

## UK CHAIN HOTELS MARKET REVIEW NOVEMBER 2010

### One year on and profitability levels in London are still rising

12 months after London hoteliers recorded a dramatic return to profitability growth the capital continues to thrive, according to the latest **HotStats** survey from TRI Hospitality Consulting.

Following the massive decline in profitability levels experienced by hotels in London following the banking crisis in October 2008, November 2009 was the first month in which London hoteliers were able to increase profitability levels. At 7.5%, the margin of growth in November 2009 was a dramatic turning point from the declines experienced during the rest of the year and marked the beginning of a strong period of trading for London hoteliers.

This month, Gross Operating Profit per Available Room (GOPPAR) increased by a further 10.7% to £85.38, boosting the calendar year average to £68, a figure which is 14.7% higher than the year-to-date average of 2009. Meanwhile, Total Revenue per Available Room (TrevPAR) grew by 8.4% to £168.20 from £155.14 in 2009.

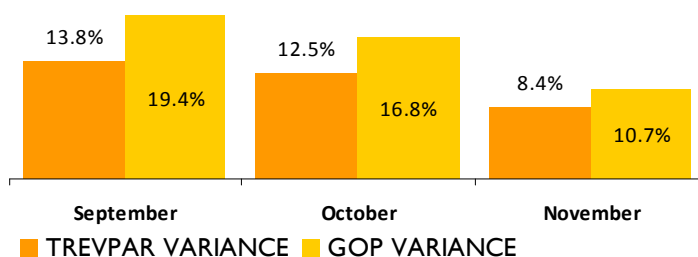
November is typically a strong corporate month in the capital, illustrated by the above average achieved room rate, at £138.10 against a year-to-date average of £123.95.

In addition, major events in the capital fuelled significant increases in achieved room rates in the non-discounted rack rate (+21.6%) and leisure (+19.4%) sectors, due in part to the World Travel

Market exhibition at ExCeL, which attracted approximately 27,000 visitors over a four-day period and the success of the ATP World Tour tennis finals at the O<sub>2</sub> which boasted an attendance of more than 250,000 people over an eight day period.

“The draw of London as a world-class destination for business and leisure visitors as well as major events is undeniable. Undeterred by strikes on the Underground, student fees protests and the heaviest November snowfall in 17 years, hoteliers in London have once again recorded significant increases in profitability; and long may it continue,” said David Bailey, deputy managing director, TRI Hospitality Consulting.

LONDON LAST 3 MONTHS YEAR-ON-YEAR CHANGE



### HotStats London Main KPIs

LONDON	Nov '10			Nov '09			YTD '10			YTD '09		
	Value	Value	Var b/w	Value	Value	Var b/w	Value	Value	Value	Value	Value	Var b/w
Occ %	84.5	84.0	0.5 ▲	82.8	80.6	2.2 ▲	82.8	80.6	2.2	80.6	80.6	2.2 ▲
ARR	138.10	125.86	9.7% ▲	123.95	113.83	8.9% ▲	123.95	113.83	8.9%	113.83	113.83	8.9% ▲
RevPAR	116.70	105.70	10.4% ▲	102.65	91.78	11.8% ▲	102.65	91.78	11.8%	91.78	91.78	11.8% ▲
TrevPAR	168.20	155.14	8.4% ▲	142.83	130.98	9.0% ▲	142.83	130.98	9.0%	130.98	130.98	9.0% ▲
Payroll %	22.2	21.8	-0.4 ▼	24.2	25.3	1.1 ▲	24.2	25.3	1.1	25.3	25.3	1.1 ▲
GOP PAR	85.38	77.15	10.7% ▲	68.00	59.28	14.7% ▲	68.00	59.28	14.7%	59.28	59.28	14.7% ▲

## RevPar growth is once again lost in costs in the Provinces

In contrast to the rapid return to growth and strong period of trading in the capital, hotels in the Provinces suffered further losses as cost levels continue to impact the bottom line, according to the latest HotStats survey.

Despite a 3.6% increase in Revenue per Available Room (RevPAR), to £49.87 from £48.15, TRI's unique HotStats survey revealed that GOPPAR levels actually fell by 1.1% to £29.81 from £30.13, which is on the back of a 12.8% decline in profitability during the same period in 2009. For provincial hoteliers, RevPAR growth primarily remains in volume as the corporate sector continues to return, which, during November, resulted in a 1.9 percentage point increase in room occupancy levels to 70.7%.

