

# HotStats™

## Europe Chain Hotels Market Review - September 2007

### Heart surgeons help profit surge in Vienna

The Austrian capital experienced the biggest increases in occupancy, rate and revpar in September, according to the latest survey of ten leading European cities by TRI Hospitality Consulting. Combined with the largest reduction in payroll costs too, this caused a massive 67.8 per cent leap in IBFC – an equivalent measure of gross operating profit - to Eu111.54 per available room, compared to the same month in 2006.

“Vienna’s outstanding performance was largely due to matters of the heart. More than 25,000 cardiologists arrived in the city for a congress that takes place every four years, resulting in hoteliers charging premium rates. As a sophisticated and romantic city break, Vienna is also an increasingly attractive leisure destination,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

High demand in the traditionally quiet first week of September helped push rate and occupancy up by 31.0 per cent and 4.7 per cent respectively, resulting in a substantial leap in revpar of 38.2 per cent to Eu169.36.

### Berlin profit breaks Eu100.00 barrier

Berlin enjoyed the second highest profit improvement with IBFC up by 16.7 per cent to Eu101.49 per available room, the result of a reduction in payroll costs and robust rate and revpar growth.

“With strong performances in both August and September, Berlin’s hoteliers are moving things up a gear. Profit conversion in September was almost double the year-to-date average. A slowdown in new hotel supply and booming conference and convention business is making the Berlin hotel market one to watch at the moment,” said Langston.

In terms of profit growth, Amsterdam was in third place with IBFC rising 15.8 per cent to Eu129.35 per available room. After Moscow, Paris and London, the Dutch capital was the fourth most profitable city, but was number one in terms of volume with 89.6 per cent, the highest occupancy in the survey.

In the nine months to September, Amsterdam and Paris were the only cities in the survey to show positive movement across all five performance indicators.

## **It's getting better in Budapest**

Elsewhere, there was encouraging news from Budapest with occupancy, rate and revpar all showing positive growth for the first time since April. Occupancy grew by of 2.3 points to 85.0 per cent, compared to a year-to-date average of 70.4 per cent. Average rate was up 2.6 per cent to Eu125.71 leading to a revpar improvement of 5.5 per cent to Eu106.84.

“Budapest’s hoteliers have been on a rocky road this year with vertiginous drops in profit in May and June. It would be premature to talk of recovery, but with the combination of increased volume and IBFC PAR down by just one per cent, there are some tentative signs of a return to stability,” said Langston.

## **Moscow makes the most from the least**

In absolute terms, Moscow’s hotels continue to be the most profitable – and the emptiest - in Europe.

IBFC stood at Eu195.87 per available room in September, way ahead of Paris in second place with Eu144.67. Moscow’s occupancy was down by 3.5 points to 79.5 per cent, the lowest in the survey.

“Despite recording by far the highest rate and revpar figures in our survey, Paris’s profit conversion rate is much lower than Moscow’s due to France’s more expensive operating environment,” said Langston.

After Vienna, Paris recorded the second highest payroll costs at 29.9 per cent of turnover compared to Moscow at the bottom of the table with 16 per cent.

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# HOTSTATS BRIEFING DATA

European Chain Hotels - Performance report

## The month of September 2007

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
89.6	211.03	189.14	23.5	129.35
83.3	167.6	139.55	23.6	101.49
85.0	125.71	106.84	23.7	68.64
82.4	114.73	94.49	23.8	77.05
88.7	216.86	192.40	22.9	140.88
79.5	229.87	182.83	16.0	195.87
86.8	162.62	141.15	23.8	101.45
88.6	255.31	226.14	29.9	144.67
83.6	143.93	120.30	19.1	95.76
88.9	190.47	169.36	30.0	111.54

Amsterdam  
Berlin  
Budapest  
Hamburg  
London  
Moscow  
Munich  
Paris  
Prague  
Vienna

## The 09 months to September 2007

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
83.5	167.74	139.97	29.4	81.65
71.2	139.36	99.23	31.4	51.74
70.4	108.04	76.09	32.0	35.58
71.0	105.66	74.99	31.1	40.06
84.3	199.94	168.59	25.2	115.15
67.4	208.87	140.84	20.4	140.56
76.8	121.68	93.39	30.6	50.96
80.5	211.65	170.35	36.7	90.85
72.8	118.08	85.99	23.2	60.77
74.7	151.96	113.51	40.6	51.24

## The month of September 2006

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
91.4	186.32	170.31	25.5	111.74
85.3	148.35	126.59	26.6	86.93
82.6	122.54	101.26	22.6	69.33
83.5	123.06	102.81	25.2	71.74
88.9	198.45	176.33	23.4	129.09
83.1	190.58	158.29	9.1	201.59
86.0	166.09	142.89	21.0	97.68
85.9	253.5	217.63	29.5	140.72
85.1	142.69	121.36	17.4	99.87
84.3	145.39	122.53	37.8	66.46

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## The 09 month to September 2006

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
83.3	158.17	131.72	30.6	74.49
69.7	144.19	100.44	30.9	53.73
71.4	108.93	77.81	26.8	47.43
73.3	110.35	80.86	30.2	45.23
84.5	181.19	153.05	26.5	99.34
66.8	166.15	110.99	19.1	120.79
73.3	118.21	86.64	29.2	46.76
76.3	198.8	151.67	38.3	76.22
76.7	121.71	93.29	21.8	67.25
75.1	137.81	103.56	41.9	44.18

## Movement for the month of September

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-1.8	13.3%	11.1%	-1.9	15.8%
-2.1	13.0%	10.2%	-3.0	16.7%
2.3	2.6%	5.5%	1.1	-1.0%
-1.2	-6.8%	-8.1%	-1.4	7.4%
-0.1	9.3%	9.1%	-0.5	9.1%
-3.5	20.6%	15.5%	6.9	-2.8%
0.8	-2.1%	-1.2%	2.8	3.9%
2.7	0.7%	3.9%	0.3	2.8%
-1.5	0.9%	-0.9%	1.7	-4.1%
4.7	31.0%	38.2%	-7.8	67.8%

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## Movement for the 09 month to September

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
0.2	6.1%	6.3%	-1.2	9.6%
1.5	-3.3%	-1.2%	0.5	-3.7%
-1.0	-0.8%	-2.2%	5.2	-25.0%
-2.3	-4.3%	-7.3%	1.0	-11.4%
-0.2	10.3%	10.2%	-1.3	15.9%
0.6	25.7%	26.9%	1.2	16.4%
3.5	2.9%	7.8%	1.4	9.0%
4.2	6.5%	12.3%	-1.5	19.2%
-3.8	-3.0%	-7.8%	1.4	-9.6%
-0.4	10.3%	9.6%	-1.3	16.0%

### EDITORS NOTES:

The European Chain Hotels currency within this report is shown in Euros

Hotels contained within these samples operate primarily in the three, four and five star sectors.

TRI Hospitality Consulting provides a wide range of services to clients in the hotels, tourism and leisure sectors. It has offices in London and Dubai.

### Definitions:

**Occupancy** is that proportion of the bedrooms available during the period which are occupied during the period.

**Room rate** is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

**Room Revpar** is the total bedroom revenue for the period 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.

**IBFC PAR** is the Income Before Fixed Charges shown per available room.