

## UK CHAIN HOTELS MARKET REVIEW September 2011

### London hoteliers back on track for a record breaking year

Following the decline in profitability in August, hoteliers in London bounced back in September, according to the latest HotStats survey. There was a 10.4% increase in profit per room as the capital continued to smash records, the TRI Hospitality Consulting survey of approximately 550 full-service hotels across the UK showed.

The 10.4% increase in September contributed to year-to-date profit growth of 8.4% to £69.15 from £63.79 during the same period in 2010. For the month, at £85.64, profit per room at London hotels was approximately 24% above the year-to-date average and approximately 14% above the pre-recession high of £74.84, achieved in September 2007.

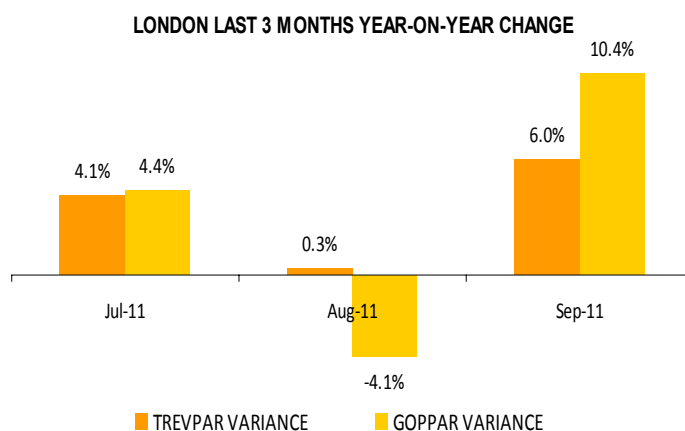
“Three years on from the collapse of Lehman Brothers, the increase in headline performance levels this month is further evidence, if it was needed, that hoteliers in the capital have put the memory of the crash in the hotel market in September 2008 firmly behind them,” said Jonathan Langston, managing director of TRI Hospitality Consulting.

Rooms remained the principal contributor to the increase in profit as Revenue per Available Room (RevPAR) benefited from a year-on-year increase of 8.8% to £122.71, which left RevPAR levels approximately 14% above the year-to-date average of £107.72.

RevPAR growth in the capital this month was driven by a return to strong rate increases, which were primarily achieved in the corporate (+14.6% to £158.06) and residential-conference (+16% to £164.92), sectors.

“The growth in headline performance levels this month has clearly been driven by the commercial sector, echoing the recent European Cities Monitor by Cushman & Wakefield which states that London remains the best European city for business,” added Langston.

That said, hotels in London are not without their challenges, particularly when it comes to ancillary spend as a decline was suffered in both meeting room revenue (-2%) and food and beverage revenue (-2.2%) per available room.



### HotStats London Main KPIs

LONDON	Sep '11			Var b/w	YTD '11			YTD '10	Var b/w
	Sep '11	Sep '10	Var b/w		YTD '11	YTD '10	Var b/w		
Occ %	86.5	87.2	-0.7	▼	Occ %	81.8	81.9	-0.1	▼
ARR	141.90	129.39	9.7%	▲	ARR	131.76	120.97	8.9%	▲
RevPAR	122.71	112.78	8.8%	▲	RevPAR	107.72	99.04	8.8%	▲
TrevPAR	164.47	155.15	6.0%	▲	TrevPAR	145.02	136.65	6.1%	▲
Payroll %	21.8	22.3	0.4	▲	Payroll %	24.2	24.6	0.4	▲
GOP PAR	85.64	77.59	10.4%	▲	GOP PAR	69.15	63.79	8.4%	▲

## Mixed Provincial City Performance during Party Political Conference Season

Birmingham and Liverpool recorded contrasting performances in September despite both hosting major party political conferences, according to the latest HotStats survey of approximately 550 full-service hotels across the UK.

Party political conference season typically allows host cities to benefit from an increase in economic activity and their hoteliers to benefit from the high volume, which was experienced in Birmingham during September as the Liberal Democrat conference was expected to attract 8,000 delegates, creating approximately £12 million for the local economy.

For hotels in Birmingham, the Liberal Democrat conference delivered, as a RevPAR increase of 4.3% was led by a 3.9% increase in average room rate to £78.56. Rooms revenue levels were supplemented by an increase in food and beverage revenue (+4.4%) and meeting room revenue (+19.1%) per available room, which resulted in a 3% increase in total revenue levels to £119.77.

