

## UK CHAIN HOTELS MARKET REVIEW FEBRUARY 2011

### Profitability remains stable for London hoteliers despite occupancy declines

Despite a three percentage point decline in room occupancy, profitability levels remained stable for London hoteliers in February, according to the latest HotStats survey from TRI Hospitality Consulting.

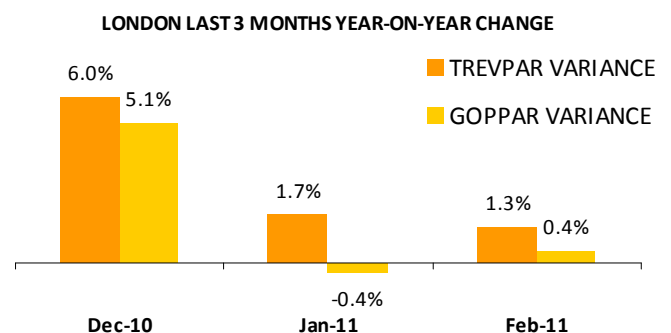
The 0.4% increase in Gross Operating Profit per Available Room (GOPPAR) to £54.30 was driven by a 7.4% increase in Achieved Average Room Rate (ARR) to £122.60. As a result of the movement in room occupancy and average room rate, Revenue per Available Room (RevPAR) at London hotels grew by 3.3% to £91.39.

Whilst the business mix remained broadly similar this month against the same period last year, London hoteliers were able to increase achieved average room rate levels across all sectors, with the standout increase made in the conference sector, with a growth of 15.8% to £146.53 from £126.53. Furthermore, in contrast to the same period last year, when corporate rates declined by 0.4%, this month London hoteliers were able to increase the average rate in this sector by 6% to £131.36.

Although the decline in room occupancy levels at London hotels appears to illustrate a drop in the number of visitors to the capital, it is more likely that hoteliers have successfully managed volume in order to leverage rate and achieve RevPAR growth. Major events such as London Fashion Week will have helped by continuing to drive demand for accommodation in the capital. This

month (February 2011), the real success for London hoteliers has been to maintain profitability levels against the high watermark achieved in February 2010, when GOPPAR soared by 12.4% during the capital's resurgence.

“It was always going to be hard for London hoteliers to equal the strong performance of 2010 and the year has begun with consecutive months of volume decline. That said, profitability levels during February have once again remained stable thanks to astute yield management,” said Jonathan Langston, managing director, TRI Hospitality Consulting.



### HotStats London Main KPIs

LONDON	Feb '11			Feb '10			YTD '11			YTD '10		
	Value	Value	Var b/w	Value	Value	Var b/w	Value	Value	Var b/w	Value	Value	Var b/w
Occ %	74.5	77.6	-3.0 ▼	70.9	74.3	-3.5 ▼	70.9	74.3	-3.5 ▼	70.9	74.3	-3.5 ▼
ARR	122.60	114.10	7.4% ▲	119.54	110.51	8.2% ▲	119.54	110.51	8.2% ▲	119.54	110.51	8.2% ▲
RevPAR	91.39	88.49	3.3% ▲	84.73	82.15	3.1% ▲	84.73	82.15	3.1% ▲	84.73	82.15	3.1% ▲
TrevPAR	128.80	127.14	1.3% ▲	119.58	117.82	1.5% ▲	119.58	117.82	1.5% ▲	119.58	117.82	1.5% ▲
Payroll %	27.3	26.9	-0.4 ▼	28.5	28.0	-0.4 ▼	28.5	28.0	-0.4 ▼	28.5	28.0	-0.4 ▼
GOP PAR	54.30	54.08	0.4% ▲	48.00	47.98	0.0% ▲	48.00	47.98	0.0% ▲	48.00	47.98	0.0% ▲

## Provincial hoteliers suffer double-digit decline in profitability

Although Provincial hoteliers achieved a growth in RevPAR levels of 0.8%, a decline in Total Revenue per Available Room (TrevPAR) and an increase in payroll levels meant that GOPPAR declined by more than 12% this month, according to the latest HotStats survey.

This represents the greatest margin of profitability decline for Provincial hoteliers since poor weather severely impacted headline performance levels across the UK in January 2010, causing GOPPAR levels to plummet by approximately 19%. February has proven to be a challenging period of trading in recent years and this month represents the fourth year in a row in which overall Provincial profitability levels have fallen.

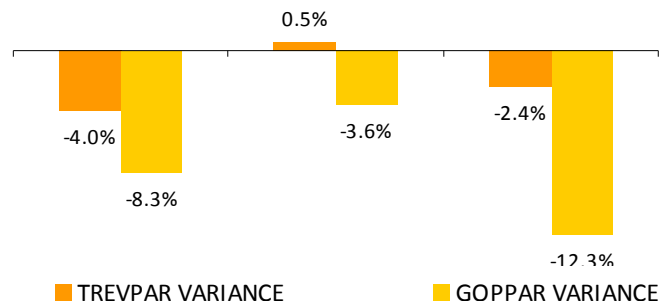
Whilst London hoteliers enjoyed rate increases across all sectors, the 1.3% increase in achieved average room rate in the Provinces was primarily fuelled by a return to growth in the corporate (+2.5%) and leisure (+1.6%) sectors. Notwithstanding the overall growth in average room rate, filling beds remains a priority for Provincial hoteliers, exemplified by the soft achieved rate in the tours/group sector, which declined by 6.8% to just £48.56 per room sold.

