

## EUROPEAN CHAIN HOTELS MARKET REVIEW NOVEMBER 2011

### Hoteliers in Budapest, Istanbul and Paris enjoy significant increases in profitability

Budapest, Istanbul and Paris registered strong increases in profit per room for November led by robust year-on-year growth in achieved average room rate, according to the latest HotStats survey by TRI Hospitality Consulting.

Despite a 1.5 percentage point decline in room occupancy, hoteliers in Istanbul were able to successfully record a 17.6% increase in achieved average room rate to €193.97. In contrast, in addition to increases in achieved average room rate performance in both Paris (+6.1%) and Budapest (+8.4%), these capital cities also successfully recorded room occupancy increases of 7.7 percentage points and 4.9 percentage points, respectively, which contributed to significant increases in Revenue per Available Room (RevPAR).

Paris hosted a number of key events throughout the month of November, including the Tennis Masters, which generated significant demand for hotel accommodation and resulted in the French capital achieving a room occupancy of 81.3% at an average room rate of €204.06, the highest achieved rate recorded this month of the European cities polled.

Despite a relatively weak room occupancy performance in the Hungarian capital, at just 65.5%, an increase in demand from the conference sector helped to boost the achieved average room rate for hoteliers in Budapest to €91.89 from €84.77 during the same period in 2010.

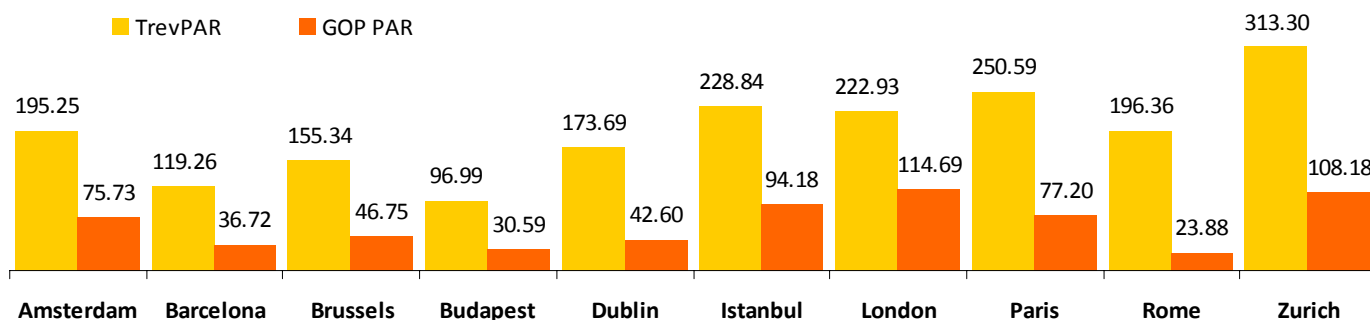
Conversely, profit per room in London declined for the third time in 2011, by 2.5% to €114.69. Whilst a 1.8 percentage point decline in room occupancy led to a drop in both rooms revenue and total revenue performance levels, to €155.72 and €222.93, respectively, profit levels in the UK capital were further impacted by rising costs.

“For the first time this year we have seen a consecutive month-on-month decline in profit per room in the London four and five-star hotel market. Whilst we fully anticipate the London market to end the year ahead of 2010, the recent sustained lull in performance levels confirms there has been a softening in demand,” said David Bailey, deputy managing director, TRI Hospitality Consulting.

#### The month of November 2011

	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR
Amsterdam	78.4	171.57	134.54	195.25	30.3	75.73
Barcelona	71.1	112.79	80.15	119.26	35.4	36.72
Brussels	77.9	138.69	108.02	155.34	29.5	46.75
Budapest	65.5	91.89	60.18	96.99	28.8	30.59
Dublin	72.7	125.27	91.11	173.69	39.9	42.60
Istanbul	71.9	193.97	139.41	228.84	31.2	94.18
London	83.7	185.95	155.72	222.93	21.5	114.69
Paris	81.3	204.06	165.83	250.59	39.7	77.20
Rome	64.0	177.19	113.43	196.36	46.8	23.88
Zurich	80.6	199.63	160.96	313.30	35.6	108.18

### European City Markets achieved TREVPAR and GOPPAR November 2011



## Roman hoteliers suffer as headline performance continues to decline

Considering the economic and political turmoil the country has faced in recent months, unsurprisingly, hoteliers in Rome continued to endure a frustrating year of underperformance during November, registering a 30.5% decline in profitability, according to the latest HotStats survey.

