

## UK CHAIN HOTELS MARKET REVIEW JANUARY 2011

### London Experiences Slow Down in Growth - High-End Hotels Star Performers

In January, whilst London hotels showed a Rooms Revenue per Available Room (RevPAR) increase of 3.3%, Gross Operating Profit per Available Room (GOPPAR) remained stable according to the January 2011 figures in the latest HotStats survey from TRI Hospitality Consulting.

"After the strong bounce-back in 2010, it was almost inevitable that London hotels' profit performance would be subdued in what is usually a tough trading month for hotels. It will be interesting to see if this continues throughout the year on the back of an excellent 2010 in London," said Jonathan Langston, managing director, TRI Hospitality Consulting.

Whilst London average room rate increased by 8.8%, occupancy performance for the month decreased by 3.6 percentage points, resulting in a RevPAR increase of 3.3% according to the latest HotStats survey.

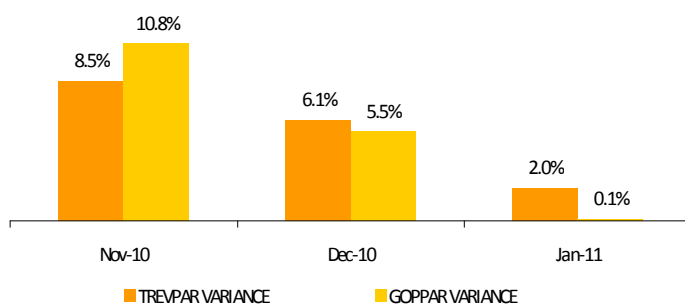
In January 2010, RevPAR performance increased by 9.2% and GOPPAR by 19.2%. On the back of strong growth figures London hotels as a whole continued to increase revenue performance, driven by an increase in average room rate, although demand levels dipped.

Whilst London three and four-star hotel market RevPAR performance increased by 2.3% and 1.7% respectively, five-star hotels increased RevPAR performance by 3.7%.

More tellingly, Total Revenue per Available Room (TrevPAR) performance of three and four-star hotels in January increased marginally whilst five-star hotels increased TrevPAR performance by close to 5%.

BAA report that Heathrow Airport recorded its highest January passenger figures since 2006, supported by growth in Chinese and Indian routes. The airport handled 7.5 million passengers, an increase of 3.8%. In January 2010, the London Heathrow hotel market experienced a bumper performance as severe weather conditions resulted in significant flight delays and consequently demand for hotel accommodation at Heathrow. Better weather conditions meant that in January 2011, Heathrow market RevPAR performance dipped by 7.6% and TrevPAR performance by 8.8%. In contrast, West End hotels felt the benefit of increased passenger travel and less severe weather conditions as TrevPAR and GOPPAR performance increased by 5.1% and 4.2% respectively.

LONDON LAST 3 MONTHS YEAR-ON-YEAR CHANGE



### HotStats London Main KPIs

LONDON	Jan '11	Jan '10	Var b/w	YTD '11	YTD '10	Var b/w
	Occ %	67.9	71.5	-3.6 ▼	67.9	71.5
ARR	116.0	106.6	8.8% ▲	116.0	106.6	8.8% ▲
RevPAR	78.8	76.3	3.3% ▲	78.8	76.3	3.3% ▲
TrevPAR	111.5	109.3	2.0% ▲	111.5	109.3	2.0% ▲
Payroll %	29.8	29.3	-0.5 ▼	29.8	29.3	-0.5 ▼
GOP PAR	42.4	42.4	0.0% ◀	42.4	42.4	0.0% ◀

## Provincial Hotels Experience Tough Trading Conditions

Provincial hoteliers achieved a marginal increase in TrevPAR, up by 0.5%, this month although GOPPAR performance continues to decline against figures for January 2010. Provincial hotel market profit performance has declined in three of the last four months, as January showed a decrease of 3.6% in profit performance according to TRI's HotStats survey.

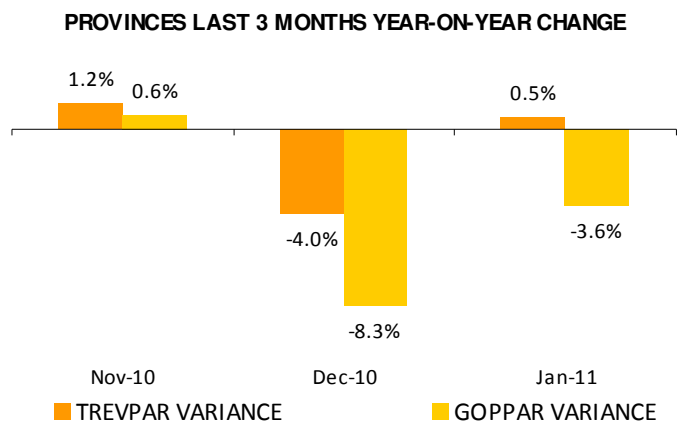
Whilst RevPAR increased by 2.9%, a TrevPAR increase of 0.5% was not enough to compensate for an 0.5 per cent increase in payroll costs, to 40.5% of total revenue.

Figures from the Office for national Statistics highlighted that CPI and RPI inflation were at 4% and 5.1% respectively.

