



UK Chain Hotels Market Review – September 2007

Strong growth in rate across the UK

Strong increases in room rates by the UK's chain hotels during September prevailed over a dip in occupancy, according to the latest HotStats survey from TRI Hospitality Consulting.

In London average rate nearly exceeded £120 with hoteliers pushing the average tariff up by 9.3 per cent to £119.53 compared to September in 2006. The strong uplift in rate saw revenue per available room rise by 10 per cent to £104.16, while occupancy dipped by 0.5 points to 87.1 per cent.

Provincial hoteliers gave average rate its most convincing boost so far this year, with an increase of 5.7 per cent to £76.53. A slight drop in occupancy of 1.2 points to 78.3 per cent moderated the growth in revpar, which increased by 4.1 per cent to £59.90.

“London's hoteliers are increasing rate nearly three times as aggressively as provincial hoteliers, while occupancy across the country has dropped by a negligible margin (-0.1 points). Our numbers confirm that the majority of the UK's chain hoteliers are strategically achieving the best average rate that they can while not losing volume,” said Jonathan Langston, director, TRI Hospitality Consulting.

Rugby boost for Cardiff bedrooms

TRI's unique database of more than 500 full-service hotels across the UK shows that Cardiff was the stand-out performer in terms of revpar growth in September.

Although the Welsh rugby team missed its place in the quarter finals following shock defeat at the hands of Fiji, Cardiff's hoteliers had a blistering September, helped by the city hosting a total of four World Cup games (three in September).

Revpar soared by 30 per cent to £64.91, a winning combination of rate rising by 22 per cent to £78.54 and occupancy up 4.8 points to 82.7 per cent.

“The two games that Edinburgh hosted also provided a boost there, lifting both rate and revpar by 10 per cent. But with no change to occupancy in the Scottish capital, the Rugby World Cup clearly packed a greater punch for Cardiff's hoteliers,” said Langston.

Fewer visitors from Eastern Europe

The latest figures from the International Passenger Survey show that the volume of overseas visitors to the UK fell by seven per cent to a total of 9.96 million during the three months to the end of August.

The number of visitors from North America was also down by seven per cent to 1.66m, while visitors from Europe fell by eight per cent to 6.67m.

For the first time this year, the number of arrivals from Europe's 12 ascension states fell. In the three months to September at 760,000, there were 13 per cent fewer arrivals from Eastern Europe compared to the same period in 2006. Overall, overseas spend was down by three per cent to £4.98bn.

UKinbound, the official trade body representing the inbound tourism industry reported a "disappointing" August for inbound tourism with visitor arrivals down by 5.1 per cent and forward bookings down by 4.4 per cent. UKinbound cited fragile consumer confidence and a strong pound as the likely reasons for the lacklustre results.

Air traffic volumes increased by 2.9 per cent in September, according to BAA, the operator of seven UK airports including Heathrow, Gatwick and Stansted. European Scheduled and North Atlantic traffic showed strong growth up 5.1 per cent and 4.1 per cent respectively, while Irish (-3.2 per cent) and European Charter (-4.1 per cent) traffic continued to be weak.

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HotStats Briefing Data

UK Chain Hotels - performance report

The Month of September 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	81.5	82.0	-0.5 points
Room rate	£	93.43	86.22	8.4%
Room Revpar	£	76.17	70.72	7.7%
Total Revpar	£	39.37	37.30	5.5%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	87.1	86.7	0.5 points
Room rate	£	119.53	109.32	9.3%
Room Revpar	£	104.16	94.73	10.0%
Total Revpar	£	4,638	4,284	8.3%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	78.3	79.5	-1.2 points
Room rate	£	76.53	72.40	5.7%
Room Revpar	£	59.90	57.55	4.1%
Total Revpar	£	3,541	3,435	3.1%

EDITORS NOTES:

The UK Chain Hotels sample is composed of 473 hotels with an average hotel size of 174 bedrooms.

These hotels operate primarily in the three and four star sectors.

TRI Hospitality Consulting provides a wide range of services to clients in the hotels, tourism and leisure sectors. It has offices in London and Dubai.

Definitions:

Occupancy is that proportion of the bedrooms available during the period which are occupied during the period.

Room rate is the total bedroom revenue for the period divided by the total bedrooms occupied during the period.

Room Revpar is the total bedroom revenue for the period divided by the total available rooms during the period

Total Revpar is the combined total of all hotel revenues divided by the total fixed bedroom stock.

Data Sample TRI amend 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 of last years monthly report because the data is based on differing hotel sample

HotStats Briefing Data

UK Chain Hotels - performance report

The Nine Months to September 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	75.5	75.7	-0.1 points
Room rate	£	86.85	81.11	7.1%
Room Revpar	£	65.59	61.36	6.9%
Total Revpar	£	30,606	28,510	7.4%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	82.7	83.2	-0.4 points
Room rate	£	110.18	99.84	10.4%
Room Revpar	£	91.15	83.03	9.8%
Total Revpar	£	35,476	32,626	8.7%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	71.5	71.6	-0.1 points
Room rate	£	72.00	69.42	3.7%
Room Revpar	£	51.51	49.72	3.6%
Total Revpar	£	27,855	26,311	5.9%

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