Despite successfully achieving a 3.5% increase in average room rate, to €177.19 from €171.18 during the same period in 2010, room occupancy at the Italian capital's hotels fell by 6.4 percentage points to 64%. As a result of the movement in volume and price, RevPAR and Total Revenue per Available Room (TrevPAR) levels declined by 5.9% and 4.4%, respectively.

In line with the decline in the Italian capital, the instability of the Dublin hotel market was at the fore this month as the city suffered an 11.1% year-on-year in profit per room for November. Whilst RevPAR in the city dropped by 2.6%, which contributed to a 4.3% decline in TrevPAR, to €173.69 from €181.58 during the same period in 2010, a high cost base is clearly negatively impacting the overall profitability of Ireland's hoteliers. This was exemplified by a 0.4 percentage point increase in payroll levels, to just under 40% of total revenue, which left Dublin hoteliers with a profit conversion of just 24.5% of total revenue.

The popular leisure destination of Amsterdam continues to record strong headline performance levels in 2011, which were boosted by a 2.3% year-on-year increase in achieved average room rate, to €171.57. Despite a 1.3 percentage point decline in room occupancy to 78.4%, a 1.1% increase in TrevPAR and astute cost management contributed to a 3.5% increase in profit per room to €75.73 for the month.

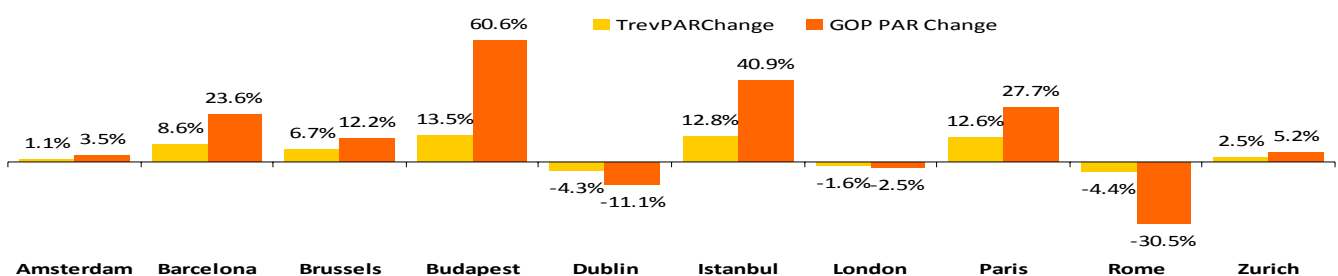
In contrast to the decline in volume in Amsterdam, hoteliers in Brussels enjoyed a year-on-year increase in volume of 5.7 percentage points to 77.9%, which may in part be attributed to accommodating Europe's political leaders and their entourages throughout the recent economic crisis talks. A modest 1.3% increase in average room rate contributed to an overall RevPAR increase of 9.4%. As a result, profit per room in the Belgian capital grew by 12.2% to €46.75 for November.

"As 2012 draws nearer, we reflect on what has been largely a year of recovery for the European hotel markets following challenging periods of operation in 2009 and 2010. However, following the recent volatility and uncertainty surrounding the European economy and the typical seasonal lull in performance levels during the festive season it will remain to be seen if this recovery can be maintained," added Bailey.