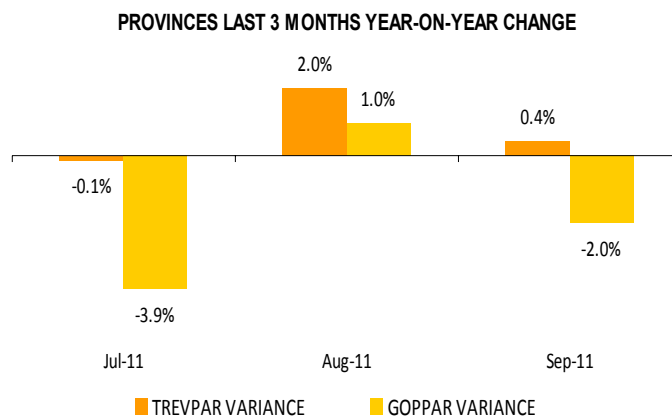
Despite a rising cost base, hoteliers in Birmingham were able to achieve a 0.4% increase in profit per room for the month to £46.59 from £46.42 during the same period in 2010.

In contrast, hotels failed to feel the benefit of the Labour Party Conference in Liverpool, which typically attracts more than 11,000 delegates, as hoteliers suffered a 16.7% decline in profit per room to £28.51.

The drop in profitability came about as hotels in Liverpool were unable to make the most of the spike in volume. Despite a 4.3% increase in average room rate, RevPAR for the month dropped by 3.5% as room occupancy plummeted by close to six percentage points.

In contrast to a 23.7% increase in the achieved rate in the non-discounted Best Available Rate sector to £84.96 from £68.70, volume in the residential conference sector plunged by an average of 2,350 roomnights per hotel polled, equivalent to an 80% decline, against the same period in 2010.

Overall, whilst hotels in the Provincial UK once again achieved a positive RevPAR result (+1.9%), this was negated by rising costs which left profit per room two per cent behind the same period in 2010 at £36.64.



## HotStats Provinces Main KPIs

PROVINCES	Sep '11	Sep '10	Var b/w		Sep '11	Sep '10	Var b/w	
	YTD '11	YTD '10	Var b/w					
Occ %	78.1	78.0	0.1	▲	70.5	69.8	0.8	▲
ARR	72.46	71.23	1.7%	▲	68.45	67.67	1.2%	▲
RevPAR	56.58	55.53	1.9%	▲	48.27	47.20	2.3%	▲
TrevPAR	103.47	103.04	0.4%	▲	89.88	89.23	0.7%	▲
Payroll %	29.3	28.9	-0.3	▼	32.4	32.1	-0.3	▼
GOP PAR	36.64	37.38	-2.0%	▼	26.73	27.22	-1.8%	▼

## 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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# HotStats Briefing Data

UK Chain Hotels - Performance report

Currency: £ Sterling

	The month of September 2011			The Calendar year to September 2011			The twelve months to September 2011			
	Sep '11	Sep '10	Var b/w	YTD '11	YTD '10	Var b/w	Rolling '11	Rolling '10	Var b/w	
<b>TOTAL UK</b>	Occ %	81.2	81.3	-0.2	74.6	74.1	0.4	74.0	73.5	0.5
	ARR	99.49	94.01	5.8%	93.52	88.91	5.2%	93.93	89.06	5.5%
	RevPAR	80.74	76.46	5.6%	69.74	65.91	5.8%	69.51	65.46	6.2%
	TrevPAR	125.75	122.09	3.0%	109.79	106.34	3.2%	111.38	107.73	3.4%
	Payroll %	25.7	25.8	0.1	28.5	28.6	0.1	28.2	28.1	-0.1
	GOP PAR	54.54	52.08	4.7%	42.05	40.41	4.0%	43.37	41.60	4.3%
<b>LONDON</b>	Occ %	86.5	87.2	-0.7	81.8	81.9	-0.1	82.0	81.8	0.1
	ARR	141.90	129.39	9.7%	131.76	120.97	8.9%	131.91	120.68	9.3%
	RevPAR	122.71	112.78	8.8%	107.72	99.04	8.8%	108.13	98.76	9.5%
	TrevPAR	164.47	155.15	6.0%	145.02	136.65	6.1%	148.10	138.58	6.9%
	Payroll %	21.8	22.3	0.4	24.2	24.6	0.4	24.0	24.2	0.2
	GOP PAR	85.64	77.59	10.4%	69.15	63.79	8.4%	71.69	65.73	9.1%
<b>PROVINCES</b>	Occ %	78.1	78.0	0.1	70.5	69.8	0.8	69.5	68.8	0.7
	ARR	72.46	71.23	1.7%	68.45	67.67	1.2%	68.60	67.82	1.2%
	RevPAR	56.58	55.53	1.9%	48.27	47.20	2.3%	47.68	46.66	2.2%
	TrevPAR	103.47	103.04	0.4%	89.88	89.23	0.7%	90.61	90.30	0.3%
	Payroll %	29.3	28.9	-0.3	32.4	32.1	-0.3	32.1	31.5	-0.6
	GOP PAR	36.64	37.38	-2.0%	26.73	27.22	-1.8%	27.36	27.97	-2.2%