“When examining provincial market performance, it is clear that the domestic traveller is reducing discretionary spend to the detriment of hotel trading performance. In January 2010, the provinces had to deal with adverse weather conditions. This year, an increase in VAT and inflation has resulted in cutbacks in consumer spend,” commented Langston.

An increase in RevPAR performance and decline in non-rooms departmental revenue performance was evident in most UK provincial cities, with the exceptions of Edinburgh and Bristol, which experienced TrevPAR growth of 8% and 10.4%, respectively.

“With much of the cost saving strategies implemented last year, provincial hoteliers are now reliant on a pick-up in market conditions. It is inappropriate to call a year on the basis of January numbers, and it will be interesting to see how provincial performance evolves in what could be a bumpy 2011,” said Langston.



## HotStats Provinces Main KPIs

PROVINCES	Jan '11				YTD '11			
	Jan '11	Jan '10	Var b/w		YTD '11	YTD '10	Var b/w	
Occ %	53.8	53.5	0.4	▲	53.8	53.5	0.4	▲
ARR	65.2	63.8	2.1%	▲	65.2	63.8	2.1%	▲
RevPAR	35.1	34.1	2.9%	▲	35.1	34.1	2.9%	▲
TrevPAR	66.9	66.6	0.5%	▲	66.9	66.6	0.5%	▲
Payroll %	40.5	40.0	-0.5	▼	40.5	40.0	-0.5	▼
GOP PAR	10.0	10.3	-3.6%	▼	10.0	10.3	-3.6%	▼

# HotStats Briefing Data

UK Chain Hotels - Performance report  
Currency: £ Sterling

		The month of January 2011			The Calendar year to January 2011			The twelve months to January 2011		
		Jan '11	Jan '10	Var b/w	YTD '11	YTD '10	Var b/w	Rolling '11	Rolling '10	Var b/w
TOTAL UK	Occ %	58.8	59.9	-1.1 ▼	58.8	59.9	-1.1 ▼	73.6	72.2	1.4 ▲
	ARR	86.0	82.0	4.9% ▲	86.0	82.0	4.9% ▲	90.3	86.6	4.3% ▲
	RevPAR	50.6	49.1	3.0% ▲	50.6	49.1	3.0% ▲	66.4	62.5	6.3% ▲
	TrevPAR	82.7	81.8	1.2% ▲	82.7	81.8	1.2% ▲	108.5	104.8	3.5% ▲
	Payroll %	35.4	34.9	-0.5 ▼	35.4	34.9	-0.5 ▼	28.4	28.6	0.2 ▲
	GOP PAR	21.5	21.7	-1.2% ▼	21.5	21.7	-1.2% ▼	41.9	39.5	6.2% ▲
LONDON	Occ %	67.9	71.5	-3.6 ▼	67.9	71.5	-3.6 ▼	81.9	80.6	1.3 ▲
	ARR	116.0	106.6	8.8% ▲	116.0	106.6	8.8% ▲	123.7	113.2	9.3% ▲
	RevPAR	78.8	76.3	3.3% ▲	78.8	76.3	3.3% ▲	101.3	91.2	11.1% ▲
	TrevPAR	111.5	109.3	2.0% ▲	111.5	109.3	2.0% ▲	141.5	130.3	8.6% ▲
	Payroll %	29.8	29.3	-0.5 ▼	29.8	29.3	-0.5 ▼	24.3	25.0	0.7 ▲
	GOP PAR	42.4	42.4	0.0% ◀	42.4	42.4	0.0% ◀	67.5	59.9	12.8% ▲
PROVINCES	Occ %	53.8	53.5	0.4 ▲	53.8	53.5	0.4 ▲	68.9	67.3	1.6 ▲
	ARR	65.2	63.8	2.1% ▲	65.2	63.8	2.1% ▲	68.1	68.3	-0.4% ▼
	RevPAR	35.1	34.1	2.9% ▲	35.1	34.1	2.9% ▲	46.9	46.0	1.9% ▲
	TrevPAR	66.9	66.6	0.5% ▲	66.9	66.6	0.5% ▲	90.0	90.2	-0.2% ▼
	Payroll %	40.5	40.0	-0.5 ▼	40.5	40.0	-0.5 ▼	32.0	31.5	-0.5 ▼
	GOP PAR	10.0	10.3	-3.6% ▼	10.0	10.3	-3.6% ▼	27.6	27.8	-0.6% ▼

## Editors Notes:

The UK Chain Hotels sample is composed of 551 hotels with an average hotel size of 182 bedrooms. The hotels profiled in this report are drawn from the HotStats database and reflect the portfolios and distribution of the hotel chains that we survey and which operate primarily in the three and four-star sectors.

**Please note:** The data samples are reviewed and rebased each year to reflect the changes in the HotStats survey base. As a result, performance ratios published last year may differ from those contained within this report.

<b>Occupancy (%)</b>	is that proportion of the bedrooms available during the period which are occupied during the period.
<b>Average Room rate (ARR)</b>	is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.
<b>Room Revpar (RevPAR)</b>	is the total bedroom revenue for the period divided by the total available rooms during the period.
<b>Total Revpar (TrevPAR)</b>	is the combined total of all revenues divided by the total available rooms during the period.
<b>Payroll %</b>	is the payroll for all hotels in the sample as a percentage of total revenue.
<b>GOP PAR</b>	is the Total Gross Operating Profit for the period divided by the total available rooms during the period.

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

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