

HotStats™

UK Chain Hotels Market Review – July 2007

London revpar growth slows

The extraordinary run of revpar growth enjoyed by London's chain hotels slowed in July, according to the latest HotStats survey from TRI Hospitality Consulting.

Revpar increased by just 0.9 per cent to £99.59 compared to the same month in 2006. This was the result of average room rate up 2.1 per cent to £112.57 which was counteracted by a dip in occupancy of 1.1 points to 88.5 per cent.

The modest growth contrasts markedly with London's recent runaway performance with revpar increases largely staying in double digit figures from May 2006 onwards.

“Such phenomenal growth could not last forever, although London is still putting in a sparkling performance. At 88.5 per cent, there's not much further average occupancy can go so in order to maintain volume London's hoteliers chose not to push rate so aggressively in July,” said Jonathan Langston, managing director, TRI Hospitality Consulting.

The bi-annual Farnborough Airshow, which attracted 270,000 visitors in 2006, not falling this year is the most likely explanation of the slight dip in occupancy.

“We expect London's hoteliers to continue pushing rate upwards because demand is still very strong. But double digit hikes may no longer be achievable” said Langston.

In the provinces, performance continued to be steady with a 0.7 per cent increase in occupancy to 76.7 per cent and room rate up by 3.2 per cent to £71.44. This led to revenue per available room of £54.78, a 4.2 per cent improvement on the same period last year.

Year to date, provincial revpar is nearly passing the £50 mark with an improvement of 3.8 per cent taking it to £49.73, while London is about to break the £90 barrier with revpar at £89.89, a 10 per cent rise on 2006.

No change in visitor numbers, but spend dips

Official Government statistics showed no change in the number of visitors to the UK during the three months to the end of June compared to the same period in 2006. The total number of visitors from all source markets was 8.4m.

The number of visitors from North America fell by six per cent to 1.2m, while total visits from the EU remained the same at 6.1m. Visitors from countries outside the EU and North America increased by four per cent to 1.1m.

The weak dollar-pound exchange rate and consequent loss of North American visitors made its impact on overall spending by overseas visitors which dropped by three per cent to a total of £3.87bn.

UKinbound, the trade organisation for the inbound tourism industry, said its June survey recorded the lowest rise in visitor numbers for a year, with a 0.9 per cent increase, as well as a significant drop of 1.5 per cent in forward bookings.

Airports operator BAA said it handled a total of 15.1m passengers in July, an increase of 0.2 per cent, the biggest number it has ever handled in a single month.

European scheduled traffic was up 2.8 per cent but charter dropped 7.3 per cent and UK domestic traffic fell three per cent.

North American traffic was down 0.4 per cent, but other long haul routes saw gains of three per cent.

Of the UK airports operated by BAA, Aberdeen experienced the biggest increase in traffic of 10.6 per cent, while traffic in Glasgow fell the most with a drop of 6.4 per cent. At Heathrow, traffic was down by 1.7 per cent.

For more information contact Jonathan Langston on 020 7486 5191 or email jonathan.langston@trihc.com

HotStats Briefing Data

UK Chain Hotels - performance report

The Month of July 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	80.8	80.6	0.2 points
Room rate	£	87.22	84.92	2.7%
Room Revpar	£	70.48	68.48	2.9%
Total Revpar	£	3,430	3,354	2.3%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	88.5	89.6	-1.1 points
Room rate	£	112.57	110.21	2.1%
Room Revpar	£	99.59	98.70	0.9%
Total Revpar	£	4,078	4,053	0.6%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	76.7	76.0	0.7 points
Room rate	£	71.44	69.24	3.2%
Room Revpar	£	54.78	52.60	4.2%
Total Revpar	£	3,079	2,989	3.0%

EDITORS NOTES:

The UK Chain Hotels sample is composed of 502 hotels with an average hotel size of 169 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 Seven Months to July 2007

UK TOTAL HOTELS		2007	2006	Movement
Occupancy	%	74.1	74.0	0 points
Room rate	£	86.02	80.46	6.9%
Room Revpar	£	63.73	59.57	7.0%
Total Revpar	£	22,904	21,496	6.5%

LONDON HOTELS		2007	2006	Movement
Occupancy	%	81.7	82.3	-0.6 points
Room rate	£	110.05	99.32	10.8%
Room Revpar	£	89.89	81.72	10.0%
Total Revpar	£	27,397	25,139	9.0%

UK PROVINCIAL HOTELS		2007	2006	Movement
Occupancy	%	70.0	69.7	0.3 points
Room rate	£	71.03	68.74	3.3%
Room Revpar	£	49.73	47.92	3.8%
Total Revpar	£	20,469	19,592	4.5%

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