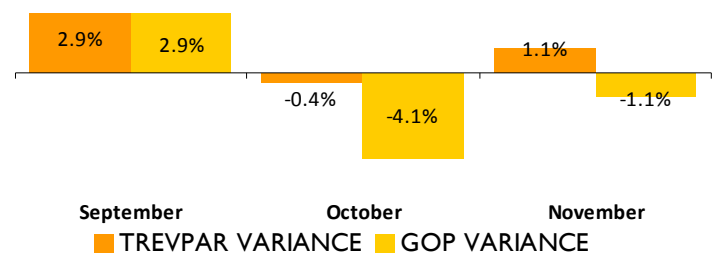
However, evidence of the challenges which remain in the Provincial market are highlighted in the decrease in ancillary spend this month, which meant TrevPAR movement was reduced to an increase of just 1.1%, against the 3.6% increase in rooms revenue. This was due to a 1.1% decline in food and beverage revenue per available room, to £30.51 and further impacted by a 12% drop in meeting room revenue per available room. This movement leaves year-to-date profitability levels in the Provincial hotel market approximately 0.7% behind last year.

Across the UK, hotel performance remains mixed, but it is typically those cities which are

able to accommodate major conference, exhibition and sporting events which are able to find some respite from the ongoing challenges in the market. Following the success of the Ryder Cup, Cardiff hoteliers picked up where they left off in October, with a 4.5% increase in GOPPAR to £40.87 from £39.12, thanks in part to the demand created by the rugby Autumn Internationals. Similarly, in Manchester, events at the recently renovated Manchester Central, including the Chartered Institute of Personnel and Development (CIPD) Annual Conference & Exhibition, resulted in a GOPPAR increase of 2.4% as RevPAR grew by some 6% on the back of a 7.5% increase in achieved average room rate.

In contrast, the poor weather towards the end of the month crippled the Scottish transport infrastructure and Edinburgh Airport was closed for several days hampering international arrivals. As a result, declines in both volume and rate caused GOPPAR in the Scottish capital to drop by 14.4%.

PROVINCES LAST 3 MONTHS YEAR-ON-YEAR CHANGE



## HotStats Provinces Main KPIs

PROVINCES	Nov '10	Nov '09	Var b/w		YTD '10	YTD '09	Var b/w		
	Occ %	70.7	68.8		1.9	▲	Occ %		70.7
ARR	70.58	70.01	0.8%	▲	ARR	68.32	69.06	-1.1%	▼
RevPAR	49.87	48.15	3.6%	▲	RevPAR	48.31	47.51	1.7%	▲
TrevPAR	96.19	95.13	1.1%	▲	TrevPAR	92.20	91.96	0.3%	▲
Payroll %	31.7	30.4	-1.3	▼	Payroll %	31.9	31.5	-0.4	▼
GOP PAR	29.81	30.13	-1.1%	▼	GOP PAR	28.30	28.50	-0.7%	▼

## Editors Notes:

The UK Chain Hotels sample is composed of 519 hotels with an average hotel size of 184 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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## 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>

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# HotStats Briefing Data

UK Chain Hotels - Performance report

Currency: £ Sterling

	The month of November 2010				The Calendar year to November 2010				The twelve months to November 2010						
	Nov '10	Nov '09	Var b/w		YTD '10	YTD '09	Var b/w		Rolling '10	Rolling '09	Var b/w				
<b>TOTAL UK</b>	Occ %	75.7	74.3	1.4	▲	Occ %	75.2	73.1	2.0	▲	Occ %	74.3	72.3	2.0	▲
	ARR	98.05	93.02	5.4%	▲	ARR	90.85	87.20	4.2%	▲	ARR	90.65	87.33	3.8%	▲
	RevPAR	74.23	69.13	7.4%	▲	RevPAR	68.29	63.78	7.1%	▲	RevPAR	67.35	63.10	6.7%	▲
	TrevPAR	122.44	117.00	4.6%	▲	TrevPAR	110.81	106.30	4.2%	▲	TrevPAR	110.63	106.64	3.7%	▲
	Payroll %	26.9	26.2	-0.7	▼	Payroll %	28.3	28.7	0.4	▲	Payroll %	28.1	28.7	0.6	▲
	GOP PAR	50.07	47.27	5.9%	▲	GOP PAR	42.89	39.81	7.7%	▲	GOP PAR	42.93	39.71	8.1%	▲
<b>LONDON</b>	Occ %	84.5	84.0	0.5	▲	Occ %	82.8	80.6	2.2	▲	Occ %	82.2	79.8	2.4	▲
	ARR	138.10	125.86	9.7%	▲	ARR	123.95	113.83	8.9%	▲	ARR	123.33	113.80	8.4%	▲
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	TrevPAR	96.19	95.13	1.1%	▲	TrevPAR	92.20	91.96	0.3%	▲	TrevPAR	92.31	92.57	-0.3%	▼
	Payroll %	31.7	30.4	-1.3	▼	Payroll %	31.9	31.5	-0.4	▼	Payroll %	31.7	31.5	-0.2	▼
	GOP PAR	29.81	30.13	-1.1%	▼	GOP PAR	28.30	28.50	-0.7%	▼	GOP PAR	28.38	28.52	-0.5%	▼