

European Chain Hotels Market Review – May 2009

London the most resilient

In May 2009, occupancy levels in the London hotel market increased by 1.5 percentage points compared with May 2008. Whilst average room rate declined by 5.4%, London hoteliers were able to decrease their payroll expenses by 1.6%, resulting in a decline of just 2.9% in profit per available room (IBFC).

“The ability of London hotels to achieve occupancy levels in excess of 80% despite the recession reflects the strength of demand in the city” said Jonathan Langston, managing director, TRI Hospitality Consulting. “Additionally, London hoteliers have maintained a tight control over payroll expenses as a response to reduced revenue levels, reflecting the flexibility of the British workforce relative to several continental European countries.”

Warsaw hoteliers have embarked on a strategy of driving average room rate levels at the expense of room occupancy, resulting in an increase of 3.7% in average room rate and a decline of 8.0 percentage points in room occupancy levels.

This strategy has allowed the Warsaw hoteliers to contain the decline in rooms RevPAR relative to other eastern European cities including Prague, which experienced a decline of 27.1% in RevPAR. Typically, it is easier to build occupancy than increase average room rate in the aftermath of reduced demand levels and Warsaw hoteliers will be well positioned to drive RevPAR as the market starts to recover. In overall terms, however, Warsaw achieved the lowest room occupancy and average room rate of the 10 cities in May 2009, resulting in a rooms RevPAR of €60.93.

Average room rate declines in Amsterdam and Prague

Amsterdam and Prague experienced declines of over 20% in average room rate in May 2009 relative to the same period last year. However, despite a decline of 20.2% in average room rate, Amsterdam’s chain hotels achieved the highest rooms RevPAR in May 2009, which, at €131.76 per available room, was ahead of London (€127.31) and Vienna (€117.20).

Despite achieving a relatively high rooms RevPAR, profit per available room (IBFC) in the Vienna hotel market declined 37.1% in May 2009 compared to May 2008 as a result of the combined effects of reduced earnings and continuing high levels of expenses. The lowest profit per available room (IBFC) of €32.57 was achieved in the Brussels hotel market, which experienced a 34.9% decline in profit per available room (IBFC) relative to the same period last year.



Pace of decline moderates

Despite all 10 cities experiencing a decline in profit per available room (IBFC) in May 2009 relative to the same period last year, there are some positive signs in the market. In all 10 cities, in profit per available room (IBFC) terms, the pace of decline in May 2009 compared to the same period last year moderated relative to the pace of decline in April 2009.

According to Langston: “Whilst a recovery in the hotel market may not be imminent, the gradual easing of the rate of decline in all city markets surveyed is a sign that the worst may have passed.”

For more information contact:

Jonathan Langston, managing director
020 7486 5191
jonathan.langston@trihc.com

David Bailey, deputy managing director
0207 892 2202
david.bailey@trihc.com

Charles Scudamore, director
0207 892 2211
charles.scudamore@trihc.com

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

European Chain Hotels - Performance report

The month of May 2009

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
80.4	163.83	131.76	30.7	78.93
72.8	140.32	102.13	31.8	63.35
69.7	115.51	80.51	42.0	32.57
76.7	111.06	85.18	31.6	45.26
85.6	148.78	127.31	23.9	89.20
74.1	104.95	77.76	34.7	37.73
77.7	149.93	116.54	42.4	55.22
71.0	120.92	85.90	22.6	61.65
76.4	153.40	117.20	41.0	50.04
67.0	90.98	60.93	25.2	41.56

Five months to May 2009

Occ %	ARR	RevPAR	Payroll %	IBFC PAR
67.5	157.14	106.05	36.2	53.41
59.6	136.79	81.47	35.8	37.56
63.1	127.65	80.58	42.1	31.84
68.2	110.15	75.17	34.1	34.46
79.8	142.75	113.87	26.0	74.85
63.2	104.65	66.18	39.1	23.94
72.1	154.69	111.46	44.3	44.75
52.2	113.05	59.00	29.4	32.83
60.8	148.36	90.17	48.8	24.98
60.8	87.27	53.03	27.6	33.56

The month of May 2008

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
82.4	205.39	169.31	27.3	109.87
76.8	164.83	126.61	27.2	91.25
76.0	133.72	101.59	37.7	50.03
77.7	123.64	96.10	28.2	54.44
84.1	157.25	132.29	25.5	91.88
73.9	120.49	89.01	33.0	43.87
83.5	173.72	145.08	38.4	75.09
74.0	159.16	117.81	20.8	86.51
81.2	182.27	148.05	36.3	79.56
74.9	87.75	65.76	25.4	45.85

Five months to May 2008

Occ%	ARR	RevPAR	Payroll %	IBFC PAR
74.5	188.90	140.64	31.5	81.44
63.4	154.50	97.90	33.2	52.92
71.9	141.21	101.54	37.7	51.01
67.7	119.43	80.84	32.0	40.53
80.1	154.33	123.62	26.8	82.54
68.2	118.00	80.44	33.8	38.66
78.9	172.00	135.72	40.2	65.60
64.0	127.98	81.91	26.6	52.38
68.3	164.35	112.26	42.4	47.44
67.2	86.64	58.21	26.4	39.91

Movement for the month of May

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-2.0	-20.2%	-22.2%	3.4	-28.2%
-4.0	-14.9%	-19.3%	4.6	-30.6%
-6.3	-13.6%	-20.8%	4.4	-34.9%
-1.0	-10.2%	-11.4%	3.4	-16.9%
1.4	-5.4%	-3.8%	-1.6	-2.9%
0.2	-12.9%	-12.6%	1.7	-14.0%
-5.8	-13.7%	-19.7%	3.9	-26.5%
-3.0	-24.0%	-27.1%	1.8	-28.7%
-4.8	-15.8%	-20.8%	4.7	-37.1%
-8.0	3.7%	-7.3%	-0.2	-9.4%

Movement for the 05 months to May

Occ Change	ARR Change	RevPAR Change	Payroll Change	IBFC PAR Change
-7.0	-16.8%	-24.6%	4.7	-34.4%
-3.8	-11.5%	-16.8%	2.6	-29.0%
-8.8	-9.6%	-20.6%	4.4	-37.6%
0.5	-7.8%	-7.0%	2.0	-15.0%
-0.3	-7.5%	-7.9%	-0.8	-9.3%
-4.9	-11.3%	-17.7%	5.4	-38.1%
-6.8	-10.1%	-17.9%	4.0	-31.8%
-11.8	-11.7%	-28.0%	2.7	-37.3%
-7.5	-9.7%	-19.7%	6.4	-47.3%
-6.4	0.7%	-8.9%	1.1	-15.9%

EDITORS NOTES:

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.

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

IBFC PAR is the Income Before Fixed Charges 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 sample. Our European samples include four and five-star hotels selected to provide maximum comparability between the cities.



Winner
Hotel Advisor of the Year
2008 & 2009