Despite a growth in rooms revenue of 0.8% to £44.32, a decrease in discretionary spend at Provincial hotels, which included a decline in leisure revenue per available room of more than 30%, a

one per cent decline in food and beverage revenue per available room and further declines in meeting room revenue (-13%), resulted in a 2.4% drop in TrevPAR to £82.08.

“Having fought back from the decline in RevPAR levels since the onset of the current economic downturn, Provincial hoteliers are facing a new challenge in 2011 as total revenue levels are impacted by a reduction in discretionary spend and payrolls levels remain high to accommodate the recovery in volume,” added Langston.

PROVINCES LAST 3 MONTHS YEAR-ON-YEAR CHANGE



## HotStats Provinces Main KPIs

PROVINCES	Feb '11				YTD '11			
	Feb '11	Feb '10	Var b/w	YTD '11	YTD '10	Var b/w	YTD '10	Var b/w
Occ %	65.9	66.2	-0.3 ▼	59.7	59.6	0.1 ▲	59.6	0.1 ▲
ARR	67.25	66.42	1.3% ▲	66.29	65.22	1.6% ▲	65.22	1.6% ▲
RevPAR	44.32	43.95	0.8% ▲	39.55	38.87	1.7% ▲	38.87	1.7% ▲
TrevPAR	82.08	84.09	-2.4% ▼	74.24	75.04	-1.1% ▼	75.04	-1.1% ▼
Payroll %	35.9	34.3	-1.6 ▼	38.1	36.9	-1.1 ▼	36.9	-1.1 ▼
GOP PAR	19.15	21.85	-12.3% ▼	14.40	15.90	-9.5% ▼	15.90	-9.5% ▼

# HotStats Briefing Data

UK Chain Hotels - Performance report  
Currency: £ Sterling

	The month of February 2011				The Calendar year to February 2011				The twelve months to February 2011						
	Feb '11	Feb '10	Var b/w		YTD '11	YTD '10	Var b/w		Rolling '11	Rolling '10	Var b/w				
<b>TOTAL UK</b>	Occ %	69.0	70.3	-1.2	▼	Occ %	63.7	64.9	-1.2	▼	Occ %	73.4	72.3	1.1	▲
	ARR	88.72	85.30	4.0%	▲	ARR	87.54	83.83	4.4%	▲	ARR	90.80	86.67	4.8%	▲
	RevPAR	61.22	59.92	2.2%	▲	RevPAR	55.75	54.39	2.5%	▲	RevPAR	66.68	62.69	6.4%	▲
	TrevPAR	98.85	99.53	-0.7%	▼	TrevPAR	90.50	90.38	0.1%	▲	TrevPAR	108.52	104.83	3.5%	▲
	Payroll %	31.9	30.9	-1.0	▼	Payroll %	33.5	32.8	-0.8	▼	Payroll %	28.4	28.5	0.1	▲
	GOP PAR	31.77	33.41	-4.9%	▼	GOP PAR	26.45	27.41	-3.5%	▼	GOP PAR	41.88	39.62	5.7%	▲
<b>LONDON</b>	Occ %	74.5	77.6	-3.0	▼	Occ %	70.9	74.3	-3.5	▼	Occ %	81.5	80.7	0.8	▲
	ARR	122.60	114.10	7.4%	▲	ARR	119.54	110.51	8.2%	▲	ARR	124.65	113.58	9.7%	▲
	RevPAR	91.39	88.49	3.3%	▲	RevPAR	84.73	82.15	3.1%	▲	RevPAR	101.61	91.69	10.8%	▲
	TrevPAR	128.80	127.14	1.3%	▲	TrevPAR	119.58	117.82	1.5%	▲	TrevPAR	141.50	130.69	8.3%	▲
	Payroll %	27.3	26.9	-0.4	▼	Payroll %	28.5	28.0	-0.4	▼	Payroll %	24.4	25.0	0.6	▲
	GOP PAR	54.30	54.08	0.4%	▲	GOP PAR	48.00	47.98	0.0%	▲	GOP PAR	67.47	60.26	12.0%	▲
<b>PROVINCES</b>	Occ %	65.9	66.2	-0.3	▼	Occ %	59.7	59.6	0.1	▲	Occ %	68.9	67.5	1.4	▲
	ARR	67.25	66.42	1.3%	▲	ARR	66.29	65.22	1.6%	▲	ARR	68.12	68.09	0.0%	▲
	RevPAR	44.32	43.95	0.8%	▲	RevPAR	39.55	38.87	1.7%	▲	RevPAR	46.92	45.94	2.1%	▲
	TrevPAR	82.08	84.09	-2.4%	▼	TrevPAR	74.24	75.04	-1.1%	▼	TrevPAR	89.86	89.90	0.0%	▼
	Payroll %	35.9	34.3	-1.6	▼	Payroll %	38.1	36.9	-1.1	▼	Payroll %	32.1	31.5	-0.6	▼
	GOP PAR	19.15	21.85	-12.3%	▼	GOP PAR	14.40	15.90	-9.5%	▼	GOP PAR	27.39	27.71	-1.2%	▼

**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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