### Movement for the month of November

	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change
Amsterdam	-1.3	2.3%	0.6%	1.1%	0.4	3.5%
Barcelona	5.3	0.2%	8.4%	8.6%	2.2	23.6%
Brussels	5.7	1.3%	9.4%	6.7%	-0.6	12.2%
Budapest	4.9	8.4%	17.2%	13.5%	4.8	60.6%
Dublin	-3.0	1.4%	-2.6%	-4.3%	-0.4	-11.1%
Istanbul	-1.5	17.6%	15.2%	12.8%	5.8	40.9%
London	-1.8	1.8%	-0.4%	-1.6%	-0.1	-2.5%
Paris	7.7	6.1%	17.2%	12.6%	2.8	27.7%
Rome	-6.4	3.5%	-5.9%	-4.4%	-2.0	-30.5%
Zurich	4.7	-7.7%	-2.0%	2.5%	-0.3	5.2%

## European City Markets TREVPAR and GOPPAR Movement November 2011



**Editors Notes:**

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 four and five-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.

TRI Hospitality Consulting provides a wide range of services to clients in the hotel sector.

<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 has offices in London, Dubai and Madrid.

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# HotStats Briefing Data

European Chain Hotels - Performance report

Currency: € Euros

	The month of November 2011						Calendar year to November 2011						Twelve months to November 2011						
	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ %	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Amsterdam	78.4	171.57	134.54	195.25	30.3	75.73	78.0	179.03	139.55	194.90	29.8	80.52	76.3	177.25	135.23	189.94	30.1	77.21	Amsterdam
Barcelona	71.1	112.79	80.15	119.26	35.4	36.72	75.0	121.28	90.96	123.49	32.8	42.14	72.6	120.25	87.30	119.46	33.8	39.11	Barcelona
Brussels	77.9	138.69	108.02	155.34	29.5	46.75	70.4	132.10	92.93	131.59	32.4	32.61	69.9	131.48	91.84	130.86	32.4	31.58	Brussels
Budapest	65.5	91.89	60.18	96.99	28.8	30.59	70.5	92.54	65.27	100.33	28.1	32.34	68.6	92.00	63.09	97.85	28.8	30.08	Budapest
Dublin	72.7	125.27	91.11	173.69	39.9	42.60	78.5	128.12	100.60	170.67	38.8	46.02	77.0	127.58	98.21	171.32	38.9	45.57	Dublin
Istanbul	71.9	193.97	139.41	228.84	31.2	94.18	74.7	215.60	161.12	264.19	25.6	129.29	73.5	211.43	155.33	256.60	26.3	122.66	Istanbul
London	83.7	185.95	155.72	222.93	21.5	114.69	82.2	176.74	145.27	197.38	23.3	96.89	81.6	176.01	143.58	196.34	23.4	96.60	London
Paris	81.3	204.06	165.83	250.59	39.7	77.20	80.3	212.12	170.36	243.80	37.2	84.18	79.2	210.46	166.72	240.62	37.7	81.40	Paris
Rome	64.0	177.19	113.43	196.36	46.8	23.88	73.4	189.15	138.77	209.76	41.6	46.39	71.5	188.45	134.73	205.07	42.7	42.08	Rome
Zurich	80.6	199.63	160.96	313.30	35.6	108.18	79.6	208.40	165.89	274.80	36.3	93.01	78.9	207.19	163.38	273.86	36.4	91.58	Zurich
	The month of November 2010						Calendar year to November 2010						Twelve months to November 2010						
