

HotStats™

UK Chain Hotels Market Review - February 2006

Revpar growth remains steady

Room revenue per available room was up 3.3 per cent during February 2006 compared to the same month a year ago, according to the latest figures from TRI Hospitality Consulting's HotStats survey.

London hotels were strongest with a rise of 4.7 per cent. Both occupancy and room rate increased, up 1.1 percentage points and 3.2 per cent respectively.

Hotels in the provinces had a stronger increase in rate, at 3.8 per cent, but a 0.8 percentage point fall in occupancy meant that room revpar was up less than in the capital at 2.5 per cent.

Overall revpar, taking into account non-room items such as food and beverage, showed a 2.2 per cent increase at all UK hotels in the HotStats sample.

"February has been a steady month for UK hoteliers, with sales revenues keeping just ahead of inflation," said Jonathan Langston, TRI Hospitality Consulting's managing director.

Taking the first two months of this year and comparing them to 2005, shows that room revpar is 3.7 per cent higher and overall revpar 3.0 per cent higher.

London is again ahead of the provinces with a 5.5 per cent rise in room revpar thanks to a 3.7 per cent increase in rate to £94.37 and a 1.3 percentage point hike in occupancy to 74.8 per cent.

UK provincial hotels lag only slightly, however, with a 2.8 per cent rise in revpar. Occupancy virtually stood still, with a small drop of 0.3 percentage points, and rate was up 3.3 per cent to reach £67.70.

"With more subdued topline growth than we have seen than in the past couple of years, hoteliers are under even more pressure to contain costs to ensure profits continue to rise," said Langston.

Optimism on sales prospects going forward

UKinbound, the official trade body representing the inbound tourism industry in the UK, said that figures collected in its monthly survey for January 2006 show that visitor arrivals were up 4.9 per cent for its members.

This was a cause for some optimism, said the organisation, and added that consumers are becoming increasingly inured to the hazards of international travel if the product is good and the price is right.

UKinbound was, however, less impressed with the increasing cost of taxation and regulatory compliance. It said that this has grown faster in the UK over the last 10 years than for any of the country's main competitors. It fears this may undermine the industry's good work and cause it to fail to capitalise fully on the Olympics in 2012.

At BAA, the operator of seven UK airports including Heathrow and Gatwick, passenger traffic was up 2.5 per cent during February compared to the same month a year earlier.

The biggest growth was in long haul flights, excluding North Atlantic, which were up 8.4 per cent. The North Atlantic routes continue to decline, dropping 1.5 per cent.

“We are seeing an encouraging picture for the hospitality industry overall but there are notable areas of concern, particularly with rising costs,” said TRI's Langston.

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HotStats Briefing Data

UK Chain Hotels - performance report

The Month of February 2006

UK TOTAL HOTELS		2006	2005	Movement
Occupancy	%	71.0	71.3	-0.3 points
Room rate	£	77.68	74.92	3.7%
Room Revpar	£	55.14	53.38	3.3%
Total Revpar	£	2,776	2,716	2.2%

LONDON HOTELS		2006	2005	Movement
Occupancy	%	78.2	77.1	1.1 points
Room rate	£	95.57	92.57	3.2%
Room Revpar	£	74.72	71.38	4.7%
Total Revpar	£	3,157	3,060	3.2%

UK PROVINCIAL HOTELS		2006	2005	Movement
Occupancy	%	67.8	68.6	-0.8 points
Room rate	£	68.47	65.99	3.8%
Room Revpar	£	46.40	45.27	2.5%
Total Revpar	£	2,602	2,558	1.7%

EDITORS NOTES:

The UK Chain Hotels sample is composed of 500 hotels with an average hotel size of 165 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 hotels, tourism and leisure sectors. It has offices in London, Madrid, Istanbul, Dubai and Lagos.

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.

Total Revpar is the combined total of all hotel revenues divided by the total fixed bedroom stock.

Data Sample TRI amend 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 of last years monthly report because the data is based on a differing hotel sample.

HotStats Briefing Data

UK Chain Hotels - performance report

The Two Months to February 2006

UK TOTAL HOTELS		2006	2005	Movement
Occupancy	%	66.4	66.3	0.2 points
Room rate	£	77.00	74.39	3.5%
Room Revpar	£	51.15	49.30	3.7%
Total Revpar	£	5,274	5,118	3.0%

LONDON HOTELS		2006	2005	Movement
Occupancy	%	74.8	73.5	1.3 points
Room rate	£	94.37	91.04	3.7%
Room Revpar	£	70.60	66.93	5.5%
Total Revpar	£	6,123	5,873	4.3%

UK PROVINCIAL HOTELS		2006	2005	Movement
Occupancy	%	62.7	63.0	-0.3 points
Room rate	£	67.70	65.55	3.3%
Room Revpar	£	42.43	41.29	2.8%
Total Revpar	£	4,885	4,773	2.4%

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