathrow Airport, handling 6.4 million passengers in August 2009, up by 0.3% on 2008.

Edinburgh Airport also enjoyed passenger growth for the fifth consecutive month, with volume increasing by 4.8%, which has been helped by the addition of 17 new low-cost services to European destinations.

Overall, BAA’s seven UK airports handled a total of 14.4 million passengers in August, a drop of 3.1% on the same month last year.

In the eight months to August 2009, passenger numbers at BAA’s seven UK airports has declined by 6.1% to 94 million, compared to the same period last year.



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Services:

For an inside view of a local or regional market place in the hotel sector, bespoke **HotStats** reports are available. Terms and conditions apply.

To view a sample report visit: <http://www.trihc.com/Home.aspx?pID=149-0>
Or from the TRI home page select Market knowledge and follow the path to Market reports.



HotStats Briefing Data

UK Chain Hotels - Performance report

The month of August 2009

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
75.5	78.48	59.22	94.92	30.9	32.12
81.9	99.97	81.85	108.36	28.0	44.55
71.8	64.51	46.33	87.25	33.0	25.03

UK Total
London
Provincial

The eight months to August 2009

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
71.8	84.44	60.67	101.05	29.5	36.37
79.3	108.24	85.84	121.23	25.8	53.69
67.5	68.30	46.13	89.40	32.4	26.37

The month of August 2008

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
76.8	85.26	65.45	104.20	31.0	36.86
84.4	107.81	90.94	120.32	27.8	50.84
72.4	70.33	50.95	95.04	33.3	28.91

UK Total
London
Provincial

The eight months to August 2008

Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
74.7	91.70	68.48	113.69	29.1	43.40
81.6	117.97	96.23	136.77	25.3	62.63
70.7	74.24	52.49	100.39	32.1	32.32

Movement for the month of August

Occ	ARR	RevPAR	TrevPAR	Payroll	GOP PAR
-1.3	-8.0%	-9.5%	-8.9%	0.0	-12.9%
-2.5	-7.3%	-10.0%	-9.9%	-0.2	-12.4%
-0.6	-8.3%	-9.1%	-8.2%	0.3	-13.4%

UK Total
London
Provincial

Movement for the eight months to August

Occ	ARR	RevPAR	TrevPAR	Payroll	GOP PAR
-2.8	-7.9%	-11.4%	-11.1%	-0.4	-16.2%
-2.3	-8.2%	-10.8%	-11.4%	-0.4	-14.3%
-3.2	-8.0%	-12.1%	-10.9%	-0.3	-18.4%

EDITORS NOTES:

The UK Chain Hotels currency within this report is shown in pounds Sterling.

The UK Chain Hotels sample is composed of 488 hotels with an average hotel size of 185 bedrooms.

These hotels operate primarily in the three and four-star sectors.

TRI Hospitality Consulting provides a wide range of services to clients in the hotel sector. It has offices in London, Dubai and Madrid.

Occupancy (Occ %) is that proportion of the bedrooms available during the period which are occupied during the period.

Room rate (ARR) is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar (RevPAR) is the total bedroom revenue for the period divided by the total available rooms during the period.

Total Revpar (TrevPAR) is the combined total of all hotel revenues divided by the total available rooms during the period.

Payroll % is the payroll for all hotels in the sample as a percentage of total revenue.

GOP PAR is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

Data Sample TRI amends the above data samples each year to reflect the changes in the HotStats survey. Therefore this report will not match that of the published release data in last year's monthly report because the data is based on a differing hotel sa



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