

HotStats™

UK Chain Hotels Market Review – March 2007

Strong start to 2007 with a bumper first quarter

Chain hotels in the UK have delivered a robust sales performance in the first quarter of 2007 with London showing particular strength.

Room revenue per available room in the capital was up 11.9 per cent in the first three months of 2007, thanks almost entirely to an improvement in room rate. Rates were up 11.4 per cent to £105.56 while occupancy was only marginally ahead by 0.4 percentage points to 77.9 per cent.

In the provinces, room rates were again the main driver for a revpar increase of 4.8 per cent. Rates were up 3.8 per cent to £71.09 and occupancy was up just 0.6 percentage points to hit 65.8 per cent.

“This is yet again an extraordinary first quarter, especially for London which enjoyed a stronger increase in the first quarter this year than last year,” said Jonathan Langston, managing director of TRI Hospitality Consulting.

The numbers are even more impressive when the impact of Easter is allowed for. In 2005, Easter was in March, which subdued the performance of the mostly business hotels in the survey.

This in turn meant that in 2006, the March performance figures were enhanced thanks to Easter being in April, as it was this year.

Looking at just the month of March shows a 10.3 per cent increase in revpar in London despite a 0.5 percentage point drop in occupancy. Rate was up 11.0 per cent to £107.18.

The provinces also had a good March with revpar up 5.9 per cent thanks to occupancy up 0.9 percentage points to 70.1 per cent and rate up 4.6 per cent to £72.64.

“The challenge ahead of UK hoteliers is maintaining their current rate of sales growth during the year. We anticipate a slight slowdown in this growth but the increase should still be comfortably ahead of inflation,” said Langston.

Eastern Europeans boost UK visitor numbers

Official visitor statistics show that the fastest rising sources of incoming tourists are from the 12 countries which have most recently acceded to the European Union, of which Poland is the most populous.

The National Statistics numbers show that the Accession 12 countries contributed a 16 per cent rise in visits for the three months to the end of February to reach a total of 690,000.

The other 15 EU member countries contributed a seven per cent rise although the absolute number was significantly bigger at 3.99 million visitors in the period.

Overall, the number of overseas visitors was up six per cent to reach 6.67 million. The spending by these arrivals was up three per cent to £3.755bn.

UKinbound, the official trade body representing the inbound tourism industry in the UK, found in its monthly survey of members that visitor arrivals were up 4.1 per cent in February. This was a marked downturn from the 17.1 per cent jump in January but the February figures were more in line with the long-term trend.

UKinbound commented that the months ahead will see the impact of the doubling of Air Passenger Duty and the sharp increase in visa charges in 80 source markets that starts on April 1.

Airports operator BAA saw a 3.7 per cent increase in passenger numbers in the month of March, including a 2.2 per cent increase in North Atlantic traffic and a more marked 14 per cent rise in passenger numbers to and from India.

“The traditional sources of overseas visitors are shifting with new countries becoming more prominent, notably in Eastern Europe and India and China. Hoteliers will have to adjust their product offering accordingly,” said Langston.

For more information contact Jonathan Langston on 020 7486 5191 or email jonathan.langston@trihc.com.

HotStats Briefing Data

UK Chain Hotels - performance report

The Month of March 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	74.2	73.9	0.3 points
Room rate	£	86.10	80.32	7.2%
Room Revpar	£	63.91	59.38	7.6%
Total Revpar	£	3,545	3,273	8.3%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	81.8	82.3	-0.5 points
Room rate	£	107.18	96.58	11.0%
Room Revpar	£	87.65	79.47	10.3%
Total Revpar	£	4,231	3,851	9.9%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	70.1	69.2	0.9 points
Room rate	£	72.64	69.44	4.6%
Room Revpar	£	50.92	48.07	5.9%
Total Revpar	£	3,175	2,957	7.4%

EDITORS NOTES:

The UK Chain Hotels sample is composed of 492 hotels with an average hotel size of 169 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 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

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 differing hotel sample

HotStats Briefing Data

UK Chain Hotels - performance report

The Three Months to March 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	70.1	69.5	0.5 points
Room rate	£	84.59	78.88	7.2%
Room Revpar	£	59.26	54.84	8.1%
Total Revpar	£	9,238	8,626	7.1%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	77.9	77.6	0.4 points
Room rate	£	105.56	94.80	11.4%
Room Revpar	£	82.28	73.53	11.9%
Total Revpar	£	11,103	9,920	11.9%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	65.8	65.1	0.6 points
Room rate	£	71.09	68.51	3.8%
Room Revpar	£	46.76	44.62	4.8%
Total Revpar	£	8,232	7,917	4.0%

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