	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	Occ%	ARR	RevPAR	TrevPAR	Payroll %	GOP PAR	
Amsterdam	79.7	167.73	133.68	193.14	30.8	73.15	77.4	166.90	129.26	182.01	31.2	71.09	75.7	165.12	125.06	177.54	31.4	68.01	Amsterdam
Barcelona	65.7	112.52	73.94	109.78	37.6	29.71	69.9	119.84	83.77	115.95	33.2	39.40	67.3	118.75	79.88	111.28	34.1	36.58	Barcelona
Brussels	72.2	136.90	98.78	145.63	28.9	41.66	70.0	125.87	88.09	130.48	34.4	31.30	69.8	124.77	87.11	129.78	34.1	31.27	Brussels
Budapest	60.6	84.77	51.37	85.43	33.6	19.05	65.6	90.36	59.29	93.89	30.5	27.24	64.1	89.65	57.45	91.71	30.9	25.82	Budapest
Dublin	75.7	123.52	93.54	181.58	39.5	47.91	73.0	121.72	88.87	158.57	41.3	38.51	71.4	121.89	87.03	160.47	41.2	38.99	Dublin
Istanbul	73.4	164.92	121.01	202.91	37.0	66.84	76.3	174.21	132.90	218.30	31.4	87.12	74.1	171.88	127.28	210.46	31.7	81.69	Istanbul
London	85.6	182.66	156.31	226.60	21.4	117.63	82.9	163.72	135.80	188.83	23.6	91.63	82.4	162.85	134.21	187.89	23.6	91.51	London
Paris	73.6	192.32	141.50	222.50	42.5	60.47	76.8	197.59	151.73	222.55	38.7	72.64	76.2	196.05	149.32	220.65	38.7	71.49	Paris
Rome	70.4	171.18	120.50	205.36	44.8	34.34	71.7	192.57	138.09	214.55	40.6	52.58	69.7	191.13	133.22	208.87	41.3	48.15	Rome
Zurich	75.9	216.27	164.21	305.68	35.3	102.82	78.7	204.04	160.57	268.14	35.7	88.49	78.0	202.38	157.87	265.82	35.8	86.44	Zurich
	Movement for the month of November						Movement for the calendar year to November						Movement for the twelve months to November						
	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	Occ Change	ARR Change	RevPAR Change	TrevPAR Change	Payroll Change	GOP PAR Change	
Amsterdam	-1.3	2.3%	0.6%	1.1%	0.4	3.5%	0.5	7.3%	8.0%	7.1%	1.4	13.3%	0.6	7.3%	8.1%	7.0%	1.3	13.5%	Amsterdam
Barcelona	5.3	0.2%	8.4%	8.6%	2.2	23.6%	5.1	1.2%	8.6%	6.5%	0.4	7.0%	5.3	1.3%	9.3%	7.4%	0.3	6.9%	Barcelona
Brussels	5.7	1.3%	9.4%	6.7%	-0.6	12.2%	0.4	4.9%	5.5%	0.9%	2.0	4.2%	0.0	5.4%	5.4%	0.8%	1.7	1.0%	Brussels
Budapest	4.9	8.4%	17.2%	13.5%	4.8	60.6%	4.9	2.4%	10.1%	6.9%	2.4	18.7%	4.5	2.6%	9.8%	6.7%	2.1	16.5%	Budapest
Dublin	-3.0	1.4%	-2.6%	-4.3%	-0.4	-11.1%	5.5	5.3%	13.2%	7.6%	2.6	19.5%	5.6	4.7%	12.8%	6.8%	2.3	16.9%	Dublin
Istanbul	-1.5	17.6%	15.2%	12.8%	5.8	40.9%	-1.6	23.8%	21.2%	21.0%	5.8	48.4%	-0.6	23.0%	22.0%	21.9%	5.4	50.2%	Istanbul
London	-1.8	1.8%	-0.4%	-1.6%	-0.1	-2.5%	-0.7	8.0%	7.0%	4.5%	0.3	5.7%	-0.8	8.1%	7.0%	4.5%	0.2	5.6%	London
Paris	7.7	6.1%	17.2%	12.6%	2.8	27.7%	3.5	7.4%	12.3%	9.5%	1.4	15.9%	3.1	7.4%	11.7%	9.1%	1.1	13.9%	Paris
Rome	-6.4	3.5%	-5.9%	-4.4%	-2.0	-30.5%	1.7	-1.8%	0.5%	-2.2%	-1.0	-11.8%	1.8	-1.4%	1.1%	-1.8%	-1.4	-12.6%	Rome
Zurich	4.7	-7.7%	-2.0%	2.5%	-0.3	5.2%	0.9	2.1%	3.3%	2.5%	-0.6	5.1%	0.8	2.4%	3.5%	3.0%	-0.6	5.9%	Zurich